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HOLBROOK, WIBLE, SULLIVAN & MOUNTJOY, P. S. C.

ATTORNEYS AT LAW

100 ST. ANN BUILDING

P. O. BOX 727

OWENSBORO, KENTUCKY 42302-0727

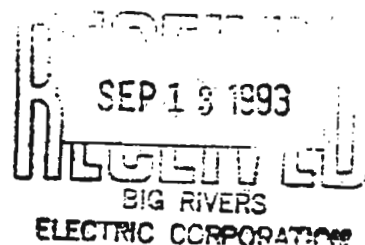
AREA CODE: 502
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TELECOPIER: 663-6694

MORTON J. HOLBROOK
RALPH W. WIBLE
RONALD M. SULLIVAN
JESSE T. MOUNTJOY
FRANK STAINBACK
JAMES M. MILLER
RIDLEY M. SANDIDGE, JR.
MICHAEL A. FIORELLA
WILLIAM R. DEXTER
ALLEN W. HOLBROOK
TIMOTHY O. SHELburnE
R. MICHAEL SULLIVAN

September 11, 1993

FILE 150.0.16.1

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



Re: Recording of Cross-Grants of Rights of Access and of Easements dated July 20, 1993 among the City of Henderson, City of Henderson Utility Commission and Big Rivers Electric Corporation and of the Subordination Agreement dated August 26, 1993 among the REA, Chemical Bank, The Bank of New York as Mortgagees and City of Henderson, Kentucky, City of Henderson Utility Commission and Big Rivers Electric Corporation

Dear Richard:

I enclose a copy of each of the above-titled documents which were recorded in the office of Wilma G. Martin, Clerk of Henderson County, Kentucky, on September 9, 1993 at 1:00 o'clock p.m. CDT, the Cross-Grant in Book 433, Pages 198 through 209, and the Subordination Agreement in Mortgage Book 441 at Pages 690 through 700.

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

Sincerely yours,

Morton Holbrook

Morton Holbrook

MH/dfc

cc: Paul H. Keck, Esq. (w. enc.)
Barton D. Ford, Esq. (w. enc.)
Jeremiah L. Thomas III, Esq. (w. enc.)
Paul A. Schmitz (w. enc.)

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

W I T N E S S E T H:

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

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

WHEREAS, Exhibit 1 to the 1993 Amendments also describes : certain electric system facilities belonging to the City or Big Rivers which are not Joint Use Facilities but are now or will later be located on land or in buildings owned by the other participant under the Contracts, and thus the City and Big Rivers have determined that it is appropriate to execute and record a certain mutual and cross-grant of rights of access, easements of

location and use, and easements of ingress and egress (Hereinafter being referred to as the "Easement Agreement") pertaining to such facilities and also to the Joint Use Facilities,

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

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

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

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

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

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

* recorded in Mortgage Book 342 page 581, Henderson County, Ky. Clerk's office.

WHEREAS, Big Rivers and the City have conditioned the effectiveness of the 1993 Amendments upon receipt of a satisfactory lien accommodation from the Mortgagees,

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

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

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

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

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

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

Facilities shall be obligated to permit the Joint Use Facilities to be operated and maintained in accordance with the Joint Facilities Agreement so long as such transferee retains any interest in any of the Joint Use Facilities and that the rights and obligations under this provision shall run with the land.

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

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

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

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

(i) if to the Government:

Administrator
Rural Electrification Administration
14th & Independence Avenue, S.W.
Washington, D.C. 20250-1500

(ii) if to the Banks:

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

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

(iii) if to the City:

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

(iv) if to Big Rivers

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

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

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

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

10. Counterparts. This instrument may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the Mortgagees and the City have caused this instrument to be duly executed in their behalf, all as of the day and year first written above.

CITY OF HENDERSON, KENTUCKY

By William L. Newman
William L. Newman, Mayor

ATTEST:

Joann Roberts
Joann Roberts, City Clerk
(City Seal)



CITY OF HENDERSON UTILITY COMMISSION

By B.E. Higginson
B.E. Higginson, Chairman

ATTEST:

Dudley H. Everson
Dudley H. Everson, Secretary

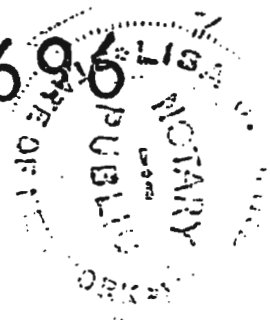
BIG RIVERS ELECTRIC CORPORATION

By Morton Henshaw
Morton Henshaw, President



ATTEST:

William Briscoe
William Briscoe, Secretary



THE BANK OF NEW YORK

By

[Signature]

Date:

9/3/93

Executed by the Mortgagee
in the presence of

[Signature]
Lisa J. Sandler

Witnesses

LISA J. SANDLER
Notary Public, State of New York
No. 51-120918
Qualified in New York County
Commission Expires April 30, 94

CHEMICAL BANK

By

[Signature]

EDWIN FORTI
MANAGING DIRECTOR
CHEMICAL BANK

Date:

