



SULLIVAN, MOUNTJOY,
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COMMISSION

Tyson Kamuf
Attorney
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Skill. Integrity. Efficiency.

November 1, 2017

VIA FEDERAL EXPRESS

Gwen R. Pinson
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

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

Dear Ms. Pinson:

Enclosed for filing are an original and ten copies of Big Rivers Electric Corporation's compliance filing in response to Paragraphs 3 and 4 on page 7 of the Public Service Commission's September 18, 2017, order in the above-referenced matter, along with (i) one paper and one electronic copy of the CFC loan documents, as requested by the order, and (ii) one electronic copy of the attachments to the response to Paragraph 3. I certify that on this date, a copy of this letter and all attachments were served on all parties of record by first class mail.

Sincerely,

Tyson Kamuf

TAK/abg

Enclosures

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS
CASE NO. 2017-00281**

**Response to Commission's Final Order
dated September 18, 2017**

November 2, 2017

1 **Ordering Paragraph 3) Within ten days of finalizing the refinancing**
2 **transaction, Big Rivers should notify the Commission in writing of the exact**
3 **amount of the new CFC loan. Big Rivers should include with the notice an**
4 **updated version of Staff's First Request, Items 3.b. and 3.c., reflecting the**
5 **savings based on the actual amount of the new CFC loan and legal fees.**

6

7 **Response)**

8 The exact amount of Big Rivers' new CFC loan is \$15,000,000.

9 Please see the attached schedule, Attachment 1, for updated information for
10 Staff's First Request, Item 3.b., which reflects the actual 3-year Fixed Rate of
11 3.69%. As shown, the nominal savings is \$467,957.03 and the NPV savings at
12 3.69% is \$646,638.09. This schedule is also provided electronically in a
13 confidential Excel spreadsheet, with formulas intact and unprotected and all rows
14 and columns fully accessible.

15 Please see the attached schedule, Attachment 2, for updated information for
16 Staff's First Request, Item 3.c., which reflects the actual 3-year Fixed Rate of
17 3.69%, and closing costs of \$63,970.93. As shown, the nominal savings is
18 \$403,986.10 (\$63,970.93 less than b. above) and the NPV savings at 3.69% is

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
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1 \$582,667.16. This schedule is also provided electronically in a confidential Excel
2 spreadsheet, with formulas intact and unprotected and all rows and columns fully
3 accessible.

4

5 **Respondent)** Lindsay N. Durbin

\$15,000,000 CFC Loan (Farmer Mac)

Cash Flow Summary

Original	\$ 35,246,149.29
Refinancing	34,778,192.26
Nominal Savings	\$ 467,957.03

CFC Loan

Closing Date	10/24/2017
Next Day Funds Flow	10/25/2017
Loan Amount	\$ 15,000,000.00
3-Year Fixed Rate	3.69%
Closing Costs	\$ -

	Interest	Principal	Total Payment	Ending Balance
2/1/2018	\$ 149,137.50	\$ 750,000.00	\$ 899,137.50	\$ 14,250,000.00
8/1/2018	262,912.50	750,000.00	1,012,912.50	13,500,000.00
2/1/2019	249,075.00	750,000.00	999,075.00	12,750,000.00
8/1/2019	235,237.50	750,000.00	985,237.50	12,000,000.00
1/31/2020	221,400.00	750,000.00	971,400.00	11,250,000.00 (2/1 is a Saturday)
7/31/2020	207,562.50	750,000.00	957,562.50	10,500,000.00 (8/1 is a Saturday)
Maturity Date 10/23/2020	89,328.75	10,500,000.00	10,589,328.75	\$0.00 (10/24 is a Saturday)
	\$ 1,414,653.75	\$ 15,000,000.00	\$ 16,414,653.75	

RUS Series A Note

Refinancing

	Interest - 5.75%	Principal	Total Payment	Ending Balance
10/24/2017	278,840.66	\$0.00	\$ 278,840.66	\$ 65,456,000.00
1/2/2018	721,809.30	0.00	721,809.30	65,456,000.00
4/2/2018	928,040.54	0.00	928,040.54	65,456,000.00
7/2/2018	938,352.11	0.00	938,352.11	65,456,000.00
10/1/2018	938,352.11	0.00	938,352.11	65,456,000.00
1/2/2019	958,975.22	0.00	958,975.22	65,456,000.00
4/1/2019	917,728.98	0.00	917,728.98	65,456,000.00
7/1/2019	938,352.11	0.00	938,352.11	65,456,000.00
10/1/2019	948,663.67	0.00	948,663.67	65,456,000.00
1/2/2020	958,918.88	0.00	958,918.88	65,456,000.00
4/1/2020	925,504.93	8,910,000.00	9,835,504.93	\$ 56,546,000.00
	\$ 9,453,538.51	\$ 8,910,000.00	\$ 18,363,538.51	

Case No. 2017-00281 - Response to the Commission's Order dated 9/18/2017, Ordering Paragraph 3. regarding Item PSC 1-3.b.

	Original		Ending Balance
	Interest	Principal	
10/24/2017	\$0.00	\$0.00	\$ 80,456,000.00
1/2/2018	1,166,060.93	0.00	80,456,000.00
4/2/2018	1,140,711.78	0.00	80,456,000.00
7/2/2018	1,153,386.36	0.00	80,456,000.00
10/1/2018	1,153,386.36	0.00	80,456,000.00
1/2/2019	1,178,735.51	0.00	80,456,000.00
4/1/2019	1,128,037.21	0.00	80,456,000.00
7/1/2019	1,153,386.36	0.00	80,456,000.00
10/1/2019	1,166,060.94	2,403,000.00	78,053,000.00
1/2/2020	1,143,462.73	10,658,000.00	67,395,000.00
4/1/2020	952,921.11	10,849,000.00	\$ 56,546,000.00
	\$ 11,336,149.29	\$ 23,910,000.00	\$ 35,246,149.29

Payment Date	Refinancing	Original	Refin Cost/(Benefit)	Days	PV Factor	PV Cost/(Benefit)	PV Proof using Excel Formula
Closing Costs	\$ -	\$0.00	\$ -	0	1.000000	\$ -	\$ -
10/24/2017	278,840.66		278,840.66	0	1.000000	278,840.66	278,840.66
1/2/2018	721,809.30	1,166,060.93	(444,251.63)	70	0.993075	(441,175.11)	(\$441,175.11)
2/1/2018	899,137.50		899,137.50	100	0.990122	890,255.44	\$890,255.44
4/2/2018	928,040.54	1,140,711.78	(212,671.24)	160	0.984241	(209,319.85)	(\$209,319.85)
7/2/2018	938,352.11	1,153,386.36	(215,034.25)	251	0.975390	(209,742.21)	(\$209,742.21)
8/1/2018	1,012,912.50		1,012,912.50	281	0.972489	985,046.41	\$985,046.41
10/1/2018	938,352.11	1,153,386.36	(215,034.25)	342	0.966618	(207,855.92)	(\$207,855.92)
1/2/2019	958,975.22	1,178,735.51	(219,760.29)	435	0.957734	(210,471.99)	(\$210,471.99)
2/1/2019	999,075.00		999,075.00	465	0.954886	954,003.01	\$954,003.01
4/1/2019	917,728.98	1,128,037.21	(210,308.23)	524	0.949310	(199,647.63)	(\$199,647.63)
7/1/2019	938,352.11	1,153,386.36	(215,034.25)	615	0.940772	(202,298.23)	(\$202,298.23)
8/1/2019	985,237.50		985,237.50	646	0.937881	924,035.85	\$924,035.85
10/1/2019	948,663.67	3,569,060.94	(2,620,397.27)	707	0.932219	(2,442,783.78)	(\$2,442,783.78)
1/2/2020	958,918.88	11,801,462.73	(10,842,543.85)	800	0.923652	(10,014,733.75)	(\$10,014,733.75)
1/31/2020	971,400.00		971,400.00	829	0.920996	894,655.82	\$894,655.82
4/1/2020	9,835,504.93	11,801,921.11	(1,966,416.18)	890	0.915436	(1,800,127.78)	(\$1,800,127.78)
7/31/2020	957,562.50		957,562.50	1,011	0.904505	866,120.15	\$866,120.15
10/23/2020	10,589,328.75		10,589,328.75	1,095	0.896994	9,498,560.82	\$9,498,560.82
	\$ 34,778,192.26	\$35,246,149.29	\$ (467,957.03)			\$ (646,638.09)	\$ (646,638.09)

\$15,000,000 CFC Loan (Farmer Mac)

Cash Flow Summary

Original	\$ 35,246,149.29
Refinancing	34,842,163.19
Nominal Savings	\$ 403,986.10

CFC Loan

Closing Date	10/24/2017
Next Day Funds Flow	10/25/2017
Loan Amount	\$ 15,000,000.00
3-Year Fixed Rate	3.69%
Closing Costs	\$ 63,970.93

	Interest	Principal	Total Payment	Ending Balance
2/1/2018	\$ 149,137.50	\$ 750,000.00	\$ 899,137.50	\$ 14,250,000.00
8/1/2018	262,912.50	750,000.00	1,012,912.50	13,500,000.00
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1/31/2020	221,400.00	750,000.00	971,400.00	11,250,000.00 (2/1 is a Saturday)
7/31/2020	207,562.50	750,000.00	957,562.50	10,500,000.00 (8/1 is a Saturday)
Maturity Date 10/23/2020	89,328.75	10,500,000.00	10,589,328.75	\$0.00 (10/24 is a Saturday)
	\$ 1,414,653.75	\$ 15,000,000.00	\$ 16,414,653.75	

RUS Series A Note

	Refinancing		Total Payment	Ending Balance
	Interest - 5.75%	Principal		
10/24/2017	278,840.66	\$0.00	\$ 278,840.66	\$ 65,456,000.00
1/2/2018	721,809.30	0.00	721,809.30	65,456,000.00
4/2/2018	928,040.54	0.00	928,040.54	65,456,000.00
7/2/2018	938,352.11	0.00	938,352.11	65,456,000.00
10/1/2018	938,352.11	0.00	938,352.11	65,456,000.00
1/2/2019	958,975.22	0.00	958,975.22	65,456,000.00
4/1/2019	917,728.98	0.00	917,728.98	65,456,000.00
7/1/2019	938,352.11	0.00	938,352.11	65,456,000.00
10/1/2019	948,663.67	0.00	948,663.67	65,456,000.00
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4/1/2020	925,504.93	8,910,000.00	9,835,504.93	\$ 56,546,000.00
	\$ 9,453,538.51	\$ 8,910,000.00	\$ 18,363,538.51	

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	Original		Ending Balance
	Interest	Principal	
10/24/2017	\$0.00	\$0.00	\$ 80,456,000.00
1/2/2018	1,166,060.93	0.00	80,456,000.00
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7/2/2018	1,153,386.36	0.00	80,456,000.00
10/1/2018	1,153,386.36	0.00	80,456,000.00
1/2/2019	1,178,735.51	0.00	80,456,000.00
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7/1/2019	1,153,386.36	0.00	80,456,000.00
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1/2/2020	1,143,462.73	10,658,000.00	67,395,000.00
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Payment Date	Refinancing	Original	Refin Cost/(Benefit)	Days	PV Factor	PV Cost/(Benefit)	PV Proof using Excel Formula
Closing Costs	\$ 63,970.93	\$0.00	\$ 63,970.93	0	1.000000	\$ 63,970.93	\$ 63,970.93
10/24/2017	278,840.66		278,840.66	0	1.000000	278,840.66	278,840.66
1/2/2018	721,809.30	1,166,060.93	(444,251.63)	70	0.993075	(441,175.11)	(\$441,175.11)
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7/31/2020	957,562.50		957,562.50	1,011	0.904505	866,120.15	\$866,120.15
10/23/2020	10,589,328.75		10,589,328.75	1,095	0.896994	9,498,560.82	\$9,498,560.82
	\$ 34,842,163.19	\$35,246,149.29	\$ (403,986.10)			\$ (582,667.16)	\$ (582,667.16)

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR APPROVAL TO ISSUE EVIDENCES OF INDEBTEDNESS
CASE NO. 2017-00281**

**Response to Commission's Final Order
dated September 18, 2017**

November 2, 2017

1 **Ordering Paragraph 4)** **Within ten days of the execution of the new**
2 **CFC loan documents, Big Rivers should file with the Commission one copy**
3 **in paper medium and an electronic version of the loan documents.**

4
5 **Response)** **One copy of the new CFC loan documents in paper medium and**
6 **an electronic version of the loan documents accompany this response as requested.**

7
8 **Respondent)** **Lindsay N. Durbin**

BIG RIVERS ELECTRIC CORPORATION
First Mortgage Note, Series 2017B
Under the
Seventh Supplemental Indenture
and
the Loan Agreement

Parties:

BREC	Big Rivers Electric Corporation
CFC	National Rural Utilities Cooperative Finance Corporation
U.S. BANK	U.S. Bank National Association

Representatives:

CFC	Carrie Shannon, counsel to CFC
ORRICK	Orrick, Herrington & Sutcliffe LLP, counsel to BREC
SHIPMAN	Shipman & Goodwin LLP, counsel to U.S. Bank
SMSM	Sullivan, Mountjoy, Stainbank & Miller PSC, counsel to BREC

Documents:

Credit Agreement: Loan Agreement, dated as of October 23, 2017

Seventh Supplemental Indenture: Seventh Supplemental Indenture, dated as of October 9, 2017, between BREC and U.S. Bank

Indenture: Indenture, dated as of July 1, 2009, between BREC and U.S. Bank

Index of Closing Documents

A. BASIC DOCUMENTS

1. Credit Agreement
2. \$15 Million Big Rivers Electric Corporation First Mortgage Note, Series 2017B
3. Recorded Seventh Supplemental Indenture

B. CLOSING CERTIFICATES

4. Secretary's Certificate Including Resolution of the BREC Board (Section 4.1A of the Indenture and Section 4 B (ii) of the Credit Agreement)
5. Certificate as to Articles of Inc. and Bylaws/Incumbency (Section 4 B (ii) of the Credit Agreement)
6. Company Request for the Authentication and Delivery of Additional Obligation (Sections 4.1 and 4.2 of Indenture)
7. Officers' Certificate (Section 4.1 B of Indenture) re:
 - (i) no Event of Default exists
 - (ii) no liens other than permitted Prior Liens
 - (iii) conditions precedent have been complied with.
8. Available Margins Certificate (Section 4.2 A of Indenture), including Certificate of Independent Accountant
9. Certificate as to Bondable Additions (Section 4.2 B of Indenture)
10. Summary of Certificate as to Bondable Additions (Section 4.2 B of Indenture)
11. Certificate of U.S. Bank
12. Closing Certificate of BREC pursuant to the Credit Agreement
13. Copies of Governmental Approval (Section 4.01 C of the Credit Agreement)
14. Evidence of recordation of Seventh Supplemental Indenture (Section 4.01 D of the Credit Agreement)

C. OPINIONS

LEGAL OPINIONS (CREDIT AGREEMENT):

15. Opinion of SMSM, special counsel for the Company (Section 4.01(B)(iii) of the Credit Agreement)
16. Opinion of ORRICK, special counsel for the Company (Section 4.01 B (iii) of the Credit Agreement)

LEGAL OPINIONS (SEVENTH SUPPLEMENTAL INDENTURE):

17. Opinion of Counsel:
 - (i) Sections 4.1 C (1), (2), (3), (4) and (5) of Indenture;
 - (ii) Section 4.2 F (3) of Indenture; and
 - (iii) Section 12.3 re Seventh Supplemental Indenture.Reliance letter to Lenders
18. Opinion of Counsel re Section 4.1 C (2) of Indenture (Reliance letter to Lenders)
19. Opinion of Counsel to U.S. Bank

LOAN AGREEMENT

LOAN AGREEMENT (this "**Agreement**") dated as of October 23, 2017 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.

"**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.

"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.

"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 October 9, 2017.

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

"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 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 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 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 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.

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 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 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 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 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 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 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 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 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 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, 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 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.

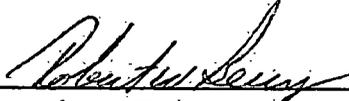
Section 8.16 Schedules; Exhibits. All Schedules and Exhibits are integral parts of this Agreement.

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: Robert W. Berry
Title: President and CEO

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**

By: _____
Assistant Secretary-Treasurer

Attest: _____
Assistant Secretary-Treasurer

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

**NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION**

By:  _____ **PAULA Z. KRAMP**
Assistant Secretary-Treasurer

Attest:  _____ **Ann Shankroff**
Assistant Secretary-Treasurer

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 the morning of October 23, 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 6/30/2017.
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.

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.

"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

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.]

Schedule 2.01A

LITIGATION

Big Rivers Electric Corporation v. City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light, Henderson Circuit Court Civil Action No. 09-CI-00693 (the "Henderson Circuit Court Action"); *City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light v. Big Rivers Electric Corporation*, Kentucky Court of Appeals No. 2010-CA-000120-MR; *Big Rivers Electric Corporation v. City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light*, Kentucky Supreme Court No. 2014-SC-000595; *Big Rivers Electric Corporation v. City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light*, American Arbitration Association Case No. 52 198 000173 10.

Big Rivers filed suit in Henderson, Kentucky, Circuit Court on July 31, 2009, requesting an order referring to arbitration a dispute with the City of Henderson, Kentucky and City of Henderson Utility Commission (collectively, "HMP&L") regarding the rights of the parties respecting "Excess Henderson Energy as defined in the contracts by which Big Rivers operates HMP&L's Station Two and receives a portion of the generation output of Station Two. By agreement dated as of July 16, 2009, Western Kentucky Energy Corp. ("WKEC") indemnified Big Rivers against certain adverse consequences of failing to prevail in the arbitration with HMP&L. The obligations of WKEC are guaranteed by its parent company, E.ON U.S. LLC, and its successor in interest. The order of the Henderson Circuit Court directing arbitration was appealed to the Kentucky Court of Appeals, which found that the circuit court order was non-final and non-appealable, and dismissed the appeal for want of appellate jurisdiction. The contractual dispute was submitted to the American Arbitration Association.

The arbitration panel issued an award on May 31, 2012, essentially adopting the HMP&L position in the arbitration. Big Rivers filed a motion on July 16, 2012, in the Henderson Circuit Court asking the court to vacate the arbitrators' award. The judge ruled against Big Rivers on December 5, 2012. Big Rivers filed a notice of appeal to the Kentucky Court of Appeals on January 2, 2013. The Court of Appeals upheld the lower court. On August 12, 2015, the Kentucky Supreme Court denied Big Rivers' request for discretionary review of the case.

Counsel for HMP&L wrote counsel for Big Rivers on June 26, 2012, asserting that Big Rivers owes HMP&L for "fixed costs" associated with energy Big Rivers had taken from HMP&L's "reserve capacity for the period beginning in August 2009 to the date of the award May 30, 2012." The amount claimed by HMP&L in that letter is \$3,753,013.09.

By letter dated September 14, 2015, from counsel for HMP&L to the lead counsel from the two law firms representing Big Rivers in this matter, HMP&L demanded damages of \$23,801,477.50, and an immediate cession of ongoing sales of Excess Henderson Energy by Big Rivers.

On February 12, 2016, HMP&L filed a petition in the Henderson Circuit Court case initiated by Big Rivers in 2009 that resulted in the arbitration award. The petition seeks damages in an unspecified amount for Big Rivers' alleged wrongful use of this Excess Henderson Energy from July 2009 until Big Rivers stops using the Excess Henderson Energy. Big Rivers has notified WKEC of this petition as required under the July 16, 2009 Indemnification Agreement between

the parties. The attorneys retained by WKEC to represent Big Rivers in the original arbitration filed a motion to dismiss the petition on technical grounds. The Henderson Circuit Court ruled that the damages claim can proceed in the current docket. Discovery has commenced in the case. In a discovery response dated September 29, 2016, HMP&L said it is seeking damages from Big Rivers of approximately \$32,216,403 for the period from August 1, 2009 through July 31, 2016. Big Rivers is vigorously contesting the claims asserted in the petition based on substantial procedural and substantive defects in the petition and the claims it purports to assert including, without limitation, the liability of Big Rivers, and the measure and calculation of damages. The parties and WKEC have reached an agreement in principle to settle the damage claim suit and the WKEC indemnification obligation, and are negotiating agreements of settlement and release.

In the Matter of Application of Big Rivers Electric Corporation for a Declaratory Order, Kentucky Public Service Commission, Case No. 2016-00278.

Big Rivers filed an Application with the Kentucky Public Service Commission ("Commission") on July 29, 2016, seeking a declaratory order that, under the Power Sales Contract between Big Rivers and the City of Henderson and the Utility Commission of the City of Henderson (the City of Henderson and the Utility Commission of the City of Henderson, collectively, "Henderson") regarding operation of Henderson's Station Two, Big Rivers is not responsible for the variable costs of any energy defined as Excess Henderson Energy produced by Station Two that Big Rivers does not take, and that Henderson is responsible for those costs, or in the alternative, if Big Rivers is responsible for these costs under the Power Sales Contract, that the PSC modify that contract to make Henderson responsible for those costs. Big Rivers has been charging those costs to Henderson since June 1, 2016, but Henderson has refused payment. If the Commission rules against Big Rivers, the costs charged to Henderson may have to be expensed by Big Rivers, and the future costs of generating the unwanted Excess Henderson Energy could be the responsibility of Big Rivers.

A hearing in this case was held February 7, 2017. The briefing schedule ended March 21, 2017, after which the case was submitted to the Commission for decision. The Commission will determine whether it has jurisdiction over the pending dispute, and if so, how the contracts involved should be applied. But the Commission will not award damages. Upon joint motions from the parties, the Commission agreed to hold the case in abeyance until October 27, 2017, to allow the parties to try to reach a settlement of all issues and file a settlement agreement with the Commission.

Schedule 2.01C

DISCLOSURE

1. The consolidated (where applicable) balance sheet and statements of revenues, expenses and patronage capital as of and for the fiscal years ended December 31, 2014, 2015 and 2016 respectively, reported on by KPMG LLP.
2. The consolidated (where applicable) balance sheet and statements of revenues, expenses and patronage capital as of and for the fiscal quarter ended June 30, 2017.
3. RUS Form 12 dated August 31, 2017.

Schedule 2.01P

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

[Attached Hereto]

Member Wholesale Power Contracts

1. Wholesale Power Contract Agreement – Federated Cooperative dated June 11, 1962, between Big Rivers Rural Electric Cooperative Corporation and Green River Rural Electric Cooperative Corp.¹
2. Amendment dated December 15, 1975, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Green River Electric Corporation.¹
3. Amendment 3 dated May 9, 1980, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Green River Electric Corporation.¹
4. Amendment dated July 15, 1998, to Wholesale Power Agreements dated October 12, 1974, and June 11, 1962, between Big Rivers Electric Corporation and Green River Electric Corporation.¹
5. Wholesale Power Contract – Federated Cooperative dated June 11, 1962, between Big Rivers Rural Electric Cooperative Corporation and Henderson Union Rural Electric Coop. Corp.¹
6. Amendment dated December 15, 1975, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Henderson-Union Rural Electric.¹
7. Amendment 4 dated May 9, 1980, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Henderson-Union Rural Electric Cooperative Corporation.¹
8. Amendment dated July 15, 1998, to Wholesale Power Agreements dated October 12, 1974, and June 11, 1962, between Big Rivers Electric Corporation and Henderson Union Electric Cooperative Corp.¹
9. System Disturbance Agreement dated April 4, 2001, between Big Rivers Electric Corporation, Kenergy Corp., Willamette Industries, Inc., WKE Station Two Inc., formally known as LG&E Station Two Inc., and Western Kentucky Energy Corp., as amended by the Release Agreement dated July 16, 2009.
10. Amendment dated July 6, 2009, to Wholesale Power Contracts dated June 11, 1962, between Big Rivers Electric Corporation and Kenergy Corp.
11. Amendment dated August 1, 2009, to Wholesale Power Contracts dated June 11, 1962, between Big Rivers Electric Corporation and Kenergy Corp.
12. Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
13. Letter agreement dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
14. Supplemental Agreement dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.

¹ Green River Electric Corporation and Henderson Union Electric Cooperative Corp. merged and consolidated into Kenergy Corp. effective July 1, 1999.

15. Amendment 1 dated May 9, 1980, to Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
16. Amendment No. 2 dated July 6, 2009, to Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
17. Amendment No. 3 dated August 1, 2009, to Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
18. Wholesale Power Contract – Federated Cooperative dated June 11, 1962, between Big Rivers Rural Electric Cooperative Corporation and Meade County Rural Electric Coop. Corp.
19. Supplemental Agreement dated June 8, 1962, between Big Rivers Rural Electric Generating and Transmission Cooperative Corp. and Meade County Rural Electric Cooperative Corp.
20. Amendment dated December 15, 1975, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.
21. Amendment 2 dated May 9, 1980, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.
22. Amendment No. 3 dated July 6, 2009, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.
23. Amendment No. 4 dated August 1, 2009, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.

Material Direct Serve Contracts

24. Letter agreement dated December 9, 2008, between Big Rivers Electric Corporation and Kenergy Corp. (Kimberly-Clark).
25. Delivery Point Agreement dated July 1, 2009, between and among Kenergy Corp., Big Rivers Electric Corporation, Southwire Company, and Century Aluminum of Kentucky General Partnership.
26. Second Amended and Restated Wholesale Power Agreement dated January 21, 2011, between Big Rivers Electric Corporation and Kenergy Corp. (Domtar).
27. Letter Agreement dated as of May 27, 2016, between Big Rivers Electric Corporation and Kenergy Corp. (Aleris Rolled Products, Inc.).

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

THIS SERIES 2017B 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. KY062-LUM-3000-FMD001(9006)

\$15,000,000.00

**BIG RIVERS ELECTRIC CORPORATION
FIRST MORTGAGE NOTE, SERIES 2017B**

ISSUANCE DATE: October 23, 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.

