



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

March 6, 2012

✓ AG 69.c

Mr. Victor T. Vu, Director
Power Supply Division
Electric Program
United States Department of Agriculture
Rural Development Utilities Program
Stop 1568, Room 0270
1400 Independence Avenue, SW
Washington, DC 20250-0700

RE: KY 62 Big Rivers Electric Corporation
2012 Environmental Compliance Plan

Dear Victor:

Big Rivers Electric Corporation ("*Big Rivers*") writes this letter to follow-up on our telephone conversation of February 9, 2012, in which we generally described Big Rivers' current plans to comply with federal environmental laws. More specifically, this letter is written for purposes of informing the Rural Utilities Service ("*RUS*") about Big Rivers' plans, and seeking information and assistance regarding approvals Big Rivers may require from RUS in connection with the implementation and financing of Big Rivers' environmental compliance plans.

As you know, Big Rivers owns or leases 1,646 MW of principally coal-fired generation. The U.S. Environmental Protection Agency ("*EPA*") Cross-State Air Pollution Rule ("*CSAPR*") and Mercury and Air Toxins Standard ("*MATS*") require reductions in the levels of several air pollutants emitted by Big Rivers' generating plants. For purposes of achieving the emissions levels allowed by those standards, Big Rivers has developed, with assistance from Sargent & Lundy, L.L.C. ("*Sargent & Lundy*"), an environmental compliance plan ("*ECP*") that will allow Big Rivers to meet these environmental standards in a cost-effective manner.

Big Rivers' ECP includes capital projects for construction of new environmental control facilities, upgrading of certain existing environmental control facilities and implementation of changes in the operation and maintenance of certain of Big Rivers' generating units. A list of anticipated ECP capital projects and project costs are provided for your information as Attachment A to this letter.

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Witness: Billie J. Richert
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Big Rivers requires certain state regulatory approvals in connection with the implementation of its ECP. On or about April 2, 2012, Big Rivers will file with the Kentucky Public Service Commission an application seeking approval of its ECP, certificates of public convenience and necessity for the projects in the ECP, and recovery of the capital and operating costs of the ECP projects through an amendment to the environmental surcharge in Big Rivers' rates.

We are also trying to identify the RUS requirements with which Big Rivers must comply in connection with the construction and financing of the projects in its ECP. One question we have arises under Section 5.2 of the Amended and Consolidated Loan Contract dated as of July 16, 2009, between Big Rivers and the United States ("*Loan Contract*"). Section 5.2 requires compliance with Section 8.1 of the Loan Contract before Big Rivers may add to its System¹ by construction of Capital Assets with funds from sources other than loans made or guaranteed by RUS in the case of generating facilities if the total expenditures for the facilities to be built will exceed \$10 million. We are unclear about whether the term "generating facilities" includes pollution control equipment added to existing generating facilities. The term "generating facilities" is not defined in the Loan Contract.

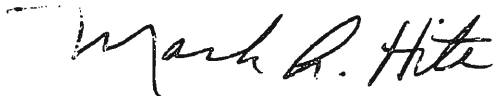
We anticipate having quite a few other questions about the RUS requirements applicable to the ECP projects, and compliance with those requirements. The timing applicable to initiating and completing compliance activities will obviously be an issue of primary concern. We would appreciate it if you would identify the appropriate person or persons at RUS we should contact with our additional questions. At Big Rivers, Eric Robeson, Vice President of Environmental Services and Construction, will have responsibility for tracking and assuring compliance with the RUS requirements.

Big Rivers is considering whether to apply for RUS loan funds for the permanent financing of the ECP capital projects. Big Rivers currently estimates its share (net of the City of Henderson's cost share of Station Two) of these ECP capital costs to be \$283,490,000. We understand that qualifying for RUS loan funds requires compliance with a number of requirements, including compliance with the National Environmental Policy Act. Because Big Rivers has not completed a loan application since the early 1980s, we would expect to have several questions about that process, as well.

¹ Capitalized terms in references to or from the Loan Contract are defined terms in the Loan Contract.

We look forward to meeting with you and other RUS representatives on March 20, 2012. Please contact Eric Robeson or me with any questions you may have or any information you may provide as a result of this letter.

Sincerely yours,



Mark A. Hite
Vice President and Interim CFO

ATTACHMENT A

c: Mark Bailey
Bob Berry
Eric Robeson
Jim Miller

**Big Rivers Electric Corporation
2012 Environmental
Compliance Options**

Project #	Pollutant	Control Facility	Plant	Environmental Regulation or Regulatory Requirement	Permit	CPCN Filed	Projected Completion	Projected Capital Cost (\$ Million)	Projected Capital Cost Net of City (\$ Million)
4	SO ₂	Flue Gas Desulfurization ("FGD" or "Scrubber")	Wilson Unit 1	Clean Air Act (1990), Cross State Air Pollution Rule ("CSAPR")	Title V Permit	Yes	2016	139.00	139.00
5	NO _x	Selective Catalytic Reduction ("SCR") @85% Removal	Green Unit 2	Clean Air Act (1990), Cross State Air Pollution Rule ("CSAPR")	Title V Permit	Yes	2015	81.00	81.00
6	SO ₂ , NO _x	Convert Existing Burners to Natural Gas	Reid Unit 1	Clean Air Act (1990), Cross State Air Pollution Rule ("CSAPR")	Title V Permit	Yes	2014	1.20	1.20
7	SO ₂	Install Additional Recycle Pump & New Motors On ID Fans	HMP&L Unit 1	Clean Air Act (1990), Cross State Air Pollution Rule ("CSAPR")	Title V Permit	No	2015	3.15	1.92
			HMP&L Unit 2		Title V Permit		2015	3.15	1.93
8	Mercury	Advanced Carbon Injection, Dry Sorbent Injection and Monitors	Coleman Unit 1	Clean Air Act (1990), Mercury and Air Toxics Standards ("MATS") Rule	Title V Permit	Yes	2016	9.48	9.48
			Coleman Unit 2		Title V Permit		2016	9.48	9.48
			Coleman Unit 3		Title V Permit		2016	9.48	9.48
9	Mercury	Advanced Carbon Injection, Dry Sorbent Injection and Monitors	Wilson Unit 1	Clean Air Act (1990), Mercury and Air Toxics Standards ("MATS") Rule	Title V Permit	Yes	2016	11.24	11.24
10	Mercury	Advanced Carbon Injection, Dry Sorbent Injection and Monitors	Green Unit 1	Clean Air Act (1990), Mercury and Air Toxics Standards ("MATS") Rule	Title V Permit	Yes	2016	9.24	9.24
			Green Unit 2		Title V Permit		2016	9.24	9.24
11	Mercury	Particulate Monitors	HMPL Unit 1	Clean Air Act (1990), Mercury and Air Toxics Standards ("MATS") Rule	Title V Permit	No	2016	0.24	0.14
			HMPL Unit 2		Title V Permit		2016	0.24	0.14

Total (\$ Million) 286.14 283.49



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Mr. Victor T. Vu, Director
Power Supply Division
Electric Program
United States Department of Agriculture
Rural Development Utilities Program
Stop 1568, Room 0270
1400 Independence Avenue, SW
Washington, DC 20250-0700

RE: KY 62 Big Rivers Electric Corporation – Financing Plans

Dear Victor:

Big Rivers Electric Corporation ("*Big Rivers*") writes this letter to follow-up on our telephone conversation of February 9, 2012, during which we described a planned refinancing of a significant portion of Big Rivers' Rural Utilities Service ("*RUS*") 2009 Promissory Note Series A (the "Series A Note"), having a stated maturity date of July 1, 2021, and inquired about the extent to which RUS must be involved in that refinancing. You suggested that we write you with the details of the proposed refinancing, and set out the questions we have for you. Accordingly, this letter:

- Describes the proposed refinancing;
- Describes why Big Rivers believes no RUS approvals are required for the proposed refinancing (and seeks the concurrence of RUS in that conclusion); and
- Requests RUS assistance with the details of implementing the proposed refinancing on the closing date of the new borrowings.

Please note that the following information is considered by the parties to be confidential, at least until Big Rivers files this information with the Kentucky Public Service Commission for its approval, planned to occur mid-March 2012. Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert

Corporation (“CFC”) for CFC to provide Big Rivers a secured term loan for \$302 million (the “CFC Term Loan”). Big Rivers has also received from CoBank, ACB (“CoBank”) a letter agreement offering Big Rivers a secured term loan of \$175,000,000 (the “CoBank Term Loan”) and a \$50,000,000 five year unsecured revolving credit facility (the “CoBank Revolver”). The term sheet for the CoBank Term Loan provides that the amount of the term loan may, by mutual agreement of CoBank and Big Rivers, be increased \$50,000,000 prior to the closing. The structure of both the CFC Term Loan and the CoBank Term Loan are essentially fixed rate, 20 year, level debt service. With respect to the CoBank Term Loan and the CoBank Revolver, CoBank will act as lead arranger and will put together a syndicate of Farm Credit System financial institutions acceptable to Big Rivers to proportionally participate.

The CFC Term Loan and the CoBank Term Loan will each be secured under the Big Rivers Indenture dated as of July 1, 2009, as supplemented (the “Indenture”) on a parity with other secured debt of Big Rivers. The CoBank Revolver will be an unsecured obligation, replacing and immediately terminating the existing \$50 million CoBank revolver that became effective July 16, 2009, with a stated termination date of July 16, 2012.

Big Rivers plans to use a portion of the proceeds of the CFC Term Loan and the CoBank Term Loan to refinance \$467 million of the Series A Note. As of April 2, 2012, Big Rivers anticipates the Series A Note outstanding principal amount will be \$538,279,010.63, while the Maximum Debt Balance is \$561,603,000.00, resulting in a \$23,323,989.37 prepaid status. Big Rivers intends to “claw back” the remaining prepayment. Accordingly, as a result of the planned refinancing, the Maximum Debt Balance would be revised to reflect \$94,603,000.00 (\$561,603,000.00 minus \$467 million). Big Rivers is obligated to make a payment on the Series A Note of \$60 million by October 1, 2012, and to make another payment on the Series A Note of \$200 million by January 1, 2016. The \$467 million of the proceeds from the CFC Term Loan and the CoBank Term Loan that will be paid on the Series A Note will more than cover those two obligations. And, the cost of both the CFC Term Loan and the CoBank Term Loan is less than the 5.75% Series A Note. Big Rivers estimates the annualized benefit from the refinancing to be \$5.3 million. The additional \$10 million or \$60 million of CoBank Term Loan, depending on whether the CoBank Term Loan is for \$175 million or \$225 million, may be used by Big Rivers for capital expenditures. The new CoBank Revolver, similar to the existing CoBank revolver, will be used, as needed, to provide working capital, pay capital expenditures, and for general corporate purposes.

We currently anticipate that the CFC Term Loan, the CoBank Term Loan and the CoBank Revolver closings will occur June 29, 2012. We believe no RUS approvals are required in connection with the prepayment of the Series A Note described in this letter. The Series A Note provides that “[a]ny amounts under this Note may be

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prepaid at any time without penalty or prepayment premium.” We are not aware of any approvals of RUS that are required under either the Amended and Restated Loan Contract dated as of July 16, 2009, or the RUS bulletins and regulations. Please advise as soon as possible if RUS has a different view of the RUS requirements.

We would appreciate you identifying the person or persons with whom we will need to coordinate this prepayment, and obtaining evidence of the receipt of such prepayment by the government for purposes of the closing activities.

We look forward to meeting with you and other RUS representatives on March 20, 2012, to further discuss this matter. Please contact me with any questions you may have, or any information you may provide, as a result of this letter.

Sincerely yours,



Mark A. Hite
Vice President and Interim CFO

c: Mark Bailey
Jim Miller

Big Rivers Electric Corporation
RUS 2009 Promissory Note Series A
Maximum Principal Balance Schedule

Balance After Quarterly Payment on the 1st Business Day of the Month

* Closing Date occurs after 4/2/12 and on or prior to 6/29/12

Original/Initial Amount: \$602,673,536

Date Prepared: 3/21/12

Date	In Thousands of \$		
	Current Maximum Principal Balance	Reduction	Revised Maximum Principal Balance
Closing Date*	561,603	477,000	84,603
July-12	557,456	472,853	84,603
October-12	493,249	408,646	84,603
January-13	488,280	403,677	84,603
April-13	482,949	398,346	84,603
July-13	477,696	393,093	84,603
October-13	472,443	387,840	84,603
January-14	467,188	382,585	84,603
April-14	461,562	376,959	84,603
July-14	456,002	371,399	84,603
October-14	450,435	365,832	84,603
January-15	444,858	360,255	84,603
April-15	438,918	354,315	84,603
July-15	433,034	348,431	84,603
October-15	427,134	342,531	84,603
January-16	221,349	136,746	84,603
April-16	212,607	128,004	84,603
July-16	203,845	119,242	84,603
October-16	195,053	110,450	84,603
January-17	186,040	101,437	84,603
April-17	176,905	92,302	84,603
July-17	167,639	83,036	84,603
October-17	158,240	73,637	84,603
January-18	148,732	64,129	84,603
April-18	139,038	54,435	84,603
July-18	129,230	44,627	84,603
October-18	119,280	34,677	84,603
January-19	109,226	24,623	84,603
April-19	98,955	14,352	84,603
July-19	88,572	3,969	84,603
October-19	78,053	0	78,053
January-20	67,395	0	67,395
April-20	56,546	0	56,546
July-20	45,552	0	45,552
October-20	34,409	0	34,409
January-21	23,120	0	23,120
April-21	11,635	0	11,635
July-21	0	0	0



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March 21, 2012

Mr. John Sanders
Power Supply Division
Electric Program
United States Department of Agriculture
Rural Development Utilities Program
1400 Independence Avenue, SW
Washington, DC 20250-0700

File

formerly
RUS

RE: KY 62 Big Rivers Electric Corporation – Financing Plans

Dear John:

Big Rivers Electric Corporation ("*Big Rivers*") writes this letter to follow-up on our face-to-face meeting with you and other Rural Utilities Service ("*RUS*") representatives yesterday, March 20, 2012, during which we further described a planned reduction of \$477 million in the Maximum Principal Balance Schedule of the RUS 2009 Promissory Note Series A (the "*Series A Note*"). A copy of the Series A Note is attached hereto as Exhibit 1. This letter also serves to update our letter to Victor Vu, dated March 6, 2012, regarding this matter, attached hereto as Exhibit 2.

Big Rivers has an offer from the National Rural Utilities Cooperative Finance Corporation ("*CFC*") for CFC to provide Big Rivers a secured term loan for \$302 million (the "*CFC Term Loan*"). Big Rivers has an offer from CoBank, ACB ("*CoBank*") for CoBank to provide Big Rivers a secured term loan of \$235 million (the "*CoBank Term Loan*"). The structure of both the CFC Term Loan and the CoBank Term Loan are essentially fixed rate, 20 year, level debt service. The CFC Term Loan and the CoBank Term Loan will each be secured under the Big Rivers Indenture dated as of July 1, 2009, as supplemented (the "*Indenture*") on a parity with other secured debt of Big Rivers.

Big Rivers plans to use the entire \$302 million CFC Term Loan and \$140 million of the CoBank Term Loan to refinance \$442 million of the Series A Note. As of April 2, 2012, Big Rivers anticipates the Series A Note outstanding principal balance will be \$526,603,000, while the Maximum Principal Balance is \$561,603,000. The \$35 million prepaid status resulted from the April 1, 2011, prepayment of the \$35 million Transition Reserve on the Series A Note. That \$35 million prepayment is included in the \$477 million reduction in the Maximum

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KIUC

Principal Balance (\$302 million + \$140 million + \$35 million). Accordingly, as a result of the CFC Term Loan, the CoBank Term Loan, and the prepaid status, the Maximum Principal Balance will become \$84,603,000.00 (\$561,603,000.00 minus \$477 million).

Big Rivers is obligated to make a payment on the Series A Note of \$60 million by October 1, 2012, and to make another payment on the Series A Note of \$200 million by January 1, 2016. The aforementioned transactions will more than cover those two obligations. And, the cost of both the CFC Term Loan and the CoBank Term Loan is less than the 5.75% Series A Note. In total, the CoBank Term Loan is for \$235 million, of which \$60 million may be used by Big Rivers for capital expenditures, and \$35 million is to be used by Big Rivers to replenish the \$35 million Transition Reserve (investment account).

We plan to file the details of the CFC Term Loan and CoBank Term Loan financings with the Kentucky Public Service Commission by March 28, 2012, seeking their approval, and plan to close the financings June 29, 2012.

We seek RUS approval of the Series A Note revised Maximum Principal Balance Schedule, attached hereto as Exhibit 3. In essence, the revised Maximum Principal Balance Schedule calls for the RUS receiving \$477 million of the \$561,603,000 earlier than otherwise, and receiving the remaining \$84,603,000 when originally contemplated. The Series A Note provides that "any amounts under this Note may be prepaid at any time without penalty or prepayment premium."

Please contact me with any questions you may have, or any information you may provide, in connection with this matter.

Sincerely,



Mark A. Hite
Vice President & Interim CFO

Attachments:

- Exhibit 1 – RUS 2009 Promissory Notes Series A
- Exhibit 2 – Letter to Victor Vu dated March 6, 2012
- Exhibit 3 – Maximum Principal Balance Schedule

cc: Mark Bailey
Jim Miller

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
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COPY

*Execution Version***RUS 2009 PROMISSORY NOTE SERIES A**

\$602,573,536

July 16, 2009

FOR VALUE RECEIVED, the undersigned, BIG RIVERS ELECTRIC CORPORATION ("Big Rivers"), a Kentucky corporation, hereby unconditionally promises to pay to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, (the "RUS"), at the office of the RUS located in St. Louis, Missouri, in lawful money of the United States of America and in immediately available funds, the principal amount of SIX HUNDRED TWO MILLION FIVE HUNDRED SEVENTY-THREE THOUSAND FIVE HUNDRED THIRTY-SIX AND 00/100 DOLLARS (\$602,573,536) together with interest from July 1, 2009 on so much of the principal amount as is from time to time outstanding and unpaid at the rate of 5.75% per annum simple interest as set forth below.

Big Rivers shall make quarterly payments of interest and/or principal commencing on October 1, 2009, and continuing on the first day of January, April, July and October of each year through and including July 1, 2021 such that, after each such payment, the outstanding amount under this Note, including principal and all accrued interest, if any, does not exceed the Allowed Balance amount shown on the RUS Maximum Debt Balance Schedule, attached hereto and hereby made a part hereof, for the applicable date. If any such payment is insufficient to retire all interest accrued during the period ending with such payment and beginning with the last previous payment, then the amount of accrued but unpaid interest relating to such period shall be added to the principal amount of this Note. If the day upon which any payment hereunder is due falls on a day that is not a Business Day (as defined in the Indenture (as defined below)), then such payment shall be due on the next Business Day.

On July 1, 2021, the entire outstanding principal hereof, together with all accrued but unpaid interest thereon, shall be due and payable in full.

This Note is secured by the lien of that certain Indenture dated as of July 1, 2009 between Big Rivers and U.S. Bank National Association, as trustee (the "Indenture").

Any amounts under this Note may be prepaid at any time without penalty or prepayment premium.

Upon the occurrence of any one or more Events of Default specified in the Indenture all amounts then remaining unpaid on this Note may be declared to be immediately due and payable all as provided therein.

Presentment, demand, protest and all other notices of any kind are hereby expressly waived by the undersigned.

COPY

This Note shall be governed by and construed in accordance with federal law.

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. Tinsley
Title: President and Chief Executive Officer

[Corporate Seal]

Attest:

By: Lee Bearden
Secretary

COPY

BIG RIVERS ELECTRIC CORPORATION
RUS MAXIMUM DEBT BALANCE SCHEDULE
Balance After Quarterly Payment

YEAR	1 st OF THE MONTH	ALLOWED BALANCE (\$1,000'S)
2009	October	599,462
2010	January	596,257
2010	April	592,252
2010	July	588,566
2010	October	584,920
2011	January	581,405
2011	April	577,289
2011	July	573,388
2011	October	569,702
2012	January	565,692
2012	April	561,603
2012	July	557,456
2012	October	493,249
2013	January	488,280
2013	April	482,949
2013	July	477,696
2013	October	472,443
2014	January	467,188
2014	April	461,562
2014	July	456,002
2014	October	450,435
2015	January	444,858
2015	April	438,918
2015	July	433,034
2015	October	427,134
2016	January	221,349
2016	April	212,607
2016	July	203,845
2016	October	195,053
2017	January	186,040
2017	April	176,905
2017	July	167,639
2017	October	158,240
2018	January	148,732
2018	April	139,038
2018	July	129,230
2018	October	119,280
2019	January	109,226

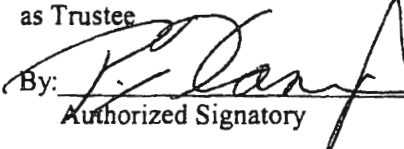
COPY

YEAR	1 st OF THE MONTH	ALLOWED BALANCE (\$1,000'S)
2019	April	98,955
2019	July	88,572
2019	October	78,053
2020	January	67,395
2020	April	56,546
2020	July	45,552
2020	October	34,409
2021	January	23,120
2021	April	11,635
2021	July	0

COPY

This is one of the Existing Obligations referred to in the Indenture, dated as of July 1, 2009, between Big Rivers Electric Corporation and U.S. Bank National Association.

U.S. Bank National Association
as Trustee

By: 
Authorized Signatory



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P.O. Box 24
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April 2, 2012

File:

Mr. Victor T. Vu
~~Director, Power Supply Division~~
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Stop 1568
Washington, DC 20250

RE: RUS SERIES A NOTE

Dear Victor:

On April 2, 2012, Big Rivers wire transferred \$11,676,010.63 to the RUS for application on our 5.75% RUS Series A Note, such Note being dated July 16, 2009. Following the application of this payment, the outstanding balance of the RUS Series A Note was \$526,603,000.00. The adjusted Allowed Balance was \$561,603,000.00, resulting in a prepaid status of \$35,000,000.00. The attached schedule confirms these amounts and is provided to you for informational purposes.

Should you be unable to confirm any of these amounts, or have any questions about the attached schedule, please let me know. Big Rivers and I thank you for your time given to this matter.

Sincerely,

Ralph A. Ashworth
Director Finance
Big Rivers Electric Corporation

Attachment

c: Martha Proffitt
Rural Development/RUS
Direct Loan and Grant Branch
P.O. Box 200011
FC 340
St. Louis, MO 63120-0011

John Sanders
Sr Financial & Loan SP
Financial Operations Branch
1400 Independence Avenue, SW
Stop 1568
Washington, DC 20250-1566

Mark Hite
Susan Smith

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Witness: Billie J. Richert
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RUS SERIES A NOTE

Big Rivers Electric Corporation

2010 Actual - July 2010

Prepared January 4, 2010

No Interest on July 17, 1998.

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% INTEREST	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
31-Jul-98	0.00	0.00	0.00	2,255,285.79	2,255,285.79	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
07-Aug-98	1,666,666.67	0.00	1,127,642.90	1,716,262.02	1,666,666.67	1,666,666.67	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
24-Aug-98	1,940.64	0.00	2,738,561.32	4,452,882.70	1,940.64	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
25-Aug-98	1,027,870.97	0.00	161,091.84	3,586,103.57	1,027,870.97	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
31-Aug-98	0.00	0.00	966,551.05	4,552,654.62	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
01-Sep-98	1,666,666.67	0.00	161,091.84	3,047,079.79	1,666,666.67	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
25-Sep-98	0.00	0.00	3,866,204.22	6,913,284.01	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
30-Sep-98	0.00	0.00	805,459.21	7,718,743.22	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
01-Oct-98	11,380,718.24	0.00	1,274,391.92	1,270,416.71	7,879,835.06	1,011,202,281.76	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
08-Oct-98	3,975.21	0.00	2,708,082.82	1,702,499.53	3,975.21	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
26-Oct-98	4,608,695.11	0.00	794,657.55	2,497,157.08	2,276,000.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
31-Oct-98	0.00	0.00	317,863.02	1,148,353.43	0.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
02-Nov-98	1,666,666.67	0.00	3,655,424.74	2,527,778.17	1,666,666.67	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
25-Nov-98	2,276,000.00	0.00	794,657.55	3,322,435.72	2,276,000.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
30-Nov-98	0.00	0.00	158,931.51	1,814,700.56	0.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
01-Dec-98	1,666,666.67	0.00	4,291,150.78	3,829,851.34	1,666,666.67	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
28-Dec-98	2,276,000.00	0.00	476,794.53	4,306,646.65	2,276,000.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	11,380,718.24
31-Dec-98	0.00	0.00	6,150,319.57	635,726.04	0.00	1,002,719,267.08	1,019,583,000.00	1,017,250,304.89	1,017,250,304.89	14,531,037.81
04-Jan-99	11,092,691.48	0.00	3,317,215.11	1,041,215.11	4,942,371.91	1,002,719,267.08	1,019,583,000.00	1,017,250,304.89	1,017,250,304.89	14,531,037.81
25-Jan-99	2,276,000.00	0.00	947,775.75	1,988,990.86	2,276,000.00	1,002,719,267.08	1,019,583,000.00	1,017,250,304.89	1,017,250,304.89	14,531,037.81
31-Jan-99	0.00	0.00	157,962.62	480,286.81	1,666,666.67	1,002,719,267.08	1,019,583,000.00	1,017,250,304.89	1,017,250,304.89	14,531,037.81
01-Feb-99	1,666,666.67	0.00	1,421,663.62	947,422.19	1,901,950.43	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	1,016,357,510.35	14,905,087.38
10-Feb-99	374,049.57	0.00	1,893,156.64	2,840,578.83	0.00	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	1,016,357,510.35	14,905,087.38
16-Feb-99	892,794.54	0.00	157,763.05	1,331,675.21	1,666,666.67	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	1,016,357,510.35	14,905,087.38
28-Feb-99	0.00	0.00	3,786,313.27	2,841,988.48	2,276,000.00	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	1,016,357,510.35	14,905,087.38
01-Mar-99	1,666,666.67	0.00	946,578.32	3,788,566.80	0.00	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	1,016,357,510.35	14,905,087.38
25-Mar-99	2,276,000.00	0.00	157,763.05	1,640,427.74	3,946,329.85	994,432,086.15	1,016,584,000.00	1,013,358,510.35	1,013,358,510.35	18,926,424.20
31-Mar-99	10,966,666.67	0.00	3,916,427.74	2,287,056.18	2,276,000.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	1,013,358,510.35	18,926,424.20
01-Apr-99	2,276,000.00	0.00	626,628.44	2,287,056.18	0.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	1,013,358,510.35	18,926,424.20
26-Apr-99	0.00	0.00	469,971.33	1,070,360.84	1,666,666.67	994,432,086.15	1,016,584,000.00	1,013,358,510.35	1,013,358,510.35	18,926,424.20
30-Apr-99	1,666,666.67	0.00	2,193,199.53	3,263,560.37	0.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	1,013,358,510.35	18,926,424.20
03-May-99	0.00	0.00	1,253,256.88	2,240,817.25	2,276,000.00	994,432,086.15	1,016,584,000.00	1,014,428,131.35	1,014,428,131.35	19,996,045.20
17-May-99	2,276,000.00	0.00	939,942.66	3,180,759.91	0.00	994,432,086.15	1,016,584,000.00	1,014,428,131.35	1,014,428,131.35	19,996,045.20
25-May-99	0.00	0.00	156,657.11	1,670,750.35	1,666,666.67	994,432,086.15	1,016,584,000.00	1,014,428,131.35	1,014,428,131.35	19,996,045.20
31-May-99	1,666,666.67	0.00	3,759,770.63	3,154,520.98	2,276,000.00	994,432,086.15	1,016,584,000.00	1,014,428,131.35	1,014,428,131.35	19,996,045.20
01-Jun-99	2,276,000.00	0.00	783,285.55	3,937,806.53	0.00	994,432,086.15	1,016,584,000.00	1,014,428,131.35	1,014,428,131.35	19,996,045.20
25-Jun-99	0.00	0.00	156,657.11	1,630,297.49	4,094,463.64	991,859,883.16	1,013,584,000.00	1,011,428,131.35	1,011,428,131.35	19,996,045.20
30-Jun-99	6,666,666.63	0.00	3,906,297.49	1,630,297.49	2,276,000.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	1,011,428,131.35	19,996,045.20
01-Jul-99	2,276,000.00	0.00	781,259.50	2,411,556.99	0.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	1,011,428,131.35	19,996,045.20
26-Jul-99	0.00	0.00	312,503.80	224,060.79	2,500,000.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	1,011,428,131.35	19,996,045.20
31-Jul-99	2,500,000.00	0.00	2,187,526.59	2,411,587.38	0.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	1,011,428,131.35	19,996,045.20
02-Aug-99	0.00	0.00	1,406,267.09	1,541,854.47	2,276,000.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	1,012,008,833.55	20,148,950.39
16-Aug-99	2,276,000.00	0.00	937,511.40	2,479,365.87	0.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	1,012,008,833.55	20,148,950.39
25-Aug-99	0.00	0.00	156,251.90	1,356,177.77	2,500,000.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	1,012,008,833.55	20,148,950.39
31-Aug-99	2,500,000.00	0.00	3,593,793.69	1,453,411.46	2,276,000.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	1,012,008,833.55	20,148,950.39
01-Sep-99	2,276,000.00	0.00	937,511.40	2,390,922.86	0.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	1,012,008,833.55	20,148,950.39
24-Sep-99	12,500,000.00	0.00	156,251.90	1,436,415.73	2,547,174.76	991,859,883.16	1,013,584,000.00	1,009,009,833.55	1,009,009,833.55	20,148,950.39
30-Sep-99	2,276,000.00	0.00	3,712,415.73	1,436,415.73	2,276,000.00	991,859,883.16	1,013,584,000.00	1,009,009,833.55	1,009,009,833.55	20,148,950.39
01-Oct-99	0.00	0.00	928,103.93	2,364,519.66	0.00	991,859,883.16	1,013,584,000.00	1,009,009,833.55	1,009,009,833.55	20,148,950.39
31-Oct-99	2,500,000.00	0.00	154,683.99	19,203.65	2,500,000.00	991,859,883.16	1,013,584,000.00	1,009,009,833.55	1,009,009,833.55	20,148,950.39
15-Nov-99	631,927.17	0.00	2,165,575.84	2,184,779.49	0.00	991,859,883.16	1,013,584,000.00	1,008,377,906.38	1,008,377,906.38	27,102,775.63
25-Nov-99	2,276,000.00	0.00	1,545,844.38	1,454,623.87	2,276,000.00	991,859,883.16	1,013,584,000.00	1,008,377,906.38	1,008,377,906.38	27,102,775.63
30-Nov-99	0.00	0.00	772,922.19	2,227,546.06	0.00	991,859,883.16	1,013,584,000.00	1,008,377,906.38	1,008,377,906.38	27,102,775.63
01-Dec-99	2,500,000.00	0.00	117,869.50	154,584.44	2,382,130.50	991,859,883.16	1,013,584,000.00	1,008,377,906.38	1,008,377,906.38	27,102,775.63
27-Dec-99	2,276,000.00	0.00	4,018,712.62	1,742,712.62	2,276,000.00	991,859,883.16	1,013,584,000.00	1,008,377,906.38	1,008,377,906.38	27,220,645.13
31-Dec-99	0.00	0.00	618,263.48	2,360,976.10	0.00	991,859,883.16	1,013,584,000.00	1,008,377,906.38	1,008,377,906.38	27,220,645.13
03-Jan-00	2,500,000.00	0.00	462,430.68	2,500,000.00	2,500,000.00	991,859,883.16	1,008,085,000.00	1,005,877,906.38	1,005,877,906.38	24,397,238.35

Attachment for Response to KIUC 1-1
Witness Billie J. Richert

RUS SERIES A NOTE

Big Rivers Electric Corporation

2010 Actual - July 2010

Prepared January 4, 2010

No Interest on July 17, 1998.

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% INTEREST	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
25-Sep-01	552,333.33	0.00	3,533,215.03	9,958,756.02	552,333.33	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37	
30-Sep-01	0.00	0.00	706,643.01	10,665,399.03	0.00	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37	
01-Oct-01	7,500,000.00	55,738.00	141,328.60	0.00	7,444,262.00	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74	
25-Oct-01	552,333.33	0.00	3,404,388.58	2,852,055.25	552,333.33	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74	
31-Oct-01	0.00	0.00	851,097.14	3,703,152.39	0.00	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74	
15-Nov-01	0.00	0.00	2,127,742.86	5,830,895.25	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88	
28-Nov-01	552,333.33	0.00	1,560,344.76	6,838,906.68	552,333.33	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88	
30-Nov-01	0.00	0.00	7,406,304.78	7,406,304.78	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88	
26-Dec-01	552,333.33	0.00	3,688,087.63	10,542,059.08	552,333.33	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88	
31-Dec-01	0.00	0.00	709,247.62	11,251,306.70	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88	
02-Jan-02	50,000,000.00	38,464,984.25	283,689.05	0.00	11,535,003.75	861,971,115.09	921,087,000.00	917,575,751.22	55,604,636.13	
25-Jan-02	552,333.33	0.00	3,123,169.31	2,570,835.98	552,333.33	861,971,115.09	921,087,000.00	917,575,751.22	55,604,636.13	
31-Jan-02	0.00	0.00	814,739.82	3,385,575.80	0.00	861,971,115.09	921,087,000.00	917,575,751.22	55,604,636.13	
15-Feb-02	0.00	0.00	2,036,849.55	5,422,425.35	0.00	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72	
25-Feb-02	535,333.33	0.00	1,357,899.70	6,244,991.72	535,333.33	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72	
28-Feb-02	0.00	0.00	407,369.91	6,652,361.63	0.00	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72	
25-Mar-02	535,333.33	0.00	3,394,749.25	9,511,777.55	535,333.33	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72	
31-Mar-02	0.00	0.00	814,739.82	10,326,517.37	0.00	861,971,115.09	921,087,000.00	917,595,745.81	55,624,630.72	
01-Apr-02	15,000,000.00	4,537,692.66	135,789.97	0.00	10,462,307.34	857,433,422.43	920,587,000.00	917,095,745.81	59,662,323.38	
25-Apr-02	535,333.33	0.00	3,241,803.08	2,706,469.75	535,333.33	857,433,422.43	920,587,000.00	917,095,745.81	59,662,323.38	
30-Apr-02	0.00	0.00	675,375.64	3,381,845.39	0.00	857,433,422.43	920,587,000.00	917,095,745.81	59,662,323.38	
15-May-02	0.00	0.00	2,026,126.92	5,407,972.31	0.00	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93	
24-May-02	535,333.33	0.00	1,215,676.15	6,088,315.13	535,333.33	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93	
31-May-02	0.00	0.00	945,525.90	7,033,841.03	0.00	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93	
25-Jun-02	535,333.33	0.00	3,376,878.20	9,875,385.90	535,333.33	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93	
30-Jun-02	0.00	0.00	675,375.64	10,550,761.54	0.00	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93	
01-Jul-02	14,000,000.00	3,314,163.33	135,075.12	0.00	10,685,836.67	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26	
25-Jul-02	535,333.33	0.00	3,229,272.82	2,693,939.45	535,333.33	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26	
31-Jul-02	0.00	0.00	807,318.20	3,501,257.65	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26	
15-Aug-02	0.00	0.00	2,018,295.51	5,519,553.16	0.00	854,119,259.10	920,087,000.00	920,087,000.00	65,967,740.90	
23-Aug-02	118,666.66	0.00	1,076,424.27	6,477,310.77	118,666.66	854,119,259.10	920,087,000.00	920,087,000.00	65,967,740.90	
31-Aug-02	0.00	0.00	1,076,424.27	7,553,735.04	0.00	854,119,259.10	920,087,000.00	920,087,000.00	65,967,740.90	
25-Sep-02	118,666.66	0.00	3,363,825.85	10,798,894.23	118,666.66	854,119,259.10	920,087,000.00	920,087,000.00	65,967,740.90	
30-Sep-02	0.00	0.00	672,765.17	11,471,659.40	0.00	854,119,259.10	920,087,000.00	920,087,000.00	65,967,740.90	
01-Oct-02	12,000,000.00	393,787.57	134,553.03	0.00	11,606,212.43	853,725,471.53	914,587,000.00	914,587,000.00	60,861,528.47	
25-Oct-02	118,666.66	0.00	3,227,783.97	3,109,117.31	118,666.66	853,725,471.53	914,587,000.00	914,587,000.00	60,861,528.47	
31-Oct-02	0.00	0.00	806,945.99	3,916,063.30	0.00	853,725,471.53	914,587,000.00	914,587,000.00	60,861,528.47	
15-Nov-02	1,236,467.21	1,236,467.21	2,017,364.98	5,933,428.28	0.00	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47	
25-Nov-02	118,666.66	0.00	1,342,962.13	7,157,237.75	118,666.66	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47	
30-Nov-02	0.00	0.00	671,481.07	7,829,204.82	0.00	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47	
23-Dec-02	118,666.66	0.00	3,088,812.90	10,799,351.06	118,666.66	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47	
31-Dec-02	0.00	0.00	1,074,369.70	11,873,720.76	0.00	852,489,004.32	914,587,000.00	913,350,532.79	60,861,528.47	
02-Jan-03	11,000,000.00	53,038.00	268,592.43	0.00	10,946,962.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
24-Jan-03	118,666.66	0.00	2,958,475.66	2,839,809.00	118,666.66	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
31-Jan-03	0.00	0.00	941,333.17	3,781,142.17	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
18-Feb-03	0.00	0.00	2,420,571.00	6,201,713.17	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
25-Feb-03	0.00	0.00	941,333.17	7,143,046.34	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
28-Feb-03	0.00	0.00	403,428.50	7,546,474.84	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
25-Mar-03	0.00	0.00	3,361,904.16	10,908,379.00	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
31-Mar-03	0.00	0.00	806,857.00	11,715,236.00	0.00	853,631,317.51	914,587,000.00	913,350,532.79	59,719,215.28	
01-Apr-03	20,000,000.00	8,150,287.83	134,476.17	0.00	11,849,712.17	845,481,029.68	914,587,000.00	913,350,532.79	67,888,638.97	
25-Apr-03	0.00	0.00	3,196,613.21	3,196,613.21	0.00	845,481,029.68	914,587,000.00	913,350,532.79	67,888,638.97	
30-Apr-03	0.00	0.00	665,961.09	3,862,574.30	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32	
15-May-03	0.00	0.00	1,997,883.26	5,860,457.56	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32	
26-May-03	0.00	0.00	1,465,114.39	7,325,571.95	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32	
31-May-03	0.00	0.00	665,961.09	7,991,533.04	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32	
25-Jun-03	0.00	0.00	3,329,805.43	11,321,338.47	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32	
30-Jun-03	0.00	0.00	665,961.09	11,987,299.56	0.00	845,481,029.68	914,587,000.00	914,587,000.00	69,105,970.32	
01-Jul-03	15,000,000.00	2,879,508.22	133,192.22	0.00	12,120,491.78	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54	

Act as Witness for Response to KIUC 1-1
Witness: Billie J. Richert

RUS SERIES A NOTE

Big Rivers Electric Corporation

2010 Actual - July 2010

Prepared January 4, 2010

No Interest on July 17, 1998.

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
25-Jul-03	0.00	0.00	0.00	3,185,726.30	3,185,726.30	0.00	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
31-Jul-03	0.00	0.00	0.00	3,982,157.88	3,982,157.88	0.00	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
15-Aug-03	2,955,599.42	2,955,599.42	1,991,078.94	5,973,236.82	5,973,236.82	0.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
25-Aug-03	1,448,000.00	0.00	1,322,729.88	5,847,966.70	1,448,000.00	1,448,000.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
31-Aug-03	0.00	0.00	793,637.93	6,641,604.63	0.00	1,448,000.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
25-Sep-03	1,448,000.00	0.00	3,306,824.69	8,500,429.32	1,448,000.00	1,448,000.00	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
30-Sep-03	0.00	0.00	661,364.94	9,161,794.26	0.00	9,294,067.25	839,645,922.04	914,587,000.00	911,631,400.58	71,985,478.54
01-Oct-03	23,000,000.00	13,705,932.75	132,272.99	0.00	1,448,000.00	1,448,000.00	825,939,989.29	909,587,000.00	906,631,400.58	80,691,411.29
27-Oct-03	1,448,000.00	0.00	3,382,959.68	1,934,959.68	1,448,000.00	1,448,000.00	825,939,989.29	909,587,000.00	906,631,400.58	80,691,411.29
31-Oct-03	0.00	0.00	520,455.34	2,455,415.02	0.00	0.00	825,939,989.29	909,587,000.00	906,631,400.58	80,691,411.29
17-Nov-03	1,235,189.90	1,235,189.90	2,211,935.18	4,667,350.20	1,448,000.00	1,448,000.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
25-Nov-03	1,448,000.00	0.00	1,039,353.99	4,256,704.19	1,448,000.00	1,448,000.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
30-Nov-03	0.00	0.00	649,596.25	4,908,300.44	0.00	0.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
23-Dec-03	1,448,000.00	0.00	2,988,142.73	6,448,443.17	1,448,000.00	1,448,000.00	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
31-Dec-03	0.00	0.00	1,039,353.99	7,487,797.16	0.00	7,487,797.16	824,704,799.39	909,587,000.00	905,396,210.68	80,691,411.29
02-Jan-04	15,000,000.00	7,253,074.28	259,128.56	0.00	0.00	7,487,797.16	817,451,725.11	906,588,000.00	902,397,210.68	84,945,485.57
23-Jan-04	1,448,000.00	0.00	2,696,920.65	1,248,920.65	1,448,000.00	1,448,000.00	817,451,725.11	906,588,000.00	902,397,210.68	84,945,485.57
31-Jan-04	0.00	0.00	1,027,398.34	2,276,318.99	0.00	0.00	817,451,725.11	906,588,000.00	902,397,210.68	84,945,485.57
17-Feb-04	0.00	0.00	2,183,221.48	4,459,540.47	0.00	0.00	817,451,725.11	906,588,000.00	906,588,000.00	89,136,274.89
25-Feb-04	1,423,000.00	0.00	1,027,398.34	4,063,938.81	1,423,000.00	1,423,000.00	817,451,725.11	906,588,000.00	906,588,000.00	89,136,274.89
29-Feb-04	0.00	0.00	513,699.17	4,577,637.98	0.00	0.00	817,451,725.11	906,588,000.00	906,588,000.00	89,136,274.89
02-Mar-04	895,665.60	895,665.60	256,849.59	4,834,487.57	0.00	0.00	816,556,059.51	906,588,000.00	906,588,000.00	90,031,940.49
25-Mar-04	1,423,000.00	0.00	2,950,533.85	6,362,021.42	1,423,000.00	1,423,000.00	816,556,059.51	906,588,000.00	906,588,000.00	90,031,940.49
31-Mar-04	0.00	0.00	769,704.48	7,131,725.90	0.00	0.00	816,556,059.51	906,588,000.00	906,588,000.00	90,031,940.49
01-Apr-04	0.00	0.00	126,284.08	0.00	0.00	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
23-Apr-04	1,423,000.00	0.00	2,847,342.43	1,424,342.43	1,423,000.00	1,423,000.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
30-Apr-04	0.00	0.00	905,972.59	2,330,315.02	0.00	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
17-May-04	0.00	0.00	2,200,219.15	4,530,534.17	0.00	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
25-May-04	1,423,000.00	0.00	1,035,397.25	4,142,931.42	1,423,000.00	1,423,000.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
31-May-04	0.00	0.00	776,547.93	4,919,479.35	0.00	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
25-Jun-04	1,423,000.00	0.00	3,235,616.39	6,732,095.74	1,423,000.00	1,423,000.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
30-Jun-04	0.00	0.00	647,123.28	7,379,219.02	0.00	0.00	823,816,069.49	903,588,000.00	903,588,000.00	79,771,930.51
01-Jul-04	0.00	0.00	129,424.66	0.00	0.00	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
23-Jul-04	1,423,000.00	0.00	2,873,294.43	1,450,294.43	1,423,000.00	1,423,000.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
31-Jul-04	0.00	0.00	1,044,834.34	2,495,128.77	0.00	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
16-Aug-04	0.00	0.00	2,089,668.68	4,584,797.45	0.00	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
25-Aug-04	1,423,000.00	0.00	1,175,438.63	4,337,236.08	1,423,000.00	1,423,000.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
31-Aug-04	0.00	0.00	783,625.75	5,120,861.83	0.00	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
24-Sep-04	1,423,000.00	0.00	3,134,503.02	6,832,364.85	1,423,000.00	1,423,000.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
30-Sep-04	0.00	0.00	783,625.75	7,615,990.60	0.00	0.00	831,324,713.17	900,589,000.00	900,589,000.00	69,264,286.83
01-Oct-04	0.00	0.00	130,604.29	0.00	0.00	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
25-Oct-04	1,423,000.00	0.00	3,163,711.49	1,740,711.49	1,423,000.00	1,423,000.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
31-Oct-04	0.00	0.00	790,927.87	2,531,639.36	0.00	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
15-Nov-04	0.00	0.00	1,977,319.68	4,508,959.04	0.00	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
23-Nov-04	1,423,000.00	0.00	1,054,570.50	4,140,529.54	1,423,000.00	1,423,000.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
30-Nov-04	0.00	0.00	922,749.18	5,063,278.72	0.00	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
22-Dec-04	1,423,000.00	0.00	2,900,068.67	6,540,347.59	1,423,000.00	1,423,000.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
31-Dec-04	0.00	0.00	1,186,391.81	7,726,739.40	0.00	0.00	839,071,308.06	892,589,000.00	892,589,000.00	53,517,691.94
03-Jan-05	0.00	0.00	396,547.40	0.00	0.00	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
25-Jan-05	1,423,000.00	0.00	2,936,167.57	1,513,167.57	1,423,000.00	1,423,000.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
31-Jan-05	0.00	0.00	800,772.97	2,313,940.54	0.00	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
15-Feb-05	0.00	0.00	2,001,932.43	4,315,872.97	0.00	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
25-Feb-05	1,419,000.00	0.00	1,334,621.52	4,231,494.59	1,419,000.00	1,419,000.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
28-Feb-05	0.00	0.00	400,386.49	4,631,881.08	0.00	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
24-Mar-05	1,419,000.00	0.00	3,203,091.89	6,415,972.97	1,419,000.00	1,419,000.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
31-Mar-05	0.00	0.00	934,235.14	7,350,208.11	0.00	0.00	847,194,594.86	887,590,000.00	887,590,000.00	40,395,405.14
01-Apr-05	24,000,000.00	16,516,329.73	133,462.16	7,483,670.27	0.00	7,483,670.27	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87
25-Apr-05	1,419,000.00	0.00	3,140,646.59	1,721,646.59	1,419,000.00	1,419,000.00	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87
30-Apr-05	0.00	0.00	654,301.37	2,375,947.96	0.00	0.00	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87

Attest: _____
 Witness: _____
 Billie J. Richert
 1-1

RUS SERIES A NOTE

Big Rivers Electric Corporation
 2010 Actual - July 2010
 Prepared January 4, 2010
 No Interest on July 17, 1998.