9/3/93

Executed by the Mortgagee
in the presence of

[Signature]
Wayne Jones

Witnesses

UNITED STATES OF AMERICA

By

[Signature]
James B. Huff, Sr.
Administrator
Rural Electrification
Administration

ATTEST:

Witness

[Signature]
Richard Lawrence

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

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

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



Mary Sue Barron
Notary Public
State at Large

My Commission Expires:

6-23-96

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

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

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



Mary Sue Barron
Notary Public
State at Large

My Commission Expires:

6-23-96

COUNTY OF HENDERSON
COMMONWEALTH OF KENTUCKY

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

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

Paula Mitchell

Notary Public
State at Large



My Commission Expires:

January 12, 1997

District of Columbia

STATE OF ~~NEW YORK~~)

: ss.:

COUNTY OF ~~NEW YORK~~)

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

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

SEPTEMBER

E. M. Harvey

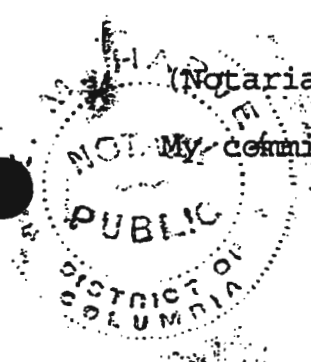
Notary Public in and for New York
County, ~~New York~~

District of Columbia

(Notarial Seal)

My commission expires:

1-31-94



STATE OF NEW YORK)
 : SS.:
COUNTY OF NEW YORK)

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

Given under my hand and official seal this 3rd day of ~~SEPTEMBER~~ ~~August~~, A.D. 1993.



Gerard M. Andreaccio

Notary Public in and for New York County, New York

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

(Notarial Seal)
My commission expires:

DISTRICT OF COLUMBIA) SS

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

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

J. M. Farvey
Notary Public
residing at Washington, D.C.

(Notarial Seal)

My commission expires: 1-31-94

THIS INSTRUMENT PREPARED BY

T. M. Brady

Terence M. Brady
Deputy Assistant General Counsel
Room 2349 South Agriculture Building
Washington, D.C. 20250-1400

STATE OF KENTUCKY
COUNTY OF HENDERSON..... Sect.

I, Wilma G. Martin, Clerk of Henderson County, certify that the foregoing *agreement* was this day at *1:00* O'clock *P* M. lodged in my said office for record and that I have recorded it, the foregoing and this certificate in my said office.

Given under my hand this *9* day *September* 19 *93*

BY: *W. G. Martin* WILMA G. MARTIN
D.C.

182
441

Recorded this the 9 day of September 1923
At 100 P Recorded In Map Book 441 Page 696
Henderson County Clerk WILMA G. MARTIN
By Jerry H. [Signature] D.C.

20.50

116.0.2.2
116.0.3.2
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U.S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Kentucky 62 Big Rivers

THE WITHIN Amendments to Contracts (May 1, 1993 Amendments) among City of

Henderson, Kentucky, City of Henderson Utility Commission and Big Rivers

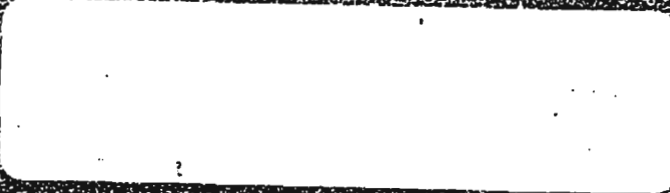
Electric Corporation

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


FOR THE ADMINISTRATOR

DATED

9/7/93

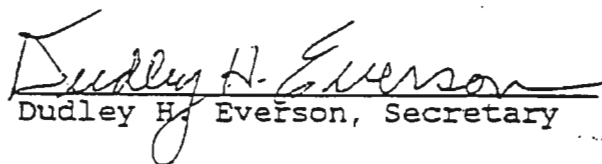


CERTIFICATE

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

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

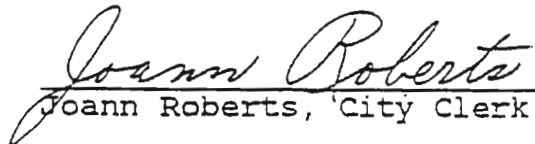
Witness the signature of Dudley H. Everson this 29th day of June, 1993.


Dudley H. Everson, Secretary

CERTIFICATION OF CITY CLERK

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

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


Joann Roberts, City Clerk

(City Seal)

RESOLUTION NO. 24-93

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

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

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

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

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

2. This Resolution shall become effective immediately upon its passage.

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

Commissioner Taylor:	<u>ABSENT:</u>
Commissioner Farmer:	<u>AYE:</u>
Commissioner Johnson:	<u>AYE:</u>
Commissioner Womack:	<u>AYE:</u>
Mayor Newman:	<u>AYE:</u>

EXCERPT FROM THE MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
JULY 9, 1993

On motion of Director Hamilton, seconded by Director Cooper, and carried by unanimous vote, of the directors as declared by the President, the following resolutions were adopted:

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

I, William B. Briscoe, Secretary-
Treasurer of the Board of Directors
of Big Rivers Electric Corporation
hereby certify that the above is a
true and correct excerpt from the
minutes of Regular Meeting of said
Corporation held on 7-9-93.