This Note is a registered Obligation and, as provided in the Indenture, upon surrender of this Note for registration of transfer (or the delivery of other evidence satisfactory to the Trustee of the transfer of this Note), 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 (in the event this Note is not surrendered for transfer, upon delivery to the Trustee of such satisfactory evidence of a transfer, the Obligation Registrar (as defined in the Indenture) shall register such transfer on the Obligations Register (as defined in the Indenture)). 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, counterclaim, or defense, including the defense of usury, and represents that no such right of rescission, set-off, counterclaim, or defense is asserted with respect hereto.

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 Kentucky.

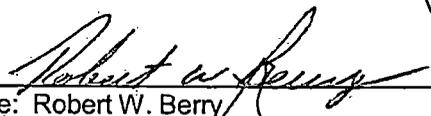
[Remainder of page intentionally left blank.]

COOPER

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.

BIG RIVERS ELECTRIC CORPORATION

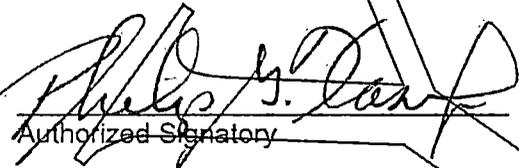
(SEAL)

By: 
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: October 23, 2017

Exhibit A

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 2017B, to transfer this Note under the Indenture pursuant to the instructions above.

National Rural Utilities Cooperative Finance Corporation

By: _____
Name: _____
Title: _____

SEVENTH SUPPLEMENTAL INDENTURE
(to that certain Indenture dated as of July 1, 2009)
dated as of October 9, 2017

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

Authorized by this Seventh Supplemental Indenture

BIG RIVERS ELECTRIC CORPORATION

to

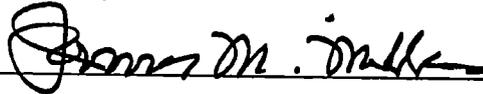
**U.S. BANK NATIONAL ASSOCIATION,
TRUSTEE**

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: _____



AFTER RECORDING RETURN TO:

Bryan R. Reynolds
100 St Ann Street
Owensboro, KY 42303

THIS SEVENTH SUPPLEMENTAL INDENTURE, dated as of October 9, 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 October 23, 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 2017B, in the principal amount of \$15,000,000 (the "Series 2017B Note") as an Additional Obligation and specifying the form and provisions of the Series 2017B 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 2017B Note, to make the Series 2017B 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 2017B 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 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 2017B 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 2017B 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 2017B 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 2017B 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 2017B.

There shall be established a series of Additional Obligations known as and entitled the "First Mortgage Note, Series 2017B" (hereinafter referred to as the "Series 2017B Note"), the form, terms and conditions of which shall be substantially as set forth in Sections 1.02-1.05 hereof. The Series 2017B Note is the same Note described and defined in the Loan Agreement as the "Note." The aggregate principal face amount of the Series 2017B Note which shall be authenticated and delivered is limited to \$15,000,000. The Series 2017B Note shall be dated October 23, 2017 and is due October 23, 2020.

The Series 2017B 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 2017B 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 2017B Note shall be computed pursuant to the Loan Agreement. The Company will act as the Paying Agent for the Series 2017B 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 2017B 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 2017B Note, as provided in the Loan Agreement.

SECTION 1.05. Form of the Series 2017B Note.

The Series 2017B Note and the Trustee's authentication certificate to be executed on the Series 2017B 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 2017B Note.

The Series 2017B 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 2017B 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 2017B 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 2017B 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 2017B Note (other than its certificate of authentication); it shall not be accountable for the Company's use of the proceeds from the Series 2017B 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 2017B 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.]

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 2017B 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.: KY062-LUM-3000-FMD001(9006)

\$15,000,000

**BIG RIVERS ELECTRIC CORPORATION
FIRST MORTGAGE NOTE, SERIES 2017B**

ISSUANCE DATE: October 23, 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.

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: _____

EXHIBIT

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 2017B to transfer this Note under the Indenture pursuant to the instructions, above.

National Rural Utilities Cooperative Finance Corporation

By: _____

Name: _____

Title: _____



2017006349

BRECKINRIDGE CO, KY FEE \$56.00

PRESENTED / LODGED: 10-16-2017 12:48 PM

RECORDED: 10-16-2017

JARED BUTLER
CLERK

BY: CINDY JOHNSON
DEPUTY CLERK

BK: MTG 445

PG: 160-175

BIG RIVERS ELECTRIC CORPORATION

**Secretary's Certificate Pursuant to
Section 4.1 A of the Indenture**

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, an electric cooperative corporation organized under the laws of the Commonwealth of Kentucky ("Big Rivers"), pursuant to Section 4.1 A of the Indenture dated as of July 1, 2009, as supplemented, between Big Rivers and U.S. Bank National Association, as trustee, do hereby certify that, in connection with the issuance of the Big Rivers Electric Corporation First Mortgage Note, Series 2017B in the principal amount of fifteen million dollars (\$15,000,000) (the "Additional Obligation"), attached hereto as Annex A is a true copy of a resolution duly adopted by the Board of Directors of Big Rivers at a meeting duly called and held on May 19, 2017 at which a quorum was present and acting throughout; such resolution has not been amended, modified or rescinded and remains in full force and effect; and such resolution is the only resolution adopted by the Board of Directors of Big Rivers relating to the Additional Obligation.

[signature page to follow]

IN WITNESS WHEREOF, I have hereunto signed my name on this 23rd day of October, 2017.

Paula Mitchell

Name: Paula Mitchell
Title: Executive Secretary of the Board of Directors

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MAY 19, 2017**

Director Butler moved that the following resolution be approved:

WHEREAS, in 2009 Big Rivers Electric Corporation ("Big Rivers") issued its 2009 Promissory Note Series A (the "RUS Series A Note"); and

WHEREAS, in order to prepay a portion of the RUS Series A Note, Big Rivers is negotiating an agreement entitled "Loan Agreement" with National Rural Utilities Cooperative Finance Corporation ("CFC") for a loan in the aggregate amount not to exceed \$15,000,000 from CFC (the "Loan Agreement"); the substantial terms of the Loan Agreement having been described to the Board at this meeting and presented to the Board for its approval; and

WHEREAS, Big Rivers will use the proceeds of the Loan Agreement to prepay a portion of the RUS Series A Note; and

WHEREAS, the loan under the Loan Agreement will be evidenced by a note in the amount of \$15,000,000 (the "First Mortgage Notes, Series 2017B"), which will be issued and secured under the Indenture, dated as of July 1, 2009, as supplemented (the "Indenture"), between Big Rivers and U.S. Bank Trust National Association, as trustee (in such capacity, the "Trustee"); the substantial terms of the First Mortgage Notes, Series 2017B having been described to the Board at this meeting and presented to the Board for its approval; and

WHEREAS, Big Rivers will issue a supplemental indenture (the "Supplemental Indenture") authorizing the issuance of a series of Additional Obligations (as defined in the Indenture) in the form of the First Mortgage Notes, Series 2017B; the substantial terms of the Supplemental Indenture having been described to the Board at this meeting and presented to the Board for its approval; and

NOW, THEREFORE, the Board hereby resolves as follows:

RESOLVED, that each of the following is an Authorized Representative: The Chair, Vice Chair, Secretary-Treasurer and any Assistant Secretary-Treasurer of the Board; the President and Chief Executive Officer of Big Rivers, the Chief Financial Officer, and the Vice President System Operations of Big Rivers; and any other officer or employee of Big Rivers designated as an Authorized Representative in writing by an Authorized Representative listed above.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the Loan Agreement in a form substantially as described in this meeting, be, and that the Loan Agreement in a form substantially as described in this meeting be, and they hereby are, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Loan Agreement on behalf of Big Rivers, with

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MAY 19, 2017**

or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the Supplemental Indenture in a form substantially as described in this meeting, and that the Supplemental Indenture in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Supplemental Indenture on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the First Mortgage Notes, Series 2017B in a form substantially as described in this meeting, in the aggregate principal amount of not to exceed \$15,000,000, and that the First Mortgage Notes, Series 2017B in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is authorized to issue the First Mortgage Notes, Series 2017B as a series of Additional Obligations under the Indenture pursuant to Sections 4.2, 4.3 and/or 4.4 of the Indenture, as supplemented, in substantially the form described to this meeting, and such form of First Mortgage Notes, Series 2017B hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the First Mortgage Notes, Series 2017B on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that the Authorized Representatives of Big Rivers be, and they hereby are, and each of them hereby is authorized and directed for, and on behalf of Big Rivers, to execute all such agreements, documents, instruments certificates, and other papers, and to do all such acts and things as may be necessary or desirable to complete the transactions authorized hereby, including, without limitation, the securing of the First Mortgage Notes, Series 2017B under the Indenture, including, without limitation, the obtaining of all approvals or consents required from CFC, the Kentucky Public Service Commission, and any other lender, the entry into the Loan Agreement, the entry into the Supplemental Indenture with the Trustee, the issuance and delivery of the First Mortgage Notes, Series 2017B under the Indenture, and the

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MAY 19, 2017**

carrying out of the terms of the various agreements and documents authorized or approved in the foregoing resolutions, and to otherwise carry out the purposes and intent of the foregoing resolutions; and any such acts or things done or accomplished prior to the date hereof in furtherance of the foregoing be, and they hereby are, in all respects approved, ratified and confirmed.

RESOLVED, FURTHER, that the foregoing resolutions shall take effect immediately.

The motion was seconded and adopted by unanimous vote.

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of the Regular Meeting of the Board of Directors of said Corporation held on 5-19-17.

Paula Mitchell

BIG RIVERS ELECTRIC CORPORATION

CERTIFICATE

The undersigned, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation ("Big Rivers"), hereby certifies as follows:

1. We have delivered to you today a true, correct and complete copy of the Articles of Incorporation of Big Rivers dated July 10, 1998, certified by the Secretary of State of the Commonwealth of Kentucky, and such Articles of Incorporation have not being amended since such date and are in full force and effect on the date hereof.

2. Attached hereto as Exhibit A is a true, correct and complete copy of the By-laws of Big Rivers dated October 17, 2014 and such By-laws have not being amended since such date and are in full force and effect on the date hereof.

3. Big Rivers is duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky and there are no proceedings in any court relating to the dissolution or liquidation of Big Rivers.

4. Attached hereto as Exhibit B is a true, correct and complete copy of the order of the Kentucky Public Service Commission dated September 18, 2017 and such order has not been amended since such date and is in full force and effect on the date hereof.

5. Attached hereto as Exhibit C is a is a true copy of a resolution duly adopted by the Board of Directors at a meeting duly called and held on May 19, 2017 at which meeting a quorum was present and such minutes and such minutes have not been amended since such date and are in full force and effect on the date hereof.

[signature page to follow]

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Big Rivers, as of the 23rd day of October, 2017.

Paula Mitchell

Paula Mitchell

[SEAL]

EXHIBIT A
BY-LAWS OF BIG RIVERS

EXHIBIT B

ORDER OF KENTUCKY PUBLIC SERVICE COMMISSION

EXHIBIT C

RESOLUTION OF BOARD OF DIRECTORS

Current Bylaws (Last amended by the Board of Directors on October 17, 2014)

AMENDED BYLAWS
OF
BIG RIVERS ELECTRIC CORPORATION

ARTICLE I

MEMBERSHIP: The fee for membership in this corporation is fixed at twenty-five dollars (\$25.00).

The members must be accepted by a vote of a majority of the Board of Directors and only upon payment of the aforesaid fee accompanied by application containing the agreements referred to in Section 2 of Article VII of the Articles of Incorporation. Membership in the corporation shall not be transferable.

The Board of Directors may suspend the rights of a member, when such member ceases to be eligible for membership under the law, Articles of Incorporation, Bylaws or rules or regulations, for such period of time as the said member is ineligible for membership. The Board of Directors may terminate the membership of a member by expulsion when a member knowingly and intentionally fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the Board of Directors, but only after such member shall have been given written notice by the Secretary of the Corporation that such failure shall be contained for at least ten (10) days after such notice is received. An affirmative vote of not less than two-thirds of all the directors shall be required to suspend or expel a member. An affirmative vote of a majority of all the directors shall be required to terminate a suspension of the members' rights or to reinstate a member once expelled.

When membership in the cooperative corporation has been terminated, under the laws of the State of Kentucky, the Articles of Incorporation as amended, or as provided in this Article I, as hereinabove stated, it shall be subject to the capital credits provision contained in Article VIII of these bylaws. The termination shall operate as a release of all right, title and interest of the member in the property and assets of the corporation, provided, however, that such termination

of membership shall not release the member from the debts or the liabilities of such member to the cooperative corporation.

ARTICLE II

MEETINGS OF MEMBERS: The annual meeting of the members shall be held on the third Friday of each September, or on such other day in September as may be selected by the Board of Directors of the corporation, at an hour to be designated in the notice of the annual meeting, at the principal office of the corporation in Henderson, Henderson County, Kentucky, or at such other place in Kentucky as may be directed by the Chair of the corporation. Each member of the Board of Directors of a Big Rivers' member distribution cooperative shall be invited to attend the annual meeting of members of Big Rivers.

Special meetings of the members may be called at such times and places within the area aforesaid as may be ordered by the Board of Directors or by two (2) of the three (3) members.

Written notice of both the annual and special meetings of the members shall be given each member appearing on the books of the corporation by mailing the same to his last known address at least ten (10) days before such meeting. The notice of the special meeting shall set forth the purpose of which the meeting is called.

Each member shall designate one (1) delegate to represent it at each membership meeting. The Secretary of the corporation shall include with the written notice of the meeting a form on which each member shall certify the name and address of the delegate so designated. Such form shall be returned to the Secretary prior to or at the beginning of the meeting. In the event a waiver of notice is executed as herein provided, a representative of each member may orally report to the Secretary at the beginning of the meeting the name and address of the delegate who has been designated to represent the member at such meeting.

The delegates may at any special membership meeting held within thirty (30) days of the date for the required annual meeting elect by a two-thirds (2/3) vote to substitute such special meeting for the required annual meeting if delegates representing all members are present at such special meeting.

A waiver of notice containing the time, place and purpose of any membership meeting,

signed by all the delegates representing all members and attached to the minutes of the meeting, shall satisfy the written notice requirement for a meeting in this Article.

Delegates representing a majority of the members shall constitute a quorum for the transaction of business.

Only delegates so designated shall vote on matters coming before the meeting.

ARTICLE III

DIRECTORS:

SECTION 1. Number. The number of directors shall be six (6). Each director shall be elected by a majority vote of the delegates at the annual meeting of the members or at a special meeting of the members called for the purpose. Each member distribution cooperative shall be entitled to have two (2) directors on the Board of Directors of the corporation at all times, provided however, that at least one (1) of the two (2) directors from each member distribution cooperative shall also have been, at the time of his election, a director of such member distribution cooperative.

SECTION 2. Term. The terms of directors shall be staggered such that two (2) directors from different member cooperatives are elected each year. Each director elected on and after September 1, 2000, shall be elected for a term of three (3) years and shall serve until his or her successor is elected and qualified.

SECTION 3. Qualifications. A person is qualified to stand for election to the Board of Directors of the corporation if that person satisfies the general requirements and limitations on board service in Article III, and each of the following requirements:

A. A director of Big Rivers Electric Corporation shall be a member of a member distribution cooperative and shall reside in the service territory of a Big Rivers Electric Corporation member distribution cooperative.

B. No employee of Big Rivers Electric Corporation or of its member cooperatives shall be a director during the term of such employment. No member of the immediate family of an employee of Big Rivers Electric Corporation shall serve as a director of the corporation during the term of such employment. For purposes of this requirement, the "immediate family" of an

employee is any person (a) who is a spouse, parent, child, or sibling of that employee, or of that employee's spouse or of an individual living in the same home as the employee, (b) any person who is living in the same home as the employee, and (c) any person who is married to or lives in the same home as any of the persons listed in (a) and (b).

C. A director must have the legal capacity to enter into a binding contract.

D. Each director shall have a high school diploma or its equivalent.

E. A person who serves a term on the Board of Directors of the corporation after September 1, 1997, shall be qualified to serve a subsequent term if, in addition to meeting the other qualifications for board membership, that person has completed all orientation and continuing education requirements imposed by Board policy during his or her tenure on the Board. Each director shall have achieved the National Rural Electric Cooperative Association Credentialed Cooperative Director (CCD) certification by the end of his or her sixth consecutive year of service after September 1, 1997.

SECTION 4. Removal. Any member may bring charges against a director by filing with the Secretary of the corporation such charges in writing and request the removal of such director by reason thereof. Such director shall be informed in writing by the Secretary of the charges at least ten (10) days prior to the meeting at which the charges are to be considered. Such director shall have an opportunity at the meeting to be heard and to present evidence respecting the charges. The question of the removal of such director shall be considered and voted upon by the remaining directors with the director under charges excluded from the meeting room at the time of the vote.

SECTION 5. Meetings. Regular monthly meetings of the Board of Directors shall be held upon the third Friday of each month at an hour to be designated from month to month.

Special meetings of the Board of Directors may be called by the Chair or Secretary at such time and place as may be determined by the person calling the meeting. At least five (5) days' written notice shall be given each director of the special meeting by the person calling same. A waiver of notice containing the time, place, and purpose of the meeting, signed by all directors and attached to the minutes of the meeting, shall satisfy the written notice requirement for a meeting in this Article.

The directors may at any special meeting held within thirty (30) days of the date for the required annual or monthly meeting, elect by a two-thirds (2/3) vote of all the directors to substitute such special meeting for the required annual or monthly meeting if all directors are present at such special meeting.

A majority of the Board of Directors shall constitute a quorum at all meetings.

SECTION 6. Vacancies. In case of any vacancy on the Board of Directors caused by death, resignation, or otherwise, such vacancy shall be filled for the unexpired term by a majority of the Board of Directors within sixty (60) days.

SECTION 7. Meetings by Telephone or Similar Communications. Any or all directors may participate in any regular or special meeting by, or conduct a meeting through the use of, any means of communication by which all directors participating in such meeting can simultaneously hear each other, and participation in such meeting by a director shall constitute the presence in person by such director at such meeting.

SECTION 8. Consolidation of Members. If two or more members of the corporation consolidate pursuant to KRS 279.170 to form a new entity and member of the corporation, the positions on the corporation's Board of Directors for that entity shall be filled for a term ending with the next annual meeting of the members of the corporation by a majority vote of the Board of Directors within sixty (60) days. At the first annual meeting of the members of the corporation following the effective date of the consolidation, the membership shall elect two (2) directors from the new entity, as provided in Article III, Section 1, above, for terms consistent with Article III, Section 3, which establishes staggered terms for directors.

ARTICLE IV

OFFICERS:

SECTION 1. Officers Authorized. The officers of the corporation shall be a Chair, Vice Chair, President, Secretary-Treasurer, and Vice President of System Operations. The Chair, Vice Chair and Secretary-Treasurer shall be elected by and from the membership of the Board of Directors. The President shall be elected by the Board of Directors. The Vice President of System Operations shall be appointed by the President. The Board of Directors may appoint an

Executive Secretary and one or more Assistant Secretaries, who need not be members of the Board of Directors, to perform such duties and to have such powers of the secretary as shall from time to time be assigned to the Executive Secretary or to any Assistant Secretary by the Board of Directors or by the Secretary.

SECTION 2. Election and Terms of Officers. At the first meeting following the annual meeting of the members, each officer required by these Bylaws to be chosen by election shall be elected by a majority vote by the Board of Directors by a secret ballot, provided the result of such election is determined by ballot vote, and shall hold office for one (1) year, or until that officer's successor is elected and qualified. All officers of the corporation serve at the pleasure of the Board and may be removed as an officer without cause by an affirmative vote of a majority of all the directors, unless otherwise expressly provided in a written contract of employment between the corporation and an officer who is also an employee of the corporation.

SECTION 3. There shall be no limit on the number of terms a director may serve in any office of the Corporation, provided, however, that beginning with the elections at the 2011 annual board meeting, a director elected to an office of the Corporation may serve no more than three consecutive terms in that office.

ARTICLE V

DUTIES OF OFFICERS:

SECTION 1. Chair and Vice-Chair. The Chair shall preside at all meetings of the members and of the Board of Directors. The Chair may sign, with the Secretary-Treasurer, certificates of membership of the corporation, and the Chair may also sign any deeds, mortgages, bonds, contracts or other instruments in writing authorized by the Board of Directors or by these Bylaws or that are required by law to be otherwise signed or executed. The Chair shall perform generally all duties incident to the office of Chair and such other duties as may be prescribed by the Board of Directors from time to time.

In the absence of the Chair, or in the event of the Chair's inability or refusal to act, the Vice Chair shall perform the duties of the Chair. When so acting, the Vice Chair shall have all

the powers of and be subject to all the restrictions upon the Chair. The Vice Chair shall perform such other duties as may be assigned from time to time by the Board of Directors.

SECTION 2. Secretary. The Secretary of the Corporation shall keep, or cause to be kept, the minutes of the meetings of the Board of Directors and members in one or more books provided for that purpose and shall authenticate records of the Corporation. The Secretary shall see that all notices are duly given in accordance with these Bylaws, or as required by law. The Secretary shall be the custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all certificates of membership prior to the issue thereof and to all documents requiring a seal. The Secretary of the Corporation shall keep, or cause to be kept, a register of the post office address of each member. The Secretary shall sign, with the Chair, certificates of membership and have general charge of the books of the Corporation. The Secretary shall perform in general all duties incident to the office of the Secretary and such other duties as from time to time may be assigned by the Board of Directors.

SECTION 3. Treasurer. The Treasurer of the Corporation, or such other person or persons delegated by the Board, shall have charge and custody of and be responsible for all funds and securities of the Corporation. The Treasurer shall in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

SECTION 4. President. The President shall act as the general manager and chief executive officer of the Corporation. The President may sign, with the Secretary, certificates of membership of the Corporation, and any deeds, mortgages, bonds, contracts, tariffs or other instruments in writing authorized by the Board of Directors, or by these Bylaws, or that are required by law to be otherwise signed or executed by the president of a rural electric cooperative corporation. The President shall perform generally all duties incident to the office of president and to the position of general manager and chief executive officer, and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. Vice President of System Operations. The Vice President of System Operations of the Corporation shall act as the manager of system operations, energy control, storm restoration, NERC and SERC compliance and system maintenance and engineering for the Corporation, and shall perform generally all duties incident to the office of vice president of system operations, along with such other duties as may be prescribed by the President or the Board of Directors from time to time. The Vice President of System Operations may sign any deeds, mortgages, bonds, contracts or other instruments in writing on behalf of the Corporation that is authorized by the Board of Directors, or by these Bylaws, or that is required by law to be otherwise signed or executed on behalf of the Corporation

SECTION 6. (Intentionally left blank.)

SECTION 7. Absence or Disability of President. If the President is absent or becomes disabled, the Vice President of System Operations shall have all the powers and be subject to all the duties of the President so long as such absence or disability continues.

SECTION 8. Compensation of Officers. The compensation of the officers of the corporation shall be fixed from time to time by the Board of Directors, except the compensation of the Vice President of System Operations whose compensation shall be fixed by the President.

SECTION 9. Annual Reports of Officers. The officers of the Corporation shall submit at each annual meeting of the members reports covering the business of the corporation for the previous fiscal year and showing the condition of the corporation at the close of such fiscal year.

SECTION 10. Secretary-Treasurer. The Secretary-Treasurer shall have the duties of both the Secretary and the Treasurer.

ARTICLE VI

FISCAL YEAR: The fiscal year of the corporation shall commence on January 1st of each year.

ARTICLE VII

SEAL: The corporate seal of the corporation shall be circular with the words "BIG RIVERS ELECTRIC CORPORATION" and "HENDERSON, KENTUCKY" surrounding the word "SEAL".

ARTICLE VIII

SECTION 1. Operation on a Cooperative Basis. The cooperative shall at all times be operated on a non-profit, cooperative basis for the mutual benefit of its patrons. As used in these Bylaws, "patron" shall include members and non-members alike, who have expressly contracted in writing to do all or a portion of their business with the cooperative on a patronage basis on the terms contained in these Bylaws. No interest or dividends shall be paid or payable by the cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Net Earnings.

(a) The patronage net earnings of the cooperative (1) attributable to that portion of the year during which the closing of the Unwind Transaction occurs (the "Unwind Year") that commences on January 1 of such year and ends on the last day of the month preceding the month in which the closing of the Unwind Transaction occurs (the "Initial unwind Period") and (2) attributable to 2008 if the Unwind Year shall not be 2008) and all subsequent years preceding the Unwind Year shall be determined and allocated to the patrons in accordance with the bylaws as in effect on January 1, 2008. The patronage net earnings of the cooperative attributable to that portion of the Unwind Year that commences on the first day of the month in which the closing of the Unwind Transaction occurs and ends on December 31 of such year (the "Subsequent Unwind Period") (and all subsequent years) shall be determined and allocated to the patrons in accordance with the bylaws currently in effect. The patronage net earnings attributable to each of the Initial Unwind Period and the Subsequent Unwind Period will be determined by closing the books of the cooperative as of the last day of the Initial Unwind Period and by treating each of the Initial Unwind Period and the Subsequent Unwind Period as a short period taxable year; provided, that, the patronage net earnings of the cooperative attributable to the Unwind

Transaction will be allocated solely as provided in clause (c)(2) below.

(b) The taxable income or loss of the cooperative from business done with or for its patrons on a cooperative basis, as computed for U.S. federal income tax purposes for purposes of calculating regular taxable income tax and alternative minimum taxable income, prior to taking into account any deduction for patronage dividends but after offset (if applicable) by any available tax loss carryforward amounts attributable to a deficit in patronage earnings from prior taxable years (“patronage net earnings”) shall, if positive, be allocated in an amount no less than the greater of such patronage net earnings as computed for regular income tax purposes and such patronage net earnings as computed for alternative minimum tax purposes to the patrons of the cooperative in the manner detailed in clause (c) below and, if negative, be treated in the manner detailed in clause (d) below.

