BIG RIVERS ELECTRIC CORPORATION

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors and Members
Big Rivers Electric Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Big Rivers Electric Corporation, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations, comprehensive income, equities, and cash flows for each of the years in the three-year period ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 statement 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2015, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
("KPMG International"), a Swiss entity.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated April 11, 2016, on our consideration of Big Rivers Electric Corporations' internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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. The 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 assessing the results of our audits.

KPMG LLP

Philadelphia, Pennsylvania
April 11, 2016

BIG RIVERS ELECTRIC CORPORATION

Balance Sheets

December 31, 2015 and 2014

(Dollars in thousands)

Assets		**2015**	**2014**
Utility plant – net	$	1,079,827	1,074,326
Restricted investments – Member rate mitigation		24,315	72,535
Restricted investments – NRUCFC Capital Term Certificates		38,503	40,099
Other deposits and investments – at cost		9,290	17,289
Current assets:			
Cash and cash equivalents		42,988	78,973
Short-term investments		7,883	—
Accounts receivable		31,650	33,834
Fuel inventory		78,446	44,900
Nonfuel inventory		24,680	24,190
Prepaid expenses		3,505	3,532
Total current assets		189,152	185,429
Deferred charges and other:			
Regulatory assets		59,271	31,143
Other		5,638	6,679
Total deferred charges and other		64,909	37,822
Total	$	1,405,996	1,427,500
Equities and Liabilities			
Capitalization:			
Equities	$	464,661	451,916
Long-term debt		807,284	820,284
Total capitalization		1,271,945	1,272,200
Current liabilities:			
Current maturities of long-term obligations		21,717	20,903
Line of credit		26,000	—
Purchased power payable		1,091	3,979
Accounts payable		22,971	27,592
Accrued expenses		8,431	11,598
Accrued interest		4,630	4,645
Total current liabilities		84,840	68,717
Deferred credits and other:			
Regulatory liabilities – member rate mitigation		21,530	67,704
Asset retirement obligations		6,973	—
Deferred credits and other		20,708	18,879
Total deferred credits and other		49,211	86,583
Commitments and contingencies (note 13)			
Total	$	1,405,996	1,427,500

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Operations

Years ended December 31, 2015, 2014, and 2013

(Dollars in thousands)

	2015	2014	2013
Operating revenue	$ 445,276	505,860	562,447
Total operating revenue	445,276	505,860	562,447
Operating expenses:			
Operations:			
Fuel for electric generation	146,179	164,220	210,115
Power purchased and interchanged	115,863	117,177	120,770
Production, excluding fuel	39,502	41,942	47,985
Transmission and other	38,030	54,338	44,784
Severance expense	—	(6,012)	9,272
Maintenance	39,851	45,591	41,564
Depreciation and amortization	18,636	19,655	39,425
Total operating expenses	398,061	436,911	513,915
Electric operating margin	47,215	68,949	48,532
Interest expense and other:			
Interest	40,205	40,987	42,823
Income tax expense	(77)	—	—
Other – net	464	194	1,054
Total interest expense and other	40,592	41,181	43,877
Operating margin	6,623	27,768	4,655
Nonoperating margin:			
Interest income and other	4,593	4,899	3,984
Total nonoperating margin	4,593	4,899	3,984
Net margin	$ 11,216	32,667	8,639

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Comprehensive Income

Years ended December 31, 2015, 2014, and 2013

(Dollars in thousands)

		2015	2014	2013
Net margin	$	11,216	32,667	8,639
Other comprehensive income:				
Defined-benefit plans:				
Prior service cost		—	1	11
Actuarial gain (loss)		1,056	(1,804)	6,580
Defined-benefit plans		1,056	(1,803)	6,591
Postretirement benefits other than pensions:				
Prior service cost		(138)	(138)	(138)
Actuarial gain (loss)		611	(1,154)	4,523
Amortization of gain		—	(144)	(9)
Postretirement benefits other than pensions		473	(1,436)	4,376
Other comprehensive income (loss)		1,529	(3,239)	10,967
Comprehensive income	$	12,745	29,428	19,606

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Equities

Years ended December 31, 2015, 2014 and 2013

(Dollars in thousands)

			Other equities		
	Total equities	Retained margin	Donated capital and memberships	Consumers' contributions to debt service	Accumulated other comprehensive income
Balance – December 31, 2012	$ 402,882	408,375	764	3,681	(9,938)
Net margin	8,639	8,639	—	—	—
Pension and postretirement benefit plans	10,967	—	—	—	10,967
Balance – December 31, 2013	422,488	417,014	764	3,681	1,029
Net margin	32,667	32,667	—	—	—
Pension and postretirement benefit plans	(3,239)	—	—	—	(3,239)
Balance – December 31, 2014	451,916	449,681	764	3,681	(2,210)
Net margin	11,216	11,216	—	—	—
Pension and postretirement benefit plans	1,529	—	—	—	1,529
Balance – December 31, 2015	$ 464,661	460,897	764	3,681	(681)

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Cash Flows

Years ended December 31, 2015, 2014, and 2013

(Dollars in thousands)

	2015	2014	2013
Cash flows from operating activities:			
Net margin	$ 11,216	32,667	8,639
Adjustments to reconcile net margin to net cash provided by operating activities:			
Depreciation and amortization	23,822	22,881	43,687
Interest compounded – RUS Series A Note	50	47	44
Interest compounded – RUS Series B Note	8,667	8,182	7,724
Noncash member rate mitigation revenue	(54,062)	(65,945)	(23,727)
Changes in certain assets and liabilities:			
Accounts receivable	2,183	15,045	(503)
Inventories	(34,035)	(8,882)	(1,105)
Prepaid expenses	27	(2,367)	2,928
Deferred charges	(2,912)	(1,572)	(3,968)
Purchased power payable	(2,889)	450	2,127
Accounts payable	(4,709)	(7,184)	3,164
Accrued expenses	(3,182)	(6,792)	7,155
Other – net	11,731	7,892	3,828
Net cash (used in) provided by operating activities	(44,093)	(5,578)	49,993
Cash flows from investing activities:			
Capital expenditures	(46,436)	(49,843)	(26,222)
Proceeds from restricted investments and deposits	57,330	58,284	41,583
Purchases of restricted investments and other deposits and investments	—	510	126
Change in restricted cash	—	—	41,313
Purchases of short-term investments (maturities greater than 90 days)	(7,883)	—	—
Net cash provided by investing activities	3,011	8,951	56,800
Cash flows from financing activities:			
Principal payments on long-term obligations	(20,903)	(20,127)	(79,926)
Proceeds from short-term notes payable	26,000	—	—
Net cash provided by (used in) financing activities	5,097	(20,127)	(79,926)
Net increase in cash and cash equivalents	(35,985)	(16,754)	26,867
Cash and cash equivalents – beginning of year	78,973	95,727	68,860
Cash and cash equivalents – end of year	$ 42,988	78,973	95,727
Supplemental cash flow information:			
Cash paid for interest	$ 32,647	32,030	36,796
Cash paid for income taxes	1	—	—