William B. Briscoe

EXCERPT FROM THE MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MARCH 12, 1993

Director Hamilton moved that the amendments to all contracts among the City of Henderson, Kentucky, City of Henderson Utility Commission, and Big Rivers Electric Corporation be approved as presented and that the President be authorized to execute said amendments with management and corporate counsel authorized to make minor changes as deemed necessary. Director Powers seconded the motion which carried by unanimous vote.

I, William B. Briscoe, Secretary-
Treasurer of the Board of Directors
of Big Rivers Electric Corporation
hereby certify that the above is a
true and correct excerpt from the
minutes of Regular Meeting of said
Corporation held on 3-12-93.

William B. Briscoe

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

These Amendments entered into as of May 1, 1993 (the "May 1, 1993 Amendments") by and between City of Henderson, Kentucky, a municipal corporation and city of the second class organized under the laws of Kentucky, of 222 First Street, Henderson, KY 42420, City of Henderson Utility Commission, a public body politic and corporate organized under Kentucky Revised Statutes 96.520 and related statutes, of 100 Fifth Street, Henderson, KY 42420, the said City and Commission being referred to herein collectively as "City", and Big Rivers Electric Corporation, a rural electric cooperative corporation organized under Chapter 279 of the Kentucky Revised Statutes, P.O. Box 24, 201 Third Street, Henderson, KY 42420, known as "Big Rivers" herein.

WITNESSETH:

WHEREAS, the parties hereto are parties to a Power Sales Contract, a Power Plant Construction and Operation Agreement and a Joint Facilities Agreement all dated August 1, 1970 and Big Rivers and City of Henderson Utility Commission are parties to an Agreement For Transmission and Transformation Capacity dated April 11, 1975, the Spare Transformer Agreement dated July 11, 1972, the System Reserves Agreement dated January 1, 1974, the Agreement of April 8, 1980 regarding O&M and R&R Funds, and the Agreement of February 15, 1991 concerning Administrative and General Costs, all of such contracts and agreements as amended being known herein as the "Contracts" and incorporated herein by reference, and

WHEREAS, pursuant to the Contracts, and to ordinances of the City of Henderson, Kentucky providing for the sale of its electric revenue bonds, an electric generating station consisting of generating Units 1 and 2, each described in the Contracts as having 175-megawatt capacity, and related facilities all known herein as "Station Two", were constructed and are now owned by the City of Henderson, Kentucky and operated under the Contracts with Big Rivers, and

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

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

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

NOW, THEREFORE, in order to comply with the Acid Rain Act, and provide for the financing, construction, and operation of the Station Two FGD System as a part of Station Two, and in

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

ALL CONTRACTS

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

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

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

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

1.3 If Big Rivers exercises the option granted in 1.2, by written notice to City on or before October 31, 2003, Big Rivers may extend the terms for an additional five year term from October 31, 2008 to October 31, 2013.

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

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

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

4. Nothing herein contained shall constitute general

obligations of the City of Henderson within Kentucky Constitutional restrictions on such obligations. The obligations herein imposed on City of Henderson shall be borne entirely from revenues or other legally available funds of City's electric light and power system.

POWER SALES CONTRACT

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

5.1 SECTION 2.2 IS AMENDED TO READ AS FOLLOWS:

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

5.2 SECTION 3.3 IS AMENDED TO READ AS FOLLOWS:

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

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

The Total Capacity of Station Two as referred to herein shall be the average of the total continuous net send-out

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

5.4 SECTION 3.7 IS AMENDED TO READ AS FOLLOWS:

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

5.5 SECTION 6.2 IS AMENDED TO READ AS FOLLOWS:

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

5.6 SECTION 6.6 IS AMENDED BY ADDING SUBPARAGRAPH (d)

THERE TO AS FOLLOWS:

- (d) The additional payments described in this Section 6.6 and the fourteen and one-half cents per month per kilowatt of the Total Capacity of Station Two charged to the City as described in Section 13.6 of the Power Plant Construction and Operation Agreement between the parties of August 1, 1970, shall both terminate on October 31, 2003, despite changes in the terms of the Contracts.

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

As quickly as is reasonably possible, but in no event later than one hundred twenty (120) days after the end of each Contract Year Big Rivers shall submit to City a detailed statement of the actual capacity costs for all Monthly Billing Periods of such Contract Year, based on the annual audit of accounts provided for in Section 11.

5.8 SECTION 15 IS AMENDED BY ADDING THERETO THE FOLLOWING:

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

- (1) on 5 days prior written notice to Big Rivers, City may, until such default is corrected, make sales to others of power generated by Station Two and allocated hereunder to Big Rivers and shall collect the proceeds from such sales and, subject to the provisions of the Bond Ordinance, shall apply them as a credit to capacity charges owing by Big Rivers to the City, then to payments to Big Rivers on Big Rivers' cost of operation and maintenance of Station Two, including its fuel and lime costs and any excess to Big Rivers until Big Rivers' payment default is corrected.
- (2) On thirty days written notice by City to Big Rivers, and if Big Rivers defaults to City have not been corrected, City may terminate all contracts with Big Rivers with respect to Station Two and assume immediate possession and operation of Station Two and sell and subject to the crediting procedure of

subparagraph (3), retain the proceeds of all sales of power generated by Station Two thereafter; provided that no such sales shall replace sales made by Big Rivers and/or its distribution co-op members under then existing contracts.

