



July 20, 2017

Skill. Integrity. Efficiency.

VIA FEDERAL EXPRESS

John S. Lyons
Acting Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

RECEIVED
JUL 21 2017
PUBLIC SERVICE
COMMISSION

*Re: The Application of Big Rivers Electric Corporation for
Approval to Issue Evidences of Indebtedness, Case No. 2017-00281*

Dear Mr. Lyons:

Enclosed for filing on behalf of Big Rivers Electric Corporation ("Big Rivers") are an original and ten copies of its application for approval to issue evidences of indebtedness. Please note that the application requests that an order be issued no later than Tuesday, September 19, 2017. Copies of any documents served in this matter, in addition to being served on Big Rivers' counsel, should also be served on:

DeAnna Speed
Director Rates and Budgets
Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420
Deanna.Speed@bigrivers.com

Please contact me if you have any questions about this filing.

Sincerely,

Tyson Kamuf

TAK:abg

Enclosures

RECEIVED

JUL 21 2017

PUBLIC SERVICE
COMMISSION

1 COMMONWEALTH OF KENTUCKY

2 BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

3 In the Matter of:

4 THE APPLICATION OF BIG RIVERS)
5 ELECTRIC CORPORATION FOR APPROVAL) CASE NO. 2017-00281
6 TO ISSUE EVIDENCES OF INDEBTEDNESS)
7

8 APPLICATION

9 Big Rivers Electric Corporation ("Big Rivers") submits this application (the
10 "Application") to the Public Service Commission ("Commission") seeking approval to
11 issue certain evidences of indebtedness in connection with the following three loan
12 transactions:

- 13 • A loan in the amount of \$15,000,000 from CFC (the "CFC Loan"); and
14 • Two loans from the Federal Financing Bank ("FFB") to be guaranteed
15 by the Rural Utilities Service of the U. S. Department of Agriculture
16 (the "RUS," and the "RUS Loans") that require a supplement to the
17 Indenture dated as of July 1, 2009, between Big Rivers and U.S. Bank
18 National Association, as Trustee (the "Indenture").

19 In support of its Application, Big Rivers states as follows:

20 1. Big Rivers is a rural electric generating and transmission
21 cooperative corporation that was incorporated in the Commonwealth of Kentucky
22 under KRS Chapter 279 on June 14, 1961, and attests that it is in good standing.
23 Its mailing address is P.O. Box 24, 201 Third Street, Henderson, Kentucky, 42419,
24 and its electronic mail address is "regulatory@bigrivers.com."

1 2. Big Rivers owns electric generation and transmission facilities, and
2 purchases, transmits and sells electricity at wholesale. Big Rivers exists for the
3 principal purpose of providing the wholesale electricity requirements of its three
4 distribution cooperative members (the "Members"), which are: Kenergy Corp.,
5 Meade County Rural Electric Cooperative Corporation, and Jackson Purchase
6 Energy Corporation. The Members in turn provide retail electric service to
7 approximately 116,000 consumer/members located in 22 Western Kentucky
8 counties: Ballard, Breckenridge, Caldwell, Carlisle, Crittenden, Daviess, Graves,
9 Grayson, Hancock, Hardin, Henderson, Hopkins, Livingston, Lyon, Marshall,
10 McCracken, McLean, Meade, Muhlenberg, Ohio, Union and Webster.

11 3. This Application contains no personal information that requires
12 redaction pursuant to 807 KAR 5:001 § 4(10).

13 *Compliance with Filing Requirements*

14 4. A table of each statutory and regulatory requirement for this filing,
15 cross-referenced to the location in this Application where that requirement is
16 satisfied, is attached hereto as Exhibit 1.

17 *Summary of Loan Transactions and Proposed Evidences of Indebtedness*

18 **CFC Loan**

19 5. The CFC Loan is a new, \$15,000,000 borrowing that will be used
20 entirely to prepay a portion of the outstanding principal balance of the RUS 2009
21 Promissory Note Series A, which is secured under the Indenture dated as of July 1,
22 2009, between Big Rivers and U.S. Bank National Association, as trustee (the

1 “Indenture”).¹ This loan is made by CFC under its “Advantage” program, pursuant
2 to which it immediately sells the note to a third party. In this case, Big Rivers’ note
3 will be sold to the Federal Agricultural Mortgage Corporation (“Farmer Mac”). The
4 evidences of indebtedness Big Rivers proposes to issue in connection with the CFC
5 Loan are:

6 a. Credit agreement between Big Rivers and CFC (“CFC Credit
7 Agreement”), a substantially complete copy of which is attached to this Application
8 as Exhibit 2;

9 b. The Seventh Supplemental Indenture, a substantially complete
10 copy of which is attached to this Application as Exhibit 3, relating to the issuance to
11 CFC of the CFC Note, described below. The Seventh Supplemental Indenture
12 supplements the Indenture.

13 c. A note (“CFC Note”) in the original principal amount of
14 \$15,000,000, a substantially complete copy of which is attached as Exhibit B to the
15 Seventh Supplemental Indenture, attached as Exhibit 3 to this Application.

16 6. The CFC Credit Agreement, the Seventh Supplemental
17 Indenture and the CFC Note are described in more detail in the testimony of
18 Lindsay N. Durbin, attached to this Application as Exhibit 4.

19 RUS Loans

20 7. Big Rivers seeks Commission authority to issue its Eighth
21 Supplemental and Amendatory Indenture (“Eighth Supplemental Indenture”), a

¹ A copy of the Indenture is attached as Exhibit 7 to the *Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness*, P.S.C. Case No. 2009-00441.

1 substantially complete copy of which is attached to this Application as Exhibit 5, to
2 secure the (i) the Future Advance Promissory Note – W8 to be issued to the FFB in
3 the amount of \$25,630,000, and the Reimbursement Note – W8 to be issued to the
4 RUS in the same amount, and (ii) the Future Promissory Note – X8 in the amount
5 of \$20,511,000 to be issued to the FFB and the Reimbursement Note – X8 to be
6 issued to the RUS in the same amount. The Eighth Supplemental Indenture
7 supplements the Indenture. Big Rivers is also issuing its First Amended and
8 Restated Consolidated Loan Contract between Big Rivers and the United States of
9 America (“RUS 2017 Loan Contract”) to authorize the RUS Loans and to make
10 certain other changes.

11 8. The RUS Loan transaction, other than the Eighth Supplemental
12 Indenture, is subject to the supervision or control of the RUS, and is not subject to
13 the jurisdiction of the Commission under KRS 278.300. See KRS 278.300(10). The
14 Eighth Supplemental Indenture, and the RUS loans that will be secured thereby,
15 are described in more detail in the testimony of Lindsay N. Durbin, attached to this
16 Application as Exhibit 4.

17 *The Commission Should Authorize Issuance of*
18 *the Proposed Evidences of Indebtedness*

19 9. The Commission should authorize Big Rivers to issue the
20 proposed evidences of indebtedness for the reasons stated in the testimony of Lindsay
21 N. Durbin, attached to this Application as Exhibit 4.

22

1 Timing of Closing: Documents in “Substantially Complete” Form

2 10. The closing date for issuance by Big Rivers of the evidences of
3 indebtedness proposed in this Application will be set following receipt by Big Rivers
4 of the authority from the Commission requested herein and satisfaction of the
5 conditions to the closings imposed by the evidences of indebtedness filed with this
6 Application. The Farmer Mac credit approval for purchase of the CFC Loan expires
7 October 24, 2017. Allowing for expiration of the 33 day period in which an appeal
8 may be taken from the Commission’s order in this matter, and two days in which to
9 accomplish the closing, Big Rivers requests that the Commission issue its order in
10 this matter no later than Tuesday, September 19, 2017.

11 11. To advance the review process and to assure that the necessary
12 approvals will be obtained in time for the Commission’s order to become final and
13 non-appealable as quickly as possible, the documents for which approval is sought
14 are presented in substantially complete form, still subject to comment by the parties
15 to the documents and the updating and addition of schedules and exhibits to the
16 documents that must be completed or updated immediately before the closing. If a
17 document changes substantially, Big Rivers will submit a revision of the document
18 showing those changes. Big Rivers does not expect substantial changes in the forms
19 of documents submitted.

1 Miscellaneous Filing Requirements

2 15. Big Rivers is filing an original and ten copies of this Application,
3 and has served a copy of this Application on the Kentucky Attorney General,
4 Division of Rate Intervention.

5 16. The relief sought by Big Rivers in this Application is authorized
6 by KRS 278.300, and related sections, and 807 KAR 5:001, Sections 4, 7, 14 and 18,
7 and related sections.

8 17. A general description of Big Rivers' property and the field of its
9 operation, together with a statement of the original cost of the same and the cost to
10 Big Rivers are attached as Exhibit 6.

11 18. Big Rivers will issue no stock or bonds in connection with the
12 issuances of indebtedness described in this Application.

13 Except as stated in this Application, Big Rivers has not entered into
14 any contracts for the acquisition, construction, extension or improvement of
15 property or facilities. Accordingly there are no other projects for which Big Rivers
16 has developed maps or plans of property or construction as contemplated in 807
17 KAR 5:001, Section 17(2)(c).

18 20. Except as stated in this Application, Big Rivers does not propose
19 to discharge or refund obligations with borrowings under the Secured Credit
20 Agreement.

21 21. A financial exhibit is attached hereto as Exhibit 7.

1 22. This Application is signed on behalf of Big Rivers by Lindsay N.
2 Durbin, its Chief Financial Officer. It has been prepared by or under her supervision,
3 and she has knowledge of the matters stated herein.

4 WHEREFORE, Big Rivers respectfully requests that the Commission make
5 orders granting Big Rivers the following relief:

6 a. Authority to issue the evidences of indebtedness attached as
7 Exhibits 2, 3 and 5 to this Application;

8 b. A finding pursuant to KRS 278.300(3) that the proposed issuance
9 by Big Rivers of these evidences of indebtedness is for a lawful object within the
10 corporate purposes of the utility, is necessary or appropriate for or consistent with the
11 proper performance by the utility of its service to the public and will not impair its
12 ability to perform that service, and is reasonably necessary and appropriate for such
13 purpose; and

14 c. All other relief to which Big Rivers may appear to be entitled.

15 Respectfully submitted,

16 Sullivan, Mountjoy, Stainback & Miller,
17 PSC
18

19 By:



20 James M. Miller (jmillier@smsmlaw.com)

21 Tyson Kamuf (tkamuf@smsmlaw.com)

22 100 St. Ann Street

23 P.O. Box 727

24 Owensboro, Kentucky 42302-0727

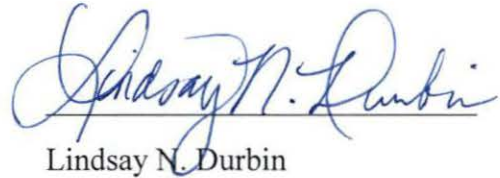
25 Telephone No. (270) 926-4000

26 Facsimile No. (270) 683-6694

27
28 Counsel for Big Rivers Electric Corporation
29

VERIFICATION

I, Lindsay N. Durbin, Chief Financial Officer of Big Rivers Electric Corporation, hereby state that I have read the foregoing Application, including exhibits, and that the statements contained therein are true and correct to the best of my knowledge, information and belief, on this the 20th day of July, 2017.



Lindsay N. Durbin

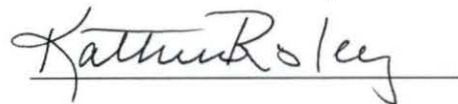
Chief Financial Officer

Big Rivers Electric Corporation

COMMONWEALTH OF KENTUCKY)

COUNTY OF HENDERSON)

The foregoing verification statement was SUBSCRIBED AND SWORN to before me by Lindsay N. Durbin, Chief Financial Officer of Big Rivers Electric Corporation, on this the 20th day of July, 2017.



Notary Public, Ky., State at Large

My commission expires: 10-31-2020



Table of Contents
(documents identified by defined term)

<u>Exhibit</u>	<u>Document</u>
1	Table of References for Compliance with Statutory and Regulatory Filing Requirements
2	CFC Credit Agreement
3	Seventh Supplemental Indenture
4	Testimony of Lindsay N. Durbin
5	Eighth Supplemental Indenture
6	General Description of Applicant's Property
7	Financial Exhibit

REFERENCES FOR COMPLIANCE WITH STATUTORY AND REGULATORY FILING REQUIREMENTS

<u>Law/Regulation</u>	<u>Filing Requirement</u>	<u>Location in Application</u>	
	IN GENERAL	RUS LOAN	CFC LOAN
807 KAR 5:001 Section 14(1)	The full name, mailing address, and electronic mail address of the Applicant	Page 1	Page 1
807 KAR 5:001 Section 14(1)	A request for the order, authorization, permission or certificate desired	¶9; Page 7; Exhibit 4, page 16	¶9, Exhibit 4, page 16
807 KAR 5:001 Section 14(1)	A reference to the particular provision of law authorizing the relief requested	¶¶8 and 16	¶16
807 KAR 5:001 Section 7(1)	An original and ten copies of the application with an additional copy for any party named therein as an interested party	¶15; original and ten copies filed	¶; original and ten copies filed
807 KAR 5:001 Section 14(2)	State and date of incorporation; attest to good standing in state	¶1	¶1
807 KAR 5:001 Section 4(10)	Personal information redacted	¶3	¶3
807 KAR 5:001 Section 4(3)(a)	Signed by party or attorney with name, address, telephone number, facsimile number, and electronic mail address of submitting attorney or party	Page 7	Page 7
KRS 278.300(2); 807 KAR 5:001 Section 4(3)(b)	Application made under oath, signed on behalf of the utility by its president, or other designated executive officer	Page 8	Page 8
	APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS		
807 KAR 5:001 Section 18(1)(b)	A general description of applicant's property and the field of its operation, together with a statement of the original cost of the same and the cost to the applicant	Exhibit 6	Exhibit 6

807 KAR 5:001 Section 18(1)(c)	The amount and kinds of stock, if any, which the utility desires to issue, and if preferred, the nature and extent of the preference; the amount of notes, bonds or other evidences of indebtedness, if any, which the utility desires to issue, with terms, rate of interest and if and how to be secured	¶¶7, 8 & 18; Exhibit 4, pp. 11-14	¶¶5-6 and 18; Exhibit 4, pp. 4-10
807 KAR 5:001 Section 18(1)(d)	The use to be made of the proceeds of the issue, with a statement indicating how much is to be used for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement of service, the maintenance of service and the discharge or refunding obligations	¶18; Exhibit 4, pp. 12-13	¶¶5 and 18; Exhibit 4, pp. 5-6
807 KAR 5:001 Section 18(1)(e)	The property in detail that is to be acquired, constructed, improved, or extended with its cost, a detailed description of the contemplated construction, completion, extension, or improvement of facilities established in a manner whereby an estimate of the cost may be made, a statement of the character of the improvement of service proposed, and of the reasons why the service should be maintained from its capital. If a contract has been made for the acquisition of property, or for construction, completion, extension, or improvement of facilities, or for the disposition of the securities, notes, bonds, stocks, or other evidence of indebtedness that it proposes to issue or the proceeds thereof and if a contract has been made, copies thereof shall be annexed to the petition;	¶18; Exhibit 4, pp. 12-13	¶18; Exhibit 4, p. 6

807 KAR 5:001 Section 18(1)(f)	If it is proposed to discharge or refund obligations, a statement of the nature and description of the obligations including their par value, the amount for which they were actually sold, the associated expenses, and the application of the proceeds from the sales. If notes are to be refunded, a statement showing the date, amount time, rate of interest, and payee of each and the purpose for which their proceeds were expended	Not applicable.	Exhibit 4, pp. 5-6
807 KAR 5:001 Section 18(2)(a)	Financial exhibit	See below	See below
807 KAR 5:001 Section 18(2)(b)	Copies of trust deeds or mortgages, or reference to case number in which they were filed	Footnote 1, page 3	Footnote 1, page 3
807 KAR 5:001 Section 18(2)(c)	Maps and plans of the proposed property and constructions together with detailed estimates in a form that they can be reviewed by the commission's engineering division. Estimates shall be arranged according to the commission-prescribed uniform system of accounts for the various classes of utilities.	¶18	¶18
807 KAR 5:001 Section 12	Financial exhibit covering operations for a twelve month period ending not more than ninety days prior to the date the application is filed: -Amount and kinds of stock authorized; -Amount and kinds of stock issued and outstanding; -Terms of preference of preferred stock -Brief description of each existing mortgage of property, giving date of execution, name of mortgagor, name of mortgagee or trustee,	¶ 21; Exhibit 7	¶21; Exhibit 7

	<p>amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with sinking fund provisions, if applicable;</p> <ul style="list-style-type: none"> -Amount of bonds authorized and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year; - Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year; -Other indebtedness giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year; - Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year; and - Detailed income statement and balance sheet which cover operations for a twelve month period, said period ending not more than ninety days prior to the date the Application is filed. 		
--	---	--	--

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

LOAN AGREEMENT

LOAN AGREEMENT (this "**Agreement**") dated as of _____ between BIG RIVERS ELECTRIC CORPORATION (the "**Borrower**"), a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky, and NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("**CFC**"), a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower wishes to obtain a loan from CFC, and CFC has agreed to make a loan to Borrower on the terms and conditions stated herein; and

WHEREAS, the Borrower has agreed to execute a promissory note to evidence an indebtedness in the aggregate principal amount of the Commitment (as hereinafter defined); and

WHEREAS, CFC intends to sell the Loan (as hereinafter defined), and to sell, transfer, assign and endorse over to the purchaser thereof all of CFC's right, title and interest in and to the Loan, this Agreement and the Note (as hereinafter defined); and

WHEREAS, Borrower acknowledges that CFC intends to sell the Loan immediately upon the funding thereof, and agrees that CFC shall have no obligation to fund the Loan unless CFC is satisfied, in its sole and absolute discretion, that such sale will be consummated simultaneously with such funding; and

WHEREAS, CFC's sale of the Loan is a condition precedent to the funding of the Loan and to the respective obligations of the parties hereto;

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

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural form thereof). Capitalized terms that are not defined herein shall have the meanings as set forth in the Interest Rate Rider or in the Indenture (as hereinafter defined).

"**Accounting Requirements**" shall have the meaning set forth in the Indenture.

"**Affiliate**" shall have the meaning set forth in the Indenture.

"**Business Day**" shall mean each of the dates as defined on the Interest Rate Rider.

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

"Closing Date" shall mean the date on which each of the conditions set forth in Article IV and on the Interest Rate Rider has been satisfied and the proceeds of the Loan have been disbursed.

"Commitment" shall have the meaning as defined in Schedule 1.

"Default Rate" shall mean a rate per annum equal to the interest rate in effect plus two hundred (200) basis points.

"Direct Serve Contracts" shall mean wholesale electric service contracts (together with material amendments or supplements thereto and all successor or replacement contracts and agreements thereto and thereof) with a member of Borrower to provide wholesale electric service directly from Borrower's transmission system to any customer for which the member has an electric service contract with such customer.

"Document Deadline Date" shall mean the date, set forth in Schedule 1, by which CFC must have received all documents, executed by Borrower as applicable, that are required by CFC in order to close the Loan.

"Environmental Laws" shall mean all applicable laws, rules and regulations promulgated by any Governmental Authority with which the Borrower is required to comply, regarding the use, treatment, discharge, storage, management, handling, manufacture, generation, processing, recycling, distribution, transport, release of or exposure to any Hazardous Material.

