ORIGINAL

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

APPLICATION OF BIG RIVERS	)	
ELECTRIC CORPORATION FOR A	)	Case No. 2013-00199
GENERAL ADJUSTMENT IN RATES	)	

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

Volume 1 of 3

FILED: September 3, 2013

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 1) ***On an ongoing basis, please describe steps and actions being taken by Big Rivers, if at all, in anticipation of filing for bankruptcy reorganization, the current status of those steps and actions, and anticipated further steps, actions and anticipated timing.***

a. ***Include in your response the identity of any consultants, advisors or legal assistance that may have been added since the filing of BREC's rebuttal testimony in Case No, 2012-00535.***

b. ***Has BREC continued working with the bankruptcy law firm it retained during the pendency of Case No. 2012-00535, and does it anticipate doing so for the foreseeable future?***

c. ***Does BREC intend to retain witness, Mr. Snyder whom the company retained in Case No. 2012-00535, or anyone similar to him, as a turnaround specialist?***

d. ***Confirm whether it is BREC's opinion that if the Commission does not grant the full amount of increase the company seeks in the instant case, that in BREC's opinion the only alternative is bankruptcy.***

Response) Big Rivers objects to this request on the grounds that it seeks information that is protected by the attorney-client and attorney work product privileges. Notwithstanding this objection, but without waiving it, Big Rivers states that there are no plans in place for Big Rivers to file for bankruptcy reorganization.

To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Notwithstanding this objection, but without waiving it, Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate.

a. Subject to the objections and conditions stated above, none.

b. Please see Big Rivers' response to KIUC 1-70.

c. Please see Big Rivers' response to KIUC 1-74.

d. It is not Big Rivers' opinion that if the Commission does not grant the full amount of increase the company seeks in the instant case, the only alternative is bankruptcy.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
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Item 2) *On an ongoing basis, please provide any and all documents which show analysis conducted by or for Big Rivers regarding the potential disposition of: (a) Big Rivers' transmission assets; and/or b) any of Big Rivers' generating units.*

a. Has Big Rivers considered selling all or any portion of its transmission assets to an independent transmission operator? If not, why not?)

Response) To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate. Big Rivers also objects to this request on the grounds that it seeks information that is protected by the attorney-client and attorney work product privileges. Notwithstanding these objections, but without waiving them, Big Rivers states that it has no documents showing analysis conducted by or for Big Rivers regarding the potential disposition of its transmission assets. Please see Big Rivers' response to PSC 2-16 for information regarding disposition of any of Big Rivers' generating units.

a. Big Rivers has not considered selling all or any portion of its transmission assets to an independent transmission operator. Big Rivers has a responsibility to reliably provide power to its Members. To meet that responsibility, Big Rivers owns, operates, and maintains its own transmission system.

Witnesses) Robert W. Berry and David G. Crockett (subpart a)

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 3) ***On an ongoing basis, please provide documents which show the substance and status of conversations between Big Rivers and its creditors.***

a. ***At what point does BREC believe its creditors will not have an incentive to grant concessions?***

Response) Big Rivers objects to this request to the extent that it seeks information that is protected by the attorney-client and attorney work product privileges. Big Rivers also objects to this request on the grounds that it is overly broad, unduly burdensome, and unduly vague and ambiguous with respect to a reasonable scope of documents requested and the intended usage of the words "conversations" and "creditors." To the extent this request seeks continuous or ongoing updates, Big Rivers further objects on the grounds that it is overbroad and unduly burdensome; Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate. Notwithstanding these objections and without waiving them, Big Rivers responds as follows.

a. This request assumes that Big Rivers intends to seek, or is actively seeking, concessions from its creditors; that assumption is untrue. Big Rivers is obligated to pay its debt on a timely basis consistent with its loan agreements and its indenture or else is in default. Big Rivers has no intention to seek concessions from its creditors; therefore the above question is not applicable.

Please see Big Rivers' response to SC 1-26, which pertains to communications between Big Rivers and its creditors since those communications produced in Case No. 2012-00535. Please also see Big Rivers' response to AG 1-5 in Case No. 2012-00535.

Witness) Billie J. Richert

Item 4) ***On an ongoing basis, please provide documents which show the substance and status of conversations between Big Rivers and the credit rating agencies.***

a. ***Provide any updates regarding any and all meetings or conferences of any type or sort BREC may have had with credit rating agencies since the filing of its direct testimony in Case No. 2012-00535.***

Response) To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate. Notwithstanding this objection, but without waiving it, Big Rivers responds as follows.

Please see Big Rivers' response to AG 1-73.

a. Big Rivers has not had any meetings or conferences of any type or sort with credit rating agencies since the filing of its direct testimony in Case No. 2012-00535.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013**

September 3, 2013

Item 5) ***Please provide any and all presentations Big Rivers made to any and all rating agencies, investment firms, investment banking institutions, investment advisory services, credit support institutions, private placement firms, participants in existing or proposed lines of credit, institutional investment groups or other entities of any type regarding Big Rivers' financing, since January 1, 2011.***

Response) Please find attached all relevant documents relating to presentations Big Rivers made to the aforementioned groups regarding Big Rivers financing, since January 1, 2011. Some of these documents are being provided under a petition for confidential treatment.

Witness) Billie J. Richert

Presentation to Rating Agencies
Big Rivers Electric Corporation

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

May-2011

Participants

Big Rivers Electric Corporation

Mark A. Bailey *President & CEO*

C. William Blackburn *Sr. Vice-President Financial & Energy Services & CFO*

Robert W. Berry *Vice-President Production*

Meeting Objectives

- Update on Status of Big Rivers Electric Corporation

Table of Contents

I. Overview of Big Rivers Electric Corporation

Big Rivers

Overview of Big Rivers Electric Corporation

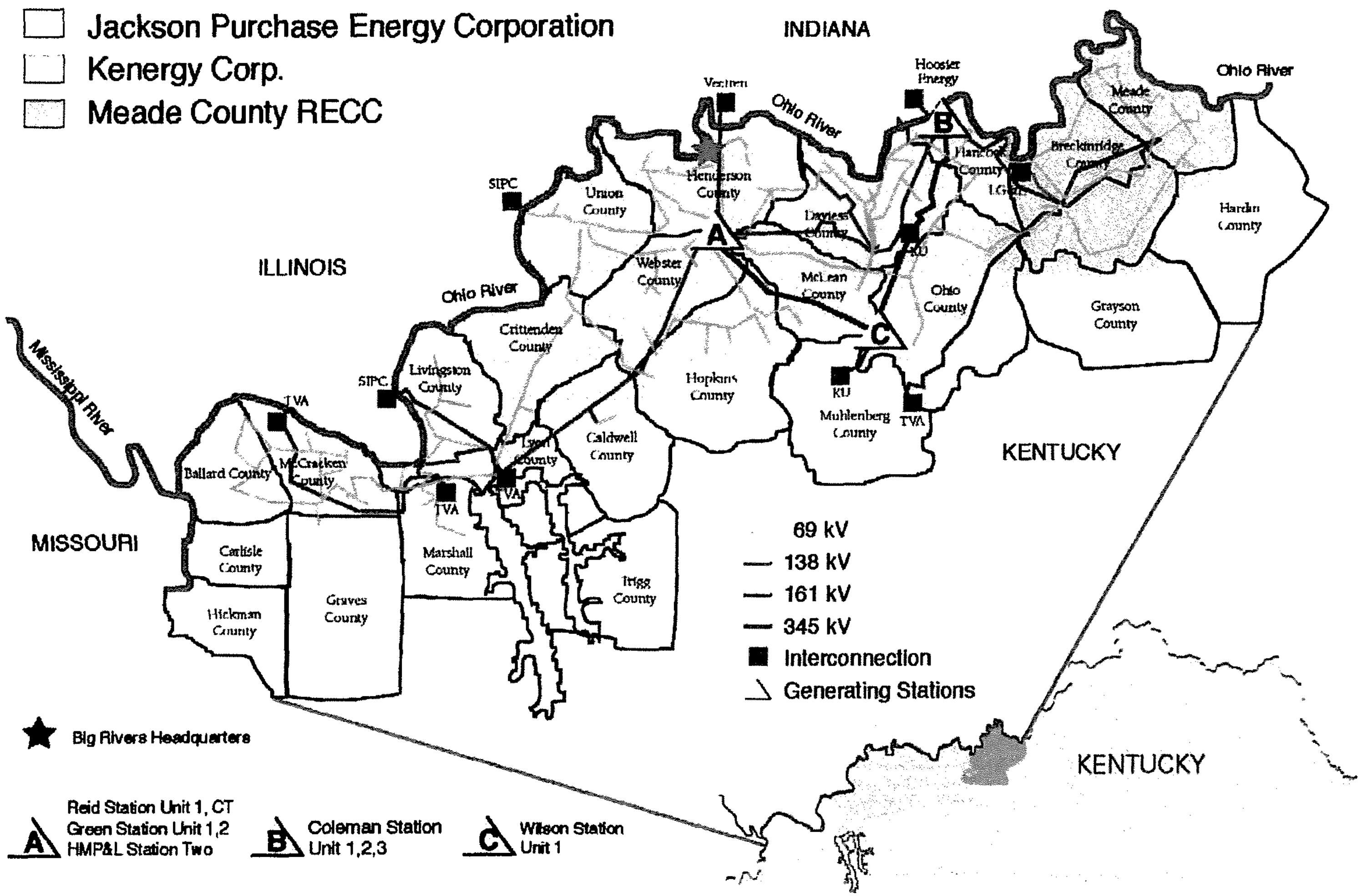
- Big Rivers Electric Corporation ("Big Rivers") was formed in 1961 and is based in Henderson, Kentucky
- Big Rivers supplies wholesale electric generation and transmission service to three electric distribution cooperatives ("Members"):
  - Jackson Purchase Energy Corporation
  - Kenergy Corp. ("Kenergy")
  - Meade County Rural Electric Cooperative Corporation
- Members are local customer-owned cooperatives providing service to approximately 112,500 retail customers on a not-for-profit basis
  - Members serve residential, commercial and industrial customers located in portions of 22 western Kentucky counties
- Big Rivers and its Members are generally regulated by the Kentucky Public Service Commission
- Big Rivers provides capacity and energy to its members through a combination of 5 owned generation stations, one leased generation station and purchased power
  - Net capacity of owned generation – 1,444 MW
  - Net capacity of leased generation – 207 MW
  - Power purchased from SEPA – 178 MW
  - 1,266 miles of transmission lines and 22 substations
  - Midwest ISO membership implementation – Dec. 2010

Key 2010 Statistics

Energy Sales - 11,969 GWh	
Operating Revenues - $527mm	
Total Assets - $1,472mm	
Non-Smelter Member Rate (Excl. MRSM Credit)	$44.26/MWh
Non-Smelter Member Rate Stability Mechanism	($ 7.91/MWh)
Non-Smelter Member Wholesale Rate	$36.35/MWh

Big Rivers

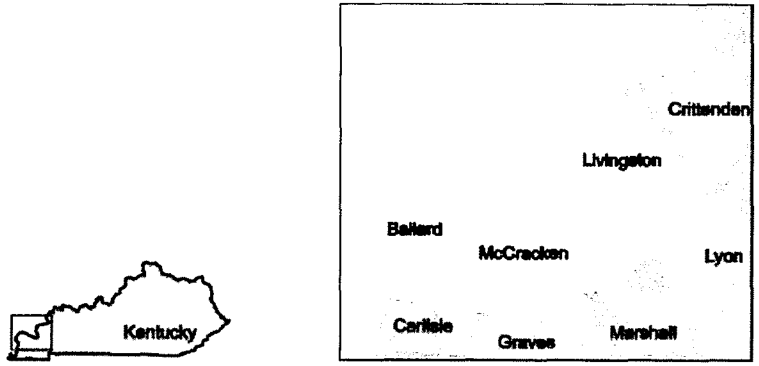
Big Rivers Members' Service Territory



Overview of Jackson Purchase Energy Corporation

Overview Service Territory

- Established in 1937
- Serves approximately 29,000 accounts in portions of 6 counties in Western Kentucky
- Managed by 8 member/consumer elected board serving four-year staggered terms
- Primarily residential & small commercial customer mix
- Most recent residential retail rate increase: July 2008, 9.5%



Summary Financial Information ($M)

	Fiscal Year Ended December 31		
Income Statement	**2010**	**2009**	**2008**
Operating Revenues	$46.5	$41.9	$42.4
Operating Expenses	36.1	34.4	35.4
Net Operating Income[1]	10.4	7.5	7.0
Cash Flow			
Debt Service	4.9	4.9	4.6
Debt Service Coverage Ratio	2.32 x	1.62 x	1.56 x
TIER	2.51 x	1.26 x	1.34 x
Balance Sheet			
Net Utility Plant	$91.5	$87.3	$82.0
Equities/Capitalization	43.6%	39.8%	42.9%

Source: RUS Form 7 and Audited Financial Statements
[1]Before Depreciation, Taxes & Interest

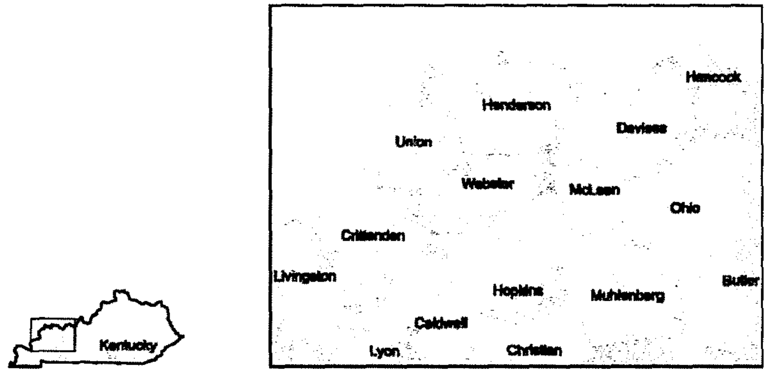
Customer Profile

	FY 2010		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	441,649	26,053	31,240
Irrigation	356	9	22
Comm. and Ind. (>1,000 kW)	192,112	3,080	11,577
Comm. and Ind. (>1,000 kW)	48,727	7	2,478
Public Lighting	637	3	83
Total	**683,481**	**29,152**	**45,400**

Overview of Kenergy Corp.

Overview Service Territory

- Established in July 1999 through the consolidation of:
  - Henderson Union Electric Coop. (established 1936), and
  - Green River Electric Corporation (established 1937)
- Serves approximately 55,000 customers in 14 western Kentucky counties along more than 7,000 miles of line
  - Fourth largest electric cooperative in Kentucky in terms of number of customers served
- Managed by 11 member customer-elected board
- Most recent residential retail rate increase: Feb. 2009, 4.0%
- Responsible for supplying Hawesville and Sebree smelters



Summary Financial Information ($M)

	Fiscal Year Ended December 31		
Income Statement	**2010**	**2009**	**2008**
Operating Revenues	$401.0	$349.8	$359.5
Operating Expenses	381.3	332.9	345.3
Net Operating Income[1]	19.7	16.9	14.2
Cash Flow			
Debt Service	11.6	11.1	11.0
Debt Service Coverage Ratio	1.79 x	1.58 x	1.36 x
TIER	1.95 x	1.48 x	1.13 x
Balance Sheet			
Net Utility Plant	$179.2	$177.5	$174.5
Equities/Capitalization	33.2%	30.3%	29.9%

Source: RUS Form 7 and Audited Financial Statements
[1]*Before Depreciation, Taxes & Interest*

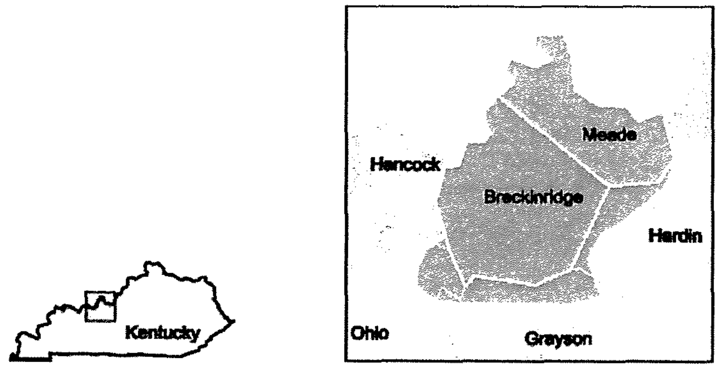
Customer Profile

	FY 2010		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	812,957	45,201	57,147
Comm. and Ind. (<1,000 kW)	330,907	9,680	22,304
Comm. and Ind. (>1,000 kW)	8,172,897	34	319,742
Public Lighting	1,737	76	280
Total	**9,318,498**	**54,991**	**399,473**

Overview of Meade County Rural Electric Cooperative

Overview Service Territory

- Established in 1937
- Serves approximately 28,000 customers in portions of 6 Kentucky counties along approximately 2,900 miles of line
- Managed by 7 member customer-elected board
- Primarily residential customer mix
- Most recent residential retail rate increase: Feb. 2011, 3.3%



Summary Financial Information ($M)

	Fiscal Year Ended December 31		
Income Statement	**2010**	**2009**	**2008**
Operating Revenues	$34.6	$31.1	$32.1
Operating Expenses	27.5	24.7	24.8
Net Operating Income[1]	7.1	6.4	7.3
Cash Flow			
Debt Service	4.9	4.8	4.6
Debt Service Coverage Ratio	1.55 x	1.37 x	1.64 x
TIER	2.05 x	1.57 x	2.03 x
Balance Sheet			
Net Utility Plant	$69.9	$66.6	$64.3
Equities/Capitalization	33.5%	32.3%	32.6%

Source: RUS Form 7 and Audited Financial Statements
[1]Before Depreciation, Taxes & Interest

Customer Profile

	FY 2010		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	375,089	26,213	26,177
Comm. and Ind. (<1,000 kW)	103,175	2,048	7,397
Public Lighting	1,103	6	74
Total	**479,367**	**28,267**	**33,648**

Big Rivers ELECTRIC CORPORATION

Big Rivers' Available Generation Resources

	Fuel Type	Net Capacity (MW)	Commercial Operation
Owned Generation			
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	138	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal / Gas	65	1966
Combustion Turbine	Oil / Gas	65	1979
D.B. Wilson Unit 1	Coal	417	1986
Owned Subtotal		1,444	
Leased Generation			
HMP&L Station Two			
Unit 1	Coal	153	1973
Unit 2	Coal	159	1974
City's Current Capacity Allocation[1]		(105)	
Leased Subtotal		207	
Total Owned / Leased Generation		1,651	
Purchased Power			
Member's SEPA Allocation	Hydro	178	
Total Capacity		1,829	

[1] *Big Rivers operates Station Two, which is owned by the City of Henderson, and is entitled to all capacity and energy not taken by the City under the terms of a power purchase agreement.*

Big Rivers' Members Provide Some of the Lowest Cost Residential Electricity in the Nation

Average Residential Rate – Kentucky
April 2011[1]

Kentucky Utility	Cents / kWh
East Kentucky Power Cooperative	10.54
AEP Kentucky Power	9.43
Louisville Gas and Electric Company	8.61
Duke Energy Kentucky	8.29
Kentucky Utilities Company	8.08

Proposed Big Rivers Residential Rate (including credits)	8.13
Proposed Big Rivers Residential Rate (excluding credits)	8.81

Average Residential Rate – National
January 2011[2]

National Region	Cents / kWh
Pacific Noncontiguous	23.78
New England	16.09
Middle Atlantic	15.06
Pacific Contiguous	12.16
East North Central	10.63
South Atlantic	10.55
West South Central	9.81
Mountain	9.63
East South Central	9.57
West North Central	8.83
Kentucky	8.65
United States Total	**10.99**

[1] *Source: Kentucky Public Service Commission Orders and Filings*
[2] *Source: Energy Information Administration Table 5.6.A*

Big Rivers' Members Provide Some of the Lowest Cost Commercial and Industrial Electricity in the Nation

Average Commercial & Industrial Rate – National 2010

National Region	Cents / kWh
Pacific Noncontiguous	19.0
New England	13.9
Middle Atlantic	10.6
Pacific Contiguous	8.9
East North Central	7.7
South Atlantic	7.6
West South Central	7.4
Meade County	**7.2**
East South Central	7.1
Mountain	6.8
West North Central	6.1
Kentucky	**6.0**
Jackson Purchase	**5.8**
Kenergy – excluding Smelters	**4.4**
Kenergy – Smelters	**4.4**

Source: RUS Form 7 and Energy Information Administration

III. Overview of the Smelters

Overview of Smelters

- Sebree, Kentucky Smelter (Alcan Primary Products Corporation)
  - Alcan is owned by Rio Tinto, an international mining group, and is Rio Tinto's only U.S. aluminum smelter
  - Commenced operation in 1973
  - Produces 186,000 metric tons of primary aluminum annually from its 3 potlines
  - 600 employees
  - Base contract demand: 368 MW and Projected annual energy consumption: 3.1 TWh
  - Recently announced $37mm bake furnace project
- Hawesville, Kentucky Smelter (Century Aluminum of Kentucky General Partnership)
  - Century is a public company and through its various subsidiaries owns and operates aluminum smelters in Kentucky, South Carolina, West Virginia and Iceland
  - Commenced operation in 1970
  - Produces 244,000 metric tons of primary aluminum annually from its 5 potlines
  - 775 employees
  - Base contract demand: 482 MW and Projected annual energy consumption: 4.2 TWh
  - Fifth potline was energized in March and full utilization is projected in May

Big Rivers

Long-Term Smelter Contracts

- Big Rivers and Kenergy (the Member serving the Smelters) entered into the Smelter Wholesale Power Contracts in which Big Rivers supplies energy to Kenergy for resale to the Smelters through the end of 2023 on a take-or-pay basis, subject to a one-year termination notice from the Smelter(s)
- The two aluminum smelters, owned by Alcan and Century, have a base demand of 850 MW and typically use 98% of the energy
- Energy made available to the Smelters will consist of three types:
  - ***Base Monthly Energy:*** 368 MW hourly for Alcan and 482 MW hourly for Century
  - ***Supplemental Energy:*** 10 MW hourly of interruptible energy to each Smelter
  - ***Back-up Energy:*** Imbalance energy for Kenergy made available to the Smelters
- Charges to the Smelters will also include the following adjustments:
  - Base Rate always 25 cents per MWh over Large Industrial
  - Fuel Adjustment Clause ("FAC") – Adjusts monthly for incremental changes in fuel costs
  - Environmental Surcharge ("ES") – Adjusts monthly for incremental changes in non-fuel variable production expenses (emission allowances, reagents and waste disposal)
  - Purchased Power Adjustment ("PPA") – Adjusts monthly for incremental changes in purchased power costs (non-FAC PPA regulatory account for non-smelter members)
  - TIER Adjustment (described on following page)
  - Surcharges – Mitigate impact of FAC and ES on Non-Smelter Members

Big Rivers

Smelter Agreements TIER Support Calculation

($ in millions)

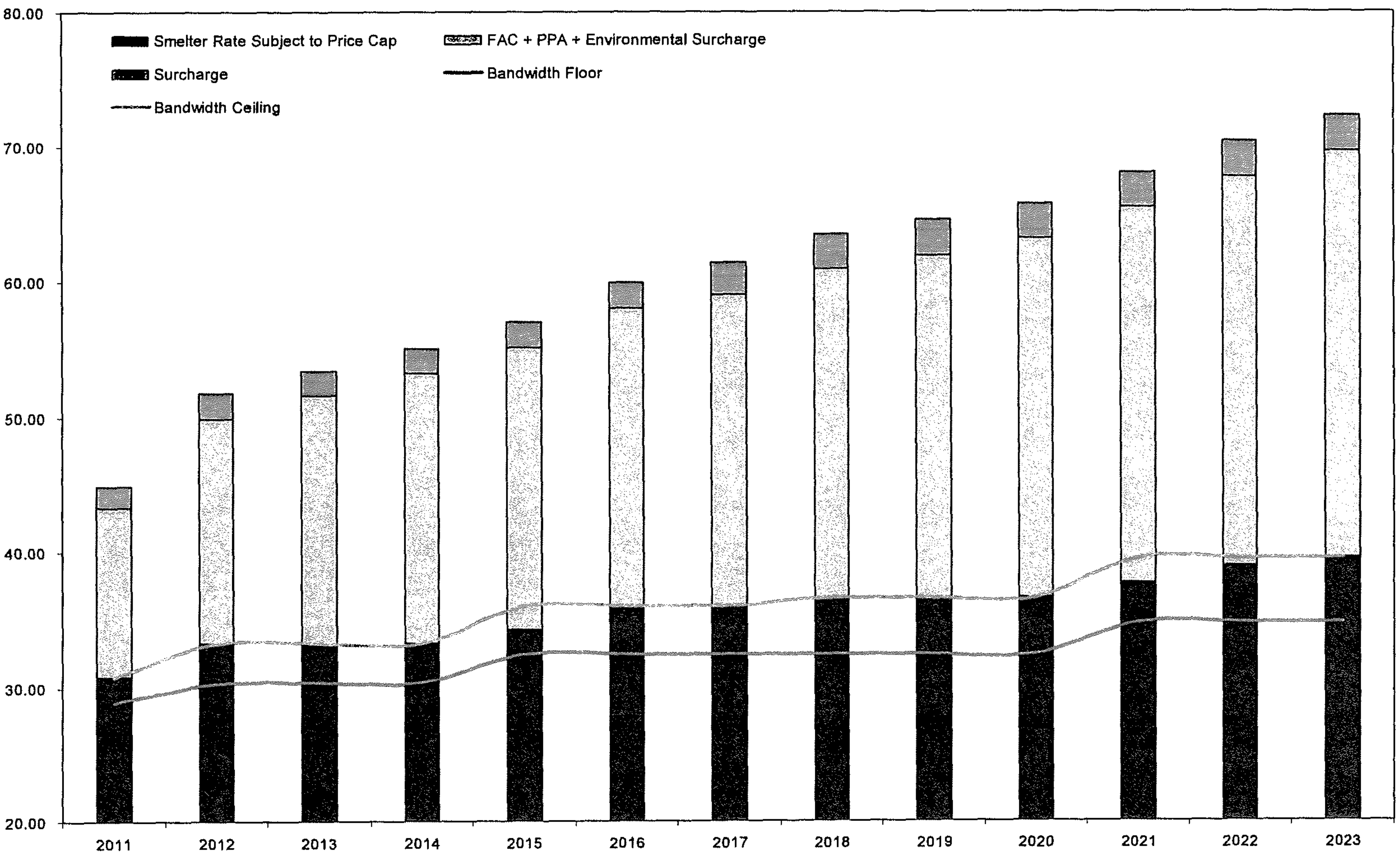
- 20XX Rebate
  - TIER before adjustment (line 4) exceeds 1.24
  - $18.8mm is available for Rebate, split ratably between Non-Smelter Members and Smelters
  - Maximum TIER Adjustment available is $1.95/MWh

- 2013 TIER Adjustment
  - TIER before adjustment (line 4) is below 1.24
  - $20.36mm is contributed by Smelters via TIER Adjustment or $2.79/MWh
  - Maximum TIER Adjustment available is $2.95/MWh

Sample Rebate and TIER Adjustment Calculation

		20XX	2013
1	**Before Rebate / TIER Adjustment**		
2	Net Margin + Interest Charges	$79.9	$45.7
3	Interest Charges	$49.3	$53.3
4	Contract TIER	1.62x	0.86x
5	**Rebate**		
6	Members	(6.2)	–
7	Smelters	(12.6)	–
8	Total	(18.8)	–
9	**TIER Adjustment**		
10	Smelters	–	$20.4
11	Total	–	$20.4
12	**After Rebate / TIER Adjustment**		
13	Net Margin + Interest Charges	$61.1	$66.1
14	Interest Charges	$49.3	$53.3
15	Contract TIER	1.24x	1.24x

Smelter Rates ($/MWh) and Bandwidth



IV. Financial Projections

Big Rivers

Selected Financial Projection Assumptions

- December 31, 2010 Audited Financial Statements
- Reduction of RUS New Note and Ongoing Financing:
  - Borrow $112mm (April 2010 Forecast $60mm) to refinance $60mm of RUS Series A Note and meet other cash requirements in 2012 (assumed at 8.3%)
  - Borrow $270mm (April 2010 Forecast $200mm) to refinance $200mm of RUS Series A Note and meet other cash requirements in 2016 (assumed at 8.3%)
  - Tax-exempt PCBs $83.3mm; refinanced June 2010 at 6% for 20 years
  - Assumes 6% interest on a refinancing of $58.8 tax-exempt PCBs in 2013
- Production and Variable Cost Inputs:
  - Production and variable cost inputs primarily driven by a Production Cost Model prepared by ACES Power Marketing:
    - energy sales revenues
    - costs of variable energy costs production and purchase
  - Offsystem sales comprise 11.9% of total load at an average price of $44.37/MWh for 2011 through 2014
  - Net generation capacity factors average 82.1%; heat rates are projected by Big Rivers at approximately 10,989 btu/ kWh on average
- Fixed Operating Cost Assumptions:
  - Fixed O&M cost inputs have been developed by Big Rivers and encompass production, transmission and administrative & general ("A&G") costs
- Depreciation and Amortization:
  - Proposed average book depreciation rates amortize gross assets over a period in excess of 48 years (down from 53 years), based on a recent depreciation study.
- Capital Expenditures:
  - Annual average of $58.7mm - $48.3mm for production, $7.3mm for transmission and $3.1mm for A&G for 2011 through 2014

Rate Case

- On March 1, 2011, Big Rivers filed an application for a general rate adjustment with the Kentucky Public Service Commission ("KPSC")
  - Case number 2011-00036
- Procedural schedule established with discovery to be completed and rebuttal testimony filed by July 7, 2011
- Public hearing expected in July
- KPSC Order expected in August
- New Rates effective September 1
  - If the KPSC does not issue an order by this time or if an intervener requests an appeal, the new rates can be implemented subject to refund

Big Rivers

Statement of Operations

($ in millions)

Statement of Operations	2010 Actual	2010 Forecast[1]	Variance
Electric Energy Revenues	$514.5	$522.8	($8.3)
Other Operating Revenue and Revenue	12.8	7.5	5.3
Total Operating Revenues	$527.3	$530.3	($3.0)
Operating Expense – Excluding Fuel	$187.2	$199.2	$12.0
Operating Expense - Fuel	207.7	196.3	(11.4)
Maintenance Expense	46.9	45.4	(1.5)
Depreciation and Amortization	34.2	34.8	0.6
Interest Expense	46.4	47.5	1.1
Other - Net	(2.1)	0.0	2.1
Total Expenses	$520.3	$523.2	$2.9
Net Margins	$7.0	$7.1	($0.1)

[1]*April 2010 Presentation*

Balance Sheet Pro-Forma

($ in millions)

Balance Sheet	Actual			Projected												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets																
Net Utility Plant	$913	$1,078	$1,092	$1,104	$1,126	$1,140	$1,149	$1,141	$1,132	$1,126	$1,119	$1,117	$1,112	$1,107	$1,102	$1,098
Cash & Investments	39	60	45	41	42	44	46	53	72	60	47	38	36	46	46	48
Transition Reserve	0	35	35	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Reserve	0	148	121	98	72	44	15	0	0	0	0	0	0	0	0	0
Rural Economic Reserve	0	61	62	63	64	65	66	57	32	7	0	0	0	0	0	0
Receivables, Inventories & Other	122	123	117	135	147	152	157	158	170	173	176	180	185	188	193	204
Total	$1,074	$1,505	$1,472	$1,441	$1,451	$1,445	$1,433	$1,409	$1,406	$1,366	$1,342	$1,335	$1,333	$1,341	$1,341	$1,350
Equities & Liabilities																
Equities	($155)	$379	$387	$393	$400	$415	$422	$437	$444	$454	$465	$477	$483	$498	$514	$527
Debt	987	849	817	798	841	828	815	801	848	821	792	762	731	743	736	729
Deferred Revenue – Economic Reserves	0	206	181	161	136	109	81	57	32	7	0	0	0	0	0	0
Payables & Other	242	71	87	89	74	93	115	114	82	84	85	96	119	100	91	94
Total	$1,074	$1,505	$1,472	$1,441	$1,451	$1,445	$1,433	$1,409	$1,405	$1,366	$1,342	$1,335	$1,333	$1,346	$1,341	$1,350
Equities / Total Capitalization	(19%)	31%	32%	33%	32%	33%	34%	35%	34%	36%	37%	38%	40%	40%	41%	42%
Equities / Total Capitalization (April 2010 Forecast)			31%	32%	32%	33%	34%	35%	37%	38%	40%	41%	43%	44%	46%	47%

Note: Reflects simultaneous RUS Series A Note refinancings (borrowing and paydown) in 2012 and 2016.

Big Rivers

Contract and Conventional TIER

($ in millions)

	Actual			Forecasted												
Contract TIER	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Margins			$7.0	$4.5	$5.2	[redacted]										
Interest Expense			47.1	47.4	48.7	53.3	53.1	52.2	65.1	60.5	58.9	57.2	55.4	54.5	55.2	54.3
Adjustment per Smelter Agreement			(0.3)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Numerator for Contract TIER			$53.8	$51.8	$53.9	[redacted]										
Denominator- Interest Expense			$47.1	$47.4	$48.7	$53.3	$53.1	$52.2	$65.1	$60.5	$58.9	$57.2	$55.4	$54.5	$55.2	$54.3
Contract TIER			1.14x	1.09x	1.11x	[redacted]										
Contract TIER (April 2010 Forecast)			1.14x	1.09x	1.24x	[redacted]										

Conventional TIER

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Margins	$27.8	$531.3	$7.0	$6.0	$7.2	[redacted]										
Interest Expense	75.2	60.1	47.1	45.9	46.6	51.2	51.0	50.2	63.1	58.4	56.8	55.1	53.3	52.4	53.2	52.3
Numerator for Conventional TIER	$103.0	$591.4	$54.1	$51.9	$53.8	[redacted]										
Denominator for Contract TIER	$75.2	$60.0	$47.1	$45.9	$46.6	$51.2	$51.0	$50.2	$63.1	$58.4	$56.8	$55.1	$53.3	$52.4	$53.2	$52.3
Conventional TIER	1.37x	9.85x	1.15x	1.13x	1.15x	[redacted]										
Conventional TIER (April 2010 Forecast)			1.15x	1.10x	1.25x	[redacted]										

Big Rivers

Debt Service Coverage

($ in millions)

	Actual			Projected												
Debt Service Coverage	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Margins	27.8	531.3	$7.0	$6.0	$7.2	[redacted]										
Interest Expense	75.2	60.0	47.1	45.9	46.6	51.2	51.0	50.2	63.1	58.4	56.8	55.1	53.3	52.4	53.2	52.3
Depreciation & Amortization	32.7	34.3	36.2	40.1	45.6	46.8	48.1	49.0	49.9	50.9	51.9	53.0	54.1	55.1	56.3	57.4
Numerator for DSCR	135.7	625.6	90.3	92.0	99.4	[redacted]										
Interest Expense	75.2	60.0	47.1	45.9	46.6	51.2	51.0	50.2	63.1	58.4	56.8	55.1	53.3	52.4	53.2	52.3
Principal Due for Long-Term Debt	40.8	196.7	14.1	7.3	(35.9)	20.5	21.7	23.0	(38.1)	36.7	38.9	41.2	43.0	0.0	20.0	20.0
Denominator for DSCR	116.0	256.7	61.2	53.2	10.7	71.7	72.7	73.2	25.0	95.1	95.7	96.3	96.3	52.4	73.2	72.3
Debt Service Coverage Ratio	1.17	2.44	1.47	1.73	9.31	[redacted]										
Cash DSCR (April 2010 Forecast)			1.53	1.63	3.25	[redacted]										

[1] Scheduled Principal shown net of RUS New Note refinancings in 2012 and 2016.

Big Rivers
ELECTRIC CORPORATION

Cash and Liquidity

Days Cash on Hand ($mm)	Actual			Projected												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Average Cash Balance	$93.9	$84.6	$87.6	$60.8	$41.6[1]	$42.9	$45.3	$49.8	$62.7[1]	$66.4	$53.6	$42.3	$37.2	$41.2	$46.1	$47.4
RUS Series A Note Prepaid Status	0.0	0.0	23.9	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	0.0	0.0	0.0
Lines of Credit	15.0	100.0	90.0	86.0	100.0	83.0	63.0	63.0	100.0	100.0	100.0	89.0	69.0	89.0	100.0	100.0
Total	**$108.9**	**$184.6**	**$201.5**	**$181.8**	**$176.6**	**$160.9**	**$143.3**	**$147.8**	**$197.7**	**$201.4**	**$188.6**	**$166.3**	**$141.2**	**$130.2**	**$146.1**	**$147.4**
Operating Expense	**$216.8**	**$325.7**	**$467.5**	**$490.5**	**$543.7**	**$569.8**	**$602.3**	**$605.0**	**$641.7**	**$653.5**	**$667.2**	**$688.1**	**$706.7**	**$716.0**	**$734.7**	**$752.8**
Days Liquidity, including Lines of Credit	183	207	157	135	119	103	87	90	113	113	103	88	73	66	73	72
Days Liquidity, excluding Lines of Credit	158	95	87	71	52	50	49	51	56	57	48	41	37	21	23	23
Days Liquidity, including Lines of Credit (April 2010 Forecast)			143	121	111	111	108	114	107	103	102	98	93	93	96	101
Days Liquidity, excluding Lines of Credit (April 2010 Forecast)			67	49	43	43	43	49	45	43	43	40	36	36	41	46

[1] *Cash Balance shown net of New RUS Note refinancings in 2012 and 2016.*

Projected Non-Smelter Member Rates
($ /MWh)

Rate Derivation[1] ($ /MWh)	Actual 2008	2009	2010	Projected 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Non-Smelter Members																
Base Rate	$34.57	$35.68	$35.33	$36.23	$39.66	$39.62	$39.42	$42.21	$42.18	$42.27	$42.30	$42.33	$42.29	$45.35	$45.38	$45.41
Amortize Regulatory Account	0.00	0.00	0.00	(0.36)	(1.31)	(1.43)	(0.88)	(0.31)	(0.28)	(0.53)	(0.67)	(0.53)	(0.35)	(0.35)	(0.36)	(0.38)
FAC	0.00	4.45	9.98	10.45	13.61	15.32	16.63	17.32	18.42	19.22	20.18	21.10	22.10	22.98	24.04	25.03
Environmental Surcharge	0.00	1.05	2.25	3.10	3.48	3.69	3.88	4.13	4.23	4.32	4.49	4.70	4.88	5.14	5.26	5.47
Surcredit	0.00	(1.53)	(3.30)	(3.44)	(4.05)	(4.01)	(3.97)	(3.91)	(3.86)	(4.91)	(5.19)	(5.12)	(5.05)	(4.97)	(4.90)	(4.82)
Rate Stabilization (Economic Reserve)																
Economic Reserve	0.00	(3.97)	(7.91)	(7.09)	(8.02)	(8.50)	(8.54)	(4.21)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(3.15)	(7.17)	(7.09)	(2.08)	0.00	0.00	0.00	0.00	0.00
Blended Rate	**$34.57**	**$35.68**	**$36.35**	**$38.89**	**$43.37**	**$44.69**	**$46.54**	**$52.08**	**$53.52**	**$53.28**	**$59.03**	**$62.48**	**$63.87**	**$68.15**	**$69.42**	**$70.71**
Blended Rate (April 2010 Forecast)			$36.01	$38.02	$42.97	$43.94	$43.96	$43.84	$48.75	$48.57	$51.02	$56.20	$56.80	$60.01	$60.52	$61.15

[1] *Reflects accrual basis (vs. cash basis).*

Big Rivers

Projected Smelter Rates

Rate Derivation ($/MWh)[1]	Actual 2009	Actual 2010	Projected 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Smelters															
Large Industrial Rate @ 98%[2]	$30.18	$29.07	$28.64	$30.08	$30.12	$30.12	$32.23	$32.18	$32.23	$32.23	$32.23	$32.18	$34.48	$34.48	$34.48
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	30.43	29.32	28.89	30.33	30.37	30.37	32.48	32.43	32.48	32.48	32.48	32.43	34.73	34.73	34.73
TIER Adjustment	1.95	1.95	1.95	2.95	2.79	2.95	1.79	3.55	3.55	4.15	4.15	4.15	2.93	4.14	4.75
Non-FAC PPA	(0.56)	(1.18)	(1.10)	(0.47)	(0.58)	(0.58)	(0.56)	(0.56)	(0.56)	(0.38)	(0.49)	(0.42)	(0.31)	(0.45)	(0.37)
FAC	10.38	10.13	10.46	13.61	15.32	16.63	17.32	18.42	19.22	20.18	21.10	22.10	22.98	24.04	25.03
Environmental Surcharge	2.45	2.26	3.09	3.48	3.69	3.88	4.14	4.24	4.32	4.50	4.71	4.88	5.14	5.25	5.47
Surcharges	1.57	1.57	1.57	1.87	1.87	1.87	1.87	1.87	2.42	2.60	2.60	2.59	2.60	2.60	2.60
Rebate (accrued)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate	**$46.22**	**$44.05**	**$44.86**	**$51.77**	**$53.46**	**$55.12**	**$57.04**	**$59.95**	**$61.43**	**$63.53**	**$64.55**	**$65.73**	**$68.07**	**$70.31**	**$72.21**
Effective Rate (April 2010 Forecast)		$43.25	$44.61	$49.90	$51.08	$51.92	$53.06	$55.42	$57.98	$59.36	$59.63	$60.66	$61.76	$63.24	$64.47

[1] *Reflects accrual basis (vs. cash basis).*

[2] *Actual may differ from Large Industrial Rate @ 98% load factor if metered energy is lower/higher than contract Base Fixed Energy.*

Appendix A: Additional Information

Big Rivers

Big Rivers' Coal-Fired Power Plants System Performance

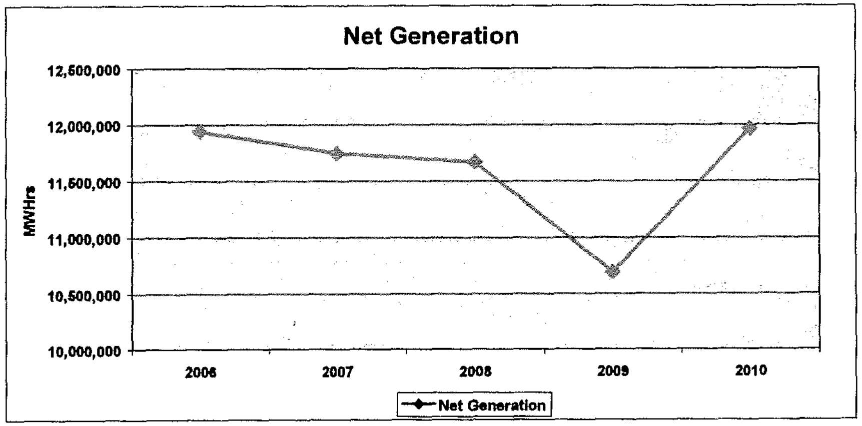
- Eight of the nine coal generating units are equipped with Flue Gas Desulphurization systems (FGDs) to control SO2 emissions
- Wilson 1, HMP&L 1 and HMP&L 2 are equipped with Selective Catalytic Reduction systems (SCRs) to control NOx emissions
- System performance is actively benchmarked against the industry utilizing GKS Navigant services. In the most recent benchmarking survey (2007 to 2010 Q3), Big Rivers displayed the following results when comparing O&M costs including fuel.
    - System capacity weighted O&M cost including fuel was - $5/MW less than the median cost ($31.61/MW vs. $36.63/MW).
    - Eight generating units operated below median cost with three of those generating units operating in the best quartile.

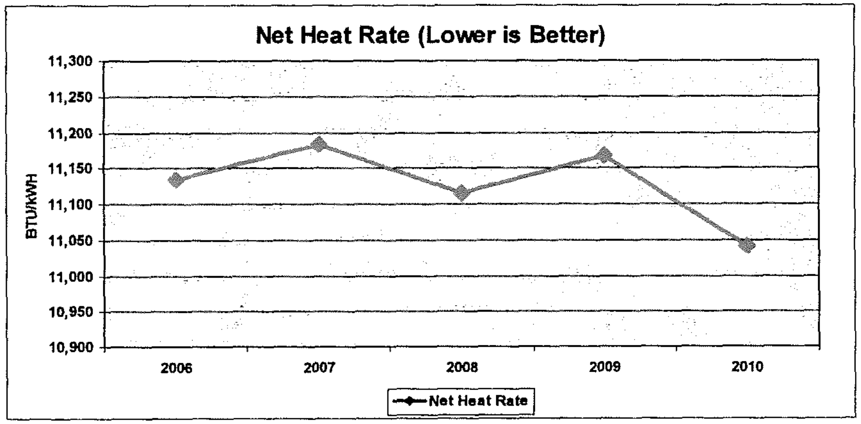
Key Performance Indicators per IEEE Standards (6 Year Averages 2005 thru 2010)

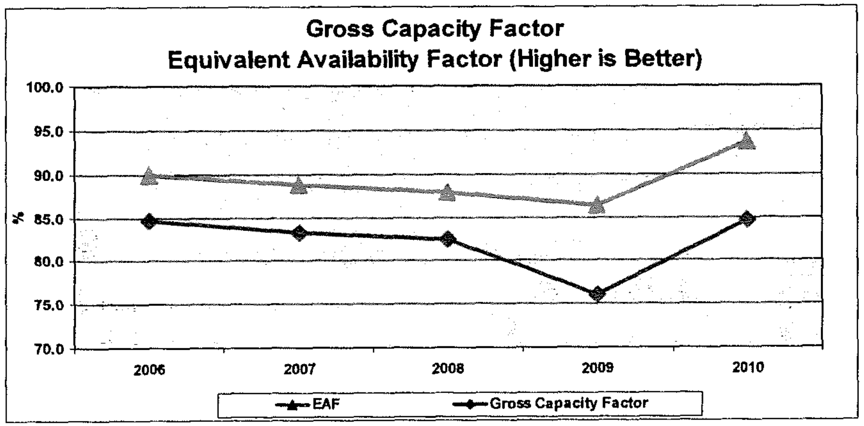
Unit	Net Generation (MWHrs)	Net Heat Rate (BTU/kWH)	Gross Capacity Factor (%)	Equivalent Availability Factor (%)	Equivalent Forced Outage Rate (%)
Coleman 1	944,941	10,702	72.5	87.8	5.2
Coleman 2	887,010	11,577	72.5	90.1	2.9
Coleman 3	983,149	10,600	73.4	88.2	6.1
Green 1	1,800,783	11,118	90.2	93.1	2.2
Green 2	1,708,046	11,278	88.6	92.7	1.6
Henderson 1	1,074,239	10,877	81.3	86.1	7.9
Henderson 2	1,107,773	11,147	80.3	88.5	3.9
Wilson 1	3,143,237	11,262	86.5	87.9	5.2
SYSTEM	**11,649,175**	**11,108**	**82.4**	**89.4**	**4.3**

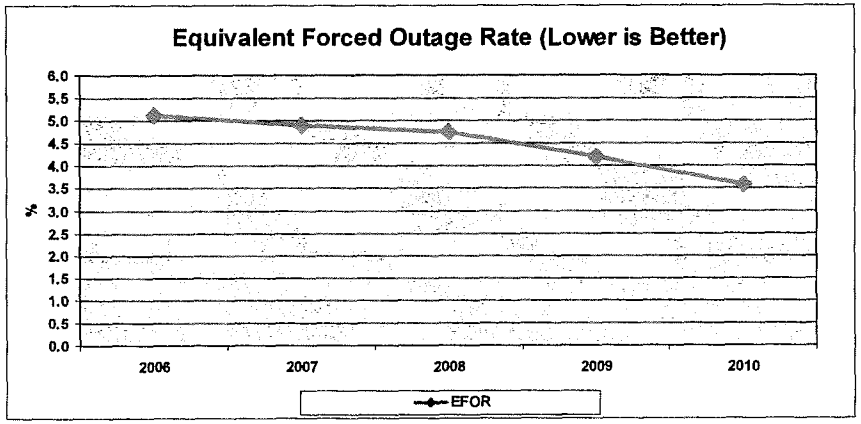
Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy® Cooperative

BREC System Performance 2006 - 2010









Presentation to CoBank
Big Rivers Electric Corporation

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

February-2012

Participants

Big Rivers Electric Corporation

Mark Hite ***Vice President Accounting & Interim CFO***

Robert W. Berry ***Vice President Production***

Eric Robeson ***Vice President Environmental Services and Construction***

Jim Miller ***Corporate Counsel***

Big Rivers

Table of Contents

I. Overview of Big Rivers Electric Corporation

Big Rivers

Overview of Big Rivers Electric Corporation

- Big Rivers Electric Corporation ("Big Rivers") was formed in 1961 and is based in Henderson, Kentucky
- Big Rivers supplies wholesale electric generation and transmission service to three electric distribution cooperatives ("Members"):
  - Jackson Purchase Energy Corporation
  - Kenergy Corp. ("Kenergy")
  - Meade County Rural Electric Cooperative Corporation
- Members are local customer-owned cooperatives providing service to approximately 112,500 retail customers on a not-for-profit basis
  - Members serve residential, commercial and industrial customers located in portions of 22 western Kentucky counties
- Big Rivers and its Members are generally regulated by the Kentucky Public Service Commission
- Big Rivers provides capacity and energy to its members through a combination of 5 owned generation stations, one leased generation station and purchased power
  - Net capacity of owned generation – 1,444 MW
  - Net capacity of leased generation from Henderson Municipal Power & Light Station II (HMPL) – 202 MW
  - Power purchased from SEPA – 178 MW
  - 1,266 miles of transmission lines and 22 substations
  - Midwest ISO membership implementation – Dec. 2010

Key 2011 Statistics
Energy Sales - 13,255 GWh
Operating Revenues - $562mm
Total Assets - $1,418mm
Non-Smelter Member Rate (Excluding MRSM Credit) $45.29/MWh
Non-Smelter Member Rate Stability Mechanism ($6.22/MWh)
Non-Smelter Member Wholesale Rate $39.07/MWh
Smelter Effective Rate $44.48/MWh

Big Rivers

Rate Case

- On March 1, 2011, Big Rivers filed an application for a general rate adjustment with the Kentucky Public Service Commission ("KPSC")
  - Case number 2011-00036
- New Rates were effective September 1, pending approval from the KPSC.
- Formal approval by the KPSC was granted in November 2011 for a rate increase of $26.7mm
  - $10.6 million was assigned to the rural class
  - $ 1.9 million to the large industrial class
  - $14.2 million to the smelters
- A rehearing has been granted by the KPSC wherein Big Rivers has requested an additional $2.7 mm to be reconsidered
- Kentucky Industrial Utility Customers have appealed the $26.7 mm rate increase granted by the KPSC

Power Supply - ACES Power Marketing & NRCO

ACES Power Marketing

Big Rivers has been a member/owner of ACES Power Marketing, one of the nation's largest electricity traders, since January 2003. ACES operates as an energy risk management and hedge manager. Member/owners like Big Rivers actively participate by utilizing the ACES infrastructure and resources to assess their risks and execute specific, customized portfolio strategies.

National Renewables Cooperative Organization

In the tradition of working together, cooperatives across the country have formed the National Renewables Cooperative Organization (NRCO) to promote and facilitate the development of renewable energy resources. Membership in the NRCO is open to generation and transmission cooperatives (G&Ts) and distribution cooperatives with the legal ability to buy power in the wholesale market. Big Rivers was one of 24 founding members of the organization, which formed in November 2008.

Big Rivers' Strategic Plan

NORTH STAR

- North Star will be the cost per kWh of the total Member load, including distribution members and smelters.
- Big Rivers will manage the cost per kWh within the board-approved risk tolerance, always striving to keep costs as low as possible while still meeting the Members' service requirements.

MISSION

Big Rivers' Mission is to safely deliver low cost, reliable, wholesale power and cost-effective shared services desired by our members.

VISION

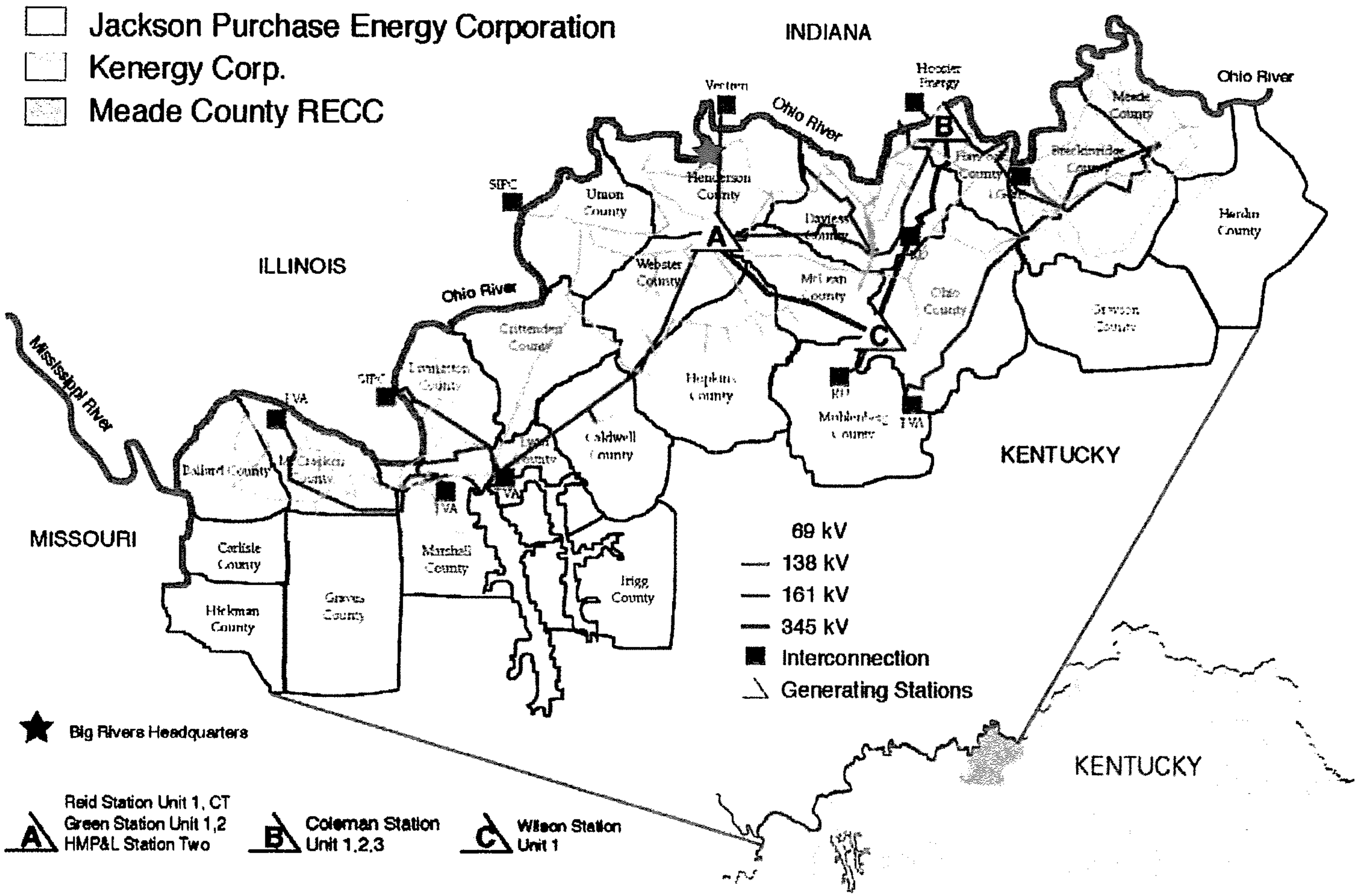
Big Rivers' Vision is to be viewed as one of the top G&T's in the country and will provide services the members desire in meeting future challenges.

VALUES

- Safety
- Integrity
- Excellence
- Member and Community Service
- Respect for the Employee
- Teamwork
- Environmentally Conscious

Big Rivers

Big Rivers Members' Service Territory



Big Rivers

Big Rivers' Management

Big Rivers is led by an experienced management team and is governed by a six-member board of directors. The board is comprised of two representatives from each distribution cooperative.

Senior Management Team:
Mark Bailey, President & CEO
Robert Berry, V.P. Production
David Crockett, V.P. System Operations
James Haner, V.P. Administrative Services
Mark Hite, V.P. Accounting & Interim CFO
Eric Robeson, V.P. Environmental Services and Construction
Albert Yockey, V.P. Governmental Relations & Enterprise Risk Management

Big Rivers

Big Rivers' Financing

Big Rivers currently has two $50 million lines of credit available to it, one with CoBank, ACB, expiring July 16, 2012, and the other with National Rural Utilities Cooperative Finance Corporation ("CFC") that expires July 16, 2014.

Long Term Debt Schedule ($mm) - as of December 31, 2011

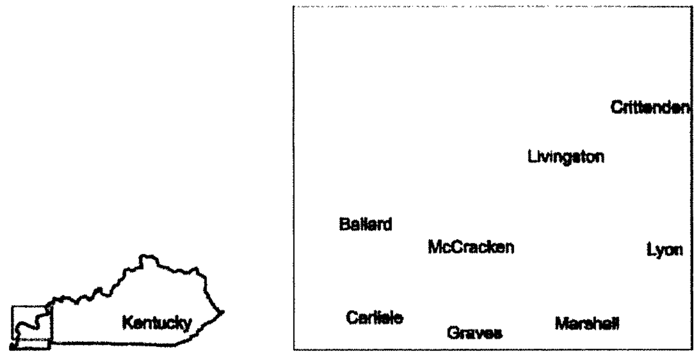
Debt	Maturity Date	Stated Value	Principal	Notes:
RUS Series A Note, stated interest rate of 5.75%, with an imputed interest rate of 5.84%	July 2021	$ 523.2	$ 521.3	A portion hereof to be refinanced by CoBank and CFC
RUS Series B Note, no stated interest rate, with an imputed interest rate of 5.80%	December 2023	$ 245.5	$ 123.0	
Pollution Control Bonds Series 1983 - County of Ohio, Kentucky with a 3.25% interest rate in 2011	June 2013	$ 58.8	$ 58.8	Plan to refinance in 2013
Pollution Control Bonds Series 2010 , County of Ohio, Kentucky with a 6.0% fixed interest rate	July 2031	$ 83.3	$ 83.3	
TOTAL		**$ 910.8**	**$ 786.4**	

II. Overview of the Members & Customer Base

Overview of Jackson Purchase Energy Corporation

Overview Service Territory

- Established in 1937
- Serves approximately 29,000 accounts in portions of 6 counties in Western Kentucky
- Managed by 8 member/consumer elected board serving four-year staggered terms
- Primarily residential & small commercial customer mix
- Most recent residential retail rate increase: July 2008, 9.5%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$45.1	$46.5	$41.9
Operating Expenses	38.0	36.1	34.4
Net Operating Income [1]	7.1	10.4	7.5
Cash Flow			
Debt Service	5.1	4.9	4.9
Debt Service Coverage Ratio	1.50 x	2.32 x	1.62 x
TIER	1.04 x	2.51 x	1.26 x
Balance Sheet			
Net Utility Plant	$92.4	$91.5	$87.3
Equities/Capitalization	39.4%	43.6%	39.8%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

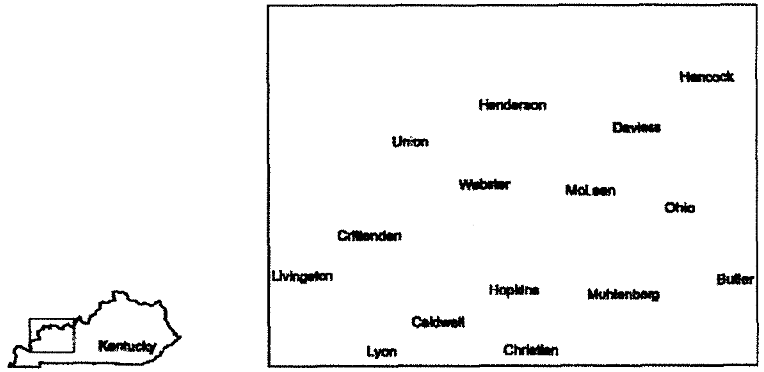
	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	411,231	26,054	29,070
Comm. And Ind. (< 1,000 kW)	190,024	3,126	11,916
Comm. And Ind. (<>1,000 kW)	49,396	9	2,909
Public Lighting/Irrigation	888	10	101
Total	**651,539**	**29,199**	**43,996**

Big Rivers

Overview of Kenergy Corp.