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) 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 (Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County Rural Electric Cooperative Corporation) under all requirements contracts. Big Rivers also markets power to nonmember utilities, power marketers, and the Midcontinent ISO (MISO). 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 remain in effect until December 31, 2043. 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 the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980, *Regulated Operations*, and gives recognition to the ratemaking and accounting practices of the KPSC and RUS.

(b) Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

(c) System of Accounts

Big Rivers' maintains its accounting records in accordance with 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. Adjustments to RUS accounting have been made to make the financial statements consistent with generally accepted accounting principles in the United States of America.

(d) Revenue Recognition

Revenues generated from the Company's wholesale power sales are based on month-end meter readings and are recognized as earned when electricity is delivered. Capacity revenues are recognized in the period in which the Company provides capacity to a counterparty.

(e) 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.

(Continued)

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.

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. During 2012, a depreciation study was completed to evaluate the remaining economic lives of the Company's assets and establish new depreciation rates. The study was approved by the RUS in 2012 and by the KPSC in 2014, with the rates becoming effective February 1, 2014. The annual composite depreciation rates used to compute depreciation expense were as follows:

Electric plant	0.35%–25.38%
Transmission plant	1.36%–2.29%
General plant	3.76%–9.88%

For 2015, 2014, and 2013, the average composite depreciation rates were 2.39%, 2.34%, and 2.23%, 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.

(f) Impairment Review of Long-Lived Assets

Long-lived assets are reviewed as facts and circumstances indicate that the carrying amount may be impaired. FASB ASC 360, *Property, Plant, and Equipment*, requires the evaluation of impairment by comparing 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 future cash flows were not sufficient to recover the carrying value of the asset, 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 net margin.

(g) Asset Retirement Obligations

ASC Topic 410-20, *Asset Retirement and Environmental Obligations – Asset Retirement Obligations*, requires legal obligations associated with the retirement of long-lived assets to be recognized at fair value when incurred and capitalized as part of the related long-lived asset. ASC Topic 410-20 clarifies the term conditional asset retirement obligation where an obligation exists even though the method or timing of settlement may be conditional. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. When the asset is retired, the entity settles the obligation for its recorded amount or incurs a gain or loss. The U.S. Environmental Protection Agency's Disposal of Coal Combustion Residuals from Electric Utilities rule (CCR Final Rule) was published in the Federal Register on April 17, 2015. As such, Big Rivers' has recorded liabilities in its financial statements for the asset retirement obligations (AROs) related to the requirements of the CCR Final Rule for the coal ash ponds located at its Green Station and the City of Henderson's Station Two (Station Two) generating units. See note 3 for further discussion of the Company's AROs.

(h) Inventory

Inventories are carried at average cost and include coal, petroleum coke, lime, limestone, oil and gas used for electric generation, and materials and supplies used for utility operations. Purchased emission allowances are recorded in inventory at actual cost by each vintage year. Allowances issued by the Environmental Protection Agency (EPA) are recorded at zero cost by each vintage year. Total purchased and EPA issued allowances are carried in inventory at a weighted average cost by each vintage year. Issuances of allowances are accounted for on a vintage basis using a monthly weighted average cost.

(i) Restricted Investments

Certain investments are restricted under KPSC order to establish certain reserve funds for Member rate mitigation. These investments are classified as held-to-maturity and are carried at amortized cost. Additionally, Big Rivers was required to purchase investments in National Rural Utilities Cooperative Finance Corporation's (CFC) Capital Term Certificates (CTCs) in connection with a 2012 secured term loan agreement with CFC (note 8), which are also classified as held-to-maturity.

(j) 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.

(k) Short-Term Investments

Short-term investments include certificates of deposits held for investment and investments in debt securities with maturities greater than three months and less than one year from the balance sheet date.

(l) Regulatory Assets and Liabilities

ASC Topic 980-10 applies to regulated entities for which rates are designed to recover the costs of providing service. In accordance with this topic, certain items that would normally be reflected in the statement of operations are deferred on the balance sheets. Regulatory assets represent probable future revenues associated with certain incurred costs, which will be recovered from customers through the rate-making process. Regulatory assets are charged to earnings as collection of the cost in rates is recognized or when future recovery is no longer probable. Conversely, regulatory liabilities represent future reductions in revenues associated with amounts that are to be credited to customers through the rate-making process.

(m) Income Taxes

Big Rivers was formed as a tax-exempt cooperative organization as 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 will not be eligible for tax-exempt status and will be treated as a taxable cooperative.

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 nonpatronage-sourced operations are taxable to Big Rivers. Big Rivers files a federal income tax return and certain state income tax returns.

Under the provisions of FASB ASC 740, *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. Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return are recorded only when the more-likely than-not recognition threshold is satisfied and measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

(n) Patronage Capital

As provided in the Company's 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.

(o) Derivatives

Management has reviewed the requirements of FASB ASC 815, *Derivatives and Hedging*, and has determined that certain contracts the Company is party to may meet the definition of a derivative under FASB ASC 815. 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.

(p) Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous, market for the asset or liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs when possible. The three levels of inputs used to measure fair value are as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and

- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities, including certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

(2) Utility Plant

At December 31, 2015 and 2014, utility plant is summarized as follows:

		2015	2014
Classified plant in service:			
Production plant	$	1,754,575	1,738,206
Transmission plant		262,776	258,307
General plant		47,008	45,483
Other		292	543
		2,064,651	2,042,539
Less accumulated depreciation		1,053,992	1,018,800
		1,010,659	1,023,739
Construction in progress		69,168	50,587
Utility plant – net	$	1,079,827	1,074,326

Interest capitalized for the years ended December 31, 2015, and 2014 was $1,143 and $594, respectively.

