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APR 22 2009

**PUBLIC SERVICE
COMMISSION**

VIA OVERNIGHT MAIL

April 21, 2009

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2009-00040

Dear Mr. Derouen:

Please find enclosed the original and twelve (12) copies of the MOTION OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. TO INCORPORATE BY REFERENCE DOCUMENTS ON FILE WITH THE COMMISSION filed in the above-referenced matter. By copy of this letter, all parties listed on the Certificate of Service have been served.

Please place this document of file.

Very Truly Yours,



Michael L. Kurtz, Esq.

BOEHM, KURTZ & LOWRY

MLKkew

Attachment

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy, by electronic mail (when available) and first-class postage prepaid mail to all parties on the 21ST day of April, 2009.

Mark A Bailey
President CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42419-0024

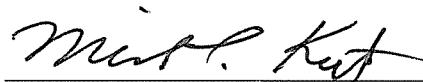
David A Spainhoward
Vice President
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42419-0024

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Honorable Paul Adams
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Michael L. Kurtz, Esq.

reports of the U.S. Bureau of Labor Statistics. [Fn5: Re Interstate Power Co., 119 PUR4th 492,495 (Iowa UB, 1990), citing Iowa Code §17A. 14(4) (1989)].

An insurance commissioner may take notice of the records of his department which need not be introduced into evidence." [Fn6: Maryland Fire Underrating Bur. v. Ins. Comm'r, 260 Md. 258, 272 A.2d 24, 28 (1971)].

The Process of Ratemaking, p. 84, Leonard Goodman, Public Utilities Reports Inc., 1998.

Attachment A is a single balance sheet page from the January 2002-2009 financial records of Big Rivers. Big Rivers submits this information to the Commission every month and it is part of the Commission's official records. KIUC obtained these financial records from the Commission.

Attachment B is a credit ratings report of Big Rivers issued by Moody's. Big Rivers submitted this report to the Commission in the related Unwind case (Case No. 2007-00455) after the March 26, 2009 emergency hearing. This Moody's Credit Report was requested in KIUC's first set of data requests. Item 1-10 asked Big Rivers to "provide all documents, memos, presentations or e-mails provided to or received from Moody's in the past twelve months." As stated in our data request, these interrogatories are "continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any requests to be made available to" KIUC. By agreement, that data request was subsequently limited to Moody's information relevant to the rate case, not the Unwind. The final Moody's credit rating and the discussion of the liquidity provided by the \$15 million CFC line of credit is relevant to the rate case. Therefore, the Moody's report should already be part of this record.

This Commission has been entrusted to set fair, just and reasonable utility rates in furtherance of the public interest. KRS 278.030. To fulfill this duty the Commission should rely on the most accurate and relevant information available. The January 2002-2009 balance sheet pages are probative in deciding this case. Big Rivers based its revenue requirement calculation on its projected cash balance as of January 5, 2010. But it was only at the hearing that we learned that this single date was the absolute cash balance low point.¹ Twenty days after this low point Big Rivers will receive \$12-\$13 million in additional cash when the Members pay their

¹ Transcript at 109-110 (Blackburn); Transcript 147 (Kollen).

December power bills.² It is our position that the January 2010 end of month projected cash balance is more representative of the Utility's going forward revenue requirement than the single day absolute cash low point. Because of this, examining the January 2002-2009 end of month cash balances should be considered. There is no question that the January 2002-2009 balance sheet pages are accurate. Big Rivers cannot claim surprise or unfamiliarity since Big Rivers provided these reports to the Commission. Therefore, reviewing the 2002-2009 end of month cash balances of Big Rivers should be considered when deciding whether Big Rivers met its burden of proof in establishing the need for extraordinary relief.


The Moody's report is relevant to the liquidity provided by the \$15 million CFC line of credit. Moody's believes that "*Big Rivers currently supplements its internally generated funds*" with the CFC line of credit and that the CFC line of credit can be used for "*direct draws against it*" as well for securing letters of credit. This is relevant since it is important for the Commission to understand all available sources of cash in lieu of an emergency rate increase. Moreover, had Big Rivers properly complied with KIUC's discovery requests this document would already be a part of the record.

This rate case was filed on March 2, 2009. To accommodate Big Rivers, the hearing on emergency rate relief was held just 24 days later. This resulted in a substantial change to normal rate case procedures. Parties were required to file data requests and develop positions on an expedited basis. KIUC received answers to its discovery only two days before the hearing. This expedited procedure to accommodate Big Rivers limited the participation of the Attorney General and hindered KIUC's analysis. Had normal procedures applied, then this motion would be unnecessary.

² Transcript at 109 (Blackburn); Transcript at 151 (Kollen).

Because of the probative nature of Attachments A and B, the expedited procedural schedule, and the fact that the record remains open, the Commission should grant this motion and give appropriate weight to Attachments A and B.

Respectfully submitted



Michael L. Kurtz, Esq.