Overview Service Territory

- Established in July 1999 through the consolidation of – Henderson Union Electric Coop (established 1936), and – Green River Electric Corporation (established 1937)
- Serves approximately 55,000 customers in 14 western Kentucky counties along more than 7,000 miles of line
- Fourth largest electric cooperative in Kentucky (based on customers)
- Managed by 11 member customer-elected board
- Most recent residential retail rate increase: Sept. 2011, 7.49%
- Responsible for supplying Hawesville and Sebree smelters



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$425.6	$401.0	$349.8
Operating Expenses	407.5	381.3	332.9
Net Operating Income [1]	18.1	19.7	16.9
Cash Flow			
Debt Service	11.5	11.6	11.1
Debt Service Coverage Ratio	1.62 x	1.79 x	1.58x
TIER	1.66 x	1.95 x	1.48 x
Balance Sheet			
Net Utility Plant	$182.9	$179.2	$177.5
Equities/Capitalization	36.3%	33.2%	30.3%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

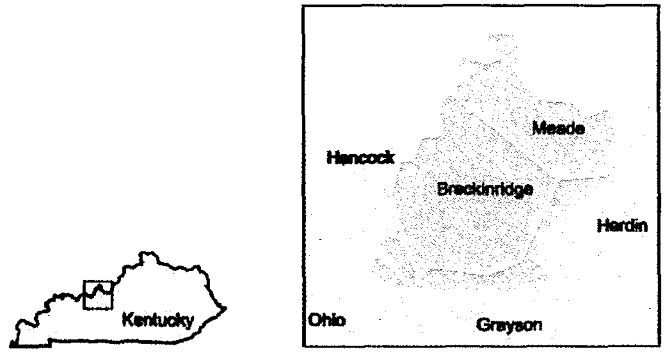
	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	754,124	45,294	56,284
Comm. And Ind. (< 1,000 kW)	314,861	9,803	22,563
Comm. And Ind. (<>1,000 kW)	8,326,066	35	344,888
Public Lighting	1,733	78	282
Total	**9,396,784**	**55,210**	**424,017**

Big Rivers

Overview of Meade County Rural Electric Cooperative

Overview Service Territory

- Established in 1937
- Serves approximately 28,000 customers in portions of 6 Kentucky counties along approximately 2,900 miles of line
- Managed by 7 member customer-elected board
- Primarily residential customer mix
- Most recent residential retail rate increase: Feb. 2011, 3.92%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$35.8	$34.6	$31.1
Operating Expenses	28.3	27.5	24.7
Net Operating Income [1]	7.5	7.1	6.4
Cash Flow			
Debt Service	4.8	4.9	4.8
Debt Service Coverage Ratio	1.58 x	1.55 x	1.37 x
TIER	2.09 x	2.05 x	1.57 x
Balance Sheet			
Net Utility Plant	$72.2	$69.9	$66.6
Equities/Capitalization	33.9%	33.5%	32.3%

Source: RUS Form 7 [1] Before Depreciation, Taxes & Interest

Customer Profile

FY 2011			
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	364,735	26,402	27,480
Comm. And Ind. (< 1,000 kW)	94,657	2,070	7,131
Public Lighting	1,057	6	75
Total	**460,449**	**28,478**	**34,686**

Big Rivers

Long-Term Smelter Contracts

- Big Rivers and Kenergy (the Member serving the Smelters) entered into the Smelter Wholesale Power Contracts in which Big Rivers supplies energy to Kenergy for resale to the Smelters through the end of 2023 on a take-or-pay basis, subject to a one-year termination notice from the Smelter(s)
- The two aluminum smelters, owned by Alcan and Century, have a base demand of 850 MW and typically use 98% of the energy
- Energy made available to the Smelters will consist of three types
  - ***Base Monthly Energy:*** 368 MW hourly for Alcan and 482 MW hourly for Century
  - ***Supplemental Energy:*** 10 MW hourly of interruptible energy to each Smelter
  - ***Back-up Energy:*** Imbalance energy for Kenergy made available to the Smelters
- Charges to the Smelters will also include the following adjustments:
  - Base Rate always 25 cents per MWh over Large Industrial
  - Fuel Adjustment Clause ("FAC") – Adjusts monthly for incremental changes in fuel costs
  - Environmental Surcharge ("ES") – Adjusts monthly for incremental changes in non-fuel variable production expenses (emission allowances, reagents and waste disposal)
  - Purchased Power Adjustment ("PPA") – Adjusts monthly for incremental changes in purchased power costs (non-FAC PPA regulatory account for non-smelter members)
  - TIER Adjustment (described on page 29)
  - Surcharges – Mitigate impact of FAC and ES on Non-Smelter Members

Big Rivers

Overview of Smelters

- Sebree, Kentucky Smelter (Alcan Primary Products Corporation)
  - Alcan is owned by Rio Tinto, an international mining group, and is Rio Tinto's only U.S. aluminum smelter
  - Commenced operation in 1973
  - Produces 186,000 metric tons of primary aluminum annually from its 3 potlines
  - 600 employees
  - Base contract demand: 368 MW and Projected annual energy consumption: 3.1 TWh
  - Recently completed $37mm bake furnace project

- Hawesville, Kentucky Smelter (Century Aluminum of Kentucky General Partnership)
  - Century is a public company and through its various subsidiaries owns and operates aluminum smelters in Kentucky, South Carolina, West Virginia and Iceland
  - Commenced operation in 1970
  - Produces 244,000 metric tons of primary aluminum annually from its 5 potlines
  - 775 employees
  - Base contract demand: 482 MW and Projected annual energy consumption: 4.2 TWh

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Residential Electricity in the Nation

Average Residential Rate – Kentucky December 2011[1]

Kentucky Utility	Cents / kWh
East Kentucky Power Cooperative	11.66
AEP Kentucky Power	9.72
Duke Energy Kentucky	8.65
Louisville Gas and Electric Company	8.57
Kentucky Utilities Company	7.82
Big Rivers Rate (including credits)	7.82
Big Rivers Rate (excluding credits)	9.11

Average Residential Rate – National November 2011[2]

National Region	Cents / kWh
Pacific Noncontiguous	27.94
New England	15.90
Middle Atlantic	15.80
Pacific Contiguous	12.71
East North Central	12.02
South Atlantic	11.21
West South Central	10.60
East South Central	10.46
Mountain	10.12
West North Central	9.83
Kentucky	9.30
United States Total	**11.88**

1 *Source: Kentucky Public Service Commission Orders and Filings*
2 *Source: Energy Information Administration Table 5.6.A*

Big Rivers' Members Provide Some of the Lowest Cost Commercial and Industrial Electricity in the Nation

Average Commercial & Industrial Rate – National 2011

National Region	Cents/kWh
Pacific Noncontiguous	24.67
New England	13.51
Middle Atlantic	10.99
Pacific Contiguous	10.13
East North Central	8.05
South Atlantic	8.14
East South Central	7.96
Meade County	7.53
Mountain	7.52
West South Central	7.39
West North Central	7.21
Kenergy - excluding Smelters	7.17
Kentucky	6.86
Jackson Purchase	6.19
Kenergy - Smelters	4.40

Source: RUS Form 7 and Energy Information Administration

III. Operations

Big Rivers

Big Rivers' Available Generation Resources

	Fuel Type	Net Capacity (MW)	Commercial Operation
Owned Generation			
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	138	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal / Gas	65	1966
Combustion Turbine	Oil / Gas	65	1979
D.B. Wilson Unit 1	Coal	417	1986
Owned Subtotal		1,444	
Leased Generation			
HMP&L Station Two			
Unit 1	Coal	153	1973
Unit 2	Coal	159	1974
City's Current Capacity Allocation[1]		(110)	
Leased Subtotal		202	
Total Owned / Leased Generation		1,646	
Purchased Power			
Member's SEPA Allocation	Hydro	178	
Total Capacity		1,824	

[1] Big Rivers operates Station Two, which is owned by the City of Henderson, and is entitled to all capacity and energy not taken by the City under the terms of a power purchase agreement.

Big Rivers

Big Rivers' Coal-Fired Power Plants System Performance

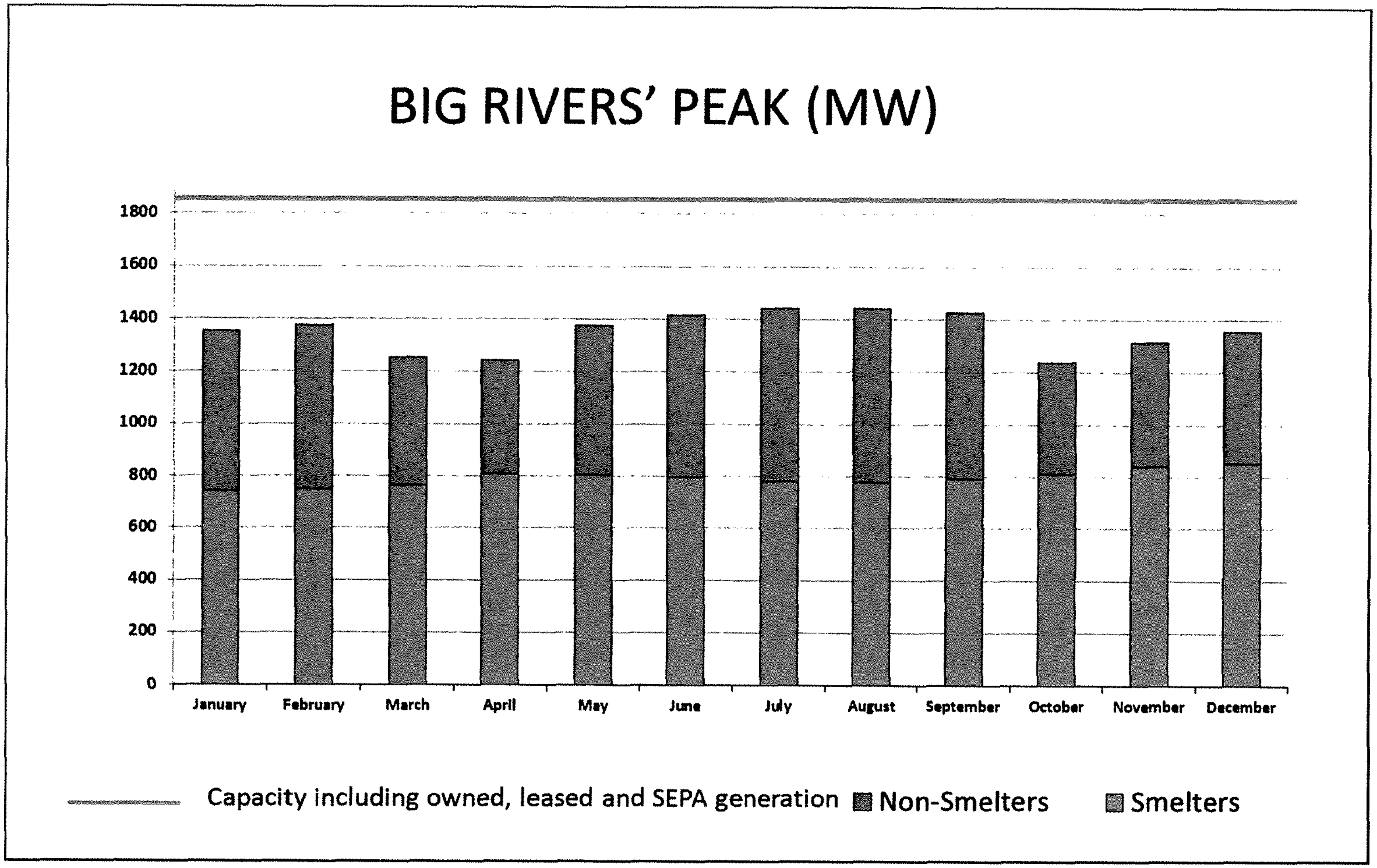
- Eight of the nine coal generating units are equipped with Flue Gas Desulphurization systems (FGDs) to control SO2 emissions
- Wilson 1, HMP&L 1 and HMP&L 2 are equipped with Selective Catalytic Reduction systems (SCRs) to control NOx emissions
- System performance is actively benchmarked against the industry utilizing GKS Navigant services. In the most recent benchmarking survey (2007 to 2011 Q3), Big Rivers displayed the following results when comparing O&M costs including fuel:
  - System capacity weighted O&M cost including fuel was $2.38/MWh less than the median cost ($32.08/MWh vs. $34.46/MWh).

Key Performance Indicators per IEEE Standards (6 Year Averages 2006 thru 2011)

Unit	Net Generation (MWHrs)	Net Heat Rate (BTU/kWH)	Gross Capacity Factor (%)	Gross Capacity Output (%)	Equivalent Availability Factor (%)	Equivalent Forced Outage Rate (%)
Coleman 1	981,391	10,762	75.2	84.5	89.1	4.9
Coleman 2	904,899	11,561	74.8	81.9	90.9	3.1
Coleman 3	1,014,199	10,654	75.5	83.4	88.9	6.8
Green 1	1,768,041	11,132	88.7	95.5	92.1	2.5
Green 2	1,725,642	11,265	89.5	95.1	94.1	1.8
Henderson 1	1,098,054	10,911	83.1	93.2	88.4	8.3
Henderson 2	1,093,491	11,182	79.3	88.0	88.8	5.2
Wilson 1	3,143,151	11,201	86.4	96.8	88.1	4.8
SYSTEM	**11,728,868**	**11,109**	**83.0**	**91.5**	**90.0**	**4.5**

Big Rivers

Big Rivers' Peak 2011 (MW)



Big Rivers

Big Rivers' Coal-Fired Power Plants Variable Cost 2011 – by unit

BREC Variable Costs*
Period Ending December 31, 2011
Year - to - Date

Unit	Total Fuel	(Reagent) Scrubber	SOx Allowances	NOx Allowances	Total Variable $	Net Generation	$/MWH
Green 1	$ 35,728,589	$ 5,245,575	$ 18,130	$ 0	$ 40,992,294	1,708,535	$ 23.99
Green 2	$ 36,040,907	5,416,397	$ 16,892	$ 0	41,474,196	1,761,631	$ 23.54
HMP&L 1	$ 20,139,330	2,796,248	$ 0	$ 0	22,935,578	803,654	$ 28.54
HMP&L 2	$ 19,775,764	2,641,157	$ 0	$ 0	22,416,921	761,614	$ 29.43
Coleman 1	$ 26,759,990	1,060,072	$ 4,032	$ 0	27,824,094	1,125,022	$ 24.73
Coleman 2	$ 26,470,391	975,033	$ 4,752	$ 0	27,450,176	1,027,417	$ 26.72
Coleman 3	$ 27,331,567	1,088,404	$ 49,876	$ 0	28,469,847	1,155,921	$ 24.63
Wilson 1	$ 58,838,443	9,455,533	$ 118,418	$ 0	68,412,394	3,403,807	$ 20.10
Totals	**$ 251,084,981**	**$ 28,678,419**	**$ 212,100**	**$ 0**	**$ 279,975,500**	**11,747,601**	**$ 23.83**

**Does not include Reid 1 and Reid CT which are used for peaking purposes*

Big Rivers

Big Rivers' Environmental Compliance Plan (ECP) for CSAPR & MATS

Cross-State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards (MATS) were both finalized in 2011. Both rules will impact Big Rivers' ECP. Big Rivers plans to pass through these costs under the Environmental Surcharge, and will be presenting this information to the Kentucky Public Service Commission in 2012. Compliance costs are as follows:

	CSAPR	MATS	Total
Capital			
Wilson	139,000,000	11,240,000	150,240,000
HMPL (Net of City)	3,850,000	280,000	4,130,000
Reid	1,200,000		1,200,000
Green	81,000,000	18,480,000	99,480,000
Coleman		28,440,000	28,440,000
	225,050,000	58,440,000	283,490,000
Cost of Capital	9.42%	9.42%	9.42%
Capital Cost	21,199,710	5,505,048	26,704,758
O&M Cost	[redacted]		
Total Annual 2012 ECP Cost in 2016	[redacted]		

Big Rivers

IV. Indenture/Financial Goals

Big Rivers

Big Rivers' Financial Covenants

Big Rivers is in compliance with all debt covenants associated with both long-term and short-term debt.

- The Company's Indenture and its line of credit with CFC require that Margins for Interest Ratio (MFIR) of at least 1.10 be maintained each fiscal year.
- The CoBank line of credit agreement requires that at the end of each fiscal year the Company have a Debt Service Coverage Ratio (DSCR) of not less than 1.20.
- CoBank and CFC also require an Equity to Assets ratio of 15% or greater at the end of each fiscal year.

Historical Performance against covenants

Ratio	Agreement	Loan Covenant	2011	2010	2009
MFIR	Indenture/NRUCFC	1.10	1.12	1.15	9.87
Debt Service Coverage Ratio*	CoBank	1.20	1.47	1.47	2.44
Equity to Assets	CoBank	15%	27%	26%	25%
Equity to Assets	NRUCFC	12%	27%	26%	25%
TIER		n/a	1.12	1.15	9.85
Debt to Total Capitalization		n/a	67%	68%	69%

**** DSCR not included in the proposed CoBank Revolver***

V. Financials

Big Rivers

Smelter Agreements TIER Support Calculation

($ mm)

- **20XX Rebate**
  - TIER before adjustment (line 4) exceeds 1.24
  - $18.8mm is available for Rebate, split ratably between Non-Smelter Members and Smelters
  - Maximum TIER adjustment available is $1.95/MWh
- **2013 TIER Adjustment**
  - TIER before adjustment (line 4) is below 1.24
  - $20.36mm is contributed by Smelters via TIER adjustment or $2.79/MWh
  - Maximum TIER adjustment available is $2.95/MWh

Sample Rebate and TIER Adjustment Calculation

	20XX	2013
1 **Before Rebate / TIER Adjustment**		
2 Net Margin + Interest Charges	$79.9	$45.7
3 Interest Charges	$49.3	$53.3
4 Contract TIER	1.62x	0.86x
5 **Rebate**		
6 Members	(6.2)	–
7 Smelters	(12.6)	–
8 Total	(18.8)	–
9 **TIER Adjustment**		
10 Smelters	–	$20.4
11 Total	–	$20.4
12 **After Rebate / TIER Adjustment**		
13 Net Margin + Interest Charges	$61.1	$66.1
14 Interest Charges	$49.3	$53.3
15 Contract TIER	1.24x	1.24x

Big Rivers

Statement of Operations

	Actual		Projected				
Statement of Operations ($mm)	2010	2011	2012	2013	2014	2015	2016
Electric Energy Revenues	$ 514.5	$ 558.4	$ 582.3	$ [redacted]			
Other Operating Revenue and Income	12.8	3.6	4.0	4.0	4.0	4.0	4.0
Total Operating Revenues	$ 527.3	$ 562.0	$ 586.3	$ [redacted]			
Operating Expense - Excluding Fuel	$ 187.2	$ 201.8	$ 203.6	$ [redacted]			
Operating Expense Fuel	207.7	226.2	238.4				
Maintenance Expense	46.9	47.7	53.9				
Depreciation and Amortization	34.2	35.4	41.9	43.3	44.7	48.1	52.5
Interest Expense	47.1	45.7	43.6	59.3	59.5	59.3	59.2
Other - Net	(2.8)	(0.4)	(0.5)	(4.5)	(10.4)	(13.4)	(4.6)
Total Expenses	$ 520.3	$ 556.4	$ 580.9	$ [redacted]			
Net Margins	**$ 7.0**	**$ 5.6**	**$ 5.4**	**$** [redacted]			

Big Rivers

Balance Sheet

	Actual		Projected				
Balance Sheet ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Assets							
Net Utility Plant	$ 1,092	$ 1,092	$ 1,120	$ 1,189	$ 1,339	$ 1,436	$ 1,427
Cash & Investments	45	45	35	241	101	32	32
Transition Reserve	35	0	35	35	36	36	36
Economic Reserve	121	100	72	38	8	0	0
Rural Economic Reserve	62	63	64	65	66	52	23
Receivables, Inventories, & Other	117	118	133	141	139	142	149
Total	**$ 1,472**	**$ 1,418**	**$ 1,459**	**$ 1,709**	**$ 1,689**	**$ 1,698**	**$ 1,667**
Equities & Liabilities							
Equities	$ 387	$ 390	$ 395	$ 404	$ 418	$ 433	$ 447
Debt	817	786	859	1,133	1,124	1,114	1,104
Deferred Revenue - Economic Reserves	181	162	136	103	74	52	23
Line of Credit Advances	10	0	0	0	0	25	15
Payables & Other	77	80	69	69	73	74	78
Total	**$ 1,472**	**$ 1,418**	**$ 1,459**	**$ 1,709**	**$ 1,689**	**$ 1,698**	**$ 1,667**
Equities / Total Capitalization	**32%**	**33%**	**31%**	**26%**	**27%**	**28%**	**29%**

Debt Service Coverage

	Actual		Projected				
Debt Service Coverage ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Margins	$ 7.0	$ 5.6	$ 5.4	$ [redacted]			
Interest Expense	47.1	45.7	43.6	59.3	59.5	59.3	59.2
Depreciation & Amortization	36.3	37.5	44.5	46.0	47.5	51.0	55.7
Numerator for DSCR	$ 90.4	$ 88.8	$ 93.5	$ [redacted]			
Interest Expense	47.1	45.7	43.6	59.3	59.5	59.3	59.2
Principal Due on Long-Term Debt	14.2	14.9	16.1	21.6	22.4	23.3	24.3
Denominator for DSCR	$ 61.3	$ 60.6	$ 59.7	$ [redacted]			
Debt Service Coverage Ratio	**1.47**	**1.47**	**1.57**				

Big Rivers

Non-Smelter Member Rates

	Actual		Projected				
Rate Derivation ($/MWh)	2010	2011	2012	2013	2014	2015	2016
Non-Smelter Members							
Base Rate	$ 35.33	$ 42.45	$ 48.69	$ 48.70	$ 50.16	$ 50.19	$ 50.20
Regulatory Account Amortization	0.00	(0.32)	(1.23)	(1.23)	(0.38)	0.17	0.28
FAC	9.98	4.49	5.09	5.47	5.95	6.36	6.80
Environmental Surcharge	2.25	2.16	2.51	4.98	4.94	4.92	7.33
Surcredits	(3.30)	(3.49)	(4.10)	(4.05)	(4.00)	(3.97)	(3.93)
Rebate (Accrual)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Stabilization							
Economic Reserve	(7.91)	(6.22)	(8.69)	(10.10)	(9.10)	(2.20)	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(4.68)	(8.44)
Blended Rate	**$ 36.35**	**$ 39.07**	**$ 42.27**	**$ 43.77**	**$ 47.57**	**$ 50.79**	**$ 52.24**

Big Rivers

Smelter Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Smelters							
Large Industrial Rate @ 98%	$ 29.07	$ 34.70	$ 39.14	$ 39.18	$ 40.36	$ 40.36	$ 40.32
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	$ 29.32	$ 34.95	$ 39.39	$ 39.43	$ 40.61	$ 40.61	$ 40.57
Tier Adjustment	1.95	1.95	2.95	2.95	2.60	2.55	2.44
Non-FAC PPA	(1.18)	(0.70)	(0.40)	(0.21)	(0.04)	0.28	0.38
FAC	10.13	4.53	5.11	5.48	5.95	6.36	6.80
Environmental Surcharge	2.26	2.18	2.48	4.07	4.11	4.07	6.08
Surcharge	1.57	1.57	1.87	1.87	1.87	1.87	1.87
Rebate (accrued)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate	**$ 44.05**	**$ 44.48**	**$ 51.40**	**$ 53.59**	**$ 55.10**	**$ 55.74**	**$ 58.14**

Big Rivers

Big Rivers' Credit Rating

Big Rivers had its credit rating evaluated by three credit rating agencies.

Moody's Investor Service – Moody's has assigned a 'Baa1' senior secured rating for the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Standard & Poor's (S&P) – S&P has assigned a 'BBB-' issuer credit rating to Big Rivers and has assigned a "BBB-" long-term rating for its Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Fitch Ratings Ltd. – In August, 2011, Fitch has assigned a 'BBB-' rating on the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Big Rivers

VI. Appendix – Management Information

Big Rivers

Big Rivers' Management

Senior Management Biographies

Mark A. Bailey, President and Chief Executive Officer, received a Bachelor of Science in Electrical Engineering from Ohio Northern University in 1974, and a Master of Science in Management from the Massachusetts Institute of Technology in 1988. He was employed by American Electric Power Company ("AEP") for nearly 30 years, beginning as an Electrical Engineer in 1974. Mr. Bailey was employed as Vice President of AEP subsidiary Indiana Michigan Power Company until AEP's reorganization in 1996, when he became Director-Regions with American Electric Power Service Corporation ("AEPSC"), also a subsidiary of AEP. He was employed as Vice President of Transmission Asset Management for AEPSC from June 2000 until his employment as President and Chief Executive Officer ("CEO") with Kenergy Corp. in 2004. Mr. Bailey was employed as Executive Vice President and Chief Operating Officer beginning in June 2007 until being elected by the Board of Directors to his current position in October 2008.

Robert W. Berry, Vice President of Production, graduated from the University of Kentucky Community College system with an Associate degree in Mechanical Engineering Technology and Mid-Continent University with a Bachelor of Science in Business Management. He was employed by Big Rivers from 1981 to 1998 and served in various maintenance positions such as Superintendent of Maintenance and Maintenance Manager. In 1998 he was employed by Western Kentucky Energy and served in various positions such as Maintenance Manager, Plant Manager and General Manager until the Unwind transaction closed in July 2009, at which time he assumed his current position.

David G. Crockett, Vice President of System Operations, graduated from the University of Kentucky with a Bachelor of Science in Electrical Engineering in 1972. He has been employed with Big Rivers since 1972. He served in various engineering positions before assuming the responsibility of Manager of Energy Control in 1998. Mr. Crockett assumed his current position as Vice President System Operations in 2006.

James V. Haner, Vice President of Administrative Services, graduated from the University of Kentucky with a Bachelor of Science in Accounting in 1970. He has been employed with Big Rivers since 1972. He served in various accounting and finance capacities prior to transferring to administrative services in 1991. He assumed duties as Manager Human Resources in 1998. Mr. Haner assumed his current position of Vice President Administrative Services in 2005.

Big Rivers

Big Rivers' Management

Senior Management Biographies - continued

Mark A. Hite, Vice President of Accounting and Interim Chief Financial Officer, graduated from the University of Evansville with a Bachelor of Science in Accounting in 1980 and a Master of Business Administration in 1985. He is a licensed CPA. Mr. Hite has been employed with Big Rivers since 1983, and has served in various accounting and finance capacities prior to assuming his current position.

Eric Robeson, Vice President of Environmental Services and Construction, graduated from Rose Hulman Institute of Technology in 1977 with a Bachelor of Science in Mechanical Engineering and Ball State University in 1988 with a Masters of Business Administration. He is a registered Professional Engineer in the state of Indiana. Mr. Robeson worked at Vectren (and its predecessor company Sigeco) from 1980 to 2011. He served in a variety of engineering and managerial positions including Plant Manager, Director of Generation Planning, and Director of Infrastructure Services. He joined Big Rivers in 2011 as Vice President of Construction overseeing environmental compliance efforts and assumed his current position in February , 2012

Albert M. Yockey, Vice President of Governmental Relations & Enterprise Risk Management, graduated from the University of Pittsburgh with a Bachelor of Science in Electrical Engineering in 1972, a Master of Science from Lehigh University in 1979, and a Juris Doctor from Capital University Law School in 1994. He is a registered Professional Engineer in Pennsylvania and a licensed attorney in Ohio. Mr. Yockey was employed in operation and planning positions with Pennsylvania Power and Light Co. from 1972 through 1985. He was employed in planning, regulatory, and compliance positions with American Electric Power Company from 1985 until February 2008. Mr. Yockey joined Big Rivers as Vice President of Enterprise Risk Management and Strategic Planning in 2008 and assumed his current position in July 2009.

CoBank Presentation

August 15, 2012

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

Big Rivers

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Big Rivers

I. Overview of Big Rivers Electric Corporation

Big Rivers

Overview of Big Rivers Electric Corporation

- Big Rivers Electric Corporation ("Big Rivers") was formed in 1961 and is based in Henderson, Kentucky
- Big Rivers supplies wholesale electric generation and transmission service to three electric distribution cooperatives ("Members"):
  - Jackson Purchase Energy Corporation
  - Kenergy Corp. ("Kenergy")
  - Meade County Rural Electric Cooperative Corporation
- Members are local customer-owned cooperatives providing service to approximately 112,500 retail customers on a not-for-profit basis
  - Members serve residential, commercial and industrial customers located in portions of 22 western Kentucky counties
- Big Rivers and its Members are generally regulated by the Kentucky Public Service Commission
- Big Rivers provides capacity and energy to its members through a combination of 5 owned generation stations, one leased generation station and purchased power
  - Net capacity of owned generation – 1,444 MW
  - Net capacity of leased generation from Henderson Municipal Power & Light Station II (HMPL) – 202 MW
  - Power purchased from SEPA – 178 MW
  - 1,266 miles of transmission lines and 22 substations
  - Midwest ISO membership implementation – Dec. 2010

Key 2011 Statistics
Energy Sales - 13,255 GWh
Operating Revenues - $562mm
Total Assets - $1,418mm
Non-Smelter Member Rate (Excluding MRSM Credit) $45.29/MWh
Non-Smelter Member Rate Stability Mechanism ($6.22/MWh)
Non-Smelter Member Wholesale Rate $39.07/MWh
Smelter Effective Rate $44.48/MWh

Big Rivers

2011 Rate Case – General Adjustment in Base Rates

- On March 1, 2011, Big Rivers filed an application for a general adjustment in base rates with the Kentucky Public Service Commission ("KPSC")
  - Case number 2011-00036
- New Rates were effective September 1, 2011, pending approval from the KPSC
- On November 17, 2011, the KPSC approved a base rate increase of $26.7mm (a 6.17% base rate increase)
  - $10.6 million was assigned to the rural class
  - $ 1.9 million to the large industrial class
  - $14.2 million to the smelters
- The KPSC has granted Big Rivers a rehearing for an additional $2.7mm

Big Rivers

Power Supply - ACES Power Marketing & NRCO

ACES Power Marketing

Big Rivers has been a member/owner of ACES Power Marketing, one of the nation's largest electricity traders, since January 2003. ACES operates as an energy risk management and hedge manager. Member/owners like Big Rivers actively participate by utilizing the ACES infrastructure and resources to assess their risks and execute specific, customized portfolio strategies.

National Renewables Cooperative Organization

In the tradition of working together, cooperatives across the country have formed the National Renewables Cooperative Organization (NRCO) to promote and facilitate the development of renewable energy resources. Membership in the NRCO is open to generation and transmission cooperatives (G&Ts) and distribution cooperatives with the legal ability to buy power in the wholesale market. Big Rivers was one of 24 founding members of the organization, which formed in November 2008.

Big Rivers

Big Rivers' Strategic Plan

NORTH STAR
- North Star will be the cost per kWh of the total Member load, including distribution members and smelters.
- Big Rivers will manage the cost per kWh within the board-approved risk tolerance, always striving to keep costs as low as possible while still meeting the Members' service requirements.

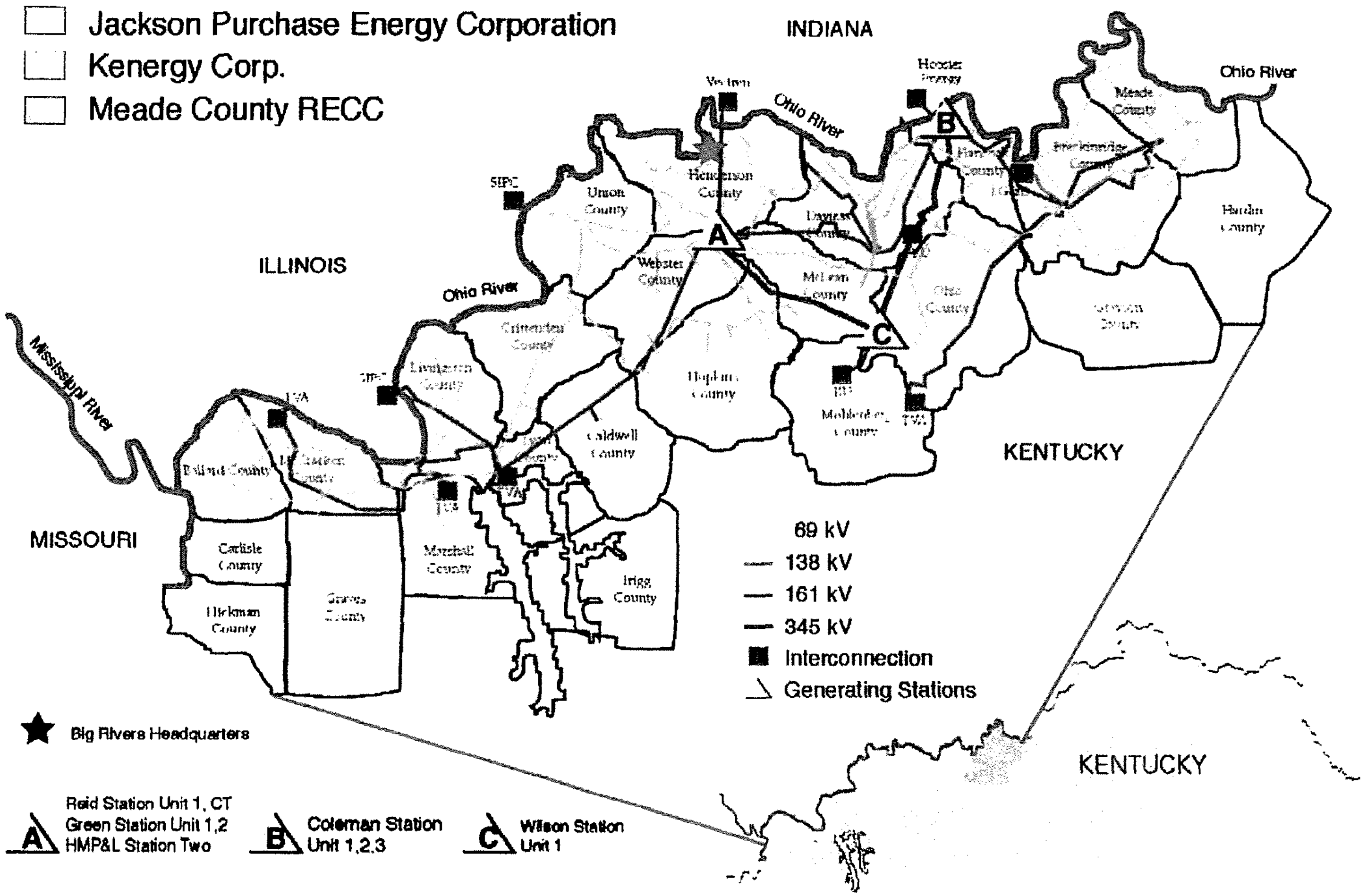
MISSION
Big Rivers' Mission is to safely deliver low cost, reliable, wholesale power and cost-effective shared services desired by our members.

VISION
Big Rivers' Vision is to be viewed as one of the top G&T's in the country and will provide services the members desire in meeting future challenges.

VALUES
- Safety
- Integrity
- Excellence
- Member and Community Service
- Respect for the Employee
- Teamwork
- Environmentally Conscious

Big Rivers

Big Rivers Members' Service Territory



Big Rivers

Big Rivers' Management

Big Rivers is led by an experienced management team and is governed by a six-member board of directors. The board is comprised of two representatives from each distribution cooperative.

Senior Management Team:
Mark Bailey, President & CEO
Robert Berry, V.P. Production
David Crockett, V.P. System Operations
James Haner, V.P. Administrative Services
Billie Richert, V.P. Accounting & Interim CFO
Eric Robeson, V.P. Environmental Services and Construction
Albert Yockey, V.P. Governmental Relations & Enterprise Risk Management

Big Rivers

Big Rivers' Financing

Big Rivers currently has two $50 million lines of credit available to it, one with CoBank, ACB, expiring July 27, 2017, and the other with National Rural Utilities Cooperative Finance Corporation ("CFC") that expires July 16, 2014.

Long Term Debt Schedule ($mm) - as of July 31, 2012

Debt	Maturity Date	Stated Value	Principal	Notes:
RUS Series A Note, stated interest rate of 5.75%, with an imputed interest rate of 5.84%	July 2021	$ 80.5	$ 80.0	
RUS Series B Note, no stated interest rate, with an imputed interest rate of 5.80%	December 2023	$ 245.5	$ 126.6	
Pollution Control Bonds Series 1983 - County of Ohio, Kentucky with a 3.25% interest rate in 2011	June 2013	$ 58.8	$ 58.8	Plan to refinance in 2013
Pollution Control Bonds Series 2010A - County of Ohio, Kentucky with a 6.0% fixed interest rate	July 2031	$ 83.3	$ 83.3	
First Mortgage Notes, Series 2012A - CoBank with a 4.30% fixed interest rate	June 2032	$ 235.0	$ 235.0	
First Mortgage Notes, Series 2012B - CFC with serial note pricing	July 2032	$ 302.0	$ 302.0	
2012 Equity Loan - CFC with a 5.35% fixed interest rate	July 2032	$ 43.2	$ 43.2	Used to finance the purchase of CFC Capital Term Certificates
TOTAL		**$ 1,048.3**	**$ 928.9**	

Big Rivers

Big Rivers' Financing Application with the Kentucky Public Service Commission

Big Rivers filed a Financing Application with the Kentucky Public Service Commission (KPSC) as of 3/28/12 (Case No. 2012-00119). This application sought approval from the KPSC to refinance a significant portion of the existing RUS Series A Note. Additionally, the borrowing will allow Big Rivers to replenish the $35 million transition reserve and fund $60 million of future capital expenditures. On May 25, 2012 the KPSC approved the Financing Application.

On July 27, 2012, Big Rivers borrowed $235 million from CoBank and $302 million from Cooperative Finance Corporation (CFC) in the form of secured term loans. These financings are at all-in rates of 3.79% for CoBank and 4.48% for CFC which are below that of the 5.75% RUS Series A Note, and will also extend the final maturity of the associated debt.

Big Rivers used the $537 million proceeds from these borrowings as follows:

- $442 million to prepay a portion of the 5.75% RUS Series A note
- $60 million held for future capital expenditures
- $35 million to replenish the Transition Reserve

In connection with the CFC term loan, Big Rivers will be obligated to purchase interest bearing Capital Term Certificates (CTCs) from CFC equal to 14.29% of the amount of the CFC secured note, or $43 million. Big Rivers has elected to finance the purchase of the CTCs with CFC in the form of an equity loan note.

Big Rivers

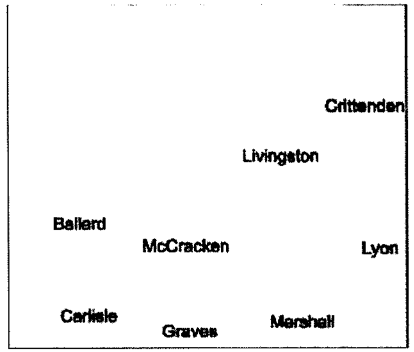
II. Overview of the Members & Customer Base

Big Rivers

Overview of Jackson Purchase Energy Corporation

Overview Service Territory

- Established in 1937
- Serves approximately 29,000 accounts in portions of 6 counties in Western Kentucky
- Managed by 8 member/consumer elected board serving four-year staggered terms
- Primarily residential & small commercial customer mix
- Most recent residential retail rate increase: July 2008, 9.5%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$45.1	$46.5	$41.9
Operating Expenses	38.0	36.1	34.4
Net Operating Income [1]	7.1	10.4	7.5
Cash Flow			
Debt Service	5.1	4.9	4.9
Debt Service Coverage Ratio	1.50 x	2.32 x	1.62 x
TIER	1.04 x	2.51 x	1.26 x
Balance Sheet			
Net Utility Plant	$92.4	$91.5	$87.3
Equities/Capitalization	40.4%	43.6%	39.8%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

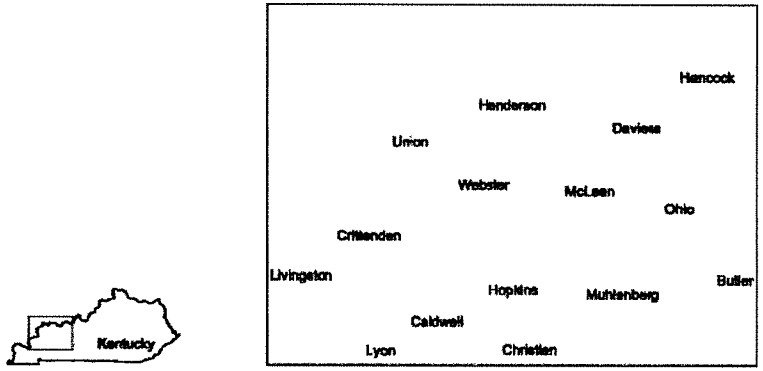
FY 2011			
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	411,231	26,054	29,070
Comm. And Ind. (< 1,000 kW)	190,023	3,126	11,916
Comm. And Ind. (<>1,000 kW)	49,397	9	2,909
Public Lighting/Irrigation	888	10	101
Total	**651,539**	**29,199**	**43,996**

Big Rivers

Overview of Kenergy Corp.

Overview Service Territory

- Established in July 1999 through the consolidation of – Henderson Union Electric Coop (established 1936), and – Green River Electric Corporation (established 1937)
- Serves approximately 55,000 customers in 14 western Kentucky counties along more than 7,000 miles of line
- Fourth largest electric cooperative in Kentucky (based on customers)
- Managed by 11 member customer-elected board
- Most recent residential retail rate increase: Sept. 2011, 7.49%
- Responsible for supplying Hawesville and Sebree smelters



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$425.6	$401.0	$349.8
Operating Expenses	407.5	381.3	332.9
Net Operating Income [1]	18.1	19.7	16.9
Cash Flow			
Debt Service	11.5	11.6	11.1
Debt Service Coverage Ratio	1.63 x	1.79 x	1.58x
TIER	1.66 x	1.95 x	1.48 x
Balance Sheet			
Net Utility Plant	$182.9	$179.2	$177.5
Equities/Capitalization	36.3%	33.2%	30.3%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

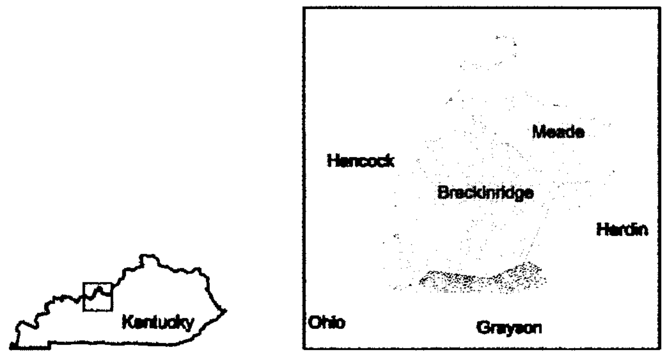
	FY 2011		
Customer Type	MWh	Number of Consumers	Revenue ($000)
Residential	754,124	45,294	56,284
Comm. And Ind. (< 1,000 kW)	314,861	9,803	22,563
Comm. And Ind. (<>1,000 kW)	8,326,066	35	344,888
Public Lighting	1,733	78	282
Total	**9,396,784**	**55,210**	**424,017**

Big Rivers

Overview of Meade County Rural Electric Cooperative

Overview Service Territory

- Established in 1937
- Serves approximately 28,000 customers in portions of 6 Kentucky counties along approximately 2,900 miles of line
- Managed by 7 member customer-elected board
- Primarily residential customer mix
- Most recent residential retail rate increase: Feb. 2011, 3.92%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$35.8	$34.6	$31.1
Operating Expenses	28.4	27.5	24.7
Net Operating Income [1]	7.4	7.1	6.4
Cash Flow			
Debt Service	4.8	4.9	4.8
Debt Service Coverage Ratio	1.58 x	1.55 x	1.37 x
TIER	2.09 x	2.05 x	1.57 x
Balance Sheet			
Net Utility Plant	$72.2	$69.9	$66.6
Equities/Capitalization	33.9%	33.5%	32.3%

Customer Profile

	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	364,735	26,402	27,480
Comm. And Ind. (< 1,000 kW)	94,657	2,070	7,131
Public Lighting	1,057	6	75
Total	**460,449**	**28,478**	**34,686**

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Big Rivers

Long-Term Smelter Contracts

- Big Rivers and Kenergy (the Member serving the Smelters) entered into the Smelter Wholesale Power Contracts in which Big Rivers supplies energy to Kenergy for resale to the Smelters through the end of 2023 on a take-or-pay basis, subject to a one-year termination notice from the Smelter(s)
- The two aluminum smelters, owned by Alcan and Century, have a base demand of 850 MW and typically use 98% of the energy
- Energy made available to the Smelters will consist of three types
  - ***Base Monthly Energy:*** 368 MW hourly for Alcan and 482 MW hourly for Century
  - ***Supplemental Energy:*** 10 MW hourly of interruptible energy to each Smelter
  - ***Back-up Energy:*** Imbalance energy for Kenergy made available to the Smelters
- Charges to the Smelters will also include the following adjustments:
  - Base Rate always 25 cents per MWh over Large Industrial
  - Fuel Adjustment Clause ("FAC") – Adjusts monthly for incremental changes in fuel costs
  - Environmental Surcharge ("ES") – Adjusts monthly for incremental changes in non-fuel variable production expenses (emission allowances, reagents and waste disposal)
  - Purchased Power Adjustment ("PPA") – Adjusts monthly for incremental changes in purchased power costs (non-FAC PPA regulatory account for non-smelter members)
  - TIER Adjustment (described on page 29)
  - Surcharges – Mitigate impact of FAC and ES on Non-Smelter Members

Big Rivers

Overview of Smelters

- Sebree, Kentucky Smelter (Alcan Primary Products Corporation)
  - Alcan is owned by Rio Tinto, an international mining group, and is Rio Tinto's only U.S. aluminum smelter
  - Commenced operation in 1973
  - Produces 186,000 metric tons of primary aluminum annually from its 3 potlines
  - 600 employees
  - Base contract demand: 368 MW and Projected annual energy consumption: 3.1 TWh
  - Recently completed $37mm bake furnace project

- Hawesville, Kentucky Smelter (Century Aluminum of Kentucky General Partnership)
  - Century is a public company and through its various subsidiaries owns and operates aluminum smelters in Kentucky, South Carolina, West Virginia and Iceland
  - Commenced operation in 1970
  - Produces 244,000 metric tons of primary aluminum annually from its 5 potlines
  - 775 employees
  - Base contract demand: 482 MW and Projected annual energy consumption: 4.2 TWh

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Residential Electricity in the Nation

Average Residential Rate – Kentucky December 2011[1]

Kentucky Utility	Cents / kWh
East Kentucky Power Cooperative	11.66
AEP Kentucky Power	9.72
Duke Energy Kentucky	8.65
Louisville Gas and Electric Company	8.57
Kentucky Utilities Company	7.82
Big Rivers Rate (net of the MRSM*)	8.06
Big Rivers Rate (gross of the MRSM*)	8.66

Average Residential Rate – National December 2011[2]

National Region	Cents / kWh
Pacific Noncontiguous	27.50
New England	16.20
Middle Atlantic	15.30
Pacific Contiguous	12.47
East North Central	11.46
South Atlantic	10.99
East South Central	10.56
West South Central	10.13
Mountain	9.86
West North Central	9.33
Kentucky	9.12
United States Total	**11.52**

1 Source: Kentucky Public Service Commission Orders and Filings
2 Source: Energy Information Administration Table 5.6.A
** MRSM – Member Rate Stability Mechanism*

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Commercial and Industrial Electricity in the Nation

Average Commercial & Industrial Rate – National 2011

National Region	Cents/kWh
Pacific Noncontiguous	24.99
New England	13.42
Middle Atlantic	10.12
Pacific Contiguous	8.94
East South Central	8.21
South Atlantic	8.02
East North Central	7.66
Meade County	7.53
Kenergy - excluding Smelters	7.17
Mountain	7.04
West South Central	6.96
West North Central	6.40
Jackson Purchase	6.19
Kenergy - Smelters	4.40
Kentucky	4.18

Source: RUS Form 7 and Energy Information Administration

Big Rivers

III. Operations

Big Rivers

Big Rivers' Available Generation Resources

	Fuel Type	Net Capacity (MW)	Commercial Operation
Owned Generation			
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	138	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal / Gas	65	1966
Combustion Turbine	Oil / Gas	65	1979
D.B. Wilson Unit 1	Coal	417	1986
Owned Subtotal		1,444	
Leased Generation			
HMP&L Station Two			
Unit 1	Coal	153	1973
Unit 2	Coal	159	1974
City's Current Capacity Allocation[1]		(115)	
Leased Subtotal		197	
Total Owned / Leased Generation		1,641	
Purchased Power			
Member's SEPA Allocation	Hydro	178	
Total Capacity		1,819	

[1] Big Rivers operates Station Two, which is owned by the City of Henderson, and is entitled to all capacity and energy not taken by the City under the terms of a power purchase agreement.

Big Rivers

Big Rivers' Coal-Fired Power Plants System Performance

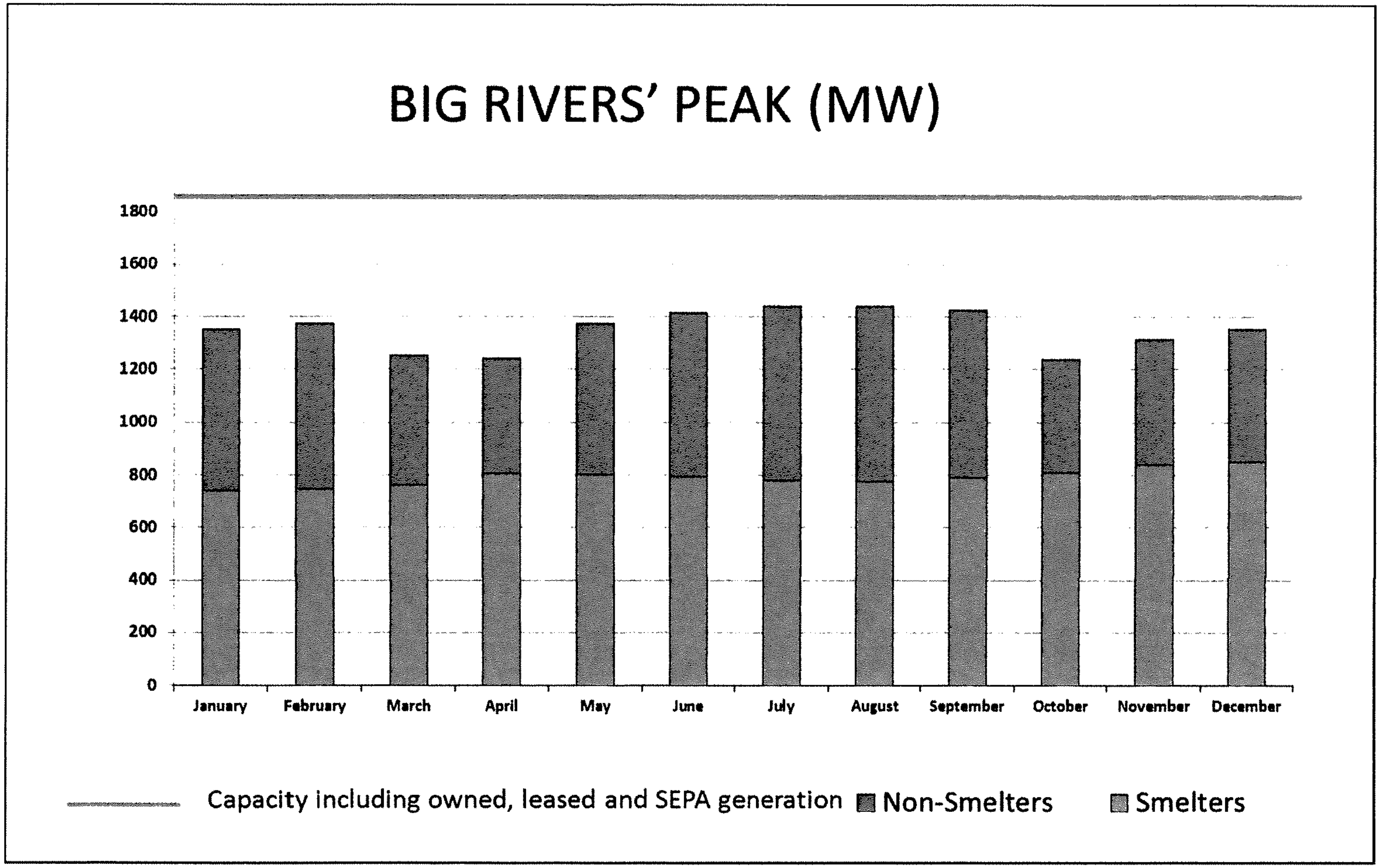
- Eight of the nine coal generating units are equipped with Flue Gas Desulphurization systems (FGDs) to control SO2 emissions
- Wilson 1, HMP&L 1 and HMP&L 2 are equipped with Selective Catalytic Reduction systems (SCRs) to control NOx emissions
- System performance is actively benchmarked against the industry utilizing GKS Navigant services. In the most recent benchmarking survey (2007 to 2011 Q3), Big Rivers displayed the following results when comparing O&M costs including fuel:
    - System capacity weighted O&M cost including fuel was $2.38/MWh less than the median cost ($32.08/MWh vs. $34.46/MWh).

Key Performance Indicators per IEEE Standards (6 Year Averages 2006 thru 2011)

Unit	Net Generation (MWHrs)	Net Heat Rate (BTU/kWH)	Gross Capacity Factor (%)	Gross Capacity Output (%)	Equivalent Availability Factor (%)	Equivalent Forced Outage Rate (%)
Coleman 1	981,391	10,762	75.2	84.5	89.1	4.9
Coleman 2	904,899	11,561	74.8	81.9	90.9	3.1
Coleman 3	1,014,199	10,654	75.5	83.4	88.9	6.8
Green 1	1,768,041	11,132	88.7	95.5	92.1	2.5
Green 2	1,725,642	11,265	89.5	95.1	94.1	1.8
Henderson 1	1,098,054	10,911	83.1	93.2	88.4	8.3
Henderson 2	1,093,491	11,182	79.3	88.0	88.8	5.2
Wilson 1	3,143,151	11,201	86.4	96.8	88.1	4.8
SYSTEM	**11,728,868**	**11,109**	**83.0**	**91.5**	**90.0**	**4.5**

Big Rivers

Big Rivers' Peak 2011 (MW)



Big Rivers

Big Rivers' Coal-Fired Power Plants Variable Cost 2011 – by unit

BREC Variable Costs*
Period Ending December 31, 2011
Year - to - Date

Unit	Total Fuel	(Reagent) Scrubber	SOx Allowances	NOx Allowances	Total Variable $	Net Generation	$/MWH
Green 1	$ 35,728,589	$ 5,245,575	$ 18,130	$ 0	$ 40,992,294	1,708,535	$ 23.99
Green 2	$ 36,040,907	5,416,397	$ 16,892	$ 0	41,474,196	1,761,631	$ 23.54
HMP&L 1	$ 20,139,330	2,796,248	$ 0	$ 0	22,935,578	803,654	$ 28.54
HMP&L 2	$ 19,775,764	2,641,157	$ 0	$ 0	22,416,921	761,614	$ 29.43
Coleman 1	$ 26,759,990	1,060,072	$ 4,032	$ 0	27,824,094	1,125,022	$ 24.73
Coleman 2	$ 26,470,391	975,033	$ 4,752	$ 0	27,450,176	1,027,417	$ 26.72
Coleman 3	$ 27,331,567	1,088,404	$ 49,876	$ 0	28,469,847	1,155,921	$ 24.63
Wilson 1	$ 58,838,443	9,455,533	$ 118,418	$ 0	68,412,394	3,403,807	$ 20.10
Totals	**$ 251,084,981**	**$ 28,678,419**	**$ 212,100**	**$ 0**	**$ 279,975,500**	**11,747,601**	**$ 23.83**

**Does not include Reid 1 and Reid CT which are used for peaking purposes*

Big Rivers

Big Rivers' Environmental Compliance Plan (ECP) for CSAPR & MATS

Cross-State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards (MATS) were both finalized in 2011. Both rules will impact Big Rivers' ECP. Big Rivers has filed an application on April 2, 2012 with the KPSC seeking approval to comply with environmental requirements (Case No. 2012-00063). Compliance costs are as follows:

	CSAPR	MATS	Total
Capital			
Wilson	139,000,000	11,240,000	150,240,000
HMPL (Net of City)	3,850,000	280,000	4,130,000
Reid	1,200,000		1,200,000
Green	81,000,000	18,480,000	99,480,000
Coleman		28,440,000	28,440,000
	225,050,000	58,440,000	283,490,000
Cost of Capital	9.42%	9.42%	9.42%
Capital Cost	21,199,710	5,505,048	26,704,758
O&M Cost	[redacted]		
Total Annual 2012 ECP Cost in 2016	[redacted]		

Big Rivers

Big Rivers' ECP Revenue and Rate Impact in 2016*

	Base 2012 1	Base 2016 2	Build 2016 3	(3-2) / 2	(3-2) / 1
Gross of MRSM					
Rate $/MWh					
Rural	52.64	58.89	62.98	6.9%	7.8%
Large Industrial	45.46	51.64	54.80	6.1%	6.9%
Smelter Unadjusted	51.08	54.45	58.18	6.8%	7.3%
Smelter Adjusted**	48.13	53.09	55.72	5.0%	5.5%
Net of MRSM					
Rate $/MWh					
Rural	44.32	51.27	51.27	0.0%	0.0%
Large Industrial	37.21	51.64	54.80	6.1%	8.5%
Smelter Unadjusted	51.08	54.45	58.18	6.8%	7.3%
Smelter Adjusted**	48.13	53.09	55.72	5.0%	5.5%

* Rates shown are based on information from the April 2, 2012 filing with the KPSC

**Smelter Adjusted reflects removal of the TIER Adjustment Charge. The Build Case has lower off-system net sales margin in 2016 due to ECP costs, causing the Smelters to move up within the TIER bandwidth.