- (3) No rights exercised by City under subparagraphs (1) and (2), or either of them, shall relieve Big Rivers of its continuing obligations to pay that portion of the debt service costs which are allocated to it when such rights were first exercised by City, credited in the case of sales under subparagraph (1) by any revenues provided from the sale of Big Rivers allocated capacity as provided in subparagraph (1) above, and credited in the case of sales under subparagraph (2) by any revenues received from the sale of Big Rivers prior allocation in excess of operation and maintenance costs of Station Two, including fuel and lime costs.
- (4) In the exercise of its rights under the preceding subparagraphs (1) and (2), City shall have the right (a) to use Big Rivers transmission system for transmitting power in performance of off system power sales made by City from Station Two at fair market wheeling charges then prevailing in Indiana and Kentucky and (b) continue the use of Joint Use Facilities by bearing the costs thereof calculated according to the Joint Facilities Agreement.
- (5) City shall make no sales under the preceding subparagraph (1) on any term or condition which would adversely affect the rights or security of holders of Station Two bonds, or impair or adversely affect the eligibility for tax exemption of interest on such bonds or, if notified by Big Rivers prior to any agreement to make such sales, adversely affect the rights, or security of holders of notes of Big Rivers secured by Big Rivers' interest in the Joint Use Facilities or in the Reid and Green Stations. City shall give Big Rivers written notice five (5) business days prior to entering into any agreement for such sales.

15.3 In addition to, and not in substitution for, the other remedies of Big Rivers provided under this

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

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

POWER PLANT CONSTRUCTION AND OPERATION AGREEMENT

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

6.1 SECTION 1.3 IS AMENDED BY ADDING THERETO THE FOLLOWING:

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

6.2 SECTION 4 IS AMENDED BY ADDING THE FOLLOWING:

4.5 City, with the approval of Big Rivers, has entered into a Contract dated February 5, 1993 with Wheelabrator Air Pollution Control Inc. for the construction and installation of a portion of the Station Two FGD System. City will enter into such further contracts as are necessary, and as are approved by Big Rivers which approval shall not be unreasonably withheld, to complete the design, construction, installation and operation of the Station Two System. City and Big Rivers shall each immediately seek such permits and approvals as are required of each of them.

- 4.6 Big Rivers shall provide one engineering representative and one clerk to work with the engineering firm employed by the City as the owner's representative on the Station Two FGD System project. City will provide one representative already assigned to Station Two. The cost of these three representatives, including salaries, benefits and out-of-pocket expenses, shall be considered capital costs of the project.
- 4.7 All proceeds from the sale of SO₂ allowances allocated to Station Two, from whatsoever source, in excess of those needed for Station Two operation shall be divided between City and Big Rivers in the proportions of 17.14% to City and 82.86% to Big Rivers. The sale of all Station Two allowances shall be approved by the City and Big Rivers.
- 4.8 Until such time as a sum equal to the net proceeds of the sale of Station Two SO₂ allowances has been paid on the costs of the Station Two FGD System, the parties hereto shall bear such scrubber costs in the proportions of 17.14% to the City and 82.86% to Big Rivers. Thereafter costs of the Station Two FGD System shall be borne in the proportion of capacity allocation established under Section 5.2 of the May 1, 1993 Amendments.
- 4.9 Except as otherwise agreed by the parties, all invoices for the design, construction and installation of the Station Two FGD System shall be issued to City and paid by City pursuant to Section 4.11 hereof. City shall bill Big Rivers monthly for its share of such costs as determined by Section 4.8 hereof and Big Rivers shall pay such share pursuant to Section 4.10 hereof.
- 4.10 Big Rivers shall pay the amounts billed to it by City under Section 4.9 hereof to the Trustee from time to time in sufficient amounts to satisfy progress payments required on contracts executed by City for the design, construction and installation of said FGD System. City's remaining portion of the costs for the Station Two FGD System shall be paid by City from time to time in sufficient amounts to satisfy progress payments required on said contracts.
- 4.11 City shall instruct the Trustee to remit all sums paid under Section 4.10 hereof for the design, construction, and installation of the Station Two FGD System to City for deposit into the Station Two

account in the Renewals and Replacement Fund, out of which City shall timely pay all costs due on the Station Two FGD System.

JOINT FACILITIES AGREEMENT

7. THE JOINT FACILITIES AGREEMENT IS AMENDED AS FOLLOWS:

7.1 SECTION 3.1 IS AMENDED BY ADDING THE FOLLOWING:

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

7.2 SECTION 3.2 IS AMENDED BY ADDING THE FOLLOWING AT

THE END THEREOF:

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

7.3 NEW SUBPARAGRAPHS SHALL BE ADDED TO SECTION 3 AS

FOLLOWS:

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

$$\frac{\text{Station Two net capacity}}{\text{Station Two plus Green Station net capacities}}$$

Currently $\frac{315 \text{ MW}}{755 \text{ MW}}$

times the net book value of those facilities as of December 31, 1994, i.e. \$21,675,601.32, further multiplied by a capital carrying charge rate of 11.5 percent.