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**COUNSEL FOR KENTUCKY INDUSTRIAL
UTILITY CUSTOMERS, INC.**

April 21, 2009

ATTACHMENT A

**(BIG RIVERS ELECTRIC CORPORATION
OPERATING REPORT - FINANCIALS
JANUARY 2002 – JANUARY 2009)**

USDA-RUS

BORROWER DESIGNATION
KY062

OPERATING REPORT - FINANCIAL

PERIOD ENDED
2002 January

RUS USE ONLY

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	1,545,681,989	32. Memberships.....	75
2. Construction Work in Progress.....	43,207,636	33. Patronage Capital	
3. Total Utility Plant ⁽¹⁺²⁾	1,588,889,625	a. Assigned and Assignable	0
4. Accum. Provision for Depreciation and Amort	714,042,679	b. Retired This Year.....	0
5. Net Utility Plant ⁽³⁻⁴⁾	874,846,946	c. Retired Prior Years.....	0
6. Non-Utility Property (Net).....	0	d. Net Patronage Capital.....	0
7. Investments in Subsidiary Companies.....	0	34. Operating Margins - Prior Years.....	(330,326,184)
8. Invest. In Assoc. Org. - Patronage Capital.....	354,639	35. Operating Margins - Current Year.....	(367,638)
9. Invest. In Assoc. Org. - Other - General Funds	2,280	36. Non-Operating Margins.....	2,195,984
10. Invest. In Assoc. Org. - OTH - NonGEN Funds	0	37. Other Margins and Equities.....	4,444,502
11. Investments in Economic Development Projects	10,000	38. Total Margins & Equities ^(32+33d thru 37)	(324,053,261)
12. Other Investments.....	5,375	39. Long-Term Debt - REA (Net).....	929,159,648
13. Special Funds.....	159,208,669	(Payments-Unapplied \$ 0)	
14. Total Other Property and Investments ^(6 thru 13)	159,580,983	40. Long-Term Debt - REA - Econ. Devel. (Net).....	0
15. Cash - General Funds.....	3,741	41. Long-Term Debt - FFB - REA Guaranteed.....	0
16. Cash - Construction Funds - Trustee.....	0	42. Long-Term Debt - Other - REA Guaranteed.....	0
17. Special Deposits.....	75,000	43. Long-Term Debt - Other (Net)	334,245,515
18. Temporary Investments.....	17,288,601	44. Total Long-Term Deb ^(39 thru 43)	1,263,405,163
19. Notes Receivable (Net).....	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)..	13,946,005	46. Accumulated Operating Provisions.....	3,689,088
21. Accounts Receivable - Other (Net).....	197,675	47. Total Other Noncurrent Liabilities ⁽⁴⁵⁺⁴⁶⁾	3,689,088
22. Fuel Stock.....	0	48. Notes Payable.....	0
23. Materials and Supplies - Other.....	574,611	49. Accounts Payable.....	11,698,151
24. Prepayments.....	8,411,385	50. Taxes Accrued.....	224,693
25. Other Current and Accrued Assets.....	874,461	51. Interest Accrued.....	4,818,341
26. Total Current and Accrued Assets ^(15 thru 25)	41,371,679	52. Other Current and Accrued Liabilities.....	3,314,216
27. UNAMO Debt DISC & Extraor. Prop. Losses....	1,105,140	53. Total Current & Accrued Liabilities ^(48 thru 52)	20,055,401
28. Regulatory Assets.....	0	54. Deferred Credits.....	140,161,568
29. Other Deferred Debits.....	22,664,578	55. Accumulated Deferred Income Taxes.....	0
30. Accumulated Deferred Income Taxes.....	3,688,633	56. Total Liabilities and Other Credits	
31. Total Assets and Other Debits ^(5+14+26 thru 30)	1,103,257,959	^(38+44+47+53 thru 55)	1,103,257,959

SECTION C. NOTES TO FINANCIAL STATEMENTS

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This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C.901 et seq.) and is not confidential.

USDA-RUS

OPERATING REPORT - FINANCIAL

BORROWER DESIGNATION
KY062

PERIOD ENDED
2003 January

RUS USE ONLY

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service.....	1,551,398,631	32. Memberships.....	75
2. Construction Work in Progress.....	106,175,680	33. Patronage Capital	
3. Total Utility Plant ⁽¹⁺²⁾	1,657,572,311	a. Assigned and Assignable	0
4. Accum. Provision for Depreciation and Amort	736,472,972	b. Retired This Year.....	0
5. Net Utility Plant ⁽³⁻⁴⁾	921,099,339	c. Retired Prior Years.....	0
6. Non-Utility Property (Net).....	0	d. Net Patronage Capital.....	0
7. Investments in Subsidiary Companies.....	0	34. Operating Margins - Prior Years.....	(335,600,484)
8. Invest. in Assoc. Org. - Patronage Capital.....	798,299	35. Operating Margins - Current Year.....	1,097,885
9. Invest. in Assoc. Org. - Other - General Funds	757,280	36. Non-Operating Margins.....	13,079,542
10. Invest. in Assoc. Org. - OTH - NonGEN Funds	0	37. Other Margins and Equities.....	4,444,502
11. Investments in Economic Development Projects	10,000	38. Total Margins & Equities ^(32+33d thru 37)	(316,978,450)
12. Other Investments.....	5,353	39. Long-Term Debt - REA (Net).....	925,400,920
13. Special Funds.....	164,735,529	(Payments-Unapplied \$	0)
14. Total Other Property and Investments ^(6 thru 13)	166,306,461	40. Long-Term Debt - REA - Econ. Devel. (Net).....	0
15. Cash - General Funds.....	4,728	41. Long-Term Debt - FFB - REA Guaranteed.....	0
16. Cash - Construction Funds - Trustee.....	0	42. Long-Term Debt - Other - REA Guaranteed.....	0
17. Special Deposits.....	479,101	43. Long-Term Debt - Other (Net)	317,955,270
18. Temporary Investments.....	11,753,261	44. Total Long-Term Deb ^(39 thru 43)	1,243,358,190
19. Notes Receivable (Net).....	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)..	16,078,104	46. Accumulated Operating Provisions.....	3,843,151
21. Accounts Receivable - Other (Net).....	603,482	47. Total Other Noncurrent Liabilities ⁽⁴⁵⁺⁴⁶⁾	3,843,151
22. Fuel Stock.....	0	48. Notes Payable.....	0
23. Materials and Supplies - Other.....	580,697	49. Accounts Payable.....	13,591,514
24. Prepayments.....	7,081,533	50. Taxes Accrued.....	215,655
25. Other Current and Accrued Assets.....	834,406	51. Interest Accrued.....	5,213,163
26. Total Current and Accrued Assets ^(15 thru 25)	37,415,312	52. Other Current and Accrued Liabilities.....	3,434,373
27. UNAMO Debt DISC & Extraor. Prop. Losses....	1,051,692	53. Total Current & Accrued Liabilities ^(48 thru 52)	22,454,705
28. Regulatory Assets.....	0	54. Deferred Credits.....	200,211,213
29. Other Deferred Debits.....	23,695,372	55. Accumulated Deferred Income Taxes.....	0
30. Accumulated Deferred Income Taxes.....	3,318,633	56. Total Liabilities and Other Credits	
31. Total Assets and Other Debits ^(5+14+26 thru 30)	1,152,886,809	^(38+44+47+53 thru 55)	1,152,886,809