(c)(1) As of the end of each taxable year, the amount of the patronage net earnings of the cooperative (except as provided in clauses (c)(2) and (c)(3) below relating to the Unwind Transaction and Extraordinary Transactions) shall be allocated to the patrons of the cooperative based on the ratio of the patronage net book earnings attributable to each such patron for the year over the patronage net book earnings attributable to all of the patrons for that year provided, however, that for the Subsequent Unwind Period, the allocation shall be made based on the ratio of the patronage net book earnings attributable to each such patron for the Subsequent Unwind Period over the patronage net book earnings attributable to all of the patrons for the Subsequent Unwind Period. For this purpose, the patronage net book earnings attributable to each patron with respect to any year shall be $MR_{Rural} + ML_{LargeIndustrial} + MS_{Smelters}$, where

MR_{Rural} = the greater of zero or $((RR_{Rural} - A) * KR_{Rural})$;

$ML_{LargeIndustrial}$ = the greater of zero or $((RL_{LargeIndustrial} - A) * KL_{LargeIndustrial})$;

$MS_{Smelters}$ = the greater of zero or $((RS_{Smelters} - A) * KS_{Smelters})$.

For purposes of the foregoing:

RR_{Rural} = the cooperative’s system-average revenue per kWh for that year from sales to the applicable patron for resale to rural consumers (as determined pursuant to GAAP);

$RL_{LargeIndustrial}$ = the cooperative’s system-average revenue per kWh for that year from sales to the applicable patron for resale to large industrial consumers (as determined pursuant to GAAP);

RSmelters = the cooperative's system-average revenue per kWh for that year from sales to the applicable patron for resale to smelter consumers 9as determined pursuant to GAAP);

A = the cooperative's system-average cost per kWh for that year (based on the Total Cost of Electric Service, as set forth in the cooperative's RUS Form 12a for the year, and the Sales of Electricity (Grand Total), as set forth in the cooperative's RUS Form 12b for the year, and, hence, determined pursuant to GAAP);

KRural = the number of kWh purchased by the applicable patron during that year for resale to rural consumers;

KLargeIndustrial = the number of kWh purchased by the applicable patron during that year for resale to large industrial consumers;

KSmelters = the number of kWh purchased by the applicable patron during that year for resale to smelter consumers (if any).

Notwithstanding the foregoing, if the patronage net book earnings attributable to all of the patrons is negative for any year, the allocation of the patronage net earnings for that year shall instead be based on the ratio of (i) the cumulative patronage net earnings of the cooperative allocated to each of the patrons in all prior years subsequent to 1998, which is the year in which Big Rivers' bankruptcy reorganization closed, to (ii) the cumulative patronage net earnings allocated to all of the patrons during such years.

(2) The patronage net earnings of the cooperative attributable to the Unwind Transaction will be allocated amongst the patrons of the cooperative based on the ratio of the historic patronage allocations made to each of the patrons to the historic patronage allocations made to all of the patrons with respect to the period commencing with January 1, 1999, which is the year subsequent to the year in which Big Rivers' bankruptcy reorganization closed, and terminating on the last day of the month preceding the month in which the closing of the Unwind Transaction occurs.

(3) In the event that an Extraordinary Transaction occurs as the result of the sale of generation or transmission assets, the patronage net earnings of the cooperative attributable to such sale of assets (but not in excess of the patronage net earnings for the year of such sale) will be allocated among the patrons of the cooperative based on the ratio of the historic patronage

allocations made to each of the patrons (other than allocations made pursuant to (i) the 2000 Patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Article VIII, Section 2(c)(3)) to the historic patronage allocations made to all of the patrons (other than allocations made pursuant to (i) the 2000 Patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Article VIII, Section 2(c)(3)) for the period commencing on the first day of the year during which depreciation allowances were first allowed for federal income tax purposes with respect to the assets sold and terminating on the last day of the year during which such assets were sold. In the event that an Extraordinary Transaction occurs other than as the result of the sale of generation or transmission assets, the patronage net earnings of the cooperative attributable to such Extraordinary Transaction (but not in excess of the patronage net earnings for the year of such Extraordinary Transaction) will be allocated among the patrons of the cooperative based on the ratio of the historic patronage allocations made to each of the patrons (other than allocations made pursuant to (i) the 2000 Patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Article VIII, Section 2(c)(3)) to the historic patronage allocations made to all of the patrons (other than allocations made pursuant to (i) the 2000 patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Article VIII, Section 2(c)(3)) for the period that most equitably relates to the income or gain arising from the Extraordinary Transaction, taking into account all relevant facts and circumstances.

(d) If the patronage net earnings of the cooperative for any taxable year is negative, the deficit shall be carried forward and applied as an offset against future positive patronage net earnings (in accordance with clause (b) above).

(e) If patronage net earnings of the cooperative shall be adjusted (by the IRS on audit or otherwise) for any year, the amount of patronage net earnings allocated to each patron pursuant to this Article VIII, Section 2 for that year shall be automatically adjusted in accordance with this Article VIII, Section 2 to reflect the recomputed patronage net earnings, with each member being notified within a reasonable time thereafter of the amount of the adjustment allocated to the patron's capital account.

SECTION 3. Nonpatronage Net Earnings. The taxable income or loss of the cooperative from business not done with or for its patrons on a cooperative basis for any taxable year, as

computed for U.S. federal income tax purposes (“nonpatronage net earnings”), after offset (if applicable) by any available tax loss carryforward amounts attributable to a deficit in nonpatronage net earnings from prior taxable years, shall, if positive, be retained by the cooperative as a permanent source of equity and, if negative, shall be carried forward to be applied as an offset against future positive nonpatronage net earnings. If the nonpatronage net earnings of the cooperative shall be adjusted (by the IRS on audit or otherwise) for any year, the calculations made pursuant to this Article VIII, Section 3 for that year shall be automatically adjusted in accordance with this Article VIII, Section 3 to reflect the recomputed nonpatronage net earnings.

SECTION 4. Record-Keeping. The membership fee paid and the amount of patronage net earnings allocated to each patron shall be credited to a capital account maintained for such patron, with the books and records of the cooperative being set up and kept in such manner that, at the end of each taxable year, the amount of capital allocated and credited to each patron is clearly reflected in an appropriate record to the capital account of each patron (with the cooperative notifying each patron within a reasonable time after the close of the taxable year notify the amount of the patronage net earnings allocated to the patron’s account with respect to such taxable year). All such amounts allocated to the capital account of any patron in accordance with this Article VIII shall be in pursuance of a legal obligation to do so. The capital account of each patron shall be assignable only on the books of the cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy of all or a part of such patron’s premises served by the cooperative unless the board of directors, acting under policies of general application, shall otherwise determine.

SECTION 5. Retirement of Patronage Capital. If, at any time prior to the liquidation of the cooperative, the board of directors shall determine that the financial condition of the cooperative will not be impaired thereby, the patrons’ capital accounts may be retired in full or in part (except that no distribution shall be made that would result in a violation of any financial covenant of the cooperative). Generally, such retirements of capital shall be made in order of priority according to the year in which the patronage net earnings were allocated. Notwithstanding the foregoing, however, the board of directors shall have the discretion to

determine the method of allocation, basis and order of priority of repayment for all amounts furnished as patronage capital.

Upon the liquidation of the cooperative, the assets of the cooperative shall be distributed in the following order: (i) all debts and obligations of the cooperative shall be paid in accordance with lawful priorities; (ii) each patron's capital account balance shall be paid without priority on a pro rata basis until all such capital accounts (as determined subsequent to adjusting such accounts by allocations of patronage net earnings for the year of liquidation) have been reduced to zero and (iii) any remaining assets of the cooperative shall be paid to the current and former patrons of the cooperative based upon the amount of their historic patronage with the cooperative measured by kilowatt-hours purchased from Big Rivers over the life of the cooperative. The life of the cooperative is defined to begin at the date Big Rivers was formed in 1961 and to continue uninterrupted through Big Rivers' bankruptcy reorganization to the date of liquidation.

SECTION 6. Definitions. For purposes of this Article VIII, the "Unwind Transaction" shall mean the transactions contemplated by that certain Transaction Termination Agreement dated as of March 26, 2007 to which the cooperative is a party, and an "Extraordinary Transaction" shall mean any transaction or event occurring after the completion of the Unwind Transaction and other than in the ordinary course of the business of the cooperative (including without limitation a sale of generation or transmission assets) where the patronage net earnings from such transaction or event are in excess of \$30 million.

ARTICLE IX

ORDER OF BUSINESS: The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be as follows:

1. Call of the Roll
2. Reading of the notice of the meeting together with proof of service.
3. Presentation and reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports

of officers, directors, and committees.

5. The election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE X

CONTRACTS, CHECKS AND DEPOSITS: The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the corporation and such authority may be general or confined to specific instances.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such bank or banks as the Board of Directors may select.

ARTICLE XI

DIRECTORS FEES AND EXPENSES:

SECTION 1: A director is entitled to such fees and to reimbursement of such expenses as may be provided in the written policy of the Board on Directors' Fees and Expenses.

Compliance with that policy shall be monitored by the Board of Directors.

SECTION 2: Nothing contained herein shall limit the right of the Board of Directors to contract with or pay any individual director for additional services or duties rendered outside his normal functions as director.

ARTICLE XII

AMENDMENT OF BYLAWS:

These Bylaws may be altered, modified, amended, or replaced by an affirmative vote of a majority of the members of the Board of Directors at any regular or special meeting.

All Bylaws previously adopted by this Board which are inconsistent herewith are hereby altered or repealed in the above respects.

ARTICLE XIII

INDEMNIFICATION AND INSURANCE:

A. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact he or she, or a person of whom he or she is a legal representative, is or was a director, or while a director, serves or served at the corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Kentucky Business Corporation Act, as the same exists or may hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than the Kentucky Business Corporation Act permitted the corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA, excise taxes or penalties, and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such director in connection with any such proceeding. Such indemnification shall continue as to a director who has ceased to be a director and shall inure to the benefit of the director's heirs, executors, and administrators. Except with respect to proceedings to enforce rights to indemnification by a director, the corporation shall indemnify any such director in connection with a proceeding (or part thereof) initiated by such director only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this

Article shall be a contract right.

B. Advance of Expenses. The corporation shall pay for or reimburse the actual and reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if a determination is made that the facts then known to those making the determination would not preclude indemnification under KRS 271B.8-500 to 271B.8-580, and if the director furnishes the corporation: (i) a written affirmation of the director's good faith belief that the director's conduct met the standard of conduct described in Kentucky Revised Statutes 271B.8-510 or successor provisions; and (ii) a written undertaking, executed personally or on the director's behalf, to repay any advances if it is ultimately determined that the director is not entitled to indemnification for such expenses under this Article or otherwise. The undertaking must be an unlimited general obligation of the director, but need not be secured and may be accepted without reference to the director's financial ability to make repayment.

C. Indemnification of Officers, Employees and Agents. The corporation may indemnify and advance expenses to an officer, employee or agent who is not a director to the extent permitted by the Articles of Incorporation, the Bylaws, or by law.

D. Indemnification of Officers, Employees and Agents. The corporation shall indemnify and advance expenses to officers to the same extent as directors, and may indemnify employees or agents who are not directors or officers to the extent permitted by the Articles of Incorporation, the Bylaws, or by law.

E. Insurance. The corporation may purchase and maintain insurance, at its expense, on behalf of an individual who is or was a director, officer, employee or agent of the corporation, or who while a director, officer, employee or agent of the corporation is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him or her in any such capacity or arising from his status as a director, officer, employee or agent, whether or not the corporation would have power to indemnify him or her against the same liability under this Article.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)	
CORPORATION FOR APPROVAL TO ISSUE)	CASE NO.
EVIDENCES OF INDEBTEDNESS)	2017-00281

ORDER

On July 21, 2017, Big Rivers Electric Corporation ("Big Rivers") filed an application seeking Commission approval to issue certain evidences of indebtedness for a loan in the amount of \$15,000,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"); for approval to issue its Eighth Supplemental and Amendatory Indenture ("Eighth Supplemental Indenture") to the Indenture dated July 1, 2009, between Big Rivers and the United States ("U.S.") Bank National Association ("Indenture") for two loans from the Federal Financing Bank ("FFB") to be guaranteed by the Rural Utilities Service of the U.S. Department of Agriculture ("RUS"); and for approval of other amendments.

On August 17, 2017, Commission Staff issued a request for information ("Staff's First Request") to Big Rivers to clarify certain issues in this case. Big Rivers filed its responses to Staff's First Request on August 28, 2017. There are no intervenors in this case, and the matter is submitted to the Commission for a decision based upon the evidentiary record.

CFC Loan

Big Rivers is requesting to enter into a new loan contract of \$15,000,000 with CFC under the CFS's Advantage Program. The loan will be used in its entirety to prepay a portion of the outstanding principal balance of the RUS 2009 Promissory Note Series A ("RUS A Note"). Under the Advantage Program, CFC will immediately sell the new loan to a third party, in this case the Federal Agricultural Mortgage Corporation ("Farmer Mac").¹ Big Rivers states the Advantage Program allows Big Rivers to build a relationship with another lender, providing a possible additional credit option in the future, and also allows Big Rivers to save interest on a portion of the RUS A Note.² Big Rivers proposes to borrow \$15,000,000 at an interest rate estimated to be 3.5 percent for the purpose of paying down a portion of RUS debt that carries an interest rate of 5.75 percent. The RUS A Note's terms allow for prepayments in any amounts without penalty; the proposed repayment will reduce the outstanding principal balance of the RUS A Note from \$80,456,000 to \$65,456,000.³ Big Rivers also filed the Seventh Supplemental Indenture to supplement the Indenture dated July 1, 2009, between Big Rivers and U.S. Bank National Association as evidences of Big Rivers' promise to pay the loan on the terms established in the CFC Credit Agreement.⁴

Conditions on the CFC loan are set forth in the CFC Credit Agreement⁵ and include that: 1) Big Rivers is to pay CFC's expenses; 2) the loan will be sold to Farmer Mac

¹ Application, paragraph 5.

² Application, Exhibit 4 at 5, and Big Rivers' Response to Staff's First Request, Item 2.

³ *Id.* at 6.

⁴ Application, Exhibit 3.

⁵ *Id.*, Exhibit 2.

simultaneously with the funding of the CFC loan to Big Rivers; and 3) the loan will amortize on a level principal basis based on a ten-year amortization schedule with a balloon payment on the maturity date in 2020.⁶ Prior to closing, Big Rivers will provide CFC a Notice of Election selecting a fixed interest rate and fixed-rate term or a London Interbank Offered Rate (“LIBOR”) rate for the loan.⁷ Big Rivers expects to incur legal and recording fees of \$55,000 and payment of CFC expenses of \$35,000.⁸ An interest rate of 3.5 percent was used by Big Rivers in its application and is based on an April 5, 2017 term sheet provided by CFC.⁹ Big Rivers provided a cash flow analysis which indicates that the refinancing at an interest rate of 3.5 percent would save \$540,798 over the life of the proposed loan, resulting in a positive net present value cash flow of \$707,540.¹⁰ With the inclusion of the \$90,000 in closing costs, Big Rivers estimates a savings of \$450,798 over the life of the proposed loan and a net present value of \$617,541 at 3.5 percent.¹¹

RUS Loans

Big Rivers requests authority to issue its Eighth Supplemental Indenture to the July 1, 2009 Indenture between Big Rivers and the U.S. Bank National Association for two loans from the FFB to be guaranteed by RUS.¹² The Eighth Supplemental Indenture

⁶ *Id.*, Exhibit 4 at 7. Also see the Application, Exhibit 2, Schedule 3.01 for payment schedule.

⁷ *Id.* at 8. Also see the Application, Exhibit 2, Exhibit A, Interest Rate Rider.

⁸ Staff's First Request, Item 5.

⁹ *Id.*, Item 7.b.

¹⁰ *Id.*, Item 3.b. In its Application, Big Rivers stated that the nominal savings would be approximately \$600,000. based on an interest rate of 3.4 percent.

¹¹ *Id.*, Item 3.c.

¹² Application, Exhibit 5.

secures the issuance in the amount of \$25,630,000 of the Future Advance Promissory Note – W8 to the FFB and the reissuance of the Reimbursement Note – W8 of the same amount to RUS (collectively, “W8 loan”). The Eighth Supplemental Indenture also secures the issuance of the Future Promissory Notes – X8 in the amount \$20,511,000 to the FFB and the Reimbursement Note – X8 of the same amount to be issued to RUS (collectively, “X8 loan”). In its application, Big Rivers stated that these transactions are important in that the company has reestablished access to the RUS loan program for the first time since its 1998 reorganization, and such access to the RUS loans provides an excellent option for low-cost financing while Big Rivers’ credit ratings are below investment grade.¹³

The W8 loan is intended to finance the costs of environmental equipment upgrade projects as approved in Case No. 2012-00063.¹⁴ These projects are completed and were paid for out of Big Rivers’ general funds.¹⁵ The W8 loan will reimburse Big Rivers’ general funds account. The X8 loan is to finance Big Rivers’ approved 2013-2015 Transmission Construction Work Plan, as amended.¹⁶ To date, all but two projects have been completed, and the remaining two projects are expected to be completed prior to receipt of the X8 loan proceeds. All projects, including the two yet to be completed, have been

¹³ *Id.*, Exhibit 4 at 11.

¹⁴ Case No. 2012-00063, *Application of Big Rivers Electric Corporation for Approval of Its 2012 Environmental Compliance Plan for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Public Convenience and Necessity, and for Authority to Establish a Regulatory Account* (Ky. PSC Oct. 1, 2012).

¹⁵ Response to Staff’s First Request, Item 9.

¹⁶ *Id.*, Item 10.c. A copy of Big Rivers’ approved 2013-2015 Transmission Construction Work Plan and its amendment is filed under confidentiality.

funded with Big Rivers' general funds and, similarly to the W8 loan, the loan proceeds will reimburse Big Rivers' general funds. The terms of both loans have not been finalized; however, Big Rivers requested amortizing the W8 and X8 loans for 15 years and 28 years, respectively. The interest rate applied will be the RUS standard rate available at the time of funding.¹⁷ Big Rivers estimates closing costs of \$41,000 for both loans. These costs will be deferred and amortized over the life of the loans.¹⁸

Big Rivers states that the RUS Loan transactions are subject to the supervision or control of the RUS and are not subject to the jurisdiction of the Commission under KRS 278.300, and that the Commission needs to approve only the Eighth Supplemental Indenture.¹⁹ In addition to the RUS Loan transactions, the Eighth Supplemental Indenture provides in Article 11 for an amendment to the Indenture definition of "Retired." The amendment provides that the value of retired property that the Commission allows Big Rivers to place in a regulatory or similar asset, and recover through rates, will be excluded from the definition of "Retired." Big Rivers states that this amendment to the Indenture removes an impediment to the potential sale or retirement of Big Rivers' Coleman Plant, or any other assets, and allows Big Rivers to complete Recommendation No. 5 in the Action Plan from the Focused Management Audit of Big Rivers Electric Corporation.²⁰ Big Rivers is also issuing the First Amended and Restated Consolidated

¹⁷ *Id.*, Item 8.

¹⁸ Application, Exhibit 4 at 14.

¹⁹ *Id.*, paragraph 8.

²⁰ *Id.*, Exhibit 4 at 13. Focused Management and Operations Audit of Big Rivers Electric Corporation prepared for The Kentucky Public Service Commission by concentric Energy Advisors, December 8, 2015.

Loan Contract ("RUS 2017 Loan Contract") between Big Rivers and the U.S. The RUS 2017 Loan Contract recognizes and authorizes the RUS Loans.²¹

DISCUSSION

The Commission has reviewed the proposed refinancing and finds Big Rivers' proposal to enter into a new loan contract of \$15,000,000 with CFC under the Advantage Program to be reasonable due to the lower effective interest rate and cash flow savings Big Rivers would see over the period of the loan. The Commission commends Big Rivers for taking advantage of the financing alternatives available to it, thereby securing savings for itself and its members. The Commission has also reviewed the Eighth Supplemental Indenture to the Indenture for two loans from the FFB to be guaranteed by RUS and the additional amendments and finds the Eighth Supplemental Amendment to be reasonable.

The closing date for the proposed financing will be set following receipt of the authority from the Commission. The Farmer Mac credit approval for purchase of the CFC Loan expires October 24, 2017; therefore, Big Rivers requests Commission approval on or before September 19, 2017.²²

The final conditions of the CFC and RUS loans will not be known until the refinancing transaction is finalized. Big Rivers should therefore provide the Commission with the final, executed versions of all financing documents, along with a list of the changes, if any, that have been made within ten days of finalizing the transaction. In

²¹ *Id.*

²² *Id.*, paragraph 10.

addition, Big Rivers should provide an updated version of the response to Staff's First Request, Items 3.a. and 3.b. reflecting the cash flow analysis of the new CFC loan.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Big Rivers, is necessary and appropriate for, and consistent with, the proper performance by the utility of its service to the public, will not impair its ability to perform that service, is reasonable, necessary, and appropriate for such purposes, and should be approved.

2. Big Rivers should issue the Eighth Supplemental Indenture as security for the proposed loan in the manner described in its application.

3. Within ten days of finalizing the refinancing transaction, Big Rivers should notify the Commission in writing of the exact amount of the new CFC loan. Big Rivers should include with the notice an updated version of Staff's First Request, Items 3.b. and 3.c., reflecting the savings based on the actual amount of the new CFC loan and legal fees.

4. Within ten days of the execution of the new CFC loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents.

5. The proceeds from the proposed loan should be used only for the lawful purposes set out in Big Rivers' application.

6. The terms and conditions of the new CFC loan should be consistent with the CFC Advantage program as described in Big Rivers' application.

7. The Eighth Supplemental Indenture and the RUS 2017 Loan Contract are found to be reasonable. Big Rivers should file with the Commission one copy in paper medium and an electronic version of the finalized Eighth Supplemental Indenture within ten days of finalizing the RUS Loan transactions:

8. Within ten days of the execution of the new RUS Loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents:

IT IS THEREFORE ORDERED that:

1. Big Rivers is authorized to borrow from CFC up to \$15,000,000 to repay a portion of the RUS A Note under the Advantage Program as identified in the application. The loan maturity date and interest rate shall be in accordance with the CFC Advantage program as described in Big Rivers' application.

2. Big Rivers shall execute the CFC loan documents as authorized herein.

3. The Eighth Supplemental Indenture and RUS 2017 Loan Contract shall be approved as described in Big Rivers' application.

4. Big Rivers shall comply with all matters set out in finding paragraphs 3 through 8 as if they were individually so ordered.

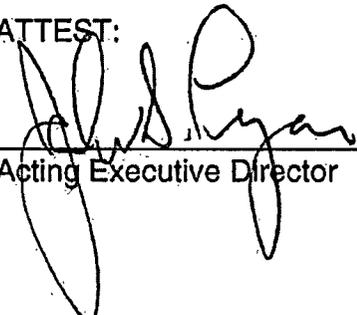
5. Any documents filed in the future pursuant to finding paragraphs 3, 4, 7, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

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

By the Commission

ENTERED
SEP 18 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Acting Executive Director

Case No. 2017-00281

*DeAnna Speed
Director Rates and Budgets
Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420

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

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

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

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
MAY 19, 2017

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8:00 a.m., CDT, on Friday, May 19, 2017, at 201 Third Street, Henderson, Kentucky 42420.

Wayne Elliott, Chair, presided and Bill Denton, Secretary-Treasurer, acted as Secretary of the meeting.

Upon calling the roll, the Secretary-Treasurer reported that the following directors were present: Messrs. Elliott, Denton, Joiner, Warren, Butler and Sills. Also present were Bob Berry, president/CEO; James Miller, corporate counsel; Mike Chambliss, Tom Davis, Mike Pullen, Mark Eacret, Lindsay Durbin, Jennifer Keach, Sharla Austin, Big Rivers' management; Jeff Hohn, president, Kenergy Corp.; Dennis Cannon, president, Jackson Purchase Energy Corp.; and Marty Littrel, president, Meade County RECC.

Director Warren gave the invocation.

The Chair asked if there were any corrections or additions to the draft minutes of the previous board of directors meeting that had been distributed prior to this meeting, and hearing none, declared that the minutes of the April 21, 2017, regular Board of Directors meeting were accepted by consensus.

Lindsay Durbin presented the March 2017 Budget/Actual Variance Analysis and April 2017 investment report. The Chair directed these be filed in the corporate records.

There being no unfinished business, the Chair called for new business.

After an explanation by Mike Chambliss, Director Sills moved, that the following resolution be approved:

WHEREAS, Kenergy Corp. ("Kenergy") has requested and management of the Corporation has recommended that the Corporation supplement its wholesale power agreements with Kenergy with a letter agreement in support of a new retail service agreement between Kenergy and Hartshorne Mining, LLC, with a Maximum Contract Demand commencing at 600 kilowatts in 2017 and increasing to 3,000 kilowatts by December 31, 2020.

WHEREAS, the Corporation has the capacity and ability to serve Kenergy with respect to the new retail load.

BE IT RESOLVED, that the Corporation is authorized, through its management and without further action by the Board of Directors, to consent to the proposed letter agreement to supplement the wholesale power agreements between the Corporation and Kenergy; and

BE IT FURTHER RESOLVED, that the Board of Directors of the Corporation authorizes its President/Chief Executive Officer and the Vice President – System Operations, or either of them, and any other employee of the Corporation authorized in writing by either of them, to execute, attest and deliver on behalf of the Corporation the letter agreement and all other necessary papers, documents, and applications for approvals or consents related to the foregoing. The motion was seconded and adopted by unanimous vote.