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

3.4 The costs of operating and maintaining the FGD

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

REAGENT PREPARATION¹

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

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

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

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

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

$$\frac{4 (19,500)}{11,200} = 6.96 \text{ lb. SO}_2/\text{mmBTU}$$

$$\frac{2.6 (19,500)}{12,000} = 4.22 \text{ lbs. SO}_2/\text{mmBTU}$$

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

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

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

¹ The reagent preparation facilities and the waste treatment facilities are located in separate areas.

if for example: the HMPL coal BTU burn were: $2,977,555 \times 10^6$
the BREC coal BTU burn were: $11,143,418 \times 10^6$

then the HMPL portion comes to \$546,200/yr.

WASTE TREATMENT

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

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

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

7.5 SECTION 5.1 IS AMENDED TO READ AS FOLLOWS:

5.1 The costs of providing City's joint use facilities and of modifying Big Rivers' joint use facilities (other than the FGD Scrubber facilities) as provided herein have been paid out of the proceeds of the Station Two Bonds. The cost of modifying the Joint Use Facilities described in Exhibit 1, Page 3, Parts B & C for use by Big Rivers' Green Station and the City's Station Two shall be allocated to Station Two. The cost of additional modifications shall be allocated between Big Rivers' Green Station and the City's Station Two using the methodology provided in Section 13.8 of the Power Plant Construction and Operation Agreement. The amounts so allocated to City's Station Two shall be further allocated between Big Rivers and City in the proportion of capacity allocation established under Section 5.2 of the May 1, 1993 Amendments. Subject to the provisions of Sections 3.3 and 3.4 of this Agreement, the costs of operating, maintaining, repairing, renewing, replacing, and adding to such joint use facilities shall be allocated to the parties' respective generating stations as provided in Section 13 of the parties' Power Plant Construction and Operation Agreement.

STATION TWO DECOMMISSIONING COSTS

8. If Big Rivers exercises its option under Section 1.1 of

the May 1, 1993 Amendments to extend the life of the Contracts for the operating life of Station Two, as heretofore defined, the parties shall bear decommissioning costs of Station Two in the proportions in which they shared capacity costs during the life of Station Two.

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

This 29th day of June, 1993.

CITY OF HENDERSON, KENTUCKY

BY William L. Newman
William L. Newman, Mayor

ATTEST:

Journ Roberts
City Clerk

(City Seal)

CITY OF HENDERSON UTILITY COMMISSION

BY B.E. Higgins
Chairman

ATTEST:

Dudley H. Everson
Secretary

BIG RIVERS ELECTRIC CORPORATION

BY Morton Henshaw
Morton Henshaw, President

ATTEST:

William B. Briscoe
William Briscoe, Secretary

D Blackburn

(Add in To file)

BIG RIVERS ELECTRIC CORPORATION

June 25, 1993

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

Dear Kendel:

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

1. Unit heat and air conditioner units for the substation control building;
2. Outdoor substation lighting and control building lighting; and
3. Prefabricated metal control building, with reinforced concrete foundation.

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

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION

By: *P.A. Schmitz*
P.A. Schmitz, General Manager

This letter correctly states our understanding and agreement.

Dated this 70 day of June, 1993.

CITY OF HENDERSON UTILITY COMMISSION

By: *Kendel D Bryan*
Kendel Bryan, General Manager

EXISTING HMP&L STATION TWO FACILITIES

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

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

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

1. Barge Mooring Cells Nos. 1N, 2N, 3N, 4N, 1S, 2S, 3S and 4S as shown on Burns & Roe Drawing No. 04-3280-S3200
2. One Coal Barge Unloader, McDowell Wellman, 1000 net ton/hr capacity
3. Eight Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B, as shown on attached Exhibit 2
4. One Reclaim Hopper which feeds coal conveyors 4A and 4B
5. One Crusher House fed by conveyor No. 1
6. One Tugboat - The "William Newman" 37 feet long, 21.27 gross tons, 14.0 net tons, coastguard capacity 350 HP
7. One Water Treatment Plant With Demineralizer Building and associated equipment
8. One 50,000 Gallon Capacity Fuel Oil Storage Tank & Distribution System
9. One Flyash Silo, Sump & System Components
10. One Prefab Metal Warehouse adjacent to Fly Ash Silo
11. Coal Handling Equipment As Listed In Continuous Property Records
12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No. 15 as defined by inventory control records
13. One Ash Pond and Effluent Lines
14. Circulating Water Lines as shown on attached Exhibit 2
15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill adjacent to Green River south of Green Station
16. Four 161KV Oil Circuit Breakers, General Electric, S/N 0139A7206208, 0139A7206209, 0139A7206212, 0139A7206213, located in Plant Switchyard.
17. Two Step-up Transformers, McGraw Edison, S/N C-04280-5-1, C-04280-5-2, located in Plant Switchyard.
18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP 37262, located in Plant Switchyard.