0.00

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISSED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
16-May-05	16	365	0.00	2,093,764.39	4,468,712.35	0.00	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87
25-May-05	9	365	0.00	1,177,742.47	4,228,454.82	1,419,000.00	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87
31-May-05	6	365	0.00	785,161.65	5,013,616.47	0.00	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87
24-Jun-05	24	365	0.00	3,140,646.59	6,735,263.06	1,419,000.00	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87
30-Jun-05	6	365	0.00	785,161.65	7,520,424.71	0.00	830,678,265.13	882,591,000.00	882,591,000.00	51,912,734.87
01-Jul-05	1	365	0.00	130,860.27	7,651,284.98	7,651,284.98	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
25-Jul-05	24	365	0.00	3,105,300.76	1,686,300.76	1,419,000.00	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
31-Jul-05	6	365	0.00	776,325.19	2,462,625.95	0.00	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
15-Aug-05	15	365	0.00	1,940,812.98	4,403,438.93	0.00	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
25-Aug-05	10	365	0.00	1,293,875.32	4,278,314.25	1,419,000.00	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
31-Aug-05	6	365	0.00	776,325.19	5,054,639.44	0.00	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
23-Sep-05	23	365	0.00	2,975,913.23	6,611,552.67	1,419,000.00	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
30-Sep-05	7	365	0.00	905,712.72	7,517,265.39	0.00	821,329,550.11	877,591,000.00	877,591,000.00	56,261,449.89
03-Oct-05	3	365	0.00	388,162.60	0.00	7,905,427.99	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
25-Oct-05	22	365	0.00	2,815,006.16	1,396,006.16	1,419,000.00	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
31-Oct-05	6	365	0.00	767,728.95	2,163,735.11	0.00	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
15-Nov-05	15	365	0.00	1,919,322.38	4,083,057.49	0.00	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
23-Nov-05	8	365	0.00	1,023,638.60	3,687,696.09	1,419,000.00	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
30-Nov-05	7	365	0.00	895,683.78	4,583,379.87	0.00	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
22-Dec-05	22	365	0.00	2,815,006.16	5,979,386.03	1,419,000.00	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
31-Dec-05	9	365	0.00	1,151,593.43	7,130,979.46	0.00	812,234,978.10	867,592,000.00	867,592,000.00	55,357,021.90
03-Jan-06	3	365	10,485,156.06	383,864.48	0.00	7,514,843.94	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
25-Jan-06	22	365	0.00	2,778,667.19	1,359,667.19	1,419,000.00	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
31-Jan-06	6	365	0.00	757,818.32	2,117,485.51	0.00	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
15-Feb-06	15	365	0.00	1,894,545.81	4,012,031.32	0.00	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
24-Feb-06	9	365	0.00	1,136,727.49	3,738,758.81	1,410,000.00	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
28-Feb-06	4	365	0.00	505,212.22	4,243,971.03	0.00	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
24-Mar-06	24	365	0.00	3,031,273.30	5,865,244.33	1,410,000.00	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
31-Mar-06	7	365	0.00	884,121.38	6,749,365.71	0.00	801,749,822.04	861,593,000.00	861,593,000.00	59,843,177.96
03-Apr-06	3	365	19,000,000.00	378,908.16	0.00	7,128,274.87	789,878,096.91	855,594,000.00	855,594,000.00	65,715,903.09
25-Apr-06	22	365	0.00	2,737,522.72	1,327,522.72	1,410,000.00	789,878,096.91	855,594,000.00	855,594,000.00	65,715,903.09
30-Apr-06	5	365	0.00	622,164.25	1,949,686.97	0.00	789,878,096.91	855,594,000.00	855,594,000.00	65,715,903.09
15-May-06	15	365	553,604.42	1,866,492.76	3,816,179.73	0.00	789,324,492.49	855,594,000.00	855,594,000.00	65,715,903.09
25-May-06	10	365	1,410,000.00	1,243,456.39	3,649,636.12	1,410,000.00	789,324,492.49	855,594,000.00	855,594,000.00	65,715,903.09
31-May-06	6	365	0.00	746,073.84	4,395,709.96	0.00	789,324,492.49	855,594,000.00	855,594,000.00	65,715,903.09
23-Jun-06	23	365	1,410,000.00	2,859,949.70	5,845,659.66	1,410,000.00	789,324,492.49	855,594,000.00	855,594,000.00	65,715,903.09
30-Jun-06	7	365	0.00	870,419.47	6,716,079.13	0.00	789,324,492.49	855,594,000.00	855,594,000.00	65,715,903.09
03-Jul-06	3	365	0.00	373,036.92	0.00	0.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
25-Jul-06	22	365	0.00	2,760,173.19	1,350,173.19	1,410,000.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
31-Jul-06	6	365	0.00	752,774.51	2,102,947.70	0.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
15-Aug-06	15	365	0.00	1,881,936.27	3,984,883.97	0.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
25-Aug-06	10	365	1,410,000.00	1,254,624.18	3,829,508.15	1,410,000.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
31-Aug-06	6	365	0.00	752,774.51	4,582,282.66	0.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
25-Sep-06	25	365	1,410,000.00	3,136,560.44	6,308,843.10	1,410,000.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
30-Sep-06	5	365	0.00	627,312.09	6,936,155.19	0.00	796,413,608.54	849,595,000.00	849,595,000.00	52,627,787.04
02-Oct-06	2	365	0.00	250,924.84	0.00	0.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
25-Oct-06	3	365	1,410,000.00	2,911,676.47	1,501,676.47	1,410,000.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
31-Oct-06	6	365	0.00	759,567.77	2,261,244.24	0.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
15-Nov-06	15	365	0.00	1,898,919.44	4,160,163.68	0.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
22-Nov-06	7	365	1,410,000.00	886,162.40	3,636,326.08	1,410,000.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
30-Nov-06	8	365	0.00	1,012,757.03	4,649,083.11	0.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
21-Dec-06	11	365	1,410,000.00	2,658,487.21	5,897,570.32	1,410,000.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
31-Dec-06	12	365	0.00	1,265,946.29	7,163,516.61	0.00	803,600,688.57	838,596,000.00	838,596,000.00	34,995,311.43
02-Jan-07	2	365	0.00	253,189.26	0.00	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
25-Jan-07	3	365	1,410,000.00	2,938,549.33	1,528,549.33	1,410,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
31-Jan-07	6	365	0.00	766,578.09	2,295,127.42	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
15-Feb-07	15	365	0.00	1,916,445.21	4,211,572.63	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
23-Feb-07	6	365	1,418,000.00	1,022,104.11	3,815,676.74	1,418,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
28-Feb-07	5	365	0.00	638,815.07	4,454,491.81	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56

Attachment for Responses to
 Witness Bill J. Richert
 2/26/07

RUS SERIES A NOTE

Big Rivers Electric Corporation

2010 Actual - July 2010

Prepared January 4, 2010

No Interest on July 17, 1998.

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
23-Mar-07	1,418,000.00	0.00	2,938,549.33	5,975,041.14	1,418,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56	
31-Mar-07	0.00	0.00	1,022,104.11	6,997,145.25	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56	
02-Apr-07	0.00	0.00	255,526.03	0.00	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
25-Apr-07	1,418,000.00	0.00	2,964,827.84	1,546,827.84	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
30-Apr-07	0.00	0.00	644,527.79	2,191,355.63	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
15-May-07	0.00	0.00	1,933,583.37	4,124,939.00	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
25-May-07	1,418,000.00	0.00	1,289,055.58	3,995,994.58	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
31-May-07	0.00	0.00	773,433.35	4,769,427.93	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
25-Jun-07	1,418,000.00	0.00	3,222,638.96	6,574,066.89	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
30-Jun-07	0.00	0.00	644,527.79	7,218,594.68	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28	
02-Jul-07	6,647,471.52	0.00	2,578,111.12	1,549,831.31	6,647,471.52	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
25-Jul-07	1,418,000.00	0.00	2,967,831.31	2,324,048.17	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
31-Jul-07	0.00	0.00	774,216.86	4,259,590.33	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
15-Aug-07	0.00	0.00	1,935,542.16	4,002,915.62	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
24-Aug-07	1,418,000.00	0.00	1,161,325.29	4,906,168.63	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
31-Aug-07	0.00	0.00	903,253.01	6,714,072.23	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
25-Sep-07	1,418,000.00	0.00	3,225,903.60	7,359,252.95	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
30-Sep-07	0.00	0.00	645,180.72	129,036.14	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00	
01-Oct-07	19,031,506.09	11,543,217.00	129,036.14	1,635,224.60	7,488,289.09	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
25-Oct-07	1,418,000.00	0.00	3,053,224.60	2,398,530.75	1,418,000.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
31-Oct-07	0.00	0.00	763,306.15	4,306,796.13	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
15-Nov-07	0.00	0.00	1,908,265.38	3,652,102.28	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
24-Nov-07	1,418,000.00	0.00	763,306.15	4,465,628.98	1,418,000.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
31-Nov-07	0.00	0.00	1,144,959.23	4,797,061.51	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
30-Dec-07	1,418,000.00	0.00	2,671,571.53	6,050,633.04	1,418,000.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
31-Dec-07	0.00	0.00	1,272,176.92	7,322,809.96	0.00	807,555,783.00	807,600,000.00	807,600,000.00	44,217.00	
02-Jan-08	16,118,776.17	8,542,226.00	253,740.21	1,469,145.98	7,576,550.17	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
25-Jan-08	1,418,000.00	0.00	2,887,145.98	2,222,314.50	1,418,000.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
31-Jan-08	0.00	0.00	753,168.52	4,105,235.79	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
15-Feb-08	0.00	0.00	1,892,921.29	3,963,516.65	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
25-Feb-08	1,397,000.00	0.00	1,255,280.86	6,206,831.14	1,397,000.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
29-Feb-08	0.00	0.00	502,112.34	6,959,999.66	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
25-Mar-08	1,397,000.00	0.00	3,138,202.15	1,583,470.93	1,397,000.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
31-Mar-08	0.00	0.00	753,168.52	2,204,402.37	0.00	799,013,557.00	799,101,000.00	799,101,000.00	87,443.00	
01-Apr-08	15,626,359.75	8,540,832.00	125,528.09	4,067,196.70	7,085,527.75	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
25-Apr-08	1,397,000.00	0.00	2,980,470.93	2,204,402.37	1,397,000.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
30-Apr-08	0.00	0.00	620,931.44	4,657,177.32	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
15-May-08	0.00	0.00	1,862,784.33	6,364,834.54	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
23-May-08	1,397,000.00	0.00	993,490.31	6,985,765.98	1,397,000.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
31-May-08	0.00	0.00	983,490.31	1,551,266.04	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
25-Jun-08	1,397,000.00	0.00	3,104,657.22	2,288,332.55	1,397,000.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
30-Jun-08	0.00	0.00	620,931.44	4,130,998.83	0.00	790,472,725.00	790,602,000.00	790,602,000.00	129,275.00	
01-Jul-08	15,651,249.27	8,541,297.00	124,186.29	3,962,443.01	7,109,952.27	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
25-Jul-08	1,397,000.00	0.00	2,948,266.04	6,373,619.98	1,397,000.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
31-Jul-08	0.00	0.00	737,066.51	6,987,842.07	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
15-Aug-08	0.00	0.00	1,842,666.28	1,379,493.60	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
25-Aug-08	1,397,000.00	0.00	1,228,444.18	2,224,513.39	1,397,000.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
31-Aug-08	0.00	0.00	737,066.51	4,276,704.31	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
25-Sep-08	1,397,000.00	0.00	3,071,110.46	3,845,441.21	1,397,000.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
30-Sep-08	0.00	0.00	614,222.09	6,794,257.27	0.00	781,931,428.00	782,103,000.00	782,103,000.00	171,572.00	
01-Oct-08	20,651,448.49	13,540,762.00	122,844.42	1,379,493.60	7,110,668.49	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
24-Oct-08	1,397,000.00	0.00	2,776,493.60	2,224,513.39	1,397,000.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
31-Oct-08	0.00	0.00	845,019.79	4,276,704.31	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
17-Nov-08	0.00	0.00	2,052,190.92	3,845,441.21	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
25-Nov-08	1,397,000.00	0.00	985,736.90	6,03,585.56	1,397,000.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
30-Nov-08	0.00	0.00	603,585.56	4,449,026.77	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
23-Dec-08	1,397,000.00	0.00	2,776,493.60	5,828,520.37	1,397,000.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
31-Dec-08	0.00	0.00	985,736.90	6,794,257.27	0.00	768,390,666.00	768,605,000.00	768,605,000.00	214,334.00	
02-Jan-09	15,576,616.96	8,540,264.00	242,095.69	7,036,352.96	7,036,352.96	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00	

Attachment to Response to KIUC 1-1
 Witness: Billie J. Robert

RUS SERIES A NOTE

Big Rivers Electric Corporation

2010 Actual - July 2010

Prepared January 4, 2010

No Interest on July 17, 1998.

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
23-Jan-09	1,397,000.00	0.00	2,513,751.67	1,116,751.67	1,397,000.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
31-Jan-09	0.00	0.00	957,619.68	2,074,371.35	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
16-Feb-09	0.00	0.00	1,915,239.37	3,989,610.72	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
25-Feb-09	1,384,000.00	0.00	1,077,322.15	3,682,932.87	1,384,000.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
28-Feb-09	0.00	0.00	359,107.38	4,042,040.25	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
25-Mar-09	1,384,000.00	0.00	2,992,561.51	5,650,601.76	1,384,000.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
31-Mar-09	0.00	0.00	718,214.76	6,368,816.52	0.00	759,850,402.00	760,106,000.00	760,106,000.00	255,598.00
01-Apr-09	15,027,007.97	8,538,489.00	119,702.45	0.00	6,488,518.97	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
24-Apr-09	1,384,000.00	0.00	2,722,219.19	1,338,219.19	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
30-Apr-09	0.00	0.00	710,144.14	2,048,363.33	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
15-May-09	0.00	0.00	1,775,360.34	3,823,723.67	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
25-May-09	1,384,000.00	0.00	1,193,573.56	3,623,297.23	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
31-May-09	0.00	0.00	710,144.14	4,333,441.37	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
25-Jun-09	1,384,000.00	0.00	2,958,933.90	5,908,375.27	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
30-Jun-09	0.00	0.00	591,786.78	6,500,162.05	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
01-Jul-09	15,156,896.41	8,538,377.00	118,357.36	0.00	6,618,519.41	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
16-Jul-09	141,955,184.04	140,200,000.00	1,755,184.04	0.00	1,755,184.04	602,573,536.00	602,573,536.00	602,573,536.00	0.00
31-Jul-09	0.00	0.00	1,423,889.52	1,423,889.52	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
17-Aug-09	0.00	0.00	1,613,741.46	3,037,630.98	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
25-Aug-09	0.00	0.00	759,407.74	3,797,038.72	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
31-Aug-09	0.00	0.00	569,555.81	4,366,594.53	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
25-Sep-09	0.00	0.00	2,373,149.20	6,739,743.73	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
30-Sep-09	0.00	0.00	474,629.84	7,214,373.57	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
01-Oct-09	10,420,835.54	3,111,536.00	94,925.97	0.00	7,309,295.54	599,462,000.00	599,462,000.00	599,462,000.00	0.00
23-Oct-09	0.00	0.00	2,077,587.48	2,077,587.48	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
31-Oct-09	0.00	0.00	755,486.36	2,833,073.84	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
16-Nov-09	0.00	0.00	1,510,972.71	4,344,046.55	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
25-Nov-09	0.00	0.00	849,922.15	5,193,968.70	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
30-Nov-09	0.00	0.00	472,178.97	5,666,147.67	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
23-Dec-09	0.00	0.00	2,172,023.27	7,838,170.94	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
31-Dec-09	0.00	0.00	755,486.36	8,593,657.30	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
04-Jan-10	30,000,000.00	21,028,599.52	377,743.18	0.00	8,971,400.48	578,433,400.48	586,257,000.00	586,257,000.00	17,823,599.52
25-Jan-10	0.00	0.00	1,913,584.47	1,913,584.47	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
31-Jan-10	0.00	0.00	546,738.42	2,460,322.89	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
15-Feb-10	0.00	0.00	1,366,846.05	3,827,168.94	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
25-Feb-10	0.00	0.00	911,230.70	4,738,399.64	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
28-Feb-10	0.00	0.00	273,369.21	5,011,768.85	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
25-Mar-10	0.00	0.00	2,278,076.75	7,289,845.60	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
31-Mar-10	0.00	0.00	546,738.42	7,836,584.02	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
01-Apr-10	12,072,292.91	0.00	91,123.07	0.00	7,927,707.09	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
23-Apr-10	0.00	0.00	1,962,867.95	1,962,867.95	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
30-Apr-10	0.00	0.00	624,548.89	2,587,416.84	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
17-May-10	0.00	0.00	1,516,761.60	4,104,178.44	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
25-May-10	0.00	0.00	713,770.16	4,817,948.60	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
31-May-10	0.00	0.00	535,327.62	5,353,276.22	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
25-Jun-10	0.00	0.00	2,230,531.76	7,583,807.98	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
30-Jun-10	0.00	0.00	446,106.35	8,029,914.33	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
01-Jul-10	10,000,000.00	0.00	89,221.27	0.00	8,119,135.60	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
23-Jul-10	0.00	0.00	1,956,349.34	1,956,349.34	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
31-Jul-10	0.00	0.00	711,399.76	2,667,749.10	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
16-Aug-10	0.00	0.00	1,422,799.52	4,090,548.62	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
25-Aug-10	0.00	0.00	800,324.73	4,890,873.35	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
31-Aug-10	0.00	0.00	533,549.82	5,424,423.17	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
24-Sep-10	0.00	0.00	2,134,199.28	7,558,622.45	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
30-Sep-10	0.00	0.00	533,549.82	8,092,172.27	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
01-Oct-10	11,600,000.00	3,418,902.76	88,924.82	0.00	8,181,097.24	561,061,340.41	584,920,000.00	584,920,000.00	24,085,756.83
25-Oct-10	0.00	0.00	2,121,273.01	2,121,273.01	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
31-Oct-10	0.00	0.00	530,318.25	2,651,591.26	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
15-Nov-10	0.00	0.00	1,325,795.63	3,977,386.89	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
24-Nov-10	0.00	0.00	795,477.38	4,772,864.27	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59

Attachment for Response to KIUC 1-1
 With Biller J. McRobert

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% INTEREST	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
30-Nov-10	0.00	0.00	530,318.25	5,303,182.52	0.00	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
23-Dec-10	0.00	0.00	2,032,866.64	7,336,069.16	0.00	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
31-Dec-10	0.00	0.00	707,091.00	8,043,160.16	0.00	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
03-Jan-11	0.00	0.00	265,159.13	0.00	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
25-Jan-11	0.00	0.00	1,973,294.85	1,973,294.85	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
31-Jan-11	0.00	0.00	538,171.32	2,511,466.17	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
15-Feb-11	0.00	0.00	1,345,428.31	3,856,894.48	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
25-Feb-11	0.00	0.00	896,952.20	4,753,846.68	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
28-Feb-11	0.00	0.00	269,085.66	5,022,932.34	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
25-Mar-11	0.00	0.00	2,242,380.51	7,265,312.85	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
31-Mar-11	0.00	0.00	538,171.32	7,803,484.17	0.00	0.00	569,369,659.70	581,405,000.00	581,405,000.00	12,035,340.30
01-Apr-11	35,451,994.51	27,558,815.12	89,695.22	0.00	7,893,179.39	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
25-Apr-11	0.00	0.00	2,048,490.32	2,048,490.32	0.00	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
30-Apr-11	0.00	0.00	426,768.82	2,475,259.14	0.00	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
16-May-11	0.00	0.00	1,365,660.21	3,840,919.35	0.00	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
25-May-11	0.00	0.00	768,183.87	4,609,103.22	0.00	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
31-May-11	0.00	0.00	512,122.58	5,121,225.80	0.00	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
24-Jun-11	0.00	0.00	2,048,490.32	7,169,716.12	0.00	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
30-Jun-11	0.00	0.00	512,122.58	7,681,838.70	0.00	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
01-Jul-11	11,190,037.04	3,422,844.58	85,353.76	0.00	7,767,192.46	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
25-Jul-11	0.00	0.00	2,035,549.15	2,035,549.15	0.00	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
31-Jul-11	0.00	0.00	508,887.29	2,544,436.44	0.00	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
15-Aug-11	0.00	0.00	1,272,216.22	3,816,654.66	0.00	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
25-Aug-11	0.00	0.00	848,145.48	4,664,800.14	0.00	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
31-Aug-11	0.00	0.00	508,887.29	5,173,687.43	0.00	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
23-Sep-11	0.00	0.00	1,950,734.60	7,124,422.03	0.00	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
30-Sep-11	0.00	0.00	593,701.84	7,718,123.87	0.00	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
03-Oct-11	23,168,399.36	15,195,831.85	254,443.64	0.00	7,972,567.51	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
25-Oct-11	0.00	0.00	1,813,255.05	1,813,255.05	0.00	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
31-Oct-11	0.00	0.00	494,524.10	2,307,779.15	0.00	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
15-Nov-11	0.00	0.00	1,236,310.26	3,544,089.41	0.00	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
23-Nov-11	0.00	0.00	659,365.47	4,203,454.88	0.00	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
30-Nov-11	0.00	0.00	576,944.79	4,780,399.67	0.00	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
23-Dec-11	0.00	0.00	1,895,675.73	6,676,075.40	0.00	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
31-Dec-11	0.00	0.00	659,365.47	7,335,440.87	0.00	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
02-Jan-12	0.00	0.00	164,390.98	0.00	7,499,831.85	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
25-Jan-12	0.00	0.00	1,917,596.09	1,917,596.09	0.00	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
31-Jan-12	0.00	0.00	500,242.46	2,417,838.55	0.00	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
15-Feb-12	0.00	0.00	1,250,606.15	3,668,444.70	0.00	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
29-Feb-12	0.00	0.00	1,167,232.40	4,835,677.10	0.00	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
31-Mar-12	0.00	0.00	2,584,586.04	7,420,263.14	0.00	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
02-Apr-12	11,676,010.63	4,089,000.00	166,747.49	0.00	7,587,010.63	0.00	526,603,000.00	561,603,000.00	561,603,000.00	35,000,000.00

Billie Richert

From: Mark Hite
Sent: Thursday, July 19, 2012 8:34 AM
To: Billie Richert
Cc: Mark Bailey
Subject: FW: Big Rivers
Attachments: Financing Document.pdf

Billie, related to another item we discussed, the RUS loan application, attached hereto is the so-called Financing Document obtained from the RUS in April 2012. It's being used as the template in preparing the RUS loan application for the permanent financing for the ECP capital expenditures, an RUS guaranteed FFB loan.

Mark A. Hite, CPA
VP Accounting & Interim CFO
Big Rivers Electric Corporation
201 Third St.
Henderson, KY 42420
270-827-2561 (corporate)
270-844-6149 (office)
270-577-6815 (mobile)
mhite@bigrivers.com

From: Vu, Victor - RD, Washington, DC [mailto:Victor.Vu@wdc.usda.gov]
Sent: Monday, April 09, 2012 9:22 AM
To: Mark Hite
Subject: RE: Big Rivers

Hi Mark,

Attached is our Financing Document to provide guidance in submitting a loan application to RUS Electric Program. If you have any questions, please contact me at your convenience.

Prior to any consideration for financing, I suggest Big Rivers arrange a meeting with RUS and OGC to discuss any requirements under the old debt restructure documents for becoming a RUS borrower again. I know it was before your time and mine, but OGC reminded me that most debt restructures may have some restrictions or requirements for returning to the Program. Perhaps your attorney(s) could look into it before a meeting.

Victor T. Vu | Director, Power Supply Division
Rural Development | Rural Utilities Service | Electric Program
U.S. Department of Agriculture
1400 Independence Ave., S.W., Room 0270-S | Washington, DC 20250-1568
Tel: 202-720-6436 | Cell: 202-365-7708 | Fax: 202-720-1401
www.rurdev.usda.gov/UEP_HomePage.html

"Committed to the future of rural communities"

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Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 25 of 256

From: Mark Hite [mailto:Mark.Hite@bigrivers.com]
Sent: Tuesday, April 03, 2012 1:42 PM
To: Vu, Victor - RD, Washington, DC
Subject: Big Rivers

Was good to see you on March 20, 2012, and having the opportunity to discuss the possibility of RUS financing the approximately \$283.49 million of capital expenditures associated with Big Rivers 2012 environmental compliance plan (ECP) for complying with CSAPR and MATS. As discussed with you, Big Rivers did file its ECP with the Kentucky Public Service Commission yesterday, April 2, 2012. Big Rivers hasn't borrowed any new monies in approximately 30 years. You indicated during our March 20, 2012, meeting and discussion that the you would provide Big Rivers comprehensive documents that itemized the RUS FFB loan application process. Might I refer to this as an all-inclusive checklist, the purpose of which would be to assist Big Rivers in preparing a loan application.

Any direction/guidance you can provide regarding completing the loan application would be most appreciated.

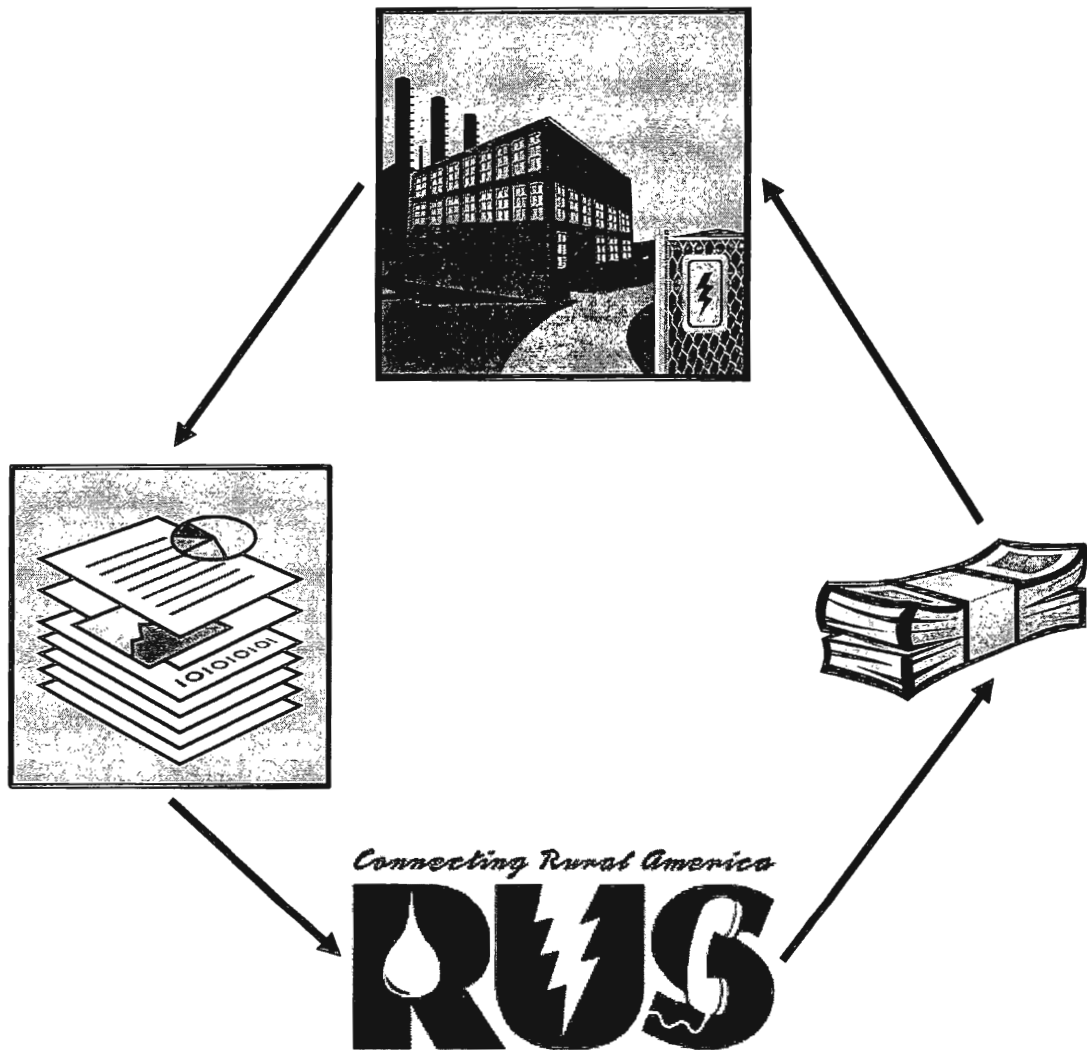
Thank you,
Mark

Mark A. Hite, CPA
VP Accounting & Interim CFO
Big Rivers Electric Corporation
201 Third St.
Henderson, KY 42420
270-827-2561 (corporate)
270-844-6149 (office)
270-577-6815 (mobile)
812-853-0405 (home)
mhite@bigrivers.com

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Financing Document Loan Application Package



*A consolidated package
to obtain RUS financing*

FINANCING DOCUMENT – LOAN APPLICATION PACKAGE

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PART 1 – GENERAL

I. INSTRUCTIONS

A power supply applicant is eligible for a municipal rate (uncapped) loan (loan) and/or a loan guarantee (loan guarantee). This type of applicant is not eligible for a hardship loan, municipal rate (capped) loan, or a Treasury loan due to Rural Utilities Service's (RUS) regulations and policies.

Three hard copy sets of the Financing Document – Loan Application Package (Financing Document) should be submitted to the RUS. One of the three sets must contain original documents, signatures and corporate seals. The set containing the original documents, signatures and seals should be designated with the word "Original" on the first page of the Financing Document.

Please submit to RUS a CD containing the Financing Document along with the three copy sets. All material should be prepared using Microsoft Word and/or Excel.

Forms and other materials, if available on the RUS web page, can be located at <http://www.usda.gov/rus/electric/forms.htm>.

Some time may lapse between submittal of the Financing Document until consideration by the loan committee(s); therefore, RUS may ask for some updated material. Depending upon the complexity of the project(s) in the Financing Document or if a special purpose entity has been established, RUS may ask for additional information.

It is suggested that the Financing Document be submitted to RUS via Federal Express, UPS, etc. If sent in this manner, the street and room number must be used. If sent by regular mail, the street and stop number must be used.

II. DOCUMENT SUBMITTAL LETTER

Date _____

[Insert Director's Name – Current Director (Victor T. Vu)]
Director, Power Supply Division
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue S.W.
Stop 1568, Room 0270-S
Washington, DC 20250

RE: Application for Rural Utilities Service (RUS) *[Insert as appropriate: Municipal Rate (Uncapped) Loan (loan), and/or Loan Guarantee (loan guarantee)]*

Enclosed are three sets of the Financing Document - Loan Application Package (Financing Document) prepared in support of *[Insert: Name of Applicant]* *[Insert as appropriate: loan and/or loan guarantee]* application to RUS in the amount of *[Insert: Total loan and/or loan guarantee Amount]* for *[Insert: Brief Description of Projects]*.

The Financing Document summarizes the project(s) included in the *[Insert as appropriate: loan and/or loan guarantee]* application, provides the studies, analyses, and evaluations, along with a summary of each, as required by RUS regulations, policies and practices.

We understand that the Financing Document represents the overview document from which information will be presented by the Power Supply Division to the RUS loan committee(s) as part of the loan recommendation process.

Name & Title

Enclosure

III. FINANCING DOCUMENT COVER PAGE

FINANCING DOCUMENT - LOAN APPLICATION PACKAGE

[Name of Applicant]

Rural Utilities Service

[Insert One or Both of the Following, as Appropriate:]

RUS Municipal Uncapped Loan Application

[Insert RUS Loan Amount and RUS Percentage of Total Loan Amount]

[Insert Supplemental Lender's Name, Supplemental Loan Amount and Supplemental Percentage of Total Loan Amount]

and/or

Loan Guarantee Application

Federal Financing Bank (FFB)

[Insert FFB Loan Amount]

[Insert Number of Years] Loan Term

Financing Purposes: (From RUS Form 740c and RUS Form 740g)

[\$ Amount] (Distribution)

[\$ Amount] (Transmission)

[\$ Amount] (Generation)

[\$ Amount] (Headquarters)

[\$ Amount] (All Other)

IV. BOARD OF DIRECTORS, EXECUTIVES, LOAN CONTACTS

*[Insert: Name of Applicant]
[Insert: Address of Applicant]*

Board of *[Insert: Directors or Trustees, as Appropriate]:*

[Insert: Names of Board of Directors or Trustees and Name of Entity Each Represents]

Executives

[Insert: Name of Applicant's Executive Staff and Title of Each Individual]

Loan Contacts

[Insert for Each Individual Listed Below the Following Information:

- *Name*
- *Telephone Number*
- *Fax Number*
- *E-Mail Address*

Financial Contact:
Transmission Engineering Contact:
Generation Engineering Contact:

PART 2 – APPLICANT INFORMATION

I. GENERAL

- A. Legal name of applicant
- B. Address of applicant
- C. Legal structure of applicant (i.e., cooperative, corporation, limited-liability company, etc.)
- D. RUS Status (i.e., new applicant, existing applicant or previous applicant)
- E. Most recent year-ending total sales (MWs) and the percentage of residential, small and large commercial loads
- F. Number and type (i.e., steel mills, factories, industrial parks, shopping centers, etc.) of large loads
- G. State territorial act or other territorial protection
- H. Average wholesale rate competitiveness
- I. Type of current security instrument (mortgage or indenture)
- J. State if applicant has a Memorandum of Understanding with RUS

II. MANAGEMENT

- A. Name and title of applicant's manager
- B. Length of service
- C. Previous experience

III. MEMBERS

- A. Number of members
- B. Names of members and city and state where each is located
- C. Type of member (i.e., Class and/or distribution cooperative, municipal, industrial, military base)
- D. Service territory listing by state and counties
- E. Number of meters served and number of consumers
- F. Most recent year-ending total sales (MWs) and the percentage of residential, small and large commercial loads
- G. Number and type (i.e., steel mills, factories, industrial parks, shopping centers, etc.) of large loads
- H. Retail rate competitiveness issues
- I. State territorial act or other territorial protection
- J. 8x10 colored map of the member's service territory divided into individual member's service area

IV. SUBSIDIARY

- A. Number and name of subsidiary(ies) of all levels
- B. State owners and percentage of ownership for each
- C. Purpose of subsidiary(ies)
- D. Most recent 5-year summary of profits and/or losses by year

- E. If subsidiary(ies) are showing losses in the yearly summary, provide a yearly projection of the losses until it is estimated profits will be realized
- F. Discuss the business plan or strategy plan for unprofitable subsidiary(ies)
- G. State the line number on the RUS Form 12 where subsidiary(ies) profits or losses are stated

V. PUBLIC RATING

- A. Date of each rating
- B. Name of rating agency
- C. Copy of each rating
- D. Type of debt rated
- E. Rating assigned
- F. If applicant has received a down grade, been assigned a negative or has been placed on a credit watch, provide a summary of the plans made to remedy the situation(s) and timeframe

VI. PROJECT OVERVIEW SUMMARY

- A. Purposes
 - 1. Transmission (i.e., load growth, reliability, voltage support, Regional Transmission Organization (RTO), etc.)
 - 2. New generation resource project(s) (i.e., capacity deficiency, load growth, contract expiration, etc.)
 - 3. Generation system improvements (i.e., maintain reliability, improve efficiency, environmental compliance, etc.)

VII. RE ACT BENEFICIARY ISSUES

- A. An RE Act beneficiary analysis may be required to determine the rural area makeup of the borrower's member system(s) using Bureau of the Census data. Guidance can be obtained from the Power Supply Division based on the policies and procedures currently in effect. The analysis must be provided for RUS review.
 - 1. Members that are RUS borrowers
 - Indicate those members that have had an uninterrupted lending relationship with RUS prior to November 1, 1993.
 - a. An RE Act beneficiary analysis will not be required for the member's original service area.
 - b. An RE Act beneficiary analysis may be required if the member service area has been expanded into non-rural areas or noncontiguous areas depending on the type of projects in the loan.
 - 2. Members that are new and returning RUS borrowers
 - Indicate those members that received its initial RUS financing on or after November 1, 1993.
 - a. An RE Act beneficiary analysis may be required depending on the type of projects in the loan.
 - 3. Members that are not an RUS borrower

Indicate those members that do not have RUS financing.

- a. An RE Act beneficiary analysis may be needed depending on the type of projects in the loan.
- B. Discuss issues or implications associated with RTO participation.

VIII. INTERIM FINANCING

- A. Discuss the need for, amount of and status
- B. Indicate type (i.e., line of credit, letter of credit, commercial paper, loan, etc.)
- C. Indicate any RUS actions or approvals given or needed (i.e., lien accommodation)
- D. Describe the terms and conditions
- E. Indicate if interim financing is to be replaced by loan and/or loan guarantee

IX. RURAL ECONOMIC DEVELOPMENT

- A. Discuss any efforts made by the applicant and its members such as:
 1. Number of jobs created
 2. Time involvement in community or state programs
 3. Sponsorship in community or state events
 4. Contributions made to community

X. RISK MANAGEMENT

- A. Briefly describe any risk that the applicant considers a financial or business risk to its entity and the efforts made by the applicant to mitigate the risks. The items below are only examples and should not be considered to be an all inclusive list:
 1. Arrangement(s) with power marketers or others
 2. Contingent liability(ies)
 3. Portfolio of resources
 4. Hedging arrangements
 5. Power sales contract from owned generation
 6. Transmission constraints
 7. Member participation in retail competition
 8. Fuel strategies
 9. Performance guarantees made on any energy sales
 10. Imposition of any new or proposed environmental standard(s) and any need to retrofit unit(s) after commercial operation
 11. Loss of large loads
 12. Addition of any large loads developing within a short period of time
 13. Loss of members' territory or parts thereof
 14. Concentration of large loads in a particular market (i.e., steel, cooper, etc.)
 15. Loss associated with any aborted project(s)
 16. Emergency backup service provided from power pools or other organizations during unplanned outages of generation resources

- 17. Performance guarantees or penalty payment in equipment and construction contracts of proposed project(s)
- 18. No market exists for excess energy
- 19. Construction delays
- 20. Construction cost overruns
- 21. Unit Reliability
- 22. Fuel availability and cost
- B. Copies of any risk management written policy(ies)
- C. Insurance policy(ies) to minimize risks
- D. Participation in ACES or similar organizations

XI. HOMELAND SECURITY

- A. Discuss activities and policies pertaining to physical protection of existing and projected assets
- B. Discuss coordination with local, state and federal offices
- C. Discuss the plans for business continuity
- D. Discuss disaster recovery plans

XII. INTERNAL REVENUE SERVICE

- A. State whether tax or tax-exempt
- B. Discuss the possibility and potential timeframe of losing exempt status, if applicable
- C. If loss of tax-exempt status is anticipated, discuss financial impact

XIII. DEREGULATION

- A. Discuss status of deregulation in the state(s) in which the members serve
- B. Discuss and indicate any estimated time frame for consideration by state legislature(s) of any proposed deregulation law(s) or statute(s)
- C. Discuss the potential impact on applicant if proposed law(s) or statute(s) goes into effect

XIV. LOAN SECURITY CONTRACTS

- A. Discuss the following contracts
 - 1. Transmission contracts
 - 2. Power purchase/sale contracts
 - 3. Power delivery contracts
 - a. Expiration date
 - b. Applicant's consideration of an extension and the length of extension being considered
 - c. Includes supplemental agreement ("Shoshone language")

4. Wholesale power contracts
 - a. RUS Standard form
 - b. Discuss deviation(s) if not RUS standard form
 - c. Expiration date
 - d. Applicant's consideration of an extension and the length of extension being considered
 - e. Includes supplemental agreement ("Shoshone language")

PART 3 – FINANCIAL AND MISCELLANEOUS

I. STATEMENT – 7 CFR 1710.401(a)(1)

- A. Signed by applicant's manager
- B. Applicant's corporate name
- C. Taxpayer identification number
- D. Indicate any project(s) located in a flood hazard zone. For those project(s) indicated, provide the following:
 - 1. Amount of flood insurance
 - 2. Insurance company name and location
 - 3. Term of insurance policy
- E. Breakdown of requested loan and/or loan guarantee funds by state
- F. List the county(ies) where the members serve

II. BOARD RESOLUTION – 7 CFR 1710.401(a)(2)

- A. Certified by the Secretary of the Board
- B. Indicate lender(s) and loan amount(s) by type
- C. Term (i.e., 20, 25, 30, 34 Years)
- D. Final maturity date(s)
- E. Method of amortization
- F. Sources and amounts of any supplemental or other financing
- G. Authorization for RUS to release appropriate information to supplemental or other lender(s), and authorization for other lender(s) to release appropriate information to RUS
- H. Election of the prepayment option (Required only for loan)

III. RUS FORM 740c – 7 CFR 1710.401(a)(3)

- A. Description of funds and materials (As noted on Page 4 of the RUS Form 740c)
 - 1. Availability of materials and equipment
 - 2. Available unadvanced funds from prior loan(s) and/or loan guarantee(s)
 - 3. General funds designated to be applied
- B. A statement certifying that at least 90 percent of the loan and/or loan guarantee are for facilities that have a useful life of 33 years or longer
 - 1. For transmission project(s), a schedule providing the costs and the proposed useful life for each project and the weighted average useful life for the projects in the loan application. (See Sample 1.)
 - 2. For new generation resource project(s), the useful life must be agreed to by RUS
 - 3. For generation system improvement project(s), provide the cost of all project(s) and the remaining useful life for each affected unit. Also provide the weighted average useful life for the project(s) in the loan application. (See Sample 2)

- C. Reimbursement schedule
 - 1. List the date, amount and identification number of each inventory of work orders and special equipment summary(ies) that form the basis for the applicant's request for reimbursement of general funds on the RUS Form 740c
 - 2. If the applicant is not requesting reimbursement of general funds, this schedule need not be submitted.