"Environmental Permits" shall mean permits or licenses issued by any Governmental Authority under applicable Environmental Laws.

"Event of Default" shall have the meaning as described in Article VI hereof.

"Governmental Authority" shall mean the government of the United States of America, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Material" shall mean any (a) petroleum or petroleum products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls, lead and radon gas, and (b) any other substance that is defined and regulated as hazardous or toxic or as a pollutant or contaminant in any applicable Environmental Law.

"Indenture" shall have the meaning as described in Schedule 1.

"Interest Charges" shall have the meaning set forth in the Indenture.

"Interest Rate Adder" shall mean an amount of additional interest, expressed in basis points, added to the then prevailing rate of interest on the Loan.

"Interest Rate Rider" shall mean the interest rate terms and additional definitions, terms, conditions and provisions set forth on Exhibit A as applicable to the Loan.

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

"Lender" shall mean CFC, and for purposes of this Agreement, shall include its agents, representatives, successors, assigns and any subsequent registered holder of the Note.

"Lien" shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

"Loan" shall mean the loan and disbursement of funds made by Lender to Borrower, pursuant to this Agreement and the Note, in an aggregate principal amount not to exceed the Commitment.

"Loan Documents" shall mean this Agreement, the Note, the Indenture and the Supplemental Indenture, and all other documents or instruments executed, delivered or executed and delivered by Borrower and evidencing, securing, governing or otherwise pertaining to, the Loan.

"Make-Whole Premium" shall mean, with respect to any Prepaid Principal Amount, an amount calculated as set forth below. The Make-Whole Premium represents the Lender's reinvestment loss resulting from making a fixed rate loan.

(1) Compute the amount of interest ("**Loan Interest**") that would have been due on the Prepaid Principal Amount at the applicable Fixed Rate for the period from the prepayment date through the end of the Fixed Rate Term (such period is hereinafter referred to as the "**Remaining Term**"), calculated on the basis of a 30-day month/360-day year, adjusted to include any amortization of principal in accordance with the amortization schedule that would have been in effect for the Prepaid Principal Amount.

(2) Compute the amount of interest ("**Investment Interest**") that would be earned on the Prepaid Principal Amount (adjusted to include any applicable amortization) if invested in a United States Treasury Note with a term equivalent to the Remaining Term, calculated on the basis of a 30-day month/360-day year. The yield used to determine the amount of Investment Interest shall be based upon United States Treasury Note yields as reported no more than two Business Days prior to the prepayment date in Federal Reserve statistical release H.15 (519), under the caption "U.S. Government Securities/Treasury Constant Maturities". If there is no such United States Treasury Note under said caption with a term equivalent to the Remaining Term, then the yield shall be determined by interpolating between the terms of whole years nearest to the Remaining Term.

(3) Subtract the amount of Investment Interest from the amount of Loan Interest. If the difference is zero or less, then the Make-Whole Premium is zero. If the difference is greater than zero, then the Make-Whole Premium is a sum equal to the present value of the difference, applying as the present value discount a rate equal to the yield utilized to determine Investment Interest.

"Margins for Interest" shall have the meaning set forth in the Indenture.

"Margins for Interest Ratio" means, for any period, (i) the sum of (a) Margins for Interest plus (b) Interest Charges, divided by (ii) Interest Charges.

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

"Material Adverse Effect" shall mean an effect on the operations, business, assets, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower or its Subsidiaries, taken as a whole, the result of which would, or would reasonably be expected to, materially adversely affect (a) the ability of the Borrower to repay the Loan or perform any of its other obligations under this Agreement, the Note or the Indenture, or (b) the validity or enforceability of this Agreement, the Note or the Indenture or (c) the rights or benefits available to Lender under this Agreement or any of the other Loan Documents.

"Material Direct Serve Contracts" shall mean any Direct Serve Contract to (i) any smelter to which a member of the Borrower supplies power, and (ii) any customer with a contract load of 25 megawatts or greater.

"Maturity Date" shall mean the date set forth in Schedule 1.

"Member Wholesale Power Contracts" shall mean the Borrower's power supply contracts with its members (together with material amendments and supplements thereto) and all successor or replacement contracts and agreements thereto or thereof, excluding the Direct Serve Contracts.

"Note" shall mean a secured promissory note, dated as of even date herewith, in a principal amount equal to the amount of the Commitment, executed by Borrower and made payable to the Lender or its registered assigns, as it may be amended, restated or substituted from time to time.

"Payment Date" shall mean each of the dates as defined on the Interest Rate Rider.

"Payment Notice" shall mean a notice furnished by or on behalf of Lender to the Borrower that indicates the amount of each payment of interest or interest and principal and the total amount of each payment due under this Agreement and the Note.

"Prepaid Principal Amount" shall mean all or any part of the outstanding principal of the Loan with a Fixed Rate (other than the one-year Fixed Rate) paid prior to the expiration of the Fixed Rate Term.

"Repurchase Rate" shall mean the rate of interest established by CFC for variable interest rate long-term loans pursuant to the long-term loan programs established by CFC from time to time, as in effect on the date that CFC repurchases or otherwise reacquires the Loan.

"RUS" shall mean the Rural Utilities Service, an agency of the United States Department of Agriculture, or if at any time after the execution of this Agreement RUS is not existing and performing the duties of administering a program of rural electrification as currently assigned to it, then the Person performing such duties at such time.

"Supplemental Indenture" shall mean that certain Seventh Supplemental Indenture between Borrower, as grantor, and U.S. Bank National Association, as trustee, dated as of _____, 2017.

"Subsidiary" shall have the meaning set forth in the Indenture.

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

"**Treasury Note**" shall mean a U.S. Dollar-denominated senior debt security of the United States of America issued by the U.S. Treasury Department and backed by the full faith and credit of the United States of America.

"**Trust Estate**" shall have the meaning set forth in the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 Closing Date Representations and Warranties. The Borrower represents and warrants to Lender that as of the date of this Agreement and the Closing Date:

A. Litigation. Except as set forth in Schedule 2.01A, there are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its properties which, if adversely determined, either individually or collectively, would reasonably be expected to have a Material Adverse Effect. The Borrower is not, to its knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would reasonably be expected to have a Material Adverse Effect.

B. Financial Statements. The balance sheet of the Borrower as at the date identified in Schedule 1, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower as at the date identified in Schedule 1, all heretofore furnished to Lender, fairly present, in all material respects, the financial condition of the Borrower as at said dates and fairly reflect its operations for the periods ending on said dates except in the case of the interim financial statements which are absent notes and are subject to changes resulting from normal year-end audit adjustments. There has been no change in the financial condition or operations of the Borrower from that set forth in said financial statements that would reasonably be expected to have a Material Adverse Effect.

C. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement listed on Schedule 2.01C (all such documents, certificates and financial statements to be taken as a whole) as of the date of delivery thereof, and in the light of the circumstances under which they were made, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not materially misleading, provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

D. Environmental Matters. Except as to matters which individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, (i) the Borrower is in substantial compliance with all applicable Environmental Laws (including, but not limited to, having any required Environmental Permits), (ii) to Borrower's knowledge, there have been no releases (other than releases remediated in substantial compliance with applicable Environmental Laws and air emissions) from any underground or aboveground storage tanks (or piping associated therewith) that are present on the Trust Estate, (iii) the Borrower has not received written notice or claim of any violation of any Environmental Law from a Governmental Authority and failed to take appropriate action to remedy, cure, defend, or otherwise

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDITORS' APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written notice or claim, (iv) to the best of the Borrower's knowledge, there is no pending investigation of the Borrower in regard to any Environmental Law, and (v) to the best of the Borrower's knowledge, there has not been any unauthorized release (other than releases remediated in compliance with Environmental Laws) that has resulted in the presence of Hazardous Materials on property owned, leased or operated by the Borrower for which the Borrower could reasonably be held responsible for mitigation under any Environmental Law.

E. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. The Borrower is (i) a power supply system member in good standing of CFC and (ii) eligible or was eligible to borrow from RUS.

F. Subsidiaries and Ownership. Schedule 1 hereto sets forth a complete and accurate list of the Subsidiaries of the Borrower showing the percentage of the Borrower's ownership of the outstanding stock, membership interests or partnership interests, as applicable, of each Subsidiary.

G. Authority; Validity. The Borrower has the power and authority to enter into this Agreement, the Note, the Indenture and the Supplemental Indenture; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, in the Note and in the Indenture, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

Each of this Agreement, the Note, the Indenture and the Supplemental Indenture is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

H. No Conflicting Agreements. The execution and delivery of the Loan Documents and performance by the Borrower of the obligations hereunder and thereunder, and the transactions contemplated hereby or thereby, will not: (i) in any material respect, violate any provision of law, any order, rule or regulation of any Governmental Authority, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, the Indenture or any material contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, the Indenture or any such contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien (other than contemplated by the Indenture) upon any material assets of the Borrower, in each case where such violation or conflict of which would reasonably be expected to have a Material Adverse Effect.

I. Taxes. The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

local taxes, assessments, and governmental charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and governmental charges and levies have become due, except (i) for such taxes, assessments, and governmental charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside, if such reserves are required by Accounting Requirements, or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

J. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect, except for failures to obtain or hold such items as would not reasonably be expected to have a Material Adverse Effect.

K. Required Approvals. The Borrower has obtained all licenses, consents or approvals of all Governmental Authorities that the Borrower is required to obtain in order for the Borrower to enter into and perform under this Agreement, the Note and the Supplemental Indenture. Each such certificate, authorization, consent, permit, license and approval is in full force and effect.

L. Compliance with Laws. To the best of the Borrower's knowledge, the Borrower is in compliance with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority, except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect.

M. No Other Liens; Prior Liens. As to the Trust Estate, the Borrower has not, without the prior written approval of Lender, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed, other than as provided for under the Indenture or as permitted by the Indenture, including Permitted Exceptions as permitted by the Indenture. The Indenture creates a first priority lien on the Trust Estate in favor of all Holders of Obligations issued thereunder, subject to no Prior Lien except as permitted by the Indenture.

N. Borrower's Legal Status. Schedule 1 hereto accurately sets forth: (i) the Borrower's exact legal name, (ii) the Borrower's organizational type and jurisdiction of organization, (iii) the Borrower's organizational identification number or accurate statement that the Borrower has none, and (iv) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

O. Use of Proceeds. The Borrower will use the proceeds of the Note solely for the purposes identified in Schedule 1 hereto.

P. Member Wholesale Power Contracts and Material Direct Serve Contracts. The Borrower has heretofore delivered to CFC complete and correct copies of the Member Wholesale Power Contracts and Material Direct Serve Contracts in effect on the date hereof. Identified on Schedule 2.01P are the Member Wholesale Power Contracts and the Material Direct Serve Contracts in effect as of the Closing Date. To the best of the Borrower's knowledge, after due inquiry, there is no condition or circumstance that would impair any member's ability to perform its obligations under any Member Wholesale Power Contract or Material Direct Serve Contract to which it is a party. The Member Wholesale Power Contracts

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

and Direct Serve Contracts are legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with their respective terms.

Q. Material Financial Obligations. Borrower is not (i) in payment default under any obligation, whether direct or contingent, for money borrowed in excess of \$10,000,000, or (ii) otherwise in default thereunder, the effect of which would reasonably be expected to have a Material Adverse Effect.

R. Defaults. No Event of Default (as defined in the Indenture) has occurred and is continuing under the Indenture, and no event has occurred which, with the passage of time or with the giving of notice and the expiration of any grace or cure period, would constitute such an Event of Default.

S. Costs, Refunds. All costs, fees and expenses incurred in making or closing the Loan and the recording of the Supplemental Indenture have been paid, and Borrower is not entitled to, and has made no claim of, any refund of any amounts paid to Lender pursuant to any Note or the Indenture.

T. Defenses. The Note and this Agreement are not subject to any rights of rescission, set-off, counterclaim, or defense, including the defense of usury, and Borrower has not asserted, and does not assert, any such right of rescission, set-off, counterclaim or defense.

U. Nuclear Investment. Borrower has not acquired, or committed to acquire, an ownership interest in any nuclear energy generating facility built or planned to be built after January 1, 2010.

ARTICLE III

THE LOAN

Section 3.01 Payment. The Loan shall amortize on a level principal basis, based on a ten (10) year amortization period commencing on the Closing Date with a final balloon payment on the Maturity Date, as set forth on Schedule 3.01 attached hereto. On each Payment Date, Borrower shall promptly pay interest and/or principal in the amounts shown in the Payment Notice absent manifest error. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Maturity Date.

Section 3.02 Interest Rate.

A. Interest Rate. The interest rate on the Loan and the effective date thereof shall be as stated on the Interest Rate Rider, *provided, however*, that the first effective date thereof for the Note identified in Section 5 of Schedule 1 shall be the Closing Date.

B. Default Rate. Notwithstanding anything to the contrary in this Agreement, if Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the Payment Date and for so long as such default continues, the Loan shall bear interest at the Default Rate.

C. Repurchase Rate. Notwithstanding anything to the contrary in this Agreement, if CFC repurchases or otherwise reacquires the Loan pursuant to the terms of the loan sale

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

agreement under which CFC sold the Loan, then beginning on the closing date of such repurchase or reacquisition and continuing through the Maturity Date, the Loan shall accrue interest at the Repurchase Rate.

Section 3.03 Payments

A. Timing; Manner of Payment. Accrued interest on the Loan shall be payable in arrears on each Payment Date, provided, that in the event of any repayment or prepayment of any principal amount, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. If not sooner paid (whether by optional prepayment, mandatory prepayment, acceleration or otherwise), all amounts due on the Loan on account of unpaid principal, interest accrued thereon and fees, if any, are due and payable on the Maturity Date. The Borrower shall authorize Lender to debit its bank account(s) for periodic loan payments through an Automated Clearing House ("ACH") service whereby payments on this Loan will be similarly debited unless otherwise instructed by Borrower pursuant to the terms of its ACH authorization.

B. Late Fees. If payment of any amount due hereunder is not received by Lender within five (5) Business Days after the due date thereof, then Borrower will pay to Lender, in addition to all other amounts due under the terms of the Loan Documents, a late payment charge equal to 1.0% of the payment due.

C. Application of Payments. Each payment shall be applied to the Loan first to any fees, costs, expenses or charges other than interest or principal, second to interest accrued, and the balance to principal.

D. Optional Prepayment. Borrower may at any time, on not less than thirty (30) days prior written notice to Lender, prepay the Loan, in whole or in part, together with the interest accrued to the date of prepayment, and any applicable fees, payments or premiums provided for herein. In the event the Borrower prepays all or any part of the Loan (regardless of the source of such prepayment and whether voluntary, by acceleration or otherwise), the Borrower shall pay any prepayment fee and/or Make-Whole Premium as the Lender may prescribe pursuant to the terms of this Section 3.03.D. All prepayments shall be accompanied by payment of accrued and unpaid interest on the amount of and to the date of the repayment.

If, at any time other than at the end of the Interest Rate Term, the Borrower prepays any Prepaid Principal Amount, then the Borrower shall compensate Lender for the loss, cost and expense attributable to such event in the amount of the Make-Whole Premium. Lender's determination of the Make-Whole Premium due from the Borrower hereunder shall be conclusive absent manifest error. The Borrower shall pay the Make-Whole Premium within 10 days after receipt of an invoice relating thereto.

If, at any time other than at the end of an Interest Rate Term, the Borrower prepays any principal amount of a Loan with the LIBOR Rate or a one-year Fixed Rate, then the Borrower shall compensate Lender for the loss, cost and expense attributable to such event, including, but not limited to payment of any interest until the end of the current Interest Rate Term. Lender's determination of such amount due from the Borrower hereunder shall be conclusive absent manifest error. The Borrower shall pay such amount within 10 days after receipt of an invoice relating thereto.

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

Section 3.04 Miscellaneous Loan Terms

A. No Further Advances. Upon full disbursement of the proceeds of the Loan on the Closing Date, Lender shall have no further obligation to advance any additional funds hereunder.

B. Non-revolving Facility. The Loan is not a revolving credit facility. Any amount of Loan principal repaid by Borrower may not be re-borrowed.

C. Patronage Capital; Interest Rate Discounts. No patronage capital shall be earned, and no interest rate discounts shall apply, to the Loan, notwithstanding any CFC policies or practices in effect from time to time with respect to the allocation of patronage capital, or the offering of interest rate discounts, on other loans originated by CFC.

D. Calculations. Lender's calculation of the amount of interest due, any fees or premiums provided for herein, and all other amounts due from Borrower under this Agreement shall be conclusive absent manifest error.

E. Failure to Advance. Borrower acknowledges that Lender is entering into certain financial commitments with third parties that are premised upon the sale of the Loan. Therefore, Borrower agrees that if Borrower does not meet the conditions for funding that are contained in this Agreement for any reason, or if Borrower fails to advance the full amount of the Loan, then Borrower shall reimburse Lender its actual cost (including all fees, expenses and commissions) that Lender is required to pay to third parties for early termination of such financial commitments and/or substituting loans, cash or other assets in order to consummate the sale of the loans.

ARTICLE IV

CONDITIONS

Section 4.01 Conditions of Closing. CFC's obligation to make the Loan hereunder is subject to the satisfaction of the following conditions in form and substance satisfactory to CFC:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be reasonably satisfactory to counsel for CFC pursuant to the terms of the loan sale agreement under which CFC sold the Loan, and, as to all matters of local law, to such local counsel as counsel for CFC may retain. CFC's execution of this Agreement shall evidence satisfaction of this condition.

B. Documents. On or before the Document Deadline Date, CFC shall have been furnished with (i) the executed Loan Documents, (ii) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall reasonably require, (iii) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (iv) all other such documents as CFC may reasonably request. CFC's execution of this Agreement shall evidence satisfaction of this condition.

C. Government Approvals. The Borrower shall have furnished to CFC true and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities (if any) that are necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations hereunder or thereunder. No

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

certificate, authorization, consent, permit, license or approval of any Governmental Authority that is required to enable the Borrower to (a) enter into the Loan Documents, (b) perform all of the obligations provided for in such documents, shall have been invalidated, rescinded, stayed or determined to be invalid in any material respect by any Governmental Authority.

D. Indenture; Supplemental Indenture; UCC Filings. The Indenture and the Supplemental Indenture shall have been duly filed, recorded or indexed in all jurisdictions necessary to provide the Trustee thereunder a perfected lien, subject to Permitted Exceptions, on all of the Trust Estate, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC. Uniform Commercial Code financing statements (and any continuation statements and other amendments thereto that CFC shall require) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide the Trustee a perfected security interest, subject to Permitted Exceptions, in the Trust Estate which may be perfected by the filing of a financing statement, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC.

E. Representations and Warranties. The representations and warranties of the Borrower set forth in Section 2.01 shall be true and correct on the Closing Date.

F. Defaults. No event or condition has occurred that constitutes an Event of Default, or which upon notice hereunder, lapse of time hereunder or both would, unless cured or waived, become an Event of Default.

G. Material Adverse Effect. No event or condition has occurred that would result in a Material Adverse Effect.

H. Note Authentication. The Note shall have been duly authenticated by the Trustee as an Obligation secured under the Indenture.

I. Member Wholesale Power Contract Amendments; Material Direct Serve Contracts. CFC shall have received true and correct copies of the Member Wholesale Power Contracts and Material Direct Serve Contracts listed on Schedule 2.01P, including any and all material amendments, supplements or modifications thereto, certified by a senior authorized representative of Borrower (e.g., president, vice-president, general manager, chief financial officer or persons that hold equivalent titles).