After an explanation by Mrs. Durbin and upon recommendation by management, Director Denton moved that the following resolution be adopted:

WHEREAS, Big Rivers Electric Corporation (“Big Rivers”) is party to the Senior Secured Credit Agreement dated as of March 5, 2015 (the “2015 Credit Agreement”) among Big Rivers, the various lenders parties thereto, National Rural Utilities Cooperative Finance Corporation, (“CFC”), as administrative agent, lead arranger, issuing lender and swingline lender, and Regions Bank, as syndication agent; and

WHEREAS, Big Rivers has issued one or more notes under the 2015 Credit Agreement in an aggregate amount that does not exceed \$130,000,000 (the “First Mortgage Notes, Series 2015A”), which are secured under the Indenture, dated as of July 1, 2009, as supplemented (the “Indenture”), between Big Rivers and U.S. Bank Trust National Association, as trustee (in such capacity, the “Trustee”); and

WHEREAS, Big Rivers’ management seeks authority for Big Rivers to amend and extend the 2015 Credit Agreement by issuing amendments to the 2015 Credit Agreement (the “2017 Amendments”), cancelling the First Mortgage Notes, Series 2015A, issuing new notes in an aggregate amount not to exceed \$100,000,000 (the “First Mortgage Notes, Series 2017A”), issuing a supplemental indenture (the “Supplemental Indenture”) authorizing the issuance of a series of Additional Obligations (as defined in the Indenture) in the form of the First Mortgage Notes, Series 2017A, all substantially on the terms that have been presented by Big Rivers’ management to the Board at this meeting for its approval; and

NOW, THEREFORE, the Board hereby resolves as follows:

RESOLVED, that each of the following is an Authorized Representative: The Chair, Vice Chair, Secretary-Treasurer and any Executive Secretary of the Board; the President and Chief Executive Officer of Big Rivers, the Chief Financial Officer and the Vice President System Operations of Big Rivers; and any other officer or employee of Big Rivers designated as an Authorized Representative in writing by an Authorized Representative listed above.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the 2017 Amendments to the 2015 Credit Agreement in a form substantially as described in this meeting, be, and that the 2017 Amendments to the 2015 Credit Agreement in a form substantially as described in this meeting be, and they hereby are, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the 2017 Amendments to the 2015 Credit Agreement on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the Supplemental Indenture in a form substantially as described in this meeting, and that the Supplemental Indenture in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Supplemental Indenture on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the First Mortgage Notes, Series 2017A in a form substantially as described in this meeting, in the aggregate principal amount of not to exceed \$100,000,000, and that the First Mortgage Notes, Series

2017A in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is authorized to issue the First Mortgage Notes, Series 2017A as a series of Additional Obligations under the Indenture pursuant to Sections 4.2, 4.3 and/or 4.4 of the Indenture, as supplemented by the Supplemental Indenture, in substantially the form described to this meeting, and such form hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the First Mortgage Notes, Series 2017A on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that the Authorized Representatives of Big Rivers be, and they hereby are, and each of them hereby is authorized and directed for, and on behalf of Big Rivers, to execute all such agreements, documents, instruments certificates, and other papers, and to do all such acts and things as may be necessary or desirable to complete the transactions authorized hereby, including, without limitation, the securing of the First Mortgage Notes, Series 2017A under the Indenture, including, without limitation, the obtaining of all required approvals or consents from CFC, the Kentucky Public Service Commission, and any other lender, the entry into the 2017 Amendments to the 2015 Credit Agreement, the entry into the Supplemental Indenture with the Trustee, the issuance and delivery of the First Mortgage Notes, Series 2017A under the Indenture, and the carrying out of the terms of the various agreements and documents authorized or approved in the foregoing resolutions, and to otherwise carry out the purposes and intent of the foregoing resolutions; and any such acts or things done or accomplished prior to the date hereof in furtherance of the foregoing be, and they hereby are, in all respects approved, ratified and confirmed.

RESOLVED, FURTHER, that the foregoing resolutions shall take effect immediately. The motion was seconded and adopted by unanimous vote.

Director Butler moved that the following resolution be approved:

WHEREAS, in 2009 Big Rivers Electric Corporation ("Big Rivers") issued its 2009 Promissory Note Series A (the "RUS Series A Note"); and

WHEREAS, in order to prepay a portion of the RUS Series A Note, Big Rivers is negotiating an agreement entitled "Loan Agreement" with National Rural Utilities Cooperative Finance Corporation ("CFC") for a loan in the aggregate amount not to exceed \$15,000,000 from CFC (the "Loan Agreement"); the substantial terms of the Loan Agreement having been described to the Board at this meeting and presented to the Board for its approval; and

WHEREAS, Big Rivers will use the proceeds of the Loan Agreement to prepay a portion of the RUS Series A Note; and

WHEREAS, the loan under the Loan Agreement will be evidenced by a note in the amount of \$15,000,000 (the "First Mortgage Notes, Series 2017B"), which will be issued and secured under the Indenture, dated as of July 1, 2009, as supplemented (the "Indenture"), between Big Rivers and U.S. Bank Trust National Association, as trustee (in such capacity, the "Trustee"); the substantial terms of the First Mortgage Notes, Series 2017B having been described to the Board at this meeting and presented to the Board for its approval; and

WHEREAS, Big Rivers will issue a supplemental indenture (the "Supplemental Indenture") authorizing the issuance of a series of Additional Obligations (as defined in the Indenture) in the form of the First Mortgage Notes, Series 2017B; the substantial terms of the Supplemental Indenture having been described to the Board at this meeting and presented to the Board for its approval; and

NOW, THEREFORE, the Board hereby resolves as follows:

RESOLVED, that each of the following is an Authorized Representative: The Chair, Vice Chair, Secretary-Treasurer and any Assistant Secretary-Treasurer of the Board; the President and Chief Executive Officer of Big Rivers, the Chief Financial Officer, and the Vice President System Operations of Big Rivers; and any other officer or employee of Big Rivers designated as an Authorized Representative in writing by an Authorized Representative listed above.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the Loan Agreement in a form substantially as described in this meeting, be, and that the Loan Agreement in a form substantially as described in this meeting be, and they hereby are, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Loan Agreement on behalf of Big Rivers, with

or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the Supplemental Indenture in a form substantially as described in this meeting, and that the Supplemental Indenture in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Supplemental Indenture on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the First Mortgage Notes, Series 2017B in a form substantially as described in this meeting, in the aggregate principal amount of not to exceed \$15,000,000, and that the First Mortgage Notes, Series 2017B in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is authorized to issue the First Mortgage Notes, Series 2017B as a series of Additional Obligations under the Indenture pursuant to Sections 4.2, 4.3 and/or 4.4 of the Indenture, as supplemented, in substantially the form described to this meeting, and such form of First Mortgage Notes, Series 2017B hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the First Mortgage Notes, Series 2017B on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that the Authorized Representatives of Big Rivers be, and they

hereby are, and each of them hereby is authorized and directed for, and on behalf of Big Rivers, to execute all such agreements, documents, instruments certificates, and other papers, and to do all such acts and things as may be necessary or desirable to complete the transactions authorized hereby, including, without limitation, the securing of the First Mortgage Notes, Series 2017B under the Indenture, including, without limitation, the obtaining of all approvals or consents required from CFC, the Kentucky Public Service Commission, and any other lender, the entry into the Loan Agreement, the entry into the Supplemental Indenture with the Trustee, the issuance and delivery of the First Mortgage Notes, Series 2017B under the Indenture, and the carrying out of the terms of the various agreements and documents authorized or approved in the foregoing resolutions, and to otherwise carry out the purposes and intent of the foregoing resolutions; and any such acts or things done or accomplished prior to the date hereof in furtherance of the foregoing be, and they hereby are, in all respects approved, ratified and confirmed.

RESOLVED, FURTHER, that the foregoing resolutions shall take effect immediately.

The motion was seconded and adopted by unanimous vote.

The Chair called for management's report. Tom Davis presented the Safety Report which compared the statistics of April 2016 to those recorded for April 2017.

Mr. Davis updated the Board on HR and talent management activities for the past year.

Mike Pullen presented the Risk Management and Plant Operating Reports. He also reviewed the Navigant Benchmarking Results for the period 2012-2016.

Mark Eacret discussed the Energy Services and Load Mitigation Reports.

Mr. Berry updated the Board on the status of HMP&L activities.

Mrs. Durbin presented the status on the PSC proceedings.

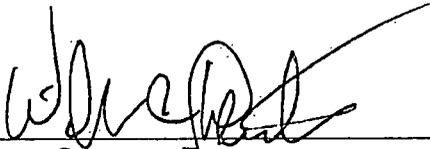
Mr. Berry reported on the recent ACES board meeting.

Upon Director Denton's resignation as one of Big Rivers' representatives on the ACES board, Director Butler moved that Chair Elliott serve out Director Denton's term on the ACES board. The motion was seconded and adopted by unanimous vote.

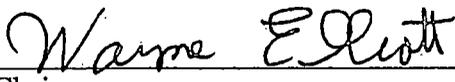
The Chair called for the legal report. Corporate counsel noted that a written legal report had been distributed to the board members for their review prior to the Board meeting and advised there no were no additional updates.

The following reports were sent to the directors for their information: Outage Report for April 2017, Professional Services Report for March 2017, the 2017 Safety Incident Statistics, the EthicsLine Monthly Management Summary Report, and the Monthly Board Report.

It was the consensus of the Board to hold a short executive session. Upon returning to regular session, there being no further business to come before the Board, the meeting was adjourned.


Secretary-Treasurer

APPROVED:


Chair

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MAY 19, 2017**

Director Butler moved that the following resolution be approved:

WHEREAS, in 2009 Big Rivers Electric Corporation ("Big Rivers") issued its 2009 Promissory Note Series A (the "RUS Series A Note"); and

WHEREAS, in order to prepay a portion of the RUS Series A Note, Big Rivers is negotiating an agreement entitled "Loan Agreement" with National Rural Utilities Cooperative Finance Corporation ("CFC") for a loan in the aggregate amount not to exceed \$15,000,000 from CFC (the "Loan Agreement"); the substantial terms of the Loan Agreement having been described to the Board at this meeting and presented to the Board for its approval; and

WHEREAS, Big Rivers will use the proceeds of the Loan Agreement to prepay a portion of the RUS Series A Note; and

WHEREAS, the loan under the Loan Agreement will be evidenced by a note in the amount of \$15,000,000 (the "First Mortgage Notes, Series 2017B"), which will be issued and secured under the Indenture, dated as of July 1, 2009, as supplemented (the "Indenture"), between Big Rivers and U.S. Bank Trust National Association, as trustee (in such capacity, the "Trustee"); the substantial terms of the First Mortgage Notes, Series 2017B having been described to the Board at this meeting and presented to the Board for its approval; and

WHEREAS, Big Rivers will issue a supplemental indenture (the "Supplemental Indenture") authorizing the issuance of a series of Additional Obligations (as defined in the Indenture) in the form of the First Mortgage Notes, Series 2017B; the substantial terms of the Supplemental Indenture having been described to the Board at this meeting and presented to the Board for its approval; and

NOW, THEREFORE, the Board hereby resolves as follows:

RESOLVED, that each of the following is an Authorized Representative: The Chair, Vice Chair, Secretary-Treasurer and any Assistant Secretary-Treasurer of the Board; the President and Chief Executive Officer of Big Rivers, the Chief Financial Officer, and the Vice President System Operations of Big Rivers; and any other officer or employee of Big Rivers designated as an Authorized Representative in writing by an Authorized Representative listed above.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the Loan Agreement in a form substantially as described in this meeting, be, and that the Loan Agreement in a form substantially as described in this meeting be, and they hereby are, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Loan Agreement on behalf of Big Rivers, with

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MAY 19, 2017**

or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the Supplemental Indenture in a form substantially as described in this meeting, and that the Supplemental Indenture in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the Supplemental Indenture on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that Big Rivers' Authorized Representatives, and each of them, are authorized to negotiate and enter into on behalf of Big Rivers the First Mortgage Notes, Series 2017B in a form substantially as described in this meeting, in the aggregate principal amount of not to exceed \$15,000,000, and that the First Mortgage Notes, Series 2017B in a form substantially as described in this meeting, be, and it hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is authorized to issue the First Mortgage Notes, Series 2017B as a series of Additional Obligations under the Indenture pursuant to Sections 4.2, 4.3 and/or 4.4 of the Indenture, as supplemented, in substantially the form described to this meeting, and such form of First Mortgage Notes, Series 2017B hereby is, in all respects approved; and that the Authorized Representatives be, and they hereby are, and each of them hereby is, authorized and directed to execute and deliver the First Mortgage Notes, Series 2017B on behalf of Big Rivers, with or without the seal of Big Rivers affixed thereto, and if so sealed, attested or not attested by the Secretary-Treasurer or an Executive Secretary of Big Rivers, and with such changes or modifications as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by his or her execution thereof.

RESOLVED, FURTHER, that the Authorized Representatives of Big Rivers be, and they hereby are, and each of them hereby is authorized and directed for, and on behalf of Big Rivers, to execute all such agreements, documents, instruments certificates, and other papers, and to do all such acts and things as may be necessary or desirable to complete the transactions authorized hereby, including, without limitation, the securing of the First Mortgage Notes, Series 2017B under the Indenture, including, without limitation, the obtaining of all approvals or consents required from CFC, the Kentucky Public Service Commission, and any other lender, the entry into the Loan Agreement, the entry into the Supplemental Indenture with the Trustee, the issuance and delivery of the First Mortgage Notes, Series 2017B under the Indenture, and the

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
MAY 19, 2017**

carrying out of the terms of the various agreements and documents authorized or approved in the foregoing resolutions, and to otherwise carry out the purposes and intent of the foregoing resolutions; and any such acts or things done or accomplished prior to the date hereof in furtherance of the foregoing be, and they hereby are, in all respects approved, ratified and confirmed.

RESOLVED, FURTHER, that the foregoing resolutions shall take effect immediately.

The motion was seconded and adopted by unanimous vote.

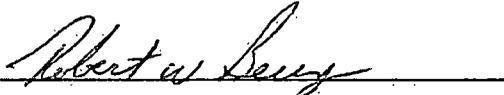
I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of the Regular Meeting of the Board of Directors of said Corporation held on 5-19-17.

Paula Mitchell

BIG RIVERS ELECTRIC CORPORATION

CERTIFICATE

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation ("Big Rivers"), certify that the following are the names and signatures, respectively, of the indicated officers/employees of Big Rivers:

<u>Office</u>	<u>Name</u>	<u>Signature</u>
President and Chief Executive Officer of Big Rivers: Robert W. Berry		
Chief Financial Officer of Big Rivers: Lindsay N. Durbin		

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Big Rivers the 23rd day of October, 2017.



Paula Mitchell

[SEAL]

BIG RIVERS ELECTRIC CORPORATION
Company Request for the Authentication
and Delivery of Additional Obligation
Pursuant to Sections 4.1 and 4.2 of the Indenture dated as of July 1, 2009

October 23, 2017

U.S. Bank National Association
Corporate Trust Services
225 Asylum Street, 23rd Floor
Hartford, Connecticut 06103
Attention: Philip G. Kane, Jr.

Ladies and Gentlemen:

Pursuant to Sections 4.1 and 4.2 of the Indenture, dated as of July 1, 2009, as supplemented (the "Indenture"), between Big Rivers Electric Corporation, an electric cooperative corporation organized under the laws of the Commonwealth of Kentucky ("Big Rivers"), and you, as trustee (the "Trustee"), you are hereby requested to authenticate, in the manner provided by the Indenture, the enclosed Big Rivers Electric Corporation First Mortgage Note, Series 2017B in the principal amount of fifteen million dollars (\$15,000,000) due October 23, 2020, under the Indenture (the "Additional Obligation") which has been duly executed by the proper officers of Big Rivers and is being delivered to you as provided in the Indenture.

In such connection, we are delivering to you (in addition to the Additional Obligation) the following:

- (1) A copy of the Seventh Supplemental Indenture, dated as of October 9, 2017, duly executed by Big Rivers and creating the Additional Obligation;
- (2) A certificate of the Executive Secretary of the Board of Directors of Big Rivers pursuant to Section 4.1 A of the Indenture, with respect to the resolution adopted by the Board of Directors of Big Rivers on May 19, 2017;
- (3) An Officers' Certificate pursuant to Section 4.1 B of the Indenture;
- (4) Opinions of Counsel pursuant to Section 4.1 C of the Indenture from:
 - (a) Sullivan, Mountjoy, Stainback & Miller PSC
 - (b) Orrick, Herrington & Sutcliffe LLP – Section 4.1 C (2) as it relates to federal laws;
- (5) An Available Margins Certificate pursuant to Section 4.2 A of the Indenture;

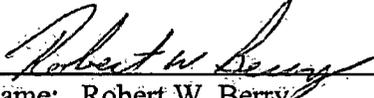
- (6) Certificate as to Bondable Additions pursuant to Section 4.2 B of the Indenture;
- (7) An Opinion of Counsel pursuant to Section 4.2 F of the Indenture; and
- (8) An Opinion of Counsel pursuant to Section 12.3 of the Indenture.

[signature pages to follow]

Dated: October 23, 2017

Very truly yours,

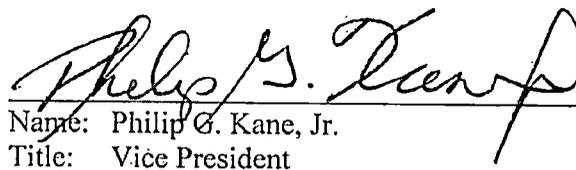
BIG RIVERS ELECTRIC CORPORATION

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

Receipt of the above-referenced enclosures is hereby acknowledged.

Dated: October 23, 2017

U.S. BANK NATIONAL ASSOCIATION

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

BIG RIVERS ELECTRIC CORPORATION

Officers' Certificate Pursuant to Section 4.1 B of the Indenture

The undersigned, Robert W. Berry, President and Chief Executive Officer and Lindsay N. Durbin, Chief Financial Officer, of Big Rivers Electric Corporation, an electric cooperative corporation organized under the laws of the Commonwealth of Kentucky ("Big Rivers"), pursuant to Section 4.1 B of the Indenture dated as of July 1, 2009, as supplemented (the "Indenture"), between Big Rivers and U.S. Bank National Association, as trustee (the "Trustee"), do hereby certify, in connection with the issuance of the Big Rivers Electric Corporation First Mortgage Note, Series 2017B in the principal amount of \$15,000,000 (the "Additional Obligation"):

- (1) No Event of Default (such capitalized term and such other capitalized terms used herein and not otherwise defined herein shall be as defined in the Indenture) exists under the Indenture;
- (2) None of the Trust Estate is subject to any Prior Lien other than Prior Liens permitted by Section 13.6 of the Indenture; and
- (3) All conditions precedent provided for in the Indenture for the authentication and delivery of the Additional Obligation pursuant to the Company Request dated October 23, 2017 will, upon delivery to the Trustee of such Company Request and the enclosures referred to in the Company Request, have been complied with.

The undersigned further certify, in accordance with Section 1.6 of the Indenture that:

(a) We have read all covenants and conditions contained in Section 4.1 of the Indenture and the definitions therein relating thereto;

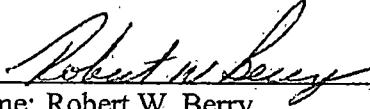
(b) We are familiar with the affairs and properties of Big Rivers and have acquired knowledge in the performance of our duties as officers of Big Rivers as to the matters relevant to the statements contained herein, have read the definition of Event of Default in the Indenture and the covenants of Big Rivers contained in the Indenture, and have ascertained from an examination of Big Rivers' records and of the certificates and opinions filed with the Trustee in connection with the issuance, authentication and delivery of the Additional Obligation that the statements contained in this Officers' Certificate are true and correct;

(c) In our opinion, we have made or caused to be made such examination or investigation as is necessary to enable us to express an informed opinion as to whether or not all covenants and conditions in Section 4.1 of the Indenture have been complied with; and

(d) In our opinion, all conditions and covenants in the Indenture with respect to the issuance, authentication and delivery of the Additional Obligation under the Indenture have been complied with.

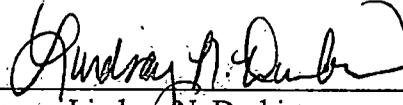
[signature page to follow]

Dated: October 23, 2017



Name: Robert W. Berry

Title: President and Chief Executive Officer



Name: Lindsay N. Durbin

Title: Chief Financial Officer

BIG RIVERS ELECTRIC CORPORATION

**Available Margins Certificate Pursuant
to Section 4.2 A of the Indenture**

The undersigned officers (one of whom is a certified public accountant) of Big Rivers Electric Corporation, an electric cooperative corporation organized under the laws of the Commonwealth of Kentucky ("Big Rivers"), pursuant to Section 4.2 A of the Indenture between Big Rivers and U.S. Bank National Association, as trustee, dated as of July 1, 2009, as supplemented (the "Indenture"), do hereby certify that, as of the date hereof:

- (1) The Margins for Interest Ratio (such capitalized term and such other capitalized terms used herein and not otherwise defined herein are defined in the Indenture) for fiscal year 2016, is not less than 1.10 during such fiscal year; and
- (2) The Margins for Interest Ratio has been calculated in accordance with the definitions contained in the Indenture.

The undersigned further certify, in accordance with Section 1.6 of the Indenture that:

(a) We have read all covenants and conditions contained in the Section 4.2 of the Indenture and the definitions therein relating thereto including the definition of Available Margins Certificate;

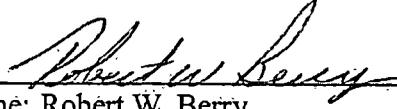
(b) We are familiar with the affairs and properties of Big Rivers and have ascertained from examination of Big Rivers' records that the statements set forth above are true and correct;

(c) In our opinion, we have made or caused to be made such examination or investigation as is necessary to enable us to express an informed opinion as to whether or not all covenants and conditions in Section 4.2 of the Indenture and the definition of Available Margins Certificate have been complied with; and

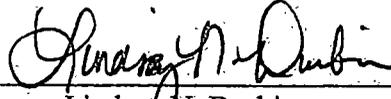
(d) In our opinion, all such conditions and covenants have been complied with.

[signature page to follow]

Dated: October 23, 2017



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



Name: Lindsay N. Durbin
Title: Chief Financial Officer



KPMG LLP
Suite 2600
400 West Market Street
Louisville, KY 40202

Independent Auditors' Report

The Board of Directors
Big Rivers Electric Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of Big Rivers Electric Corporation as of December 31, 2016, and the related statements of operations, comprehensive income, equities and cash flows for the year then ended, and have issued our report thereon dated April 5, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that the Company failed to comply with the terms, covenants, provisions, or conditions of the Available Margins Certificate, dated as of October 23, 2017, Pursuant to Section 4.2A of the Indenture, dated as of July 1, 2009, with U.S. Bank National Association, as trustee, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the boards of directors and managements of Big Rivers Electric Corporation, U.S. Bank National Association, and the United States Department of Agriculture, Rural Utilities Service and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 23, 2017

BIG RIVERS ELECTRIC CORPORATION

Certificate as to Bondable Additions No. 6 Section 4.2 B. of the Indenture

The undersigned Robert W. Berry, President and Chief Executive Officer and Lindsay N. Durbin, Chief Financial Officer of Big Rivers Electric Corporation, an electric cooperative corporation organized under the laws of the Commonwealth of Kentucky ("Big Rivers"), hereby deliver this certificate dated October 23, 2017 pursuant to Section 4.2 B. of the Indenture dated as of July 1, 2009, as supplemented (the "Indenture"), between Big Rivers and U.S. Bank National Association, as trustee (the "Trustee"), in connection with the use of Bondable Additions as a basis for the authentication and delivery of the Big Rivers Electric Corporation First Mortgage Note, Series 2017B in the aggregate principal amount of \$15,000,000 (the "Note"). Capitalized terms used in this Certificate as to Bondable Additions No. 6 (this "Certificate") that are not otherwise defined herein shall have their respective meanings as set forth in the Indenture and any reference to a "Section" herein shall be a reference to a Section of the Indenture. The undersigned hereby certify, on and as of the date hereof, as follows:

1. The beginning balance (item 1. in the Summary) of Bondable Additions remaining after the action applied for in the previous Certificate (Certificate No. 5) is \$155,151,542.26;
2. The Amount of Property Additions (item 2 in the Summary) not described in any previous Certificate as to Bondable Additions which are sought to be certified herein is \$ NONE;
 - a. The Property Additions that are being certified pursuant to this Certificate have a total Cost to the Company of \$_____ and are comprised of the property described in Schedule 1.
 - b. The Fair Value to the Company of the Property Additions described in subparagraph 2(a) above is \$_____.
 - c. With respect to each group of Property Additions for which the Cost to the Company is shown separately in this Certificate, the certified amount of Property Additions is the lower of the certified Cost to the Company thereof and the certified Fair Value to the Company thereof. N/A
3. The aggregate amount of all Retirements (item 3 in the Summary) is \$_____; N/A
4. The credits against Retirements (item 4 in the Summary) is \$_____; N/A
5. The net amount of Retirements (item 5 in the Summary) is \$_____; N/A
6. The excess of the Amount of Property Additions (item 6 in the Summary) shown pursuant to paragraph 2 above (item 2 in the Summary) over the net amount of Retirements

pursuant to paragraph 5 above (item 5 in the Summary) constituting the net Bondable Additions being certified herein is \$ _____; N/A

7. The sum (item 7 in the Summary) of the amount shown pursuant to paragraph 1 above (item 1 in the Summary), and the amount shown pursuant to paragraph 6 above (item 6 in the Summary) is the total amount of Bondable Additions available and is: \$155,151,542.26;
8. The total amount of Bondable Additions (item 8 in the Summary) which are being used for the Application is \$16,500,000.00 which is equal to 110% of the aggregate principal amount of the Note whose authentication and delivery is being applied for under Section 4.2;
9. The balance of Bondable Additions (item 9 in the Summary) that will remain after the granting of the Application is \$138,651,542.26, which is computed by deducting the total amount shown pursuant to paragraph 8 above (item 8 in the Summary) from the sum shown pursuant to paragraph 7 above (item 7 in the Summary);
10. None of the Property Additions described in this Certificate as to Bondable Additions were acquired with Certified Progress Payments. N/A
11. The Property Additions described in this Certificate have not previously been certified for use as the basis for converting outstanding principal amounts under Section 4.10 of the Indenture. N/A
12. The Property Additions described in this Certificate, except as have been Retired, are used and useful in the conduct of the business of the Company. N/A
13. The allocation of the Cost to the Company of the Property Additions to each major item or classification as shown above is, in the opinion of the undersigned, proper. N/A
14. All property described in this Certificate as Property Additions qualifies as Property Additions. N/A
15. The balance of Bondable Additions to remain after the Application (item 9 in the Summary) plus the Cost to the Company or the Fair Value to the Company, whichever is less, of uncertified Property Additions is at least equal to the aggregate amount of uncertified Retirements. N/A
16. The allowances or charges, if any, for capitalized interest, taxes, engineering, legal and accounting costs and expenses, allocated administrative charges, insurance, casualties, supervisory fees and expenses, and other expenses during construction (or in connection with the acquisition of the Property Additions) which are included in the Cost to the Company of such of the Property Additions described in the Certificate as were constructed or acquired by or for the Company have been charged and are properly

chargeable to fixed plant accounts in respect of such Property Additions in accordance with Accounting Requirements. N/A

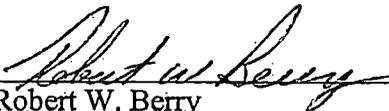
17. No portion of the Cost to the Company of the Property Additions described in this Certificate should properly have been charged to maintenance or repairs, and no expenditures are included in this Certificate which under Accounting Requirements are not properly chargeable to fixed plant accounts. N/A

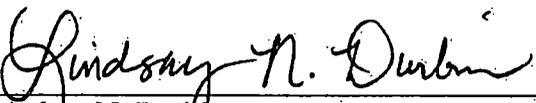
The undersigned further certify, in accordance with Section 1.6, that:

- (a) We have read all conditions and covenants contained in Section 4.2(B) and the definitions therein relating thereto;
- (b) We are familiar with the affairs and properties of the Company and have ascertained from our examination of the Company's records that the statements set forth above are true and correct;
- (c) In our opinion, we have made or caused to be made such examination or investigation as necessary to enable us to express an informed opinion as to whether or not all covenants and conditions in Section 4.2(B) have been complied with; and
- (d) In our opinion, all conditions and covenants relating to the delivery of this Certificate have been complied with.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned executed this Certificate as of the date first set forth above.

