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COMMISSION**

March 24, 2009

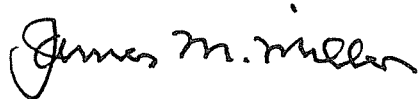
Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 406-0615

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

Dear Mr. Derouen:

Enclosed for filing on behalf on Big Rivers Electric Corporation ("Big Rivers") are an original and seven (7) copies of Big Rivers' response to the Commission Staff's March 18, 2009, data request and Big Rivers' response to KIUC's First Set of Data Requests. Also attached to this letter is an email dated March 20, 2009, reflecting an agreement between Big Rivers and KIUC with regard to a discovery dispute concerning the KIUC data requests. I certify that a copy of each of the responses has been served on the attached service list.

Sincerely yours,



James M. Miller

Cc: Mark A. Bailey
David Spainhoward
Service List

Telephone (270) 926-4000
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100 St. Ann Building
PO Box 727
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SERVICE LIST
BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040

Hon. Dennis Howard
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Michael L. Kurtz, Esq.
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36 East Seventh Street
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Paula Mitchell

From: Jim Miller [jmillersmsmlaw.com]
Sent: Monday, March 23, 2009 8:02 AM
To: Paula Mitchell
Subject: FW: Big Rivers PSC Case No. 2009-00040

From: Michael Kurtz [mailto:MKurtz@bklawfirm.com]
Sent: Fri 3/20/2009 3:17 PM
To: Jim Miller
Subject: RE: Big Rivers PSC Case No. 2009-00040

Jim,

Your email is generally accurate. I would add that the CFC correspondence relates to the \$15 million line of credit, the \$2.5 million line of credit and the \$3 million CFC borrowing option.

Michael L. Kurtz, Esq.
Boehm, Kurtz & Lowry
36 E. Seventh St., Suite 1510
Cincinnati, Ohio 45202
ph: 513.421.2255 fax: 513.421.2764

From: Jim Miller [mailto:jmillersmsmlaw.com]
Sent: Friday, March 20, 2009 4:02 PM
To: Michael Kurtz
Subject: Big Rivers PSC Case No. 2009-00040

Mike,

Regarding the objections Big Rivers Electric Corporation has raised to KIUC's data requests dated March 17, 2009, in our telephone conversation this afternoon I understood us to reach the following agreements or conclusions on the indicated items of your data request:

Item 8 is limited to information related to the \$2.5 million CFC line of credit, or the \$15 million CFC line of credit.

Items 9, 10 and 11 are limited to information regarding financing in a scenario where there is no unwind transaction.

Item 12. We discussed Big Rivers' objections and reached no agreement. Big Rivers will generally file information that is non-privileged, and that may be relevant to or may lead to the discovery of information relevant to the subject matter of this proceeding. KIUC will review the information produced, and take whatever additional action it deems appropriate.

Please let me know whether you believe I have accurately stated the substance of our conversation.

Jim Miller

3/23/2009

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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1)** a. Confirm that, outside of cash generated from providing wholesale
2 electric and transmission service, Big Rivers' only current source of cash or working
3 capital is through its existing \$15 million National Rural Utilities Cooperative Finance
4 Corporation ("CFC") line of credit.

5 b. State the amount of cash reserve Big Rivers believes is necessary
6 to have on hand at any given time excluding any cash that may be available under the \$15
7 million line of credit with CFC. Explain the basis for this amount and provide any
8 analyses or studies that support the derivation of this amount.

9
10 **Response)** a. Apart from the margins earned on the provision of wholesale
11 electric and transmission service (and including the rental payments from E.ON under the
12 terms of the 1998 Transaction relating to the lease of Big Rivers' generation), Big Rivers
13 confirms that its only currently available source of cash or working capital is from CFC.
14 As explained in the Direct Testimony of C. William Blackburn, Exhibit 47 at p. 40, Big
15 Rivers currently has a \$15 million secured line of credit from CFC as well as an
16 unsecured \$2.5 million emergency line of credit it received in connection with its
17 response to the January 27, 2009 ice storm damage.

18
19 The \$15 million secured line of credit is a revolving facility which terminates July 13,
20 2013. This revolving facility serves two important functions for Big Rivers. First, the
21 secured line of credit is used by Big Rivers whenever it needs to issue a letter of credit in
22 connection with Big Rivers' activities in the wholesale power market. This establishes an
23 important limitation on Big Rivers' ability to draw down this line of credit to meet
24 ordinary costs of operations that are not met by rates – if this revolving facility already
25 has been drawn down Big Rivers has no other means of posting a letter of credit that
26 might be required for it to continue transacting in the wholesale power market. Given the
27 critical importance to Big Rivers of continuing to access the wholesale power market, Big
28 Rivers must be extremely judicious in its recourse to this line of credit. As recently as
29 2007, Big Rivers simultaneously issued \$14.5 million in letters of credit under the CFC
30 line of credit in order to transact in the market.

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1
2 Second, because this line of credit must be completely repaid at least once every year, it
3 is not a long-term solution to any cash insufficiency and cannot be seen as available to
4 meet ordinary costs of operations. Instead, this line of credit is a temporary stopgap that
5 Big Rivers may access while it seeks a more permanent solution to a particular cash need.
6 Moreover, there are limitations on Big Rivers' ability to draw funds from it. The CFC
7 revolving credit agreement conditions the making of loans on a number of things,
8 including no default under the RUS Mortgage, and no material adverse change in the
9 financial condition, operations or business prospects of Big Rivers from that set forth in
10 its December 31, 2002 financial statements. This requirement is found in the July 14,
11 2003 Revolving Credit Agreement in Section 3.1(c), and a similar requirement exists in
12 the February 20, 2009, Revolving Credit Agreement in Section 4.01.D (See response of
13 Big Rivers to KIUC First Information Request, Item 1-5). Thus, the CFC facility cannot
14 be relied upon as a source of financing in adverse circumstances. Big Rivers is
15 concerned that if it cannot obtain rates that will provide sufficient cash to operate without
16 leaning on the CFC line of credit that was obtained for another purpose, CFC may
17 consider that circumstance "a material adverse change in its financial condition,
18 operations or business prospects."
19

20 The \$2.5 million unsecured line of credit from CFC terminates February 24, 2011 and
21 was entered into solely to finance Big Rivers' ice storm damages while Big Rivers waited
22 for its insurance payments and any amounts forthcoming from the Federal Emergency
23 Management Agency. Big Rivers' storm damages amounted to approximately \$2.4
24 million and thus little to no additional borrowing under this facility will be available once
25 Big Rivers draws down for these damages. Big Rivers has no expectation that CFC
26 would permit it to make additional draws upon this line of credit for other purposes once
27 amounts from the ice storm have been repaid.
28

29 b. Big Rivers' minimum cash requirements at any given point in time
30 are a function of Big Rivers' cash requirements at that time and the amount of risk to
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1 which Big Rivers is willing to expose itself given the role that cash reserves play in
2 meeting Big Rivers' unanticipated costs. This request for emergency interim rate relief
3 was premised on getting Big Rivers over the immediate short-term liquidity problem
4 posed during the period December 2009 to January 2010 as Big Rivers confronts the need
5 to both repay PMCC its \$12.4 million and meet its quarterly \$15.8 million payment to the
6 RUS even as current rates were projected to under-recover Big Rivers' revenue
7 requirement. In seeking emergency interim rate relief in the amount requested, Big
8 Rivers' March 2nd Application proposes reducing its cash on hand (as augmented by
9 significant deferrals and cuts in Big Rivers' expenditures) to a bare minimum level in
10 January of 2010 that left little to no room for Big Rivers to meet any additional
11 unplanned adverse financial developments that might arise between now and next
12 January or in the months immediately thereafter. The minimum cash reserve amount
13 which Big Rivers proposed temporarily in this single month in these unusual
14 circumstances would not be considered by Big Rivers to be acceptable on an ongoing,
15 long-term basis.

16
17 Subsequent events have resulted in a likely deterioration of Big Rivers' anticipated cash
18 position in January 2010 even assuming the full interim rate relief is granted by the
19 Commission. Big Rivers has no doubt that it will require the full amount of this
20 requested relief, and Big Rivers seriously questions whether it has requested a large
21 enough increase should certain known risks materialize. Big Rivers may need to make a
22 new request or augment this existing request in that event. Big Rivers believes that these
23 known risks must be discussed in order to properly frame the question of the minimum
24 cash requirements it will need in January 2010 and thereafter.

25
26 A host of variables that are now largely unknown can, and likely may, decrease the
27 amount of cash Big Rivers will have in January 2010 after repayment of PMCC and the
28 quarterly RUS payment. As an example, when Big Rivers fixed the amount of its
29 proposed rate increase, Big Rivers assumed that a final resolution of the Unwind
30 Transaction would occur on or before mid-April. That now will not be the case – Big
31

BIG RIVERS ELECTRIC CORPORATION'S
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1 Rivers continues to expend funds throughout March on pursuing the Unwind Transaction,
2 and those expenditures will continue into April and potentially later until the Unwind
3 Transaction is either closed or abandoned. The effects of these expenditures on Big
4 Rivers' cash levels were not accounted for in the initial request and resulting January 5,
5 2010 cash balance, and cannot be known at this point. As another example, the
6 weakened national economy continues to depress demand for power and thus power
7 prices, and Big Rivers' 2009 power sales revenues likely will not reach the revenues
8 projected. Weather during 2009 will remain an additional unknown variable that could
9 increase or decrease non-Member power sales and resulting revenues. Moreover, 60 days
10 from the date that Big Rivers and the smelters acknowledge that the Unwind Transaction
11 is not going to close, the current Tier 3 sales of power Big Rivers is making to the
12 smelters at a weighted average price of \$48.67 per MWh will terminate. Since Big
13 Rivers projects the market price of power to be much lower than the current Tier 3 price,
14 this will significantly reduce Big Rivers' income from the assumptions made in the *pro*
15 *forma* revenue requirement.

16
17 Big Rivers does not seek to be alarmist, but the risks it faces in 2009 remain in large part
18 unknown and the consequences of unprojected changes in future cash levels are severe
19 given the extremely low level of cash on hand on which Big Rivers based its proposed
20 request for interim rate relief. While none of these events necessarily will come to pass,
21 Big Rivers remains mindful of their potential adverse effects on the cash that will be
22 available in January 2010 even with the requested interim rate increase. Any discussion
23 of Big Rivers' minimum cash requirements must recognize the fluidity of Big Rivers'
24 current situation and the lack of flexibility already built into the January 2010 cash levels
25 that will be produced by the requested rate increases. These cash levels already were set
26 as low as possible. Any further reduction significantly would endanger Big Rivers'
27 ability to operate.

28
29 As Big Rivers noted in its March 2nd Application, Big Rivers' need to maintain a cash
30 reserve is greatly heightened due to its inability to borrow funds to meet new costs.

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1 Whereas a utility with an adequate ability to obtain financing need only maintain
2 sufficient cash or working capital to account for leads and lags between normal and
3 anticipated disbursements and receipts for all O&M expenditures, Big Rivers also must
4 rely on its cash reserves to meet all anticipated capital expenditures and debt service as
5 well as to provide for any unanticipated cash requirements. This elevates the role of cash
6 reserves for Big Rivers, leaving no room for error on the downside.

7
8 Quantification of the minimum level of cash reserves Big Rivers would require in a given
9 month is determined by a combination of factors. Measured on a simple lead-lag basis of
10 cash inflows and outflows in a single month, Big Rivers could operate on a short-term
11 basis with cash equivalent to approximately twenty days' worth of budgeted O&M and
12 capital expenditures (approximately \$10 million), assuming all payments owed to Big
13 Rivers were made on a timely basis. These twenty days' of costs are a function of the
14 timing of Big Rivers' cash flows. Each month, WKEC owes Big Rivers a monthly rental
15 payment on the 1st of the month (as offset by amounts Big Rivers owes for power under
16 the power purchase agreement) and thereafter Big Rivers has no further inflow of cash
17 until the 20th of the month when Aces Power Marketing provides Big Rivers with
18 payments for off-system sales made on Big Rivers' account. Maintaining a minimum
19 cash level of 20 days of expected operations thus bridges this lag period under the
20 assumed circumstances.

21
22 However, Big Rivers' minimum cash requirements in a given month also will depend on
23 the amount of time remaining until the next quarterly payment is due on the New RUS
24 Note as well as the amount of time until the next pollution control bond ("PCB")
25 payment. In order for Big Rivers to be in position to make the RUS quarterly payment on
26 the first business day of each new quarter, Big Rivers must build sufficient cash on top of
27 amounts held to meet 20 days of budgeted O&M and capital expenditures. Big Rivers
28 generally must plan to have on hand approximately 1/3 of the next quarterly payment at
29 the end of the first month in a quarter, approximately 2/3 of the next quarterly payment at
30 the end of the second month in a quarter, and all of the next quarterly payment at the end

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1 of the third month in a quarter. Similarly, in order for Big Rivers to be in a position to
2 make its twice annual PCB payments, Big Rivers must plan to accumulate sufficient
3 funds before those payments are due.

4
5 And any amounts retained for unanticipated contingencies then must be retained as part
6 of cash reserves on top of these minimum amounts for lead-lag, the RUS quarterly
7 payments, and the twice-yearly PCB payments. These contingencies are various and
8 were disclosed in the Direct Testimony of C. William Blackburn, Exhibit 47 at pp. 43-50.
9 At the time that Big Rivers decided to enter into the PMCC Buyout, Big Rivers
10 determined that it was not comfortable depleting its cash reserves below \$20 million after
11 the PMCC Buyout, and the amount of the PMCC loan was keyed off of this assumption.
12 Big Rivers continues to believe this represents an appropriate minimum amount for its
13 cash reserves (exclusive of additional cash being built to make the RUS quarterly
14 payments and the PCB payments, which necessarily will vary by month). In the future,
15 Big Rivers needs to rebuild its cash reserves higher than this level if it is to have any
16 ability to respond to unanticipated contingencies.

17
18 Barring the occurrence of any of the possible risks that may occur in 2009 as discussed
19 above, Big Rivers projects an \$8.5 million level of cash reserves on January 5, 2010 if the
20 full amount of its interim request for rate relief is granted. Because Big Rivers thereafter
21 will need to cover only a 15 day gap in cash inflows until January 20, 2010, and because
22 Big Rivers will have just made its quarterly RUS payment, Big Rivers estimates this will
23 be a sufficient level of cash reserves, recognizing that no amounts whatsoever would be
24 reserved for unanticipated costs. However, Big Rivers continues to look for additional
25 costs that may be cut or deferred in order to increase this level of January 2010 cash
26 reserves.

27
28 While Big Rivers would prefer a minimum cash level of approximately \$20 million in
29 isolation, when it set the amount of its requested rate increase Big Rivers was mindful of
30 a need to hold rates as low as possible, and was aware that January 2010 would constitute
31

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1 a "trough" month for cash reserves given the need to meet both the RUS quarterly
2 payment and the PMCC loan in quick succession.

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Witness) C. William Blackburn

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
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1 **Item 2)** List all of Big Rivers' long-term debts currently outstanding. For each
2 debt included on this list, provide the names of the entities holding the debt, the original
3 amount of the debt, the current outstanding balance, the interest rate, and a repayment
4 schedule detailing payment due dates and the amount of principal and interest due on
5 each date.

6
7 **Response)** See attached.

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

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Big Rivers Electric Corporation

Case No. 2009-00040

Listing of Long-Term Debt

Debt Instrument	Entity Holding the Debt	Original Amount of Debt		Current Outstanding Balance		Current Interest Rate		Repayment Schedule
		Stated	GAAP	Stated	GAAP	Stated	GAAP	
1 New RUS Promissory Note	U.S. Department of Agriculture, Rural Utility Service	\$ 1,022,583,000.00	\$ 1,016,280,499.49	\$ 759,850,402.00	\$ 756,847,311.14	5.75%	5.81%	See attached amortization schedule
2 RUS ARVP Note	U.S. Department of Agriculture, Rural Utility Service	265,000,000.00	61,030,034.08	245,530,257.30	103,529,608.05	0.00%	5.81%	Payments based on arbitrage calculation - Any remaining balance due December 2023
3 County of Ohio, Kentucky, Promissory Note	Unknown	83,300,000.00	83,300,000.00	83,300,000.00	83,300,000.00	18.00%	18.00%	Interest paid every 28 days - Principal due October 2022
4 County of Ohio, Kentucky, Promissory Note	Unknown	58,800,000.00	58,800,000.00	58,800,000.00	58,800,000.00	4.73%	4.73%	Interest paid every June & December - Principal due June 2013
5 LEM Settlement Promissory Note	LG&E Energy Marketing Inc.	19,675,603.00	19,675,603.00	15,562,713.62	15,562,713.62	8.00%	8.00%	See attached amortization schedule
6 PMCC Promissory Note	Philip Morris Capital Corporation	12,380,000.00	12,380,000.00	12,380,000.00	12,380,000.00	8.50%	8.50%	Interest paid monthly - Principal due December 2009

Big Rivers Electric Corporation
 LEM Settlement Note
 Amortization Schedule
 Rate - 8.00%
 Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
1									
2	07/25/98	07/31/98	6	19,675,603.00	26,234.14	26,234.14			26,234.14
3	08/01/98	08/25/98	24	19,675,603.00	104,936.55		20,688.81	131,170.69	
4	08/26/98	08/31/98	5	19,654,914.19	21,838.79	126,775.34			21,838.79
5	09/01/98	09/25/98	25	19,654,914.19	109,193.97		20,826.74	131,032.76	
6	09/26/98	09/30/98	5	19,634,087.45	21,815.66	131,009.63			21,815.66
7	10/01/98	10/25/98	25	19,634,087.45	109,078.26		20,965.58	130,893.92	
8	10/26/98	10/31/98	5	19,613,121.87	21,792.36	130,870.62			21,792.36
9	11/01/98	11/25/98	25	19,613,121.87	108,961.79		21,105.35	130,754.15	
10	11/26/98	11/30/98	5	19,592,016.52	21,768.90	130,730.69			21,768.90
11	12/01/98	12/25/98	25	19,592,016.52	108,844.54		21,246.06	130,613.44	
12	12/26/98	12/31/98	5	19,570,770.46	21,745.30	130,589.84			21,745.30
13	01/01/99	01/25/99	25	19,570,770.46	108,726.50		21,387.70	130,471.80	
14	01/26/99	01/31/99	5	19,549,382.76	21,721.54	130,448.04			21,721.54
15	02/01/99	02/25/99	25	19,549,382.76	108,607.68		21,530.28	130,329.22	
16	02/26/99	02/28/99	5	19,527,852.48	21,697.61	130,305.29			21,697.61
17	03/01/99	03/25/99	25	19,527,852.48	108,488.07		21,673.82	130,185.68	
18	03/26/99	03/31/99	5	19,506,178.66	21,673.53	130,161.60			21,673.53
19	04/01/99	04/25/99	25	19,506,178.66	108,367.66		21,818.31	130,041.19	
20	04/26/99	04/30/99	5	19,484,360.35	21,649.29	130,016.95			21,649.29
21	05/01/99	05/25/99	25	19,484,360.35	108,246.45		21,963.76	129,895.74	
22	05/26/99	05/31/99	5	19,462,396.59	21,624.88	129,871.33			21,624.88
23	06/01/99	06/25/99	25	19,462,396.59	108,124.43		22,110.19	129,749.31	
24	06/26/99	06/30/99	5	19,440,286.40	21,600.32	129,724.75			21,600.32
25	07/01/99	07/25/99	25	19,440,286.40	108,001.59		22,257.59	129,601.91	
26	07/26/99	07/31/99	5	19,418,028.81	21,575.59	129,577.18			21,575.59
27	08/01/99	08/25/99	25	19,418,028.81	107,877.94		22,405.97	129,453.53	
28	08/26/99	08/31/99	5	19,395,622.84	21,550.69	129,428.63			21,550.69

Big Rivers Electric Corporation
LEM Settlement Note
Amortization Schedule
Rate - 8.00%
Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
29	09/01/99	09/25/99	25	19,395,622.84	107,753.46		22,555.35	129,304.15	
30	09/26/99	09/30/99	5	19,373,067.49	21,525.63	129,279.09			21,525.63
31	10/01/99	10/25/99	25	19,373,067.49	107,628.15		22,705.72	129,153.78	
32	10/26/99	10/31/99	5	19,350,361.77	21,500.40	129,128.55			21,500.40
33	11/01/99	11/25/99	25	19,350,361.77	107,502.01		22,857.09	129,002.41	
34	11/26/99	11/30/99	5	19,327,504.68	21,475.00	128,977.01			21,475.00
35	12/01/99	12/25/99	25	19,327,504.68	107,375.03		23,009.47	128,850.03	
36	12/26/99	12/31/99	5	19,304,495.21	21,449.43	128,824.46			21,449.43
37	01/01/00	01/25/00	25	19,304,495.21	107,247.20		23,162.87	128,696.63	
38	01/26/00	01/31/00	5	19,281,332.34	21,423.71	128,670.91			21,423.71
39	02/01/00	02/25/00	25	19,281,332.34	107,118.51		23,317.28	128,542.22	
40	02/26/00	02/29/00	5	19,258,015.06	21,397.80	128,516.31			21,397.80
41	03/01/00	03/25/00	25	19,258,015.06	106,988.97		23,472.73	128,386.77	
42	03/26/00	03/31/00	5	19,234,542.33	21,371.71	128,360.68			21,371.71
43	04/01/00	04/25/00	25	19,234,542.33	106,858.57		23,629.22	128,230.28	
44	04/26/00	04/30/00	5	19,210,913.11	21,345.45	128,204.02			21,345.45
45	05/01/00	05/25/00	25	19,210,913.11	106,727.30		23,786.75	128,072.75	
46	05/26/00	05/31/00	5	19,187,126.36	21,319.03	128,046.33			21,319.03
47	06/01/00	06/25/00	25	19,187,126.36	106,595.15		23,945.32	127,914.18	
48	06/26/00	06/30/00	5	19,163,181.04	21,292.42	127,887.57			21,292.42
49	07/01/00	07/25/00	25	19,163,181.04	106,462.12		24,104.96	127,754.54	
50	07/26/00	07/31/00	5	19,139,076.08	21,265.64	127,727.76			21,265.64
51	08/01/00	08/25/00	25	19,139,076.08	106,328.20		24,265.66	127,593.84	
52	08/26/00	08/31/00	5	19,114,810.42	21,238.68	127,566.88			21,238.68
53	09/01/00	09/25/00	25	19,114,810.42	106,193.39		24,427.43	127,432.07	
54	09/26/00	09/30/00	5	19,090,382.99	21,211.54	127,404.93			21,211.54
55	10/01/00	10/25/00	25	19,090,382.99	106,057.68		24,590.28	127,269.22	
56	10/26/00	10/31/00	5	19,065,792.71	21,184.21	127,241.89			21,184.21

Big Rivers Electric Corporation
LEM Settlement Note
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Rate - 8.00%
Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
57	11/01/00	11/25/00	25	19,065,792.71	105,921.07		24,754.22	127,105.28	
58	11/26/00	11/30/00	5	19,041,038.49	21,156.71	127,077.78			21,156.71
59	12/01/00	12/25/00	25	19,041,038.49	105,783.55		24,919.24	126,940.26	
60	12/26/00	12/31/00	5	19,016,119.25	21,129.02	126,912.57			21,129.02
61	01/01/01	01/25/01	25	19,016,119.25	105,645.11		25,085.37	126,774.13	
62	01/26/01	01/31/01	5	18,991,033.88	21,101.15	126,746.26			21,101.15
63	02/01/01	02/25/01	25	18,991,033.88	105,505.74		25,252.61	126,606.89	
64	02/26/01	02/28/01	5	18,965,781.27	21,073.09	126,578.83			21,073.09
65	03/01/01	03/25/01	25	18,965,781.27	105,365.45		25,420.96	126,438.54	
66	03/26/01	03/31/01	5	18,940,360.31	21,044.85	126,410.30			21,044.85
67	04/01/01	04/25/01	25	18,940,360.31	105,224.22		25,590.43	126,269.07	
68	04/26/01	04/30/01	5	18,914,769.88	21,016.42	126,240.64			21,016.42
69	05/01/01	05/25/01	25	18,914,769.88	105,082.05		25,761.03	126,098.47	
70	05/26/01	05/31/01	5	18,889,008.85	20,987.79	126,069.84			20,987.79
71	06/01/01	06/25/01	25	18,889,008.85	104,938.94		25,932.77	125,926.73	
72	06/26/01	06/30/01	5	18,863,076.08	20,958.97	125,897.91			20,958.97
73	07/01/01	07/25/01	25	18,863,076.08	104,794.87		26,105.66	125,753.84	
74	07/26/01	07/31/01	5	18,836,970.42	20,929.96	125,724.83			20,929.96
75	08/01/01	08/25/01	25	18,836,970.42	104,649.84		26,279.70	125,579.80	
76	08/26/01	08/31/01	5	18,810,690.72	20,900.76	125,550.60			20,900.76
77	09/01/01	09/25/01	25	18,810,690.72	104,503.84		26,454.90	125,404.60	
78	09/26/01	09/30/01	5	18,784,235.82	20,871.37	125,375.21			20,871.37
79	10/01/01	10/25/01	25	18,784,235.82	104,356.87		26,631.26	125,228.24	
80	10/26/01	10/31/01	5	18,757,604.56	20,841.79	125,198.66			20,841.79
81	11/01/01	11/25/01	25	18,757,604.56	104,208.91		26,808.80	125,050.70	
82	11/26/01	11/30/01	5	18,730,795.76	20,812.00	125,020.91			20,812.00
83	12/01/01	12/25/01	25	18,730,795.76	104,059.97		26,987.53	124,871.97	
84	12/26/01	12/31/01	5	18,703,808.23	20,782.00	124,841.97			20,782.00

Big Rivers Electric Corporation
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Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
85	01/01/02	01/25/02	25	18,703,808.23	103,910.05		27,167.45	124,692.05	
86	01/26/02	01/31/02	5	18,676,640.78	20,751.82	124,661.87			20,751.82
87	02/01/02	02/25/02	25	18,676,640.78	103,759.12		27,348.56	124,510.94	
88	02/26/02	02/28/02	5	18,649,292.22	20,721.44	124,480.56			20,721.44
89	03/01/02	03/25/02	25	18,649,292.22	103,607.17		27,530.89	124,328.61	
90	03/26/02	03/31/02	5	18,621,761.33	20,690.85	124,298.02			20,690.85
91	04/01/02	04/25/02	25	18,621,761.33	103,454.23		27,714.42	124,145.08	
92	04/26/02	04/30/02	5	18,594,046.91	20,660.05	124,114.28			20,660.05
93	05/01/02	05/25/02	25	18,594,046.91	103,300.26		27,899.19	123,960.31	
94	05/26/02	05/31/02	5	18,566,147.72	20,629.05	123,929.31			20,629.05
95	06/01/02	06/25/02	25	18,566,147.72	103,145.27		28,085.18	123,774.32	
96	06/26/02	06/30/02	5	18,538,062.54	20,597.84	123,743.11			20,597.84
97	07/01/02	07/25/02	25	18,538,062.54	102,989.24		28,272.42	123,587.08	
98	07/26/02	07/31/02	5	18,509,790.12	20,566.43	123,555.67			20,566.43
99	08/01/02	08/25/02	25	18,509,790.12	102,832.17		28,460.90	123,398.60	
100	08/26/02	08/31/02	5	18,481,329.22	20,534.81	123,366.98			20,534.81
101	09/01/02	09/25/02	25	18,481,329.22	102,674.05		28,650.64	123,208.86	
102	09/26/02	09/30/02	5	18,452,678.58	20,502.98	123,177.03			20,502.98
103	10/01/02	10/25/02	25	18,452,678.58	102,514.88		28,841.64	123,017.86	
104	10/26/02	10/31/02	5	18,423,836.94	20,470.93	122,985.81			20,470.93
105	11/01/02	11/25/02	25	18,423,836.94	102,354.65		29,033.92	122,825.58	
106	11/26/02	11/30/02	5	18,394,803.02	20,438.67	122,793.32			20,438.67
107	12/01/02	12/25/02	25	18,394,803.02	102,193.35		29,227.48	122,632.02	
108	12/26/02	12/31/02	5	18,365,575.54	20,406.19	122,599.54			20,406.19
109	01/01/03	01/25/03	25	18,365,575.54	102,030.98		29,422.33	122,437.17	
110	01/26/03	01/31/03	5	18,336,153.21	20,373.50	122,404.48			20,373.50
111	02/01/03	02/25/03	25	18,336,153.21	101,867.52		29,618.48	122,241.02	
112	02/26/03	02/28/03	5	18,306,534.73	20,340.59	122,208.11			20,340.59

Big Rivers Electric Corporation
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
113	03/01/03	03/25/03	25	18,306,534.73	101,702.97		29,815.94	122,043.56	
114	03/26/03	03/31/03	5	18,276,718.79	20,307.46	122,010.43			20,307.46
115	04/01/03	04/25/03	25	18,276,718.79	101,537.33		30,014.71	121,844.79	
116	04/26/03	04/30/03	5	18,246,704.08	20,274.11	121,811.44			20,274.11
117	05/01/03	05/25/03	25	18,246,704.08	101,370.58		30,214.81	121,644.69	
118	05/26/03	05/31/03	5	18,216,489.27	20,240.54	121,611.12			20,240.54
119	06/01/03	06/25/03	25	18,216,489.27	101,202.72		30,416.24	121,443.26	
120	06/26/03	06/30/03	5	18,186,073.03	20,206.75	121,409.47			20,206.75
121	07/01/03	07/25/03	25	18,186,073.03	101,033.74		30,619.01	121,240.49	
122	07/26/03	07/31/03	5	18,155,454.02	20,172.73	121,206.47			20,172.73
123	08/01/03	08/25/03	25	18,155,454.02	100,863.63		30,823.14	121,036.36	
124	08/26/03	08/31/03	5	18,124,630.88	20,138.48	121,002.11			20,138.48
125	09/01/03	09/25/03	25	18,124,630.88	100,692.39		31,028.63	120,830.87	
126	09/26/03	09/30/03	5	18,093,602.25	20,104.00	120,796.39			20,104.00
127	10/01/03	10/25/03	25	18,093,602.25	100,520.02		31,235.48	120,624.02	
128	10/26/03	10/31/03	5	18,062,366.77	20,069.30	120,589.32			20,069.30
129	11/01/03	11/25/03	25	18,062,366.77	100,346.48		31,443.72	120,415.78	
130	11/26/03	11/30/03	5	18,030,923.05	20,034.36	120,380.84			20,034.36
131	12/01/03	12/25/03	25	18,030,923.05	100,171.79		31,653.35	120,206.15	
132	12/26/03	12/31/03	5	17,999,269.70	19,999.19	120,170.98			19,999.19
133	01/01/04	01/25/04	25	17,999,269.70	99,995.94		31,864.37	119,995.13	
134	01/26/04	01/31/04	5	17,967,405.33	19,963.78	119,959.72			19,963.78
135	02/01/04	02/25/04	25	17,967,405.33	99,818.92		32,076.80	119,782.70	
136	02/26/04	02/29/04	5	17,935,328.53	19,928.15	119,747.07			19,928.15
137	03/01/04	03/25/04	25	17,935,328.53	99,640.71		32,290.64	119,568.86	
138	03/26/04	03/31/04	5	17,903,037.89	19,892.27	119,532.98			19,892.27
139	04/01/04	04/25/04	25	17,903,037.89	99,461.32		32,505.91	119,353.59	
140	04/26/04	04/30/04	5	17,870,531.98	19,856.15	119,317.47			19,856.15

Big Rivers Electric Corporation
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Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
141	05/01/04	05/25/04	25	17,870,531.98	99,280.73		32,722.62	119,136.88	
142	05/26/04	05/31/04	5	17,837,809.36	19,819.79	119,100.52			19,819.79
143	06/01/04	06/25/04	25	17,837,809.36	99,098.94		32,940.77	118,918.73	
144	06/26/04	06/30/04	5	17,804,868.59	19,783.18	118,882.12			19,783.18
145	07/01/04	07/25/04	25	17,804,868.59	98,915.94		33,160.38	118,699.12	
146	07/26/04	07/31/04	5	17,771,708.21	19,746.34	118,662.28			19,746.34
147	08/01/04	08/25/04	25	17,771,708.21	98,731.71		33,381.45	118,478.05	
148	08/26/04	08/31/04	5	17,738,326.76	19,709.25	118,440.96			19,709.25
149	09/01/04	09/25/04	25	17,738,326.76	98,546.26		33,603.99	118,255.51	
150	09/26/04	09/30/04	5	17,704,722.77	19,671.92	118,218.18			19,671.92
151	10/01/04	10/25/04	25	17,704,722.77	98,359.57		33,828.01	118,031.49	
152	10/26/04	10/31/04	5	17,670,894.76	19,634.33	117,993.90			19,634.33
153	11/01/04	11/25/04	25	17,670,894.76	98,171.64		34,053.53	117,805.97	
154	11/26/04	11/30/04	5	17,636,841.23	19,596.49	117,768.13			19,596.49
155	12/01/04	12/25/04	25	17,636,841.23	97,982.45		34,280.56	117,578.94	
156	12/26/04	12/31/04	5	17,602,560.67	19,558.40	117,540.85			19,558.40
157	01/01/05	01/25/05	25	17,602,560.67	97,792.00		34,509.10	117,350.40	
158	01/26/05	01/31/05	5	17,568,051.57	19,520.05	117,312.05			19,520.05
159	02/01/05	02/25/05	25	17,568,051.57	97,600.29		34,739.16	117,120.34	
160	02/26/05	02/28/05	5	17,533,312.41	19,481.46	117,081.75			19,481.46
161	03/01/05	03/25/05	25	17,533,312.41	97,407.29		34,970.75	116,888.75	
162	03/26/05	03/31/05	5	17,498,341.66	19,442.60	116,849.89			19,442.60
163	04/01/05	04/25/05	25	17,498,341.66	97,213.01		35,203.89	116,655.61	
164	04/26/05	04/30/05	5	17,463,137.77	19,403.49	116,616.50			19,403.49
165	05/01/05	05/25/05	25	17,463,137.77	97,017.43		35,438.58	116,420.92	
166	05/26/05	05/31/05	5	17,427,699.19	19,364.11	116,381.54			19,364.11
167	06/01/05	06/25/05	25	17,427,699.19	96,820.55		35,674.84	116,184.66	
168	06/26/05	06/30/05	5	17,392,024.35	19,324.47	116,145.02			19,324.47

Big Rivers Electric Corporation
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
169	07/01/05	07/25/05	25	17,392,024.35	96,622.36				
170	07/26/05	07/31/05	5	17,356,111.68	19,284.57	115,906.93	35,912.67	115,946.83	19,284.57
171	08/01/05	08/25/05	25	17,356,111.68	96,422.84		36,152.09	115,707.41	
172	08/26/05	08/31/05	5	17,319,959.59	19,244.40	115,667.24			19,244.40
173	09/01/05	09/25/05	25	17,319,959.59	96,222.00		36,393.10	115,466.40	
174	09/26/05	09/30/05	5	17,283,566.49	19,203.97	115,425.97			19,203.97
175	10/01/05	10/25/05	25	17,283,566.49	96,019.81		36,635.72	115,223.78	
176	10/26/05	10/31/05	5	17,246,930.77	19,163.26	115,183.07			19,163.26
177	11/01/05	11/25/05	25	17,246,930.77	95,816.28		36,879.96	114,979.54	
178	11/26/05	11/30/05	5	17,210,050.81	19,122.28	114,938.56			19,122.28
179	12/01/05	12/25/05	25	17,210,050.81	95,611.39		37,125.83	114,733.67	
180	12/26/05	12/31/05	5	17,172,924.98	19,081.03	114,692.42			19,081.03
181	01/01/06	01/25/06	25	17,172,924.98	95,405.14		37,373.33	114,486.17	
182	01/26/06	01/31/06	5	17,135,551.65	19,039.50	114,444.64			19,039.50
183	02/01/06	02/25/06	25	17,135,551.65	95,197.51		37,622.49	114,237.01	
184	02/26/06	02/28/06	5	17,097,929.16	18,997.69	114,195.20			18,997.69
185	03/01/06	03/25/06	25	17,097,929.16	94,988.50		37,873.31	113,986.19	
186	03/26/06	03/31/06	5	17,060,055.85	18,955.62	113,944.12			18,955.62
187	04/01/06	04/25/06	25	17,060,055.85	94,778.09		38,125.79	113,733.71	
188	04/26/06	04/30/06	5	17,021,930.06	18,913.25	113,691.34			18,913.25
189	05/01/06	05/25/06	25	17,021,930.06	94,566.28		38,379.97	113,479.53	
190	05/26/06	05/31/06	5	16,983,550.09	18,870.61	113,436.89			18,870.61
191	06/01/06	06/25/06	25	16,983,550.09	94,353.06		38,635.83	113,223.67	
192	06/26/06	06/30/06	5	16,944,914.26	18,827.69	113,180.75			18,827.69
193	07/01/06	07/25/06	25	16,944,914.26	94,138.41		38,893.40	112,966.10	
194	07/26/06	07/31/06	5	16,906,020.86	18,784.47	112,922.88			18,784.47
195	08/01/06	08/25/06	25	16,906,020.86	93,922.34		39,152.69	112,706.81	
196	08/26/06	08/31/06	5	16,866,868.17	18,740.97	112,663.31			18,740.97

Big Rivers Electric Corporation
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Rate - 8.00%
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
197	09/01/06	09/25/06	25	16,866,868.17	93,704.82		39,413.71	112,445.79	
198	09/26/06	09/30/06	5	16,827,454.46	18,697.17	112,401.99			18,697.17
199	10/01/06	10/25/06	25	16,827,454.46	93,485.86		39,676.47	112,183.03	
200	10/26/06	10/31/06	5	16,787,777.99	18,653.09	112,138.95			18,653.09
201	11/01/06	11/25/06	25	16,787,777.99	93,265.43		39,940.98	111,918.52	
202	11/26/06	11/30/06	5	16,747,837.01	18,608.71	111,874.14			18,608.71
203	12/01/06	12/25/06	25	16,747,837.01	93,043.54		40,207.25	111,652.25	
204	12/26/06	12/31/06	5	16,707,629.76	18,564.03	111,607.57			18,564.03
205	01/01/07	01/25/07	25	16,707,629.76	92,820.17		40,475.30	111,384.20	
206	01/26/07	01/31/07	5	16,667,154.46	18,519.06	111,339.23			18,519.06
207	02/01/07	02/25/07	25	16,667,154.46	92,595.30		40,745.14	111,114.36	
208	02/26/07	02/28/07	5	16,626,409.32	18,473.79	111,069.09			18,473.79
209	03/01/07	03/25/07	25	16,626,409.32	92,368.94		41,016.77	110,842.73	
210	03/26/07	03/31/07	5	16,585,392.55	18,428.21	110,797.15			18,428.21
211	04/01/07	04/25/07	25	16,585,392.55	92,141.07		41,290.22	110,569.28	
212	04/26/07	04/30/07	5	16,544,102.33	18,382.34	110,523.41			18,382.34
213	05/01/07	05/25/07	25	16,544,102.33	91,911.68		41,565.48	110,294.02	
214	05/26/07	05/31/07	5	16,502,536.85	18,336.15	110,247.83			18,336.15
215	06/01/07	06/25/07	25	16,502,536.85	91,680.76		41,842.59	110,016.91	
216	06/26/07	06/30/07	5	16,460,694.26	18,289.66	109,970.42			18,289.66
217	07/01/07	07/25/07	25	16,460,694.26	91,448.30		42,121.54	109,737.96	
218	07/26/07	07/31/07	5	16,418,572.72	18,242.86	109,691.16			18,242.86
219	08/01/07	08/25/07	25	16,418,572.72	91,214.29		42,402.35	109,457.15	
220	08/26/07	08/31/07	5	16,376,170.37	18,195.75	109,410.04			18,195.75
221	09/01/07	09/25/07	25	16,376,170.37	90,978.72		42,685.03	109,174.47	
222	09/26/07	09/30/07	5	16,333,485.34	18,148.31	109,127.03			18,148.31
223	10/01/07	10/25/07	25	16,333,485.34	90,741.59		42,969.60	108,889.90	
224	10/26/07	10/31/07	5	16,290,515.74	18,100.57	108,842.16			18,100.57

Big Rivers Electric Corporation
 LEM Settlement Note
 Amortization Schedule
 Rate - 8.00%
 Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
225	11/01/07	11/25/07	25	16,290,515.74	90,502.87		43,256.06	108,603.44	
226	11/26/07	11/30/07	5	16,247,259.68	18,052.51	108,555.38			18,052.51
227	12/01/07	12/25/07	25	16,247,259.68	90,262.55		43,544.44	108,315.06	
228	12/26/07	12/31/07	5	16,203,715.24	18,004.13	108,266.68			18,004.13
229	01/01/08	01/25/08	25	16,203,715.24	90,020.64		43,834.73	108,024.77	
230	01/26/08	01/31/08	5	16,159,880.51	17,955.43	107,976.07			17,955.43
231	02/01/08	02/25/08	25	16,159,880.51	89,777.11		44,126.96	107,732.54	
232	02/26/08	02/29/08	5	16,115,753.55	17,906.40	107,683.51			17,906.40
233	03/01/08	03/25/08	25	16,115,753.55	89,531.96		44,421.14	107,438.36	
234	03/26/08	03/31/08	5	16,071,332.41	17,857.04	107,389.00			17,857.04
235	04/01/08	04/25/08	25	16,071,332.41	89,285.18		44,717.28	107,142.22	
236	04/26/08	04/30/08	5	16,026,615.13	17,807.35	107,092.53			17,807.35
237	05/01/08	05/25/08	25	16,026,615.13	89,036.75		45,015.40	106,844.10	
238	05/26/08	05/31/08	5	15,981,599.73	17,757.33	106,794.08			17,757.33
239	06/01/08	06/25/08	25	15,981,599.73	88,786.67		45,315.50	106,544.00	
240	06/26/08	06/30/08	5	15,936,284.23	17,706.98	106,493.65			17,706.98
241	07/01/08	07/25/08	25	15,936,284.23	88,534.91		45,617.61	106,241.89	
242	07/26/08	07/31/08	5	15,890,666.62	17,656.30	106,191.21			17,656.30
243	08/01/08	08/25/08	25	15,890,666.62	88,281.48		45,921.72	105,937.78	
244	08/26/08	08/31/08	5	15,844,744.90	17,605.27	105,886.75			17,605.27
245	09/01/08	09/25/08	25	15,844,744.90	88,026.36		46,227.87	105,631.63	
246	09/26/08	09/30/08	5	15,798,517.03	17,553.91	105,580.27			17,553.91
247	10/01/08	10/25/08	25	15,798,517.03	87,769.54		46,536.05	105,323.45	
248	10/26/08	10/31/08	5	15,751,980.98	17,502.20	105,271.74			17,502.20
249	11/01/08	11/25/08	25	15,751,980.98	87,511.01		46,846.29	105,013.21	
250	11/26/08	11/30/08	5	15,705,134.69	17,450.15	104,961.16			17,450.15
251	12/01/08	12/25/08	25	15,705,134.69	87,250.75		47,158.60	104,700.90	
252	12/26/08	12/31/08	5	15,657,976.09	17,397.75	104,648.50			17,397.75

Big Rivers Electric Corporation
LEM Settlement Note
Amortization Schedule
Rate - 8.00%
Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
253	01/01/09	01/25/09	25	15,657,976.09	86,988.76		47,472.99	104,386.51	
254	01/26/09	01/31/09	5	15,610,503.10	17,345.00	104,333.76			17,345.00
255	02/01/09	02/25/09	25	15,610,503.10	86,725.02		47,789.48	104,070.02	
256	02/26/09	02/28/09	5	15,562,713.62	17,291.90	104,016.92			17,291.90
257	03/01/09	03/25/09	25	15,562,713.62	86,459.52		48,108.08	103,751.42	
258	03/26/09	03/31/09	5	15,514,605.54	17,238.45	103,697.97			17,238.45
259	04/01/09	04/25/09	25	15,514,605.54	86,192.25		48,428.80	103,430.70	
260	04/26/09	04/30/09	5	15,466,176.74	17,184.64	103,376.89			17,184.64
261	05/01/09	05/25/09	25	15,466,176.74	85,923.20		48,751.66	103,107.84	
262	05/26/09	05/31/09	5	15,417,425.08	17,130.47	103,053.67			17,130.47
263	06/01/09	06/25/09	25	15,417,425.08	85,652.36		49,076.67	102,782.83	
264	06/26/09	06/30/09	5	15,368,348.41	17,075.95	102,728.31			17,075.95
265	07/01/09	07/25/09	25	15,368,348.41	85,379.71		49,403.84	102,455.66	
266	07/26/09	07/31/09	5	15,318,944.57	17,021.05	102,400.76			17,021.05
267	08/01/09	08/25/09	25	15,318,944.57	85,105.25		49,733.20	102,126.30	
268	08/26/09	08/31/09	5	15,269,211.37	16,965.79	102,071.04			16,965.79
269	09/01/09	09/25/09	25	15,269,211.37	84,828.95		50,064.76	101,794.74	
270	09/26/09	09/30/09	5	15,219,146.61	16,910.17	101,739.12			16,910.17
271	10/01/09	10/25/09	25	15,219,146.61	84,550.81		50,398.52	101,460.98	
272	10/26/09	10/31/09	5	15,168,748.09	16,854.17	101,404.98			16,854.17
273	11/01/09	11/25/09	25	15,168,748.09	84,270.82		50,734.51	101,124.99	
274	11/26/09	11/30/09	5	15,118,013.58	16,797.80	101,068.62			16,797.80
275	12/01/09	12/25/09	25	15,118,013.58	83,988.96		51,072.74	100,786.76	
276	12/26/09	12/31/09	5	15,066,940.84	16,741.04	100,730.00			16,741.04
277	01/01/10	01/25/10	25	15,066,940.84	83,705.23		51,413.23	100,446.27	
278	01/26/10	01/31/10	5	15,015,527.61	16,683.92	100,389.15			16,683.92
279	02/01/10	02/25/10	25	15,015,527.61	83,419.60		51,755.98	100,103.52	
280	02/26/10	02/28/10	5	14,963,771.63	16,626.42	100,046.02			16,626.42

Big Rivers Electric Corporation
LEM Settlement Note
Amortization Schedule
Rate - 8.00%
Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
281	03/01/10	03/25/10	25	14,963,771.63	83,132.06		52,101.02	99,758.48	
282	03/26/10	03/31/10	5	14,911,670.61	16,568.53	99,700.59			16,568.53
283	04/01/10	04/25/10	25	14,911,670.61	82,842.61		52,448.36	99,411.14	
284	04/26/10	04/30/10	5	14,859,222.25	16,510.25	99,352.86			16,510.25
285	05/01/10	05/25/10	25	14,859,222.25	82,551.23		52,798.02	99,061.48	
286	05/26/10	05/31/10	5	14,806,424.23	16,451.58	99,002.81			16,451.58
287	06/01/10	06/25/10	25	14,806,424.23	82,257.91		53,150.01	98,709.49	
288	06/26/10	06/30/10	5	14,753,274.22	16,392.53	98,650.44			16,392.53
289	07/01/10	07/25/10	25	14,753,274.22	81,962.63		53,504.34	98,355.16	
290	07/26/10	07/31/10	5	14,699,769.88	16,333.08	98,295.71			16,333.08
291	08/01/10	08/25/10	25	14,699,769.88	81,665.39		53,861.03	97,998.47	
292	08/26/10	08/31/10	5	14,645,908.85	16,273.23	97,938.62			16,273.23
293	09/01/10	09/25/10	25	14,645,908.85	81,366.16		54,220.11	97,639.39	
294	09/26/10	09/30/10	5	14,591,688.74	16,212.98	97,579.14			16,212.98
295	10/01/10	10/25/10	25	14,591,688.74	81,064.94		54,581.58	97,277.92	
296	10/26/10	10/31/10	5	14,537,107.16	16,152.34	97,217.28			16,152.34
297	11/01/10	11/25/10	25	14,537,107.16	80,761.71		54,945.45	96,914.05	
298	11/26/10	11/30/10	5	14,482,161.71	16,091.29	96,853.00			16,091.29
299	12/01/10	12/25/10	25	14,482,161.71	80,456.45		55,311.76	96,547.74	
300	12/26/10	12/31/10	5	14,426,849.95	16,029.83	96,486.28			16,029.83
301	01/01/11	01/25/11	25	14,426,849.95	80,149.17		55,680.50	96,179.00	
302	01/26/11	01/31/11	5	14,371,169.45	15,967.97	96,117.14			15,967.97
303	02/01/11	02/25/11	25	14,371,169.45	79,839.83		56,051.70	95,807.80	
304	02/26/11	02/28/11	5	14,315,117.75	15,905.69	95,745.52			15,905.69
305	03/01/11	03/25/11	25	14,315,117.75	79,528.43		56,425.38	95,434.12	
306	03/26/11	03/31/11	5	14,258,692.37	15,842.99	95,371.42			15,842.99
307	04/01/11	04/25/11	25	14,258,692.37	79,214.96		56,801.55	95,057.95	
308	04/26/11	04/30/11	5	14,201,890.82	15,779.88	94,994.84			15,779.88

Big Rivers Electric Corporation
LEM Settlement Note
Amortization Schedule
Rate - 8.00%
Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
309	05/01/11	05/25/11	25	14,201,890.82	78,899.39		57,180.23	94,679.27	
310	05/26/11	05/31/11	5	14,144,710.59	15,716.34	94,615.73			15,716.34
311	06/01/11	06/25/11	25	14,144,710.59	78,581.73		57,561.43	94,298.07	
312	06/26/11	06/30/11	5	14,087,149.16	15,652.39	94,234.12			15,652.39
313	07/01/11	07/25/11	25	14,087,149.16	78,261.94		57,945.17	93,914.33	
314	07/26/11	07/31/11	5	14,029,203.99	15,588.01	93,849.95			15,588.01
315	08/01/11	08/25/11	25	14,029,203.99	77,940.02		58,331.47	93,528.03	
316	08/26/11	08/31/11	5	13,970,872.52	15,523.19	93,463.21			15,523.19
317	09/01/11	09/25/11	25	13,970,872.52	77,615.96		58,720.35	93,139.15	
318	09/26/11	09/30/11	5	13,912,152.17	15,457.95	93,073.91			15,457.95
319	10/01/11	10/25/11	25	13,912,152.17	77,289.73		59,111.82	92,747.68	
320	10/26/11	10/31/11	5	13,853,040.35	15,392.26	92,681.99			15,392.26
321	11/01/11	11/25/11	25	13,853,040.35	76,961.34		59,505.90	92,353.60	
322	11/26/11	11/30/11	5	13,793,534.45	15,326.15	92,287.49			15,326.15
323	12/01/11	12/25/11	25	13,793,534.45	76,630.75		59,902.60	91,956.90	
324	12/26/11	12/31/11	5	13,733,631.85	15,259.60	91,890.35			15,259.60
325	01/01/12	01/25/12	25	13,733,631.85	76,297.95		60,301.95	91,557.55	
326	01/26/12	01/31/12	5	13,673,329.90	15,192.59	91,490.54			15,192.59
327	02/01/12	02/25/12	25	13,673,329.90	75,962.94		60,703.97	91,155.53	
328	02/26/12	02/29/12	5	13,612,625.93	15,125.14	91,088.08			15,125.14
329	03/01/12	03/25/12	25	13,612,625.93	75,625.70		61,108.66	90,750.84	
330	03/26/12	03/31/12	5	13,551,517.27	15,057.24	90,682.94			15,057.24
331	04/01/12	04/25/12	25	13,551,517.27	75,286.21		61,516.05	90,343.45	
332	04/26/12	04/30/12	5	13,490,001.22	14,988.89	90,275.10			14,988.89
333	05/01/12	05/25/12	25	13,490,001.22	74,944.45		61,926.16	89,933.34	
334	05/26/12	05/31/12	5	13,428,075.06	14,920.08	89,864.53			14,920.08
335	06/01/12	06/25/12	25	13,428,075.06	74,600.42		62,339.00	89,520.50	
336	06/26/12	06/30/12	5	13,365,736.06	14,850.82	89,451.24			14,850.82

Big Rivers Electric Corporation
LEM Settlement Note
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Rate - 8.00%
Days in Month (360 Day Year) - 30

Item 2 Attachment
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
337	07/01/12	07/25/12	25	13,365,736.06	74,254.09		62,754.59	89,104.91	
338	07/26/12	07/31/12	5	13,302,981.47	14,781.09	89,035.18			14,781.09
339	08/01/12	08/25/12	25	13,302,981.47	73,905.45		63,172.96	88,686.54	
340	08/26/12	08/31/12	5	13,239,808.51	14,710.90	88,616.35			14,710.90
341	09/01/12	09/25/12	25	13,239,808.51	73,554.49		63,594.11	88,265.39	
342	09/26/12	09/30/12	5	13,176,214.40	14,640.24	88,194.73			14,640.24
343	10/01/12	10/25/12	25	13,176,214.40	73,201.19		64,018.07	87,841.43	
344	10/26/12	10/31/12	5	13,112,196.33	14,569.10	87,770.29			14,569.10
345	11/01/12	11/25/12	25	13,112,196.33	72,845.54		64,444.86	87,414.64	
346	11/26/12	11/30/12	5	13,047,751.47	14,497.50	87,343.04			14,497.50
347	12/01/12	12/25/12	25	13,047,751.47	72,487.51		64,874.49	86,985.01	
348	12/26/12	12/31/12	5	12,982,876.98	14,425.42	86,912.93			14,425.42
349	01/01/13	01/25/13	25	12,982,876.98	72,127.09		65,306.99	86,552.51	
350	01/26/13	01/31/13	5	12,917,569.99	14,352.85	86,479.94			14,352.85
351	02/01/13	02/25/13	25	12,917,569.99	71,764.28		65,742.37	86,117.13	
352	02/26/13	02/28/13	5	12,851,827.62	14,279.81	86,044.09			14,279.81
353	03/01/13	03/25/13	25	12,851,827.62	71,399.04		66,180.65	85,678.85	
354	03/26/13	03/31/13	5	12,785,646.97	14,206.28	85,605.32			14,206.28
355	04/01/13	04/25/13	25	12,785,646.97	71,031.37		66,621.85	85,237.65	
356	04/26/13	04/30/13	5	12,719,025.12	14,132.25	85,163.62			14,132.25
357	05/01/13	05/25/13	25	12,719,025.12	70,661.25		67,066.00	84,793.50	
358	05/26/13	05/31/13	5	12,651,959.12	14,057.73	84,718.98			14,057.73
359	06/01/13	06/25/13	25	12,651,959.12	70,288.66		67,513.11	84,346.39	
360	06/26/13	06/30/13	5	12,584,446.01	13,982.72	84,271.38			13,982.72
361	07/01/13	07/25/13	25	12,584,446.01	69,913.59		67,963.19	83,896.31	
362	07/26/13	07/31/13	5	12,516,482.82	13,907.20	83,820.79			13,907.20
363	08/01/13	08/25/13	25	12,516,482.82	69,536.02		68,416.28	83,443.22	
364	08/26/13	08/31/13	5	12,448,066.54	13,831.18	83,367.20			13,831.18

Big Rivers Electric Corporation
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
365	09/01/13	09/25/13	25	12,448,066.54	69,155.93		68,872.39	82,987.11	
366	09/26/13	09/30/13	5	12,379,194.15	13,754.66	82,910.59			13,754.66
367	10/01/13	10/25/13	25	12,379,194.15	68,773.30		69,331.54	82,527.96	
368	10/26/13	10/31/13	5	12,309,862.61	13,677.62	82,450.92			13,677.62
369	11/01/13	11/25/13	25	12,309,862.61	68,388.13		69,793.75	82,065.75	
370	11/26/13	11/30/13	5	12,240,068.86	13,600.08	81,988.21			13,600.08
371	12/01/13	12/25/13	25	12,240,068.86	68,000.38		70,259.04	81,600.46	
372	12/26/13	12/31/13	5	12,169,809.82	13,522.02	81,522.40			13,522.02
373	01/01/14	01/25/14	25	12,169,809.82	67,610.05		70,727.43	81,132.07	
374	01/26/14	01/31/14	5	12,099,082.39	13,443.43	81,053.48			13,443.43
375	02/01/14	02/25/14	25	12,099,082.39	67,217.12		71,198.95	80,660.55	
376	02/26/14	02/28/14	5	12,027,883.44	13,364.32	80,581.44			13,364.32
377	03/01/14	03/25/14	25	12,027,883.44	66,821.57		71,673.61	80,185.89	
378	03/26/14	03/31/14	5	11,956,209.83	13,284.68	80,106.25			13,284.68
379	04/01/14	04/25/14	25	11,956,209.83	66,423.39		72,151.43	79,708.07	
380	04/26/14	04/30/14	5	11,884,058.40	13,204.51	79,627.90			13,204.51
381	05/01/14	05/25/14	25	11,884,058.40	66,022.55		72,632.44	79,227.06	
382	05/26/14	05/31/14	5	11,811,425.96	13,123.81	79,146.36			13,123.81
383	06/01/14	06/25/14	25	11,811,425.96	65,619.03		73,116.66	78,742.84	
384	06/26/14	06/30/14	5	11,738,309.30	13,042.57	78,661.60			13,042.57
385	07/01/14	07/25/14	25	11,738,309.30	65,212.83		73,604.10	78,255.40	
386	07/26/14	07/31/14	5	11,664,705.20	12,960.78	78,173.61			12,960.78
387	08/01/14	08/25/14	25	11,664,705.20	64,803.92		74,094.80	77,764.70	
388	08/26/14	08/31/14	5	11,590,610.40	12,878.46	77,682.38			12,878.46
389	09/01/14	09/25/14	25	11,590,610.40	64,392.28		74,588.76	77,270.74	
390	09/26/14	09/30/14	5	11,516,021.64	12,795.58	77,187.86			12,795.58
391	10/01/14	10/25/14	25	11,516,021.64	63,977.90		75,086.02	76,773.48	
392	10/26/14	10/31/14	5	11,440,935.62	12,712.15	76,690.05			12,712.15

Big Rivers Electric Corporation
 LEM Settlement Note
 Amortization Schedule
 Rate - 8.00%
 Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
393	11/01/14	11/25/14	25	11,440,935.62	63,560.75		75,586.60	76,272.90	
394	11/26/14	11/30/14	5	11,365,349.02	12,628.16	76,188.91			12,628.16
395	12/01/14	12/25/14	25	11,365,349.02	63,140.83		76,090.51	75,768.99	
396	12/26/14	12/31/14	5	11,289,258.51	12,543.62	75,684.45			12,543.62
397	01/01/15	01/25/15	25	11,289,258.51	62,718.10		76,597.78	75,261.72	
398	01/26/15	01/31/15	5	11,212,660.73	12,458.51	75,176.61			12,458.51
399	02/01/15	02/25/15	25	11,212,660.73	62,292.56		77,108.43	74,751.07	
400	02/26/15	02/28/15	5	11,135,552.30	12,372.84	74,665.40			12,372.84
401	03/01/15	03/25/15	25	11,135,552.30	61,864.18		77,622.48	74,237.02	
402	03/26/15	03/31/15	5	11,057,929.82	12,286.59	74,150.77			12,286.59
403	04/01/15	04/25/15	25	11,057,929.82	61,432.94		78,139.97	73,719.53	
404	04/26/15	04/30/15	5	10,979,789.85	12,199.77	73,632.71			12,199.77
405	05/01/15	05/25/15	25	10,979,789.85	60,998.83		78,660.90	73,198.60	
406	05/26/15	05/31/15	5	10,901,128.95	12,112.36	73,111.19			12,112.36
407	06/01/15	06/25/15	25	10,901,128.95	60,561.83		79,185.31	72,674.19	
408	06/26/15	06/30/15	5	10,821,943.64	12,024.38	72,586.21			12,024.38
409	07/01/15	07/25/15	25	10,821,943.64	60,121.91		79,713.21	72,146.29	
410	07/26/15	07/31/15	5	10,742,230.43	11,935.81	72,057.72			11,935.81
411	08/01/15	08/25/15	25	10,742,230.43	59,679.06		80,244.63	71,614.87	
412	08/26/15	08/31/15	5	10,661,985.80	11,846.66	71,525.72			11,846.66
413	09/01/15	09/25/15	25	10,661,985.80	59,233.25		80,779.59	71,079.91	
414	09/26/15	09/30/15	5	10,581,206.21	11,756.89	70,990.14			11,756.89
415	10/01/15	10/25/15	25	10,581,206.21	58,784.48		81,318.13	70,541.37	
416	10/26/15	10/31/15	5	10,499,888.08	11,666.54	70,451.02			11,666.54
417	11/01/15	11/25/15	25	10,499,888.08	58,332.71		81,860.25	69,999.25	
418	11/26/15	11/30/15	5	10,418,027.83	11,575.59	69,908.30			11,575.59
419	12/01/15	12/25/15	25	10,418,027.83	57,877.93		82,405.98	69,453.52	
420	12/26/15	12/31/15	5	10,335,621.85	11,484.03	69,361.96			11,484.03

Big Rivers Electric Corporation
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Rate - 8.00%
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
421	01/01/16	01/25/16	25	10,335,621.85	57,420.12		82,955.35	68,904.15	
422	01/26/16	01/31/16	5	10,252,666.50	11,391.85	68,811.97			11,391.85
423	02/01/16	02/25/16	25	10,252,666.50	56,959.26		83,508.39	68,351.11	
424	02/26/16	02/29/16	5	10,169,158.11	11,299.07	68,258.33			11,299.07
425	03/01/16	03/25/16	25	10,169,158.11	56,495.32		84,065.11	67,794.39	
426	03/26/16	03/31/16	5	10,085,093.00	11,205.66	67,700.98			11,205.66
427	04/01/16	04/25/16	25	10,085,093.00	56,028.29		84,625.55	67,233.95	
428	04/26/16	04/30/16	5	10,000,467.45	11,111.63	67,139.92			11,111.63
429	05/01/16	05/25/16	25	10,000,467.45	55,558.15		85,189.72	66,669.78	
430	05/26/16	05/31/16	5	9,915,277.73	11,016.97	66,575.12			11,016.97
431	06/01/16	06/25/16	25	9,915,277.73	55,084.88		85,757.65	66,101.85	
432	06/26/16	06/30/16	5	9,829,520.08	10,921.69	66,006.57			10,921.69
433	07/01/16	07/25/16	25	9,829,520.08	54,608.44		86,329.37	65,530.13	
434	07/26/16	07/31/16	5	9,743,190.71	10,825.76	65,434.20			10,825.76
435	08/01/16	08/25/16	25	9,743,190.71	54,128.84		86,904.90	64,954.60	
436	08/26/16	08/31/16	5	9,656,285.81	10,729.21	64,858.05			10,729.21
437	09/01/16	09/25/16	25	9,656,285.81	53,646.03		87,484.26	64,375.24	
438	09/26/16	09/30/16	5	9,568,801.55	10,632.00	64,278.03			10,632.00
439	10/01/16	10/25/16	25	9,568,801.55	53,160.01		88,067.49	63,792.01	
440	10/26/16	10/31/16	5	9,480,734.06	10,534.15	63,694.16			10,534.15
441	11/01/16	11/25/16	25	9,480,734.06	52,670.74		88,654.61	63,204.89	
442	11/26/16	11/30/16	5	9,392,079.45	10,435.64	63,106.38			10,435.64
443	12/01/16	12/25/16	25	9,392,079.45	52,178.22		89,245.64	62,613.86	
444	12/26/16	12/31/16	5	9,302,833.81	10,336.48	62,514.70			10,336.48
445	01/01/17	01/25/17	25	9,302,833.81	51,682.41		89,840.61	62,018.89	
446	01/26/17	01/31/17	5	9,212,993.20	10,236.65	61,919.06			10,236.65
447	02/01/17	02/25/17	25	9,212,993.20	51,183.30		90,439.55	61,419.95	
448	02/26/17	02/28/17	5	9,122,553.65	10,136.17	61,319.47			10,136.17

Big Rivers Electric Corporation
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
449	03/01/17	03/25/17	25	9,122,553.65	50,680.85		91,042.48	60,817.02	
450	03/26/17	03/31/17	5	9,031,511.17	10,035.01	60,715.86			10,035.01
451	04/01/17	04/25/17	25	9,031,511.17	50,175.06		91,649.43	60,210.07	
452	04/26/17	04/30/17	5	8,939,861.74	9,933.18	60,108.24			9,933.18
453	05/01/17	05/25/17	25	8,939,861.74	49,665.90		92,260.42	59,599.08	
454	05/26/17	05/31/17	5	8,847,601.32	9,830.67	59,496.57			9,830.67
455	06/01/17	06/25/17	25	8,847,601.32	49,153.34		92,875.49	58,984.01	
456	06/26/17	06/30/17	5	8,754,725.83	9,727.47	58,880.81			9,727.47
457	07/01/17	07/25/17	25	8,754,725.83	48,637.37		93,494.66	58,364.84	
458	07/26/17	07/31/17	5	8,661,231.17	9,623.59	58,260.96			9,623.59
459	08/01/17	08/25/17	25	8,661,231.17	48,117.95		94,117.96	57,741.54	
460	08/26/17	08/31/17	5	8,567,113.21	9,519.02	57,636.97			9,519.02
461	09/01/17	09/25/17	25	8,567,113.21	47,595.07		94,745.41	57,114.09	
462	09/26/17	09/30/17	5	8,472,367.80	9,413.74	57,008.81			9,413.74
463	10/01/17	10/25/17	25	8,472,367.80	47,068.71		95,377.05	56,482.45	
464	10/26/17	10/31/17	5	8,376,990.75	9,307.77	56,376.48			9,307.77
465	11/01/17	11/25/17	25	8,376,990.75	46,538.84		96,012.89	55,846.61	
466	11/26/17	11/30/17	5	8,280,977.86	9,201.09	55,739.93			9,201.09
467	12/01/17	12/25/17	25	8,280,977.86	46,005.43		96,652.98	55,206.52	
468	12/26/17	12/31/17	5	8,184,324.88	9,093.70	55,099.13			9,093.70
469	01/01/18	01/25/18	25	8,184,324.88	45,468.47		97,297.33	54,562.17	
470	01/26/18	01/31/18	5	8,087,027.55	8,985.59	54,454.06			8,985.59
471	02/01/18	02/25/18	25	8,087,027.55	44,927.93		97,945.98	53,913.52	
472	02/26/18	02/28/18	5	7,989,081.57	8,876.75	53,804.68			8,876.75
473	03/01/18	03/25/18	25	7,989,081.57	44,383.79		98,598.96	53,260.54	
474	03/26/18	03/31/18	5	7,890,482.61	8,767.21	53,151.00			8,767.21
475	04/01/18	04/25/18	25	7,890,482.61	43,836.01		99,256.28	52,603.22	
476	04/26/18	04/30/18	5	7,791,226.33	8,656.92	52,492.93			8,656.92

Big Rivers Electric Corporation
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
477	05/01/18	05/25/18	25	7,791,226.33	43,284.59		99,917.99	51,941.51	
478	05/26/18	05/31/18	5	7,691,308.34	8,545.90	51,830.49			8,545.90
479	06/01/18	06/25/18	25	7,691,308.34	42,729.49		100,584.11	51,275.39	
480	06/26/18	06/30/18	5	7,590,724.23	8,434.14	51,163.63			8,434.14
481	07/01/18	07/25/18	25	7,590,724.23	42,170.69		101,254.67	50,604.83	
482	07/26/18	07/31/18	5	7,489,469.56	8,321.64	50,492.33			8,321.64
483	08/01/18	08/25/18	25	7,489,469.56	41,608.16		101,929.70	49,929.80	
484	08/26/18	08/31/18	5	7,387,539.86	8,208.38	49,816.54			8,208.38
485	09/01/18	09/25/18	25	7,387,539.86	41,041.89		102,609.23	49,250.27	
486	09/26/18	09/30/18	5	7,284,930.63	8,094.36	49,136.25			8,094.36
487	10/01/18	10/25/18	25	7,284,930.63	40,471.84		103,293.30	48,566.20	
488	10/26/18	10/31/18	5	7,181,637.33	7,979.59	48,451.43			7,979.59
489	11/01/18	11/25/18	25	7,181,637.33	39,897.99		103,981.92	47,877.58	
490	11/26/18	11/30/18	5	7,077,655.41	7,864.06	47,762.05			7,864.06
491	12/01/18	12/25/18	25	7,077,655.41	39,320.31		104,675.13	47,184.37	
492	12/26/18	12/31/18	5	6,972,980.28	7,747.76	47,068.07			7,747.76
493	01/01/19	01/25/19	25	6,972,980.28	38,738.78		105,372.96	46,486.54	
494	01/26/19	01/31/19	5	6,867,607.32	7,630.68	46,369.46			7,630.68
495	02/01/19	02/25/19	25	6,867,607.32	38,153.37		106,075.45	45,784.05	
496	02/26/19	02/28/19	5	6,761,531.87	7,512.81	45,666.18			7,512.81
497	03/01/19	03/25/19	25	6,761,531.87	37,564.07		106,782.62	45,076.88	
498	03/26/19	03/31/19	5	6,654,749.25	7,394.17	44,958.24			7,394.17
499	04/01/19	04/25/19	25	6,654,749.25	36,970.83		107,494.50	44,365.00	
500	04/26/19	04/30/19	5	6,547,254.75	7,274.73	44,245.56			7,274.73
501	05/01/19	05/25/19	25	6,547,254.75	36,373.64		108,211.13	43,648.37	
502	05/26/19	05/31/19	5	6,439,043.62	7,154.50	43,528.14			7,154.50
503	06/01/19	06/25/19	25	6,439,043.62	35,772.46		108,932.54	42,926.96	
504	06/26/19	06/30/19	5	6,330,111.08	7,033.46	42,805.92			7,033.46

Big Rivers Electric Corporation
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
505	07/01/19	07/25/19	25	6,330,111.08	35,167.28		109,658.76	42,200.74	
506	07/26/19	07/31/19	5	6,220,452.32	6,911.61	42,078.89			6,911.61
507	08/01/19	08/25/19	25	6,220,452.32	34,558.07		110,389.82	41,469.68	
508	08/26/19	08/31/19	5	6,110,062.50	6,788.96	41,347.03			6,788.96
509	09/01/19	09/25/19	25	6,110,062.50	33,944.79		111,125.75	40,733.75	
510	09/26/19	09/30/19	5	5,998,936.75	6,665.48	40,610.27			6,665.48
511	10/01/19	10/25/19	25	5,998,936.75	33,327.43		111,866.59	39,992.91	
512	10/26/19	10/31/19	5	5,887,070.16	6,541.18	39,868.61			6,541.18
513	11/01/19	11/25/19	25	5,887,070.16	32,705.95		112,612.37	39,247.13	
514	11/26/19	11/30/19	5	5,774,457.79	6,416.07	39,122.02			6,416.07
515	12/01/19	12/25/19	25	5,774,457.79	32,080.32		113,363.11	38,496.39	
516	12/26/19	12/31/19	5	5,661,094.68	6,290.10	38,370.42			6,290.10
517	01/01/20	01/25/20	25	5,661,094.68	31,450.53		114,118.87	37,740.63	
518	01/26/20	01/31/20	5	5,546,975.81	6,163.31	37,613.84			6,163.31
519	02/01/20	02/25/20	25	5,546,975.81	30,816.53		114,879.66	36,979.84	
520	02/26/20	02/29/20	5	5,432,096.15	6,035.66	36,852.19			6,035.66
521	03/01/20	03/25/20	25	5,432,096.15	30,178.31		115,645.53	36,213.97	
522	03/26/20	03/31/20	5	5,316,450.62	5,907.16	36,085.47			5,907.16
523	04/01/20	04/25/20	25	5,316,450.62	29,535.84		116,416.50	35,443.00	
524	04/26/20	04/30/20	5	5,200,034.12	5,777.81	35,313.65			5,777.81
525	05/01/20	05/25/20	25	5,200,034.12	28,889.08		117,192.61	34,666.89	
526	05/26/20	05/31/20	5	5,082,841.51	5,647.60	34,536.68			5,647.60
527	06/01/20	06/25/20	25	5,082,841.51	28,238.01		117,973.89	33,885.61	
528	06/26/20	06/30/20	5	4,964,867.62	5,516.52	33,754.53			5,516.52
529	07/01/20	07/25/20	25	4,964,867.62	27,582.60		118,760.38	33,099.12	
530	07/26/20	07/31/20	5	4,846,107.24	5,384.56	32,967.16			5,384.56
531	08/01/20	08/25/20	25	4,846,107.24	26,922.82		119,552.12	32,307.38	
532	08/26/20	08/31/20	5	4,726,555.12	5,251.73	32,174.55			5,251.73

Big Rivers Electric Corporation
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	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
533	09/01/20	09/25/20	25	4,726,555.12	26,258.64		120,349.13	31,510.37	
534	09/26/20	09/30/20	5	4,606,205.99	5,118.01	31,376.65			5,118.01
535	10/01/20	10/25/20	25	4,606,205.99	25,590.03		121,151.46	30,708.04	
536	10/26/20	10/31/20	5	4,485,054.53	4,983.39	30,573.42			4,983.39
537	11/01/20	11/25/20	25	4,485,054.53	24,916.97		121,959.14	29,900.36	
538	11/26/20	11/30/20	5	4,363,095.39	4,847.88	29,764.85			4,847.88
539	12/01/20	12/25/20	25	4,363,095.39	24,239.42		122,772.20	29,087.30	
540	12/26/20	12/31/20	5	4,240,323.19	4,711.47	28,950.89			4,711.47
541	01/01/21	01/25/21	25	4,240,323.19	23,557.35		123,590.68	28,268.82	
542	01/26/21	01/31/21	5	4,116,732.51	4,574.14	28,131.49			4,574.14
543	02/01/21	02/25/21	25	4,116,732.51	22,870.74		124,414.62	27,444.88	
544	02/26/21	02/28/21	5	3,992,317.89	4,435.91	27,306.65			4,435.91
545	03/01/21	03/25/21	25	3,992,317.89	22,179.54		125,244.05	26,615.45	
546	03/26/21	03/31/21	5	3,867,073.84	4,296.75	26,476.29			4,296.75
547	04/01/21	04/25/21	25	3,867,073.84	21,483.74		126,079.01	25,780.49	
548	04/26/21	04/30/21	5	3,740,994.83	4,156.67	25,640.41			4,156.67
549	05/01/21	05/25/21	25	3,740,994.83	20,783.30		126,919.53	24,939.97	
550	05/26/21	05/31/21	5	3,614,075.30	4,015.64	24,798.94			4,015.64
551	06/01/21	06/25/21	25	3,614,075.30	20,078.20		127,765.66	24,093.84	
552	06/26/21	06/30/21	5	3,486,309.64	3,873.67	23,951.87			3,873.67
553	07/01/21	07/25/21	25	3,486,309.64	19,368.39		128,617.44	23,242.06	
554	07/26/21	07/31/21	5	3,357,692.20	3,730.76	23,099.15			3,730.76
555	08/01/21	08/25/21	25	3,357,692.20	18,653.85		129,474.89	22,384.61	
556	08/26/21	08/31/21	5	3,228,217.31	3,586.91	22,240.76			3,586.91
557	09/01/21	09/25/21	25	3,228,217.31	17,934.54		130,338.05	21,521.45	
558	09/26/21	09/30/21	5	3,097,879.26	3,442.09	21,376.63			3,442.09
559	10/01/21	10/25/21	25	3,097,879.26	17,210.44		131,206.97	20,652.53	
560	10/26/21	10/31/21	5	2,966,672.29	3,296.31	20,506.75			3,296.31

Big Rivers Electric Corporation
LEM Settlement Note
Amortization Schedule
Rate - 8.00%
Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
561	11/01/21	11/25/21	25	2,966,672.29	16,481.51		132,081.68	19,777.82	
562	11/26/21	11/30/21	5	2,834,590.61	3,149.54	19,631.05			3,149.54
563	12/01/21	12/25/21	25	2,834,590.61	15,747.73		132,962.23	18,897.27	
564	12/26/21	12/31/21	5	2,701,628.38	3,001.81	18,749.54			3,001.81
565	01/01/22	01/25/22	25	2,701,628.38	15,009.05		133,848.64	18,010.86	
566	01/26/22	01/31/22	5	2,567,779.74	2,853.09	17,862.14			2,853.09
567	02/01/22	02/25/22	25	2,567,779.74	14,265.44		134,740.97	17,118.53	
568	02/26/22	02/28/22	5	2,433,038.77	2,703.38	16,968.82			2,703.38
569	03/01/22	03/25/22	25	2,433,038.77	13,516.88		135,639.24	16,220.26	
570	03/26/22	03/31/22	5	2,297,399.53	2,552.67	16,069.55			2,552.67
571	04/01/22	04/25/22	25	2,297,399.53	12,763.33		136,543.50	15,316.00	
572	04/26/22	04/30/22	5	2,160,856.03	2,400.95	15,164.28			2,400.95
573	05/01/22	05/25/22	25	2,160,856.03	12,004.76		137,453.79	14,405.71	
574	05/26/22	05/31/22	5	2,023,402.24	2,248.23	14,252.99			2,248.23
575	06/01/22	06/25/22	25	2,023,402.24	11,241.12		138,370.15	13,489.35	
576	06/26/22	06/30/22	5	1,885,032.09	2,094.48	13,335.60			2,094.48
577	07/01/22	07/25/22	25	1,885,032.09	10,472.40		139,292.62	12,566.88	
578	07/26/22	07/31/22	5	1,745,739.47	1,939.71	12,412.11			1,939.71
579	08/01/22	08/25/22	25	1,745,739.47	9,698.55		140,221.24	11,638.26	
580	08/26/22	08/31/22	5	1,605,518.23	1,783.90	11,482.45			1,783.90
581	09/01/22	09/25/22	25	1,605,518.23	8,919.55		141,156.05	10,703.45	
582	09/26/22	09/30/22	5	1,464,362.18	1,627.06	10,546.61			1,627.06
583	10/01/22	10/25/22	25	1,464,362.18	8,135.35		142,097.09	9,762.41	
584	10/26/22	10/31/22	5	1,322,265.09	1,469.18	9,604.53			1,469.18
585	11/01/22	11/25/22	25	1,322,265.09	7,345.92		143,044.40	8,815.10	
586	11/26/22	11/30/22	5	1,179,220.69	1,310.24	8,656.16			1,310.24
587	12/01/22	12/25/22	25	1,179,220.69	6,551.23		143,998.03	7,861.47	
588	12/26/22	12/31/22	5	1,035,222.66	1,150.24	7,701.47			1,150.24

Big Rivers Electric Corporation
 LEM Settlement Note
 Amortization Schedule
 Rate - 8.00%
 Days in Month (360 Day Year) - 30

	From	To	# of Days	Principal Balance A/C #224.141	Accrued Interest A/C #237.141	Interest Expense Booked	Principal Payment	Interest Payment	Balance Accrued Interest
589	01/01/23	01/25/23	25	1,035,222.66	5,751.24		144,958.02	6,901.48	
590	01/26/23	01/31/23	5	890,264.64	989.19	6,740.43			989.19
591	02/01/23	02/25/23	25	890,264.64	4,945.91		145,924.40	5,935.10	
592	02/26/23	02/28/23	5	744,340.24	827.05	5,772.96			827.05
593	03/01/23	03/25/23	25	744,340.24	4,135.22		146,897.23	4,962.27	
594	03/26/23	03/31/23	5	597,443.01	663.82	4,799.04			663.82
595	04/01/23	04/25/23	25	597,443.01	3,319.13		147,876.55	3,982.95	
596	04/26/23	04/30/23	5	449,566.46	499.52	3,818.65			499.52
597	05/01/23	05/25/23	25	449,566.46	2,497.59		148,862.39	2,997.11	
598	05/26/23	05/31/23	5	300,704.07	334.11	2,831.70			334.11
599	06/01/23	06/25/23	25	300,704.07	1,670.58		149,854.81	2,004.69	
600	06/26/23	06/30/23	5	150,849.26	167.61	1,838.19			167.61
601	07/01/23	07/25/23	25	150,849.26	838.05		150,849.26	1,005.66	
602	07/26/23	07/31/23		-	-	838.05			(0.00)

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750% INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS		
1	31-Jul-98	14	365	0.00	2,255,285.79	2,255,285.79	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
2	07-Aug-98	7	365	1,666,666.67	1,127,642.90	1,716,262.02	1,666,666.67	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
3	24-Aug-98	17	365	1,940.64	2,738,561.32	4,452,882.70	1,940.64	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
4	25-Aug-98	1	365	1,027,870.97	161,091.84	3,586,103.57	1,027,870.97	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
5	31-Aug-98	6	365	0.00	966,551.05	4,552,654.62	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
6	01-Sep-98	1	365	1,666,666.67	161,091.84	3,047,079.79	1,666,666.67	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
7	25-Sep-98	24	365	0.00	3,866,204.22	6,913,284.01	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
8	30-Sep-98	5	365	0.00	805,459.21	7,718,743.22	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
9	01-Oct-98	1	365	19,260,553.30	11,380,718.24	161,091.84	0.00	7,879,835.06	1,011,202,281.76	1,022,583,000.00	11,380,718.24
10	09-Oct-98	8	365	3,975.21	0.00	1,274,391.92	1,270,416.71	3,975.21	1,011,202,281.76	1,022,583,000.00	11,380,718.24
11	26-Oct-98	17	365	4,608,695.11	2,332,695.11	2,708,082.82	1,702,499.53	2,276,000.00	1,008,869,586.65	1,020,250,304.89	11,380,718.24
12	31-Oct-98	5	365	0.00	0.00	794,657.55	2,497,157.08	0.00	1,008,869,586.65	1,022,583,000.00	11,380,718.24
13	02-Nov-98	2	365	1,666,666.67	0.00	317,863.02	1,148,353.43	1,666,666.67	1,008,869,586.65	1,022,583,000.00	11,380,718.24
14	25-Nov-98	23	365	2,276,000.00	0.00	3,655,424.74	3,527,778.17	2,276,000.00	1,008,869,586.65	1,020,250,304.89	11,380,718.24
15	30-Nov-98	5	365	0.00	0.00	794,657.55	3,322,435.72	0.00	1,008,869,586.65	1,022,583,000.00	11,380,718.24
16	01-Dec-98	1	365	1,666,666.67	0.00	158,931.51	1,814,700.56	1,666,666.67	1,008,869,586.65	1,022,583,000.00	11,380,718.24
17	28-Dec-98	27	365	2,276,000.00	0.00	4,291,150.78	3,829,851.34	2,276,000.00	1,008,869,586.65	1,022,583,000.00	11,380,718.24
18	31-Dec-98	3	365	0.00	0.00	476,794.53	4,306,645.87	0.00	1,008,869,586.65	1,022,583,000.00	11,380,718.24
19	04-Jan-99	4	365	11,092,691.48	6,150,319.57	635,726.04	0.00	4,942,371.91	1,002,719,267.08	1,019,583,000.00	14,531,037.81
20	25-Jan-99	21	365	2,276,000.00	0.00	3,317,215.11	1,041,215.11	2,276,000.00	1,002,719,267.08	1,019,583,000.00	14,531,037.81
21	31-Jan-99	6	365	0.00	0.00	947,775.75	1,988,990.86	0.00	1,002,719,267.08	1,019,583,000.00	14,531,037.81
22	01-Feb-99	1	365	1,666,666.67	0.00	157,962.62	480,286.81	1,666,666.67	1,002,719,267.08	1,019,583,000.00	14,531,037.81
23	10-Feb-99	9	365	2,276,000.00	374,049.57	1,421,663.62	0.00	1,901,950.43	1,002,345,217.51	1,019,583,000.00	14,905,087.38
24	16-Feb-99	6	365	892,794.54	892,794.54	947,422.19	947,422.19	0.00	1,001,452,422.97	1,019,583,000.00	14,905,087.38
25	28-Feb-99	12	365	0.00	0.00	1,893,156.64	2,840,578.83	0.00	1,001,452,422.97	1,019,583,000.00	14,905,087.38
26	01-Mar-99	1	365	1,666,666.67	0.00	157,763.05	1,331,675.21	1,666,666.67	1,001,452,422.97	1,019,583,000.00	14,905,087.38
27	25-Mar-99	24	365	2,276,000.00	0.00	3,786,313.27	2,841,988.48	2,276,000.00	1,001,452,422.97	1,019,583,000.00	14,905,087.38
28	31-Mar-99	6	365	0.00	0.00	946,578.32	3,788,566.80	0.00	1,001,452,422.97	1,019,583,000.00	14,905,087.38
29	01-Apr-99	1	365	10,966,666.67	7,020,336.82	157,763.05	0.00	3,946,329.85	994,432,086.15	1,016,584,000.00	18,926,424.20
30	26-Apr-99	25	365	2,276,000.00	0.00	3,916,427.74	1,640,427.74	2,276,000.00	994,432,086.15	1,016,584,000.00	18,926,424.20
31	30-Apr-99	4	365	0.00	0.00	626,628.44	2,267,056.18	0.00	994,432,086.15	1,016,584,000.00	18,926,424.20
32	03-May-99	3	365	1,666,666.67	0.00	469,971.33	1,070,360.84	1,666,666.67	994,432,086.15	1,016,584,000.00	18,926,424.20
33	17-May-99	14	365	0.00	0.00	2,193,199.53	3,263,560.37	0.00	994,432,086.15	1,016,584,000.00	19,996,045.20
34	25-May-99	8	365	2,276,000.00	0.00	1,253,256.88	2,240,817.25	2,276,000.00	994,432,086.15	1,016,584,000.00	19,996,045.20
35	31-May-99	6	365	0.00	0.00	939,942.66	3,180,759.91	0.00	994,432,086.15	1,016,584,000.00	19,996,045.20
36	01-Jun-99	1	365	1,666,666.67	0.00	156,657.11	1,670,750.35	1,666,666.67	994,432,086.15	1,016,584,000.00	19,996,045.20
37	25-Jun-99	24	365	2,276,000.00	0.00	3,759,770.63	3,154,520.98	2,276,000.00	994,432,086.15	1,016,584,000.00	19,996,045.20
38	30-Jun-99	5	365	0.00	0.00	783,285.55	3,937,806.53	0.00	994,432,086.15	1,016,584,000.00	19,996,045.20
39	01-Jul-99	1	365	6,666,666.63	2,572,202.99	156,657.11	0.00	4,094,463.64	991,859,883.16	1,013,584,000.00	19,568,248.19
40	26-Jul-99	25	365	2,276,000.00	0.00	3,906,297.49	1,630,297.49	2,276,000.00	991,859,883.16	1,013,584,000.00	19,568,248.19
41	31-Jul-99	5	365	0.00	0.00	781,259.50	2,411,556.99	0.00	991,859,883.16	1,013,584,000.00	19,568,248.19
42	02-Aug-99	2	365	2,500,000.00	0.00	312,503.80	224,060.79	2,500,000.00	991,859,883.16	1,013,584,000.00	19,568,248.19
43	16-Aug-99	14	365	0.00	0.00	2,187,526.59	2,411,587.38	0.00	991,859,883.16	1,013,584,000.00	20,148,950.39
44	25-Aug-99	9	365	2,276,000.00	0.00	1,406,267.09	1,541,854.47	2,276,000.00	991,859,883.16	1,013,584,000.00	20,148,950.39
45	31-Aug-99	6	365	0.00	0.00	937,511.40	2,479,365.87	0.00	991,859,883.16	1,013,584,000.00	20,148,950.39
46	01-Sep-99	1	365	2,500,000.00	0.00	156,251.90	135,617.77	2,500,000.00	991,859,883.16	1,013,584,000.00	20,148,950.39
47	24-Sep-99	23	365	2,276,000.00	0.00	3,593,793.69	1,453,411.46	2,276,000.00	991,859,883.16	1,013,584,000.00	20,148,950.39
48	30-Sep-99	6	365	0.00	0.00	937,511.40	2,390,922.86	0.00	991,859,883.16	1,013,584,000.00	20,148,950.39
49	01-Oct-99	1	365	12,500,000.00	9,952,825.24	156,251.90	0.00	2,547,174.76	981,907,057.92	1,010,585,000.00	27,102,775.63
50	25-Oct-99	24	365	-2,276,000.00	0.00	3,712,415.73	1,436,415.73	2,276,000.00	981,907,057.92	1,010,585,000.00	27,102,775.63
51	31-Oct-99	6	365	0.00	0.00	928,103.93	2,364,519.66	0.00	981,907,057.92	1,010,585,000.00	27,102,775.63
52	01-Nov-99	1	365	2,500,000.00	0.00	154,683.99	19,203.65	2,500,000.00	981,907,057.92	1,010,585,000.00	27,102,775.63
53	15-Nov-99	14	365	631,927.17	631,927.17	2,165,575.84	2,184,779.49	0.00	981,275,130.75	1,010,585,000.00	27,102,775.63
54	25-Nov-99	10	365	2,276,000.00	0.00	1,545,844.38	1,454,623.87	2,276,000.00	981,275,130.75	1,010,585,000.00	27,102,775.63
55	30-Nov-99	5	365	0.00	0.00	772,922.19	2,227,546.06	0.00	981,275,130.75	1,010,585,000.00	27,102,775.63
56	01-Dec-99	1	365	2,500,000.00	117,869.50	154,584.44	0.00	2,382,130.50	981,157,261.25	1,010,585,000.00	27,220,645.13
57	27-Dec-99	26	365	2,276,000.00	0.00	4,018,712.62	1,742,712.62	2,276,000.00	981,157,261.25	1,010,585,000.00	27,220,645.13

Item 2 Attachment
 74-577

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%			1,022,583,000.00	(REVISED) ORIGINAL	ADJUSTED	PREPAID STATUS			
			INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE				
58	31-Dec-99	4	365	0.00	0.00	618,263.48	2,360,976.10	0.00	981,157,261.25	1,010,585,000.00	1,008,377,906.38	27,220,645.13
59	03-Jan-00	3	366	2,500,000.00	0.00	462,430.68	0.00	2,500,000.00	981,480,668.03	1,008,085,000.00	1,005,877,906.38	24,397,238.35
60	25-Jan-00	22	366	2,276,000.00	0.00	3,392,276.08	1,116,276.08	2,276,000.00	981,480,668.03	1,008,085,000.00	1,005,877,906.38	24,397,238.35
61	31-Jan-00	6	366	0.00	0.00	925,166.20	2,041,442.28	0.00	981,480,668.03	1,008,085,000.00	1,005,877,906.38	24,397,238.35
62	01-Feb-00	1	366	2,500,000.00	304,363.35	154,194.37	0.00	2,195,636.65	981,176,304.68	1,008,085,000.00	1,007,776,355.45	24,701,601.70
63	15-Feb-00	14	366	0.00	0.00	2,158,051.71	2,158,051.71	0.00	981,176,304.68	1,008,085,000.00	1,007,776,355.45	26,600,050.77
64	25-Feb-00	10	366	2,276,000.00	0.00	1,541,465.51	1,423,517.22	2,276,000.00	981,176,304.68	1,008,085,000.00	1,007,776,355.45	26,600,050.77
65	29-Feb-00	4	366	0.00	0.00	616,586.20	2,040,103.42	0.00	981,176,304.68	1,008,085,000.00	1,007,776,355.45	26,600,050.77
66	01-Mar-00	1	366	2,500,000.00	305,750.03	154,146.55	0.00	2,194,249.97	980,870,554.65	1,008,085,000.00	1,007,776,355.45	26,905,800.80
67	27-Mar-00	26	366	2,276,000.00	0.00	4,006,561.42	1,730,561.42	2,276,000.00	980,870,554.65	1,008,085,000.00	1,007,776,355.45	26,905,800.80
68	31-Mar-00	4	366	0.00	0.00	616,394.06	2,346,955.48	0.00	980,870,554.65	1,008,085,000.00	1,007,776,355.45	26,905,800.80
69	03-Apr-00	3	366	2,500,000.00	0.00	462,295.55	0.00	2,500,000.00	981,179,805.68	1,005,586,000.00	1,005,277,355.45	24,097,549.77
70	19-Apr-00	16	366	70,000,000.00	70,000,000.00	2,466,353.61	2,466,353.61	0.00	911,179,805.68	935,586,000.00	935,277,355.45	24,097,549.77
71	25-Apr-00	6	366	2,276,000.00	0.00	858,899.00	1,049,252.61	2,276,000.00	911,179,805.68	935,586,000.00	935,277,355.45	24,097,549.77
72	30-Apr-00	5	366	0.00	0.00	715,749.16	1,765,001.77	0.00	911,179,805.68	935,586,000.00	935,277,355.45	24,097,549.77
73	01-May-00	1	366	2,500,000.00	591,848.40	143,149.83	0.00	1,908,151.60	910,587,957.28	935,586,000.00	935,277,355.45	24,689,398.17
74	15-May-00	14	366	1,004,167.92	1,004,167.92	2,002,795.92	2,002,795.92	0.00	909,583,789.36	935,586,000.00	934,273,187.53	24,689,398.17
75	25-May-00	10	366	2,276,000.00	0.00	1,428,990.93	1,155,786.85	2,276,000.00	909,583,789.36	935,586,000.00	934,273,187.53	24,689,398.17
76	31-May-00	6	366	0.00	0.00	857,394.56	2,013,181.41	0.00	909,583,789.36	935,586,000.00	934,273,187.53	25,033,317.67
77	01-Jun-00	1	366	2,500,000.00	343,919.50	142,899.09	0.00	2,156,080.50	909,239,869.86	935,586,000.00	934,273,187.53	25,033,317.67
78	26-Jun-00	25	366	2,276,000.00	0.00	3,571,126.54	1,295,126.54	2,276,000.00	909,239,869.86	935,586,000.00	934,273,187.53	25,033,317.67
79	30-Jun-00	4	366	0.00	0.00	571,380.25	1,866,506.79	0.00	909,239,869.86	935,586,000.00	934,273,187.53	22,738,275.70
80	03-Jul-00	3	366	2,500,000.00	204,958.03	428,535.18	0.00	2,295,041.97	909,034,911.83	933,086,000.00	931,773,187.53	22,738,275.70
81	25-Jul-00	22	366	2,276,000.00	0.00	3,141,882.96	865,882.96	2,276,000.00	909,034,911.83	933,086,000.00	931,773,187.53	23,533,082.87
82	31-Jul-00	6	366	0.00	0.00	856,877.17	1,722,760.13	0.00	909,034,911.83	933,086,000.00	931,773,187.53	23,533,082.87
83	15-Aug-00	15	366	0.00	0.00	2,142,192.93	3,864,953.06	0.00	909,034,911.83	933,086,000.00	932,567,994.70	23,533,082.87
84	25-Aug-00	10	366	1,026,000.00	0.00	1,428,128.62	4,267,081.68	1,026,000.00	909,034,911.83	933,086,000.00	932,567,994.70	23,533,082.87
85	31-Aug-00	6	366	0.00	0.00	856,877.17	5,123,958.85	0.00	909,034,911.83	933,086,000.00	932,567,994.70	23,858,811.23
86	21-Sep-00	21	366	325,728.36	325,728.36	2,999,070.10	8,123,028.95	0.00	908,709,183.47	933,086,000.00	932,567,994.70	23,858,811.23
87	25-Sep-00	4	366	1,026,000.00	0.00	571,046.75	7,668,075.70	1,026,000.00	908,709,183.47	933,086,000.00	932,567,994.70	23,858,811.23
88	30-Sep-00	5	366	0.00	0.00	713,808.44	8,381,884.14	0.00	908,709,183.47	933,086,000.00	932,567,994.70	12,691,403.71
89	02-Oct-00	2	366	0.00	0.00	285,523.38	0.00	0.00	917,376,590.99	930,586,000.00	930,067,994.70	12,691,403.71
90	25-Oct-00	23	366	1,026,000.00	0.00	3,314,837.55	2,288,837.55	1,026,000.00	917,376,590.99	930,586,000.00	930,067,994.70	12,691,403.71
91	31-Oct-00	6	366	0.00	0.00	864,740.23	3,153,577.78	0.00	917,376,590.99	930,586,000.00	930,067,994.70	12,691,403.71
92	15-Nov-00	15	366	1,335,373.28	1,335,373.28	2,161,850.57	5,315,428.35	0.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
93	27-Nov-00	12	366	1,026,000.00	0.00	1,726,962.95	6,016,391.30	1,026,000.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
94	30-Nov-00	3	366	0.00	0.00	431,740.74	6,448,132.04	0.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
95	28-Dec-00	28	366	1,026,000.00	0.00	4,029,580.22	9,451,712.26	1,026,000.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
96	31-Dec-00	3	366	0.00	0.00	431,740.74	9,883,453.00	0.00	916,041,217.71	930,586,000.00	928,732,621.42	1,519,334.98
97	02-Jan-01	2	365	0.00	0.00	288,615.73	0.00	0.00	926,213,286.44	929,586,000.00	927,732,621.42	1,519,334.98
98	25-Jan-01	23	365	1,026,000.00	0.00	3,355,937.18	2,329,937.18	1,026,000.00	926,213,286.44	929,586,000.00	927,732,621.42	1,519,334.98
99	31-Jan-01	6	365	0.00	0.00	875,461.87	3,205,399.05	0.00	926,213,286.44	929,586,000.00	927,732,621.42	1,512,588.02
100	15-Feb-01	15	365	603,895.14	603,895.14	2,188,654.68	5,394,053.73	0.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
101	26-Feb-01	11	365	969,000.00	0.00	1,603,966.96	6,029,020.69	969,000.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
102	28-Feb-01	2	365	0.00	0.00	291,630.36	6,320,651.05	0.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
103	26-Mar-01	26	365	969,000.00	0.00	3,791,194.63	9,142,845.68	969,000.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
104	31-Mar-01	5	365	0.00	0.00	729,075.89	9,871,921.57	0.00	925,609,391.30	929,586,000.00	926,122,979.32	11,585,036.09
105	02-Apr-01	2	365	21,235,000.00	11,071,448.07	291,630.36	0.00	10,163,551.93	914,537,943.23	928,587,000.00	926,122,979.32	11,585,036.09
106	25-Apr-01	23	365	969,000.00	0.00	3,313,634.05	2,344,634.05	969,000.00	914,537,943.23	928,587,000.00	926,122,979.32	11,585,036.09
107	30-Apr-01	5	365	0.00	0.00	720,355.23	3,064,989.28	0.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
108	15-May-01	15	365	0.00	0.00	2,161,065.69	5,226,054.97	0.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
109	25-May-01	10	365	969,000.00	0.00	1,440,710.46	5,697,765.43	969,000.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
110	31-May-01	6	365	0.00	0.00	864,426.28	6,562,191.71	0.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
111	25-Jun-01	25	365	969,000.00	0.00	3,601,776.15	9,194,967.86	969,000.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
112	30-Jun-01	5	365	0.00	0.00	720,355.23	9,915,323.09	0.00	914,537,943.23	928,587,000.00	927,019,102.78	26,077,694.37
113	02-Jul-01	2	365	24,800,000.00	14,596,534.82	288,142.09	0.00	10,203,465.18	899,941,408.41	927,587,000.00	926,019,102.78	26,077,694.37
114	25-Jul-01	23	365	969,000.00	0.00	3,260,746.61	2,291,746.61	969,000.00	899,941,408.41	927,587,000.00	926,019,102.78	26,077,694.37

Item 2 Attachment

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS		
			INTEREST EXPENSE	ACCRUED INTEREST							
115	31-Jul-01	6 365	0.00	0.00	850,629.55	3,142,376.16	0.00	899,941,408.41	927,587,000.00	926,019,102.78	26,077,694.37
116	15-Aug-01	15 365	2,812,026.70	2,812,026.70	2,126,573.88	5,268,950.04	0.00	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
117	27-Aug-01	12 365	552,333.33	0.00	1,695,943.21	6,412,559.92	552,333.33	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
118	31-Aug-01	4 365	0.00	0.00	565,314.40	6,977,874.32	0.00	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
119	25-Sep-01	25 365	552,333.33	0.00	3,533,215.03	9,958,756.02	552,333.33	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
120	30-Sep-01	5 365	0.00	0.00	706,643.01	10,665,399.03	0.00	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
121	01-Oct-01	1 365	7,500,000.00	55,738.00	141,328.60	0.00	7,444,262.00	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74
122	25-Oct-01	24 365	552,333.33	0.00	3,404,388.58	2,852,055.25	552,333.33	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74
123	31-Oct-01	6 365	0.00	0.00	851,097.14	3,703,152.39	0.00	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74
124	15-Nov-01	15 365	0.00	0.00	2,127,742.86	5,830,895.25	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
125	26-Nov-01	11 365	552,333.33	0.00	1,560,344.76	6,838,906.68	552,333.33	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
126	30-Nov-01	4 365	0.00	0.00	567,398.10	7,406,304.78	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
127	26-Dec-01	26 365	552,333.33	0.00	3,688,087.63	10,542,059.08	552,333.33	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
128	31-Dec-01	5 365	0.00	0.00	709,247.62	11,251,306.70	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
129	02-Jan-02	2 365	50,000,000.00	38,464,994.25	283,699.05	0.00	11,535,005.75	861,971,115.09	921,087,000.00	917,575,751.22	55,604,636.13
130	25-Jan-02	23 365	552,333.33	0.00	3,123,169.31	2,570,835.98	552,333.33	861,971,115.09	921,087,000.00	917,575,751.22	55,604,636.13
131	31-Jan-02	6 365	0.00	0.00	814,739.82	3,385,575.80	0.00	861,971,115.09	921,087,000.00	917,575,751.22	55,604,636.13
132	15-Feb-02	15 365	0.00	0.00	2,036,849.55	5,422,425.35	0.00	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72
133	25-Feb-02	10 365	535,333.33	0.00	1,357,899.70	6,244,991.72	535,333.33	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72
134	28-Feb-02	3 365	0.00	0.00	407,369.91	6,652,361.63	0.00	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72
135	25-Mar-02	25 365	535,333.33	0.00	3,394,749.25	9,511,777.55	535,333.33	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72
136	31-Mar-02	6 365	0.00	0.00	814,739.82	10,326,517.37	0.00	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72
137	01-Apr-02	1 365	15,000,000.00	4,537,692.66	135,789.97	0.00	10,462,307.34	857,433,422.43	920,587,000.00	917,095,745.81	59,662,323.38
138	25-Apr-02	24 365	535,333.33	0.00	3,241,803.08	2,706,469.75	535,333.33	857,433,422.43	920,587,000.00	917,095,745.81	59,662,323.38
139	30-Apr-02	5 365	0.00	0.00	675,375.64	3,381,845.39	0.00	857,433,422.43	920,587,000.00	917,095,745.81	59,662,323.38
140	15-May-02	15 365	0.00	0.00	2,026,126.92	5,407,972.31	0.00	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
141	24-May-02	9 365	535,333.33	0.00	1,215,676.15	6,088,315.13	535,333.33	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
142	31-May-02	7 365	0.00	0.00	945,525.90	7,033,841.03	0.00	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
143	25-Jun-02	25 365	535,333.33	0.00	3,376,878.20	9,875,385.90	535,333.33	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
144	30-Jun-02	5 365	0.00	0.00	675,375.64	10,550,761.54	0.00	857,433,422.43	920,587,000.00	916,725,352.36	62,606,093.26
145	01-Jul-02	1 365	14,000,000.00	3,314,163.33	135,075.13	0.00	10,685,836.67	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
146	25-Jul-02	24 365	535,333.37	0.00	3,229,272.82	2,693,939.45	535,333.37	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
147	31-Jul-02	6 365	0.00	0.00	807,318.20	3,501,257.65	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
148	15-Aug-02	15 365	0.00	0.00	2,018,295.51	5,519,553.16	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
149	23-Aug-02	8 365	118,666.66	0.00	1,076,424.27	6,477,310.77	118,666.66	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
150	31-Aug-02	8 365	0.00	0.00	1,076,424.27	7,553,735.04	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
151	25-Sep-02	25 365	118,666.66	0.00	3,363,825.85	10,798,894.23	118,666.66	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
152	30-Sep-02	5 365	0.00	0.00	672,765.17	11,471,659.40	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
153	01-Oct-02	1 365	12,000,000.00	393,787.57	134,553.03	0.00	11,606,212.43	853,725,471.53	914,587,000.00	914,587,000.00	60,861,528.47
154	25-Oct-02	24 365	118,666.66	0.00	3,227,783.97	3,109,117.31	118,666.66	853,725,471.53	914,587,000.00	914,587,000.00	60,861,528.47
155	31-Oct-02	6 365	0.00	0.00	806,945.99	3,916,063.30	0.00	853,725,471.53	914,587,000.00	914,587,000.00	60,861,528.47
156	15-Nov-02	15 365	1,236,467.21	1,236,467.21	2,017,364.98	5,933,428.28	0.00	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47
157	25-Nov-02	10 365	118,666.66	0.00	1,342,962.13	7,157,723.75	118,666.66	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47
158	30-Nov-02	5 365	0.00	0.00	671,481.07	7,829,204.82	0.00	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47
159	23-Dec-02	23 365	118,666.66	0.00	3,088,812.90	10,799,351.06	118,666.66	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47
160	31-Dec-02	8 365	0.00	0.00	1,074,369.70	11,873,720.76	0.00	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47
161	02-Jan-03	2 365	11,000,000.00	53,038.00	268,592.43	0.00	10,946,962.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
162	24-Jan-03	22 365	118,666.66	0.00	2,958,475.66	2,839,809.00	118,666.66	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
163	31-Jan-03	7 365	0.00	0.00	941,333.17	3,781,142.17	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
164	18-Feb-03	18 365	0.00	0.00	2,420,571.00	6,201,713.17	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
165	25-Feb-03	7 365	0.00	0.00	941,333.17	7,143,046.34	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
166	28-Feb-03	3 365	0.00	0.00	403,428.50	7,546,474.84	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
167	25-Mar-03	25 365	0.00	0.00	3,361,904.16	10,908,379.00	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
168	31-Mar-03	6 365	0.00	0.00	806,857.00	11,715,236.00	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28
169	01-Apr-03	1 365	20,000,000.00	8,150,287.83	134,476.17	0.00	11,849,712.17	845,481,029.68	914,587,000.00	913,350,532.79	67,888,638.97
170	25-Apr-03	24 365	0.00	0.00	3,196,613.21	3,196,613.21	0.00	845,481,029.68	914,587,000.00	913,350,532.79	67,888,638.97
171	30-Apr-03	5 365	0.00	0.00	665,961.09	3,862,574.30	0.00	845,481,029.68	914,587,000.00	913,350,532.79	67,888,638.97

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00	(REVISED) ORIGINAL	ADJUSTED	PREPAID STATUS		
			INTEREST EXPENSE	ACCRUED INTEREST		PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE			
172	15-May-03	15 365	0.00	0.00	1,997,883.26	5,860,457.56	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32
173	26-May-03	11 365	0.00	0.00	1,465,114.39	7,325,571.95	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32
174	31-May-03	5 365	0.00	0.00	665,961.09	7,991,533.04	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32
175	25-Jun-03	25 365	0.00	0.00	3,329,805.43	11,321,338.47	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32
176	30-Jun-03	5 365	0.00	0.00	665,961.09	11,987,299.56	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32
177	01-Jul-03	1 365	15,000,000.00	2,879,508.22	133,192.22	0.00	12,120,491.78	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
178	25-Jul-03	24 365	0.00	0.00	3,185,726.30	3,185,726.30	0.00	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
179	31-Jul-03	6 365	0.00	0.00	796,431.58	3,982,157.88	0.00	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
180	15-Aug-03	15 365	2,955,599.42	2,955,599.42	1,991,078.94	5,973,236.82	0.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
181	25-Aug-03	10 365	1,448,000.00	0.00	1,322,729.88	5,847,966.70	1,448,000.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
182	31-Aug-03	6 365	0.00	0.00	793,637.93	6,641,604.63	0.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
183	25-Sep-03	25 365	1,448,000.00	0.00	3,306,824.69	8,500,429.32	1,448,000.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
184	30-Sep-03	5 365	0.00	0.00	661,364.94	9,161,794.26	0.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
185	01-Oct-03	1 365	23,000,000.00	13,705,932.75	132,272.99	0.00	9,294,067.25	825,939,989.29	909,587,000.00	909,587,000.00	80,691,411.29
186	27-Oct-03	26 365	1,448,000.00	0.00	3,382,959.68	1,934,959.68	1,448,000.00	825,939,989.29	909,587,000.00	909,587,000.00	80,691,411.29
187	31-Oct-03	4 365	0.00	0.00	520,455.34	2,455,415.02	0.00	825,939,989.29	909,587,000.00	906,631,400.58	80,691,411.29
188	17-Nov-03	17 365	1,235,189.90	1,235,189.90	2,211,935.18	4,667,350.20	0.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
189	25-Nov-03	8 365	1,448,000.00	0.00	1,039,353.99	4,258,704.19	1,448,000.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
190	30-Nov-03	5 365	0.00	0.00	649,596.25	4,908,300.44	0.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
191	23-Dec-03	23 365	1,448,000.00	0.00	2,988,142.73	6,448,443.17	1,448,000.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
192	31-Dec-03	8 365	0.00	0.00	1,039,353.99	7,487,797.16	0.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
193	02-Jan-04	2 366	15,000,000.00	7,253,074.28	259,128.56	0.00	7,746,925.72	817,451,725.11	906,588,000.00	902,397,210.68	84,945,485.57
194	23-Jan-04	21 366	1,448,000.00	0.00	2,696,920.65	1,248,920.65	1,448,000.00	817,451,725.11	906,588,000.00	902,397,210.68	84,945,485.57
195	31-Jan-04	8 366	0.00	0.00	1,027,398.34	2,276,318.99	0.00	817,451,725.11	906,588,000.00	902,397,210.68	84,945,485.57
196	17-Feb-04	17 366	0.00	0.00	2,183,221.48	4,459,540.47	0.00	817,451,725.11	906,588,000.00	906,588,000.00	89,136,274.89
197	25-Feb-04	8 366	1,423,000.00	0.00	1,027,398.34	4,063,938.81	1,423,000.00	817,451,725.11	906,588,000.00	906,588,000.00	89,136,274.89
198	29-Feb-04	4 366	0.00	0.00	513,699.17	4,577,637.98	0.00	817,451,725.11	906,588,000.00	906,588,000.00	89,136,274.89
199	02-Mar-04	2 366	895,665.60	895,665.60	256,849.59	4,834,487.57	0.00	816,556,059.51	906,588,000.00	906,588,000.00	90,031,940.49
200	25-Mar-04	23 366	1,423,000.00	0.00	2,950,533.85	6,362,021.42	1,423,000.00	816,556,059.51	906,588,000.00	906,588,000.00	90,031,940.49
201	31-Mar-04	6 366	0.00	0.00	769,704.48	7,131,725.90	0.00	816,556,059.51	906,588,000.00	906,588,000.00	90,031,940.49
202	01-Apr-04	1 366	0.00	0.00	128,284.08	0.00	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
203	23-Apr-04	22 366	1,423,000.00	0.00	2,847,342.43	1,424,342.43	1,423,000.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
204	30-Apr-04	7 366	0.00	0.00	905,972.59	2,330,315.02	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
205	17-May-04	17 366	0.00	0.00	2,200,219.15	4,530,534.17	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
206	25-May-04	8 366	1,423,000.00	0.00	1,035,397.25	4,142,931.42	1,423,000.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
207	31-May-04	6 366	0.00	0.00	776,547.93	4,919,479.35	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
208	25-Jun-04	25 366	1,423,000.00	0.00	3,235,616.39	6,732,095.74	1,423,000.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
209	30-Jun-04	5 366	0.00	0.00	647,123.28	7,379,219.02	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
210	01-Jul-04	1 366	0.00	0.00	129,424.66	0.00	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
211	23-Jul-04	22 366	1,423,000.00	0.00	2,873,294.43	1,450,294.43	1,423,000.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
212	31-Jul-04	8 366	0.00	0.00	1,044,834.34	2,495,128.77	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
213	16-Aug-04	16 366	0.00	0.00	2,089,668.68	4,584,797.45	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
214	25-Aug-04	9 366	1,423,000.00	0.00	1,175,438.63	4,337,236.08	1,423,000.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
215	31-Aug-04	6 366	0.00	0.00	783,625.75	5,120,861.83	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
216	24-Sep-04	24 366	1,423,000.00	0.00	3,134,503.02	6,832,364.85	1,423,000.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
217	30-Sep-04	6 366	0.00	0.00	783,625.75	7,615,990.60	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
218	01-Oct-04	1 366	0.00	0.00	130,604.29	0.00	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
219	25-Oct-04	24 366	1,423,000.00	0.00	3,163,711.49	1,740,711.49	1,423,000.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
220	31-Oct-04	6 366	0.00	0.00	790,927.87	2,531,639.36	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
221	15-Nov-04	15 366	0.00	0.00	1,977,319.68	4,508,959.04	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
222	23-Nov-04	8 366	1,423,000.00	0.00	1,054,570.50	4,140,529.54	1,423,000.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
223	30-Nov-04	7 366	0.00	0.00	922,749.18	5,063,278.72	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
224	22-Dec-04	22 366	1,423,000.00	0.00	2,900,068.87	6,540,347.59	1,423,000.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
225	31-Dec-04	9 366	0.00	0.00	1,186,391.81	7,726,739.40	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
226	03-Jan-05	3 365	0.00	0.00	396,547.40	0.00	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
227	25-Jan-05	22 365	1,423,000.00	0.00	2,936,167.57	1,513,167.57	1,423,000.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
228	31-Jan-05	6 365	0.00	0.00	800,772.97	2,313,940.54	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14

Item 2 Attachment

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS	
			INTEREST EXPENSE	ACCRUED INTEREST						
229	15-Feb-05	15 365	0.00	2,001,932.43	4,315,872.97	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
230	25-Feb-05	10 365	1,419,000.00	1,334,621.62	4,231,494.59	1,419,000.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
231	28-Feb-05	3 365	0.00	400,386.49	4,631,881.08	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
232	24-Mar-05	24 365	1,419,000.00	3,203,091.89	6,415,972.97	1,419,000.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
233	31-Mar-05	7 365	0.00	934,235.14	7,350,208.11	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
234	01-Apr-05	1 365	24,000,000.00	16,516,329.73	133,462.16	0.00	7,483,670.27	830,678,265.13	882,591,000.00	51,912,734.87
235	25-Apr-05	24 365	1,419,000.00	0.00	3,140,646.59	1,721,646.59	1,419,000.00	830,678,265.13	882,591,000.00	51,912,734.87
236	30-Apr-05	5 365	0.00	0.00	654,301.37	2,375,947.96	0.00	830,678,265.13	882,591,000.00	51,912,734.87
237	16-May-05	16 365	0.00	0.00	2,093,764.39	4,469,712.35	0.00	830,678,265.13	882,591,000.00	51,912,734.87
238	25-May-05	9 365	1,419,000.00	0.00	1,177,742.47	4,228,454.82	1,419,000.00	830,678,265.13	882,591,000.00	51,912,734.87
239	31-May-05	6 365	0.00	0.00	785,161.65	5,013,616.47	0.00	830,678,265.13	882,591,000.00	51,912,734.87
240	24-Jun-05	24 365	1,419,000.00	0.00	3,140,646.59	6,735,263.06	1,419,000.00	830,678,265.13	882,591,000.00	51,912,734.87
241	30-Jun-05	6 365	0.00	0.00	785,161.65	7,520,424.71	0.00	830,678,265.13	882,591,000.00	51,912,734.87
242	01-Jul-05	1 365	17,000,000.00	9,348,715.02	130,860.27	0.00	7,651,284.98	821,329,550.11	877,591,000.00	56,261,449.89
243	25-Jul-05	24 365	1,419,000.00	0.00	3,105,300.76	1,686,300.76	1,419,000.00	821,329,550.11	877,591,000.00	56,261,449.89
244	31-Jul-05	6 365	0.00	0.00	776,325.19	2,462,625.95	0.00	821,329,550.11	877,591,000.00	56,261,449.89
245	15-Aug-05	15 365	0.00	0.00	1,940,812.98	4,403,438.93	0.00	821,329,550.11	877,591,000.00	56,261,449.89
246	25-Aug-05	10 365	1,419,000.00	0.00	1,293,875.32	4,278,314.25	1,419,000.00	821,329,550.11	877,591,000.00	56,261,449.89
247	31-Aug-05	6 365	0.00	0.00	776,325.19	5,054,639.44	0.00	821,329,550.11	877,591,000.00	56,261,449.89
248	23-Sep-05	23 365	1,419,000.00	0.00	2,975,913.23	6,611,552.57	1,419,000.00	821,329,550.11	877,591,000.00	56,261,449.89
249	30-Sep-05	7 365	0.00	0.00	905,712.72	7,517,265.39	0.00	821,329,550.11	877,591,000.00	56,261,449.89
250	03-Oct-05	3 365	17,000,000.00	9,094,572.01	388,162.60	0.00	7,905,427.99	812,234,978.10	867,592,000.00	55,357,021.90
251	25-Oct-05	22 365	1,419,000.00	0.00	2,815,006.16	1,396,006.16	1,419,000.00	812,234,978.10	867,592,000.00	55,357,021.90
252	31-Oct-05	6 365	0.00	0.00	767,728.95	2,163,735.11	0.00	812,234,978.10	867,592,000.00	55,357,021.90
253	15-Nov-05	15 365	0.00	0.00	1,919,322.38	4,083,057.49	0.00	812,234,978.10	867,592,000.00	55,357,021.90
254	23-Nov-05	8 365	1,419,000.00	0.00	1,023,638.60	3,687,696.09	1,419,000.00	812,234,978.10	867,592,000.00	55,357,021.90
255	30-Nov-05	7 365	0.00	0.00	895,683.78	4,583,379.87	0.00	812,234,978.10	867,592,000.00	55,357,021.90
256	22-Dec-05	22 365	1,419,000.00	0.00	2,815,006.16	5,979,386.03	1,419,000.00	812,234,978.10	867,592,000.00	55,357,021.90
257	31-Dec-05	9 365	0.00	0.00	1,151,593.43	7,130,979.46	0.00	812,234,978.10	867,592,000.00	55,357,021.90
258	03-Jan-06	3 365	18,000,000.00	10,485,156.06	383,864.48	0.00	7,514,843.94	801,749,822.04	861,593,000.00	59,843,177.96
259	25-Jan-06	22 365	1,419,000.00	0.00	2,778,667.19	1,359,667.19	1,419,000.00	801,749,822.04	861,593,000.00	59,843,177.96
260	31-Jan-06	6 365	0.00	0.00	757,818.32	2,117,485.51	0.00	801,749,822.04	861,593,000.00	59,843,177.96
261	15-Feb-06	15 365	0.00	0.00	1,894,545.81	4,012,031.32	0.00	801,749,822.04	861,593,000.00	59,843,177.96
262	24-Feb-06	9 365	1,410,000.00	0.00	1,136,727.49	3,738,758.81	1,410,000.00	801,749,822.04	861,593,000.00	59,843,177.96
263	28-Feb-06	4 365	0.00	0.00	505,212.22	4,243,971.03	0.00	801,749,822.04	861,593,000.00	59,843,177.96
264	24-Mar-06	24 365	1,410,000.00	0.00	3,031,273.30	5,865,244.33	1,410,000.00	801,749,822.04	861,593,000.00	59,843,177.96
265	31-Mar-06	7 365	0.00	0.00	884,121.38	6,749,365.71	0.00	801,749,822.04	861,593,000.00	59,843,177.96
266	03-Apr-06	3 365	19,000,000.00	11,871,725.13	378,909.16	0.00	7,128,274.87	789,878,096.91	855,594,000.00	65,715,903.09
267	25-Apr-06	22 365	1,410,000.00	0.00	2,737,522.72	1,327,522.72	1,410,000.00	789,878,096.91	855,594,000.00	65,715,903.09
268	30-Apr-06	5 365	0.00	0.00	622,164.25	1,949,686.97	0.00	789,878,096.91	855,594,000.00	65,715,903.09
269	15-May-06	15 365	553,604.42	553,604.42	1,866,492.76	3,816,179.73	0.00	789,324,492.49	855,594,000.00	65,715,903.09
270	25-May-06	10 365	1,410,000.00	0.00	1,243,456.39	3,649,636.12	1,410,000.00	789,324,492.49	855,594,000.00	65,715,903.09
271	31-May-06	6 365	0.00	0.00	746,073.84	4,395,709.96	0.00	789,324,492.49	855,594,000.00	65,715,903.09
272	23-Jun-06	23 365	1,410,000.00	0.00	2,859,949.70	5,845,659.66	1,410,000.00	789,324,492.49	855,594,000.00	65,715,903.09
273	30-Jun-06	7 365	0.00	0.00	870,419.47	6,716,079.13	0.00	789,324,492.49	855,594,000.00	65,715,903.09
274	03-Jul-06	3 365	0.00	0.00	373,036.92	0.00	0.00	796,413,608.54	849,041,395.58	52,627,787.04
275	25-Jul-06	22 365	1,410,000.00	0.00	2,760,173.19	1,350,173.19	1,410,000.00	796,413,608.54	849,595,000.00	52,627,787.04
276	31-Jul-06	6 365	0.00	0.00	752,774.51	2,102,947.70	0.00	796,413,608.54	849,595,000.00	53,181,391.46
277	15-Aug-06	15 365	0.00	0.00	1,881,936.27	3,984,883.97	0.00	796,413,608.54	849,595,000.00	53,181,391.46
278	25-Aug-06	10 365	1,410,000.00	0.00	1,254,624.18	3,829,508.15	1,410,000.00	796,413,608.54	849,595,000.00	53,181,391.46
279	31-Aug-06	6 365	0.00	0.00	752,774.51	4,582,282.66	0.00	796,413,608.54	849,595,000.00	53,181,391.46
280	25-Sep-06	25 365	1,410,000.00	0.00	3,136,560.44	6,308,843.10	1,410,000.00	796,413,608.54	849,595,000.00	53,181,391.46
281	30-Sep-06	5 365	0.00	0.00	627,312.09	6,936,155.19	0.00	796,413,608.54	849,595,000.00	53,181,391.46
282	02-Oct-06	2 365	0.00	0.00	250,924.84	0.00	0.00	803,600,688.57	838,596,000.00	34,995,311.43
283	25-Oct-06	23 365	1,410,000.00	0.00	2,911,676.47	1,501,676.47	1,410,000.00	803,600,688.57	838,596,000.00	34,995,311.43
284	31-Oct-06	6 365	0.00	0.00	759,567.77	2,261,244.24	0.00	803,600,688.57	838,596,000.00	34,995,311.43
285	15-Nov-06	15 365	0.00	0.00	1,898,919.44	4,160,163.68	0.00	803,600,688.57	838,596,000.00	34,995,311.43

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00	(REVISED) ORIGINAL	ADJUSTED	PREPAID STATUS		
			INTEREST EXPENSE	ACCRUED INTEREST		PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE			
286	22-Nov-06	7 365	1,410,000.00	0.00	886,162.40	3,636,326.08	1,410,000.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
287	30-Nov-06	8 365	0.00	0.00	1,012,757.03	4,649,083.11	0.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
288	21-Dec-06	21 365	1,410,000.00	0.00	2,658,487.21	5,897,570.32	1,410,000.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
289	31-Dec-06	10 365	0.00	0.00	1,265,946.29	7,163,516.61	0.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
290	02-Jan-07	2 365	0.00	0.00	253,189.26	0.00	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
291	25-Jan-07	23 365	1,410,000.00	0.00	2,938,549.33	1,528,549.33	1,410,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
292	31-Jan-07	6 365	0.00	0.00	766,578.09	2,295,127.42	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
293	15-Feb-07	15 365	0.00	0.00	1,916,445.21	4,211,572.63	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
294	23-Feb-07	8 365	1,418,000.00	0.00	1,022,104.11	3,815,676.74	1,418,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
295	28-Feb-07	5 365	0.00	0.00	638,815.07	4,454,491.81	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
296	23-Mar-07	23 365	1,418,000.00	0.00	2,938,549.33	5,975,041.14	1,418,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
297	31-Mar-07	8 365	0.00	0.00	1,022,104.11	6,997,145.25	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
298	02-Apr-07	2 365	0.00	0.00	255,526.03	0.00	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
299	25-Apr-07	23 365	1,418,000.00	0.00	2,964,827.84	1,546,827.84	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
300	30-Apr-07	5 365	0.00	0.00	644,527.79	2,191,355.63	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
301	15-May-07	15 365	0.00	0.00	1,933,583.37	4,124,939.00	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
302	25-May-07	10 365	1,418,000.00	0.00	1,289,055.58	3,995,994.58	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
303	31-May-07	6 365	0.00	0.00	773,433.35	4,769,427.93	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
304	25-Jun-07	25 365	1,418,000.00	0.00	3,222,638.96	6,574,066.89	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
305	30-Jun-07	5 365	0.00	0.00	644,527.79	7,218,594.68	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
306	02-Jul-07	2 365	6,647,471.52	0.00	257,811.12	0.00	6,647,471.52	819,099,000.00	819,099,000.00	819,099,000.00	0.00
307	25-Jul-07	23 365	1,418,000.00	0.00	2,967,831.31	1,549,831.31	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
308	31-Jul-07	6 365	0.00	0.00	774,216.86	2,324,048.17	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
309	15-Aug-07	15 365	0.00	0.00	1,935,542.16	4,259,590.33	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
310	24-Aug-07	9 365	1,418,000.00	0.00	1,161,325.29	4,002,915.62	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
311	31-Aug-07	7 365	0.00	0.00	903,253.01	4,906,168.63	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
312	25-Sep-07	25 365	1,418,000.00	0.00	3,225,903.60	6,714,072.23	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
313	30-Sep-07	5 365	0.00	0.00	645,180.72	7,359,252.95	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
314	01-Oct-07	1 365	19,031,506.09	11,543,217.00	129,036.14	0.00	7,488,289.09	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
315	25-Oct-07	24 365	1,418,000.00	0.00	3,053,224.60	1,635,224.60	1,418,000.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
316	31-Oct-07	6 365	0.00	0.00	763,306.15	2,398,530.75	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
317	15-Nov-07	15 365	0.00	0.00	1,908,265.38	4,306,796.13	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
318	21-Nov-07	6 365	1,418,000.00	0.00	763,306.15	3,652,102.28	1,418,000.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
319	30-Nov-07	9 365	0.00	0.00	1,144,959.23	4,797,061.51	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
320	21-Dec-07	21 365	1,418,000.00	0.00	2,671,571.53	6,050,633.04	1,418,000.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
321	31-Dec-07	10 365	0.00	0.00	1,272,176.92	7,322,809.96	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
322	02-Jan-08	2 366	16,118,776.17	8,542,226.00	253,740.21	0.00	7,576,550.17	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
323	25-Jan-08	23 366	1,418,000.00	0.00	2,887,145.98	1,469,145.98	1,418,000.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
324	31-Jan-08	6 366	0.00	0.00	753,168.52	2,222,314.50	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
325	15-Feb-08	15 366	0.00	0.00	1,882,921.29	4,105,235.79	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
326	25-Feb-08	10 366	1,397,000.00	0.00	1,255,280.86	3,963,516.65	1,397,000.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
327	29-Feb-08	4 366	0.00	0.00	502,112.34	4,465,628.99	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
328	25-Mar-08	25 366	1,397,000.00	0.00	3,138,202.15	6,206,831.14	1,397,000.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
329	31-Mar-08	6 366	0.00	0.00	753,168.52	6,959,999.66	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00
330	01-Apr-08	1 366	15,626,359.75	8,540,832.00	125,528.09	0.00	7,085,527.75	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
331	25-Apr-08	24 366	1,397,000.00	0.00	2,980,470.93	1,583,470.93	1,397,000.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
332	30-Apr-08	5 366	0.00	0.00	620,931.44	2,204,402.37	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
333	15-May-08	15 366	0.00	0.00	1,862,794.33	4,067,196.70	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
334	23-May-08	8 366	1,397,000.00	0.00	993,490.31	3,663,687.01	1,397,000.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
335	31-May-08	8 366	0.00	0.00	993,490.31	4,657,177.32	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
336	25-Jun-08	25 366	1,397,000.00	0.00	3,104,657.22	6,364,834.54	1,397,000.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
337	30-Jun-08	5 366	0.00	0.00	620,931.44	6,985,765.98	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00
338	01-Jul-08	1 366	15,651,249.27	8,541,297.00	124,186.29	0.00	7,109,952.27	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00
339	25-Jul-08	24 366	1,397,000.00	0.00	2,948,266.04	1,551,266.04	1,397,000.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00
340	31-Jul-08	6 366	0.00	0.00	737,066.51	2,288,332.55	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00
341	15-Aug-08	15 366	0.00	0.00	1,842,666.28	4,130,998.83	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00
342	25-Aug-08	10 366	1,397,000.00	0.00	1,228,444.18	3,962,443.01	1,397,000.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00

Item 2 Attachment

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS			
			INTEREST EXPENSE	ACCRUED INTEREST								
343	31-Aug-08	6	366	0.00	0.00	737,066.51	4,699,509.52	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00
344	25-Sep-08	25	366	1,397,000.00	0.00	3,071,110.46	6,373,619.98	1,397,000.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00
345	30-Sep-08	5	366	0.00	0.00	614,222.09	6,987,842.07	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00
346	01-Oct-08	1	366	20,651,448.49	13,540,762.00	122,844.42	0.00	7,110,686.49	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
347	24-Oct-08	23	366	1,397,000.00	0.00	2,776,493.60	1,379,493.60	1,397,000.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
348	31-Oct-08	7	366	0.00	0.00	845,019.79	2,224,513.39	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
349	17-Nov-08	17	366	0.00	0.00	2,052,190.92	4,276,704.31	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
350	25-Nov-08	8	366	1,397,000.00	0.00	965,736.90	3,845,441.21	1,397,000.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
351	30-Nov-08	5	366	0.00	0.00	603,585.56	4,449,026.77	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
352	23-Dec-08	23	366	1,397,000.00	0.00	2,776,493.60	5,828,520.37	1,397,000.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
353	31-Dec-08	8	366	0.00	0.00	965,736.90	6,794,257.27	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
354	02-Jan-09	2	365	15,576,616.96	8,540,264.00	242,095.69	0.00	7,036,352.96	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
355	23-Jan-09	21	365	1,397,000.00	0.00	2,513,751.67	1,116,751.67	1,397,000.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
356	31-Jan-09	8	365	0.00	0.00	957,619.68	2,074,371.35	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
357	16-Feb-09	16	365	0.00	0.00	1,915,239.37	3,989,610.72	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
358	25-Feb-09	9	365	1,384,000.00	0.00	1,077,322.15	3,682,932.87	1,384,000.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
359	28-Feb-09	3	365	0.00	0.00	359,107.38	4,042,040.25	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
360	25-Mar-09	25	365	1,384,000.00	0.00	2,992,561.51	5,650,601.76	1,384,000.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
361	31-Mar-09	6	365	0.00	0.00	718,214.76	6,368,816.52	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
362	01-Apr-09	1	365	15,027,007.98	8,538,489.00	119,702.46	0.00	6,488,518.98	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
363	24-Apr-09	23	365	1,384,000.00	0.00	2,722,219.19	1,338,219.19	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
364	30-Apr-09	6	365	0.00	0.00	710,144.14	2,048,363.33	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
365	15-May-09	15	365	0.00	0.00	1,775,360.34	3,823,723.67	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
366	25-May-09	10	365	1,384,000.00	0.00	1,183,573.56	3,623,297.23	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
367	31-May-09	6	365	0.00	0.00	710,144.14	4,333,441.37	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
368	25-Jun-09	25	365	1,384,000.00	0.00	2,958,933.90	5,908,375.27	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
369	30-Jun-09	5	365	0.00	0.00	591,786.78	6,500,162.05	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
370	01-Jul-09	1	365	15,156,896.41	8,538,377.00	118,357.36	0.00	6,618,519.41	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
371	24-Jul-09	23	365	1,384,000.00	0.00	2,691,282.20	1,307,282.20	1,384,000.00	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
372	31-Jul-09	7	365	0.00	0.00	819,085.89	2,126,368.09	0.00	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
373	17-Aug-09	17	365	0.00	0.00	1,989,208.58	4,115,576.67	0.00	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
374	25-Aug-09	8	365	1,384,000.00	0.00	936,098.15	3,667,674.82	1,384,000.00	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
375	31-Aug-09	6	365	0.00	0.00	702,073.62	4,369,748.44	0.00	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
376	25-Sep-09	25	365	1,384,000.00	0.00	2,925,306.73	5,911,055.17	1,384,000.00	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
377	30-Sep-09	5	365	0.00	0.00	585,061.35	6,496,116.52	0.00	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
378	01-Oct-09	1	365	20,152,948.79	13,539,820.00	117,012.27	0.00	6,613,128.79	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
379	23-Oct-09	22	365	1,384,000.00	0.00	2,527,344.25	1,143,344.25	1,384,000.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
380	31-Oct-09	8	365	0.00	0.00	919,034.27	2,062,378.52	0.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
381	16-Nov-09	16	365	0.00	0.00	1,838,068.54	3,900,447.06	0.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
382	25-Nov-09	9	365	1,384,000.00	0.00	1,033,913.56	3,550,360.62	1,384,000.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
383	30-Nov-09	5	365	0.00	0.00	574,396.42	4,124,757.04	0.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
384	23-Dec-09	23	365	1,384,000.00	0.00	2,642,223.53	5,382,980.57	1,384,000.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
385	31-Dec-09	8	365	0.00	0.00	919,034.27	6,302,014.84	0.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
386	04-Jan-10	4	365	15,800,678.98	9,039,147.00	459,517.14	0.00	6,761,531.98	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
387	25-Jan-10	21	365	1,384,000.00	0.00	2,382,561.49	998,561.49	1,384,000.00	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
388	31-Jan-10	6	365	0.00	0.00	680,731.85	1,679,293.34	0.00	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
389	15-Feb-10	15	365	0.00	0.00	1,701,829.63	3,381,122.97	0.00	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
390	25-Feb-10	10	365	1,363,000.00	0.00	1,134,553.09	3,152,676.06	1,363,000.00	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
391	28-Feb-10	3	365	0.00	0.00	340,365.93	3,493,041.99	0.00	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
392	25-Mar-10	25	365	1,363,000.00	0.00	2,836,382.72	4,966,424.71	1,363,000.00	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
393	31-Mar-10	6	365	0.00	0.00	680,731.85	5,647,156.56	0.00	720,194,569.00	720,611,000.00	720,611,000.00	416,431.00
394	01-Apr-10	1	365	14,795,377.87	9,034,766.00	113,455.31	0.00	5,760,611.87	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00
395	23-Apr-10	22	365	1,363,000.00	0.00	2,464,704.52	1,101,704.52	1,363,000.00	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00
396	30-Apr-10	7	365	0.00	0.00	784,224.17	1,885,928.69	0.00	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00
397	17-May-10	17	365	0.00	0.00	1,904,544.40	3,790,473.09	0.00	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00
398	25-May-10	8	365	1,363,000.00	0.00	896,256.19	3,323,729.28	1,363,000.00	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00
399	31-May-10	6	365	0.00	0.00	672,192.14	3,995,921.42	0.00	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00

Item 2 Attachment

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00	(REVISED) ORIGINAL	ADJUSTED	PREPAID STATUS			
			INTEREST EXPENSE	ACCRUED INTEREST		PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE				
400	25-Jun-10	25	365	1,363,000.00	0.00	2,800,800.59	5,433,722.01	1,363,000.00	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00
401	30-Jun-10	5	365	0.00	0.00	560,160.12	5,993,882.13	0.00	711,159,803.00	711,613,000.00	711,613,000.00	453,197.00
402	01-Jul-10	1	365	15,143,370.15	9,037,456.00	112,032.02	0.00	6,105,914.15	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
403	23-Jul-10	22	365	1,363,000.00	0.00	2,433,382.93	1,070,382.93	1,363,000.00	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
404	31-Jul-10	8	365	0.00	0.00	884,866.52	1,955,249.45	0.00	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
405	16-Aug-10	16	365	0.00	0.00	1,769,733.04	3,724,982.49	0.00	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
406	25-Aug-10	9	365	1,363,000.00	0.00	995,474.83	3,357,457.32	1,363,000.00	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
407	31-Aug-10	6	365	0.00	0.00	663,649.89	4,021,107.21	0.00	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
408	24-Sep-10	24	365	1,363,000.00	0.00	2,654,599.56	5,312,706.77	1,363,000.00	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
409	30-Sep-10	6	365	0.00	0.00	663,649.89	5,976,356.66	0.00	702,122,347.00	702,614,000.00	702,614,000.00	491,653.00
410	01-Oct-10	1	365	20,124,843.97	14,037,879.00	110,608.31	0.00	6,086,964.97	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
411	25-Oct-10	24	365	1,363,000.00	0.00	2,601,524.84	1,238,524.84	1,363,000.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
412	31-Oct-10	6	365	0.00	0.00	650,381.21	1,888,906.05	0.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
413	15-Nov-10	15	365	0.00	0.00	1,625,953.02	3,514,859.07	0.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
414	24-Nov-10	9	365	1,363,000.00	0.00	975,571.81	3,127,430.88	1,363,000.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
415	30-Nov-10	6	365	0.00	0.00	650,381.21	3,777,812.09	0.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
416	23-Dec-10	23	365	1,363,000.00	0.00	2,493,127.97	4,907,940.06	1,363,000.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
417	31-Dec-10	8	365	0.00	0.00	867,174.95	5,775,115.01	0.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
418	03-Jan-11	3	365	16,636,046.61	10,535,741.00	325,190.60	0.00	6,100,305.61	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
419	25-Jan-11	22	365	1,363,000.00	0.00	2,348,216.82	985,216.82	1,363,000.00	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
420	31-Jan-11	6	365	0.00	0.00	640,422.77	1,625,639.59	0.00	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
421	15-Feb-11	15	365	0.00	0.00	1,601,056.92	3,226,696.51	0.00	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
422	25-Feb-11	10	365	643,000.00	0.00	1,067,371.28	3,651,067.79	643,000.00	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
423	28-Feb-11	3	365	0.00	0.00	320,211.38	3,971,279.17	0.00	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
424	25-Mar-11	25	365	643,000.00	0.00	2,668,428.21	5,996,707.38	643,000.00	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
425	31-Mar-11	6	365	0.00	0.00	640,422.77	6,637,130.15	0.00	677,548,727.00	678,117,000.00	678,117,000.00	568,273.00
426	01-Apr-11	1	365	17,278,199.28	10,534,332.00	106,737.13	0.00	6,743,867.28	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
427	25-Apr-11	24	365	643,000.00	0.00	2,521,862.64	1,878,862.64	643,000.00	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
428	30-Apr-11	5	365	0.00	0.00	525,388.05	2,404,250.69	0.00	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
429	16-May-11	16	365	0.00	0.00	1,681,241.76	4,085,492.45	0.00	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
430	25-May-11	9	365	643,000.00	0.00	945,698.49	4,388,190.94	643,000.00	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
431	31-May-11	6	365	0.00	0.00	630,465.66	5,018,656.60	0.00	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
432	24-Jun-11	24	365	643,000.00	0.00	2,521,862.64	6,897,519.24	643,000.00	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
433	30-Jun-11	6	365	0.00	0.00	630,465.66	7,527,984.90	0.00	667,014,395.00	667,618,000.00	667,618,000.00	603,605.00
434	01-Jul-11	1	365	18,167,598.51	10,534,536.00	105,077.61	0.00	7,633,062.51	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
435	25-Jul-11	24	365	643,000.00	0.00	2,482,033.44	1,839,033.44	643,000.00	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
436	31-Jul-11	6	365	0.00	0.00	620,508.36	2,459,541.80	0.00	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
437	15-Aug-11	15	365	0.00	0.00	1,551,270.90	4,010,812.70	0.00	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
438	25-Aug-11	10	365	643,000.00	0.00	1,034,180.60	4,401,993.30	643,000.00	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
439	31-Aug-11	6	365	0.00	0.00	620,508.36	5,022,501.66	0.00	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
440	23-Sep-11	23	365	643,000.00	0.00	2,378,615.38	6,758,117.04	643,000.00	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
441	30-Sep-11	7	365	0.00	0.00	723,926.42	7,482,043.46	0.00	656,479,859.00	657,120,000.00	657,120,000.00	640,141.00
442	03-Oct-11	3	365	23,328,038.64	15,535,741.00	310,254.18	0.00	7,792,297.64	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
443	25-Oct-11	22	365	643,000.00	0.00	2,221,354.27	1,578,354.27	643,000.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
444	31-Oct-11	6	365	0.00	0.00	605,823.89	2,184,178.16	0.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
445	15-Nov-11	15	365	0.00	0.00	1,514,559.73	3,698,737.89	0.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
446	23-Nov-11	8	365	643,000.00	0.00	807,765.19	3,863,503.08	643,000.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
447	30-Nov-11	7	365	0.00	0.00	706,794.54	4,570,297.62	0.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
448	23-Dec-11	23	365	643,000.00	0.00	2,322,324.92	6,249,622.54	643,000.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
449	31-Dec-11	8	365	0.00	0.00	807,765.19	7,057,387.73	0.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
450	02-Jan-12	2	366	22,291,393.28	15,032,616.00	201,389.55	0.00	7,258,777.28	625,911,502.00	626,624,000.00	626,624,000.00	712,498.00
451	25-Jan-12	23	366	643,000.00	0.00	2,261,661.10	1,618,661.10	643,000.00	625,911,502.00	626,624,000.00	626,624,000.00	712,498.00
452	31-Jan-12	6	366	0.00	0.00	589,998.55	2,208,659.65	0.00	625,911,502.00	626,624,000.00	626,624,000.00	712,498.00
453	15-Feb-12	15	366	0.00	0.00	1,474,996.37	3,683,656.02	0.00	625,911,502.00	626,624,000.00	626,624,000.00	712,498.00
454	29-Feb-12	14	366	0.00	0.00	1,376,663.28	5,060,319.30	0.00	625,911,502.00	626,624,000.00	626,624,000.00	712,498.00
455	31-Mar-12	31	366	0.00	0.00	3,048,325.83	8,108,645.13	0.00	625,911,502.00	626,624,000.00	626,624,000.00	712,498.00
456	02-Apr-12	2	366	23,337,927.31	15,032,616.00	196,666.18	0.00	8,305,311.31	610,878,886.00	611,626,000.00	611,626,000.00	747,114.00

Item 2 Attachment

	MONTH		CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00	PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
					INTEREST EXPENSE	ACCRUED INTEREST						
457	30-Apr-12	28	366	0.00	0.00	2,687,199.47	2,687,199.47	0.00	610,878,886.00	611,626,000.00	611,626,000.00	747,114.00
458	15-May-12	15	366	0.00	0.00	1,439,571.15	4,126,770.62	0.00	610,878,886.00	611,626,000.00	611,626,000.00	747,114.00
459	31-May-12	16	366	0.00	0.00	1,535,542.55	5,662,313.17	0.00	610,878,886.00	611,626,000.00	611,626,000.00	747,114.00
460	30-Jun-12	30	366	0.00	0.00	2,879,142.29	8,541,455.46	0.00	610,878,886.00	611,626,000.00	611,626,000.00	747,114.00
461	02-Jul-12	2	366	23,766,014.28	15,032,616.00	191,942.82	0.00	8,733,398.28	595,846,270.00	596,628,000.00	596,628,000.00	781,730.00
462	31-Jul-12	29	366	0.00	0.00	2,714,682.12	2,714,682.12	0.00	595,846,270.00	596,628,000.00	596,628,000.00	781,730.00
463	15-Aug-12	15	366	0.00	0.00	1,404,145.92	4,118,828.04	0.00	595,846,270.00	596,628,000.00	596,628,000.00	781,730.00
464	31-Aug-12	16	366	0.00	0.00	1,497,755.65	5,616,583.69	0.00	595,846,270.00	596,628,000.00	596,628,000.00	781,730.00
465	30-Sep-12	30	366	0.00	0.00	2,808,291.85	8,424,875.54	0.00	595,846,270.00	596,628,000.00	596,628,000.00	781,730.00
466	01-Oct-12	1	366	28,550,101.27	20,031,616.00	93,609.73	0.00	8,518,485.27	575,814,654.00	576,631,000.00	576,631,000.00	816,346.00
467	31-Oct-12	30	366	0.00	0.00	2,713,880.54	2,713,880.54	0.00	575,814,654.00	576,631,000.00	576,631,000.00	816,346.00
468	15-Nov-12	15	366	0.00	0.00	1,356,940.27	4,070,820.81	0.00	575,814,654.00	576,631,000.00	576,631,000.00	816,346.00
469	30-Nov-12	15	366	0.00	0.00	1,356,940.27	5,427,761.08	0.00	575,814,654.00	576,631,000.00	576,631,000.00	816,346.00
470	31-Dec-12	31	366	0.00	0.00	2,804,343.23	8,232,104.31	0.00	575,814,654.00	576,631,000.00	576,631,000.00	816,346.00
471	02-Jan-13	2	365	8,446,940.37	33,415.00	181,421.06	0.00	8,413,525.37	575,781,239.00	576,631,000.00	576,631,000.00	849,761.00
472	31-Jan-13	29	365	0.00	0.00	2,630,452.65	2,630,452.65	0.00	575,781,239.00	576,631,000.00	576,631,000.00	849,761.00
473	15-Feb-13	15	365	0.00	0.00	1,360,578.96	3,991,031.61	0.00	575,781,239.00	576,631,000.00	576,631,000.00	849,761.00
474	28-Feb-13	13	365	0.00	0.00	1,179,168.43	5,170,200.04	0.00	575,781,239.00	576,631,000.00	576,631,000.00	849,761.00
475	31-Mar-13	31	365	0.00	0.00	2,811,863.17	7,982,063.21	0.00	575,781,239.00	576,631,000.00	576,631,000.00	849,761.00
476	01-Apr-13	1	365	8,104,745.47	31,977.00	90,705.26	0.00	8,072,768.47	575,749,262.00	576,631,000.00	576,631,000.00	881,738.00
477	30-Apr-13	29	365	0.00	0.00	2,630,306.56	2,630,306.56	0.00	575,749,262.00	576,631,000.00	576,631,000.00	881,738.00
478	15-May-13	15	365	0.00	0.00	1,360,503.39	3,990,809.95	0.00	575,749,262.00	576,631,000.00	576,631,000.00	881,738.00
479	31-May-13	16	365	0.00	0.00	1,451,203.62	5,442,013.57	0.00	575,749,262.00	576,631,000.00	576,631,000.00	881,738.00
480	30-Jun-13	30	365	0.00	0.00	2,721,006.79	8,163,020.36	0.00	575,749,262.00	576,631,000.00	576,631,000.00	881,738.00
481	01-Jul-13	1	365	8,278,587.59	24,867.00	90,700.23	0.00	8,253,720.59	575,724,395.00	576,631,000.00	576,631,000.00	906,605.00
482	31-Jul-13	30	365	0.00	0.00	2,720,889.26	2,720,889.26	0.00	575,724,395.00	576,631,000.00	576,631,000.00	906,605.00
483	15-Aug-13	15	365	0.00	0.00	1,360,444.63	4,081,333.89	0.00	575,724,395.00	576,631,000.00	576,631,000.00	906,605.00
484	31-Aug-13	16	365	0.00	0.00	1,451,140.94	5,532,474.83	0.00	575,724,395.00	576,631,000.00	576,631,000.00	906,605.00
485	30-Sep-13	30	365	0.00	0.00	2,720,889.26	8,253,364.09	0.00	575,724,395.00	576,631,000.00	576,631,000.00	906,605.00
486	01-Oct-13	1	365	13,353,106.40	5,009,046.00	90,696.31	0.00	8,344,060.40	570,715,349.00	571,631,000.00	571,631,000.00	915,651.00
487	31-Oct-13	30	365	0.00	0.00	2,697,216.38	2,697,216.38	0.00	570,715,349.00	571,631,000.00	571,631,000.00	915,651.00
488	15-Nov-13	15	365	0.00	0.00	1,348,608.19	4,045,824.57	0.00	570,715,349.00	571,631,000.00	571,631,000.00	915,651.00
489	30-Nov-13	15	365	0.00	0.00	1,348,608.19	5,394,432.76	0.00	570,715,349.00	571,631,000.00	571,631,000.00	915,651.00
490	31-Dec-13	31	365	0.00	0.00	2,787,123.59	8,181,556.35	0.00	570,715,349.00	571,631,000.00	571,631,000.00	915,651.00
491	02-Jan-14	2	365	23,866,552.78	15,505,182.00	179,814.43	0.00	8,361,370.78	555,210,167.00	556,133,000.00	556,133,000.00	922,833.00
492	31-Jan-14	29	365	0.00	0.00	2,536,473.85	2,536,473.85	0.00	555,210,167.00	556,133,000.00	556,133,000.00	922,833.00
493	17-Feb-14	17	365	0.00	0.00	1,486,898.46	4,023,372.31	0.00	555,210,167.00	556,133,000.00	556,133,000.00	922,833.00
494	28-Feb-14	11	365	0.00	0.00	962,110.77	4,985,483.08	0.00	555,210,167.00	556,133,000.00	556,133,000.00	922,833.00
495	31-Mar-14	31	365	0.00	0.00	2,711,403.08	7,696,886.16	0.00	555,210,167.00	556,133,000.00	556,133,000.00	922,833.00
496	01-Apr-14	1	365	23,289,223.78	15,504,873.00	87,464.62	0.00	7,784,350.78	539,705,294.00	540,635,000.00	540,635,000.00	929,706.00
497	30-Apr-14	29	365	0.00	0.00	2,465,639.94	2,465,639.94	0.00	539,705,294.00	540,635,000.00	540,635,000.00	929,706.00
498	15-May-14	15	365	0.00	0.00	1,275,331.00	3,740,970.94	0.00	539,705,294.00	540,635,000.00	540,635,000.00	929,706.00
499	31-May-14	16	365	0.00	0.00	1,360,353.07	5,101,324.01	0.00	539,705,294.00	540,635,000.00	540,635,000.00	929,706.00
500	30-Jun-14	30	365	0.00	0.00	2,550,662.01	7,651,986.02	0.00	539,705,294.00	540,635,000.00	540,635,000.00	929,706.00
501	01-Jul-14	1	365	23,241,036.09	15,504,028.00	85,022.07	0.00	7,737,008.09	524,201,266.00	525,138,000.00	525,138,000.00	936,734.00
502	31-Jul-14	30	365	0.00	0.00	2,477,389.54	2,477,389.54	0.00	524,201,266.00	525,138,000.00	525,138,000.00	936,734.00
503	15-Aug-14	15	365	0.00	0.00	1,238,694.77	3,716,084.31	0.00	524,201,266.00	525,138,000.00	525,138,000.00	936,734.00
504	31-Aug-14	16	365	0.00	0.00	1,321,274.42	5,037,358.73	0.00	524,201,266.00	525,138,000.00	525,138,000.00	936,734.00
505	30-Sep-14	30	365	0.00	0.00	2,477,389.54	7,514,748.27	0.00	524,201,266.00	525,138,000.00	525,138,000.00	936,734.00
506	01-Oct-14	1	365	28,102,432.92	20,505,105.00	82,579.65	0.00	7,597,327.92	503,696,161.00	504,640,000.00	504,640,000.00	943,839.00
507	31-Oct-14	30	365	0.00	0.00	2,380,481.86	2,380,481.86	0.00	503,696,161.00	504,640,000.00	504,640,000.00	943,839.00
508	17-Nov-14	17	365	0.00	0.00	1,348,939.72	3,729,421.58	0.00	503,696,161.00	504,640,000.00	504,640,000.00	943,839.00
509	30-Nov-14	13	365	0.00	0.00	1,031,542.14	4,760,963.72	0.00	503,696,161.00	504,640,000.00	504,640,000.00	943,839.00
510	31-Dec-14	31	365	0.00	0.00	2,459,831.25	7,220,794.97	0.00	503,696,161.00	504,640,000.00	504,640,000.00	943,839.00
511	02-Jan-15	2	365	20,382,713.76	13,003,220.00	158,698.79	0.00	7,379,493.76	490,692,941.00	491,642,000.00	491,642,000.00	949,059.00
512	31-Jan-15	29	365	0.00	0.00	2,241,727.34	2,241,727.34	0.00	490,692,941.00	491,642,000.00	491,642,000.00	949,059.00
513	16-Feb-15	16	365	0.00	0.00	1,236,815.08	3,478,542.42	0.00	490,692,941.00	491,642,000.00	491,642,000.00	949,059.00

Item 2 Attachment

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00	(REVISED) ORIGINAL	ADJUSTED	PREPAID STATUS		
			INTEREST EXPENSE	ACCRUED INTEREST		PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE	PRINCIPAL ALLOWED BALANCE			
514	28-Feb-15	12 365	0.00	0.00	927,611.31	4,406,153.73	0.00	490,692,941.00	491,642,000.00	491,642,000.00	949,059.00
515	31-Mar-15	31 365	0.00	0.00	2,396,329.23	6,802,482.96	0.00	490,692,941.00	491,642,000.00	491,642,000.00	949,059.00
516	01-Apr-15	1 365	19,882,778.90	13,002,995.00	77,300.94	0.00	6,879,783.90	477,689,946.00	478,644,000.00	478,644,000.00	954,054.00
517	30-Apr-15	29 365	0.00	0.00	2,182,323.25	2,182,323.25	0.00	477,689,946.00	478,644,000.00	478,644,000.00	954,054.00
518	15-May-15	15 365	0.00	0.00	1,128,787.89	3,311,111.14	0.00	477,689,946.00	478,644,000.00	478,644,000.00	954,054.00
519	31-May-15	16 365	0.00	0.00	1,204,040.41	4,515,151.55	0.00	477,689,946.00	478,644,000.00	478,644,000.00	954,054.00
520	30-Jun-15	30 365	0.00	0.00	2,257,575.77	6,772,727.32	0.00	477,689,946.00	478,644,000.00	478,644,000.00	954,054.00
521	01-Jul-15	1 365	19,851,087.85	13,003,108.00	75,252.53	0.00	6,847,979.85	464,686,838.00	465,646,000.00	465,646,000.00	959,162.00
522	31-Jul-15	30 365	0.00	0.00	2,196,122.73	2,196,122.73	0.00	464,686,838.00	465,646,000.00	465,646,000.00	959,162.00
523	17-Aug-15	17 365	0.00	0.00	1,244,469.55	3,440,592.28	0.00	464,686,838.00	465,646,000.00	465,646,000.00	959,162.00
524	31-Aug-15	14 365	0.00	0.00	1,024,857.27	4,465,449.55	0.00	464,686,838.00	465,646,000.00	465,646,000.00	959,162.00
525	30-Sep-15	30 365	0.00	0.00	2,196,122.73	6,661,572.28	0.00	464,686,838.00	465,646,000.00	465,646,000.00	959,162.00
526	01-Oct-15	1 365	33,037,940.37	26,303,164.00	73,204.09	0.00	6,734,776.37	438,383,674.00	439,348,000.00	439,348,000.00	964,326.00
527	31-Oct-15	30 365	0.00	0.00	2,071,813.25	2,071,813.25	0.00	438,383,674.00	439,348,000.00	439,348,000.00	964,326.00
528	16-Nov-15	16 365	0.00	0.00	1,104,967.07	3,176,780.32	0.00	438,383,674.00	439,348,000.00	439,348,000.00	964,326.00
529	30-Nov-15	14 365	0.00	0.00	966,846.19	4,143,626.51	0.00	438,383,674.00	439,348,000.00	439,348,000.00	964,326.00
530	31-Dec-15	31 365	0.00	0.00	2,140,873.70	6,284,500.21	0.00	438,383,674.00	439,348,000.00	439,348,000.00	964,326.00
531	04-Jan-16	4 366	24,557,987.22	17,998,000.00	275,487.01	0.00	6,559,987.22	420,385,674.00	421,350,000.00	421,350,000.00	964,326.00
532	31-Jan-16	27 366	0.00	0.00	1,783,193.33	1,783,193.33	0.00	420,385,674.00	421,350,000.00	421,350,000.00	964,326.00
533	15-Feb-16	15 366	0.00	0.00	990,662.96	2,773,856.29	0.00	420,385,674.00	421,350,000.00	421,350,000.00	964,326.00
534	29-Feb-16	14 366	0.00	0.00	924,618.76	3,698,475.05	0.00	420,385,674.00	421,350,000.00	421,350,000.00	964,326.00
535	31-Mar-16	31 366	0.00	0.00	2,047,370.12	5,745,845.17	0.00	420,385,674.00	421,350,000.00	421,350,000.00	964,326.00
536	01-Apr-16	1 366	23,808,889.37	17,997,000.00	66,044.20	0.00	5,811,889.37	402,388,674.00	403,353,000.00	403,353,000.00	964,326.00
537	30-Apr-16	29 366	0.00	0.00	1,833,287.20	1,833,287.20	0.00	402,388,674.00	403,353,000.00	403,353,000.00	964,326.00
538	16-May-16	16 366	0.00	0.00	1,011,468.80	2,844,756.00	0.00	402,388,674.00	403,353,000.00	403,353,000.00	964,326.00
539	31-May-16	15 366	0.00	0.00	948,252.00	3,793,008.00	0.00	402,388,674.00	403,353,000.00	403,353,000.00	964,326.00
540	30-Jun-16	30 366	0.00	0.00	1,896,504.00	5,689,512.00	0.00	402,388,674.00	403,353,000.00	403,353,000.00	964,326.00
541	01-Jul-16	1 366	23,749,728.80	17,997,000.00	63,216.80	0.00	5,752,728.80	384,391,674.00	385,356,000.00	385,356,000.00	964,326.00
542	31-Jul-16	30 366	0.00	0.00	1,811,682.07	1,811,682.07	0.00	384,391,674.00	385,356,000.00	385,356,000.00	964,326.00
543	15-Aug-16	15 366	0.00	0.00	905,841.04	2,717,523.11	0.00	384,391,674.00	385,356,000.00	385,356,000.00	964,326.00
544	31-Aug-16	16 366	0.00	0.00	966,230.44	3,683,753.55	0.00	384,391,674.00	385,356,000.00	385,356,000.00	964,326.00
545	30-Sep-16	30 366	0.00	0.00	1,811,682.07	5,495,435.62	0.00	384,391,674.00	385,356,000.00	385,356,000.00	964,326.00
546	03-Oct-16	3 366	23,673,603.83	17,997,000.00	181,168.21	0.00	5,676,603.83	366,394,674.00	367,359,000.00	367,359,000.00	964,326.00
547	31-Oct-16	28 366	0.00	0.00	1,611,736.13	1,611,736.13	0.00	366,394,674.00	367,359,000.00	367,359,000.00	964,326.00
548	15-Nov-16	15 366	0.00	0.00	863,430.07	2,475,166.20	0.00	366,394,674.00	367,359,000.00	367,359,000.00	964,326.00
549	30-Nov-16	15 366	0.00	0.00	863,430.07	3,338,596.27	0.00	366,394,674.00	367,359,000.00	367,359,000.00	964,326.00
550	31-Dec-16	31 366	0.00	0.00	1,784,422.15	5,123,018.42	0.00	366,394,674.00	367,359,000.00	367,359,000.00	964,326.00
551	02-Jan-17	2 365	23,736,457.84	18,498,000.00	115,439.42	0.00	5,238,457.84	347,896,674.00	348,861,000.00	348,861,000.00	964,326.00
552	31-Jan-17	29 365	0.00	0.00	1,589,363.57	1,589,363.57	0.00	347,896,674.00	348,861,000.00	348,861,000.00	964,326.00
553	15-Feb-17	15 365	0.00	0.00	822,084.61	2,411,448.18	0.00	347,896,674.00	348,861,000.00	348,861,000.00	964,326.00
554	28-Feb-17	13 365	0.00	0.00	712,473.33	3,123,921.51	0.00	347,896,674.00	348,861,000.00	348,861,000.00	964,326.00
555	31-Mar-17	31 365	0.00	0.00	1,698,974.85	4,822,896.36	0.00	347,896,674.00	348,861,000.00	348,861,000.00	964,326.00
556	03-Apr-17	3 365	23,484,313.28	18,497,000.00	164,416.92	0.00	4,987,313.28	329,399,674.00	330,364,000.00	330,364,000.00	964,326.00
557	30-Apr-17	27 365	0.00	0.00	1,401,076.70	1,401,076.70	0.00	329,399,674.00	330,364,000.00	330,364,000.00	964,326.00
558	15-May-17	15 365	0.00	0.00	778,375.94	2,179,452.64	0.00	329,399,674.00	330,364,000.00	330,364,000.00	964,326.00
559	31-May-17	16 365	0.00	0.00	830,267.67	3,009,720.31	0.00	329,399,674.00	330,364,000.00	330,364,000.00	964,326.00
560	30-Jun-17	30 365	0.00	0.00	1,556,751.88	4,566,472.19	0.00	329,399,674.00	330,364,000.00	330,364,000.00	964,326.00
561	03-Jul-17	3 365	23,219,147.38	18,497,000.00	155,675.19	0.00	4,722,147.38	310,902,674.00	311,867,000.00	311,867,000.00	964,326.00
562	31-Jul-17	28 365	0.00	0.00	1,371,378.92	1,371,378.92	0.00	310,902,674.00	311,867,000.00	311,867,000.00	964,326.00
563	15-Aug-17	15 365	0.00	0.00	734,667.28	2,106,046.20	0.00	310,902,674.00	311,867,000.00	311,867,000.00	964,326.00
564	31-Aug-17	16 365	0.00	0.00	783,645.10	2,889,691.30	0.00	310,902,674.00	311,867,000.00	311,867,000.00	964,326.00
565	30-Sep-17	30 365	0.00	0.00	1,469,334.56	4,359,025.86	0.00	310,902,674.00	311,867,000.00	311,867,000.00	964,326.00
566	02-Oct-17	2 365	22,953,981.50	18,497,000.00	97,955.64	0.00	4,456,981.50	292,405,674.00	293,370,000.00	293,370,000.00	964,326.00
567	31-Oct-17	29 365	0.00	0.00	1,335,853.32	1,335,853.32	0.00	292,405,674.00	293,370,000.00	293,370,000.00	964,326.00
568	15-Nov-17	15 365	0.00	0.00	690,958.61	2,026,811.93	0.00	292,405,674.00	293,370,000.00	293,370,000.00	964,326.00
569	30-Nov-17	15 365	0.00	0.00	690,958.61	2,717,770.54	0.00	292,405,674.00	293,370,000.00	293,370,000.00	964,326.00
570	31-Dec-17	31 365	0.00	0.00	1,427,981.13	4,145,751.67	0.00	292,405,674.00	293,370,000.00	293,370,000.00	964,326.00

Item 2 Attachment

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750%		INTEREST PAYMENT	1,022,583,000.00	(REVISED) ORIGINAL	ADJUSTED	PREPAID STATUS			
			INTEREST EXPENSE	ACCRUED INTEREST		PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE	MAXIMUM ALLOWED PRINCIPAL BALANCE				
571	02-Jan-18	2	365	23,734,879.49	19,497,000.00	92,127.82	0.00	4,237,879.49	272,908,674.00	273,873,000.00	273,873,000.00	964,326.00
572	31-Jan-18	29	365	0.00	0.00	1,246,781.41	1,246,781.41	0.00	272,908,674.00	273,873,000.00	273,873,000.00	964,326.00
573	15-Feb-18	15	365	0.00	0.00	644,886.94	1,891,668.35	0.00	272,908,674.00	273,873,000.00	273,873,000.00	964,326.00
574	28-Feb-18	13	365	0.00	0.00	558,902.01	2,450,570.36	0.00	272,908,674.00	273,873,000.00	273,873,000.00	964,326.00
575	31-Mar-18	31	365	0.00	0.00	1,332,766.33	3,783,336.69	0.00	272,908,674.00	273,873,000.00	273,873,000.00	964,326.00
576	02-Apr-18	2	365	23,366,321.61	19,497,000.00	85,984.92	0.00	3,869,321.61	253,411,674.00	254,376,000.00	254,376,000.00	964,326.00
577	30-Apr-18	28	365	0.00	0.00	1,117,788.48	1,117,788.48	0.00	253,411,674.00	254,376,000.00	254,376,000.00	964,326.00
578	15-May-18	15	365	0.00	0.00	598,815.26	1,716,603.74	0.00	253,411,674.00	254,376,000.00	254,376,000.00	964,326.00
579	31-May-18	16	365	0.00	0.00	638,736.27	2,355,340.01	0.00	253,411,674.00	254,376,000.00	254,376,000.00	964,326.00
580	30-Jun-18	30	365	0.00	0.00	1,197,630.51	3,552,970.52	0.00	253,411,674.00	254,376,000.00	254,376,000.00	964,326.00
581	02-Jul-18	2	365	23,129,812.55	19,497,000.00	79,842.03	0.00	3,632,812.55	233,914,674.00	234,879,000.00	234,879,000.00	964,326.00
582	31-Jul-18	29	365	0.00	0.00	1,068,637.59	1,068,637.59	0.00	233,914,674.00	234,879,000.00	234,879,000.00	964,326.00
583	15-Aug-18	15	365	0.00	0.00	552,743.58	1,621,381.17	0.00	233,914,674.00	234,879,000.00	234,879,000.00	964,326.00
584	31-Aug-18	16	365	0.00	0.00	589,593.15	2,210,974.32	0.00	233,914,674.00	234,879,000.00	234,879,000.00	964,326.00
585	30-Sep-18	30	365	0.00	0.00	1,105,487.16	3,316,461.48	0.00	233,914,674.00	234,879,000.00	234,879,000.00	964,326.00
586	01-Oct-18	1	365	22,851,311.05	19,498,000.00	36,849.57	0.00	3,353,311.05	214,416,674.00	215,381,000.00	215,381,000.00	964,326.00
587	31-Oct-18	30	365	0.00	0.00	1,013,339.08	1,013,339.08	0.00	214,416,674.00	215,381,000.00	215,381,000.00	964,326.00
588	15-Nov-18	15	365	0.00	0.00	506,669.54	1,520,008.62	0.00	214,416,674.00	215,381,000.00	215,381,000.00	964,326.00
589	30-Nov-18	15	365	0.00	0.00	506,669.54	2,026,678.16	0.00	214,416,674.00	215,381,000.00	215,381,000.00	964,326.00
590	31-Dec-18	31	365	0.00	0.00	1,047,117.04	3,073,795.20	0.00	214,416,674.00	215,381,000.00	215,381,000.00	964,326.00
591	02-Jan-19	2	365	23,138,351.14	19,997,000.00	67,555.94	0.00	3,141,351.14	194,419,674.00	195,384,000.00	195,384,000.00	964,326.00
592	31-Jan-19	29	365	0.00	0.00	888,204.95	888,204.95	0.00	194,419,674.00	195,384,000.00	195,384,000.00	964,326.00
593	15-Feb-19	15	365	0.00	0.00	459,416.35	1,347,621.30	0.00	194,419,674.00	195,384,000.00	195,384,000.00	964,326.00
594	28-Feb-19	13	365	0.00	0.00	398,160.84	1,745,782.14	0.00	194,419,674.00	195,384,000.00	195,384,000.00	964,326.00
595	31-Mar-19	31	365	0.00	0.00	949,460.46	2,695,242.60	0.00	194,419,674.00	195,384,000.00	195,384,000.00	964,326.00
596	01-Apr-19	1	365	22,721,870.36	19,996,000.00	30,627.76	0.00	2,725,870.36	174,423,674.00	175,388,000.00	175,388,000.00	964,326.00
597	30-Apr-19	29	365	0.00	0.00	796,853.36	796,853.36	0.00	174,423,674.00	175,388,000.00	175,388,000.00	964,326.00
598	15-May-19	15	365	0.00	0.00	412,165.53	1,209,018.89	0.00	174,423,674.00	175,388,000.00	175,388,000.00	964,326.00
599	31-May-19	16	365	0.00	0.00	439,643.23	1,648,662.12	0.00	174,423,674.00	175,388,000.00	175,388,000.00	964,326.00
600	30-Jun-19	30	365	0.00	0.00	824,331.06	2,472,993.18	0.00	174,423,674.00	175,388,000.00	175,388,000.00	964,326.00
601	01-Jul-19	1	365	22,497,470.88	19,997,000.00	27,477.70	0.00	2,500,470.88	154,426,674.00	155,391,000.00	155,391,000.00	964,326.00
602	31-Jul-19	30	365	0.00	0.00	729,824.69	729,824.69	0.00	154,426,674.00	155,391,000.00	155,391,000.00	964,326.00
603	15-Aug-19	15	365	0.00	0.00	364,912.35	1,094,737.04	0.00	154,426,674.00	155,391,000.00	155,391,000.00	964,326.00
604	31-Aug-19	16	365	0.00	0.00	389,239.84	1,483,976.88	0.00	154,426,674.00	155,391,000.00	155,391,000.00	964,326.00
605	30-Sep-19	30	365	0.00	0.00	729,824.69	2,213,801.57	0.00	154,426,674.00	155,391,000.00	155,391,000.00	964,326.00
606	01-Oct-19	1	365	22,235,129.06	19,997,000.00	24,327.49	0.00	2,238,129.06	134,429,674.00	135,394,000.00	135,394,000.00	964,326.00
607	31-Oct-19	30	365	0.00	0.00	635,318.32	635,318.32	0.00	134,429,674.00	135,394,000.00	135,394,000.00	964,326.00
608	15-Nov-19	15	365	0.00	0.00	317,659.16	952,977.48	0.00	134,429,674.00	135,394,000.00	135,394,000.00	964,326.00
609	30-Nov-19	15	365	0.00	0.00	317,659.16	1,270,636.64	0.00	134,429,674.00	135,394,000.00	135,394,000.00	964,326.00
610	31-Dec-19	31	365	0.00	0.00	656,495.60	1,927,132.24	0.00	134,429,674.00	135,394,000.00	135,394,000.00	964,326.00
611	02-Jan-20	2	366	21,966,371.07	19,997,000.00	42,238.83	0.00	1,969,371.07	114,432,674.00	115,397,000.00	115,397,000.00	964,326.00
612	31-Jan-20	29	366	0.00	0.00	521,356.51	521,356.51	0.00	114,432,674.00	115,397,000.00	115,397,000.00	964,326.00
613	17-Feb-20	17	366	0.00	0.00	305,622.78	826,979.29	0.00	114,432,674.00	115,397,000.00	115,397,000.00	964,326.00
614	29-Feb-20	12	366	0.00	0.00	215,733.73	1,042,713.02	0.00	114,432,674.00	115,397,000.00	115,397,000.00	964,326.00
615	31-Mar-20	31	366	0.00	0.00	557,312.13	1,600,025.15	0.00	114,432,674.00	115,397,000.00	115,397,000.00	964,326.00
616	01-Apr-20	1	366	21,615,002.96	19,997,000.00	17,977.81	0.00	1,618,002.96	94,435,674.00	95,400,000.00	95,400,000.00	964,326.00
617	30-Apr-20	29	366	0.00	0.00	430,249.96	430,249.96	0.00	94,435,674.00	95,400,000.00	95,400,000.00	964,326.00
618	15-May-20	15	366	0.00	0.00	222,543.08	652,793.04	0.00	94,435,674.00	95,400,000.00	95,400,000.00	964,326.00
619	31-May-20	16	366	0.00	0.00	237,379.29	890,172.33	0.00	94,435,674.00	95,400,000.00	95,400,000.00	964,326.00
620	30-Jun-20	30	366	0.00	0.00	445,086.17	1,335,258.50	0.00	94,435,674.00	95,400,000.00	95,400,000.00	964,326.00
621	01-Jul-20	1	366	21,347,094.71	19,997,000.00	14,836.21	0.00	1,350,094.71	74,438,674.00	75,403,000.00	75,403,000.00	964,326.00
622	31-Jul-20	30	366	0.00	0.00	350,838.01	350,838.01	0.00	74,438,674.00	75,403,000.00	75,403,000.00	964,326.00
623	17-Aug-20	17	366	0.00	0.00	198,808.21	549,646.22	0.00	74,438,674.00	75,403,000.00	75,403,000.00	964,326.00
624	31-Aug-20	14	366	0.00	0.00	163,724.41	713,370.63	0.00	74,438,674.00	75,403,000.00	75,403,000.00	964,326.00
625	30-Sep-20	30	366	0.00	0.00	350,838.01	1,064,208.64	0.00	74,438,674.00	75,403,000.00	75,403,000.00	964,326.00
626	01-Oct-20	1	366	21,072,903.24	19,997,000.00	11,694.60	0.00	1,075,903.24	54,441,674.00	55,406,000.00	55,406,000.00	964,326.00
627	31-Oct-20	30	366	0.00	0.00	256,589.86	256,589.86	0.00	54,441,674.00	55,406,000.00	55,406,000.00	964,326.00

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750% INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
628 16-Nov-20 16 366	0.00	0.00	136,847.92	393,437.78	0.00	54,441,674.00	55,406,000.00	55,406,000.00	964,326.00
629 30-Nov-20 14 366	0.00	0.00	119,741.93	513,179.71	0.00	54,441,674.00	55,406,000.00	55,406,000.00	964,326.00
630 31-Dec-20 31 366	0.00	0.00	265,142.85	778,322.56	0.00	54,441,674.00	55,406,000.00	55,406,000.00	964,326.00
631 04-Jan-21 4 365	20,809,628.27	19,997,000.00	34,305.71	0.00	812,628.27	34,444,674.00	35,409,000.00	35,409,000.00	964,326.00
632 31-Jan-21 27 365	0.00	0.00	146,507.83	146,507.83	0.00	34,444,674.00	35,409,000.00	35,409,000.00	964,326.00
633 15-Feb-21 15 365	0.00	0.00	81,393.24	227,901.07	0.00	34,444,674.00	35,409,000.00	35,409,000.00	964,326.00
634 28-Feb-21 13 365	0.00	0.00	70,540.80	298,441.87	0.00	34,444,674.00	35,409,000.00	35,409,000.00	964,326.00
635 31-Mar-21 31 365	0.00	0.00	168,212.69	466,654.56	0.00	34,444,674.00	35,409,000.00	35,409,000.00	964,326.00
636 01-Apr-21 1 365	20,469,080.78	19,997,000.00	5,426.22	0.00	472,080.78	14,447,674.00	15,412,000.00	15,412,000.00	964,326.00
637 30-Apr-21 29 365	0.00	0.00	66,004.10	66,004.10	0.00	14,447,674.00	15,412,000.00	15,412,000.00	964,326.00
638 17-May-21 17 365	0.00	0.00	38,692.06	104,696.16	0.00	14,447,674.00	15,412,000.00	15,412,000.00	964,326.00
639 31-May-21 14 365	0.00	0.00	31,864.05	136,560.21	0.00	14,447,674.00	15,412,000.00	15,412,000.00	964,326.00
640 30-Jun-21 30 365	0.00	0.00	68,280.10	204,840.31	0.00	14,447,674.00	15,412,000.00	15,412,000.00	964,326.00
641 01-Jul-21 1 365	14,654,790.31	14,447,674.00	2,276.00	0.00	207,116.31	0.00	0.00	0.00	0.00
642									
643	1,859,646,977.55	1,107,025,993.74			752,620,983.81				

Big River Electric Corporation
Annual Summary -Stated Note

----- NEW US NOTE -----

YEAR	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% ACCRUED INTEREST	INTEREST PAYMENT
12/31/98	36,121,701.91	13,713,413.35	26,714,934.43	4,306,645.87	22,408,288.56
12/31/99	86,729,413.17	27,712,325.40	57,071,418.00	2,360,976.10	59,017,087.77
12/31/00	111,227,269.56	74,416,108.87	53,633,702.92	9,883,453.00	36,811,160.69
12/31/01	66,552,588.49	29,139,642.73	52,315,333.82	11,251,306.70	37,412,945.76
12/31/02	96,594,133.86	47,947,105.02	49,269,442.90	11,873,720.76	48,647,028.84
12/31/03	80,549,455.98	28,979,556.12	48,379,327.45	7,487,797.16	51,569,899.86
12/31/04	32,996,665.60	8,148,739.88	47,602,116.51	7,726,739.40	24,847,925.72
12/31/05	75,032,000.00	34,959,616.76	47,599,910.10	7,130,979.46	40,072,383.24
12/31/06	54,482,604.42	22,910,485.61	45,880,852.04	7,163,516.61	31,572,118.81
12/31/07	42,686,977.61	11,543,217.00	46,801,365.39	7,322,809.96	31,143,760.61
12/31/08	84,832,833.68	39,165,117.00	45,139,163.99	6,794,257.27	45,667,716.68
12/31/09	82,534,470.14	39,156,950.00	42,885,277.71	6,302,014.84	43,377,520.14
12/31/10	82,241,270.97	41,149,248.00	40,565,123.14	5,775,115.01	41,092,022.97
12/31/11	83,845,883.04	47,140,350.00	37,987,805.76	7,057,387.73	36,705,533.04
12/31/12	98,588,436.14	65,129,464.00	34,633,688.72	8,232,104.31	33,458,972.14
12/31/13	38,183,379.83	5,099,305.00	33,033,526.87	8,181,556.35	33,084,074.83
12/31/14	98,499,245.57	67,019,188.00	30,519,296.19	7,220,794.97	31,480,057.57
12/31/15	93,154,520.88	65,312,487.00	26,905,739.12	6,284,500.21	27,842,033.88
12/31/16	95,790,209.22	71,989,000.00	22,639,727.43	5,123,018.42	23,801,209.22
12/31/17	93,393,900.00	73,989,000.00	18,427,633.25	4,145,751.67	19,404,900.00
12/31/18	93,082,324.70	77,989,000.00	14,021,368.23	3,073,795.20	15,093,324.70
12/31/19	90,592,821.44	79,987,000.00	9,459,158.48	1,927,132.24	10,605,821.44
12/31/20	86,001,371.98	79,988,000.00	4,864,562.30	778,322.56	6,013,371.98
12/31/21	55,933,499.36	54,441,674.00	713,502.80	0.00	1,491,825.36
Grand Total	<u>1,859,646,977.55</u>	<u>1,107,025,993.74</u>	<u>837,063,977.55</u>		<u>752,620,983.81</u>

INTEREST EXPENSE COMPOUNDED TO PRINCIPAL	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
0.00	1,008,869,586.65	1,022,583,000.00	1,020,250,304.89	11,380,718.24
0.00	981,157,261.25	1,010,585,000.00	1,008,377,906.38	27,220,645.13
9,300,065.33	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
13,534,534.36	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
0.00	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47
1,195,351.19	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
22,515,248.55	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
8,123,286.80	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
14,276,196.08	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
15,498,311.43	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00
0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00
0.00	729,233,716.00	729,610,000.00	729,610,000.00	376,284.00
0.00	688,084,468.00	688,615,000.00	688,615,000.00	530,532.00
0.00	640,944,118.00	641,622,000.00	641,622,000.00	677,882.00
0.00	575,814,654.00	576,631,000.00	576,631,000.00	816,346.00
0.00	570,715,349.00	571,631,000.00	571,631,000.00	915,651.00
0.00	503,696,161.00	504,640,000.00	504,640,000.00	943,839.00
0.00	438,383,674.00	439,348,000.00	439,348,000.00	964,326.00
0.00	366,394,674.00	367,359,000.00	367,359,000.00	964,326.00
0.00	292,405,674.00	293,370,000.00	293,370,000.00	964,326.00
0.00	214,416,674.00	215,381,000.00	215,381,000.00	964,326.00
0.00	134,429,674.00	135,394,000.00	135,394,000.00	964,326.00
0.00	54,441,674.00	55,406,000.00	55,406,000.00	964,326.00
0.00	0.00	0.00	0.00	0.00

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

- 1 **Item 3)** With regard to cash reserve balances required by Big Rivers' debt
2 agreements:
- 3 a. Provide copies of all pages of those debt agreements that are
4 pertinent to the required cash reserves.
- 5 b. State separately all cash reserve balances required by each of Big
6 Rivers' debt agreements.
- 7 c. State whether Big Rivers is currently in compliance with these
8 cash reserve requirements.
- 9 d. State the consequences to Big Rivers for not complying with these
10 cash reserve requirements.
- 11 e. If Big Rivers is not currently in compliance with these cash reserve
12 requirements, or will not be in compliance on January 5, 2010, state the estimated date by
13 which Big Rivers could replenish these funds to levels meeting these requirements,
14 assuming its proposed rates were allowed to become effective for services rendered on
15 and after April 1, 2009.

16

17 **Response)** a. Attached is page 22 from the Third Restated Mortgage and
18 Security Agreement made by and among Big Rivers, United States of America, et al.,
19 dated as of August 1, 2001. Section 13 of Article II states the affirmative covenant of
20 Big Rivers to RUS and the other mortgagees regarding the appropriate design of its rates.
21 There is no specific cash reserve balances requirement contained in any of Big Rivers'
22 credit agreement.

- 23
- 24 b. See a, above.
- 25 c. See a, above.
- 26
- 27 d. See a, above.
- 28 e. See a, above.

29

30 **Witness)** C. William Blackburn

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SECTION 12. Any Noteholder may, at any time or times in succession without notice to or the consent of the Mortgagor or any other Noteholder and upon such terms as such Noteholder may prescribe, grant to any person, firm or corporation who shall have become obligated to pay all or any part of the principal of or interest on any Note held by or indebtedness owed to such Noteholder or who may be affected by the lien hereby created, an extension of the time for the payment of such principal or interest, and after any such extension the Mortgagor will remain liable for the payment of such Note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

SECTION 13. The Mortgagor, subject to applicable laws, and rules and orders of regulatory bodies, and taking into consideration all other sources of revenue available to the Mortgagor, will design its rates for electric energy and other services furnished by it with a view to paying and discharging all taxes, maintenance expenses, cost of electric energy and other operating expenses of its electric transmission and distribution system and electric generating facilities, if any, and also to making all payments on Notes when and as the same shall become due and to providing and maintaining reasonable working capital for the Mortgagor.

SECTION 14. The Mortgagor will not, in any one year, without the approval in writing of the Mortgagees, declare or pay any dividends, or pay or determine to pay any patronage refunds, or retire any patronage capital or make any other Cash Distributions (such dividends, refunds, retirements and other distributions being hereinafter collectively called "Distributions"), to its members, stockholders or consumers if after giving effect to any such Distribution the total Equity of the Mortgagor will not equal or exceed 40% of its total assets and other debits; provided, however, that the Mortgagor may nevertheless make Distributions in any year up to 25% of the patronage capital and margins received by the Mortgagor in the next preceding year where after giving effect to any such Distribution the total Equity of the Mortgagor will equal or exceed 20% of its total assets and other debits, and provided, further, however, that in no event will the Mortgagor make any Distributions if there is unpaid when due any installment of principal of or interest on the Notes, if the Mortgagor is otherwise in default hereunder or if, after giving effect to any such Distribution, the Mortgagor's total current and accrued assets would be less than its total current and accrued liabilities.

For the purpose of this section, a "Cash Distribution" shall be deemed to include any general cancellation or abatement of charges for electric energy or services furnished by the Mortgagor, but not the repayment of a membership fee of not in excess of \$100 upon termination of a membership. As used or applied in this Mortgage (1) "Equity" shall mean the aggregate of Equities and Margins (as such terms are defined in the Uniform System of Accounts) and Subordinated Indebtedness; and (2) "Subordinated Indebtedness" shall mean unsecured indebtedness of the Mortgagor, payment of which shall be subordinated to the prior payment of the Notes in form and substance satisfactory to the Mortgagees.

SECTION 15. In the event that the Mortgaged Property, or any part thereof, shall be taken under the power of eminent domain, unless RUS and the Mortgagor shall otherwise agree and, subject to any applicable provisions of the LG&E Transaction Agreements, the Mortgagor shall replace the Mortgaged Property, or part thereof, taken under the power of eminent domain; provided, however that in the event that the Mortgagor, with the agreement therefor of RUS, shall not replace such Mortgaged Property, the Mortgagor shall, and subject to

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 4)** Refer to Big Rivers' Application, Exhibit 47, page 8. Big Rivers states the
2 Philip Morris Credit Corporation ("PMCC") loan in the amount of \$12.4 million is due
3 on December 15, 2009.

4 a. Describe the consequences to Big Rives if this payment is not
5 made on or before December 15, 2009.

6 b. Summarize all discussions, correspondence, and results thereof
7 between Big Rivers and PMCC with regard to postponing or refinancing the repayment
8 of this loan. If no such discussions or correspondence have occurred, explain why.

9
10 **Response)** a. Big Rivers will be in default and PMCC will have all the usual
11 remedies of a creditor holding a defaulted debt obligation including the right to bring suit
12 to enforce payment. If not paid when due, the interest rate will increase by 200 basis
13 points. The failure to pay the PMCC note when due would also be a default under the
14 RUS loan contracts which is cross defaulted to other indebtedness for borrowed money in
15 excess of \$10,000,000.

16
17 b. Mark Bailey talked with Joan Woodruff at PMCC on the morning
18 of March 19, 2009, to inquire about whether PMCC would give Big Rivers some relief
19 from the December 15, 2009, due date for this note. Ms. Woodruff telephoned Mr.
20 Bailey that afternoon to say that PMCC management had already built repayment of the
21 loan into its "numbers" for the year, and PMCC was unable to offer Big Rivers anything
22 in the way of relief from the due date of the note.

23
24 **Witness)** a. Counsel
25 b. Mark A. Bailey
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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 5)** Refer to Big Rivers' Application, Exhibit 47, page 41. Big Rivers states
2 the quarterly payment in the amount of \$15.8 million on its new Rural Utilities Service
3 ("RUS") note is due on January 4, 2010.

4 a. Describe the consequences to Big Rives if this payment is not
5 made on or before January 4, 2010.

6 b. Summarize all discussions, correspondence, and results thereof
7 between Big Rives and RUS with regard to postponing or refinancing the repayment of
8 this loan. If no such discussions or correspondence have occurred, explain why.

9
10 **Response)** a. Big Rivers will be in default under the note, the RUS loan contract
11 and the RUS Mortgage. This will permit the acceleration of all of the debt secured by the
12 RUS Mortgage, including (1) the new RUS note, (2) the ARVP RUS note, (3) the CFC
13 debt, and (4) both series of pollution control debt. In addition, the creditors can take
14 immediate possession of all of Big Rivers' properties, bring suit to enforce all remedies
15 and cause the mortgage property to be sold as permitted by law.

16
17 b. On March 23, 2009, Mark Bailey and Bill Blackburn spoke with
18 the acting administrator of RUS, Jim Newby, Bill Railey, from the RUS power supply
19 division, and Victor Vu, the director of the RUS power supply division, to inquire about
20 postponing or refinancing the repayment of the RUS New Note. RUS requested that Big
21 Rivers submit a written request for their consideration, which Big Rivers did on March
22 23, 2009. RUS informed Big Rivers that it would consider this request and try to provide
23 a response prior to the March 23, 2009 hearing.

24
25 **Witness)** a. Counsel

26 b. C. William Blackburn and Mark A. Bailey

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 6)** a. Provide Big Rivers' cash and cash equivalent balances as of March
2 16, 2009.

3 b. Beginning with Big Rivers' cash and cash equivalent balance as
4 stated in response to Item a., provide a detailed projected cash flow analysis up to
5 January 5, 2010, showing each month separately, assuming Big Rivers' current rates
6 remain in effect. Ensure that this analysis includes only cash flows and that no non-cash
7 revenue or expense accruals are included. When presenting this analysis, separate
8 receipts and disbursements by Uniform System of Accounts account numbers and titles in
9 as much detail as is practical. State the basis for the projected amounts in each account.
10 Where the pro forma adjustments shown in Big Rivers' Application, Exhibit 46, Seelye --
11 2 are incorporated into these projections, show the monthly impact of the adjustments.
12 Where there is any degree of speculation in the projected cash flows, provide the impact
13 on the analysis assuming a best- and worst-case scenario. For example, Exhibit 46,
14 Seelye - 2, Schedule 1.11 details an adjustment decreasing test year net revenues by
15 \$18.9 million, in part, due to anticipated changes in test year off-system sales revenue
16 resulting from changes in contract and market prices. When calculating the impact of
17 this adjustment, use a range of market prices that could be expected between now and
18 January 5, 2010, assuming the best and worst market conditions that could be reasonably
19 anticipated. Using this approach, Big Rivers will develop two possible cash balances that
20 can be reasonably anticipated on January 5, 2010, one assuming all best-case scenarios
21 and another assuming all worst-case scenarios.

22 c. If the cash flow analysis provided in response to Item b. includes
23 cash expenditures for capital improvements, explain the reasons why it is imperative that
24 each project be completed when included in the analysis and why it could not be delayed
25 until such time as funds are more readily available.

26 d. The cash flow analysis provided in response to Item b. includes
27 two possible cash balances on January 5, 2010, assuming best- and worst-case scenarios
28 of projected receipts and disbursements. State the anticipated cash available to Big
29 Rivers on January 5, 2010 through its \$15 million line of credit with CFC under each of
30
31
32

BIG RIVERS ELECTRIC CORPORATION'S
 RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
 TO BIG RIVERS ELECTRIC CORPORATION
 PSC CASE NO. 2009-00040
 March 24, 2009

1 these scenarios, and state the anticipated date the line of credit would be required to be
 2 paid down to zero.

3
 4 **Response)** a. See information attached.
 5 b. Beginning with the March 16, 2009, cash and cash equivalents
 6 balance of \$28,537,250 per Item a. above, the projected calendar month cash flow
 7 analysis through December 31, 2009, using Big Rivers' current member tariff rates, and
 8 including the Uniform System of Accounts account numbers, separated between receipts
 9 and disbursements in the format of a statement of cash flows (direct method), is attached
 10 hereto as Schedule A. As shown thereon, the projected cash and cash equivalents balance
 11 on December 31, 2009, is \$6,258,336. Then, the first business day of 2010, January 4,
 12 the following receipt and disbursements are due:

Vendor	Description	Amount
	December 31, 2009 Balance	\$6,258,336
From: WKEC	Monthly Lease Payment	\$2,580,407
To: WKEC	Non-Incremental Capital	(585,500)
To: RUS	Quarterly Debt Service	(15,800,679)
	January 5, 2010 Balance	(\$7,547,436)

13
 14
 15
 16
 17
 18
 19
 20
 21 The resulting January 5, 2010, cash and cash equivalents balance is (\$7,547,436). While
 22 Schedule A reflects Big Rivers' current member tariff rates without increase, we note that
 23 the projected cash and cash equivalents balance on January 5, 2010 would be \$8,539,115
 24 with the proposed rate increase made effective April 1, 2009.

25
 26 The basis for the projected cash flows per the attached schedule was a detailed process
 27 that began with Big Rivers' 2009 budget approved by Big Rivers' board of directors in
 28 December 2008 Big Rivers then factored in both the relevant *pro forma* amounts (sales,
 29 purchased power, pollution control bond interest, income taxes, rate case cost, pension,
 30 and "unwind" cost-share) and the current results of management's O&M and capital
 31

BIG RIVERS ELECTRIC CORPORATION'S
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1 expenditure cost-deferral and cost-containment efforts (approximately \$13.9 million from
2 management's cost-deferral/cost-containment efforts to date is reflected).

3
4 Regarding a best- and worst-case scenario, Big Rivers management contends that
5 Schedule A attached hereto remains the company's best-case scenario, largely due to the
6 weakening state of power markets. For several reasons, as noted in PSC item 1b, Big
7 Rivers believes the down-side risks far outweigh the potential for up-side improvements.
8 First, due to the weak economy, the off-system sales market from which Big Rivers has
9 significantly benefited in recent years has softened markedly in recent months. Second,
10 the potential exists for member loss of load, as several of Big Rivers' member's large
11 industrial customers are cutting back production. Kenergy's large industrial customer,
12 Aleris, has filed for a Chapter 11 reorganization. Third, adverse weather, perhaps a hot
13 and dry summer, could result in Big Rivers needing to purchase higher priced power on
14 the wholesale market. This results from the Wolf Creek Dam (SEPA) not having
15 adequate water-flow to generate hydroelectric power in sufficient quantity to supply Big
16 Rivers with its full entitlement under the SEPA contract. A significant storm could
17 cause transmission and distribution system damages, thereby producing a loss of revenue
18 and unanticipated costs. Fourth, while the interest rates Big Rivers is paying on its two
19 series of pollution control bonds are already high, one component of those interest rates
20 could cause those rates to be much higher. Dexia, the liquidity provider for the \$58.8
21 million variable rate demand bonds, currently holds \$40.45 million as Bank Bonds. Bank
22 Bonds bear interest at the Bank Rate, currently 3.25%, while the market rate is 8%. Fifth,
23 Big Rivers continues to incur cost for the "Unwind", as reflected in Item 1b. There are
24 certainly other adverse risks to Big Rivers projected cash position, such as costs to
25 comply with new environmental laws, claims by WKEC or LEM, environmental costs
26 such as the price of allowances or variable costs being much higher than projected, etc.

27
28 In providing the worst-case scenario, attached hereto as Schedule B, a similar cash flow
29 analysis was performed as revised for three high-risk cost elements. Those three items
30 are less favorable off-system and smelter Tier 3 sales, the associated purchased power
31

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE COMMISSION STAFF'S SECOND DATA REQUEST
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1 cost, and the higher current market rate of interest on the \$40.45 million of the \$58.8
2 million series of pollution control bonds currently held as Bank Bonds. Schedule B, the
3 worst-case, reflects a December 31, 2009, cash and cash equivalents balance of
4 (\$1,599,569), \$7,857,905 worse than the Schedule A best-case.

5
6 c. Please see attached list of capital and capital construction projects
7 along with an explanation of why each project that is not to be deferred is to be
8 completed and not delayed until funds are more readily available. Big Rivers will
9 continue to monitor each project and will use reasonable diligence to defer costs when
10 practical.

11 d. Big Rivers does not count on the CFC \$15 million line of credit
12 for purposes other than its indispensable purpose of enabling Big Rivers to obtain access
13 to the wholesale power markets. The CFC \$15 million revolving credit agreement
14 conditions the making of loans on a number of things, including no default under the
15 RUS Mortgage, and no material adverse change in the financial condition, operations or
16 business prospects of Big Rivers from that set forth in its December 31 2002 financial
17 statements. Thus, the CFC facility cannot be relied upon as a source of financing in
18 adverse circumstances. Moreover, it is the sole source of cash available for unplanned
19 cash needs, such as described in Big Rivers' response to Commission Staff's Second
20 Request for Information, Item 1(a).

21
22 **Witness)** C. William Blackburn
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PSC Case 2009-00040
COMMISSION STAFF'S SECOND DATA REQUEST, SCHEDULE A

March 16, 2009 Cash & Cash Equivalent Balance
Big Rivers Electric Corporation

	<u>Acct</u>	<u>Description</u>	<u>Amount</u>
1			
2	128.850	Other Special Funds-RUS Counsel Unwind	401,142.34
3	128.860	Other Special Funds-Maritime Com.	58,696.82
4	131.100	Cash-General	6,071.87
5	131.110	Cash-Right of Way	1,000.00
6	135.000	Working Funds	3,725.00
7	136.000	Temporary Cash Investments	28,066,613.98
8			
9		Cash and Cash Equivalents	<u>28,537,250.01</u>

PSC CA. 09-00040
 COMMISSIONS STAFF'S SECOND DATA REQUEST, ITEM 6b
 SCHEDULE A

3/17-3/31

Account Numbers (1)	MAR 2009	APR 2009	MAY 2009	JUN 2009	JUL 2009	AUG 2009	SEP 2009	OCT 2009	NOV 2009	DEC 2009
Statement of Cash Flows (Direct Format)										
447	17,175,108	16,091,640	15,101,430	15,174,750	15,684,927	16,854,151	15,493,667	13,476,601	14,091,657	14,048,424
412/413	(58,724)	2,326,504	2,436,140	2,408,223	2,390,211	2,408,521	2,193,763	2,005,233	2,101,609	2,136,077
454/456	1,293,677	1,294,142	1,293,527	1,254,076	1,254,841	1,254,076	1,254,076	1,254,691	1,299,076	1,296,076
	18,410,061	19,712,286	18,831,097	18,837,049	19,329,979	20,516,748	18,941,506	16,736,525	17,492,342	17,480,577
555 thru 557	(10,932,283)	(9,371,809)	(8,720,091)	(9,001,442)	(9,487,953)	(11,032,723)	(10,573,871)	(8,740,280)	(9,248,496)	(9,215,744)
560 thru 567	(413,235)	(585,197)	(473,915)	(480,051)	(564,052)	(487,332)	(515,019)	(463,854)	(473,716)	(519,929)
908 thru 910	(18,065)	(81,085)	(48,065)	(49,979)	(57,824)	(48,717)	(59,270)	(49,427)	(51,432)	(58,081)
913	79,401	(53,795)	(46,117)	(183,273)	(45,730)	(48,374)	(41,365)	(48,234)	(43,277)	(52,387)
920 thru 931	913,022	(583,915)	(1,085,726)	(1,150,477)	(1,058,456)	(1,296,771)	(997,217)	(909,622)	(1,613,751)	(911,329)
	(10,371,160)	(10,675,801)	(10,373,914)	(10,865,222)	(11,214,015)	(12,913,917)	(12,186,742)	(10,211,417)	(11,430,672)	(10,757,470)
568 thru 573	(121,812)	(360,803)	64,453	(308,860)	(352,936)	(334,730)	(146,237)	(500,591)	(320,092)	(350,346)
935	(6,920)	(14,968)	(12,024)	(4,505)	(26,120)	(9,272)	(10,661)	(12,216)	(9,738)	(10,914)
	(128,732)	(375,771)	52,429	(313,365)	(379,056)	(344,002)	(156,898)	(512,807)	(329,830)	(361,260)
403	0	0	0	0	0	0	0	0	0	0
408/411	71,021	0	0	0	0	(1,188,424)	0	0	(558,699)	(165,259)
427.1	(206,102)	(9,574,883)	(1,394,501)	(2,977,791)	(8,188,982)	(1,481,221)	(1,550,761)	(8,095,688)	(1,526,241)	(3,074,234)
427.3	0	0	0	0	0	0	0	0	0	0
431	0	0	0	0	0	0	0	0	0	0
09/410/426/428	(1,955)	(24,993)	(8,840)	(1,410)	(2,670)	(3,910)	(840)	(2,520)	390,548	(3,670)
	(10,636,928)	(20,651,448)	(11,724,826)	(14,157,788)	(19,784,723)	(15,931,474)	(13,895,241)	(18,822,432)	(13,454,894)	(14,361,893)
	7,773,133	(939,162)	7,106,271	4,679,261	(454,744)	4,585,274	5,046,265	(2,085,907)	4,037,448	3,118,684
419	14,260	37,846	28,458	21,913	27,868	25,531	20,693	23,725	16,965	7,958
424	0	273,376	0	0	0	0	0	0	0	0
	7,787,393	(627,940)	7,134,729	4,701,174	(426,876)	4,610,805	5,066,958	(2,062,182)	4,054,413	3,126,642
	(1,304,268)	(1,384,056)	(1,296,398)	(1,130,319)	(1,196,693)	(1,125,073)	(999,382)	(868,647)	(2,203,968)	(908,572)
	(48,108)	(8,499,729)	(48,752)	(49,077)	(8,498,859)	(49,733)	(50,064)	(13,500,524)	(50,735)	(12,431,073)
	6,435,017	(10,511,725)	5,789,579	3,521,778	(10,122,428)	3,435,999	4,017,512	(16,431,353)	1,799,710	(10,213,003)
	28,537,250	(2)	34,972,267	24,460,542	30,250,121	33,771,899	23,649,471	27,085,470	31,102,982	14,671,629
	34,972,267	24,460,542	30,250,121	33,771,899	23,649,471	27,085,470	31,102,982	14,671,629	16,471,339	6,258,336

(1) Statement of Operations account descriptions are per the RUS Uniform System of Accounts.

(2) The March 16, 2009, cash and cash equivalents balance is per item 6a.