J. ACH Requirement. Borrower shall have in effect an authorization to make payments on the Loan through the Lender's automated debiting system.

K. Advance Authorization. Borrower shall have executed and delivered to CFC an authorization and certificate in such form as CFC shall provide to Borrower, (i) certifying that Borrower has met all of the conditions under the Loan Documents that Borrower is required to meet prior to the disbursement of the Loan proceeds, and (ii) irrevocably authorizing and directing CFC to disburse the proceeds of the Loan.

L. Other Information. The Borrower shall have furnished such other information as CFC may reasonably require, including but not limited to (i) additional information regarding the use of the Loan, (ii) cash flow projections, financial analyses and pro forma financial statements

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

sufficient to demonstrate to CFC's reasonable satisfaction that after giving effect to the Loan requested, the Borrower shall continue to achieve the Margins for Interest Ratio set forth in Section 5.01.A herein, to meet all of its debt service obligations, and otherwise to perform and to comply with all other covenants and conditions set forth in this Agreement, and (iii) any other information as CFC may reasonably request.

M. CFC Expenses. The obligation of CFC to extend credit pursuant to the terms hereof is subject to the payment by the Borrower of the reasonable out-of-pocket fees and expenses incurred by CFC in connection with the (i) underwriting of the facilities described herein, and (ii) the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents (including, without limitation, any engineering and legal expenses associated with the Loan).

N. Closing Date; Sale of Loan as Condition Precedent. CFC hereby advises Borrower of its intent to sell the Loan, and to sell, transfer, assign and endorse over to the purchaser thereof all of CFC's right, title and interest in and to the Loan, this Agreement and the Note, including but not limited to all of CFC's rights and obligations under the Loan Documents, *provided, however,* that CFC's rights and obligations under the Indenture shall be transferred only and to the extent that such rights and obligations pertain to the Loan. **IT IS AN EXPRESS CONDITION PRECEDENT TO THE FUNDING OF THE LOAN AND TO THE PARTIES' RESPECTIVE OBLIGATIONS HEREUNDER THAT CFC HAS RECEIVED A COMMITMENT FROM A PURCHASER TO PURCHASE THE LOAN UPON SUCH TERMS, CONDITIONS AND PROVISIONS AS CFC DEEMS ACCEPTABLE IN ITS SOLE AND ABSOLUTE DISCRETION, AND THAT CFC IS SATISFIED, IN ITS SOLE AND ABSOLUTE DISCRETION, THAT SUCH SALE WILL BE CONSUMMATED SIMULTANEOUSLY WITH SUCH FUNDING.** If the foregoing condition precedent is met, then CFC shall disburse the proceeds of the Loan and advise Borrower of the closing date of such sale, which date shall be the Closing Date of the Loan. If the foregoing condition precedent is not met in CFC's sole and absolute discretion, then CFC shall so notify Borrower and this Agreement shall be deemed automatically terminated as of the date of such notification without further action or obligation of either party hereto, and with no liability to either party arising out of or in connection with such termination. Notwithstanding anything to the contrary in this Section 4.01.N, CFC may waive the condition precedent set forth in this Section 4.01.N. in its sole and absolute discretion by written notification to Borrower.

ARTICLE V

COVENANTS

Section 5.01 Covenants. The Borrower covenants and agrees with Lender that until payment in full of the Note and performance of all obligations of the Borrower hereunder:

A. Margins for Interest Ratio. The Borrower shall comply, in all respects, with the Margin for Interest Ratio covenant set forth in Section 13.14 of the Indenture.

B. Annual Certificates. Within one hundred twenty (120) days after the close of each fiscal year, commencing with the year in which this Agreement is effective, the Borrower will deliver to Lender a written statement, in form and substance satisfactory to Lender, either (a) signed by the Borrower's President and Chief Executive Officer (or equivalent chief executive officer) or (b) submitted electronically through means made available to the Borrower by Lender, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations in all material respects under this Agreement, the Note

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

and the Indenture throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

C. Financial Books; Financial Reports; Right of Inspection.

(i) Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the Borrower shall provide to Lender the audited consolidated balance sheets and related statements of operations, statement of equities and statement of cash flows of the Borrower and its Subsidiaries as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, reported on by independent public accountants (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with the Accounting Requirements.

(ii) Within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower, the Borrower shall provide to Lender the unaudited consolidated balance sheets, an income statement, cash flow analysis and related statements of operations, and such other interim statements as may reasonably be requested, of the Borrower and its Subsidiaries as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for (or, in the case of the balance sheet, as of the end of) the corresponding period or periods of the previous fiscal year, which shall present fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with the Accounting Requirements, other than the absence of notes and subject to changes resulting from audit and normal year-end audit adjustments.

(iii) Within one hundred twenty (120) days after the end of each the Borrower's fiscal years during the term hereof, the Borrower shall furnish to Lender a statement, setting forth in reasonable detail its calculation of its Margins for Interest Ratio for the prior fiscal year and two prior fiscal years, signed either by its President and Chief Executive Officer (or equivalent chief executive officer), its Vice President and Chief Financial Officer (or equivalent chief financial officer), or such other officer that reports directly or indirectly to its Vice President and Chief Financial Officer (or equivalent chief financial officer).

(iv) Within thirty (30) days after (a) the end of each the Borrower's fiscal years during the term hereof or (b) Lender's request, the Borrower shall furnish to Lender updated cash flow projections for the succeeding fiscal year, which projections shall be in form and substance reasonably satisfactory to Lender and certified by the Borrower's Vice President and Chief Financial Officer (or equivalent chief financial officer) or another duly authorized executive officer of the Borrower.

(v) The Borrower shall provide, within fifteen (15) days after the same may come available, copies of the Borrower's budgets and financial plans approved by the Borrower's Board of Directors.

(vi) The Borrower will keep proper books of record and account, in which full and correct entries shall be made of all dealings or transactions of or in relation to the Obligations and the plant, properties, business and affairs of the Borrower in accordance with Accounting

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

Requirements. The Borrower will, upon reasonable written notice by Lender to the Borrower and at the expense of the Borrower, permit Lender, by its representatives, to inspect the plants and properties, books of account, records, reports and other papers of the Borrower, and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection, and the Borrower will furnish to Lender any and all information as Lender may reasonably request, with respect to the performance by the Borrower of its covenants in this Agreement; provided, however, the Borrower shall not be required to make available any information supplied to it by a third party which is subject to a confidentiality agreement with such third party except to the extent allowed by, and subject to the terms of such confidentiality agreement.

D. Interest Rate Elections. The Borrower agrees (i) that Lender may rely conclusively upon the interest rate option, interest rate term and other written instructions submitted to Lender, and (ii) that such instructions shall constitute a covenant under this Agreement to repay the Loan in accordance with such instructions, the Note, the Indenture and this Agreement.

E. Compliance with Laws. The Borrower shall remain in compliance with all applicable requirements of law and applicable rules and regulations of each Governmental Authority, except for any such failures of compliance as would not reasonably be expected to have a Material Adverse Effect or as provided in Section 5.01.H.

F. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except (i) for such taxes, assessments, and governmental charges and levies which the Borrower is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside, if such reserves are required by Accounting Requirements, or (ii) to the extent the failure to do so would not reasonably be expected to have a Material Adverse Effect.

G. Further Assurances. The Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which Lender may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Indenture. The Borrower also agrees to provide to Lender, from time to time upon request, evidence reasonably satisfactory to Lender as to the perfection and priority, or continued perfection and priority, of the Liens preserved, created or intended to be created by the Indenture.

H. Notices of Environmental Actions. If Borrower receives any written communication from a Governmental Authority alleging Borrower's material violation of any Environmental Law, then Borrower shall provide Lender with a copy thereof within thirty (30) days after receipt, and promptly take appropriate action to remedy, cure, defend, or otherwise affirmatively respond to the matter in order to comply with any Environmental Law that is the subject of such written communication, except such notices of violations which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

I. Accounting Requirements. For purposes of determining any computation made under this Agreement, and notwithstanding Section 1.1D of the Indenture, the Borrower

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

shall only apply those Accounting Requirements in use in the United States at the time of the determination of such computation.

J. Use of Proceeds; RUS. The Borrower shall use the proceeds of the Note solely for the purposes identified in Schedule 1 hereto. Borrower agrees to provide, within two (2) Business Days of the Closing Date (as such date may be extended by CFC in writing in its sole discretion), evidence satisfactory to CFC that the proceeds of the Note have been applied in accordance with this Section 5.01.J and Schedule 1 in the form of an acknowledgement letter from RUS.

K. [Reserved].

L. Default Notices. The Borrower shall provide Lender any notice delivered by the Borrower to the Trustee pursuant to Section 13.12 of the Indenture promptly after delivering such notice to the Trustee.

M. Notice; Member Wholesale Power Contracts and Direct Serve Contracts. The Borrower will furnish to Lender prompt written notice of the following:

(i) any permitted termination of, modification to or supplement to a Member Wholesale Power Contract that will result in a material change thereto;

(ii) any (a) permanent shutdown or material curtailment of the operations of any Borrower member retail customer for which wholesale service is provided under a Direct Serve Contract, (b) material modification to a Direct Serve Contract, and (c) termination of any Direct Serve Contract.

N. Compliance with Indenture Covenants. Borrower shall comply with all the covenants identified in Article XI and Article XIII of the Indenture.

O. New Member Wholesale Power Contract; New Material Direct Serve Contracts. Borrower shall provide Lender with copies of any new Member Wholesale Power Contract and new Material Direct Serve Contracts (together with material amendments or supplements thereto and all successor or replacement contracts and agreements thereto and thereof) entered into after the Closing Date.

P. Other Notices. The Borrower shall promptly notify Lender in writing of:

(i) the institution of any litigation or administrative proceeding to which Borrower is a party and which would have a Material Adverse Effect;

(ii) the receipt of any notice alleging (a) a payment default under any obligation, whether direct or contingent, for money borrowed in excess of \$10,000,000.00, or (b) a default under any agreement or instrument to which it is a party or by which it is bound, the effect of which would reasonably be expected to have a Material Adverse Effect; and

(iii) any change in Borrower's corporate structure, including by merger, acquisition or consolidation.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with Lender that until payment in full of the Note and performance of all obligations of the Borrower

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

hereunder, the Borrower will not, directly or indirectly, without Lender's prior written consent, cause any violations of the following covenants:

A. Limitations on Liens. The Borrower will not create or incur or suffer or permit to be created or incurred or to exist any mortgage, lien, charge or encumbrance on or pledge of any of the Trust Estate prior to or upon a parity with the lien of the Indenture except for Permitted Exceptions and those exceptions set forth in Section 13.6 A. and 13.6 B. of the Indenture.

B. Limitations on Mergers. The Borrower shall not consolidate with or merge into any other Person or convey or transfer the Trust Estate substantially as an entirety to any Person, except as may be permitted pursuant to the terms and provisions of Section 11.1 of the Indenture.

C. No Change in Fiscal Year. The Borrower will not change its fiscal year from the fiscal year existing on the Closing Date without the prior written consent of Lender, not to be unreasonably withheld.

D. Member Wholesale Power Contracts. The Borrower will not, and will not consent to, the termination of any one or more Member Wholesale Power Contracts that, individually or in the aggregate, represent 20% or more of the Borrower's revenue base (other than at the end of the contract term or a voluntary termination provided by the contract terms).

ARTICLE VI

EVENTS OF DEFAULT

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

A. Payment. The Borrower shall fail to pay any amount due under the terms of a Note or this Agreement within five (5) Business Days of when the same is due and payable, whether by acceleration or otherwise;

B. Financial Reports. The Borrower shall fail to provide the financial reports required by Section 5.01.C within the time period specified therein;

C. Margins for Interest Ratio. The Borrower shall fail to comply with Section 13.14 of the Indenture;

D. Representations and Warranties. Any representation or warranty made by the Borrower herein shall prove to be false or misleading in any material respect at the time made if such false or misleading representation or warranty is, in Lender's reasonable judgment, one that a prudent lender would consider material to its decision to extend credit;

E. Other Covenants. (i) Default by the Borrower in the observance or performance of the covenant contained in Section 5.01.J of this Agreement, or (ii) default by the Borrower in the observance or performance of any other covenant contained in this Agreement, other than those specifically identified in this Section 6.01 and in Section 5.02, which shall continue for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

Lender; *provided, however*, that if the default cannot be cured within such thirty (30) day period despite the Borrower's good faith and diligent efforts to do so, the cure period shall be extended as is reasonably necessary beyond such thirty (30) day period (but in no event longer than sixty (60) days) if remedial action likely to result in a cure is promptly instituted within such thirty (30) day period and is thereafter diligently pursued until the default is corrected;

F. Corporate Existence. The Borrower shall forfeit or otherwise be deprived of its corporate charter, franchises, permits, easements, consents or licenses required to carry on any material portion of its business;

G. Negative Covenants. The Borrower shall fail to comply with Section 5.02 of this Agreement; or

H. Indenture Obligations. An "Event of Default," as defined in the Indenture, shall have occurred and be continuing, provided such "Event of Default" has not been waived or cured as provided for under the terms of the Indenture.

ARTICLE VII

REMEDIES

Section 7.01 General Remedies. If any of the Events of Default listed in Article VI hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein (if any), then Lender may:

- (i) exercise rights of setoff or recoupment and apply any and all amounts held, or hereby held, by Lender or owed to the Borrower or for the credit or account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing hereunder or under the Note. The rights of Lender under this Section 7.01 are in addition to any other rights and remedies (including other rights of setoff or recoupment) which Lender may have. The Borrower waives all rights of setoff, rescission, counterclaim, deduction or recoupment,;
- (ii) pursue all rights and remedies available to Lender that are contemplated by the Indenture in the manner, upon the conditions, and with the effect provided in the Indenture, including, but not limited to, a suit for specific performance, injunctive relief or damages; and
- (iii) pursue any other rights and remedies available to Lender at law or in equity.

Section 7.02 Interest Rate Adder. In addition to the remedies set forth in Section 7.01, upon the occurrence of an Event of Default, an Interest Rate Adder of two hundred (200) basis points shall be imposed on the outstanding principal amount of the Loan until such Event of Default is cured. The effective date of an Interest Rate Adder imposed or eliminated pursuant to this Section 7.02 shall be the first (1st) day of month following the occurrence of the Event of Default or the cure thereof, as applicable.

Section 7.03 Concurrent Remedies. Nothing herein shall limit the right of Lender to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of Lender shall be cumulative and concurrent, and

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (i) when personally delivered including, without limitation, by overnight mail or courier service, (ii) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (iii) in the case of notice by telecopy, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (i) or (ii) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

National Rural Utilities Cooperative Finance Corporation
20701 Cooperative Way
Dulles, Virginia 20166
Attention: General Counsel
Fax # 866-230-5635

The Borrower:

The address set forth in
Schedule 1

Section 8.02 Expenses. The Borrower shall reimburse Lender for any reasonable costs and out-of-pocket expenses paid or incurred by Lender (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions Lender takes, (a) to enforce the payment of any amount required to be paid hereunder, to effect collection of any Trust Estate, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on the Lien of the Indenture on any of the Trust Estate, whether through judicial proceedings or otherwise, (c) to restructure the Loan, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by Lender in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be payable upon demand, and if not paid, shall accrue interest at the Default Rate.

Section 8.03 [Reserved].

Section 8.04. Non-Business Day Payments. If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of Lender (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of the Supplemental Indenture and UCC Financing Statements, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration or recordation of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify Lender from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by Lender in connection with this Agreement, the Note or the Indenture. The provisions of this Section shall survive the execution and delivery of this Agreement, the Note and the Indenture and the payment of all other amounts due under the Loan Documents.

Section 8.06 Waiver; Modification. No failure on the part of Lender to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by Lender of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement, the Notes or the other Loan Documents (except as otherwise provided in the Indenture) and no consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

SECTION 8.07 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

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

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND LENDER EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.08 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND LENDER AND ITS MEMBERS, DIRECTORS,

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE TRUST ESTATE, OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, EXCEPTING ANY SUCH MATTERS ARISING FROM, AND TO THE EXTENT OF, THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LENDER OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.10, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE NOTES, THE TERMINATION OF THIS AGREEMENT AND THE TERMINATION OR RELEASE OF THE LIEN OF THE INDENTURE.

Section 8.09 Complete Agreement. This Agreement, together with the schedules and exhibits to this Agreement, the Note and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any other Loan Documents (other than the Indenture), the terms and provisions of this Agreement shall control.

Section 8.10 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement, the Note and the Indenture shall survive the execution and delivery to Lender of the Loan Documents and the making of the Loan and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement, the Note and the Indenture shall inure to the benefit of the successors and assigns of Lender. The Borrower shall not have the right to assign its rights or obligations under this Agreement without the prior written consent of Lender, except as provided in Section 5.02.B hereof.

Section 8.11 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.12 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 8.13 Severability. If any term, provision or condition, or any part thereof, of this Agreement, the Note or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.14 Binding Effect. This Agreement shall become effective when it shall have been executed by both the Borrower and Lender (even if executed prior to the Closing Date) and thereafter shall be binding upon and inure to the benefit of the Borrower and Lender

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

and their respective successors and assigns as provided in Section 8.10. Upon execution of this Agreement by both parties, Borrower shall be obligated to advance the Loan in full and cannot rescind its commitment to do so for any reason whatsoever.

Section 8.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.16 Schedules; Exhibits. All Schedules and Exhibits are integral parts of this Agreement.

Section 8.17 Assignment. Without the prior written consent of Borrower, Lender may sell, transfer, assign and endorse over to one or more purchasers, transferees or assignees all or portion of its right, title and interest in and to the Loan, the Note, this Agreement and the Indenture.

[SIGNATURES ON FOLLOWING PAGE]

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

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name: _____
Title: _____

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

SCHEDULE 1

1. The Borrower shall use the proceeds of the Loan as referred to in the first Recital to refinance \$15,000,000.00 of RUS indebtedness evidenced by the RUS 2009 Promissory Note Series A dated July 16, 2009. Borrower shall, upon receipt of the advance of the Loan, immediately prepay a portion of the unpaid balance of the RUS 2009 Promissory Note Series A dated July 16, 2009 with the proceeds of the Loan.
2. The "Document Deadline Date" is [_____, 2017.]
3. The aggregate Commitment is \$15,000,000.00.
4. The Indenture referred to in Section 1.01 is that certain Indenture between Big Rivers Electric Corporation, as grantor, and U.S. Bank National Association, as trustee, date as of July 1, 2009, as supplemented, amended, consolidated, or restated from time to time.
5. The Note subject to this Agreement is:

NOTE AMOUNT	LOAN NUMBER
\$15,000,000.00	KY062-LUM-3000-FMD001(9006)

6. The Maturity Date shall mean the date that is three (3) years from the date of the Note.
7. The date of the interim financial statements referred to in Section 2.01B is [_____].
8. The Subsidiaries of the Borrower referred to in Section 2.01.F are: N/A.
9. The date of the Borrower's balance sheet referred to in Section 2.01.B is 12/31/2016.
10. The Borrower's exact legal name is: Big Rivers Electric Corporation.
11. The Borrower's organizational type is: Cooperative Corporation.
12. The Borrower is organized under the laws of the state/commonwealth of: Kentucky.
13. The Borrower's organizational identification number is: 0004242.
14. The place of business or, if more than one, the chief executive office of the Borrower referred to in Section 2.01.N is 201 Third Street, Henderson, KY 42420.
15. The address for notices to the Borrower referred to in Section 8.01 is P.O. Box 24 Henderson, KY 42419-0024, Attention: President and Chief Executive Officer with a copy to: Chief Financial Officer, Fax: 270-827-2558; with a copy to: James M. Miller, Esq., Sullivan, Mountjoy, Stainback & Miller, P.S.C., 100 St. Ann Building, Owensboro, KY 42303.