The Company has identified certain legal obligations, as defined in FASB ASC 410, *Asset Retirement and Environmental Obligations*, associated with the retirement of long-lived assets that require the recognition of a liability. See note 3 for further discussion of the Company's AROs.

As of December 31, 2015 and 2014, the Company had an estimated $51,347 and $48,676, respectively, related to nonlegal removal costs included in accumulated depreciation as required by RUS.

(3) Asset Retirement Obligations

The Company has asset retirement obligations (AROs) arising from legal obligations associated with the retirements of certain long-lived assets. The liabilities were initially measured at fair value and subsequently adjusted for accretion expense, subject to future adjustments for changes in the amount or timing of estimated cash flows. The corresponding asset retirement costs are capitalized as a part of the carrying amount of the related long-lived assets and depreciated over their remaining useful lives. The following table presents the activity for the AROs for the years ended December 31, 2015 and 2014:

		2015		2014
Balance at beginning of year	$	—		—
Additional obligations incurred		6,776		—
Obligations settled in current period		—		—
Changes in estimates, including timing		—		—
Accretion expense		197	[a]	—
Balance at end of year	$	6,973		—

[a] The 2015 ARO accretion expense of $197, shown in the table above, was deferred during 2015 and included in the Regulatory Assets amount reported on the Company's Balance Sheet as of December 31, 2015. These amounts will be amortized and recognized as expense during the respective period(s) in which they are recovered through rates.

(4) Debt and Other Long-Term Obligations

A detail of long-term debt at December 31, 2015 and 2014 is as follows:

		2015	2014
CFC Refinance Promissory Note, Series 2012 B, serial note pricing, effective interest rate of 4.30%, final maturity date of May 2032	$	263,733	275,068
CFC Equity Note, Series 2012B, stated interest rate of 5.35%, final maturity date of May 2032		38,773	40,203
CoBank Promissory Note, Series 2012A, stated interest rate of 4.30%, final maturity date of June 2032		208,122	216,260
RUS Series A Promissory Note, stated amount of $80,456, stated interest rate of 5.75%, with an imputed interest rate of 5.84% maturing July 2021		80,160	80,110
RUS Series B Promissory Note, stated amount of $245,530, no stated interest rate, with interest imputed at 5.80%, maturing December 2023		154,913	146,246
County of Ohio, Kentucky, promissory note, fixed interest rate of 6.00%, maturing in July 2031		83,300	83,300
Total long-term debt		829,001	841,187
Current maturities		21,717	20,903
Total long-term debt – net of current maturities	$	807,284	820,284

The following are scheduled maturities of long-term debt at December 31:

		Amount
Year:		
2016	$	21,717
2017		22,576
2018		23,488
2019		26,851
2020		69,096
Thereafter		665,273
Total	$	829,001

(a) National Rural Utilities Cooperative Finance Corporation (CFC) Refinance and Equity Promissory Notes, 2012B

In July 2012, Big Rivers issued new debt with CFC in the form of a secured term loan in the amount of $302,000 (the Refinance Note) and a CFC Equity Note in the amount of $43,156. The Refinance Note is secured under Big Rivers' Indenture, dated July 1, 2009 between the Company and U.S. Bank National Association, and consists of 20 individual notes with different fixed interest rates ranging from 3.05% to 5.35%. The Refinance Note has an effective interest rate of 4.30% and a final maturity date of May 2032.

The Equity Note has a fixed interest rate of 5.35% and a final maturity date of May 2032. The proceeds of the CFC Equity Note were used to purchase interest-bearing Capital Term Certificates (CTCs), as required in connection with the Refinance Note (note 8).

(b) CoBank, ACB (CoBank) Promissory Note, Series 2012A

In July 2012, Big Rivers issued new debt with CoBank in the form of a secured term loan in the amount of $235,000, which is secured under Big Rivers' Indenture. The loan has a fixed interest rate of 4.30% per annum and a final maturity date of June 2032.

(c) RUS Notes

On July 15, 2009, Big Rivers' previous RUS debt was replaced with the RUS 2009 Promissory Note Series A (the RUS Series A Note) and the RUS 2009 Promissory Note Series B (the RUS Series B Note). The RUS Series A Note has a stated interest rate of 5.75% and is recorded at an imputed interest rate of 5.84%. The RUS Series B Note has no stated interest rate and is recorded at an imputed interest rate of 5.80%. The RUS Notes are secured under Big Rivers' Indenture.

(d) Pollution Control Bonds

In June 2010, the County of Ohio, Kentucky, issued $83,300 of Pollution Control Refunding Revenue Bonds, Series 2010A (Series 2010A Bonds), the proceeds of which are supported by a promissory note from Big Rivers, which bears the same interest rate as the bonds and is secured under the Big Rivers' Indenture. These bonds bear interest at a fixed rate of 6.00% and mature in July 2031.

(e) Line of Credit

In August 2013, Big Rivers amended and restated its $50,000 revolving line of credit agreement with CFC, dated as of July 16, 2009, (the 2009 Agreement) with the 2013 Amended & Restated Revolving Line of Credit Agreement (the 2013 Agreement). Under the 2009 Agreement, which had an expiration date of July 16, 2014, Big Rivers would have lost access to the line of credit on August 20, 2013, the date which the Century contract termination became effective. The 2013 Agreement amended the 2009 Agreement by, among other things, extending the term of the line of credit to July 16, 2017, and amending sections that would have otherwise caused the 2009 Agreement to become unavailable to Big Rivers on August 20, 2013. Based on the terms of the 2013 Agreement, Big Rivers would have been able to draw on the line of credit if its unrestricted cash balance at the time of an advance was less than $35,000. Additionally, the amount of any advance was limited to the difference between the $35,000 and Big Rivers' unrestricted cash at the time of the advance.

In connection with the 2013 Agreement, Big Rivers issued a secured promissory note (the Series 2013A Note) with a stated principal amount equal to the CFC commitment. The Series 2013A Note is payable to the order of CFC and secured under Big Rivers' Indenture.