Page 1 of 2
Item 6 b Attachment

PSC Case No. J09-00040
 COMMISSIONS STAFF'S SECOND DATA REQUEST, ITEM 6b
 SCHEDULE B

3/17-3/31

Account Numbers (1)	MAR 2009	APR 2009	MAY 2009	JUN 2009	JUL 2009	AUG 2009	SEP 2009	OCT 2009	NOV 2009	DEC 2009
Statement of Cash Flows (Direct Format)										
447	17,175,108	15,518,542	14,446,681	14,639,652	15,281,575	14,956,051	13,860,262	12,260,848	12,599,796	12,951,181
412/413	(58,724)	2,326,504	2,436,140	2,408,223	2,390,211	2,408,521	2,193,763	2,005,233	2,101,609	2,136,077
454/456	1,293,677	1,294,142	1,293,527	1,254,076	1,254,841	1,254,076	1,254,076	1,254,691	1,299,076	1,296,076
	18,410,061	19,139,188	18,176,348	18,301,951	18,926,627	18,618,648	17,308,101	15,520,772	16,000,481	16,383,334
555 thru 557	(10,932,283)	(9,240,533)	(8,596,196)	(8,861,300)	(9,364,054)	(10,397,493)	(9,854,265)	(8,368,789)	(8,904,450)	(8,876,147)
560 thru 567	(413,235)	(585,197)	(473,915)	(480,051)	(564,052)	(487,332)	(515,019)	(463,854)	(473,716)	(519,929)
908 thru 910	(18,065)	(81,085)	(48,065)	(49,979)	(57,824)	(48,717)	(59,270)	(49,427)	(51,432)	(58,081)
913	79,401	(53,795)	(46,117)	(183,273)	(45,730)	(48,374)	(41,365)	(48,234)	(43,277)	(52,387)
920 thru 931	913,022	(583,915)	(1,085,726)	(1,150,477)	(1,058,456)	(1,296,771)	(997,217)	(909,622)	(1,613,751)	(911,329)
	(10,371,160)	(10,544,525)	(10,250,019)	(10,725,080)	(11,090,116)	(12,278,687)	(11,467,136)	(9,839,926)	(11,086,626)	(10,417,873)
568 thru 573	(121,812)	(360,803)	64,453	(308,860)	(352,936)	(334,730)	(146,237)	(500,591)	(320,092)	(350,346)
935	(6,920)	(14,968)	(12,024)	(4,505)	(26,120)	(9,272)	(10,661)	(12,216)	(9,738)	(10,914)
	(128,732)	(375,771)	52,429	(313,365)	(379,056)	(344,002)	(156,898)	(512,807)	(329,830)	(361,260)
403	0	0	0	0	0	0	0	0	0	0
408/411	71,021	0	0	0	0	(1,188,424)	0	0	(558,699)	(165,259)
427.1	(206,102)	(9,574,883)	(1,394,501)	(3,298,898)	(8,188,982)	(1,481,221)	(1,550,761)	(8,095,688)	(1,526,241)	(4,037,555)
427.3	0	0	0	0	0	0	0	0	0	0
431	0	0	0	0	0	0	0	0	0	0
409/410/426/428	(1,955)	(24,993)	(8,840)	(1,410)	(2,670)	(3,910)	(840)	(2,520)	390,548	(3,670)
	(10,636,928)	(20,520,172)	(11,600,931)	(14,338,753)	(19,660,824)	(15,296,244)	(13,175,635)	(18,450,941)	(13,110,848)	(14,985,617)
	7,773,133	(1,380,984)	6,575,417	3,963,198	(734,197)	3,322,404	4,132,466	(2,930,169)	2,889,633	1,397,717
419	14,260	37,846	28,458	21,913	27,868	25,531	20,693	23,725	16,965	7,958
424	0	273,376	0	0	0	0	0	0	0	0
	7,787,393	(1,069,762)	6,603,875	3,985,111	(706,329)	3,347,935	4,153,159	(2,906,444)	2,906,598	1,405,675
	(1,304,268)	(1,384,056)	(1,296,398)	(1,130,319)	(1,196,693)	(1,125,073)	(999,382)	(868,647)	(2,203,968)	(908,572)
	(48,108)	(8,499,729)	(48,752)	(49,077)	(8,498,859)	(49,733)	(50,064)	(13,500,524)	(50,735)	(12,431,073)
	6,435,017	(10,953,547)	5,258,725	2,805,715	(10,401,881)	2,173,129	3,103,713	(17,275,615)	651,895	(11,933,970)
	28,537,250	(2) 34,972,267	24,018,720	29,277,445	32,083,160	21,681,279	23,854,408	26,958,121	9,682,506	10,334,401
	34,972,267	24,018,720	29,277,445	32,083,160	21,681,279	23,854,408	26,958,121	9,682,506	10,334,401	(1,599,569)

(1) Statement of Operations account descriptions are per the RUS Uniform System of Accounts.

(2) The March 16, 2009, cash and cash equivalents balance is per item 6a.

Item 6 b Attachment
Page 7 of 7

Big Rivers Electric Corporation
2009 Transmission and A&G Construction & Capital Budget
(includes capitalized interest & labor overheads)

WO/Project Number	Est. Date In-Service	Description	Original	Adj.	Revised
	month purchased	<u>2009 Capital Budget</u>			
		DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000	(290,000)	0
	"	Hot Oil Spray Transformer Dryout System	110,000	(110,000)	0
	"	Battery Load Tester	35,000		35,000
	"	A/C Unit Replacements	16,000		16,000
	"	Energy Control Telephone System	6,000	(6,000)	0
	"	Hoist, Grips, and Rope -- Replacements	5,000		5,000
	"	ET&S Computer HVAC Unit	3,500	(3,500)	0
	"	Hydraulic Pump and Press -- Replacement	3,500		3,500
	"	Tool Replacements	2,000		2,000
	"	Portable Generator (2) -- Replacements	1,800		1,800
	"	Typewriter	750		750
	"	Go Tract Vehicle -- Replacement	450,000	(450,000)	0
	"	3/4 Ton, 4x4 Crew Cab Pickup Truck-Replace Veh #254	40,000		40,000
	"	3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258	35,000	(35,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Vegetation Management	27,000		27,000
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262	27,000	(27,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285	27,000	(27,000)	0
	"	GIS--Personal Computer/Laptop Replacements/Server Replacements	185,000		185,000
	"	Cisco Network Equipment & Switch Upgrades	20,000	(20,000)	0
	"	Servers, Firewalls, Switches, Computer Equipment - Disaster Recovery Center	82,500	(20,000)	62,500
	"	Personal Computers--27 Desktops - (22 Replacements; 2 New)	50,100	(50,100)	0
	"	Compliance Tracking Software (NERC, SERC, CIPS)	50,000		50,000
	"	Uninterruptible Power Supply (UPS) Replacement	30,000	(30,000)	0
	"	Laptop Computers (6 Replacements; 1 New)	21,500	(21,500)	0
	"	Cyber Security Equipment	21,000		21,000
	"	Software Tools	20,800		20,800
	"	Autocad Upgrade	20,000	(20,000)	0
	"	LaserFiche	15,000		15,000
	"	Remote Access to SOE's, Digital Relays	10,000		10,000
	"	Scanner	10,000		10,000
	"	Printer Replacements (4)	9,500	(9,500)	0
	"	Enterprise Risk Management Software	5,000	(5,000)	0
	"	Additional Disk for Coop Web Computer	1,500		1,500
	"	Office Furniture	16,500	(16,000)	500
	"	Electrical Safety Demo Unit	5,000		5,000
	"	Inductor for High Voltage Demo Trailer	5,000		5,000
	"	Rescue Mannequin & Parts	3,950	(2,950)	1,000
	"	Multimedia Projector	2,000	(2,000)	0
	"	Digital Camera Lenses	500	(500)	0
		Total 2009 Capital Budget	1,664,400	(1,146,050)	518,350

2009 Construction Budget

I420H008	03/09	Add Gravel to Meade County Substation	14,652	(14,652)	0
I370H014	09/09	CEHV to Coleman C1 & C2 Teleprotection Replacement	199,788		199,788
I370H006	11/09	Coleman to Newtonville 161kV Reconductor	613,180	(513,180)	100,000
I370H007	12/09	Cumberland River Crossing Modification	125,269		125,269
I370H005	12/10	Cumberland-Caldwell Springs Tap 69 kV Line	146,520	(146,520)	0
W910000		Daviess Co Airport Line Reroute	4,018	(4,018)	0
I420H022	10/09	Digital Fault Recorder Upgrade for Coleman	923		923
I420H024	12/09	Digital Fault Recorder Upgrade for Portable	849		849
I420H023	11/09	Digital Fault Recorder Upgrade for Reid	848		848

Big Rivers Electric Corporation
2009 Transmission and A&G Construction & Capital Budget
(includes capitalized interest & labor overheads)

WO/Project Number	Est. Date In-Service	Description	Original	Adj.	Revised
<u>2009 Capital Budget</u>					
I420H021	10/09	Digital Fault Recorder Upgrade for Wilson	923		923
W8640000	12/09	Falls of Rough-McDaniels 69 kV Line	515,193	(465,193)	50,000
I370H002	12/09	Hancock 69kV Capacitor Bank	317,135	(317,135)	0
I370H009	10/09	Horse Fork Tap 69kV Switch Modification	58,114	(58,114)	0
W8950000	03/09	McCracken Co 69kV Line Terminal for Olivet Tap	134,927		134,927
I370H012	08/09	McCracken Co RTU Replacement	38,817	(38,817)	0
I370H003		National AL 13.8kV Switchgear for Southwire Feed	12,443		12,443
W8700000	07/09	Oil Spill Prevention Control & Countermeasures System	379,367		379,367
W9170000	07/09	Olivet-Church Road Tap 4.6 M 69kV Line	572,917		572,917
I420H007	12/09	Pole Change Outs	609,767		609,767
W9260000	02/09	Reconductor 4-K & 5-D between Hopkins & S Hanson	207,539		207,539
W8850000	02/09	Reconductor Line 6-A Reid Swyd/Daviess Co Sub	367,942		367,942
I370H008	06/09	REHV to Hopkins 161kV Reroute	198,512		198,512
I370H013	12/09	Reid 69kV RTU Replacement	38,644	(38,644)	0
I420H006	09/09	Replace Fifteen (15) 161kV Disconnects at Reid	241,454		241,454
I420H025	03/09	Replace Nine (9) 69kV PTs at Daviess County Sub	49,674		49,674
I420H004	06/09	Replace Substation Battery at Livingston Co Substation	15,932		15,932
I420H002	06/09	Replace Substation Battery at McCracken Substation	15,932		15,932
I420H003	06/09	Replace Substation Battery at Wilson EHV Substation	28,932		28,932
I420H001	05/09	Replace Substation Security Fence at Hardinsburg Substation	26,676	(26,676)	0
I420H005	09/09	Replace Three (3) MIOD Operators at Dover	27,002	(27,002)	0
I420H026	04/09	Replace Twelve (12) 69kV PTs at Henderson County Sub	64,888		64,888
I370H017	09/09	Spill Prevention Containment Control Implementation	1,069,005		1,069,005
W9230000	01/10	Two Way Radio System	6,167,892	(5,167,892)	1,000,000
I420H010	12/09	Upgrade Metering at Coleman Road to 28 MVA	6,846		6,846
W9070000	03/09	US 60 Bypass Relocation Lines 18-G & 13-E	218,653		218,653
W9300000	12/10	White Oak Substation	3,816,398	(1,816,398)	2,000,000
I370H001	12/10	Wilson 161-69kV Substation Facilities	11,526		11,526
I370H004	12/10	Wilson 69kV Line to Centertown	117,716	(117,716)	0
Total 2009 BREC Construction Budget			16,436,813	(8,751,957)	7,684,856
Grand Total 2009 Transmission and A&G Capital & Construction Budget			18,101,213	(9,898,007)	8,203,206

2009 Construction Budget

<u>Project</u>	<u>Explanation</u>
I370H014	Project was used as an offset in budget for an emergent, higher priority project involving the Crider microwave tower replacement which failed during the late January ice storm.
I370H006	All project expenditures were deferred except for materials already purchased and for some staff engineering labor involved in project planning. This project involves conductor replacement on an existing transmission line to increase its power flow capacity.
I370H007	Project is necessary to prevent an existing transmission line river crossing structure and foundations from sliding into the river due to bank erosion.
I420H021, I420H022, I420H023, & I420H024	Budget expenditures in all four projects are for staff labor involved in project planning only.
W8640000	All project expenditures were deferred except for ongoing right-of-way easement legal work associated with court cases. This is a new transmission line construction project to meet load demands of the member distribution cooperative.
W8950000	Project is under construction and all 2009 funding is either committed under a contract or previously spent. This is a new transmission line construction project needed to meet load demands of the member distribution cooperative.
I370H003	All project expenditures shown are for staff labor involved in project planning and engineering only.
W8700000	Project needs to be completed by July 1, 2009 to meet requirements of a new EPA regulation. Project is under construction and nearing completion.
W9170000	Project is under construction and all 2009 funding is either committed under a contract or previously spent. This is a new transmission line construction project needed to meet load demands of the member distribution cooperative.
I420H007	Project is for replacement of rejected wood poles from pole inspection program and are necessary to avoid pole failures and to prevent resulting customer outages.
W9260000	Project construction is completed. This project involved conductor replacement on an existing transmission line to increase its power flow capacity.
W8850000	Project construction is completed. This project involved conductor replacement on an existing transmission line to increase its power flow capacity.
I370H008	Project was used as an offset in budget for an emergent, higher priority project involving the Crider microwave tower replacement which failed during the late January ice storm.

2009 Construction Budget (continued)

<u>Project</u>	<u>Explanation</u>
I420H006	All materials have been purchased. Only staff installation labor expenditures remain to be completed. This project involves the replacement of worn out 161 kV station disconnect switches at the Reid Switchyard.
I420H025	All materials have been purchased. Only staff installation labor expenditures remain to be completed. This project involves the replacement of voltage transformer units found to have serious insulation deterioration and the same type as two units which failed during 2008.
I420H002, I420H003, I420H004	All three battery systems have at least one bad unit in them and are well past the expected battery life. No spare units are available and no direct replacement units can be purchased. These battery systems provide the power to critical transmission line and station protection systems and communication systems at each of these stations.
I420H026	All materials have been purchased. Only staff installation labor expenditures remain to be completed. This project is needed for the same reason as that for Project I420H025.
I370H017	Project needs to be completed by July 1, 2009 to meet requirements of a new EPA regulation. Project is under construction.
W9230000	All project expenditures were deferred except for purchases of the frequency spectrum rights in Big Rivers' service territory and for engineering work needed to apply for and receive FCC approval of the spectrum acquisition, license assignment to operate a land based system, and specific site licenses to meet the design requirements of the two-way radio system. This project is necessary due to the difficulty of maintaining existing equipment because replacement parts are no longer available and due to a change in the FCC regulations effective in 2012 which will necessitate the replacement of the existing system equipment.
I420H010	Project involves the replacement of current transformers in the revenue metering installation at an existing distribution substation of a member cooperative to accommodate an upgrade of the main power transformer at that station.
W9070000	Project was used as an offset in the budget for the emergent, higher priority Armstrong Coal Equality Mine electric service project. This is a new customer of member distribution cooperative.
W9300000	All project expenditures were deferred except for major equipment already purchased (i.e. power transformer, power circuit breakers, and voltage transformers) and for the purchase of the land for the new station which is already committed. This is a new transmission substation construction project needed to meet load demands of the member distribution cooperative.
I370H001	All project expenditures shown are for staff labor involved in project planning and engineering only.

2009 Capital Budget

<u>Item</u>	<u>Explanation</u>
Battery Load Tester	New equipment needed to meet NERC Standards pertaining to testing and maintenance of transmission line and station protection systems including battery banks.
A/C Unit Replacements	As needed replacement of failed air conditioning units at system substation control and communication buildings.
Hoist, Grip, and Rope Replacements	As needed replacement of worn out equipment used by staff maintenance personnel performing transmission line work.
Hydraulic Pump and Press Replacement	Equipment needed for maintaining transmission lines with new conductor types and as needed replacement of worn out equipment used by staff maintenance personnel performing transmission line work.
Tool Replacements	As needed replacement of worn out small hand tools used by transmission line and station maintenance personnel.
Portable Generator (2) Replacements	As needed replacement of worn out generator units used by transmission line and station maintenance personnel during planned or unplanned power outages at system substation and communication sites.
Typewriter	Purchased earlier in 2009. This replaced worn out unit used at transmission system maintenance office.
3/4 Ton, 4x4 Crew Cab Pickup Truck-Veh.254	Purchased earlier in 2009. This truck replaced transmission line maintenance crew vehicle which had more than 200,000 miles on it.
1/2 Ton, 4x4 Ext. Cab Pickup Truck-Veg. Mgmt.	Purchased earlier in 2009. This is vehicle for new employee performing vegetation management program supervision.

2009 Capital Budget

1. **GIS—Personal computer/Laptop Replacements/Server Replacements \$ 185,000 (member cooperatives and BREC)**
 - a. The Geographic Information System (GIS) is used in the member distribution cooperatives' service trucks, line trucks and the Engineering departments as a tool to better serve their customers. The data on these include the Customer Information System (CIS) Meter Information, Transformer Information, Pole Information and Outage Management System. Additional information relates to Line Sections, kWh and kW information, as well as load studies.
 - b. It is used to engineer new service installations and to revise existing service facilities.
 - c. This system is used by Big Rivers and the member cooperatives to better respond to customers inquires/needs, and reduce the time to complete service installations.
2. **Servers, Firewalls, Switches, Computer Equipment – Disaster Recovery Center \$ 62,500**
 - a. This is needed to comply within the NERC Critical Infrastructure Protection (CIP) (Transmission Control System) and RUS (Business Systems) requirements for a readiness of the disaster recovery center.
3. **Compliance Tracking Software (NERC, SERC, CIPS) \$ 50,000**
 - a. Software to track the compliance requirements (NERC/CIP's) and alerts to ensure completion of required tasks.
4. **Cyber Security Equipment \$ 21,000**
 - a. Equipment required to ensure security of Big Rivers' computers via the electronic connections from the outside world.
5. **Software Tools \$ 20,800**
 - a. Software needed to increase computer effectiveness and efficiency by permitting computers to communicate together for unified communications.
6. **Laser Fiche \$ 15,000 (member cooperatives and BREC)**
 - a. Laser Fiche is a document scanning and retrieval system. This system is essential in electronic office handling of documents to retrieve records, reduce storage cost etc. This type of system allows quicker response to inquiries from the member distribution cooperatives' customers and cooperative personnel.
7. **Remote Access to SOE's (Sequence of events), Digital Relays \$ 10,000**
 - a. This is needed to comply with NERC recommendations, to enable Big Rivers' engineers to access the substation data systems to retrieve information, to set controls, etc via remote electronic communications.
8. **Scanner \$ 10,000 (Already Purchased-January 2009)**
 - a. Scanner used by the Records Management Department to reduce the volume of paper records.
9. **Additional Disk for Coop Web Computer \$ 1,500**
 - a. This is additional disk space, to be increased based on standard recommendation to increase disk capacity if greater than 80% utilization. This Server is used to host the Member Cooperatives' Customer Relations Management (CRM) system. The CRM site allows customers to view customer billing information up to four years as well as PDF's of the last eighteen months of utility bills, payment processing and other functions.



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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC. MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040

BOOK I OF II

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-1)** Please provide Big Rivers current cash balance.

2

3 **Response)** See attached information.

4

5 **Witness)** C. William Blackburn

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RECEIVED

MAR 24 2009

PUBLIC SERVICE
COMMISSION

March 16, 2009 Cash & Cash Equivalent Balance
Big Rivers Electric Corporation

	<u>Acct</u>	<u>Description</u>	<u>Amount</u>
1			
2	128.850	Other Special Funds-RUS Counsel Unwind	401,142.34
3	128.860	Other Special Funds-Maritime Com.	58,696.82
4	131.100	Cash-General	6,071.87
5	131.110	Cash-Right of Way	1,000.00
6	135.000	Working Funds	3,725.00
7	136.000	Temporary Cash Investments	28,066,613.98
8			
9		Cash and Cash Equivalents	<u>28,537,250.01</u>

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-2)** Please provide Big Rivers' 12-month ending TIER and DSC for each
2 month from January 2008 to date. Please provide the calculations that support your
3 answer.

4
5 **Response)** For purposes of clarification in responding to this request and KIUC item
6 1-3, Big Rivers has used the following definitions of DSC and TIER:

7
8 **DSC:**

9 shall mean the ratio of (1) net income (after taxes and after eliminating any gain or loss
10 on sale of assets or other extraordinary gain or loss), plus depreciation expense,
11 amortization expense, and interest expense, minus capitalized interest not paid from
12 operating cash flow, non-cash patronage and non-cash income from subsidiaries
13 and/or joint ventures; to (2) all principal payments due within the period on all Long
14 Term Debt plus interest expense (all as calculated on a consolidated basis for the
15 applicable period in accordance with GAAP consistently applied or the appropriate
16 standards of the regulatory agency having jurisdiction over the company) minus
17 capitalized interest not paid from operating cash flow.

18
19 **TIER:**

20 shall mean the ratio of (1) net income (after taxes and after eliminating any gain or loss
21 on sale of assets or other extraordinary gain or loss), plus interest expense; to (2) interest
22 expenses (all as calculated on a consolidated basis for the applicable period in
23 accordance with GAAP consistently applied or the appropriate standards of the
24 regulatory agency having jurisdiction over the company) minus capitalized interest not
25 paid from operating cash flow.

26
27 Big Rivers attaches its 12-month ending TIER and DSC for each month from January
28 2008 through February 2009. However, the testimony of Mr. Seelye from Exhibit 46 at
29 page 22 bears repeating in these circumstances, "While standard calculations of TIER

BIG RIVERS ELECTRIC CORPORATION'S
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1 and DSC for Big Rivers may appear robust, insolvency will result just as surely from a
2 lack of cash.”

3

4 **Witness)** C. William Blackburn/William Steven Seelye

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Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR
CASE NO. 2009-00040 KIUC Q.1-2.

	2007 January	2007 February	2007 March	2007 April	2007 May	2007 June	2007 July	2007 August
TIER (Times Interest Earned Ratio)								
Calculated as follows:								
<u>Net Margins + Interest expense on long-term debt (including interest charged to construction)</u>								
Interest expense on long-term debt (including interest charged to construction)								
DSCR (Debt Service Coverage Ratio)								
Calculated as follows:								
<u>Net Margins + Interest expense on long-term debt + Depreciation & Amortization (including interest charged to construction)</u>								
Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)								
Net Margins	5,125,584.09	5,290,543.73	6,593,047.49	5,309,670.52	3,248,715.54	2,374,465.16	2,834,638.91	1,752,766.17
Interest Expense on Long-Term Debt	6,159,801.30	5,921,999.91	6,165,145.64	6,022,539.73	6,526,195.78	6,028,965.38	6,233,800.57	6,552,691.77
Depreciation & Amortization Transmission/A&G	423,123.58	423,138.28	439,049.28	424,487.98	424,551.58	424,503.19	424,538.18	425,012.71
Depreciation & Amortization Leased Assets	2,246,103.12	2,253,498.95	2,245,072.33	2,253,163.38	2,266,152.79	2,256,392.79	2,259,627.62	2,250,884.24
Principal Payments on Long-Term Debt	42,476.06	246,217.84	41,016.77	41,290.22	216,413.63	41,842.59	42,121.54	244,841.30
Principal Payments:								
RUS New Note								
RUS ARVP Note		205,472.70			174,848.15			202,438.95
PC Bonds	40,475.30	40,745.14	41,016.77	41,290.22	41,565.48	41,842.59	42,121.54	42,402.35
LEM Settlement Note								
LEM Advances								
Defeased Sale/Leaseback Obligations	2,000.76							
Total Principal Payments	<u>42,476.06</u>	<u>246,217.84</u>	<u>41,016.77</u>	<u>41,290.22</u>	<u>216,413.63</u>	<u>41,842.59</u>	<u>42,121.54</u>	<u>244,841.30</u>

Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR
CASE NO. 2009-00040 KIUC Q.1-2.

	2007 September	2007 October	2007 November	2007 December	2008 January	2008 February	2008 March	2008 April
TIER (Times Interest Earned Ratio)					1.61	1.58	1.58	1.55
Calculated as follows:								
<u>Net Margins + Interest expense on long-term debt (including interest charged to construction)</u>					<u>119,857,525.42</u>	<u>118,043,858.12</u>	<u>117,727,238.20</u>	<u>117,722,628.76</u>
Interest expense on long-term debt (including interest charged to construction)					74,229,896.34	74,656,738.16	75,411,720.04	75,838,323.89
DSCR (Debt Service Coverage Ratio)					1.60	1.57	1.56	1.42
Calculated as follows:								
<u>Net Margins + Interest expense on long-term debt + Depreciation & Amortization (including interest charged to construction)</u>					<u>152,147,594.90</u>	<u>150,353,080.97</u>	<u>150,059,081.29</u>	<u>150,086,466.42</u>
Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)					95,313,451.50	95,707,672.54	96,466,058.79	105,347,427.50
Net Margins	3,466,994.73	3,630,943.21	4,405,764.28	3,143,742.73	3,576,336.61	3,050,134.61	5,521,345.69	4,878,457.23
Interest Expense on Long-Term Debt	6,049,700.74	6,180,953.14	6,103,725.70	6,169,593.75	6,274,584.23	6,348,841.73	6,920,127.52	6,449,143.58
Depreciation & Amortization Transmission/A&G	349,888.68	420,052.13	463,706.13	425,852.15	425,195.72	425,032.13	424,967.40	425,176.48
Depreciation & Amortization Leased Assets	2,251,144.73	2,293,155.17	2,306,428.32	2,314,336.85	2,270,236.90	2,270,658.47	2,281,874.45	2,284,468.85
Principal Payments on Long-Term Debt	42,685.03	11,494,618.08	133,428.02	43,544.44	8,495,535.70	213,597.06	44,421.14	8,496,055.08
Principal Payments:								
RUS New Note		11,451,648.48			8,449,353.16			8,451,337.80
RUS ARVP Note			90,171.96			169,470.10		
PC Bonds	42,685.03	42,969.60	43,256.06	43,544.44	43,834.73	44,128.96	44,421.14	44,717.28
LEM Settlement Note								
LEM Advances								
Defeased Sale/Leaseback Obligations					2,347.81			
Total Principal Payments	<u>42,685.03</u>	<u>11,494,618.08</u>	<u>133,428.02</u>	<u>43,544.44</u>	<u>8,495,535.70</u>	<u>213,597.06</u>	<u>44,421.14</u>	<u>8,496,055.08</u>

Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR
CASE NO. 2009-00040 KIUC Q.1-2.

	2008 May	2008 June	2008 July	2008 August	2008 September	2008 October	2008 November	2008 December
TIER (Times Interest Earned Ratio)	1.55	1.54	1.54	1.53	1.53	1.52	1.48	1.37
Calculated as follows:								
<u>Net Margins + Interest expense on long-term debt (including interest charged to construction)</u>	<u>118,202,674.26</u>	<u>118,328,665.65</u>	<u>117,482,970.59</u>	<u>117,400,040.71</u>	<u>117,621,048.02</u>	<u>114,925,860.82</u>	<u>111,822,891.65</u>	<u>103,008,243.85</u>
Interest expense on long-term debt (including interest charged to construction)	76,479,013.48	76,600,032.59	76,486,516.13	76,897,665.61	76,759,950.01	75,472,068.98	75,351,566.55	75,192,512.80
DSCR (Debt Service Coverage Ratio)	1.42	1.42	1.31	1.30	1.30	1.27	1.24	1.17
Calculated as follows:								
<u>Net Margins + Interest expense on long-term debt + Depreciation & Amortization (including interest charged to construction)</u>	<u>150,593,620.59</u>	<u>150,743,841.69</u>	<u>149,937,864.74</u>	<u>149,876,871.97</u>	<u>150,207,375.60</u>	<u>147,533,351.11</u>	<u>144,383,431.56</u>	<u>135,714,229.00</u>
Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)	106,343,063.29	106,467,555.31	114,808,536.07	115,667,255.57	115,533,082.81	116,246,776.82	116,143,272.85	115,987,833.26
Net Margins	3,088,071.45	2,379,437.44	2,102,460.31	1,258,686.81	3,825,717.64	2,223,637.04	1,423,297.54	(5,511,851.32)
Interest Expense on Long-Term Debt	7,166,885.37	6,149,984.49	6,120,284.11	6,963,841.25	5,911,985.14	4,893,072.11	5,983,223.27	6,010,540.00
Depreciation & Amortization Transmission/A&G	425,207.92	425,259.22	431,341.24	426,647.21	426,448.75	427,311.95	439,806.47	601,006.73
Depreciation & Amortization Leased Assets	2,292,605.12	2,279,866.47	2,292,542.67	2,271,186.85	2,284,080.98	2,307,058.05	2,283,377.60	2,284,627.51
Principal Payments on Long-Term Debt	571,359.83	45,315.50	8,496,618.76	692,411.32	46,227.87	13,496,193.12	150,426.48	47,158.60
Principal Payments:								
RUS New Note			8,451,001.15			13,449,657.07		
RUS ARVP Note	526,344.43			646,489.60			103,580.19	
PC Bonds	45,015.40	45,315.50	45,617.61	45,921.72	46,227.87	46,536.05	48,846.29	47,158.60
LEM Settlement Note								
LEM Advances								
Defeased Sale/Leaseback Obligations								
Total Principal Payments	<u>571,359.83</u>	<u>45,315.50</u>	<u>8,496,618.76</u>	<u>692,411.32</u>	<u>46,227.87</u>	<u>13,496,193.12</u>	<u>150,426.48</u>	<u>47,158.60</u>

Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR
CASE NO. 2009-00040 KIUC Q.1-2.

	2009 January	2009 February
TIER (Times Interest Earned Ratio)	1.35	1.34
<i>Calculated as follows:</i>		
<u>Net Margins + Interest expense on long-term debt (including interest charged to construction)</u>	<u>101,360,036.03</u>	<u>99,657,304.46</u>
Interest expense on long-term debt (including interest charged to construction)	74,891,438.68	74,225,673.90
DSCR (Debt Service Coverage Ratio)	1.16	1.15
<i>Calculated as follows:</i>		
<u>Net Margins + Interest expense on long-term debt + Depreciation & Amortization (including interest charged to construction)</u>	<u>134,092,221.20</u>	<u>132,462,173.42</u>
Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)	115,687,923.09	115,012,001.80
Net Margins	2,229,202.91	2,013,167.82
Interest Expense on Long-Term Debt	5,973,510.11	5,683,076.95
Depreciation & Amortization Transmission/A&G	466,890.55	467,454.27
Depreciation & Amortization Leased Assets	2,254,742.09	2,300,920.12
Principal Payments on Long-Term Debt	8,496,699.65	203,440.55
Principal Payments:		
RUS New Note	8,449,226.66	
RUS ARVP Note		155,651.07
PC Bonds	47,472.99	47,789.48
LEM Settlement Note		
LEM Advances		
Defeased Sale/Leaseback Obligations		
Total Principal Payments	<u>8,496,699.65</u>	<u>203,440.55</u>

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-3)** Please provide Big Rivers' projected 12-month ending TIER and DSC for
2 each month of 2009. Please provide the calculations that support your answer.

3
4 **Response)** Please see Big Rivers' response to KIUC item 1-2 for the definitions of
5 DSC and TIER used in responding to this request. The projected 12-month ending TIER
6 and DSC for each month March 2009 through December 2009 are attached. January and
7 February 2009 were included in our response to KIUC item 1-2. Again, Big Rivers notes
8 that however robust TIER and DSC may appear Big Rivers will still become insolvent
9 from a lack of cash at some point in January 2010 absent the interim rate relief requested.
10 See Exhibit 46 at p. 22.

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12 **Witness)** C. William Blackburn/William Steven Seelye
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Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR - March 2009 thru December 2009
KIUC Q.1-3.

	Projected 2009 March	Projected 2009 April	Projected 2009 May	Projected 2009 June	Projected 2009 July
TIER (Times Interest Earned Ratio)	1.28	1.27	1.22	1.22	1.19
Calculated as follows:					
Net Margins + Interest expense on long-term debt (including interest charged to construction)	94,142,638.25	100,823,794.25	96,211,326.44	103,159,292.44	98,854,904.62
Interest expense on long-term debt (including interest charged to construction)	73,297,371.38	79,100,974.38	78,640,785.80	84,442,388.80	83,230,858.43
DSCR (Debt Service Coverage Ratio)	1.11	1.06	1.10	1.13	1.04
Calculated as follows:					
Net Margins + Interest expense on long-term debt + Depreciation & Amortization (including interest charged to construction)	127,015,833.36	136,474,864.36	131,932,606.22	141,662,397.22	137,424,567.36
Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)	114,087,386.22	128,390,718.72	119,483,226.72	125,333,906.39	132,049,875.74
Net Margins	934,982.00	877,553.00	726,178.00	1,146,363.00	(4,786.00)
Interest Expense on Long-Term Debt	5,991,825.00	5,803,603.00	5,988,955.00	5,801,603.00	5,955,355.00
Depreciation & Amortization Transmission/A&G	479,125.00	480,088.00	480,324.00	480,552.00	481,354.00
Depreciation & Amortization Leased Assets	2,296,043.00	2,297,787.00	2,299,531.00	2,301,273.00	2,303,017.00
Principal Payments on Long-Term Debt	48,108.08	8,499,729.50	48,751.66	49,076.67	8,498,859.55
Principal Payments:					
RUS New Note		8,451,300.70			8,449,455.71
RUS ARVP Note					
LEM Settlement Note	48,108.08	48,428.80	48,751.66	49,076.67	49,403.84
PC Bonds					
LEM Advances					
Defeased Sale/Leaseback Obligations					
Total Principal Payments	48,108.08	8,499,729.50	48,751.66	49,076.67	8,498,859.55

Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR - March 2009 thru December 2009
KIUC Q.1-3.

	Projected 2009 August	Projected 2009 September	Projected 2009 October	Projected 2009 November	Projected 2009 December
TIER (Times Interest Earned Ratio)	1.17	1.14	1.13	1.09	1.09
Calculated as follows:					
Net Margins + Interest expense on long-term debt (including interest charged to construction)	104,772,273.62	101,305,444.69	106,713,956.69	103,117,838.27	109,582,012.27
Interest expense on long-term debt (including interest charged to construction)	89,184,533.43	88,801,971.94	94,698,286.94	94,287,825.83	100,137,491.83
DSCR (Debt Service Coverage Ratio)	1.06	1.04	0.96	0.99	0.94
Calculated as follows:					
Net Margins + Interest expense on long-term debt + Depreciation & Amortization (including interest charged to construction)	146,132,714.36	142,753,366.74	150,959,126.74	147,438,250.41	156,704,621.41
Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)	138,053,283.94	137,675,471.71	157,072,310.14	148,215,964.78	166,496,703.52
Net Margins	(36,306.00)	(704,830.00)	(487,803.00)	(1,083,197.00)	614,508.00
Interest Expense on Long-Term Debt	5,953,675.00	5,767,423.00	5,896,315.00	5,709,823.00	5,849,666.00
Depreciation & Amortization Transmission/A&G	486,018.00	486,102.00	489,001.00	489,135.00	490,462.00
Depreciation & Amortization Leased Assets	2,304,760.00	2,306,505.00	2,308,247.00	2,309,991.00	2,311,735.00
Principal Payments on Long-Term Debt	49,733.20	50,064.76	13,500,523.43	50,734.51	12,431,072.74
Principal Payments:					
RUS New Note			13,450,124.91		
RUS ARVP Note					
LEM Settlement Note	49,733.20	50,064.76	50,398.52	50,734.51	51,072.74
PC Bonds					
LEM Advances					
Defeased Sale/Leaseback Obligations					12,380,000.00
Total Principal Payments	49,733.20	50,064.76	13,500,523.43	50,734.51	12,431,072.74

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-3)** Please provide Big Rivers' projected 12-month ending TIER and DSC for
2 each month of 2009. Please provide the calculations that support your answer.

3
4 **Response)** Please see Big Rivers' response to KIUC item 1-2 for the definitions of
5 DSC and TIER used in responding to this request. The projected 12-month ending TIER
6 and DSC for each month March 2009 through December 2009 are attached. January and
7 February 2009 were included in our response to KIUC item 1-2. Again, Big Rivers notes
8 that however robust TIER and DSC may appear Big Rivers will still become insolvent
9 from a lack of cash at some point in January 2010 absent the interim rate relief requested.
10 See Exhibit 46 at p. 22.

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12 **Witness)** C. William Blackburn/William Steven Seelye
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Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR - March 2009 thru December 2009
KIUC Q.1-3.

	Projected 2009 March	Projected 2009 April	Projected 2009 May	Projected 2009 June	Projected 2009 July
TIER (Times Interest Earned Ratio)	1.28	1.27	1.22	1.22	1.19
Calculated as follows:					
Net Margins + Interest expense on long-term debt (including interest charged to construction)	94,142,638.25	100,823,794.25	96,211,326.44	103,159,292.44	98,854,904.62
Interest expense on long-term debt (including interest charged to construction)	73,297,371.38	79,100,974.38	78,640,785.80	84,442,388.80	83,230,858.43
	1.11	1.06	1.10	1.13	1.04
DSCR (Debt Service Coverage Ratio)					
Calculated as follows:					
Net Margins + Interest expense on long-term debt + Depreciation & Amortization (including interest charged to construction)	127,015,833.36	136,474,864.36	131,932,606.22	141,662,397.22	137,424,567.36
Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)	114,087,386.22	128,390,718.72	119,483,226.72	125,333,906.39	132,049,875.74
Net Margins	934,982.00	877,553.00	726,178.00	1,146,363.00	(4,786.00)
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Principal Payments:		8,451,300.70			8,449,455.71
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LEM Settlement Note	48,108.08	48,428.80	48,751.66	49,076.67	49,403.84
PC Bonds					
LEM Advances					
Defeased Sale/Leaseback Obligations					
Total Principal Payments	<u>48,108.08</u>	<u>8,499,729.50</u>	<u>48,751.66</u>	<u>49,076.67</u>	<u>8,498,859.55</u>

Big Rivers Electric Corporation
Case No. 2009-00040
Rolling 12-Month TIER and DSCR - March 2009 thru December 2009
KIUC Q.1-3.

	Projected 2009 August	Projected 2009 September	Projected 2009 October	Projected 2009 November	Projected 2009 December
TIER (Times Interest Earned Ratio)	1.17	1.14	1.13	1.09	1.09
Calculated as follows:					
Net Margins + Interest expense on long-term debt (including interest charged to construction)	104,772,273.62	101,305,444.69	106,713,956.69	103,117,838.27	109,582,012.27
Interest expense on long-term debt (including interest charged to construction)	89,184,533.43	88,801,971.94	94,698,286.94	94,287,825.83	100,137,491.83
DSCR (Debt Service Coverage Ratio)	1.06	1.04	0.96	0.99	0.94
Calculated as follows:					
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Interest expense on long-term debt + Principal due on long-term debt (including interest charged to construction)	138,053,283.94	137,675,471.71	157,072,310.14	148,215,964.78	166,496,703.52
Net Margins	(36,306.00)	(704,830.00)	(487,803.00)	(1,083,197.00)	614,508.00
Interest Expense on Long-Term Debt	5,953,675.00	5,767,423.00	5,896,315.00	5,709,823.00	5,849,666.00
Depreciation & Amortization Transmission/A&G	486,018.00	486,102.00	489,001.00	489,135.00	490,462.00
Depreciation & Amortization Leased Assets	2,304,760.00	2,306,505.00	2,308,247.00	2,309,991.00	2,311,735.00
Principal Payments on Long-Term Debt	49,733.20	50,064.76	13,500,523.43	50,734.51	12,431,072.74
Principal Payments:					
RUS New Note			13,450,124.91		
RUS ARVP Note					
LEM Settlement Note	49,733.20	50,064.76	50,398.52	50,734.51	51,072.74
PC Bonds					
LEM Advances					
Defeased Sale/Leaseback Obligations					12,380,000.00
Total Principal Payments	49,733.20	50,064.76	13,500,523.43	50,734.51	12,431,072.74

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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-4)** Please state Big Rivers' minimum TIER and DSC under its RUS loan
2 agreements.

3
4 **Response)** There are no minimum TIER or DSC levels specified in the RUS loan
5 agreements.

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7 **Witness)** C. William Blackburn

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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

- 1 **Item 1-5)** With respect to Big Rivers' \$15 million line of credit with CFC:
2
3 a. How much of that line of credit is currently available to Big Rivers?
4
5 b. Please provide the loan agreements with CFC.
6
7 c. How much of that line of credit was available at month end for each
8 month from January 2008 to date?

- 9 **Response)** a. See attached
10 b. See attached.
11 c. See attached.

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13 **Witness)** C. William Blackburn
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Big Rivers Electric Corporation

Case No. 2009-00040

Monthly Line of Credit Available
Q.1-5 a. and c.

	01/31/08	02/29/08	03/31/08	04/30/08	05/31/08	06/30/08	07/31/08	08/31/08	09/30/08	10/31/08	11/30/08	12/31/08	01/31/09	02/28/09	03/16/09
1															
2															
3	Master Facility	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
4															
5	Letters of Credit Outstanding														
6	Fortis Energy Marketing	2,500,000													
7	Kentucky Utilities	670,000	670,000												
8	MISO	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
9	Total Letters of Credit Outstanding	4,170,000	1,670,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
10															
11	Available Line of Credit	10,830,000	13,330,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000

**FIRST AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT**

FIRST AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this "Agreement"), dated July 14, 2003 between Big Rivers Electric Corporation, (herein called the "Borrower"), an electric cooperative organized and existing under the laws of the Commonwealth of Kentucky (the "State"), and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (herein called "CFC"), a cooperative association incorporated and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower and CFC are currently parties to that certain Revolving Credit Agreement, dated as of July 15, 1998 (the "Original Agreement"); and CFC has agreed to amend, restate and supersede in its entirety the Original Agreement in accordance with the terms and conditions hereof;

WHEREAS, the Borrower's obligations under this Agreement and the Note (as defined below) are to be secured by a security interest in certain of the Borrower's properties granted to the mortgagees named in that certain Third Restated Mortgage and Security Agreement (as amended, the "Mortgage"), dated as of August 1, 2001, to be amended by the First Amendment thereto, and dated as of July 15, 2003 (the "Mortgage Amendment"), among the Borrower, CFC, the United States of America acting through the Rural Utilities Service ("RUS"), Ambac Assurance Corporation ("Ambac"), Credit Suisse First Boston acting through its New York Branch ("CSFBNYB"), U.S. Bank National Association, as Trustee (the "Series 2001A Trustee"), PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust and Ambac Credit Products, LLC (such parties collectively, the "Mortgagees"), as the same has been or may be further amended, supplemented, restated or consolidated; and

WHEREAS, the Borrower and CFC are currently parties to that certain Third Amended and Restated Subordination, Nondisturbance, Attornment and Intercreditor Agreement (as amended, the "Nondisturbance Agreement"), dated as of August 1, 2001, as amended by the First Amendment thereto dated as of August 22, 2002, and to be amended by the Second Amendment thereto and dated as of July 15, 2003 (the "Second Amendment"), by and among the Borrower, the Mortgagees, Western Kentucky Energy Corp., LG&E Energy Marketing Inc., WKE Station Two Inc., WKE Corp., PBR-1 OP Statutory Trust, PBR-2 OP Statutory Trust, PBR-3 OP Statutory Trust, FBR-1 OP Statutory Trust, and FBR-2 OP Statutory Trust, Bluegrass Leasing, Fleet Real Estate, Inc., AME Investments, LLC and CoBank, ACB (all such parties collectively, the "Lenders"), as the same has been or may be further amended, supplemented, restated or consolidated.

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

ATTACHMENT D

KIUC 1-5b
1 of 32

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Section 1.1. The Borrower represents and warrants that:

(a) Good Standing. The Borrower is a corporation duly incorporated and validly existing under the laws of the State, is duly qualified in those states in which it is required to be qualified to conduct its business and has corporate power to make and perform this Agreement, the Note (as hereinafter defined), the Nondisturbance Agreement and the Mortgage, to borrow hereunder and to give security as provided for herein and therein.

(b) Authority. The execution, delivery and performance of the Borrower of this Agreement, the Note (as hereinafter defined), the Nondisturbance Agreement and the Mortgage and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action and will not violate any provision of law or regulation or the Articles of Incorporation or By-Laws of the Borrower or result in a breach of or constitute a default under, any order, decree, agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound. This Agreement, the Note (as hereinafter defined), the Nondisturbance Agreement and the Mortgage constitute the legal, valid and binding obligations of the Borrower.

(c) Litigation. Except with respect to or in connection with litigation disclosed on Schedule 1 hereto, there are no suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or its properties which, if adversely determined, would have a material adverse effect upon the financial condition or the business of the Borrower. The Borrower is not, to its knowledge, in default with respect to any judgment, order, rule or regulation of any court, governmental agency or other instrumentality which would have a material adverse effect on the Borrower.

(d) Financial Statements. (i) The Borrower has no contingent obligation or unusual forward or long-term commitments except as specifically stated in the financial statements of the Borrower as at December 31, 2002 or otherwise disclosed on Schedule 1 hereto. (ii) There has been no material adverse change in the financial condition, operations or (other than matters generally affecting generation and transmission cooperatives) business prospects of the Borrower from that set forth in the financial statements of the Borrower as at December 31, 2002 or disclosed on Schedule 1 hereto.

(e) Location of Office. The principal place of business of the Borrower and the office where its records concerning accounts and the contract rights are kept is identified in Schedule 1 hereto.

(f) Location of Properties. All counties in which the recordation of the Mortgage in the real estate records and/or the filing of the Mortgage in the UCC records is necessary in order to perfect a security interest in all of the Mortgaged Property (as defined in the Mortgage) are identified on Schedule 1 hereto.

(g) No Other Liens. As to the property which is presently included in the description of Mortgaged Property (as the term is defined in the Mortgage and exclusive of property released from the lien thereof in accordance with the terms thereof, including any property released under the Mortgage Amendment), the Borrower has not signed any security agreement or filed or permitted to be filed any financing statement with respect thereto, other than (i) security agreements and financing statements described in and contemplated by the Mortgage, (ii) any Permitted Encumbrances (as defined in the Mortgage), and (iii) the LEM Mortgage and the LG&E Subordinated Mortgage (each as defined in the Nondisturbance Agreement).

(h) Required Approvals. No license, consent or approval of any governmental agency or authority is required to enable the Borrower to make or enter into this Agreement, the Note, the Nondisturbance Agreement or the Mortgage, or to perform any of its obligations provided for herein or therein except (i) those consents or approvals, received prior to the date hereof, from the Mortgagees, and (ii) the additional consents or approvals set forth in Schedule 1 hereto.

(i) Survival. All representations and warranties made by the Borrower herein or made in any certificate delivered pursuant hereto shall survive the making of the Advances (as hereinafter defined) and the execution and delivery to CFC of the Note.

Section 1.2. CFC represents and warrants that:

(a) Good Standing. CFC is a cooperative association incorporated and validly existing under the laws of the District of Columbia, is duly qualified in those states in which it is required to be qualified to conduct its business and has corporate power to make and perform this Agreement, the Nondisturbance Agreement and the Mortgage.

(b) Authority. The execution, delivery and performance by CFC of this Agreement, the Nondisturbance Agreement and the Mortgage, and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action and will not violate any provision of law or regulation or the Articles of Incorporation or By-Laws of CFC or result in a breach of, or constitute a default under, any order, decree, agreement, indenture or other instrument to which CFC is a party or by which it may be bound. This Agreement, the Nondisturbance Agreement and the Mortgage constitute the legal, valid and binding obligations of CFC.

ARTICLE II

LOAN

Section 2.1. Advances.

(a) CFC agrees to advance funds to the Borrower pursuant to the terms and conditions hereof (each such advance of funds is referred to herein as an "Advance"), *provided, however,* that the amount at any time outstanding under this line of credit shall not exceed the CFC Commitment (as defined in Schedule 1 hereto). The Borrower may borrow, repay and reborrow funds at any time or from time to time for a period up to one hundred twenty (120) months from the date hereof; provided, however, that CFC may, in its sole discretion, terminate this Agreement effective as of the date that is sixty (60) months after the date hereof so long as CFC shall have delivered written notice thereof to Borrower at least six (6) months prior to such date.

(b) The obligation of the Borrower to repay the Advances shall be evidenced by that certain First Amended and Restated Secured Promissory Note of the Borrower dated as of the date hereof (herein called the "Note") in the principal amount of the CFC Commitment.

(c) Any Advances outstanding under the Original Agreement as of the date hereof shall be transferred to and deemed to be Advances under this Agreement, with the obligations of the Borrower to repay such Advances evidenced by the Note.

Section 2.2. Interest Rate and Payments.

(a) The Borrower unconditionally promises and agrees to pay, as and when due, Interest on all amounts advanced hereunder from the date of each Advance and to repay all amounts advanced hereunder with interest on the date this Agreement terminates as provided herein. Interest shall be due and payable in accordance with CFC's regular quarterly billing cycles as may be in effect from time to time. CFC shall send a payment notice to the Borrower at least five (5) days prior to the due date of any interest or principal payment, including any principal payment due at maturity. 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. The interest rate on all Advances will be equal to the total rate per annum as may be fixed by CFC from time to time, which shall not exceed the Prevailing Bank Prime Rate (as defined herein), plus one percent per annum. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. The effective date of an interest rate adjustment will be determined from time to time by CFC, provided that no such adjustment may be effective on a date other than the first or sixteenth day of any month, and any such adjustment shall remain in effect until any subsequent change in the interest rate occurs.

The "Prevailing Bank Prime Rate" is that bank prime rate published in the "Money Rates" column of *The Wall Street Journal* on the publication day immediately preceding the day on which an adjustment in the interest rate hereof shall become effective. If *The Wall Street Journal* shall cease to be published, then the Prevailing Bank Prime Rate shall be determined by CFC by reference to another publication reporting bank prime rates in a similar manner.

(b) Notwithstanding anything contained in this Section 2.2 to the contrary, the entire outstanding principal amount of the Note shall mature on the date ("Maturity Date") that is one hundred twenty (120) months from the date hereof; provided, however, that CFC may, in its sole discretion, terminate this Agreement effective as of the date that is sixty (60) months after the date hereof so long as CFC shall have delivered written notice thereof to Borrower at least six (6) months prior to such date, and the Borrower shall pay the outstanding principal amount of the Note, together with interest accrued and unpaid thereon, and all other amounts due hereunder, in full, on the Maturity Date. The Borrower shall have the right, at any time and at its discretion, to repay Advances from time to time on one (1) Business Day's notice to CFC, without premium or penalty.

(c) Each payment in respect of the Note shall be applied first to fees, if any, then to interest, if any, due on the date of such payment and the balance to the reduction of principal due on such date.

(d) Borrower agrees that for each 12-month period while this Agreement is in effect, Borrower shall, for a period of at least five consecutive business days, reduce to zero all amounts outstanding hereunder. Borrower shall make the first balance reduction within 360 days of the first Advance hereunder. Each subsequent balance reduction shall be made within 360 days of the last day of such five-day period.

ARTICLE III

CONDITIONS OF LENDING

Section 3.1. Initial Advance. The obligation of CFC to make the initial Advance hereunder is subject to satisfaction of the following conditions:

(a) Documents. CFC shall have been furnished with executed copies satisfactory to CFC of this Agreement, the Note, the Mortgage, the Nondisturbance Agreement and certified copies, reasonably

satisfactory to CFC, of all such corporate documents and proceedings of the Borrower authorizing the transactions hereby and thereby contemplated as CFC or its counsel shall require including, without limitation, certified copies of the Borrower's Articles of Incorporation and By-Laws, certificates setting forth the resolutions of the Borrower's Board of Directors adopted in respect of the transactions contemplated hereby and thereby and a certificate of the Borrower in respect of each of the officers who is authorized to sign this Agreement, the Note, the Mortgage, and the Nondisturbance Agreement on its behalf. CFC shall have received an opinion of counsel for Borrower addressing such legal matters as CFC or its counsel shall reasonably require.

(b) Government Approvals. The Borrower shall have furnished to CFC originals, or true and correct copies, certified to CFC's satisfaction, of the consents referred to in Section 1.1(h) hereof necessary for the execution, delivery or performance by Borrower of this Agreement, the Note and the Mortgage.

(c) Representations and Warranties. (i) The representations and warranties contained in Section 1.1 hereof shall (except as affected by the transactions contemplated by this Agreement) be true on the date of the making of the initial Advance hereunder with the same effect as though such representations and warranties had been made on such date; (ii) no Event of Default specified in Article V hereof and no event specified in Article V hereof which, with the lapse of time or the giving of notice or both would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to the Advance on the books of the Borrower, and (iii) the Borrower shall have delivered to CFC, if requested, a certificate of its chief financial officer as to the matters referred to in clauses (i) and (ii) above.

(d) Mortgage Filing. (i) The Mortgage Amendment shall have been duly recorded as a mortgage on real property, (ii) the Second Amendment shall have been duly recorded, and (iii) appropriate UCC financing statements, shall have been duly filed, recorded or indexed to perfect a security interest in all personal property encumbered by the Mortgage wherever CFC shall have requested, all in accordance with applicable law, and the Borrower shall have caused satisfactory evidence thereof to be furnished to CFC.

(e) Requisitions. The Borrower will requisition Advances by notifying CFC in writing of the date on which CFC is to make such Advance (which, unless waived by CFC, shall be at least two (2) days after the delivery of such notice to CFC), the amount of the Advance and the date on which such Advance is proposed to be repaid to CFC (it being understood and acknowledged that such proposed date of repayment shall constitute a non-binding, good faith estimate by the Borrower, and that Borrower's obligation for repayment of Advances shall be governed by Article II, above).

(f) Special Conditions. Any special conditions set forth in Schedule 1 hereto.

Section 3.2. Subsequent Advances. CFC's obligation to make Advances to the Borrower subsequent to the initial Advance is subject to (i) fulfillment by the Borrower of all of the conditions contained in Section 3.1, (ii) the representations and warranties contained in Section 1.1 hereof shall be true on and as of the date of the making of each Advance with the same force and effect as if made on and as of such date; and (iii) no Event of Default specified in Article V hereof and no event specified in Article V hereof which, with the lapse of time or the giving of notice or both would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to such Advance on the books of the Borrower.

ARTICLE IV

AFFIRMATIVE COVENANTS

From the date hereof and until payment in full of the Note and performance of all obligations of the Borrower hereunder, the Borrower agrees that it will:

(a) Membership. Remain a member of CFC.

(b) Annual Certificate. Within 60 days after the close of each calendar year, commencing with the year following the year in which the initial Advance hereunder shall have been made, deliver to CFC a written statement signed by its President or Chief Executive Officer, stating that said person has furnished to the governing board of the Borrower a report of the activities of the Borrower, and of its performance under this Agreement, the Note and the Mortgage during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the Note and the Mortgage 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.

(c) Special Affirmative Covenants. Comply with any and all special affirmative covenants set forth in Schedule 1 hereto.

(d) Location of Office and Properties. Advise CFC promptly of any changes in the information furnished in Schedule 1 hereto pursuant to Sections 1.1 (e) and (f) hereof.

ARTICLE V

EVENTS OF DEFAULT

Each of the following shall be an Event of Default under this Agreement:

(a) Representations and Warranties. Any representation or warranty made by the Borrower in Section 1.1 hereof or in any certificate furnished to CFC hereunder shall prove to have been untrue or incorrect in any material respect at the time made or deemed made hereunder, be untrue or incorrect in any material respect and remain uncured;

(b) Payment. Default shall be made in the payment of or on account of interest on or principal of the Note when and as the same shall be due and payable, whether in connection with a prepayment, by acceleration or otherwise, and such payment default shall have continued for a period of five (5) days;

(c) Bankruptcy. A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors;

(d) Corporate Existence. The Borrower shall forfeit or otherwise be deprived of its corporate charter, franchises, permits, easements, or licenses required to carry on any material portion of its business and, to the extent that the loss or termination of such corporate charter franchises, permits, easements or licenses is involuntary, Borrower shall (i) fail to promptly contest such loss or termination and seek to reinstate such charter, franchises, permits, easements or licenses, or (ii) fail to cause such or such charter, franchises, permits, easements or licenses to be reinstated within ninety (90) days after the date of such loss or termination; or

(e) Cross Default. There shall occur an Event of Default, as such term is defined in the Mortgage, and, in the case of the Mortgage, any Mortgagee thereunder shall exercise any right or remedy available to such Mortgagee pursuant to the Mortgage; *provided* that this clause (e) of Article V shall not apply to any such Event of Default that is existing as of the date of execution of this Agreement and disclosed on Schedule I hereto.

ARTICLE VI

REMEDIES

If any of the Events of Default listed in Article V hereof shall occur after the date of this Agreement and shall not have been remedied, then CFC may cancel the CFC Commitment and decline to make any further Advances hereunder, declare the unpaid principal amount of the Advances and interest thereon and all other amounts payable hereunder or under the Note due and payable (whereupon such amounts shall immediately become due and payable) and/or pursue all rights and remedies available to CFC that are contemplated by the Mortgage in the respective manner, upon the conditions and with the effect provided in the Mortgage, including, without limitation, a suit for specific performance, injunctive relief or damages. Nothing herein shall be construed to limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default listed in clause (e) of Article V hereof. Each right, power and remedy of CFC shall be cumulative and concurrent and not exclusive of any remedies provided by law, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VII

MISCELLANEOUS

Section 7.1. 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. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given if personally delivered or upon receipt by telecopier or mail, in each case given or addressed as provided for herein. The Address for Notices of the respective parties are as follows:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: General Counsel
Fax number: (703) 709-6774

Big Rivers Electric Corporation

201 Third Street
Henderson, Kentucky 42420
Attention: President and Chief Executive Officer
Fax number. (270) 827-2558

Section 7.2. Expenses. To the extent permitted by the Mortgage, the Borrower will pay promptly upon receipt of an invoice therefor all costs and expenses of CFC, including reasonable fees of outside counsel, incurred in connection with the enforcement of this Agreement, the Note, the Mortgage, and the other instruments provided for herein or with the preparation for such enforcement if CFC has reasonable grounds to believe that such enforcement may be necessary.

Section 7.3. Late Payment Charges. If payment of any principal and/or interest due under the terms of the Note is not received by CFC within five (5) calendar days of when due, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Note and this Agreement, any late payment charge as may be fixed by CFC from time to time, which shall not exceed the average late payment charge CFC charges its other borrowers.

Section 7.4. Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and reasonable expenses of its outside counsel) in connection with the filing or recordation of all financing statements and instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation of any document or instrument in connection herewith. 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 reasonably incurred by CFC in connection with this Agreement. The provisions of this Section and of Section 7.2 shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder.

Section 7.5. Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon and after the occurrence of any Event of Default listed In Article V hereof, CFC is hereby authorized by the Borrower, at any time or from time to time, subject to the terms of the Mortgage and the Nondisturbance Agreement, to the extent applicable, without notice to the Borrower or to any other person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including but not limited to, indebtedness evidenced by commercial paper, whether matured or unmatured) and any other indebtedness at any time held or owing by CFC to or for the credit or the account of the Borrower against and on account of the obligations and liabilities of the Borrower to CFC under this Agreement and the Note, including, but not limited to, all claims of any nature or description arising out of or connected with this Agreement, regardless of whether or not CFC shall have made any demand hereunder or CFC shall have declared the principal of and interest on the Note and other amounts due hereunder to be due and payable as permitted by Article VI and although said obligations and liabilities, or any of them, shall be contingent or unmatured, and pending any such setoff or appropriation or application, to hold amounts of all deposits as collateral.

Section 7.6. No Waiver. No failure on the part of CFC to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise by CFC of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 7.7. GOVERNING LAW; 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) BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE 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. BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE BORROWER AND CFC 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 7.8. Holiday 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 immediately preceding Business Day and such reduction of time shall be included in computing any interest in respect of such payment,

Section 7.9. Modifications. No modification or waiver of any provision of this Agreement or the Note and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing. The Borrower may not assign its rights hereunder or under the Note.

Section 7.10. Merger and Integration. This Agreement, the attached exhibits and schedules, and matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

Section 7.11. Headings. The headings and subheadings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 7.12. Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

By: *[Handwritten Signature]*

Title: Pres / CEO

(SEAL)

Attest: _____

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____

Title: _____

(SEAL)

Attest: _____

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

By: _____

Title: _____

(SEAL)

Attest: _____

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: *Krishna Murthy*

Title: ASSISTANT SECRETARY TREASURER

KRISHNA S. MURTHY

(SEAL)

Attest: *Ronit Kimbrough*
RONIT KIMBROUGH

SCHEDULE 1

1. The purpose of this revolving credit facility is to finance the Borrower's short term working capital needs.
2. The litigation referred to in Section 1.1(c) is described on Exhibit A hereto.
3. The financial obligations/changes referred to in Section 1.1(d) are as follows (\$ in Thousands):

- Based upon a letter from Western Kentucky Energy Corp. (WKE), an affiliate of LG&E Energy Corp. (LEC), dated August 16, 2001, wherein WKE waived all residual value claims for certain ordinary capital expenditures (described and defined in the LEC lease documents as Non-Incremental Capital Costs) in excess of the approved annual capital budget, Big Rivers recorded \$4,232 of lease revenue and \$158 of depreciation expense in 2001. The associated balance sheet impact was to increase net utility plant \$4,353 and other deferred credits \$279. Pursuant to a Big Rivers' September 19, 2002, letter to the RUS, and the response dated November 4, 2002, it was determined that any capital asset of this nature should not be reflected on Big Rivers' financial statements. Accordingly, the accompanying financial statements as of and for the year ended December 31, 2001, have been restated to reduce previously reported lease revenue, net utility plant, depreciation expense and other deferred credits. A summary of the effects of the restatement follows:

	As Previously Reported	As Restated
December 31, 2001:		
Utility plant, net	\$ 875,990	\$ 871,637
Other deferred credits	45,415	45,136
Equities (deficit)	(324,611)	(328,685)
Year ended December 31, 2001:		
Lease revenue	\$ 57,904	53,672
Depreciation expense	27,607	27,449
Electric operating margin	80,625	76,551
Net margin	20,870	16,796

- Included with their letter to Big Rivers dated January 15, 2003, LG&E Energy Marketing invoiced Big Rivers for certain generation-based ancillary services (spinning and supplemental operating reserves) they claim WKEC provided Big Rivers in connection with Big Rivers' SEPA power purchases and other non-LEM power purchases from July 1998 through December 2002 in the amount of \$2,717. While the LG&E Transaction documents require Big Rivers to pay the invoiced amount, Big Rivers disputes this billing and will seek reimbursement of most, if not all, of such amount. As the amount for which Big Rivers is ultimately liable cannot yet be determined or reasonably estimated, the accrual has been made in the balance sheet as of December 31, 2002, but has not impacted the statement of operations for the year then ended.
4. The principal place of business of the Borrower referred to in Section 1.1(e) is 201 Third Street, Henderson Kentucky 42420.

5. The counties referred to in Section 1.1(f) are: Breckinridge, Caldwell, Crittenden, Daviess, Hancock, Henderson, Hopkins, Livingston, Meade, McCracken, Ohio, Union and Webster in the State of Kentucky.
6. The term "CFC Commitment" as used shall mean fifteen million dollars (\$15,000,000) in maximum aggregate principal amount outstanding under the loan to the Borrower at any one time under this Agreement, *provided, however* that the amount available for Advances shall be reduced by the aggregate amount of any letters of credit issued by CFC at the request of the Borrower under the terms, conditions and provisions of (i) that certain First Amended and Restated Letter of Credit Application and Agreement between the Borrower and CFC, dated as of even date herewith, as the same may be amended or restated from time to time and (ii) that certain Line of Credit Reserve Authorization, executed and delivered by the Borrower to CFC, dated as of even date herewith, as the same may be amended or restated from time to time.
7. The term "Business Day" as used herein shall mean any day that both CFC and the depository institution it utilizes for funds transfers hereunder are open for business.
8. The entities referred to in Section 1.1(h) are: (i) the Kentucky Public Service Commission and (ii) RUS, the approval of each of which has been received prior to the date hereof.
9. The special conditions referred to in Section 3.1(f) are as follows: Borrower shall have granted to CFC a lien on the Mortgaged Property (as defined in the Mortgage) that is (i) a first priority lien on a *pari passu* basis with Ambac, CSFBNYB and the Series 2001A Trustee, and (ii) prior in right to the lien of the Government and the 2000 Mortgagees (as defined in the Mortgage). Said conditions shall be deemed satisfied upon recordation of the Mortgage Amendment as provided in Section 3.1(d) hereof.
10. The Special Affirmative Covenant(s) referred to in clause (c) of Article IV are as follows: None
11. The existing Event(s) of Default (as defined in the Mortgage) referred to in clause (e) of Article V are as follows: None.

LITIGATION

1. **In Re: Big Rivers Electric Corporation**, Case No. 96-41168, United States Bankruptcy Court, Western District of Kentucky, Owensboro Division; Case No. 4:01CV-49, United States District Court, Western District of Kentucky, Owensboro Division.

On September 25, 1996, Big Rivers filed a petition under Chapter 11 of the Bankruptcy Code. Big Rivers remained in possession of its assets and continued to operate its business as a debtor in possession. On June 9, 1997, the Bankruptcy Court confirmed Big Rivers' plan of reorganization, and on June 1, 1998, the Bankruptcy Court approved modifications thereto. The plan was consummated July 17, 1998. The United States District Court for the Western District of Kentucky subsequently withdrew the reference of Big Rivers' bankruptcy case, and on November 14, 2002 the District Court entered a Final Decree closing the case.

Numerous proofs of claim were filed by creditors of Big Rivers in the bankruptcy proceeding. Except for the claims discussed below, all such claims were resolved prior to January 1, 2002:

(a) **J. Baxter Schilling Claim:** Following consummation of the modified plan of reorganization, J. Baxter Schilling, the examiner appointed in the case (the "Examiner"), filed his final fee application covering the period from October 18, 1996 through October 12, 1998 (the "Final Application"). The Final Application requested total compensation of \$4.41 million, with credit for fees previously paid to the Examiner on an hourly rate basis, plus reimbursement of out-of-pocket expenses. For services rendered from October 18, 1996 through October 12, 1998, Big Rivers paid the Examiner hourly fees of \$530,928.75. Thus, the Examiner sought a \$3,879,071.25 enhancement of the amount paid to him on an hourly basis. Big Rivers objected to the Final Application. In addition to objecting to the fee enhancement, Big Rivers objected to approval of the hourly fees and expenses charged by the Examiner for pursuing that enhancement (the "Enhancement Fees").

On March 26, 1999, the Bankruptcy Court entered an order and supporting memorandum awarding the Examiner base compensation of \$527,641 and an enhancement of \$2,110,564, for total compensation of \$2,638,205 (the "Fee Order"). The base compensation approved by the Bankruptcy Court included the Enhancement Fees to which Big Rivers had objected.

By order entered August 24, 2000, the District Court reversed the Bankruptcy Court's award of a fee enhancement to the Examiner. *Big Rivers Electric Corporation v. J. Baxter Schilling*, Case Number 4:99CV-118-M, United States District Court, Western District of Kentucky. The District Court also held that the Examiner must refund the Enhancement Fees to Big Rivers, and remanded the Examiner's Final Application to the Bankruptcy Court to determine the amount of those fees (the "Partial Disgorgement Proceeding"). The District Court also remanded the Examiner's Final Application to the Bankruptcy Court to determine whether

the Examiner should be required to refund to Big Rivers all fees previously paid to him because of certain improper fee agreements with certain creditors (the "Total Disgorgement Proceeding").

The Examiner had also appealed from the Bankruptcy Court's fee enhancement order, claiming that he was entitled to interest on the award and that he was not required to credit against the award fees which Big Rivers was required to pay him on a monthly basis for the period after October 12, 1998. The District Court ruled that, since no portion of the allowable fee remained unpaid, the Examiner was not entitled to interest on his fee award. The District Court also found that the Bankruptcy Court intended that the Examiner not be paid any additional fees for work performed after October 12, 1998. However, since it reversed the fee enhancement awarded by the Bankruptcy Court, the District Court held that the Examiner may be entitled to additional compensation for certain services performed after that date. Big Rivers has paid those fees monthly except for approximately \$5,700 which remains unpaid at this time.

The Examiner appealed the decision of the District Court to the Sixth Circuit Court of Appeals. By order entered January 12, 2001, the Court of Appeals dismissed the appeal because the District Court's order was not yet final and appealable. *Big Rivers Electric Corporation v. J. Baxter Schilling*, Case No. 00-6560, United States Court of Appeals for the Sixth Circuit.

After October 12, 1998, Big Rivers continued to pay the Examiner monthly interim compensation as required by previous orders of the Bankruptcy Court. When the Bankruptcy Court entered the Fee Order awarding the Examiner "final compensation", Big Rivers ceased making monthly payments to the Examiner. On July 15, 1999, the Bankruptcy Court entered an order requiring Big Rivers to continue paying the hourly rate fees of the Law Firm of J. Baxter Schilling (the "Examiner's Counsel") on a monthly basis for the period after October 12, 1998. Big Rivers appealed that order. The District Court affirmed the order, but held that in considering any final application for compensation, the Bankruptcy Court should disallow any fees charged by the Examiner's Counsel for pursuing or defending the Examiner's fee enhancement or for other services not beneficial to the bankruptcy estate. *Big Rivers Electric Corporation v. J. Baxter Schilling*, Case No. 4:99CV-175-M, United States District Court, Western District of Kentucky. Neither party appealed that ruling of the District Court and the ruling is now final.

After it remanded the Examiner's Final Application to the Bankruptcy Court to conduct the Partial Disgorgement Proceeding and the Total Disgorgement Proceeding, the District Court withdrew the reference of Big Rivers' entire bankruptcy case to conduct those proceedings itself. Big Rivers subsequently moved the District Court to modify the Bankruptcy Court's July 15, 1999 order to relieve Big Rivers of the obligation to pay the Examiner's Counsel on a monthly basis. By order entered April 12, 2001, that motion was granted. Except for approximately \$5,766.32 in fees for the period August 18, 2000 through November 21, 2000, Big Rivers has not paid the Examiner's Counsel's fees for the period since August 18, 2000. If the Examiner succeeds, or if the Examiner prevails in the appeals to the Sixth Circuit Court of Appeals described below, the Examiner's Counsel may seek additional fees for the period after August 18, 2000.

ExA-2

In the Total Disgorgement Proceeding and the Partial Disgorgement Proceeding, the District Court held that the Examiner must disgorge all fees paid to him. On September 6, 2002, the District Court entered a judgment granting the total disgorgement motions of the Rural Utilities Service and the U.S. Trustee and the partial disgorgement motion of Big Rivers, and denying the final fee applications the Examiner and the Examiner's Counsel. The judgment provided that Big Rivers recover from the Examiner and the Examiner's Counsel the sum of \$931,075.50, with interest thereon at the legal rate from the date of the judgment until paid. (This was the amount recoverable by Big Rivers on the total disgorgement motions of the Rural Utilities Service and the U.S. Trustee. The amount recoverable by Big Rivers on its partial disgorgement motion was subsumed within this amount.) The District Court subsequently awarded Big Rivers \$3,452.38 in costs incurred in the Partial Disgorgement Proceeding.

The Examiner and the Examiner's Counsel appealed the reversal of his fee enhancement and the disgorgement ruling. In re: Big Rivers Electric Corporation, United States Court of Appeals for the Sixth Circuit, Consolidated Case Nos. 02-6212, 02-6213, 02-6338, 02-6340, 02-6341, and 02-6344; and In re: Big Rivers Electric Corporation, United States Court of Appeals for the Sixth Circuit, Case No. 02-6347. The parties are in the process of briefing the issues on appeal, and final briefs are due April 21, 2003. The Court of Appeals' decision on the disgorgement issue may involve the exercise of the Court's discretion with respect to the scope of disgorgement. Its decision on the fee enhancement issue may turn on vigorously disputed facts. For these reasons, we are unable to evaluate the risk of an unfavorable outcome in these appeals. In the event of an unfavorable outcome, the potential loss to Big Rivers would be the \$2,110,564 enhancement, plus possible interest and additional hourly fees of the Examiner and the Examiner's Counsel.

(b) **Monte Hatfield Claim:** Mr. Hatfield pursued a claim against the disability insurance carrier (Fortis) which terminated his disability benefits. Mr. Hatfield's counsel indicated that Mr. Hatfield did not desire to pursue any action against Big Rivers until the conclusion of his action against Fortis. On February 18, 2000, a final judgment was entered in that suit (Monte C. Hatfield v. Fortis Benefits Insurance Company, Case No. 4:97-CV-17-M, U.S. District Court, Western District of Kentucky, Owensboro Division.). All of the claims of Hatfield were denied. No appeal was taken. The bankruptcy court previously entered an agreed order between Mr. Hatfield and Big Rivers allowing claim number 68 as amended by claim number 114 to the extent that a non-bankruptcy court may, in the future, determine Big Rivers to be liable on the claim. To date, no further action has been taken by Mr. Hatfield regarding the claim in any non-bankruptcy court or by bringing on for hearing his union grievance filed in 1995 that he was wrongfully terminated.

2. Green River Disposal Superfund Site.

The United States Environmental Protection Agency ("EPA") informed Big Rivers Electric Corporation by letter dated October 23, 1991, that Big Rivers has been identified as one of approximately 150 parties potentially liable for damages under federal law with respect to the Green River Disposal Superfund Site. The federal law under which EPA is proceeding is the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC §9601, et seq., as amended ("CERCLA"). As applied to the Green River Disposal Superfund Site, the basic purpose of CERCLA is to provide funding and enforcement authority for cleaning up hazardous waste sites created in the United States in the past.

Pursuant to a CERCLA §106 order issued by EPA on April 13, 1990, four companies (General Electric Corporation, W. R. Grace & Company, Athlone Industries, Inc., and Commonwealth Aluminum Company) formed the Green River Disposal Site Coordinating Committee (the "Committee"), which undertook activities at the site to mitigate immediate threats purportedly posed by the release or threatened release of hazardous substances into the environment. The Committee expended approximately \$4.65 million to stabilize the site and to develop a remedial investigation/ feasibility study at the site.

Big Rivers joined a second group of potentially responsible parties, known as the Green River Review Committee, which negotiated a settlement with the Committee regarding the extent of its participation in the site costs incurred through the remedial investigation/feasibility study. Big Rivers' share through the remedial investigation/ feasibility study stage was approximately \$16,000, and the Green River Review Committee has been dissolved.

The Environmental Protection Agency issued its Record of Decision (ROD) in this matter on December 14, 1994. The ROD prescribes the remedies which EPA has found appropriate for the site. Although there has been no significant activity in its litigation since 1997, the next step in connection with the site will likely be the issuance by EPA of orders requiring potentially responsible parties to accept responsibility for the costs of implementing the chosen remedy. Those costs are estimated in excess of \$12 million. Although EPA was put on notice of Big Rivers' bankruptcy filing, it did not file a proof of claim. Therefore, Big Rivers' liability to EPA may have been discharged.

Big Rivers is vigorously defending its position in this administrative action. The latest estimate of the volume of waste contributed to the total site waste by Big Rivers is less than one percent, making Big Rivers a de minimis PRP. However, liability under CERCLA is joint and several. Because the cost of implementing a remedy at the site and Big Rivers' ultimate share in that cost are unknown and undeterminable, we cannot evaluate the amount or range of Big Rivers' potential liability.

3. LG&E Energy Corp. Matters

a. By letter dated July 15, 1999, Western Kentucky Energy Corp., a subsidiary of LG&E Energy Corp., ("WKEC") notified Big Rivers of claims arising from the alleged breach by Big Rivers of certain representations and warranties, as set forth in the agreements among Big Rivers, WKEC, and other LG&E Energy Corp. subsidiaries or affiliates entered into in connection with the LG&E Transaction.

The letter alleges that the condition of the Wilson Station storm water runoff pond and the condition of the Reid combustion turbine generator were not as represented by Big Rivers

ExA-4

under the warranties and representations contained in the LG&E Transaction agreements. The claim of misrepresentation regarding the Reid combustion turbine generator has been waived by WKEC.

Big Rivers and WKEC exchanged correspondence and met on several occasions regarding the alleged breach of warranties and representations about the condition of the Wilson Station storm water runoff pond. WKEC estimated that its total claim would be \$1,616,222.23. If WKEC were awarded this amount after arbitration with Big Rivers under the dispute resolution procedures of the Participation Agreement, Big Rivers would also be responsible for the costs of the arbitration, including the reasonable attorney's fees of WKEC. Management has vigorously defended against this claim.

In accordance with the contractual dispute resolution process applicable to this dispute, Big River paid WKEC the portion of its claim that had been demanded, and then began proceedings to recover those amounts. A verbal settlement of this claim has been reached that fixed Big Rivers' liability at \$1.20 million, which is less than the amount already paid to WKEC. Big Rivers and WKEC are negotiating the detail of the agreement settling this matter.

b. By letter dated January 15, 2003, LG&E Energy Marketing, Inc. ("LEM") asserted that Big Rivers owed it \$2,716,560.00 for generation-based ancillary services LEM contends that it provided Big Rivers since July 1998 under the terms of its tariff and the July 15, 1998, Power Purchase Agreement between Big Rivers and LEM. Big Rivers and LEM have reached a verbal settlement of this dispute, in accordance with which Big Rivers will pay LEM \$2,223,860 for the ancillary services in dispute for the period from July 15, 1998, through May 31, 2003, and will pay monthly for such services incurred in the future. The parties are negotiating the details of the settlement agreement that will incorporate these terms.

4. **Kenneth Neal and Sandra Neal v. The Babcock & Wilcox Company, Babcock & Wilcox Construction Co. Inc., Big Rivers Electric Corporation, Western Kentucky Energy Corp., LG&E Energy Corp., and The Unknown Defendant(s), Civil Action No. 02-CI-00053, Webster Circuit Court**

This personal injury action arises out of an injury that occurred to Kenneth Neal on March 17, 2001 while he was working for an independent contractor at Big Rivers' Green Station. The action was filed on March 5, 2002. Western Kentucky Energy Corp. ("WKE") maintains general liability insurance coverage, subject to certain levels of self-insurance by WKE, on Big Rivers' generating facilities, including Green Station, under the New Participation Agreement Among Big Rivers Electric Corporation, LG&E Energy Marketing, Inc., Western Kentucky Leasing Corp., WKE Station 2, Inc., And Western Kentucky Energy Corp. Dated April 6, 1998 (the "New Participation Agreement"). The New Participation Agreement provides for Big Rivers to be an additional insured. Big Rivers has a right of contractual indemnification from WKE for claims, liabilities, damages, costs and expenses arising from WKE's operation of Big Rivers' plants, including Green Station, pursuant to Section 18.2 of the New Participation Agreement.

The case is in the discovery stage. Management intends to vigorously defend the action for as long as it remains a party. Big Rivers, WKE and LG&E previously moved for summary judgment on the ground that the plaintiffs' claims are barred by the exclusivity provisions of the Kentucky Workers' Compensation Act. The court denied these motions, but Big Rivers, WKE and LG&E intend to renew the motions after further discovery is conducted. Plaintiffs' claims are primarily based on the theory of product liability. Mr. Neal sustained serious injuries, including partial amputation of a leg, but there are significant issues regarding liability, comparative negligence and apportionment of liability among the defendants. No party has, at this time, disclosed any expert witness.

5. *James Clark and E. June Clark vs. ABB, Inc., et al.*, Cause No. 49D02-9601-MI-0001-798, Marion, Indiana Superior Court.

On or about February 4, 2003, Big Rivers was joined as a defendant with numerous other entities in this suit for damages sustained as a result of allegations that James Clark, age 82, was diagnosed with terminal malignant pleural mesothelioma in November 2002. The plaintiffs claim this medical condition to be due to exposure to asbestos products primarily while James was employed as a field service engineer for Westinghouse Electric Corporation from 1946 to 1986 when he retired. Mr. Clark claims exposure to asbestos at Big Rivers' plants in Hawesville from 1970-1972; Henderson from 1973-1974; and Livermore from 1982-1983. On February 4, 2002, the Clarks filed their complaint, which is now a claim within a Master Complaint as numbered above. Big Rivers' insurance carrier has assumed defense of this matter under a reservation of rights.

6. *Industrial Contractors, Inc v. FLS miljo, Inc., Western Kentucky Energy Corp., Big Rivers Electric Corporation, United States of America, acting through the Administrator of the Rural Utilities Services, as successor to the Administrator of the Rural Electrification Administration, Ambac Assurance Corporation, National Rural Utilities Cooperative Finance Corporation, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust, Ambac Credit Products, LLC, Credit Suisse First Boston, LG&E Energy Marketing, Inc., WKE Station Two, Inc. and WKE Corporation*, Hancock Circuit Court, Civil Action No. 03-CI-31.

In late January and early February of 2003, Industrial Contractors, Inc. and PSP Industries asserted mechanic's and materialman's liens in the amounts of \$2,808,596.97 and \$534,671.90, respectively, against property owned by Big Rivers in Hancock County, Kentucky, on which Big Rivers' Coleman generating station is located. Industrial Contractors, Inc. subsequently filed the above-captioned action to enforce the mechanics' lien, and joined in the action Big Rivers and all of Big Rivers' creditors. The principal parties to this action have entered into a settlement agreement, and counsel for Big Rivers has been advised by counsel for Industrial Contractors, Inc. that the mechanics' liens will be released, and this action will be dismissed within a matter of days.

FIRST AMENDED AND RESTATED
SECURED PROMISSORY NOTE

\$15,000,000.00

July 14, 2003

FOR VALUE RECEIVED, Big Rivers Electric Corporation, a Kentucky rural electric cooperative (the "Borrower"), hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION (the "Payee"), at the Payee's main office, or such other place as may be designated by Payee, in lawful money of the United States and in immediately available funds, the principal sum of FIFTEEN MILLION DOLLARS (\$15,000,000), or such lesser amount as shall equal the sum of the aggregate unpaid principal amount of all Advances made by the Payee pursuant to the Credit Agreement (as defined below) on the dates provided therein (except that if not sooner paid, any balance shall be due and payable on the Maturity Date, as defined below) with interest thereon in like money from the respective dates of each Advance (as defined in the Credit Agreement), at the interest rate and dates provided for in said Credit Agreement, together with any other amount payable under the Credit Agreement. The Maturity Date hereof shall be the earlier of the date that is (a) one hundred twenty (120) months after the date hereof, and (b) sixty (60) months after the date hereof, but only if Payee shall have terminated the Credit Agreement effective as of such date in accordance with Section 2.1(a) of the Credit Agreement.

This Note is secured under that certain Third Restated Mortgage and Security Agreement dated as of August 1, 2001, to be amended by the First Amendment thereto, dated as of July 15, 2003, among the Borrower, the Payee, the United States of America acting through the Rural Utilities Service, Ambac Assurance Corporation, Credit Suisse First Boston acting through its New York Branch, U.S. Bank National Association, as Trustee, PBR-1 Statutory Trust, PBR-2 Statutory Trust, PBR-3 Statutory Trust, FBR-1 Statutory Trust, FBR-2 Statutory Trust and Ambac Credit Products, LLC, as the same has been or may be further amended, supplemented, restated or consolidated (the "Mortgage"). This Note is the Note referred to in the First Amended and Restated Revolving Credit Agreement dated as of the date hereof, between the Payee and the Borrower, as amended from time to time (the "Credit Agreement"), and evidences Advances thereunder. Capitalized terms used in this Note have the respective meanings assigned to them in the Credit Agreement.

Upon the occurrence of an Event of Default, the principal hereof and accrued interest hereon may be declared to be forthwith due and payable in the respective manner, upon the conditions and with the effect provided for in the Credit Agreement and the Mortgage.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note, and all other notices which under applicable law the Borrower may waive, except as otherwise expressly provided in the Credit Agreement.

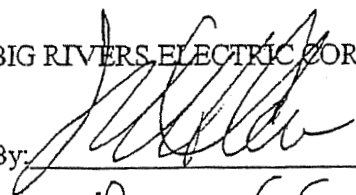
This First Amended and Restated Secured Promissory Note is intended to amend, restate and supersede in its entirety that certain Secured Promissory Note dated as of July 15, 1998, executed by Borrower in favor of Payee.

ATTACHMENT E

KIUC 1-5B
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IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

By: 

Title: President / CEO

(SEAL)

Attest: _____

(Secretary)

Date: July 14, 2003

**LETTER OF CREDIT APPLICATION AND AGREEMENT
(Master Facility)**

Name and Address of Applicant:

BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attn: President and Chief Executive Officer

Fax Number: 270-827-2558

Name and Address of Beneficiary:

To be determined as requested by Applicant from time to time as provided hereunder.

Date of this Application and Agreement: January 30, 2009

A. Applicant hereby requests National Rural Utilities Cooperative Finance Corporation ("CFC") to issue one or more irrevocable letters of credit for its own account in favor of the beneficiary or beneficiaries requested by Applicant from time to time as provided hereunder under the terms and conditions stated herein.

B. In consideration of the issuance by CFC of a Letter of Credit (as hereinafter defined), Applicant hereby agrees with CFC to the following terms and conditions which constitute a valid and binding agreement between Applicant and CFC.

Definitions: 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). All terms not otherwise defined herein shall have the meaning ascribed to them in the First Amended and Restated Revolving Credit Agreement, dated July 14, 2003, by and between Applicant and CFC bearing CFC loan designation KY062-R-5101 (as amended, the "Line of Credit Agreement").

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP

consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

1. Letter of Credit Facility: The maximum aggregate amount of letters of credit which may be issued hereunder is Fifteen Million Dollars (\$15,000,000.00) ("Letter of Credit Facility"). Within this amount and subject to the limitation set forth in Section 3, Applicant may request, and National Rural Utilities Cooperative Finance Corporation ("CFC") shall issue, letters of credit to such beneficiary or beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Letter of Credit Application and Agreement (the "Agreement").

Each such request shall be in writing and substantially in the form of Exhibit A hereto. Each such letter is referred to herein as a "Letter of Credit". Each Letter of Credit shall be substantially in the form of Exhibit B hereto and shall reflect the amount available for draw thereunder (the "Letter of Credit Amount").

The Letter of Credit Amount reflected on any expired Letter of Credit shall be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement. The amount of any Draw that has been repaid shall also be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement.

2. Amendment to Existing Letter of Credit Facility. On and after the Effective Date no additional letters of credit shall be issued under the terms of that certain First Amended and Restated Letter of Credit Application and Agreement (Master Facility) bearing CFC loan designation, KY062-L-9001, dated July 14, 2003 with an effective date of July 15, 2003, as amended (the "Prior Facility"). Letters of credit issued under the Prior Facility shall remain outstanding and subject to the terms, conditions and provisions of the Prior Facility until their expiration or until they are otherwise terminated, at which time the Prior Facility shall be deemed canceled, with no further action required of either CFC or Borrower to effect such termination.

For purposes of the Prior Facility, the execution of this Agreement shall be deemed a writing executed by the parties hereto that is required to amend the Prior Facility.

3. Limitation on Letter of Credit Issuances.

The amount at any time available for Borrower to Advance under the Line of Credit Agreement or the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement), shall be referred to herein as the "Available Amount".

Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested, *provided, however*, that so long the Prior Facility has not been cancelled pursuant to Section 2 hereof, Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the aggregate amount of letters of credit issued and then

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outstanding under the Prior Facility, plus (iii) the aggregate amount of unpaid Draws (as defined in the Prior Facility) under any letter of credit issued under the Prior Facility and plus (iv) the Letter of Credit Amount requested

Applicant hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit plus the sum of the letter of credit amounts reflected in all issued and outstanding letters of credit issued under the Prior Facility.

4. Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than February 28, 2010. Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the date that is February 27, 2010.

5. Effective Date: The Effective Date of this Agreement is set forth on the signature page hereof.

6. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation KY062-L-9002-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

7. Draws. On any day that CFC is open for business, CFC hereby agrees to advance funds under a Letter of Credit to the Beneficiary in such amounts as the Beneficiary may from time to time request (each such advance is referred to herein as a "Draw"), provided that: (a) on the date of each such request, the outstanding unpaid balance of all Draws shall not exceed the amount of the Letter of Credit Facility stated above; (b) 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 (c) 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.

8. Documents. CFC's obligation to issue a Letter of Credit is conditioned upon CFC's receipt of the following documents, in form and substance satisfactory to CFC: (a) an executed copy of this Agreement and any collateral security documents required herein; (b) certified copies of all such corporate documents and proceedings of the Applicant as CFC may require authorizing the transactions hereby contemplated; (c) true and correct copies of all certificates, authorizations and consents of any regulatory authority necessary for the execution, delivery or performance by the Applicant of this Agreement; (d) an executed line of credit reservation authorization executed in favor of CFC; and (e) an opinion of counsel for the Applicant addressing such legal matters as CFC shall reasonably require.

9. Irrevocable Instruction. Applicant hereby irrevocably instructs CFC to honor drafts presented in accordance with the terms hereof and contained in a Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

10. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant 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.

11. No Liability. CFC shall have no liability for, and the Applicant's repayment and other obligations hereunder shall not be affected by (a) 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, (b) 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, (c) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (d) any consequences arising from causes beyond CFC's control.

12. Fees.

A. 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"). Applicant shall pay the Facility Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The initial Facility Fee shall be expressed in a number of basis points (hundredths of a percentage point) of the aggregate amount of the Letter of Credit Facility. The amount of the Facility Fee shall be determined as of the Effective Date set forth below in accordance with CFC's credit policies and practices as of said date. Subsequent Facility Fees shall be expressed in the same manner, in amounts determined in accordance with CFC's credit policies and practices in effect as of each applicable Anniversary Date. 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. It is a precondition to the issuance of any Letter of Credit that Applicant is current in its payment of the Facility Fee.

B. Issuance Fee. For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee ("Issuance Fee"). 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 the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year.

In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that 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.

13. Repayment.

A. CFC shall notify Applicant promptly of each (i) Draw request that it receives under a Letter of Credit, (ii) Draw that is made, and (iii) each Advance under the Line of Credit Agreement or Replacement Credit Agreement that is made to pay a Draw referred to in clause C of this Paragraph 13.

B. Upon receipt of notice by Applicant from CFC that a Draw has been made, Applicant shall pay, in lawful money of the United States, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, at its office in Herndon, Virginia or such other offices as CFC may designate, the principal sum of the aggregate unpaid principal amount of such Draw (the "Draw Amount"), and interest as hereinafter provided on all amounts remaining unpaid hereunder from the date of such Draw in like money at said office (the "Interest Amount"). The Interest Amount shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to Applicant at least five days prior to the due date of such Interest Amount.

C. If, prior to the close of business on the day that any Draw has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant. If such day is not a day that both CFC and the depository institution CFC uses for funds transfers are open for business, then the Advance shall be made on the next day that both CFC and the depository institution CFC uses for funds transfers are open for business.

D. In the event that for any reason, a Draw is not repaid with the proceeds of an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) as described herein, Applicant shall pay such Draw and the Interest Amount no later than one year from the date of such Draw.

14. Interest. The interest rate on all Draws will be equal to the total rate per annum as published by CFC as its line of credit rate and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Draw is outstanding. 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.

15. Prepayment. Applicant may, at any time, make prepayments of the principal amount of any Draw, together with any interest accrued thereon.

16. Default; Remedies. Applicant shall be in default if (i) it fails to pay any Draw Amount or Interest Amount, or fails to pay any other sum due hereunder, in full, when due, (ii) it fails to comply with clause C of this Paragraph 13 or if it fails to comply with Paragraphs 19 and 20 of this Agreement. Upon default, Applicant agrees that (a) CFC's obligation to issue Letters of Credit hereunder shall terminate without liability to CFC, (b) all amounts outstanding under this Agreement shall become immediately due and payable in full with accrued interest, (c) CFC may 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, 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; and (d) CFC may, in addition thereto, exercise any other remedies available to it under applicable law. Applicant hereby expressly waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment, and all other notices that m

17. Required Notices. Applicant agrees that, so long as any amount due is outstanding under this Agreement, Applicant shall promptly notify CFC (a) of any delinquency or default on any of its debt, including but not limited to money borrowed, debt evidenced by securities issued, or any indebtedness directly or indirectly guaranteed by Applicant, or (b) if there is a material adverse change in Applicant's financial condition. Applicant further agrees that if CFC shall determine, in its sole and absolute discretion, that such delinquency or default, or such inaccurate financial information materially increases CFC's risk of repayment hereunder, CFC may exercise all remedies available to it under applicable law, including but not limited to acceleration of all amounts due hereunder.

18. Right of Setoff. If Applicant fails to pay any amount hereunder when due, then CFC is hereby authorized at any time and from time to time, without prior notice to the Applicant, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Applicant or for the credit or account of the Applicant against any and all of the obligations of the Applicant hereunder. CFC agrees to notify the Applicant promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. 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. Applicant waives all rights of setoff, deduction, recoupment or counterclaim.

19. Financial Ratios; Design of Rates. The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of note less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.

20. Financial Information. Applicant will cause to be prepared and furnished to CFC a full and complete report of its financial condition and operations as of the end of the Applicant's fiscal year in form and substance satisfactory to CFC, audited 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. Such report shall be furnished within 120 days of the end of such fiscal year. Applicant also agrees that, so long as any amount due to CFC is outstanding under this Agreement, Applicant shall deliver to CFC a copy of Applicant's monthly and quarterly financial statements, and a copy of Applicant's annual audit report. Monthly statements shall be furnished within thirty (30) days after the end of the month and quarterly statements shall be furnished within thirty (30) days after the end of the quarter. The foregoing requirements shall survive the making of Draws hereunder and the expiration of a Letter of Credit until all sums due under this Agreement have been paid in full.

21. Late Fee; Collection Costs. If payment of any principal and/or interest due under the terms of this Agreement is not received at CFC's offices in Herndon, Virginia, or such other place as

CFC may designate, within 5 business days after the due date thereof, Applicant will pay to CFC, in addition to all other amounts due under the terms of this Agreement, a late payment charge as may then be in effect pursuant to CFC's policies of general application. Applicant further agrees to pay the costs of collection, including reasonable attorneys' fees, of any amount due under this Agreement.

22. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

APPLICANT HEREBY SUBMITS TO THE NONEXCLUSIVE 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. APPLICANT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF THE APPLICANT AND CFC 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.

23. 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 Applicant at the address and telecopy number stated above, and to CFC at:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Fax: (703) 709-6776

Either party may designate another address by notice as provided herein. All communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein.

17. Miscellaneous. No modification or waiver of any provision of this Agreement, and no consent to any departure by Applicant therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent. This Agreement and any schedules or exhibits together contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby. If any term, provision or condition of this Agreement 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 shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. T. Bailey

Title: President and CEO

Attest: Will C. Burt
~~Secretary~~
Chair of the Board

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: Nazir Rostom
Assistant Secretary-Treasurer

Attest: Ann Shankroff
Assistant Secretary-Treasurer
ANN SHANKROFF

Effective Date (to be filled in by CFC): 2-27-09

EXHIBIT A
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")
Master Letter of Credit Facility No. KY062-L-9002

BIG RIVERS ELECTRIC CORPRORATION hereby requests CFC to issue a letter of credit under the above-referenced master facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

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 CORPRORATION

By: _____

Name: _____

Title: _____

Date: _____

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EXHIBIT B
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

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

To the above-named Beneficiary:

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

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

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

CFC LTRAPP
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129546-1

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

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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

- 1 **Item 1-6)** With respect to Big Rivers \$2.5 million unsecured line of credit with CFC:
2 a. How much of that line of credit is currently available to Big Rivers.
3
4 b. Please provide the loan agreements with CFC.

5
6 **Response)** a. Big Rivers has not yet drawn on the \$2.5 million line of credit with
7 CFC. However, Big Rivers' ice storm damages are estimated at \$2.4 million and this
8 unsecured line of credit will be drawn down for that purpose. This line of credit was part
9 of emergency line of credit arrangements offered by CFC to cooperatives affected by the
10 catastrophic ice storm and can only be used for that purpose. Further, this line of credit
11 requires that all Federal Emergency Management Agency funds received in connection
12 with that damage be applied to payoff any amounts drawn.

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14 b. See attached.

15 **Witness)** C. William Blackburn
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REVOLVING LINE OF CREDIT AGREEMENT

REVOLVING LINE OF CREDIT AGREEMENT (this "Agreement"), dated as of February 20, 2009, 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).

"Advance" shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Business Day" shall mean 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 the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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

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

"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.

"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.

"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.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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 bylaws 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. 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, if adversely determined, either individually or collectively, would 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 or herein. There has been no material adverse change in the financial condition or operations of the Borrower 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.

ARTICLE III

CREDIT TERMS

Section 3.01 Advances. CFC agrees to advance funds to the Borrower pursuant to the terms and conditions hereof, provided, however, that the principal amount at any time outstanding under this Agreement shall not exceed the CFC Commitment. The Borrower may borrow, repay and reborrow funds at any time or from time up to, but not including, the Maturity Date, at which

time all principal amounts outstanding, and accrued, but unpaid interest thereon, shall be due and payable in full.

Section 3.02 Payment and Interest Rate. The Line of Credit shall be payable and bear interest as follows:

A. Interest Rate and Payment. The Borrower unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced hereunder from the date of each Advance and to repay all amounts advanced hereunder with interest on the Maturity Date, if not sooner paid. Interest shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to the Borrower at least five days prior to the due date of any interest payment, provided, however, that CFC's failure to send a payment notice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein. 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. The interest rate on all Advances will be equal to the CFC Line of Credit Rate as published by CFC and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. 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.

B. Application of Payments. Each payment shall be applied to the Obligations, 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 and the balance to principal.

Section 3.03 RESERVED.

Section 3.04 Limitation on Advances. While an Advance is outstanding, CFC reserves the right to limit further Advances if the sum of (a) all Advances outstanding, (b) the amount of any further Advance requested, and (c) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment. CFC may in its sole discretion decline to make any Advance during any period when the Borrower is in default hereunder.

Section 3.05 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, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, 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, and upon prepayment thereof, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding the foregoing, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05 if, after giving effect to such change, 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 3.06 RESERVED.

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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.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make any Advance hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

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. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Requisitions. Borrower will requisition each Advance by submitting its requisition to CFC in form and substance satisfactory to CFC no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced.

CFC may require the Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

F. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

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. Special Covenants. The Borrower will comply with any special covenants identified in Schedule 1 hereto.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

C. Other Covenants.

(i) No Grace Period. Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, or 5.01.G, of this Agreement.

(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 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 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. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower or any subsidiary.

K. 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 \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. 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.

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;
- (b) 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;
- (c) 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;
- (d) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance, injunctive relief or damages;
- (e) Pursue any other rights and remedies available to CFC at law or in equity.

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 then prevailing CFC Line of Credit Rate plus two hundred basis points.

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 the Advances hereunder 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 it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

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

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: Mark A. Bailey
Title: President & CEO

Attest: Lee Bearden
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: Nazir Rostom
Assistant Secretary-Treasurer

Attest: Daniel Lyzinski
Assistant Secretary-Treasurer

DANIEL LYZINSKI

Effective Date: February 25, 2009 (to be filled in by CFC)

Loan Number: KY062-R-5103

SCHEDULE 1

1. The purpose of this Line of Credit is to finance storm emergency repairs and expenses related to Borrower's electric utility operations.
2. The aggregate CFC Commitment shall mean \$2,500,000.00.
3. Maturity Date shall mean the date twenty four (24) months from the Effective Date.
4. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2007. During 2008, primarily as a result of Big Rivers execution a buyout of its leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash equivalents balance decreased from \$148.9 million to \$35.6 million.
5. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission.
6. The special conditions referred to in Section 4.01.F. are as follows: None
7. The special covenants referred to in Section 5.01.I. are as follows:
 - (a) The Borrower shall apply the proceeds of all financing from the Federal Emergency Management Agency, or from any other funding source designated for reimbursement of emergency or hardship expenditures related to emergency repairs of its electric utility operations (the "Emergency Financing") to repay Advances with interest as provided for herein; and
 - (b) The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of not less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.
8. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419, Attention: President/CEO, Fax: 270-827-2558.

11

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-7)** With respect to the \$3 million of additional unsecured financing from
2 CFC:

- 3 a. How much of that financing is currently available to Big Rivers?
4
5 b. Please provide the loan agreements with CFC.

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7 **Response)** a. There is no "\$3 million of additional unsecured financing from
8 CFC." During the course of the discussions with CFC regarding the availability of an
9 emergency unsecured line of credit through CFC to assist with the expenses of the
10 catastrophic ice storm experienced in western Kentucky in late January and early
11 February of 2009, before Big Rivers quantified its line of credit requirements, it was
12 informed that CFC would be unwilling to lend Big Rivers more than \$3 million
13 unsecured. The amount eventually requested by Big Rivers and agreed to by CFC for the
14 emergency unsecured line of credit was \$2.5 million.

- 15 b. See Response to KIUC 1-6.

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17 **Witness)** C. William Blacakburn
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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-8)** Please provide all documents, memos, presentations or e-mails provided to
2 or received from CFC over the last twelve months.

3
4 **Response)** The attached documents represent all documents, memos, presentations or
5 e-mails provided to or received from CFC over the last twelve months related to the \$2.5
6 million CFC line of credit, the \$15 million CFC line of credit, or the \$3 million CFC
7 borrowing option. Big Rivers has made a good faith investigation to identify and
8 produce all information that is responsive to this data request. If Big Rivers subsequently
9 discovers additional information responsive to this data request that has not been
10 produced with this response, this response will be supplemented to provide that
11 information.

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13 **Witness)** C. William Blackburn
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From: Mark Hite
Sent: Thursday, February 26, 2009 5:35 PM
To: 'Nazir Rostom'
Subject: RE: Big Rivers

Thanks again. You're a dandy.

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 26, 2009 3:54 PM
To: Mark Hite
Subject: Re: Big Rivers

We got it.

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 02/26/2009 01:52 PM CST
To: Nazir Rostom
Subject: RE: Big Rivers

Please do me a great favor... as soon as CFC executes the new \$15 million letter of credit facility, please shoot me an email. That way, we can immediately commence issuing letters of credit thereunder. I understand a couple of counterparties are nagging us. Thanks!

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 26, 2009 8:19 AM
To: Mark Hite
Subject: Re: Big Rivers

Thanks Mark for the update. We are glad to hear that PSC's approval is not needed for the letter of credit renewal. As for the unwind, we will hang tight and wait for the order.

We look forward to receiving your fed-ex.

Have a good day.

Best,

Nazir

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 02/25/2009 05:04 PM CST
To: Nazir Rostom
Subject: Big Rivers

I have good news and bad news. First the good news. This afternoon the PSC confirmed the 1-year CFC \$15 million letter of credit facility was exempt from needing their approval. So, I'm sending the document set via Fed Ex to you this evening. Look forward to receipt of executed document set. The bad news is that we now hear the PSC will likely not be issuing the Order on the Unwind for between 7 to 21 days.

Talk to you soon. Have a wonderful evening with your wife, your 3 year old, and the one in the oven.

Mark

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

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Mark Hite

From: Mark Hite
Sent: Friday, February 20, 2009 3:35 PM
To: 'Nazir Rostom'
Subject: Big Rivers

Regarding the \$2.5 million ELOC, other than the CFC Line of Credit Rate on any Advances, are there any other fees? Don't see anything in the document, but wanted to confirm. Thanks!

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

Mark Hite

From: Mark Hite
Sent: Thursday, February 12, 2009 11:08 AM
To: 'Nazir Rostom'
Subject: RE: KY062-R-5103 documents

To address my concern, may I suggest adding the following sentence to Schedule 1:

During 2008, primarily as a result of Big Rivers execution a buyout of its leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash equivalents balance decreased from \$148.9 million to \$35.6 million.

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Mark Hite
Sent: Thursday, February 12, 2009 10:11 AM
To: 'Nazir Rostom'
Subject: RE: KY062-R-5103 documents

Having just hung up from speaking with you, please allow me to follow-up. My comments were due to 2.01 G. Financial Statements indicating there has been no significant change to that balance sheet other than that disclosed to CFC in writing. So, am wondering about the 2008 leveraged lease buyout. If you're saying CFC is aware of the buyout and the impact it had, then shouldn't Schedule 1 say so?

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 12, 2009 9:49 AM
To: Mark Hite
Cc: Krishna Murthy; Philomena Donaldson; Thomas Hall
Subject: RE: KY062-R-5103 documents

Thanks Mark for the compliment.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054

(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Mark Hite
<Mark.Hite@bigrivers.com>

02/12/2009 10:35
AM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

Krishna Murthy
<Krishna.Murthy@nrucfc.coop>,
Thomas Hall
<Thomas.Hall@nrucfc.coop>,
Philomena Donaldson
<Philomena.Donaldson@nrucfc.coop>

RE: KY062-R-5103 documents

To

cc

Subject

Your assistance and turn-around on this ELOC request has been awesome. Big Rivers sincerely appreciates CFC's business partnership. Will be in touch. Thanks so much!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 12, 2009 8:51 AM
To: Mark Hite
Cc: Krishna Murthy; Thomas Hall; Philomena Donaldson
Subject: Fw: KY062-R-5103 documents

Mark,

Attached below are the loan agreement and board resolution. Please follow the instruction below to send us the executed documents. Should you have any question, please do not hesitate to contact me.

Best,

Nazir

Nazir Rostom
VP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171

(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

----- Forwarded by Nazir Rostom/CFC on 02/12/2009 09:47 AM -----

James
Jablonski/CFC

02/11/2009 04:31
PM

Nazir Rostom/CFC@CFC

Krishna Murthy/CFC@CFC, Philomena
Donaldson/CFC@CFC

To

cc

Subject

KY062-R-5103 documents

We are pleased to inform you that National Rural Utilities Cooperative Finance Corporation (CFC) has approved a new credit facility for your company. The CFC documents for the facility are enclosed for execution.

As a condition of CFC's credit commitment, all of the attached documents must be executed by your cooperative and received by CFC within 90 days of the date of this correspondence. CFC's credit commitment is dependent upon the execution of the CFC documents by your cooperative and their receipt and acceptance by CFC. CFC will notify you after its receipt of the documents regarding the status of this facility.

Please note that the attached documents have been transmitted only to your cooperative. If you would like us to send a copy to your attorney or if you have any other questions, please contact me or the legal department contact listed in the enclosed instructions.

Please review the enclosed instructions for information on the number of copies of each document to be printed, executed and returned to CFC.

Any changes made to the documents to be executed by your Cooperative (i.e., the Loan Agreement, Note, Security Agreement, etc.) without the prior written consent of CFC shall invalidate all documents.

We at CFC appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Please mail your executed documents to: Legal Administrative Assistant
NRUCFC
2201 Cooperative Way
Herndon, Virginia 20171

(See attached file: KY062-R-5103 LOCAGMT.pdf) (See attached file:
KY062-R-5103 INCUMB.pdf)

(See attached file: instructions.DOC) (See attached file:
opinion.DOC)

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Mark Hite

From: Mark Hite
Sent: Wednesday, February 11, 2009 9:25 AM
To: 'Nazir Rostom'
Cc: 'Jim Miller'
Subject: FW: Term of the loan

Nazir, Jim Miller informs me that [REDACTED]. Jim, please confirm. Thanks!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Wednesday, February 11, 2009 9:24 AM
To: Mark Hite
Subject: Term of the loan

Mark,

was talking to James Jablonski. He told me that we have to do the term less than 2 years (say 1 year and 11 months), otherwise you will need to get regulatory approval. Please let me know your thoughts. We are going to credit committee today at 1 pm.

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

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From: Mark Hite
Sent: Tuesday, February 10, 2009 2:05 PM
To: 'Nazir Rostom'
Cc: 'Thomas Hall'
Subject: Big Rivers Electric Corporation - CFC \$2.5 million unsecured ELOC request

The requested Unwind Financial Model (most recent one filed in connection with the Unwind case before the KPSC) has been emailed to you. The preliminary 2008 RUS Form 12 was just faxed to you. And, the request on Big Rivers letterhead was faxed to you moments ago, with the original to follow via U.S. mail. Should you require anything further, please let me know. Thank you!

Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

File: CFC

February 25, 2009

John Jay List, Esq.
National Rural Utilities Cooperative Finance Corporation
Woodland Park
2201 Cooperative Way
Herndon, Virginia 20171-3025

Dear Mr. List:

In accordance with Article IV (b) of the first Amended and Restated Revolving Credit Agreement (this "Agreement"), I hereby certify that the board of directors of Big Rivers Electric Corporation ("Big Rivers") has been apprised of the activities of Big Rivers, and of its performance under this Agreement, the First Amended and Restated Secured Promissory Note (the "Note") and the First Amendment to the Third Restated Mortgage and Security Agreement (the "Mortgage") during 2008, and that to the best of my knowledge Big Rivers has fulfilled all of its obligations under this Agreement, the Note and the Mortgage throughout such year.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION

Mark A. Bailey

Mark A. Bailey
President and CEO

cc: Mr. C. William Blackburn
Mr. Mark A. Hite
Ms. Donna Windhaus



**National Rural Utilities
Cooperative Finance Corporation**

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

A Touchstone Energy® Cooperative

File

February 24, 2009

Copy: Ralph A.
Travis S.
max
2-25-09

C1 ~~Mr. Bailey~~
D ~~Spain~~
B ~~Blackman~~
J. Miller

Mr. Mark A. Hite
General Manager
Big Rivers Electric Corporation
P. O. Box 24
Henderson, KY 42419-0024
Re: Line of Credit: KY062-R-5103

Dear Mr. Hite:

Your cooperative has executed and returned all required CFC documents and supporting papers in connection with the Line of Credit designated above. These documents have been reviewed and found legally acceptable and satisfactory to CFC and thus constitute a binding agreement between CFC and your cooperative.

Enclosed, for your records, is a copy of the fully executed Line of Credit Agreement. Line of Credit funds may now be requisitioned in accordance with the terms of the Line of Credit Agreement.

We at CFC appreciate the opportunity to serve your system and look forward to our continued business relationship.

Sincerely,

Nazir Rostom
Associate Vice President

Enclosure

REVOLVING LINE OF CREDIT AGREEMENT

REVOLVING LINE OF CREDIT AGREEMENT (this "Agreement"), dated as of February 20, 2009, 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).

"Advance" shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Business Day" shall mean 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 the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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

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

"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.

"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.

"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.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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 bylaws 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

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property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

F. Litigation. 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, if adversely determined, either individually or collectively, would 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 or herein. There has been no material adverse change in the financial condition or operations of the Borrower 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.

ARTICLE III

CREDIT TERMS

Section 3.01 Advances. CFC agrees to advance funds to the Borrower pursuant to the terms and conditions hereof, provided, however, that the principal amount at any time outstanding under this Agreement shall not exceed the CFC Commitment. The Borrower may borrow, repay and reborrow funds at any time or from time up to, but not including, the Maturity Date, at which

time all principal amounts outstanding, and accrued, but unpaid interest thereon, shall be due and payable in full.

Section 3.02 Payment and Interest Rate. The Line of Credit shall be payable and bear interest as follows:

A. Interest Rate and Payment. The Borrower unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced hereunder from the date of each Advance and to repay all amounts advanced hereunder with interest on the Maturity Date, if not sooner paid. Interest shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to the Borrower at least five days prior to the due date of any interest payment, provided, however, that CFC's failure to send a payment notice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein. 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. The interest rate on all Advances will be equal to the CFC Line of Credit Rate as published by CFC and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. 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.

B. Application of Payments. Each payment shall be applied to the Obligations, 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 and the balance to principal.

Section 3.03 RESERVED.

Section 3.04 Limitation on Advances. While an Advance is outstanding, CFC reserves the right to limit further Advances if the sum of (a) all Advances outstanding, (b) the amount of any further Advance requested, and (c) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment. CFC may in its sole discretion decline to make any Advance during any period when the Borrower is in default hereunder.

Section 3.05 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, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, 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, and upon prepayment thereof, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding the foregoing, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05 if, after giving effect to such change, 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 3.06 RESERVED.

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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.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make any Advance hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

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. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Requisitions. Borrower will requisition each Advance by submitting its requisition to CFC in form and substance satisfactory to CFC no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced.

CFC may require the Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

F. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

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. **Special Covenants.** The Borrower will comply with any special covenants identified in Schedule 1 hereto.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

C. **Other Covenants.**

(i) **No Grace Period.** Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, or 5.01.G, of this Agreement.

(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 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 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. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower or any subsidiary.

K. 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 \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. 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.

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;
- (b) 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;
- (c) 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;
- (d) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance, injunctive relief or damages;
- (e) Pursue any other rights and remedies available to CFC at law or in equity.

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

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(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 then prevailing CFC Line of Credit Rate plus two hundred basis points.

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

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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 the Advances hereunder 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 it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

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

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: Mark A. Bailey
Title: President + CEO

Attest: Lee Bearden
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: Nazir Rostom
Assistant Secretary-Treasurer

Attest: Daniel Lyzinski
Assistant Secretary-Treasurer

DANIEL LYZINSKI

Effective Date: February 25, 2009 (to be filled in by CFC)

Loan Number: KY062-R-5103

SCHEDULE 1

1. The purpose of this Line of Credit is to finance storm emergency repairs and expenses related to Borrower's electric utility operations.
2. The aggregate CFC Commitment shall mean \$2,500,000.00.
3. Maturity Date shall mean the date twenty four (24) months from the Effective Date.
4. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2007. During 2008, primarily as a result of Big Rivers execution a buyout of its leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash equivalents balance decreased from \$148.9 million to \$35.6 million.
5. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission.
6. The special conditions referred to in Section 4.01.F. are as follows: None
7. The special covenants referred to in Section 5.01.I. are as follows:
 - (a) The Borrower shall apply the proceeds of all financing from the Federal Emergency Management Agency, or from any other funding source designated for reimbursement of emergency or hardship expenditures related to emergency repairs of its electric utility operations (the "Emergency Financing") to repay Advances with interest as provided for herein; and
 - (b) The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of not less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.
8. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419, Attention: President/CEO, Fax: 270-827-2558.

February 20, 2009

File: CFC

National Rural Utilities Cooperative Finance Corporation
Attention: Legal Administrative Assistant
2201 Cooperative Way
Herndon, Virginia 20171

Re: Loan Designation KY062-R-5103

Gentlemen:

Enclosed are the three documents required to effect the CFC \$2.5 million two-year emergency line of credit for Big Rivers. The documents include:

Revolving Line of Credit Agreement
Opinion of Sullivan Mountjoy Stainback and Miller, PSC
Certificate of Resolutions and Incumbency

No authorization from any regulatory body is required to effect this agreement. We look forward to soon receiving a fully executed document set back from you.

Big Rivers is very thankful and appreciative of the efforts you and the other fine CFC folks have put forth to assist Big Rivers with this matter. We highly value your partnership. Please let me hear from you should you have any questions.

Sincerely yours,



Mark A. Hite
Interim Director of Enterprise Risk Management

pm

Enclosures

cc: Mr. Mark A. Bailey
Mr. C. William Blackburn
Mr. David A. Spainhoward
James M. Miller, Esq.

February 10, 2009

Mr. Nazir K. Rostom
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025

Dear Mr. Rostom:

Regarding our recent discussions regarding the CFC ELOC, I have gathered more information on the impact the recent winter storm has had and will have on Big Rivers. At the height of the storms damage, all but 5 of Big Rivers' delivery points were out of service. Big Rivers had all its 110 delivery points re-energized within 8 days of the storm. Big Rivers' restoration costs are estimated to be \$2.4 million. At this time, we believe about \$800,000 of that amount may be eligible for an insurance claim, less a \$300,000 deductible.

We also currently estimate about 80% of the balance will be eligible for FEMA reimbursement, as the Obama administration has made a declaration that the area is eligible for major disaster relief. So, it appears Big Rivers net out-of pocket cost will be about \$400,000. I understand insurance and FEMA reimbursement may quite some time, perhaps a year or so. That said, Big Rivers would like to pursue a 2 year unsecured CFC ELOC for \$2.5 million.

Thanks for your assistance with this matter. I look forward to hearing from you.

Respectfully,



Mark Hite

Big Rivers Electric Corporation
270-827-2561 Office
270-577-6815 Cell

February 20, 2009

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

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attn.: General Counsel

Re: BIG RIVERS ELECTRIC CORPORATION
Loan Designation KY062-R-5103

Dear Sir:

We are counsel for BIG RIVERS ELECTRIC CORPORATION, organized under the laws of the Commonwealth of Kentucky ("Borrower"), and render this opinion to you in connection with a line of credit in the amount of \$2,500,000.00 provided for in the Revolving Line of Credit Agreement ("Line of Credit Agreement"), dated as of February 20, 2009, between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC").

We have examined such corporate records and proceedings of the Borrower, and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed.


We have also examined the Line of Credit Agreement as executed and delivered by the Borrower.

Based upon the foregoing, we are of the opinion that:

- (i) the Borrower is a duly organized, validly existing corporation and in good standing under the laws of the jurisdiction of its organization, and the Borrower has full corporate power (a) to execute and deliver the Line of Credit Agreement; and (b) to perform all acts required to be done by it under the Line of Credit Agreement; and
- (ii) no authorization from any regulatory body is required in connection with the execution, delivery and performance of the Line of Credit Agreement including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable.

Very truly yours,

Sullivan, Mountjoy, Stainback & Miller, P.S.C.

By: 
James M. Miller

cc: Mark A. Bailey

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

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

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Lee Bearden, do hereby certify that (i) I am the Secretary of BIG RIVERS ELECTRIC CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on February 20, 2009; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the CFC loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the CFC loan documents:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$2,500,000.00 (the "Line of Credit Amount"), for a term of twenty-four (24) months, subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>President & CEO</u>	<u>MARK A. BAILEY</u>
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this 20th day of February, 2009

Lee Bearden
Lee Bearden, Secretary

(SEAL)

REVOLVING LINE OF CREDIT AGREEMENT

REVOLVING LINE OF CREDIT AGREEMENT (this "Agreement"), dated as of February 20, 2009, 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).

"Advance" shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Business Day" shall mean 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 the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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

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

"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.

"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.

"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.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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 bylaws 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

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property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

F. Litigation. 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, if adversely determined, either individually or collectively, would 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 or herein. There has been no material adverse change in the financial condition or operations of the Borrower 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.

ARTICLE III

CREDIT TERMS

Section 3.01 Advances. CFC agrees to advance funds to the Borrower pursuant to the terms and conditions hereof, provided, however, that the principal amount at any time outstanding under this Agreement shall not exceed the CFC Commitment. The Borrower may borrow, repay and reborrow funds at any time or from time up to, but not including, the Maturity Date, at which

time all principal amounts outstanding, and accrued, but unpaid interest thereon, shall be due and payable in full.

Section 3.02 Payment and Interest Rate. The Line of Credit shall be payable and bear interest as follows:

A. Interest Rate and Payment. The Borrower unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced hereunder from the date of each Advance and to repay all amounts advanced hereunder with interest on the Maturity Date, if not sooner paid. Interest shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to the Borrower at least five days prior to the due date of any interest payment, provided, however, that CFC's failure to send a payment notice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein. 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. The interest rate on all Advances will be equal to the CFC Line of Credit Rate as published by CFC and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. 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.

B. Application of Payments. Each payment shall be applied to the Obligations, 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 and the balance to principal.

Section 3.03 RESERVED.

Section 3.04 Limitation on Advances. While an Advance is outstanding, CFC reserves the right to limit further Advances if the sum of (a) all Advances outstanding, (b) the amount of any further Advance requested, and (c) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment. CFC may in its sole discretion decline to make any Advance during any period when the Borrower is in default hereunder.

Section 3.05 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, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, 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, and upon prepayment thereof, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding the foregoing, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05 if, after giving effect to such change, 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 3.06 RESERVED.

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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.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make any Advance hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

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. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Requisitions. Borrower will requisition each Advance by submitting its requisition to CFC in form and substance satisfactory to CFC no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced.

CFC may require the Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

F. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

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. Special Covenants. The Borrower will comply with any special covenants identified in Schedule 1 hereto.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

C. Other Covenants.

(i) No Grace Period. Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, or 5.01.G, of this Agreement.

(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 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 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. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower or any subsidiary.

K. 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 \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. 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.

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;
- (b) 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;
- (c) 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;
- (d) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance, injunctive relief or damages;
- (e) Pursue any other rights and remedies available to CFC at law or in equity.

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

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(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 then prevailing CFC Line of Credit Rate plus two hundred basis points.

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

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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 the Advances hereunder 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 it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

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

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: Mark A. Bailey
Title: President + CEO

Attest: Lee Bearden
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

Loan Number: KY062-R-5103

SCHEDULE 1

1. The purpose of this Line of Credit is to finance storm emergency repairs and expenses related to Borrower's electric utility operations.
2. The aggregate CFC Commitment shall mean \$2,500,000.00.
3. Maturity Date shall mean the date twenty four (24) months from the Effective Date.
4. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2007. During 2008, primarily as a result of Big Rivers execution a buyout of its leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash equivalents balance decreased from \$148.9 million to \$35.6 million.
5. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission.
6. The special conditions referred to in Section 4.01.F. are as follows: None
7. The special covenants referred to in Section 5.01.I. are as follows:
 - (a) The Borrower shall apply the proceeds of all financing from the Federal Emergency Management Agency, or from any other funding source designated for reimbursement of emergency or hardship expenditures related to emergency repairs of its electric utility operations (the "Emergency Financing") to repay Advances with interest as provided for herein; and
 - (b) The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of not less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.
8. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419, Attention: President/CEO, Fax: 270-827-2558.

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC
ATTORNEYS AT LAW

February 20, 2009

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

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attn.: General Counsel

Re: BIG RIVERS ELECTRIC CORPORATION
Loan Designation KY062-R-5103

Dear Sir:

We are counsel for BIG RIVERS ELECTRIC CORPORATION, organized under the laws of the Commonwealth of Kentucky ("Borrower"), and render this opinion to you in connection with a line of credit in the amount of \$2,500,000.00 provided for in the Revolving Line of Credit Agreement ("Line of Credit Agreement"), dated as of February 20, 2009, between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC").

We have examined such corporate records and proceedings of the Borrower, and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed.

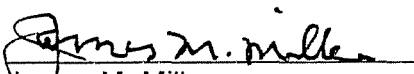
We have also examined the Line of Credit Agreement as executed and delivered by the Borrower.

Based upon the foregoing, we are of the opinion that:

- (i) the Borrower is a duly organized, validly existing corporation and in good standing under the laws of the jurisdiction of its organization, and the Borrower has full corporate power (a) to execute and deliver the Line of Credit Agreement; and (b) to perform all acts required to be done by it under the Line of Credit Agreement; and
- (ii) no authorization from any regulatory body is required in connection with the execution, delivery and performance of the Line of Credit Agreement including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable.

Very truly yours,

Sullivan, Mountjoy, Stainback & Miller, P.S.C.

By: 
James M. Miller

cc: Mark A. Bailey

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

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

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CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Lee Bearden, do hereby certify that (i) I am the Secretary of BIG RIVERS ELECTRIC CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on February 20, 2009; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the CFC loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the CFC loan documents:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$2,500,000.00 (the "Line of Credit Amount"), for a term of twenty-four (24) months, subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>President&CEO</u>	<u>MARK A. BATLEY</u>
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this 20th day of February, 2009


Lee Bearden, Secretary

(SEAL)

REVOLVING LINE OF CREDIT AGREEMENT

REVOLVING LINE OF CREDIT AGREEMENT (this "Agreement"), dated as of February 20, 2009, 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).

"Advance" shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Business Day" shall mean 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 the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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

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

"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.

"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.

"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.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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 bylaws 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

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property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

F. Litigation. 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, if adversely determined, either individually or collectively, would 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 or herein. There has been no material adverse change in the financial condition or operations of the Borrower 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.

ARTICLE III

CREDIT TERMS

Section 3.01 Advances. CFC agrees to advance funds to the Borrower pursuant to the terms and conditions hereof, provided, however, that the principal amount at any time outstanding under this Agreement shall not exceed the CFC Commitment. The Borrower may borrow, repay and reborrow funds at any time or from time up to, but not including, the Maturity Date, at which

time all principal amounts outstanding, and accrued, but unpaid interest thereon, shall be due and payable in full.

Section 3.02 Payment and Interest Rate. The Line of Credit shall be payable and bear interest as follows:

A. Interest Rate and Payment. The Borrower unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced hereunder from the date of each Advance and to repay all amounts advanced hereunder with interest on the Maturity Date, if not sooner paid. Interest shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to the Borrower at least five days prior to the due date of any interest payment, provided, however, that CFC's failure to send a payment notice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein. 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. The interest rate on all Advances will be equal to the CFC Line of Credit Rate as published by CFC and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. 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.

B. Application of Payments. Each payment shall be applied to the Obligations, 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 and the balance to principal.

Section 3.03 RESERVED.

Section 3.04 Limitation on Advances. While an Advance is outstanding, CFC reserves the right to limit further Advances if the sum of (a) all Advances outstanding, (b) the amount of any further Advance requested, and (c) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment. CFC may in its sole discretion decline to make any Advance during any period when the Borrower is in default hereunder.

Section 3.05 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, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, 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, and upon prepayment thereof, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding the foregoing, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05 if, after giving effect to such change, 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 3.06 RESERVED.

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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.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make any Advance hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

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. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Requisitions. Borrower will requisition each Advance by submitting its requisition to CFC in form and substance satisfactory to CFC no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced.

CFC may require the Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

F. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

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. Special Covenants. The Borrower will comply with any special covenants identified in Schedule 1 hereto.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

C. Other Covenants.

(i) No Grace Period. Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, or 5.01.G, of this Agreement.

(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 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 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. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower or any subsidiary.

K. 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 \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. 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.

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;
- (b) 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;
- (c) 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;
- (d) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance, injunctive relief or damages;
- (e) Pursue any other rights and remedies available to CFC at law or in equity.

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

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(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 then prevailing CFC Line of Credit Rate plus two hundred basis points.

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

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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 the Advances hereunder 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 it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

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

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: Mark A. Bailey

Title: President + CEO

Attest: Lee Bearden
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

Loan Number: KY062-R-5103

SCHEDULE 1

1. The purpose of this Line of Credit is to finance storm emergency repairs and expenses related to Borrower's electric utility operations.
2. The aggregate CFC Commitment shall mean \$2,500,000.00.
3. Maturity Date shall mean the date twenty four (24) months from the Effective Date.
4. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2007. During 2008, primarily as a result of Big Rivers execution a buyout of its leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash equivalents balance decreased from \$148.9 million to \$35.6 million.
5. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission.
6. The special conditions referred to in Section 4.01.F. are as follows: None
7. The special covenants referred to in Section 5.01.I. are as follows:
 - (a) The Borrower shall apply the proceeds of all financing from the Federal Emergency Management Agency, or from any other funding source designated for reimbursement of emergency or hardship expenditures related to emergency repairs of its electric utility operations (the "Emergency Financing") to repay Advances with interest as provided for herein; and
 - (b) The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of not less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.
8. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419, Attention: President/CEO, Fax: 270-827-2558.

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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).

"Advance" shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Business Day" shall mean 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 the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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

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

“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.

“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.

“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.

“TIER” shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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 bylaws 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

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property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

F. Litigation. 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, if adversely determined, either individually or collectively, would 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 or herein. There has been no material adverse change in the financial condition or operations of the Borrower 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.

ARTICLE III

CREDIT TERMS

Section 3.01 Advances. CFC agrees to advance funds to the Borrower pursuant to the terms and conditions hereof, provided, however, that the principal amount at any time outstanding under this Agreement shall not exceed the CFC Commitment. The Borrower may borrow, repay and reborrow funds at any time or from time up to, but not including, the Maturity Date, at which

time all principal amounts outstanding, and accrued, but unpaid interest thereon, shall be due and payable in full.

Section 3.02 Payment and Interest Rate. The Line of Credit shall be payable and bear interest as follows:

A. Interest Rate and Payment. The Borrower unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced hereunder from the date of each Advance and to repay all amounts advanced hereunder with interest on the Maturity Date, if not sooner paid. Interest shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to the Borrower at least five days prior to the due date of any interest payment, provided, however, that CFC's failure to send a payment notice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein. 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. The interest rate on all Advances will be equal to the CFC Line of Credit Rate as published by CFC and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. 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.

B. Application of Payments. Each payment shall be applied to the Obligations, 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 and the balance to principal.

Section 3.03 RESERVED.

Section 3.04 Limitation on Advances. While an Advance is outstanding, CFC reserves the right to limit further Advances if the sum of (a) all Advances outstanding, (b) the amount of any further Advance requested, and (c) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment. CFC may in its sole discretion decline to make any Advance during any period when the Borrower is in default hereunder.

Section 3.05 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, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, 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, and upon prepayment thereof, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding the foregoing, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05 if, after giving effect to such change, 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 3.06 RESERVED.

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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.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make any Advance hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

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. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Requisitions. Borrower will requisition each Advance by submitting its requisition to CFC in form and substance satisfactory to CFC no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced.

CFC may require the Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

F. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

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. Special Covenants. The Borrower will comply with any special covenants identified in Schedule 1 hereto.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

C. Other Covenants.

(i) No Grace Period. Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, or 5.01.G, of this Agreement.

(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 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 or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable

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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. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower or any subsidiary.

K. 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 \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. 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.

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;
- (b) 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;
- (c) 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;
- (d) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance, injunctive relief or damages;
- (e) Pursue any other rights and remedies available to CFC at law or in equity.

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

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(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 then prevailing CFC Line of Credit Rate plus two hundred basis points.

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

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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 the Advances hereunder 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 it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

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

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: _____

Title: _____

Attest: _____
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

Loan Number: KY062-R-5103

SCHEDULE 1

1. The purpose of this Line of Credit is to finance storm emergency repairs and expenses related to Borrower's electric utility operations.
2. The aggregate CFC Commitment shall mean \$2,500,000.00.
3. Maturity Date shall mean the date twenty four (24) months from the Effective Date.
4. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2007. During 2008, primarily as a result of Big Rivers execution a buyout of its leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash equivalents balance decreased from \$148.9 million to \$35.6 million.
5. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission.
6. The special conditions referred to in Section 4.01.F. are as follows: None
7. The special covenants referred to in Section 5.01.I. are as follows:
 - (a) The Borrower shall apply the proceeds of all financing from the Federal Emergency Management Agency, or from any other funding source designated for reimbursement of emergency or hardship expenditures related to emergency repairs of its electric utility operations (the "Emergency Financing") to repay Advances with interest as provided for herein; and
 - (b) The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of not less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.
8. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419, Attention: President/CEO, Fax: 270-827-2558.

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, _____, do hereby certify that (i) I am the Secretary of BIG RIVERS ELECTRIC CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on _____; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the CFC loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the CFC loan documents:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$2,500,000.00 (the "Line of Credit Amount"), for a term of twenty-four (24) months, subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
President _____	_____
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this _____ day of _____, _____

Secretary

(SEAL)

CFC Instructions for Unsecured Line of Credit

Borrower: BIG RIVERS ELECTRIC CORPORATION
Line of Credit Designation: KY062-R-5103

Enclosed for the above-referenced loan are the following documents:

- I. CFC Line of Credit Agreement
- II. Form of opinion of counsel
- III. Certificate of Resolutions and Incumbency

Before any action is taken to execute the documents, it should be determined that all necessary regulatory commission approvals have been obtained. CFC will require an original or true copy of the order of the commission.

A. Line of Credit Agreement:

Please execute the line of credit agreement ("agreement"). The effective date of the agreement should be left blank. This date will be provided by CFC.

B. Opinion of Counsel:

Counsel should prepare an original opinion of counsel, on counsel's letterhead, in the form supplied.

C. Certificate of Resolutions and Incumbency:

Board resolutions should be adopted following the form supplied. **Note that the names and titles of all officials authorized to execute the loan documents on behalf of the Borrower must be set forth on the incumbency portion of the certificate. Borrower should consult with counsel to determine if its bylaws and/or the laws of its state of incorporation require the loan documents to be sealed and attested. If so, the name and title of the officials authorized to attest the execution of the documents must be set forth in the incumbency portion of the certificate.**

DOCUMENTS TO BE RETURNED TO CFC:

- Certified or true copy of Commission approval (if applicable)
- the CFC line of credit agreement
- The original certificate of resolutions and incumbency
- An original opinion of counsel

IF YOU HAVE QUESTIONS REGARDING THESE INSTRUCTIONS, DOCUMENTS PLEASE TELEPHONE JAMES JABLONSKI (CORPORATE COUNSEL) AT (800) 424-2954 OR (703) 709-6818.

PLEASE RETURN ALL DOCUMENTS TO:

NRUCFC
ATTN: LEGAL ADMINISTRATIVE ASSISTANT
2201 COOPERATIVE WAY
HERNDON, VA 20171

[COUNSEL SHOULD PREPARE THIS FORM OF OPINION ON ITS LETTERHEAD]

Date: _____

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attn.: General Counsel

Re: BIG RIVERS ELECTRIC CORPORATION
Loan Designation KY062-R-5103

Dear Sir:

I am counsel for BIG RIVERS ELECTRIC CORPORATION, organized under the laws of the State of Kentucky ("Borrower"), and render this opinion to you in connection with a line of credit in the amount of \$2,500,000.00 provided for in the Revolving Line of Credit Agreement ("Line of Credit Agreement"), dated as of _____, between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC").

I have examined such corporate records and proceedings of the Borrower, and such other documents as I have deemed necessary as a basis for the opinions hereinafter expressed.

I have also examined the Line of Credit Agreement as executed and delivered by the Borrower.

Based upon the foregoing, I am of the opinion that:

(i) the Borrower is a duly organized, validly existing corporation and in good standing under the laws of the jurisdiction of its organization, and the Borrower has full corporate power (a) to execute and deliver the Line of Credit Agreement; and (b) to perform all acts required to be done by it under the Line of Credit Agreement;

[*** SELECT ONE OF THE FORMS OF PARAGRAPH (ii) ***]

*** (ii) all authorizations from regulatory bodies required in connection with the execution, delivery and performance of the Line of Credit Agreement, including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable, have been obtained and copies thereof are attached hereto;

*** (ii) no authorization from any regulatory body is required in connection with the execution, delivery and performance of the Line of Credit Agreement including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable;

Sincerely,

Mark Hite

From: Mark Hite
Sent: Thursday, February 12, 2009 3:15 PM
To: 'Jim Miller'
Subject: FW: KY062-R-5103 documents

Attachments: KY062-R-5103 LOCAGMT.pdf



KY062-R-5103
AGMT.pdf (79

Here's the revised CFC doc, with the leveraged lease addressed.

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

*From: James Jablonski [mailto:James.Jablonski@nrucfc.coop]
Sent: Thursday, February 12, 2009 2:41 PM
*To: Nazir Rostom
*Cc: Mark Hite
Subject: RE: KY062-R-5103 documents

The revised document is attached.

JJJ

(See attached file: KY062-R-5103 LOCAGMT.pdf)

X Nazir Rostom/CFC

02/12/2009 12:24
PM

XTo
Mark Hite <Mark.Hite@bigrivers.com>
X cc
James Jablonski/CFC@CFC
Subject
RE: KY062-R-5103 documents (Document
link: James Jablonski)

rk,

are ok with that suggestion. James will make that change and send the

Thanks,

Nazir

Nazir Rostom
VP, Structured Finance
RUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

X Mark Hite
<Mark.Hite@bigriv
ers.com>

02/12/2009 12:07
PM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

X To

X cc

Subject

RE: KY062-R-5103 documents

to address my concern, may I suggest adding the following sentence to
Schedule 1:

During 2008, primarily as a result of Big Rivers execution a buyout of its
leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash
equivalents balance decreased from \$148.9 million to \$35.6 million.

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

X From: Mark Hite
Sent: Thursday, February 12, 2009 10:11 AM
X To: 'Nazir Rostom'
Subject: RE: KY062-R-5103 documents

Having just hung up from speaking with you, please allow me to follow-up.
My comments were due to 2.01 G. Financial Statements indicating there has
been no significant change to that balance sheet other than that disclosed
by CFC in writing. So, am wondering about the 2008 leveraged lease buyout.
If you're saying CFC is aware of the buyout and the impact it had, then
Schedule 1 say so?

Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 12, 2009 9:49 AM
To: Mark Hite
Cc: Krishna Murthy; Philomena Donaldson; Thomas Hall
Subject: RE: KY062-R-5103 documents

✓ Thanks Mark for the compliment.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Mark Hite
<Mark.Hite@bigriv
ers.com>

02/12/2009 10:35
AM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

To

cc

Krishna Murthy
<Krishna.Murthy@nrucfc.coop>,
Thomas Hall
<Thomas.Hall@nrucfc.coop>,
Philomena Donaldson
<Philomena.Donaldson@nrucfc.coop>
Subject
RE: KY062-R-5103 documents

✓ Your assistance and turn-around on this ELOC request has been awesome. Big Rivers sincerely appreciates CFC's business partnership. Will be in touch. Thanks so much!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street

Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 12, 2009 8:51 AM
To: Mark Hite
Cc: Krishna Murthy; Thomas Hall; Philomena Donaldson
Subject: Fw: KY062-R-5103 documents

Mark,

Attached below are the loan agreement and board resolution. Please follow the instruction below to send us the executed documents. Should you have any question, please do not hesitate to contact me.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

----- Forwarded by Nazir Rostom/CFC on 02/12/2009 09:47 AM -----

James
Jablonski/CFC

02/11/2009 04:31
PM

Nazir Rostom/CFC@CFC

Krishna Murthy/CFC@CFC, Philomena
Donaldson/CFC@CFC

KY062-R-5103 documents

To

cc

Subject

We are pleased to inform you that National Rural Utilities Cooperative Finance Corporation (CFC) has approved a new credit facility for your company. The CFC documents for the facility are enclosed for execution.

As a condition of CFC's credit commitment, all of the attached documents must be executed by your cooperative and received by CFC within 90 days of the date of this correspondence. CFC's credit commitment is dependent upon the execution of the CFC documents by your cooperative and their receipt and acceptance by CFC. CFC will notify you after its receipt of the documents regarding the status of this facility.

Please note that the attached documents have been transmitted only to your cooperative. If you would like us to send a copy to your attorney or if you have any other questions, please contact me or the legal department contact

February 25, 2009

File: CFC

National Rural Utilities Cooperative Finance Corporation
Attention: Legal Administrative Assistant
2201 Cooperative Way
Herndon, Virginia 20171

Re: Loan Designation KY062-L-9002

Gentlemen:

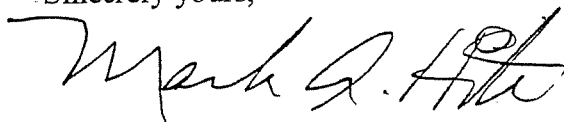
Enclosed are the three documents required to effect the CFC \$15 million one-year letter of credit facility for Big Rivers. The documents include:

Line of Credit Reserve Authorization
Letter of Credit Application and Agreement
Opinion of Sullivan Mountjoy Stainback and Miller, PSC
Certificate of Resolutions and Incumbency

No authorization from any regulatory body is required to effect this agreement. We look forward to soon receiving a fully executed document set back from you.

Big Rivers is very thankful and appreciative of the efforts you and the other fine CFC folks have put forth to assist Big Rivers with this matter. We highly value your partnership. Please let me hear from you should you have any questions.

Sincerely yours,



Mark A. Hite
Vice President of Accounting
Big Rivers Electric Corporation

Enclosures

cc: Mr. Mark A. Bailey
Mr. C. William Blackburn
Mr. David A. Spainhoward
James M. Miller, Esq.

LINE OF CREDIT RESERVE AUTHORIZATION

In consideration of the issuance of one or more letters of credit by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC") on behalf of BIG RIVERS ELECTRIC CORPORATION ("Borrower"), pursuant to the Letter of Credit Application and Agreement (Master Facility) dated as of even date herewith, by and between Borrower and CFC (the "Letter of Credit Agreement"), the undersigned Borrower hereby authorizes CFC as follows:

Capitalized terms that are not defined herein shall have the meanings as set forth in the Letter of Credit Agreement.

If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Line of Credit Agreement, until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000.00. The amount available at any time and from time to time under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

Borrower hereby agrees that CFC shall not incur any liability to Borrower as a result of following the instructions set forth herein, or for the exercise of the rights, remedies and obligations hereunder with respect to the Reserve Amount, except in cases of gross negligence or willful misconduct by CFC.

This authorization shall remain in effect and shall be irrevocable until terminated by mutual agreement of Borrower and CFC, or until such time as all of the Borrower's obligations under the Letter of Credit Agreement have been paid in full, whichever is earlier.

The undersigned agrees to pay such fees in connection with this Line of Credit Reserve Authorization as may be imposed by CFC pursuant to its policies of general application.

The undersigned represents and warrants to CFC that the undersigned has the appropriate authority on behalf of the Cooperative to execute this authorization and to instruct CFC with respect to the Cooperative's line of credit as set forth herein.

This authorization shall not be modified by the Cooperative without CFC's written consent.

BIG RIVERS ELECTRIC CORPORATION

Mark A. T. Bailey
[Signature]

President and CEO
[Title]

January 30, 2009
[Date]

**LETTER OF CREDIT APPLICATION AND AGREEMENT
(Master Facility)**

Name and Address of Applicant:

BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attn: President and Chief Executive Officer

Fax Number: 270-827-2558

Name and Address of Beneficiary:

To be determined as requested by Applicant from time to time as provided hereunder.

Date of this Application and Agreement: January 30, 2009

A. Applicant hereby requests National Rural Utilities Cooperative Finance Corporation ("CFC") to issue one or more irrevocable letters of credit for its own account in favor of the beneficiary or beneficiaries requested by Applicant from time to time as provided hereunder under the terms and conditions stated herein.

B. In consideration of the issuance by CFC of a Letter of Credit (as hereinafter defined), Applicant hereby agrees with CFC to the following terms and conditions which constitute a valid and binding agreement between Applicant and CFC.

Definitions: 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). All terms not otherwise defined herein shall have the meaning ascribed to them in the First Amended and Restated Revolving Credit Agreement, dated July 14, 2003, by and between Applicant and CFC bearing CFC loan designation KY062-R-5101 (as amended, the "Line of Credit Agreement").

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP

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129546-1

consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

1. Letter of Credit Facility: The maximum aggregate amount of letters of credit which may be issued hereunder is Fifteen Million Dollars (\$15,000,000.00) ("Letter of Credit Facility"). Within this amount and subject to the limitation set forth in Section 3, Applicant may request, and National Rural Utilities Cooperative Finance Corporation ("CFC") shall issue, letters of credit to such beneficiary or beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Letter of Credit Application and Agreement (the "Agreement").

Each such request shall be in writing and substantially in the form of Exhibit A hereto. Each such letter is referred to herein as a "Letter of Credit". Each Letter of Credit shall be substantially in the form of Exhibit B hereto and shall reflect the amount available for draw thereunder (the "Letter of Credit Amount").

The Letter of Credit Amount reflected on any expired Letter of Credit shall be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement. The amount of any Draw that has been repaid shall also be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement.

2. Amendment to Existing Letter of Credit Facility. On and after the Effective Date no additional letters of credit shall be issued under the terms of that certain First Amended and Restated Letter of Credit Application and Agreement (Master Facility) bearing CFC loan designation, KY062-L-9001, dated July 14, 2003 with an effective date of July 15, 2003, as amended (the "Prior Facility"). Letters of credit issued under the Prior Facility shall remain outstanding and subject to the terms, conditions and provisions of the Prior Facility until their expiration or until they are otherwise terminated, at which time the Prior Facility shall be deemed canceled, with no further action required of either CFC or Borrower to effect such termination.

For purposes of the Prior Facility, the execution of this Agreement shall be deemed a writing executed by the parties hereto that is required to amend the Prior Facility.

3. Limitation on Letter of Credit Issuances.

The amount at any time available for Borrower to Advance under the Line of Credit Agreement or the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement), shall be referred to herein as the "Available Amount".

Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested, *provided, however*, that so long the Prior Facility has not been cancelled pursuant to Section 2 hereof, Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the aggregate amount of letters of credit issued and then

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outstanding under the Prior Facility, plus (iii) the aggregate amount of unpaid Draws (as defined in the Prior Facility) under any letter of credit issued under the Prior Facility and plus (iv) the Letter of Credit Amount requested

Applicant hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit plus the sum of the letter of credit amounts reflected in all issued and outstanding letters of credit issued under the Prior Facility.

4. Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than February 28, 2010. Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the date that is February 27, 2010.

5. Effective Date: The Effective Date of this Agreement is set forth on the signature page hereof.

6. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation KY062-L-9002-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

7. Draws. On any day that CFC is open for business, CFC hereby agrees to advance funds under a Letter of Credit to the Beneficiary in such amounts as the Beneficiary may from time to time request (each such advance is referred to herein as a "Draw"), provided that: (a) on the date of each such request, the outstanding unpaid balance of all Draws shall not exceed the amount of the Letter of Credit Facility stated above; (b) 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 (c) 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.

8. Documents. CFC's obligation to issue a Letter of Credit is conditioned upon CFC's receipt of the following documents, in form and substance satisfactory to CFC: (a) an executed copy of this Agreement and any collateral security documents required herein; (b) certified copies of all such corporate documents and proceedings of the Applicant as CFC may require authorizing the transactions hereby contemplated; (c) true and correct copies of all certificates, authorizations and consents of any regulatory authority necessary for the execution, delivery or performance by the Applicant of this Agreement; (d) an executed line of credit reservation authorization executed in favor of CFC; and (e) an opinion of counsel for the Applicant addressing such legal matters as CFC shall reasonably require.

9. Irrevocable Instruction. Applicant hereby irrevocably instructs CFC to honor drafts presented in accordance with the terms hereof and contained in a Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

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129546-1

10. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant 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.

11. No Liability. CFC shall have no liability for, and the Applicant's repayment and other obligations hereunder shall not be affected by (a) 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, (b) 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, (c) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (d) any consequences arising from causes beyond CFC's control.

12. Fees.

A. 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"). Applicant shall pay the Facility Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The initial Facility Fee shall be expressed in a number of basis points (hundredths of a percentage point) of the aggregate amount of the Letter of Credit Facility. The amount of the Facility Fee shall be determined as of the Effective Date set forth below in accordance with CFC's credit policies and practices as of said date. Subsequent Facility Fees shall be expressed in the same manner, in amounts determined in accordance with CFC's credit policies and practices in effect as of each applicable Anniversary Date. 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. It is a precondition to the issuance of any Letter of Credit that Applicant is current in its payment of the Facility Fee.

B. Issuance Fee. For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee ("Issuance Fee"). 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 the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year.

In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that 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.

13. Repayment.

A. CFC shall notify Applicant promptly of each (i) Draw request that it receives under a Letter of Credit, (ii) Draw that is made, and (ii) each Advance under the Line of Credit Agreement or Replacement Credit Agreement that is made to pay a Draw referred to in clause C of this Paragraph 13.

B. Upon receipt of notice by Applicant from CFC that a Draw has been made, Applicant shall pay, in lawful money of the United States, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, at its office in Herndon, Virginia or such other offices as CFC may designate, the principal sum of the aggregate unpaid principal amount of such Draw (the "Draw Amount"), and interest as hereinafter provided on all amounts remaining unpaid hereunder from the date of such Draw in like money at said office (the "Interest Amount"). The Interest Amount shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to Applicant at least five days prior to the due date of such Interest Amount.

C. If, prior to the close of business on the day that any Draw has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant. If such day is not a day that both CFC and the depository institution CFC uses for funds transfers are open for business, then the Advance shall be made on the next day that both CFC and the depository institution CFC uses for funds transfers are open for business.

D. In the event that for any reason, a Draw is not repaid with the proceeds of an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) as described herein, Applicant shall pay such Draw and the Interest Amount no later than one year from the date of such Draw.

14. Interest. The interest rate on all Draws will be equal to the total rate per annum as published by CFC as its line of credit rate and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Draw is outstanding. 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.

15. Prepayment. Applicant may, at any time, make prepayments of the principal amount of any Draw, together with any interest accrued thereon.

16. Default; Remedies. Applicant shall be in default if (i) it fails to pay any Draw Amount or Interest Amount, or fails to pay any other sum due hereunder, in full, when due, (ii) it fails to comply with clause C of this Paragraph 13 or if it fails to comply with Paragraphs 19 and 20 of this Agreement. Upon default, Applicant agrees that (a) CFC's obligation to issue Letters of Credit hereunder shall terminate without liability to CFC, (b) all amounts outstanding under this Agreement shall become immediately due and payable in full with accrued interest, (c) CFC may 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, 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; and (d) CFC may, in addition thereto, exercise any other remedies available to it under applicable law. Applicant hereby expressly waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment, and all other notices that m

17. Required Notices. Applicant agrees that, so long as any amount due is outstanding under this Agreement, Applicant shall promptly notify CFC (a) of any delinquency or default on any of its debt, including but not limited to money borrowed, debt evidenced by securities issued, or any indebtedness directly or indirectly guaranteed by Applicant, or (b) if there is a material adverse change in Applicant's financial condition. Applicant further agrees that if CFC shall determine, in its sole and absolute discretion, that such delinquency or default, or such inaccurate financial information materially increases CFC's risk of repayment hereunder, CFC may exercise all remedies available to it under applicable law, including but not limited to acceleration of all amounts due hereunder.

18. Right of Setoff. If Applicant fails to pay any amount hereunder when due, then CFC is hereby authorized at any time and from time to time, without prior notice to the Applicant, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Applicant or for the credit or account of the Applicant against any and all of the obligations of the Applicant hereunder. CFC agrees to notify the Applicant promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. 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. Applicant waives all rights of setoff, deduction, recoupment or counterclaim.

19. Financial Ratios; Design of Rates. The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of note less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.

20. Financial Information. Applicant will cause to be prepared and furnished to CFC a full and complete report of its financial condition and operations as of the end of the Applicant's fiscal year in form and substance satisfactory to CFC, audited 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. Such report shall be furnished within 120 days of the end of such fiscal year. Applicant also agrees that, so long as any amount due to CFC is outstanding under this Agreement, Applicant shall deliver to CFC a copy of Applicant's monthly and quarterly financial statements, and a copy of Applicant's annual audit report. Monthly statements shall be furnished within thirty (30) days after the end of the month and quarterly statements shall be furnished within thirty (30) days after the end of the quarter. The foregoing requirements shall survive the making of Draws hereunder and the expiration of a Letter of Credit until all sums due under this Agreement have been paid in full.

21. Late Fee; Collection Costs. If payment of any principal and/or interest due under the terms of this Agreement is not received at CFC's offices in Herndon, Virginia, or such other place as

CFC may designate, within 5 business days after the due date thereof, Applicant will pay to CFC, in addition to all other amounts due under the terms of this Agreement, a late payment charge as may then be in effect pursuant to CFC's policies of general application. Applicant further agrees to pay the costs of collection, including reasonable attorneys' fees, of any amount due under this Agreement.

22. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

APPLICANT HEREBY SUBMITS TO THE NONEXCLUSIVE 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. APPLICANT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF THE APPLICANT AND CFC 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.

23. 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 Applicant at the address and telecopy number stated above, and to CFC at:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Fax: (703) 709-6776

Either party may designate another address by notice as provided herein. All communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein.

17. Miscellaneous. No modification or waiver of any provision of this Agreement, and no consent to any departure by Applicant therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent. This Agreement and any schedules or exhibits together contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby. If any term, provision or condition of this Agreement 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 shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

CFC LTRAPP
KY062-L-9002 (JABLONJ)
129546-1

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. T. Bailey

Title: President and CEO

Attest:

Will C. Hart
~~Secretary~~

Chair of the Board

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

EXHIBIT A
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")
Master Letter of Credit Facility No. KY062-L-9002

BIG RIVERS ELECTRIC CORPRORATION hereby requests CFC to issue a letter of credit under the above-referenced master facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

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 CORPRORATION

By: _____

Name: _____

Title: _____

Date: _____

CFC LTRAPP
KY062-L-9002 (JABLONJ)
129546-1

EXHIBIT B
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

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

To the above-named Beneficiary:

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

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

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

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

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

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

February 25, 2009

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. Stames

C. Ellsworth Mountjoy

Susan Montalvo-Gesser

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attn.: General Counsel

Re: BIG RIVERS ELECTRIC CORPORATION
Loan Designation KY062-R-9002

Dear Sir:

We are counsel for BIG RIVERS ELECTRIC CORPORATION, organized under the laws of the Commonwealth of Kentucky ("Borrower"), and render this opinion to you in connection with the \$15,000,000.00 letter of credit facility provided for in the Letter of Credit Application and Agreement ("Letter of Credit Agreement") dated as of January 30, 2009, between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC").

We have examined such corporate records and proceedings of the Borrower, and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed.

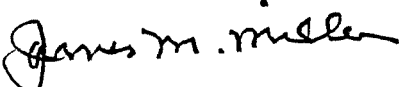
We have also examined the following documents as executed and delivered: (1) the Letter of Credit Agreement and (2) the Line of Credit Reserve Authorization dated January 30, 2009 (together, the "Loan Documents") as executed and delivered by the Borrower.

Based upon the foregoing, we are of the opinion that:

- (i) the Borrower is a duly organized, validly existing corporation and in good standing under the laws of the jurisdiction of its organization, and the Borrower has full corporate power (a) to execute and deliver the Loan Documents; and (b) to perform all acts required to be done by it under the Loan Documents; and
- (ii) no authorization from any regulatory body is required in connection with the execution, delivery and performance of the Loan Documents including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable.

Very truly yours,

Sullivan, Mountjoy, Stainback & Miller, P.S.C.

By: 

James M. Miller

cc: Mark A. Bailey

Telephone (270) 926-4000

Telecopier (270) 683-6694

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

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CERTIFIED COPY OF MINUTES

Chair of the Board

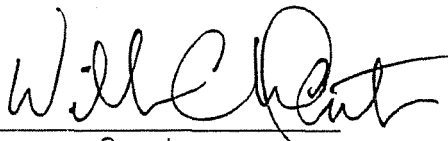
I, William C. Denton, do hereby certify that (i) I am the ~~Secretary~~ of BIG RIVERS ELECTRIC CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on January 30, 2009; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the CFC loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the CFC loan documents:

RESOLVED, that the Cooperative is hereby authorized: to obtain a master letter of credit facility with National Rural Utilities Cooperative Finance Corporation (CFC), in accordance with the terms and conditions of a Letter of Credit Application and Agreement substantially in the form submitted to this meeting (the "Letter of Credit Agreement"); to request CFC to issue letters of credit thereunder to such Beneficiaries as management shall determine from time to time, up to an aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000.00); and to maintain such facility outstanding for a term expiring on February 28, 2010.

RESOLVED, that each of the following Officers be and hereby is authorized to enter into, execute and deliver, in the name and on behalf of the Cooperative, the Letter of Credit Agreement; to modify the terms of said Agreement (except as to the amount and term authorized herein); and to execute and to deliver such further documents and to do all other things as may be necessary or appropriate in order to comply with CFC requirements and to give effect to the purposes and intent of the foregoing resolutions:

Title or Office	Name (printed or typed)
<u>President</u>	Mark A. Bailey

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative, this 30th day of January, 2009.


Secretary

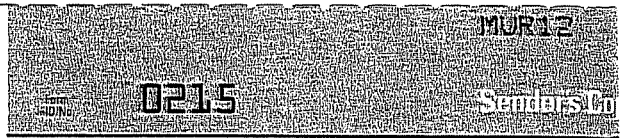
Chair of the Board

(CORPORATE SEAL)

CFC INCUMB
 KY062-L-9002 (JABLONJ)
 130285-1



FedEx Tracking Number 8659 3055 3552



1 From Please print and press hard. Date 2-25-09 Sender's FedEx Account Number 0477-0123-6

Sender's Name Mark A. Hite Phone (270) 827-2561

Company BIG RIVERS ELECTRIC CO

Address 201 3RD ST

City HENDERSON State KY ZIP 42420

2 Your Internal Billing Reference OPTIONAL

3 To Recipient's Name Legal Administrative Assistant

Company National Rural Utilities Cooperative Finance Corporation

Recipient's Address 2201 Cooperative Way

Address

City Herndon State VA ZIP 20171

0381762427

4a Express Package Service FedEx Priority Overnight, FedEx Standard Overnight, FedEx First Overnight, FedEx 2Day, FedEx Express Saver

4b Express Freight Service FedEx 1Day Freight, FedEx 2Day Freight, FedEx 3Day Freight

5 Packaging FedEx Envelope, FedEx Pak, FedEx Box, FedEx Tube, Other

6 Special Handling SATURDAY Delivery, HOLD Weekday at FedEx Location, HOLD Saturday at FedEx Location, Dangerous Goods

7 Payment Bill to: Sender, Recipient, Third Party, Credit Card, Cash/Check

Total Packages 1, Total Weight, Total Declared Value \$.00

8 Residential Delivery Signature Options No Signature Required, Direct Signature, Indirect Signature

519

Rev. Date 10/06-Part #150279-0194-2006 FedEx-PRINTED IN U.S.A.-SRF

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LINE OF CREDIT RESERVE AUTHORIZATION

In consideration of the issuance of one or more letters of credit by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC") on behalf of BIG RIVERS ELECTRIC CORPORATION ("Borrower"), pursuant to the Letter of Credit Application and Agreement (Master Facility) dated as of even date herewith, by and between Borrower and CFC (the "Letter of Credit Agreement"), the undersigned Borrower hereby authorizes CFC as follows:

Capitalized terms that are not defined herein shall have the meanings as set forth in the Letter of Credit Agreement.

If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Line of Credit Agreement, until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000.00. The amount available at any time and from time to time under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

Borrower hereby agrees that CFC shall not incur any liability to Borrower as a result of following the instructions set forth herein, or for the exercise of the rights, remedies and obligations hereunder with respect to the Reserve Amount, except in cases of gross negligence or willful misconduct by CFC.

This authorization shall remain in effect and shall be irrevocable until terminated by mutual agreement of Borrower and CFC, or until such time as all of the Borrower's obligations under the Letter of Credit Agreement have been paid in full, whichever is earlier.

The undersigned agrees to pay such fees in connection with this Line of Credit Reserve Authorization as may be imposed by CFC pursuant to its policies of general application.

The undersigned represents and warrants to CFC that the undersigned has the appropriate authority on behalf of the Cooperative to execute this authorization and to instruct CFC with respect to the Cooperative's line of credit as set forth herein.

This authorization shall not be modified by the Cooperative without CFC's written consent.

BIG RIVERS ELECTRIC CORPORATION

Mark A. T. Sailey
[Signature]

President and CEO
[Title]

January 30, 2009
[Date]

CERTIFIED COPY OF MINUTES

Chair of the Board

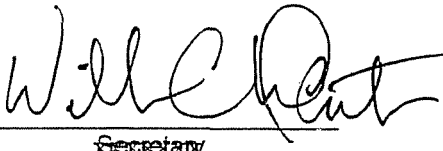
I, William C. Denton, do hereby certify that (i) I am the ~~Secretary~~ of BIG RIVERS ELECTRIC CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on January 30, 2009; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the CFC loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the CFC loan documents:

RESOLVED, that the Cooperative is hereby authorized: to obtain a master letter of credit facility with National Rural Utilities Cooperative Finance Corporation (CFC), in accordance with the terms and conditions of a Letter of Credit Application and Agreement substantially in the form submitted to this meeting (the "Letter of Credit Agreement"); to request CFC to issue letters of credit thereunder to such Beneficiaries as management shall determine from time to time, up to an aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000.00); and to maintain such facility outstanding for a term expiring on February 28, 2010.

RESOLVED, that each of the following Officers be and hereby is authorized to enter into, execute and deliver, in the name and on behalf of the Cooperative, the Letter of Credit Agreement; to modify the terms of said Agreement (except as to the amount and term authorized herein); and to execute and to deliver such further documents and to do all other things as may be necessary or appropriate in order to comply with CFC requirements and to give effect to the purposes and intent of the foregoing resolutions:

Title or Office	Name (printed or typed)
<u>President</u>	Mark A. Bailey

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative, this 30th day of January, 2009.


Secretary

Chair of the Board

(CORPORATE SEAL)

CFC INCUMB
 KY062-L-9002 (JABLONJ)
 130285-1

**LETTER OF CREDIT APPLICATION AND AGREEMENT
(Master Facility)**

Name and Address of Applicant:

BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attn: President and Chief Executive Officer

Fax Number: 270-827-2558

Name and Address of Beneficiary:

To be determined as requested by Applicant from time to time as provided hereunder.

Date of this Application and Agreement: January 30, 2009

A. Applicant hereby requests National Rural Utilities Cooperative Finance Corporation ("CFC") to issue one or more irrevocable letters of credit for its own account in favor of the beneficiary or beneficiaries requested by Applicant from time to time as provided hereunder under the terms and conditions stated herein.

B. In consideration of the issuance by CFC of a Letter of Credit (as hereinafter defined), Applicant hereby agrees with CFC to the following terms and conditions which constitute a valid and binding agreement between Applicant and CFC.

Definitions: 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). All terms not otherwise defined herein shall have the meaning ascribed to them in the First Amended and Restated Revolving Credit Agreement, dated July 14, 2003, by and between Applicant and CFC bearing CFC loan designation KY062-R-5101 (as amended, the "Line of Credit Agreement").

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP

consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

1. Letter of Credit Facility: The maximum aggregate amount of letters of credit which may be issued hereunder is Fifteen Million Dollars (\$15,000,000.00) ("Letter of Credit Facility"). Within this amount and subject to the limitation set forth in Section 3, Applicant may request, and National Rural Utilities Cooperative Finance Corporation ("CFC") shall issue, letters of credit to such beneficiary or beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Letter of Credit Application and Agreement (the "Agreement").

Each such request shall be in writing and substantially in the form of Exhibit A hereto. Each such letter is referred to herein as a "Letter of Credit". Each Letter of Credit shall be substantially in the form of Exhibit B hereto and shall reflect the amount available for draw thereunder (the "Letter of Credit Amount").

The Letter of Credit Amount reflected on any expired Letter of Credit shall be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement. The amount of any Draw that has been repaid shall also be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement.

2. Amendment to Existing Letter of Credit Facility. On and after the Effective Date no additional letters of credit shall be issued under the terms of that certain First Amended and Restated Letter of Credit Application and Agreement (Master Facility) bearing CFC loan designation, KY062-L-9001, dated July 14, 2003 with an effective date of July 15, 2003, as amended (the "Prior Facility"). Letters of credit issued under the Prior Facility shall remain outstanding and subject to the terms, conditions and provisions of the Prior Facility until their expiration or until they are otherwise terminated, at which time the Prior Facility shall be deemed canceled, with no further action required of either CFC or Borrower to effect such termination.

For purposes of the Prior Facility, the execution of this Agreement shall be deemed a writing executed by the parties hereto that is required to amend the Prior Facility.

3. Limitation on Letter of Credit Issuances.

The amount at any time available for Borrower to Advance under the Line of Credit Agreement or the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement), shall be referred to herein as the "Available Amount".

Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested, *provided, however,* that so long the Prior Facility has not been cancelled pursuant to Section 2 hereof, Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the aggregate amount of letters of credit issued and then

outstanding under the Prior Facility, plus (iii) the aggregate amount of unpaid Draws (as defined in the Prior Facility) under any letter of credit issued under the Prior Facility and plus (iv) the Letter of Credit Amount requested

Applicant hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit plus the sum of the letter of credit amounts reflected in all issued and outstanding letters of credit issued under the Prior Facility.

4. Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than February 28, 2010. Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the date that is February 27, 2010.

5. Effective Date: The Effective Date of this Agreement is set forth on the signature page hereof.

6. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation KY062-L-9002-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

7. Draws. On any day that CFC is open for business, CFC hereby agrees to advance funds under a Letter of Credit to the Beneficiary in such amounts as the Beneficiary may from time to time request (each such advance is referred to herein as a "Draw"), provided that: (a) on the date of each such request, the outstanding unpaid balance of all Draws shall not exceed the amount of the Letter of Credit Facility stated above; (b) 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 (c) 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.

8. Documents. CFC's obligation to issue a Letter of Credit is conditioned upon CFC's receipt of the following documents, in form and substance satisfactory to CFC: (a) an executed copy of this Agreement and any collateral security documents required herein; (b) certified copies of all such corporate documents and proceedings of the Applicant as CFC may require authorizing the transactions hereby contemplated; (c) true and correct copies of all certificates, authorizations and consents of any regulatory authority necessary for the execution, delivery or performance by the Applicant of this Agreement; (d) an executed line of credit reservation authorization executed in favor of CFC; and (e) an opinion of counsel for the Applicant addressing such legal matters as CFC shall reasonably require.

9. Irrevocable Instruction. Applicant hereby irrevocably instructs CFC to honor drafts presented in accordance with the terms hereof and contained in a Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

CFC LTRAPP
KY062-L-9002 (JABLONJ)
129546-1

10. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant 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.

11. No Liability. CFC shall have no liability for, and the Applicant's repayment and other obligations hereunder shall not be affected by (a) 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, (b) 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, (c) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (d) any consequences arising from causes beyond CFC's control.

12. Fees.

A. 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"). Applicant shall pay the Facility Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The initial Facility Fee shall be expressed in a number of basis points (hundredths of a percentage point) of the aggregate amount of the Letter of Credit Facility. The amount of the Facility Fee shall be determined as of the Effective Date set forth below in accordance with CFC's credit policies and practices as of said date. Subsequent Facility Fees shall be expressed in the same manner, in amounts determined in accordance with CFC's credit policies and practices in effect as of each applicable Anniversary Date. 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. It is a precondition to the issuance of any Letter of Credit that Applicant is current in its payment of the Facility Fee.

B. Issuance Fee. For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee ("Issuance Fee"). 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 the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year.

In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that 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.

13. Repayment.

A. CFC shall notify Applicant promptly of each (i) Draw request that it receives under a Letter of Credit, (ii) Draw that is made, and (iii) each Advance under the Line of Credit Agreement or Replacement Credit Agreement that is made to pay a Draw referred to in clause C of this Paragraph 13.

B. Upon receipt of notice by Applicant from CFC that a Draw has been made, Applicant shall pay, in lawful money of the United States, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, at its office in Herndon, Virginia or such other offices as CFC may designate, the principal sum of the aggregate unpaid principal amount of such Draw (the "Draw Amount"), and interest as hereinafter provided on all amounts remaining unpaid hereunder from the date of such Draw in like money at said office (the "Interest Amount"). The Interest Amount shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to Applicant at least five days prior to the due date of such Interest Amount.

C. If, prior to the close of business on the day that any Draw has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant. If such day is not a day that both CFC and the depository institution CFC uses for funds transfers are open for business, then the Advance shall be made on the next day that both CFC and the depository institution CFC uses for funds transfers are open for business.

D. In the event that for any reason, a Draw is not repaid with the proceeds of an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) as described herein, Applicant shall pay such Draw and the Interest Amount no later than one year from the date of such Draw.

14. Interest. The interest rate on all Draws will be equal to the total rate per annum as published by CFC as its line of credit rate and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Draw is outstanding. 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.

15. Prepayment. Applicant may, at any time, make prepayments of the principal amount of any Draw, together with any interest accrued thereon.

16. Default; Remedies. Applicant shall be in default if (i) it fails to pay any Draw Amount or Interest Amount, or fails to pay any other sum due hereunder, in full, when due, (ii) it fails to comply with clause C of this Paragraph 13 or if it fails to comply with Paragraphs 19 and 20 of this Agreement. Upon default, Applicant agrees that (a) CFC's obligation to issue Letters of Credit hereunder shall terminate without liability to CFC, (b) all amounts outstanding under this Agreement shall become immediately due and payable in full with accrued interest, (c) CFC may 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, 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; and (d) CFC may, in addition thereto, exercise any other remedies available to it under applicable law. Applicant hereby expressly waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment, and all other notices that m

17. Required Notices. Applicant agrees that, so long as any amount due is outstanding under this Agreement, Applicant shall promptly notify CFC (a) of any delinquency or default on any of its debt, including but not limited to money borrowed, debt evidenced by securities issued, or any indebtedness directly or indirectly guaranteed by Applicant, or (b) if there is a material adverse change in Applicant's financial condition. Applicant further agrees that if CFC shall determine, in its sole and absolute discretion, that such delinquency or default, or such inaccurate financial information materially increases CFC's risk of repayment hereunder, CFC may exercise all remedies available to it under applicable law, including but not limited to acceleration of all amounts due hereunder.

18. Right of Setoff. If Applicant fails to pay any amount hereunder when due, then CFC is hereby authorized at any time and from time to time, without prior notice to the Applicant, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Applicant or for the credit or account of the Applicant against any and all of the obligations of the Applicant hereunder. CFC agrees to notify the Applicant promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. 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. Applicant waives all rights of setoff, deduction, recoupment or counterclaim.

19. Financial Ratios; Design of Rates. The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of note less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.

20. Financial Information. Applicant will cause to be prepared and furnished to CFC a full and complete report of its financial condition and operations as of the end of the Applicant's fiscal year in form and substance satisfactory to CFC, audited 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. Such report shall be furnished within 120 days of the end of such fiscal year. Applicant also agrees that, so long as any amount due to CFC is outstanding under this Agreement, Applicant shall deliver to CFC a copy of Applicant's monthly and quarterly financial statements, and a copy of Applicant's annual audit report. Monthly statements shall be furnished within thirty (30) days after the end of the month and quarterly statements shall be furnished within thirty (30) days after the end of the quarter. The foregoing requirements shall survive the making of Draws hereunder and the expiration of a Letter of Credit until all sums due under this Agreement have been paid in full.

21. Late Fee; Collection Costs. If payment of any principal and/or interest due under the terms of this Agreement is not received at CFC's offices in Herndon, Virginia, or such other place as

CFC may designate, within 5 business days after the due date thereof, Applicant will pay to CFC, in addition to all other amounts due under the terms of this Agreement, a late payment charge as may then be in effect pursuant to CFC's policies of general application. Applicant further agrees to pay the costs of collection, including reasonable attorneys' fees, of any amount due under this Agreement.

22. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

APPLICANT HEREBY SUBMITS TO THE NONEXCLUSIVE 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. APPLICANT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF THE APPLICANT AND CFC 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.

23. 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 Applicant at the address and telecopy number stated above, and to CFC at:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Fax: (703) 709-6776

Either party may designate another address by notice as provided herein. All communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein.

17. Miscellaneous. No modification or waiver of any provision of this Agreement, and no consent to any departure by Applicant therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent. This Agreement and any schedules or exhibits together contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby. If any term, provision or condition of this Agreement 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 shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

CFC LTRAPP
KY062-L-9002 (JABLONJ)
129546-1

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. T. Bailey

Title: President and CEO

Attest: Will C. Dent

~~Secretary~~

Chair of the Board

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

EXHIBIT A
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")
Master Letter of Credit Facility No. KY062-L-9002

BIG RIVERS ELECTRIC CORPRORATION hereby requests CFC to issue a letter of credit under the above-referenced master facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

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 CORPRORATION

By: _____

Name: _____

Title: _____

Date: _____

CFC LTRAPP
KY062-L-9002 (JABLONJ)
129546-1

EXHIBIT B
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

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

To the above-named Beneficiary:

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

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

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

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

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

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

CFC Instructions

Borrower: BIG RIVERS ELECTRIC CORPORATION
Loan Designation: KY062-L-9002

Enclosed for the above-referenced loan are the following documents:

- I. CFC Letter of Credit Application and Agreement - 1 counterpart
- II. Certificate of resolutions and incumbency
- III. Form of opinion of counsel

Before any action is taken to execute the documents, it should be determined that all necessary regulatory commission approvals have been obtained. CFC will require an original or true copy of the order of the commission.

A. Letter of Credit Application and Agreement:

Please execute the letter of credit application and agreement. A copy will be returned to you upon execution by CFC

B. Certificate of Board Resolutions and Incumbency:

Board resolutions should be adopted following the form supplied. **Note that the names and titles of all officials authorized to execute the loan documents on behalf of the Borrower must be set forth on the incumbency portion of the certificate. Borrower should consult with counsel to determine if its bylaws and/or the laws of its state of incorporation require the loan documents to be sealed and attested. If so, the name and title of the officials authorized to attest the execution of the documents must be set forth in the incumbency portion of the certificate.**

C. Opinion of Counsel:

Counsel should prepare one original opinion of counsel, on counsel's letterhead, in the form supplied

DOCUMENTS TO BE RETURNED TO CFC:

- Certified or true copy of Commission approval (if applicable)
- CFC letter of credit application and agreement
- The original certificate of resolutions and incumbency
- An original opinion of counsel

IF YOU HAVE QUESTIONS REGARDING THESE INSTRUCTIONS, DOCUMENTS OR OPINION, PLEASE TELEPHONE JAMES JABLONSKI (CORPORATE COUNSEL) AT (800) 424-2954 OR (703) 709-6700.

PLEASE RETURN ALL DOCUMENTS TO:

NRUCFC
ATTN: LEGAL ADMINISTRATIVE ASSISTANT
2201 COOPERATIVE WAY
HERNDON, VA 20171

[COUNSEL SHOULD PREPARE THIS FORM OF OPINION ON ITS LETTERHEAD]

Date: _____

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attn.: General Counsel

Re: BIG RIVERS ELECTRIC CORPORATION
Loan Designation KY062-L-9002

Dear Sir:

I am counsel for BIG RIVERS ELECTRIC CORPORATION, organized under the laws of the State of Kentucky ("Borrower"), and render this opinion to you in connection with the \$15,000,000.00 letter of credit facility provided for in the Letter of Credit Application and Agreement ("Letter of Credit Agreement"), dated as of _____, between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC").

I have examined such corporate records and proceedings of the Borrower, and such other documents as I have deemed necessary as a basis for the opinions hereinafter expressed.

I have also examined the following documents as executed and delivered: (1) the Letter of Credit Agreement and (2) and (ii) the Line of Credit Reserve Authorization dated _____ (together, the "Loan Documents").

Based upon the foregoing, I am of the opinion that:

(i) the Borrower is a duly organized, validly existing corporation and in good standing under the laws of the jurisdiction of its organization, and the Borrower has full corporate power (a) to execute and deliver the Loan Documents; and (b) to perform all acts required to be done by it under the Loan Documents;

[*** SELECT ONE OF THE FORMS OF PARAGRAPH (ii) ***]

*** (ii) all authorizations from regulatory bodies required in connection with the execution, delivery and performance of the Loan Documents, including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable, have been obtained and copies thereof are attached hereto;

*** (ii) no authorization from any regulatory body is required in connection with the execution, delivery and performance of the Loan Documents including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable;

Sincerely,



file:
National Rural Utilities
Cooperative Finance Corporation

Bill Blackburn

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

A Touchstone Energy® Cooperative

C: Travis Stewart

June 6, 2008

RECEIVED JUN 10 2008

Mr. Michael H. Core
President and CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

RE: LOAN DESIGNATION KY062-L-9001
Loan Amendment Documentation

Dear Mr. Core:

Big Rivers Electric Corporation has executed and returned all required CFC documents and supporting papers in connection with an amendment to the CFC loan agreement for the loan designated above. These documents have been reviewed and found legally acceptable and satisfactory to CFC and thus constitute a binding amendment to the loan agreement between CFC and your system.

Enclosed for your records is an original of the amendment, executed by CFC, which is effective as of the date, stated therein.

We at CFC appreciate the opportunity to serve your system and look forward to our continued business relationship.

Sincerely,

Nazir Rostom
Associate Vice President

**FIRST AMENDMENT TO FIRST AMENDED AND RESTATED
LETTER OF CREDIT APPLICATION AND AGREEMENT**

FIRST AMENDMENT TO FIRST AMENDED AND RESTATED LETTER OF CREDIT APPLICATION AND AGREEMENT (this "Amendment"), dated as of June 5, 2008, 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 and CFC are parties to that certain First Amended and Restated Letter of Credit Application and Agreement dated as of July 14, 2003, with respect to CFC Loan No. KY062-L-9001 (the "Original Agreement");

WHEREAS, the Borrower has requested an extension in the period during which letters of credit can be issued under the Original Agreement and the final date upon which all such letters of credit must expire and CFC has agreed to such modification subject to Borrower's agreement to extend its current line of credit reservation to the line of credit that will replace the line of credit provided for in the Revolving Credit Agreement (as defined in the Original Agreement), upon the termination thereof (the "Replacement Line of Credit");

WHEREAS, the Borrower and CFC have agreed to modify the Original Agreement as set forth herein to reflect the terms of such agreement;

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

Section 1. Recitals. The foregoing recitals are incorporated herein by reference.

Section 2. Definitions. Capitalized terms that are not defined herein shall have the meanings assigned to them as set forth in the Original Agreement.

Section 3. Amendment.

A. The section of the Original Agreement titled "Letter of Credit Expiration Date; Termination of Agreement:" is hereby deleted in its entirety and is hereby amended to read as follows:

"Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than March 1, 2009. Provided that no default hereunder by Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until February 28, 2009."

B. Section 7(a) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

“(a) As of the date of this Agreement, Applicant and CFC have entered into that certain First Amended and Restated Revolving Credit Agreement, dated as of the date hereof (the “Revolving Credit Agreement”), pursuant to which Applicant may, subject to the terms and conditions thereof, borrow, repay, and reborrow an aggregate amount up to \$15,000,000. The amount available at any time and from time to time under the Revolving Credit Agreement, or the line of credit agreement which is to replace the Revolving Credit Agreement upon the termination of Borrower’s lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the “Replacement Credit Agreement), shall be referred to herein as the “Available Amount”.”

C. Section 7(c) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

“(c) Applicant hereby agrees not to request any Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

C. Section 8(c) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

“(c) If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant.”

Section 4. Conditions. This Amendment shall become effective upon CFC’s receipt of this Amendment and an amendment to the Line of Credit Reserve Authorization dated July 14, 2003 made by Borrower in favor of CFC to extend such reservation to the Replacement Line of Credit.

Section 5. Representations and Warranties. The Borrower represents and warrants that:

5.1 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.

5.2 Authority. The execution, delivery and performance by the Borrower of this Amendment and the performance hereof have been duly authorized by all necessary corporate action and will not violate any provision of law or of the Articles of Incorporation or bylaws of the

Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.

5.3 Material Adverse Change. There has been no material adverse change in the financial condition or operations of the Borrower since the date of the Original Agreement, except as set forth in the most recent financial statements submitted to CFC or as otherwise disclosed in writing to CFC prior to the date hereof.

5.4 REQUIRED APPROVALS. NO LICENSE, CONSENT OR APPROVAL OF ANY GOVERNMENTAL AGENCY OR AUTHORITY IS REQUIRED TO ENABLE THE BORROWER TO ENTER INTO THIS AMENDMENT, OR TO PERFORM ANY OF THE OBLIGATIONS PROVIDED FOR HEREIN, EXCEPT AS HAVE BEEN OBTAINED BY THE BORROWER AND DELIVERED TO CFC PRIOR TO THE DATE HEREOF.

5.5 Prior Representations and Warranties. All representations and warranties made by the Borrower in the Original Agreement are true and correct as of the date hereof.

Section 6. Miscellaneous.

6.1 Modifications. No modification or waiver of any provision of this Amendment, and no consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent.

6.2 Merger and Integration. This Amendment, the Original Agreement and the matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

6.3 Incorporation; Inconsistency with Original Agreement. Except as specifically waived by CFC or otherwise amended or modified herein, the terms, conditions and provisions of the Original Agreement are incorporated herein by reference as if set forth in full herein and remain in full force and effect. In the event of any conflict or inconsistency between the terms of this Amendment and the Original Agreement, the terms of this Amendment shall control.

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: [Signature]

Title: President/CEO

Attest: [Signature]

Title: Vice President of Financial Services/CFO

(SEAL)

NATIONAL RURAL UTILITES
COOPERATIVE FINANCE CORPORATION

By: [Signature]

Assistant Secretary-Treasurer
Nazir Rostom

Attest: [Signature]
Assistant Secretary-Treasurer

Krishna S. Murthy

FIRST AMENDMENT TO LINE OF CREDIT RESERVE AUTHORIZATION

This **FIRST AMENDMENT TO LINE OF CREDIT RESERVE AUTHORIZATION** (this "Amendment"), dated as of June 5, 2008, is by and 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, in consideration of CFC's issuance of letters of credit under that certain First Amended and Restated Letter of Credit Application and Agreement dated as of July 14, 2003, with respect to CFC Loan No. KY062-L-9001 (the "Letter of Credit Agreement"), the Borrower executed that certain Line of Credit Reserve Authorization dated July 14, 2003 in favor of CFC ("Original Reservation");

WHEREAS, the Borrower and CFC are entering into an amendment to the Letter of Credit Agreement to extend the period during which letters of credit can be issued and the final date upon which all such letters of credit must expire (the "Letter of Credit Amendment"); and

WHEREAS, the Letter of Credit Amendment is subject to Borrower's agreement to extend the Original Reservation to the line of credit that will replace the line of credit provided for in the Revolving Credit Agreement, upon the termination thereof (the "Replacement Line of Credit").

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

Section 1. Recitals. The foregoing recitals are incorporated herein by reference.

Section 2. Definitions. Capitalized terms that are not defined herein shall have the meanings assigned to them as set forth in the Original Reservation.

Section 3. Amendment. The third and fourth paragraphs of the Original Reservation are hereby deleted in their entirety and are hereby amended to read as follows:

"If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Revolving

Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000. The amount available at any time and from time to time under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit."

Section 4. Miscellaneous.

4.1 Modifications. CFC's signature hereon reflects the written consent required of CFC for modifications of the Original Reservation. No modification of any provision of this Amendment shall in any event be effective unless the same shall be consented to in writing by the parties hereto.

4.2 Merger and Integration. This Amendment, the Original Reservation and the matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

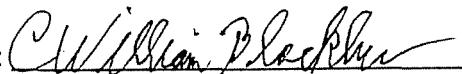
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: 

Title: President/CEO

Attest: 

Title: Vice President of Financial Services/CFO

(SEAL)

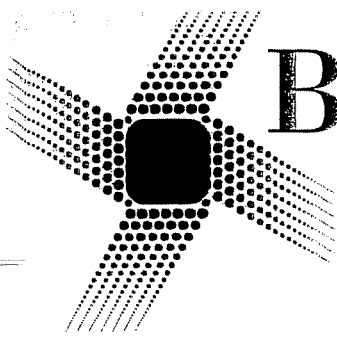
NATIONAL RURAL UTILITES
COOPERATIVE FINANCE CORPORATION

By: 
Assistant Secretary-Treasurer

Nazir Rostom

Attest: 
Assistant Secretary-Treasurer

Krishna S. Murthy



Big Rivers

Electric Corporation

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

April 15, 2008

FRUCFC

Mr. Nazir Rostom
AVP, Structured Finance
National Rural Utilities Cooperative Finance Corporation (NRUCFC)
2201 Cooperative Way
Herndon, VA 20171

Dear Nazir:

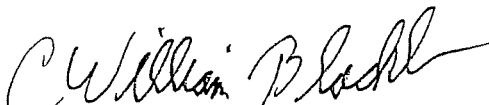
Based on a conversation you had with Mark Hite of Big Rivers regarding the First Amended Restated Letter of Credit Application and Agreement, dated as of July 13, 2003, maturing July 14, 2008, generally referred to as master letter of credit facility KY062-L-9001 ("Current Facility"), please note the following:

1. The Current Facility is hereby extended to March 1, 2009 ("Modified Facility").
2. All newly issued letters of credit under the Modified Facility will expire no later than March 1, 2009.
3. After February 28, 2009, the Modified Facility will not issue any letters of credit.
4. Upon termination of the secured line of credit, R-5101, any existing line of credit reservation will be terminated and replaced by a new line of credit reservation on the new unsecured line of credit, R-5102.

We sincerely appreciate the effort you put forth in meeting the needs of Big Rivers. It's always a pleasure to work with you and the other folks at CFC.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION


C. William Blackburn

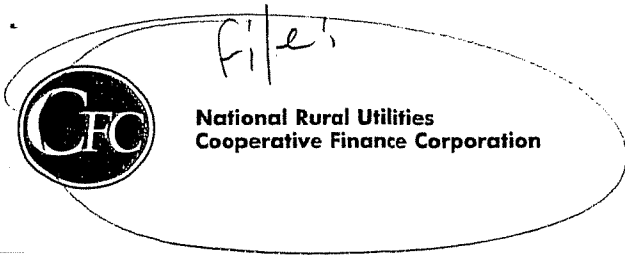
Vice President of Financial Services and CFO

c: Mr. Mike Core
Mr. Mark Bailey
✓ Mr. Mark Hite

KIUC 1-8
128 of 356

Your Touchstone Energy® Cooperative





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

A Touchstone Energy® Cooperative

July 23, 2008

remarking agent?

*copy: Mike Coe
Mark Bailey
Bill Blackburn*

Mr. Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
P.O. Box 24
Henderson, KY 42419-0024

z6 bp savings on liquidity fee (25-10) for semi-annual vs weekly more than offsets the add'l interest (8 bp).

Dear Mr. Hite: *Mark*

Thank you for your inquiry concerning Big Rivers Electric Corporation's ("BREC") refinancing of its existing Pollution Control Bonds ("PCBs"). CFC understands that BREC has issued two series of PCBs, through the County of Ohio, Kentucky, in the amounts of \$83.3MM and \$58.8MM. We further understand that BREC desires to refinance and reissue these bonds. CFC also understands the BREC prefers to issue these bonds in a Semi-Annual, Variable Rate Demand Bond mode ("VRDBs"), with a final maturity of up to 8/31/2031. BREC has requested the National Rural Utilities Cooperative Finance Corporation ("CFC") to consider providing an unconditional guarantee of the timely payment of principal and interest, when and as due, for these Pollution Control Bonds in order to obtain more favorable interest rates.

CFC is pleased to offer BREC the attached Summary of Indicative Terms ("Term Sheet") outlining the terms and conditions associated with providing the requested guarantee. CFC will also serve as liquidity provider and standby purchaser in the transaction, as outlined in the attached Term Sheet. ^{former} Additional terms, conditions, and covenants may be added to reflect market conditions prevailing at the time of formal consideration of the credit request by CFC and before closing of the transaction. Please note that extensions of any credit facilities to BREC, including the proposed facility, are subject to internal approvals including approval by the CFC Board of Directors. Such approvals have not been obtained at this time.

The proposed bond issue will be implemented following the unwind of BREC's lease transaction, following BREC's transition to an indenture (acceptable to CFC), and using CFC's standard structure and documentation for guarantee and liquidity support in transactions of this nature. As a condition to closing of this transaction, BREC will be responsible for obtaining all necessary regulatory approvals including the approval from RUS. The implementation of this transaction will require CFC to hire underwriters, bond counsel, and to incur related expenses. As part of this transaction, BREC will be

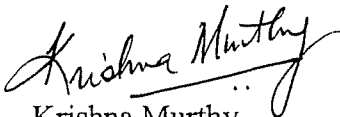
responsible for any and all costs associated with the issuance of these bonds including, but not limited to, underwriter's discount, counsel fees, any engineering due diligence, and other related issuance expenses. BREC ~~assumes~~ assumes responsibility for these expenses regardless of whether or not the proposed bonds are reissued.

This letter and the enclosed Term Sheet are delivered to you with the express understanding that you will not disclose the contents or the financing terms of the transaction to any party other than governmental or regulatory bodies which require such disclosure, or to those who are in a confidential relationship with you in connection with this transaction (legal counsel, consultants, Board of Directors, or others as required by law).

This letter is provided solely to BREC and may not be assigned or transferred to any other party. No rights are intended to be created hereunder for the benefit of any third party. This conditional commitment is valid until August 31, 2008, unless extended in writing by CFC. Please indicate your acceptance of this commitment by signing below. Your signature evidences BREC's agreement to reimburse CFC for all reasonable out of pocket expenses incurred in connection with this transaction, regardless of whether or not the transaction is implemented. Upon receipt of your acceptance of this commitment, we will proceed with further steps to implement this transaction

Please call me at 703-709-6738 or Thomas Hall at 703-709-6839 with any questions you may have in this regard. We thank you for considering CFC as your financing partner in this important transaction. We look forward to working with you to facilitate the successful re-issuance of your tax-exempt bonds.

Sincerely,



Krishna Murthy
Vice President
Portfolio Management

Agreed to and accepted by Big Rivers Electric Corporation.

By: _____
Mark Hite
Vice President

_____ Date

cc: Mr. Mark Bailey, BREC
Allyn Amato, John List, Nazir Rostom, Tim O'Connell, Thomas Hall, CFC

Tax Exempt Financing

Guaranteed by

National Rural Utilities Cooperative Finance Corporation

For the Benefit of

BIG RIVERS ELECTRIC CORPORATION

SUMMARY OF INDICATIVE TERMS

A. PROPOSED FINANCING

Facility Purpose:

Refinancing of two series of Pollution Control Bonds (“PCBs”) issued through the County of Ohio, Kentucky, and the expenses associated with the transaction.

Amount of Issue:

Up to \$142,100,000.

Issuer/Borrower(s):

County of Ohio, Kentucky, for the benefit of Big Rivers Electric Corporation (“BREC”).

Closing Date:

On or about November 15th, 2008.

Structure:

A Tax Exempt Guarantee of a Variable Rate/Fixed Rate Demand Bond (“VRDB”/“FRDB”) issuance.

The qualified tax-exempt guaranteed bonds will be issued in a single series, Series (A), for approximately \$142.1 million.

Guarantor:

National Rural Utilities Cooperative Finance Corporation. (“CFC”).

Underwriter:

Lehman Brothers and other investment banks acceptable to CFC and the Borrower.

Trustee:

U.S Bank.

Bond Counsel:

Chapman and Cutler LLP.

Underwriter's Counsel:

Dewey LeBoeuf, LLP.

B. THE BONDS

Estimated Amount of Issue:

Up to \$142,100,000.

Maturity:

Up to 23 years from date of re-issue, not to exceed the shorter of the remaining length of the wholesale power contracts between BREC and its members systems or 120% of the current certified economic life of the project (as certified by a professional licensed engineer, in a manner satisfactory to CFC and Bond Counsel).

Anticipated final maturity of 8/31/2031.

Construction Fund:

Not Applicable.

Debt Service Reserve Fund ("DSRF"):

Not Applicable.

CFC Subordinated Term Certificates ("STCs"):

✓ BREC will purchase CFC Subordinated Term Certificates ("STCs"), for ~~up to~~ 14.29% of the bond issue guaranteed by CFC.

A fixed rate loan can be provided by CFC to BREC, to be used for the purchase of the STCs and will have a term equal to the term of the guarantee on the associated bonds.

The STC loan will be secured under the Borrower's indenture.

The interest rate on the STC loans will be set on the date of the advance equal to the CFC long term fixed rate for a term equal to the term of the corresponding bonds.

The STC loan and the STCs amortize to maintain the STC to bonds outstanding ratio of 14.29%, pursuant to the standard CFC policies.

The STC loan may not be prepaid as long as the corresponding bonds remain outstanding.

The STCs will earn a yield for BREC equal to 80% of the interest on the CFC loans used to purchase the STCs.

net 20%

Principal Amortization:

Customizable Interest Only period.

Principal payments will be sized to produce level debt service payments to the Maturity Date as agreed to between the Cooperative, the Guarantor, and the Underwriter.

Denominations:

Bonds issued in the Annual Mode will be sold in minimum denominations of \$5,000 or any integral multiple thereof.

Bonds issued in variable rate modes will be available in denominations of \$100,000 or any integral multiple thereof.

Ratings:

To be determined after evaluation by rating agency.

Interest Rate on the Bonds:

Bonds to be initially issued in the Semi-Annual Mode.

Any subsequent interest rate mode changes will require written approval from CFC as Guarantor and Liquidity Provider.

Each interest rate period will be determined based upon the mode(s) selected when the Bonds are issued.

Will range from variable to weekly, SAVRS, semi-annually, annually or multi-annually.

Interest Payments:

Interest will be due on each interest payment date (variable, monthly or semi-annually) as established by the mode selected.

Early Redemption of Bonds:

BREC may redeem the bonds, either in whole or in part, as provided for in the bond documents.

Payment premiums to be required in certain cases (such as when the bonds are in a fixed rate mode).

C. GUARANTY

Guaranty and Security:

Full and prompt payment of principal and interest when due to be guaranteed by CFC.

Guaranty Note payable to the Guarantor and secured under the Borrower's indenture to be executed by BREC.

CFC Functions:

(1) Advisor

✓ CFC will coordinate the activities associated with hiring the counsel, arranging for the underwriter, and coordinate the activities of the various members of the deal team.

(2) Guarantor:

The Guarantor will ^{CFC} guarantee the payment of the principal and interest due on the bonds and will cause documentation to be prepared and processed.

As agent for the Trustee, Guarantor to supervise the collection and disbursement of all principal and interest payments due on the bonds through the trustee.

(3) Liquidity Provider

To the extent that liquidity and Standby Purchase Agreements are required, CFC to act as liquidity provider/standby.

Liquidity Fee outlined below under "Transaction Costs".

SAVRS and Fixed Rate Bond Modes are not expected to require liquidity support / Standby Purchase Arrangements.

Weekly/Flexible and Semi-Annual Rate Modes are expected to need the liquidity support and Standby Purchase Arrangement.

Transaction Costs:

1.5 - 2.0%

Borrower to pay all transaction costs, including but not limited to: (a) fees and expenses of Bond Counsel, Underwriter's counsel and Guarantors' Counsel, (b) rating agency fees, (c) trustees and its counsel, (d) blue sky counsel, (e) printing and engraving, (f) CFC's auditor and accountants' fees, (g) underwriter's discount (an amount necessary to sell the bonds), (h) all other counsel(s) engaged in this transaction, (i) the local Finance Authority Fee and its counsels (if any), and (j) any issue expenses not specifically identified at this time.

CFC and its agents will endeavor to keep these costs as low as possible in an attempt to stay within the financing amount allowed pursuant to any applicable regulations.

In the event these costs exceed the amount allowed under applicable regulations, BREC will be required to use general funds to pay for any amounts exceeding regulatory limits.

Guarantee/Liquidity Fee:

- For Bonds issued in the SAVRs mode: Liquidity Fee of 0 bp/yr + Guaranty fee of 35 bp/Yr = Total of 35 bp/year on the principal outstanding.
- For Bonds issued in a semi-annual interest rate reset mode: Liquidity Fee of 10 bp/yr + Guaranty Fee of 35 bp/yr = Total of 45bp/year on the principal outstanding.
- For Bonds issued in the Fixed Rate mode (fixed to Maturity): Liquidity Fee of 0 bp/yr + Guaranty fee of 35 bp/Yr = Total of 35 bp/year on the principal outstanding.
- For Bonds issued in a weekly/Flexible interest rate reset mode: Liquidity Fee of 36 bp/yr + Guaranty Fee of 35 bp/yr = Total of 71 bp/year on the principal outstanding.

Documentation:

Customary for transactions of this type, based on CFC's standard structure for guarantee and liquidity support.

D. PRINCIPAL COVENANTS

Covenants:

- Consistent with the Borrower's Indenture.
- Indenture to be satisfactory to CFC.

Payments at Closing:

At the time this transaction is closed, BREC will pay all fees, costs, and expenses associated with this transaction.

Trustee and Rating Agency Fees:

In addition to all other fees set forth herein, BREC will pay annual Trustee fees while the bonds are outstanding.

Obligations of BREC:

BREC is responsible for the charges of their own accountants, legal counsel and the issuer's direct expenses.

E. CONDITIONS PRECEDENT

- Execution of Bond and Guaranty documents satisfactory to CFC as Guarantor and Liquidity Provider.
- Delivery of Borrowers' Counsel Opinions satisfactory to the Guarantor.
- Delivery of Opinions satisfactory to the Bond Counsels and Underwriter's counsel.
- Allocation by Bond Issue Authority of the amounts contemplated.
- Rating Agency Actions satisfactory to the Guarantor.
- BREC to provide information to be included in the Offering Memorandum.
- BREC to provide such studies, information, contracts, financial data and financial projections that may be necessary for review by the Guarantor and underwriter.
- Completion of Due Diligence by the Guarantor.
- Approval of the credit exposures by CFC as Guarantor and Liquidity Provider, including but not limited to the CFC internal approvals and approval by the CFC Board of Directors.

- BREC to grant proper security interests satisfactory to the Guarantor.
- Closing to occur after the successful unwind of the Borrower's lease transaction.
- Closing to occur after the Borrower's transition to an indenture (in form and substance acceptable to CFC).
- Approval by all relevant regulatory agencies of all matters concerning the proposed transaction.
- Closing of bond transaction at rates, and with terms and conditions, acceptable to CFC and underwriters.
- Submission by BREC of the required organizational documents, resolutions and certificates, including the Certificate of incumbency and legal opinion.

File: CFC

**CERTIFICATE OF RESOLUTIONS AND INCUMBENCY
(update)**

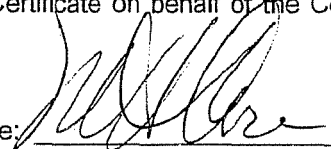
The undersigned, on behalf of BIG RIVERS ELECTRIC CORPORATION (the "Company"), hereby certifies that as of the date hereof:

(a) the attached resolutions are true, complete and correct copies of the resolutions of the Board of Directors of the Company duly adopted on the date specified therein;

(b) said resolutions have not been modified, altered or rescinded, and the same are in full force and effect; and

(c) the individual who executed the loan documents referred to in the attached resolutions held the position as stated therein on the actual date of execution of said loan documents.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company, this 3rd day of June, 2008.

Name: 

Title: President/CEO

(SEAL)

↓ Sent to CFC 6/4/08

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
DECEMBER 20, 2002**

After an explanation by Messrs. Core and Hite, Director Elder moved, seconded by Director Sills, that the following resolution be adopted:

WHEREAS, Big Rivers Electric Corporation ("Big Rivers") has determined that it is in its best interest to seek an extension of its existing \$15 million line of credit (the "Line of Credit") with the National Rural Utilities Cooperative Finance Corporation ("CFC") and related \$15 million master letter of credit facility (the "LC Facility") also with CFC (collectively, the "CFC Transaction");

WHEREAS, in connection with the extensions of the Line of Credit and LC Facility, Big Rivers must seek the consent and approval of its lenders, including the United States Department of Agriculture Rural Utilities Service ("RUS");

WHEREAS, Big Rivers has submitted an application to the RUS requesting its consent to and approval of the extension of the Line of Credit and the LC Facility;

WHEREAS, RUS has informed Big Rivers that (i) it will retain outside counsel in connection with the review of the application and negotiation of the necessary documents, and (ii) the fees and disbursements of such outside counsel must be paid by Big Rivers;

WHEREAS, the retention of outside counsel by RUS is governed by 7 C.F.R. Part 1789 (the "Regulations"), which provide that in order for RUS to retain outside counsel, Big Rivers must enter into certain agreements, including a funding agreement (the "Funding Agreement"), an escrow agreement (the "Escrow Agreement") and an indemnification agreement (the "Indemnification Agreement"), forms of each of which are attached hereto as Exhibits A, B and C, respectively; and

WHEREAS Big Rivers intends to obtain from the Kentucky Public Service Commission and any and all other persons any and all consents or approvals as are necessary, desirable or appropriate in connection with the CFC Transaction.