Big Rivers

IV. Indenture/Financial Goals

Big Rivers

Big Rivers' Financial Covenants

Big Rivers is in compliance with all debt covenants associated with both long-term and short-term debt.

- The Company's Indenture and its line of credit with CFC and CoBank require that Margins for Interest Ratio (MFIR) of at least 1.10 be maintained each fiscal year.
- The CoBank line of credit agreement requires a Debt to Total Capitalization ratio of 80% or less
- CFC requires an Equity to Assets ratio of 12% or greater at the end of each fiscal year.

Historical Performance against covenants

Ratio	Agreement	Loan Covenant	2011	2010	2009
MFIR	Indenture/NRUCFC/CoBank	1.10	1.12	1.15	9.87
Equity to Assets	NRUCFC	12%	27%	26%	25%
Debt to Total Capitalization	CoBank	80%	67%	68%	69%
TIER		n/a	1.12	1.15	9.85

V. Financials

Big Rivers

Smelter Agreements TIER Support Calculation

($ mm)

- **20XX Rebate**
  - TIER before adjustment (line 4) exceeds 1.24
  - $18.8mm is available for Rebate, split ratably between Non-Smelter Members and Smelters
  - Maximum TIER adjustment available is $1.95/MWh

- **2013 TIER Adjustment**
  - TIER before adjustment (line 4) is below 1.24
  - $20.36mm is contributed by Smelters via TIER adjustment or $2.79/MWh
  - Maximum TIER adjustment available is $2.95/MWh

Sample Rebate and TIER Adjustment Calculation

	20XX	2013
1 **Before Rebate / TIER Adjustment**		
2 Net Margin + Interest Charges	$79.9	$45.7
3 Interest Charges	$49.3	$53.3
4 Contract TIER	1.62x	0.86x
5 **Rebate**		
6 Members	(6.2)	–
7 Smelters	(12.6)	–
8 Total	(18.8)	–
9 **TIER Adjustment**		
10 Smelters	–	$20.4
11 Total	–	$20.4
12 **After Rebate / TIER Adjustment**		
13 Net Margin + Interest Charges	$61.1	$66.1
14 Interest Charges	$49.3	$53.3
15 Contract TIER	1.24x	1.24x

Big Rivers

Statement of Operations

	Actual		Projected				
Statement of Operations ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Electric Energy Revenues	514.5	558.4	582.3	[redacted]			
Other Operating Revenue and Income	12.8	3.6	4.0	4.0	4.0	4.0	4.0
Total Operating Revenues	527.3	562.0	586.3	[redacted]			
Operating Expense - Excluding Fuel	187.2	201.8	203.6	[redacted]			
Operating Expense Fuel	207.7	226.2	238.4				
Maintenance Expense	46.9	47.7	54.9				
Depreciation and Amortization	34.2	35.4	41.9	43.3	44.7	48.1	52.3
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Other - Net	(2.8)	(0.4)	(1.4)	(6.0)	(11.2)	(14.5)	(5.8)
Total Expenses	520.3	556.4	580.8	[redacted]			
Net Margins	**7.0**	**5.6**	**5.5**				

Big Rivers

Balance Sheet

	Actual		Projected				
Balance Sheet ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Assets							
Net Utility Plant	$ 1,092	$ 1,092	$ 1,120	$ 1,189	$ 1,339	$ 1,436	$ 1,428
Cash & Investments	45	45	58	45	35	39	34
Transition Reserve	35	0	35	35	36	36	36
Economic Reserve	121	100	72	44	17	0	0
Rural Economic Reserve	62	63	64	65	66	59	31
Receivables, Inventories, & Other	117	118	176	180	177	178	182
Total	**$ 1,472**	**$ 1,418**	**$ 1,525**	**$ 1,558**	**$ 1,670**	**$ 1,748**	**$ 1,711**
Equities & Liabilities							
Equities	$ 387	$ 390	$ 395	$ 401	$ 413	$ 428	$ 443
Debt	817	786	927	982	1,098	1,175	1,158
Deferred Revenue - Economic Reserves	181	162	136	109	84	59	31
Line of Credit Advances	10	0	0	0	5	15	5
Payables & Other	77	80	67	66	70	71	74
Total	**$ 1,472**	**$ 1,418**	**$ 1,525**	**$ 1,558**	**$ 1,670**	**$ 1,748**	**$ 1,711**
Equities / Total Capitalization	**32%**	**33%**	**30%**	**29%**	**27%**	**27%**	**28%**

Big Rivers

Debt Service Coverage

	Actual		Projected				
Debt Service Coverage ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Margins	$ 7.0	$ 5.6	$ 5.5	$ [redacted]			
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Depreciation & Amortization	36.3	37.5	44.5	46.0	47.5	51.0	55.5
Numerator for DSCR	$ 90.4	$ 88.8	$ 93.4	$ [redacted]			
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Principal Due on Long-Term Debt	14.2	14.9	16.1	19.4	20.1	20.9	26.1
Denominator for DSCR	$ 61.3	$ 60.6	$ 59.5	$ [redacted]			
Debt Service Coverage Ratio	**1.47**	**1.47**	**1.57**				

Big Rivers

Non-Smelter Member Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Non-Smelter Members							
Base Rate	35.33	42.45	48.69	48.70	50.16	50.19	50.20
Regulatory Account Amortization	0.00	(0.32)	(1.23)	(1.23)	(0.38)	0.17	0.28
FAC	9.98	4.49	5.09	5.47	5.95	6.36	6.80
Environmental Surcharge	2.25	2.16	2.51	3.27	3.78	4.75	7.37
Surcredits	(3.30)	(3.49)	(4.10)	(4.05)	(4.00)	(3.97)	(3.93)
Rebate (Accrual)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Stabilization	0	0	0	0	0	0	0
Economic Reserve	(7.91)	(6.22)	(8.69)	(8.39)	(7.93)	(5.07)	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(2.49)	(8.47)
Blended Rate	**36.35**	**39.07**	**42.27**	**43.77**	**47.58**	**49.94**	**52.25**

Big Rivers

Smelter Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Smelters							
Large Industrial Rate @ 98%	29.07	34.70	39.14	39.18	40.36	40.36	40.32
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	29.32	34.95	39.39	39.43	40.61	40.61	40.57
Tier Adjustment	1.95	1.95	2.95	2.95	2.95	2.67	2.59
Non-FAC PPA	(1.18)	(0.70)	(0.40)	(0.21)	(0.04)	0.28	0.38
FAC	10.13	4.53	5.11	5.48	5.95	6.36	6.80
Environmental Surcharge	2.26	2.18	2.48	2.66	3.14	3.94	6.11
Surcharge	1.57	1.57	1.87	1.87	1.87	1.87	1.87
Rebate (accrued)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate	**44.05**	**44.48**	**51.40**	**52.18**	**54.48**	**55.73**	**58.32**

Big Rivers

Big Rivers' Credit Rating

Big Rivers had its credit rating evaluated by three credit rating agencies.

Moody's Investor Service – Moody's has assigned a 'Baa1' senior secured rating for the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Standard & Poor's (S&P) – S&P has assigned a 'BBB-' issuer credit rating to Big Rivers and has assigned a "BBB-" long-term rating for its Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Fitch Ratings Ltd. – Fitch has assigned a 'BBB-' rating on the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

VI. Appendix – Management Information

Big Rivers

Big Rivers' Management

Senior Management Biographies

Mark A. Bailey, President and Chief Executive Officer, received a Bachelor of Science in Electrical Engineering from Ohio Northern University in 1974, and a Master of Science in Management from the Massachusetts Institute of Technology in 1988. He was employed by American Electric Power Company ("AEP") for nearly 30 years, beginning as an Electrical Engineer in 1974. Mr. Bailey was employed as Vice President of AEP subsidiary Indiana Michigan Power Company until AEP's reorganization in 1996, when he became Director-Regions with American Electric Power Service Corporation ("AEPSC"), also a subsidiary of AEP. He was employed as Vice President of Transmission Asset Management for AEPSC from June 2000 until his employment as President and Chief Executive Officer ("CEO") with Kenergy Corp. in 2004. Mr. Bailey was employed as Executive Vice President and Chief Operating Officer beginning in June 2007 until being elected by the Board of Directors to his current position in October 2008.

Robert W. Berry, Vice President of Production, graduated from the University of Kentucky Community College system with an Associate degree in Mechanical Engineering Technology and Mid-Continent University with a Bachelor of Science in Business Management. He was employed by Big Rivers from 1981 to 1998 and served in various maintenance positions such as Superintendent of Maintenance and Maintenance Manager. In 1998 he was employed by Western Kentucky Energy and served in various positions such as Maintenance Manager, Plant Manager and General Manager until the Unwind transaction closed in July 2009, at which time he assumed his current position.

David G. Crockett, Vice President of System Operations, graduated from the University of Kentucky with a Bachelor of Science in Electrical Engineering in 1972. He has been employed with Big Rivers since 1972. He served in various engineering positions before assuming the responsibility of Manager of Energy Control in 1998. Mr. Crockett assumed his current position as Vice President System Operations in 2006.

James V. Haner, Vice President of Administrative Services, graduated from the University of Kentucky with a Bachelor of Science in Accounting in 1970. He has been employed with Big Rivers since 1972. He served in various accounting and finance capacities prior to transferring to administrative services in 1991. He assumed duties as Manager Human Resources in 1998. Mr. Haner assumed his current position of Vice President Administrative Services in 2005.

Big Rivers' Management

Senior Management Biographies - continued

Billie J. Richert, Vice President of Accounting and Interim Chief Financial Officer, graduated from Indiana University with a Bachelor of Science in Accounting in 1973 and a Master of Management in Finance from J.L. Kellogg Graduate School of Management, Northwestern University in 1982. She is a CPA. Ms. Richert joined Big Rivers in 2010 and has held the positions of Oracle Accounting System Administrator and Manager, Business Systems Infrastructure and assumed her current position in July 2012. Ms. Richert worked at DePauw University as Director of Financial Systems from 2006 to 2009. Prior to that Ms. Richert was President, CEO and founder of REL-TEK Systems & Design, Inc. from 1982 to 1999.

Eric Robeson, Vice President of Environmental Services and Construction, graduated from Rose Hulman Institute of Technology in 1977 with a Bachelor of Science in Mechanical Engineering and Ball State University in 1988 with a Masters of Business Administration. He is a registered Professional Engineer in the state of Indiana. Mr. Robeson worked at Vectren (and its predecessor company Sigeco) from 1980 to 2011. He served in a variety of engineering and managerial positions including Plant Manager, Director of Generation Planning, and Director of Infrastructure Services. He joined Big Rivers in 2011 as Vice President of Construction overseeing environmental compliance efforts and assumed his current position in February , 2012

Albert M. Yockey, Vice President of Governmental Relations & Enterprise Risk Management, graduated from the University of Pittsburgh with a Bachelor of Science in Electrical Engineering in 1972, a Master of Science from Lehigh University in 1979, and a Juris Doctor from Capital University Law School in 1994. He is a registered Professional Engineer in Pennsylvania and a licensed attorney in Ohio. Mr. Yockey was employed in operation and planning positions with Pennsylvania Power and Light Co. from 1972 through 1985. He was employed in planning, regulatory, and compliance positions with American Electric Power Company from 1985 until February 2008. Mr. Yockey joined Big Rivers as Vice President of Enterprise Risk Management and Strategic Planning in 2008 and assumed his current position in July 2009.

Meeting with Rural Utilities Service on November 14, 2012

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Big Rivers

Participants

Big Rivers Electric Corporation

Mark Bailey, *President & CEO*

Billie Richert, *Vice President Accounting & Interim CFO*

James Miller, *Corporate Counsel, Sullivan Mountjoy Stainback & Miller*

Key Topics for Today's Discussion

- 2012 Environmental Compliance Plan (ECP)
  - Kentucky Public Service Commission Order - Case 2012-00063
  - Interim Financing
  - RUS Long-Term Financing

- General Rate Case Filings
  - Update on 2011 General Rate Case 2011-00036
  - 2012 General Rate Case
    - Century Aluminum Company's Notice to Terminate
    - RUS Approval of Depreciation Study
  - Timeline

- Financial Update

- Other Topics – As time permits

Table of Contents

Big Rivers

I. 2012 Environmental Compliance (ECP) Case 2012-00063

Big Rivers

I. 2012 Environmental Compliance (ECP) Case 2012-00063

BACKGROUND:

On April 2, 2012, Big Rivers Electric filed an application with the Kentucky Public Service Commission seeking approval of a new environmental compliance plan addressing both Cross-State Air Pollution Rule (CSAPR) and Mercury and Air Toxics Standards (MATS). Date for compliance with MATS is April 2015.

On Tuesday, August 21, 2012 the U.S. Court of Appeals for the D.C. Circuit ruled the U.S. Environmental Protection Agency (EPA) violated the Clean Air Act in its Cross-State Air Pollution Rule, and vacated the ruling. This reduced Big Rivers cost to comply in its Environmental Compliance Plan (ECP) requirements from approximately $283 million to approximately $58.44 million (MATS) only.

On Wednesday, August 22, 2012, the formal evidentiary hearing for our ECP was scheduled. Since the CSAPR ruling was vacated, the basis was removed for several concerns raised by the intervenors in our PSC filing. As a result, on August 23, 2012, a Stipulation and Recommendation was entered into by Big Rivers, the Office of the Attorney General, Kentucky Industrial Utility Customers and Alcan (KIUC), the Sierra Club and Kenergy Corporation.

On Monday, October 1, 2012, the PSC issued an order approving the Stipulation and Recommendation. This order approved the MATS projects at a cost of $58.44 million and the recovery of these costs, as well as the testing costs noted below, through the environmental surcharge tariff proposed by Big Rivers.

Additionally, the order approved compliance testing and recovery for MATS particulate matter limits up to $1 million. Testing must demonstrate compliance for each unit prior to incurring any MATS project costs for that unit. If testing is not successful, Big Rivers must then seek an amendment to its ECP that will ensure compliance.

This testing is scheduled to begin in January 2013 at the Wilson station with the other units soon after.

Big Rivers

Big Rivers' Environmental Compliance Plan for MATS

The total capital cost for our MATS compliance plan is now $59.44 million. Projected expenditures are $31.8 million in 2013 and $27.6 in 2014. The construction schedule contemplates all equipment being placed in service by August 2014.

		MATS
Capital		
Wilson	$	11,240,000
HMPL (Net of City)		280,000
Reid		-
Green		18,480,000
Coleman		28,440,000
Compliance Testing		1,000,000
	$	59,440,000

Does not include capitalized interest.

Big Rivers

Big Rivers' Environmental Compliance Plan for MATS continued

Big Rivers plans to submit an application to RUS to obtain long-term financing for our MATS Environmental Compliance Plan. It is our understanding the approval process may be two to three years.

In the interim, we are obtaining short-term financing from the National Rural Utilities Cooperative Finance Corporation (NFC). This short-term financing will be in the form of a $60 million senior secured three-year credit facility.

We are planning to file a financing application with the PSC for this interim financing by year-end and close and finalize the deal by February 28, 2013.

We have completed our application for long-term financing and are ready to submit this to RUS by year-end.

Discussion point: Any obstacles RUS may see in our obtaining this long-term financing from RUS.

Big Rivers

II. 2011 General Rate Case 2011-00036 Update

Big Rivers

II. 2011 General Rate Case 2011-00036 Update

- On March 1, 2011, Big Rivers filed an application with PSC seeking a revenue increase of $39.9 million.

- On November 17, 2011, the PSC issued an order approving a rate increase of $26.7 million, effective September 1, 2012. ***In addition, the PSC directed Big Rivers to complete another depreciation study in three years or before its next rate case, whichever occurred sooner.***

- This rate increase of $26.7m was assigned to the following classes:
  - $10.6 million – rural class
  - $ 1.9 million – large industrial
  - $14.2 million – to the two smelters

- On December 6, 2011, Big Rivers filed a petition for a rehearing to address four (4) issues; three (3) of which we sought rate relief to:
  - Recover rate case expenses of $640,753
  - Correct $450,000 mathematical depreciation error made by PSC
  - Recover $1,644,154 annual depreciation on CWIP projects placed in service prior to date of new rates, September 1, 2012.

Big Rivers

II. 2011 General Rate Case 2011-00036 Update continued

- On April 12, 2012, the PSC expanded the rehearing process to include three (3) issues raised by the KIUC.
    - All subsidies paid to the Rural class should be eliminated
    - The PSC's order unintentionally assigns a portion of Rural Demand Side Management (DSM) costs to the smelters and this should be corrected.
    - The depreciation rates approved should be reduced by $5.9 million to reflect rates proposed by KIUC.

Big Rivers position is the PSC correctly handled these items in the rates granted in the November 17, 2012 order.

- On September 12, 2012, a hearing was conducted by the PSC regarding the issues raised during the April 12, 2012 rehearing.
- On October 1, 2012, Big Rivers and intervenors filed briefs with the PSC.

The PSC's order on the rehearing is still pending.

Big Rivers

III. 2012 General Rate Case

Big Rivers

2012 Rate Case

- **Drivers**
  - Century Contract Termination
  - Depressed Off System Sales margins
  - Depreciation
  - Other costs not fully recovered in last rate case

- **Fully Forecasted Test Period**
  - Based on Big Rivers' Budget and Financial Plan for September 2013 through August 2014
  - Business model has changed

- **Revenue Deficiency**
  - Calculated as the annual incremental revenue needed to allow Big Rivers to achieve a 1.24 TIER during the test year while also achieving MFIR of 1.10 in calendar 2013.

  - Total annual revenue deficiency: $74,476,120. This represents a 21% wholesale revenue increase; 29% for the Rurals; 18% for the Large Industrials; and 16% for the Smelter.

Big Rivers

Century Notice to Terminate Retail Contract

- On August 20, 2012, Century Aluminum Company gave its one year termination notice to Kenergy and Big Rivers. This notice indicated Century is ceasing all smelter operations at their Hawesville, Kentucky facility on August 20, 2013. Century is the source of approximately thirty-seven (37%) of Big Rivers' wholesale revenues or approximately $153.7m for the nine months ending September 30, 2012.

- As a result of this termination notice, Big Rivers immediately began implementing its formal Mitigation Plan which includes:
  - Filing for a general rate increase with the Kentucky Public Service Commission (PSC).
  - Pursuing replacement load for Century's 482 MW.
  - Developing a 2013 budget and 2014-2016 financial plan which include a temporary layup, beginning in August 2013, of our D.B. Wilson plant, which has a net capacity of 417 MW. This layup will continue until such time as replacement load is found or until such time the price for off-system sales improves.

- Presently, at the urging of the Governor, Kenergy, Big Rivers and Century are discussing how Kenergy can purchase Century's power from the market after August 20, 2013.

Big Rivers

Rate Case Filing Timeline and Key Milestones

Week Ending November 10, 2012

a) Complete Depreciation Study and Issue Draft Report - **Done**

b) Complete Cost of Service Study - **Done**

Week Ending November 17, 2012

a) Finalize Depreciation Study Report

b) Obtain Board Approval of Depreciation Study Results; 2013 Budget; 2014-2016 Financial Plan and Approval to file Rate Case

c) Submit Request to RUS for Approval of Depreciation Study – **Discussion point for today**

November 30, 2012

File Notice of Intent with the PSC

December 31, 2012

RUS Approval of Depreciation Study – **Discussion point for today**

January 15, 2013

File Application with the PSC

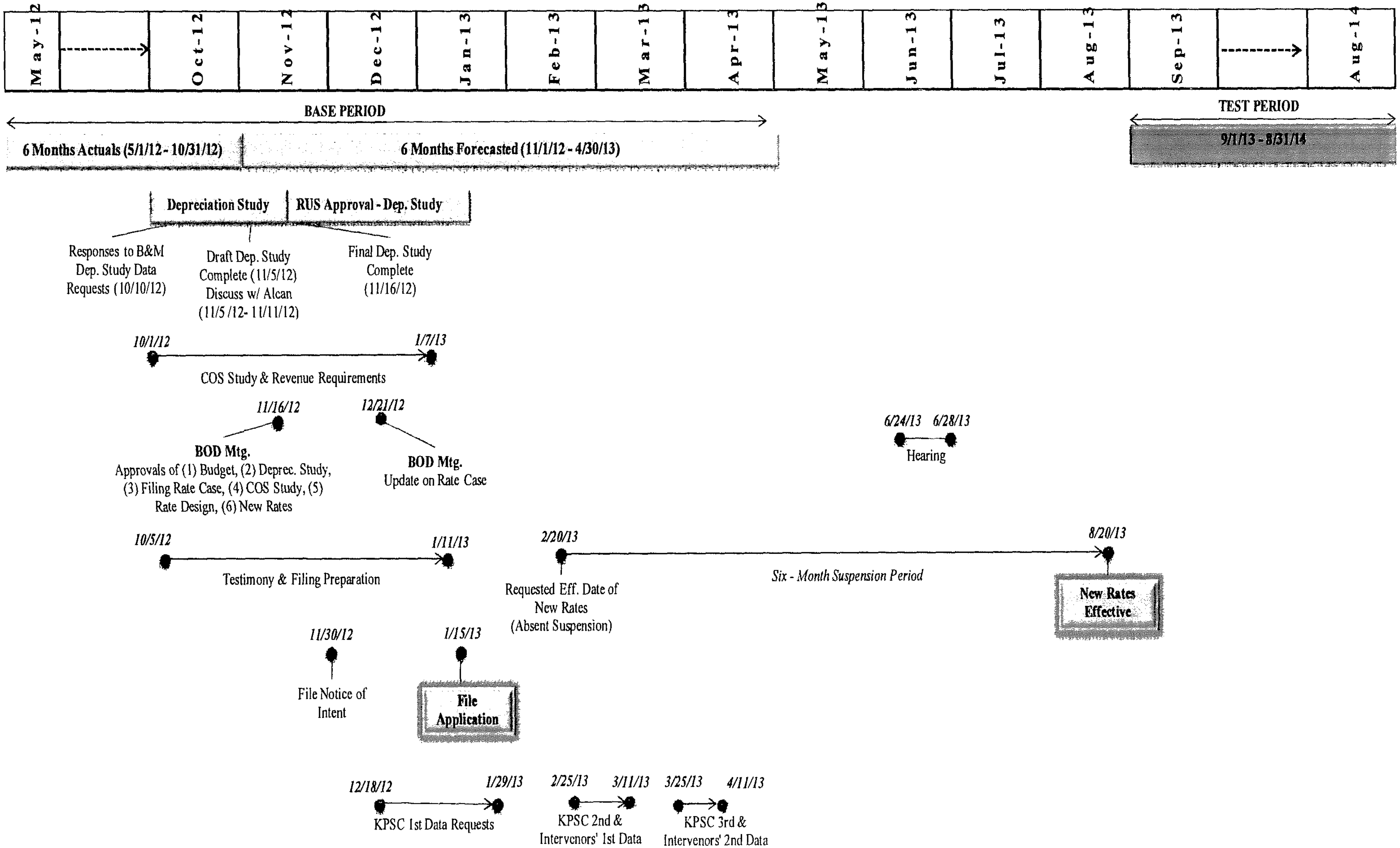
February 20, 2013

Requested Effective Date of New Rates (Absent Suspension)

August 20, 2013

New Rates Effective Date (after six month suspension period)

R[illegible] Case Filing Timeline and Key Milestones



Big Rivers

IV. Debt, Liquidity and Financial Update

Big Rivers

Big Rivers' Financing – Lines of Credit

Big Rivers currently has two $50 million lines of credit available to it, one with CoBank, ACB, expiring July 2017, and the other with National Rural Utilities Cooperative Finance Corporation ("CFC") that expires July 2014.

Big Rivers

Big Rivers' Financing – Long-Term Debt

Lender	Description	Outstanding Principal Balance as of Sep. 30, 2012		Final Maturity Date	Stated Interest Rate (a)
	Long-Term Debt:				
CoBank	First Mortgage Notes Series 2012A	$	233,223,979	June 2032	4.30% (b)
RUS	RUS Series A Promissory Note	$	80,010,926	See footnote (c)	5.75% (c)
RUS	RUS Series B Promissory Note	$	128,467,849	December 2023	Imputed 5.80% (d)
Bonds	County of Ohio, Kentucky - promissory note, fixed interest rate	$	83,300,000	July 2031	6.00%
Bonds	County of Ohio, Kentucky - promissory note, variable interest rate (See Note below)	$	58,800,000	June 2013	3.25%
CFC	Refinancing Term Loan	$	302,000,000	July 2031	4.60% (e)
CFC	Equity Loan - CTCs (See Equity Investment on page 21)	$	43,155,800	July 2031	5.35% (f)
	Total Debt Excluding Outstanding Lines of Credit	**$**	**928,958,554**		

Note: Filed application with PSC on November 14, 2012 seeking approval to refund these bonds. Refunding will extend the maturity date to July 2031 with level debt service payments over 18 years. Interest rate of 6% or higher is anticipated on these bonds.

See next slide (page 20) for footnotes: (a), (b), (c), (d), (e) and (f)

Big Rivers

Big Rivers' Financing – Long-Term Debt Footnotes

(a) Stated interest rates do not include adjustments to account for patronage income from respective lender.

(b) CoBank Series 2012 Note: (4.30% Stated Interest Rate) Quarterly principal and interest payments Due Mar. 31, Jun. 30, Sep. 30, and Dec. 31
First payment due : 9/30/2012; Final payment due: 6/30/2032

(c) RUS Series A Note: (5.75% Stated Interest Rate; 5.8357% Effective GAAP Interest Rate)
Next principal payment (~$2.4M) due 10/1/2019; then quarterly payments (between $10.7M - $11.6M) due until final maturity date of 7/1/2021

(d) RUS Series B Note: (No Stated Interest Rate; 5.80% Imputed Interest Rate)
$245,530,257 - Total Payment Due on December 31, 2023

(e) CFC 2012 Refinancing Loan: (Serial note pricing with varying interest rates for each individual note)
- All in effective interest rate (i.e. including impact of interest income on related CFC Investments in CTCs) ~ 4.48%
- Quarterly principal and interest payments due Feb. 28, May 31, Aug. 31, and Nov. 30
- First principal payment due: 11/30/2012; Final payment due: 5/31/2032

(f) CFC 2012 Equity Loan: (5.35% Stated Interest Rate)
- Used to finance the required purchase of CFC Capital Term Certificates (CTCs) equal to 14.29% of the original 2012 Refinance Loan balance
- Quarterly principal and interest payments due Feb. 28, May 31, Aug. 31, and Nov. 30
- First principal payment due: 11/30/2012; Final payment due: 5/31/2032

Big Rivers

Big Rivers' Financing – Cash, Investments and Transition Reserve

	Cash Balances/Investments/Reserves:	Sept 30 2012 Balance		Maturity Date	Interest Rate
CFC	CFC Equity Investment in CTCs - see Equity Loan on Page 19	$	43,155,800		4.28%
	Fidelity Prime Money Market Portfolio	$	113,244,034		0.17%
Transition Reserve	Federal National Mortgage Note	$	17,500,000	February 2013	0.12%
Transition Reserve	Federal Farm Credit Bank Bond	$	17,500,000	January 2014	0.25%
	Total Cash Balances/Investments/Reserves	$	**191,399,834**		

Note:

Two additional reserves established at the time of the unwind have balances as of September 30, 2012:

Economic Reserve	$ 84,917,304 (for the Rurals and Large Industrials)
Rural Economic Reserve	$ 64,372,307 (for the Rurals)

The Economic Reserve is scheduled to be depleted Q3 2015; and the Rural Economic Reserve is scheduled to be depleted Q1 2018.

Big Rivers

Big Rivers' Financial Covenants

Big Rivers is in compliance with all debt covenants associated with both long-term and short-term debt.

- The Company's Indenture and its line of credit with CFC and CoBank require that Margins for Interest Ratio (MFIR) of at least 1.10 be maintained each fiscal year.
- The CoBank line of credit agreement requires a Debt to Total Capitalization ratio of 80% or less.
- CFC line of credit requires an Equity to Assets ratio of 12% or greater at the end of each fiscal year.

Historical Performance against covenants

Ratio	Agreement	Loan Covenant	2011	2010	2009
MFIR	Indenture/NRUCFC/CoBank	1.10	1.12	1.15	9.87
Equity to Assets	NRUCFC	12%	27%	26%	25%
Debt to Total Capitalization	CoBank	80%	65%	68%	69%
TIER		n/a	1.12	1.15	9.85

Big Rivers

Statement of Operations

	Actual		Projected				
Statement of Operations ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Electric Energy Revenues	$ 514.5	$ 558.4	$ 556.1	$ [redacted]			
Other Operating Revenue and Income	12.8	3.6	4.9	3.7	3.7	3.7	3.7
Total Operating Revenues	$ 527.3	$ 562.0	$ 561.0	$ [redacted]			
Operating Expense - Excluding Fuel	$ 187.2	$ 201.8	$ 200.1	$ [redacted]			
Operating Expense Fuel	207.7	226.2	222.2				
Maintenance Expense	46.9	47.7	45.6				
Depreciation and Amortization	34.2	35.4	41.3	42.3	44.9	46.8	47.8
Interest Expense	47.1	45.7	45.0	46.3	47.2	47.1	46.7
Other - Net	(2.8)	(0.4)	(1.3)	(3.5)	(6.2)	(4.4)	(4.2)
Total Expenses	$ 520.3	$ 556.4	$ 552.9	$ [redacted]			
Net Margins	**$ 7.0**	**$ 5.6**	**$ 8.1**	**$** [redacted]			
TIER	**1.15**	**1.12**	**1.18**				

Big Rivers

Balance Sheet

	Actual		Projected				
Balance Sheet ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Assets							
Net Utility Plant	$ 1,092	$ 1,092	$ 1,087	$ 1,120	$ 1,148	$ 1,145	$ 1,132
Cash & Investments	45	45	101	83	81	83	92
Transition Reserve	35	0	35	35	35	35	35
Economic Reserve	121	100	81	54	21	0	0
Rural Economic Reserve	62	63	64	66	67	56	27
Receivables, Inventories, & Other	117	118	170	170	170	170	169
Total	**$ 1,472**	**$ 1,418**	**$ 1,538**	**$ 1,528**	**$ 1,522**	**$ 1,489**	**$ 1,455**
Equities & Liabilities							
Equities	$ 387	$ 390	$ 398	$ 402	$ 414	$ 425	$ 434
Debt	817	786	925	943	957	943	927
Deferred Revenue - Economic Reserves	181	162	145	120	88	56	27
Line of Credit Advances	10	0	0	0	0	0	0
Payables & Other	77	80	70	63	63	65	67
Total	**$ 1,472**	**$ 1,418**	**$ 1,538**	**$ 1,528**	**$ 1,522**	**$ 1,489**	**$ 1,455**
Equities / Total Capitalization	**32%**	**33%**	**30%**	**30%**	**30%**	**31%**	**32%**

Big Rivers

Debt Service Coverage

	Actual		Projected				
Debt Service Coverage	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Margins	$ 7.0	$ 5.6	$ 8.1	$ [redacted]			
Interest Expense	47.1	45.7	45.0	46.3	47.2	47.1	46.7
Depreciation & Amortization	36.3	37.5	44.5	45.7	48.4	50.5	51.5
Numerator for DSCR	$ 90.4	$ 88.8	$ 97.6	$ [redacted]			
Interest Expense	47.1	45.7	45.0	46.3	47.2	47.1	46.7
Principal Due on Long-Term Debt	14.2	14.9	16.1	21.6	22.0	22.9	25.2
Denominator for DSCR	$ 61.3	$ 60.6	$ 61.1	$ [redacted]			
Debt Service Coverage Ratio	**1.47**	**1.47**	**1.60**				

Big Rivers

Non-Smelter Wholesale Member Rates

	Actual		Projected				
Rate Derivation ($/MWh)	2010	2011	2012	2013	2014	2015	2016
Non-Smelter Members							
Base Rate	$ 35.33	$ 42.45	$ 48.66	$ 53.43	$ 62.84	$ 62.86	$ 62.88
Regulatory Account Amortization	0.00	(0.32)	(1.14)	(1.17)	(0.64)	(0.33)	1.05
FAC	9.98	4.49	2.95	4.27	5.42	6.46	6.94
Environmental Surcharge	2.25	2.16	2.17	3.28	3.95	4.91	5.19
Surcredits	(3.30)	(3.49)	(4.24)	(3.24)	(1.74)	(1.73)	(1.71)
Rebate (Accrual)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Stabilization	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Economic Reserve	(7.91)	(6.22)	(6.07)	(8.01)	(9.81)	(6.24)	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(3.55)	(8.68)
Blended Rate	**$ 36.35**	**$ 39.07**	**$ 42.33**	**$ 48.56**	**$ 60.02**	**$ 62.38**	**$ 65.67**

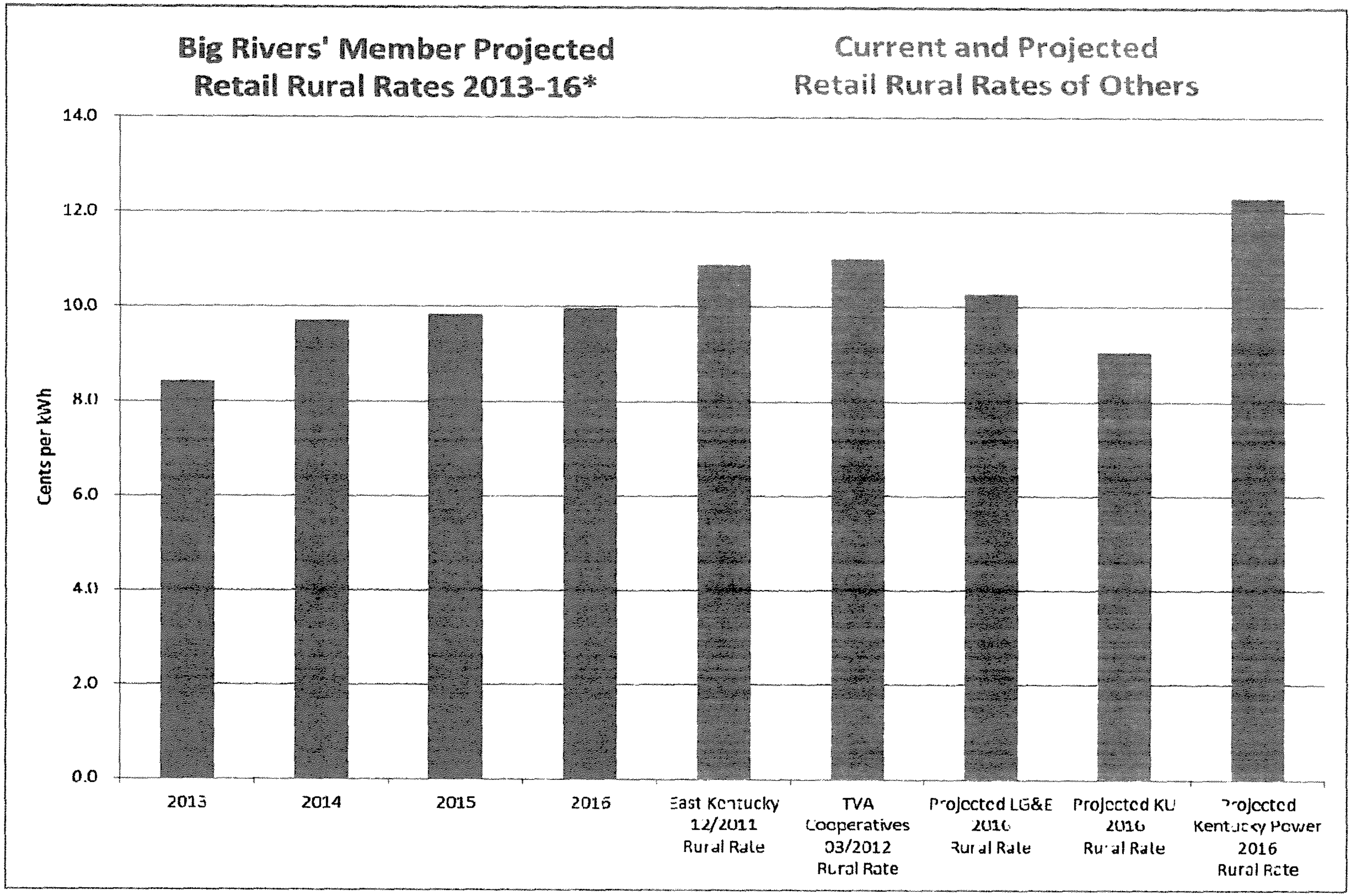
Big Rivers

Smelter Rates

	Actual		Projected				
Rate Derivation * ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Smelters							
Large Industrial Rate @ 98%	$ 29.07	$ 34.70	$ 38.94	$ 40.77	$ 47.35	$ 47.35	$ 47.30
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	$ 29.32	$ 34.95	$ 39.19	$ 41.02	$ 47.60	$ 47.60	$ 47.55
Tier Adjustment	1.95	1.95	2.95	2.95	2.94	2.37	3.55
Non-FAC PPA	(1.18)	(0.70)	(0.38)	(0.53)	(0.36)	1.01	1.00
FAC	10.13	4.53	2.97	4.19	5.42	6.46	6.94
Environmental Surcharge	2.26	2.18	2.17	2.56	3.06	3.90	4.05
Surcharge	1.57	1.57	1.87	1.87	1.87	1.87	1.87
Rebate (accrued)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate	**$ 44.05**	**$ 44.48**	**$ 48.77**	**$ 52.06**	**$ 60.53**	**$ 63.21**	**$ 64.96**

Big Rivers

Comparison of Projected Rural Retail Rates with Other Kentucky Electric Utilities



*Big Rivers' Member Retail rates estimated by adding a 3.3 cent per kWh adder for Member distribution services.

Big Rivers' Credit Rating

Big Rivers maintains investment grade credit ratings…

Moody's Investor Service – On August 21, 2012, Moody's downgraded from a 'Baa1' to a 'Baa2' senior secured rating for the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Standard & Poor's (S&P) – On August 31, 2012, S&P affirmed 'BBB-' issuer credit rating to Big Rivers and a "BBB-" long-term rating for its Series 2010A County of Ohio, Kentucky, Pollution Control Bonds. Outlook was changed from stable to negative.

Fitch Ratings Ltd. – On August 24, 2012, Fitch affirmed a 'BBB-' rating on the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds. Placed on rating watch negative.

Note: The rating agencies view our liquidity as very important in maintaining the above ratings.

Big Rivers

V. Other Topics

Big Rivers

VI. Appendix – Senior Management Brief Biographies

Big Rivers

Big Rivers' Senior Management

Senior Management Brief Biographies

Mark A. Bailey, President & Chief Executive Officer, received a Bachelor of Science in Electrical Engineering from Ohio Northern University in 1974, and a Master of Science in Management from the Massachusetts Institute of Technology in 1988. He was employed by American Electric Power Company ("AEP") for nearly 30 years, beginning as an Electrical Engineer in 1974. Mr. Bailey was employed as Vice President of AEP subsidiary Indiana Michigan Power Company until AEP's reorganization in 1996, when he became Director-Regions with American Electric Power Service Corporation ("AEPSC"), also a subsidiary of AEP. He was employed as Vice President of Transmission Asset Management for AEPSC from June 2000 until his employment as President and Chief Executive Officer ("CEO") with Kenergy Corp. in 2004. Mr. Bailey was employed as Executive Vice President and Chief Operating Officer of Big Rivers beginning in June 2007 until being elected by the Board of Directors to his current position in October 2008.

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James V. Haner, Vice President of Administrative Services, graduated from the University of Kentucky with a Bachelor of Science in Accounting in 1970. He has been employed with Big Rivers since 1972. He served in various accounting and finance capacities prior to transferring to administrative services in 1991. He assumed duties as Manager Human Resources in 1998. Mr. Haner assumed his current position of Vice President Administrative Services in 2005.

Big Rivers

Big Rivers' Senior Management

Senior Management Brief Biographies - continued

Billie J. Richert, Vice President of Accounting & Interim Chief Financial Officer, graduated from Indiana University with a Bachelor of Science in Accounting in 1973 and a Master of Management in Finance from Northwestern University J. L. Kellogg Graduate School of Management in 1982. She is a licensed CPA and is a Certified Information Technology Professional. Ms. Richert was employed by Deloitte LLP (formerly Haskins & Sells) from 1973 to 1977 and with Landau and Bartelstein CPAs from 1978 to 1982. Ms. Richert was President, CEO and founder of REL-TEK Systems & Design, Inc. from 1982 to 1999. From 2006 to 2009, she held the position of Director of Financial Systems at DePauw University. Ms. Richert joined Big Rivers in 2010 and has held the positions of Oracle Accounting System Administrator and Manager, Business Systems Infrastructure and assumed her current position in July 2012.

Eric Robeson, Vice President of Environmental Services and Construction, graduated from Rose Hulman Institute of Technology in 1977 with a Bachelor of Science in Mechanical Engineering and Ball State University in 1988 with a Masters of Business Administration. He is a registered Professional Engineer in the state of Indiana. Mr. Robeson worked at Vectren (and its predecessor company Sigeco) from 1980 to 2011. He served in a variety of engineering and managerial positions including Plant Manager, Director of Generation Planning, and Director of Infrastructure Services. He joined Big Rivers in 2011 as Vice President of Construction overseeing environmental compliance efforts and assumed his current position in February 2012.

Albert M. Yockey, Vice President of Governmental Relations & Enterprise Risk Management, graduated from the University of Pittsburgh with a Bachelor of Science in Electrical Engineering in 1972, a Master of Science from Lehigh University in 1979, and a Juris Doctor from Capital University Law School in 1994. He is a registered Professional Engineer in Pennsylvania and a licensed attorney in Ohio. Mr. Yockey was employed in operation and planning positions with Pennsylvania Power and Light Co. from 1972 through 1985. He was employed in planning, regulatory, and compliance positions with American Electric Power Company from 1985 until February 2008. Mr. Yockey joined Big Rivers as Vice President of Enterprise Risk Management and Strategic Planning in 2008 and assumed his current position in July 2009.

JP Morgan Presentation

December 18, 2012

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

Big Rivers

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Big Rivers

I. Overview of Big Rivers Electric Corporation

Big Rivers

Overview of Big Rivers Electric Corporation

- Big Rivers Electric Corporation ("Big Rivers") was formed in 1961 and is based in Henderson, Kentucky
- Big Rivers supplies wholesale electric generation and transmission service to three electric distribution cooperatives ("Members"):
  - Jackson Purchase Energy Corporation
  - Kenergy Corp. ("Kenergy")
  - Meade County Rural Electric Cooperative Corporation
- Members are local customer-owned cooperatives providing service to approximately 112,500 retail customers on a not-for-profit basis
  - Members serve residential, commercial and industrial customers located in portions of 22 western Kentucky counties
- Big Rivers and its Members are generally regulated by the Kentucky Public Service Commission
- Big Rivers provides capacity and energy to its members through a combination of 5 owned generation stations, one leased generation station and purchased power
  - Net capacity of owned generation – 1,444 MW
  - Net capacity of leased generation from Henderson Municipal Power & Light Station II (HMPL) – 202 MW
  - Power purchased from SEPA – 178 MW
  - 1,266 miles of transmission lines and 22 substations
  - Midwest ISO membership implementation – Dec. 2010

Key 2011 Statistics
Energy Sales - 13,255 GWh
Operating Revenues - $562mm
Total Assets - $1,418mm
Non-Smelter Member Rate (Excluding MRSM Credit) $45.29/MWh
Non-Smelter Member Rate Stability Mechanism ($6.22/MWh)
Non-Smelter Member Wholesale Rate $39.07/MWh
Smelter Effective Rate $44.48/MWh

Big Rivers

2011 Rate Case – General Adjustment in Base Rates

- On March 1, 2011, Big Rivers filed an application for a general adjustment in base rates with the Kentucky Public Service Commission ("KPSC")
  - Case number 2011-00036
- New Rates were effective September 1, 2011, pending approval from the KPSC
- On November 17, 2011, the KPSC approved a base rate increase of $26.7mm (a 6.17% base rate increase)
  - $10.6 million was assigned to the rural class
  - $ 1.9 million to the large industrial class
  - $14.2 million to the smelters
- The KPSC has granted Big Rivers a rehearing for an additional $2.7mm

Big Rivers

Power Supply - ACES Power Marketing & NRCO

ACES Power Marketing

Big Rivers has been a member/owner of ACES Power Marketing, one of the nation's largest electricity traders, since January 2003. ACES operates as an energy risk management and hedge manager. Member/owners like Big Rivers actively participate by utilizing the ACES infrastructure and resources to assess their risks and execute specific, customized portfolio strategies.

National Renewables Cooperative Organization

In the tradition of working together, cooperatives across the country have formed the National Renewables Cooperative Organization (NRCO) to promote and facilitate the development of renewable energy resources. Membership in the NRCO is open to generation and transmission cooperatives (G&Ts) and distribution cooperatives with the legal ability to buy power in the wholesale market. Big Rivers was one of 24 founding members of the organization, which formed in November 2008.

Big Rivers

Big Rivers' Strategic Plan

NORTH STAR

- North Star will be the cost per kWh of the total Member load, including distribution members and smelters.
- Big Rivers will manage the cost per kWh within the board-approved risk tolerance, always striving to keep costs as low as possible while still meeting the Members' service requirements.

MISSION

Big Rivers' Mission is to safely deliver low cost, reliable, wholesale power and cost-effective shared services desired by our members.

VISION

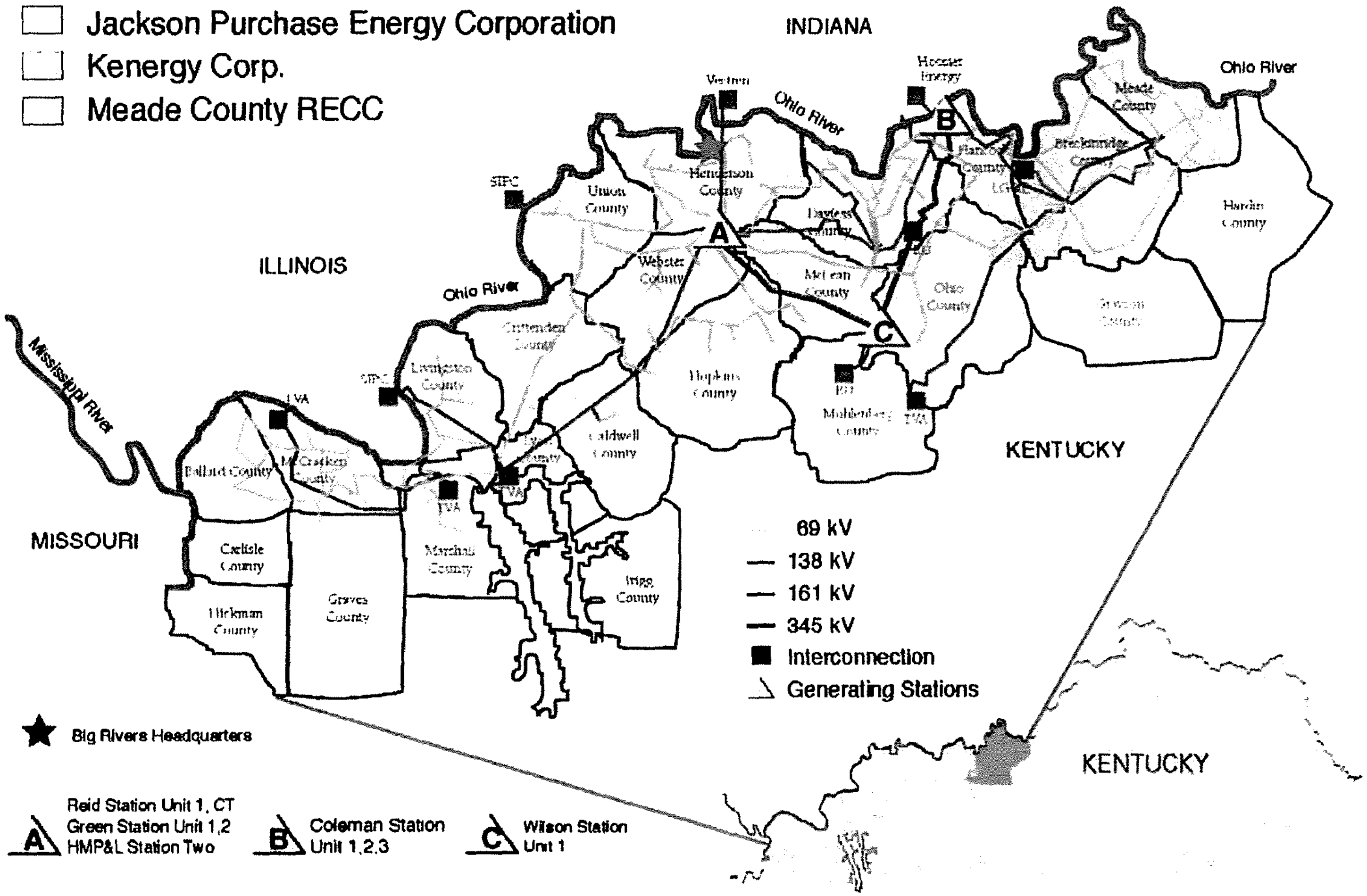
Big Rivers' Vision is to be viewed as one of the top G&T's in the country and will provide services the members desire in meeting future challenges.

VALUES

- Safety
- Integrity
- Excellence
- Member and Community Service
- Respect for the Employee
- Teamwork
- Environmentally Conscious

Big Rivers

Big Rivers Members' Service Territory



Overview of Big Rivers Electric Corporation 8

Big Rivers

Big Rivers' Management

Big Rivers is led by an experienced management team and is governed by a six-member board of directors. The board is comprised of two representatives from each distribution cooperative.

Senior Management Team:
Mark Bailey, President & CEO
Robert Berry, V.P. Production
David Crockett, V.P. System Operations
James Haner, V.P. Administrative Services
Billie Richert, V.P. Accounting & Interim CFO
Eric Robeson, V.P. Environmental Services and Construction
Albert Yockey, V.P. Governmental Relations & Enterprise Risk Management

Big Rivers

Big Rivers' Financing Application with the Kentucky Public Service Commission

Big Rivers filed a Financing Application with the Kentucky Public Service Commission (KPSC) as of 3/28/12 (Case No. 2012-00119). This application sought approval from the KPSC to refinance a significant portion of the existing RUS Series A Note. Additionally, the borrowing will allow Big Rivers to replenish the $35 million transition reserve and fund $60 million of future capital expenditures. On May 25, 2012 the KPSC approved the Financing Application.

On July 27, 2012, Big Rivers borrowed $235 million from CoBank and $302 million from Cooperative Finance Corporation (CFC) in the form of secured term loans. These financings are at all-in rates of 3.79% for CoBank and 4.48% for CFC which are below that of the 5.75% RUS Series A Note, and will also extend the final maturity of the associated debt.

Big Rivers used the $537 million proceeds from these borrowings as follows:

- $442 million to prepay a portion of the 5.75% RUS Series A note
- $60 million held for future capital expenditures
- $35 million to replenish the Transition Reserve

In connection with the CFC term loan, Big Rivers will be obligated to purchase interest bearing Capital Term Certificates (CTCs) from CFC equal to 14.29% of the amount of the CFC secured note, or $43 million. Big Rivers has elected to finance the purchase of the CTCs with CFC in the form of an equity loan note.

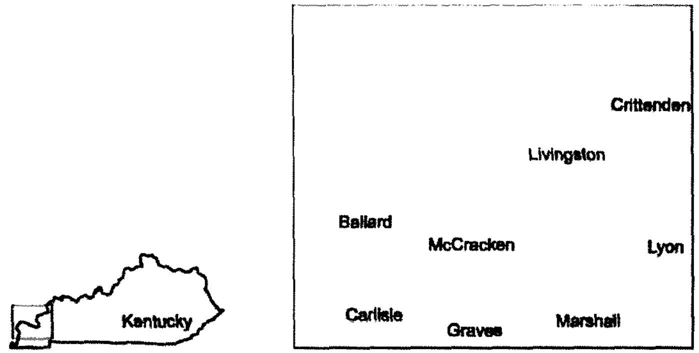
II. Overview of the Members & Customer Base

Big Rivers

Overview of Jackson Purchase Energy Corporation

Overview Service Territory

- Established in 1937
- Serves approximately 29,000 accounts in portions of 6 counties in Western Kentucky
- Managed by 8 member/consumer elected board serving four-year staggered terms
- Primarily residential & small commercial customer mix
- Most recent residential retail rate increase: July 2008, 9.5%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$45.1	$46.5	$41.9
Operating Expenses	38.0	36.1	34.4
Net Operating Income [1]	7.1	10.4	7.5
Cash Flow			
Debt Service	5.1	4.9	4.9
Debt Service Coverage Ratio	1.50 x	2.32 x	1.62 x
TIER	1.04 x	2.51 x	1.26 x
Balance Sheet			
Net Utility Plant	$92.4	$91.5	$87.3
Equities/Capitalization	40.4%	43.6%	39.8%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

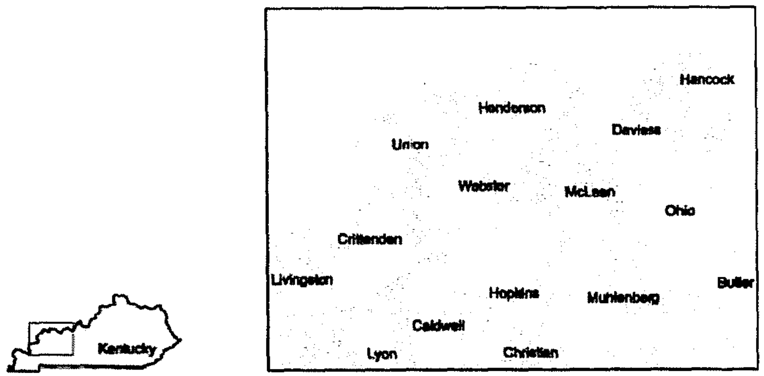
	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	411,231	26,054	29,070
Comm. And Ind. (< 1,000 kW)	190,023	3,126	11,916
Comm. And Ind. (<>1,000 kW)	49,397	9	2,909
Public Lighting/Irrigation	888	10	101
Total	**651,539**	**29,199**	**43,996**

Big Rivers

Overview of Kenergy Corp.