Advances on the 2013 Agreement bore interest at a variable rate and outstanding balances were payable in full by the maturity date of July 16, 2017. The CFC variable rate was equal to the CFC Line of Credit Rate, which was defined as "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."

As of December 31, 2014, Big Rivers had no outstanding borrowings on the 2013 Agreement. Letters of credit issued under an associated Letter of Credit Facility with CFC reduced the borrowing capacity under the 2013 Agreement by $8,594 as of December 31, 2014.

On March 5, 2015, Big Rivers entered into a new $130,000 Syndicated Senior Secured Credit Agreement (the 2015 Agreement) with CFC, CoBank, Fifth Third Bank, KeyBank National Association and Regions Bank. In conjunction with the closing of the 2015 Agreement, the 2013 Agreement was terminated and Big Rivers issued secured promissory notes (the Series 2015A Notes), equal to each lender's commitment, which are secured under Big Rivers' Indenture. A portion ($30,000) of the 2015 Agreement is reserved for interim financing of capital expenditures associated with Big Rivers' 2012 Environmental Compliance Plan (ECP). Once long-term financing of the 2012 ECP has been secured, Big Rivers will be required to repay any outstanding draws on the 2015 Agreement which were used to fund 2012 ECP expenditures and the total amount available under the 2015 Agreement will be reduced to $100,000.

As of December 31, 2015, Big Rivers had $26,000 in outstanding borrowings under the 2015 Agreement and $6,094 in issued letters of credit outstanding, which together reduced its borrowing capacity under the 2015 Agreement by $32,094.

(f) Covenants

Big Rivers is in compliance with all debt covenants associated with both long-term and short-term debt. The Company's Indenture and other debt agreements require that a Margins for Interest Ratio (MFIR) of at least 1.10 be maintained for each fiscal year. The 2015 Agreement requires that Big Rivers, throughout the duration of the agreement, maintain a minimum Members' Equities balance at each fiscal quarter-end and year-end of $375,000 plus 50% of the Company's cumulative positive net margins for each of the preceding fiscal years, beginning with the fiscal year ended December 31, 2014. Big Rivers' MFIR for the fiscal year ended December 31, 2015 was 1.29, as adjusted to exclude a $906 nonrecurring charge to income (note 13), and its Members' Equities balance was $464,661.

A MFIR of less than 1.10, per the Indenture and other debt agreements, may result in the following actions, restrictions, or consequences: Big Rivers cannot secure additional debt under the Indenture; the Company must seek rates that are reasonably expected to yield a 1.10 MFIR; the Company must provide a written plan satisfactory to the RUS setting forth actions to be taken to achieve the specified MFIR on a timely basis; an event of default may occur; interest rates may increase; and its line of credit may be terminated with an acceleration of any outstanding amounts under the line of credit.

In accordance with the Amended and Consolidated Loan Contract between Big Rivers and the United States of America (acting by and through the RUS Administrator), Big Rivers provided notification to the RUS Administrator via letter dated February 7, 2013 of a failure to maintain two Credit Ratings of Investment Grade. In order to remain compliant under the Amended and Consolidated Loan Contract, in March 2013, the Company, prepared and presented to the RUS, its Corrective Action Plan setting forth the actions being taken by management that are reasonably expected to achieve two Credit Ratings of Investment Grade. The Company regularly updates the RUS on actions taken to date related to its Corrective Action Plan.

(5) Rate Matters

The rates charged to Big Rivers' members consist of a demand charge per kilowatt (kW) and an energy charge per kilowatt-hour (kWh) consumed as approved by the KPSC. The rates include specific demand and energy charges 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. Effective September 1, 2011, the Company received approval from the KPSC to base the member rural demand charge on its Maximum Adjusted Net Local Load (as defined in Big Rivers' tariff).

Effective July 17, 2009, the KPSC approved the implementation of certain tariff riders; including a fuel adjustment clause and an environmental surcharge, offset by an unwind surcredit (a refund to tariff members of certain charges collected from the Aluminum Smelters in accordance with the contract terms). The net effect of these tariffs is recognized as revenue on a monthly basis with a partial offset to the regulatory liability – member rate mitigation described below.

The net impact of the tariff riders to members' rates is currently mitigated by a Member Rate Stability Mechanism (MRSM) that is funded by certain cash reserves (the Economic and Rural Economic Reserves) established and held by Big Rivers as restricted investments. An offsetting regulatory liability – member rate mitigation reflects the obligation associated with the funding of these reserve accounts.

On August 20, 2012, Big Rivers as wholesale power supplier, and Kenergy Corp. (Kenergy) as retail power supplier, received a letter from Century Aluminum Company (Century) serving Notice of Termination of its Retail Service Agreement with Kenergy. As a result of Century's notification of termination, the Company filed an application with KPSC, on January 15, 2013, requesting authority to adjust its rates for wholesale electric service (Case No. 2012-00535). The KPSC entered an order on October 29, 2013, granting Big Rivers an annual revenue increase of $54,227, effective August 20, 2013. In its order, the KPSC excluded the Coleman plant depreciation from rate recovery at this time. The KPSC directed the Company to defer this depreciation expense and record the deferred amounts in a regulatory asset account. The KPSC's order indicated this action was being taken due to the planned temporary idling of Coleman, the length of time the plant will be idled, and the impact of the rate increase on customers. As of December 31, 2015, cumulative depreciation expense of $13,692 was deferred for the Coleman plant, which management believes is probable of recovery in future rates.

The wholesale rate increase granted by the KPSC in Case No. 2012-00535 resulted in a base wholesale rate increase of approximately: 21.9% for rural customers; 11.8% for large industrial customers; and 11.2% for the remaining aluminum smelter (Century Aluminum Sebree LLC, formerly Alcan Primary Products Corporation).