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

EXHIBIT A

Interest Rate Rider (CFC Advantage - Farmer Mac Rate Options - G&T - Indenture)

The following definitions, terms, conditions and provisions shall apply to the Loan and are an integral part of this Agreement. Capitalized terms used in this Interest Rate Rider and not otherwise defined herein shall have the meaning assigned to them in this Agreement or in the Indenture.

ADDITIONAL DEFINITIONS

“Applicable Margin” Two hundred and five (205) basis points.

“Business Day” means any day (a) that banks located in New York, New York, United States of America are open for business, *and* (b) if such day relates to (i) determining the Applicable Margin, (ii) determining the LIBOR Rate, or (iii) calculating break funding fees, a day that is also a day on which dealings in U.S. Dollar deposits are carried out in the London interbank market.

“Fixed Rate” means the fixed interest rate per annum from the Offered Interest Rates, as may be selected by Borrower on the Notice of Election for the corresponding Fixed Rate Term.

“Fixed Rate Term” means a fixed period of years, as may be selected by Borrower on the Notice of Election, with the first such period commencing on the Closing Date.

“Interest Rate Reset Date” shall mean (a) with respect to a Loan with a Fixed Rate, the first day following the expiration of the Interest Rate Term applicable to the Loan, and (b) with respect to a Loan with a LIBOR Rate for which the Borrower has provided a timely Notice of Election selecting a Fixed Rate, the first calendar day of a month specified in the Notice of Election as the date on which the newly selected Fixed Rate shall apply.

“Interest Rate Term” means, with respect to any Loan, the applicable Fixed Rate Term or LIBOR Rate Term.

“LIBOR Rate” means the interest rate per annum equal to the Applicable Margin, plus the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of the Reuters Service, or if such Service ceases to be available, any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Lender from time to time for purposes of providing quotations of interest rates applicable to U.S. Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such LIBOR Rate Term, as the rate for the offering of U.S. Dollar deposits with a maturity comparable to such LIBOR Rate Term.

“LIBOR Rate Term” means the period commencing on the first calendar day of a month and ending on the last calendar day of the same month, *provided, however*, that if the Closing Date is not the first calendar day of the month, then the first such period shall commence on the Closing Date and end on the last calendar day of the same month.

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

“Notice of Election” means a written request to Lender, in such form as Lender shall provide to the Borrower or other form acceptable to Lender, from any duly authorized officer or other employee of the Borrower electing one of the Offered Interest Rates.

“Offered Interest Rates” means the available interest rate options offered by the Federal Agricultural Mortgage Corporation for loans to rural electric power supply systems originated by CFC and sold to the Federal Agricultural Mortgage Corporation, which rates may change at the expiration of each applicable Interest Rate Term.

“Payment Date” means each of February 1 and August 1 of each year.

INITIAL SELECTION OF INTEREST RATE

Prior to the Closing Date, Borrower must provide a Notice of Election selecting a Fixed Rate or the LIBOR Rate for each Loan, as follows:

(i) **Fixed Rate.** If the Borrower selects a Fixed Rate, then such rate shall be in effect for the Fixed Rate Term selected by the Borrower. For any Loan, the Borrower may not select a Fixed Rate with a Fixed Rate Term that extends beyond the Maturity Date.

(ii) **LIBOR Rate.** If the Borrower selects the LIBOR Rate for a Loan, then such LIBOR Rate shall reset as of the first day of each LIBOR Rate Term until the Maturity Date, unless the Borrower provides a Notice of Election selecting a Fixed Rate from any of the Offered Interest Rates, pursuant to the terms hereof.

SUBSEQUENT SELECTION OF INTEREST RATE

For a Loan with a Fixed Rate, Lender shall provide Borrower with at least 60 days prior written or electronic notice to the Interest Rate Reset Date. The Borrower may provide a Notice of Election for such Loan at least 15 days prior to the Interest Rate Reset Date, selecting an interest rate from any of the Offered Interest Rates. Beginning on the Interest Rate Reset Date, such Loan shall bear interest according to the interest rate option so selected. If the Borrower does not timely provide a Notice of Election for such Loan, then beginning on the Interest Rate Reset Date the Loan shall bear interest at the LIBOR Rate. For any Loan, the Borrower may not select a Fixed Rate with a Fixed Rate Term that extends beyond the Maturity Date.

For a Loan with the LIBOR Rate, the Borrower may provide a Notice of Election selecting an interest rate from any of the Offered Interest Rates to apply to the Loan on a date specified in the Notice of Election, which date must be the first calendar day of a month on or after 30 days from the date of the Notice of Election. Beginning said date, such Loan shall bear interest according to the interest rate option so selected.

COMMUNICATION AND COMPUTATION OF INTEREST

Approximately one week prior to the Closing Date or Interest Rate Reset Date, as applicable, Lender shall advise Borrower of the rate of interest to apply to a Loan for which the Borrower newly selected a Fixed Rate or the LIBOR Rate, or did not select a new rate and thereby

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

converted to the LIBOR Rate. Interest shall be computed on the basis of a 30-day month and 360-day year. Subject to Section 3.02.B. (Default Rate) and Section 3.02.C. (Repurchase Rate), the rate properly selected by Borrower for each Interest Rate Term shall remain in effect until the beginning of the next Interest Rate Term. No provision of this Agreement or of any Note shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

AMORTIZING LOANS; PAYMENT

The Loan will amortize on a level principal basis, based on a ten (10) year amortization period commencing on the Closing Date with a final balloon payment on the Maturity Date, as set forth on Schedule 3.01 attached hereto.

The Borrower shall promptly pay interest and principal in the amounts shown in the Payment Notice absent manifest error. If not sooner paid, any amount due on account of the unpaid principal, interest accrued thereon and fees, if any, shall be due and payable on the Maturity Date.

[Remainder of page intentionally left blank.]

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

Schedule 2.01A

LITIGATION

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

Schedule 2.01C

DISCLOSURE

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

Schedule 2.01P

**MEMBER WHOLESALE POWER CONTRACTS
AND
MATERIAL DIRECT SERVE CONTRACTS**

[Attached Hereto]

[NOTE: THIS DRAFT LOAN AGREEMENT REMAINS SUBJECT TO CFC CREDIT APPROVAL IN ALL RESPECTS, AND DOES NOT REPRESENT, NOR SHALL IT BE CONSTRUED TO BE, A BINDING COMMITMENT TO LEND.]

Schedule 3.01

Payment Date	Principal Payment
2/1/2018	\$ 750,000.00
8/1/2018	\$ 750,000.00
2/1/2019	\$ 750,000.00
8/1/2019	\$ 750,000.00
2/1/2020	\$ 750,000.00
8/1/2020	\$ 750,000.00
On the Maturity Date	\$ 10,500,000.00

SEVENTH SUPPLEMENTAL INDENTURE
(to that certain Indenture dated as of July 1, 2009)
dated as of _____, 2017

Relating to the Big Rivers Electric Corporation First Mortgage Note, Series 2017A

Authorized by this Seventh Supplemental Indenture

BIG RIVERS ELECTRIC CORPORATION

to

**U.S. BANK NATIONAL ASSOCIATION,
TRUSTEE**

FIRST MORTGAGE OBLIGATIONS

-
- THIS INSTRUMENT IS A MORTGAGE.
 - THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
 - BIG RIVERS ELECTRIC CORPORATION IS A TRANSMITTING UTILITY.
 - THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, FIXTURES AND PROCEEDS.
 - FUTURE ADVANCES AND FUTURE OBLIGATIONS ARE SECURED BY THIS INSTRUMENT.
 - THE MAXIMUM ADDITIONAL INDEBTEDNESS WHICH MAY BE SECURED HEREUNDER IS \$3,000,000,000.
 - THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE DESCRIBED ON PAGES 2 THROUGH 4.
 - THE ADDRESSES AND THE SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE STATED ON PAGES 1, S-1 AND S-2.

THIS INDENTURE WAS PREPARED BY JAMES M. MILLER OF SULLIVAN, MOUNTJOY, STAINBACK & MILLER, P.S.C., 100 ST. ANN BUILDING, OWENSBORO, KENTUCKY 42303, ATTORNEY FOR BIG RIVERS ELECTRIC CORPORATION.

Signed: _____

THIS SEVENTH SUPPLEMENTAL INDENTURE, dated as of _____, 2017 (this "Seventh Supplemental Indenture"), is between **BIG RIVERS ELECTRIC CORPORATION**, a cooperative corporation organized under the laws of the Commonwealth of Kentucky, as Grantor (hereinafter called the "Company"), whose post office address is 201 Third Street, Henderson, Kentucky 42420, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee (in such capacity, the "Trustee"), whose post office address is 225 Asylum Street, Hartford, Connecticut 06103;

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of July 1, 2009 (the "Original Indenture", as heretofore, hereby and hereafter supplemented and amended being sometimes referred to as the "Indenture"), for the purpose of securing its Existing Obligations and providing for the authentication and delivery of Additional Obligations (capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in Article I of the Indenture) by the Trustee from time to time under the Indenture. The Original Indenture is filed of record as shown on Exhibit A hereto;

WHEREAS, in connection herewith, the Company will enter into a Loan Agreement, dated as of _____, 2017 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), with National Rural Utilities Cooperative Finance Corporation ("CFC"), pursuant to which the CFC has agreed to loan the Company \$15,000,000 in principal amount and, in connection therewith, the Company will secure certain of its obligations under the Loan Agreement under this Seventh Supplemental Indenture;

WHEREAS, the Company desires to execute and deliver this Seventh Supplemental Indenture, in accordance with the provisions of the Indenture, for the purpose of providing for the creation and designation of its First Mortgage Note, Series 2017A, in the principal amount of \$15,000,000 (the "Series 2017A Note") as an Additional Obligation and specifying the form and provisions of the Series 2017A Note;

WHEREAS, Section 12.1 of the Indenture provides that, without the consent of the Holders of any of the Obligations at the time Outstanding, the Company, when authorized by a Board Resolution, and the Trustee, may enter into Supplemental Indentures for the purposes and subject to the conditions set forth in said Section 12.1;

WHEREAS, all acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to secure the payment of the principal of and interest on the Series 2017A Note, to make the Series 2017A Note issued hereunder, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligation of the Company, and to constitute the Indenture a valid and binding lien for the security of the Series 2017A Note, in accordance with its terms, have been done and taken; and the execution and delivery of this Seventh Supplemental Indenture has been in all respects duly authorized; and

WHEREAS, this Seventh Supplemental Indenture is permitted pursuant to the provisions of Sections 12.1 C and 12.2 of the Indenture;

NOW, THEREFORE, THIS SEVENTH SUPPLEMENTAL INDENTURE WITNESSES, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Secured Obligations, including, when issued, the Series 2017A Note, to confirm the lien of the Indenture upon the Trust Estate, including property purchased, constructed or otherwise acquired by the Company since the date of execution of the Original Indenture, to secure performance of the covenants therein and herein contained, to declare the terms and conditions on which the Series 2017A Note is secured, and in consideration of the premises thereof and hereof, the Company by these presents does grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to (and does create a security interest in favor of) the Trustee, in trust with power of sale, all property, rights, privileges and franchises of the Company (except any Excepted Property) of the character described in the Granting Clauses of the Indenture, whether now owned or hereafter acquired, including all such property, rights, privileges and franchises acquired since the date of execution of the Original Indenture subject to all exceptions, reservations and matters of the character therein or herein referred to, and subject in all cases to Sections 5.2 and 11.2 B of the Indenture and to the rights of the Company under the Indenture, including the rights set forth in Article V thereof; but expressly excepting and excluding from the lien and operation of the Indenture all properties of the character specifically excepted as "Excepted Property" in the Indenture to the extent contemplated thereby.

PROVIDED, HOWEVER, that if, upon the occurrence of an Event of Default under the Indenture, the Trustee, or any separate trustee or co-trustee appointed under Section 9.14 of the Indenture or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Trust Estate, all the Excepted Property described or referred to in Paragraphs A through H, inclusive, of "Excepted Property" in the Indenture owned on the date of execution of the Original Indenture or thereafter acquired by the Company, shall immediately, and, in the case of any Excepted Property described or referred to in Paragraphs I, J and L of "Excepted Property" in the Indenture, upon demand of the Trustee or such other trustee or receiver, become subject to the lien of the Indenture to the extent permitted by law, and the Trustee or such other trustee or receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and whenever all Events of Default shall have been cured and the possession of all or substantially all of the Trust Estate shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the lien of the Indenture to the extent and otherwise as hereinabove set forth and as set forth in the Indenture.

The Company may, however, pursuant to the Granting Clause Third of the Indenture, subject to the lien of the Indenture any Excepted Property, whereupon the same shall cease to be Excepted Property.

TO HAVE AND TO HOLD all such property, rights, privileges and franchises hereby and hereafter (by Supplemental Indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed (or in which a security interest is granted) as aforesaid, together with all the tenements, hereditaments and appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated in the Indenture not to be deemed part of the Trust Estate) being part of the Trust Estate), unto the Trustee, and its successors and assigns in the trust herein created, forever.

SUBJECT, HOWEVER, to (i) Permitted Exceptions and (ii) to the extent permitted by Section 13.6 of the Indenture as to property hereafter acquired (a) any duly recorded or perfected Prior Lien that may exist thereon at the date of the acquisition thereof by the Company and (b) purchase money mortgages, other purchase money liens, chattel mortgages, conditional sales agreements or other title retention agreements created by the Company at the time of acquisition thereof.

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secured Obligations without any priority of any Outstanding Secured Obligation over any other Outstanding Secured Obligation and for the enforcement of the payment of Outstanding Secured Obligations in accordance with their terms.

UPON CONDITION that, until the happening of an Event of Default under the Indenture and subject to the provisions of Article V of the Indenture, and not in limitation of the rights elsewhere provided in the Indenture, including the rights set forth in Article V of the Indenture, the Company shall have the right to (i) possess, use, manage, operate and enjoy the Trust Estate (other than cash and securities constituting part of the Trust Estate that are deposited with the Trustee), (ii) explore for, gather, cut, mine and produce crops, timber, coal, ore, gas, oil, minerals or other natural resources and products, and to use, consume and dispose of any thereof, and (iii) collect, receive, use, make payments from, transfer, invest, otherwise utilize or employ amounts constituting or derived from the rents, issues, tolls, earnings, profits, revenues, products and proceeds from the Trust Estate or the operation of the property constituting part of the Trust Estate.

Should the indebtedness secured by the Indenture be paid according to the tenor and effect thereof when the same shall become due and payable and should the Company perform all covenants therein and herein contained in a timely manner, then the Indenture shall be canceled and surrendered.

AND IT IS HEREBY COVENANTED AND DECLARED that the Series 2017A Note is to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the covenants, conditions and trusts set forth herein and in the Indenture, and the Company does hereby covenant and agree to and with the

Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Obligations, as follows:

ARTICLE I

THE FIRST MORTGAGE NOTE, SERIES 2017A AND CERTAIN PROVISIONS RELATING THERETO

SECTION 1.01. Definitions.

All words and phrases defined in Article I of the Indenture shall have the same meaning in this Seventh Supplemental Indenture, including any exhibit hereto, except as otherwise appears herein or unless the context clearly requires otherwise.

SECTION 1.02. Authorization and Terms of the First Mortgage Note, Series 2017A.

There shall be established a series of Additional Obligations known as and entitled the "First Mortgage Note, Series 2017A" (hereinafter referred to as the "Series 2017A Note"), the form, terms and conditions of which shall be substantially as set forth in Sections 1.02-1.05 hereof. The Series 2017A Note is the same Note described and defined in the Loan Agreement as the "Note." The aggregate principal face amount of the Series 2017A Note which shall be authenticated and delivered is limited to \$15,000,000. The Series 2017A Note shall be dated _____, 2017 and is due _____, 20____.

The Series 2017A Note shall bear interest at the rates and be payable on the Payment Date (as defined in the Loan Agreement) set forth in the Loan Agreement. The principal of and interest on the Series 2017A Note shall be paid to the Person in whose name that Obligation (or one or more Predecessor Obligations) is registered at the close of business on the 15th day (whether or not a Business Day) of the calendar month immediately preceding an interest payment (the "Record Date") applicable to such Interest Payment Date (as defined in the Loan Agreement). Interest on the Series 2017A Note shall be computed pursuant to the Loan Agreement. The Company will act as the Paying Agent for the Series 2017A Note and the Trustee shall be the Obligation Registrar pursuant to Section 3.7 of the Indenture.

SECTION 1.03. Repayment.

Repayment of the Series 2017A Note shall be made pursuant to the provisions of the Loan Agreement.

SECTION 1.04. Optional Prepayment.

The Company may at any time and from time to time optionally prepay the Series 2017A Note, as provided in the Loan Agreement.

SECTION 1.05. Form of the Series 2017A Note.

The Series 2017A Note and the Trustee's authentication certificate to be executed on the Series 2017A Note shall be substantially in the form of Exhibit B attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted in the Indenture.

SECTION 1.06. Registration of the Series 2017A Note.

The Series 2017A Note shall be issued as a fully registered note without coupons and in minimum denominations of \$1.00 and any integral multiple of \$1.00 in excess thereof. The Series 2017A Note shall be registered in the name of the Lender (as defined in the Loan Agreement) in certificated form.

SECTION 1.07. Use of Proceeds.

The Company shall use the proceeds of the loans evidenced by the Series 2017A Note to refinance \$15,000,000 of the outstanding principal amount of the RUS 2009 Promissory Note Series A dated July 16, 2009.

ARTICLE II

MISCELLANEOUS

SECTION 2.01. Supplemental Indenture.

This Seventh Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture, and shall form a part thereof, and the Indenture, as hereby supplemented, is hereby confirmed. All of the provisions, terms, covenants and conditions of the Original Indenture shall be applicable to the Series 2017A Note to the same extent as if specifically set forth herein except to the extent any such provisions, terms, covenants and conditions are covered or addressed by the express terms of this Seventh Supplemental Indenture or the Loan Agreement, in which case this Seventh Supplemental Indenture or the Loan Agreement shall apply.

SECTION 2.02. Recitals.

All recitals in this Seventh Supplemental Indenture are made by the Company only and not by the Trustee; and all of the provisions contained in the Indenture, in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect hereof as fully and with like effect as if set forth herein in full. The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Seventh Supplemental Indenture or the Series 2017A Note (other than its certificate of authentication); it shall not be accountable for the Company's use of the proceeds from the Series 2017A Note; and it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee. The

Trustee is not a party to the Loan Agreement, and it will not be responsible for or charged with knowledge of any terms of the Loan Agreement.

SECTION 2.03. Successors and Assigns.

Whenever in this Seventh Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles IX and XI of the Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Seventh Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 2.04. No Rights, Remedies, Etc.

Nothing in this Seventh Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the Holders of the Outstanding Secured Obligations, any right, remedy or claim under or by reason of this Seventh Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Seventh Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the Holders of Outstanding Secured Obligations.

SECTION 2.05. Effective Date.