SECTION C. NOTES TO FINANCIAL STATEMENTS

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
OPERATING REPORT - FINANCIAL		PERIOD ENDED 1/2004	
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.		This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may be confidential.	
12a - Section B. Balance Sheet			
Description	Amount	Description	Amount
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1 Total Utility Plant in Service	1,639,777,189	32. Memberships	75
2. Construction Work in Progress	62,644,479	33. Patronage Capital	0
3. TOTAL UTILITY PLANT (1 + 2)	1,702,421,668	a Assigned and Assignable	0
4. Accum. Provision for Depreciation and Amort.	756,810,664	b Retired This year	0
5. NET UTILITY PLANT (3 - 4)	945,611,004	c Retired Prior years	0
6. Non-Utility Property (Net)	0	d Net Patronage Capital	0
7. Investments in Subsidiary Companies	0	34. Operating Margins - Prior Years	(330,057,778)
8. Invest. in Assoc. Org. - Patronage Capital	1,257,874	35. Operating Margins - Current Year	870,060
9. Invest. in Assoc. Org. - Other - General Funds	781,993	36. Non-Operating Margins	26,288,465
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0	37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32+33d thru 37)	(298,454,676)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	893,895,665
13. Special Funds	163,891,420	(Payments - Unapplied \$)	0
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	165,926,421	40. Long-Term Debt - RUS - Econ. Devel. (Net)	0
15. Cash - General Funds	4,817	41. Long-Term Debt - FFB - RUS Guaranteed	0
16. Cash - Construction Funds - Trustee	0	42. Long-Term Debt - Other - RUS Guaranteed	0
17. Special Deposits	484,754	43. Long-Term Debt - Other (Net)	313,671,409
18. Temporary Investments	3,902,828	44. TOTAL LONG-TERM DEBT (39 thru 43)	1,207,567,074
19. Notes Receivable (Net)	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	14,471,427	46. Accumulated Operating Provisions and Asset Retirement Obligations	3,944,752
21. Accounts Receivable - Other (Net)	169,977	47. TOTAL OTHER NONCURRENT LIABILITIES (45+46)	3,944,752
22. Fuel Stock	0	48. Notes Payable	6,600,000
23. Materials and Supplies - Other	818,452	49. Accounts Payable	11,286,557
24. Prepayments	6,725,387	50. Current Maturities Long-Term Debt	750,560
25. Other Current and Accrued Assets	1,017,902	51. Current Maturities Long-Term Debt -Rural Development	0
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	27,395,524	52. Current Maturities Capital Leases	0
27. Unamortized Debt Discount & Extraor. Prop. Losses	998,243	53. Taxes Accrued	217,148
28. Regulatory Assets	0	54. Interest Accrued	3,776,824
29. Other Deferred Debits	20,622,092	55. Other Current and Accrued Liabilities	1,466,005
30. Accumulated Deferred Income Taxes	3,718,833	56. TOTAL CURRENT & ACCRUED LIABILITIES (48 thru 55)	24,097,094
31. TOTAL ASSETS AND OTHER DEBITS (5+14+26 thru 30)	1,164,271,917	57. Deferred Credits	227,117,673
		58. Accumulated Deferred Income Taxes	0
		59. TOTAL LIABILITIES AND OTHER CREDITS (38+44+47+56 thru 58)	1,164,271,917

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
OPERATING REPORT - FINANCIAL		PERIOD ENDED 1/2005	
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically. For detailed instructions, see RUS Bulletin 1717B-3.		This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may be confidential.	
12a - Section B. Balance Sheet			
Description	Amount	Description	Amount
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,698,527,351	32. Memberships	75
2. Construction Work in Progress	16,207,630	33. Patronage Capital	0
3. TOTAL UTILITY PLANT (1 + 2)	1,714,734,981	a Assigned and Assignable	0
4. Accum. Provision for Depreciation and Amort.	775,526,310	b Retired This year	0
5. NET UTILITY PLANT (3 - 4)	939,208,671	c Retired Prior years	0
6. Non-Utility Property (Net)	0	d Net Patronage Capital	0
7. Investments in Subsidiary Companies	0	34. Operating Margins - Prior Years	(319,762,584)
8. Invest. in Assoc. Org. - Patronage Capital	1,727,362	35. Operating Margins - Current Year	885,926
9. Invest. in Assoc. Org. - Other - General Funds	761,993	36. Non-Operating Margins	38,170,443
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0	37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32+33d thru 37)	(276,261,638)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	922,710,229
13. Special Funds	169,103,743	(Payments - Unapplied \$)	0
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	171,808,432	40. Long-Term Debt - RUS - Econ. Devel. (Net)	0
15. Cash - General Funds	5,812	41. Long-Term Debt - FFB - RUS Guaranteed	0
16. Cash - Construction Funds - Trustee	0	42. Long-Term Debt - Other - RUS Guaranteed	0
17. Special Deposits	490,652	43. Long-Term Debt - Other (Net)	318,725,837
18. Temporary Investments	60,990,632	44. TOTAL LONG-TERM DEBT (39 thru 43)	1,241,435,866
19. Notes Receivable (Net)	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	14,659,908	46. Accumulated Operating Provisions and Asset Retirement Obligations	4,097,423
21. Accounts Receivable - Other (Net)	790,130	47. TOTAL OTHER NONCURRENT LIABILITIES (45+46)	4,097,423
22. Fuel Stock	0	48. Notes Payable	0
23. Materials and Supplies - Other	591,965	49. Accounts Payable	11,966,916
24. Prepayments	6,187,460	50. Current Maturities Long-Term Debt	6,693,239
25. Other Current and Accrued Assets	1,004,373	51. Current Maturities Long-Term Debt -Rural Development	0
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	84,720,932	52. Current Maturities Capital Leases	0
27. Unamortized Debt Discount & Extraor. Prop. Losses	944,648	53. Taxes Accrued	231,180
28. Regulatory Assets	0	54. Interest Accrued	3,959,011
29. Other Deferred Debits	20,032,455	55. Other Current and Accrued Liabilities	1,454,900
30. Accumulated Deferred Income Taxes	3,987,999	56. TOTAL CURRENT & ACCRUED LIABILITIES (48 thru 55)	24,325,246
31. TOTAL ASSETS AND OTHER DEBITS (5+14+26 thru 30)	1,220,503,137	57. Deferred Credits	226,906,240
		58. Accumulated Deferred Income Taxes	0
		59. TOTAL LIABILITIES AND OTHER CREDITS (38+44+47+56 thru 58)	1,220,503,137