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

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

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

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

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

**PROPOSED HMP&L STATION TWO
FACILITIES FOR FGD SCRUBBER SYSTEM**

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

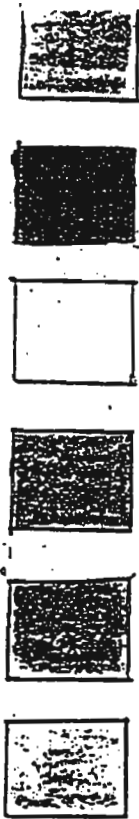
1. FGD System Chimney, 350' Tall
2. Two Wheelabrator Absorber Modules, Building & Associated Equipment
3. Two Booster Fans
4. Auxiliary Building as shown on attached Exhibit 2 containing Controls and Electrical Equipment, Maintenance, Locker and Shower Facilities
5. One Station Two Slaker Building Enclosing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

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

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

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

1. One Lime Barge Unloader, Dravo Wellman 200/400 Net Ton/Hr Capacity For Lime, 1500 Net Ton/Hr Capacity For Coal
2. One Lime Conveyor L1 and Transfer Tower As Shown On Exhibit 2
3. Two Lime Silos: 2C1 and 2C2 As Shown On Exhibit 2, and Six Lime Screw Conveyors: 2CW-LFC, 2CE-LFC, 2C1-SC, 2C2-SC, 1CW-LFC, 1CE-LFC
4. Four Thickeners for Primary Dewatering of Bleed Slurry: 1A, 1B, 2A, 2B, Including Tunnels, Pumps, and Ventilation Systems
5. One Secondary Dewatering System and Sludge Stackout System, Including Solid Waste Building and Sludge Stackout Area as Shown on Exhibit 2; Three Vacuum Filters with Feed Systems: FL-1A, FL-1B, FL-1C; Eleven Filter Cake Conveyors and Radial Stackers: CO-1A, CO-1B, CO-1C, CO-2A, CO-2B, CO-3A, CO-3B, CO-6A, CO-6B, CO-7A, CO-7B; and Four Fly-Ash Screw Conveyors
6. Two Ash Silos and Pneumatic Transfer System
7. Two Green Station River Water Clarifiers: CL-101 and CL-102, with Three Slaker Water Pumps: 1A, 1B and 2A
8. One Solid Waste Loader, Hitachi S/N 171-0373
9. One Sludge Haul Road and Two Truck Scales



HMP&L facilities owned by the City located on City property

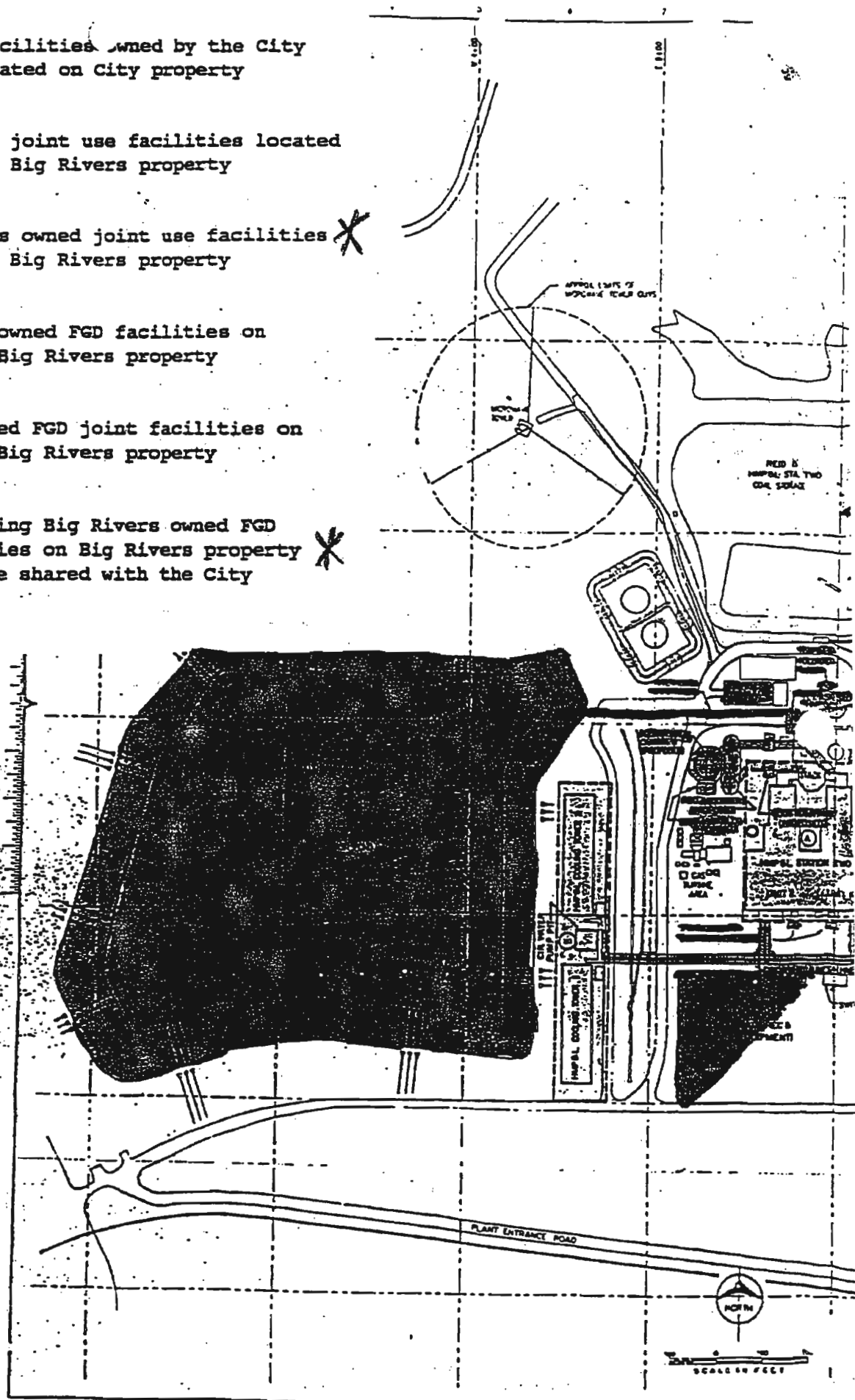
City owned joint use facilities located on Big Rivers property

