

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC	)	
CORPORATION FOR APPROVAL TO ISSUE	)	CASE NO.
EVIDENCES OF INDEBTEDNESS	)	2017-00243

ORDER

On June 23, 2017, Big Rivers Electric Corporation (“Big Rivers”) submitted an application seeking Commission approval to issue certain evidences of indebtedness required to amend and extend its existing \$130 million Senior Secured Credit Agreement dated March 5, 2015, (“Credit Agreement”) with the National Rural Utilities Cooperative Finance Corporation (“CFC”) and other lenders.

Big Rivers entered into the Credit Agreement for the purpose of securing the issuance of letters of credit and funds for capital expenditures and general corporate use, including up to \$30 million of interim financing for the construction of projects included in its approved environmental compliance plan.<sup>1</sup> Total commitment under the Credit Agreement is \$130 million, including up to \$50 million in letters of credit. The Rural Utilities Service (“RUS”) has since approved permanent financing of Big Rivers’ environmental compliance plan projects.<sup>2</sup> Accordingly, Big Rivers proposes to reduce the aggregate lending commitment of the lenders from \$130 million to \$100 million.

---

<sup>1</sup> The projects were approved in Case No. 2012-00063, *Application of Big Rivers Electric Corporation for Approval of Its 2012 Environmental Compliance Plan, for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Public Convenience and Necessity, and Authority to Establish a Regulatory Account* (Ky. PSC Oct. 1, 2013).

<sup>2</sup> Application at 3.

## BACKGROUND

Big Rivers is an electric generation and transmission cooperative, organized under KRS Chapter 279, which owns electric generation and transmission facilities and purchases, transmits, and sells electricity at wholesale. It exists for the primary purpose of supplying the wholesale electricity requirements of its three distribution cooperative members, Kenergy Corp., Jackson Purchase Energy Corporation, and Meade County Rural Electric Cooperative Corporation (collectively, "Members"), who sell electricity at retail to approximately 116,000 retail members in 22 western Kentucky counties.

## BIG RIVERS' PROPOSAL

Big Rivers proposes to issue Amendment No. 1 to the Credit Agreement ("Amendment No. 1"), secured promissory notes to various lenders in an aggregate amount not to exceed \$100 million ("Notes"), and the Sixth Supplemental and Amendatory Indenture ("Supplemental Indenture") to the Indenture dated as of July 1, 2009, between Big Rivers and U.S. Bank National Association.

According to Big Rivers' application, Amendment No. 1 will amend and extend its Credit Agreement such that it will:

1. Extend the maturity date of the Credit Agreement from March 5, 2018, to three years after the effective date of the agreement, which is anticipated to be late September 2017;
2. Reduce the aggregate lending commitment from \$130 million to \$100 million in recognition of the permanent financing approved by RUS for construction of projects included in Big Rivers' approved environmental compliance plan;

3. Supplement the table of Members' Equities Balances pursuant to Section 6.07(b) of the Credit Agreement;

4. Reallocate each lender's commitment to reflect the change in aggregate lenders' commitments; and

5. Require Big Rivers to pay each lender an up-front fee equal to 0.25 percent of the lender's total commitment amount, \$250,000 in the aggregate, and all reasonable costs and expenses incurred by CFC in connection with the preparation and administration of Amendment No. 1, including third-party costs and the fees and expenses of CFC's counsel.

All other terms and conditions of the Credit Agreement remain unchanged. In the absence of the proposed transaction, the Credit Agreement will expire March 5, 2018.

#### FINDINGS

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Big Rivers' proposed financing is for lawful objectives within the corporate purposes of Big Rivers' utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonable, necessary, and appropriate for those purposes, and should be approved.

IT IS THEREFORE ORDERED that:

1. Big Rivers is authorized to amend and extend the Credit Agreement as described in its application.

2. Big Rivers is authorized to issue notes to CFC and other lenders that are parties to the Credit Agreement in an aggregate amount not to exceed \$100 million.

3. Big Rivers is authorized to issue the sixth Supplemental Indenture to the Indenture to the U.S. Bank National Association, trustee, as described in its application.

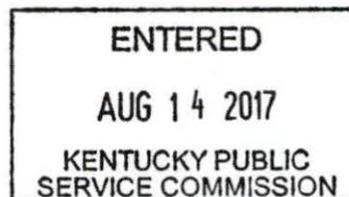
4. The total amount of "up front" costs that Big Rivers may incur in connection with the issuance of the proposed evidences of indebtedness is \$250,000.

5. Within ten days of its execution of these evidences of indebtedness as directed here in ordering paragraphs 1, 2, and 3, Big Rivers shall file with the Commission three copies in paper medium of each document.

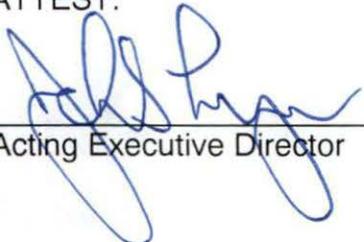
6. Any documents filed pursuant to ordering paragraph 5 shall reference this case number and shall be retained in Big Rivers' general correspondence file.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Acting Executive Director

\*Honorable James M Miller  
Attorney at Law  
Sullivan, Mountjoy, Stainback & Miller, PSC  
100 St. Ann Street  
P.O. Box 727  
Owensboro, KENTUCKY 42302-0727

\*Big Rivers Electric Corporation  
201 Third Street  
P. O. Box 24  
Henderson, KY 42420