NOW, THEREFORE, it is hereby resolved by the board of directors of Big Rivers that:

RESOLVED, that the president or any vice president of Big Rivers (collectively, the "officers") be, and each of them hereby is, authorized and directed to take such actions as are necessary, desirable or appropriate in order to effectuate the retention by RUS of outside counsel pursuant to the Regulations and the payment by Big Rivers of the fees and expenses of such counsel in connection with the review and processing of the application submitted to RUS and the negotiation of the necessary documents;

RESOLVED FURTHER, that the Funding Agreement, the Escrow Agreement and the Indemnification Agreement are hereby approved in substantially the forms attached, subject to and with such changes therein as the officers may approve as necessary or desirable, such approval to be conclusively evidenced by the execution thereof, and each of them hereby is, authorized and directed to execute and deliver such agreements and to cause Big Rivers to perform, or cause to be performed, all of its obligations under such agreements;

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
DECEMBER 20, 2002**

RESOLVED FURTHER, that the officers be, and each of them hereby is, authorized and directed to take such actions as are necessary, desirable or appropriate in order to obtain from the Kentucky Public Service Commission and any and all other persons any and all consents or approvals as are necessary, desirable or appropriate in connection with the CFC Transaction; and

RESOLVED FURTHER, that the officers be, and each of them hereby is, authorized to negotiate, execute and deliver or accept such documents, to attest to and affix the seal of Big Rivers thereto, if necessary, and to take any and all further action as may be required on the part of Big Rivers or deemed necessary or advisable by any officer to carry out, give effect to and consummate the transactions contemplated hereby and the purposes and intent of the foregoing resolutions.

The motion was unanimously adopted.

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of the Regular Meeting of the Board of Directors of said Corporation held on 12-20-02.

Paula Mitchell

**FIRST AMENDMENT TO FIRST AMENDED AND RESTATED
LETTER OF CREDIT APPLICATION AND AGREEMENT**

FIRST AMENDMENT TO FIRST AMENDED AND RESTATED LETTER OF CREDIT APPLICATION AND AGREEMENT (this "Amendment"), 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 and CFC are parties to that certain First Amended and Restated Letter of Credit Application and Agreement dated as of July 14, 2003, with respect to CFC Loan No. KY062-L-9001 (the "Original Agreement");

WHEREAS, the Borrower has requested an extension in the period during which letters of credit can be issued under the Original Agreement and the final date upon which all such letters of credit must expire and CFC has agreed to such modification subject to Borrower's agreement to extend its current line of credit reservation to the line of credit that will replace the line of credit provided for in the Revolving Credit Agreement (as defined in the Original Agreement), upon the termination thereof (the "Replacement Line of Credit");

WHEREAS, the Borrower and CFC have agreed to modify the Original Agreement as set forth herein to reflect the terms of such agreement;

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

Section 1. Recitals. The foregoing recitals are incorporated herein by reference.

Section 2. Definitions. Capitalized terms that are not defined herein shall have the meanings assigned to them as set forth in the Original Agreement.

Section 3. Amendment.

A. The section of the Original Agreement titled "Letter of Credit Expiration Date; Termination of Agreement:" is hereby deleted in its entirety and is hereby amended to read as follows:

"Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than March 1, 2009. Provided that no default hereunder by Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until February 28, 2009."

B. Section 7(a) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

“(a) As of the date of this Agreement, Applicant and CFC have entered into that certain First Amended and Restated Revolving Credit Agreement, dated as of the date hereof (the “Revolving Credit Agreement”), pursuant to which Applicant may, subject to the terms and conditions thereof, borrow, repay, and reborrow an aggregate amount up of to \$15,000,000. The amount available at any time and from time to time under the Revolving Credit Agreement, or the line of credit agreement which is to replace the Revolving Credit Agreement upon the termination of Borrower’s lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the “Replacement Credit Agreement), shall be referred to herein as the “Available Amount”.”

C. Section 7(c) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

“(c) Applicant hereby agrees not to request any Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

C. Section 8(c) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

“(c) If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant.”

Section 4. Conditions. This Amendment shall become effective upon CFC’s receipt of this Amendment and an amendment to the Line of Credit Reserve Authorization dated July 14, 2003 made by Borrower in favor of CFC to extend such reservation to the Replacement Line of Credit.

Section 5. Representations and Warranties. The Borrower represents and warrants that:

5.1 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.

5.2 Authority. The execution, delivery and performance by the Borrower of this Amendment and the performance hereof have been duly authorized by all necessary corporate action and will not violate any provision of law or of the Articles of Incorporation or bylaws of the

Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.

5.3 Material Adverse Change. There has been no material adverse change in the financial condition or operations of the Borrower since the date of the Original Agreement, except as set forth in the most recent financial statements submitted to CFC or as otherwise disclosed in writing to CFC prior to the date hereof.

5.4 REQUIRED APPROVALS. NO LICENSE, CONSENT OR APPROVAL OF ANY GOVERNMENTAL AGENCY OR AUTHORITY IS REQUIRED TO ENABLE THE BORROWER TO ENTER INTO THIS AMENDMENT, OR TO PERFORM ANY OF THE OBLIGATIONS PROVIDED FOR HEREIN, EXCEPT AS HAVE BEEN OBTAINED BY THE BORROWER AND DELIVERED TO CFC PRIOR TO THE DATE HEREOF.

5.5 Prior Representations and Warranties. All representations and warranties made by the Borrower in the Original Agreement are true and correct as of the date hereof.

Section 6. Miscellaneous.

6.1 Modifications. No modification or waiver of any provision of this Amendment, and no consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent.

6.2 Merger and Integration. This Amendment, the Original Agreement and the matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

6.3 Incorporation; Inconsistency with Original Agreement. Except as specifically waived by CFC or otherwise amended or modified herein, the terms, conditions and provisions of the Original Agreement are incorporated herein by reference as if set forth in full herein and remain in full force and effect. In the event of any conflict or inconsistency between the terms of this Amendment and the Original Agreement, the terms of this Amendment shall control.

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION
By: [Signature]
Title: President/CEO

Attest: [Signature]
Title: Vice President of Financial Services/CFO

(SEAL)

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION
By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

FIRST AMENDMENT TO LINE OF CREDIT RESERVE AUTHORIZATION

This **FIRST AMENDMENT TO LINE OF CREDIT RESERVE AUTHORIZATION** (this "Amendment"), dated as of _____, is by and 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, in consideration of CFC's issuance of letters of credit under that certain First Amended and Restated Letter of Credit Application and Agreement dated as of July 14, 2003, with respect to CFC Loan No. KY062-L-9001 (the "Letter of Credit Agreement"), the Borrower executed that certain Line of Credit Reserve Authorization dated July 14, 2003 in favor of CFC ("Original Reservation");

WHEREAS, the Borrower and CFC are entering into an amendment to the Letter of Credit Agreement to extend the period during which letters of credit can be issued and the final date upon which all such letters of credit must expire (the "Letter of Credit Amendment"); and

WHEREAS, the Letter of Credit Amendment is subject to Borrower's agreement to extend the Original Reservation to the line of credit that will replace the line of credit provided for in the Revolving Credit Agreement, upon the termination thereof (the "Replacement Line of Credit").

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

Section 1. Recitals. The foregoing recitals are incorporated herein by reference.

Section 2. Definitions. Capitalized terms that are not defined herein shall have the meanings assigned to them as set forth in the Original Reservation.

Section 3. Amendment. The third and fourth paragraphs of the Original Reservation are hereby deleted in their entirety and are hereby amended to read as follows:

"If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Revolving

Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000. The amount available at any time and from time to time under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit."

Section 4. Miscellaneous.

4.1 Modifications. CFC's signature hereon reflects the written consent required of CFC for modifications of the Original Reservation. No modification of any provision of this Amendment shall in any event be effective unless the same shall be consented to in writing by the parties hereto.

4.2 Merger and Integration. This Amendment, the Original Reservation and the matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: 

Title: President/CEO

Attest: 

Title: Vice President of Financial Services/CFO

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____

Assistant Secretary-Treasurer

Attest: _____

Assistant Secretary-Treasurer

Mark Hite

From: Mark Hite
Sent: Tuesday, February 10, 2009 1:32 PM
To: 'Nazir Rostom'
Subject: Big Rivers Electric Corporation
Attachments: Base Case - Unwind of 10 4 08 - with Stmt of Cash Flows (Indirect) - 1-12-09.xls

Nazir, as you requested, attached hereto is the most recent Unwind financial forecast (base case) filed with the KPSC. Am faxing you the preliminary 2008 RUS Form 12 and a short letter regarding the request for the 2 year \$2.5 million unsecured CFC ELOC facility. Look forward to your response. Thanks!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

Mark Hite

From: Mark Hite
Sent: Monday, February 09, 2009 7:56 AM
To: 'Nazir Rostom'
Cc: 'mbailey@bigrivers.com'
Subject: RE: Emergency Lines of Credit from CFC

Sounds fine. Look forward to speaking with you and learning more about the CFC ELOC at 9.30 this morning.
Thanks!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Monday, February 09, 2009 7:45 AM
To: Mark Hite; Thomas Hall
Subject: Re: Emergency Lines of Credit from CFC

Mark:

Good morning. Tom and I can help you with an emergency line of credit. Can we call you around 9.30 am to discuss?

Nazir

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 02/09/2009 07:27 AM CST
To: Nazir Rostom; Thomas Hall
Subject: FW: Emergency Lines of Credit from CFC

Big Rivers, located in western Kentucky, is interested in learning more about the CFC ELOC for storm restoration costs, including the recent one. Would you be able to provide more key information, such as amount, secured or unsecured, terms, fees, etc. Should I contact Ron Crile of CFC, or is that something you would assist with?
Thanks!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

MEMORANDUM

TO: Managers of Member Systems
Chief Financial Officers

FROM: Dennis L. Cannon
Vice President, Member and Public Relations
Kentucky Association of Electric Cooperatives, Inc.

SUBJECT: Emergency Lines of Credit from CFC

DATE: February 6, 2009

The following article appeared in today's CFC electronic newsletter. It concerns emergency lines of credit that CFC is making available to co-ops for storm restoration.

Feel free to contact Rod Crile at CFC if you're a CFC member and you need fast cash.

CFC Solutions NewsBulletin
February 6, 2009

Deadly Ice Storms Ravage Electric Co-ops; CFC Provides Credit

Last week, severe ice and snow storms downed electric lines and poles in Arkansas and Kentucky, cutting off power to nearly 400,000 cooperative members in the two states. Missouri was also hard hit with 64,000 cooperative members without power at the height of the storm. Electric cooperatives in 20 states have sent more than 3,700 linemen to the region to help restore power in the hardest-hit areas. The winter storms, which also affected parts of Texas, Virginia, Oklahoma, Indiana, Ohio and West Virginia, have been blamed for at least 47 deaths, including at least 14 in Arkansas and 11 in Kentucky, and caused power outages for more than 1.3 million households.

The office of the governor of Kentucky, which deployed all available Army National Guardsmen, said the state was in the grip of the biggest natural disaster in the state's history. Ninety of 120 counties in the state have declared a state of emergency.

Arkansas cooperative systems estimate more than 27,000 electric poles are down. Kentucky systems had four 500-kv lines knocked down due to the weight of ice on the lines.

CFC understands that cooperatives need fast access to credit when confronted with natural disasters and has established an emergency line-of-credit (ELOC) program to enable members to get funds when needed. CFC already has approved seven ELOCs—totaling more than \$55 million—for members affected by the ice storms and expects to receive additional requests over the coming days. Processing a CFC ELOC can be done very quickly, so members do not need to be worried about having access to funds when they are needed most.

Members that do not have an ELOC but want to be prepared for a future emergency should contact their CFC AVP or RVP for an ELOC resolution. CFC can hold the resolution without putting a facility in place until requested by the member.

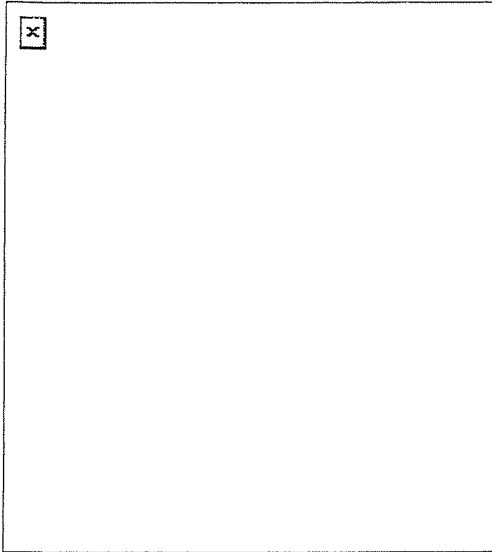


Photo Courtesy of Farmers RECC in Glasgow, KY.

Dennis L. Cannon
Vice President, Member and Public Relations
Kentucky Association of Electric Cooperatives, Inc.
P.O. Box 32170
Louisville, KY 40232

502-451-2430 -- Voice
502-459-3209 -- FAX
dcannon@kaec.org -- e-mail
www.kaec.org -- website

Mark Hite

From: Mark Hite
Sent: Thursday, January 08, 2009 12:26 PM
To: 'Nazir Rostom'
Subject: Big Rivers Electric Corporation - 1 year extension of the existing \$15mm CFC Letter of Credit Agreement

Attachments: Document.pdf; Document.pdf



Document.pdf Document.pdf
(5 MB) (842 KB)

Nazir, it took a while, but Big Rivers' counsel has just provided the following comments regarding the extension of the existing \$15mm Letter of Credit Facility. I understand Bob Michel of Orrick has placed a call to James Jablonski to discuss.

Big Rivers' 1/20/09 board meeting has been deferred until 1/30/09, and board approval will be sought at that time. Big Rivers' counsel has determined giving its opinion necessitates Big Rivers' making a PSC filing requesting they promptly confirm no jurisdiction over the agreement and no need for their approval.

Please let me have your comments on our comments per the attachments hereto ASAP. Please call me should you wish to discuss.

Comments welcome.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

LETTER OF CREDIT APPLICATION AND AGREEMENT
(Master Facility)

Name and Address of Applicant:

BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attn: President and Chief Executive Officer

Fax Number: 270-827-2558

Name and Address of Beneficiary:

To be determined as requested by Applicant from time to time as provided hereunder.

Date of this Application and Agreement: _____

A. Applicant hereby requests National Rural Utilities Cooperative Finance Corporation ("CFC") to issue one or more irrevocable letters of credit for its own account in favor of the beneficiary or beneficiaries requested by Applicant from time to time as provided hereunder under the terms and conditions stated herein.

B. In consideration of the issuance by CFC of a Letter of Credit (as hereinafter defined), Applicant hereby agrees with CFC to the following terms and conditions which constitute a valid and binding agreement between Applicant and CFC.

Definitions: 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). All terms not otherwise defined herein shall have the meaning ascribed to them in the First Amended and Restated Revolving Credit Agreement, dated July 14, 2003, by and between Applicant and CFC bearing CFC loan designation KY062-R-5101 (as amended, the "Line of Credit Agreement").

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP

consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

1. Letter of Credit Facility: The maximum aggregate amount of letters of credit which may be issued hereunder is Fifteen Million Dollars (\$15,000,000.00) ("Letter of Credit Facility"). Within this amount and subject to the limitation set forth in Section 3, Applicant may request, and National Rural Utilities Cooperative Finance Corporation ("CFC") shall issue, letters of credit to such beneficiary or beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Letter of Credit Application and Agreement (the "Agreement").

Each such request shall be in writing and substantially in the form of Exhibit A hereto. Each such letter is referred to herein as a "Letter of Credit". Each Letter of Credit shall be substantially in the form of Exhibit B hereto and shall reflect the amount available for draw thereunder (the "Letter of Credit Amount").

The Letter of Credit Amount reflected on any expired Letter of Credit shall be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement. The amount of any Draw that has been repaid shall also be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement.

2. Amendment to Existing Letter of Credit Facility. On and after the Effective Date no additional letters of credit shall be issued under the terms of that certain First Amended and Restated Letter of Credit Application and Agreement (Master Facility) bearing CFC loan designation, KY062-L-9001, dated July 14, 2003 with an effective date of July 15, 2003, as amended (the "Prior Facility"). Letters of credit issued under the Prior Facility shall remain outstanding and subject to the terms, conditions and provisions of the Prior Facility until their expiration or until they are otherwise terminated, at which time the Prior Facility shall be deemed canceled, with no further action required of either CFC or Borrower to effect such termination.

For purposes of the Prior Facility, the execution of this Agreement shall be deemed a writing executed by the parties hereto that is required to amend the Prior Facility.

3. Limitation on Letter of Credit Issuances.

The amount at any time available for Borrower to Advance under the Line of Credit Agreement ~~or the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly E&G Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement), shall be referred to herein as the "Available Amount".~~

Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested, *provided, however,* that so long the Prior Facility has not been cancelled pursuant to Section 2 hereof, Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the aggregate amount of letters of credit issued and then

with no further action of any party upon the execution and delivery of the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LGIE Energy LLC). (such replacement agreement is referred to herein as the "Replacement Credit Agreement")

Applicant hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit plus the sum of the letter of credit amounts reflected in all issued and outstanding letters of credit issued under the Prior Facility.

4. Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than February 28, 2010. Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the date that is February 27, 2010.

5. Effective Date: The Effective Date of this Agreement is set forth on the signature page hereof.

6. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation KY062-L-9002-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

7. Draws. On any day that CFC is open for business, CFC hereby agrees to advance funds under a Letter of Credit to the Beneficiary in such amounts as the Beneficiary may from time to time request (each such advance is referred to herein as a "Draw"), provided that: (a) on the date of each such request, the outstanding unpaid balance of all Draws shall not exceed the amount of the Letter of Credit Facility stated above; (b) 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 (c) 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.

8. Documents. CFC's obligation to issue a Letter of Credit is conditioned upon CFC's receipt of the following documents, in form and substance satisfactory to CFC: (a) an executed copy of this Agreement and any collateral security documents required herein; (b) certified copies of all such corporate documents and proceedings of the Applicant as CFC may require authorizing the transactions hereby contemplated; (c) true and correct copies of all certificates, authorizations and consents of any regulatory authority necessary for the execution, delivery or performance by the Applicant of this Agreement; (d) an executed line of credit reservation authorization executed in favor of CFC; and (e) an opinion of counsel for the Applicant addressing such legal matters as CFC shall reasonably require.

9. Irrevocable Instruction. Applicant hereby irrevocably instructs CFC to honor drafts presented in accordance with the terms hereof and contained in a Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

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to herein as the "Replacement Credit Agreement")
Letters of Credit outstanding at the time of termination of this Agreement will be subject to the provisions of the Replacement Credit Agreement and will constitute "Letters of Credit" thereunder,

10. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant 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.

11. No Liability. CFC shall have no liability for, and the Applicant's repayment and other obligations hereunder shall not be affected by (a) 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, (b) 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, (c) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (d) any consequences arising from causes beyond CFC's control.

12. Fees.

A. 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"). Applicant shall pay the Facility Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The initial Facility Fee shall be expressed in a number of basis points (hundredths of a percentage point) of the aggregate amount of the Letter of Credit Facility. The amount of the Facility Fee shall be determined as of the Effective Date set forth below in accordance with CFC's credit policies and practices as of said date. Subsequent Facility Fees shall be expressed in the same manner, in amounts determined in accordance with CFC's credit policies and practices in effect as of each applicable Anniversary Date. 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. It is a precondition to the issuance of any Letter of Credit that Applicant is current in its payment of the Facility Fee.

B. Issuance Fee. For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee ("Issuance Fee"). 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 the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year.

In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that 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.

13. Repayment.

A. CFC shall notify Applicant promptly of each (i) Draw request that it receives under a Letter of Credit, (ii) Draw that is made, and (iii) each Advance under the Line of Credit Agreement or Replacement Credit Agreement that is made to pay a Draw referred to in clause C of this Paragraph 13.

B. Upon receipt of notice by Applicant from CFC that a Draw has been made, Applicant shall pay, in lawful money of the United States, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, at its office in Herndon, Virginia or such other offices as CFC may designate, the principal sum of the aggregate unpaid principal amount of such Draw (the "Draw Amount"), and interest as hereinafter provided on all amounts remaining unpaid hereunder from the date of such Draw in like money at said office (the "Interest Amount"). The Interest Amount shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to Applicant at least five days prior to the due date of such Interest Amount.

C. If, prior to the close of business on the day that any Draw has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Line of Credit Agreement ~~(until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement)~~ in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant. If such day is not a day that both CFC and the depository institution CFC uses for funds transfers are open for business, then the Advance shall be made on the next day that both CFC and the depository institution CFC uses for funds transfers are open for business.

D. In the event that for any reason, a Draw is not repaid with the proceeds of an Advance under the Line of Credit Agreement ~~(until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement)~~ as described herein, Applicant shall pay such Draw and the Interest Amount no later than one year from the date of such Draw.

14. Interest. The interest rate on all Draws will be equal to the total rate per annum as published by CFC as its line of credit rate and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Draw is outstanding. 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.

15. Prepayment. Applicant may, at any time, make prepayments of the principal amount of any Draw, together with any interest accrued thereon.

16. Default; Remedies. Applicant shall be in default if (i) it fails to pay any Draw Amount or Interest Amount, or fails to pay any other sum due hereunder, in full, when due, (ii) it fails to comply with clause C of this Paragraph 13 or if it fails to comply with Paragraphs 19 and 20 of this Agreement. Upon default, Applicant agrees that (a) CFC's obligation to issue Letters of Credit hereunder shall terminate without liability to CFC, (b) all amounts outstanding under this Agreement shall become immediately due and payable in full with accrued interest, (c) CFC may exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by

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CFC or owed to the Borrower or for the credit or account of the Borrower, 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; and (d) CFC may, in addition thereto, exercise any other remedies available to it under applicable law. Applicant hereby expressly waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment, and all other notices that m

17. Required Notices. Applicant agrees that, so long as any amount due is outstanding under this Agreement, Applicant shall promptly notify CFC (a) of any delinquency or default on any of its debt, including but not limited to money borrowed, debt evidenced by securities issued, or any indebtedness directly or indirectly guaranteed by Applicant, or (b) if there is a material adverse change in Applicant's financial condition. Applicant further agrees that if CFC shall determine, in its sole and absolute discretion, that such delinquency or default, or such inaccurate financial information materially increases CFC's risk of repayment hereunder, CFC may exercise all remedies available to it under applicable law, including but not limited to acceleration of all amounts due hereunder.

18. Right of Setoff. If Applicant fails to pay any amount hereunder when due, then CFC is hereby authorized at any time and from time to time, without prior notice to the Applicant, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Applicant or for the credit or account of the Applicant against any and all of the obligations of the Applicant hereunder. CFC agrees to notify the Applicant promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. 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. Applicant waives all rights of setoff, deduction, recoupment or counterclaim.

19. Financial Ratios; Design of Rates. The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of note less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.

20. Financial Information. Applicant will cause to be prepared and furnished to CFC a full and complete report of its financial condition and operations as of the end of the Applicant's fiscal year in form and substance satisfactory to CFC, audited 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. Such report shall be furnished within 120 days of the end of such fiscal year. Applicant also agrees that, so long as any amount due to CFC is outstanding under this Agreement, Applicant shall deliver to CFC a copy of Applicant's monthly and quarterly financial statements, and a copy of Applicant's annual audit report. Monthly statements shall be furnished within thirty (30) days after the end of the month and quarterly statements shall be furnished within thirty (30) days after the end of the quarter. The foregoing requirements shall survive the making of Draws hereunder and the expiration of a Letter of Credit until all sums due under this Agreement have been paid in full.

21. Late Fee; Collection Costs. If payment of any principal and/or interest due under the terms of this Agreement is not received at CFC's offices in Herndon, Virginia, or such other place as

CFC may designate, within 5 business days after the due date thereof, Applicant will pay to CFC, in addition to all other amounts due under the terms of this Agreement, a late payment charge as may then be in effect pursuant to CFC's policies of general application. Applicant further agrees to pay the costs of collection, including reasonable attorneys' fees, of any amount due under this Agreement.

22. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

APPLICANT HEREBY SUBMITS TO THE NONEXCLUSIVE 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. APPLICANT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF THE APPLICANT AND CFC 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.

23. 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 Applicant at the address and telecopy number stated above, and to CFC at:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Fax: (703) 709-6776

Either party may designate another address by notice as provided herein. All communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein.

17. Miscellaneous. No modification or waiver of any provision of this Agreement, and no consent to any departure by Applicant therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent. This Agreement and any schedules or exhibits together contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby. If any term, provision or condition of this Agreement 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 shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

Attest: _____
Secretary

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

EXHIBIT A
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")
Master Letter of Credit Facility No. KY062-L-9002

BIG RIVERS ELECTRIC CORPORATION hereby requests CFC to issue a letter of credit under the above-referenced master facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

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 LTRAPP
KY062-L-9002 (JABLONJ)
129546-1

EXHIBIT B
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

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

To the above-named Beneficiary:

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

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

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

2. This original Letter of Credit.

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

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

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

LINE OF CREDIT RESERVE AUTHORIZATION

In consideration of the issuance of one or more letters of credit by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC") on behalf of BIG RIVERS ELECTRIC CORPORATION ("Borrower"), pursuant to the Letter of Credit Application and Agreement (Master Facility) dated as of even date herewith, by and between Borrower and CFC (the "Letter of Credit Agreement"), the undersigned Borrower hereby authorizes CFC as follows:

Capitalized terms that are not defined herein shall have the meanings as set forth in the Letter of Credit Agreement. *(even after the termination of the Letter of Credit Agreement)*

If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Line of Credit Agreement, until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000.00. The amount available at any time and from time to time under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

Borrower hereby agrees that CFC shall not incur any liability to Borrower as a result of following the instructions set forth herein, or for the exercise of the rights, remedies and obligations hereunder with respect to the Reserve Amount, except in cases of gross negligence or willful misconduct by CFC.

This authorization shall remain in effect and shall be irrevocable until terminated by mutual agreement of Borrower and CFC, or until such time as all of the Borrower's obligations under the Letter of Credit Agreement have been paid in full, whichever is earlier.

The undersigned agrees to pay such fees in connection with this Line of Credit Reserve Authorization as may be imposed by CFC pursuant to its policies of general application.

The undersigned represents and warrants to CFC that the undersigned has the appropriate authority on behalf of the Cooperative to execute this authorization and to instruct CFC with respect to the Cooperative's line of credit as set forth herein.

A Borrower hereby agrees, and CFC by its execution of this authorization acknowledges, that LETTERS OF CREDIT ISSUED IN ACCORDANCE WITH THE LETTER OF CREDIT AGREEMENT AND OUTSTANDING ON THE "EFFECTIVE DATE" OF THE REPLACEMENT CREDIT AGREEMENT AND SUBJECT TO THE PROVISIONS OF THE REPLACEMENT CREDIT AGREEMENT.

CFC SECINS
KY062-L-9002 (JABLONJ)
129557-1

This authorization shall not be modified by the Cooperative without CFC's written consent.

BIG RIVERS ELECTRIC CORPORATION

[Signature]

[Title]

[Date]

Acknowledgement by
NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

[SIGNATURE]

[TITLE]

[DATE]

Mark Hite

From: Mark Hite
Sent: Thursday, October 30, 2008 10:29 AM
To: 'Nazir Rostom'
Cc: 'Krishna Murthy'; 'Thomas Hall'
Subject: RE: Big Rivers

Good morning! Following up on my email below, while Big Rivers' existing secured \$15 million revolving credit agreement (line of credit) terminates 7/14/2013, the underlying master letter of credit agreement (letter of credit, KY-L-9001) and reserve authorization, R-5101, terminate 3/1/2009. As you may recall, in anticipation of the Unwind closing, effective 6/5/2008 the letter of credit facility was extended from 7/14/2008 to 3/1/2009. Due to delay of the anticipated Unwind closing date, Big Rivers believes a further extension is warranted at this time (due to uncertainty of the Unwind closing date) in order to ensure its ability to prudently buy and sell power on the open market during 2009.

I'll give you a call momentarily to discuss a further extension.

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

From: Mark Hite
Sent: Friday, October 24, 2008 11:14 AM
To: 'Nazir Rostom'
Cc: Krishna Murthy; Thomas Hall
Subject: Big Rivers

Wanted you to see the attached letter regarding the Unwind status at the KPSC. While I may have recently mentioned to you the now targeted Unwind closing date of 2/26/2009, the Unwind closing delays are resulting in growing concern regarding Big Rivers' expiring 3/1/2009 existing \$15 million line of credit, and underlying letter of credit, with CFC. Can we work with CFC to once again extend this facility (I tentatively suggest one year). This matter, plus Big Rivers' \$142.1 million outstanding variable rate pollution control bonds insured by Ambac are two items of significant concern that I'd like to pursue resolution with CFC.

Without the facility noted above, Big Rivers may not be able to maximize its off-system sales value. Ambac's association with the PCBs has both issues trading at a very high interest rate. I question the wisdom of waiting until the Unwind closing (if and when it occurs) to resolve these matters. I welcome your thoughts how best to proceed on one or both.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

3/21/2009

KIUC 1-8
165 of 356

Mark Hite

From: Mark Hite
Sent: Tuesday, December 23, 2008 3:57 PM
To: 'Nazir Rostom'; James Jablonski
Subject: RE: DSC and TIER in master letter of credit renewal

Wanted to follow-up with you regarding the 1 year extension of the exiting \$15 million Letter of Credit Facility, as no draft was received thru today.

Thanks, and Merry Christmas,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, December 11, 2008 11:58 AM
To: Mark Hite; James Jablonski
Subject: Re: DSC and TIER in master letter of credit renewal

We can send you a draft within a week from today.

----- Original Message -----

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 12/11/2008 11:41 AM CST
To: Nazir Rostom
Cc: James Jablonski
Subject: RE: DSC and TIER in master letter of credit renewal

Hope your day is going well. Can you tell me when to expect the draft documents in connection with the 1 year extension of the \$15 million underlying Letter of Credit facility? I've been asked if it might be possible to expedite the process.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Tuesday, December 09, 2008 1:04 PM
To: James Jablonski
Cc: Mark Hite
Subject: DSC and TIER in master letter of credit renewal

James,

I spoke with Mark. Mark is ok with the DSC of 1.0 and TIER of 1.05. Please proceed with the loan documentation.

Thanks,

nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

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Mark Hite

From: Mark Hite
Sent: Thursday, September 25, 2008 11:46 AM
To: 'Nazir Rostom'; Krishna Murthy; Thomas Hall
Cc: 'Jim Miller'; 'Michel, Robert'
Subject: CFC Release
Attachments: 160482576(2)_CFC Consent (PMCC termination).DOC

Fellas, hope you're day is going fantastic.

Attached hereto is the consent form CFC is being requested to sign in connection with the Omnibus Termination Agreement for the PMCC buy-out. The Omnibus Termination Agreement sent to you yesterday was for CFC's informational purposes.

Please let me know if you have any questions.

Thank you for your attention to this matter,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

September 26, 2008

Big Rivers Leasing Corporation
c/o Entity Services Group, L.L.C.
103 Foulk Road
Suite 200
Wilmington, DE 19803

Re: Release of Lien and Consent to Termination of Security Documents

Dear Madam or Sir:

Please be advised that the undersigned, NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, a not-for-profit cooperative association organized under the laws of the District of Columbia ("CFC"), hereby releases its subordinated liens and security interests described below, and consents to the termination of each security agreement identified below:

(i) CFC's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-1), dated as of April 1, 2000, among RUS, Big Rivers Leasing Corporation and certain other secured parties;

(ii) CFC's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-2), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(iii) CFC's second, junior and subordinate lien on, and second, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Funding Agreement Pledge Agreement (PBR-3), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(iv) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment Agreement Pledge Agreement (PBR-1), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(v) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment

Agreement Pledge Agreement (PBR-2), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(vi) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Payment Agreement Pledge Agreement (PBR-3), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(vii) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-1), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties;

(viii) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-2), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties; and

(ix) CFC's third, junior and subordinate lien on, and third, junior and subordinate security interest in, the "Collateral" under, and as defined in, that certain Government Securities Pledge Agreement (PBR-3), dated as of April 1, 2000, among CFC, Big Rivers Leasing Corporation and certain other secured parties.

Sincerely,

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

By: _____

Name:

Title:

Mark Hite

From: Mark Hite
Sent: Tuesday, February 10, 2009 8:41 AM
To: 'Nazir Rostom'; 'Thomas Hall'
Subject: Big Rivers Electric Corporation

Sorry I didn't get back with you yesterday. Have tried to gather more information regarding the impact the recent winter storm has had and will have on Big Rivers. At the height of the storms damage, all but 5 of Big Rivers delivery points were out. Big Rivers had all its 110 delivery points re-energized within 8 days of the storm. Big Rivers' restoration costs are estimated to be \$2.4 million. About \$800,000 of that amount may be eligible for insurance claim, less a \$300,000 deductible. About 80% of the balance will be eligible for FEMA reimbursement, as the Obama administration has made a declaration that the area is eligible for major disaster relief. So, it appears Big Rivers net out-of-pocket will be about \$400,000. I understand insurance and FEMA reimbursement may take a year, or a little more. So, seems Big Rivers would like to pursue a 2 year unsecured CFC ELOC for \$2.5 million.

I will phone you later this morning to further discuss.

Thanks,
Mark

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

Mark Hite

From: Mark Hite
Sent: Friday, November 07, 2008 7:15 AM
To: 'Krishna Murthy'
Cc: Nazir Rostom; Thomas Hall; John List
Subject: RE: Big Rivers Electric Corporation

Great! Look forward to hearing from you early next week.

Have a good day, and a fantastic weekend, Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Krishna Murthy [mailto:Krishna.Murthy@nrucfc.coop]
Sent: Thursday, November 06, 2008 4:38 PM
To: Mark Hite
Cc: Nazir Rostom; Thomas Hall; John List
Subject: Re: Big Rivers Electric Corporation

Mark:

More time is certainly welcome. We appreciate your understanding in this regard. We also appreciate your understanding of the fact that offers outstanding for long duration need periodic review. As you can imagine, market conditions are requiring us to examine our options. We are engaged in a review of our pricing. We have an internal meeting scheduled for Monday next week and I would feel comfortable talking to you AFTER we have had that meeting.

regards,

Krishna

Mark Hite
<Mark.Hite@bigriv
ers.com>

11/06/2008 05:22
PM

Krishna Murthy
<Krishna.Murthy@nrucfc.coop>

To

cc

Thomas Hall
<Thomas.Hall@nrucfc.coop>, Nazir
Rostom <Nazir.Rostom@nrucfc.coop>
Subject
Big Rivers Electric Corporation

Good afternoon! Wanted to follow-up with you before leaving the office today. Perhaps I misunderstood when we last spoke by phone on Friday 10/31, but my notes indicate that you were to call me back Monday 11/3 or Tuesday 11/4 to further discuss:

- 1) a new document set for the line of \$50 million unsecured line of credit in connection with the 2/26/2009 now targeted Unwind closing,
- 2) again extending the existing secured \$15mm letter of credit facility, perhaps 1 year beyond the current 3/1/2009, and
- 3) any additional thoughts you may have regarding refinancing the \$142.1 million PCBs in a Big Rivers status quo environment (I note that Ambac was downgraded to junk status by Moody's yesterday).

I recall you stating you needed to discuss internally, and market conditions may necessitate pricing and term revisions. Should I phone you tomorrow morning, or is more time needed? Given the uncertainty of the Unwind closing date, Big Rivers' power supply department needs the letter of credit facility extension to forward sale summer of 2009 power.

Thanks, and have a great evening,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

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Mark Hite

From: Mark Hite
Sent: Thursday, October 16, 2008 4:09 PM
To: krishna.murthy@nrucfc.coop
Subject: PCBs

Good afternoon! Wanted to make an inquiry of you.

Although the Unwind is now targeted for a 2/26/09 closing date, with the numerous leveraged lease parties now off Big Rivers' mortgage, seems RUS could be agreeable to CFC taking Ambac's senior mortgage position for the \$142.1 million PCBs? Of course, upon the Unwind closing, the PCBs would become pari-passu with all other secured debt under the Indenture. With the \$83.3 million issue now at 18% (the maximum rate), and the \$58.8 million now at 8%, Big Rivers really should get'er done ASAP rather than wait until shortly post-Unwind. I seem to recall CFC's 6 month variable rate mode is trading about 3% all in. But, perhaps CFC would be unwilling to refinance the PCBs pre-Unwind due to the balance sheet of Big Rivers. As you know, immediately post-Unwind Big Rivers will have very strong financial metrics. Any thoughts? Waiting to do the PCB refinancing is costing Big Rivers significant precious \$\$.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

Mark Hite

From: Mark Hite
Sent: Wednesday, December 10, 2008 7:37 AM
To: 'Thomas Hall'
Cc: Nazir Rostom; Krishna Murthy
Subject: RE: Member Capital Securities Follow Up

Thank you. Visited the CFC Extranet and printed the documents. Will review with Mark Bailey at earliest convenience.

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Thomas Hall [mailto:Thomas.Hall@nrucfc.coop]
Sent: Tuesday, December 09, 2008 4:43 PM
To: Mark Hite
Cc: Mark Bailey; Nazir Rostom; Krishna Murthy
Subject: Member Capital Securities Follow Up

Mark,

Thanks again for your time and interest on the phone today. As you, Nazir and I discussed, we are appreciative of your openness to explore ways whereby Big Rivers could participate in the MCS investment program.

Per your request, attached is the link to the CFC Extranet where you can review the Prospectus, Term Sheet, and other information on the MCS program. The site will require you to login, but the information should be easy to locate. If for any reason you have trouble logging in, the folks at our Member Center can assist (800-424-2955). Also attached are the slides Sheldon used during the webinar.

Per your request, we will follow up with our ideas on how we think this can work for Big Rivers.

Hope all is well and thanks again for your consideration.

-Tom

(See attached file: Sheldon Webinar slides_Final 12-5-08.ppt)

<http://www.nrucfc.org/private/extranet/mcs.htm>

Thomas Hall, Calling Officer
CFC's Structured Finance Group
Direct (703) 709-6839
Cell (703) 483-1398
Fax (703) 709-6811

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to anyone or make any other use of the information set forth herein. In such case, you should destroy this message and notify the sender by telephone or e-mail.

Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 26, 2009 3:54 PM
To: Mark Hite
Subject: Re: Big Rivers

We got it.

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 02/26/2009 01:52 PM CST
To: Nazir Rostom
Subject: RE: Big Rivers

Please do me a great favor... as soon as \$15 million CFC executes the new letter of credit facility, please shoot me an email. That way, we can immediately commence issuing letters of credit thereunder. I understand a couple of counterparties are nagging us. Thanks!

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 26, 2009 8:19 AM
To: Mark Hite
Subject: Re: Big Rivers

Thanks Mark for the update. We are glad to hear that PSC's approval is not needed for the letter of credit renewal. As for the unwind, we will hang tight and wait for the order.

We look forward to receiving your fed-ex.

Have a good day.

Best,

Nazir

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 02/25/2009 05:04 PM CST
To: Nazir Rostom
Subject: Big Rivers

3/21/2009

KIUC 1-8
177 of 356

I have good news and bad news. First the good news. This afternoon the PSC confirmed the 1-year CFC \$15 million letter of credit facility was exempt from needing their approval. So, I'm sending the document set via Fed Ex to you this evening. Look forward to receipt of executed document set. The bad news is that we now hear the PSC will likely not be issuing the Order on the Unwind for between 7 to 21 days.

Talk to you soon. Have a wonderful evening with your wife, your 3 year old, and the one in the oven.

Mark

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Friday, February 20, 2009 3:38 PM
To: Mark Hite
Subject: Re: Big Rivers

There are no additional fees other than the standard interest rates.

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 02/20/2009 03:35 PM CST
To: Nazir Rostom
Subject: Big Rivers

Regarding the \$2.5 million ELOC, other than the CFC Line of Credit Rate on any Advances, are there any other fees? Don't see anything in the document, but wanted to confirm. Thanks!

Mark A. Hite
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 12, 2009 11:24 AM
To: Mark Hite
Cc: James Jablonski
Subject: RE: KY062-R-5103 documents

Mark,

We are ok with that suggestion. James will make that change and send the revised loan agreement.

Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Mark Hite
<Mark.Hite@bigriv
ers.com>

02/12/2009 12:07
PM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

To

cc

Subject

RE: KY062-R-5103 documents

To address my concern, may I suggest adding the following sentence to Schedule 1:

During 2008, primarily as a result of Big Rivers execution a buyout of its leveraged lease (reducing cash \$107.1 million), Big Rivers' cash and cash equivalents balance decreased from \$148.9 million to \$35.6 million.

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
ax 270-827-2558
mobile 270-577-6815

-----Original Message-----

From: Mark Hite
Sent: Thursday, February 12, 2009 10:11 AM
To: 'Nazir Rostom'
Subject: RE: KY062-R-5103 documents

Having just hung up from speaking with you, please allow me to follow-up.
My comments were due to 2.01 G. Financial Statements indicating there has been no significant change to that balance sheet other than that disclosed to CFC in writing. So, am wondering about the 2008 leveraged lease buyout. If you're saying CFC is aware of the buyout and the impact it had, then shouldn't Schedule 1 say so?

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 12, 2009 9:49 AM
To: Mark Hite
Cc: Krishna Murthy; Philomena Donaldson; Thomas Hall
Subject: RE: KY062-R-5103 documents

Thanks Mark for the compliment.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Mark Hite
<Mark.Hite@bigriv
ers.com>

02/12/2009 10:35
AM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

To

cc

Krishna Murthy
<Krishna.Murthy@nrucfc.coop>,
Thomas Hall
<Thomas.Hall@nrucfc.coop>,
Philomena Donaldson
<Philomena.Donaldson@nrucfc.coop>

Subject

RE: KY062-R-5103 documents

Your assistance and turn-around on this ELOC request has been awesome. Big Rivers sincerely appreciates CFC's business partnership. Will be in touch. Thanks so much!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, February 12, 2009 8:51 AM
To: Mark Hite
Cc: Krishna Murthy; Thomas Hall; Philomena Donaldson
Subject: Fw: KY062-R-5103 documents

Mark,

Attached below are the loan agreement and board resolution. Please follow the instruction below to send us the executed documents. Should you have any question, please do not hesitate to contact me.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

----- Forwarded by Nazir Rostom/CFC on 02/12/2009 09:47 AM -----

James
Jablonski/CFC

02/11/2009 04:31
PM

Nazir Rostom/CFC@CFC

Krishna Murthy/CFC@CFC, Philomena
Donaldson/CFC@CFC

KY062-R-5103 documents

To
cc
Subject

We are pleased to inform you that National Rural Utilities Cooperative Finance Corporation

(CFC) has approved a new credit facility for your company. The CFC documents for the facility are enclosed for execution.

As a condition of CFC's credit commitment, all of the attached documents must be executed by your cooperative and received by CFC within 90 days of the date of this correspondence. CFC's credit commitment is dependent upon the execution of the CFC documents by your cooperative and their receipt and acceptance by CFC. CFC will notify you after its receipt of the documents regarding the status of this facility.

Please note that the attached documents have been transmitted only to your cooperative. If you would like us to send a copy to your attorney or if you have any other questions, please contact me or the legal department contact listed in the enclosed instructions.

Please review the enclosed instructions for information on the number of copies of each document to be printed, executed and returned to CFC.

Any changes made to the documents to be executed by your Cooperative (i.e., the Loan Agreement, Note, Security Agreement, etc.) without the prior written consent of CFC shall invalidate all documents.

We at CFC appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Please mail your executed documents to: Legal Administrative Assistant
NRUCFC
2201 Cooperative Way
Herndon, Virginia 20171

(See attached file: KY062-R-5103 LOCAGMT.pdf) (See attached file:
KY062-R-5103 INCUMB.pdf)
(See attached file: instructions.DOC) (See attached file:
opinion.DOC)

This may contain information that is confidential or privileged. If you are not the addressee indicated in this message (or responsible for delivery of this message to such person), you should not copy or deliver this message to anyone or make any other use of the information set forth herein. In such case, you should destroy this message and notify the sender by telephone or e-mail.

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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).

"Advance" shall mean each advance of funds by CFC to the Borrower pursuant to the terms and conditions of this Agreement.

"Business Day" shall mean 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 the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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

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

“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.

“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.

“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.

“TIER” shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

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 bylaws 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

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property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

F. Litigation. 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, if adversely determined, either individually or collectively, would 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 or herein. There has been no material adverse change in the financial condition or operations of the Borrower 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.

ARTICLE III

CREDIT TERMS

Section 3.01 Advances. CFC agrees to advance funds to the Borrower pursuant to the terms and conditions hereof, provided, however, that the principal amount at any time outstanding under this Agreement shall not exceed the CFC Commitment. The Borrower may borrow, repay and reborrow funds at any time or from time up to, but not including, the Maturity Date, at which

time all principal amounts outstanding, and accrued, but unpaid interest thereon, shall be due and payable in full.

Section 3.02 Payment and Interest Rate. The Line of Credit shall be payable and bear interest as follows:

A. Interest Rate and Payment. The Borrower unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced hereunder from the date of each Advance and to repay all amounts advanced hereunder with interest on the Maturity Date, if not sooner paid. Interest shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to the Borrower at least five days prior to the due date of any interest payment, provided, however, that CFC's failure to send a payment notice shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make payments as and when due as provided for herein. 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. The interest rate on all Advances will be equal to the CFC Line of Credit Rate as published by CFC and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. 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.

B. Application of Payments. Each payment shall be applied to the Obligations, 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 and the balance to principal.

Section 3.03 RESERVED.

Section 3.04 Limitation on Advances. While an Advance is outstanding, CFC reserves the right to limit further Advances if the sum of (a) all Advances outstanding, (b) the amount of any further Advance requested, and (c) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment. CFC may in its sole discretion decline to make any Advance during any period when the Borrower is in default hereunder.

Section 3.05 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, (a) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder and (b) the Borrower shall prepay the outstanding principal balance of all Obligations, 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, and upon prepayment thereof, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding the foregoing, Borrower shall retain the ability to request, and CFC shall retain the obligation to make, Advances hereunder and no prepayment shall be required under this Section 3.05 if, after giving effect to such change, 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 3.06 RESERVED.

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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.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 The obligation of CFC to make any Advance hereunder is subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

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. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower; there shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder.

E. Requisitions. Borrower will requisition each Advance by submitting its requisition to CFC in form and substance satisfactory to CFC no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced.

CFC may require the Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

F. Special Conditions. CFC shall be fully satisfied that the Borrower has complied with all special conditions identified in Schedule 1 hereto.

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. Special Covenants. The Borrower will comply with any special covenants identified in Schedule 1 hereto.

ARTICLE VI

EVENTS OF DEFAULT

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

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

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

C. Other Covenants.

(i) No Grace Period. Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, or 5.01.G, of this Agreement.

(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 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 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. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower or any subsidiary.

K. 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 \$100,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

L. 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.

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;
- (b) 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;
- (c) 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;
- (d) Pursue all rights and remedies available to CFC, including, but not limited to, a suit for specific performance, injunctive relief or damages;
- (e) Pursue any other rights and remedies available to CFC at law or in equity.

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

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131638-1

(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 then prevailing CFC Line of Credit Rate plus two hundred basis points.

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

CFC LOCAGMT
KY062-R-5103 (JABLONJ)
131638-1

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 the Advances hereunder 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 it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

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

Section 8.17 Schedule 1. Schedule 1 attached hereto is an integral part of this Agreement.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: _____

Title: _____

Attest: _____
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(SEAL)

By: _____

Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

Loan Number: KY062-R-5103

SCHEDULE 1

1. The purpose of this Line of Credit is to finance storm emergency repairs and expenses related to Borrower's electric utility operations.
2. The aggregate CFC Commitment shall mean \$2,500,000.00.
3. Maturity Date shall mean the date twenty four (24) months from the Effective Date.
4. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2007.
5. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission.
6. The special conditions referred to in Section 4.01.F. are as follows: None
7. The special covenants referred to in Section 5.01.I. are as follows:
 - (a) The Borrower shall apply the proceeds of all financing from the Federal Emergency Management Agency, or from any other funding source designated for reimbursement of emergency or hardship expenditures related to emergency repairs of its electric utility operations (the "Emergency Financing") to repay Advances with interest as provided for herein; and
 - (b) The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of not less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.
8. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419, Attention: President/CEO, Fax: 270-827-2558.

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, _____, do hereby certify that (i) I am the Secretary of BIG RIVERS ELECTRIC CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on _____; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the CFC loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the CFC loan documents:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from National Rural Utilities Cooperative Finance Corporation ("CFC") in an amount which shall not at any one time exceed \$2,500,000.00 (the "Line of Credit Amount"), for a term of twenty-four (24) months, subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>President</u>	_____
_____	_____
_____	_____
_____	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Cooperative this _____ day of _____, _____

Secretary

(SEAL)

CFC Instructions for Unsecured Line of Credit

Borrower: BIG RIVERS ELECTRIC CORPORATION
Line of Credit Designation: KY062-R-5103

Enclosed for the above-referenced loan are the following documents:

- I. CFC Line of Credit Agreement
- II. Form of opinion of counsel
- III. Certificate of Resolutions and Incumbency

Before any action is taken to execute the documents, it should be determined that all necessary regulatory commission approvals have been obtained. CFC will require an original or true copy of the order of the commission.

A. Line of Credit Agreement:

Please execute the line of credit agreement ("agreement"). The effective date of the agreement should be left blank. This date will be provided by CFC.

B. Opinion of Counsel:

Counsel should prepare an original opinion of counsel, on counsel's letterhead, in the form supplied.

C. Certificate of Resolutions and Incumbency:

Board resolutions should be adopted following the form supplied. **Note that the names and titles of all officials authorized to execute the loan documents on behalf of the Borrower must be set forth on the incumbency portion of the certificate. Borrower should consult with counsel to determine if its bylaws and/or the laws of its state of incorporation require the loan documents to be sealed and attested. If so, the name and title of the officials authorized to attest the execution of the documents must be set forth in the incumbency portion of the certificate.**

DOCUMENTS TO BE RETURNED TO CFC:

- Certified or true copy of Commission approval (if applicable)
- the CFC line of credit agreement
- The original certificate of resolutions and incumbency
- An original opinion of counsel

IF YOU HAVE QUESTIONS REGARDING THESE INSTRUCTIONS, DOCUMENTS PLEASE TELEPHONE JAMES JABLONSKI (CORPORATE COUNSEL) AT (800) 424-2954 OR (703) 709-6818.

PLEASE RETURN ALL DOCUMENTS TO:

NRUCFC
ATTN: LEGAL ADMINISTRATIVE ASSISTANT
2201 COOPERATIVE WAY
HERNDON, VA 20171

[COUNSEL SHOULD PREPARE THIS FORM OF OPINION ON ITS LETTERHEAD]

Date: _____

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attn.: General Counsel

Re: BIG RIVERS ELECTRIC CORPORATION
Loan Designation KY062-R-5103

Dear Sir:

I am counsel for BIG RIVERS ELECTRIC CORPORATION, organized under the laws of the State of Kentucky ("Borrower"), and render this opinion to you in connection with a line of credit in the amount of \$2,500,000.00 provided for in the Revolving Line of Credit Agreement ("Line of Credit Agreement"), dated as of _____, between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC").

I have examined such corporate records and proceedings of the Borrower, and such other documents as I have deemed necessary as a basis for the opinions hereinafter expressed.

I have also examined the Line of Credit Agreement as executed and delivered by the Borrower.

Based upon the foregoing, I am of the opinion that:

(i) the Borrower is a duly organized, validly existing corporation and in good standing under the laws of the jurisdiction of its organization, and the Borrower has full corporate power (a) to execute and deliver the Line of Credit Agreement; and (b) to perform all acts required to be done by it under the Line of Credit Agreement;

[*** SELECT ONE OF THE FORMS OF PARAGRAPH (ii) ***]

*** (ii) all authorizations from regulatory bodies required in connection with the execution, delivery and performance of the Line of Credit Agreement, including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable, have been obtained and copies thereof are attached hereto;

*** (ii) no authorization from any regulatory body is required in connection with the execution, delivery and performance of the Line of Credit Agreement including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable;

Sincerely,

Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Wednesday, February 11, 2009 1:55 PM
To: James Jablonski
Cc: Mark Hite
Subject: Loan agreement and Resolution for Big Rivers

James,

I wanted to give you heads up that Mark has its board meeting next week and will need the loan agreement and board resolution by this Friday, 13th.
Please email Mark or me if you have any questions.

Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Wednesday, February 11, 2009 9:24 AM
To: Mark Hite
Subject: Term of the loan

Mark,

I was talking to James Jablonski. He told me that we have to do the term less than 2 years (say 1 year and 11 months), otherwise you will need to get regulatory approval. Please let me know your thoughts. We are going to credit committee today at 1 pm.

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Tuesday, February 10, 2009 2:13 PM
To: Mark Hite
Cc: Thomas Hall; Michael Duganich; Krishna Murthy
Subject: Re: Big Rivers Electric Corporation - CFC \$2.5 million unsecured ELOC request

Thanks Mark. We got all your information. We are working as hard as possible to bring it to credit committee tomorrow.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Mark Hite
<Mark.Hite@bigriv
ers.com>

02/10/2009 03:04
PM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

Thomas Hall
<Thomas.Hall@nrucfc.coop>

Subject
Big Rivers Electric Corporation -
CFC \$2.5 million unsecured ELOC
request

To

cc

The requested Unwind Financial Model (most recent one filed in connection with the Unwind case before the KPSC) has been emailed to you. The preliminary 2008 RUS Form 12 was just faxed to you. And, the requested request on Big Rivers letterhead was faxed to you moments ago, with the original to follow via U.S. mail. Should you require anything further, please let me know. Thank you!

Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Tuesday, February 10, 2009 9:20 AM
To: Mark Hite
Cc: Thomas Hall; Krishna Murthy
Subject: Re: Big Rivers Electric Corporation

Thanks Mark. We look forward to helping you on this emergency line of credit of \$2.5MM.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Mark Hite
<Mark.Hite@bigriv
ers.com>

02/10/2009 09:41
AM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>, Thomas
Hall <Thomas.Hall@nrucfc.coop>

To

cc

Subject

Big Rivers Electric Corporation

Sorry I didn't get back with you yesterday. Have tried to gather more information regarding the impact the recent winter storm has had and will have on Big Rivers. At the height of the storms damage, all but 5 of Big Rivers delivery points were out. Big Rivers had all its 110 delivery points re-energized within 8 days of the storm. Big Rivers' restoration costs are estimated to be \$2.4 million. About \$800,000 of that amount may be eligible for insurance claim, less a \$300,000 deductible. About 80% of the balance will be eligible for FEMA reimbursement, as the Obama administration has made a declaration that the area is eligible for major disaster relief. So, it appears Big Rivers net out-of-pocket will be about \$400,000. I understand insurance and FEMA reimbursement may take a year, or a little more. So, seems Big Rivers would like to pursue a 2 year unsecured CFC ELOC for \$2.5 million.

I will phone you later this morning to further discuss.

Thanks,
Mark

Mark A. Hite

Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Monday, February 09, 2009 7:45 AM
To: Mark Hite; Thomas Hall
Subject: Re: Emergency Lines of Credit from CFC

Mark:

Good morning. Tom and I can help you with an emergency line of credit. Can we call you around 9.30 am to discuss?

Nazir

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 02/09/2009 07:27 AM CST
To: Nazir Rostom; Thomas Hall
Subject: FW: Emergency Lines of Credit from CFC

Big Rivers, located in western Kentucky, is interested in learning more about the CFC ELOC for storm restoration costs, including the recent one. Would you be able to provide more key information, such as amount, secured or unsecured, terms, fees, etc. Should I contact Ron Crile of CFC, or is that something you would assist with? Thanks!

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

MEMORANDUM

TO: Managers of Member Systems
Chief Financial Officers

FROM: Dennis L. Cannon
Vice President, Member and Public Relations
Kentucky Association of Electric Cooperatives, Inc.

SUBJECT: Emergency Lines of Credit from CFC

DATE: February 6, 2009

The following article appeared in today's CFC electronic newsletter. It concerns emergency lines of credit that CFC is making available to co-ops for storm restoration.

Feel free to contact Rod Crile at CFC if you're a CFC member and you need fast cash.

CFC Solutions NewsBulletin
February 6, 2009

Deadly Ice Storms Ravage Electric Co-ops; CFC Provides Credit

Last week, severe ice and snow storms downed electric lines and poles in Arkansas and Kentucky, cutting off power to nearly 400,000 cooperative members in the two states. Missouri was also hard hit with 64,000 cooperative members without power at the height of the storm. Electric cooperatives in 20 states have sent more than 3,700 linemen to the region to help restore power in the hardest-hit areas. The winter storms, which also affected parts of Texas, Virginia, Oklahoma, Indiana, Ohio and West Virginia, have been blamed for at least 47 deaths, including at least 14 in Arkansas and 11 in Kentucky, and caused power outages for more than 1.3 million households.

The office of the governor of Kentucky, which deployed all available Army National Guardsmen, said the state was in the grip of the biggest natural disaster in the state's history. Ninety of 120 counties in the state have declared a state of emergency.

Arkansas cooperative systems estimate more than 27,000 electric poles are down. Kentucky systems had four 500-kv lines knocked down due to the weight of ice on the lines.

CFC understands that cooperatives need fast access to credit when confronted with natural disasters and has established an emergency line-of-credit (ELOC) program to enable members to get funds when needed. CFC already has approved seven ELOCs—totaling more than \$55 million—for members affected by the ice storms and expects to receive additional requests over the coming days. Processing a CFC ELOC can be done very quickly, so members do not need to be worried about having access to funds when they are needed most.

Members that do not have an ELOC but want to be prepared for a future emergency should contact their CFC AVP or RVP for an ELOC resolution. CFC can hold the resolution without putting a facility in place until requested by the member.

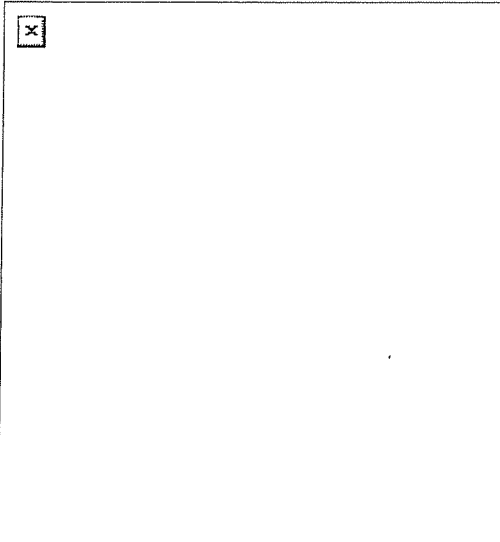


Photo Courtesy of Farmers RECC in Glasgow, KY.

Dennis L. Cannon
Vice President, Member and Public Relations
Kentucky Association of Electric Cooperatives, Inc.
P.O. Box 32170

Louisville, KY 40232

502-451-2430 -- Voice

502-459-3209 -- FAX

dcannon@kaec.org -- e-mail

www.kaec.org -- website

Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, January 08, 2009 3:10 PM
To: James Jablonski; Mark Hite
Subject: Fw: Big Rivers Electric Corporation - 1 year extension of the existing \$15mm CFC Letter of Credit Agreement

Attachments: Document.pdf; Document.pdf



Document.pdf Document.pdf
(5 MB) (842 KB)

James,

Can please review the comments from Orrick? I am available tomorrow morning to discuss.

In talking to Mark, he needs our feedback by tomorrow.

Thanks,

Nazir

----- Original Message -----

From: Mark Hite [Mark.Hite@bigrivers.com]

Sent: 01/08/2009 12:25 PM CST

To: Nazir Rostom

Subject: Big Rivers Electric Corporation - 1 year extension of the existing \$15mm CFC Letter of Credit Agreement

Nazir, it took a while, but Big Rivers' counsel has just provided the following comments regarding the extension of the existing \$15mm Letter of Credit Facility. I understand Bob Michel of Orrick has placed a call to James Jablonski to discuss.

Big Rivers' 1/20/09 board meeting has been deferred until 1/30/09, and board approval will be sought at that time. Big Rivers' counsel has determined giving its opinion necessitates Big Rivers' making a PSC filing requesting they promptly confirm no jurisdiction over the agreement and no need for their approval.

Please let me have your comments on our comments per the attachments hereto ASAP. Please call me should you wish to discuss.

Comments welcome.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

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LETTER OF CREDIT APPLICATION AND AGREEMENT
(Master Facility)

Name and Address of Applicant:

BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attn: President and Chief Executive Officer

Fax Number: 270-827-2558

Name and Address of Beneficiary:

To be determined as requested by Applicant from time to time as provided hereunder.

Date of this Application and Agreement: _____

A. Applicant hereby requests National Rural Utilities Cooperative Finance Corporation ("CFC") to issue one or more irrevocable letters of credit for its own account in favor of the beneficiary or beneficiaries requested by Applicant from time to time as provided hereunder under the terms and conditions stated herein.

B. In consideration of the issuance by CFC of a Letter of Credit (as hereinafter defined), Applicant hereby agrees with CFC to the following terms and conditions which constitute a valid and binding agreement between Applicant and CFC.

Definitions: 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). All terms not otherwise defined herein shall have the meaning ascribed to them in the First Amended and Restated Revolving Credit Agreement, dated July 14, 2003, by and between Applicant and CFC bearing CFC loan designation KY062-R-5101 (as amended, the "Line of Credit Agreement").

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP

consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

1. Letter of Credit Facility: The maximum aggregate amount of letters of credit which may be issued hereunder is Fifteen Million Dollars (\$15,000,000.00) ("Letter of Credit Facility"). Within this amount and subject to the limitation set forth in Section 3, Applicant may request, and National Rural Utilities Cooperative Finance Corporation ("CFC") shall issue, letters of credit to such beneficiary or beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Letter of Credit Application and Agreement (the "Agreement").

Each such request shall be in writing and substantially in the form of Exhibit A hereto. Each such letter is referred to herein as a "Letter of Credit". Each Letter of Credit shall be substantially in the form of Exhibit B hereto and shall reflect the amount available for draw thereunder (the "Letter of Credit Amount").

The Letter of Credit Amount reflected on any expired Letter of Credit shall be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement. The amount of any Draw that has been repaid shall also be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement.

2. Amendment to Existing Letter of Credit Facility. On and after the Effective Date no additional letters of credit shall be issued under the terms of that certain First Amended and Restated Letter of Credit Application and Agreement (Master Facility) bearing CFC loan designation, KY062-L-9001, dated July 14, 2003 with an effective date of July 15, 2003, as amended (the "Prior Facility"). Letters of credit issued under the Prior Facility shall remain outstanding and subject to the terms, conditions and provisions of the Prior Facility until their expiration or until they are otherwise terminated, at which time the Prior Facility shall be deemed canceled, with no further action required of either CFC or Borrower to effect such termination.

For purposes of the Prior Facility, the execution of this Agreement shall be deemed a writing executed by the parties hereto that is required to amend the Prior Facility.

3. Limitation on Letter of Credit Issuances.

The amount at any time available for Borrower to Advance under the Line of Credit Agreement ~~or the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement"), shall be referred to herein as the "Available Amount".~~

Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested, *provided, however*, that so long the Prior Facility has not been cancelled pursuant to Section 2 hereof, Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the aggregate amount of letters of credit issued and then

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This Agreement will terminate and be of no further force and effect with no further action of any party upon the execution and delivery of the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement is referred to herein as the "Replacement Credit Agreement").

Applicant hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit plus the sum of the letter of credit amounts reflected in all issued and outstanding letters of credit issued under the Prior Facility.

4. Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than February 28, 2010. Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the date that is February 27, 2010.

5. Effective Date: The Effective Date of this Agreement is set forth on the signature page hereof.

6. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation KY062-L-9002-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

7. Draws. On any day that CFC is open for business, CFC hereby agrees to advance funds under a Letter of Credit to the Beneficiary in such amounts as the Beneficiary may from time to time request (each such advance is referred to herein as a "Draw"), provided that: (a) on the date of each such request, the outstanding unpaid balance of all Draws shall not exceed the amount of the Letter of Credit Facility stated above; (b) 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 (c) 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.

8. Documents. CFC's obligation to issue a Letter of Credit is conditioned upon CFC's receipt of the following documents, in form and substance satisfactory to CFC: (a) an executed copy of this Agreement and any collateral security documents required herein; (b) certified copies of all such corporate documents and proceedings of the Applicant as CFC may require authorizing the transactions hereby contemplated; (c) true and correct copies of all certificates, authorizations and consents of any regulatory authority necessary for the execution, delivery or performance by the Applicant of this Agreement; (d) an executed line of credit reservation authorization executed in favor of CFC; and (e) an opinion of counsel for the Applicant addressing such legal matters as CFC shall reasonably require.

9. Irrevocable Instruction. Applicant hereby irrevocably instructs CFC to honor drafts presented in accordance with the terms hereof and contained in a Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

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to herein as the "Replacement Credit Agreement"; Letters of Credit outstanding at the time of termination of this Agreement will be subject to the provisions of the Replacement Credit Agreement and will constitute "Letters of Credit" thereunder.

10. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant 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.

11. No Liability. CFC shall have no liability for, and the Applicant's repayment and other obligations hereunder shall not be affected by (a) 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, (b) 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, (c) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (d) any consequences arising from causes beyond CFC's control.

12. Fees.

A. 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"). Applicant shall pay the Facility Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The initial Facility Fee shall be expressed in a number of basis points (hundredths of a percentage point) of the aggregate amount of the Letter of Credit Facility. The amount of the Facility Fee shall be determined as of the Effective Date set forth below in accordance with CFC's credit policies and practices as of said date. Subsequent Facility Fees shall be expressed in the same manner, in amounts determined in accordance with CFC's credit policies and practices in effect as of each applicable Anniversary Date. 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. It is a precondition to the issuance of any Letter of Credit that Applicant is current in its payment of the Facility Fee.

B. Issuance Fee. For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee ("Issuance Fee"). 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 the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year.

In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that 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.

13. Repayment.

A. CFC shall notify Applicant promptly of each (i) Draw request that it receives under a Letter of Credit, (ii) Draw that is made, and (ii) each Advance under the Line of Credit Agreement or Replacement Credit Agreement that is made to pay a Draw referred to in clause C of this Paragraph 13.

B. Upon receipt of notice by Applicant from CFC that a Draw has been made, Applicant shall pay, in lawful money of the United States, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, at its office in Herndon, Virginia or such other offices as CFC may designate, the principal sum of the aggregate unpaid principal amount of such Draw (the "Draw Amount"), and interest as hereinafter provided on all amounts remaining unpaid hereunder from the date of such Draw in like money at said office (the "Interest Amount"). The Interest Amount shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to Applicant at least five days prior to the due date of such Interest Amount.

C. If, prior to the close of business on the day that any Draw has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Line of Credit Agreement ~~(until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement)~~ in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant. If such day is not a day that both CFC and the depository institution CFC uses for funds transfers are open for business, then the Advance shall be made on the next day that both CFC and the depository institution CFC uses for funds transfers are open for business.

D. In the event that for any reason, a Draw is not repaid with the proceeds of an Advance under the Line of Credit Agreement ~~(until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement)~~ as described herein, Applicant shall pay such Draw and the Interest Amount no later than one year from the date of such Draw.

14. Interest. The interest rate on all Draws will be equal to the total rate per annum as published by CFC as its line of credit rate and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Draw is outstanding. 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.

15. Prepayment. Applicant may, at any time, make prepayments of the principal amount of any Draw, together with any interest accrued thereon.

16. Default; Remedies. Applicant shall be in default if (i) it fails to pay any Draw Amount or Interest Amount, or fails to pay any other sum due hereunder, in full, when due, (ii) it fails to comply with clause C of this Paragraph 13 or if it fails to comply with Paragraphs 19 and 20 of this Agreement. Upon default, Applicant agrees that (a) CFC's obligation to issue Letters of Credit hereunder shall terminate without liability to CFC, (b) all amounts outstanding under this Agreement shall become immediately due and payable in full with accrued interest, (c) CFC may exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by

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CFC or owed to the Borrower or for the credit or account of the Borrower, 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; and (d) CFC may, in addition thereto, exercise any other remedies available to it under applicable law. Applicant hereby expressly waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment, and all other notices that m

17. Required Notices. Applicant agrees that, so long as any amount due is outstanding under this Agreement, Applicant shall promptly notify CFC (a) of any delinquency or default on any of its debt, including but not limited to money borrowed, debt evidenced by securities issued, or any indebtedness directly or indirectly guaranteed by Applicant, or (b) if there is a material adverse change in Applicant's financial condition. Applicant further agrees that if CFC shall determine, in its sole and absolute discretion, that such delinquency or default, or such inaccurate financial information materially increases CFC's risk of repayment hereunder, CFC may exercise all remedies available to it under applicable law, including but not limited to acceleration of all amounts due hereunder.

18. Right of Setoff. If Applicant fails to pay any amount hereunder when due, then CFC is hereby authorized at any time and from time to time, without prior notice to the Applicant, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Applicant or for the credit or account of the Applicant against any and all of the obligations of the Applicant hereunder. CFC agrees to notify the Applicant promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. 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. Applicant waives all rights of setoff, deduction, recoupment or counterclaim.

19. Financial Ratios; Design of Rates. The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of note less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.

20. Financial Information. Applicant will cause to be prepared and furnished to CFC a full and complete report of its financial condition and operations as of the end of the Applicant's fiscal year in form and substance satisfactory to CFC, audited 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. Such report shall be furnished within 120 days of the end of such fiscal year. Applicant also agrees that, so long as any amount due to CFC is outstanding under this Agreement, Applicant shall deliver to CFC a copy of Applicant's monthly and quarterly financial statements, and a copy of Applicant's annual audit report. Monthly statements shall be furnished within thirty (30) days after the end of the month and quarterly statements shall be furnished within thirty (30) days after the end of the quarter. The foregoing requirements shall survive the making of Draws hereunder and the expiration of a Letter of Credit until all sums due under this Agreement have been paid in full.

21. Late Fee; Collection Costs. If payment of any principal and/or interest due under the terms of this Agreement is not received at CFC's offices in Herndon, Virginia, or such other place as

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CFC may designate, within 5 business days after the due date thereof, Applicant will pay to CFC, in addition to all other amounts due under the terms of this Agreement, a late payment charge as may then be in effect pursuant to CFC's policies of general application. Applicant further agrees to pay the costs of collection, including reasonable attorneys' fees, of any amount due under this Agreement.

22. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

APPLICANT HEREBY SUBMITS TO THE NONEXCLUSIVE 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. APPLICANT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF THE APPLICANT AND CFC 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.

23. 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 Applicant at the address and telecopy number stated above, and to CFC at:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Fax: (703) 709-6776

Either party may designate another address by notice as provided herein. All communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein.

17. Miscellaneous. No modification or waiver of any provision of this Agreement, and no consent to any departure by Applicant therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent. This Agreement and any schedules or exhibits together contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby. If any term, provision or condition of this Agreement 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 shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

Attest: _____
Secretary

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

EXHIBIT A
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")
Master Letter of Credit Facility No. KY062-L-9002

BIG RIVERS ELECTRIC CORPORATION hereby requests CFC to issue a letter of credit under the above-referenced master facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

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: _____

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EXHIBIT B
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

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

To the above-named Beneficiary:

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

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

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

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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

LINE OF CREDIT RESERVE AUTHORIZATION

In consideration of the issuance of one or more letters of credit by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC") on behalf of BIG RIVERS ELECTRIC CORPORATION ("Borrower"), pursuant to the Letter of Credit Application and Agreement (Master Facility) dated as of even date herewith, by and between Borrower and CFC (the "Letter of Credit Agreement"), the undersigned Borrower hereby authorizes CFC as follows:

Capitalized terms that are not defined herein shall have the meanings as set forth in the Letter of Credit Agreement. *(EVEN AFTER THE TERMINATION OF THE LETTER OF CREDIT AGREEMENT)*

If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Line of Credit Agreement, until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000.00. The amount available at any time and from time to time under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

Borrower hereby agrees that CFC shall not incur any liability to Borrower as a result of following the instructions set forth herein, or for the exercise of the rights, remedies and obligations hereunder with respect to the Reserve Amount, except in cases of gross negligence or willful misconduct by CFC.

This authorization shall remain in effect and shall be irrevocable until terminated by mutual agreement of Borrower and CFC, or until such time as all of the Borrower's obligations under the Letter of Credit Agreement have been paid in full, whichever is earlier.

The undersigned agrees to pay such fees in connection with this Line of Credit Reserve Authorization as may be imposed by CFC pursuant to its policies of general application.

The undersigned represents and warrants to CFC that the undersigned has the appropriate authority on behalf of the Cooperative to execute this authorization and to instruct CFC with respect to the Cooperative's line of credit as set forth herein.

Borrower hereby agrees, and CFC by its execution of this authorization acknowledges, that LETTERS OF CREDIT ISSUED IN ACCORDANCE WITH THE LETTER OF CREDIT

AGREEMENT AND OUTSTANDING ON THE "EFFECTIVE DATE" OF THE REPLACEMENT CREDIT AGREEMENT AND SUBJECT TO THE PROVISIONS OF THE REPLACEMENT CREDIT AGREEMENT.

This authorization shall not be modified by the Cooperative without CFC's written consent.

BIG RIVERS ELECTRIC CORPORATION

[Signature]

[Title]

[Date]

Acknowledgement by
NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

[SIGNATURE]

[TITLE]

[DATE]

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LINE OF CREDIT RESERVE AUTHORIZATION

In consideration of the issuance of one or more letters of credit by NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC") on behalf of BIG RIVERS ELECTRIC CORPORATION ("Borrower"), pursuant to the Letter of Credit Application and Agreement (Master Facility) dated as of even date herewith, by and between Borrower and CFC (the "Letter of Credit Agreement"), the undersigned Borrower hereby authorizes CFC as follows:

Capitalized terms that are not defined herein shall have the meanings as set forth in the Letter of Credit Agreement.

If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Line of Credit Agreement, until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000.00. The amount available at any time and from time to time under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

Borrower hereby agrees that CFC shall not incur any liability to Borrower as a result of following the instructions set forth herein, or for the exercise of the rights, remedies and obligations hereunder with respect to the Reserve Amount, except in cases of gross negligence or willful misconduct by CFC.

This authorization shall remain in effect and shall be irrevocable until terminated by mutual agreement of Borrower and CFC, or until such time as all of the Borrower's obligations under the Letter of Credit Agreement have been paid in full, whichever is earlier.

The undersigned agrees to pay such fees in connection with this Line of Credit Reserve Authorization as may be imposed by CFC pursuant to its policies of general application.

The undersigned represents and warrants to CFC that the undersigned has the appropriate authority on behalf of the Cooperative to execute this authorization and to instruct CFC with respect to the Cooperative's line of credit as set forth herein.

This authorization shall not be modified by the Cooperative without CFC's written consent.

BIG RIVERS ELECTRIC CORPORATION

[Signature]

[Title]

[Date]

CERTIFIED COPY OF MINUTES

I, _____, do hereby certify that (i) I am the Secretary of BIG RIVERS ELECTRIC CORPORATION (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on _____; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the CFC loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the CFC loan documents:

RESOLVED, that the Cooperative is hereby authorized: to obtain a master letter of credit facility with National Rural Utilities Cooperative Finance Corporation (CFC), in accordance with the terms and conditions of a Letter of Credit Application and Agreement substantially in the form submitted to this meeting (the "Letter of Credit Agreement"); to request CFC to issue letters of credit thereunder to such Beneficiaries as management shall determine from time to time, up to an aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000.00); and to maintain such facility outstanding for a term expiring on February 28, 2010.

RESOLVED, that each of the following Officers be and hereby is authorized to enter into, execute and deliver, in the name and on behalf of the Cooperative, the Letter of Credit Agreement; to modify the terms of said Agreement (except as to the amount and term authorized herein); and to execute and to deliver such further documents and to do all other things as may be necessary or appropriate in order to comply with CFC requirements and to give effect to the purposes and intent of the foregoing resolutions:

Title or Office	Name (printed or typed)
President	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative, this ____ day of _____, _____.

Secretary

(CORPORATE SEAL)

CFC INCUMB
KY062-L-9002 (JABLONJ)
130285-1

**LETTER OF CREDIT APPLICATION AND AGREEMENT
(Master Facility)**

Name and Address of Applicant:

BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attn: President and Chief Executive Officer

Fax Number: 270-827-2558

Name and Address of Beneficiary:

To be determined as requested by Applicant from time to time as provided hereunder.

Date of this Application and Agreement: _____

A. Applicant hereby requests National Rural Utilities Cooperative Finance Corporation ("CFC") to issue one or more irrevocable letters of credit for its own account in favor of the beneficiary or beneficiaries requested by Applicant from time to time as provided hereunder under the terms and conditions stated herein.

B. In consideration of the issuance by CFC of a Letter of Credit (as hereinafter defined), Applicant hereby agrees with CFC to the following terms and conditions which constitute a valid and binding agreement between Applicant and CFC.

Definitions: 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). All terms not otherwise defined herein shall have the meaning ascribed to them in the First Amended and Restated Revolving Credit Agreement, dated July 14, 2003, by and between Applicant and CFC bearing CFC loan designation KY062-R-5101 (as amended, the "Line of Credit Agreement").

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP

consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

1. Letter of Credit Facility: The maximum aggregate amount of letters of credit which may be issued hereunder is Fifteen Million Dollars (\$15,000,000.00) ("Letter of Credit Facility"). Within this amount and subject to the limitation set forth in Section 3, Applicant may request, and National Rural Utilities Cooperative Finance Corporation ("CFC") shall issue, letters of credit to such beneficiary or beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Letter of Credit Application and Agreement (the "Agreement").

Each such request shall be in writing and substantially in the form of Exhibit A hereto. Each such letter is referred to herein as a "Letter of Credit". Each Letter of Credit shall be substantially in the form of Exhibit B hereto and shall reflect the amount available for draw thereunder (the "Letter of Credit Amount").

The Letter of Credit Amount reflected on any expired Letter of Credit shall be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement. The amount of any Draw that has been repaid shall also be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement.

2. Amendment to Existing Letter of Credit Facility. On and after the Effective Date no additional letters of credit shall be issued under the terms of that certain First Amended and Restated Letter of Credit Application and Agreement (Master Facility) bearing CFC loan designation, KY062-L-9001, dated July 14, 2003 with an effective date of July 15, 2003, as amended (the "Prior Facility"). Letters of credit issued under the Prior Facility shall remain outstanding and subject to the terms, conditions and provisions of the Prior Facility until their expiration or until they are otherwise terminated, at which time the Prior Facility shall be deemed canceled, with no further action required of either CFC or Borrower to effect such termination.

For purposes of the Prior Facility, the execution of this Agreement shall be deemed a writing executed by the parties hereto that is required to amend the Prior Facility.

3. Limitation on Letter of Credit Issuances.

The amount at any time available for Borrower to Advance under the Line of Credit Agreement or the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement), shall be referred to herein as the "Available Amount".

Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested, *provided, however*, that so long the Prior Facility has not been cancelled pursuant to Section 2 hereof, Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the aggregate amount of letters of credit issued and then

outstanding under the Prior Facility, plus (iii) the aggregate amount of unpaid Draws (as defined in the Prior Facility) under any letter of credit issued under the Prior Facility and plus (iv) the Letter of Credit Amount requested

Applicant hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit plus the sum of the letter of credit amounts reflected in all issued and outstanding letters of credit issued under the Prior Facility.

4. Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than February 28, 2010. Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the date that is February 27, 2010.

5. Effective Date: The Effective Date of this Agreement is set forth on the signature page hereof.

6. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation KY062-L-9002-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

7. Draws. On any day that CFC is open for business, CFC hereby agrees to advance funds under a Letter of Credit to the Beneficiary in such amounts as the Beneficiary may from time to time request (each such advance is referred to herein as a "Draw"), provided that: (a) on the date of each such request, the outstanding unpaid balance of all Draws shall not exceed the amount of the Letter of Credit Facility stated above; (b) 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 (c) 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.

8. Documents. CFC's obligation to issue a Letter of Credit is conditioned upon CFC's receipt of the following documents, in form and substance satisfactory to CFC: (a) an executed copy of this Agreement and any collateral security documents required herein; (b) certified copies of all such corporate documents and proceedings of the Applicant as CFC may require authorizing the transactions hereby contemplated; (c) true and correct copies of all certificates, authorizations and consents of any regulatory authority necessary for the execution, delivery or performance by the Applicant of this Agreement; (d) an executed line of credit reservation authorization executed in favor of CFC; and (e) an opinion of counsel for the Applicant addressing such legal matters as CFC shall reasonably require.

9. Irrevocable Instruction. Applicant hereby irrevocably instructs CFC to honor drafts presented in accordance with the terms hereof and contained in a Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

10. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant 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.

11. No Liability. CFC shall have no liability for, and the Applicant's repayment and other obligations hereunder shall not be affected by (a) 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, (b) 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, (c) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (d) any consequences arising from causes beyond CFC's control.

12. Fees.

A. 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"). Applicant shall pay the Facility Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The initial Facility Fee shall be expressed in a number of basis points (hundredths of a percentage point) of the aggregate amount of the Letter of Credit Facility. The amount of the Facility Fee shall be determined as of the Effective Date set forth below in accordance with CFC's credit policies and practices as of said date. Subsequent Facility Fees shall be expressed in the same manner, in amounts determined in accordance with CFC's credit policies and practices in effect as of each applicable Anniversary Date. 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. It is a precondition to the issuance of any Letter of Credit that Applicant is current in its payment of the Facility Fee.

B. Issuance Fee. For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee ("Issuance Fee"). 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 the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year.

In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that 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.

13. Repayment.

A. CFC shall notify Applicant promptly of each (i) Draw request that it receives under a Letter of Credit, (ii) Draw that is made, and (iii) each Advance under the Line of Credit Agreement or Replacement Credit Agreement that is made to pay a Draw referred to in clause C of this Paragraph 13.

B. Upon receipt of notice by Applicant from CFC that a Draw has been made, Applicant shall pay, in lawful money of the United States, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, at its office in Herndon, Virginia or such other offices as CFC may designate, the principal sum of the aggregate unpaid principal amount of such Draw (the "Draw Amount"), and interest as hereinafter provided on all amounts remaining unpaid hereunder from the date of such Draw in like money at said office (the "Interest Amount"). The Interest Amount shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to Applicant at least five days prior to the due date of such Interest Amount.

C. If, prior to the close of business on the day that any Draw has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant. If such day is not a day that both CFC and the depository institution CFC uses for funds transfers are open for business, then the Advance shall be made on the next day that both CFC and the depository institution CFC uses for funds transfers are open for business.

D. In the event that for any reason, a Draw is not repaid with the proceeds of an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) as described herein, Applicant shall pay such Draw and the Interest Amount no later than one year from the date of such Draw.

14. Interest. The interest rate on all Draws will be equal to the total rate per annum as published by CFC as its line of credit rate and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Draw is outstanding. 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.

15. Prepayment. Applicant may, at any time, make prepayments of the principal amount of any Draw, together with any interest accrued thereon.

16. Default; Remedies. Applicant shall be in default if (i) it fails to pay any Draw Amount or Interest Amount, or fails to pay any other sum due hereunder, in full, when due, (ii) it fails to comply with clause C of this Paragraph 13 or if it fails to comply with Paragraphs 19 and 20 of this Agreement. Upon default, Applicant agrees that (a) CFC's obligation to issue Letters of Credit hereunder shall terminate without liability to CFC, (b) all amounts outstanding under this Agreement shall become immediately due and payable in full with accrued interest, (c) CFC may 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, 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; and (d) CFC may, in addition thereto, exercise any other remedies available to it under applicable law. Applicant hereby expressly waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment, and all other notices that m

17. Required Notices. Applicant agrees that, so long as any amount due is outstanding under this Agreement, Applicant shall promptly notify CFC (a) of any delinquency or default on any of its debt, including but not limited to money borrowed, debt evidenced by securities issued, or any indebtedness directly or indirectly guaranteed by Applicant, or (b) if there is a material adverse change in Applicant's financial condition. Applicant further agrees that if CFC shall determine, in its sole and absolute discretion, that such delinquency or default, or such inaccurate financial information materially increases CFC's risk of repayment hereunder, CFC may exercise all remedies available to it under applicable law, including but not limited to acceleration of all amounts due hereunder.

18. Right of Setoff. If Applicant fails to pay any amount hereunder when due, then CFC is hereby authorized at any time and from time to time, without prior notice to the Applicant, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Applicant or for the credit or account of the Applicant against any and all of the obligations of the Applicant hereunder. CFC agrees to notify the Applicant promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. 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. Applicant waives all rights of setoff, deduction, recoupment or counterclaim.

19. Financial Ratios; Design of Rates. The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of note less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.

20. Financial Information. Applicant will cause to be prepared and furnished to CFC a full and complete report of its financial condition and operations as of the end of the Applicant's fiscal year in form and substance satisfactory to CFC, audited 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. Such report shall be furnished within 120 days of the end of such fiscal year. Applicant also agrees that, so long as any amount due to CFC is outstanding under this Agreement, Applicant shall deliver to CFC a copy of Applicant's monthly and quarterly financial statements, and a copy of Applicant's annual audit report. Monthly statements shall be furnished within thirty (30) days after the end of the month and quarterly statements shall be furnished within thirty (30) days after the end of the quarter. The foregoing requirements shall survive the making of Draws hereunder and the expiration of a Letter of Credit until all sums due under this Agreement have been paid in full.

21. Late Fee; Collection Costs. If payment of any principal and/or interest due under the terms of this Agreement is not received at CFC's offices in Herndon, Virginia, or such other place as

CFC may designate, within 5 business days after the due date thereof, Applicant will pay to CFC, in addition to all other amounts due under the terms of this Agreement, a late payment charge as may then be in effect pursuant to CFC's policies of general application. Applicant further agrees to pay the costs of collection, including reasonable attorneys' fees, of any amount due under this Agreement.

22. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

APPLICANT HEREBY SUBMITS TO THE NONEXCLUSIVE 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. APPLICANT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF THE APPLICANT AND CFC 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.

23. 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 Applicant at the address and telecopy number stated above, and to CFC at:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Fax: (703) 709-6776

Either party may designate another address by notice as provided herein. All communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein.

17. Miscellaneous. No modification or waiver of any provision of this Agreement, and no consent to any departure by Applicant therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent. This Agreement and any schedules or exhibits together contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby. If any term, provision or condition of this Agreement 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 shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

Attest: _____

Secretary

(SEAL)

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____

Assistant Secretary-Treasurer

Attest: _____

Assistant Secretary-Treasurer

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

EXHIBIT A
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")
Master Letter of Credit Facility No. KY062-L-9002

BIG RIVERS ELECTRIC CORPRORATION hereby requests CFC to issue a letter of credit under the above-referenced master facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

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 CORPRORATION

By: _____

Name: _____

Title: _____

Date: _____

CFC LTRAPP
KY062-L-9002 (JABLONJ)
129546-1

EXHIBIT B
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

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

To the above-named Beneficiary:

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

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

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

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

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

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

CFC Instructions

Borrower: BIG RIVERS ELECTRIC CORPORATION
Loan Designation: KY062-L-9002

Enclosed for the above-referenced loan are the following documents:

- I. CFC Letter of Credit Application and Agreement - 1 counterpart
- II. Certificate of resolutions and incumbency
- III. Form of opinion of counsel

Before any action is taken to execute the documents, it should be determined that all necessary regulatory commission approvals have been obtained. CFC will require an original or true copy of the order of the commission.

A. Letter of Credit Application and Agreement:

Please execute the letter of credit application and agreement. A copy will be returned to you upon execution by CFC

B. Certificate of Board Resolutions and Incumbency:

Board resolutions should be adopted following the form supplied. **Note that the names and titles of all officials authorized to execute the loan documents on behalf of the Borrower must be set forth on the incumbency portion of the certificate. Borrower should consult with counsel to determine if its bylaws and/or the laws of its state of incorporation require the loan documents to be sealed and attested. If so, the name and title of the officials authorized to attest the execution of the documents must be set forth in the incumbency portion of the certificate.**

C. Opinion of Counsel:

Counsel should prepare one original opinion of counsel, on counsel's letterhead, in the form supplied

DOCUMENTS TO BE RETURNED TO CFC:

- Certified or true copy of Commission approval (if applicable)
- CFC letter of credit application and agreement
- The original certificate of resolutions and incumbency
- An original opinion of counsel

IF YOU HAVE QUESTIONS REGARDING THESE INSTRUCTIONS, DOCUMENTS OR OPINION, PLEASE TELEPHONE JAMES JABLONSKI (CORPORATE COUNSEL) AT (800) 424-2954 OR (703) 709-6700.

PLEASE RETURN ALL DOCUMENTS TO:

NRUCFC
ATTN: LEGAL ADMINISTRATIVE ASSISTANT
2201 COOPERATIVE WAY
HERNDON, VA 20171

[COUNSEL SHOULD PREPARE THIS FORM OF OPINION ON ITS LETTERHEAD]

Date: _____

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attn.: General Counsel

Re: BIG RIVERS ELECTRIC CORPORATION
Loan Designation KY062-L-9002

Dear Sir:

I am counsel for BIG RIVERS ELECTRIC CORPORATION, organized under the laws of the State of Kentucky ("Borrower"), and render this opinion to you in connection with the \$15,000,000.00 letter of credit facility provided for in the Letter of Credit Application and Agreement ("Letter of Credit Agreement"), dated as of _____, between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC").

I have examined such corporate records and proceedings of the Borrower, and such other documents as I have deemed necessary as a basis for the opinions hereinafter expressed.

I have also examined the following documents as executed and delivered: (1) the Letter of Credit Agreement and (2) and (ii) the Line of Credit Reserve Authorization dated _____ (together, the "Loan Documents").

Based upon the foregoing, I am of the opinion that:

(i) the Borrower is a duly organized, validly existing corporation and in good standing under the laws of the jurisdiction of its organization, and the Borrower has full corporate power (a) to execute and deliver the Loan Documents; and (b) to perform all acts required to be done by it under the Loan Documents;

[*** SELECT ONE OF THE FORMS OF PARAGRAPH (ii) ***]

*** (ii) all authorizations from regulatory bodies required in connection with the execution, delivery and performance of the Loan Documents, including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable, have been obtained and copies thereof are attached hereto;

*** (ii) no authorization from any regulatory body is required in connection with the execution, delivery and performance of the Loan Documents including, without limitation, the Federal Energy Regulatory Commission and/or the state public utility commission, if applicable;

Sincerely,

**LETTER OF CREDIT APPLICATION AND AGREEMENT
(Master Facility)**

Name and Address of Applicant:

BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attn: President and Chief Executive Officer

Fax Number: 270-827-2558

Name and Address of Beneficiary:

To be determined as requested by Applicant from time to time as provided hereunder.

Date of this Application and Agreement: _____

A. Applicant hereby requests National Rural Utilities Cooperative Finance Corporation ("CFC") to issue one or more irrevocable letters of credit for its own account in favor of the beneficiary or beneficiaries requested by Applicant from time to time as provided hereunder under the terms and conditions stated herein.

B. In consideration of the issuance by CFC of a Letter of Credit (as hereinafter defined), Applicant hereby agrees with CFC to the following terms and conditions which constitute a valid and binding agreement between Applicant and CFC.

Definitions: 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). All terms not otherwise defined herein shall have the meaning ascribed to them in the First Amended and Restated Revolving Credit Agreement, dated July 14, 2003, by and between Applicant and CFC bearing CFC loan designation KY062-R-5101 (as amended, the "Line of Credit Agreement").

"DSC Ratio" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; and divide the sum so obtained by the sum of (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

"TIER" shall mean the ratio determined as follows: for any calendar year add: (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; and divide the sum so obtained by the sum of (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with

GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

1. Letter of Credit Facility: The maximum aggregate amount of letters of credit which may be issued hereunder is Fifteen Million Dollars (\$15,000,000.00) ("Letter of Credit Facility"). Within this amount and subject to the limitation set forth in Section 3, Applicant may request, and National Rural Utilities Cooperative Finance Corporation ("CFC") shall issue, letters of credit to such beneficiary or beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Letter of Credit Application and Agreement (the "Agreement").

Each such request shall be in writing and substantially in the form of Exhibit A hereto. Each such letter is referred to herein as a "Letter of Credit". Each Letter of Credit shall be substantially in the form of Exhibit B hereto and shall reflect the amount available for draw thereunder (the "Letter of Credit Amount").

The Letter of Credit Amount reflected on any expired Letter of Credit shall be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement. The amount of any Draw that has been repaid shall also be added back into the Letter of Credit Facility and be available for issuance of additional Letters of Credit during the term of this Agreement.

2. Amendment to Existing Letter of Credit Facility. On and after the Effective Date no additional letters of credit shall be issued under the terms of that certain First Amended and Restated Letter of Credit Application and Agreement (Master Facility) bearing CFC loan designation, KY062-L-9001, dated July 14, 2003 with an effective date of July 15, 2003, as amended (the "Prior Facility"). Letters of credit issued under the Prior Facility shall remain outstanding and subject to the terms, conditions and provisions of the Prior Facility until their expiration or until they are otherwise terminated, at which time the Prior Facility shall be deemed canceled, with no further action required of either CFC or Borrower to effect such termination.

For purposes of the Prior Facility, the execution of this Agreement shall be deemed a writing executed by the parties hereto that is required to amend the Prior Facility.

3. Limitation on Letter of Credit Issuances.

The amount at any time available for Borrower to Advance under the Line of Credit Agreement or the line of credit agreement which is to replace the Line of Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement), shall be referred to herein as the "Available Amount".

Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested, *provided, however,* that so long the Prior Facility has not been cancelled pursuant to Section 2 hereof, Applicant agrees that it shall not request the issuance of, nor shall CFC be obligated to issue, a Letter of Credit hereunder unless the Available Amount is

equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the aggregate amount of letters of credit issued and then outstanding under the Prior Facility, plus (iii) the aggregate amount of unpaid Draws (as defined in the Prior Facility) under any letter of credit issued under the Prior Facility and plus (iv) the Letter of Credit Amount requested

Applicant hereby agrees not to request any Advance (as defined in the Line of Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit plus the sum of the letter of credit amounts reflected in all issued and outstanding letters of credit issued under the Prior Facility.

4. Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than February 28, 2010. Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the date that is February 27, 2010.

5. Effective Date: The Effective Date of this Agreement is set forth on the signature page hereof.

6. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation KY062-L-9002-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

7. Draws. On any day that CFC is open for business, CFC hereby agrees to advance funds under a Letter of Credit to the Beneficiary in such amounts as the Beneficiary may from time to time request (each such advance is referred to herein as a "Draw"), provided that: (a) on the date of each such request, the outstanding unpaid balance of all Draws shall not exceed the amount of the Letter of Credit Facility stated above; (b) 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 (c) 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.

8. Documents. CFC's obligation to issue a Letter of Credit is conditioned upon CFC's receipt of the following documents, in form and substance satisfactory to CFC: (a) an executed copy of this Agreement and any collateral security documents required herein; (b) certified copies of all such corporate documents and proceedings of the Applicant as CFC may require authorizing the transactions hereby contemplated; (c) true and correct copies of all certificates, authorizations and consents of any regulatory authority necessary for the execution, delivery or performance by the Applicant of this Agreement; (d) an executed line of credit reservation authorization executed in favor of CFC; and (e) an opinion of counsel for the Applicant addressing such legal matters as CFC shall reasonably require.

9. Irrevocable Instruction. Applicant hereby irrevocably instructs CFC to honor drafts presented in accordance with the terms hereof and contained in a Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

10. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant 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.

11. No Liability. CFC shall have no liability for, and the Applicant's repayment and other obligations hereunder shall not be affected by (a) 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, (b) 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, (c) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (d) any consequences arising from causes beyond CFC's control.

12. Fees.

A. 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"). Applicant shall pay the Facility Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The initial Facility Fee shall be expressed in a number of basis points (hundredths of a percentage point) of the aggregate amount of the Letter of Credit Facility. The amount of the Facility Fee shall be determined as of the Effective Date set forth below in accordance with CFC's credit policies and practices as of said date. Subsequent Facility Fees shall be expressed in the same manner, in amounts determined in accordance with CFC's credit policies and practices in effect as of each applicable Anniversary Date. 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. It is a precondition to the issuance of any Letter of Credit that Applicant is current in its payment of the Facility Fee.

B. Issuance Fee. For each Letter of Credit issued hereunder, Applicant shall pay to CFC a nonrefundable fee ("Issuance Fee"). 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 the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Applicant shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year.

In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter

of Credit issued hereunder, and any fees that 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.

13. Repayment.

A. CFC shall notify Applicant promptly of each (i) Draw request that it receives under a Letter of Credit, (ii) Draw that is made, and (ii) each Advance under the Line of Credit Agreement or Replacement Credit Agreement that is made to pay a Draw referred to in clause C of this Paragraph 13.

B. Upon receipt of notice by Applicant from CFC that a Draw has been made, Applicant shall pay, in lawful money of the United States, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, at its office in Herndon, Virginia or such other offices as CFC may designate, the principal sum of the aggregate unpaid principal amount of such Draw (the "Draw Amount"), and interest as hereinafter provided on all amounts remaining unpaid hereunder from the date of such Draw in like money at said office (the "Interest Amount"). The Interest Amount shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. CFC shall send a payment notice to Applicant at least five days prior to the due date of such Interest Amount.

C. If, prior to the close of business on the day that any Draw has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant. If such day is not a day that both CFC and the depository institution CFC uses for funds transfers are open for business, then the Advance shall be made on the next day that both CFC and the depository institution CFC uses for funds transfers are open for business.

D. In the event that for any reason, a Draw is not repaid with the proceeds of an Advance under the Line of Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) as described herein, Applicant shall pay such Draw and the Interest Amount no later than one year from the date of such Draw.

14. Interest. The interest rate on all Draws will be equal to the total rate per annum as published by CFC as its line of credit rate and in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Draw is outstanding. 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.

15. Prepayment. Applicant may, at any time, make prepayments of the principal amount of any Draw, together with any interest accrued thereon.

16. Default; Remedies. Applicant shall be in default if (i) it fails to pay any Draw Amount or Interest Amount, or fails to pay any other sum due hereunder, in full, when due, (ii) it fails to comply with clause C of this Paragraph 13 or if it fails to comply with Paragraphs 19 and 20 of

this Agreement. Upon default, Applicant agrees that (a) CFC's obligation to issue Letters of Credit hereunder shall terminate without liability to CFC, (b) all amounts outstanding under this Agreement shall become immediately due and payable in full with accrued interest, (c) CFC may 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, 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; and (d) CFC may, in addition thereto, exercise any other remedies available to it under applicable law. Applicant hereby expressly waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment, and all other notices that m

17. Required Notices. Applicant agrees that, so long as any amount due is outstanding under this Agreement, Applicant shall promptly notify CFC (a) of any delinquency or default on any of its debt, including but not limited to money borrowed, debt evidenced by securities issued, or any indebtedness directly or indirectly guaranteed by Applicant, or (b) if there is a material adverse change in Applicant's financial condition. Applicant further agrees that if CFC shall determine, in its sole and absolute discretion, that such delinquency or default, or such inaccurate financial information materially increases CFC's risk of repayment hereunder, CFC may exercise all remedies available to it under applicable law, including but not limited to acceleration of all amounts due hereunder.

18. Right of Setoff. If Applicant fails to pay any amount hereunder when due, then CFC is hereby authorized at any time and from time to time, without prior notice to the Applicant, to exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Applicant or for the credit or account of the Applicant against any and all of the obligations of the Applicant hereunder. CFC agrees to notify the Applicant promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. 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. Applicant waives all rights of setoff, deduction, recoupment or counterclaim.

19. Financial Ratios; Design of Rates. The Borrower shall achieve a DSC Ratio of not less than 1.0 and a TIER of note less than 1.05. The Borrower shall not decrease its rates for electric service if it has failed to achieve a DSC Ratio of 1.0 for the calendar year prior to such reduction subject only to an order from a governmental authority properly exercising jurisdiction over the Borrower.

20. Financial Information. Applicant will cause to be prepared and furnished to CFC a full and complete report of its financial condition and operations as of the end of the Applicant's fiscal year in form and substance satisfactory to CFC, audited 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. Such report shall be furnished within 120 days of the end of such fiscal year. Applicant also agrees that, so long as any amount due to CFC is outstanding under this Agreement, Applicant shall deliver to CFC a copy of Applicant's monthly and quarterly financial statements, and a copy of Applicant's annual audit report. Monthly statements shall be furnished within thirty (30) days after the end of the month and quarterly statements shall be furnished within thirty (30) days after the end of the quarter.

The foregoing requirements shall survive the making of Draws hereunder and the expiration of a Letter of Credit until all sums due under this Agreement have been paid in full.

21. Late Fee; Collection Costs. If payment of any principal and/or interest due under the terms of this Agreement is not received at CFC's offices in Herndon, Virginia, or such other place as CFC may designate, within 5 business days after the due date thereof, Applicant will pay to CFC, in addition to all other amounts due under the terms of this Agreement, a late payment charge as may then be in effect pursuant to CFC's policies of general application. Applicant further agrees to pay the costs of collection, including reasonable attorneys' fees, of any amount due under this Agreement.

22. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

APPLICANT HEREBY SUBMITS TO THE NONEXCLUSIVE 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. APPLICANT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

EACH OF THE APPLICANT AND CFC 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.

23. 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 Applicant at the address and telecopy number stated above, and to CFC at:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Fax: (703) 709-6776

Either party may designate another address by notice as provided herein. All communications shall be deemed to have been duly given when personally delivered or, in the case of a telecopied or mailed notice, upon receipt, in each case given or addressed as provided for herein.

17. Miscellaneous. No modification or waiver of any provision of this Agreement, and no consent to any departure by Applicant therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent. This Agreement and any schedules or exhibits together contain the entire agreement of the parties hereto with respect to

the matters covered and the transactions contemplated hereby. If any term, provision or condition of this Agreement 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 shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

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

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

By: _____

Title: _____

Attest: _____
Secretary

(SEAL)

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

EXHIBIT A
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")
Master Letter of Credit Facility No. KY062-L-9002

BIG RIVERS ELECTRIC CORPRORATION hereby requests CFC to issue a letter of credit under the above-referenced master facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

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 CORPRORATION

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

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

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

«BeneficiaryName»
«BenefAddressLine1»
«BenefAddressLine2»

Name of Applicant:

«ApplicantName»
«AppAddressLine1»
«AppAddressLine2»

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

To the above-named Beneficiary:

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

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

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

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

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

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Tuesday, December 23, 2008 6:20 PM
To: Mark Hite; James Jablonski
Subject: Fw: draft Big Rivers

Attachments: letter of credit - master application.DOC



letter of credit
- master appl...

Attached is a draft. I am waiting the final version from James. He is back next week.

Happy holidays.

Nazir

----- Original Message -----

From: James Jablonski
Sent: 12/17/2008 10:05 AM EST
To: Nazir Rostom
Subject: draft Big Rivers
take a look and let me know what you think.

JJJ

Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Monday, December 29, 2008 10:44 AM
To: Mark Hite; Philomena Donaldson
Subject: Fw: KY062-L-9002 documents

Attachments: KY062-L-9002 SECINS.pdf; KY062-L-9002 INCUMB.pdf; KY062-L-9002 LTRAPP.pdf; instructions.DOC; opinion - regulatory.DOC



KY062-L-9002 KY062-L-9002 KY062-L-9002 instructions.D opinion -
INS.pdf (20 KIUMB.pdf (24 RAPP.pdf (70 K OC (49 KB) latory.DOC (26

Attached below are the documents.

Best,

Nazir

----- Original Message -----

From: James Jablonski
Sent: 12/29/2008 11:26 AM EST
To: Nazir Rostom
Cc: Krishna Murthy; Philomena Donaldson
Subject: KY062-L-9002 documents

We are pleased to inform you that National Rural Utilities Cooperative Finance Corporation (CFC) has approved a new credit facility for your company. The CFC documents for the facility are enclosed for execution.

As a condition of CFC's credit commitment, all of the attached documents must be executed by your cooperative and received by CFC within 90 days of the date of this correspondence. CFC's credit commitment is dependent upon the execution of the CFC documents by your cooperative and their receipt and acceptance by CFC. CFC will notify you after its receipt of the documents regarding the status of this facility.

Please note that the attached documents have been transmitted only to your cooperative. If you would like us to send a copy to your attorney or if you have any other questions, please contact me or the legal department contact listed in the enclosed instructions.

Please review the enclosed instructions for information on the number of copies of each document to be printed, executed and returned to CFC.

Any changes made to the documents to be executed by your Cooperative (i.e., the Loan Agreement, Note, Security Agreement, etc.) without the prior written consent of CFC shall invalidate all documents.

We at CFC appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Please mail your executed documents to: Legal Administrative Assistant
NRUCFC
2201 Cooperative Way
Herndon, Virginia 20171

(See attached file: KY062-L-9002 SECINS.pdf)(See attached file:
KY062-L-9002 INCUMB.pdf)(See attached file: KY062-L-9002 LTRAPP.pdf)

Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, January 08, 2009 3:10 PM
To: James Jablonski; Mark Hite
Subject: Fw: Big Rivers Electric Corporation - 1 year extension of the existing \$15mm CFC Letter of Credit Agreement

Attachments: Document.pdf; Document.pdf



Document.pdf Document.pdf
(5 MB) (842 KB)

James,

Can please review the comments from Orrick? I am available tomorrow morning to discuss.
In talking to Mark, he needs our feedback by tomorrow.

Thanks,

Nazir

----- Original Message -----

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 01/08/2009 12:25 PM CST
To: Nazir Rostom
Subject: Big Rivers Electric Corporation - 1 year extension of the existing \$15mm CFC Letter of Credit Agreement

Nazir, it took a while, but Big Rivers' counsel has just provided the following comments regarding the extension of the existing \$15mm Letter of Credit Facility. I understand Bob Michel of Orrick has placed a call to James Jablonski to discuss.

Big Rivers' 1/20/09 board meeting has been deferred until 1/30/09, and board approval will be sought at that time. Big Rivers' counsel has determined giving its opinion necessitates Big Rivers' making a PSC filing requesting they promptly confirm no jurisdiction over the agreement and no need for their approval.

Please let me have your comments on our comments per the attachments hereto ASAP. Please call me should you wish to discuss.

Comments welcome.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, December 11, 2008 2:00 PM
To: James Jablonski
Cc: Mark Hite; Michael Duganich
Subject: Fw: DSC and TIER calculation

James,

Please see the calculation definition of DSC and TIER. As we discussed, the borrower shall maintain a minimum DSC of 1.0 and TIER of 1.05 during and in each calendar year, calculated using two best out of the three calendar years then most recently ended.

Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

----- Forwarded by Nazir Rostom/CFC on 12/11/2008 02:54 PM -----

Michael
Duganich/CFC

12/11/2008 02:52
PM

Nazir Rostom/CFC@CFC

To

cc

Subject
DSC and TIER calculation(Document
link: Nazir Rostom)

DSC:

shall mean the ratio of (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus capitalized interest not paid from operating cash flow, non-cash patronage and non-cash income from subsidiaries and/or joint ventures; to (2) all principal payments due within the period on all Long Term Debt plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

TIER:

shall mean the ratio of (1) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus interest expense; to (2) interest expenses (all as calculated on a consolidated basis for the applicable period in accordance with GAAP consistently applied or the appropriate standards of the regulatory agency having jurisdiction over the company) minus capitalized interest not paid from operating cash flow.

Mike Duganich
Credit Analyst
p: (703) 709-6804
f: (703) 709-6811
www.nrucfc.coop

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, December 11, 2008 11:58 AM
To: Mark Hite; James Jablonski
Subject: Re: DSC and TIER in master letter of credit renewal

We can send you a draft within a week from today.

----- Original Message -----

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 12/11/2008 11:41 AM CST
To: Nazir Rostom
Cc: James Jablonski
Subject: RE: DSC and TIER in master letter of credit renewal

Hope your day is going well. Can you tell me when to expect the draft documents in connection with the 1 year extension of the \$15 million underlying Letter of Credit facility? I've been asked if it might be possible to expedite the process.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Tuesday, December 09, 2008 1:04 PM
To: James Jablonski
Cc: Mark Hite
Subject: DSC and TIER in master letter of credit renewal

James,

I spoke with Mark. Mark is ok with the DSC of 1.0 and TIER of 1.05. Please proceed with the loan documentation.

Thanks,

nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Tuesday, December 09, 2008 1:04 PM
To: James Jablonski
Cc: Mark Hite
Subject: DSC and TIER in master letter of credit renewal

James,

I spoke with Mark. Mark is ok with the DSC of 1.0 and TIER of 1.05. Please proceed with the loan documentation.

Thanks,

nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

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Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, November 13, 2008 11:56 AM
To: Travis Siewert
Cc: Mark Hite
Subject: Re: Letters of Credit Outstanding

Yes (to all your questions). Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Travis Siewert
<Travis.Siewert@big
rivers.com>

11/13/2008 12:49
PM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

To
cc
Mark Hite <Mark.Hite@bigrivers.com>
Subject
Letters of Credit Outstanding

Nazir,

I hope all is well. Mark Hite informed me that we will have to replace the \$2 million MISO letter of credit when we extend our \$15 million Master facility for 1 year. I wanted to ask you about the Letter of Credit we issued to Kentucky Utilities LOC Number KY062-L-9001-010, which was issued on May 2, 2008 in the amount of \$670,000.00 and is scheduled to expire March 1, 2009.

1. Is the Kentucky Utilities LOC still issued and outstanding? I have not been informed of any cancellation.
2. If the Kentucky Utilities LOC is still issued and outstanding, do we need to replace it at the same time we replace the MISO LOC?

Thanks

Travis Siewert, CPA, CMA
Big Rivers Electric
201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
(270)827-2561 Ext: 2610

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**FIRST AMENDMENT TO FIRST AMENDED AND RESTATED
LETTER OF CREDIT APPLICATION AND AGREEMENT**

FIRST AMENDMENT TO FIRST AMENDED AND RESTATED LETTER OF CREDIT APPLICATION AND AGREEMENT (this "Amendment"), 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 and CFC are parties to that certain First Amended and Restated Letter of Credit Application and Agreement dated as of July 14, 2003, with respect to CFC Loan No. KY062-L-9001 (the "Original Agreement");

WHEREAS, the Borrower has requested an extension in the period during which letters of credit can be issued under the Original Agreement and the final date upon which all such letters of credit must expire and CFC has agreed to such modification subject to Borrower's agreement to extend its current line of credit reservation to the line of credit that will replace the line of credit provided for in the Revolving Credit Agreement (as defined in the Original Agreement), upon the termination thereof (the "Replacement Line of Credit");

WHEREAS, the Borrower and CFC have agreed to modify the Original Agreement as set forth herein to reflect the terms of such agreement;

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

Section 1. Recitals. The foregoing recitals are incorporated herein by reference.

Section 2. Definitions. Capitalized terms that are not defined herein shall have the meanings assigned to them as set forth in the Original Agreement.

Section 3. Amendment.

A. The section of the Original Agreement titled "Letter of Credit Expiration Date; Termination of Agreement:" is hereby deleted in its entirety and is hereby amended to read as follows:

"Letter of Credit Expiration Date; Termination of Agreement:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than March 1, 2009. Provided that no default hereunder by Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until February 28, 2009."

B. Section 7(a) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

"(a) As of the date of this Agreement, Applicant and CFC have entered into that certain First Amended and Restated Revolving Credit Agreement, dated as of the date hereof (the "Revolving Credit Agreement"), pursuant to which Applicant may, subject to the terms and conditions thereof, borrow, repay, and reborrow an aggregate amount up of to \$15,000,000. The amount available at any time and from time to time under the Revolving Credit Agreement, or the line of credit agreement which is to replace the Revolving Credit Agreement upon the termination of Borrower's lease, power purchase agreement and other arrangements with subsidiaries of E.ON U.S. LLC (formerly LG&E Energy LLC) (such replacement agreement, is referred to herein as the "Replacement Credit Agreement), shall be referred to herein as the "Available Amount"."

C. Section 7(c) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

"(c) Applicant hereby agrees not to request any Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of such Advance would be to reduce the Available Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit.

C. Section 8(c) of the Original Agreement is hereby deleted in its entirety and is hereby amended to read as follows:

"(c) If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Applicant has not paid the Draw Amount to CFC, Applicant hereby authorizes CFC to make an Advance under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount to apply such Advance to pay the Draw Amount on behalf of Applicant."

Section 4. Conditions. This Amendment shall become effective upon CFC's receipt of this Amendment and an amendment to the Line of Credit Reserve Authorization dated July 14, 2003 made by Borrower in favor of CFC to extend such reservation to the Replacement Line of Credit.

Section 5. Representations and Warranties. The Borrower represents and warrants that:

5.1 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.

5.2 Authority. The execution, delivery and performance by the Borrower of this Amendment and the performance hereof have been duly authorized by all necessary corporate action and will not violate any provision of law or of the Articles of Incorporation or bylaws of the

Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.

5.3 Material Adverse Change. There has been no material adverse change in the financial condition or operations of the Borrower since the date of the Original Agreement, except as set forth in the most recent financial statements submitted to CFC or as otherwise disclosed in writing to CFC prior to the date hereof.

5.4 REQUIRED APPROVALS. NO LICENSE, CONSENT OR APPROVAL OF ANY GOVERNMENTAL AGENCY OR AUTHORITY IS REQUIRED TO ENABLE THE BORROWER TO ENTER INTO THIS AMENDMENT, OR TO PERFORM ANY OF THE OBLIGATIONS PROVIDED FOR HEREIN, EXCEPT AS HAVE BEEN OBTAINED BY THE BORROWER AND DELIVERED TO CFC PRIOR TO THE DATE HEREOF.

5.5 Prior Representations and Warranties. All representations and warranties made by the Borrower in the Original Agreement are true and correct as of the date hereof.

Section 6. Miscellaneous.

6.1 Modifications. No modification or waiver of any provision of this Amendment, and no consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent.

6.2 Merger and Integration. This Amendment, the Original Agreement and the matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

6.3 Incorporation; Inconsistency with Original Agreement. Except as specifically waived by CFC or otherwise amended or modified herein, the terms, conditions and provisions of the Original Agreement are incorporated herein by reference as if set forth in full herein and remain in full force and effect. In the event of any conflict or inconsistency between the terms of this Amendment and the Original Agreement, the terms of this Amendment shall control.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: _____

Title: _____

Attest: _____

Title: _____

NATIONAL RURAL UTILITES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____

Assistant Secretary-Treasurer

Attest: _____

Assistant Secretary-Treasurer

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY
(update)

The undersigned, on behalf of BIG RIVERS ELECTRIC CORPORATION (the "Company"), hereby certifies that as of the date hereof:

(a) the attached resolutions are true, complete and correct copies of the resolutions of the Board of Directors of the Company duly adopted on the date specified therein;

(b) said resolutions have not been modified, altered or rescinded, and the same are in full force and effect; and

(c) the individual who executed the loan documents referred to in the attached resolutions held the position as stated therein on the actual date of execution of said loan documents.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Company, this ___ day of _____, 20___.

(SEAL)

Name: _____

Title: _____

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
DECEMBER 20, 2002**

After an explanation by Messrs. Core and Hite, Director Elder moved, seconded by Director Sills, that the following resolution be adopted:

WHEREAS, Big Rivers Electric Corporation ("Big Rivers") has determined that it is in its best interest to seek an extension of its existing \$15 million line of credit (the "Line of Credit") with the National Rural Utilities Cooperative Finance Corporation ("CFC") and related \$15 million master letter of credit facility (the "LC Facility") also with CFC (collectively, the "CFC Transaction");

WHEREAS, in connection with the extensions of the Line of Credit and LC Facility, Big Rivers must seek the consent and approval of its lenders, including the United States Department of Agriculture Rural Utilities Service ("RUS");

WHEREAS, Big Rivers has submitted an application to the RUS requesting its consent to and approval of the extension of the Line of Credit and the LC Facility;

WHEREAS, RUS has informed Big Rivers that (i) it will retain outside counsel in connection with the review of the application and negotiation of the necessary documents, and (ii) the fees and disbursements of such outside counsel must be paid by Big Rivers;

WHEREAS, the retention of outside counsel by RUS is governed by 7 C.F.R. Part 1789 (the "Regulations"), which provide that in order for RUS to retain outside counsel, Big Rivers must enter into certain agreements, including a funding agreement (the "Funding Agreement"), an escrow agreement (the "Escrow Agreement") and an indemnification agreement (the "Indemnification Agreement"), forms of each of which are attached hereto as Exhibits A, B and C, respectively; and

WHEREAS Big Rivers intends to obtain from the Kentucky Public Service Commission and any and all other persons any and all consents or approvals as are necessary, desirable or appropriate in connection with the CFC Transaction.

NOW, THEREFORE, it is hereby resolved by the board of directors of Big Rivers that:

RESOLVED, that the president or any vice president of Big Rivers (collectively, the "officers") be, and each of them hereby is, authorized and directed to take such actions as are necessary, desirable or appropriate in order to effectuate the retention by RUS of outside counsel pursuant to the Regulations and the payment by Big Rivers of the fees and expenses of such counsel in connection with the review and processing of the application submitted to RUS and the negotiation of the necessary documents;

RESOLVED FURTHER, that the Funding Agreement, the Escrow Agreement and the Indemnification Agreement are hereby approved in substantially the forms attached, subject to and with such changes therein as the officers may approve as necessary or desirable, such approval to be conclusively evidenced by the execution thereof, and each of them hereby is, authorized and directed to execute and deliver such agreements and to cause Big Rivers to perform, or cause to be performed, all of its obligations under such agreements;

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
DECEMBER 20, 2002**

RESOLVED FURTHER, that the officers be, and each of them hereby is, authorized and directed to take such actions as are necessary, desirable or appropriate in order to obtain from the Kentucky Public Service Commission and any and all other persons any and all consents or approvals as are necessary, desirable or appropriate in connection with the CFC Transaction; and

RESOLVED FURTHER, that the officers be, and each of them hereby is, authorized to negotiate, execute and deliver or accept such documents, to attest to and affix the seal of Big Rivers thereto, if necessary, and to take any and all further action as may be required on the part of Big Rivers or deemed necessary or advisable by any officer to carry out, give effect to and consummate the transactions contemplated hereby and the purposes and intent of the foregoing resolutions.

The motion was unanimously adopted.

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of the Regular Meeting of the Board of Directors of said Corporation held on 12-20-02.

Paula Mitchell

FIRST AMENDMENT TO LINE OF CREDIT RESERVE AUTHORIZATION

This **FIRST AMENDMENT TO LINE OF CREDIT RESERVE AUTHORIZATION** (this "Amendment"), dated as of _____, is by and 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, in consideration of CFC's issuance of letters of credit under that certain First Amended and Restated Letter of Credit Application and Agreement dated as of July 14, 2003, with respect to CFC Loan No. KY062-L-9001 (the "Letter of Credit Agreement"), the Borrower executed that certain Line of Credit Reserve Authorization dated July 14, 2003 in favor of CFC ("Original Reservation");

WHEREAS, the Borrower and CFC are entering into an amendment to the Letter of Credit Agreement to extend the period during which letters of credit can be issued and the final date upon which all such letters of credit must expire (the "Letter of Credit Amendment"); and

WHEREAS, the Letter of Credit Amendment is subject to Borrower's agreement to extend the Original Reservation to the line of credit that will replace the line of credit provided for in the Revolving Credit Agreement, upon the termination thereof (the "Replacement Line of Credit").

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

Section 1. Recitals. The foregoing recitals are incorporated herein by reference.

Section 2. Definitions. Capitalized terms that are not defined herein shall have the meanings assigned to them as set forth in the Original Reservation.

Section 3. Amendment. The third and fourth paragraphs of the Original Reservation are hereby deleted in their entirety and are hereby amended to read as follows:

"If, prior to the close of business on the day that any Draw under a Letter of Credit has been made, Borrower has not paid the Draw Amount to CFC, Borrower hereby authorizes CFC to make an Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) in an amount equal to the Draw Amount and to apply such Advance to pay the Draw Amount on behalf of Borrower.

Borrower agrees that, so long as any amounts are outstanding under the Letter of Credit Agreement, Borrower shall maintain the line of credit with CFC provided for in the Revolving

Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, the line of credit provided for in the Replacement Credit Agreement) in an amount that is at all times at least equal to \$15,000,000. The amount available at any time and from time to time under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) shall be referred to herein as the "Reserve Amount". Borrower hereby agrees not to request any Advance (as defined in the Revolving Credit Agreement until replaced by the Replacement Credit Agreement, then upon such replacement, as defined in the Replacement Credit Agreement) under the Revolving Credit Agreement (until replaced by the Replacement Credit Agreement, then upon such replacement, under the Replacement Credit Agreement) if the effect of any such Advance would be to reduce the Reserve Amount below the sum of the Letter of Credit Amounts reflected in all issued and outstanding Letters of Credit."

Section 4. Miscellaneous.

4.1 Modifications. CFC's signature hereon reflects the written consent required of CFC for modifications of the Original Reservation. No modification of any provision of this Amendment shall in any event be effective unless the same shall be consented to in writing by the parties hereto.

4.2 Merger and Integration. This Amendment, the Original Reservation and the matters incorporated by reference contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby.

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

BIG RIVERS ELECTRIC CORPORATION

(SEAL)

By: _____

Title: _____

Attest: _____

Title: _____

NATIONAL RURAL UTILITES
COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____

Assistant Secretary-Treasurer

Attest: _____

Assistant Secretary-Treasurer

CFC Instructions for Amendment

Borrower: BIG RIVERS ELECTRIC CORPORATION
Credit Designation: KY062-L-9001

Enclosed for the above-referenced loan are the following documents:

- I. Amendment to Letter of Credit Agreement – 2 Counterparts
- II. Amendment to Line of Credit Reserve Authorization – 2 Counterparts
- III. Update to Certificate of Resolutions and Incumbency

Before any action is taken to execute the documents, it should be determined that all necessary regulatory commission approvals have been obtained. CFC will require an original or true copy of the order of the commission.

A. Amendment to Letter of Credit Agreement:

Please execute two counterparts of the amendment to letter of credit agreement. The amendment must be signed by one of the persons specified in the resolutions authorizing execution (and amendment) of the original loan documents. One counterpart of the amendment will be returned to you upon execution by CFC.

B. Amendment to Line of Credit Reserve:

Please execute two counterparts of the amendment to line of credit reserve. The amendment must be signed by one of the persons specified in the resolutions authorizing execution (and amendment) of the original loan documents. One counterpart of the amendment will be returned to you upon execution by CFC.

C. Update to Certificate of Board Resolutions and Incumbency:

Please verify continuing validity of enclosed previously passed board resolutions following the form supplied.

DOCUMENTS TO BE RETURNED TO CFC:

- Certified or true copy of Commission approval (if applicable)
- The original update to certificate of resolutions and incumbency
- Both originals of the Amendment to Letter of Credit Agreement
- Both originals of the Amendment to Line of Credit Reserve Authorization

IF YOU HAVE QUESTIONS REGARDING THESE INSTRUCTIONS OR DOCUMENTS, PLEASE TELEPHONE JAMES JABLONSKI (CORPORATE COUNSEL) AT (800) 424-2954 OR (703) 709-6818.

PLEASE RETURN ALL DOCUMENTS TO:

**NRUCFC
ATTN: LEGAL ADMINISTRATIVE ASSISTANT
2201 COOPERATIVE WAY
HERNDON, VA 20171**

Mark Hite

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, May 22, 2008 11:19 AM
To: Mark Hite
Cc: James Jablonski
Subject: Re: FW: KY062-L-9001 modification documents

Attachments: KY062-L-9001 INCUMB.pdf; KY062-L-9001 SECINS.pdf; KY062-L-9001 AMEND.pdf; amendment instructions.DOC



KY062-L-9001 KY062-L-9001 KY062-L-9001 amendment
INCUMB.pdf (81 K) INS.pdf (28 K) END.pdf (44 K) fuctions.DOC (4

Sorry, this was purely a number sequence formatting issue. We are not missing any pages. Pages 6 supposed to read as page 4. There is only 4 pages in this document. Please feel free to cross off the number "6" and handwrite "4". We are ok with that.

Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

"Mark Hite"
<mhite@bigdrivers.com>

05/22/2008 11:37 AM

"Nazir Rostom"
<Nazir.Rostom@nrucfc.coop>

To

cc

Subject

FW: KY062-L-9001 modification documents

Please note the email below regarding missing pages. Would you please address.

Thanks,
Mark

Mark A. Hite

Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Vickie King [mailto:vking@bigrivers.com]
Sent: Thursday, May 22, 2008 10:19 AM
To: 'Mark Hite'
Cc: 'C. William Blackburn'
Subject: FW: KY062-L-9001 modification documents

Mark,

I was printing these documents out for Bill and noticed that the third document either has pages missing or is simply numbered wrong. The sequence shown in this document is Page 1, 2, 3 and 6 where 4 and 5 are ??? Just thought you might want to know.

Thanks,
Vickie

-----Original Message-----

From: Bill Blackburn [mailto:bblackburn@bigrivers.com]
Sent: Thursday, May 22, 2008 9:41 AM
To: vking@bigrivers.com
Subject: FW: KY062-L-9001 modification documents

Please print

-----Original Message-----

From: Mark Hite [mailto:mhite@bigrivers.com]
Sent: Tuesday, May 20, 2008 1:39 PM
To: mcore@bigrivers.com; 'Mark Bailey'; 'Paula Mitchell'
Cc: 'Bill Blackburn'; 'Travis Siewert'; 'Ralph Ashworth'; 'Nazir Rostom'
Subject: FW: KY062-L-9001 modification documents

Regarding our requested modifications to the \$15 million CFC Master Letter of Credit Facility, extending it to 3/1/2009, attached hereto are the associated documents. The 4th file attached hereto contains the instructions for executing the modifications. Paula, please see that this is included on the June 20 Board agenda. Mike will then need to execute the agreements and return them to CFC pursuant to those instructions.

Any questions, give me or Nazir a call. Once again, CFC has worked very hard to accommodate Big Rivers, and I am most appreciative. They clearly demonstrate they are a valued business partner.

Paula, once executed and final, please provide me a copy for my files.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]

Sent: Tuesday, May 20, 2008 9:39 AM
To: mwhite@bigdrivers.coop
Cc: Krishna Murthy; Thomas Hall; Willow Jones
Subject: Fw: KY062-L-9001 modification documents

Mark,

We approved extension and modification which you requested for the master letter of credit facility. The instruction for executing and returning the documents are enclosed below. Please do not hesitate to contact us if you have any question. We look forward to receiving the executed documents soon.

Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

----- Forwarded by Nazir Rostom/CFC on 05/20/2008 10:31 AM -----

James
Jablonski/CFC

05/19/2008 01:28
PM

Nazir Rostom/CFC@CFC

Willow Jones/CFC@CFC, Krishna
Murthy/CFC@CFC

Subject
KY062-L-9001 modification documents

To
cc

We are pleased to inform you that National Rural Utilities Cooperative Finance Corporation (CFC) has approved a modification to the above-referenced credit facility for your company. The CFC documents for the modification are enclosed for execution.

As a condition of CFC's credit commitment, all of the attached documents must be executed by your cooperative and received by CFC within 90 days of the date of this correspondence. CFC's credit commitment is dependent upon the execution of the CFC documents by your cooperative and their receipt and acceptance by CFC. CFC will notify you after its receipt of the documents regarding the status of this facility.

Please note that the attached documents have been transmitted only to your cooperative. If you would like us to send a copy to your attorney or if you have any other questions, please contact me or the legal department contact listed in the enclosed instructions.

Please review the enclosed instructions for information on the number of copies of each document to be printed, executed and returned to CFC.

Any changes made to the documents to be executed by your Cooperative (i.e., the Loan Agreement, Note, Security Agreement, etc.) without the prior written consent of CFC shall invalidate all documents.

We at CFC appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Please mail your executed documents to: Legal Administrative Assistant
NRUCFC
2201 Cooperative Way
Herndon, Virginia 20171

(See attached file: KY062-L-9001 INCUMB.pdf)(See attached file:
KY062-L-9001 SECINS.pdf)(See attached file: KY062-L-9001 AMEND.pdf) (See attached file:
KY062-L-9001 INCUMB.pdf)(See attached file:
KY062-L-9001 SECINS.pdf)(See attached file: KY062-L-9001 AMEND.pdf)(See attached file:
amendment instructions.DOC)

This may contain information that is confidential or privileged. If you are not the addressee indicated in this message (or responsible for delivery of this message to such person), you should not copy or deliver this message to anyone or make any other use of the information set forth herein. In such case, you should destroy this message and notify the sender by telephone or e-mail.

Mark Hite

From: Krishna Murthy [Krishna.Murthy@nrucfc.coop]
Sent: Thursday, October 30, 2008 10:41 AM
To: Mark Hite; Nazir Rostom
Cc: Thomas Hall; John List
Subject: Re: Big Rivers

Mark:

I am out on travel. Friday will be better to call.

Please note that any extension and pricing will be subject to current market conditions - and we would like to cover what is essential, now, for BREC in these deliberations.

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 10/30/2008 10:28 AM EST
To: Nazir Rostom
Cc: Krishna Murthy; Thomas Hall
Subject: RE: Big Rivers

Good morning! Following up on my email below, while Big Rivers' existing secured \$15 million revolving credit agreement (line of credit) terminates 7/14/2013, the underlying master letter of credit agreement (letter of credit, KY-L-9001) and reserve authorization, R-5101, terminate 3/1/2009. As you may recall, in anticipation of the Unwind closing, effective 6/5/2008 the letter of credit facility was extended from 7/14/2008 to 3/1/2009. Due to delay of the anticipated Unwind closing date, Big Rivers believes a further extension is warranted at this time (due to uncertainty of the Unwind closing date) in order to ensure its ability to prudently buy and sell power on the open market during 2009.

I'll give you a call momentarily to discuss a further extension.

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

From: Mark Hite
Sent: Friday, October 24, 2008 11:14 AM
To: 'Nazir Rostom'
Cc: Krishna Murthy; Thomas Hall
Subject: Big Rivers

Wanted you to see the attached letter regarding the Unwind status at the KPSC. While I may have recently mentioned to you the now targeted Unwind closing date of 2/26/2009, the Unwind closing delays are resulting in growing concern regarding Big Rivers' expiring 3/1/2009 existing \$15 million line of credit, and underlying letter of credit, with CFC. Can we work with CFC to once again extend this facility (I tentatively suggest one year). This matter, plus Big Rivers' \$142.1 million outstanding variable rate pollution control bonds insured by Ambac are two items of significant concern that I'd like to pursue resolution with CFC.

Without the facility noted above, Big Rivers may not be able to maximize its off-system sales value. Ambac's association with the PCBs has both issues trading at a very high interest rate. I question the wisdom of waiting until the Unwind closing (if and when it occurs) to resolve these matters. I welcome your thoughts how best to proceed on one or both.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

Mark Hite

From: Krishna Murthy [Krishna.Murthy@nrucfc.coop]
Sent: Friday, October 17, 2008 8:01 AM
To: Mark Hite
Cc: John List; Sheldon Petersen; Thomas Hall; Nazir Rostom; Steven Lilly
Subject: Re: PCBs

Thanks for your inquiry. We understand the high interest rate environment we are in now. CFC advocates a fixed rate (for multi years or for term) or a 6-month T/E issue - at an appropriate time, for your consideration...
As for the timing, the market for 6-month T/E issues - which is CFC's overwhelming V/R preference - is very tight and the timing is not good right now. When it unfreezes, it would be a good time to go.
The market for fixed rate appears available but shallow - it could grow slowly following yesterday's launch/partial success of the California issue. Rates currently range close to 6%+.
The documents/structure/we prefer is the standard CFC package,/team, I outlined previously. Stepping into an existing set of documents is very very challenging and I would not want us/you to be subjected to it..
Give us a call and we can talk more.

Mark Hite
<Mark.Hite@bigrivers.com>
10/16/2008 05:09 PM
To: "krishna.murthy@nrucfc.coop" <krishna.murthy@nrucfc.coop>
cc: Subject: PCBs

Good afternoon! Wanted to make an inquiry of you.

Although the Unwind is now targeted for a 2/26/09 closing date, with the numerous leveraged lease parties now off Big Rivers' mortgage, seems RUS could be agreeable to CFC taking Ambac's senior mortgage position for the \$142.1 million PCBs? Of course, upon the Unwind closing, the PCBs would become pari-passu with all other secured debt under the Indenture. With the \$83.3 million issue now at 18% (the maximum rate), and the \$58.8 million now at 8%, Big Rivers really should get'er done ASAP rather than wait until shortly post-Unwind. I seem to recall CFC's 6 month variable rate mode is trading about 3% all in. But, perhaps CFC would be unwilling to refinance the PCBs pre-Unwind due to the balance sheet of Big Rivers.
As you know, immediately post-Unwind Big Rivers will have very strong financial metrics. Any thoughts? Waiting to do the PCB refinancing is costing Big Rivers significant precious \$\$.

Thanks,
ark

Mark A. Hite

Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you receive this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

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Mark Hite

From: Krishna Murthy [Krishna.Murthy@nrucfc.coop]
Sent: Wednesday, September 24, 2008 5:26 PM
To: Mark Hite
Cc: Nazir Rostom; Thomas Hall
Subject: Re: CFC Line of Credit

Thanks, we are doing well. Hope you are well.

We surely missed Mr&.Mrs Bailey at the dinner last night. Say hello to him from me. We understand he had pressing matters with your indenture developments. Is that ready to move forward?

On the deal you mentione, Congratulations on resolving the matter. We will respond promptly when we get your stuff.

We should also visit on T/E bonds when you are ready. A few things have moved but we are still ready to move. Let us chat.

From: Mark Hite [Mark.Hite@bigrivers.com]
Sent: 09/24/2008 05:11 PM EST
To: Krishna Murthy
Cc: Nazir Rostom
Subject: FW: CFC Line of Credit

Hello Krishna! Hope you and CFC are doing great.

Am forwarding the email below to you, plus wish to give inform you of another important matter.

As you may recall, Big Rivers bought out Bank of America's interest in Big Rivers' leveraged lease on 6/30/08. Big Rivers is now working diligently to consummate a similar buy-out of PMCC's interest on 9/30/08, which will effectively terminate such lease. As with the Bank of America buy-out transaction, CFC, as a party to certain existing Big Rivers' agreements, will be asked to consent to an Omnibus Termination Agreement for the PMCC buy-out. Big Rivers apologizes for this short notice, but an opportunity quickly arose, and is available for only a short period of time. Big Rivers wishes to inform CFC of its intent, signaling its plan to deliver the document seeking CFC's expedited consent shortly.

Please let me know if you have any questions. I'll phone you momentarily to discuss this.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815

From: Mark Hite
Sent: Wednesday, September 24, 2008 9:44 AM

To: Nazir Rostom
Subject: CFC Line of Credit

Good morning! Hope all is well with you.

As you know, Big Rivers has not yet closed the "unwind" transaction. Does our agreement for the 5 year \$50 million CFC line of credit that's to become effective on the "unwind" closing date have a "drop dead" effective date. We're hoping to close the "unwind" by years end. Our general counsel is asking me this question.

Thanks,
Mark

Mark A. Hite
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Office 270-827-2561
Fax 270-827-2558
Mobile 270-577-6815



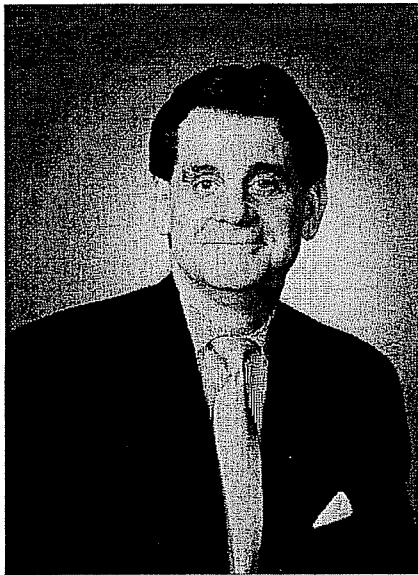
National Rural Utilities
Cooperative Finance Corporation

A Conversation with the Governor

December 2008

CFC Member Capital Securities

Today's Speaker Is...



Sheldon C. Petersen
Governor & CEO

KIUC 1-8
288 of 356

CFC Member Capital Securities

Overview

- **Current market conditions**
- **Bank deleveraging and capacity of financial markets**
- **CFC's new Member Capital Securities**
- **What the future holds**

Current Market Conditions

- **Huge market deterioration since last Webinar.**
- **Dramatic drop in stock market combined with collapse of credit markets makes this different from prior downturns.**

Causes of Credit Market Collapse

- **Roots in subprime market.**
- **Volatile \$50 trillion credit default swap market.**
- **Extraordinary excess leverage of investment banks.**
- **Most severe stress caused by Lehman Brothers failure.**
- **Investor confidence destroyed.**

Results of Turmoil

- **Frozen corporate credit.**
- **Huge corporate spreads.**
- **\$650 billion in U.S. bank write-downs.**
- **Widespread economic downturn.**
- **Deflation.**
- **20 percent of bank capital now owned by U.S. government.**

Impact on CFC

- **Co-ops are growing at levels we haven't seen in decades.**
- **We don't trade in MBS, CDOs, CLOs or CDSs that brought down other banks.**
- **No mystery exposure.**
- **Minor exposure to Lehman.**

Funding

- **Able to sell commercial paper.**
- **Tapped CPFF for capital.**
- **Syndication market unavailable.**
- **Banks without capital to commit.**
- **Long-term market:**
 - Open but expensive
 - Expected to improve over time
 - CFC only financial issuer in October

Deleveraging: A New Focus

- All financial institutions being forced to deal with leverage issues.
- Leverage was severely abused.
- Naked CDS: Simply gambling.
- Markets are redefining expectations on reserves/ equity.
- In particular, rating agencies are looking at leverage ratios.

How Does This Apply to CFC?

- **CFC is an independent finance company:**
 - Not affiliated with a bank
 - Not part of a holding company
 - Not part of a GSE funding group
- **Independence can be a strength:**
 - Freedom, low regulation
- **Independence can be a weakness:**
 - Exposure to volatility, no discount window

Improving CFC's Leverage Ratio

- Market requiring less leverage/more equity.
- QUICS no longer a viable option.
- As a cooperative, the only place we can turn for additional investment is from you, our members.

Raising Capital

- **Beyond normal lending operations, CFC has asked for members' capital investment only twice in 40 years:**
 - When we first formed – 1969/1970.
 - As part of an equity stabilization plan – 1983/1984.
- **Since 1984, CFC loan portfolio has gone from \$2.5 billion to \$20 billion.**
- **CFC's debt-to-equity ratio of 8.4-to-1 is too high for current environment.**

Member Capital Securities

- **New round of capital infusion.**
- **Electric cooperatives need funding to meet growing demand for power.**
- **More CFC equity = more funding available to electric cooperatives.**
- **Send message to rating agencies that co-op business model is not a handicap.**
- **Hope to raise \$300 to \$500 million through MCS.**

MCS Facts

- Available to all voting members of CFC.
- Minimum investment is \$25,000 with increases in multiples of \$5,000.
- Term is 35 years with five-year call.

MCS Facts

- Initial offering will be at a fixed rate... current rate is 7.5%.
- Interest is paid semi-annually.
- Members get “equity credit.”
- MCS are exempt from RUS investment restrictions.
- MCS are registered but unrated.
- Helps reduce CFC leverage ratio.

Financial Challenge

- Troubled credit in telecom portfolio, ICC.
- Reported on problem for several years in SEC filings.
- Long, healthy relationship until 2004.
- ICC quit paying debt service in 2005, and we went to court.
- Working to resolution through bankruptcy courts.

Financial Challenge

- CFC has been well reserved against possible loss for years. However, asset value has plummeted as a result of economic downturn.
- CFC expects to record a loss provision ranging from \$90 million to \$140 million for the quarter ended November 30, 2008.
- The loss provision may differ from the range provided above as a result of ongoing evaluation of capital market data.
- This increase to loss provision has no impact on cash flow or CFC's ability to service its outstanding debt.

What the Future Holds

- **Banks will need time to rebuild.**
- **More write-downs will happen.**
- **Investors need to regain confidence.**
- **More regulation is coming.**
- **Credit will cost more.**
- **Leverage becomes more important.**
- **Banks have to start lending again.**

What the Future Holds

- **Utilities are best positioned and will be first to recover.**
- **CFC continues to focus on our mission... funding our members' capital needs.**
- **Consider MCS an investment in the future of the electric cooperative network.**

How to Purchase

- **Prospectus and Accommodation Letter available on Web site.**
- **CFC Capital Markets Funding Group takes orders.**
- **Settlement within three business days of order placed.**

For More Information on MCS

- **View Governor Petersen's speech delivered at IBES on the members-only Extranet.**
- **Contact your Regional Vice President.**
- **Read more about Member Capital Securities on the CFC Web site.**
- **Call the CFC Investment Line at 800-424-2954, ext 6731.**

Thank You for Attending...

A Conversation With the Governor

KIUC 1-8
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CFC Member Capital Securities

Disclaimer

- CFC has filed a registration statement (including a prospectus) with the Securities & Exchange Commission (SEC) for the offering to which this communication relates. Before you invest, you should read the prospectus and other documents CFC has filed with the SEC for more complete information about CFC and this offering.
- You can get a free copy of these documents by calling 800-424-2954, ext. 6731, or by visiting www.nrucfc.coop or at www.sec.gov.

Disclaimer Continued

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Although we believe that the expectations reflected in such forward-looking statements are based on current reasonable assumptions, actual results and performance could differ materially from those set forth in the forward-looking statements due to a variety of known and unknown factors. Factors that could cause future results to vary from current expectations include, but are not limited to, general economic conditions, legislative changes, governmental monetary and fiscal policies, changes in tax policies, changes in interest rates, interest expense, demand for our loan products, changes in the quality or composition of our loan and investment portfolios, changes in accounting principles, policies or guidelines, and other economic and governmental factors affecting our operations.



**National Rural Utilities
Cooperative Finance Corporation**

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

A Touchstone Energy® Cooperative

V⁷ 6619
P.D.D. 3/13/09

544588

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: **2009028807**
Invoice Date: **03/04/2009**

Loan #: 9001-002 - Letter of Credit (L/C)
Original Commitment: \$2,000,000.00

198 210 557.110 \$ 3,250.00

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 02/28/2009	\$2,000,000.00
X Fee Rate of:	0.00650
Sub Total:	\$3,250.00
Adjustment:	\$0.00
Total Amount Due:	\$3,250.00

✓ add 3/11/09
CWB 3/11

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021

KAR 3/13/09



**National Rural Utilities
Cooperative Finance Corporation**

V# 6619
P.D.D. 3/13/09

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Herndon, Virginia 20171
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544587

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2009028795
Invoice Date: 03/04/2009

Loan #: 9001-010 - Letter of Credit (L/C)

Original Commitment: \$670,000.00

198 210 557.110 \$ 1,088.75

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 02/28/2009

\$670,000.00

X Fee Rate of:

0.00650

Sub Total:

\$1,088.75

Adjustment:

\$0.00

Total Amount Due:

\$1,088.75

dw 3/11/09

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021

CWP 3/11
RAA 3/12/09



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V# 6619
P.O.D. 3/13/09

544586

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2009028794
Invoice Date: 03/04/2009

Loan #: 9001 - Letter of Credit (L/C)
Original Commitment: \$15,000,000.00

198 210 557.110 \$ 13,125.00

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 35 basis points (35/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 02/28/2009 \$15,000,000.00
X Fee Rate of: 0.00350

Sub Total: \$13,125.00
Adjustment: \$0.00
Total Amount Due: \$13,125.00

dw 3/11/09
CWB 2/11

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021

KAR 3/13/09



National Rural Utilities
Cooperative Finance Corporation

V# 6619
P.O.D. 12/14/08
26

543296

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028627
Invoice Date: 12/04/2008

Loan #: 9001-010 - Letter of Credit (LC)

Original Commitment: \$670,000.00

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

198 210 557.110 1088.75

Billing Frequency: Quarterly

Letter of Credit Amount as of: ~~12/05/2008~~ 11/30/2008 ✓ \$670,000.00
X Fee Rate of: 0.00650

Sub Total: \$1,088.75
Adjustment: \$0.00
Total Amount Due: \$1,088.75 ✓

idw 12/15/08

Payment Due Upon Receipt of Invoice

Please Remit Payment to: By Wire Transfer:
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021

CUW
RJR 12/27

* Per telephone conversation
w/ Oscar Rojas 12/15/08

For questions about this invoice please call Oscar Rojas at (800) 424-2957 ext. 2008

CFC Use Only: 41820 - Op. Income-Commitment Fees



National Rural Utilities
Cooperative Finance Corporation

543295

V# 6619
P.O.D. 12/14/08
L

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028626
Invoice Date: 12/04/2008

Loan #: 9001 - Letter of Credit (LC)

Original Commitment: \$15,000,000.00

198 210 557.110 13,125.00

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 35 basis points (35/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 12/06/2008 11/30/2008 *	\$15,000,000.00
X Fee Rate of:	0.00350
Sub Total:	\$13,125.00
Adjustment:	\$0.00
Total Amount Due:	\$13,125.00 ✓ <i>Del 12/8/08</i>

Payment Due Upon Receipt of Invoice

Please Remit Payment to: By Wire Transfer:
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021

CW/D 12/23
Rita

* Per telephone conversation
w/ Oscar Rojas 12/15/08

For questions about this invoice please call Oscar Rojas at (800) 424-2957 ext. 2008

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P.O.D. 11/24/08



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Herndon, Virginia 20171
703-709-6700 | www.nrucfc.coop

542861

Big Rivers Electric Corporation
Attn: Travis Siewert
201 Third Street
Henderson, KY
42420

ACCOUNT: KY062
LOAN NO. 9001-002
INVOICE TYPE: LETTER OF CREDIT FEE
DATE: 11/13/2008

198 210 559.110 3,250.00

Letter of Credit Amount
Period 9-01-08 - 11-30-08
90 Days

\$ 2,000,000.00
X 0.0065
\$ 3,250.00

Total amount due

\$ 3,250.00

RAR

DD 11/19/08

CWP 11/21

Payment Due Upon Receipt of Invoice

Please remit payment to:

By Wire Transfer:
JP Morgan Chase, New York NY
Account #: 52-97214 ABA #021 000 021

By Check:
NRUCFC, Attn: Shannon Snow
2201 Cooperative Way
Herndon, VA 20171

For questions about this invoice please call Oscar Rojas at (800)424-2954 ext. 2008

2

V# 6619
P.P.S. 11/24/08



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542860

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028356
Invoice Date: 08/12/2008

198 and 557.110 1425.00

Loan #: 9001-002 - Letter of Credit (L/C)
Original Commitment: \$2,000,000.00

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 08/31/2008 \$1,000,000.00
X Fee Rate of: 0.00650

Sub Total: \$1,625.00
Adjustment: \$0.00
Total Amount Due: \$1,625.00

ARR
add 11/19/08
CWB 11/21

Payment Due Upon Receipt of Invoice

Please Remit Payment to: By Wire Transfer:
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

For questions about this invoice please call Javed Jalil at (800) 424-2954 ext. 2020

CFC Use Only, **NOT TO GO INCOME COMMITMENT FEES

2



National Rural Utilities
Cooperative Finance Corporation

541608

V# 6619,
P.O.D. 9/5/08

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028385
Invoice Date: 08/29/2008

Effective Date: 05/02/2008
Loan #: 9001-010 - Letter of Credit (L/C)
Original Commitment: \$670,000.00
Use of Funds: Credit Support: Kentucky Utilities Company
Beneficiary: Kentucky Utilities Company

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of .65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

198 210 559.110 \$1,088.75

Letter of Credit Amount as of: 08/31/2008

\$670,000.00

X Fee Rate of:

0.00650

Sub Total:

\$1,088.75

Adjustment:

\$0.00

Total Amount Due:

\$1,088.75

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA, 20171-3025

add 9/2/08
add
add 9/2

For questions about this invoice please call Shannon Gates at (800) 424-2954 ext. 2031 CFC Use Only: 41820 - Op: Income-Commitment Fees



National Rural Utilities
Cooperative Finance Corporation

541607

V# 6619
P.O.D. 9/5/08

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028384
Invoice Date: 08/29/2008

Effective Date: 07/14/2003

Loan #: 9001 - Letter of Credit (L/C)

Original Commitment: \$15,000,000.00

Use of Funds: Credit Support for Power Sales Managed by ACES

Beneficiary: To Be Determined as requested by Applicant

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 35 basis points (35/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 08/31/2008

\$15,000,000.00

X Fee Rate of:

0.00350

Sub Total:

\$13,125.00

Adjustment:

\$0.00

Total Amount Due:

\$13,125.00

198 210 557/110 * 13/25.00

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

Rao C. Subrahmanyan
9/2

For questions about this invoice please call Javed Jalil at (800) 424-2954 ext. 2020

CFC Use Only: 41820 - Op. Income-Commitment Fees



**National Rural Utilities
Cooperative Finance Corporation**

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

A Truist Energy Cooperative

540562

V# 66197
P.O.D. 6/27/08

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062) Attn: Donna Windhaus 201 Third Street Henderson, KY 42420	Invoice Number: 2008028164 Invoice Date: 06/20/2008
Effective Date: 07/14/2003 Loan #: 9001 - Letter of Credit (L/C) Original Commitment: \$15,000,000.00 Use of Funds: Credit Support for Power Sales Managed by ACES Beneficiary: To Be Determined as requested by Applicant	

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 35 basis points (35/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

198 210 557.110 13,125.00

Billing Frequency: Quarterly

Letter of Credit Amount as of: 05/31/2008	\$15,000,000.00
X Fee Rate of:	0.00350
Sub Total:	\$13,125.00
Adjustment:	\$0.00
Total Amount Due:	\$13,125.00

V DW 6/23/08

CMP 6/27

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

2

For questions about this invoice please call Javed Jalil at (800) 424-2954 ext. 2020

CFC Use Only: 41820 - Op. Income-Commitment Fees



National Rural Utilities
Cooperative Finance Corporation

540520

V# 6619
P.O.D. 6/24/08
CK# 007269
date 06/24/08

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028050
Invoice Date: 05/30/2008

Effective Date: 03/01/2005

Loan #: 9001-002 - Letter of Credit (L/C)

Original Commitment: \$1,000,000.00

Use of Funds: Security for Transmission Expenses

Beneficiary: Midwest Independent Transmission System Operator, Inc.

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 05/31/2008

\$1,000,000.00

X Fee Rate of:

0.00650

Sub Total:

\$1,625.00

Adjustment:

\$0.00

Total Amount Due:

\$1,625.00

✓ ddw 6/20/08
CWA 6/23

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

198 210 557.110 1625.00

For questions about this invoice please call Javed Jalil at (800) 424-2954 ext. 2020

CFC Use Only: 41820 - Op Income-Commitment Fees



National Rural Utilities
Cooperative Finance Corporation

V# 6619
P.D. 06/24/08
CK# 007269
CK out 06/24/08
2201 Cooperative Way
Herndon, Virginia 20171-3025
703.709.6700 | www.nrucfc.coop
A Touchstone Energy Company

540519

Big Rivers Electric Coop
ATTN: Donna Windhaus
201 Third St
Henderson KY
42420

ACCOUNT: KY062
LOAN NO. 9001-006
INVOICE TYPE: LETTER OF CREDIT FEE
DATE: 6/11/2008

198 210 557.110 3,383.56

Letter of Credit Amount
Period - 12.1.07 - 02.15.08
76 days

\$ 2,500,000.00
X 0.0065
\$ 3,383.56

Total amount due

\$ 3,383.56 ✓ DW 6/20/08

CWP 6/23

Payment Due Upon Receipt of Invoice


Please remit payment to:

By Wire Transfer:
JP Morgan Chase, New York NY
Account #: 52-97214 ABA #021 000 021

By Check:
NRUCFC, Attn: Shannon Snow
2201 Cooperative Way
Herndon, VA 20171

For questions about this invoice please call Javed Jalli at (800)424-2954 ext. 2008

2

V# 6619
P.O.D. 6/24/08
CK# 007269
ckante 06/24/08
2201 Cooperative Way
Hamdon, Virginia 20171-3025
703.709.6700 | www.nrucfc.coop
A Teachstone Energy Cooperative 



National Rural Utilities
Cooperative Finance Corporation

540518

Big Rivers Electric Coop
ATTN: Donna Windhaus
201 Third St
Henderson KY
42420

ACCOUNT: KY062
LOAN NO. 9001-007
INVOICE TYPE: LETTER OF CREDIT FEE
DATE: 6/11/2008

198 210 557,110 2208.22

Letter of Credit Amount
Period - 12.31.07 - 01.31.08
31 days

\$ 4,000,000.00
X 0.0065
\$ 2,208.22

Total amount due

\$ 2,208.22 ✓ dwd 6/20/08
CWP 6/23

Payment Due Upon Receipt of Invoice

Please remit payment to:

By Wire Transfer:
JP Morgan Chase, New York NY
Account #: 52-97214 ABA #021 000 021

By Check:
NRUCFC, Attn: Shannon Snow
2201 Cooperative Way
Hamdon, VA 20171

For questions about this invoice please call Javed Jallil at (800)424-2954 ext. 2008

2



National Rural Utilities
Cooperative Finance Corporation

540517

V# 6619
P.O.D. 6/24/08
CK# 007269
date 06/24/08

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028051
Invoice Date: 05/30/2008

Effective Date: 05/02/2008
Loan #: 9001-010 - Letter of Credit (L/C)
Original Commitment: \$670,000.00
Use of Funds: Credit Support: Kentucky Utilities Company
Beneficiary: Kentucky Utilities Company

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds; CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 05/31/2008	\$670,000.00
X Fee Rate of:	0.00650
Sub Total:	\$1,088.75
Prorated for 30 days 5-2-08 to 5-31-08:	\$-731.75
Total Amount Due:	\$357.00

DDW 6/20/08
CWA 6/23

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

198 210 557.110 357.00

For questions about this invoice please call Shannon Gates at (800) 424-2954 ext. 2031

CFC Use Only: 41820 - Op Income-Commitment Fees

LETTER OF CREDIT INVOICE

✓ # 6619
P.O.D. 3-6-08
LK# 007055
date 03/06/08

196/210 557.110 \$ 113.99

538766

Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

ACCOUNT:
INVOICE TYPE:
DATE:

KY062-9001-009
LETTER OF CREDIT FEE
3/5/2008

Effective with letter of credit arrangements, CFC requires payment of an upfront fee of (65 basis points 65/100 of 1%) upon the face amount of this letter of credit. The amount of payment has been computed as follows:

ORIGINAL Letter of Credit Amount	100,000.00
x fee rate of 65/100%	0.0065
Total Invoice covering period 11/19/07-01/22/08	\$ 113.97

TOTAL AMOUNT DUE

\$ 113.97 ✓ 3/5/08

Payment Due Upon Receipt of Invoice

W. Black
Raa 3/5/08

Please remit payment to: **By Wire Transfer:**
JP Morgan Chase, New York, NY
Account #: 52-97214 ABA #021 000 021

By Check:
NRUCFC, Attn: Lan-Chi Than
2201 Cooperative Way
Herndon, VA 20171

For questions about this invoice please call Lan-Chi Than at (800)424-2954 ext. 2008

2



National Rural Utilities
Cooperative Finance Corporation

538765

V# 6619
P.O.D. 3-6-08
ck# 007055
CNO# 03/04/08
2201 Cooperative Way
Herndon, Virginia 20171-3025
703-709-6700 | www.nrucfc.coop
A Truist Energy Cooperative

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008027750
Invoice Date: 02/29/2008

196/210 557.116 \$ 1,625.00

Effective Date: 03/01/2005
Loan #: 9001-002 - Letter of Credit (L/C)
Original Commitment: \$1,000,000.00
Use of Funds: Security for Transmission Expenses
Beneficiary: Midwest Independent Transmission System Operator, Inc.

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 02/29/2008	\$1,000,000.00
X Fee Rate of:	0.00650
Sub Total:	\$1,625.00
Adjustment:	\$0.00
Total Amount Due:	\$1,625.00 <i>OW 3/5/08</i>

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

W/Black 2/5/08
R.G.

For questions about this invoice please call Lan-Chi Than at (800) 424-2954 ext. 2008

CFC Use Only: 41820 - Op. Income-Commitment Fees



**National Rural Utilities
Cooperative Finance Corporation**

V# 6619
P.O.D. 3-6-08
AK# 007055
cust# 03/06/08

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

A Truistone Energy Cooperative

538764

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008027749
Invoice Date: 02/29/2008

198/210 557.110 \$13,125.00

Effective Date: 07/14/2003

Loan #: 9001 - Letter of Credit (L/C)

Original Commitment: \$15,000,000.00

Use of Funds: Credit Support for Power Sales Managed by ACES

Beneficiary: To Be Determined as requested by Applicant

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 35 basis points (35/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 02/29/2008

\$15,000,000.00

X Fee Rate of:

0.00350

Sub Total:

\$13,125.00

Adjustment:

\$0.00

Total Amount Due:

\$13,125.00

due 3/5/08

W. Blach 3/5/08
KAB

Payment Due Upon Receipt of Invoice

Please Remit Payment to: **By Wire Transfer:**
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021 000 021
By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

For questions about this invoice please call Lan-Chi Than at (800) 424-2954 ext. 2008

CFC Use Only: 41820 - Op. Income-Commitment Fees

LETTER OF CREDIT INVOICE

v# 6619
P.D.D. 01/15/08
ck# 006943
create 01/15/08

537987

Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

ACCOUNT:
INVOICE TYPE:
DATE:

KY062-9001-008
LETTER OF CREDIT FEE
1/9/2008

Effective with letter of credit arrangements, CFC requires payment of an upfront fee of (65 basis points 65/100 of 1%) upon the face amount of this letter of credit. The amount of payment has been computed as follows:

<u>ORIGINAL</u> Letter of Credit Amount	7,000,000.00
x fee rate of 65/100%	0.0065
Total Invoice covering period 09/01/07-11/15/07	\$ 9,473.97

TOTAL AMOUNT DUE

\$ 9,473.97

Payment Due Upon Receipt of Invoice

Please remit payment to: **By Wire Transfer:**
JP Morgan Chase, New York, NY
Account #: 52-97214 ABA #021 000 021

By Check:
NRUCFC, Attn: Lan-Chi Than
2201 Cooperative Way
Henderson, VA 20171

198 / 210 557.110 \$ 9,473.97

For questions about this invoice please call Lan-Chi Than at (800)424-2954 ext. 2008

2

LETTER OF CREDIT REQUEST

February 27, 2009

Mr. Nazir K. Rostom
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025

RE: National Rural Utilities Cooperative Finance Corporation ("CFC")
Master Letter of Credit Facility No. KY062-L-9002

Gentlemen:

Big Rivers Electric Corporation ("Big Rivers") hereby requests CFC to amend the letter of credit number for KY062-L-9001-002 the Midwest Independent Transmission System Operator, Inc letter of credit.

New Letter of Credit Number: **KY062-L-9002-001**

Beneficiary Name and Address: Midwest Independent Transmission System Operator, Inc.
720 City Center Drive
Carmel, IN 46032
Attn: Ross Baker

Please issue the letter of credit amendment directly to the beneficiary by March 1, 2009, with a copy to the undersigned.

Very truly yours,

BIG RIVERS ELECTRIC CORPORATION



C. William Blackburn
Vice President and CFO

ems



Big Rivers

Electric Corporation

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

LETTER OF CREDIT REQUEST

September 4, 2008

Mr. Nazir K. Rostom
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025

RE: Amendment of National Rural Utilities Cooperative Finance Corporation ("CFC")
Master Letter of Credit Facility No. KY062-L-9001-0002

Gentlemen:

Big Rivers Electric Corporation ("Big Rivers") hereby requests CFC to amend the letter of credit issued under the above-referenced Master Facility with the following terms:

Letter of Credit Amount: **\$2,000,000.00**

Beneficiary Name and Address: Midwest Independent Transmission System Operator, Inc.
701 City Center Drive
Carmel, IN 46032
Attn: Manager, Credit Risk & Customer Registration

Letter of Credit Effective Date: March 1, 2008

Letter of Credit Expiration Date: March 1, 2009


Conditions of Draw: As set forth in the above-referenced letter of credit.

Big Rivers hereby certifies that the Available Amount (as defined in the Master Facility) is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested.

Please issue the letter of credit amendment directly to the beneficiary by September 5, 2008, with a copy to the undersigned.

Very truly yours,

BIG RIVERS ELECTRIC CORPORATION



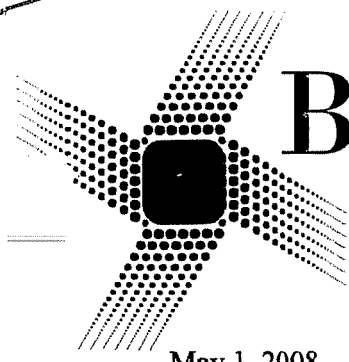
C. William Blackburn
Vice President and CFO

Enclosure
ems

KIUC 1-8
330 of 356

Your Touchstone Energy® Cooperative





Big Rivers

Electric Corporation

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

LETTER OF CREDIT REQUEST

May 1, 2008

Mr. Nazir K. Rostom
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025

RE: National Rural Utilities Cooperative Finance Corporation ("CFC")
Master Letter of Credit Facility No. KY062-L-9001

Gentlemen:

Big Rivers Electric Corporation ("Big Rivers") hereby requests CFC to issue a letter of credit under the above-referenced Master Facility with the following terms:

Letter of Credit Amount: **\$670,000.00**

Beneficiary Name and Address: Kentucky Utilities Company
220 West Main St.
Louisville, KY 40202
Attn: John Early

Letter of Credit Effective Date: May 2, 2008

Letter of Credit Expiration Date: March 1, 2009

Conditions of Draw: As set forth on Annex 2, attached herewith.

Big Rivers hereby certifies that the Available Amount (as defined in the Master Facility) is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested.

Please issue the letter of credit directly to the beneficiary by May 2, 2008, with a copy to the undersigned.

Very truly yours,

BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn
Vice President and CFO

ems

KIUC 1-8
331 of 356



KY062-L-9001-010
May 1, 2008

This is an integral part of the National Rural Utilities Cooperative Finance Corporation
Irrevocable Standby Letter of Credit No. KY062-L-9001-010 dated May 2, 2008.

ANNEX 2

[Insert date of certificate]

To: National Rural Utilities Cooperative Finance Corporation
Woodland Park, 2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: General Counsel

Check appropriate draw condition:

The undersigned hereby certifies that the amount of US\$ _____
is due and owing and remains unpaid (beyond the time allowed for such payment,
including following any related notice or grace period or both) to the undersigned by
[Applicant's Name] in accordance with the terms and provisions of the _____
_____ [Identify Agreement]

The undersigned hereby certifies that Beneficiary has requested alternate security
from Applicant and Applicant has not provided alternate security reasonably acceptable
to beneficiary and this Letter of Credit has less than (20) business days until the
expiration date.

Kentucky Utilities Company

By: _____

Title: _____

Travis Siewert

From: Michael Duganich [Michael.Duganich@nrucfc.coop]
Sent: Friday, February 27, 2009 2:07 PM
To: Travis Siewert
Cc: Nazir Rostom
Subject: Re: MISO letter of credit amendment

Attachments: KY062-L-9002-001.pdf



KY062-L-9002-001.
pdf (38 KB)

Travis,

I have emailed a copy of the attachment to Ross at MISO and will be sending them the original overnight. Let me know if you have any questions.

Thanks.

(See attached file: KY062-L-9002-001.pdf)

Mike Duganich
Credit Analyst
p: (703) 709-6804
f: (703) 709-6811
www.nrucfc.coop

Travis Siewert
<Travis.Siewert@b
igrivers.com>

02/26/2009 04:49
PM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>, Michael
Duganich
<Michael.Duganich@nrucfc.coop>

To

cc

Subject
MISO letter of credit amendment

The MISO letter of credit amendment should be sent via FedEx to:

Midwest Independent Transmission System Operator, Inc.
Attn: Ross Baker
720 City Center Drive
Carmel, IN 46032

Ross Baker's contact information is:
Phone # 317-249-5991
e-mail: rbaker@midwestiso.org

Travis Siewert, CPA, CMA
Big Rivers Electric
201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
==== (270)827-2561 Ext: 2610


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**National Rural Utilities
Cooperative Finance Corporation**

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

A Truett-Hunter Energy Cooperative 

**AMENDMENT NO. 3 TO IRREVOCABLE, NON-TRANSFERABLE
STANDBY LETTER OF CREDIT NO. KY062-L-9001-002, REDESIGNATING SAME AS**

KY062-L-9002-001

Date: February 27, 2009

**Expiry Date: March 1, 2010, subject to reinstatement and renewal as provided for in the
Original Letter of Credit, as defined herein.**

Beneficiary:

**Midwest Independent Transmission System Operator, Inc.
701 City Center Drive
Carmel, IN 46032
Attn: Manager, Credit Risk & Customer Registration**

Account Party:

**BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attention: President and Chief Executive Officer**

Issuer:

**National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025**

Ladies and Gentlemen:

Reference is made to our Irrevocable, Non-Transferable Standby Letter of Credit No. KY062-L-9001-002, dated March 1, 2005 for account of the above named Account Party (the "Original Letter of Credit"), as amended by Amendment No. 1 thereto dated March 6, 2006, and as further amended by Amendment No. 2 thereto, dated September 4, 2008 (collectively, the "Letter of Credit").

CFC LTRCRE
KY062-L-9001-002 (9002-001) (AMATOA)
132051-1


Letter of Credit KY-9001-002 (9002-001)
Amendment No. 3
February 27, 2009
Page 2 of 2

This is to advise you that from and after the date hereof, the Letter of Credit shall be designated by us as **KY062-L-9002-001**, and all references in the Letter of Credit shall be deemed amended to reflect said designation. You are hereby requested to reflect this change in your records.

Notwithstanding our change in designation, we hereby agree with you that drafts under and in compliance with the terms of the Letter of Credit will be honored upon presentation and surrender of certain documents pursuant to the terms of the Letter of Credit, regardless of whether such drafts and documents refer to designation KY062-L-9001-002 or to designation KY062-L-9002-001, either of which shall be deemed by us to be one and the same reference.

Except as expressly modified herein, all of the terms, conditions and documentation as reflected in the Letter of Credit shall remain unchanged and in full force and effect.

Very truly yours,
National Rural Utilities Cooperative Finance Corporation

By: 

Nazir Rostom
Assistant Secretary-Treasurer

Travis Siewert

From: Travis Siewert
Sent: Friday, January 16, 2009 3:14 PM
To: Nazir Rostom
Cc: James Jablonski
Subject: RE: KY062-L-9001-010

We do not plan on renewing this LC.
We plan on letting it expire on March 1.

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Thursday, January 15, 2009 12:50 PM
To: Travis Siewert
Cc: James Jablonski
Subject: KY062-L-9001-010

Travis,

We have a LC that is coming to maturity on March 1, 2009. Please let us know whether this LC will be renewed.

Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

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Travis Siewert

From: Travis Siewert
Sent: Thursday, November 13, 2008 1:03 PM
To: Oscar Rojas
Cc: Donna Windhaus
Subject: RE: KY062 Letter of Credit #9001-002 Invoices

Oscar,

I forwarded your message to Donna McMullin formerly Donna Windhaus, who approves and keeps track of these payments to CFC. Once she approves the invoices we will get a check to you.

Invoices should go to Donna's attention to ensure prompt payment.

Donna's contact information
e-mail: dwindhaus@bigrivers.com
Phone: 270-827-2561 ext: 2624

Thanks,

Travis

-----Original Message-----

From: Oscar Rojas [<mailto:Oscar.Rojas@nrucfc.coop>]
Sent: Thursday, November 13, 2008 12:04 PM
To: Travis Siewert
Subject: KY062 Letter of Credit #9001-002 Invoices

Good afternoon, Travis

Attached you will find 2 invoices (1 pdf file) for Letter of Credit KY062-9001-002. Please let me know if you have any questions.

Thank you.

(See attached file: KY062 LC 9001-002.pdf)

Oscar Rojas
Loan Accountant
National Rural Utilities Cooperative Finance Corporation
1.800.424-2954
Ext. 2008

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Travis Siewert

From: Oscar Rojas [Oscar.Rojas@nrucfc.coop]
Sent: Thursday, November 13, 2008 12:04 PM
To: Travis Siewert
Subject: KY062 Letter of Credit #9001-002 Invoices

Attachments: KY062 LC 9001-002.pdf



KY062 LC
01-002.pdf (368 KB)

Good afternoon, Travis

Attached you will find 2 invoices (1 pdf file) for Letter of Credit KY062-9001-002. Please let me know if you have any questions.

Thank you.

(See attached file: KY062 LC 9001-002.pdf)

Oscar Rojas
Loan Accountant
National Rural Utilities Cooperative Finance Corporation
1.800.424-2954
Ext. 2008

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**National Rural Utilities
Cooperative Finance Corporation**

2201 Cooperative Way
Herndon, Virginia 20171
703.709.6700 | www.nrucfc.coop

A Telephone Energy Cooperative

Statement of Service Fees Due

Big Rivers Electric Corporation (KY062)
Attn: Donna Windhaus
201 Third Street
Henderson, KY 42420

Invoice Number: 2008028356
Invoice Date: 08/12/2008

Loan #: 9001-002 - Letter of Credit (L/C)

Original Commitment: \$2,000,000.00

Effective with letter of credit arrangements to serve in lieu of surety or performance bonds, CFC requires payment of an annual commitment fee of 65 basis points (65/100 of 1%) upon the face amount of each letter issued. The amount of payment has been computed as follows:

Billing Frequency: Quarterly

Letter of Credit Amount as of: 08/31/2008	\$1,000,000.00
X Fee Rate of:	0.00650
Sub Total:	\$1,625.00
Adjustment:	50.00
Total Amount Due:	\$1,625.00

Payment Due Upon Receipt of Invoice

Please Remit Payment to:

By Wire Transfer:
JP Morgan Chase, New York, New York,
Beneficiary: NRUCFC
Account # 52-97214 ABA #021.000.021

By Check:
NRUCFC, Attn: Shannon Gates
2201 Cooperative Way
Herndon, VA 20171-3025

For questions about this invoice please call Javed Jallil at (800) 424-2954 ext. 2020

CFC Use Only - 41209 - CC - Income-Commitment Fees



**National Rural Utilities
Cooperative Finance Corporation**

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

A "Thriventech Group" Cooperative

Big Rivers Electric Corporation
Attn: Travis Siewert
201 Third Street
Henderson, KY
42420

ACCOUNT: KY062
LOAN NO. 9001-002
INVOICE TYPE: LETTER OF CREDIT FEE
DATE: 11/13/2008

Letter of Credit Amount	\$ 2,000,000.00
Period 9-01-08 - 11-30-08	X 0.0065
90 Days	\$ 3,250.00

Total amount due	\$ 3,250.00
-------------------------	--------------------

Payment Due Upon Receipt of Invoice

Please remit payment to:

By Wire Transfer:
JP Morgan Chase, New York NY
Account #: 52-97214 ABA #021 000 021

By Check:
NRUCFC, Attn: Shannon Snow
2201 Cooperative Way
Herndon, VA 20171

For questions about this invoice please call Oscar Rojas at (800)424-2954 ext. 2008

Travis Siewert

From: Nazir Rostom [Nazir.Rostom@nrucfc.coop]
Sent: Thursday, November 13, 2008 11:56 AM
To: Travis Siewert
Cc: Mark Hite
Subject: Re: Letters of Credit Outstanding

Yes (to all your questions). Thanks,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Travis Siewert
<Travis.Siewert@big
rivers.com>

11/13/2008 12:49
PM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

To
cc
Mark Hite <Mark.Hite@bigrivers.com>
Subject
Letters of Credit Outstanding

Nazir,

I hope all is well. Mark Hite informed me that we will have to replace the \$2 million MISO letter of credit when we extend our \$15 million Master facility for 1 year. I wanted to ask you about the Letter of Credit we issued to Kentucky Utilities LOC Number KY062-L-9001-010, which was issued on May 2, 2008 in the amount of \$670,000.00 and is scheduled to expire March 1, 2009.

1. Is the Kentucky Utilities LOC still issued and outstanding? I have not been informed of any cancellation.
2. If the Kentucky Utilities LOC is still issued and outstanding, do we need to replace it at the same time we replace the MISO LOC?

Thanks

Travis Siewert, CPA, CMA
Big Rivers Electric
101 Third Street
P.O. Box 24

Henderson, KY 42419-0024
(270)827-2561 Ext: 2610

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Travis Siewert

From: Michael Duganich [Michael.Duganich@nrucfc.coop]
Sent: Thursday, September 04, 2008 1:30 PM
To: Nazir Rostom
Cc: Travis Siewert
Subject: Re: Letter of Credit Amendment

Attachments: Big Rivers-MISO LC.pdf



Big Rivers-MISO
LC.pdf (27 KB)...

Travis,

Here is a copy of the letter of credit. MISO will get a copy of the PDF and the original via overnight mail.

Thanks.

(See attached file: Big Rivers-MISO LC.pdf)

Mike Duganich
Credit Analyst
p: (703) 709-6804
f: (703) 709-6811
www.nrucfc.coop

Nazir Rostom/CFC

09/04/2008 11:26
AM

To
Travis Siewert
<Travis.Siewert@bigrivers.com>
cc
Michael Duganich/CFC@CFC
Subject
Re: Letter of Credit Amendment
(Document link: Michael Duganich)

I got your fax and our attorney is working on it. Should you have any other question, please either Mike or me a call.

Best,

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
.201 Cooperative Way
Herndon, VA 20171

(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

Travis Siewert
<Travis.Siewert@big
rivers.com>

09/04/2008 09:44
AM

Nazir Rostom
<Nazir.Rostom@nrucfc.coop>

To

cc

Subject

Letter of Credit Amendment

Good morning Nazir,

We need to amend our Midwest Independent Transmission System Operator Letter of credit. The amount of the LC needs to increase from \$1 million to \$2 million. I am faxing the request and sending the original overnight.

We would like to fax something to MISO by end of business today if possible.

Thanks

Travis

Travis Siewert, CPA, CMA
Big Rivers Electric
201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
(270)827-2561 Ext: 2610

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**National Rural Utilities
Cooperative Finance Corporation**

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

A Touchstone Energy[®] Cooperative

**AMENDMENT NO. 2 TO IRREVOCABLE, NON-TRANSFERABLE
STANDBY LETTER OF CREDIT NO. KY062-L-9001-002**

Date: September 4, 2008

Expiry Date: March 1, 2009, subject to reinstatement and renewal as provided for herein.

Beneficiary:

**Midwest Independent Transmission System Operator, Inc.
701 City Center Drive
Carmel, IN 46032
Attn: Manager, Credit Risk & Customer Registration**

Account Party:

**BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420
Attention: President and Chief Executive Officer**

Issuer:

**National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025**

Ladies and Gentlemen:

Reference is made to our Irrevocable, Non-Transferable Standby Letter of Credit No. KY062-L-9001-002, dated March 1, 2005, in the amount of US\$3,000,000.00, for account of the above named Account Party, as amended by Amendment No. 1 thereto dated March 6, 2006, which decreased the amount thereof to One Million and 00/100 Dollars (USD\$1,000,000.00) (the "Letter of Credit").

This is to advise you that as of the date hereof we hereby increase the amount of the Letter of Credit to **Two Million and 00/100 Dollars (USD\$2,000,000.00)**.

All references to Letter of Credit No. KY062-L-9001-002 shall mean the Letter of Credit as amended by Amendment No. 1 and this Amendment No. 2, and all sight drafts must be accompanied by the Letter of Credit, Amendment No.1 and this Amendment No. 2, as well as the other documents set forth in the Letter of Credit.

Except as expressly modified herein, all of the terms, conditions and documentation as reflected in the above letter of credit shall remain unchanged and in full force and effect.

Very truly yours,
National Rural Utilities Cooperative Finance Corporation

By: 

Nazif Rostom
Assistant Secretary-Treasurer

CFC LTRCRE
KY062-L-9001-002 (AMATOA)
126444-1

Travis Siewert

From: Michael Duganich [Michael.Duganich@nrucfc.coop]
Sent: Thursday, May 01, 2008 3:22 PM
To: Travis Siewert
Cc: Nazir Rostom
Subject: Letter of Credit R-9001-010

Attachments: KY062-L-9001-010 Letter of Credit.pdf



KY062-L-9001-010
Letter of Cre...

Travis,

Here is a copy of the letter of credit you requested today. The original copy will be overnighted to the beneficiary.

If you have any questions please feel free to contact either Nazir or myself.

Thanks.

(See attached file: KY062-L-9001-010 Letter of Credit.pdf)


Mike Duganich
Credit Analyst
p: (703) 709-6804
f: (703) 709-6811
www.nrucfc.coop

This may contain information that is confidential or privileged. If you are not the addressee indicated in this message (or responsible for delivery of this message to such person), you should not copy or deliver this message to anyone or make any other use of the information set forth herein. In such case, you should destroy this message and notify the sender by telephone or e-mail.



**National Rural Utilities
Cooperative Finance Corporation**

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

A Touchstone Energy Cooperative 

IRREVOCABLE LETTER OF CREDIT NUMBER KY062-L-9001-010

Date: May 2, 2008

Amount: Six Hundred Seventy Thousand and 00/100 Dollars (USD\$670,000.00)

Letter of Credit Expiration Date: March 1, 2009

Beneficiary Name and Address:

**KENTUCKY UTILITIES COMPANY
220 West Main St.
Louisville, KY 40202
Attention: John Early**

Name of Applicant:

**BIG RIVERS ELECTRIC CORPORATION
201 Third Street, P.O. Box 24
Henderson, Kentucky 42419
Attention: President and Chief Executive Officer
Phone: (270) 827-2561**

**Issuer: National Rural Utilities Cooperative Finance Corporation
Woodland Park, 2201 Cooperative Way
Herndon, Virginia 20171-3025 Attention: Nazir Rostom**

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, in the form of attached Annex I, presented at the above address and accompanied by the following documents:

1. A certificate in the form of Attached Annex II purportedly signed by an authorized representative of Beneficiary.
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.

Irrevocable Letter of Credit Number KY062-L-9001-010

May 2, 2008

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: 

Ann Shankroff
Assistant Secretary-Treasurer

Irrevocable Letter of Credit Number KY062-L-9001-010
May 2, 2008

This is an integral part of National Rural Utilities Cooperative Finance Corporation Irrevocable Standby Letter of Credit No.KY062-L-9001-010 dated May 2, 2008.

ANNEX 1

FORM OF SIGHT DRAFT

[Insert date of sight draft]

To: National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: General Counsel

For the value received, pay to the order of Kentucky Utilities Company by wire transfer of immediately available funds to the following account:

[name of account]
[account number]
[name and address of bank at which account is maintained]
[aba number]
[reference]

The following amount:

[insert number of dollars in writing] United States Dollars
(US\$ *[insert number of dollars in figures]*)

Drawn under National Rural Utilities Cooperative Finance Corporation Irrevocable Standby Letter of Credit No.KY062-L-9001-010 dated May 2, 2008.

Kentucky Utilities Company

By: _____

Title: _____

Irrevocable Letter of Credit Number KY062-L-9001-010
May 2, 2008

This is an integral part of National Rural Utilities Cooperative Finance Corporation Irrevocable Standby Letter of Credit No.KY062-L-9001-010 dated May 2, 2008.

ANNEX 2

FORM OF CERTIFICATE

[Insert date of certificate]

To: National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: General Counsel

Check appropriate draw condition.

The undersigned hereby certifies that the amount of US\$ _____ is due and owing and remains unpaid (beyond the time allowed for such payment, including following any related notice or grace period or both) to the undersigned by Big Rivers Electric Corporation in accordance with the terms and provisions of the _____ [identify the agreement].

The undersigned hereby certifies that Beneficiary has requested alternate security from Applicant and Applicant has not provided alternate security reasonably acceptable to Beneficiary and this Letter of Credit has less than (20) business days until the expiration date.

Kentucky Utilities Company

By: _____

Title: _____

Travis Siewert

From: Travis Siewert [tsiewert@bigrivers.com]
Sent: Thursday, May 01, 2008 11:02 AM
To: 'Nazir Rostom'
Subject: FW: LC to KU for Armstrong Dock
Attachments: Letter of Credit0001.pdf

Nazir,

I hope all is well. As you can see in the e-mail from Bill Yeary below, we need to issue a letter or credit to Kentucky Utilities Company by tomorrow. I have attached a signed copy of the Letter of Credit request and Annex 2. I will overnight the original to you. Please let me know if you have any questions.

Travis

From: Bill Yeary [mailto:byeary@bigrivers.com]
Sent: Thursday, May 01, 2008 9:56 AM
To: tsiewert@bigrivers.com
Subject: LC to KU for Armstrong Dock

Travis:

Here is some wording you may want to add tie the LC to the project:

This Letter of Credit is issued to fulfill requirements related to OASIS NITS request # 1364469 and the ensuing Facilities Study with the Southwestern Power Pool designation LGE-2007-028.

As I said before, it is imperative that the LC gets to KU by tomorrow.

Thanks

Bill C. Yeary, P.E.

Manager

Power Portfolio Optimization

byeary@bigrivers.com

Office: (270) 827-2561

Direct: (270) 826-5535

Cell: (270) 577-2272

Fax: (270) 827-2101

3/20/2009



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

LETTER OF CREDIT REQUEST

May 1, 2008

Mr. Nazir K. Rostom
National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025

RE: National Rural Utilities Cooperative Finance Corporation ("CFC")
Master Letter of Credit Facility No. KY062-L-9001

Gentlemen:

Big Rivers Electric Corporation ("Big Rivers") hereby requests CFC to issue a letter of credit under the above-referenced Master Facility with the following terms:

Letter of Credit Amount: **\$670,000.00**

Beneficiary Name and Address: Kentucky Utilities Company
220 West Main St.
Louisville, KY 40202
Attn: John Early

Letter of Credit Effective Date: May 2, 2008

Letter of Credit Expiration Date: March 1, 2009

Conditions of Draw: As set forth on Annex 2, attached herewith.

Big Rivers hereby certifies that the Available Amount (as defined in the Master Facility) is equal to or greater than the sum of (i) the total Letter of Credit Amounts of all issued and outstanding Letters of Credit, plus (ii) the Letter of Credit Amount requested.

Please issue the letter of credit directly to the beneficiary by May 2, 2008, with a copy to the undersigned.

Very truly yours,

BIG RIVERS ELECTRIC CORPORATION

C. William Blackburn
Vice President and CFO

ems

Your Touchstone Energy® Cooperative

KY062-L-9001-010
May 1, 2008

This is an integral part of the National Rural Utilities Cooperative Finance Corporation
Irrevocable Standby Letter of Credit No. KY062-L-9001-010 dated May 2, 2008.

ANNEX 2

[Insert date of certificate]

To: National Rural Utilities Cooperative Finance Corporation
Woodland Park, 2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: General Counsel

Check appropriate draw condition:

The undersigned hereby certifies that the amount of US\$ _____
is due and owing and remains unpaid (beyond the time allowed for such payment,
including following any related notice or grace period or both) to the undersigned by
[Applicant's Name] in accordance with the terms and provisions of the _____
_____ [Identify Agreement]

The undersigned hereby certifies that Beneficiary has requested alternate security
from Applicant and Applicant has not provided alternate security reasonably acceptable
to beneficiary and this Letter of Credit has less than (20) business days until the
expiration date.

Kentucky Utilities Corporation

By: _____

Title: _____

Travis Siewert

From: Travis Siewert [tsiewert@bigrivers.com]
Sent: Monday, March 03, 2008 9:06 AM
To: 'Nazir Rostom'
Subject: RE: LC 9001-002 with MISO

Yes, we would like the MISO LC to continue.

Travis

-----Original Message-----

From: Nazir Rostom [mailto:Nazir.Rostom@nrucfc.coop]
Sent: Monday, March 03, 2008 8:38 AM
To: tsiewert@bigrivers.coop
Subject: LC 9001-002 with MISO

Travis,

can you please confirm if you would like to keep LC 9001-002 with Miso?
Thanks,|

Nazir

Nazir Rostom
AVP, Structured Finance
NRUCFC
2201 Cooperative Way
Herndon, VA 20171
(ph) 703.709.2054
(fax) 703.707.5088
nazir.rostom@nrucfc.coop

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-9)** Please provide all documents, memos, presentations, studies or e-mails in
2 the possession of Big Rivers or its advisers (including Goldman Sachs) that relate in any
3 way to Big Rivers' ability to obtain financing during any time in 2009.

4
5 **Response)** See attached. This response is limited to information that is not protected
6 by the attorney-client work product rule regarding financing in a scenario where there is
7 no unwind transaction. Big Rivers has made a good faith investigation to identify and
8 produce all information that is responsive to this data request. If Big Rivers subsequently
9 discovers additional information responsive to this data request that has not been
10 produced with this response, this response will be supplemented to provide that
11 information.

12
13 **Witness)** C. William Blackburn
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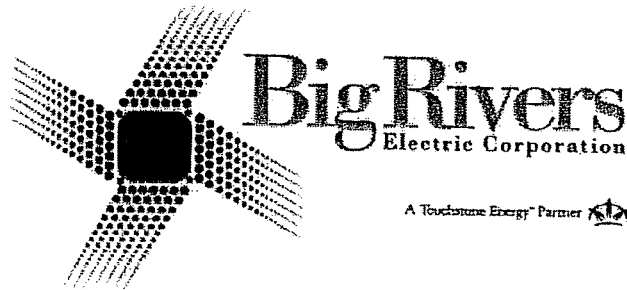


Goldman
Sachs

File:

Tax-Exempt Financing Considerations

Big Rivers Electric Corporation



KIUC 1-9
1 of 10

October 21, 2008

Table of Contents

	Tab
Variable Rate Demand Bonds	I
Put Bonds	II
Fixed Rate Bonds	III

Overview

- Through an agreement with Ambac Big Rivers is required to refinance its outstanding Pollution Control Bonds (“PCB”) before March 31, 2009
- BREC has \$142 mm of PCBs currently outstanding
 - \$58.8 mm Series 1983 - Ambac Enhanced Variable Rate Demand Bonds
 - \$83.3 mm Series 2001A - Ambac Enhanced Auction Rate Securities
- Based on an analysis by BECON Corporation the assumed maximum final maturity of the PCBs is 2031
- Potential refinancing options
 - Variable Rate Demand Bonds
 - Put Bonds
 - Insured or Uninsured Fixed Rate Bonds

I. Variable Rate Demand Bonds



BREC Indicative Variable Rate Demand Bond Pricing^(a)

	CFC Enhancement	Letter of Credit From "Clean" Bank
Underlying Index	SIFMA	SIFMA
Credit Enhancement	60 bp ^(b)	90 bp ^(c)
Remarketing Fee	12.5 bp	12.5 bp
Trading Spread	25 - 30 bp	10 bp
Total Borrowing Cost	SIFMA + 97.5 -102.5 bp	SIFMA + 112.5 bp
Assuming 20-Year SIFMA Average ^(d)	4.25% - 4.30%	4.40%

(a) Indicative as of 10/20/2008, subject to change; assumes weekly resets.

(b) Represents indicative liquidity (35 bp) and guaranty (25 bp) costs for term of the bonds based on recent pricing for comparable issuers

(c) Estimated Annual Cost. No banks have been solicited.

(d) 20-year SIFMA Average = 3.27%

CFC can offer "life-of-the-bonds" enhancement, which eliminates the periodic risk of procuring bank liquidity.





II. Put Bonds

Put bonds will allow BREC to move down the yield curve while locking in a fixed borrowing cost over the medium term.

■ Put Bond Characteristics

- Traditionally 2-5 year tenor
- Fixed interest rate
- Investors have ability to put the bonds back to issuer on mandatory tender date

■ Put bonds can have a “soft” or “hard” put on tender date

- Soft Put
 - Fixed rate until mandatory tender date, at which time if the bonds cannot clear the market, existing investors hold at maximum rate
- Hard Put
 - Fixed rate until mandatory tender date, at which time if the bonds cannot clear the market, issuer or liquidity provider must fund

■ Considerations

- Investors will charge a “put premium” for taking liquidity risk
- Rating agencies may require BREC procure liquidity to support mandatory tender

BREC Indicative Put Bond Pricing assuming a rating of Baa2/BBB(a)

Term	MMD Index	Hard Put		Soft Put	
		Credit Spread	Yield	Credit Spread	Yield
2 Years	2.82%	255 – 268 bp	5.375% - 5.500%	281 – 293 bp	5.625% - 5.750%
3 Years	3.23%	252 – 265 bp	5.750% - 5.875%	277 – 290 bp	6.000% - 6.125%
4 Years	3.57%	243 – 256 bp	6.000% - 6.125%	268 – 281 bp	6.250% - 6.375%
5 Years	3.78%	235 – 247 bp	6.125% - 6.250%	260 – 272 bp	6.375% - 6.500%

(a) Indicative as of 10/20/2008, subject to change

Note: Rating agencies may require BREC to procure liquidity to support the mandatory tender

III. Fixed Rate Bonds



BREC Indicative Fixed Rate Tax-Exempt Bond Pricing assuming a rating of Baa2/BBB^(a)

	Unenhanced	Enhanced ^(c)
MMD Index ^(b)	5.80%	5.80%
Credit Spread	150 – 175 bp	75 – 100 bp
Annual Insurance Cost ^(c)	-	28 bp
Total Cost	7.30% - 7.55%	6.83% - 7.08%

(a) Indicative as of 10/20/2008, subject to change

(b) Assumes 2031 final maturity

(c) Assumes 175 bp upfront insurance premium from Berkshire Hathaway. This premium represents an indicative assumption. Goldman Sachs has not discussed this transaction with Berkshire.

KIUC 1-9
10 of 10



BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-10)** Please provide all documents, memos, presentations or e-mails provided to
2 or received from Moody's in the past twelve months.

3
4 **Response)** There is no such information that represents specific dialog with Big
5 Rivers, as contrasted with an industry-wide notice of an on-line seminar. This response
6 is limited to information regarding financing in a scenario where there is no unwind
7 transaction. Big Rivers has made a good faith investigation to identify and produce all
8 information that is responsive to this data request. If Big Rivers subsequently discovers
9 additional information responsive to this data request that has not been produced with this
10 response, this response will be supplemented to provide that information.

11
12 **Witness)** C. William Blackburn

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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-11)** Please provide all documents, memos, presentations, or e-mails provided
2 to or received from S&P in the past twelve months.

3
4 **Response)** There is no such information that represents specific dialog with Big
5 Rivers, as contrasted with an industry-wide notice of an on-line seminar. This response
6 is limited to information regarding financing in a scenario where there is no unwind
7 transaction. Big Rivers has made a good faith investigation to identify and produce all
8 information that is responsive to this data request. If Big Rivers subsequently discovers
9 additional information responsive to this data request that has not been produced with this
10 response, this response will be supplemented to provide that information.

11
12 **Witness)** Counsel
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201 Third Street
P.O. Box 24
Henderson, KY
42419-0024

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC. MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040

BOOK II OF II

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-12)** Please provide all Big Rivers Board of Directors minutes and
2 presentations made to the Board over the last twelve months.

3
4 **Response)** Big Rivers raised several objections to this information request in its
5 pleading filed March 20, 2009. After discussion between counsel for Big Rivers, and
6 counsel for KIUC it was determined that no complete agreement on the objections could
7 be reached, and that Big Rivers will generally file information that is non-privileged, and
8 that may be relevant to or may lead to the discovery of information relevant to the subject
9 matter of this proceeding. In that respect, because the need for this case began with the
10 PMCC leveraged lease buyout on September 30, 2008, and consideration of that solution
11 did not begin until August of 2008, Big Rivers has limited the period covered to the
12 period beginning with August 2008, and has in some instances deleted information
13 related to the unwind transaction, which clearly has no relevance to this proceeding.
14 KIUC will review the information produced, and take whatever additional action it deems
15 appropriate.

16
17 Big Rivers has made a good faith investigation to identify and produce all information
18 that is responsive to this data request. If Big Rivers subsequently discovers additional
19 information responsive to this data request that has not been produced with this response,
20 this response will be supplemented to provide that information.

21
22 **Witness)** Counsel

RECEIVED

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PUBLIC SERVICE
COMMISSION

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
AUGUST 15, 2008

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CDT, on Friday, August 15, 2008, at 201 Third Street, Henderson, Kentucky, 42420.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors were present: Messrs. Denton, Sils, Elder, Bearden, Butler and Elliott. Also present were Mark Bailey, executive vice president; Jim Miller, corporate counsel; James Haner, Travis Housley, Mark Hite, Bill Blackburn, David Spainhoward, David Crockett and Al Yockey, Big Rivers' senior management; Bob Berry, WKE Reid/Green plant manager; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp., and Burns Mercer, president, Meade County RECC.

Director Butler gave the invocation.

Director Butler moved, seconded by Director Bearden, that the minutes of the July 18, 2008, regular board of directors' meeting and the August 4, 2008, special board of directors' meeting be approved. The motion was unanimously adopted.

After Bill Blackburn presented the June 2008 Budget/Actual Variance Analysis and the July 2008 investment report, the board directed that the June 2008 financial statements and the July 2008 investment report be filed in the corporate records.

There being no unfinished business, the Chair called for new business. It was noted that at the board work session on Thursday night, James Haner presented an update on the bargaining unit contract negotiations as well as the progress of establishing a post-unwind property and casualty insurance program. Bill Blackburn reviewed the estimated second quarter incentive pay status. David Crockett reported on the SERC operating audit scheduled for November. Mark Hite reviewed the AMBAC and AIG outlook.

Director Elder moved, seconded by Director Bearden, that Director Sills represent Big Rivers as voting delegate and Director Butler as alternate at the CFC District 3 meeting. The motion was unanimously adopted.

After an explanation by Mr. Blackburn, Director Elliott moved, seconded by Director Butler, that an officer of the corporation be authorized to execute the Memorandum of Agreement with SEPA for the Cumberland River Hydropower Plant Equipment Rehabilitation. The motion was unanimously adopted.

After a review by Mr. Hite, Director Elliott moved, seconded by Director Elder, that the methodology used in preparing the income tax patronage capital allocation for the year ended December 31, 2007, be approved as presented. The motion was unanimously adopted.

After an explanation by Mr. Crockett, Director Elder moved, seconded by Director Sills, that Amendment No. 1 to Work Order No. 923, replacement of the two-way radio systems currently operated by Big Rivers and its three member cooperatives, be approved. The motion was unanimously adopted.

After an explanation by corporate counsel

REDACTED
UNWIND

REDACTED
UNWIND

The Chair called for management's report. Carl Lyon, special counsel to the Board, joined the meeting by telephone, and along with management, provided an unwind transaction update which included the status with HPM&L as well as the RUS. Mark Bailey advised that he and Chair Denton would be meeting with HMP&L representatives Gary Quick and Dr. Bill Smith that afternoon. Also included was an update by Mr. Spainhoward on the unwind regulatory process, a review of the Termination Agreement, and an overview of the Clean Air Interstate Rule (CAIR). Mr. Blackburn presented PMCC sale/leaseback buyout options.

Mr. Bailey reported that he would be [REDACTED]

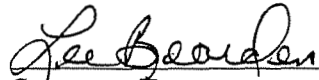
Mr. Blackburn presented an arbitrage summary for July 2008.

The Chair called for the legal report. Corporate counsel stated that a written legal report had been distributed to the board members for their review prior to the board meeting and reported there were no new developments since the date of the written report.

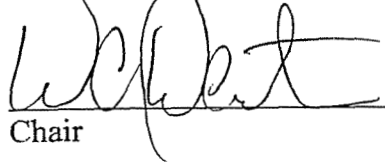
The following reports were sent to the directors for their information: Outage Report for July 2008, Arbitrage Summary, Professional Services Report for June 2008, June 2008 Cash Flow Report, Activity Reports for (1) Enterprise Risk Management and Strategic Planning, (2) Financial Services, Power Supply, Power Resources and Fuels, (3) Special Projects and (4) System Operations, and 2008 Safety Incident Statistics.

Director Butler made a motion, seconded by Director Sills, to go into executive session. The motion was unanimously adopted.

After reconvening in regular session, the meeting was adjourned by consensus at
11:15 a.m.


Secretary Treasurer

APPROVED:

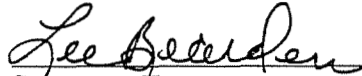

Chair

BIG RIVERS ELECTRIC CORPORATION
BOARD OF DIRECTORS EXECUTIVE SESSION MINUTES
AUGUST 15, 2008

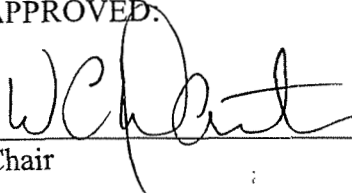
The Board of Directors convened in executive session on Friday, August 15, 2008.

Director Butler moved, seconded by Director Bearden, that the minutes of the July 18, 2008, and August 4, 2008, minutes be approved. The motion was unanimously adopted.

It was the consensus of the board that executive session be adjourned.


Secretary-Treasurer

APPROVED.


Chair

BIG RIVERS ELECTRIC CORPORATION
TELEPHONIC SPECIAL EXECUTIVE SESSION OF
BOARD OF DIRECTORS
SEPTEMBER 8, 2008

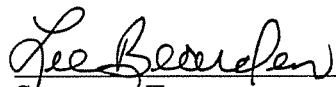
A telephonic special executive session of the Board of Directors of Big Rivers Electric Corporation was held at 3:30 p.m., CDT, on Monday, September 8, 2008.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

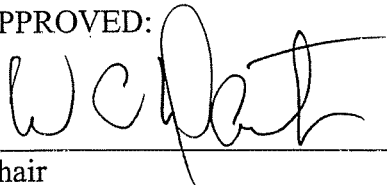
Upon calling the roll, the Secretary-Treasurer reported that the following directors participated in the call: Messrs. Denton, Elder, Bearden, Butler and Elliott. Absent was Director Sills. Also participating in the call were Mike Core, president and CEO; Mark Bailey, executive vice president; and Jim Miller, corporate counsel.

After an explanation by Mark Bailey, Director Bearden moved, seconded by Director Butler, that Mr. Bailey be authorized to enter into the arrangement with E.ON as summarized and attached to these minutes. The motion was unanimously adopted.

The meeting was adjourned by consensus at 4 p.m.


Secretary-Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
ANNUAL BOARD OF DIRECTORS MEETING
SEPTEMBER 19, 2008

The annual meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CDT, on Friday, September 19, 2008, at 201 Third Street, Henderson, Kentucky, 42420.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors were present: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also present were Mike Core, president/CEO; Jim Miller, corporate counsel; Mark Bailey, James Haner, Travis Housley, Mark Hite, David Spainhoward, David Crockett and Al Yockey, Big Rivers' senior management; Bob Berry, WKE Reid/Green plant manager; Bob Michel, Orrick, Herrington & Sutcliffe; Bob Mudge, The Brattle Group; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp., and Burns Mercer, president, Meade County RECC.

By consensus, the board met in executive session. After reconvening in regular session, Director Bearden gave the invocation.

Director Butler moved, seconded by Director Elder, that the minutes of the August 15, 2008, regular board of directors' meeting be approved. The motion was unanimously adopted.

Carl Lyon, special counsel to the Board, and Jack Gaines, consultant to the member cooperatives, joined the meeting by phone. After an update on the PMCC sale/leaseback buyout options, it was the consensus of the board to authorize management to move forward with negotiations regarding a buyout. Upon conclusion of the negotiations, a conference call will be scheduled with the board to review and act upon management's recommendation.

As part of the unwind update: (1) corporate counsel and David Spainhoward summarized regulatory issues, (2) Mark Bailey reported on the progress with the smelters and the most recent proposal from HMP&L, and (3) James Haner summarized the discussions with the WKE bargaining unit. Mr. Haner also advised that management will begin negotiations with Big Rivers' bargaining unit soon since the labor contract expires the middle of October 2008.

Mark McAdams presented an overview of the fuel hedge policy and the proposed action plan.

In Bill Blackburn's absence, Ralph Ashworth, manager of accounting, presented the July 2008 Budget/Actual Variance Analysis and the August 2008 investment report. The board directed that the July 2008 financial statements and the August 2008 investment report be filed in the corporate records.

There being no unfinished business, the Chair called for new business. The first item of business was the election of new officers. Director Elder moved, seconded by Director Butler, that the current officers (Bill Denton, Chair; James Sills, Vice Chair; and Lee Bearden, Secretary-Treasurer) of the corporation be re-elected by acclamation. The motion was unanimously adopted.