Big Rivers owned joint use facilities on Big Rivers property

City owned FGD facilities on Big Rivers property

City owned FGD joint facilities on Big Rivers property

Existing Big Rivers owned FGD facilities on Big Rivers property to be shared with the City



BIG RIVERS ELECTRIC CORPORATION

INTEROFFICE CORRESPONDENCE

TO: Distribution List

FROM: Steve Jackson *SMP*

DATE: May 12, 1993

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

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

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

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

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

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

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116.0.4

BIG RIVERS ELECTRIC CORPORATION

May 14, 1993

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

Dear Mr. Holbrook:

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

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

1. A single drag chain conveyor will feed lime from two existing lime silos and their screw conveyors instead of a dual drag chain conveyor system feeding from all four silos as proposed in the study.
2. The system will include two slurry feed loops, but only one slurry hold tank. Instead of the additional tank, a crosstie system will be provided with the Green Station slurry hold tanks to allow additional capacity by transfer of slurry from the other tanks.

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

Let us know if any additional information is required.

Sincerely,

James H. McIlwain
James H. McIlwain
Manager of Construction

cc: Terry Brady, Esq. - REA
Steve Slovikosky - REA

EXISTING HMP&L STATION TWO FACILITIES

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

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

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

1. Barge Mooring Cells Nos. 1N, 2N, 3N, 4N, 1S, 2S, 3S and 4S as shown on Burns & Roe Drawing No. 04-3280-S3200
2. One Coal Barge Unloader, McDowell Wellman, 1000 net ton/hr capacity
3. Eight Coal Conveyors 1, 2, 3A, 3B, 4A, 4B, 5B and 6B, as shown on attached Exhibit 2
4. One Reclaim Hopper which feeds coal conveyors 4A and 4B
5. One Crusher House fed by conveyor No. 1
6. One Tugboat - The "William Newman" 37 feet long, 21.27 gross tons, 14.0 net tons, coastguard capacity 350 HP
7. One Water Treatment Plant With Demineralizer Building and associated equipment
8. One 50,000 Gallon Capacity Fuel Oil Storage Tank & Distribution System
9. One Flyash Silo, Sump & System Components
10. One Prefab Metal Warehouse adjacent to Fly Ash Silo
11. One Coal Handling Equipment As Listed In Continuous Property Records
12. One Lot of Materials & Spare Parts in Big Rivers Warehouse No. 15 as defined by inventory control records
13. One Ash Pond and Effluent Lines
14. Circulating Water Lines as shown on attached Exhibit 2
15. Station Two Ash Pond Dredgings in Green Station Sludge Disposal Landfill adjacent to Green River south of Green Station
16. Four 161KV Oil Circuit Breakers, General Electric, S/N 0139A7206208, 0139A7206209, 0139A7206212, 0139A7206213, located in Plant Switchyard.
17. Two Step-up Transformers, McGraw Edison, S/N C-04280-5-1, C-04280-5-2, located in Plant Switchyard.
18. Two Auxiliary Transformers, Westinghouse, S/N RCP 37261, RCP 37262, located in Plant Switchyard.

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

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

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

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

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

**PROPOSED HMP&L STATION TWO
FACILITIES FOR FGD SCRUBBER SYSTEM**

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

1. FGD System Chimney, 350' Tall
2. Two Wheelabrator Absorber Modules, Building & Associated Equipment
3. Two Booster Fans
4. Auxiliary Building as shown on attached Exhibit 2 containing Controls and Electrical Equipment, Maintenance, Locker and Shower Facilities
5. One Station Two Slaker Building Enclosing Three Slaking Tanks & Equipment
6. One Station Two Additive Hold Tank
7. Two Lime Slaking Water Pumps and Lines to Slaking Building
8. Two Lime Feed Conveyors from Big Rivers' Green Station Lime Storage Silos 2C1 & 2C2
9. Two Additive Feed Systems; Station Two Scrubber System Includes Pipe & Pipe Rack
10. Two Bleed Slurry Systems to Big Rivers' Green Station Primary Dewatering System Including Pipe, Pipe Rack & Splitter Boxes
11. Two Pug Mill Mixer (Listed Manufacturer and Serial Nos. when known)
12. One Vacuum Filter and Associated Equipment Including Building Expansion as shown on attached Exhibit 2
13. Two New Thickener Underflow Lines and Two Flow Monitors
14. Two Control Systems on Big Rivers' Green Station Thickener Return Water Tanks
15. Two New Thickener Return Water Tanks & Controls
16. One New Filtrate Surge Tank and Controls
17. One Electrical Power Supply for FGD System, with redundant feeds including 161/4.16KV transformer, bus work, relay panels and metering equipment