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
OPERATING REPORT - FINANCIAL		PERIOD ENDED 1/2006	
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically For detailed instructions, see RUS Bulletin 1717B-3.		This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may be confidential.	
12a - Section B. Balance Sheet			
Description	Amount	Description	Amount
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,714,860,994	32. Memberships	75
2. Construction Work in Progress	14,266,287	33. Patronage Capital	0
3. TOTAL UTILITY PLANT (1 + 2)	1,729,127,281	a Assigned and Assignable	0
4. Accum. Provision for Depreciation and Amort.	801,334,952	b Retired This year	0
5. NET UTILITY PLANT (3 - 4)	927,792,309	c Retired Prior years	0
6. Non-Utility Property (Net)	0	d Net Patronage Capital	0
7. Investments in Subsidiary Companies	0	34. Operating Margins - Prior Years	(307,100,150)
8. Invest. in Assoc. Org. - Patronage Capital	2,193,191	35. Operating Margins - Current Year	2,229,687
9. Invest. in Assoc. Org. - Other - General Funds	684,993	36. Non-Operating Margins	51,974,199
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0	37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32+33d thru 37)	(248,451,687)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	888,038,185
13. Special Funds	174,749,478	(Payments - Unapplied \$)	0
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	177,642,996	40. Long-Term Debt - RUS - Econ. Devel (Net)	0
15. Cash - General Funds	5,809	41. Long-Term Debt - FFB - RUS Guaranteed	0
16. Cash - Construction Funds - Trustee	0	42. Long-Term Debt - Other - RUS Guaranteed	0
17. Special Deposits	505,124	43. Long-Term Debt - Other (Net)	323,913,122
18. Temporary Investments	61,588,054	44. TOTAL LONG-TERM DEBT (39 thru 43)	1,211,951,307
19. Notes Receivable (Net)	0	45. Obligations Under Capital Leases - Noncurrent	0
20. Accounts Receivable - Sales of Energy (Net)	17,203,191	46. Accumulated Operating Provisions and Asset Retirement Obligations	4,233,689
21. Accounts Receivable - Other (Net)	891,256	47. TOTAL OTHER NONCURRENT LIABILITIES (45+46)	4,233,689
22. Fuel Stock	0	48. Notes Payable	0
23. Materials and Supplies - Other	674,734	49. Accounts Payable	21,068,840
24. Prepayments	5,564,788	50. Current Maturities Long-Term Debt	753,140
25. Other Current and Accrued Assets	1,105,094	51. Current Maturities Long-Term Debt -Rural Development	0
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	87,516,050	52. Current Maturities Capital Leases	0
27. Unamortized Debt Discount & Extraor Prop. Losses	891,200	53. Taxes Accrued	242,336
28. Regulatory Assets	0	54. Interest Accrued	4,023,350
29. Other Deferred Debits	17,950,616	55. Other Current and Accrued Liabilities	1,559,128
30. Accumulated Deferred Income Taxes	4,189,489	56. TOTAL CURRENT & ACCRUED LIABILITIES (48 thru 55)	27,646,794
31. TOTAL ASSETS AND OTHER DEBITS (5+14+26 thru 30)	1,215,982,670	57. Deferred Credits	220,602,567
		58. Accumulated Deferred Income Taxes	0
		59. TOTAL LIABILITIES AND OTHER CREDITS (38+44+47+56 thru 58)	1,215,982,670

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
OPERATING REPORT - FINANCIAL	PERIOD ENDED <i>January, 2007</i>
INSTRUCTIONS - Submit an original and two copies to RUS or file electronically For detailed instructions, see RUS Bulletin 1717B-3.	<i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may be confidential.</i>