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

By: 
Name: Lindsay N. Durbin
Title: Chief Financial Officer

Certificate as to Bondable Additions No. 6
(Seventh Supplemental Indenture)

*Summary of Certificate as to Bondable Additions No. 6
(Seventh Supplemental Indenture)*

The undersigned hereby also certify that the following is a true Summary of the Certificate as to Bondable Additions:

Start with:

- | | |
|---|-------------------|
| 1. Balance of Bondable Additions remaining after action applied for in the previous Certificate (Certificate No. 5) | \$ 155,151,542.26 |
|---|-------------------|

Then take the new gross Property Additions as shown in item 2 below:

- | | |
|---|---------------|
| 2. Amount of additional Property Additions now certified, none of which has been certified in any previous Certificate as to Bondable Additions | \$ <u>N/A</u> |
|---|---------------|

Then determine the net deductions for Retirements by deducting item 4 below from item 3 below to produce item 5:

- | | |
|---|---------------|
| 3. Aggregate amount of all Retirements | \$ <u>N/A</u> |
| 4. Sum of the credits against Retirements | \$ <u>N/A</u> |
| 5. Net amount of Retirements to be deducted (if less than zero, enter zero) | \$ <u>N/A</u> |

Then determine the net Bondable Additions now being certified by deducting Item 5 from item 2 to produce item 6:

- | | |
|---|---------------|
| 6. Net Bondable Additions now being certified | \$ <u>N/A</u> |
|---|---------------|

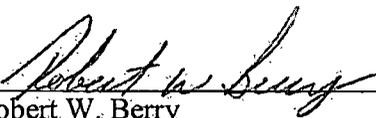
Then add item 1 and item 6 to produce item 7:

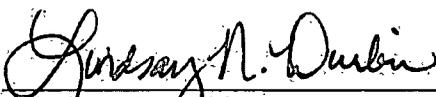
- | | |
|--|--------------------------|
| 7. Total Bondable Additions available for the action applied for | \$ <u>155,151,542.26</u> |
| 8. Bondable Additions now being used for the action applied for | \$ <u>16,500,000.00</u> |

Deduct item 8 from item 7 to produce item 9:

- | | |
|--|--------------------------|
| 9. Balance of Bondable Additions that will remain after the action applied for | \$ <u>138,651,542.26</u> |
|--|--------------------------|

Dated: October 23, 2017

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

By: 
Name: Lindsay N. Durbin
Title: Chief Financial Officer

Summary of Certificate as to Bondable Additions No. 6
(Seventh Supplemental Indenture)

U.S. BANK NATIONAL ASSOCIATION

CERTIFICATE OF TRUSTEE

I, Kathy L. Mitchell, hereby certify that I am a Vice President of U.S. Bank National Association (the "Trustee") and that:

1. The Trustee is duly organized and validly existing in good standing under the laws of the United States of America and has full corporate right, power and authority to execute the Seventh Supplemental Indenture, dated as of October 9, 2017 (the "Seventh Supplemental Indenture"), to the Indenture dated as of July 1, 2009, between Big Rivers Electric Corporation and the Trustee and to act as trustee thereunder.

2. The Trustee has duly authorized, executed and delivered the Seventh Supplemental Indenture.

3. The Seventh Supplemental Indenture is a valid, legal and binding obligation of the Trustee, enforceable in accordance with its terms.

4. The Trustee has today duly authenticated and delivered \$15,000,000 aggregate principal amount of Big Rivers Electric Corporation First Mortgage Notes, Series 2017B (the "Notes").

5. An officer listed below in this paragraph 5 duly performed on behalf of the Trustee the acts described in paragraphs 2 and 4 above; is now a duly qualified and acting Vice President of the Trustee duly elected to such office; and the signature appearing opposite the name of such officer is his genuine signature:

NAME

OFFICE

SIGNATURE

Philip G. Kane, Jr.

Vice President



6. Attached hereto as Exhibit A is a true and correct excerpt of the Bylaws of the Trustee authorizing the officer listed in paragraph 5 above to execute the Seventh Supplemental Indenture and to authenticate bonds such as the Bonds; and such Bylaws have not been amended or repealed and are in full force and effect on the date hereof.

[Signature Page Follows]

WITNESS my hand the ____ day of October, 2017.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: 

Kathy L. Mitchell
Vice President

[Trustee Certificate]

EXHIBIT A

**U.S. Bank National Association
Amended and Restated Bylaws dated as of October 20, 2014**

**ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.**

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

BIG RIVERS ELECTRIC CORPORATION

Officers' Closing Certificate

The undersigned, Robert W. Berry, President and Chief Executive Officer, and Lindsay N. Durbin, Chief Financial Officer of Big Rivers Electric Corporation ("Big Rivers") pursuant to the Loan Agreement, dated as of October 23, 2017, between Big Rivers and National Rural Utilities Cooperative Finance Corporation as Lender (the "Loan Agreement") certify as follows: (Capitalized terms not otherwise defined herein shall be as defined in the Loan Agreement.)

(i) the representations and warranties contained in the Loan Agreement (except to the extent any representation or warranty is made as of a specified date, in which case such representation and warranty shall have been true and correct as of the specified date) are true and correct as of the Closing Date,

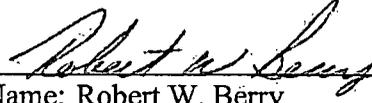
(ii) there is no event occurring or continuing, or resulting from the execution and performance of the Loan Agreement or any of the other Loan Documents or the advance of the Loan, that constitutes an Event of Default or which with giving notice or with a lapse of time or both would constitute an Event of Default,

(iii) since December 31, 2016, no Material Adverse Effect has occurred and is continuing,

(iv) the Borrower has delivered true and correct copies of the Member Wholesale Power Contracts and Direct Serve Contracts listed on Schedule 2.01.P of the Loan Agreement, including any and all material amendments, supplements or modifications thereto, and there is no condition or circumstance that would impair the ability of the parties to the Borrower's Member Wholesale Power Contracts and Direct Serve Contracts to perform their obligations thereunder, and

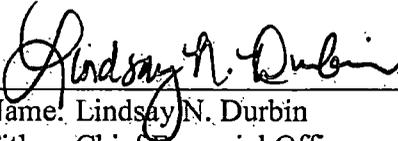
(v) (A) the consolidated (where applicable) balance sheet and statements of revenues, expenses and patronage capital as of and for the fiscal years ended December 31, 2014, 2015 and 2016 respectively, reported on by KPMG LLP, independent public accountants, and (B) the consolidated (where applicable) balance sheet and statements of revenues, expenses and patronage capital as of and for the fiscal quarter ended June 30, 2017, which has heretofore been furnished by the Borrower to the Lender, in each case, presents fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower on, where applicable, a consolidated basis as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and absence of footnotes in the case of the statements referred to in clause (B).

Dated: October 23, 2017



Name: Robert W. Berry

Title: President and Chief Executive Officer



Name: Lindsay N. Durbin

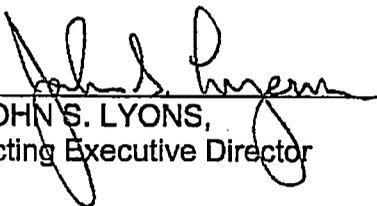
Title: Chief Financial Officer

AFFIDAVIT

I, John S. Lyons, Acting Executive Director of the Kentucky Public Service Commission and custodian of the records thereof pursuant to KRS 278.100, after being duly sworn, hereby certify that the two copies of Commission Order dated September 18, 2017 in Case No. 2017-00281, attached hereto are true and correct copies of official records maintained by the Kentucky Public Service Commission. Both copies are identical and are bates numbered from 000001 through 000010.

Pursuant to the provisions of KRS 278.240, I have caused the seal of the Kentucky Public Service Commission to be affixed to this my signature to further certify the authenticity of the attached copies of an official document.

Affiant further saith naught.



JOHN S. LYONS,
Acting Executive Director

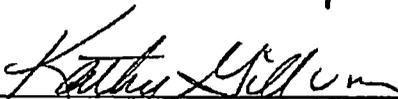
STATE OF KENTUCKY

COUNTY OF FRANKLIN

Subscribed and sworn to before me by John S. Lyons, Acting Executive Director, Kentucky Public Service Commission, this 22ND day of Sept, 2017.

My Commission Expires:

Sept 3, 2021



NOTARY PUBLIC
ID# 584704

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR APPROVAL TO ISSUE) CASE NO.
EVIDENCES OF INDEBTEDNESS) 2017-00281

ORDER

On July 21, 2017, Big Rivers Electric Corporation ("Big Rivers") filed an application seeking Commission approval to issue certain evidences of indebtedness for a loan in the amount of \$15,000,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"); for approval to issue its Eighth Supplemental and Amendatory Indenture ("Eighth Supplemental Indenture") to the Indenture dated July 1, 2009, between Big Rivers and the United States ("U.S.") Bank National Association ("Indenture") for two loans from the Federal Financing Bank ("FFB") to be guaranteed by the Rural Utilities Service of the U.S. Department of Agriculture ("RUS"); and for approval of other amendments.

On August 17, 2017, Commission Staff issued a request for information ("Staff's First Request") to Big Rivers to clarify certain issues in this case. Big Rivers filed its responses to Staff's First Request on August 28, 2017. There are no intervenors in this case, and the matter is submitted to the Commission for a decision based upon the evidentiary record.

000001

CFC Loan

Big Rivers is requesting to enter into a new loan contract of \$15,000,000 with CFC under the CFS's Advantage Program. The loan will be used in its entirety to prepay a portion of the outstanding principal balance of the RUS 2009 Promissory Note Series A ("RUS A Note"). Under the Advantage Program, CFC will immediately sell the new loan to a third party; in this case the Federal Agricultural Mortgage Corporation ("Farmer Mac").¹ Big Rivers states the Advantage Program allows Big Rivers to build a relationship with another lender, providing a possible additional credit option in the future, and also allows Big Rivers to save interest on a portion of the RUS A Note.² Big Rivers proposes to borrow \$15,000,000 at an interest rate estimated to be 3.5 percent for the purpose of paying down a portion of RUS debt that carries an interest rate of 5.75 percent. The RUS A Note's terms allow for prepayments in any amounts without penalty; the proposed repayment will reduce the outstanding principal balance of the RUS A Note from \$80,456,000 to \$65,456,000.³ Big Rivers also filed the Seventh Supplemental Indenture to supplement the Indenture dated July 1, 2009, between Big Rivers and U.S. Bank National Association as evidences of Big Rivers' promise to pay the loan on the terms established in the CFC Credit Agreement.⁴

Conditions on the CFC loan are set forth in the CFC Credit Agreement⁵ and include that: 1) Big Rivers is to pay CFC's expenses; 2) the loan will be sold to Farmer Mac

¹ Application, paragraph 5.

² Application, Exhibit 4 at 5, and Big Rivers' Response to Staff's First Request, Item 2.

³ *Id.* at 6.

⁴ Application, Exhibit 3.

⁵ *Id.*, Exhibit 2.

simultaneously with the funding of the CFC loan to Big Rivers; and 3) the loan will amortize on a level principal basis based on a ten-year amortization schedule with a balloon payment on the maturity date in 2020.⁶ Prior to closing, Big Rivers will provide CFC a Notice of Election selecting a fixed interest rate and fixed-rate term or a London Interbank Offered Rate ("LIBOR") rate for the loan.⁷ Big Rivers expects to incur legal and recording fees of \$55,000 and payment of CFC expenses of \$35,000.⁸ An interest rate of 3.5 percent was used by Big Rivers in its application and is based on an April 5, 2017 term sheet provided by CFC.⁹ Big Rivers provided a cash flow analysis which indicates that the refinancing at an interest rate of 3.5 percent would save \$540,798 over the life of the proposed loan, resulting in a positive net present value cash flow of \$707,540.¹⁰ With the inclusion of the \$90,000 in closing costs, Big Rivers estimates a savings of \$450,798 over the life of the proposed loan and a net present value of \$617,541 at 3.5 percent.¹¹

RUS Loans

Big Rivers requests authority to issue its Eighth Supplemental Indenture to the July 1, 2009 Indenture between Big Rivers and the U.S. Bank National Association for two loans from the FFB to be guaranteed by RUS.¹² The Eighth Supplemental Indenture

⁶ *Id.*, Exhibit 4 at 7. Also see the Application, Exhibit 2, Schedule 3.01 for payment schedule.

⁷ *Id.* at 8. Also see the Application, Exhibit 2, Exhibit A, Interest Rate Rider.

⁸ Staff's First Request, Item 5.

⁹ *Id.*, Item 7.b.

¹⁰ *Id.*, Item 3.b. In its Application, Big Rivers stated that the nominal savings would be approximately \$600,000 based on an interest rate of 3.4 percent.

¹¹ *Id.*, Item 3.c.

¹² Application, Exhibit 5.

secures the issuance in the amount of \$25,630,000 of the Future Advance Promissory Note – W8 to the FFB and the reissuance of the Reimbursement Note – W8 of the same amount to RUS (collectively, "W8 loan"). The Eighth Supplemental Indenture also secures the issuance of the Future Promissory Notes – X8 in the amount \$20,511,000 to the FFB and the Reimbursement Note – X8 of the same amount to be issued to RUS (collectively, "X8 loan"). In its application, Big Rivers stated that these transactions are important in that the company has reestablished access to the RUS loan program for the first time since its 1998 reorganization, and such access to the RUS loans provides an excellent option for low-cost financing while Big Rivers' credit ratings are below investment grade.¹³

The W8 loan is intended to finance the costs of environmental equipment upgrade projects as approved in Case No. 2012-00063.¹⁴ These projects are completed and were paid for out of Big Rivers' general funds.¹⁵ The W8 loan will reimburse Big Rivers' general funds account. The X8 loan is to finance Big Rivers' approved 2013-2015 Transmission Construction Work Plan, as amended.¹⁶ To date, all but two projects have been completed, and the remaining two projects are expected to be completed prior to receipt of the X8 loan proceeds. All projects, including the two yet to be completed, have been

¹³ *Id.*, Exhibit 4 at 11.

¹⁴ Case No. 2012-00063, *Application of Big Rivers Electric Corporation for Approval of Its 2012 Environmental Compliance Plan for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Public Convenience and Necessity, and for Authority to Establish a Regulatory Account* (Ky. PSC Oct. 1, 2012).

¹⁵ Response to Staff's First Request, Item 9.

¹⁶ *Id.*, Item 10.c. A copy of Big Rivers' approved 2013-2015 Transmission Construction Work Plan and its amendment is filed under confidentiality.

funded with Big Rivers' general funds and, similarly to the W8 loan, the loan proceeds will reimburse Big Rivers' general funds. The terms of both loans have not been finalized; however, Big Rivers requested amortizing the W8 and X8 loans for 15 years and 28 years, respectively. The interest rate applied will be the RUS standard rate available at the time of funding.¹⁷ Big Rivers estimates closing costs of \$41,000 for both loans. These costs will be deferred and amortized over the life of the loans.¹⁸

Big Rivers states that the RUS Loan transactions are subject to the supervision or control of the RUS and are not subject to the jurisdiction of the Commission under KRS 278.300, and that the Commission needs to approve only the Eighth Supplemental Indenture.¹⁹ In addition to the RUS Loan transactions, the Eighth Supplemental Indenture provides in Article 11 for an amendment to the Indenture definition of "Retired." The amendment provides that the value of retired property that the Commission allows Big Rivers to place in a regulatory or similar asset, and recover through rates, will be excluded from the definition of "Retired." Big Rivers states that this amendment to the Indenture removes an impediment to the potential sale or retirement of Big Rivers' Coleman Plant, or any other assets, and allows Big Rivers to complete Recommendation No. 5 in the Action Plan from the Focused Management Audit of Big Rivers Electric Corporation.²⁰ Big Rivers is also issuing the First Amended and Restated Consolidated

¹⁷ *Id.*, Item 8.

¹⁸ Application, Exhibit 4 at 14.

¹⁹ *Id.*, paragraph 8.

²⁰ *Id.*, Exhibit 4 at 13. Focused Management and Operations Audit of Big Rivers Electric Corporation prepared for The Kentucky Public Service Commission by concentric Energy Advisors, December 8, 2015.

Loan Contract ("RUS 2017 Loan Contract") between Big Rivers and the U.S. The RUS 2017 Loan Contract recognizes and authorizes the RUS Loans.²¹

DISCUSSION

The Commission has reviewed the proposed refinancing and finds Big Rivers' proposal to enter into a new loan contract of \$15,000,000 with CFC under the Advantage Program to be reasonable due to the lower effective interest rate and cash flow savings Big Rivers would see over the period of the loan. The Commission commends Big Rivers for taking advantage of the financing alternatives available to it, thereby securing savings for itself and its members. The Commission has also reviewed the Eighth Supplemental Indenture to the Indenture for two loans from the FFB to be guaranteed by RUS and the additional amendments and finds the Eighth Supplemental Amendment to be reasonable.

The closing date for the proposed financing will be set following receipt of the authority from the Commission. The Farmer Mac credit approval for purchase of the CFC Loan expires October 24, 2017; therefore, Big Rivers requests Commission approval on or before September 19, 2017.²²

The final conditions of the CFC and RUS loans will not be known until the refinancing transaction is finalized. Big Rivers should therefore provide the Commission with the final, executed versions of all financing documents, along with a list of the changes, if any, that have been made within ten days of finalizing the transaction. In

²¹ *Id.*

²² *Id.*, paragraph 10.

addition, Big Rivers should provide an updated version of the response to Staff's First Request, Items 3.a. and 3.b. reflecting the cash flow analysis of the new CFC loan.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Big Rivers, is necessary and appropriate for, and consistent with, the proper performance by the utility of its service to the public, will not impair its ability to perform that service, is reasonable, necessary, and appropriate for such purposes, and should be approved.

2. Big Rivers should issue the Eighth Supplemental Indenture as security for the proposed loan in the manner described in its application.

3. Within ten days of finalizing the refinancing transaction, Big Rivers should notify the Commission in writing of the exact amount of the new CFC loan. Big Rivers should include with the notice an updated version of Staff's First Request, Items 3.b. and 3.c., reflecting the savings based on the actual amount of the new CFC loan and legal fees.

4. Within ten days of the execution of the new CFC loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents.

5. The proceeds from the proposed loan should be used only for the lawful purposes set out in Big Rivers' application.

6. The terms and conditions of the new CFC loan should be consistent with the CFC Advantage program as described in Big Rivers' application.

7. The Eighth Supplemental Indenture and the RUS 2017 Loan Contract are found to be reasonable. Big Rivers should file with the Commission one copy in paper medium and an electronic version of the finalized Eighth Supplemental Indenture within ten days of finalizing the RUS Loan transactions.

8. Within ten days of the execution of the new RUS Loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents.

IT IS THEREFORE ORDERED that:

1. Big Rivers is authorized to borrow from CFC up to \$15,000,000 to repay a portion of the RUS A Note under the Advantage Program as identified in the application. The loan maturity date and interest rate shall be in accordance with the CFC Advantage program as described in Big Rivers' application.

2. Big Rivers shall execute the CFC loan documents as authorized herein.

3. The Eighth Supplemental Indenture and RUS 2017 Loan Contract shall be approved as described in Big Rivers' application.

4. Big Rivers shall comply with all matters set out in finding paragraphs 3 through 8 as if they were individually so ordered.

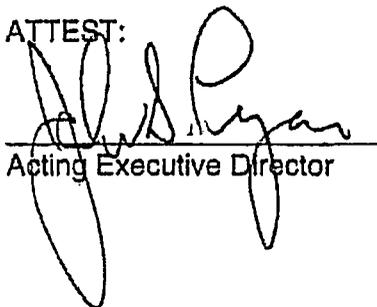
5. Any documents filed in the future pursuant to finding paragraphs 3, 4, 7, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

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

By the Commission

ENTERED
SEP 18 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Acting Executive Director

Case No. 2017-00281

000009

*DeAnna Speed
Director Rates and Budgets
Big Rivers Electric Corporation
201 Third Street
P. O. Box 24
Henderson, KY 42420

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

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

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

**BIG RIVERS ELECTRIC CORPORATION
PRELIMINARY DOCUMENT RECORDING INFORMATION
SEVENTH SUPPLEMENTAL INDENTURE DATED AS OF OCTOBER 9, 2017**

COUNTY	DOCUMENT	RECORDING DATE	RECORDING TIME	RECORDING REFERENCE
Breckinridge	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	12:48 p.m.	MB 445, pg. 160
Caldwell	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	2:51 p.m.	MB 329, pg. 338
Crittenden	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	11:58 a.m.	MB 222, pg. 445
Daviess	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	10:56 a.m.	MB 2196, pg. 479
Hancock	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	2:39 p.m.	MB 216, pg. 479
Henderson	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	12:11 p.m.	MB 1250, pg. 92
Hopkins	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	10:20 a.m.	MB 1197, pg. 287
Livingston	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	4:24 p.m..	MB 309, pg. 608
Marshall	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	11:45 a.m.	MB 870, page 187
McCracken	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	9:34 a.m.	MB 1548, pg. 285
Meade	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	3:03 p.m.	MB 845, pg. 234
Ohio	Seventh Supplemental Indenture Dated as of October 9, 2017	10/17/2017	10:57 a.m.	MB 537, pg. 496
Union	Seventh Supplemental Indenture Dated as of October 9, 2017	10/16/2017	10:29 a.m.	MB 431, pg. 381
Webster	Seventh Supplemental Indenture Dated as of October 9, 2017	10/17/2017	1:22 p.m.	MB 338, pg. 500



Skill. Integrity. Efficiency.

October 23, 2017

National Rural Utilities Cooperative Finance Corporation
20701 Cooperative Way
Dulles, Virginia 20166
Attention: General Counsel

Re: \$15,000,000.00 Secured Loan (the "Loan") to Big Rivers Electric Corporation (the "Borrower"); CFC Loan Number: KY062-LUM-3000-FMD001(9006)

Ladies and Gentlemen:

I. Introduction

We have served as outside counsel for the Borrower, a Kentucky rural electric cooperative corporation, in connection with the documentation of the loan described above. In connection with the loan, the Borrower has executed and delivered the following documents (collectively, the "Loan Documents"):

- A. The Loan Agreement dated as of October 23, 2017, made by and between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC") (the "Loan Agreement");
- B. The secured promissory note dated as of October 23, 2017, in the principal amount of \$15,000,000.00, said Note payable to the order of CFC (the "Secured Note");
- C. The Seventh Supplemental Indenture by and between Borrower, as grantor, and U.S. Bank National Association ("U.S. Bank"), as trustee, dated as of October 9, 2017 (the "Seventh Supplemental Indenture").

II. Scope of Opinion/Examination of Documents

We are delivering this opinion to you pursuant to requirements set forth in the Loan Documents.

For purposes of this opinion, we have examined the following:

- A. Originals or copies identified to our satisfaction of each of the Loan Documents as executed and delivered;

- B. The Articles of Incorporation and Bylaws of the Borrower, in each case as amended and in effect at the time of the authorization of, and the execution and delivery by the Borrower of, the Loan Documents;
- C. Certified resolutions of the Board of Directors of the Borrower evidencing the corporate proceedings taken to authorize the execution and delivery of, and the performance by the Borrower of its obligations under, the Loan Documents;
- D. Written information provided by governmental authorities of the Commonwealth of Kentucky as to the incorporation and existence of the Borrower in the Commonwealth of Kentucky;
- E. A certificate of the Borrower, dated as of even date herewith and a copy of which is available upon request (the "Loans & Other Material Agreements Certificate"), certifying that the documents identified in the Loans & Other Material Agreements Certificate are: (i) all of the loan agreements and related instruments and security documents to which the Borrower is a party (and all amendments thereto); and (ii) all other agreements (and all amendments thereto) under which a default by the Borrower could have a material adverse effect on the business, operations or financial condition of the Borrower or the Borrower's ability to perform its obligations under the Loan Documents;
- F. Originals, or copies identified to our satisfaction, of the agreements and instruments identified in the Loans & Other Material Agreements Certificate;
- G. A certificate of the Borrower, dated as of even date herewith and a copy of which is attached hereto (the "Litigation Certificate"), certifying that there is no litigation, arbitration or other legal proceeding, pending or threatened, verbally or in writing, against or affecting the Borrower or its property that, (i) if adversely determined, in the opinion of the Borrower, would have a material adverse effect upon the business, operations or financial condition of the Borrower, or the Borrower's ability to perform its obligations under the Loan Documents or (ii) seeks to rescind, terminate, modify or suspend any authorization of any governmental entity required in connection with the execution and delivery of the Borrower of, and the performance of the Borrower of its obligations under, the Loan Documents, other than those which are identified in the Litigation Certificate, a copy of which has previously been provided to you;
- H. The UCC Financing Statements, naming the Borrower as Debtor and naming the Lenders listed in Exhibit A hereto as Secured Parties, filed in the Kentucky Secretary of State's Office, (the "Filing Office") and listed on Exhibit A hereto (the "Financing Statements");
- I. The Indenture between Borrower, as grantor, and U.S. Bank, as trustee, dated as of July 1, 2009, as amended by that certain (i) First Supplement to Indenture, dated as of June 1,

2010, (ii) Second Supplement to Indenture, dated as of July 15, 2012, (iii) the Third Supplement to Indenture, dated as of July 15, 2012, (iv) the Fourth Supplemental Indenture, dated as of August 14, 2013, (v) the Fifth Supplemental Indenture, dated as of February 23, 2015, (vi) the Sixth Supplemental and Amendatory Indenture, dated as of September 5, 2017, and (vii) the Seventh Supplemental Indenture (collectively, the "Indenture");

- J. The results of searches for tax and judgment liens against the Borrower and UCC financing statements naming the Borrower as Debtor (the "Lien Search Results"), attached hereto as Exhibit B; and
- K. Such other certificates, documents and papers as we have deemed advisable in connection with this opinion.