On January 30, 2013, Alcan Primary Products Corporation (Alcan) provided a Notice of Termination of its Kenergy Retail Service Agreement to Big Rivers and Kenergy. As a result of Alcan's notification of termination, the Company filed an application with KPSC, on June 28, 2013, requesting authority to adjust its rates for wholesale electric service in the amount of $70,397 (Case No. 2013-00199). This requested amount was later revised to $71,223 in the Company's rebuttal testimony filed December 17, 2013. The Company proposed to temporarily offset this rate increase by utilization of the MRSM. The Company also proposed to use transmission revenues from both smelters to replenish the Economic Reserve Fund. An evidentiary hearing was held by the KPSC in January 2014. The KPSC entered an order on April 25, 2014, granting Big Rivers an annual revenue increase of $36,160, effective February 1, 2014. In its order, the KPSC approved Big Rivers' 2012 Depreciation Study, but excluded Wilson plant depreciation from rate recovery at this time. The KPSC directed the Company to defer the Wilson depreciation expense record the deferred amounts in a regulatory asset account, similar to the Coleman depreciation expense being deferred per the KPSC's order in Case No. 2012-00535. As of December 31, 2015, cumulative depreciation expense of $38,613 was deferred for the Wilson plant, which management believes is probable of recovery in future rates. The KPSC also approved Big Rivers' proposal to temporarily offset the rate increase by utilization of the MRSM. The KPSC further granted Big Rivers' proposed accounting treatment for transmission revenues related to the Hawesville smelter, but included the test year transmission revenues related to the Sebree smelter in the determination of Big Rivers' revenue requirement. The net effect of this accounting treatment is the recognition of revenue on a monthly basis with an offset to the applicable regulatory liability accounts as the reserve funds are used to offset the impact of the base rate increase on the members' monthly bills. The wholesale rate increase granted by the KPSC in Case No. 2013-00199 resulted in a base wholesale rate increase of approximately 16.3% for rural customers and 13.7% for large industrial customers.

On February 5, 2015, the KPSC ordered a review of Big Rivers' fuel adjustment clause (FAC) for the two-year period ending October 31, 2014 (Case No. 2014-00455). On February 19, 2015, the KPSC entered an order consolidating the instant case with the open six-month FAC review case (Case No. 2014-00230), making all parties to that case parties of the instant case. On May 26, 2015, Big Rivers entered into a Stipulation and Recommendation Agreement with the intervenors in the case whereby Big Rivers would credit $311 each month through its FAC to its Members for a period of up to fifteen months. Big Rivers filed the Stipulation and Recommendation Agreement with the KPSC on May 29, 2015. On July 27, 2015, the KPSC approved the Stipulation and Agreement. On October 23, 2015, the RUS accepted Big Rivers' proposed monthly credit of $311 to the Members for a period of up to fifteen months. Big Rivers began including the credit in the FAC filing for the October 2015 expense month, which was applied to members' bills for service delivered during November 2015.

In connection with the rate matters discussed above, the following tables provide a summary of Regulatory Assets and Liabilities reflected in the Balance Sheet as of December 31, 2015 and 2014:

		Regulatory assets	
		2015	**2014**
Coleman plant deferred depreciation	$	13,692	7,760
Wilson plant deferred depreciation		38,613	18,395
Rate case expense and other		1,482	2,188
Non-FAC PPA		4,590	2,800
Asset retirement obligations		718	—
Environmental costs (CCR)		176	—
Total regulatory assets	$	59,271	31,143

		Regulatory liabilities	
		2015	**2014**
Economic reserve-member rate mitigation	$	297	2,218
Rural economic reserve-member rate mitigation		21,233	65,486
Total regulatory liabilities	$	21,530	67,704

Effective July 17, 2009, the KPSC approved the implementation of the Non-Fuel Adjustment Clause-Purchased Power Adjustment (Non-FAC PPA) which is a rate mechanism allowing Big Rivers to recover certain costs of purchased power that are not recoverable through its FAC. An accrual is recorded monthly to a regulatory asset or liability account based on the difference between the actual purchased power costs recoverable through the Non-FAC PPA and the purchased power base cost included in base rates. The balance in the regulatory asset or liability account as of June 30 each year is billed or refunded to members during the following twelve-month period beginning September 1 through August 31 of the following year.

The CCR Final Rule requires Big Rivers to address the eventual permanent closures of its coal ash ponds. Big Rivers believes it will face significant liabilities with respect to the treatment of the ash ponds at its Green Station and the City of Henderson's Station Two generating stations upon those stations' retirements from service or closures of the ash ponds. In accordance with ASC Topic 410-20, *Asset Retirement and Environmental Obligations – Asset Retirement Obligations* and under the RUS Uniform System of Accounts, Big Rivers recognized AROs as of December 31, 2015 for the fair value of its expected obligations under the CCR Final Rule for the eventual closures of the Green and Station Two ash ponds.

On October 6, 2015, Big Rivers filed an application with the KPSC (Case No. 2015-00333), requesting authority to establish regulatory assets for the deferral of certain expenses it would incur for compliance with the CCR Final Rule, including accretion and depreciation expense related to the AROs and other incremental expenses. Big Rivers management believes it is probable that the regulatory assets will be recoverable through appropriate rate mechanisms in the future. The KPSC issued an order in Case No. 2015-000333 on January 5, 2016, approving the accounting treatment requested by Big Rivers to establish regulatory assets for 2015 and subsequent years. As of December 31, 2015, the total amount of CCR-related expenses deferred and included in Regulatory assets on the Company's balance sheet was $894.

(6) Income Taxes

At December 31, 2015, Big Rivers had a Non-Patron Net Operating Loss Carryforward of approximately $14,780 expiring at various times between 2029 and 2035, and an Alternative Minimum Tax Credit Carryforward of approximately $7,241, which carries forward indefinitely.

The Company has not recorded any regular income tax expense for the years ended December 31, 2015, 2014, and 2013, as the Company has reported a loss for federal income tax purposes for each of those years.

The components of the net deferred tax assets as of December 31, 2015 and 2014 were as follows:

		2015	2014
Deferred tax assets:			
Net operating loss carryforward	$	5,749	5,229
Alternative minimum tax credit carryforwards		7,241	7,241
Fixed asset basis difference		1,946	1,085
Total deferred tax assets		14,936	13,555
Deferred tax liabilities:			
RUS Series B Note		(5,212)	(5,293)
Bond refunding costs		(130)	(140)
Total deferred tax liabilities		(5,342)	(5,433)
Net deferred tax asset (prevaluation allowance)		9,594	8,122
Valuation allowance		(9,594)	(8,122)
Net deferred tax asset	$	—	—

A reconciliation of the Company's effective tax rate for 2015, 2014, and 2013 is as follows:

	2015	2014	2013
Federal rate	35.0%	35.0%	35.0%
State rate – net of federal benefit	3.9	4.5	4.5
Permanent differences	0.5	—	0.2
Patronage allocation to members	(39.5)	(39.6)	(39.8)
Tax benefit of operating loss carryforwards and other	0.1	0.1	0.1
Alternative minimum tax	—	—	—
Effective tax rate	—%	—%	—%

The Company files a federal income tax return, as well as certain state income tax returns. The years currently open for federal income tax examination are 2012 through 2014. The major state tax jurisdiction currently open for income tax examination is Kentucky for years 2011 through 2014, also due to unused net operating loss carryforwards. The Company has not recorded any unrecognized tax benefits or liabilities related to federal or state income taxes.