This Seventh Supplemental Indenture, shall be effective upon the receipt by the Trustee of the certificates, opinions and other documents required under Sections 1.6, 12.1 and 12.3 of the Indenture which may be evidenced by the Trustee's authentication of the Series 2017A Note under this Seventh Supplemental Indenture.

SECTION 2.06. Counterparts.

This Seventh Supplemental Indenture may be executed in several counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Company and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 2.07. Security Agreement; Mailing Address.

To the extent permitted by applicable law, this Seventh Supplemental Indenture shall be deemed to be a security agreement and financing statement whereby the Company grants to the Trustee a security interest in all of the Trust Estate that is personal property or fixtures under the Uniform Commercial Code.

The mailing address of the Company, as debtor is:

Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

and the mailing address of the Trustee, as secured party is:

U.S. Bank National Association
Corporate Trust Services
P.O. Box 960778
Boston, Massachusetts 02102

Additionally, this Seventh Supplemental Indenture shall, if appropriate, be an amendment to the financing documents originally filed in connection with the Original Indenture. The Company is authorized to execute and file as appropriate instruments under the Uniform Commercial Code to either create a security interest or amend any security interest heretofore created.

[Signatures on Next Page.]

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

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name:
Title:

(SEAL)

Attest: _____
Name:
Title:

COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF HENDERSON)

THE FOREGOING instrument was acknowledged before me this ____ day of _____, 2017, by _____, _____ of Big Rivers Electric Corporation, a Kentucky corporation, for and on behalf of said corporation.

WITNESS my hand and official seal.

Notary Public's Signature
Notary Public – Kentucky, State at Large
My commission expires: _____

(Notarial Seal)

Trustee:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Name: Philip G. Kane, Jr.

Title: Vice President

STATE OF CONNECTICUT)
)
COUNTY OF HARTFORD)

THE FOREGOING instrument was acknowledged before me this ____ day of _____, 2017, by Philip G. Kane, Jr., Vice President of U.S. Bank National Association, a national banking association, for and on behalf of said association.

WITNESS my hand and official seal.

Notary Public's Signature
Notary Public, State of _____,
County of _____
My commission expires: _____

(Notarial Seal)

EXHIBIT A

**RECORDING INFORMATION FOR
INDENTURE DATED AS OF JULY 1, 2009**

Breckinridge County	Mortgage Book 354, page 533
Caldwell County	Mortgage Book 258, page 1
Crittenden County	Mortgage Book 184, page 457
Daviess County	Mortgage Book 1707, page 562
Hancock County	Mortgage Book 177, page 259
Henderson County	Mortgage Book 1032, page 1
Hopkins County	Mortgage Book 965, page 227
Livingston County	Mortgage Book 262, page 305
Marshall County	Mortgage Book 672, page 592
McCracken County	Mortgage Book 1232, page 329
Meade County	Mortgage Book 627, page 222
Ohio County	Mortgage Book 435, page 500
Union County	Mortgage Book 373, page 152
Webster County	Mortgage Book 283, page 578

EXHIBIT B

THIS SERIES 2017A FIRST MORTGAGE NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY BE RESOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE SECURITIES ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE, EXCEPT UNDER CIRCUMSTANCES WHERE NEITHER SUCH REGISTRATION NOR SUCH AN EXEMPTION IS REQUIRED BY LAW.

CFC Loan No. []

\$15,000,000

BIG RIVERS ELECTRIC CORPORATION FIRST MORTGAGE NOTE, SERIES 2017A

ISSUANCE DATE: [], 2017

BIG RIVERS ELECTRIC CORPORATION, a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION or its registered assigns (the "Payee"), at such location as designated by the Payee from time to time, in lawful money of the United States, the principal sum of FIFTEEN MILLION AND 00/100 DOLLARS (\$15,000,000.00), pursuant to that certain Loan Agreement, dated as of even date herewith, between the Borrower and the Payee, as it may be amended from time to time (herein called the "Loan Agreement"), and to pay interest on all amounts remaining unpaid hereunder from the date hereof, at the rate and in amounts and payable on the dates provided in the Loan Agreement together with any other amount payable under the Loan Agreement. If not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable on the Maturity Date (as defined in the Loan Agreement).

This promissory note (this "Note") is secured under the Indenture dated as of July 1, 2009, made by the Borrower to U.S. Bank National Association, as Trustee thereunder, as it has been or shall hereafter be supplemented, amended, consolidated or restated from time to time (the "Indenture"). This Note is the Note referred to in, and has been executed and delivered pursuant to, the Loan Agreement, and constitutes an "Obligation" (as defined in the Indenture) under the Indenture. This Note is equally and ratably secured, to the extent provided in the Indenture, by the Trust Estate.

Seventh Supplemental Indenture

This Note is a registered Obligation and, as provided in the Indenture, upon surrender of this Note for registration of transfer, accompanied by a written instrument of transfer (in substantially the same form attached hereto as Exhibit A) duly executed, by the registered Holder (as defined in the Indenture) hereof or such Holder's attorney duly authorized in writing, a new secured promissory note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Borrower may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Borrower will not be affected by any notice to the contrary.

The principal hereof and accrued interest thereon may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Indenture, and with respect to any other amount due under the Loan Agreement, as provided in the Indenture or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note. The Borrower waives all rights of setoff, rescission, deduction, recoupment or defense, including the defense of usury, and represents that no such right of rescission, set-off, counterclaim, or defense is asserted with respect thereto.

The Payee or any subsequent holder of this Note may sell, transfer, assign and endorse over to one or more purchasers, transferees or assignees all or portion of its right, title and interest in and to the Loan, this Note, the Loan Agreement and the Indenture, provided, however, that the Payee's rights and obligations under the Indenture shall be transferred only to and to the extent that such rights and obligations pertain only to the Loan. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Loan Agreement.

This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed by a duly authorized officer of the Borrower all as of the issuance date above written.

(SEAL)

BIG RIVERS ELECTRIC CORPORATION

Name: Robert W. Berry
Title: President and Chief Executive Officer

**[TRUSTEE'S CERTIFICATE OF AUTHENTICATION APPEARS ON
FOLLOWING PAGE]**

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

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

Date of Authentication: _____

FORM OF TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned registered Noteholder hereby sell(s) assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

(Please print or typewrite name and address including zip code of assignee)

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

attorney to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

(Signature of Transferor)

NOTE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or enlargement or any change whatsoever.

NOTE: The signature must be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to S.E.C. Rule 17Ad-15.

National Rural Utilities Cooperative Finance Corporation hereby authorizes the Trustee as Obligation Registrar for the First Mortgage Note, Series 2017A to transfer this Note under the Indenture pursuant to the instructions, above.

National Rural Utilities Cooperative Finance Corporation

By: _____
Name: _____
Title: _____

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

Case No. 2017-00281

TESTIMONY OF
LINDSAY N. DURBIN

ON BEHALF OF
BIG RIVERS ELECTRIC CORPORATION

JULY 20, 2017

Testimony of Lindsay N. Durbin

Table of Contents

Page 3	I.	Introduction
Page 4	II.	Descriptions of Evidences of Indebtedness
Page 4		CFC Loan
Page 11		RUS Loans
Page 14	III.	Miscellaneous
Page 16	IV.	Summary of Relief Requested

Exhibits

Exhibit A	Summary of Professional Experience of Lindsay N. Durbin
-----------	---

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

**TESTIMONY OF
LINDSAY N. DURBIN**

I. INTRODUCTION

Q. Please state your name.

A. My name is Lindsay N. Durbin. I am employed by Big Rivers Electric Corporation ("*Big Rivers*"), 201 Third Street, Henderson, Kentucky 42420, as Chief Financial Officer. A summary of professional experience is provided as Exhibit Durbin Direct_A, attached to this testimony.

Q. Have you previously testified before the Kentucky Public Service Commission ("*Commission*") or other regulatory bodies?

A. Yes. I have testified or participated in cases before the Kentucky Public Service Commission ("*Commission*") several times on behalf of Big Rivers, most recently in Case Nos. 2014-00134, 2014-00230, 2014-00455, 2016-00306, and 2017-00243.

Q. Please summarize the purpose of your testimony in these proceedings.

A. The purpose of my testimony is to describe and support the plans Big Rivers Electric Corporation ("*Big Rivers*") described in this application ("*Application*") to issue evidences of indebtedness in connection with three borrowings. The lending transactions related to these evidences of indebtedness are:

- 1 • An additional loan in the amount of \$15,000,000 from CFC (the “CFC
2 Loan”); and
- 3 • Two loans from the Federal Financing Bank (“FFB”) to be guaranteed
4 by the Rural Utilities Service of the U. S. Department of Agriculture
5 (the “RUS,” and the “RUS Loans”) that require a supplement to the
6 Indenture dated as of July 1, 2009 between Big Rivers and U.S. Bank
7 National Association, as Trustee (the “Indenture”).¹
- 8

9 **II. DESCRIPTIONS OF EVIDENCES OF INDEBTEDNESS**

10 ***CFC LOAN***

11 **Q. Please describe the transaction identified as the “CFC Loan.”**

12 A. The CFC Loan is a new, \$15,000,000 borrowing that will be used
13 entirely to prepay a portion of the outstanding principal balance on the RUS
14 2009 Promissory Note Series A (“RUS A Note”).² The evidences of
15 indebtedness Big Rivers proposes to issue in connection with the CFC Loan
16 are:

- 17 a. Credit agreement between Big Rivers and CFC (“CFC Credit
18 Agreement”), a substantially complete copy of which is attached to this
19 Application as Exhibit 2;

¹ A copy of the Indenture is attached as Exhibit 7 to the *Application of Big Rivers Electric Corporation for Approval to Issue Evidences of Indebtedness*, P.S.C. Case No. 2009-00441.

² The RUS 2009 Promissory Note Series A dated July 16, 2009, is secured by the Indenture.

1 b. The Seventh Supplemental Indenture, a substantially complete
2 copy of which is attached to this Application as Exhibit 3, relating to the
3 issuance to CFC of the CFC Note, described below. The Seventh
4 Supplemental Indenture supplements the Indenture. This supplemental
5 indenture is in the form that has been used several other times by Big Rivers
6 for the purpose of securing the issuance of new debt under the Indenture.

7 c. A note ("CFC Note") in the original principal amount of
8 \$15,000,000, a substantially complete copy of which is attached as Exhibit B
9 to the Seventh Supplemental Indenture, attached as Exhibit 3 to this
10 Application.

11 **Q. Please explain the purpose of this borrowing and the proposed use of the**
12 **proceeds of the borrowing.**

13 A. This loan is made by CFC under its "Advantage" program, pursuant to
14 which it immediately sells the note to a third party. In this case, Big Rivers'
15 note will be sold to the Federal Agricultural Mortgage Corporation ("Farmer
16 Mac"). Big Rivers is making this borrowing for two principal reasons. First,
17 this allows Big Rivers to build a relationship with another lender, in this case
18 Farmer Mac, which could provide Big Rivers another credit option in the
19 future. But Big Rivers will also be borrowing \$15,000,000 at an interest rate
20 estimated to be 3.5% for the purposes of paying down \$15,000,000 of RUS
21 debt under the RUS A Note, which bears an interest rate of 5.75%. We
22 estimate that over the term of the CFC Loan Big Rivers will save

1 approximately \$600,000 in interest expense. The RUS Note had an original
2 principal amount of \$602,573,536, and has a final maturity of July 1, 2021.
3 Under the terms of the RUS A Note, Big Rivers may prepay any amounts on
4 the note without penalty. As of the assumed date of closing of the CFC Loan
5 on October 23 or 24, 2017, the outstanding stated principal balance of the
6 RUS A Note will be \$80,456,000. Big Rivers will use the entire \$15,000,000
7 in proceeds from the CFC Note to further reduce the outstanding stated
8 principal balance of the RUS A Note to \$65,456,000. Big Rivers may “claw
9 back” prepayments by withholding the principal portion of future scheduled
10 RUS A Note payments until the outstanding stated principal balance of the
11 RUS A Note equals the Allowed Balance under the RUS Maximum Debt
12 Balance Schedule.

13 There is no other purpose or use to which the proceeds of this
14 borrowing will be put, and Big Rivers will not use its borrowing authority
15 under the CFC Loan to acquire, construct, improve or extend any property, or
16 to refund any other outstanding obligations of Big Rivers. In fact, The CFC
17 Credit Agreement expressly provides in Section 5.01J and in Schedule 1 that
18 Big Rivers must use the proceeds of the CFC Loan to immediately prepay a
19 portion of the unpaid balance of the RUS A Note.

1 Q. Please describe the terms of the CFC Credit Agreement.

2 A. The CFC Credit Agreement is attached as Exhibit 2 to this
3 Application. To describe the CFC Credit Agreement, I will use defined terms
4 from that agreement, and capitalize those terms.

5 The maturity date of the Note and the CFC Credit Agreement will be a
6 date in 2020 that is three years after the date of the Note. The date of the
7 Note is the same date as the date on the CFC Credit Agreement, which will
8 be the date on which the conditions set forth in Section 4.01 of the CFC
9 Credit Agreement are satisfied.

10 Conditions to funding of the CFC Loan are set forth in Section 4.01 of
11 the CFC Credit Agreement and include, among others, the customary
12 delivery of documents, opinions, and certificates as a condition to the closing
13 of the CFC Loan. One of those conditions is that Big Rivers pay CFC's
14 expenses as described in Section 4.01M based upon actual expenses incurred.
15 Another condition to CFC's obligation to lend is that CFC has received a
16 commitment from a purchaser to purchase the Loan on terms satisfactory to
17 CFC, and that the purchase of the Loan will occur simultaneously with the
18 funding of the CFC Loan to Big Rivers. As I have already stated, CFC plans
19 to sell the Loan to the Federal Agricultural Mortgage Corporation, and the
20 terms of the CFC Credit Agreement are based upon that assumption.
21 Section 3.01 provides that the Loan will amortize on a level principal basis,
22 based on a ten-year amortization schedule with a balloon payment on the

1 Maturity Date. The amortization schedule is set forth in Schedule 3.01 to the
2 CFC Credit Agreement.

3 The interest rate on the Loan will be established as provided in the
4 Interest Rate Rider, which is Exhibit A to the CFC Credit Agreement. Prior
5 to the Closing Date, Big Rivers will provide CFC a Notice of Election
6 selecting a Fixed Rate and a Fixed Rate Term, or the LIBOR Rate for the
7 Loan. That election will be made from the Offered Interest Rates, which are
8 the available interest rate options offered by the Federal Agricultural
9 Mortgage Corporation for loans to rural electric power supply systems
10 originated by CFC and sold to the Federal Agricultural Mortgage Corporation.
11 Offered Interest Rates may change at the end of an Interest Rate Term.

12 If Big Rivers selects the Fixed Rate and a Fixed Rate Term that
13 expires prior to the Maturity Date, Big Rivers can reset the Fixed Rate as
14 provided in Exhibit A to the CFC Credit Agreement. If Big Rivers selects the
15 LIBOR Rate, that rate will reset on the first day of each month during the
16 LIBOR Rate Term. For a Loan with the LIBOR Rate, Big Rivers also has the
17 option to elect an interest rate from any of the Offered Interest Rates in
18 accordance with the procedures specified in Exhibit A.

19 If CFC repurchases or otherwise reacquires the Loan pursuant to the
20 terms of the loan sale agreement under which CFC sells the Loan, then
21 beginning on the closing date of that repurchase or reacquisition and
22 continuing through the Maturity Date, the Loan will accrue interest at the

1 “Repurchase Rate.” The Repurchase Rate is the rate of interest established
2 by CFC for variable interest rate long-term loans pursuant to the long-term
3 loan programs established by CFC from time-to-time, as in effect on the date
4 that CFC repurchases or otherwise reacquires the Loan.

5 If Big Rivers fails to pay any amount due under the CFC Credit
6 Agreement within five business days after the due date, or any other Event of
7 Default occurs, in addition to its other available remedies, CFC will impose
8 an Interest Rate Adder of two hundred basis points on the outstanding
9 principal balance of the Loan until the Event of Default is cured. If a
10 payment due under the CFC Credit Agreement is not made within five
11 business days after the due date, Big Rivers will also incur a late payment fee
12 equal to 1.0% of the payment due. If a payment is not made within thirty
13 days of the applicable Payment Date, then beginning on the thirty-first day
14 after the Payment Date and continuing until such payment is made, the Loan
15 will bear interest at the Default Rate, equal to the interest rate that would
16 otherwise be in effect plus two hundred basis points. The effective date of an
17 Interest Rate Adder imposed or eliminated is the first day of the month
18 following the occurrence of the Event of Default or cure.

19 Big Rivers may prepay the Loan, in whole or in part, but in doing so it
20 may incur prepayment fees or a Make-Whole Premium, or both. The terms
21 for prepayment of the Loan are in Section 3.03D.

1 Unlike some other CFC loans to Big Rivers, no patronage capital is
2 earned, and no interest rate discounts apply to the Loan. Big Rivers is not
3 obligated to pay any upfront or administrative fees not identified in the CFC
4 Credit Agreement.

5 The CFC Credit Agreement contains the same MFIR covenant that is
6 in the Indenture. That covenant is to establish and collect rates that together
7 with other revenues available to Big Rivers are reasonably expected to yield a
8 MFIR for each year equal to 1.10.

9 **Q. Please describe the CFC Note.**

10 A. A substantially complete copy of the CFC Note in the original principal
11 amount of \$15,000,000 is attached as Exhibit B to the Seventh Supplemental
12 Indenture, which attached as Exhibit 3 to this Application. It evidences Big
13 Rivers' promise to pay the Loan on the terms established in the CFC Credit
14 Agreement.

15 **Q. What expenses will Big Rivers incur in connection with the proposed CFC
16 Loan?**

17 A. In addition to the expenses already described, Big Rivers expects to
18 incur the legal cost for its counsel and recording fees in an estimated amount
19 of \$55,000. All transaction costs will be deferred and amortized over the life
20 of the new debt.

1 *THE RUS LOANS*

2 Q. Please describe the transaction identified as the "RUS Loans."

3 A. Big Rivers is pleased to have reestablished access to the RUS loan
4 program for the first time since Big Rivers' reorganization in 1998. The RUS
5 loan program provides an excellent option for low-cost financing for Big
6 Rivers' capital requirements. This is important, in part, because Big Rivers'
7 credit ratings remain below investment grade, meaning that access to credit
8 in the general credit markets could be limited, and would likely be more
9 expensive.

10 In connection with the RUS Loans, Big Rivers seeks Commission
11 authority to issue its Eighth Supplemental and Amendatory Indenture
12 ("Eighth Supplemental Indenture"), a substantially complete copy of which is
13 attached to this Application as Exhibit 5. No other Commission authority is
14 required for the RUS Loans because those loans are subject to the
15 supervision or control of the RUS.

16 The Eighth Supplemental Indenture secures under the Indenture (i)
17 the Future Advance Promissory Note – W8 to be issued by Big Rivers to the
18 FFB in the amount of \$25,630,000, and the Reimbursement Note – W8 to be
19 issued by Big Rivers to the RUS in the same amount, and (ii) the Future
20 Promissory Note – X8 in the amount of \$20,511,000 to be issued by Big
21 Rivers to the FFB and the Reimbursement Note – X8 to be issued by Big
22 Rivers to the RUS in the same amount.