During the course of such examination, we have assumed that all signatures, other than those of officers of the Borrower, are genuine, that all documents submitted to us as copies conform to the originals and that all documents submitted to us as originals are authentic.

As to matters of fact involved in this opinion we have relied on statements of fact made in the Loan Documents, the Loan & Other Material Agreements Certificate and the Litigation Certificate, and on certificates, affidavits and statements of fact of officials, officers or authorized representatives of the particular governmental authority or other person or entity concerned, including the Borrower, and on discussions with representatives of the Borrower, without any independent investigation or inquiry. None of the individual attorneys in the Firm who has represented the Borrower in connection with the execution and delivery of the Loan Documents or who regularly represents the Borrower is aware of any fact that would make any such reliance unreasonable. We have undertaken such investigation of the law and such consideration of the facts (which we have ascertained as described herein) as we, in our professional judgment, have determined appropriate for purposes of rendering this opinion.

For purposes of this opinion, we have further assumed that each party to the Loan Documents, other than the Borrower, has all requisite power and authority to enter into such agreements, has taken all necessary action to execute and deliver such agreements and can effect the transactions contemplated therein without contravening any law or regulation; that each of the Loan Documents constitutes the legal, valid and binding obligation of each of such other parties enforceable against such other parties in accordance with its respective terms; and that each of such other parties will duly perform its obligations under each such agreement.

III. Opinions & Qualifications

Based on the foregoing, we are of the opinion, subject to the qualifications set forth in this letter, that:

- A. The Borrower is a rural electric cooperative corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Kentucky, and is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary.
- B. The Borrower has all requisite corporate and legal power and authority to own and operate its assets and to carry on its business as it is now being conducted and to enter into and perform its obligations under the Loan Documents.
- C. All corporate proceedings of the Borrower necessary to be taken in connection with the authorization, execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, the Loan Documents have been duly taken and all such authorizations are presently in effect.
- D. To the extent reasonably required for the maintenance and operation of its properties and business taken as a whole, the Borrower has complied with all requirements of the laws of all states in which it operates and does business, and, to the extent reasonably required to enable the Borrower to engage in the business currently transacted by it, the Borrower holds all certificates, licenses, consents or approvals of governmental entities required to be obtained on or prior to the date of this opinion.
- E. Each Loan Document has been duly executed and delivered by the Borrower and constitutes the valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

The opinion set forth in this paragraph is subject to the following qualifications:

- a. The enforceability of the Loan Documents may be limited by (i) bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance and other laws of general applicability relating to or affecting the rights and remedies of creditors and (ii) general principles of equity.
- b. Certain provisions of the Loan Documents may not be enforceable under laws with respect to or affecting the remedies provided for in the Loan Documents; nevertheless, such unenforceability will not render any Loan Document invalid as a whole or preclude (i) the judicial enforcement of the obligation of the Borrower to repay the principal, together with interest thereon, as provided in the Note, (ii) the acceleration of the obligation of the Borrower to repay such principal and interest upon a material default by the Borrower under the Loan Documents and (iii) the judicial foreclosure in accordance with Kentucky law of the lien created by the Indenture upon the failure to pay such

principal and interest at maturity or upon acceleration pursuant to clause (ii) above.

- F. The Indenture creates a validly recorded, filed and perfected first priority mortgage lien shared pari passu and pro rata by the Holders (as defined in the Indenture) on all of the Borrower's real property, including without limitation all real property of the Borrower acquired after the date of delivery of the Indenture, securing Borrower's obligations under the Indenture, subject and subordinate only to Permitted Exceptions (as defined in the Indenture). No other recordation, filing, re-recording or re-filing is necessary to maintain the validity or priority of the lien on such real property created by the Indenture, including without limitation after-acquired property and obligations evidenced by the Secured Note (an Additional Obligation, as such term is defined in the Indenture) executed and delivered after the date of the Indenture, except as follows. Because the Borrower caused the Seventh Supplemental Indenture to be recorded in the office of the county clerk of the counties in which the Indenture was first recorded before the Additional Obligation was issued, the lien of the Indenture secures the Additional Obligation evidenced by the Secured Note and the priority of the lien with respect thereto dates back to the recordation of the Indenture.

The opinion set forth in this paragraph III. F. is subject to the qualification that no opinion is expressed with respect to (i) the title to or the rights or interests of the Borrower in any real or personal property, or (ii) the adequacy of the description of any real property.

- G. The Indenture creates in favor of the Holders a valid security interest in the Borrower's interest in the fixtures identified therein located in the Commonwealth of Kentucky and in the personal property identified therein in which a security interest may be validly created under Article 9 of the Uniform Commercial Code as in effect in the Commonwealth of Kentucky (the "Kentucky UCC"). Such security interest has been validly perfected in such fixtures and personal property in which a security interest may be perfected by filing a financing statement under Article 9 of the Kentucky UCC. No filings, recordings or similar actions, other than the filing of the Financing Statements, are necessary under the laws of the Commonwealth of Kentucky in order to establish or continue perfection of such security interest.

The opinion in this paragraph III. G. is subject to the following qualifications: (i) no opinion is expressed with respect to the Borrower's title to or rights or interest in any personal property; and (ii) with respect to the validity and the perfection of the security interests in personal property created under the Indenture, this opinion does not address personal property of a type in which a security interest cannot be validly created under Article 9 of the Kentucky UCC, or in which a security interest can be validly created but

cannot be perfected under Article 9 of the Kentucky UCC by filing of a financing statement.

- H. The Lien Search Results as defined above in paragraph J. of Section II. set forth the proper filing office(s) and the proper name of the debtor necessary to identify tax liens and judgment liens against the Borrower and those persons who, as of the effective dates noted in the Lien Search Results, have financing statements on file against the Borrower indicating the existence of a security interest in any personal property or fixtures in which a security interest may be perfected by filing under Article 9 of the Kentucky UCC.
- I. The execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, the Loan Documents do not and will not: (a) violate the Borrower's Articles of Incorporation or Bylaws; (b) violate any applicable law, rule or regulation to which the Borrower is subject; (c) conflict with, result in a breach of, or constitute with notice or lapse of time or both a default under, any agreement or instrument identified to us in the Loan & Other Material Agreements Certificate; or (d) violate any judicial or administrative decree, writ, judgment or order to which, to our knowledge, the Borrower is subject.
- J. All authorizations from governmental entities required in connection with the execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, the Loan Documents have been obtained and are in full force and effect.
- K. To our knowledge, there is no litigation, arbitration or other legal proceeding pending or threatened, verbally or in writing, against or affecting the Borrower or its property that, (i) in the opinion of the Borrower as evidenced by the Litigation Certificate, if adversely determined would have a material adverse effect upon the business, operations or financial condition of the Borrower or the Borrower's ability to perform its obligations under the Loan Documents or (ii) seeks to rescind, terminate, modify or suspend any authorization of any governmental entity referred to in paragraph III. J. above.

The foregoing opinions are subject to the following additional qualifications:

- 1. The enforceability of the Indenture with respect to Station Two is subject to the provisions of Section 401 of the 2005 Amendments to Contracts Among City of Henderson, Kentucky, City of Henderson Utility Commission, Big Rivers Electric Corporation, WKE Station Two, Inc. and LG&E Marketing Inc. dated as of April 1, 2005.
- 2. Whenever our opinions with respect to the existence or non-existence of facts is qualified by the phrase "to our knowledge," or any similar phrase implying a limitation on the basis of knowledge, it is intended to indicate that, during the course of our representation in

National Rural Utilities Cooperative Finance
Corporation Regions Bank
October 23, 2017
Page 7

connection with the transactions referenced in this letter, no information has come to our attention that would give us actual knowledge of the existence or non-existence of facts contrary to the opinions expressed herein and so qualified. We have not undertaken, however, any special investigation to determine the existence or absence of such facts, and no inference as to our knowledge or information concerning the existence or absence of such facts should be drawn from our representation.

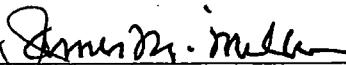
IV. Limitation as to Particular Laws and Reliance on this Opinion

As to matters of law, we limit our opinion to the laws of the Commonwealth of Kentucky, and our opinions are limited to the facts and laws in existence on the date of this opinion and at no subsequent time. We note that certain of the Loan Documents purport to be governed by Virginia law. For purposes of giving the opinions set forth above, we have assumed that Virginia law is the same as the law of the Commonwealth of Kentucky.

This opinion is delivered to you in connection with the loan referenced above, and may not be utilized or quoted by you for any other purpose or relied upon by any other person or entity other than your successors or assigns without our express written consent.

Very truly yours,

Sullivan, Mountjoy, Stainback &
Miller, P.S.C.

By: 
James M. Miller

Counsel for Big Rivers Electric Corporation

EXHIBIT A

FINANCING STATEMENTS

<u>Type of Filing</u>	<u>Filing Office</u>	<u>Filing Date</u>	<u>Continuation Required</u>
Initial financing statement (personal property) Secured Party: U.S. Bank, N.A. 2009-2399358-60	Office of the Kentucky Secretary of State	7/16/2009	None
Initial financing statement (fixtures) Secured Party: U.S. Bank, N.A. 2009-2399357-5	Office of the Kentucky Secretary of State	7/16/2009	None

EXHIBIT B

LIEN SEARCH RESULTS

1. The proper filing office(s) to identify tax liens and judgment liens against the Borrower are the offices of the County Clerks in the counties of Breckinridge, Caldwell, Crittenden, Daviess, Hancock, Henderson, Hopkins, Livingston, Marshall, McCracken, Meade, Ohio, Union, and Webster in the Commonwealth of Kentucky.

2. The proper name of the debtor necessary to identify tax liens and judgment liens against the Borrower is Big Rivers Electric Corporation.

3. The searches for tax and judgment liens against the Borrower in the locations and under the name set forth herein identified the following tax and/or judgment liens:

None

4. The financing statements on file against the Borrower are identified below:

<u>Type of Filing</u>	<u>Filing Office</u>	<u>Filing Date</u>
Initial financing statement (precautionary lease filing) Secured Party: Fifth Third Equipment Finance Company 2014-2741509-75	Office of the Kentucky Secretary of State	12/21/2014
Initial financing statement (purchase money security interest in equipment) Secured Party: United Rentals (North America), Inc. 2012-2556789-87	Office of the Kentucky Secretary of State	1/5/2012
Initial financing statement (purchase money security interest in equipment) Secured Party: United Rentals (North America), Inc. 2012-2556784-32	Office of the Kentucky Secretary of State	1/5/2012

Initial financing statement (precautionary lease filing) Secured Party: Marlin Leasing Corp. 2010-2469410-39	Office of the Kentucky Secretary of State	7/30/2010
Initial financing statement (precautionary lease filing) Secured Party: Marlin Leasing Corp. 2010-2469406-74	Office of the Kentucky Secretary of State	7/30/2010
Initial financing statement (precautionary lease filing) Secured Party: 1. Marlin Business Bank 2. Marlin Leasing Corp. 2010-2459828-61	Office of the Kentucky Secretary of State	6/10/2010
Initial financing statement (precautionary lease filing) Secured Party: Marlin Leasing Corp. 2010-2458441-71	Office of the Kentucky Secretary of State	6/3/2010
Initial financing statement (precautionary owner filing) Secured Party: Buckman Laboratories, Inc. 2009-2429083-99	Office of the Kentucky Secretary of State	12/29/2009
Initial financing statement (personal property) Secured Party: U.S. Bank, N.A. 2009-2399358-60	Office of the Kentucky Secretary of State	7/16/2009
Initial financing statement (fixtures) Secured Party: U.S. Bank, N.A. 2009-2399357-59	Office of the Kentucky Secretary of State	7/16/2009
Initial financing statement (precautionary lease filing) Secured Party: Dell Financial Services L.L.C. 2008-2311472-90	Office of the Kentucky Secretary of State	4/17/2008

LIEN SEARCH DATES AND TIMES

<u>Filing Office</u>	<u>Search Date and Time</u>
Kentucky Secretary of State	October 17, 2017 at 4:30 p.m.
Breckinridge County Clerk	October 18, 2017 at 3:27 p.m.
Caldwell County Clerk	October 18, 2017 at 3:40 p.m.
Crittenden County Clerk	October 18, 2017 at 12:29 p.m.
Daviess County Clerk	October 18, 2017 at 4:30 p.m.
Hancock County Clerk	October 18, 2017 at 3:45 p.m.
Henderson County Clerk	October 18, 2017 at 3:29 p.m.
Hopkins County Clerk	October 18, 2017 at 3:31 p.m.
Livingston County Clerk	October 18, 2017 at 3:48 p.m.
McCracken County Clerk	October 18, 2017 at 3:50 p.m.
Marshall County Clerk	October 18, 2017 at 11:22 a.m.
Meade County Clerk	October 18, 2017 at 4:04 p.m.
Ohio County Clerk	October 18, 2017 at 4:10 p.m.
Union County Clerk	October 18, 2017 at 4:20 p.m.
Webster County Clerk	October 18, 2017 at 3:24 p.m.

Loan & Other Material Agreements Certificate

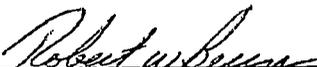
This certificate ("Certificate") is given by Robert W. Berry, President and CEO of Big Rivers Electric Corporation (the "Borrower") for the purpose of inducing Sullivan, Mountjoy, Stainback & Miller, P.S.C. to render legal opinions in connection with the execution and delivery of the Loan Agreement dated as of October 23, 2017, made by and between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC") (the "Loan Agreement"), the secured promissory note dated as of October 23, 2017, in the principal amount of \$15,000,000.00, said note payable to the order of CFC (the "Secured Note"), and the Seventh Supplemental Indenture by and between Borrower, as grantor, and U.S. Bank National Association, as trustee, dated as of October 9, 2017 (the "Seventh Supplemental Indenture," and together with the Loan Agreement and the Secured Note, the "Loan Documents").

I, Robert W. Berry, President and CEO of the Borrower, do hereby certify as of the date of this Certificate as follows:

1. I am the President and CEO of the Borrower, and as such possess the knowledge and authority to certify to the matters set forth in this Certificate.

2. Attached hereto as Exhibit A-1 is a list of all loan agreements related instruments and security documents to which the Borrower is a party (and all amendments thereto) and as Exhibit A-2 is a list of and all other agreements (and all amendments thereto) under which a default by the Borrower could have a material adverse effect on the business, operations or financial condition of the Borrower or the Borrower's ability to perform its obligations under the Loan Documents.

IN WITNESS WHEREOF, I have executed this Certificate in my capacity as President and CEO of the Borrower as of October 23, 2017.



Robert W. Berry, President and CEO

EXHIBIT A
To
Loan & Other Material Agreements Certificate

EXHIBIT A-1
(Loan Agreements)

1. Indenture dated as of July 1, 2009, First Mortgage Obligations from Big Rivers Electric Corporation to U.S. Bank National Association, Trustee.
2. First Supplemental Indenture dated as of June 1, 2010, relating to the issuance of the Big Rivers Electric Corporation First Mortgage Note, Series 2010A from Big Rivers Electric Corporation to U.S. Bank National Association, Trustee ("Trustee") in the principal amount of \$83,300,000 and payable to the Trustee.
3. Second Supplemental Indenture dated as of July 15, 2012, relating to the issuance of the Big Rivers Electric Corporation First Mortgage Note, Series 2012A from Big Rivers Electric Corporation to CoBank, ACB ("CoBank") in the principal amount of \$235,000,000 and payable to CoBank.
4. Third Supplemental Indenture dated as of July 15, 2012, relating to the issuance of the Big Rivers Electric Corporation First Mortgage Note, Series 2012B from Big Rivers Electric Corporation to National Rural Utilities Cooperative Finance Corporation ("CFC") in the principal amount of \$302,000,000 and payable to CFC.
5. Fourth Supplemental Indenture dated as of August 14, 2013, relating to the Big Rivers Electric Corporation First Mortgage Notes, Series 2013A from Big Rivers Electric Corporation to the National Rural Utilities Cooperative Finance Corporation ("CFC") in the principal amount of \$50,000,000, or such lesser sum of the aggregate unpaid principal amount of all advances made pursuant to the Amended and Restated Revolving Line of Credit Agreement between Big Rivers Electric Corporation, as Borrower, and CFC dated August 19, 2013.
6. Fifth Supplemental Indenture dated as of February 23, 2015, relating to the Big Rivers Electric Corporation Secured Promissory Notes dated March 5, 2015, from Big Rivers Electric Corporation to National Rural Utilities Cooperative Finance Corporation and the several other Lenders party to the Senior Secured Credit Agreement dated March 5, 2015.
7. Sixth Supplemental and Amendatory Indenture dated as of September 5, 2017, relating to the issuance to National Rural Utilities Cooperative Finance Corporation and several other Lenders party to the Senior Secured Credit Agreement dated as of March 5, 2015, as amended by Amendment No. 1 dated as of September 19, 2017, in the principal amount of \$100,000,000.

8. Seventh Supplemental Indenture dated as of October 9, 2017, relating to the Big Rivers Electric Corporation First Mortgage Note, Series 2017B, from Big Rivers Electric Corporation to National Rural Utilities Cooperative Finance Corporation ("CFC") in the principal amount of \$15,000,000, and payable to CFC.
9. Loan Agreement, dated as of June 1, 2010, between Big Rivers Electric Corporation and the County of Ohio, Kentucky, relating to a loan in the amount of \$83,300,000 evidenced by the First Mortgage Note, Series 2010A.
10. Amended and Consolidated Loan Contract dated as of July 16, 2009, between Big Rivers Electric Corporation and United States of America.
11. RUS 2009 Promissory Note Series A, dated July 16, 2009, made by Big Rivers Electric Corporation to the United States of America, in the principal amount of \$602,573,536, maturing on July 1, 2021.
12. RUS 2009 Promissory Note Series B, dated July 16, 2009, made by Big Rivers Electric Corporation to the United States of America, in the amount at final maturity of \$245,530,257.30, maturing December 31, 2023.
13. Loan Agreement dated July 27, 2012 between Big Rivers Electric Corporation ("Big Rivers") and National Rural Utilities Cooperative Finance Corporation ("CFC"), relating to a loan in the amount of \$302,000,000 evidenced by the First Mortgage Notes, Series 2012B, and a loan in the amount of \$43,155,800 (the "Equity Loan") evidenced by the Promissory Note dated July 27, 2012.
14. Secured Credit Agreement dated July 24, 2012 between Big Rivers Electric Corporation, the several lenders from time to time parties thereto, and CoBank, ACB, relating to a loan in the amount of \$235,000,000 evidenced by the First Mortgage Notes, Series 2012A.
15. Senior Secured Credit Agreement dated March 5, 2015 among Big Rivers Electric Corporation, as Borrower, and National Rural Utilities Cooperative Finance Corporation ("CFC") as Administrative Agent, Lead Arranger, Issuing Lender and Swingline Lender evidenced by the Secured Promissory Notes dated March 5, 2015.
16. Amendment No. 1 to the Senior Secured Credit Agreement made as of September 19, 2017, among Big Rivers Electric Corporation, as Borrower, and National Rural Utilities Cooperative Finance Corporation, as Lender, Lead Arranger, Issuing Lender, the Swingline Lender, and Administrative Agent as evidenced by Secured Promissory Notes dated September 19, 2017.
17. Loan Agreement dated as of October 23, 2017, between Big Rivers Electric Corporation (the "Borrower") and National Rural Utilities Cooperative Finance Corporation ("CFC"), relating to a loan in the amount of \$15,000,000 evidenced by the Promissory Note Series 2017B.

EXHIBIT A-2
(Other Material Agreements)

Member Wholesale Power Contracts

1. Wholesale Power Contract Agreement – Federated Cooperative dated June 11, 1962, between Big Rivers Rural Electric Cooperative Corporation and Green River Rural Electric Cooperative Corp.¹
2. Amendment dated December 15, 1975, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Green River Electric Corporation.¹
3. Amendment 3 dated May 9, 1980, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Green River Electric Corporation.¹
4. Amendment dated July 15, 1998, to Wholesale Power Agreements dated October 12, 1974, and June 11, 1962, between Big Rivers Electric Corporation and Green River Electric Corporation.¹
5. Wholesale Power Contract – Federated Cooperative dated June 11, 1962, between Big Rivers Rural Electric Cooperative Corporation and Henderson Union Rural Electric Coop. Corp.¹
6. Amendment dated December 15, 1975, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Henderson-Union Rural Electric.¹
7. Amendment 4 dated May 9, 1980, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Henderson-Union Rural Electric Cooperative Corporation.¹
8. Amendment dated July 15, 1998, to Wholesale Power Agreements dated October 12, 1974, and June 11, 1962, between Big Rivers Electric Corporation and Henderson Union Electric Cooperative Corp.¹
9. System Disturbance Agreement dated April 4, 2001, between Big Rivers Electric Corporation, Kenergy Corp., Willamette Industries, Inc., WKE Station Two Inc., formally known as LG&E Station Two Inc., and Western Kentucky Energy Corp., as amended by the Release Agreement dated July 16, 2009.
10. Amendment dated July 6, 2009, to Wholesale Power Contracts dated June 11, 1962, between Big Rivers Electric Corporation and Kenergy Corp.

¹ Green River Electric Corporation and Henderson Union Electric Cooperative Corp. merged and consolidated into Kenergy Corp. effective July 1, 1999.

11. Amendment dated August 1, 2009, to Wholesale Power Contracts dated June 11, 1962, between Big Rivers Electric Corporation and Kenergy Corp.
12. Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
13. Letter agreement dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
14. Supplemental Agreement dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
15. Amendment 1 dated May 9, 1980, to Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
16. Amendment No. 2 dated July 6, 2009, to Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
17. Amendment No. 3 dated August 1, 2009, to Wholesale Power Contract dated October 14, 1977, between Big Rivers Electric Corporation and Jackson Purchase Rural Electric Cooperative Corporation.
18. Wholesale Power Contract – Federated Cooperative dated June 11, 1962, between Big Rivers Rural Electric Cooperative Corporation and Meade County Rural Electric Coop. Corp.
19. Supplemental Agreement dated June 8, 1962, between Big Rivers Rural Electric Generating and Transmission Cooperative Corp. and Meade County Rural Electric Cooperative Corp.
20. Amendment dated December 15, 1975, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.
21. Amendment 2 dated May 9, 1980, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.
22. Amendment No. 3 dated July 6, 2009, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.
23. Amendment No. 4 dated August 1, 2009, to Wholesale Power Contract dated June 11, 1962, between Big Rivers Electric Corporation and Meade County Rural Electric Cooperative Corporation.

Material Direct Serve Contracts

24. Letter agreement dated December 9, 2008, between Big Rivers Electric Corporation and Kenergy Corp. (Kimberly-Clark).
25. Delivery Point Agreement dated July 1, 2009, between and among Kenergy Corp., Big Rivers Electric Corporation, Southwire Company, and Century Aluminum of Kentucky General Partnership.
26. Second Amended and Restated Wholesale Power Agreement dated January 21, 2011, between Big Rivers Electric Corporation and Kenergy Corp. (Domtar).
27. Letter Agreement dated as of May 27, 2016, between Big Rivers Electric Corporation and Kenergy Corp. (Aleris Rolled Products, Inc.).

Other Material Agreements

28. Power Plant Construction and Operation Agreement between the City of Henderson, Kentucky and the Company, dated August 1, 1970, as amended.
29. Power Sales Contract between the City of Henderson, Kentucky and the Company, dated August 1, 1970, as amended.
30. Joint Facilities Agreement between the City of Henderson, Kentucky and the Company, dated August 1, 1970, as amended.
31. Transaction Termination Agreement dated as of March 26, 2007, by and among the Company, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp.
32. Indemnification Agreement dated as of July 16, 2009 by and between the Company and Western Kentucky Energy Corp.
33. Guarantee Dated as of July 16, 2009, between E.ON U.S. LLC and Big Rivers Electric Corporation (Indemnification Agreement).
34. Amended and Restated Guarantee Dated as of July 16, 2009, between E.ON U.S. LLC and Big Rivers Electric Corporation.

LITIGATION CERTIFICATE

This certificate ("Certificate") is given by Robert W. Berry, President and CEO of Big Rivers Electric Corporation (the "Borrower") for the purpose of inducing Sullivan, Mountjoy, Stainback & Miller, P.S.C. to render legal opinions in connection with the execution and delivery of Loan Agreement dated as of October 23, 2017, made by and between the Borrower and National Rural Utilities Cooperative Finance Corporation ("CFC") (the "Loan Agreement"), the secured promissory note dated as of October 23, 2017, in the principal amount of \$15,000,000.00, said note payable to the order of CFC (the "Secured Note"), and the Seventh Supplemental Indenture by and between Borrower, as grantor, and U.S. Bank National Association, as trustee, dated as of October 9, 2017 (the "Seventh Supplemental Indenture," and together with the Loan Agreement and the Secured Note, the "Loan Documents").