Overview Service Territory

- Established in July 1999 through the consolidation of – Henderson Union Electric Coop (established 1936), and – Green River Electric Corporation (established 1937)
- Serves approximately 55,000 customers in 14 western Kentucky counties along more than 7,000 miles of line
- Fourth largest electric cooperative in Kentucky (based on customers)
- Managed by 11 member customer-elected board
- Most recent residential retail rate increase: Sept. 2011, 7.49%
- Responsible for supplying Hawesville and Sebree smelters



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$425.6	$401.0	$349.8
Operating Expenses	407.5	381.3	332.9
Net Operating Income [1]	18.1	19.7	16.9
Cash Flow			
Debt Service	11.5	11.6	11.1
Debt Service Coverage Ratio	1.63 x	1.79 x	1.58x
TIER	1.66 x	1.95 x	1.48 x
Balance Sheet			
Net Utility Plant	$182.9	$179.2	$177.5
Equities/Capitalization	36.3%	33.2%	30.3%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

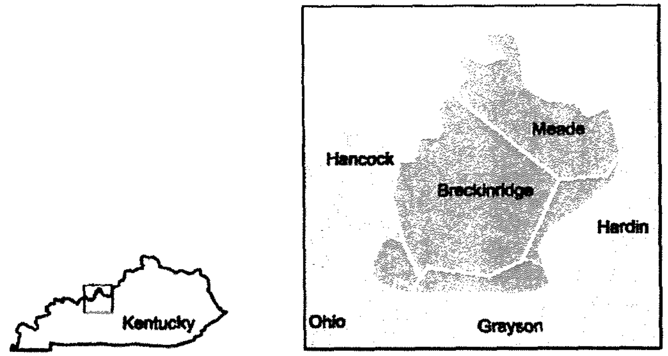
	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	754,124	45,294	56,284
Comm. And Ind. (< 1,000 kW)	314,861	9,803	22,563
Comm. And Ind. (<>1,000 kW)	8,326,066	35	344,888
Public Lighting	1,733	78	282
Total	**9,396,784**	**55,210**	**424,017**

Big Rivers

Overview of Meade County Rural Electric Cooperative

Overview Service Territory

- Established in 1937
- Serves approximately 28,000 customers in portions of 6 Kentucky counties along approximately 2,900 miles of line
- Managed by 7 member customer-elected board
- Primarily residential customer mix
- Most recent residential retail rate increase: Feb. 2011, 3.92%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$35.8	$34.6	$31.1
Operating Expenses	28.4	27.5	24.7
Net Operating Income [1]	7.4	7.1	6.4
Cash Flow			
Debt Service	4.8	4.9	4.8
Debt Service Coverage Ratio	1.58 x	1.55 x	1.37 x
TIER	2.09 x	2.05 x	1.57 x
Balance Sheet			
Net Utility Plant	$72.2	$69.9	$66.6
Equities/Capitalization	33.9%	33.5%	32.3%

Customer Profile

	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	364,735	26,402	27,480
Comm. And Ind. (< 1,000 kW)	94,657	2,070	7,131
Public Lighting	1,057	6	75
Total	**460,449**	**28,478**	**34,686**

Source: RUS Form 7 [1]*Before Depreciation, Taxes & Interest*

Big Rivers

Long-Term Smelter Contracts

- Big Rivers and Kenergy (the Member serving the Smelters) entered into the Smelter Wholesale Power Contracts in which Big Rivers supplies energy to Kenergy for resale to the Smelters through the end of 2023 on a take-or-pay basis, subject to a one-year termination notice from the Smelter(s)
- The two aluminum smelters, owned by Alcan and Century, have a base demand of 850 MW and typically use 98% of the energy
- Energy made available to the Smelters will consist of three types
  - ***Base Monthly Energy:*** 368 MW hourly for Alcan and 482 MW hourly for Century
  - ***Supplemental Energy:*** 10 MW hourly of interruptible energy to each Smelter
  - ***Back-up Energy:*** Imbalance energy for Kenergy made available to the Smelters
- Charges to the Smelters will also include the following adjustments:
  - Base Rate always 25 cents per MWh over Large Industrial
  - Fuel Adjustment Clause ("FAC") – Adjusts monthly for incremental changes in fuel costs
  - Environmental Surcharge ("ES") – Adjusts monthly for incremental changes in non-fuel variable production expenses (emission allowances, reagents and waste disposal)
  - Purchased Power Adjustment ("PPA") – Adjusts monthly for incremental changes in purchased power costs (non-FAC PPA regulatory account for non-smelter members)
  - TIER Adjustment
  - Surcharges – Mitigate impact of FAC and ES on Non-Smelter Members

Big Rivers

Overview of Smelters

- Sebree, Kentucky Smelter (Alcan Primary Products Corporation)
  - Alcan is owned by Rio Tinto, an international mining group, and is Rio Tinto's only U.S. aluminum smelter
  - Commenced operation in 1973
  - Produces 186,000 metric tons of primary aluminum annually from its 3 potlines
  - 600 employees
  - Base contract demand: 368 MW and Projected annual energy consumption: 3.1 TWh
  - Recently completed $37mm bake furnace project

- Hawesville, Kentucky Smelter (Century Aluminum of Kentucky General Partnership)
  - Century is a public company and through its various subsidiaries owns and operates aluminum smelters in Kentucky, South Carolina, West Virginia and Iceland
  - Commenced operation in 1970
  - Produces 244,000 metric tons of primary aluminum annually from its 5 potlines
  - 775 employees
  - Base contract demand: 482 MW and Projected annual energy consumption: 4.2 TWh

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Residential Electricity in the Nation

Average Residential Rate – Kentucky December 2011[1]

Kentucky Utility	Cents / kWh
East Kentucky Power Cooperative	11.66
AEP Kentucky Power	9.72
Duke Energy Kentucky	8.65
Louisville Gas and Electric Company	8.57
Kentucky Utilities Company	7.82
Big Rivers Rate (net of the MRSM*)	8.06
Big Rivers Rate (gross of the MRSM*)	8.66

Average Residential Rate – National December 2011[2]

National Region	Cents / kWh
Pacific Noncontiguous	27.50
New England	16.20
Middle Atlantic	15.30
Pacific Contiguous	12.47
East North Central	11.46
South Atlantic	10.99
East South Central	10.56
West South Central	10.13
Mountain	9.86
West North Central	9.33
Kentucky	9.12
United States Total	**11.52**

1 Source: Kentucky Public Service Commission Orders and Filings
2 Source: Energy Information Administration Table 5.6.A
** MRSM – Member Rate Stability Mechanism*

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Commercial and Industrial Electricity in the Nation

Average Commercial & Industrial Rate – National 2011

National Region	Cents/kWh
Pacific Noncontiguous	24.99
New England	13.42
Middle Atlantic	10.12
Pacific Contiguous	8.94
East South Central	8.21
South Atlantic	8.02
East North Central	7.66
Meade County	7.53
Kenergy - excluding Smelters	7.17
Mountain	7.04
West South Central	6.96
West North Central	6.40
Jackson Purchase	6.19
Kenergy - Smelters	4.40
Kentucky	4.18

Source: RUS Form 7 and Energy Information Administration

Big Rivers

III. Operations

Big Rivers

Big Rivers' Available Generation Resources

	Fuel Type	Net Capacity (MW)	Commercial Operation
Owned Generation			
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	138	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal / Gas	65	1966
Combustion Turbine	Oil / Gas	65	1979
D.B. Wilson Unit 1	Coal	417	1986
Owned Subtotal		1,444	
Leased Generation			
HMP&L Station Two			
Unit 1	Coal	153	1973
Unit 2	Coal	159	1974
City's Current Capacity Allocation[1]		(115)	
Leased Subtotal		197	
Total Owned / Leased Generation		1,641	
Purchased Power			
Member's SEPA Allocation	Hydro	178	
Total Capacity		1,819	

[1] *Big Rivers operates Station Two, which is owned by the City of Henderson, and is entitled to all capacity and energy not taken by the City under the terms of a power purchase agreement.*

Big Rivers

Big Rivers' Coal-Fired Power Plants System Performance

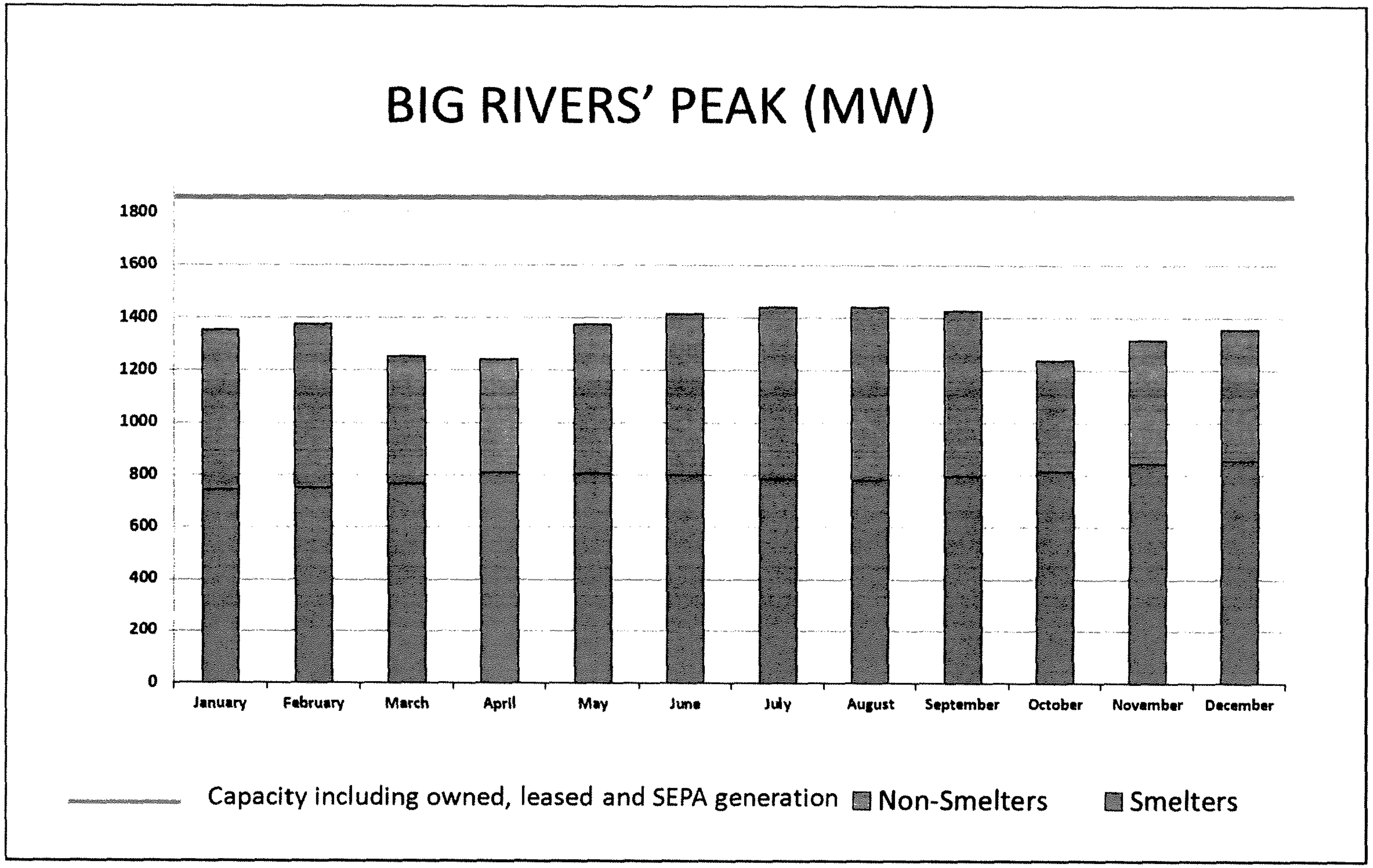
- Eight of the nine coal generating units are equipped with Flue Gas Desulphurization systems (FGDs) to control SO2 emissions
- Wilson 1, HMP&L 1 and HMP&L 2 are equipped with Selective Catalytic Reduction systems (SCRs) to control NOx emissions
- System performance is actively benchmarked against the industry utilizing GKS Navigant services. In the most recent benchmarking survey (2007 to 2011 Q3), Big Rivers displayed the following results when comparing O&M costs including fuel:
    - System capacity weighted O&M cost including fuel was $2.38/MWh less than the median cost ($32.08/MWh vs. $34.46/MWh).

Key Performance Indicators per IEEE Standards (6 Year Averages 2006 thru 2011)

Unit	Net Generation (MWHrs)	Net Heat Rate (BTU/kWH)	Gross Capacity Factor (%)	Gross Capacity Output (%)	Equivalent Availability Factor (%)	Equivalent Forced Outage Rate (%)
Coleman 1	981,391	10,762	75.2	84.5	89.1	4.9
Coleman 2	904,899	11,561	74.8	81.9	90.9	3.1
Coleman 3	1,014,199	10,654	75.5	83.4	88.9	6.8
Green 1	1,768,041	11,132	88.7	95.5	92.1	2.5
Green 2	1,725,642	11,265	89.5	95.1	94.1	1.8
Henderson 1	1,098,054	10,911	83.1	93.2	88.4	8.3
Henderson 2	1,093,491	11,182	79.3	88.0	88.8	5.2
Wilson 1	3,143,151	11,201	86.4	96.8	88.1	4.8
SYSTEM	**11,728,868**	**11,109**	**83.0**	**91.5**	**90.0**	**4.5**

Big Rivers

Big Rivers' Peak 2011 (MW)



Big Rivers

Big Rivers' Coal-Fired Power Plants Variable Cost 2011 – by unit

BREC Variable Costs*
Period Ending December 31, 2011
Year - to - Date

Unit	Total Fuel	(Reagent) Scrubber	SOx Allowances	NOx Allowances	Total Variable $	Net Generation	$/MWH
Green 1	$ 35,728,589	$ 5,245,575	$ 18,130	$ 0	$ 40,992,294	1,708,535	$ 23.99
Green 2	$ 36,040,907	5,416,397	$ 16,892	$ 0	41,474,196	1,761,631	$ 23.54
HMP&L 1	$ 20,139,330	2,796,248	$ 0	$ 0	22,935,578	803,654	$ 28.54
HMP&L 2	$ 19,775,764	2,641,157	$ 0	$ 0	22,416,921	761,614	$ 29.43
Coleman 1	$ 26,759,990	1,060,072	$ 4,032	$ 0	27,824,094	1,125,022	$ 24.73
Coleman 2	$ 26,470,391	975,033	$ 4,752	$ 0	27,450,176	1,027,417	$ 26.72
Coleman 3	$ 27,331,567	1,088,404	$ 49,876	$ 0	28,469,847	1,155,921	$ 24.63
Wilson 1	$ 58,838,443	9,455,533	$ 118,418	$ 0	68,412,394	3,403,807	$ 20.10
Totals	**$ 251,084,981**	**$ 28,678,419**	**$ 212,100**	**$ 0**	**$ 279,975,500**	**11,747,601**	**$ 23.83**

**Does not include Reid 1 and Reid CT which are used for peaking purposes*

Big Rivers

VI. Appendix – Management Information

Big Rivers' Management

Senior Management Biographies

Mark A. Bailey, President and Chief Executive Officer, received a Bachelor of Science in Electrical Engineering from Ohio Northern University in 1974, and a Master of Science in Management from the Massachusetts Institute of Technology in 1988. He was employed by American Electric Power Company ("AEP") for nearly 30 years, beginning as an Electrical Engineer in 1974. Mr. Bailey was employed as Vice President of AEP subsidiary Indiana Michigan Power Company until AEP's reorganization in 1996, when he became Director-Regions with American Electric Power Service Corporation ("AEPSC"), also a subsidiary of AEP. He was employed as Vice President of Transmission Asset Management for AEPSC from June 2000 until his employment as President and Chief Executive Officer ("CEO") with Kenergy Corp. in 2004. Mr. Bailey was employed as Executive Vice President and Chief Operating Officer beginning in June 2007 until being elected by the Board of Directors to his current position in October 2008.

Robert W. Berry, Vice President of Production, graduated from the University of Kentucky Community College system with an Associate degree in Mechanical Engineering Technology and Mid-Continent University with a Bachelor of Science in Business Management. He was employed by Big Rivers from 1981 to 1998 and served in various maintenance positions such as Superintendent of Maintenance and Maintenance Manager. In 1998 he was employed by Western Kentucky Energy and served in various positions such as Maintenance Manager, Plant Manager and General Manager until the Unwind transaction closed in July 2009, at which time he assumed his current position.

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Big Rivers

Big Rivers' Management

Senior Management Biographies - continued

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Meeting with Rural Utilities Service on March 19, 2013

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

[Please note that Pages 12, 27, 28 and 33 of this document contain **CONFIDENTIAL COMMERCIAL BUSINESS INFORMATION** relating to details of ongoing negotiations of credit documents, potential business transactions and financial results, the public disclosure of which would be highly prejudicial and damaging to Big Rivers Electric Corporation's commercial business interests.]

Big Rivers

Participants

Big Rivers Electric Corporation

Mark Bailey, *President & CEO*

Robert Berry, Chief Operating Officer

Billie Richert, *Vice President Accounting, Rates and CFO*

James Miller, *Corporate Counsel, Sullivan Mountjoy Stainback & Miller*

Big Rivers

Key Topics for Today's Discussion

- Corrective Plan to Achieve Two Investment Grade Credit Ratings
- Generating Fleet Reliability and Scheduled Major Inspections and Maintenance
- 2012 Environmental Compliance Plan (ECP) – Financing Update
    - Interim Financing
    - RUS Long-Term Financing
- Kentucky Public Service Commission - Case Filings Update
    - 2012 Financing Case 2012-00492
    - 2011 General Rate Case 2011-00036
    - 2012 General Rate Case 2012-00535
        - Century Aluminum Company's Notice to Terminate
    - 2013 General Rate Case 2013-XXXXX
        - Alcan Primary Products Corporation's Notice to Terminate
- Debt, Liquidity and Financial Update
- Electric Rates and Comparative Prices

Big Rivers

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I. Corrective Plan to Achieve Two Investment Grade Credit Ratings

Big Rivers

Big Rivers' Current Credit Ratings – Where We Are Today

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Investment Grade
Aa1	AA+	AA+	
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	↑
Ba1	BB+	BB+	↓ Non-Investment Grade
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	
B2	B	B	
B3	B-	B-	

= Big Rivers' credit ratings as of 2/6/2013

Big Rivers

Big Rivers' Corrective Plan to Obtain Two Investment Grade Ratings

Note: The rating agencies view our liquidity as very important in maintaining investment grade ratings.

To improve our liquidity position Big Rivers has and is taking the following actions:

1) Filed a general rate case in January 2013, Case 2012-00535, as a result of Century's departure
2) Commenced plans to file another general rate case in late June 2013 as a result of Alcan's departure
3) Seek PSC approval to amend the existing CFC line of credit
4) Complete negotiations with CFC for interim (bridge) financing for our ECP capital expenditures and seek PSC approval for this financing
5) File our application with RUS for long-term financing for our ECP capital expenditures
6) Continue to negotiate with CoBank to access the present line of credit

Big Rivers

Big Rivers' Corrective Plan to Obtain Two Investment Grade Ratings continued

Note: Rating agencies are focused on Big Rivers finding replacement load for the 850 MW utilized by Century and Alcan.

To find replacement load Big Rivers will continue evaluating options to:

1) Execute forward bilateral sales with counterparties,
2) Enter into wholesale power arrangements, and
3) Gain access to developed capacity markets, as well as
4) The lease or sale of generating assets

Big Rivers

Big Rivers' Corrective Plan to Obtain Two Investment Grade Ratings continued

For complete details, please refer to Big Rivers Corrective Plan to Achieve Two Credit Ratings of Investment Grade.

Big Rivers

II. Generating Fleet Reliability, Scheduled Major Inspections and Maintenance

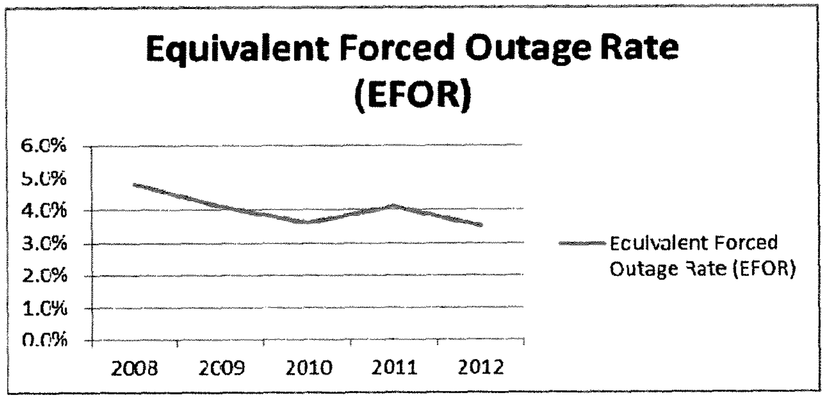
Big Rivers

Generating Fleet Reliability

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

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

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



Big Rivers

Scheduled Major Inspections and Maintenance - CONFIDENTIAL

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

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

Big Rivers

III. 2012 Environmental Compliance Plan (ECP)

Big Rivers

2012 Environmental Compliance Plan (ECP) - Case 2012-00063

BACKGROUND:

On April 2, 2012, Big Rivers Electric filed an application with the Kentucky Public Service Commission (KPSC) seeking approval of a new environmental compliance plan addressing both Cross-State Air Pollution Rule (CSAPR) and Mercury and Air Toxics Standards (MATS). Date for MATS compliance is April 2015.

On Tuesday, August 21, 2012 the U.S. Court of Appeals for the D.C. Circuit ruled the U.S. Environmental Protection Agency (EPA) violated the Clean Air Act in its Cross-State Air Pollution Rule, and vacated the ruling. This reduced Big Rivers cost to comply in its Environmental Compliance Plan (ECP) requirements from approximately $283 million to approximately $58.44 million (MATS) only.

On Wednesday, August 22, 2012, the formal KPSC ECP evidentiary hearing was scheduled. Since the CSAPR ruling was vacated, the basis was removed for several concerns raised by the intervenors in our PSC filing. As a result, on August 23, 2012, a Stipulation and Recommendation was entered into by Big Rivers, the Office of the Attorney General, Kentucky Industrial Utility Customers and Alcan (KIUC), the Sierra Club and Kenergy Corporation.

On Monday, October 1, 2012, the PSC issued an order approving the Stipulation and Recommendation. This order approved the MATS projects at a cost of $58.44 million and the recovery of these costs, as well as the testing costs up to $1 million noted below, through the environmental surcharge tariff proposed by Big Rivers.

Additionally, the order approved compliance testing and recovery for MATS particulate matter limits up to $1 million. Testing must demonstrate compliance for each unit prior to incurring any MATS project costs for that unit. If testing is not successful, Big Rivers must then seek an amendment to its ECP that will ensure compliance.

This testing began in February 2013.

Big Rivers

Big Rivers' Environmental Compliance Plan for MATS

The total capital cost for our MATS compliance plan is now $59.44 million. Projected expenditures are $31.8 million in 2013 and $27.6 in 2014. The construction schedule contemplates all equipment being placed in service by August 2014.

		MATS
Capital		
Wilson	$	11,240,000
HMPL (Net of City)		280,000
Reid		-
Green		18,480,000
Coleman		28,440,000
Compliance Testing		1,000,000
	$	59,440,000

Does not include capitalized interest.

The spend schedule will take into consideration negotiations' outcome with Century and Alcan of their going to market.

Big Rivers

Big Rivers' Environmental Compliance Plan for MATS continued

Big Rivers plans to submit an application to RUS to obtain long-term financing for our MATS Environmental Compliance Plan. It is our understanding the approval process may take two to three years.

In the interim, we are obtaining short-term financing from the National Rural Utilities Cooperative Finance Corporation (CFC). This short-term financing will be in the form of a $60 million senior secured three-year credit facility. We have received a Term Sheet from CFC which reflects the terms and conditions Big Rivers has negotiated with CFC. As requested by RUS, we are submitting a copy of this Term Sheet to RUS .

We are updating our RUS application for long-term financing to reflect results of a revised load forecast based upon both Century and Alcan going to market.

CFC requires submission of the RUS application prior to finalizing the short-term financing. As such, we are planning to submit our application to RUS in April and file a financing application with the PSC for the CFC interim financing shortly thereafter.

IV. 2012 Financing Case 2012-00492 Update

Big Rivers

2012 Financing Case 2012-00492 Overview

- **Drivers**
  - $58.8m 1983 Pollution Control Bonds mature June 1, 2013
  - These bonds must be refunded or paid off on or before maturity
- **Financing Case was filed on November 14, 2012**
  - To refund bonds and extend the maturity date to 2031 for new bonds
  - New bonds would have level debt service payments with an interest rate anticipated at 6%
- **Financing Case was Amended on January 13, 2013**
  - Increased uncertainty as to market's receptivity to bonds due to Century; impact of next rate case on Alcan; and potential increase in interest rate
  - Big Rivers is now seeking to repurpose the $60m borrowed for capital expenditures from CoBank in 2012 to pay-off bonds; and to use the $35m Transition Reserve to pay for capital expenditures.
  - Continuing goal, to the extent available, to issue tax-exempt bonds at later date.

Big Rivers

2012 Financing Case 2012-00492 Overview continued

- Hearing was held in Frankfort on February 28, 2013
  - Big Rivers provided responses to four post-hearing data requests
  - No briefs were filed
  - Big Rivers hopeful PSC order will be issued in March of 2013

Big Rivers

V. General Rate Case Updates

Big Rivers

2011 General Rate Case 2011-00036 Update

- On January 29, 2013, the KPSC issued its order in the 2011 General Rate Case 2011-00036 rehearing.

- The KPSC approved an additional increase of $1,042,535 annual revenues comprised of rate case expenses of $1,831,376 and $450,000 of depreciation. The rate case expenses are recovered over three years. Recovery for these amounts is allowed retroactive to when the rates were implemented on September 1, 2011.

- This order results in an additional 2013 revenues of $1,355,168 based upon the retroactive application of the order plus an additional $1,042,535 increase in base rates.

Big Rivers

Century Notice to Terminate Retail Contract

- On August 20, 2012, Century Aluminum Company gave its one year termination notice to Kenergy and Big Rivers. This notice indicated Century is ceasing all smelter operations at their Hawesville, Kentucky facility on August 20, 2013. Century is the source of approximately thirty-six (36%) of Big Rivers' wholesale revenues or approximately $205 million for the twelve months ending December 31, 2012.

- As a result of this termination notice, Big Rivers immediately began implementing its formal Load Concentration Mitigation Plan finalized in June 2012 which includes:
  - Filing for a general rate increase with the Kentucky Public Service Commission (PSC).
  - Pursuing replacement load for Century's 482 MW.
  - Developing a 2013 budget and 2014-2016 financial plan which include a temporary layup, beginning in August 2013, of our D.B. Wilson plant, which has a net capacity of 417 MW. This layup will continue until replacement load is found or until the price of off-system sales improve.

- Presently, with the support of the Governor, Kenergy, Big Rivers and Century are discussing how Kenergy can purchase Century's power from the market after August 20, 2013, rather than from Big Rivers' generating resources.

Big Rivers

2012 Rate Case 2012-00535 Overview

- **Drivers**
  - Century Contract Termination
  - Depressed Off System Sales margins
  - Depreciation
  - Other costs not fully recovered in last rate case
- **Fully Forecasted Test Period**
  - Based on Big Rivers' Budget and Financial Plan for September 2013 through August 2014
  - Business model has changed with the exit of Century
- **Revenue Deficiency**
  - Calculated as the annual incremental revenue needed to allow Big Rivers to achieve a 1.24 TIER during the test year while also achieving MFIR of 1.10 in calendar 2013.
  - Total annual revenue deficiency: $74,476,120. This represents a 21% wholesale revenue increase; 29% for the Rurals; 18% for the Large Industrials; and 16% for Alcan.

Rate Case 2012-00535 Filing Timeline and Key Milestones

Completed Milestones

Week Ending November 10, 2012

a) Complete Depreciation Study and Issue Draft Report
b) Complete Cost of Service Study

Week Ending November 17, 2012

a) Finalize Depreciation Study Report
b) Obtain Board Approval of Depreciation Study Results; 2013 Budget; 2014-2016 Financial Plan and Approval to file Rate Case
c) Submit Request to RUS for Approval of Depreciation Study

November 30, 2012

File Notice of Intent with the PSC

December 31, 2012

RUS Approval of Depreciation Study

January 15, 2013

File Application with the PSC

Effective Dates for Rates

February 18, 2013

Requested Effective Date of New Rates (Absent Suspension)

August 20, 2013

New Rates Effective Date (after six month suspension period)

Big Rivers

Alcan Notice to Terminate Retail Contract

- On January 31, 2013, Alcan Primary Products Corporation (Alcan) gave its one year termination notice to Kenergy and Big Rivers. This notice indicated Alcan is ceasing all smelter operations at their Sebree smelter located in Robards, Kentucky on January 31, 2014. Alcan is the source of approximately twenty-eight (28%) of Big Rivers' wholesale revenues or approximately $155 million for the twelve months ending December 31, 2012.

- As a result of this termination notice, Big Rivers expanded its effort in implementing its formal Load Concentration Mitigation Plan which includes:
  - Filing for a second general rate increase with the Kentucky Public Service Commission (PSC).
  - Pursuing replacement load for Alcan's 368 MW.
  - Developing a 2014 budget and 2015-2017 financial plan with Alcan going to market to buy its power rather than purchasing from Big Rivers' resources

- Presently, Kenergy, Big Rivers and Alcan are initiating discussions on how Kenergy can purchase Alcan's power from the market after January 31, 2014.

Big Rivers

VI. Debt, Liquidity and Financial Update

Big Rivers

Big Rivers' Financing – Lines of Credit - CONFIDENTIAL

Big Rivers has two $50 million lines of credit, one with CoBank, ACB, expiring July 2017, and the other with National Rural Utilities Cooperative Finance Corporation ("CFC") that expires July 2014.

The CFC line of credit becomes unavailable to Big Rivers on August 20, 2013 upon the termination of a smelter wholesale agreement and this event is an Event of Default under Section 6.01 M of the CFC line of credit agreement.

Big Rivers and CFC have completed negotiations on a Term Sheet for the CFC line of credit and are negotiating an amended and restated Revolving Line of Credit Agreement with the following major modifications:

1) The line of credit will become secured under the indenture.
2) The maturity date will be extended to July 16, 2017.
3) Requires certification that Big Rivers' available cash is less than $35m at the time of draw-down from the line.
4) A minimum Members' Equities' Balance (MEB) at each quarter end and each fiscal year-end is $325m + 75% of positive net margins for the period. At December 31, 2012, actual MEB was $403 million compared with the required MEB of $334 million; a positive excess of $69 million.
5) Cannot use line of credit to pay off $58.8 Pollution Control Bonds.

Big Rivers

Big Rivers' Financing – Lines of Credit - CONFIDENTIAL continued

Presently, Big Rivers is unable to make the representations and warranties necessary to draw on the CoBank line of credit as a result of Kenergy receiving the Notice of Termination from Century. Upon the termination of smelter retail agreement, there is an Event of Default which terminates commitment to lend and accelerates payments under the CoBank line of credit. A default under this agreement can cause a default under the CoBank Secured Loan Agreement.

Big Rivers intends to restart negotiations with CoBank later in March 2013.

Big Rivers

Big Rivers' Financing – Long-Term Debt

Lender	Description		Outstanding Principal Balance as of Dec 31, 2012	Final Maturity Date	Stated Interest Rate (a)
	Long-Term Debt:				
CoBank	First Mortgage Notes Series 2012A	$	231,426,868	June 2032	4.30% (b)
RUS	RUS Series A Promissory Note	$	80,018,678	See footnote (c)	5.75% (c)
RUS	RUS Series B Promissory Note	$	130,340,373	December 2023	Imputed 5.80% (d)
Bonds	County of Ohio, Kentucky - promissory note, fixed interest rate	$	83,300,000	July 2031	6.00%
Bonds	County of Ohio, Kentucky - promissory note, variable interest rate (See Note below)	$	58,800,000	June 2013	3.25%
CFC	Refinancing Term Loan	$	298,513,117	July 2032	4.50% (e)
CFC	Equity Loan - CTCs (See Equity Investment on page 21)	$	42,844,899	July 2032	5.35% (f)
	Total Debt Excluding Outstanding Lines of Credit	**$**	**925,243,935**		

Note: See next slide (page 20) for footnotes: (a), (b), (c), (d), (e) and (f)

Big Rivers

Big Rivers' Financing – Long-Term Debt Footnotes

(a) Stated interest rates do not include adjustments to account for patronage income from respective lender.

(b) CoBank Series 2012 Note: (4.30% Stated Interest Rate) Quarterly principal and interest payments Due Mar. 31, Jun. 30, Sep. 30, and Dec. 31
First payment due : 9/30/2012; Final payment due: 6/30/2032

(c) RUS Series A Note: (5.75% Stated Interest Rate; 5.8357% Effective GAAP Interest Rate)
Next principal payment (~$2.4M) due 10/1/2019; then quarterly payments (between $10.7M - $11.6M) due until final maturity date of 7/1/2021

(d) RUS Series B Note: (No Stated Interest Rate; 5.80% Imputed Interest Rate)
$245,530,257 - Total Payment Due on December 31, 2023

(e) CFC 2012 Refinancing Loan: (Serial note pricing with varying interest rates for each individual note)
- All in effective interest rate (i.e. including impact of interest income on related CFC Investments in CTCs) ~ 4.48%
- Quarterly principal and interest payments due Feb. 28, May 31, Aug. 31, and Nov. 30
- First principal payment due: 11/30/2012; Final payment due: 5/31/2032

(f) CFC 2012 Equity Loan: (5.35% Stated Interest Rate)
- Used to finance the required purchase of CFC Capital Term Certificates (CTCs) equal to 14.29% of the original 2012 Refinance Loan balance
- Quarterly principal and interest payments due Feb. 28, May 31, Aug. 31, and Nov. 30
- First principal payment due: 11/30/2012; Final payment due: 5/31/2032

Big Rivers

Big Rivers' Financing – Cash, Investments and Transition Reserve

	Cash Balances/Investments/Reserves:	Dec 31 2012 Balance	Maturity Date	Interest Rate
CFC	CFC Equity Investment in CTCs - see Equity Loan on Page 19	$ 43,617,567		4.28%
	Fidelity Prime Money Market Portfolio	$ 110,165,436		0.17%
Transition Reserve	Federal National Mortgage Note	$ 17,500,000	February 2013	0.12%
Transition Reserve	Federal Farm Credit Bank Bond	$ 17,527,099	January 2014	0.25%
	Total Cash Balances/Investments/Reserves	**$ 188,810,102**		

Note:

Two additional reserves established at the time of the unwind have balances as of December 31, 2012:

Economic Reserve		$ 80,643,351 (for the Rurals and Large Industrials)
Rural Economic Reserve		$ 64,663,034 (for the Rurals)
	Total	$145,306,385

The Economic Reserve is projected to be depleted Q3 2015; and the Rural Economic Reserve is anticipated to be depleted Q1 2018.

Big Rivers

Big Rivers' Financial Covenants

Big Rivers is and is projected to remain in compliance with all debt covenants associated with both long-term and short-term debt.

- The Company's Indenture and its line of credit with CFC and CoBank require that Margins for Interest Ratio (MFIR) of at least 1.10 be maintained each fiscal year.
- The CoBank line of credit agreement requires a Debt to Total Capitalization ratio of 80% or less.
- CFC line of credit requires an Equity to Assets ratio of 12% or greater at the end of each fiscal year.

Historical Performance against covenants

Ratio	Agreement	Loan Covenant	2012 Preliminary	2011	2010
MFIR	Indenture/NRUCFC/CoBank	1.10	1.25	1.12	1.15
Equity to Assets	NRUCFC	12%	26%	27%	26%
Debt to Total Capitalization	CoBank	80%	70%	67%	68%
TIER		n/a	1.25	1.12	1.15

Big Rivers

Statement of Operations – As approved by the Board on November 16, 2012 - CONFIDENTIAL

	Actual		Preliminary	Projected			
Statement of Operations ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Electric Energy Revenues	$ 514.5	$ 558.4	$ 563.4	$ [redacted]			
Other Operating Revenue and Income	12.8	3.6	4.9	3.7	3.7	3.7	3.7
Total Operating Revenues	$ 527.3	$ 562.0	$ 568.3	$ [redacted]			
Operating Expense - Excluding Fuel	$ 187.2	$ 201.8	$ 199.7	$ [redacted]			
Operating Expense Fuel	207.7	226.2	226.4				
Maintenance Expense	46.9	47.7	46.0				
Depreciation and Amortization	34.2	35.4	41.1	42.3	44.9	46.8	47.8
Interest Expense	47.1	45.7	44.3	46.3	47.2	47.1	46.7
Other - Net	(2.8)	(0.4)	(0.5)	(3.5)	(6.2)	(4.4)	(4.2)
Total Expenses	$ 520.3	$ 556.4	$ 557.0	$ [redacted]			
Net Margins	**$ 7.0**	**$ 5.6**	**$ 11.3**	**$** [redacted]			
TIER	**1.15**	**1.12**	**1.25**				

Big Rivers

Balance Sheet - As approved by the Board on November 16, 2012

Big Rivers Long-Term Financial Forecast
Key Credit Metrics

	Actual		Preliminary	Projected			
Balance Sheet ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Assets							
Net Utility Plant	$ 1,092	$ 1,092	$ 1,087	$ 1,120	$ 1,148	$ 1,145	$ 1,132
Cash & Investments	45	45	110	83	81	83	92
Transition Reserve	35	0	35	35	35	35	35
Economic Reserve	121	100	81	54	21	0	0
Rural Economic Reserve	62	63	65	66	67	56	27
Receivables, Inventories, & Other	117	118	169	170	170	170	169
Total	**$ 1,472**	**$ 1,418**	**$ 1,547**	**$ 1,528**	**$ 1,522**	**$ 1,489**	**$ 1,455**
Equities & Liabilities							
Equities	$ 387	$ 390	$ 403	$ 402	$ 414	$ 425	$ 434
Debt	817	786	925	943	957	943	927
Deferred Revenue - Economic Reserves	181	162	148	120	88	56	27
Line of Credit Advances	10	0	0	0	0	0	0
Payables & Other	77	80	71	63	63	65	67
Total	**$ 1,472**	**$ 1,418**	**$ 1,547**	**$ 1,528**	**$ 1,522**	**$ 1,489**	**$ 1,455**

Big Rivers

Debt Service Coverage

	Actual		Preliminary	Projected			
Debt Service Coverage	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Margins	$ 7.0	$ 5.6	$ 11.3	[redacted]			
Interest Expense	47.1	45.7	45.0	46.3	47.2	47.1	46.7
Depreciation & Amortization	36.3	37.5	44.3	45.7	48.4	50.5	51.5
Numerator for DSCR	$ 90.4	$ 88.8	$ 100.6	[redacted]			
Interest Expense	47.1	45.7	45.0	46.3	47.2	47.1	46.7
Principal Due on Long-Term Debt	14.2	14.9	18.5	21.6	22.0	22.9	25.2
Denominator for DSCR	$ 61.3	$ 60.6	$ 63.5	[redacted]			
Debt Service Coverage Ratio	**1.47**	**1.47**	**1.58**				

Big Rivers

VII. Big Rivers' Electric Rates and Comparative Prices

Big Rivers

Non-Smelter Wholesale Member Rates

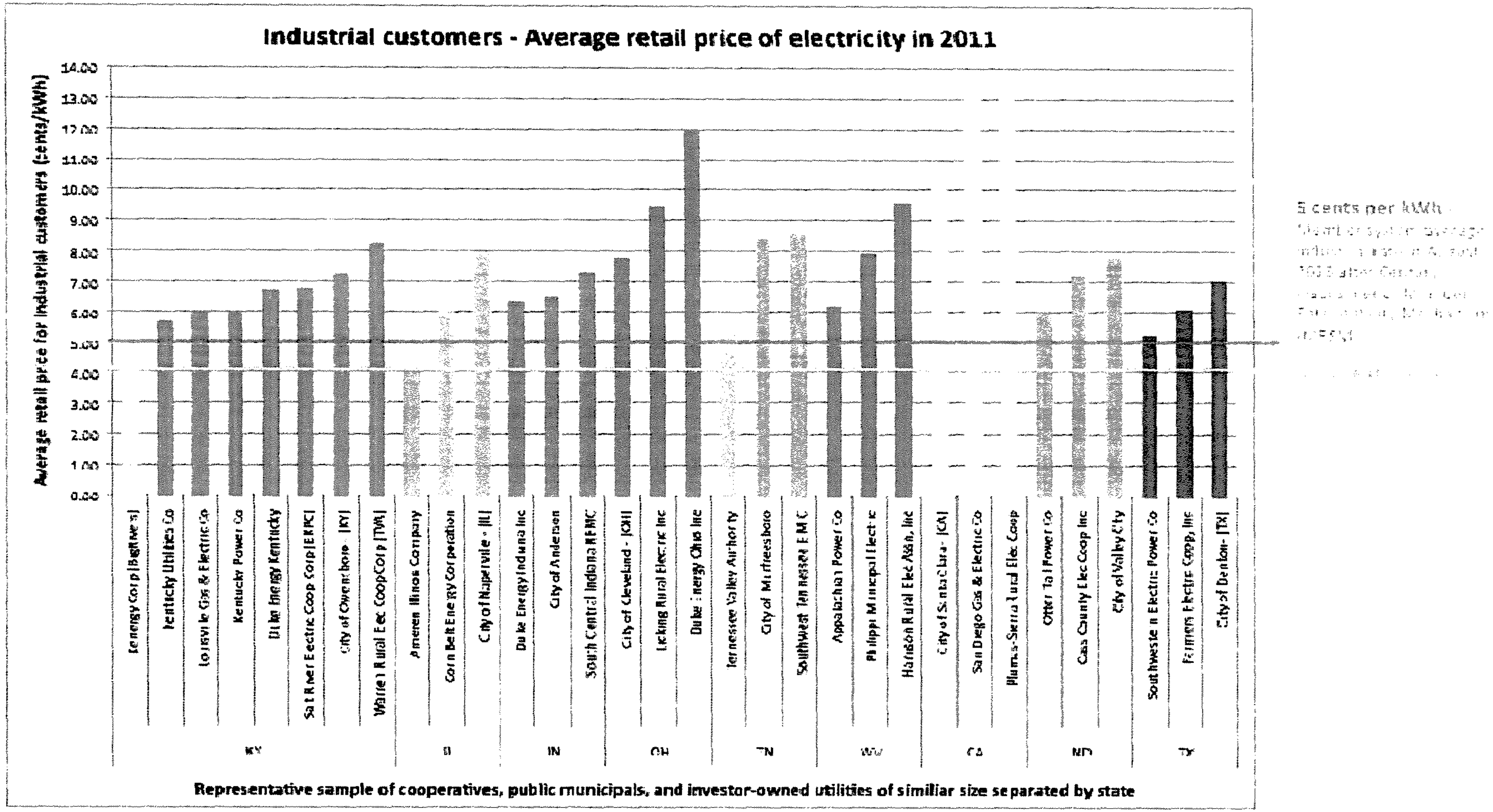
	Actual		Preliminary	Projected			
Rate Derivation ($/MWh)	2010	2011	2012	2013	2014	2015	2016
Non-Smelter Members							
Base Rate	$ 35.33	$ 42.45	$ 48.62	$ 53.43	$ 62.84	$ 62.86	$ 62.88
Regulatory Account Amortization	0.00	(0.32)	(1.14)	(1.17)	(0.64)	(0.33)	1.05
FAC	9.98	4.49	2.90	4.27	5.42	6.46	6.94
Environmental Surcharge	2.25	2.16	2.23	3.28	3.95	4.91	5.19
Surcredits	(3.30)	(3.49)	(4.20)	(3.24)	(1.74)	(1.73)	(1.71)
Rebate (Accrual)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Stabilization							
Economic Reserve	(7.91)	(6.22)	(6.11)	(8.01)	(9.81)	(6.24)	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(3.55)	(8.68)
Blended Rate	**$ 36.35**	**$ 39.07**	**$ 42.29**	**$ 48.56**	**$ 60.02**	**$ 62.38**	**$ 65.67**

Big Rivers

Smelter Rates

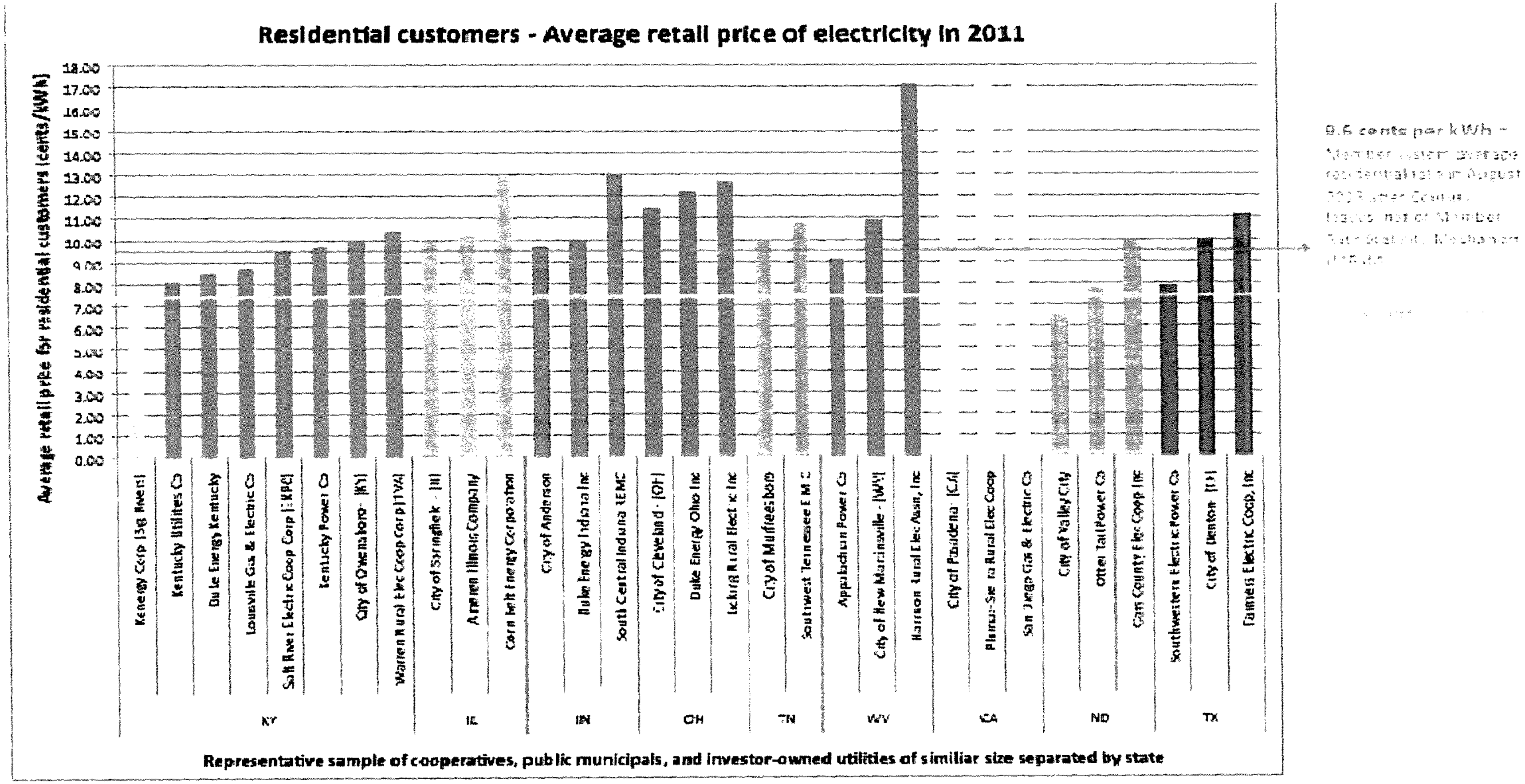
	Actual		Preliminary	Projected			
Rate Derivation * ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Smelters							
Large Industrial Rate @ 98%	$ 29.07	$ 34.70	$ 38.86	$ 40.77	$ 47.35	$ 47.35	$ 47.30
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	29.32	34.95	39.11	41.02	47.60	47.60	47.55
Tier Adjustment	1.95	1.95	2.95	2.95	2.94	2.37	3.55
Non-FAC PPA	(1.18)	(0.70)	(0.27)	(0.53)	(0.36)	1.01	1.00
FAC	10.13	4.53	2.92	4.19	5.42	6.46	6.94
Environmental Surcharge	2.26	2.18	2.14	2.56	3.06	3.90	4.05
Surcharge	1.57	1.57	1.87	1.87	1.87	1.87	1.87
Rebate (accrued)	0.00	0.00	(0.20)	0.00	0.00	0.00	0.00
Effective Rate	**$ 44.05**	**$ 44.48**	**$ 48.52**	**$ 52.06**	**$ 60.53**	**$ 63.21**	**$ 64.96**

U.S. Energy Administration



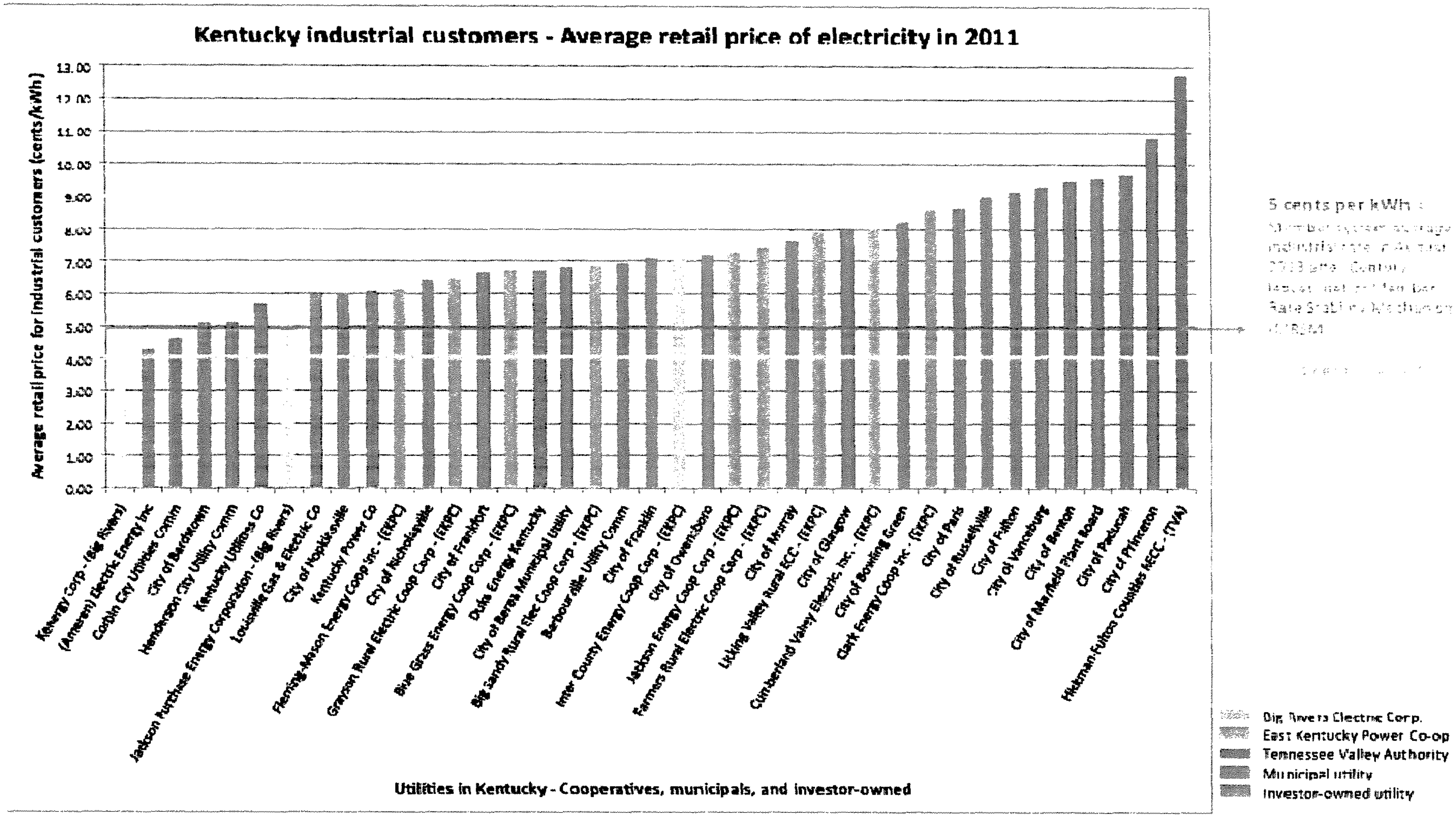
Source: http://www.eia.gov/electricity/data.cfm#sales

U.S. Energy Administration

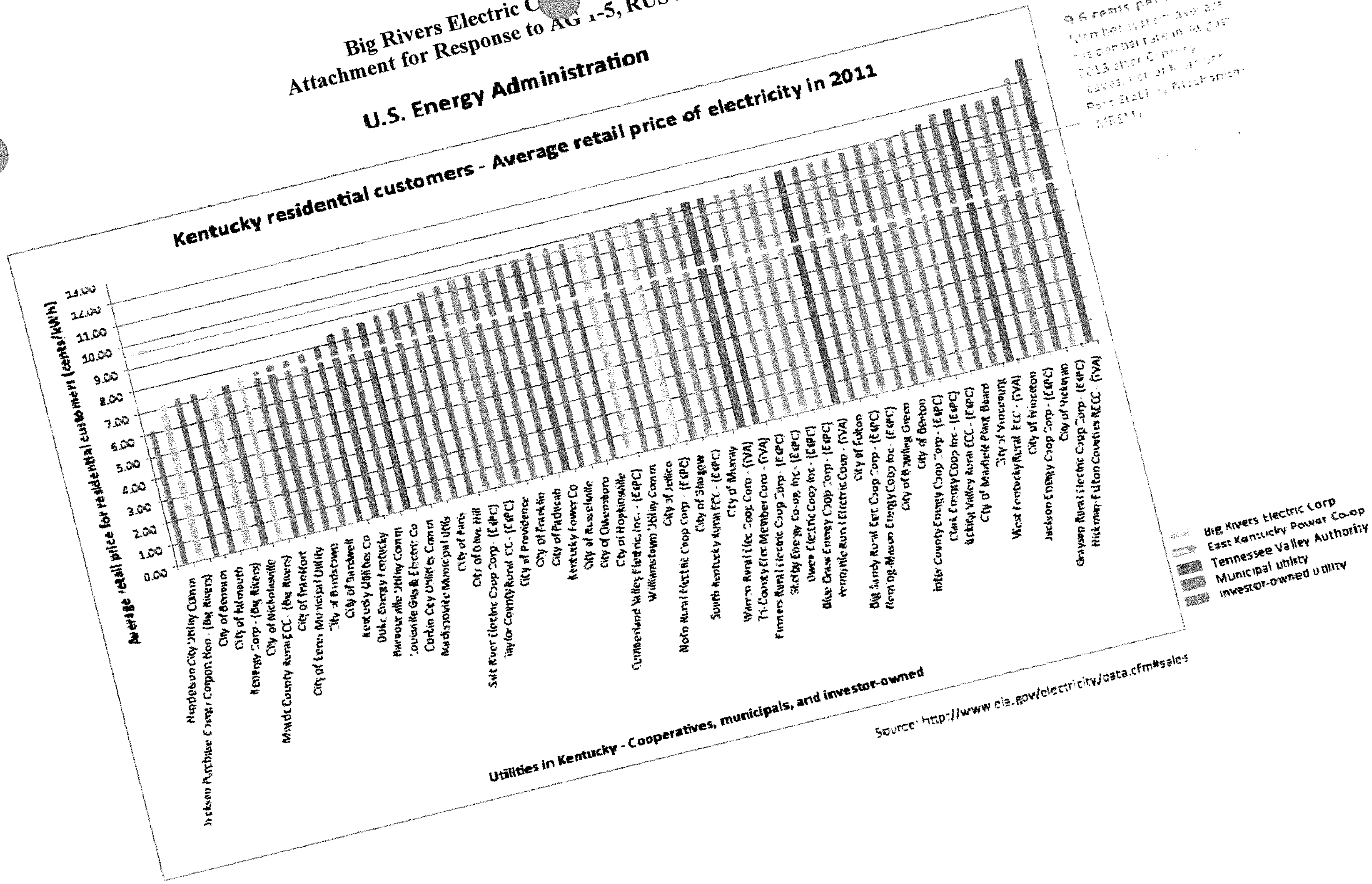


Source: http://www.eia.gov/electricity/data.cfm#sales

U.S. Energy Administration



Source: http://www.eia.gov/electricity/data.cfm#sales


U.S. Energy Administration
Kentucky residential customers - Average retail price of electricity in 2011
Average retail price for residential customers (cents/kWh)
Utilities in Kentucky - Cooperatives, municipals, and investor-owned
Big Rivers Electric Corp
East Kentucky Power Co-op
Tennessee Valley Authority
Municipal utility
Investor-owned utility
Source: http://www.eia.gov/electricity/data.cfm#sales

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Meeting with Rural Utilities Service on March 20, 2012

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

Big Rivers

Participants

Big Rivers Electric Corporation

Mark Bailey, *President & CEO*

Mark Hite, *Vice President Accounting & Interim CFO*

Robert Berry, *Vice President Production*

James Miller, *Corporate Counsel, Sullivan Mountjoy Stainback & Miller*

Big Rivers

Key Topics for Today's Discussion

- Plans to refinance a portion of the RUS 2009 Promissory Note Series A (the "RUS Series A Note"), as described in the letter dated March 6, 2012
- 2012 Environmental Compliance Plan (the "ECP"), as described in the letter dated March 6, 2012
- General Adjustment in Member Rates effective September 1, 2011
- Status of the aluminum smelter operations (Alcan and Century)
- MISO membership update

Big Rivers

Table of Contents

Big Rivers

I. Overview of Big Rivers Electric Corporation

Overview of Big Rivers Electric Corporation

- Big Rivers Electric Corporation ("Big Rivers") was formed in 1961 and is based in Henderson, Kentucky
- Big Rivers supplies wholesale electric generation and transmission service to three electric distribution cooperatives ("Members"):
  - Jackson Purchase Energy Corporation
  - Kenergy Corp. ("Kenergy")
  - Meade County Rural Electric Cooperative Corporation
- Members are local customer-owned cooperatives providing service to approximately 112,500 retail customers on a not-for-profit basis
  - Members serve residential, commercial and industrial customers located in portions of 22 western Kentucky counties
- Big Rivers and its Members are generally regulated by the Kentucky Public Service Commission
- Big Rivers provides capacity and energy to its members through a combination of 5 owned generation stations, one leased generation station and purchased power
  - Net capacity of owned generation – 1,444 MW
  - Net capacity of leased generation from Henderson Municipal Power & Light Station II (HMPL) – 202 MW
  - Power purchased from SEPA – 178 MW
  - 1,266 miles of transmission lines and 22 substations
  - Midwest ISO membership implementation – Dec. 2010

Key 2011 Statistics
Energy Sales - 13,255 GWh
Operating Revenues - $562mm
Total Assets - $1,418mm
Non-Smelter Member Rate (Excluding MRSM Credit) $45.29/MWh
Non-Smelter Member Rate Stability Mechanism ($6.22/MWh)
Non-Smelter Member Wholesale Rate $39.07/MWh
Smelter Effective Rate $44.48/MWh

Big Rivers

Rate Case

- On March 1, 2011, Big Rivers filed an application for a general rate adjustment with the Kentucky Public Service Commission ("KPSC")
  - Case number 2011-00036
- New Rates were effective September 1, pending approval from the KPSC.
- Formal approval by the KPSC was granted in November 2011 for a rate increase of $26.7mm
  - $10.6 million was assigned to the rural class
  - $ 1.9 million to the large industrial class
  - $14.2 million to the smelters
- A rehearing has been granted by the KPSC wherein Big Rivers has requested an additional $2.7 mm to be reconsidered
- Kentucky Industrial Utility Customers have appealed the $26.7 mm rate increase granted by the KPSC

Big Rivers

Power Supply - ACES Power Marketing & NRCO

ACES Power Marketing

Big Rivers has been a member/owner of ACES Power Marketing, one of the nation's largest electricity traders, since January 2003. ACES operates as an energy risk management and hedge manager. Member/owners like Big Rivers actively participate by utilizing the ACES infrastructure and resources to assess their risks and execute specific, customized portfolio strategies.

National Renewables Cooperative Organization

In the tradition of working together, cooperatives across the country have formed the National Renewables Cooperative Organization (NRCO) to promote and facilitate the development of renewable energy resources. Membership in the NRCO is open to generation and transmission cooperatives (G&Ts) and distribution cooperatives with the legal ability to buy power in the wholesale market. Big Rivers was one of 24 founding members of the organization, which formed in November 2008.

Big Rivers

Big Rivers' Strategic Plan

NORTH STAR

- North Star will be the cost per kWh of the total Member load, including distribution members and smelters.
- Big Rivers will manage the cost per kWh within the board-approved risk tolerance, always striving to keep costs as low as possible while still meeting the Members' service requirements.

MISSION

Big Rivers' Mission is to safely deliver low-cost, reliable, wholesale power and cost-effective shared services desired by our members.

VISION

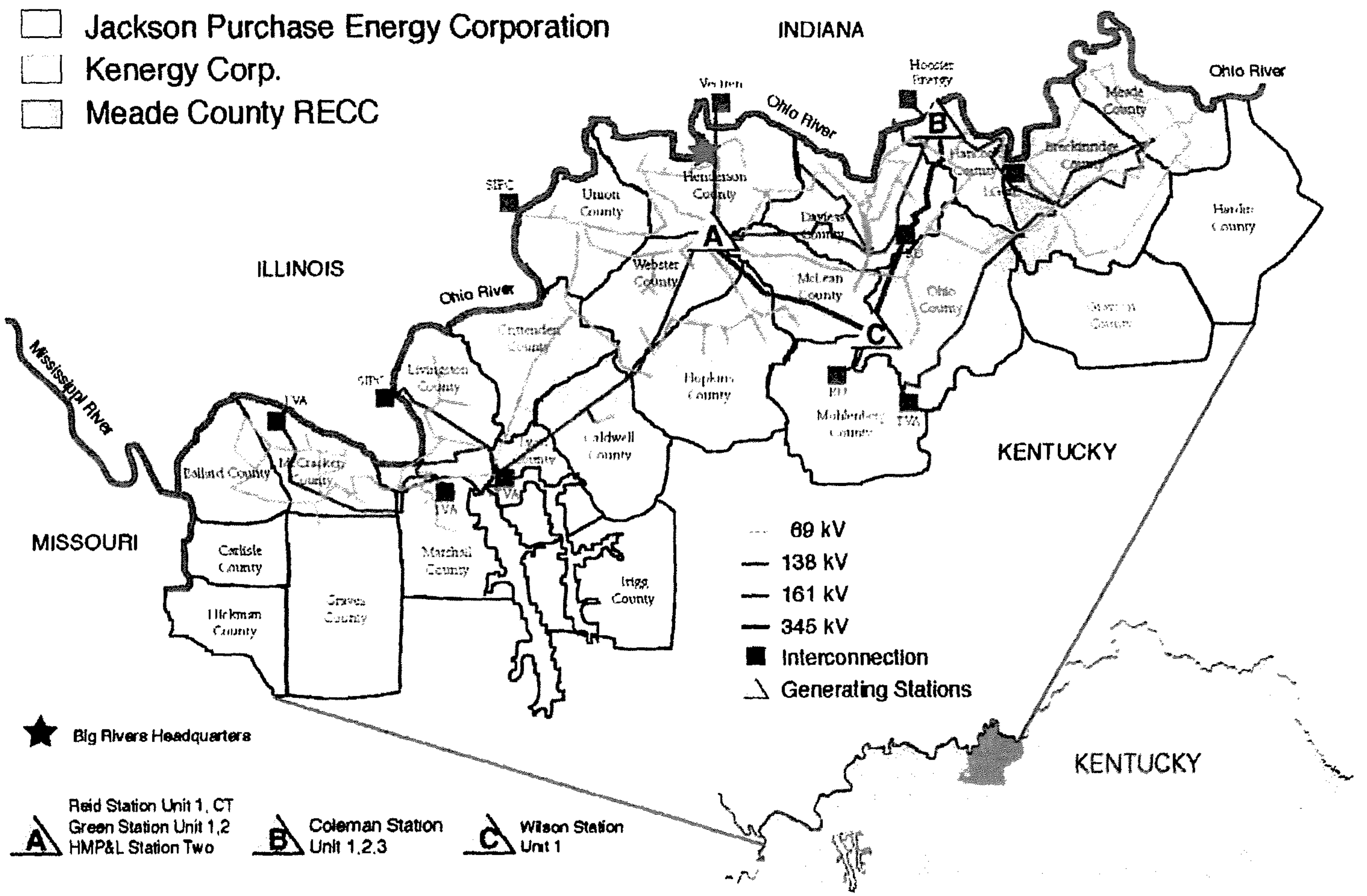
Big Rivers' Vision is to be viewed as one of the top G&Ts in the country and will provide services the members desire in meeting future challenges.