1 The W8 loan is for the long-term financing of the costs of certain
2 environmental equipment upgrade projects for its owned or leased generating
3 plants. The Commission approved those projects in 2012 in Case No. 2012-
4 00063,³ and the projects are already completed. The X8 loan is for the long-
5 term financing of certain transmission projects that Big Rivers has or will
6 construct as extensions of its system in the ordinary course of business, or
7 pursuant to a certificate of public convenience and necessity granted by the
8 Commission in Case No. 2015-00051.⁴ Because these transmission projects
9 are being constructed pursuant to an RUS-approved transmission work plan
10 and the loan to finance these projects is not subject to Commission approval,
11 Big Rivers believes it is not required to provide the detail on the projects
12 otherwise required by 807 KAR 5:001 §18(e). If the Commission finds that
13 the requirements of that regulation do apply to Big Rivers' Application for
14 authority to issue the Eighth Supplemental Indenture, Big Rivers requests a
15 deviation from that requirement pursuant to 807 KAR 5:001, Section 22
16 because those transmission projects are under the supervision or control of
17 the RUS.

³ These projects were approved by the Commission in *In the Matter of: Application of Big Rivers Electric Corporation for Approval of Its 2012 Environmental Compliance Plan, for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Convenience and Necessity, and for Authority to Establish a Regulatory Account*, Case No. 2012-00063, order dated October 1, 2012.

⁴ This loan, among other things, reimburses Big Rivers for the cost of the transmission line project associated with the expansion of Aleris Rolled Products, Inc. that was approved by the Commission in *In the Matter of: Application of Big Rivers Electric Corporation for a Certificate of Public Convenience and Necessity to Construct Two 161 KV Transmission Lines in Hancock County, Kentucky*, P.S.C. Case No. 2015-00051.

1 The Eighth Supplemental Indenture further provides in Article II for
2 an amendment to the Indenture definition of “Retired” that will exclude from
3 that definition the value of retired property that the Commission allows Big
4 Rivers to place in a regulatory or similar asset and recover through rates.
5 Under those circumstances, the value of retired property will not reduce the
6 amount of Bondable Property under the Indenture, which would otherwise
7 reduce Big Rivers’ ability to secure additional borrowings under the
8 Indenture. To become effective, this amendment to the Indenture must be
9 consented to by not less than a majority in principal amount of the
10 Obligations of all series then outstanding under the Indenture. This
11 amendment to the Indenture removes an impediment to the potential sale or
12 retirement of Big Rivers’ Coleman Plant, or any other assets, and allows Big
13 Rivers to complete Recommendation No. 5 in the Action Plan from the
14 Focused Management Audit of Big Rivers Electric Corporation dated October
15 6, 2015.

16 Big Rivers is also issuing in connection with the RUS Loans its First
17 Amended and Restated Consolidated Loan Contract between Big Rivers and
18 the United States of America (“RUS 2017 Loan Contract”). The RUS 2017
19 Loan Contract is basically the 2009 RUS Loan Contract amended to recognize
20 and authorize the RUS Loans.

1 Q. What expenses will Big Rivers incur in connection with negotiating and
2 recording the Eighth Supplemental Indenture in connection with the
3 proposed RUS financing transaction?

4 A. Big Rivers expects to incur the legal cost for its counsel and recording
5 fees in the estimated amount of \$41,000. There are no other anticipated
6 expenses. All transaction costs will be deferred and amortized over the life of
7 the new debt.

8
9 III. MISCELLANEOUS MATTERS

10

11 Q. Do the documents described by you in your testimony and in the Application
12 constitute all the material documents related to the evidences of
13 indebtedness for which Commission approval is sought in this Application?

14 A. Yes. To the best of my knowledge, these documents, although not
15 complete, are in substantially complete form. Big Rivers will make a
16 compliance filing with the Commission after closing each of the two financing
17 transactions providing it with the final, executed versions of all financing
18 documents, along with a list of the changes, if any, that have been made from
19 the drafts that are submitted with this Application. Big Rivers recognizes
20 that any substantial change in a draft document prior to closing of the
21 financing transaction will require resubmission of the document to the
22 Commission prior to execution and delivery of the document by Big Rivers.

1 Q. Please explain why Big Rivers is requesting a Commission order no later
2 than September 19, 2017.

3 A. Big Rivers has requested an order no later than September 19, 2017,
4 which is sixty days after the filing date of the Application, to allow the closing
5 date for the CFC Loan to occur on October 23 or 24, 2017. The Farmer Mac
6 credit approval for purchase of the CFC Loan expires October 24, 2017. The
7 proposed timing is based up allowing for expiration of the 33 day period in
8 which an appeal may be taken from the Commission's order in this matter
9 assuming issuance of the order no later than September 19, 2017. The specific
10 closing date for issuance by Big Rivers of the evidences of indebtedness
11 proposed in this Application will be set following receipt by Big Rivers of the
12 authority from the Commission requested herein, and satisfaction of the
13 conditions to the closings imposed by the evidences of indebtedness filed with
14 this Application.

15 We believe our request for an order to be entered no later than
16 September 19, 2017, is reasonable because the borrowing proposed by Big
17 Rivers does not include a request for a certificate of public convenience and
18 necessity. The individual transactions are relatively simple, although there
19 are three loans involved. Only the CFC Loan is a new loan that must be
20 reviewed in its entirety by the Commission. We hope and believe these
21 factors will simplify the Commission's review process.

1 Q. Does Big Rivers have the requisite corporate authority to permit it to issue
2 the proposed evidences of indebtedness?

3 A. Yes. Big Rivers has the authority to borrow money under its articles of
4 incorporation and bylaws, and under KRS Chapter 279. The Big Rivers
5 Board has already authorized the borrowings, although there may be
6 subsequent resolutions required by the creditors to approve final documents.

7
8 IV. SUMMARY OF RELIEF REQUESTED

9
10 Q. Please summarize all the relief Big Rivers is requesting in this filing.

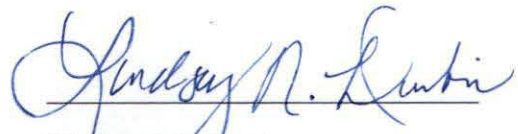
11 A. Big Rivers asks that the Commission enter an order on or before
12 September 19, 2017, authorizing Big Rivers to issue the evidences of
13 indebtedness filed with Big Rivers' Application as Exhibits 2, 3 and 5.

14 Q. Does this conclude your testimony?

15 A. Yes.

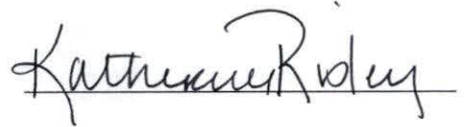
VERIFICATION

I, Lindsay N. Durbin, Chief Financial Officer of Big Rivers Electric Corporation, verify, state, and affirm that I prepared or supervised the preparation of the Direct Testimony filed with this Verification, and that this Direct Testimony is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry, on this the 20th day of July, 2017.


Lindsay N. Durbin
Chief Financial Officer
Big Rivers Electric Corporation

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

The foregoing verification statement was SUBSCRIBED AND SWORN to before me by Lindsay N. Durbin, Chief Financial Officer of Big Rivers Electric Corporation, on this the 20th day of July, 2017.


Notary Public, Ky., State at Large

My commission expires: 10-31-2020



Professional Summary

Lindsay N. Durbin, CPA
Chief Financial Officer
Big Rivers Electric Corporation
201 3rd Street
Henderson, Kentucky 42420

Professional Experience

Big Rivers Electric Corporation, Henderson, KY 2010 to present, 1998 to 2005

- Chief Financial Officer
- Vice President Energy Services
- Managing Director Energy Services
- Director Risk Management and Strategic Planning
- Market Coordinator/Economic Analyst
- Cash Management and Fixed Asset Accountant
- Accounting Clerk/Purchasing Buyer

Vectren Corporation, Evansville, IN 2005 to 2010

- Manager Market Research and Analysis
- MISO Settlements Supervisor
- Market Analyst

Education

Master Certificate in Human Resource Management
Villanova University, Villanova, Pennsylvania, 2012
Master of Business Administration
University of Southern Indiana, Evansville, Indiana, 2003
Bachelor of Science in Accounting
University of Southern Indiana, Evansville, Indiana, 2001
Associate of Science in Management Information Systems
Henderson Community College, Henderson, KY, 1998

Certifications

Certified Public Accountant – CPA
Certified Management Accountant – CMA
Certified in Financial Management – CFM
Certified Business Resilience Manager – CBRM

Professional Organizations

Kentucky Society of Certified Public Accountants
Institute of Management Accountants
American Institute of Certified Public Accountants

EIGHTH SUPPLEMENTAL AND AMENDATORY INDENTURE
(to that certain Indenture dated as of July 1, 2009)
dated as of _____, 2017

Relating to the Additional Obligations issued to Federal Financing Bank
and Rural Utilities Service in connection with the W8 Loan and the X8 Loan,
Authorized by this Eighth Supplemental and Amendatory Indenture

BIG RIVERS ELECTRIC CORPORATION

to

**U.S. BANK NATIONAL ASSOCIATION,
TRUSTEE**

FIRST MORTGAGE OBLIGATIONS

- THIS INSTRUMENT IS A MORTGAGE.
- THIS INSTRUMENT GRANTS A SECURITY INTEREST IN A TRANSMITTING UTILITY.
- BIG RIVERS ELECTRIC CORPORATION IS A TRANSMITTING UTILITY.
- THIS INSTRUMENT CONTAINS PROVISIONS THAT COVER REAL AND PERSONAL PROPERTY, AFTER-ACQUIRED PROPERTY, FIXTURES AND PROCEEDS.
- FUTURE ADVANCES AND FUTURE OBLIGATIONS ARE SECURED BY THIS INSTRUMENT.
- THE MAXIMUM ADDITIONAL INDEBTEDNESS WHICH MAY BE SECURED HEREUNDER IS \$3,000,000,000.
- THE TYPES OF PROPERTY COVERED BY THIS INSTRUMENT ARE DESCRIBED ON PAGES 2 THROUGH 4.
- THE ADDRESSES AND THE SIGNATURES OF THE PARTIES TO THIS INSTRUMENT ARE STATED ON PAGES 1, S-1 AND S-2.

THIS INDENTURE WAS PREPARED BY JAMES M. MILLER OF SULLIVAN, MOUNTJOY,
STAINBACK & MILLER, P.S.C., 100 ST. ANN BUILDING, OWENSBORO, KENTUCKY 42303,
ATTORNEY FOR BIG RIVERS ELECTRIC CORPORATION.

Signed: _____

THIS EIGHTH SUPPLEMENTAL AND AMENDATORY INDENTURE, dated as of _____, 2017 (this "Eighth Supplemental Indenture"), is between **BIG RIVERS ELECTRIC CORPORATION**, a cooperative corporation organized under the laws of the Commonwealth of Kentucky, as Grantor (hereinafter called the "Company"), whose post office address is 201 Third Street, Henderson, Kentucky 42420, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee (in such capacity, the "Trustee"), whose post office address is 225 Asylum Street, Hartford, Connecticut 06103;

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of July 1, 2009 (the "Original Indenture", as heretofore, hereby and hereafter supplemented and amended being sometimes referred to as the "Indenture"), for the purpose of securing its Existing Obligations and providing for the authentication and delivery of Additional Obligations (capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in Article I of the Indenture) by the Trustee from time to time under the Indenture. The Original Indenture is filed of record as shown on Exhibit A hereto;

WHEREAS, the Company has heretofore executed and delivered to the United States of America, acting by and through the Administrator of the Rural Utilities Service ("RUS"), that certain Amended and Restated Loan Contract, dated as of July 16, 2009, and the Company is entering into that certain First Amended and Restated Loan Contract (the "Loan Contract") with the RUS which, among other things, provides the terms and conditions of a loan from the Federal Financing Bank ("FFB") in a principal amount of Twenty-Five Million Six Hundred Thirty Thousand Dollars (\$25,630,000) (the "W8 FFB Loan") and a loan from the FFB in a principal amount of Twenty Million Five Hundred Eleven Thousand Dollars (\$20,511,000) (the "X8 FFB Loan"); the W8 FFB Loan and the X8 FFB Loan are sometimes collectively referred to as the "FFB Loans");

WHEREAS, the Company's obligation to repay the FFB Loans will be evidenced by two Future Advance Promissory Notes, each dated the date set forth in Section 1.02 hereof;

WHEREAS, the RUS has committed upon specified terms and conditions to guarantee the repayment of the FFB Loans;

WHEREAS, the Company will be obligated to reimburse RUS for any payments made to FFB on behalf of the Company in connection with the FFB Loans;

WHEREAS, the Company's obligation to reimburse RUS for any payments under its guarantees to FFB will be evidenced by two Reimbursement Notes, each dated the date set forth in Section 1.02 hereof and issued pursuant Section 4.7 of the Indenture and which for purposes of the Indenture shall constitute Credit Enhancement Obligations;

WHEREAS, the Board of Directors of the Company has authorized four Additional Obligations, two of which are to be designated as the Future Advance

Promissory Notes (the "W8 FFB Note" and the "X8 FFB Note"), and two of which to be designated as the Reimbursement Notes (the "W8 Reimbursement Note" and the "X8 Reimbursement Note" and collectively with the W8 FFB Note and X8 FFB Note, the "W8 and X8 Notes"), respectively, each to be dated the applicable date set forth in Section 1.02 hereof and to be due on the applicable date set forth in Section 1.02 hereof, and the Company has complied or will comply with all provisions required to issue Additional Obligations provided for in the Indenture;

WHEREAS, the Company desires to execute and deliver this Eighth Supplemental Indenture, in accordance with the provisions of the Indenture, for the purpose of providing for the creation and designation of the W8 and X8 Notes as Additional Obligations and specifying the form and provisions of the W8 and X8 Notes;

WHEREAS, Section 12.1 of the Indenture provides that, without the consent of the Holders of any of the Obligations at the time Outstanding, the Company, when authorized by a Board Resolution, and the Trustee, may enter into Supplemental Indentures for the purposes and subject to the conditions set forth in said Section 12.1;

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company to make certain amendments to the Original Indenture as provided herein;

WHEREAS, Section 12.2 of the Indenture provides that, with the consent of the Holders of not less than a majority in principal amount of the Obligations of all series then Outstanding affected by such Supplemental Indenture, the Company, when authorized by a Board Resolution, and the Trustee, may enter into Supplemental Indentures for the purposes and subject to the conditions set forth in said Section 12.2;

WHEREAS, this Eighth Supplemental Indenture is permitted pursuant to the provisions of Sections 12.1 C and 12.2 of the Indenture; and

WHEREAS, all acts and proceedings required by law and by the Articles of Incorporation and Bylaws of the Company necessary to secure the payment of the principal of and interest on the W8 and X8 Notes, to make the W8 and X8 Notes issued hereunder, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, and to constitute the Indenture a valid and binding lien for the security of the W8 and X8 Notes, in accordance with their terms, have been done and taken; and the execution and delivery of this Eighth Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS EIGHTH SUPPLEMENTAL INDENTURE WITNESSES, that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Secured Obligations, including, when issued, the W8 and X8 Notes, to confirm the lien of the Indenture upon the Trust Estate, including property purchased, constructed or otherwise acquired by the Company since the date of execution of the Original Indenture, to secure performance of the covenants therein and herein contained, to declare the terms and conditions on which the W8 and X8 Notes

are secured, and in consideration of the premises thereof and hereof, the Company by these presents does grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to (and does create a security interest in favor of) the Trustee, in trust with power of sale, all property, rights, privileges and franchises of the Company (except any Excepted Property) of the character described in the Granting Clauses of the Indenture, whether now owned or hereafter acquired, including all such property, rights, privileges and franchises acquired since the date of execution of the Original Indenture subject to all exceptions, reservations and matters of the character therein or herein referred to, and subject in all cases to Sections 5.2 and 11.2 B of the Indenture and to the rights of the Company under the Indenture, including the rights set forth in Article V thereof; but expressly excepting and excluding from the lien and operation of the Indenture all properties of the character specifically excepted as "Excepted Property" in the Indenture to the extent contemplated thereby.

PROVIDED, HOWEVER, that if, upon the occurrence of an Event of Default under the Indenture, the Trustee, or any separate trustee or co-trustee appointed under Section 9.14 of the Indenture or any receiver appointed pursuant to statutory provision or order of court, shall have entered into possession of all or substantially all of the Trust Estate, all the Excepted Property described or referred to in Paragraphs A through H, inclusive, of "Excepted Property" in the Indenture owned on the date of execution of the Original Indenture or thereafter acquired by the Company, shall immediately, and, in the case of any Excepted Property described or referred to in Paragraphs I, J and L of "Excepted Property" in the Indenture, upon demand of the Trustee or such other trustee or receiver, become subject to the lien of the Indenture to the extent permitted by law, and the Trustee or such other trustee or receiver may, to the extent permitted by law, at the same time likewise take possession thereof, and whenever all Events of Default shall have been cured and the possession of all or substantially all of the Trust Estate shall have been restored to the Company, such Excepted Property shall again be excepted and excluded from the lien of the Indenture to the extent and otherwise as hereinabove set forth and as set forth in the Indenture.

The Company may, however, pursuant to the Granting Clause Third of the Indenture, subject to the lien of the Indenture any Excepted Property, whereupon the same shall cease to be Excepted Property.

TO HAVE AND TO HOLD all such property, rights, privileges and franchises hereby and hereafter (by Supplemental Indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed (or in which a security interest is granted) as aforesaid, together with all the tenements, hereditaments and appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Trustee (other than any such cash which is specifically stated in the Indenture not to be deemed part of the Trust Estate) being part of the Trust Estate), unto the Trustee, and its successors and assigns in the trust herein created, forever.

SUBJECT, HOWEVER, to (i) Permitted Exceptions and (ii) to the extent permitted by Section 13.6 of the Indenture as to property hereafter acquired (a) any duly recorded or perfected Prior Lien that may exist thereon at the date of the acquisition thereof by the Company and (b) purchase money mortgages, other purchase money liens, chattel mortgages, conditional sales agreements or other title retention agreements created by the Company at the time of acquisition thereof.

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Secured Obligations without any priority of any Outstanding Secured Obligation over any other Outstanding Secured Obligation and for the enforcement of the payment of Outstanding Secured Obligations in accordance with their terms.

UPON CONDITION that, until the happening of an Event of Default under the Indenture and subject to the provisions of Article V of the Indenture, and not in limitation of the rights elsewhere provided in the Indenture, including the rights set forth in Article V of the Indenture, the Company shall have the right to (i) possess, use, manage, operate and enjoy the Trust Estate (other than cash and securities constituting part of the Trust Estate that are deposited with the Trustee), (ii) explore for, gather, cut, mine and produce crops, timber, coal, ore, gas, oil, minerals or other natural resources and products, and to use, consume and dispose of any thereof, and (iii) collect, receive, use, make payments from, transfer, invest, otherwise utilize or employ amounts constituting or derived from the rents, issues, tolls, earnings, profits, revenues, products and proceeds from the Trust Estate or the operation of the property constituting part of the Trust Estate.

Should the indebtedness secured by the Indenture be paid according to the tenor and effect thereof when the same shall become due and payable and should the Company perform all covenants therein and herein contained in a timely manner, then the Indenture shall be canceled and surrendered.

AND IT IS HEREBY COVENANTED AND DECLARED that the W8 and X8 Notes are to be authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the covenants, conditions and trusts set forth herein and in the Indenture, and the Company does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit of all Holders of the Outstanding Secured Obligations, as follows:

ARTICLE I

THE W8 and X8 NOTES AND CERTAIN PROVISIONS RELATING THERETO

SECTION 1.01. Definitions.