IV. RUS FORM 740g – 7 CFR 1710.401(a)(4)

- A. Must be submitted only if the following project(s) are requested:
 - 1. New headquarters building or renovation(s)
 - 2. New warehouse(s) or renovation(s)
 - 3. New service type facility(ies) or renovation(s)

V. RUS FORM 12 – 7 CFR 1710.401(a)(5)

- A. Signed by official of applicant
- B. Most recent year-ending RUS Form 12
- C. Monthly RUS Form 12a (Dated no later than 60 days prior to application submittal)

VI. PENDING LITIGATION STATEMENT – 7 CFR 1710.401(a)(6)

- A. Signed by official of applicant or applicant's legal counsel
- B. Discussion on pending or anticipated litigation including projected outcome
- C. Insurance coverage for pending or anticipated litigation
- D. Discussion of current or potential annexation issues
- E. Discussion of any pending wholesale rate or wholesale power contract issues
- F. On any litigation or issues above, state the potential financial or other impact(s) on the applicant

VII. SECURITY DOCUMENTATION – 7 CFR 1710.401(a)(7)

- A. First-time loan and/or loan guarantee requires either a mortgage or indenture
- B. If an applicant has an existing indenture with RUS, every loan and/or loan guarantee requires a supplement to the indenture
- C. If the debt limit stated in an existing executed and filed mortgage is being exceeded, a new security instrument will be required and the applicant must submit a resolution of the applicant's board of directors or trustees, whichever is applicable, and any other authorizations or certifications required by State law, certifying that a new debt limit has been legally established that is adequate to accommodate existing indebtedness and the proposed new financing

- D. If an applicant has an existing mortgage with RUS, provide in this section a signed statement by either an official of the applicant's entity or applicant's legal counsel stating:
 - 1. Parties to existing security instrument
 - 2. Current debt limit
 - 3. Total of outstanding debt under existing mortgage
 - 4. Name and date of most recent last full mortgage, if applicable
 - 5. Name(s) and date(s) of all supplements to the mortgage, if applicable
 - 6. Any changes to real property owned or sold by the applicant since most recent loan and/or loan guarantee
- E. Based on the above information and following the loan and/or loan guarantee approval, if it is determined by RUS and its legal counsel that no new or supplemented security instrument is required, RUS will request the following additional information from the applicant:
 - 1. An opinion of counsel stating:
 - a. RUS' security under the existing security instrument is adequate
 - b. The applicant has not had a material change in its property since the latest executed and filed security instrument
 - c. The debt limit in the latest executed and filed security instrument is adequate for all debt including the debt contained in this application
- F. Based on the information supplied at the time of application, if it is determined by RUS and its legal counsel that a new form of security instrument is required, RUS will request the following information from the applicant:
 - 1. Property schedule listing and describing all real property owned by the applicant

VIII. STANDARD FORM 100 - 7 CFR 1710.401(a)(9)

- A. Only required if applicant has 100 or more employees
- B. While 7 CFR 1710.401(a) (9) states that this form is required only for a loan, it is standard RUS policy for this form to be submitted for a loan guarantee also

IX. FORM AD-1047 - 7 CFR 1710.401(a)(10)

- A. Must be signed by the president of the board of directors or trustees, whichever is applicable

X. UNIFORM RELOCATION ACT ASSURANCE STATEMENT - 7 CFR 1710.401(a)(11)

- A. Indicate if this statement has previously been submitted to RUS
- B. This statement only needs to be provided if not previously submitted to RUS
- C. Must be signed by the president of the board of directors or trustees, whichever is applicable

- XI. LOBBYING CERTIFICATE(S) - 7 CFR 1710.401(a)(12)**
- A. If only a loan is being applied for and the applicant does not participate in lobbying activities, use the certificate for a loan
 - B. If only a loan guarantee is being applied for and the applicant does not participate in lobbying activities, use the certificate for a loan guarantee
 - C. If both a loan and loan guarantee is being applied for and the applicant does not participate in lobbying activities, use both certificates
 - D. If applicant participates in lobbying activities use Standard Form LLL
 - E. The certificate(s) and form must be signed by the president of the board of directors or trustees, whichever is appropriate
- XII. FEDERAL DEBT DELINQUENCY REQUIREMENTS CERTIFICATE – 7 CFR 1710.401(A)(13)**
- A. The certificate must be signed by the president of the board of directors or trustees, whichever is appropriate
- XIII. ARTICLES OF INCORPORATION AND BYLAWS - 7 CFR 1710.401(a)(14)**
- A. Needed if first-time applicant or if either document has been amended since the last loan or loan guarantee or if a long period of time has lapsed since the last loan or loan guarantee was submitted to RUS
 - B. If needed, must be those currently in effect and adopted by the applicant's board of directors or trustees and, if appropriate, filed with the appropriate state office
- XIV. STATE REGULATORY APPROVALS - 7 CFR 1710.401(a)(15)**
- A. Describe any regulation by the state(s) of the applicant or its members service territory
 - B. Indicate any approvals required from the state
 - C. Discuss pertinent history the applicant or its members have had with the regulators
 - D. In states where regulatory authorities have jurisdiction over the applicant's rates, the applicant must provide in this section an opinion of counsel or a signed statement from another qualified source stating that based on information known by the individual, that the state regulatory authority will not exclude from the applicant's rate base any of the project(s) included in the loan or loan guarantee request or otherwise prevent the applicant from charging rates sufficient to repay with interest the debt incurred for the project(s)
 - E. Describe the state's jurisdiction over the applicant or its member's rates and any construction permits needed for the proposed project(s).

XV. AVERAGE WHOLESALE RATES

- A. Submit current wholesale rate schedule(s)
- B. Include a table showing five most recent years of historical data for the average wholesale rates of its members in mills/kWh, (include the delivery cost for a "TRANSCO," if applicable)
- C. Include a table of projected average wholesale rates of its members for the next five years (include the delivery cost for a "TRANSCO," if applicable)

XVI. FINANCIAL FORECAST (FF) – 7 CFR 1710.152

- A. Accompanied by a certified board resolution adopting, and indicating the board of directors' or trustees', as appropriate, approval of the FF and directing management to take whatever steps may be necessary, including the filing for rate increases, to achieve the goals set forth in the FF
- B. FF must have an historical year by which RUS can compare starting figures to the most current year-ending RUS Form 12 and go ten years beyond the latest in-service date of the project(s) in the application
- C. The following must be used to develop the FF:
 - 1. Most recent RUS-approved Construction Work Plan (CWP) and any amendment(s), if applicable
 - 2. Most recent RUS-approved Long Range Engineering Plan
 - 3. Most recent RUS-approved Load Forecast data
 - 4. Most current generation resource addition studies
 - 5. Most recent members average wholesale rates
 - 6. Submit a narrative with the FF that, at a minimum, includes the following:
 - a. Explanation of assumptions, supporting data and analysis used in the FF
 - b. Methodology used to project loads, rates, revenues, power costs, operating expenses, plant additions, and other factors having a material effect on the balance sheet and financial ratios
 - c. Interest rates used in current and future borrowings
 - d. Variables such as retail and wholesale power prices
 - e. Type of depreciation used (straight line or sinking fund) and rate(s) of depreciation
 - f. Annual rate of inflation for future plant additions and operating expenses
 - g. Statement that future costs are projected at future cost level rather than in constant dollars
 - h. Identify all plans for future capital requirements, additions or major system improvements
 - i. Identify percentage rate used for fuel cost escalation
 - j. Provide an in-depth discussion of the regional markets for power and the applicant's ability to sell surplus power until the applicant's system loads grow to meet any new planned capacity
 - k. Projected kW and kWh requirements

1. Purchased power costs
- m. Member and non-member power sales
7. Discuss the availability and use of any interim financing such as a line of credit or "bridge loan" and indicate amounts available under such arrangements including any currently outstanding balances, interest rates and payment terms
8. Provide and discuss the financial impacts on the applicant due to any FF sensitivity(ies) requested by RUS. (Check with RUS for the latest requirements)
- D. FF must contain the following:
 1. Projected results of future actions planned
 2. Times Interest Earned Ratio or Margins for Interest
 3. Debt Service Coverage Ratio or Debt Service Ratio
 4. Equity to Assets Percentage
 5. General Funds to Total Utility Plant Percentage
 6. Cash Flows
 7. Future borrowings and the associated interest and principal expenses
 8. Amount of general funds to be invested in plant
 9. KW and kWh energy sales
 10. All system operating costs including but not limited to the following: purchased power, fuel, plant O&M, transmission, depreciation expense, debt service, insurance, taxes, A&G, etc.
 11. Member revenue from sales of electric power and energy
 12. Non-member revenue from sales of electric power and energy
 13. Non-operating income(s) and expense(s)
 14. Current and projected future borrowings
 15. Average member wholesale rates with incorporated rate increases, as needed
 16. Integrate all projections of operation and maintenance expenses associated with existing plant with those of the new proposed project(s) to determine total costs of system operation
 17. A table showing estimated capital needs including the proposed project(s) for each year of the FF and done separately for transmission and generation project(s)
 18. A table showing the members' average cost of power for the study period of the FF (See Sample 8)
 19. Draw down of any unadvanced loan funds

XVII. ADDITIONAL INFORMATION

- A. Include a table of three years of historical balance sheet data from the RUS Form 12a
- B. Include a table of three years of historical income statement from the RUS Form 12a
- C. Include a table showing three years of historical cash flow
- D. For all tables include a detail explanation of the cause(s) and effect(s) of all negative numbers and all declining financial trends
- E. Latest CPA audit

- F. Annual Report, if such a report is produced
- G. Table of unadvanced loan funds by loan(s) and a time schedule for requesting advances

PART 4 – POWER DELIVERY SYSTEM

I. TRANSMISSION SYSTEM

- A. Describe the borrower's transmission system.
 - 1. Include a table showing owned transmission facilities by miles, voltage levels, substations, etc. (See Sample 3) For facilities with joint ownership, provide a similar table noting the percentage of facilities owned.
 - 2. Service area
 - 3. Utility interconnections
 - 4. Transmission constraint issues

II. TRANSMISSION SERVICE ARRANGEMENTS

- A. Provide a general description of existing arrangements with termination dates and any ongoing activity that would impact on the proposed projects. If the borrower is part of an integrated transmission system, discuss those arrangements. Include a discussion of the borrower's dependence on the transmission system of others.

III. NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

- A. Discuss the North American Electric Reliability Council ("NERC") region(s) served by the members and a description of the borrower's involvement with the regional organization. Discuss reliability issues that could impact on the borrower or RUS' security. Describe member transmission service benefits.

IV. REGIONAL TRANSMISSION ORGANIZATIONS

- A. Discuss RTO activities in the borrower's service area and the borrower's activities with any proposed RTO and its plans with respect to joining an RTO. Discuss any issues concerning RTO participation.
 - 1. Leasing of facilities;
 - 2. Operation & Maintenance;
 - 3. Capital improvements; and
 - 4. Use by non RE Act beneficiaries.
- B. If the proposed loan is for transmission facilities that will become part of a RTO, then the following should be described as they impact on both current and future facilities:
 - 1. The RTO;
 - 2. Financing, operating and ownership arrangements of the facilities;
 - 3. Rate setting mechanism including a demonstration of how the RTO tariff will ensure the borrower will recover its RTO related costs; and
 - 4. Maintenance.

V. TRANSMISSION AND SUBTRANSMISSION FACILITIES

- A. Load Forecast (7 CFR 1710 Subpart E)
 - 1. Provide a board resolution and a Load Forecast unless RUS has approved the forecast and it remains current.
 - 2. Note and compare any differences between the approved Load Forecast and the load assumptions used in the Financial Forecast.
- B. Transmission Long Range Plan (7 CFR 1710 Subpart F)
 - 1. Provide a board resolution and a Long Range Plan unless RUS has approved a current Long Range Plan.
- C. Construction Work Plan (7 CFR 1710 Subpart F)
 - 1. Provide a board resolution and a CWP unless RUS has approved the CWP.
 - 2. All projects proposed in the loan must be included in the CWP or amendment.
 - 3. Include a map(s) that shows the location of proposed system improvements and facilities.
- D. Project Information
 - 1. Provide a table(s) of all projects included in the loan application with the following information:
 - a. Project code
 - b. Name of the project
 - c. Date approved in a CWP or amendment
 - d. The original cost estimate per the CWP or amendment
 - e. The amount of loan funds requested
 - f. Indicate if a carry over project from a prior loan
 - g. Indicate the construction status and date of completion
 - h. Indicate those projects that serve non-RE Act loads and provide an analysis of the amount requested for financing
 - i. Provide the environmental classification
 - Type of project (Categorical exclusion, ER, EA, EIS)
 - Date of approval
 - 2. Provide updated information to the CWP to include a discussion of:
 - a. Major permits and licenses
 - b. Regulatory approvals and certificate of need and necessity
 - c. Interconnection, O&M, and joint use and transmission service agreements required in connection with a project
 - d. Responsibility for construction and financing of new transmission facilities, with regard to joint planning activities with other utilities or a RTO.
 - 3. Provide a table summary of the projects in the loan (see Sample 4)
 - a. Number of new and upgraded substations and total MVA
 - b. Miles of new transmission and sub-transmission line by voltage class
 - c. Miles of new line to replace retired transmission and sub-transmission line by voltage class

- E. Operations and Maintenance (7 CFR 1730)
 - 1. Provide the latest RUS Form 300
 - 2. Discuss any problems noted on the RUS Form 300
 - 3. Provide a summary of outage data for the previous five years and explain any high outage data
- F. Transmission Extension Policy
 - 1. Provide a copy of the latest extension policy unless unchanged from last loan
- G. Prior Loans
 - 1. Analysis of unadvanced transmission loan funds
 - a. Projected draw down schedule
 - b. Identify projects to be applied

VI. TRANSMISSION REQUIREMENTS FOR GENERATION PROJECTS

- A. The transmission facilities required for the construction, purchase or replacement of additional generation capacity must be included in a Transmission Construction Work Plan (CWP) or submitted separately with the loan application for the generation project.
- B. Describe the current activities of the transmission facilities including the planning, environment, construction and work with other utilities, independent transmission provider, regional transmission organization and public utility commission to obtain the needed arrangements to allow for a reliable export and delivery path for the capability of the generation facility. Discuss generation dispatch and interface with the RTO. Discuss the financing, contribution in aid of construction, shared facilities and the ownership of all required facilities.
- C. To adequately review and assess the overall feasibility of the project, the following documentation will be required:
 - 1. Studies required by 7 CFR 1710.253 and system regional transmission impact studies:
 - a. Load flow studies
 - b. Short circuit analysis
 - c. System stability analysis
 - d. Provide conclusions on the following:
 - Identify voltage, overload, stability problems and proposed actions or contingencies.
 - Single contingency analysis of proposed facilities
 - Transmission constraints
 - System Improvements needed
 - 2. Detailed description of and cost breakdown of:
 - a. Size, voltage and capacity of all major components
 - b. Network facilities
 - c. Interconnection facilities
 - d. Switchyard and generation connection facilities

3. Maps that provide:
 - a. The location of the proposed project
 - b. The existing system area and regional transmission lines
4. Project schedule and time lines for:
 - a. Environment (7 CFR 1794)
 - b. Major equipment
 - c. Construction
 - d. Permitting
 - e. Right of way
 - f. Development of agreements to provide for interconnection and transmission service
5. Identify the proposed contracts for the construction of switchyard and transmission facilities

PART 5 – GENERATION

I. POWER SUPPLY SYSTEM

A. Power Supply Resources

Provide a discussion or a table of the existing power supply resources available to the applicant that includes:

1. Owned, Co-owned or Leased Generation Facilities:

- a. Name of plant and unit;
- b. Ownership interest (%);
- c. Type of plant and fuel used;
- d. Net peak capacity;
- e. In-service date;
- f. Operating license expiration date if applicable;
- g. Lease termination date;
- h. Identify if the facility was financed by RUS; and
- i. Operating arrangements if jointly owned resources

B. Power Supply Contracts

1. Power Purchase Contracts

Provide a discussion of applicant's power purchase contracts (greater than two years) that includes:

- a. Type of contract (take-or-pay, unit power purchase, system firm, etc);
- b. Parties to the contract;
- c. Amount (capacity and energy);
- d. Term and expiration date; and
- e. Any special provisions

2. Power Sales Contracts

Provide a discussion of applicant's power sales contracts (greater than two years) that includes:

- a. Type of contract (take-or-pay, unit power sales, system firm, etc.);
- b. Parties to the contract;
- c. Amount (capacity and energy);
- d. Term and expiration date; and
- e. Any special provisions.

3. Power Pool Participation

Describe any power pool or other similar organization that the applicant participates in and the benefits derived by such participation. Identify reserve requirements of the power pool and any penalties associated with not meeting the power pool requirements.

C. Future Resource Needs

Provide a discussion of applicant's plan for meeting new resource requirements for the study period of ten years subsequent to the last in service date of the proposed project(s) in this loan application. The cost associated with this plan should be accounted for in the FF. Provide a

capacity balance table that includes future new resources contained in this plan (See Sample 7).

II. PROPOSED NEW GENERATION RESOURCES

A. Project Description

Provide a description of the proposed project that includes:

1. Type;
(Combustion turbine, combined cycle, circulating fluidized bed boiler, pulverized coal fired boiler, repowering, etc.)
2. Number of generating units;
3. Nominal and net peak rating of each unit;
(Repowering project should include the current rating and the new rating)
4. Fuel;
(Primary and secondary or backup (if applicable))
5. Location;
6. Site description;
(Repowering project should include a description of the existing facility and identify major equipment being replaced or added.)
7. Estimated project cost;
(Attach cost breakdown of the project – See Sample 9)
8. Ground breaking and in service dates; and
(Attach project milestone schedule)
9. Projected capacity factor (See Sample 7).

B. Joint Project (if applicable)

Describe the joint project arrangements and any agreements for any joint ownership or use of common facilities associated with the project. The discussion should demonstrate that the applicant has sufficient management control or other contractual safeguards with respect to the construction and operation of the jointly owned facility to ensure that the applicant's interests are protected. Where the applicant is a very small part of a large project describe any contractual protection it has especially with respect to future capital requirements etc.

C. Project Benefits

State the conclusions reached as a result of the applicant's economic analysis such as:

1. Economic benefits of the project based on present value analysis;
2. Effectiveness of proposed project to meet member needs; and
3. Describe any specific constraints or limitations that may impact the proposed project.

D. Environmental (7 CFR 1794)

Discuss compliance with RUS environmental regulations including the following:

1. Indicate the environmental status of the project(s);
2. State the type of process being undertaken (i.e. EIS, EA with scoping, FONSI, etc.);
3. Indicate status of the process;

4. Describe any potential environmental controversy or unusual environmental problems; and
 5. Indicate timelines for completing the environmental process.
- E. **Project Contracting (Engineering, Procurement & Construction)**
 Discuss the contracting status (i.e. plans & specifications, bidding status etc.). The applicant should discuss contracting with RUS at an early stage and resolve any issues prior to submitting the Financing Document – Loan Application Package (RUS standard contract forms, bidding procedures, etc). As early as possible, the applicant should submit a list of all contracts, including the following information, for RUS determination of which contract will require RUS approval:
1. Description of the contracts; and
 2. Cost estimate of each contract.
- Contracts requiring RUS approval must be submitted and approved by RUS before advance of loan funds.
- F. **Major Agreements Needed**
 As early as possible, provide RUS a list of all implementing agreements needed for the project. Provide a short summary describing each agreement to provide RUS with general information. This will be used by RUS to determine which agreement will require RUS approval. Agreements requiring RUS approval must be submitted and approved by RUS before advance of loan funds. Such agreements would include, but not limited to:
1. Amendment and/or supplement to Member Wholesale Power Contracts;
 2. O&M Arrangements;
 3. Joint Arrangements;
 4. Fuel Management;
 5. Fuel Supply and Transportation;
 6. Interconnection;
 7. Transmission; and
 8. RTO.
- G. **Regulatory Approvals**
 Provide a list and the status of all required authorizations, approvals, permits, and licenses of Federal, State, governmental authorities, and/or regulatory authorities related to the financing, construction, operation, and maintenance of the proposed new generating resource.
- H. **Project Justification and Support**
1. **General**
 Describe the investigative process that led to the proposed course of action (i.e. determination of need, initial internal analysis of alternative sources of supply, load management, forward price curve analysis etc.).
 2. **Need for Capacity**
 - a. **Power Requirements**
 Develop a table based on the RUS approved Load Forecast of the projected needs of the members (See Sample 5).
 - b. **Capacity Requirements**

Using the RUS approved Load Forecast develop capacity and energy balance tables showing total capacity and energy needs (including reserves) and the resources available without the proposed project(s). The discussion in this section should establish the need for additional capacity resources. Resources should include firm power purchase contracts. Firm power sales should be included as load (See Sample 6). Provide a capacity and energy balance table that includes the proposed new generation project (See Sample 7).

- c. Type of Unit
Identify proposed new generation resources as base, peaking or intermediate load resources and discuss how such determination was made. Provide the detail analysis of such determination and provide RUS a copy of any economic study performed.
 - d. Size of Unit
Provide the detail analysis of the size of unit selected.
 - e. Alternate Technology
Identify and describe any alternative considered. Provide analysis of why the chosen technology was selected.
3. Power Purchase Alternative Investigation Methods (7 CFR 1710.254)
The applicant must use the Request for Proposals ("RFP") process or other RUS approved methods to investigate power purchase alternatives.
- a. RFP Process (if required)
 - Provide a copy of the RFP to RUS for comment prior to bid;
 - Provide evidence that the solicitation has been published in at least three major publications reaching all sources;
 - The RFP should not be restrictive or biased to imply pre-selection of any option by the solicitor;
 - The RFP should include a long term power purchase option of at least fifteen years;
 - Provide a summary of the results and the recommendations of the RFP process including the number of respondents and generally describe the ability of each respondent to supply the requested power in a reliable manner; and
 - In table format, show the economic present value analysis of the responses to the RFP process. Include the major assumptions used in the analysis and provide a copy of the economic study.
 - b. Alternate Process Acceptable to RUS
 - Describe the proposed alternate power purchase process;
 - Provide a summary of the results and the recommendations of the alternate power purchase process including the number of respondents and generally describe the ability of each respondent to supply the requested power in a reliable manner; and

- In table format, show the economic present value analysis of the responses. Include the major assumptions used in the analysis and provide a copy of the economic study.
- 4. **Economic Analysis of Alternatives**
Provide a brief description of the analytical approach taken by the applicant. The economic analysis should include a present value analysis of the costs of all reasonable alternatives and their effect on total power costs as required by 7 CFR 1710.254 and 7 CFR 1710.303. Reasonable alternatives must include the short list of power purchase options resulted from the RFP process or the RUS accepted alternate power purchase process, self-build option(s) or other alternative(s) considered by the applicant.
 - a. Describe the computer model used and whether the applicant used consultants to run model;
 - b. Discuss with RUS during the early stage of the project concerning the computer model to be used to determine if an outside RUS consultant is needed;
 - c. List all assumptions used;
 - d. The economic evaluation should generally have a term equal to the life of the proposed new generation project;
 - e. Provide a discussion of the transmission constraint issues and costs associated with the analysis of alternatives; and
 - f. Provide a summary of the evaluation, recommendations and a copy of the economic studies of alternatives.
- 5. **Other Alternatives Considered**
List other alternatives considered and provide an explanation why they were rejected. Example of such alternatives includes:
 - a. No action;
 - b. Distributed generation;
 - c. Load management;
 - d. Renewable energy; and
 - e. Energy conservation.
- 6. **Regional Power Supply Analysis**
Provide an analysis of the regional power supply situation. State the applicant's involvement within the region and the power supply planning activities. Include a table that shows planned construction and anticipated reserves. Include any pertinent information that is available on power supply projections and units planned or under construction. Indicate how the applicant's proposed projects fit into the regional activities.
- 7. **Project Issues**
Discuss the following issues that impact the proposed generation project.
 - a. **Water supply issues;**
Provide evidence that there will be adequate water supply for the life of the project (i.e., water supply contracts, water rights, etc.).
 - b. **Fuel and fuel transportation strategies; and**

- Fuel adequacy for the life of the project based on published projections.
 - Fuel supply contracts/arrangements and term.
 - Fuel transportation contracts and term.
- c. Operating restrictions.
(i.e., environmental, fuel availability, noise, etc.).
8. Bus Bar Cost
Develop a table that demonstrates costs and general information associated with the proposed new generation project. The table should show the capacity factor of the proposed generating project, fixed costs of the project with a line item summary in \$/KW and \$/MWh and the variable costs in \$/MWh. The bus bar cost table for the new resource shall include data for at least ten years from the last commercial operation date of the proposed project(s) and shall be consistent with the FF. (See Sample 10)

III. PROPOSED GENERATION SYSTEM IMPROVEMENTS

- A. General
System improvement to existing generating plant(s) must be supported by a Construction Work Plan (CWP) in accordance with 7 CFR 1710 Subpart F. Provide a table containing the following information for each project, grouped by generating unit and plant:
1. Plant and Unit ID;
 2. Code or number;
 3. Title;
 4. Estimated cost;
 5. Loan funds requested;
 6. Construction status
(Date construction started and estimated/actual in service date);
 7. Environmental classification;
 - a. Type of project (Categorical exclusion, ER, EA, EIS)
 - b. Date of approval
 8. Date approved in a CWP or amendment; and
 9. General fund approval status, if required.
- B. Justification and Support
1. General
Describe the investigative process that led to the proposed course of action (i.e., determination of need, analysis of alternatives, environmental compliance, safety compliance, etc).
 2. Construction Work Plan (CWP)
The projects proposed for financing must be supported by the RUS approved CWP per 7 CFR 1710 Subpart F and must contain the following information:
 - a. Need for the project(s);
 - b. Detailed project description;
 - c. Project cost estimate;
 - d. Alternatives considered and evaluated;

- e. Cost/Benefit Analysis of the alternatives based on present value analysis; and
 - f. Conclusion and Recommendations.
- C. Prior RUS Loans (if applicable)
Provide a washdown of any prior generation system improvement loans that has unadvanced loan funds.

PART 6 – SAMPLES

1. Weighted Average Useful Life of Power Delivery Projects
2. Generation System Improvement Project Weighted Average Useful Life
3. Table of Current Power Delivery Facilities
4. Table for New Power Delivery Projects
5. Forecasted Power Requirements
6. Load/Capacity Comparison Table
7. Generation Expansion Plan
8. Member Power Cost Projection
9. Cost Estimate
10. New Resource Bus Bar Cost

Sample 1
**Weighted Average Useful Life
of Power Delivery Projects**

Code	Project Name	Useful Life	Cost	Product
800	Smith to Kane 69kV	36	\$ 200,000	7,200,000
801	Eagle to Dell 115kV	36	\$ 1,000,000	36,000,000
803	River 69kV Tap	36	\$ 50,000	1,800,000
Add additional 800 series projects as needed				
900	Clark 115/69kV Sub	36	\$ 500,000	18,000,000
901	Car Transformer	36	\$ 220,000	7,920,000
Add additional 900 series projects as needed				
1000	Wolf Sub Upgrade	36	\$ 150,000	5,400,000
1001	NTRO 69kV Carbon Line	36	\$ 800,000	28,800,000
Add additional 1000 series projects as needed				
1100	SCADA	15	\$ 500,000	7,500,000
1101	Green Microwave	15	\$ 300,000	4,500,000
Add additional 1100 series projects as needed				
Total			\$ 3,720,000	117,120,000

Weighted Average Useful Life = 31.48

Sample 2
Generation System Improvement Project
Weighted Average Useful Life

	(A) <u>Remaining Useful</u> <u>Life</u>	(B) <u>Loan Amount</u> <u>Requested</u>	(A) X (B)
Plant A Unit 1	20	\$2,000,000	\$40,000,000
Plant A Unit 2	15	\$3,000,000	\$45,000,000
Plant B Unit 1	5	\$4,000,000	\$20,000,000
Plant B Unit 2	10	\$2,000,000	\$20,000,000
Plant C Unit 1	25	\$4,000,000	\$100,000,000
Total		\$15,000,000	\$225,000,000

Weighted Average Useful Life = \$225,000,000/\$15,000,000 = 15

Remaining useful life of a unit is determined by the useful life of the unit from the in-service date.

The remaining useful life of a unit may be longer than its initial remaining life provided that it is based on a useful life study that is acceptable to RUS.

Sample 3

Table of Current Power Delivery Facilities

Transmission and Subtransmission Lines	
Voltage (kV)	Miles
345	70
138	145
69	300
Total	515

Substations	Number	MVA
Transmission	15	1,800
Distribution	100	1,400

Sample 4
Table for New Power Delivery Projects

	New	Upgrade	Miles	
			New	Rebuilt
New Substations	5	1		
MVA	125	10		
Miles of Transmission Line				
345kV			20.7	0
138kV			15.0	0
69kV			42.0	12.5
Miles of Subtransmission Line				
34.5kV			0	16.5
		Total	77.7	29.0

Sample 5
Forecasted Power Requirements

Year	Demand ⁽¹⁾ (MW)	Energy Requirements ⁽¹⁾ (MWh)
2001	646.0 ⁽²⁾	2,595 ⁽²⁾
2002	613.8	2,731
2003	628.0	2,799
2004	642.2	2,868
2005	656.4	2,937
2006	670.7	3,007
2007	684.9	3,077
2008	699.2	3,147
2009	713.4	3,217
2010	727.7	3,288
2011	741.9	3,359
2012	756.1	3,430
2013	770.1	3,500

Notes:

(1) At delivery point

(2) Historical data

Sample 6

Load/Capacity Comparison

	2001 ⁽¹⁾	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
System Load (MW)													
Members Coincident Peak	646.0	613.8	628.0	642.2	656.4	670.7	684.9	699.2	713.4	727.7	741.9	756.1	770.1
Losses @ 2.5%	16.2	15.3	15.7	16.1	16.4	16.8	17.1	17.5	17.8	18.2	18.5	18.9	19.3
Reserve Requirements	76.9	79.1	81.3	83.4	85.6	89.8	92.0	94.2	96.4	98.6	100.8	103.0	105.1
System Peak w/ Reserve Req.	739.1	708.3	724.9	741.7	758.5	775.3	787.0	799.9	812.7	824.4	841.2	857.9	874.5
Resource Capacity without Proposed Capacity Addition (MW)													
Baseload Unit 1	38.7	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1
Baseload Unit 2	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1
Long Term Purchase	128.0	128.0	128.0	128.0	128.0	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.5
Interim Purchase	0.0	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Unit Power Purchase	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Other Purchase Contracts	463.2	283.1	285.2	287.4	289.6	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Total Capacity	739.0	708.3	560.4	562.6	564.8	394.7	394.7	394.7	394.7	394.7	394.7	394.7	394.7

Surplus (Deficit)	(0.0)	0.0	(164.5)	(179.1)	(193.7)	(362.6)	(379.3)	(396.2)	(413.0)	(429.7)	(446.5)	(463.2)	(479.8)
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Notes:
 (1) Historical Data
 (2) System peak should include individual non-member firm sales.
 (3) Load should be based on current RUS approved Load Forecast.

Sample 7 Generation Expansion Plan

	2001 ⁽¹⁾	2002	2003 ⁽²⁾	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
System Load (MW)													
Members Coincident Peak	646.0	613.8	626.0	642.2	656.4	670.7	684.9	699.2	713.4	727.7	741.9	756.1	770.1
Losses @ 2.5%	16.2	15.3	15.7	16.4	16.8	17.1	17.5	17.8	18.2	18.5	18.9	19.3	19.3
Reserve Requirements	76.9	79.1	81.3	83.4	85.6	87.8	90.0	92.2	94.4	96.6	98.8	101.0	103.2
System Peak w/ Reserve Req.	739.1	768.3	724.9	741.7	758.5	757.3	774.0	790.9	807.7	824.4	841.2	857.9	874.5
Resource Capacity (MW)													
Baseload Unit 1	38.7	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1
Baseload Unit 2	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1
Long Term Purchase	128.0	128.0	128.0	128.0	128.0	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.5
Long Term Unit Power Purchase	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Capacity Addition (This Loan)	0.0	0.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0
New Generation A	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
New Generation B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market Purchases	463.3	433.1	284.7	201.5	218.3	217.8	234.3	1.2	18.0	34.7	51.5	66.2	84.8
Total Capacity	739.1	708.3	724.9	741.7	758.5	757.3	774.0	790.9	807.7	824.4	841.2	857.9	874.5
Energy Requirements (GWh)													
Members Requirements	2,595	2,731	2,799	2,868	2,937	3,007	3,077	3,147	3,217	3,288	3,359	3,430	3,500
Losses/Aux. Power	36	38	39	40	41	42	43	44	45	46	47	48	49
Total Energy Requirements	2,631	2,769	2,838	2,908	2,979	3,049	3,120	3,191	3,262	3,334	3,406	3,478	3,549
GENERATION BY UNIT (GWH)													
Baseload Unit 1	259.9	272	272	274	245	270	269	271	271	272	245	275	274
Baseload Unit 2	431.5	546	546	591	589	526	589	591	589	589	589	528	589
Long Term Purchase	280.5	346	346	346	346	346	346	346	346	346	346	346	346
Long Term Unit Power Purchase	228.0	214	228	215	228	199	213	228	214	228	200	215	228
Capacity Addition (This Loan)	0	0	259	395	394	651	636	664	719	748	831	878	855
New Generation A	0	0	0	131	131	131	131	131	131	131	131	131	131
New Generation B	0	0	0	0	0	0	0	920	920	920	920	920	920
Market Purchases	1451	1,391	1,186	957	1,045	926	936	41	73	100	144	185	206
TOTAL	2,631	2,769	2,838	2,908	2,979	3,049	3,120	3,191	3,262	3,334	3,406	3,478	3,549
Capacity Factor													
Baseload Unit 1	76.66%	81.59%	81.59%	82.10%	73.35%	80.81%	80.63%	81.06%	81.29%	81.47%	73.26%	82.48%	82.22%
Baseload Unit 2	62.27%	76.78%	78.76%	85.25%	84.99%	75.97%	84.99%	85.25%	84.99%	84.99%	84.99%	76.23%	84.99%
Long Term Purchase	23.23%	30.88%	30.88%	30.88%	30.88%	31.00%	31.00%	31.00%	31.00%	31.00%	31.00%	31.00%	31.00%
Long Term Unit Power Purchase	86.76%	81.28%	86.76%	81.62%	86.80%	75.65%	81.09%	86.83%	81.24%	86.72%	75.95%	81.62%	86.80%
Capacity Addition (This Loan)	0.00%	0.00%	17.93%	27.35%	27.27%	45.06%	43.99%	45.92%	49.72%	51.77%	57.52%	60.71%	59.15%
New Generation A	0.00%	0.00%	0.00%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%
New Generation B	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Market Purchase	35.76%	36.67%	47.95%	54.20%	54.67%	48.57%	45.59%	406.34%	46.48%	32.89%	32.01%	30.99%	27.71%

	2001 ⁽¹⁾	2002	2003 ⁽²⁾	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
System Load (MW)													
Members Coincident Peak	646.0	613.8	626.0	642.2	656.4	670.7	684.9	699.2	713.4	727.7	741.9	756.1	770.1
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Baseload Unit 2	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1	79.1
Long Term Purchase	128.0	128.0	128.0	128.0	128.0	127.5	127.5	127.5	127.5	127.5	127.5	127.5	127.5
Long Term Unit Power Purchase	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Capacity Addition (This Loan)	0.0	0.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0	165.0
New Generation A	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
New Generation B	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market Purchases	463.3	433.1	284.7	201.5	218.3	217.8	234.3	1.2	18.0	34.7	51.5	66.2	84.8
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Long Term Unit Power Purchase	228.0	214	228	215	228	199	213	228	214	228	200	215	228
Capacity Addition (This Loan)	0	0	259	395	394	651	636	664	719	748	831	878	855
New Generation A	0	0	0	131	131	131	131	131	131	131	131	131	131
New Generation B	0	0	0	0	0	0	0	920	920	920	920	920	920
Market Purchases	1451	1,391	1,186	957	1,045	926	936	41	73	100	144	185	206
TOTAL	2,631	2,769	2,838	2,908	2,979	3,049	3,120	3,191	3,262	3,334	3,406	3,478	3,549
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Baseload Unit 2	62.27%	76.78%	78.76%	85.25%	84.99%	75.97%	84.99%	85.25%	84.99%	84.99%	84.99%	76.23%	84.99%
Long Term Purchase	23.23%	30.88%	30.88%	30.88%	30.88%	31.00%	31.00%	31.00%	31.00%	31.00%	31.00%	31.00%	31.00%
Long Term Unit Power Purchase	86.76%	81.28%	86.76%	81.62%	86.80%	75.65%	81.09%	86.83%	81.24%	86.72%	75.95%	81.62%	86.80%
Capacity Addition (This Loan)	0.00%	0.00%	17.93%	27.35%	27.27%	45.06%	43.99%	45.92%	49.72%	51.77%	57.52%	60.71%	59.15%
New Generation A	0.00%	0.00%	0.00%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%	14.95%
New Generation B	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Market Purchase	35.76%	36.67%	47.95%	54.20%	54.67%	48.57%	45.59%	406.34%	46.48%	32.89%	32.01%	30.99%	27.71%

Notes:
 1. Historical Data
 2. Non-service year of proposed new generation project.
 3. System peak and system energy requirements should include individual non-members firm sales.
 4. Demand and energy requirements should be based on current RUS approved load forecast.

Sample 8 Member Power Cost Projection

	2001 ⁽¹⁾	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses (\$)													
Production													
Fuel	11,476,255	14,885,700	19,554,800	21,904,872	22,197,701	29,463,566	29,243,862	31,638,184	33,121,229	34,027,890	37,959,464	39,524,244	41,389,926
Operation	1,563,311	1,554,500	2,019,700	2,452,100	2,433,400	2,852,200	3,007,300	3,123,900	3,282,000	3,401,700	3,557,300	3,654,700	3,820,700
Maintenance	1,872,350	1,362,600	3,531,700	5,341,500	5,459,700	5,574,800	5,686,600	5,803,600	5,918,500	6,037,500	6,156,500	6,276,600	6,408,200
Purchased Power	70,555,381	70,130,500	59,856,300	55,342,300	65,118,400	70,711,600	72,140,700	74,545,300	79,111,700	81,860,100	84,277,500	87,685,200	93,516,200
A&G	1,856,784	2,547,600	2,611,300	2,938,300	3,085,200	3,239,500	3,401,500	3,571,600	3,750,200	3,937,700	4,134,600	4,341,300	4,558,300
Transmission	2,595,000	2,731,000	2,799,000	2,868,000	2,937,000	3,007,000	3,077,000	3,147,000	3,217,000	3,288,000	3,359,000	3,430,000	3,500,000
Depreciation	3,224,335	3,220,000	4,928,900	6,589,100	6,608,800	6,627,800	6,647,000	6,666,500	6,686,300	6,706,400	6,726,800	6,747,500	6,768,400
Interest	5,128,730	4,978,000	7,805,400	10,045,300	9,748,100	9,429,900	9,087,400	8,719,900	8,324,600	7,900,600	7,445,300	6,956,400	6,430,700
Other Expenses	833,804	896,800	1,659,400	1,691,400	1,724,000	1,757,300	1,791,000	1,826,500	1,862,800	1,899,800	1,937,500	1,976,000	2,015,200
Total Expenses (\$)	99,105,950	102,306,700	104,746,500	109,172,872	119,312,301	132,663,666	134,082,362	139,042,484	145,274,329	149,059,690	155,553,964	160,591,944	168,407,626
Interest Income	2,868,443	1,632,800	2,436,100	4,530,500	4,939,400	5,238,000	5,580,000	5,844,800	6,146,500	6,405,300	6,612,400	6,874,500	7,105,800
Other Revenues ⁽²⁾	905												
Net Expenses (\$)	96,236,602	100,673,900	102,310,400	104,642,372	114,372,901	127,425,666	128,502,362	133,197,684	139,127,829	142,654,390	148,941,564	153,717,444	161,301,826
Member Energy Reqms (GWh) ⁽³⁾	2,595	2,731	2,799	2,868	2,937	3,007	3,077	3,147	3,217	3,288	3,359	3,430	3,500
Member Power Cost (\$/MWh)	37.09	36.86	36.55	36.49	38.94	42.38	41.76	42.33	43.25	43.39	44.34	44.82	46.09
Weighted Avg. (\$/MWh)	41.37												

Notes:
 1) Historical data
 2) Should include revenues from non-member sales.
 3) Member energy requirements at delivery point

Sample 9 Cost Estimate

XYZ Power Plant

Generation Facilities

Item	Estimate
Engineering services	\$ _____
Turbines	\$ _____
Boilers	\$ _____
Main step-up transformers	\$ _____
EPC contract	\$ _____
Mechanical installation	\$ _____
Electrical installation	\$ _____
Water and gas pipelines	\$ _____
Rail Facilities	\$ _____
Sales tax	\$ _____
Startup costs	\$ _____
Shop equipment and spares	\$ _____
Land and road upgrades	\$ _____
Legal	\$ _____
Development expense (overhead, studies etc)	\$ _____
Contingency	\$ _____
IDC	\$ _____
Total Generation	\$ _____

Transmission Facilities

Item	Estimate
Power plant switchyard	\$ _____
Lines/interconnections _____ miles, _____ kV	\$ _____
Substations _____ kV, _____ MVA	\$ _____
Total Transmission	\$ _____

Total Project Cost \$ _____

Sample 10
New Resource Bus Bar Cost Table

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capacity (MW)										
Energy (GWh)										
Capacity Factors (%)										
Operating Expenses (\$ 000)										
Fuel Costs										
O&M-Variable										
O&M-Fixed										
Insurance										
Depreciation										
Property Tax										
Total Operating Expense										
Interest Charges (\$ 000)										
Total Expenses (\$ 000)										
Total Cost (\$/MWh)										
Total Fixed Costs (\$ 000)										
Fixed Cost (\$/KW)										
Fixed Cost (\$/MWh)										
Total Variable Costs (\$ 000)										
Variable Costs (\$/MWh)										

The data should be for at least 10 years from the commercial operation date and be consistent with the FF.



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

April 26, 2012

File

Mr. Jonathan Aldelstein
~~Administrator~~
USDA/RUS
Stop 1510, Room 5135-S
1400 Independence Avenue, SW
Washington, DC 20250-1500

Dear Mr. Aldelstein:

In accordance with Article IV, Section 4.8 of the Amended and Consolidated Loan Contract dated July 16, 2009, between Big Rivers Electric Corporation (Big Rivers) and the United States of America, enclosed is a full and complete annual report of Big Rivers' financial condition and operations for the fiscal year ended, December 31, 2011.

Sincerely,

BIG RIVERS ELECTRIC CORPORATION

Ralph A. Ashworth
Director Finance

cc: Mr. Victor Vu, Stop 1568, Room 0270
Mr. John Sanders, Stop 1568, Room 0270
James Miller, Esq.
Mr. Mark A. Hite
Mr. Albert Yockey

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 68 of 256



201 Third Street
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www.bigrivers.com

April 26, 2012

File

Mr. Jonathan Aldelstein
Administrator
USDA/RUS
Stop 1510, Room 5135-S
1400 Independence Avenue, SW
Washington, DC 20250-1500

Dear Mr. Aldelstein:

In accordance with Article IV, Section 4.10 of the Amended and Consolidated Loan Contract dated July 16, 2009, between Big Rivers Electric Corporation (Big Rivers) and the United States of America, note four (4) of the audited financial statements contained in the enclosed copy of Big Rivers' audited financial statements for the year ended, December 31, 2011, provides all required information related to Big Rivers variable rate indebtedness except for the method and timing for adjustment and readjustment of the applicable interest rate. As of December 31, 2011, Big Rivers' variable rate indebtedness consisted of one pollution control bond issue: \$58.8 million of Pollution Control Variable Rate Demand Bonds, Series 1983. The method and timing for adjustment and readjustment of the applicable interest rate is set out below.

Series 1983 – Variable Rate Demand Bonds

The periodic variable interest rate on the 1983 Series is determined every 7 days as the minimum rate of interest determined by the remarketing agent necessary to remarket the bonds in a secondary market, such rate limited to not being less than 40% nor more than 110% of a variable rate index. The variable rate index is the weighted average per annum discount rate for direct obligations of the United States with maturities of 13 weeks, expressed as a bond equivalent on the basis of a 365 or 366 day year, as appropriate, and applied on a daily basis, set to the latest auction of such obligations occurring prior to the interest reset date.