After an explanation by David Crockett, Director Elder moved, seconded by Director Sills, that Amendment No. 1 to Work Order No. 917, the design and construction of approximately 4.6 miles of 69 kV transmission line from Big Rivers McCracken County Substation to the Olivet Church Road Tap, be approved. The motion was unanimously adopted.

After an explanation by Mr. Crockett, Director Butler moved, seconded by Director Elliott, that Work Order No. 919, the design and construction of a 13.2 mile 161 kV transmission line segment from Wilson EHV Substation to a tap point in the Hardinsburg to TVA Paradise 161 kV line, be approved. The motion was unanimously adopted.

After a review by Mark Hite of Deloitte & Touche's recent proposal, Director Sills moved, seconded by Director Bearden, that management be authorized to engage Deloitte & Touche to perform Big Rivers' 2008 financial statements audit (\$125,000 plus expenses), to finalize the preparation of the 2008 income tax returns (\$45,000 plus expenses), and to provide various GAAP and tax advisory services (up to \$300,000 plus expenses). The motion was unanimously adopted. Management did announce plans to bid this work for 2009 following the close of the unwind transaction.

James Haner reviewed Big Rivers' insurance procurement process and the property/casualty insurance package that would be effective upon close of the unwind transaction.

After an explanation by Mr. Haner of health plan renewal rates for 2009, Director Elliott moved, seconded by Director Sills, that the renewal of the current health plan coverage with

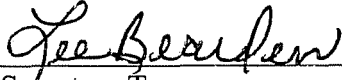
NRECA be approved as presented. The motion was unanimously adopted.

After an overview by Mr. McAdams of WKE's barge fleet and a review of the economic evaluation, Director Elder moved, seconded by Director Elliott, that management be authorized to purchase the 16 barge fleet from WKE upon successful completion of the unwind and lease termination for the depreciated book value at the time of closing of an estimated \$1,310,140.55. The motion was unanimously adopted.

The Chair called for the legal report. Corporate counsel stated that a written legal report had been distributed to the board members for their review prior to the board meeting and reported there were no new developments since the date of the written report.

The following reports were sent to the directors for their information: Outage Report for August 2008, Arbitrage Summary, Professional Services Report for July 2008, July 2008 Cash Flow Report, Activity Reports for (1) Enterprise Risk Management and Strategic Planning, (2) External Relations and Interim Production, (3) Financial Services, Power Resources, Information Technology and Fuels, (3) Special Projects and (4) System Operations, and 2008 Safety Incident Statistics.

There being no further business, Director Butler moved, seconded by Director Bearden, that the meeting be adjourned at 11:55 a.m.


Secretary Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
BOARD OF DIRECTORS EXECUTIVE SESSION MINUTES
SEPTEMBER 19, 2008

The Board of Directors convened in executive session on Friday, September 19, 2008.

Director Butler moved, seconded by Director Bearden, that the minutes of the August 15, 2008, and September 8, 2008, minutes be approved. The motion was unanimously adopted.

The board discussed the expressed intentions of [REDACTED] with respect to retirement, and the requirements of the Corporation going forward, following which Director Butler moved, seconded by Director Bearden, that the following resolution be adopted:

Resolved, that the board of directors accepts the notice of [REDACTED] of his intention to retire effective at the end of the day on [REDACTED], at which time he shall be entitled to all the benefits of a retiree of the Corporation;

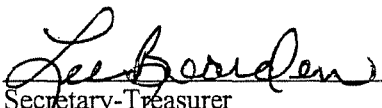
Further Resolved, [REDACTED]

Further Resolved, [REDACTED]

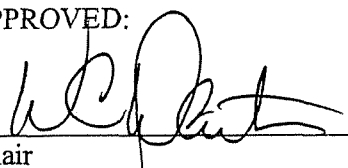
Further Resolved, that a copy of this resolution shall be placed with the employment records of [REDACTED]

The motion was unanimously adopted.

It was the consensus of the board that executive session be adjourned.


Secretary-Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
TELEPHONIC SPECIAL BOARD OF DIRECTORS MEETING
SEPTEMBER 25, 2008

A telephonic special meeting of the Board of Directors of Big Rivers Electric Corporation was held at 6 p.m., CDT, on Thursday, September 25, 2008.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors participated in the call: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also participating in the call were Mike Core, president and CEO; Jim Miller, corporate counsel; Mark Bailey, James Haner, Mark Hite, Bill Blackburn, David Spainhoward, and Al Yockey, Big Rivers' senior management; Carl Lyon, special counsel to the board; Bob Mudge, The Brattle Group; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp.; and Burns Mercer, president, Meade County RECC.

After an explanation by management, Mr. Lyon, and corporate counsel and discussion by the Board of the Philip Morris Capital Corporation buyout options and the implications of those versus other alternatives for resolving the problems created by the downgrade of the ratings of Ambac Assurance Corporation, Director Elder moved, seconded by Director Sills, that the following resolutions be adopted:

WHEREAS, Big Rivers Electric Corporation ("Big Rivers"), PBR-1 Trust, PBR-2 Trust, PBR-3 Trust, PBR-1 OP Trust, PBR-2 OP Trust, PBR-3 OP Trust, Trustee, Bluegrass Leasing, AME Investments and CoBank, are parties to three separate Participation Agreements, each dated as of April 1, 2000 (each, a "Participation Agreement" and, collectively, the "Participation Agreements"), pursuant to which Big Rivers has leased to the three separate Owner Trusts undivided interests in the Plant Robert D. Green Unit 1 and 2 and Plant D.B. Wilson Unit No. 1, respectively, pursuant to three separate Head Leases, each dated as of April 1, 2000, between Big Rivers and an Owner Trust (each, a "Head Lease" and, collectively, the "Head Leases") for a term extending beyond the useful

life of the Robert D. Green Units and the Wilson Unit. Each Undivided Interest was leased by an Owner Trust back to Big Rivers pursuant to three separate Facility Leases, each dated as of April 1, 2000 (each, a "Facility Lease" and, collectively, the "Facility Leases") for a term of approximately 27 years. The beneficial interest in the PBR-1 Trust, PBR-2 Trust and PBR-3 Trust is owned by the PBR-1 OP Trust, PBR-2 OP Trust and PBR-3 OP Trust, respectively;

WHEREAS, it is proposed that Big Rivers enter into an Omnibus Termination Agreement (the "PMCC Termination Agreement"), among Big Rivers, Big Rivers Leasing Corporation, PBR-1 Trust, PBR-2 Trust, PBR-3 Trust, PBR-1 OP Trust, PBR-2 OP Trust, PBR-3 OP Trust, Trustee, Bluegrass Leasing, AME Investments, LLC, CoBank, ACB, AME Asset Funding, LLC, U.S. Bank National Association, AIG Matched Funding Corp., Ambac Credit Products, LLC, and Ambac Assurance Corporation, a copy of which is attached hereto as Exhibit A;

WHEREAS, pursuant to the PMCC Termination Agreement, Big Rivers will purchase each of the Facility Lessor's Interests (including all of the right, title and interest of each of the respective Owner Trust in, to and under the Undivided Interest in the Robert D. Green Units and the Wilson Unit, respectively), and each of the Owner Trusts will agree to such purchase provided that, as consideration therefor, (a) the Series A Lender will agree for the benefit of each of the Owner Trusts and Big Rivers to accept all right, title and interest under each Payment Agreement as prepayment in full of each of the respective Series A Loans (collectively, the "Series A Prepayment"), (b) each Owner Trust will receive from Big Rivers funds sufficient to prepay in full all amounts due under and in connection with each of the Series B Loans including the Make-Whole Payment (collectively, the "Series B Prepayment Amount"), and (c) Bluegrass Leasing will receive from Big Rivers funds and a promissory note (in the form attached to the PMCC Termination Agreement, the "Promissory Note"), which in the aggregate will equal the amount (the "OP Payment Amount") specified in the PMCC Termination Agreement (collectively, clauses (a), (b) and (c), the "Lessor Consideration"), and in return each Owner Trust and Big Rivers will agree that Big Rivers will receive each of the Facility Lessor's Interests;

WHEREAS, as a result of the Series A Prepayment and payment of the Series B Prepayment Amount, all of the Loan Certificates will be, and will be deemed to be, prepaid in full;

WHEREAS, concurrently with the transfer of each of the Facility Lessor's Interests, subject to the terms and conditions set forth in the PMCC Termination Agreement, each of the parties to such PMCC Termination Agreement will agree to terminate the operative documents relating to the Participation Agreements, the Facility Leases and the Head Leases;

WHEREAS, in connection with the transactions described in the PMCC Termination Agreement, it is proposed that Big Rivers deliver the Promissory Note and enter into (a) an Unwind Agreement (the "Unwind Agreement") between Big Rivers and CoBank, a copy of which is attached hereto as Exhibit B, regarding the disposition of the Government Securities, and (b) a letter agreement, among Big Rivers, E.ON U.S. LLC ("E.ON U.S."), Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership (the "Cost-Share Agreement"), regarding sharing of the cost of the OP Payment Amount among such parties a copy of which is attached hereto as Exhibit C;

WHEREAS, Big Rivers has concluded that it is in its best interest to enter into the PMCC Termination Agreement, the Unwind Agreement and the Cost-Share Agreement and to deliver the Promissory Note.

NOW, THEREFORE, it is hereby resolved by the Board of Directors of Big Rivers that:

RESOLVED, that the President, Michael H. Core, the Executive Vice President, Mark A. Bailey, or any Vice President of Big Rivers (collectively, the "Officers") be, and each of them hereby is, authorized and directed to execute and deliver on behalf of Big Rivers the PMCC Termination Agreement, the Unwind Agreement, the Cost-Share Agreement and the Promissory Note, with such amendments or modifications to the forms attached to these minutes as any of the Officers deems necessary or desirable, and to negotiate, execute and deliver on behalf of Big Rivers such additional documents, agreements and certificates as any of the Officers deems necessary or desirable, such approval to be conclusively evidenced by the execution thereof, and each of the Officers is hereby authorized and directed to execute and deliver such agreements and to cause Big Rivers to perform, or cause to be performed all of its obligations under the above identified agreements;

RESOLVED FURTHER, that the Officers be, and each of them hereby is, authorized and directed to take such actions as are necessary, desirable or appropriate in order to obtain, or cause Big Rivers to obtain, from the Kentucky Public Service Commission and any and all other persons, any and all consents or approvals as are necessary or desirable in connection with the consummation of the PMCC Termination Agreement, the Unwind Agreement, the Cost-Share Agreement, the Promissory Note, and any other such documents, agreements and certificates;

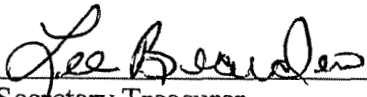
RESOLVED FURTHER, that the Officers be, and each of them hereby is, authorized, in the name and on behalf of Big Rivers, to make all payments and incur all expenses in connection with the consummation of the PMCC Termination Agreement, the Unwind Agreement, the Cost-Share Agreement, the Promissory Note, any other such documents, agreements, certificates, and these resolutions as such Officer shall determine to be necessary or desirable, such payment to conclusive evidence of such determination;

RESOLVED FURTHER, that all actions previously taken by the Officers in connection with, or in preparation for, the consummation of the PMCC Termination Agreement, the Unwind Agreement, the Cost-Share Agreement, the Promissory Note, and any other such documents, agreements and certificates are hereby ratified, confirmed and approved in all respects; and


RESOLVED FURTHER, that the Officers be, and each of them hereby is, authorized to negotiate, execute and deliver or accept such documents, to attest to and affix the seal of Big Rivers thereto, if necessary, and to take any and all further action as may be required on the part of Big Rivers or deemed necessary or desirable by any Officer to carry out, give effect to and consummate the consummation of the PMCC Termination Agreement, the Unwind Agreement, the Cost-Share Agreement, the Promissory Note, any other such documents, agreements and certificates and the purposes and intent of the foregoing resolutions.

The motion was unanimously adopted.

There being no further business, Director Butler moved, seconded by Director Elliott,
that the meeting be adjourned at 6:40 p.m.


Secretary Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
TELEPHONIC SPECIAL BOARD OF DIRECTORS MEETING
OCTOBER 13, 2008

A telephonic special meeting of the Board of Directors of Big Rivers Electric Corporation was held at 6 p.m., CDT, on Monday, October 13, 2008.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

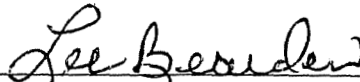
Upon calling the roll, the Secretary-Treasurer reported that the following directors participated in the call: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also participating in the call were Mike Core, president and CEO; Mark Bailey, James Haner, David Crockett and Al Yockey, Big Rivers' senior management; Kelly Nuckols, president, Jackson Purchase Energy Corp.; and Sandy Novick, president, Kenergy Corp.

Management informed the Board that the bargaining unit labor contract expires at 11:59 p.m., October 14, 2008. Management has reached a tentative agreement with the union representatives on a four-year contract commencing October 15, 2008 and expiring October 14, 2012. The bargaining unit will vote on the agreement on Tuesday, October 14, 2008.

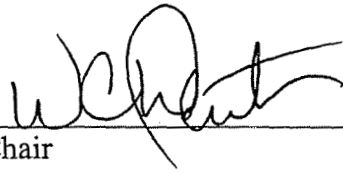
James Haner reviewed the economics and terms proposed for the new four-year contract, a copy of which is attached to these minutes. After answering all questions posed by the Board and upon management's recommendation, Director Elder moved, seconded by Director Butler, that the tentative agreement reached between Big Rivers and I.B.E.W. Local 1701 be approved as negotiated and presented, and that the president be authorized to execute said agreement. The motion was unanimously adopted.

There being no further business, Director Butler moved, seconded by Director Bearden,

that the meeting be adjourned. The motion was unanimously adopted.


Secretary Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
OCTOBER 17, 2008

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CDT, on Friday, October 17, 2008, at 201 Third Street, Henderson, Kentucky, 42420.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors were present: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also present were Mike Core, president/CEO; Jim Miller, corporate counsel; Mark Bailey, Bill Blackburn, James Haner, Travis Housley, Mark Hite, David Spainhoward, David Crockett and Al Yockey, Big Rivers' senior management; Bob Berry, WKE Reid/Green plant manager; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp., and Burns Mercer, president, Meade County RECC.

Director Butler gave the invocation.

Director Butler moved, seconded by Director Elder, that the minutes of the September 19, 2008, regular board of directors meeting, the September 25, 2008, telephonic special board of directors meeting, and the October 13, 2008, telephonic special board of directors meeting be approved. The motion was unanimously adopted.

After Bill Blackburn presented the August 2008 Budget/Actual Variance Analysis and the September 2008 investment report, the board directed that the August 2008 financial statements and the September 2008 investment report be filed in the corporate records.

Mr. Blackburn informed the board of the latest pollution control bond variable auction results.

Mr. Blackburn reviewed an unwind cost report cumulative through 10/15/08.

There being no unfinished business, the Chair called for new business.

Director Bearden moved, seconded by Director Elder, that Mark A. Bailey be elected president/CEO effective October 17, 2008, and that Michael H. Core, who has vacated the

position of president/CEO effective October 17, 2008, be appointed special corporate advisor, which shall be a full-time position at his current compensation level, with such duties and responsibilities as the board of directors shall designate from time to time, until his retirement effective at the end of the day on April 3, 2009. The motion was unanimously adopted.

Director Elliott moved, seconded by Director Butler, that Director Sills represent Big Rivers as voting delegate and Director Bearden as alternate at the KAEC annual meeting. The motion was unanimously adopted.

Director Butler moved, seconded by Director Bearden, that Mark Bailey and Larry Elder represent Big Rivers as the 2009 KAEC board members. The motion was unanimously adopted.

Director Elliott moved, seconded by Director Butler, that Mark Bailey represent Big Rivers as delegate and Chair Denton as alternate to the 2008 National Renewables Cooperative Organization annual meeting and that Mark Bailey represent Big Rivers as director and Chair Denton as alternate director on NRCO's board of directors. The motion was unanimously adopted.

Director Elder moved, seconded by Director Bearden, that Mark Bailey and Chair Denton represent Big Rivers on ACES Power Marketing's Board of Managers and that Bill Blackburn serve as alternate. The motion was unanimously adopted.

After an explanation by management, Director Butler moved, seconded by Director Bearden that the following resolution be adopted:

RESOLVED that executed Form 674 and accompanying board resolution dated June 16, 2006, be rescinded; and

RESOLVED that Mark A. Bailey, the president of the corporation, be the certifier on behalf of the corporation, who shall be responsible for submitting and certifying to the Rural Utilities Service, an agency of the United States Department of Agriculture delivering Rural Development Utilities Programs, any and all data required by RDUP Form 674; and

RESOLVED that Ralph Ashworth, the manager of accounting of the corporation, will continue to serve as the security administrator on behalf of the corporation, who shall give access to the corporation's data, as appropriate, to other employees, officers, or contractors of the corporation, for the purpose of complying with RDUP Form 674; and

RESOLVED that both shall comply with the instructions for RDUP Form 674 in regard

to use of the government's data collection system.

The motion was unanimously adopted.

After an explanation by James Haner, Director Elliott moved, seconded by Director Sills, that Mark Hite replace Mike Core as a member of the savings plan and retirement committees and the non-qualified deferred compensation administrative committee and as trustee of the savings plans. The motion was unanimously adopted.

After a review and discussion of the Third Amendment to the Termination Agreement at the board work session Thursday night, Director Butler moved, seconded by Director Bearden, that the officers of the corporation be authorized and directed to execute on behalf of the corporation the Third Amendment to the Termination Agreement. The motion was unanimously adopted.

The Chair called for a report from the Expense Review Committee and they informed the board they had reviewed the 3rd quarter CEO expenses and Board fees and expenses and found no discrepancies.

After an explanation by Messrs. Bailey and Core, Director Elder moved, seconded by Director Sills, that management be authorized to participate in the NRECA "Our Energy/Our Future" campaign regarding climate change legislation as recommended by the National G&T Managers Association. The motion was unanimously adopted.

The Chair called for management's report. Carl Lyon, special advisor to the board, joined the meeting by phone. Mr. Bailey provided updates in the unwind transaction regarding the recent meeting with E.ON and the smelters regarding their contracts and the status of the HMP&L issue. David Spainhoward and corporate counsel reviewed the latest PSC filing and other regulatory activities. An informal conference with the PSC is scheduled for Monday, October 20.

Mark Hite reviewed with the board the leveraged lease (Bank of America and Philip Morris Capital Corp.) settlements.

Mr. Haner presented the annual activity report for the Savings Plan and Retirement Committees.

Mr. Haner advised that the union contract was accepted by the bargaining unit on October 14.

Mr. Spainhoward updated the board on legislative/regulatory activities.

Mr. Blackburn reported on SEPA.

[REDACTED]

[REDACTED]


Mr. Bailey discussed coal issues and the need to begin looking at options Big Rivers will have in coal procurement upon closing of the proposed Unwind Transaction.

Mr. Bailey advised that plans are to announce the new Big Rivers' logo before the end of the year.

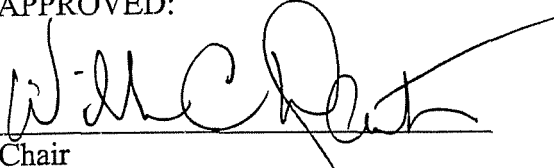
The Chair called for the legal report. Corporate counsel stated that a written legal report had been distributed to the board members for their review prior to the board meeting and reported there were no new developments since the date of the written report.

The following reports were sent to the directors for their information: Outage Report for September 2008, Arbitrage Summary, Professional Services Report for August 2008, August 2008 Cash Flow Report, the 2008 Safety Incident Statistics and the Activity Reports for (1) Enterprise Risk Management and Strategic Planning, (2) Financial Services, Information Technology and Fuels, (3) Special Projects and (4) System Operations.

There being no further business, Director Butler moved, seconded by Director Bearden, that the meeting be adjourned at 10:40 a.m.


Secretary Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
NOVEMBER 21, 2008

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CST, on Friday, November 21, 2008, at 201 Third Street, Henderson, Kentucky, 42420.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors were present: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also present were Mark Bailey, president/CEO; Mike Core, special corporate advisor; Jim Miller, corporate counsel; Bill Blackburn, James Haner, Mark Hite, David Spainhoward, David Crockett and Al Yockey, Big Rivers' senior management; Bob Berry, WKE Reid/Green plant manager; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp., and Burns Mercer, president, Meade County RECC.

Al Yockey gave the invocation.

The Chair deviated from the agenda so that Carl Lyon, special advisor to the board, could participate by phone on the unwind-related matters. Mr. Bailey updated the board on the recent activities related to the unwind. Corporate counsel and Mr. Lyon addressed the patronage capital and other lingering smelter issues.

Director Elliott moved, seconded by Director Butler, that the board go into executive session. The motion was unanimously adopted.

After reconvening in regular session, Mark Hite made a presentation, a copy of which is attached hereto to these minutes, regarding proposed amendments to the bylaws relating to: 1) current allocation methodology for pre-Unwind, 2) proposed allocation methodology post-Unwind, 3) proposed allocation for "Unwind Transaction," and 4) proposed allocation for "Extraordinary Transactions." The board had no objections to the revisions as proposed and management will be requesting formal approval from the board at the appropriate time.

Director Butler moved, seconded by Director Elder, that the minutes of the October 17, 2008, regular board of directors meeting be approved. The motion was unanimously adopted.

After Bill Blackburn presented the September 2008 Budget/Actual Variance Analysis and the October 2008 investment report, the board directed that the September 2008 financial statements and the October 2008 investment report be filed in the corporate records.

Mr. Blackburn reported on the status of the pollution control bonds.

There being no unfinished business, the Chair called for new business.

After an explanation by Mr. Blackburn, Director Elder moved, seconded by Director Sills, that management be authorized to execute the smelter Tier 3 contracts for 2009 and to file these contracts with the Public Service Commission. The motion was unanimously adopted.

After an explanation by Mr. Blackburn, Director Elliott moved, seconded by Director Sills, that the GDS Associates, Inc. proposal to prepare the 2009 Load Forecast for Big Rivers and its three members be approved. The motion was unanimously adopted.

After an explanation by David Crockett, Director Butler moved, seconded by Director Elder, that Amendment No. 2 to Work Order No. 903, the design, development, procurement of materials, and construction of KU Daviess County EHV switching station, be approved. The motion was unanimously adopted.

After an explanation by David Crockett, Director Elder moved, seconded by Director Elliott, that Work Order No. 929, reconductor 161 kV line 7-D East Coleman Switchyard to Newtonville, be approved. The motion was unanimously adopted.

After an explanation by David Crockett, Director Bearden moved, seconded by Director Sills, that management's action in the filing of the following condemnations in the construction of Falls of Rough to McDaniels 69 kV transmission line - Grayson and Breckinridge Counties be ratified: Ronald L. and Shearon C. Sarver, Greg and Carol Van Nuland, W.G.W. Farm, LLC, James Havens, M.D. and Patricia A. Havens, et al., Charles L. Lamar, et al., Thomas Vincent Spencer, et al., Dorothy South Alvey, Michael and Patricia Boone, Wayne and Regina S. Carrier, Carrier Enterprises, LLC, et al., Ryan Vandersyde, et al., Daniel F. and Patricia O'Donoghue, et al., Mary Ruth Henning, and Paul F. and Monica Gail Jarboe, et al. The motion was unanimously adopted.

After an explanation by James Haner, Director Butler moved, seconded by Director Sills, that management's recommendation to discontinue the \$25 subsidy of health plan cost for Medicare-eligible inactive participants, for employees retiring on or after January 1, 2009, be approved. The motion was unanimously adopted.

After an explanation by Mr. Blackburn, Director Bearden moved, seconded by Director Elder, that the following authorizations for bank account checks/wires/ACHs and lock box access be approved effective immediately and to remain in effect until the "unwind" closing date:

1. Old National Bank - General Funds Account No. [REDACTED]

Old National Bank is authorized to honor checks drawn and signed jointly by any two of the following:

- Mark A. Bailey, president and chief executive officer,
- C. William Blackburn,
- Ralph A. Ashworth,
- Paula W. Crowe.

Old National Bank is also authorized to honor wire transfer instructions from any two of these named individuals.

2. Old National Bank - Payroll Account No. [REDACTED]

Old National Bank is authorized to honor checks drawn and signed jointly by any two of the following:

- Mark A. Bailey, president and chief executive officer,
- C. William Blackburn,
- Ralph Ashworth.

3. Any two of the following individuals are authorized to have the right of access and control over the corporate lock box [REDACTED] at Old National Bank of Henderson:

- C. William Blackburn,
- Ralph A. Ashworth,
- Paula W. Crowe.

4. Any two of the following individuals are authorized to have the right of access and control over the payroll and general fund lock boxes [REDACTED] and [REDACTED] at Old National Bank of Henderson:
- Ralph A. Ashworth,
 - David W. Baumgart,
 - Travis A. Siewert,
 - Donna M. Windhaus.
5. Old National Bank - Bargaining Savings Trust Account No. [REDACTED] and Salaried Savings Trust Account No. [REDACTED]

Old National Bank is authorized:

(1) to honor checks drawn and signed jointly by any two of the following:

- Mark A. Hite,
- C. William Blackburn,
- James V. Haner.

and

(2) to honor wire transfer instructions from any two of the following:

- C. William Blackburn,
- Ralph A. Ashworth,
- James V. Haner.

The motion was unanimously adopted.

Upon management's recommendation, Director Butler moved, seconded by Director Bearden, that all Big Rivers' full-time employees receive a Christmas bonus of net \$100 each. The motion was unanimously adopted.

The Chair called for management's report. Mr. Bailey advised that he, Bill Blackburn, Bob Berry and Mark Hite would be meeting with smelter representatives after the board meeting at the smelters' request.

Mr. Crockett reported that the recent SERC audit on operating standards was completed and no non-compliance issues were found. Mr. Crockett acknowledged the hard work and cooperation of those employees involved in the audit.

Mr. Crockett presented the Long-Term Vegetation Management Plan for 2009-2013. Mr. Bailey advised that a right-of-way maintenance supervisor was recently hired.

Mr. Bailey discussed alternative methods to meet future cash flow requirements. Discussion ensued regarding the timing and requirements for filing for a rate increase.


Mr. Bailey reported on the NRCO annual meeting he attended last week.

The Chair called for the legal report. Corporate counsel stated that a written legal report had been distributed to the board members for their review prior to the board meeting and reported there were no new developments since the date of the written report.


It was mentioned that an informal conference at the PSC regarding the unwind transaction is scheduled for November 25, and the hearing is scheduled for December 2. Meetings with the rating agencies are scheduled for December 16 in New York.

The following reports were sent to the directors for their information: Outage Report for October 2008, Arbitrage Summary, Professional Services Report for September 2008, September 2008 Cash Flow Report, the 2008 Safety Incident Statistics and the Activity Reports for (1) Enterprise Risk Management and Strategic Planning, (2) External Relations and Interim Production; (3) Financial Services, Information Technology and Fuels, (4) Special Projects and (5) System Operations.

There being no further business, Director Butler moved, seconded by Director Bearden, that the meeting be adjourned at 11:10 a.m.


Secretary Treasurer

APPROVED:

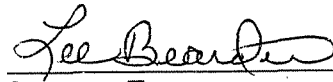

Chair

BIG RIVERS ELECTRIC CORPORATION
BOARD OF DIRECTORS EXECUTIVE SESSION MINUTES
NOVEMBER 21, 2008

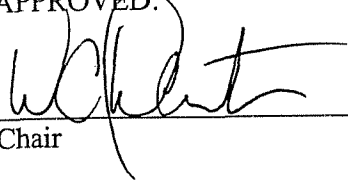
The Board of Directors convened in executive session on Friday, November 21, 2008.

Director Butler moved, seconded by Director Elder, that the September 19, 2008, minutes be approved. The motion was unanimously adopted.

It was the consensus of the board that executive session be adjourned.


Secretary-Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
DECEMBER 19, 2008

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CST, on Friday, December 19, 2008, at 201 Third Street, Henderson, Kentucky, 42420.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors were present: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also present were Mark Bailey, president/CEO; Jim Miller, corporate counsel; Bill Blackburn, James Haner, Mark Hite, David Spainhoward, David Crockett and Al Yockey, Big Rivers' senior management; Bob Berry, WKE Reid/Green plant manager; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp., and Burns Mercer, president, Meade County RECC.

Director Bearden gave the invocation.

Director Butler moved, seconded by Director Sills, that the minutes of the November 21, 2008, meeting be approved as presented. The motion was unanimously adopted.

Bill Blackburn presented the October 2008 financial report, the November 2008 investment report and the arbitrage report. The board directed that the October 2008 financial statements and the November 2008 investment report be filed in the corporate records.

Chair Denton called for unfinished business, and there being none observed under new business that the 2009 Proposed Budget had been reviewed in detail at the previous evening's work session. Director Elder moved, seconded by Director Bearden, that the proposed corporate budget for 2009 be approved as presented by management. The motion was unanimously adopted.

Mr. Haner reviewed the status of Big Rivers' pension plan funding targets under the corporate policy, Big Rivers' plan termination obligations and delivered management's recommendation to fund the plan with \$3.5 million. Director Butler moved, seconded by Director Elliott, that the board convene in executive session. The motion was unanimously

adopted. The board reconvened in regular session. Director Sills moved, seconded by Director Elliott, to approve the recommendation of management. The motion was unanimously adopted.

Mr. Haner reported management's proposal for renewing existing insurance coverages. Director Bearden moved, seconded by Director Butler, that management be authorized to implement the plan described. The motion was unanimously adopted.

Mr. Haner presented management's recommendation for amendments to the bargaining unit retirement and savings plans consistent with the results of the latest collective bargaining session. Mr. Bearden moved, seconded by Director Sills, that the recommendation be approved, and that management be authorized to amend those plans. The motion was unanimously adopted.

Mr. Bailey, Mr. Miller and Carl Lyon, by telephone, reported on the Public Service Commission hearing in the unwind transaction case, the status of the City of Henderson issues and the meetings with the ratings agencies.

Mr. Haner presented the salary survey review results and management's recommendation for the annual adjustment to the corporate salary structure. Director Elder moved, seconded by Director Sills, that management's recommendation be approved. The motion was unanimously adopted.

The Chair asked for nominations for the delegate and alternate delegate to the NRECA Annual Meeting. Director Sills moved, seconded by Director Bearden, that Director Butler be designated as the delegate, and Director Sills be designated as the alternate delegate to the NRECA Annual Meeting. The motion was unanimously adopted.

Mr. Hite asked that the board authorize the corporation to expense up to an estimated \$5.4 million in alternative minimum tax previously paid by the corporation. Director Butler moved, seconded by Director Elliott, that the request be authorized. The motion was unanimously adopted.

Mr. Miller and Mr. Novick informed the board about the short-term sale of 50 MW made by Big Rivers to Kenergy Corp., and by Kenergy Corp. to Century Aluminum.

Mr. Spainhoward gave the regulatory and legislative activity report. Mr. Berry reported on an outage at Station Two, and the maintenance tasks that are being undertaken during the outage.

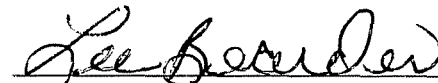
The Chair called for the legal report. Corporate counsel stated that a written legal report had been distributed to the board members for their review prior to the board meeting and reported there were no new developments since the date of the written report that were not previously discussed during the meeting.

By consensus, the board agreed that the January work session and board meeting will be held on January 29 and 30, respectively, and that the location of the regular board meeting will be at the Reid/Green Station complex.

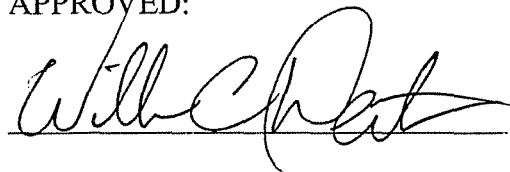
The board recognized and expressed its sympathies concerning the passing of Orrin Long, who had served with distinction as a director of Henderson-Union RECC and Kenergy Corp.

Director Elliott moved, seconded by Director Butler, that the Chair be authorized to negotiate and resolve on behalf of the board the salary adjustment for 2009 for the President and CEO.

The meeting adjourned by consensus at 10:15 a.m.


Secretary Treasurer

APPROVED:

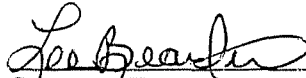


BIG RIVERS ELECTRIC CORPORATION
BOARD OF DIRECTORS EXECUTIVE SESSION MINUTES
DECEMBER 19, 2008

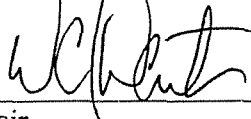
The Board of Directors convened in executive session on Friday, December 19, 2008.

Director Butler moved, seconded by Director Bearden, that the November 21, 2008, minutes be approved. The motion was unanimously adopted.

Director Elder moved, seconded by Director Sills, to adjourn the executive session and return to the regular session of the board meeting. The motion was unanimously adopted.


Secretary-Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
TELEPHONIC REGULAR BOARD OF DIRECTORS MEETING
JANUARY 30, 2009

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was held telephonically and called to order at 8 a.m., CST, on Friday, January 30, 2009.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors participated in the call: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also participating in the call were Mark Bailey, president/CEO; Jim Miller, corporate counsel; Bill Blackburn, James Haner, Mark Hite, David Spainhoward, David Crockett and Al Yockey, Big Rivers' senior management; Bob Berry, WKE Reid/Green plant manager; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp., and Burns Mercer, president, Meade County RECC.

The meeting was held telephonically because of inclement weather and therefore, by consensus, the board agreed to deviate from the order of business stated in the written agenda provided prior to the meeting.

After a discussion on which directors would be attending the NRECA annual meeting, Director Elder moved, seconded by Director Bearden, that Director Butler represent Big Rivers as the voting delegate and Director Sills the alternate voting delegate to the CFC annual meeting and the NRTC annual meeting. The motion was unanimously adopted.

After an explanation by Mark Bailey and corporate counsel, Director Butler moved, seconded by Director Elliott, that management be authorized to file with the Public Service Commission Big Rivers' intent to file a notice of a general adjustment in its rates. The motion was unanimously adopted.

Director Bearden moved, seconded by Director Sills, that management be authorized to revise the 2009 budget up to \$100,000 over the budgeted amount for the utilization of outside professionals on the proposed 2009 rate adjustment filing, with board approval being required should it be necessary to exceed that amount. The motion was unanimously adopted.

After an explanation by Mr. Bailey and Mark Hite, Director Bearden moved, seconded by Director Elder, that the following resolutions be approved:

RESOLVED, that the Cooperative is hereby authorized: to obtain a master letter of credit facility with National Rural Utilities Cooperative Finance Corporation (CFC), in accordance with the terms and conditions of a Letter of Credit Application and Agreement substantially in the form submitted to this meeting (the "Letter of Credit Agreement"); to request CFC to issue letters of credit thereunder to such Beneficiaries as management shall determine from time to time, up to an aggregate principal amount not to exceed Fifteen Million Dollars (\$15,000,000); and to maintain such facility outstanding for a term expiring on February 28, 2010.

RESOLVED, that each of the following Officers be and hereby is authorized to enter into, execute and deliver, in the name and on behalf of the Cooperative, the Letter of Credit Agreement; to modify the terms of said Agreement (except as to the amount and term authorized herein); and to execute and to deliver such further documents and to do all other things as may be necessary or appropriate in order to comply with CFC requirements and to give effect to the purposes and intent of the foregoing resolutions: Mark A. Bailey, president.

The motion was unanimously adopted.

Mark Hite reported on the refinancing of the \$83.3 million pollution control bonds.

After an explanation by David Crockett and as required by the Federal Emergency Management Agency, Director Butler moved, seconded by Director Sills, that the following resolution be approved:

BE IT RESOLVED BY the Board of Directors of Big Rivers Electric Corporation that Brian Catron, lines and warehouse supervisor, is hereby authorized to execute for and in behalf of Big Rivers Electric Corporation, a public entity established under the laws of the Commonwealth of Kentucky, this application and to file in the appropriate state office for the purpose of obtaining certain federal financial assistance under the Disaster Relief Act (Public Law 288, 93rd Congress) or otherwise available from the President's Disaster Relief Fund.

BE IT RESOLVED that Big Rivers Electric Corporation, a public entity established under the laws of the Commonwealth of Kentucky, hereby authorizes its agent to provide to the state and to the Federal Emergency Management Agency (FEMA) for all matters pertaining to such federal disaster assistance the assurances and agreements printed on the reverse side hereof.

The motion was unanimously adopted.

After an explanation by David Spainhoward, Director Sills moved, seconded by Director Elliott, that Mark Bailey, president, be authorized to approve the Equality Mine Service Retail Service Contract, and to execute and seek appropriate regulatory and other approvals for a supporting wholesale power contract revision as described to the Board, with such additions and changes as management deems appropriate and consistent with the Corporation's usual practice in such matters. The motion was unanimously adopted.

After an explanation by Mr. Crockett, Director Elder moved, seconded by Director Butler, that Work Order No. 941, the design, procurement of materials and construction required for the modification of a portion of 69 kV line 5-B, be approved. The motion was unanimously approved. It was noted that the actual cost of this project will be fully reimbursed by the Kentucky Transportation Cabinet.

After a discussion regarding the 2008 incentive pay award, Director Elliott moved, seconded by Director Sills, that this item be tabled until the February board meeting. The motion was unanimously adopted.

As requested at the last board meeting, Mark Hite elaborated on the alternative minimum tax/income taxes as relates to Big Rivers. Upon management's recommendation, Director Butler moved, seconded by Director Sills, that management be authorized to make a journal entry in December 2008, debiting Income Tax Expense for \$5,933,923 and crediting Deferred Tax Asset for the same amount, noting that this accounting is required by GAAP and has no impact on cash. The motion was unanimously adopted.

After an explanation by Bill Blackburn, Director Sills moved, seconded by Director Elder, that the 2009 Load Forecast Work Plan be approved and management be authorized to submit it to the Rural Utilities Service. The motion was unanimously adopted.

The Expense Review Committee (Directors Bearden and Elder) informed the board they had reviewed the 4th quarter CEO expenses and Board fees and expenses and found no discrepancies other than there was a question about duplicate charges for the CEO which management was to follow up on and report back to the board.

The Chair appointed Directors Denton and Elliott as the Expense Review Committee for 2009.

In reviewing the status of the unwind transaction, management reported, among other things, (1) that an order has not been received from the PSC and is not likely to be received until after February 5, (2) on activity with the rating agencies, and (3) [REDACTED]
[REDACTED] Carl Lyon, special counsel to the board, joined the meeting by phone and provided an update on RUS. Corporate counsel reported [REDACTED]
[REDACTED]


Mr. Crockett gave a brief outage restoration report on the ice storm and was asked to keep the board updated by written reports.

Director Bearden moved, seconded by Director Butler, that the minutes of the December 19, 2008, meeting be approved. The motion was unanimously adopted.


The following reports were sent to the directors for their information: Outage Report for December 2008, Arbitrage Summary, Professional Services Report for November 2008, November 2008 Cash Flow Report, the 2008 Safety Incident Statistics and the Activity Reports for (1) Enterprise Risk Management and Strategic Planning, (2) External Relations and Interim Production; (3) Financial Services, Information Technology, Fuels, Power Supply and Power Resources (4) Special Projects and (5) System Operations.

Director Butler moved, seconded by Director Sills, that the board go into executive session.

After reconvening in regular session, and there being no further business, the meeting was adjourned by consensus at 9:45 a.m.


Secretary Treasurer

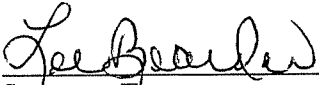
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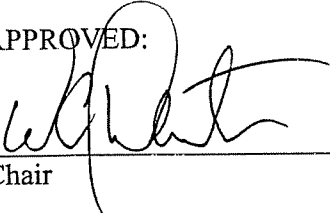
BIG RIVERS ELECTRIC CORPORATION
BOARD OF DIRECTORS TELEPHONIC
EXECUTIVE SESSION MINUTES
JANUARY 30, 2009

The Board of Directors convened in executive session on Friday, January 30, 2009.

It was a consensus of the board to adjourn the executive session and return to the regular session of the board meeting. The motion was unanimously adopted.


Secretary-Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
TELEPHONIC SPECIAL BOARD OF DIRECTORS MEETING
FEBRUARY 2, 2009

A telephonic special meeting of the Board of Directors of Big Rivers Electric Corporation was held at 6 p.m., CDT, on Monday, February 2, 2009.

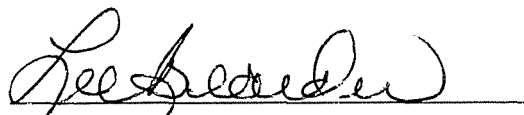
Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors participated in the call: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also participating in the call were Mark Bailey, president and CEO; Bill Blackburn, Vice President of Financial Services/CFO; Burns Mercer, president, Meade County RECC; and Kelly Nuckols, president, Jackson Purchase Energy Corp.


The directors discussed the progress of service restoration following the January 26/27 ice storm.

After an explanation by Mark Bailey and Bill Blackburn, the directors discussed the employee incentive plan. No action was taken.

There being no further business, the meeting was adjourned by consensus.


Secretary Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
FEBRUARY 20, 2009

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CST, on Friday, February 20, 2009, at the Reid/Green Power Plant, Robards, Kentucky 42452.

Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors were present: Messrs. Denton, Elder, Bearden, Butler and Elliott. Absent was Director Sills. Also present were Mark Bailey, president/CEO; Jim Miller, corporate counsel; Bill Blackburn, James Haner, Mark Hite, David Spainhoward, David Crockett, Travis Housley and Al Yockey, Big Rivers' senior management; Bob Berry, WKE Reid/Green plant manager; Sandy Novick, president, Kenergy Corp.; Kelly Nuckols, president, Jackson Purchase Energy Corp., and Burns Mercer, president, Meade County RECC.

Director Butler gave the invocation.

The following items were discussed at the board work session held on Thursday, February 19, 2009: (1) Bill Blackburn presented the December 2008 Budget/Actual Variance Analysis and the January 2009 investment report, which the board directed be filed in the corporate records, (2) management reported on the status of the unwind transaction, (3) management reviewed the 2009 incentive pay goals in the status quo transaction, (3) Bill Blackburn presented a Fuel Update which included a market overview, pending contract assignment, inventory position/ recommendation, solid fuel position report/hedge plan, and hedge plan recommendations, and (4) management and corporate counsel reported on the East Kentucky Power management audit.

Director Bearden moved, seconded by Director Elliott, that the minutes of the January 30, 2009, telephonic regular board of directors meeting be approved. The motion was unanimously adopted.

The Chair called for new business. Director Butler moved, seconded by Director Elder, that the 2008 employee incentive pay award, a copy of which is attached to these minutes, be approved and ratified as recommended during the telephonic February 2, 2009, special board meeting. The motion was unanimously adopted.

After an explanation by Mark Hite reviewing the status quo rate case, Director Elder moved, seconded by Director Butler, that management be authorized to file the status quo rate case with the Public Service Commission on March 2, 2009. The motion was unanimously adopted.

After an explanation by Mr. Hite of the CFC emergency line of credit agreement, director Bearden moved, seconded by Director Elder that the following resolutions be adopted:

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from national Rural Utilities Cooperative Finance Corporation (“CFC”) in an amount which shall not at any one time exceed \$2,500,000.00 (the “Line of Credit Amount”), for a term of twenty-four (24) months, subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the “Line of Credit Agreement”); and,

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions: President & CEO Mark A. Bailey.

The motion was unanimously adopted.

After an explanation by Mr. Hite, Director Elliott moved, seconded by Director Elder, that management be authorized to add up to \$100,000 to the 2009 budget approved on January 30, 2009, if required in the opinion of management, for the utilization of outside professionals to

assist with the preparation of the proposed 2009 rate adjustment filing. The motion was unanimously approved. It was noted that there is a possibility that additional funds might be required and management will request approval from the board if deemed necessary.

Mr. Blackburn advised that a meeting was held on February 18 and 19 with ACES and LEM to discuss the generation dispatch services that ACES Power Marketing would provide for Big Rivers and the agreements that would need to be executed upon the unwind closing.

After an explanation by Al Yockey of the proposed changes to the Conflict of Interest Policy for Big Rivers' Employees and the Conflict of Interest Questionnaire, Director Bearden moved, seconded by Director Butler, that the proposed changes in the policy and questionnaire be approved as recommended. The motion was unanimously adopted.

Director Bearden moved, seconded by Director Butler, that the Board of Directors ratify its appointment on August 14, 1998, of Paula Mitchell as executive secretary of the corporation, and the designation of duties of the executive secretary as specified in the letter dated August 14, 1998, from Johnny Hamm, Secretary, to Paula Mitchell, a copy of which is attached to these minutes. The motion was unanimously adopted.

After an explanation by James Haner, Director Elliott moved, seconded by Director Butler, that the revisions to the Procurement of Property and Casualty Insurance Policy be approved as recommended. The motion was unanimously adopted.

After an explanation by David Spainhoward, Director Elder moved, seconded by Director Elliott, that management be authorized to negotiate and execute a wholesale contract with Kenergy related to its proposed retail service to Southwire Rod & Cable upon terms that management deems appropriate and in the best interest of the Corporation, to take effect upon the close of the unwind transaction and to seek all consents and approvals required in connection with that contract. The motion was unanimously adopted.

After an explanation by David Crockett, Director Elder moved, seconded by Director Butler, that Work Order No. 942, Armstrong Equality Mine 69 kV service utilizing Kentucky Utilities 69 kV transmission facilities in southwestern Ohio County, be approved. The motion was unanimously adopted.

After an explanation by Mr. Crockett, Director Bearden moved, seconded by Director

Elliott, that Work Order No. 943, replacement of the Crider microwave tower and antennas, be approved. The motion was unanimously adopted.

Director Elliott moved, seconded by Director Elder, that the 2009 incentive pay goals, a copy of which is attached to these minutes, be approved as recommended by management during the work session on February 19. The motion was unanimously adopted.

Upon the recommendation presented by management during the work session on February 19, Director Bearden moved, seconded by Director Elder, that management be authorized to continue negotiations with [REDACTED] for a new five-year coal supply contract and that the generation burn forecast in its entirety (smelter, non smelter, and off-system sales burn forecast) be considered in the "Solid Fuel Burn Forecast and Procurement Plan" and measured as such against the Corporate Hedge Policy. The motion was unanimously adopted.

Upon the recommendation presented by management during the work session on February 19, Director Butler moved, seconded by Director Elliott, that for the interim period (the time period after the unwind transaction closing and lease termination and prior to evaluation, computer modeling, and further recommendation of inventory levels for Big Rivers' generating stations), inventory levels at the individual plants should not be less than 30 days forecasted average burn nor exceed 60 days of inventory on a system-wide basis. The motion was unanimously adopted.

The Chair called for management's report. Bob Berry provided a detailed summary of the December 22, 2008, TVA ash spill at its Kingston Power Plant and described the ash handling processes at the Big Rivers power plants. He also reviewed the operational differences between Big Rivers and TVA.

Mr. Bailey reported on a NRECA Global Climate Change meeting he and David Spainhoward attended in January.

Mr. Spainhoward updated the board on the legislative/regulatory activities.

Mr. Bailey informed the board that a meeting was held in mid-January with [REDACTED] officials to discuss possible ways the two utilities could work together.

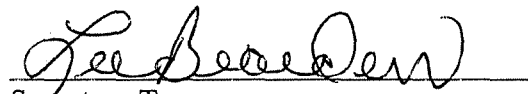
The Chair called for the legal report. Corporate counsel stated that a written legal report had been distributed to the board members for their review prior to the board meeting and

reported there were no new developments since the date of the written report. Corporate counsel did inform the board that Tyson Kamuf and Mark Starnes were made shareholders in his firm effective January 1, 2009.

The following reports were sent to the directors for their information: Arbitrage Summary, Professional Services Report for December 2008, December 2008 Cash Flow Report, the 2009 Safety Incident Statistics and the Activity Reports for (1) Administrative Services, (2) Enterprise Risk Management and Strategic Planning, (3) Financial Services, Information Technology, Fuels, and Power Resources, (4) Special Projects, and (5) System Operations.

It was the consensus of the board to go into executive session.

After reconvening in regular session, and there being no further business, the meeting was adjourned by consensus at 11:30 a.m.


Secretary Treasurer

APPROVED:


Chair

2008 Incentive Pay Award (Adjusted)

% Incentive Pay			0%	6%				Incentive Pay *
Measurement	Weighting	12/31/2008	Minimum	Maximum	Maximum Possible Incentive	Base 12/31/2008 Incentive	Adjusted 12/31/2008 Incentive	\$7,544,121.23
Power Supply:								
Net Arbitrage (Including Transmission)	14.59%	\$45,812,401	\$40,248,207	\$48,298,000	0.88%	0.61%	0.61%	\$46,019.14
Net Arbitrage -Smelter Concessions		\$4,111,004					0.27%	\$20,369.13
Net Arbitrage Total	14.59%	\$49,923,405	\$40,248,207	\$48,298,000	0.88%	0.61%	0.88%	\$66,388.27
Utilization of Power Available 5 X 16	14.58%	95.10%	87.50%	90.00%	0.87%	0.87%	0.87%	\$65,633.85
	29.17%				1.75%	1.48%	1.75%	\$132,022.12
Corporate:								
"Cushion" Status, Adjusted for Excess Net Arbitrage	29.16%	\$38,425,425	\$144,937,264	\$147,836,000	1.75%	0.00%	0.00%	\$0.00
"Cushion" Status, Adjusted PMCC & BofA Buyout & Interest		\$107,387,471					0.53%	\$39,983.84
		\$145,812,896	\$144,937,264	\$147,836,000			1.22%	\$92,038.28
"Cushion" Status, Adjusted for Unwind Consultants	29.16%	\$2,892,347					1.75%	\$132,022.12
		\$148,705,243	\$144,937,264	\$147,836,000	1.75%	0.00%	1.75%	\$132,022.12
Safety:								
Recordable Incidents	4.16%	2	4	1	0.25%	0.17%	0.17%	\$12,825.01
Lost-Time Incidents	4.17%	1	2	1	0.25%	0.25%	0.25%	\$18,860.30
	8.33%				0.50%	0.42%	0.42%	\$31,685.31
Transmission System Reliability:								
SAIDI Hrs/Yr - Jackson Purchase	3.33%	1.762	0.157	0.126	0.20%	0.00%	0.00%	\$0.00
SAIDI Hrs/Yr - Meade County	3.33%	1.887	1.143	0.914	0.20%	0.00%	0.00%	\$0.00
SAIDI Hrs/Yr - Kenergy	3.34%	5.041	0.805	0.644	0.20%	0.00%	0.00%	\$0.00
SAIDI Hrs/Yr - System Wide	3.33%	3.412	1.143	0.914	0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - Jackson Purchase	3.33%	2.061	0.399	0.319	0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - Meade County	3.33%	1.195	1.028	0.822	0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - Kenergy	3.34%	2.870	0.826	0.661	0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - System Wide	3.33%	2.302	1.028	0.822	0.20%	0.00%	0.00%	\$0.00
MWH Sales Lost	3.34%	1,932.9	239.3	191.4	0.20%	0.00%	0.00%	\$0.00
Percent Load Served	3.34%	99.961	99.998	99.999	0.20%	0.00%	0.00%	\$0.00
	33.34%				2.00%	0.00%	0.00%	\$0.00
	100.00%				6.00%	1.90%	3.92%	\$295,729.55

Base earnings for incentive pay purposes is W-2, plus pre-tax cafeteria plan contributions and 401(k) deferrals, and excludes bonus dollars, taxable educational reimbursement, taxable vehicle, taxable group term life insurance, and accident protection insurance. Base earnings for the 86 eligible employees for the 12-month period ended December 31, 2008, are \$7,544,121.23. The award for each measurement cannot exceed the maximum, and if the result is between the minimum and maximum, the award is to be interpolated.

Date: 1/21/2009

Proposed 2009 Incentive Pay Goals

% Incentive Pay		0%	6%	Maximum Possible Incentive Rate
Measurement	Weighting	Minimum	Maximum	
Power Supply:				
Net Arbitrage (Including Transmission)	14.59%	\$38,721,447	\$46,466,000	0.88%
Utilization of Power Available 5 X 16	14.58%	87.50%	90.00%	0.87%
	29.17%			1.75%
Corporate:				
"Cushion" Status, Adjusted for Excess Net Arbitrage	29.16%	\$380,970	\$389,000	1.75%
Safety:				
Recordable Incidents	4.16%	3	1	0.25%
Lost-Time Incidents	4.17%	2	0	0.25%
	8.33%			0.50%
Transmission System Reliability:				
SAIDI Hrs/Yr - Jackson Purchase	3.33%	0.426	0.341	0.20%
SAIDI Hrs/Yr - Meade County	3.33%	1.720	1.376	0.20%
SAIDI Hrs/Yr - Kenergy	3.34%	1.663	1.330	0.20%
SAIDI Hrs/Yr - System Wide	3.33%	1.720	1.376	0.20%
CAIDI Hrs/Yr - Jackson Purchase	3.33%	0.697	0.558	0.20%
CAIDI Hrs/Yr - Meade County	3.33%	1.279	1.023	0.20%
CAIDI Hrs/Yr - Kenergy	3.34%	1.127	0.902	0.20%
CAIDI Hrs/Yr - System Wide	3.33%	1.279	1.023	0.20%
MWH Sales Lost	3.34%	239.3	191.4	0.20%
Percent Load Served	3.34%	99.998	99.999	0.20%
	33.34%			2.00%
	100.00%			6.00%

Base earnings for incentive pay purposes is W-2, plus pre-tax cafeteria plan contributions and 401(k) deferrals, and excludes bonus dollars, taxable educational reimbursement, taxable vehicle, taxable group term life insurance, and accident protection insurance. Base budgeted earnings for the 87 eligible employees for the 12-month period ended December 31, 2009, are \$7,723,020.00. The award for each measurement cannot exceed the maximum, and if the result is between the minimum and maximum, the award is to be interpolated.

Date: 1/23/2009

BIG RIVERS ELECTRIC CORPORATION

August 14, 1998

Mrs. Paula Mitchell
Executive Secretary
Big Rivers Electric Corporation
P. O. Box 24
Henderson, KY 42419-0024

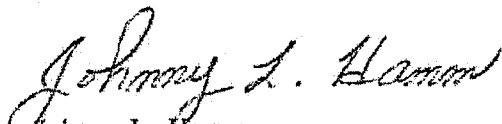
Dear Paula:

As Secretary of the corporation, and pursuant to the authority granted to me by Article IV, Section 1, of the bylaws of the corporation, I hereby assign to you, as Executive Secretary, the following duties and powers:

1. The Executive Secretary shall have principal responsibility for preparing and maintaining the minutes of the meetings of the Board of Directors of the corporation.
2. The Executive Secretary shall share with the Secretary the authority to certify excerpts from the minutes of the meetings of the Board of Directors of the corporation.
3. The Executive Secretary shall share with the Secretary the authority and responsibility to see that all notices are duly given in accordance with the bylaws, or as required by law.
4. The Executive Secretary shall have principal responsibility for custody of the corporate records and of the seal of the corporation, and shall share with the Secretary the authority and responsibility to see that the seal of the corporation is affixed to all certificates of membership prior to the issue thereof and to all documents requiring a seal.

Sincerely,

BIG RIVERS ELECTRIC CORPORATION


Johnny L. Hamm
Secretary

pm



Post Office Box 24, Henderson, KY 42420 Telephone 502-827-2561

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BIG RIVERS ELECTRIC CORPORATION
BOARD OF DIRECTORS EXECUTIVE SESSION MINUTES
FEBRUARY 20, 2009

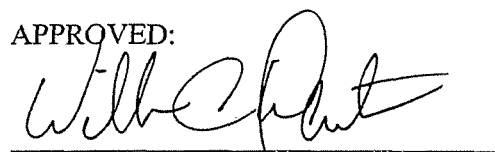
The Board of Directors convened in executive session on Friday, February 20, 2009.

Director Elliott moved, seconded by Director Butler, that the December 19, 2008, and January 30, 2009 minutes be approved. The motion was unanimously adopted.

It was the consensus of the board to adjourn the executive session and return to the regular session of the board meeting. The motion was unanimously adopted.


Secretary-Treasurer

APPROVED:


Chair

BIG RIVERS ELECTRIC CORPORATION
TELEPHONIC SPECIAL BOARD OF DIRECTORS MEETING
MARCH 10, 2009

A telephonic special meeting of the Board of Directors of Big Rivers Electric Corporation was held at 7 p.m., CDT, on Tuesday, March 10, 2009.

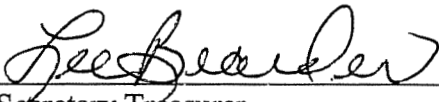
Bill Denton, Chair, presided and Lee Bearden, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors participated in the call: Messrs. Denton, Sills, Elder, Bearden, Butler and Elliott. Also participating in the call were Mark Bailey, president and CEO; Bill Blackburn, vice president of financial services/CFO; David Spainhoward, vice president of external relations; Jim Miller, corporate counsel; Kelly Nuckols, president, Jackson Purchase Energy Corp.; and Sandy Novick, president, Kenergy Corp.

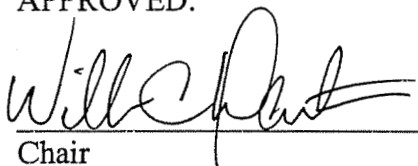
Mark Bailey reviewed with the board the Public Service Commission order received March 6, 2009, regarding the unwind transaction. After an explanation and discussion, Director Elder moved, seconded by Director Elliott, that the president be authorized, on behalf of the corporation, to notify the Public Service Commission that the corporation accepts the commitments set forth in Appendix A to the March 6, 2009 order of the Public Service Commission in the proceeding on the Unwind Transaction. The motion was unanimously adopted.

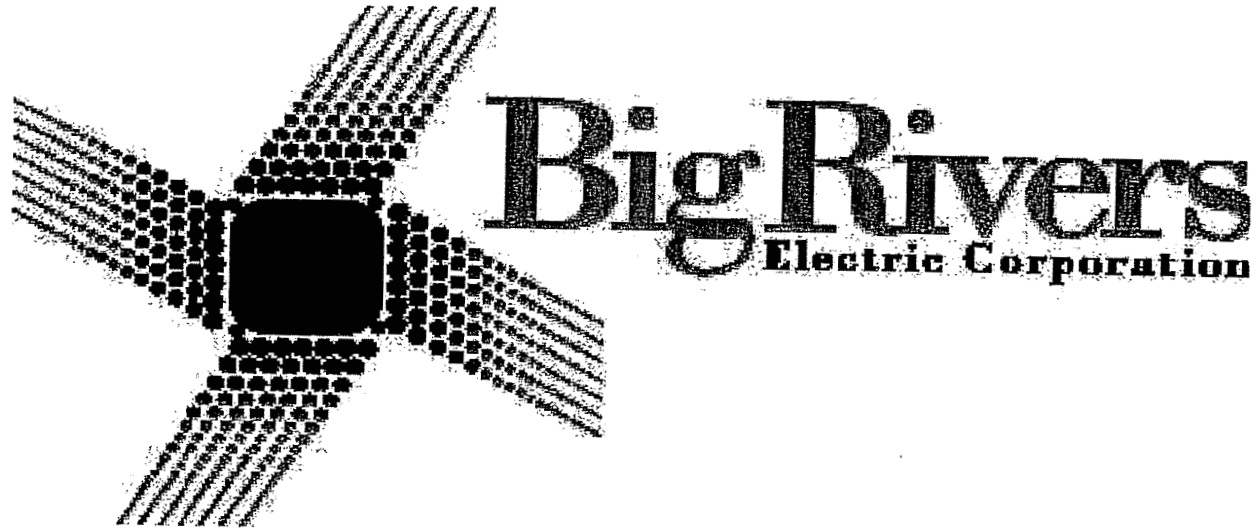
Management updated the board on other matters including issues related to the Unwind Transaction and the status quo rate case.

There being no further business, the meeting was adjourned by consensus.


Secretary Treasurer

APPROVED:


Chair

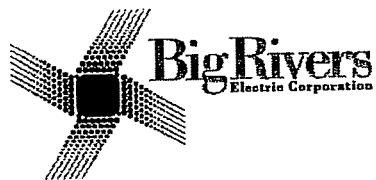


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Financial Report June 2008

Board Meeting Date: August 15, 2008





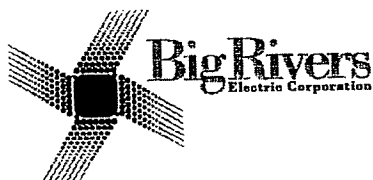
Summary of Operations

June Year To Date

(Thousands Of Dollars)

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
Revenues	126,064	113,245	152,448
Cost of Electric Service	113,008	104,451	134,623
Operating Margins	13,056	8,794	17,825
Non-Operating Income-Net	9,438	10,416	10,117
Net Margins - YTD June	22,494	19,210	27,942

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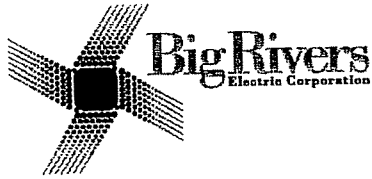
Summary of Operations-June (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	285,008	278,822	281,865
Non-Member MWh	131,171	96,427	220,266
Member Margins-\$/MWh	\$13.08	\$13.39	\$13.28
Non-Member Margins-\$/MWh	\$25.76	\$27.40	\$11.83
Electric Energy Margins	\$7,107	\$6,377	\$6,348
Interest Income-General Fund	\$284	\$537	\$612
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 2.25% Actual 2008; 4.50% Budget; 5.32% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$1,060	\$1,060	\$1,026
Restricted Assets (A)			
Labor	(\$973)	(\$964)	(\$904)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$637)	(\$462)	(\$623)
SIPC Transmission (Smelters)(A); TVA Transmission (C); EMS System Upgrade (C); Brush control (B); Line Maintenance(C); Substation Maintenance (C); Pole Treatment (B); IS Equipment Maint (C);			
Professional Fees	(\$469)	(\$424)	(\$309)
Unwind (C); Pension Plans/Post-Retirement Medical (C); Tax Return Preparation (C); Transmission matters (B); Files review/Maint issues (C);			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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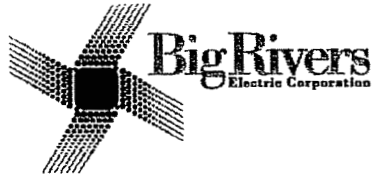


Summary of Operations-June (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$775)	(\$719)	(\$698)
Dues & Assessments (C); Sungard (C); SAN's Disk System (C)			
Interest on Long-Term Debt	(\$5,061)	(\$4,848)	(\$4,975)
New RUS Note-decreased interest on outstanding balance differences due to voluntary/required prepayments (A)			
RUS ARVP Note-increased interest due interest compounding (A)			
P.C. Bonds-increased interest due to avg interest rates of 5.61% Actual 2008; 3.79% Budget; 3.80% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$1,089)	(\$1,089)	(\$1,054)
Defeased Sale Leaseback-increase due to interest compounding (A)			
All Other	\$2,932	\$2,900	\$2,951
Net Margins	\$2,379	\$2,368	\$2,374

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Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

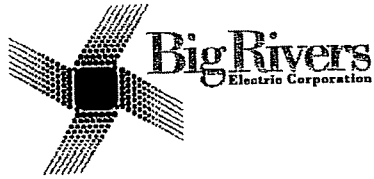


Summary of Operations-YTD June (thousands of dollars)

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
Member MWh	1,633,173	1,647,502	1,614,568
Non-Member MWh	988,315	713,114	1,477,082
Member Margins-\$/MWh	\$13.50	\$12.93	\$13.89
Non-Member Margins-\$/MWh	\$27.59	\$29.17	\$18.76
 Electric Energy Margins	 \$49,323	 \$42,106	 \$50,134
Interest Income-General Fund	\$2,227	\$3,214	\$3,144
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 3.09% Actual 2008; 4.50% Budget; 5.32% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$6,423	\$6,423	\$6,187
Restricted Assets (A)			
Arbitrage Transmission-BREC Power Supply	\$1,162	\$689	\$848
Increased off-system sales (excluding Smelters) resulted in larger transmission revenue (C); (off-set as as an expense Non-Member Margins)			
 Labor	 (\$6,358)	 (\$6,439)	 (\$5,688)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$3,091)	(\$3,028)	(\$4,084)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Line/Sub Maintenance (C); Pole Treatment (A); Plant Equipment Rent (A); Dues & Assessments (B); EMS Upgrade (C); IS Equipment Maint (C);			
Professional Fees	(\$3,229)	(\$1,730)	(\$1,703)
Unwind (C); Pension Plans/Post-Retirement Medical (B); Compensation Study (c); Marketing Surveys (B); Transmission matters (B); Financial Audit (C); Files review/Maint issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

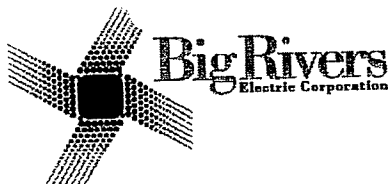


Summary of Operations-YTD June (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$2,616)	(\$2,425)	(\$1,813)
Dues & Assessments (A); PC Software (Microsoft Licensing) (C); Sungard (A); IS Equipment Maintenance (C); EMS Upgrade (B)			
Operating Expense-Customer Service/Sales	(\$213)	(\$587)	(\$187)
Economic Development (B); Energy Efficiency (B); Touchstone Incentives (B)			
General Plant Maintenance	(\$129)	(\$267)	(\$236)
IS Equipment Maintenance (C) (offset in A&G and Transmission-Maintenance)			
Interest on Long-Term Debt	(\$32,707)	(\$30,571)	(\$30,470)
New RUS Note-decreased interest due to outstanding principal balances (A)			
RUS ARVP Note-increased interest due to arbitrage (A)			
P.C. Bonds-increased interest due to avg interest rates of 7.12% Actual 2008; 3.79% Budget; 3.72% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$6,603)	(\$6,603)	(\$6,355)
Defeased Sale Leaseback-increase due to interest compounding (A)			
All Other	\$18,305	\$18,428	\$18,165
Net Margins	\$22,494	\$19,210	\$27,942

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Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07



Statement of Operations – June

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	16,324,428	14,945,535	21,293,809
INCOME FROM LEASED PROPERTY - NET	2,424,169	2,425,831	2,456,204
OTHER OPERATING REVENUE AND INCOME	820,111	797,002	804,658
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	19,568,708	18,168,368	24,554,671
OPERATING EXPENSE-OTHER POWER SUPPLY	9,217,064	8,568,992	14,945,648
OPERATING EXPENSE-TRANSMISSION	602,007	545,260	703,199
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	63,727	58,659	39,736
OPERATING EXPENSE-SALES	19,991	51,385	20,175
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,815,797	1,695,533	1,520,309
TOTAL OPERATING EXPENSE	11,718,586	10,919,829	17,229,067
MAINTENANCE EXPENSE-TRANSMISSION	397,611	285,268	278,825
MAINTENANCE EXPENSE-GENERAL PLANT	4,361	25,000	11,545
TOTAL MAINTENANCE EXPENSE	401,972	310,268	290,370
DEPRECIATION & AMORTIZATION EXPENSE	425,259	440,315	424,503
TAXES	92,777	92,777	89,953
INTEREST ON LONG-TERM DEBT	6,149,984	5,937,359	6,028,965
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(23,761)	(88,550)	(14,923)
OTHER INTEREST EXPENSE	594	1,410	2,802
OTHER DEDUCTIONS	(231,880)	(216,738)	(232,703)
TOTAL COST OF ELECTRIC SERVICE	18,533,531	17,396,670	23,818,034
OPERATING MARGINS	1,035,177	771,698	736,637
INTEREST INCOME	1,344,260	1,596,641	1,637,828
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	0	0	0
NET PATRONAGE CAPITAL OR MARGINS	2,379,437	2,368,339	2,374,465

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Statement of Operations – QTD June

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	53,711,018	45,706,934	65,169,387
INCOME FROM LEASED PROPERTY - NET	7,335,307	7,289,627	7,399,388
OTHER OPERATING REVENUE AND INCOME	2,711,625	2,388,657	2,481,856
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	63,757,950	55,385,218	75,050,631
OPERATING EXPENSE-OTHER POWER SUPPLY	28,328,156	24,711,317	42,277,312
OPERATING EXPENSE-TRANSMISSION	1,821,223	1,698,311	2,194,589
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	173,435	188,316	150,286
OPERATING EXPENSE-SALES	56,244	305,620	42,137
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	5,627,871	4,298,191	3,831,329
TOTAL OPERATING EXPENSE	36,006,929	31,201,755	48,495,653
MAINTENANCE EXPENSE-TRANSMISSION	1,101,556	929,641	1,066,225
MAINTENANCE EXPENSE-GENERAL PLANT	(98,697)	91,691	66,979
TOTAL MAINTENANCE EXPENSE	1,002,859	1,021,332	1,133,204
DEPRECIATION & AMORTIZATION EXPENSE	1,275,644	1,320,436	1,273,542
TAXES	278,331	278,331	269,888
INTEREST ON LONG-TERM DEBT	19,766,014	18,586,358	18,577,701
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(140,245)	(243,460)	(65,540)
OTHER INTEREST EXPENSE	1,870	4,210	8,499
OTHER DEDUCTIONS	(689,097)	(658,053)	(703,839)
TOTAL COST OF ELECTRIC SERVICE	57,502,305	51,510,909	68,989,108
OPERATING MARGINS	6,255,645	3,874,309	6,061,523
INTEREST INCOME	4,081,584	4,815,457	4,871,328
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	8,737	0	0
NET PATRONAGE CAPITAL OR MARGINS	10,345,966	8,689,766	10,932,851

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.



Statement of Operations – YTD June

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	105,950,707	93,599,862	132,630,455
INCOME FROM LEASED PROPERTY - NET	14,927,073	14,865,018	14,947,136
OTHER OPERATING REVENUE AND INCOME	5,186,409	4,780,392	4,870,511
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	126,064,189	113,245,272	152,448,102
OPERATING EXPENSE-OTHER POWER SUPPLY	56,627,731	51,493,883	82,495,844
OPERATING EXPENSE-TRANSMISSION	3,586,932	3,599,024	4,362,294
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	335,207	378,578	295,749
OPERATING EXPENSE-SALES	135,343	462,148	116,906
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	9,498,200	7,894,911	6,612,173
TOTAL OPERATING EXPENSE	70,183,413	63,828,544	93,882,966
MAINTENANCE EXPENSE-TRANSMISSION	1,942,684	1,846,844	2,074,336
MAINTENANCE EXPENSE-GENERAL PLANT	139,017	294,710	249,732
TOTAL MAINTENANCE EXPENSE	2,081,701	2,141,554	2,324,068
DEPRECIATION & AMORTIZATION EXPENSE	2,550,839	2,636,079	2,558,853
TAXES	560,012	556,662	539,808
INTEREST ON LONG-TERM DEBT	39,309,567	37,174,078	36,824,648
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(287,682)	(532,310)	(127,047)
OTHER INTEREST EXPENSE	5,016	8,410	16,936
OTHER DEDUCTIONS	(1,395,225)	(1,361,972)	(1,397,559)
TOTAL COST OF ELECTRIC SERVICE	113,007,641	104,451,045	134,622,673
OPERATING MARGINS	13,056,548	8,794,227	17,825,429
INTEREST INCOME	8,649,998	9,637,414	9,331,407
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	787,237	778,506	785,191
NET PATRONAGE CAPITAL OR MARGINS	22,493,783	19,210,147	27,942,027

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Electric Energy Revenue "Minus" Power Cost
YTD June

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Revenue</u>			
Rural Sales - MWh	1,175,353	1,172,002	1,158,543
Large Industrial Sales - MWh	457,820	475,500	456,025
Arbitrage Sales - MWh	988,315	713,114	895,013
Forward Sale-Buyback Sales - MWh	0	0	51,089
Smelters Buythrough Sales - MWh	0	0	530,980
Total Sales - MWh	2,621,488	2,360,616	3,091,650
Rural Revenue - \$/MWh	35.21	34.98	35.31
Large Industrial Revenue - \$/MWh	30.81	30.78	31.14
Arbitrage Revenue - \$/MWh	51.05	53.24	49.27
Forward Sale-Buyback Revenue - \$/MWh	0.00	0.00	90.63
Smelters Buythrough Revenue - \$/MWh	0.00	0.00	54.21
Total Revenue - \$/MWh	40.42	39.65	42.90
Rural Revenue - Thousands of \$	41,389	40,996	40,911
Large Industrial Revenue - Thousands of \$	14,106	14,637	14,201
Arbitrage Revenue - Thousands of \$	50,456	37,967	44,101
Forward Sale-Buyback Revenue - Thousands of \$	0	0	4,630
Smelters Buythrough Revenue - Thousands of \$	0	0	28,787
Total Revenue - Thousands of \$	105,951	93,600	132,630

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Electric Energy Revenue "Minus" Power Cost
YTD June

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.48	20.84	20.24
Large Industrial Power Cost - \$/MWh	20.48	20.84	20.24
Arbitrage Power Cost - \$/MWh	23.46	24.07	22.74
Forward Sale-Buyback Power Cost - \$/MWh	0.00	0.00	44.98
Smelters Buythrough Power Cost - \$/MWh	0.00	0.00	51.16
Total Power Cost - \$/MWh	21.60	21.81	26.68
Rural Power Cost - Thousands of \$	24,067	24,420	23,454
Large Industrial Power Cost - Thousands of \$	9,374	9,907	9,230
Arbitrage Power Cost - Thousands of \$	23,187	17,167	20,349
Forward Sale-Buyback Power Cost - Thousands of \$	0	0	2,298
Smelters Buythrough Power Cost - Thousands of \$	0	0	27,165
Total Power Cost - Thousands of \$	56,628	51,494	82,496

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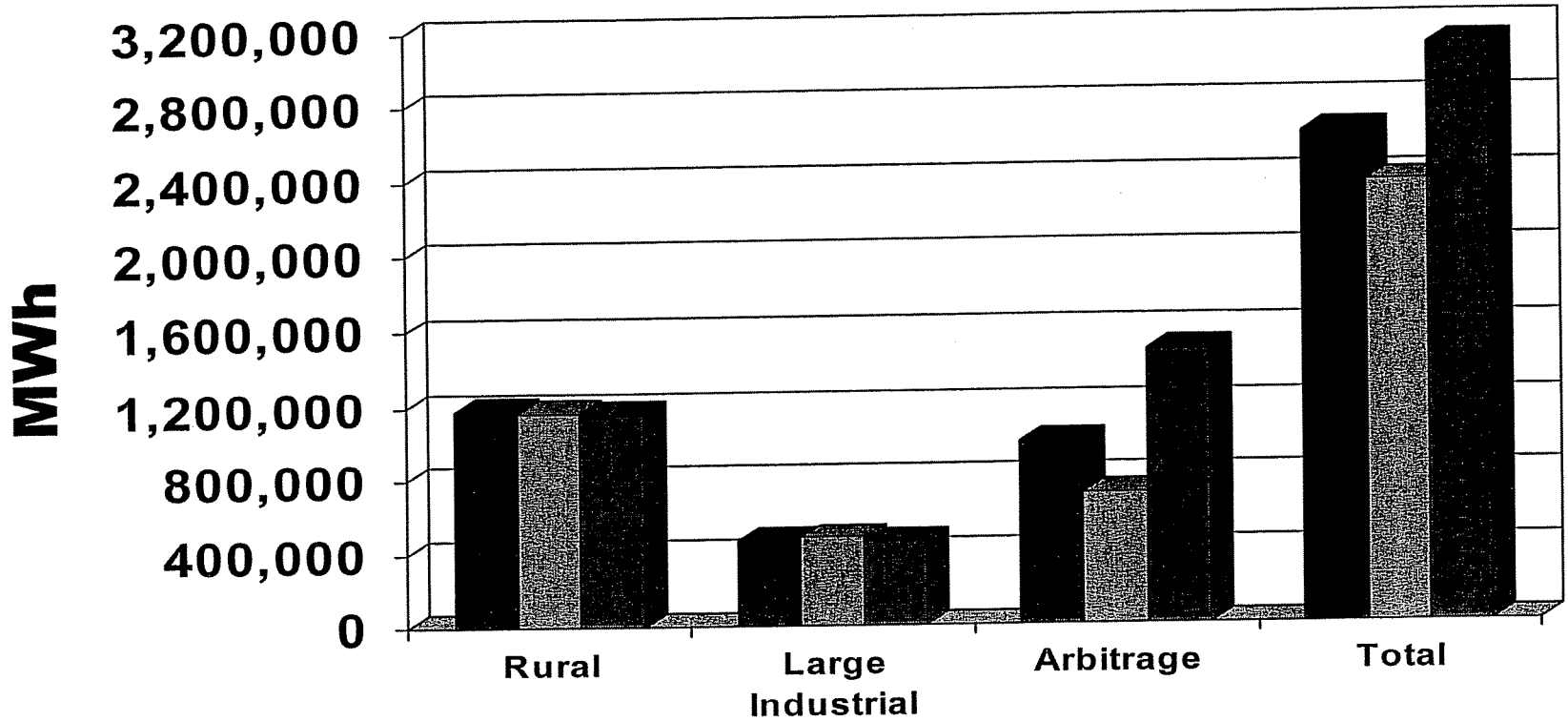
**Electric Energy Revenue "Minus" Power Cost
YTD June**

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	14.73	14.14	15.07
Large Industrial Sales Margin - \$/MWh	10.33	9.94	10.90
Arbitrage Sales Margin - \$/MWh	27.59	29.17	26.53
Forward Sale-Buyback Margin - \$/MWh	0.00	0.00	45.65
Smelters Buythrough Margin - \$/MWh	0.00	0.00	3.06
Total Sales Margin - \$/MWh	18.82	17.84	16.22
Rural Sales Margin - Thousands of \$	17,322	16,576	17,457
Large Industrial Sales Margin - Thousands of \$	4,732	4,730	4,971
Arbitrage Sales Margin - Thousands of \$	27,269	20,800	23,752
Forward Sale-Buyback Margin - Thousands of \$	0	0	2,332
Smelters Buythrough Margin - Thousands of \$	0	0	1,622
Total Sales Margin - Thousands of \$	49,323	42,106	50,134

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MWh Sales YTD June

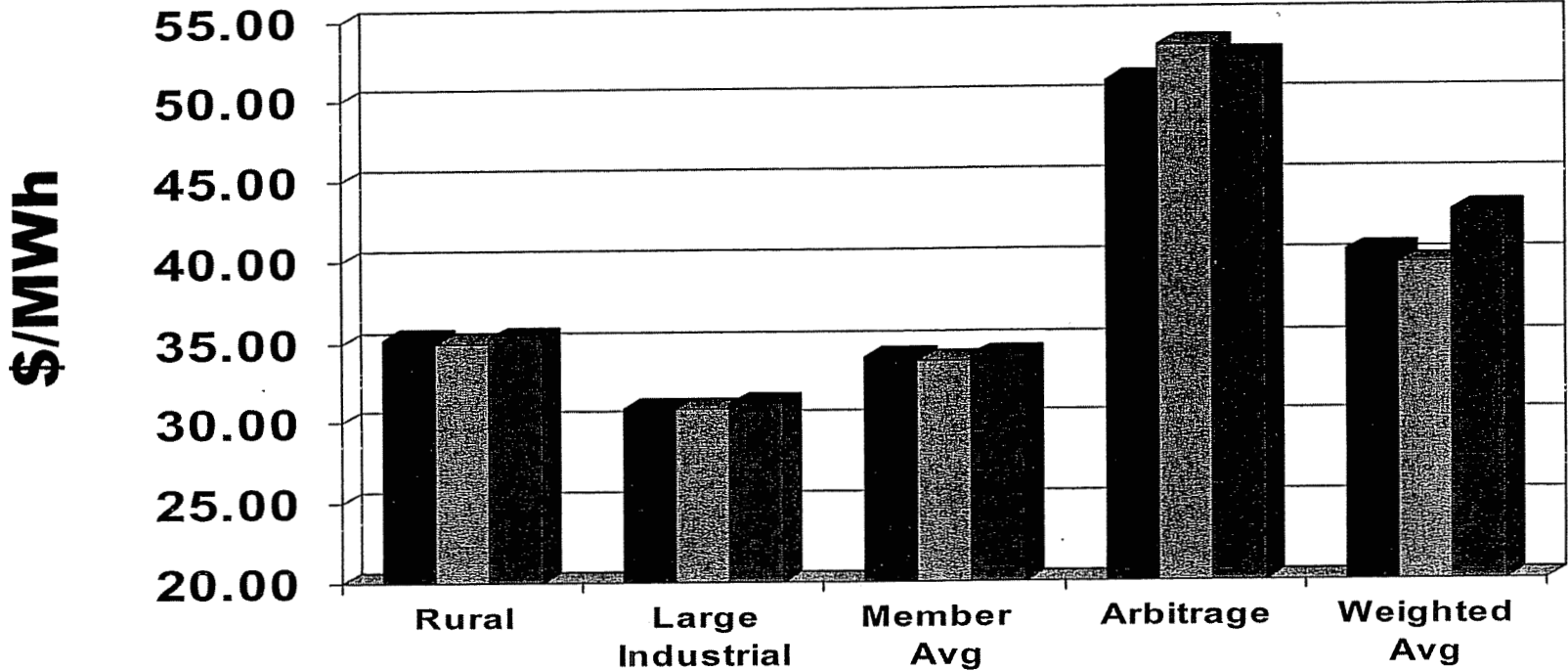
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Actual 2008	1,175,353	457,820	988,315	2,621,488
Budget	1,172,002	475,500	713,114	2,360,616
Actual 2007	1,158,543	456,025	1,477,082	3,091,650

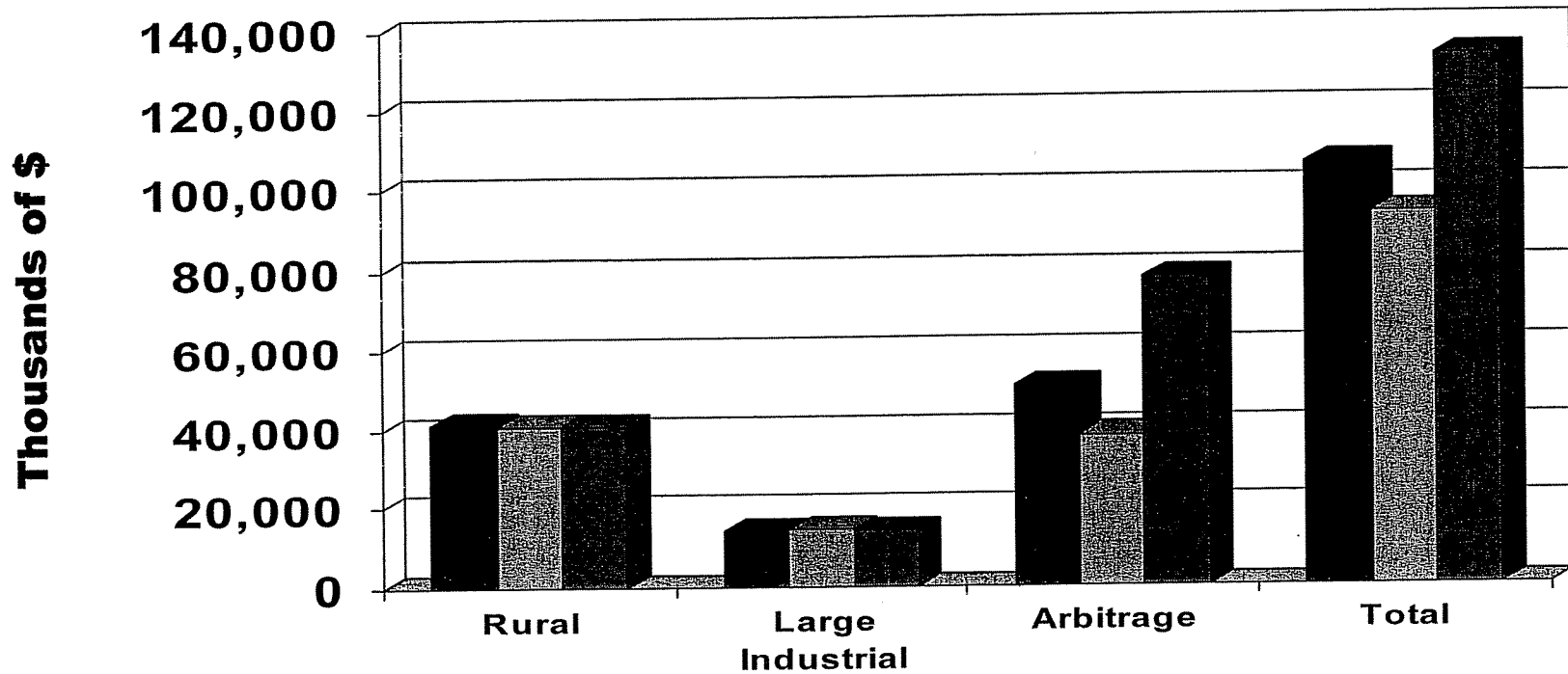
Revenue - \$/MWh Sold YTD June

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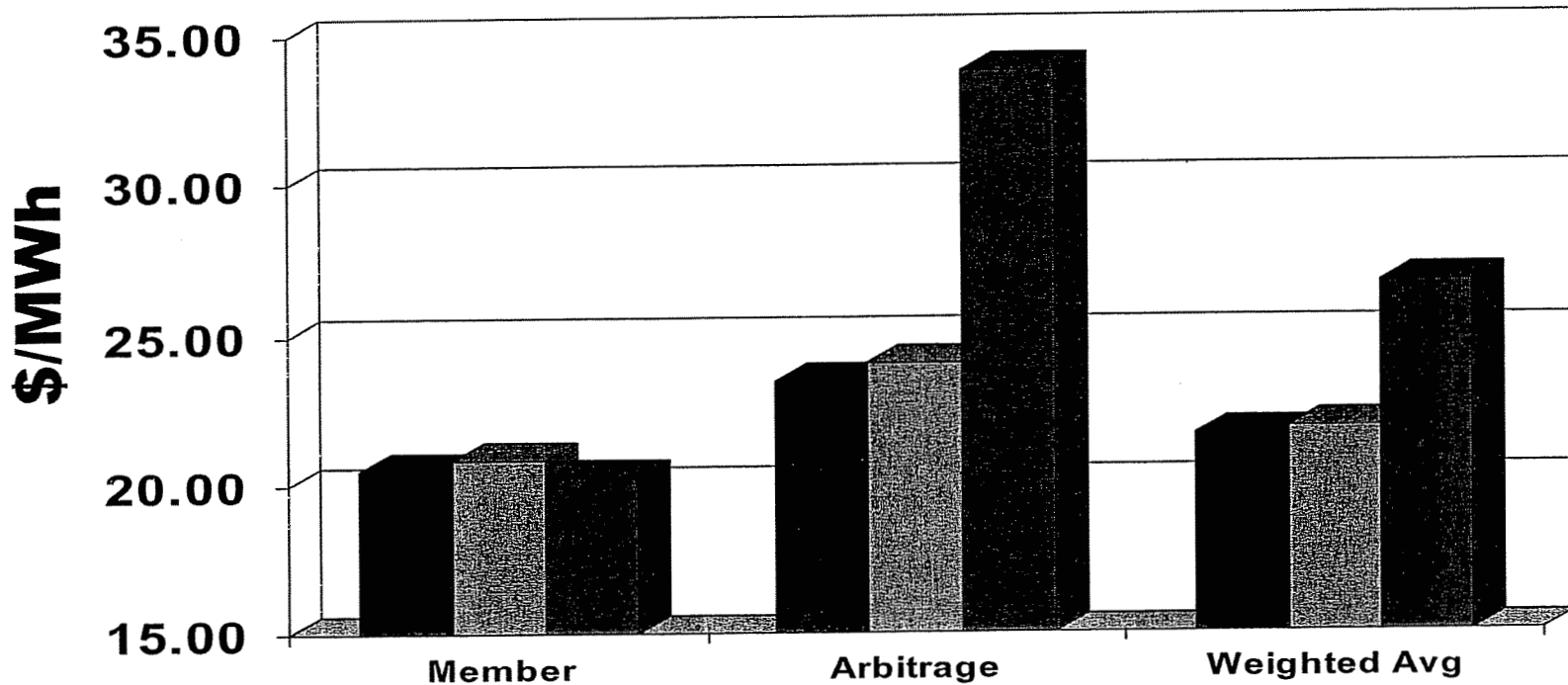
Actual 2008	35.21	30.81	33.98	51.05	40.42
Budget	34.98	30.78	33.77	53.24	39.65
Actual 2007	35.31	31.14	34.13	52.48	42.90

Revenue YTD June (Dollars in Thousands)



Actual 2008	41,389	14,106	50,456	105,951
Budget	40,996	14,637	37,967	93,600
Actual 2007	40,911	14,201	77,518	132,630

Power Cost - \$/MWh Sold YTD June

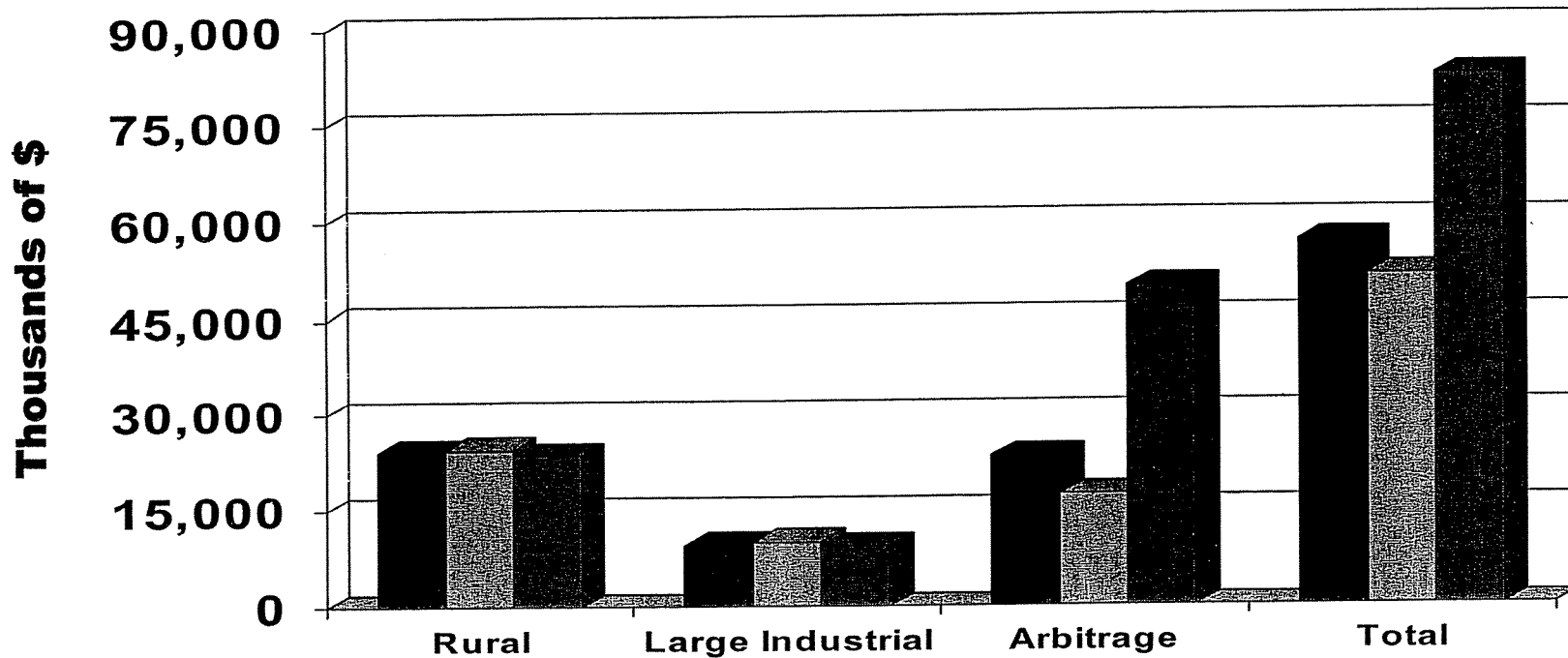


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Actual 2008	20.48	23.46	21.60
Budget	20.84	24.07	21.81
Actual 2007	20.24	33.72	26.68

Power Cost YTD June

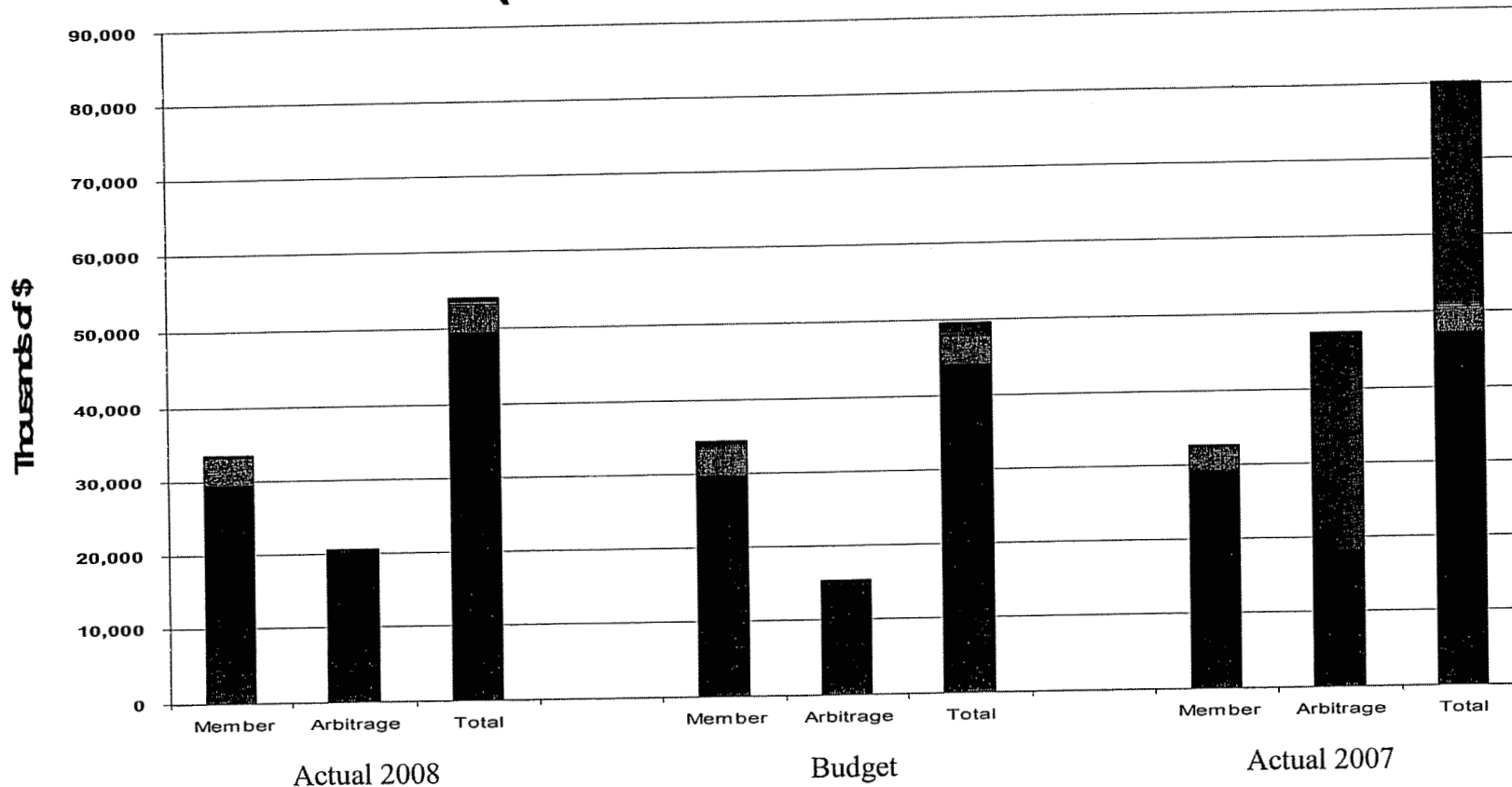
(Dollars in Thousands)



Actual 2008	24,067	9,374	23,187	56,628
Budget	24,420	9,907	17,167	51,494
Actual 2007	23,454	9,230	49,812	82,496

Sources & Distribution of Energy YTD June (Dollars in Thousands)

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Member - Non-Member Purchased Power Allocation

YTD June
(Dollars in Thousands)

	Actual 2008	Budget 2008	Actual 2007
<u>Purchases for Members</u>			
SEPA Power	3,781	3,729	3,356
Domtar (Weyerhaeuser) Cogen Green Power	240	240	198
Arbitrage Power Applied to Members	0	784	0
LEM Power Applied to Members	29,377	29,568	29,078
Member Purchased Power	33,398	34,321	32,632
Other Costs:			
LEM Ancillaries	43	6	52
Total Purchased Power Applied to Members	33,441	34,327	32,684
<u>Purchases For Non-Members</u>			
Arbitrage Power Applied to Non-Members	513	784	29,331
LEM Power Applied to Non-Members	20,015	14,460	18,162
Non-Member Purchased Power	20,528	15,244	47,493
Other Costs:			
Domtar (Weyerhaeuser) Reservation Fee	539	539	539
Domtar (Weyerhaeuser) Energy Imbalance	258	0	113
ACES/ICE/PJM Fees	616	634	567
CFC Letter of Credit Fees	52	33	45
SIPC/MISO/LOC Charges for Smelters	(1)	0	207
Revenue Meter Retrieval Expenses	33	28	0
Arbitrage Transmission Revenue Offset	1,162	689	848
Total Purchased Power Applied to Non-Members	23,187	17,167	49,812
<u>Total Purchased Power</u>			
SEPA Power	3,781	3,729	3,356
Domtar (Weyerhaeuser) Cogen Green Power	240	240	198
Arbitrage Power	513	1,568	29,331
LEM Power	49,392	44,028	47,240
Purchased Power Total	53,926	49,565	80,125
Total Other Costs	2,702	1,929	2,371
Total Purchased Power	56,628	51,494	82,496

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Member - Non-Member Purchased Power Allocation

YTD June

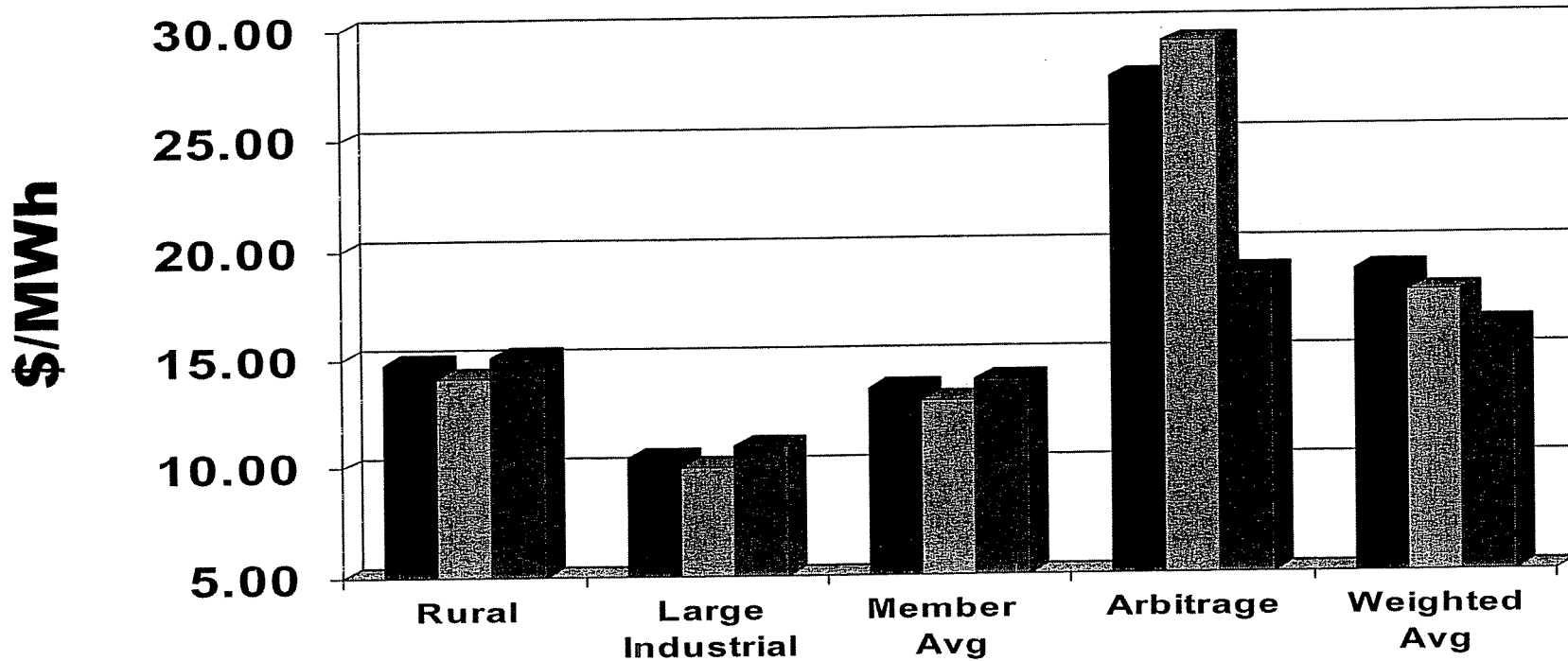
MWh

	Actual 2008	Budget 2008	Actual 2007
<u>MWh Purchases for Members</u>			
SEPA Power	182,206	177,920	155,326
Domtar (Weyerhaeuser) Cogen Green Power	4,368	4,368	3,599
Arbitrage Power Applied to Members	0	2,800	0
LEM Power Applied to Members	1,464,344	1,475,868	1,469,268
Total Purchased Power MWh Applied to Members	<u>1,650,918</u>	<u>1,660,956</u>	<u>1,628,193</u>
<u>MWh Purchases for Non-Members</u>			
Arbitrage Power Applied to Non-Members	6,655	2,800	571,023
LEM Power Applied to Non-Members	992,584	716,136	918,214
Total Purchased Power MWh Applied to Non-Members	<u>999,239</u>	<u>718,936</u>	<u>1,489,237</u>
<u>Total Purchased Power MWh</u>			
SEPA Power	182,206	177,920	155,326
Domtar (Weyerhaeuser) Cogen Green Power	4,368	4,368	3,599
Arbitrage Power	6,655	5,600	571,023
LEM Power	2,456,928	2,192,004	2,387,482
Total Purchased Power MWh	<u>2,650,157</u>	<u>2,379,892</u>	<u>3,117,430</u>

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Sales Margin - \$/MWh Sold YTD June

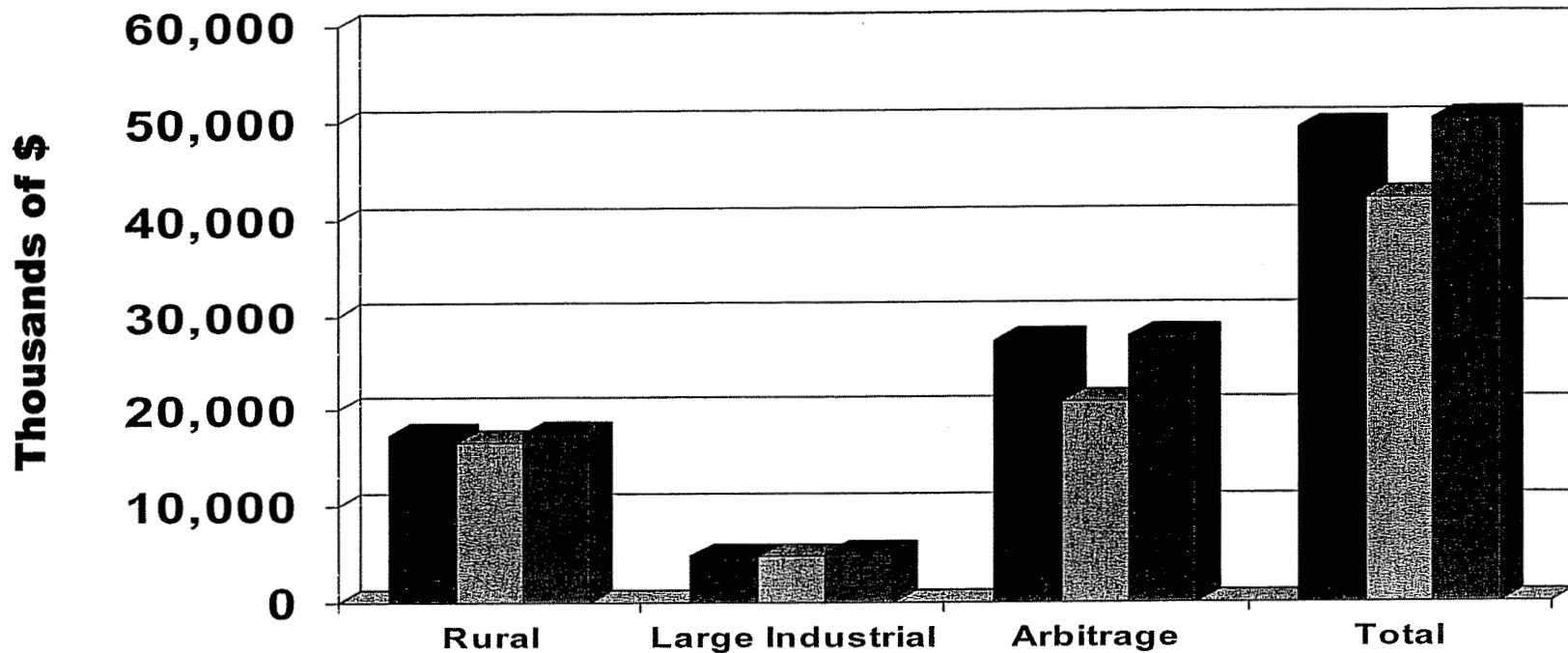
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Actual 2008	14.73	10.33	13.50	27.59	18.82
Budget	14.14	9.94	12.93	29.17	17.84
Actual 2007	15.07	10.90	13.89	18.76	16.22

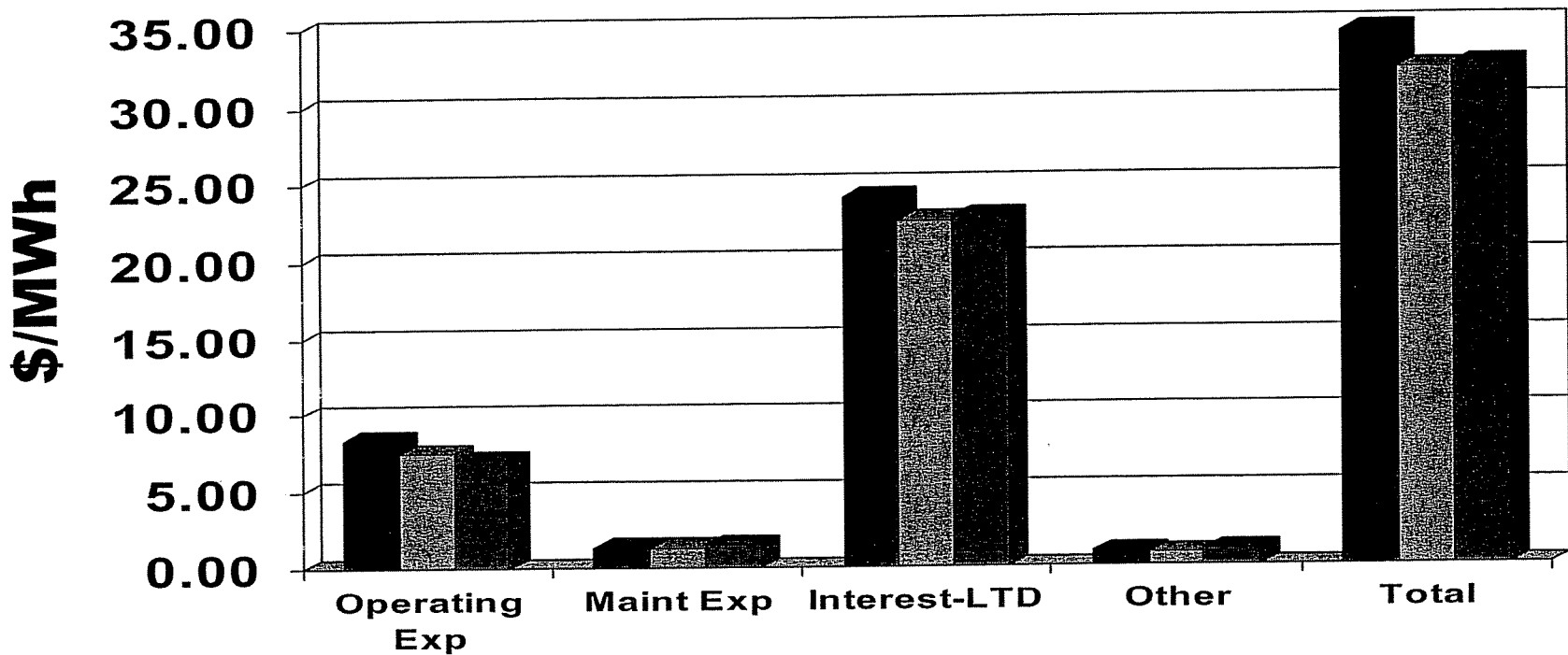
Sales Margin YTD June

(Dollars in Thousands)



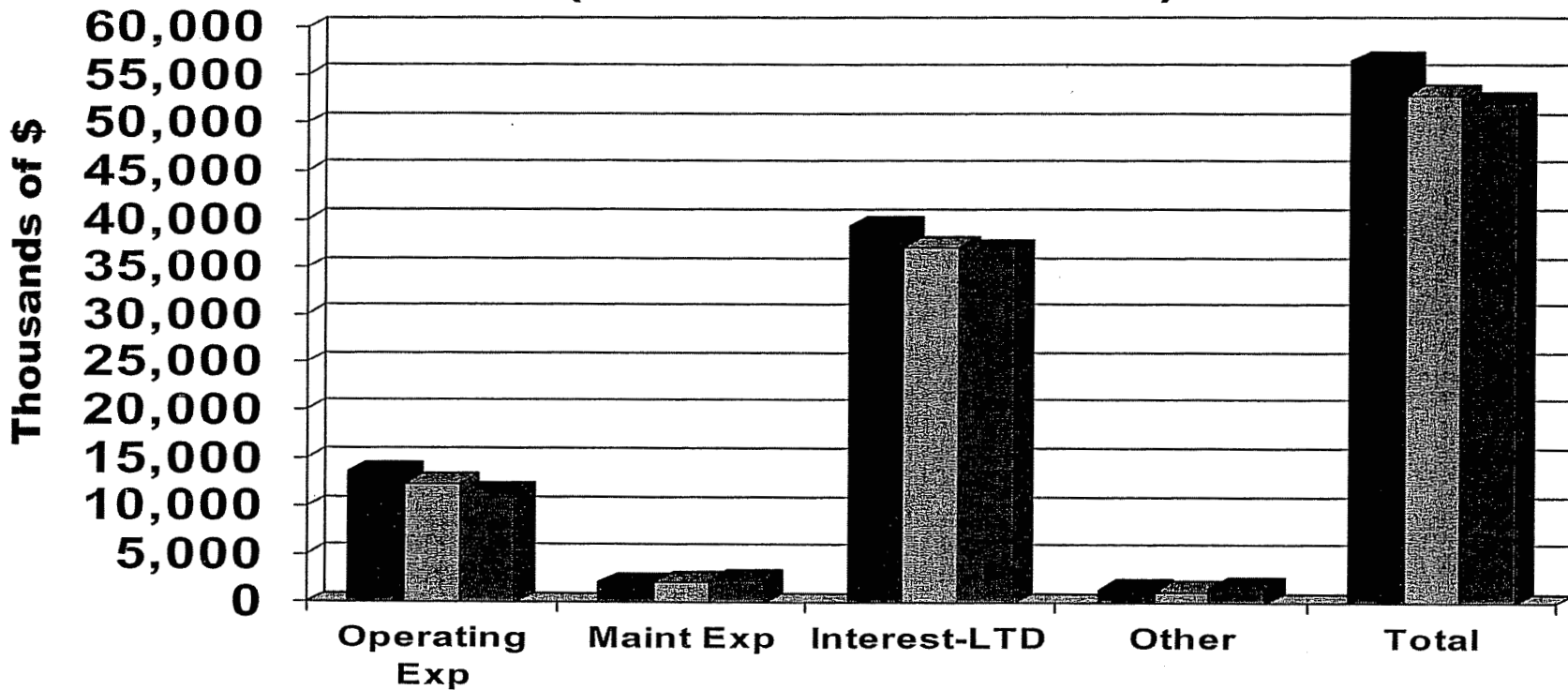
Actual 2008	17,322	4,732	27,269	49,323
Budget	16,576	4,730	20,800	42,106
Actual 2007	17,457	4,971	27,706	50,134

Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold YTD June

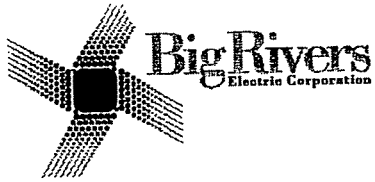


Actual 2008	8.30	1.27	24.07	0.88	34.52
Budget	7.49	1.30	22.56	0.79	32.14
Actual 2007	7.05	1.44	22.81	0.99	32.29

Total Cost of Electric Service (minus Power Cost) YTD June (Dollars in Thousands)



Actual 2008	13,555	2,082	39,310	1,433	56,380
Budget	12,334	2,141	37,174	1,308	52,957
Actual 2007	11,387	2,324	36,825	1,591	52,127



Other Operating Revenue & Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD June	5,186	4,780	4,871

Actual vs Budget Variance primarily due to:

- BREC Power Supply Transmission- Actual 2008 \$473 more than Budget**
- Smelter Tier 3 Transmission Revenue - Actual 2008 \$24 less than Budget;**
- Domtar Cogen Transmission - Actual 2008 \$21 less than Budget;**
- Other Transmission - Actual 2008 \$19 less than Budget**

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Operating Expense - Transmission

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD June	3,587	3,599	4,362

Actual vs Actual Variance primarily due to:

Transmission of Electricity - \$884 less than Actual 2007; primarily SIPC charges related to Smelter Block B sales & TVA Transmission-LEM cancellation

Labor- \$52 more than Actual 2007; more employees in 2008 vs 2007; timing of vacation/sick pay

GIS System Maintenance - \$24 more than Actual 2007; allocation change-offset in General Plant Maintenance

EMS-OSI System Maintenance - \$50 more than Actual 2007; timing

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Customer Service & Informational Expense

	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD June	335	379	296

Actual vs Budget Variance primarily due to:

- Touchstone Energy Efficient Homes Incentive Program - \$16 less than Budget; due to seasonal construction & promotional activities
- Safety Expense - \$10 less than Budget; prescription safety glasses not yet purchased
- Document Development/Reproduction - \$4 less than Budget; due to logo change, less less documents being printed to reduce potential waste
- Travel/Meals - \$7 less than Budget; less than anticipated

Actual vs Actual Variance primarily due to:

- Labor - \$32 more than Actual 2007; timing of filled positions, vacation accrual, employees eligible for retirement accrual in 2008
- Document Development/Reproduction - \$10 more than Actual 2007; C&I Newsletter

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Operating Expense - Sales

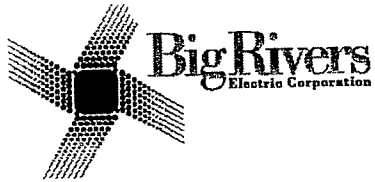
	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD June	135	462	117

Actual vs Budget Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$102 less than Budget; less program participation than anticipated

Economic Development - \$216 less than Budget; timing of payments to Coops

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Operating Expense – A & G

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD June	9,498	7,895	6,612

Actual vs Budget Variance primarily due to:

Labor - \$86 less than Budget; positions not filled when budgeted; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,499 more than Budget; primarily Unwind

PC Software - \$278 more than Budget; Microsoft Licensing (not budgeted)

GIS Maintenance - \$111 more than Budget; offset in General Plant Maintenance

EMS upgrades - \$200 less than Budget; offset in Transmission Maintenance

Actual vs Actual Variance primarily due to:

Labor - \$557 more than Actual 2007; more employees in 2008; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,526 more than Actual 2007; primarily Unwind

PC Software - \$278 more than Actual 2007; Microsoft Licensing

Sungard - \$109 more than Actual 2007 (timing & prepayment of postage)

Dues & Assessments - \$140 more than Actual 2007 (timing); primarily PSC Assessment SeFPC & National G& Managers Association

GIS Maintenance - \$116 more than Actual 2007; offset in General Plant Maintenance

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Maintenance Expense – General Plant

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD June	139	295	250

Actual vs Budget Variance primarily due to:

GIS Service Agreement - \$120 less than Budget; reclassification (offset in A&G Expense)

Maintenance of IS Equipment - \$16 less than Budget; primarily allocation differences
General Plant Maintenance & Transmission Maintenance

Labor - \$18 less than Budget; timing of construction project work, vacations

Actual vs Actual Variance primarily due to:

GIS Service Agreement - \$117 less than Actual 2007; reclassification (offset in A&G Expense)

Audiotel Remittance Maintenance - \$9 more than Actual 2007

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Interest on Long-Term Debt

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
Sale-Leaseback - YTD June	6,603	6,603	6,355
Other - YTD June	32,707	30,571	30,470
YTD June	39,310	37,174	36,825

Actual vs Budget Variance primarily due to:

- P.C. Bonds - \$2,145 more than Budget; Average variable interest rate 6.87% Actual 2008 vs 3.79% Budget
- RUS ARVP Note - \$10 less than Budget; less Arbitrage Interest than anticipated

Actual vs Actual Variance primarily due to:

- P.C. Bonds - \$2,191 more than Actual 2007; Average variable interest rate 6.87% Actual 2008 vs 3.73% Actual 2007
- New RUS Note - \$492 less than Actual 2007; less Outstanding Principal due to quarterly payments
- RUS ARVP Note - \$556 more than Actual 2007; more arbitrage/compounding of interest
- Defeased Sale Leaseback - \$248 more than Actual 2007; compounding of interest

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Interest Expense Charged to Construction-Credit

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD June	(288)	(532)	(127)

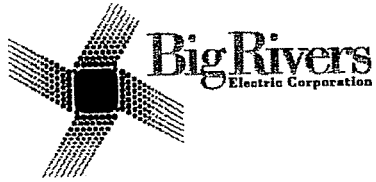
Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather; Skillman (tap)-Meade Co. 161kv Line \$62 less than Budget; Digital Microwave Radio System \$123 less than Budget; Upgrade Reid to Daviess Co 161kV Line \$40 less than Budget

Actual vs Actual Variance primarily due to:

LGEE (KU) Interconnection-\$79 more than Actual 2007; Digital Microwave Radio System \$45 more than Actual 2007

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Interest Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
General Fund-YTD June	2,226	3,213	3,144
Sale-Leaseback-YTD June	6,424	6,424	6,187
YTD June	8,650	9,637	9,331

Actual vs Budget Variance primarily due to:

**General Fund - \$987 less than Budget; decrease in interest rates
3.09% Actual 2008 avg vs 4.50% Budget avg**

Actual vs Actual Variance primarily due to:

**General Fund - \$918 less than Actual 2007; decrease in interest rates
3.09% Actual 2008 avg vs 5.32% Actual 2007 avg**

Sale-Leaseback - \$237 more than Actual 2007; compounding of interest



Ambac and AIG (8/15/2008)

\$ in billions

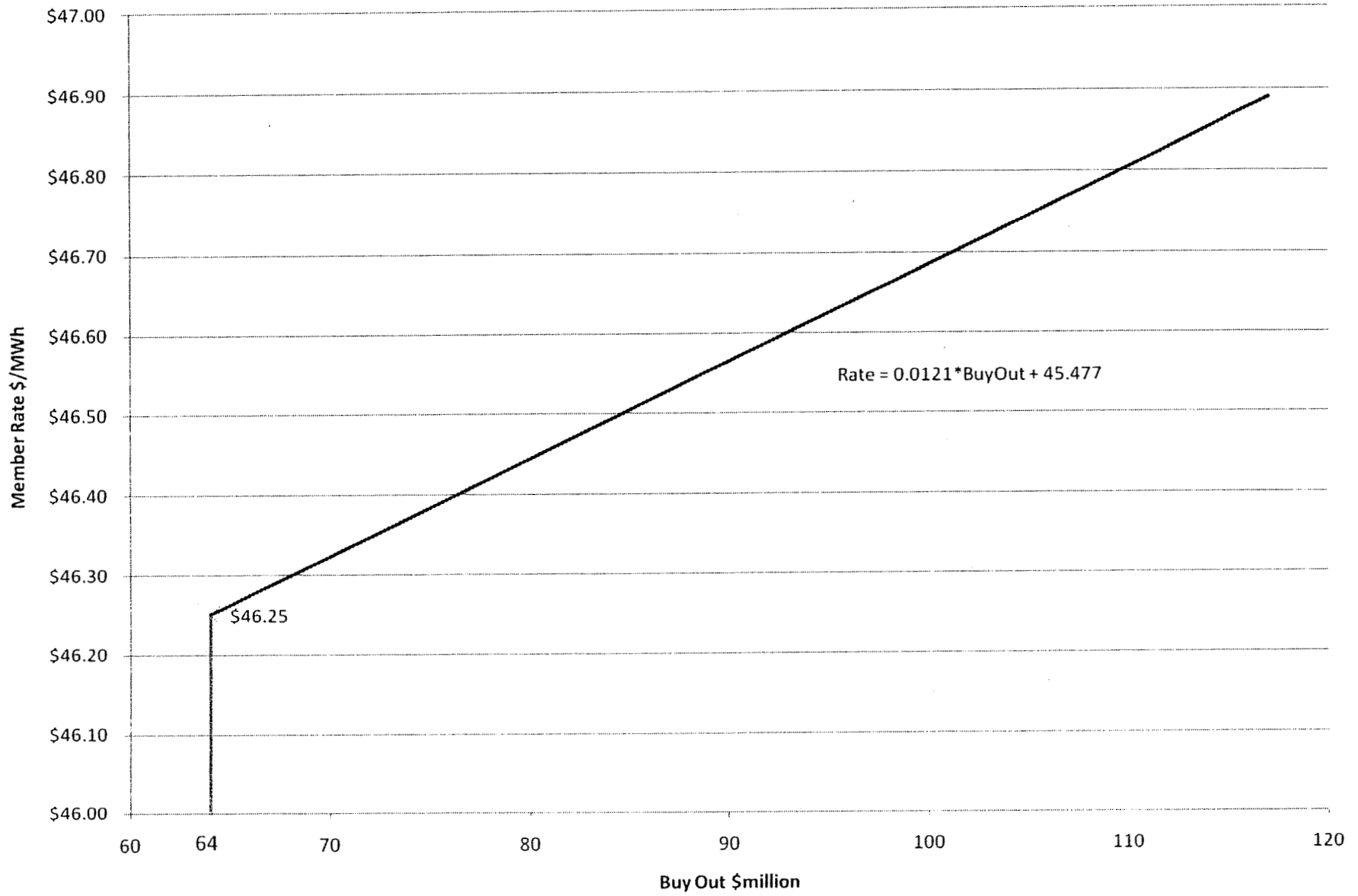
	<u>Ambac</u>		<u>AIG</u>	
	2nd Qtr.	1st Qtr.	2nd Qtr.	1st Qtr.
Net Income - GAAP	.8	(1.7)	(5.4)	(7.8)
As Adjusted	(.5)	(1.3)	(1.3)	(3.6)
Moody's	Aa3 (4th of 10); Negative		Aa3 (4th of 10); Negative	
S&P	AA (3rd of 10); Negative		AA- (4th of 10); Negative	

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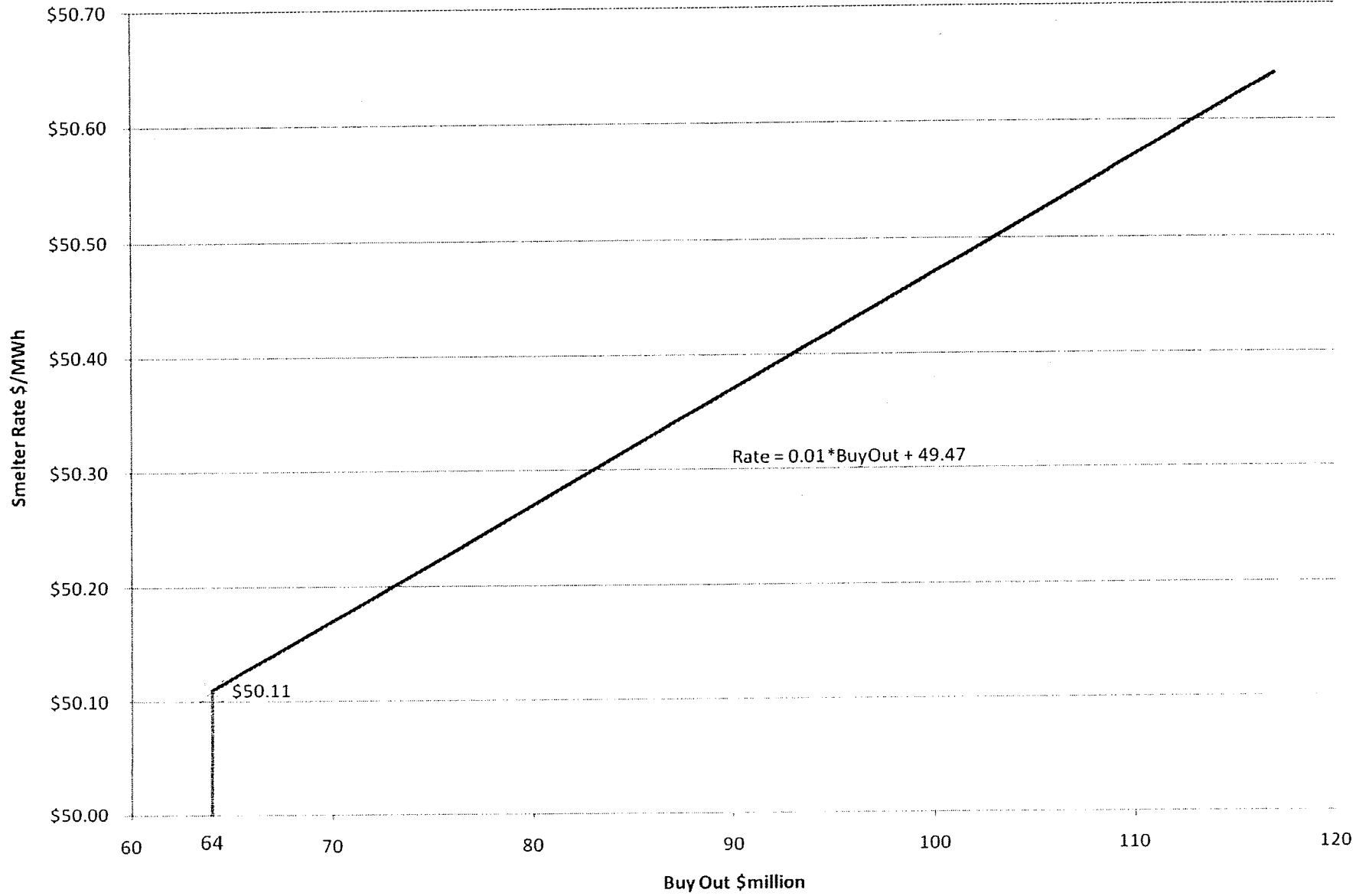
Annual Revenue (2007)	(4)	110
Total Assets (6/30/2008)	23	1,050
Stockholder's Equity (6/30/2008)	2	90

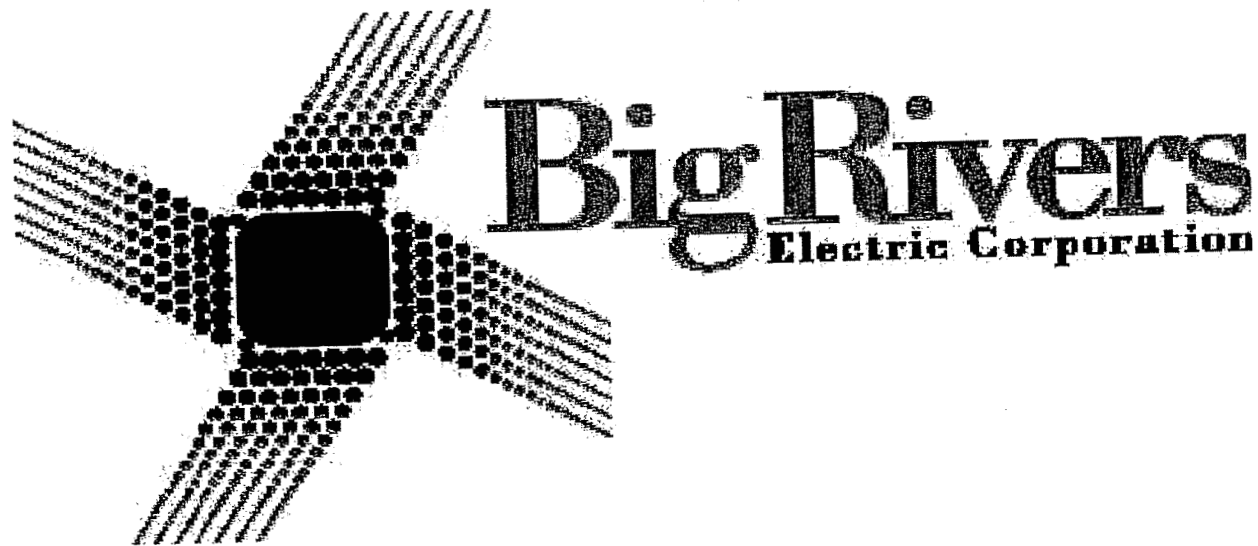


Non-Smelter Member Rates



Smelter Rates

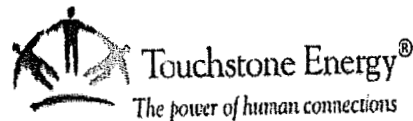


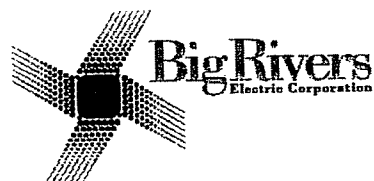


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Financial Report July 2008

Board Meeting Date: September 19, 2008



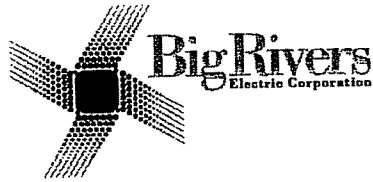


Summary of Operations

July Year To Date
(Thousands Of Dollars)

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
Revenues	145,248	132,951	178,080
Cost of Electric Service	131,137	124,041	159,110
Operating Margins	14,111	8,910	18,970
Non-Operating Income-Net	10,485	12,054	11,807
Net Margins - YTD July	24,596	20,964	30,777

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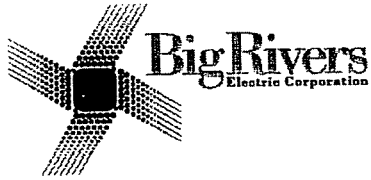
Summary of Operations-July (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	307,144	317,061	303,626
Non-Member MWh	119,990	100,262	222,800
Member Margins-\$/MWh	\$13.09	\$7.21	\$13.02
Non-Member Margins-\$/MWh	\$20.78	\$31.22	\$11.21
Electric Energy Margins	\$6,515	\$5,416	\$6,449
Interest Income-General Fund	\$267	\$544	\$629
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 2.29% Actual 2008; 4.50% Budget; 5.32% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$781	\$1,095	\$1,060
Restricted Assets (A); Bank of America buyout (C)			
Labor	(\$1,184)	(\$1,163)	(\$975)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$431)	(\$455)	(\$533)
SIPC Transmission (Smelters)(A); TVA Transmission (C); EMS System Upgrade (C); Brush control (B); Line Maintenance(C); Substation Maintenance (A); Pole Treatment (C); IS Equipment Maint (C); Microwave Bldgs-roof (C)			
Professional Fees	(\$515)	(\$245)	(\$346)
Unwind (C); Pension Plans/Post-Retirement Medical (C); Tax Return Preparation (C); Transmission matters (B); Files review/Maint issues (C);			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Summary of Operations-July (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$227)	(\$244)	(\$160)
Dues & Assessments (C); SAN's Disk System (C)			
Interest on Long-Term Debt	(\$5,316)	(\$4,973)	(\$5,145)
New RUS Note-decreased interest on outstanding balance differences due to voluntary/required prepayments (A)			
RUS ARVP Note-increased interest due interest compounding (A)			
P.C. Bonds-increased interest due to avg interest rates of 5.61% Actual 2008; 3.79% Budget; 3.80% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$804)	(\$1,126)	(\$1,089)
Defeased Sale Leaseback-interest compounding (A); Bank of America buyout (C)			
All Other	<u>\$3,016</u>	<u>\$2,905</u>	<u>\$2,945</u>
Net Margins	<u><u>\$2,102</u></u>	<u><u>\$1,754</u></u>	<u><u>\$2,835</u></u>

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Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

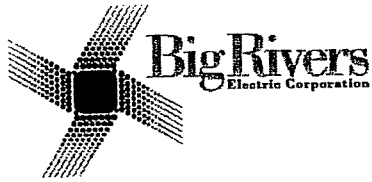


Summary of Operations-YTD July (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	1,940,317	1,964,563	1,918,194
Non-Member MWh	1,108,306	813,376	1,699,881
Member Margins-\$/MWh	\$13.44	\$12.01	\$13.75
Non-Member Margins-\$/MWh	\$26.85	\$29.42	\$17.77
 Electric Energy Margins	 \$55,838	 \$47,522	 \$56,583
Interest Income-General Fund	\$2,493	\$3,757	\$3,774
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 2.98% Actual 2008; 4.50% Budget; 5.32% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$7,205	\$7,519	\$7,247
Restricted Assets (A); Bank of America buyout (C)			
Arbitrage Transmission-BREC Power Supply	\$1,297	\$804	\$972
Increased off-system sales (excluding Smelters) resulted in larger transmission revenue (C); (off-set as as an expense Non-Member Margins)			
Labor	(\$7,542)	(\$7,602)	(\$6,564)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$3,522)	(\$3,483)	(\$4,617)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Line/Sub Maintenance (C); Pole Treatment (A); Plant Equipment Rent (A); Dues & Assessments (B); EMS Upgrade (C); IS Equipment Maint (C);			
Professional Fees	(\$3,745)	(\$1,975)	(\$2,049)
Unwind (C); Pension Plans/Post-Retirement Medical (B); Compensation Study (c); Marketing Surveys (B); Transmission matters (B); Financial Audit (C); Files review/Maint issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07



Summary of Operations-YTD July (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$2,843)	(\$2,669)	(\$1,973)
Dues & Assessments (C); PC Software (Microsoft Licensing) (C); Sungard (C); IS Equipment Maintenance (C); EMS Upgrade (B)			
Operating Expense-Customer Service/Sales	(\$242)	(\$659)	(\$371)
Economic Development (C); Energy Efficiency (B); Touchstone Incentives (B)			
General Plant Maintenance	(\$137)	(\$286)	(\$249)
IS Equipment Maintenance (C) (offset in A&G and Transmission-Maintenance)			
Interest on Long-Term Debt	(\$38,023)	(\$35,543)	(\$35,614)
New RUS Note-decreased interest due to outstanding principal balances (A)			
RUS ARVP Note-increased interest due to arbitrage (A)			
P.C. Bonds-increased interest due to avg interest rates of 6.84% Actual 2008; 3.79% Budget; 3.74% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$7,407)	(\$7,729)	(\$7,444)
Defeased Sale Leaseback-interest compounding (A); Bank of America buyout (C)			
All Other	\$21,224	\$21,308	\$21,082
Net Margins	\$24,596	\$20,964	\$30,777

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Statement of Operations – July

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	15,892,054	16,481,805	22,348,581
INCOME FROM LEASED PROPERTY - NET	2,474,075	2,426,787	2,487,609
OTHER OPERATING REVENUE AND INCOME	817,281	797,617	795,768
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	19,183,410	19,706,209	25,631,958
OPERATING EXPENSE-OTHER POWER SUPPLY	9,376,597	11,065,823	15,899,863
OPERATING EXPENSE-TRANSMISSION	582,602	581,604	686,171
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	52,201	67,513	55,484
OPERATING EXPENSE-SALES	22,020	52,793	165,691
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,411,341	1,145,681	995,948
TOTAL OPERATING EXPENSE	11,444,761	12,913,414	17,803,157
MAINTENANCE EXPENSE-TRANSMISSION	313,672	326,162	193,109
MAINTENANCE EXPENSE-GENERAL PLANT	11,630	24,390	14,404
TOTAL MAINTENANCE EXPENSE	325,302	350,552	207,513
DEPRECIATION & AMORTIZATION EXPENSE	431,341	441,126	424,538
TAXES	92,777	92,777	89,968
INTEREST ON LONG-TERM DEBT	6,120,284	6,098,200	6,233,801
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(47,386)	(82,360)	(34,418)
OTHER INTEREST EXPENSE	288	1,420	2,908
OTHER DEDUCTIONS	(238,199)	(224,577)	(240,496)
TOTAL COST OF ELECTRIC SERVICE	18,129,168	19,590,552	24,486,971
OPERATING MARGINS	1,054,242	115,657	1,144,987
INTEREST INCOME	1,048,218	1,638,648	1,689,652
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	0	0	0
NET PATRONAGE CAPITAL OR MARGINS	2,102,460	1,754,305	2,834,639

Explanation: (a) Electric Energy Net Sales Margin. (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Statement of Operations – YTD July

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	121,842,761	110,081,667	154,979,035
INCOME FROM LEASED PROPERTY - NET	17,401,148	17,291,805	17,434,745
OTHER OPERATING REVENUE AND INCOME	6,003,690	5,578,009	5,666,279
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	145,247,599	132,951,481	178,080,059
OPERATING EXPENSE-OTHER POWER SUPPLY	66,004,328	62,559,706	98,395,707
OPERATING EXPENSE-TRANSMISSION	4,169,535	4,180,628	5,048,465
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	387,408	446,091	351,233
OPERATING EXPENSE-SALES	157,363	514,941	282,596
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	10,909,541	9,040,592	7,608,121
TOTAL OPERATING EXPENSE	81,628,175	76,741,958	111,686,122
MAINTENANCE EXPENSE-TRANSMISSION	2,256,357	2,173,006	2,267,445
MAINTENANCE EXPENSE-GENERAL PLANT	150,646	319,100	264,136
TOTAL MAINTENANCE EXPENSE	2,407,003	2,492,106	2,531,581
DEPRECIATION & AMORTIZATION EXPENSE	2,982,180	3,077,205	2,983,392
TAXES	652,789	649,439	629,776
INTEREST ON LONG-TERM DEBT	45,429,851	43,272,278	43,058,448
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(335,068)	(614,670)	(161,465)
OTHER INTEREST EXPENSE	5,304	9,830	19,843
OTHER DEDUCTIONS	(1,633,425)	(1,586,549)	(1,638,054)
TOTAL COST OF ELECTRIC SERVICE	131,136,809	124,041,597	159,109,643
OPERATING MARGINS	14,110,790	8,909,884	18,970,416
INTEREST INCOME	9,698,216	11,276,062	11,021,059
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	787,237	778,506	785,190
NET PATRONAGE CAPITAL OR MARGINS	24,596,243	20,964,452	30,776,665

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Electric Energy Revenue "Minus" Power Cost
YTD July

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Revenue</u>			
Rural Sales - MWh	1,402,703	1,405,537	1,380,982
Large Industrial Sales - MWh	537,614	559,026	537,212
Arbitrage Sales - MWh	1,108,306	813,376	987,033
Forward Sale-Buyback Sales - MWh	0	0	51,089
Smelters Buythrough Sales - MWh	0	0	661,759
Total Sales - MWh	3,048,623	2,777,939	3,618,075
Rural Revenue - \$/MWh	35.30	35.19	35.26
Large Industrial Revenue - \$/MWh	30.74	30.74	31.05
Arbitrage Revenue - \$/MWh	50.35	53.40	49.05
Forward Sale-Buyback Revenue - \$/MWh	0.00	0.00	90.63
Smelters Buythrough Revenue - \$/MWh	0.00	0.00	55.25
Total Revenue - \$/MWh	39.97	39.63	42.83
Rural Revenue - Thousands of \$	49,510	49,462	48,696
Large Industrial Revenue - Thousands of \$	16,525	17,185	16,678
Arbitrage Revenue - Thousands of \$	55,808	43,435	48,410
Forward Sale-Buyback Revenue - Thousands of \$	0	0	4,630
Smelters Buythrough Revenue - Thousands of \$	0	0	36,565
Total Revenue - Thousands of \$	121,843	110,082	154,979

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Electric Energy Revenue "Minus" Power Cost
YTD July

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.60	21.92	20.33
Large Industrial Power Cost - \$/MWh	20.60	21.92	20.33
Arbitrage Power Cost - \$/MWh	23.50	23.98	22.73
Forward Sale-Buyback Power Cost - \$/MWh	0.00	0.00	44.98
Smelters Buythrough Power Cost - \$/MWh	0.00	0.00	52.38
Total Power Cost - \$/MWh	21.65	22.52	27.20
Rural Power Cost - Thousands of \$	28,887	30,802	28,072
Large Industrial Power Cost - Thousands of \$	11,073	12,254	10,922
Arbitrage Power Cost - Thousands of \$	26,044	19,504	22,440
Forward Sale-Buyback Power Cost - Thousands of \$	0	0	2,298
Smelters Buythrough Power Cost - Thousands of \$	0	0	34,664
Total Power Cost - Thousands of \$	66,004	62,560	98,396

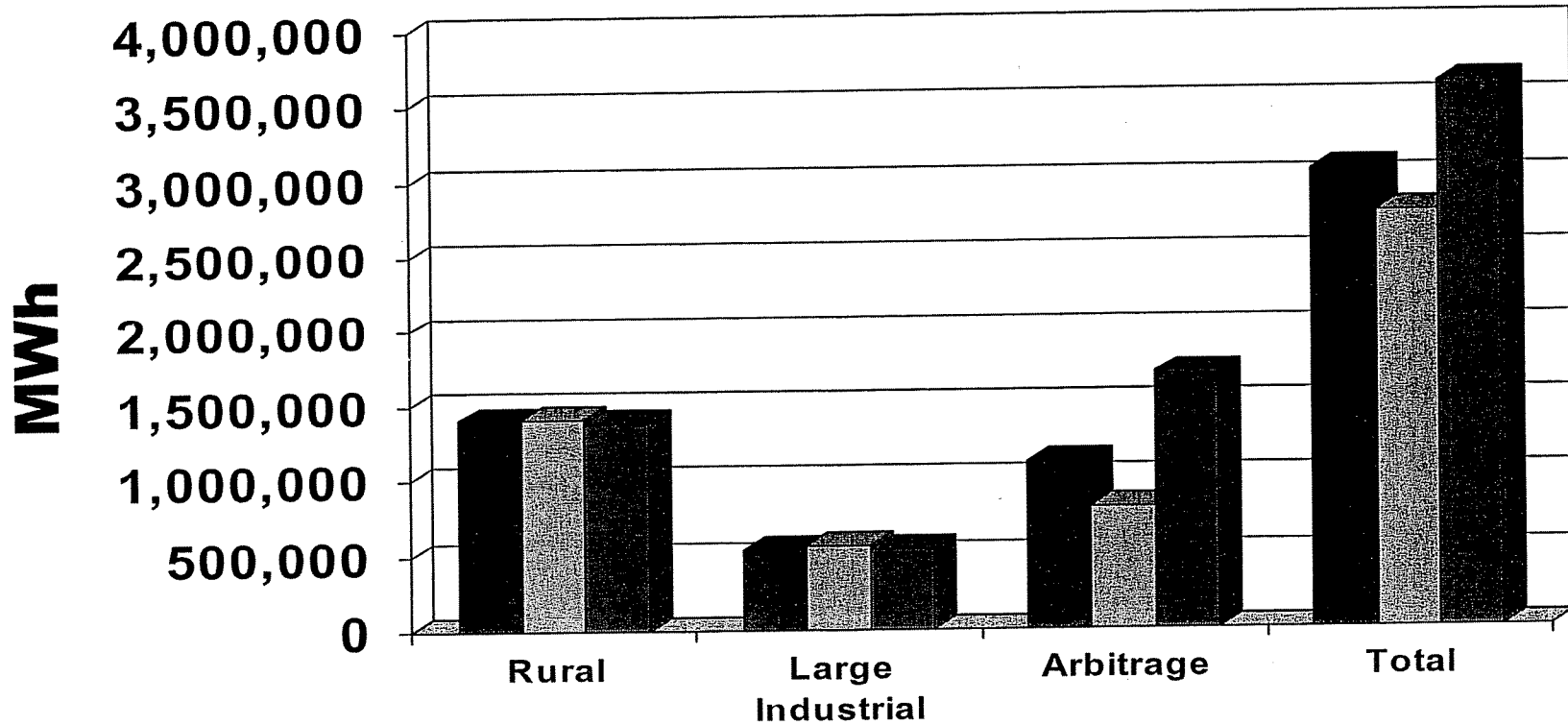
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Electric Energy Revenue "Minus" Power Cost
YTD July

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	14.70	13.27	14.93
Large Industrial Sales Margin - \$/MWh	10.14	8.82	10.72
Arbitrage Sales Margin - \$/MWh	26.85	29.42	26.32
Forward Sale-Buyback Margin - \$/MWh	0.00	0.00	45.65
Smelters Buythrough Margin - \$/MWh	0.00	0.00	2.87
Total Sales Margin - \$/MWh	18.32	17.11	15.63
Rural Sales Margin - Thousands of \$	20,623	18,660	20,624
Large Industrial Sales Margin - Thousands of \$	5,452	4,931	5,756
Arbitrage Sales Margin - Thousands of \$	29,764	23,931	25,970
Forward Sale-Buyback Margin - Thousands of \$	0	0	2,332
Smelters Buythrough Margin - Thousands of \$	0	0	1,901
Total Sales Margin - Thousands of \$	55,839	47,522	56,583

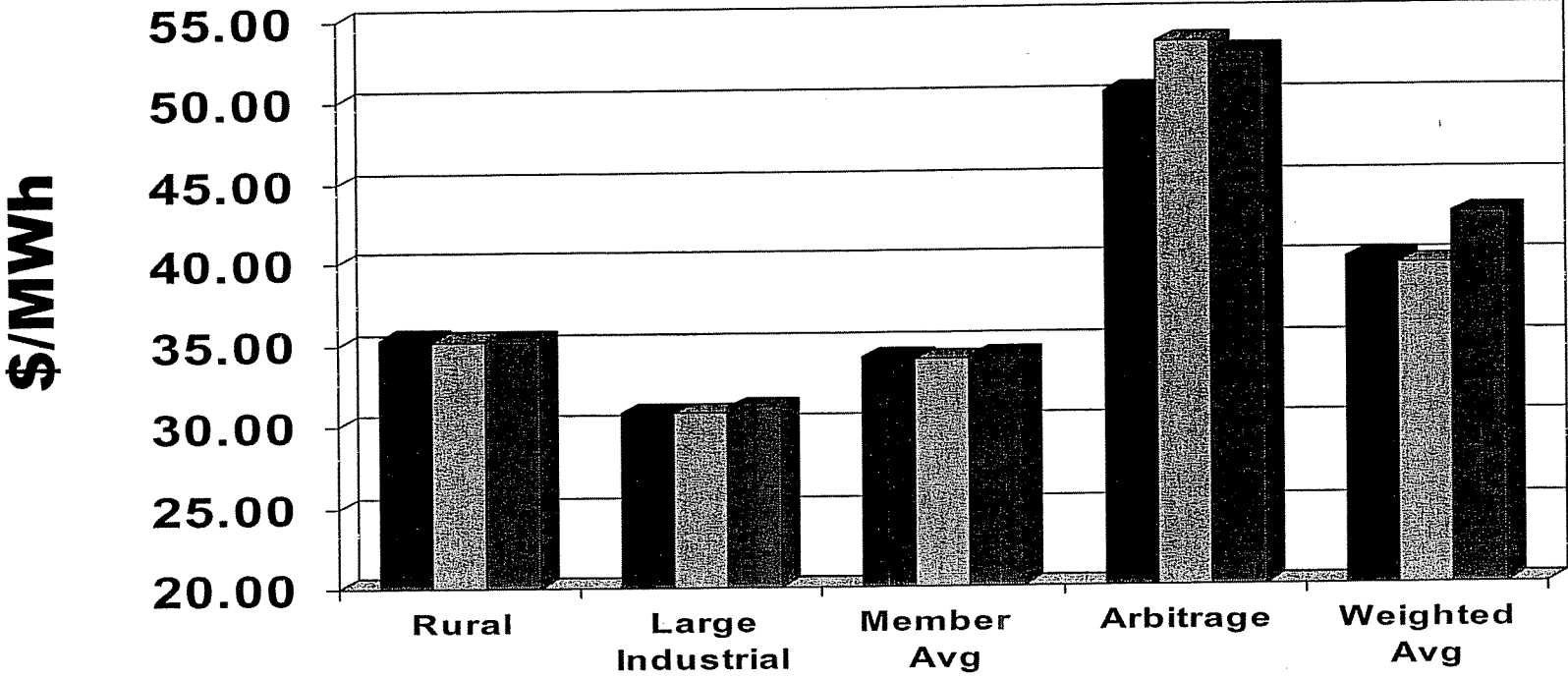
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MWh Sales YTD July



Actual 2008	1,402,703	537,614	1,108,306	3,048,623
Budget	1,405,537	559,026	813,376	2,777,939
Actual 2007	1,380,982	537,212	1,699,881	3,618,075

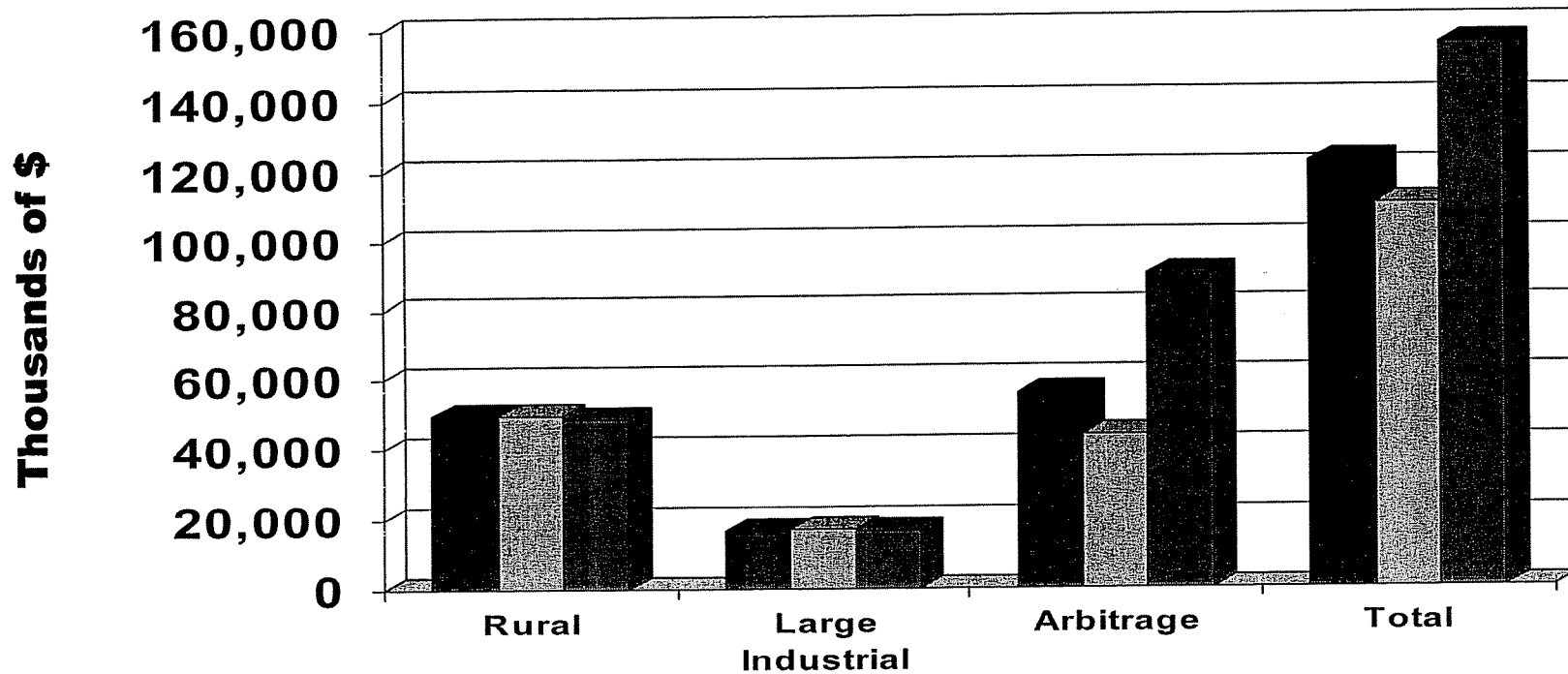
Revenue - \$/MWh Sold YTD July



Actual 2008	35.30	30.74	34.03	50.35	39.97
Budget	35.19	30.74	33.92	53.40	39.63
Actual 2007	35.26	31.05	34.08	52.71	42.83

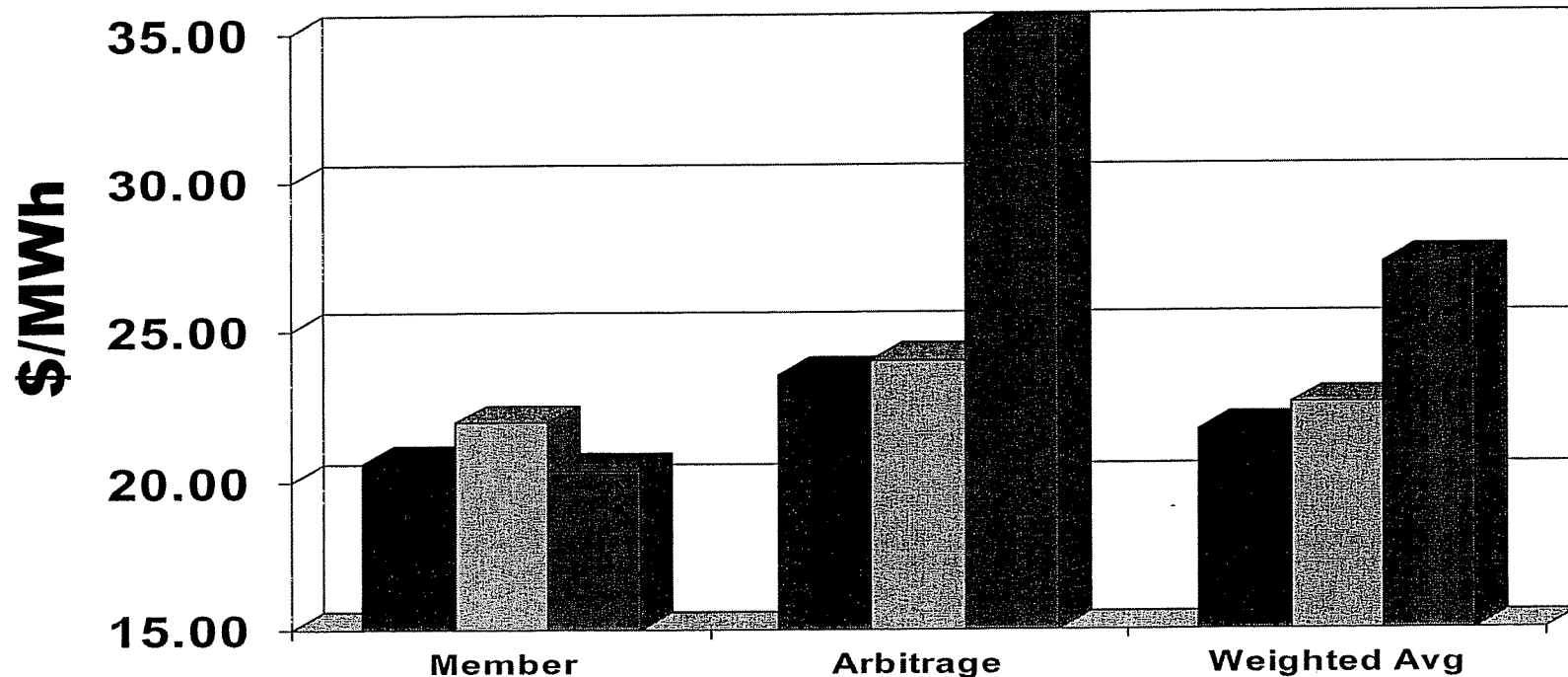
Revenue YTD July

(Dollars in Thousands)



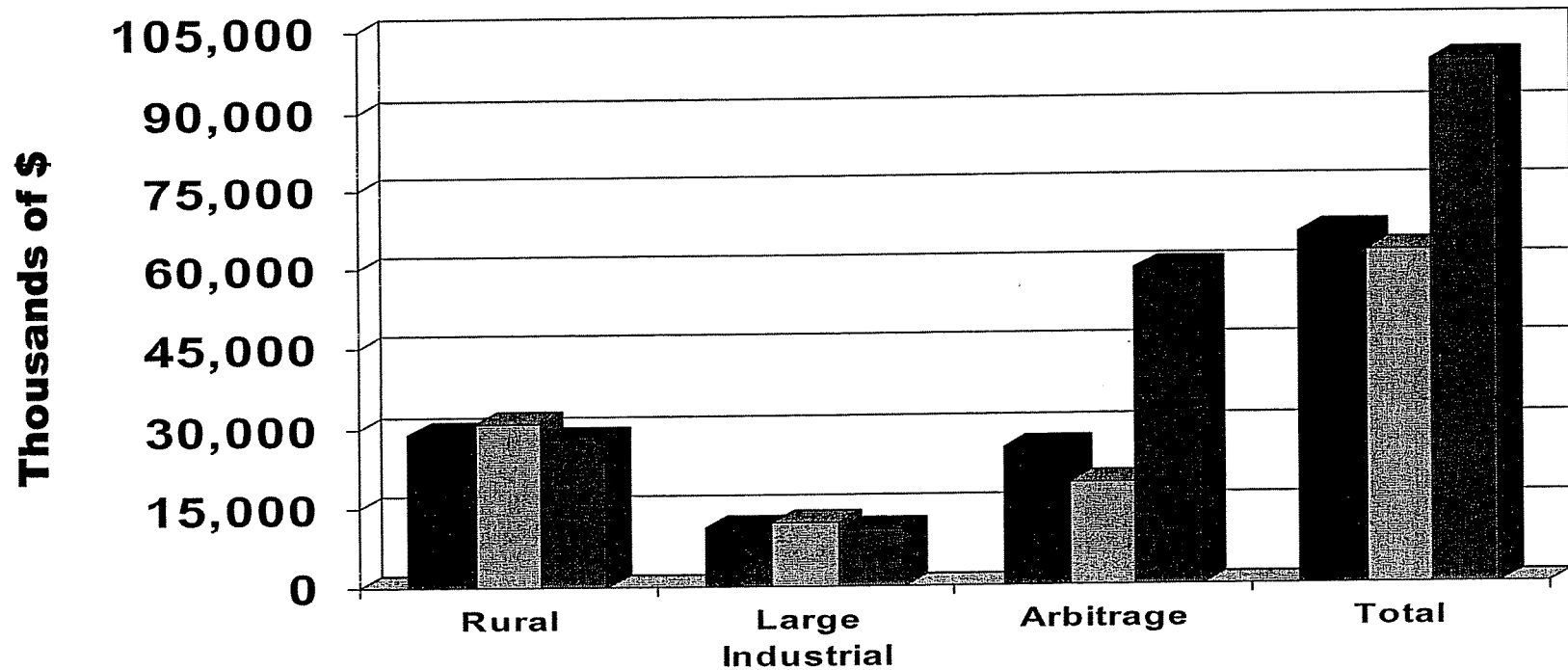
Actual 2008	49,510	16,525	55,808	121,843
Budget	49,462	17,185	43,435	110,082
Actual 2007	48,696	16,678	89,605	154,979

Power Cost - \$/MWh Sold YTD July



Actual 2008	20.60	23.50	21.65
Budget	21.92	23.98	22.52
Actual 2007	20.33	34.94	27.20

Power Cost YTD July (Dollars in Thousands)

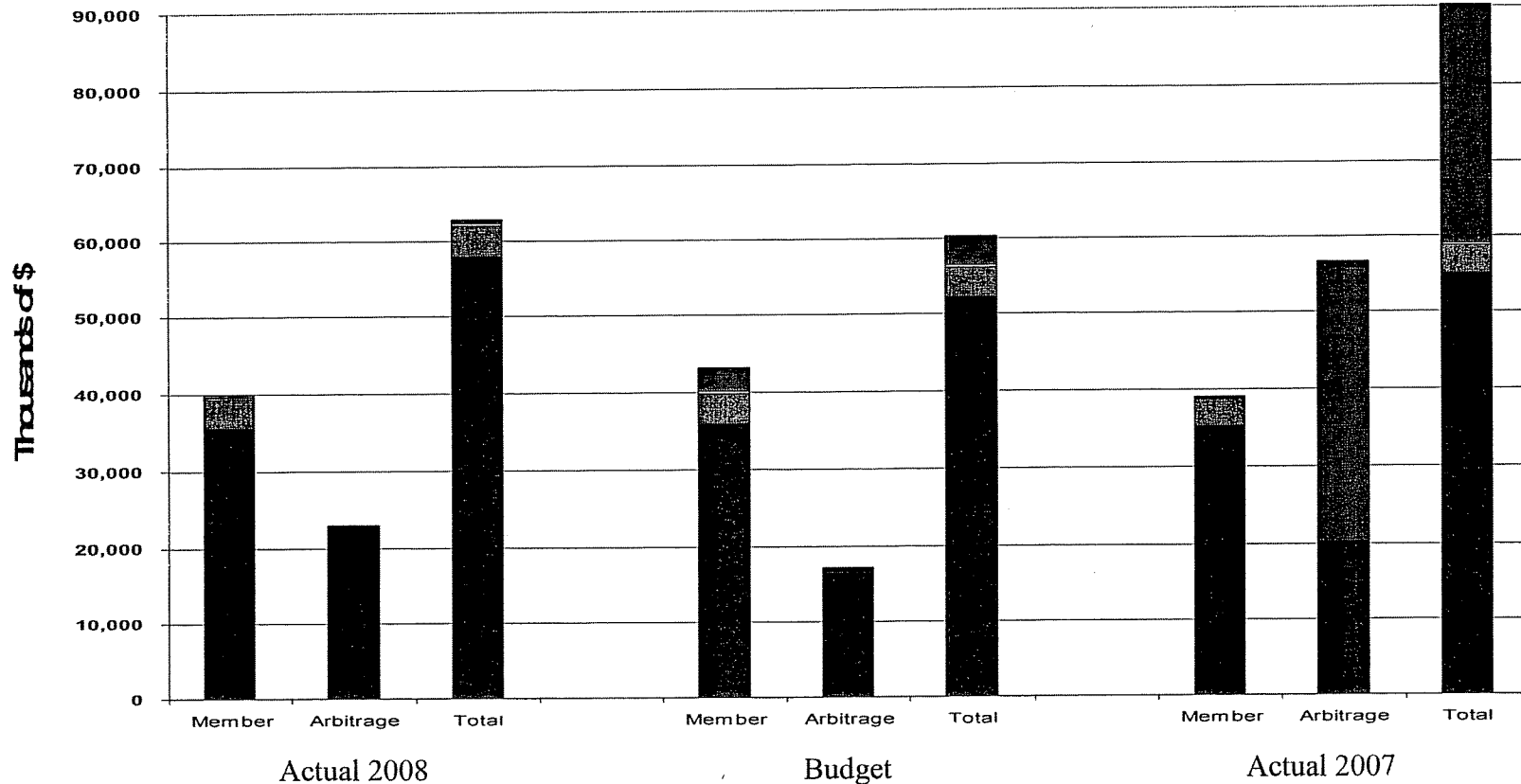


Actual 2008	28,887	11,073	26,044	66,004
Budget	30,802	12,254	19,504	62,560
Actual 2007	28,072	10,922	59,402	98,396

Sources & Distribution of Energy

YTD July

(Dollars in Thousands)



	Actual 2008			Budget			Actual 2007		
Market	0	514	514	3,024	784	3,808	0	36,596	36,596
Domtar	281	0	281	281	0	281	239	0	239
SEPA	4,102	0	4,102	4,087	0	4,087	3,680	0	3,680
LEM	35,494	22,480	57,974	35,657	16,483	52,140	35,023	20,048	55,071
Total	39,877	22,994	62,871	43,049	17,267	60,316	38,942	56,644	95,586

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Member - Non-Member Purchased Power Allocation
YTD July
(Dollars in Thousands)

	Actual 2008	Budget 2008	Actual 2007
<u>Purchases for Members</u>			
SEPA Power	4,102	4,087	3,680
Domtar (Weyerhaeuser) Cogen Green Power	281	281	239
Arbitrage Power Applied to Members	0	3,024	0
LEM Power Applied to Members	35,494	35,657	35,023
Member Purchased Power	39,877	43,049	38,942
Other Costs:			
LEM Ancillaries & Other	83	7	52
Total Purchased Power Applied to Members	39,960	43,056	38,994
<u>Purchases For Non-Members</u>			
Arbitrage Power Applied to Non-Members	514	784	36,596
LEM Power Applied to Non-Members	22,480	16,483	20,048
Non-Member Purchased Power	22,994	17,267	56,644
Other Costs:			
Domtar (Weyerhauser) Reservation Fee	629	629	629
Domtar (Weyerhauser) Energy Imbalance	357	0	139
ACES/ICE/PJM Fees	719	739	661
CFC Letter of Credit Fees	52	33	48
SIPC/MISO/LOC Charges for Smelters	(1)	0	309
Revenue Meter Retrieval Expenses	38	32	0
Arbitrage Transmission Revenue Offset	1,256	804	972
Total Purchased Power Applied to Non-Members	26,044	19,504	59,402
<u>Total Purchased Power</u>			
SEPA Power	4,102	4,087	3,680
Domtar (Weyerhaeuser) Cogen Green Power	281	281	239
Arbitrage Power	514	3,808	36,596
LEM Power	57,974	52,140	55,071
Purchased Power Total	62,871	60,316	95,586
Total Other Costs	3,133	2,244	2,810
Total Purchased Power	66,004	62,560	98,396

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Member - Non-Member Purchased Power Allocation

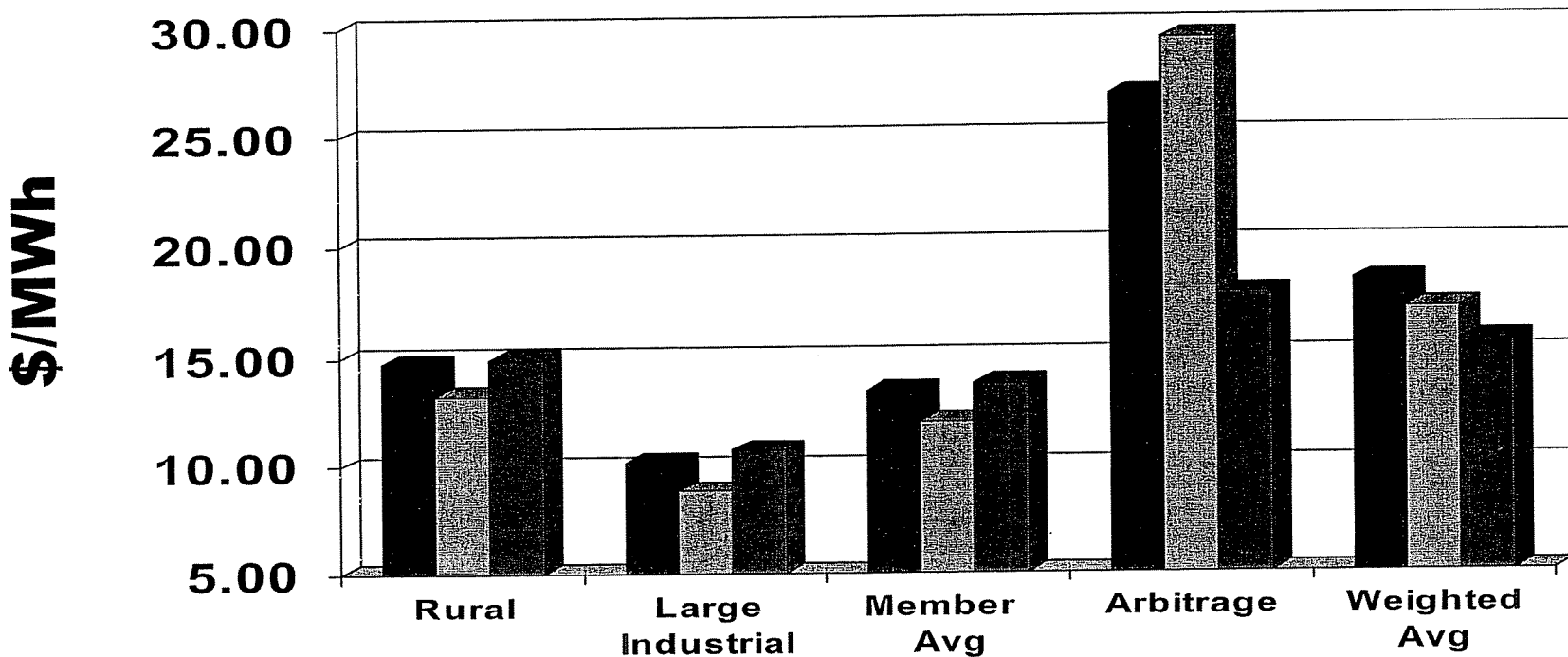
YTD July

MWh

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	Actual 2008	Budget 2008	Actual 2007
<u>MWh Purchases for Members</u>			
SEPA Power	187,105	185,856	160,558
Domtar (Weyerhaeuser) Cogen Green Power	5,112	5,112	4,343
Arbitrage Power Applied to Members	0	10,800	0
LEM Power Applied to Members	1,768,935	1,778,839	1,769,101
Total Purchased Power MWh Applied to Members	1,961,152	1,980,607	1,934,002
<u>MWh Purchases for Non-Members</u>			
Arbitrage Power Applied to Non-Members	6,670	2,800	701,577
LEM Power Applied to Non-Members	1,113,766	817,216	1,012,061
Total Purchased Power MWh Applied to Non-Members	1,120,436	820,016	1,713,638
<u>Total Purchased Power MWh</u>			
SEPA Power	187,105	185,856	160,558
Domtar (Weyerhaeuser) Cogen Green Power	5,112	5,112	4,343
Arbitrage Power	6,670	13,600	701,577
LEM Power	2,882,701	2,596,055	2,781,162
Total Purchased Power MWh	3,081,588	2,800,623	3,647,640

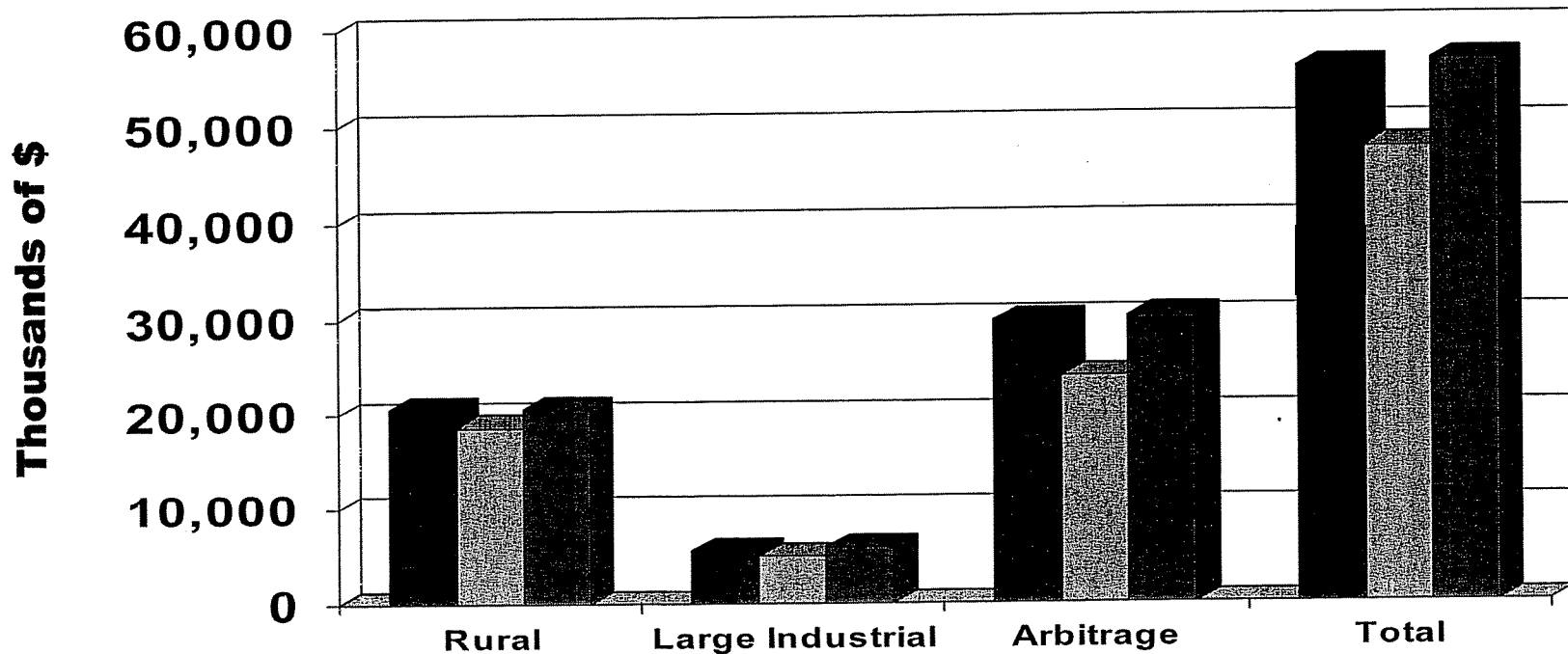
Sales Margin - \$/MWh Sold YTD July



	Rural	Large Industrial	Member Avg	Arbitrage	Weighted Avg
Actual 2008	14.70	10.14	13.44	26.85	18.32
Budget	13.27	8.82	12.01	29.42	17.11
Actual 2007	14.93	10.72	13.75	17.77	15.63

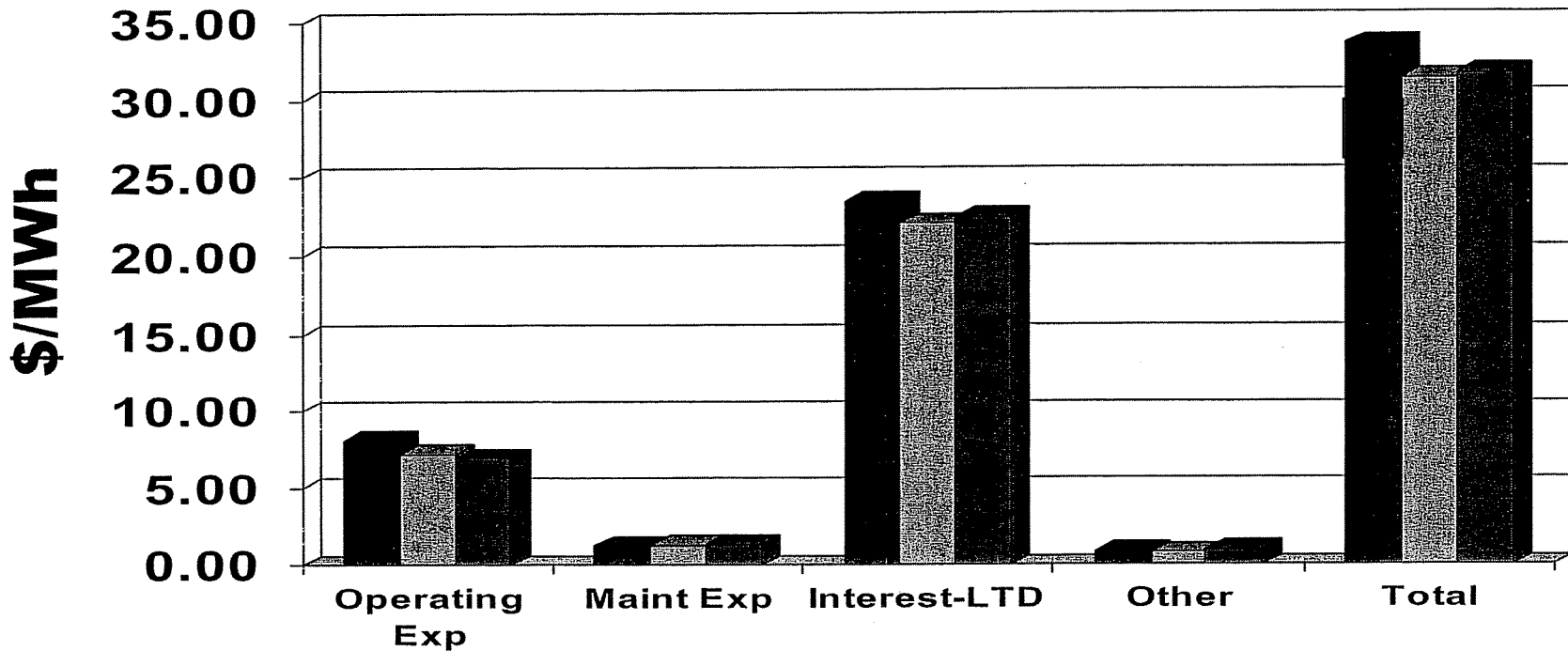
Sales Margin YTD July

(Dollars in Thousands)



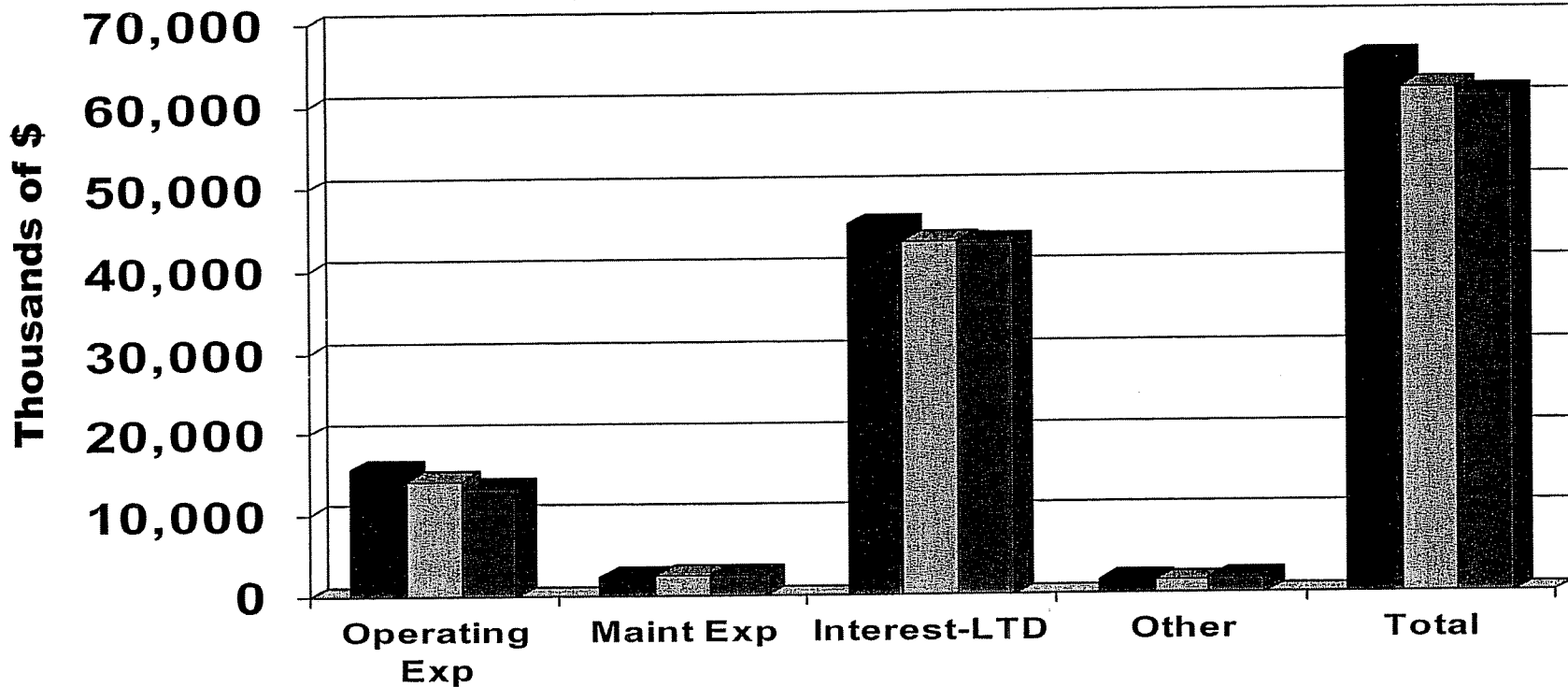
Actual 2008	20,623	5,452	29,764	55,839
Budget	18,660	4,931	23,931	47,522
Actual 2007	20,624	5,756	30,203	56,583

Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold YTD July

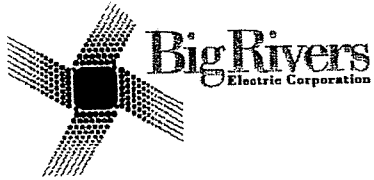


Actual 2008	8.05	1.24	23.41	0.86	33.56
Budget	7.22	1.27	22.03	0.78	31.30
Actual 2007	6.93	1.32	22.45	0.96	31.66

Total Cost of Electric Service (minus Power Cost) YTD July (Dollars in Thousands)



Actual 2008	15,624	2,407	45,430	1,672	65,133
Budget	14,182	2,492	43,272	1,535	61,481
Actual 2007	13,290	2,532	43,058	1,834	60,714



Other Operating Revenue & Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD July	6,004	5,578	5,666

Actual vs Budget Variance primarily due to:

- BREC Power Supply Transmission- Actual 2008 \$493 more than Budget**
- Smelter Tier 3 Transmission Revenue - Actual 2008 \$26 less than Budget;**
- Domtar Cogen Transmission - Actual 2008 \$26 less than Budget;**
- Other Transmission - Actual 2008 \$28 less than Budget**
- Station Two A&G - Annual settlement; Actual 2008 \$19 more than Budget**



Operating Expense – Transmission

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD July	4,170	4,181	5,048

Actual vs Actual Variance primarily due to:

- Transmission of Electricity - \$1,056 less than Actual 2007; primarily SIPC charges related to Smelter Block B sales & TVA Transmission-LEM cancellation
- Labor- \$109 more than Actual 2007; more employees in 2008 vs 2007; timing of vacation/sick pay
- GIS System Maintenance - \$24 more than Actual 2007; allocation change-offset in General Plant Maintenance
- EMS-OSI System Maintenance - \$50 more than Actual 2007; allocation change-offset in General Plant Maintenance

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Customer Service & Informational Expense

	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD July	387	446	351

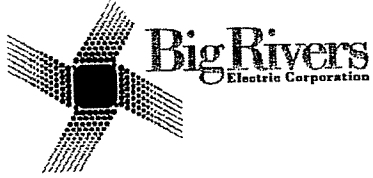
Actual vs Budget Variance primarily due to:

- Touchstone Energy Efficient Homes Incentive Program - \$21 less than Budget; due to seasonal construction & promotional activities
- Safety Expense - \$11 less than Budget; prescription safety glasses not yet purchased
- Document Development/Reproduction - \$8 less than Budget; due to logo change, less less documents being printed to reduce potential waste
- Travel/Meals - \$9 less than Budget; less than anticipated

Actual vs Actual Variance primarily due to:

- Labor - \$41 more than Actual 2007; timing of filled positions, vacation accrual, employees eligible for retirement accrual in 2008

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Operating Expense - Sales

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD July	157	515	283

Actual vs Budget Variance primarily due to:

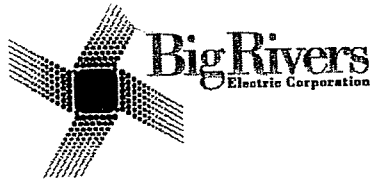
Energy Efficiency/Advertising/Promotions - \$125 less than Budget; less program participation than anticipated; JPEC has discontinued program

Economic Development - \$222 less than Budget; timing of payments to Coops

Actual vs Actual Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$23 more than Actual 2007

Economic Development - \$149 less than Actual 2007; timing of payments to Coops



Operating Expense – A & G

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD July	10,910	9,041	7,608

Actual vs Budget Variance primarily due to:

Labor - \$75 less than Budget; positions not filled when budgeted; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,770 more than Budget; primarily Unwind

PC Software - \$278 more than Budget; Microsoft Licensing (not budgeted)

GIS Maintenance - \$110 more than Budget; offset in General Plant Maintenance

EMS upgrades - \$200 less than Budget; offset in Transmission Maintenance

Actual vs Actual Variance primarily due to:

Labor - \$735 more than Actual 2007; more employees in 2008; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,696 more than Actual 2007; primarily Unwind

PC Software - \$278 more than Actual 2007; Microsoft Licensing

Sungard - \$107 more than Actual 2007 (timing & prepayment of postage)

Dues & Assessments - \$153 more than Actual 2007 (timing); primarily PSC Assessment, SeFPC & National G&T Managers Association

GIS Maintenance - \$116 more than Actual 2007; offset in General Plant Maintenance

Itron Maintenance - \$27 more than Actual 2007

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Maintenance Expense – General Plant

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD July	151	319	264

Actual vs Budget Variance primarily due to:

GIS Service Agreement - \$125 less than Budget; reclassification (offset in A&G Expense)

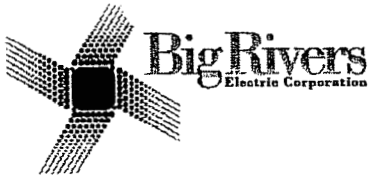
Maintenance of IS Equipment - \$21 less than Budget; primarily allocation differences
General Plant Maintenance & Transmission Maintenance

Labor - \$19 less than Budget; timing of construction project work, vacations

Actual vs Actual Variance primarily due to:

GIS Service Agreement - \$117 less than Actual 2007; reclassification (offset in A&G Expense)

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Interest on Long-Term Debt

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
Sale-Leaseback - YTD July	7,407	7,729	7,444
Other - YTD July	38,023	35,543	35,614
YTD July	45,430	43,272	43,058

Actual vs Budget Variance primarily due to:

- P.C. Bonds - \$2,489 more than Budget; Average variable interest rate 6.84% Actual 2008 vs 3.79% Budget
- RUS ARVP Note - \$10 less than Budget; less Arbitrage Interest than anticipated
- Defeased Sale Leaseback - \$322 less than Budget; Bank of America buyout

Actual vs Actual Variance primarily due to:

- P.C. Bonds - \$2,536 more than Actual 2007; Average variable interest rate 6.84% Actual 2008 vs 3.74% Actual 2007
- New RUS Note - \$683 less than Actual 2007; less Outstanding Principal due to quarterly payments
- RUS ARVP Note - \$578 more than Actual 2007; more arbitrage/compounding of interest
- Defeased Sale Leaseback - \$37 less than Actual 2007; Bank of America buyout

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Interest Expense Charged to Construction-Credit

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD July	(335)	(615)	(161)

Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather; Skillman (tap)-Meade Co. 161kv Line \$64 less than Budget; Digital Microwave Radio System \$144 less than Budget; Upgrade Reid to Daviess Co 161kV Line \$40 less than Budget; Coaltek (Livingston-Marshall) \$14 less than Budget

Actual vs Actual Variance primarily due to:

LGEE (KU) Interconnection-\$64 more than Actual 2007; Digital Microwave Radio System \$61 more than Actual 2007; McCracken-Olivet Church-\$13 more than Actual 2007; Skillman(tap)-Meade Co 161kv Line-\$11 more than Actual 2008

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Interest Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
General Fund-YTD June	2,493	3,757	3,774
Sale-Leaseback-YTD June	7,205	7,519	7,247
YTD June	9,698	11,276	11,021

Actual vs Budget Variance primarily due to:

**General Fund - \$1,264 less than Budget; decrease in interest rates
2.98% Actual 2008 avg vs 4.50% Budget avg**

Sale-Leaseback - \$314 less than Budget; Bank of America buyout

Actual vs Actual Variance primarily due to:

**General Fund - \$1,281 less than Actual 2007; decrease in interest rates
2.98% Actual 2008 avg vs 5.32% Actual 2007 avg**

Sale-Leaseback - \$42 less than Actual 2007; Bank of America buyout



Leveraged Lease Buyout (in Millions of \$)

- Bank of America buyout on 6/30/2008
 - E.ON has paid \$6.1 million
 - Big Rivers has received \$2.2 million
 - Big Rivers will pay E.ON \$1.0 million at Unwind
- Phillip Morris Capital Corp. buyout on 9/30/2008
 - Big Rivers has paid \$109.3 million and issued PMCC a \$12.4 million 8.5% Promissory Note
 - E.ON will pay Big Rivers \$60.9 million at Unwind
- Combined, Big Rivers will have paid \$59.6 million thru the Unwind

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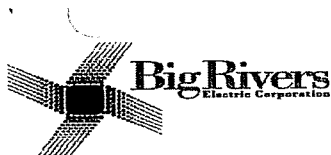


Leveraged Lease Buyout (in Millions of \$)

- Big Rivers received \$64.0 million on 4/18/2000, which was paid on the 5.75% RUS Note
 - Thru 9/30/08, Big Rivers has saved \$31.1 million in interest expense
 - From 9/1/2000 thru 8/31/2008, thru the Member Revenue Discount Adjustment, the members received \$29.4 million

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Leveraged Lease Buyout (in Millions of \$)

- Big Rivers has sufficient NOLs to shelter the tax gain from the regular tax, but it will pay \$800,000 AMT
- Absent the Unwind, Big Rivers will make an immediate KPSC filing seeking a rate increase, approximately 20%, to remain solvent
- There are GAAP questions regarding the Deferred Charge (see next slide)
 - Is rate recovery probable?
 - Require RUS and PSC approval to expense at Unwind

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Leveraged Lease Buyout

(in Millions of \$)

Bank of America	Cash	Accreted	Difference
Gain - Government Securities	28.5	25.1	3.4
Loss - CoBank Loan Payoff	(26.3)	(22.5)	(3.8)
Gain - AIG GIC	33.9	30.3	3.6
Loss - Equity Payoff	(40.0)	(30.3)	(9.7)
Gain - E.ON Payment	6.1	0.0	6.1
	2.2	2.6	(0.4)

Phillip Morris Capital Corp.	Cash	Accreted	Difference
Gain - Government Securities	67.7	65.7	2.0
Loss - CoBank Loan Payoff	(68.1)	(59.5)	(8.5)
Gain - AIG GIC	92.6	74.3	18.3
Loss - Equity Payoff	(214.0)	(74.3)	(139.7)
Gain - E.ON Payment	0.0	0.0	0.0
	(121.7)	6.2	(127.9)

Combined	(119.5)	8.8	(128.3)
Deferred Credit			52.3
Net Deferred Charge @ 12/31/08			(76.0)
E.ON @ Unwind Closing	59.9		59.9
Net @ Post-Unwind	(59.6)		(16.1)





Leveraged Lease Buyout

(in Millions of \$)

<u>Income Tax Journal Entry</u>	<u>BoA</u>	<u>PMCC</u>	<u>Total</u>
Cash	2.2	(121.7)	(119.5)
Plant in Service*	268.0	815.7	1,083.7
Investment	(248.2)	(639.3)	(887.5)
Accrued Interest Receivable	(8.8)	(34.5)	(43.3)
Gain on Sale of Investments	(7.0)	(20.3)	(27.3)
Income from E.ON	(6.1)	0.0	(6.1)
Income from E.ON @ Unwind	1.0	(60.9)	(59.9)
Taxable Income (includes 15% of E.ON net payment @ Unwind)			(42.4)
Alternative Minimum Tax			(0.8)

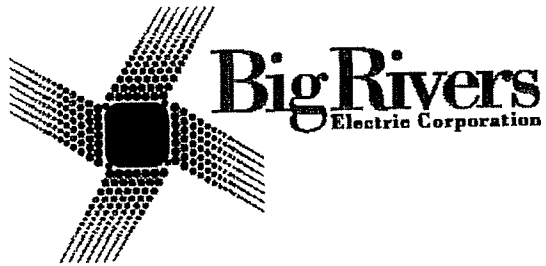
*** Wilson and Green were never retired for GAAP.**

Leveraged Lease
 Date Prepared: 1/8

	BoA 6/30/2008	PMCC 9/30/2008	Income BoA July-Dec	Expense PMCC Oct-Dec	Deferred Dr. Bal. 12/31/2008	12/31/2008 E.ON @ UWCD	Net @ UWCD
Deferred Credit							
Existing Deferred Credit	(14,777,406.23)						
Gain - Government Securities	(3,444,609.86)						
Loss - CoBank Loan Payoff	3,835,417.47						
Gain - AIG GIC	(3,578,449.71)						
Gain - E.ON Payment	(6,125,369.70)					1,000,000.00	
Loss - Equity Payoff	9,703,819.41						
Subtotal	390,807.61						
Net Gain	(14,386,598.62)		368,887.14		(14,017,711.48)	1,000,000.00	(13,017,711.48)
Existing Deferred Credit							
Existing Deferred Credit		(36,704,722.43)					
Gain - Government Securities		(1,987,040.52)					
Loss - CoBank Loan Payoff		8,515,043.18					
Gain - AIG GIC		(18,289,795.56)					
Gain - E.ON Payment		0.00				(60,855,790.94)	
Loss - Equity Payoff		139,669,795.56					
Subtotal		127,908,002.66					
Net Loss		91,203,280.23		(1,184,458.18)	90,018,822.04	(60,855,790.94)	29,163,031.10
Total	(14,386,598.62)	91,203,280.23	368,887.14	(1,184,458.18)	76,001,110.57	(59,855,790.94)	16,145,319.63

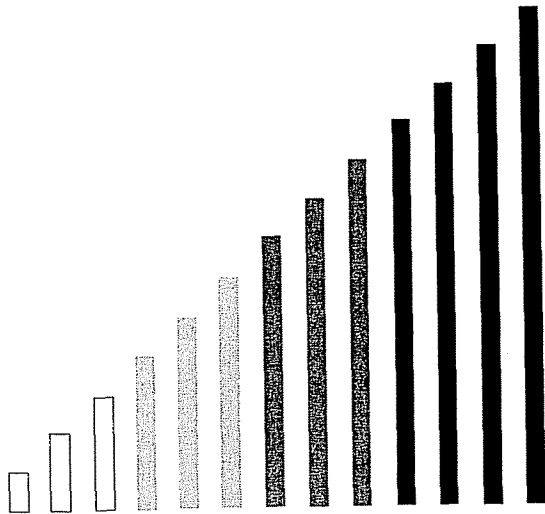
Cash Analysis							
Equity TV	94,049,119.10	221,469,435.98					
Equity Concession	(54,049,119.10)	(7,469,435.98)					
AIG GIC	(33,874,630.30)	(92,620,000.00)					
BREC Payment to date	0.00	(109,000,000.00)					
E.ON Payment to date	(6,125,369.70)	0.00					
BREC Promissory Note	0.00	(12,380,000.00)					
FHLMC vs. CoBank Loan	2,207,186.04	(331,581.88)					
E.ON Payment at Unwind						(59,855,790.94)	
Net E.ON Cost	6,125,369.70	0.00					
Net Big Rivers Cost	(2,207,186.04)	121,711,581.88				(59,855,790.94)	59,648,604.90

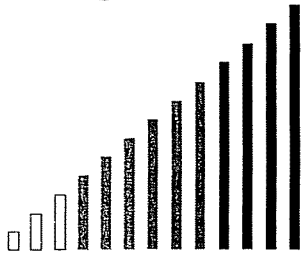
Tax Analysis							
Cash	2,207,186.04	(121,711,581.88)				59,855,790.94	(59,648,604.90)
Plant in Service	267,977,613.82	815,745,967.54					1,083,723,581.36
Investment	(248,210,990.86)	(639,255,036.00)					(887,466,026.86)
Accr Interest Receivable	(8,825,379.73)	(34,502,513.58)					(43,327,893.31)
Gain on Sale of Investments	(7,023,059.57)	(20,276,836.08)					(27,299,895.65)
Income from E.ON	(6,125,369.70)	0.00				(59,855,790.94)	(65,981,160.64)
	(0.00)	(0.00)				0.00	0.00
Nonpatronage Taxable Income (includes 15% of E.ON UWCD amount)							(42,403,633.99)
AMT							(848,072.68)



ARBITRAGE REPORT

SEPTEMBER, 2008

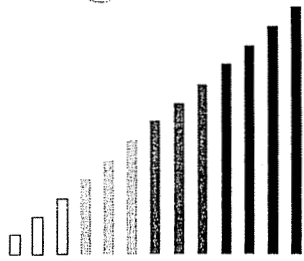




BUDGET VARIANCE

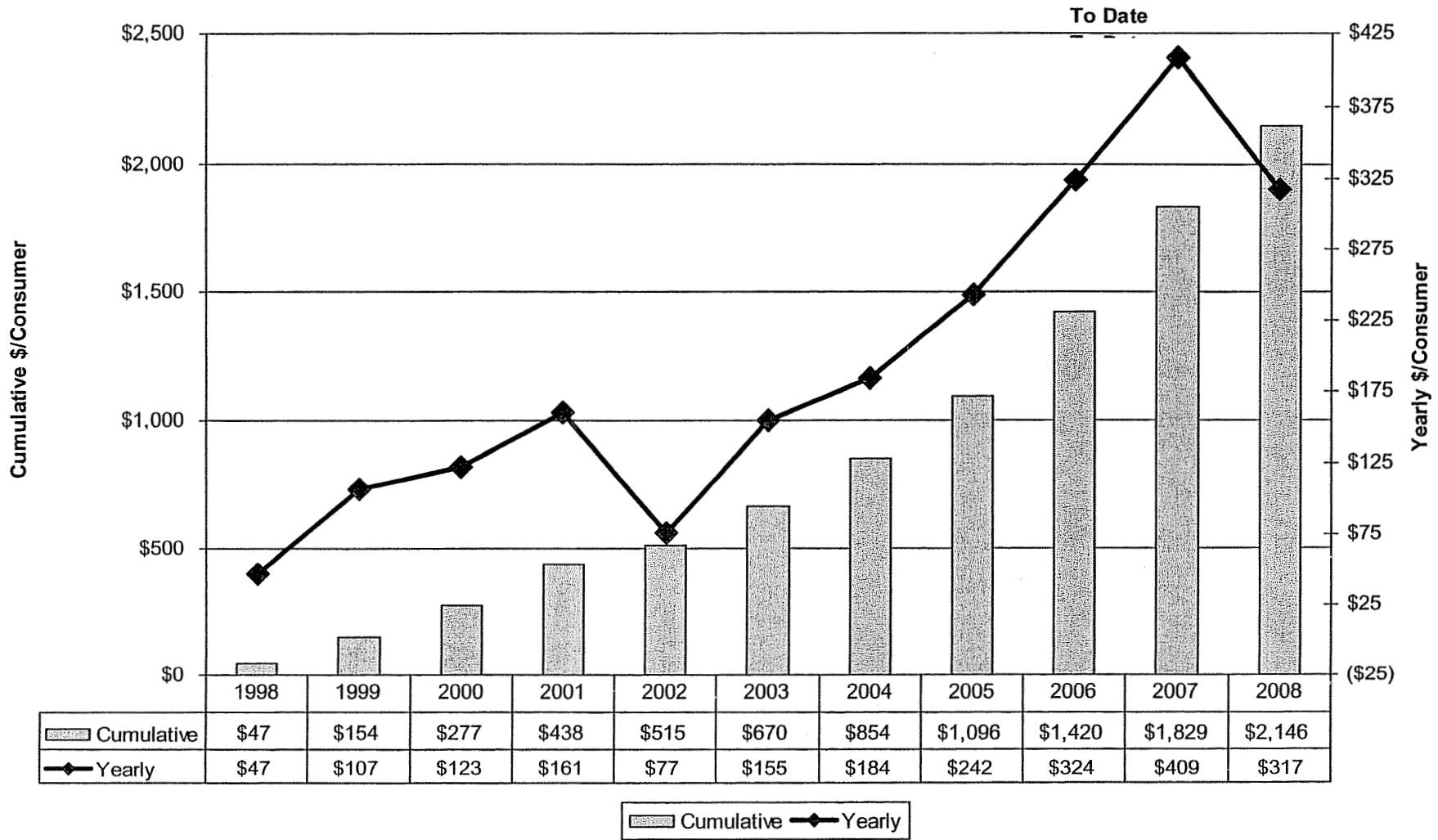
MONTH	BUDGET	ACTUAL	VARIANCE	
January	3,102,976	3,039,674	(63,302)	
February	3,270,775	3,310,784	40,009	
March	3,456,080	5,688,154	2,232,074	
April	3,946,811	6,708,090	2,761,279	
May	4,053,208	5,402,017	1,348,809	
June*	2,577,084	3,179,021	601,937	
July*	3,065,000	2,440,659	(624,341)	
August*	2,389,535	2,636,227	246,692	
September	2,619,230	3,259,392	640,162	EST
October	4,619,869			
November	3,139,331			
December	4,008,308			
Y-T-D	28,480,699	35,664,017	7,183,318	