All words and phrases defined in Article I of the Indenture shall have the same meaning in this Eighth Supplemental Indenture, including any exhibit hereto, except as otherwise appears herein or unless the context clearly requires otherwise.

SECTION 1.02. Authorization and Terms of the W8 and X8 Notes.

(a) **W8 Notes.** There shall be established a series of Additional Obligations known as and entitled the "Future Advance Promissory Note – W8" and a series of Additional Obligations known as and entitled the Reimbursement Note – W8, the form, terms and conditions of which shall be substantially as set forth in this Section 1.02 and in Section 1.03 hereof.

The aggregate principal amount of the W8 FFB Note which may be authenticated and delivered is Twenty-Five Million Six Hundred Thirty Thousand Dollars (\$25,630,000).

The aggregate principal amount of the W8 Reimbursement Note which may be authenticated and delivered is Twenty-Five Million Six Hundred Thirty Thousand Dollars (\$25,630,000).

The W8 FFB Note shall be authenticated and delivered pursuant to Section 4.2 and/or Section 4.3 of the Indenture. When the W8 FFB Note is duly executed and issued by the Company, authenticated and delivered by the Trustee and purchased by FFB, the W8 FFB Note will be equally and proportionately secured under the Indenture with all other Outstanding Secured Obligations.

All payments on the W8 FFB Note shall be made to FFB as described in the W8 FFB Note in lawful money of the United States which shall be immediately available on the date payment is due.

The W8 Reimbursement Note shall be authenticated and delivered as a Credit Enhancement Obligation pursuant to Section 4.7 of the Indenture. If the W8 Reimbursement Note is duly executed and issued by the Company, and authenticated and delivered by the Trustee then all amounts paid by the Government from time to time pursuant to that certain guarantee by RUS made by RUS to the FFB of amounts payable to FFB under the FFB Note will be equally and proportionately secured under the Indenture with all other Outstanding Secured Obligations. The W8 Reimbursement Note shall be considered an Credit Enhancement Obligation, as defined in Section 4.7 of the Indenture, and shall be subject to the provisions of such Section 4.7 as if fully set

forth therein. RUS is hereby designated under the Indenture as the Credit Enhancer in connection with the W8 FFB Note.

All payments on the W8 Reimbursement Note shall be made to the RUS as described in the W8 Reimbursement Note in lawful money of the United States which shall be immediately available on the date payment is due.

The W8 Notes shall be dated as of [_____, 2017], shall be due on [_____, ____] and shall bear interest at the rate determined as set forth therein. The W8 Notes may be subject to optional prepayment as more fully set forth in such W8 Notes.

(b) X8 Notes. There shall be established a series of Additional Obligations known as and entitled the "Future Advance Promissory Note – X8" and a series of Additional Obligations known as and entitled the Reimbursement Note – X8, the form, terms and conditions of which shall be substantially as set forth in this Section 1.02 and in Section 1.03 hereof.

The aggregate principal amount of the X8 FFB Note which may be authenticated and delivered is Twenty Million Five Hundred Eleven Thousand Dollars (\$20,511,000).

The aggregate principal amount of the X8 Reimbursement Note which may be authenticated and delivered is Twenty Million Five Hundred Eleven Thousand Dollars (\$20,511,000).

The X8 FFB Note shall be authenticated and delivered as a Conditional Obligation pursuant to Section 4.6 of the Indenture. If the X8 FFB Note is duly executed and issued by the Company, authenticated and delivered by the Trustee and purchased by FFB, then any advance under the X8 FFB Note made in compliance with Section 4.6 of the Indenture will be equally and proportionately secured under the Indenture with all other Outstanding Secured Obligations.

All payments on the X8 FFB Note shall be made to FFB as described in the X8 FFB Note in lawful money of the United States which shall be immediately available on the date payment is due.

The X8 Reimbursement Note shall be authenticated and delivered as a Credit Enhancement Obligation pursuant to Section 4.7 of the Indenture. If the X8 Reimbursement Note is duly executed and issued by the Company, and authenticated and delivered by the Trustee then all amounts paid by the Government from time to time pursuant to that certain guarantee by RUS made by RUS to the FFB of amounts payable to FFB under the FFB Note and made in compliance with Section 4.6 of the Indenture will be equally and proportionately secured under the Indenture with all other Outstanding Secured Obligations. The X8 Reimbursement Note shall be considered an Credit Enhancement Obligation, as defined in Section 4.7 of the Indenture, and shall be subject to the provisions of such Section 4.7 as if fully set forth therein. RUS is hereby designated under the Indenture as Credit Enhancer in connection with the X8 FFB Note.

All payments on the X8 Reimbursement Note shall be made to the RUS as described in the X8 Reimbursement Note in lawful money of the United States which shall be immediately available on the date payment is due.

The X8 Notes shall be dated as of [_____, 2017], shall be due on [_____, ____] and shall bear interest at the rate determined as set forth therein. The X8 Notes may be subject to optional prepayment as more fully set forth in such X8 Notes.

SECTION 1.03. Form of the W8 and X8 Notes.

The X8 and W8 FFB Notes and W8 and X8 Reimbursement Notes shall be promissory notes substantially in the forms authorized by Board Resolution and attached to the Officers' Certificate, pursuant to Section 2.1 of the Original Indenture, respectively, and the Trustee's authentication certificate to be executed on the W8 and X8 Notes shall be in the form set forth in Section 2.2 of the Indenture, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted in the Indenture. The terms and conditions of the W8 and X8 FFB Notes and the W8 and X8 Reimbursement Notes are by this reference incorporated herein.

SECTION 1.04. Use of Proceeds.

The Company shall use the proceeds of the loans evidenced by the W8 and X8 FFB Notes to finance certain additions and improvements to the System.

ARTICLE II

**AMENDMENTS TO ORIGINAL INDENTURE TO BE EFFECTIVE UPON CONSENT
OF NOT LESS THAN A MAJORITY IN PRINCIPAL AMOUNT
OF THE OBLIGATIONS OF ALL SERIES THEN OUTSTANDING**

SECTION 2.01. Additional Definition.

Upon the effective date of the amendments set forth in this Article II, the following definition shall be added to Section 1.1 of the Original Indenture:

"Regulatory Agency" means a public service commission, public utility commission or other governmental entity that oversees regulated utility activities and sets rates for the provision of electric service.

SECTION 2.02. Amendment to Definition of "Retired" Contained in Section 1.1 of the Original Indenture.

Upon the effective date of the amendments set forth in this Article II, the definition of **"Retired"** contained in the Original Indenture shall be amended to read as follows:

“Retired” means, when used with respect to property, Bondable Property that, since the Cut-Off Date, has been retired, abandoned, destroyed, worn out, removed, permanently discontinued, lost through the enforcement of any liens or released, sold or otherwise disposed of free of the lien of this Indenture or taken by eminent domain or under the exercise of a right of a government authority to purchase or take the same or recorded as retired on the books of the Company or permanently retired from service for any reason, whether or not replaced, or shall have permanently ceased to be used or useful in the business of the Company, including as a consequence of the termination of any lease, whether or not recorded as retired on the books of the Company, except that, when a minor item of property has been replaced by other property of equal value and efficiency and the cost of such replacement has been charged to other than fixed property accounts such as maintenance, repairs or other similar account, the property replaced shall not be considered as Retired; **PROVIDED, HOWEVER**, that with respect to any Bondable Property that would otherwise be considered as Retired under this definition, if

(a) the Company's Rates to its members are regulated by a state Regulatory Agency at the time such Bondable Property initially would otherwise be considered as retired under this definition,

(b) such Regulatory Agency has approved the recovery in the Company's Rates to its members of all or some portion of the value of such Bondable Property in the form of a regulatory or similar asset, and

(c) the Company has in place power purchase and sale or similar agreements with its members providing in the aggregate for the recovery of the amortization of such regulatory or similar assets in Rates, which agreements have a remaining term of not less than such approved recovery period,

then as and to the extent elected by the Company, and for so long as the Company is in compliance with the requirements of Section 13.14 and continues to recover such regulatory or similar assets in Rates in accordance with such Regulatory Agency approval, (1) such Bondable Property shall not be considered as Retired under this definition in an amount equal to the sum of the amount of such regulatory or similar asset approved by such Regulatory Agency plus any amounts related to such Bondable Property which were recorded on the books of the Company as regulatory assets at the time of such Retirement and which are authorized to be collected in Rates, and (2) to the extent that on the date of such Regulatory Agency approval the amount of Retirements for such Bondable Property exceeds the approved amount of such regulatory or similar assets, including those already recorded as regulatory assets at the time of such Retirement, then a portion of such Bondable Property in an amount equal to such excess shall be considered as Retired under this definition. Bondable Property shall not be considered as Retired under this definition during the pendency of any proceeding with a Regulatory Authority seeking regulatory or similar asset treatment with respect to such Bondable Property provided that the Company is diligently and in good faith pursuing such treatment through appropriate proceedings.

SECTION 2.03. Effective Date of Amendments to the Original Indenture Contained in this Article II.

The amendments to the Original Indenture contained in this Article II shall be effective upon receipt by the Trustee of the consents, certificates, opinions and other documents required under Sections 1.6, 12.2 and 12.3 of the Original Indenture.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. Supplemental Indenture.

This Eighth Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture, and shall form a part thereof, and the Original Indenture, as hereby supplemented, is hereby confirmed. All of the provisions, terms, covenants and conditions of the Indenture shall be applicable to the W8 and X8 Notes to the same extent as if specifically set forth herein except to the extent any such provisions, terms, covenants and conditions are covered or addressed by the express terms of this Eighth Supplemental Indenture, in which case this Eighth Supplemental Indenture shall apply.

SECTION 3.02. Recitals.

All recitals in this Eighth Supplemental Indenture are made by the Company only and not by the Trustee; and all of the provisions contained in the Indenture, in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect hereof as fully and with like effect as if set forth herein in full. The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Eighth Supplemental Indenture or the W8 and X8 Notes (other than its certificate of authentication); it shall not be accountable for the Company's use of the proceeds from the W8 and X8 Notes; and it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee. The Trustee is not a party to the Loan Contract, and it will not be responsible for or charged with knowledge of any terms of the Loan Contract.

SECTION 3.03. Successors and Assigns.

Whenever in this Eighth Supplemental Indenture any of the parties hereto is named or referred to, this shall, subject to the provisions of Articles IX and XI of the Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Eighth Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 3.04. No Rights, Remedies, Etc.

Nothing in this Eighth Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the Holders of the Outstanding Secured Obligations, any right, remedy or claim under or by reason of this Eighth Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Eighth Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the Holders of Outstanding Secured Obligations.

SECTION 3.05. Effective Date.

This Eighth Supplemental Indenture, other than the provisions of Article II, shall be effective upon the receipt by the Trustee of the certificates, opinions and other documents required under Sections 1.6, 12.1 and 12.3 of the Original Indenture which may be evidenced by the Trustee's authentication of any W8 or X8 Notes under this Eighth Supplemental Indenture. The effectiveness of the provisions of Article II shall be determined as provided in Article II.

SECTION 3.06. Counterparts.

This Eighth Supplemental Indenture may be executed in several counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Company and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 3.07. Security Agreement; Mailing Address.

To the extent permitted by applicable law, this Eighth Supplemental Indenture shall be deemed to be a security agreement and financing statement whereby the Company grants to the Trustee a security interest in all of the Trust Estate that is personal property or fixtures under the Uniform Commercial Code.

The mailing address of the Company, as debtor is:

Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

and the mailing address of the Trustee, as secured party is:

U.S. Bank National Association
Corporate Trust Services
P.O. Box 960778
Boston, Massachusetts 02102

Additionally, this Eighth Supplemental Indenture shall, if appropriate, be an amendment to the financing documents originally filed in connection with the Original Indenture. The Company is authorized to execute and file as appropriate instruments under the Uniform Commercial Code to either create a security interest or amend any security interest heretofore created.

[Signatures on Next Page.]

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

BIG RIVERS ELECTRIC CORPORATION

By: _____
Name:
Title:

(SEAL)

Attest: _____
Name:
Title:

COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF HENDERSON)

THE FOREGOING instrument was acknowledged before me this ____ day of _____, 2017, by _____, _____ of Big Rivers Electric Corporation, a Kentucky corporation, for and on behalf of said corporation.

WITNESS my hand and official seal.

Notary Public's Signature
Notary Public – Kentucky, State at Large
My commission expires: _____

(Notarial Seal)

Trustee:

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Name: Philip G. Kane, Jr.
Title: Vice President

STATE OF CONNECTICUT)
)
COUNTY OF HARTFORD)

THE FOREGOING instrument was acknowledged before me this ____ day of _____, 2017, by Philip G. Kane, Jr., Vice President of U.S. Bank National Association, a national banking association, for and on behalf of said association.

WITNESS my hand and official seal.

Notary Public's Signature
Notary Public, State of _____,
County of _____
My commission expires: _____

(Notarial Seal)

EXHIBIT A

**RECORDING INFORMATION FOR
INDENTURE DATED AS OF JULY 1, 2009**

Breckinridge County	Mortgage Book 354, page 533
Caldwell County	Mortgage Book 258, page 1
Crittenden County	Mortgage Book 184, page 457
Daviess County	Mortgage Book 1707, page 562
Hancock County	Mortgage Book 177, page 259
Henderson County	Mortgage Book 1032, page 1
Hopkins County	Mortgage Book 965, page 227
Livingston County	Mortgage Book 262, page 305
Marshall County	Mortgage Book 672, page 592
McCracken County	Mortgage Book 1232, page 329
Meade County	Mortgage Book 627, page 222
Ohio County	Mortgage Book 435, page 500
Union County	Mortgage Book 373, page 152
Webster County	Mortgage Book 283, page 578

BIG RIVERS ELECTRIC CORPORATION'S
DESCRIPTION OF PROPERTY
As of April 30, 2017

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33

Big Rivers Electric Corporation (“Big Rivers” or the “Corporation”) is a generation and transmission (“G&T”) cooperative headquartered in Henderson, Kentucky. The Corporation meets the electric power needs of three member distribution cooperatives, which, in turn, sell electricity to approximately 116,000 residential, commercial, and industrial consumers in 22 western Kentucky counties.

1. Big Rivers’ utility plant-in-service, materials and supplies, and fuel inventory as of April 30, 2017, consisted of intangible plant, electric power generating plants, land right-of-ways, transmission stations and lines, land, buildings, office furniture and equipment, transportation equipment, storage equipment, tools, shop and garage equipment, laboratory equipment, power operated equipment, communication equipment, materials and supplies inventory, and fuel inventory. The original cost of these properties as of April 30, 2017, was \$2,201,077,523.

2. As of April 30, 2017, Big Rivers’ intangible plant included organizational and franchise costs of \$66,895.

3. Big Rivers owns and operates 1,444 megawatts (MW) of electric generating capacity from four power stations: Kenneth C. Coleman (443 MW), Robert A. Reid (130 MW), Robert D. Green (454 MW), and D.B. Wilson (417 MW). Big Rivers also has certain rights to Henderson Municipal Power and Light’s (“HMP&L”) Station Two. As of April 30, 2017 the original cost of Big Rivers’ generation assets was \$1,794,203,175 with a net book (i.e. depreciated) value of \$838,012,059.

a. The Kenneth C. Coleman Station is a multiple unit generation plant consisting of three coal-fired units designed to burn Illinois Basin coal. The units were commercialized in 1969, 1970, and 1972, respectively, with a combined net output rating of 443 MW. As a result of the

BIG RIVERS ELECTRIC CORPORATION'S
DESCRIPTION OF PROPERTY
As of April 30, 2017

1 Century Aluminum Hawesville smelter contract termination in 2013
2 and the Alcan Primary Products Corporation (now Century Aluminum
3 Sebree) smelter contract termination in 2014, the three generating units
4 that make up the Coleman Station were idled in May 2014 and have
5 remained idled since that time.

6
7 b. The Robert A. Reid Station is a multiple unit generation plant
8 consisting of one coal-fired unit ("Reid Unit 1") designed to burn
9 Illinois Basin coal and one combustion turbine unit ("Reid CT") with
10 the ability to burn either fuel oil or natural gas. The units were
11 commercialized in 1966 and 1976, respectively, with a combined net
12 output rating of 130 MW (65 MW per unit). Reid Unit 1 was idled in
13 May 2016 and has remained idled since that time.

14
15 c. The Robert D. Green facility is a multiple unit generation plant
16 consisting of two coal-fired units designed to burn Illinois Basin coal.
17 The units were commercialized in 1979 and 1981, respectively, with a
18 combined net output rating of 454 MW.

19
20 d. The D.B. Wilson Station is a single coal-fired unit designed to burn
21 Illinois Basin coal. The unit was commercialized in 1986 with a net
22 output rating of 417 MW.

23
24 4. Big Rivers has interconnections with seven utilities: HMP&L, Southern
25 Illinois Power Cooperative, Louisville Gas & Electric, Kentucky Utilities,
26 Vectren, Hoosier Energy Cooperative, and the Tennessee Valley Authority.
27 However, Big Rivers currently cannot purchase power from the Tennessee
28 Valley Authority.

29
30 5. Transmission Facilities, as of April 30, 2017, included land, right-of-ways,
31 station equipment, and lines costing \$274,952,431 with a net book
32 (depreciated) value of \$141,391,211. The miles of transmission line by size
33

BIG RIVERS ELECTRIC CORPORATION'S
DESCRIPTION OF PROPERTY
As of April 30, 2017

1 are as follows: 850 miles of 69 kV, 14 miles of 138 kV, 366 miles of 161 kV,
2 and 68 miles of 345 kV. The substation capacity consists of 1,879,800 kVA
3 generation plant step up transformation and 3,840,000 kVA transmission
4 substation transformation.

- 5
- 6 6. Big Rivers owns general plant assets costing \$50,208,778 as of April 30,
7 2017, with a net book (depreciated) value of \$29,996,574. General plant
8 assets consist of land, structures and improvements, office furniture and
9 equipment, transportation equipment, storage equipment, tools, shop and
10 garage equipment, laboratory equipment, power operated equipment,
11 communication equipment, and other miscellaneous equipment used to
12 provide service to member cooperatives.
- 13
- 14 7. As of April 30, 2017, Big Rivers had materials and supplies inventory of
15 \$25,184,441 and fuel inventory of \$56,461,803.
- 16
- 17 8. Big Rivers' investment in construction work in progress as of April 30, 2017
18 was \$33,589,658.
- 19
- 20 9. As of April 30, 2017, Big Rivers did not own any non-utility property.
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1
2 Big Rivers states that:

- 3 a. No amounts or kinds of stock have been authorized.
4
5
6 b. No amounts or kinds of stock have been issued, and none are outstanding.
7
8
9 c. No amounts or kinds of preferred stock have been authorized, and none are
10 outstanding.
11
12
13 d. Effective with the close of the “Unwind” Transaction on July 16, 2009, all
14 previously existing mortgages were permanently extinguished with the Third
15 Restated Mortgage and Security Agreement (successor to the Restated Mortgage
16 and Security Agreement [the New RUS Mortgage] and Second Restated
17 Mortgage and Security Agreement) and replaced with Big Rivers’ Mortgage
18 Indenture (the “Indenture”). The Indenture secures on a *pro rata, pari passu* basis
19 all of the indebtedness owed by Big Rivers to its existing senior secured creditors
20 as well as future senior secured creditors. A principal feature of the Indenture is
21 the use of a lien and security interest in favor of an institutional trustee rather than
22 in favor of each individual creditor as mortgagee. The Indenture creates a lien
23 and security interest on most of Big Rivers’ real and personal property.
24
25
26
27
28

29 Additional debt obligations can be secured under the Indenture on a *pari*
30 *passu* basis with Big Rivers’ existing senior secured creditors without obtaining
31
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1 the existing senior secured creditors' approvals, provided such debt obligations
2 meet certain objective tests.