Sincerely yours,

Ralph A. Ashworth
Director Finance

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
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Mr. Jonathan Aldelstein
April 26, 2012
Page 2 of 2

cc: Mr. Victor Vu, Stop 1568, Room 0270
Mr. John Sanders, Stop 1568, Room 0270
James Miller, Esq.
Mr. Mark A. Hite
Mr. Albert Yockey
Mr. Ralph Ashworth



Mr. Mark A. Bailey, President and CEO
Big Rivers Electric Corporation
201 Third St.
Henderson, KY 42420

Dear Mr. Bailey *MB*



original copy
xc: Jim Miller
Bob Berry
Mark Miller
F&I
MB

In a letter dated May 31, 2012 from James M. Miller, it is stated that Big Rivers Electric Corporation (Big Rivers) has signed a letter agreement, dated May 17, 2012, with Kenergy Corp. (Kenergy) stating supplemental terms for a "Market Energy" purchase under Section 2.3.2(c) of the Wholesale Electric Service Agreement (Alcan) dated as of July 1, 2009, by and between Big Rivers and Kenergy (the Wholesale Agreement). The letter agreement is referred to as the Big River-Kenergy Letter.

The stated purpose of your letter dated May 31, 2012 was to obtain the following from Rural Utilities Service (RUS):

1. Concurrence that RUS review of the Big Rivers-Kenergy Letter is not required under the Amended and Consolidated Loan Contract between Big Rivers and United States of America dated as July 16, 2009 Section 5.6,
2. Concurrence that the Market Energy transaction represented in the Big Rivers-Kenergy Letter does not require review under Loan Contract Section 8.1,
3. Blanket approval of Supplemental Energy transactions, including the proposed Market Energy transaction if RUS takes the position that the Big Rivers-Kenergy letter does require RUS review under Section 8.1 of the Loan Contract, and
4. RUS agreement to a shortened 8.1 Section review period if RUS determines it must review the Big Rivers-Kenergy Letter.

Our responses to the above listed requests are as follows:

1. REQUEST

Concurrence that RUS review of the Big Rivers-Kenergy Letter is not required under the Amended and Consolidated Loan Contract between Big Rivers and United States of America dated as July 16, 2009 Section 5.6.

RESPONSE

RUS review of the Big Rivers-Kenergy Letter is required under the Amended and Consolidated Loan Contract between Big Rivers and United States of America dated as July 16, 2009 Section 5.6.

2. REQUEST

Concurrence that the Market Energy transaction represented in the Big Rivers-Kenergy Letter does not require review under Loan Contract Section 8.1.

RESPONSE

The Market Energy transaction represented in the Big River-Kenergy Letter requires review under Loan Contract Section 8.1.

3. REQUEST

Blanket approval of Supplemental Energy transactions, including the proposed Market Energy transaction if RUS takes the position that the Big Rivers-Kenergy letter does require RUS review under Section 8.1 of the Loan Contract.

RESPONSE

The request for RUS to issue a blanket approval of Supplemental Energy transactions, including the proposed Market Energy transaction is denied.

4. REQUEST

RUS agreement to a shortened 8.1 Section review period if RUS determines it must review the Big Rivers-Kenergy Letter.

RESPONSE

Big Rivers request for RUS agreement to the shortening of the 8.1 Section review period in connection with Big Rivers-Kenergy letter for the delivery of Market Energy on July 1, 2012 is approved for Big Rivers to deliver the Market Energy in connection with Big Rivers-Kenergy letter on July 1, 2012.

We are pleased to inform you that the Letter Agreement dated as of May 17, 2012 between Big Rivers and Kenergy (Supporting the Market Energy purchase by Kenergy from Big Rivers for resale to Alcan Primary Products Corporation.) has received administrative approval by RUS.

We are enclosing two (2) RUS approved copies - one for your file and and the other for Kenergy's file.

Sincerely,



Victor T. Vu
Director
Power Supply Division



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

July 2, 2012

File!

Mr. Victor T. Vu
Director, Power Supply Division
Rural Utilities Service
U.S. Department of Agriculture
1400 Independence Avenue, SW
Stop 1568
Washington, DC 20250

RE: RUS SERIES A NOTE

Dear Victor:

On July 2, 2012, Big Rivers wire transferred **\$36,675,552.45** to the RUS for application on our 5.75% RUS Series A Note, such Note being dated July 16, 2009. Following the application of this payment, the outstanding balance of the RUS Series A Note was **\$497,456,000.00**. The adjusted Maximum Allowed Principal Balance was **\$557,456,000.00**, resulting in a prepaid status of **\$60,000,000.00**. The attached schedule confirms these amounts and is provided to you for informational purposes.

Should you be unable to confirm any of these amounts, or have any questions about the attached schedule, please let me know. Big Rivers and I thank you for your time given to this matter.

Sincerely,

Ralph A. Ashworth
Director Finance
Big Rivers Electric Corporation

Attachment

c: Martha Proffitt
Rural Development/RUS
Direct Loan and Grant Branch
P.O. Box 200011
FC 340
St. Louis, MO 63120-0011

John Sanders
Sr. Financial & Loan SP
Financial Operations Branch
1400 Independence Avenue, SW
Stop 1568
Washington, DC 20250-1566

Mark Hite
Nick Castlen

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
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RUS:

0.00

MONTH	CASH FLOW	PRINCIPAL PAYMENT	5.750% INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
31-Jul-98	0.00	0.00	2,255,285.79	2,255,285.79	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
07-Aug-98	1,666,666.67	0.00	1,127,642.90	1,716,262.02	1,666,666.67	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
24-Aug-98	1,940.64	0.00	2,739,581.32	4,452,882.70	1,940.64	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
25-Aug-98	0.00	0.00	161,081.84	3,566,103.57	1,027,870.97	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
31-Aug-98	0.00	0.00	966,551.05	4,552,854.62	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
01-Sep-98	0.00	0.00	161,081.84	3,047,079.79	1,666,666.67	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
25-Sep-98	0.00	0.00	3,866,204.22	6,913,284.01	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
30-Sep-98	0.00	0.00	805,459.21	7,718,743.22	0.00	1,022,583,000.00	1,022,583,000.00	1,022,583,000.00	0.00
01-Oct-98	19,260,553.30	11,380,718.24	161,081.84	1,270,416.71	7,879,895.06	1,011,202,281.76	1,022,583,000.00	1,022,583,000.00	11,380,718.24
09-Oct-98	3,975.21	2,332,895.11	2,709,882.82	1,270,416.71	3,975.21	1,011,202,281.76	1,022,583,000.00	1,022,583,000.00	11,380,718.24
28-Oct-98	4,608,698.17	0.00	794,657.55	2,497,157.08	2,276,000.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
31-Oct-98	0.00	0.00	317,863.02	1,148,353.43	1,666,666.67	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
02-Nov-98	2,276,000.00	0.00	3,655,424.74	2,527,778.17	2,276,000.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
25-Nov-98	0.00	0.00	794,657.55	3,322,435.72	0.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
30-Nov-98	0.00	0.00	158,931.51	1,814,700.56	1,666,666.67	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
01-Dec-98	1,666,666.67	0.00	4,291,150.78	3,829,851.34	2,276,000.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
28-Dec-98	2,276,000.00	0.00	478,794.53	4,306,645.87	0.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
31-Dec-98	0.00	0.00	6,150,319.57	10,982,691.48	0.00	1,008,869,586.65	1,022,583,000.00	1,022,583,000.00	11,380,718.24
04-Jan-99	2,276,000.00	0.00	3,317,215.11	1,041,215.11	2,276,000.00	1,002,719,267.08	1,019,583,000.00	1,017,250,304.89	14,531,037.81
25-Jan-99	0.00	0.00	947,775.75	1,988,980.86	0.00	1,002,719,267.08	1,019,583,000.00	1,017,250,304.89	14,531,037.81
31-Jan-99	0.00	0.00	157,962.62	480,288.81	1,666,666.67	1,002,719,267.08	1,019,583,000.00	1,017,250,304.89	14,531,037.81
10-Feb-99	2,276,000.00	374,049.57	1,421,663.62	947,422.19	1,901,950.43	1,002,345,217.51	1,019,583,000.00	1,017,250,304.89	14,905,087.38
16-Feb-99	892,794.54	0.00	1,893,156.64	2,840,578.83	0.00	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	14,905,087.38
28-Feb-99	0.00	0.00	157,763.05	1,331,675.21	1,666,666.67	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	14,905,087.38
01-Mar-99	1,666,666.67	0.00	3,786,313.27	2,841,988.48	2,276,000.00	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	14,905,087.38
25-Mar-99	2,276,000.00	0.00	948,576.32	3,788,566.80	0.00	1,001,452,422.97	1,019,583,000.00	1,016,357,510.35	14,905,087.38
31-Mar-99	10,966,666.67	7,020,338.82	157,763.05	0.00	3,946,329.85	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
01-Apr-99	2,276,000.00	0.00	3,916,427.74	1,640,427.74	2,276,000.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
26-Apr-99	0.00	0.00	628,628.44	2,267,056.18	0.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
30-Apr-99	0.00	0.00	469,971.33	1,070,360.84	1,666,666.67	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
03-May-99	1,666,666.67	0.00	2,193,199.53	3,263,560.37	0.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
17-May-99	0.00	0.00	1,253,256.88	2,240,817.25	2,276,000.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
25-May-99	2,276,000.00	0.00	939,942.66	3,180,759.91	0.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
31-May-99	0.00	0.00	156,657.11	1,670,750.35	1,666,666.67	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
01-Jun-99	1,666,666.67	0.00	3,759,770.63	3,154,520.98	2,276,000.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
25-Jun-99	2,276,000.00	0.00	783,265.55	3,937,806.53	0.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
30-Jun-99	0.00	0.00	158,251.90	1,35,617.77	0.00	994,432,086.15	1,016,584,000.00	1,013,358,510.35	18,926,424.20
01-Jul-99	6,666,666.67	2,572,202.88	158,251.90	1,35,617.77	4,084,463.64	991,859,883.16	1,013,584,000.00	1,011,428,131.35	19,986,045.20
26-Jul-99	2,276,000.00	0.00	3,908,297.49	1,630,297.49	2,276,000.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	19,986,045.20
31-Jul-99	0.00	0.00	71,259.50	2,411,556.99	0.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	19,986,045.20
02-Aug-99	2,500,000.00	0.00	312,503.80	2,24,060.79	2,500,000.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	19,986,045.20
16-Aug-99	0.00	0.00	2,187,526.59	2,411,567.38	0.00	991,859,883.16	1,013,584,000.00	1,011,428,131.35	19,986,045.20
25-Aug-99	0.00	0.00	1,406,287.09	1,541,854.47	2,276,000.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	20,148,950.39
31-Aug-99	2,276,000.00	0.00	937,511.40	2,478,365.87	0.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	20,148,950.39
01-Sep-99	2,500,000.00	0.00	158,251.90	1,35,617.77	2,500,000.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	20,148,950.39
24-Sep-99	2,276,000.00	0.00	3,593,793.69	1,453,411.46	2,276,000.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	20,148,950.39
30-Sep-99	0.00	0.00	937,511.40	2,390,922.86	0.00	991,859,883.16	1,013,584,000.00	1,012,008,833.55	20,148,950.39
01-Oct-99	12,500,000.00	9,952,825.24	158,251.90	0.00	2,547,174.76	991,859,883.16	1,013,584,000.00	1,012,008,833.55	20,148,950.39
25-Oct-99	2,276,000.00	0.00	3,712,415.73	1,436,415.73	2,276,000.00	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
31-Oct-99	0.00	0.00	928,103.93	2,364,519.66	0.00	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
01-Nov-99	2,500,000.00	0.00	154,683.99	19,203.65	2,500,000.00	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
15-Nov-99	631,927.17	0.00	2,165,575.84	2,184,779.49	0.00	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
30-Nov-99	2,276,000.00	0.00	1,548,844.38	1,484,623.87	2,276,000.00	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
01-Dec-99	2,500,000.00	0.00	772,922.19	2,227,546.06	0.00	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
27-Dec-99	2,276,000.00	117,869.50	154,584.44	0.00	2,382,130.50	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
31-Dec-99	0.00	0.00	4,018,712.62	1,742,712.62	2,276,000.00	991,859,883.16	1,013,584,000.00	1,010,585,000.00	27,102,775.63
03-Jan-00	2,500,000.00	0.00	618,263.48	2,360,976.10	0.00	991,859,883.16	1,010,585,000.00	1,008,377,906.38	27,220,645.13
25-Jan-00	2,276,000.00	0.00	482,430.68	0.00	2,500,000.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
31-Jan-00	0.00	0.00	3,392,276.08	1,116,276.08	2,276,000.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
15-Feb-00	2,500,000.00	304,363.35	925,166.20	2,041,442.28	0.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
25-Feb-00	0.00	0.00	154,194.37	2,185,636.65	1,985,636.65	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
29-Feb-00	2,276,000.00	0.00	2,158,051.71	2,158,051.71	0.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
01-Mar-00	2,500,000.00	0.00	1,541,465.51	1,423,517.22	2,276,000.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
27-Mar-00	2,276,000.00	305,750.03	154,148.55	2,040,103.42	0.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
31-Mar-00	2,500,000.00	0.00	4,008,581.42	1,730,561.42	2,194,248.97	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
03-Apr-00	2,500,000.00	0.00	618,394.00	2,346,955.48	2,276,000.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
19-Apr-00	2,276,000.00	0.00	482,295.51	0.00	2,500,000.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
25-Apr-00	2,276,000.00	70,000.00	2,466,353.61	2,466,353.61	0.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
30-Apr-00	0.00	0.00	858,898.00	1,049,252.61	2,276,000.00	991,859,883.16	1,008,377,906.38	1,008,377,906.38	27,220,645.13
01-May-00	2,500,000.00	591,848.40	143,148.83	1,765,001.77	1,908,151.60	910,567,957.28	935,586,000.00	935,586,000.00	24,689,548.77

Case No. 2012-00535

Witness: Billie J. Richert
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0.00

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	5.750% INTEREST	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
15-May-00	1,004,167.92	1,004,167.92	2,002,795.92	2,002,795.92	2,002,795.92	0.00	909,583,789.36	935,586,000.00	934,273,187.53	24,689,398.17
31-May-00	2,276,000.00	0.00	1,428,980.93	1,428,980.93	1,155,786.85	2,276,000.00	908,583,789.36	935,586,000.00	934,273,187.53	24,689,398.17
01-Jun-00	2,500,000.00	0.00	343,919.50	0.00	2,013,181.41	0.00	909,239,869.86	935,586,000.00	934,273,187.53	25,033,317.67
28-Jun-00	2,276,000.00	0.00	0.00	0.00	1,285,126.54	2,276,000.00	909,239,869.86	935,586,000.00	934,273,187.53	25,033,317.67
30-Jun-00	2,500,000.00	0.00	3,571,126.54	3,571,126.54	1,866,506.79	0.00	909,034,911.83	933,066,000.00	931,773,187.53	22,738,275.70
03-Jul-00	2,276,000.00	0.00	0.00	0.00	865,882.96	2,276,000.00	909,034,911.83	933,066,000.00	931,773,187.53	22,738,275.70
31-Jul-00	2,276,000.00	0.00	0.00	0.00	1,722,760.13	0.00	909,034,911.83	933,066,000.00	931,773,187.53	22,738,275.70
25-Aug-00	1,026,000.00	0.00	2,142,182.93	2,142,182.93	3,864,953.06	0.00	909,034,911.83	933,066,000.00	932,567,994.70	23,533,082.87
31-Aug-00	3,325,728.36	0.00	1,428,128.62	1,428,128.62	4,287,081.68	1,026,000.00	909,034,911.83	933,066,000.00	932,567,994.70	23,533,082.87
21-Sep-00	1,026,000.00	0.00	858,877.17	858,877.17	5,123,958.85	0.00	908,034,911.83	933,066,000.00	932,567,994.70	23,533,082.87
25-Sep-00	1,026,000.00	0.00	2,999,070.10	2,999,070.10	6,123,028.95	0.00	908,034,911.83	933,066,000.00	932,567,994.70	23,533,082.87
30-Sep-00	1,026,000.00	0.00	0.00	0.00	7,668,075.70	1,026,000.00	908,034,911.83	933,066,000.00	932,567,994.70	23,533,082.87
02-Oct-00	1,026,000.00	0.00	0.00	0.00	8,381,864.14	0.00	908,034,911.83	933,066,000.00	932,567,994.70	23,533,082.87
25-Oct-00	1,026,000.00	0.00	285,523.38	285,523.38	2,288,837.55	1,026,000.00	917,376,580.99	930,586,000.00	930,067,994.70	12,691,403.71
31-Oct-00	1,335,373.28	0.00	3,314,837.55	3,314,837.55	3,153,577.78	0.00	917,376,580.99	930,586,000.00	930,067,994.70	12,691,403.71
15-Nov-00	1,026,000.00	0.00	2,161,850.57	2,161,850.57	5,315,428.35	0.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
27-Nov-00	1,026,000.00	0.00	1,728,962.95	1,728,962.95	6,016,391.30	1,026,000.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
30-Nov-00	1,026,000.00	0.00	431,740.74	431,740.74	6,448,132.04	0.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
28-Dec-00	1,026,000.00	0.00	4,029,580.22	4,029,580.22	9,451,712.26	1,026,000.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
31-Dec-00	1,026,000.00	0.00	431,740.74	431,740.74	9,883,453.00	0.00	916,041,217.71	930,586,000.00	928,732,621.42	12,691,403.71
02-Jan-01	1,026,000.00	0.00	286,615.73	286,615.73	0.00	0.00	926,213,286.44	929,586,000.00	927,732,621.42	1,519,334.98
25-Jan-01	1,026,000.00	0.00	3,355,937.18	3,355,937.18	2,329,937.18	1,026,000.00	926,213,286.44	929,586,000.00	927,732,621.42	1,519,334.98
31-Jan-01	603,895.14	0.00	875,461.87	875,461.87	3,205,399.05	0.00	926,213,286.44	929,586,000.00	927,732,621.42	1,519,334.98
15-Feb-01	969,000.00	0.00	2,168,654.68	2,168,654.68	5,384,053.73	969,000.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
28-Feb-01	969,000.00	0.00	1,603,966.96	1,603,966.96	6,029,020.69	969,000.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
28-Mar-01	969,000.00	0.00	291,630.36	291,630.36	6,320,651.05	0.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
01-Mar-01	21,235,000.00	0.00	3,791,194.83	3,791,194.83	9,142,846.58	989,000.00	925,609,391.30	929,586,000.00	927,121,979.32	1,512,588.02
02-Apr-01	989,000.00	0.00	729,075.89	729,075.89	8,871,921.57	0.00	914,537,943.23	928,587,000.00	926,122,979.32	11,585,036.09
30-Apr-01	989,000.00	0.00	291,630.36	291,630.36	2,344,634.05	0.00	914,537,943.23	928,587,000.00	926,122,979.32	11,585,036.09
15-May-01	989,000.00	0.00	0.00	0.00	3,064,989.28	0.00	914,537,943.23	928,587,000.00	926,122,979.32	11,585,036.09
25-May-01	989,000.00	0.00	2,161,065.69	2,161,065.69	5,226,054.97	0.00	914,537,943.23	928,587,000.00	926,122,979.32	11,585,036.09
31-May-01	989,000.00	0.00	1,440,710.46	1,440,710.46	6,667,765.43	989,000.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
25-Jun-01	989,000.00	0.00	864,426.28	864,426.28	6,562,191.71	0.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
30-Jun-01	24,800,000.00	0.00	3,801,776.15	3,801,776.15	9,194,967.86	989,000.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
02-Jul-01	989,000.00	0.00	720,355.23	720,355.23	8,915,323.09	0.00	914,537,943.23	928,587,000.00	927,019,102.78	12,481,159.55
25-Jul-01	989,000.00	0.00	14,586,534.82	14,586,534.82	288,142.09	10,203,465.18	899,941,408.41	927,587,000.00	926,019,102.78	26,077,694.37
31-Jul-01	989,000.00	0.00	3,260,746.81	3,260,746.81	2,291,746.61	989,000.00	899,941,408.41	927,587,000.00	926,019,102.78	26,077,694.37
15-Aug-01	989,000.00	0.00	850,628.55	850,628.55	3,142,376.16	0.00	899,941,408.41	927,587,000.00	926,019,102.78	26,077,694.37
27-Aug-01	552,333.33	2,812,026.70	2,126,573.88	2,126,573.88	5,268,950.04	0.00	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
31-Aug-01	552,333.33	0.00	1,895,943.21	1,895,943.21	6,412,559.92	562,333.33	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
25-Sep-01	552,333.33	0.00	565,314.40	565,314.40	6,977,874.40	0.00	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
30-Sep-01	552,333.33	0.00	3,533,715.03	3,533,715.03	9,568,756.02	562,333.33	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
01-Oct-01	7,500,000.00	55,738.00	708,643.01	708,643.01	10,665,389.03	0.00	897,129,381.71	927,587,000.00	923,207,076.08	26,077,694.37
25-Oct-01	552,333.33	0.00	141,328.60	141,328.60	2,852,055.25	7,444,262.00	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74
31-Oct-01	552,333.33	0.00	3,404,388.58	3,404,388.58	2,852,055.25	552,333.33	900,436,109.34	921,587,000.00	917,207,076.08	16,770,966.74
15-Nov-01	552,333.33	0.00	851,097.14	851,097.14	3,703,152.39	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
26-Nov-01	552,333.33	0.00	2,127,742.86	2,127,742.86	5,830,895.25	552,333.33	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
30-Nov-01	552,333.33	0.00	1,560,344.76	1,560,344.76	6,838,906.68	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
26-Dec-01	552,333.33	0.00	587,398.10	587,398.10	7,406,304.78	0.00	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
31-Dec-01	552,333.33	0.00	3,888,087.63	3,888,087.63	10,542,059.08	552,333.33	900,436,109.34	921,587,000.00	918,075,751.22	17,639,641.88
02-Jan-02	50,000,000.00	38,464,994.25	283,899.05	283,899.05	11,535,005.75	11,535,005.75	861,971,115.09	921,587,000.00	918,075,751.22	55,604,636.13
25-Jan-02	552,333.33	0.00	3,123,169.31	3,123,169.31	2,570,835.98	552,333.33	861,971,115.09	921,587,000.00	917,575,751.22	55,604,636.13
31-Jan-02	552,333.33	0.00	814,739.82	814,739.82	3,385,575.80	0.00	861,971,115.09	921,587,000.00	917,575,751.22	55,604,636.13
15-Feb-02	535,333.33	0.00	2,038,849.55	2,038,849.55	5,422,425.35	0.00	861,971,115.09	921,587,000.00	917,585,745.81	55,624,630.72
28-Feb-02	535,333.33	0.00	1,357,889.70	1,357,889.70	6,244,981.72	535,333.33	861,971,115.09	921,587,000.00	917,585,745.81	55,624,630.72
28-Mar-02	535,333.33	0.00	407,369.91	407,369.91	6,652,361.63	0.00	861,971,115.09	921,587,000.00	917,585,745.81	55,624,630.72
31-Mar-02	15,000,000.00	4,537,692.86	814,739.82	814,739.82	9,511,777.55	10,462,307.34	861,971,115.09	921,587,000.00	917,585,745.81	59,662,323.36
01-Apr-02	535,333.33	0.00	3,241,803.08	3,241,803.08	2,706,469.75	535,333.33	857,433,422.43	920,587,000.00	917,085,745.81	59,662,323.36
30-Apr-02	535,333.33	0.00	675,375.64	675,375.64	3,381,845.39	0.00	857,433,422.43	920,587,000.00	917,085,745.81	59,662,323.36
15-May-02	535,333.33	0.00	2,028,126.92	2,028,126.92	5,407,972.31	0.00	857,433,422.43	920,587,000.00	917,085,745.81	59,662,323.36
24-May-02	535,333.33	0.00	1,215,676.15	1,215,676.15	6,688,315.13	535,333.33	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
15-May-02	535,333.33	0.00	945,525.90	945,525.90	7,033,641.03	0.00	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
25-Jun-02	535,333.33	0.00	3,378,876.20	3,378,876.20	8,575,385.90	535,333.33	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
30-Jun-02	14,000,000.00	0.00	675,375.64	675,375.64	10,550,761.54	0.00	857,433,422.43	920,587,000.00	917,225,352.36	59,791,929.93
01-Jul-02	14,000,000.00	3,314,163.33	133,075.13	133,075.13	10,685,836.67	10,685,836.67	854,119,255.10	920,087,000.00	916,725,352.36	62,606,093.26

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 In re: Billie J. Richert
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0.00

5.750%

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
25-Jul-02	535,333.37	0.00	3,229,272.82	2,693,939.45	535,333.37	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
31-Jul-02	0.00	0.00	807,318.20	3,501,257.65	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
15-Aug-02	0.00	0.00	2,018,285.51	5,519,853.16	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
23-Aug-02	118,666.66	0.00	1,076,424.27	6,477,310.77	118,666.66	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
31-Aug-02	0.00	0.00	1,076,424.27	7,553,735.04	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
25-Sep-02	118,666.66	0.00	3,383,825.85	10,938,894.23	118,666.66	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
30-Sep-02	0.00	0.00	672,785.17	11,471,659.40	0.00	854,119,259.10	920,087,000.00	916,725,352.36	62,606,093.26
01-Oct-02	12,000,000.00	393,787.57	134,553.03	0.00	11,606,212.43	853,725,471.53	914,587,000.00	914,587,000.00	65,967,740.90
25-Oct-02	118,666.66	0.00	3,227,783.97	3,109,117.31	118,666.66	853,725,471.53	914,587,000.00	914,587,000.00	65,967,740.90
31-Oct-02	0.00	0.00	806,945.99	3,916,063.30	0.00	853,725,471.53	914,587,000.00	914,587,000.00	65,967,740.90
15-Nov-02	1,236,467.21	1,236,467.21	2,017,384.98	5,933,428.28	0.00	852,489,004.32	914,587,000.00	914,587,000.00	60,861,528.47
30-Nov-02	118,666.66	0.00	1,342,982.13	7,157,273.75	118,666.66	852,489,004.32	914,587,000.00	914,587,000.00	60,861,528.47
30-Nov-02	0.00	0.00	671,481.07	7,829,204.82	0.00	852,489,004.32	914,587,000.00	914,587,000.00	60,861,528.47
23-Dec-02	118,666.66	0.00	3,088,812.90	10,799,351.06	118,666.66	852,489,004.32	914,587,000.00	914,587,000.00	60,861,528.47
31-Dec-02	0.00	0.00	1,074,369.70	11,873,720.76	0.00	852,489,004.32	914,587,000.00	914,587,000.00	60,861,528.47
02-Jan-03	11,000,000.00	53,038.00	288,592.43	0.00	10,946,962.00	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
24-Jan-03	118,666.66	0.00	2,958,475.66	2,839,809.00	118,666.66	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
31-Jan-03	0.00	0.00	941,333.17	3,781,142.17	0.00	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
18-Feb-03	0.00	0.00	2,420,571.00	6,201,713.17	0.00	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
25-Feb-03	0.00	0.00	941,333.17	7,143,046.34	0.00	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
28-Feb-03	0.00	0.00	403,428.50	7,546,474.84	0.00	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
25-Mar-03	0.00	0.00	3,361,904.16	10,908,378.00	0.00	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
31-Mar-03	0.00	0.00	806,857.00	11,715,235.00	0.00	853,631,317.51	914,587,000.00	914,587,000.00	59,719,215.28
01-Apr-03	20,000,000.00	8,150,287.83	134,476.17	0.00	11,849,712.17	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
15-Apr-03	0.00	0.00	3,196,613.21	3,196,613.21	0.00	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
30-Apr-03	0.00	0.00	665,561.09	3,862,174.30	0.00	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
15-May-03	0.00	0.00	1,987,883.26	5,850,057.56	0.00	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
26-May-03	0.00	0.00	1,465,114.39	7,325,171.95	0.00	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
31-May-03	0.00	0.00	665,981.09	7,991,533.04	0.00	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
25-Jun-03	0.00	0.00	3,329,805.43	11,321,338.47	0.00	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
30-Jun-03	0.00	0.00	665,981.09	11,987,299.56	0.00	845,481,029.68	914,587,000.00	914,587,000.00	67,888,638.97
01-Jul-03	15,000,000.00	2,879,508.22	133,192.22	0.00	12,120,491.78	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
25-Jul-03	0.00	0.00	3,165,726.30	3,165,726.30	0.00	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
31-Jul-03	0.00	0.00	786,431.58	3,952,157.88	0.00	842,601,521.46	914,587,000.00	914,587,000.00	71,985,478.54
15-Aug-03	2,955,599.42	2,955,599.42	1,991,078.94	5,973,236.82	0.00	839,645,922.04	914,587,000.00	914,587,000.00	71,985,478.54
25-Aug-03	1,448,000.00	0.00	1,322,729.88	5,847,966.70	1,448,000.00	839,645,922.04	914,587,000.00	914,587,000.00	71,985,478.54
31-Aug-03	0.00	0.00	793,637.93	6,641,604.63	0.00	839,645,922.04	914,587,000.00	914,587,000.00	71,985,478.54
25-Sep-03	1,448,000.00	0.00	3,306,824.69	8,500,429.32	1,448,000.00	839,645,922.04	914,587,000.00	914,587,000.00	71,985,478.54
30-Sep-03	0.00	0.00	681,364.94	9,181,794.26	0.00	839,645,922.04	914,587,000.00	914,587,000.00	71,985,478.54
01-Oct-03	23,000,000.00	13,705,932.75	132,272.99	0.00	9,294,067.25	825,939,989.29	909,587,000.00	909,587,000.00	80,691,411.29
27-Oct-03	1,448,000.00	0.00	3,362,959.68	1,934,959.68	1,448,000.00	825,939,989.29	909,587,000.00	909,587,000.00	80,691,411.29
31-Oct-03	0.00	0.00	520,455.34	2,455,415.02	0.00	825,939,989.29	909,587,000.00	909,587,000.00	80,691,411.29
17-Nov-03	1,235,189.90	1,235,189.90	2,211,935.18	4,667,350.20	0.00	824,704,799.39	909,587,000.00	909,587,000.00	80,691,411.29
25-Nov-03	1,448,000.00	0.00	1,039,353.99	4,258,704.19	1,448,000.00	824,704,799.39	909,587,000.00	909,587,000.00	80,691,411.29
30-Nov-03	0.00	0.00	649,596.25	4,908,300.44	0.00	824,704,799.39	909,587,000.00	909,587,000.00	80,691,411.29
23-Dec-03	1,448,000.00	0.00	2,988,142.73	6,448,443.17	1,448,000.00	824,704,799.39	909,587,000.00	909,587,000.00	80,691,411.29
31-Dec-03	0.00	0.00	1,039,353.99	7,487,797.16	0.00	824,704,799.39	909,587,000.00	909,587,000.00	80,691,411.29
02-Jan-04	15,000,000.00	7,253,074.28	259,128.56	0.00	7,746,925.72	817,451,725.11	909,588,000.00	909,588,000.00	84,945,485.57
23-Jan-04	1,448,000.00	0.00	2,698,920.65	1,248,920.65	1,448,000.00	817,451,725.11	909,588,000.00	909,588,000.00	84,945,485.57
31-Jan-04	0.00	0.00	1,027,398.34	2,276,318.99	0.00	817,451,725.11	909,588,000.00	909,588,000.00	84,945,485.57
17-Feb-04	0.00	0.00	2,183,214.48	4,459,540.47	0.00	817,451,725.11	909,588,000.00	909,588,000.00	84,945,485.57
25-Feb-04	1,423,000.00	0.00	1,027,398.34	4,053,938.81	1,423,000.00	817,451,725.11	909,588,000.00	909,588,000.00	84,945,485.57
29-Feb-04	0.00	0.00	513,699.17	4,577,637.98	0.00	817,451,725.11	909,588,000.00	909,588,000.00	84,945,485.57
02-Mar-04	885,665.60	0.00	2,950,533.85	6,362,021.42	1,423,000.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
25-Mar-04	1,423,000.00	0.00	788,704.48	7,131,725.90	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
31-Mar-04	0.00	0.00	128,284.08	7,260,009.98	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
01-Apr-04	1,423,000.00	0.00	2,847,342.43	1,424,342.43	1,423,000.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
23-Apr-04	0.00	0.00	905,972.59	2,330,315.02	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
17-May-04	1,423,000.00	0.00	2,200,219.15	4,530,534.17	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
25-May-04	0.00	0.00	1,035,397.25	4,142,931.42	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
31-May-04	0.00	0.00	776,547.93	4,919,479.35	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
25-Jun-04	1,423,000.00	0.00	3,235,616.39	6,732,095.74	1,423,000.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
30-Jun-04	0.00	0.00	647,123.28	7,379,219.02	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
01-Jul-04	1,423,000.00	0.00	129,424.68	7,508,643.70	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
23-Jul-04	0.00	0.00	2,873,294.43	1,450,294.43	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
31-Jul-04	0.00	0.00	1,044,834.34	2,495,128.77	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
16-Aug-04	0.00	0.00	2,089,668.68	4,584,797.45	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
25-Aug-04	1,423,000.00	0.00	1,175,438.63	4,337,236.08	1,423,000.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
31-Aug-04	0.00	0.00	783,625.75	5,120,861.83	0.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
24-Sep-04	1,423,000.00	0.00	3,134,503.02	6,832,364.85	1,423,000.00	816,556,059.51	909,588,000.00	909,588,000.00	84,945,485.57
30-Sep-04	0.00	0.00	783,625.75	7,615,990.60	0.00	816,556,059.51	909,588,000.00	909,588,0	

RUS SERIES A NOTE

5.750% INTEREST EXPENSE

0.00 INTEREST PAYMENT

1,022,583,000.00 ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE

ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE

PREPAID STATUS

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
01-Oct-04	1	366	0.00	130,604.29	0.00	839,071,308.06	892,589,000.00	53,517,691.94
25-Oct-04	24	366	0.00	3,163,711.49	1,423,000.00	839,071,308.06	892,589,000.00	53,517,691.94
31-Oct-04	6	366	0.00	750,927.87	2,531,639.36	839,071,308.06	892,589,000.00	53,517,691.94
15-Nov-04	15	366	0.00	1,877,319.68	4,508,959.04	839,071,308.06	892,589,000.00	53,517,691.94
23-Nov-04	8	366	0.00	1,054,570.50	4,140,529.54	839,071,308.06	892,589,000.00	53,517,691.94
30-Nov-04	7	366	0.00	922,749.18	5,063,278.72	839,071,308.06	892,589,000.00	53,517,691.94
22-Dec-04	22	366	0.00	2,900,068.87	6,540,347.59	839,071,308.06	892,589,000.00	53,517,691.94
31-Dec-04	9	366	0.00	1,866,391.81	7,728,739.40	839,071,308.06	892,589,000.00	53,517,691.94
03-Jan-05	3	366	0.00	396,547.40	0.00	847,194,594.86	887,590,000.00	40,395,405.14
25-Jan-05	22	366	0.00	2,836,167.57	1,423,000.00	847,194,594.86	887,590,000.00	40,395,405.14
31-Jan-05	6	366	0.00	800,772.97	2,313,940.54	847,194,594.86	887,590,000.00	40,395,405.14
15-Feb-05	15	365	0.00	2,001,932.43	4,315,872.97	847,194,594.86	887,590,000.00	40,395,405.14
25-Feb-05	10	365	0.00	1,334,821.62	4,231,484.59	847,194,594.86	887,590,000.00	40,395,405.14
28-Feb-05	3	365	0.00	400,386.49	4,631,881.08	847,194,594.86	887,590,000.00	40,395,405.14
24-Mar-05	24	365	0.00	3,203,091.89	6,415,972.97	847,194,594.86	887,590,000.00	40,395,405.14
31-Mar-05	7	365	0.00	934,235.14	7,350,208.11	847,194,594.86	887,590,000.00	40,395,405.14
01-Apr-05	24	365	16,516,329.73	133,462.16	7,483,870.27	830,678,265.13	882,591,000.00	51,912,734.87
25-Apr-05	24	365	1,419,000.00	3,140,646.59	1,419,000.00	830,678,265.13	882,591,000.00	51,912,734.87
30-Apr-05	5	365	0.00	654,301.37	2,375,947.96	830,678,265.13	882,591,000.00	51,912,734.87
16-May-05	16	365	0.00	2,093,764.39	4,469,712.35	830,678,265.13	882,591,000.00	51,912,734.87
25-May-05	9	365	0.00	1,177,742.47	4,228,454.82	830,678,265.13	882,591,000.00	51,912,734.87
31-May-05	6	365	0.00	785,161.65	5,013,616.47	830,678,265.13	882,591,000.00	51,912,734.87
24-Jun-05	24	365	0.00	3,140,646.59	6,735,263.06	830,678,265.13	882,591,000.00	51,912,734.87
30-Jun-05	1	365	0.00	785,161.65	7,520,424.71	830,678,265.13	882,591,000.00	51,912,734.87
01-Jul-05	1	365	17,000,000.00	130,860.27	7,651,284.98	821,329,550.11	877,591,000.00	56,261,449.89
25-Jul-05	24	365	1,419,000.00	3,105,300.76	1,419,000.00	821,329,550.11	877,591,000.00	56,261,449.89
31-Jul-05	6	365	0.00	776,325.19	2,462,625.95	821,329,550.11	877,591,000.00	56,261,449.89
15-Aug-05	15	365	0.00	1,840,812.98	4,403,438.93	821,329,550.11	877,591,000.00	56,261,449.89
25-Aug-05	10	365	0.00	1,293,876.32	4,278,314.25	821,329,550.11	877,591,000.00	56,261,449.89
31-Aug-05	6	365	0.00	776,325.19	5,054,639.44	821,329,550.11	877,591,000.00	56,261,449.89
23-Sep-05	23	365	0.00	2,975,913.23	6,811,552.67	821,329,550.11	877,591,000.00	56,261,449.89
30-Sep-05	7	365	0.00	895,883.78	7,707,436.45	821,329,550.11	877,591,000.00	56,261,449.89
03-Oct-05	3	365	9,094,572.01	366,162.60	7,905,427.99	812,234,978.10	867,592,000.00	55,357,021.90
28-Oct-05	22	365	1,419,000.00	2,815,006.16	1,419,000.00	812,234,978.10	867,592,000.00	55,357,021.90
31-Oct-05	6	365	0.00	767,728.95	1,398,006.16	812,234,978.10	867,592,000.00	55,357,021.90
15-Nov-05	15	365	0.00	1,919,322.38	4,083,057.49	812,234,978.10	867,592,000.00	55,357,021.90
23-Nov-05	8	365	0.00	1,023,638.60	3,887,696.09	812,234,978.10	867,592,000.00	55,357,021.90
30-Nov-05	7	365	0.00	895,883.78	4,583,379.87	812,234,978.10	867,592,000.00	55,357,021.90
22-Dec-05	22	365	0.00	2,815,006.16	5,979,386.03	812,234,978.10	867,592,000.00	55,357,021.90
31-Dec-05	9	365	0.00	1,151,959.43	7,130,979.46	812,234,978.10	867,592,000.00	55,357,021.90
03-Jan-06	3	365	18,000,000.00	408,851,156.06	7,514,843.94	801,749,822.04	861,593,000.00	59,843,177.96
25-Jan-06	22	365	1,419,000.00	2,778,867.19	1,419,000.00	801,749,822.04	861,593,000.00	59,843,177.96
31-Jan-06	6	365	0.00	757,816.32	2,117,485.51	801,749,822.04	861,593,000.00	59,843,177.96
15-Feb-06	15	365	0.00	1,894,545.81	4,012,031.32	801,749,822.04	861,593,000.00	59,843,177.96
24-Feb-06	9	365	0.00	1,386,759.81	3,736,759.81	801,749,822.04	861,593,000.00	59,843,177.96
28-Feb-06	4	365	0.00	505,212.22	4,243,971.03	801,749,822.04	861,593,000.00	59,843,177.96
24-Mar-06	24	365	0.00	3,031,273.30	5,885,244.33	801,749,822.04	861,593,000.00	59,843,177.96
31-Mar-06	7	365	0.00	884,121.38	6,749,365.71	801,749,822.04	861,593,000.00	59,843,177.96
03-Apr-06	3	365	11,871,725.13	378,909.16	7,128,274.87	789,878,068.91	855,594,000.00	65,715,903.09
25-Apr-06	22	365	1,410,000.00	2,737,522.72	1,410,000.00	789,878,068.91	855,594,000.00	65,715,903.09
30-Apr-06	5	365	0.00	622,164.25	1,949,686.97	789,878,068.91	855,594,000.00	65,715,903.09
15-May-06	15	365	553,604.42	1,866,492.78	3,816,179.73	789,878,068.91	855,594,000.00	65,715,903.09
25-May-06	10	365	1,410,000.00	2,423,456.39	3,649,636.12	789,878,068.91	855,594,000.00	65,715,903.09
31-May-06	6	365	0.00	746,073.84	4,395,709.96	789,878,068.91	855,594,000.00	65,715,903.09
23-Jun-06	23	365	0.00	2,859,949.70	5,845,659.68	789,878,068.91	855,594,000.00	65,715,903.09
03-Jul-06	3	365	0.00	870,419.47	6,716,079.13	789,878,068.91	855,594,000.00	65,715,903.09
25-Jul-06	22	365	1,410,000.00	3,730,036.92	1,410,000.00	789,878,068.91	855,594,000.00	65,715,903.09
31-Jul-06	6	365	0.00	2,760,173.19	1,350,173.19	789,878,068.91	855,594,000.00	65,715,903.09
15-Aug-06	15	365	0.00	752,774.51	2,102,947.70	789,878,068.91	855,594,000.00	65,715,903.09
25-Aug-06	10	365	0.00	1,251,936.27	3,984,863.97	789,878,068.91	855,594,000.00	65,715,903.09
31-Aug-06	6	365	0.00	1,854,924.18	4,829,508.15	789,878,068.91	855,594,000.00	65,715,903.09
25-Sep-06	25	365	0.00	752,774.51	4,582,282.66	789,878,068.91	855,594,000.00	65,715,903.09
30-Sep-06	5	365	0.00	3,136,560.44	6,308,843.10	789,878,068.91	855,594,000.00	65,715,903.09
02-Oct-06	2	365	0.00	627,312.09	8,938,155.19	789,878,068.91	855,594,000.00	65,715,903.09
25-Oct-06	25	365	1,410,000.00	250,924.84	1,501,676.47	803,600,688.57	838,596,000.00	34,995,311.43
31-Oct-06	6	365	0.00	2,911,676.47	2,281,244.24	803,600,688.57	838,596,000.00	34,995,311.43
15-Nov-06	15	365	0.00	759,397.77	3,036,668.57	803,600,688.57	838,596,000.00	34,995,311.43
22-Nov-06	22	365	1,410,000.00	1,898,919.44	4,190,163.68	803,600,688.57	838,596,000.00	34,995,311.43
30-Nov-06	6	365	0.00	866,162.40	3,636,328.08	803,600,688.57	838,596,000.00	34,995,311.43
21-Dec-06	21	365	0.00	1,012,757.03	4,648,083.11	803,600,688.57	838,596,000.00	34,995,311.43
31-Dec-06	10	365	0.00	2,658,487.21	5,897,570.32	803,600,688.57	838,596,000.00	34,995,311.43
02-Jan-07	2	365	0.00	1,265,946.29	7,163,516.61	803,600,688.57	838,596,000.00	34,995,311.43
02-Jan-07	365	0.00	253,189.26	0.00	0.00	811,007,394.44	832,097,000.00	21,079,605.56

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 Billie J. Richert
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0.00