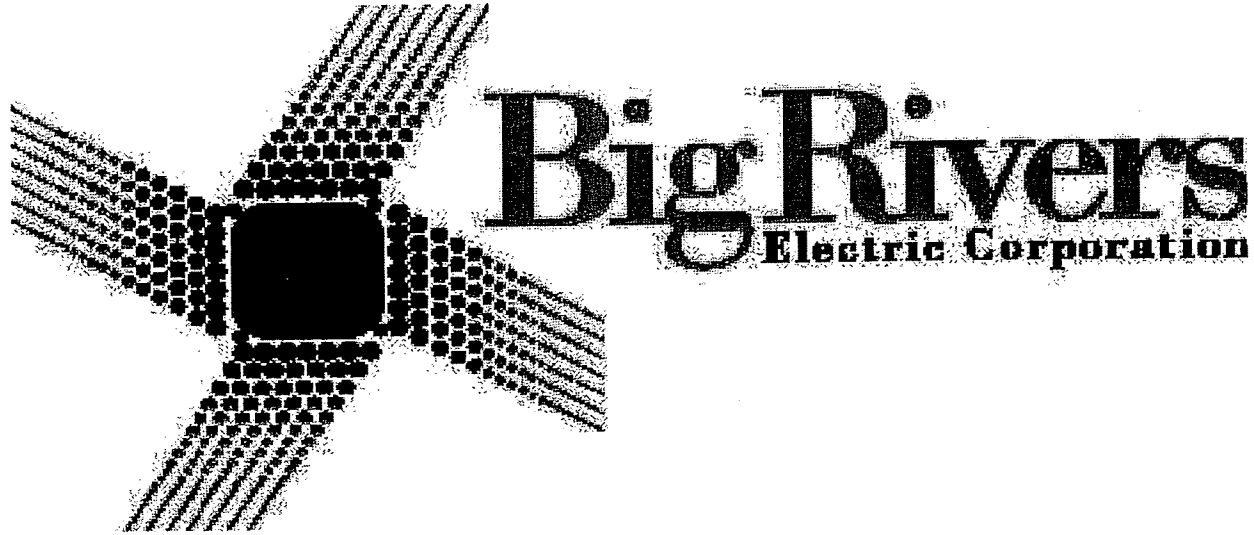
* \$2,800,000 in estimated margins lost due to concessions to smelters



\$Savings/Consumer

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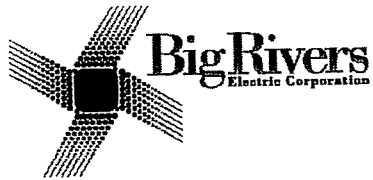




Financial Report August 2008

Board Meeting Date: October 17, 2008





Summary of Operations

August Year To Date

(Thousands Of Dollars)

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
Revenues	164,900	151,677	204,264
Cost of Electric Service	150,605	143,449	185,257
Operating Margins	14,295	8,228	19,007
Non-Operating Income-Net	11,560	13,680	13,522
Net Margins - YTD August	25,855	21,908	32,529

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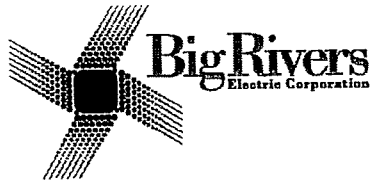
Summary of Operations-August (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	297,528	318,571	346,147
Non-Member MWh	144,110	85,868	205,995
Member Margins-\$/MWh	\$13.45	\$7.05	\$12.53
Non-Member Margins-\$/MWh	\$15.95	\$28.59	\$8.96
 Electric Energy Margins	 \$6,300	 \$4,700	 \$6,184
Interest Income-General Fund	\$293	\$530	\$656
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 2.31% Actual 2008; 4.50% Budget; 5.42% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$781	\$1,095	\$1,060
Restricted Assets (A); Bank of America buyout (C)			
 Labor	 (\$949)	 (\$947)	 (\$1,098)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$506)	(\$633)	(\$747)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Substation Maintenance (C); Pole Treatment (C)			
Professional Fees	(\$249)	(\$248)	(\$390)
Unwind (C); Transmission matters (B); Files Review/Maint Issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

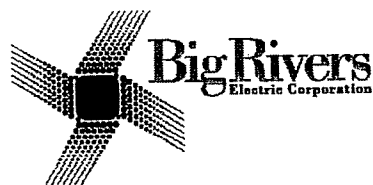
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Summary of Operations-August (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$238)	(\$214)	(\$200)
Dues & Assessments (C); Maintenance Contracts (iSeries/Laservault/Laserfiche) (C)			
Interest on Long-Term Debt	(\$6,160)	(\$5,076)	(\$5,463)
New RUS Note-decreased interest on outstanding balance differences due to voluntary/required prepayments (A)			
RUS ARVP Note-increased Arbitrage interest (C)			
P.C. Bonds-increased interest due to avg interest rates of 6.23% Actual 2008; 3.79% Budget; 3.76% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$804)	(\$1,126)	(\$1,089)
Defeased Sale Leaseback-interest compounding (A); Bank of America buyout (C)			
All Other	\$2,791	\$2,863	\$2,840
Net Margins	\$1,259	\$944	\$1,753

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07



Summary of Operations-YTD August (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	2,237,845	2,283,134	2,264,342
Non-Member MWh	1,252,416	899,244	1,905,876
Member Margins-\$/MWh	\$13.44	\$11.32	\$13.57
Non-Member Margins-\$/MWh	\$25.60	\$29.34	\$14.15
 Electric Energy Margins	 \$62,138	 \$52,222	 \$62,767
Interest Income-General Fund	\$2,787	\$4,288	\$4,430
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 2.89% Actual 2008; 4.50% Budget; 5.33% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$7,986	\$8,613	\$8,308
Restricted Assets (A); Bank of America buyout (C)			
Arbitrage Transmission-BREC Power Supply	\$1,392	\$919	\$1,093
Increased off-system sales (excluding Smelters) resulted in larger transmission revenue (C); (off-set as as an expense Non-Member Margins)			
 Labor	 (\$8,492)	 (\$8,549)	 (\$7,662)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$4,028)	(\$4,117)	(\$5,364)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Line/Sub Maintenance (C); Pole Treatment (A); Plant Equipment Rent (A); Dues & Assessments (B); EMS Upgrade (C); IS Equipment Maint (C);			
Professional Fees	(\$3,994)	(\$2,223)	(\$2,438)
Unwind (C); Pension Plans/Post-Retirement Medical (B); Compensation Study (C); Marketing Surveys (B); Transmission matters (B); Financial Audit (C); Files review/Maint issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Summary of Operations-YTD August (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$3,081)	(\$2,882)	(\$2,172)
Dues & Assessments (C); PC Software (Microsoft Licensing) (C); Sungard (C); IS Equipment Maintenance (C); EMS Upgrade (B)			
Operating Expense-Customer Service/Sales	(\$264)	(\$730)	(\$476)
Economic Development (C); Energy Efficiency (C); Touchstone Incentives (B)			
General Plant Maintenance	(\$159)	(\$293)	(\$316)
IS Equipment Maintenance (C) (offset in A&G and Transmission-Maintenance)			
Interest on Long-Term Debt	(\$44,183)	(\$40,619)	(\$41,078)
New RUS Note-decreased interest due to outstanding principal balances (A)			
RUS ARVP Note-increased Arbitrage interest (C)			
P.C. Bonds-increased interest due to avg interest rates of 6.76% Actual 2008; 3.79% Budget; 3.74% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$8,211)	(\$8,854)	(\$8,533)
Defeased Sale Leaseback-interest compounding (A); Bank of America buyout (C)			
All Other	\$23,964	\$24,133	\$23,970
Net Margins	\$25,855	\$21,908	\$32,529

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Statement of Operations – August

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	16,547,238	15,506,288	22,920,285
INCOME FROM LEASED PROPERTY - NET	2,347,472	2,422,497	2,468,091
OTHER OPERATING REVENUE AND INCOME	757,730	797,002	795,964
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	19,652,440	18,725,787	26,184,340
OPERATING EXPENSE-OTHER POWER SUPPLY	10,247,198	10,805,822	16,736,550
OPERATING EXPENSE-TRANSMISSION	562,001	537,967	867,385
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	53,451	59,253	65,734
OPERATING EXPENSE-SALES	6,662	51,405	86,219
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,029,541	1,002,175	1,198,127
TOTAL OPERATING EXPENSE	11,898,853	12,456,622	18,954,015
MAINTENANCE EXPENSE-TRANSMISSION	311,567	458,204	321,999
MAINTENANCE EXPENSE-GENERAL PLANT	22,785	11,207	67,513
TOTAL MAINTENANCE EXPENSE	334,352	469,411	389,512
DEPRECIATION & AMORTIZATION EXPENSE	426,647	454,748	425,013
TAXES	92,777	92,777	89,968
INTEREST ON LONG-TERM DEBT	6,963,841	6,201,300	6,552,692
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(33,103)	(43,990)	(24,572)
OTHER INTEREST EXPENSE	614	1,420	1,711
OTHER DEDUCTIONS	(216,046)	(224,578)	(240,182)
TOTAL COST OF ELECTRIC SERVICE	19,467,935	19,407,710	26,148,157
OPERATING MARGINS	184,505	(681,923)	36,183
INTEREST INCOME	1,074,182	1,625,433	1,716,534
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	0	0	49
NET PATRONAGE CAPITAL OR MARGINS	1,258,687	943,510	1,752,766

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Statement of Operations – YTD August

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	138,389,999	125,587,955	177,899,321
INCOME FROM LEASED PROPERTY - NET	19,748,620	19,714,302	19,902,836
OTHER OPERATING REVENUE AND INCOME	6,761,420	6,375,011	6,462,243
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	164,900,039	151,677,268	204,264,400
OPERATING EXPENSE-OTHER POWER SUPPLY	76,251,526	73,365,528	115,132,258
OPERATING EXPENSE-TRANSMISSION	4,731,535	4,718,595	5,915,850
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	440,859	505,344	416,967
OPERATING EXPENSE-SALES	164,026	566,346	368,815
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	11,939,081	10,042,767	8,806,248
TOTAL OPERATING EXPENSE	93,527,027	89,198,580	130,640,138
MAINTENANCE EXPENSE-TRANSMISSION	2,567,924	2,631,210	2,589,444
MAINTENANCE EXPENSE-GENERAL PLANT	173,431	330,307	331,649
TOTAL MAINTENANCE EXPENSE	2,741,355	2,961,517	2,921,093
DEPRECIATION & AMORTIZATION EXPENSE	3,408,827	3,531,953	3,408,404
TAXES	745,566	742,216	719,744
INTEREST ON LONG-TERM DEBT	52,393,692	49,473,578	49,611,140
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(368,171)	(658,660)	(186,037)
OTHER INTEREST EXPENSE	5,918	11,250	21,554
OTHER DEDUCTIONS	(1,849,470)	(1,811,127)	(1,878,236)
TOTAL COST OF ELECTRIC SERVICE	150,604,744	143,449,307	185,257,800
OPERATING MARGINS	14,295,295	8,227,961	19,006,600
INTEREST INCOME	10,772,398	12,901,495	12,737,593
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	787,237	778,506	785,239
NET PATRONAGE CAPITAL OR MARGINS	25,854,930	21,907,962	32,529,432

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

Electric Energy Revenue "Minus" Power Cost
YTD August

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Revenue</u>			
Rural Sales - MWh	1,619,213	1,636,780	1,645,022
Large Industrial Sales - MWh	618,632	646,354	619,320
Arbitrage Sales - MWh	1,252,416	899,244	1,061,990
Forward Sale-Buyback Sales - MWh	0	0	51,089
Smelters Buythrough Sales - MWh	0	0	792,797
Total Sales - MWh	3,490,261	3,182,378	4,170,218
Rural Revenue - \$/MWh	35.38	35.35	35.13
Large Industrial Revenue - \$/MWh	30.66	30.63	30.92
Arbitrage Revenue - \$/MWh	49.61	53.31	48.87
Forward Sale-Buyback Revenue - \$/MWh	0.00	0.00	90.63
Smelters Buythrough Revenue - \$/MWh	0.00	0.00	56.04
Total Revenue - \$/MWh	39.65	39.46	42.66
Rural Revenue - Thousands of \$	57,290	57,852	57,791
Large Industrial Revenue - Thousands of \$	18,969	19,799	19,148
Arbitrage Revenue - Thousands of \$	62,131	47,937	51,898
Forward Sale-Buyback Revenue - Thousands of \$	0	0	4,630
Smelters Buythrough Revenue - Thousands of \$	0	0	44,432
Total Revenue - Thousands of \$	138,390	125,588	177,899

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**Electric Energy Revenue "Minus" Power Cost
YTD August**

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.64	22.69	20.41
Large Industrial Power Cost - \$/MWh	20.64	22.69	20.41
Arbitrage Power Cost - \$/MWh	24.01	23.97	22.94
Forward Sale-Buyback Power Cost - \$/MWh	0.00	0.00	44.98
Smelters Buythrough Power Cost - \$/MWh	0.00	0.00	53.30
Total Power Cost - \$/MWh	21.85	23.05	27.61
Rural Power Cost - Thousands of \$	33,417	37,145	33,580
Large Industrial Power Cost - Thousands of \$	12,765	14,669	12,642
Arbitrage Power Cost - Thousands of \$	30,069	21,551	24,359
Forward Sale-Buyback Power Cost - Thousands of \$	0	0	2,298
Smelters Buythrough Power Cost - Thousands of \$	0	0	42,253
Total Power Cost - Thousands of \$	76,251	73,365	115,132

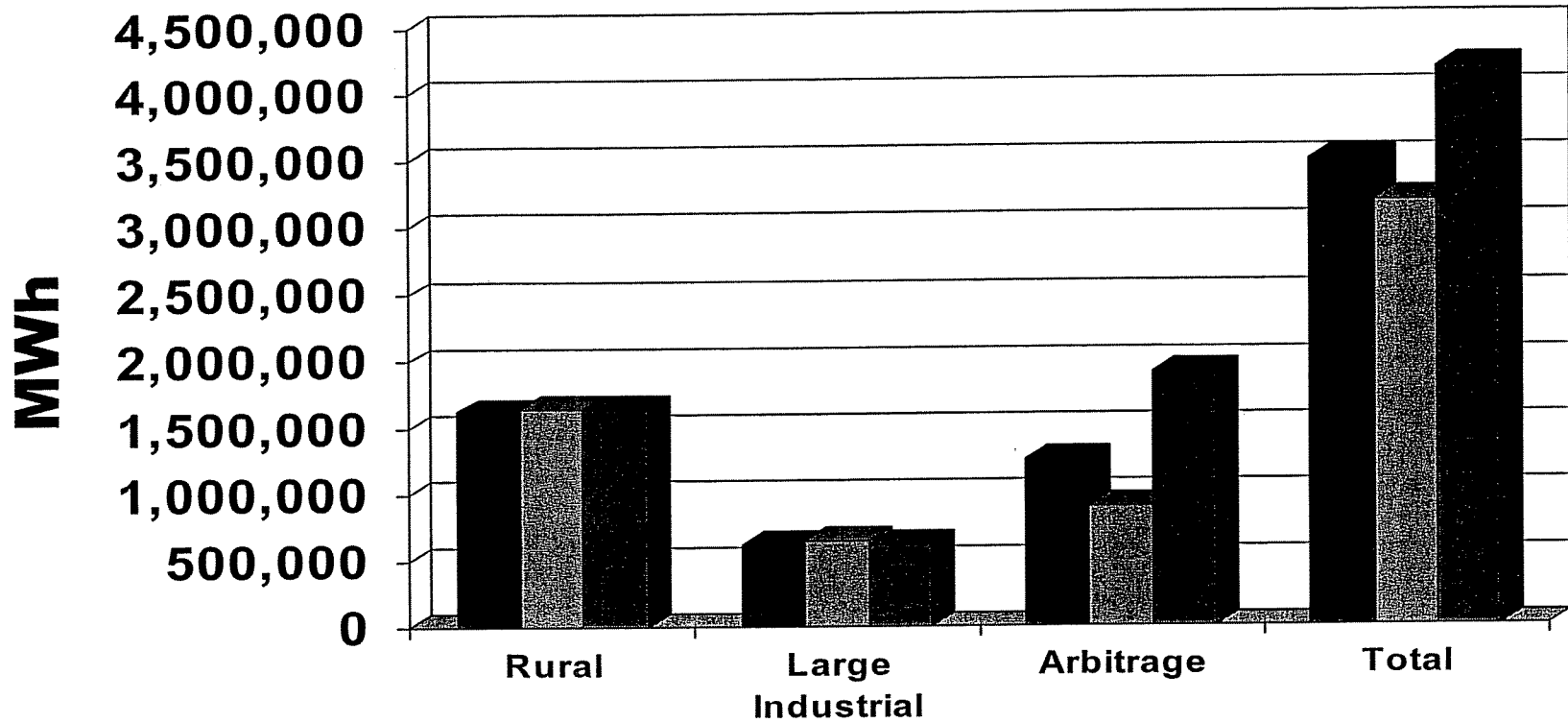
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**Electric Energy Revenue "Minus" Power Cost
YTD August**

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	14.74	12.66	14.72
Large Industrial Sales Margin - \$/MWh	10.02	7.94	10.51
Arbitrage Sales Margin - \$/MWh	25.60	29.34	25.93
Forward Sale-Buyback Margin - \$/MWh	0.00	0.00	45.65
Smelters Buythrough Margin - \$/MWh	0.00	0.00	2.74
Total Sales Margin - \$/MWh	17.80	16.41	15.05
Rural Sales Margin - Thousands of \$	23,873	20,707	24,211
Large Industrial Sales Margin - Thousands of \$	6,204	5,130	6,506
Arbitrage Sales Margin - Thousands of \$	32,062	26,386	27,539
Forward Sale-Buyback Margin - Thousands of \$	0	0	2,332
Smelters Buythrough Margin - Thousands of \$	0	0	2,179
Total Sales Margin - Thousands of \$	62,139	52,223	62,767

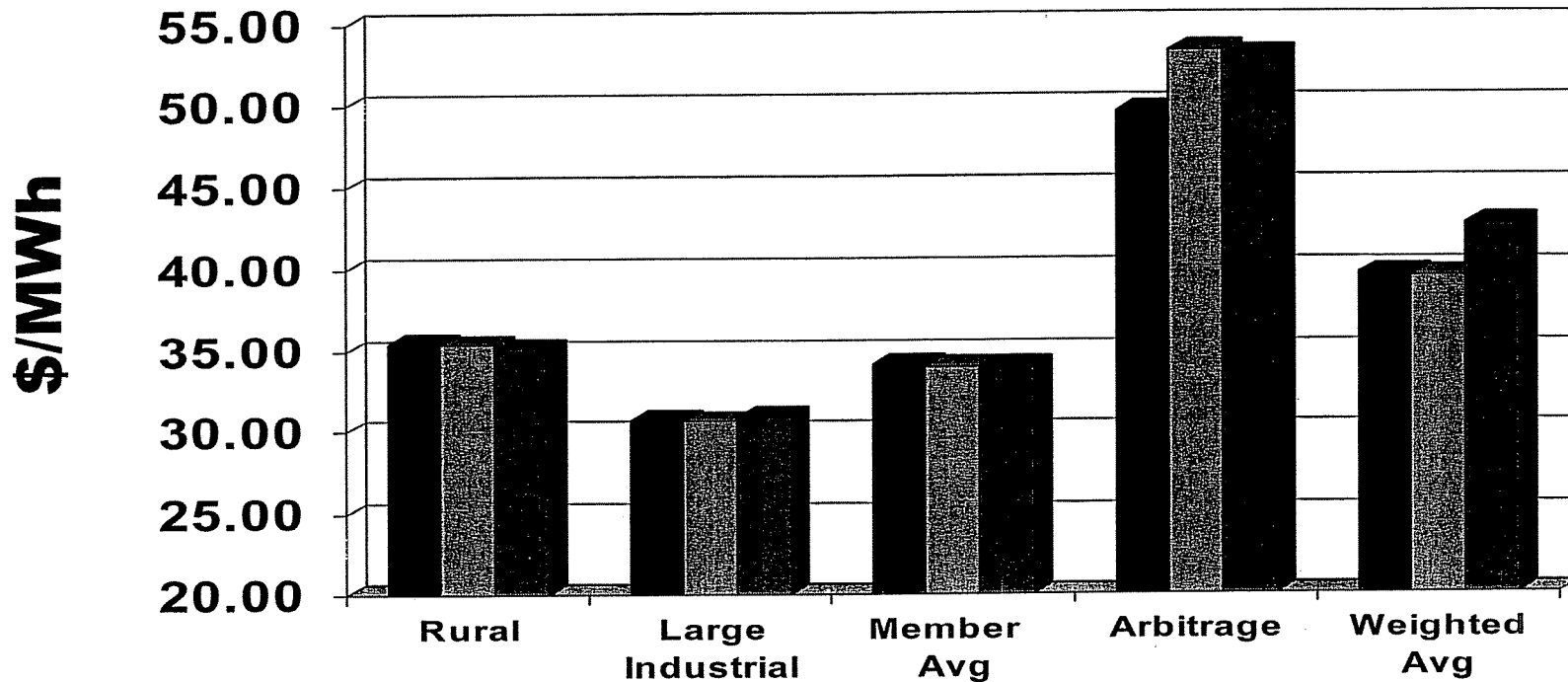
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MWh Sales YTD August



Actual 2008	1,619,213	618,632	1,252,416	3,490,261
Budget	1,636,780	646,354	899,244	3,182,378
Actual 2007	1,645,022	619,320	1,905,876	4,170,218

Revenue - \$/MWh Sold YTD August

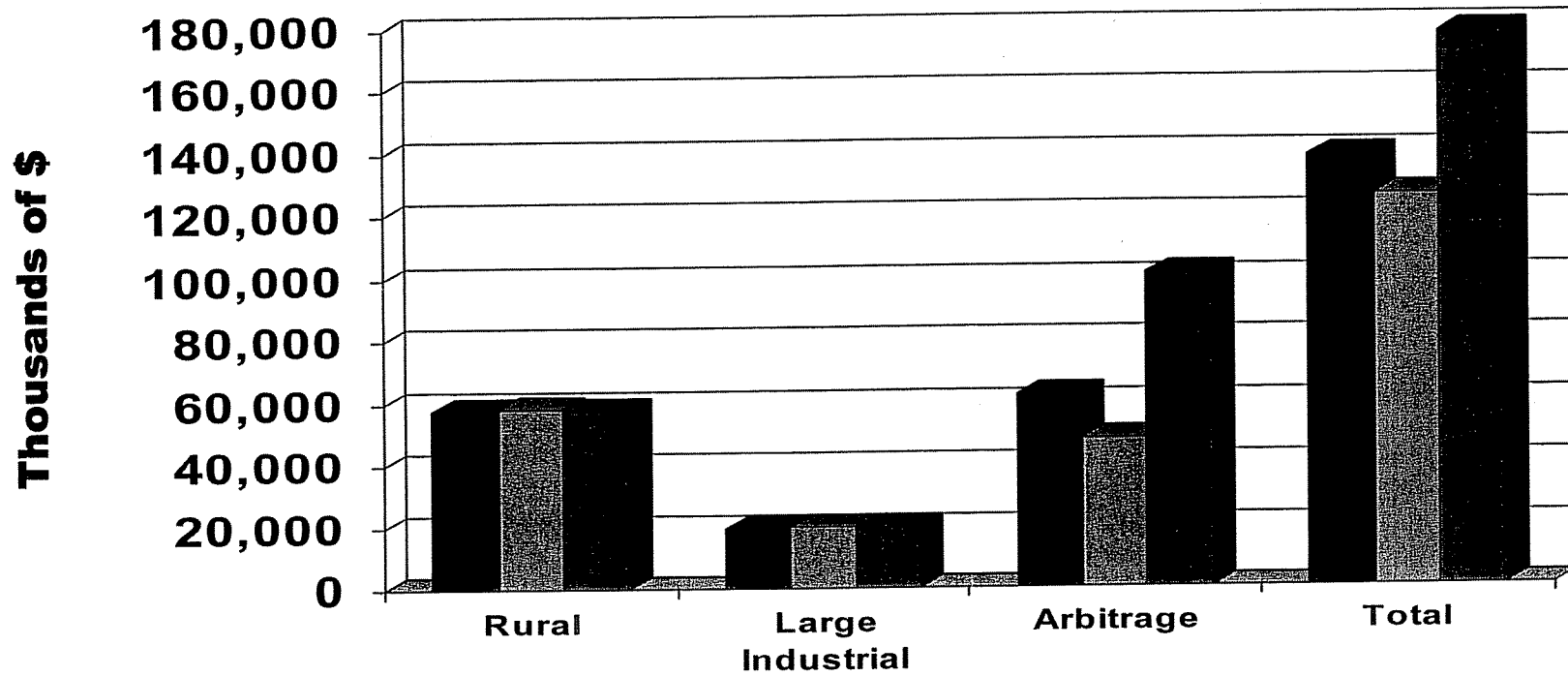


Actual 2008	35.38	30.66	34.08	49.61	39.65
Budget	35.35	30.63	34.01	53.31	39.46
Actual 2007	35.13	30.92	33.98	52.97	42.66

Revenue

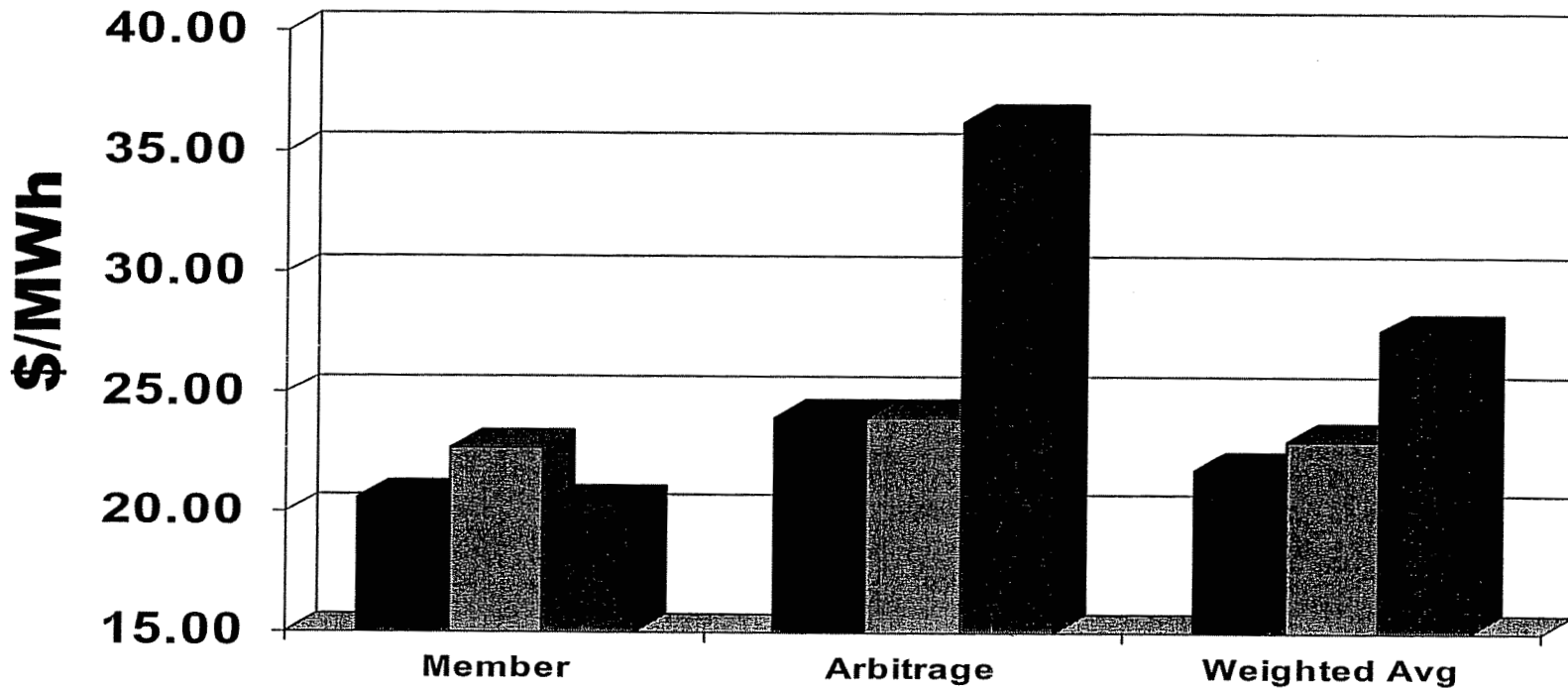
YTD August

(Dollars in Thousands)



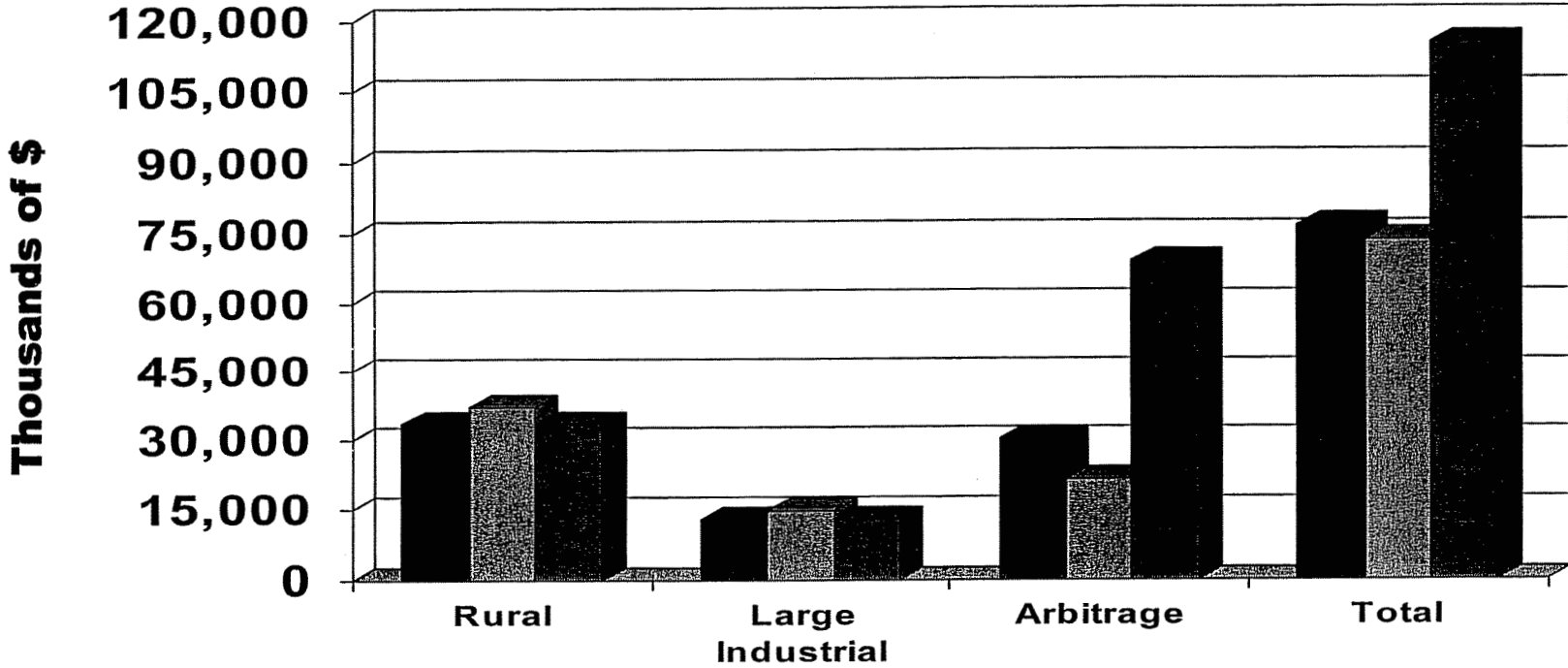
Actual 2008	57,290	18,969	62,131	138,390
Budget	57,852	19,799	47,937	125,588
Actual 2007	57,791	19,148	100,960	177,899

Power Cost - \$/MWh Sold YTD August



Actual 2008	20.64	24.01	21.85
Budget	22.69	23.97	23.05
Actual 2007	20.41	36.16	27.61

Power Cost YTD August (Dollars in Thousands)



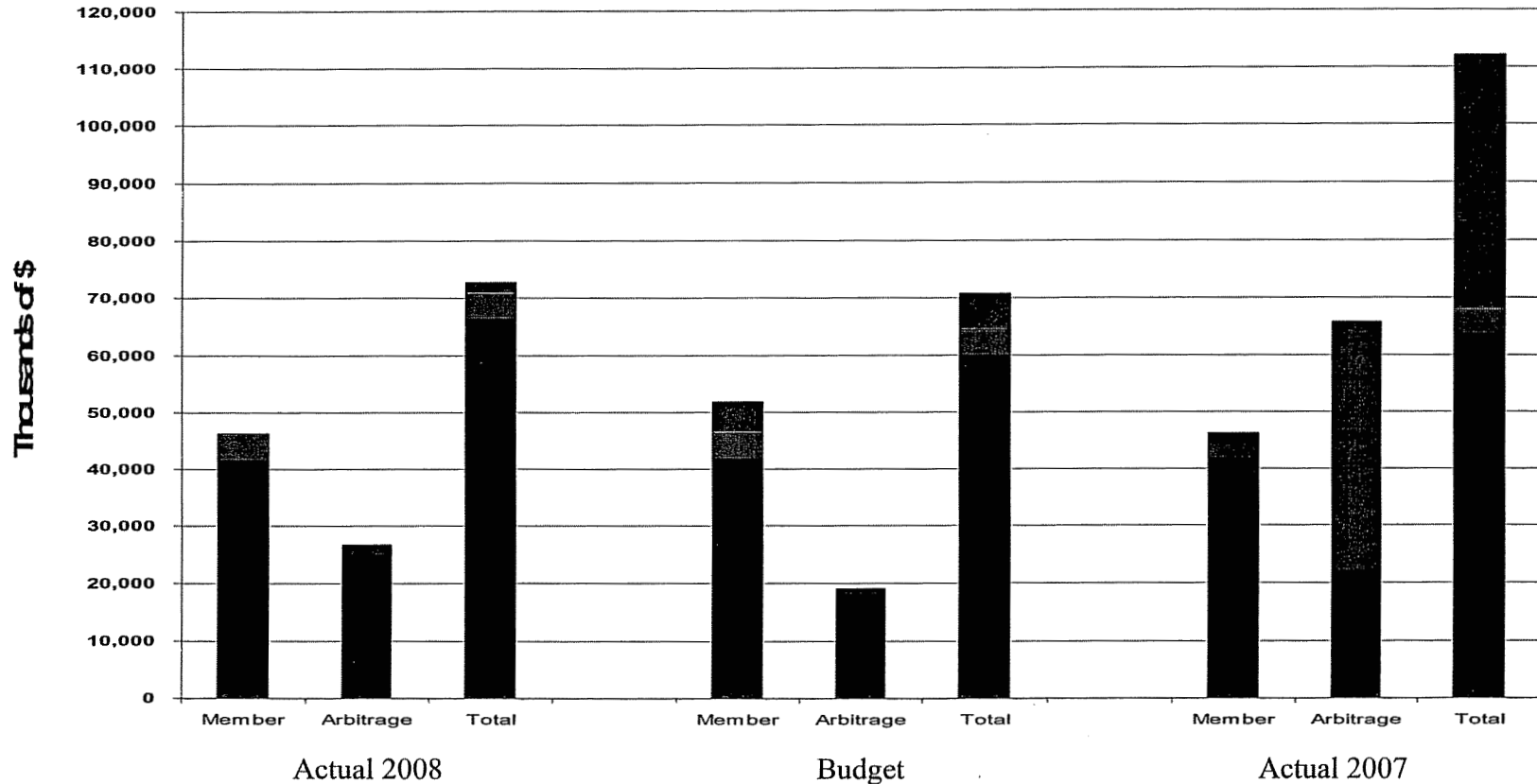
Actual 2008	33,417	12,765	30,069	76,251
Budget	37,145	14,669	21,551	73,365
Actual 2007	33,580	12,642	68,910	115,132

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Sources & Distribution of Energy

YTD August

(Dollars in Thousands)



	Actual 2008			Budget			Actual 2007		
Market	0	1,648	1,648	5,264	784	6,048	131	43,837	43,968
Domtar	322	0	322	322	0	322	280	0	280
SEPA	4,432	0	4,432	4,444	0	4,444	4,021	0	4,021
LEM	41,385	24,972	66,357	41,777	18,216	59,993	41,738	21,979	63,717
Total	46,139	26,620	72,759	51,807	19,000	70,807	46,170	65,816	111,986

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Member - Non-Member Purchased Power Allocation
YTD August
(Dollars in Thousands)

	Actual 2008	Budget 2008	Actual 2007
<u>Purchases for Members</u>			
SEPA Power	4,432	4,444	4,021
Domtar Cogen Green Power	322	322	280
Arbitrage Power Applied to Members	0	5,264	131
LEM Power Applied to Members	41,385	41,777	41,738
Member Purchased Power	46,139	51,807	46,170
Other Costs:			
LEM Ancillaries & Other	43	7	52
Total Purchased Power Applied to Members	46,182	51,814	46,222
<u>Purchases For Non-Members</u>			
Arbitrage Power Applied to Non-Members	1,648	784	43,837
LEM Power Applied to Non-Members	24,972	18,216	21,979
Non-Member Purchased Power	26,620	19,000	65,816
Other Costs:			
Domtar Reservation Fee	719	719	719
Domtar Energy Imbalance	411	0	194
ACES/ICE/PJM Fees	821	844	756
CFC Letter of Credit Fees	66	33	48
SIPC/MISO/LOC Charges for Smelters	(1)	0	284
Revenue Meter Retrieval Expenses	41	36	0
Arbitrage Transmission Revenue Offset	1,392	919	1,093
Total Purchased Power Applied to Non-Members	30,069	21,551	68,910
<u>Total Purchased Power</u>			
SEPA Power	4,432	4,444	4,021
Domtar Cogen Green Power	322	322	280
Arbitrage Power	1,648	6,048	43,968
LEM Power	66,357	59,993	63,717
Purchased Power Total	72,759	70,807	111,986
Total Other Costs	3,492	2,558	3,146
Total Purchased Power	76,251	73,365	115,132

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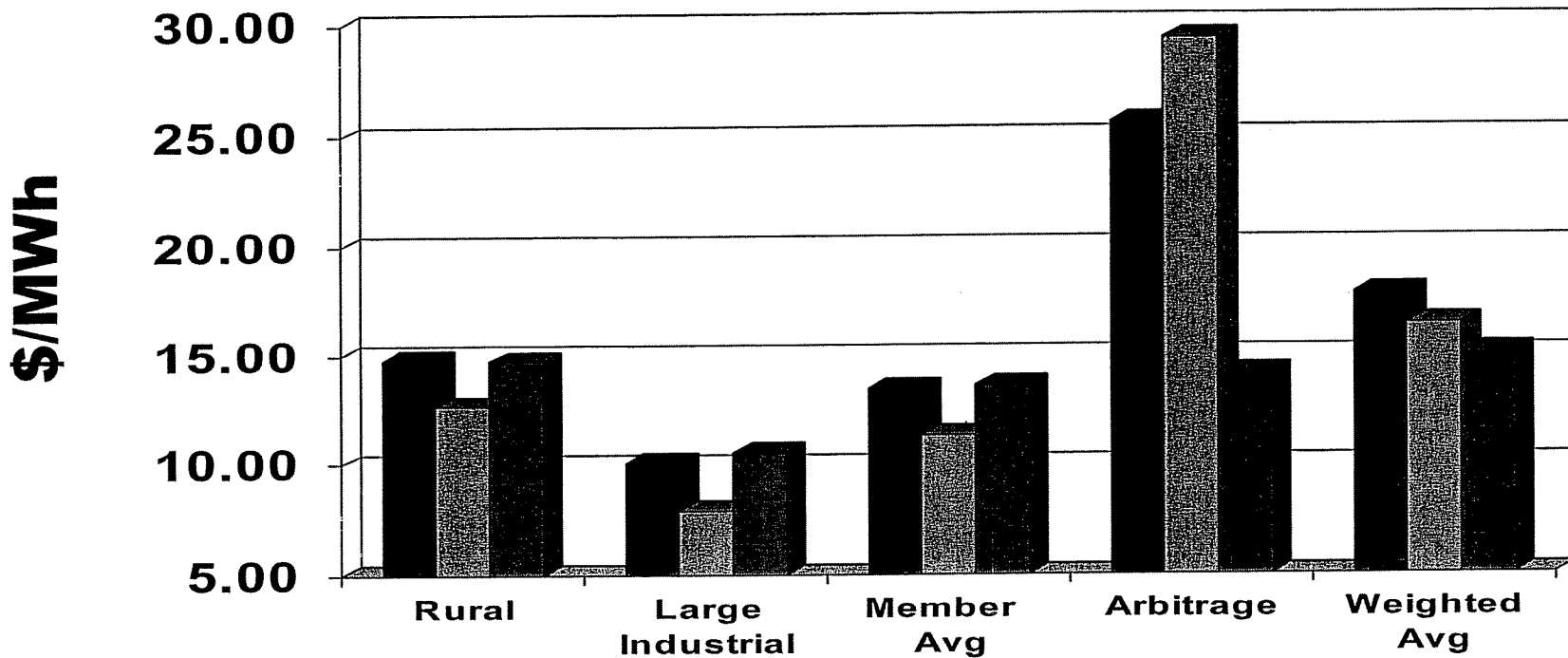
Member - Non-Member Purchased Power Allocation
YTD August
MWh

	<u>Actual</u> 2008	<u>Budget</u> 2008	<u>Actual</u> 2007
<u>MWh Purchases for Members</u>			
SEPA Power	192,847	193,792	167,163
Domtar Cogen Green Power	5,856	5,856	5,087
Arbitrage Power Applied to Members	0	18,800	1,741
LEM Power Applied to Members	2,062,932	2,083,331	2,109,163
Total Purchased Power MWh Applied to Members	<u>2,261,635</u>	<u>2,301,779</u>	<u>2,283,154</u>
<u>MWh Purchases for Non-Members</u>			
Arbitrage Power Applied to Non-Members	28,359	2,800	829,950
LEM Power Applied to Non-Members	1,237,619	903,786	1,091,472
Total Purchased Power MWh Applied to Non-Members	<u>1,265,978</u>	<u>906,586</u>	<u>1,921,422</u>
<u>Total Purchased Power MWh</u>			
SEPA Power	192,847	193,792	167,163
Domtar Cogen Green Power	5,856	5,856	5,087
Arbitrage Power	28,359	21,600	831,691
LEM Power	3,300,551	2,987,117	3,200,635
Total Purchased Power MWh	<u>3,527,613</u>	<u>3,208,365</u>	<u>4,204,576</u>

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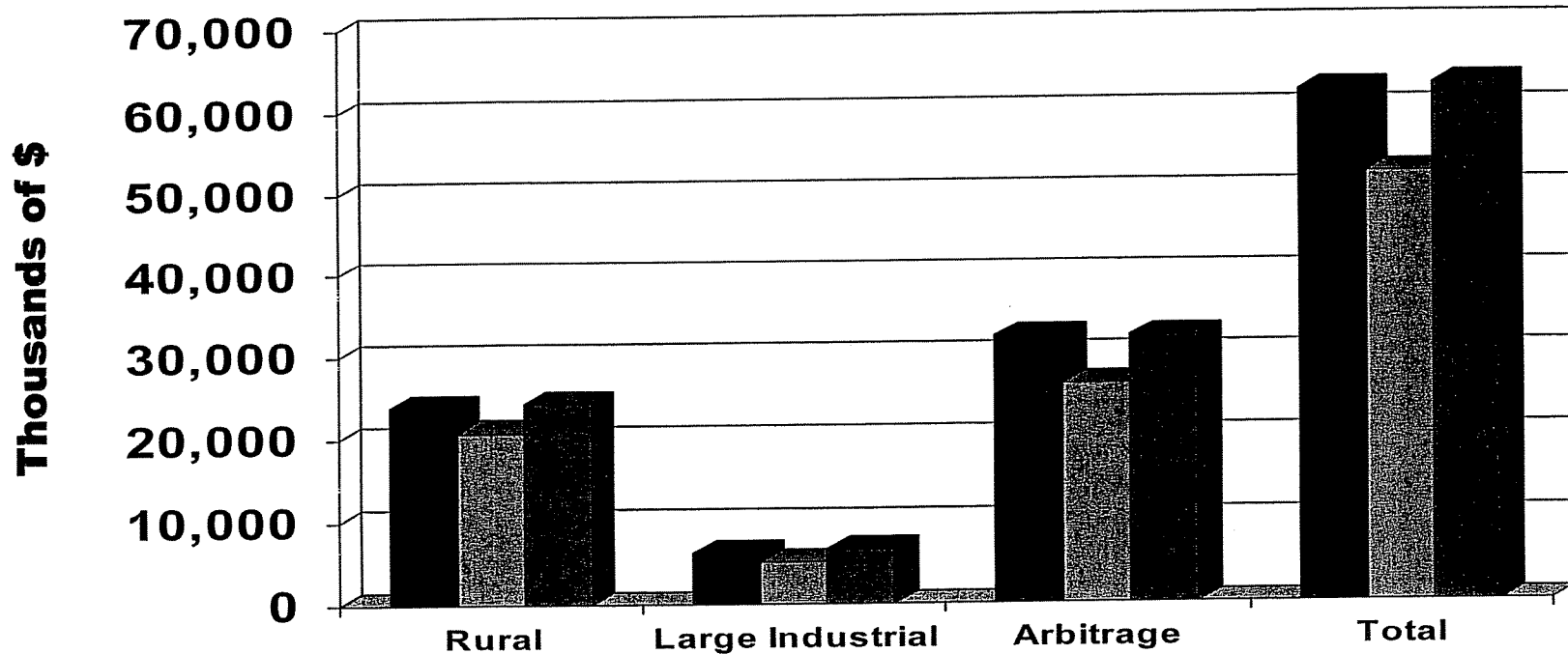
Sales Margin - \$/MWh Sold YTD August

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Actual 2008	14.74	10.02	13.44	25.60	17.80
Budget	12.66	7.94	11.32	29.34	16.41
Actual 2007	14.72	10.51	13.57	14.15	15.05

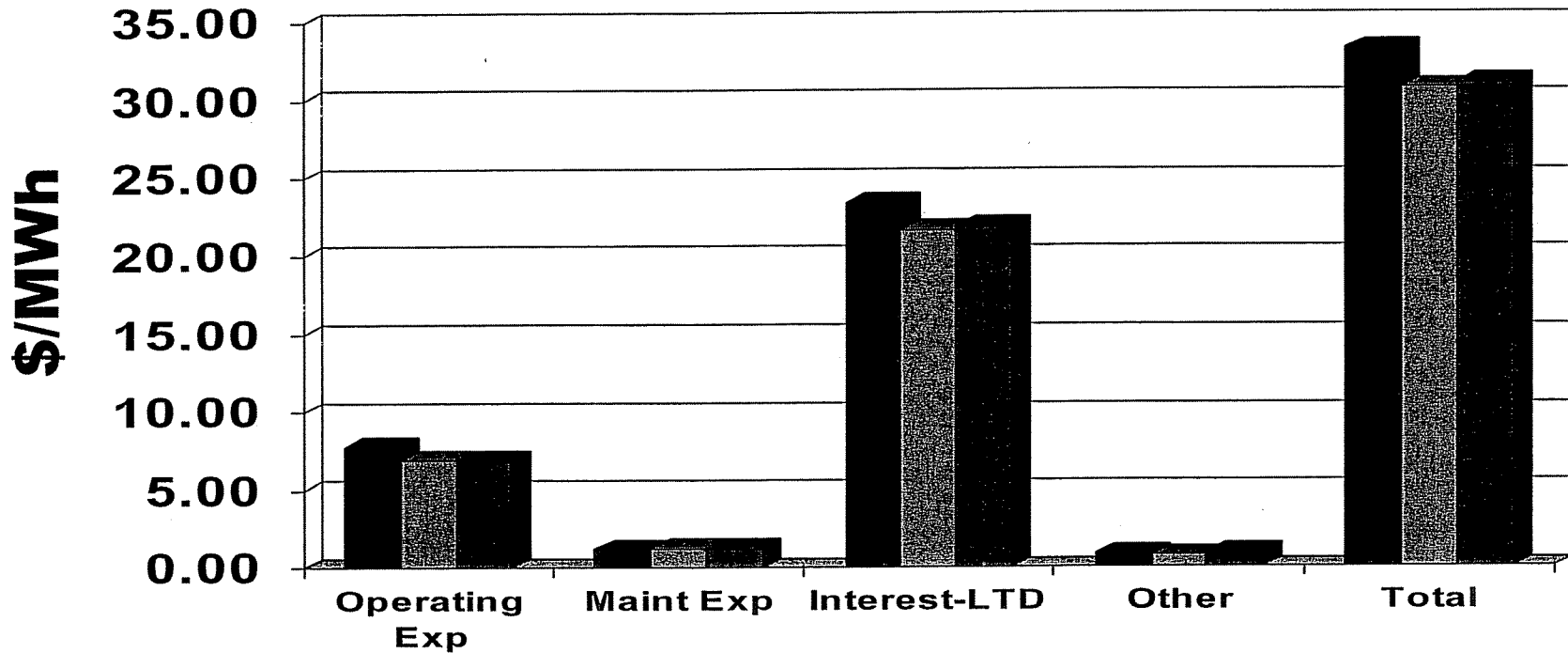
Sales Margin YTD August (Dollars in Thousands)



Actual 2008	23,873	6,204	32,062	62,139
Budget	20,707	5,130	26,386	52,223
Actual 2007	24,211	6,506	32,050	62,767

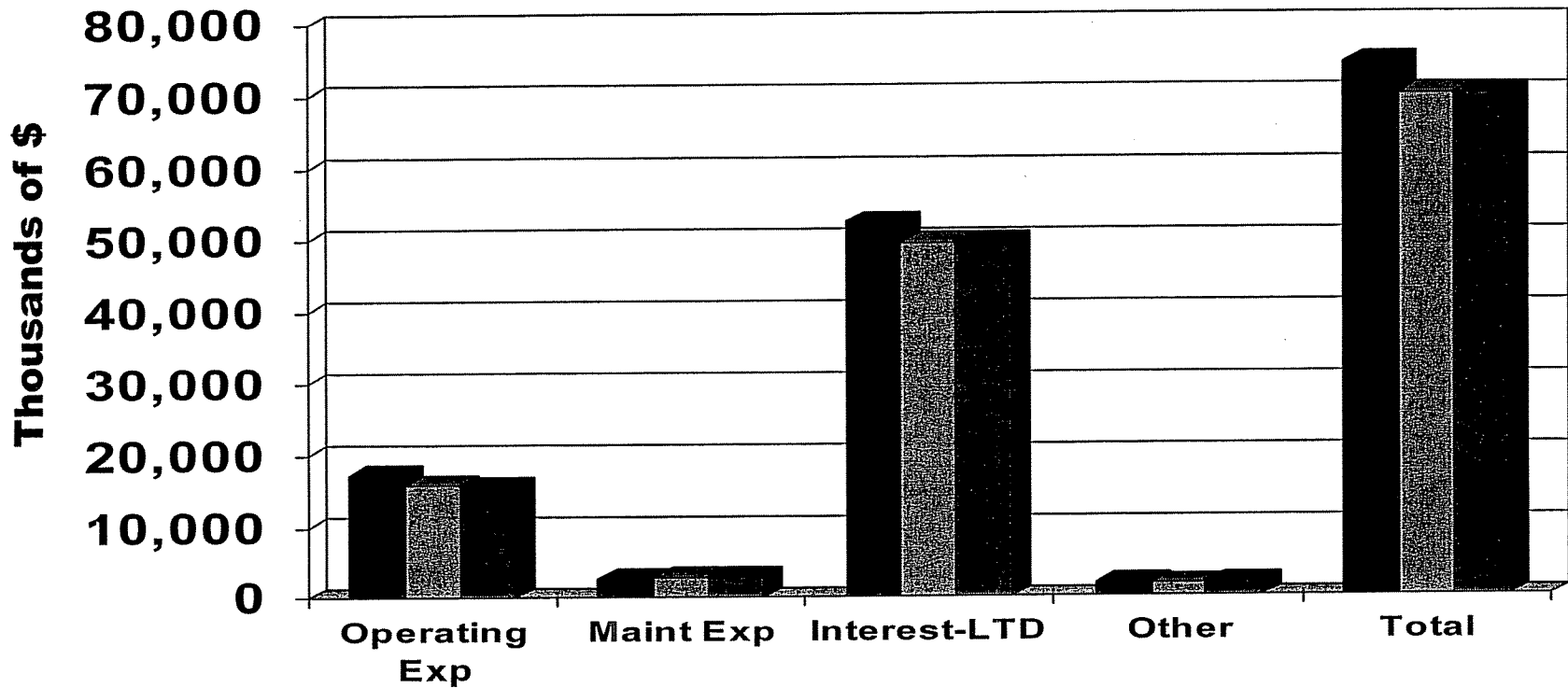
Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold YTD August

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Actual 2008	7.72	1.22	23.41	0.88	33.23
Budget	6.93	1.30	21.67	0.80	30.70
Actual 2007	6.85	1.29	21.91	0.92	30.97

Total Cost of Electric Service (minus Power Cost) YTD August (Dollars in Thousands)



Actual 2008	17,276	2,741	52,394	1,943	74,354
Budget	15,833	2,961	49,474	1,816	70,084
Actual 2007	15,508	2,921	49,611	2,086	70,126



Operating Expense - Transmission

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD August	4,732	4,719	5,916

Actual vs Actual Variance primarily due to:

- Transmission of Electricity - \$1,321 less than Actual 2007; primarily SIPC charges related to Smelter Block B sales & TVA Transmission-LEM cancellation
- Labor- \$77 more than Actual 2007; more employees in 2008 vs 2007; timing of vacation/sick pay
- GIS System Maintenance - \$24 more than Actual 2007; allocation change-offset in General Plant Maintenance
- EMS-OSI System Maintenance - \$50 more than Actual 2007; allocation change-offset in General Plant Maintenance

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Customer Service & Informational Expense

	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD August	441	505	417

Actual vs Budget Variance primarily due to:

- Touchstone Energy Efficient Homes Incentive Program - \$17 less than Budget; due to seasonal construction & promotional activities
- Safety Expense - \$12 less than Budget; prescription safety glasses not yet purchased; Budgeted training has not taken place (CPR, 1st Aid, Bloodborne Pathogens)
- Document Development/Reproduction - \$12 less than Budget; due to logo change, less less documents being printed to reduce potential waste
- Travel/Meals - 11 less than Budget; less than anticipated

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Operating Expense - Sales

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD August	164	566	369

Actual vs Budget Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$164 less than Budget; less program participation than anticipated; JPEC has discontinued program

Economic Development - \$227 less than Budget; timing of payments to Coops

Actual vs Actual Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$54 more than Actual 2007

Economic Development - \$149 less than Actual 2007; timing of payments to Coops

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Operating Expense – A & G

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD August	11,939	10,043	8,806

Actual vs Budget Variance primarily due to:

Labor - \$73 less than Budget; positions not filled when budgeted; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,771 more than Budget; primarily Unwind

PC Software - \$278 more than Budget; Microsoft Licensing (not budgeted)

GIS Maintenance - \$110 more than Budget; offset in General Plant Maintenance

EMS upgrades - \$200 less than Budget; offset in Transmission Maintenance

Actual vs Actual Variance primarily due to:

Labor - \$669 more than Actual 2007; more employees in 2008; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,556 more than Actual 2007; primarily Unwind

PC Software - \$278 more than Actual 2007; Microsoft Licensing

Sungard - \$169 more than Actual 2007 (timing & prepayment of postage)

Dues & Assessments - \$176 more than Actual 2007 (timing); primarily PSC Assessment, NERC, CRN & National G&T Managers Association

GIS Maintenance - \$116 more than Actual 2007; offset in General Plant Maintenance

Iron Maintenance - \$26 more than Actual 2007; offset in General Plant Maintenance

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Maintenance Expense – General Plant

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD August	173	330	332

Actual vs Budget Variance primarily due to:

GIS Service Agreement - \$129 less than Budget; reclassification (offset in A&G Expense)

Maintenance of IS Equipment - \$21 less than Budget; primarily allocation differences
General Plant Maintenance & Transmission Maintenance

Labor - \$22 less than Budget; timing of construction project work, vacations

Network Maintenance - \$11 more than Budget; unwind related

Actual vs Actual Variance primarily due to:

GIS Service Agreement - \$133 less than Actual 2007; reclassification (offset in A&G Expense)

Itron Maintenance - \$25 less than Actual 2007; reclassification (offset in A&G

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Interest on Long-Term Debt

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Sale-Leaseback - YTD August	8,211	8,854	8,533
Other - YTD August	44,183	40,620	41,078
YTD August	52,394	49,474	49,611

Actual vs Budget Variance primarily due to:

- P.C. Bonds - \$2,748 more than Budget; Average variable interest rate 6.76% Actual 2008 vs 3.79% Budget
- RUS ARVP Note - \$816 more than Budget; more Arbitrage Interest than anticipated
- Defeased Sale Leaseback - \$643 less than Budget; Bank of America buyout

Actual vs Actual Variance primarily due to:

- P.C. Bonds - \$2,797 more than Actual 2007; Average variable interest rate 6.76% Actual 2008 vs 3.74% Actual 2007
- New RUS Note - \$875 less than Actual 2007; less Outstanding Principal due to quarterly payments
- RUS ARVP Note - \$1,209 more than Actual 2007; more arbitrage/compounding of interest
- Defeased Sale Leaseback - \$322 less than Actual 2007; Bank of America buyout

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Interest Expense Charged to Construction-Credit

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD August	(368)	(659)	(186)

Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather; Skillman (tap)-Meade Co. 161kv Line \$67 less than Budget; Digital Microwave Radio System \$125 less than Budget; Upgrade Reid to Daviess Co 161kV Line \$40 less than Budget; Coaltek (project suspended) \$18 less than Budget; Substation Oil Spill Containment (project suspended) \$25 less than Budget

Actual vs Actual Variance primarily due to:

LGEE (KU) Interconnection-\$45 more than Actual 2007; Digital Microwave Radio System \$77 more than Actual 2007; McCracken-Olivet Church-\$15 more than Actual 2007; Skillman(tap)-Meade Co 161kv Line-\$32 more than Actual 2007 Substation Oil Spill Containment (project suspended) \$19 less than Actual 2007

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Interest Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
General Fund-YTD August	2,786	4,288	4,430
Sale-Leaseback-YTD August	7,986	8,613	8,308
YTD August	10,772	12,901	12,738

Actual vs Budget Variance primarily due to:

**General Fund - \$1,502 less than Budget; decrease in interest rates
2.89% Actual 2008 avg vs 4.50% Budget avg**

Sale-Leaseback - \$627 less than Budget; Bank of America buyout

Actual vs Actual Variance primarily due to:

**General Fund - \$1,644 less than Actual 2007; decrease in interest rates
2.89% Actual 2008 avg vs 5.33% Actual 2007 avg**

Sale-Leaseback - \$322 less than Actual 2007; Bank of America buyout

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**Big Rivers Electric
Investment Summary
9/30/2008**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	44,933,666.79	2.264%	Gov	Daily
Fifth Third Floaters	122,700.00	3.872%	A-1+	Weekly
Cash Investment Bal. 09/30/08	<u><u>45,056,366.79</u></u>			



**INVESTMENT REPORT
SEPTEMBER 2008**

**Institutional
Money Market Accounts:**

		Interest Reinvested	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest
Fidelity	Balance Forward				134,320,507.09			
	01-Sep-08				134,320,507.09	2.233%	8,215.71	8,215.71
	02-Sep-08	249,659.70	344,000.00		134,914,166.79	2.199%	8,126.96	16,342.67
	03-Sep-08			207,000.00	134,707,166.79	2.207%	8,146.55	24,489.22
	04-Sep-08			178,000.00	134,529,166.79	2.197%	8,096.50	32,585.72
	05-Sep-08			108,000.00	134,421,166.79	2.173%	8,002.09	40,587.81
	06-Sep-08				134,421,166.79	2.180%	8,030.19	48,618.00
	07-Sep-08				134,421,166.79	2.180%	8,030.19	56,648.19
	08-Sep-08		862,000.00		135,283,166.79	2.180%	8,080.46	64,728.65
	09-Sep-08			223,000.00	135,060,166.79	2.171%	8,033.24	72,761.89
	10-Sep-08			276,000.00	134,784,166.79	2.171%	8,018.58	80,780.47
	11-Sep-08			710,000.00	134,074,166.79	2.214%	8,131.87	88,912.34
	12-Sep-08			84,000.00	133,990,166.79	2.291%	8,411.90	97,324.24
	13-Sep-08				133,990,166.79	2.296%	8,428.92	105,753.16
	14-Sep-08				133,990,166.79	2.296%	8,428.92	114,182.08
	15-Sep-08			410,000.00	133,580,166.79	2.806%	10,268.71	124,450.79
	16-Sep-08			472,000.00	133,108,166.79	2.789%	10,171.99	134,622.78
	17-Sep-08		8,383,000.00		141,491,166.79	2.534%	9,821.33	144,444.11
	18-Sep-08				141,491,166.79	2.619%	10,152.70	154,596.81
	19-Sep-08			88,000.00	141,403,166.79	2.568%	9,948.00	164,544.81
	20-Sep-08				141,403,166.79	2.591%	10,037.22	174,582.03
	21-Sep-08				141,403,166.79	2.591%	10,037.22	184,619.25
	22-Sep-08		184,000.00		141,587,166.79	2.339%	9,073.33	193,692.58
	23-Sep-08		6,535,000.00		148,122,166.79	2.189%	8,881.70	202,574.28
	24-Sep-08			179,000.00	147,943,166.79	1.968%	7,978.72	210,553.00
	25-Sep-08		12,715,000.00		160,658,166.79	1.874%	8,248.83	218,801.83
	26-Sep-08			398,000.00	160,260,166.79	1.936%	8,498.92	227,300.75
	27-Sep-08				160,260,166.79	1.956%	8,586.90	235,887.65
	28-Sep-08				160,260,166.79	1.956%	8,586.90	244,474.55
	29-Sep-08		737,000.00		160,997,166.79	2.188%	9,650.65	254,125.20
	30-Sep-08		760,500.00	116,824,000.00	44,933,666.79	2.291%	2,820.81	256,946.01
					Average	2.264%		
		<u>249,659.70</u>	<u>30,520,500.00</u>	<u>120,157,000.00</u>				

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**INVESTMENT REPORT
SEPTEMBER 2008**

Fifth Third Floaters		Interest Received	Accrued Interest Purchased	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest	Interest Receivable
Maturity	Balance Forward					14,467,950.00				36,144.73
7 days	01-Sep-08					14,467,950.00	3.740%	1,482.47	1,482.47	37,627.20
	02-Sep-08					14,467,950.00	3.740%	1,482.47	2,964.94	39,109.67
	03-Sep-08	38,951.70			83,500.00	14,384,450.00	3.740%	1,473.91	4,438.85	1,631.88
	04-Sep-08					14,384,450.00	3.740%	1,473.91	5,912.76	3,105.79
	05-Sep-08					14,384,450.00	3.740%	1,473.91	7,386.67	4,579.70
	06-Sep-08					14,384,450.00	3.740%	1,473.91	8,860.58	6,053.61
	07-Sep-08					14,384,450.00	3.740%	1,473.91	10,334.49	7,527.52
	08-Sep-08					14,384,450.00	3.740%	1,473.91	11,808.40	9,001.43
	09-Sep-08					14,384,450.00	3.740%	1,473.91	13,282.31	10,475.34
	10-Sep-08					14,384,450.00	3.740%	1,473.91	14,756.22	11,949.25
	11-Sep-08					14,384,450.00	3.740%	1,473.91	16,230.13	13,423.16
	12-Sep-08					14,384,450.00	3.740%	1,473.91	17,704.04	14,897.07
	13-Sep-08					14,384,450.00	3.740%	1,473.91	19,177.95	16,370.98
	14-Sep-08					14,384,450.00	3.740%	1,473.91	20,651.86	17,844.89
	15-Sep-08					14,384,450.00	4.220%	1,663.08	22,314.94	19,507.97
	16-Sep-08					14,384,450.00	4.220%	1,663.08	23,978.02	21,171.05
	17-Sep-08	12,646.66			8,838,600.00	5,545,850.00	4.220%	641.19	24,619.21	9,165.58
	18-Sep-08					5,545,850.00	4.220%	641.19	25,260.40	9,806.77
	19-Sep-08					5,545,850.00	4.220%	641.19	25,901.59	10,447.96
	20-Sep-08					5,545,850.00	4.220%	641.19	26,542.78	11,089.15
	21-Sep-08					5,545,850.00	4.220%	641.19	27,183.97	11,730.34
	22-Sep-08					5,545,850.00	4.220%	641.19	27,825.16	12,371.53
	23-Sep-08	8,176.58			4,878,150.00	667,700.00	4.220%	77.20	27,902.36	4,272.15
	24-Sep-08					667,700.00	5.000%	91.47	27,993.83	4,363.62
	25-Sep-08					667,700.00	5.000%	91.47	28,085.30	4,455.09
	26-Sep-08					667,700.00	5.000%	91.47	28,176.77	4,546.56
	27-Sep-08					667,700.00	5.000%	91.47	28,268.24	4,638.03
	28-Sep-08					667,700.00	5.000%	91.47	28,359.71	4,729.50
	29-Sep-08					667,700.00	5.000%	91.47	28,451.18	4,820.97
	30-Sep-08	2,275.45			545,000.00	122,700.00	5.000%	17.29	28,468.47	2,562.81
						Average	3.872%			
		<u>62,050.39</u>	<u>-</u>	<u>-</u>		<u>14,345,250.00</u>				

**Big Rivers Electric
Investment Summary
8/31/2008**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	134,320,507.09	2.199%	Gov	Daily
Fifth Third Floaters	14,467,950.00	3.350%	A-1+	Weekly
Cash Investment Bal. 08/31/08	<u><u>148,788,457.09</u></u>			



**INVESTMENT REPORT
AUGUST 2008**

Institutional Money Market Accounts:		Interest Reinvested	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest
Fidelity	Balance Forward				130,655,019.34			
	01-Aug-08	224,677.75	2,373,000.00		133,252,697.09	2.210%	8,067.52	8,067.52
	02-Aug-08				133,252,697.09	2.214%	8,082.98	16,150.50
	03-Aug-08				133,252,697.09	2.214%	8,082.83	24,233.33
	04-Aug-08				133,252,697.09	2.200%	8,030.74	32,264.07
	05-Aug-08			337,000.00	132,915,697.09	2.175%	7,921.38	40,185.45
	06-Aug-08			178,000.00	132,737,697.09	2.162%	7,861.12	48,046.57
	07-Aug-08			26,000.00	132,711,697.09	2.166%	7,876.04	55,922.61
	08-Aug-08			101,500.00	132,610,197.09	2.167%	7,872.01	63,794.62
	09-Aug-08				132,610,197.09	2.171%	7,888.85	71,683.47
	10-Aug-08				132,610,197.09	2.171%	7,888.85	79,572.32
	11-Aug-08			14,000.00	132,596,197.09	2.172%	7,891.46	87,463.78
	12-Aug-08			267,000.00	132,329,197.09	2.181%	7,908.12	95,371.90
	13-Aug-08			171,000.00	132,158,197.09	2.186%	7,915.35	103,287.25
	14-Aug-08			100,000.00	132,058,197.09	2.205%	7,976.45	111,263.70
	15-Aug-08			1,683,000.00	130,375,197.09	2.237%	7,989.13	119,252.83
	16-Aug-08				130,375,197.09	2.239%	7,996.69	127,249.52
	17-Aug-08				130,375,197.09	2.239%	7,996.83	135,246.35
	18-Aug-08		105,000.00		130,480,197.09	2.213%	7,909.71	143,156.06
	19-Aug-08		1,149,610.00	691,500.00	130,938,307.09	2.195%	7,874.37	151,030.43
	20-Aug-08		563,000.00		131,501,307.09	2.169%	7,815.25	158,845.68
	21-Aug-08		155,000.00		131,656,307.09	2.194%	7,914.26	166,759.94
	22-Aug-08			149,100.00	131,507,207.09	2.198%	7,917.65	174,677.59
	23-Aug-08				131,507,207.09	2.200%	7,925.54	182,603.13
	24-Aug-08				131,507,207.09	2.200%	7,925.42	190,528.55
	25-Aug-08		12,407,000.00		143,914,207.09	2.200%	8,674.72	199,203.27
	26-Aug-08			727,000.00	143,187,207.09	2.202%	8,638.77	207,842.04
	27-Aug-08			560,000.00	142,627,207.09	2.195%	8,577.46	216,419.50
	28-Aug-08				142,627,207.09	2.207%	8,623.95	225,043.45
	29-Aug-08			8,306,700.00	134,320,507.09	2.224%	8,184.42	233,227.87
	30-Aug-08				134,320,507.09	2.233%	8,215.98	241,443.85
	31-Aug-08				134,320,507.09	2.233%	8,215.85	249,659.70
					Average	2.199%		
		<u>224,677.75</u>	<u>16,752,610.00</u>	<u>13,311,800.00</u>				

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**INVESTMENT REPORT
AUGUST 2008**

Fifth Third Floaters		Interest Received	Accrued Interest Purchased	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest	Interest Receivable
Maturity	Balance Forward					14,590,250.00				35,074.61
7 days	01-Aug-08					14,590,250.00	3.350%	1,339.11	1,339.11	36,413.72
	02-Aug-08					14,590,250.00	3.350%	1,339.11	2,678.22	37,752.83
	03-Aug-08					14,590,250.00	3.350%	1,339.11	4,017.33	39,091.94
	04-Aug-08					14,590,250.00	3.350%	1,339.11	5,356.44	40,431.05
	05-Aug-08					14,590,250.00	3.350%	1,339.11	6,695.55	41,770.16
	06-Aug-08					14,590,250.00	3.350%	1,339.11	8,034.66	43,109.27
	07-Aug-08					14,590,250.00	3.350%	1,339.11	9,373.77	44,448.38
	08-Aug-08					14,590,250.00	3.350%	1,339.11	10,712.88	45,787.49
	09-Aug-08					14,590,250.00	3.350%	1,339.11	12,051.99	47,126.60
	10-Aug-08					14,590,250.00	3.350%	1,339.11	13,391.10	48,465.71
	11-Aug-08					14,590,250.00	3.350%	1,339.11	14,730.21	49,804.82
	12-Aug-08					14,590,250.00	3.350%	1,339.11	16,069.32	51,143.93
	13-Aug-08					14,590,250.00	3.350%	1,339.11	17,408.43	52,483.04
	14-Aug-08					14,590,250.00	3.350%	1,339.11	18,747.54	53,822.15
	15-Aug-08					14,590,250.00	3.350%	1,339.11	20,086.65	55,161.26
	16-Aug-08					14,590,250.00	3.350%	1,339.11	21,425.76	56,500.37
	17-Aug-08					14,590,250.00	3.350%	1,339.11	22,764.87	57,839.48
	18-Aug-08					14,590,250.00	3.350%	1,339.11	24,103.98	59,178.59
	19-Aug-08					14,590,250.00	3.350%	1,339.11	25,443.09	60,517.70
	20-Aug-08					14,590,250.00	3.350%	1,339.11	26,782.20	61,856.81
	21-Aug-08					14,590,250.00	3.350%	1,339.11	28,121.31	63,195.92
	22-Aug-08					14,590,250.00	3.350%	1,339.11	29,460.42	64,535.03
	23-Aug-08					14,590,250.00	3.350%	1,339.11	30,799.53	65,874.14
	24-Aug-08					14,590,250.00	3.350%	1,339.11	32,138.64	67,213.25
	25-Aug-08					14,590,250.00	3.350%	1,339.11	33,477.75	68,552.36
	26-Aug-08					14,590,250.00	3.350%	1,339.11	34,816.86	69,891.47
	27-Aug-08					14,590,250.00	3.350%	1,339.11	36,155.97	71,230.58
	28-Aug-08	40,397.37			122,300.00	14,467,950.00	3.350%	1,327.88	37,483.85	32,161.09
	29-Aug-08					14,467,950.00	3.350%	1,327.88	38,811.73	33,488.97
	30-Aug-08					14,467,950.00	3.350%	1,327.88	40,139.61	34,816.85
	31-Aug-08					14,467,950.00	3.350%	1,327.88	41,467.49	36,144.73
						Average	3.350%			
		<u>40,397.37</u>	<u>-</u>	<u>-</u>	<u>122,300.00</u>					

**Big Rivers Electric
Investment Summary
7/31/2008**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	130,655,019.34	2.184%	Gov	Daily
Fifth Third Floaters	14,590,250.00	3.253%	A-1+	Weekly
Cash Investment Bal. 07/31/08	<u><u>145,245,269.34</u></u>			



INVESTMENT REPORT
JULY 2008

Institutional Money Market Accounts:		Interest Reinvested	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest
Fidelity	Balance Forward				111,259,105.11			
	01-Jul-08	206,314.23	2,580,000.00	16,236,000.00	97,809,419.34	2.287%	6,128.83	6,128.83
	02-Jul-08			299,000.00	97,510,419.34	2.265%	6,051.89	12,180.72
	03-Jul-08		162,000.00		97,672,419.34	2.191%	5,862.69	18,043.41
	04-Jul-08				97,672,419.34	2.194%	5,870.80	23,914.21
	05-Jul-08				97,672,419.34	2.194%	5,870.80	29,785.01
	06-Jul-08				97,672,419.34	2.194%	5,870.79	35,655.80
	07-Jul-08			80,000.00	97,592,419.34	2.180%	5,828.70	41,484.50
	08-Jul-08			254,000.00	97,338,419.34	2.193%	5,847.61	47,332.11
	09-Jul-08		28,342,000.00	200,000.00	125,480,419.34	2.139%	7,353.65	54,685.76
	10-Jul-08			600,000.00	124,880,419.34	2.132%	7,293.14	61,978.90
	11-Jul-08			73,000.00	124,807,419.34	2.119%	7,245.20	69,224.10
	12-Jul-08				124,807,419.34	2.124%	7,261.42	76,485.52
	13-Jul-08				124,807,419.34	2.124%	7,261.42	83,746.94
	14-Jul-08				124,807,419.34	2.138%	7,311.97	91,058.91
	15-Jul-08			273,000.00	124,534,419.34	2.192%	7,478.42	98,537.33
	16-Jul-08			225,000.00	124,309,419.34	2.200%	7,493.99	106,031.32
	17-Jul-08			82,000.00	124,227,419.34	2.181%	7,424.57	113,455.89
	18-Jul-08			72,000.00	124,155,419.34	2.199%	7,479.87	120,935.76
	19-Jul-08				124,155,419.34	2.199%	7,480.74	128,416.50
	20-Jul-08				124,155,419.34	2.199%	7,480.74	135,897.24
	21-Jul-08		3,602,000.00		127,757,419.34	2.148%	7,517.50	143,414.74
	22-Jul-08		962,000.00	390,000.00	128,329,419.34	2.164%	7,606.73	151,021.47
	23-Jul-08			377,000.00	127,952,419.34	2.169%	7,601.91	158,623.38
	24-Jul-08			501,000.00	127,451,419.34	2.185%	7,630.01	166,253.39
	25-Jul-08		12,169,000.00		139,620,419.34	2.194%	8,391.05	174,644.44
	26-Jul-08				139,620,419.34	2.201%	8,417.85	183,062.29
	27-Jul-08				139,620,419.34	2.201%	8,417.99	191,480.28
	28-Jul-08			145,900.00	139,474,519.34	2.207%	8,431.79	199,912.07
	29-Jul-08			217,000.00	139,257,519.34	2.221%	8,473.26	208,385.33
	30-Jul-08			131,000.00	139,126,519.34	2.204%	8,402.55	216,787.88
	31-Jul-08		3,000.00	8,474,500.00	130,655,019.34	2.204%	7,889.87	224,677.75
					Average	2.184%		
		<u>206,314.23</u>	<u>47,820,000.00</u>	<u>28,630,400.00</u>				

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**INVESTMENT REPORT
JULY 2008**

Fifth Third Floaters		Interest Received	Accrued Interest Purchased	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest	Interest Receivable
Maturity	Balance Forward					14,673,050.00				29,497.65
7 days	01-Jul-08					14,673,050.00	3.250%	1,306.50	1,306.50	30,804.15
	02-Jul-08					14,673,050.00	3.250%	1,306.50	2,613.00	32,110.65
	03-Jul-08					14,673,050.00	3.300%	1,326.60	3,939.60	33,437.25
	04-Jul-08					14,673,050.00	3.300%	1,326.60	5,266.20	34,763.85
	05-Jul-08					14,673,050.00	3.300%	1,326.60	6,592.80	36,090.45
	06-Jul-08					14,673,050.00	3.300%	1,326.60	7,919.40	37,417.05
	07-Jul-08					14,673,050.00	3.300%	1,326.60	9,246.00	38,743.65
	08-Jul-08					14,673,050.00	3.300%	1,326.60	10,572.60	40,070.25
	09-Jul-08					14,673,050.00	3.300%	1,326.60	11,899.20	41,396.85
	10-Jul-08					14,673,050.00	3.200%	1,286.40	13,185.60	42,683.25
	11-Jul-08					14,673,050.00	3.200%	1,286.40	14,472.00	43,969.65
	12-Jul-08					14,673,050.00	3.200%	1,286.40	15,758.40	45,256.05
	13-Jul-08					14,673,050.00	3.200%	1,286.40	17,044.80	46,542.45
	14-Jul-08					14,673,050.00	3.200%	1,286.40	18,331.20	47,828.85
	15-Jul-08					14,673,050.00	3.200%	1,286.40	19,617.60	49,115.25
	16-Jul-08					14,673,050.00	3.200%	1,286.40	20,904.00	50,401.65
	17-Jul-08					14,673,050.00	3.250%	1,306.50	22,210.50	51,708.15
	18-Jul-08					14,673,050.00	3.250%	1,306.50	23,517.00	53,014.65
	19-Jul-08					14,673,050.00	3.250%	1,306.50	24,823.50	54,321.15
	20-Jul-08					14,673,050.00	3.250%	1,306.50	26,130.00	55,627.65
	21-Jul-08					14,673,050.00	3.250%	1,306.50	27,436.50	56,934.15
	22-Jul-08					14,673,050.00	3.250%	1,306.50	28,743.00	58,240.65
	23-Jul-08					14,673,050.00	3.250%	1,306.50	30,049.50	59,547.15
	24-Jul-08	34,905.56				14,590,250.00	3.250%	1,299.13	31,348.63	25,940.72
	25-Jul-08				82,800.00	14,590,250.00	3.250%	1,299.13	32,647.76	27,239.85
	26-Jul-08					14,590,250.00	3.250%	1,299.13	33,946.89	28,538.98
	27-Jul-08					14,590,250.00	3.250%	1,299.13	35,246.02	29,838.11
	28-Jul-08					14,590,250.00	3.250%	1,299.13	36,545.15	31,137.24
	29-Jul-08					14,590,250.00	3.250%	1,299.13	37,844.28	32,436.37
	30-Jul-08					14,590,250.00	3.250%	1,299.13	39,143.41	33,735.50
	31-Jul-08					14,590,250.00	3.350%	1,339.11	40,482.52	35,074.61
						Average	3.253%			
		<u>34,905.56</u>	<u>-</u>	<u>-</u>	<u>82,800.00</u>					

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**Big Rivers Electric
Investment Summary
10/31/2008**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	31,938,312.80	1.839%	Gov	Daily
Fifth Third Floaters	0.00	5.001%	A-1+	Weekly
Cash Investment Bal. 10/31/08	<u>31,938,312.80</u>			



**INVESTMENT REPORT
OCTOBER 2008**

Institutional
Money Market Accounts:

	Interest Reinvested	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest
Fidelity				44,933,666.79			
Balance Forward							
01-Oct-08	256,946.01		19,126,000.00	26,064,612.80	1.993%	1,422.97	1,422.97
02-Oct-08		1,173,000.00	1,560,000.00	25,677,612.80	1.595%	1,121.85	2,544.82
03-Oct-08				25,677,612.80	1.500%	1,055.53	3,600.35
04-Oct-08				25,677,612.80	1.517%	1,067.29	4,667.64
05-Oct-08				25,677,612.80	1.517%	1,067.32	5,734.96
06-Oct-08				25,677,612.80	1.775%	1,248.93	6,983.89
07-Oct-08			181,000.00	25,496,612.80	2.154%	1,504.73	8,488.62
08-Oct-08			259,000.00	25,237,612.80	2.084%	1,440.99	9,929.61
09-Oct-08			265,000.00	24,972,612.80	1.886%	1,290.24	11,219.85
10-Oct-08			185,000.00	24,787,612.80	1.643%	1,116.01	12,335.86
11-Oct-08				24,787,612.80	1.665%	1,130.56	13,466.42
12-Oct-08				24,787,612.80	1.665%	1,130.59	14,597.01
13-Oct-08				24,787,612.80	1.579%	1,072.07	15,669.08
14-Oct-08				24,787,612.80	1.631%	1,107.83	16,776.91
15-Oct-08		687,000.00	806,000.00	24,668,612.80	1.797%	1,214.81	17,991.72
16-Oct-08			159,000.00	24,509,612.80	1.737%	1,166.48	19,158.20
17-Oct-08			81,000.00	24,428,612.80	1.798%	1,203.48	20,361.68
18-Oct-08				24,428,612.80	1.799%	1,204.21	21,565.89
19-Oct-08				24,428,612.80	1.799%	1,204.23	22,770.12
20-Oct-08		1,384,000.00		25,812,612.80	1.945%	1,375.32	24,145.44
21-Oct-08				25,812,612.80	2.033%	1,437.76	25,583.20
22-Oct-08			289,000.00	25,523,612.80	2.067%	1,445.74	27,028.94
23-Oct-08				25,523,612.80	2.052%	1,434.81	28,463.75
24-Oct-08		1,262,000.00	75,000.00	26,710,612.80	2.037%	1,490.77	29,954.52
25-Oct-08				26,710,612.80	2.039%	1,491.92	31,446.44
26-Oct-08				26,710,612.80	2.039%	1,491.92	32,938.36
27-Oct-08		12,125,000.00		38,835,612.80	2.070%	2,202.83	35,141.19
28-Oct-08			443,000.00	38,392,612.80	2.074%	2,181.05	37,322.24
29-Oct-08			444,000.00	37,948,612.80	1.834%	1,906.77	39,229.01
30-Oct-08			26,000.00	37,922,612.80	1.749%	1,817.48	41,046.49
31-Oct-08			5,984,300.00	31,938,312.80	1.700%	1,487.18	42,533.67
				Average	1.839%		
	<u>256,946.01</u>	<u>16,631,000.00</u>	<u>29,883,300.00</u>				

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**INVESTMENT REPORT
OCTOBER 2008**

Fifth Third Floaters		Interest Received	Accrued Interest Purchased	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest	Interest Receivable
Maturity	Balance Forward					122,700.00				
7 days	01-Oct-08					122,700.00	5.000%	16.81	16.81	2,562.81
	02-Oct-08					122,700.00	5.000%	16.81	33.62	2,579.62
	03-Oct-08	2,596.43					0.000%	-	33.62	2,596.43
	04-Oct-08				122,700.00	-	0.000%	-	33.62	-
	05-Oct-08					-	0.000%	-	33.62	-
	06-Oct-08					-	0.000%	-	33.62	-
	07-Oct-08					-	0.000%	-	33.62	-
	08-Oct-08					-	0.000%	-	33.62	-
	09-Oct-08					-	0.000%	-	33.62	-
	10-Oct-08					-	0.000%	-	33.62	-
	11-Oct-08					-	0.000%	-	33.62	-
	12-Oct-08					-	0.000%	-	33.62	-
	13-Oct-08					-	0.000%	-	33.62	-
	14-Oct-08					-	0.000%	-	33.62	-
	15-Oct-08					-	0.000%	-	33.62	-
	16-Oct-08					-	0.000%	-	33.62	-
	17-Oct-08					-	0.000%	-	33.62	-
	18-Oct-08					-	0.000%	-	33.62	-
	19-Oct-08					-	0.000%	-	33.62	-
	20-Oct-08					-	0.000%	-	33.62	-
	21-Oct-08					-	0.000%	-	33.62	-
	22-Oct-08					-	0.000%	-	33.62	-
	23-Oct-08					-	0.000%	-	33.62	-
	24-Oct-08					-	0.000%	-	33.62	-
	25-Oct-08					-	0.000%	-	33.62	-
	26-Oct-08					-	0.000%	-	33.62	-
	27-Oct-08					-	0.000%	-	33.62	-
	28-Oct-08					-	0.000%	-	33.62	-
	29-Oct-08					-	0.000%	-	33.62	-
	30-Oct-08					-	0.000%	-	33.62	-
	31-Oct-08					-	0.000%	-	33.62	-
						Average	5.001%			
		<u>2,596.43</u>	<u>-</u>	<u>-</u>	<u>122,700.00</u>					

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**Big Rivers Electric
Investment Summary
2/28/2009**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	33,849,113.98	0.650%	Gov	Daily
Cash Investment Bal. 2/28/09	<u><u>33,849,113.98</u></u>			



Your Transmission Energy Cooperative

INVESTMENT REPORT FEBRUARY 2009

Institutional		Interest			Interest	Daily	M-T-D
Money Market Accounts:		Reinvested	Purchase	Redemption	Balance	Rate	Interest
Fidelity	Balance Forward				26,010,654.30		
	01-Feb-09				26,010,654.30	0.693%	494.18
	02-Feb-09			995,500.00	25,015,154.30	0.707%	484.37
	03-Feb-09				25,015,154.30	0.689%	472.31
	04-Feb-09			1,467,000.00	23,548,154.30	0.692%	446.68
	05-Feb-09				23,548,154.30	0.706%	455.59
	06-Feb-09			220,000.00	23,328,154.30	0.675%	431.64
	07-Feb-09				23,328,154.30	0.675%	431.64
	08-Feb-09				23,328,154.30	0.675%	431.62
	09-Feb-09			678,800.00	22,649,354.30	0.673%	417.72
	10-Feb-09			38,600.00	22,610,754.30	0.675%	418.19
	11-Feb-09			164,000.00	22,446,754.30	0.671%	412.55
	12-Feb-09				22,446,754.30	0.669%	411.51
	13-Feb-09			65,000.00	22,381,754.30	0.677%	415.34
	14-Feb-09				22,381,754.30	0.677%	415.32
	15-Feb-09				22,381,754.30	0.677%	415.32
	16-Feb-09				22,381,754.30	0.677%	415.33
	17-Feb-09			474,000.00	21,907,754.30	0.681%	408.78
	18-Feb-09			125,000.00	21,782,754.30	0.634%	378.52
	19-Feb-09				21,782,754.30	0.630%	376.08
	20-Feb-09		1,037,000.00	1,224,000.00	21,595,754.30	0.623%	368.62
	21-Feb-09				21,595,754.30	0.623%	368.62
	22-Feb-09				21,595,754.30	0.623%	368.59
	23-Feb-09			787,000.00	20,808,754.30	0.599%	341.28
	24-Feb-09			141,000.00	20,667,754.30	0.594%	336.43
	25-Feb-09		13,925,000.00		34,592,754.30	0.590%	559.02
	26-Feb-09		1,522,000.00		36,114,754.30	0.601%	594.67
	27-Feb-09			2,277,800.00	33,836,954.30	0.588%	544.88
	28-Feb-09	12,159.68			33,849,113.98	0.588%	544.88
					Average	0.650%	
		<u>12,159.68</u>	<u>16,484,000.00</u>	<u>8,657,700.00</u>			

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**Big Rivers Electric
Investment Summary
1/31/2009**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	26,010,654.30	0.826%	Gov	Daily
Cash Investment Bal. 1/31/09	<u><u>26,010,654.30</u></u>			



Your Triadstone Energy Cooperative

INVESTMENT REPORT JANUARY 2009

Institutional Money Market Accounts:		Interest Reinvested	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest
Fidelity	Balance Forward				38,423,956.90			
	01-Jan-09				38,423,956.90	1.008%	1,060.30	1,060.30
	02-Jan-09			16,962,000.00	21,461,956.90	0.990%	582.33	1,642.63
	03-Jan-09				21,461,956.90	0.990%	582.31	2,224.94
	04-Jan-09				21,461,956.90	0.990%	582.31	2,807.25
	05-Jan-09			25,000.00	21,436,956.90	0.884%	519.05	3,326.30
	06-Jan-09				21,436,956.90	0.905%	531.45	3,857.75
	07-Jan-09			1,292,000.00	20,144,956.90	0.884%	488.11	4,345.86
	08-Jan-09				20,144,956.90	0.849%	468.51	4,814.37
	09-Jan-09			2,054,000.00	18,090,956.90	0.852%	422.22	5,236.59
	10-Jan-09				18,090,956.90	0.852%	422.24	5,658.83
	11-Jan-09				18,090,956.90	0.852%	422.23	6,081.06
	12-Jan-09			20,000.00	18,070,956.90	0.896%	443.77	6,524.83
	13-Jan-09			33,500.00	18,037,456.90	0.876%	432.66	6,957.49
	14-Jan-09			136,000.00	17,901,456.90	0.931%	456.56	7,414.05
	15-Jan-09			18,500.00	17,882,956.90	0.886%	433.99	7,848.04
	16-Jan-09			92,000.00	17,790,956.90	0.907%	442.18	8,290.22
	17-Jan-09				17,790,956.90	0.907%	442.19	8,732.41
	18-Jan-09				17,790,956.90	0.907%	442.19	9,174.60
	19-Jan-09				17,790,956.90	0.907%	442.19	9,616.79
	20-Jan-09		234,000.00	342,000.00	17,682,956.90	0.772%	373.76	9,990.55
	21-Jan-09		1,021,000.00		18,703,956.90	0.752%	385.38	10,375.93
	22-Jan-09				18,703,956.90	0.777%	398.06	10,773.99
	23-Jan-09			56,000.00	18,647,956.90	0.756%	386.18	11,160.17
	24-Jan-09				18,647,956.90	0.756%	386.16	11,546.33
	25-Jan-09				18,647,956.90	0.756%	386.19	11,932.52
	26-Jan-09		14,304,000.00		32,951,956.90	0.747%	674.59	12,607.11
	27-Jan-09			653,000.00	32,298,956.90	0.675%	597.53	13,204.64
	28-Jan-09			107,000.00	32,191,956.90	0.639%	563.94	13,768.58
	29-Jan-09				32,191,956.90	0.669%	589.92	14,358.50
	30-Jan-09	15,297.40	2,580,400.00	8,777,000.00	26,010,654.30	0.659%	469.73	14,828.23
	31-Jan-09				26,010,654.30	0.659%	469.17	15,297.40
					Average	0.826%		
		<u>15,297.40</u>	<u>18,139,400.00</u>	<u>30,568,000.00</u>				

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**Big Rivers Electric
Investment Summary
12/31/2008**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	38,423,956.90	1.189%	Gov	Daily
Cash Investment Bal. 12/31/08	<u><u>38,423,956.90</u></u>			



Your Traditional Energy Cooperative

INVESTMENT REPORT DECEMBER 2008

Institutional Money Market Accounts:		Interest Reinvested	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest
Fidelity	Balance Forward				34,939,746.47			
	01-Dec-08	41,357.63	2,580,000.00	1,655,000.00	35,906,104.10	1.360%	1,337.89	1,337.89
	02-Dec-08			457,000.00	35,449,104.10	1.397%	1,356.50	2,694.39
	03-Dec-08			146,000.00	35,303,104.10	1.396%	1,350.27	4,044.66
	04-Dec-08			20,000.00	35,283,104.10	1.286%	1,243.06	5,287.72
	05-Dec-08			72,000.00	35,211,104.10	1.248%	1,204.08	6,491.80
	06-Dec-08				35,211,104.10	1.265%	1,219.92	7,711.72
	07-Dec-08				35,211,104.10	1.265%	1,219.93	8,931.65
	08-Dec-08			1,367,000.00	33,844,104.10	1.188%	1,101.42	10,033.07
	09-Dec-08				33,844,104.10	1.246%	1,155.37	11,188.44
	10-Dec-08			1,260,500.00	32,583,604.10	1.283%	1,145.09	12,333.53
	11-Dec-08			199,500.00	32,384,104.10	1.305%	1,157.96	13,491.49
	12-Dec-08			78,800.00	32,305,304.10	1.300%	1,150.78	14,642.27
	13-Dec-08				32,305,304.10	1.305%	1,155.27	15,797.54
	14-Dec-08				32,305,304.10	1.305%	1,155.30	16,952.84
	15-Dec-08			51,000.00	32,254,304.10	1.204%	1,063.71	18,016.55
	16-Dec-08		693,000.00		32,947,304.10	1.240%	1,119.22	19,135.77
	17-Dec-08			114,500.00	32,832,804.10	1.215%	1,092.51	20,228.28
	18-Dec-08			68,500.00	32,764,304.10	1.195%	1,072.41	21,300.69
	19-Dec-08		1,117,000.00		33,881,304.10	1.159%	1,076.17	22,376.86
	20-Dec-08				33,881,304.10	1.172%	1,088.17	23,465.03
	21-Dec-08				33,881,304.10	1.172%	1,088.13	24,553.16
	22-Dec-08		557,000.00		34,438,304.10	1.023%	965.34	25,518.50
	23-Dec-08		69,000.00		34,507,304.10	1.072%	1,013.07	26,531.57
	24-Dec-08				34,507,304.10	1.079%	1,020.24	27,551.81
	25-Dec-08				34,507,304.10	1.084%	1,024.73	28,576.54
	26-Dec-08		10,900,000.00		45,407,304.10	1.074%	1,336.70	29,913.24
	27-Dec-08				45,407,304.10	1.075%	1,336.75	31,249.99
	28-Dec-08				45,407,304.10	1.074%	1,336.69	32,586.68
	29-Dec-08		1,997,000.00	3,450,000.00	43,954,304.10	0.971%	1,169.45	33,756.13
	30-Dec-08			120,000.00	43,834,304.10	0.965%	1,158.54	34,914.67
	31-Dec-08	35,952.80		5,446,300.00	38,423,956.90	0.987%	1,038.13	35,952.80
					Average	1.189%		
		<u>77,310.43</u>	<u>17,913,000.00</u>	<u>14,506,100.00</u>				

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**Big Rivers Electric
Investment Summary
11/30/2008**

	<u>Balance</u>	<u>Average Interest Rate</u>	<u>Ratings</u>	<u>Liquidity</u>
Fidelity MM Government Portfolio	34,939,746.47	1.567%	Gov	Daily
Cash Investment Bal. 11/30/08	<u><u>34,939,746.47</u></u>			




**INVESTMENT REPORT
NOVEMBER 2008**

**Institutional
Money Market Accounts:**

		Interest Reinvested	Purchase	Redemption	Balance	Interest Rate	Daily Interest	M-T-D Interest
Fidelity	Balance Forward				31,938,312.80			
	01-Nov-08				31,938,312.80	1.728%	1,511.80	1,511.80
	02-Nov-08				31,938,312.80	1.728%	1,511.80	3,023.60
	03-Nov-08	42,533.67		228,000.00	31,752,846.47	1.713%	1,490.54	4,514.14
	04-Nov-08				31,752,846.47	1.701%	1,479.71	5,993.85
	05-Nov-08			288,000.00	31,464,846.47	1.674%	1,443.45	7,437.30
	06-Nov-08			246,000.00	31,218,846.47	1.667%	1,425.83	8,863.13
	07-Nov-08			145,600.00	31,073,246.47	1.660%	1,413.09	10,276.22
	08-Nov-08				31,073,246.47	1.678%	1,428.56	11,704.78
	09-Nov-08				31,073,246.47	1.678%	1,428.53	13,133.31
	10-Nov-08				31,073,246.47	1.558%	1,326.49	14,459.80
	11-Nov-08				31,073,246.47	1.584%	1,348.36	15,808.16
	12-Nov-08			296,000.00	30,777,246.47	1.621%	1,366.69	17,174.85
	13-Nov-08			1,391,000.00	29,386,246.47	1.649%	1,327.38	18,502.23
	14-Nov-08		310,000.00		29,696,246.47	1.571%	1,278.39	19,780.62
	15-Nov-08				29,696,246.47	1.593%	1,295.68	21,076.30
	16-Nov-08				29,696,246.47	1.593%	1,295.67	22,371.97
	17-Nov-08			271,000.00	29,425,246.47	1.538%	1,240.04	23,612.01
	18-Nov-08			200,000.00	29,225,246.47	1.570%	1,257.30	24,869.31
	19-Nov-08			281,000.00	28,944,246.47	1.543%	1,223.21	26,092.52
	20-Nov-08		2,132,000.00		31,076,246.47	1.540%	1,311.55	27,404.07
	21-Nov-08		1,115,000.00		32,191,246.47	1.523%	1,343.37	28,747.44
	22-Nov-08				32,191,246.47	1.557%	1,373.31	30,120.75
	23-Nov-08				32,191,246.47	1.557%	1,373.28	31,494.03
	24-Nov-08		2,413,000.00		34,604,246.47	1.543%	1,463.03	32,957.06
	25-Nov-08		9,583,000.00		44,187,246.47	1.426%	1,725.95	34,683.01
	26-Nov-08			9,247,500.00	34,939,746.47	1.434%	1,373.13	36,056.14
	27-Nov-08				34,939,746.47	1.430%	1,369.29	37,425.43
	28-Nov-08				34,939,746.47	1.357%	1,298.71	38,724.14
	29-Nov-08				34,939,746.47	1.376%	1,316.77	40,040.91
	30-Nov-08				34,939,746.47	1.376%	1,316.72	41,357.63
					Average	1.567%		
		<u>42,533.67</u>	<u>15,553,000.00</u>	<u>12,594,100.00</u>				

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Your Touchstone Energy® Cooperative 

Financial Report **October 2008**

Board Meeting Date: December 19, 2008





Summary of Operations

October Year To Date

(Thousands Of Dollars)

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	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
Revenues	204,514	189,391	252,098
Cost of Electric Service	185,259	177,427	229,313
Operating Margins	19,255	11,964	22,785
Non-Operating Income-Net	12,649	16,872	16,842
Net Margins - YTD October	31,904	28,836	39,627



Your Transmission Energy Cooperative

Summary of Operations - October (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	240,608	256,108	248,316
Non-Member MWh	168,839	141,814	233,865
Member Margins-\$/MWh	\$13.45	\$12.76	\$13.66
Non-Member Margins-\$/MWh	\$24.68	\$33.04	\$18.28
Electric Energy Margins	\$7,404	\$7,952	\$7,666
Interest Income-General Fund	\$44	\$514	\$580
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 1.84% Actual 2008; 4.50% Budget; 4.96% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$0	\$1,095	\$1,060
PMCC and Bank of America buyouts (C)			
Labor	(\$1,210)	(\$1,172)	(\$1,076)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$578)	(\$444)	(\$665)
SIPC Transmission (Smelters)(A); Brush control (C); Dues/Assessments (C); Maint Contracts-ISD (C); M&S Inventory (A)			
Professional Fees	(\$596)	(\$190)	(\$344)
Unwind (C); Transmission matters (B); Files Review/Maint Issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Touchstone Energy® Cooperative

Summary of Operations - October

(thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$226)	(\$330)	(\$184)
Dues & Assessments (C); Debt Expense (B); Director's Fees (C)			
Interest on Long-Term Debt	(\$4,805)	(\$4,913)	(\$5,092)
New RUS Note-decreased interest on outstanding balance differences due to voluntary/required prepayments (A)			
P.C. Bonds-increased interest due to avg interest rates of 9.41% Actual 2008; 3.79% Budget; 3.74% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$88)	(\$1,126)	(\$1,089)
PMCC and Bank of America Buyouts (C)			
Amortize Gain/Loss on Defeased Sale-Leaseback	(\$333)	\$247	\$246
Net of original transaction & PMCC and Bank of America Buyouts (C)			
All Other	\$2,612	\$2,591	\$2,529
Net Margins	\$2,224	\$4,224	\$3,631

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Touchstone Energy® Cooperative

Summary of Operations-YTD October (thousands of dollars)

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
Member MWh	2,733,418	2,820,022	2,781,789
Non-Member MWh	1,568,045	1,138,227	2,373,124
Member Margins-\$/MWh	\$13.69	\$11.61	\$13.65
Non-Member Margins-\$/MWh	\$25.54	\$29.66	\$16.58
Electric Energy Margins	\$77,465	\$66,492	\$77,326
Interest Income-General Fund	\$3,118	\$5,325	\$5,662
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 2.84% Actual 2008; 4.50% Budget; 5.29% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$8,742	\$10,768	\$10,395
PMCC and Bank of America buyouts (C)			
Arbitrage Transmission-BREC Power Supply	\$1,747	\$1,148	\$1,367
Increased off-system sales (excluding Smelters) resulted in larger transmission revenue (C); (off-set as an expense in Non-Member Margins)			
Labor	(\$10,639)	(\$10,669)	(\$9,604)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$5,183)	(\$5,201)	(\$6,684)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Line/Sub Maintenance (C); Pole Treatment (C); Plant Equipment Rent (A); Dues & Assessments (A); EMS Upgrade (C); IS Equipment Maint (C); Revenue Meters (A)			
Professional Fees	(\$4,828) ↑	(\$2,626)	(\$3,090)
Unwind (C); Pension Plans/Post-Retirement Medical (B); Compensation Study (C); Marketing Surveys (B); Transmission matters (B); Financial Audit (C); Files review/Maint issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Touchstone Energy® Cooperative

Summary of Operations-YTD October (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$3,576)	(\$3,457)	(\$2,649)
Dues & Assessments (C); PC Software (Microsoft Licensing) (C); Sungard (C); IS Equipment Maintenance (C); EMS Upgrade (B); Economic Development (B)			
Operating Expense-Customer Service/Sales	(\$593)	(\$899)	(\$567)
Economic Development (C); Energy Efficiency (C); Touchstone Incentives (C)			
General Plant Maintenance	(\$171)	(\$319)	(\$351)
IS Equipment Maintenance (C) (offset in A&G and Transmission-Maintenance)			
Interest on Long-Term Debt	(\$54,122)	(\$50,346)	(\$51,166)
New RUS Note-decreased interest due to outstanding principal balances (A)			
RUS ARVP Note-increased Arbitrage interest (C)			
P.C. Bonds-increased interest due to avg interest rates of 6.37% Actual 2008; 3.79% Budget; 3.75% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$9,077)	(\$11,069)	(\$10,676)
PMCC and Bank of America buyouts (C)			
Amortize Gain/Loss on Defeased Sale-Leaseback	\$1,854	\$2,434	\$2,416
Net of original transaction & PMCC and Bank of America Buyouts			
All Other	\$27,167	\$27,255	\$27,248
Net Margins	\$31,904	\$28,836	\$39,627
	\$31,904	\$28,836	\$39,627

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Touchstone Energy® Cooperative

Statement of Operations – October

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	16,319,414	16,336,429	20,041,435
INCOME FROM LEASED PROPERTY - NET	2,401,377	2,446,207	2,283,692
OTHER OPERATING REVENUE AND INCOME	907,660	797,617	797,321
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	19,628,451	19,580,253	23,122,448
OPERATING EXPENSE-OTHER POWER SUPPLY	8,914,991	8,384,194	12,375,851
OPERATING EXPENSE-TRANSMISSION	747,736	587,701	840,263
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	85,441	67,449	65,107
OPERATING EXPENSE-SALES	152,682	48,168	24,492
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,501,765	1,174,250	1,120,123
TOTAL OPERATING EXPENSE	11,402,615	10,261,762	14,425,836
MAINTENANCE EXPENSE-TRANSMISSION	306,833	320,664	261,477
MAINTENANCE EXPENSE-GENERAL PLANT	13,479	24,828	35,312
TOTAL MAINTENANCE EXPENSE	320,312	345,492	296,789
DEPRECIATION & AMORTIZATION EXPENSE	427,312	465,961	420,052
TAXES	92,777	92,777	89,968
INTEREST ON LONG-TERM DEBT	4,893,072	6,038,680	6,180,953
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(28,256)	(36,260)	(47,669)
OTHER INTEREST EXPENSE	614	1,420	1,437
OTHER DEDUCTIONS	340,618	(204,578)	(235,875)
TOTAL COST OF ELECTRIC SERVICE	17,449,064	16,965,254	21,131,491
OPERATING MARGINS	2,179,387	2,614,999	1,990,957
INTEREST INCOME	44,250	1,608,931	1,639,986
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	0	0	0
NET PATRONAGE CAPITAL OR MARGINS	2,223,637	4,223,930	3,630,943

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Your Touchstone Energy® Cooperative

Statement of Operations – YTD October

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	171,528,350	156,864,663	219,356,848
INCOME FROM LEASED PROPERTY - NET	24,525,424	24,556,748	24,622,954
OTHER OPERATING REVENUE AND INCOME	8,460,035	7,969,630	8,117,713
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	204,513,809	189,391,041	252,097,515
OPERATING EXPENSE-OTHER POWER SUPPLY	94,062,914	90,372,991	142,031,449
OPERATING EXPENSE-TRANSMISSION	6,059,356	5,849,991	7,546,217
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	571,973	632,268	523,400
OPERATING EXPENSE-SALES	452,960	696,144	434,762
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	14,504,737	12,214,806	11,026,930
TOTAL OPERATING EXPENSE	115,651,940	109,765,700	161,562,758
MAINTENANCE EXPENSE-TRANSMISSION	3,211,271	3,413,488	3,044,512
MAINTENANCE EXPENSE-GENERAL PLANT	190,280	365,347	369,749
TOTAL MAINTENANCE EXPENSE	3,401,551	3,778,835	3,414,261
DEPRECIATION & AMORTIZATION EXPENSE	4,262,588	4,463,391	4,178,345
TAXES	931,120	927,770	899,680
INTEREST ON LONG-TERM DEBT	63,198,749	61,414,917	61,841,794
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(449,094)	(728,520)	(278,682)
OTHER INTEREST EXPENSE	7,127	14,090	24,515
OTHER DEDUCTIONS	(1,744,963)	(2,209,262)	(2,329,739)
TOTAL COST OF ELECTRIC SERVICE	185,259,018	177,426,921	229,312,932
OPERATING MARGINS	19,254,791	11,964,120	22,784,583
INTEREST INCOME	11,859,835	16,093,003	16,056,724
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	789,659	778,506	786,063
NET PATRONAGE CAPITAL OR MARGINS	31,904,285	28,835,629	39,627,370

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Electric Energy Revenue "Minus" Power Cost
YTD October

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Revenue</u>			
Rural Sales - MWh	1,956,902	2,005,060	2,007,029
Large Industrial Sales - MWh	776,516	814,962	774,760
Arbitrage Sales - MWh	1,568,045	1,138,227	1,339,761
Forward Sale-Buyback Sales - MWh	0	0	51,089
Smelters Buythrough Sales - MWh	0	0	982,274
Total Sales - MWh	4,301,463	3,958,249	5,154,913
Rural Revenue - \$/MWh	35.84	35.38	35.44
Large Industrial Revenue - \$/MWh	30.88	30.56	30.91
Arbitrage Revenue - \$/MWh	49.37	53.61	48.50
Forward Sale-Buyback Revenue - \$/MWh	0.00	0.00	90.63
Smelters Buythrough Revenue - \$/MWh	0.00	0.00	55.66
Total Revenue - \$/MWh	39.88	39.63	42.56
Rural Revenue - Thousands of \$	70,136	70,940	71,128
Large Industrial Revenue - Thousands of \$	23,976	24,907	23,948
Arbitrage Revenue - Thousands of \$	77,416	61,018	64,976
Forward Sale-Buyback Revenue - Thousands of \$	0	0	4,630
Smelters Buythrough Revenue - Thousands of \$	0	0	54,675
Total Revenue - Thousands of \$	171,528	156,865	219,357

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Electric Energy Revenue "Minus" Power Cost
YTD October

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.74	22.38	20.52
Large Industrial Power Cost - \$/MWh	20.74	22.38	20.52
Arbitrage Power Cost - \$/MWh	23.83	23.95	22.90
Forward Sale-Buyback Power Cost - \$/MWh	0.00	0.00	44.98
Smelters Buythrough Power Cost - \$/MWh	0.00	0.00	52.89
Total Power Cost - \$/MWh	21.87	22.83	27.55
Rural Power Cost - Thousands of \$	40,589	44,871	41,194
Large Industrial Power Cost - Thousands of \$	16,107	18,239	15,901
Arbitrage Power Cost - Thousands of \$	37,367	27,263	30,687
Forward Sale-Buyback Power Cost - Thousands of \$	0	0	2,298
Smelters Buythrough Power Cost - Thousands of \$	0	0	51,951
Total Power Cost - Thousands of \$	94,063	90,373	142,031

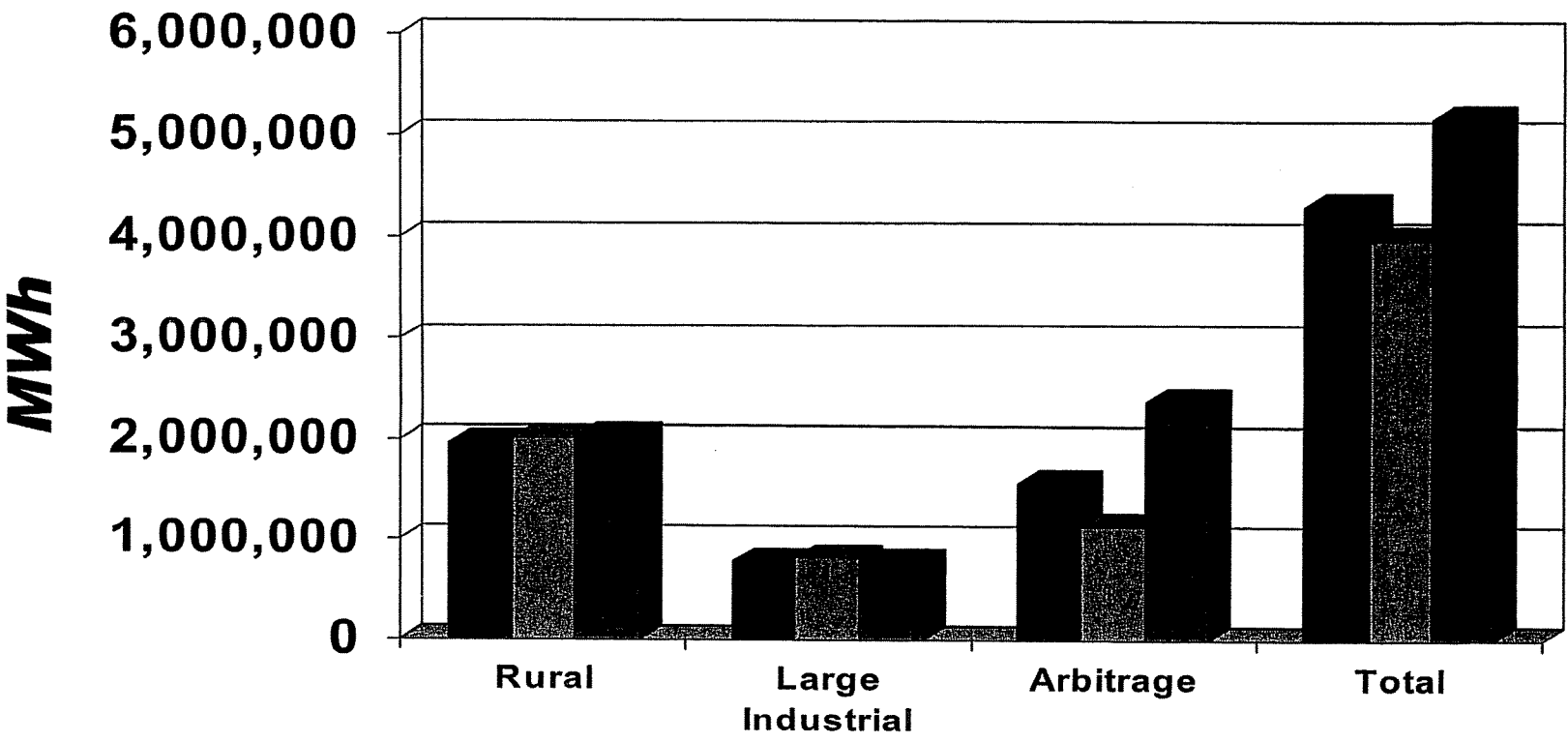
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**Electric Energy Revenue "Minus" Power Cost
YTD October**

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	15.10	13.00	14.92
Large Industrial Sales Margin - \$/MWh	10.14	8.18	10.39
Arbitrage Sales Margin - \$/MWh	25.54	29.66	25.60
Forward Sale-Buyback Margin - \$/MWh	0.00	0.00	45.65
Smelters Buythrough Margin - \$/MWh	0.00	0.00	2.77
Total Sales Margin - \$/MWh	18.01	16.80	15.00
Rural Sales Margin - Thousands of \$	29,547	26,069	29,934
Large Industrial Sales Margin - Thousands of \$	7,869	6,668	8,047
Arbitrage Sales Margin - Thousands of \$	40,049	33,755	34,289
Forward Sale-Buyback Margin - Thousands of \$	0	0	2,332
Smelters Buythrough Margin - Thousands of \$	0	0	2,724
Total Sales Margin - Thousands of \$	77,465	66,492	77,326

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MWh Sales YTD October

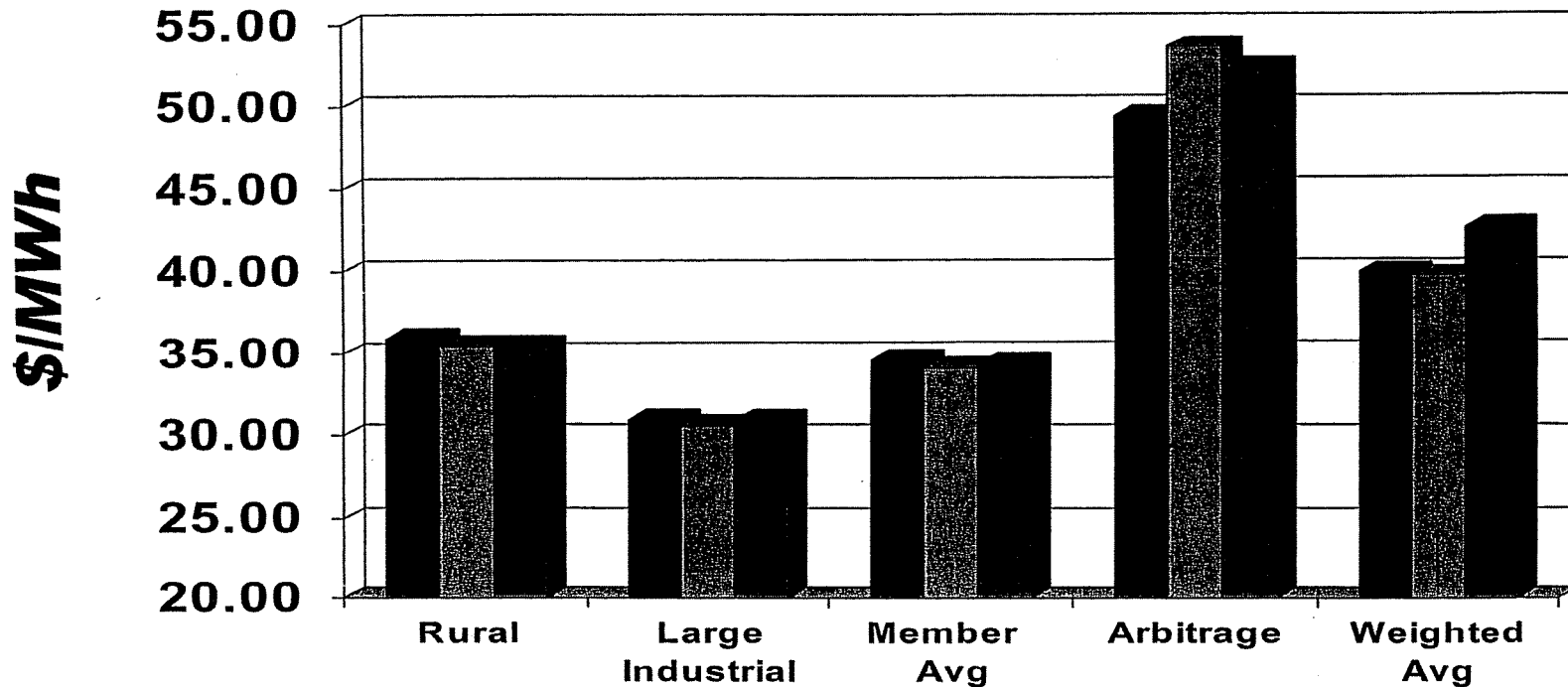


Actual 2008	1,956,902	776,516	1,568,045	4,301,463
Budget	2,005,060	814,962	1,138,227	3,958,249
Actual 2007	2,007,029	774,760	2,373,124	5,154,913

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Revenue - \$/MWh Sold YTD October

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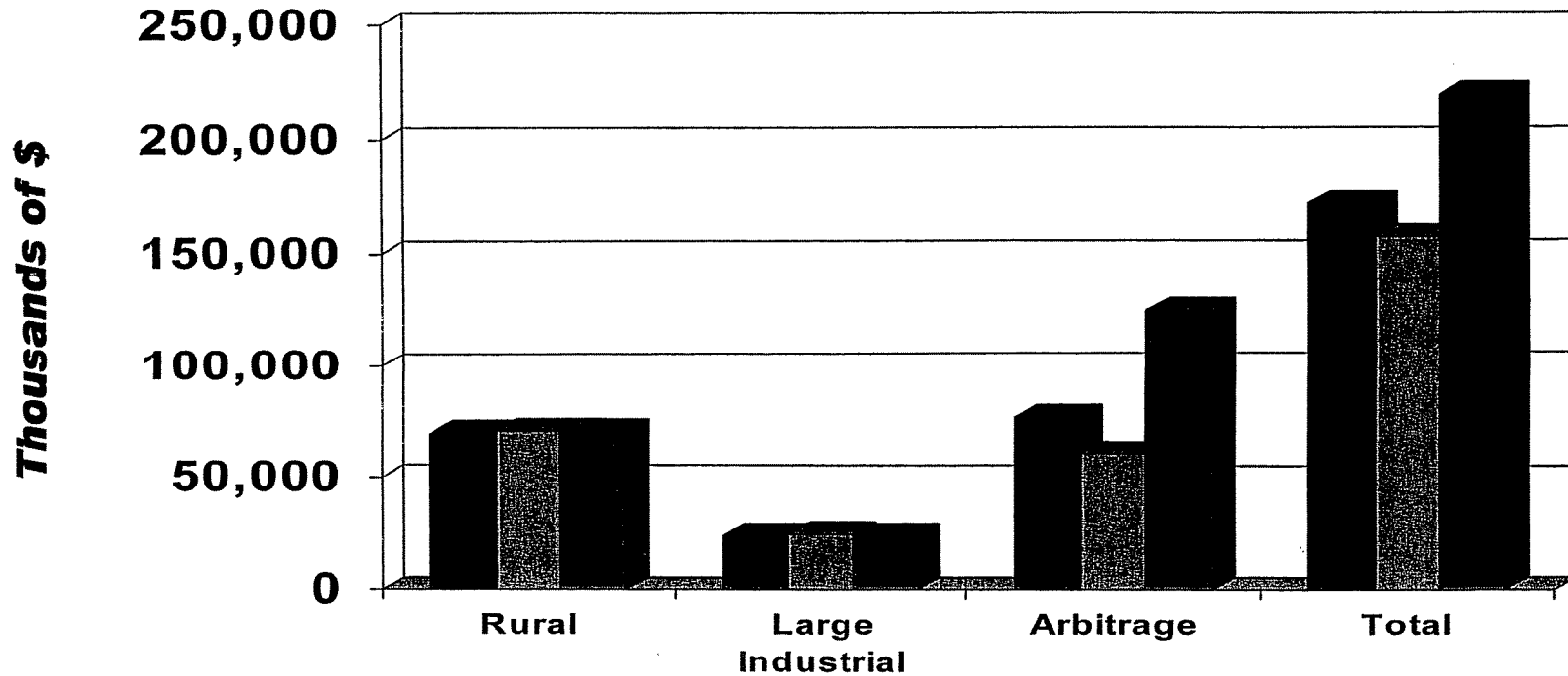


Actual 2008	35.84	30.88	34.43	49.37	39.88
Budget	35.38	30.56	33.99	53.61	39.63
Actual 2007	35.44	30.91	34.18	52.37	42.56

Revenue

YTD October

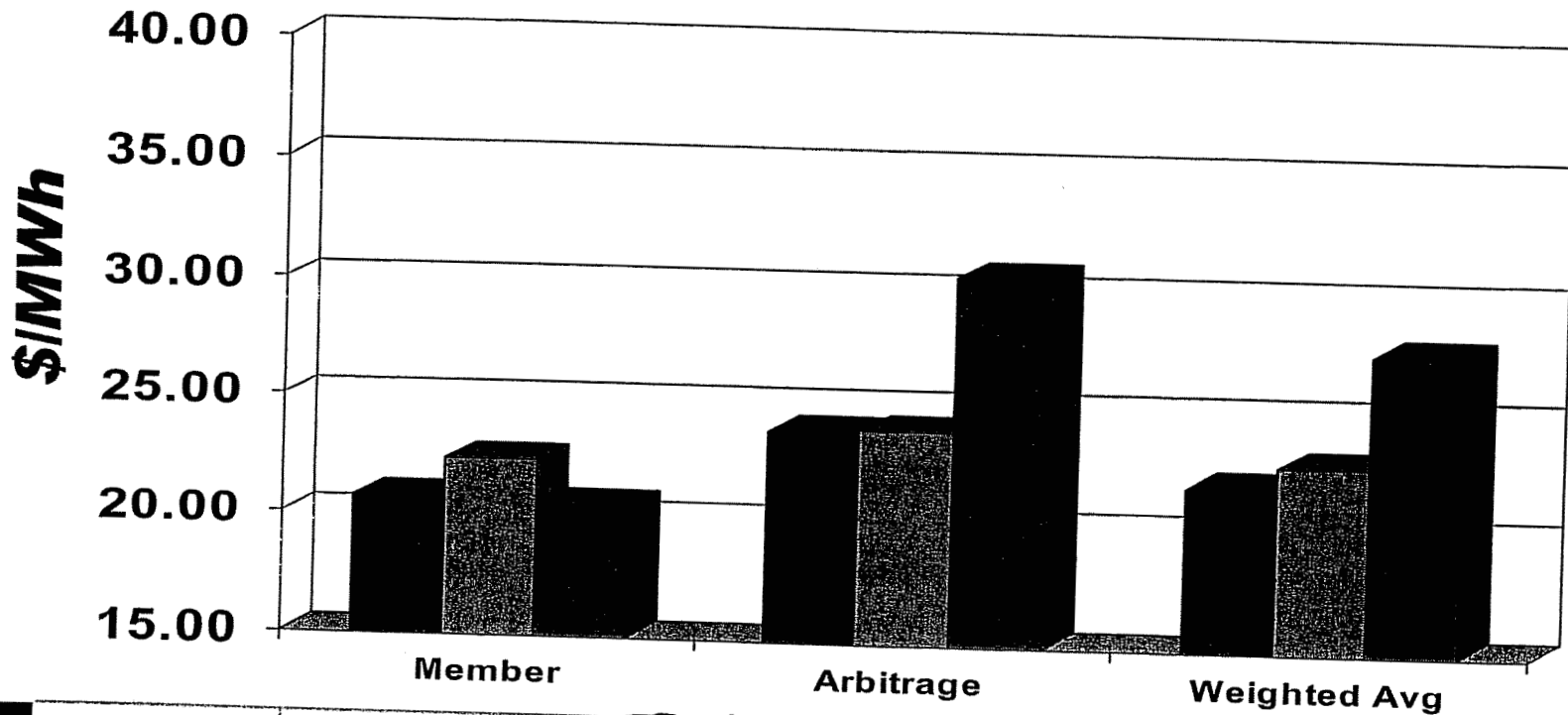
(Dollars in Thousands)



Actual 2008	70,136	23,976	77,416	171,528
Budget	70,940	24,907	61,018	156,865
Actual 2007	71,128	23,948	124,281	219,357

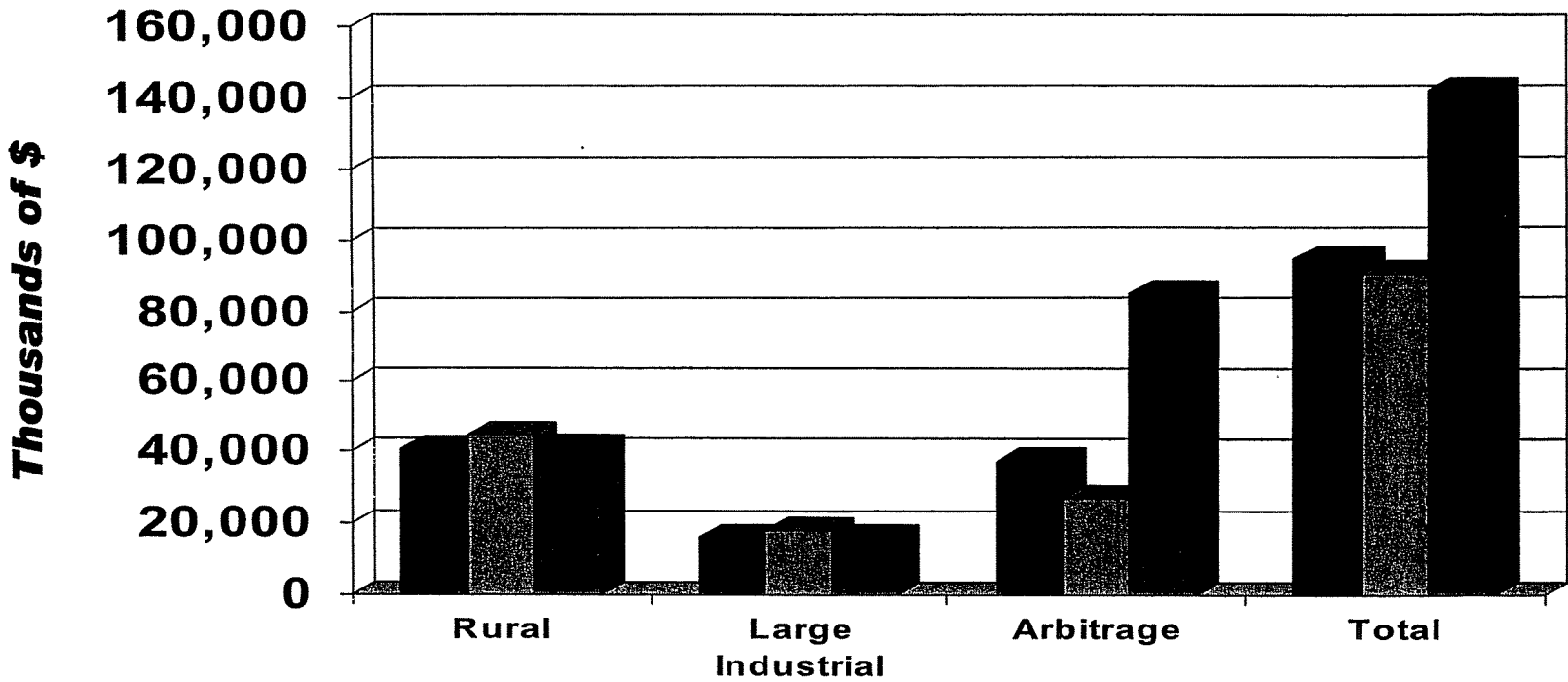
Power Cost - \$/MWh Sold YTD October

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	Member	Arbitrage	Weighted Avg
Actual 2008	20.74	23.83	21.87
Budget	22.38	23.95	22.83
Actual 2007	20.52	30.53	27.55

Power Cost YTD October (Dollars in Thousands)



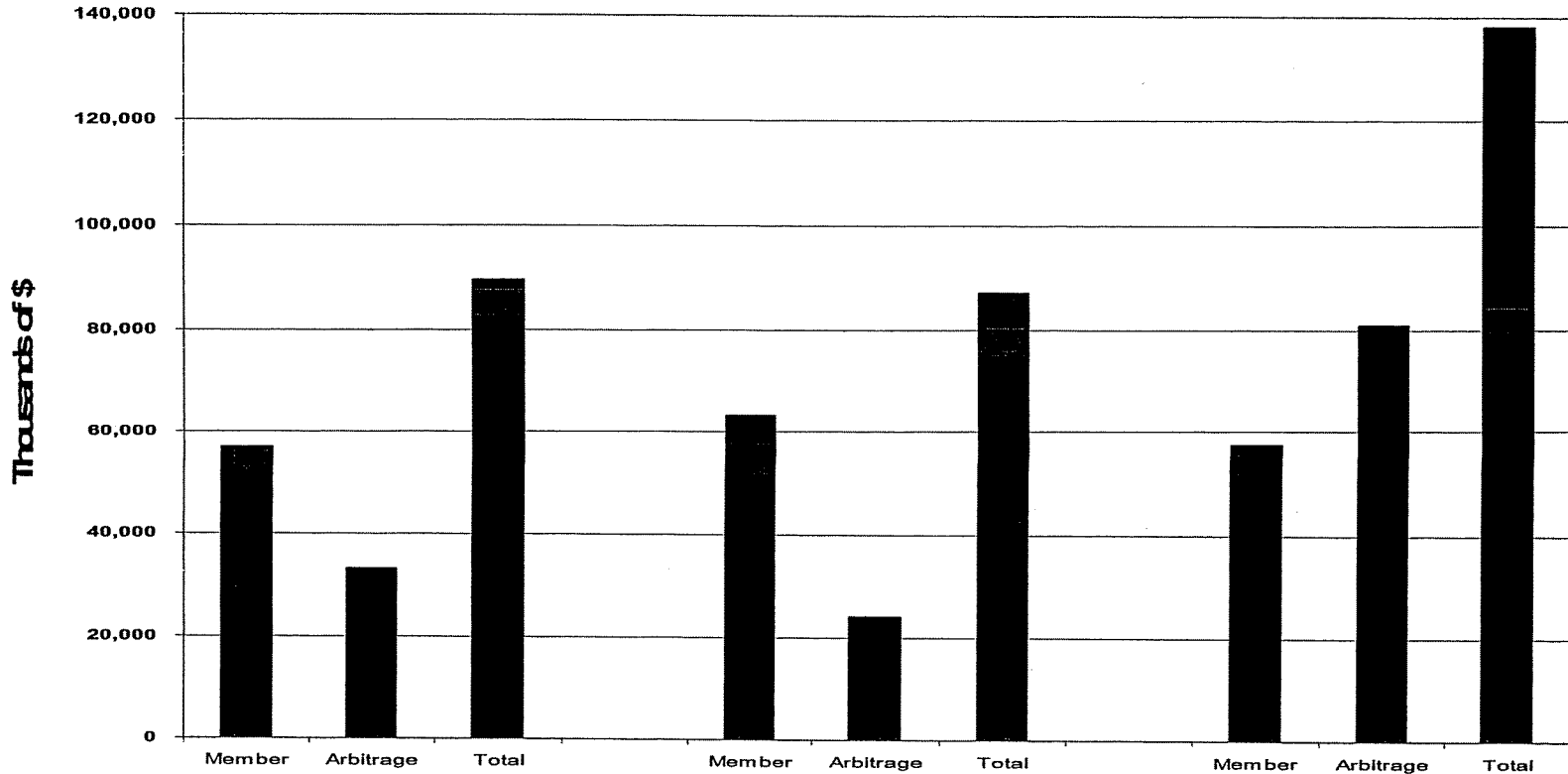
Actual 2008	40,589	16,107	37,367	94,063
Budget	44,871	18,239	27,263	90,373
Actual 2007	41,194	15,901	84,936	142,031

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Sources & Distribution of Energy

YTD October

(Dollars in Thousands)



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	Actual 2008			Budget			Actual 2007		
Market	72	1,757	1,829	5,488	1,008	6,496	196	53,456	53,652
Domtar	403	0	403	403	0	403	360	0	360
SEPA	4,982	0	4,982	5,481	0	5,481	4,647	0	4,647
LEM	51,196	31,339	82,535	51,730	23,061	74,791	51,838	27,552	79,390
Total	56,653	33,096	89,749	63,102	24,069	87,171	57,041	81,008	138,049



Your Touchstone Energy® Cooperative

Member - Non-Member Purchased Power Allocation

YTD October

(Dollars in Thousands)

	Actual 2008	Budget 2008	Actual 2007
<u>Purchases for Members</u>			
SEPA Power	4,982	5,481	4,647
Domtar Cogen Green Power	403	403	360
Market Power Applied to Members	72	5,488	196
LEM Power Applied to Members	51,196	51,730	51,838
Member Purchased Power	56,653	63,102	57,041
Other Costs:			
LEM Ancillaries & Other	43	8	54
Total Purchased Power Applied to Members	56,696	63,110	57,095
<u>Purchases For Non-Members</u>			
Market Power Applied to Non-Members	1,757	1,008	53,456
LEM Power Applied to Non-Members	31,339	23,061	27,552
Non-Member Purchased Power	33,096	24,069	81,008
Other Costs:			
Domtar Reservation Fee/Energy Imbalance/Curtailment	1,379	899	1,107
ACES/ICE/PJM/CFC Letter of Credit Fees	1,093	1,101	1,029
SIPC/MISO/LOC Charges for Smelters	(1)	0	425
Revenue Meter Retrieval Expenses	53	46	0
Arbitrage Transmission Revenue Offset	1,747	1,148	1,367
Total Purchased Power Applied to Non-Members	37,367	27,263	84,936
<u>Total Purchased Power</u>			
SEPA Power	4,982	5,481	4,647
Domtar Cogen Green Power	403	403	360
Arbitrage Power	1,829	6,496	53,652
LEM Power	82,535	74,791	79,390
Purchased Power Total	89,749	87,171	138,049
Total Other Costs	4,314	3,202	3,982
Total Purchased Power	94,063	90,373	142,031

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Your Touchstone Energy® Cooperative

Member - Non-Member Purchased Power Allocation

YTD October

MWh

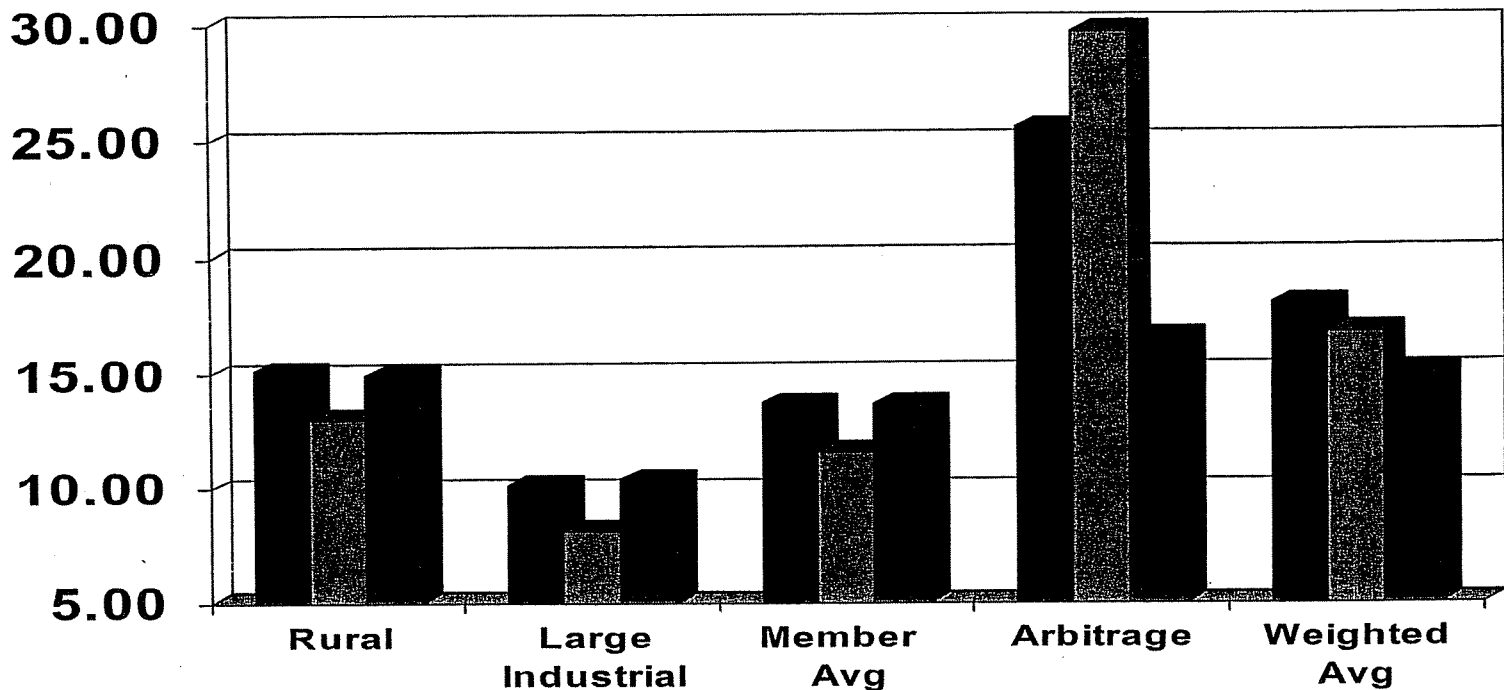
	Actual 2008	Budget 2008	Actual 2007
<u>MWh Purchases for Members</u>			
SEPA Power	201,403	236,192	175,718
Domtar Cogen Green Power	7,320	7,320	6,551
Market Power Applied to Members	959	19,600	2,615
LEM Power Applied to Members	2,552,831	2,579,939	2,620,940
Total Purchased Power MWh Applied to Members	<u>2,762,513</u>	<u>2,843,051</u>	<u>2,805,824</u>
<u>MWh Purchases for Non-Members</u>			
Market Power Applied to Non-Members	30,217	3,600	1,022,219
LEM Power Applied to Non-Members	1,554,778	1,143,920	1,371,201
Total Purchased Power MWh Applied to Non-Members	<u>1,584,995</u>	<u>1,147,520</u>	<u>2,393,420</u>
<u>Total Purchased Power MWh</u>			
SEPA Power	201,403	236,192	175,718
Domtar Cogen Green Power	7,320	7,320	6,551
Market Power	31,176	23,200	1,024,834
LEM Power	4,107,609	3,723,859	3,992,141
Total Purchased Power MWh	<u>4,347,508</u>	<u>3,990,571</u>	<u>5,199,244</u>

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Sales Margin - \$/MWh Sold YTD October

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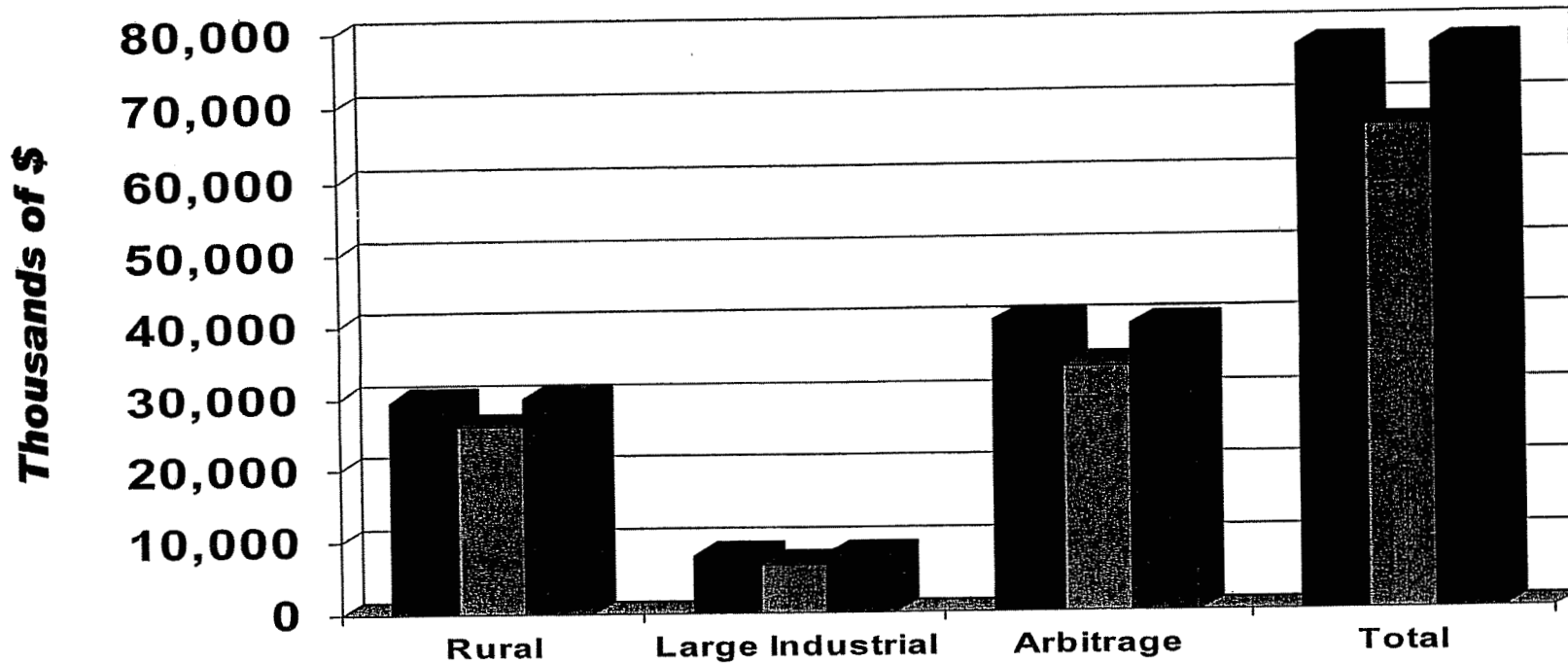
\$/MWh



Actual 2008	15.10	10.14	13.69	25.54	18.01
Budget	13.00	8.18	11.61	29.66	16.80
Actual 2007	14.92	10.39	13.65	16.58	15.00

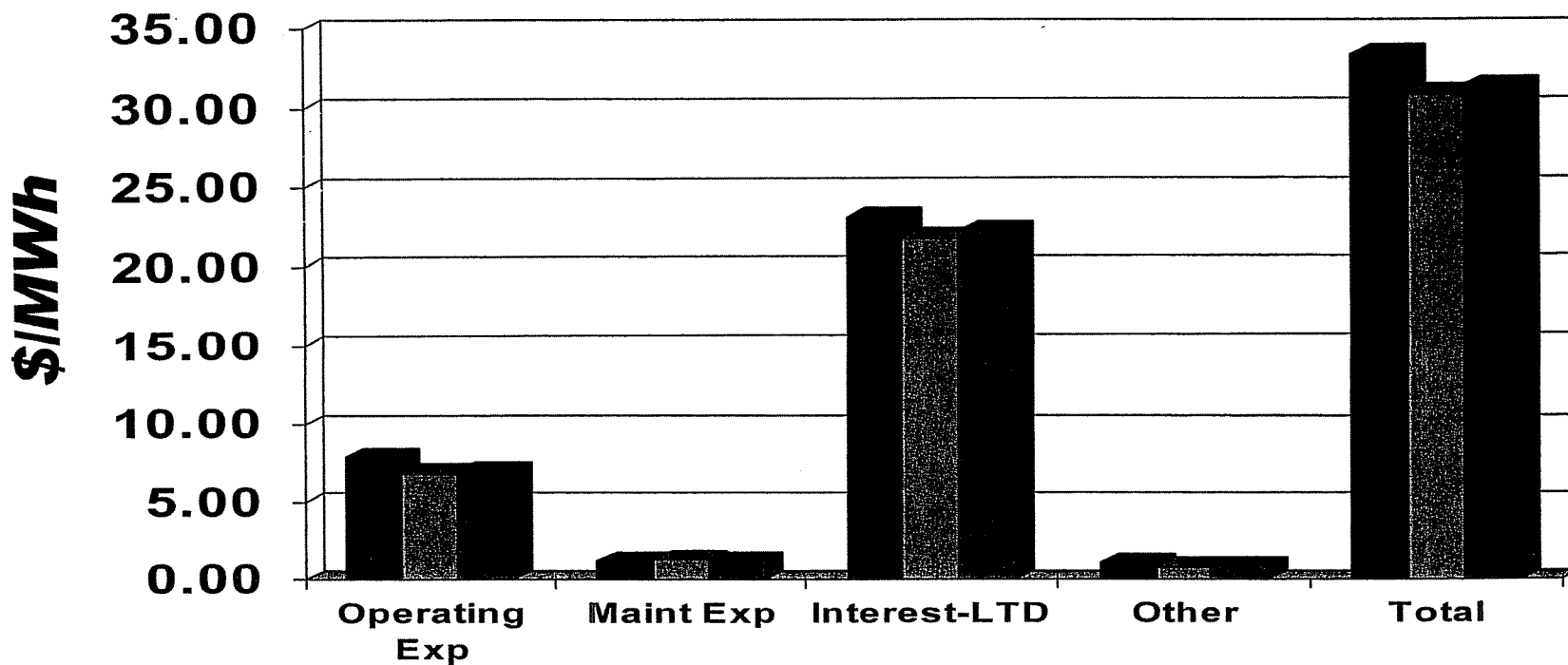
Sales Margin YTD October

(Dollars in Thousands)



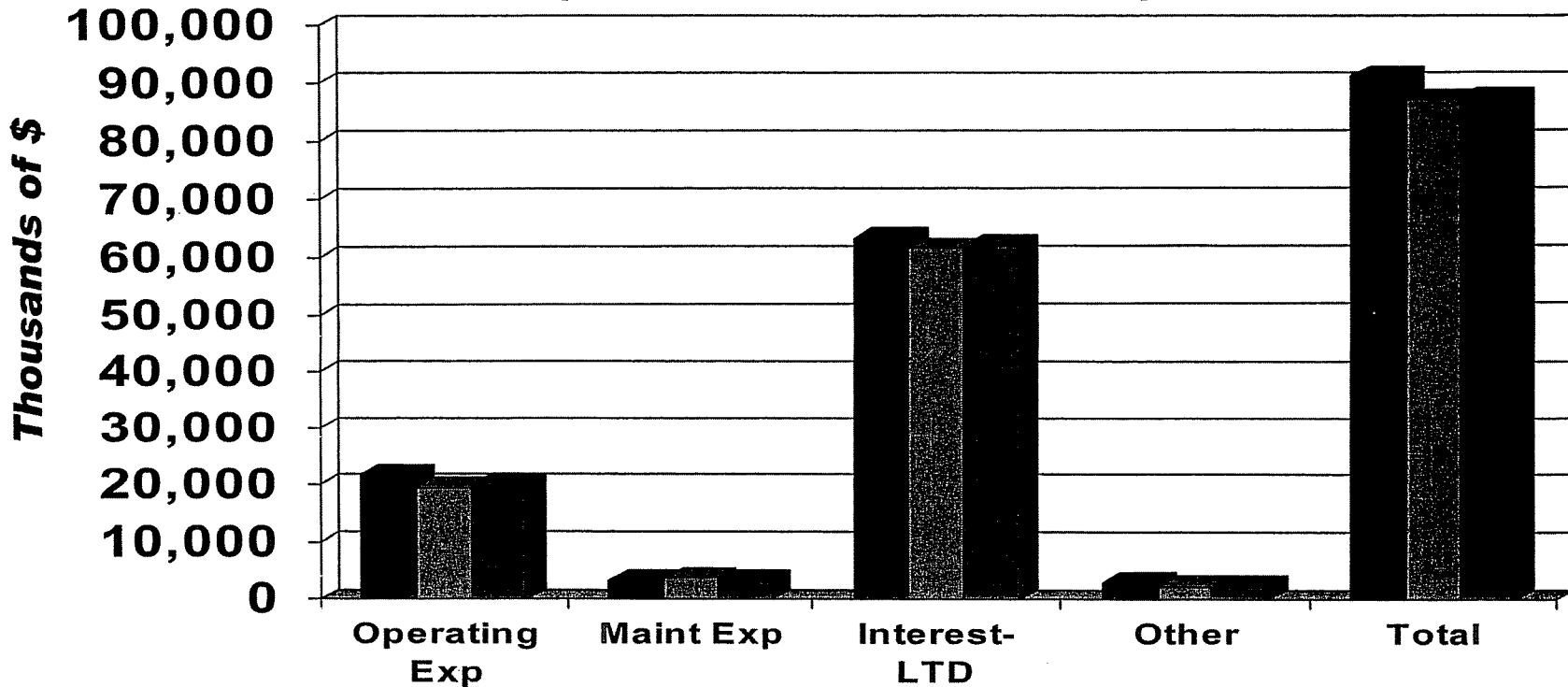
Actual 2008	29,547	7,869	40,049	77,465
Budget	26,069	6,668	33,755	66,492
Actual 2007	29,934	8,047	39,345	77,326

Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold YTD October



Actual 2008	7.90	1.24	23.12	1.10	33.36
Budget	6.88	1.34	21.78	0.87	30.87
Actual 2007	7.02	1.23	22.23	0.90	31.38

Total Cost of Electric Service (minus Power Cost) YTD October (Dollars in Thousands)



Actual 2008	21,589	3,401	63,199	3,007	91,196
Budget	19,393	3,779	61,415	2,467	87,054
Actual 2007	19,532	3,414	61,842	2,494	87,282



Your Touchstone Energy® Cooperative

Other Operating Revenue & Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD October	8,460	7,970	8,118

Actual vs Budget Variance primarily due to:

- BREC Power Supply Transmission (Arbitrage) - \$599 more than Budget
- Domtar Cogen Transmission (Arbitrage) - \$58 less than Budget
- Other Miscellaneous Transmission - \$55 less than Budget

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Your Touchstone Energy® Cooperative

Operating Expense – Transmission

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD October	6,059	5,850	7,546

Actual vs Actual Variance primarily due to:

Transmission of Electricity - \$1,875 less than Actual 2007; primarily SIPC charges related to Smelter Block B sales & TVA Transmission-LEM cancellation

Labor- \$133 more than Actual 2007; more employees in 2008 vs 2007; timing of vacation/sick pay

GIS System Maintenance - \$41 more than Actual 2007; allocation change-offset in General Plant Maintenance

EMS-OSI System Maintenance - \$50 more than Actual 2007; allocation change-offset in General Plant Maintenance

TVA Reliability Coordination Umbrella Agreement - \$164 more than Actual 2007; timing

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Operating Expense - Sales

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD October	453	696	435

Actual vs Budget Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$102 less than Budget; less program participation than anticipated; timing

Economic Development - \$131 less than Budget; timing of payments to Coops

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Operating Expense – A & G

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD October	14,505	12,214	11,027

Actual vs Budget Variance primarily due to:

Labor - \$31 less than Budget; positions not filled when budgeted; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$2,202 more than Budget; primarily Unwind

PC Software - \$278 more than Budget; Microsoft Licensing (not budgeted)

GIS Maintenance - \$110 more than Budget; offset in General Plant Maintenance

EMS upgrades - \$200 less than Budget; offset in Transmission Maintenance

Itron Maintenance - \$26 more than Budget; offset in Transmission Maintenance/General Plant Maintenance

Actual vs Actual Variance primarily due to:

Labor - \$812 more than Actual 2007; more employees in 2008; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,738 more than Actual 2007; primarily Unwind

PC Software - \$278 more than Actual 2007; Microsoft Licensing

Sungard - \$181 more than Actual 2007 (timing & prepayment of postage)

Dues & Assessments - \$148 more than Actual 2007 (timing); primarily PSC Assessment, NERC, CRN & National G&T Managers Association

GIS Maintenance - \$116 more than Actual 2007; offset in General Plant Maintenance

Itron Maintenance - \$26 more than Actual 2007; offset in General Plant Maintenance

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Your Touchstone Energy® Cooperative

Maintenance Expense - General Plant

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD October	190	365	370

Actual vs Budget Variance primarily due to:

GIS Service Agreement - \$138 less than Budget; reclassification (offset in A&G Expense)

EMS-OSI Maintenance - \$17 less than Budget; reclassification (offset in Trans-Operations)

Network Maintenance - \$11 more than Budget; unwind related

Labor - \$28 less than Budget; timing of construction project work, vacations

Actual vs Actual Variance primarily due to:

GIS Service Agreement - \$133 less than Actual 2007; reclassification (offset in A&G Expense)

Iron Maintenance - \$25 less than Actual 2007; reclassification (offset in A&G

Building & Grounds - \$31 less than Actual 2007; repairs to HQ roof, windows & water leak damage in 2007

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Your Touchstone Energy® Cooperative

Interest on Long-Term Debt

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Sale-Leaseback - YTD October	9,077	11,069	10,676
Other - YTD October	54,122	50,346	51,166
YTD October	63,199	61,415	61,842

Actual vs Budget Variance primarily due to:

P.C. Bonds - \$2,966 more than Budget; Average variable interest rate 6.37% Actual 2008 vs 3.79% Budget

RUS ARVP Note - \$810 more than Budget; more Arbitrage Interest than anticipated

Defeased Sale Leaseback - \$1,993 less than Budget; PMCC & Bank of America buyout

Actual vs Actual Variance primarily due to:

P.C. Bonds - \$3,005 more than Actual 2007; Average variable interest rate 6.37% Actual 2008 vs 3.76% Actual 2007

New RUS Note - \$1,264 less than Actual 2007; less Outstanding Principal due to quarterly payments

RUS ARVP Note - \$1,248 more than Actual 2007; more arbitrage/compounding of interest

Defeased Sale Leaseback - \$1,600 less than Actual 2007; Bank of America buyout

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Your Touchstone Energy® Cooperative

Interest Expense Charged to Construction-Credit

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD October	(449)	(729)	(279)

Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather; Skillman (tap)-Meade Co. 161kv Line \$46 less than Budget; Digital Microwave Radio System \$87 less than Budget; Upgrade Reid to Daviess Co 161kV Line \$40 less than Budget; Coaltek (project suspended) \$28 less than Budget; Substation Oil Spill Containment \$28 less than Budget; Two Way Radio Replacement \$37 less than Budget

Actual vs Actual Variance primarily due to:

Digital Microwave Radio System \$110 more than Actual 2007; McCracken-Olivet Church-\$20 more than Actual 2007; Skillman (tap)-Meade Co 161kV Line \$20 more than Actual 2007; Substation Oil Spill Containment \$19 less than Actual 2007; Two Way Radio Replacement \$15 more than Actual 2007

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Other Deductions

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD October	(1,745)	(2,209)	(2,330)

Actual vs Budget Variance primarily due to:

- Defeased Sale/Leaseback - PMCC/Bank of America Buyout; \$580 less than Budget
- Amortization of LGEE (KU) 345kV Interconnection Line - \$112 more than Budget;
- project not completed

Actual vs Actual Variance primarily due to:

- Defeased Sale/Leaseback - PMCC/Bank of America Buyout; \$562 less than Actual 2007

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Interest Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
General Fund-YTD October	3,118	5,325	5,662
Sale-Leaseback-YTD October	8,742	10,768	10,395
YTD October	11,860	16,093	16,057

Actual vs Budget Variance primarily due to:

General Fund - \$2,207 less than Budget; decrease in interest rates; less cash available for investment due to PMCC/Bank of America buyout

2.84% Actual 2008 avg vs 4.50% Budget avg

Sale-Leaseback - \$2,026 less than Budget; PMCC/Bank of America buyout


Actual vs Actual Variance primarily due to:

General Fund - \$2,544 less than Actual 2007; decrease in interest rates; less cash available for investment due to PMCC/Bank of America buyout

2.84% Actual 2008 avg vs 5.29% Actual 2007 avg

Sale-Leaseback - \$1,653 less than Actual 2007; PMCC/Bank of America buyout




Your Touchstone Energy® Cooperative 

Proposed Budget

2009



Your Touchstone Energy[®] Cooperative 

Assumptions/Comments

2009 Budget

Sales & Revenues:

Member rates reflect no change from the current tariff.

Rural and Industrial sales volumes based on the 2007 load forecast.

Arbitrage sales priced at the current market forecast.

Smelter Tier 3 sales include SIPC power purchased and resold to Century.

Domtar backup sales are not included.

Transmission revenue reflects an additional 450 MW transmission reservation on Big Rivers system by the energy services department.

Operation and Maintenance Expense:

Purchased power includes SIPC purchases resold to Century.

Energy services department's additional 450 MW transmission reservation is reflected.

Payroll includes a 3.5% increase for both bargaining and non-bargaining personnel.

Material, supplies, and services reflect a 3.0% inflation assumption.


Marketing department expenses include an expanded energy efficiency program.

Professional services are not included for the "Unwind" project.

Transmission maintenance includes an expansion of the right-of-way clearing program.

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Your Touchstone Energy® Cooperative 

Assumptions/Comments

2009 Budget

Interest on Long-Term Debt

Refinancing of both the Series 1983 and Series 2001A P.C. Bonds.

Refinanced as of April 1, 2009.

Maturity date of new issues is March 31, 2039.

Bond refinancing cost of \$5.9 million amortized over the life of new issues.

Ambac prepaid insurance expense related to original bond issues is amortized over the life of the original retired issues.

Interest Rate assumptions on the P.C. Bonds.

Series 1983 (\$58.8 million): Jan-Mar = 8.0% Apr-Dec = 5.0%


Series 2001A (\$83.3 million): Jan-Mar = 18.0% Apr-Dec = 5.0%

Interest Income

Available cash is invested at 1.5%.

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Your Touchstone Energy[®] Cooperative 

Assumptions/Comments

2009 Budget

Adjustments to 2008*

All adjustments relate to the 2 months of budget included in the 2008* amounts.

Series 2001A interest expense was adjusted to reflect an interest rate of 18% (\$2.0M).

Defeased sale/leaseback obligations interest expense was removed (\$2.2M).

PMCC note interest expense was added (\$175K).

Defeased sale/leaseback investment income was removed (\$2.2M).

Cash investment interest income was adjusted for the PMCC buyout (\$918K).

Amortization of the defeased sale/leaseback gain was removed (\$487K).

Amortization of the defeased sale/leaseback buyout loss was added (\$667K).

* 2008 reflects ten months of actual and two months of budget



Your Truistone Energy Cooperative

2009 Budget - Statement of Revenues and Expenses

	2008 BUDGET	2009 BUDGET	2008*	DIFFERENCE 2009 vs. 2008*
ELECTRIC ENERGY REVENUES	188,244,374	200,760,120	202,908,061	(2,147,941)
INCOME FROM LEASED PROPERTY - NET	29,353,161	29,011,198	29,321,837	(310,639)
OTHER OPERATING REVENUE AND INCOME	9,577,770	15,579,099	10,054,036	5,525,063
TOTAL OPER REVENUES & PATRONAGE CAPITAL	227,175,305	245,350,417	242,283,934	3,066,483
OPERATION EXPENSE-OTHER POWER SUPPLY	106,913,867	123,271,396	110,603,790	12,667,606
OPERATION EXPENSE-TRANSMISSION**	6,977,733	7,427,268	7,187,098	240,170
CONSUMER SERVICE & INFORMATIONAL EXPENSE	758,793	783,072	698,498	84,574
OPERATION EXPENSE-SALES	800,335	1,752,812	557,151	1,195,661
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	14,192,510	15,045,650	16,482,941	(1,437,291)
TOTAL OPERATION EXPENSE	129,643,238	148,280,198	135,529,478	12,750,720
MAINTENANCE EXPENSE-TRANSMISSION	4,005,071	5,203,485	3,802,855	1,400,630
MAINTENANCE EXPENSE-GENERAL PLANT	395,110	181,892	220,043	(38,151)
TOTAL MAINTENANCE EXPENSE	4,400,181	5,385,377	4,022,898	1,362,479
DEPRECIATION & AMORTIZATION EXPENSE	5,402,203	5,785,755	5,201,400	584,355
TAXES	1,113,323	1,105,931	1,116,673	(10,742)
INTEREST ON LONG-TERM DEBT	73,704,107	63,507,350	75,432,278	(11,924,928)
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(793,880)	(532,370)	(514,454)	(17,916)
OTHER INTEREST EXPENSE	16,920	7,260	9,957	(2,697)
OTHER DEDUCTIONS	(2,650,567)	4,275,697	(1,064,717)	5,340,414
TOTAL COST OF ELECTRIC SERVICE	210,835,525	227,815,198	219,733,513	8,081,685
OPERATING MARGINS	16,339,780	17,535,219	22,550,421	(5,015,202)
INTEREST INCOME & PATRONAGE DIVIDENDS	19,252,298	291,825	11,946,426	(11,654,601)
OTHER CAPITAL CREDITS & PAT DIVIDENDS	778,506	546,753	789,659	(242,906)
NET PATRONAGE CAPITAL OR MARGINS	36,370,584	18,373,797	35,286,506	(16,912,709)

* 2008 reflects ten months of actual and two months of budget

** Includes TVA Transmission

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Your Truistone Energy[®] Cooperative


2009 Budget - Statement of Revenues and Expenses

	OPERATING* BUDGET	ARBITRAGE	TOTAL BUDGET
ELECTRIC ENERGY REVENUES	120,325,002	80,435,118	200,760,120
INCOME FROM LEASED PROPERTY - NET	29,011,198		29,011,198
OTHER OPERATING REVENUE AND INCOME	7,723,539	7,855,560	15,579,099
TOTAL OPER REVENUES & PATRONAGE CAPITAL	157,059,739	88,290,678	245,350,417
OPERATION EXPENSE-OTHER POWER SUPPLY	76,264,165	47,007,231	123,271,396
OPERATION EXPENSE-TRANSMISSION	4,865,268	2,562,000	7,427,268
CONSUMER SERVICE & INFORMATIONAL EXPENSE	783,072		783,072
OPERATION EXPENSE-SALES	1,752,812		1,752,812
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	15,045,650		15,045,650
TOTAL OPERATION EXPENSE	98,710,967	49,569,231	148,280,198
MAINTENANCE EXPENSE-TRANSMISSION	5,203,485		5,203,485
MAINTENANCE EXPENSE-GENERAL PLANT	181,892		181,892
TOTAL MAINTENANCE EXPENSE	5,385,377	---	5,385,377
DEPRECIATION & AMORTIZATION EXPENSE	5,785,755		5,785,755
TAXES	1,105,931		1,105,931
INTEREST ON LONG-TERM DEBT	63,507,350		63,507,350
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(532,370)		(532,370)
OTHER INTEREST EXPENSE	7,260		7,260
OTHER DEDUCTIONS	4,275,697		4,275,697
TOTAL COST OF ELECTRIC SERVICE	178,245,967	49,569,231	227,815,198
OPERATING MARGINS	(21,186,228)	38,721,447	17,535,219
INTEREST INCOME & PATRONAGE DIVIDENDS	291,825		291,825
OTHER CAPITAL CREDITS & PAT DIVIDENDS	546,753		546,753
NET PATRONAGE CAPITAL OR MARGINS	(20,347,650)	38,721,447	18,373,797

* Excludes revenues and expenses associated with arbitrage sales/purchases.

Includes amortization of defeased sale/leaseback net loss from buy-out (\$4,000,060) and Cobank Capital Credits (\$546,753).



Your Touchstone Energy® Cooperative 

Cash Flow

2009 Budget

Beginning Balance, January 1, 2009 (estimate)		33,560,877
Receipts	248,236,080	
Disbursements	(215,502,517)	

		32,733,563

Cash Available for Investment/New RUS Note Payments		66,294,440
New RUS Note Minimum Required Payments:*		
January	15,576,617	
April	15,027,008	
July	15,156,896	
October	20,152,949	


Total New RUS Note Minimum Payments		(65,913,470)

Ending Balance, December 31, 2009		380,970
Cash Increase/(Decrease)		(33,179,907)

* 2009 Budget assumes no New RUS Note prepayments.

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Your Touchstone Energy® Cooperative 

Electric Energy Revenues

2009 Budget

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	2009 BUDGET			2008**		
	MWH	\$	\$/MWH	MWH	\$	\$/MWH
MEMBER SALES:						
Rurals	2,446,477	89,255,086	36.48	2,350,270	83,959,697	35.72
Industrials	984,047	31,069,916	31.57	935,907	28,918,076	30.90
	3,430,524	120,325,002	35.07	3,286,177	112,877,773	34.35
ARBITRAGE SALES:						
APM (as agent)	361,515	15,975,961	44.19	771,161	40,686,964	52.76
Smelter Tier 3 -- Arbitrage	1,323,480	64,828,193	48.98	1,010,749	48,513,960	48.00
Smelter Tier 3 -- Buythrough				0	0	
Domtar Backup*		(369,036)		16,778	829,364	49.43
	1,684,995	80,435,118	47.74	1,798,688	90,030,288	50.05
ELECTRIC ENERGY REVENUES	5,115,519	200,760,120	39.25	5,084,865	202,908,061	39.90
	=====	=====	=====	=====	=====	=====

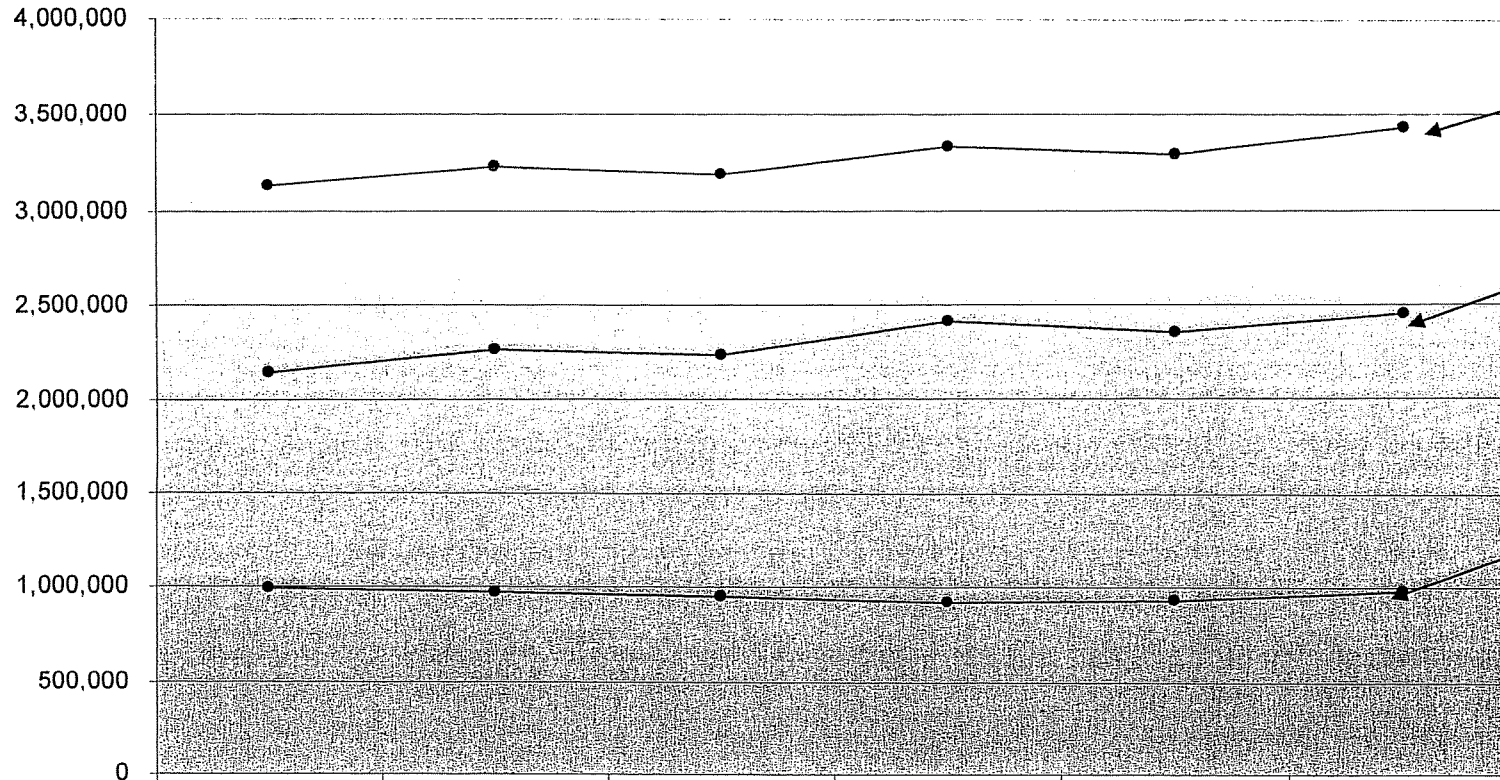
*2009 Budget for Domtar Cogeneration Backup Power reflects revenue from the additional monthly charge and the metering and billing charges (\$269,748); offset by transmission costs (\$398,064); and LEM ancillaries (\$240,720).
 **2008 reflects ten months of actual and two months of budget



Your Touchstone Energy® Cooperative

Member MWh Sales

5 Year Average Compound Rate



Total
1.850%

Rural
2.782%

Industrial
-.265%

	2004	2005	2006	2007	2008*	2009 Budget
—●— Rural	2,132,801	2,262,698	2,231,554	2,406,446	2,350,270	2,446,477
—●— Industrial	997,203	971,242	956,502	921,359	935,907	984,047
—●— Total	3,130,004	3,233,940	3,188,056	3,327,805	3,286,177	3,430,524


*2008 reflects ten months of actual and two months of budget

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Member Industrial Sales – Energy Billing Units


2009 Budget

Your Touchstone Energy® Cooperative 

	<u>2009 BUDGET</u>	<u>2008*</u>	<u>VARIANCE</u>	
	<u>KWH</u>	<u>KWH</u>	<u>KWH</u>	<u>% Change</u>
INDUSTRIALS:				
Accuride	32,011,000	25,428,610	6,582,390	25.89%
Alcoa Automotive	1,656,000	1,658,338	(2,338)	-0.14%
Aleris International (formerly Commonwealth Alum)	192,138,000	187,534,730	4,603,270	2.45%
Allied Resources	24,264,000	26,943,790	(2,679,790)	-9.95%
Armstrong Coal (formerly Ohio Co. Coal)	10,236,000	7,009,865	3,226,135	46.02%
Armstrong Coal S.H. Dock (new)	17,520,000	2,920,000	14,600,000	500.00%
Cardinal River	3,250,000	372,910	2,877,090	771.52%
Domtar Paper Co. (formerly Weyerhaeuser)	229,357,000	216,682,147	12,674,853	5.85%
Dotiki #4-Webster	5,757,000	5,863,517	(106,517)	-1.82%
Dyson Creek	0	230,350	(230,350)	-100.00%
Hopkins County Coal (formerly Smith Coal)	2,897,000	2,490,545	406,455	16.32%
KB Alloys	8,739,000	7,712,840	1,026,160	13.30%
Kimberly-Clark	290,642,000	296,144,910	(5,502,910)	-1.86%
KMMC, L.L.C.	15,391,000	4,786,291	10,604,709	221.56%
Midway Mine & Prep	0	5,806,102	(5,806,102)	-100.00%
Patriot Coal	22,937,000	26,594,565	(3,657,565)	-13.75%
Roll Coater, Inc.	24,686,000	21,836,293	2,849,707	13.05%
Tyson Foods	64,922,000	65,537,446	(615,446)	-0.94%
Valley Grain	8,644,000	9,514,866	(870,866)	-9.15%
Shell Oil	29,000,000	20,838,380	8,161,620	39.17%
Total Industrial Energy Billing Units	984,047,000	935,906,495	48,140,505	5.14%

* 2008 reflects ten months of actual and two months of budget



Your Touchstone Energy[®] Cooperative 

Arbitrage Sales


2009 Budget

MONTH	PRICE \$/MWH	ENERGY MWH	ENERGY REVENUE \$	ENERGY COST \$	TRANS. COST \$	ENERGY LOSSES \$	ARBITRAGE MARGIN* \$
JAN	49.67	171,346	8,510,448	4,744,890	621,458	28,089	3,116,011
FEB	49.69	153,512	7,627,262	4,260,250	621,458	25,186	2,720,368
MAR	47.55	148,308	7,051,997	3,014,657	621,458	24,312	3,391,570
APR	46.90	160,251	7,515,136	3,257,422	621,458	26,284	3,609,972
MAY	46.26	145,840	6,747,045	2,964,487	621,458	23,907	3,137,193
JUN	48.27	121,994	5,888,896	2,479,782	621,458	20,012	2,767,644
JUL	50.12	120,755	6,052,014	2,454,591	621,458	19,796	2,956,169
AUG	48.50	107,439	5,210,816	2,183,904	621,458	17,613	2,387,841
SEP	48.23	113,839	5,490,003	2,314,011	621,458	18,655	2,535,879
OCT	45.89	159,320	7,311,447	3,238,502	621,458	26,117	3,425,370
NOV	46.69	140,185	6,545,464	2,849,536	621,458	22,994	3,051,476
DEC	48.20	142,206	6,853,626	2,890,626	621,458	23,312	3,318,230
TOTAL	47.96	1,684,995	80,804,154	36,652,658	7,457,496	276,277	36,417,723

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* Total Actual Margin from Arbitrage Sales is \$38,721,447 (Arbitrage Margin -- \$36,417,723; plus Transmission Revenue from Arbitrage -- \$7,457,496; minus APM/PJM/ICE/CFC Fees -- \$1,353,000; minus TVA Transmission -- \$2,562,000; minus Net Domtar Cogeneration Backup Costs -- \$1,049,772; minus LEM Energy Imbalance/Penalty -- \$120,000; Meter Data Retrieval Expense -- \$69,000)
Market Power Purchases budgeted for 2009 is 23,200 MWH totaling \$8,480,900.



Your Touchstone Energy® Cooperative 

Income from Leased Property - Net

2009 Budget

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	2009 Budget	*2008
	CLOSING THROUGH 2010	ANNUAL
	-----	-----
LEASE INCOME -- E. ON U.S. Transaction:		
Base Rental	386,564,516	31,025,243
Closing Enhancement	12,100,000	971,133
Smelter Margin	255,227,871	20,484,308
\$89,000/Mo. for 55 Months	4,895,000	392,867
Personal Property Credit	(6,741,929)	(541,100)
	-----	-----
	652,045,458	52,332,451
WKEC's Contribution to Capital Assets Amortized to Income		7,025,049
Smelter Tier 3 Transmission Payable to LEM		(658,320)

		52,332,450
		6,792,771
		(692,091)

TOTAL LEASE INCOME -- E. ON U.S. Transaction		58,699,180
		58,433,130
EXPENSES OF LEASED ELECTRIC PLANT:		
Depreciation/Amortization		27,625,747
Amortization--LEM Settlement Note & Marketing Payment (over the life of the lease)		1,004,335
Incremental O&M (NOx Compliance & CAIR and CAMR studies)		1,057,900

TOTAL EXPENSES OF LEASED ELECTRIC PLANT		29,687,982
		29,111,293
INCOME FROM LEASED PROPERTY-NET (E. ON U.S. Transaction)		29,011,198
		29,321,837

* 2008 reflects ten months of actual and two months of budget



Other Operating Revenue & Income

2009 Budget

Your Touchstone Energy® Cooperative


	2009 Budget	*2008
TRANSMISSION REVENUE:**		
LG&E Energy Marketing (LEM) - Contract Requirement	5,000,000	
Smelter Tier 3 (includes excess reactive power)	2,483,172	
Arbitrage	7,457,496	
Domtar Cogeneration Backup	398,064	
Other (includes wheeling of HMP&L's SEPA purchases)	42,000	
	15,380,732	9,837,037
TOTAL TRANSMISSION REVENUE		
 ANCILLARY SERVICE AGREEMENTS:		
Microwave Channels (2)	2,460	2,544
 HMP&L STATION TWO AGREEMENTS:		
Administrative and General Expense Reimbursement	164,607	172,852
SIPC Facilities Agreement	24,000	24,000
Wilson Site Pasture, Crop & Oil Lease/CT Site Crop Lease and Other Miscellaneous Revenues	7,300	17,603
	15,579,099	10,054,036
TOTAL OTHER OPERATING REVENUE AND INCOME		

* 2008 reflects ten months of actual and two months of budget

**Does not include member coops or smelter tier 1 & 2 transmission.

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Your Touchstone Energy® Cooperative 

Operation Expense - Other Power Supply

2009 Budget


	2009 BUDGET			2008*		
	MWH	\$/MWH	AMOUNT	MWH	\$/MWH	AMOUNT
PURCHASED POWER:						
LG&E Energy Marketing (LEM)**	4,832,808	20.364	98,416,489	4,827,623	20.188	97,459,592
SEPA	221,205	26.825	5,933,911	269,723	23.487	6,335,017
Domtar Green Power	8,760	55.000	481,800	8,784	55.000	483,120
Market Power Purchases	94,000	90.222	8,480,900	23,735	52.177	1,238,427
Domtar Cogeneration Backup***			1,078,800	7,441	224.309	1,669,081
TOTAL PURCHASED POWER	5,156,773	22.183	114,391,900	5,137,306	20.864	107,185,237
LEM Generation Based Ancillary Services - Net			---			45,360
Arbitrage -- Big Rivers' Transmission			7,457,496			1,976,756
Domtar Curtailment Credit			---			17,740
Meter Data Retrieval Expense (Cell Phones & DSL)			69,000			62,035
Fees -- ACES, PJM, CFC Letter of Credit & ICE			1,353,000			1,316,662
TOTAL OTHER POWER SUPPLY			123,271,396			110,603,790

*2008 reflects ten months of actual and two months of budget

**LEM purchased power includes the LEM Penalty associated with arbitrage purchases.

***2009 Budget assumes no backup energy purchases for Domtar



Your Touchstone Energy® Cooperative 

Payroll & Payroll Overheads

2009 Budget

	NO. OF EMPLOYEES	O&M	Construction	Total
Administrative:	5	1,094,056		1,094,056
President & CEO				
Special Corporate Advisor				
Special Projects/Production				
Enterprise Risk Management				
Executive Assistant				
System Operations	55	5,177,698	563,941	5,741,639
Financial Services	24	2,861,838		2,861,838
Energy Services	9	1,325,255		1,325,255
External Affairs	9	1,262,077		1,262,077
Administrative Services	12	1,225,076		1,225,076
	----- 114	----- 12,946,000	----- 563,941	----- 13,509,941

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Your Touchstone Energy Cooperative

Operating Expense - Transmission


2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS:		
Lines	673,882	
Stations	965,844	
Load Dispatching	1,047,335	
TOTAL PAYROLL & PAYROLL OVERHEADS	2,687,061	2,608,750
TVA Transmission Reservation		2,608,750
MISO & PJM Transmission	2,562,000	2,690,054
		5,097
MATERIALS, SUPPLIES & SERVICES:		
Computer Supplies/Services	223,709	
TVA Agreement -- Security Coordination/Transmission System Monitoring	169,130	
Vehicle Expense	125,340	
Transmission Contractors (Tower Inspections, Substation Inspections, Oil Sampling & Analysis)	120,000	
Training (Conference/Seminars, Technical Training, Educational Asst.)	64,074	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	61,230	
Utilities	55,000	
Line Patrol	50,000	
Operating Supplies	33,383	
ETS Tagging/Web OASIS Service	25,200	
Safety Expense	22,929	
LG&E Facility Charge	21,120	
Cellular Phone Service -- Select Personnel	19,662	
Uniforms	15,000	
Diaster Recovery	14,670	
Environmental Services/Supplies	12,000	
Tools	11,028	
Other	44,986	
TOTAL MATERIALS, SUPPLIES & SERVICES	1,088,461	849,463
FIXED EXPENSES (Functionalized):		
Property Taxes	844,466	
Property Insurance	245,280	
TOTAL FIXED EXPENSES	1,089,746	1,033,734
OPERATING EXPENSE -- TRANSMISSION	7,427,268	7,187,098

* 2008 reflects ten months of actual and two months of budget.

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Your Touchstone Energy® Cooperative 

Professional Fees Recap


2009 Budget

	LEGAL	OTHER	TOTAL
President & CEO*	222,720	---	222,720
System Operations	38,000	90,000	128,000
Financial Services	161,700	556,830	718,530
Energy Services	61,800	283,320	345,120
External Affairs	90,000	1,043,000	1,133,000
Administrative Services	12,000	287,000	299,000
Total Professional Fees	586,220	2,260,150	2,846,370

* 2009 Budget does not include any professional fees for the "Unwind" project.

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Your Touchstone Energy[®] Cooperative 


Professional Services - Non-Capital Projects

2009 Budget

Power Plants – Annual Review Reports	300,000
Pension Plans/Other Salary & Benefit Matters	297,000
Rate Case	231,530
Financial Statement Audit/Income Tax Preparation/GAAP & Tax Issues	230,000
General Corporate Matters	222,720
Power Plants – Carbon Dioxide Sequestration Study (UK)	200,000
Cyber Security Audit & Compliance (Big Rivers & Members)	185,000
Power Plants -- Baseline Technical Audit	150,000
Integrated Resource Plan (IRP)	148,320
Marketing Surveys -- Residential Attitude/Opinion; C&I Attitude & Opinion; Consumer Transaction	136,000
Power Plants – Litigation Maintenance Issues/Major Equipment Status Updates	120,000
Standards Gap Testing – NERC Compliance	80,000
Load Forecast	72,000
Power Sales Contracts	61,800
Member & EMS Programming Support	60,000
WKE/LG&E Oversight & Contract Matters	54,000
Energy Efficiency Consulting	50,000
Other (14 Projects under \$50,000)	248,000
Total Professional Services	2,846,370

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Your Touchstone Energy® Cooperative 

Operating Expense – Customer Service & Information

2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS	539,012	520,322
MATERIALS, SUPPLIES & SERVICES:		
Incentives	75,000	
C&I News Publication	47,863	
Training** (Conference/Seminars, Technical Training, Employee Educational Asst.)	39,113	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	29,091	
Computer Supplies/Services	23,973	
Vehicle Expense	9,366	
Telephone	2,841	
Other	16,813	


TOTAL MATERIALS, SUPPLIES & SERVICES	244,060	178,176

OPERATING EXPENSE -- CUSTOMER SERVICE & INFORMATION	783,072	698,498

* 2008 reflects ten months of actual and two months of budget

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Your Touchstone Energy® Cooperative 

Operating Expense – Sales

2009 Budget


	2009 Budget	2008*
MATERIALS, SUPPLIES & SERVICES:		
Energy Efficiency Programs & Promotions	1,367,000	
Economic Development (Member Assistance Program)	201,000	
Marketing Program -- Advertising Expense	126,000	
TSE New/Emerging Technologies Conference Sponsor		
Member Marketing Program Advertising and Promotional Expenses		
Computer Services & Support	58,688	
Other	124	

TOTAL MATERIALS, SUPPLIES & SERVICES	1,752,812	557,151
	-----	-----
OPERATING EXPENSE -- SALES	1,752,812	557,151

* 2008 reflects ten months actual and two months budget

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Your Touchstone Energy[®] Cooperative 

Operating Expense – Administrative & General

2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS	7,512,003	7,299,638
MATERIALS, SUPPLIES & SERVICES:		
Professional Services	2,846,370	
Dues & Assessments (KPSC, NECA, ^{AG} Touchstone Energy, NRECA, KAEC, SeFPC)	1,256,500	
Member Cooperative Billings -- Printing/Inserting/Mailing	756,000	
Computer Supplies & Operating Expenses	666,550	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	308,150	
Directors' Fees & Expenses	181,270	
Training (Conference/Seminars, Technical Training, Employee Educational Asst.)	177,802	
Vehicle Expense	129,474	
Utilities	108,000	
Telephone	106,460	
Sponsorships/Advertising (Marketing Program)	87,900	
Books & Subscriptions	65,363	
Economic Development	62,500	
Office Supplies	52,515	
Document Development, Reproduction & Imaging Services	48,995	
Employee Relations	48,445	
Pollution Control Bond -- Fees (Agent/Registrar; Trustee; Facility; Administrative)	42,610	
Employment Advertisement & Recruiting Expense	35,500	
Professional, Social & Civic Dues	34,370	
Safety Recognition & Awards	20,000	
Postage/Federal Express/UPS	18,357	
Public Notices	17,650	
Other	136,077	


TOTAL MATERIALS, SUPPLIES & SERVICES	7,206,858	8,872,725
FIXED EXPENSES (Functionalized):		
Property Taxes	157,209	
Property & Liability Insurance	169,580	

TOTAL FIXED EXPENSES	326,789	310,578

OPERATING EXPENSE -- ADMINISTRATIVE & GENERAL	15,045,650	16,482,941

* 2008 reflects ten month actual and two months budget



Your Touchstone Energy® Cooperative 


Maintenance Expense – Transmission

2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS:		
Lines	1,069,394	
Stations	1,433,657	
TOTAL PAYROLL & PAYROLL OVERHEADS	2,503,051	2,335,486
 MATERIALS, SUPPLIES & SERVICES:		
Brush Control -- Right-of-Way	1,400,000	
Substation Equipment (Transformers, Circuit Breakers, Capacitor Banks, etc.)	456,840	
Vehicle Expense	210,900	
Pole Treatment	200,000	
Line Maintenance (Poles/Fixtures, Conductors, MODs, Insulators, etc.)	105,000	
Training (Conference/Seminars, Technical Training, Educational Asst.)	50,106	
Computer Hardware/Software Support & Maintenance	42,060	
Communications Equipment	37,520	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	35,894	
Disaster Recovery	25,310	
Microwave Tower Maintenance	24,000	
Painting & Painting Contractors	20,000	
Misc. Plant Equip. Maintenance	19,000	
Building/Grounds	18,240	
Electrical Supplies	9,200	
Safety Expenses	4,920	
Other	41,444	
TOTAL MATERIALS, SUPPLIES & SERVICES	2,700,434	1,467,369
MAINTENANCE EXPENSE -- TRANSMISSION	5,203,485	3,802,855

* 2008 reflects ten months actual and two months budget



Your Touchstone Energy® Cooperative 

Maintenance Expense – General Plant

2009 Budget


	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS	41,741	28,980
MATERIALS, SUPPLIES & SERVICES:		
Computer Hardware/Software Maintenance	43,460	
Building and Grounds Maintenance (Excluding HVAC Equipment)	27,572	
HVAC System Maintenance	26,040	
Disaster Recovery	21,000	
Office Equipment Maintenance (Copiers, etc.)	19,190	
Other	2,889	

TOTAL MATERIALS, SUPPLIES & SERVICES	140,151	191,063
	-----	-----
MAINTENANCE EXPENSE -- GENERAL PLANT	181,892	220,043

* 2008 reflects ten months of actual and two months of budget

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Your Touchstone Energy® Cooperative 

Interest on Long-Term Debt

2009 Budget

	2009 Budget	2008*
RUS:		
New Note	43,240,700	
ARVP	6,721,290	


TOTAL RUS	49,961,990	53,722,037
 POLLUTION CONTROL BONDS:		
P.C. Bond Interest	10,261,490	
Remarketing/Broker Fees	334,210	
AMBAC	420,630	
Dexia Credit Local -- Commitment Fee	289,960	

TOTAL POLLUTION CONTROL BONDS	11,306,290	11,182,478
 LG&E ENERGY MARKETING (LEM):		
Settlement Note	1,230,620	1,275,969
PMCC Promissory Note	1,008,450	263,075
Defeased Sale/Leaseback Obligation	---	8,988,719
	-----	-----
TOTAL INTEREST ON LONG-TERM DEBT	63,507,350	75,432,278

* 2008 reflects ten months of actual and two months of budget

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Your Touchstone Energy® Cooperative 

Other Deductions


2009 Budget

	2009 Budget	2008*
Amortization -- Defeased Sale/Leaseback Gain	---	(2,192,214)
Amortization -- Defeased Sale/Leaseback Net Loss from Buy-out	4,000,060	1,005,025
Amortization -- P.C. Bond Refunding Expense	185,370	53,593
Donations	88,410	54,936
Miscellaneous	1,857	13,943
TOTAL OTHER DEDUCTIONS	4,275,697	(1,064,717)

* 2008 reflects ten months actual and two months of budget

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Your Touchstone Energy® Cooperative 

Interest Income

2009 Budget

	2009 Budget	2008*
Defeased Sale/Leaseback Restricted Investments	---	8,741,606
Cash Investments	281,839	3,186,556
Interest Income -- TVA Transmission Deposit	9,986	18,264
TOTAL INTEREST INCOME	291,825	11,946,426


* 2008 reflects ten months of actual and two months of budget

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Capital Equipment Budget

2009 Budget

Your Touchstone Energy® Cooperative 

SYSTEM OPERATIONS:

Go Tract Vehicle – Replacement	450,000	
DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000	
Hot Oil Spray Transformer Dryout System	110,000	
4x4, 1/2 Ton Extended Cab Pickup Trucks (2 Replacements; 1 Addition)	81,000	
4x4, 3/4 Ton Crew Cab Pickup Truck (Replacement)	40,000	
4x4, 3/4 Ton Extended Cab Pickup Truck (Replacement)	35,000	
Equipment and Tools	38,550	
Battery Load Tester	35,000	

TOTAL SYSTEM OPERATIONS

1,079,550

ADMINISTRATIVE AND GENERAL:

Computer Equipment	551,900	
Office Furniture	16,500	
Safety Training Equipment	16,450	

TOTAL ADMINISTRATIVE AND GENERAL

584,850

TOTAL CAPITAL EQUIPMENT BUDGET

1,664,400

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Construction Budget

2009 Budget

Your Touchstone Energy[®] Cooperative

SYSTEM OPERATIONS:

Two Way Radio Replacement (W.O. 923)	6,167,892
White Oak Substation (W.O. 930)	3,816,398
Spill Prevention Containment Control Implementation	1,069,004
Coleman to Newtonville 161 KV Reconductor (W.O. 929)	613,180
Pole Change Outs	609,767
Olivet Church Road Tap 69 KV Line (W.O. 917)	572,918
Falls of Rough-McDaniels 69 KV Line (W.O. 864)	515,193
Oil Spill Prevention Control & Countermeasures System (W.O. 870)	379,366
Reconductor Line 6-A Reid Switchyard-Daviess County Substation (W.O. 885)	367,943
Hancock 69 KV Capacitor Bank	317,135
Replace (15) 161 KV Disconnects at Reid	241,454
US 60 Bypass Relocation (KDOT Reimbursement W.O. 907)	218,654
Reconductor Lines 4-K & 5-D Between Hopkins & S. Hanson (W.O. 926)	207,540
CEHV to Coleman C1 & C2 Teleprotection Replacement	199,788
REHV to Hopkins 161 KV Reroute	198,512
Other (Projects under \$150,000)	942,069

TOTAL SYSTEM OPERATIONS

16,436,813

GENERATION:

Obligation Under the LG&E Transaction: Non-Incremental	6,871,000
Incremental	831,160

TOTAL GENERATION

7,702,160

TOTAL CONSTRUCTION BUDGET

24,138,973

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**2009
PROPOSED
BUDGET**

BIG RIVERS ELECTRIC CORPORATION
2009 BUDGET
NOTES TO STATEMENT OF REVENUES AND EXPENSES
(Dollars in Thousands)

- GENERAL ASSUMPTIONS – (1) 3.0% inflation for material, supplies and services, (2) 3.5% annual increase for bargaining personnel, and (3) 3.5% annual increase for salaried personnel.
- ELECTRIC ENERGY REVENUES -- Member sales forecast was arrived at through coordination with the Member Distribution Cooperatives and is based on the 2007 Load Forecast (see page B-4). Member revenue is based on rates approved by Order of the PSC in Case No. 97-204.
- ELECTRIC ENERGY REVENUES -- Arbitrage energy sales are forecasted at 1,323,480 MWh of Tier 3 sales to Alcan/Century, no pre-scheduled sales, and 361,515 MWh of day ahead and hourly sales with average revenue of \$47.96/MWh. Arbitrage revenue reflects total gross revenue from arbitrage sales and the Domtar Cogeneration Backup Agreement. Big Rivers' transmission, meter data retrieval costs and APM/PJM/CFC/ICE fees are included as "OPERATION EXPENSE -OTHER POWER SUPPLY" and the 100 MW TVA transmission reservation is included as "OPERATION EXPENSE – TRANSMISSION."
- INCOME FROM LEASED PROPERTY-NET – Lease revenue reflects Generally Accepted Accounting Principles (GAAP) that requires the minimum lease rentals to be recorded on a straight-line basis if the periodic obligations are roughly equivalent. Accordingly, through 2010, the term of the Century contract, the minimum lease rentals include the Initial Rental Payment, Base Rental Payment, Closing Enhancement Payment, Smelter Margin Payment (which excludes Tier 3 Transmission), \$89/month for 55 Months Payment, and Personal Property Credit. Lease income based on the aforementioned GAAP requirement is budgeted at \$52,332 annually through 2010. The WKEC contribution for Capital Assets amortized to income is \$7,025. Smelter Tier 3 Transmission payable to LEM in the amount of \$658 offsets lease revenue.
- INCOME FROM LEASED PROPERTY-NET – RUS Bulletin 1767B-1 requires expenses on leased electric plant be netted against the revenue received therefrom. The budget includes the following expenses associated with leased electric plant: Depreciation/Amortization of leased assets – \$27,626; Amortization of the LEM Settlement Note and Marketing Payment over the life of the lease - \$1,004; and Incremental O&M -\$1,058.
- OTHER OPERATING REVENUE AND INCOME – Transmission revenue budgeted consists of the following: LEM's minimum requirement - \$5,000; transmission from arbitrage sales - \$7,457; smelter Tier 3 transmission (includes excess reactive power) - \$2,483; Domtar Cogeneration Backup transmission - \$398; and other transmission (includes wheeling of HMP&L's SEPA purchases) - \$42. Revenue from ancillary service agreements with the LG&E Parties consists of lease fees for two microwave channels - \$2 (WKEC payments for Transmission/ Communication Support services are reflected as offsets to transmission expenses). Revenue from the SIPC facilities agreement - \$24. Revenue from HMP&L Station Two agreements for A&G Reimbursement - \$165. Big Rivers' share of income from pasture rental and crops grown on property at Wilson site and Breckinridge County CT site and other miscellaneous revenue - \$7.
- OPERATION EXPENSE-OTHER POWER SUPPLY – Power purchased from LEM, SEPA and others (market power purchases) to meet member and arbitrage sales requirements: LEM - \$98,416 (4,832,808 MWh @ \$20.364/MWh); SEPA - \$5,934 (221,205 MWh @ \$26.825/MWh); Domtar Green Power - \$482 (8,760 MWh @ \$55.00/MWh); market power purchases - \$8,481 (94,000 MWh @ \$90.222.00/MWh); and Domtar Cogeneration Backup power fixed reservation fee payable to Reliant is \$1,079. In addition, OTHER POWER SUPPLY includes: LEM generation based ancillary services (net of smelter payments for such services) - \$0; Big Rivers' transmission reserved for arbitrage transactions - \$7,457; APM/PJM/CFC/ICE fees incurred as a result of arbitrage - \$1,353; and meter data retrieval costs - \$69.
- OPERATION EXPENSE–TRANSMISSION – See page B-5.
- CONSUMER SERVICE & INFORMATIONAL EXPENSE / OPERATION EXPENSE-SALES – Marketing, environmental/health and safety expenses incurred for services provided to Member Cooperatives.
- OPERATION EXPENSE-ADMINISTRATIVE & GENERAL – See page B-6.

- MAINTENANCE EXPENSE-TRANSMISSION – See page B-5.
- MAINTENANCE EXPENSE-GENERAL PLANT – Maintenance costs incurred for structures and improvements (includes headquarters, fourth street warehouse and parking lots), office furniture and equipment, general use communication equipment, and miscellaneous general plant equipment.
- DEPRECIATION & AMORTIZATION EXPENSE – Depreciation expense for transmission and general plant assets -- \$5,786. Depreciation and amortization on generation assets is included as an offset to INCOME FROM LEASED PROPERTY (see note above).
- TAXES – RUS Bulletin 1767B-1 requires that taxes on leased electric plant be reflected in the appropriate RUS tax account. Taxes consist of Big Rivers' 70% share of the property taxes on leased electric plant \$1,105. All other taxes are charged to the appropriate functional account as required by RUS Bulletin 1767B-1.
- INTEREST ON LONG-TERM DEBT – Interest expense on long-term debt includes the following: New RUS Note - \$43,241; RUS ARVP Note - \$6,721; Pollution Control Bonds - \$10,261; Remarketing/Broker fees - \$334; AMBAC premium - \$421; Dexia Credit Local liquidity fee - \$290; LEM Settlement Note - \$1,231; and PMCC promissory - \$1,008.
- INTEREST CHARGED TO CONSTRUCTION CREDIT – Interest capitalized on construction projects totaling \$250,000 or more.
- OTHER INTEREST EXPENSE – Interest accrued on customer deposits received pursuant to sections 17.3 and 29.2 of the Open Access Transmission Tariff (OATT) - \$7.
- OTHER DEDUCTIONS – Other deductions consist of the following: Amortization of the Defeased Sale/Leaseback Net Loss from Buyout – \$4,000; Amortization of the P.C. Bond Refunding Expense -- \$185; Donations -- \$89; and Miscellaneous -- \$2.
- INTEREST INCOME – Interest income reflects the following: Income resulting from the investment of available cash -- \$282; and interest earned on the TVA transmission reservation deposit -- \$10.
- OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS – CoBank patronage allocation -- \$547.