3
4 The Indenture, dated July 1, 2009, was made by and between Big Rivers
5 Electric Corporation, as Grantor, and U.S. Bank National Association, as Trustee.

6 As of April 30, 2017, the Indenture secured the following Obligations:
7

- 8 • RUS 2009 Promissory Note Series A, dated July 16, 2009, made by the
9 Company to the United States of America, in the original principal amount
10 of \$602,573,536, maturing on July 1, 2021. This is an Existing Obligation
11 under the Indenture.
12
- 13 • RUS 2009 Promissory Note Series B, dated July 16, 2009, made by the
14 Company to the United States of America, in the amount at final maturity
15 of \$245,530,257, maturing on December 31, 2023. This is an Existing
16 Obligation under the Indenture.
17
- 18 • Big Rivers Electric Corporation First Mortgage Note, Series 2010A, dated
19 July 8, 2010, made by the Company to U.S. Bank Trust National
20 Association, as trustee, in an amount equal to the principal and interest
21 due on the \$83,300,000 County of Ohio, Kentucky, Pollution Control
22 Refunding Revenue Bonds, Series 2010A. This is an Additional
23 Obligation under the Indenture.
24
- 25 • Big Rivers Electric Corporation First Mortgage Note, Series 2012A, dated
26 July 24, 2012, made by the Company to CoBank, ACB, in the original
27 principal amount of \$235,000,000, maturing on June 30, 2032. This is an
28 Additional Obligation under the Indenture.
29
30
31
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

- 1 • Big Rivers Electric Corporation First Mortgage Note, Series 2012B, dated
2 July 27, 2012, made by the Company to National Rural Utilities
3 Cooperative Finance Corporation, in the original principal amount of
4 \$302,000,000, maturing on May 31, 2032. This is an Additional
5 Obligation under the Indenture.
6
7
8 • Big Rivers Electric Corporation First Mortgage Notes, Series 2015A,
9 dated March 5, 2015, made by the Company to National Rural Utilities
10 Cooperative Finance Corporation, Regions Bank, KeyBank National
11 Association, Fifth Third Bank, and CoBank, ACB (collectively, the
12 “Lenders”) in the original aggregate principal amount of \$130,000,000 to
13 secure the loans made by the Lenders to Big Rivers under the Senior
14 Secured Credit Agreement, maturing on March 5, 2018. This is an
15 Additional Obligation under the Indenture.
16
17
18
19
20

21 The Indenture provides that a maximum of \$3,000,000,000 of Additional
22 Obligations may be issued and secured. As noted above, the Big Rivers Electric
23 Corporation First Mortgage Notes, Series 2010A, 2012A, 2012B, and 2015A, are
24 Additional Obligations under the Indenture.
25

- 26
27
28 e. Big Rivers has financed certain pollution control facilities at its D.B. Wilson
29 Station with pollution control bonds issued by the County of Ohio, Kentucky.
30
31 Big Rivers Electric Corporation has one issue outstanding.
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1 On June 30, 1983, the County of Ohio, Kentucky, issued \$58,800,000 of
2 Pollution Control Floating Rate Demand Bonds, Series 1983 (“Series 1983
3 Bonds”), with a stated maturity date of June 1, 2013. These bonds bore interest at
4 a variable rate and, prior to July 15, 1998, were supported by an irrevocable
5 standby letter of credit. On July 15, 1998 the standby letter of credit was replaced
6 by a liquidity facility issued by Credit Suisse First Boston (subsequently assigned
7 to Dexia Credit Local effective May 1, 2006) and municipal bond insurance and
8 security policies issued by Ambac Assurance Corporation. A Remarketing Agent
9 was responsible for determining the stated rate (Base Rate) of interest to be
10 applied to the Series 1983 Bonds necessary to remarket the bonds at par plus
11 accrued interest in a secondary market transaction. The Base Rate so determined
12 could not be less than 40 percent or more than 110 percent of a variable interest
13 index. This variable interest index was the weighted average per annum discount
14 rate for direct obligations of the United States with maturities of 13 weeks,
15 expressed as a bond equivalent on the basis of a 365 or 366 day year, as
16 appropriate, and applied on a daily basis, set on the latest auction date of such
17 obligations. The Base Rate could not exceed 13 percent and was subject to Big
18 Rivers’ approval.

19
20
21 If the Remarketing Agent was unable to remarket the Bonds, they were
22 tendered to the Liquidity Provider (Dexia Credit Local) under the terms of the
23 Standby Bond Purchase Agreement and became “Bank Bonds” with interest paid
24 at the “Bank Rate”. The Bank Rate was the higher of (a) the base commercial
25 lending rate announced from time to time by the Liquidity Provider in effect on
26
27
28
29
30
31
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1 such date, or (b) the rate quoted by the Liquidity Provider on such date to dealers
2 in the New York Federal funds market for the overnight offering of dollars by the
3 Liquidity Provider for deposit, plus one half of one percent. The Bank Rate
4 could not exceed the lesser of 18 percent per annum and the maximum rate of
5 interest permitted by applicable law.
6

7
8 The Series 1983 Bonds were supported by two promissory notes
9 (AMBAC Municipal Bond Insurance Policy Series 1983 Note and Standby Bond
10 Purchase Agreement Note) from Big Rivers, which bore the same interest rate as
11 the bonds. Big Rivers' Indenture secured the promissory notes issued in support
12 of the Series 1983 Bonds equally and ratably with all other Obligations secured
13 under the Indenture.
14

15
16 Big Rivers refunded the Series 1983 Bonds by purchase on May 31, 2013.
17 The interest paid on the Series 1983 Bonds during the fiscal year ending
18 December 31, 2013 (the last fiscal year during which the bonds were outstanding)
19 was \$955,500, and the effective interest rate of the bonds was 3.25%. No interest
20 was paid on the Series 1983 Bonds during the fiscal year ending December 31,
21 2016.
22

23
24
25 On June 8, 2010, the County of Ohio, Kentucky, Pollution Control
26 Refunding Revenue Bonds, Series 2010A ("Series 2010A Bonds"), with a
27 maturity date of July 15, 2031 were issued in the amount of \$83,300,000.
28 Proceeds from the Series 2010A Bonds were used to refund the Series 2001A
29 Bonds. The Series 2010A Bonds bear interest at a fixed rate of 6.00%.
30
31
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1 The Series 2010A Bonds are supported by a promissory note from Big
2 Rivers, which bears the same interest rate as the bonds. Big Rivers' Indenture
3 secures the promissory note issued in support of the Series 2010A Bonds equally
4 and ratably with all other Obligations issued under the Indenture. The interest
5 paid on the Series 2010A Bonds during the fiscal year ending December 31, 2016,
6 was \$4,998,000.
7
8

- 9
10
11 f. As of April 30, 2017, Big Rivers' notes outstanding consisted of the RUS 2009
12 Promissory Note Series A ("RUS 2009 Series A Note"); RUS 2009 Promissory
13 Note Series B ("RUS 2009 Series B Note"); Big Rivers Electric Corporation First
14 Mortgage Notes, Series 2010A, Series 2012A, Series 2012B and Series 2015A ;
15 and the Capital Term Certificates Promissory Note dated July 27, 2012,
16 (associated with borrowings secured by Big Rivers Electric Corporation First
17 Mortgage Notes, Series 2012B).
18
19

20
21 The RUS 2009 Series A Note, dated July 16, 2009, was issued in favor of
22 the United States of America, acting through the United States Department of
23 Agriculture, Rural Utilities Services, (the "RUS"), in the original principal
24 amount of \$602,573,536, with a maturity date of July 1, 2021. The RUS 2009
25 Series A Note has a stated interest rate of 5.75% and an outstanding stated
26 principal balance of \$80,456,000 as of April 30, 2017. Interest paid during the
27 fiscal year ending December 31, 2016, was \$4,654,651.
28
29
30
31
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1 The RUS 2009 Series B Note, dated July 16, 2009, was issued in favor of
2 the United States of America, acting through the United States Department of
3 Agriculture, Rural Utilities Services, (the "RUS"), in the original principal
4 amount of \$245,530,257, with a maturity date of December 31, 2023. The RUS
5 2009 Series B Note has no stated interest rate and an outstanding stated principal
6 balance of \$245,530,257 as of April 30, 2017. No interest amount is paid on this
7 note.
8
9

10 Big Rivers Electric Corporation First Mortgage Note, Series 2010A
11 (associated with the Series 2010A Bonds), dated June 1, 2010, was issued in favor
12 of U.S. Bank National Association, as trustee, in the original principal amount of
13 \$83,300,000, with a maturity date of July 15, 2031. The First Mortgage Note,
14 Series 2010A, has a fixed interest rate of 6.00% and an outstanding principal
15 balance of \$83,300,000 as of April 30, 2017. The interest paid on the Series
16 2010A Bonds during the fiscal year ending December 31, 2016, was \$4,998,000.
17
18

19 Big Rivers Electric Corporation First Mortgage Note, Series 2012A, dated
20 July 24, 2012, was issued in favor of CoBank, ACB, in the original principal
21 amount of \$235,000,000, with a maturity date of June 30, 2032. The First
22 Mortgage Note, Series 2012A, has a fixed interest rate of 4.30% and an
23 outstanding principal balance of \$197,394,541 as of April 30, 2017. The interest
24 paid on the First Mortgage Note, Series 2012A during the fiscal year ending
25 December 31, 2016, was \$8,531,243.
26
27
28
29
30
31
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1 Big Rivers Electric Corporation First Mortgage Note, Series 2012B, dated
2 July 27, 2012, was issued in favor of National Rural Utilities Cooperative Finance
3 Corporation, in the original principal amount of \$302,000,000, with a maturity
4 date of May 31, 2032. The First Mortgage Note, Series 2012B, bears serial
5 interest rate pricing, with interest rates ranging from 3.05% to 5.35%, and had an
6 outstanding principal balance of \$249,078,588 as of April 30, 2017. The interest
7 paid on the First Mortgage Notes, Series 2012B during the fiscal year ending
8 December 31, 2016, was \$11,298,326.

9
10
11
12 The Capital Term Certificates (CTCs) Promissory Note (the "Equity
13 Note" associated with the financing of the CTCs which Big Rivers was obligated
14 to purchase in connection with the borrowings secured by Big Rivers Electric
15 Corporation First Mortgage Note, Series 2012B), dated July 27, 2012, was issued
16 in favor of National Rural Utilities Cooperative Finance Corporation, in the
17 original principal amount of \$43,155,800, with a maturity date of May 31, 2032.
18 The Equity Note has a fixed interest rate of 5.35% and an outstanding principal
19 balance of \$36,875,617 as of April 30, 2017. The interest paid on the Equity
20 Note, during the fiscal year ending December 31, 2016, was \$2,044,452.

21
22
23
24
25 Big Rivers Electric Corporation First Mortgage Notes, Series 2015A, dated
26 March 5, 2015, ("Series 2015A Notes") were issued in connection with the 2015
27 Senior Secured Credit Agreement, dated March 5, 2015, ("2015 Credit
28 Agreement") in favor of National Rural Utilities Cooperative Finance
29 Corporation, Regions Bank, KeyBank National Association, Fifth Third Bank,
30 and CoBank, ACB (collectively, the "Lenders), in the aggregate principal amount
31
32
33

BIG RIVERS ELECTRIC CORPORATION
FINANCIAL EXHIBIT
As of April 30, 2017

1 of \$130,000,000, with a maturity date of March 15, 2018. The interest rate
2 applicable to loans under the 2015 Credit Agreement are determined based on the
3 type of loan selected (i.e. LIBO Loan or Alternate Base Rate (ABR) Loan). For
4 LIBO Loans, the applicable interest rate is equal to the LIBOR Rate for such
5 Interest Period plus the LIBO Applicable Margin, based on the Secured Credit
6 Rating of Big Rivers per the terms of the credit agreement. For ABR loans, the
7 applicable interest rate is equal to the Alternate Base Rate plus the ABR
8 Applicable Margin, as defined in the credit agreement. As of April 30, 2017,
9 there were no loans outstanding under the 2015 Senior Secured Credit Agreement.
10 The interest paid on the Series 2015A Notes during the fiscal year ended
11 December 31, 2016, was \$117,542.
12
13
14
15
16
17

- 18 g. The Company has no other indebtedness.
- 19
- 20
- 21 h. No dividends have been paid.
- 22
- 23
- 24 i. Big Rivers Electric Corporation's statement of operations and balance sheet for
25 the twelve months ending April 30, 2017, are attached hereto.
26
27
28
29
30
31
32
33

BIG RIVERS ELECTRIC CORPORATION

FINANCIAL AND OPERATING REPORT SUMMARY

12 MONTHS ENDING APRIL 30, 2017

ELECTRICAL POWER SUPPLY

FROM RUS FORM 12 PART A - FINANCIAL

SECTION A. STATEMENT OF OPERATIONS

	ITEM	12 Months Ending 4/30/2017
1	Electric Energy Revenues	\$ 391,271,531.70
2	Income From Leased Property (Net)	\$ -
3	Other Operating Revenue and Income	\$ 12,307,034.58
4	TOTAL Oper. Revenues & Patronage Capital (1 thru 3)	\$ 403,578,566.28
5	Operating Expense - Production - Excluding Fuel	\$ 43,673,900.66
6	Operating Expense - Production - Fuel	\$ 135,774,042.42
7	Operating Expense - Other Power Supply	\$ 88,806,408.30
8	Operating Expense - Transmission	\$ 8,379,474.08
9	Operating Expense - RTO/ISO	\$ 1,112,622.36
10	Operating Expense - Distribution	\$ -
11	Operating Expense - Customer Accounts	\$ 235,064.52
12	Operating Expense - Customer Service & Information	\$ 1,394,163.75
13	Operating Expense - Sales	\$ 153,262.31
14	Operating Expense - Administrative & General	\$ 27,093,923.58
15	TOTAL Operation Expense (5 thru 14)	\$ 306,622,861.98
16	Maintenance Expense - Production	\$ 29,760,242.02
17	Maintenance Expense - Transmission	\$ 6,080,193.99
18	Maintenance Expense - RTO/ISO	\$ -
19	Maintenance Expense - Distribution	\$ -
20	Maintenance Expense - General Plant	\$ 278,105.79
21	TOTAL Maintenance Expense (16 thru 20)	\$ 36,118,541.80
22	Depreciation and Amortization Expense	\$ 19,946,957.75
23	Taxes	\$ (6,747,081.92)
24	Interest on Long-Term Debt	\$ 40,951,982.70
25	Interest Charged to Construction - Credit	\$ (178,748.00)
26	Other Interest Expense	\$ 68,759.17
27	Asset Retirement Obligations	\$ -
28	Other Deductions	\$ 820,289.09
29	TOTAL Cost of Electric Service (15 + 21 thru 28)	\$ 397,603,562.57
30	Operating Margins (4 less 29)	\$ 5,975,003.71
31	Interest Income	\$ 1,739,117.56
32	Allowance For Funds Used During Construction	\$ -
33	Income (Loss) from Equity Investments	\$ -
34	Other Non-operating Income (Net)	\$ -
35	Generation & Transmission Capital Credits	\$ -
36	Other Capital Credits and Patronage Dividends	\$ 2,912,297.90
37	Extraordinary Items	\$ -
38	Net Patronage Capital or Margins (30 thru 37)	\$ 10,626,419.17

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY PART A - FINANCIAL		PERIOD ENDED Apr-17	
INSTRUCTIONS - See help in the online application.			
SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	2,119,431,279.04	33. Memberships	75.00
2. Construction Work in Progress	33,589,657.68	34. Patronage Capital a. Assigned and Assignable b. Retired This year c. Retired Prior years d. Net Patronage Capital (a-b-c)	0.00
3. Total Utility Plant (1 + 2)	2,153,020,936.72		
4. Accum. Provision for Depreciation and Amort.	1,109,964,540.26		
5. Net Utility Plant (3 - 4)	1,043,056,396.46		
6. Non-Utility Property (Net)	0.00	35. Operating Margins - Prior Years	<173,282,609.84>
7. Investments in Subsidiary Companies	0.00	36. Operating Margin - Current Year	<1,954,825.38>
8. Invest. in Assoc. Org. - Patronage Capital	8,246,139.97	37. Non-Operating Margins	647,671,830.25
9. Invest. in Assoc. Org. - Other - General Funds	36,703,694.44	38. Other Margins and Equities	4,347,689.20
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	39. Total Margins & Equities (33 + 34d thru 38)	476,782,159.23
11. Investments in Economic Development Projects	10,000.00	40. Long-Term Debt - RUS (Net)	246,679,172.16
12. Other Investments	5,333.85	41. Long-Term Debt - FFB - RUS Guaranteed	0.00
13. Special Funds	7,455,196.74	42. Long-Term Debt - Other - RUS Guaranteed	0.00
14. Total Other Property And Investments (6 thru 13)	52,420,365.00	43. Long-Term Debt - Other (Net)	543,849,964.42
15. Cash - General Funds	1,991,976.09	44. Long-Term Debt - RUS - Econ. Devel. (Net)	0.00
16. Cash - Construction Funds - Trustee	0.00	45. Payments - Unapplied	0.00
17. Special Deposits	3,224,462.79	46. Total Long-Term Debt (40 thru 44-45)	790,529,136.58
18. Temporary Investments	41,426,059.27	47. Obligations Under Capital Leases - Noncurrent	0.00
19. Notes Receivable (Net)	0.00	48. Accumulated Operating Provisions and Asset Retirement Obligations	24,333,271.42
20. Accounts Receivable - Sales of Energy (Net)	28,414,618.16	49. Total Other NonCurrent Liabilities (47 +48)	24,333,271.42
21. Accounts Receivable - Other (Net)	5,320,002.29	50. Notes Payable	0.00
22. Fuel Stock	56,461,803.59	51. Accounts Payable	21,178,431.19
23. Renewable Energy Credits	0.00	52. Current Maturities Long-Term Debt	22,798,781.93
24. Materials and Supplies - Other	25,184,440.70	53. Current Maturities Long-Term Debt - Rural Development	0.00
25. Prepayments	2,331,669.88	54. Current Maturities Capital Leases	0.00
26. Other Current and Accrued Assets	150,260.10	55. Taxes Accrued	1,313,686.48
27. Total Current And Accrued Assets (15 thru 26)	164,505,292.87	56. Interest Accrued	5,477,691.83
28. Unamortized Debt Discount & Extraor. Prop. Losses	2,994,192.97	57. Other Current and Accrued Liabilities	7,700,875.22
29. Regulatory Assets	95,576,159.52	58. Total Current & Accrued Liabilities (50 thru 57)	58,469,466.65
30. Other Deferred Debits	2,164,411.23	59. Deferred Credits	13,857,080.17
31. Accumulated Deferred Income Taxes	3,254,296.00	60. Accumulated Deferred Income Taxes	0.00
32. Total Assets And Other Debits (5+14+27 thru 31)	1,363,971,114.05	61. Total Liabilities and Other Credits (39 + 46 + 49 + 58 thru 60)	1,363,971,114.05

RUS Financial and Operating Report Electric Power Supply Part A - Financial

Revision Date 2013