VALUES

- Safety
- Integrity
- Excellence
- Member and Community Service
- Respect for the Employee
- Teamwork
- Environmentally Conscious

Big Rivers

Big Rivers Members' Service Territory



Big Rivers

Big Rivers' Senior Management

Big Rivers is led by an experienced senior management team and is governed by a six-member board of directors. The board is comprised of two representatives from each distribution cooperative.

<u>Senior Management Team:</u>
Mark Bailey, President & CEO
Robert Berry, V.P. Production
David Crockett, V.P. System Operations
James Haner, V.P. Administrative Services
Mark Hite, V.P. Accounting & Interim CFO
Eric Robeson, V.P. Environmental Services and Construction
Albert Yockey, V.P. Governmental Relations & Enterprise Risk Management

Big Rivers

Big Rivers' Financing

Big Rivers currently has two $50 million lines of credit available to it, one with CoBank, ACB, expiring July 16, 2012, and the other with National Rural Utilities Cooperative Finance Corporation ("CFC") that expires July 16, 2014.

Long Term Debt Schedule ($mm) - as of December 31, 2011

Debt	Maturity Date	Stated Value	Principal	Notes:
RUS Series A Note, stated interest rate of 5.75%, with an imputed interest rate of 5.84%	July 2021	$ 523.2	$ 521.3	A portion hereof to be refinanced by CoBank and CFC
RUS Series B Note, no stated interest rate, with an imputed interest rate of 5.80%	December 2023	$ 245.5	$ 123.0	
Pollution Control Bonds Series 1983 - County of Ohio, Kentucky with a 3.25% interest rate in 2011	June 2013	$ 58.8	$ 58.8	Plan to refinance in 2013
Pollution Control Bonds Series 2010 , County of Ohio, Kentucky with a 6.0% fixed interest rate	July 2031	$ 83.3	$ 83.3	
TOTAL		**$ 910.8**	**$ 786.4**	

Big Rivers

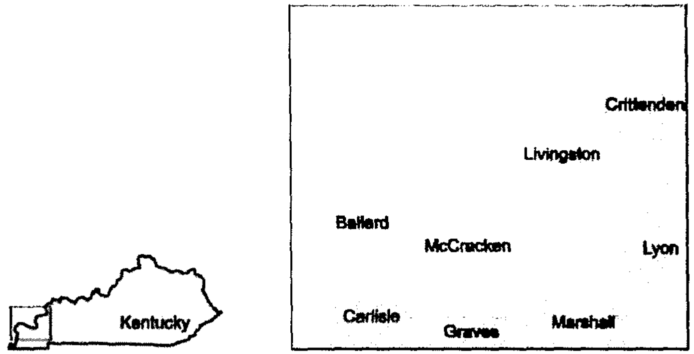
II. Overview of Members & Customer Base

Big Rivers

Overview of Jackson Purchase Energy Corporation

Overview Service Territory

- Established in 1937
- Serves approximately 29,000 accounts in portions of 6 counties in Western Kentucky
- Managed by 8 member/consumer elected board serving four-year staggered terms
- Primarily residential & small commercial customer mix
- Most recent residential retail rate increase: July 2008, 9.5%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$45.1	$46.5	$41.9
Operating Expenses	38.0	36.1	34.4
Net Operating Income [1]	7.1	10.4	7.5
Cash Flow			
Debt Service	5.1	4.9	4.9
Debt Service Coverage Ratio	1.50 x	2.32 x	1.62 x
TIER	1.04 x	2.51 x	1.26 x
Balance Sheet			
Net Utility Plant	$92.4	$91.5	$87.3
Equities/Capitalization	39.4%	43.6%	39.8%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

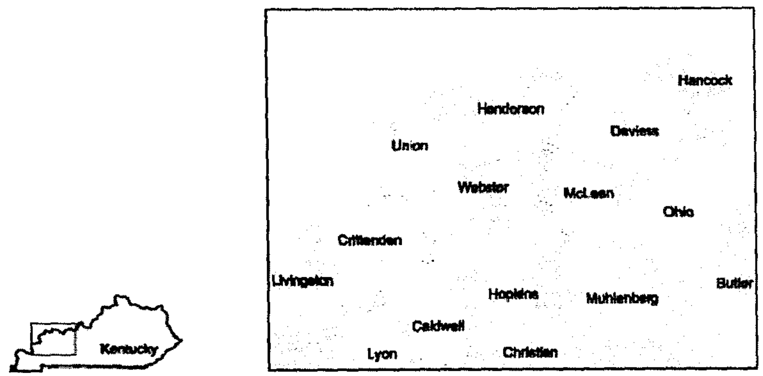
	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	411,231	26,054	29,070
Comm. And Ind. (< 1,000 kW)	190,024	3,126	11,916
Comm. And Ind. (<>1,000 kW)	49,396	9	2,909
Public Lighting/Irrigation	888	10	101
Total	**651,539**	**29,199**	**43,996**

Big Rivers

Overview of Kenergy Corp.

Overview Service Territory

- Established in July 1999 through the consolidation of – Henderson Union Electric Coop (established 1936), and – Green River Electric Corporation (established 1937)
- Serves approximately 55,000 customers in 14 western Kentucky counties along more than 7,000 miles of line
- Fourth largest electric cooperative in Kentucky (based on customers)
- Managed by 11 member customer-elected board
- Most recent residential retail rate increase: Sept. 2011, 7.49%
- Responsible for supplying Hawesville and Sebree smelters



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$425.6	$401.0	$349.8
Operating Expenses	407.5	381.3	332.9
Net Operating Income [1]	18.1	19.7	16.9
Cash Flow			
Debt Service	11.5	11.6	11.1
Debt Service Coverage Ratio	1.62 x	1.79 x	1.58x
TIER	1.66 x	1.95 x	1.48 x
Balance Sheet			
Net Utility Plant	$182.9	$179.2	$177.5
Equities/Capitalization	36.3%	33.2%	30.3%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

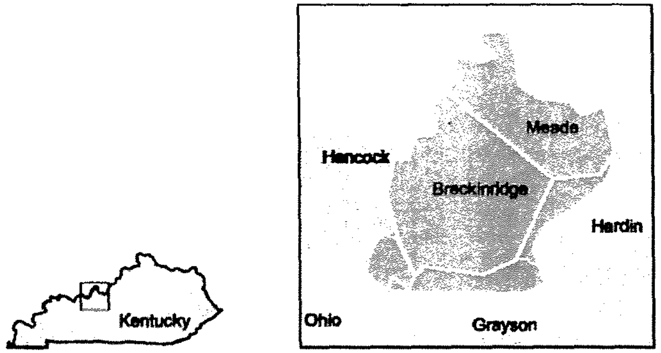
	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	754,124	45,294	56,284
Comm. And Ind. (< 1,000 kW)	314,861	9,803	22,563
Comm. And Ind. (<>1,000 kW)	8,326,066	35	344,888
Public Lighting	1,733	78	282
Total	**9,396,784**	**55,210**	**424,017**

Big Rivers

Overview of Meade County Rural Electric Cooperative

Overview Service Territory

- Established in 1937
- Serves approximately 28,000 customers in portions of 6 Kentucky counties along approximately 2,900 miles of line
- Managed by 7 member customer-elected board
- Primarily residential customer mix
- Most recent residential retail rate increase: Feb. 2011, 3.92%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$35.8	$34.6	$31.1
Operating Expenses	28.3	27.5	24.7
Net Operating Income [1]	7.5	7.1	6.4
Cash Flow			
Debt Service	4.8	4.9	4.8
Debt Service Coverage Ratio	1.58 x	1.55 x	1.37 x
TIER	2.09 x	2.05 x	1.57 x
Balance Sheet			
Net Utility Plant	$72.2	$69.9	$66.6
Equities/Capitalization	33.9%	33.5%	32.3%

Customer Profile

FY 2011			
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	364,735	26,402	27,480
Comm. And Ind. (< 1,000 kW)	94,657	2,070	7,131
Public Lighting	1,057	6	75
Total	**460,449**	**28,478**	**34,686**

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Big Rivers

Long-Term Smelter Contracts

- Big Rivers and Kenergy (the Member serving the Smelters) entered into the Smelter Wholesale Power Contracts in which Big Rivers supplies energy to Kenergy for resale to the Smelters through the end of 2023 on a take-or-pay basis, subject to a one-year termination notice from the Smelter(s)
- The two aluminum smelters, owned by Alcan and Century, have a base demand of 850 MW and typically use 98% of the energy
- Energy made available to the Smelters will consist of three types
  - ***Base Monthly Energy:*** 368 MW hourly for Alcan and 482 MW hourly for Century
  - ***Supplemental Energy:*** 10 MW hourly of interruptible energy to each Smelter
  - ***Back-up Energy:*** Imbalance energy for Kenergy made available to the Smelters
- Charges to the Smelters will also include the following adjustments:
  - Base Rate always 25 cents per MWh over Large Industrial
  - Fuel Adjustment Clause ("FAC") – Adjusts monthly for incremental changes in fuel costs
  - Environmental Surcharge ("ES") – Adjusts monthly for incremental changes in non-fuel variable production expenses (emission allowances, reagents and waste disposal)
  - Purchased Power Adjustment ("PPA") – Adjusts monthly for incremental changes in purchased power costs (non-FAC PPA regulatory account for non-smelter members)
  - TIER Adjustment (described on page 29)
  - Surcharges – Mitigate impact of FAC and ES on Non-Smelter Members

Big Rivers

Overview of Smelters

- Sebree, Kentucky Smelter (Alcan Primary Products Corporation)
  - Alcan is owned by Rio Tinto, an international mining group, and is Rio Tinto's only U.S. aluminum smelter
  - Commenced operation in 1973
  - Produces 186,000 metric tons of primary aluminum annually from its 3 potlines
  - 600 employees
  - Base contract demand: 368 MW and Projected annual energy consumption: 3.1 TWh
  - Recently completed $37mm bake furnace project

- Hawesville, Kentucky Smelter (Century Aluminum of Kentucky General Partnership)
  - Century is a public company and through its various subsidiaries owns and operates aluminum smelters in Kentucky, South Carolina, West Virginia and Iceland
  - Commenced operation in 1970
  - Produces 244,000 metric tons of primary aluminum annually from its 5 potlines
  - 775 employees
  - Base contract demand: 482 MW and Projected annual energy consumption: 4.2 TWh

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Residential Electricity in the Nation

Average Residential Rate – Kentucky December 2011[1]

Kentucky Utility	Cents / kWh
East Kentucky Power Cooperative	11.66
AEP Kentucky Power	9.72
Duke Energy Kentucky	8.65
Louisville Gas and Electric Company	8.57
Kentucky Utilities Company	7.82
Big Rivers Rate (including credits)	7.82
Big Rivers Rate (excluding credits)	9.11

Average Residential Rate – National November 2011[2]

National Region	Cents / kWh
Pacific Noncontiguous	27.94
New England	15.90
Middle Atlantic	15.80
Pacific Contiguous	12.71
East North Central	12.02
South Atlantic	11.21
West South Central	10.60
East South Central	10.46
Mountain	10.12
West North Central	9.83
Kentucky	9.30
United States Total	**11.88**

1 Source: Kentucky Public Service Commission Orders and Filings
2 Source: Energy Information Administration Table 5.6.A

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Commercial and Industrial Electricity in the Nation

Average Commercial & Industrial Rate – National 2011

National Region	Cents/kWh
Pacific Noncontiguous	24.67
New England	13.51
Middle Atlantic	10.99
Pacific Contiguous	10.13
East North Central	8.05
South Atlantic	8.14
East South Central	7.96
Meade County	7.53
Mountain	7.52
West South Central	7.39
West North Central	7.21
Kenergy - excluding Smelters	7.17
Kentucky	6.86
Jackson Purchase	6.19
Kenergy - Smelters	4.40

Source: RUS Form 7 and Energy Information Administration

Big Rivers

III. Operations

Big Rivers

Big Rivers' Available Generation Resources

	Fuel Type	Net Capacity (MW)	Commercial Operation
Owned Generation			
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	138	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal / Gas	65	1966
Combustion Turbine	Oil / Gas	65	1979
D.B. Wilson Unit 1	Coal	417	1986
Owned Subtotal		1,444	
Leased Generation			
HMP&L Station Two			
Unit 1	Coal	153	1973
Unit 2	Coal	159	1974
City's Current Capacity Allocation[1]		(110)	
Leased Subtotal		202	
Total Owned / Leased Generation		1,646	
Purchased Power			
Member's SEPA Allocation	Hydro	178	
Total Capacity		1,824	

[1]Big Rivers operates Station Two, which is owned by the City of Henderson, and is entitled to all capacity and energy not taken by the City under the terms of a power purchase agreement.

Big Rivers

Big Rivers' Coal-Fired Power Plants System Performance

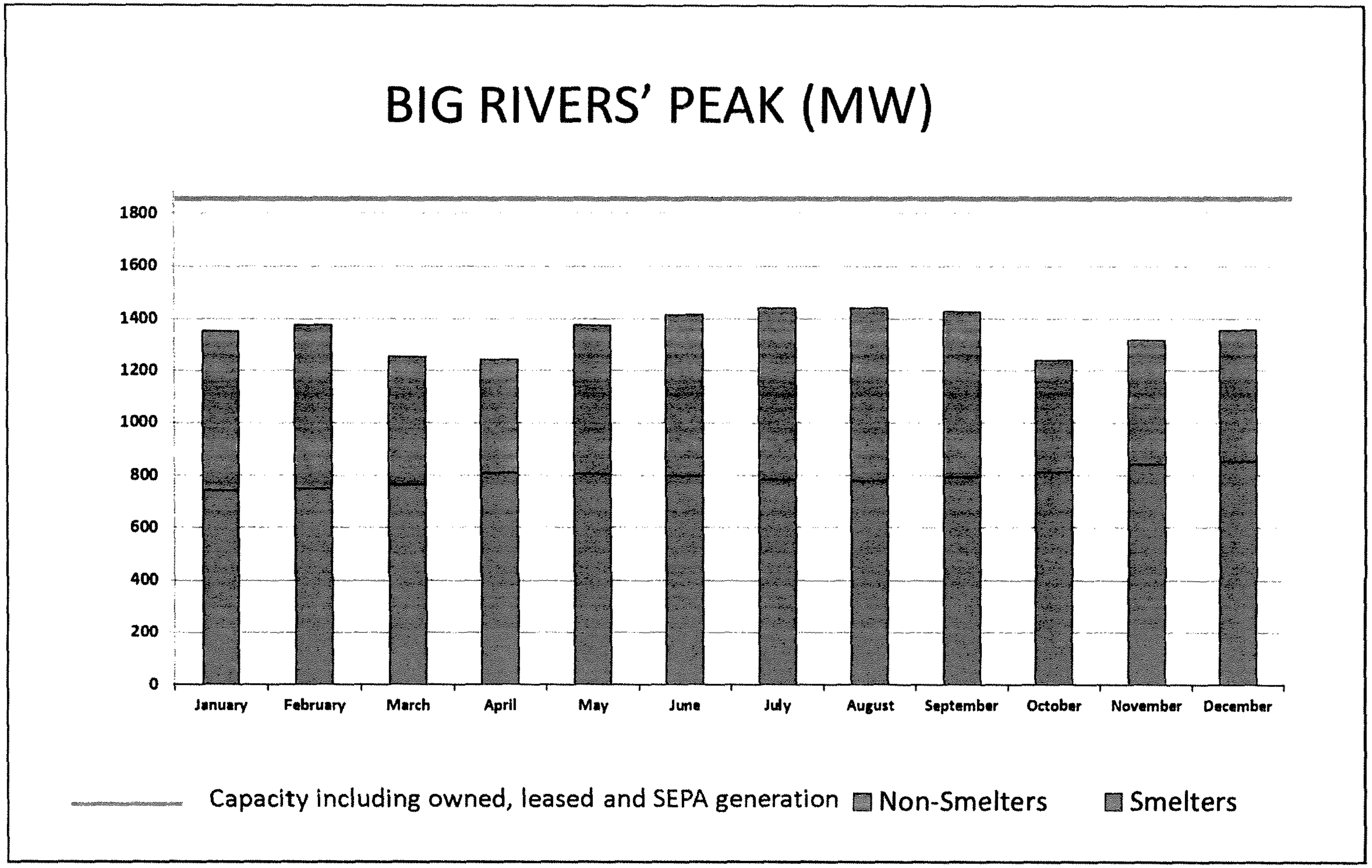
- Eight of the nine coal generating units are equipped with Flue Gas Desulphurization systems (FGDs) to control SO2 emissions
- Wilson 1, HMP&L 1 and HMP&L 2 are equipped with Selective Catalytic Reduction systems (SCRs) to control NOx emissions
- System performance is actively benchmarked against the industry utilizing GKS Navigant services. In the most recent benchmarking survey (2007 to 2011 Q3), Big Rivers displayed the following results when comparing O&M costs including fuel:
    - System capacity weighted O&M cost including fuel was $2.38/MWh less than the median cost ($32.08/MWh vs. $34.46/MWh).

Key Performance Indicators per IEEE Standards (6 Year Averages 2006 thru 2011)

Unit	Net Generation (MWHrs)	Net Heat Rate (BTU/kWH)	Gross Capacity Factor (%)	Gross Capacity Output (%)	Equivalent Availability Factor (%)	Equivalent Forced Outage Rate (%)
Coleman 1	981,391	10,762	75.2	84.5	89.1	4.9
Coleman 2	904,899	11,561	74.8	81.9	90.9	3.1
Coleman 3	1,014,199	10,654	75.5	83.4	88.9	6.8
Green 1	1,768,041	11,132	88.7	95.5	92.1	2.5
Green 2	1,725,642	11,265	89.5	95.1	94.1	1.8
Henderson 1	1,098,054	10,911	83.1	93.2	88.4	8.3
Henderson 2	1,093,491	11,182	79.3	88.0	88.8	5.2
Wilson 1	3,143,151	11,201	86.4	96.8	88.1	4.8
SYSTEM	**11,728,868**	**11,109**	**83.0**	**91.5**	**90.0**	**4.5**

Big Rivers

Big Rivers' Peak 2011 (MW)



Big Rivers

Big Rivers' Coal-Fired Power Plants Variable Cost 2011 – by unit

BREC Variable Costs*
Period Ending December 31, 2011
Year - to - Date

Unit	Total Fuel	(Reagent) Scrubber	SOx Allowances	NOx Allowances	Total Variable $	Net Generation	$/MWH
Green 1	$ 35,728,589	$ 5,245,575	$ 18,130	$ 0	$ 40,992,294	1,708,535	$ 23.99
Green 2	$ 36,040,907	5,416,397	$ 16,892	$ 0	41,474,196	1,761,631	$ 23.54
HMP&L 1	$ 20,139,330	2,796,248	$ 0	$ 0	22,935,578	803,654	$ 28.54
HMP&L 2	$ 19,775,764	2,641,157	$ 0	$ 0	22,416,921	761,614	$ 29.43
Coleman 1	$ 26,759,990	1,060,072	$ 4,032	$ 0	27,824,094	1,125,022	$ 24.73
Coleman 2	$ 26,470,391	975,033	$ 4,752	$ 0	27,450,176	1,027,417	$ 26.72
Coleman 3	$ 27,331,567	1,088,404	$ 49,876	$ 0	28,469,847	1,155,921	$ 24.63
Wilson 1	$ 58,838,443	9,455,533	$ 118,418	$ 0	68,412,394	3,403,807	$ 20.10
Totals	**$ 251,084,981**	**$ 28,678,419**	**$ 212,100**	**$ 0**	**$ 279,975,500**	**11,747,601**	**$ 23.83**

**Does not include Reid 1 and Reid CT which are used for peaking purposes*

Big Rivers

Big Rivers' Environmental Compliance Plan (ECP) for CSAPR & MATS

Cross-State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards (MATS) were both finalized in 2011. Both rules will impact Big Rivers' ECP. Big Rivers plans to pass through these costs under the Environmental Surcharge, and will be presenting this information to the Kentucky Public Service Commission in 2012. The estimated compliance costs are as follows:

	CSAPR	MATS	Total
Capital			
Wilson	139,000,000	11,240,000	150,240,000
HMPL (Net of City)	3,850,000	280,000	4,130,000
Reid	1,200,000		1,200,000
Green	81,000,000	18,480,000	99,480,000
Coleman		28,440,000	28,440,000
	225,050,000	58,440,000	283,490,000
Cost of Capital	9.42%	9.42%	9.42%
Annual Capital Cost	21,199,710	5,505,048	26,704,758
Annual O&M Cost	[redacted]		
Total Annual 2012 ECP Cost in 2016	[redacted]		

Big Rivers

IV. Indenture/Financial Goals

Big Rivers

Big Rivers' Financial Covenants

Big Rivers is in compliance with all debt covenants associated with both long-term and short-term debt.

- The Company's Indenture and its line of credit with CFC require that Margins for Interest Ratio (MFIR) of at least 1.10 be maintained each fiscal year.
- The CoBank line of credit agreement requires that at the end of each fiscal year the Company have a Debt Service Coverage Ratio (DSCR) of not less than 1.20.
- CoBank and CFC also require an Equity to Assets ratio of 15% or greater at the end of each fiscal year.

Historical Performance against covenants

Ratio	Agreement	Loan Covenant	2011	2010	2009
MFIR	Indenture/NRUCFC	1.10	1.12	1.15	9.87
Debt Service Coverage Ratio*	CoBank	1.20	1.47	1.47	2.44
Equity to Assets	CoBank	15%	27%	26%	25%
Equity to Assets	NRUCFC	12%	27%	26%	25%
TIER		n/a	1.12	1.15	9.85
Debt to Total Capitalization		n/a	67%	68%	69%

**** DSCR not included in the proposed CoBank Revolver***

Big Rivers

Smelter Agreements TIER Support Calculation
($ mm)

- 20XX Rebate
  - TIER before adjustment (line 4) exceeds 1.24
  - $18.8mm is available for Rebate, split ratably between Non-Smelter Members and Smelters
  - Maximum TIER adjustment available is $1.95/MWh

- **2013 TIER Adjustment**
  - TIER before adjustment (line 4) is below 1.24
  - $20.36mm is contributed by Smelters via TIER adjustment or $2.79/MWh
  - Maximum TIER adjustment available is $2.95/MWh

Sample Rebate and TIER Adjustment Calculation

	20XX	2013
1 **Before Rebate / TIER Adjustment**		
2 Net Margin + Interest Charges	$79.9	$45.7
3 Interest Charges	$49.3	$53.3
4 Contract TIER	1.62x	0.86x
5 **Rebate**		
6 Members	(6.2)	–
7 Smelters	(12.6)	–
8 Total	(18.8)	–
9 **TIER Adjustment**		
10 Smelters	–	$20.4
11 Total	–	$20.4
12 **After Rebate / TIER Adjustment**		
13 Net Margin + Interest Charges	$61.1	$66.1
14 Interest Charges	$49.3	$53.3
15 Contract TIER	1.24x	1.24x

Big Rivers

V. Financials

Big Rivers

Statement of Operations

	Actual		Projected				
Statement of Operations ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Electric Energy Revenues	$ 514.5	$ 558.4	$ 582.3	$ [redacted]			
Other Operating Revenue and Income	12.8	3.6	4.0	4.0	4.0	4.0	4.0
Total Operating Revenues	$ 527.3	$ 562.0	$ 586.3	$ [redacted]			
Operating Expense - Excluding Fuel	$ 187.2	$ 201.8	$ 203.6	$ [redacted]			
Operating Expense Fuel	207.7	226.2	238.4				
Maintenance Expense	46.9	47.7	53.9				
Depreciation and Amortization	34.2	35.4	41.9	43.3	44.7	48.1	52.5
Interest Expense	47.1	45.7	43.6	59.3	59.5	59.3	59.2
Other - Net	(2.8)	(0.4)	(0.5)	(4.5)	(10.4)	(13.4)	(4.6)
Total Expenses	$ 520.3	$ 556.4	$ 580.9	$ [redacted]			
Net Margins	**$ 7.0**	**$ 5.6**	**$ 5.4**	**$** [redacted]			
TIER	**1.15**	**1.12**	**1.12**				

Big Rivers

Balance Sheet

	Actual		Projected				
Balance Sheet ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Assets							
Net Utility Plant	$ 1,092	$ 1,092	$ 1,120	$ 1,189	$ 1,339	$ 1,436	$ 1,427
Cash & Investments	45	45	35	241	101	32	32
Transition Reserve	35	0	35	35	36	36	36
Economic Reserve	121	100	72	38	8	0	0
Rural Economic Reserve	62	63	64	65	66	52	23
Receivables, Inventories, & Other	117	118	133	141	139	142	149
Total	**$ 1,472**	**$ 1,418**	**$ 1,459**	**$ 1,709**	**$ 1,689**	**$ 1,698**	**$ 1,667**
Equities & Liabilities							
Equities	$ 387	$ 390	$ 395	$ 404	$ 418	$ 433	$ 447
Debt	817	786	859	1,133	1,124	1,114	1,104
Deferred Revenue - Economic Reserves	181	162	136	103	74	52	23
Line of Credit Advances	10	0	0	0	0	25	15
Payables & Other	77	80	69	69	73	74	78
Total	**$ 1,472**	**$ 1,418**	**$ 1,459**	**$ 1,709**	**$ 1,689**	**$ 1,698**	**$ 1,667**
Equities / Total Capitalization	**32%**	**33%**	**31%**	**26%**	**27%**	**28%**	**29%**

Big Rivers

Debt Service Coverage

	Actual		Projected				
Debt Service Coverage ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Margins	$ 7.0	$ 5.6	$ 5.4	$ [redacted]			
Interest Expense	47.1	45.7	43.6	59.3	59.5	59.3	59.2
Depreciation & Amortization	36.3	37.5	44.5	46.0	47.5	51.0	55.7
Numerator for DSCR	$ 90.4	$ 88.8	$ 93.5	$ [redacted]			
Interest Expense	47.1	45.7	43.6	59.3	59.5	59.3	59.2
Principal Due on Long-Term Debt	14.2	14.9	16.1	21.6	22.4	23.3	24.3
Denominator for DSCR	$ 61.3	$ 60.6	$ 59.7	$ [redacted]			
Debt Service Coverage Ratio	**1.47**	**1.47**	**1.57**	[redacted]			

Big Rivers

Non-Smelter Member Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Non-Smelter Members							
Base Rate	$ 35.33	$ 42.45	$ 48.69	$ 48.70	$ 50.16	$ 50.19	$ 50.20
Regulatory Account Amortization	0.00	(0.32)	(1.23)	(1.23)	(0.38)	0.17	0.28
FAC	9.98	4.49	5.09	5.47	5.95	6.36	6.80
Environmental Surcharge	2.25	2.16	2.51	4.98	4.94	4.92	7.33
Surcredits	(3.30)	(3.49)	(4.10)	(4.05)	(4.00)	(3.97)	(3.93)
Rebate (Accrual)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Stabilization							
Economic Reserve	(7.91)	(6.22)	(8.69)	(10.10)	(9.10)	(2.20)	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(4.68)	(8.44)
Blended Rate	**$ 36.35**	**$ 39.07**	**$ 42.27**	**$ 43.77**	**$ 47.57**	**$ 50.79**	**$ 52.24**

Big Rivers

Smelter Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Smelters							
Large Industrial Rate @ 98%	$ 29.07	$ 34.70	$ 39.14	$ 39.18	$ 40.36	$ 40.36	$ 40.32
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	$ 29.32	$ 34.95	$ 39.39	$ 39.43	$ 40.61	$ 40.61	$ 40.57
Tier Adjustment	1.95	1.95	2.95	2.95	2.60	2.55	2.44
Non-FAC PPA	(1.18)	(0.70)	(0.40)	(0.21)	(0.04)	0.28	0.38
FAC	10.13	4.53	5.11	5.48	5.95	6.36	6.80
Environmental Surcharge	2.26	2.18	2.48	4.07	4.11	4.07	6.08
Surcharge	1.57	1.57	1.87	1.87	1.87	1.87	1.87
Rebate (accrued)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate	**$ 44.05**	**$ 44.48**	**$ 51.40**	**$ 53.59**	**$ 55.10**	**$ 55.74**	**$ 58.14**

Big Rivers

Big Rivers' Credit Rating

Big Rivers maintains investment grade credit ratings…

Moody's Investor Service – Moody's has assigned a 'Baa1' senior secured rating for the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Standard & Poor's (S&P) – S&P has assigned a 'BBB-' issuer credit rating to Big Rivers and has assigned a "BBB-" long-term rating for its Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Fitch Ratings Ltd. – Fitch has assigned a 'BBB-' rating on the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Big Rivers

VI. Appendix – Senior Management Brief Biographies

Big Rivers

Big Rivers' Senior Management

Senior Management Brief Biographies

Mark A. Bailey, President & Chief Executive Officer, received a Bachelor of Science in Electrical Engineering from Ohio Northern University in 1974, and a Master of Science in Management from the Massachusetts Institute of Technology in 1988. He was employed by American Electric Power Company ("AEP") for nearly 30 years, beginning as an Electrical Engineer in 1974. Mr. Bailey was employed as Vice President of AEP subsidiary Indiana Michigan Power Company until AEP's reorganization in 1996, when he became Director-Regions with American Electric Power Service Corporation ("AEPSC"), also a subsidiary of AEP. He was employed as Vice President of Transmission Asset Management for AEPSC from June 2000 until his employment as President and Chief Executive Officer ("CEO") with Kenergy Corp. in 2004. Mr. Bailey was employed as Executive Vice President and Chief Operating Officer of Big Rivers beginning in June 2007 until being elected by the Board of Directors to his current position in October 2008.

Robert W. Berry, Vice President of Production, graduated from the University of Kentucky Community College system with an Associate degree in Mechanical Engineering Technology and Mid-Continent University with a Bachelor of Science in Business Management. He was employed by Big Rivers from 1981 to 1998 and served in various maintenance positions such as Superintendent of Maintenance and Maintenance Manager. In 1998 he was employed by Western Kentucky Energy and served in various positions such as Maintenance Manager, Plant Manager and General Manager until the Unwind transaction closed in July 2009, at which time he assumed his current position at Big Rivers.

David G. Crockett, Vice President of System Operations, graduated from the University of Kentucky with a Bachelor of Science in Electrical Engineering in 1972. He has been employed with Big Rivers since 1972. He served in various engineering positions before assuming the responsibility of Manager of Energy Control in 1998. Mr. Crockett assumed his current position as Vice President System Operations in 2006.

James V. Haner, Vice President of Administrative Services, graduated from the University of Kentucky with a Bachelor of Science in Accounting in 1970. He has been employed with Big Rivers since 1972. He served in various accounting and finance capacities prior to transferring to administrative services in 1991. He assumed duties as Manager Human Resources in 1998. Mr. Haner assumed his current position of Vice President Administrative Services in 2005.

Big Rivers

Big Rivers' Senior Management

Senior Management Brief Biographies - continued

Mark A. Hite, Vice President of Accounting & Interim Chief Financial Officer, graduated from the University of Evansville with a Bachelor of Science in Accounting in 1980 and a Master of Business Administration in 1985. He is a licensed CPA. Mr. Hite has been employed with Big Rivers since 1983, and has served in various accounting and finance capacities prior to assuming his current position.

Eric Robeson, Vice President of Environmental Services and Construction, graduated from Rose Hulman Institute of Technology in 1977 with a Bachelor of Science in Mechanical Engineering and Ball State University in 1988 with a Masters of Business Administration. He is a registered Professional Engineer in the state of Indiana. Mr. Robeson worked at Vectren (and its predecessor company Sigeco) from 1980 to 2011. He served in a variety of engineering and managerial positions including Plant Manager, Director of Generation Planning, and Director of Infrastructure Services. He joined Big Rivers in 2011 as Vice President of Construction overseeing environmental compliance efforts and assumed his current position in February 2012.

Albert M. Yockey, Vice President of Governmental Relations & Enterprise Risk Management, graduated from the University of Pittsburgh with a Bachelor of Science in Electrical Engineering in 1972, a Master of Science from Lehigh University in 1979, and a Juris Doctor from Capital University Law School in 1994. He is a registered Professional Engineer in Pennsylvania and a licensed attorney in Ohio. Mr. Yockey was employed in operation and planning positions with Pennsylvania Power and Light Co. from 1972 through 1985. He was employed in planning, regulatory, and compliance positions with American Electric Power Company from 1985 until February 2008. Mr. Yockey joined Big Rivers as Vice President of Enterprise Risk Management and Strategic Planning in 2008 and assumed his current position in July 2009.

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 6) *Please provide copies of credit reports for Big Rivers between January 1, 2011 and the present from the major credit rating agencies (Moody's, S&P, and Fitch).*

Response) Please see Big Rivers' response to AG 1-7.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 7) *Please provide the corporate and credit bond ratings assigned to Big Rivers since the year 2009 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report.*

Response) Please see Attachment (1 of 4) to this response for the corporate and credit bond ratings assigned to Big Rivers since the year 2009 by S&P, Moody's, and Fitch. Copies of the following reports, recently issued by the respective rating agencies, are also provided as attachments to this response:

- "Rating Action: Moody's downgrades rating of County of Ohio, Kentucky (Big Rivers Electric Corporation Project) to Ba2 from Ba1; outlook negative", Moody's Investors Service, July 11, 2013
- "Issuer Comment: Big Rivers Electric Corporation – Credit Opinion", Moody's Investors Service, July 15, 2013
- "Ratings Direct: Big Rivers Electric Corp., Kentucky Ohio County; Rural Electric Coop", Standard & Poor's Ratings Services, August 2, 2013

Refer to the Direct Testimony of Billie J. Richert, Exhibit Richert-4, for copies of credit rating reports issued by S&P, Moody's, and Fitch regarding changes in Big Rivers' credit ratings during February 2013.

Please see the attachments to the response for AG 1-4 (Case No. 2012-00492) for corporate credit and bond ratings assigned to Big Rivers prior to February 2013.

Witness) Billie J. Richert

Big Rivers Ele Corporation
Case No. 2013-00199
Attachment for Response to AG 1-7
Big Rivers' Historical Credit Ratings by Rating Agency
(2009 through August 2013)

Moody's		
Date	Credit Rating	Rating Outlook
3/13/2009	Baa1	Stable
7/14/2009	Baa1	Stable
5/10/2010	Baa1	Stable
7/18/2011	Baa1	Stable
8/21/2012	Baa2	Under Review
2/6/2013	Ba1	Under Review
7/11/2013	Ba2	Negative

S&P		
Date	Credit Rating	Rating Outlook
5/18/2010	BBB-	Stable
7/6/2011	BBB-	Stable
8/31/2012	BBB-	Negative
2/4/2013	BB-	Negative

Fitch		
Date	Credit Rating	Rating Outlook
7/2/2009	BBB-	Stable
5/12/2010	BBB-	Stable
8/31/2011	BBB-	Stable
7/24/2012	BBB-	Stable
8/24/2012	BBB-	Negative
2/6/2013	BB	Negative

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades rating of County of Ohio, Kentucky (Big Rivers Electric Corporation Project) to Ba2 from Ba1; outlook negative

Global Credit Research - 11 Jul 2013

Approximately $83.3 million of debt securities affected

New York, July 11, 2013 -- Moody's Investors Service ("Moody's") today downgraded the senior secured rating of $83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project; cusip number 677288AG7) to Ba2 from Ba1, concluding the review for downgrade which commenced on February 6, 2013. The rating outlook is negative.

"The downgrade of the rating for the pollution control refunding revenue bonds previously issued by the county on behalf of Big Rivers Electric Corporation (BREC) reflects heightened credit risk for BREC as it moves closer to the dates when it will need to be more dependent on rate increases and other mitigation strategies to compensate for the anticipated significant loss of load from two aluminum smelters" said Kevin Rose, Vice President-Senior Analyst. "Moody's expects depressed margins for off-system sales in the MISO market to persist, thus limiting the effectiveness of marketing excess power as part of BREC's load concentration mitigation strategy", Rose added.

As reported in prior BREC related research, Alcan Corporation announced on January 31, 2013 that its subsidiary, Alcan Primary Products Corporation (Rio Tinto Alcan) is proceeding with plans to terminate its power contract with BREC. This announcement followed the August 20, 2012 announcement by Century Aluminum Company (Century) that its subsidiary, Century Aluminum of Kentucky is taking a similar action. At the time of the announcements, both owners cited that operations at the Sebree smelter and the Hawesville smelter, respectively, were not economically viable with current contract power rates and under current market conditions. On a combined basis, one of BREC's three member-owners, Kenergy Corp., has been serving the two aluminum smelters comprising roughly two-thirds of BREC's annual energy sales and accounting for just under 60% of its system demand and in excess of 60% of annual revenues. Revenues which BREC has been receiving from base energy charges paid by the smelters will end on August 20, 2013 in the case of Century's Hawesville smelter and on January 31, 2014 in the case of the former Rio Tinto Alcan's Sebring smelter now owned by Century since June 3, 2013.

While initial expectations contemplated the prospect that both smelters could cease operations upon expiration of their respective power contracts, recent developments bode well for the smelters to continue operating, while purchasing power on the wholesale market. Effective June 3, 2013, Century completed a transaction with Rio Tinto Alcan to acquire substantially all the assets of the Sebree aluminum smelter. This deal followed Century's definitive agreement with BREC and Kenergy that, subject to various regulatory approvals, will allow Century to continue operating its Hawesville smelter by purchasing electricity on the open market. Under the agreement, we expect that Kenergy will arrange for the energy purchases at wholesale market prices and Century will pay the market price and agree to pay additional amounts to cover any incremental costs incurred by BREC and Kenergy to accommodate Century's desire to purchase energy on the market for the Hawesville smelter. We understand that Century believes that this framework can serve as a model for a similar arrangement for the Sebree smelter once its current termination period expires on January 31, 2014. When compared to the alternative scenario of having both smelters permanently shut down, we view this outcome as being acceptable particularly since BREC and Kenergy will be reimbursed for the incremental costs to purchase power at wholesale market prices for the smelters.

That said, loss of the smelter load will negatively impact revenues and BREC has pursued a variety of mitigation strategies to address an anticipated $115 million revenue shortfall. On January 15, 2013, BREC filed a rate case with the Kentucky Public Service Commission (KPSC) seeking approval for a $74.5 million rate increase. The rate filing primarily covered the impending load loss from Century when the notice period expires (of the $74.5 million, $23.7 million is allocated to Alcan), as well as additional amounts for declining margins from off system sales and other cost pressures. This request was subsequently modified downward to $68.6 million due to the subsequent issuance of orders from the KPSC to recognize cost savings achieved subsequent to the rate case filing date. BREC is among the few electric generation and transmission cooperatives subject to rate regulation, which we view as a negative rating consideration among G&T cooperatives as it can sometimes pose challenges in implementing timely rate increases. The January rate case is in its final stages; BREC now awaits a final rate order from the KPSC and is requesting that new rates become effective August 20, 2013. If the case is not decided by then, BREC would be permitted under state statute to implement the rate increase, subject to refund, pending a final KPSC decision in the rate case. Today's rating action incorporates a reasonable outcome to the rate case decision.

On June 28, 2013, BREC filed another rate case proceeding, seeking KPSC approval for its rate strategy to address load loss when the former Alcan (Sebree smelter) notice period expires on January 31, 2014. Importantly and a key rating consideration are the plans to accelerate use of the economic reserve and rural economic reserve accounts in the amount of $70.4 million to offset this second rate increase which goes into effect on February 1, 2014. The accelerated use of the reserve accounts would effectively neutralize any additional non-smelter customer rate impact from this second rate case filing until August 2014 for large industrial (non-smelter) customers and April 2015 for rural (residential) customers. Under this approach, BREC hopes to delay further non-smelter customer rate shock as it implements other load concentration mitigation strategies. Included in the $70.4 million rate increase is Alcan's $23.7 million share of the $68.6 million rate increase included in the rate case filing made January 15, 2013.

These strategies, some of which are already being implemented, include entering into long-term bilateral sales arrangements, temporarily idling generation and reducing staff, making short-term off system sales, participating in the capacity markets, and selling generating assets. In that vein, BREC recently announced that it would specifically consider the sale of its 417-MW D.B. Wilson and 443-MW K.C. Coleman coal-fired plants. At the same time, BREC has responded to requests for proposals to sell power from these plants to other energy providers and awaits further developments related to those responses. Longer term opportunities may arise for sales of electricity, depending on economic development activity in its service territory. Should a transaction, either an outright sale or a long-term power arrangement for all capacity involving both Wilson and Coleman occur, BREC's total owned/available capacity would reduce to 584 MW from 1,444 MW. BREC also has rights to about 197 MW of coal-fired capacity from Henderson Municipal Power and Light Station Two and about 178 MW of contracted hydro capacity from Southeastern Power Administration.

In terms of liquidity considerations, BREC addressed what had been its most pressing near term obligation by using a portion of its existing cash on May 31, 2013 to repay a $58.8 million tax-exempt debt maturity which was scheduled for June 1, 2013. Following the debt repayment, BREC reports its cash balance is approximately $100 million (which includes $27 million designated for capital expenditures) and its debt maturities over the next eight quarters are largely comprised of scheduled amortizations of long-term debt to be paid at a rate of roughly $5.5 million per quarter. We understand that BREC has taken steps to maintain its external liquidity as it is in final stage negotiations with National Rural Utilities Cooperative Finance Corp. (NRUCFC) for a senior secured loan to fund an estimated $60 million of KPSC approved environmental related capital expenditures over the next two years. We understand that this multi-year loan, which is premised on BREC receiving a favorable order from the KPSC in the rate case filed January 15, 2013, would serve as a bridge to long-term senior secured financing under the U.S. Department of Agriculture's Rural Utilities Service (RUS) loan program. BREC is also finalizing negotiations to amend and extend its $50 million unsecured revolver with NRUCFC, which currently expires in July 2014. Subject to completing the negotiations with NRUCFC and approval from the KPSC, the new revolver is expected to convert to a secured facility, permit access to funding despite impending smelter-related load loss, and extend the term to July 2017. Extension of this facility is an important liquidity milestone since we understand that BREC terminated its $50 million CoBank facility, which was scheduled to expire in July 2017. The existing cash on hand and the anticipated extension of the $50 million revolver with NRUCFC, along with the $60 million three-year senior secured term loan with NRUCFC for environmental capital expenditures will supplement the cooperative's internally generated cash flow going forward.

BREC's rating outlook is negative, due to the uncertainty around the cooperative's success in implementing mitigating strategies, the most critical one being the rate requests pending before the KPSC.

In light of the negative outlook, BREC's rating is not likely to be upgraded in the near term. Significant support from the KPSC in the pending rate filings and successful results through other load concentration mitigation strategies would be credit positive and help to stabilize BREC's rating outlook.

Alternatively, there are a variety of factors that could cause us to take further negative rating action, including inability to obtain adequate regulatory support in pending rate filings and delays in shoring up external liquidity. Since we expect limited opportunities to earn margins on off-system sales in the MISO markets over the next 24 months, inability to find other profitable energy and capacity sales opportunities would also be credit negative. Furthermore, if full and timely recovery of environmental compliance costs does not occur as anticipated under the KPSC approved environmental cost recovery mechanism, that would add downward rating pressure, especially if such amounts increase substantially from currently anticipated levels.

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

The principal methodology used in this rating was U.S. Electric Generation & Transmission Cooperatives published in April 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Issuer Comment: Big Rivers Electric Corporation -- Credit Opinion

Global Credit Research - 15 Jul 2013

Rating Drivers

» Contract termination notices from two aluminum smelters create need for significant rate increases and other mitigating strategies to compensate for material loss of load

» Rate setting subject to jurisdiction of the Kentucky Public Service Commission (KPSC)

» Revenues from electricity sold to rural and other non-smelter customers under long-term wholesale power contracts with three member owners

» Ownership of generally competitive coal-fired generation plants; pursuing environmental compliance plan approved by regulators; environmental cost surcharge in place

Corporate Profile

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

Recent Events

Effective July 11, 2013 we downgraded the senior secured rating of $83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project; cusip number 677288AG7) to Ba2 from Ba1, concluding the review for downgrade which commenced on February 6, 2013. The rating outlook is negative. See press release of July 11, 2013 posted to moodys.com for further details relating to this action.

Rating Rationale

The Ba2 rating considers credit risk related to near term prospects for significant load loss since two aluminum smelters being served by BREC's largest member owner, Kenergy Corp., will be terminating their respective power purchase contracts, in one instance effective August 20, 2013 and the second effective February 1, 2014. The rating further reflects a need for significant rate increases and other mitigation steps to compensate for the impending load loss and to maintain viable financial performance. The Ba2 rating further recognizes the cost plus nature of the cooperative model which generally allows for cost recovery from its members. This factor is tempered in part because BREC's rates are regulated by the KPSC, which is atypical for the G&T coop sector. Still, Big Rivers' credit profile also reflects the financial benefits of several steps it took to unwind a lease and other transactions in 2008 and 2009 wherein its prior deficit net worth turned substantially positive, cash receipts were used to repay debt, and residual cash was set aside in restricted accounts to be used should BREC lose load from the smelters.

Detailed Rating Considerations

High Smelter Load Concentration; Credit Challenge Tied to Impending Loss of Smelter Load

Under historical operating conditions, the two smelters served by Kenergy have been consuming approximately 7 million MWh of energy annually, representing a substantial load concentration risk (e.g. about two-thirds of member energy load and close to 60% of member revenues for Big Rivers). This risk has been a significant rating constraint for Big Rivers, making its financial and operating risk profile unique compared to peers. This risk was magnified in August 2012 and most recently in January 2013 when each of the two smelters (Century's Hawesville smelter and the Sebree smelter that Century acquired from Alcan in June 2013) gave notice to terminate the power purchase contract with Big Rivers. Under the terms of the contract, termination of the contract requires the terminating party to give notice to Big Rivers of their decision twelve months prior to the planned termination date. During the twelve month period, each of the terminating parties must continue to make payments to Big Rivers over that time frame. The contract with the Hawesville smelter ends on August 20, 2013, while the 12 month period ends on January 31, 2014 under the contract with the Sebree smelter. Although the Hawesville and Sebree smelters are required to pay base energy charges (as defined in their respective agreements with Big Rivers) for power (482 MW and 368 MW, respectively, at 98% capacity factor) during the 12-month notice periods, neither one is required to continue operating their smelter plants.

While initial expectations contemplated the prospect that both smelters could cease operations upon expiration of their respective power contracts, recent developments bode well for the smelters to continue operating, while purchasing power on the wholesale market. Effective June 3, 2013, Century completed a transaction with Rio Tinto Alcan to acquire substantially all the assets of the Sebree aluminum smelter. This deal followed Century's definitive agreement with BREC and Kenergy that, subject to various regulatory approvals, will allow Century to continue operating its Hawesville smelter by purchasing electricity on the open market. Under the agreement, we expect that Kenergy will arrange for the energy purchases at wholesale market prices and Century will pay the market price and agree to pay additional amounts to cover any incremental costs incurred by BREC and Kenergy to accommodate Century's desire to purchase energy on the market for the Hawesville smelter. We understand that Century believes that this framework can serve as a model for a similar arrangement for the Sebree smelter once its current termination period expires on January 31, 2014. When compared to the alternative scenario of having both smelters permanently shut down, we view this outcome as being acceptable particularly since BREC and Kenergy will be reimbursed for the incremental costs to purchase power at wholesale market prices for the smelters.

Need for Supportive Regulation Given Requests for Significant Rate Increases Pending

Notwithstanding the expectation for continuation of operations by the smelters, loss of the smelter load will negatively impact revenues and BREC has pursued a variety of mitigation strategies to address an anticipated $115 million revenue shortfall. On January 15, 2013, BREC filed a rate case with the KPSC seeking approval for a $74.5 million rate increase. The rate filing primarily covered the impending load loss from Century when the notice period expires and of the $74.5 million requested, $23.7 million is allocated to Alcan. The remaining smaller amounts included in the request are intended to address declining margins from off system sales and other cost pressures. This request was subsequently modified downward to $68.6 million due to the issuance of orders from the KPSC to recognize cost savings achieved subsequent to the rate case filing date. BREC is among the few electric generation and transmission cooperatives subject to rate regulation, which we view as a negative rating consideration among G&T cooperatives as it can sometimes pose challenges in implementing timely rate increases. The January rate case is in its final stages; BREC now awaits a final rate order from the KPSC and is requesting that new rates become effective August 20, 2013. If the case is not decided by then, BREC would be permitted under state statute to implement the rate increase, subject to refund, pending a final KPSC decision in the rate case. The July 11, 2013 rating action incorporates expectations for a reasonable outcome to the rate case decision.

On June 28, 2013, BREC filed another rate case proceeding, seeking KPSC approval for its rate strategy to address load loss when the former Alcan (Sebree smelter) notice period expires on January 31, 2014. Importantly and a key rating consideration are the plans to accelerate use of the economic reserve and rural economic reserve accounts in the amount of $70.4 million to offset this second rate increase which goes into effect on February 1, 2014. The accelerated use of the reserve accounts would effectively neutralize any additional non-smelter customer rate impact from this second rate case filing until August 2014 for large industrial (non-smelter) customers and April 2015 for rural (residential) customers. Included in the $70.4 million rate increase is Alcan's $23.7 million share of the $68.6 million rate increase included in the rate case filing made January 15, 2013. Under this approach, BREC hopes to delay further non-smelter customer rate shock as it implements other load concentration mitigation strategies.

From a historical perspective in reviewing the degree of supportiveness by the KPSC, we view the existence of certain fuel and purchased power cost adjustment mechanisms and the existence of an environmental cost surcharge in rates as favorable to BREC's credit profile since they can temper risk of cost recovery shortfalls if there is a mismatch relative to existing rate levels. Also, Big Rivers received KPSC approval for a $26.7 million (6.17%) base rate increase effective November 17, 2011. We consider this result to be a reasonably good outcome from a credit quality perspective versus the approximate $39.3 million rate increase that was requested. The net effects of various appeals in this case decision resulted in the KPSC largely reaffirming its decision in January 2013; importantly, some corrections to calculations resulted in an approximately $1 million increase to the previously approved revenue amount. The rate increase allowed BREC to bolster wholesale margins, address increased depreciation costs, administrative costs tied to joining the MISO, and maintenance costs incurred during generation plant outages.

Other Load Concentration Mitigation Strategies

Other load concentration mitigation strategies, some of which are already being implemented, include entering into long-term bilateral sales arrangements, temporarily idling generation and reducing staff, making short-term off system sales, participating in the capacity markets, and selling generating assets. In that vein, BREC recently announced that it would specifically consider the sale of its 417-MW D.B. Wilson and 443-MW K.C. Coleman coal-fired plants. At the same time, BREC has responded to requests for proposals to sell power from these plants to other energy providers and awaits further developments related to those responses. Longer term opportunities may arise for sales of electricity, depending on economic development activity in its service territory. Should a transaction, either an outright sale or a long-term power arrangement for all capacity involving both Wilson and Coleman occur, BREC's total owned/available capacity would reduce to 584 MW from 1,444 MW. BREC also has rights to about 197 MW of coal-fired capacity from Henderson Municipal Power and Light Station Two and about 178 MW of contracted hydro capacity from Southeastern Power Administration.

Meanwhile we note the economics of power produced from BREC's generation sources have been enabling it to maintain a reasonable competitive advantage in the Southeast and even more so when compared to other regions around the country. The consistently high capacity factors and efficient operations of the assets resulted in 2012 member wholesale revenue per MWh for rural members and large industrial members of $50.58 and $43.15, respectively, compared to $46.78 and $41.68, respectively for 2011 (including the beneficial effects of the member rate stability mechanism). The 2012 aluminum smelter wholesale revenue per MWh was $48.52, compared to $44.48 in 2011. The year over year increase is largely attributed to the annualized effect of base rate increases approved by the KPSC effective in November 2011.

Wholesale Power Contracts Support Big Rivers' Credit Profile

The revenues derived under Big Rivers' long-term wholesale contracts with its members for sales to non-smelter customers will continue as the contracts were extended by an additional 20 years to December 31, 2043 when the unwind of transactions were completed in 2009. From a historical perspective, the relatively low cost power provided under the contracts mitigated the credit risk that would typically stem from member disenchantment. Notwithstanding a relatively competitive starting point and other price mitigating strategies, it remains possible that the specter of member unrest could surface as the substantial increases from pending regulatory filings loom. That said, the currently overall sound member profile helps provide a degree of assurance of this revenue stream, which is integral to servicing Big Rivers' debt.

Sustaining Historical Financial Metrics Hinges Importantly On Base Rate Increases and Other Load Concentration Mitigation Strategies

On average over the fiscal years 2010-2012, Big Rivers has been achieving financial metrics generally in the range of "Baa" and "A" rating categories for the five ratios covered under the Rating Methodology for U.S. Electric G&T Cooperatives. For example, Big Rivers' three year average FFO to Debt, FFO to interest and TIER for 2010-2012 were 3.1%, 1.57 times, and 1.2 times, respectively, all of which fall within the "Baa" category range under the Methodology. For the same period, DSC averaged 1.2 times (in the "A" category range), and equity to total capitalization averaged 31.6% (also in the "A" category range). The equity ratio in particular is reflective of the lease unwind transactions that were completed in 2009. Prior to that Big Rivers had negative equity. Going forward, Big Rivers will be significantly dependent on supportive outcomes in its pending rate cases and other mitigation strategies in order to sustain the recent historical metric levels.

Liquidity

BREC addressed what had been its most pressing near term obligation by using a portion of its existing cash on May 31, 2013 to repay a $58.8 million tax-exempt debt maturity which was scheduled for June 1, 2013. Following the debt repayment, BREC reports its cash balance is approximately $100 million (which includes $27 million designated for capital expenditures) and its debt maturities over the next eight quarters are largely comprised of scheduled amortizations of long-term debt to be paid at a rate of roughly $5.5 million per quarter.

We understand that BREC has taken steps to maintain its external liquidity as it is in final stage negotiations with National Rural Utilities Cooperative Finance Corp. (NRUCFC) for a senior secured loan to fund an estimated $60 million of KPSC approved environmental related capital expenditures over the next two years. We understand that this multi-year loan, which is premised on BREC receiving a favorable order from the KPSC in the rate case filed January 15, 2013, would serve as a bridge to long-term senior secured financing under the U.S. Department of Agriculture's Rural Utilities Service (RUS) loan program.

BREC is also finalizing negotiations to amend and extend its $50 million unsecured revolver with NRUCFC, which currently expires in July 2014. Subject to completing the negotiations with NRUCFC and approval from the KPSC, the new revolver is expected to convert to a secured facility, permit access to funding despite impending smelter-related load loss, and extend the term to July 2017. Extension of this facility is an important liquidity milestone since BREC terminated its $50 million CoBank facility, which was scheduled to expire in July 2017. The existing cash on hand and the anticipated extension of the $50 million revolver with NRUCFC, along with the $60 million three-year senior secured term loan with NRUCFC for environmental capital expenditures will supplement the cooperative's internally generated cash flow going forward.

The quality of the alternate liquidity provided by the NRUCFC facility benefits from the multi-year tenor and the absence of any onerous financial covenants, which largely mirror the financial covenants in existing debt documents. Big Rivers is in compliance with those covenants. Additionally, the NRUCFC facility benefits from no ongoing material adverse change (MAC) clause. The NRUCFC facility does not have any rating triggers, just a pricing grid based on rating. We understand that BREC must evidence cash of less than $35 million as a condition to each loan request under the amend and extend facility that it is negotiating to implement with NRUCFC.

Structural Considerations

As part of the unwinding of various transactions completed in 2009, Big Rivers replaced the previously existing RUS mortgage with a new senior secured indenture. Under the current senior secured indenture RUS and all senior secured debt holders, including the $83.3 million of County of Ohio, Kentucky (the county) Pollution Control Refunding Revenue Bonds (Big Rivers Electric Corporation Project; cusip number 677288AG7), are on equal footing in terms of priority of claim and lien on assets. The current senior secured indenture provides Big Rivers with the flexibility to access public debt markets without first obtaining a case specific RUS lien accommodation, while retaining the right to request approval from the RUS for additional direct borrowings under the RUS loan program, if they choose to do so. Given persistent questions about the availability of funds under the federally subsidized RUS loan program, we consider the added flexibility of the current senior secured indenture to be credit positive.

Rating Outlook

BREC's rating outlook is negative, due to the uncertainty around the cooperative's success in implementing mitigating strategies, the most critical one being the rate requests pending before the KPSC.

What Could Change the Rating - Up

In light of the negative outlook, BREC's rating is not likely to be upgraded in the near term. Significant support from the KPSC in the pending rate filings and successful results through other load concentration mitigation strategies would be credit positive and help to stabilize BREC's rating outlook.

What Could Change the Rating - Down

There are a variety of factors that could cause us to take further negative rating action, including inability to obtain adequate regulatory support in pending rate filings and delays in shoring up external liquidity. Since we expect limited opportunities to earn margins on off-system sales in the MISO markets over the next 24 months, inability to find other profitable energy and capacity sales opportunities would also be credit negative. Furthermore, if full and timely recovery of environmental compliance costs does not occur as anticipated under the KPSC approved environmental cost recovery mechanism, that would add downward rating pressure, especially if such amounts increase substantially from currently anticipated levels.