5.750%

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
25-Jan-07	1,410,000.00	0.00	2,938,549.33	1,528,549.33	1,410,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
31-Jan-07	0.00	0.00	766,578.09	2,295,127.42	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
15-Feb-07	0.00	0.00	1,916,445.21	4,211,572.63	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
23-Feb-07	1,418,000.00	0.00	1,022,104.11	3,815,878.74	1,418,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
8-Mar-07	0.00	0.00	638,816.07	4,454,694.81	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
23-Mar-07	1,418,000.00	0.00	2,938,549.33	5,975,041.14	1,418,000.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
8-Apr-07	0.00	0.00	1,022,104.11	6,997,145.25	0.00	811,017,394.44	832,097,000.00	832,097,000.00	21,079,605.56
02-Apr-07	0.00	0.00	255,528.03	0.00	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	21,079,605.56
25-Apr-07	1,418,000.00	0.00	2,984,827.84	1,548,827.84	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
30-Apr-07	0.00	0.00	644,527.79	2,191,355.63	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
15-May-07	0.00	0.00	1,983,583.37	4,124,839.00	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
23-May-07	1,418,000.00	0.00	1,289,055.58	3,985,894.58	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
8-Jun-07	0.00	0.00	773,433.35	4,769,427.93	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
25-Jun-07	1,418,000.00	0.00	3,222,638.98	6,574,066.89	1,418,000.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
30-Jun-07	0.00	0.00	644,527.79	7,218,594.68	0.00	818,270,065.72	825,598,000.00	825,598,000.00	7,327,934.28
02-Jul-07	0.00	0.00	257,811.12	0.00	6,647,471.52	819,099,000.00	819,099,000.00	819,099,000.00	0.00
25-Jul-07	1,418,000.00	0.00	2,987,831.31	1,549,831.31	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
31-Jul-07	0.00	0.00	774,216.86	2,324,048.17	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
15-Aug-07	0.00	0.00	1,935,542.16	4,259,590.33	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
24-Aug-07	0.00	0.00	1,161,325.29	4,002,915.62	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
31-Aug-07	0.00	0.00	903,253.01	4,906,168.63	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
25-Sep-07	1,418,000.00	0.00	3,225,903.60	6,714,072.23	1,418,000.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
30-Sep-07	0.00	0.00	645,180.72	7,359,252.95	0.00	819,099,000.00	819,099,000.00	819,099,000.00	0.00
01-Oct-07	19,031,508.09	11,543,217.00	129,036.14	0.00	7,488,289.09	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
25-Oct-07	1,418,000.00	0.00	3,053,224.60	1,635,224.60	1,418,000.00	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
31-Oct-07	0.00	0.00	783,306.15	2,398,530.75	0.00	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
15-Nov-07	0.00	0.00	1,908,265.38	3,652,102.28	0.00	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
21-Nov-07	1,418,000.00	0.00	783,306.15	3,652,102.28	1,418,000.00	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
30-Nov-07	0.00	0.00	1,144,959.23	4,797,061.51	0.00	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
21-Dec-07	1,418,000.00	0.00	2,671,571.63	6,050,633.04	1,418,000.00	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
31-Dec-07	0.00	0.00	1,272,178.92	7,322,809.96	0.00	807,555,783.00	807,555,783.00	807,555,783.00	44,217.00
02-Jan-08	16,118,778.17	8,542,226.00	283,740.21	0.00	7,576,550.17	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
25-Jan-08	1,418,000.00	0.00	2,887,145.98	1,469,145.98	1,418,000.00	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
31-Jan-08	0.00	0.00	753,168.52	2,222,314.50	0.00	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
15-Feb-08	0.00	0.00	1,882,921.29	4,105,235.79	0.00	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
25-Feb-08	1,397,000.00	0.00	1,255,280.86	3,983,518.65	1,397,000.00	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
29-Feb-08	0.00	0.00	502,112.34	4,485,628.99	0.00	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
25-Mar-08	1,397,000.00	0.00	3,138,202.15	6,295,831.14	1,397,000.00	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
31-Mar-08	0.00	0.00	753,168.52	6,959,999.66	0.00	799,013,557.00	799,013,557.00	799,013,557.00	87,443.00
01-Apr-08	15,628,359.75	8,540,832.00	125,528.09	0.00	7,085,527.75	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
25-Apr-08	1,397,000.00	0.00	2,880,470.93	1,583,470.93	1,397,000.00	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
30-Apr-08	0.00	0.00	620,931.44	2,204,402.37	0.00	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
15-May-08	0.00	0.00	1,882,794.33	4,087,196.70	0.00	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
23-May-08	1,397,000.00	0.00	983,490.31	3,663,087.01	1,397,000.00	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
8-Jun-08	0.00	0.00	3,104,657.22	6,364,634.54	0.00	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
25-Jun-08	1,397,000.00	0.00	2,948,268.04	6,985,785.98	1,397,000.00	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
30-Jun-08	0.00	0.00	620,931.44	7,606,717.42	0.00	790,472,725.00	790,472,725.00	790,472,725.00	129,275.00
01-Jul-08	15,651,249.27	8,541,297.00	124,186.29	0.00	7,109,952.27	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
25-Jul-08	1,397,000.00	0.00	2,948,268.04	1,551,266.04	1,397,000.00	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
31-Jul-08	0.00	0.00	737,066.51	2,288,332.55	0.00	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
15-Aug-08	0.00	0.00	1,842,066.28	4,130,938.83	0.00	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
25-Aug-08	1,397,000.00	0.00	1,228,444.18	3,962,443.01	1,397,000.00	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
31-Aug-08	0.00	0.00	737,066.51	4,699,509.52	0.00	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
25-Sep-08	1,397,000.00	0.00	3,071,110.46	6,373,619.98	1,397,000.00	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
30-Sep-08	0.00	0.00	614,222.09	6,987,842.07	0.00	781,931,428.00	781,931,428.00	781,931,428.00	171,572.00
01-Oct-08	20,651,448.49	13,540,762.00	122,844.42	0.00	7,110,686.49	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
24-Oct-08	1,397,000.00	0.00	2,776,493.60	1,379,493.60	1,397,000.00	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
31-Oct-08	0.00	0.00	645,019.79	2,224,513.39	0.00	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
17-Nov-08	0.00	0.00	2,052,190.92	4,276,704.31	0.00	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
30-Nov-08	1,397,000.00	0.00	965,736.90	3,845,441.21	1,397,000.00	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
30-Nov-08	0.00	0.00	603,585.56	4,449,026.77	0.00	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
23-Dec-08	1,397,000.00	0.00	2,776,493.60	5,828,520.37	1,397,000.00	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
31-Dec-08	0.00	0.00	985,739.90	6,794,267.27	0.00	768,390,666.00	768,390,666.00	768,390,666.00	214,334.00
02-Jan-09	15,576,616.88	8,540,264.00	242,095.69	0.00	7,038,352.98	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
23-Jan-09	1,397,000.00	0.00	2,513,751.67	1,116,751.67	1,397,000.00	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
31-Jan-09	0.00	0.00	957,619.88	2,074,371.55	0.00	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
16-Feb-09	0.00	0.00	1,915,239.37	3,989,610.72	0.00	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
25-Feb-09	1,384,000.00	0.00	1,077,322.15	3,682,932.87	1,384,000.00	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
28-Feb-09	0.00	0.00	359,107.38	4,042,040.25	0.00	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
25-Mar-09	1,384,000.00	0.00	2,992,561.51	5,650,601.76	1,384,000.00	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
31-Mar-09	0.00	0.00	178,214.76	6,366,816.52	0.00	759,850,402.00	759,850,402.00	759,850,402.00	285,588.00
01-Apr-09	15,027,007.97	8,538,489.00	119,702.45	0.00	6,488,518.97	751,311,913.00	751,311,913.00	751,	

RUS SERIES A NOTE

5.750% INTEREST EXPENSE

0.00

MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
30-Apr-09	0.00	0.00	710,144.14	2,046,363.33	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
15-May-09	0.00	0.00	1,775,360.34	3,823,723.67	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
25-May-09	0.00	0.00	1,893,573.56	3,623,297.23	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
31-May-09	0.00	0.00	710,144.14	4,333,441.37	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
25-Jun-09	0.00	0.00	2,959,933.90	5,908,375.27	1,384,000.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
30-Jun-09	0.00	0.00	591,786.78	6,500,162.05	0.00	751,311,913.00	751,607,000.00	751,607,000.00	295,087.00
01-Jul-09	15,156,898.41	8,538,377.00	118,357.36	0.00	0.618,519.41	742,773,536.00	743,109,000.00	743,109,000.00	335,464.00
16-Jul-09	141,955,184.04	140,200,000.00	1,755,184.04	0.00	1,755,184.04	602,573,536.00	602,573,536.00	602,573,536.00	0.00
31-Jul-09	0.00	0.00	1,423,889.52	1,423,889.52	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
17-Aug-09	0.00	0.00	1,613,741.46	3,037,630.98	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
25-Aug-09	0.00	0.00	759,407.74	3,797,038.72	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
31-Aug-09	0.00	0.00	569,555.81	4,366,594.53	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
25-Sep-09	0.00	0.00	2,373,149.20	6,739,743.73	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
30-Sep-09	0.00	0.00	474,629.84	7,214,373.57	0.00	602,573,536.00	602,573,536.00	602,573,536.00	0.00
01-Oct-09	0.00	3,111,536.00	94,925.97	0.00	7,309,299.54	599,462,000.00	599,462,000.00	599,462,000.00	0.00
23-Oct-09	0.00	0.00	2,077,587.48	2,077,587.48	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
31-Oct-09	0.00	0.00	755,486.36	2,833,073.84	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
16-Nov-09	0.00	0.00	1,510,972.71	4,344,046.55	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
25-Nov-09	0.00	0.00	849,922.15	5,193,968.70	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
30-Nov-09	0.00	0.00	472,178.97	5,666,147.67	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
23-Dec-09	0.00	0.00	2,172,023.27	7,838,170.94	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
01-Jan-10	0.00	0.00	755,486.36	8,593,657.30	0.00	599,462,000.00	599,462,000.00	599,462,000.00	0.00
04-Jan-10	30,000,000.00	21,028,599.52	377,743.18	0.00	8,971,400.48	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
25-Jan-10	0.00	0.00	1,913,584.47	1,913,584.47	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
31-Jan-10	0.00	0.00	546,738.42	2,460,322.89	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
15-Feb-10	0.00	0.00	1,368,846.05	3,827,168.94	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
25-Feb-10	0.00	0.00	917,230.70	4,736,399.64	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
28-Feb-10	0.00	0.00	273,369.21	5,011,768.85	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
28-Mar-10	0.00	0.00	2,278,076.75	7,289,845.60	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
31-Mar-10	0.00	0.00	546,738.42	7,835,584.02	0.00	578,433,400.48	596,257,000.00	596,257,000.00	17,823,599.52
01-Apr-10	20,000,000.00	12,072,292.91	91,123.07	0.00	7,927,707.09	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
23-Apr-10	0.00	0.00	1,962,867.95	1,962,867.95	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
30-Apr-10	0.00	0.00	824,548.89	2,887,416.84	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
17-May-10	0.00	0.00	1,516,761.60	4,104,178.44	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
25-May-10	0.00	0.00	713,770.16	4,817,948.60	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
31-May-10	0.00	0.00	535,327.82	5,353,276.42	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
25-Jun-10	0.00	0.00	2,230,531.76	7,583,807.98	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
30-Jun-10	0.00	0.00	446,106.35	8,029,914.33	0.00	566,361,107.57	592,252,000.00	592,252,000.00	25,890,892.43
01-Jul-10	10,000,000.00	1,860,864.40	89,221.27	0.00	8,119,135.60	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
23-Jul-10	0.00	0.00	1,956,348.34	1,956,348.34	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
31-Jul-10	0.00	0.00	1,711,399.78	2,667,748.10	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
16-Aug-10	0.00	0.00	1,422,799.52	4,090,547.62	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
25-Aug-10	0.00	0.00	800,324.73	4,890,873.35	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
31-Aug-10	0.00	0.00	533,549.82	5,424,423.17	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
24-Sep-10	0.00	0.00	2,134,199.28	7,558,622.45	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
30-Sep-10	0.00	0.00	533,549.82	8,092,172.27	0.00	564,480,243.17	588,566,000.00	588,566,000.00	24,085,756.83
01-Oct-10	11,600,000.00	3,418,902.76	66,924.97	0.00	8,181,097.24	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
25-Oct-10	0.00	0.00	2,121,273.01	2,121,273.01	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
31-Oct-10	0.00	0.00	530,318.25	2,651,591.26	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
15-Nov-10	0.00	0.00	1,325,795.63	3,977,386.89	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
24-Nov-10	0.00	0.00	795,477.38	4,772,864.27	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
30-Nov-10	0.00	0.00	530,318.25	5,303,182.52	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
23-Dec-10	0.00	0.00	2,032,866.64	7,336,089.16	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
31-Dec-10	0.00	0.00	707,091.00	8,043,180.16	0.00	561,061,340.41	584,920,000.00	584,920,000.00	23,858,659.59
03-Jan-11	0.00	0.00	265,159.13	0.00	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
25-Jan-11	0.00	0.00	1,873,294.85	1,973,294.85	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
31-Jan-11	0.00	0.00	538,171.32	2,511,466.17	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
15-Feb-11	0.00	0.00	1,345,428.31	3,856,894.48	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
25-Feb-11	0.00	0.00	898,952.20	4,753,846.68	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
28-Feb-11	0.00	0.00	269,085.66	5,022,932.34	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
25-Mar-11	0.00	0.00	2,242,360.51	7,265,312.85	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
31-Mar-11	0.00	0.00	538,171.32	7,803,484.17	0.00	569,389,659.70	581,405,000.00	581,405,000.00	12,035,340.30
01-Apr-11	35,451,994.51	27,588,815.12	89,695.22	0.00	7,893,179.39	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
30-Apr-11	0.00	0.00	2,046,480.32	2,046,480.32	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
16-May-11	0.00	0.00	426,768.82	2,473,259.14	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
25-May-11	0.00	0.00	1,365,660.21	3,840,919.35	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
31-May-11	0.00	0.00	768,183.87	4,609,103.22	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
24-Jun-11	0.00	0.00	512,122.58	5,121,225.80	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
30-Jun-11	0.00	0.00	2,048,490.32	7,169,716.12	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
01-Jul-11	0.00	0.00	512,122.58	7,681,898.70	0.00	541,810,844.58	577,289,000.00	577,289,000.00	35,478,155.42
25-Jul-11	0.00	0.00	65,353.76	8,335,252.46	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
31-Jul-11	0.00	0.00	2,035,548.15	2,035,548.15	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
31-Jul-11	0.00	0.00	508,887.29	2,544,436.44	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00

Case No. 2012-00535
 Witness: Billie J. Richert
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MONTH	CASH FLOW	PRINCIPAL PAYMENT	INTEREST EXPENSE	ACCRUED INTEREST	INTEREST PAYMENT	1,022,583,000.00 PRINCIPAL BALANCE	(REVISED) ORIGINAL MAXIMUM ALLOWED PRINCIPAL BALANCE	ADJUSTED MAXIMUM ALLOWED PRINCIPAL BALANCE	PREPAID STATUS
15-Aug-11	365	0.00	1,272,218.22	3,816,654.86	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
25-Aug-11	10	0.00	848,145.48	4,664,800.14	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
31-Aug-11	6	0.00	508,887.29	5,173,667.43	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
23-Sep-11	23	0.00	1,950,734.60	7,124,422.03	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
30-Sep-11	7	0.00	593,701.84	7,718,123.87	0.00	538,388,000.00	573,388,000.00	573,388,000.00	35,000,000.00
03-Oct-11	3	23,168,399.36	254,443.64	0.00	7,972,567.51	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
25-Oct-11	22	0.00	1,813,255.05	1,813,255.05	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
31-Oct-11	6	0.00	494,524.10	2,307,779.15	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
15-Nov-11	15	0.00	1,236,310.26	3,544,089.41	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
23-Nov-11	8	0.00	659,365.47	4,203,454.88	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
30-Nov-11	7	0.00	578,944.79	4,780,399.67	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
23-Dec-11	23	0.00	1,895,675.73	6,676,075.40	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
31-Dec-11	8	0.00	659,365.47	7,335,440.87	0.00	523,192,168.15	569,702,000.00	569,702,000.00	46,509,831.85
02-Jan-12	2	0.00	164,390.98	0.00	7,499,831.85	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
25-Jan-12	23	0.00	1,917,596.09	1,917,596.09	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
31-Jan-12	6	0.00	500,242.46	2,417,838.55	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
15-Feb-12	15	0.00	1,250,606.15	3,668,444.70	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
29-Feb-12	14	0.00	1,187,232.40	4,855,677.10	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
31-Mar-12	31	0.00	2,884,586.04	7,420,263.14	0.00	530,692,000.00	565,692,000.00	565,692,000.00	35,000,000.00
02-Apr-12	2	0.00	166,747.49	0.00	7,587,010.63	526,603,000.00	561,603,000.00	561,603,000.00	35,000,000.00
30-Apr-12	28	0.00	2,316,477.68	2,316,477.68	0.00	526,603,000.00	561,603,000.00	561,603,000.00	35,000,000.00
15-May-12	15	0.00	1,240,970.18	3,557,447.86	0.00	526,603,000.00	561,603,000.00	561,603,000.00	35,000,000.00
31-May-12	16	0.00	1,323,701.53	4,881,149.39	0.00	526,603,000.00	561,603,000.00	561,603,000.00	35,000,000.00
30-Jun-12	30	0.00	2,481,940.37	7,363,089.76	0.00	526,603,000.00	561,603,000.00	561,603,000.00	35,000,000.00
02-Jul-12	2	36,675,552.45	168,462.69	0.00	7,528,552.45	497,456,000.00	557,456,000.00	557,456,000.00	60,000,000.00



United States Department of Agriculture
Rural Development

July 27, 2012

Mr. Mark A. Bailey
President and Chief Executive Officer
Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

Dear Mr. Bailey:

We hereby acknowledge receipt today of a \$418,953,806.01 payment with respect to the Big Rivers Electric Corporation ("Big Rivers"), RUS 2009 Promissory Note Series A, dated July 16, 2009, in the original principal amount of \$602,573,536 (the "RUS Series A Note"). The principal prepayment portion thereof is \$417 million, and the (accrued) interest portion thereof is \$1,953,806.01. The \$417 million principal prepayment, together with the currently existing principal prepayment of \$60 million, totals a principal prepayment status on the RUS Series A Note of \$477 million. The application of this \$477 million principal prepayment to the "Allowed Balance" of the RUS Maximum Debt Balance Schedule attached to the RUS Series A Note shall result in the "Allowed Balance" of the RUS Maximum Debt Balance Schedule becoming \$80,456,000. Big Rivers also acknowledges that such payments are not intended to be a deposit into a cushion of credit account.

Big Rivers hereby agrees to (i) the permanent reduction of the "Allowed Balance" of the RUS Maximum Debt Balance Schedule to \$80,456,000, (ii) make quarterly payments of interest on the RUS Series A Note as set forth on Exhibit A enclosed hereto, and (iii) make quarterly payments of the remaining \$80,456,000 of principal as contemplated per the original RUS Maximum Debt Balance Schedule and as set forth on the Exhibit A enclosed hereto.

If you agree with the foregoing, please sign below and return an executed revision of this letter to me.

Sincerely,

VICTOR T. VU
Director
Power Supply Division

Agreed to and accepted on this 27th day of July, 2012

BIG RIVER ELECTRIC CORPORATION

Mark A. Bailey, President and Chief Executive Officer

Enclosure

RUS Series A Note - Quarterly Payments of Interest and Principal				
Payment Date	Principal Payment	5.75% Interest Payment	Total Payment	Ending Principal Balance
7/27/2012	417,000,000.00	1,953,806.01	418,953,806.01	80,456,000.00
10/1/2012	0.00	834,236.39	834,236.39	80,456,000.00
1/2/2013	0.00	1,175,584.18	1,175,584.18	80,456,000.00
4/1/2013	0.00	1,128,037.21	1,128,037.21	80,456,000.00
7/1/2013	0.00	1,153,386.36	1,153,386.36	80,456,000.00
10/1/2013	0.00	1,166,060.93	1,166,060.93	80,456,000.00
1/2/2014	0.00	1,178,735.51	1,178,735.51	80,456,000.00
4/1/2014	0.00	1,128,037.21	1,128,037.21	80,456,000.00
7/1/2014	0.00	1,153,386.36	1,153,386.36	80,456,000.00
10/1/2014	0.00	1,166,060.93	1,166,060.93	80,456,000.00
1/2/2015	0.00	1,178,735.51	1,178,735.51	80,456,000.00
4/1/2015	0.00	1,128,037.21	1,128,037.21	80,456,000.00
7/1/2015	0.00	1,153,386.36	1,153,386.36	80,456,000.00
10/1/2015	0.00	1,166,060.93	1,166,060.93	80,456,000.00
1/4/2016	0.00	1,203,946.14	1,203,946.14	80,456,000.00
4/1/2016	0.00	1,112,315.19	1,112,315.19	80,456,000.00
7/1/2016	0.00	1,150,235.03	1,150,235.03	80,456,000.00
10/3/2016	0.00	1,188,154.86	1,188,154.86	80,456,000.00
1/2/2017	0.00	1,150,304.29	1,150,304.29	80,456,000.00
4/3/2017	0.00	1,153,386.36	1,153,386.36	80,456,000.00
7/3/2017	0.00	1,153,386.36	1,153,386.36	80,456,000.00
10/2/2017	0.00	1,153,386.36	1,153,386.36	80,456,000.00
1/2/2018	0.00	1,166,060.93	1,166,060.93	80,456,000.00
4/2/2018	0.00	1,140,711.78	1,140,711.78	80,456,000.00
7/2/2018	0.00	1,153,386.36	1,153,386.36	80,456,000.00
10/1/2018	0.00	1,153,386.36	1,153,386.36	80,456,000.00
1/2/2019	0.00	1,178,735.51	1,178,735.51	80,456,000.00
4/1/2019	0.00	1,128,037.21	1,128,037.21	80,456,000.00
7/1/2019	0.00	1,153,386.36	1,153,386.36	80,456,000.00
10/1/2019	2,403,000.00	1,166,060.93	3,569,060.93	78,053,000.00
1/2/2020	10,658,000.00	1,143,462.72	11,801,462.72	67,395,000.00
4/1/2020	10,849,000.00	952,921.11	11,801,921.11	56,546,000.00
7/1/2020	10,994,000.00	808,406.95	11,802,406.95	45,552,000.00
10/1/2020	11,143,000.00	658,388.20	11,801,388.20	34,409,000.00
1/4/2021	11,289,000.00	513,608.87	11,802,608.87	23,120,000.00
4/1/2021	11,485,000.00	316,870.68	11,801,870.68	11,635,000.00
7/1/2021	11,635,000.00	166,794.90	11,801,794.90	0.00

Date Prepared: 7/17/2012

Exhibit A

RUS Series A Note - Quarterly Payments of Interest and Principal				
Payment Date	Principal Payment	5.75% Interest Payment	Total Payment	Ending Principal Balance
6/29/2012	442,000,000.00	7,280,358.42	449,280,358.42	84,603,000.00
7/2/2012	0.00	39,874.36	39,874.36	84,603,000.00
10/1/2012	0.00	1,209,522.40	1,209,522.40	84,603,000.00
1/2/2013	0.00	1,236,178.14	1,236,178.14	84,603,000.00
4/1/2013	0.00	1,186,180.42	1,186,180.42	84,603,000.00
7/1/2013	0.00	1,212,836.16	1,212,836.16	84,603,000.00
10/1/2013	0.00	1,226,164.03	1,226,164.03	84,603,000.00
1/2/2014	0.00	1,239,491.90	1,239,491.90	84,603,000.00
4/1/2014	0.00	1,186,180.42	1,186,180.42	84,603,000.00
7/1/2014	0.00	1,212,836.16	1,212,836.16	84,603,000.00
10/1/2014	0.00	1,226,164.03	1,226,164.03	84,603,000.00
1/2/2015	0.00	1,239,491.90	1,239,491.90	84,603,000.00
4/1/2015	0.00	1,186,180.42	1,186,180.42	84,603,000.00
7/1/2015	0.00	1,212,836.16	1,212,836.16	84,603,000.00
10/1/2015	0.00	1,226,164.03	1,226,164.03	84,603,000.00
1/4/2016	0.00	1,266,001.98	1,266,001.98	84,603,000.00
4/1/2016	0.00	1,169,648.03	1,169,648.03	84,603,000.00
7/1/2016	0.00	1,209,522.40	1,209,522.40	84,603,000.00
10/3/2016	0.00	1,249,396.76	1,249,396.76	84,603,000.00
1/2/2017	0.00	1,209,595.23	1,209,595.23	84,603,000.00
4/3/2017	0.00	1,212,836.16	1,212,836.16	84,603,000.00
7/3/2017	0.00	1,212,836.16	1,212,836.16	84,603,000.00
10/2/2017	0.00	1,212,836.16	1,212,836.16	84,603,000.00
1/2/2018	0.00	1,226,164.03	1,226,164.03	84,603,000.00
4/2/2018	0.00	1,199,508.29	1,199,508.29	84,603,000.00
7/2/2018	0.00	1,212,836.16	1,212,836.16	84,603,000.00
10/1/2018	0.00	1,212,836.16	1,212,836.16	84,603,000.00
1/2/2019	0.00	1,239,491.90	1,239,491.90	84,603,000.00
4/1/2019	0.00	1,186,180.42	1,186,180.42	84,603,000.00
7/1/2019	0.00	1,212,836.16	1,212,836.16	84,603,000.00
10/1/2019	6,550,000.00	1,226,164.03	7,776,164.03	78,053,000.00
1/2/2020	10,658,000.00	1,143,462.72	11,801,462.72	67,395,000.00
4/1/2020	10,849,000.00	952,921.11	11,801,921.11	56,546,000.00
7/1/2020	10,994,000.00	808,406.95	11,802,406.95	45,552,000.00
10/1/2020	11,143,000.00	658,388.20	11,801,388.20	34,409,000.00
1/4/2021	11,289,000.00	513,608.87	11,802,608.87	23,120,000.00
4/1/2021	11,485,000.00	316,870.68	11,801,870.68	11,635,000.00
7/1/2021	11,635,000.00	166,794.90	11,801,794.90	0.00

Date Prepared: 6/20/2012

Big Rivers Electric Corporation
RUS Maximum Debt Balance Schedule
Balance After Quarterly Payment
Revised June 29, 2012

Year	1st of the Month	Allowed Balance (\$1,000's)
2012	July	84,603
2012	October	84,603
2013	January	84,603
2013	April	84,603
2013	July	84,603
2013	October	84,603
2014	January	84,603
2014	April	84,603
2014	July	84,603
2014	October	84,603
2015	January	84,603
2015	April	84,603
2015	July	84,603
2015	October	84,603
2016	January	84,603
2016	April	84,603
2016	July	84,603
2016	October	84,603
2017	January	84,603
2017	April	84,603
2017	July	84,603
2017	October	84,603
2018	January	84,603
2018	April	84,603
2018	July	84,603
2018	October	84,603
2019	January	84,603
2019	April	84,603
2019	July	84,603
2019	October	78,053
2020	January	67,395
2020	April	56,546
2020	July	45,552
2020	October	34,409
2021	January	23,120
2021	April	11,635
2021	July	0

Big Rivers Electric Corporation
RUS 2009 Promissory Note Series A
Maximum Debt Balance Schedule
Balance After Quarterly Payment on the 1st Business Day of the Month
* Closing Date occurs after 4/2/12 and on or prior to 6/29/12
Original/Initial Amount: \$602,673,536

Year	1st of the Month	Allowed Balance (\$1,000's)
2012	Closing Date*	84,603
2012	July	84,603
2012	October	84,603
2013	January	84,603
2013	April	84,603
2013	July	84,603
2013	October	84,603
2014	January	84,603
2014	April	84,603
2014	July	84,603
2014	October	84,603
2015	January	84,603
2015	April	84,603
2015	July	84,603
2015	October	84,603
2016	January	84,603
2016	April	84,603
2016	July	84,603
2016	October	84,603
2017	January	84,603
2017	April	84,603
2017	July	84,603
2017	October	84,603
2018	January	84,603
2018	April	84,603
2018	July	84,603
2018	October	84,603
2019	January	84,603
2019	April	84,603
2019	July	84,603
2019	October	78,053
2020	January	67,395
2020	April	56,546
2020	July	45,552
2020	October	34,409
2021	January	23,120
2021	April	11,635
2021	July	0



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

August 7, 2012

Mr. Jonathan Aldelstein
Administrator
USDA/RUS
Stop 1510, Room No. 5135-S
1400 Independence Avenue, S.W.
Washington, DC 20250-1500

Dear Mr. Aldelstein:

In accordance with Article IV, Section 4.9(g) of the Amended and Consolidated Loan Contract, dated July 17, 2009, between Big Rivers Electric Corporation and the United States of America, I hereby certify that Fitch Ratings has affirmed the 'BBB-' rating on the \$83.3 million County of Ohio, KY's pollution control refunding revenue bonds (Big Rivers Electric Corporation) series 2010A as of July 24, 2012.

For your reference, a copy of the most recent Rating Report by Fitch Ratings, dated as of July 24, 2012, is enclosed with this letter.

Please feel free to contact me with any questions you may have regarding the ratings report.

Sincerely yours,

Billie J. Richert
Vice President Accounting & Interim CFO

cc: Mr. Victor Vu, Stop 1568, Room 0270
Mr. John Sanders, Stop 1568, Room 0270
James Miller, Esq.
Mr. Albert Yockey
Mr. Ralph Ashworth

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 87 of 256

FitchRatings

FITCH AFFIRMS BIG RIVERS ELECTRIC CORP, KY'S 2010A POLLUTION CONTROL RFDG REV BONDS AT 'BBB-'

Fitch Ratings-New York-24 July 2012: Fitch Ratings has affirmed the 'BBB-' rating on the \$83.3 million County of Ohio, KY's pollution control refunding revenue bonds (Big Rivers Electric Corporation Project) series 2010A.

The Rating Outlook is Stable.

SECURITY

The bonds are secured by a mortgage lien on substantially all of the Big Rivers Electric Corporation's owned tangible assets, which include the revenue generated from the sale or transmission of electricity.

KEY RATING DRIVERS

HEAVY CUSTOMER CONCENTRATION: Big Rivers resumed electric service, through its largest member Kenergy Corp., to two local aluminum smelters (a combined demand of 850 MW at a 98% load factor) following the termination of its generating asset lease in 2009. The smelters accounted for a sizable 67% of total member revenue in 2011.

ABUNDANT LOW COST RESOURCES: Big Rivers benefits from abundant low-cost power resources and an average wholesale rate for rural and large industrial members (\$39.07/MWh in 2011, net of credits) that is regionally competitive and among the lowest in the nation. Member retail rates are similarly low and competitive.

SUBJECT TO RATE REGULATION: The electric rates charged by Big Rivers and its members are regulated by the Kentucky Public Service Commission (KPSC), which limits the cooperative's financial flexibility and may delay the timing or amount of necessary rate increases.

ACCEPTABLE FINANCIAL METRICS: Fitch-calculated financial metrics for 2011 include debt service coverage (DSC) of 1.53x and total debt/funds available for debt service (FADS) of 11.2x, which are acceptable for the current rating category. Including revenues from member rate stability (MRS) reserves, metrics improve to 1.95x (DSC) and 8.8x (debt/FADS).

ENVIRONMENTAL COMPLIANCE PLAN SUBMITTED: Big Rivers has submitted an environmental compliance plan (ECP) to the KPSC for approval that will ensure the cooperative's ability to operate its units for the long term. The estimated cost of compliance has declined from initial estimates but will be debt funded, increasing leverage.

RELIANCE ON WHOLESALE MARKET: Long-term stability at Big Rivers continues to rely heavily on off-system sales and related margins despite the continued benefit of MRS reserves and a rate adjustment mechanism included in the smelter power sale agreements. Near-term metrics will be stressed by ECP expenditures, low power prices and higher leverage.

WHAT COULD TRIGGER A RATING ACTION

Restrictive Rate Regulation: Future regulatory decisions that prevent the cooperative from adequately recovering costs would likely result in downward pressure on the rating or Outlook.

Deteriorating Operating Conditions: Declining non-smelter member sales, weak surplus energy sales, or constrained smelter operations that reduce financial margins and liquidity could also put downward pressure on the rating or Outlook.

CREDIT PROFILE

Big Rivers is a generation and transmission cooperative based in Henderson, Kentucky. Big Rivers supplies wholesale electric and transmission from its total capacity of 1,819 MW to three distribution cooperatives - Meade County Rural Electric Cooperative Corporation, Jackson Purchase Energy Corporation and Kenergy Corp. Combined, these members provide service to approximately 112,500 retail customers located in 22 western Kentucky counties.

Emergence from Bankruptcy

In September 1996, Big Rivers filed for voluntary Chapter 11 relief under the U.S. Bankruptcy code, generally due to an inability to sell power produced from its excess capacity at prices sufficient to cover its above-market costs. After emerging from bankruptcy in 1998, and in accordance with its plan of reorganization, Big Rivers entered into a 25-year lease of all its generating assets with Western Kentucky Energy Corp. (WKEC). The transaction essentially transferred the operational responsibilities of the assets and related risks in exchange for annual lease payments, and a fixed price purchase power contract with LG&E Energy Marketing, Inc. (LEM).

Unwinding the Lease Transaction

In 2009, the lease with WKEC was effectively unwound, resulting in Big Rivers receiving cash and consideration totaling \$865 million and resuming control of its generation fleet. Big Rivers also resumed electric service to two local aluminum smelters that have historically dominated the service area's electric demand and were supplied by LEM following the reorganization. Going forward, the smelters will again represent a significant portion of the cooperative's electric demand.

The consideration received in connection with the unwind allowed Big Rivers to pay down approximately \$140 million of debt, establish \$253 million of rate stabilization reserves and improve system equity from (19%) to approximately 30% at the time of closing.

Financial Performance Acceptable for Rating Category

Fiscal 2011 financial performance was relatively solid and generally on budget. Electric operating margins (\$50.9 million) for the year were slightly lower than forecasted. Weaker wholesale prices for power were nearly offset by increased, but more efficient, generation. Net margins for the year were almost on budget (\$5.6 million). Actual 2011 figures reported by Big Rivers for conventional TIER (1.12x), DSC (1.47x) and equity/capitalization (33%) were also solidly in line with forecasted performance.

Fitch-calculated ratios for DSC (1.53x) and total debt/FADS (11.2x) were acceptable for the current rating category and do not reflect the inclusion of withdrawals from reserves. Including those revenues, the metrics improve to 1.95x and 8.8x, respectively. Metrics for cash on hand (35 days, excluding reserves) and total liquidity on hand (108 days) remained somewhat low for the cooperative's operating profile.

For additional information please see Fitch's full rating report for Big Rivers dated Aug. 31, 2011.

Contact:

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Revenue-Supported Rating Criteria and U.S. Public Power Rating Criteria, this action was informed by information from CreditScope.

Applicable Criteria and Related Research:
--'Revenue-Supported Rating Criteria' (June 12, 2012);
--'U.S. Public Power Rating Criteria' (Jan. 11, 2012).

Applicable Criteria and Related Research:
Revenue-Supported Rating Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=681015
U.S. Public Power Rating Criteria
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=665815

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

August 23, 2012

Rural Utilities Service
United States Department of Agriculture
Room No. 5135-S
1400 Independence Avenue, S.W.
Stop 1510
Washington, DC 20250
Attention: RUS Administrator

Re: Notice Pursuant to Section 4.9(f) of the Amended and Consolidated Loan Contract, dated as of July 16th, 2009 (the "Agreement") between Big Rivers Electric Corporation ("Big Rivers") and United States of America acting by and through the Administrator of the Rural Utilities Service ("RUS")

Gentlemen:

Section 4.9(f) of the Agreement provides that Big Rivers shall promptly notify RUS of "any matter that has had or could reasonably be expected to have a "Material Adverse Effect" (as defined in the Agreement). Big Rivers has received a notice of termination from Century Aluminum Company of its Retail Electric Service Agreement dated July 1, 2009 (the "Century Contract") with Kenergy Corporation. A copy of such notice of termination is attached hereto.

Please note that the termination will not take effect until August 20, 2013 and Big Rivers intends to take certain actions that will preserve Big Rivers' financial position notwithstanding this termination. Therefore, Big Rivers does not believe that delivery of the notice of termination of the Century Contract is a "matter that has had or could reasonably be expected to have a Material Adverse Effect" so as to necessitate notice pursuant to Section 4.9(f) of the Agreement. Nevertheless, Big Rivers wants to advise you of this event. If certain of our anticipated mitigation plans do not come to fruition as planned, the termination could result in a Material Adverse Effect at some point in the future.


In addition, in accordance with Section 4.9(e) of the Agreement we have attached hereto a copy of a press release dated August 21, 2012 from Moody's Investors Service, Inc. related to its downgrade of the rating of \$83,300,000 County of Ohio, Kentucky, Pollution Control Refunding Revenue

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 91 of 256

Rural Utilities Service
August 23, 2012
Page 2

Bonds (Big Rivers Electric Corporation Project) to Baa2 from Baa1 together with a credit opinion from Moody's dated as of August 22, 2012.

Very truly yours,


Billie J. Richert, CPA, CITP
VP Accounting and Interim CFO
Big Rivers Electric Corporation

Attachments (3)
BJR/msb

cc: Rural Utilities Service
United States Department of Agriculture
Room No. 0270-S
1400 Independence Avenue, S.W.
Stop: 1568
Washington, DC 20250
Attention: Power Supply Division

CenturyALUMINUM

August 20, 2012

Kenergy Corporation
6402 Old Corydon Road
Henderson KY 42420
Attn: President & CEO

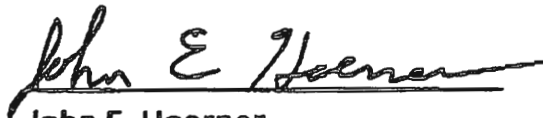
Via Fax: (270) 826-3999
With duplicate sent by overnight courier.

Re: Notice of Termination

Mr. Starheim:

Pursuant to §7.3.1 of the Retail Electric Service Agreement dated July 1, 2009, Century Aluminum Company provides you with this notice of termination of the contract, with termination to be effective on August 20, 2013. Attached, as required by §7.3.1.(b), is the certificate of the President of Century Aluminum Company.

Very Truly Yours,



John E. Hoerner
Vice President
North American Operations

cc: Big Rivers Electric Corporation
201 Third Street
Henderson KY 42420
Attn: President & CEO
Via Fax: (270) 827-2558
With duplicate sent by overnight courier.

CenturyALUMINUM

Certificate of Michael A. Bless

1. I am Michael A. Bless, President and Chief Executive Officer of Century Aluminum Company, the parent company of Century Aluminum of Kentucky General Partnership which owns and operates a primary aluminum smelter at Hawesville, Kentucky.

2. On August 20, 2012, pursuant to the direction of its Board, Century Aluminum Company provided notice of termination to Kenergy Corporation and Big Rivers Electric Corporation under §7.3.1 of the Retail Electric Service Agreement dated July 1, 2009, with such termination to be effective on August 20, 2013.

3. Pursuant to §7.3.1.(b) of the contract and consistent with the termination notice, I represent and warrant that Century Aluminum Company has made a business judgment in good faith to terminate and cease all aluminum smelting at the Hawesville smelter and has no current intention of recommencing smelting operations at the Hawesville smelter.



Michael A. Bless
 President and CEO
 Century Aluminum Company

August 20, 2012

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's downgrades rating of County of Ohio, Kentucky (Big Rivers Electric Corporation Project) to Baa2 from Baa1; reviews rating for further downgrade

Global Credit Research - 21 Aug 2012

\$83.3 million of securities affected

New York, August 21, 2012 – Moody's Investors Service downgraded the senior secured rating of \$83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project) to Baa2 from Baa1. Concurrently, the rating for the bonds, which were previously issued by the county on behalf of Big Rivers Electric Corporation (BREC), was placed under review for further downgrade.

RATINGS RATIONALE

The rating actions primarily reflect increased financial and operating risks for BREC due to the August 20, 2012 announcement by Century Aluminum Company (Caa1 senior unsecured; stable) that its subsidiary, Century Aluminum of Kentucky issued a 12-month notice to terminate its power contract with BREC for its Hawesville, Kentucky smelter. In its announcement, Century cited that its smelter is not economically viable with its current power rate and under current market conditions. "On a combined basis, one of BREC's three member-owners, Kenergy Corp., has been serving two aluminum smelters (Century and Rio Tinto, A3 senior unsecured; stable) comprising roughly two-thirds of BREC's annual energy sales and accounting for just under 60% of its system demand", said Kevin Rose, Vice President-Senior Analyst. "Energy sales to Century alone accounted for approximately 30% of BREC's 2011 electric energy revenues of approximately \$562 million", Rose added.

Although Century is required to pay a fixed demand charge for power (482 MW at 98% capacity factor) during the 12-month notice period, it is not required to continue operating the smelter plant. Despite the fact that BREC will continue receiving fixed demand revenues over the next 12 months, the review for possible downgrade will consider the extent to which it can overcome revenue shortfalls to be created by the anticipated loss of a significant portion of its energy load. Among the possible mitigating steps BREC might take would be using cash reserves established to partially compensate for loss of smelter load; entering into bilateral sales arrangements; making short-term off system sales in the wholesale market; participating in the capacity markets; temporarily idling generation; selling generating assets; and seeking emergency rate increases through filings with the Kentucky Public Service Commission (KPSC). With respect to the latter possibility, Moody's notes that BREC is among the few electric generation and transmission cooperatives subject to rate regulation, which can sometimes pose challenges in implementing timely rate increases.

Century's announcement comes at a time when BREC is also challenged by sizable costs to comply with eventual environmental regulations. BREC is in midst of regulatory proceedings at the KPSC relating to an environmental compliance plan. The extent to which timely and adequate regulatory support for recovery of environmental compliance costs appears evident will also be an integral part of the rating review process. The KPSC decision in this filing is expected in the fourth quarter of 2012.

Meanwhile BREC's ratings continue to reflect its considerable generation resource base, including generating capacity ownership of about 1,444 megawatts (MW) in four substantially coal-fired plants. The cooperative's total power capacity is about 1,824 MW, including rights to about 202 MW of coal-fired capacity from Henderson Municipal Power and Light (HMP&L) Station Two and about 178 MW of contracted hydro capacity from Southeastern Power Administration. The revenues derived under BREC's long-term wholesale contracts with its members for non-smelter load will continue to serve the cooperative well as the contracts were extended by an additional 20 years to December 31, 2043 when the unwind of certain transactions were completed in 2009. BREC supplements its internally generated cash flow with \$100 million of external bank lines evenly split with CoBank and National Rural Utilities Cooperative Finance Corporation. These facilities expire in July 2017 and July 2014, respectively.

Big Rivers Electric Corporation is an electric generation and transmission cooperative headquartered in Henderson,

Case No. 2012-00535

Attachment for Response to KIUC 1-1

Witness: Billie J. Richert

Page 95 of 256

Kentucky and owned by its three member system distribution cooperatives— Jackson Purchase Energy Corporation; Kenergy Corp; and Meade County Rural Electric Cooperative Corporation. These member system cooperatives provide retail electric power and energy to approximately 112,000 residential, commercial, and industrial customers in 22 Western Kentucky counties.

The principal methodology used in this rating was U.S. Electric Generation & Transmission Cooperatives published in December 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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Issuer Comment: Big Rivers Electric Corporation -- Credit Opinion

Global Credit Research - 22 Aug 2012

Rating Drivers

- » High industrial concentration to two aluminum smelters and dependence on off-system sales
- » Rates subject to regulation by the Kentucky Public Service Commission (KPSC)
- » Revenues from electricity sold under long-term wholesale power contracts with member owners
- » Stronger balance sheet resulting from deleveraging following the unwinding of 1998 vintage transactions, which was completed in 2009
- » Ownership of generally competitive coal-fired generation plants; pursuing environmental compliance plan, pending regulatory decision

Corporate Profile

Big Rivers Electric Corporation (Big Rivers) is an electric generation and transmission cooperative (G&T) headquartered in Henderson, Kentucky and owned by its three member system distribution cooperatives-- Jackson Purchase Energy Corporation; Kenergy Corp; and Meade County Rural Electric Cooperative Corporation. These member system cooperatives provide retail electric power and energy to about 113,000 residential, commercial, and industrial customers in 22 Western Kentucky counties.

Recent Events

Effective August 21, 2012 we downgraded the senior secured rating of \$83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project) to Baa2 from Baa1. Concurrently, the rating for the bonds, which were previously issued by the county on behalf of Big Rivers Electric Corporation, was placed under review for further downgrade. The rating actions primarily reflect increased financial and operating risks for Big Rivers due to the August 20, 2012 announcement by Century Aluminum Company (Caa1 senior unsecured; stable) that its subsidiary, Century Aluminum of Kentucky issued a 12-month notice to terminate its power contract with Big Rivers for its Hawesville, Kentucky smelter. See press release of August 21, 2012 posted to moodys.com for further details relating to this action.

Summary Rating Rationale

The Baa2 senior secured rating considers credit risk related to the fact that Big Rivers' largest member owner, Kenergy Corp., makes a high concentration of its sales to two aluminum smelters (Century Aluminum Company: senior unsecured Caa1; stable) and Rio Tinto: senior unsecured A3; stable), both of whom face credit challenges due to the significant volatility in both metal prices and demand. In addition, these smelters have the option to terminate their respective power purchase arrangements, subject to a one-year notice and other conditions. As noted above, Century exercised this option effective August 20, 2012. Big Rivers' rating is further constrained because its rates are regulated by the KPSC, which is atypical for the G&T coop sector. The Baa2 rating also reflects the financial benefits of several steps taken by Big Rivers to unwind a lease and other transactions in 2008 and 2009 wherein its prior deficit net worth turned substantially positive, cash receipts were utilized to reduce debt, and two committed bank credit facilities aggregating \$100 million were established to improve liquidity. Revenues generated from reasonably competitive power sold to non-smelter customers under

long-term wholesale contracts with the three member owners continue to support Big Rivers' financial performance. A \$26.7 million (6.17%) base rate increase approved by the KPSC in September 2011 was also generally supportive in nature. The outcome of a pending filing before the KPSC related to future environmental related capital expenditures will be integral to Big Rivers' future financial performance as new debt financing will play a role in the financing strategy, particularly as it also copes with Century's recent contract termination notice.