The Company classifies interest and penalties as an operating expense on the statement of operations and accrued expenses on the balance sheet. No material interest or penalties have been recorded during 2015, 2014, or 2013.

(7) Pension Plans

(a) Defined-Benefit Plans

Big Rivers has noncontributory defined-benefit pension plans covering substantially all employees who meet minimum age and service requirements and who were employed by the Company prior to the plans closure dates cited below. 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.

In order to meet minimum participation requirements, Big Rivers' salaried employees defined benefit plan was merged into the bargaining employees defined benefit plan. The merger was effective January 1, 2014 for purposes of Internal Revenue Code and effective December 31, 2014 for all other purposes.

The Company has adopted FASB ASC 715, *Compensation – Retirement Benefits*, including the requirement to recognize the funded status of its pension plans and other postretirement plans (note 11 – Postretirement Benefits Other Than Pensions). FASB ASC 715 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.

FASB ASC 715 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, 2015 and 2014.

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, 2015 and 2014 is as follows:

		2015	2014
Benefit obligation – beginning of period	$	21,276	18,773
Service cost – benefits earned during the period		918	900
Interest cost on projected benefit obligation		756	856
Benefits paid		(2,098)	(1,378)
Actuarial loss (gain)		(1,755)	2,125
Benefit obligation – end of period	$	19,097	21,276

Big Rivers' defined-benefit pension plans provide retirees and terminated employees with a lump-sum payment option. Benefits paid in 2015 include lump-sum payments in the amounts of $2,073 – the result of eight retirees or terminated employees electing the lump-sum payment option. Benefits paid in 2014 include lump-sum payments in the amounts of $1,349 – the result of six retirees or terminated employees electing the lump-sum payment option.

The accumulated benefit obligation for all defined-benefit pension plans was $14,611 and $15,961 at December 31, 2015 and 2014, respectively.

A reconciliation of the Company's pension plan assets at December 31, 2015 and 2014 is as follows:

		2015	2014
Fair value of plan assets – beginning of period	$	20,212	20,264
Actual return on plan assets		(37)	1,326
Benefits paid		(2,098)	(1,378)
Fair value of plan assets – end of period	$	18,077	20,212

The funded status of the Company's pension plans at December 31, 2015 and 2014 is as follows:

		2015	2014
Benefit obligation – end of period	$	(19,097)	(21,276)
Fair value of plan assets – end of period		18,077	20,212
Funded status	$	(1,020)	(1,064)

Components of net periodic pension costs for the years ended December 31, 2015, 2014, and 2013 were as follows:

		2015	2014	2013
Service cost	$	918	900	1,282
Interest cost		756	855	986
Expected return on plan assets		(1,414)	(1,423)	(1,926)
Amortization of prior service cost		1	1	11
Amortization of actuarial loss		285	177	604
Settlement loss		465	242	2,566
Net periodic benefit cost	$	1,011	752	3,523

As a result of the 2015 lump-sum payments there was a settlement required to the defined-benefit pension plans as provided in FASB ASC 715. The 2015 settlement loss of $465 reflects an accelerated amortization of unrecognized losses existing at the settlement date of December 31, 2015. The settlement loss is determined by multiplying the total unrecognized losses as of the settlement date by the projected benefit obligation that was settled or eliminated due to the lump-sum payments.

A reconciliation of the pension plan amounts in accumulated other comprehensive income at December 31, 2015 and 2014 is as follows:

		2015	2014
Prior service cost	$	—	(1)
Unamortized actuarial loss		(4,285)	(5,339)
Accumulated other comprehensive income	$	(4,285)	(5,340)

In 2016, $0 of prior service cost and $252 of actuarial loss is expected to be amortized to periodic benefit cost.

(Continued)

The recognized adjustments to other comprehensive income at December 31, 2015 and 2014 are as follows:

		2015	2014
Prior service cost	$	—	11
Unamortized actuarial gain		(1,056)	6,580
Other comprehensive income	$	(1,056)	6,591

At December 31, 2015 and 2014, amounts recognized in the balance sheets were as follows:

		2015	2014
Deferred credits and other	$	(1,020)	(1,064)

Assumptions used to develop the projected benefit obligation and determine the net periodic benefit cost were as follows:

	2015	2014	2013
Discount rate – projected benefit obligation	4.19%	3.76%	4.61%
Discount rate – net periodic benefit cost	3.76	4.61	3.57
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, 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%.

Big Rivers utilizes a third-party investment manager for the plan assets, and has communicated thereto the Company's Retirement Plan Investment Policy, including a target asset allocation mix of 50% U.S. equities (an acceptable range of 45%–55%), 15% international equities (an acceptable range of 10%–20%), and 35% fixed income (an acceptable range of 30%–40%). As of December 31, 2015 and 2014, the investment allocation was 53% and 56%, respectively, in U.S. equities, 6% and 6%, respectively, in international equities, and 41% and 38%, respectively, in fixed income. The objective of the investment program seeks to (a) maximize return on investment, (b) minimize volatility, (c) minimize company contributions, and (d) provide the employee benefit in accordance with the plans. The portfolio is well diversified and of high quality. The average quality of the fixed income investments must be "A" or better. The equity portfolio must also be of investment grade quality. The performance of the investment manager is reviewed semiannually.