2009 BUDGET -- STATEMENT OF REVENUES AND EXPENSES

	2009 BUDGET	2008*	DIFFERENCE
ELECTRIC ENERGY REVENUES	200,760,120	202,908,061	(2,147,941)
INCOME FROM LEASED PROPERTY - NET	29,011,198	29,321,837	(310,639)
OTHER OPERATING REVENUE AND INCOME	15,579,099	10,054,036	5,525,063
TOTAL OPER REVENUES & PATRONAGE CAPITAL	245,350,417	242,283,934	3,066,483
OPERATION EXPENSE-OTHER POWER SUPPLY	123,271,396	110,603,790	12,667,606
OPERATION EXPENSE-TRANSMISSION	7,427,268	7,187,098	240,170
CONSUMER SERVICE & INFORMATIONAL EXPENSE	783,072	698,498	84,574
OPERATION EXPENSE-SALES	1,752,812	557,151	1,195,661
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	15,045,650	16,482,941	(1,437,291)
TOTAL OPERATION EXPENSE	148,280,198	135,529,478	12,750,720
MAINTENANCE EXPENSE-TRANSMISSION	5,203,485	3,802,855	1,400,630
MAINTENANCE EXPENSE-GENERAL PLANT	181,892	220,043	(38,151)
TOTAL MAINTENANCE EXPENSE	5,385,377	4,022,898	1,362,479
DEPRECIATION & AMORTIZATION EXPENSE	5,785,755	5,201,400	584,355
TAXES	1,105,931	1,116,673	(10,742)
INTEREST ON LONG-TERM DEBT	63,507,350	75,432,278	(11,924,928)
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(532,370)	(514,454)	(17,916)
OTHER INTEREST EXPENSE	7,260	9,957	(2,697)
OTHER DEDUCTIONS	4,275,697	(1,064,717)	5,340,414
TOTAL COST OF ELECTRIC SERVICE	227,815,198	219,733,513	8,081,685
OPERATING MARGINS	17,535,219	22,550,421	(5,015,202)
INTEREST INCOME & PATRONAGE DIVIDENDS	291,825	11,946,426	(11,654,601)
OTHER CAPITAL CREDITS & PAT DIVIDENDS	546,753	789,659	(242,906)
NET PATRONAGE CAPITAL OR MARGINS	18,373,797	35,286,506	(16,912,709)

* 2008 reflects ten months of actual and two months of budget

2009 BUDGET -- MEMBER REVENUES:

	MW	MWH	REVENUES	\$/MWH
			\$	
Rurals:				
Kenergy	2,765.700	1,285,608	46,609,613	36.25
Jackson Purchase	1,490.000	679,671	24,846,588	36.56
Meade County	1,083.100	481,198	17,798,885	36.99
	5,338.800	2,446,477	89,255,086	36.48
Industrials:				
Kenergy:				
Accuride	70.900	32,011	1,158,665	36.20
Alcoa Automotive	6.000	1,656	83,614	50.49
Aleris International (formerly Commonwealth Alum)	342.600	192,138	6,112,563	31.81
Allied Resources	65.900	24,264	1,001,669	41.28
Valley Grain	26.000	8,644	382,452	44.24
Armstrong Coal (formerly Ohio Co. Coal)	30.900	10,236	454,022	44.36
Armstrong Coal S.H. Dock (new)	48.000	17,520	727,488	41.52
Cardinal River	9.500	3,250	140,999	43.38
Domtar Paper Co.	319.000	229,357	6,383,481	27.83
Dotiki #3-Webster	8.400	5,757	164,215	28.52
Hopkins County Coal	5.600	2,897	96,571	33.33
KB Alloys	27.900	8,739	403,040	46.12
Kimberly-Clark	432.600	290,642	8,377,047	28.82
KMMC, L.L.C.	44.000	15,391	657,687	42.73
Patriot Coal	59.000	22,937	913,429	39.82
Roll Coater, Inc.	47.200	24,686	817,648	33.12
Tyson Foods	122.900	64,922	2,137,841	32.93
Jackson Purchase:				
Shell Oil	65.000	29,000	1,057,485	36.47
	1,731.400	984,047	31,069,916	31.57
Total Member Revenue	7,070.200	3,430,524	120,325,002	35.07
Arbitrage Revenue				
		1,684,995	80,804,154	47.96
Domtar Cogeneration Backup*			(369,036)	
			200,760,120	

* Includes Domtar revenue from additional charge (\$269,748) offset by transmission costs (\$398,064) and LEM ancillaries (\$240,720).

2009 BUDGET -- OPERATION AND MAINTENANCE -- TRANSMISSION:

	2009 BUDGET
TRANSMISSION OPERATION	
SUPERVISION AND ENGINEERING	858,810
LOAD DISPATCHING	1,328,483
STATION EXPENSES	1,035,181
OVERHEAD LINE EXPENSES	951,029
MISCELLANEOUS EXPENSES	667,045
TRANSMISSION OF ELECTRICITY BY OTHERS	2,562,000
RENTS	24,720
TOTAL TRANSMISSION OPERATION	7,427,268
TRANSMISSION MAINTENANCE	
SUPERVISION AND ENGINEERING	634,695
STRUCTURES	55,246
STATION EQUIPMENT	1,850,238
OVERHEAD LINES	2,585,828
MISCELLANEOUS TRANSMISSION PLANT	77,478
TOTAL TRANSMISSION MAINTENANCE	5,203,485
TOTAL TRANSMISSION OPERATION AND MAINTENANCE	12,630,753

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2009 BUDGET -- OPERATION AND MAINTENANCE -- ADMIN. & GENERAL

**2009
BUDGET**

ADMINISTRATIVE AND GENERAL OPERATION

CONSUMER SERVICE, INFORMATIONAL & SALES EXPENSE	2,535,884
GENERAL SALARIES AND OFFICE EXPENSES	10,257,109
PROFESSIONAL SERVICES	2,515,071
REGULATORY EXPENSES	734,374
GENERAL ADVERTISING EXPENSES	228,964
MISCELLANEOUS GENERAL EXPENSES	1,002,907
LIABILITY INSURANCE	130,080
EMPLOYEE BENEFITS	177,145

SUBTOTAL ADMIN. AND GENERAL OPERATION EXPENSE 15,045,650
(EXCLUDES CONSUMER SERVICE, INFORMATIONAL & SALES EXP.)

TOTAL ADMIN. AND GENERAL OPERATION EXPENSE 17,581,534

ADMINISTRATIVE AND GENERAL MAINTENANCE

MAINTENANCE OF GENERAL PLANT 181,892

TOTAL ADMINISTRATIVE AND GENERAL EXPENSE 17,763,426

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Summary of Professional Fees -- 2009 Budget

VENDOR/SERVICES	\$	PROJECT DESCRIPTION
<u>ADMINISTRATIVE SERVICES:</u>		
Mercer/Investment Manager/Ohio Valley	202,000	Pension Plans
Fidelity	40,000	401K/Savings Plans
Mercer	24,000	Post-Retirement Medical Valuation
Legal/Consulting Services	17,000	Other Salary & Benefit Matters
Auditing Services	14,000	Savings Plan Audit
Legal/Consulting Services	2,000	EEO Consultant
<u>FINANCE:</u>		
Legal/Consulting Services	231,530	Rate Case
I/S Consulting Services	185,000	Cyber Security Audits & Compliance (BREC & Members)
Deloitte & Touche	155,000	Financial Statement Audit
Deloitte & Touche	55,000	Income Tax Return Preparation
Consulting Services	40,000	EMS Programming Support
I/S Consulting Services	20,000	Programming Support for Members
Deloitte & Touche	20,000	GAAP and Tax Issues
I/S Consulting Services	10,000	Wireless Support (Firewalls, Networks, etc.)
Consulting Services	2,000	Continuing Disclosure Statement (Series 2001 PC Bonds)
<u>EXTERNAL RELATIONS:</u>		
Consulting Services	300,000	Annual Review Reports
Environmental Services	200,000	Carbon Dioxide Sequestration Study (UK)
Engineering Services	150,000	Baseline Technical Audit (Power Plants)
Engineering/Consulting Services	120,000	Litigation Maint Issues-Maj Eq Status Updates
Legal Services	54,000	WKE/LG&E Oversight & Contract Matters
Consulting Services	30,000	Government Relations
Legal Services	24,000	Miscellaneous
Legal Services	24,000	Miscellaneous Regulatory Filings
Legal Services	12,000	CAIR/CAMR Compliance Plan Assistance
Legal Services	6,000	Merchant Generation
Legal Services	6,000	General Environmental Matters
<u>MARKETING:</u>		
Consultant/Professional Services	80,000	Residential Attitude/Opinion Surveys (Co-ops)
Consultant/Professional Services	50,000	Energy Efficiency Consulting
Consultant/Professional Services	40,000	C&I Attitude and Opinion Survey (Co-ops)
Consultant/Professional Services	21,000	School Program-Making Accidents Disappear
Consultant/Professional Services	16,000	Consumer Transaction Surveys (Co-ops)
<u>POWER SUPPLY:</u>		
Consulting Services	148,320	Integrated Resource Planning (IRP)
Consulting Services	72,000	Load Forecast
Legal Services	61,800	Legal Services
Consulting Services	48,000	Engineering Services & Software Selection
Consulting Services	15,000	Itron Software Update
<u>PRESIDENT & CEO:</u>		
Legal Services	222,720	General Corporate Matters
<u>SYSTEM OPERATIONS:</u>		
Legal/Consulting Services	80,000	Standards Gap Testing-NERC Compliance
Legal/Consulting Services	30,000	FERC/RTO/Thoroughbred/MISO Matters
Legal/Consulting Services	18,000	Miscellaneous Transmission & Real Estate Matters
Total Professional Fees	2,846,370	

2009 CAPITAL EQUIPMENT BUDGET

SYSTEM OPERATIONS

AMOUNT

Capital Items:

DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000
Hot Oil Spray Transformer Dryout System	110,000
Battery Load Tester	35,000
A/C Unit Replacements	16,000
Energy Control Telephone System	6,000
Hoist, Grips, and Rope -- Replacements	5,000
ET&S Computer HVAC Unit	3,500
Hydraulic Pump and Press -- Replacement	3,500
Tool Replacements	2,000
Portable Generator (2) -- Replacements	1,800
Typewriter	750

Subtotal Capital Items -----
473,550

Vehicles:

Go Tract Vehicle -- Replacement	450,000
3/4 Ton, 4x4 Crew Cab Pickup Truck-Replace Veh #254	40,000
3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258	35,000
1/2 Ton, 4x4 Ext Cab Pickup Truck-Vegetation Management	27,000
1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262	27,000
1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285	27,000

Subtotal Vehicles -----
606,000

Total System Operations -----
1,079,550

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2009 CAPITAL EQUIPMENT BUDGET (continue)

AMOUNT

ADMINISTRATIVE AND GENERAL

Capital Items:

COMPUTER EQUIPMENT

GIS--Personal Computer/Laptop Replacements/Server Replacements	185,000
Cisco Network Equipment & Switch Upgrades	20,000
Servers, Firewalls, Switches, Computer Equipment - Disaster Recovery Center	82,500
Personal Computers--27 Desktops - (22 Replacements; 2 New)	50,100
Compliance Tracking Software (NERC, SERC, CIPS)	50,000
Uninterruptible Power Supply (UPS) Replacement	30,000
Laptop Computers (6 Replacements; 1 New)	21,500
Cyber Security Equipment	21,000
Software Tools	20,800
Autocad Upgrade	20,000
LaserFiche	15,000
Remote Access to SOE's, Digital Relays	10,000
Scanner	10,000
Printer Replacements (4)	9,500
Enterprise Risk Management Software	5,000
Additional Disk for Coop Web Computer	1,500

Total Computer Equipment	551,900

OTHER A&G CAPITAL ITEMS

Office Furniture	16,500
Electrical Safety Demo Unit	5,000
Inductor for High Voltage Demo Trailer	5,000
Rescue Mannequin & Parts	3,950
Multimedia Projector	2,000
Digital Camera Lenses	500

Total Other A&G Capital Items	32,950

Total Administrative and General	584,850

TOTAL CAPITAL EQUIPMENT BUDGET	1,664,400
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2009 CONSTRUCTION BUDGET

SYSTEM OPERATIONS

2009
Budget

Two Way Radio System	6,167,892
White Oak Substation	3,816,398
Spill Prevention Containment Control Implementation	1,069,004
Coleman to Newtonville 161kV Reconductor	613,180
Pole Change Outs	609,767
Olivet-Church Road Tap 4.6 M 69kV Line	572,918
Falls of Rough-McDaniels 69 kV Line	515,193
Oil Spill Prevention Control & Countermeasures System	379,366
Reconductor Line 6-A Reid Swyd/Daviess Co Sub	367,943
Hancock 69kV Capacitor Bank	317,135
Replace Fifteen (15) 161kV Disconnects at Reid	241,454
US 60 Bypass Relocation Lines 18-G & 13-E	218,654
Reconductor 4-K & 5-D between Hopkins & S Hanson	207,540
CEHV to Coleman C1 & C2 Teleprotection Replacement	199,788
REHV to Hopkins 161kV Reroute	198,512
Cumberland-Caldwell Springs Tap 69 kV Line	146,519
McCracken Co 69kV Line Terminal for Olivet Tap	134,927
Cumberland River Crossing Modification	125,269
Wilson 69kV Line to Centertown	117,716
Replace Twelve (12) 69kV PTs at Henderson County Sub	64,889
Horse Fork Tap 69kV Switch Modification	58,114
Replace Nine (9) 69kV PTs at Daviess County Sub	49,674
McCracken Co RTU Replacement	38,817
Reid 69kV RTU Replacement	38,644
Replace Substation Battery at Wilson EHV Substation	28,932
Replace Three (3) MIOD Operators at Dover	27,001
Replace Substation Security Fence at Hardinsburg Substation	26,676
Replace Substation Battery at McCracken Substation	15,932
Replace Substation Battery at Livingston Co Substation	15,932
Add Gravel to Meade County Substation	14,652
National AL 13.8kV Switchgear for Southwire Feed	12,443
Wilson 161-69kV Substation Facilities	11,525
Upgrade Metering at Coleman Road to 28 MVA	6,846
Daviess Co Airport Line Reroute	4,019
Digital Fault Recorder Upgrade for Wilson	923
Digital Fault Recorder Upgrade for Coleman	923
Digital Fault Recorder Upgrade for Reid	848
Digital Fault Recorder Upgrade for Portable	848
Total System Operations	16,436,813

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2009 CONSTRUCTION BUDGET (continued)

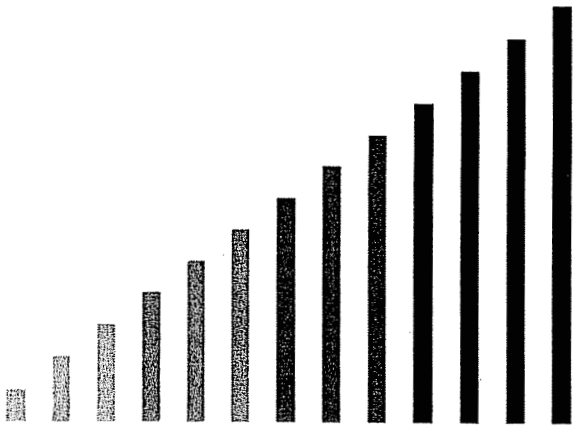
GENERATION	<u>2009 Budget</u>
Big Rivers' Share Pursuant to Section 20.6.3 of the Second Amendent to the New Participation Agreement -- Non-Incremental Capital	6,871,000
Big Rivers' Share Pursuant to Section 8.4(a) of the Lease and Operating Agreement -- Incremental Capital	831,160
TOTAL CONSTRUCTION BUDGET	 ----- 24,138,973 =====

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ARBITRAGE REPORT

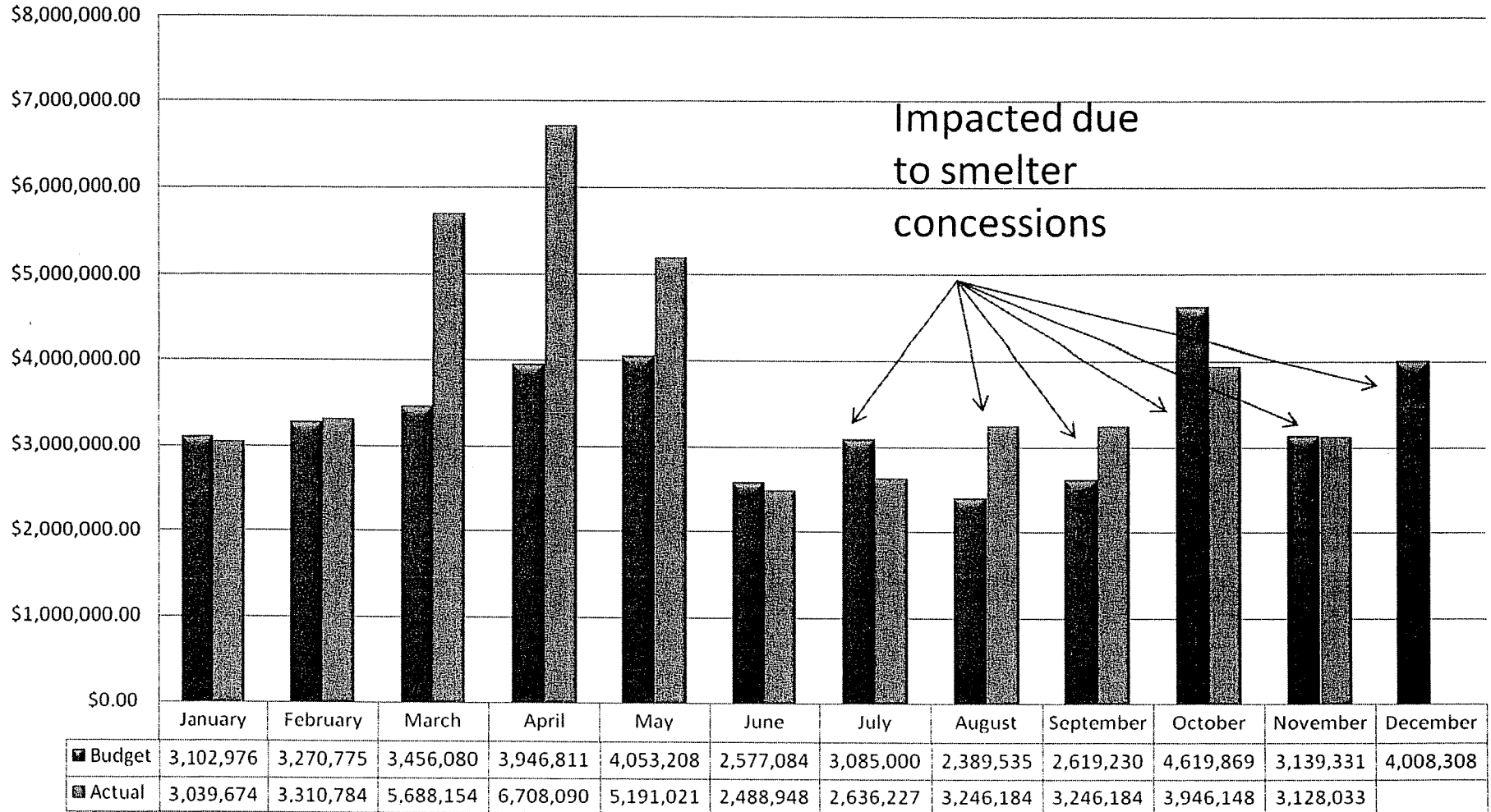


NOVEMBER, 2008



ARBITRAGE MARGINS

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■ Budget ■ Actual



BUDGET VARIANCE

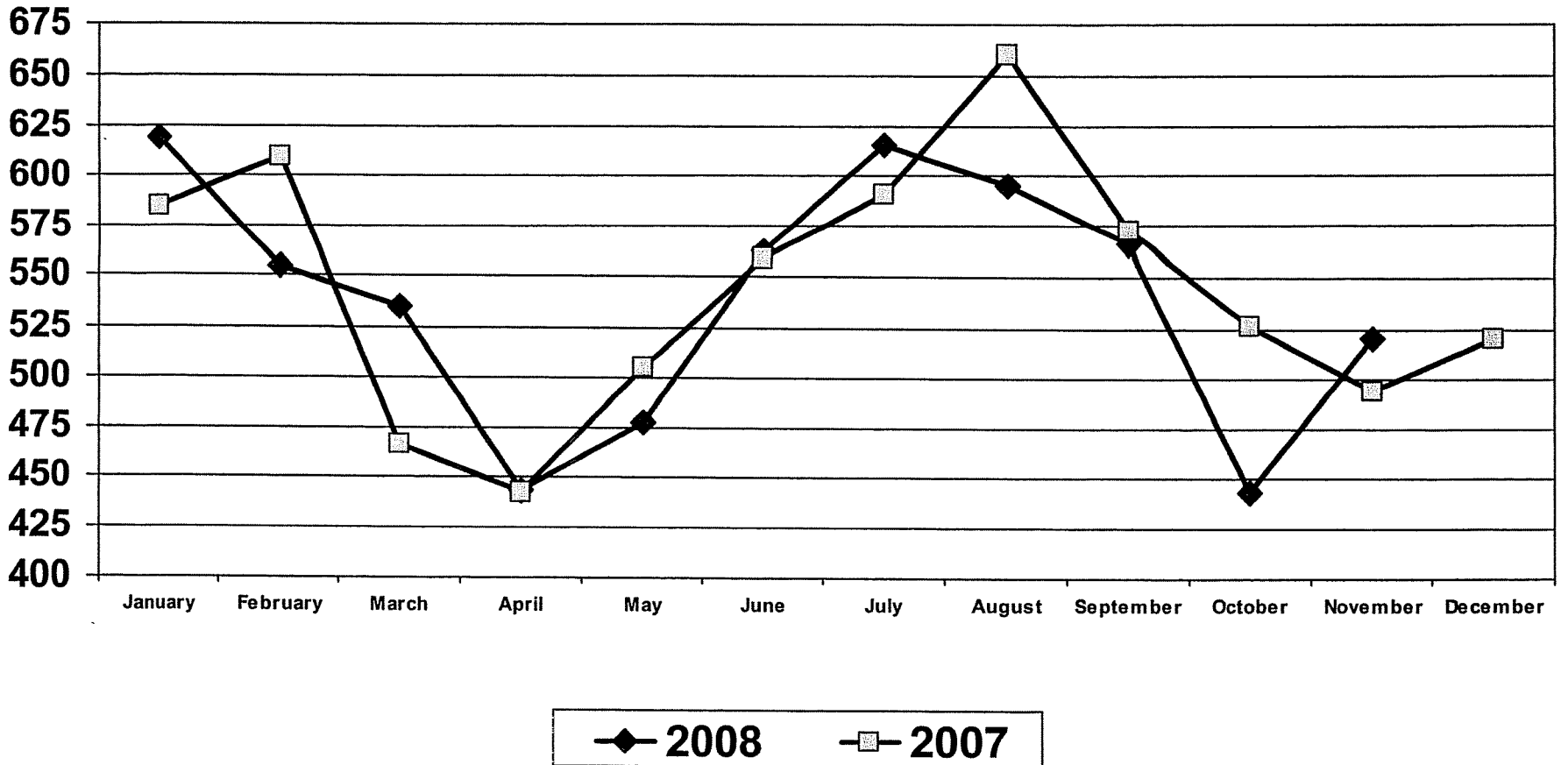
MONTH	BUDGET	ACTUAL	VARIANCE	
January	3,102,976	3,039,674	(63,302)	
February	3,270,775	3,310,784	40,009	
March	3,456,080	5,688,154	2,232,074	
April	3,946,811	6,708,090	2,761,279	
May	4,053,208	5,402,017	1,348,809	
June	2,577,084	3,179,021	601,937	
July	3,065,000	2,440,659	(624,341)	
August	2,389,535	2,636,227	246,692	
September	2,619,230	3,246,184	626,954	
October	4,619,869	3,946,148	(673,721)	
November	3,139,331	3,128,033	(11,298)	EST
December	4,008,308			
Y-T-D	36,239,899	42,724,991	6,485,092	

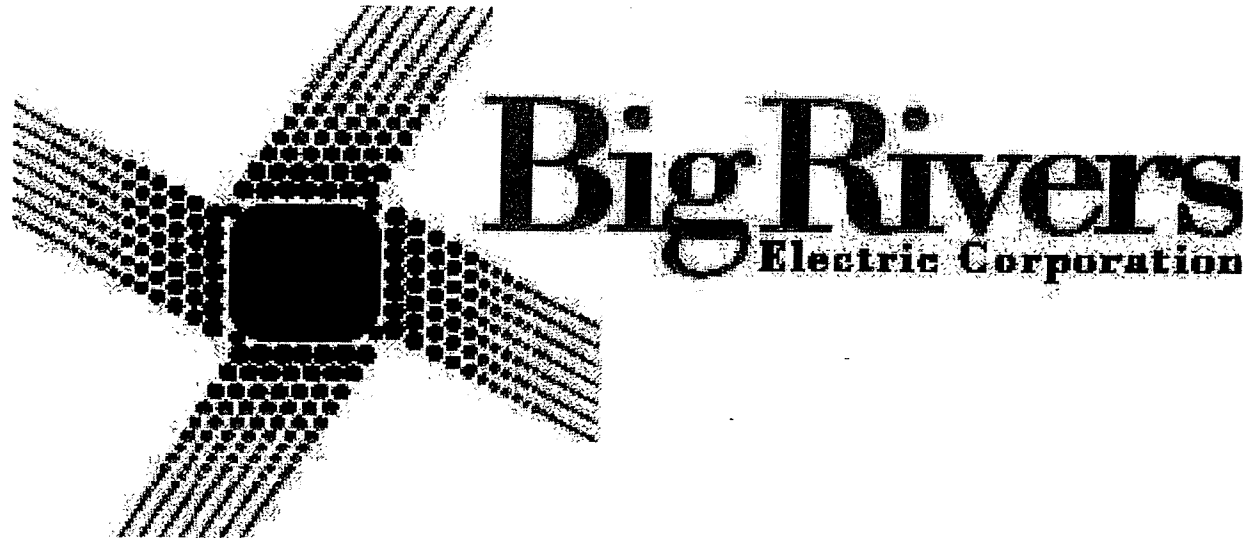
*\$3,756,000 in estimated margins lost due to concessions to smelters.



BIG RIVERS' PEAK

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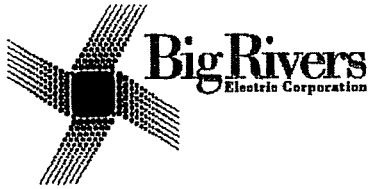




Financial Report **September 2008**

Board Meeting Date: November 21, 2008

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Summary of Operations

September Year To Date

(Thousands Of Dollars)

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
Revenues	184,885	169,811	228,975
Cost of Electric Service	167,810	160,462	208,181
Operating Margins	17,075	9,349	20,794
Non-Operating Income-Net	12,606	15,263	15,202
Net Margins - YTD September	29,681	24,612	35,996

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Summary of Operations-September (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh			
Non-Member MWh	254,965	280,780	269,131
Member Margins-\$/MWh	146,790	97,169	233,383
Non-Member Margins-\$/MWh	\$16.30	\$12.94	\$14.39
	\$25.66	\$27.63	\$12.93
Electric Energy Margins			
Interest Income-General Fund	\$7,923	\$6,317	\$6,893
Change in cash available for investments (C); Change in interest rates (C)	\$287	\$523	\$653
Avg Interest Rates: 2.27% Actual 2008; 4.50% Budget; 5.28% Actual 2007			
Interest Income-Defeased Sale-Leaseback			
Restricted Assets (A); Bank of America buyout (C)	\$756	\$1,060	\$1,026
Labor			
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)	(\$938)	(\$948)	(\$867)
Transmission O & M			
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Substation Maintenance (C); Pole Treatment (C)	(\$578)	(\$641)	(\$655)
Professional Fees			
Unwind (C); Transmission matters (B); Files Review/Maint Issues (C)	(\$239)	(\$213)	(\$307)

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Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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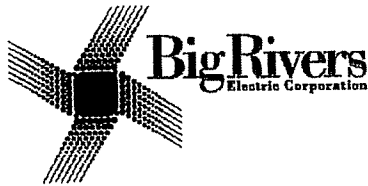


Summary of Operations-September (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$269)	(\$245)	(\$293)
Dues & Assessments (C); Debt Expense (B); Miscellaneous Receivables (C)			
Interest on Long-Term Debt	(\$5,134)	(\$4,813)	(\$4,996)
New RUS Note-decreased interest on outstanding balance differences due to voluntary/required prepayments (A)			
RUS ARVP Note-increased Arbitrage interest (C)			
P.C. Bonds-increased interest due to avg interest rates of 6.56% Actual 2008; 3.79% Budget; 3.89% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$778)	(\$1,089)	(\$1,054)
Defeased Sale Leaseback-interest compounding (A); Bank of America buyout (C)			
All Other	\$2,796	\$2,753	\$3,067
Net Margins	\$3,826	\$2,704	\$3,467

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Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07



Summary of Operations-YTD September (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	2,492,810	2,563,914	2,533,473
Non-Member MWh	1,399,206	996,413	2,139,259
Member Margins-\$/MWh	\$13.71	\$11.49	\$13.65
Non-Member Margins-\$/MWh	\$25.65	\$29.17	\$16.39
Electric Energy Margins	\$70,061	\$58,539	\$69,660
Interest Income-General Fund	\$3,074	\$4,811	\$5,083
Change in cash available for investments (C); Change in interest rates (C) Avg Interest Rates: 2.87% Actual 2008; 4.50% Budget; 5.32% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$8,742	\$9,673	\$9,334
Restricted Assets (A); Bank of America buyout (C)			
Arbitrage Transmission-BREC Power Supply	\$1,519	\$1,034	\$1,239
Increased off-system sales (excluding Smelters) resulted in larger transmission revenue (C); (off-set as as an expense Non-Member Margins)			
Labor	(\$9,429)	(\$9,497)	(\$8,529)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$4,606)	(\$4,758)	(\$6,019)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Line/Sub Maintenance (C); Pole Treatment (C); Plant Equipment Rent (A); Dues & Assessments (B); EMS Upgrade (C); IS Equipment Maint (C); Revenue Meters (A)			
Professional Fees	(\$4,232)	(\$2,436)	(\$2,746)
Unwind (C); Pension Plans/Post-Retirement Medical (B); Compensation Study (C); Marketing Surveys (B); Transmission matters (B); Financial Audit (C); Files review/Maint issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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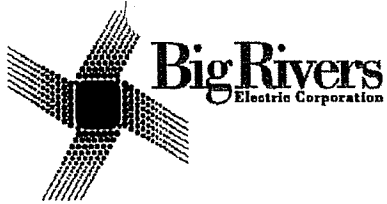


Summary of Operations-YTD September (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$3,350)	(\$3,127)	(\$2,465)
Dues & Assessments (C); PC Software (Microsoft Licensing) (C); Sungard (C); IS Equipment Maintenance (C); EMS Upgrade (B); Economic Development (B)			
Operating Expense-Customer Service/Sales	(\$405)	(\$831)	(\$522)
Economic Development (C); Energy Efficiency (C); Touchstone Incentives (B)			
General Plant Maintenance	(\$160)	(\$299)	(\$318)
IS Equipment Maintenance (C) (offset in A&G and Transmission-Maintenance)			
Interest on Long-Term Debt	(\$49,317)	(\$45,433)	(\$46,074)
New RUS Note-decreased interest due to outstanding principal balances (A)			
RUS ARVP Note-increased Arbitrage interest (C)			
P.C. Bonds-increased interest due to avg interest rates of 6.74% Actual 2008; 3.79% Budget; 3.76% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$8,989)	(\$9,943)	(\$9,587)
Defeased Sale Leaseback-interest compounding (A); Bank of America buyout (C)			
All Other	\$26,773	\$26,879	\$26,940
Net Margins	\$29,681	\$24,612	\$35,996

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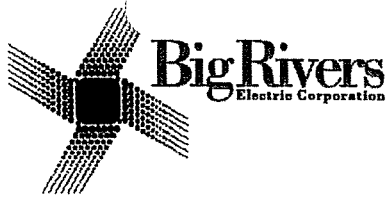
Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07



Statement of Operations – September

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	16,818,937	14,940,279	21,416,092
INCOME FROM LEASED PROPERTY - NET	2,375,427	2,396,239	2,436,425
OTHER OPERATING REVENUE AND INCOME	790,955	797,002	858,150
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	19,985,319	18,133,520	24,710,667
OPERATING EXPENSE-OTHER POWER SUPPLY	8,896,398	8,623,269	14,523,340
OPERATING EXPENSE-TRANSMISSION	580,085	543,695	790,104
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	45,672	59,475	41,326
OPERATING EXPENSE-SALES	136,252	81,630	41,455
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,063,890	997,289	1,100,560
TOTAL OPERATING EXPENSE	10,722,297	10,305,358	16,496,785
MAINTENANCE EXPENSE-TRANSMISSION	336,515	461,614	193,591
MAINTENANCE EXPENSE-GENERAL PLANT	3,370	10,212	2,788
TOTAL MAINTENANCE EXPENSE	339,885	471,826	196,379
DEPRECIATION & AMORTIZATION EXPENSE	426,449	465,477	349,888
TAXES	92,777	92,777	89,968
INTEREST ON LONG-TERM DEBT	5,911,985	5,902,659	6,049,701
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(52,667)	(33,600)	(44,976)
OTHER INTEREST EXPENSE	595	1,420	1,523
OTHER DEDUCTIONS	(236,111)	(193,557)	(215,628)
TOTAL COST OF ELECTRIC SERVICE	17,205,210	17,012,360	22,923,640
OPERATING MARGINS	2,780,109	1,121,160	1,787,027
INTEREST INCOME	1,043,187	1,582,577	1,679,145
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	2,422	0	823
NET PATRONAGE CAPITAL OR MARGINS	3,825,718	2,703,737	3,466,995

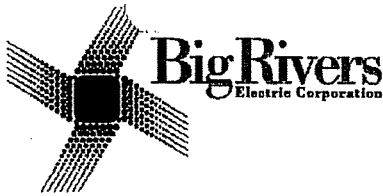
Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.



Statement of Operations – QTD September

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	49,258,229	46,928,372	66,684,958
INCOME FROM LEASED PROPERTY - NET	7,196,974	7,245,523	7,392,126
OTHER OPERATING REVENUE AND INCOME	2,365,966	2,391,621	2,449,881
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	58,821,169	56,565,516	76,526,965
OPERATING EXPENSE-OTHER POWER SUPPLY	28,520,193	30,494,914	47,159,753
OPERATING EXPENSE-TRANSMISSION	1,724,688	1,663,266	2,343,660
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	151,325	186,241	162,544
OPERATING EXPENSE-SALES	164,935	185,828	293,364
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	3,504,771	3,145,145	3,294,635
TOTAL OPERATING EXPENSE	34,065,912	35,675,394	53,253,956
MAINTENANCE EXPENSE-TRANSMISSION	961,755	1,245,980	708,698
MAINTENANCE EXPENSE-GENERAL PLANT	37,784	45,809	84,706
TOTAL MAINTENANCE EXPENSE	999,539	1,291,789	793,404
DEPRECIATION & AMORTIZATION EXPENSE	1,284,437	1,361,351	1,199,440
TAXES	278,331	278,331	269,904
INTEREST ON LONG-TERM DEBT	18,996,110	18,202,159	18,836,193
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(133,156)	(159,950)	(103,966)
OTHER INTEREST EXPENSE	1,496	4,260	6,142
OTHER DEDUCTIONS	(690,356)	(642,712)	(696,305)
TOTAL COST OF ELECTRIC SERVICE	54,802,313	56,010,622	73,558,768
OPERATING MARGINS	4,018,856	554,894	2,968,197
INTEREST INCOME	3,165,587	4,846,658	5,085,331
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	2,422	0	871
NET PATRONAGE CAPITAL OR MARGINS	7,186,865	5,401,552	8,054,399

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.



Statement of Operations – YTD September

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	155,208,936	140,528,234	199,315,413
INCOME FROM LEASED PROPERTY - NET	22,124,047	22,110,541	22,339,262
OTHER OPERATING REVENUE AND INCOME	7,552,375	7,172,013	7,320,392
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	184,885,358	169,810,788	228,975,067
OPERATING EXPENSE-OTHER POWER SUPPLY	85,147,924	81,988,797	129,655,597
OPERATING EXPENSE-TRANSMISSION	5,311,620	5,262,290	6,705,954
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	486,532	564,819	458,293
OPERATING EXPENSE-SALES	300,278	647,976	410,270
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	13,002,971	11,040,056	9,906,808
TOTAL OPERATING EXPENSE	104,249,325	99,503,938	147,136,922
MAINTENANCE EXPENSE-TRANSMISSION	2,904,439	3,092,824	2,783,034
MAINTENANCE EXPENSE-GENERAL PLANT	176,801	340,519	334,438
TOTAL MAINTENANCE EXPENSE	3,081,240	3,433,343	3,117,472
DEPRECIATION & AMORTIZATION EXPENSE	3,835,276	3,997,430	3,758,293
TAXES	838,343	834,993	809,712
INTEREST ON LONG-TERM DEBT	58,305,677	55,376,237	55,660,841
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(420,838)	(692,260)	(231,013)
OTHER INTEREST EXPENSE	6,512	12,670	23,078
OTHER DEDUCTIONS	(2,085,581)	(2,004,684)	(2,093,864)
TOTAL COST OF ELECTRIC SERVICE	167,809,954	160,461,667	208,181,441
OPERATING MARGINS	17,075,404	9,349,121	20,793,626
INTEREST INCOME	11,815,585	14,484,072	14,416,738
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	789,659	778,506	786,062
NET PATRONAGE CAPITAL OR MARGINS	29,680,648	24,611,699	35,996,426

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

Electric Energy Revenue "Minus" Power Cost
YTD September

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
<u>Revenue</u>			
Rural Sales - MWh	1,797,574	1,833,462	1,838,498
Large Industrial Sales - MWh	695,236	730,452	694,975
Arbitrage Sales - MWh	1,399,206	996,413	1,179,441
Forward Sale-Buyback Sales - MWh	0	0	51,089
Smelters Buythrough Sales - MWh	0	0	908,729
Total Sales - MWh	3,892,016	3,560,327	4,672,732
Rural Revenue - \$/MWh	35.81	35.47	35.31
Large Industrial Revenue - \$/MWh	30.86	30.61	30.98
Arbitrage Revenue - \$/MWh	49.59	53.32	48.66
Forward Sale-Buyback Revenue - \$/MWh	0.00	0.00	90.63
Smelters Buythrough Revenue - \$/MWh	0.00	0.00	55.96
Total Revenue - \$/MWh	39.88	39.47	42.66
Rural Revenue - Thousands of \$	64,368	65,040	64,917
Large Industrial Revenue - Thousands of \$	21,457	22,357	21,532
Arbitrage Revenue - Thousands of \$	69,384	53,131	57,387
Forward Sale-Buyback Revenue - Thousands of \$	0	0	4,630
Smelters Buythrough Revenue - Thousands of \$	0	0	50,849
Total Revenue - Thousands of \$	155,209	140,528	199,315

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Electric Energy Revenue "Minus" Power Cost
YTD September

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.72	22.59	20.47
Large Industrial Power Cost - \$/MWh	20.72	22.59	20.47
Arbitrage Power Cost - \$/MWh	23.94	24.15	22.98
Forward Sale-Buyback Power Cost - \$/MWh	0.00	0.00	44.98
Smelters Buythrough Power Cost - \$/MWh	0.00	0.00	53.26
Total Power Cost - \$/MWh	21.88	23.03	27.75
Rural Power Cost - Thousands of \$	37,241	41,424	37,634
Large Industrial Power Cost - Thousands of \$	14,404	16,503	14,225
Arbitrage Power Cost - Thousands of \$	33,503	24,062	27,099
Forward Sale-Buyback Power Cost - Thousands of \$	0	0	2,298
Smelters Buythrough Power Cost - Thousands of \$	0	0	48,400
Total Power Cost - Thousands of \$	85,148	81,989	129,656

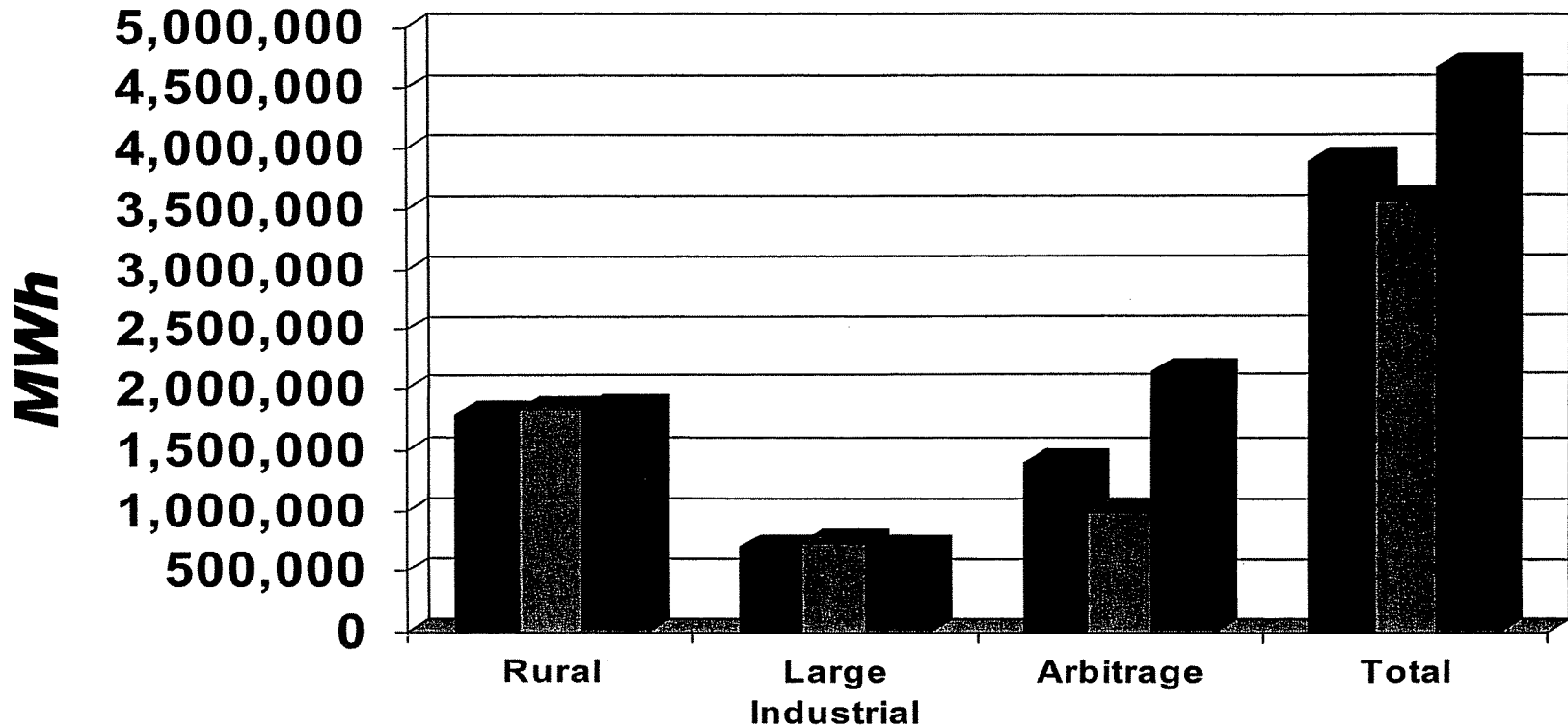
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Electric Energy Revenue "Minus" Power Cost
YTD September

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	15.09	12.88	14.84
Large Industrial Sales Margin - \$/MWh	10.14	8.02	10.51
Arbitrage Sales Margin - \$/MWh	25.65	29.17	25.68
Forward Sale-Buyback Margin - \$/MWh	0.00	0.00	45.65
Smelters Buythrough Margin - \$/MWh	0.00	0.00	2.70
Total Sales Margin - \$/MWh	18.00	16.44	14.91
Rural Sales Margin - Thousands of \$	27,127	23,616	27,283
Large Industrial Sales Margin - Thousands of \$	7,053	5,854	7,307
Arbitrage Sales Margin - Thousands of \$	35,881	29,069	30,288
Forward Sale-Buyback Margin - Thousands of \$	0	0	2,332
Smelters Buythrough Margin - Thousands of \$	0	0	2,449
Total Sales Margin - Thousands of \$	70,061	58,539	69,659

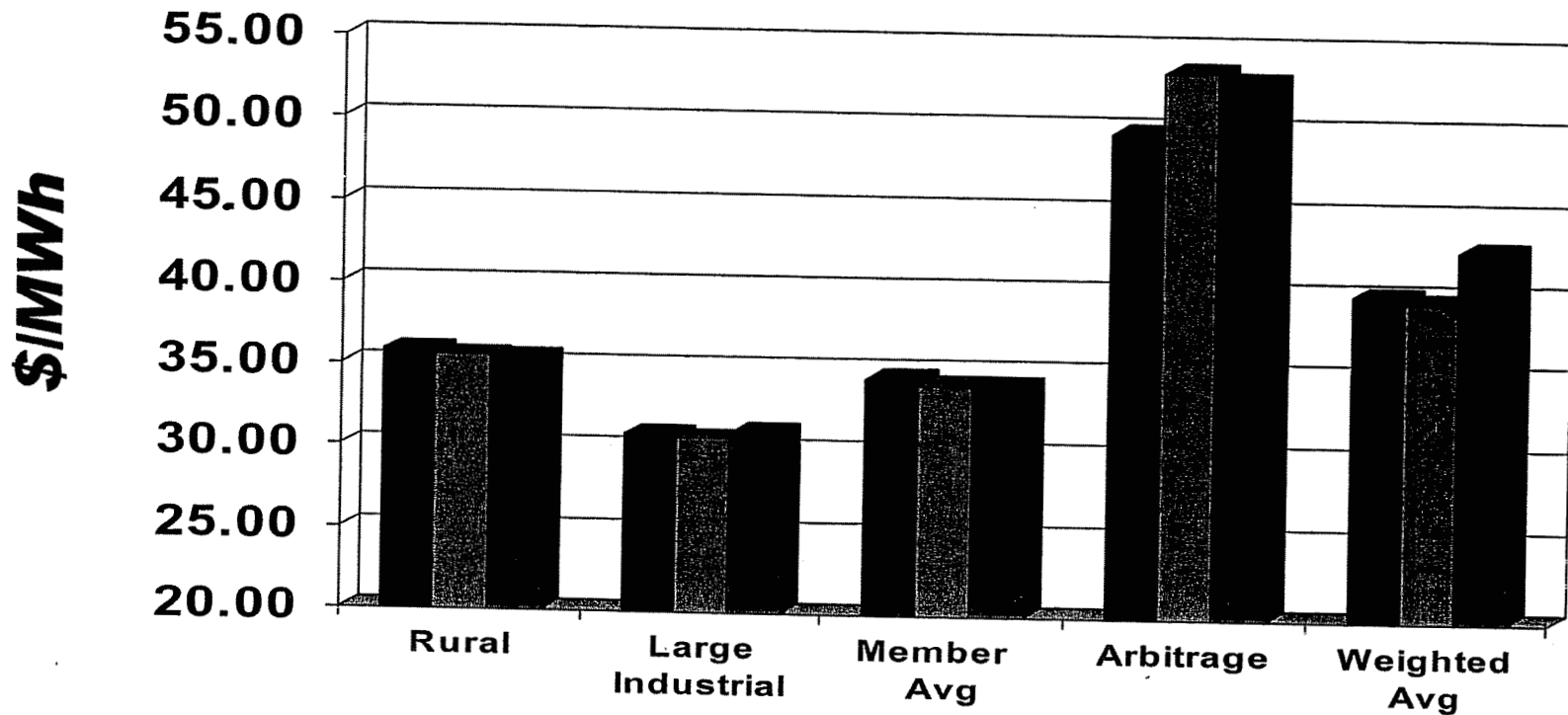
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MWh Sales YTD September



Actual 2008	1,797,574	695,236	1,399,206	3,892,016
Budget	1,833,462	730,452	996,413	3,560,327
Actual 2007	1,838,498	694,975	2,139,259	4,672,732

Revenue - \$/MWh Sold YTD September

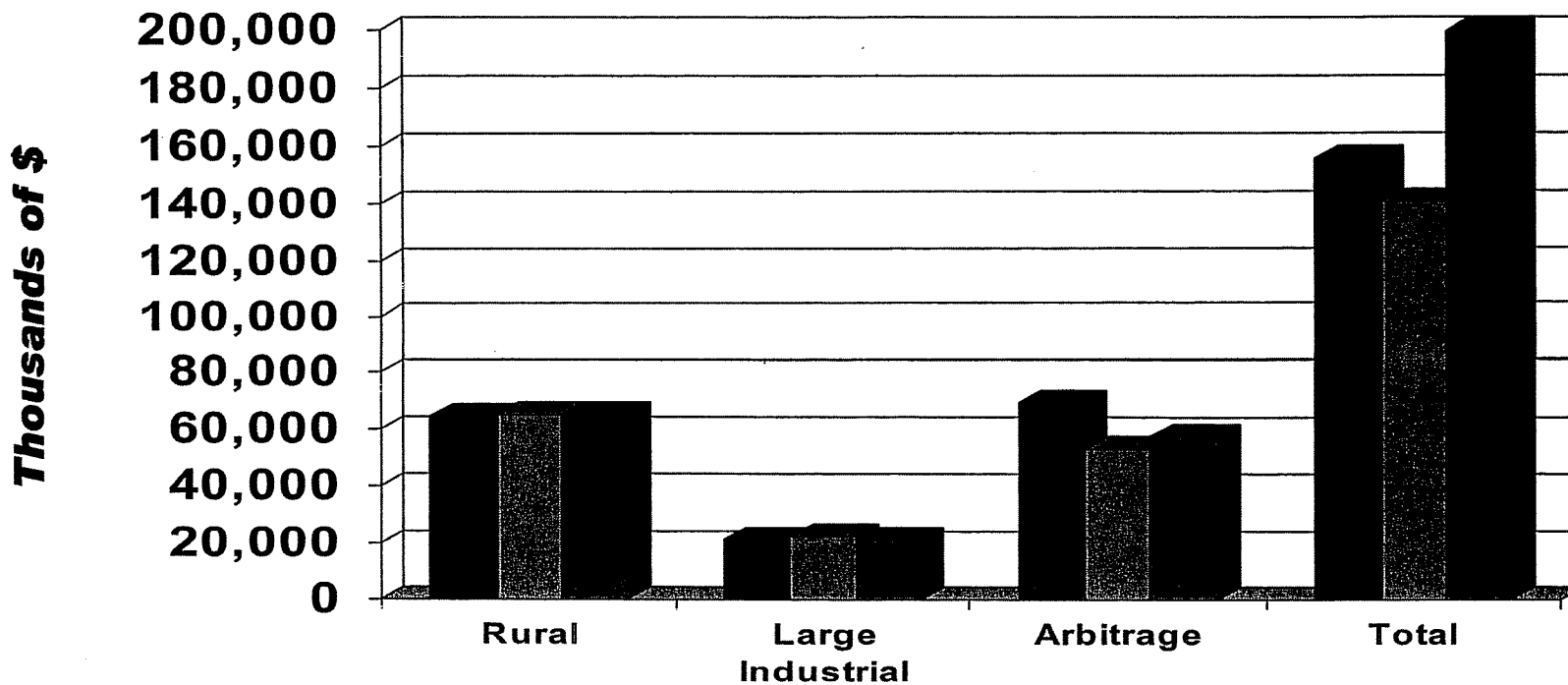


Actual 2008	35.81	30.86	34.43	49.59	39.88
Budget	35.47	30.61	34.09	53.32	39.47
Actual 2007	35.31	30.98	34.12	52.76	42.66

Revenue

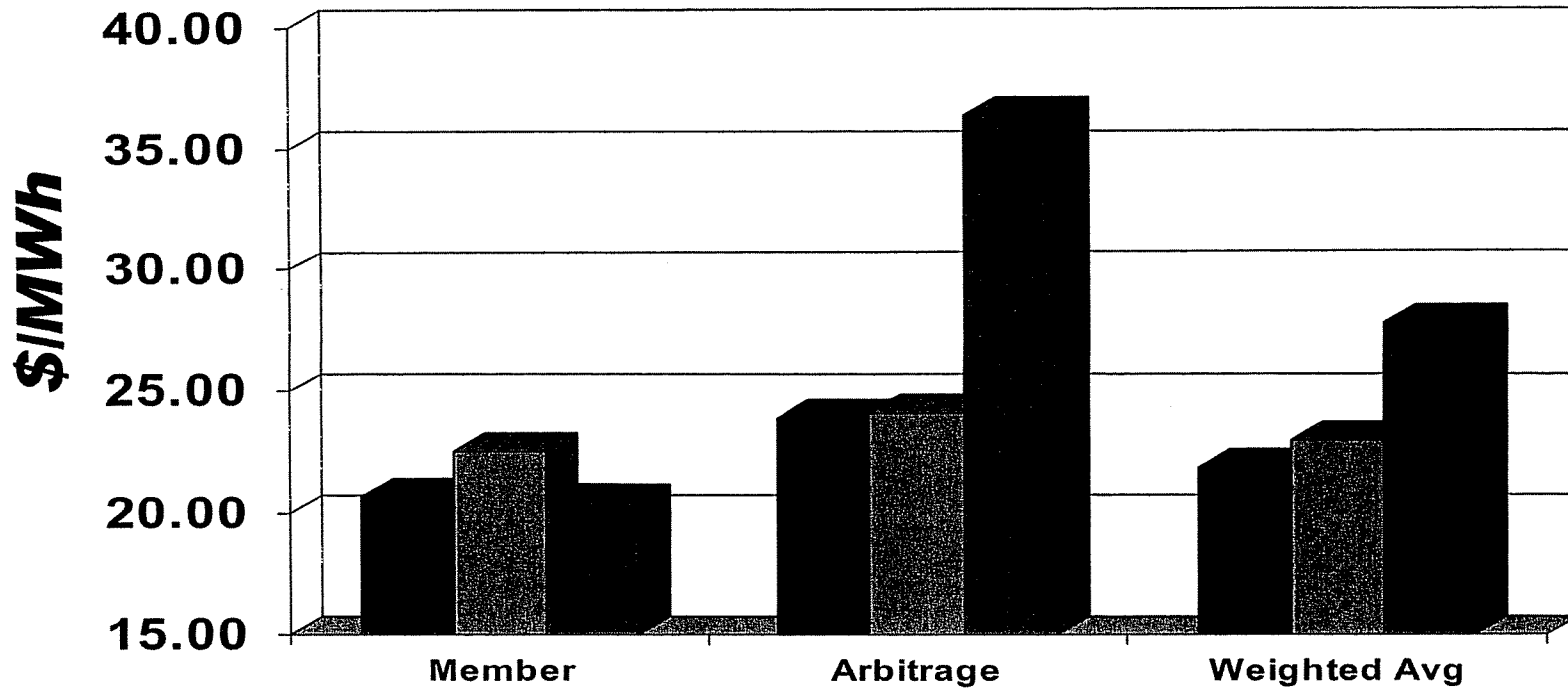
YTD September

(Dollars in Thousands)



Actual 2008	64,368	21,457	69,384	155,209
Budget	65,040	22,357	53,131	140,528
Actual 2007	64,917	21,532	112,866	199,315

Power Cost - \$/MWh Sold YTD September



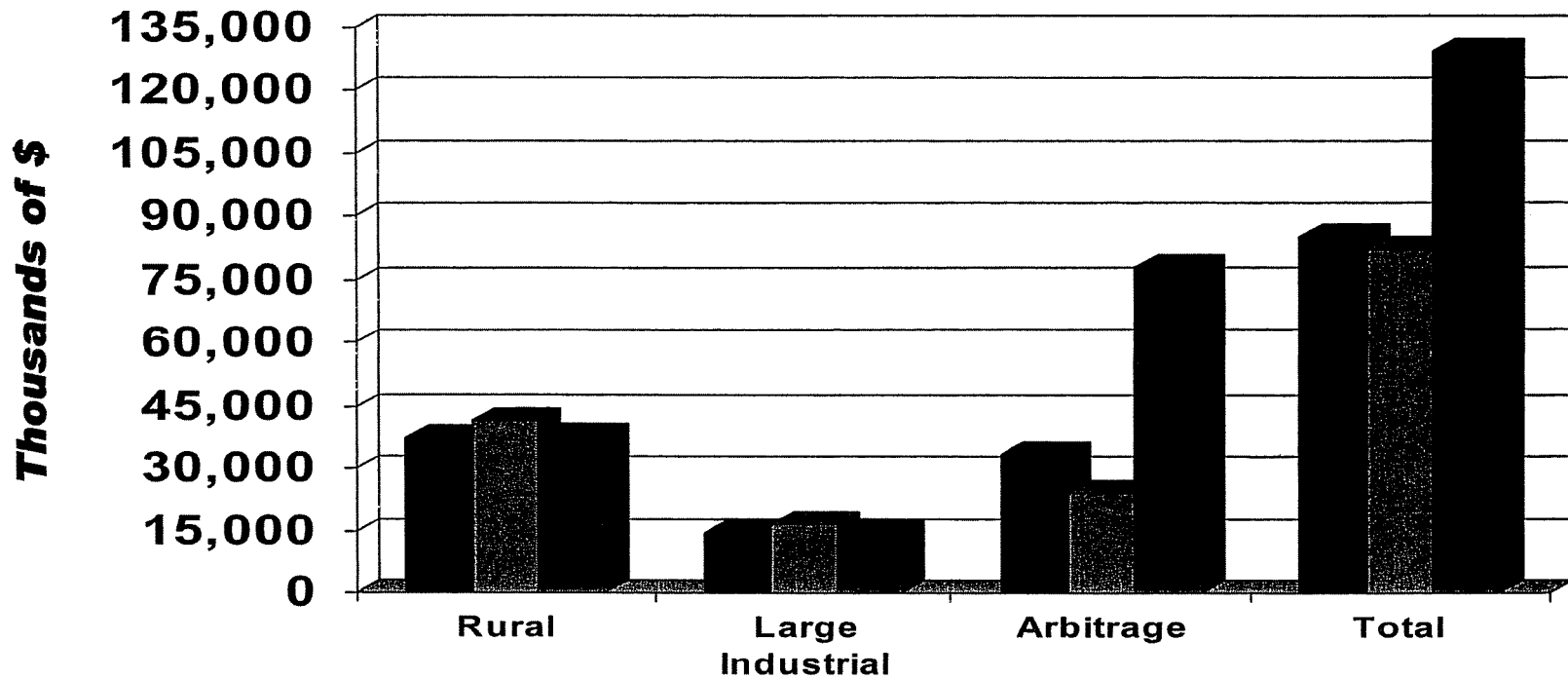
Actual 2008	20.72	23.94	21.88
Budget	22.59	24.15	23.03
Actual 2007	20.47	36.37	27.75

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Power Cost

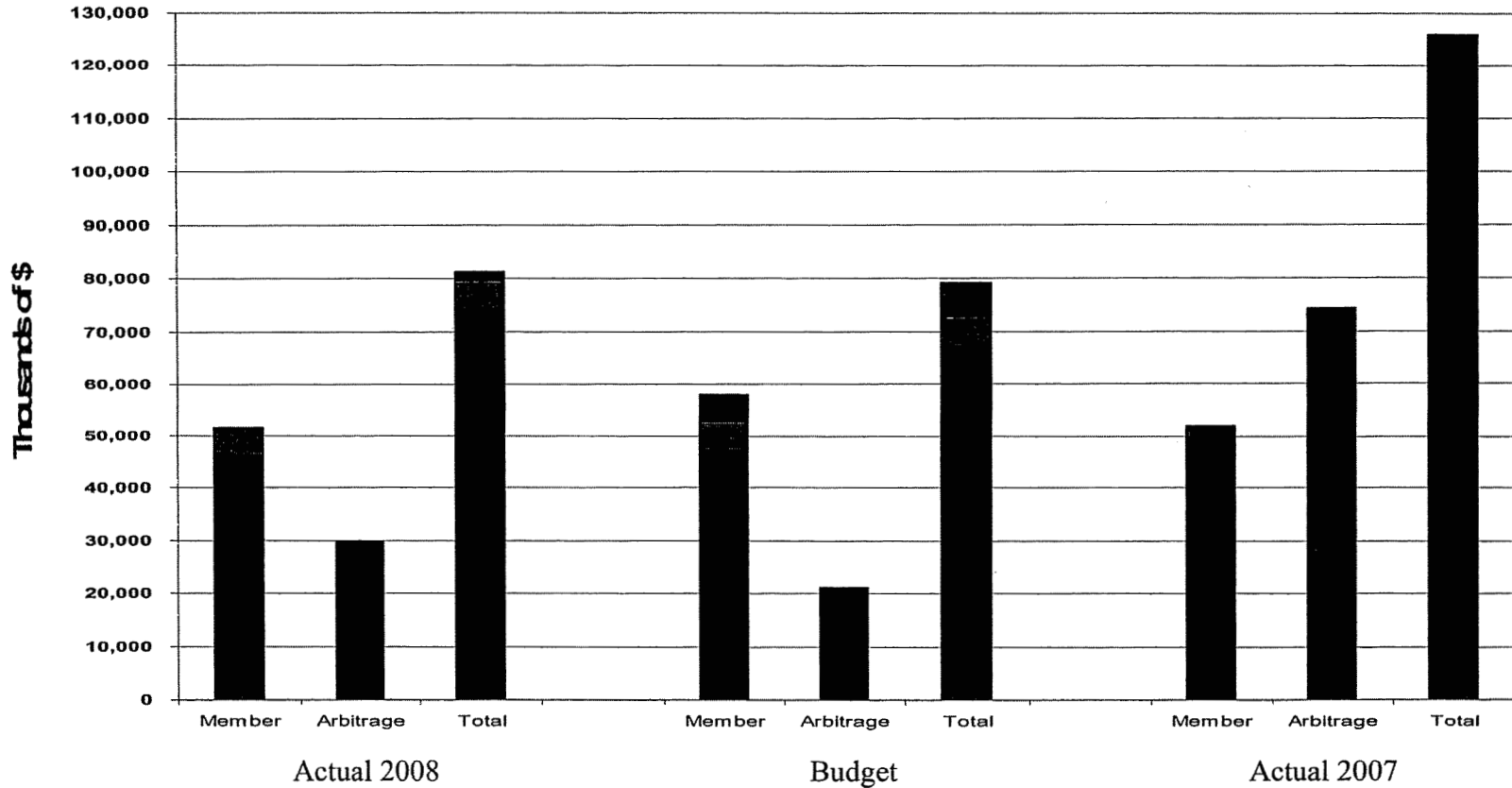
YTD September

(Dollars in Thousands)



Actual 2008	37,241	14,404	33,503	85,148
Budget	41,424	16,503	24,062	81,989
Actual 2007	37,634	14,225	77,797	129,656

Sources & Distribution of Energy YTD September (Dollars in Thousands)



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	Actual 2008			Budget			Actual 2007		
Market	72	1,738	1,810	5,488	1,008	6,496	173	49,836	50,009
Domtar	362	0	362	362	0	362	319	0	319
SEPA	4,753	0	4,753	4,798	0	4,798	4,340	0	4,340
LEM	46,415	27,927	74,342	47,272	20,173	67,445	46,975	24,364	71,339
Total	51,602	29,665	81,267	57,920	21,181	79,101	51,807	74,200	126,007



Member - Non-Member Purchased Power Allocation

YTD September
(Dollars in Thousands)

	Actual 2008	Budget 2008	Actual 2007
<u>Purchases for Members</u>			
SEPA Power	4,753	4,798	4,340
Domtar Cogen Green Power	362	362	319
Arbitrage Power Applied to Members	72	5,488	173
LEM Power Applied to Members	46,415	47,272	46,975
Member Purchased Power	51,602	57,920	51,807
Other Costs:			
LEM Ancillaries & Other	43	7	52
Total Purchased Power Applied to Members	51,645	57,927	51,859
<u>Purchases For Non-Members</u>			
Arbitrage Power Applied to Non-Members	1,738	1,008	49,836
LEM Power Applied to Non-Members	27,927	20,173	24,364
Non-Member Purchased Power	29,665	21,181	74,200
Other Costs:			
Domtar Reservation Fee/Energy Imbalance/Curtailment	1,280	809	1,014
ACES/ICE/PJM/CFC Letter of Credit Fees	990	997	929
SIPC/MISO/LOC Charges for Smelters	0	0	416
Revenue Meter Retrieval Expenses	49	41	0
Arbitrage Transmission Revenue Offset	1,519	1,034	1,238
Total Purchased Power Applied to Non-Members	33,503	24,062	77,797
<u>Total Purchased Power</u>			
SEPA Power	4,753	4,798	4,340
Domtar Cogen Green Power	362	362	319
Arbitrage Power	1,810	6,496	50,009
LEM Power	74,342	67,445	71,339
Purchased Power Total	81,267	79,101	126,007
Total Other Costs	3,881	2,888	3,649
Total Purchased Power	85,148	81,989	129,656

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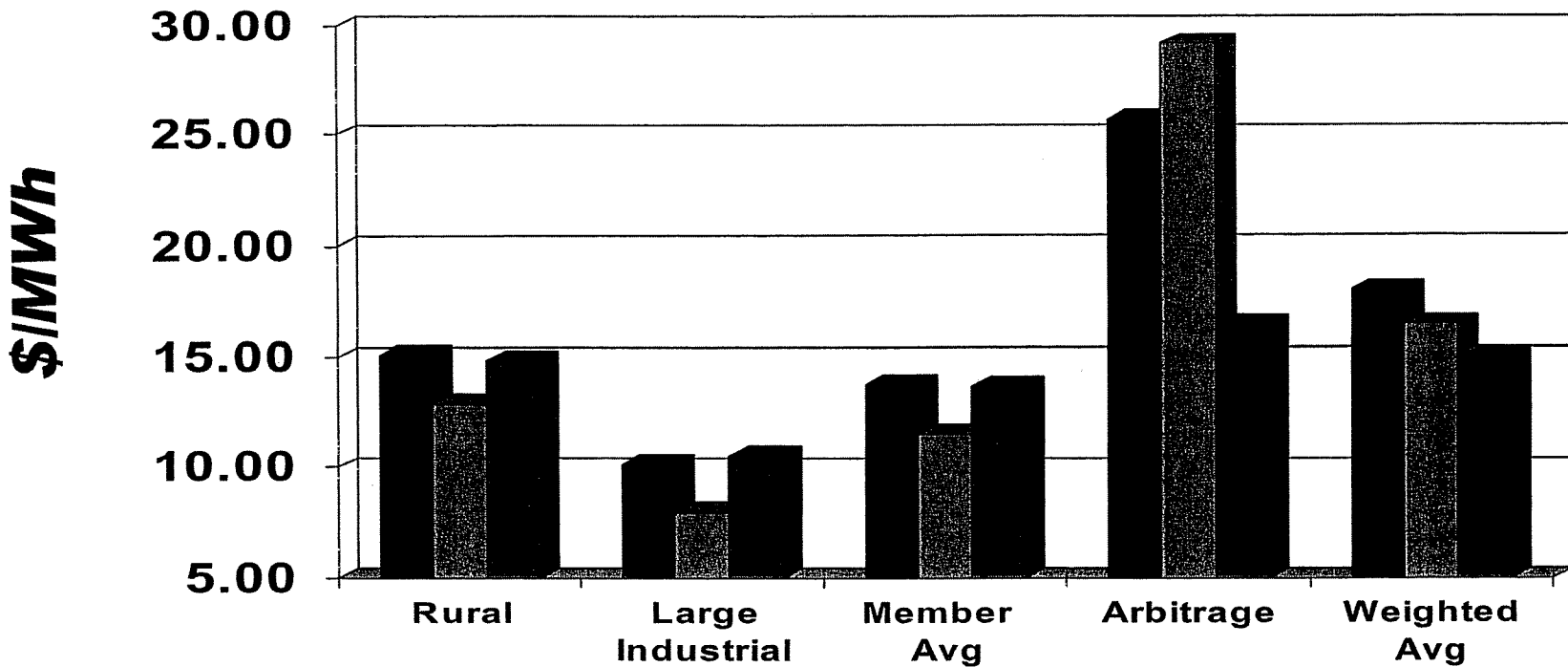


Member - Non-Member Purchased Power Allocation
YTD September
MWh

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	Actual 2008	Budget 2008	Actual 2007
<u>MWh Purchases for Members</u>			
SEPA Power	197,749	201,472	171,885
Domtar Cogen Green Power	6,576	6,576	5,807
Arbitrage Power Applied to Members	959	19,600	2,302
LEM Power Applied to Members	2,313,987	2,357,204	2,374,552
Total Purchased Power MWh Applied to Members	2,519,271	2,584,852	2,554,546
<u>MWh Purchases for Non-Members</u>			
Arbitrage Power Applied to Non-Members	29,892	3,600	947,123
LEM Power Applied to Non-Members	1,384,415	1,000,948	1,209,642
Total Purchased Power MWh Applied to Non-Members	1,414,307	1,004,548	2,156,765
<u>Total Purchased Power MWh</u>			
SEPA Power	197,749	201,472	171,885
Domtar Cogen Green Power	6,576	6,576	5,807
Arbitrage Power	30,851	23,200	949,425
LEM Power	3,698,402	3,358,152	3,584,194
Total Purchased Power MWh	3,933,578	3,589,400	4,711,311

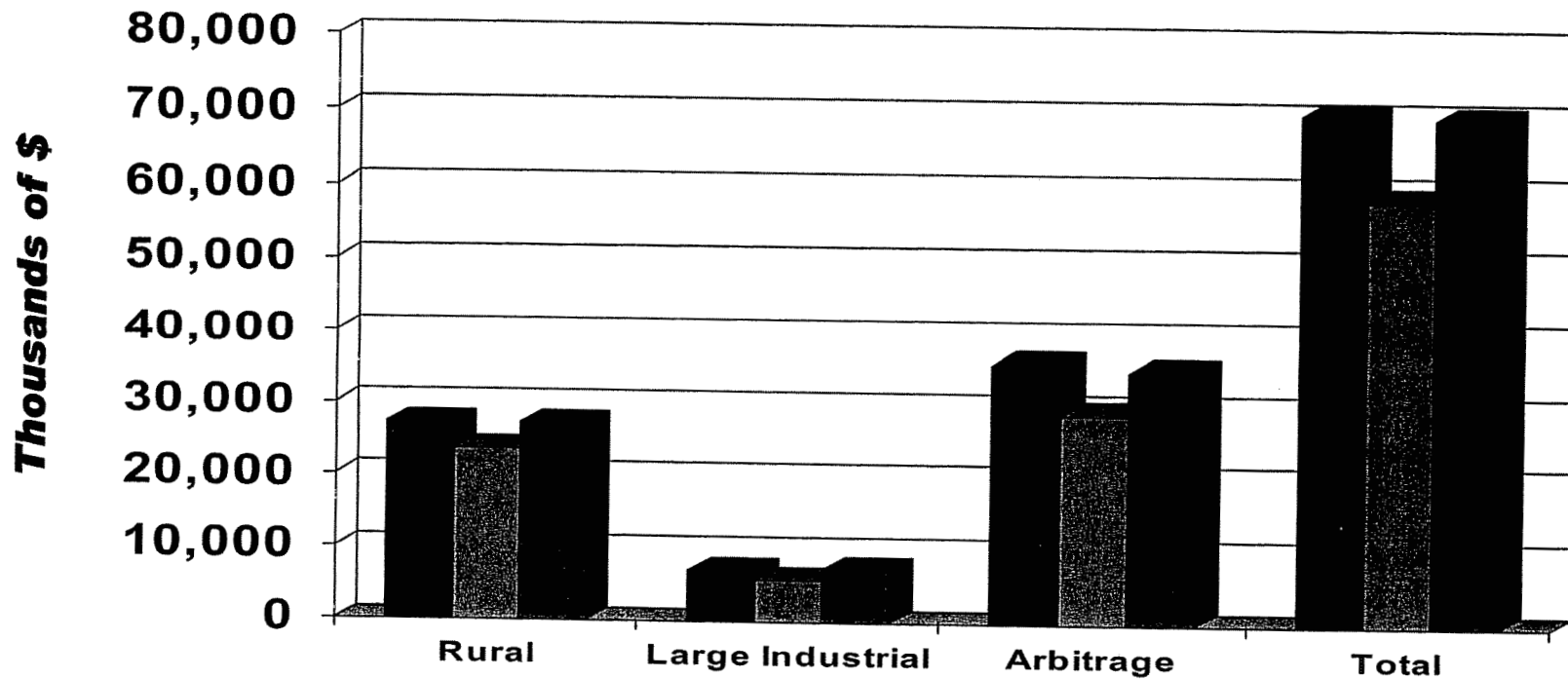
Sales Margin - \$/MWh Sold YTD September



Actual 2008	15.09	10.14	13.71	25.65	18.00
Budget	12.88	8.02	11.49	29.17	16.44
Actual 2007	14.84	10.51	13.65	16.39	16.39

Sales Margin YTD September

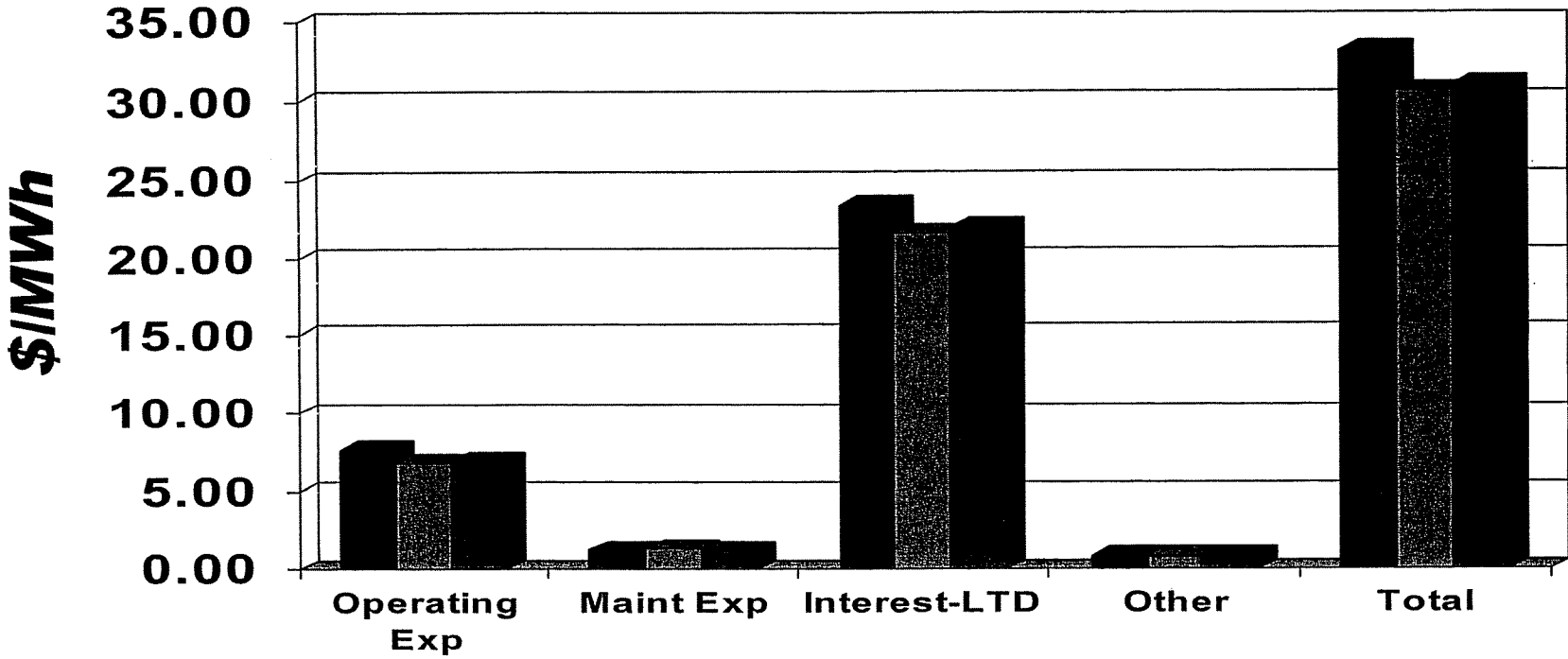
(Dollars in Thousands)



Actual 2008	27,127	7,053	35,881	70,061
Budget	23,616	5,854	29,069	58,539
Actual 2007	27,283	7,307	35,069	69,659

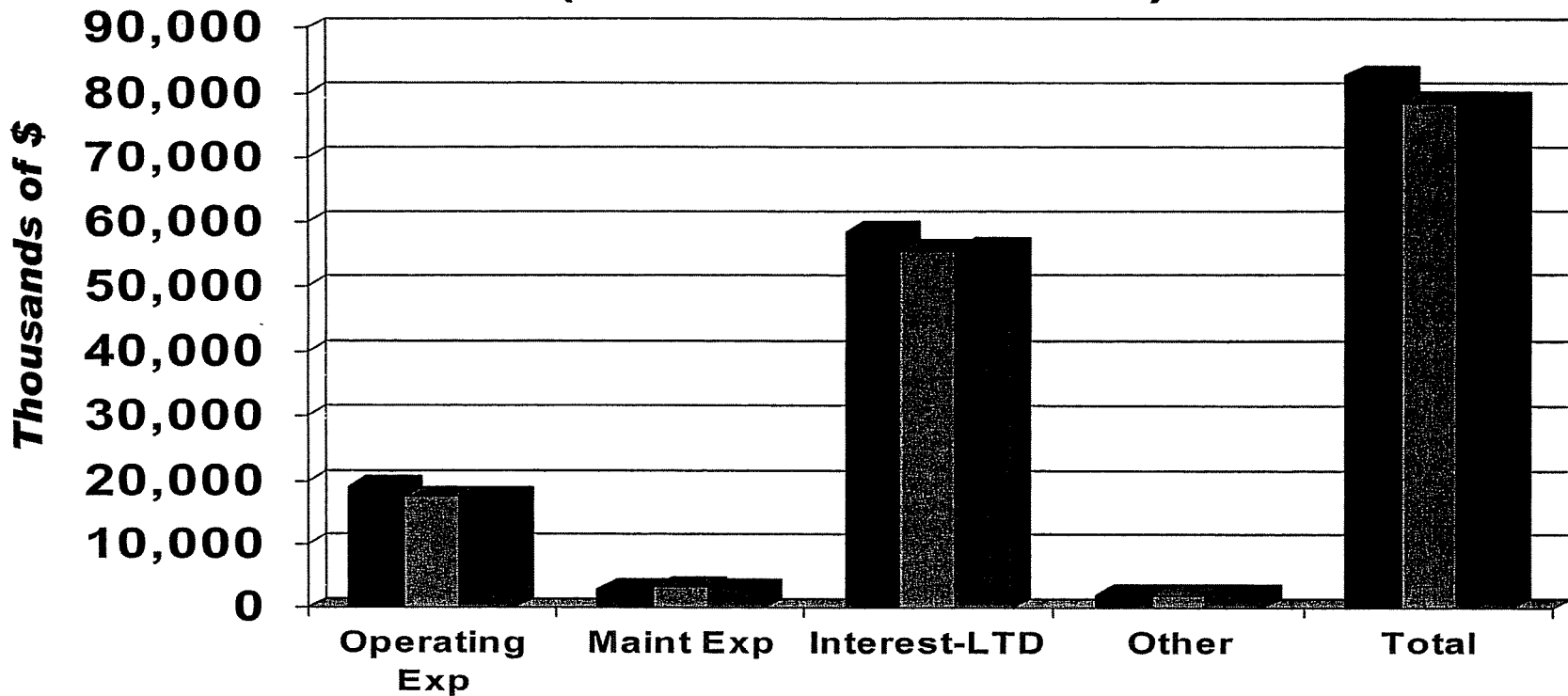
Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold YTD September

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Actual 2008	7.66	1.24	23.39	0.87	33.16
Budget	6.83	1.34	21.60	0.84	30.61
Actual 2007	6.90	1.23	21.97	0.90	31.00

Total Cost of Electric Service (minus Power Cost) YTD September (Dollars in Thousands)



Actual 2008	19,101	3,081	58,306	2,174	82,662
Budget	17,515	3,433	55,376	2,149	78,473
Actual 2007	17,481	3,117	55,661	2,266	78,525



Operating Expense – Transmission

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD September	5,312	5,262	6,706

Actual vs Actual Variance primarily due to:

Transmission of Electricity - \$1,591 less than Actual 2007; primarily SIPC charges related to Smelter Block B sales & TVA Transmission-LEM cancellation

Labor- \$106 more than Actual 2007; more employees in 2008 vs 2007; timing of vacation/sick pay

GIS System Maintenance - \$41 more than Actual 2007; allocation change-offset in General Plant Maintenance

EMS-OSI System Maintenance - \$50 more than Actual 2007; allocation change-offset in General Plant Maintenance

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Customer Service & Informational Expense

	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD September	487	565	458

Actual vs Budget Variance primarily due to:

- Touchstone Energy Efficient Homes Incentive Program - \$24 less than Budget; due to seasonal construction & promotional activities; JPEC discontinued program
- Safety Expense - \$12 less than Budget; prescription safety glasses not yet purchased; Budgeted training has not taken place (CPR, 1st Aid, Bloodborne Pathogens)
- Document Development/Reproduction - \$16 less than Budget; due to logo change, less less documents being printed to reduce potential waste
- Travel/Meals - \$12 less than Budget; less than anticipated

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Operating Expense - Sales

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD September	300	648	410

Actual vs Budget Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$205 less than Budget; less program participation than anticipated; timing

Economic Development - \$129 less than Budget; timing of payments to Coops

Actual vs Actual Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$59 less than Actual 2007

Economic Development - \$50 less than Actual 2007; timing of payments to Coops

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Operating Expense – A & G

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD September	13,003	11,040	9,907

Actual vs Budget Variance primarily due to:

Labor - \$57 less than Budget; positions not filled when budgeted; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,796 more than Budget; primarily Unwind

PC Software - \$278 more than Budget; Microsoft Licensing (not budgeted)

GIS Maintenance - \$110 more than Budget; offset in General Plant Maintenance

EMS upgrades - \$200 less than Budget; offset in Transmission Maintenance

Itron Maintenance - \$26 more than Budget; offset in Transmission Maintenance/General Plant Maintenance

Actual vs Actual Variance primarily due to:

Labor - \$725 more than Actual 2007; more employees in 2008; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,486 more than Actual 2007; primarily Unwind

PC Software - \$278 more than Actual 2007; Microsoft Licensing

Sungard - \$176 more than Actual 2007 (timing & prepayment of postage)

Dues & Assessments - \$134 more than Actual 2007 (timing); primarily PSC Assessment, NERC, CRN & National G&T Managers Association

GIS Maintenance - \$116 more than Actual 2007; offset in General Plant Maintenance

Itron Maintenance - \$26 more than Actual 2007; offset in General Plant Maintenance

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Maintenance Expense – General Plant

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD September	177	341	334

Actual vs Budget Variance primarily due to:

GIS Service Agreement - \$129 less than Budget; reclassification (offset in A&G Expense)

EMS-OSI Maintenance - \$17 less than Budget; reclassification (offset in Trans-Operations)

Network Maintenance - \$11 more than Budget; unwind related

Labor - \$24 less than Budget; timing of construction project work, vacations

Actual vs Actual Variance primarily due to:

GIS Service Agreement - \$133 less than Actual 2007; reclassification (offset in A&G Expense)

Itron Maintenance - \$25 less than Actual 2007; reclassification (offset in A&G

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Interest on Long-Term Debt

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Sale-Leaseback - YTD September	8,989	9,943	9,587
Other - YTD September	49,317	45,433	46,074
YTD September	58,306	55,376	55,661

Actual vs Budget Variance primarily due to:

P.C. Bonds - \$3,071 more than Budget; Average variable interest rate 6.74% Actual 2008 vs 3.79% Budget

RUS ARVP Note - \$813 more than Budget; more Arbitrage Interest than anticipated

Defeased Sale Leaseback - \$955 less than Budget; Bank of America buyout

Actual vs Actual Variance primarily due to:

P.C. Bonds - \$3,107 more than Actual 2007; Average variable interest rate 6.74% Actual 2008 vs 3.76% Actual 2007

New RUS Note - \$1,062 less than Actual 2007; less Outstanding Principal due to quarterly payments

RUS ARVP Note - \$1,228 more than Actual 2007; more arbitrage/compounding of interest

Defeased Sale Leaseback - \$598 less than Actual 2007; Bank of America buyout

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Interest Expense Charged to Construction-Credit

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD September	(421)	(692)	(231)

Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather; Skillman (tap)-Meade Co. 161kv Line \$46 less than Budget; Digital Microwave Radio System \$106 less than Budget; Upgrade Reid to Daviess Co 161kV Line \$40 less than Budget; Coaltek (project suspended) \$23 less than Budget; Substation Oil Spill Containment (project suspended) \$27 less than Budget Two Way Radio Replacement \$21 less than Budget

Actual vs Actual Variance primarily due to:

LGEE (KU) Interconnection-\$21 more than Actual 2007; Digital Microwave Radio System \$94 more than Actual 2007; McCracken-Olivet Church-\$18 more than Actual 2007; Skillman(tap)-Meade Co 161kv Line-\$37 more than Actual 2007 Substation Oil Spill Containment (project suspended) \$19 less than Actual 2007 Two Way Radio Replacement \$13 more than Actual 2007

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Interest Income

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
General Fund-YTD September	3,074	4,811	5,083
Sale-Leaseback-YTD September	8,742	9,673	9,334
YTD September	11,816	14,484	14,417

Actual vs Budget Variance primarily due to:

General Fund - \$1,737 less than Budget; decrease in interest rates

2.87% Actual 2008 avg vs 4.50% Budget avg; less cash available for investment.

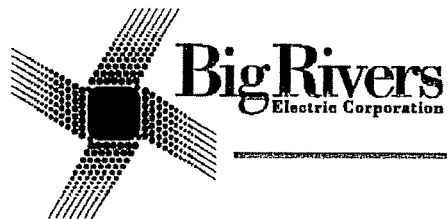
Sale-Leaseback - \$931 less than Budget; Bank of America buyout

Actual vs Actual Variance primarily due to:

General Fund - \$2,009 less than Actual 2007; decrease in interest rates

2.87% Actual 2008 avg vs 5.32% Actual 2007 avg; less cash available for investment

Sale-Leaseback - \$592 less than Actual 2007; Bank of America buyout

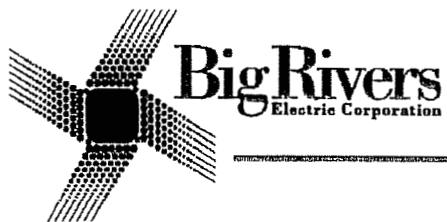


Big Rivers Electric Corporation

Vegetation Management Work Plan (2009-2013)

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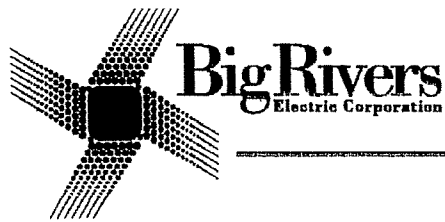


2003-2008 Outages Tree Related Causes

<u>Year</u>	<u>On R/W</u>	<u>Off R/W</u>
2003	0	1
2004	0	13
2005	1	1
2006	0	7
2007	0	3
2008(to date)	2	11

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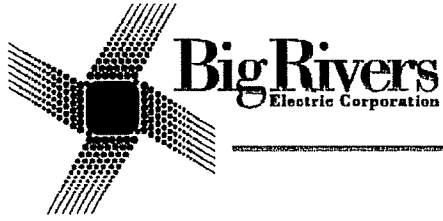


2008 Outages Tree Related Causes

- On R/W Tree Heights- 47 ft. and 80 ft.
- Off R/W Tree Heights- 67 ft., 70 ft., 72 ft.
72 ft., 80 ft., 84 ft.
85 ft., 88 ft., 95 ft.
101 ft. and 120 ft.

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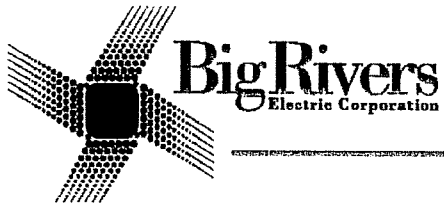


2006-2008 Phase I & II Work

<u>Year</u>	<u>Phase I</u>	<u>Phase II</u>	<u>Budget</u>
2006	287 miles	37 miles	\$640 k
2007	320 miles	23 miles	\$640 k
2008	325 miles	50 miles	\$640 k
<hr style="border-top: 1px dashed black;"/>			
2009	347 miles	47 miles	\$640 k
2009	347 miles	222 miles	\$1.4 m

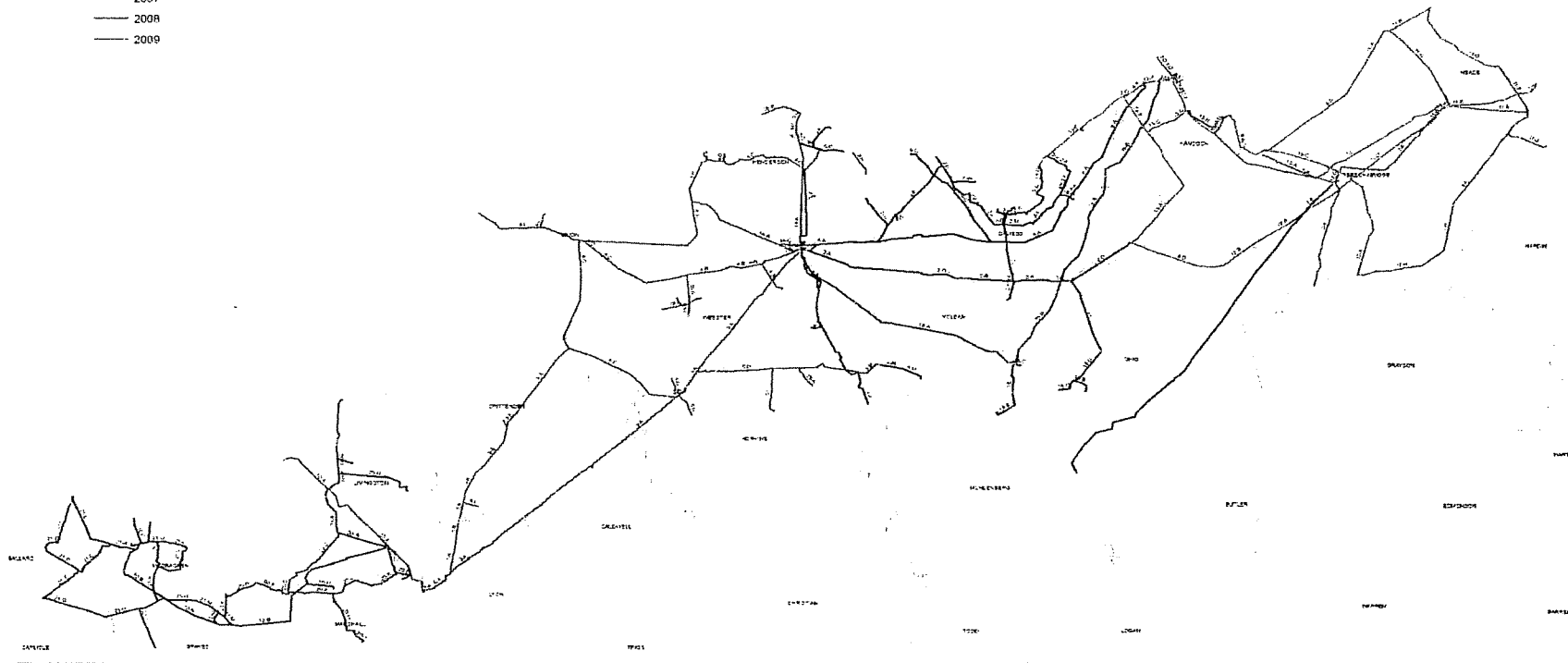
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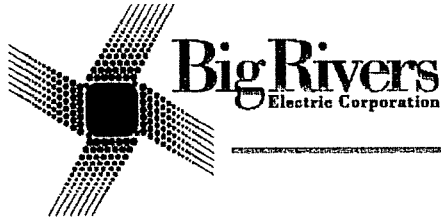
Big Rivers Electric Phase I Work Plan

- Legend**
- 2006
 - 2007
 - 2008
 - 2009



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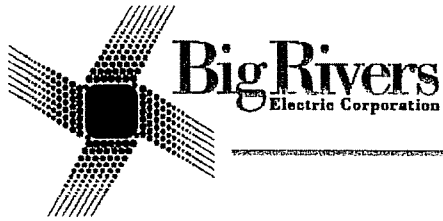


2009-2013 Phase I Work Plan

Estimated funding requirement is \$400k per year

- 2009 Phase I Work proposed for 347 miles of line to complete first cycle across system
- 2010 Phase I Work would begin second cycle across system (same as 2006)- 287 miles of line
- 2011 Phase I Work is same as 2007- 320 miles of line
- 2012 Phase I Work is same as 2008- 325 miles of line
- 2013 Phase I Work is same as 2009- 347 miles of line

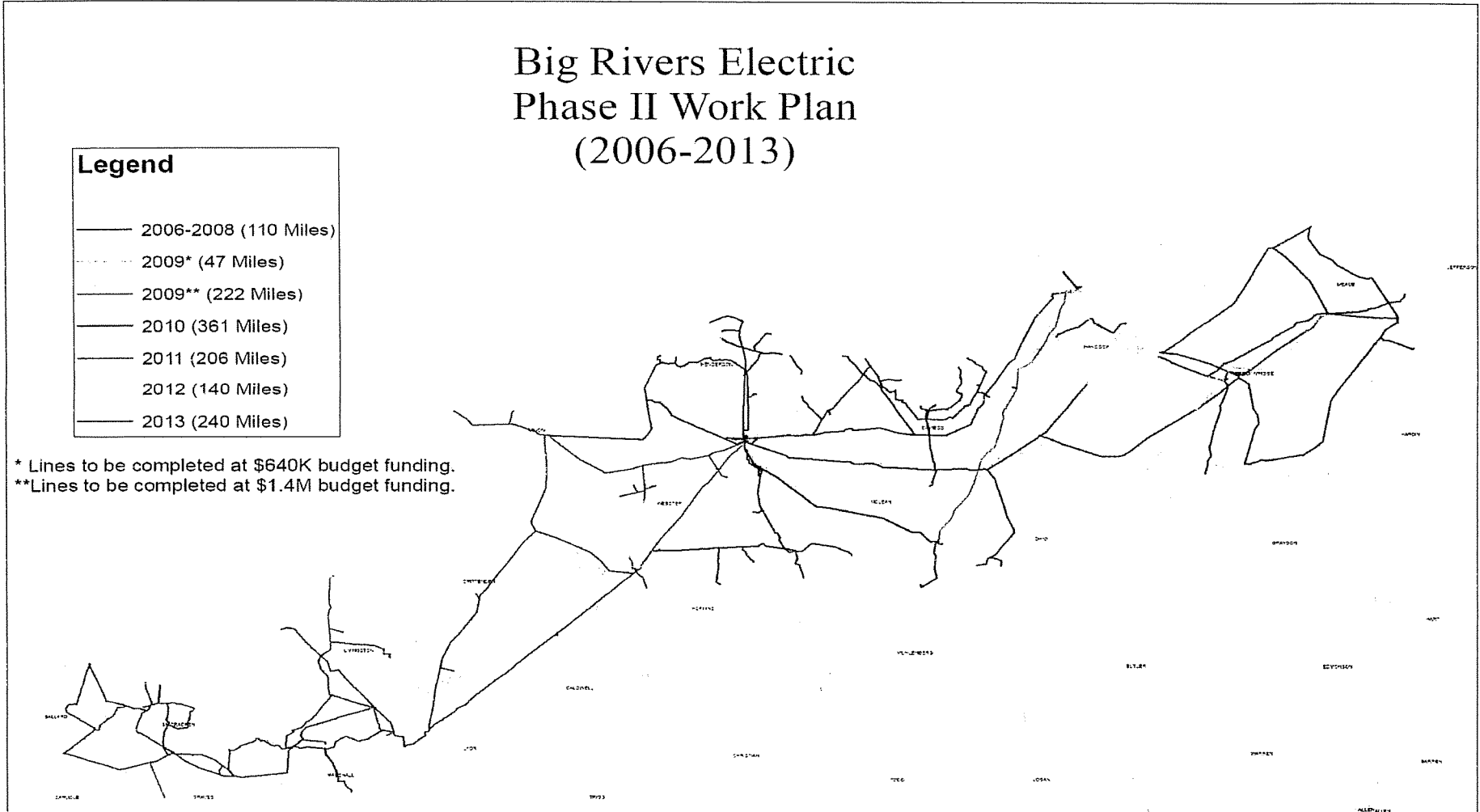




Big Rivers Electric Phase II Work Plan (2006-2013)

Legend	
	2006-2008 (110 Miles)
	2009* (47 Miles)
	2009** (222 Miles)
	2010 (361 Miles)
	2011 (206 Miles)
	2012 (140 Miles)
	2013 (240 Miles)

* Lines to be completed at \$640K budget funding.
 ** Lines to be completed at \$1.4M budget funding.



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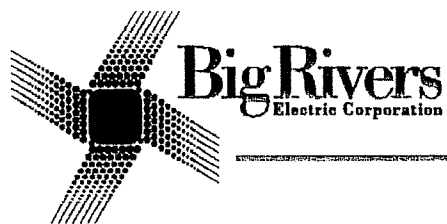
2009-2013 Phase II Work Plan

Estimated funding requirement is \$1 million per year

- 2009 Phase II Work proposed for 222 miles of line
- 2010 Phase II Work proposed for 361 miles of line
- 2011 Phase II Work proposed for 208 miles of line
- 2012 Phase II Work proposed for 140 miles of line
- 2013 Phase II Work proposed for 240 miles of line to complete first cycle across system

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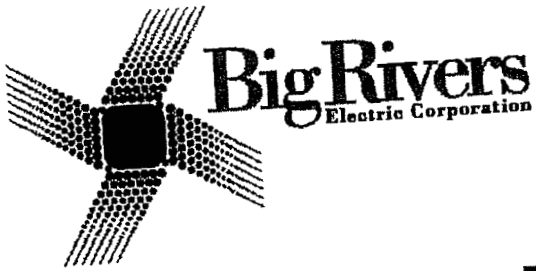
VEGETATION MANAGEMENT SURVEY

UTILITY	TOTAL	LINE VOLTAGES	ANNUAL	BUDGET PER	CYCLE IN	BUDGET PER	CONTRACTED	NOTES
	MILES	& MILES	BUDGET	MILE TOTAL SYS	YEARS	MILE IN CYCLE	ROW MILE	
BREC	1,279	69, 138, 161,345	\$1,400,000	\$1,095	4	\$4,378		
DUKE	75,000		\$75,000,000	\$1,000	4	\$4,000		
SIPC	1,800	69-1500, 161-300		\$0	4	\$0	\$8,700	
HOOSIER	1,400	69-1200, 161-150, 345-60	\$2,000,000	\$1,429	4	\$5,714		
KU	6,000	69, 138, 161, 345, 500	\$3,800,000	\$633	5	\$3,167		
EKPC	2,800	69, 138, 161,345	\$2,220,000	\$793	5	\$3,964		

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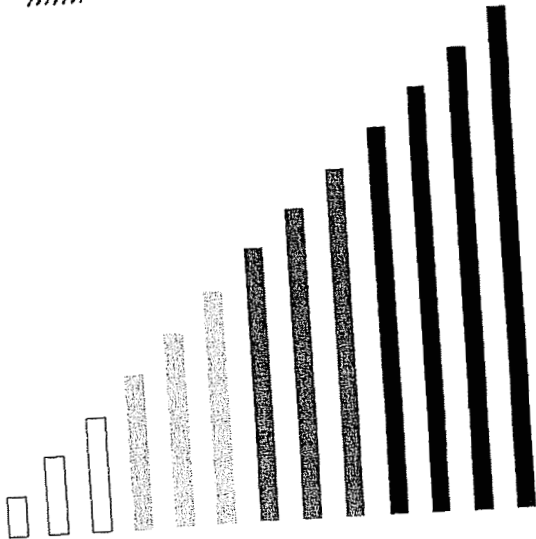


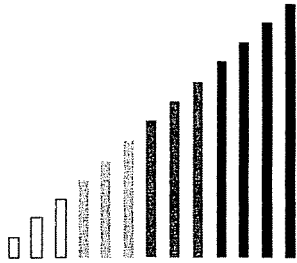
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ARBITRAGE REPORT

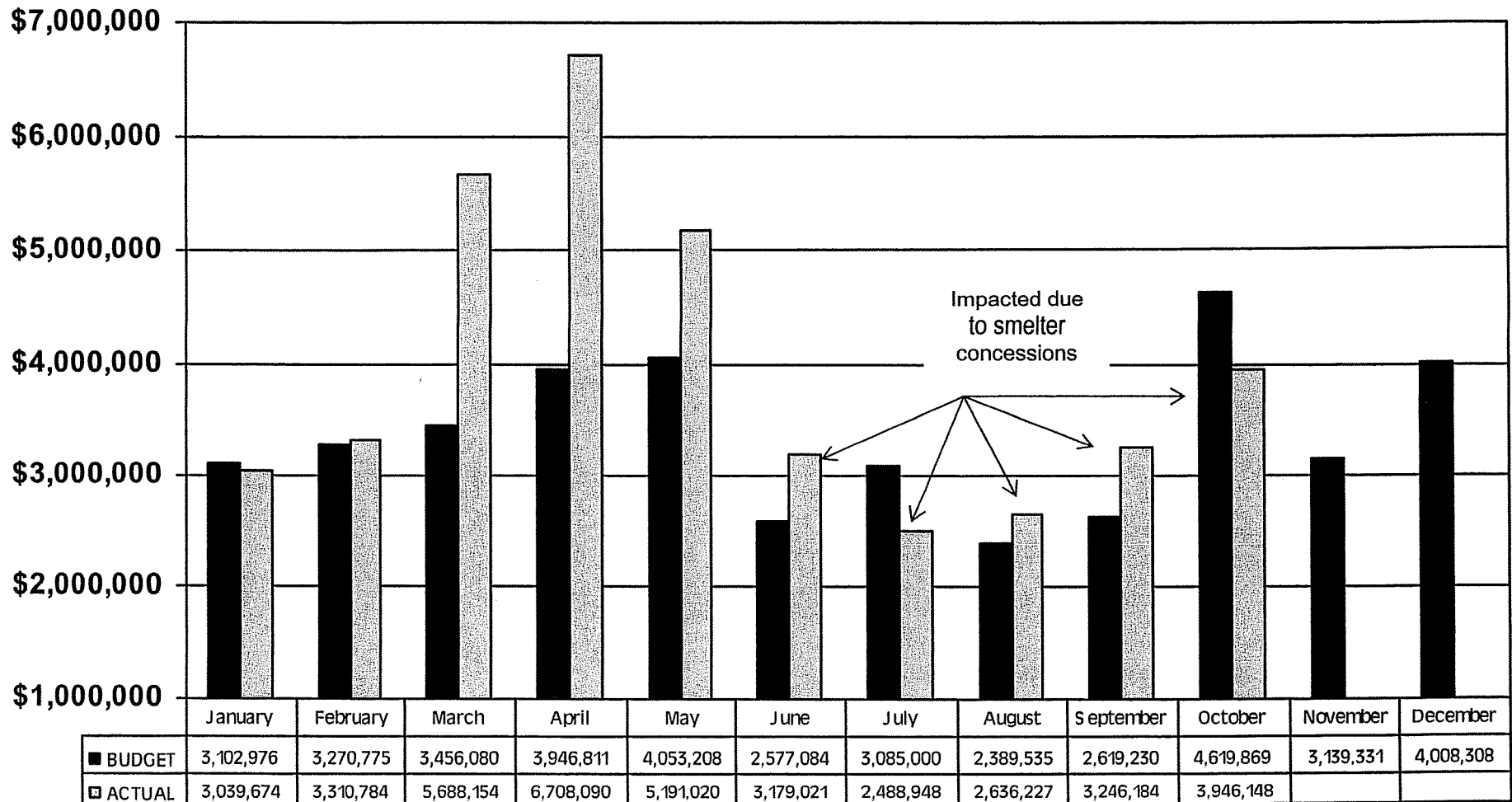
OCTOBER, 2008





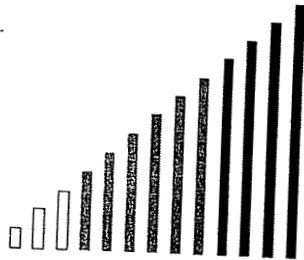
ARBITRAGE MARGINS

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■ BUDGET □ ACTUAL

ESTIMATE

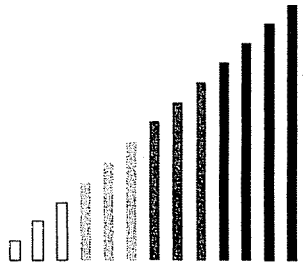


BUDGET VARIANCE

MONTH	BUDGET	ACTUAL	VARIANCE	
January	3,102,976	3,039,674	(63,302)	
February	3,270,775	3,310,784	40,009	
March	3,456,080	5,688,154	2,232,074	
April	3,946,811	6,708,090	2,761,279	
May	4,053,208	5,402,017	1,348,809	
June*	2,577,084	3,179,021	601,937	
July*	3,065,000	2,440,659	(624,341)	
August*	2,389,535	2,636,227	246,692	
September	2,619,230	3,246,184	626,954	
October	4,619,869	3,946,148	(673,721)	
November	3,139,331			EST
December	4,008,308			
Y-T-D	33,100,568	39,596,957	6,496,389	

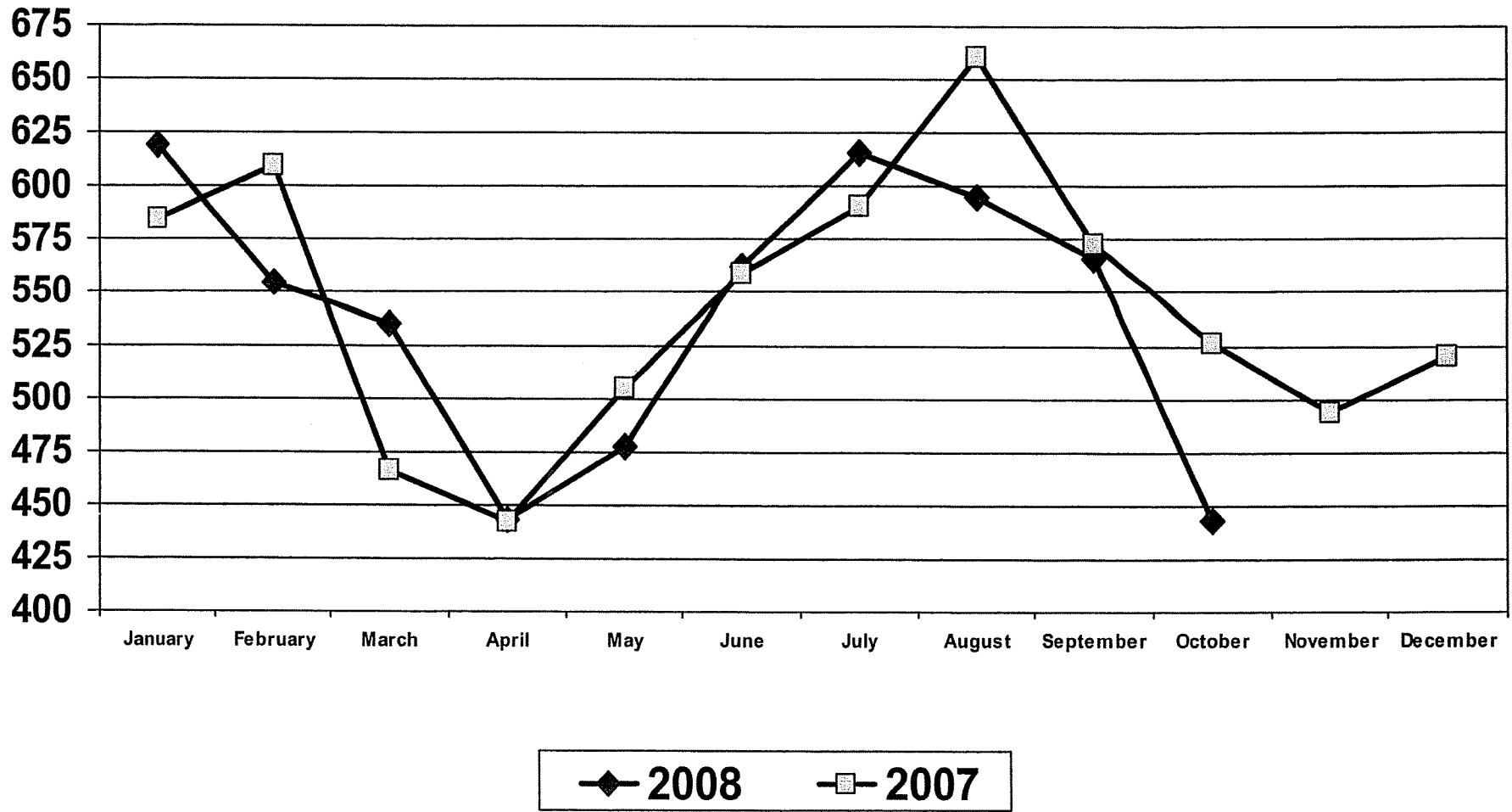
* \$3,335,000 in estimated margins lost due to concessions to smelters

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BIG RIVERS' PEAK

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Your Touchstone Energy® Cooperative 

Financial Report **December 2008**

Board Meeting Date: February 20, 2009

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Your Touchstone Energy® Cooperative

Summary of Operations

December Year To Date

(Thousands Of Dollars)

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	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
Revenues	244,107	227,175	301,194
Cost of Electric Service	229,046	210,835	274,114
Operating Margins	15,061	16,340	27,080
Non-Operating Income-Net	12,755	20,030	20,097
Net Margins - YTD December	27,816	36,370	47,177



Your Truistone Energy Cooperative

Summary of Operations - December (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	316,964	292,858	291,596
Non-Member MWh	132,376	124,467	224,441
Member Margins-\$/MWh	\$14.81	\$13.94	\$12.51
Non-Member Margins-\$/MWh	\$21.21	\$32.73	\$20.01
Electric Energy Margins	\$7,502	\$8,157	\$8,139
Interest Income-General Fund	\$35	\$522	\$604
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 1.18% Actual 2008; 4.50% Budget; 4.72% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$0	\$1,095	\$1,060
PMCC and Bank of America buyouts (C)			
Arbitrage Transmission-BREC Power Supply	\$227	\$115	\$133
Off-system sales (excluding Smelters) resulted in increased transmission revenue (C); (off-set as expense in Non-Member Margins)			
Incremental Capital-timing (A)	\$378	\$395	\$602
Labor	(\$1,321)	(\$1,185)	(\$1,349)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$801)	(\$442)	(\$977)
SIPC Transmission (Smelters)(A); Brush control (C); Line/Substation Maint (C); Pole Treatment (C); Easement (C); Property Taxes (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Summary of Operations - December (thousands of dollars)

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	<u>Actual 2008</u>	<u>Budget 2008</u>	<u>Actual 2007</u>
Professional Fees			
Unwind (C); Transmission matters (B); Files Review/Maint Issues (C)	(\$650)	(\$208)	(\$825)
A & G			
Employee Dinner (C); Dues & Assessments (C); Sungard (C)	(\$442)	(\$196)	(\$325)
Operating Expense-Sales			
Economic Development (C); Energy Efficiency Advertising (C)	(\$209)	(\$47)	(\$96)
Interest on Long-Term Debt			
New RUS Note-decreased interest on outstanding balance differences due to voluntary/required prepayments (A)	(\$5,923)	(\$4,909)	(\$5,080)
RUS ARVP Note-increased Arbitrage interest (B),			
P.C. Bonds-increased interest due to avg interest rates of 12.34% Actual 2008; 3.79% Budget; 3.67% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback			
PMCC and Bank of America Buyouts (C)	(\$88)	(\$1,126)	(\$1,089)
Amortize Gain/Loss on Defeased Sale-Leaseback			
Net of original transaction & PMCC and Bank of America Buyouts (C)	(\$333)	\$248	\$246
Deferred Income Taxes			
Expensed accrued AMT due to DSL Buyout (C)	(\$5,933)	\$0	\$0
All Other			
	\$2,046	\$2,092	\$2,101
Net Margins	<u>(\$5,512)</u>	<u>\$4,511</u>	<u>\$3,144</u>



Your Truistone Energy Cooperative

Summary of Operations-YTD December (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	3,312,709	3,372,781	3,327,805
Non-Member MWh	1,844,677	1,368,869	2,835,789
Member Margins-\$/MWh	\$13.82	\$11.95	\$13.49
Non-Member Margins-\$/MWh	\$24.93	\$29.98	\$17.30
Electric Energy Margins	\$91,758	\$81,330	\$93,929
Interest Income-General Fund	\$3,221	\$6,330	\$6,830
Change in cash available for investments (C); Change in interest rates (C) Avg Interest Rates: 2.76% Actual 2008; 4.50% Budget; 5.19% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$8,742	\$12,922	\$12,481
PMCC and Bank of America buyouts (C)			
Arbitrage Transmission-BREC Power Supply	\$2,201	\$1,378	\$1,619
Off-system sales (excluding Smelters) resulted in larger transmission revenue (C); (off-set as an expense in Non-Member Margins)			
Labor	(\$12,900)	(\$12,824)	(\$11,834)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$6,286)	(\$6,064)	(\$8,489)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Line/Sub Maintenance (C); Pole Treatment (A); Plant Equipment Rent (A); EMS Upgrade (C); IS Equipment Maint (C); Revenue Meters (A)			
Professional Fees	(\$5,871)	(\$2,996)	(\$4,370)
Unwind (C); Pension Plans/Post-Retirement Medical (B); Compensation Study (C); Marketing Surveys (B); Transmission matters (B); Financial Audit (C); Files review/Maint issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Touchstone Energy Cooperative

Summary of Operations-YTD December (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G			
Dues & Assessments (C); PC Software (Microsoft Licensing) (C); Sungard (C); IS Equipment Maintenance (C); EMS Upgrade (B)	(\$4,198)	(\$3,866)	(\$3,161)
Operating Expense-Customer Service/Sales			
Economic Development (C); Energy Efficiency (C); Touchstone Incentives (B); Document Development (B); Safety (B)	(\$894)	(\$1,041)	(\$793)
Interest on Long-Term Debt			
New RUS Note-decreased interest due to outstanding principal balances (A)	(\$65,940)	(\$60,420)	(\$61,295)
RUS ARVP Note-increased Arbitrage interest (C)			
P.C. Bonds-increased interest due to avg interest rates of 7.38% Actual 2008; 3.79% Budget; 3.74% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback			
PMCC and Bank of America buyouts (C)	(\$9,252)	(\$13,284)	(\$12,820)
Amortize Gain/Loss on Defeased Sale-Leaseback			
Net of original transaction & PMCC and Bank of America Buyouts	\$1,187	\$2,921	\$2,900
Deferred Income Taxes			
Expensed accrued AMT due to DSL Buyout (C)	(\$5,933)	\$0	\$0
All Other			
	\$31,981	\$31,984	\$32,180
Net Margins	\$27,816	\$36,370	\$47,177

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Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07



Statement of Operations – December

Your Touchstone Energy Cooperative

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	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	17,232,698	16,948,023	21,256,318
INCOME FROM LEASED PROPERTY - NET	2,425,785	2,393,565	2,585,828
OTHER OPERATING REVENUE AND INCOME	890,438	797,138	808,163
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	20,548,921	20,138,726	24,650,309
OPERATING EXPENSE-OTHER POWER SUPPLY	9,731,103	8,790,957	13,117,494
OPERATING EXPENSE-TRANSMISSION	645,893	587,584	882,293
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	69,973	67,439	105,722
OPERATING EXPENSE-SALES	208,732	46,773	96,397
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,855,798	1,063,692	2,036,643
TOTAL OPERATING EXPENSE	12,511,499	10,556,445	16,238,549
MAINTENANCE EXPENSE-TRANSMISSION	652,044	326,520	497,975
MAINTENANCE EXPENSE-GENERAL PLANT	13,192	21,825	36,617
TOTAL MAINTENANCE EXPENSE	665,236	348,345	534,592
DEPRECIATION & AMORTIZATION EXPENSE	601,007	469,406	425,852
TAXES	48,045	92,776	95,950
INTEREST ON LONG-TERM DEBT	6,010,540	6,034,500	6,169,594
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(12,293)	(33,410)	(58,018)
OTHER INTEREST EXPENSE	341	1,410	1,369
OTHER DEDUCTIONS	6,271,719	(224,568)	(237,329)
TOTAL COST OF ELECTRIC SERVICE	26,096,094	17,244,904	23,170,559
OPERATING MARGINS	(5,547,173)	2,893,822	1,479,750
INTEREST INCOME	35,322	1,617,404	1,663,993
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	0	0	0
NET PATRONAGE CAPITAL OR MARGINS	(5,511,851)	4,511,226	3,143,743

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.



Statement of Operations – QTD December

Your Touchstone Energy Cooperative

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	49,310,343	47,716,140	62,576,784
INCOME FROM LEASED PROPERTY - NET	7,223,898	7,242,620	7,248,755
OTHER OPERATING REVENUE AND INCOME	2,687,018	2,405,757	2,392,968
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	59,221,259	57,364,517	72,218,507
OPERATING EXPENSE-OTHER POWER SUPPLY	27,612,924	24,925,070	38,307,725
OPERATING EXPENSE-TRANSMISSION	1,910,437	1,715,443	2,667,825
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	210,476	193,974	213,968
OPERATING EXPENSE-SALES	423,543	152,359	194,904
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	4,474,174	3,152,454	4,288,552
TOTAL OPERATING EXPENSE	34,631,554	30,139,300	45,672,974
MAINTENANCE EXPENSE-TRANSMISSION	1,097,945	912,247	997,857
MAINTENANCE EXPENSE-GENERAL PLANT	31,835	54,591	81,243
TOTAL MAINTENANCE EXPENSE	1,129,780	966,838	1,079,100
DEPRECIATION & AMORTIZATION EXPENSE	1,468,125	1,404,773	1,309,610
TAXES	233,598	278,330	275,886
INTEREST ON LONG-TERM DEBT	16,886,836	18,327,870	18,454,273
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(71,566)	(101,620)	(160,415)
OTHER INTEREST EXPENSE	1,286	4,250	4,131
OTHER DEDUCTIONS	6,955,681	(645,883)	(703,292)
TOTAL COST OF ELECTRIC SERVICE	61,235,294	50,373,858	65,932,267
OPERATING MARGINS	(2,014,035)	6,990,659	6,286,240
INTEREST INCOME	147,347	4,768,226	4,894,210
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	1,771	0	0
NET PATRONAGE CAPITAL OR MARGINS	(1,864,917)	11,758,885	11,180,450

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Your Touchstone Energy® Cooperative

Statement of Operations – YTD December

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	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	204,519,279	188,244,374	261,892,197
INCOME FROM LEASED PROPERTY - NET	29,347,945	29,353,161	29,588,017
OTHER OPERATING REVENUE AND INCOME	10,239,393	9,577,770	9,713,360
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	244,106,617	227,175,305	301,193,574
OPERATING EXPENSE-OTHER POWER SUPPLY	112,760,848	106,913,867	167,963,322
OPERATING EXPENSE-TRANSMISSION	7,222,057	6,977,733	9,373,779
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	697,008	758,793	672,261
OPERATING EXPENSE-SALES	723,821	800,335	605,174
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	17,477,145	14,192,510	14,195,360
TOTAL OPERATING EXPENSE	138,880,879	129,643,238	192,809,896
MAINTENANCE EXPENSE-TRANSMISSION	4,002,384	4,005,071	3,780,891
MAINTENANCE EXPENSE-GENERAL PLANT	208,636	395,110	415,681
TOTAL MAINTENANCE EXPENSE	4,211,020	4,400,181	4,196,572
DEPRECIATION & AMORTIZATION EXPENSE	5,303,401	5,402,203	5,067,903
TAXES	1,071,941	1,113,323	1,085,598
INTEREST ON LONG-TERM DEBT	75,192,513	73,704,107	74,115,114
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(492,404)	(793,880)	(391,428)
OTHER INTEREST EXPENSE	7,798	16,920	27,209
OTHER DEDUCTIONS	4,870,100	(2,650,567)	(2,797,156)
TOTAL COST OF ELECTRIC SERVICE	229,045,248	210,835,525	274,113,708
OPERATING MARGINS	15,061,369	16,339,780	27,079,866
INTEREST INCOME	11,962,932	19,252,298	19,310,948
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	791,430	778,506	786,063
NET PATRONAGE CAPITAL OR MARGINS	27,815,731	36,370,584	47,176,877

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

Electric Energy Revenue "Minus" Power Cost
YTD December

<u>Revenue</u>	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Rural Sales - MWh	2,386,916	2,398,428	2,406,446
Large Industrial Sales - MWh	925,793	974,353	921,359
Arbitrage Sales - MWh	1,844,677	1,368,869	1,655,111
Forward Sale-Buyback Sales - MWh	0	0	51,089
Smelters Buythrough Sales - MWh	0	0	1,129,589
Total Sales - MWh	5,157,386	4,741,650	6,163,594
Rural Revenue - \$/MWh	35.90	35.34	35.22
Large Industrial Revenue - \$/MWh	31.12	30.63	30.96
Arbitrage Revenue - \$/MWh	48.79	53.79	49.25
Forward Sale-Buyback Revenue - \$/MWh	0.00	0.00	90.63
Smelters Buythrough Revenue - \$/MWh	0.00	0.00	55.31
Total Revenue - \$/MWh	39.66	39.70	42.49
Rural Revenue - Thousands of \$	85,700	84,764	84,756
Large Industrial Revenue - Thousands of \$	28,813	29,848	28,525
Arbitrage Revenue - Thousands of \$	90,006	73,632	81,508
Forward Sale-Buyback Revenue - Thousands of \$	0	0	4,630
Smelters Buythrough Revenue - Thousands of \$	0	0	62,473
Total Revenue - Thousands of \$	204,519	188,244	261,892

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Electric Energy Revenue "Minus" Power Cost
YTD December

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.75	22.03	20.56
Large Industrial Power Cost - \$/MWh	20.75	22.03	20.56
Arbitrage Power Cost - \$/MWh	23.86	23.81	23.00
Forward Sale-Buyback Power Cost - \$/MWh	0.00	0.00	44.98
Smelters Buythrough Power Cost - \$/MWh	0.00	0.00	52.41
Total Power Cost - \$/MWh	21.86	22.55	27.25
Rural Power Cost - Thousands of \$	49,531	52,846	49,463
Large Industrial Power Cost - Thousands of \$	19,215	21,470	18,941
Arbitrage Power Cost - Thousands of \$	44,015	32,598	38,061
Forward Sale-Buyback Power Cost - Thousands of \$	0	0	2,298
Smelters Buythrough Power Cost - Thousands of \$	0	0	59,200
Total Power Cost - Thousands of \$	112,761	106,914	167,963

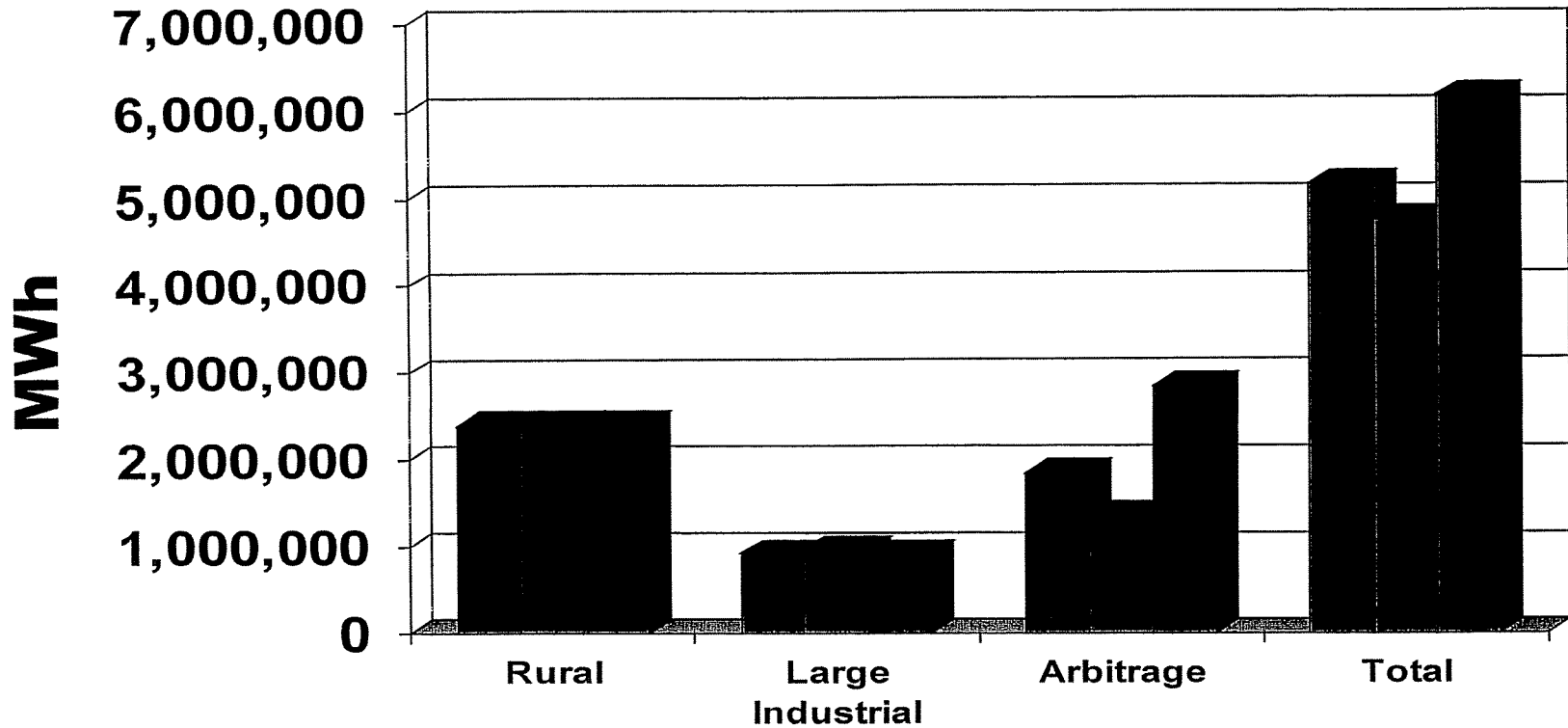
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Electric Energy Revenue "Minus" Power Cost
YTD December

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	15.15	13.31	14.66
Large Industrial Sales Margin - \$/MWh	10.37	8.60	10.40
Arbitrage Sales Margin - \$/MWh	24.93	29.98	26.25
Forward Sale-Buyback Margin - \$/MWh	0.00	0.00	45.65
Smelters Buythrough Margin - \$/MWh	0.00	0.00	2.90
Total Sales Margin - \$/MWh	17.80	17.15	15.24
Rural Sales Margin - Thousands of \$	36,169	31,918	35,293
Large Industrial Sales Margin - Thousands of \$	9,598	8,378	9,584
Arbitrage Sales Margin - Thousands of \$	45,991	41,034	43,447
Forward Sale-Buyback Margin - Thousands of \$	0	0	2,332
Smelters Buythrough Margin - Thousands of \$	0	0	3,273
Total Sales Margin - Thousands of \$	91,758	81,330	93,929

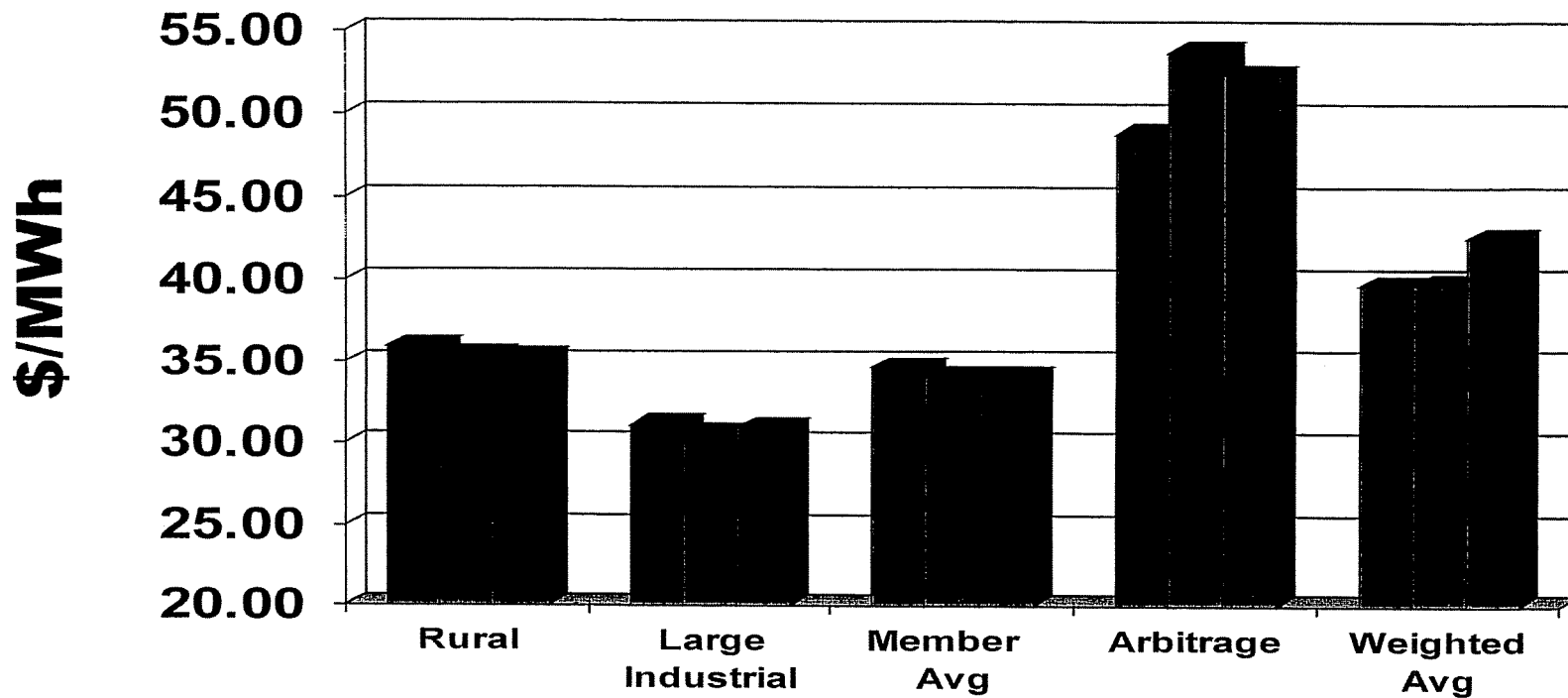
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MWh Sales YTD December



Actual 2008	2,386,916	925,793	1,844,677	5,157,386
Budget	2,398,428	974,353	1,368,869	4,741,650
Actual 2007	2,406,446	921,359	2,835,789	6,163,594

Revenue - \$/MWh Sold YTD December

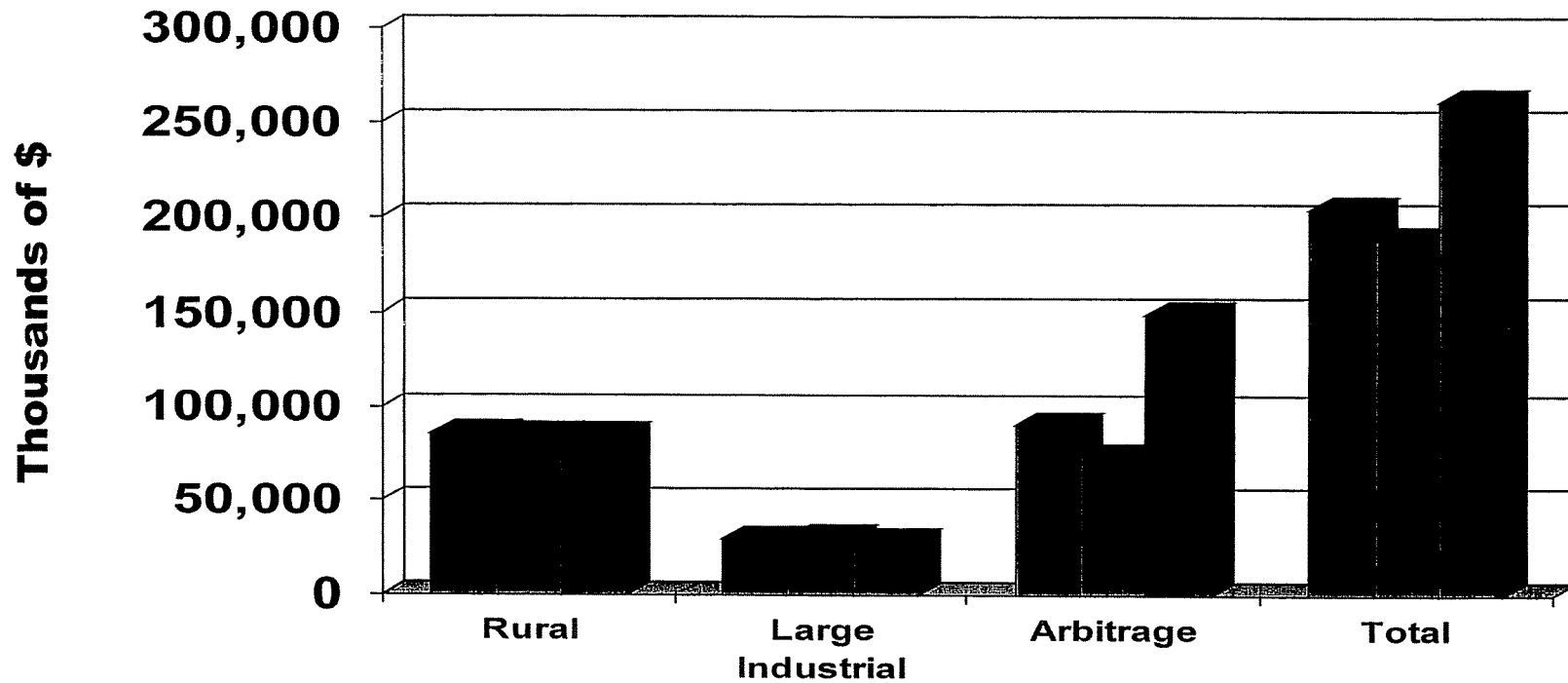


Actual 2008	35.90	31.12	34.57	48.79	39.66
Budget	35.34	30.63	33.98	53.79	39.70
Actual 2007	35.22	30.96	34.04	52.41	42.49

Revenue

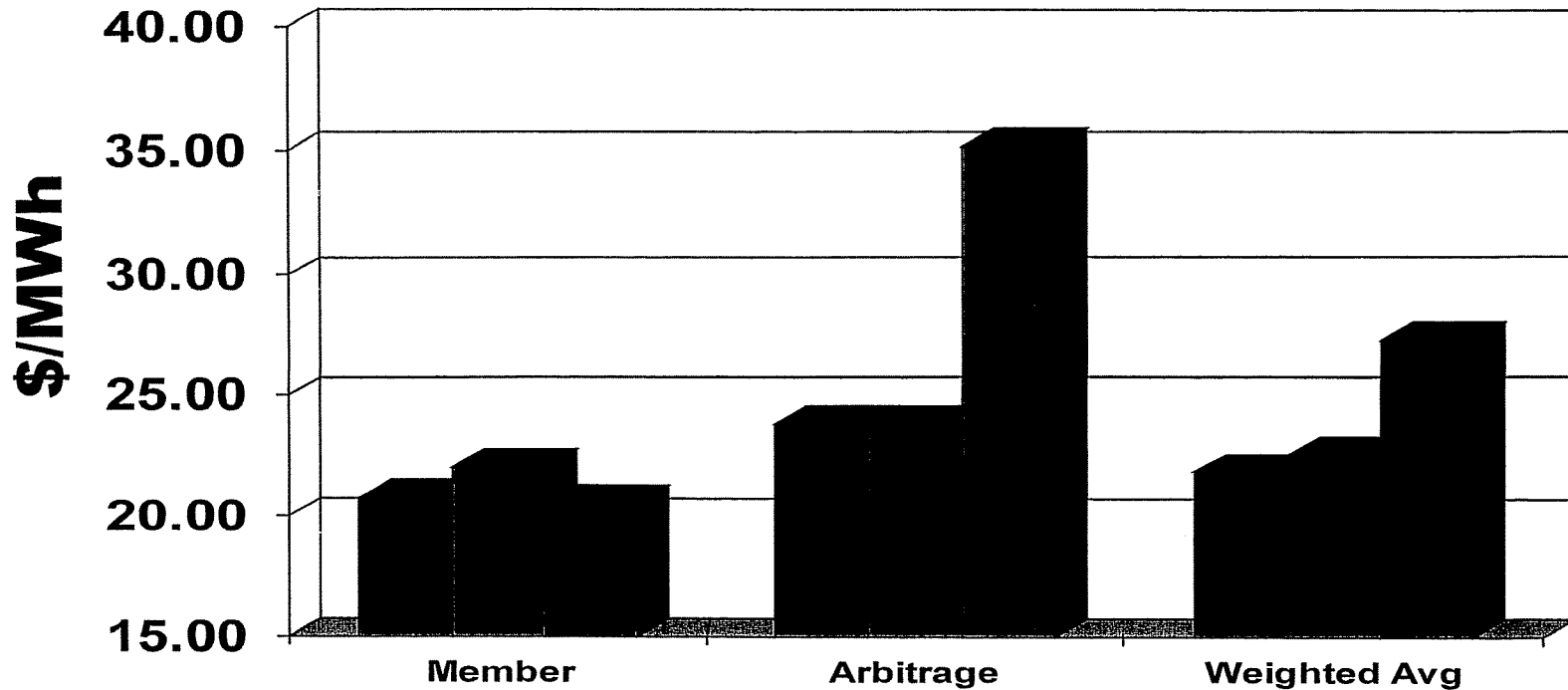
YTD December

(Dollars in Thousands)



Actual 2008	85,700	28,813	90,006	204,519
Budget	84,764	29,848	73,632	188,244
Actual 2007	84,756	28,525	148,611	261,892

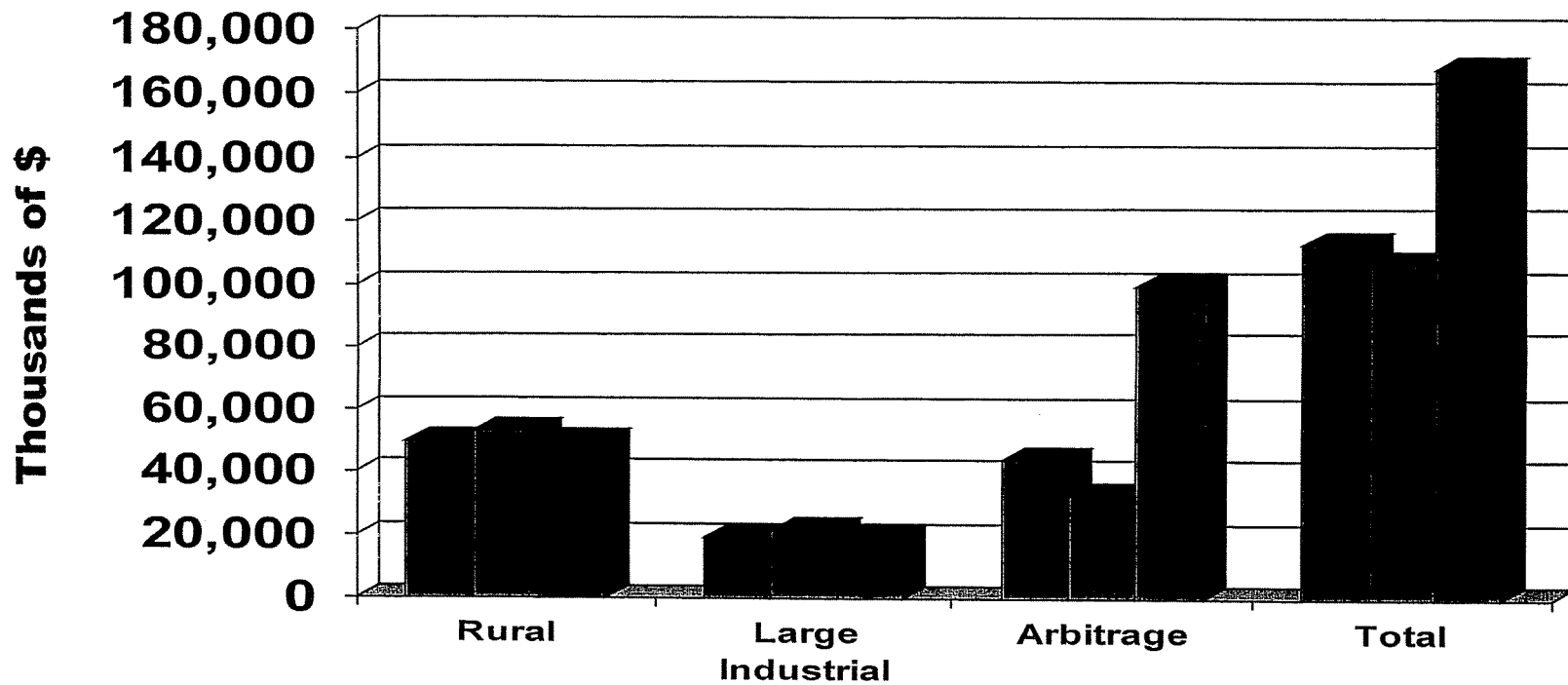
Power Cost - \$/MWh Sold YTD December



Actual 2008	20.75	23.86	21.86
Budget	22.03	23.81	22.55
Actual 2007	20.56	35.11	27.25

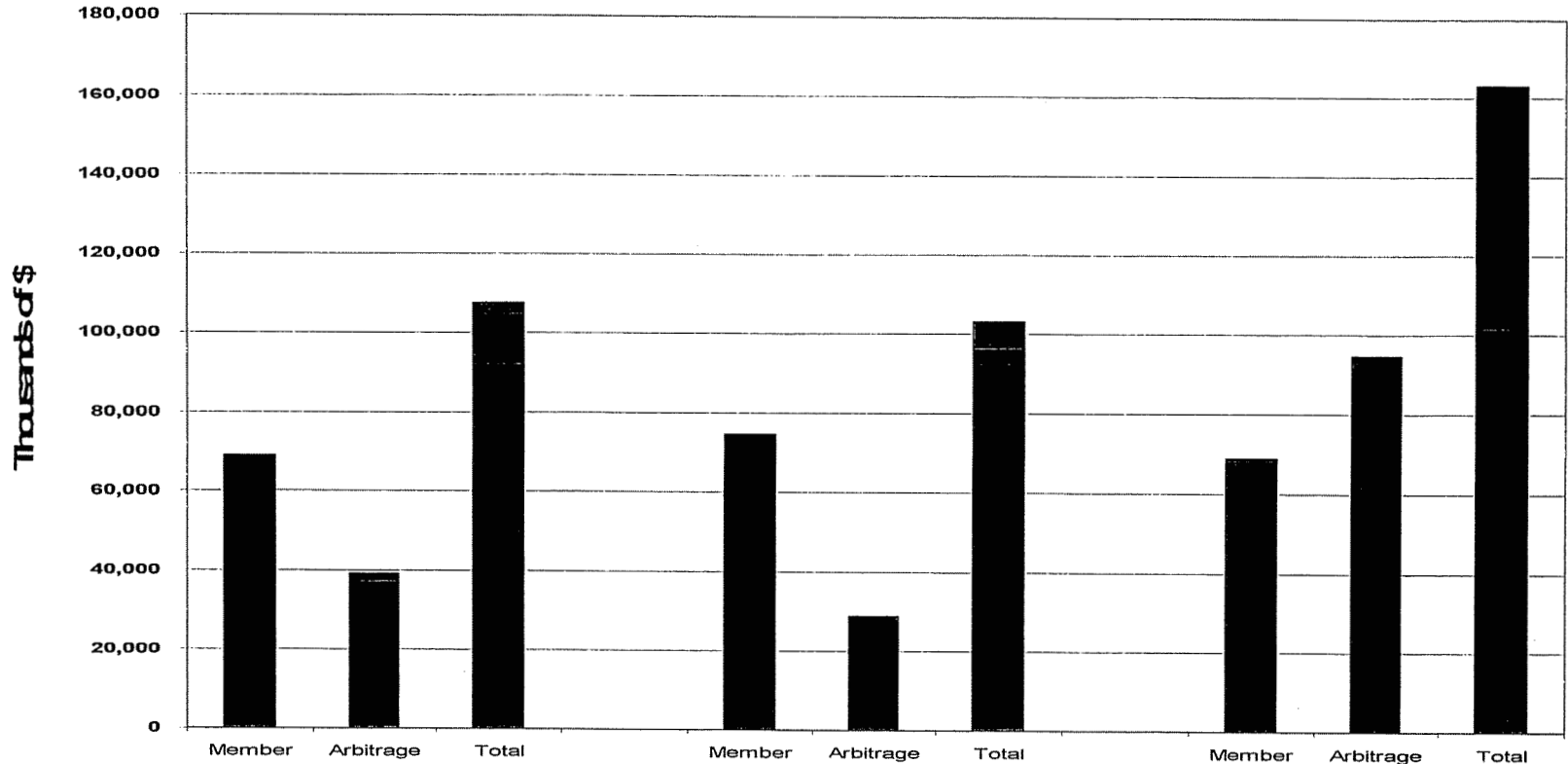
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Power Cost YTD December (Dollars in Thousands)



Actual 2008	49,531	19,215	44,015	112,761
Budget	52,846	21,470	32,598	106,914
Actual 2007	49,463	18,941	99,559	167,963

Sources & Distribution of Energy YTD December (Dollars in Thousands)



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	Actual 2008			Budget			Actual 2007		
Market	87	1,840	1,927	5,488	1,008	6,496	213	60,864	61,077
Domtar	483	0	483	483	0	483	441	0	441
SEPA	5,936	0	5,936	6,834	0	6,834	5,410	0	5,410
LEM	62,197	37,000	99,197	61,501	27,752	89,253	62,286	33,748	96,034
Total	68,703	38,840	107,543	74,306	28,760	103,066	68,350	94,612	162,962



Your Touchstone Energy® Cooperative

Member - Non-Member Purchased Power Allocation
YTD December
(Dollars in Thousands)

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	Actual 2008	Budget 2008	Actual 2007
<u>Purchases for Members</u>			
SEPA Power	5,936	6,834	5,410
Domtar Cogen Green Power	483	483	441
Market Power Applied to Members	87	5,488	213
LEM Power Applied to Members	62,197	61,501	62,286
Member Purchased Power	68,703	74,306	68,350
Other Costs:			
LEM Ancillaries & Other	43	10	54
Total Purchased Power Applied to Members	68,746	74,316	68,404
<u>Purchases For Non-Members</u>			
Market Power Applied to Non-Members	1,840	1,008	60,864
LEM Power Applied to Non-Members	37,000	27,752	33,748
Non-Member Purchased Power	38,840	28,760	94,612
Other Costs:			
Domtar Reservation Fee/Energy Imbalance/Curtailment	1,600	1,079	1,340
ACES/ICE/PJM/CFC Letter of Credit Fees	1,316	1,326	1,240
SIPC/MISO/LOC Charges for Smelters	(1)	0	745
Revenue Meter Retrieval Expenses	59	55	3
Arbitrage Transmission Revenue Offset	2,201	1,378	1,619
Total Purchased Power Applied to Non-Members	44,015	32,598	99,559
<u>Total Purchased Power</u>			
SEPA Power	5,936	6,834	5,410
Domtar Cogen Green Power	483	483	441
Arbitrage Power	1,927	6,496	61,077
LEM Power	99,197	89,253	96,034
Purchased Power Total	107,543	103,066	162,962
Total Other Costs	5,218	3,848	5,001
Total Purchased Power	112,761	106,914	167,963



Your TruStone Energy Cooperative

Member - Non-Member Purchased Power Allocation

YTD December

MWh

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MWh Purchases for Members

	Actual 2008	Budget 2008	Actual 2007
SEPA Power	235,464	304,512	195,521
Domtar Cogen Green Power	8,785	8,784	8,016
Market Power Applied to Members	1,217	19,600	2,846
LEM Power Applied to Members	3,101,975	3,067,428	3,148,619
Total Purchased Power MWh Applied to Members	3,347,441	3,400,324	3,355,002

MWh Purchases for Non-Members

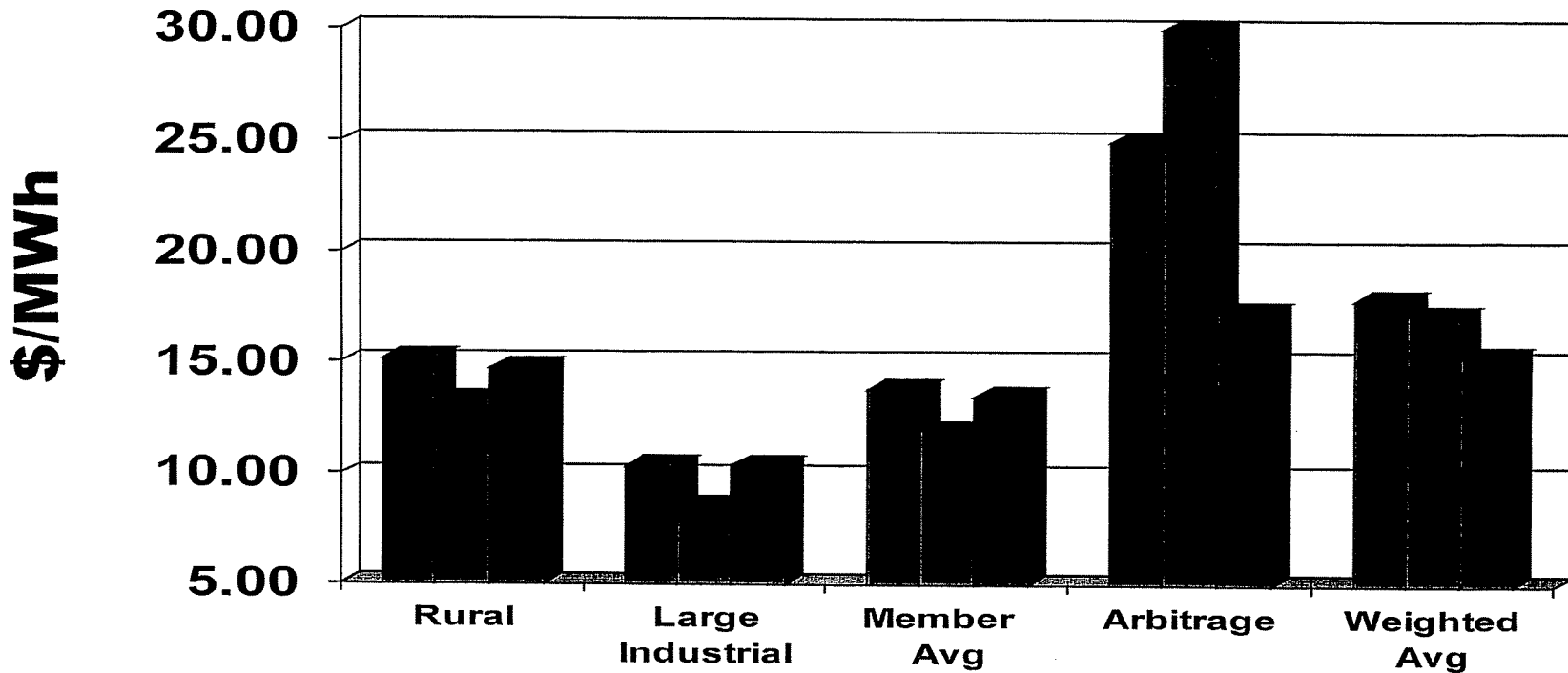
Market Power Applied to Non-Members	31,646	3,600	1,176,617
LEM Power Applied to Non-Members	1,832,702	1,376,445	1,682,063
Total Purchased Power MWh Applied to Non-Members	1,864,348	1,380,045	2,858,680

Total Purchased Power MWh

SEPA Power	235,464	304,512	195,521
Domtar Cogen Green Power	8,785	8,784	8,016
Market Power	32,863	23,200	1,179,463
LEM Power	4,934,677	4,443,873	4,830,682
Total Purchased Power MWh	5,211,789	4,780,369	6,213,682

Sales Margin - \$/MWh Sold YTD December

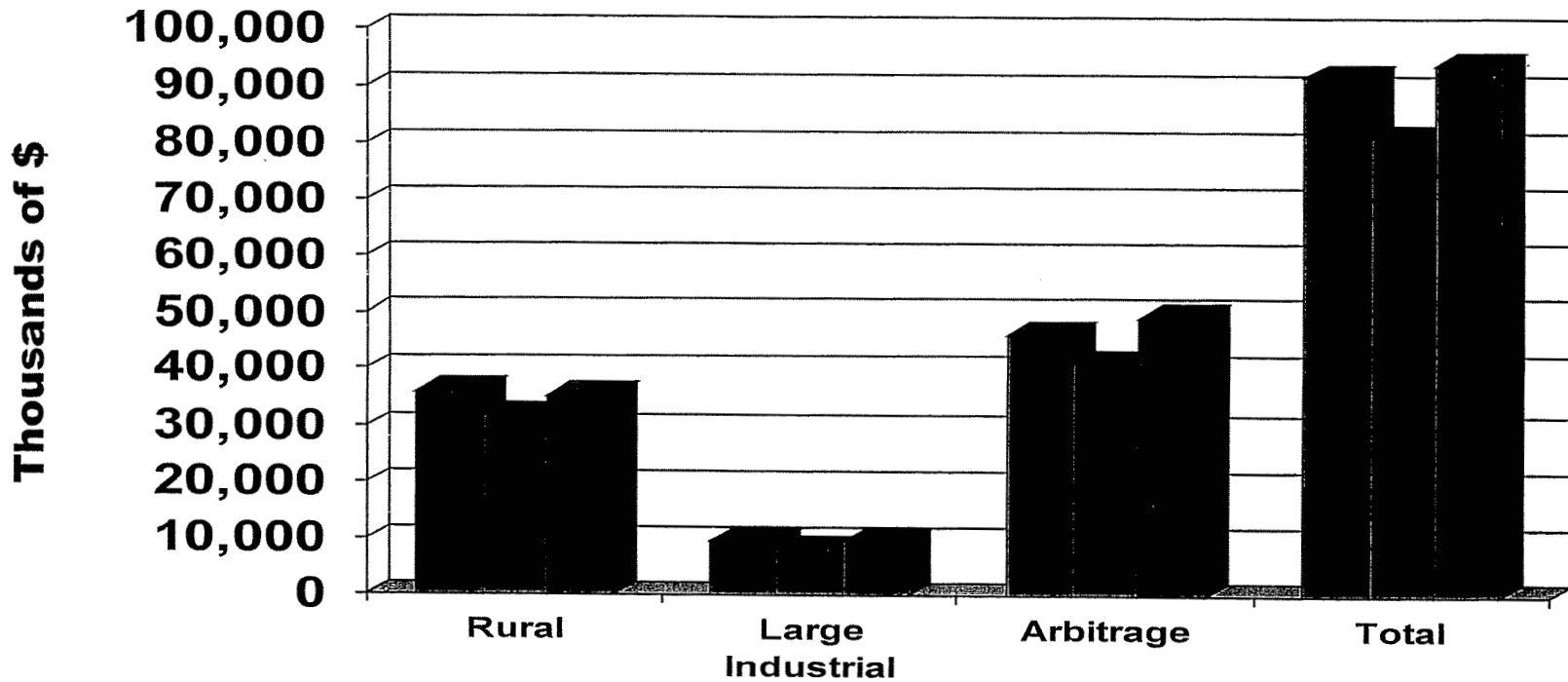
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Actual 2008	15.15	10.37	13.82	24.93	17.80
Budget	13.31	8.60	11.95	29.98	17.15
Actual 2007	14.66	10.40	13.49	17.30	15.24

Sales Margin YTD December

(Dollars in Thousands)

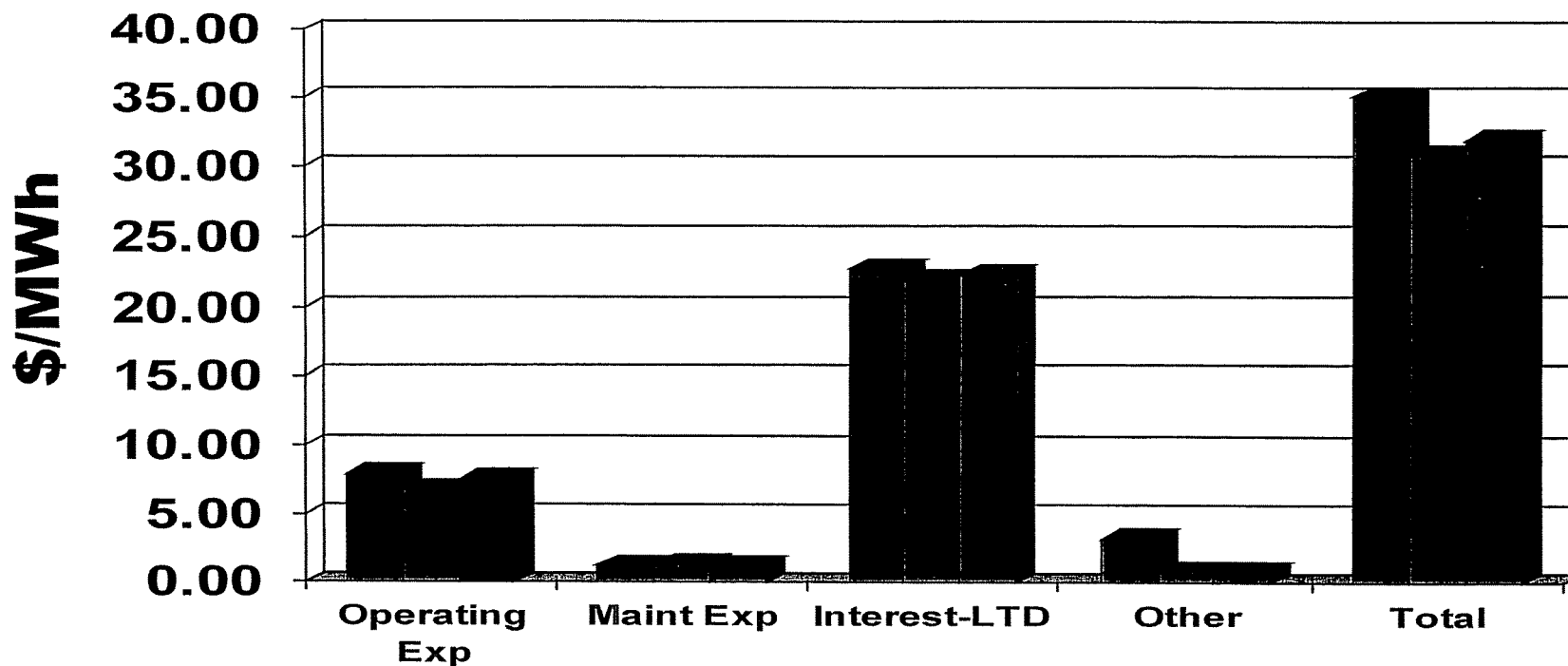


Actual 2008	36,169	9,598	45,991	91,758
Budget	31,918	8,378	41,034	81,330
Actual 2007	35,293	9,584	49,052	93,929

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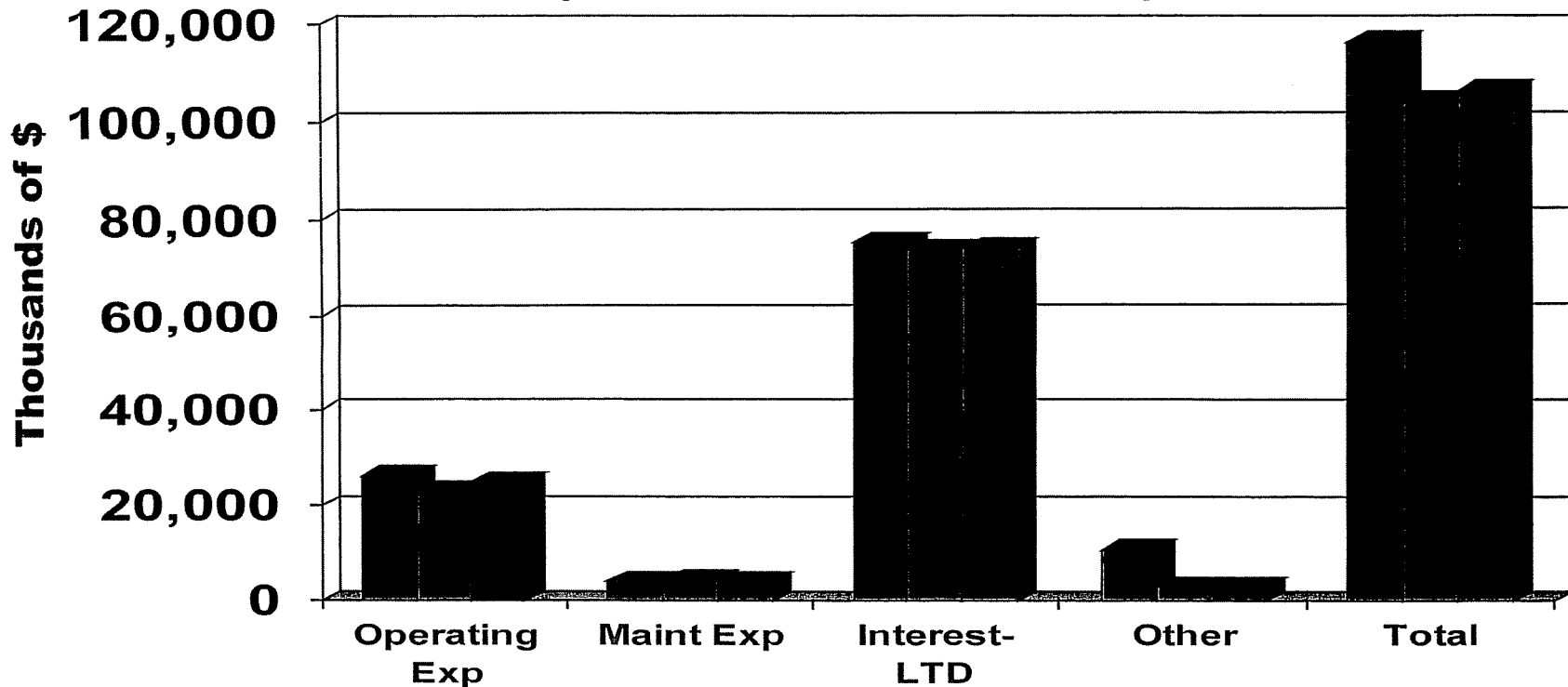
Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold YTD December

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Actual 2008	7.88	1.27	22.70	3.25	35.10
Budget	6.74	1.30	21.85	0.92	30.81
Actual 2007	7.47	1.26	22.27	0.90	31.90

Total Cost of Electric Service (minus Power Cost) YTD December (Dollars in Thousands)



Actual 2008	26,120	4,211	75,192	10,761	116,284
Budget	22,729	4,400	73,704	3,088	103,921
Actual 2007	24,847	4,197	74,115	2,992	106,151

Operating Expense – Transmission

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD December	7,222	6,978	9,374

Actual vs Actual Variance primarily due to:

Transmission of Electricity - \$2,444 less than Actual 2007; primarily SIPC charges related to Smelter Block B sales & TVA Transmission-LEM cancellation

Labor- \$158 more than Actual 2007; more employees in 2008 vs 2007; timing of vacation/sick pay

GIS & EMS System Maintenance - \$91 more than Actual 2007; allocation change-offset in Transmission-Maintenance & General Plant Maintenance

Operating Expense - Sales

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD December	724	800	605

Actual vs Actual Variance primarily due to:

Energy Efficiency/Advertising/Promotions - \$114 more than Actual 2007; primarily increase in local advertising campaigns for BREC & Member Co-ops (less use of "generic" TSE ads)

Operating Expense – A & G

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD December	17,477	14,193	14,195

Actual vs Budget Variance primarily due to:

Labor - \$78 more than Budget; positions not filled when budgeted; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$2,875 more than Budget; primarily Unwind

PC Software - \$278 more than Budget; Microsoft Licensing (not budgeted)

IS Maintenance - \$163 more than Budget; primarily GIS, Itron & iSeries; offset in General Plant Maint.

EMS upgrades - \$200 less than Budget; offset in Transmission Maintenance

Dues & Assessments - \$155 more than Budget; primarily PSC Assessment & Nat'l G&T Managers' Assoc.

Actual vs Actual Variance primarily due to:

Labor - \$744 more than Actual 2007; more employees in 2008; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,501 more than Actual 2007; primarily Unwind

PC Software - \$278 more than Actual 2007; Microsoft Licensing

Sungard - \$215 more than Actual 2007 (timing & prepayment of postage)

Dues & Assessments - \$187 more than Actual 2007 (timing); primarily PSC Assessment, NERC, CRN & Nat'l G&T Managers Assoc.

IS Maintenance - \$172 more than Actual 2007; primarily GIS, Itron & iSeries; offset in General Plant Maint.

Maintenance Expense – General Plant

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD December	209	395	416

Actual vs Budget Variance primarily due to:

GIS Service Agreement - \$135 less than Budget; reclassification (offset in A&G Expense)

EMS-OSI Maintenance - \$17 less than Budget; reclassification (offset in Trans-Operations)

Network Maintenance - \$11 more than Budget; unwind related

Labor - \$31 less than Budget; timing of construction project work, vacations

Actual vs Actual Variance primarily due to:

GIS Service Agreement - \$147 less than Actual 2007; reclassification (offset in A&G Expense)

Itron Maintenance - \$25 less than Actual 2007; reclassification (offset in A&G

Building & Grounds - \$36 less than Actual 2007; repairs to HQ roof, windows & water leak damage in 2007

Network Maintenance - \$11 more than Actual; unwind related

Interest on Long-Term Debt

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
Sale-Leaseback - YTD December	9,252	13,284	12,820
Other - YTD December	65,940	60,420	61,295
YTD December	<u>75,192</u>	<u>73,704</u>	<u>74,115</u>

Actual vs Budget Variance primarily due to:

P.C. Bonds - \$4,979 more than Budget; Average variable interest rate 7.38% Actual 2008 vs 3.79% Budget

RUS ARVP Note - \$541 more than Budget; more Arbitrage Interest than anticipated

Defeased Sale Leaseback - \$4,032 less than Budget; PMCC & Bank of America buyout

Interest Expense Charged to Construction-Credit

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD December	(492)	(794)	(391)

Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather; Skillman (tap)-Meade Co. 161kv Line \$46 less than Budget; Digital Microwave Radio System \$67 less than Budget; Upgrade Reid to Daviess Co 161kV Line \$40 less than Budget; Coaltek (project suspended) \$28 less than Budget; Substation Oil Spill Containment \$32 less than Budget; Two Way Radio Replacement \$69 less than Budget

Actual vs Actual Variance primarily due to:

Digital Microwave Radio System \$123 more than Actual 2007; McCracken-Olivet Church-\$26 more than Actual 2007; Substation Oil Spill Containment \$19 less than Actual 2007; Two Way Radio Replacement \$21 more than Actual 2007; LGEE (KU) 345kV Interconnection \$67 less than Actual 2007

Other Deductions

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD December	4,870	(2,651)	(2,797)

Actual vs Budget Variance primarily due to:

**Defeased Sale/Leaseback - PMCC/Bank of America Buyout; \$1,734 less than Budget
Amortization of LGEE (KU) 345kV Interconnection Line - \$144 more than Budget;
Alternative Minimum Tax-deferred amounts expensed as required by GAAP due to
DSL Buyout; \$5,934 less than Budget**

Actual vs Actual Variance primarily due to:

**Defeased Sale/Leaseback - PMCC/Bank of America Buyout; \$1,713 less than Actual 2007
Alternative Minimum Tax-deferred amounts expensed as required by GAAP due to
~~DSL Buyout; \$5,934 less than Actual 2007~~**

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Interest Income

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
General Fund-YTD December	3,221	6,330	6,830
Sale-Leaseback-YTD December	8,742	12,922	12,481
YTD December	11,963	19,252	19,311

Actual vs Budget Variance primarily due to:

General Fund - \$3,109 less than Budget; decrease in interest rates; less cash available for investment due to PMCC/Bank of America buyout

2.76% Actual 2008 avg vs 4.50% Budget avg

Sale-Leaseback - \$4,180 less than Budget; PMCC/Bank of America buyout

Actual vs Actual Variance primarily due to:

General Fund - \$3,609 less than Actual 2007; decrease in interest rates; less cash available for investment due to PMCC/Bank of America buyout

2.76% Actual 2008 avg vs 5.19% Actual 2007 avg

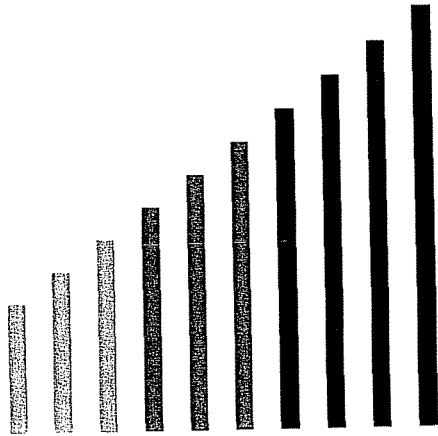
Sale-Leaseback - \$3,739 less than Actual 2007; PMCC/Bank of America buyout



ARBITRAGE REPORT

DECEMBER, 2008

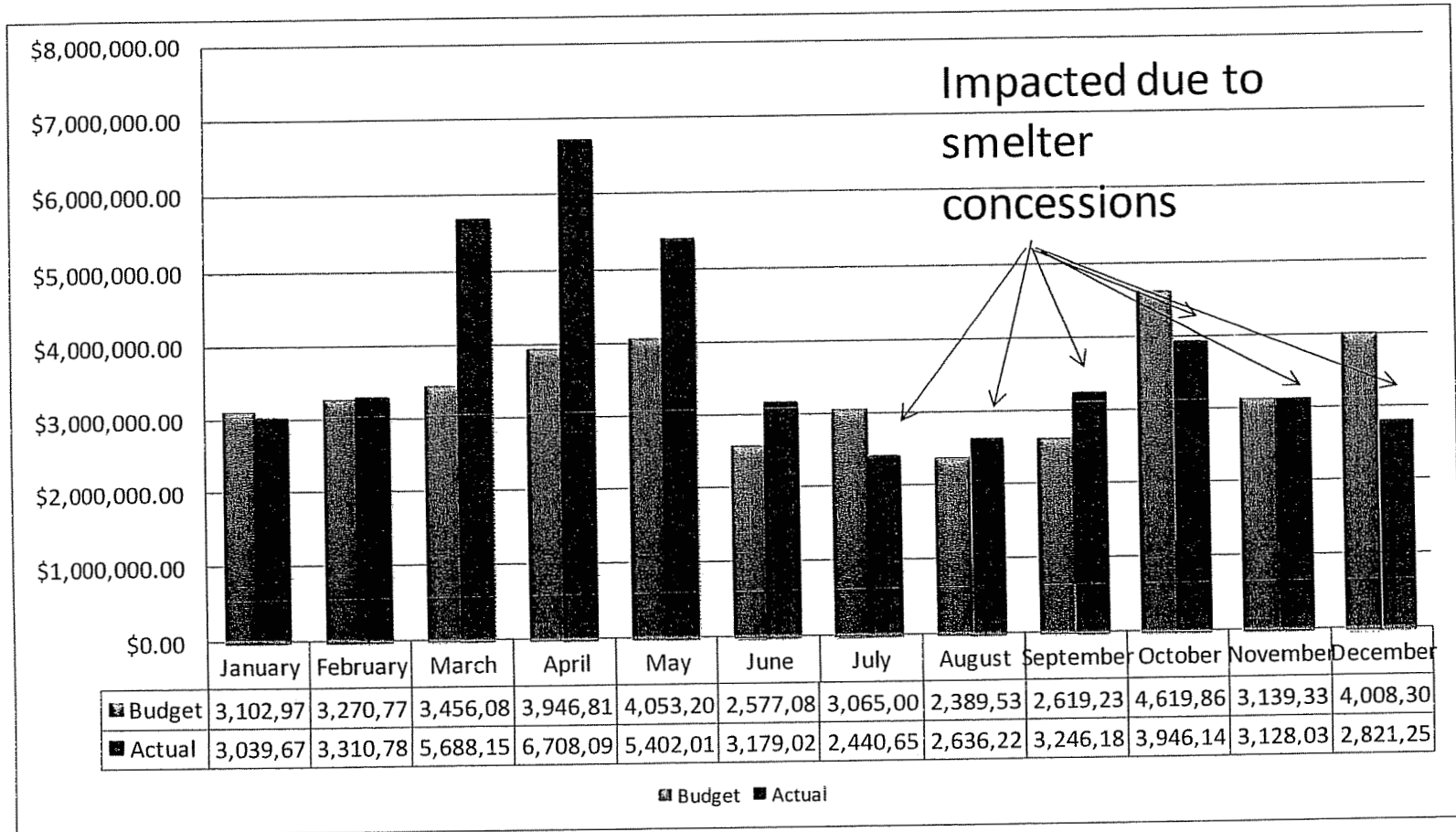
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ARBITRAGE MARGINS

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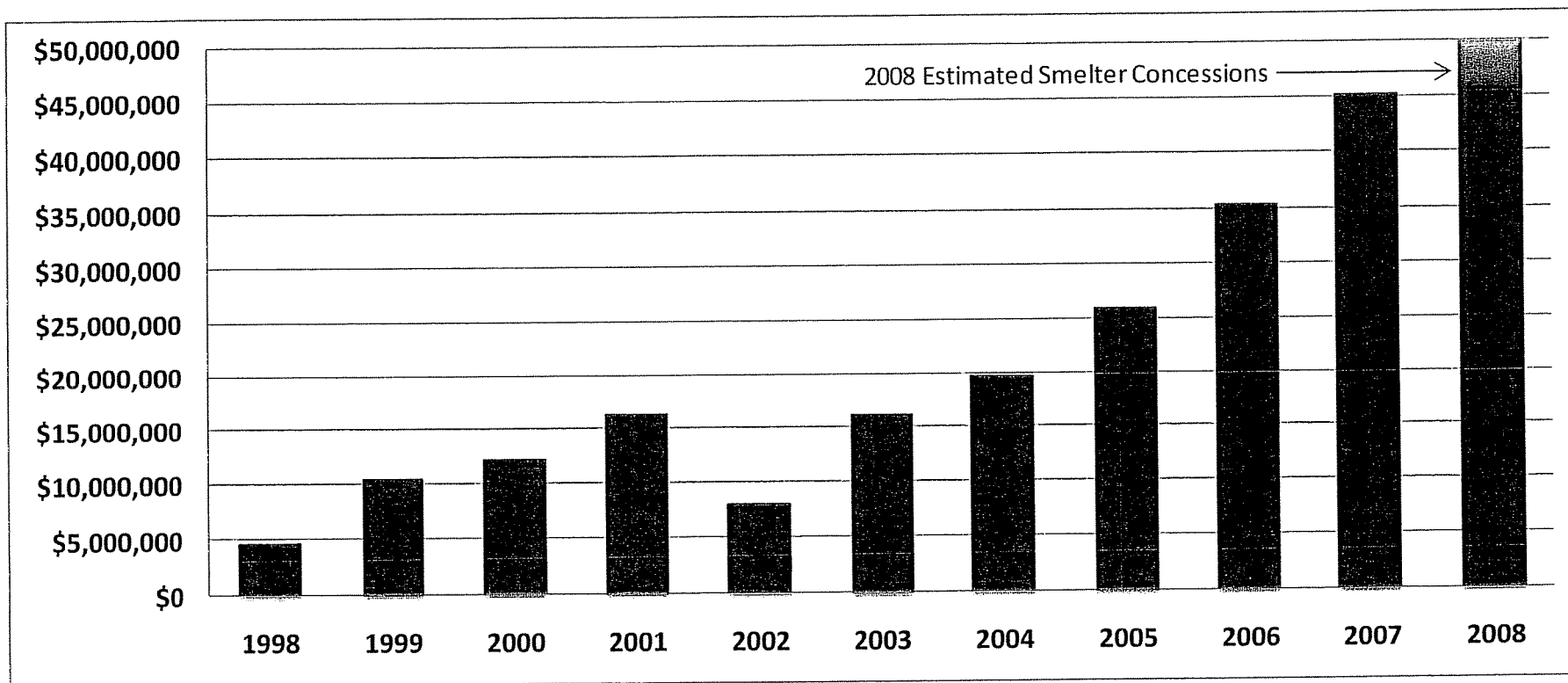
BUDGET VARIANCE

MONTH	BUDGET	ACTUAL	VARIANCE	
January	3,102,976	3,039,674	(63,302)	
February	3,270,775	3,310,784	40,009	
March	3,456,080	5,688,154	2,232,074	
April	3,946,811	6,708,090	2,761,279	
May	4,053,208	5,402,017	1,348,809	
June	2,577,084	3,179,021	601,937	
July	3,065,000	2,440,659	(624,341)	
August	2,389,535	2,636,227	246,692	
September	2,619,230	3,246,184	626,954	
October	4,619,869	3,946,148	(673,721)	
November	3,139,331	3,128,033	(11,298)	
December	4,008,308	2,821,257	(1,187,051)	EST
Y-T-D	40,248,207	45,546,248	5,298,041	

*\$4,111,000 in estimated margins lost due to concessions to smelters.