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,731,318,272	32. Memberships	75
2. Construction Work in Progress	14,399,444	33. Patronage Capital	
3. TOTAL UTILITY PLANT (1 + 2)	1,745,717,716	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	828,864,369	b Retired This year	
5. NET UTILITY PLANT (3 - 4)	916,853,347	c Retired Prior years	
6. Non-Utility Property (Net)		d Net Patronage Capital	
7. Investments in Subsidiary Companies		34. Operating Margins - Prior Years	(288,358,011)
8. Invest. in Assoc. Org. - Patronage Capital	2,587,950	35. Operating Margin - Current Year	3,613,584
9. Invest. in Assoc. Org. - Other - General Funds	684,993	36. Non-Operating Margins	68,055,036
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32 + 33d thru 37)	(212,244,814)
12. Other Investements	5,334	39. Long-Term Debt - RUS (Net)	881,868,371
13. Special Funds	180,769,879	40. Long-Term Debt - FFB - RUS Guaranteed	
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	184,058,156	41. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds	5,774	42. Long-Term Debt - Other (Net)	329,509,408
16. Cash - Construction Funds - Trustee		43. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits	529,697	44. Payments - Unapplied	
18. Temporary Investments	100,242,598	45. TOTAL LONG-TERM DEBT (39 thru 43 - 44)	1,211,377,779
19. Notes Receivable (Net)		46. Obligations Under Capital Leases - Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)	24,478,203	47. Accumulated Operating Provisions and Asset Retirement Obligations	4,245,786
21. Accounts Receivable - Other (Net)	1,123,373	48. TOTAL OTHER NONCURRENT LIABILITIES (46 + 47)	4,245,786
22. Fuel Stock		49. Notes Payable	
23. Materials and Supplies - Other	813,674	50. Accounts Payable	16,340,761
24. Prepayments	8,596,774	51. Current Maturities Long-Term Debt	20,370,742
25. Other Current and Accrued Assets	1,520,815	52. Current Maturities Long-Term Debt - Rural Development	
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	137,310,908	53. Current Maturities Capital Leases	
27. Unamortized Debt Discount & Extraor. Prop. Losses	837,751	54. Taxes Accrued	347,624
28. Regulatory Assets		55. Interest Accrued	4,347,082
29. Other Deferred Debits	17,393,269	56. Other Current and Accrued Liabilities	1,700,070
30. Accumulated Deferred Income Taxes	4,687,999	57. TOTAL CURRENT & ACCRUED LIABILITIES (49 thru 56)	43,106,279
31. TOTAL ASSETS AND OTHER DEBITS (5+14+26 thru 30)	1,261,141,430	58. Deferred Credits	214,656,400
		59. Accumulated Deferred Income Taxes	
		60. TOTAL LIABILITIES AND OTHER CREDITS (38 + 45 + 48 + 57 thru 59)	1,261,141,430

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION KY0062
OPERATING REPORT - FINANCIAL	PERIOD ENDED January, 2008
*INSTRUCTIONS - Submit an original and two copies to RUS or file electronically or detailed instructions, see RUS Bulletin 1717B-3.	This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,750,365,528	32. Memberships	75
2. Construction Work in Progress	17,054,996	33. Patronage Capital	
3. TOTAL UTILITY PLANT (1 + 2)	1,767,420,524	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	855,984,281	b Retired This year	
5. NET UTILITY PLANT (3 - 4)	911,436,243	c Retired Prior years	
6. Non-Utility Property (Net)		d Net Patronage Capital	
7. Investments in Subsidiary Companies		34. Operating Margins - Prior Years	(265,296,621)
8. Invest. in Assoc. Org. - Patronage Capital	2,983,950	35. Operating Margin - Current Year	1,988,178
9. Invest. in Assoc. Org. - Other - General Funds	684,993	36. Non-Operating Margins	87,442,142
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32 + 33d thru 37)	(171,421,724)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	856,137,565
13. Special Funds	187,424,113	40. Long-Term Debt - FFB - RUS Guaranteed	
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	191,108,390	41. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds	6,386	42. Long-Term Debt - Other (Net)	329,833,383
16. Cash - Construction Funds - Trustee		43. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits	557,159	44. Payments - Unapplied	
18. Temporary Investments	135,803,228	45. TOTAL LONG-TERM DEBT (39 thru 43 - 44)	1,185,970,948
19. Notes Receivable (Net)		46. Obligations Under Capital Leases - Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)	18,358,998	47. Accumulated Operating Provisions and Asset Retirement Obligations	4,540,115
21. Accounts Receivable - Other (Net)	2,614,083	48. TOTAL OTHER NONCURRENT LIABILITIES (46 + 47)	4,540,115
22. Fuel Stock		49. Notes Payable	
23. Materials and Supplies - Other	736,331	50. Accounts Payable	17,405,608
24. Prepayments	11,525,426	51. Current Maturities Long-Term Debt	45,064,346
25. Other Current and Accrued Assets	1,533,403	52. Current Maturities Long-Term Debt - Rural Development	
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	171,135,014	53. Current Maturities Capital Leases	
27. Unamortized Debt Discount & Extraor. Prop. Losses	784,303	54. Taxes Accrued	1,170,613
28. Regulatory Assets		55. Interest Accrued	4,432,534
29. Other Deferred Debits	16,784,286	56. Other Current and Accrued Liabilities	1,703,971
30. Accumulated Deferred Income Taxes	5,112,491	57. TOTAL CURRENT & ACCRUED LIABILITIES (49 thru 56)	69,777,072
31. TOTAL ASSETS AND OTHER DEBITS (5 + 14 + 26 thru 30)	1,296,360,727	58. Deferred Credits	207,494,316
		59. Accumulated Deferred Income Taxes	
		60. TOTAL LIABILITIES AND OTHER CREDITS (38 + 45 + 48 + 57 thru 59)	1,296,360,727