Detailed Rating Considerations

High Smelter Load Concentration; Credit Challenge Tied to Potential Loss Of Smelter Load

Under historical operating conditions, the two smelters served by Kenergy have been consuming nearly 7 million MWh of energy annually, representing a substantial load concentration risk (e.g. about two-thirds of member energy load and close to 60% of member revenues for Big Rivers in 2011). This risk is a significant constraint to Big Rivers' rating, making its financial and operating risk profile unique compared to peers. All but one of Big Rivers' multiple transmission capacity upgrade projects undertaken in recent years are now complete, with the last remaining project estimated for completion in 2014 or 2015. Also, Big Rivers became a transmission owning member of the Midwest Independent Transmission System Operator (MISO) in December 2010. As a result, Big Rivers has enhanced its reliability and transmission capability helping to ensure compliance with mandated emergency reserve requirements established by regulators. Also, these steps along with legislation that permits sales to non-members provide additional flexibility for Big Rivers to move excess power off system following Century's announcement.

Although Century is required to pay a base fixed energy charge (as defined to cover fixed and variable costs) for power (482 MW at 98% capacity factor) during the 12-month notice period, it is not required to continue operating the smelter plant. Despite the fact that Big Rivers will continue receiving base fixed energy charge revenues over the next 12 months, Big Rivers' rating is under review for downgrade as we consider the extent to which it can overcome revenue shortfalls to be created by the anticipated loss of a significant portion of its energy load. Among the possible mitigating steps Big Rivers might take would be using cash reserves established to partially compensate for loss of smelter load; entering into bilateral sales arrangements; making short-term off system sales in the wholesale market; participating in the capacity markets; temporarily idling generation; selling generating assets; and seeking emergency rate increases through filings with the KPSC. With respect to the latter possibility, we note that Big Rivers being rate regulated has in the past posed challenges in implementing timely rate increases.

Financial Flexibility Improved Following Completion Of Unwind Of Historical Transactions In 2009

In 2008, Big Rivers bought out two leveraged lease transactions and in 2009 completed a series of other steps to terminate another lease and other long-term transactions previously involving E.ON U.S. LLC (formerly known as: LG&E Energy Marketing Inc.) and Western Kentucky Energy Corp. These entities previously leased and operated the generating units owned by Big Rivers. In turn, Big Rivers was purchasing the power from these units at generally fixed below market rates to use in servicing the requirements of its three members, exclusive of the load requirements of Kenergy's two large aluminum smelters. At the same time, Big Rivers terminated other agreements and entered into various new arrangements whereby it has been selling to Kenergy 850 MW in aggregate for resale to the two aluminum smelters. This arrangement represents a concentration of load risk for Big Rivers. Key credit positives resulting from consummation of all the unwind transactions were as follows: elimination of Big Rivers' deficit net worth, with equity of \$379.4 million at December 31, 2009, which increased to \$389.8 million as of December 31, 2011 compared to a negative \$155 million at 12/31/2008, and partial utilization of the \$505.4 million in cash payments received from E.ON to repay about \$140.2 million of debt owed to the Rural Utilities Service (RUS) and to establish \$252.9 million of reserves. The reserves were comprised of: a \$157 million Economic Reserve for future environmental and fuel cost increases; a \$35 million Transition Reserve to mitigate potential

costs if the smelters decide to terminate their agreements or otherwise curtail their load due to reduced aluminum production; and a \$60.9 million Rural Economic Reserve, which would be used over two years to provide credits to rural customers upon full utilization of the Economic Reserve.

Under a contract times interest earned ratio (TIER) arrangement with the two smelters, Big Rivers targets a minimum TIER of 1.24x, which is above the level required under its financial covenants. Under current market conditions, we expect that Big Rivers would file for rate relief as necessary, as we would anticipate that the TIER drops below the 1.24x target should the contract with Century be terminated.

Coal-Fired Plants Represent Valuable Assets Even As Environmental Costs Loom

Big Rivers owns generating capacity of about 1,444 megawatts (MW) in four substantially coal-fired plants. Total power capacity is about 1,824 MW, including rights to about 202 MW of coal-fired capacity from Henderson Municipal Power and Light (HMP&L) Station Two and about 178 MW of contracted hydro capacity from Southeastern Power Administration. The economics of power produced from these sources enables Big Rivers to maintain a solid competitive advantage in the Southeast and even more so when compared to other regions around the country. The consistently high capacity factors and efficient operations of the assets results in average system wholesale rates to members around 4.7 cents per kWh (including the beneficial effects of the member rate stability mechanism). This compares to the average wholesale rate of 4.4 cents per kWh to serve the two smelter loads in 2011.

Because Big Rivers is substantially dependent on coal-fired generation, it faces uncertainty with regard to future environmental regulations, including the final form and substance those will take, the timing for implementation, and the amount of related costs to comply. We note that the Economic Reserve should help mitigate some of the need for initial rate increases to cover future compliance costs.

Regulatory Risk Exists; However, Offsets Are Present

Big Rivers is subject to regulation for rate setting purposes by the KPSC, which is atypical for the sector and can pose challenges in getting timely rate relief if and when needed. We view the existence of certain fuel and purchased power cost adjustment mechanisms available to Big Rivers as favorable to its credit profile since they can temper risk of cost recovery shortfalls if there is a mismatch relative to existing rate levels. Big Rivers received KPSC approval for a \$26.7 million (6.17%) base rate increase effective November 17, 2011. We consider this a reasonably good outcome versus the approximate \$30 million rate increase that was requested. The rate increase is intended to bolster wholesale margins, address increased depreciation costs, administrative costs tied to joining the Midwest Independent Transmission System Operator (MISO), and maintenance costs incurred during generation plant outages.

Big Rivers is in midst of regulatory proceedings at the KPSC relating to an environmental compliance plan. The extent to which timely and adequate regulatory support for recovery of environmental compliance costs appears evident will also be an integral part of the rating review process. The KPSC decision in this filing is expected in the fourth quarter of 2012.

Wholesale Power Contracts Support Big Rivers' Credit Profile

The revenues derived under Big Rivers' long-term wholesale contracts with its members for sales to non-smelter customers will continue as the contracts were extended by an additional 20 years to December 31, 2043 when the unwind of transactions were completed in 2009. The relatively low cost power provided under the contracts makes member disenchantment unlikely, even following recent base rate increases approved by the KPSC in 2011 and, in the medium to longer term, due to environmental compliance costs. The currently overall sound member profile provides assurance of this revenue stream, which is integral to servicing Big Rivers' debt. The potential for degradation in the creditworthiness of the smelters is a particular credit concern, only tempered in part by assurances of two month's worth of payment obligations covered by letters of credit from an A1 rated financial institution (or some other form

acceptable to Big Rivers) under certain circumstances.

Big Rivers' net margins for 2011 reflected a modest decline versus 2010 as results in 2011 reflect the net effects of higher expenses in 2011 due to full year membership in MISO and the absence of one-time items that benefitted 2010 results, largely offset by an increase in 2011 net sales margin.

On a historical basis, Big Rivers dramatically improved its equity position whereby its equity to total capitalization is now over 30% thanks to significant debt reductions following the unwind. At this level, Big Rivers equity to total capitalization maps to the A category for this metric under the rating Methodology. Even with expected continuation of management's current practice of not returning patronage capital back to members (a credit positive strategy in our view) we anticipate that the equity ratio will decline moderately as new debt is added over the next couple of years to fund a capital program originally estimated at \$550 million for 2012-2015, but which is likely to be reduced in the near term given recent developments related to environmental regulations. We also note that Big Rivers' historical three-year average metrics such as funds from operations (FFO) to debt and FFO to interest are particularly strong due to the one time effects of the unwind, and are therefore not sustainable at those levels.

Liquidity

Big Rivers supplements its internally generated funds with \$100 million of unsecured committed revolver capacity, with National Rural Utilities Cooperative Finance Corporation (NRUCFC) and CoBank providing \$50 million each. The NRUCFC and CoBank facilities expire on July 16, 2014 and July 27, 2017, respectively. The \$50 million NRUCFC facility provides for issuance of up to \$10 million of letters of credit. We view the significant increase in available bank credit following the completion of the unwind transaction in 2009 as credit positive. As of June 30, 2012 Big Rivers had approximately \$48 million of cash and temporary investments and it currently has full capacity available under the two credit facilities. Assuming little change to future usage of the bank facilities and the cash position, as well as no change to management's current policy of not returning patronage capital back to members, we anticipate that Big Rivers should be able to adequately meet its short-term working capital needs and modest current maturities of long-term debt. However, new debt financing is anticipated over the next few years to fund any negative free cash flow resulting from the planned capital program. Following KPSC financing approval, Big Rivers completed about \$537 million of financing transactions in aggregate with CoBank and NRUCFC on July 27, 2012 to prepay as planned a significant portion of its 5.75% RUS Series A note, fund a portion of its capital expenditures and to replenish its \$35 million Transition Reserve balance. Approximately \$235 million of this financing activity was completed through a 20-year senior secured term loan with CoBank and \$302 million was completed through a 20-year senior secured term loan with NRUCFC.

The quality of the alternate liquidity provided by the bank revolvers benefits from the multi-year tenors and the absence of any onerous financial covenants, which largely mirror the financial covenants in existing debt documents. Big Rivers is in compliance with those covenants. Additionally, the NRUCFC facility benefits from no ongoing material adverse change (MAC) clause; however, the CoBank facility is considered of lesser quality because of the ongoing nature of its MAC clause related to each drawdown. There are no applicable rating triggers in any of the facilities that could cause acceleration or puts of obligations; however, a ratings based pricing grid applies.

Structural Considerations

As part of the unwinding of various transactions completed in 2009, Big Rivers replaced the previously existing RUS mortgage with a new senior secured indenture. Under the current senior secured indenture RUS and all senior secured debt holders are on equal footing in terms of priority of claim and lien on assets. The current senior secured indenture provides Big Rivers with the flexibility to access public debt markets without first obtaining a case specific RUS lien accommodation, while retaining the right to request approval from the RUS for additional direct borrowings under the RUS loan program, if they choose to do so. Given

persistent questions about the availability of funds under the federally subsidized RUS loan program, we consider the added flexibility of the current senior secured indenture to be credit positive.

Rating Outlook

The rating is under review for downgrade as we assess the financial and operating effects and what mitigating strategies Big Rivers will pursue following Century's decision to submit its 12-month notice that it will terminate its power supply agreement with Big Rivers for its Hawesville, KY smelter plant.

What Could Change the Rating - Up

A rating upgrade is unlikely given the review for downgrade for reasons cited above. Success in mitigating the effects of load loss due to Century's announcement, regulatory support for environmental cost recovery and other future rate increases that may be necessary due to load loss could help stabilize the outlook. Moreover, structural changes that eliminate rate regulation of cooperatives in Kentucky could contribute to a positive action, especially if it coincides with improvement in market conditions for the aluminum smelters and sustained improvement of FFO to interest and debt metrics to near 2.3x and 8%, respectively, on average.

What Could Change the Rating - Down

Loss of significant load due to Century's announcement that is not otherwise compensated for through off system power sales or other measures could contribute to a negative action, as would the inability to secure needed rate increases from the non-smelter member load. From a regulatory perspective, the lack of a coherent recovery mechanism for environmental capital requirements, should they be incurred, could place downward pressure on the rating. In terms of credit metrics, if FFO to interest and debt falls below 2x and 5%, respectively, for a sustained period of time, then rating pressure could result.

Other Considerations

Mapping To Moody's U.S. Electric Generation & Transmission Cooperatives Rating Methodology

Big Rivers' mapping under Moody's U.S. Electric Generation & Transmission Cooperative rating Methodology is based on historical data through December 31, 2011. The Indicated Rating for Big Rivers' senior most obligations under the Methodology is currently A2 and relies on the aforementioned historical quantitative data and qualitative assessments. The Indicated Rating under the Methodology largely reflects better scores for the factors relating to dependence on purchased power and financial metrics such as equity as a percentage of capitalization, FFO to debt and FFO to interest, all of which improved upon completion of the unwind transactions in 2009. Notwithstanding the current A2 Indicated Rating for Big Rivers under the Methodology, its actual senior secured rating of Baa2 reflects the unique risks relating to Big Rivers' load concentration to the smelters and the fact that it is subject to rate regulation by the KPSC persist and represent significant constraints to its rating level.

Contacts

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File
RUS

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www.bigrivers.com

September 7, 2012

Mr. Jonathan Aldelstein
Administrator
USDA/RUS
Stop 1510, Room No. 5135-S
1400 Independence Avenue, S.W.
Washington, DC 20250-1500

Dear Mr. Aldelstein:

In accordance with Article IV, Section 4.9(g) of the Amended and Consolidated Loan Contract, dated July 17, 2009, between Big Rivers Electric Corporation and the United States of America, I hereby certify that on August 24, 2012 Fitch Ratings placed the 'BBB-' rating on the \$83.3 million County of Ohio, KY's pollution control refunding revenue bonds (Big Rivers Electric Corporation Project) series 2010A on Rating Watch Negative.

For your reference, a copy of the most recent Rating Report by Fitch Ratings, dated as of August 24, 2012, is enclosed with this letter.

Please feel free to contact me with any questions you may have regarding the ratings report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ralph A. Ashworth".

Ralph A. Ashworth
Director, Finance

Attachment

cc: Mr. Victor Vu, Stop 1568, Room 0270
Mr. John Sanders, Stop 1568, Room 0270
James Miller, Esq.
Mr. Albert Yockey
Ms. Billie J. Richert, CPA, CITP
Mr. Nicholas R. Castlen, CPA

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
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FitchRatings

Fitch Places Big Rivers Electric Corp, KY's 2010A Pollution Control Rfdg Revs on Negative Watch

Ratings Endorsement Policy
24 Aug 2012 9:48 AM (EDT)

Fitch Ratings-New York-24 August 2012: Fitch Ratings has placed the 'BBB-' rating on the \$83.3 million county of Ohio County, KY's pollution control refunding revenue bonds (Big Rivers Electric Corporation Project) series 2010A on Rating Watch Negative.

The rating action reflects the decision by Century Aluminum Co. (Century) to terminate its power contract with Big Rivers Electric Corporation and the uncertain effect that the termination will have on the electric cooperative's financial position and its ability to meet debt service payments.

SECURITY

The bonds are secured by a mortgage lien on substantially all of Big Rivers' owned tangible assets, which include the revenue generated from the sale or transmission of electricity.

WHAT COULD TRIGGER A RATING ACTION

INABILITY TO FIND ACCEPTABLE PURCHASERS: Extended over-reliance on short-term power sales as a replacement for the Century contract to meet debt service would likely result in a downward rating action.

INSUFFICIENT REGULATORY SUPPORT: Inadequate or untimely support by the Kentucky Public Service Commission (KPSC) would be viewed negatively.

IMPLEMENTATION OF REASONABLE MITIGATION PLAN: Implementation of a mitigation plan that maintains financial and operating stability would be supportive of credit quality.

CREDIT PROFILE

Big Rivers provides wholesale electric and transmission service to three electric distribution cooperatives. These distribution members provide service to a total of about 112,500 retail customers located in 22 western Kentucky counties. Kenergy Corporation, the largest of the three systems, is unique in that its electric load is dominated by two aluminum smelters, Rio Tinto Alcan (Alcan) and Century, which together account for more than one-half of Big River's operating revenues.

Century Terminates Contract

Under the power sales contracts between Kenergy and the smelters, which expire in 2023, the smelters are required to take-or-pay for specific quantities of energy, irrespective of their needs. The contracts further provide for termination on one years' notice without penalties subject to certain conditions including the termination and cessation of all aluminum smelting operations at the relevant facilities.

On Aug. 20, 2012, Century issued a notice to terminate its power contract with Big Rivers and stated its intent to close its Hawesville, KY smelter. Century claims that the smelter is not economically viable despite electric rates well below the national average and no apparent reduction in production.

Closure of the smelter has significant potential implications for Big Rivers, which has acknowledged the termination notice is valid. Besides the impact of the loss of some 700 plant employees, the remaining customers of Big Rivers will most likely have to absorb meaningfully higher rates, with the increase reflecting the amount, pricing and contractual provisions of surplus power sold to new customers.

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Implementation of Mitigation Plan

Big Rivers management had previously developed a mitigation plan for the potential loss of the aluminum smelter loads and is presently looking into alternative arrangements with other power purchasers. However, implementation of future firm contractual arrangements will not likely occur immediately. As a result, it is likely that Big Rivers will begin the process of seeking emergency rate relief from the KPSC to help soften any negative effects from the expected loss of the smelter. According to Big Rivers, Alcan, the other larger smelter, has not expressed any intent to close its facility.

Future Financial Results Unclear

Big Rivers margins are expected to remain adequate to service financial obligations over the next 12 months, even with the expected closure of Century's facility, since Century remains obligated to make all required payments to Kenergy. However, as time passes, it will be necessary to decipher Big Rivers' revised business and financial plan and the effect on bond investors.

For additional information on the rating, see Fitch's report, 'Big Rivers Electric Corporation', dated Aug. 31, 2011, available at www.fitchratings.com.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Revenue-Supported Rating Criteria and U.S. Public Power Rating Criteria, this action was informed by information from CreditScope.

Applicable Criteria and Related Research:
--'Revenue-Supported Rating Criteria', June 12, 2012;
--'U.S. Public Power Rating Criteria', Jan. 11, 2012;
--'Big Rivers Electric Corporation', Aug. 31, 2011.

Applicable Criteria and Related Research:
Revenue-Supported Rating Criteria
U.S. Public Power Rating Criteria
Big Rivers Electric Corporation

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Billie Richert

From: Black, Cheryl - RD, Washington, DC <Cheryl.Black@wdc.usda.gov>
Sent: Friday, October 19, 2012 1:53 PM
To: Billie Richert
Subject: RE: Confirming length of meeting on November 1st

From 1:00 to 3:00 and the address is 1400 Independence Avenue, S.W., Washington, D.C. 20250. You can enter at Wing 1 and the security officers will call our office to let us know you have arrived.

Thanks

From: Billie Richert [mailto:Billie.Richert@bigrivers.com]
Sent: Friday, October 19, 2012 2:44 PM
To: Black, Cheryl - RD, Washington, DC
Subject: Confirming length of meeting on November 1st

Cheryl,
Can you also confirm the length of the meeting? I'm assuming we are starting at 1:00 EST and will need at least two hours.

Thanks,

Billie Richert, CPA, CFTP
VP Accounting & Interim CFO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

Corporate: (270) 827-2561
Office Direct: (270) 844-6190
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Witness: Billie J. Richert
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Billie Richert

From: Billie Richert
Sent: Monday, October 29, 2012 8:14 AM
To: Black, Cheryl - RD, Washington, DC; victor.vu@usda.gov
Subject: RE: Confirming length of meeting on November 1st

Cheryl,

We will reschedule as a result of the storm/hurricane. Please let me know what days next week Victor will be available. I tried to leave a message but it indicates Victor's mail box has not been set up.

Billie

From: Black, Cheryl - RD, Washington, DC [mailto:Cheryl.Black@wdc.usda.gov]
Sent: Friday, October 19, 2012 1:53 PM
To: Billie Richert
Subject: RE: Confirming length of meeting on November 1st

From 1:00 to 3:00 and the address is 1400 Independence Avenue, S.W., Washington, D.C. 20250. You can enter at Wing 1 and the security officers will call our office to let us know you have arrived.

Thanks

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Cheryl,

Can you also confirm the length of the meeting? I'm assuming we are starting at 1:00 EST and will need at least two hours.

Thanks,

Billie Richert, CPA, CITP
VP Accounting & Interim CFO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

Corporate: (270) 827-2561
Office Direct: (270) 844-6190
Mobile: (270) 577-6221

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Case No. 2012-00535
Attachment to Response to RFR

Witness: Billie J. Richert
Page 112 of 256

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Billie Richert

From: Black, Cheryl - RD, Washington, DC <Cheryl.Black@wdc.usda.gov>
Sent: Wednesday, October 31, 2012 7:37 AM
To: Billie Richert
Subject: RE: Confirming length of meeting on November 1st

I will get back with you after I talk with Victor about he's schedule next week.

Thanks

From: Billie Richert [mailto:Billie.Richert@bigrivers.com]
Sent: Monday, October 29, 2012 9:14 AM
To: Black, Cheryl - RD, Washington, DC; victor.vu@usda.gov
Subject: RE: Confirming length of meeting on November 1st

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Case No. 2012-00535
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Witness: Billie J. Richert
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Billie Richert

From: Billie Richert
Sent: Wednesday, October 31, 2012 7:39 AM
To: Black, Cheryl - RD, Washington, DC
Cc: Mary Susan Bowles
Subject: RE: Confirming length of meeting on November 1st

Cheryl,

Also the week after next as next week for us is very busy already. Thank you. Hope you and others are all ok.

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Witness: Billie J. Richert
Page 116 of 256

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Page 118 of 256

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Billie Richert

From: Billie Richert
Sent: Wednesday, October 31, 2012 12:02 PM
To: Black, Cheryl - RD, Washington, DC
Subject: RE: Confirming length of meeting on November 1st

Cheryl,

I will need to confirm availability for Mark Bailey and Jim Miller and will get back with you.

From: Black, Cheryl - RD, Washington, DC [mailto:Cheryl.Black@wdc.usda.gov]
Sent: Wednesday, October 31, 2012 11:52 AM
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Billie Richert

From: Billie Richert
Sent: Wednesday, October 31, 2012 12:33 PM
To: Black, Cheryl - RD, Washington, DC
Cc: Mary Susan Bowles; Paula Mitchell
Subject: RE: Confirming length of meeting on November 1st

Cheryl,

This is confirming our meeting with Victor Vu on Wednesday, November 14th at 1:30 until 3:30. Will you please provide us a list of attendees so I have enough copies of our handouts for everyone?

Thank you,
Billie

From: Black, Cheryl - RD, Washington, DC [mailto:Cheryl.Black@wdc.usda.gov]
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Case No. 2012-00535
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November 20, 2012

Mr. John Padalino, Acting Administrator
Rural Utilities Service
United States Department of Agriculture
Room No. 5135-S
1400 Independence Avenue, S.W.
Stop 1510
Washington, DC 20250

RE: Kentucky 62 Big Rivers Electric Corporation

Dear Administrator Padalino:

Big Rivers Electric Corporation ("*Big Rivers*") requests that the Rural Utilities Service ("*RUS*") approve the depreciation rates recommended for Big Rivers in the attached depreciation study titled *Report on the Comprehensive Depreciation Study* prepared for Big Rivers by Burns & McDonnell Engineering Company, Inc. dated November 20, 2012 ("*Depreciation Study*"). For the reasons stated below, Big Rivers requires approval of the depreciation rates recommended in the Depreciation Study no later than December 31, 2012, in order for it to make timely filing on January 15, 2013, of an application to increase its rates for wholesale service.

The Depreciation Study includes all Big Rivers' assets in service at July 31, 2012. The last depreciation study submitted by Big Rivers for RUS approval was dated January 6, 2011. Big Rivers' annual depreciation expense on utility plant in service at July 31, 2012, using existing depreciation rates is \$43.9 million. The application of the proposed depreciation rates results in annual depreciation expense of \$45.5 million. Accordingly, the new rates result in an increase in annual depreciation expense of \$1.6 million. Table ES-1 of the Depreciation Study reflects the proposed depreciation rates by RUS account.

Big Rivers needs to file no later than January 15, 2013, an application with the Kentucky Public Service Commission ("*KPSC*") to increase Big Rivers' wholesale rates for electric service. This timing is critical to assure that Big Rivers will be in a position to place new rates into effect on August 20, 2013, to mitigate the loss in annual revenues of \$169 million (Y/E 12/31/2011) when Century Aluminum of Kentucky General Partnership terminates its retail electric service agreement with Big Rivers' member, Kenergy Corp. Timely implementation of that rate increase is also critical for Big Rivers to maintain the Margins for Interest Ratio required by Section 13.14 of Big Rivers' Indenture, dated as of July 1, 2009. The increase in electric rates Big Rivers will be seeking will be supported, in part, by the new depreciation rates.

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 124 of 256

Mr. John Padalino
November 20, 2012
Re: Kentucky 62 Big Rivers Electric Corporation
Page 2

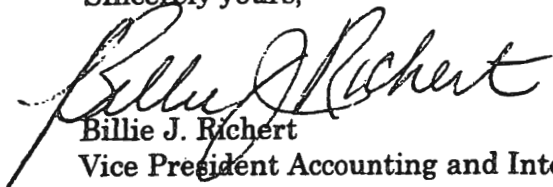
When faced with the possibility that its rates will not produce revenue sufficient to achieve the required Margins for Interest Ratio, Section 13.14 of the Big Rivers Indenture requires that Big Rivers "promptly" seek to increase its rates. The RUS Loan Contract also requires in Section 4.4(a) that Big Rivers design and implement rates to maintain, on an annual basis, the Margins for Interest Ratio specified in Section 13.14 of the Indenture.

Unfortunately, the January 15, 2013 rate filing must include the Depreciation Study. On November 17, 2011, the KPSC entered an order approving an increase in Big Rivers' rates, including a change in Big Rivers' depreciation rates, and imposed a condition that requires Big Rivers to file a new depreciation study with its next rate case. But Section 4.22 of the RUS Loan Contract prohibits Big Rivers from filing the new depreciation rates with the KPSC or submitting the new depreciation rates for approval of the KPSC if they are different from the rates approved for Big Rivers by RUS on February 28, 2011.

Big Rivers is caught between a state regulatory requirement that keeps it from increasing its rates to meet its financial requirements without filing new depreciation rates, and an RUS Loan Contract restriction that prevents Big Rivers from filing for a required wholesale rate increase until the proposed depreciation rates are approved by RUS. This is the reason for Big Rivers' request for expedited review of its request for approval of its proposed new depreciation rates.

Big Rivers is more than willing to provide on short notice any information you may require to assist you in your review. We will also be happy to meet with you in your offices at your convenience to walk your staff through the proposed depreciation rates, and answer any questions they may have.

Sincerely yours,



Billie J. Richert
Vice President Accounting and Interim Chief Financial Officer

Enclosure

BJR/mb

Mr. John Padalino
November 20, 2012
Re: Kentucky 62 Big Rivers Electric Corporation
Page 3

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

Jack Stevens, Accounting Chief of North Regional Accounting Branch
Rural Utilities Service
United States Department of Agriculture
1400 Independence Ave., SW, Room 2219-South
Stop 1568, Washington, DC 20250

John Cheung, Power Engineer, Power Supply Division
Rural Utilities Service
United States Department of Agriculture
1400 Independence Ave., SW, Room 0270-South
Stop 1568, Washington, DC 20250

Billie Richert

From: Billie Richert
Sent: Tuesday, November 20, 2012 8:25 AM
To: victor.vu@usda.gov
Subject: Confidential Load Concentration Analysis and Mitigation Plan
Attachments: Load Concentration Analysis and Mitigation Plan 6-18-2012.pdf

Victor,

Good morning. Please find attached Big Rivers' Confidential Load Concentration Analysis and Mitigation Plan ('Mitigation Plan') we discussed last week during our meeting. Let me know if there are any questions.

Regards,

Billie

Billie Richert

From: Ralph Ashworth
Sent: Wednesday, November 28, 2012 6:48 PM
To: James J. Murray (james.murray@wdc.usda.gov)
Cc: Billie Richert
Subject: Big Rivers Electric Corporation - 2012 Depreciation Rate Study (2012 Study)
Attachments: PSC_ORDER - Case No 2011-00036 Dated 11-17-2011.pdf

Jim,

Attached is the Kentucky Public Service Order in Case No. 2011-00036, dated November 17, 2011, that established the requirement to perform a new depreciation study with the rate case to be filed in January 2013. The requirement is set out on page 42, Item 8, of the Order and states: **“Big Rivers shall perform a new depreciation study within five years of the date of this order, or the filing of its next rate case, whichever is earlier.”** If you have any questions or comments concerning the new depreciation study please contact either me or Billie Richert — contact information is listed below.

Sincerely,

Ralph A. Ashworth
Director of Finance
Office Direct: (270) 844-6131
Mobile: (270) 577-6815
Email: Ralph.Ashworth@bigrivers.com

Billie Richert, CPA, CITP
VP Accounting & Interim CFO
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Email: Billie.Richert@bigrivers.com

Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Corporate: (270) 827-2561
www.bigrivers.com

Ralph Ashworth

From: Billie Richert
Sent: Tuesday, December 11, 2012 3:39 PM
To: James J. Murray (james.murray@wdc.usda.gov) (james.murray@wdc.usda.gov)
Cc: Ralph Ashworth
Subject: Follow-up to your two questions re: Depreciation Study
Attachments: Creep Testing All Units Next Schedule.xlsx

Jim,

To follow-up on your two questions related to our depreciation study:

- 1) All of the major maintenance that has been deferred is scheduled to be completed by the end of 2015.
- 2) Next creep testing scheduled by unit – see attached

Thanks,
Billie

Item 1 Completion of Creep Testing

The following table provides a summary of the most recent testing performed for each generation unit.

Plant	Last Test	Problems Found	Description	Action Taken
Coleman 1	May 2008	1	Hot reheat hanger attachment.	Addressed immediately through appropriate repairs.
Coleman 2	October 2010	0	No deficiencies found.	
Coleman 3	June 2009	1	Indication of early stage creep.	No operational limits, per EPRI guidelines. Retest in 3-5 years.
Green 1	November 2011	0	No deficiencies found.	
Green 2	May 2009	0	No deficiencies found.	
WMP&L 1	April 2012	0	No relevant indications.	
WMP&L 2	April 2010	0	No evidence of micro cracking or creep damage.	
Red 1	June 2008	1	Operating stress well within limits.	Retest in 5-10 years.
Wilson 1	November 2009	0	No indications found.	

Next Creep Testing Scheduled
April, 2013
May, 2015
April, 2014
March, 2014
April, 2015
April, 2014
March, 2013
September, 2018
September, 2017

Case No. 2012-00535

Attachment for Response to KIUC 1-1

Witness: Billie J. Richert



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

December 12, 2012

Mr. Victor T. Vu
Director, Power Supply Division
USDA/RUS
1400 Independence Ave., S.W., Rm. 0270-S
Washington, DC 20250-1568

Re: Big Rivers Electric Corporation's 2012 Environmental Compliance Plan - RUS Loan Application

Victor,

As discussed during our November 14, 2012 meeting, Big Rivers Electric Corporation plans to file an RUS loan application during 2013 to finance construction projects associated with its 2012 Environmental Compliance Plan.

In anticipation of filing the RUS loan application, we hereby provide an overview of the construction projects to be included in the loan application, for preliminary review by RUS' Environmental Group to determine whether the plan and related construction projects are eligible for RUS financing.

Project Overview Summary:

The loan application will be for generation system emission control improvement projects included in Big Rivers' 2013 – 2016 Generation Plant Construction Work Plan ("CWP"), which will be submitted in its entirety within Part 5, Sec. III. (Proposed Generation System Improvements) of the official loan application. A copy of the Environmental Compliance portion of the 2013 – 2016 Generation Plant CWP is included as an attachment to this letter.

The total amount of environmental compliance project expenditures, included in Big Rivers' 2013 – 2016 generation plant CWP, is \$59,640,000. All of these capital projects are necessary for Big Rivers to comply with the Mercury and Air Toxic Standards ("MATS") regulations. These emission control upgrades are classified as "Categorically Excluded proposals without an ER" under 1794.21(b) (20).

Case No. 2012-00535
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Witness Billie F. Richert
Page 132 of 256

The total amount of environmental compliance project expenditures, for which RUS loan funds are being requested, is \$58,440,000. The \$1.2 million difference, between the total amount of environmental compliance project expenditures and the requested RUS loan amount, relates to the conversion of Big Rivers' Reid Unit 1 plant to natural gas, which will be funded through Big Rivers' general funds.

Summary of Planned CWP Expenditures for MATS Compliance

Table 1
Summary of Cash Flows for MATS CWP Expenditures
Estimates for 2013 – 2014 (\$ in millions):

Location	Year		
	2013	2014	Total
Wilson	\$ 6.00	\$ 5.24	\$ 11.24
Coleman	15.60	12.84	28.44
Green	9.20	9.28	18.48
HMPL (net)	-	0.28	0.28
Reid ¹	1.20	-	1.20
Total	\$ 32.00	\$ 27.64	\$ 59.64

- Estimates for the 2013 through 2016 emission control upgrades are based on a study conducted for Big Rivers by Sargent & Lundy.

Big Rivers retained Sargent & Lundy (“S&L”), an engineering and consulting firm specializing in professional services for the electric power industry, to perform a focused compliance study addressing recently-issued, proposed, and pending environmental regulations and legislation, and the potential impacts these initiatives may have on operations at Big Rivers' generating stations. S&L recommended a suite of technologies that would allow Big Rivers to comply with the Cross-State Air Pollution Rule (“CSAPR”) and MATS requirements. Big Rivers then prepared an evaluation of the option of constructing those technologies against other options, including purchasing power in the wholesale market. After CSPAR was vacated by the U.S. Court of Appeals for the District of Columbia Circuit on August 21, 2012, Big Rivers determined that the proposed environmental compliance plan is the most cost effective means for Big Rivers to achieve compliance with MATS.

¹ \$1.2 million in projected cash flows for conversion of Reid Unit 1 to natural gas are not included in requested RUS loan amount.

As previously mentioned, Big Rivers proposed emission control upgrades are necessary for the Company's existing generation facilities to comply with MATS. The proposed MATS rule is the successor to the Clean Air Mercury Rule ("CAMR") and imposes significant new and tightened emission restrictions for mercury, particulate matter (a surrogate for hazardous non-mercury metals), and hydrogen chloride ("HCl") (a surrogate for hazardous acid gases).

MATS compliance requires unit specific reductions, and testing indicates that all Big Rivers' units (except the HMP&L Station Two Units) will require mercury reductions. Currently, all units are under the filterable particulate limits listed in the final MATS rule. The majority of Big Rivers units will meet HCl restrictions by achieving SO₂ emissions beneath the 0.2 Lb./MMBTU limit. For units that do not meet this limit, testing indicates that HCl emissions will be below the limits set in the MATS rule.

Emission Control Equipment

Big Rivers' emission control projects include installing activated carbon injection equipment for mercury ("Hg") removal, dry sorbent injection equipment for acid gas removal, and continuous emission compliance monitors on all three of Big Rivers' Coleman Units, the two Green Units, and the Wilson Unit. Although testing has proven that the two HMP&L Units are low mercury emitters, continuous emission monitors must be installed to demonstrate constant compliance. Reid Unit 1 and the Reid Combustion Turbine are natural gas fired units, not subject to the MATS regulation.

Activated Carbon Injection, Dry Sorbent Injection, and Continuous Emission Monitors

Project Numbers C1347, C1348, C1349, G1363, G1364, H1356, H1357, and W1327.

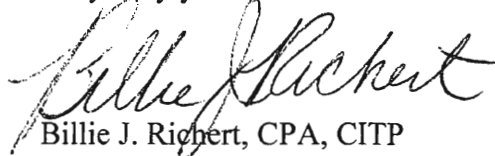
Testing of the exhaust gases at Big Rivers' Coleman, Wilson, and Green Stations indicate that these units emit higher levels of mercury than will be allowed under the new MATS rule. In order to reduce the mercury emissions from the exhaust gases at these plants, activated carbon can be injected into the exhaust gas to react with the mercury, and the combined elements can be collected with particulate removal equipment. The presence of acid gases, specifically sulfur trioxide ("SO₃"), inhibits the reaction between mercury and activated carbon, but industry testing has revealed that injecting a dry sorbent, such as hydrated lime or trona, to capture SO₃ ahead of the activated carbon would restore the reaction between the carbon and mercury.

The S&L study determined that dry sorbent injection, ahead of the activated carbon into the outlet gases from these units, would reduce their mercury emissions sufficiently to comply with MATS. Because the MATS rule also requires companies to provide evidence of compliance, continuous emissions monitors must be installed to sample and analyze the exhaust gases.

Although testing has proven that the two HMP&L Units are low mercury emitters, continuous emission monitors must be installed to demonstrate constant compliance. Monitors are included in these project numbers. Preliminary engineering and design for these projects will begin in 2013 with final drawings completed and approved by late 2013. Fabrication and construction will begin in late 2013 with completion and acceptance scheduled for July 31, 2014. The estimated capital costs for these projects are \$58.44 million, and ongoing operations and maintenance expenses are estimated at approximately \$10 million per year.

Please see attachments for a summary of projected expenditures for environmental compliance, generation system improvement projects, and a detailed list of those projects by plant.

Very truly yours,



Billie J. Richert, CPA, CITP
VP Accounting and Interim CFO
Big Rivers Electric Corporation

Attachments (2)

c: Steve Slovikosky
Chief, Power Delivery Engineering Branch, Power Supply Division, RUS

John Cheung
Engineer, RUS
USDA Rural Development/ RUS
1400 Independence Ave., S.W., Rm. 5165
Stop 1560
Washington, DC 20250-1560

Mr. Ralph A. Ashworth, Director, Finance, Big Rivers Electric Corporation

Mr. Nicholas R. Castlen, CPA, Big Rivers Electric Corporation

Big Rivers Electric Corporation
Proposed Generation System Improvements for Environmental Compliance
 Estimated Project Expenditures (2013-2016)

(See detailed table of projects attached)

	Form 740C Construction Codes	Total Estimated Environmental CWP Expenditures 2013 - 2016	Total RUS Loan Funds Requested
Generation Plant:			
Coleman Unit 1	1242	\$ 9,480,000	\$ 9,480,000
Coleman Unit 2	1243	\$ 9,480,000	\$ 9,480,000
Coleman Unit 3	1244	\$ 9,480,000	\$ 9,480,000
Green Unit 1	1246	\$ 9,240,000	\$ 9,240,000
Green Unit 2	1247	\$ 9,240,000	\$ 9,240,000
Reid Unit 1	1249	\$ 1,200,000	\$ -
HMP&L Unit 1	1252	\$ 140,000	\$ 140,000
HMP&L Unit 2	1253	\$ 140,000	\$ 140,000
Wilson Unit 1	1255	\$ 11,240,000	\$ 11,240,000
Total		\$ 59,640,000	\$ 58,440,000

Note: The table above includes projected expenditures for the environmental compliance portion, of Big Rivers' 2013-2016 Generation System Improvements CWP, only (i.e. which RUS loan funds are being requested for).

**Big Rivers Electric Corporation
Proposed Generation System Improvements for Environmental Compliance (2013 - 2016)
Detailed Project List**

Plant	Unit	Form 740C Construction Codes	Project Number	Title	Estimated Cost	RUS Loan Funds Requested	Construction Status		Date Approved In a CWP	General Fund Approval Status
							Start Of Construction	Estimated In Service Date		
Coleman: Environmental Projects - 2013 - 2016										
Coleman	Unit 1	1242	C1347	Activated Carbon Injection, Dry Sorbent Injection, and Monitors for MATS Compliance	\$ 9,480,000	\$ 9,480,000	2013	6/30/2014	Pending	Pending
Coleman	Unit 2	1243	C1348	Activated Carbon Injection, Dry Sorbent Injection, and Monitors for MATS Compliance	\$ 9,480,000	\$ 9,480,000	2013	6/30/2014	Pending	Pending
Coleman	Unit 3	1244	C1349	Activated Carbon Injection, Dry Sorbent Injection, and Monitors for MATS Compliance	\$ 9,480,000	\$ 9,480,000	2013	6/30/2014	Pending	Pending
Total Coleman Environmental Improvements					\$ 28,440,000	\$ 28,440,000				
Green: Environmental Projects - 2013 - 2016										
Green	Unit 1	1246	G1363	Activated Carbon Injection, Dry Sorbent Injection, and Monitors for MATS Compliance	\$ 9,240,000	\$ 9,240,000	2013	6/30/2014	Pending	Pending
Green	Unit 2	1247	G1364	Activated Carbon Injection, Dry Sorbent Injection, and Monitors for MATS Compliance	\$ 9,240,000	\$ 9,240,000	2013	6/30/2014	Pending	Pending
Total Green Environmental Improvements					\$ 18,480,000	\$ 18,480,000				
Reid: Environmental Projects - 2013 - 2016										
Reid	Unit 1	1249	R1311	Convert Burners to Natural Gas	\$ 1,200,000	\$ -	2013	12/31/2013	Pending	Pending
Total Reid Environmental Improvement Projects					\$ 1,200,000	\$ -				
HMP&L: Environmental Projects - 2013 - 2016										
HMP&L	Unit 1	1252	H1356	Install Particulate Monitor	\$ 140,000	\$ 140,000	2013	6/30/2014	Pending	Pending
HMP&L	Unit 2	1253	H1357	Install Particulate Monitor	\$ 140,000	\$ 140,000	2013	6/30/2014	Pending	Pending
Total HMP&L Environmental Improvement Projects					\$ 280,000	\$ 280,000				
Wilson: Environmental Projects - 2012 - 2015										
Wilson	Unit 1	1255	W1327	Activated Carbon Injection, Dry Sorbent Injection, and Monitors for MATS Compliance	\$ 11,240,000	\$ 11,240,000	2013	6/30/2014	Pending	Pending
Total Wilson Environmental Improvements					\$ 11,240,000	\$ 11,240,000				
Total Planned Environmental Construction Projects					\$ 59,640,000	\$ 58,440,000				
Total RUS Loan Funds Requested					\$ 11,240,000	\$ 11,240,000				

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert

Note: The table above includes projected expenditures for the environmental compliance portion, of Big Rivers' 2013-2016 Generation System Improvements CWP, only (i.e. which RUS loan funds are being requested for).

Billie Richert

From: Ralph Ashworth
Sent: Wednesday, December 12, 2012 11:59 AM
To: James J. Murray (james.murray@wdc.usda.gov); Lou Riggs (lou.riggs@wdc.usda.gov)
Cc: Billie Richert
Subject: Revisions to Big Rivers Electric Corporation - 2012 Depreciation Rate Study (2012 Study)
Attachments: FINAL Consolidated Big Rivers Depreciation Study with 12-10-12 Revisions.pdf

Jim/Lou,

Attached is an updated version of the Big Rivers 2012 Depreciation Study with revisions made by Burns and McDonnell on December 10, 2012. The revisions reflected in the attached do not change the results of the 2012 Study and consist of typos as detailed below (changes are highlighted in yellow):

Previous -- Page II-2 (Table II-1): *Unit: Reid 1; Net Capacity (MW): 58 MW*

Revised -- Page II-2 (Table II-1): *Unit: Reid 1; Net Capacity (MW): 65 MW*

Previous -- Page II-2 (Table II-1): *Unit: Reid CT; Net Capacity (MW): 64 MW*

Revised -- Page II-2 (Table II-1): *Unit: Reid CT; Net Capacity (MW): 65 MW*

Previous -- Page II-16 (*Head: ROBERT A. REID PLANT; Subhead: Facility Description (last sentence)*): **The unit began commercial operation in 1976...**

Revised -- Page II-16 (*Head: ROBERT A. REID PLANT; Subhead: Facility Description (last sentence)*): **The unit began commercial operation in 1966...**

Previous -- Page II-28 (*Head: ROBERT A. REID EHV SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Reid EHV substation is approximately 26 years old.**

Revised -- Page II-28 (*Head: ROBERT A. REID EHV SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Reid EHV substation is approximately 30 years old.**

Previous -- Page II-30 (*Head: KENNETH C. COLEMAN EHV SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Coleman EHV substation is approximately 21 years old.**

Revised -- Page II-30 (*Head: KENNETH C. COLEMAN EHV SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Coleman EHV substation is approximately 25 years old.**

Previous -- Page II-31 (*Head: D. B. WILSON STATION EHV SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Wilson EHV substation is approximately 26 years old.**

Revised -- Page II-31 (*Head: D. B. WILSON STATION EHV SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Wilson EHV substation is approximately 30 years old.**

Previous -- Page II-33 (*Head: HANCOCK SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Hancock Substation is approximately 38 years old.**

Revised -- Page II-33 (*Head: HANCOCK SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Hancock Substation is approximately 42 years old.**

Previous -- Page II-34 (*Head: HARDINSBURG SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Hardinsburg Substation is approximately 40 years old.**

Revised -- Page II-34 (*Head: HARDINSBURG SUBSTATION; Subhead: Remaining Life Assessment (first sentence)*): **The Hardinsburg Substation is approximately 44 years old.**

If you have any questions or comments related to these revisions please contact either me or Billie Richert – contact information is listed below.