I, Robert W. Berry, President and CEO of the Borrower, do hereby certify as of the date of this Certificate as follows:

1. I am the President and CEO of the Borrower, and as such possess the knowledge and authority to certify to the matters set forth in this Certificate.
2. I have discussed the subject matter of this Certificate with all officers of and legal counsel to the Borrower who reasonably would be expected to have knowledge of its subject matter.
3. Other than the proceeding(s) identified in Exhibit A, there is no litigation, arbitration or other legal proceeding, pending or threatened, verbally or in writing, against or affecting the Borrower or its property that, (i) if adversely determined, in my opinion would have a material adverse effect upon the business, operations or financial condition of the Borrower or the Borrower's ability to perform its obligations under the Loan Documents, or (ii) seeks to rescind, terminate, modify or suspend any authorization of any governmental entity required in connection with the execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, the Loan Documents.

IN WITNESS WHEREOF, I have executed this Certificate in my capacity as President and CEO of the Borrower as of October 23, 2017.

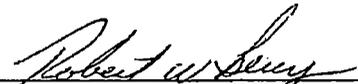

Robert W. Berry, President and CEO
Big Rivers Electric Corporation

EXHIBIT A

LITIGATION CERTIFICATE

Big Rivers Electric Corporation v. City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light, Henderson Circuit Court Civil Action No. 09-CI-00693 (the "Henderson Circuit Court Action"); *City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light v. Big Rivers Electric Corporation*, Kentucky Court of Appeals No. 2010-CA-000120-MR; *Big Rivers Electric Corporation v. City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light*, Kentucky Supreme Court No. 2014-SC-000595; *Big Rivers Electric Corporation v. City of Henderson, Kentucky, and City of Henderson Utility Commission, d/b/a/ Henderson Municipal Power and Light*, American Arbitration Association Case No. 52 198 000173 10.

Big Rivers filed suit in Henderson, Kentucky, Circuit Court on July 31, 2009, requesting an order referring to arbitration a dispute with the City of Henderson, Kentucky and City of Henderson Utility Commission (collectively, "HMP&L") regarding the rights of the parties respecting "Excess Henderson Energy as defined in the contracts by which Big Rivers operates HMP&L's Station Two and receives a portion of the generation output of Station Two. By agreement dated as of July 16, 2009, Western Kentucky Energy Corp. ("WKEC") indemnified Big Rivers against certain adverse consequences of failing to prevail in the arbitration with HMP&L. The obligations of WKEC are guaranteed by its parent company, E.ON U.S. LLC, and its successor in interest. The order of the Henderson Circuit Court directing arbitration was appealed to the Kentucky Court of Appeals, which found that the circuit court order was non-final and non-appealable, and dismissed the appeal for want of appellate jurisdiction. The contractual dispute was submitted to the American Arbitration Association.

The arbitration panel issued an award on May 31, 2012, essentially adopting the HMP&L position in the arbitration. Big Rivers filed a motion on July 16, 2012, in the Henderson Circuit Court asking the court to vacate the arbitrators' award. The judge ruled against Big Rivers on December 5, 2012. Big Rivers filed a notice of appeal to the Kentucky Court of Appeals on January 2, 2013. The Court of Appeals upheld the lower court. On August 12, 2015, the Kentucky Supreme Court denied Big Rivers' request for discretionary review of the case.

Counsel for HMP&L wrote counsel for Big Rivers on June 26, 2012, asserting that Big Rivers owes HMP&L for "fixed costs" associated with energy Big Rivers had taken from HMP&L's "reserve capacity for the period beginning in August 2009 to the date of the award May 30, 2012." The amount claimed by HMP&L in that letter is \$3,753,013.09.

By letter dated September 14, 2015, from counsel for HMP&L to the lead counsel from the two law firms representing Big Rivers in this matter, HMP&L demanded damages of \$23,801,477.50, and an immediate cession of ongoing sales of Excess Henderson Energy by Big Rivers.

On February 12, 2016, HMP&L filed a petition in the Henderson Circuit Court case initiated by Big Rivers in 2009 that resulted in the arbitration award. The petition seeks damages in an

unspecified amount for Big Rivers' alleged wrongful use of this Excess Henderson Energy from July 2009 until Big Rivers stops using the Excess Henderson Energy. Big Rivers has notified WKEC of this petition as required under the July 16, 2009 Indemnification Agreement between the parties. The attorneys retained by WKEC to represent Big Rivers in the original arbitration filed a motion to dismiss the petition on technical grounds. The Henderson Circuit Court ruled that the damages claim can proceed in the current docket. Discovery has commenced in the case. In a discovery response dated September 29, 2016, HMP&L said it is seeking damages from Big Rivers of approximately \$32,216,403 for the period from August 1, 2009 through July 31, 2016. Big Rivers is vigorously contesting the claims asserted in the petition based on substantial procedural and substantive defects in the petition and the claims it purports to assert including, without limitation, the liability of Big Rivers, and the measure and calculation of damages. The parties and WKEC have reached an agreement in principle to settle the damage claim suit and the WKEC indemnification obligation, and are negotiating agreements of settlement and release.

In the Matter of Application of Big Rivers Electric Corporation for a Declaratory Order, Kentucky Public Service Commission, Case No. 2016-00278.

Big Rivers filed an Application with the Kentucky Public Service Commission ("Commission") on July 29, 2016, seeking a declaratory order that, under the Power Sales Contract between Big Rivers and the City of Henderson and the Utility Commission of the City of Henderson (the City of Henderson and the Utility Commission of the City of Henderson, collectively, "Henderson") regarding operation of Henderson's Station Two, Big Rivers is not responsible for the variable costs of any energy defined as Excess Henderson Energy produced by Station Two that Big Rivers does not take, and that Henderson is responsible for those costs, or in the alternative, if Big Rivers is responsible for these costs under the Power Sales Contract, that the PSC modify that contract to make Henderson responsible for those costs. Big Rivers has been charging those costs to Henderson since June 1, 2016, but Henderson has refused payment. If the Commission rules against Big Rivers, the costs charged to Henderson may have to be expensed by Big Rivers, and the future costs of generating the unwanted Excess Henderson Energy could be the responsibility of Big Rivers.

A hearing in this case was held February 7, 2017. The briefing schedule ended March 21, 2017, after which the case was submitted to the Commission for decision. The Commission will determine whether it has jurisdiction over the pending dispute, and if so, how the contracts involved should be applied. But the Commission will not award damages. Upon joint motions from the parties, the Commission agreed to hold the case in abeyance until October 27, 2017, to allow the parties to try to reach a settlement of all issues and file a settlement agreement with the Commission.



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October 23, 2017

National Rural Utilities
Cooperative Finance Corporation,
20701 Cooperative Way
Dulles, VA 20166

Re: Loan Agreement Dated as of October 23, 2017

Ladies and Gentlemen:

We have acted as special counsel for Big Rivers Electric Corporation, a Kentucky cooperative corporation (the "Borrower") in connection with the Loan Agreement dated as of October 23, 2017 (the "Loan Agreement"), by and among the Borrower and National Rural Utilities Cooperative Finance Corporation as Administrative Agent. Capitalized terms used in this letter but not otherwise defined herein shall have the respective meanings assigned to them in the Loan Agreement. This opinion is being delivered to you pursuant to Section 4.01 B (iii) of the Loan Agreement.

Materials Examined

In connection with this opinion, we have examined executed copies of the Loan Agreement and the Note (together, the "Loan Documents"). We also have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of such records, agreements, instruments and certificates (including certificates of public officials and of officers of the parties) and such other documents. In rendering the opinions expressed below, we have examined only executed counterparts or copies of the Loan Documents that were provided to us. We have also made such other investigations of fact and law as we have considered necessary or appropriate for the purposes of the opinions set forth herein. As to factual matters, we have relied without investigation on the representations and warranties set forth in the Loan Documents.

Opinions

Based upon such examination and having regard for legal considerations that we deem relevant, we are of the opinion, subject to the qualifications and assumptions set forth below, that:



1. The execution and delivery by the Borrower of the Loan Documents do not, and the performance by it of its obligations thereunder will not, result in a violation by it of any law of the United States or the State of New York, or any rule or regulation thereunder.
2. Each of the Loan Documents constitutes the valid and binding obligation of the Borrower, enforceable against it in accordance with its terms.
3. The Borrower is not (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) subject to regulation under Section 204 of the Federal Power Act of 2005, as amended, in connection with the incurrence of Indebtedness under the Loan Agreement.
4. The execution and delivery by the Borrower of the Loan Agreement does not, and the performance by it of its obligations under the Loan Agreement will not, require any approval, consent or other action of, notice to, qualification or filing with, any Governmental Authority of the United States or the State of New York.
5. Assuming that the proceeds of the Loan are applied as described in Section 2.01 of the Loan Agreement, the execution, delivery and performance of the Loan Documents has not resulted and will not result in any violation of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), Regulation X of said Board (12 CFR 224) or Regulation T of said Board (12 CFR 220).

Certain Assumptions and Qualifications

In rendering the opinions stated above, we have, with your consent, assumed (i) the due organization of each party to the Loan Documents and the existence and good standing of each party to the Loan Documents, (ii) the authority of each party thereto to do business in each relevant jurisdiction, (iii) the legal capacity and authority of all natural persons executing the Loan Documents, (iv) the truth, accuracy and completeness of the information, factual matters, representations and warranties as to matters of fact contained in the records, documents, instruments and certificates we have reviewed, (v) the due authorization, execution and delivery of the Loan Documents by each party thereto, (vi) that the Loan Documents are valid and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their respective terms (other than as set forth in opinion paragraph 2 above), (vii) the power and authority of each party to the Loan Documents to execute and deliver and perform its obligations thereunder, (viii) that such execution and delivery will not breach, conflict with or constitute a violation of, the laws of any jurisdiction, or of any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority (other than as set forth in paragraphs 1 and 5 above), (ix) that such execution and delivery does not require the consent or approval of any Person that has not already been obtained (other than as set forth in opinion paragraph 4 above), (x) the absence of any evidence extrinsic to the provisions of the Loan Documents between the respective parties thereto that such parties intended a meaning contrary



to that expressed by the respective provisions thereof, and (xi) the authenticity of all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies.

We express no opinion herein as to laws other than the law of the State of New York and of the United States. We express no opinion as to whether the law of any particular jurisdiction applies to the Loan Documents, and no opinion to the extent that the laws of any jurisdiction other than those identified above are applicable to the Loan Documents.

Our opinion that any Loan Document is valid, binding or enforceable in accordance with its terms is qualified as to (a) limitations imposed by bankruptcy, insolvency, receivership, conservatorship, reorganization, fraudulent conveyance, arrangement, moratorium, or other laws relating to or affecting the enforcement of creditors' rights generally; (b) rights to indemnification and contribution which may be limited by applicable law and equitable principles or otherwise unenforceable as against public policy; (c) the unenforceability under certain circumstances of provisions imposing penalties, forfeiture, late payment charges, or an increase in interest rate upon delinquency in payment or the occurrence of any event of default or purports to impose liquidated damages; and (d) general principles of equity, including without limitation concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether such enforceability is considered in a proceeding in equity or at law. Further, insofar as our opinion that each Loan Document is valid, binding and enforceable pertains to the parties' agreement that the law of the State of New York shall be the governing law of such Loan Document, such opinion is based solely on Section 5-1401 of the New York General Obligations Law.

We express no opinion as to matters governed by laws other than the laws of the State of New York and the federal law of the United States of America; provided, however that no opinion is expressed with respect to any law, statute, rule or regulation relating to antitrust, securities (except as expressly set forth in paragraph 5 herein) or blue sky, ERISA, banks, fiduciaries or financial institutions, the environment, environmental conservation, taxation, labor, health and safety, sanitation, land use, construction or related transportation matters.

With respect to our opinion in paragraph 4 above, we express no opinion regarding any requirement for any approval, consent or other action of, notice to, qualification or filing with, any Governmental Authority of the United States or the State of New York arising under or pursuant to any contract with, or any contractual obligation to, any such Governmental Authority.

Use of Opinion

This opinion letter addresses the legal consequences of only the facts existing or assumed as of the date hereof. The opinions expressed herein are based on an analysis of existing laws and court decisions and cover certain matters not directly addressed by such authorities. Such

National Rural Utilities
Cooperative Finance Corporation
October 23, 2017
Page 4



opinions may be affected by actions taken or omitted, events occurring, or changes in the relevant facts, after the date hereof. We have not undertaken to determine, or to inform any Person of, the occurrence or non-occurrence of any such actions, events, or changes. This opinion is rendered for the sole benefit of, and may be relied upon only by, you and your respective successors and assigns in connection with the transactions described in the first paragraph of this letter and may not be disclosed, published or communicated to, or relied upon or used by, quoted or referred to, nor may copies hereof be delivered to, any other Person (other than your attorneys and other professional advisors or as required by applicable law) or for any other purpose without our prior written consent. We disclaim any obligation to update this opinion letter for events occurring or coming to our attention after the date hereof. At your request, we hereby consent to reliance hereon by your successors or assigns pursuant to the Loan Agreement, on the condition and understanding that (i) this letter speaks only as of the date hereof, (ii) we have no responsibility or obligation to update this letter, to consider its applicability or correctness to other than its addressees, or to take into account changes in law, facts or any other developments of which we may later become aware, (iii) any such reliance by a successor or assign must be actual and reasonable under the circumstances existing at the time of assignment, including any changes in law, facts or any other developments known to or reasonably knowable by the successor or assign at such time, and (iv) the knowledge of the addressees with respect to matters addressed in this opinion letter shall be imputed to all assignees or successors.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP



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51 West 52nd Street
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October 23, 2017

Big Rivers Electric Corporation
201 Third Street
Henderson, Kentucky 42420

U.S. Bank National Association
Corporate Trust Services
225 Asylum Street, 23rd Floor
Hartford, Connecticut 06103
Attn: Philip G. Kane, Jr.

Re: Big Rivers Electric Corporation
Seventh Supplemental Indenture

Ladies and Gentlemen:

We have acted as special counsel for Big Rivers Electric Corporation, a Kentucky cooperative corporation (the "Company") in connection with the issuance by the Company of \$15,000,000 in principal amount of its First Mortgage Note, Series 2017B (the "Obligation") pursuant to the Indenture, dated as of July 1, 2009 (the "Indenture"), between the Company and U.S. Bank National Association, a national banking association (the "Trustee"). Capitalized terms used herein but not defined herein have the meanings given to such terms in the Indenture. This opinion is being rendered to you at the request of the Company pursuant to Section 4.1 C (2) of the Indenture.

In connection with the rendering of this opinion, we have examined executed originals or copies of the Indenture, the Seventh Supplemental Indenture by and between the Company, as grantor, and the Trustee, dated as of October 9, 2017 (the "Seventh Supplemental Indenture") and the Obligation. The Indenture, the Seventh Supplemental Indenture and the Obligation are hereinafter collectively referred to as the "Opinion Documents". In addition, we have reviewed such other documents, agreements, instruments, corporate records and certificates of the Company and have made such investigations of law as we have deemed necessary or appropriate for the purposes of delivering this opinion letter.

Based on such examination and having regard for legal considerations that we deem relevant and subject to the qualifications set forth below, we are of the opinion that no authorization, approval or consent is required from any governmental authority of the United States or New York State having jurisdiction over the Company in connection with the authentication and delivery of the Obligation.

Big Rivers Electric Corporation
U.S. Bank National Association
October 23, 2017
Page 2



With your permission we have assumed the following: (i) the authenticity of original documents and the genuineness of all signatures; (ii) the conformity to the originals of all documents submitted to us as copies; (iii) the truth, accuracy and completeness of the information, factual matters, factual representations and warranties contained in the records, documents, instruments and certificates we have reviewed; (iv) the due authorization, execution and delivery on behalf of the respective parties thereto of the documents referred to herein, (v) the valid and legally binding effect thereof on, and the enforceability against, such parties; and (vi) the absence of any evidence extrinsic to the provisions of the written agreements between the parties that the parties intended a meaning contrary to that expressed by the provisions thereof.

We express no opinion as to any laws other than (i) the law of the State of New York, and (ii) the federal law of the United States of America. Further, we express no opinion with respect to any law, statute, rule or regulation relating to antitrust, securities or blue sky, ERISA, banks, fiduciaries or financial institutions, the environment, environmental conservation, taxation, labor, health and safety, sanitation, land use, building codes, construction or related transportation matters.

This opinion is solely for your benefit in connection with the transaction covered by the first paragraph of this opinion letter and, except as provided below, may not be relied upon, used, quoted or referred to by, nor may copies hereof be delivered to, any other person, or for any other purpose without our prior written approval. Copies of this opinion letter may be furnished to, but not relied upon by, (a) prospective permitted assigns under the Opinion Documents and their advisors, (b) your legal counsel in connection with their providing advice regarding the Opinion Documents, and (c) any person or entity to whom disclosure is required to be made by law or court order. We disclaim any obligation to update this opinion letter for events occurring or coming to our attention after the date hereof.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP
Orrick, Herrington & Sutcliffe LLP



October 23, 2017

Orrick, Herrington & Sutcliffe LLP

51 West 52nd Street
New York, NY 10019-6142

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orrick.com

National Rural Utilities
Cooperative Finance Corporation,
20701 Cooperative Way
Dulles, VA 20166

Re: Big Rivers Electric Corporation
\$15,000,000 First Mortgage Note, Series 2017B

Ladies and Gentlemen:

In connection with the delivery of the above-referenced note (the "Note") we have delivered our opinion a copy of which is attached hereto concerning no authorizations, approvals or consents required from any governmental authority of the United States or New York State having jurisdiction over Big Rivers Electric Corporation ("Big Rivers") in connection with the authentication and delivery of the above-referenced Note addressed to Big Rivers, the issuer of the Note, and U.S. Bank National Association, as trustee.

You may rely on said opinion as though it were addressed to you. This letter is solely for your benefit in connection with the transactions contemplated by the issuance of the Note and may not be relied upon or used by, circulated, quoted or otherwise referred to, nor may copies hereof be delivered to any other person or for any other purpose without our prior written consent. We disclaim any obligation to update this opinion for events occurring or coming to our attention after the date hereof. No attorney-client relationship has existed or exists between the addressees of this letter and our firm in connection with the Note or by virtue of this letter.

Very truly yours,

Orrick, Herrington & Sutcliffe
ORRICK, HERRINGTON & SUTCLIFFE LLP



SULLIVAN, MOUNTJOY,
STAINBACK & MILLER, P.S.C.
Attorneys

James M. Miller
Attorney
jmiller@smsmlaw.com

Skill. Integrity. Efficiency.

October 23, 2017

National Rural Utilities
Cooperative Finance Corporation
20701 Cooperative Way
Dulles, VA 20166
Attention: General Counsel

Re: \$15,000,000.00 Secured Loan (the "Loan") to Big Rivers Electric Corporation
(the "Borrower"); CFC Loan Number: KY062-LUM-3000-FMD001(9006)

Ladies and Gentlemen:

In connection with the delivery of the above-referenced notes (the "Notes"), we have delivered our opinion addressed to U.S. Bank National Association, as trustee, a copy of which is attached hereto.

You may rely on said opinion as though it were addressed to you. This letter is solely for your benefit in connection with the transactions contemplated by the issuance of the Notes and may not be relied upon or used by, circulated, quoted or otherwise referred to, nor may copies hereof be delivered to any other person or for any other purpose without our prior written consent. We disclaim any obligation to update this opinion for events occurring or coming to our attention after the date hereof. No attorney-client relationship has existed or exists between the addressees of this letter and our firm in connection with the Notes or by virtue of this letter.

Very truly yours,

Sullivan, Mountjoy, Stainback,
& Miller, P.S.C.

By 
James M. Miller

cc: Robert W. Berry



SULLIVAN, MOUNTJOY,
STAINBACK & MILLER, P.S.C.
Attorneys

James M. Miller
Attorney
jmiller@smsmlaw.com

Skill. Integrity. Efficiency.

October 23, 2017

U.S. Bank National Association
Corporate Trust Services
225 Asylum Street, 23rd Floor
Hartford, Connecticut 06103
ATTN: Philip G. Kane, Jr.

Re: Indenture dated as of July 1, 2009, between Big Rivers Electric Corporation and U.S. Bank National Association - \$15,000,000.00 First Mortgage Notes, Series 2017B

Dear Mr. Kane:

We are outside counsel for Big Rivers Electric Corporation, a Kentucky rural electric cooperative corporation (the "Company"), in connection with the issuance by the Company of its First Mortgage Notes, Series 2017B, in the aggregate principal amount of \$15,000,000 payable to the order of National Rural Utilities Cooperative Finance Corporation (the "Notes") pursuant to the Indenture dated as of July 1, 2009 (the "Mortgage Indenture"), between the Company and U.S. Bank National Association, as trustee (the "Trustee") as supplemented by the Seventh Supplemental Indenture dated as of October 9, 2017 (the "Seventh Supplemental Indenture"). Opinions 1 through 6 below are being rendered pursuant to Sections 4.1 C and 4.2 F of the Mortgage Indenture. Opinion 7 below is being given in connection with Section 12.3 of the Mortgage Indenture. Capitalized terms used herein but not otherwise defined herein have the meanings given to such terms in the Mortgage Indenture.

We have examined such corporate records and proceedings of the Company, the Mortgage Indenture, the Seventh Supplemental Indenture, and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed, including executed originals of each of the Mortgage Indenture and the Seventh Supplemental Indenture and exhibits thereto, certificates of public officials, and certificates delivered to us by officers of the Company. In the course of such examination, we have assumed that all signatures are genuine, that all documents submitted to us as copies conform to the originals, and that all documents submitted to us as originals are authentic.

As to all questions of fact material to this opinion, we have assumed, without independent investigation, the accuracy of factual matters addressed by and accordingly relied upon certificates or comparable documents of public officials and the factual representations of the Company.

Based upon the foregoing, and subject to the qualifications set forth below, we are of the opinion that:

1. There is no requirement of any tax or recording or filing law applicable to the authentication and delivery of the Notes, other than the requirement for the recording of the Seventh Supplemental Indenture in the following recording offices: the offices of the County Clerks in the counties of Breckinridge, Caldwell, Crittenden, Daviess, Hancock, Henderson, Hopkins, Livingston, Marshall, McCracken, Meade, Ohio, Union, and Webster in the Commonwealth of Kentucky, which was accomplished on October 17, 2017.

2. No authorization, approval or consent of any state or other governmental authority is required to be obtained by the Company in connection with the issuance of the Notes, except as disclosed in Schedule 1 hereto, which has been obtained prior to the date hereof.

3. None of the Trust Estate is subject to any Prior Lien other than the Prior Liens permitted by Section 13.6 of the Mortgage Indenture; provided, that, with respect to personal property, this opinion is limited to that part of the Trust Estate in which a lien may be perfected by the filing of a financing statement under the Uniform Commercial Code.

4. The conditions precedent provided for in the Mortgage Indenture relating to the authentication and delivery of the Notes have been complied with.

5. The Notes, when executed by the Company, authenticated and delivered by the Trustee and issued by the Company will be the legal, valid and binding obligations of the Company enforceable in accordance with their terms and the terms of the Mortgage Indenture and entitled to the benefits of and secured by the lien of the Mortgage Indenture equally and ratably with all other Outstanding Secured Obligations.

6. The documents which have been delivered to the Trustee conform to the requirements of the Mortgage Indenture for an Application for the action applied for and, upon the basis of such Application, the conditions precedent provided for in the Mortgage Indenture relating to the authentication and delivery of the Notes therein applied for have been complied with.

7. The execution of the Seventh Supplemental Indenture by the Trustee is authorized or permitted by the Mortgage Indenture.

The opinions expressed above are subject to the following qualifications:

A. The enforceability of the Notes may be limited by (i) bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance and other laws of general applicability relating to or affecting the rights and remedies of creditors, and (ii) general principles of equity.

U.S. Bank National Association
October 23, 2017
Page 3

B. The opinions set forth herein are limited to the constitution, statutes, administrative regulations, and case law of the Commonwealth of Kentucky, and our opinions are limited to the facts and such law in existence on the date of this opinion.

This opinion is delivered to you in connection with the transaction evidenced by the Notes, and may not be utilized or quoted by you for any other purpose or relied upon by any other person or entity other than your successors or assigns without our express written consent.

Very truly yours,

Sullivan, Mountjoy, Stainback
& Miller, P.S.C.

By James M. Miller
James M. Miller

cc: Robert W. Berry

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)	
CORPORATION FOR APPROVAL TO ISSUE)	CASE NO.
EVIDENCES OF INDEBTEDNESS)	2017-00281

ORDER

On July 21, 2017, Big Rivers Electric Corporation ("Big Rivers") filed an application seeking Commission approval to issue certain evidences of indebtedness for a loan in the amount of \$15,000,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"); for approval to issue its Eighth Supplemental and Amendatory Indenture ("Eighth Supplemental Indenture") to the Indenture dated July 1, 2009, between Big Rivers and the United States ("U.S.") Bank National Association ("Indenture") for two loans from the Federal Financing Bank ("FFB") to be guaranteed by the Rural Utilities Service of the U.S. Department of Agriculture ("RUS"); and for approval of other amendments.

On August 17, 2017, Commission Staff issued a request for information ("Staff's First Request") to Big Rivers to clarify certain issues in this case. Big Rivers filed its responses to Staff's First Request on August 28, 2017. There are no intervenors in this case, and the matter is submitted to the Commission for a decision based upon the evidentiary record.