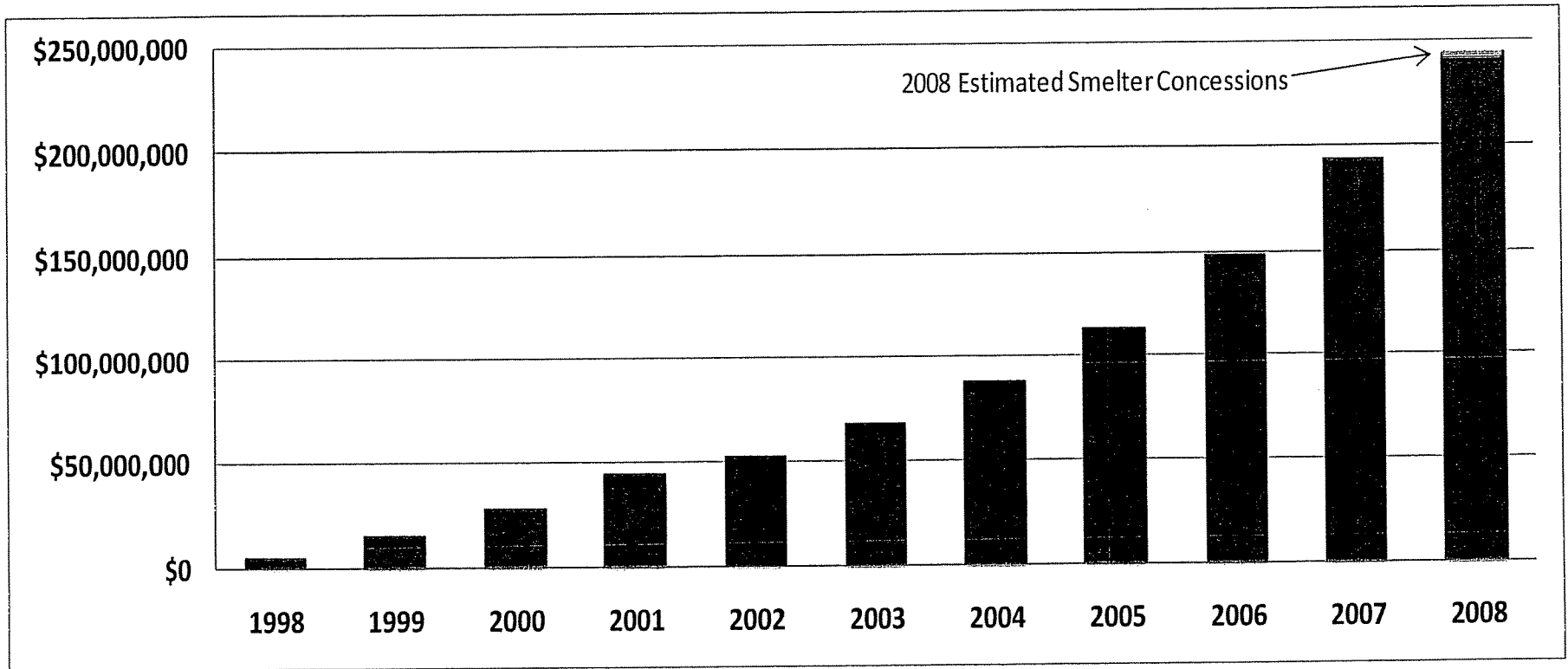


YEARLY ARBITRAGE MARGINS



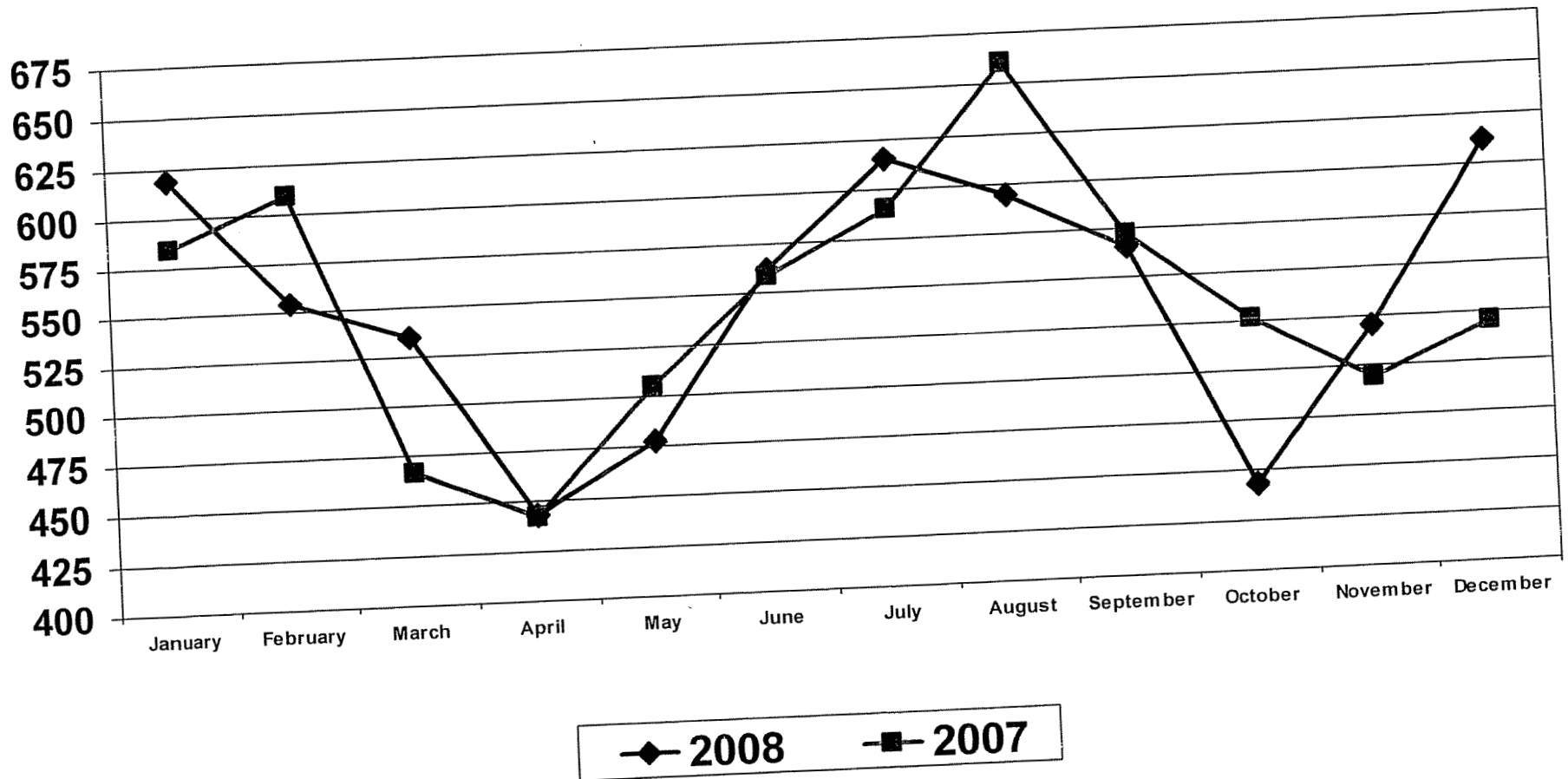


CUMULATIVE ARBITRAGE MARGINS



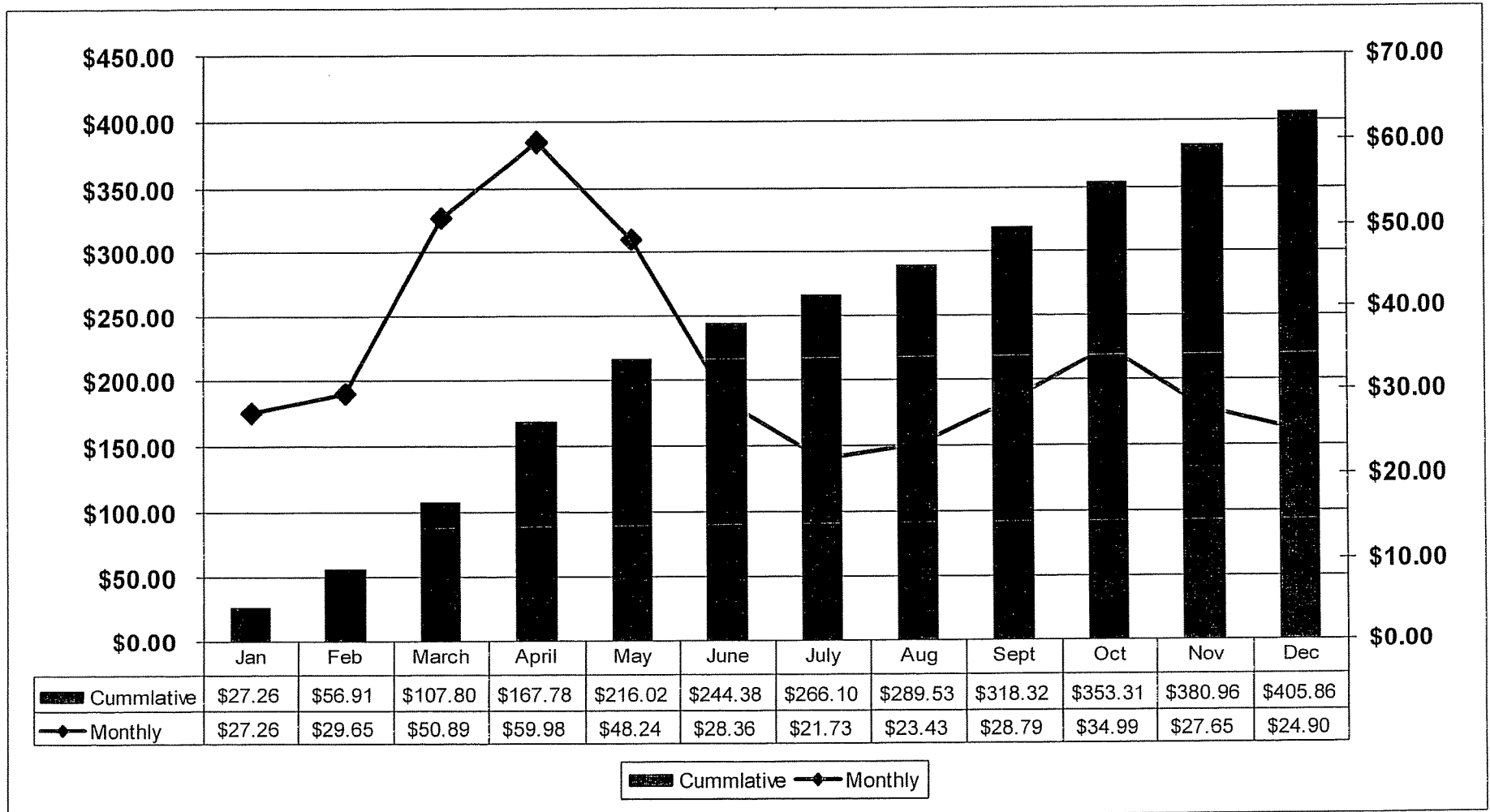
BIG RIVERS' PEAK

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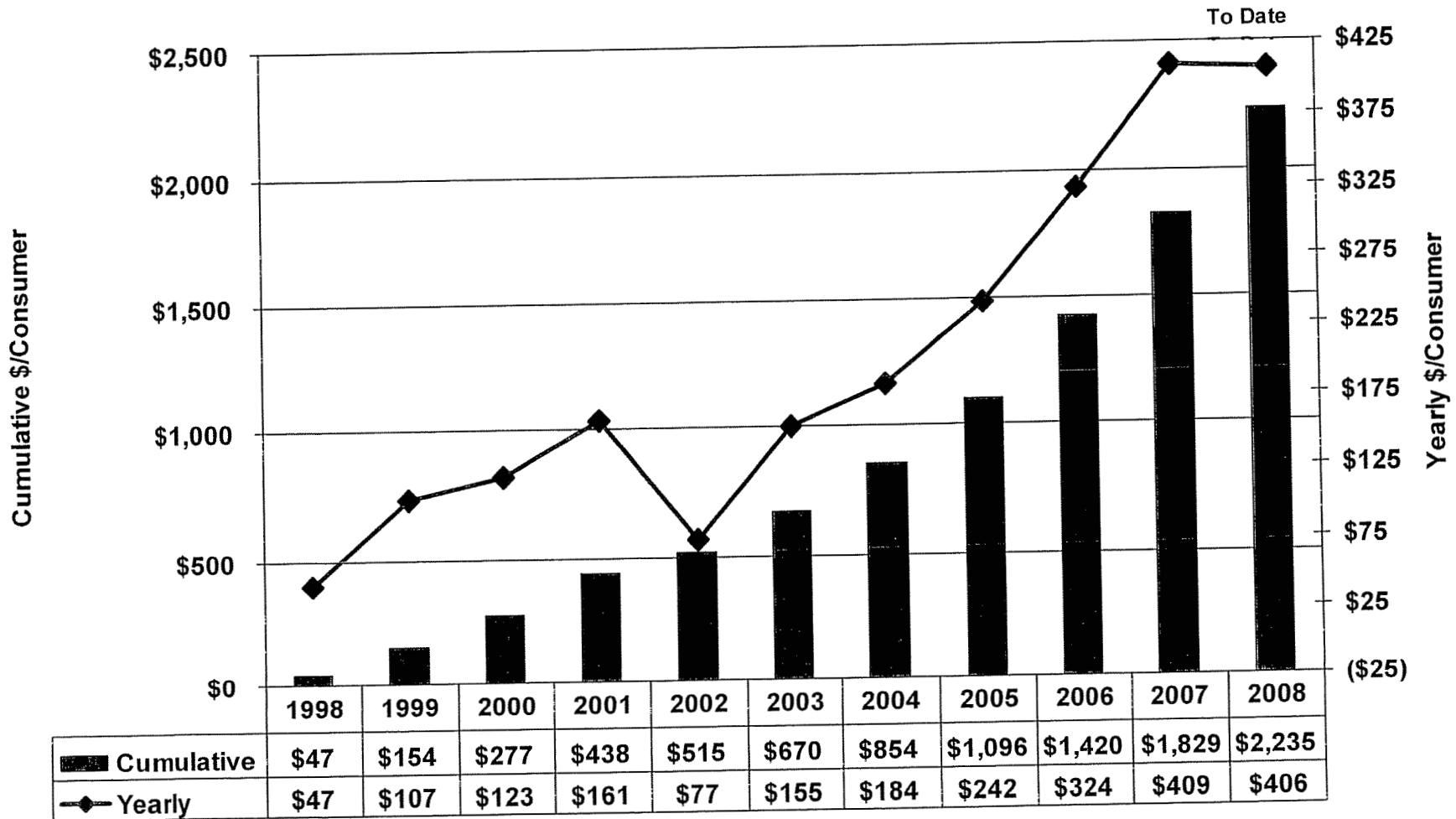


2008 Year to Date \$Savings/Consumer

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\$Savings/Consumer

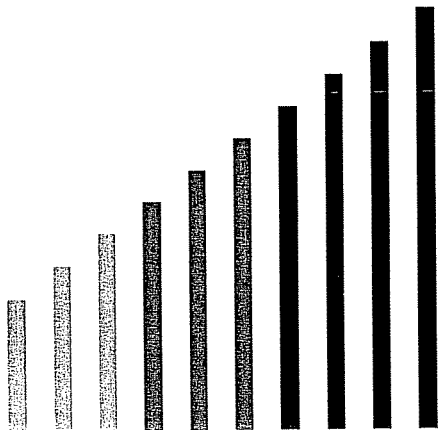


■ Cumulative ◆ Yearly



ARBITRAGE REPORT

JANUARY, 2009



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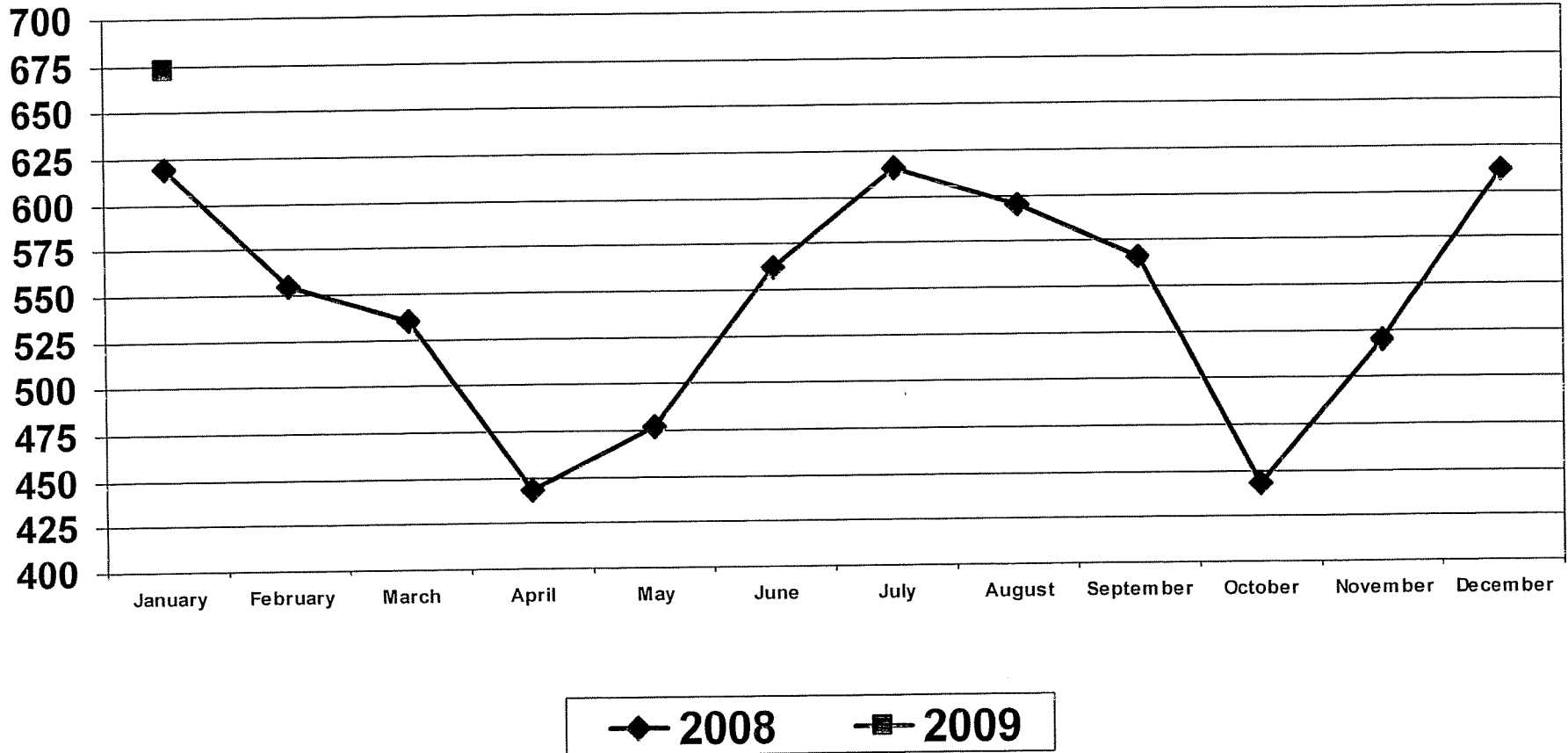
BUDGET VARIANCE

MONTH	BUDGET	ACTUAL	VARIANCE	
January	3,317,006	3,118,595	(198,411)	EST
February	2,913,274			
March	3,578,597			
April	3,797,369			
May	3,324,590			
June	2,962,531			
July	3,158,566			
August	2,590,238			
September	2,730,766			
October	3,612,767			
November	3,238,873			
December	3,508,117			
Y-T-D	3,317,006	3,118,595	(198,411)	


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BIG RIVERS' PEAK

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Your Touchstone Energy[®] Cooperative 

Financial Report **November 2008**

Board Meeting Date: January 30, 2009

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Your Touchstone Energy® Cooperative

Summary of Operations

November Year To Date

(Thousands Of Dollars)

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
Revenues	223,558	207,037	276,543
Cost of Electric Service	202,949	193,591	250,943
Operating Margins	20,609	13,446	25,600
Non-Operating Income-Net	12,719	18,413	18,433
Net Margins - YTD October	33,328	31,859	44,033

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Your Touchstone Energy® Cooperative

Summary of Operations - November (thousands of dollars)

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
Member MWh			
Non-Member MWh	262,328	259,901	254,419
Member Margins-\$/MWh	144,255	106,175	238,225
Non-Member Margins-\$/MWh	\$13.94	\$13.38	\$12.77
	\$21.72	\$30.18	\$21.90
Electric Energy Margins			
Interest Income-General Fund	\$6,791	\$6,682	\$8,465
Change in cash available for investments (C); Change in interest rates (C)	\$68	\$482	\$564
Avg Interest Rates: 1.57% Actual 2008; 4.50% Budget; 4.80% Actual 2007			
Interest Income-Defeased Sale-Leaseback			
PMCC and Bank of America buyouts (C)	\$0	\$1,060	\$1,026
Arbitrage Transmission-BREC Power Supply			
Off-system sales (excluding Smelters) resulted in increased transmission revenue (C); (off-set as expense in Non-Member Margins)	\$227	\$115	\$120
Labor			
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)	(\$941)	(\$969)	(\$881)
Transmission O & M			
SIPC Transmission (Smelters)(A); Brush control (C); Dues/Assessments (A); Line/Substation Maint (C); Pole Treatment (C)	(\$302)	(\$421)	(\$828)
Professional Fees			
Unwind (C); Transmission matters (B); Files Review/Maint Issues (C)	(\$393)	(\$162)	(\$455)

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Truistone Energy® Cooperative

Summary of Operations - November

(thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Interest on Long-Term Debt	(\$5,896)	(\$5,165)	(\$5,050)
New RUS Note-decreased interest on outstanding balance differences due to voluntary/required prepayments (A)			
RUS ARVP Note-increased Arbitrage interest (B)			
P.C. Bonds-increased interest due to avg interest rates of 12.46% Actual 2008; 3.79% Budget; 3.58% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$88)	(\$1,089)	(\$1,054)
PMCC and Bank of America Buyouts (C)			
Amortize Gain/Loss on Defeased Sale-Leaseback	(\$333)	\$239	\$238
Net of original transaction & PMCC and Bank of America Buyouts (C)			
All Other	\$2,290	\$2,252	\$2,261
Net Margins	\$1,423	\$3,024	\$4,406

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Touchstone Energy® Cooperative

Summary of Operations-YTD November (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
Member MWh	2,995,746	3,079,923	3,036,208
Non-Member MWh	1,712,301	1,244,402	2,611,349
Member Margins-\$/MWh	\$13.71	\$11.76	\$13.58
Non-Member Margins-\$/MWh	\$25.21	\$29.70	\$17.06
Electric Energy Margins	\$84,257	\$73,173	\$85,790
Interest Income-General Fund	\$3,186	\$5,807	\$6,226
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: 2.80% Actual 2008; 4.50% Budget; 5.24% Actual 2007			
Interest Income-Defeased Sale-Leaseback	\$8,742	\$11,828	\$11,421
PMCC and Bank of America buyouts (C)			
Arbitrage Transmission-BREC Power Supply	\$1,974	\$1,263	\$1,487
Off-system sales (excluding Smelters) resulted in larger transmission revenue (C); (off-set as an expense in Non-Member Margins)			
Labor	(\$11,580)	(\$11,638)	(\$10,485)
New positions (C); Annual salary increases (A); Vacation accrual-new policy (C); Timing of labor charged to construction (C)			
Transmission O & M	(\$5,485)	(\$5,622)	(\$7,512)
SIPC Transmission (Smelters)(A); TVA Transmission (C); Brush control (C); Line/Sub Maintenance (C); Pole Treatment (C); Plant Equipment Rent (A); Dues & Assessments (A); EMS Upgrade (C); IS Equipment Maint (C); Revenue Meters (A)			
Professional Fees	(\$5,221)	(\$2,788)	(\$3,545)
Unwind (C); Pension Plans/Post-Retirement Medical (B); Compensation Study (C); Marketing Surveys (B); Transmission matters (B); Financial Audit (C); Files review/Maint issues (C)			

(continued)

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Your Touchstone Energy® Cooperative

Summary of Operations-YTD November (thousands of dollars)

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
A & G	(\$3,756)	(\$3,670)	(\$2,836)
Dues & Assessments (C); PC Software (Microsoft Licensing) (C); Sungard (C); IS Equipment Maintenance (C); EMS Upgrade (B)			
Operating Expense-Customer Service/Sales	(\$671)	(\$975)	(\$650)
Economic Development (C); Energy Efficiency (C); Touchstone Incentives (C)			
General Plant Maintenance	(\$173)	(\$322)	(\$359)
IS Equipment Maintenance (C) (offset in A&G and Transmission-Maintenance)			
Interest on Long-Term Debt	(\$60,018)	(\$55,511)	(\$56,215)
New RUS Note-decreased interest due to outstanding principal balances (A)			
RUS ARVP Note-increased Arbitrage interest (C)			
P.C. Bonds-increased interest due to avg interest rates of 6.92% Actual 2008; 3.79% Budget; 3.45% Actual 2007 (C)			
Interest on Defeased Sale-Leaseback	(\$9,164)	(\$12,158)	(\$11,730)
PMCC and Bank of America buyouts (C)			
Amortize Gain/Loss on Defeased Sale-Leaseback	\$1,520	\$2,674	\$2,654
Net of original transaction & PMCC and Bank of America Buyouts			
All Other	\$29,717	\$29,798	\$29,787
Net Margins	\$33,328	\$31,859	\$44,033

Notes: Variances (A) Actual '08 vs Actual '07 (B) Actual '08 vs Budget (C) Actual '08 vs Budget & Actual '07

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Statement of Operations – November

Your Touchstone Energy® Cooperative

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	15,758,231	14,431,688	21,279,031
INCOME FROM LEASED PROPERTY - NET	2,396,737	2,402,848	2,379,235
OTHER OPERATING REVENUE AND INCOME	888,919	811,002	787,484
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	19,043,887	17,645,538	24,445,750
OPERATING EXPENSE-OTHER POWER SUPPLY	8,966,831	7,749,919	12,814,380
OPERATING EXPENSE-TRANSMISSION	516,808	540,158	945,268
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	55,062	59,086	43,139
OPERATING EXPENSE-SALES	62,129	57,418	74,015
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,116,610	914,512	1,131,787
TOTAL OPERATING EXPENSE	10,717,440	9,321,093	15,008,589
MAINTENANCE EXPENSE-TRANSMISSION	139,069	265,063	238,404
MAINTENANCE EXPENSE-GENERAL PLANT	5,164	7,938	9,315
TOTAL MAINTENANCE EXPENSE	144,233	273,001	247,719
DEPRECIATION & AMORTIZATION EXPENSE	439,806	469,406	463,706
TAXES	92,777	92,777	89,968
INTEREST ON LONG-TERM DEBT	5,983,223	6,254,690	6,103,726
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(31,017)	(31,950)	(54,728)
OTHER INTEREST EXPENSE	330	1,420	1,325
OTHER DEDUCTIONS	343,344	(216,737)	(230,088)
TOTAL COST OF ELECTRIC SERVICE	17,690,136	16,163,700	21,630,217
OPERATING MARGINS	1,353,751	1,481,838	2,815,533
INTEREST INCOME	67,776	1,541,891	1,590,231
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	1,771	0	0
NET PATRONAGE CAPITAL OR MARGINS	1,423,298	3,023,729	4,405,764

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Your Touchstone Energy® Cooperative

Statement of Operations – YTD November

	Actual 2008	Budget 2008	Actual 2007
ELECTRIC ENERGY REVENUES	187,286,581	171,296,351	240,635,879
INCOME FROM LEASED PROPERTY - NET	26,922,161	26,959,596	27,002,189
OTHER OPERATING REVENUE AND INCOME	9,348,954	8,780,632	8,905,197
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	223,557,696	207,036,579	276,543,265
OPERATING EXPENSE-OTHER POWER SUPPLY	103,029,745	98,122,910	154,845,829
OPERATING EXPENSE-TRANSMISSION	6,576,164	6,390,149	8,491,485
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	627,035	691,354	566,539
OPERATING EXPENSE-SALES	515,089	753,562	508,777
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	15,621,346	13,128,818	12,158,717
TOTAL OPERATING EXPENSE	126,369,379	119,086,793	176,571,347
MAINTENANCE EXPENSE-TRANSMISSION	3,350,340	3,678,551	3,282,916
MAINTENANCE EXPENSE-GENERAL PLANT	195,445	373,285	379,064
TOTAL MAINTENANCE EXPENSE	3,545,785	4,051,836	3,661,980
DEPRECIATION & AMORTIZATION EXPENSE	4,702,394	4,932,797	4,642,051
TAXES	1,023,897	1,020,547	989,648
INTEREST ON LONG-TERM DEBT	69,181,973	67,669,607	67,945,519
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(480,111)	(760,470)	(333,410)
OTHER INTEREST EXPENSE	7,457	15,510	25,840
OTHER DEDUCTIONS	(1,401,620)	(2,425,999)	(2,559,827)
TOTAL COST OF ELECTRIC SERVICE	202,949,154	193,590,621	250,943,148
OPERATING MARGINS	20,608,542	13,445,958	25,600,117
INTEREST INCOME	11,927,610	17,634,894	17,646,955
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	791,430	778,506	786,062
NET PATRONAGE CAPITAL OR MARGINS	33,327,582	31,859,358	44,033,134

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Electric Energy Revenue "Minus" Power Cost
YTD November

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
<u>Revenue</u>			
Rural Sales - MWh	2,144,679	2,185,197	2,186,759
Large Industrial Sales - MWh	851,067	894,726	849,449
Arbitrage Sales - MWh	1,712,301	1,244,402	1,505,651
Forward Sale-Buyback Sales - MWh	0	0	51,089
Smelters Buythrough Sales - MWh	0	0	1,054,609
Total Sales - MWh	4,708,047	4,324,325	5,647,557
Rural Revenue - \$/MWh	35.87	35.33	35.39
Large Industrial Revenue - \$/MWh	31.02	30.61	30.92
Arbitrage Revenue - \$/MWh	49.02	53.60	49.06
Forward Sale-Buyback Revenue - \$/MWh	0.00	0.00	90.63
Smelters Buythrough Revenue - \$/MWh	0.00	0.00	55.45
Total Revenue - \$/MWh	39.78	39.61	42.61
Rural Revenue - Thousands of \$	76,939	77,205	77,398
Large Industrial Revenue - Thousands of \$	26,403	27,387	26,263
Arbitrage Revenue - Thousands of \$	83,945	66,704	73,865
Forward Sale-Buyback Revenue - Thousands of \$	0	0	4,630
Smelters Buythrough Revenue - Thousands of \$	0	0	58,480
Total Revenue - Thousands of \$	187,287	171,296	240,636

Electric Energy Revenue "Minus" Power Cost
YTD November

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.79	22.20	20.56
Large Industrial Power Cost - \$/MWh	20.79	22.20	20.56
Arbitrage Power Cost - \$/MWh	23.81	23.90	23.00
Forward Sale-Buyback Power Cost - \$/MWh	0.00	0.00	44.98
Smelters Buythrough Power Cost - \$/MWh	0.00	0.00	52.61
Total Power Cost - \$/MWh	21.88	22.69	27.42
Rural Power Cost - Thousands of \$	44,578	48,515	44,963
Large Industrial Power Cost - Thousands of \$	17,690	19,864	17,468
Arbitrage Power Cost - Thousands of \$	40,762	29,744	34,631
Forward Sale-Buyback Power Cost - Thousands of \$	0	0	2,298
Smelters Buythrough Power Cost - Thousands of \$	0	0	55,486
Total Power Cost - Thousands of \$	103,030	98,123	154,846

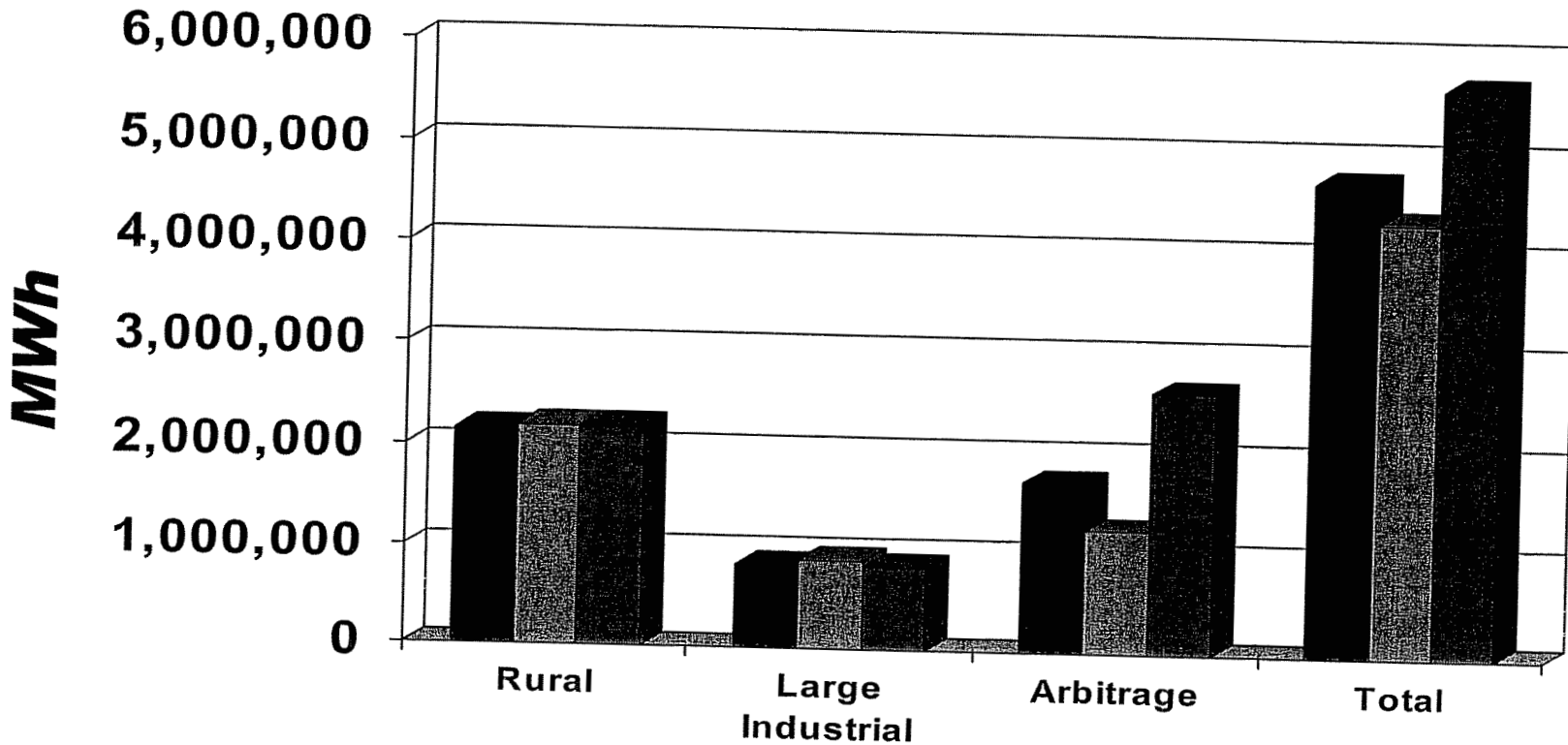
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Electric Energy Revenue "Minus" Power Cost
YTD November

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	15.08	13.13	14.83
Large Industrial Sales Margin - \$/MWh	10.23	8.41	10.36
Arbitrage Sales Margin - \$/MWh	25.21	29.70	26.06
Forward Sale-Buyback Margin - \$/MWh	0.00	0.00	45.65
Smelters Buythrough Margin - \$/MWh	0.00	0.00	2.84
Total Sales Margin - \$/MWh	17.90	16.92	15.19
Rural Sales Margin - Thousands of \$	32,361	28,690	32,435
Large Industrial Sales Margin - Thousands of \$	8,713	7,523	8,795
Arbitrage Sales Margin - Thousands of \$	43,183	36,960	39,234
Forward Sale-Buyback Margin - Thousands of \$	0	0	2,332
Smelters Buythrough Margin - Thousands of \$	0	0	2,994
Total Sales Margin - Thousands of \$	84,257	73,173	85,790

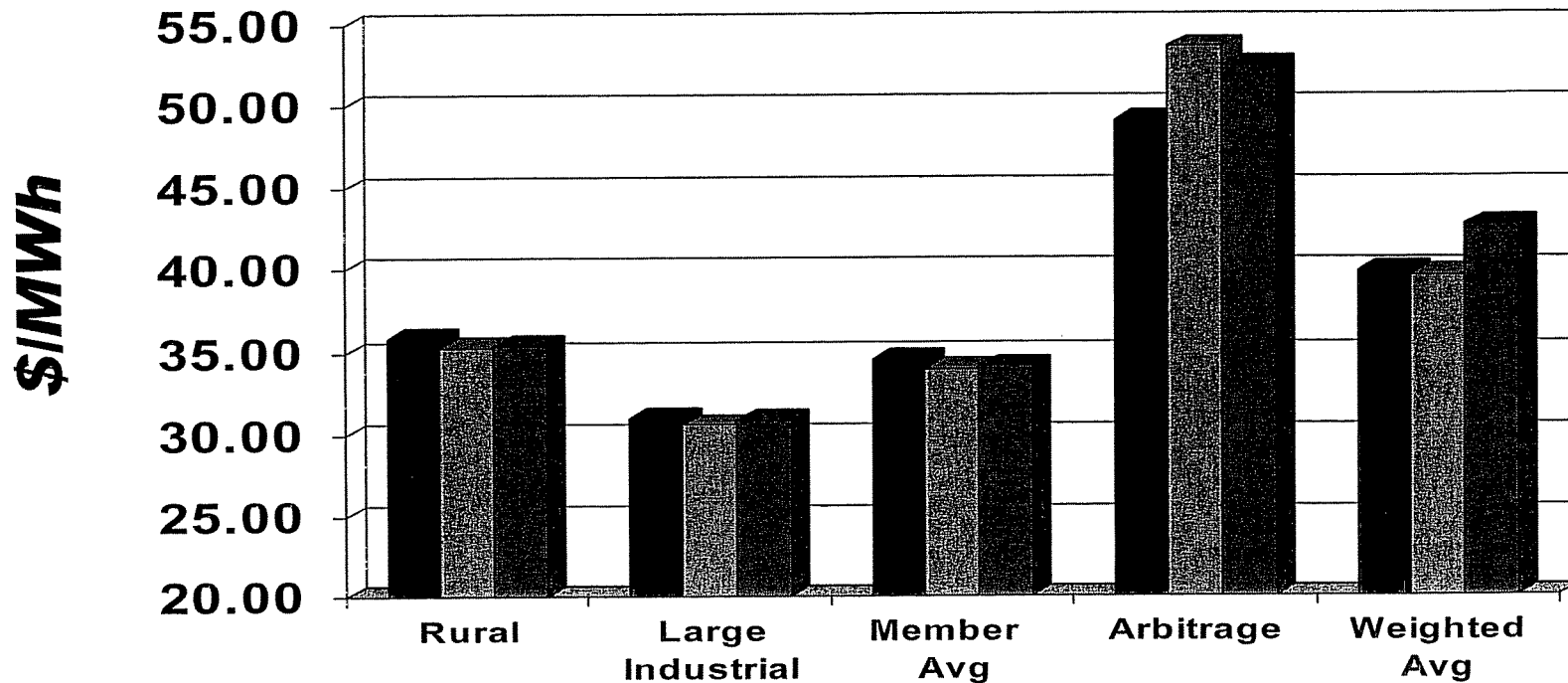
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MWh Sales YTD November



Actual 2008	2,144,679	851,067	1,712,301	4,708,047
Budget	2,185,197	894,726	1,244,402	4,324,325
Actual 2007	2,186,759	849,449	2,611,349	5,647,557

Revenue - \$/MWh Sold YTD November

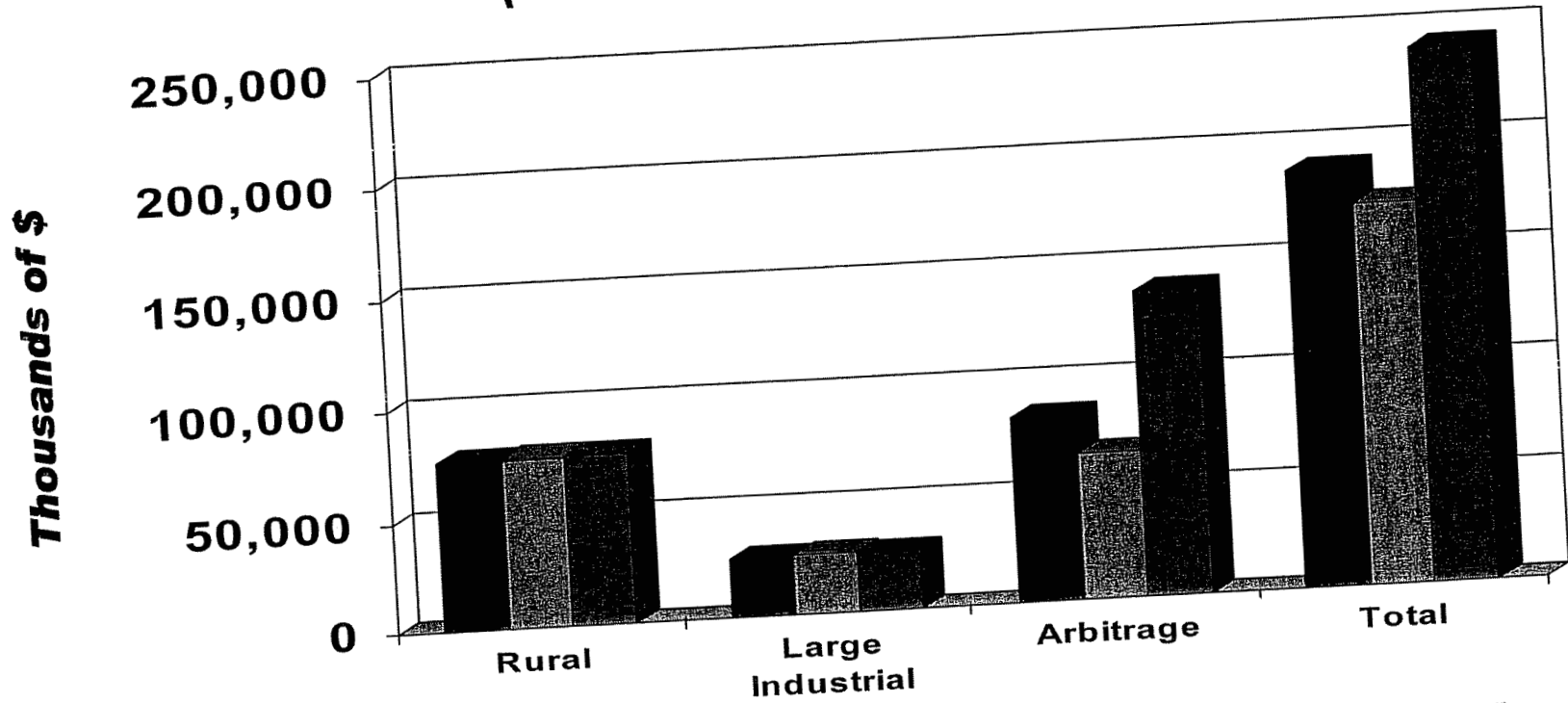


Actual 2008	35.87	31.02	34.50	49.02	39.78
Budget	35.33	30.61	33.96	53.60	39.61
Actual 2007	35.39	30.92	34.14	52.45	42.61

Revenue

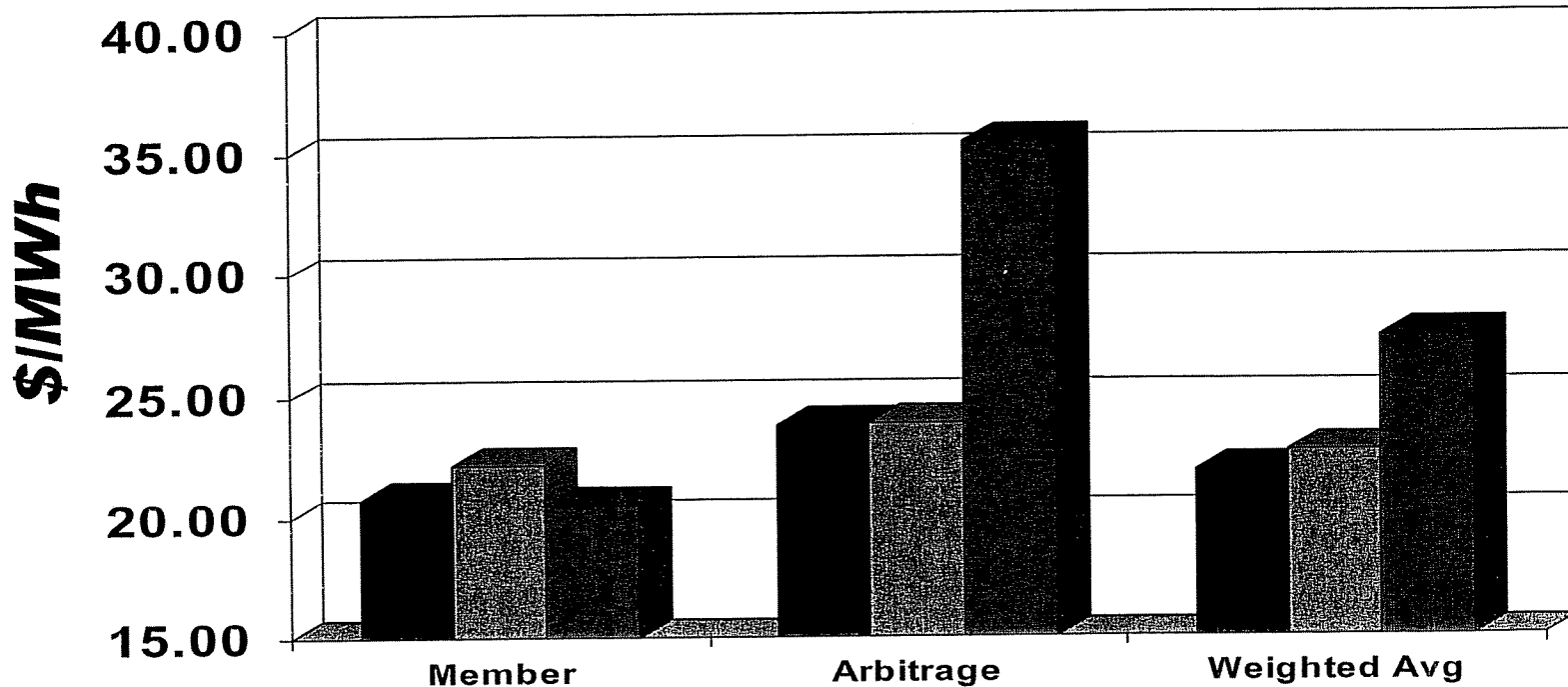
YTD November

(Dollars in Thousands)



Actual 2008	76,939	26,403	83,945	187,287
Budget	77,205	27,387	66,704	171,296
Actual 2007	77,398	26,263	136,975	240,636

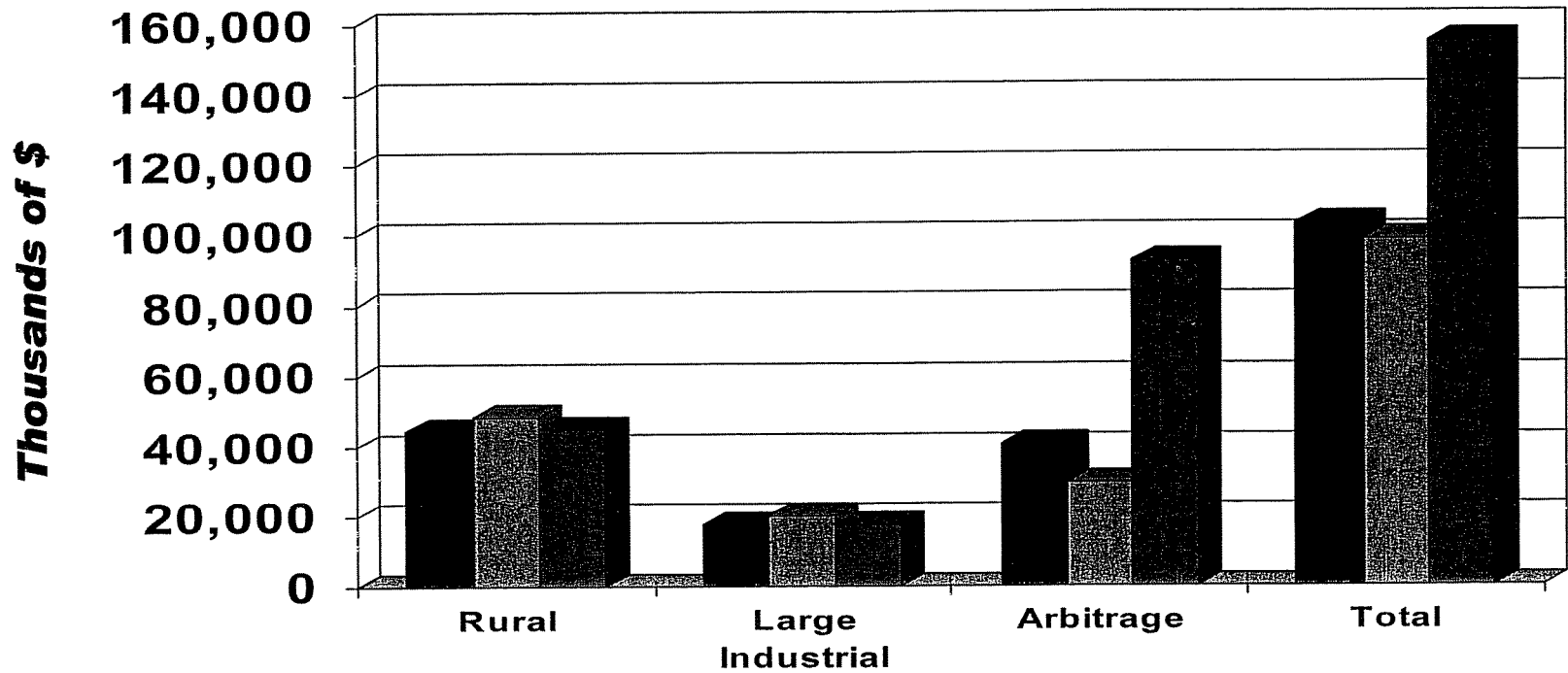
Power Cost - \$/MWh Sold YTD November



Actual 2008	20.79	23.81	21.88
Budget	22.20	23.90	22.69
Actual 2007	20.56	35.39	27.42

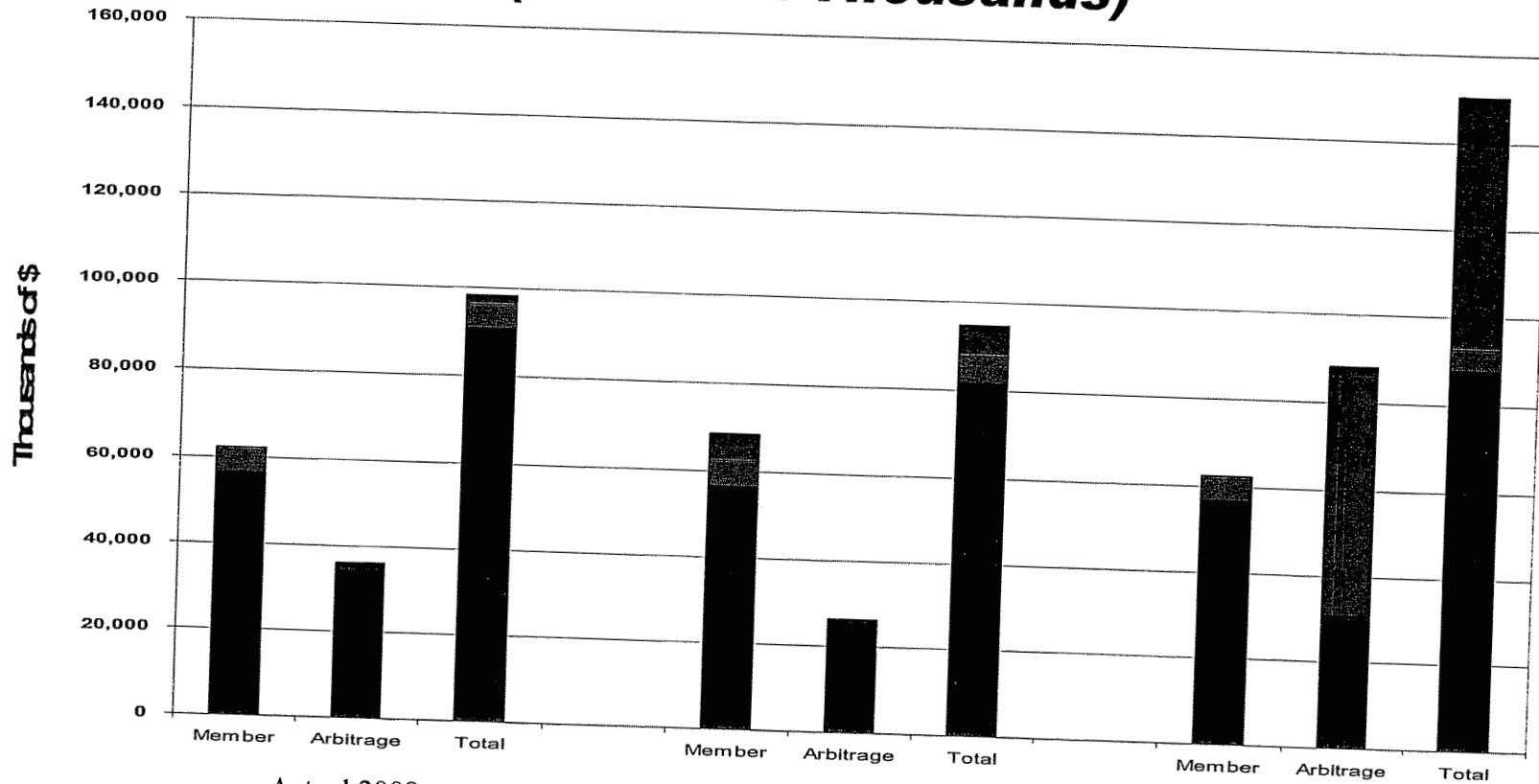
Power Cost YTD November

(Dollars in Thousands)



Actual 2008	44,578	17,690	40,762	103,030
Budget	48,515	19,864	29,744	98,123
Actual 2007	44,963	17,468	92,415	154,846

Sources & Distribution of Energy YTD November (Dollars in Thousands)



	Actual 2008			Budget			Actual 2007		
Market	73	1,770	1,843	5,488	1,008	6,496	213	57,234	57,447
Domtar	442	0	442	442	0	442	400	0	400
SEPA	5,285	0	5,285	6,151	0	6,151	4,959	0	4,959
LEM	56,425	34,273	90,698	56,289	25,228	81,517	56,805	30,744	87,549
Total	62,225	36,043	98,268	68,370	26,236	94,606	62,377	87,978	150,355

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Your Touchstone Energy® Cooperative

Member - Non-Member Purchased Power Allocation
YTD November
(Dollars in Thousands)

	Actual 2008	Budget 2008	Actual 2007
<u>Purchases for Members</u>			
SEPA Power	5,285	6,151	4,959
Domtar Cogen Green Power	442	442	400
Market Power Applied to Members	73	5,488	213
LEM Power Applied to Members	56,425	56,289	56,805
Member Purchased Power	62,225	68,370	62,377
Other Costs:			
LEM Ancillaries & Other	43	9	54
Total Purchased Power Applied to Members	62,268	68,379	62,431
<u>Purchases For Non-Members</u>			
Market Power Applied to Non-Members	1,770	1,008	57,234
LEM Power Applied to Non-Members	34,273	25,228	30,744
Non-Member Purchased Power	36,043	26,236	87,978
Other Costs:			
Domtar Reservation Fee/Energy Imbalance/Curtailment	1,490	989	1,224
ACES/ICE/PJM/CFC Letter of Credit Fees	1,200	1,206	1,124
SIPC/MISO/LOC Charges for Smelters	(1)	0	602
Revenue Meter Retrieval Expenses	56	50	0
Arbitrage Transmission Revenue Offset	1,974	1,263	1,487
Total Purchased Power Applied to Non-Members	40,762	29,744	92,415
<u>Total Purchased Power</u>			
SEPA Power	5,285	6,151	4,959
Domtar Cogen Green Power	442	442	400
Arbitrage Power	1,843	6,496	57,447
LEM Power	90,698	81,517	87,549
Purchased Power Total	98,268	94,606	150,355
Total Other Costs	4,762	3,517	4,491
Total Purchased Power	103,030	98,123	154,846

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Your Touchstone Energy® Cooperative

Member - Non-Member Purchased Power Allocation

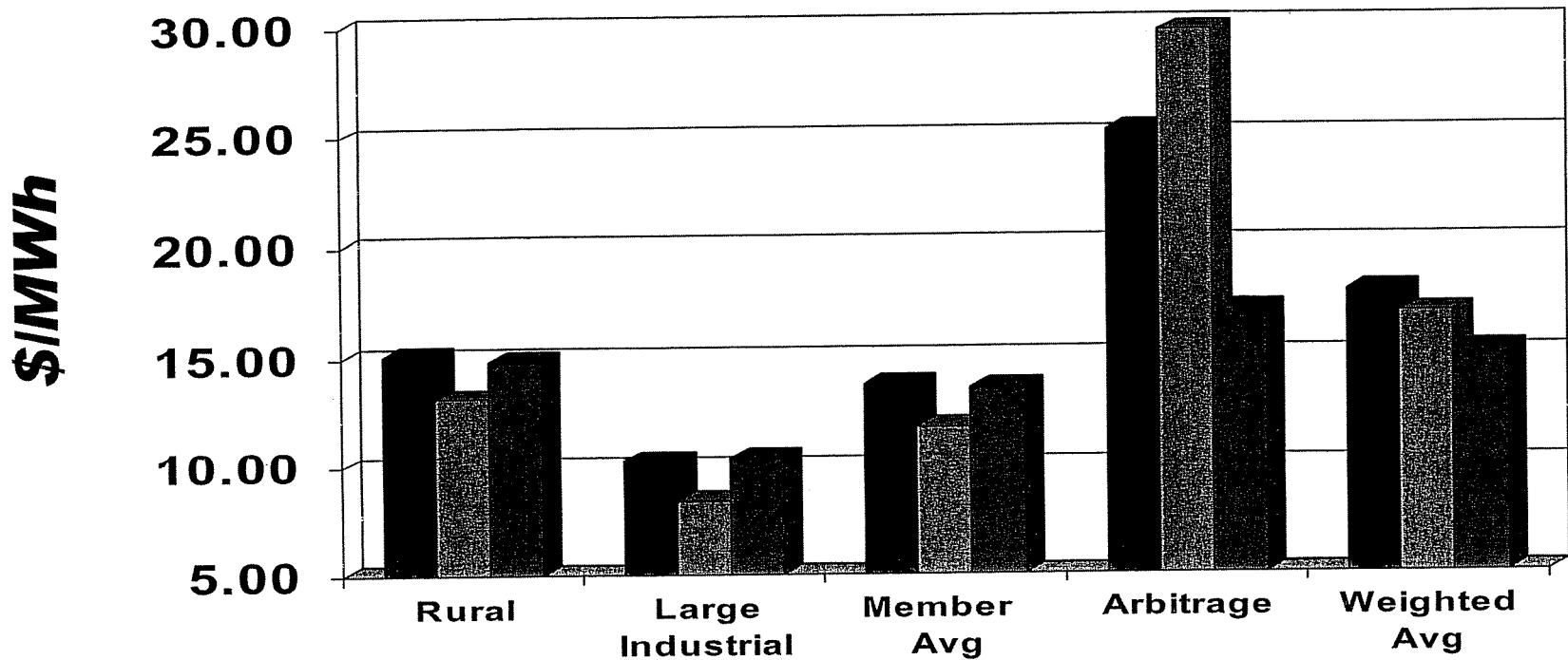
YTD November

MWh

	Actual 2008	Budget 2008	Actual 2007
<u>MWh Purchases for Members</u>			
SEPA Power	204,700	269,792	179,865
Domtar Cogen Green Power	8,041	8,040	7,271
Market Power Applied to Members	969	19,600	2,846
LEM Power Applied to Members	2,813,914	2,807,642	2,871,232
Total Purchased Power MWh Applied to Members	<u>3,027,624</u>	<u>3,105,074</u>	<u>3,061,214</u>
<u>MWh Purchases for Non-Members</u>			
Market Power Applied to Non-Members	30,446	3,600	1,100,538
LEM Power Applied to Non-Members	1,700,334	1,250,962	1,532,015
Total Purchased Power MWh Applied to Non-Members	<u>1,730,780</u>	<u>1,254,562</u>	<u>2,632,553</u>
<u>Total Purchased Power MWh</u>			
SEPA Power	204,700	269,792	179,865
Domtar Cogen Green Power	8,041	8,040	7,271
Market Power	31,415	23,200	1,103,384
LEM Power	4,514,248	4,058,604	4,403,247
Total Purchased Power MWh	<u>4,758,404</u>	<u>4,359,636</u>	<u>5,693,767</u>

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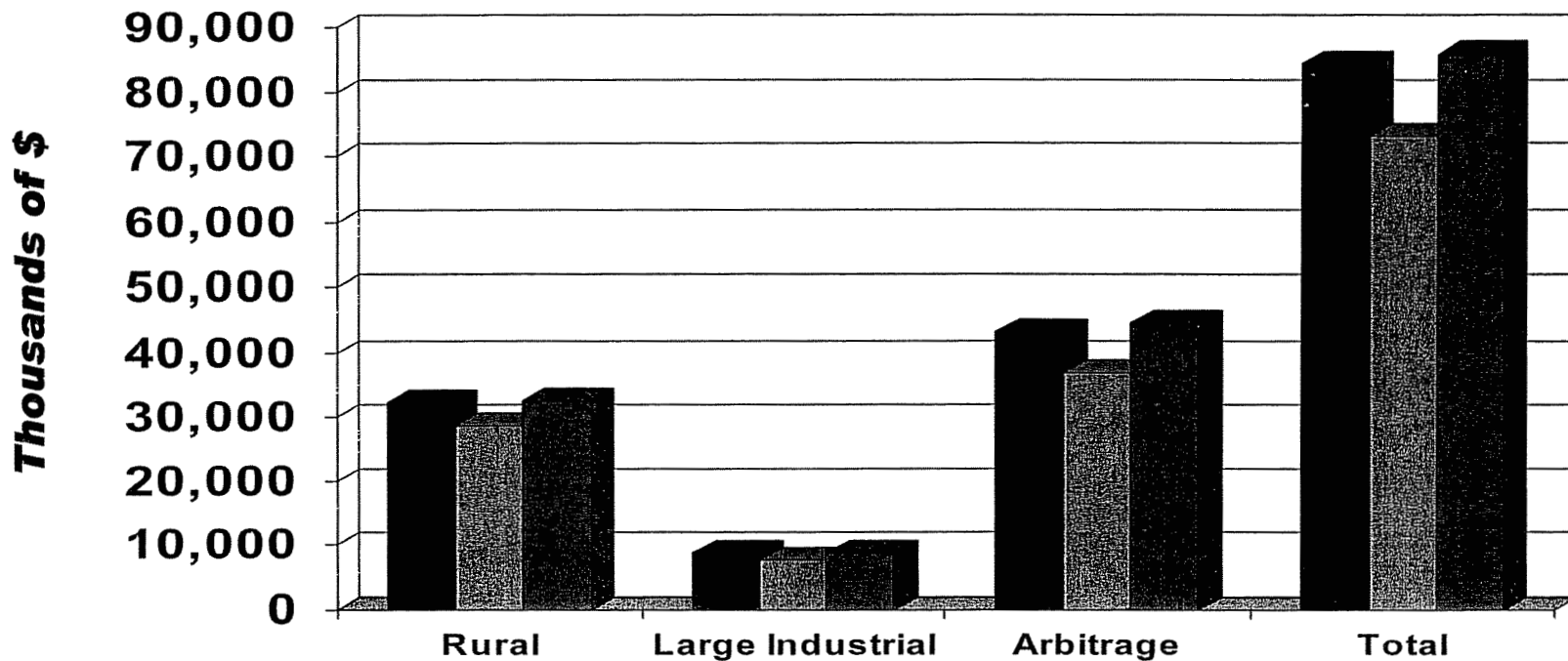
Sales Margin - \$/MWh Sold YTD November



Actual 2008	15.08	10.23	13.71	25.21	17.90
Budget	13.13	8.41	11.76	29.70	16.92
Actual 2007	14.83	10.36	13.58	17.06	15.19

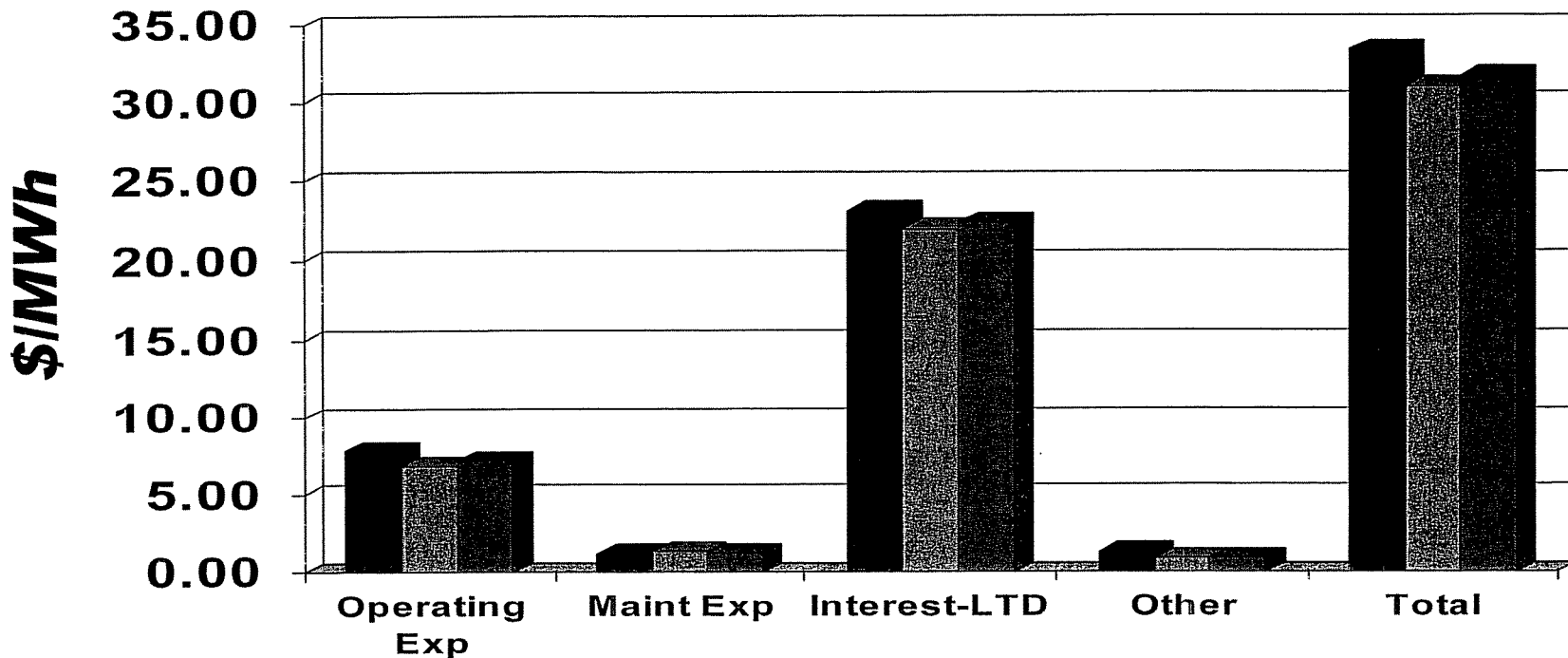
Sales Margin YTD November

(Dollars in Thousands)



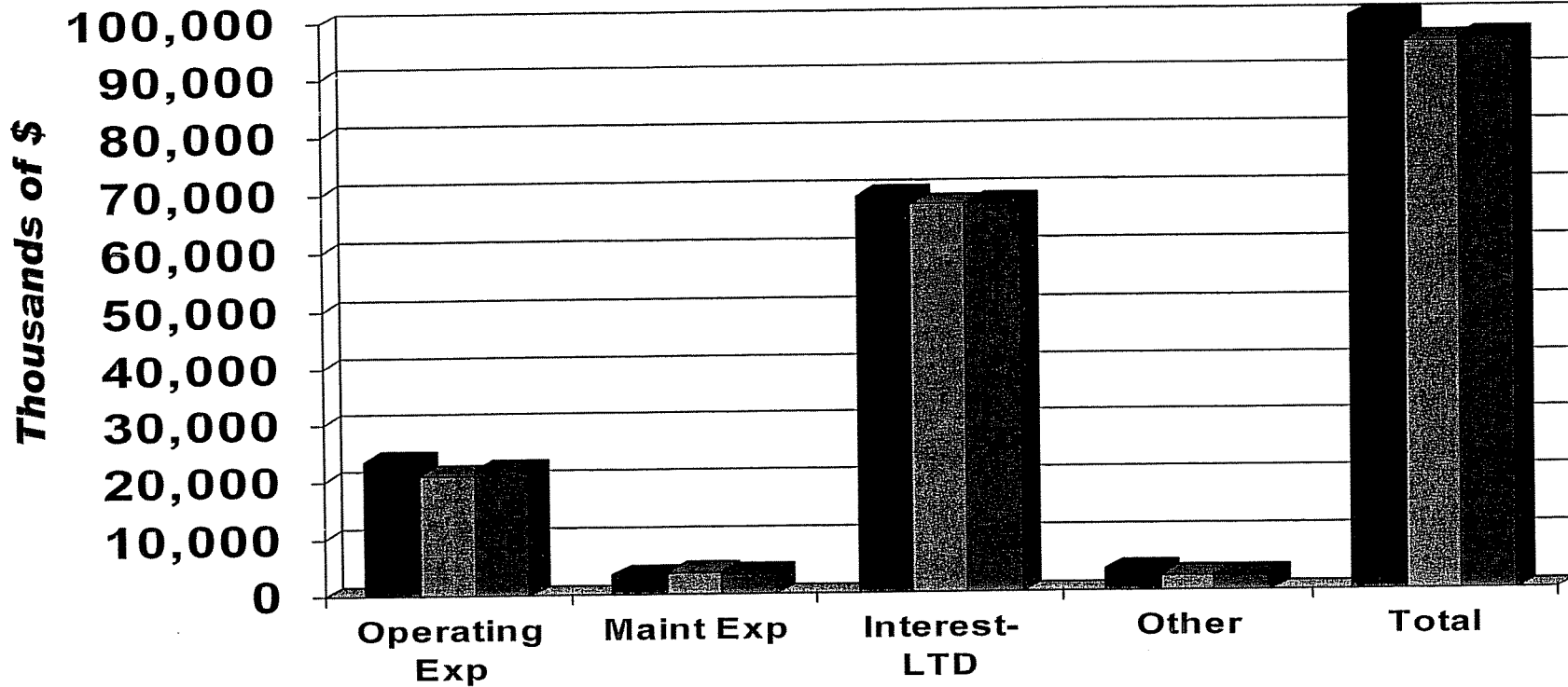
Actual 2008	32,361	8,713	43,183	84,257
Budget	28,690	7,523	36,960	73,173
Actual 2007	32,435	8,795	44,560	85,790

Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold YTD November



Actual 2008	7.79	1.18	23.09	1.29	33.35
Budget	6.81	1.32	21.97	0.90	31.00
Actual 2007	7.16	1.21	22.38	0.90	31.65

Total Cost of Electric Service (minus Power Cost) YTD November (Dollars in Thousands)



Actual 2008	23,339	3,546	69,182	3,852	99,919
Budget	20,964	4,052	67,670	2,782	95,468
Actual 2007	21,725	3,662	67,946	2,764	96,097

Other Operating Revenue & Income

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD November	9,349	8,781	8,905

Actual vs Budget Variance primarily due to:

BREC Power Supply Transmission (Arbitrage) - \$711 more than Budget

Domtar Cogen Transmission (Arbitrage) - \$68 less than Budget

Other Miscellaneous Transmission - \$65 less than Budget



Your Touchstone Energy® Cooperative

Operating Expense – Transmission

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD November	6,576	6,390	8,491

Actual vs Budget Variance primarily due to:

Transmission of Electricity - \$124 more than Budget; primarily TVA Transmission

GIS & EMS System Maintenance - \$90 more than Budget; allocation change-offset in
Transmission-Maintenance & General Plant Maintenance

Technical Training/Education - \$40 less than Budget; training has been delayed and will
remain under Budget

Actual vs Actual Variance primarily due to:

Transmission of Electricity - \$2,156 less than Actual 2007; primarily SIPC charges related to
Smelter Block B sales & TVA Transmission-LEM cancellation

Labor- \$139 more than Actual 2007; more employees in 2008 vs 2007; timing of
vacation/sick pay

GIS & EMS System Maintenance - \$91 more than Actual 2007; allocation change-offset in
Transmission-Maintenance & General Plant Maintenance

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Your Touchstone Energy® Cooperative

Customer Service & Informational Expense

	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD November	627	691	567

Actual vs Actual Variance primarily due to:

Labor - \$46 more than Actual; timing of filling vacant positions; annual wage increases
Touchstone Energy Efficient Homes Incentive Program - \$24 more than Actual;
timing of seasonal construction & promotional activities

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Operating Expense - Sales

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD November	515	754	509

Actual vs Budget Variance primarily due to:

- Energy Efficiency/Advertising/Promotions - \$84 less than Budget; less program participation than anticipated; timing**
- Economic Development - \$141 less than Budget; timing of payments to Coops**

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Operating Expense – A & G

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD November	15,621	13,129	12,159

Actual vs Budget Variance primarily due to:

Labor - \$27 less than Budget; positions not filled when budgeted; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$2,433 more than Budget; primarily Unwind

PC Software - \$278 more than Budget; Microsoft Licensing (not budgeted)

GIS Maintenance - \$110 more than Budget; offset in General Plant Maintenance

EMS upgrades - \$200 less than Budget; offset in Transmission Maintenance

Itron Maintenance - \$26 more than Budget; offset in Transmission Maintenance/General Plant Maintenance

Actual vs Actual Variance primarily due to:

Labor - \$867 more than Actual 2007; more employees in 2008; annual wage increases; merit bonuses; vacation accrual

Professional Services - \$1,676 more than Actual 2007; primarily Unwind

PC Software - \$278 more than Actual 2007; Microsoft Licensing

Sungard - \$181 more than Actual 2007 (timing & prepayment of postage)

Dues & Assessments - \$148 more than Actual 2007 (timing); primarily PSC Assessment, NERC, CRN & National G&T Managers Association

GIS Maintenance - \$116 more than Actual 2007; offset in General Plant Maintenance

Itron Maintenance - \$26 more than Actual 2007; offset in General Plant Maintenance

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Your Touchstone Energy® Cooperative

Maintenance Expense-Transmission

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD November	3,350	3,679	3,283

Actual vs Budget Variance primarily due to:

- EMS Upgrade (Contractors/PC Hardware) - \$153 more than Budget; offset in A&G**
- Brush Control - \$154 less than Budget; behind schedule due to wet weather conditions**
- Pole Treatment - \$51 less than Budget; behind schedule due to wet weather conditions**
- Line/Substation Maintenance - \$99 less than Budget; timing of invoicing for reimburseable work performed (primarily WKEC)**
- Maintenance Contracts-ISD - \$66 less than Budget; primarily GIS; EMS & Itron**
- Technical Training & Education - \$34 less than Budget; training has been delayed and will remain under Budget**
- Labor - \$36 less than Budget; timing of construction labor/vacation/sick pay**

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Your Touchstone Energy® Cooperative

Maintenance Expense – General Plant

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD November	195	373	379

Actual vs Budget Variance primarily due to:

GIS Service Agreement - \$138 less than Budget; reclassification (offset in A&G Expense)

EMS-OSI Maintenance - \$17 less than Budget; reclassification (offset in Trans-Operations)

Network Maintenance - \$11 more than Budget; unwind related

Labor - \$29 less than Budget; timing of construction project work, vacations

Actual vs Actual Variance primarily due to:

GIS Service Agreement - \$133 less than Actual 2007; reclassification (offset in A&G Expense)

Itron Maintenance - \$25 less than Actual 2007; reclassification (offset in A&G

Building & Grounds - \$35 less than Actual 2007; repairs to HQ roof, windows & water leak damage in 2007

Network Maintenance - \$11 more than Actual; unwind related

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Your Touchstone Energy® Cooperative

Depreciation & Amortization Expense

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
YTD November	4,702	4,933	4,642

Actual vs Budget Variance primarily due to:

Capital & Construction assets not placed in service when anticipated; \$231 less than Budget

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Interest on Long-Term Debt

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
Sale-Leaseback - YTD November	9,164	12,158	11,730
Other - YTD November	60,018	55,512	56,216
YTD November	69,182	67,670	67,946

Actual vs Budget Variance primarily due to:

- P.C. Bonds - \$3,964 more than Budget; Average variable interest rate 6.92% Actual 2008 vs 3.79% Budget
- RUS ARVP Note - \$543 more than Budget; more Arbitrage Interest than anticipated
- Defeased Sale Leaseback - \$2,994 less than Budget; PMCC & Bank of America buyout

Actual vs Actual Variance primarily due to:

- P.C. Bonds - \$4,025 more than Actual 2007; Average variable interest rate 6.92% Actual 2008 vs 3.74% Actual 2007
- New RUS Note - \$1,459 less than Actual 2007; less Outstanding Principal due to quarterly payments
- RUS ARVP Note - \$1,274 more than Actual 2007; more arbitrage/compounding of interest
- Defeased Sale Leaseback - \$2,566 less than Actual 2007; Bank of America buyout

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Your Touchstone Energy® Cooperative

Interest Expense Charged to Construction-Credit

	<u>Actual</u> <u>2008</u>	<u>Budget</u> <u>2008</u>	<u>Actual</u> <u>2007</u>
YTD November	(480)	(760)	(333)

Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather; Skillman (tap)-Meade Co. 161kv Line \$46 less than Budget; Digital Microwave Radio System \$67 less than Budget; Upgrade Reid to Daviess Co 161kV Line \$40 less than Budget; Coaltek (project suspended) \$28 less than Budget; Substation Oil Spill Containment \$31 less than Budget; Two Way Radio Replacement \$53 less than Budget

Actual vs Actual Variance primarily due to:

Digital Microwave Radio System \$127 more than Actual 2007; McCracken-Olivet Church-\$23 more than Actual 2007; Substation Oil Spill Containment \$19 less than Actual 2007; Two Way Radio Replacement \$18 more than Actual 2007

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Other Deductions

	Actual <u>2008</u>	Budget <u>2008</u>	Actual <u>2007</u>
YTD November	(1,402)	(2,426)	(2,560)

Actual vs Budget Variance primarily due to:

- Defeased Sale/Leaseback - PMCC/Bank of America Buyout; \$1,154 less than Budget**
- Amortization of LGEE (KU) 345kV Interconnection Line - \$128 more than Budget;**

Actual vs Actual Variance primarily due to:

- Defeased Sale/Leaseback - PMCC/Bank of America Buyout; \$1,134 less than Actual 2007**

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Interest Income

	Actual	Budget	Actual
	<u>2008</u>	<u>2008</u>	<u>2007</u>
General Fund-YTD November	3,186	5,807	6,226
Sale-Leaseback-YTD November	8,742	11,828	11,421
YTD November	11,928	17,635	17,647

Actual vs Budget Variance primarily due to:

General Fund - \$2,621 less than Budget; decrease in interest rates; less cash available for investment due to PMCC/Bank of America buyout

2.80% Actual 2008 avg vs 4.50% Budget avg

Sale-Leaseback - \$3,086 less than Budget; PMCC/Bank of America buyout

Actual vs Actual Variance primarily due to:


General Fund - \$3,040 less than Actual 2007; decrease in interest rates; less cash available for investment due to PMCC/Bank of America buyout

2.80% Actual 2008 avg vs 5.24% Actual 2007 avg

Sale-Leaseback - \$2,679 less than Actual 2007; PMCC/Bank of America buyout

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Your Touchstone Energy® Cooperative 

Income Taxes **January 14, 2009**

(Board Meeting Date: January 30, 2009)



Income Taxes

- Alternative Minimum Tax paid thru 2008:

2000	3,318,633	leveraged lease executed
2001	-	90% NOL limit suspended
2002	-	90% NOL limit suspended
2003	328,352	
2004	268,602	
2005	370,024	
2006	391,662	
2007	355,579	
2008	901,071	Estimate
	5,933,923	

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Income Taxes

- Accounting for Deferred Income Taxes recognizes the timing (temporary) differences (for income and expense items) between financial accounting (GAAP) and income tax accounting
- Deferred Tax Asset arise both from timing differences that result in deductible amounts in future years and from carry forward items
 - i.e. – E.ON lease income recognized slower for GAAP than for tax results in a deferred tax asset – a timing difference
 - i.e. – AMT is a deferred tax asset, serving as a future credit against the regular income tax – a carry forward

Income Taxes

- Conversely, Deferred Tax Liabilities arise from timing differences in taxable amounts in future years
 - i.e. – Accelerated depreciation for tax purposes results in a deferred tax liability
 - i.e – Accelerated interest deduction on the RUS ARVP Note (filed a Form 3115 in 2008 pursuant to FIN 48)
- GAAP requires deferred tax assets to be “likely” of realization
- As a result of the leveraged lease buyout in 2008, it’s “unlikely” Big Rivers will become a regular tax payer and realize the benefit of the AMT-related deferred tax asset. Therefore, pursuant to GAAP, the AMT paid (the deferred tax asset) should be expensed as of 12/31/2008

Income Taxes

- Accordingly, Big Rivers' management requests board of director approval to make a journal entry in December 2008, debiting Income Tax Expense for \$5,933,923 and crediting Deferred Tax Asset for the same amount, noting that this accounting is required by GAAP and has no impact on cash.

2008 Incentive Pay Award

% Incentive Pay		0%	6%				
Measurement	Weighting	12/31/2008	Minimum	Maximum	Maximum Possible Incentive	12/31/2008 Incentive	Incentive Pay * \$7,544,121.23
Power Supply:							
Net Arbitrage (Including Transmission)	14.59%	\$45,812,401	\$40,248,207	\$48,298,000	0.88%	0.61%	\$46,019.14
Utilization of Power Available 5 X 16	14.58%	95.10%	87.50%	90.00%	0.87%	0.87%	\$65,633.85
	29.17%				1.75%	1.48%	\$111,652.99
Corporate:							
"Cushion" Status, Adjusted for Excess Net Arbitrage	29.16%	\$38,425,425	\$144,937,264	\$147,836,000	1.75%	0.00%	\$0.00
Safety:							
Recordable Incidents	4.16%	2	4	1	0.25%	0.17%	\$12,825.01
Lost-Time Incidents	4.17%	1	2	1	0.25%	0.25%	\$18,860.30
	8.33%				0.50%	0.42%	\$31,685.31
Transmission System Reliability:							
SAIDI Hrs/Yr - Jackson Purchase	3.33%	1.762	0.157	0.126	0.20%	0.00%	\$0.00
SAIDI Hrs/Yr - Meade County	3.33%	1.887	1.143	0.914	0.20%	0.00%	\$0.00
SAIDI Hrs/Yr - Kenergy	3.34%	5.041	0.805	0.644	0.20%	0.00%	\$0.00
SAIDI Hrs/Yr - System Wide	3.33%	3.412	1.143	0.914	0.20%	0.00%	\$0.00
CAIDI Hrs/Yr - Jackson Purchase	3.33%	2.061	0.399	0.319	0.20%	0.00%	\$0.00
CAIDI Hrs/Yr - Meade County	3.33%	1.195	1.028	0.822	0.20%	0.00%	\$0.00
CAIDI Hrs/Yr - Kenergy	3.34%	2.870	0.826	0.661	0.20%	0.00%	\$0.00
CAIDI Hrs/Yr - System Wide	3.33%	2.302	1.028	0.822	0.20%	0.00%	\$0.00
MWH Sales Lost	3.34%	1,932.9	239.3	191.4	0.20%	0.00%	\$0.00
Percent Load Served	3.34%	99.961	99.998	99.999	0.20%	0.00%	\$0.00
	33.34%				2.00%	0.00%	\$0.00
	100.00%				6.00%	1.90%	\$143,338.30

Base earnings for incentive pay purposes is W-2, plus pre-tax cafeteria plan contributions and 401(k) deferrals, and excludes bonus dollars, taxable educational reimbursement, taxable vehicle, taxable group term life insurance, and accident protection insurance. Base earnings for the 86 eligible employees for the 12-month period ended December 31, 2008, are \$7,544,121.23. The award for each measurement cannot exceed the maximum, and if the result is between the minimum and maximum, the award is to be interpolated.

Date: 1/21/2009

2008 Incentive Pay Award (Adjusted)

% Incentive Pay		0%		6%		Maximum Possible Incentive	Base 12/31/2008 Incentive	Adjusted 12/31/2008 Incentive	Incentive Pay * \$7,544,121.23
Measurement	Weighting	Minimum	Maximum	Minimum	Maximum				
Power Supply:									
Net Arbitrage (Including Transmission)	14.59%	\$45,812,401	\$40,248,207	\$48,298,000		0.88%	0.61%	0.61%	\$46,019.14
Net Arbitrage -Smelter Concessions		\$4,111,004						0.27%	\$20,369.13
Net Arbitrage Total	14.59%	\$49,923,405	\$40,248,207	\$48,298,000		0.88%	0.61%	0.88%	\$66,388.27
Utilization of Power Available 5 X 16	14.58%	95.10%	87.50%	90.00%		0.87%	0.87%	0.87%	\$65,633.85
	29.17%					1.75%	1.48%	1.75%	\$132,022.12
Corporate:									
"Cushion" Status, Adjusted for Excess Net Arbitrage	29.16%	\$38,425,425	\$144,937,264	\$147,836,000		1.75%	0.00%	0.00%	\$0.00
"Cushion" Status, Adjusted PMCC & BofA Buyout & Interest		\$107,387,471						0.53%	
		\$145,812,896	\$144,937,264	\$147,836,000				0.53%	\$39,983.84
"Cushion" Status, Adjusted for Unwind Consultants		\$2,892,347						1.22%	\$92,038.28
	29.16%	\$148,705,243	\$144,937,264	\$147,836,000		1.75%	0.00%	1.75%	\$132,022.12
Safety:									
Recordable Incidents	4.16%	2	4	1		0.25%	0.17%	0.17%	\$12,825.01
Lost-Time Incidents	4.17%	1	2	1		0.25%	0.25%	0.25%	\$18,860.30
	8.33%					0.50%	0.42%	0.42%	\$31,685.31
Transmission System Reliability:									
SAIDI Hrs/Yr - Jackson Purchase	3.33%	1.762	0.157	0.126		0.20%	0.00%	0.00%	\$0.00
SAIDI Hrs/Yr - Meade County	3.33%	1.887	1.143	0.914		0.20%	0.00%	0.00%	\$0.00
SAIDI Hrs/Yr - Kenergy	3.34%	5.041	0.805	0.644		0.20%	0.00%	0.00%	\$0.00
SAIDI Hrs/Yr - System Wide	3.33%	3.412	1.143	0.914		0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - Jackson Purchase	3.33%	2.061	0.399	0.319		0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - Meade County	3.33%	1.195	1.028	0.822		0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - Kenergy	3.34%	2.870	0.826	0.661		0.20%	0.00%	0.00%	\$0.00
CAIDI Hrs/Yr - System Wide	3.33%	2.302	1.028	0.822		0.20%	0.00%	0.00%	\$0.00
MWH Sales Lost	3.34%	1,932.9	239.3	191.4		0.20%	0.00%	0.00%	\$0.00
Percent Load Served	3.34%	99.961	99.998	99.999		0.20%	0.00%	0.00%	\$0.00
	33.34%					2.00%	0.00%	0.00%	\$0.00
	100.00%					6.00%	1.90%	3.92%	\$295,729.55

Base earnings for incentive pay purposes is W-2, plus pre-tax cafeteria plan contributions and 401(k) deferrals, and excludes bonus dollars, taxable educational reimbursement, taxable vehicle, taxable group term life insurance, and accident protection insurance. Base earnings for the 86 eligible employees for the 12-month period ended December 31, 2008, are \$7,544,121.23. The award for each measurement cannot exceed the maximum, and if the result is between the minimum and maximum, the award is to be interpolated.

Date: 1/21/2009

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INCENTIVE PAY SUMMARY

	<u>Rate</u>	<u>Pay</u>
2008	3.92%	295,729.55
2007	4.92%	318,418.61
2006	5.14%	284,238.98
2005	5.70%	283,265.50
2004	4.34%	196,275.42
2003	4.88%	206,574.99

Proposed 2009 Incentive Pay Goals

% Incentive Pay		0%	6%	Maximum Possible Incentive Rate
Measurement	Weighting	Minimum	Maximum	
Power Supply:				
Net Arbitrage (Including Transmission)	14.59%	\$38,721,447	\$46,466,000	0.88%
Utilization of Power Available 5 X 16	14.58%	87.50%	90.00%	0.87%
	29.17%			1.75%
Corporate:				
"Cushion" Status, Adjusted for Excess Net Arbitrage	29.16%	\$380,970	\$389,000	1.75%
Safety:				
Recordable Incidents	4.16%	3	1	0.25%
Lost-Time Incidents	4.17%	2	0	0.25%
	8.33%			0.50%
Transmission System Reliability:				
SAIDI Hrs/Yr - Jackson Purchase	3.33%	0.426	0.341	0.20%
SAIDI Hrs/Yr - Meade County	3.33%	1.720	1.376	0.20%
SAIDI Hrs/Yr - Kenergy	3.34%	1.663	1.330	0.20%
SAIDI Hrs/Yr - System Wide	3.33%	1.720	1.376	0.20%
CAIDI Hrs/Yr - Jackson Purchase	3.33%	0.697	0.558	0.20%
CAIDI Hrs/Yr - Meade County	3.33%	1.279	1.023	0.20%
CAIDI Hrs/Yr - Kenergy	3.34%	1.127	0.902	0.20%
CAIDI Hrs/Yr - System Wide	3.33%	1.279	1.023	0.20%
MWH Sales Lost	3.34%	239.3	191.4	0.20%
Percent Load Served	3.34%	99.998	99.999	0.20%
	33.34%			2.00%
	100.00%			6.00%
	=====			=====

Base earnings for incentive pay purposes is W-2, plus pre-tax cafeteria plan contributions and 401(k) deferrals, and excludes bonus dollars, taxable educational reimbursement, taxable vehicle, taxable group term life insurance, and accident protection insurance. Base budgeted earnings for the 87 eligible employees for the 12-month period ended December 31, 2009, are \$7,723,020.00. The award for each measurement cannot exceed the maximum, and if the result is between the minimum and maximum, the award is to be interpolated.

Date: 1/23/2009

January 30, 2009

Rural Utilities Service
United States Department of Agriculture
1400 Independence Avenue, S.W.
Room 4051
Washington, D.C. 20250-1500
Attention: Administrator

Subject: Kentucky 62 - Big Rivers Electric Corporation
Notice of Intent to Increase Rates

Dear _____:

Pursuant to Section 4.3 of the New RUS Agreement dated as of July 15, 1998, between Big Rivers Electric Corporation and the United States of America, Big Rivers gives notice that it intends to implement a change in its general rate structure effective April 1, 2009. Big Rivers' current rates and the anticipated proposed rates are shown in comparative form on the table attached to this letter. Based upon historical system usage, Big Rivers anticipates that the proposed rate increase will generate an addition \$ _____ annually. The purpose of the proposed rate increase is to generate cash to cover Big Rivers' anticipated operating costs. This rate increase proposal will be presented in a filing with the Kentucky Public Service Commission made on or about February 27, 2009.

Sincerely yours,

Mark A. Bailey
President and CEO

cc:

Rural Utilities Service
United States Department of Agriculture
1400 Independence Avenue, S.W.
Room 1568
Washington, D.C. 20250-1500
Attention: Power Supply Division

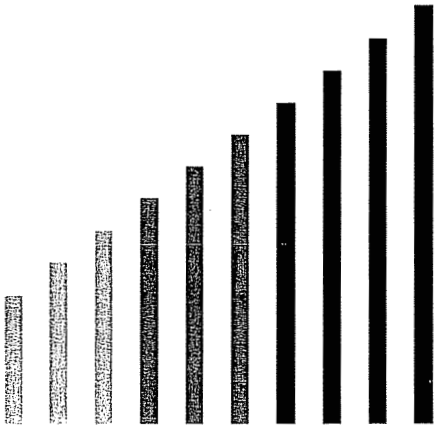
[Administrator's fax: 202-720-1725; Power Supply Division fax: 202-720-1401, both per Loan Contract]



ARBITRAGE REPORT

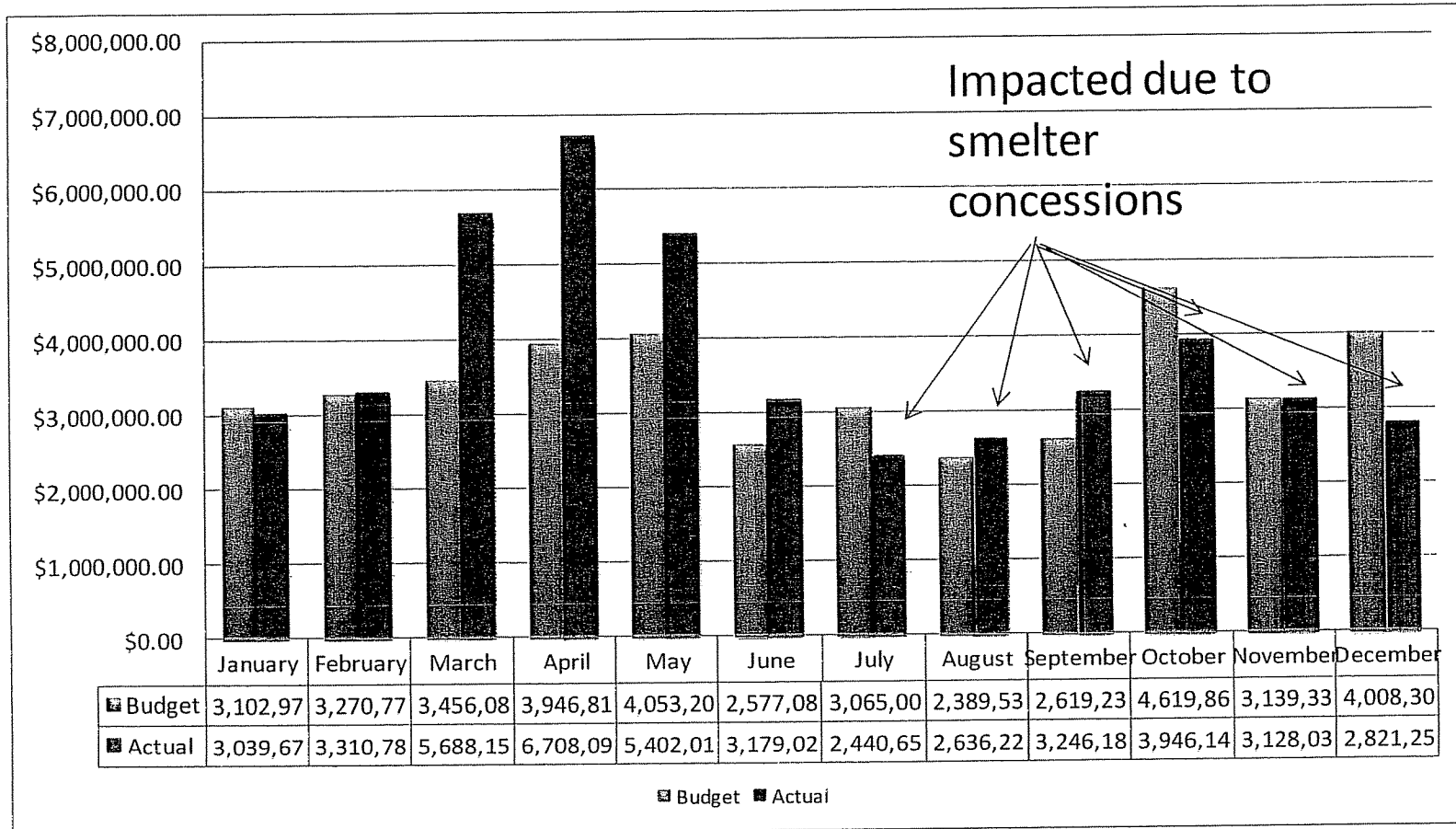
DECEMBER, 2008

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ARBITRAGE MARGINS

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BUDGET VARIANCE

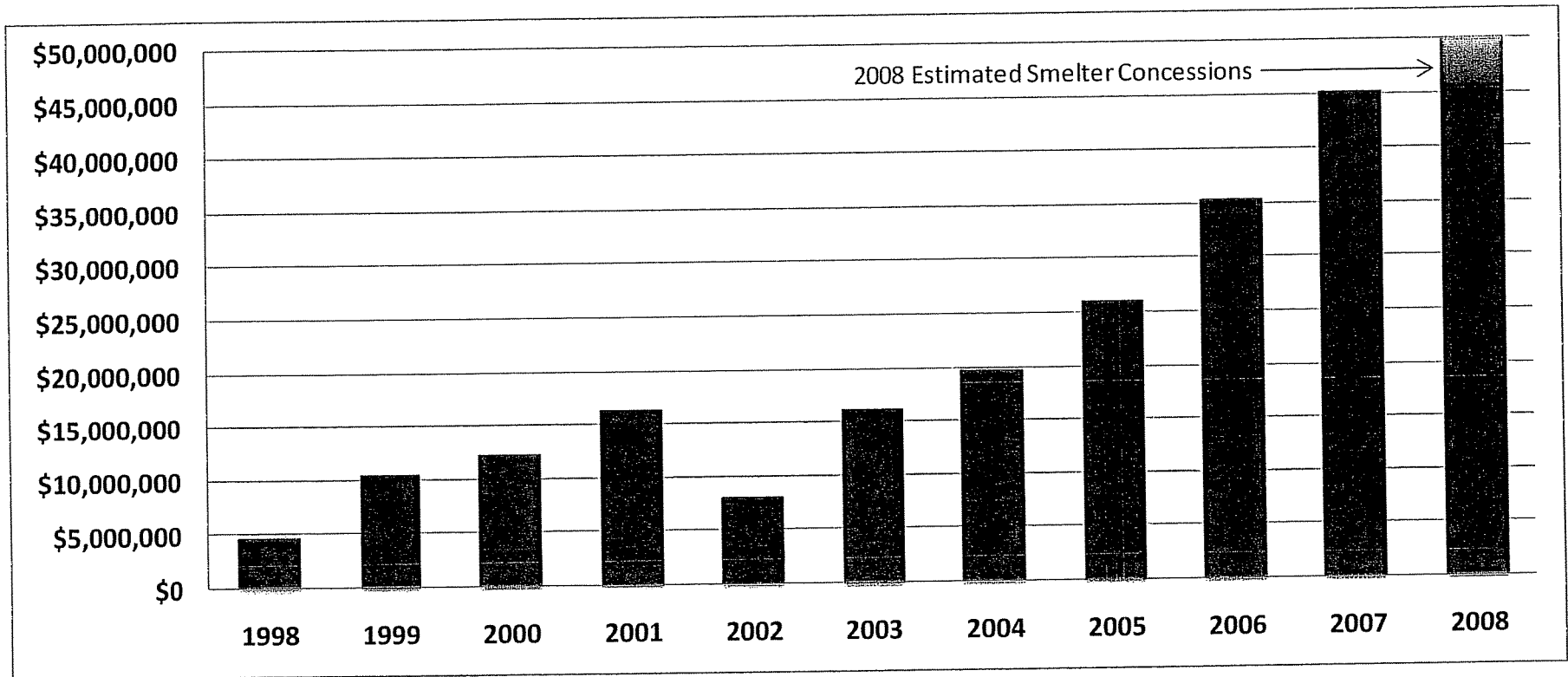
MONTH	BUDGET	ACTUAL	VARIANCE	
January	3,102,976	3,039,674	(63,302)	
February	3,270,775	3,310,784	40,009	
March	3,456,080	5,688,154	2,232,074	
April	3,946,811	6,708,090	2,761,279	
May	4,053,208	5,402,017	1,348,809	
June	2,577,084	3,179,021	601,937	
July	3,065,000	2,440,659	(624,341)	
August	2,389,535	2,636,227	246,692	
September	2,619,230	3,246,184	626,954	
October	4,619,869	3,946,148	(673,721)	
November	3,139,331	3,128,033	(11,298)	
December	4,008,308	2,821,257	(1,187,051)	EST
Y-T-D	40,248,207	45,546,248	5,298,041	

*\$4,111,000 in estimated margins lost due to concessions to smelters.

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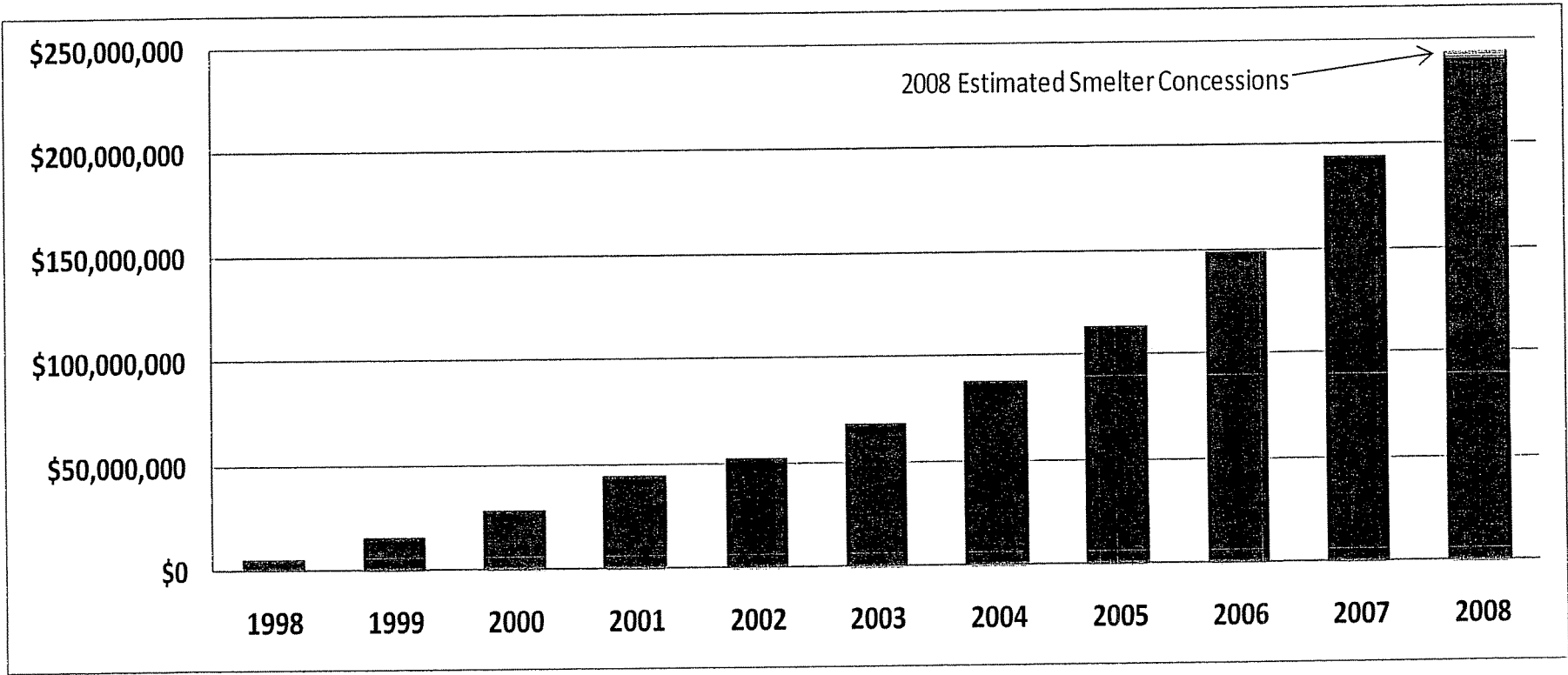


YEARLY ARBITRAGE MARGINS





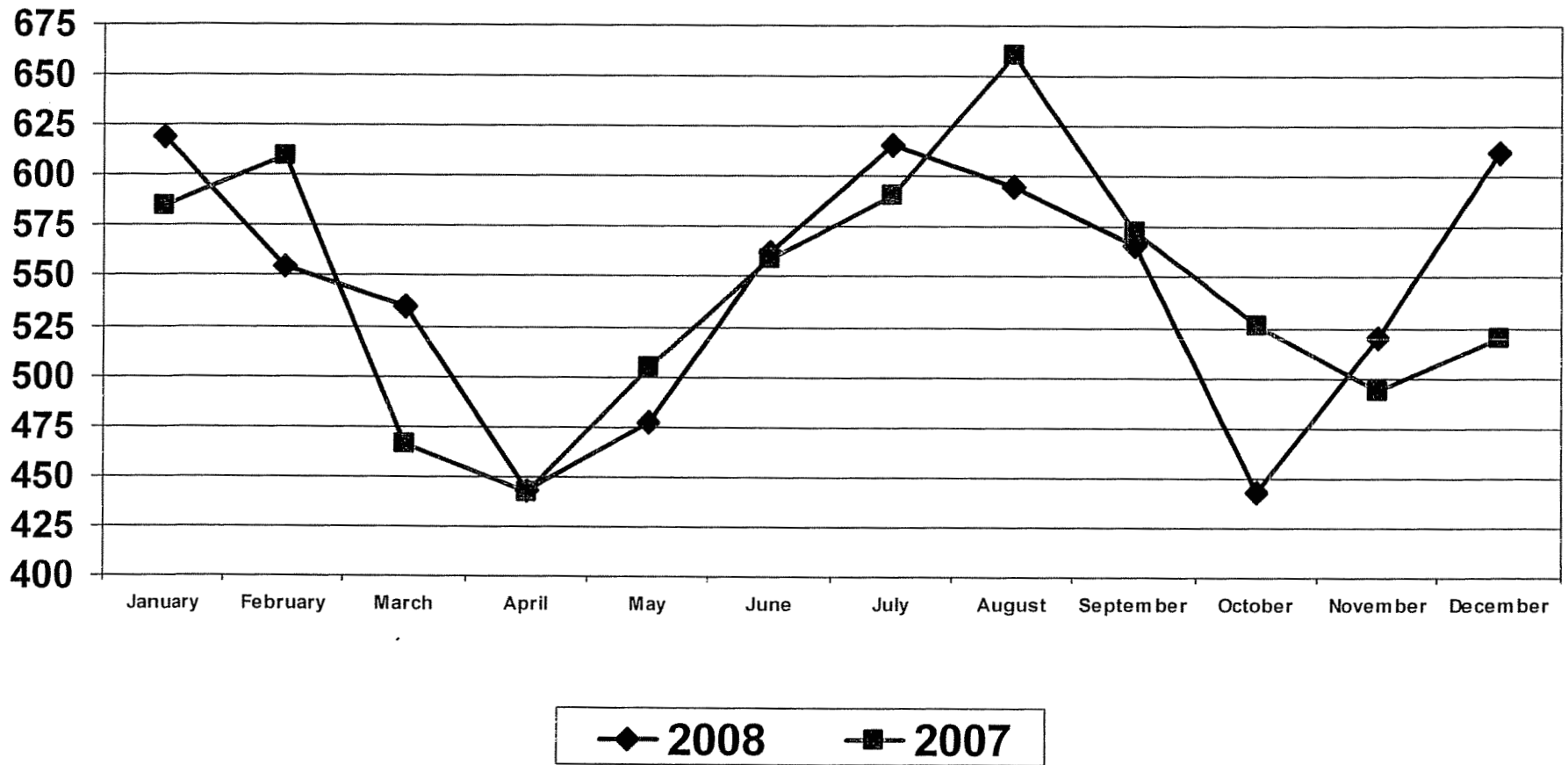
CUMULATIVE ARBITRAGE MARGINS



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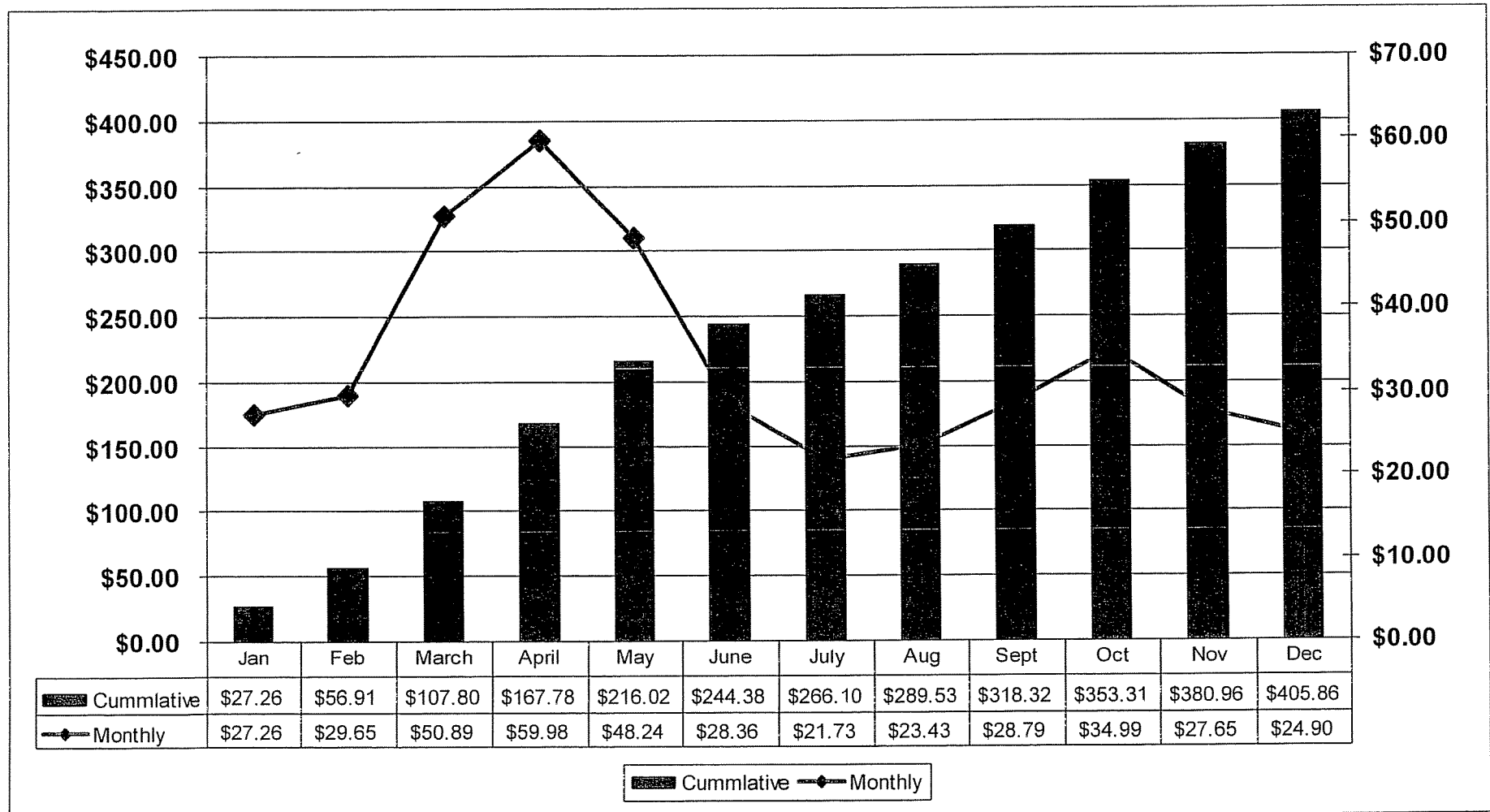
BIG RIVERS' PEAK

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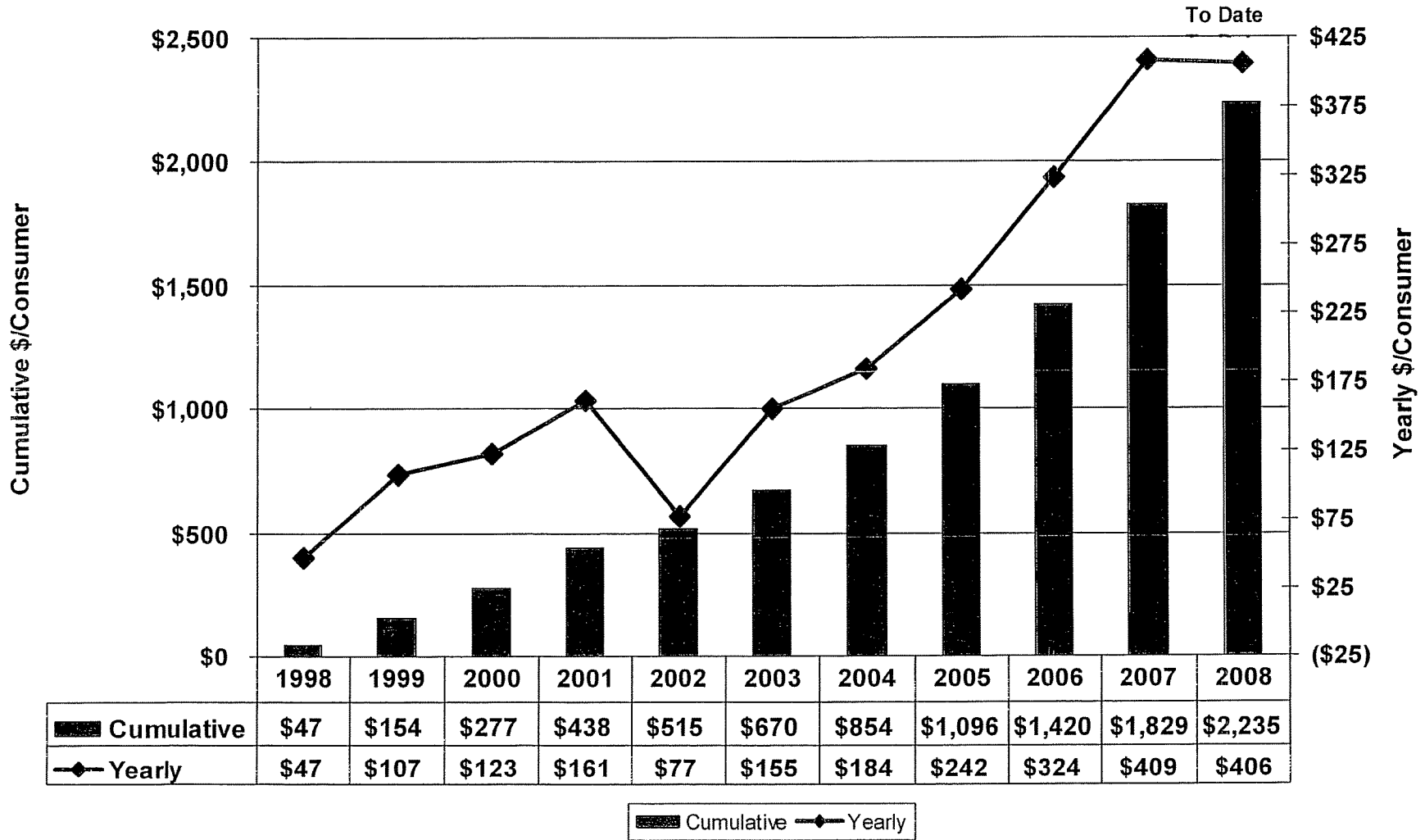


2008 Year to Date \$Savings/Consumer

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\$Savings/Consumer





Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy[®] Cooperative 

Financial Report January 2009

Board Meeting Date: March 20, 2009

Summary of Operations

January

(Thousands Of Dollars)

	Actual	Budget	Actual
	<u>2009</u>	<u>2009</u>	<u>2008</u>
Revenues	23,684	23,273	20,375
Cost of Electric Service	21,471	22,339	18,387
Operating Margins	2,213	934	1,988
Non-Operating Income-Net	16	37	1,588
Net Margins - January	2,229	971	3,576

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Your Touchstone Energy Cooperative

Summary of Operations – January (thousands of dollars)

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
Member MWh	302,885	308,662	326,091
Non-Member MWh	183,203	171,346	119,711
Member Margins-\$/MWh	\$16.92	\$12.34	\$13.08
Non-Member Margins-\$/MWh	\$14.03	\$16.79	\$25.92
Electric Energy Margins	\$7,696	\$6,686	\$7,370
Interest Income-General Fund	\$16	\$37	\$498
Change in cash available for investments (C); Change in interest rates (C)			
Avg Interest Rates: .83% Actual 2009; 1.50% Budget; 4.31% Actual 2008			
Interest Income-Defeased Sale-Leaseback	\$0	\$0	\$1,090
PMCC and Bank of America buyouts (C)			
Arbitrage Transmission-BREC Power Supply	\$624	\$621	\$145
Power Supply transmission reservation increased due to KU Interconnection Line (A); (off-set as expense in Non-Member Margins)			
Labor	(\$1,303)	(\$1,145)	(\$1,265)
Increased overtime due to Ice Storm/Rate Case/Unwind (C); Annual Salary Increases (A); Timing of labor charged to construction/vacation pay/sick pay (C); Merit Increases (C)			
Transmission O & M	(\$411)	(\$664)	(\$403)
Brush control (B); Line/Substation Maint (B); Pole Treatment (B); Service Agreements (B);			
Professional Fees	(\$141)	(\$199)	(\$73)
Load Forecast (B); IRP (B); Stanley Consultants (annual review) (B); Unwind (C)			

(continued)

Notes: Variances (A) Actual '09 vs Actual '08 (B) Actual '09 vs Budget (C) Actual '09 vs Budget & Actual '08

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Your Touchstone Energy® Cooperative

Summary of Operations - January (thousands of dollars)

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
A & G	(\$604)	(\$379)	(\$308)
Microsoft Licensing (C)			
Operating Expense-Sales	\$0	(\$53)	(\$47)
Energy Efficiency Advertising (C)			
General Plant Maintenance	(\$7)	(\$23)	(\$161)
IS Maintenance-GIS (allocation changes) (A)			
Interest on Long-Term Debt	(\$5,886)	(\$6,108)	(\$5,155)
New RUS Note-decreased interest on outstanding balance differences due to required payments (A)			
1983 Series P.C. Bonds-avg interest rates of 3.53% Actual 2009; 8.00% Budget; 3.34% Actual 2008 (B)			
2001A Series P.C. Bonds-avg interest rates of 18.00% Actual 2009; 18.00% Budget; 5.60% Actual 2008 (A)			
Interest on Defeased Sale-Leaseback	(\$88)	(\$88)	(\$1,120)
PMCC and Bank of America Buyouts (C)			
Amortize Gain/Loss on Defeased Sale-Leaseback	(\$333)	(\$333)	\$247
Net of original transaction & PMCC and Bank of America Buyouts (A)			
All Other	\$2,666	\$2,619	\$2,758
 Net Margins	\$2,229	\$971	\$3,576

Notes: Variances (A) Actual '09 vs Actual '08 (B) Actual '09 vs Budget (C) Actual '09 vs Budget & Actual '08

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Your Touchstone Energy® Cooperative

Statement of Operations – January

	Actual 2009	Budget 2009	Actual 2008
ELECTRIC ENERGY REVENUES	19,835,464	19,458,556	17,007,386
INCOME FROM LEASED PROPERTY - NET	2,557,815	2,516,592	2,554,294
OTHER OPERATING REVENUE AND INCOME	1,290,971	1,297,740	813,906
TOTAL OPERATING REVENUES & PATRONAGE CAPITAL	23,684,250	23,272,888	20,375,586
OPERATING EXPENSE-OTHER POWER SUPPLY	12,139,064	12,772,511	9,636,631
OPERATING EXPENSE-TRANSMISSION	579,951	605,526	580,308
CUSTOMER SERVICE & INFORMATIONAL EXPENSE	49,588	63,448	52,301
OPERATING EXPENSE-SALES	(353)	53,457	46,825
OPERATING EXPENSE-ADMINISTRATIVE & GENERAL	1,498,186	1,271,372	1,115,204
TOTAL OPERATING EXPENSE	14,266,436	14,766,314	11,431,269
MAINTENANCE EXPENSE-TRANSMISSION	331,572	464,498	303,338
MAINTENANCE EXPENSE-GENERAL PLANT	11,696	26,707	162,536
TOTAL MAINTENANCE EXPENSE	343,268	491,205	465,874
DEPRECIATION & AMORTIZATION EXPENSE	466,891	471,689	425,196
TAXES	92,161	92,161	92,777
INTEREST ON LONG-TERM DEBT	5,973,510	6,196,100	6,274,584
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(13,895)	(43,990)	(63,289)
OTHER INTEREST EXPENSE	137	600	1,297
OTHER DEDUCTIONS	342,263	364,980	(240,300)
TOTAL COST OF ELECTRIC SERVICE	21,470,771	22,339,059	18,387,408
OPERATING MARGINS	2,213,479	933,829	1,988,178
INTEREST INCOME	15,724	37,329	1,588,159
OTHER NON-OPERATING INCOME - NET	0	0	0
OTHER CAPITAL CREDITS & PATRONAGE DIVIDENDS	0	0	0
NET PATRONAGE CAPITAL OR MARGINS	2,229,203	971,158	3,576,337

Explanation: (a) Electric Energy Net Sales Margin, (b) 10% Line Item Variance and \$25,000 or (c) 10% Margin Variance and \$100,000.

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Electric Energy Revenue "Minus" Power Cost
January

	Actual <u>2009</u>	Budget <u>2009</u>	Actual <u>2008</u>
<u>Revenue</u>			
Rural Sales - MWh	229,833	228,831	249,800
Large Industrial Sales - MWh	73,052	79,831	76,291
Arbitrage Sales - MWh	183,203	171,346	119,711
Total Sales - MWh	486,088	480,008	445,802
Rural Revenue - \$/MWh	38.51	36.95	34.68
Large Industrial Revenue - \$/MWh	32.52	31.62	30.95
Arbitrage Revenue - \$/MWh	46.99	49.49	49.97
Total Revenue - \$/MWh	40.81	40.54	38.15
Rural Revenue - Thousands of \$	8,850	8,455	8,664
Large Industrial Revenue - Thousands of \$	2,376	2,524	2,361
Arbitrage Revenue - Thousands of \$	8,609	8,480	5,982
Total Revenue - Thousands of \$	19,835	19,459	17,007

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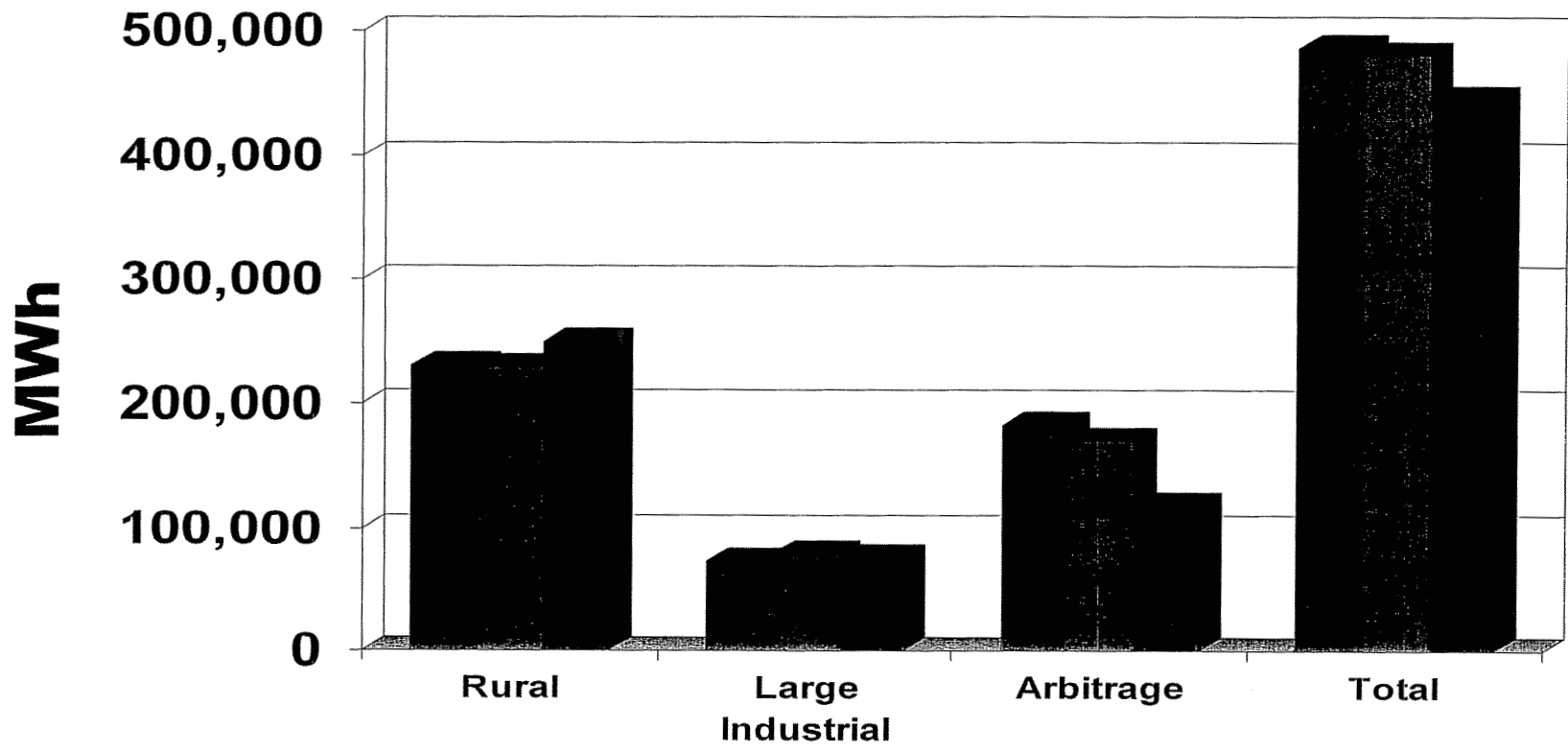
Electric Energy Revenue "Minus" Power Cost January

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
<u>Power Cost</u>			
Rural Power Cost - \$/MWh	20.14	23.23	20.72
Large Industrial Power Cost - \$/MWh	20.14	23.23	20.72
Arbitrage Power Cost - \$/MWh	32.96	32.70	24.05
Total Power Cost - \$/MWh	24.97	26.61	21.62
Rural Power Cost - Thousands of \$	4,629	5,315	5,177
Large Industrial Power Cost - Thousands of \$	1,471	1,854	1,581
Arbitrage Power Cost - Thousands of \$	6,039	5,604	2,879
Total Power Cost - Thousands of \$	12,139	12,773	9,637

Electric Energy Revenue "Minus" Power Cost January

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
<u>Sales Margin</u>			
Rural Sales Margin - \$/MWh	18.37	13.72	13.96
Large Industrial Sales Margin - \$/MWh	12.38	8.39	10.23
Arbitrage Sales Margin - \$/MWh	14.03	16.79	25.92
Total Sales Margin - \$/MWh	15.84	13.93	16.53
Rural Sales Margin - Thousands of \$	4,221	3,140	3,487
Large Industrial Sales Margin - Thousands of \$	905	670	780
Arbitrage Sales Margin - Thousands of \$	2,570	2,876	3,103
Total Sales Margin - Thousands of \$	7,696	6,686	7,370

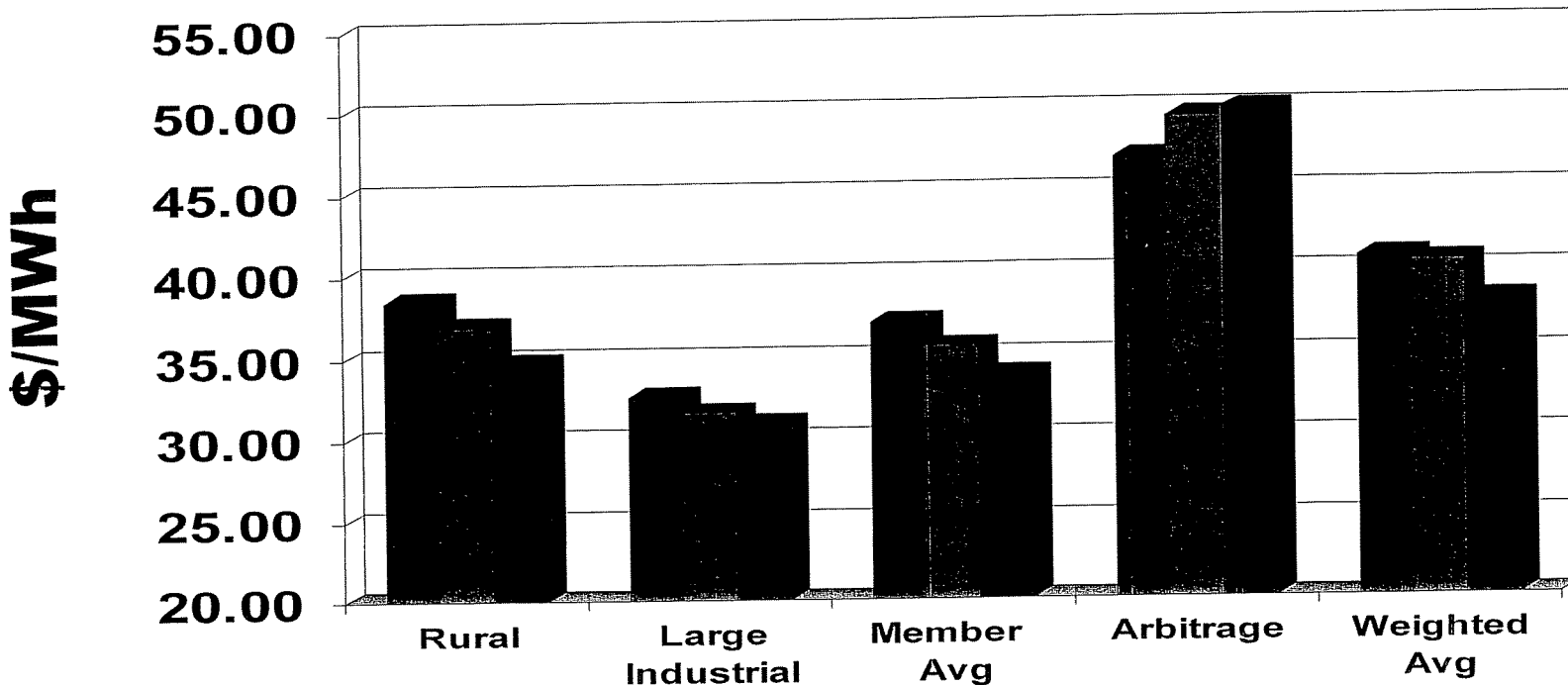
MWh Sales January



Actual 2009	229,833	73,052	183,203	486,088
Budget	228,831	79,831	171,346	480,008
Actual 2008	249,800	76,291	119,711	445,802

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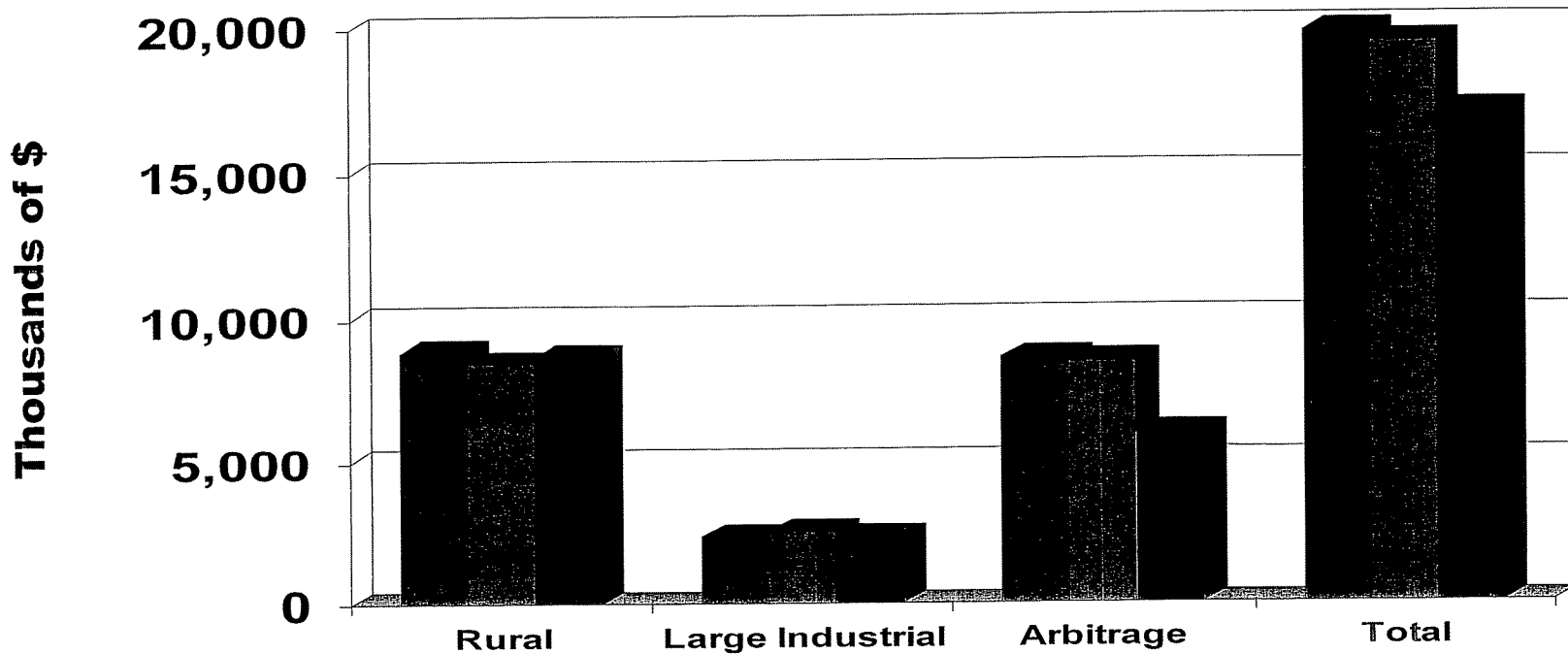
Revenue - \$/MWh Sold January



	Rural	Large Industrial	Member Avg	Arbitrage	Weighted Avg
Actual 2009	38.51	32.52	37.06	46.99	40.81
Budget	36.95	31.62	35.57	49.49	40.54
Actual 2008	34.68	30.95	33.81	49.97	38.15

Revenue January

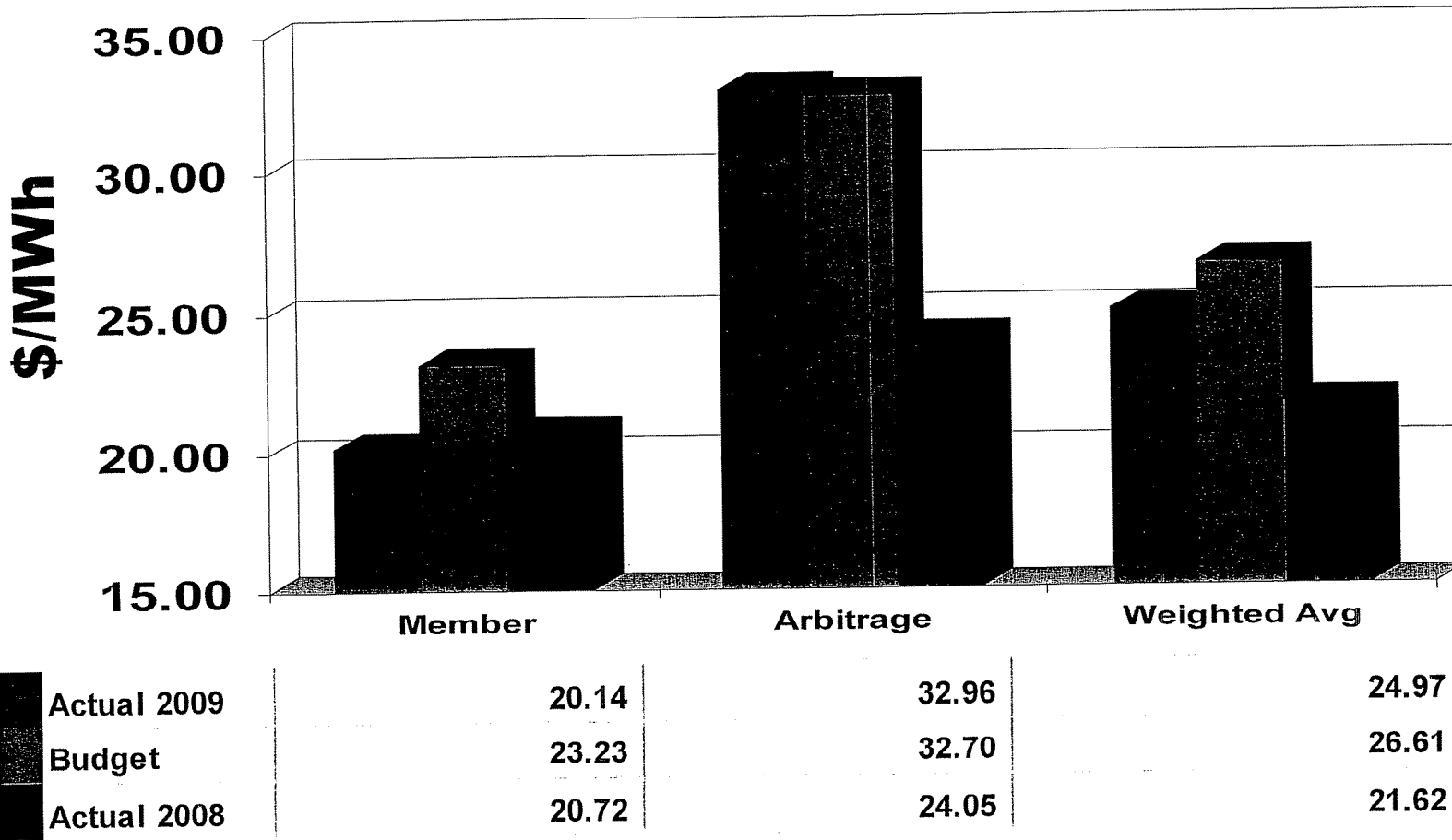
(Dollars in Thousands)



Actual 2009	8,850	2,376	8,609	19,835
Budget	8,455	2,524	8,480	19,459
Actual 2008	8,664	2,361	5,982	17,007

Power Cost - \$/MWh Sold January

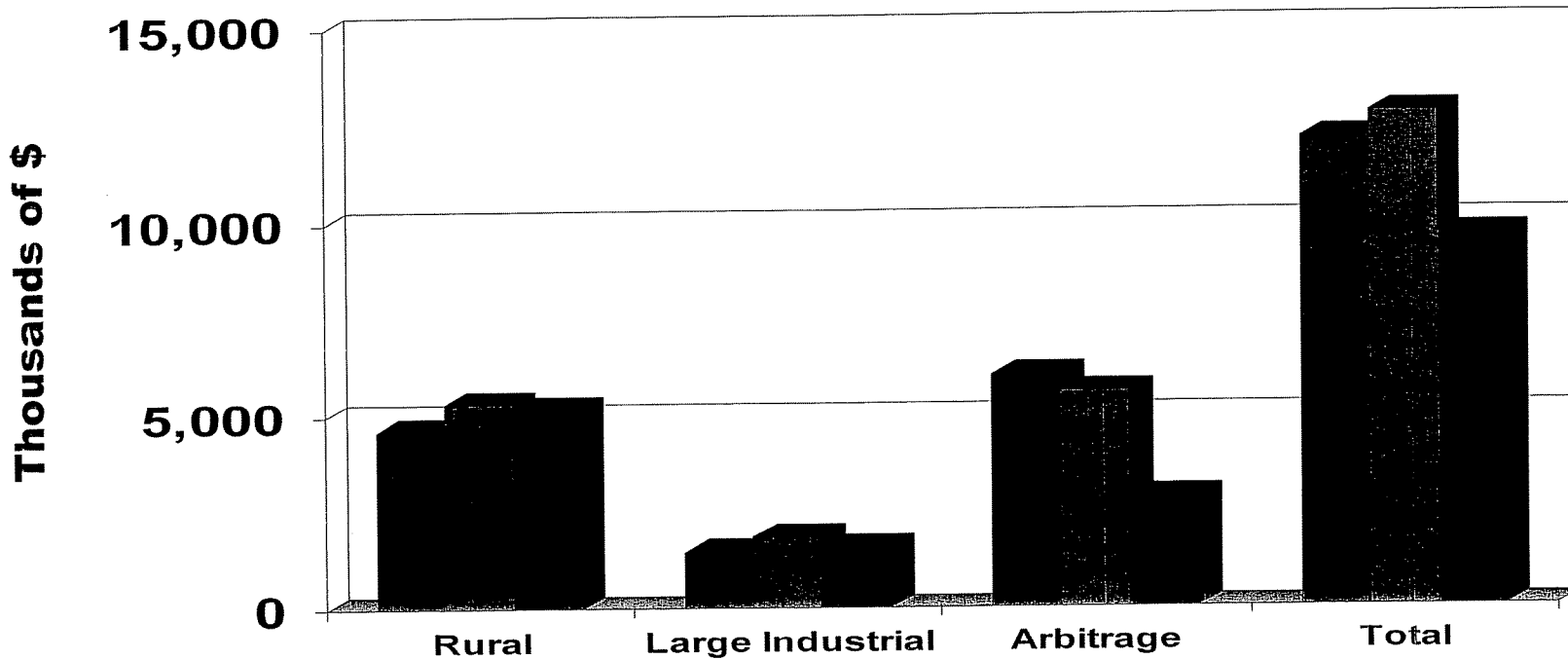
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Power Cost

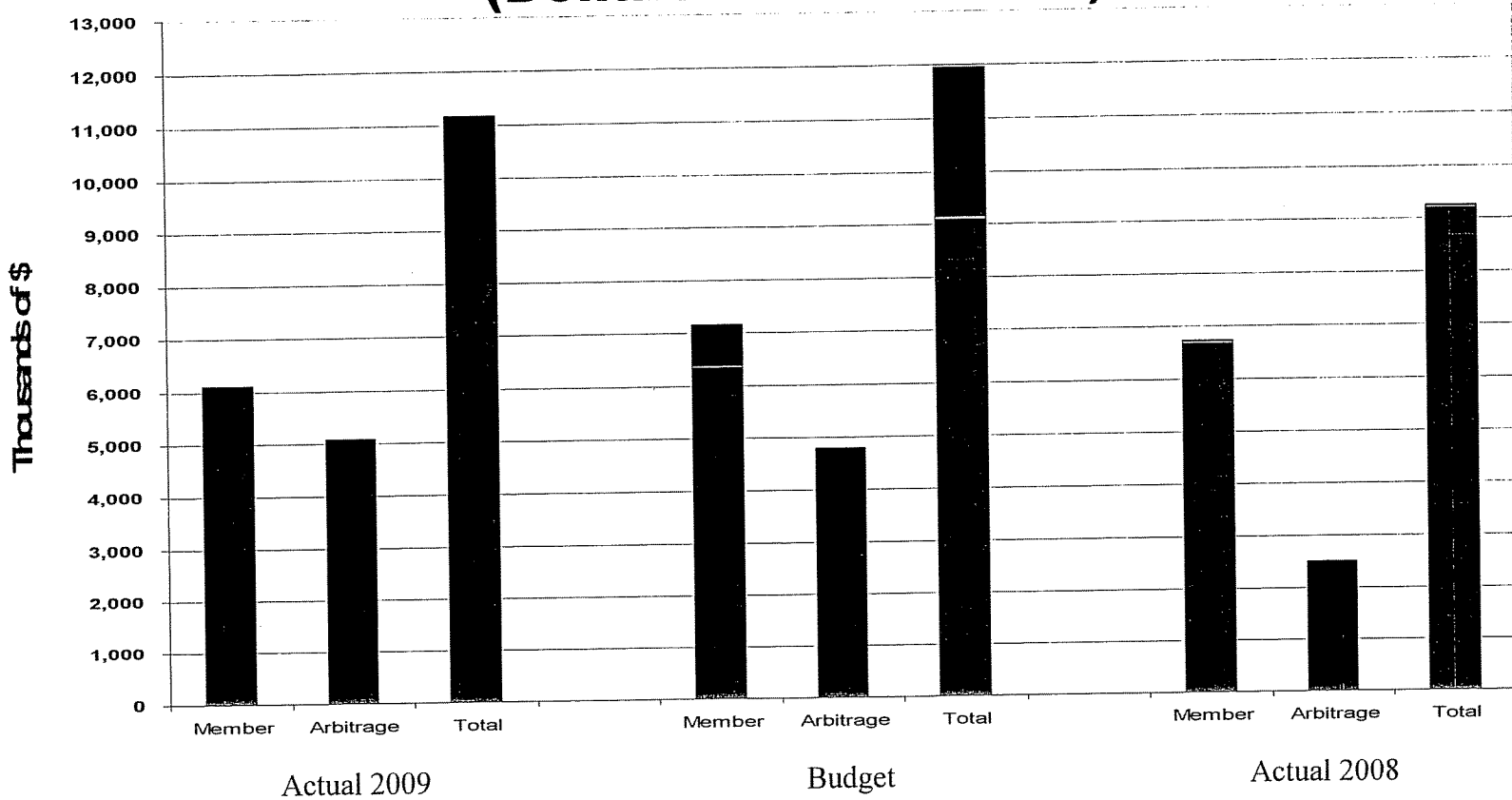
January

(Dollars in Thousands)



Actual 2009	4,629	1,471	6,039	12,139
Budget	5,315	1,854	5,604	12,773
Actual 2008	5,177	1,581	2,879	9,637

Sources & Distribution of Energy January (Dollars in Thousands)



Market
 Domtar
 SEPA
 LEM
 Total

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Your Trustworthy Energy Cooperative

Member - Non-Member Purchased Power Allocation

January

(Dollars in Thousands)

	Actual 2009	Budget 2009	Actual 2008
<u>Purchases for Members</u>			
SEPA Power	878	540	529
Domtar Cogen Green Power	0	41	41
Market Power Applied to Members	17	800	26
LEM Power Applied to Members	5,205	5,788	6,149
Member Purchased Power	6,100	7,169	6,745
Other Costs:			
LEM Ancillaries & Other	0	0	13
Total Purchased Power Applied to Members	6,100	7,169	6,758
<u>Purchases For Non-Members</u>			
Market Power Applied to Non-Members	2,031	2,018	0
LEM Power Applied to Non-Members	3,040	2,763	2,518
Non-Member Purchased Power	5,071	4,781	2,518
Other Costs:			
Domtar Reservation Fee/Energy Imbalance/Curtailment	114	90	95
ACES/ICE/PJM/CFC Letter of Credit Fees	103	106	117
MISO Charges for Smelters	123	0	0
Revenue Meter Retrieval Expenses	4	6	4
Arbitrage Transmission Revenue Offset	624	621	145
Total Purchased Power Applied to Non-Members	6,039	5,604	2,879
<u>Total Purchased Power</u>			
SEPA Power	878	540	529
Domtar Cogen Green Power	0	41	41
Arbitrage Power	2,048	2,818	26
LEM Power	8,245	8,551	8,667
Purchased Power Total	11,171	11,950	9,263
Total Other Costs	968	823	374
Total Purchased Power	12,139	12,773	9,637

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Member - Non-Member Purchased Power Allocation

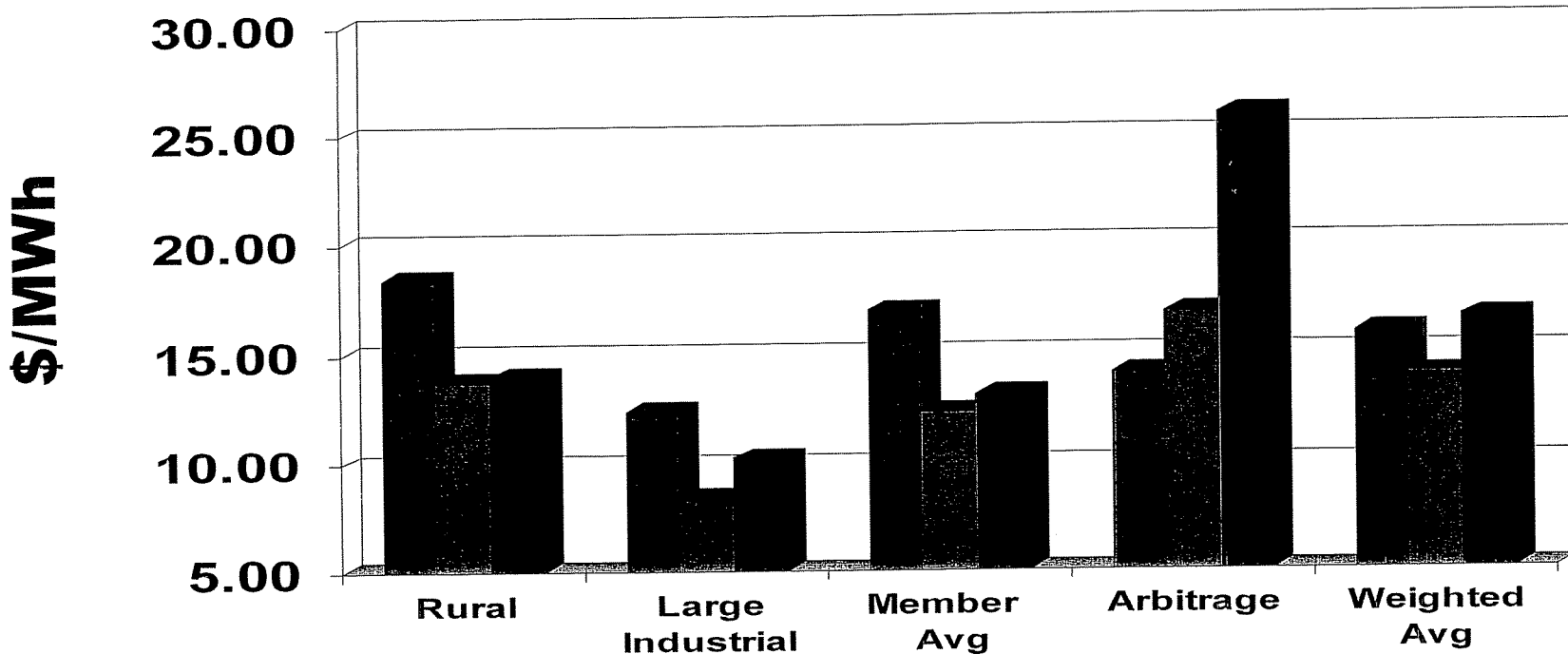
**January
MWh**

	Actual 2009	Budget 2009	Actual 2008
<u>MWh Purchases for Members</u>			
SEPA Power	48,689	22,037	22,037
Domtar Cogen Green Power	0	744	744
Market Power Applied to Members	309	4,000	431
LEM Power Applied to Members	256,055	284,370	306,373
Total Purchased Power MWh Applied to Members	<u>305,053</u>	<u>311,151</u>	<u>329,585</u>
<u>MWh Purchases for Non-Members</u>			
Market Power Applied to Non-Members	37,446	37,200	0
LEM Power Applied to Non-Members	146,802	135,528	120,993
Total Purchased Power MWh Applied to Non-Members	<u>184,248</u>	<u>172,728</u>	<u>120,993</u>
<u>Total Purchased Power MWh</u>			
SEPA Power	48,689	22,037	22,037
Domtar Cogen Green Power	0	744	744
Market Power	37,755	41,200	431
LEM Power	402,857	419,898	427,366
Total Purchased Power MWh	<u>489,301</u>	<u>483,879</u>	<u>450,578</u>

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Sales Margin - \$/MWh Sold January

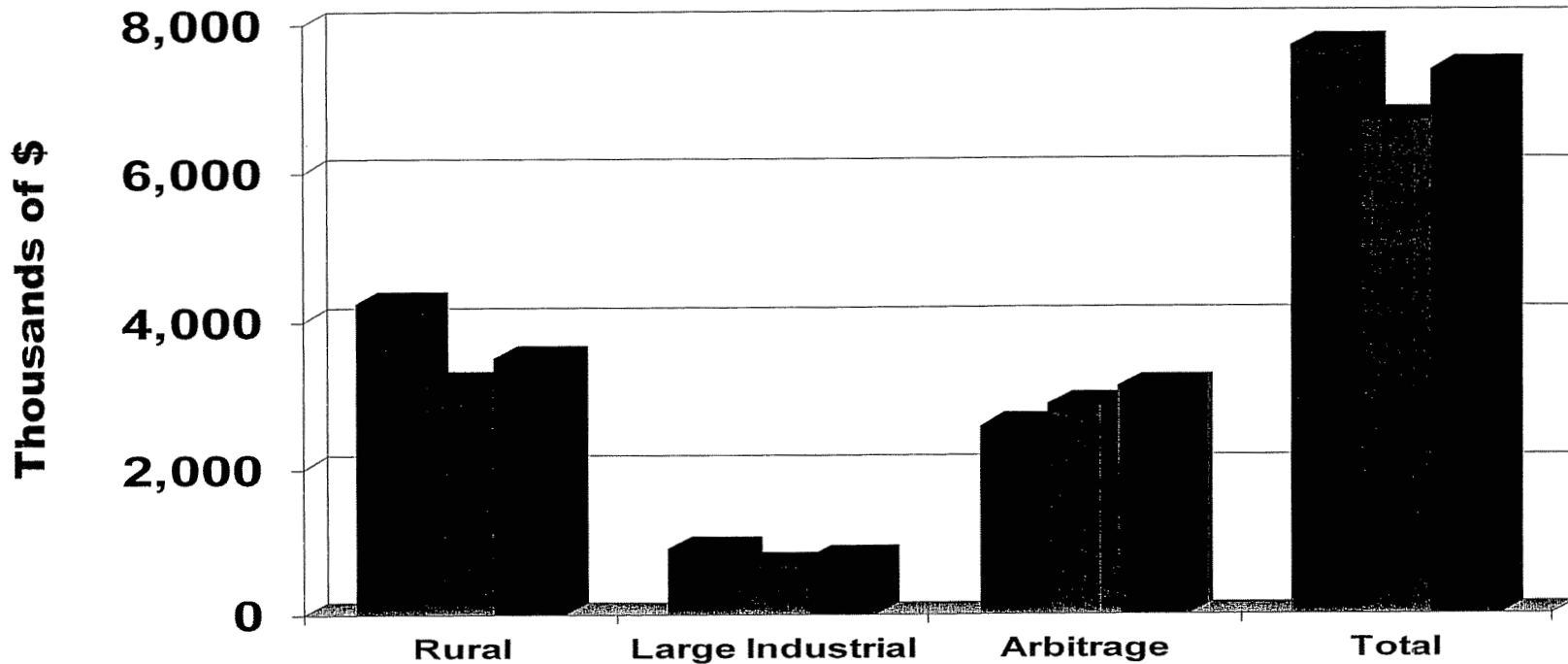
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	Rural	Large Industrial	Member Avg	Arbitrage	Weighted Avg
Actual 2009	18.37	12.38	16.92	14.03	15.84
Budget	13.72	8.39	12.34	16.79	13.93
Actual 2008	13.96	10.23	13.08	25.92	16.53

Sales Margin January

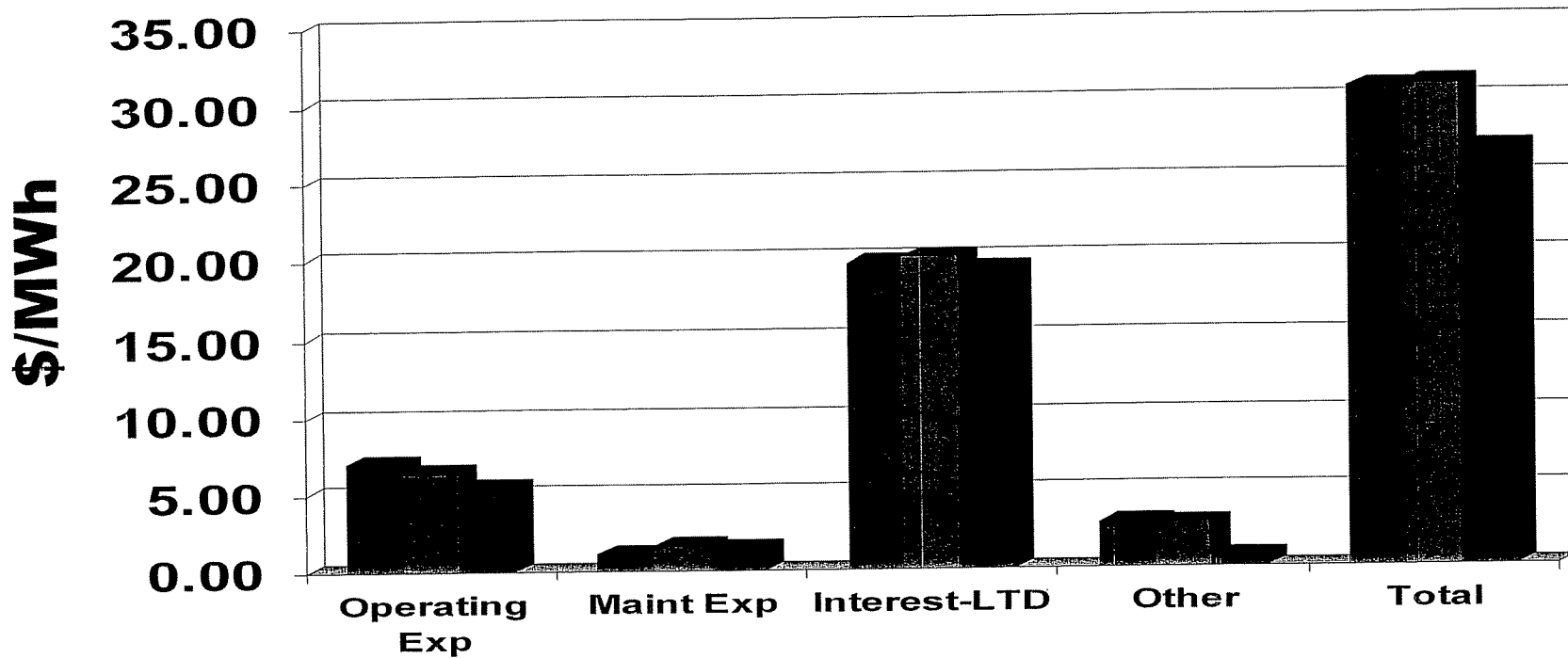
(Dollars in Thousands)



Actual 2009	4,221	905	2,570	7,696
Budget	3,140	670	2,876	6,686
Actual 2008	3,487	780	3,103	7,370

Total Cost of Electric Service (minus Power Cost) - \$/MWh Sold January

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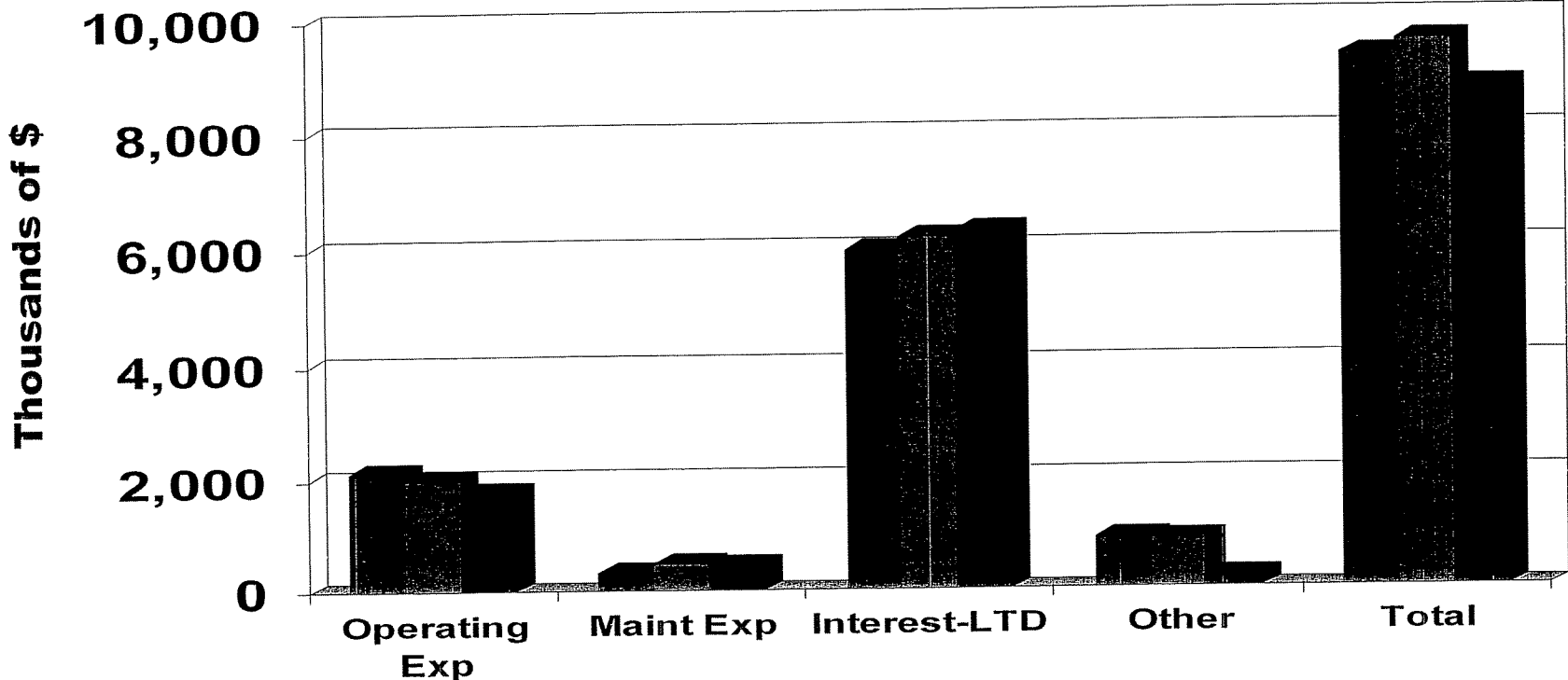





	Operating Exp	Maint Exp	Interest-LTD	Other	Total
Actual 2009	7.02	1.13	19.72	2.94	30.81
Budget	6.46	1.59	20.07	2.87	30.99
Actual 2008	5.50	1.43	19.24	0.66	26.83

Total Cost of Electric Service (minus Power Cost)

January

(Dollars in Thousands)



 Actual 2009	2,127	343	5,974	888	9,332
 Budget	1,993	491	6,196	886	9,566
 Actual 2008	1,794	466	6,275	215	8,750

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Other Operating Revenue & Income

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
January	1,291	1,298	814

Actual vs Actual Variance primarily due to:
BREC Power Supply Transmission (Arbitrage) - \$479 more than Actual 2008;
Reservation increase due to 345 KU Interconnection

Operating Expense - Sales

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
January	0	53	47

Actual vs Budget/Actual Variance primarily due to:

Energy Efficiency/Advertising/Promotions - A major program to increase energy efficiency was budgeted, however, the program was delayed due to the ice storm. Scheduled to begin mid-March

Operating Expense – A & G

	Actual	Budget	Actual
	<u>2009</u>	<u>2009</u>	<u>2008</u>
January	1,498	1,271	1,115

Actual vs Budget Variance primarily due to:

Professional Services - \$58 less than Budget; Load Forecast, IRP, Stanley Consultants

PC Software - \$278 more than Budget; Microsoft Licensing-timing, budgeted for March

Actual vs Actual Variance primarily due to:

Professional Services - \$68 more than Actual 2008; Unwind; Wage Salary/Benefit Admin expenses (timing)

PC Software - \$278 more than Actual 2008; Microsoft Licensing-timing, 2008 expense paid in February

IS Maintenance - \$145 more than Actual 2008; GIS allocation, changes offset in General Plant Maintenance

Dues & Assessments - \$90 less than Actual 2008 (timing); Touchstone Energy, NERC, Transmission Owners & Operators Forum

Maintenance Expense-Transmission

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
January	332	464	303

Actual vs Budget Variance primarily due to:

Labor - \$79 more than Budget; increased overtime due to ice storm; less construction labor

Brush Control - \$86 less than Budget; behind schedule due to weather conditions

Pole Treatment - \$17 less than Budget; behind schedule due to weather conditions

Line/Substation Maintenance - \$75 less than Budget; less substation maintenance than anticipated & weather conditions

Service Agreements - \$20 less than Budget; timing of work performed (Doble, Fujitsu, Sycamore DACS)

Interest on Long-Term Debt

	Actual <u>2009</u>	Budget <u>2009</u>	Actual <u>2008</u>
Sale-Leaseback - January	88	88	1,120
Other - January	5,886	6,108	5,155
January	5,974	6,196	6,275

Actual vs Budget Variance primarily due to:

P.C. Bonds - \$223 less than Budget; Average variable interest rate 12.16% Actual 2009 vs 14.01% Budget

Actual vs Actual Variance primarily due to:

P.C. Bonds - \$906 more than Actual 2008; Average variable interest rate 12.16% Actual 2009 vs 4.66% Actual 2008
 New RUS Note - \$181 less than Actual 2008; Less Outstanding Balance
 Defeased Sale/Leaseback - \$1,032 less than Actual 2008; PMCC/Bank of America Buyouts

Interest Expense Charged to Construction-Credit

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
January	(14)	(44)	(63)

Actual vs Budget Variance primarily due to:

Construction Projects behind schedule due to condemnation proceedings & bad weather, \$19 less than Budget

Reconductor Line 6-A - project suspended, \$11 less than Budget

Actual vs Actual Variance primarily due to:

Projects completed in 2008 including KU Interconnection, Skillman-Meade County 161kV Line, Digital Microwave Radio System

Other Deductions

	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
January	342	365	(240)

Actual vs Actual Variance primarily due to:

Defeased Sale/Leaseback - PMCC/Bank of America Buyouts; \$580 more than Actual 2008

Interest Income


	<u>Actual</u> <u>2009</u>	<u>Budget</u> <u>2009</u>	<u>Actual</u> <u>2008</u>
General Fund-January	16	37	498
Sale-Leaseback-January	0	0	1,090
January	16	37	1,588

Actual vs Actual Variance primarily due to:

**General Fund - \$482 less than Actual 2008; decrease in interest rates; less cash available for investment due to PMCC/Bank of America buyouts
.83% Actual 2009 avg vs 4.31% Actual 2008 avg**

Sale-Leaseback - \$1,090 less than Actual 2008; PMCC/Bank of America buyouts



Your Touchstone Energy® Cooperative 

Transmission System Construction Work Plan

For the period:
2009-2011

December 2008

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1. INTRODUCTION

Big Rivers Electric Corporation is a generation and transmission cooperative headquartered in Henderson, Kentucky. Big Rivers provides the electrical needs of three member cooperatives, which in turn sell electricity to approximately 111,000 consumers in twenty-two western Kentucky counties. These distribution cooperatives are:

Kenergy Corp
Jackson Purchase Energy Corporation
Meade County Rural Electric Cooperative Corporation

This construction work plan identifies transmission system improvements required to continue satisfactory and reliable service to Big Rivers' member systems. Four separate areas of study or analysis are included: (1) transmission system, (2) reliability analysis, (3) distribution cooperative additions, and (4) short circuit analysis. This plan covers the three-year period from 2009 to 2011.

For study and reporting purposes, the Big Rivers system is broken down into three geographical study areas. These areas, in general, correspond to the service territories of the three member cooperatives.

2. EXECUTIVE SUMMARY (RUS PROJECT DESCRIPTION/ENVIRONMENTAL STATEMENT)

The following table lists the improvements that resulted from the studies and economic analyses. This table includes a description of the improvements, the approximate year the improvements are expected to be required, and the estimated cost of the improvements in 2009 dollars. More detailed discussions of these improvements can be found in sections 4, 6, 7, and 8 of this report.

KENERGY AREA

PROJECT NO. 904 – WILSON SUBSTATION 161/69 kV TRANSFORMER (PD): The project involves the installation of a new 161/69 kV transformer in the existing Wilson substation. The transformer is expected to be installed during 2010 at an estimated cost of \$2,800,000. Since a physical expansion of this existing substation will not be necessary to complete this project, no additional land will be acquired or disturbed. It is expected that this project description and work plan report provide adequate information to classify the project as a categorical exclusion pursuant to 7 CFR 1794.21. No further environmental documentation for this project will be submitted provided the project is constructed as described here.

PROJECT NO. 813 – 6 MILE 69 KV WILSON TO CENTERTOWN LINE (ER): The project involves 6 miles of new right-of-way. The project is required to provide the necessary voltage support to the Centertown area. The route for this circuit will be rural. The project is expected to be completed in 2010 at an estimated cost of \$1,650,000. A site-specific environmental report will be submitted and subsequently approved by RUS for this project prior to the initiation of the project construction to allow the project to be eligible for RUS financing.

MAINTENANCE – REPLACE THE EXISTING SOUTH DERMONT 69 KV SWITCH WITH A RADIO CONTROLLED MOTOR OPERATED SWITCH: The project involves upgrading the existing switch with a radio controlled switch to allow greater operational flexibility. This will allow the South Dermont load to be normally served from the Horse Fork line in order to provide improved voltage support. This maintenance item requires no additional land or right-of-way and is expected to be completed within an existing easement with minimal disturbance. As a result, no further RUS documentation will be submitted.

MAINTENANCE – REPLACE THE EXISTING TWO-WAY HORSE FORK 69 KV SWITCH WITH MULTIPLE ONE-WAY SWITCHES: The project involves upgrading the existing switch with multiple one-way switches to allow greater operational flexibility. Specifically, this upgrade schedule to be completed in 2009 will allow the South Owensboro to Horse Fork Tap line to be cleared without an outage of the Daviess County to Horse Fork 69 kV circuit. This maintenance item requires no additional land or right-of-way and is expected to be completed within an existing easement with minimal disturbance. As a result, no further RUS documentation will be submitted.

JACKSON PURCHASE AREA

MAINTENANCE – UPGRADE THE 3.2 MILE LIVINGSTON COUNTY TO DOVER 69

KV LINE (PD): The project involves upgrading the existing 3.2 mile 69 kV circuit to allow operation at 212 degrees F. This maintenance item requires no additional land or right-of-way and is expected to be completed within an existing easement with minimal disturbance. As a result, no further RUS documentation will be submitted. This project will be scheduled, estimated, and budgeted once the final CoalTek plans are known.

MAINTENANCE – UPGRADE THE 4.4 MILE PALMA JUNCTION TO CULP

JUNCTION 69 KV LINE (PD): The project involves upgrading the existing 4.4 mile 69 kV circuit to allow operation at 212 degrees F. This maintenance item requires no additional land or right-of-way and is expected to be completed within an existing easement with minimal disturbance. As a result, no further RUS documentation will be submitted. This project will be scheduled, estimated, and budgeted once the final CoalTek plans are known.

PROJECT NO. 815 – 7 MILE 69 KV CUMBERLAND TO CALDWELL SPRINGS 69 KV

LINE (ER): This project involves 7 miles of new right-of-way (100 foot width). The project is required to provide a back-up source to the Cumberland, Burna, and Joy substations. The route for this circuit will be rural. The project is expected to be completed in 2010 at an estimated cost of \$1,250,000. A site-specific environmental report will be submitted and subsequently approved by RUS for this project prior to the initiation of the project construction to allow the project to be eligible for RUS financing.

MEADE COUNTY AREA

PROJECT NO. 1016 – RECONDUCTOR 8 MILE MEADE COUNTY TO GARRETT 69

KV LINE (PD): The project involves replacing 8 miles of 3/0 ACSR conductor on an existing 8.5 mile 69 kV circuit with 336 MCM ACSS conductor. The improvement is expected to be completed in 2011 at an estimated cost of \$750,000. No additional land or right-of-way will be acquired as part of this project. It is expected that this project will be completed within an existing easement with minimal disturbance. As a result, this project is expected to have no significant environmental impact. It is expected that this project description and work plan report provide adequate information to classify the project as a categorical exclusion pursuant to 7 CFR 1794.21. No further environmental documentation for this project will be submitted provided the project is constructed as described here.

PROJECT NO. 812 – 3 MILE 69 KV GARRETT AREA TO FLAHERTY TAP LINE

(ER): The project involves 3 miles of new right-of-way (100 foot width). The project is required to provide the necessary voltage support to the Flaherty area. The route for this circuit will be rural. The project is expected to be completed in 2011 at an estimated cost of \$700,000. A site-specific environmental report will be submitted and subsequently approved by RUS for this project prior to the initiation of the project construction to allow the project to be eligible for RUS financing.

PROJECT NO. 814 – 3 MILE 69 KV CIRCUIT TO SOURCE A NEW

PAYNEVILLE/EKRON AREA DELIVERY POINT (ER): The project involves 3 miles of new right-of-way (100 foot width). The project is required to provide a transmission source to a planned delivery point. The route for this circuit will be rural. The project is expected to be completed in 2011 at an estimated cost of \$700,000. A site-specific environmental report will be submitted and subsequently approved by RUS for this project prior to the initiation of the project construction to allow the project to be eligible for RUS financing.

BULK SYSTEM

PROJECT NO. 1018 – RE-CONDUCTOR 3.4 MILE COLEMAN TO NEWTONVILLE

161 KV LINE (PD): The upgrade of this 6.4 mile interconnection is a joint effort involving Big Rivers and Hoosier Energy. The Big Rivers portion involves replacing the 3.4 miles of 795 ACSR conductor owned by Big Rivers with 795 MCM ACSS conductor capable of higher operating temperatures. The Hoosier Energy portion was completed in 2008. The Big Rivers portion of the improvement is expected to be completed during 2009 at an estimated cost of \$640,000. No additional land or right-of-way will be acquired as part of this project. It is expected that this project will be completed within an existing easement with minimal disturbance. As a result, this project is expected to have no significant environmental impact. It is expected that this project description and work plan report provide adequate information to classify the project as a categorical exclusion pursuant to 7 CFR 1794.21. No further environmental documentation for this project will be submitted provided the project is constructed as described here.

PHASE II PROJECTS

The following projects are described in the Big Rivers Electric Corporation Bulk Transmission System Assessment dated June 28, 2007 (see Appendix 9). This study was undertaken to determine facility upgrades that are needed in the event Big Rivers regains operational control of its generating stations. If this event does not transpire, the following projects will not be pursued.

PROJECT NO. 1019 – RE-CONDUCTOR BOTH COLEMAN TO COLEMAN EHV 161 KV LINES (COMBINED CIRCUIT LENGTH OF 2.8 MILE) (PD):


The project involves replacing the 795 MCM ACSR conductor on the existing 161 kV circuit with 1590 MCM ACSR conductor or 795 MCM ACSS conductor capable of operating at 1200 Amps. Additional details can be found in the previously published Bulk Transmission Assessment. The improvement is expected to be completed during 2010 at an estimated cost of \$600,000. No additional land or right-of-way will be acquired as part of this project. It is expected that this project will be completed within an existing easement with minimal disturbance. As a result, this project is expected to have no significant environmental impact. It is expected that this project description and work plan report provide adequate information to classify the project as a categorical exclusion pursuant to 7 CFR 1794.21. No further environmental documentation for this project will be submitted provided the project is constructed as described here.

Transmission System Construction Work Plan

2009-2011 Study Summary

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Assumptions

- **Studies performed with peak loads for:**
 - 2011 summer
 - 2011/12 winter
 - 2011 summer extreme weather
- **Individual outages studied:**
 - All transmission lines
 - All transformers
 - All generators
 - Single generating unit plus one line or transformer




Load Forecasts

COMPANY	2011 S	2011/12 W	11 S EXTREME
JACKSON PURCHASE	167	144	177
KENERGY CORP.	305	273	323
MEADE CO. RECC	111	129	123
RURAL TOTAL	583	547	623
INDUSTRIAL	184	183	187
SUBTOTAL	767	729	809
SMELTER	850	850	858
TOTAL	1,617	1,579	1,667

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Your Touchstone Energy® Cooperative 



Projects – Jackson Purchase Area


- **NEW**

- 3.2 mile Livingston County to Dover 69 kV line upgrade (as needed)
- 4.4 mile Palma Junction to Culp Junction 69 kV line upgrade (as needed)
- 7 mile Cumberland to Caldwell Springs 69 kV line (2010) - \$1,250,000

- **FROM PREVIOUS WORK PLAN**

- White Oak Substation
- McCracken County to Olivet Church Road Tap 69 kV line
- Bryan Road to Husbands Road Tap 69 kV line upgrade



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Projects – Kenergy Area


- **NEW**

- 161/69 kV Wilson transformer addition (2010) - \$2,800,000
- 6 mile Wilson to Centertown 69 kV line (2010) - \$1,650,000
- Add radio controlled motor operator to South Dermont switch
- Replace two-way Horse Fork switch with multiple one-way switches

- **FROM PREVIOUS WORK PLAN**

- Hancock County to Lewisport 69 kV line upgrade
- 30 MVAR 69 kV capacitor addition at Hancock County



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Projects – Meade County Area

- **NEW**
 - Re-conductor 8 mile Meade Co. to Garrett 69 kV line (2011) - \$750,000
 - 3 mile Garrett area to Flaherty Tap 69 kV line (2011) - \$700,000
 - 3 mile 69 kV line for new delivery point (2011) - \$700,000

- **FROM PREVIOUS WORK PLAN**
 - Falls of Rough to McDaniels 69 kV line



Projects – Bulk Transmission System

- **NEW**


- Re-conductor 3.4 mile Coleman to Newtonville 161 kV line (2009) - \$640,000

- **FROM PREVIOUS WORK PLAN**

- Reid to Daviess County 161 kV line re-conductor (complete)

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Projects – Phase II

- Re-conductor both Coleman to Coleman EHV 161 kV lines, combined circuit length of 2.8 miles (2010) - \$600,000
- 13 mile 161 kV circuit from Wilson to a new tap point on the Hardinsburg to Paradise line (2010) - \$4,700,000
- Re-conductor 8 mile 161 kV circuit from the new tap point to Paradise (2010) - \$1,100,000
- 161 kV Wilson terminal (2010) - \$1,100,000
- 161 kV Paradise terminal upgrade (2010) - \$1,000,000



CWP Actions

- Distribution cooperative staff review


Jackson Purchase – January 8, 2009

Kenergy – December 18, 2008

Meade County – January 15, 2009

- Board approval – requested March 2009
- RUS technical review – following board approval



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Per Feb. 20, 2009 Board Meeting

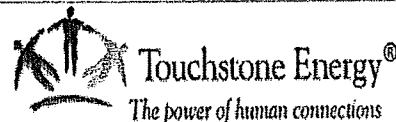
Cash -

Millions of \$


Your Touchstone Energy® Cooperative

2009 Budget - 12/31/2009	0.4
<u>Adjustments:</u>	
Proposed Rate Increase	16.6
Electric Energy Sales, Net	(7.6)
Interest Expense	(7.6)
Incremental Environmental O&M	(2.0)
PCB Refunding Cost	5.9
CapX	3.4
All Other	1.8
Revised	10.9
<u>1/4/2010:</u>	
WKEC Lease Payment	2.6
Non-Incremental Capital Cost	(0.6)
New RUS Note	(15.8)
	(13.8)
Shortfall	(2.9)
Cost Cutting/Deferral	12.9
Balance	10.0
<u>Does not reflect:</u>	
25% Unwind Cost-Share	
Winter Storm Impact	
Cash Working Capital above \$10 million	
Other Potential Claims (E.ON, Smelter, etc.)	

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Your Touchstone Energy® Cooperative 

2009 Budget - Cost-Deferral/Cost-Containment

Operation and Maintenance Expense	4,402,240
Capital	1,146,050
Construction	<u>8,751,957</u>
Total	14,300,247

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Operations and Maintenance

Marketing/Member Relations - Energy Incentives	950,000
Various Departments - Professional Services	808,000
Transmission - Brush Control	760,000
Energy Services - Administrative Labor	231,610
External Relations - Environmental Services	200,000
Transmission - Substation Maintenance	200,000
External Relations/Mktg/Mbr Relations - Dues & Assessments	182,000
Various Departments - Reimbursable Expenses	178,280
Various Departments - Conferences and Seminars	95,150
Marketing/Member Relations - Advertising/Promotion	75,000
Marketing/Member Relations - Incentives	50,000
Various Departments - Technical Training	46,750
Information Systems - Maintenance Contracts	46,500
Various Departments - Meals	43,980
Marketing/Member Relations - Goodwill/ Institutional Advertising	43,400
Transmission - Contractors	40,000
External Relations - Document Development and Reproduction	40,000
Information Systems - Unwind Costs	36,000
Human Resources - Recruiting Expense	25,900
Various Departments - Educational Reimbursement	25,000
All Other - Company-Wide	324,670
	4,402,240



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Your Touchstone Energy® Cooperative

Capital

Go Tract Vehicle -- Replacement	450,000
DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000
Hot Oil Spray Transformer Dryout System	110,000
Personal Computers--27 Desktops - (22 Replacements; 2 New)	50,100
3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258	35,000
Uninterruptible Power Supply (UPS) Replacement	30,000
1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262	27,000
1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285	27,000
Laptop Computers (6 Replacements; 1 New)	21,500
Cisco Network Equipment & Switch Upgrades	20,000
Servers, Firewalls, Switches, Computer Equipment	20,000
Autocad Upgrade	20,000
Office Furniture	16,000
All Other	29,450
	<hr/>
	1,146,050

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Construction

Two Way Radio System	5,167,892
White Oak Substation	1,816,398
Coleman to Newtonville 161kV Reconductor	513,180
Falls of Rough-McDaniels 69 kV Line	465,193
Hancock 69kV Capacitor Bank	317,135
Cumberland-Caldwell Springs Tap 69 kV Line	146,520
Wilson 69kV Line to Centertown	117,716
Horse Fork Tap 69kV Switch Modification	58,114
McCracken Co RTU Replacement	38,817
Reid 69kV RTU Replacement	38,644
Replace Three (3) MIOD Operators at Dover	27,002
Replace Substation Security Fence at Hardinsburg Substation	26,676
Add Gravel to Meade County Substation	14,652
Daviess Co Airport Line Reroute	4,018

8 Jan 2019
- 1m of 2019
- 1m of 2019

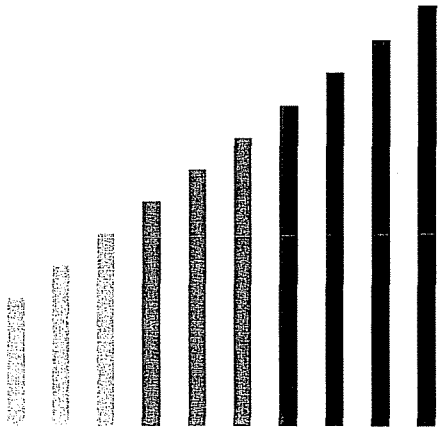
8,751,957

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ARBITRAGE REPORT

FEBRUARY, 2009





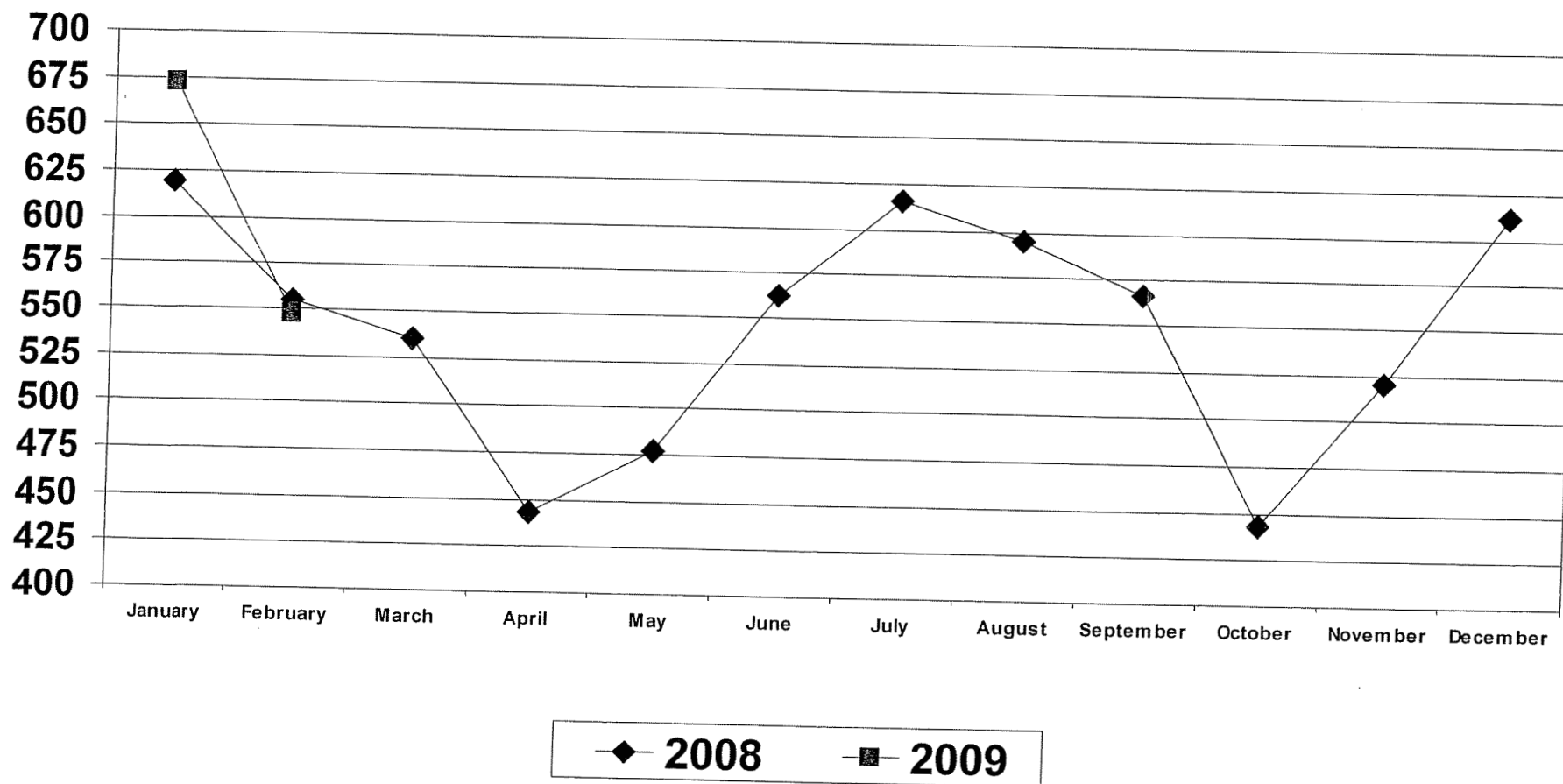
BUDGET VARIANCE

MONTH	BUDGET	ACTUAL	VARIANCE	
January	3,317,006	3,020,553*	(296,453)	
February	2,913,274	3,450,147*	536,873	EST
March	3,578,597			
April	3,797,369			
May	3,324,590			
June	2,962,531			
July	3,158,566			
August	2,590,238			
September	2,730,766			
October	3,612,767			
November	3,238,873			
December	3,508,117			
Y-T-D	6,230,280	6,470,700	240,420	

*\$475,000 in estimated margins lost due to concessions to smelters.

BIG RIVERS' PEAK

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Big Rivers Electric Corporation

2008 Report to the Board of Directors

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Deloitte & Touche LLP

March 19, 2009

This report is intended solely for the information and use of the board of directors, management, and others in the Company. It is not intended to be and should not be used by anyone other than these specified parties.

Audit • Tax • Consulting • Financial Advisory.



Agenda

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Liquidity Considerations	8
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Our Responsibility

- Our responsibility under auditing standards generally accepted in the United States of America (“GAAS”) and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States has been described to you in our engagement letter dated October 3, 2008. As described in that letter, the objective of a financial statement audit conducted in accordance with such standards is to express an opinion on the fairness of the presentation of Big Rivers Electric Corporation’s (“the Company”) financial statements in conformity with accounting principles generally accepted in the United States of America, in all material respects.
- Our responsibilities under the standards noted above include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Directors are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Board of Directors of their responsibilities.
- We considered the Company’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

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Audit Status

- We are substantially complete with the audit of the financial statements of Big Rivers Electric Corporation as of and for the year ended December 31, 2008, in accordance with GAAS and will issue the following reports:
 - Independent Auditors' Report on Financial Statements
 - Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance Based on an Audit Performed in Accordance with Government Auditing Standards
 - Independent Auditors' Management Letter Report
 - Management Comment Letter

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Audit Scope

- Our audit scope was outlined in our letter to you dated December 15, 2008, and was not restricted in any way during the course of the audit.
- No significant scope changes resulted from the execution of this audit plan.
- Our auditing procedures addressed the risks identified in our letter; no new risk areas were identified during the course of our audit.

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Management Judgments and Accounting Estimates

- Significant management judgments and accounting estimates reflected in the Company's 2008 financial statements include:
 - **Management Judgments:**
 - FIN 48 uncertain tax positions
 - Net deferred loss on termination of the defeased sale-leasebacks
 - **Accounting Estimates:**
 - Residual lease obligation
 - Estimates for asset retirement obligations
 - Pension and postretirement obligations
 - Income tax valuation allowance
- During the year ended December 31, 2008, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

Significant Unusual Transactions

- In 2008, Big Rivers terminated its defeased sale-leaseback transactions with Bank of America Leasing and Capital, LLC (Trisail Capital Corporation) and Philip Morris Capital Corporation (Bluegrass Leasing).
- As a result of these transactions, Big Rivers has a net deferred loss of approximately \$76 million at December 31, 2008.
- Management believes that this loss has been appropriately deferred and recorded as a regulatory asset within its balance sheet as it is probable that the Company will recover the amount in a future rate proceeding.

Liquidity Considerations

- As a result of payments made in connection with the termination of the defeased sale-leaseback with Philip Morris Capital Corporation, Big Rivers has potential liquidity concerns that will arise in early 2010.
- We have discussed with management its plans to mitigate this concern, which consist of:
 - Closing the unwind of the E.on transaction on the contemplated terms;
 - Receiving approval of its request for rate relief filed on March 3, 2009;
 - Managing capital and operating expenditures and utilizing existing borrowing agreements to generate sufficient cash to meet requirements.
- We focused our discussion and review on the last bullet as such actions are within management's direct control.

Audit Adjustments

- Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. All proposed audit adjustments, whether recorded or not recorded, were reviewed with management and were determined, individually or in the aggregate, not to have a significant effect on the financial reporting process.
- We have attached, as Appendix A, a summary of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Accounting Policies and Practices

- The Company's significant accounting policies are set forth in Note 1 to the Company's 2008 financial statements. During the year ended December 31, 2008, there were no significant changes in previously adopted accounting principles or their application.

- The following sets forth certain of the Company's significant accounting policies for which acceptable alternative accounting policies exist under generally accepted accounting principles:
 - Derivatives – The Company has determined that contracts meeting the definition of a derivative, as defined by SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS No. 133"), qualify for the Normal Purchase Normal Sale exception and have elected to treat these contracts accordingly. Thus, these contracts are not required to be recognized at fair value in the financial statements.

Additional Matters

Other Information in the Annual Report

- We will read the other information in the Company's Annual Report and will inquire as to the methods of measurement and presentation of such information. If we note a material inconsistency or if we obtain any knowledge of a material misstatement of fact in the other information, we will discuss this matter with management and, if appropriate, with the Board of Directors.

Disagreements With Management

- We have not had any disagreements with management related to matters that are material to the Company's 2008 financial statements.

Independence Matters

- We are not aware of any relationships between Deloitte & Touche LLP and its subsidiaries, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates and the Company that, in our professional judgment, may reasonably be thought to bear on our independence;
- In accordance with Yellow Book (Government Auditing Standards), D&T maintained appropriate separation of the audit and tax teams throughout the audit.

Additional Matters (*cont.*)

Consultation With Other Accountants

- We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2008.

Significant Issues Discussed With Management Prior to Our Retention

- Throughout the year, routine discussions were held with management regarding the application of accounting principles or auditing standards in connection with transactions that occurred, transactions that were contemplated, or reassessment of current circumstances. In our judgment, such discussions were not held in connection with our retention as independent auditors.

Significant Difficulties Encountered in Performing the Audits

- In our judgment, we received the full cooperation of the Company's management and staff and had unrestricted access to the Company's senior management in the performance of our audits.

Appendix A – Audit Adjustments

- D&T noted two errors in the current year with respect to the Incremental Construction Work In Process accounts for property additions by Western Kentucky Energy, the net of which would have had the effect of reducing Big Rivers' Property balance and Residual Value Liability balance by \$569,169 as of 12/31/2008 had the Company elected to record the entries.
- D&T noted that the return of investment on Big Rivers' patronage capital investment in CFC should be recorded in the cash flow statement in operating activities instead of investing activities. The effect would decrease cash flow from operating activities and increase cash flow from investing activities by \$400,780.

Deloitte.

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Member of
Deloitte Touche Tohmatsu

DRAFT

Big Rivers Electric Corporation

Financial Statements as of December 31, 2008
and 2007, and for Each of the Three Years in the
Period Ended December 31, 2008, and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Rivers Electric Corporation:

We have audited the accompanying balance sheets of Big Rivers Electric Corporation (the "Company") as of December 31, 2008 and 2007, and the related statements of operations, equities (deficit), and of cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Rivers Electric Corporation as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated _____, 2009, on our consideration of Big Rivers Electric Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

_____, 2009

BIG RIVERS ELECTRIC CORPORATION**BALANCE SHEETS****AS OF DECEMBER 31, 2008 AND 2007****(Dollars in thousands)**

	2008	2007
ASSETS		
UTILITY PLANT — Net	\$ 912,699	\$ 911,634
RESTRICTED INVESTMENTS UNDER LONG-TERM LEASE	-	192,932
OTHER DEPOSITS AND INVESTMENTS — At cost	4,693	4,240
CURRENT ASSETS:		
Cash and cash equivalents	38,903	148,914
Accounts receivable	20,464	26,683
Materials and supplies inventory	756	768
Prepaid expenses	450	131
Total current assets	60,573	176,496
DEFERRED LOSS FROM TERMINATION OF SALE-LEASEBACK	76,001	-
DEFERRED CHARGES AND OTHER	20,470	28,856
TOTAL	<u>\$ 1,074,436</u>	<u>\$ 1,314,158</u>
EQUITIES (DEFICIT) AND LIABILITIES		
CAPITALIZATION:		
Equities (deficit)	\$ (154,602)	\$ (174,137)
Long-term debt	987,349	1,022,345
Obligations related to long-term lease	-	183,891
Total capitalization	832,747	1,032,099
CURRENT LIABILITIES:		
Current maturities of long-term obligations	51,771	39,392
Purchased power payable	9,336	13,038
Accounts payable	5,832	4,932
Accrued expenses	3,134	3,014
Accrued interest	8,018	7,811
Total current liabilities	78,091	68,187
DEFERRED CREDITS AND OTHER:		
Deferred lease revenue	10,955	15,537
Deferred gain on sale-leaseback	-	53,480
Residual value payments obligation	145,145	141,370
Other	7,498	3,485
Total deferred credits and other	163,598	213,872
COMMITMENTS AND CONTINGENCIES (see note 13)		
TOTAL	<u>\$ 1,074,436</u>	<u>\$ 1,314,158</u>

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION**STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006
(Dollars in thousands)**

	2008	2007	2006
POWER CONTRACTS REVENUE	\$ 214,758	\$ 271,605	\$ 200,692
LEASE REVENUE	<u>58,423</u>	<u>58,265</u>	<u>57,896</u>
Total operating revenue	<u>273,181</u>	<u>329,870</u>	<u>258,588</u>
OPERATING EXPENSES:			
Operations:			
Power purchased and interchanged	114,643	169,768	114,516
Transmission and other	28,600	27,196	21,684
Maintenance	4,258	4,240	3,652
Depreciation and amortization	<u>31,041</u>	<u>30,632</u>	<u>30,408</u>
Total operating expenses	<u>178,542</u>	<u>231,836</u>	<u>170,260</u>
ELECTRIC OPERATING MARGIN	<u>94,639</u>	<u>98,034</u>	<u>88,328</u>
INTEREST EXPENSE AND OTHER:			
Interest	65,719	60,932	60,754
Interest on obligations related to long-term lease	6,991	9,919	9,505
Amortization of loss from termination of long-term lease	811	-	-
Income tax expense	5,934	-	-
Other — net	<u>123</u>	<u>103</u>	<u>111</u>
Total interest expense and other	<u>79,578</u>	<u>70,954</u>	<u>70,370</u>
OPERATING MARGIN	<u>15,061</u>	<u>27,080</u>	<u>17,958</u>
NONOPERATING MARGIN:			
Interest income on restricted investments under long-term lease	8,742	12,481	12,069
Interest income and other	<u>4,013</u>	<u>7,616</u>	<u>4,515</u>
Total nonoperating margin	<u>12,755</u>	<u>20,097</u>	<u>16,584</u>
NET MARGIN	<u>\$ 27,816</u>	<u>\$ 47,177</u>	<u>\$ 34,542</u>

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION**STATEMENTS OF EQUITIES (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006
(Dollars in thousands)**

	Total Equities (Deficit)	Accumulated Deficit	Other Equities		Accumulated Other Comprehensive Income
			Donated Capital and Memberships	Consumers' Contributions to Debt Service	
BALANCE — December 31, 2005	\$(251,913)	\$(256,358)	\$764	\$3,681	\$ -
Net margin / total comprehensive income	<u>34,542</u>	<u>34,542</u>	-	-	-
BALANCE — December 31, 2006	(217,371)	(221,816)	764	3,681	-
Net margin / total comprehensive income	47,177	47,177	-	-	-
FAS 158 adoption	<u>(3,943)</u>	-	-	-	<u>(3,943)</u>
BALANCE — December 31, 2007	(174,137)	(174,639)	764	3,681	(3,943)
Comprehensive income:					
Net margin	27,816	27,816	-	-	-
FAS 158 funded status adjustment	<u>(8,281)</u>	-	-	-	<u>(8,281)</u>
Total comprehensive income	<u>19,535</u>	-	-	-	-
BALANCE — December 31, 2008	<u>\$(154,602)</u>	<u>\$(146,823)</u>	<u>\$764</u>	<u>\$3,681</u>	<u>\$(12,224)</u>

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION**STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006****(Dollars in thousands)**

	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net margin	\$ 27,816	\$ 47,177	\$ 34,542
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization	34,320	33,866	33,592
Increase in restricted investments under long-term lease	(2,502)	(6,242)	(6,040)
Decrease in deferred AMT Income Taxes	5,035	-	-
Amortization of deferred gain on sale-leaseback	(1,998)	(2,900)	(2,882)
Amortization of deferred loss on sale-leaseback	811	-	-
Deferred lease revenue	(4,582)	(1,779)	(4,439)
Residual value payments obligation	(6,748)	(6,591)	(6,187)
Increase in RUS ARVP Note	5,841	5,572	5,313
Increase in New RUS Promissory Note	-	15,761	13,889
Increase in obligations under long-term lease	2,749	6,580	6,356
Changes in certain assets and liabilities:			
Accounts receivable	6,218	(8,934)	(1,398)
Materials and supplies inventory	12	43	(144)
Prepaid expenses	(319)	3,477	(3,517)
Deferred charges	1,871	(2,429)	(694)
Purchased power payable	(3,702)	3,818	(1,513)
Accounts payable	899	1,566	972
Accrued expenses	327	1,033	81
Other — net	(4,940)	(5,465)	(1,170)
Net cash provided by operating activities	61,108	84,553	66,761
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(22,760)	(18,682)	(13,189)
Proceeds from disposition of investments related to sale-leaseback	222,739	-	-
Other deposits and investments	(401)	(424)	(419)
Net cash used in investing activities	199,578	(19,106)	(13,608)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term obligations	(40,838)	(12,676)	(24,274)
Payments upon termination of sale-leaseback	(329,859)	-	-
Net cash used in financing activities	(370,697)	(12,676)	(24,274)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(110,011)	52,771	28,879
CASH AND CASH EQUIVALENTS — Beginning of year	148,914	96,143	67,264
CASH AND CASH EQUIVALENTS — End of year	\$ 38,903	\$ 148,914	\$ 96,143
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	\$ 74,819	\$ 45,600	\$ 47,277
Cash paid for taxes	\$ 1,220	\$ 420	\$ 375

See notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007, AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2008, 2007, AND 2006 (Dollars in thousands)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information — Big Rivers Electric Corporation (“Big Rivers” or the “Company”), an electric generation and transmission cooperative, supplies wholesale power to its three member distribution cooperatives (Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation) under all requirements contracts, excluding the power needs of two large aluminum smelters (the “Aluminum Smelters”), sells surplus power under separate contracts to Kenergy Corp. for a portion of the Aluminum Smelters load, and markets power to nonmember utilities and power marketers. The members provide electric power and energy to industrial, residential, and commercial customers located in portions of 22 western Kentucky counties. The wholesale power contracts with the members extend to January 1, 2023. Rates to Big Rivers’ members are established by the Kentucky Public Service Commission (KPSC) and are subject to approval by the Rural Utilities Service (RUS). The financial statements of Big Rivers include the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, *Accounting for the Effects of Certain Types of Regulation*, which was adopted by the Company in 2003, and gives recognition to the ratemaking and accounting practices of the KPSC and RUS.

In 1999, Big Rivers Leasing Corporation (BRLC) was formed as a wholly owned subsidiary of Big Rivers. BRLC’s principal assets are the restricted investments acquired in connection with the 2000 sale-leaseback transaction discussed in Note 4.

Principles of Consolidation — The financial statements of Big Rivers include the accounts of Big Rivers and its wholly owned subsidiary, BRLC. All significant intercompany transactions have been eliminated.

Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates.

System of Accounts — Big Rivers’ accrual basis accounting policies follow the Uniform System of Accounts as prescribed by the RUS Bulletin 1767B-1, as adopted by the KPSC. These regulatory agencies retain authority and periodically issue orders on various accounting and ratemaking matters.

Revenue Recognition — Revenues generated from the Company’s wholesale power contracts are based on month-end meter readings and are recognized as earned. In accordance with SFAS No. 13, *Accounting for Leases*, Big Rivers’ revenue from the Lease Agreement is recognized on a straight-line basis over the term of the lease. The major components of this lease revenue include the annual lease payments and the Monthly Margin Payments (described in Note 2).

In conjunction with the Lease Agreement, Big Rivers expects to realize the minimum lease revenue for the years ending December 31, as follows:

	Amount
2009	\$ 52,332
2010	52,332
2011	41,291
2012	35,076
2013	35,076
Thereafter	<u>350,756</u>
	<u>\$ 566,863</u>

Utility Plant and Depreciation — Utility plant is recorded at original cost, which includes the cost of contracted services, materials, labor, overhead, and an allowance for borrowed funds used during construction. Replacements of depreciable property units, except minor replacements, are charged to utility plant.

Allowance for borrowed funds used during construction is included on projects with an estimated total cost of \$250 or more before consideration of such allowance. The interest capitalized is determined by applying the effective rate of Big Rivers' weighted-average debt to the accumulated expenditures for qualifying projects included in construction in progress.

In accordance with the terms of the Lease Agreement, the Company generally records capital additions for Incremental Capital Costs and Nonincremental Capital Costs expenditures funded by E.ON U.S. (formerly LG&E Energy Corporation) as utility plant to which the Company maintains title. A corresponding obligation to E.ON U.S. is recorded for the estimated portion of these additions attributable to the Residual Value Payments (see Note 2). A portion of this obligation is amortized to lease revenue over the useful life of those assets during the remaining lease term. For the years ended December 31, 2008 and 2007, the Company has recorded \$10,728 and \$8,359, respectively, for such additions in utility plant. The Company has recorded \$6,748, \$6,591, and \$6,187 in 2008, 2007, and 2006, respectively, as related lease revenue in the accompanying financial statements.

In accordance with the Lease Agreement, and in addition to the capital costs funded by E.ON U.S. (see Note 2) that are recorded by the Company as utility plant and lease revenue, E.ON U.S. also incurs certain Nonincremental Capital Costs and Major Capital Improvements (as defined in the Lease Agreement) for which they forego a Residual Value Payment by Big Rivers upon lease termination. Such amounts are not recorded as utility plant or lease revenue by the Company. At December 31, 2008, the cumulative Nonincremental Capital Costs amounted to \$6,618 (unaudited).

E.ON U.S. has constructed a scrubber (Major Capital Improvement) at Big Rivers' Coleman plant. The scrubber achieved commercial acceptance in January 2007. The project cost \$97,495 (unaudited). No amounts related to this project are recorded in the Company's financial statements.

Depreciation of utility plant in service is recorded using the straight-line method over the estimated remaining service lives, as approved by the RUS and KPSC. The annual composite depreciation rates used to compute depreciation expense were as follows:

Electric plant-leased	1.60%–2.47%
Transmission plant	1.76%–3.24%
General plant	1.11%–5.62%

For 2008, 2007, and 2006, the average composite depreciation rates were 1.85%, 1.85%, and 1.86%, respectively. At the time plant is disposed of, the original cost plus cost of removal less salvage value of such plant is charged to accumulated depreciation, as required by the RUS.

Impairment Review of Long-Lived Assets — Long-lived assets are reviewed as facts and circumstances indicate that the carrying amount may be impaired. This review is performed in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 establishes one accounting model for all impaired long-lived assets and long-lived assets to be disposed of by sale or otherwise. SFAS No. 144 requires the evaluation for impairment involve the comparison of an asset's carrying value to the estimated future cash flows the asset is expected to generate over its remaining life. If this evaluation were to conclude that the carrying value of the asset is impaired, an impairment charge would be recorded based on the difference between the asset's carrying amount and its fair value (less costs to sell for assets to be disposed of by sale) as a charge to operations or discontinued operations.

Restricted Investments — Investments are restricted under contractual provisions related to the sale-leaseback transaction discussed in Note 4. These investments have been classified as held-to-maturity and are carried at amortized cost.

Cash and Cash Equivalents — Big Rivers considers all short-term, highly-liquid investments with original maturities of three months or less to be cash equivalents.

Income Taxes — As a taxable cooperative, Big Rivers is entitled to exclude the amount of patronage allocations to members from taxable income. Income and expenses related to nonmember operations are taxable to Big Rivers. Big Rivers and BRLC file a consolidated Federal income tax return and Big Rivers files a separate Kentucky income tax return.

Patronage Capital — As provided in the bylaws, Big Rivers accounts for each year's patronage-sourced income, both operating and nonoperating, on a patronage basis. Notwithstanding any other provision of the bylaws, the amount to be allocated as patronage capital for a given year shall not be less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income.

Derivatives — Management has reviewed the requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended and interpreted, and has determined that all contracts meeting the definition of a derivative also qualify for the normal purchases and sales exception under SFAS No. 133. The Company has elected the Normal Purchase and Normal Sale exception for these contracts and, therefore, the contracts are not required to be recognized at fair value in the financial statements.

New Accounting Pronouncements — In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115*, which is effective as of the beginning of an entity's first fiscal year that begins after

November 15, 2007. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option a) may be applied instrument by instrument; b) is irrevocable (unless a new election date occurs); and c) is applied only to entire instruments and not to portions of instruments. The Company has not elected to record any financial assets or liabilities at fair value under this standard.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement No. 133*. SFAS 161 enhances the current disclosures under SFAS 133 and requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation in order to better convey the purpose of derivative use in terms of the risks that the entity is intending to manage. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company will adopt SFAS 161 on January 1, 2009, and the impact is not expected to be material to the Company's financial position or results of operations.

2. LG&E LEASE AGREEMENT

On July 15, 1998 ("Effective Date"), a lease was consummated ("Lease Agreement"), whereby Big Rivers leased its generating facilities to Western Kentucky Energy Corporation (WKEC), a wholly owned subsidiary of E.ON U.S. Pursuant to the Lease Agreement, WKEC operates the generating facilities and maintains title to all energy produced. Throughout the lease term, in order for Big Rivers to fulfill its obligation to supply power to its members, the Company purchases substantially all of its power requirements from LG&E Energy Marketing Corporation (LEM), a wholly owned subsidiary of E.ON U.S., pursuant to a power purchase agreement.

Big Rivers continues to operate its transmission facilities and charges LEM tariff rates for delivery of the energy produced by WKEC and consumed by LEM's customers. The significant terms of the Lease Agreement are as follows:

- I. WKEC leases and operates Big Rivers' generation facilities through 2023.
- II. Big Rivers retains ownership of the generation facilities both during and at the end of the lease term.
- III. WKEC pays Big Rivers an annual lease payment of \$30,965 over the lease term, subject to certain adjustments.
- IV. On the Effective Date, Big Rivers received \$69,100 representing certain closing payments and the first two years of the annual lease payments. In accordance with SFAS No. 13, *Accounting for Leases*, the Company amortizes these payments to revenue on a straight-line basis over the life of the lease.

- V. Big Rivers continues to provide power for its members, excluding the member loads serving the Aluminum Smelters, through its power purchase agreements with LEM and the Southeastern Power Administration, based on a pre-determined maximum capacity. When economically feasible, the Company also obtains the power necessary to supply its member loads, excluding the Aluminum Smelters, in the open market. Kenergy Corp.'s retail service for the Aluminum Smelters is served by LEM and other third-party providers that may include Big Rivers. To the extent the power purchased from LEM does not reach pre-determined minimums, the Company is required to pay certain penalties. Also, to the extent additional power is available to Big Rivers under the LEM contract, Big Rivers may sell to nonmembers.
- VI. LEM will reimburse Big Rivers an additional \$42,077 for the margins expected from the Aluminum Smelters through 2011, being defined as the net cash flows that Big Rivers anticipated receiving if the Company had continued to serve the Aluminum Smelters' load, as filed in the Rate Hearing (the "Monthly Margin Payments").
- VII. WKEC is responsible for the operating costs of the generation facilities; however, Big Rivers is partially responsible for ordinary capital expenditures ("Nonincremental Capital Costs") for the generation facilities over the term of the Lease Agreement, generally up to predetermined annual amounts. This cumulative amount is not expected to exceed \$148,000 over the entire 25-1/2 year Lease Agreement. At the end of the lease term, Big Rivers is obligated to fund a "Residual Value Payment" to E.ON U.S. for such capital additions during the lease, currently estimated to be \$125,880 (see Note 1). Adjustments to the Residual Value Payment will be made based upon actual capital expenditures. Additionally, WKEC will make required capital improvements to the facilities to comply with a new law or a change to existing law ("Incremental Capital Costs") over the lease life (the Company is partially responsible for such costs: 20% through 2010) and the Company will be required to submit another Residual Value Payment to E.ON U.S. for the undepreciated value of WKEC's 80% share of these costs, at the end of the lease, currently estimated to be \$18,609. The Company will have title to these assets during the lease and upon lease termination.
- VIII. Big Rivers entered into a note payable with LEM for \$19,676 (the "LEM Settlement Note") to be repaid over the term of the Lease Agreement, which bears interest at 8% per annum, in consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements. The Company recorded this obligation as a component of deferred charges with the related payable recorded as long-term debt in the accompanying balance sheets. This deferred charge is being amortized on a straight-line basis over the lease term.
- IX. On the Effective Date, Big Rivers paid a nonrefundable marketing payment of \$5,933 to LEM, which has been recorded as a component of deferred charges. This amount is being amortized on a straight-line basis over the lease term.
- X. During the lease term, Big Rivers will be entitled to certain "billing credits" against amounts the Company owes LEM under the power purchase agreement. Each month during the first 55 months of the lease term, Big Rivers received a credit of \$89. For the year 2011, Big Rivers will receive a credit of \$2,611 and for the years 2012 through 2023, the Company will receive a credit of \$4,111 annually.

In accordance with the power purchase agreement with LEM, the Company is allowed to purchase power in the open market rather than from LEM, incurring penalties when the power purchased from LEM does not meet certain minimum levels, and to sell excess power (power not needed to supply its

jurisdictional load) in the open market (collectively referred to as “Arbitrage”). Pursuant to the New RUS Promissory Note and the RUS ARVP Note, the benefit, net of tax, as defined, derived from Arbitrage must be divided as follows: one-third, adjusted for capital expenditures, will be used to make principal payments on the New RUS Promissory Note; one-third will be used to make principal payments on the RUS ARVP Note; and the remaining value may be retained by the Company.

Management is of the opinion that the Company is in compliance with all covenants of the Lease Agreement.

The Company, LEM, and WKEC have entered into an agreement that would allow for a mutually acceptable early termination of the Lease Agreement (see Note 14).

3. UTILITY PLANT

At December 31, 2008 and 2007, utility plant is summarized as follows:

	2008	2007
Classified plant in service:		
Electric plant — leased	\$1,535,004	\$1,524,421
Transmission plant	230,800	209,547
General plant	17,240	15,772
Other	543	114
	<u>1,783,587</u>	<u>1,749,854</u>
Less accumulated depreciation	<u>879,073</u>	<u>853,290</u>
	904,514	896,564
Construction in progress	<u>8,185</u>	<u>15,070</u>
Utility plant — net	<u>\$ 912,699</u>	<u>\$ 911,634</u>

Interest capitalized for the years ended December 31, 2008, 2007, and 2006, was \$492, \$391, and \$236, respectively.

The Company has not identified any material legal obligations, as defined in SFAS No. 143, *Accounting for Asset Retirement Obligations*, which was further interpreted by FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*. In accordance with regulatory treatment, the Company records an estimated net cost of removal of its utility plant through normal depreciation. As of December 31, 2008 and 2007, the Company had a regulatory liability of approximately \$32,696 and \$29,771, respectively, related to nonlegal removal costs included in accumulated depreciation.

4. SALE-LEASEBACK

On April 18, 2000, the Company completed a sale-leaseback of two of its utility plants, including the related facilities and equipment. The sale-leaseback provided Big Rivers a \$1,089,000 fixed price purchase option, at the end of each lease term (25 and 27 years), which, together with future contractual interest receipts, would be fully funded.

On September 30, 2008, the Company completed an early termination (“termination”) of the sale-leaseback transaction. The termination was precipitated by the June 2008 downgrade of the claims-paying ability of Ambac Assurance Corporation (Ambac). Ambac served as insurer of Big Rivers’ payment obligations, thereby providing credit support under the transaction. Ambac’s downgrade exposed the Company to adverse consequences under the contractual terms of the transaction and after consideration of alternative options, Big Rivers ultimately settled on termination as the preferred solution. Proceeds from disposition of the restricted investment and payments required under the termination agreements were \$222,739 and \$329,559, respectively, reflecting a net cash payment of \$107,120. To meet its remaining obligations Big Rivers’ entered into a \$12,380 promissory note (see Note 5) with Philip Morris Capital Corporation (PMCC). A net loss of \$77,001 resulting from the early termination of the sale-leaseback was recorded as a regulatory asset and is being amortized over the remaining period of the original transaction.

Prior to termination the sale-leaseback transaction was recorded as a financing for financial reporting purposes and a sale for Federal income tax purposes. In connection therewith, in 2000, Big Rivers received \$866,676 of proceeds and incurred \$791,626 of related obligations. Pursuant to a payment undertaking agreement with a financial institution, Big Rivers effectively extinguished \$656,029 of these obligations with an equivalent portion of the proceeds. The Company also purchased investments with an initial value of \$146,647 to fund the remaining \$135,597 of the obligations. These amounts are reflected for 2007 as restricted investments under long-term lease and obligations related to long-term lease in the accompanying balance sheets. Interest received and paid was recorded to these accounts up to the date of lease termination. The Company paid 7.57% interest on its obligations related to long-term lease and received 6.89% on its related investments. The Company made a \$64,000 principal payment on the New RUS Promissory Note with the remaining proceeds. The \$75,050 gain was deferred and was amortized up to the date of lease termination, with the Company recognizing \$1,998, \$2,900, and \$2,881, in 2008, 2007, and 2006, respectively.

Amounts recognized in the statement of financial position related to the sale-leaseback as of December 31, 2008 and 2007, are as follows:

	2008	2007
Restricted investments under long-term lease	\$ -	\$ 192,932
Obligations related to long-term lease	-	183,891
Deferred gain on sale-leaseback	-	53,480
Deferred loss from termination of sale-leaseback	76,001	-

Amounts recognized in the statement of operations related to the sale-leaseback for the years ended December 31, 2008, 2007, and 2006, are as follows:

	2008	2007	2006
Power contracts revenue (revenue discount adjustment — see Note 6)	<u>\$ (2,453)</u>	<u>\$ (3,680)</u>	<u>\$ (3,680)</u>
Interest on obligations related to long-term lease:			
Interest expense	\$ 8,989	\$ 12,819	\$ 12,386
Amortize gain on sale-leaseback	<u>(1,998)</u>	<u>(2,900)</u>	<u>(2,881)</u>
Net interest on obligations related to long-term lease	<u>\$ 6,991</u>	<u>\$ 9,919</u>	<u>\$ 9,505</u>
Interest income on restricted investments under long-term lease	<u>\$ 8,742</u>	<u>\$ 12,481</u>	<u>\$ 12,069</u>
Interest income and other	<u>\$ 779</u>	<u>\$ 778</u>	<u>\$ 777</u>

5. DEBT AND OTHER LONG-TERM OBLIGATIONS

A detail of long-term debt at December 31, 2008 and 2007, is as follows:

	2008	2007
New RUS Promissory Note, stated amount of, \$768,391, stated interest rate of 5.75%, with an interest rate of 5.82%, maturing July 2021	\$ 765,297	\$ 804,098
RUS ARVP Note, stated amount of \$245,899, no stated interest rate, with interest imputed at 5.80%, maturing December 2023	103,685	99,290
LEM Settlement Note, interest rate of 8.0%, payable in monthly installments through July 2023	15,658	16,204
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 8.95% and 3.74% in 2008 and 2007, respectively), maturing in October 2022	83,300	83,300
County of Ohio, Kentucky, promissory note, variable interest rate (average interest rate of 5.14% and 3.74% in 2008 and 2007, respectively), maturing in June 2013	58,800	58,800
PMCC Promissory Note interest rate of 8.5%, maturing in December 2009	<u>12,380</u>	<u>-</u>
Total long-term debt	1,039,120	1,061,692
Current maturities	<u>51,771</u>	<u>39,347</u>
Total long-term debt — net of current maturities	<u>\$ 987,349</u>	<u>\$ 1,022,345</u>

The following are scheduled maturities of long-term debt at December 31:

Year	Amount
2009	\$ 51,771
2010	41,440
2011	47,492
2012	65,561
2013	64,542
Thereafter	<u>768,314</u>
Total	<u>\$ 1,039,120</u>

RUS Notes — On July 15, 1998, Big Rivers recorded the New RUS Promissory Note and the RUS ARVP Note at fair value using the applicable market rate of 5.82%. The RUS Notes are collateralized by substantially all assets of the Company.

Pollution Control Bonds — The County of Ohio, Kentucky, issued \$83,300 of Pollution Control Periodic Auction Rate Securities, Series 2001, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate. These bonds bear interest at a variable rate and mature in October 2022.

The County of Ohio, Kentucky, issued \$58,800 of Pollution Control Variable Rate Demand Bonds, Series 1983, the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds. These bonds bear interest at a variable rate and mature in June 2013.

The Series 1983 bonds are supported by a liquidity facility issued by Credit Suisse First Boston, which was assigned to Dexia Credit in 2006. Both Series are supported by municipal bond insurance and surety policies issued by Ambac Assurance Corporation. Big Rivers has agreed to reimburse Ambac Assurance Corporation for any payments under the municipal bond insurance policies or the surety policies.

Due to current market conditions, the variable interest rates incurred on the Series 1983 and Series 2001 Pollution Control Bonds have increased. These instruments are subject to maximum interest rates of 13% and 18%, respectively. The December 31, 2008 interest rates on the Series 1983 and Series 2001 Pollution Control Bonds were 3.41% and 18%, respectively.

LEM Settlement Note — On the Effective Date, Big Rivers executed the Settlement Note with LEM. The Settlement Note requires Big Rivers to pay to LEM \$19,676, plus interest at 8% per annum over the lease term. The principal and interest payment is approximately \$1,822 annually. This payment is consideration for LEM's assumption of the risk related to unforeseen costs with respect to power to be supplied to the Aluminum Smelters and the increased responsibility for financing capital improvements.

Other Long-Term Obligations — During 1997, Big Rivers terminated two unfavorable coal contracts. In connection with that settlement, the Company paid \$45, \$47, and \$345 during 2008, 2007, and 2006, respectively. At December 31, 2008, the Company has no remaining liability associated with that settlement agreement.

PMCC Promissory Note — On September 30, 2008 in conjunction with the early termination of the sale-leaseback transaction (see Note 4), Big Rivers executed a promissory note with Phillip Morris Capital Corporation (PMCC). The note requires Big Rives to pay PMCC \$12,380, plus interest at 8.5% per annum. The note matures in December 2009.

Notes Payable — Notes payable represent the Company's borrowing on its line of credit with the National Rural Utilities Cooperative Finance Corporation. The maximum borrowing capacity on the line of credit is \$15,000. There were no borrowings outstanding on the line of credit at December 31, 2008, but letter of credits issued under an associated Letter of Credit Facility reduced the borrowing capacity by \$2,670. The line of credit bears interest at a variable rate. Each advance on the line of credit is payable within one year.

6. RATE MATTERS

The rates charged to Big Rivers' members consist of a demand charge per kW and an energy charge per kWh consumed as approved by the KPSC. The rates include specific rate designs for its members' two classes of customers, the large industrial customers and the rural customers under its jurisdiction. For the large industrial customers, the demand charge is generally based on each customer's maximum demand during the current month. The remaining customers demand charge is based upon the maximum coincident demand of each member's delivery points. The demand and energy charges are not subject to

adjustments for increases or decreases in fuel or environmental costs. Big Rivers' current rates will remain in effect until changed by the KPSC.