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 138 of 256

Sincerely,

Ralph A. Ashworth
Director of Finance
Office Direct: (270) 844-6131
Mobile: (270) 577-6815
Email: Ralph.Ashworth@bigrivers.com

Billie Richert, CPA, CITP
VP Accounting & Interim CFO
Office Direct: (270) 844-6190
Mobile: (270) 577-6221
Email: Billie.Richert@bigrivers.com

Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420
Corporate: (270) 827-2561
www.bigrivers.com

Billie Richert

From: Murray, James - RD, Washington, DC <James.Murray@wdc.usda.gov>
Sent: Wednesday, December 12, 2012 3:08 PM
To: Billie Richert
Cc: Riggs, Lou - RD, Washington, DC; Elliott, Jim - RD, Washington, DC
Subject: RE: Follow-up to your two questions re: Depreciation Study

Billie,

The study in several places refers to the Burns and McDonnell's depreciation consultants.

Who actually performed the study?

Was the depreciation study performed by Burns and Mc Donnell's depreciation consultants?

Where is that report?

Jim

From: Billie Richert [mailto:Billie.Richert@bigrivers.com]
Sent: Wednesday, December 12, 2012 11:14 AM
To: Murray, James - RD, Washington, DC
Cc: Ralph Ashworth
Subject: RE: Follow-up to your two questions re: Depreciation Study

Jim,
Please find attached the efforts Big Rivers is undertaking re: maintenance. This is a further follow-up to your question regarding deferred maintenance.

Billie

From: Billie Richert
Sent: Tuesday, December 11, 2012 3:39 PM
To: James J. Murray (james.murray@wdc.usda.gov) (james.murray@wdc.usda.gov)
Cc: Ralph Ashworth
Subject: Follow-up to your two questions re: Depreciation Study

Jim,
To follow-up on your two questions related to our depreciation study:

- 1) All of the major maintenance that has been deferred is scheduled to be completed by the end of 2015.
- 2) Next creep testing scheduled by unit – see attached

Thanks,
Billie

This electronic message contains information generated by the USDA solely for the intended recipients. Any unauthorized interception of this message or the use or disclosure of the information it contains may violate the law and subject the violator to civil or criminal penalties. If you believe you have received this message in error, please notify the sender and delete the email immediately.

Billie Richert

From: Ralph Ashworth
Sent: Wednesday, December 12, 2012 4:02 PM
To: James J. Murray (james.murray@wdc.usda.gov)
Cc: Lou Riggs (lou.riggs@wdc.usda.gov); Jim Elliott (jim.elliott@wdc.usda.gov); Billie Richert
Subject: FW: Follow-up to your two questions re: Depreciation Study

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Regards,

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Director of Finance
Office Direct: (270) 844-6131
Mobile: (270) 577-6815
Email: Ralph.Ashworth@bigrivers.com

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Page 142 of 256

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Ralph Ashworth

From: Murray, James - RD, Washington, DC <James.Murray@wdc.usda.gov>
Sent: Thursday, December 13, 2012 8:21 AM
To: Ralph Ashworth
Subject: RE: Follow-up to your two questions re: Depreciation Study

Ralph,

Due to the unusual way the report is worded, please have Burns & McDonnell confirm that they performed the study themselves and there is no other report.

Please have them send me an email to confirming this.

Thanks,

Jim

From: Ralph Ashworth [mailto:Ralph.Ashworth@bigrivers.com]
Sent: Wednesday, December 12, 2012 5:02 PM
To: Murray, James - RD, Washington, DC
Cc: Riggs, Lou - RD, Washington, DC; Elliott, Jim - RD, Washington, DC; Billie Richert
Subject: FW: Follow-up to your two questions re: Depreciation Study

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Ralph A. Ashworth
Director of Finance
Office Direct: (270) 844-6131
Mobile: (270) 577-6815
Email: Ralph.Ashworth@bigrivers.com

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Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 144 of 256

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Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 145 of 256

Ralph Ashworth

From: Billie Richert
Sent: Friday, December 14, 2012 8:16 AM
To: James J. Murray (james.murray@wdc.usda.gov)
Cc: Ralph Ashworth
Subject: RE: Follow-up to your two questions re: Depreciation Study

Jim,
Can you provide an update from your meeting yesterday re: the depreciation study and where RUS is in the approval process?

Thank you.

Billie

From: Summerville, Jon [mailto:jsummerville@burnsmcd.com]
Sent: Thursday, December 13, 2012 10:47 AM
To: James J. Murray (james.murray@wdc.usda.gov)
Cc: Billie Richert; Ralph Ashworth; Kelly, Ted
Subject: RE: Follow-up to your two questions re: Depreciation Study

Jim,

Ted is out of the office today, but I can confirm that Burns & McDonnell was solely responsible for the content of the entire Comprehensive Depreciation Study (2012 Study, project #70000) dated November 2012 and did not make use of other consultants.

There is no other current report. The prior Depreciation Study from Burns & McDonnell was dated January 2011 (project #57670) and previously approved by RUS. Let me know if you have any more questions. Thanks.

Jon Summerville
Burns & McDonnell
(816) 822-4354
Proud to be one of FORTUNE's 100 Best Companies To Work For

From: Ralph Ashworth [mailto:Ralph.Ashworth@bigrivers.com]
Sent: Thursday, December 13, 2012 10:33 AM
To: Kelly, Ted
Cc: Summerville, Jon; Billie Richert; James J. Murray (james.murray@wdc.usda.gov)
Subject: FW: Follow-up to your two questions re: Depreciation Study

Ted,

Please review the email flow below and provide direct email confirmation to Jim Murray (James.Murray@wdc.usda.gov) at RUS that Burns & McDonnell performed the work on the Comprehensive Depreciation Study (2012 Study) dated November 2012 (Project Number: 70000). Mr. Murray needs verification that Burns & McDonnell was solely responsible for the content of the report and did not make use of other consultants. If other consultants were used in
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert

performing the 2012 Study he needs a copy of their report. Please let me know if you have questions regarding this request.

Regards,
Ralph Ashworth

From: Murray, James - RD, Washington, DC [<mailto:James.Murray@wdc.usda.gov>]
Sent: Thursday, December 13, 2012 8:21 AM
To: Ralph Ashworth
Subject: RE: Follow-up to your two questions re: Depreciation Study

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From: Ralph Ashworth [<mailto:Ralph.Ashworth@bigrivers.com>]
Sent: Wednesday, December 12, 2012 5:02 PM
To: Murray, James - RD, Washington, DC
Cc: Riggs, Lou - RD, Washington, DC; Elliott, Jim - RD, Washington, DC; Billie Richert
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Office Direct: (270) 844-6131
Mobile: (270) 577-6815
Email: Ralph.Ashworth@bigrivers.com

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Sent: Wednesday, December 12, 2012 3:08 PM
To: Billie Richert
Cc: Riggs, Lou - RD, Washington, DC; Elliott, Jim - RD, Washington, DC
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Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 147 of 256

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Billie Richert

From: Gile, Arthur - RD, Washington, DC <arthur.gile@wdc.usda.gov>
Sent: Monday, December 17, 2012 2:51 PM
To: Billie Richert
Cc: Cheung, John - RD, Washington, DC; Murray, James - RD, Washington, DC; Riggs, Lou - RD, Washington, DC; Moy, Wei - RD, Washington, DC
Subject: KY-62 Big Rivers Depreciation Study
Attachments: Deferred Maintenance Schedule.docx

Billie Richert,

John Cheung is on vacation and I have been assigned the task to complete the review of the engineering part of Big Rivers Depreciation Study. Attached is copy of the response from you detailing the reasons for extending the outage schedules for Big Rivers Generating units. We are requesting addition information for our review:

1. Please provide the Equivalent Forced Outage Rate (EFOR), Equivalent Availability Factor, (EAF) and Net Maximum Capacity (NMC) for each unit individually.
2. From the last completed outage/inspection, were there any reports or recommendations from the turbine, boiler or other large equipment manufacturers about when the next outage should occur?
3. Is Big Rivers planning to retire any of the units due rather than complying with EPA's Mercury and Air Toxics Standard (MATS).

Thanks,

Arthur (Art) Gile
Power Planning Engineer
Rural Utilities Service
USDA Mail Stop 1568 ; Room 0245
1400 Independence Avenue S.W.
Washington, DC 20250
(202) 205-8292

From: Riggs, Lou - RD, Washington, DC
Sent: Friday, December 14, 2012 11:33 AM
To: Gile, Arthur - RD, Washington, DC
Subject: FW: Follow-up to your two questions re: Depreciation Study

FYI

Lou Riggs

Louis Riggs, PE | Principal Engineer
Rural Development - Rural Utilities Service U.S. Department of Agriculture
1400 Independence Ave., S.W. | Washington, D.C. 20250
Phone: 202.690-0551 | Fax: 202.720.7491
www.rurdev.usda.gov

"Committed to the future of rural communities"

"Estamos dedicados al futuro de las comunidades rurales"

From: Murray, James - RD, Washington, DC
Sent: Friday, December 14, 2012 10:52 AM
To: Gile, Arthur - RD, Washington, DC
Cc: Riggs, Lou - RD, Washington, DC; Cheung, John - RD, Washington, DC
Subject: FW: Follow-up to your two questions re: Depreciation Study

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 149 of 256

As requested.

From: Billie Richert [<mailto:Billie.Richert@bigrivers.com>]
Sent: Wednesday, December 12, 2012 11:14 AM
To: Murray, James - RD, Washington, DC
Cc: Ralph Ashworth
Subject: RE: Follow-up to your two questions re: Depreciation Study

Jim,
Please find attached the efforts Big Rivers is undertaking re: maintenance. This is a further follow-up to your question regarding deferred maintenance.

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From: Billie Richert
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To: James J. Murray (james.murray@wdc.usda.gov) (james.murray@wdc.usda.gov)
Cc: Ralph Ashworth
Subject: Follow-up to your two questions re: Depreciation Study

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- 2) Next creep testing scheduled by unit – see attached

Thanks,
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Overall, the Big Rivers generating fleet has been very reliable since closing of the Unwind Transaction in July 2009, and has consistently performed in the top quartile in EFOR, EAF, and NCF. This validates Big Rivers' assessment of the condition of the generating units during its due diligence for the Unwind Transaction.

More specifically, in a five year benchmarking study completed in August 2012, for the period from April 2007 through March 2012, the performance statistics for Big Rivers' units were in the best quartile for the units in its peer group. For the comparative period, the performance metrics for Big Rivers' units compared to the peer group are as follows:

<u>Big Rivers Units</u>	<u>Peer Group Best Quartile</u>
EFOR 4.18%	EFOR 4.55% (lower is better)
EAF 90.07%	EAF 88.70% (higher is better)
NCF 81.55%	NCF 78.24% (higher is better)

In a one year comparison from April 2011 through March 2012, Big Rivers units performed slightly better against the same peer group:

<u>Big Rivers Units</u>	<u>Peer Group Best Quartile</u>
EFOR 3.69%	EFOR 3.84% (lower is better)
EAF 92.92%	EAF 92.04% (higher is better)
NCF 82.29%	NCF 76.15% (higher is better)

Thus, as this benchmarking data demonstrates, the reliability of Big Rivers' generating facilities compares quite favorably to others in the industry at this juncture.

Over the next three years, Big Rivers plans to perform major maintenance on all of its units, due in large part to the outage deferrals in 2010, 2011, and 2012, and to return the maintenance activities to a level that is consistent with prudent utility operation.

Looking forward to the next planning period, Big Rivers' production staff has assessed the condition of each unit in the fleet individually, and evaluated the risks associated with the deferred maintenance, in order to adjust the future outage

schedule to levelize spending and unit outage hours across the period. Big Rivers expects to have all of the deferred maintenance completed and have all the units back on a maintenance outage frequency that is consistent with prudent utility operation by the end of 2015. In the table below Big Rivers describes the maintenance outages that were deferred and when the deferred maintenance will be completed.

Deferred Maintenance Schedule		
The following table provides a summary of the deferred outages and when they will be completed.		
Plant	Original Outage Schedule	Deferred Maintenance To Be Completed
Coleman 1	February 2011	██████████
Coleman 2	March 2013	██████████
Coleman 3	May 2012	██████████
Green 1	March 2012	██████████
Green 2	March 2011	██████████
HMP&L 1	May 2011	March 2012
HMP&L 2	March 2012	██████████
Reid 1	May 2010	October 2010
Wilson 1	September 2011	██████████
* In August, 2013, coinciding with the Century Aluminum power sales contract termination, the current outage plans depict the Wilson unit temporarily idled until Big Rivers can secure replacement load. Big Rivers is still evaluating this strategy and the current plan is subject to change. If the Wilson plant is not idled the deferred maintenance will be completed in ██████████		

Billie Richert

From: Billie Richert
Sent: Tuesday, December 18, 2012 2:35 PM
To: 'Gile, Arthur - RD, Washington, DC'
Cc: Cheung, John - RD, Washington, DC; Murray, James - RD, Washington, DC; Riggs, Lou - RD, Washington, DC; Moy, Wei - RD, Washington, DC; Ralph Ashworth
Subject: RE: KY-62 Big Rivers Depreciation Study
Attachments: Additional Deferred Maintenance Info.docx

Arthur,

Please see Big Rivers' responses to RUS questions. Please let me know if you require further clarification or additional information. I will call you tomorrow to follow-up.

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From: Gile, Arthur - RD, Washington, DC [mailto:arthur.gile@wdc.usda.gov]
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Cc: Cheung, John - RD, Washington, DC; Murray, James - RD, Washington, DC; Riggs, Lou - RD, Washington, DC; Moy, Wei - RD, Washington, DC
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1. Please provide the Equivalent Forced Outage Rate (EFOR), Equivalent Availability Factor, (EAF) and Net Maximum Capacity (NMC) for each unit individually.
2. From the last completed outage/inspection, were there any reports or recommendations from the turbine, boiler or other large equipment manufacturers about when the next outage should occur?
3. Is Big Rivers planning to retire any of the units due rather than complying with EPA's Mercury and Air Toxics Standard (MATS).

Thanks,

Arthur (Art) Gile
Power Planning Engineer
Rural Utilities Service
USDA Mail Stop 1568 ; Room 0245
1400 Independence Avenue S.W.
Washington, DC 20250
(202) 205-8292

From: Riggs, Lou - RD, Washington, DC
Sent: Friday, December 14, 2012 11:33 AM
To: Gile, Arthur - RD, Washington, DC
Subject: FW: Follow-up to your two questions re: Depreciation Study

FYI

Lou Riggs

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 153 of 256

Louis Riggs, PE | Principal Engineer
Rural Development - Rural Utilities Service U.S. Department of Agriculture
1400 Independence Ave., S.W. | Washington, D.C. 20250
Phone: 202.690-0551 | Fax: 202.720.7491
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- 1.) The Equivalent Forced Outage Rate (EFOR), Equivalent Availability Factor, (EAF) and Net Maximum Capacity (NMC) for each unit individually are shown in the table below:

BREC System - 2007 Q2 thru 2012 Q1			
Unit Name	EAF %	EFOR %	Net Maximum Capacity
COLEMAN UNIT 1	88.8	4.55	150 MW
COLEMAN UNIT 2	90.81	2.99	138 MW
COLEMAN UNIT 3	93.04	3.44	155 MW
GREEN UNIT 1	93.05	2.56	231 MW
GREEN UNIT 2	93.7	1.74	223 MW
HMPL UNIT 1	86.59	9.65	153 MW
HMPL UNIT 2	88.61	5.15	159 MW
WILSON UNIT 1	87.4	4.54	417 MW

The Reid Units are not included in the above table as they are peaking units with a Net Capacity Factor (NCF) of 2% or less. The unusually high EFOR for HMP&L Unit 1 is being driven by a forced outage in November, 2008 when one of the last stage blades failed on the double flow low pressure turbine rotor. The outage lasted until February, 2009 as the turbine was completely disassembled, both last stage LP blade rows were replaced, and the HP, IP and LP turbine rotors were completely refurbished.

- 2.) At Coleman Station all outage/inspection report recommendations are for the next planned outage or next available outage of sufficient length. The reports do not state specific dates for any actions or re-inspections.

At Wilson Station none of the past outage/inspection reports with recommendations state a specific outage date with the exception of the boiler water side chemical cleaning recommendation. Based on the most recent tube sampling analysis, it is recommended that we chemically clean the boiler in 2013 if we decide to continue to operate the unit. If Wilson is idled the boiler will be cleaned as part of the layup recovery procedure. All other recommendations are for next available outage opportunity if the unit remains operational.

At Reid/HMP&L Station all outage/inspection report recommendations are for the next planned outage or next available outage of sufficient length. The reports do not state specific dates for any actions or re-inspections.

At Green Station all outage/inspection report recommendations are for the next planned outage or next available outage of sufficient length. The reports do not state specific dates for any actions or re-inspections.

- 3.) Big Rivers does not plan to retire any of its units as a result of the EPA's Mercury and Air Toxics Standard (MATS). All of Big Rivers units except Reid Unit One will be retrofitted with Activated Carbon Injection (ACI) and Dry Sorbet Injection (DSI) equipment to comply with MATS regulations. The Reid coal unit will be converted to burn natural gas.

Billie Richert

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Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
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Power Planning Engineer
Rural Utilities Service
USDA Mail Stop 1568 ; Room 0245
1400 Independence Avenue S.W.
Washington, DC 20250
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From: Billie Richert
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To: 'Gile, Arthur - RD, Washington, DC'
Cc: Ralph Ashworth
Subject: RE: KY-62 Big Rivers Depreciation Study

Arthur,
Do you know what time you will be calling later today or tomorrow? I want to make sure I'm available.

Thank you.

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1400 Independence Avenue S.W.
Washington, DC 20250
(202) 205-8292

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Sent: Friday, December 14, 2012 11:33 AM
To: Gile, Arthur - RD, Washington, DC
Subject: FW: Follow-up to your two questions re: Depreciation Study

FYI

Lou Riggs

Louis Riggs, PE | Principal Engineer
Rural Development - Rural Utilities Service U.S. Department of Agriculture
1400 Independence Ave., S.W. | Washington, D.C. 20250
Phone: 202.690-0551 | Fax: 202.720.7491
www.rurdev.usda.gov

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To: Gile, Arthur - RD, Washington, DC
Cc: Riggs, Lou - RD, Washington, DC; Cheung, John - RD, Washington, DC
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To: Murray, James - RD, Washington, DC
Cc: Ralph Ashworth
Subject: RE: Follow-up to your two questions re: Depreciation Study

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Sent: Thursday, December 27, 2012 1:35 PM
To: Billie Richert
Cc: Ralph Ashworth; Riggs, Lou - RD, Washington, DC
Subject: RE: KY-62 Big Rivers Depreciation Study
Attachments: Depreciation Letter.pdf

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We are hoping to receive the formal approval letter by December 31. Is there anyone at RUS who can confirm we will receive the letter by this date?

Thank you.

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Sent: Thursday, December 20, 2012 3:25 PM
To: Billie Richert

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 185 of 256

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Art Gile

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Case No. 2012-00535
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Page 186 of 256

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Cc: Cheung, John - RD, Washington, DC; Murray, James - RD, Washington, DC; Riggs, Lou - RD, Washington, DC; Moy, Wei - RD, Washington, DC
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1. Please provide the Equivalent Forced Outage Rate (EFOR), Equivalent Availability Factor, (EAF) and Net Maximum Capacity (NMC) for each unit individually.
2. From the last completed outage/inspection, were there any reports or recommendations from the turbine, boiler or other large equipment manufacturers about when the next outage should occur?
3. Is Big Rivers planning to retire any of the units due rather than complying with EPA's Mercury and Air Toxics Standard (MATS).

Thanks,
Arthur (Art) Gile
Power Planning Engineer
Rural Utilities Service
USDA Mail Stop 1568 ; Room 0245
1400 Independence Avenue S.W.
Washington, DC 20250
(202) 205-8292

From: Riggs, Lou - RD, Washington, DC
Sent: Friday, December 14, 2012 11:33 AM
To: Gile, Arthur - RD, Washington, DC
Subject: FW: Follow-up to your two questions re: Depreciation Study

FYI

Lou Riggs

Louis Riggs, PE | Principal Engineer
Rural Development - Rural Utilities Service U.S. Department of Agriculture
1400 Independence Ave., S.W. | Washington, D.C. 20250
Phone: 202.690-0551 | Fax: 202.720.7491
www.rurdev.usda.gov

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"Estamos dedicados al futuro de las comunidades rurales"

From: Murray, James - RD, Washington, DC
Sent: Friday, December 14, 2012 10:52 AM
To: Gile, Arthur - RD, Washington, DC
Cc: Riggs, Lou - RD, Washington, DC; Cheung, John - RD, Washington, DC
Subject: FW: Follow-up to your two questions re: Depreciation Study

Case No. 2012-00535
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**United States Department of Agriculture
Rural Development**

DEC 27 2012

Mr. Mark A. Bailey
 President & Chief Executive Officer
 Big Rivers Electric Corporation
 P. O. Box 24
 201 Third Street
 Henderson, Kentucky 42419-0024

Dear Mr. Bailey:

This is in response to the letter dated November 20, 2012, from Mr. Billie J. Richert, to Mr. John Padalino, Acting Administrator of Rural Utilities Service (RUS), regarding Big Rivers Electric Corporation's (Big Rivers) request for RUS approval to revise the depreciation rates as recommended in the Comprehensive Depreciation Study Report (Depreciation Study) prepared for Big Rivers by Burns & McDonnell Engineering Company, Inc. dated November 2012.

In the Depreciation Study, Burn & McDonnell stated on Page ES-3 that since the Unwind Closing 2009, Big Rivers has not performed major maintenance such as valve inspections and turbine generator inspections on a schedule consistent with prudent utility operations. This is not acceptable to RUS and Big Rivers needs to resume their scheduled major inspections and maintenance per prudent utility operations promptly. **Please let us know of your timeline for getting this matter resolved.**

We find that the depreciation rate analysis that was performed based on the electric generation and transmission historical plant records of Big Rivers as of July 31, 2012 is acceptable; therefore, RUS hereby approves the new depreciation rates for the electric generation and transmission asset of Big Rivers included in above Depreciation Study as follows:

Account	Description	Existing Rates	Proposed Rates
Steam Production Plant			
340	Land	N/A	N/A
311	Structures	1.38%	1.38%
312	Boiler Plant	1.88%	2.02%
312 A-K	Boiler Plant - Environmental Compliance	2.28%	2.43%
312 L-P	Short-Life Production Plant - Environmental	20.22%	15.95%
312 V-Z	Short-Life Production Plant - Other	14.39%	25.38%

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Case No. 2012-00535

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Witness: Billie J. Richert

Page 189 of 256

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Combustion Turbine (CT) Production Plant			
341	CT - Structures	1.17%	1.06%
342	CT – Fuel Holders & Accessories	9.10%	9.92%
343	CT – Prime Movers	3.02%	3.02%
344	CT - Generators	0.50%	0.35%
345	CT – Access. Electrical Equipment	2.05%	2.93%
Transmission			
350	Land	N/A	N/A
352	Structures	1.90%	1.94%
353	Station Equipment	2.23%	2.29%
354	Towers	1.42%	1.36%
355	Poles	2.06%	2.03%
356	Lines	1.69%	1.81%

Depreciation rates for General Plant type facilities may be based on a borrower's experience and these rates do not require RUS approval.

Please let us know if we can be of further assistance.

Sincerely,



CHRIS TUTTLE
Acting Deputy Assistant Administrator
Rural Utilities Service-Electric Program

Billie Richert

From: Elliott, Jim - RD, Washington, DC <Jim.Elliott@wdc.usda.gov>
Sent: Thursday, December 27, 2012 2:23 PM
To: Billie Richert
Cc: Riggs, Lou - RD, Washington, DC
Subject: RE: KY-62 Big Rivers Depreciation Study
Attachments: Depreciation Letter - Revised.pdf

Billie,

I apologize for the confusion. Please find the attached corrected letter.

Jim

From: Billie Richert [mailto:Billie.Richert@bigrivers.com]
Sent: Thursday, December 27, 2012 2:55 PM
To: Elliott, Jim - RD, Washington, DC
Subject: RE: KY-62 Big Rivers Depreciation Study

Jim,

Thank you very much for your quick response in approving our study.

Also please note I'm a female. In the letter I'm referred to as 'Mr.'

Billie

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USDA Mail Stop 1568 ; Room 0245
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(202) 205-8292

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Rural Development - Rural Utilities Service U.S. Department of Agriculture
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**United States Department of Agriculture
Rural Development**

DEC 27 2012

Mr. Mark A. Bailey
 President & Chief Executive Officer
 Big Rivers Electric Corporation
 P. O. Box 24
 201 Third Street
 Henderson, Kentucky 42419-0024

Dear Mr. Bailey:

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Please let us know if we can be of further assistance.

Sincerely,



CHRIS TUTTLE
Acting Deputy Assistant Administrator
Rural Utilities Service-Electric Program

Billie Richert

From: Billie Richert
Sent: Friday, February 01, 2013 12:40 PM
To: victor.vu@usda.gov
Cc: cheryl.black@wdc.usda.gov
Subject: Alcan Notice of Termination
Attachments: Alcan Termination Notice0001.pdf

Victor,

Thank you very much for the discussion. Please find attached the Alcan notice. Let me know if there are additional questions or information I can provide.

Billie

ALCAN PRIMARY PRODUCTS CORPORATION

January 31, 2013

Mr. Gregory Starheim
President and CEO
Kenergy Corp.
Post Office Box 18
Henderson, Kentucky 42419

Mr. Mark Bailey
President and CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

Re: Retail Electric Service Agreement
NOTICE OF TERMINATION

Gentlemen:

This letter constitutes written Notice of Termination, in accordance with Section 7.3.1 of the Retail Electric Service Agreement, dated July 1, 2009 ("**Agreement**"), between Alcan Primary Products Corporation ("**APPC**"), a wholly-owned subsidiary of Alcan Corporation, and Kenergy Corp. ("**Kenergy**"). APPC is the owner and operator of the aluminum smelter located in Robards, Kentucky (the "**Sebree Smelter**").

On January 15, 2013, Big Rivers Electric Corporation ("**Big Rivers**") filed an Application with the Kentucky Public Service Commission (the "**KPSC**") for an increase in base rates (the "**Application**"). According to Big Rivers, the Application, if approved, would result in a rate increase of nearly 16%. There is already substantial doubt that the Sebree Smelter is sustainable at the current rate being charged to APPC. The increase contemplated by Application would remove all doubt whatsoever and ensure that the Sebree Smelter is unprofitable and therefore unsustainable. Under the circumstances, APPC has no choice but to furnish this Notice of Termination.

As you are aware, Section 7.3.1 of the Agreement requires the President of Alcan Corporation, the corporate parent of APPC, to represent and warrant that (i) the decision to give this Notice of Termination reflects a business judgment made in good faith to terminate and cease all aluminum smelting operations at the Sebree Smelter, and (ii) it has no current intention of re-commencing smelting operations at the Sebree Smelter. Under the present

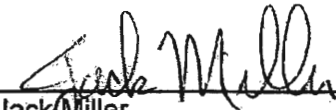
circumstances, Mr. Timothy Guerra, the President of Alcan Corporation, makes those representations and warranties in the Certificate attached hereto.

I am advised that, notwithstanding the notice of Century Aluminum of Kentucky ("Century") on August 20, 2012 to terminate its Retail Electric Service Agreement, dated July 1, 2009, Big Rivers and Kenergy have entered into negotiations with Century to waive the obligations of Section 7.3.1 of the Agreement and to otherwise assist Century to access market power in order to keep Century's Hawesville, Kentucky smelter open beyond August 20, 2013. Big Rivers and Kenergy have consistently and routinely indicated that they would keep the Sebree Smelter and Century's Hawesville smelter on equal footing in terms of their respective agreements. Therefore, in the event APPC decides in the future that market power might be an option to keep the Sebree Smelter operational, APPC would expect the same accommodations from Big Rivers and Kenergy on terms no less favorable than those offered to Century.

APPC appreciates the recent efforts of Big Rivers in offering proposals that would restructure the rate formula and other basic terms and conditions of the Agreement. While we are not in agreement at the present time, we welcome continuation of those discussions during the pendency of the rate case in hopes of reaching a mutually acceptable accord. We believe that further discussions would not be inconsistent with this Notice of Termination and indeed are appropriate in order to find ways to retain the jobs and preserve the economic benefits of those jobs for the Commonwealth of Kentucky.

Should you have any questions about this Notice of Termination, please do not hesitate to contact me or any of my colleagues listed below.

ALCAN PRIMARY PRODUCTS CORPORATION

By: 

Jack Miller
President

cc: Mr. Serge Gosselin
Mr. Donald P. Seberger

ALCAN CORPORATION

8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

Office of the President

CERTIFICATE

The undersigned, Timothy Guerra, a resident of the State of Illinois, hereby represents and warrants that:

1. He is the duly elected President of Alcan Corporation, a Texas corporation (the "**Company**");
2. The Company is the owner of 100% of the issued and outstanding stock of Alcan Primary Products Corporation, a Texas corporation ("**APPC**"). APPC is the owner and operator of the aluminum smelter located in Robards, Kentucky (the "**Sebree Smelter**").
3. By letter dated and delivered concurrently herewith, APPC has furnished written Notice of Termination in accordance with Section 7.3.1 of the Retail Electric Service Agreement, dated July 1, 2009 ("**Agreement**"), between APPC and Kenergy Corp. (the "**Notice of Termination**").
4. The decision to furnish the Notice of Termination reflects APPC's and the Company's business judgment made in good faith to terminate and cease all aluminum smelting operations at the Sebree Smelter and that they have no current intention of recommencing operations at that location.

Dated as of the 31st day of January, 2013.

By: 
Timothy Guerra
President
ALCAN CORPORATION



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

January 15, 2013

Rural Utilities Service
United States Department of Agriculture
Room No. 5135-S
1400 Independence Avenue, S.W.
Stop 1510
Washington, D.C. 20250
Attention: Administrator

Rural Utilities Service
United States Department of Agriculture
Room No. 0270-S
1400 Independence Avenue, S.W.
Stop 1568
Washington, D.C. 20250
Attention: Power Supply Division

Subject: Kentucky 62 - Big Rivers Electric Corporation
Application for a General Adjustment in Rates

VIA FEDERAL EXPRESS OVERNIGHT DELIVERY

Dear Sir or Madam:

Pursuant to Sections 4.4(b) and 5.8 of the Amended and Consolidated Loan Contract dated as of July 16, 2009, between Big Rivers Electric Corporation ("Big Rivers") and the United States of America (the "*Loan Contract*"), Big Rivers hereby provides a copy of the APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES (the "*Application*") which was filed with the Public Service Commission of Kentucky (the "*Commission*") on Tuesday, January 15, 2013, in Case No. 2012-00535. The purpose of the proposed rate increase supported by the Application is to generate cash to cover Big Rivers' anticipated operating costs, and to enable Big Rivers to meet the financial covenants in its credit documents.

Pursuant to regulations applicable to the Application, the Commission will suspend Big Rivers' ability to place the rates in effect until August 18, 2013.

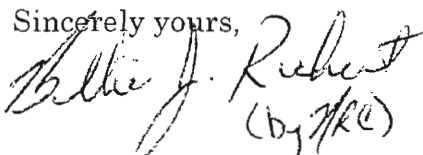
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The rates eventually approved by the Commission may not necessarily be those rates requested by Big Rivers.

Section 5.8 of the Loan Contract requires Big Rivers to comply with Section 8.1 of the Loan Contract before increasing or reducing its rates. Section 8.1 of the Loan Contract provides that the RUS has sixty (60) days (or such shorter period as the parties shall agree to in writing) after receipt of this notice letter in which to object to the proposed transaction and require Big Rivers not to complete the transaction without RUS approval. By our calculation, this notice letter will be received by RUS on Wednesday, January 16, 2013, and the sixtieth day following delivery of this notice letter to RUS will expire no later than midnight on March 17, 2013.

Please feel free to contact me if you have any questions.

Sincerely yours,

A handwritten signature in cursive script that reads "Billie J. Richert". Below the signature, the initials "(bjr/c)" are written in a smaller, less formal cursive.

Billie J. Richert
Vice President Accounting and Interim CFO

Billie Richert

From: Billie Richert
Sent: Monday, February 04, 2013 5:54 PM
To: victor.vu@usda.gov
Cc: cheryl.black@wdc.usda.gov
Subject: S&P Rating
Attachments: SP Rating Report - Big Rivers Electric - Downgraded 20130204.pdf

Victor,

As a result of Alcan's notice of termination, we received a revised rating today. Attached is the S&P Rating notice downgrading our long-term rating for Big Rivers, as issuer, and for our \$83.3m PCB from BBB- to BB- (Speculative).

Let me know if you have questions. We will be sending you a written notification on our letterhead.

Billie

From: Billie Richert
Sent: Friday, February 01, 2013 12:40 PM
To: victor.vu@usda.gov
Cc: cheryl.black@wdc.usda.gov
Subject: Alcan Notice of Termination

Victor,

Thank you very much for the discussion. Please find attached the Alcan notice. Let me know if there are additional questions or information I can provide.

Billie

RatingsDirect®

Summary:

Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Primary Credit Analyst:

David N Bodek, New York (1) 212-438-1000; david_bodek@standardandpoors.com

Secondary Contact:

Jeffrey M Panger, New York (1) 212-438-1000; jeff_panger@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

Summary:

Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Credit Profile

Big Rivers Electric Corp. ICR

Long Term Rating

BB-/Negative

Downgraded

Ohio Cnty, Kentucky

Big Rivers Electric Corp., Kentucky

Ohio Cnty (Big Rivers Electric Corp.) poll ctrl rfdg rev bnds (Big Rivers Elec Corp Proj) ser 2010A

Long Term Rating

BB-/Negative

Downgraded

Rationale

Standard & Poor's Ratings Services has lowered to 'BB-' from 'BBB-' its rating on Big Rivers Electric Corp., Ky., (BREC) and Ohio County, Ky.'s \$83.3 million pollution control refunding revenue bonds, series 2010A (Big Rivers Electric Corp. Project) issued for Big Rivers' benefit. The outlook is negative.

The downgrade reflects our assessments of the issuer's obligations' heightened vulnerability to nonpayment after the following developments that we view as eroding the strength and stability of the utility's revenue stream:

- In August 2012, BREC's leading customer issued a 12-month notice to terminate its contract. The notice covers Century Aluminum Co.'s Hawesville, Ky., smelter. During the 12 months, Century is required to pay a base energy charge that covers its share of Big Rivers' fixed and variable costs. If it does not operate the plant during the notice period, it must still pay its share of fixed costs. The utility has accepted the termination notice. Century accounted for 36% of BREC's 2012 operating revenues.
- After the utility filed a rate case with the Kentucky Public Service Commission (KPSC) Jan. 15, 2013, and requested rate relief that would, among other things, reallocate costs borne by Century to its remaining customers, a second smelter, Rio Tinto Alcan Inc. (Alcan), issued a 12-month notice to terminate its power contract with BREC. Alcan's Jan. 31, is effective January 2014. The notice covers the company's Sebree smelter, which accounted for 28% of BREC's 2012 operating revenues. BREC's rate filing proposed raising Alcan's rates 16%.
- We believe that losing these two loads will deprive the utility of the substantial anchors that have supported much of its fixed costs. Moreover, we view the extent to which the KPSC will approve reallocating costs to remaining customers as uncertain.
- We believe it might be too onerous for remaining customers to assume the fixed costs that the smelters have historically borne, particularly because many of the counties that BREC serves have income levels that are 20%-30% below the national median household effective buying income.
- If BREC looks to competitive market sales to mitigate load losses, it is our view that sales in competitive wholesale markets could expose the utility to substantial price and volume uncertainty, which is inconsistent with sound credit quality. Moreover, BREC depends almost exclusively on coal units, which also could constrain market sales opportunities. Coal has accounted for close to 90% of its power sales and its coal units are not as economical as competing natural gas-fired resources that are benefiting from the fuel's low prices.

- Although the utility has about \$60 million of unexpended bond proceeds available to retire its \$58.5 million of pollution control bonds that are maturing in June, an eroding customer base might frustrate access to capital markets to replenish those funds. The utility reports the speculative grade rating will not lead to an acceleration of obligations outstanding.
- Big Rivers reports it deferred maintenance in 2012 to control expenses. Although it does not plan to defer maintenance in 2013, it is revisiting its capital program pending more certainty as to the timing and extent of rate relief.

Henderson, Ky.-based Big Rivers is a generation and transmission cooperative that produces and procures electricity for sale to three distribution cooperative members and their 112,900 retail customers. One member, Kenergy Corp., serves the two smelters. In 2011, Kenergy's 9.4 million megawatt-hour (MWh) sales were 8x greater than the sum of the other two members' MWh sales. About 86% of Kenergy's 2011 MWh sales were to industrial customers. Nearly three-quarters of its sales were to the two smelters. They accounted for more than 70% of Kenergy's operating revenues. BREC's other member distribution cooperatives--Jackson Purchase Energy and Meade County Rural Electric Cooperative--principally serve residential customers.

The smelters entered take-or-pay power contracts with Kenergy. However, the contracts allow the smelters to terminate their obligations to the distribution utility and BREC without penalty if they provide one-year's notice and cease operations.

Because the KPSC must approve requests for rate adjustments, the utility and its member distribution cooperatives are distinguishable from many other cooperative utilities that have autonomous ratemaking authority. The KPSC also regulates BREC's members' rates.

The utility is evaluating idling power plants as part of its response to losing loads. Closing plants could reduce costs, reduce market exposure and mitigate the financial impact on remaining customers. Big Rivers might also temper the burdens of cost reallocation if it can remarket some or all of the generation output that had been sold to the smelters. However, market or contract demand and prices would need to be sufficient to recoup the smelters' share of costs. We believe that market sales could transform the utility into a principally merchant generator that faces the risks inherent in being subject to market demand and prices.

BREC sells electricity to the smelters under contracts at prices that are about 30% above the 3.3 cents it earned from sales of surplus energy in wholesale markets in 2011. It sold 3 million MWh of surplus wholesale power into the market for \$100.4 million in 2011.

Big Rivers' concentration in coal resources also expose the utility to potentially higher production costs as Environmental Protection Agency (EPA) regulation of power plant emissions progresses. A recent appellate decision that vacated the EPA's Cross-State Air Pollution rule could provide the utility with at least a temporary reprieve from emissions-related capital spending while the EPA revisits its rules.

The utility reported \$794 million of debt as of June 30, 2012. Debt consisted of Rural Utilities Service loans and the Ohio County bonds. Big Rivers closed a \$537 million loan with CoBank ACB and National Rural Utilities Cooperative Finance Corp. in July. In addition to replenishing \$35 million of transition reserve funds, proceeds restructured a portion of the utility's RUS borrowing to eliminate some of the spikes in debt service requirements.

The debt portfolio exhibits uneven amortization. BREC repaid \$14.2 million of principal in 2010. In 2011, it was required to repay \$7.3 million of principal, but also used \$35.0 million of transition reserve money to accelerate principal reduction. The utility replenished the transition reserve in 2012 with proceeds of July's borrowing from CoBank and National Rural Utilities. Loan proceeds also facilitated debt restructuring that reduced 2012's \$72.1 million scheduled maturity to \$12.1 million, with the remaining \$60 million to be amortized later. However, 2013's maturity remains at \$79.3 million, and that will likely need to be restructured. The utility forecasts about \$22 million of 2014 and 2015 principal payments.

Ohio County sold bonds for the benefit of BREC, which used bond proceeds to refund auction rate securities. We understand that the financing structure obligates the utility to unconditionally pay the county's bonds' debt service. Big Rivers issued a note to the county that provides it with a security interest in the utility's assets under its mortgage indenture. The county's bonds' security interest is on par with the utility's senior-secured debt.

Debt service coverage of 1.45x in 2010 and 1.65x in 2011 was strong for a cooperative utility, in our opinion. We believe strong excess coverage margins provide a cushion against the potential for revenue stream variability.

The strength of 2011's coverage ratio partially reflects the year's very low scheduled principal payment of \$7.3 million. We calculated the ratio using scheduled debt service in the denominator, compared to the \$46 million of principal the utility elected to repay.

The utility maintains \$152.6 million of reserves that it uses for rate stabilization to reduce rates. Because it already projects depleting these reserves by the first quarter of 2018 under a steady-state scenario, we do not view these reserves as adding value under a scenario in which the smelters close.

Outlook

The negative outlook reflects our view that the largest customers' termination notices could degrade BREC's financial performance and credit quality during our one-year outlook horizon. We believe there is significant uncertainty vis-à-vis the extent and timeliness of rate relief, particularly as substantial blocks of fixed costs need to be reallocated. We will monitor the progress of the rate case to assess whether further rating action is appropriate. We believe the customers' notice could expose the utility to the vicissitudes of merchant markets and creates the potential for substantial cost shifting to remaining customers, who might resist such efforts or find that reallocated costs are too onerous to absorb. If these risks, whether in isolation or combination, weaken BREC's business risk profile and erode financial metrics, including the strong debt service coverage that compensated for business risks in recent years, we could further lower the ratings. We do not expect to raise the ratings during our outlook period.

Related Criteria And Research

USPF Criteria: Applying Key Rating Factors To U.S. Cooperative Utilities, Nov. 21, 2007

Temporary telephone contact information: David Bodek (917-992-6466); Jeffrey Panger (646-369-4067).

Summary: Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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February 6, 2013

Mr. Chris Tuttle
Acting Deputy Assistant Administrator
Rural Utilities Service-Electric Program
United States Department of Agriculture
Room No. 5135-S
1400 Independence Avenue, S.W.
Stop 1510
Washington, D.C. 20250

Subject: Kentucky 62 - Big Rivers Electric Corporation

Dear Mr. Tuttle:

Please refer to your letter to me of December 27, 2012, approving the new depreciation rates proposed by Big Rivers Electric Corporation ("*Big Rivers*"). A copy of that letter is attached for your convenience. In that letter you conclude that certain Big Rivers' major maintenance and inspection practices, as described in the Executive Summary of the Burns & McDonnell Depreciation Study, are not acceptable to the Rural Utilities Service ("*RUS*"). You direct that Big Rivers "needs to resume their scheduled major inspections and maintenance per prudent utility operations promptly," and ask that Big Rivers inform you of its timeline for getting that matter resolved.

Big Rivers takes very seriously its obligations to its Members and the RUS to maintain its assets in accordance with prudent utility practice. The purposes of this letter are to furnish assurance that Big Rivers is properly inspecting and performing major maintenance on its assets, and to provide the maintenance schedule Big Rivers developed in May of 2012 to perform certain maintenance projects that had been deferred.

Big Rivers has selectively deferred certain inspection and maintenance activities since 2009 to assure that it will achieve its financial covenant performance requirements during a period of depressed wholesale power market prices and an unusually weak economy. But Big Rivers did not stop maintaining its assets. It selectively chose certain activities to complete, and others to defer, in order to continue to maintain a prudent level of maintenance while Big Rivers was adjusting to an economy in recession.

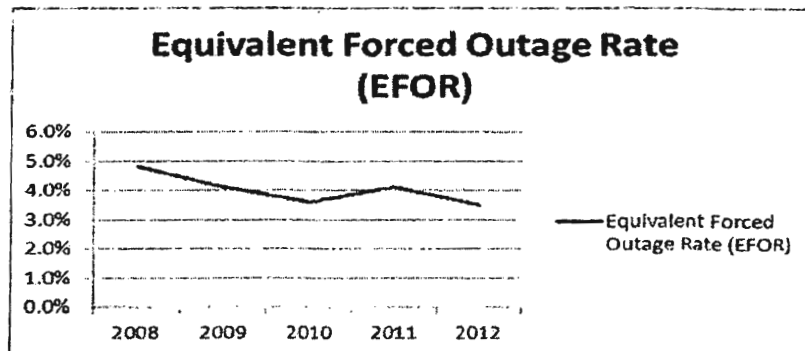
Mr. Chris Tuttle
 February 6, 2013
 Page Two

As a result of those efforts, Big Rivers' generating fleet has been very reliable since the closing of the Unwind Transaction in July 2009, and has consistently performed in the top quartile of its peer group in Equivalent Forced Outage Rate ("EFOR"), which we benchmark through Navigant's GKS system. The table below shows that Big Rivers' generating plant reliability has improved over the last five years, indicating the effectiveness of Big Rivers' maintenance program.