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION KY0062	
OPERATING REPORT - FINANCIAL		PERIOD ENDED January, 2009	
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SECTION B. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	1,783,190,902	32. Memberships	75
2. Construction Work in Progress	9,489,306	33. Patronage Capital	
3. TOTAL UTILITY PLANT (1 + 2)	1,792,680,208	a Assigned and Assignable	
4. Accum. Provision for Depreciation and Amort.	881,759,374	b Retired This year	
5. NET UTILITY PLANT (3 - 4)	910,920,834	c Retired Prior years	
6. Non-Utility Property (Net)		d Net Patronage Capital	
7. Investments in Subsidiary Companies		34. Operating Margins - Prior Years	(256,863,074)
8. Invest. in Assoc. Org. - Patronage Capital	3,384,731	35. Operating Margin - Current Year	2,213,479
9. Invest. in Assoc. Org. - Other - General Funds	684,993	36. Non-Operating Margins	97,832,640
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		37. Other Margins and Equities	4,444,502
11. Investments in Economic Development Projects	10,000	38. TOTAL MARGINS & EQUITIES (32 + 33d thru 37)	(152,372,378)
12. Other Investments	5,334	39. Long-Term Debt - RUS (Net)	821,234,051
13. Special Funds	510,560	40. Long-Term Debt - FFB - RUS Guaranteed	
14. TOTAL OTHER PROPERTY AND INVESTMENTS (6 thru 13)	4,595,618	41. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds	4,930	42. Long-Term Debt - Other (Net)	157,115,528
16. Cash - Construction Funds - Trustee		43. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits	570,867	44. Payments - Unapplied	
18. Temporary Investments	26,010,654	45. TOTAL LONG-TERM DEBT (39 thru 43 - 44)	978,349,579
19. Notes Receivable (Net)		46. Obligations Under Capital Leases - Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)	21,514,787	47. Accumulated Operating Provisions and Asset Retirement Obligations	7,307,467
21. Accounts Receivable - Other (Net)	1,922,962	48. TOTAL OTHER NONCURRENT LIABILITIES (46 + 47)	7,307,467
22. Fuel Stock		49. Notes Payable	
23. Materials and Supplies - Other	759,252	50. Accounts Payable	15,301,788
24. Prepayments	4,712,978	51. Current Maturities Long-Term Debt	52,273,494
25. Other Current and Accrued Assets	49,661	52. Current Maturities Long-Term Debt - Rural Development	
26. TOTAL CURRENT AND ACCRUED ASSETS (15 thru 25)	55,546,091	53. Current Maturities Capital Leases	
27. Unamortized Debt Discount & Extraor. Prop. Losses	730,707	54. Taxes Accrued	635,743
28. Regulatory Assets		55. Interest Accrued	4,145,272
29. Other Deferred Debits	91,504,825	56. Other Current and Accrued Liabilities	2,195,428
30. Accumulated Deferred Income Taxes		57. TOTAL CURRENT & ACCRUED LIABILITIES (49 thru 56)	74,551,725
31. TOTAL ASSETS AND OTHER DEBITS (5 + 14 + 26 thru 30)	1,063,298,075	58. Deferred Credits	155,461,682
		59. Accumulated Deferred Income Taxes	
		60. TOTAL LIABILITIES AND OTHER CREDITS (38 + 45 + 48 + 57 thru 59)	1,063,298,075

ATTACHMENT B

(MOODY'S GLOBAL
CORPORATE FINANCE CREDIT OPINION MARCH 2009)

Credit Opinion

Moody's Global Corporate Finance

March 2009

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Key Indicators^[1]

Big Rivers Electric Corporation	2007	2006	2005
TIER [2]	1.7	1.5	1.4
DSCR [2]	1.8	1.6	1.8
FFO / Interest	2.1	1.9	1.8
FFO / Debt	6%	5%	4%
Equity / Capitalization	-16%	-21%	-26%
Net Operating Margin	30%	34%	32%

[1] All ratios calculated in accordance with Moody's Electric G&T Cooperative Rating Methodology using Moody's standard adjustments

[2] Moody's definitions may differ from indenture covenants

Rating Drivers

- Expected deleveraging as the unwinding of 1998 vintage transactions nears completion
- Ownership of competitively advantaged coal-fired generation plants
- High industrial concentration to two aluminum smelters
- Rates subject to regulation by the Kentucky Public Service Commission (KPSC)
- Substantial portion of revenues from electricity sold under long-term wholesale power contracts with member owners



Moody's Investors Service

Big Rivers Electric Corporation

Corporate Profile

Big Rivers Electric Corporation is an electric generation and transmission cooperative (G&T) headquartered in Henderson, Kentucky and owned by its three member system distribution cooperatives— Jackson Purchase Energy Corporation; Kenergy Corp; and Meade County Rural Electric Cooperative Corporation. These member system cooperatives provide retail electric power and energy to more than 111,000 residential, commercial, and industrial customers in 22 Western Kentucky counties.

Summary Rating Rationale

The (P)Baa1 senior secured rating considers the anticipated financial benefits to Big Rivers of a series of steps being taken to unwind a lease and other transactions, including an expectation that the cooperative's current deficit net worth will turn substantially positive, cash receipts will be utilized to reduce existing debt, and two new committed bank credit facilities aggregating \$100 million will be established to improve liquidity. Revenues generated from competitively priced power sold under long-term wholesale contracts with the three member owners should also continue to generate FFO to interest and debt metrics in support of the rating level, while capital expenditures are largely met with internally generated funds. Big Rivers' rating is a notch below the median A3 senior most rating for the sector. A significant constraint to Big Rivers' rating is the fact that one of its member owners, Kenergy Corp., makes a high concentration of its sales to two aluminum smelters, both of whom face credit challenges due to the significant fall off in both metal prices and demand. In addition, these smelters have the option to terminate their respective power purchase arrangements beginning December 31, 2010, subject to one-year notice. The rating is further constrained because the cooperative's rates are subject to regulation by the KPSC, which is atypical for the sector.