Other Considerations

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

Big Rivers' mapping under Moody's U.S. Electric Generation & Transmission Cooperative Rating Methodology is based on historical data through December 31, 2012. The grid indicated rating for Big Rivers' senior most obligations under the Methodology is currently Baa2 and relies on the aforementioned historical quantitative data and qualitative assessments. The grid indicated rating under the Methodology largely reflects Baa scores for the factors relating to funds from operations coverage of debt and interest and even lower scores for the factors relating to potential for rate shock, contractual relationships and regulatory status. Notwithstanding the current Baa2 grid indicated rating for Big Rivers under the Methodology, its actual senior secured rating of Ba2 reflects the unique risks relating to Big Rivers' load concentration to the smelters, the smelter termination notices and questions as to whether rate increases and other mitigating strategies will adequately compensate for loss of load when the smelters' contract termination notice periods expire on August 20, 2013 and January 31, 2014, respectively.

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STANDARD & POOR'S
RATINGS SERVICES

RatingsDirect®

Summary:

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

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Summary:

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

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Big Rivers Electric Corp. ICR		
Long Term Rating	BB-/Negative	Affirmed
Ohio Cnty, Kentucky		
Big Rivers Electric Corp., Kentucky		
Ohio Cnty (Big Rivers Electric Corp.) poll ctrl rfdg rev bnds (Big Rivers Elec Corp Proj) ser 2010A		
Long Term Rating	BB-/Negative	Affirmed

Rationale

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

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

- In August 2012, BREC's leading customer issued a 12-month notice to terminate its contract. The notice covers Century Aluminum Co.'s Hawesville, Ky., smelter. Century accounted for 36% of the utility's 2012 operating revenues.
- After the utility filed a rate case with the Kentucky Public Service Commission (KPSC) on Jan. 15, 2013, and requested rate relief that would, among other things, reallocate costs borne by Century to its remaining customers, a second smelter, Rio Tinto Alcan Inc., issued a 12-month notice to terminate its power contract with BREC. Alcan's Jan. 31, notice is effective January 2014. The notice covers the company's Sebree smelter, which accounted for 28% of BREC's 2012 operating revenues. The company's rate filing proposed raising Alcan's rates 16%. On June 1, Century succeeded Alcan as owner of the Sebree plant.
- We believe that losing these two loads will deprive the utility of substantial anchors that have supported much of its fixed costs. Moreover, we view the extent to which the KPSC will approve reallocating costs to remaining customers as uncertain.
- The outcome of ongoing rate proceedings remains uncertain.
- BREC and Century are seeking KPSC approval allowing the Hawesville facility to purchase market power over BREC and its member's lines as a means of preserving a portion of the smelter's contributions to revenues, but will not shield the utility from having surplus generation capacity. However, through May 1, 2014, if Century purchases market power, it will need to pay a portion of BREC's fixed and variable operating costs for the Coleman plant that is deemed to have reliability must run status within the Midwest Independent System Operator's footprint. Century will not be responsible for the plant's depreciation or interest expense.
- The status of whether BREC will have an ongoing relationship with the Sebree facility is uncertain.
- We believe it might be too onerous for remaining customers to assume the fixed costs that the smelters have

historically borne, particularly because many of the counties that BREC serves have income levels that are 20%-30% below the national median household effective buying income. Consequently, the implications of the smelter departures on the quality of the member revenue streams that support the company's debt is uncertain.

- If rate relief is insufficient and BREC looks to competitive market sales to mitigate load losses, we believe these sales could expose the utility to substantial price and volume uncertainty, which is inconsistent with sound credit quality. Moreover, BREC depends almost exclusively on coal units, which also could constrain market sales opportunities. Coal has accounted for close to 90% of its power sales and its coal units are not as economical as competing natural gas-fired resources that are benefitting from the fuel's low prices. Market sales in 2012 of 1.5 million megawatt-hours (MWh) were half of 2011's market sales volume.
- Century's termination notice precluded BREC from borrowing on its $50 million line of credit with CoBank ACB and created a potential default event. Consequently, the utility terminated the line to avert a default and preserve its term loan with CoBank. BREC expects to extend its $50 million line with National Rural Utilities Cooperative Finance Corp. before its August 2013 expiration. It expects to be able to renew the line without triggers like those in the CoBank line that cut off borrowing access because of its customers' termination notices.
- The utility reports the speculative-grade rating will not lead to an acceleration of obligations outstanding.
- Big Rivers reports it deferred maintenance in 2012 to control expenses. Although it does not plan to defer maintenance in 2013, it is revisiting its capital program pending more certainty as to the timing and extent of rate relief.

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

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

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

The utility is evaluating idling power plants as part of its response to losing loads. Closing plants could reduce costs, reduce market exposure, and mitigate the financial impact on remaining customers. Also, if rate relief is insufficient, Big Rivers might temper the burdens of cost reallocation by remarketing some or all of the generation output that had been sold to the smelters. However, market or contract demand and prices would need to be sufficient to recoup the smelters' share of costs. We believe that market sales could transform the utility into a principally merchant generator that faces the risks inherent in being subject to market demand and prices. BREC and Century are seeking the PSC's approval for the Hawesville smelter's purchases of market power that the utility and Kenergy would deliver over their lines. Under such an agreement, Century would be required to cover BREC's Coleman plant's production costs through May 2014, which would complement any market sales revenues.

Big Rivers' concentration in coal resources expose the utility to potentially higher production costs as Environmental Protection Agency (EPA) regulation of power plant emissions progresses. A recent appellate decision that vacated the EPA's Cross-State Air Pollution rule provides the utility with at least a temporary reprieve from the $224.5 million of emissions-related capital spending the utility projected for compliance with that rule while the EPA and the courts revisit the rules. BREC projects it will need to spend $59 million on retrofits to comply with the Mercury and Air Toxics Standards rule.

The utility reported $925 million of debt as of Dec. 31, 2012. Debt consisted of Rural Utilities Service loans, the Ohio County bonds, and a July 2012, $537 million loan with CoBank and National Rural Utilities Cooperative Finance Corp. Proceeds replenished $35 million of transition reserve funds used to accelerate principal reduction in 2011 and restructured a portion of the utility's RUS borrowing to eliminate some of the spikes in debt service requirements. Based on a KPSC order, BREC has repurposed the transition reserve as a capital expenditure account and has spent about $11 million of the $35 million. In June 2013, the utility used unexpended proceeds of 2012's CoBank borrowing to retire $59 million of maturing pollution control bonds.

Through 2013, the debt portfolio exhibits uneven amortization. Thereafter, through 2019, principal payments are about $22 million per year. In 2020, principal payments rise to $66 million. BREC repaid $14.2 million of principal in 2010. In 2011, it was required to repay $7.3 million of principal, but also used $35.0 million of transition reserve money to accelerate principal reduction. The utility replenished the transition reserve in 2012 with proceeds of July's borrowing from CoBank and National Rural Utilities. Loan proceeds also facilitated debt restructuring that reduced 2012's $72.1 million scheduled maturity to $12.1 million, with the remaining $60 million to be amortized later. The utility retired $59 million of maturing pollution control bonds in June 2013, with unexpended proceeds from 2012's borrowing. Including the pollution control bonds, the utility faced $79.3 million of 2013 maturities.

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

Debt service coverage of 1.45x in 2010, 1.65x in 2011, and 1.70x in 2012, was strong for a cooperative utility, in our opinion. We believe strong excess coverage margins provide a cushion against the potential for revenue stream variability.

The strength of 2011's coverage ratio partially reflects the year's very low scheduled principal payment of $7.3 million. We calculated the ratio using scheduled debt service in the denominator, compared to the $46 million of principal the utility elected to repay. Similarly, 2012's ratio benefits from debt restructuring's principal reduction and deferral.

The utility maintains $135.2 million of rate-mitigation reserves that it uses for rate stabilization. However, it projects depleting these reserves by May 2015. Consequently, we consider these funds as providing a measure of near-term, stop-gap liquidity protection, but not adding long-term value. The utility holds about $74 million of unrestricted cash, which includes unexpended borrowing proceeds.

Outlook

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

Related Criteria And Research

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

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BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 8) ***Please describe the potential ramifications, if any, the company may face if it fails to maintain an investment grade credit rating from at least two rating agencies.***

Response) At the time of this response, Big Rivers does not have an investment grade credit rating from any of the three rating agencies. Please see pages 5 through 12 of the Direct Testimony of Billie J. Richert for a discussion regarding the potential ramifications of failing to maintain investment grade credit ratings. Please see response to AG 1-10 for potential ramifications of failing to maintain two investment grade credit ratings under the RUS loan agreement.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 9) ***State and describe what consequences credit rating downgrades will have on Big Rivers under the MISO OATT or membership agreement.***

Response) As a result of the credit rating downgrades during February 2013, resulting from the Alcan Notice of Termination, Big Rivers was required to increase its letter of credit, issued in favor of MISO, by $3.0 million, from $2.0 million to $5.0 million. Additionally, in June 2013 Big Rivers was required to post $2.5 million in cash collateral with MISO, in addition to its existing letter of credit, to meet MISO's required level of financial assurances.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
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dated August 19, 2013

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Item 10) ***Confirm that under the RUS loan, if Big Rivers fails to have two investment grade credit ratings it must implement a corrective plan satisfactory to RUS, or it is an event of default. Further confirm that a lockbox arrangement may be imposed by RUS for failure to maintain two investment grade credit ratings.***

a. Please provide a list of all events which could constitute an event of default, and indicate whether Big Rivers is in default as to each identified event.

Response) Confirmed.

a. Please see the attached document for a copy of Article VI. Events of Default from the Amended and Consolidated Loan Contract Dated as of July 16, 2009 between Big Rivers Electric Corporation and United States of America (the "RUS loan" contract). Big Rivers is not currently in default under the RUS loan contract.

Witness) Billie J. Richert

ARTICLE VI.

EVENTS OF DEFAULT

The following shall be "Events of Default" under this Agreement:

(a) *Representations and Warranties.* Any representation or warranty made by the Borrower in Article II hereof or, in any certificate furnished to the RUS hereunder or in the Loan Documents or in any filing pursuant to RUS Regulations shall be incorrect in any material respect at the time made and shall at the time in question be untrue or incorrect in any material respect and remain uncured;

(b) *Payment.* Default shall be made in the payment of or on account of interest on or principal of any RUS Note when and as the same shall be due and payable, whether by acceleration or otherwise, which shall remain unsatisfied for five (5) Business Days;

(c) *Other Covenants.* Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by the RUS;

(d) *Corporate Existence.* The Borrower shall forfeit or otherwise be deprived of its corporate charter or any franchise, permit, easement, consent or license required to carry on any material portion of its business;

(e) *Other Obligations.* Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money in excess of $1 million or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation which default shall have resulted in such obligation becoming or being declared due and payable prior to the data on which it would otherwise be due and payable;

(f) *Bankruptcy.* A court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors; and

(g) *Dissolution or Liquidation.* Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within thirty (30) days. The term "dissolution or liquidation of the Borrower," as used in this paragraph (g), shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions permitting such actions.

(h) *Indenture.* Any Event of Default as set forth in Section 9.1 of the Indenture and any event (as set forth in such Section 9.1) that with the giving of notice or the passage of time, or both, could become an Event of Default.

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
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CASE NO. 2013-00199

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dated August 19, 2013

September 3, 2013

Item 11) *On an updated basis through this proceeding, indicate if and when RUS requires a lockbox arrangement.*

Response) To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate. Notwithstanding this objection, and without waiving it, Big Rivers responds as follows.

Big Rivers will provide notification of any lockbox arrangements required by RUS during this proceeding.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 12) *Provide any and all documents which show the priority of cash disbursements from lockbox funds, under the RUS required lockbox arrangement, as between creditors, vendors, operating funds, capital expenditures, etc.*

Response) Please see Section 8(b) of the Lockbox Agreement, provided as an attachment to this response, which shows the priority of cash disbursements from lockbox funds, under the RUS required lockbox arrangement, as between creditors, vendors, operating funds, capital expenditures, etc.

Witness) Billie J. Richert

LOCKBOX AGREEMENT

This **LOCKBOX AGREEMENT** (this "Agreement") is entered into as of July 16, 2009, by and among Big Rivers Electric Corporation, Old National Bank, as Lockbox Bank (the "Bank"), U.S. Bank National Association, not individually or personally but solely in its capacity as trustee (the "Trustee") under the Indenture (defined below) and the United States of America, acting by and through the Administrator of the Rural Utilities Service (together with any agency succeeding to the powers and rights of the Rural Utilities Service, the "RUS").

WHEREAS, the Company, as grantor, and the Trustee have entered into an Indenture, dated as of July 1, 2009 (such indenture, as from time to time amended, supplemented or restated, the "Indenture"), whereby, among other things, the Company has granted a security interest in certain contracts of the Company for the purchase or sale of, and transmission of, electric power and energy by or on behalf of the Company;

WHEREAS, the Company has entered into wholesale power contracts (the "Wholesale Power Contracts") as listed on Schedule I to the Loan Contract (as hereinafter defined);

WHEREAS, under the Indenture, the Company has also granted a security interest in the proceeds of the "Trust Estate" (as defined in the Indenture), including all proceeds of the Wholesale Power Contract;

WHEREAS, the Company and the RUS, have entered into an Amended and Consolidated Loan Contract, dated as of July 1, 2009 (such loan contract, as from time to time amended, supplemented or restated, the "Loan Contract") in which the Company has agreed, upon the occurrence of certain conditions and at the request of the RUS, to deposit cash proceeds of the Trust Estate as provided in the Indenture, the Loan Contract and this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Definitions. Terms used in this Agreement with initial letters capitalized that are defined in the Indenture and are not otherwise defined herein have the meanings assigned to them in the Indenture. In addition, the following terms have the meanings assigned to them below:

(a) "Applicable Period" shall mean any period commencing on the date the Company receives notice from the RUS in writing that a Highest Oversight Period (as defined in the Loan Contract) exists, and ending on the date the Company receives notice from the RUS in writing that such Highest Oversight Period no longer exists; and

(b) "Pledged Revenues" shall mean all cash proceeds (as defined in the Uniform Commercial Code) of the Trust Estate received or receivable by the Company in which the Indenture creates a security interest pursuant to the Uniform Commercial Code that are not deposited or required to be deposited with the Trustee pursuant to the Indenture; provided, however, to ease administrative burdens of the Company, Pledged Revenues shall not include cash proceeds (other than cash proceeds from the Wholesale Power Contracts) in an amount equal to or less than $10,000 from any Person during any one month period.

Section 2. Lockbox Account. There is hereby created and established with the Bank a special account to be titled the "Big Rivers Electric Corporation Special Cash Account" (the "Lockbox Account"), account number [redacted] The money deposited into the Lockbox Account, together with all investments thereof and investment income therefrom, shall be applied solely as provided in this Agreement.

Section 3. Account Subject to Pledge of the Indenture. Amounts deposited into the Lockbox Account shall constitute a portion of the Trust Estate pledged pursuant to the Indenture for the equal and ratable security of all the Outstanding Secured Obligations in accordance with and as provided by the terms of the Outstanding Secured Obligations and the Indenture. The Bank shall hold all such amounts deposited in the Lockbox Account pursuant to this Agreement as agent of the Trustee to perfect the lien of the Indenture therein. Except as otherwise permitted under Section 12, the Lockbox Account shall not be closed without the written consent of the RUS.

Section 4. Partial Waiver of Right of Set Off. Except to the extent of any amounts due to the Bank on account of items credited to the Lockbox Account prior to collection that are not subsequently collected, the Bank hereby waives, and agrees that it shall not exercise, any right of set off or any banker's lien with respect to the Lockbox Account; provided, however, that nothing in this Agreement shall be deemed to constitute a waiver by the Bank of its right of set off or any banker's lien with respect to any other account of the Company.

Section 5. Payments to Be Made to Account. During any Applicable Period, the Company shall direct each of its members and each other Person obligated to make any payment to the Company of Pledged Revenues to make such payments to the Bank at the address or in such other manner as specified in Section 6 for deposit into the Lockbox Account. The Company agrees not to make, cause or permit to be made any deposits of moneys other than Pledged Revenues into the Lockbox Account. The Company shall use its best efforts to cause its members and each other Person obligated to make any payment of Pledged Revenues to make such payments in accordance with the provisions of this Agreement.

Section 6. Manner of Payment.

(a) During any Applicable Period, payments of Pledged Revenues made by mail shall be mailed to:

Old National Bank
One Main Street
Evansville, Indiana 47708
Reference: Big Rivers Electric Corporation Special Cash Account

or to such other address as may be specified by the Bank to the Company at least thirty (30) days before the effective date of such change. During any Applicable Period, electronic payments of Pledged Revenues shall be made in the following manner:

Federal Reserve ABA Routing No.:[redacted]

All such payments of Pledged Revenues shall be accompanied by such references or other instructions to the Bank to deposit such payments in the Lockbox Account. The Bank shall have no responsibility or liability for failing to deposit any moneys in the Lockbox Account which are not accompanied by such references or other instructions to deposit such moneys in such account.

(b) All such payments received by the Bank shall be deposited into the Lockbox Account and held subject to the provisions hereof. The Bank is hereby authorized, empowered and directed by the Company to deposit all funds received as described in Section 6(a) into the Lockbox Account and to make all necessary endorsements and to take all other necessary actions to carry out the purposes of this Agreement. The Company hereby waives notice of presentment, protest and non-payment of any instrument so endorsed.

(c) During any Applicable Period, the Company shall promptly, and no event later than the Business Day following the receipt thereof, remit to the Bank in accordance with Section 6(a) for deposit into the Lockbox Account any Pledged Revenue that is received by the Company.

Section 7. Accounting. No less frequently than once each month, the Bank shall deliver by mail a statement to the Company, with copies to the Trustee, the RUS and such other Persons as may be designated by the Company, which shall identify the date, maker and amount of each deposit to the Lockbox. Account, and the date, payee and amount of each withdrawal or other debit to the Lockbox Account.

Section 8. Disbursements.

(a) Upon written demand of the Trustee, accompanied by a statement that there has occurred and is continuing under the Indenture an Event of Default, and continuing until such demand is rescinded, the Bank shall pay to the Trustee all amounts then or thereafter on deposit in the Lockbox Account, to be applied by the Trustee as provided under the Indenture. Such amounts so paid shall be held and administered by the Trustee in accordance with general terms and conditions set forth in the Indenture.

(b) So long as the Bank shall not have received a written demand from the Trustee under paragraph (a) above, on the fifth (5th) Business Day preceding the end of each month during the Applicable Period, the Bank shall withdraw and pay (or deposit in another, unrestricted account, at the direction of the appropriate party listed below) from the amounts on deposit in the Lockbox Account the following amounts in the order indicated to the extent funds are available in the Lockbox Account:

(1) to the Bank, the amount of fees and expenses that are then payable to the Bank under Section 9;

(2) to the Trustee, the amount certified by the Trustee as the amount of any fees or expenses that are then payable to the Trustee under the Indenture;

(3) to the Company, the amount specified in a written request as the amount of ordinary and necessary payments due from the Company for the following month, including, without limitations, payments for operations and regularly scheduled debt service;

(4) to the Trustee, the amount certified by the Company as the amount necessary to provide for the payment of the principal and interest then due or (based on receipt by the Trustee on a monthly basis of a proportional amount of principal and accrued interest) becoming due on the Outstanding Secured Obligations during the following month, for deposit as Trust Moneys under the Indenture;

(5) to the Company, the amount specified in a written request as the amount of expenditures approved for the following month in accordance with a capital expenditure budget approved by the RUS;

(6) to the Company, the amount specified in a written request as the amount of expenditures for the following month approved in writing by the RUS for other purposes; and

(7) to the payment of any amounts due under Obligations to maintain the value of reserve funds established and maintained in connection with debt securities (A) secured by a pledge of certain Obligations, (B) issued on behalf of the Company and (C) with respect to which an opinion was delivered on the date of the issuance of such securities to the effect that the interest on such securities is excluded from the gross income of the holder of such securities pursuant to the Internal Revenue Code, as amended.

(c) Any amounts remaining on deposit in the Lockbox Account on the day following the end of the month in which (i) a Highest Oversight Period no longer exists (as evidenced by an Officers' Certificate and a notice from the RUS to such effect) or (ii) this Agreement terminates pursuant to Section 13, shall be paid to the Company in accordance with, and upon receipt of, a written request, to be used for any lawful purpose.

(d) Pending disbursements of the amounts on deposit in the Lockbox Account, the Bank shall promptly invest and reinvest such amounts in the Defeasance Securities specified in any Company Order or in a mutual fund consisting of Defeasance Securities, or in such other investments as may be approved in writing by the RUS.

(e) Any amounts deposited in the Lockbox Account that do not constitute Pledged Revenues, as identified to the Bank in writing by either of the RUS or the Trustee, shall be promptly paid to the Company (provided that during any period described in paragraph (a) above, in which case such amounts so identified shall be paid to the Trustee). The Company agrees to promptly notify both of the Trustee and the RUS of any deposits into the Lockbox Account of any amounts not constituting Pledged Revenues.

(f) The RUS agrees that, so long as a Highest Oversight Period exists, it shall promptly respond to any request made by the Company for expenditures pursuant to this Section. If the RUS has not responded within five (5) days (during which the offices of the RUS are open) of the receipt by the RUS of a written request for expenditures, such request will be deemed to have been approved by the RUS. In disbursing any such amounts that are subject to RUS approval, the Bank shall be able to conclusively rely on the Company's statement in writing that the RUS has approved such expenditure in writing or has been deemed to have approved such expenditure.

Section 9. Fees and Expenses of Bank. The Company agrees

(a) to pay to the Bank from time to time such compensation as may be specifically agreed upon with the Bank and, absent specific agreement, reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any provision of this Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Bank's negligence or bad faith; and

(c) to indemnify the Bank for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this Agreement, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

All such payments and reimbursements shall be made with interest at the then prevailing prime rate of the Bank.

Section 10. Certain Rights of Bank.

(a) The Bank undertakes to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Bank. The Bank makes no representation or warranty as to the priority of any claim or the status, in the event of any insolvency, bankruptcy or other similar proceeding affecting the Company, of amounts held in the Lockbox Account or paid therefrom.

(b) In the absence of bad faith on its part, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Bank and appearing to conform to the requirements of this Agreement. The Bank shall have no liability for actions taken pursuant to this Agreement' other than as a result of its gross negligence or willful misconduct.

(c) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto. Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a written request and any resolution of the Board of Trustees may be sufficiently evidenced by a Board Resolution.

(d) Whenever in the administration of this Agreement, the Bank shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Bank (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate.

(e) The Bank may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the negligence or misconduct of such Persons appointed by the Bank with due care hereunder.

(g) The Bank shall not be liable for any errors of judgment made in good faith by it, unless it shall be proved that the Bank was grossly negligent or reckless in ascertaining the pertinent facts.

(h) The Bank shall not be required to give any bond or surety in respect of the execution of the obligations and trusts set forth in this Agreement or otherwise in respect hereof or of the Lockbox Account.

Section 11. Trustee's Rights, Obligations, Etc. The rights, duties, responsibilities and fees of the Trustee hereunder shall be governed by the provisions of Article IX of the Indenture relating to the Trustee and the indemnities provided for in the Indenture shall include all action by the Trustee taken hereunder.

Section 12. Removal, Resignation, Etc. The Bank may resign at any time upon thirty (30) days written notice to the Company, the Trustee and the RUS. The Company may remove the Bank, with the written consent of the RUS, upon thirty (30) days written notice to the Bank, the Trustee and the RUS. The RUS may remove the Bank upon thirty (30) days written notice to the Bank, the Company and the Trustee. Upon any such resignation or removal, the Company shall select another financial institution, with the approval of the RUS, with which to enter into a lockbox agreement substantially upon the terms contained in this Agreement and otherwise upon such terms as shall be permitted or required by the RUS. In the event the Company does not select a financial institution approved by the RUS, the RUS shall select such financial institution.

Section 13. Amendments with Consent of the RUS. Even though this Agreement establishes rights for the benefit of Holders of the Outstanding Secured Obligations, the terms, conditions and requirements of this Agreement are in addition to those found in the Indenture and have been required solely by the RUS. Accordingly, this Agreement can be terminated, amended, modified or supplemented in any way by the Company with the consent of only the RUS and without the consent of the Bank, the Trustee or the Holders of the Outstanding Secured Obligations; provided however that no amendment, modification or supplement to the obligations or rights of the Bank or the Trustee, or otherwise adversely affecting the Bank or the Trustee, shall be effective as to the Bank or the Trustee without the prior written consent of the Bank or the Trustee, or both, as the case may be. This Agreement shall automatically terminate on the date on which the RUS is no longer a Holder of any Outstanding Secured Obligation.

Section 14. Exculpation of the RUS. The RUS shall have no obligation or liability to any party to this Agreement.

Section 15. Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto, and their successors hereunder and any separate trustee or co-trustee appointed under Section 9.14 of the Indenture, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 18. Specific Performance. Each of the Trustee and the RUS is hereby, to the maximum extent permitted by applicable law, to demand specific performance of this Agreement at any time when the Company shall have failed to comply with any provision of this Agreement applicable to it. The Company hereby irrevocably waives, to the maximum extent permitted by applicable law, any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance.

Section 19. Waiver. No failure on the part of the Trustee, the Bank or the RUS to exercise, and no delay in exercising, any right hereunder, under the Indenture or under the Loan Contract, shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder or thereunder preclude any other or further exercise thereof. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 20. Further Assurances. The Company agrees, at the cost and expense of the Company, to execute and deliver and file and record such further documents or instruments as the Trustee, the RUS or the Bank may reasonably request in order to carry out or confirm the respective rights of the Trustee, the RUS and the Bank under this Agreement.

Section 21. Entire Agreement. This written Agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between parties.

[Signatures on next page.]

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

OLD NATIONAL BANK
as Lockbox Bank

By: ______________________
Name: Kristin E. Werner
Title: AVP, Cash Management Officer

BIG RIVERS ELECTRIC CORPORATION

By: ______________________
Name: ______________________
Title: ______________________

U.S. BANK NATIONAL ASSOCIATION
as Trustee under the Indenture identified herein

By: ______________________
Name: ______________________
Title: ______________________

THE UNITED STATES OF AMERICA

By: ______________________
Name: ______________________
Title: ______________________

BIG RIVERS ELECTRIC CORPORATION

By: Mark A. Bailey
Name: Mark A. Bailey
Title: President and CEO

[Lockbox Agreement]

U.S. BANK
as Trustee under the Indenture identified herein

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

By: ______________________
Name: Maryanne Y. Dufresne
Title: Vice President

[Lockbox Agreement]

THE UNITED STATES OF AMERICA

By: ______________________
Name: James R. Newby
Title: Acting Administrator

[Lockbox Agreement]

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 13) *Provide all communications since January 1, 2013 between Big Rivers and any of its representatives, and RUS regarding "corrective plans" triggered by failure to maintain two investment grade credit ratings.*

a. *Please provide a fully copy of the current Big Rivers "corrective plan".*

Response) Please see the attachment provided in response to AG 1-213 and AG-214 filed in Case No. 2012-00535.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 14) ***Provide periodic updates including subsequent communications regarding the status of "corrective plan" events between RUS and Big Rivers.***

Response) Big Rivers objects to this request on the grounds that it is overbroad and unduly burdensome. Notwithstanding this objection, but without waiving it, Big Rivers states that it will only update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate.

Witness) Counsel

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 15) ***Provide documents which show each debt covenant Big Rivers must observe and maintain to avoid "default" on its debt obligations.***

Response) Copies of Big Rivers' existing debt agreements, with all applicable debt covenants which Big Rivers must observe and maintain to avoid "default" on its debt obligations, are provided in electronic format with the files accompanying these responses.

Witness) Billie J. Richert

ELECTRONIC ATTACHMENT(S) PRODUCED SEPARATELY

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 16) *Given the fact of Century's and Alcan's prior notices of termination, and given Big Rivers' current financial difficulties, has the company given all the required disclosures to government agencies (e.g., the U.S. Securities and Exchange Commission), financial institutions and ratings agencies?*

a. Please provide copies of all such disclosures.

b. If any such disclosure was given to the SEC, please provide a copy of same.

c. Provide a copy of the most recent SEC Disclosure statement filed by Big Rivers.

Response) Yes.

a. Please see Attachment to Response AG 1-28 in Case No. 2012-00535.

b. Please see Attachment to Response AG 1-28 in Case No. 2013-00535.

c. Please see the Attachment to this response.

Witness) Billie J. Richert

Big Rivers Electric Corporation

S.E.C. Rule 15c2-12(b)(5)

Report of Material Event Pursuant to the Continuing Disclosure Agreement Described Herein

July 17, 2013

OHSUSA:754118947.1

**S.E.C. RULE 15C2-12(B)(5)
REPORT OF MATERIAL EVENT**

Big Rivers Electric Corporation hereby provides this report of a Material Event under Section 1.4 of the Continuing Disclosure Agreement (defined below).

Bond Issue

The County of Ohio, Kentucky, Pollution Control Refunding Revenue Bonds, Series 2010A (Big Rivers Electric Corporation Project) due July 15, 2031, in the aggregate principal amount of $83,300,000, with an original CUSIP number of 677288AG7 (the "Bonds").

Note: The CUSIP number above is provided for the convenience of bondholders. Big Rivers Electric Corporation is not responsible for the accuracy or completeness of such number.

Report of Material Events

On April 11, 2013, Moody's Investors Service downgraded the rating on the Bonds from "Ba1" to "Ba2" (rating outlook negative).

Other Matters

This report is provided solely for the purposes of the Continuing Disclosure Agreement related to the Bonds, dated as of June 1, 2010, by and between Big Rivers Electric Corporation and U.S. Bank National Association, as trustee for the Bonds. The filing of this report does not constitute or imply any representation (i) regarding any other financial, operating or other information about Big Rivers Electric Corporation or the Bonds or (ii) that no changes, circumstances or events have occurred since the last report (other than as referred to in this report), or that no other information exists which may have a bearing on Big Rivers Electric Corporation's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds.

Dated: July 17, 2013

OHSUSA:754118947.1

BIG RIVERS ELECTRIC CORPORATION

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Item 17) ***Please state whether the company has obtained financing for its ECR construction projects, as identified in Case No. 2012-00063. If not, please explain what steps the company is taking or will take to secure this financing. Please provide updates regarding any significant events regarding this financing.***

Response) To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Notwithstanding this objection, but without waiving it, Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate, and it further states as follows.

No, the Company has not obtained financing for its ECR construction projects. Please see the Attachment to Response AG 1-27 in Case No. 2012-00535 for steps the Company is taking or will take to secure this financing.

RUS informed the Company that it will be reviewing Big Rivers' application for long-term financing after the start of the Federal government's budget year beginning October 1, 2013.

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Big Rivers will be filing a financing application with the Commission for the interim financing with CFC following receipt of the order in Case No. 2013-00535, assuming that order is acceptable to CFC.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

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Item 18) *If the PSC should award the full amount of new revenues Big Rivers seeks in the instant application based on the 1.24 TIER requested in Mr. Walker's testimony:*

a. Would it still be able to meet its debt service covenants?

b. Would additional borrowing be required or even implied?

c. Would it be able to meet industry standard maintenance and operating requirements without having to defer any maintenance or capital investments?

Response)

a. Yes.

b. The only new borrowing reflected in the test period is for the Environmental Compliance Plan.

c. Yes.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
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September 3, 2013

Item 19) *At various places in the Bailey, Richert and Walker testimonies, 1.10 MFIR and 1.24 TIER requirements are discussed. Address the following and provide updates on a continuing basis:*

a. *Explain if Big Rivers has ever failed to meet the 1.10 MFIR and/or failed to maintain two investment grade credit ratings as required by loan agreements and identify those periods/years of noncompliance, and explain the consequences and actions by the loan entities. Alternatively, explain if any noncompliance was waived or allowed an exception, and provide related documentation addressing this matter. Provide supporting documents for those years showing that the 1.10 MFIR was not met and documentation from the loan entities explaining the consequences and their actions.*

b. *Explain any "defined Adjustments" allowed for TIER calculations and provide supporting documentation.*

c. *For the years 2010 through 2013 YTD, provide copies of periodic compliance documents that Big Rivers provides to both loan entities and the Smelters regarding compliance/noncompliance calculations and supporting documents related to the 1.10 MFIR, maintaining two investment grade* *credit ratings, and the 1.24 TIER requirements. In all cases, provide calculations and explain the "defined Adjustments" in all calculations.*

Response) Please see Big Rivers' response to AG 1-55 in Case No. 2012-00535.

Witness) Billie J. Richert

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013**

September 3, 2013

Item 20) *Mr. Bailey's testimony (p. 6, line 13) addresses Big Rivers' return to investment grade credit ratings. Address the following and provide updates on a continuing basis:*

a. Provide all rating agencies investment grade rating of Big Rivers for the period 2010 through 2013 YTD, and provide related supporting documentation for those ratings.

b. For Moody's, Fitch, and other rating agencies, identify those factors that could cause a downgrade in Big Rivers' credit ratings and provide supporting documentation. In each case, explain where Big Rivers currently stands in regards to these factors.

Response)

a. Please see Big Rivers' response and attachments to AG 1-7.

b. Please see the credit rating reports attached to Big Rivers' response to AG 1-7, which identify those factors that could cause a downgrade in Big Rivers' credit ratings and discuss Big Rivers' current position in regards to those factors.

Witness) Billie J. Richert

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 21) ***Reference the Richert testimony at pp. 8-9. If the Commission awards BREC the full amount of revenue sought in the instant case, describe whether BREC will receive an investment grade rating.***

Response) Please refer to Big Rivers' response to AG 1-193.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

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September 3, 2013

Item 22) *Referencing Exhibit Richert-3 please provide the following:*

a. *G&T Accounting & Finance Association Annual Directory June 2012, and all subsequent updated directories including the directory for June 2013 if produced annually;*

b. *Fitch U.S. Public Power Peer Study June 2012;*

c. *S&P Report Card: Rate Adjustments Compensate for U.S. Cooperative Utilities Regulatory and Economic Risks May 22, 2012; and*

d. *Any other studies, reports, or lists used in the development of the exhibit.*

Response)

a. Copies of the G&T Accounting & Finance Association Annual Directories, dated June 2012 and June 2013, are provided publicly in the attached electronic files accompanying these responses.

b. Please see the attached document.

c. Please see the attached document.

d. Not applicable.

Witness) Billie J. Richert

FitchRatings

U.S. Public Power
Peer Study

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Inside **Page**

Summary
- This report highlights the financial performance of Fitch-rated public power utilities.
- The report utilizes nine financial ratios that are calculated from the most recent annual audits.
- The ratios are presented by utility type, rating category, and region.
- A utility's financial measures, relative to Fitch-designated regional and national peer groups, constitute an important component of Fitch's credit analysis.

Overview

Fitch Ratings presents the 2013 edition of its annual "U.S. Public Power Peer Study." This report compares the recent financial performance of wholesale and retail public power systems, as well as rural electric cooperatives. The ratios highlighted in this report are some of the primary financial calculations used in comparing utility systems in Fitch's committee process, and can be used by market participants to assist in making their own comparisons. It is important to note that financial metrics represent only one key component, among others, in Fitch's utility credit analysis. To review Fitch's full public power criteria, please see the report, "U.S. Public Power Rating Criteria," dated Dec. 18, 2012.

The U.S. Public Power Peer Study is a point-in-time assessment of Fitch-rated public power utilities. The ratios for each issuer are determined using audited information. While more than half of the audits used in this study are dated Dec. 31, 2012, different audit dates may skew the distribution of the ratios.

Also, financial ratios and metrics detailed in the report may occasionally differ from those reported in new issue and full rating reports. This can be a result of adjustments made by Fitch during the rating review process to reflect additional information received from the issuer, as well as circumstances unique to the credit. In each case, Fitch seeks to highlight these adjustments for the benefit of the reader in the reports and press releases it publishes during the rating process.

2012 Performance Highlights

- Debt service coverage for wholesale systems continued its downward trend, while coverage for 'AA' and 'A' retail systems diverged, broadly reflecting weaker margins for most systems.
- Cash on hand medians generally increased for wholesale and retail systems, affirming strong liquidity throughout the sector.
- The ratio of capital expenditures to depreciation generally continued to decline for most systems. This trend, together with increased cash on hand, likely remains attributable to slower growth and the deferral of certain capital expenditures.
- Leverage metrics remained relatively unchanged for both retail and wholesale systems, with leverage medians for 'A' rated systems remaining higher than 'AA' systems.

Excel Addendum

Fitch has released the peer comparison tables in spreadsheet form to improve the peer study's use as a tool for investors and other market participants. In this year's release of the Excel addendum, financial ratios and metrics for prior fiscal years (2009–2011) and the current fiscal year will again be included to move beyond a point-in-time comparison of utilities and allow for an accessible review of historical trends.

In an effort to make the Excel addendum as useful and timely as possible, Fitch began updating the addendum in December, with audited figures from issuers whose fiscal years end between Jan. 31 and June 30. The remaining issuers are updated during the regular production of the peer study and addendum in early June, as usual.

What's New?

This year's edition of the addendum features the new Public Power Dashboard, which provides a system overview, including key rating, operational, and financial information for each of the public power and cooperative issuers included in the peer study, and the ability to compare trends in operational and financial data between two systems, and financial metrics against rating category medians.

The addendum also continues to feature a dynamic charting application that allows the user to generate a quick graphic representation of how a utility's selected financial metrics compare with the respective medians and offers tools for comparing a utility's key financial metrics to median calculations on a notch-specific rating basis for comparable entities rated within the same rating category (i.e. 'AA', 'A', 'BBB'), and against the entire portfolio of Fitch-rated issuers.

Utility Systems Included in Report

The majority of utility systems rated by Fitch's public power group fall into three categories: wholesale systems, retail systems, and generation and transmission (G&T) cooperative systems. The following is a brief description of each of the sectors.

Wholesale Systems

Wholesale systems represent utilities whose revenues are primarily derived from sales to other systems or its members, and are typically organized as joint action agencies (JAAs). The number of members in JAAs can vary from three (Northern Illinois Municipal Power Agency) to more than 100 (American Municipal Power). Additionally, JAAs may be organized to own one generating unit or a diverse portfolio of resources. Wholesale providers that are not organized as JAAs, some of which are quasi-state agencies, are also included in this category.

Retail Systems

Retail utility systems derive the majority of their revenues from sales to end-user customers. Retail systems may be fully integrated utilities or distribution-only systems.

Rural Electric Cooperatives

G&T Cooperatives

G&T cooperatives typically provide wholesale power supply and transmission services to their member distribution cooperatives. G&T revenues are primarily derived from sales and services provided to members, but may also include payments from third-party market participants. G&T cooperatives are generally organized as not-for-profit entities that operate for the benefit of their owner members.

Metrics for G&T cooperatives are included in the calculation of medians for wholesale systems, and are also presented separately in this report.

Distribution Cooperatives

Distribution cooperatives sell power to their owner members (or end-user customers), and are included in the retail category.

Commentary

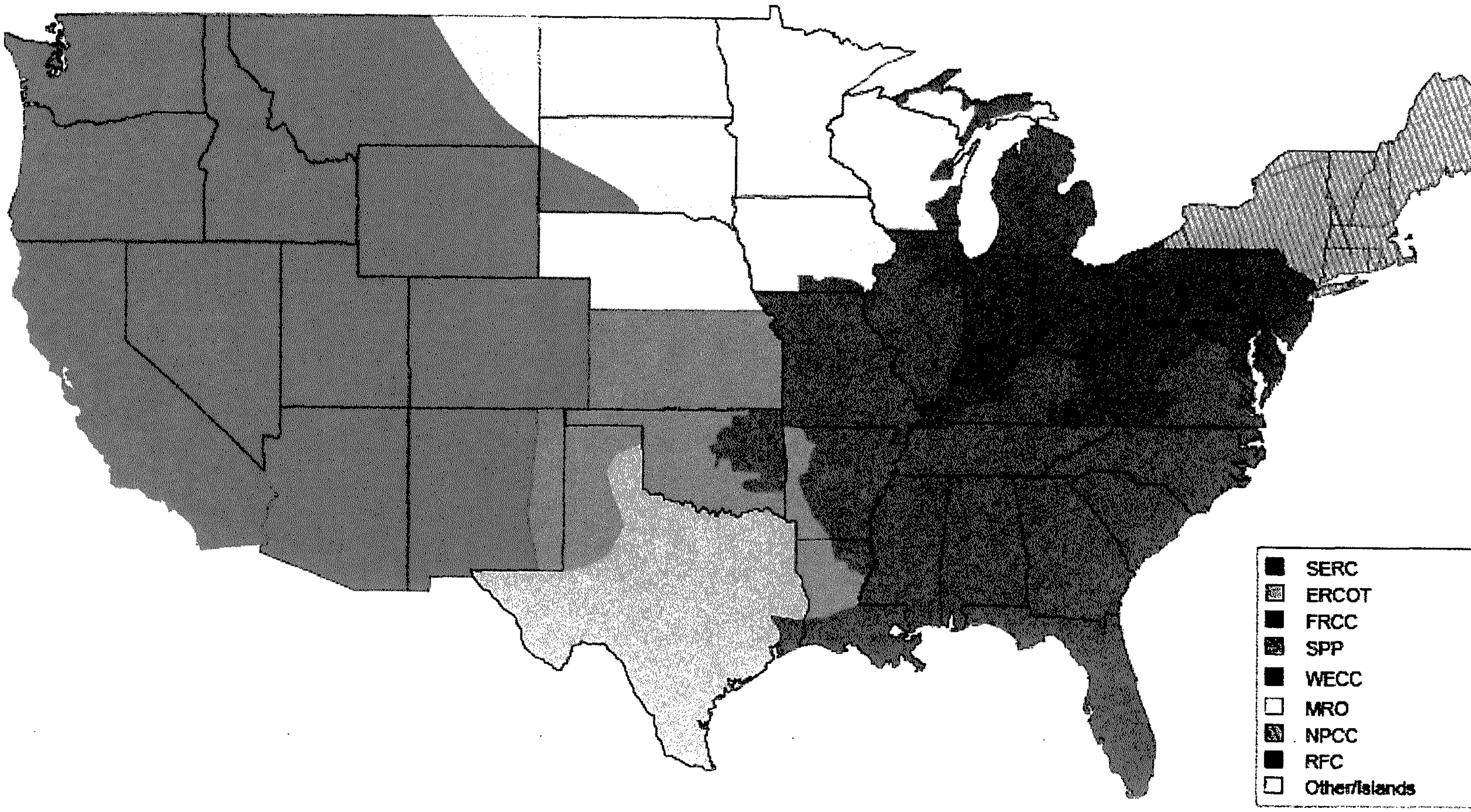
Medians Are Not Targets

While the peer study includes median calculations for financial ratios by rating category, these should not be construed as targets for specific ratios or ratings. The medians reflect a single point in time, may not reflect relevant adjustments, and in many instances are based on a small sampling of public power issuers.

Comments Welcome

As always, Fitch welcomes comments, ideas, and suggestions from users to improve the value of the U.S. Public Power Peer Study.

NERC Regions



NERC – North American Electric Reliability Corporation. SERC – Southeastern Electric Reliability Council. ERCOT – Electric Reliability Council of Texas. FRCC – Florida Reliability Coordinating Council. SPP – Southwest Power Pool. WECC – Western Electricity Coordinating Council. MRO – Midwest Reliability Organization. NPCC – Northeast Power Coordinating Council. RFC – Reliability First Corporation. Other Islands – Alaska, Guam, Puerto Rico, and U.S. Virgin Islands. Note: NERC regions are shown within U.S. geographical boundaries only.
Source: Fitch and NERC.

Public Power Operating Profiles

Issuer	Rating	Outlook/Watch	Type	Self-Regulated	Primary Fuel Exposure	Total Debt 2012 ($000)	Total Members/ Wholesale Customers[a]	Total Retail Customers[b]
Reliability First Corporation (RFC)								
Buckeye Power Inc., OH	A	RO: Negative	G&T Coop	Yes	Coal	1,656,066	25	380,000
Delaware Municipal Electric Corporation	A–	RO: Stable	Wholesale	Yes	Gas	63,914	9	64,000
Dover Electric Revenue Fund, DE	AA–	RO: Stable	Retail	Yes	Gas	30,033	—	22,912
Indiana Municipal Power Agency	A+	RO: Stable	Wholesale	Yes	Coal	1,298,618	59	190,020
Old Dominion Electric Cooperative, VA	A	RO: Stable	G&T Coop	No (FERC)	Coal/Nuclear	766,128	11	550,000
Electric Reliability Council of Texas (ERCOT)								
Austin Electric, TX	AA–	RO: Stable	Retail	Yes	Coal/Nuclear	1,413,102	—	422,370
Boerne Utility System, TX	A	RO: Stable	Retail	Yes	Coal	44,040	—	14,237
Brazos Electric Power Cooperative, TX	A	RO: Stable	G&T Coop	Yes	Gas	2,483,426	16	538,770
Brownsville Public Utilities Board, TX	A+	RO: Negative	Retail	Yes	Gas	345,482	—	46,102
Bryan Utilities City Electric System, TX	A+	RO: Stable	Retail	Yes	Coal/Gas	202,610	—	32,893
Bryan Utilities Rural Electric System, TX	A+	RO: Stable	Retail	Yes	Coal/Gas	8,525	—	16,446
CoServ Electric, TX	AA–	RO: Stable	Retail	Yes	Gas	551,117	—	167,023
Floresville Electric Light & Power System, TX	AA–	RO: Stable	Retail	Yes	Coal/Nuclear	23,744	—	14,321
Garland Electric Fund, TX	AA–	RO: Stable	Retail	Yes	Coal	294,642	—	68,396
Georgetown Utility Funds, TX	AA–	RO: Negative	Retail	Yes	Coal/Gas	59,050	—	24,341
Golden Spread Electric Cooperative, TX	A	RO: Stable	G&T Coop	No (FERC)	Gas	539,314	16	270,000
Granbury Municipal Utilities, TX	A+	RO: Stable	Retail	Yes	Nuclear	18,806	—	3,223
Guadalupe Valley Electric Cooperative Inc., TX	AA–	RO: Stable	Retail	Yes	Coal	173,790	—	71,164
Kerrville Public Utility Board, TX	AA–	RO: Stable	Retail	Yes	Coal	4,462	—	21,696
Lower Colorado River Authority — Consolidated	A	RO: Stable	Wholesale	Yes	Coal	3,327,400	43	1,000,000
New Braunfels Utilities, TX	AA	RO: Stable	Retail	Yes	Coal	32,755	—	31,601
Pedernales Electric Cooperative Inc., TX	AA–	RO: Stable	Retail	Yes	Coal	711,477	—	247,816
Sam Rayburn Municipal Power Agency, TX	BBB+	RO: Stable	Wholesale	Yes	Coal	124,010	3	11,348
San Antonio City Public Service, TX (CPS Energy)	AA+	RO: Stable	Retail	Yes	Coal	4,883,654	—	723,522
San Miguel Electric Cooperative, TX	A–	RO: Stable	G&T Coop	Yes	Coal	214,470	2	NM
Seguin Utility Fund, TX	A+	RO: Stable	Retail	Yes	Coal	21,822	—	8,247
South Texas Electric Cooperative Inc.	A–	RO: Stable	G&T Coop	Yes	Coal	787,114	8	244,408
Texas Municipal Power Agency	A+	RO: Stable	Wholesale	Yes	Coal	852,158	4	162,438
Florida Reliability Coordinating Council (FRCC)								
Florida Municipal Power Agency — All-Requirements Project	A	RO: Stable	Wholesale	Yes	Gas	1,280,868	14	269,486
Fort Pierce Utilities Authority, FL	A+	RO: Stable	Retail	Yes	Gas	98,637	—	27,765
Gainesville Regional Utilities, FL	AA–	RO: Stable	Retail	Yes	Coal	1,006,695	—	92,461
Jacksonville Beach Combined Utility Funds, FL	AA–	RO: Stable	Retail	Yes	Gas	31,330	—	30,446
JEA – Electric System and Bulk Power Supply System, FL	AA	RO: Stable	Retail	Yes	Coal	2,973,285	—	422,314
Kissimmee Utility Authority, FL	AA–	RO: Stable	Retail	Yes	Gas	180,485	—	64,007
Lakeland Electric Utility, FL	AA–	RO: Stable	Retail	Yes	Gas	487,560	—	120,771
Leesburg Electric System, FL	A+	RO: Stable	Retail	Yes	Gas	40,971	—	22,412
Ocala, FL Combined Utility Funds	AA–	RO: Stable	Retail	Yes	Gas	155,190	—	50,498
Orlando Utilities Commission, FL	AA	RO: Stable	Retail	Yes	Coal	1,564,285	—	227,893
Reedy Creek Improvement District — Utility Fund, FL	A	RO: Stable	Retail	Yes	Gas	310,070	—	1,316
Tallahassee Electric Fund, FL	AA–	RO: Stable	Retail	Yes	Gas	608,751	—	108,317
Vero Beach Electric System, FL	A+	RO: Stable	Retail	Yes	Gas	48,659	—	34,068
Winter Park Electric Services Fund, FL	AA–	RO: Stable	Retail	Yes	Purchased	70,378	—	14,261

[a]Total Members/Wholesale Customers – Most recent figures available; some figures may be estimated. [b]Total Retail Customers – Figures for wholesale systems represent retail customers served by the members; most recent data available; some figures may be estimated. N.A. – Not available. G&T – Generation and transmission. FERC – Federal Energy Regulatory Commission. NM – Not meaningful. *Continued on next page.*
Source: Fitch Ratings.

Public Power Operating Profiles (Continued)

Issuer	Rating	Outlook/Watch	Type	Self-Regulated	Primary Fuel Exposure	Total Debt 2012 ($000)	Total Members/ Wholesale Customers[a]	Total Retail Customers[b]
Midwest Reliability Organization (MRO)								
Basin Electric Power Cooperative, ND	A+	RO: Stable	G&T Coop	Yes	Coal	4,215,594	134	2,800,000
Batavia Electric Fund, IL	A–	RO: Stable	Retail	Yes	Coal	25,670	—	10,844
Big Rivers Electric Corp., KY	BB	RO: Negative	G&T Coop	No	Coal	925,243	3	112,500
Central Iowa Power Cooperative	A	RO: Stable	G&T Coop	Yes	Coal	358,509	13	133,710
Corn Belt Power Cooperative, IA	A–	RO: Stable	G&T Coop	Yes	Coal	226,306	10	32,000
East Kentucky Power Cooperative	BBB	RO: Stable	G&T Coop	No	Coal	2,750,523	16	522,523
Great River Energy, MN	A–	RO: Stable	G&T Coop	Yes	Coal	2,854,809	28	650,000
Illinois Municipal Electric Agency	A+	RO: Stable	Wholesale	Yes	Coal	1,264,397	32	162,485
Lincoln Electric System, NE	AA	RO: Stable	Retail	Yes	Coal	701,843	—	130,546
Municipal Energy Agency of Nebraska	A	RO: Stable	Wholesale	Yes	Coal	166,948	68	124,006
Rochester Public Utilities, MN	AA–	RO: Stable	Retail	Yes	Coal	78,800	—	49,990
Southern Illinois Power Cooperative	BBB	RO: Stable	G&T Coop	Yes	Coal	715,343	7	82,391
Western Minnesota Municipal Power Agency	AA–	RO: Stable	Wholesale	Yes	Coal	268,456	61	153,300
WPPI Energy (Wisconsin Public Power Inc.)	A+	RO: Stable	Wholesale	Yes	Coal	385,292	51	199,300
Northeast Power Coordinating Council (NPCC)								
Connecticut Municipal Electric Energy Cooperative	A+	RO: Stable	Wholesale	Yes	Gas	169,399	5	72,588
Hydro-Quebec	AA–	RO: Stable	Retail	Yes	Hydro	43,543,000	—	4,107,426
Long Island Power Authority, NY	A	RO: Negative	Retail	Yes	Gas	9,731,965	—	1,100,000
Massachusetts Municipal Wholesale Electric Company — Consolidated	A+	RO: Stable	Wholesale	Yes	Nuclear	301,230	28	399,487
New York Power Authority	AA	RO: Stable	Wholesale	Yes	Hydro	2,991,000	—	1,057
Vermont Electric Cooperative, VT	BBB+	RO: Stable	Retail	No	Purchased	65,150	—	37,972
Southern Electric Reliability Council (SERC)								
Arkansas Electric Cooperative Corporation	A+	RO: Stable	G&T Coop	Yes	Coal	995,708	17	498,000
Associated Electric Cooperative Inc., MO	AA–	RO: Stable	G&T Coop	Yes	Coal	1,957,679	51	875,000
Bristol Utilities Authority, VA	A–	RO: Stable	Retail	Yes	Coal	41,604	—	17,461
Chattanooga Electric Power Board — Electric System, TN	AA	RO: Stable	Retail	Yes	Coal	287,489	—	172,439
City of Greenville (NC)	A+	RO: Stable	Retail	Yes	Coal/Nuclear	109,844	—	63,789
Concord Utility Funds, NC	AA	RO: Stable	Retail	Yes	Coal	97,343	—	27,675
Greer Commission of Public Works, SC	A+	RO: Stable	Retail	Yes	Nuclear	86,535	—	18,066
Memphis Light, Gas & Water Division — Electric Division, TN	AA+	RO: Stable	Retail	Yes	Coal	788,788	—	422,884
Municipal Electric Authority of Georgia	A+	RO: Stable	Wholesale	Yes	Coal/Nuclear	6,273,902	48	308,000
Municipal Gas Authority of Georgia	A+	RO: Stable	Wholesale	Yes	Gas	286,841	77	225,828
Nashville Electric Service, TN	AA+	RO: Stable	Retail	Yes	Coal	569,812	—	364,130
North Carolina Eastern Municipal Power Agency	A–	RO: Stable	Wholesale	Yes	Nuclear/Coal	2,249,722	32	269,000
North Carolina Electric Membership Corporation	A–	RO: Stable	G&T Coop	Yes	Nuclear	1,211,982	25	958,559
North Carolina Municipal Power Agency No. 1	A	RO: Stable	Wholesale	Yes	Nuclear	1,629,475	19	162,980
Oglethorpe Power Corporation, GA	A	RO: Negative	G&T Coop	Yes	Coal/Gas	6,672,338	38	1,800,000
Paducah Power System, KY	A–	RO: Stable	Retail	Yes	Coal/Gas	165,892	—	22,407
Piedmont Municipal Power Agency, SC	A–	RO: Stable	Wholesale	Yes	Nuclear	1,088,140	10	99,856
PowerSouth Energy Cooperative and Subsidiaries, AL	A–	RO: Stable	G&T Coop	Yes	Coal	1,364,415	20	420,965
Sikeston Board of Municipal Utilities, MO	BBB+	RO: Stable	Retail	Yes	Coal	143,384	—	9,122
South Carolina Public Service Authority (Santee Cooper)	AA–	RO: Stable	Wholesale	Yes	Coal	5,887,076	—	900,842
South Mississippi Electric Power Association	A–	RO: Stable	G&T Coop	Yes	Gas	1,399,106	11	410,870
Tennessee Valley Authority	AAA	RO: Negative	Wholesale	Yes	Coal	25,065,000	155	4,600,000

[a]Total Members/Wholesale Customers – Most recent figures available; some figures may be estimated. [b]Total Retail Customers – Figures for wholesale systems represent retail customers served by the members; most recent data available; some figures may be estimated. N.A. – Not available. G&T – Generation and transmission. FERC – Federal Energy Regulatory Commission. NM – Not meaningful. *Continued on next page.*
Source: Fitch Ratings.

Public Power Operating Profiles (Continued)

Issuer	Rating	Outlook/Watch	Type	Self-Regulated	Primary Fuel Exposure	Total Debt 2012 ($000)	Total Members/ Wholesale Customers[a]	Total Retail Customers[b]
Southwest Power Pool (SPP)								
Grand River Dam Authority, OK	A	RO: Stable	Wholesale	Yes	Coal	911,962	25	NM
Kansas City Board of Public Utilities, KS	A+	RO: Stable	Retail	Yes	Coal	521,290	—	63,281
Lubbock Power & Light Fund, TX	A+	RO: Stable	Retail	Yes	Coal	131,705	—	101,036
Nebraska Public Power District	A+	RO: Stable	Wholesale	Yes	Coal	2,211,566	76	89,335
Oklahoma Municipal Power Agency	A	RO: Stable	Wholesale	Yes	Coal/Gas	835,841	39	113,291
Springfield Public Utility, MO	AA	RO: Stable	Retail	Yes	Coal	755,857	—	110,192
Western Farmers Electric Cooperative, OK	A–	RO: Stable	G&T Coop	Yes	Coal	922,323	23	278,062
Western Electric Coordinating Council (WECC)								
Alameda Municipal Power — Electric Services, CA	A+	RO: Stable	Retail	Yes	Geo/Hydro	32,186	—	34,338
Anaheim Electric Utilities Fund, CA	AA–	RO: Stable	Retail	Yes	Coal	706,655	—	115,113
Benton CO Public Utility District No. 1, WA	A+	RO: Stable	Retail	Yes	Hydro	59,391	—	47,710
Boise Kuna Irr Dist ADA and Canyon Counties (ID)	A–	RO: Stable	Retail	Yes	Hydro	20,177	—	4,040
Bonneville Power Administration, WA	AA	RO: Stable	Wholesale	Yes	Hydro	14,534,245	146	NM
Bountiful Light and Power, UT	AA–	RO: Stable	Retail	Yes	Coal/Hydro	14,655	—	16,573
Chelan CO Public Utility District No. 1 — Consolidated, WA	AA+	RO: Negative	Retail	Yes	Hydro	877,554	—	48,463
Clark County Public Utility District — Electric System, WA	A+	RO: Stable	Retail	Yes	Hydro	228,405	—	185,803
Colorado Springs Utilities, CO	AA	RO: Stable	Retail	Yes	Coal	2,307,972	—	673,261
Cowlitz County Public Utility District No. 1 — Electric, WA	A	RO: Negative	Retail	Yes	Hydro	256,825	—	48,252
Eagle Mountain Electric and Gas Funds (UT)	A	RO: Stable	Retail	Yes	Coal/Gas	29,487	—	11,254
Eugene Electric Board, OR	AA–	RO: Negative	Retail	Yes	Hydro	314,117	—	88,965
Gallup Joint Utilities Fund, NM	AA–	RO: Stable	Retail	Yes	Coal	23,400	—	10,515
Glendale Electric Funds, CA	A+	RO: Negative	Retail	Yes	Coal	117,640	—	85,358
Grant County Public Utility District No. 2 — Electric System	AA	RO: Stable	Retail	Yes	Hydro	162,990	—	46,500
Grays Harbor County Public Utility District No. 1, WA	A	RO: Stable	Retail	Yes	Hydro	127,791	—	41,464
Heber Light & Power Company, UT	AA–	RO: Stable	Retail	Yes	Hydro/Coal/Gas	10,630	—	11,059
Imperial Irrigation District — Energy, CA	A+	RO: Stable	Retail	Yes	Gas	573,985	—	148,562
Klickitat CO Public Utility District No. 1, WA	A–	RO: Negative	Retail	Yes	Hydro	143,834	—	12,202
Lodi Electric Fund, CA	A–	RO: Stable	Retail	Yes	Gas	74,630	—	25,350
Los Alamos County Joint Utility System Fund, NM	A–	RO: Stable	Retail	Yes	Coal/Hydro	61,310	—	8,660
Los Angeles Department of Water & Power — Power System, CA	AA–	RO: Stable	Retail	Yes	Coal	6,601,051	—	1,471,000
Modesto Irrigation District, CA	A	RO: Positive	Retail	Yes	Gas	557,493	—	113,931
Overton Power District No. 5, NV	BBB+	RO: Negative	Retail	Yes	Purchased	55,029	—	13,910
Pasadena Water & Power, CA	AA	RO: Stable	Retail	Yes	Coal	145,059	—	64,836
Pend Oreille County Public Utility District No. 1 — Combined, WA	A–	RO: Stable	Retail	Yes	Hydro	29,525	—	8,782
Platte River Power Authority, CO	AA	RO: Stable	Wholesale	Yes	Coal	279,510	4	149,876
Redding Electric Utility Fund, CA	A	RO: Stable	Retail	Yes	Coal/Gas	164,029	—	43,281
Riverside Electric Utility, CA	AA–	RO: Stable	Retail	Yes	Coal	635,886	—	107,321
Roseville Electric Fund, CA	A+	RO: Stable	Retail	Yes	Gas	249,330	—	54,115
Sacramento Municipal Utility District, CA	A+	RO: Stable	Retail	Yes	Gas	2,941,245	—	604,053
Silicon Valley Power, CA	A+	RO: Stable	Retail	Yes	Gas	210,646	—	52,825
Snohomish CO Public Utility District No. 1, WA	AA–	RO: Stable	Retail	Yes	Hydro	546,169	—	324,581
Sulphur Valley Springs Electric Cooperative, AZ	A–	RO: Stable	Retail	No	Coal	168,572	—	51,752
Tacoma Power, WA	AA–	RO: Stable	Retail	Yes	Hydro	547,037	—	169,012
Tri-State Generation & Transmission Association Inc.	A	RO: Stable	G&T Coop	Yes	Coal	2,785,075	44	610,600
Turlock Irrigation District, CA	A+	RO: Stable	Retail	Yes	Gas/Hydro	1,247,018	—	99,913

[a]Total Members/Wholesale Customers – Most recent figures available; some figures may be estimated. [b]Total Retail Customers – Figures for wholesale systems represent retail customers served by the members; most recent data available; some figures may be estimated. N.A. – Not available. G&T – Generation and transmission. FERC – Federal Energy Regulatory Commission. NM – Not meaningful. *Continued on next page.*
Source: Fitch Ratings.