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

1. One Lime Barge Unloader, Dravo Wellman 200/400 Net Ton/Hr Capacity For Lime, 1500 Net Ton/Hr Capacity For Coal
2. One Lime Conveyor L1, As Shown On Exhibit 2
3. One Lime Transfer Tower Fed By L1 Conveyor As Shown On Exhibit 2
4. Six Lime Screw Conveyors: 2CW-LFC, 2CE-LFC, 2C1-SC, 2C2-SC, 1CW-LFC, 1CE-LFC
5. Two Lime Silos 2C1 and 2C2 As Shown On Exhibit 2
6. Four Thickeners for Primary Dewatering of Bleed Slurry: 1A, 1B, 2A, 2B
7. Three Vacuum Filters: FL-1A, FL-1B, FL-1C
8. One Filter Feed System To Supply Three Vacuum Filters In Solid Waste Building As Shown On Exhibit 2
9. Two Ash Silos & Feed Systems
10. Eleven Filter Cake Conveyors & Radial Stackers: CO-1A, CO-1B, CO-1C, CO-2A, CO-2B, CO-3A, CO-3B, CO-6A, CO-6B, CO-7A, CO-7B
11. One Sludge Stackout Area As Shown On Exhibit 2
12. Three Existing Slaker Water Pumps: 1A, 1B and 2A
13. Two Green Station River Water Clarifiers: CL-101 and CL-102
14. One Green Station Bottom Ash Sluice Water System
15. One Sludge Haul Road and Two Truck Scales

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

1. Reid Intake Structure & Pumps
2. Coal System Crusher Tower
3. Conveyors Number 5A and 6A
4. Plant Entrance Roads and Guardhouses
5. Reid Office Building and Maintenance Shop
6. Reid Grounding Transformer
7. Site Sewage Treatment Facility
8. Fire Water System for Reid Station
9. Switchyard Control House for Breaker Controls

Listing of Joint Use Facilities Owned by City of Henderson Utility
Commission and Used in the Operation of Station Two
and Big Rivers' Reid and Green Power Plants and More
Particularly Described In Exhibit 1 and Located On Exhibit 2

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

FGD JOINT FACILITIES OWNED BY BIG RIVERS

To Which 11.5% Annual Carrying Charge Is To Be Applied

Thickener equipment	\$ 889,534.61	Barge Unloader Cells; Foundations	\$1,066,270.00
Thickener equipment	\$ 1,145,429.00	Solid Waste Building Foundations	\$ 442,241.00
Lime Silo Equipment	\$ 2,423,640.00	Control House; Barge Unloader	\$ 20,360.00
Lime Silo Equipment	\$ 720,183.00	Electrical Building; Barge Unloader	\$ 20,360.00
Foundations, Misc.	\$ 8,418,755.91	G2 Clarifier Equip. Building	\$ 396,490.00
Foundations, Piping, Conveyors, Valves	\$13,769,110.40	Solid Waste Building; Structure	\$ 547,042.00
Air Dryer, IU	\$ 16,189.41	Air Conditioning System; IUCS Building	\$ 2,441.00
Lime Conveyor	\$ 5,725.40	Barge Unloader Cab; HVAC Unit	\$ 630.00
Barge Unloader	\$ 734,852.00	Access Bridge To Unloader Cells	\$ 333,449.00
Screw Conveyors	\$ 18,879.00	Yard Lighting; Solid Waste Area	\$ 6,838.00
Barge Crane	\$ 39,844.00	Sludge Haul Road, Both Gravel & Paved	\$2,499,207.29
Dust Collectors	\$ 385,716.00	Pneumatic Ash Transfer System	\$ 503,857.12
Barge Trolley	\$ 38,759.00	Improvements and Modifications	\$ 169,366.43
Barge, Bucket Elev.	\$ 211,047.00		
Hoist, Barge Unloader	\$ 66,390.00		
Unloader & Cells	\$ 4,606,636.98		
Lime Conveyor	\$ 2,123,066.00		
Solid Waste Loader	\$ 323,633.00		
Clarifier	\$ 399,277.00		
Subtotal Column 1	\$36,336,667.71	Subtotal Column 2	\$6,008,551.84

 Installed Value \$42,345,219.55

Cost Split Ratio

Green 440 MW--Station Two 315 MW
 Station Two Allocation: 315 MW divided
 by 755 MW = 41.72%

Depreciated Value
 As Of 12/31/94 \$21,675,601.32

Station Two portion is \$9,043,061 using
 the same ratio as determined above

Annual cost at 11.5% is \$1,039,952
 which would be split between HMP&L
 and Big Rivers in the same ratio as
 each party's allocation of Station Two
 capacity