Detailed Rating Considerations

Impending Improvement In Financial Flexibility As Historical Transactions Unwind

Big Rivers took steps in 2008 to buyout two leveraged lease transactions and is nearing completion of a series of other steps to terminate another lease and other long-term transactions previously entered into with E.ON U.S. LLC (formerly known as: LG&E Energy Marketing Inc.) and Western Kentucky Energy Corp. These entities have been leasing and operating the generating units owned by Big Rivers. In turn, Big Rivers has been purchasing the power from these units at generally fixed below market rates to use in servicing the requirements of its three members, exclusive of the load requirements of Kenergy's two large aluminum smelters. At the same time, Big Rivers plans to enter into various new arrangements whereby it would sell to Kenergy 850 MW in aggregate for resale to the two aluminum smelters, contingent upon terminating other agreements, thereby reintroducing a concentration of load risk.

Key credit positives ultimately expected to result from consummation of all the so-called unwind transactions would be as follows: elimination of Big Rivers' deficit net worth, with equity to total capital expected to be close to 30% (among the highest percentages in the G&T rated universe); and partial utilization of the \$508.5 million in cash payments to be received from E.ON to repay about \$140.2 million of debt owed to the Rural Utilities Service (RUS), and the establishment of \$252.9 million of reserves (i.e., \$157 million economic reserve for future environmental cost increases, a \$35 million Transition Reserve to mitigate potential costs if the smelters decide to terminate their agreements or otherwise curtail their load due to reduced aluminum production, and a \$60.9 million Rural Economic Reserve, which would be used over two years to provide credits to rural customers upon exhaustion of the ^{Transition} Reserve).

As part of this whole process, Big Rivers already completed the buyout of leveraged leases with Bank of America and Phillip Morris Capital Corporation (PMCC) during 2008. Among the positive credit effects of the buyouts were removal of \$922 million of defeased obligations (about \$735 million of which was off-balance sheet), and removal of exposure to Ambac, albeit at a net cost of \$120 million, including a \$12 million PMCC note. We note, however, that part of the aforementioned cash payment from E.ON upon consummation of

Big Rivers Electric Corporation

unwinding all the various transactions includes full reimbursement of Big Rivers' lease buyout costs, and the \$16 million remaining deferred loss on reacquired debt would be written off.

Under a contract times interest earned ratio (TIER) arrangement with the two smelters, Big Rivers is assured of maintaining a minimum TIER of 1.24x, leaving ample cushion under its financial covenants and positioning itself favorably among its similarly rated peers. We expect this recently solid debt service coverage metric to remain relatively stable (i.e., in a range of 1.3x to 1.65x over the next several years).

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

Big Rivers owns generating capacity of about 1,440 megawatts (MW) in four substantially coal-fired plants. Total power capacity is about 1,833 MW, including rights to about 215 MW of coal-fired capacity from Henderson Municipal Power and Light (HMP&L) Station Two and about 178 MW of contracted hydro capacity from Southeastern Power Administration. The economics of power produced from these sources enables Big Rivers to maintain a solid competitive advantage in the Southeast and even more so when compared to other regions around the country. The consistently high capacity factors and efficient operations of the assets results in wholesale rates to members around \$35 per MWh, which translates to member retail rates to non-smelter customers around 7 cents per kWh.

Because Big Rivers is substantially dependent on coal-fired generation, it faces a high degree of uncertainty associated with the form and substance of future environmental legislation, the timing for implementation, and the amount of related costs to comply. We view this as more of a medium-term issue at this time and note that the Economic Reserve should help mitigate some of the need for initial rate increases to cover future compliance costs.

Regulatory Risk Exists; However, Offsets Are Present

Big Rivers is subject to regulation for rate setting purposes by the KPSC, which is atypical for the sector and can pose challenges in getting timely rate relief if and when needed. We view the existence of certain fuel and purchased power cost adjustment mechanisms available to Big Rivers as favorable to its credit profile since they can temper risk of cost recovery shortfalls if there is a mismatch relative to existing rate levels. We also note little need for general rate increases by Big Rivers in the medium term, although we would not rule out additional revenues generated under the fuel adjustment clause and through use of a portion of the various reserve funds.

Wholesale Power Contracts Are A Linchpin To Sound Credit Profile

The substantial revenues derived under Big Rivers' long-term wholesale contracts with its members currently run through 2023 and will be extended to December 31, 2043 when the unwind of transactions is completed in the near term. The low cost power provided under the contracts makes it unlikely that there will be member disenchantment, even in the face of potential rate increases in the medium to longer term due to environmental compliance costs. The currently overall sound member profile provides assurance of this revenue stream, which is integral to servicing Big Rivers' debt. The potential for further degradation in the creditworthiness of the smelters is a particular credit concern, only tempered in part by assurances of two month's worth of payment obligations covered by letters of credit from an A1 rated financial institution (or some other form acceptable to Big Rivers) under certain circumstances.

Concerns About Potential Loss Of Smelter Load Cannot Be Ignored

Under historical operating conditions, the two smelters served by Kenergy can be expected to consume over 7 million MWh of energy annually, representing a substantial load concentration risk. As noted above in the Summary Rating Rationale, this risk is a significant constraint to Big Rivers' rating, making Big Rivers' operating and risk profile rather unique compared to its peers. At this stage, the earliest possible date that the smelters could serve notice of termination of their contract would be December 31, 2010 (i.e. the smelters cannot provide notice until ongoing transmission capacity upgrade projects are completed). Given the cost effective power being provided by Big Rivers to allow Kenergy to service this load, we do not currently expect the smelters to exercise this option. Moreover, transmission line expansion and legislation to permit sales to

Big Rivers Electric Corporation

non-members, when coupled with the low cost of the power, should enhance Big Rivers' ability to move excess power off system in the event that the smelters cancel their contracts or otherwise reduce load due to curtailment of aluminum production due to market and economic conditions. Indeed, one of the smelters, Century Aluminum of Kentucky, recently announced the orderly curtailment of one of its five potlines, pending improvement in economic conditions. As a result, Big Rivers will move to sell the approximately 87 megawatts of capacity it would otherwise be providing to Kenergy for service to the one Century Aluminum pot line, into the open market.