Schedule 1

Final Order of Kentucky Public Service Commission
in Case No. 2017-00281, dated September 18, 2017

CFC Loan

Big Rivers is requesting to enter into a new loan contract of \$15,000,000 with CFC under the CFS's Advantage Program. The loan will be used in its entirety to prepay a portion of the outstanding principal balance of the RUS 2009 Promissory Note Series A ("RUS A Note"). Under the Advantage Program, CFC will immediately sell the new loan to a third party, in this case the Federal Agricultural Mortgage Corporation ("Farmer Mac").¹ Big Rivers states the Advantage Program allows Big Rivers to build a relationship with another lender, providing a possible additional credit option in the future, and also allows Big Rivers to save interest on a portion of the RUS A Note.² Big Rivers proposes to borrow \$15,000,000 at an interest rate estimated to be 3.5 percent for the purpose of paying down a portion of RUS debt that carries an interest rate of 5.75 percent. The RUS A Note's terms allow for prepayments in any amounts without penalty; the proposed repayment will reduce the outstanding principal balance of the RUS A Note from \$80,456,000 to \$65,456,000.³ Big Rivers also filed the Seventh Supplemental Indenture to supplement the Indenture dated July 1, 2009, between Big Rivers and U.S. Bank National Association as evidences of Big Rivers' promise to pay the loan on the terms established in the CFC Credit Agreement.⁴

Conditions on the CFC loan are set forth in the CFC Credit Agreement⁵ and include that: 1) Big Rivers is to pay CFC's expenses; 2) the loan will be sold to Farmer Mac

¹ Application, paragraph 5.

² Application, Exhibit 4 at 5, and Big Rivers' Response to Staff's First Request, Item 2.

³ *Id.* at 6.

⁴ Application, Exhibit 3.

⁵ *Id.*, Exhibit 2.

simultaneously with the funding of the CFC loan to Big Rivers; and 3) the loan will amortize on a level principal basis based on a ten-year amortization schedule with a balloon payment on the maturity date in 2020.⁶ Prior to closing, Big Rivers will provide CFC a Notice of Election selecting a fixed interest rate and fixed-rate term or a London Interbank Offered Rate ("LIBOR") rate for the loan.⁷ Big Rivers expects to incur legal and recording fees of \$55,000 and payment of CFC expenses of \$35,000.⁸ An interest rate of 3.5 percent was used by Big Rivers in its application and is based on an April 5, 2017 term sheet provided by CFC.⁹ Big Rivers provided a cash flow analysis which indicates that the refinancing at an interest rate of 3.5 percent would save \$540,798 over the life of the proposed loan, resulting in a positive net present value cash flow of \$707,540.¹⁰ With the inclusion of the \$90,000 in closing costs, Big Rivers estimates a savings of \$450,798 over the life of the proposed loan and a net present value of \$617,541 at 3.5 percent.¹¹

RUS Loans

Big Rivers requests authority to issue its Eighth Supplemental Indenture to the July 1, 2009 Indenture between Big Rivers and the U.S. Bank National Association for two loans from the FFB to be guaranteed by RUS.¹² The Eighth Supplemental Indenture

⁶ *Id.*, Exhibit 4 at 7. Also see the Application, Exhibit 2, Schedule 3.01 for payment schedule.

⁷ *Id.* at 8. Also see the Application, Exhibit 2, Exhibit A, Interest Rate Rider.

⁸ Staff's First Request, Item 5.

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secures the issuance in the amount of \$25,630,000 of the Future Advance Promissory Note – W8 to the FFB and the reissuance of the Reimbursement Note – W8 of the same amount to RUS (collectively, "W8 loan"). The Eighth Supplemental Indenture also secures the issuance of the Future Promissory Notes – X8 in the amount \$20,511,000 to the FFB and the Reimbursement Note – X8 of the same amount to be issued to RUS (collectively, "X8 loan"). In its application, Big Rivers stated that these transactions are important in that the company has reestablished access to the RUS loan program for the first time since its 1998 reorganization, and such access to the RUS loans provides an excellent option for low-cost financing while Big Rivers' credit ratings are below investment grade.¹³

The W8 loan is intended to finance the costs of environmental equipment upgrade projects as approved in Case No. 2012-00063.¹⁴ These projects are completed and were paid for out of Big Rivers' general funds.¹⁵ The W8 loan will reimburse Big Rivers' general funds account. The X8 loan is to finance Big Rivers' approved 2013-2015 Transmission Construction Work Plan, as amended.¹⁶ To date, all but two projects have been completed, and the remaining two projects are expected to be completed prior to receipt of the X8 loan proceeds. All projects, including the two yet to be completed, have been

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funded with Big Rivers' general funds and, similarly to the W8 loan, the loan proceeds will reimburse Big Rivers' general funds. The terms of both loans have not been finalized; however, Big Rivers requested amortizing the W8 and X8 loans for 15 years and 28 years, respectively. The interest rate applied will be the RUS standard rate available at the time of funding.¹⁷ Big Rivers estimates closing costs of \$41,000 for both loans. These costs will be deferred and amortized over the life of the loans.¹⁸

Big Rivers states that the RUS Loan transactions are subject to the supervision or control of the RUS and are not subject to the jurisdiction of the Commission under KRS 278.300, and that the Commission needs to approve only the Eighth Supplemental Indenture.¹⁹ In addition to the RUS Loan transactions, the Eighth Supplemental Indenture provides in Article 11 for an amendment to the Indenture definition of "Retired." The amendment provides that the value of retired property that the Commission allows Big Rivers to place in a regulatory or similar asset, and recover through rates, will be excluded from the definition of "Retired." Big Rivers states that this amendment to the Indenture removes an impediment to the potential sale or retirement of Big Rivers' Coleman Plant, or any other assets, and allows Big Rivers to complete Recommendation No. 5 in the Action Plan from the Focused Management Audit of Big Rivers Electric Corporation.²⁰ Big Rivers is also issuing the First Amended and Restated Consolidated

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¹⁸ Application, Exhibit 4 at 14.

¹⁹ *Id.*, paragraph 8.

²⁰ *Id.*, Exhibit 4 at 13. Focused Management and Operations Audit of Big Rivers Electric Corporation prepared for The Kentucky Public Service Commission by concentric Energy Advisors, December 8, 2015.

Loan Contract ("RUS 2017 Loan Contract") between Big Rivers and the U.S. The RUS 2017 Loan Contract recognizes and authorizes the RUS Loans.²¹

DISCUSSION

The Commission has reviewed the proposed refinancing and finds Big Rivers' proposal to enter into a new loan contract of \$15,000,000 with CFC under the Advantage Program to be reasonable due to the lower effective interest rate and cash flow savings Big Rivers would see over the period of the loan. The Commission commends Big Rivers for taking advantage of the financing alternatives available to it, thereby securing savings for itself and its members. The Commission has also reviewed the Eighth Supplemental Indenture to the Indenture for two loans from the FFB to be guaranteed by RUS and the additional amendments and finds the Eighth Supplemental Amendment to be reasonable.

The closing date for the proposed financing will be set following receipt of the authority from the Commission. The Farmer Mac credit approval for purchase of the CFC Loan expires October 24, 2017; therefore, Big Rivers requests Commission approval on or before September 19, 2017.²²

The final conditions of the CFC and RUS loans will not be known until the refinancing transaction is finalized. Big Rivers should therefore provide the Commission with the final, executed versions of all financing documents, along with a list of the changes, if any, that have been made within ten days of finalizing the transaction. In

²¹ *Id.*

²² *Id.*, paragraph 10.

addition, Big Rivers should provide an updated version of the response to Staff's First Request, Items 3.a. and 3.b. reflecting the cash flow analysis of the new CFC loan.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Big Rivers, is necessary and appropriate for, and consistent with, the proper performance by the utility of its service to the public, will not impair its ability to perform that service, is reasonable, necessary, and appropriate for such purposes, and should be approved.

2. Big Rivers should issue the Eighth Supplemental Indenture as security for the proposed loan in the manner described in its application.

3. Within ten days of finalizing the refinancing transaction, Big Rivers should notify the Commission in writing of the exact amount of the new CFC loan. Big Rivers should include with the notice an updated version of Staff's First Request, Items 3.b. and 3.c., reflecting the savings based on the actual amount of the new CFC loan and legal fees.

4. Within ten days of the execution of the new CFC loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents.

5. The proceeds from the proposed loan should be used only for the lawful purposes set out in Big Rivers' application.

6. The terms and conditions of the new CFC loan should be consistent with the CFC Advantage program as described in Big Rivers' application.

7. The Eighth Supplemental Indenture and the RUS 2017 Loan Contract are found to be reasonable. Big Rivers should file with the Commission one copy in paper medium and an electronic version of the finalized Eighth Supplemental Indenture within ten days of finalizing the RUS Loan transactions.

8. Within ten days of the execution of the new RUS Loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents.

IT IS THEREFORE ORDERED that:

1. Big Rivers is authorized to borrow from CFC up to \$15,000,000 to repay a portion of the RUS A Note under the Advantage Program as identified in the application. The loan maturity date and interest rate shall be in accordance with the CFC Advantage program as described in Big Rivers' application.

2. Big Rivers shall execute the CFC loan documents as authorized herein.

3. The Eighth Supplemental Indenture and RUS 2017 Loan Contract shall be approved as described in Big Rivers' application.

4. Big Rivers shall comply with all matters set out in finding paragraphs 3 through 8 as if they were individually so ordered.

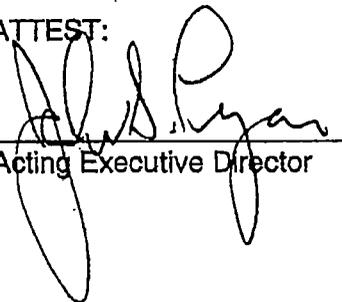
5. Any documents filed in the future pursuant to finding paragraphs 3, 4, 7, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

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

By the Commission

ENTERED
SEP 18 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Acting Executive Director

Case No. 2017-00281

*DeAnna Speed
Director Rates and Budgets
Big Rivers Electric Corporation
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SULLIVAN, MOUNTJOY,
STAINBACK & MILLER, P.S.C.
Attorneys

James M. Miller
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Skill. Integrity. Efficiency.

October 23, 2017

U.S. Bank National Association
Corporate Trust Services
225 Asylum Street, 23rd Floor
Hartford, Connecticut 06103
ATTN: Philip G. Kane, Jr.

Re: Indenture dated as of July 1, 2009, between Big Rivers Electric Corporation and U.S. Bank National Association - \$15,000,000.00 First Mortgage Notes, Series 2017B

Dear Mr. Kane:

We are outside counsel for Big Rivers Electric Corporation, a Kentucky rural electric cooperative corporation (the "Company"), in connection with the issuance by the Company of its First Mortgage Notes, Series 2017B, in the aggregate principal amount of \$15,000,000 payable to the order of National Rural Utilities Cooperative Finance Corporation (the "Notes") pursuant to the Indenture dated as of July 1, 2009 (the "Mortgage Indenture"), between the Company and U.S. Bank National Association, as trustee (the "Trustee") as supplemented by the Seventh Supplemental Indenture dated as of October 9, 2017 (the "Seventh Supplemental Indenture"). Opinions 1 through 6 below are being rendered pursuant to Sections 4.1 C and 4.2 F of the Mortgage Indenture. Opinion 7 below is being given in connection with Section 12.3 of the Mortgage Indenture. Capitalized terms used herein but not otherwise defined herein have the meanings given to such terms in the Mortgage Indenture.

We have examined such corporate records and proceedings of the Company, the Mortgage Indenture, the Seventh Supplemental Indenture, and such other documents as we have deemed necessary as a basis for the opinions hereinafter expressed, including executed originals of each of the Mortgage Indenture and the Seventh Supplemental Indenture and exhibits thereto, certificates of public officials, and certificates delivered to us by officers of the Company. In the course of such examination, we have assumed that all signatures are genuine, that all documents submitted to us as copies conform to the originals, and that all documents submitted to us as originals are authentic.

As to all questions of fact material to this opinion, we have assumed, without independent investigation, the accuracy of factual matters addressed by and accordingly relied upon certificates or comparable documents of public officials and the factual representations of the Company.

Based upon the foregoing, and subject to the qualifications set forth below, we are of the opinion that:

1. There is no requirement of any tax or recording or filing law applicable to the authentication and delivery of the Notes, other than the requirement for the recording of the Seventh Supplemental Indenture in the following recording offices: the offices of the County Clerks in the counties of Breckinridge, Caldwell, Crittenden, Daviess, Hancock, Henderson, Hopkins, Livingston, Marshall, McCracken, Meade, Ohio, Union, and Webster in the Commonwealth of Kentucky, which was accomplished on October 17, 2017.

2. No authorization, approval or consent of any state or other governmental authority is required to be obtained by the Company in connection with the issuance of the Notes, except as disclosed in Schedule 1 hereto, which has been obtained prior to the date hereof.

3. None of the Trust Estate is subject to any Prior Lien other than the Prior Liens permitted by Section 13.6 of the Mortgage Indenture; provided, that, with respect to personal property, this opinion is limited to that part of the Trust Estate in which a lien may be perfected by the filing of a financing statement under the Uniform Commercial Code.

4. The conditions precedent provided for in the Mortgage Indenture relating to the authentication and delivery of the Notes have been complied with.

5. The Notes, when executed by the Company, authenticated and delivered by the Trustee and issued by the Company will be the legal, valid and binding obligations of the Company enforceable in accordance with their terms and the terms of the Mortgage Indenture and entitled to the benefits of and secured by the lien of the Mortgage Indenture equally and ratably with all other Outstanding Secured Obligations.

6. The documents which have been delivered to the Trustee conform to the requirements of the Mortgage Indenture for an Application for the action applied for and, upon the basis of such Application, the conditions precedent provided for in the Mortgage Indenture relating to the authentication and delivery of the Notes therein applied for have been complied with.

7. The execution of the Seventh Supplemental Indenture by the Trustee is authorized or permitted by the Mortgage Indenture.

The opinions expressed above are subject to the following qualifications:

A. The enforceability of the Notes may be limited by (i) bankruptcy, insolvency, reorganization, receivership, fraudulent conveyance and other laws of general applicability relating to or affecting the rights and remedies of creditors, and (ii) general principles of equity.

U.S. Bank National Association

October 23, 2017

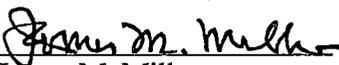
Page 3

B. The opinions set forth herein are limited to the constitution, statutes, administrative regulations, and case law of the Commonwealth of Kentucky, and our opinions are limited to the facts and such law in existence on the date of this opinion.

This opinion is delivered to you in connection with the transaction evidenced by the Notes, and may not be utilized or quoted by you for any other purpose or relied upon by any other person or entity other than your successors or assigns without our express written consent.

Very truly yours,

Sullivan, Mountjoy, Stainback
& Miller, P.S.C.

By 
James M. Miller

cc: Robert W. Berry

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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CORPORATION FOR APPROVAL TO ISSUE) CASE NO.
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Big Rivers states that the RUS Loan transactions are subject to the supervision or control of the RUS and are not subject to the jurisdiction of the Commission under KRS 278.300, and that the Commission needs to approve only the Eighth Supplemental Indenture.¹⁹ In addition to the RUS Loan transactions, the Eighth Supplemental Indenture provides in Article 11 for an amendment to the Indenture definition of "Retired." The amendment provides that the value of retired property that the Commission allows Big Rivers to place in a regulatory or similar asset, and recover through rates, will be excluded from the definition of "Retired." Big Rivers states that this amendment to the Indenture removes an impediment to the potential sale or retirement of Big Rivers' Coleman Plant, or any other assets, and allows Big Rivers to complete Recommendation No. 5 in the Action Plan from the Focused Management Audit of Big Rivers Electric Corporation.²⁰ Big Rivers is also issuing the First Amended and Restated Consolidated

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Loan Contract ("RUS 2017 Loan Contract") between Big Rivers and the U.S. The RUS 2017 Loan Contract recognizes and authorizes the RUS Loans.²¹

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The Commission has reviewed the proposed refinancing and finds Big Rivers' proposal to enter into a new loan contract of \$15,000,000 with CFC under the Advantage Program to be reasonable due to the lower effective interest rate and cash flow savings Big Rivers would see over the period of the loan. The Commission commends Big Rivers for taking advantage of the financing alternatives available to it, thereby securing savings for itself and its members. The Commission has also reviewed the Eighth Supplemental Indenture to the Indenture for two loans from the FFB to be guaranteed by RUS and the additional amendments and finds the Eighth Supplemental Amendment to be reasonable.

The closing date for the proposed financing will be set following receipt of the authority from the Commission. The Farmer Mac credit approval for purchase of the CFC Loan expires October 24, 2017; therefore, Big Rivers requests Commission approval on or before September 19, 2017.²²

The final conditions of the CFC and RUS loans will not be known until the refinancing transaction is finalized. Big Rivers should therefore provide the Commission with the final, executed versions of all financing documents, along with a list of the changes, if any, that have been made within ten days of finalizing the transaction. In

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addition, Big Rivers should provide an updated version of the response to Staff's First Request, Items 3.a. and 3.b. reflecting the cash flow analysis of the new CFC loan.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Big Rivers, is necessary and appropriate for, and consistent with, the proper performance by the utility of its service to the public, will not impair its ability to perform that service, is reasonable, necessary, and appropriate for such purposes, and should be approved.

2. Big Rivers should issue the Eighth Supplemental Indenture as security for the proposed loan in the manner described in its application.

3. Within ten days of finalizing the refinancing transaction, Big Rivers should notify the Commission in writing of the exact amount of the new CFC loan. Big Rivers should include with the notice an updated version of Staff's First Request, Items 3.b. and 3.c., reflecting the savings based on the actual amount of the new CFC loan and legal fees.

4. Within ten days of the execution of the new CFC loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents.

5. The proceeds from the proposed loan should be used only for the lawful purposes set out in Big Rivers' application.

6. The terms and conditions of the new CFC loan should be consistent with the CFC Advantage program as described in Big Rivers' application.

7. The Eighth Supplemental Indenture and the RUS 2017 Loan Contract are found to be reasonable. Big Rivers should file with the Commission one copy in paper medium and an electronic version of the finalized Eighth Supplemental Indenture within ten days of finalizing the RUS Loan transactions.

8. Within ten days of the execution of the new RUS Loan documents, Big Rivers should file with the Commission one copy in paper medium and an electronic version of the loan documents.

IT IS THEREFORE ORDERED that:

1. Big Rivers is authorized to borrow from CFC up to \$15,000,000 to repay a portion of the RUS A Note under the Advantage Program as identified in the application. The loan maturity date and interest rate shall be in accordance with the CFC Advantage program as described in Big Rivers' application.

2. Big Rivers shall execute the CFC loan documents as authorized herein.

3. The Eighth Supplemental Indenture and RUS 2017 Loan Contract shall be approved as described in Big Rivers' application.

4. Big Rivers shall comply with all matters set out in finding paragraphs 3 through 8 as if they were individually so ordered.

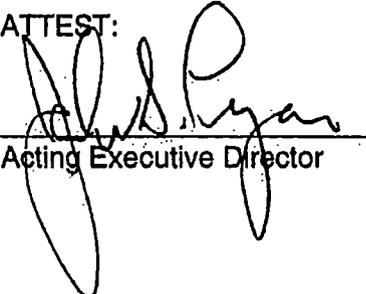
5. Any documents filed in the future pursuant to finding paragraphs 3, 4, 7, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

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

By the Commission

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SEP 18 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Acting Executive Director

Case No. 2017-00281

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Director Rates and Budgets
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*Honorable James M Miller
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100 St. Ann Street
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October 23, 2017

To each of the Parties listed on Schedule I hereto

Re: Indenture dated as of July 1, 2009, between Big Rivers Electric Corporation as Grantor and U.S. Bank National Association as Trustee (the "Indenture") and the Seventh Supplemental Indenture dated as of October 9, 2017, between the Grantor and the Trustee

Ladies and Gentlemen:

We have acted as counsel to U.S. Bank National Association, a national banking association ("USBNA") in its capacity as Trustee in connection with the execution and delivery of the Seventh Supplemental Indenture dated as of October 9, 2017 (the "Seventh Supplemental Indenture"), pursuant to which the Grantor issued its Additional Obligations in the form of \$15,000,000 First Mortgage Notes, Series 2017B (the "2017B Notes"). Capitalized words used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Indenture as supplemented by the Seventh Supplemental Indenture.

We have examined counterparts or copies otherwise identified to our satisfaction of the Seventh Supplemental Indenture and the 2017B Notes (collectively, the "Transaction Documents") and the Indenture. We also have examined such matters of law and originals, or copies certified or otherwise identified to our satisfaction, of such other records, documents, certificates or other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion. As to all matters of fact, we have relied entirely upon the representations of the parties in the Transaction Documents and certificates delivered to us by USBNA and have assumed, without independent inquiry, the accuracy of those representations and certificates.

Based on the foregoing and subject to the assumptions, exceptions and qualifications set forth below, we are of the opinion that:

1. USBNA is a national banking association, validly existing in good standing under the federal laws of the United States of America and has full corporate and trust power, authority and legal right in its capacity as Trustee to accept the trusts contemplated by and to execute, deliver and perform its obligations under the Transaction Documents.

2. The acceptance of the trusts contemplated by the Seventh Supplemental Indenture and the execution, delivery and performance of the Transaction Documents have been duly authorized by all necessary corporate action on the part of the Trustee, and the

Transaction Documents constitute the legal, valid and binding obligations of the Trustee, enforceable against the Trustee in accordance with their terms.

3. None of the execution, delivery and performance by the Trustee of the Transaction Documents, nor the fulfillment of or compliance by the Trustee with the respective provisions of the Transaction Documents, conflicts with, or results in a breach of the terms, conditions or provisions of, or constitutes a default under, or results in a violation of, the organizational documents of USBNA or any federal law of the United States of America governing the banking or trust powers of USBNA or, to the best of our knowledge, any agreement, instrument, order, judgment or decree to which USBNA or its property is subject.

4. No consent, approval or other action by or any notice to or filing with any court or administrative or governmental body is required under the federal laws of the United States of America governing the banking or trust powers of USBNA in connection with the execution and delivery by the Trustee of the Transaction Documents or the fulfillment of or compliance by the Trustee with the respective terms and provisions thereof.

5. To the best of our knowledge, there are no actions or proceedings pending or threatened against or affecting USBNA or the Trustee in any court or before any governmental authority, agency or arbitration board or tribunal that (i) involve the Transaction Documents or the transactions contemplated thereby or (ii) if adversely determined, individually or in the aggregate, would materially and adversely affect the right, power and authority of the Trustee to enter into or perform its obligations under the Transaction Documents or the validity of any of the Transaction Documents.

6. The 2017B Notes have been duly authenticated by the Trustee in accordance with the terms of the Indenture and the Seventh Supplemental Indenture.

The foregoing opinions are subject to the following assumptions, exceptions and qualifications:

A. We are attorneys admitted to practice in the State of Connecticut and express no opinion herein with respect to any laws other than the laws of the State of Connecticut and the federal laws of the United States governing the banking and trust powers of USBNA or the Trustee. With respect to the Transaction Documents which by their terms are to be governed by and construed in accordance with laws other than the law of the State of Connecticut, we have assumed for purposes of our opinion as to the legality, validity, binding effect and enforceability thereof that such laws are not materially different from those of the State of Connecticut.

B. When an opinion is given to the best of our knowledge, or to our knowledge, or with reference to matters of which we are aware or which are known to us, or with another similar qualification, the relevant knowledge or awareness is limited to the actual knowledge or awareness of the individual lawyers in the firm who have devoted substantive attention to the

transaction contemplated by the Seventh Supplemental Indenture, and without any special or additional investigation undertaken for the purposes of this opinion.

C. The foregoing opinion regarding enforceability of any document is subject (i) to applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent transfer, receivership and similar laws affecting the rights and remedies of creditors generally, (ii) to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (iii) to general rules of contract law with respect to matters such as the adequacy of consideration, the election of remedies, the limits of severability, mutuality of obligations and opportunity to cure. We note that the enforcement of any rights may in all cases be subject to an implied duty of good faith and fair dealing and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity) and, as to any rights to collateral security, will be subject to a duty to act in a commercially reasonable manner.

D. We have assumed the due authorization, execution and delivery by each of the parties thereto, other than the Trustee, of each of the Transaction Documents to which it is a party, that each of such parties, other than the Trustee, has the full power, authority and legal right to execute and deliver each such document, and that the Transaction Documents constitute the legal, valid and binding obligations of each such party, other than the Trustee.

E. We have assumed that all signatures (other than those of the Trustee) on documents and instruments examined by us are genuine, that all documents and instruments submitted to us as originals are authentic, that all documents and instruments submitted to us as copies conform with the originals and the legal capacity of natural persons. We were not present at the signing of the Transaction Documents and have relied with your approval upon a review of a photocopy, .pdf copy or facsimile of the signature pages.

F. We do not purport to be experts in respect of, or express any opinion concerning, transmitting utilities or other laws, rules or regulations applicable to transmitting utilities. In addition, we express no opinion with respect to (i) federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended, or (ii) state securities or blue sky laws.

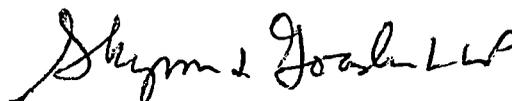
G. We have made no investigation of, and we express no opinion concerning, the nature of the title to any part of the collateral involved in these transactions or the creation, attachment, perfection or priority of any mortgage or security interest.

H. We express no opinion as to the enforceability of any waiver, disclaimer, limitation of liability, release or legal or equitable discharge of any defense, provision for liquidated damages, consent to jurisdiction or venue, or provision releasing or indemnifying a party against liability for its own wrongful or negligent acts.

I. We express no opinion regarding the enforceability of any provision of the Transaction Documents to the extent that it (i) purports to waive or vary any of the rules stated in the statutory provisions listed in Section 9-602 of the UCC, to the extent that such rules give rights to a debtor or obligor or impose duties on a secured party, or (ii) purports to determine by agreement the standards measuring the fulfillment of such rights or duties.

This opinion is rendered solely for your benefit and, except for your successors, assignees and transferees permitted by the Transaction Documents, may not be used or relied upon by any other person or entity without our prior written consent. This opinion speaks only as of the date hereof. We express no opinion as to the effect of events occurring, circumstances arising, or changes of law becoming effective or occurring, after the date hereof on the matters addressed in this opinion letter, and we assume no responsibility to inform you of additional or changed facts, or changes in law, of which we may become aware.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Shipman & Goodwin LLP".

Shipman & Goodwin LLP

Schedule I

National Rural Utilities Cooperative
Finance Corporation
20701 Cooperative Way
Dulles, VA 20166
ATTN: General Counsel

Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42420

U.S. Bank National Association, as Trustee
225 Asylum Street, 23rd Floor
Hartford, CT 06103