At December 31, 2015 and 2014, the fair value of Big Rivers' defined-benefit pension plan assets by asset category are as follows:

	Level 1	Level 2	December 31, 2015
Cash and money market	$ 312	—	312
Equity securities:			
Common stock	7,380	—	7,380
Preferred stock	379	—	379
Mutual funds	3,588	190	3,778
Fixed:			
U.S. Government agency bonds	—	591	591
Tax exempt bonds and notes	—	2,746	2,746
Corporate bonds and notes	—	2,891	2,891
	$ 11,659	6,418	18,077

	Level 1	Level 2	December 31, 2014
Cash and money market	$ 718	—	718
Equity securities:			
Common stock	8,933	—	8,933
Preferred stock	184	—	184
Mutual funds	4,261	254	4,515
Fixed:			
U.S. Government agency bonds	—	593	593
Tax exempt bonds and notes	—	2,519	2,519
Corporate bonds and notes	—	2,750	2,750
	$ 14,096	6,116	20,212

(Continued)

Expected retiree pension benefit payments projected to be required during the years following 2015 are as follows:

		Amount
Year ending December 31:		
2016	$	877
2017		1,035
2018		1,518
2019		1,224
2020		1,966
Thereafter		12,299
Total	$	18,919

(b) 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 pretax and/or after-tax basis, with employer matching contributions equal to 60% of the first 6% contributed by the employee on a pretax 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 $4,550, $4,511 and $4,417 for the years ended December 31, 2015, 2014 and 2013 respectively.

(c) Deferred Compensation Plan

Big Rivers sponsors 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 pretax 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 2015 employer contribution was $78 and deferred compensation expense was $78. As of December 31, 2015, the trust asset was $218 and the deferred liability was $218.

(Continued)

(8) Restricted Investments

The amortized costs and fair values (Level 1 measurement) of Big Rivers' restricted investments held for Member rate mitigation at December 31, 2015 and 2014 were as follows:

		2015		2014	
		Amortized costs	**Fair values**	**Amortized costs**	**Fair values**
Cash and money market	$	3,637	3,637	7,283	7,283
Debt securities:					
U.S. Treasuries		20,678	20,667	65,252	65,501
U.S. Government agency		—	—	—	—
Total	$	24,315	24,304	72,535	72,784

Gross unrealized gains and losses on restricted investments at December 31, 2015 and 2014 were as follows:

		2015		2014	
		Gains	**Losses**	**Gains**	**Losses**
Debt securities:					
U.S. Treasuries	$	—	11	1	23
Total	$	—	11	1	23

Debt securities at December 31, 2015 and 2014 mature, according to their contractual terms, as follows (actual maturities may differ due to call or prepayment rights):

		2015		2014	
		Amortized costs	**Fair values**	**Amortized costs**	**Fair values**
In one year or less	$	24,315	24,304	66,910	66,894
After one year through five years		—	—	5,896	5,890
Total	$	24,315	24,304	72,806	72,784

(Continued)

Gross unrealized losses on investments and the fair values of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2015 and 2014 were as follows:

	2015		2014	
	Less than 12 months		Less than 12 months	
	Losses	Fair values	Losses	Fair values
Debt securities:				
U.S. Treasuries	$ 11	20,667	23	59,611
Total	$ 11	20,667	23	59,611

The unrealized loss positions were primarily caused by interest rate fluctuations. The number of investments in an unrealized loss position as of December 31, 2015 and 2014 was 9 and 6, respectively. Since the Company does not intend to sell any of the investments prior to their stated maturity dates, the Company will more likely than not, maintain each debt security until its anticipated recovery, and no significant credit risk is deemed to exist, these investments are not considered other-than-temporarily impaired.

In conjunction with the CFC $302,000 secured term loan (note 4), Big Rivers was required to invest in Capital Term Certificates (CTCs) equal to 14.29% of the Refinance Note. Proceeds of the Equity Note were used to purchase the investments in CTCs as required under the loan agreement. The interest rate on the CTCs is fixed at 4.28% and is equal to 80% of the Equity Note rate of 5.35%. The CTCs cannot be traded in the market, and therefore, a value other than their outstanding principal amount cannot be determined. The Company's investment in these CTC's at December 31, 2015 and 2014 was $38,503 and $40,099, respectively.

(9) Short-Term Investments

During 2015, the Company purchased certificates of deposits (CDs) and investments in various debt securities using a portion of its excess cash previously held in an institutional prime money market portfolio. At December 31, 2015, the Company's short-term investments included $3,300 of investments in debt securities and $4,583 of investments in CDs, which are both included in the Company's balance sheet at amortized cost. The investments in debt securities are classified as held-to-maturity, based on management's intent and ability to hold them to maturity. Both CDs and investments in debt securities are included in "Cash and cash equivalents" (if maturity date is less than or equal to three months from the balance sheet date) or "Short-term investments" (if maturity date is greater than 3 months but less than one year from the balance sheet date).

The amortized costs and fair values (Level 1 measurement) of Big Rivers' short-term investments in debt securities at December 31, 2015 and 2014, were as follows:

		2015		2014	
		Amortized costs	**Fair values**	**Amortized costs**	**Fair values**
Debt securities:					
Corporate notes	$	1,567	1,565	—	—
U.S. Treasuries		625	625	—	—
U.S. Government agency		1,108	1,105	—	—
Total	$	3,300	3,295	—	—

Gross unrealized gains and losses on short-term investments at December 31, 2015 and 2014, were as follows:

		2015		2014	
		Gains	**Losses**	**Gains**	**Losses**
Debt securities:					
Corporate notes	$	—	(2)	—	—
U.S. Treasuries		—	—	—	—
U.S. Government agency		—	(3)	—	—
Total	$	—	(5)	—	—

(10) Fair Value of Other Financial Instruments

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measures. It applies under other accounting standards that require or permit fair value measurements and does not require any new fair value measurements.

The carrying value of accounts receivable and accounts payable approximate fair value due to their short maturity. At December 31, 2015 and 2014, the Company's cash and cash equivalents included short-term investments in an institutional prime money market portfolio account classified as trading securities under ASC 320, *Investments – Debt and Equity Securities*, that were recorded at fair value which were determined using quoted market prices for identical assets without regard to valuation adjustment or block discount (a Level 1 measure), as follows:

		2015	**2014**
Institutional prime money market portfolio	$	40,881	78,967

It was not practical to estimate the fair value of patronage capital included within other deposits and investments due to these being untraded companies.