Liquidity

Big Rivers currently supplements its internally generated funds with a committed \$15 million secured line of credit from National Rural Utilities Cooperative Finance Corporation (CFC). As of December 2008, the CFC line had no direct draws against it, but there were \$2.7 million of outstanding letters of credit. Prospectively, Big Rivers expects to put in place \$100 million of unsecured committed three year revolver capacity, with CFC and CoBank providing \$50 million each. Upon effectiveness of the new facilities, the \$15 million facility would be terminated and any outstanding letters of credit would be rolled into the new CFC facility which would provide for issuance of up to \$10 million of letters of credit. This step would be credit positive, representing a considerable increase in the amount of alternate liquidity available from the banks. Big Rivers expects to report about \$38.9 million of unrestricted cash when it completes the audit for December 31, 2008 statements and cash flow from operations is projected to be around \$121 million for 2008. Assuming completion of the unwind transactions during April 2009, cash flow from operations in 2009 near \$100 million, no change in management's current policy with respect to not returning any patronage capital to members, and the planned additional bank revolvers are finalized, we expect Big Rivers to have sufficient means to meet its anticipated short-term working capital needs, capital expenditures (approximately \$90 million) and scheduled principal repayments (approximately \$13 million) over the next four quarters.

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

Structural Considerations

Substantially all of Big Rivers' assets are currently subject to the lien of an RUS mortgage; however, certain tax exempt debt of Big Rivers and any outstanding amounts under the existing \$15 million secured CFC line of credit enjoy a super priority of payment claim and lien on assets under the current RUS mortgage over RUS. As part of the unwinding of various transactions, Big Rivers will replace the existing RUS mortgage with a new senior secured indenture. The new indenture would re-establish RUS and all senior secured debt holders on equal footing in terms of priority of claim and lien on assets. The new indenture will also provide Big Rivers with the flexibility to access public debt markets while retaining the right to borrow from RUS, if they choose to do so. Given persistent questions about the availability of funds under the federally subsidized RUS loan program, we consider the added flexibility of the new secured indenture to be credit positive.

Rating Outlook

The stable rating outlook is based on expectations that Big Rivers successfully completes the unwind transactions in the near term, thereby improving its financial profile and repositioning itself to continue efficiently meeting the needs of its members in the future.

Big Rivers Electric Corporation

What Could Change the Rating - Up

Given the rating constraints linked to customer load concentration at Kenergy, rate regulation, and looming pressures tied to environmental issues, a rating upgrade is unlikely in the foreseeable future. Changes to eliminate rate regulation of cooperatives in Kentucky could contribute to a positive action, especially if it coincides with improvement in market conditions for the aluminum smelters and sustained improvement of FFO to interest and debt metrics to near 2.3x and 8%, respectively, on average.

What Could Change the Rating - Down

Loss of significant load (i.e. the smelters) that is not otherwise compensated for through off system power sales could contribute to a negative action, as would lack of regulatory support for substantial and timely recovery of costs. In terms of credit metrics, if FFO to interest and debt falls below 2x and 6%, respectively, for a sustained period of time, then rating pressure could result.

Other Considerations

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

Big Rivers' mapping under Moody's U.S. Electric Generation & Transmission Cooperative rating Methodology appears below. The Indicated Rating for Big Rivers' senior most obligations under the Methodology is Baa1 and relies on historical quantitative data and qualitative assessments. In particular we note that the Baa1 rating is significantly influenced by the weak standing for the factors relating to dependence on purchased power, the percentage of residential sales, and equity as a percentage of capitalization. A more favorable prospective view of some of those factors, especially given the high likelihood we currently ascribe to successful completion of the aforementioned unwind transactions, would likely generate a higher Indicated Rating for Big Rivers under the Methodology. Nevertheless, the unique risks relating to Big Rivers load concentration to the smelters will likely persist and continue to constrain its rating level in the future.

Big Rivers Electric Corporation

Rating Factors

Big Rivers Electric Corporation

U.S. Electric Generation & Transmission
Cooperatives

	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Wholesale Power Contracts (15%)							
a) % Member Load Served		100%					
Factor 2: Rate Flexibility (20%)							
a) Regulatory Review / Relationship with Regulators				Baa			
b) Board Involvement / Rate Adjustment Mechanism				Baa			
c) Purchased Power / Sales %							100%
d) New Build Capex (% Net PP&E)			27%				
e) Rate Competitiveness			A				
f) Rate Shock Exposure			A				
Factor 3: Member / Owner Profile (20%)							
a) Demand Growth				2.00%			
b) Residential Sales / Total Sales						14.50%	
c) Members' Consolidated Assets (\$billions)					\$0.38		
d) Members' Consolidated Equity / Capitalization				33.70%			
e) Regulatory Status				Baa			
Factor 4: 3-Year Average Financial Metrics (40%)							
a) TIER		1.5x					
b) DSC		1.7x					
c) FFO / Debt				5.10%			
d) FFO / Interest				1.9x			
e) Equity / Capitalization							-21.10%
f) Net Operating Margin		32.20%					
Factor 5: Size (10%)							
a) MWh Sales				6.2			
b) Revenues (\$millions)				\$0.30			
c) Net PP&E (\$millions)				\$0.90			
d) MW Owned and Purchased					1,833		
Rating:							
a) Indicated Rating from Methodology				Baa1			
b) Actual Rating Assigned (Sr. Secured Rating)				(P) Baa1			

Big Rivers Electric Corporation

Report Number: 115312_SC

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