Big Rivers Generating Fleet	2008	2009	2010	2011	2012
Equivalent Forced Outage Rate (EFOR) *	4.8%	4.1%	3.6%	4.1%	3.5%

*EFOR (Lower is Better)

The following graph illustrates the downward trend (lower is better) in EFOR over the last five years.



Burns & McDonnell agrees with the prudence of Big Rivers' past maintenance practices and future maintenance plans in testimony filed with the Kentucky Public Service Commission on January 15, 2013, with Big Rivers' application for a general adjustment in rates. An excerpt of that testimony is attached for your information, and the full testimony is available under tab 71 of the copy of the application that Big Rivers sent to RUS on January 15, 2013.

The deferred maintenance schedule Big Rivers developed in May of 2012, and provided to Mr. James J. Murray by email dated December 12, 2012, affirms Big Rivers' intention to continue to perform major maintenance on its assets in a prudent and timely manner. That table is reproduced below, and remains unchanged from the version provided in December of 2012, and shows Big Rivers' timeline for performing the selected items of maintenance that were

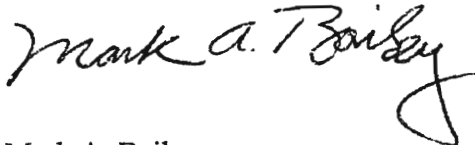
Mr. Chris Tuttle
February 6, 2013
Page Three

previously deferred. Big Rivers hopes this information allays RUS concerns. Please contact me if you have any further questions.

Deferred Maintenance Schedule		
The following table provides a summary of the deferred outages and when they will be completed.		
Plant	Original Outage Schedule	Deferred Maintenance To Be Completed
Coleman 1	February 2011	██████████
Coleman 2	March 2013	██████████
Coleman 3	May 2012	██████████
Green 1	March 2012	██████████
Green 2	March 2011	██████████
HMP&L 1	May 2011	March 2012
HMP&L 2	March 2012	██████████
Wilson 1	September 2011	██████████

* In August, 2013, coinciding with the Century Aluminum power sales contract termination, the current outage plans depict the Wilson unit temporarily idled until Big Rivers can secure replacement load. Big Rivers is still evaluating this strategy and the current plan is subject to change. If the Wilson plant is not idled the deferred maintenance will be completed in ██████████

Sincerely yours,



Mark A. Bailey
President and CEO
Big Rivers Electric Corporation

Attachments

c: Power Supply Division



**United States Department of Agriculture
Rural Development**

DEC 27 2012

Mr. Mark A. Bailey
 President & Chief Executive Officer
 Big Rivers Electric Corporation
 P. O. Box 24
 201 Third Street
 Henderson, Kentucky 42419-0024

Dear Mr. Bailey:

This is in response to the letter dated November 20, 2012, from Ms. Billie J. Richert, to Mr. John Padalino, Acting Administrator of Rural Utilities Service (RUS), regarding Big Rivers Electric Corporation's (Big Rivers) request for RUS approval to revise the depreciation rates as recommended in the Comprehensive Depreciation Study Report (Depreciation Study) prepared for Big Rivers by Burns & McDonnell Engineering Company, Inc. dated November 2012.

In the Depreciation Study, Burn & McDonnell stated on Page ES-3 that since the Unwind Closing 2009, Big Rivers has not performed major maintenance such as valve inspections and turbine generator inspections on a schedule consistent with prudent utility operations. This is not acceptable to RUS and Big Rivers needs to resume their scheduled major inspections and maintenance per prudent utility operations promptly. **Please let us know of your timeline for getting this matter resolved.**

We find that the depreciation rate analysis that was performed based on the electric generation and transmission historical plant records of Big Rivers as of July 31, 2012 is acceptable; therefore, RUS hereby approves the new depreciation rates for the electric generation and transmission asset of Big Rivers included in above Depreciation Study as follows:

Account	Description	Existing Rates	Proposed Rates
Steam Production Plant			
340	Land	N/A	N/A
311	Structures	1.38%	1.38%
312	Boiler Plant	1.88%	2.02%
312 A-K	Boiler Plant - Environmental Compliance	2.28%	2.43%
312 L-P	Short-Life Production Plant - Environmental	20.22%	15.95%
312 V-Z	Short-Life Production Plant - Other	14.39%	25.38%

1400 Independence Ave, S.W. · Washington DC 20250-0700
 Web: <http://www.rurdev.usda.gov>

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Case No. 2012-00535
 Attachment for Response to KIUC 1-1
 Witness: Billie J. Richert
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314	Turbine	1.91%	1.96%
315	Electrical Equipment	1.99%	2.03%
316	Miscellaneous Equipment	3.78%	4.04%
Combustion Turbine (CT) Production Plant			
341	CT - Structures	1.17%	1.06%
342	CT - Fuel Holders & Accessories	9.10%	9.92%
343	CT - Prime Movers	3.02%	3.02%
344	CT - Generators	0.50%	0.35%
345	CT - Access. Electrical Equipment	2.05%	2.93%
Transmission			
350	Land	N/A	N/A
352	Structures	1.90%	1.94%
353	Station Equipment	2.23%	2.29%
354	Towers	1.42%	1.36%
355	Poles	2.06%	2.03%
356	Lines	1.69%	1.81%

Depreciation rates for General Plant type facilities may be based on a borrower's experience and these rates do not require RUS approval.

Please let us know if we can be of further assistance.

Sincerely,



CHRIS TUTTLE
Acting Deputy Assistant Administrator
Rural Utilities Service-Electric Program

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)	
CORPORATION FOR A GENERAL)	Case No.
ADJUSTMENT IN RATES)	2012-00535

DIRECT TESTIMONY

OF

TED J. KELLY
PRINCIPAL, BURNS & McDONNELL

ON BEHALF OF

BIG RIVERS ELECTRIC CORPORATION

FILED: January 15, 2013

Case No. 2012-00535
Exhibit 71
Page 1 of 38

Case No. 2012-00535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 216 of 256

- 1 5. A discussion of the operating and maintenance procedures for each
- 2 production facility;
- 3 6. An analysis of external factors that may impact each facility's useful
- 4 life;
- 5 7. An opinion, based on the study's findings, regarding the remaining
- 6 life of each facility;
- 7 8. A discussion of the composition of the transmission system; and

- 8 9. An opinion, based on the study's findings, regarding remaining life of
- 9 each substation.

10 **Q. How is this used to determine depreciation rates?**

11 **A.** The remaining life of each facility is provided in the Engineering
12 Assessment and is a component that is considered in the calculation of
13 depreciation rates. One important component of determining the remaining
14 life of Big Rivers' facilities involves an evaluation of the maintenance
15 activities performed by Big Rivers and the resultant operating condition of
16 the facilities.

17 **Q. Did RUS comment on Big Rivers maintenance practices mentioned**
18 **in the Depreciation Study Report?**

19 **A.** Yes. RUS indicated that Big Rivers needs to resume its scheduled major
20 inspections and maintenance practices. RUS may have misunderstood
21 what we were indicating in the report. As a result of prevailing resource
22 constraints, Big Rivers selectively deferred some major maintenance while

1 continuing routine maintenance. Inspections performed by Burns &
2 McDonnell and a review of operating results over the last several years
3 indicated no adverse conditions as a result of this short term deferral.
4 Burns & McDonnell did review Big Rivers' plans, developed in May 2012, to
5 reschedule the maintenance activities that are described by Bob Berry in
6 his testimony. In light of the favorable operating results and assuming
7 timely rescheduling of the deferred maintenance, in our opinion Big Rivers
8 showed good judgment in the use of available resources and its facilities are
9 being reasonably and prudently operated.
10

11 ***E. Facilities Review***

12 **Q. What facilities were reviewed?**

13 **A.** A description of each of the facilities physically inspected and reviewed by
14 Burns & McDonnell is provided in the Engineering Assessment of the 2012
15 Depreciation Study. (See Exhibit Kelly-1, Tables II-1 through II-8, pp. II-2
16 through II-6.)
17

18 ***i. Robert D. Green Plant***

19 **Q. Describe the Robert D. Green facility.**

20 **A.** The Robert D. Green Plant ("Green Plant") is located on the Sebree site
21 near Sebree, Kentucky, along with the Robert A. Reid Plant ("Reid Plant")
22 and Henderson Municipal Power & Light Station Two ("HMP&L Station

Billie Richert

From: Billie Richert
Sent: Wednesday, February 06, 2013 4:38 PM
To: victor.vu@usda.gov
Cc: cheryl.black@wdc.usda.gov
Subject: Big Rivers Meeting with RUS

Victor,

As we discussed, Big Rivers wants to visit with RUS the week of March 4th. We are available on Monday, the 4th, Tuesday, the 5th or Thursday, the 7th. Do any of these dates work for you and your staff?

Thank you.

Billie Richert, CPA, CFP

VP Accounting, Rates and CFO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

Corporate: (270) 827-2561
Office Direct: (270) 844-6190
Mobile: (270) 577-6221

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

February 7, 2013

Rural Utilities Service
United States Department of Agriculture
Room No. 5135-S
1400 Independence Avenue, S.W.
Stop 1510
Washington, DC 20250
Attention: RUS Administrator

Re: Notice Pursuant to Section 4.9(e), 4.9(f) and 4.23(b) of the Amended and Consolidated Loan Contract, dated as of July 16th, 2009 (the "Agreement") between Big Rivers Electric Corporation ("Big Rivers") and United States of America acting by and through the Administrator of the Rural Utilities Service ("RUS")

Gentlemen:

Section 4.9(f) of the Agreement provides that Big Rivers shall promptly notify RUS of "any matter that has had or could reasonably be expected to have a "Material Adverse Effect" (as defined in the Agreement). Big Rivers has received a notice of termination from Alcan Primary Products Corporation of its Retail Electric Service Agreement dated July 1, 2009 (the "Alcan Contract") with Kenergy Corporation. A copy of such notice of termination is attached hereto.

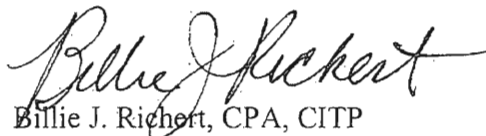
In accordance with Section 4.9(e) of the Agreement we have attached hereto a copy of (i) a press release dated February 6, 2013 from Moody's Investors Service, Inc. related to its downgrade of the rating of \$83,300,000 County of Ohio, Kentucky, Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project) (the "Bonds") to Ba1 from Baa2, (ii) a press release from Fitch Ratings dated February 6, 2013 relating to the downgrade of the Bonds to BB from BBB-, and (iii) a credit report from Standard & Poor's Rating Services dated February 4, 2013 relating to the downgrade of its long term rating of Big Rivers and its rating of the Bonds to BB- from BBB-. Such rating actions were taken as a result of the notice of termination of the Alcan Contract.

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Rural Utilities Service
February 7, 2013
Page 2

As a result of such actions by the rating agencies, we hereby notify you pursuant to Section 4.23(b) of the Agreement that Big Rivers has failed to maintain two Credit Ratings of Investment Grade (as such terms are defined in the Agreement). We are in the process of developing a corrective plan and we look forward to meeting with RUS to discuss the plan.

Very truly yours,



Billie J. Richert, CPA, CITP
Vice President Accounting, Rates, and CFO
Big Rivers Electric Corporation

Attachments

cc: Rural Utilities Service
United States Department of Agriculture
Room No. 0270-S
1400 Independence Avenue, S.W.
Stop: 1568
Washington, DC 20250
Attention: Power Supply Division

ALCAN PRIMARY PRODUCTS CORPORATION

January 31, 2013

Mr. Gregory Starheim
 President and CEO
 Kenergy Corp.
 Post Office Box 18
 Henderson, Kentucky 42419

Mr. Mark Bailey
 President and CEO
 Big Rivers Electric Corporation
 201 Third Street
 Henderson, Kentucky 42420

Re: Retail Electric Service Agreement
NOTICE OF TERMINATION

Gentlemen:

This letter constitutes written Notice of Termination, in accordance with Section 7.3.1 of the Retail Electric Service Agreement, dated July 1, 2009 ("**Agreement**"), between Alcan Primary Products Corporation ("**APPC**"), a wholly-owned subsidiary of Alcan Corporation, and Kenergy Corp. ("**Kenergy**"). APPC is the owner and operator of the aluminum smelter located in Robards, Kentucky (the "**Sebree Smelter**").

On January 15, 2013, Big Rivers Electric Corporation ("**Big Rivers**") filed an Application with the Kentucky Public Service Commission (the "**KPSC**") for an increase in base rates (the "**Application**"). According to Big Rivers, the Application, if approved, would result in a rate increase of nearly 16%. There is already substantial doubt that the Sebree Smelter is sustainable at the current rate being charged to APPC. The increase contemplated by Application would remove all doubt whatsoever and ensure that the Sebree Smelter is unprofitable and therefore unsustainable. Under the circumstances, APPC has no choice but to furnish this Notice of Termination.

As you are aware, Section 7.3.1 of the Agreement requires the President of Alcan Corporation, the corporate parent of APPC, to represent and warrant that (i) the decision to give this Notice of Termination reflects a business judgment made in good faith to terminate and cease all aluminum smelting operations at the Sebree Smelter, and (ii) it has no current intention of re-commencing smelting operations at the Sebree Smelter. Under the present

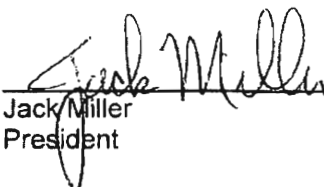
circumstances, Mr. Timothy Guerra, the President of Alcan Corporation, makes those representations and warranties in the Certificate attached hereto.

I am advised that, notwithstanding the notice of Century Aluminum of Kentucky ("Century") on August 20, 2012 to terminate its Retail Electric Service Agreement, dated July 1, 2009, Big Rivers and Kenergy have entered into negotiations with Century to waive the obligations of Section 7.3.1 of the Agreement and to otherwise assist Century to access market power in order to keep Century's Hawesville, Kentucky smelter open beyond August 20, 2013. Big Rivers and Kenergy have consistently and routinely indicated that they would keep the Sebree Smelter and Century's Hawesville smelter on equal footing in terms of their respective agreements. Therefore, in the event APPC decides in the future that market power might be an option to keep the Sebree Smelter operational, APPC would expect the same accommodations from Big Rivers and Kenergy on terms no less favorable than those offered to Century.

APPC appreciates the recent efforts of Big Rivers in offering proposals that would restructure the rate formula and other basic terms and conditions of the Agreement. While we are not in agreement at the present time, we welcome continuation of those discussions during the pendency of the rate case in hopes of reaching a mutually acceptable accord. We believe that further discussions would not be inconsistent with this Notice of Termination and indeed are appropriate in order to find ways to retain the jobs and preserve the economic benefits of those jobs for the Commonwealth of Kentucky.

Should you have any questions about this Notice of Termination, please do not hesitate to contact me or any of my colleagues listed below.

ALCAN PRIMARY PRODUCTS CORPORATION

By: 
Jack Miller
President

cc: Mr. Serge Gosselin
Mr. Donald P. Seberger

ALCAN CORPORATION

8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

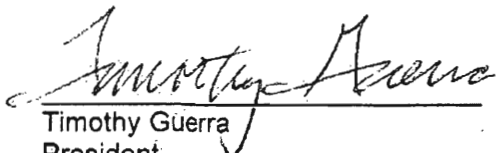
Office of the President

CERTIFICATE

The undersigned, Timothy Guerra, a resident of the State of Illinois, hereby represents and warrants that:

1. He is the duly elected President of Alcan Corporation, a Texas corporation (the "**Company**");
2. The Company is the owner of 100% of the issued and outstanding stock of Alcan Primary Products Corporation, a Texas corporation ("**APPC**"). APPC is the owner and operator of the aluminum smelter located in Robards, Kentucky (the "**Sebree Smelter**").
3. By letter dated and delivered concurrently herewith, APPC has furnished written Notice of Termination in accordance with Section 7.3.1 of the Retail Electric Service Agreement, dated July 1, 2009 ("**Agreement**"), between APPC and Kenergy Corp. (the "**Notice of Termination**").
4. The decision to furnish the Notice of Termination reflects APPC's and the Company's business judgment made in good faith to terminate and cease all aluminum smelting operations at the Sebree Smelter and that they have no current intention of recommencing operations at that location.

Dated as of the 31st day of January, 2013.

By: 
Timothy Guerra
President
ALCAN CORPORATION

Rating Action: Moody's downgrades rating of County of Ohio, Kentucky (Big Rivers Electric Corporation Project) to Ba1 from Baa2; rating remains under review for further downgrade

Global Credit Research - 06 Feb 2013

\$83.3 million of securities affected

New York, February 06, 2013 -- Moody's Investors Service downgraded the senior secured rating of \$83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project) to Ba1 from Baa2. The rating, which had been placed under review for downgrade on August 21, 2012, remains under review for further downgrade.

"The rating downgrade related to the aforementioned bonds, which were previously issued by the county on behalf of Big Rivers Electric Corporation (BREC), reflects the significantly increased financial and operating risks for BREC due to the January 31, 2013 announcement by Alcan Corporation that its subsidiary, Alcan Primary Products Corporation (Rio Tinto Alcan) issued a 12-month notice to terminate its power contract with BREC", said Kevin Rose, Vice President-Senior Analyst. This announcement follows the August 20, 2012 announcement by Century Aluminum Company that its subsidiary, Century Aluminum of Kentucky issued a 12-month notice to terminate its power contract with BREC. Both announcements cite that smelter operations at Rio Tinto Alcan's Sebree smelter and Century's Hawesville smelter are not economically viable with current contract power rates and under current market conditions. "On a combined basis, one of BREC's three member-owners, Kenergy Corp., has been serving the two aluminum smelters comprising roughly two-thirds of BREC's annual energy sales and accounting for just under 60% of its system demand and in excess of 60% of annual revenues", Rose added.

Despite the fact that BREC will continue receiving revenues from base energy charges over the respective 12 month notice periods (ending August 20, 2013 in the case of Century and January 31, 2014 in the case of Rio Tinto Alcan), the rating remains under review for downgrade, reflecting the uncertainty concerning BREC's mitigation strategies under consideration, including whether BREC will obtain approval from the Kentucky Public Service Commission (KPSC) for significant rate increases to address anticipated revenue shortfalls. Moody's notes that BREC is among the few electric generation and transmission cooperatives subject to rate regulation, which can sometimes pose challenges in implementing timely rate increases. In addition to monitoring the recently filed request for a rate increase at the KPSC, the rating review will also consider BREC's prospects for mitigating the impact from the termination notices through other steps, including through shoring up liquidity, entering into bilateral sales arrangements; making short-term off system sales in the wholesale market; participating in the capacity markets; temporarily idling generation and reducing staff; and possibly selling generating assets.

BREC filed a rate case with the KPSC on January 15, 2013, seeking approval for a \$74.5 million rate increase. While the substantial majority of this sizable request is due to impending load loss when Century's notice period expires, additional amounts would make up for declining margins from off system sales and other cost pressures. The actual percentage rate impact would vary by customer class and we note the availability of funds in the economic and rural economic reserve accounts that can be used to offset the significant impact for the non-smelter customer classes. Since filing its rate case in January, BREC has responded to additional data requests from the KPSC and is requesting that new rates become effective August 20, 2013. If the case is not decided by then, BREC would be permitted under state statutes to implement the rate increase, subject to refund, pending a final KPSC decision in the rate case.

In terms of liquidity, BREC has a cash balance in excess of \$100 million available to repay its impending \$58.8 million tax-exempt debt maturity on June 1, 2013 and external liquidity is currently comprised of \$100 million of multi-year revolving credit facilities evenly split between National Rural Utilities Cooperative Finance Corporation and CoBank. Maintaining bank facilities to supplement its internally generated cash flow in the face of existing challenges will be integral to BREC's credit profile going forward.

In light of the rating review for possible downgrade and the uncertainty at BREC that persists following the announcements by Century and Rio Tinto, the rating is not likely to be upgraded or stabilized in the near term. Several factors are likely to cause us to further lower BREC's rating including our assessment of the likelihood of

success in implementing the numerous mitigation strategies on the drawing board. Of particular interest to the rating review is the degree to which BREC's future financial results will depend upon the margins from the unregulated wholesale power market through both short-term and long-term off-system sales as well as our assessment of the cooperative's ability to secure needed rate increases from the non-smelter member load. The rating could also be negatively affected should efforts to shore up external liquidity sources fail to meet our understanding of BREC's near-term objectives. Further, downward rating pressure could occur should environmental capital requirements increase substantially particularly with the lack of a clear regulatory mechanism in place.

Big Rivers Electric Corporation is an electric generation and transmission cooperative headquartered in Henderson, Kentucky and owned by its three member system distribution cooperatives— Jackson Purchase Energy Corporation; Kenergy Corp; and Meade County Rural Electric Cooperative Corporation. These member system cooperatives provide retail electric power and energy to approximately 113,000 residential, commercial, and industrial customers in 22 Western Kentucky counties.

The principal methodology used in this rating was U.S. Electric Generation & Transmission Cooperatives published in December 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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Fitch Ratings

Fitch Downgrades Big Rivers Electric Corp, KY's 2010A Pollution Control Rfdg Rev Bonds to 'BB' Ratings Endorsement Policy 06 Feb 2013 9:08 AM (EST)

Fitch Ratings-New York-06 February 2013: Fitch Ratings has downgraded the rating on Big Rivers Electric Corporation's \$83.3 million County of Ohio, KY's pollution control refunding revenue bonds series 2010A to 'BB' from 'BBB-'.

The Rating Outlook is revised to Negative.

SECURITY

The bonds are secured by a mortgage lien on substantially all of the Big Rivers' owned tangible assets, which include the revenue generated from the sale or transmission of electricity.

SENSITIVITIES/RATING DRIVERS

SPECULATIVE GRADE RISK: The rating downgrade and Outlook revision reflect Fitch's view that the credit quality of Big Rivers has become increasingly speculative, following the recent decisions by Alcan Primary Products Corporation (Alcan) and Century Aluminum Co. (Century) to terminate their respective power supply agreements with Big Rivers.

SALES DOMINATED BY SMELTERS: Alcan and Century both own and operate large aluminum smelting facilities served by Big Rivers, through its largest member Kenergy Corp. Together the two facilities account for approximately 65% and 70% of Big Rivers' total energy sales and revenues, respectively

INCREASED RELIANCE ON WHOLESALE MARKET: Long-term stability at Big Rivers is likely to become increasingly reliant on less predictable off-system sales and related margins following closure of the smelting facilities. The use of cash reserves will partially mitigate this risk, but prevailing low power prices will stress results.

ABUNDANT LOW COST RESOURCES: Big Rivers benefits from abundant low-cost coal-fired power resources and an average wholesale system rate (\$39.07/MWh in 2011, net of credits) that is regionally competitive and among the lowest in the nation.

SUBJECT TO RATE REGULATION: The electric rates charged by Big Rivers and its members are regulated by the Kentucky Public Service Commission (KPSC), which could limit the cooperative's financial flexibility and may delay the timing or amount of necessary rate increases.

LIQUIDITY SOLID BUT FINANCIAL RESULTS UNCERTAIN: Big Rivers reported cash of \$113.25 million at Sept. 30, 2012, excluding restricted funds available for member rate mitigation. Funds are available to support operations and may be used to meet the cooperative's June 2013 scheduled debt maturity (\$58.8 million). Longer-term financial forecasts are being developed.

WHAT COULD TRIGGER A RATING ACTION

INABILITY TO FIND ACCEPTABLE PURCHASERS: Extended overreliance on short-term power sales as a replacement for the Century and Alcan agreements to meet debt service payments.

INSUFFICIENT REGULATORY SUPPORT: Inadequate or untimely support by the KPSC would be viewed negatively.

IMPLEMENTATION OF REASONABLE MITIGATION PLAN: Implementation of a mitigation plan that maintains reasonable financial and operating stability would be supportive of credit quality.

**Case No. 2012-00535
Attachment for Response to KIUC 1-1**

Witness: Billie J. Richert

CREDIT PROFILE

Big Rivers provides wholesale electric and transmission service to three electric distribution cooperatives. These distribution members provide service to a total of about 112,500 retail customers located in 22 western Kentucky counties. Kenergy Corporation, the largest of the three systems, is unique in that its electric load is dominated by two aluminum smelting facilities, owned and operated by Alcan and Century.

CENTURY AGREEMENT TERMINATED AUGUST 2012

Under the power supply agreements between Kenergy and the smelters, which expire in 2023, the smelters are required to take-or-pay for specific quantities of energy, irrespective of their needs. The contracts further provide for termination on one years' notice without penalties subject to certain conditions including the termination and cessation of all aluminum smelting operations at the relevant facilities.

On Aug. 20, 2012, Century issued a notice to terminate its power agreement with Big Rivers and stated its intent to close its Hawesville, KY smelter. Century claimed that the smelter was not economically viable despite electric rates well below the national average.

BIG RIVERS IMPLEMENTS MITIGATION PLAN

Big Rivers began looking into alternative arrangements with other power purchasers to redeploy its excess generating capacity immediately after the Century notice, consistent with the mitigation plan previously developed by management to address the potential loss of aluminum smelter load. In addition, Big Rivers has also filed for an increase in rates with the Kentucky Public Service Commission to eliminate anticipated short-falls in revenue as a result of the loss of the Century smelting load. The filing, submitted on Jan. 15, 2013, requests an increase in total revenue of \$74.5 million or 21.4%.

ALCAN FOLLOWS WITH TERMINATION NOTICE

Alcan delivered notice to Big Rivers' on Jan. 31, 2013 of its decision to terminate its power supply agreement noting, in particular, the Jan. 15, 2013 rate filing and anticipated increase in electric rates. Similar to the Century notice, Alcan stated that the planned rate increase would make the smelting facility in Robards, KY unprofitable, and that all smelting operations would be ceased at the end of the one-year notice period.

Closure of the smelting facilities has significant potential implications for Big Rivers, which has acknowledged that the termination notices are valid. Besides the impact of the loss of some 1,400 plant workers, the remaining residential and commercial customers of Big Rivers will most likely have to absorb meaningfully higher rates, with the increase reflecting the amount, pricing and contractual provisions of surplus power sold to new customers.

Big Rivers has redoubled its efforts to secure alternative power supply customers in the wake of the Alcan notice, but future firm contractual arrangements are unlikely over the near term. As a result, it is expected that Big Rivers will seek to modify its request for rate relief from the KPSC to reflect the loss of the full smelter load over time.

Fitch notes that Big Rivers and Kenergy have also reportedly entered into negotiations with Century to enter into an agreement to assist Century to access market power in order to keep the smelting operations open beyond Aug. 20, 2013. Alcan has requested a similar accommodation. Fitch expects that any such accommodation would be part of broader plan to address the operating and financial effect on Big Rivers

FUTURE FINANCIAL RESULTS UNCLEAR

Big Rivers margins are expected to remain adequate to service financial obligations through at least August 2013 since both Century and Alcan remain obligated to make all required payments to Kenergy. For the nine months ended Sept. 30, 2012, Big Rivers reported operating revenue, earnings before interest, taxes and depreciation and net margins, that were all largely in line with budget, and the same nine month period through 2011. Positively, Big Rivers reported cash and cash equivalents of \$113.25 million at Sept. 30, 2012, excluding additional amounts held as special, restricted funds available for member rate mitigation. Big Rivers' unrestricted funds are available to support operations and may be used to meet the cooperative's June 2013 scheduled debt maturity (\$58.8 million).

As time passes, however, it will be necessary for Big Rivers' to develop and implement a revised business and financial plan that captures the related regulatory decisions, contractual negotiations and anticipated revenue volatility, and for Fitch to assess the impact on the cooperative's ability to meet scheduled debt service payments.

Case No. 2012-00535

Attachment for Response to KIUC 1-1

Witness: Billie J. Richert

For additional information on the rating, see Fitch's report, 'Big Rivers Electric Corporation', dated Aug. 31, 2011.

Contact:

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in Fitch's Revenue-Supported Rating Criteria and U.S. Public Power Rating Criteria, this action was informed by information from CreditScope.

Applicable Criteria and Related Research:

- 'U.S. Public Power Rating Criteria' (Dec. 18, 2012);
- 'Revenue-Supported Rating Criteria'(June 12, 2012);
- 'Big Rivers Electric Corporation'(Aug. 31, 2012).

Applicable Criteria and Related Research:

- U.S. Public Power Rating Criteria
- Revenue-Supported Rating Criteria
- Big Rivers Electric Corporation

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Summary:

Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

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Secondary Contact:

Jeffrey M Panger, New York (1) 212-438-1000; jeff_panger@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

Summary:

Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Credit Profile

Big Rivers Electric Corp. ICR

Long Term Rating

BB-/Negative

Downgraded

Ohio Cnty, Kentucky

Big Rivers Electric Corp., Kentucky

Ohio Cnty (Big Rivers Electric Corp.) poll ctrl rfdg rev bnds (Big Rivers Elec Corp Proj) ser 2010A

Long Term Rating

BB-/Negative

Downgraded

Rationale

Standard & Poor's Ratings Services has lowered to 'BB-' from 'BBB-' its rating on Big Rivers Electric Corp., Ky., (BREC) and Ohio County, Ky.'s \$83.3 million pollution control refunding revenue bonds, series 2010A (Big Rivers Electric Corp. Project) issued for Big Rivers' benefit. The outlook is negative.

The downgrade reflects our assessments of the issuer's obligations' heightened vulnerability to nonpayment after the following developments that we view as eroding the strength and stability of the utility's revenue stream:

- In August 2012, BREC's leading customer issued a 12-month notice to terminate its contract. The notice covers Century Aluminum Co.'s Hawesville, Ky., smelter. During the 12 months, Century is required to pay a base energy charge that covers its share of Big Rivers' fixed and variable costs. If it does not operate the plant during the notice period, it must still pay its share of fixed costs. The utility has accepted the termination notice. Century accounted for 36% of BREC's 2012 operating revenues.
- After the utility filed a rate case with the Kentucky Public Service Commission (KPSC) Jan. 15, 2013, and requested rate relief that would, among other things, reallocate costs borne by Century to its remaining customers, a second smelter, Rio Tinto Alcan Inc. (Alcan), issued a 12-month notice to terminate its power contract with BREC. Alcan's Jan. 31, is effective January 2014. The notice covers the company's Sebree smelter, which accounted for 28% of BREC's 2012 operating revenues. BREC's rate filing proposed raising Alcan's rates 16%.
- We believe that losing these two loads will deprive the utility of the substantial anchors that have supported much of its fixed costs. Moreover, we view the extent to which the KPSC will approve reallocating costs to remaining customers as uncertain.
- We believe it might be too onerous for remaining customers to assume the fixed costs that the smelters have historically borne, particularly because many of the counties that BREC serves have income levels that are 20%-30% below the national median household effective buying income.
- If BREC looks to competitive market sales to mitigate load losses, it is our view that sales in competitive wholesale markets could expose the utility to substantial price and volume uncertainty, which is inconsistent with sound credit quality. Moreover, BREC depends almost exclusively on coal units, which also could constrain market sales opportunities. Coal has accounted for close to 90% of its power sales and its coal units are not as economical as competing natural gas-fired resources that are benefiting from the fuel's low prices.

- Although the utility has about \$60 million of unexpended bond proceeds available to retire its \$58.5 million of pollution control bonds that are maturing in June, an eroding customer base might frustrate access to capital markets to replenish those funds. The utility reports the speculative grade rating will not lead to an acceleration of obligations outstanding.
- Big Rivers reports it deferred maintenance in 2012 to control expenses. Although it does not plan to defer maintenance in 2013, it is revisiting its capital program pending more certainty as to the timing and extent of rate relief.

Henderson, Ky.-based Big Rivers is a generation and transmission cooperative that produces and procures electricity for sale to three distribution cooperative members and their 112,900 retail customers. One member, Kenergy Corp., serves the two smelters. In 2011, Kenergy's 9.4 million megawatt-hour (MWh) sales were 8x greater than the sum of the other two members' MWh sales. About 86% of Kenergy's 2011 MWh sales were to industrial customers. Nearly three-quarters of its sales were to the two smelters. They accounted for more than 70% of Kenergy's operating revenues. BREC's other member distribution cooperatives--Jackson Purchase Energy and Meade County Rural Electric Cooperative--principally serve residential customers.

The smelters entered take-or-pay power contracts with Kenergy. However, the contracts allow the smelters to terminate their obligations to the distribution utility and BREC without penalty if they provide one-year's notice and cease operations.

Because the KPSC must approve requests for rate adjustments, the utility and its member distribution cooperatives are distinguishable from many other cooperative utilities that have autonomous ratemaking authority. The KPSC also regulates BREC's members' rates.

The utility is evaluating idling power plants as part of its response to losing loads. Closing plants could reduce costs, reduce market exposure and mitigate the financial impact on remaining customers. Big Rivers might also temper the burdens of cost reallocation if it can remarket some or all of the generation output that had been sold to the smelters. However, market or contract demand and prices would need to be sufficient to recoup the smelters' share of costs. We believe that market sales could transform the utility into a principally merchant generator that faces the risks inherent in being subject to market demand and prices.

BREC sells electricity to the smelters under contracts at prices that are about 30% above the 3.3 cents it earned from sales of surplus energy in wholesale markets in 2011. It sold 3 million MWh of surplus wholesale power into the market for \$100.4 million in 2011.

Big Rivers' concentration in coal resources also expose the utility to potentially higher production costs as Environmental Protection Agency (EPA) regulation of power plant emissions progresses. A recent appellate decision that vacated the EPA's Cross-State Air Pollution rule could provide the utility with at least a temporary reprieve from emissions-related capital spending while the EPA revisits its rules.

The utility reported \$794 million of debt as of June 30, 2012. Debt consisted of Rural Utilities Service loans and the Ohio County bonds. Big Rivers closed a \$537 million loan with CoBank ACB and National Rural Utilities Cooperative Finance Corp. in July. In addition to replenishing \$35 million of transition reserve funds, proceeds restructured a portion of the utility's RUS borrowing to eliminate some of the spikes in debt service requirements.

The debt portfolio exhibits uneven amortization. BREC repaid \$14.2 million of principal in 2010. In 2011, it was required to repay \$7.3 million of principal, but also used \$35.0 million of transition reserve money to accelerate principal reduction. The utility replenished the transition reserve in 2012 with proceeds of July's borrowing from CoBank and National Rural Utilities. Loan proceeds also facilitated debt restructuring that reduced 2012's \$72.1 million scheduled maturity to \$12.1 million, with the remaining \$60 million to be amortized later. However, 2013's maturity remains at \$79.3 million, and that will likely need to be restructured. The utility forecasts about \$22 million of 2014 and 2015 principal payments.

Ohio County sold bonds for the benefit of BREC, which used bond proceeds to refund auction rate securities. We understand that the financing structure obligates the utility to unconditionally pay the county's bonds' debt service. Big Rivers issued a note to the county that provides it with a security interest in the utility's assets under its mortgage indenture. The county's bonds' security interest is on par with the utility's senior-secured debt.

Debt service coverage of 1.45x in 2010 and 1.65x in 2011 was strong for a cooperative utility, in our opinion. We believe strong excess coverage margins provide a cushion against the potential for revenue stream variability.

The strength of 2011's coverage ratio partially reflects the year's very low scheduled principal payment of \$7.3 million. We calculated the ratio using scheduled debt service in the denominator, compared to the \$46 million of principal the utility elected to repay.

The utility maintains \$152.6 million of reserves that it uses for rate stabilization to reduce rates. Because it already projects depleting these reserves by the first quarter of 2018 under a steady-state scenario, we do not view these reserves as adding value under a scenario in which the smelters close.

Outlook

The negative outlook reflects our view that the largest customers' termination notices could degrade BREC's financial performance and credit quality during our one-year outlook horizon. We believe there is significant uncertainty vis-à-vis the extent and timeliness of rate relief, particularly as substantial blocks of fixed costs need to be reallocated. We will monitor the progress of the rate case to assess whether further rating action is appropriate. We believe the customers' notice could expose the utility to the vicissitudes of merchant markets and creates the potential for substantial cost shifting to remaining customers, who might resist such efforts or find that reallocated costs are too onerous to absorb. If these risks, whether in isolation or combination, weaken BREC's business risk profile and erode financial metrics, including the strong debt service coverage that compensated for business risks in recent years, we could further lower the ratings. We do not expect to raise the ratings during our outlook period.

Related Criteria And Research

USPF Criteria: Applying Key Rating Factors To U.S. Cooperative Utilities, Nov. 21, 2007

Temporary telephone contact information: David Bodek (917-992-6466); Jeffrey Panger (646-369-4067).

Summary: Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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McGRAW-HILL

Case No. 2012-00535
FEBRUARY 1, 2013

Attachment for Response to KIUC 1-1

Witness: Billie J. Richert

Page 237 of 256

Billie Richert

From: Billie Richert
Sent: Tuesday, February 12, 2013 3:00 PM
To: victor.vu@usda.gov
Cc: cheryl.black@wdc.usda.gov
Subject: Confirming March 7th Meeting Date and Time

Victor,

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Thank you.

Billie

Billie Richert, CPA, CFP

VP Accounting, Rates and CFO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

Corporate: (270) 827-2561
Office Direct: (270) 844-6190
Mobile: (270) 577-6221

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Victor T. Vu | Director, Power Supply Division
Rural Development | Rural Utilities Service | Electric Program
U.S. Department of Agriculture
1400 Independence Ave., S.W., Room 0270-S | Washington, DC 20250-1568
Tel: 202-720-6436 | Cell: 202-365-7708 | Fax: 202-720-1401
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Page 239 of 256

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Billie Richert

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Subject: RE: Confirming March 7th Meeting Date and Time

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Case No. 2012-00535
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Thank you. Have a good evening.

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February 13, 2013

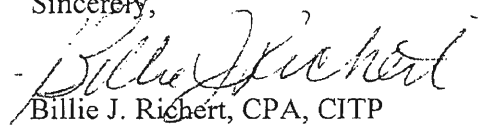
Rural Utilities Service
United States Department of Agriculture
Attn: RUS Administrator
Room No. 5135-S
1400 Independence Avenue, S.W.
Stop 1510
Washington, DC 20250

Re: Notice Pursuant to Article IV, Section 4.4(c) of the Amended and Consolidated Loan Contract, dated as of July 16, 2009 (the "Agreement") between Big Rivers Electric Corporation ("Big Rivers") and United States of America, acting by and through the Administrator of the Rural Utilities Service

Dear RUS Administrator:

Article IV, Section 4.4(c) of the Agreement requires that Big Rivers report to the RUS, no later than 45 days after December 31 of each year, in such written format as the RUS may require, the Margins for Interest Ratio ("MFIR") achieved during the preceding 12-month period ending on December 31 of such year. In accordance with this requirement, Big Rivers hereby provides, as an attachment to this letter, the MFIR achieved during the preceding 12-month period ending December 31, 2012¹.

Sincerely,



Billie J. Richert, CPA, CITP
Vice President of Accounting, Rates, and CFO
Big Rivers Electric Corporation

Attachments

c: Rural Utilities Service, Attn: Power Supply Division
Room No. 0270-S
1400 Independence Avenue, S.W.
Stop 1568
Washington, DC 20250

¹ Based on preliminary, unaudited, financial statement data for the year ended December 31, 2012

Big Rivers

Energy Services, Inc.

Your. Reliable. Energy. Cost Solutions. 

Margins for Interest Ratio ("MFIR") For the Year Ended December 31, 2012

2012

MFIR:		
(1) Net Margins	\$	11,277,091
(2) Interest Expense on Long-Term Debt	\$	45,032,787
(3) Taxes	\$	3,811
(4) Margin for Interest		$[(1) + (2) + (3)]$ 56,313,689
(5) Interest Expense on Long-Term Debt	\$	45,032,787
(6) MFIR		$[(4) / (5)]$ 1.25

Billie Richert

From: Billie Richert
Sent: Wednesday, February 13, 2013 12:19 PM
To: 'Vu, Victor - RD, Washington, DC'
Cc: Ralph Ashworth; cheryl.black@wdc.usda.gov
Subject: RE: Confirming March 7th Meeting Date and Time
Attachments: RUS -- Synopsis for Victor.docx

Victor,

Per your request please find a brief synopsis describing the termination of the two smelters and the subsequent downgrades in our credit ratings. Please let us know if you need additional information.

Thank you.

Billie

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From: Billie Richert [<mailto:Billie.Richert@bigrivers.com>]
Sent: Tuesday, February 12, 2013 4:00 PM
To: victor.vu@usda.gov
Cc: Black, Cheryl - RD, Washington, DC
Subject: Confirming March 7th Meeting Date and Time

Victor,

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Thank you.

Billie

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VP Accounting, Rates and CFO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

Corporate: (270) 827-2561
Office Direct: (270) 844-6190
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Case No: 2012-09535
Attachment for Response to KIUC 1-1
Witness: Billie J. Richert
Page 248 of 256

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Big Rivers Electric Corporation
Brief Synopsis of Smelter Notices and Impact on Credit Ratings
February 13, 2013

The customer load of Kenergy Corp (“Kenergy”), one of Big Rivers Electric Corporation’s (“Big Rivers”) three member distribution cooperatives, consists of approximately 55,000 customers, two of which, are aluminum smelters. The load of these two aluminum smelter comprises more than 70% of Kenergy’s retail load, and approximately 60% of Big Rivers’ wholesale load. The rating agencies view the large concentration of load represented by two aluminum smelters as a risk to Big Rivers’ operations and serves as a negative in their evaluation of Big Rivers’ credit ratings.

On August 20, 2012, Kenergy, as retail power supplier, and Big Rivers, as wholesale power supplier, received a letter from Century Aluminum Company (Century) serving Notice of Termination of its Retail Service Agreement with Kenergy. Big Rivers provided notification to the three credit rating agencies and appropriate creditors (including RUS), in accordance with debt covenant requirements, of the Century termination notice. As a result of Century’s notice the three credit rating agencies revised their outlook for Big Rivers to negative from stable during late August and early September of 2012. Standard & Poor’s Rating Services (“Standard & Poor’s”) and Fitch Ratings (“Fitch”) maintained their credit ratings at BBB-, while Moody’s Investors Service, Inc. (“Moody’s) downgraded its rating of certain Big Rivers’ Pollution Control Bonds (in the amount of \$83.3 million) to Baa2 from Baa1. Big Rivers has developed and is in the process of implementing its mitigation plan to preserve its financial position notwithstanding Century’s termination which will become effective August 20, 2013. On January 15, 2013, Big Rivers filed an application for a \$74.5 million increase in rates with the Kentucky Public Service Commission (“KPSC”) — the first phase of its mitigation plan. Big Rivers’ rate request represents a base retail rate increase (gross of the non-smelter Member Rate Stability Mechanism) of approximately: 19% for rural customers (residential and commercial); 17% for large industrial customers; and 15.6% for the remaining aluminum smelter (Alcan Primary Products Corporation).

On January 31, 2013, Alcan Primary Products Corporation (“Alcan”) provided a Notice of Termination of its Retail Service Agreement to Kenergy and Big Rivers. Alcan’s notice was in response to the 15.6% increase in its rates indicated in the January 15, 2013 rate case filing. Alcan’s notice indicated that with the proposed rate increase its Sebree smelter was “unprofitable and therefore unsustainable.” Big Rivers provided proper notification to the three credit rating agencies and appropriate creditors of the Alcan termination notice. As a result of the of Alcan’s notice the three credit rating agencies downgraded Big Rivers’ credit ratings as follows: Standard & Poor (February 4, 2013) to BB- from BBB-; Fitch (February 6, 2013) to BB from BBB-; and Moody’s (February 6, 2013) to Ba1 from Baa2. In addition, all three credit rating agencies maintained their outlook for Big Rivers at negative. In accordance with Section 4.23(b) of the Amended and Consolidated Loan Contract, Big Rivers has provided notification to the RUS Administrator via letter dated February 7, 2013 of a failure to maintain two Credit Ratings of Investment Grade. Big Rivers is in the process of developing a corrective plan and will provide it to RUS in advance of its March 7, 2013, meeting with RUS.

Billie Richert

From: Vu, Victor - RD, Washington, DC <Victor.Vu@wdc.usda.gov>
Sent: Wednesday, February 13, 2013 3:50 PM
To: Billie Richert
Cc: Ralph Ashworth; Black, Cheryl - RD, Washington, DC
Subject: RE: Confirming March 7th Meeting Date and Time

Thank you Billie, looks good. Just now got my computer up again after an IT maintenance issue. Murphy's Law strikes again.

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Victor,
Per your request please find a brief synopsis describing the termination of the two smelters and the subsequent downgrades in our credit ratings. Please let us know if you need additional information.

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From: Billie Richert
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