In mid-2008, the financial rating of Ambac (see Note 4), a party to the sale-leaseback transaction Big Rivers entered into in 2000 was lowered, triggering an obligation on the part of the Company to replace Ambac in the transaction or otherwise resolve the issues created by that circumstance. Big Rivers elected to buyout the equity participants and simultaneously terminate the transaction on September 30, 2008. The buyout price significantly reduced Big Rivers' cash reserves. Accordingly, on March 2, 2009, Big Rivers filed an application with the Kentucky Public Service Commission requesting approval of a 21.6% rate increase, seeking an effective date of April 1, 2009 for interim rate relief. A hearing on the interim rate relief is scheduled for March 26, 2009. Big Rivers believes the requested rate increase is reasonable and necessary to enable it to continue meeting all its financial obligations on a timely basis. Big Rivers has not increased the base wholesale tariff rates to its member distribution cooperatives since 1997. If the termination of the LG&E lease agreement (see Note 14) closes, this case will become moot, and will be dismissed.

Effective since September 1, 2000, the KPSC has approved Big Rivers' request for a \$3,680 annual revenue discount adjustment for its members through August 31, 2008, effectively passing the benefit of the sale-leaseback transaction (see Note 4) to them. On September 1, 2008, Big Rivers' discontinued the revenue discount adjustment to its members.

7. INCOME TAXES

Big Rivers was formed as a tax-exempt cooperative organization described in Internal Revenue Code Section 501(c)(12). To retain tax-exempt status under this section, at least 85% of the Big Rivers' receipts must be generated from transactions with the Company's members. In 1983, sales to nonmembers resulted in Big Rivers failing to meet the 85% requirement. Until Big Rivers can meet the 85% member income requirement, the Company is a taxable cooperative. Big Rivers is also subject to Kentucky income tax.

Under the provisions of SFAS No. 109, *Accounting for Income Taxes*, Big Rivers is required to record deferred tax assets and liabilities for temporary differences between amounts reported for financial reporting purposes and amounts reported for income tax purposes. Deferred tax assets and liabilities are determined based upon these temporary differences using enacted tax rates for the year in which these differences are expected to reverse. Deferred income tax expense or benefit is based on the change in assets and liabilities from period to period, subject to an ongoing assessment of realization.

As described in Note 4, the sale-leaseback was terminated in 2008. Prior to the termination, the sale-leaseback was generating significant non-member receipts. As a result of the termination and the subsequent reduction in non-member receipts, Big Rivers believes that it will meet the requirement within Section 501(c)(12) that at least 85% of its income derives from the Company's member and return to tax-exempt status.

As a result of the expected return to tax-exempt status, Big Rivers no longer considers that it is more likely than not that it will recover its net deferred tax assets (which consisted solely of Alternative Minimum Tax (AMT) credit carryforwards). An income statement charge of \$5,035 relating the AMT amounts carried forward at January 1, 2008 together with a charge of \$901 relating to the 2008 AMT obligation have been recorded in the Statement of Operations..

At December 31, 2008, Big Rivers had a nonpatron net operating loss carryforward of approximately \$102,807 expiring through 2012, and an alternative minimum tax credit carryforward of approximately \$5,936, which carries forward indefinitely.

As of December 31, 2007, Big Rivers has a net deferred tax asset, against which a valuation allowance has been provided based upon the fact that it is presently uncertain whether such asset will be realized. The resulting net deferred tax asset at December 31, 2007, is approximately \$5,035, which represents the alternative minimum tax credit carryforward, against which no allowance has been provided.

The Company has not recorded any income tax expense for the years ended December 31, 2007 and 2006, as the Company has utilized federal net operating losses to offset any taxable income during those years. Had the Company not had the benefit of a net operating loss carryforward, the Company would have recorded \$7,724, and \$10,599 in current tax expense for the years ended December 31, 2007 and 2006, respectively.

The components of the net deferred tax assets as of December 31, 2007, were as follows:

	2008	2007
Deferred tax assets:		
Net operating loss carryforward	\$ -	\$ 60,972
Alternative minimum tax credit carryforwards	-	5,035
Sale-leaseback	-	142,807
Fixed asset basis difference	-	7,764
Other accruals	-	2,844
	<u>-</u>	<u>219,422</u>
Total deferred tax assets		
Deferred tax liabilities:		
Lease agreement	-	(27,359)
Fixed asset basis difference	-	-
	<u>-</u>	<u>(27,359)</u>
Total deferred tax liabilities		
Net deferred tax asset (prevaluation allowance)	-	192,063
Valuation allowance	<u>-</u>	<u>(187,028)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ 5,035</u>

A reconciliation of the Company's effective tax rate for 2008, 2007 and 2006, follows:

	2008	2007	2006
Federal rate	35.0 %	35.0 %	35.0 %
State rate — net of federal benefit	4.5	4.5	4.5
Patronage allocation to members	(31.3)	(28.0)	(20.5)
Tax benefit of operating loss carryforwards and other	(8.2)	(11.5)	(19.0)
AMT rate	<u>18.0</u>	<u>- .0</u>	<u>- .0</u>
Effective tax rate	<u>18 %</u>	<u>- %</u>	<u>- %</u>

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, an Interpretation of FASB Statement No. 109 ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, disclosures and transition. The cumulative effects of applying FIN 48 are to be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. FIN 48 was effective for fiscal years beginning after December 15, 2006.

The Company adopted the provisions of FIN 48 on January 1, 2007. The Company files a federal income tax return, as well as several state income tax returns. The years currently open for federal tax examination are 2005 through 2008 and 1990 through 1997, due to unused net operating loss carryforwards. The major state tax jurisdiction currently open for tax examination is Kentucky for years 2002 through 2008 and years 1990 through 1997, also due to unused net operating loss carryforwards. As a result of implementing FIN 48, the Company made no adjustment to the liability for unrecognized tax benefits. The Company did not have any unrecognized tax benefits recorded related to federal or state income taxes.

Upon adoption of FIN 48, the Company adopted a financial statement policy of classification of interest and penalties as an operating expense on the income statement and accrued expense in the balance sheet. No interest or penalties have been recorded as of the adoption or during 2007 and 2008.

8. POWER PURCHASED

In accordance with the Lease Agreement, Big Rivers supplies all of the members' requirements for power to serve their customers, other than the Aluminum Smelters. Contract limits were established in the Lease Agreement and include minimum and maximum hourly and annual power purchase amounts. Big Rivers cannot reduce the contract limits by more than 12 MW in any year or by more than a total of 72 MW over the lease term. In the event Big Rivers fails to take the minimum requirement during any hour or year, Big Rivers is liable to LEM for a certain percentage of the difference between the amount of power actually taken and the applicable minimum requirement.

Although Big Rivers will be required by the Lease Agreement to purchase minimum hourly and annual amounts of power from LEM, the lease does not prevent Big Rivers from paying the associated penalty in certain hours to purchase lower cost power, if available, in the open market or reselling a portion of its purchased power to a third party. The power purchases made under this agreement for the years ended December 31, 2008, 2007, and 2006, were \$99,700, \$96,295, and \$97,999, respectively, and are included in power purchased and interchanged on the statement of operations.

9. PENSION PLANS

Defined Benefit Plans

Big Rivers has noncontributory defined benefit pension plans covering substantially all employees who meet minimum age and service requirements. The plans provide benefits based on the participants' years of service and the five highest consecutive years' compensation during the last ten years of employment. Big Rivers' policy is to fund such plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

The salaried employees defined benefit plan was closed to new entrants effective January 1, 2008, and the bargaining employees defined benefit plan was closed to new hires effective November 1, 2008.

The Company simultaneously established base contribution accounts in the defined contribution thrift and 401(k) savings plans, which were renamed as the retirement savings plans. The base contribution account for an eligible employee, which is one who meets the minimum age and service requirements, but for whom membership in the defined benefit plan is closed, is funded by employer contributions based on graduated percentages of the employee's pay, depending on his or her age.

On December 31, 2007, the Company adopted SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("SFAS No. 158"). SFAS No. 158 required the Company to recognize the funded status of its pension plans and other postretirement plans (see Note 11 - Postretirement Benefits Other Than Pensions). SFAS No. 158 defines the funded status of a defined benefit pension plan as the fair value of its assets less its projected benefit obligation, which includes projected salary increases, and defines the funded status of any other postretirement plan as the fair value of its assets less its accumulated postretirement benefit obligation.

SFAS No. 158 also requires an employer to measure the funded status of a plan as of the date of its year-end balance sheet and requires disclosure in the notes to the financial statements certain additional information related to net periodic benefit costs for the next fiscal year. The Company's pension and other postretirement benefit plans are measured as of December 31, 2008 and 2007.

The following provides an overview of the Company's noncontributory defined benefit pension plans.

A reconciliation of the Company's benefit obligations of its noncontributory defined benefit pension plans at December 31, 2008 and 2007, follows:

	2008	2007
Benefit obligation — beginning of period	\$ 19,889	\$ 17,464
Service cost — benefits earned during the period	1,072	958
Interest cost on projected benefit obligation	1,220	1,058
Participant contributions (lump sum repayment)	318	-
Benefits paid	(248)	(124)
Actuarial loss	<u>2,002</u>	<u>533</u>
Benefit obligation — end of period	<u>\$ 24,253</u>	<u>\$ 19,889</u>

The accumulated benefit obligation for all defined benefit pension plans was \$18,568 and \$14,789 at December 31, 2008 and 2007, respectively.

A reconciliation of the Company's pension plan assets at December 31, 2008 and 2007, follows:

	2008	2007
Fair value of plan assets — beginning of period	\$ 21,820	\$ 16,416
Actual return on plan assets	(5,094)	1,006
Employer contributions	3,500	4,522
Participant contributions (lump sum repayment)	317	-
Benefits paid	<u>(248)</u>	<u>(124)</u>
Fair value of plan assets — end of period	<u>\$ 20,295</u>	<u>\$ 21,820</u>

The funded status of the Company's pension plans at December 31, 2008 and 2007, follows:

	2008	2007
Benefit obligation — end of period	\$(24,253)	\$(19,889)
Fair value of plan assets — end of period	<u>20,295</u>	<u>21,820</u>
Funded status	<u>\$ (3,958)</u>	<u>\$ 1,931</u>

Components of net periodic pension costs for the years ended December 31, 2008, 2007, and 2006, were as follows:

	2008	2007	2006
Service cost	\$ 1,072	\$ 958	\$ 838
Interest cost	1,220	1,058	926
Expected return on plan assets	(1,516)	(1,167)	(828)
Amortization of prior service cost	19	19	19
Amortization of actuarial loss	<u>247</u>	<u>285</u>	<u>212</u>
Net periodic benefit cost	<u>\$ 1,042</u>	<u>\$ 1,153</u>	<u>\$ 1,167</u>

A reconciliation of the pension plan amounts in accumulated other comprehensive income at December 31, 2008 and 2007, follows:

	2008	2007
Prior service cost	\$ (78)	\$ (97)
Unamortized actuarial (loss)	<u>(13,226)</u>	<u>(4,861)</u>
Accumulated other comprehensive income	<u>\$ (13,304)</u>	<u>\$ (4,958)</u>

In 2009, \$19 of prior service cost and \$828 of actuarial loss is expected to be amortized to periodic benefit cost.

The recognized adjustments to other comprehensive income at December 31, 2008, follows:

	2008
Prior service cost	\$ 19
Unamortized actuarial (loss)	<u>(8,365)</u>
Other comprehensive income	<u>\$ (8,346)</u>

At December 31, 2008 and 2007, amounts recognized in the statement of financial position were as follows:

	2008	2007
Noncurrent assets	\$ -	\$ 1,931
Noncurrent liability	<u>(3,958)</u>	<u>-</u>
Net amount recognized	<u>\$ (3,958)</u>	<u>\$ 1,931</u>

Assumptions used to develop the projected benefit obligation and determine the net periodic benefit cost were as follows:

	2008	2007	2006
Discount rate — projected benefit obligation	6.38 %	6.25 %	5.75 %
Discount rate — net periodic benefit cost	6.25	5.75	5.75
Rates of increase in compensation levels	4.00	4.00	4.00
Expected long-term rate of return on assets	7.25	7.25	7.25

The expected long-term rate of return on plan assets for determining net periodic pension cost for each fiscal year is chosen by the Company from a best estimate range determined by applying anticipated long-term returns and long-term volatility for various asset categories to the target asset allocation of the plans, as well as taking into account historical returns.

Using the asset allocation policy adopted by the Company noted in the paragraph below, we determined the expected rate of return at a 50% probability of achievement level based on (a) forward-looking rate of return expectations for passively-managed asset categories over a 20-year time horizon and (b) historical rates of return for passively-managed asset categories. Applying an approximately 80%/20% weighting to the rates determined in (a) and (b), respectively, produced an expected rate of return of 7.28%, which was rounded to 7.25%.

The general investment objectives are to invest in a diversified portfolio, comprised of both equity and fixed income investments, which are further diversified among various asset classes. The diversification is designed to minimize the risk of large losses while maximizing total return within reasonable and prudent levels of risk. The investment objectives specify a targeted investment allocation for the pension plans of up to 65% equities. The remaining 35% may be allocated among fixed income or cash equivalent investments. Objectives do not target a specific return by asset class. These investment objectives are long-term in nature. As of December 31, 2008 and 2007, the investment allocation was 47% and 49%, respectively, in equities and 53% and 51%, respectively, in fixed income.

Expected retiree pension benefit payments projected to be required during the years following 2008 are as follows:

Years Ending December 31	Amount
2009	\$ 1,092
2010	1,860
2011	1,663
2012	2,781
2013	3,711
2014–2018	<u>12,304</u>
 Total	 <u>\$23,411</u>

In 2009, the Company expects to contribute \$1,169 to its pension plan trusts.

Defined Contribution Plans

Big Rivers has two defined contribution retirement plans covering substantially all employees who meet minimum age and service requirements. Each plan has a thrift and 401(k) savings section allowing employees to contribute up to 75% of pay on a pre-tax and/or after-tax basis, with employer matching contributions equal to 60% of the first 6% contributed by the employee on a pre-tax basis.

A base contribution retirement section was added and the plan name changed from thrift and 401(k) savings to retirement savings, effective January 1, 2008, for the salaried plan and November 1, 2008, for the bargaining plan. The base contribution account is funded by employer contributions based on graduated percentages of pay, depending on the employee’s age.

The Company’s expense under these plans was \$308 and \$215 for the years ended December 31, 2008 and 2007, respectively.

Deferred Compensation Plan

Effective May 1, 2008, Big Rivers established a nonqualified deferred compensation plan for its eligible employees who are members of a select group of management or highly compensated employees. The purpose of the plan is to allow participants to receive contributions or make deferrals that they could not receive or make under the salaried employees qualified defined contribution retirement savings plan (formerly the thrift and 401(k) savings plan) as a result of nondiscrimination rules and other limitations applicable to the qualified plan under the Internal Revenue Code. The nonqualified plan also allows a participant to defer a percentage of his or her pay on a pre-tax basis.

The nonqualified deferred compensation plan is unfunded, but the Company has chosen to finance its obligations under the plan, including any employee deferrals, through a rabbi trust. The trust assets remain a part of the Company’s general assets, subject to the claims of its creditors. The 2008 employer contributions and deferred compensation expense, and the trust asset and deferred liability balances as of December 31, 2008, were each \$37.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements* (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measures. It applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 had no impact on the Company’s results of operations and financial condition.

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short maturity. At December 31, the Company’s cash and cash equivalents included short-term investments in an institutional money market government portfolio account that were recorded at fair value which were determined using quoted market prices for identical assets without regard to valuation adjustment or block discount, as follows:

	2008	2007
Institutional money market government portfolio – level 1 inputs	\$ 38,424	\$ 148,316

The fair value of restricted investments is determined based upon quoted market prices and rates. The carrying value of the investments is recorded at accreted value and the terms of the investment are within Note 4. The estimated fair values of the restricted investments are as follows:

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Restricted investments	\$ -	\$ -	\$ 192,932	\$ 250,088

It was not practical to estimate the fair value of patronage capital included within other deposits and investments due to these being untraded companies.

It was not practical to estimate the fair value of long-term debt due to Big Rivers’ inability to obtain long-term debt from outside parties.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. As of July 1, 2001, Big Rivers pays 85% of the cost from age 62 to 65 for all retirees. For salaried employees who retired prior to December 31, 1993, Big Rivers pays 100% of Medicare supplemental costs. For salaried employees who retire after December 31, 1993, Big Rivers pays 25% plus \$25 per month of the Medicare supplemental costs.

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “Medicare Act”) was enacted. The Medicare Act created Medicare Part D, a new prescription drug benefit that is available to all Medicare-eligible individuals, effective January 1, 2006. National Rural Electric Cooperative Association (NRECA), the provider of Big Rivers’ health plan coverage through the NRECA Group Benefits Trust, chose to become a Medicare Part D provider. Effective January 1, 2006, Part D coverage is the only drug coverage available to Big Rivers’ Medicare-eligible retirees.

The discount rates used in computing the postretirement benefit obligation and net periodic benefit cost were as follows:

	2008	2007	2006
Discount rate — projected benefit obligation	6.32 %	5.85 %	5.75 %
Discount rate — net periodic benefit cost	5.85	5.75	5.75

The health care cost trend rate assumptions as of December 31, 2008 and 2007, were as follows:

	2008	2007
Initial trend rate	7.90 %	9.00 %
Ultimate trend rate	4.50 %	5.50 %
Year ultimate trend is reached	2028	2012

A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	2008	2007
One-percentage-point decrease:		
Effect on total service and interest cost components	\$ (37)	\$ (28)
Effect on year end benefit obligation	(290)	(268)
One-percentage-point increase:		
Effect on total service and interest cost components	44	34
Effect on year end benefit obligation	337	313

A reconciliation of the Company's benefit obligations of its postretirement plan at December 31, 2008 and 2007, follows:

	2008	2007
Benefit obligation — beginning of period	\$2,862	\$2,695
Service cost — benefits earned during the period	129	85
Interest cost on projected benefit obligation	167	153
Participant contributions	61	45
Benefits paid	(179)	(170)
Actuarial (gain) or loss	(92)	54
Benefit obligation — end of period	<u>\$2,948</u>	<u>\$2,862</u>

A reconciliation of the Company's postretirement plan assets at December 31, 2008 and 2007, follows:

	2008	2007
Fair value of plan assets — beginning of period	\$ -	\$ -
Employer contributions	118	125
Participant contributions	61	45
Benefits paid	(179)	(170)
Fair value of plan assets — end of period	<u>\$ -</u>	<u>\$ -</u>

The funded status of the Company's postretirement plan at December 31, 2008 and 2007, follows:

	2008	2007
Benefit obligation — end of period	\$ (2,948)	\$ (2,862)
Fair value of plan assets — end of period	<u>-</u>	<u>-</u>
Funded status	<u>\$ (2,948)</u>	<u>\$ (2,862)</u>

The components of net periodic postretirement benefit costs for the years ended December 31, 2008, 2007, and 2006, were as follows:

	2008	2007	2006
Service cost	\$ 129	\$ 85	\$ 145
Interest cost	167	153	143
Amortization of prior service cost	2	2	2
Amortization of actuarial (gain)	(60)	(70)	(80)
Amortization of transition obligation	<u>31</u>	<u>31</u>	<u>31</u>
Net periodic benefit cost	<u>\$ 269</u>	<u>\$ 201</u>	<u>\$ 241</u>

A reconciliation of the postretirement plan amounts in accumulated other comprehensive income at December 31, 2008, follows:

	2008
Prior service cost	\$ (7)
Unamortized actuarial gain	1,210
Transition obligation	<u>(123)</u>
Accumulated other comprehensive income	<u>\$ 1,080</u>

In 2009, \$2 of prior service cost, \$65 of actuarial gain, and \$30 of the transition obligation is expected to be amortized to periodic benefit cost.

The recognized adjustments to other comprehensive income at December 31, 2008 and 2007, follows:

	2008	2007
Prior service cost	\$ 2	\$ (9)
Unamortized actuarial gain	33	1,177
Transition obligation	<u>30</u>	<u>(153)</u>
Other comprehensive income	<u>\$ 65</u>	<u>\$ 1,015</u>

At December 31, 2008 and 2007, amounts recognized in the statement of financial position were as follows:

	2008	2007
Accounts payable	\$ (156)	\$ (138)
Other deferred credits	<u>(2,792)</u>	<u>(2,724)</u>
Net amount recognized	<u>\$ (2,948)</u>	<u>\$ (2,862)</u>

Expected retiree benefit payments projected to be required during the years following 2008 are as follows:

Year	Amount
2009	\$ 156
2010	178
2011	197
2012	220
2013	255
2014–2018	<u>1,419</u>
Total	<u>\$ 2,425</u>

In addition to the postretirement plan discussed above, in 1992 Big Rivers began a postretirement benefit plan which vests a portion of accrued sick leave benefits to salaried employees upon retirement or death. To the extent an employee's sick leave hour balance exceeds 480 hours such excess hours are paid at 20% of the employee's base hourly rate at the time of retirement or death. The accumulated obligation recorded for the postretirement sick leave benefit is \$408 and \$345 at December 31, 2008 and 2007, respectively. The postretirement expense recorded was \$63, \$51, and \$44 for 2008, 2007, and 2006, respectively, and the benefits paid were \$0, \$0, and \$20 for 2008, 2007, and 2006, respectively.

12. RELATED PARTIES

For the years ended December 31, 2008, 2007, and 2006, Big Rivers had tariff sales to its members of \$114,514, \$113,281, and \$108,737, respectively. In addition, for the years ended December 31, 2008, 2007, and 2006, Big Rivers had certain sales to Kenergy for the Aluminum Smelters and Domtar Paper (formerly Weyerhaeuser) loads of \$55,124, \$123,094, and \$57,374, respectively.

At December 31, 2008 and 2007, Big Rivers had accounts receivable from its members of \$16,540 and \$20,052, respectively.

13. COMMITMENTS AND CONTINGENCIES

Big Rivers is involved in litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

14. TERMINATION OF THE LG&E LEASE AGREEMENT

The Big Rivers board of directors adopted resolutions on February 23, 2007, authorizing management, among other things, to execute a Transaction Termination Agreement among Big Rivers Electric Corporation, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp. (the "Termination Agreement"). The Termination Agreement establishes the terms on which Big Rivers, on the one hand, and LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. on the other hand, agree to terminate a series of contractual relationships established in 1998 under which, among other things, LG&E Energy Marketing Inc. and Western Kentucky Energy Corp. currently lease and operate the generating units owned or previously operated by Big Rivers, and sell power to Big Rivers to use in meeting the requirements of its system. Those resolutions additionally authorize management to sign various agreements under which Big Rivers agrees to sell its member, Kenergy Corp., 850 MW in the aggregate for resale to Alcan Primary Products Corporation and Century Aluminum of Kentucky General Partnership, contingent upon the closing of the transaction contemplated in the Termination Agreement. Applications seeking the necessary state regulatory approvals and tariff revisions required to implement these transactions were filed with the Kentucky Public Service Commission (Commission) on December 28, 2007, in P.S.C. Case Nos. 2007-00455 and 2007-00460. An order granting the relief sought in Case No. 2007-00460 was entered on June 25, 2008. By order dated March 6, 2009, the Commission entered a final order in Case No. 2007-00455 granting substantially all the relief sought by Big Rivers, and requiring the joint applicants to agree to certain conditions imposed in its order. Letters agreeing to those conditions were filed with the Commission on March 13, 2009, and the parties are working to complete the steps required to close the transactions contemplated in the Termination Agreement.

* * * * *

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-13)** Please refer to Exhibit 47, p. 46 of 60:

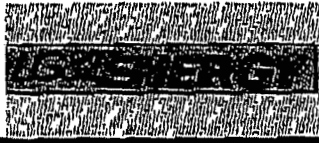
2 a. How much money does E.ON claim Big Rivers owes it for Energy
3 Imbalance services.

4
5 b. Please provide all documents, memos or e-mails provided to or received
6 from E.ON on the Energy Imbalance issue.

7
8 **Response)** a. E.ON did not quantify the amount of its claim against Big Rivers
9 for Energy Imbalance service. However, were all of E.ON's claims deemed to be valid
10 (which Big Rivers continues to believe they would not be) the obligations theoretically
11 could be significant and in the tens of millions of dollars.

12
13 b. See attached. Big Rivers has made a good faith investigation to
14 identify and produce all information that is responsive to this data request. If Big Rivers
15 subsequently discovers additional information responsive to this data request that has not
16 been produced with this response, this response will be supplemented to provide that
17 information.

18
19 **Witness)** C. William Blackburn



220 W. Main Street, Louisville, KY 40202

FAX

Date: 3/12/2003

Number of pages including cover sheet: 3

To: **BILL BLACKBURN**

Phone: _____
 Fax phone: 270-827-2101
 CC: _____

From:

Martyn Gallus
Sr. Vice President
Energy Marketing

Phone: (502) 627-4216
 Fax phone: (502) 627-4175

REMARKS: Urgent For your review Reply ASAP Please comment

CONFIDENTIALITY NOTICE

The information contained in this facsimile message, and in any accompanying documents, constitutes privileged confidential information which belongs to LG&E Energy Corp. This information is intended only for the use of the individual or entity named above. If you are not the intended recipient of this information, or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any disclosure, copying, distribution, dissemination, or the taking of any action in reliance on this information, is strictly prohibited. If you have received this facsimile message in error, please notify us immediately by telephone at the number listed above in order to arrange for its return to us. Thank you.

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Talking Points for March 12, 2003 Discussion

Schedule 2 – Reactive Power Service

- PVA includes reactive power “for Control Area operations” up to the electrical net output of the plants in that hour, multiplied by 0.329. There is a floor of 608 MW times 0.329.
- We do not believe that it was intended that there be a measurement of actual megavars consumed. Instead, we believe that the 0.329 factor was intended only to show a deemed megavar consumption for each transaction using the BREC transmission system. That is consistent with how we think Schedule 2 of our tariff was intended to work, particularly if you look at the rates (which are not rates for additional megavars consumed, but for the capacity deemed to be tied up for vars production by transactions using the transmission system).

Schedule 3 – Load Following Service

- PVA includes all load following required with respect to “Member Power”. All other load following is at LEM’s tariff rates.
- There are limits on load following, such as LEM not supplying load following above the Base Power limit or with respect to loss of a third party resource.

Schedule 4 – Energy Imbalance Service

- PVA does not include any energy imbalance service.
- Charges for energy imbalance service come from a comparison of BREC’s “scheduled delivery” to BREC’s “integrated hourly metered load.” Each separate transaction scheduled by BREC is subject to this analysis.
- BREC should be billed for the exact scheduled amount at the price per MWH in the PPA for Base Power. The variation, which is the energy imbalance, is charged as follows:
 - if the difference is $\leq 1.5\%$ of the scheduled delivery, then there is a return in like kind of energy.
 - if the difference is $> 1.5\%$ of the scheduled delivery, then payment is made:
 - (a) if BREC took more than scheduled, LEM gets greater of \$100 per MWH or our actual cost.
 - (b) if BREC took less than scheduled, BREC gets 90% of LEM’s decremental cost, which is the system lambda for that hour.

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Willamette Energy Imbalance

- We believe that Willamette's energy imbalances to date have not been properly applied. As described above for energy imbalance service, Willamette should be billed for all energy over or under the deadband if that deadband is exceeded.

Base Power Limit

- We intend to enforce the 597 MW limit on Base Power. Among other things, this means that any energy imbalance during an hour, to the extent 597 MW are already being supplied to BREC, cannot be returned during that same hour with the purchase of more Base Power. Instead, BREC needs to return that power during a like hour with like conditions.

30 Minute Notice

- BREC is not entitled to change the schedule for an hour after the 30 minutes prior to the start of that hour of flow has passed.



File: 110-0.12.4

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

May 13, 2003

Martyn Gallus
LG&E Energy Marketing Inc.
220 West Main Street
P.O. Box 32380
Louisville, KY 40202

Re: Provision of Energy Imbalance Power Under the Big Rivers-LG&E Energy Transaction

Dear Martyn:

As a follow-up to our meeting this morning regarding ancillary services under the July 1998 Power Purchase Agreement between Big Rivers and LEM ("PPA"), I am hereby providing this letter to set forth Big Rivers' interpretation of how the energy imbalance issue is treated in the Power Purchase Agreement with respect to Member Load.

As a starting point, I note that unlike the other ancillary services required by Order No. 888, there is no explicit provision governing energy imbalance for Member Load incorporated as part of the PPA, and thus no basis on which to assess a charge without modifying the agreement. Although the PPA represents Big Rivers' service agreement under LEM's ancillary services tariff, and that tariff provides a rate for energy imbalance that is to apply to third-parties serving load within Big Rivers' control area, nowhere is there a provision in the PPA that applies that energy imbalance provision to Big Rivers' Member Load. The absence of a specific provision regarding Energy Imbalance applied to Member Load in the PPA is intentional. The intent of the PPA was to provide all ancillary services needed for Member Load supplied by LEM Base Power at no additional charge. With respect to energy imbalance, the PPA was intentionally structured to eliminate the possibility of an energy imbalance by making the amount of Base Power actually supplied by LEM the amount billed. There is no provision in the PPA for billings based on schedules.

Under Section 6.4(a) of the PPA, monthly billings for Base Power equal the sum of (i) the applicable Base Power rates multiplied times "the number of megawatt hours delivered to Big Rivers during the prior month" and (ii) any adjustment for Big Rivers failing to meet its minimum purchase requirements. Section 6.4(a) of the PPA then provides the method for

KIUC 1-13b
4 of 11



determining the total deliveries to Big Rivers for which Big Rivers owes payment to LEM each month at the Base Power Price, stating as follows:

Base Power delivered to Big Rivers during the prior month shall be determined as the total metered load delivered by Big Rivers to Members during the prior month at the Points of Metering as set forth in Exhibit C, plus the total megawatt-hours of Base Power Big Rivers scheduled from LEM during the previous month for resale to third parties other than Members metered at the applicable Point(s) of Delivery as set forth in Exhibit B, plus average annual transmission losses imputed to Power delivered by Big Rivers to the Members and Power delivered for resale to third parties (with such losses to be equal to the effective annual loss rate applied to transmission service during the same time period, as calculated pursuant to the Transmission Service and Interconnection Agreement), minus any purchase from SEPA or other third-parties delivered through the Points of Metering.”

(emphasis added). As can be seen from the above, the only role that schedules play in this analysis is with regard to schedules for resale to third-parties (usually off-system). Having Base Power charged based on actual deliveries rather than schedules eliminates energy imbalances as a factor for Big Rivers' Member Load, thus meeting the parties' goal of including the cost of ancillary services for Member Load within the negotiated rates. Big Rivers and its consultants initially established this procedure to eliminate the possibility of energy imbalance as part of the predecessor deal with PacifiCorp, and it was left unchanged when that deal was adapted for LEM.

Under this system, monthly metered deliveries at the Member Load Points of Metering are taken and then reduced by SEPA and other third-party deliveries through those meters. The remainder is then billed to Big Rivers as Member Power.

Billing for energy imbalances associated with Base Power provided to the Member Load would require a restructuring of the PPA billing system. If Big Rivers were to be charged a separate Energy Imbalance charge based on deviations from its schedules for Base Power, Big Rivers under the current agreement would be required to pay twice for the same power; once as Base Power due to the way Base Power is measured based on deliveries through the Member meters and once as Energy Imbalance Power. The PPA as written is inconsistent with this approach.

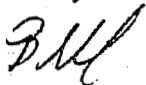
The PPA itself is silent on the effect of Big Rivers missing a schedule with respect to Base Power. Schedule 5.3 of the PPA is premised on pre-schedules that are to be “best estimates,” but these scheduling estimates were provided only for planning and preliminary unit commitment.

Unlike the case with Member Load, the PPA explicitly provides for Energy Imbalance associated with non-Member Load in Big Rivers' control area as a Transmission Support Service per

Martyn Gallus
May 13, 2003
Page 3

Sections 4.1(c) and 5.8 of the PPA. Per Section 5.8, "such generation-based Ancillary Services shall be provided at such rates as LEM establishes, subject to any applicable regulatory policies, for such generation-based Ancillary Services, and LEM will charge such amounts to Big Rivers by adjustment to the Power Value Amount." Accordingly, to the extent that non-Member Load in Big Rivers' control area requires Energy Imbalance Service, actual schedules will be used for these third-parties' deliveries, with charges from LEM corresponding to deviations therefrom.

Sincerely yours,



C. William Blackburn
Vice President Power Supply

Enclosures

cc: Michael H. Core
David A. Sparrin
James M. Miller, Esq.
Geo. F. Hobday, Jr., Esq.
Paul Thompson, LG&E Energy Corp.
Thomas DePaull, LG&E Energy Marketing, Inc.
Ralph Bowling, Western Kentucky Energy Corp.
Ray Thompkins, LG&E Energy Marketing, Inc.
Steve Phillips, Esq., LG&E Energy Marketing, Inc.
Patrick Northam, Esq., Greenebaum, Doll & McDonald

Martyn Gallus
Sr. Vice President
Energy Marketing

LG&E Energy Corp.
220 West Main Street
P.O. Box 32030 (40232)
Louisville, Kentucky 40202
(502) 627-4216
(502) 627-4175 FAX

October 6, 2003

Mr. C. William Blackburn, CMA
Vice President Power Supply
Big Rivers Electric Corporation
201 Third Street
P.O. Box 24
Henderson, Kentucky 42419-0024

Re: Energy Imbalance Service

Dear Bill:

During our settlement negotiations related to Schedules 2, 3, 5, and 6 of LEM's ancillary services tariff, BREC and LEM agreed to table further discussions related to Energy Imbalance Service, or Schedule 4 of LEM's ancillary services tariff, for a later time. I think that approach was conducive to reaching our settlement related to Schedules 2, 3, 5, and 6, so I appreciate BREC's willingness to proceed in that manner.

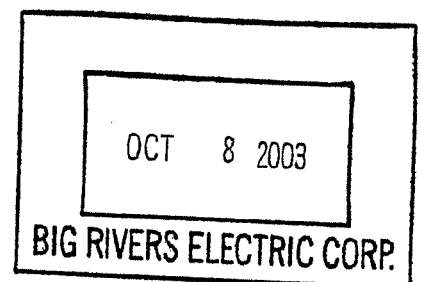
With that settlement behind us, LEM has begun further review of the Energy Imbalance Service issue. This is an important matter to LEM, and we will follow up shortly with a response to your May 13, 2003 letter concerning this issue. In the meantime, LEM has not billed BREC for Energy Imbalance Service. This will give the parties an opportunity to further discuss the Energy Imbalance Service issue. Please note that LEM is not waiving any of its rights, admitting any facts, or electing any remedies, whether under the PPA or otherwise.

Please feel free to call if you have any questions.

Sincerely,



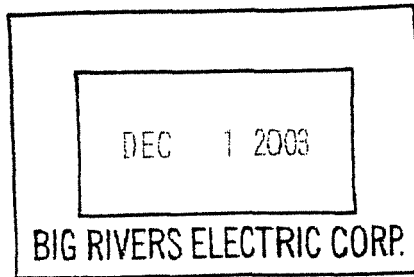
Martyn Gallus
Senior Vice President, Energy Marketing



cc: David Spainhoward, Vice President, Contract Admin and Reg. Affairs

Martyn Gallus
Sr. Vice President
Energy Marketing

November 26, 2003



LG&E Energy Corp.
220 West Main Street
P.O. Box 32030 (40232)
Louisville, Kentucky 40202
(502) 627-4216
(502) 627-4175 FAX

VIA FACSIMILE

Mr. David Spainhoward
Vice President Contract Administration and Regulatory Affairs
Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

RE: Power Purchase Agreement dated July 15, 1998 (the "PPA") between Big Rivers Electric Corporation ("BREC") and LG&E Energy Marketing Inc. ("LEM")

Dear David:

I send this letter as a follow up to our meeting on November 24. I have addressed below the items we agreed I would cover, particularly (a) LEM's response to Bill Blackburn's letter of May 13, 2003 and (b) the going forward plan that we discussed, including with respect to the scheduling concerns we discussed.

Your May 13 letter misstates the language of the PPA. There is a provision of the PPA that entitles LEM to bill for energy imbalance service. Section 5.8 allows LEM to bill BREC for all "Transmission Support Services", which include all generation-based ancillary services that FERC might require from time-to-time to be provided by a transmission provider similarly situated to BREC. As you know, energy imbalance service fits this definition. The only exclusion from Transmission Support Services is for ancillary services "otherwise provided in this Agreement." This reference reflects BREC's entitlement under Sections 5.5, 5.6, and 5.7 of the PPA to a limited extent of ancillary services "without adjustment to the Power Value Amount". Since energy imbalance service is a generation-based ancillary service that is **not** provided "without adjustment to the Power Value Amount", LEM is clearly entitled to bill for that service pursuant to Section 5.8 of the PPA. As an aside, BREC's letter argued that Section 5.8 only applies to non-Member Load, but there is absolutely no language supporting this limited reading of Section 5.8.

BREC's letter suggests that LEM's interpretation might require BREC to pay twice for the same power. Please note that the billing for the Power Value Amount includes two separate components, one for the Base Power Price (Section 6.2(d)) and one for the ancillary services supplied pursuant to Section 5.8 (Section 6.2(f)). That billing provision recognizes that the provision of energy imbalance service is a service that is separate and distinct from the energy that might be supplied under the PPA. Thus, BREC would not be billed twice for the same power, but once for the energy under Section 6.2(d) and once for the separate energy imbalance service under Section 6.2(f).

I would also note a few logical inconsistencies with BREC's position that energy imbalance service does not apply to Member Load. BREC clearly believes that LEM should bill BREC for energy imbalance service with respect to Willamette, but BREC's position as to energy imbalance service generally does not fit with this result. In addition, based on our prior discussions, BREC appears to believe that LEM could bill BREC for energy imbalance service to the extent that BREC exceeded the Maximum Hourly Purchase Amount, but that result is also inconsistent with BREC's position as to energy imbalance service generally. We believe these types of inconsistencies further demonstrate the weakness of BREC's interpretation of the PPA.

Your letter also touched on another issue of great importance to LEM, which is BREC's scheduling obligations. As we discussed, BREC's commitments under Section 5.3 include two crucial elements that are of immediate concern. First, BREC's preschedules are to be BREC's "best estimate" of BREC's requirements for Base Power. Second, BREC is obligated to "make reasonable efforts to minimize changes" in those preschedules. Based on the limited data available to LEM, it strongly appears that BREC is not complying with either of these obligations. I hereby reiterate my request from our meeting that BREC supply LEM with a thorough explanation and supporting data demonstrating the manner in which BREC is meeting those obligations. I would appreciate a written response by December 19, 2003.

I would propose that, after BREC sends this written response on the scheduling topic, we schedule a face to face meeting in Louisville to discuss both that response and the energy imbalance service issue. We have had productive discussions in the past on similar issues (such as our settlement of the disputes regarding reserves supplied to BREC), and it is my hope that these issues can be resolved through a similar cooperative process.

Please note that this letter is not intended by LEM as an admission or as a waiver of any of LEM's rights, under the PPA or otherwise.

Sincerely,

LG&E ENERGY MARKETING INC.

By: Martyn Gallus by Ray Tompkins
Martyn Gallus
Senior Vice President, Energy Marketing

cc: Paul Thompson
Ralph Bowling
Ray Tompkins
Tom DePaull
Steve Phillips

FILE: 110.0.12.4

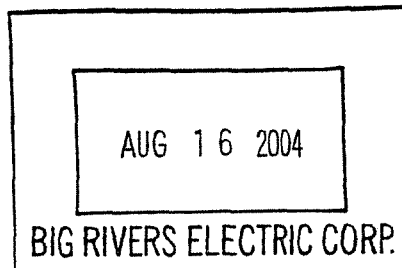
Martyn Gallus
Sr. Vice President
Energy Marketing

LG&E Energy LLC
220 West Main Street
P.O. Box 32030 (40232)
Louisville, Kentucky 40202
(502) 627-4216
(502) 627-4175 FAX
martyn.gallus@lgeenergy.com

August 13, 2004

Sent via Fax: (270) 827-2101

Mr. C. William Blackburn
Vice President Power Supply
BIG RIVERS ELECTRIC CORPORATION
201 Third Street
Henderson, Kentucky 42420



RE: Power Purchase Agreement dated July 15, 1998 (the "PPA") between Big Rivers Electric Corporation ("BREC") and LG&E Energy Marketing Inc. ("LEM")

Dear Bill:

This letter has two purposes. First, I am writing to document the recent acknowledgment by BREC that LEM may, in certain limited circumstances, bill BREC for energy imbalance service. Second, I am writing to better document the existing temporary tabling of the remainder of the energy imbalance service and/or other related damage disputes, which the parties have still not resolved. Please note that I am sending you concurrently with this letter a separate letter on the scheduling obligations of the parties under the PPA, so this letter is not intended to address any of those issues.

Per my discussion with you and David Spainhoward on August 9, 2004, BREC acknowledges that the terms of the PPA and Schedule 4 of LEM's "Schedule of Rates for Sale of Generation-Based Ancillary Services" (the "LEM Tariff") entitle LEM to bill BREC for energy imbalance service. BREC's acknowledgement, however, only applies when BREC takes more energy than the sum of the "Maximum Hourly Power Purchase Amount" (currently 597 MWH) and a 1.5% deadband in any one hour after August 1, 2004. LEM disagrees that this is the only circumstance entitling LEM to charge for energy imbalance service, and the circumstances LEM believes entitle it to charge for energy imbalance service include, but are not limited to, hours when BREC takes any energy above the Maximum Hourly Power Purchase Amount. Nonetheless, pursuant to this acknowledgement, LEM will commence, starting August 1, 2004, to bill BREC \$100/MWH for each MWH taken above 606 MWH in any one hour (unless of course the highest price paid by LEM for purchased or generated power in that same hour exceeds \$100/MWH, in which case this higher price will be billed).

The parties both acknowledge, however, that they have not resolved any other disputes surrounding energy imbalance service under the LEM Tariff or any other damages that might be associated with differences between schedules of energy submitted to LEM by BREC and

Mr. C. William Blackburn
August 13, 2004
Page 2

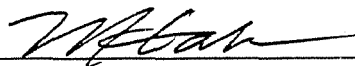
BREC's actual energy takes. Several months ago, at BREC's request, LEM agreed to suspend pursuit of these other disputes pending our restructuring discussions. Subject to the acknowledgment set forth in the preceding paragraph, LEM continues to abide by that agreement. However, I wanted to be sure that you understood that this delay, which was requested by BREC, is not intended by LEM to constitute a waiver of any of LEM's rights under the PPA or otherwise. During this period, additional energy imbalance charges and/or other damages have continued and are expected to continue to accrue, and BREC is foregoing any opportunity that it otherwise would have had to minimize those damages. Also, LEM reserves the right to proceed to enforce these rights at such time as LEM determines that the restructuring discussions are not progressing in a satisfactory fashion. Without limiting the foregoing, please note that this reservation of rights also applies to any amounts that might be due to LEM from BREC for energy imbalance service under the LEM Tariff with respect to any amounts of energy taken by BREC, (a) prior to August 1, 2004, above the "Maximum Hourly Power Purchase Amount" and (b) on and after August 1, 2004, above the "Maximum Hourly Power Purchase Amount" but less than the sum of the "Maximum Hourly Power Purchase Amount" and 1.5% of that amount.

I appreciate your willingness to conclude our energy imbalance discussions on this particular issue since it was not in debate. Please immediately advise me of any inaccuracies in my descriptions of the above.

Please note further that LEM reserves all of its rights with respect to the matters referenced in this letter, whether under the PPA or otherwise.

Sincerely,

LG&E ENERGY MARKETING INC.

By: 
Martyn Gallus
Senior Vice President, Energy Marketing

cc: David Spainhoward ✓
Paul Thompson
Ralph Bowling
Ray Tompkins
Tom DePaull
Steve Phillips

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-14)** Please provide all financial models in electronic format with cells intact
2 that were used to develop:

- 3 a. Exhibit 42 (Filing requirement 807 KAR 5:001 Section 10(7)(d)).
4 b. Exhibit Seelye-2 (including schedules 1.01 – 1.13).
5 c. Exhibit Seelye-4.
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8 **Response)** Please see attached CD for the responses to Item 14, a, b and c.
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10 **Witness)** C. William Blackburn/Steven Seelye
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BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-15)** Please update Exhibit Seelye-2, Schedule 1.01 with current NOX
2 allowance prices.

3

4 **Response)** Please see attached Seelye-2, Schedule 1.01 with current NOx allowance
5 prices used. The current NOx allowance prices are based on the *Coal Trader*; March 16,
6 2009 price of NOx allowances. The prices reflected in the attached Schedule 1.01 reflect
7 \$2,200.00 for the annual NOx allowances and \$571.00 for the seasonal NOx allowances.
8 It is important to note that the actual price paid by Big Rivers to Western Kentucky
9 Energy Corp. (WKEC) will be the invoice to Big Rivers reflecting the price WKEC paid
10 to acquire allowances at the time of purchase. Whatever the price, Big Rivers must have
11 sufficient cash to meet its obligation to WKEC.

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13 **Witness)** David Spainhoward/Steve Seelye

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**Big Rivers Electric Corporation
Proforma Adjustments**

Incremental Environmental O&M

1	Proforma Year *	2,802,657
2	Historical Year	600,155
3	Proforma Adjustment	<u>2,202,502</u>

- 4 Account 413 - Expenses of Electric Plant Leased to WKEC.
5 Income From Leased Property (Net)

* Reflects year-round CAIR, effective 1/1/2009.

Description: Big Rivers' 1998 lease and operating agreement with WKEC requires it to fund its cost-share of Incremental Environmental O&M, as defined therein. Through 2010, Big Rivers' cost-share is 20%. In 2011 it's 40.26%. Thereafter, thru 2023, it's 33.9%

BIG RIVERS ELECTRIC CORPORATION'S
RESPONSE TO THE KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.'S MARCH 17, 2009 FIRST DATA REQUEST
TO BIG RIVERS ELECTRIC CORPORATION
PSC CASE NO. 2009-00040
March 24, 2009

1 **Item 1-16)** Please refer to Exhibit Spainhoward-1 (transmission plant expenditures
2 and general plant expenditures construction budget for 2009).

3 a. Please identify which of these budget items Big Rivers has considered
4 deferring past 2009.

5
6 b. Please identify which of these budget items Big Rivers currently plans to
7 defer past 2009.

8
9 c. Please provide all documents, memos, e-mails or studies which discuss or
10 address which 2009 budget items may be deferred past 2009.

11
12 **Response)** a. See c., below.
13 b. See attached.
14 c. See attached. Big Rivers has made a good faith investigation to
15 identify and produce all information that is responsive to this data request. If Big Rivers
16 subsequently discovers additional information responsive to this data request that has not
17 been produced with this response, this response will be supplemental to provide that
18 information.

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20 **Witness)** C. William Blackburn /Steven Seelye
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Big Rivers Electric Corporation
2009 Transmission and A&G Construction & Capital Budget
(includes capitalized interest & labor overheads)


WO/Project Number	Est. Date In-Service	Description	Original	Adj.	Revised
2009 Capital Budget					
	month purchased	DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000	(290,000)	0
	"	Hot Oil Spray Transformer Dryout System	110,000	(110,000)	0
	"	Battery Load Tester	35,000		35,000
	"	A/C Unit Replacements	16,000		16,000
	"	Energy Control Telephone System	6,000	(6,000)	0
	"	Hoist, Grips, and Rope -- Replacements	5,000		5,000
	"	ET&S Computer HVAC Unit	3,500	(3,500)	0
	"	Hydraulic Pump and Press -- Replacement	3,500		3,500
	"	Tool Replacements	2,000		2,000
	"	Portable Generator (2) -- Replacements	1,800		1,800
	"	Typewriter	750		750
	"	Go Tract Vehicle -- Replacement	450,000	(450,000)	0
	"	3/4 Ton, 4x4 Crew Cab Pickup Truck-Replace Veh #254	40,000		40,000
	"	3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258	35,000	(35,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Vegetation Management	27,000		27,000
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262	27,000	(27,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285	27,000	(27,000)	0
	"	GIS--Personal Computer/Laptop Replacements/Server Replacements	185,000		185,000
	"	Cisco Network Equipment & Switch Upgrades	20,000	(20,000)	0
	"	Servers, Firewalls, Switches, Computer Equipment - Disaster Recovery Center	82,500	(20,000)	62,500
	"	Personal Computers--27 Desktops - (22 Replacements; 2 New)	50,100	(50,100)	0
	"	Compliance Tracking Software (NERC, SERC, CIPS)	50,000		50,000
	"	Uninterruptible Power Supply (UPS) Replacement	30,000	(30,000)	0
	"	Laptop Computers (6 Replacements; 1 New)	21,500	(21,500)	0
	"	Cyber Security Equipment	21,000		21,000
	"	Software Tools	20,800		20,800
	"	Autocad Upgrade	20,000	(20,000)	0
	"	LaserFiche	15,000		15,000
	"	Remote Access to SOE's, Digital Relays	10,000		10,000
	"	Scanner	10,000		10,000
	"	Printer Replacements (4)	9,500	(9,500)	0
	"	Enterprise Risk Management Software	5,000	(5,000)	0
	"	Additional Disk for Coop Web Computer	1,500		1,500
	"	Office Furniture	16,500	(16,000)	500
	"	Electrical Safety Demo Unit	5,000		5,000
	"	Inductor for High Voltage Demo Trailer	5,000		5,000
	"	Rescue Mannequin & Parts	3,950	(2,950)	1,000
	"	Multimedia Projector	2,000	(2,000)	0
	"	Digital Camera Lenses	500	(500)	0
		Total 2009 Capital Budget	1,664,400	(1,146,050)	518,350

2009 Construction Budget					
I420H008	03/09	Add Gravel to Meade County Substation	14,652	(14,652)	0
I370H014	09/09	CEHV to Coleman C1 & C2 Teleprotection Replacement	199,788		199,788
I370H006	11/09	Coleman to Newtonville 161kV Reconductor	613,180	(513,180)	100,000
I370H007	12/09	Cumberland River Crossing Modification	125,269		125,269
I370H005	12/10	Cumberland-Caldwell Springs Tap 69 kV Line	146,520	(146,520)	0
W910000		Daviess Co Airport Line Reroute	4,018	(4,018)	0
I420H022	10/09	Digital Fault Recorder Upgrade for Coleman	923		923
I420H024	12/09	Digital Fault Recorder Upgrade for Portable	849		849
I420H023	11/09	Digital Fault Recorder Upgrade for Reid	848		848

Big Rivers Electric Corporation
2009 Transmission and A&G Construction & Capital Budget
(includes capitalized interest & labor overheads)

<u>WO/Project Number</u>	<u>Est. Date In-Service</u>	<u>Description</u>	<u>Original</u>	<u>Adj.</u>	<u>Revised</u>
2009 Capital Budget					
I420H021	10/09	Digital Fault Recorder Upgrade for Wilson	923		923
W8640000	12/09	Falls of Rough-McDaniels 69 kV Line	515,193	(465,193)	50,000
I370H002	12/09	Hancock 69kV Capacitor Bank	317,135	(317,135)	0
I370H009	10/09	Horse Fork Tap 69kV Switch Modification	58,114	(58,114)	0
W8950000	03/09	McCracken Co 69kV Line Terminal for Olivet Tap	134,927		134,927
I370H012	08/09	McCracken Co RTU Replacement	38,817	(38,817)	0
I370H003		National AL 13.8kV Switchgear for Southwire Feed	12,443		12,443
W8700000	07/09	Oil Spill Prevention Control & Countermeasures System	379,367		379,367
W9170000	07/09	Olivet-Church Road Tap 4.6 M 69kV Line	572,917		572,917
I420H007	12/09	Pole Change Outs	609,767		609,767
W9260000	02/09	Reconductor 4-K & 5-D between Hopkins & S Hanson	207,539		207,539
W8850000	02/09	Reconductor Line 6-A Reid Swyd/Daviess Co Sub	367,942		367,942
I370H008	06/09	REHV to Hopkins 161kV Reroute	198,512		198,512
I370H013	12/09	Reid 69kV RTU Replacement	38,644	(38,644)	0
I420H006	09/09	Replace Fifteen (15) 161kV Disconnects at Reid	241,454		241,454
I420H025	03/09	Replace Nine (9) 69kV PTs at Daviess County Sub	49,674		49,674
I420H004	06/09	Replace Substation Battery at Livingston Co Substation	15,932		15,932
I420H002	06/09	Replace Substation Battery at McCracken Substation	15,932		15,932
I420H003	06/09	Replace Substation Battery at Wilson EHV Substation	28,932		28,932
I420H001	05/09	Replace Substation Security Fence at Hardinsburg Substation	26,676	(26,676)	0
I420H005	09/09	Replace Three (3) MIOD Operators at Dover	27,002	(27,002)	0
I420H026	04/09	Replace Twelve (12) 69kV PTs at Henderson County Sub	64,888		64,888
I370H017	09/09	Spill Prevention Containment Control Implementation	1,069,005		1,069,005
W9230000	01/10	Two Way Radio System	6,167,892	(5,167,892)	1,000,000
I420H010	12/09	Upgrade Metering at Coleman Road to 28 MVA	6,846		6,846
W9070000	03/09	US 60 Bypass Relocation Lines 18-G & 13-E	218,653		218,653
W9300000	12/10	White Oak Substation	3,816,398	(1,816,398)	2,000,000
I370H001	12/10	Wilson 161-69kV Substation Facilities	11,526		11,526
I370H004	12/10	Wilson 69kV Line to Centertown	117,716	(117,716)	0
Total 2009 BREC Construction Budget			16,436,813	(8,751,957)	7,684,856
Grand Total 2009 Transmission and A&G Capital & Construction Budget			18,101,213	(9,898,007)	8,203,206


Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative 

Proposed Budget

2009



Your Touchstone Energy[®] Cooperative 

Assumptions/Comments

2009 Budget

Sales & Revenues:

Member rates reflect no change from the current tariff.

Rural and Industrial sales volumes based on the 2007 load forecast.

Arbitrage sales priced at the current market forecast.

Smelter Tier 3 sales include SIPC power purchased and resold to Century.

Domtar backup sales are not included.

Transmission revenue reflects an additional 450 MW transmission reservation on Big Rivers system by the energy services department.

Operation and Maintenance Expense:

Purchased power includes SIPC purchases resold to Century.

Energy services department's additional 450 MW transmission reservation is reflected.

Payroll includes a 3.5% increase for both bargaining and non-bargaining personnel.


Material, supplies, and services reflect a 3.0% inflation assumption.

Marketing department expenses include an expanded energy efficiency program.

Professional services are not included for the "Unwind" project.

Transmission maintenance includes an expansion of the right-of-way clearing program.



Your Touchstone Energy® Cooperative 

Assumptions/Comments

2009 Budget

Interest on Long-Term Debt

**Refinancing of both the Series 1983 and Series 2001A P.C. Bonds.
Refinanced as of April 1, 2009.**

Maturity date of new issues is March 31, 2039.

Bond refinancing cost of \$5.9 million amortized over the life of new issues.

**Ambac prepaid insurance expense related to original bond issues is amortized
over the life of the original retired issues.**

Interest Rate assumptions on the P.C. Bonds.

Series 1983 (\$58.8 million): Jan-Mar = 8.0% Apr-Dec = 5.0%


Series 2001A (\$83.3 million): Jan-Mar = 18.0% Apr-Dec = 5.0%

Interest Income

Available cash is invested at 1.5%.

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Your Touchstone Energy[®] Cooperative 

Assumptions/Comments

2009 Budget

Adjustments to 2008*

All adjustments relate to the 2 months of budget included in the 2008* amounts.

Series 2001A interest expense was adjusted to reflect an interest rate of 18% (\$2.0M).

Defeased sale/leaseback obligations interest expense was removed (\$2.2M).

PMCC note interest expense was added (\$175K).

Defeased sale/leaseback investment income was removed (\$2.2M).

Cash investment interest income was adjusted for the PMCC buyout (\$918K).

Amortization of the defeased sale/leaseback gain was removed (\$487K).

Amortization of the defeased sale/leaseback buyout loss was added (\$667K).

* 2008 reflects ten months of actual and two months of budget



Your Touchstone Energy® Cooperative

2009 Budget - Statement of Revenues and Expenses

	2008 BUDGET	2009 BUDGET	2008*	DIFFERENCE 2009 vs. 2008*
ELECTRIC ENERGY REVENUES	188,244,374	200,760,120	202,908,061	(2,147,941)
INCOME FROM LEASED PROPERTY - NET	29,353,161	29,011,198	29,321,837	(310,639)
OTHER OPERATING REVENUE AND INCOME	9,577,770	15,579,099	10,054,036	5,525,063
TOTAL OPER REVENUES & PATRONAGE CAPITAL	227,175,305	245,350,417	242,283,934	3,066,483
OPERATION EXPENSE-OTHER POWER SUPPLY	106,913,867	123,271,396	110,603,790	12,667,606
OPERATION EXPENSE-TRANSMISSION**	6,977,733	7,427,268	7,187,098	240,170
CONSUMER SERVICE & INFORMATIONAL EXPENSE	758,793	783,072	698,498	84,574
OPERATION EXPENSE-SALES	800,335	1,752,812	557,151	1,195,661
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	14,192,510	15,045,650	16,482,941	(1,437,291)
TOTAL OPERATION EXPENSE	129,643,238	148,280,198	135,529,478	12,750,720
MAINTENANCE EXPENSE-TRANSMISSION	4,005,071	5,203,485	3,802,855	1,400,630
MAINTENANCE EXPENSE-GENERAL PLANT	395,110	181,892	220,043	(38,151)
TOTAL MAINTENANCE EXPENSE	4,400,181	5,385,377	4,022,898	1,362,479
DEPRECIATION & AMORTIZATION EXPENSE	5,402,203	5,785,755	5,201,400	584,355
TAXES	1,113,323	1,105,931	1,116,673	(10,742)
INTEREST ON LONG-TERM DEBT	73,704,107	63,507,350	75,432,278	(11,924,928)
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(793,880)	(532,370)	(514,454)	(17,916)
OTHER INTEREST EXPENSE	16,920	7,260	9,957	(2,697)
OTHER DEDUCTIONS	(2,650,567)	4,275,697	(1,064,717)	5,340,414
TOTAL COST OF ELECTRIC SERVICE	210,835,525	227,815,198	219,733,513	8,081,685
OPERATING MARGINS	16,339,780	17,535,219	22,550,421	(5,015,202)
INTEREST INCOME & PATRONAGE DIVIDENDS	19,252,298	291,825	11,946,426	(11,654,601)
OTHER CAPITAL CREDITS & PAT DIVIDENDS	778,506	546,753	789,659	(242,906)
NET PATRONAGE CAPITAL OR MARGINS	36,370,584	18,373,797	35,286,506	(16,912,709)

* 2008 reflects ten months of actual and two months of budget

** Includes TVA Transmission



2009 Budget - Statement of Revenues and Expenses

Your Touchstone Energy[®] Cooperative


	OPERATING* BUDGET	ARBITRAGE	TOTAL BUDGET
ELECTRIC ENERGY REVENUES	120,325,002	80,435,118	200,760,120
INCOME FROM LEASED PROPERTY - NET	29,011,198		29,011,198
OTHER OPERATING REVENUE AND INCOME	7,723,539	7,855,560	15,579,099
TOTAL OPER REVENUES & PATRONAGE CAPITAL	157,059,739	88,290,678	245,350,417
OPERATION EXPENSE-OTHER POWER SUPPLY	76,264,165	47,007,231	123,271,396
OPERATION EXPENSE-TRANSMISSION	4,865,268	2,562,000	7,427,268
CONSUMER SERVICE & INFORMATIONAL EXPENSE	783,072		783,072
OPERATION EXPENSE-SALES	1,752,812		1,752,812
OPERATION EXPENSE-ADMINISTRATIVE & GENERAL	15,045,650		15,045,650
TOTAL OPERATION EXPENSE	98,710,967	49,569,231	148,280,198
MAINTENANCE EXPENSE-TRANSMISSION	5,203,485		5,203,485
MAINTENANCE EXPENSE-GENERAL PLANT	181,892		181,892
TOTAL MAINTENANCE EXPENSE	5,385,377	---	5,385,377
DEPRECIATION & AMORTIZATION EXPENSE	5,785,755		5,785,755
TAXES	1,105,931		1,105,931
INTEREST ON LONG-TERM DEBT	63,507,350		63,507,350
INTEREST CHARGED TO CONSTRUCTION-CREDIT	(532,370)		(532,370)
OTHER INTEREST EXPENSE	7,260		7,260
OTHER DEDUCTIONS	4,275,697		4,275,697
TOTAL COST OF ELECTRIC SERVICE	178,245,967	49,569,231	227,815,198
OPERATING MARGINS	(21,186,228)	38,721,447	17,535,219
INTEREST INCOME & PATRONAGE DIVIDENDS	291,825		291,825
OTHER CAPITAL CREDITS & PAT DIVIDENDS	546,753		546,753
NET PATRONAGE CAPITAL OR MARGINS	(20,347,650)	38,721,447	18,373,797

* Excludes revenues and expenses associated with arbitrage sales/purchases.

Includes amortization of defeased sale/leaseback net loss from buy-out (\$4,000,060) and Cobank Capital Credits (\$546,753).

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6 of 105



Your Touchstone Energy® Cooperative 

Cash Flow

2009 Budget

Beginning Balance, January 1, 2009 (estimate)

33,560,877

Receipts

248,236,080

Disbursements

(215,502,517) *PCRC*

32,733,563

Cash Available for Investment/New RUS Note Payments

66,294,440

New RUS Note Minimum Required Payments:*

January

15,576,617

April

15,027,008

July

15,156,896

October

20,152,949

Total New RUS Note Minimum Payments

(65,913,470)

Ending Balance, December 31, 2009

380,970


Cash Increase/(Decrease)

(33,179,907)

* 2009 Budget assumes no New RUS Note prepayments.

KIUC 1-16c
7 of 105



Your Touchstone Energy Cooperative 

Electric Energy Revenues

2009 Budget

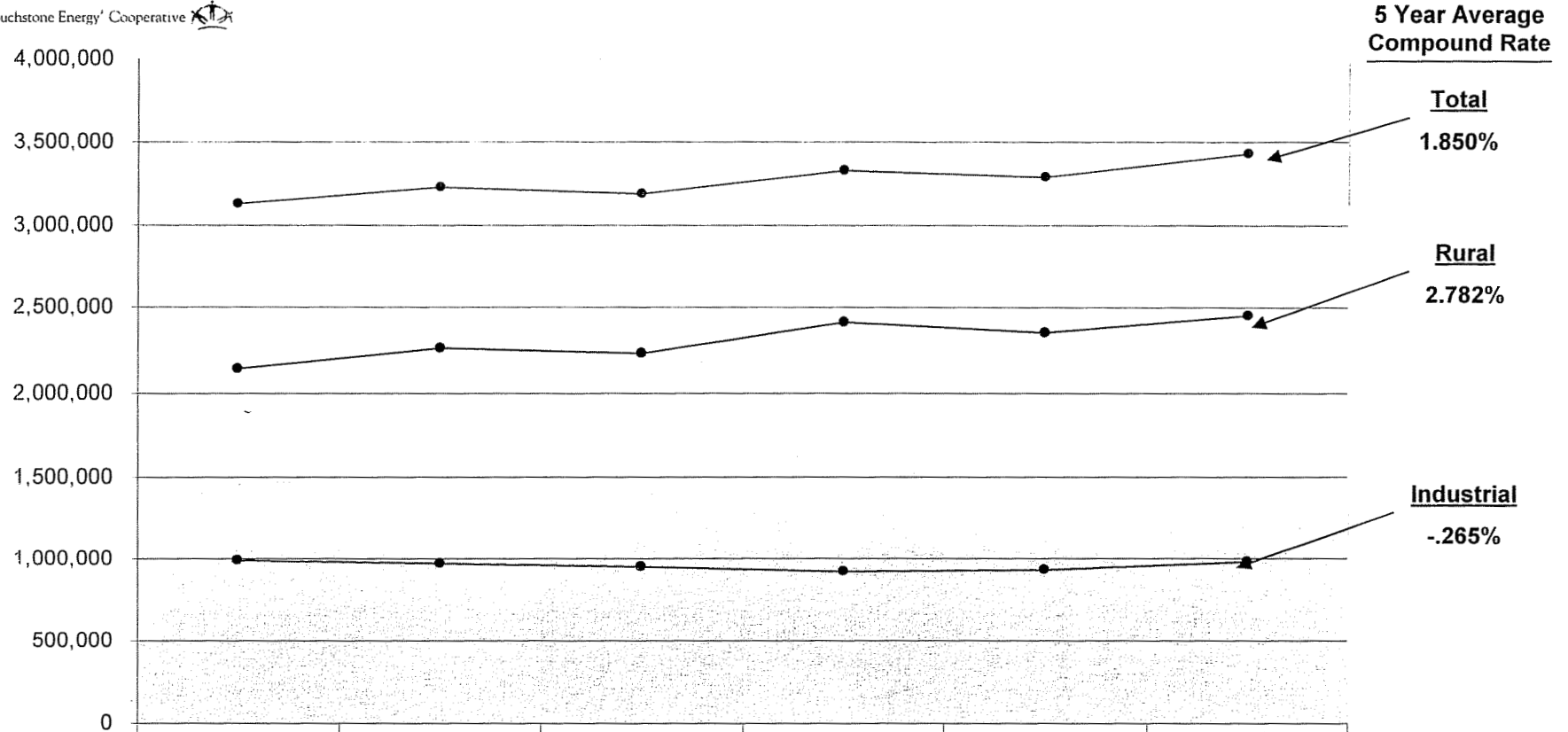
	2009 BUDGET			2008**		
	MWH	\$	\$/MWH	MWH	\$	\$/MWH
MEMBER SALES:						
Rurals	2,446,477	89,255,086	36.48	2,350,270	83,959,697	35.72
Industrials	984,047	31,069,916	31.57	935,907	28,918,076	30.90
	3,430,524	120,325,002	35.07	3,286,177	112,877,773	34.35
ARBITRAGE SALES:						
APM (as agent)	361,515	15,975,961	44.19	771,161	40,686,964	52.76
Smelter Tier 3 -- Arbitrage	1,323,480	64,828,193	48.98	1,010,749	48,513,960	48.00
Domtar Backup*		(369,036)		16,778	829,364	49.43
	1,684,995	80,435,118	47.74	1,798,688	90,030,288	50.05
ELECTRIC ENERGY REVENUES	5,115,519	200,760,120	39.25	5,084,865	202,908,061	39.90
	=====	=====	=====	=====	=====	=====

*2009 Budget for Domtar Cogeneration Backup Power reflects revenue from the additional monthly charge and the metering and billing charges (\$269,748); offset by transmission costs (\$398,064); and LEM ancillaries (\$240,720).

**2008 reflects ten months of actual and two months of budget

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Member MWh Sales



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	2004	2005	2006	2007	2008*	2009 Budget
● Rural	2,132,801	2,262,698	2,231,554	2,406,446	2,350,270	2,446,477
● Industrial	997,203	971,242	956,502	921,359	935,907	984,047
● Total	3,130,004	3,233,940	3,188,056	3,327,805	3,286,177	3,430,524

*2008 reflects ten months of actual and two months of budget



Member Industrial Sales – Energy Billing Units

2009 Budget

Your Touchstone Energy® Cooperative 

INDUSTRIALS:

	<u>2009 BUDGET</u>	<u>2008*</u>	<u>VARIANCE</u>	
	<u>KWH</u>	<u>KWH</u>	<u>KWH</u>	<u>% Change</u>
Accuride	32,011,000	25,428,610	6,582,390	25.89%
Alcoa Automotive	1,656,000	1,658,338	(2,338)	-0.14%
Aleris International (formerly Commonwealth Alum)	192,138,000	187,534,730	4,603,270	2.45%
Allied Resources	24,264,000	26,943,790	(2,679,790)	-9.95%
Armstrong Coal (formerly Ohio Co. Coal)	10,236,000	7,009,865	3,226,135	46.02%
Armstrong Coal S.H. Dock (new)	17,520,000	2,920,000	14,600,000	500.00%
Cardinal River	3,250,000	372,910	2,877,090	771.52%
Domtar Paper Co. (formerly Weyerhaeuser)	229,357,000	216,682,147	12,674,853	5.85%
Dotiki #4-Webster	5,757,000	5,863,517	(106,517)	-1.82%
Dyson Creek	0	230,350	(230,350)	-100.00%
Hopkins County Coal (formerly Smith Coal)	2,897,000	2,490,545	406,455	16.32%
KB Alloys	8,739,000	7,712,840	1,026,160	13.30%
Kimberly-Clark	290,642,000	296,144,910	(5,502,910)	-1.86%
KMMC, L.L.C.	15,391,000	4,786,291	10,604,709	221.56%
Midway Mine & Prep	0	5,806,102	(5,806,102)	-100.00%
Patriot Coal	22,937,000	26,594,565	(3,657,565)	-13.75%
Roll Coater, Inc.	24,686,000	21,836,293	2,849,707	13.05%
Tyson Foods	64,922,000	65,537,446	(615,446)	-0.94%
Valley Grain	8,644,000	9,514,866	(870,866)	-9.15%
Shell Oil	29,000,000	20,838,380	8,161,620	39.17%
Total Industrial Energy Billing Units	984,047,000	935,906,495	48,140,505	5.14%

* 2008 reflects ten months of actual and two months of budget



Your Touchstone Energy[®] Cooperative


Arbitrage Sales

2009 Budget

MONTH	PRICE \$/MWH	ENERGY MWH	ENERGY REVENUE \$	ENERGY COST \$	TRANS. COST \$	ENERGY LOSSES \$	ARBITRAGE MARGIN* \$
JAN	49.67	171,346	8,510,448	4,744,890	621,458	28,089	3,116,011
FEB	49.69	153,512	7,627,262	4,260,250	621,458	25,186	2,720,368
MAR	47.55	148,308	7,051,997	3,014,657	621,458	24,312	3,391,570
APR	46.90	160,251	7,515,136	3,257,422	621,458	26,284	3,609,972
MAY	46.26	145,840	6,747,045	2,964,487	621,458	23,907	3,137,193
JUN	48.27	121,994	5,888,896	2,479,782	621,458	20,012	2,767,644
JUL	50.12	120,755	6,052,014	2,454,591	621,458	19,796	2,956,169
AUG	48.50	107,439	5,210,816	2,183,904	621,458	17,613	2,387,841
SEP	48.23	113,839	5,490,003	2,314,011	621,458	18,655	2,535,879
OCT	45.89	159,320	7,311,447	3,238,502	621,458	26,117	3,425,370
NOV	46.69	140,185	6,545,464	2,849,536	621,458	22,994	3,051,476
DEC	48.20	142,206	6,853,626	2,890,626	621,458	23,312	3,318,230
TOTAL	47.96	1,684,995	80,804,154	36,652,658	7,457,496	276,277	= 36,417,723

* Total Actual Margin from Arbitrage Sales is \$38,721,447 (Arbitrage Margin -- \$36,417,723; plus Transmission Revenue from Arbitrage -- \$7,457,496; minus APM/PJM/ICE/CFC Fees -- \$1,353,000; minus TVA Transmission -- \$2,562,000; minus Net Domtar Cogeneration Backup Costs -- \$1,049,772; minus LEM Energy Imbalance/Penalty -- \$120,000; Meter Data Retrieval Expense -- \$69,000)
 Market Power Purchases budgeted for 2009 is 23,200 MWH totaling \$8,480,900.



Your Touchstone Energy[®] Cooperative 

Income from Leased Property - Net

2009 Budget

	2009 Budget	*2008
	CLOSING THROUGH 2010	ANNUAL
	-----	-----
LEASE INCOME -- E. ON U.S. Transaction:		
Base Rental	386,564,516	31,025,243
Closing Enhancement	12,100,000	971,133
Smelter Margin	255,227,871	20,484,308
\$89,000/Mo. for 55 Months	4,895,000	392,867
Personal Property Credit	(6,741,929)	(541,100)
	-----	-----
	652,045,458	52,332,451
WKEC's Contribution to Capital Assets Amortized to Income		7,025,049
Smelter Tier 3 Transmission Payable to LEM		(658,320)


		52,332,450
		6,792,771
		(692,091)

TOTAL LEASE INCOME -- E. ON U.S. Transaction		58,699,180
		58,433,130
EXPENSES OF LEASED ELECTRIC PLANT:		
Depreciation/Amortization		27,625,747
Amortization--LEM Settlement Note & Marketing Payment (over the life of the lease)		1,004,335
Incremental O&M (NOx Compliance & CAIR and CAMR studies)		1,057,900

TOTAL EXPENSES OF LEASED ELECTRIC PLANT		29,687,982
		29,111,293
INCOME FROM LEASED PROPERTY-NET (E. ON U.S. Transaction)		29,011,198
		29,321,837

* 2008 reflects ten months of actual and two months of budget



Your Touchstone Energy® Cooperative 

Other Operating Revenue & Income


2009 Budget

	2009 Budget	*2008
TRANSMISSION REVENUE:**		
LG&E Energy Marketing (LEM) - Contract Requirement	5,000,000	
Smelter Tier 3 (includes excess reactive power)	2,483,172	
Arbitrage	7,457,496	
Domtar Cogeneration Backup	398,064	
Other (includes wheeling of HMP&L's SEPA purchases)	42,000	
	15,380,732	9,837,037
TOTAL TRANSMISSION REVENUE		
ANCILLARY SERVICE AGREEMENTS:		
Microwave Channels (2)	2,460	2,544
HMP&L STATION TWO AGREEMENTS:		
Administrative and General Expense Reimbursement	164,607	172,852
SIPC Facilities Agreement	24,000	24,000
Wilson Site Pasture, Crop & Oil Lease/CT Site Crop Lease and Other Miscellaneous Revenues	7,300	17,603
	15,579,099	10,054,036
TOTAL OTHER OPERATING REVENUE AND INCOME		

* 2008 reflects ten months of actual and two months of budget

**Does not include member coops or smelter tier 1 & 2 transmission.



Your Touchstone Energy[®] Cooperative 

Operation Expense - Other Power Supply

2009 Budget


	2009 BUDGET			2008*		
	MWH	\$/MWH	AMOUNT	MWH	\$/MWH	AMOUNT
PURCHASED POWER:						
LG&E Energy Marketing (LEM)**	4,832,808	20.364	98,416,489	4,827,623	20.188	97,459,592
SEPA	221,205	26.825	5,933,911	269,723	23.487	6,335,017
Domtar Green Power	8,760	55.000	481,800	8,784	55.000	483,120
Market Power Purchases	94,000	90.222	8,480,900	23,735	52.177	1,238,427
Domtar Cogeneration Backup***			1,078,800	7,441	224.309	1,669,081
TOTAL PURCHASED POWER	5,156,773	22.183	114,391,900	5,137,306	20.864	107,185,237
LEM Generation Based Ancillary Services - Net			---			45,360
Arbitrage -- Big Rivers' Transmission			7,457,496			1,976,756
Domtar Curtailment Credit			---			17,740
Meter Data Retrieval Expense (Cell Phones & DSL)			69,000			62,035
Fees -- ACES, PJM, CFC Letter of Credit & ICE			1,353,000			1,316,662
TOTAL OTHER POWER SUPPLY			123,271,396			110,603,790

*2008 reflects ten months of actual and two months of budget

**LEM purchased power includes the LEM Penalty associated with arbitrage purchases.

***2009 Budget assumes no backup energy purchases for Domtar



Your Touchstone Energy® Cooperative 

Payroll & Payroll Overheads

2009 Budget

	NO. OF EMPLOYEES	O&M	Construction	Total
Administrative:	5	1,094,056		1,094,056
President & CEO				
Special Corporate Advisor				
Special Projects/Production				
Enterprise Risk Management				
Executive Assistant				
System Operations	55	5,177,698	563,941	5,741,639
Financial Services	24	2,861,838		2,861,838
Energy Services	9	1,325,255		1,325,255
External Affairs	9	1,262,077		1,262,077
Administrative Services	12	1,225,076		1,225,076
	----- 114	----- 12,946,000	----- 563,941	----- 13,509,941



Your Touchstone Energy® Cooperative

Operating Expense - Transmission

2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS:		
Lines	673,882	
Stations	965,844	
Load Dispatching	1,047,335	

TOTAL PAYROLL & PAYROLL OVERHEADS	2,687,061	2,608,750
TVA Transmission Reservation	2,562,000	2,690,054
MISO & PJM Transmission		5,097
MATERIALS, SUPPLIES & SERVICES:		
Computer Supplies/Services	223,709	
TVA Agreement -- Security Coordination/Transmission System Monitoring	169,130	
Vehicle Expense	125,340	
Transmission Contractors (Tower Inspections, Substation Inspections, Oil Sampling & Analysis)	120,000	
Training (Conference/Seminars, Technical Training, Educational Asst.)	64,074	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	61,230	
Utilities	55,000	
Line Patrol	50,000	
Operating Supplies	33,383	
ETS Tagging/Web OASIS Service	25,200	
Safety Expense	22,929	
LG&E Facility Charge	21,120	
Cellular Phone Service -- Select Personnel	19,662	
Uniforms	15,000	
Disaster Recovery	14,670	
Environmental Services/Supplies	12,000	
Tools	11,028	
Other	44,986	


TOTAL MATERIALS, SUPPLIES & SERVICES	1,088,461	849,463
FIXED EXPENSES (Functionalized):		
Property Taxes	844,466	
Property Insurance	245,280	

TOTAL FIXED EXPENSES	1,089,746	1,033,734

OPERATING EXPENSE -- TRANSMISSION	7,427,268	7,187,098

* 2008 reflects ten months of actual and two months of budget.



Your Touchstone Energy® Cooperative 


Professional Fees Recap

2009 Budget

	LEGAL	OTHER	TOTAL
President & CEO*	222,720	---	222,720
System Operations	38,000	90,000	128,000
Financial Services	161,700	556,830	718,530
Energy Services	61,800	283,320	345,120
External Affairs	90,000	1,043,000	1,133,000
Administrative Services	12,000	287,000	299,000
<hr style="border-top: 1px dashed black;"/>			
Total Professional Fees	586,220	2,260,150	2,846,370

* 2009 Budget does not include any professional fees for the "Unwind" project.



Your Touchstone Energy[®] Cooperative 

Professional Services - Non-Capital Projects


2009 Budget

Power Plants – Annual Review Reports	300,000 ^X
Pension Plans/Other Salary & Benefit Matters	297,000
Rate Case	231,530
Financial Statement Audit/Income Tax Preparation/GAAP & Tax Issues	230,000
General Corporate Matters	222,720
Power Plants – Carbon Dioxide Sequestration Study (UK)	200,000
Cyber Security Audit & Compliance (Big Rivers & Members)	185,000
Power Plants -- Baseline Technical Audit	150,000
Integrated Resource Plan (IRP)	148,320
Marketing Surveys -- Residential Attitude/Opinion; C&I Attitude & Opinion; Consumer Transaction	136,000
Power Plants – Litigation Maintenance Issues/Major Equipment Status Updates	120,000
Standards Gap Testing – NERC Compliance	80,000
Load Forecast	72,000
Power Sales Contracts	61,800
Member & EMS Programming Support	60,000
WKE/LG&E Oversight & Contract Matters	54,000
Energy Efficiency Consulting	50,000
Other (14 Projects under \$50,000)	248,000

Total Professional Services	2,846,370

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Your Touchstone Energy[®] Cooperative 

Operating Expense – Customer Service & Information


2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS	539,012	520,322
MATERIALS, SUPPLIES & SERVICES:		
Incentives	75,000	
C&I News Publication	47,863	
Training** (Conference/Seminars, Technical Training, Employee Educational Asst.)	39,113	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	29,091	
Computer Supplies/Services	23,973	
Vehicle Expense	9,366	
Telephone	2,841	
Other	16,813	
	244,060	178,176
TOTAL MATERIALS, SUPPLIES & SERVICES		
OPERATING EXPENSE -- CUSTOMER SERVICE & INFORMATION	783,072	698,498

* 2008 reflects ten months of actual and two months of budget

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Your Touchstone Energy® Cooperative 

Operating Expense – Sales

2009 Budget

	2009 Budget	2008*
MATERIALS, SUPPLIES & SERVICES:		
Energy Efficiency Programs & Promotions	1,367,000	
Economic Development (Member Assistance Program)	201,000	
Marketing Program -- Advertising Expense	126,000	
TSE New/Emerging Technologies Conference Sponsor		
Member Marketing Program Advertising and Promotional Expenses	58,688	
Computer Services & Support	124	
Other	-----	
TOTAL MATERIALS, SUPPLIES & SERVICES	1,752,812	557,151
OPERATING EXPENSE -- SALES	1,752,812	557,151

* 2008 reflects ten months actual and two months budget

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Your Touchstone Energy Cooperative


Operating Expense – Administrative & General

2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS	7,512,003	7,299,638
MATERIALS, SUPPLIES & SERVICES:		
Professional Services	2,846,370	
Dues & Assessments (KPSC, NECR, Touchstone Energy, NRECA, KAEC, SeFPC)	1,256,500	
Member Cooperative Billings -- Printing/Inserting/Mailing	756,000	
Computer Supplies & Operating Expenses	666,550	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	308,150	
Directors' Fees & Expenses	181,270	
Training (Conference/Seminars, Technical Training, Employee Educational Asst.)	177,802	
Vehicle Expense	129,474	
Utilities	108,000	
Telephone	106,460	
Sponsorships/Advertising (Marketing Program)	87,900	
Books & Subscriptions	65,363	
Economic Development	62,500	
Office Supplies	52,515	
Document Development, Reproduction & Imaging Services	48,995	
Employee Relations	48,445	
Pollution Control Bond -- Fees (Agent/Registrar; Trustee; Facility; Administrative)	42,610	
Employment Advertisement & Recruiting Expense	35,500	
Professional, Social & Civic Dues	34,370	
Safety Recognition & Awards	20,000	
Postage/Federal Express/UPS	18,357	
Public Notices	17,650	
Other	136,077	
TOTAL MATERIALS, SUPPLIES & SERVICES	7,206,858	8,872,725
FIXED EXPENSES (Functionalized):		
Property Taxes	157,209	
Property & Liability Insurance	169,580	
TOTAL FIXED EXPENSES	326,789	310,578
OPERATING EXPENSE -- ADMINISTRATIVE & GENERAL	15,045,650	16,482,941

* 2008 reflects ten month actual and two months budget



Your Touchstone Energy® Cooperative 


Maintenance Expense – Transmission

2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS:		
Lines	1,069,394	
Stations	1,433,657	
TOTAL PAYROLL & PAYROLL OVERHEADS	2,503,051	2,335,486
MATERIALS, SUPPLIES & SERVICES:		
Brush Control -- Right-of-Way	1,400,000	
Substation Equipment (Transformers, Circuit Breakers, Capacitor Banks, etc.)	456,840	
Vehicle Expense	210,900	
Pole Treatment	200,000	
Line Maintenance (Poles/Fixtures, Conductors, MODs, Insulators, etc.)	105,000	
Training (Conference/Seminars, Technical Training, Educational Asst.)	50,106	
Computer Hardware/Software Support & Maintenance	42,060	
Communications Equipment	37,520	
Travel & Meal Expenses (Airline Tickets, Lodging, Meals, etc.)	35,894	
Disaster Recovery	25,310	
Microwave Tower Maintenance	24,000	
Painting & Painting Contractors	20,000	
Misc. Plant Equip. Maintenance	19,000	
Building/Grounds	18,240	
Electrical Supplies	9,200	
Safety Expenses	4,920	
Other	41,444	
TOTAL MATERIALS, SUPPLIES & SERVICES	2,700,434	1,467,369
MAINTENANCE EXPENSE -- TRANSMISSION	5,203,485	3,802,855

* 2008 reflects ten months actual and two months budget



Your Touchstone Energy® Cooperative 

Maintenance Expense – General Plant


2009 Budget

	2009 Budget	2008*
PAYROLL & PAYROLL OVERHEADS	41,741	28,980
MATERIALS, SUPPLIES & SERVICES:		
Computer Hardware/Software Maintenance	43,460	
Building and Grounds Maintenance (Excluding HVAC Equipment)	27,572	
HVAC System Maintenance	26,040	
Disaster Recovery	21,000	
Office Equipment Maintenance (Copiers, etc.)	19,190	
Other	2,889	
	140,151	191,063
TOTAL MATERIALS, SUPPLIES & SERVICES		
MAINTENANCE EXPENSE -- GENERAL PLANT	181,892	220,043

* 2008 reflects ten months of actual and two months of budget

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Your Touchstone Energy* Cooperative 

Interest on Long-Term Debt

2009 Budget


	2009 Budget	2008*
RUS:		
New Note	43,240,700	
ARVP	6,721,290	

TOTAL RUS	49,961,990	53,722,037
 POLLUTION CONTROL BONDS:		
P.C. Bond Interest	10,261,490	
Remarketing/Broker Fees	334,210	
AMBAC	420,630	
Dexia Credit Local -- Commitment Fee	289,960	

TOTAL POLLUTION CONTROL BONDS	11,306,290	11,182,478
 LG&E ENERGY MARKETING (LEM):		
Settlement Note	1,230,620	1,275,969
PMCC Promissory Note	1,008,450	263,075
Defeased Sale/Leaseback Obligation	---	8,988,719
	-----	-----
TOTAL INTEREST ON LONG-TERM DEBT	63,507,350	75,432,278

* 2008 reflects ten months of actual and two months of budget



Your Touchstone Energy® Cooperative 

Other Deductions


2009 Budget

	2009 Budget	2008*
Amortization -- Defeased Sale/Leaseback Gain	---	(2,192,214)
Amortization -- Defeased Sale/Leaseback Net Loss from Buy-out	4,000,060	1,005,025
Amortization -- P.C. Bond Refunding Expense	185,370	53,593
Donations	88,410	54,936
Miscellaneous	1,857	13,943
TOTAL OTHER DEDUCTIONS	4,275,697	(1,064,717)

* 2008 reflects ten months actual and two months of budget

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Your Touchstone Energy[®] Cooperative 


Interest Income

2009 Budget

	2009 Budget	2008*
Defeased Sale/Leaseback Restricted Investments	---	8,741,606
Cash Investments	281,839	3,186,556
Interest Income -- TVA Transmission Deposit	9,986	18,264
	-----	-----
TOTAL INTEREST INCOME	291,825	11,946,426

* 2008 reflects ten months of actual and two months of budget



Your Touchstone Energy® Cooperative 

Capital Equipment Budget

2009 Budget

SYSTEM OPERATIONS:

Go Tract Vehicle – Replacement	450,000
DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000
Hot Oil Spray Transformer Dryout System	110,000
4x4, 1/2 Ton Extended Cab Pickup Trucks (2 Replacements; 1 Addition)	81,000
4x4, 3/4 Ton Crew Cab Pickup Truck (Replacement)	40,000
4x4, 3/4 Ton Extended Cab Pickup Truck (Replacement)	35,000
Equipment and Tools	38,550
Battery Load Tester	35,000

TOTAL SYSTEM OPERATIONS

1,079,550

ADMINISTRATIVE AND GENERAL:

Computer Equipment	551,900
Office Furniture	16,500
Safety Training Equipment	16,450

TOTAL ADMINISTRATIVE AND GENERAL


584,850

TOTAL CAPITAL EQUIPMENT BUDGET

1,664,400

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Your Touchstone Energy[®] Cooperative 

Construction Budget

2009 Budget

SYSTEM OPERATIONS:

Two Way Radio Replacement (W.O. 923)	6,167,892
White Oak Substation (W.O. 930)	3,816,398
Spill Prevention Containment Control Implementation	1,069,004
Coleman to Newtonville 161 KV Reconductor (W.O. 929)	613,180
Pole Change Outs	609,767
Olivet Church Road Tap 69 KV Line (W.O. 917)	572,918
Falls of Rough-McDaniels 69 KV Line (W.O. 864)	515,193
Oil Spill Prevention Control & Countermeasures System (W.O. 870)	379,366
Reconductor Line 6-A Reid Switchyard-Daviess County Substation (W.O. 885)	367,943
Hancock 69 KV Capacitor Bank	317,135
Replace (15) 161 KV Disconnects at Reid	241,454
US 60 Bypass Relocation (KDOT Reimbursement W.O. 907)	218,654
Reconductor Lines 4-K & 5-D Between Hopkins & S. Hanson (W.O. 926)	207,540
CEHV to Coleman C1 & C2 Teleprotection Replacement	199,788
REHV to Hopkins 161 KV Reroute	198,512
Other (Projects under \$150,000)	942,069

TOTAL SYSTEM OPERATIONS

16,436,813

GENERATION:

Obligation Under the LG&E Transaction: Non-Incremental	6,871,000
Incremental	831,160

TOTAL GENERATION


7,702,160

TOTAL CONSTRUCTION BUDGET

24,138,973

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Your Touchstone Energy® Cooperative 

2009 Budget

Cost-Deferral/Cost Containment

(Board Meeting Date: March 20, 2009)



2009 Budget - 12/31/2009	0.4
<u>Adjustments:</u>	
<u>Proposed Rate Increase</u>	-16.6
Electric Energy Sales, Net	(7.6)
Interest Expense	(7.6)
Incremental Environmental O&M	(2.0)
PCB Refunding Cost	5.9
CapX	3.4
All Other	1.8
Revised	10.9
<u>1/4/2010:</u>	
WKEC Lease Payment	2.6
Non-Incremental Capital Cost	(0.6)
New RUS Note	(15.8)
	(13.8)
Shortfall	(2.9)
Cost Cutting/Deferral	12.9
Balance	10.0
<u>Does not reflect:</u>	
25% Unwind Cost-Share	
Winter Storm Impact	
Cash Working Capital above \$10 million	
Other Potential Claims (E.ON, Smelter, etc.)	

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2009 Budget - Cost-Deferral/Cost-Containment

Operation and Maintenance Expense	4,402,240
Capital	1,146,050
Construction	<u>8,751,957</u>
Total	14,300,247

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Your Touchstone Energy® Cooperative

Operations and Maintenance

Marketing/Member Relations - Energy Incentives	950,000	106
Various Departments - Professional Services	808,000	253
Transmission - Brush Control	760,000	117
Energy Services - Administrative Labor	231,610	365
External Relations - Environmental Services	200,000	254
Transmission - Substation Maintenance	200,000	539
External Relations/Mktg/Mbr Relations - Dues & Assessments	182,000	204
Various Departments - Reimbursable Expenses 410	178,280	410
Various Departments - Conferences and Seminars	95,150	395
Marketing/Member Relations - Advertising/Promotion	75,000	104
Marketing/Member Relations - Incentives	50,000	103
Various Departments - Technical Training	46,750	400
Information Systems - Maintenance Contracts	46,500	489
Various Departments - Meals	43,980	411
Marketing/Member Relations - Goodwill/ Institutional Advertising	43,400	105
Transmission - Contractors	40,000	150
External Relations - Document Development and Reproduction	40,000	152
Information Systems - Unwind Costs	36,000	434
Human Resources - Recruiting Expense	25,900	257
Various Departments - Educational Reimbursement	25,000	405
All Other - Company-Wide	324,670	

4,402,240



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Your Touchstone Energy® Cooperative

Capital

Go Tract Vehicle -- Replacement	450,000
DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000
Hot Oil Spray Transformer Dryout System	110,000
Personal Computers--27 Desktops - (22 Replacements; 2 New)	50,100
3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258	35,000
Uninterruptible Power Supply (UPS) Replacement	30,000
1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262	27,000
1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285	27,000
Laptop Computers (6 Replacements; 1 New)	21,500
Cisco Network Equipment & Switch Upgrades	20,000
Servers, Firewalls, Switches, Computer Equipment	20,000
Autocad Upgrade	20,000
Office Furniture	16,000
All Other	29,450
	<hr/>
	1,146,050



KIUC 1-16c
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Your Touchstone Energy® Cooperative

Construction

Two Way Radio System	5,167,892
White Oak Substation	1,816,398
Coleman to Newtonville 161kV Reconductor	513,180
Falls of Rough-McDaniels 69 kV Line	465,193
Hancock 69kV Capacitor Bank	317,135
Cumberland-Caldwell Springs Tap 69 kV Line	146,520
Wilson 69kV Line to Centertown	117,716
Horse Fork Tap 69kV Switch Modification	58,114
McCracken Co RTU Replacement	38,817
Reid 69kV RTU Replacement	38,644
Replace Three (3) MIOD Operators at Dover	27,002
Replace Substation Security Fence at Hardinsburg Substation	26,676
Add Gravel to Meade County Substation	14,652
Daviess Co Airport Line Reroute	4,018
	<hr/>
	8,751,957

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Rate Case

**Cash -
Millions of \$**

2009 Budget - 12/31/2009	0.4
<u>Adjustments:</u>	
Proposed Rate Increase	16.6
Electric Energy Sales, Net	(7.6)
Interest Expense	(7.6)
Incremental Environmental O&M	(2.0)
PCB Refunding Cost	5.9
CapX	3.4
All Other	1.8
Revised	10.9
<u>1/4/2010:</u>	
WKEC Lease Payment	2.6
Non-Incremental Capital Cost	(0.6)
New RUS Note	(15.8)
	(13.8)
Shortfall	(2.9)
Cost Cutting/Deferral	12.9
Balance	10.0
<u>Does not reflect:</u>	
25% Unwind Cost-Share	
Winter Storm Impact	
Cash Working Capital above \$10 million	
Other Potential Claims (E.ON, Smelter, etc.)	

KIUC 1-16c
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Cash Summary of Budget Revision:

2/20/09 - Cost-Cutting/Cost-Deferral Required	12,902,996
Per Budget Review Meetings:	
Big Rivers O&M Reduction	3,002,240
CapX Reduction	9,898,007
Total	<u>12,900,247</u>
CapX Reduction in Pro forma	<u>(3,407,290)</u>
	9,492,957
Unwind Cost	(500,000)
Rate Case Expenses up to \$431,530	<u>(100,530)</u>
	8,892,427
Member O&M	1,400,000
Shortfall below \$10 million on 1/5/2010	<u>2,610,569</u>
	12,902,996
Cash Balance without Additional Reduction 1/5/2010	<u>7,389,431</u>
2009 Original Budget - Margins	18,373,797
Budget Amendment	5,680,198
2010 Amended Budget - Margins	<u>24,053,995</u>

2009 Budget Amendment Summary - Cash

(In Millions of \$)

	<u>20-Mar</u>	<u>20-Feb</u>
Year End 2009 Cash Balance per Budget	0.4	0.4
Adjust to 1/1/2009 Actual Cash Balance	1.0	
Rate Increase	16.6	16.6
<u>Budget Revisions per Pro forma and Other:</u>		
Electric Energy Sales, Net	(7.6)	(7.6)
Interest Expense on PCBs	(7.5)	(7.6)
PCB Refunding Cost	5.9	5.9
Incremental Enviromental O&M	(2.1)	(2.0)
CapX	3.4	3.4
Income Taxes	0.5	
Rate Case Expenses	(0.1)	
Pension Funding	(0.8)	
Jan 09 Unrealized Market Power Purchases	0.8	
Income Taxes not in Pro forma/Other	0.4	1.8
	(7.1)	
Subtotal	10.9	10.9
<u>Budget Cost-Deferral/Cost Cutting:</u>		
O&M, excluding pro forma adj. above	4.4	
CapX, excluding pro forma adj. above	6.5	
	10.9	12.9
<u>Other Budget Revisions:</u>		
Rate Case Exp above \$331,000	(0.1)	
Unwind Cost Share	(0.5)	
Storm Damage net out-of-pocket	0.0	
	(0.6)	
Shortfall	2.6	
Cash Balance 12/31/2009	23.8	23.8
WKEC Lease Payment	2.6	2.6
Non-Incremental CapX	(0.6)	(0.6)
New RUS Note	(15.8)	(15.8)
	(13.8)	(13.8)
Cash Balance 1/5/2010	10.0	10.0

Expense Budget - by RA by EAC

RA	EAC	Original	Adj. - +/(-)	Revised	RA Total	Members (excluded from Adj.)
001	158	6,000	(1,000)	5,000		
	205	50	(50)	0		
	395	5,000	(4,000)	1,000		
	410	22,500	(17,500)	5,000		
	411	15,000	(10,000)	5,000		
	440	870	(330)	540	(32,880)	
010	395	1,920	(1,000)	920		
	410	3,150	(2,500)	650		
	411	330	(200)	130	(3,700)	
011	107	7,800	(1,000)	6,800		
	116	3,580	(320)	3,260		
	253	718,530	(20,000)	698,530		
	395	4,200	(700)	3,500		
	410	4,800	(3,800)	1,000		
	411	3,600	(1,000)	2,600		
	720	8,500	(6,000)	2,500	(32,820)	
012	395	400	(400)	0		
	410	2,120	(2,000)	120		
	411	1,640	(1,300)	340	(3,700)	
014	107	6,000	(2,000)	4,000		
	253	128,000	(80,000)	48,000		
	395	1,000	(1,000)	0		
	410	3,000	(1,000)	2,000		
	411	1,200	(200)	1,000	(84,200)	
017	116	43,000	(15,000)	28,000		
	149	1,278,440	(12,000)	1,266,440		
	175	600	(300)	300		
	205	1,110	(200)	910		
	220	8,100	(4,000)	4,100		
	253	345,120	(202,000)	143,120		
	255	114,597,700	0	114,597,700		
	297	5,400	(1,000)	4,400		
	365	287,680	(231,609)	56,071		
	395	49,700	(40,000)	9,700		
	410	113,450	(62,000)	51,450		
	411	15,670	(9,000)	6,670		
	440	3,400	(2,800)	600		
	637	69,000	(10,000)	59,000	(589,909)	
018	101	250	(250)	0		
	107	38,640	(4,640)	34,000		
	116	7,000	(3,000)	4,000		
	152	500	(500)	0		
	204	568,000	(60,500)	507,500		
	205	1,300	(500)	800		
	206	19,900	(7,000)	12,900		
	210	263,500	(12,000)	251,500	(201,000)	
	220	13,000	(1,700)	11,300		
	253	933,000	(506,000)	427,000		
	254	200,000	(200,000)	0		
	289	5,360	(360)	5,000		
	297	4,840	(840)	4,000		
	395	17,420	(13,420)	4,000		
	408	1,800	(1,000)	800		
	410	40,750	(25,750)	15,000		
	411	11,640	(5,640)	6,000	(843,100)	
019	116	120	(120)	0		
	220	2,400	(2,300)	100		

Expense Budget - by RA by EAC

RA	EAC	Original	Adj. - +/(-)	Revised	RA Total	Members (excluded from Adj.)
	395	4,350	(3,350)	1,000		
	410	4,800	(3,800)	1,000		
	411	3,600	(2,600)	1,000	(12,170)	
110	149	8,400	(6,300)	2,100		
	220	360	(120)	240		
	395	1,600	(1,600)	0		
	410	2,700	(1,400)	1,300		
	411	320	(120)	200	(9,540)	
150	116	3,600	(700)	2,900		
	205	2,140	(840)	1,300		
	220	1,000	(400)	600		
	270	28,800	(9,500)	19,300		
	395	8,200	(4,980)	3,220		
	410	9,780	(5,780)	4,000		
	411	2,440	(1,390)	1,050	(23,590)	
170	149	3,480	(1,000)	2,480		
	163	7,800	(800)	7,000		
	175	1,800	(100)	1,700		
	185	14,400	(1,000)	13,400		
	216	18,430	(4,000)	14,430		
	220	15,000	(1,000)	14,000	(7,900)	
190	102	4,100	(1,000)	3,100		(2,500)
	103	75,000	0	75,000		(50,000)
	104	126,000	0	126,000		(75,000)
	105	87,900	(43,400)	44,500		
	106	1,367,000	0	1,367,000		(950,000)
	116	2,830	(1,400)	1,430		
	149	78,250	(4,000)	74,250		
	152	89,100	(40,000)	49,100		
	175	800	(700)	100		
	204	121,500	0	121,500		(121,500)
	206	6,420	(3,200)	3,220		
	247	1,800	(1,500)	300		
	297	1,680	(300)	1,380		
	395	5,150	(1,000)	4,150		
	410	13,000	(3,600)	9,400		
	411	5,000	(1,000)	4,000	(101,100)	
210	196	194,308,290	(0)	194,308,290		
	198	76,360	(62,640)	139,000		
	220	6,870	(2,000)	4,870		
	286	455,000	0	455,000		
	395	4,300	(1,000)	3,300		
	410	8,700	(7,700)	1,000		
	411	2,380	(1,780)	600	50,160	
220	149	2,800	(1,000)	1,800		
	184	1,082,640	0	1,082,640		
	220	1,400	(600)	800		
	257	25,900	(25,900)	0		
	304	0	106,900	106,900		
	312	1,440	(900)	540		
	313	9,600	(9,600)	0		
	395	4,590	(3,500)	1,090		
	398	2,400	(2,400)	0		
	400	102,380	(46,750)	55,630		
	405	51,810	(25,000)	26,810		
	410	4,850	(4,000)	850		
	411	760	(500)	260		
	584	191,470	0	191,470	(13,250)	
300	107	7,200	(1,200)	6,000		

Expense Budget - by RA by EAC

RA	EAC	Original	Adj. - +/(-)	Revised	RA Total	Members (excluded from Adj.)
	116	1,380	(1,000)	380		
	205	930	(930)	0		
	220	3,600	(2,600)	1,000		
	395	35,300	(16,300)	19,000		
	410	44,500	(16,000)	28,500		
	411	26,100	(9,000)	17,100		
	434	36,000	(36,000)	0		
	435	21,600	(4,000)	17,600		
	437	291,530	(6,000)	285,530		
	438	21,900	(6,000)	15,900		
	440	22,030	(7,710)	14,320		
	442	12,000	(7,000)	5,000		
	479	224,300	(17,300)	207,000		
	481	3,000	(1,000)	2,000		
	489	276,900	(46,500)	230,400		
	645	35,000	(17,500)	17,500	(196,040)	
355	107	20,040	(4,040)	16,000		
	297	600	(300)	300		
	395	900	(600)	300		
	410	600	(450)	150		
	411	300	(250)	50	(5,640)	
370	107	10,200	(1,500)	8,700		
	220	4,440	(3,000)	1,440		
	297	99,880	(3,000)	96,880		
	395	3,000	(1,700)	1,300		
	410	16,440	(8,000)	8,440		
	526	1,680	(1,200)	480	(18,400)	
405	395	820	(600)	220		
	646	12,360	(5,500)	6,860		
	647	14,040	(4,300)	9,740	(10,400)	
420	116	2,000	(500)	1,500		
	117	1,400,000	(760,000)	640,000		
	145	2,000	(500)	1,500		
	150	120,000	(40,000)	80,000		
	205	360	(360)	0		
	216	1,500	(500)	1,000		
	265	2,500	(1,200)	1,300		
	275	15,000	(12,000)	3,000		
	276	10,000	(5,000)	5,000		
	410	30,000	(13,000)	17,000		
	533	24,000	(6,000)	18,000		
	539	400,000	(200,000)	200,000		
	559	20,000	(8,000)	12,000		
	561	12,000	(6,000)	6,000		
	539	18,000	(11,000)	7,000	(1,064,060)	

Incr Enviro O&M

Unwind

Rate Increase

O&M	321,675,380	(3,002,240)	318,673,140	(1,400,000)
Member O&M		(1,400,000)		
Capital	18,101,213	(9,898,007)	8,203,206	
Capital in PF		3,407,290		
O&M Budget Cuts, excl pro forma		(4,402,240)		
Capital Budget Cuts, excl pro forma		(6,490,717)		

Big Rivers Electric Corporation
 2009 Transmission and A&G Construction & Capital Budget
 (includes capitalized interest & labor overheads)

WO/Project Number	Est. Date In-Service	Description	Original	Adj.	Revised
	month purchased	DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)	290,000	(290,000)	0
	"	Hot Oil Spray Transformer Dryout System	110,000	(110,000)	0
	"	Battery Load Tester	35,000		35,000
	"	A/C Unit Replacements	16,000		16,000
	"	Energy Control Telephone System	6,000	(6,000)	0
	"	Hoist, Grips, and Rope -- Replacements	5,000		5,000
	"	ET&S Computer HVAC Unit	3,500	(3,500)	0
	"	Hydraulic Pump and Press -- Replacement	3,500		3,500
	"	Tool Replacements	2,000		2,000
	"	Portable Generator (2) -- Replacements	1,800		1,800
	"	Typewriter	750		750
	"	Go Tract Vehicle -- Replacement	450,000	(450,000)	0
	"	3/4 Ton, 4x4 Crew Cab Pickup Truck-Replace Veh #254	40,000		40,000
	"	3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258	35,000	(35,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Vegetation Management	27,000		27,000
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262	27,000	(27,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285	27,000	(27,000)	0
	"	GIS--Personal Computer/Laptop Replacements/Server Replacements	185,000		185,000
	"	Cisco Network Equipment & Switch Upgrades	20,000	(20,000)	0
	"	Servers, Firewalls, Switches, Computer Equipment - Disaster Recovery Ce	82,500	(20,000)	62,500
	"	Personal Computers--27 Desktops - (22 Replacements, 2 New)	50,100	(50,100)	0
	"	Compliance Tracking Software (NERC, SERC, CIPS)	50,000		50,000
	"	Uninterruptible Power Supply (UPS) Replacement	30,000	(30,000)	0
	"	Laptop Computers (6 Replacements, 1 New)	21,500	(21,500)	0
	"	Cyber Security Equipment	21,000		21,000
	"	Software Tools	20,800		20,800
	"	Autocad Upgrade	20,000	(20,000)	0
	"	LaserFiche	15,000		15,000
	"	Remote Access to SOE's, Digital Relays	10,000		10,000
	"	Scanner	10,000		10,000
	"	Printer Replacements (4)	9,500	(9,500)	0
	"	Enterprise Risk Management Software	5,000	(5,000)	0
	"	Additional Disk for Coop Web Computer	1,500		1,500
	"	Office Furniture	16,500	(16,000)	500
	"	Electrical Safety Demo Unit	5,000		5,000
	"	Inductor for High Voltage Demo Trailer	5,000		5,000
	"	Rescue Mannequin & Parts	3,950	(2,950)	1,000
	"	Multimedia Projector	2,000	(2,000)	0
	"	Digital Camera Lenses	500	(500)	0
		Total 2009 Capital Budget	1,664,400	(1,146,050)	518,350

Big Rivers Electric Corporation
 2009 Transmission and A&G Construction & Capital Budget
 (includes capitalized interest & labor overheads)

WO/Project Number	Est. Date In-Service	Description	Original	Adj.	Revised
2009 Capital Budget					
2009 Construction Budget					
I420H008	03/09	Add Gravel to Meade County Substation	14,652	(14,652)	0
I370H014	09/09	CEHV to Coleman C1 & C2 Teleprotection Replacement	199,788		199,788
I370H006	11/09	Coleman to Newtonville 161kV Reconductor	613,180	(513,180)	100,000
I370H007	12/09	Cumberland River Crossing Modification	125,269		125,269
I370H005	12/10	Cumberland-Caldwell Springs Tap 69 kV Line	146,520	(146,520)	0
W910000		Daviess Co Airport Line Reroute	4,018	(4,018)	0
I420H022	10/09	Digital Fault Recorder Upgrade for Coleman	923		923
I420H024	12/09	Digital Fault Recorder Upgrade for Portable	849		849
I420H023	11/09	Digital Fault Recorder Upgrade for Reid	848		848
I420H021	10/09	Digital Fault Recorder Upgrade for Wilson	923		923
W8640000	12/09	Falls of Rough-McDaniels 69 kV Line	515,193	(465,193)	50,000
I370H002	12/09	Hancock 69kV Capacitor Bank	317,135	(317,135)	0
I370H009	10/09	Horse Fork Tap 69kV Switch Modification	58,114	(58,114)	0
W8950000	03/09	McCracken Co 69kV Line Terminal for Olivet Tap	134,927		134,927
I370H012	08/09	McCracken Co RTU Replacement	38,817	(38,817)	0
I370H003		National AL 13.8kV Switchgear for Southwire Feed	12,443		12,443
W8700000	07/09	Oil Spill Prevention Control & Countermeasures System	379,367		379,367
W9170000	07/09	Olivet-Church Road Tap 4.6 M 69kV Line	572,917		572,917
I370H007	12/09	Pole Change Outs	609,767		609,767
W860000	02/09	Reconductor 4-K & 5-D between Hopkins & S Hanson	207,539		207,539
W8850000	02/09	Reconductor Line 6-A Reid Swyd/Daviess Co Sub	367,942		367,942
I370H008	06/09	REHV to Hopkins 161kV Reroute	198,512		198,512
I370H013	12/09	Reid 69kV RTU Replacement	38,644	(38,644)	0
I420H006	09/09	Replace Fifteen (15) 161kV Disconnects at Reid	241,454		241,454
I420H025	03/09	Replace Nine (9) 69kV PTs at Daviess County Sub	49,674		49,674
I420H004	06/09	Replace Substation Battery at Livingston Co Substation	15,932		15,932
I420H002	06/09	Replace Substation Battery at McCracken Substation	15,932		15,932
I420H003	06/09	Replace Substation Battery at Wilson EHV Substation	28,932		28,932
I420H001	05/09	Replace Substation Security Fence at Hardinsburg Substation	26,676	(26,676)	0
I420H005	09/09	Replace Three (3) MIOD Operators at Dover	27,002	(27,002)	0
I420H026	04/09	Replace Twelve (12) 69kV PTs at Henderson County Sub	64,888		64,888
I370H017	09/09	Spill Prevention Containment Control Implementation	1,069,005		1,069,005
W9230000	01/10	Two Way Radio System	6,167,892	(5,167,892)	1,000,000
I420H010	12/09	Upgrade Metering at Coleman Road to 28 MVA	6,846		6,846
W9070000	03/09	US 60 Bypass Relocation Lines 18-G & 13-E	218,653		218,653
W9300000	12/10	White Oak Substation	3,816,398	(1,816,398)	2,000,000
I370H001	12/10	Wilson 161-69kV Substation Facilities	11,526		11,526
I370H004	12/10	Wilson 69kV Line to Centertown	117,716	(117,716)	0
Total 2009 BREC Construction Budget			16,436,813	(8,751,957)	7,684,856

Grand Total 2009 Transmission and A&G Capital & Construction Budget

18,101,213 (9,898,007) 8,203,206

Big Rivers Electric Corporation
 2009 Transmission and A&G Construction & Capital Budget
 (includes capitalized interest & labor overheads)

WO/Project Est. Date

Number	In-Service	Description	January	February	March	April	May	June	July	August
2009 Capital Budget										
	month purchased	DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)		80,000	80,000	80,000	50,000	110,000		
	"	Hot Oil Spray Transformer Dryout System			6,000					
	"	Energy Control Telephone System			3,500					
	"	ET&S Computer HVAC Unit								
	"	Go Tract Vehicle -- Replacement								
	"	3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258	27,000							
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262								
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285			10,000				10,000	
	"	Cisco Network Equipment & Switch Upgrades		45,000		2,500	25,000			
	"	Servers, Firewalls, Switches, Computer Equipment - Disaster Recovery Center		41,400	7,500	1,200				
	"	Personal Computers--27 Desktops - (22 Replacements; 2 New)				30,000				
	"	Uninterruptible Power Supply (UPS) Replacement		3,500		18,000				
	"	Laptop Computers (6 Replacements; 1 New)		20,000						
	"	Autocad Upgrade		3,500			6,000			
	"	Printer Replacements (4)								
	"	Enterprise Risk Management Software	5,000							
	"	Office Furniture	3,750	750	12,000					
	"	Rescue Mannequin & Parts	3,950							
	"	Multimedia Projector	2,000							
	"	Digital Camera Lenses	500							
		Total 2009 Capital Budget	164,950	194,150	182,800	174,100	141,000	161,000	59,000	9,000

2009 Construction Budget			January	February	March	April	May	June	July	August
			0	0	14,652	0	0	0	0	0
I420H008	03/09	Add Gravel to Meade County Substation			3,320	3,786	3,797	1,943	1,953	202,796
I370H006	11/09	Coleman to Newtonville 161kV Reconductor			0	0	0	0	8,484	14,554
I370H005	12/10	Cumberland-Caldwell Springs Tap 69 kV Line					893			
W910000		Daviess Co Airport Line Reroute	44,192	69,081	69,788	24,024	19,104	94,053	34,203	34,343
W8640000	12/09	Falls of Rough-McDaniels 69 kV Line						3,633	7,047	7,523
I370H002	12/09	Hancock 69kV Capacitor Bank			6,557	2,664			893	
I370H009	10/09	Horse Fork Tap 69kV Switch Modification			6,769	6,769	3,093	21,093	1,093	
I370H012	08/09	McCracken Co RTU Replacement							3,866	6,312
I370H013	12/09	Reid 69kV RTU Replacement					26,676			
I420H001	05/09	Replace Substation Security Fence at Hardinsburg Substation							10,251	10,251
I420H005	09/09	Replace Three (3) MIOD Operators at Dover	88,576	68,876	380,705	50,915	252,085	213,075	605,945	1,272,115
W9230000	01/10	Two Way Radio System	14,876	12,723	13,646	25,085	111,565	262,259	263,301	364,415
W9300000	12/10	White Oak Substation	11,032	11,097	11,157	11,207	11,257	11,307	11,357	11,407
I370H004	12/10	Wilson 69kV Line to Centertown	1,411,179	880,106	1,132,337	756,716	724,024	839,050	1,181,997	2,077,655
		Total 2009 BREC Construction Budget								

Grand Total 2009 Transmission and A&G Capital & Construction Budget

1,576,129	1,074,256	1,315,137	930,816	865,024	1,000,050	1,240,997	2,086,655
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Big Rivers Electric Corporation
 2009 Transmission and A&G Construction & Capital Budget
 (includes capitalized interest & labor overheads)

WO/Project Est. Date

Number	In-Service	Description	September	October	November	December	Original	Budget Deferral/Cut	Revised
2009 Capital Budget									
	month purchased	DGA Monitoring for EHV Transformers (Coleman, Wilson, Reid)					290,000	(290,000)	0
	"	Hot Oil Spray Transformer Dryout System					110,000	(110,000)	0
	"	Energy Control Telephone System					6,000	(6,000)	0
	"	ET&S Computer HVAC Unit					3,500	(3,500)	0
	"	Go Tract Vehicle – Replacement		450,000			450,000	(450,000)	0
	"	3/4 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #258		35,000			35,000	(35,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #262					27,000	(27,000)	0
	"	1/2 Ton, 4x4 Ext Cab Pickup Truck-Replace Veh #285		27,000			27,000	(27,000)	0
	"	Cisco Network Equipment & Switch Upgrades					20,000	(20,000)	0
	"	Servers, Firewalls, Switches, Computer Equipment - Disaster Recovery Center	10,000				82,500	(20,000)	62,500
	"	Personal Computers—27 Desktops - (22 Replacements; 2 New)					50,100	(50,100)	0
	"	Uninterruptible Power Supply (UPS) Replacement					30,000	(30,000)	0
	"	Laptop Computers (6 Replacements; 1 New)					21,500	(21,500)	0
	"	Autocad Upgrade					20,000	(20,000)	0
	"	Printer Replacements (4)					9,500	(9,500)	0
	"	Enterprise Risk Management Software					5,000	(5,000)	0
	"	Office Furniture					16,500	(16,000)	500
	"	Rescue Mannequin & Parts					3,950	(2,950)	1,000
	"	Multimedia Projector					2,000	(2,000)	0
	"	Digital Camera Lenses					500	(500)	0
		Total 2009 Capital Budget	61,400	517,000	0	0	1,664,400	(1,146,050)	518,350

2009 Construction Budget									
I420H008	03/09	Add Gravel to Meade County Substation	0	0	0	0	14,652	(14,652)	0
I370H006	11/09	Coleman to Newtonville 161kV Reconnector	203,766	154,079	22,840	14,900	613,180	(513,180)	100,000
I370H005	12/10	Cumberland-Caldwell Springs Tap 69 kV Line	32,150	17,275	11,878	62,179	146,520	(146,520)	0
W910000		Daviess Co Airport Line Reroute		893	446	893	4,018	(4,018)	0
W8640000	12/09	Falls of Rough-McDaniels 69 kV Line	34,493	42,266	24,773	24,873	515,193	(465,193)	50,000
I370H002	12/09	Hancock 69kV Capacitor Bank	28,129	58,488	106,095	106,220	317,135	(317,135)	0
I370H009	10/09	Horse Fork Tap 69kV Switch Modification	48,000				58,114	(58,114)	0
I370H012	08/09	McCracken Co RTU Replacement					38,817	(38,817)	0
I370H013	12/09	Reid 69kV RTU Replacement	2,606	2,606	20,607	2,647	38,644	(38,644)	0
I420H001	05/09	Replace Substation Security Fence at Hardinsburg Substation					26,676	(26,676)	0
I420H005	09/09	Replace Three (3) MIOD Operators at Dover	6,500				27,002	(27,002)	0
W9230000	01/10	Two Way Radio System	439,160	203,909	2,516,383	76,148	6,167,892	(5,167,892)	1,000,000
W9300000	12/10	White Oak Substation	366,572	368,639	1,523,330	490,007	3,816,398	(1,816,398)	2,000,000
I370H004	12/10	Wilson 69kV Line to Centertown	6,928	6,958	6,990	7,019	117,716	(117,716)	0
		Total 2009 BREC Construction Budget	1,261,617	913,127	4,408,261	850,744	16,436,813	(8,751,957)	7,684,856

Members
Members

Grand Total 2009 Transmission and A&G Capital & Construction Budget

1,323,017	1,430,127	4,408,261	850,744	18,101,213	(9,898,007)	8,203,206
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PROGRAMMERS AS/400 - BIG RIVERS

JOB TITLE : BUDGET - BUDGET PREPARATION REPORT BY R/A

PROGRAM ID : BDRA10

DEPARTMENT : ACCOUNTING

INDIVIDUAL : DONNA WINDHAUS

DATE JOB RAN : 12/22/08 TIME IN : 8:14:53

DATE OF REPORT : 12/22/08

SPECIAL MESSAGE : 2009 BUDGET REPORT BY R/A

NUMBER OF COPIES : 1

JOB : 567594/ES21003137/BDRA10 PGM : *LIBL/BDRA12

Cost - deferral / Cost - Containment

✓ O & M included herein.

Capital and Construction on
lost 2 pages.

In addition to the PowerPoint
in the March 2009 Board folder
under New Business, please
review for your respective RAs.

Thomson,
Mark

To: Mark Bailey
Bill Blackburn
David Spainhowerd
David Crockett
James Homer
Al Yockey
Bob Berry
Travis Hunsley

From: Mark Hife

3/19/09

BIG RIVERS ELECTRIC CORP RESPONSIBILITY REPORT SET BY R/A - 2009

12/22/08 1

R/A	AC	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
001		PRESIDENT & CEO						
101		PUBLIC NOTICES.....:			12,000			12,000
116		BOOKS/SUBSCRIP.....:		30 20		130	320	500
156		DIRECTORS' FEES/EXP.....:	12,120 12,580	16,060 13,270	23,730 12,120	18,050 13,270	12,120 12,120	174,270
158		DONATIONS.....:	500 500	500 500	500 500	500 500	500 500	6,000
170		FEES.....:	10					10
175		OUTGOING FREIGHT.....:	50 50	50 50	50 50	50 50	50 50	600
204		DUES & ASSESSMENTS.....:	260	380	34,060	129,060		163,760
205		PROF MEMBER DUES.....:					50	50
206		SOCIAL & CIVIC DUES.....:	30 30		30 40		30 40	200
208		NONDEDUCT DUES EXP.....:				51,550		51,550
220		OFFICE SUPPLIES.....:	220 220	220 220	220 220	220 220	220 220	2,640
253		PROFESSIONAL SERVICE...:	18,560 18,560	18,560 18,560	18,560 18,560	18,560 18,560	18,560 18,560	222,720
297		TELEPHONE.....:	240 120	240 120	240 120	120 120	120 120	1,800
320		VACATION PAY.....:	6,780 3,850	3,870 5,990	4,230 4,080	1,910 1,200	3,580 2,620	44,480
		HOURS.....:	42 32	24 72	36 40	32 8	56 40	450
325		HOLIDAY PAY.....:	1,440	1,530	1,290 1,440	1,440 2,970	1,440 4,320	15,770
		OT \$.....:						
		HOURS.....:	16	16	8 16	16 32	16 48	168
		OT HOURS.....:						

BDR12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY B'GET BY R/A - 2009						PAGE 2	
R/A	AC	DESCRIPTION	JAN JUL	AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
330		SICK LEAVE.....	1,200	240					1,680
		HOURS.....	8	8					2
335		OTHER PAID.....		5,640					5,640
		HOURS.....		48					4
360		SUPERVISORY LABOR.....	40,870	41,320	46,480	27,640	20,430	22,840	336,990
		OT \$.....	24,040	19,230	25,240	22,840	20,430	21,630	
		HOURS.....	278	256	288	184	136	152	2,180
		OT HOURS..	160	128	168	152	136	144	
365		ADMIN LABOR.....	41,740	31,790	41,380	41,970	31,320	41,620	52,350
		OT \$.....	5,450	3,320	5,210	4,740	2,840	4,970	
		HOURS.....	160	128	148	168	112	156	1,760
		OT HOURS..	184	112	176	150	96	168	
395		CONF/SEMINARS.....	100	500	670	1,500		420	5,000
			750		500			360	
410		REIMBURSEABLE EXP.....	3,000	3,000	3,000	1,500	1,500	1,500	22,500
			1,500	1,500	1,500	1,500	1,500	1,500	
411		MEALS/ENT-50% LIMIT...	2,000	2,000	2,000	1,000	1,000	1,000	15,000
			1,000	1,000	1,000	1,000	1,000	1,000	
412		DIR. MEALS (50% LMT)...	450	450	1,050	450	450	450	7,000
			450	750	450	450	1,150	450	

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BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009								PAGE 3	
R/A	AC	DESCRIPTION	JAN JUL	FEB JG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
440		SOFTWARE SUPPORT SER...	110 60	110 60	110 60	60 60	60 60	60 60	370
945		CAPITAL ITEMS.....:			12,000				12,000
001		PRESIDENT & CEO							1,155,38
TOTAL DOLLARS BY R-A/MTH			94,040 71,800	97,990 65,330	130,540 105,150	76,470 66,010	244,120 68,670	63,780 71,480	4,64
TOTAL HOURS BY R-A/MTH			480 400	480 320	480 400	400 320	320 320	320 400	

R/A	AC	DESCRIPTION	JAN JUL	FEB JG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
010 VP ADMIN SERVICES									
107		AUTOMOTIVE.....:	370	370	370	370	370	370	4,440
			370	370	370	370	370	370	
116		BOOKS/SUBSCRIP.....:			40		50		190
			100						
175		OUTGOING FREIGHT.....:	10	10	10	10	10	10	120
			10	10	10	10	10	10	
205		PROF MEMBER DUES.....:		100					740
							150	490	
208		NONDEDUCT DUES EXP.....:							60
							10	50	
249		WAGE SLRY & BNFT AD.....:	52,500	9,500	9,500	44,500	9,500	9,500	285,000
			44,500	11,500	9,500	44,500	17,500	22,500	
253		PROFESSIONAL SERVICE.....:			14,000				14,000
297		TELEPHONE.....:	40	40	40	40	40	40	480
			40	40	40	40	40	40	
320		VACATION PAY.....:	620	620	620	620	620	6,160	15,440
			620	620	620	620	620	3,080	
		HOURS.....:	8	8	8	8	8	80	200
			8	8	8	8	8	40	
325		HOLIDAY PAY.....:	620		620		620		6,180
			620		620		1,230	1,850	
		OT \$.....:							
		HOURS.....:	8		8	8	8	24	80
			8						
		OT HOURS.....:							
330		SICK LEAVE.....:	150	150	150	150	150	150	1,800
			150	150	150	150	150	150	
		HOURS.....:	2	2	2	2	2	2	24
			2	2	2	2	2	2	

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009								DATE	5
R/A	DESCRIPTION	JAN	AUG	MAR	APR	MAY	JUN	12/22/08	
		JUL		SEP	OCT	NOV	DEC		TOTAL
335	OTHER PAID.....	1,230							1,230
	HOURS.....	16							1,23
360	SUPERVISORY LABOR.....	10,940	11,550	11,550	14,020	10,940	6,010		1
	OT \$.....	14,020	11,550	14,020	11,550	10,320	10,320		136,79
	HOURS.....	142	150	150	182	142	78		
	OT HOURS..	182	150	182	150	134	134		1,77
395	CONF/SEMINARS.....	1,100			750				
410	REIMBURSEABLE EXP.....			500		1,300			-1000 1,92
411	MEALS/ENT-50% LIMIT.....	270				60			-2500 3,15
010	VP ADMIN SERVICES								-200 33
	TOTAL DOLLARS BY R-A/MTH	67,580	22,340	22,780	61,080	23,660	22,240		471,87
	TOTAL HOURS BY R-A/MTH	62,120	24,240	39,330	57,240	30,400	38,860		2,09
		176	160	160	200	160	160		
		200	160	200	160	160	200		

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
011	VP FINANCE & CEO						
107	AUTOMOTIVE.....	650	650	650	650	650	7,800
116	BOOKS/SUBSCRIP.....	1,370	50	410	130	1,060	3,580
175	OUTGOING FREIGHT.....	20	20	20	20	20	240
205	PROF MEMBER DUES.....		250	150			400
253	PROFESSIONAL SERVICE..	52,050	101,780	134,300	160,470	36,600	718,530
297	TELEPHONE.....	53,070	13,330	40,850	5,820	35,830	10,850
320	VACATION PAY.....	50	50	50	50	50	600
	HOURS.....	50	50	50	50	50	
325	HOLIDAY PAY.....	6,520	1,090	1,090	1,090	8,690	36,940
	OT HOURS.....	96	16	16	16	56	544
	OT \$.....	2,170	540	1,630	2,170	4,890	16,290
	HOURS.....	32	8	24	32	48	240
	OT HOURS..						
330	SICK LEAVE.....	540	1,090	540	540	540	4,870
	HOURS.....	8	16	8	8	8	72
335	OTHER PAID.....	3,260					3,260
	HOURS.....	48					48

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DeLoitte Missu, 52
Rate Case 231,530
Audit 125
Tax 45
Cyber 185
Mbr & EMS Programming 60
698,530

R/A	AC	DESCRIPTION	JAN JUL	JUN	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
360		SUPERVISORY LABOR.....:	32,060 34,780	31,520 30,970	32,060 38,040	38,040 30,970	25,630 25,540	28,260 30,430	379,300
		OT \$.....:							
		HOURS.....:	472 512	464 456	472 560	560 456	392 376	416 448	5,580
		OT HOURS...:							
395		CONF/SEMINARS.....:	350 350	350 350	350 350	350 350	350 350	350 350	4,200
410		REIMBURSEABLE EXP.....:	400 400	400 400	400 400	400 400	400 400	400 400	5,800
411		MEALS/ENT-50% LIMIT...:	300 300	300 300	300 300	300 300	300 300	300 300	3,600
720		BR LEASING CORP-EXP...:			8,500				8,500
011		VP FINANCE & CFO							1,192,910
		TOTAL DOLLARS BY R-A/MTH	91,050 98,590	136,210 127,250	177,730 183,550	203,120 140,260	107,990 75,630	70,970 59,860	6,480
		TOTAL HOURS BY R-A/MTH	528 640	480 480	480 600	600 490	480 560	480 680	

CRK
 GAT
 TMA
 4,200
 5,800
 3,600
 8,500

BDRA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009							PAGE 8
		DATE 12/22/08							
R/A	AG	DESCRIPTION	JAN JUL	FEB AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
012	VP	SPECIAL PROJECTS							
	107	AUTOMOTIVE.....	400	400	400	400	400	400	4,800
			400	400	400	400	400	400	
	220	OFFICE SUPPLIES.....	30	30	30		30	30	150
	297	TELEPHONE.....	80	380	80	80	80	80	1,260
			80	380	80	80	80	80	
	320	VACATION PAY.....				3,850		770	4,620
		HOURS.....				40		8	48
	325	HOLIDAY PAY.....	680		770	680	680	2,310	8,110
			680						
		OT \$.....							
		HOURS.....	8		8		8		24
			8		8		24		88
		OT HOURS..							
	335	OTHER PAID.....	1,360						1,360
		HOURS.....	16						16
	360	SUPERVISORY LABOR.....	12,880	13,560	13,560	16,270	12,880	13,560	173,600
			16,270	15,390	18,460	11,540	13,080	16,150	
		OT \$.....							
		HOURS.....	152	160	160	192	152	160	1,944
			192	160	192	120	136	168	
		OT HOURS..							
	395	CONF/SEMINARS.....				400			400

R/A	AC	DESCRIPTION	JAN JUL	FEB	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
410		REIMBURSEABLE EXP.....	30		30		30		
			30	400	400	400	400	400	2,000
411		MEALS/ENT-50% LIMIT...:	20		20		20		
			20	300	300	300	300	300	1,500
012 VP SPECIAL PROJECTS									

TOTAL DOLLARS BY R-A/MTH									
			14,120	14,060	14,090	17,450	14,090	14,060	198,060
			18,840	16,900	20,440	16,970	16,600	20,440	2,090
TOTAL HOURS BY R-A/MTH									
			160	160	160	200	160	160	1,300
			216	160	200	160	160	200	1,396

BORA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009						PAGE 10
		JAN	MAR	APR	MAY	JUN		
R/A	DESCRIPTION	JUL	SEP	OCT	NOV	DEC	TOTAL	
014	VP SYSTEM OPERATIONS							
107	AUTOMOTIVE.....	500	500	500	500	500	2,000 6,000	
		500	500	500	500	500		
116	BOOKS/SUBSCRIP.....			40		40	80	
204	DUES & ASSESSMENTS.....			43,750		43,750	87,500	
				43,750		58,750	102,500	
205	PROF MEMBER DUES.....			150			150	
				150			300	
253	PROFESSIONAL SERVICE..	4,000	4,000	4,000	4,000	4,000	20,000 128,000	
		4,000	4,000	84,000	4,000	4,000		
297	TELEPHONE.....	80	80	80	80	80	480	
		80	80	80	80	80	960	
320	VACATION PAY.....	3,940		3,940	3,050	3,050	13,980	
		3,940		3,940			18,720	
	HOURS.....	80		80	40	40	360	
		80		80		80		
325	HOLIDAY PAY.....	790		790	770	1,380	3,730	
		790		790	150	1,580	7,840	
	OT \$.....							
	HOURS.....	16		16	16	24	160	
		16		16	8	32	48	
	OT HOURS..							
330	SICK LEAVE.....	770	160		160	630	2,350	
		770	160		160	630		
	HOURS.....	16	8		8	8	48	
		16	8		8	8		
335	OTHER PAID.....	1,220	160				1,540	
		1,220	160					
	HOURS.....	16	8				32	
		16	8					

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BDRA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY PROJECT BY R/A - 2009						PAGE 11		
		E 12/22/08								
R/A	LAC	DESCRIPTION	JAN JUL	FEB AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
360		SUPERVISORY LABOR.....	11,590	12,200	12,200	11,590	7,930	12,200		
			11,940	12,570	11,940	12,570	10,680	10,060	137,470	
		OT \$.....:								
		HOURS.....:	152	160	160	152	104	160		
			152	160	152	160	136	128	1,776	
		OT HOURS...:								
365		ADMIN LABOR.....	3,040	2,880	3,200	3,840	2,040	2,400		
			3,040	3,040	3,040	2,880	2,880	2,720	36,000	
		OT \$.....:								
		HOURS.....:	152	144	160	192	152	120		
			152	152	152	144	144	136	1,800	
		OT HOURS...:								
395		CONF/SEMINARS.....		200		800				
									1,000	
410		REIMBURSEABLE EXP.....	250	250	250	250	250	250		
			250	250	250	250	250	250	3,000	
411		MEALS/ENT-50% LIMIT.....	100	100	100	100	100	100		
			100	100	100	100	100	100	1,200	
014 VP SYSTEM OPERATIONS			-----						TOTAL \$.....:	534,460
			-----						TOTAL HOURS.....:	4,176
TOTAL DOLLARS BY R-A/MTH			21,550	20,530	64,120	24,330	20,370	64,080		
			24,640	20,700	148,390	21,650	20,700	83,400		
TOTAL HOURS BY R-A/MTH			336	320	320	400	320	320		
			400	320	400	320	320	400		

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BDR12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY PROJECT BY R/A - 2009						PAGE 12
								12/22/08
R/A	AG	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
017	VP	ENERGY SERVICES						
107		AUTOMOTIVE.....	1,700 1,700	1,700 1,700	1,700 1,700	1,700 1,700	1,700 1,700	20,400
116		BOOKS/SUBSCRIP.....	7,990 10,090	1,380 1,480	5,240 6,630	1,380 1,380	3,240 1,430	43,000
149		GENERAL SERV/CONT.....	106,120 106,120	106,120 106,120	106,120 106,120	106,120 106,120	106,120 111,120	1,278,440
175		OUTGOING FREIGHT.....	50 50	50 50	50 50	50 50	50 50	600
204		DUES & ASSESSMENTS.....			79,450	79,450		158,900
205		PROF MEMBER DUES.....	200 200		230	320	160	1,110
220		OFFICE SUPPLIES.....	950 540	950 540	740 740	540 540	740 740	8,100
253		PROFESSIONAL SERVICE..	27,510 27,510	27,510 27,510	27,510 27,510	42,510 27,510	27,510 27,510	345,120
255		PURCHASED POWER.....	12,060,340 10,869,190	10,386,950 10,607,570	8,932,210 8,887,120	8,424,940 8,959,400	8,572,440 8,655,820	114,597,700
256		TRANS OF ELEC-OTHERS..	213,500 213,500	213,500 213,500	213,500 213,500	213,500 213,500	213,500 213,500	2,562,000
297		TELEPHONE.....	450 450	450 450	450 450	450 450	450 450	5,400
320		VACATION PAY.....	780 8,080	780 8,080	3,860 6,730	3,860 7,300	6,730 5,010	69,840
		HOURS.....	25 155	25 155	82 122	82 130	122 98	82 234
325		HOLIDAY PAY.....	3,550	2,970	3,550	3,550	7,090	35,460
		OT \$.....						
		HOURS.....	72	64	72	72	8	720
		OT HOURS.....						

-15000

-12,000

300

SEPP

-200

-4000

202,000

-1000

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	AG	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
330		SICK LEAVE.....	250 250	820 820	820 820	250 820	820 820	7,560	
		HOURS.....	8 8	16 16	16 16	8 16	16 16	160	
335		OTHER PAID.....	3,700 250	250	250	250	820 250	7,090	
		HOURS.....	56 8	8	8	16 8	16 8	144	
360		SUPERVISORY LABOR.....	43,640 49,380	45,360 37,900	43,060 49,380	52,820 43,060	37,320 37,320	41,910 36,750	517,900
		OT \$.....							
		HOURS.....	608 688	632 528	600 688	736 600	520 520	584 512	7,216
		OT HOURS..:							
365		ADMIN LABOR.....	23,670 27,100	23,920 20,870	23,140 27,880	27,880 22,890	21,650 20,400	22,890 25,390	287,680
		OT \$.....							
		HOURS.....	759 869	767 669	742 894	894 734	694 654	734 814	9,224
		OT HOURS..:							
395		CONF/SEMINARS.....	1,000 2,000	2,000 7,000	5,200 4,500	7,500 5,000	4,000 7,500	7,000 7,500	49,700
410		REIMBURSEABLE EXP.....	7,030 10,530	3,530 5,530	14,290 13,560	9,300 13,030	14,030 8,290	7,030 7,300	113,450
411		MEALS/ENT-50% LIMIT...	1,100 1,100	1,100 1,100	1,510 1,720	1,510 1,100	1,100 1,510	1,100 1,720	15,670
440		SOFTWARE SUPPORT SER...	250 250	250 250	350 350	250 250	250 250	350 350	3,400

1 1/2 broken

16 x 0/H
- 281,609

- 40,000

- 17,000

- 9,000

- 2,800

BDRA12

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	LAG	DESCRIPTION	JAN JUL	FEB AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
637		REVENUE METER PHONES	5,750	5,750	5,750	5,750	5,750	5,750	59,000
017		VP ENERGY SERVICES							
		TOTAL DOLLARS BY R-A/MTH	12,505,980	10,822,120	9,385,500	8,904,110	9,099,480	9,385,070	120,197,520
		TOTAL HOURS BY R-A/MTH	11,337,590	11,049,440	9,437,990	9,409,530	9,094,760	9,765,950	18,776

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
018 VP	EXTERNAL RELATIONS						
101	PUBLIC NOTICES.....:			130	120		250
107	AUTOMOTIVE.....:	3,220	3,220	3,220	3,220	3,220	38,640
116	BOOKS/SUBSCRIP.....:	580	580	580	580	580	4,640
149	GENERAL SERV/CONT.....:			150			-3000
152	DOC DEV & REPRDN.....:		100	100		100	-500
158	DONATIONS.....:	26,570	3,750	24,150	8,100	2,150	500
175	OUTGOING FREIGHT.....:	500	500	500	500	500	82,170
204	DUES & ASSESSMENTS.....:	12,500	25,000	12,500	5,000	12,500	60,500
205	PROF MEMBER DUES.....:	200	200	300	200	100	1,300
206	SOCIAL & CIVIC DUES.....:	1,000	1,200	8,300	1,000	1,000	19,900
210	ECONOMIC DEVELOPMENT.....:	3,500	4,000	13,000	4,000	201,000	263,500
220	OFFICE SUPPLIES.....:	1,000	1,000	1,100	1,100	1,100	13,000
253	PROFESSIONAL SERVICE.....:	44,300	104,300	54,300	54,300	61,300	933,000
254	ENVIRONMENTAL SER.....:				200,000		200,000
289	OFFICE/WH SPACE RENT.....:		5,360				5,360
290	TEMPORARY LABOR.....:	2,000	2,000	2,000	2,500	2,000	26,000
	OT \$.....:						
	HOURS.....:	160	160	160	200	160	2,080
	OT HOURS.....:	200	160	200	160	200	

2007 301,591,804
 2008 240,467,583

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
297	TELEPHONE.....:	400 400	400 420	420 400	400 400	400 400	4,840	
320	VACATION PAY.....:	640 6,210	1,790 1,020	2,620 2,560	5,820 5,630	2,240 4,860	47,330	
	HOURS.....:	16 112	40 16	56 64	112 112	56 88	80 192	944
325	HOLIDAY PAY.....:	2,820	510 320	2,820	2,820 830	5,630	1,150 8,440	28,160
	OT \$.....:							
	HOURS.....:		8		56	56	24	560
	OT HOURS...:							
330	SICK LEAVE.....:	830 830	1,150 1,660	1,340 1,150	830 1,150	1,340 1,980	1,470 1,980	15,070
	HOURS.....:	16 16	24 32	24 24	16 24	24 24	32 40	296
335	OTHER PAID.....:		1,020 830	960 510	510 1,150	640	5,620	
	HOURS.....:		16 16	24 8	8 24	16	112	
360	SUPERVISORY LABOR.....:	30,210 31,740	28,160 28,160	28,670 35,840	32,260 26,110	28,160 23,040	27,140 27,140	346,630
	OT \$.....:							
	HOURS.....:	472 496	440 440	448 560	504 408	440 360	424 424	5,416
	OT HOURS...:							
365	ADMIN LABOR.....:	24,600 28,750	23,640 24,280	22,680 27,470	28,110 21,400	21,720 20,770	22,360 23,000	288,780
	OT \$.....:							
	HOURS.....:	616 720	592 608	568 688	704 536	544 520	560 576	7,232
	OT HOURS...:							

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600

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
395	CONF/SEMINARS.....	1,440 1,100	300 2,600	1,150 800	1,520 2,690	1,000 440	1,380 1,000	17,420
408	TRAINING FOR COOPS.....	150	150 300	150 150	150 150	150 150	150 150	1,800
410	REIMBURSEABLE EXP.....	3,390 3,390	3,390 3,390	3,390 3,460	3,390 3,390	3,390 3,390	3,390 3,390	40,750
411	MEALS/ENT-50% LIMIT.....	950 990	950 990	970 970	990 970	970 970	970 950	11,640
440	SOFTWARE SUPPORT SER.....	30	40 40	30	40 30	30	40 30	400
561	ENVIRONMENTAL SUPP.....	40	40 80	40	50 40	40	40 40	500
562	ENVIRONMENTAL GOOPS.....	40	40	40	40	40	40	500
945	CAPITAL ITEMS.....	750	750					1,500
							TOTAL	2,975,860
							TOTAL HOURS.....	18,640
DIB VP EXTERNAL RELATIONS								
TOTAL DOLLARS BY R-A/MTH		158,490 652,530	213,440 137,340	171,690 196,400	365,320 204,380	339,100 205,290	139,740 191,140	
TOTAL HOURS BY R-A/MTH		1,280 1,600	1,280 1,280	1,280 1,600	1,600 1,280	1,280 1,280	1,280 1,600	

-13,420 17,420
-1,000 1,800
-23,750 40,750
-5670 11,640

BDR12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009						PAGE 18
		E 12/22/08						
R/A	DESCRIPTION	JAN	MAR	APR	MAY	JUN	TOTAL	
		JUL	SEP	OCT	NOV	DEC		
019	VP ENTERPRISE RISK MGMT							
107	AUTOMOTIVE.....	600	600	600	600	600	7,200	
		600	600	600	600	600		
116	BOOKS/SUBSCRIP.....	30		30			120	
		30		30				
205	PROF MEMBER DUES.....		300		50		350	
220	OFFICE SUPPLIES.....	200	200	200	200	200	2,400	
		200	200	200	200	200		
297	TELEPHONE.....	50	50	50	50	50	600	
		50	50	50	50	50		
320	VACATION PAY.....	1,270	1,270	640	1,270	640	15,910	
		1,270	1,270	640	1,910	3,820		
	HOURS.....	16	16	8	16	8	200	
		16	16	8	24	8		
325	HOLIDAY PAY.....			640	640	640	6,380	
				640	1,270	1,910		
	OT \$.....							
	HOURS.....			8	8	8	80	
				8	16	24		
	OT HOURS.....							
335	OTHER PAID.....				640	640	1,280	
	HOURS.....				8	8	16	
360	SUPERVISORY LABOR.....	11,470	11,470	12,100	14,010	10,830	142,050	
		14,010	11,470	14,650	10,830	10,830		
	OT \$.....							
	HOURS.....	144	144	152	176	136	1,784	
		176	144	184	136	120		
	OT HOURS.....							

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R/A	AC	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
395		CONF/SEMINARS.....	350	350	350	350	350	350
410		REIMBURSEABLE EXP.....	400	400	400	400	400	400
411		MEALS/ENT-50% LIMIT...	300	300	300	300	300	300
440		SOFTWARE SUPPORT SER...	50	50	50	50	50	50
019		VP ENTERPRISE RISK MGMT						
							TOTAL	189,646
							TOTAL HOURS	2,080
TOTAL DOLLARS BY R-A/MTH			14,720	14,690	14,690	17,950	14,700	14,690
			17,900	14,690	18,180	14,870	14,690	17,870
TOTAL HOURS BY R-A/MTH			160	160	160	200	160	160
			200	160	200	160	160	200

3350
3000
2600
4,350
4,800
3,600
600

BIG RIVERS ELECTRIC CORP RESPONSIBILITY P... GET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
110	CORPORATE FILES						
149	GENERAL SERV/CONT.....	700 700	700 700	700 700	700 700	700 700	8,400
220	OFFICE SUPPLIES.....	30 30	30 30	30 30	30 30	30 30	360
290	TEMPORARY LABOR.....	2,240 2,800	2,240 2,240	2,240 2,800	2,240 2,240	2,240 2,800	29,120
	OT \$.....						
	HOURS.....	160 200	160 160	160 200	160 160	160 200	2,080
	OT HOURS...						
320	VACATION PAY.....	180 910	360 180	360 910	1,090 180	1,090 1,450	7,250
	HOURS.....	8 40	16 8	16 40	24 8	48 64	320
325	HOLIDAY PAY.....	360 360		360	360 730	1,090	3,620
	OT \$.....						
	HOURS.....	16 16		16	16 32	48	160
	OT HOURS...						
330	SICK LEAVE.....	230 230	50 50	230 230	50 50	230 50	1,680
	HOURS.....	10 10	2 2	10 10	2 2	10 2	72
335	OTHER PAID.....					360 360	720
	HOURS.....					16 16	32

6300 8,400
120 360

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

2	BDRA12									
3			JAN	MAR	APR	MAY	JUN			TOTAL
4		DESCRIPTION	JUL	SEP	OCT	NOV	DEC			
5	R/A									
6			6,480	6,840	9,660	8,110	5,570	5,750		
7	365	ADMIN LABOR.....	7,560	7,020	7,560	7,020	6,300	6,110		80,980
9		OT \$.....:								
11		HOURS.....:	286	302	294	358	246	254		3,576
12			334	310	334	310	278	270		
15		OT HOURS..:								
17							800			
19	395	CONF/SEMINARS.....	800							
21	410	REIMBURSEABLE EXP.....	600	1,200						
22			900							
24	411	MEALS/ENT=50% LIMIT.....		200						
25			120							
27	945	CAPITAL ITEMS.....	2,500							2,500
29										
30										
31	110	CORPORATE FILES								
32										
33		TOTAL DOLLARS BY R-A/MTH	14,120	11,620	10,220	12,590	10,220	11,020		139,250
34			13,610	10,220	12,590	10,220	10,220	12,590		6,240
35										
36		TOTAL HOURS BY R-A/MTH	480	480	480	480	480	480		
37			600	480	600	480	480	600		
38										
39										
40										
41										
42										
43										
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59										
60										
61										
62										
63										
64										
65										

Handwritten adjustments:
 -1600
 1,800
 -1400
 2,700
 120
 320

BDRA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY FUND GET BY R/A - 2009						SE 22
R/A	AC	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
150 SAFETY & TRAINING								
107		AUTOMOTIVE.....:	1,750 1,750	1,750 1,750	1,750 1,750	1,750 1,750	1,750 1,750	21,000
116		BOOKS/SUBSCRIP.....:	300 300	300 300	300 300	300 300	300 300	3,600
204		DUES & ASSESSMENTS.....:			2,500			2,500
205		PROF MEMBER DUES.....:	250 100	100 380	440 270	100 100	100 100	2,140
220		OFFICE SUPPLIES.....:	450 50	50 50	50 50	50 50	50 50	1,000
270		SAFETY EXPENSES.....:	2,400 2,400	2,400 2,400	2,400 2,400	2,400 2,400	2,400 2,400	28,800
297		TELEPHONE.....:	80 80	80 80	80 80	80 80	80 80	960
320		VACATION PAY.....:	720 2,160	720 1,440	720 720	1,440 720	720 2,870	15,820
		HOURS.....:	16 48	16 32	16 16	16 16	64 64	352
325		HOLIDAY PAY.....:	720 720		720	720 1,440	2,160	7,200
		OT.....:						
		HOURS.....:	16 16		16	16 32	48	160
		OT HOURS.....:						
330		SICK LEAVE.....:	90 90	90 90	90 90	90 90	90 90	1,080
		HOURS.....:	2 2	2 2	2 2	2 2	2 2	24
335		OTHER PAID.....:					720 720	1,440
		HOURS.....:					16 16	32

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BIG RIVERS ELECTRIC CORP RESPONSIBILITY P GET BY R/A - 2009

R/A	DESCRIPTION	JAN	MAR	APR	MAY	JUN	TOTAL
		JUL	SEP	OCT	NOV	DEC	
	ADMIN LABOR.....	12,840	13,560	13,560	15,710	12,840	161,250
365		14,990	12,840	16,430	13,560	12,120	
	OT \$.....:						
	HOURS.....:	286	302	302	350	286	3,592
		334	286	366	302	270	
	OT HOURS...:						
	CONF/SEMINARS.....	420	420	690	420	820	8,200
395		420	840	1,120	1,200	420	
	REIMBURSEABLE EXP.....	430	430	530	580	1,030	9,780
410		580	780	1,650	1,680	430	
	MEALS/ENT=50% LIMIT...:	100	100	160	150	290	2,440
411		150	250	370	340	100	
	CAPITAL ITEMS.....	16,450					16,450
945							
150	SAFETY & TRAINING						
	TOTAL DOLLARS BY R-A/MTH	37,000	20,000	23,270	23,790	21,230	283,660
		23,790	21,200	25,950	22,270	20,000	4,160
	TOTAL HOURS BY R-A/MTH	320	320	400	400	320	
		400	320	400	320	400	

-4900 8,200
-5700 9,780
1390 2,440

BIG RIVERS ELECTRIC CORP RESPONSIBILITY P GET BY R/A - 2009

R/A	LAG	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
170		GENERAL SERVICES						
107		AUTOMOTIVE.....	2,280	2,280	2,280	2,280	2,280	27,360
145		AIR /HEAT MAINT.....	2,500	2,500	2,500	2,500	2,500	30,000
148		ELEVATOR MAINT.....	170	170	170	170	170	2,040
149		GENERAL SERV/CONT.....	290	290	290	290	290	1,480
163		EMPLOYEE RELATIONS.....	650	650	650	650	650	7,800
175		OUTGOING FREIGHT.....	150	150	150	150	150	1,800
185		JANITOR SERVICE/SUP....	1,200	1,200	1,200	1,200	1,200	14,400
216		OFF EQUIP MAINT.....	1,500	1,500	1,500	1,930	1,500	18,430
220		OFFICE SUPPLIES.....	1,250	1,250	1,250	1,250	1,250	15,000
247		POSTAGE.....	3,120	20	420	20	420	8,440
275		BUILDING/GROUNDS.....	3,400	2,400	2,600	3,500	3,400	32,400
296		UTILITIES.....	9,000	9,000	9,000	9,000	9,000	108,000
320		VACATION PAY.....	660	790	1,050	790	530	11,180
		HOURS.....	40	48	64	48	32	112
			16	64	56	48	120	680
325		HOLIDAY PAY.....	530		530	530	530	5,280
		OT \$.....						
		HOURS.....	32		32	32	96	320
		OT HOURS...	32		32	64		

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R/A	C	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
330		SICK LEAVE.....	160	160	160	160	160	1,530	
		HOURS.....:	10	10	10	10	10	96	
335		OTHER PAID.....					530	1,060	
		HOURS.....:					32	64	
365		ADMIN LABOR.....	9,170	9,700	9,300	11,670	9,300	8,120	117,680
		OT \$.....:	890	890	890	1,110	890	890	11,560
		HOURS.....:	558	590	566	710	566	494	7,160
		OT HOURS..:	36	36	45	36	36	45	468
910		MOTOR VEHICLE.....	94,000					62,000	156,000
170		GENERAL SERVICES	-----					TOTAL \$.....:	573,440
		TOTAL DOLLARS BY R-A/MTH	130,920	32,820	33,410	37,200	35,120	33,520	8,788
		TOTAL HOURS BY R-A/MTH	676	676	676	845	676	676	845

BDR112		BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009					PAGE 26	
							E 12/22/08	
R/A	LAC	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
190	MGR	MKTG/MEMBER RELATIONS						
	102	TRAINING -- MKTG PROG...	340 340	340 360	340 340	340 340	340 340	4,100
	103	INCENTIVES.....	6,250 6,250	6,250 6,250	6,250 6,250	6,250 6,250	6,250 6,250	75,000
	104	ADVERTISING/PROMOTIONS	10,500 10,500	10,500 10,500	10,500 10,500	10,500 10,500	10,500 10,500	126,000
	105	GOODWILL/INST ADV.....	7,320 7,320	7,330 7,330	7,320 7,320	7,330 7,330	7,330 7,330	87,900
	106	ENERGY EFFICIENCY.....	34,750 129,750	34,750 129,750	129,750 129,750	129,750 129,750	129,750 129,750	1,367,000
	116	BOOKS/SUBSCRIP.....	230 230	230 240	240 240	230 240	240 230	2,830
	149	GENERAL SERV/CONT.....	6,520 6,520	6,520 6,520	6,530 6,530	6,520 6,520	6,530 6,500	78,250
	152	DOC DEV & REPROD.....	7,420 7,420	7,430 7,430	7,420 7,420	7,430 7,420	7,430 7,430	89,100
	175	OUTGOING FREIGHT.....	60 60	60 70	70 70	70 60	70 60	800
	204	DUES & ASSESSMENTS.....			121,500			121,500
	205	PROF MEMBER DUES.....	60 60	60 60	60 90	60 60	60 60	750
	206	SOCIAL & CIVIC DUES...	530 530	540 540	530 530	540 530	540 540	6,420
	247	POSTAGE.....	150 150	150 150	150 150	150 150	150 150	1,800
	297	TELEPHONE.....	140 140	140 140	140 140	140 140	140 140	1,680
	320	VACATION PAY.....			270 830	540 1,380	550 1,380	7,630
		HOURS.....			8 24	16 40	16 40	224

lame bot
lame bot
7,000 Mbrs
Done 500
950,000 Mbr
Mbr - 2500
-1000
Mbr - 50,000
Mbr - 75,000
43,400
Mbr - 950,000
-1400
-4000
110,000
-700
Mbr - 121,500
1500
-300

BORA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009						27
								12/22/08
R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
325	HOLIDAY PAY.....:	520	550	540	540	1,650	5,440	
	OT \$.....:	540						
	HOURS.....:	16	16	16	16	48	160	
	OT HOURS...:							
330	SICK LEAVE.....:	260	280	540	540	280	2,730	
	HOURS.....:	8	8	16	16	8	80	
335	OTHER PAID.....:		540				1,090	
	HOURS.....:		16				32	
365	ADMIN LABOR.....:	9,610	10,160	9,900	12,300	9,630	8,020	
	OT \$.....:	12,840	10,190	12,120	9,640	8,820	10,470	
	HOURS.....:	296	304	296	368	288	240	
	OT HOURS...:	384	296	352	280	256	304	
	HOURS.....:							
395	CONF/SEMINARS.....:	420	430	430	430	430	430	
	OT \$.....:	430	430	430	430	430	430	
	HOURS.....:							
410	REIMBURSEABLE EXP.....:	2,000	1,000	1,000	1,000	1,000	1,000	
	OT \$.....:	1,000	1,000	1,000	1,000	1,000	1,000	
	HOURS.....:							
411	MEALS/ENT-50% LIMIT.....:	410	420	410	420	410	440	
	OT \$.....:	410	420	410	420	410	410	
	HOURS.....:							
190	MGR-MKTG/MEMBER RELATIONS						TOTAL	2,126,870
							TOTAL HOURS.....:	4,160
	TOTAL DOLLARS BY R-A/MTH	87,490	86,850	303,350	184,550	181,840	181,810	
		184,490	182,210	184,950	182,180	182,150	184,900	
	TOTAL HOURS BY R-A/MTH	320	320	320	400	320	320	
		400	320	400	320	320	400	

-1000 5,150
-2600 13,000
-1000 5,000

R/A	DESCRIPTION	JAN JUL	FEB A	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
210 MGR ACCOUNTING								
116	BOOKS/SUBSCRIP.....:	280	100	1,230	1,450		100	3,460
170	FEEES.....:	1,090	1,090	1,090	1,090	1,090	1,090	13,080
175	OUTGOING FREIGHT.....:	30	30	30	30	30	30	360
195	LOAN PRINCIPAL.....:	8,496,700	484,940	48,110	50,599,730	48,750	49,080	194,308,290
196	LOAN INTEREST.....:	9,811,170	3,357,760	2,861,090	10,891,550	1,487,110	1,763,240	53,244,700
197	DEBT EXPENSE.....:		5,000	9,920	22,420	2,900	270	42,610
198	DEBT EXP-CFC LOC FEE.....:			19,090	40,000		18,000	77,090
205	PROF MEMBER DUES.....:	190		200	200	120	440	1,840
208	NONDEDUCT DUES EXP.....:	10						10
216	OFF EQUIP MAINT.....:			510	100		100	760
220	OFFICE SUPPLIES.....:	550	250	1,150	800	250	1,650	6,870
285	MISC TAXES.....:	10		860	230			1,100
286	CORP. FED. INC. TAX.....:	110,000		115,000	115,000		115,000	455,000
287	PROPERTY TAXES.....:		1,204,950			586,070	171,430	1,962,450
290	TEMPORARY LABOR.....:	2,320	2,320	2,320	2,320	2,320	2,320	30,160
	OT \$.....:	2,900	2,320	2,900	2,320	2,320	2,900	
	HOURS.....:	160	160	160	200	160	160	2,080
	OT HOURS.....:	200	160	200	160	160	200	

Handwritten notes and calculations:

- 19,090 + 40,000 = 59,090
- 59,090 + 18,000 = 77,090
- 40,000 + 12,640 = 52,640
- 52,640 + 13,900 = 66,540

Handwritten note: -2000

BDRA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY P							GET BY R/A - 2009	29
		JAN	F	MAR	APR	MAY	JUN		12/22/08	
R/A	DESCRIPTION	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL		
320	VACATION PAY.....	1,130	1,360	2,270	1,820	4,540	4,540			
		4,540	5,680	4,550	3,410	3,870	2,730	40,440		
	HOURS.....	40	48	80	64	160	160			
		160	200	160	120	136	96	1,424		
325	HOLIDAY PAY.....	230	450	2,040	2,040	2,040	6,450			
		2,040	450	2,040	2,040	4,540	6,590	20,420		
	OT \$.....									
	HOURS.....	8	16	72	72	72	16			
		72	16	72	72	160	232	720		
	OT HOURS...									
330	SICK LEAVE.....	1,360	1,360	1,360	1,360	1,360	1,360			
		1,360	1,360	1,360	1,360	1,360	1,360	16,320		
	HOURS.....	48	48	48	48	48	48			
		48	48	48	48	48	48	576		
335	OTHER PAID.....	1,810	230	230	230	230	230			
		230	230	230	230	230	230	4,110		
	HOURS.....	64	8	8	8	8	8			
		8	8	8	8	8	8	144		
365	ADMIN LABOR.....	38,060	38,160	37,020	45,650	32,710	34,300			
		42,930	35,430	44,060	35,890	32,030	40,200	456,440		
	OT \$.....	4,700	3,140	1,260	1,890	2,510	1,890			
		9,940	3,940	1,260	1,570	2,830	2,830	25,760		
	HOURS.....	1,244	1,344	1,304	1,608	1,152	1,208			
		1,512	1,248	1,552	1,264	1,128	1,416	16,080		
	OT HOURS...	150	100	40	60	80	60			
		30	30	40	50	80	90	820		
380	DEPRECIATION.....	2,769,370	2,771,320	2,780,290	2,782,990	2,784,970	2,786,940			
		2,789,490	2,795,900	2,797,730	2,802,370	2,805,630	2,808,700	33,475,700		
385	AMORTIZATION.....	4,540	4,100	4,540	4,390	4,540	4,390			
		4,540	4,540	4,390	4,540	4,400	4,540	53,450		

BIG RIVERS ELECTRIC CORP RESPONSIBILITY REPORT BY R/A - 2009

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12/22/08

R/A	DESCRIPTION	JAN JUL	FEB A	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
395	CONF/SEMINARS.....	410	1,910 260	730 290	260 660	420	260	4,300	
410	REIMBURSEABLE EXP.....	10 750	10 340	1,610 750	1,570 1,310	550 190	1,600 10	8,700	
411	MEALS/ENT-50% LIMIT....	60 400	60 110	360 160	300 300	110 120	240 60	2,290	
210	MGR ACCOUNTING							TOTAL \$.....	284,254,970
								TOTAL HOURS.....	21,844
	TOTAL DOLLARS BY R-A/MTH	21,243,420	8,667,010	5,775,270	64,455,480	4,376,150	4,787,610		
		19,632,540	5,683,080	4,775,110	24,544,820	5,159,080	17,155,400		
	TOTAL HOURS BY R-A/MTH	1,814	1,700	1,640	2,050	1,680	1,660		
		2,030	1,710	2,080	1,650	1,730	2,090		

Handwritten annotations:
 -1000
 7,700
 -1,780

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
220	HUMAN RESOURCES		5,400				5,400
101	PUBLIC NOTICES.....:	170	170	170	170	170	2,040
116	BOOKS/SUBSCRIP.....:	170	170	170	170	170	1,000 2,800
149	GENERAL SERV/CONTR.....:		2,800				2,800
155	DEFERRED COMP.....:	2,070	2,070	2,880	2,540	2,540	29,880
163	EMPLOYEE RELATIONS.....:	170	3,070	170	8,670	25,170	40,840
180	PROP & LIAB INS.....:	431,240	300	300	300	300	439,580
181	LIFE INS-NB.....:	3,400	3,400	3,400	3,400	3,400	40,800
182	MEDICAL INS-NB.....:	89,500	89,500	89,500	89,500	89,500	1,074,000
183	DENTAL INS-NB.....:	5,500	5,500	5,500	5,500	5,500	66,000
184	RET INS-DEF BEN (NB).....:			2,640	1,080,000		1,082,640
186	RET INS-DEF CONTR-NB.....:	2,070	2,070	2,880	2,540	2,540	29,880
205	PROF MEMBER DUES.....:	150			150	100	400
208	NONDEDUCT DUES EXP.....:	10			10		20
220	OFFICE SUPPLIES.....:	300	100	100	100	100	600 1,400
257	RECRUITING EXP.....:	80	5,000	80	80	80	20,000 25,900
290	TEMPORARY LABOR.....:	4,000	4,000	4,000	4,000	4,000	52,000
	OT \$.....:						
	HOURS.....:	320	320	320	400	320	4,160
	OT HOURS.....:	400	320	400	320	400	

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
297	TELEPHONE.....	40	40	40	40	40	480
303	EMPL ASST PROG.....	600		600			2,400
305	DEP LIFE INS-NB.....	250	250	250	250	250	1,06,900
306	LONG-TERM DIS INS-NB...	5,400	5,400	5,400	5,400	5,400	64,800
309	POST RET - MED (NB)...	10,000	10,000	10,000	10,000	10,000	120,000
310	401K PLAN-NB.....	20,000	20,000	20,000	20,000	20,000	240,000
312	MEDICAL EXPENSE.....	120	120	120	120	120	1,440
313	EMPLOYMENT ADS.....	800	800	800	800	800	9,600
320	VACATION PAY.....	1,350	1,580	1,350	2,200	3,110	17,420
	HOURS.....	8	16	8	72	88	520
325	HOLIDAY PAY.....	810		810	810	2,430	8,130
	OT \$.....						
	HOURS.....	24		24	24	72	240
	OT HOURS...						
330	SICK LEAVE.....	280	220	280	220	220	3,000
	HOURS.....	8	6	8	6	6	84

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R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
335	OTHER PAID.....	460				580	1,040	
	HOURS.....	16				16	32	
360	SUPERVISORY LABOR.....	6,080 7,800	6,420 6,420	6,420 7,800	7,800 6,420	6,080 5,730	4,700 5,390	77,060
	OT \$.....							
	HOURS.....	141 181	149 149	149 181	141 149	141 133	109 125	1,788
	OT HOURS..							
365	ADMIN LABOR.....	8,640 10,370	8,930 8,330	8,180 10,370	11,010 7,630	6,790 8,040	7,540 8,090	103,920
	OT \$.....	340 350	340 350	340 350	340 350	340 350	340 350	4,140
	HOURS.....	299 355	309 285	283 355	381 261	235 275	261 277	3,576
	OT HOURS..	10 10	10 10	10 10	10 10	10 10	10 10	120
395	CONF/SEMINARS.....	2,260 200	40 40	60 960	790 40	60 40	40 40	4,590
398	A & G TRAINING.....	1,850				550	2,400	
400	TECHNICAL TRAINING.....	8,000 3,500	6,650 4,750	24,700 8,200	21,330 8,710	5,900	10,640	102,380
405	ED REIMBURSEMENTS.....	22,640 9,200	8,880	1,800	800	6,690	1,800	51,810
410	REIMBURSEABLE EXP.....	1,950		500		1,800 600	4,850	
411	MEALS/ENT-50% LIMIT....	520				80 160	760	

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R/A	DESCRIPTION	JAN JUL	FEB	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
581	LIFE INSURANCE (BARG)...	690	690	690	690	690	690	8,280
582	MEDICAL INSUR (BARG)...	26,500	26,500	26,500	26,500	26,500	26,500	318,000
583	DENTAL INSUR (BARG)...	1,700	1,700	1,700	1,700	1,700	1,700	20,400
584	RET INS-DEF BEN-BRG...				1,470	190,000		191,470
605	DEP LIFE INS (BARG)...	80	80	80	80	80	80	960
606	LONG-TERM INS (BARG)...	1,110	1,110	1,110	1,110	1,110	1,110	13,320
609	POST RET - MED (BRG)...	500	500	500	500	500	500	6,000
610	401K PLAN-BARG.....	4,000	4,000	4,000	4,000	4,000	4,000	48,000
945	CAPITAL ITEMS.....	500						500
220	HUMAN RESOURCES							4,324,310
	TOTAL DOLLARS BY R-A/MTH	662,660	207,350	221,930	224,620	215,560	229,030	10,536
	TOTAL HOURS BY R-A/MTH	826	810	810	1,010	810	810	

BIG RIVERS ELECTRIC CORP RESPONSIBILITY B' GET BY R/A - 2009

		JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
1	BDR12						
2							
3							
4							
5	R/A						
6							
7	300	MGR INFORMATION SYSTEMS	600	600	600	600	600
8			600	600	600	600	600
9	107	AUTOMOTIVE.....	600	600	600	600	600
10			600	600	600	600	600
11	116	BOOKS/SUBSCRIP.....	90	90	190	90	190
12			90	90	190	90	90
13							
14	149	GENERAL SERV/CONT.....	63,400	66,000	74,500	69,500	66,000
15			69,900	63,000	63,000	72,900	63,000
16							
17	170	FEES.....		170			200
18							
19	175	OUTGOING FREIGHT.....	10	10	10	10	10
20			10	10	10	10	10
21					200		200
22							
23	204	DUES & ASSESSMENTS.....					
24							
25				150	450	280	930
26	205	PROF MEMBER DUES.....		50			
27							
28	220	OFFICE SUPPLIES.....	300	300	300	300	300
29			300	300	300	300	300
30							
31	276	ELECTRICAL SUPPLIES...	20	20	20	20	20
32			20	20	20	20	20
33							
34	297	TELEPHONE.....	180	180	180	180	180
35			180	180	180	180	180
36							
37	320	VACATION PAY.....	7,170	7,170	7,170	7,170	7,170
38			7,170	7,170	7,170	7,170	7,170
39							
40		HOURS.....	199	199	199	199	199
41			199	199	199	199	199
42							
43	325	HOLIDAY PAY.....	1,140	780	3,460	3,460	780
44			3,460	780	3,460	6,920	10,380
45							
46		OT \$.....					
47							
48							
49		HOURS.....	96	96	96	96	96
50			96	96	96	96	96
51							
52		OT HOURS..:					
53							
54							
55							
56							
57							
58							
59							
60							
61							
62							
63							
64							
65							

-1200 7,200
1000 1,380
930
3,600

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
330	SICK LEAVE.....	1,940	1,940	1,940	1,940	1,940	23,280
	HOURS.....	54	54	54	54	54	648
335	OTHER PAID.....	530	890	560	920	560	6,900
	HOURS.....	15	23	16	24	16	192
		15	14	15	14	10	
360	SUPERVISORY LABOR.....	5,930	5,290	6,290	7,360	5,930	78,320
		7,720	6,290	7,720	6,290	7,000	
	OT \$.....						
	HOURS.....	132	132	140	164	132	1,744
		172	140	172	140	156	
	OT HOURS..:						
365	ADMIN LABOR.....	52,510	52,510	52,470	55,650	50,150	670,560
		65,690	53,320	65,690	53,320	47,120	
	OT \$.....	2,830	2,830	2,830	2,830	2,830	33,960
		2,830	2,830	2,830	2,830	2,830	
	HOURS.....	1,490	1,490	1,489	1,863	1,423	19,028
		1,864	1,513	1,864	1,513	1,337	
	OT HOURS..:	80	80	80	80	80	960
		80	80	80	80	80	
395	CONF/SEMINARS.....	800	4,000	6,000	2,000	5,000	1,500
			1,000	10,000	4,500		500
410	REIMBURSEABLE EXP.....	1,500	3,000	7,500	2,700	7,200	2,200
		2,900	1,700	6,200	7,200	1,400	1,000
411	MEALS/ENT-50% LIMIT....	1,350	2,250	3,050	2,750	3,050	1,350
		1,850	1,550	2,750	3,050	1,550	1,550
434	INFO SYS UNWIND COST..:	3,000	3,000	3,000	3,000	3,000	3,000
		3,000	3,000	3,000	3,000	3,000	3,000

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TEC
 -16,300
 -16,000
 -9,000
 -36,000

R/A	DESCRIPTION	JAN JUL	FEB A	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
435	COMPUTER SUPPLIES.....	1,800	1,800	1,800	1,800	1,800	1,800	21,600
436	PC SUPPLIES.....	4,500	4,500	4,500	4,500	4,500	4,500	54,000
437	PC SOFTWARE.....	600	600	282,130	600	600	2,000	291,530
438	PC HARDWARE.....	1,600	1,600	1,600	2,500	1,600	1,600	21,900
439	PC HARDWARE MAINT.....	400	400	400	400	400	400	4,800
440	SOFTWARE SUPPORT SER...	1,490	1,490	1,590	1,940	1,940	1,940	22,000
442	COMPUTER NTKW MAINT...	1,000	1,000	1,000	1,000	1,000	1,000	12,000
478	TOOLS/TEST EQ - ISD...	30	30	30	30	30	30	360
479	MAINT CONTR-COOP I/S...	135,500	15,100	33,400	7,600	7,200	5,500	224,300
481	COMPUTER SPARE PARTS...	250	250	250	250	250	250	2,000
489	MAINT CONTR-BREC I/S...	42,700	24,000	23,100	7,700	23,100	89,500	276,900
645	DISASTER REC-EQUIP.....	450	4,450	1,150	450	4,450	16,150	35,000
945	CAPITAL ITEMS.....	15,000	113,400	75,300	93,200	86,000	47,000	551,900
300 MGR INFORMATION SYSTEMS								TOTAL \$.....: 3,413,700
TOTAL DOLLARS BY R-A/MTH								TOTAL HOURS.....: 25,920
		348,620	320,290	593,790	291,550	294,310	319,540	
		265,860	189,360	259,360	193,110	169,760	172,150	
	TOTAL HOURS BY R-A/MTH	2,000	2,000	2,000	2,480	2,000	2,000	
		2,480	2,000	2,480	2,000	2,000	2,480	

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282
282
282
846

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
355	REAL ESTATE						
107	AUTOMOTIVE.....	1,670 1,670	1,670 1,670	1,670 1,670	1,670 1,670	1,670 1,670	20,040
205	PROF MEMBER DUES.....	300					300
220	OFFICE SUPPLIES.....		50		50		100
263	EASEMENT.....	400		400		400	1,200
297	TELEPHONE.....	50 50	50 50	50 50	50 50	50 50	600
320	VACATION PAY.....		1,340		1,340		2,680
	HOURS.....		40		40		80
325	HOLIDAY PAY.....	270		270	270	800	2,690
	OT \$.....						
	HOURS.....	8		8	16	24	80
	OT HOURS.....						
330	SICK LEAVE.....		270	270	270		810
	HOURS.....		8	8	8		24
335	OTHER PAID.....			270		270	540
	HOURS.....			8		8	16
350	OPERATIONS LABOR.....	3,790 5,220	3,880 2,540	4,180 4,920	3,910 3,280	3,910 4,080	47,200
	OT \$.....	70 200	70 130	170 170	230 70	170 70	1,680
	HOURS.....	116 156	116 76	125 147	117 98	117 90	1,414
	OT HOURS.....	2 5	2 4	5 5	7 2	5 2	50

-4040

-300

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

BDRA12		JAN	FEB	MAR	APR	MAY	JUN	TOTAL
R/A	DESCRIPTION	JUL	AUG	SEP	OCT	NOV	DEC	
395	CONF/SEMINARS.....	300		300				600
410	REIMBURSEABLE EXP.....		150	150		150		450
411	MEALS/ENT-50% LIMIT.....	50		50		50		150
940	CONST/DEF LABOR.....	1,440	1,470	900	900	900	600	15,510
		1,200	1,200	1,500	1,800	1,800	1,800	
	OT \$.....	210	210	100	100	100	70	1,840
		140	140	170	200	200	200	
	HOURS.....	44	44	27	27	27	18	466
		36	36	45	54	54	54	
	OT HOURS.....	6	6	5	6	6	2	54
		4	4					
942	CONSTRUCTION.....	40,000	35,000	35,000	35,000	25,000	20,000	345,000
		25,000	30,000	25,000	25,000	25,000	25,000	
	TOTAL HOURS.....							441,890
								2,184
395	REAL ESTATE							
	TOTAL DOLLARS BY R-A/MTH	48,280	42,550	43,090	43,740	32,990	27,340	
		33,950	37,340	34,250	32,340	32,390	33,730	
	TOTAL HOURS BY R-A/MTH	168	168	210	168	168	210	
		210	168	210	168	168	210	

BORA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY P						SET BY	R/A -	2009	GE	40
											12/22/08	
R/A	DESCRIPTION	JAN JUL	AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC			TOTAL		
370	MGR ENGINEERING											
107	AUTOMOTIVE.....	850	850	850	850	850	850			10,200	1500	
116	BOOKS/SUBSCRIP.....	50	50	50	50	50	50			500		
175	OUTGOING FREIGHT.....	50	50							100		
205	PROF MEMBER DUES.....			300						600		
220	OFFICE SUPPLIES.....	370	370	370	370	370	370			4,440	3000	
297	TELEPHONE.....	8,330	8,330	8,330	8,330	8,330	8,330			99,880	3000	
299	COMMUNICAT MEMBERS.....	2,680	2,680							5,360		
320	VACATION PAY.....	4,380	4,380	4,400	4,400	4,400	4,400			52,840		
	HOURS.....	120	120	120	120	120	120			1,440		
325	HOLIDAY PAY.....	2,640		2,640	1,220	2,640	1,940			26,420		
	OT.....											
	HOURS.....	72		72	72	72	48			720		
	OT HOURS.....											
330	SICK LEAVE.....	670	670	670	670	670	670			8,040		
	HOURS.....	18	18	18	18	18	18			216		
335	OTHER PAID.....	240	650	240	650	240	650			5,340		
	HOURS.....	8	16	8	16	8	16			144		

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BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

BORA12										
R/A	DESCRIPTION	JAN JUL	F A.	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL		
350	OPERATIONS LABOR.....:	8,120 12,130	9,810 9,210	8,970 12,010	11,680 9,310	8,290 9,110	8,110 10,980	117,730		
	OT \$.....:	1,320 1,970	1,610 1,560	1,460 2,070	1,990 1,540	1,430 1,790	1,370 2,130	20,240		
	HOURS.....:	279 411	335 312	305 405	397 314	282 307	275 370	3,992		
	OT HOURS...:	43 63	52 50	47 66	64 49	46 57	44 68	649		
355	MAINT LABOR.....:	8,120 12,130	9,810 9,210	8,970 12,020	11,680 9,320	8,290 9,110	8,110 10,980	117,750		
	OT \$.....:	1,320 1,970	1,610 1,560	1,460 2,070	1,990 1,540	1,430 1,790	1,370 2,130	20,240		
	HOURS.....:	279 411	335 312	305 405	397 314	282 307	275 370	3,992		
	OT HOURS...:	43 63	52 50	47 66	64 49	46 57	44 68	649		
360	SUPERVISORY LABOR.....:	22,080 26,970	21,680 21,680	22,080 26,970	26,560 20,460	20,860 19,840	21,680 24,120	274,780		
	OT \$.....:									
	HOURS.....:	434 530	426 426	434 530	522 402	410 386	426 474	5,400		
	OT HOURS...:									
395	CONF/SEMINARS.....:	500	500		2,000			3,000		
410	REIMBURSEABLE EXP.....:	1,370 1,370	1,370 1,370	1,370 1,370	1,370 1,370	1,370 1,370	1,370 1,370	16,440		
411	MEALS/ENT-50% LIMIT...:	190 190	190 190	190 190	190 190	190 190	190 210	2,300		
526	CAD MACHINE MAINT.....:	560		560	560			1,680		

Handwritten notes:
-1700 3,000
-5000 16,440
-1200 1,680

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

BDR12	DESCRIPTION	JAN JUL	F A	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
537	LICENSES & PERMITS.....:	1,500		1,500			500	3,500
538	TRANS LINE MAINT.....:	37,500						75,000
539	TRANS SUB MAINT.....:	5,130		5,130	3,080			13,340
632	RENTAL COMP SOFTWARE..:	6,500						6,500
940	CONST/DEF LABOR.....:	8,800	5,540	7,400	7,640	7,360	7,800	83,340
	OT \$.....:	1,760	1,200	1,520	1,580	1,580	1,720	17,520
	HOURS.....:	302	190	250	258	248	262	2,816
	OT HOURS..:	58	40	50	52	52	56	574
942	CONSTRUCTION.....:	1,292,990	767,720	896,160	591,220	558,930	647,020	14,686,370
370	MGR ENGINEERING	1,029,480	1,921,480	1,117,230	803,110	4,311,210	750,720	15,673,450
	TOTAL DOLLARS BY R-A/MTH	1,414,830	1,839,020	971,980	675,860	626,380	715,980	20,552
	TOTAL HOURS BY R-A/MTH	1,984	1,584	1,980	1,980	1,584	1,980	

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BIG RIVERS ELECTRIC CORP RESPONSIBILITY P GET BY R/A - 2009

2	BDRA12		JAN	MAR	APR	MAY	JUN	TOTAL
3			JUL	SEP	OCT	NOV	DEC	
4	R/A	DESCRIPTION						
7	405	ENERGY CONTROL			2,560			3,070
8	116	BOOKS/SUBSCRIP.....:	510					
11	149	GENERAL SERV/CONT.....:	2,150	2,150	2,150	2,150	2,150	25,800
12			2,150	2,150	2,150	2,150	2,150	
14	204	DUES & ASSESSMENTS.....:		169,130				169,130
16	220	OFFICE SUPPLIES.....:	120	120	120	120	120	1,440
17			120	120	120	120	120	
20	262	PLT EQUIP RENT.....:	1,760	1,760	1,760	1,760	1,760	21,120
21			1,760	1,760	1,760	1,760	1,760	
23	297	TELEPHONE.....:	50	50	50	50	50	500
24			50	50	50	50	50	
26	320	VACATION PAY.....:	3,680	3,680	3,680	3,680	3,680	49,270
27			3,680	4,440	3,680	3,680	3,680	
29		HOURS.....:	100	100	140	100	220	1,400
30			100	140	100	100	100	
31	325	HOLIDAY PAY.....:	2,500		2,500	2,500	2,350	25,030
32					150	5,020	7,520	
35		OT \$.....:						
37		HOURS.....:	72		72	72	64	720
38					8	144	216	
40		OT HOURS..:						
43	330	SICK LEAVE.....:	590	590	740	590	740	7,530
44			590	590	740	590	590	
46		HOURS.....:	16	16	24	16	24	216
47			16	16	24	16	16	
49	335	OTHER PAID.....:	370	370	370	370	370	5,030
50			370	370	520	370	660	
52		HOURS.....:	10	10	10	10	10	144
53			10	10	18	10	18	

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
360	SUPERVISORY LABOR.....	42,220 51,840	42,220 42,430	42,220 51,840	51,580 42,430	32,970 37,730	528,350	
	OT \$.....	4,530 5,700	4,530 4,560	4,530 5,700	5,660 4,560	4,540 5,700	59,110	
	HOURS.....	1,154 1,410	1,154 1,154	1,154 1,410	1,410 1,154	1,090 1,026	14,400	
	OT HOURS...	128 160	128 128	128 160	160 128	128 160	1,664	
365	ADMIN LABOR.....	3,060 3,670	3,060 2,290	2,140 3,360	3,520 2,910	2,910 3,380	35,170	
	OT \$.....							
	HOURS.....	160 192	160 120	112 176	184 152	152 176	1,840	
	OT HOURS...							
395	CONF/SEMINARS.....		410	410			820	
410	REIMBURSEABLE EXP.....	560 560	560 560	560 560	560 560	560 560	6,720	
411	MEALS/ENT-50% LIMIT...	190 190	190 190	190 190	190 190	190 190	2,280	
495	DIESEL FUEL OIL.....	750 750					1,500	
646	DISASTER REC-BUILDING...	1,030 1,030	1,030 1,030	1,030 1,030	1,030 1,030	1,030 1,030	12,360	
647	DISASTER REC-FIXED.....	1,170 1,170	1,170 1,170	1,170 1,170	1,170 1,170	1,170 1,170	14,040	
405	ENERGY CONTROL	-----					TOTAL TOTAL \$.....	968,270
	TOTAL DOLLARS BY R-A/MTH	62,720 76,130	231,000 61,710	64,010 75,370	75,460 61,670	61,580 61,730	61,560 75,330	
	TOTAL HOURS BY R-A/MTH	1,568 1,960	1,568 1,568	1,568 1,960	1,960 1,568	1,568 1,960	1,568 1,960	

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BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN JUL	F A	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
420	MGR TRANSMISSION SYSTEM	25,000	25,000	25,000	25,000	25,000	25,000	300,000
107	AUTOMOTIVE.....	25,000	25,000	25,000	25,000	25,000	25,000	2,000
116	BOOKS/SUBSCRIP.....	160	160	160	160	160	160	-500
117	BRUSH CONTROL.....	100,000	100,000	300,000	100,000	100,000	100,000	-760,000 1,400,000
145	AIR /HEAT MAINT.....	160	160	160	160	220	220	-500 2,000
149	GENERAL SERV/CONT.....	1,400	1,400	1,400	1,400	1,400	1,400	17,000
150	TRANS CONTRACTORS.....	10,000	10,000	10,000	10,000	10,000	10,000	120,000
163	EMPLOYEE RELATIONS.....	130	130	130	130	130	130	-40,000 1,500
175	OUTGOING FREIGHT.....	130	130	130	130	130	130	1,500
193	LINE PATROL.....	4,000	4,000	4,000	4,000	4,000	4,000	50,000
205	PROF MEMBER DUES.....	30	30	30	30	30	30	-360 360
206	SOCIAL & CIVIC DUES.....	20	20	20	20	20	20	240
216	OFF EQUIP MAINT.....	130	130	130	130	130	130	-500 1,500
220	OFFICE SUPPLIES.....	500	500	250	250	250	250	3,500
262	PLT EQUIP RENT.....		25,000					25,000
265	ROCK/GRAVEL.....	210	210	210	210	210	210	-1200 2,500
268	HAZARDOUS MAT'L DISP..:		15,000					15,000

BIG RIVERS ELECTRIC CORP RESPONSIBILITY P GET BY R/A - 2009

		JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
2	BORA12						
3							
4	R/A						
5							
6	270	2,400 1,600	1,600 1,600	1,600 1,600	1,600 1,600	1,600 1,600	20,000
7							
8	275	1,250 1,250	1,250 1,250	1,250 1,250	1,250 1,250	1,250 1,250	15,000
9							
10	276	830 830	830 830	830 830	830 830	830 870	10,000
11							
12	280				150		150
13							
14	292	1,000 1,000	1,000 1,000	1,000 1,000	1,000 1,000	1,000 1,000	12,000
15							
16	295	1,000 1,000	1,000 1,000	4,000 1,000	1,000 1,000	1,000 1,000	15,000
17							
18	296	5,500 4,500	4,500 4,500	4,500 4,500	4,500 4,500	4,500 4,500	55,000
19							
20	297	550 550	550 550	550 550	550 550	550 450	6,500
21							
22	312	250 250	250 250	250 250	250 250	250 250	3,000
23							
24	320	12,070 12,170	12,080 12,170	12,100 12,490	12,110 12,820	12,110 12,820	150,320
25							
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17600
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R/A	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
335	OTHER PAID.....	1,770	1,620	1,620	1,620	1,620	
		1,620	1,600	1,560	1,600	1,600	19,450
	HOURS.....	62	57	57	57	57	
		57	56	55	55	55	680
350	OPERATIONS LABOR.....	22,660	22,660	20,240	25,050	18,010	
		25,650	19,330	27,860	21,120	16,640	264,840
	OT \$.....	1,810	1,810	2,720	2,720	2,720	
		2,730	2,730	2,730	2,830	1,890	29,310
	HOURS.....	937	937	837	1,036	745	
		1,058	797	1,147	840	662	10,840
	OT HOURS..:	50	50	75	75	75	
		75	75	75	75	50	800
355	MAINT LABOR.....	54,600	51,350	44,310	59,670	47,180	
		64,790	50,930	67,260	53,980	42,010	648,030
	OT \$.....	6,090	6,090	7,110	7,110	7,110	
		7,130	7,130	7,140	7,390	6,340	82,110
	HOURS.....	2,016	1,896	1,636	2,203	1,742	
		2,385	1,875	2,472	1,917	1,492	23,677
	OT HOURS..:	150	150	175	175	175	
		175	175	175	175	150	2,000
356	TEL SYS-MAINT LABOR...	730	880	880	1,110	820	
		1,110	880	1,110	910	700	10,890
	OT \$.....						
	HOURS.....	25	30	30	38	28	
		38	30	38	30	29	369
	OT HOURS..:						
360	SUPERVISORY LABOR.....	20,460	20,460	19,740	25,000	18,980	
		26,030	20,540	26,970	20,880	17,990	260,520
	OT \$.....	2,110	2,110	2,130	2,710	1,940	
		2,710	2,130	2,740	2,150	1,950	27,150
	HOURS.....	486	486	466	590	448	
		607	479	625	484	417	6,104
	OT HOURS..:	55	55	55	70	50	
		70	55	70	55	60	700

BDRA12		BIG RIVERS ELECTRIC CORP RESPONSIBILITY REPORT BY R/A - 2009							PAGE 48
R/A	DESCRIPTION	JAN JUL	FEB A	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL	
365	ADMIN LABOR.....	15,630 19,460	15,750 16,030	19,750 19,200	19,280 15,940	14,750 12,470	16,030 17,090	197,380	
	OT \$.....	1,650 2,150	1,670 1,690	1,670 2,160	2,140 1,710	1,530 1,400	1,850 1,870	21,500	
	HOURS.....	561 681	561 561	561 672	691 552	521 432	561 592	6,936	
	OT HOURS...	55 70	55 55	55 70	70 55	50 45	60 60	700	
395	CONF/SEMINARS.....	400 400	400 400	400 400	400 400	400 400	400 600	5,000	
410	REIMBURSEABLE EXP.....	2,500 2,500	2,500 2,500	2,500 2,500	2,500 2,500	2,500 2,500	2,500 2,500	30,000	
411	MEALS/ENT-50% LIMIT...	700 700	700 700	700 700	700 700	700 700	700 700	8,400	
450	POLE TREATMENT.....	16,600 16,600	16,600 16,600	16,600 16,600	16,600 16,600	16,600 16,600	16,600 17,400	200,000	
460	BOTTLED GAS.....	740 660	660 660	660 660	660 660	660 660	660 660	8,000	
533	MICROWAVE TWR MAINT...	800 800	800 800	800 800	800 7,800	7,800 800	800 1,200	24,000	
536	TRANS EQUIP OP SUPP...	800 800	800 800	800 800	800 800	800 800	1,800 1,200	10,000	
537	LICENSES & PERMITS....	330 330	330 330	330 330	330 330	330 330	330 370	4,000	
538	TRANS LINE MAINT.....	2,500 2,500	2,500 2,500	2,500 2,500	2,500 2,500	2,500 2,500	2,500 2,500	30,000	
539	TRANS SUB MAINT.....	37,000 33,000	33,000 33,000	33,000 33,000	33,000 33,000	33,000 33,000	33,000 33,000	400,000	
556	MISC PLT EQ MAINT....	1,580 1,580	1,580 1,580	1,580 1,580	1,580 1,580	1,580 1,580	1,580 1,620	19,000	
557	TESTING EQUIP MAINT...	290 290	290 290	290 290	290 290	290 290	290 310	3,500	

BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

BDR/AC	DESCRIPTION	JAN JUL	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
559	PNT & PAINTING CONT...	1,660	1,660	1,660	1,660	1,660	8,000
561	ENVIRONMENTAL SUPP....:	1,000	1,000	1,000	1,000	1,000	6,000
563	COMM EQUIPMENT MAINT....:	1,700	21,300	1,700	1,700	1,700	40,000
638	TRANS LINE OPER SUPP...:	100	100	100	100	100	1,200
639	TRANS SUB OPER SUPP...:	1,500	1,500	1,500	1,500	1,500	11,000
640	SERVICE AGREEMENTS....:	19,500		3,000	8,000		30,500
940	CONST/DEF LABOR.....:	16,050	19,300	29,620	29,850	22,700	260,630
		23,780	23,690	18,560	22,010	16,430	
	OT \$.....:			1,083	1,025	799	9,480
		583	703	1,081	782	582	
	HOURS.....:	874	872				
	OT HOURS...:						
942	CONSTRUCTION.....:	36,130	36,130	142,330	70,860	93,860	841,600
		77,540	76,540	76,360	36,870	36,030	
945	CAPITAL ITEMS.....:	35,750	80,000	95,500	80,900	55,000	923,550
		4,000	4,000	4,400	450,000		
							6,888,250
420	MGR TRANSMISSION SYSTEM						74,920
		483,440	559,990	529,960	577,790	549,870	624,130
		508,480	467,690	708,120	885,770	425,160	467,850
	TOTAL DOLLARS BY R-A/MTH	5,750	5,750	5,800	7,190	5,790	5,805
		7,190	5,800	7,190	5,800	5,735	7,120
	TOTAL HOURS BY R-A/MTH						

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BIG RIVERS ELECTRIC CORP RESPONSIBILITY BUDGET BY R/A - 2009

R/A	DESCRIPTION	JAN	MAR	APR	MAY	JUN	TOTAL
		JUL	SEP	OCT	NOV	DEC	HOURS
TOTAL OF ALL R/As							446,903,860
TOTAL DOLLARS BY MONTH		37,501,030	20,359,880	18,651,420	76,272,460	16,268,760	16,787,400
TOTAL HOURS BY MONTH		20,092	19,856	19,846	24,535	19,716	19,711
		24,561	19,756	24,555	19,736	19,791	24,575
							256,720

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4 PROGRAMMERS AS/400 - BIG RIVERS..
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7 JOB TITLE : BUDGET - BUDGET PREPARATION REPORT BY R/A
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R/A	EAC	DESCRIPTION	JAN JUL	FEB AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
018 VP EXTERNAL RELATIONS									
1		PUBLIC NOTICES.....			130		120		
107		AUTOMOTIVE.....	3,220	3,220	3,220	3,220	3,220	3,220	38,640
116		BOOKS/SUBSCRIP.....	580	580	580	580	580	580	5,700
149		GENERAL SERV/CONT.....	150				150		300
152		DOC DEV & REPRDN.....	100		100			100	300
158		DONATIONS.....	26,570	3,750	24,150	8,100	890	2,150	82,170
175		OUTGOING FREIGHT.....	500	500	500	500	500	500	6,000
204		DUES & ASSESSMENTS.....	12,500	25,000	12,500	12,500	5,000		568,000
205		PROF MEMBER DUES.....	200	200	200	200	100		1,300
206		SOCIAL & CIVIC DUES....	1,000	1,200	8,300	1,000	1,000	1,000	19,900
210		ECONOMIC DEVELOPMENT...	3,500	4,000	13,000	4,000	201,000	5,000	263,500
220		OFFICE SUPPLIES.....	1,000	1,000	1,100	1,100	1,100	1,100	13,000
253		PROFESSIONAL SERVICE...	44,300	104,300	54,300	54,300	61,300	61,300	933,000
254		ENVIRONMENTAL SER.....				200,000			200,000
289		OFFICE/WH SPACE RENT...		5,360					5,360
290		TEMPORARY LABOR.....	2,000	2,000	2,000	2,500	2,000	2,000	26,000

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27,000 - 27,000

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Can cut some
\$65,000
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philipstan

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R/A	BAC	DESCRIPTION	JAN JUL	FEB AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
297		TELEPHONE.....	400 400	400 400	400 420	420 400	400 400	400 400	4,840
320		VACATION PAY.....	640 6,210	1,790 1,020	2,620 2,560	5,820 5,630	2,240 4,860	4,160 9,780	47,330
		HOURS.....	16 112	40 16	56 64	112 112	56 88	80 192	944
325		HOLIDAY PAY.....	2,820	510 320	2,820	2,820 830	2,820 5,630	1,150 8,440	28,160
		OT \$.....							
		HOURS.....	56	8 8	56	56 16	56 112	24 168	560
		OT HOURS...							
330		SICK LEAVE.....	830 830	1,150 1,660	1,340 1,150	830 1,150	1,340 1,340	1,470 1,980	15,070
		HOURS.....	16 16	24 32	24 24	16 24	24 24	32 40	296
335		OTHER PAID.....		1,020 830	960 510	510 1,150	640		5,620
		HOURS.....		16 16	24 8	8 24	16		112
360		SUPERVISORY LABOR.....	30,210 31,740	28,160 28,160	28,670 35,840	32,260 26,110	28,160 23,040	27,140 27,140	346,630
		OT \$.....							
		HOURS.....	472 496	440 440	448 560	504 408	440 360	424 424	5,416
		OT HOURS...							
365		ADMIN LABOR.....	24,600 28,750	23,640 24,280	22,680 27,470	28,110 21,400	21,720 20,770	22,360 23,000	288,780
		OT \$.....							
		HOURS.....	616 720	592 608	568 688	704 536	544 520	560 576	7,232
		OT HOURS...							

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4,000

R/A	EAC	DESCRIPTION	JAN JUL	FEB AUG	MAR SEP	APR OCT	MAY NOV	JUN DEC	TOTAL
	395	CONF/SEMINARS.....	1,440 1,100	300 2,600	3,150 800	1,520 2,690	1,000 440	1,380 1,000	17,420
	408	TRAINING FOR COOPS....	150	300	150	150	150	150	1,800
	410	REIMBURSEABLE EXP.....	3,390 3,390	3,390 3,390	3,390 3,460	3,390 3,390	3,390 3,390	3,390 3,390	40,750
	411	MEALS/ENT-50% LIMIT...	950 990	950 990	970 970	990 970	970 970	970 950	11,640
	440	SOFTWARE SUPPORT SER...	30 30	40 40	30 30	40 30	30 30	40 30	400
	561	ENVIRONMENTAL SUPP....	40 40	40 50	40 40	50 40	40 40	40 40	500
	562	ENVIRONMENTAL-COOPS...	40 40	40 40	40 50	40 40	50 40	40 40	500
	945	CAPITAL ITEMS.....	750	750					1,500

Handwritten notes:
 \$1,000
 can cut 1/2
 \$800
 \$1,525
 can cut 1/2
 can cut 1/2
 \$600

018 VP EXTERNAL RELATIONS

TOTAL \$.....: 2,975,860
 TOTAL HOURS.....: 16,640

TOTAL DOLLARS BY R-A/MTH
 158,490 213,440 171,690 365,320 339,100 139,740
 653,530 137,340 196,400 204,380 205,290 191,140

TOTAL HOURS BY R-A/MTH
 1,280 1,280 1,280 1,600 1,280 1,280
 1,600 1,280 1,600 1,280 1,280 1,600

AL#1: _____ APPROVAL#2: _____

Corporate Expenditure Deferment

EAC 102 – EE customer service training and planning - \$4,100

\$3,100

talk to members

This budget item covers Customer Service Rep. training and the member services planning retreat in the fall. Training could be simplified and the retreat could be cancelled.

Potential deferment

\$3,500

talk to members

EAC 103 – Marketing incentives - \$75,000

This money is used to reimburse the cooperatives expenditures for energy efficiency programs, which includes the Touchstone Energy home program, the dual fuel incentive and the water heater exchange program. Kenergy is the only cooperative still active in the program and the money could be saved if Kenergy were to stop their programs.

Potential deferment

\$50,000

EAC 104 – Advertising / promotion expenses for distribution cooperatives - \$126,000

This expenditure is used to reimburse cooperatives for advertising and promotion not related to energy efficiency or safety. Primarily image and community event advertising in the cooperatives service territories. Each cooperative has submitted a plan which details where this money will be spent throughout the year. In some cases commitments have been made which must be kept.

Potential deferment

\$75,000

EAC 105 – Public education and promotion - ~~\$87,900~~

same 44,500

This includes BREC promotional activities in the community through sporting events, newspaper in schools program, scholarships at cooperative annual meeting, logo items on clothing and documents promoting BREC. Spending in this area can be reduced dramatically this year.

Potential deferment

~~\$50,000~~

cut

EAC 106 - Energy efficiency - \$1,367,000

This EAC was expanded this year by \$950,000 in anticipation of the comprehensive planning process beginning March 19th. Expenditures include energy efficiency advertising, energy efficiency expos and advertising campaign development.

Potential deferment

\$1,100,000

*395 - \$1,000
410 - 3600*

*1367
948
1021*

11.6 - \$400,000 cut

EAC 149 – Contracted services - \$78,000

check w/ Russ

Expenditure covers Apogee's webhosting for the three distribution cooperatives and Big Rivers. Apogee also provides the residential and commercial energy modules for the three distribution cooperative's and Big Rivers websites. These modules provide hands-on energy efficiency advice and cost savings estimates for customers who visit the web sites.

Potential deferment

\$0

EAC 152 – Document development & reproduction. – \$89,100

cut

A substantial number of documents are under development due to the change of logo and organization of policies and documents. Spending in this area can be reduced substantially until after the unwind.

Potential deferment

\$40,000 OK

EAC 204 – Dues and assessments - \$121,500 ←

Touchstone Energy membership dues for the distribution cooperatives and Big Rivers is the only item in this EAC.

Potential deferment

\$0

EAC 206 – Social and civic dues - \$6,410

This includes corporate membership dues to area chambers of commerce and civic organizations.

Potential deferment

\$0

EAC 395 – Conferences and seminars - \$5,150 -

We have put a freeze on future attendance at conferences and seminars for 2009

Potential deferment

\$3,500 ✓

Potential estimated deferment with deep spending cuts beginning

\$1,322,000

Total budget

\$2,126,870

249 - Reduce 1500
175 cut 700
297 - 300
411 - 1,000
206 - Reduced by 3200

170

107 08 26661 27360 09

145 08 28849 30000 09

07 30045

148 08 1812 2040 09 not enough for already committed ✓

149 08 2376 3480 09 ¹⁰⁰⁰ drop to 2480 if no moves ✓

07 5252

06 3360

163 08 6857 7800 09 drop 800 to 7000 ✓

07 5898

06 5195

UPS
175 08 1466 1800 09 drop 100 to 1700 ✓

07 1688

06 1602

185 08 13374 14400 09 drop 1000 to 13400 ✓

07 13580

216 08 14753 18430 09 drop 4000 to 14430 ✓

07 5674

220 08 14051 15000 09 drop 1000 to 14000 ✓

07 11358

06 10654

247 08 10440 8440 09

07 7923

275 08 31183 32400 09 drop 7000 to 25400 ?

07 66235

06 24957

296 08 98537 108000 09 drop 4000 to 104000 ?

07 103278

220

101 5400 09 → 5216 06

116 08 636 2040 09 drop 1000?

07 1676

06 1961

149 08 4624 → 2704 HRA
1420 cyber security backed
2800 09

163 08 42169 40840 09

205 08 379 400 09

208 08 11 20 09

220 08 743 1400 09 drop 600 to 800 ✓

07 637

06 1655

257 08 4647 25900 09 most likely 5000 short ✓

07 4131

06 5665

303 08 2527 2400 09

07 3241

304 08 68026 -0- 09 spent 83552 1/09 ✓

25471
83552
109023

109000 ✓

312 08 540 1440 09 drop 900 to 540 ✓

07 1325

06 1845

313 08 7308 9600 09 drop to -0- ✓

398 08 1493 2400 09 drop to -0- ✓

4450
4850
760

10060
6600
3460

395 429 08 4590 keep 740 drop 3500 ✓ 900 KY SHRM
514 07

410 467 08 4850 to -0- ✓ drop 4000 ✓ 600 KY SHRM
1665 07

411 207 08 760 to -0- ✓ drop 500 ✓ 160 KY SHRM
77 07