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Public Power Operating Profiles (Continued)

Issuer	Rating	Outlook/Watch	Type	Self-Regulated	Primary Fuel Exposure	Total Debt 2012 ($000)	Total Members/ Wholesale Customers[a]	Total Retail Customers[b]
Other/Islands								
Anchorage Electric Utility Fund, AK	A+	RO: Stable	Retail	No	Gas	240,325	—	30,599
Chugach Electric Association Inc., AK	A–	RO: Positive	Retail	No	Gas	557,590	—	82,004
Guam Power Authority	BBB–	RO: Stable	Retail	No	Oil	646,429	—	49,978
Puerto Rico Electric Power Authority	BBB+	RW: Negative	Retail	Yes	Oil	8,935,502	—	1,469,541
Virgin Islands Electric System	BB	RO: Negative	Retail	No	Oil	304,852	—	54,653

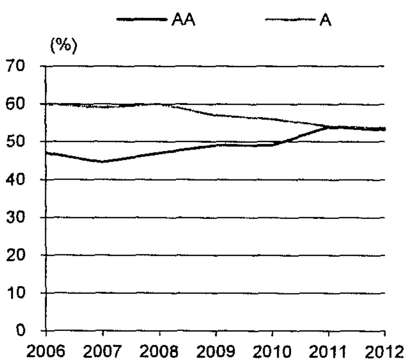
[a]Total Members/Wholesale Customers – Most recent figures available; some figures may be estimated. [b]Total Retail Customers – Figures for wholesale systems represent retail customers served by the members; most recent data available; some figures may be estimated. N.A. – Not available. G&T – Generation and transmission. FERC – Federal Energy Regulatory Commission. NM – Not meaningful.
Source: Fitch Ratings.

Retail Electric Trends

Below, the trends of 'AA' and 'A' medians for retail electric systems are displayed for nine of the financial metrics used in Fitch's analysis.

Equity/Capitalization

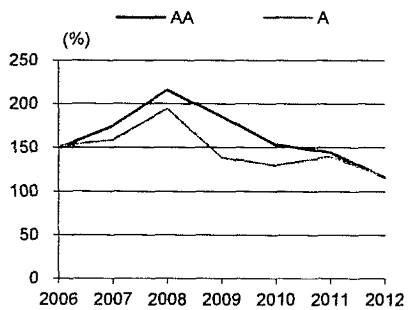
Provides a measure of cost recovery.



Source: Fitch.

Capex/Depreciation and Amortization

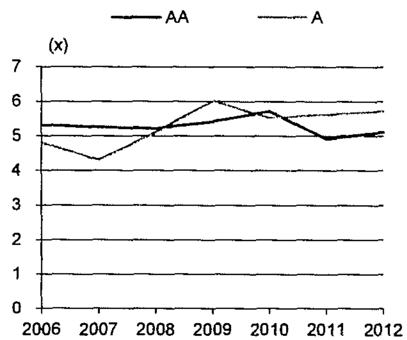
Indicates whether annual capital spending keeps pace with depreciation.



Source: Fitch.

Debt/FADS

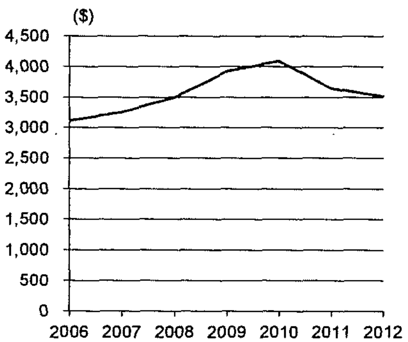
Indicates the size of debt compared to the margin available for debt service.



Source: Fitch.

Debt/Customer (Retail)

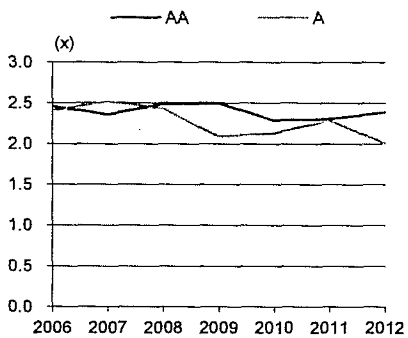
Provides a measure for relative comparison of leverage.



Source: Fitch.

Debt Service Coverage

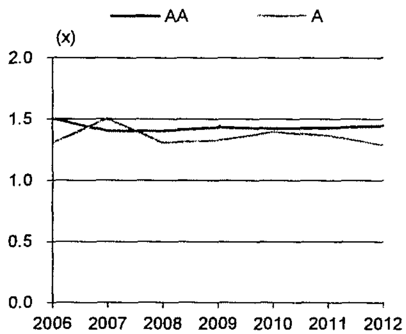
Indicates the margin available to meet current debt service requirements.



Source: Fitch.

Coverage of Full Obligations

Indicates the margin available to meet current debt service and other fixed obligations.

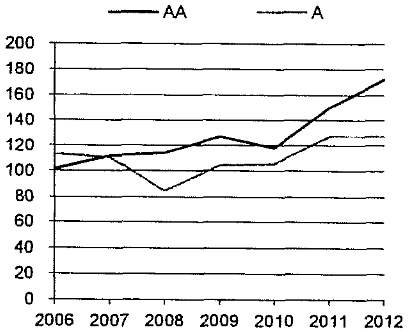


Source: Fitch.

FADS – Funds available for debt service. Note: Please see pages 19 and 20 for "Glossary of Terms" and "Ratio Definitions."

Days Cash on Hand

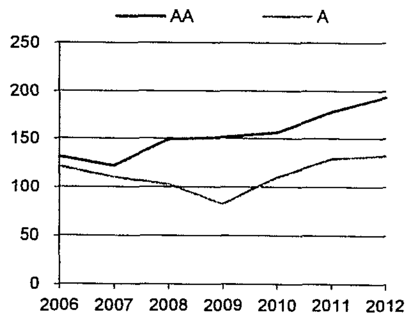
Indicates financial flexibility, specifically cash and cash equivalents, relative to expenses.



Source: Fitch.

Days Liquidity on Hand

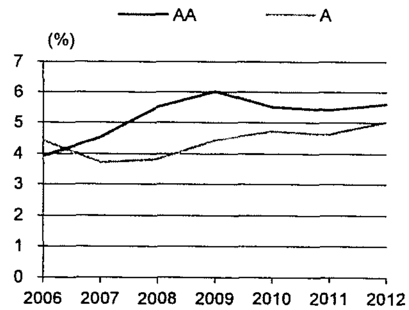
Indicates financial flexibility, including all available sources of cash and liquidity, relative to expenses.



Source: Fitch.

General Fund Transfer/ Operating Revenues

Indicates the degree to which a utility supports city or county general fund operations.



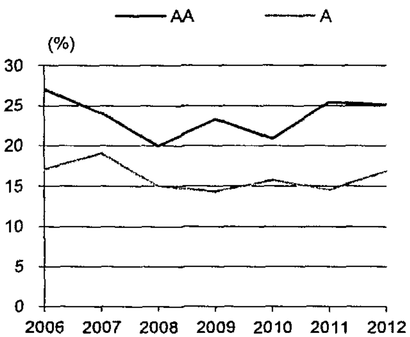
Source: Fitch.

FADS – Funds available for debt service. Note: Please see pages 19 and 20 for "Glossary of Terms" and "Ratio Definitions."

Wholesale Electric Trends

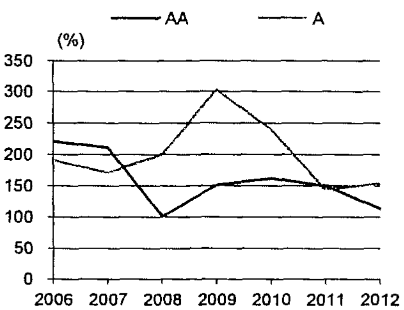
Below, the trends of 'AA' and 'A' medians for wholesale electric systems are displayed for six of the financial metrics used in Fitch's analysis.

Equity/Capitalization
Provides a measure of cost recovery, leverage, and debt capacity.



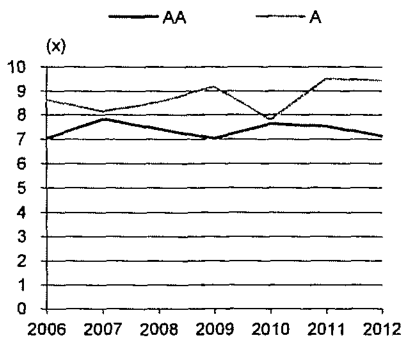
Source: Fitch.

Capex/Depreciation and Amortization
Indicates amount of capital spending relative to asset depreciation.



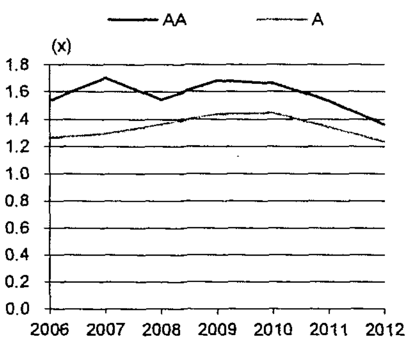
Source: Fitch.

Debt/FADS
Indicates the size of debt compared to the margin available for debt service.



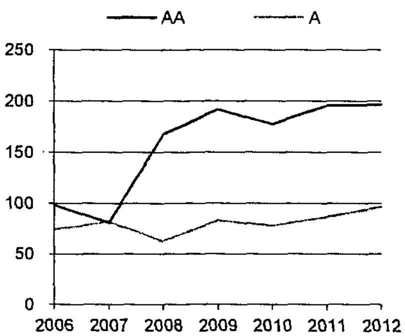
Source: Fitch.

Debt Service Coverage
Indicates the margin available to meet current debt service requirements.



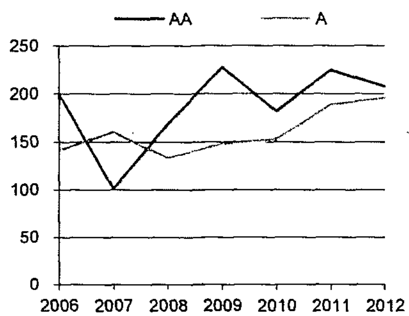
Source: Fitch.

Days Cash on Hand
Indicates financial flexibility, specifically cash and cash equivalents, relative to expenses.



Source: Fitch.

Days Liquidity on Hand
Indicates financial flexibility, including all available sources of cash and liquidity, relative to expenses.



Source: Fitch.

FADS – Funds available for debt service. Note: Please see pages 19 and 20 for "Glossary of Terms" and "Ratio Definitions."

Retail Systems

Issuer	Rating	Outlook/ Watch	Region	Total Revenues 2012 ($000)	Debt Service Coverage 2012 (x)	Coverage of Full Obligations 2012 (x)	Debt/ FADS 2012 (x)	Days Cash on Hand 2012	Days Liquidity on Hand 2012	Transfer Payment as % of Operating Revs 2012	Capex/ Depreciation 2012 (%)	Equity/ Capitalization 2012 (%)	Debt Per Customer 2012 ($)
AA+ Rated Senior Debt													
Chelan CO Public Utility District No. 1 — Consolidated, WA	AA+	RO: Negative	WECC	321,733	2.36	2.20	5.1	564	682	2.3	70.5	34.7	18,108
Memphis Light, Gas & Water Division — Electric Division, TN	AA+	RO: Stable	SERC	1,319,000	1.77	1.14	3.4	55	55	3.0	167.3	58.6	1,865
Nashville Electric Service, TN	AA+	RO: Stable	SERC	1,154,512	3.11	1.32	3.9	72	72	2.5	133.2	50.3	1,565
San Antonio City Public Service, TX (CPS Energy)	AA+	RO: Stable	ERCOT	2,284,496	2.18	1.31	5.4	211	211	12.6	102.0	40.5	6,750
Median				**1,236,756**	**2.27**	**1.32**	**4.5**	**142**	**142**	**2.8**	**117.6**	**45.4**	**4,308**
AA Rated Senior Debt													
Chattanooga Electric Power Board — Electric System, TN	AA	RO: Stable	SERC	560,996	3.09	1.24	5.5	57	57	0.0	351.6	48.2	1,667
Colorado Springs Utilities, CO	AA	RO: Stable	WECC	858,297	2.00	1.79	7.6	116	182	3.6	182.6	38.7	3,428
Concord Utility Funds, NC	AA	RO: Stable	SERC	113,577	2.89	1.78	3.0	348	348	0.5	73.4	70.7	3,517
Grant County Public Utility District No. 2 — Electric System	AA	RO: Stable	WECC	218,708	6.14	4.51	2.4	346	346	5.6	512.8	77.7	3,505
JEA – Electric System and Bulk Power Supply System, FL	AA	RO: Stable	FRCC	1,358,090	3.17	2.02	6.0	170	170	9.8	70.5	19.9	7,040
Lincoln Electric System, NE	AA	RO: Stable	MRO	276,110	2.04	1.43	7.6	200	322	6.6	133.9	28.7	5,376
New Braunfels Utilities, TX	AA	RO: Stable	ERCOT	118,019	6.14	1.52	1.4	172	172	5.1	205.4	89.1	1,037
Orlando Utilities Commission, FL	AA	RO: Stable	FRCC	854,383	1.52	1.20	6.4	353	353	12.0	101.7	40.5	6,864
Pasadena Water & Power, CA	AA	RO: Stable	WECC	185,951	3.06	1.33	3.4	480	480	8.5	124.8	78.2	2,237
Springfield Public Utility, MO	AA	RO: Stable	SPP	385,602	1.95	1.60	7.3	122	122	3.2	83.0	55.0	6,859
Median				**330,856**	**2.98**	**1.56**	**5.8**	**186**	**252**	**5.4**	**129.4**	**51.6**	**3,511**
AA– Rated Senior Debt													
Anaheim Electric Utilities Fund, CA	AA–	RO: Stable	WECC	397,931	1.67	1.16	8.0	108	108	3.8	104.6	32.2	6,139
Austin Electric, TX	AA–	RO: Stable	ERCOT	1,179,872	1.71	1.09	4.8	67	138	8.9	113.3	53.2	3,346
Bountiful Light and Power, UT	AA–	RO: Stable	WECC	26,840	7.72	1.83	1.9	327	327	8.8	721.4	57.7	884
CoServ Electric, TX	AA–	RO: Stable	ERCOT	392,331	2.17	1.33	7.9	83	83	0.8	263.7	37.3	3,300
Dover Electric Revenue Fund, DE	AA–	RO: Stable	RFC	101,903	4.79	1.25	1.6	202	202	8.7	70.9	78.4	1,311
Eugene Electric Board, OR	AA–	RO: Negative	WECC	246,227	2.33	1.29	6.2	109	109	5.6	142.9	52.2	3,531
Floresville Electric Light & Power System, TX	AA–	RO: Stable	ERCOT	29,701	2.38	1.20	5.7	95	95	3.0	169.6	59.2	1,658
Gainesville Regional Utilities, FL	AA–	RO: Stable	FRCC	354,624	2.24	1.70	6.7	57	142	10.2	130.2	32.7	10,888
Gallup Joint Utilities Fund, NM	AA–	RO: Stable	WECC	30,950	3.60	2.85	2.5	378	378	6.3	115.8	74.4	2,225
Garland Electric Fund, TX	AA–	RO: Stable	ERCOT	223,701	4.11	2.37	3.2	647	988	9.0	85.7	56.8	4,308
Georgetown Utility Funds, TX	AA–	RO: Negative	ERCOT	85,941	3.11	1.10	3.0	111	111	7.4	133.7	79.7	2,426
Guadalupe Valley Electric Cooperative Inc., TX	AA–	RO: Stable	ERCOT	192,149	2.98	1.44	4.5	47	264	2.1	292.8	53.7	2,442
Heber Light & Power Company, UT	AA–	RO: Stable	WECC	13,137	2.95	1.62	3.8	145	145	2.3	118.6	70.0	961
Hydro-Quebec	AA–	RO: Stable	NPCC	12,228,000	2.11	1.93	5.7	220	388	5.3	151.2	30.4	10,601
Jacksonville Beach Combined Utility Funds, FL	AA–	RO: Stable	FRCC	89,204	3.25	2.47	2.1	298	298	4.0	84.2	84.5	1,029
Kerrville Public Utility Board, TX	AA–	RO: Stable	ERCOT	42,677	2.73	1.27	0.6	90	90	3.1	105.1	90.6	206
Kissimmee Utility Authority, FL	AA–	RO: Stable	FRCC	173,082	1.21	1.07	8.6	223	265	5.3	60.7	50.2	2,820
Lakeland Electric Utility, FL	AA–	RO: Stable	FRCC	290,337	1.96	1.47	5.3	222	222	8.3	96.2	39.0	4,037
Los Angeles Department of Water & Power — Power System, CA	AA–	RO: Stable	WECC	3,116,823	2.62	1.48	7.6	151	151	8.0	250.6	43.4	4,487
Ocala, FL Combined Utility Funds	AA–	RO: Stable	FRCC	165,759	6.66	1.74	3.6	265	265	6.5	79.2	64.7	3,073
Pedernales Electric Cooperative Inc., TX	AA–	RO: Stable	ERCOT	587,821	2.19	1.45	5.4	49	133	0.2	104.5	38.7	2,871
Riverside Electric Utility, CA	AA–	RO: Stable	WECC	333,029	1.97	1.22	5.7	297	297	10.1	146.8	43.0	5,923
Rochester Public Utilities, MN	AA–	RO: Stable	MRO	142,602	3.57	1.34	2.8	137	137	5.8	93.6	60.7	1,576
Snohomish CO Public Utility District No. 1, WA	AA–	RO: Stable	WECC	591,010	2.06	1.28	5.1	193	193	5.3	237.6	76.3	1,683
Tacoma Power, WA	AA–	RO: Stable	WECC	387,833	2.15	1.94	4.5	335	335	10.9	107.8	58.8	3,237
Tallahassee Electric Fund, FL	AA–	RO: Stable	FRCC	312,722	1.74	1.11	7.6	271	271	8.6	73.4	41.4	5,620
Winter Park Electric Services Fund, FL	AA–	RO: Stable	FRCC	46,034	3.16	2.58	5.1	25	115	5.5	107.3	16.3	4,935
Median				**223,701**	**2.38**	**1.44**	**5.1**	**151**	**193**	**5.8**	**113.3**	**53.7**	**3,073**

FADS – Funds available for debt service. Note: Fiscal 2011 audit — Anchorage Electric Utility; Gallup Joint Utilities; Grays Harbor PUD; Klickitat PUD; Memphis Light, Gas & Water. Draft Fiscal 2012 audit — Imperial Irrigation District. *Continued on next page.*
Source: Fitch Ratings.

Retail Systems (Continued)

Issuer	Rating	Outlook/ Watch	Region	Total Revenues 2012 ($000)	Debt Service Coverage 2012 (x)	Coverage of Full Obligations 2012 (x)	Debt/ FADS 2012 (x)	Days Cash on Hand 2012	Days Liquidity on Hand 2012	Transfer Payment as % of Operating Revs 2012	Capex/ Depreciation 2012 (%)	Equity/ Capitalization 2012 (%)	Debt Per Customer 2012 ($)
A+ Rated Senior Debt													
Alameda Municipal Power — Electric Services, CA	A+	RO: Stable	WECC	51,435	2.99	1.21	4.3	248	248	7.9	49.8	62.1	937
Anchorage Electric Utility Fund, AK	A+	RO: Stable	Other	134,418	1.68	1.30	4.3	128	128	8.9	324.6	49.9	7,854
Benton CO Public Utility District No. 1, WA	A+	RO: Stable	WECC	129,146	3.24	1.42	3.3	185	218	9.1	101.7	67.6	1,245
Brownsville Public Utilities Board, TX	A+	RO: Negative	ERCOT	165,571	2.45	1.68	5.6	243	243	4.7	176.3	54.3	7,494
Bryan Utilities City Electric System, TX	A+	RO: Stable	ERCOT	147,972	2.24	1.42	4.8	150	150	6.2	114.0	47.1	6,160
Bryan Utilities Rural Electric System, TX	A+	RO: Stable	ERCOT	31,496	7.15	1.54	1.6	79	79	0.0	383.0	83.9	518
City of Greenville (NC)	A+	RO: Stable	SERC	256,728	2.23	1.16	3.8	113	113	2.2	104.7	74.3	1,722
Clark County Public Utility District — Electric System, WA	A+	RO: Stable	WECC	360,729	1.59	1.20	3.8	74	97	5.7	91.0	46.9	1,229
Fort Pierce Utilities Authority, FL	A+	RO: Stable	FRCC	96,460	2.48	1.45	3.8	167	167	4.9	55.3	64.5	3,553
Glendale Electric Funds, CA	A+	RO: Negative	WECC	199,462	4.13	1.01	4.2	136	136	10.6	119.9	74.1	1,378
Granbury Municipal Utilities, TX	A+	RO: Stable	ERCOT	17,721	1.92	1.35	5.9	53	53	5.7	27.7	57.2	5,835
Greer Commission of Public Works, SC	A+	RO: Stable	SERC	67,499	1.68	1.23	7.9	125	125	1.5	56.4	61.9	4,790
Imperial Irrigation District – Energy, CA	A+	RO: Stable	WECC	405,201	1.50	1.22	9.7	197	250	0.0	186.2	61.1	3,864
Kansas City Board of Public Utilities, KS	A+	RO: Stable	SPP	289,369	2.37	1.47	6.2	34	34	17.8	453.0	44.2	8,238
Leesburg Electric System, FL	A+	RO: Stable	FRCC	58,575	4.38	1.06	3.6	144	144	12.5	471.5	62.9	1,828
Lubbock Power & Light Fund, TX	A+	RO: Stable	SPP	189,209	1.99	1.09	3.8	135	135	6.5	122.4	56.0	1,304
Roseville Electric Fund, CA	A+	RO: Stable	WECC	160,775	2.04	1.32	7.1	125	125	5.8	27.4	50.2	4,607
Sacramento Municipal Utility District, CA	A+	RO: Stable	WECC	1,382,274	2.20	1.88	6.6	192	211	0.0	185.2	20.9	4,869
Seguin Utility Fund, TX	A+	RO: Stable	ERCOT	41,464	3.12	1.48	3.8	260	260	8.3	140.7	74.0	2,646
Silicon Valley Power, CA	A+	RO: Stable	WECC	297,644	3.20	1.54	3.9	292	292	5.3	125.7	75.3	3,988
Turlock Irrigation District, CA	A+	RO: Stable	WECC	318,905	1.54	1.42	11.9	256	400	0.0	140.9	19.9	12,481
Vero Beach Electric System, FL	A+	RO: Stable	FRCC	86,941	2.20	1.03	3.3	97	97	6.6	36.6	69.6	1,428
Median				**154,374**	**2.24**	**1.34**	**4.3**	**140**	**140**	**5.8**	**121.2**	**61.5**	**3,708**
A Rated Senior Debt													
Boerne Utility System, TX	A	RO: Stable	ERCOT	22,167	1.96	1.48	7.8	170	170	7.1	680.2	51.4	3,093
Cowlitz County Public Utility District No. 1 — Electric, WA	A	RO: Negative	WECC	228,882	1.67	1.18	6.7	78	78	5.0	96.4	51.2	5,323
Eagle Mountain Electric and Gas Funds (UT)	A	RO: Stable	WECC	12,091	1.41	1.17	11.4	233	233	0.0	249.9	29.8	2,620
Grays Harbor County Public Utility District No. 1, WA	A	RO: Stable	WECC	110,408	1.62	1.25	7.3	84	84	8.2	138.7	52.8	3,082
Long Island Power Authority, NY	A	RO: Negative	NPCC	3,546,152	0.31	0.46	365.3	33	43	9.1	121.0	3.3	8,847
Modesto Irrigation District, CA	A	RO: Positive	WECC	366,601	1.71	1.38	5.8	239	239	0.0	103.8	14.8	4,893
Redding Electric Utility Fund, CA	A	RO: Stable	WECC	164,353	2.02	1.23	6.1	73	73	3.4	44.3	39.6	3,790
Reedy Creek Improvement District — Utility Fund, FL	A	RO: Stable	FRCC	192,726	1.27	1.19	6.3	37	37	0.0	63.2	16.1	235,616
Median				**178,540**	**1.65**	**1.21**	**7.0**	**81**	**81**	**4.2**	**112.4**	**34.7**	**4,342**
A– Rated Senior Debt													
Batavia Electric Fund, IL	A–	RO: Stable	MRO	43,893	6.11	1.64	3.0	138	138	1.7	87.8	66.5	2,367
Boise Kuna Irr Dist ADA and Canyon Counties (ID)	A–	RO: Stable	WECC	45,852	2.94	1.26	4.4	38	78	1.2	107.0	63.7	4,994
Bristol Utilities Authority, VA	A–	RO: Stable	SERC	81,089	4.78	1.71	3.1	91	91	0.0	342.6	74.5	2,383
Chugach Electric Association Inc., AK	A–	RO: Positive	Other	266,971	2.07	1.85	9.7	24	265	0.2	285.5	23.0	6,800
Klickitat CO Public Utility District No. 1, WA	A–	RO: Negative	WECC	33,636	1.23	1.16	17.9	175	175	4.0	174.0	49.3	11,788
Lodi Electric Fund, CA	A–	RO: Stable	WECC	64,251	1.43	1.01	7.4	92	92	15.3	60.0	2.1	2,944
Los Alamos County Joint Utility System Fund, NM	A–	RO: Stable	WECC	60,256	1.73	1.49	3.3	160	160	1.3	108.4	72.4	7,080
Paducah Power System, KY	A–	RO: Stable	SERC	63,191	1.47	1.26	9.2	70	70	3.4	83.1	16.5	7,404
Pend Oreille County Public Utility District No. 1 — Combined, WA	A–	RO: Stable	WECC	46,170	1.75	1.25	4.0	125	125	5.0	109.4	65.2	3,362
Sulphur Valley Springs Electric Cooperative, AZ	A–	RO: Stable	WECC	107,940	1.96	1.35	7.7	2	76	0.0	168.9	32.5	3,257
Median				**61,724**	**1.86**	**1.30**	**5.9**	**92**	**109**	**1.5**	**108.9**	**56.5**	**4,178**

FADS – Funds available for debt service. Note: Fiscal 2011 audit — Anchorage Electric Utility; Gallup Joint Utilities; Grays Harbor PUD; Klickitat PUD; Memphis Light, Gas & Water. Draft Fiscal 2012 audit — Imperial Irrigation District. *Continued on next page.*
Source: Fitch Ratings.

Retail Systems (Continued)

Issuer	Rating	Outlook/ Watch	Region	Total Revenues 2012 ($000)	Debt Service Coverage 2012 (x)	Coverage of Full Obligations 2012 (x)	Debt/ FADS 2012 (x)	Days Cash on Hand 2012	Days Liquidity on Hand 2012	Transfer Payment as % of Operating Revs 2012	Capex/ Depreciation 2012 (%)	Equity/ Capitalization 2012 (%)	Debt Per Customer 2012 ($)
BBB+ Rated Senior Debt													
Overton Power District No. 5, NV	BBB+	RO: Negative	WECC	35,431	1.04	1.02	10.4	55	115	0.0	223.4	37.0	3,956
Puerto Rico Electric Power Authority	BBB+	RW: Negative	Other	5,046,494	0.97	0.67	12.8	26	44	5.6	89.5	(6.1)	6,080
Sikeston Board of Municipal Utilities, MO	BBB+	RO: Stable	SERC	70,169	1.05	1.05	7.8	297	297	0.0	91.1	30.5	15,718
Vermont Electric Cooperative, VT	BBB+	RO: Stable	NPCC	72,754	2.42	1.47	5.2	7	110	4.3	219.9	46.5	1,716
Median				**71,462**	**1.05**	**1.04**	**9.1**	**41**	**113**	**2.2**	**155.5**	**33.8**	**5,018**
BBB– Rated Senior Debt													
Guam Power Authority	BBB–	RO: Stable	Other	438,672	0.90	0.90	10.7	17	17	0.0	160.0	17.5	12,934
BB Rated Senior Debt													
Virgin Islands Electric System	BB	RO: Negative	Other	331,414	0.89	0.89	11.9	11	11	0.2	81.9	17.9	5,578

FADS – Funds available for debt service. Note: Fiscal 2011 audit — Anchorage Electric Utility; Gallup Joint Utilities; Grays Harbor PUD; Klickitat PUD; Memphis Light, Gas & Water. Draft Fiscal 2012 audit — Imperial Irrigation District.
Source: Fitch Ratings.

All Wholesale Systems (Includes G&T Cooperatives)

Issuer	Rating	Outlook/ Watch	Region	Total Revenues 2012 ($000)	Debt Service Coverage 2012 (x)	Coverage of Full Obligations 2012 (x)	Debt/ FADS 2012 (x)	Days Cash on Hand 2012	Days Liquidity on Hand 2012	Capex/ Depreciation 2012 (%)	Equity/ Capitalization 2012 (%)
AAA Rated Senior Debt											
Tennessee Valley Authority	AAA	RO: Negative	SERC	11,220,000	1.18	1.16	7.1	41	41	112.2	17.5
AA Rated Senior Debt											
Bonneville Power Administration, WA	AA	RO: Stable	WECC	3,317,850	2.15	0.94	10.2	224	365	221.0	15.2
New York Power Authority	AA	RO: Stable	NPCC	2,673,000	4.27	2.13	4.4	232	252	64.2	53.7
Platte River Power Authority, CO	AA	RO: Stable	WECC	182,635	1.60	1.50	5.0	196	196	44.6	62.7
Median				**2,673,000**	**2.15**	**1.50**	**5.0**	**224**	**252**	**64.2**	**53.7**
AA– Rated Senior Debt											
Associated Electric Cooperative Inc., MO	AA–	RO: Stable	SERC	1,081,899	1.17	1.16	8.0	38	207	105.5	20.3
South Carolina Public Service Authority (Santee Cooper)	AA–	RO: Stable	SERC	1,887,797	1.24	1.17	11.1	99	198	233.3	25.1
Western Minnesota Municipal Power Agency	AA–	RO: Stable	MRO	169,917	1.36	1.23	7.0	331	331	643.8	30.0
Median				**1,081,899**	**1.24**	**1.17**	**8.0**	**99**	**207**	**233.3**	**25.1**
A+ Rated Senior Debt											
Arkansas Electric Cooperative Corporation	A+	RO: Stable	SERC	653,251	1.81	1.50	7.9	62	120	624.6	34.0
Basin Electric Power Cooperative, ND	A+	RO: Stable	MRO	1,919,345	1.48	1.48	9.5	131	313	168.5	20.7
Connecticut Municipal Electric Energy Cooperative	A+	RO: Stable	NPCC	176,016	1.42	1.12	7.7	111	217	4.9	14.8
Illinois Municipal Electric Agency	A+	RO: Stable	MRO	280,660	1.49	1.19	23.3	58	80	1,119.1	7.0
Indiana Municipal Power Agency	A+	RO: Stable	RFC	406,980	1.03	1.02	13.6	96	96	154.1	13.2
Massachusetts Municipal Wholesale Electric Company — Consolidated	A+	RO: Stable	NPCC	287,403	1.24	1.16	3.1	150	195	82.7	0.0
Municipal Electric Authority of Georgia	A+	RO: Stable	SERC	876,029	1.00	1.00	11.7	126	305	311.5	0.0
Municipal Gas Authority of Georgia	A+	RO: Stable	SERC	374,277	1.16	1.16	1.8	86	188	2.4	13.6
Nebraska Public Power District	A+	RO: Stable	SPP	1,080,998	1.20	1.11	7.1	153	247	149.1	32.8
Texas Municipal Power Agency	A+	RO: Stable	ERCOT	162,491	1.55	1.10	12.9	54	211	16.4	5.7
WPPI Energy (Wisconsin Public Power Inc.)	A+	RO: Stable	MRO	474,646	1.11	1.02	10.5	70	99	66.8	33.9
Median				**406,980**	**1.24**	**1.12**	**9.5**	**96**	**195**	**149.1**	**13.6**
A Rated Senior Debt											
Brazos Electric Power Cooperative, TX	A	RO: Stable	ERCOT	841,553	1.20	1.12	12.2	118	436	155.4	16.8
Buckeye Power Inc., OH	A	RO: Negative	RFC	626,876	0.99	0.99	13.2	11	98	428.5	17.9
Central Iowa Power Cooperative	A	RO: Stable	MRO	187,408	1.56	1.46	5.6	193	478	120.2	31.9
Florida Municipal Power Agency — All-Requirements Project	A	RO: Stable	FRCC	472,091	1.15	1.11	10.7	120	150	21.4	14.5
Golden Spread Electric Cooperative, TX	A	RO: Stable	ERCOT	378,784	2.33	1.53	6.3	245	505	232.7	38.8
Grand River Dam Authority, OK	A	RO: Stable	SPP	411,023	1.13	1.12	6.0	138	138	134.3	36.7
Lower Colorado River Authority — Consolidated	A	RO: Stable	ERCOT	1,261,700	1.49	1.44	7.1	127	127	229.0	25.4
Municipal Energy Agency of Nebraska	A	RO: Stable	MRO	162,677	0.89	0.97	16.0	69	92	119.1	25.3
North Carolina Municipal Power Agency No. 1	A	RO: Stable	SERC	471,495	1.13	1.12	8.1	248	248	127.6	4.0
Oglethorpe Power Corporation, GA	A	RO: Negative	SERC	1,324,110	1.32	1.31	12.0	137	641	212.2	9.2
Oklahoma Municipal Power Agency	A	RO: Stable	SPP	171,230	1.08	1.06	12.5	125	125	164.6	4.2
Old Dominion Electric Cooperative, VA	A	RO: Stable	RFC	842,681	1.37	1.12	7.3	18	264	77.1	32.8
Tri-State Generation & Transmission Association Inc.	A	RO: Stable	WECC	1,256,996	0.99	1.00	9.4	31	224	169.9	23.5
Median				**472,091**	**1.15**	**1.12**	**9.4**	**125**	**224**	**155.4**	**23.5**

G&T – Generation and transmission. FADS – Funds available for debt service. Note: Fiscal 2011 audit — Municipal Gas Authority of Georgia. *Continued on next page.*
Source: Fitch Ratings.

All Wholesale Systems (Includes G&T Cooperatives) (Continued)

Issuer	Rating	Outlook/ Watch	Region	Total Revenues 2012 ($000)	Debt Service Coverage 2012 (x)	Coverage of Full Obligations 2012 (x)	Debt/ FADS 2012 (x)	Days Cash on Hand 2012	Days Liquidity on Hand 2012	Capex/ Depreciation 2012 (%)	Equity/ Capitalization 2012 (%)
A– Rated Senior Debt											
Corn Belt Power Cooperative, IA	A–	RO: Stable	MRO	122,104	1.34	1.22	7.4	6	85	244.0	27.7
Delaware Municipal Electric Corporation	A–	RO: Stable	RFC	144,110	6.60	1.57	2.5	57	66	999.1	28.6
Great River Energy, MN	A–	RO: Stable	MRO	921,197	1.20	1.17	9.4	190	379	128.4	13.5
North Carolina Eastern Municipal Power Agency	A–	RO: Stable	SERC	696,526	1.23	1.20	6.8	275	275	109.3	4.4
North Carolina Electric Membership Corporation	A–	RO: Stable	SERC	1,044,460	1.63	1.20	7.8	69	116	123.8	8.5
Piedmont Municipal Power Agency, SC	A–	RO: Stable	SERC	204,520	1.23	1.19	12.0	177	177	153.0	2.2
PowerSouth Energy Cooperative and Subsidiaries, AL	A–	RO: Stable	SERC	591,711	1.14	1.11	9.4	59	205	110.7	15.8
San Miguel Electric Cooperative, TX	A–	RO: Stable	ERCOT	147,123	1.46	1.46	6.2	34	147	116.4	17.1
South Mississippi Electric Power Association	A–	RO: Stable	SERC	760,696	1.26	1.12	10.3	13	84	784.4	16.7
South Texas Electric Cooperative Inc.	A–	RO: Stable	ERCOT	320,929	1.46	1.22	10.2	47	377	697.6	17.3
Western Farmers Electric Cooperative, OK	A–	RO: Stable	SPP	457,165	1.08	1.05	10.5	28	215	210.2	18.4
Median				**457,165**	**1.26**	**1.20**	**9.4**	**57**	**177**	**153.0**	**16.7**
BBB+ Rated Senior Debt											
Sam Rayburn Municipal Power Agency, TX	BBB+	RO: Stable	ERCOT	35,128	0.99	0.99	6.1	14	14	3.6	(3.4)
BBB Rated Senior Debt											
East Kentucky Power Cooperative	BBB	RO: Stable	MRO	843,059	1.25	1.23	10.8	97	205	131.3	11.6
Southern Illinois Power Cooperative	BBB	RO: Stable	MRO	174,768	1.06	1.06	13.9	4	183	155.0	9.3
Median				**508,914**	**1.16**	**1.15**	**12.4**	**51**	**194**	**143.2**	**10.5**
BB Rated Senior Debt											
Big Rivers Electric Corp., KY	BB	RO: Negative	MRO	568,342	0.72	0.79	12.0	54	127	89.1	30.3

G&T – Generation and transmission. FADS – Funds available for debt service. Note: Fiscal 2011 audit — Municipal Gas Authority of Georgia.
Source: Fitch Ratings.

G&T Cooperative Systems

Issuer	Rating	Outlook/Watch	Region	Total Revenues 2012 ($000)	Debt Service Coverage 2012 (x)	Coverage of Full Obligations 2012 (x)	Debt/ FADS 2012 (x)	Days Cash on Hand 2012	Days Liquidity on Hand 2012	Capex/ Depreciation 2012 (%)	Equity/ Capitalization 2012 (%)
AA– Rated Senior Debt											
Associated Electric Cooperative Inc., MO	AA–	RO: Stable	SERC	1,081,899	1.17	1.16	8.0	38	207	105.5	20.3
A+ Rated Senior Debt											
Arkansas Electric Cooperative Corporation	A+	RO: Stable	SERC	653,251	1.81	1.50	7.9	62	120	624.6	34.0
Basin Electric Power Cooperative, ND	A+	RO: Stable	MRO	1,919,345	1.48	1.48	9.5	131	313	168.5	20.7
Median				**1,286,298**	**1.65**	**1.49**	**8.7**	**97**	**217**	**396.6**	**27.4**
A Rated Senior Debt											
Brazos Electric Power Cooperative, TX	A	RO: Stable	ERCOT	841,553	1.20	1.12	12.2	118	436	155.4	16.8
Buckeye Power Inc., OH	A	RO: Negative	RFC	626,876	0.99	0.99	13.2	11	98	428.5	17.9
Central Iowa Power Cooperative	A	RO: Stable	MRO	187,408	1.56	1.46	5.6	193	478	120.2	31.9
Golden Spread Electric Cooperative, TX	A	RO: Stable	ERCOT	378,784	2.33	1.53	6.3	245	505	232.7	38.8
Oglethorpe Power Corporation, GA	A	RO: Negative	SERC	1,324,110	1.32	1.31	12.0	137	641	212.2	9.2
Old Dominion Electric Cooperative, VA	A	RO: Stable	RFC	842,681	1.37	1.12	7.3	18	264	77.1	32.8
Tri-State Generation & Transmission Association Inc.	A	RO: Stable	WECC	1,256,996	0.99	1.00	9.4	31	224	169.9	23.5
Median				**841,553**	**1.32**	**1.12**	**9.4**	**118**	**436**	**169.9**	**23.5**
A– Rated Senior Debt											
Corn Belt Power Cooperative, IA	A–	RO: Stable	MRO	122,104	1.34	1.22	7.4	6	85	244.0	27.7
Great River Energy, MN	A–	RO: Stable	MRO	921,197	1.20	1.17	9.4	190	379	128.4	13.5
North Carolina Electric Membership Corporation	A–	RO: Stable	SERC	1,044,460	1.63	1.20	7.8	69	116	123.8	8.5
PowerSouth Energy Cooperative and Subsidiaries, AL	A–	RO: Stable	SERC	591,711	1.14	1.11	9.4	59	205	110.7	15.8
San Miguel Electric Cooperative, TX	A–	RO: Stable	ERCOT	147,123	1.46	1.46	6.2	34	147	116.4	17.1
South Mississippi Electric Power Association	A–	RO: Stable	SERC	760,696	1.26	1.12	10.3	13	84	784.4	16.7
South Texas Electric Cooperative Inc.	A–	RO: Stable	ERCOT	320,929	1.46	1.22	10.2	47	377	697.6	17.3
Western Farmers Electric Cooperative, OK	A–	RO: Stable	SPP	457,165	1.08	1.05	10.5	28	215	210.2	18.4
Median				**524,438**	**1.30**	**1.19**	**9.4**	**41**	**176**	**169.3**	**16.9**
BBB Rated Senior Debt											
East Kentucky Power Cooperative	BBB	RO: Stable	MRO	843,059	1.25	1.23	10.8	97	205	131.3	11.6
Southern Illinois Power Cooperative	BBB	RO: Stable	MRO	174,768	1.06	1.06	13.9	4	183	155.0	9.3
Median				**508,914**	**1.16**	**1.15**	**12.4**	**51**	**194**	**143.2**	**10.5**
BB Rated Senior Debt											
Big Rivers Electric Corp., KY	BB	RO: Negative	MRO	568,342	0.72	0.79	12.0	54	127	89.1	30.3

G&T – Generation and transmission. FADS – Funds available for debt service.
Source: Fitch Ratings.

Wholesale Systems (Excludes G&T Cooperatives)

Issuer	Rating	Outlook/ Watch	Region	Total Revenues 2012 ($000)	Debt Service Coverage 2012 (x)	Coverage of Full Obligations 2012 (x)	Debt/ FADS 2012 (x)	Days Cash on Hand 2012	Days Liquidity on Hand 2012	Capex/ Depreciation 2012 (%)	Equity/ Capitalization 2012 (%)
AAA Rated Senior Debt											
Tennessee Valley Authority	AAA	RO: Negative	SERC	11,220,000	1.18	1.16	7.1	41	41	112.2	17.5
AA Rated Senior Debt											
Bonneville Power Administration, WA	AA	RO: Stable	WECC	3,317,850	2.15	0.94	10.2	224	365	221.0	15.2
New York Power Authority	AA	RO: Stable	NPCC	2,673,000	4.27	2.13	4.4	232	252	64.2	53.7
Platte River Power Authority, CO	AA	RO: Stable	WECC	182,635	1.60	1.50	5.0	196	196	44.6	62.7
Median				**2,673,000**	**2.15**	**1.50**	**5.0**	**224**	**252**	**64.2**	**53.7**
AA– Rated Senior Debt											
South Carolina Public Service Authority (Santee Cooper)	AA–	RO: Stable	SERC	1,887,797	1.24	1.17	11.1	99	198	233.3	25.1
Western Minnesota Municipal Power Agency	AA–	RO: Stable	MRO	169,917	1.36	1.23	7.0	331	331	643.8	30.0
Median				**1,028,857**	**1.30**	**1.20**	**9.1**	**215**	**265**	**438.6**	**27.6**
A+ Rated Senior Debt											
Connecticut Municipal Electric Energy Cooperative	A+	RO: Stable	NPCC	176,016	1.42	1.12	7.7	111	217	4.9	14.8
Illinois Municipal Electric Agency	A+	RO: Stable	MRO	280,660	1.49	1.19	23.3	58	80	1,119.1	7.0
Indiana Municipal Power Agency	A+	RO: Stable	RFC	406,980	1.03	1.02	13.6	96	96	154.1	13.2
Massachusetts Municipal Wholesale Electric Company — Consolidated	A+	RO: Stable	NPCC	287,403	1.24	1.16	3.1	150	195	82.7	0.0
Municipal Electric Authority of Georgia	A+	RO: Stable	SERC	876,029	1.00	1.00	11.7	126	305	311.5	0.0
Municipal Gas Authority of Georgia	A+	RO: Stable	SERC	374,277	1.16	1.16	1.8	86	188	2.4	13.6
Nebraska Public Power District	A+	RO: Stable	SPP	1,080,998	1.20	1.11	7.1	153	247	149.1	32.8
Texas Municipal Power Agency	A+	RO: Stable	ERCOT	162,491	1.55	1.10	12.9	54	211	16.4	5.7
WPPI Energy (Wisconsin Public Power Inc.)	A+	RO: Stable	MRO	474,846	1.11	1.02	10.5	70	99	66.8	33.9
Median				**374,277**	**1.20**	**1.11**	**10.5**	**96**	**195**	**82.7**	**13.2**
A Rated Senior Debt											
Florida Municipal Power Agency — All-Requirements Project	A	RO: Stable	FRCC	472,091	1.15	1.11	10.7	120	150	21.4	14.5
Grand River Dam Authority, OK	A	RO: Stable	SPP	411,023	1.13	1.12	6.0	138	138	134.3	36.7
Lower Colorado River Authority — Consolidated	A	RO: Stable	ERCOT	1,261,700	1.49	1.44	7.1	127	127	229.0	25.4
Municipal Energy Agency of Nebraska	A	RO: Stable	MRO	162,677	0.89	0.97	16.0	69	92	119.1	25.3
North Carolina Municipal Power Agency No. 1	A	RO: Stable	SERC	471,495	1.13	1.12	8.1	248	248	127.6	4.0
Oklahoma Municipal Power Agency	A	RO: Stable	SPP	171,230	1.08	1.06	12.5	125	125	164.6	4.2
Median				**441,259**	**1.13**	**1.12**	**9.4**	**126**	**133**	**131.0**	**19.9**
A– Rated Senior Debt											
Delaware Municipal Electric Corporation	A–	RO: Stable	RFC	144,110	6.60	1.57	2.5	57	66	999.1	28.6
North Carolina Eastern Municipal Power Agency	A–	RO: Stable	SERC	696,526	1.23	1.20	6.8	275	275	109.3	4.4
Piedmont Municipal Power Agency, SC	A–	RO: Stable	SERC	204,520	1.23	1.19	12.0	177	177	153.0	2.2
Median				**204,520**	**1.23**	**1.20**	**6.8**	**177**	**177**	**153.0**	**4.4**
BBB+ Rated Senior Debt											
Sam Rayburn Municipal Power Agency, TX	BBB+	RO: Stable	ERCOT	35,128	0.99	0.99	6.1	14	14	3.6	(3.4)

G&T – Generation and transmission. FADS – Funds available for debt service. Note: Fiscal 2011 audit — Municipal Gas Authority of Georgia.
Source: Fitch Ratings.

Financial Summary Glossary of Terms

Capitalization

Total debt plus total equity.

Debt to Customer

Total debt divided by total customers. This ratio represents a measure of leverage per end user.

Fund Available for Debt Service (FADS)

Operating income, plus depreciation and amortization (taken from cash flow statement), plus interest income (taken from cash flow statement). FADS does not include any benefit from the use of (or deposit to) the rate-stabilization funds, non-operating connection fees, or capital contributions.

Full Obligations

An obligation proxy that includes annual debt service plus a fixed charge related to purchase power expense. The fixed charge is calculated as 30% of purchase power expense and is an estimate of the portion of purchase power costs that are associated with debt service.

Transfer Payments

Transfer payments include payments to the general fund, payments in lieu of taxes (PILOT), free services provided and other taxes paid.

Operating Income

Operating revenue less operating expenses.

Restricted Funds

Cash and investments that are restricted in use (e.g. debt service reserve funds, debt service funds, and construction funds) and not deemed to be available to meet short-term liquidity needs.

Total Annual Debt Service

Sum of scheduled long-term principal and total annual cash interest payments (includes interest on long-term and short-term debt). Does not generally include principal amounts paid as a part of a refinancing or voluntary prepayments. Additionally, capitalized interest may be excluded for systems undertaking large construction programs.

Unrestricted Funds

Cash and short-term investments that are available for short-term liquidity needs with no limitations on use. Funds restricted solely by board or management policy may also be included.

Total Debt

Sum of long-term debt, capital leases, outstanding commercial paper, notes payable, and current maturities of long-term debt and capital leases. No adjustments are made for unamortized discounts or premiums.

Total Equity

Net assets (retained earnings plus contributed capital plus patronage capital).

Ratio Definitions

Ratio	Calculation	Significance
Cash Flow		
FADS ($)	Operating Revenues – Operating Expenses + Depreciation + Amortization + Interest Income	Provides available, current cash resources.
Debt Service Coverage (x)	FADS/Total Annual Debt Service	Indicates the margin available to meet current debt service requirements.
Coverage of Full Obligations (x)	(FADS + Fixed Charges – General Fund Transfer and/or PILOT Payments Excluded from Operating Expenses)/(Annual Debt Service + Fixed Charges)	Indicates the margin available to meet current debt service requirements and proxy obligations related to purchased power.
Debt to FADS (x)	Total Debt/FADS	Indicates the size of debt compared to the margin available for debt service.
Liquidity		
Days Cash on Hand	Unrestricted Cash and Investments/(Operating Expenses – Depreciation+ Amortization)*365	Indicates financial flexibility, specifically cash and short-term investments, relative to expenses.
Days Liquidity on Hand	(Unrestricted Cash and Investments + Available Lines of Credit and Commercial Paper Capacity)/(Operating Expenses – Depreciation + Amortization)*365	Indicates financial flexibility, including all available sources of cash, short-term investments, and liquidity, relative to expenses.
Capital Structure		
Equity to Capitalization (%)	Total Equity/Capitalization	Provides a measure of cost recovery, leverage, and debt capacity.
Debt to Customer ($)	Total Debt/Total Customers	Provides a measure for relative comparison of leverage.
Other		
Capex to Depreciation and Amortization (%)	Capex/(Depreciation + Amortization)	Indicates the relationship between capital spending and the depreciation of existing assets.
Transfer Payments to Operating Revenues (%)	(General Fund Transfers + PILOT + Other taxes)/Operating Revenues	Indicates the degree to which a utility supports city or county general fund, or other governmental operations.

Source: Fitch Ratings.

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Report Card:

Rate Adjustments Compensate For U.S. Cooperative Utilities' Regulatory And Economic Risks

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Report Card:

Rate Adjustments Compensate For U.S. Cooperative Utilities' Regulatory And Economic Risks

The pace of federal regulatory initiatives to control emissions accelerated over the past year, making it a particularly challenging one for all U.S. electric utilities, including cooperative utilities. The regulatory push comes on top of budget constraints arising from the weak economy that could limit these companies' financial flexibility.

Environmental Protection Agency (EPA) initiatives governing power plant operations dominate the electric industry's operational, financial, and credit concerns. The litany of new regulations and proposals includes the agency's December 2011 Mercury and Air Toxics Standards Rule, its May 2010 Greenhouse Gas Tailoring Rule, and the October 2011 Cross-State Air Pollution Rule. The EPA has also proposed significant rules that would limit new power plants' carbon emissions, regulate coal plants' combustion residuals, and restrict power plants' use of rivers, lakes, and oceans for open-loop cooling. These potentially burdensome regulations are not unique to cooperative utilities. Public power utilities, investor-owned utilities, and merchant generators are all subject to the same rules.

Overview

- Regulatory initiatives create significant uncertainty for electric utilities' operational and financial plans and the sluggish economic recovery is adding to the ambiguity.
- However, cooperative utilities have largely shown that they will adjust rates as needed to maintain their financial metrics.
- As a result, we believe the sector's credit quality will substantially be stable over our two-year outlook horizon.

Yet, except for its negative outlook for the merchant utilities sector, Standard & Poor's Ratings Services forecasts stable ratings over the next two years for cooperatives, public power utilities, and investor-owned utilities. We base this conclusion on our view that those who set rates for load-serving electric utilities will use rate adjustments to provide cost recovery and facilitate utilities' implementation of EPA and state initiatives to control power plant emissions. Cooperative utilities with rate-setting autonomy have shown they are willing to raise rates as needed to maintain their financial metrics. They did so during the recession, and credit quality stayed strong as a result. Similarly, rated generation and transmission cooperatives whose rates are governed by the Federal Energy Regulatory Commission and state regulators have fared well. Consequently, Standard & Poor's doesn't expect ratings in the cooperative utilities sector to move much during its two-year outlook horizon.

Ratings Overview

We maintain strong ratings and stable outlooks on most U.S. cooperative utilities. More than 90% of these ratings are 'A-' or higher, and our overwhelmingly stable outlooks for these utilities reflect our expectation that the sector's strong ratings distribution will continue for the next two years (see charts 1 and 2).

Chart 1

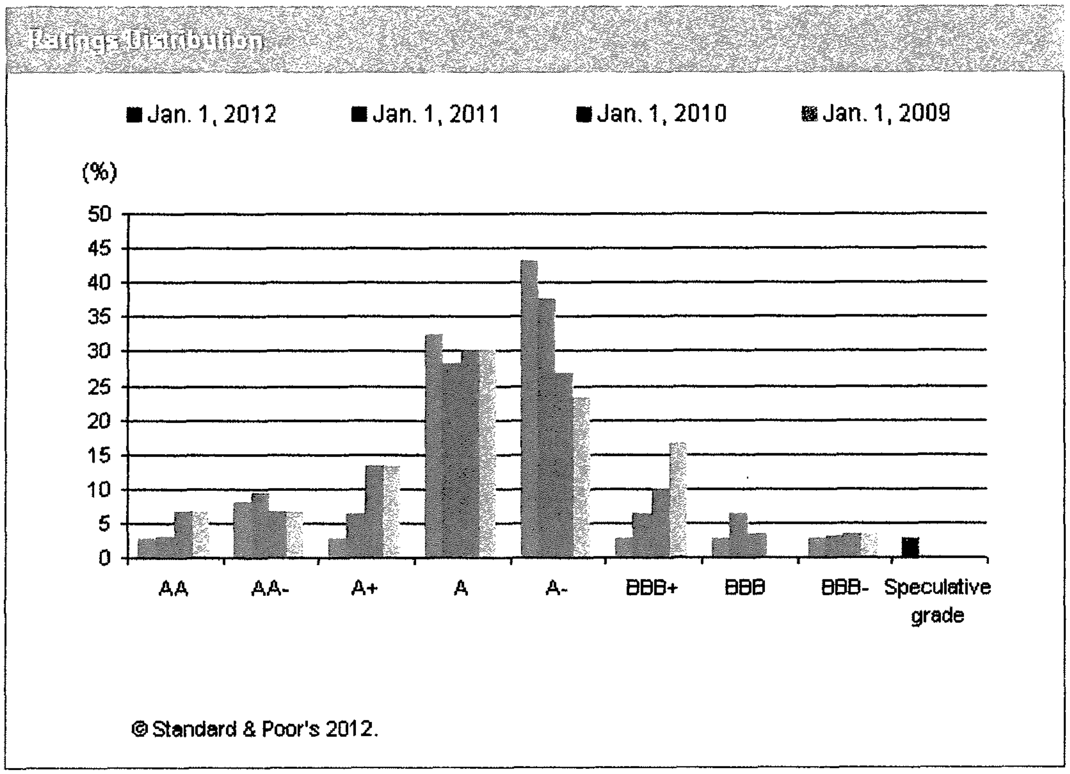
Ratings Distribution
Jan. 1, 2012
Jan. 1, 2011
Jan. 1, 2010
Jan. 1, 2009
(%)
50
45
40
35
30
25
20
15
10
5
0
AA
AA-
A+
A
A-
BBB+
BBB
BBB-
Speculative grade
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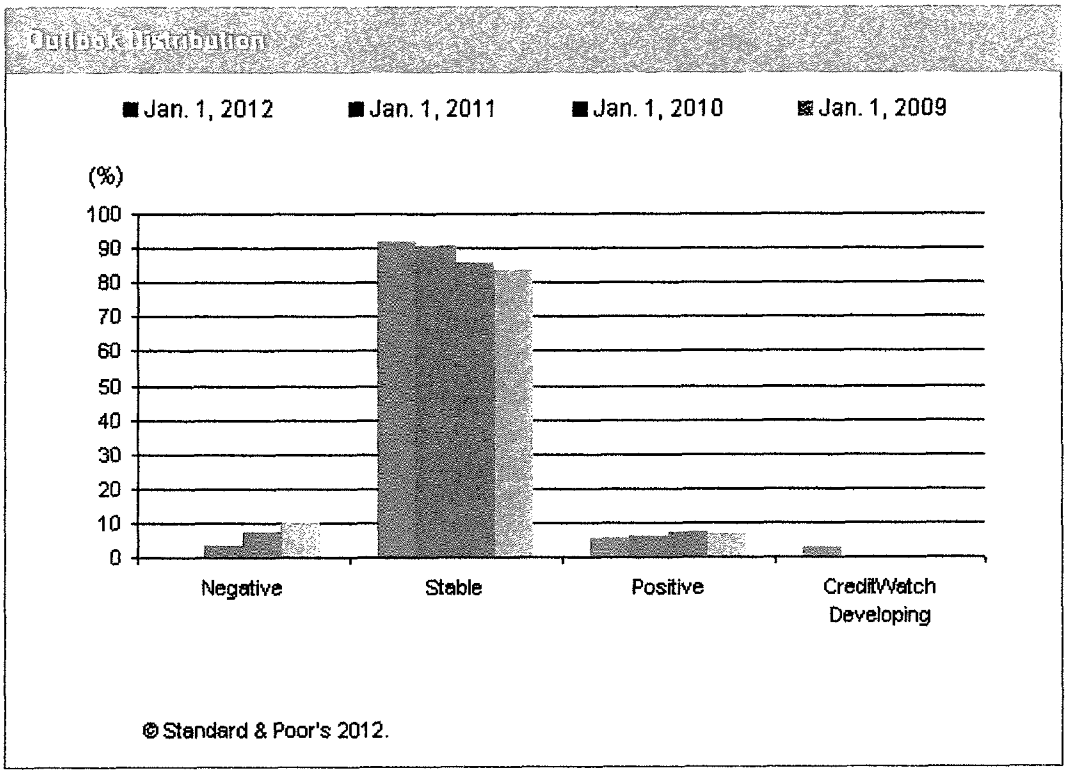
Chart 2



What Underpins The Strong Ratings?