Big Rivers' long-term debt at December 31, 2015 consists of CFC loans totaling $302,506, a CoBank loan in the amount of $208,122, RUS notes totaling $235,073, and fixed-rate pollution control bonds in the amount of $83,300 (note 4). The RUS, CFC, and CoBank debt cannot be traded in the market, and therefore, a value other than their outstanding principal amount cannot be determined. At December 31, 2015, the fair value of Big Rivers' fixed-rate pollution control debt was determined based on quoted prices in active markets of similar instruments (Level 1 measure) and totaled $82,884.

(11) Postretirement Benefits Other than Pensions

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. Generally, except for generation bargaining retirees, Big Rivers pays 85% of the premium cost for all retirees age 62 to 65. The Company pays 25% of the premium cost for spouses under age 62. Beginning at age 65, the Company pays 25% of the premium cost if the retiree is enrolled in Medicare Part B. For each generation bargaining retiree, Big Rivers establishes a retiree medical account at retirement equal to $1,200 per year of service up to 30 years ($1,250 per year for those retiring on or after January 1, 2012). The account balance is credited with interest based on the 10-year treasury rate subject to a minimum of 4% and a maximum of 7%. The account is to be used for the sole purpose of paying the premium cost for the retiree and spouse.

The discount rates used in computing the postretirement benefit obligation and net periodic benefit cost were as follows:

	2015	2014	2013
Discount rate – projected benefit obligation	4.35%	3.77%	4.48%
Discount rate – net periodic benefit cost	3.77	4.48	3.72

The healthcare cost trend rate assumptions as of December 31, 2015 and 2014 were as follows:

	2015	2014
Initial trend rate	7.00%	7.20%
Ultimate trend rate	4.50	4.50
Year ultimate trend is reached	2038	2028

An one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

		2015	2014
One-percentage-point decrease:			
Effect on total service and interest cost components	$	(138)	(91)
Effect on year-end benefit obligation		(1,384)	(1,148)
One-percentage-point increase:			
Effect on total service and interest cost components	$	178	109
Effect on year-end benefit obligation		1,694	1,363

A reconciliation of the Company's benefit obligations of its postretirement plan at December 31, 2015 and 2014 is as follows:

		2015	2014
Benefit obligation – beginning of period	$	15,899	14,581
Service cost – benefits earned during the period		563	516
Interest cost on projected benefit obligation		603	616
Participant contributions		251	282
Benefits paid		(1,336)	(1,250)
Actuarial loss (gain)		(611)	1,154
Benefit obligation – end of period	$	15,369	15,899

Big Rivers revised the eligibility requirements for postretirement medical with regard to age and service. Beginning January 1, 2013, eligibility for retirement is age 62 with 10 years of service. The service requirement is waived for active employees on December 31, 2012 who will not have 10 years of service at age 62. A reconciliation of the Company's postretirement plan assets at December 31, 2015 and 2014 is as follows:

		2015	2014
Fair value of plan assets – beginning of period	$	—	—
Employer contributions		1,085	968
Participant contributions		251	282
Benefits paid		(1,336)	(1,250)
Fair value of plan assets – end of period	$	—	—

The funded status of the Company's postretirement plan at December 31, 2015 and 2014 is as follows:

		2015	2014
Benefit obligation – end of period	$	(15,369)	(15,899)
Fair value of plan assets – end of period		—	—
Funded status	$	(15,369)	(15,899)

The components of net periodic postretirement benefit costs for the years ended December 31, 2015, 2014, and 2013 were as follows:

		2015	2014	2013
Service cost	$	563	516	616
Interest cost		603	616	555
Amortization of prior service cost		(138)	(138)	(138)
Amortization of gain		—	(144)	(9)
Net periodic benefit cost	$	1,028	850	1,024

A reconciliation of the postretirement plan amounts in accumulated other comprehensive income at December 31, 2015 and 2014 is as follows:

		2015	2014
Prior service cost	$	1,432	1,569
Unamortized actuarial loss		2,172	1,560
Accumulated other comprehensive income	$	3,604	3,129

In 2016, $138 of prior service cost and $0 of actuarial gain is expected to be amortized to periodic benefit cost.

The recognized adjustments to other comprehensive loss at December 31, 2015 and 2014 are as follows:

		2015	2014
Prior service cost	$	(138)	(138)
Unamortized actuarial gain (loss)		611	(1,154)
Amortization of net gain		—	(144)
Other comprehensive income	$	473	(1,436)

At December 31, 2015 and 2014, amounts recognized in the balance sheets were as follows:

		2015	2014
Accounts payable	$	(1,213)	(1,224)
Deferred credits and other		(14,156)	(14,675)
Net amount recognized	$	(15,369)	(15,899)

Expected retiree benefit payments projected to be required during the years following 2015 are as follows:

		Amount
Year:		
2016	$	1,213
2017		1,208
2018		1,215
2019		1,328
2020		1,315
Thereafter		5,969
Total	$	12,248

In addition to the postretirement plan discussed above, Big Rivers has another 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 $471 and $419 at December 31, 2015 and 2014, respectively. The postretirement expense recorded was $59, $51, and $46, for 2015, 2014, and 2013, respectively, and the benefits paid were $7, $12, and $256 for 2015, 2014, and 2013, respectively.

(12) Related Parties

For the years ended December 31, 2015, 2014, and 2013, Big Rivers had tariff sales to its members' of $251,325, $258,967, and $183,957, respectively. In addition, for the years ended December 31, 2015, 2014, and 2013, Big Rivers had certain sales to Kenergy for the Aluminum Smelters and Domtar Paper loads of $2,678, $20,165, and $295,878, respectively.

At December 31, 2015 and 2014, Big Rivers had accounts receivable from its members of $17,763 and $16,945, respectively.

(13) Commitments and Contingencies

Big Rivers is involved in other 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.

The Company is periodically a defendant in asbestos-related claims. On October 14, 2014, the Company was served with an asbestos lawsuit against it and several other entities. An expedited trial date was set for February 1, 2016. However, based on mediation between the plaintiff and Big Rivers, the case was settled during 2015, and Big Rivers was dismissed from the lawsuit.

Big Rivers is involved in ongoing litigation with the City of Henderson Utility Commission doing business as Henderson Municipal Power and Light (HMP&L) related to the rights of excess energy produced at HMP&L's Station Two generating station. The Company believes there will be no material adverse effect to its financial statements when this litigation is resolved.

(14) Subsequent Events

Management evaluated subsequent events up to and including April 11, 2016, the date the financial statements were available to be issued.