Key factors that reconcile the continued strength of electric cooperative ratings with the issues they face include the following:

Autonomous ratemaking authority or supportive external rate regulation

We believe cooperative utilities' widespread, but not universal freedom to adjust rates mitigates the risks of regulatory lag and cost disallowances that could erode the financial performance of rate-regulated utilities. We assign this distinction significant weight in our analysis.

Many cooperative boards exercised their ratemaking authority during the recession, adjusting rates to maintain a sound alignment between revenues, expenses, and debt service obligations. Consequently, we believe that cooperative utilities should have the financial flexibility and willingness to respond to potentially higher costs as emissions regulations progress.

During the economic downturn, we observed that generation and transmission cooperatives that are subject to federal rate regulation have similarly benefited from credit-supportive rate orders, including those that established or perpetuated formulary rates that dynamically recover changing costs. These mechanisms are important tools for avoiding protracted rate-setting proceedings. At the same time, distribution cooperatives that are subject to state rate regulation tend to have mechanisms that allow them to pass through changes in their power suppliers' costs.

A narrow strategic focus

Electric cooperative utilities generally have a narrow strategic focus, and their lack of a profit motive reduces incentives for management to place capital at risk. This paradigm generally yields conservative strategies that help shield financial performance from volatility.

Limited merchant risk

With few exceptions, cooperative utilities generally align their generation capacity with their native customers' load requirements, which limits exposure to and reliance on sales in competitive wholesale power markets.

Long-term contracts

We believe generation and transmission cooperative utilities' long-term wholesale power contracts with their distribution members provide largely captive customer bases. In addition, generation and distribution cooperatives' members' joint and several liability, along with generally modest exposure to industrial customers, help provide secure and stable revenue streams.

Benefits of amortizing debt

Unlike investor-owned utilities, electric cooperatives principally use amortizing debt, which limits their exposure to refinancing risk and mitigates the high leverage that is common among cooperative utilities.

These and other strengths help cooperative utilities withstand risks to their financial performance, including economic weakness and the costs of complying with emissions mandates.

The Recession's Litmus Test

The U.S. recovery is progressing in fits and starts, and consumers continue to feel the downturn's effects. These economic concerns have eroded consumer confidence. Also, customers' tight budgets and reduced economic activity whittled electric consumption.

Lower electric use makes it more difficult for utilities to apportion fixed costs. The downturn's effects might have suggested limits on the ability to reallocate fixed costs through ratemaking and financial flexibility. However, we believe the sector's rate-setting and financial performance during the recession validated our assumption that utility boards and regulators are generally willing and able to set rates at levels that perpetuate sound lender protections. These actions let many cooperative utilities emerge from the recession with unblemished credit quality.

At the same time that the recession eroded demand for electricity, it also reduced the need for additional generation resources. The resulting reduction in capital spending and debt issuance tempered other financial strains and, together with rate adjustments, helped shore up credit quality.

Uncertainty About Emissions Regulations Weighs on Utilities

Potentially costly emissions regulations could present significant stresses to the financial strength of electric utilities and create operational issues. EPA's proposed controls on several facets of power plant operations compounds its multipronged strategy for reducing a host of power plant emissions. Some utilities also face state-level emissions restrictions and renewable portfolio standards.

The federal regulatory arena is dynamic. Some of EPA's initiatives, such as mercury rules, have developed into firm and costly regulations. Another one of the more significant and potentially costly regulations, the Cross-State Air Pollution Rule, has been under a judicial stay since December 2011, and further judicial proceedings will likely delay its implementation. Other initiatives are still pending, such as the March 2012 proposal to regulate power plants' carbon emissions, as well as earlier proposals to regulate coal combustion residuals and proposals to regulate the use of surface water for power plant cooling.

Uncertainties about when these regulatory initiatives will go into effect complicate utilities' generation resource planning, both for new resources and the retrofitting of existing resources. Utilities must divine strategies to meet regulatory requirements, even when their requirements and timing are uncertain. If a utility is proactive, it might save money if its beats the pack and upgrades or adds resources before other utilities begin to do so, causing equipment and labor prices to go up. However, if early action proves to be poorly aligned with final regulations, operations could suffer, and the cost implications might be substantial. Consequently, management teams at many utilities are waiting for more clarity before acting.

There is a broad spectrum of solutions for each power plant within utilities' fleets. Some of the points along the continuum include the following:

- Taking no action for generation units that will likely be immune from further emissions regulation;
- Investing in remedial retrofits for units likely to be caught in the regulatory crosshairs; and
- Shuttering noncompliant units for which retrofits wouldn't be economical.

We expect that shutting units that are nearing the end of their life cycles, are inefficient, or do not dispatch much will not have a significant impact on utilities' operations or finances. However, in some cases, shuttering units could pare regional capacity, contribute to higher capacity prices, and create the need for replacement capacity or additional energy resources.

In March 2012, the EPA announced its newest and possibly the most significant of its recent emissions proposals. It proposes to restrict carbon emissions from new power plants, which would have the biggest impact on coal-fired production. Although Congress was unable to muster sufficient support for carbon controls, the agency has elected to take up the mantle. This proposal could alter the face of the power industry in the U.S., which has historically relied on coal for about half of its electricity production.

In recent years, the EPA principally focused on regulating power plant emissions other than carbon, including mercury, sulfur dioxide, nitrogen oxide, and particulates. Many viewed these regulations as a backdoor to carbon controls because they imposed constraints on fossil fuel plants' operations. The agency's March 2012 proposal is thus noteworthy because it directly advocates carbon controls.

Although the EPA's carbon regulation proposals are momentous, we don't think they will have negative implications for the financial and operational performance of cooperative utilities or our ratings on them in the near term, because they will apply only to new coal plants. However, as the highly coal-dependent cooperative sector's power plants reach the end of their useful lives, the regulations' operational and cost consequences will rise to the fore and color utilities' resource decisions.

Some utilities may feel the regulations' impact even before they must retire existing plants. As the economic recovery takes hold and electric demand and baseload needs increase, utilities would have to meet this need while avoiding baseload coal units, which would effectively steer them to natural gas. The economics and attractiveness of other baseload options, such as nuclear, have diminished in the face of ongoing low natural gas prices.

If gas-fired resources come to dominate new generation, gas commodity prices might end up rising. Utilities could also find themselves paying premium prices for gas turbines as utilities move to this technology. For example, from 1999 to 2001, when merchant generators purchased a large number turbines to create broad operating footprints, the spike in demand strained manufacturers' capacity and pushed turbine prices up.

Our focus on looming regulatory risks does not detract from our consideration of near-term regulatory concerns. We continue to look at the cost and operational impacts of pending EPA rules covering mercury, sulfur dioxide, and nitrogen oxide emissions. While the cost implications of these regulations are not clear enough yet to assess their full impact, we're seeing preliminary indications that utilities' recent emissions retrofits will temper their spending needs.

Low Natural Gas Prices: The Pros And Cons

Natural gas prices fell to 10-year lows in recent months. But even before reaching these levels, falling prices since 2010 have helped many utilities rein in operating costs and reduced problematic emissions. Low prices enabled cleaner, gas-fired resources to displace costlier and dirtier coal-based resources.

The low natural gas prices aren't good news for all electric utilities. Those utilities with long generation positions need to sell their surpluses to nonmember customers to spread their capacity's fixed costs over more megawatt-hours. They also rely on surplus sales' margins to support sound financial performance. However, these sales' margins withered as the price of the marginal fuel, natural gas, whittled wholesale electricity prices. The past year's mild weather and the decline in electric demand resulting from the economic downturn are compounding unfavorable conditions in wholesale power markets. Utilities generally responded by raising rates for their native load customers. However, the rate adjustments have not uniformly supported stable financial metrics. Examples of cooperative utilities with significant long positions include Associated Electric Cooperative, Basin Electric Power Cooperative, Buckeye Power, and Seminole Electric Cooperative.

We Expect Rating Stability To Continue

The sector's nearly ubiquitous stable outlooks indicate that with few exceptions, the weak economy, emissions regulations, and low natural gas prices aren't likely to be catalysts for downgrades. We expect the rate-setting bodies--whether the utility itself or an outside body--will continue to make timely rate adjustments to provide for the recovery of mandated environmental costs, and facilitate the implementation of new regulations.

However, the full recovery of regulatory costs alone will not ensure ratings stability if cost pressures on rates constrain adjustments to the point that a utility's financial metrics decline. Excess margins that protect lenders are critical to maintaining stable credit quality, and a migration to merely adequate margins could impair that.

Nevertheless, recent years' rate adjustments suggest that strong financial performance will continue through our two-year outlook horizon, although we think the opportunities for upgrades are limited. We expect regulatory costs will prevent utilities from strengthening financial metrics sufficiently to prompt upgrades.

Our analysis goes beyond the impact of a weak economy and regulatory compliance costs, however, to look at the willingness of a utility's management to pass costs on to ratepayers. As regulatory costs crystallize, we will assess them in the context of management teams' responses and measure the interplay between costs and rate adjustments and their implications for the debt service coverage ratios and liquidity cushions that are critical to sound credit quality. And because management actions so far have largely preserved sound financial risk profiles, we believe cooperative utilities remain reasonably well-positioned to take on an uncertain future.

Issuer Review

Table 1

Issuer/Issuer credit or senior secured debt rating*/Comments	Analyst
Arkansas Electric Cooperative Corp. (AECC) (AA-/Stable/A-1+) AECC is one of the few state-regulated generation and transmission cooperatives. In 2009, the utility gained much greater rate-setting flexibility, with legislation that allows it to raise rates up to 5% in one year or 8% in two after an expedited rate review without engaging in protracted rate proceedings. Proposed rates will cover the costs of the 150 MW generating plant purchased in 2005 and AECC's 70 MW share of the coal-fired Turk Plant, which management expects will provide power by late 2012. Management will issue additional debt to complete its share of Turk plant costs, acquire a 746 MW combined cycle plant in Hot Springs and add environmental equipment to existing units, but it expects equity to account for at least 35% of capital even with its maximum estimate of additional debt. Management also expects DSC to be about 1.5x, as it was in fiscal 2011.	Judith Waite
Associated Electric Cooperative Inc., MO (AA/Stable) This G&T cooperative benefits from a very large footprint that contributes to the integrity of financial metrics. However, the utility has historically relied on sales of surplus energy and purchases for resale to enhance financial performance and contribute to favorable member rates. Nonmember revenues peaked at 43% of operating revenues in 2004, but declined significantly to about 18% in 2009-2011 due to native load growth that consumed surplus capacity and lower natural gas prices that depressed wholesale markets' electricity prices. Management implemented a 25.3% rate increase in 2008 and a 12.5% increase in 2009 to offset these trends. DSC was sound, in our view, at nearly 1.5x in 2010 and 1.4x in 2011. Fixed charge coverage was about 10 basis points lower in these years. We believe Associated is very carbon-intensive, which could have credit implications depending on the costs of complying with emissions regulations. Yet, overall, recessionary erosion of electricity demand and downward revisions of emissions compliance costs temper capital spending needs compared to previous forecasts.	David Bodek
Baldwin Electric Membership Cooperative (BEMC), AL (A/Stable) While growth has slowed for this Powersouth distributor, major new employers in the region have still led to almost a 2% increase in metered accounts per year. Growth is mainly among residential customers. To fund growth-driven projects, BEMC has a $42.95 million RUS loan upon which to draw. Even with the additional borrowings, annual DSC remains solid, in our view, at more than 1.5x	Ted Chapman
Basin Electric Power Cooperative, ND (A/Stable) Fiscal 2011 financial performance remained what we view as strong because of substantial increases in customers' rates in the past five years, an uptick in electric sales to oil exploration and production customers, and strong agricultural demand for the ammonia that Basin sells as a byproduct of its coal gasification. However, this G&T utility's financial performance remains vulnerable to rising debt service obligations, reduced prices for its surplus electricity sales, and lower prices for its synthetic natural gas commodity. We believe that Basin's substantial reliance on nonmember revenues that are susceptible to cyclicality distinguishes it from many G&T cooperatives and do not provide the revenue security or predictability of member sales under long-term requirements contracts. However, the proportion of member revenues reached 46% in 2011, up from 29% in 2007. Nevertheless, this remains low compared with those of other G&T cooperatives. In our view, historically strong financial performance, with DSC of nearly 2.0x in 2011, helped compensate for the business risks that revenues from competitive businesses present.	David Bodek
Big Rivers Electric Corp. (BREC), KY (BBB-/Stable) This G&T cooperative faces extreme customer concentration and its leading customers represent meaningful credit exposures. BREC relies on two aluminum smelters for about two-thirds of energy sales. The smelters' operations are vulnerable to economic cycles and, in particular, sharply lower aluminum prices. Furthermore, the cooperative and its members are subject to state rate regulation. Rate regulation could potentially expose the utilities' financial performance to delayed rate relief or cost disallowances. Although the cooperative produced strong scheduled DSC of nearly 1.5x in 2010 and 1.7x in 2011, we believe it needs strong coverage levels as a cushion against losing the smelters or reductions in smelter demand.	David Bodek
Brazos Electric Power Cooperative Inc., TX (A-/Positive) In 2011, Brazos introduced a new 560 MW combined cycle plant to its generation mix. However, the Sandy Creek Energy Center--an 800 MW pulverized coal plant--will not achieve its original commercial operational date of 2012; although opposition to the final permit has been resolved, the plant sustained damage during an October 2011 test run. Brazos is insulated from any financial or operational repercussions from the delay; however, due to the engineering, procurement, and construction contract and liquidated damages. Given	Theodore Chapman

that the bulk of its $740 million, five-year capital budget consists of transmission-related projects that carry a regulated rate of return from the state public utilities commission, we believe it is likely that Brazos could exceed its forecast coverage metrics at a level we believe could be in line with an 'A' rating. Management has established a DSC target of at least 1.25x and 15% equity, which it projects to achieve even after accounting for equity contributions to the Sandy Creek project. Accrual basis fixed charge coverage was 1.2x in 2010 and 1.26x in 2011.

Brunswick Electric Membership Corp., NC (A/Stable) In our view, the credit strengths that support the rating on this distribution cooperative include the board's willingness to set rates that target 2.0x DSC; the all-requirements power supply contract with North Carolina Electric Membership Corp. that provides fairly low-cost power; and a growing, primarily residential, customer base that is mainly in Brunswick County, an attractive destination for retirees. The cooperative has invested heavily in its power delivery system to assure reliability, and nearly all of its power lines along the coast are now underground. This will help avoid costly storm-related repairs. The utility also installed an automated meter reading system, which allows customers to monitor their usage and it to implement time-of-use rates. The cooperative's balance sheet is more highly leveraged than those of most distribution utilities, with debt equal to about 65% of total capital and averaging about $2,000 per customer, which constrains the rating. The debt-funded system expansion accommodated rapid population growth.	Judith Waite
Buckeye Power Inc., OH (A-/Stable) In our view, Buckeye's uneven financial results and increased leverage have resulted in weak DSC requirements in the past several years, although we note that audited results for fiscal 2011 were slightly better than those for 2010. We believe the 2011 coverage level was inflated through a financial transaction in which Buckeye used a portion of its line of credit to repay a note to Arch Coal, effectively putting the next three years of note amortization on credit (the line expires in 2015).Buckeye's rates to its members are slightly above average for G&T cooperatives. Already long on power, It has recently added additional capacity. However, a weaker natural gas market has chilled the utility's ability to generate profits on sales from its surplus capacity. Given reliance on volatile wholesale sales revenue, we believe that achieving these projected metrics is uncertain. Coal-fired generation from two Cardinal Station units dominates Buckeye's power supply. Since 2005, debt has more than doubled to $1.3 billion, largely driven by emissions controls additions. Further emissions related projects will bring debt up to $1.4 billion by 2012.	Jeffrey Panger
Central Electric Power Cooperative Inc., SC (AA-/Stable) Central Electric principally procures and transmits electricity to its 20 distribution cooperative members and their more than 720,000 customers. It also collects and remits funds for energy purchases and develops and finances transmission assets. In our view, the narrow scope of its business model translates into low business risk that mitigates narrow DSC margins and limited working capital. Although power supply costs are passed through as incurred, overhead costs are not fully recovered in the year incurred if the utility sells fewer-than-projected MWh. Accrual-basis DSC strengthened to 1.10x in 2010-2011 after hovering near 1.05x in 2008-2009.	David Bodek
Central Iowa Power Cooperative (CIPCO) (A/Stable) CIPCO is a G&T utility that benefits from a diverse and low-cost generation portfolio, including coal and nuclear baseload resources, natural gas peaking capacity and a growing renewable energy portfolio of PPAs. In December 2010, it received a 20-year license extension from the Nuclear Regulatory Commission through 2034 for the nuclear plant (Duane Arnold) that it owns a 124 MW (20%) stake in. The nuclear license extension, and recent increase in contracted wind capacity are positive developments, in our view, given their low-carbon attributes. However, CIPCO has exposure to carbon regulation for a sizable 53% of its energy resources, although this is below the average for its region. While the utility reduced its rates slightly in 2011, the relatively low density of its 12 member cooperatives' service territories, which contributes to above-average retail rates, could limit practical rate-making flexibility. Nevertheless, we believe CIPCO's financial performance was strong the past three fiscal years, with DSC at 1.4x in fiscal 2011, and liquidity, including unused credit lines, at more than 220 days' expenditures.	Peter Murphy
Chugach Electric Association, AK (A-/Stable/A-1) Chugach serves about 67,000 retail members, and is among the dominant electricity providers and generators in Alaska. Its financial performance remains solid, in our view. The utility posted 2011 DSC of 2.3x, although this represents coverage with very little amortizing debt. With the refinancing of $270 million of bullet maturities in 2011 and 2012, all of Chugach's debt will now be amortizing. New money borrowings of about $250 million during the past two years funded a 70% share of a natural gas-fired generation plant, with Anchorage Municipal Light and Power taking the rest. Management expects plant completion within a year, and further expects the installation of more efficient gas generation capacity will result in substantial fuel savings. The utility faces several issues rare among cooperatives, including the authority of the Regulatory Commission of Alaska (RCA) over both retail and wholesale contract rates. However, the RCA permits Chugach to pass fuel cost increases to customers through a rate surcharge.	Peter Murphy
Dairyland Power Cooperative (DPC), WI (A/Stable) DPC has what we consider a diverse membership of 25 distribution cooperatives that serves primarily residential bases in four states. Members have all-requirement contracts through 2055 and account for about 75% of operating revenues. Year-over-year financial operations were stable for 2011, with coverage of debt service requirements at 1.21x; The utility had about 49 days' of operating expenses in cash, and inclusive of credit lines, liquidity was 235 days. DPC still relies on coal-fired generation. The environmental retrofit of its baseload coal plants is the primary driver of its capital plan. At fiscal year-end 2011, the utility had $871 million of debt outstanding, and management expects total debt will rise modestly over the next several years. DPC has no baseload needs through 2020 and complies with Wisconsin's 10% by 2015 renewable portfolio mandate.	Jeffrey Panger

Diverse Power Inc., GA (A/Stable) Diverse Power, a distribution cooperative, will own about 18.4 MW of the proposed Vogtle nuclear plants through its membership in Oglethorpe Power Corp (OPC). OPC and the other owners expect the nuclear units will begin operating in 2016 and 2017 and replace contractual power purchases. By the end of 2011, OPC had invested about $1.4 billion in the Vogtle plant construction and expects its share of the total cost to be about $4.2 billion (in 2008 dollars). Diverse's share of the cost is 2.79%, or about $117 million. OPC supplies about 53% of Diverse's electricity, and would be a potential source of additional power supply. Diverse Power's rates are in line with state averages, despite the lower density of the cooperative's customer base, and will likely continue to be even with the cost of the Vogtle units included, since almost all providers of electricity in Georgia are investors in the project. Supporting the ratings are financial metrics, including fixed charge coverage of about 1.2x and cash plus lines of credit equal to about 165 days of operating expense.	Judith Waite
East Kentucky Power Cooperative Inc. (BBB/Stable) This generation and transmission cooperative produces nearly all of the energy it sells to its 16 member cooperatives. It relies only nominally on off-system sales revenues. The utility and its members are subject to state rate regulation. Although the utility lacks the scope of autonomous ratemaking authority traditionally available to cooperative utilities, we believe that lenders benefit from the commission's oversight because its 2008 mandated management audit stopped the utility's financial and operational profile from degrading further. DSC ratios were only about 0.9x in 2007-2008, but rate adjustments produced coverage of 1.1x in 2009, and 1.3x in 2010 and 2011. East Kentucky exhibits very high leverage, in our view, with a debt-to-capitalization ratio of 90%. Coal resources account for about 85% of the utility's energy sales, which exposes it and its lenders to the impacts of potentially higher regulation costs.	David Bodek
Georgia Transmission Corp. (GTC) (AA-/Stable/A-1+) GTC is the transmission system of the OPC cooperative electric system, and is part of Georgia's Integrated Transmission System (ITS). GTC expects capital expenditures for 2012-2016 to be about $730 million to fund the transmission system's continuing upgrade and expansion. During the next several years, there will be increased competition for funding from the Federal Financing Bank under the guarantee of the RUS, and funding will depend on annual legislature approval. However, GTC continues to have what we view as good access to RUS-guaranteed debt. The cooperative has $150 million available under RUS loan commitments, and also has a $300 million shelf loan available from the National Rural Utilities Cooperative Finance Corp., of which $229 million remains available. In addition, the cooperative sold secured debt in the private placement market in 2009 and 2010, and so has an alternative source of funding. Management expects debt to increase to about $1.7 billion in 2016 from $1.5 billion in 2011. Financial metrics are weak, in our view, with DSC of 1.1x-1.2x, but we believe mitigating this are the low business risk and the strong level of liquidity GTC maintains, with minimum unrestricted cash equal to almost one year's operating expenses.	Judith Waite
Golden Spread Electric Cooperative Inc., TX (A/Stable) This G&T cooperative provides power to 16 member cooperatives in both the Southwest Power Pool (SPP) at rates regulated by the FERC; and in the Electric Reliability Council of Texas (ERCOT), where rates are not regulated. Golden Spread serves SPP members with 544 MW of owned generation and 765 MW it purchases. In 2019, a 525 MW contract will expire, ramping down before then. Golden Spread has invested in wind turbines (78.3 MW) and associated gas-fired quick-start generating units (168 MW), which began operating in mid-2011. Management expects that the new capacity will maintain a 15% reserve margin even at a growth rate of 3%. In ERCOT, Golden Spread has a power supply contract that terminates in May 2016. Protecting the financial risk profile are the member contracts' terms. The purchased power contracts include a 1.5x DSC margin on generating plant debt. Because the utility can adjust rates monthly with an annual true-up to assure full cost recovery, management expects to show fairly strong, stable coverage even after adding debt to fund construction of new assets. In 2011, DSC was more than 3.00x and fixed charge coverage was 1.45x.	Judith Waite
Great River Energy, MN (A-/Stable) This G&T cooperative serves 28 member distribution cooperatives. Member revenues accounted for nearly 90% of 2010 operating revenues, which limits reliance on competitive wholesale markets for revenues. However, low natural gas prices that are compressing spark spreads on off-system sales, as well as softer market demand for power, present financial pressures. The utility benefits from the availability of an automatic monthly power cost adjustment mechanism that allows it to pass through increases in fuel and purchased power costs and, importantly, recover declines in nonmember margins to preserve financial performance. The cooperative projects that its generation resources should be sufficient through 2023 or 2024, which is longer than earlier projections, because the recession eroded electric demand and its new, but idle, Spiritwood Station generating plant represents surplus capacity. The Spiritwood Station's substantial cost overruns also present concerns. Accrual basis DSC was consistent at 1.1x in 2010-2011. Balance-sheet liquidity is strong for a cooperative utility and represented more than six months' operating expenses at year-end, Dec. 31, 2011. Debt leverage is high at 87%, but not atypical for a cooperative utility. The utility depends heavily on coal-fired resources, which accounted for more than 70% of members' 2010 energy requirements and expose it and its customers to potentially higher regulatory costs.	David Bodek
Guadalupe Valley Electric Power Cooperative Inc., TX (GVEC) (A+/Stable) In November 2010, GVEC gave official notice to its power supplier, the Lower Colorado River Authority (LCRA) that it intends to pursue other supply options after its full-requirements wholesale contract expires in June 2016. Management has already executed some new medium-term purchased power agreements that will provide the bulk of its baseload requirements, and still has sufficient time to fully address the remainder of its requirements after the LCRA contract has expired. The utility has a history of what we view as very strong	Theodore Chapman

financial metrics, including annual DSC of 3x-4x.

Hoosier Energy Rural Electric Cooperative Inc. (A/Stable) The rating on Hoosier reflects our view of the utility's ability to adjust rates under all-requirements contracts for its 17 distribution cooperative members, fixed cost coverage, and liquidity above levels generally seen for cooperatives; and a power cost adjustment mechanism that we expect will minimize cyclical under- or over-collection of power costs. However, we believe that because Hoosier depends on its coal-fired Merom and Ratts station units for the bulk of its energy needs, which exposes the cooperative to potentially significant outage or carbon regulation costs. These units have experienced high forced outage rates, necessitating the purchase of higher-cost replacement power. This has, together with increased capital spending and debt levels, placed upward pressure on rates. Nevertheless, we believe strong DSC and fixed cost coverage, in the 1.4x and 1.3x ranges, respectively, mitigate this exposure.	Jeffrey Panger
Minnkota Power Cooperative Inc., ND (A-/Stable) This G&T cooperative and its 11 distribution cooperatives own sufficient generating capacity to supply electricity demand at least through 2030, including the needs of Northern Municipal Power Agency (NMPA), a joint action agency for 12 municipalities in Minnesota and North Dakota that accounts for about 7% of the combined Minnkota-NMPA kilowatt-hour (kWh sales. Coal-fired units supply most of the power, but Minnkota has made the necessary investment in pollution control equipment and expects any additional required investment will be small. The utility owns and operates the 256 MW Milton R. Young unit 1 and its members own 455 MW unit 2. In the next two years, Minnkota's members will invest about $340 million to build two power lines: a 345 kilovolt (kV) alternating current transmission line from the Young plant to Grand Forks, N.D., and a 230 kV line from Bemidji to Grand Rapids, Minn. In March 2011 the board raised rates to 6.5 cents per kWh from 5.3 cents, to assure a $7.5 million margin and established a revenue deferral plan to help limit rate increases. Retail rates of about 9 cents are between the higher average in Minnesota and the lower average in North Dakota. What we view as weak financial metrics offsets the strong business risk profile somewhat. We expect DSC to be about 1.2x	Judith Waite
North Carolina Electric Membership Corp. (A-/Stable) This G&T utility generates only about one-third of its customers' energy needs and purchases the balance, which yields accrual basis fixed charge coverage that is about 30 basis points lower than direct debt coverage. DSC was strong, in our view, at 1.4x in 2010 and nearly 1.5x in 2011. Using the utility's financial projections, we calculated fixed charge coverage that will consistently be about 1.1x through 2014, which we believe represents a baseline for the rating. We believe the utility is highly leveraged, particularly for a utility that relies on others for substantial portions of its customers' electricity needs. Its debt-to-capitalization ratio was 93% in 2011, which was significantly improved compared to 2008's 100%.	David Bodek
Oglethorpe Power Corp. (OPC), GA (A/Stable/A-1) The generation cooperative's board's stated commitment to maintaining a moderately strong financial risk profile as management pursues plans to add substantial generating assets is an important credit factor. These plans, in particular OPC's nuclear investment, will likely increase debt to about $9 billion by 2016 from $5 billion now, and DSC will double. By the end of 2011, OPC's investment in the Vogtle 3 and 4 nuclear units was about $1.3 billion. Oglethorpe and its members are responsible for their share of Vogtle construction costs if the plant is cancelled or delayed. In accordance with the indenture, OPC must set wholesale rates high enough to cover costs plus a 1.1x MFI. The board raised the MFI to 1.12x in 2009 and 1.14x in 2010. As a result, and combined with higher load, DSC was 1.53x in 2010 and 1.57x in 2011. The board also directed management to increase liquidity significantly. We view both steps as evidence of its commitment to maintaining the rating.	Judith Waite
Old Dominion Electric Cooperative (ODEC), VA (A/Stable) This G&T is subject to FERC regulation and its members face state rate regulation. Pass-through mechanisms mitigate regulatory concerns. Having a high proportion of residential customers benefits the utility. ODEC's distribution members acquired and added about 100,000 Potomac Edison customers, which could create generation resource or purchase needs. The utility depends substantially on power purchases, which its limited generating investment and 68% debt-to-capitalization ratio reflect. In 2011, ODEC reduced its bullet debt maturities to 7% of total debt from 40%. DSC was skewed by 2011's large principal payment, but coverage of direct debt would have been about 1.4x without the bullet's repayment and coverage of direct debt and fixed charges would have been about 1.2x for the same period.	David Bodek
Peninsula Generation Cooperative (PGC), MI (A-/Stable.) PGC is a relatively new and wholly owned subsidiary of Wolverine Power Cooperative. It was formed for the sole purpose of purchasing an ownership interest in Ohio Valley Electric Corp.'s Kyger Creek and Clifty Creek plants. The rating on PGC reflects our views of Wolverine's credit quality because the latter has an unconditional obligation to purchase PGC power and pay debt service, even if the plant is not operating. In addition to its five distribution cooperative members, Wolverine's Alternative Energy Supply member, Wolverine Power Marketing Cooperative, competes for large commercial and industrial customers in Michigan. We believe that sales to this member introduce a degree of downside financial risk. We expect power costs to be relatively high, but note that the cost to purchase this interest is commensurately lower than a typical new build facility.	Jeffrey Panger
PowerSouth Energy Cooperative, AL (A-/Stable) The board of this G&T cooperative agreed to raise rates sufficiently to create a reserve for expected capital spending. This indicates a	Judith Waite

shift toward stronger bondholder protection. The board intends to establish a cash reserve of at least $170 million to partially fund plant acquisition and construction costs, in accordance with the mortgage indenture that requires that the cooperative fund at least 9% of all major capital spending with internally generated cash. We view the plan to build cash as a vehicle for strengthening operating cash flow, bolstering DSC and equity. Historical DSC was about 1.1x and the utility projects coverage of about 1.2x, which it achieved in 2011. Most of PowerSouth's electricity comes from low-cost, compliant coal-fired plants, supplemented by gas-fired units and purchased power. After 2016, about 10% of electricity will come from nuclear power. The utility has a 20-year contract with the Municipal Power Agency of Georgia for 125 MW of the proposed Vogtle nuclear generating units.

San Miguel Electric Cooperative Inc., TX (A-/Stable)

This single-asset cooperative owns and operates the 411 MW lignite-fired San Miguel plant for the benefit of its two G&T off-takers, South Texas Electric Cooperative and Brazos, both of which we rate 'A'. We understand that contracts obligate South Texas and Brazos Electric to pay San Miguel's debt obligations through 2020, even if the plant is not operating. This plant is an important resource for these utilities, but is only one of several in their portfolios. South Texas and Brazos share output and costs in equal shares under long-term contracts expiring in June 2020. Management expects some additional investment for pollution controls, although the full size and timeline have not been fully determined.

Theodore Chapman

Seminole Electric Cooperative, FL (A-/Stable)

Nine of Seminole's 10 members have signed extensions of their take and pay all requirement contracts through 2045. The extension includes provisions for conversion to partial-requirement membership, signaling that member interests are not necessarily aligned. The approved withdrawal of the tenth and historically second-largest member (Lee County Electric Cooperative) in 2014 bears this out further. While this relieves Seminole of the need to provide additional power supply, it diminishes the membership base's overall diversity. We consider the 1.09x fixed cost coverage for 2011 was just adequate at the current rating, and the cooperative's projections indicate a continuation of this metric. We believe liquidity is just adequate. At fiscal year-end 2010 (Dec. 31), cash and investments measured only 79 days of operating expenses, but was supplemented by a $200 million committed credit line, boosting overall liquidity to 117 days. Seminole has a substantial carbon footprint.

Jeffrey Panger

South Mississippi Electric Power Association (SMEPA) (A-/Stable)

We raised our rating on this G&T cooperative to 'A-' from 'BBB+' in October 2011 to reflect stronger financial metrics in 2009 and 2010, and our view of board policies that could perpetuate the utility's stronger financial performance because the board committed to budget for 1.2x coverage of direct debt. Accrual coverage was consistently 1.3x in 2009-2011 and fixed charge coverage was 10-15 basis points lower in those years. SMEPA produces about one-third of its 11 member customers' energy needs and purchases the balance under contracts. Nearly 100% of energy sales are to native load, which we view as contributing to revenue-stream predictability and stability. The utility raised rates substantially in recent years to maintain its financial strength. Coal resources, including power purchases, account for about 53% of SMEPA's energy sales, which exposes the utility and its lenders to potentially higher regulatory costs.

David Bodek

South Texas Electric Cooperative (STEC) (A-/Stable)

This G&T serves eight distribution cooperatives that have all extended their wholesale power contracts uniformly through 2049. The distribution cooperatives serve more than 230,000 mainly residential retail customers. Coleto Creek No. 2, a proposed 650 MW coal unit in Goliad County, is on hold for now, although given EPA's March 2012 announcement regarding carbon emissions, the project might be scrapped altogether. STEC might still opt to build later in the decade as one possible way to address an anticipated need for capacity by 2020; management suspended a surcharge it had used to build up funds for an equity contribution to Coleto 2 but still plans to designate the reserves towards some future plan, whether also for an equity contribution towards another project or even as a rate stabilization reserve. Management forecasts a 2% cumulative annual growth rate during its 10-year plan, even apart from as much as several hundred megawatts of additional load growth driven by activity in the Eagle Ford shale. A $265 million syndicated letter of credit that STEC could tap to provide interim funding for investment in additional generation adds to liquidity resources.

Theodore Chapman

Square Butte Electric Cooperative, ND (A-/Stable)

Square Butte owns a 455 MW lignite-fired mine-mouth generating station (Milton R. Young 2). It sells half of the output under a long-term contract to Minnkota, the plant's operator. The balance is sold to Minnesota Power Inc. (MP). In a transaction related to the sale of 465 miles of transmission to MP, Minnkota share of the plant's energy and capacity will increase annually beginning in 2014, eventually reaching 100% by 2026. The Young 2 plant is competitive, providing power in 2011 at an average cost of $36.10 per MWh, achieving 95% capacity factor, despite its 34-year age. The plant complies with nitrogen oxide emissions requirements, but recent EPA mercury and hazardous air pollution requirements will have to be addressed within three years.

Peter Murphy

Tri-State Generation & Transmission Association, CO (A/Stable)

Tri-State is a generation and transmission cooperative serving 44 members across a 250,000-square-mile area in portions of Wyoming, Nebraska, Colorado, and New Mexico. It indirectly serves more than 601,000 retail customers. Accrual-basis DSC was consistently 1.3x in 2008-2010, but only 1.0x in 2011 because, in 2011, Tri-State deferred accrual recognition of $55 million of revenues as a hedge against the uncertain operating costs of its 2010 Colowyo coal mine purchase and Fort Lupton power plant acquisition By comparison, cash from operations debt service coverge was 1.3x in 2008, 1.1x in 2009, 1.7x in 2010 and 1.3x in 2011. RUS policy dictates that Tri-State segregate the $75 million of deferred revenues it is holding for application when recognized through 2018. The utility has yet to update 2010's financial forecast because the Colowyo mine's capital needs and the Fort Lupton plant's operating costs remain

David Bodek

uncertain. Tri-State lacks an automatic rate adjustment mechanism for capturing changes in fuel and purchased power costs. Electricity produced with coal at six generating stations accounted for about two-thirds of 2010 energy sales and purchases raised coal's contribution to about 80%. We believe this high reliance exposes the utility and its customers to the costs of additional emissions controls.

Vermont Electric Cooperative Inc. (VEC) (A-/Stable)
We raised our rating on VEC March 22, 2011, to reflect the stronger financial risk profile of this distribution cooperative in northern Vermont. Unlike most cooperatives, VEC's rates are regulated. In recent years, the regulator has approved rate increases that include a 2.18x MFI, compared with 1.50x-1.80x in previous years. This will allow the utility to self-fund about 40% of its $9.65 million annual capital investment through 2019; debt will fund the remainder. DSC was about 2.0x in 2009 and 2010, and 2.3x in 2011. Fixed charge coverage, which includes purchased power capacity payments as a fixed obligation like debt service, improved from 1.4x to 1.5x in 2011. Management contracts for about 90% of electricity requirements about two years out, but the tenor of a portion of the supply portfolio is much longer. Committed lines of credit permit direct borrowing up to $10 million and letters of credit up to a cap of $20 million combined. This mitigates somewhat management's decision to maintain very minimal unrestricted cash. — Judith Waite

Wabash Valley Power Association (WVPA), IN (A-/Stable)
WVPA generated margins that increased its equity level to management's 20% target. Audited figures for fiscal 2011 indicate a margin of $18 million. What we view as good budget performance and low market prices for power and natural gas have helped the utility achieve stronger margins, with no cost deferrals in fiscal years 2009-2011, unlike 2007-2008. In our view, liquidity was strong as of Dec. 31, 2011, at more than 100 days' expenditures, when considering $120 million of committed lines of credit; and on-balance sheet liquidity is also sufficient, at 45 days. Rates are competitive, at $67 per MWh for 2012, although management expects rates to increase modestly each year for the next five. Most of WVPA's owned resources are gas-based, including 80 MW of recently acquired peaking capacity. The utility has 26 members, although two will terminate membership within the next three years, and combined with a nonmember that WVPA will supply through 2017, account for about 15% of annual revenue. The loss does not threaten credit quality, due to a flexible portfolio of purchased power contracts; the 2008 addition of Citizens, now the largest member (11% of sales); and the modest growth in sales to remaining members. — Peter Murphy

Western Farmers Electric Cooperative, OK (BBB+/Positive)
We revised our outlook on this G&T cooperative to positive from stable in March 2011 to reflect the benefits of a generation plant's lease restructuring that we believe averted a potentially costly lease-termination; and reduced, but did not remove, the cooperative's exposure to ratings triggers and contingent liabilities. The revised outlook also reflects our view of the utility's projections of stronger DSC because of debt extensions and rate increase plans. However, accrual DSC slipped to 1.1x in 2011 from 1.3x in 2010. Cash from operations coverage in 2011 was nearly 1.2x, up from about 1.0x in 2010. Well-aligned and strong accrual and cash DSC are important to the direction of credit quality. — David Bodek

*Ratings as of May 22, 2012. DSC--Debt service coverage. EPA--Environmental Protection Agency. FERC--Federal Energy Regulatory Commission. G&T--Generation and transmission. MFI--Margins for interest. MW--Megawatts. MWh--Megawatt-hours. RUS--Rural Utilities Service.

Rating Activity

Table 2

Rating/Outlook/CreditWatch Actions*

Issuer	To	From	Date
Southern Montana Electric Generation & Transmission Co-op	D	CC/Watch Dev	Jan. 25, 2012
Southern Montana Electric Generation & Transmission Co-op	CC/Watch Dev	BBB/Stable	Oct. 24, 2011
South Mississippi Electric Power Association	A-/Stable	BBB+/Positive	Oct. 18, 2011
Brazos Electric Power Cooperative Inc.	A-/Positive	A-/Stable	March 31, 2011
Vermont Electric Cooperative Inc	A-/Stable	BBB/Positive	March 22, 2011
Western Farmer's Electric Cooperative	BBB+/Positive	BBB+/Stable	March 8, 2011
Basin Electric Power Cooperative	A/Stable	A-/Stable	March 2, 2011

*Dates represent the period from Jan. 1, 2011, to May 22, 2012, covered by this report card.

Contact Information

Table 3

Contact Information			
Analyst	**Location**	**Phone**	**E-mail**
David Bodek, Director	New York	(1) 212-438-7969	david_bodek@standardandpoors.com
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Peter Murphy, Senior Director	New York	(1) 212-438-2065	peter_murphy@standardandpoors.com
Jeffrey Panger, Director	New York	(1) 212-438-2076	jeff_panger@standardandpoors.com
Judith Waite, Director	New York	(1) 212-438-7677	judith_waite@standardandpoors.com

Related Criteria And Research

- Continued Ratings Stability Expected For U.S. Regulated Electric Utilities In 2012, Jan. 27, 2012
- A Sluggish Economy And Developing Regulations Remain The Biggest Shocks To U.S. Public Power Credit Quality, Jan. 19, 2012
- What's Driving The U.S. Merchant Power Sector's Credit Outlook for 2012?, Jan. 11, 2012

Comments and data reflect publicly available information as of May 22, 2012.

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 23) ***Provide copies of Big Rivers' RUS Financial and Operating Report Electric Power Supply, RUS Form 12 or its successor, including all schedules, for the years ending December 31, 2009; December 31, 2010; December 31, 2011; and December 31, 2012, and all monthly, budget or other financial reports provided subsequent to December 31, 2012. Include any amended reports.***

Response) Please refer to Big Rivers' response to AG 1-162 in Case No. 2012-00535 for copies of Big Rivers' RUS Financial and Operating Report Electric Power Supply, including all schedules, for the years ending December 31, 2009; December 31, 2010 and December 31, 2011. Big Rivers' RUS Financial and Operating Report Electric Power Supply, including all schedules, for the year ending December 31, 2012 is attached to this response. Also, attached to this response are Big Rivers' monthly RUS Financial and Operating Report Electric Power Supply from January 2013 through and including July 2013. Big Rivers does not provide budget or other financial reports to the RUS. These documents are provided pursuant to a motion for deviation.

Witness) Billie J. Richert

ELECTRONIC
ATTACHMENT(S)
PRODUCED
SEPARATELY

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013**

September 3, 2013

Item 24) *Provide documents which show draws by Big Rivers on its revolving credit facilities with CoBank and CFC over the past 18 months.*

Response) Please see attachment.

Witness) Billie J. Richert

OLD NATIONAL

Funds Transfer Department
1 Main Street
Evansville, IN 47708

Phone: (800) 731-2265 option 8
Fax: (812) 465-0639
Website: www.oldnational.com

Incoming Wire-Advice of Credit

Big Rivers D8
GENERAL FUNDS
201 3RD ST
HENDERSON KY 42420-2979

DATE: 07/02/2012 **AMOUNT:** 25,000,000.00

GFX REF #: 20121840017700
IMAD #: 20120702B1QGC03C002828 **OMAD#:** 20120702L1LFB35C000049070209441FT03

Additional payment details are shown below:

SENDER FINANCIAL INSTITUTION: *Name:* JPMCHASE *ABA:* 021000021

ORIGINATOR (ORG): *Name:* NATIONAL RURAL UTILITIES
Address: COOPERATIVE FINANCE CORPORATION
20701 COOPERATIVE WAY
DULLES VA 20166-

BENEFICIARY (BNF): *Name:* BIG RIVERS E C *Acct.#:* ******5559
Address:

BENEFICIARY'S FI (BBK): *Name:* *ABA:*

REFERENCE FOR BENEFICIARY (RFB): GFT OF 12/07/02

ORIGINATOR TO BENEFICIARY INFO (OBI):

FI TO FI INFORMATION (BBI):

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BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 25) ***Reference the Richert testimony at p. 5, l. 13-20. What methods other than rate increases, including the one proposed in the instant case, has BREC explored in order for the company to continue being able to: (a) provide service; (b) meet its financial obligations; and (c) obtain access to capital markets? If none, explain in complete detail why not.***

Response)

a. Please refer to Big Rivers' responses to SC 1-23 and PSC 2-16(f).

b. Please refer to Big Rivers' responses to SC 1-23 and PSC 2-16(f).

c. Please refer to Big Rivers' responses to SC 1-23 and PSC 2-16(f).

Witness) Billie J. Richert

Item 26) *Reference the Richert testimony at p. 5, l. 19-20. Describe what efforts BREC has undertaken to:*

a. discuss its financial condition with its creditors, including but not limited to any and all proposals BREC has made to its creditors to: (i) reduce its debt; (ii) lengthening terms; (iii) reducing interest payments; (iv) deferral of principal and interest payments; and (v) arrange meetings with the Attorney General, KIUC and other interested parties to discuss the issues facing the company.

Response)

a. (i) None;

(ii) None;

(iii) None;

(iv) None;

(v) None. The Attorney General, KIUC, and the Sierra Club are party to this case and have been party to a number of matters involving Big Rivers throughout its history.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 27) ***Reference the Richert testimony at p. 6, l. 9-11. Describe any and all steps the company has taken to work with its lenders to insure that BREC is able to meet the minimum MFIR requirement, and to not default on any of its credit agreements.***

Response) Big Rivers objects that this question assumes the incorrect premise that Big Rivers should satisfy its 1.10 MFIR loan covenant by "work[ing] with its lenders" regarding credit agreements that have been previously approved by the Commission. To the contrary, Big Rivers should satisfy its TIER through reasonable utility practices and the recovery of fair, just, and reasonable rates. Notwithstanding this objection, and without waiving it, Big Rivers responds as follows.

Big Rivers has not failed to meet the minimum MFIR of 1.10 required by the indenture, RUS, CoBank and CFC, and with regulatory support for the rate adjustments sought in Cases No. 2012-00535 and 2013-00199, it should satisfy the 1.10 MFIR on a prospective basis, as well. Section 13.14 of the indenture requires Big Rivers to establish and collect rates reasonably expected to yield a 1.10 MFIR. Section 4.4 (a) of the RUS Amended and Consolidated Loan Contract requires Big Rivers to design and implement rates to maintain, on an annual basis, the MFIR specified in Section 13.14 of the indenture. Big

Rivers has met these covenants by seeking rate relief in Case No. 2012-00535 and Case No. 2013-00199.

Additionally, Big Rivers terminated on May 24, 2013 its $50 million Senior Unsecured Revolving Credit Agreement with CoBank as Big Rivers lost access to this line upon the receipt of the Century wholesale contract notice of termination on August 20, 2012. Furthermore upon the actual termination of the Kenergy retail agreement with Century on August 20, 2013, there would have been an Event of Default which terminated the commitment to lend and accelerated any payments. A default under this agreement could have caused a default under CoBank's $235 million Secured Loan Agreement. Big Rivers negotiated and amended its $50 million Revolving Line of Credit Agreement with CFC to prevent a similar default. This amended and updated Agreement was executed on August 20, 2013.

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 28) ***Describe any and all meetings / discussions has had with the Midcontinent Independent System Operator, Inc. ("MISO") for the purpose of insuring that BREC is able to maintain its existing Letter of Credit with MISO, and to meet any and all additional financial obligations the company has with MISO.***

Response) On June 26, 2013, Big Rivers was notified by MISO that Big Rivers had lost its unsecured credit line of $2.3 million. On June 27, 2013 MISO and Big Rivers' representatives participated in a conference call to discuss this action and to determine the additional amount of collateral required for Big Rivers to avoid any potential margin calls. Upon the analysis performed by MISO, it was determined and agreed that Big Rivers would provide additional cash credit support of $2.5 million. This was wired to MISO on June 28, 2013.

Although Big Rivers had a 4.08 financial score and MISO indicated the normal range is around 4.00 on a scale of 1 to 7, MISO indicated the reasons for the loss of Big Rivers unsecured credit line of $2.3 million were: the downgrade and negative rating outlook by all three major rating agencies (resulting from smelter termination notices); high industrial composition of customers (smelters); loss of CoBank's $50 million revolver and potential loss of CFC's $50 million revolver; potential loss of 850 MW load and associated revenue generated by two smelters and subsequent rate increases. MISO has indicated it is going to reevaluate the need for this additional collateral upon the satisfactory outcome in Case No. 2012-00535, and the renegotiated access to the CFC $50 million revolver which Big Rivers' has obtained.

Witness) Billie J. Richert

Item 29) *Please provide a narrative description of steps and actions taken by Big Rivers to negotiate the agreements between and among Kenergy, Century and BREC for access to market power as presented to the Commission in Case No. 2013-00221. Include in your description any discussions with government officials at the federal, state, county and / or municipal levels, and provide copies of any and all relevant documents in this regard. Include in your description any and all studies or analyses undertaken by or for Big Rivers which was utilized or relied upon by Big Rivers in the negotiations, and provide copies of any and all relevant documents in this regard.*

a. Identify each outside entity or resource used by Big Rivers during the course of these negotiations, and provide documents which show the cost of those resources to Big Rivers.

Response) Big Rivers objects to this information request on the grounds that it is overly broad, and unduly burdensome, and seeks information that is not relevant to this proceeding or likely to lead to the discovery of information that is relevant to this proceeding. Without waiving any of these objections, Big Rivers states that the answers to the questions posed in this information request are contained in the record in Case No. 2013-00221, including in the video transcript of the all-day hearing in that case. If the Attorney General has a specific question that is not answered in the record of that proceeding and that seeks information relevant to this proceeding, Big Rivers will answer it.

a. Please refer to Big Rivers' response to AG 1-13 in Case No. 2013-00221.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 30) *Provide a narrative description of steps and actions that have been or are being taken by Big Rivers to negotiate agreements for access to market power for the Sebree smelter. Include in your description any discussions with government officials at the federal, state, county and / or municipal levels, and provide copies of any and all associated documents in this regard. Include in your description any and all studies or analyses undertaken by or for Big Rivers which was—or is intended to be—utilized or relied upon by Big Rivers in the negotiations, and provide copies of any and all relevant documents in this regard.*

Response) As of the date of this response, Big Rivers has not engaged in any discussions or negotiations with Century regarding the Sebree smelter.

Witness) Robert W. Berry

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013**

September 3, 2013

Item 31) *Please provide copies of the notices of termination that both Alcan and Century provided to Big Rivers.*

Response) Please see the attached documents and Big Rivers' response to AG 1-9 in Case No. 2012-00535.

Witness) Billie J. Richert

AUG-20-2012 07:18 From: To:912708272558 Page:1/3

FACSIMILE

Century ALUMINUM
Hawesville
Operations

Date: August 20, 2012

To: Big Rivers Electric Corporate (Attn: Mark Bailey)

Fax Number: 270-827-2558

From: John Hoerner

RE: Notice of Termination and Certificate of Michael A. Bless
Number of Pages: 3
(Including This Page)

Thank you!

Susan O'Bryan

Administrative Assistant

270-685-2493, ext. 2231

sobryan@centuryky.com

cc: Kenergy Corporation

270-826-3999

Century Aluminum of Kentucky
1627 State Route 271 N.
P.O. Box 500
Hawesville, KY 42348

270-685-2493 Phone
270-852-2882 Fax

A Century Aluminum Company

CenturyALUMINUM

August 20, 2012

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

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

Re: Notice of Termination

Mr. Starheim:

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

Very Truly Yours,

John E. Hoerner

John E. Hoerner
Vice President
North American Operations

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

Century Aluminum Company
2511 Garden Road
Building A, Suite 200
Monterey, CA 93940

831-642-9300 Phone
831-642-9064 Fax

CenturyALUMINUM

Certificate of Michael A. Bless

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

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

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

Michael A. Bless
President and CEO
Century Aluminum Company

August 20, 2012

Century Aluminum Company
2511 Garden Road
Building A, Suite 200
Monterey, CA 93940

831-642-9300 Phone
831-642-9964 Fax

RioTintoAlcan

ALCAN PRIMARY PRODUCTS CORPORATION

January 31, 2013

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

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

Re: Retail Electric Service Agreement
NOTICE OF TERMINATION

Gentlemen:

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

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

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

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

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

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

ALCAN PRIMARY PRODUCTS CORPORATION

By: Jack Miller

Jack Miller
President

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

RioTintoAlcan

ALCAN CORPORATION
8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

Office of the President

CERTIFICATE

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

1. He is the duly elected President of Alcan Corporation, a Texas corporation (the "**Company**");

2. The Company is the owner of 100% of the issued and outstanding stock of Alcan Primary Products Corporation, a Texas corporation ("**APPC**"). APPC is the owner and operator of the aluminum smelter located in Robards, Kentucky (the "**Sebree Smelter**").

3. By letter dated and delivered concurrently herewith, APPC has furnished written Notice of Termination in accordance with Section 7.3.1 of the Retail Electric Service Agreement, dated July 1, 2009 ("**Agreement**"), between APPC and Kenergy Corp. (the "**Notice of Termination**").

4. The decision to furnish the Notice of Termination reflects APPC's and the Company's business judgment made in good faith to terminate and cease all aluminum smelting operations at the Sebree Smelter and that they have no current intention of recommencing operations at that location.

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

By: Timothy Guerra
Timothy Guerra
President
ALCAN CORPORATION

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 32) ***Provide a copy of any and all agreements by which Big Rivers, through its member, Kenergy, provides electric service to the two smelters.***

Response) Big Rivers serves as the initial Market Participant that acquires energy for Kenergy to serve Century's Hawesville smelter pursuant to the documents that were approved by the Commission in Case No. 2013-00221. The Attorney General was a party to that case and has been served in that case with a copy of the executed documents.

Big Rivers also currently provides electric service to Kenergy, who serves Century's Sebree smelter pursuant to the agreements that were approved by the Commission in Case No. 2007-00455. The Attorney General was a party to that case. Those agreements will terminate, effective January 31, 2014. The AG also received these agreements in response to AG 1-15 in Case No. 2012-00535.

Because the Attorney General has the requested documents, it would be unduly burdensome to require Big Rivers to provide them again.

Witness) Counsel

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 33) ***Please state whether all agreements as approved by the Commission in Case No. 2013-00221 have been fully executed by the parties, and the date on which the agreements were executed. Provide copies of same.***

Response) Please see Big Rivers' response to PSC 2-17.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 34) *Regarding Big Rivers' proposal to recover the approximately $70.4 million of revenue which will be lost once Century's Hawesville and Sebree smelters leave Big Rivers' system (Bailey Direct Testimony, page 5, line 21), please confirm that this figure represents stranded costs which will be passed onto the remaining ratepayers. If Big Rivers does not agree, please provide a complete explanation as to why not.*

a. At the time the "Unwind Case" (Case No. 2007-00455) was underway, and during the five-years period during which Big Rivers negotiated the Unwind, did it not foresee the potential for stranded costs? If not, why not?

b. Why should stranded costs be passed on to non-smelter ratepayers?

c. Explain why stranded costs should not be paid by Big Rivers' creditors.

Response) Big Rivers objects that the request calls for legal conclusions that are inappropriate subjects for data requests. Notwithstanding that objection, and without waiving it, Big Rivers confirms that approximately $70.4 million revenue deficiency sought in this proceeding that is related to the smelter contract terminations should be recovered from the remaining members. Big Rivers disagrees with the characterization of these costs as "stranded costs." This applies to all of the sub-parts of this data request.

a. At the time the Unwind Case was underway and during the Unwind negotiations, Big Rivers recognized the risk that Big Rivers and its members faced regarding the potential termination of one or both smelter contracts. This is evidenced by several items discussed in Case No. 2012-00535, including among other things, the existence of the Transition Reserve fund described in the Direct Testimony of Ms. Billie J. Richert, by the limitations on the one-year termination notice provisions in the Smelter Agreements, and by the restrictions related to the construction of the Phase 2 Transmission Projects described in the Direct Testimony of Mr. David G. Crockett in that case.

Since the closing of the Unwind, Big Rivers has continued to manage the risks associated with providing service for the smelters. This is evidenced by the development of Big Rivers' Load Concentration Analysis and Mitigation Plan and by the record in Big Rivers' last rate filings in Case Nos. 2011-00036 and 2012-00535.

Other parties have recognized these risks as well. The Commission mentioned Big Rivers' consideration of this risk in its final order in Case No.

2007-00455.[1] The credit rating agencies noted the risks in their reviews of Big Rivers, including the reports provided in Exhibit Richert-7 in Case No. 2012-00535. For these reasons, it is clear that Big Rivers and other interested parties fully recognized the load concentration risk that Big Rivers and its members faced at the time of the Unwind and beyond.

b. Big Rivers should be able to raise rates to make up for this revenue shortfall. Big Rivers expects to mitigate the revenue deficiency attributable to the smelter contract terminations by working to secure other customers, increase off-system sales, or otherwise mitigate this situation in the foreseeable future. Please see the response to PSC 2- 16.

c. Big Rivers is not aware of circumstances in which utility costs are directly assumed by the utility's creditors. Obligations to creditors are fixed obligations. Big Rivers' creditors advanced funds in good faith to provide (or refinance) the funding that allowed Big Rivers' to acquire and maintain the generating capacity that enabled Big Rivers to fulfill its service commitment

[1] "After analyzing the risks associated with supplying power to the Smelters, including operating and maintaining generation, load concentration, fuel supply, and financial risks, Big Rivers decided to enter into discussions to terminate, or "unwind," the 1998 lease transactions and agreements, with the intent of obtaining significant compensation for assuming those risks." Commission Order dated March 6, 2009 in Case No. 2007-00455, March 6, 2009, Page 7.

to its members, including the service commitment to the Hawesville and Sebree smelters. Those capital costs provided years of benefits to the members, including some of the lowest rates in the Commonwealth. The regulatory system recognizes that fixed obligations differ from the variable rates paid by customers of utilities, which change from time to time and contemplate payment of fixed obligations. Ratepayers recognize that rates may vary in accordance with changing circumstances but fixed obligations are not likewise variable. Big Rivers recognizes its obligations to its creditors as well as its obligation to minimize any negative impact of changing circumstances on its members. The Big Rivers Mitigation Plan does just that by addressing the temporary reduction in demand and developing additional sources of revenue.

Witness) Mark A. Bailey

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 35) ***Identify and explain any specific relevant terms and conditions in the contracts between Big Rivers and Century, and Big Rivers and Alcan (prior to Century's acquisition of the Alcan Sebree smelter) that may not have been met by Big Rivers, Century, or Alcan, or which are being contested by either party, and explain Big Rivers' position regarding these matters and the status of all unresolved matters (provide all supporting documentation).***

Response) Big Rivers objects to this request on the grounds that it is overly broad, unduly burdensome, not likely to lead to the discovery of admissible evidence, and seeks information that is protected by the attorney-client and attorney work product privileges. Big Rivers also objects that the term "contracts" is unduly vague and ambiguous because there is no reference to which "contracts" are subject to this request. Notwithstanding these objections, but without waiving them, Big Rivers states that to the knowledge of Big Rivers there are no terms and conditions in the contracts between Big Rivers and Century or Big Rivers and Alcan (prior to Century's acquisition of the Alcan Sebree smelter) that are currently being contested by either party.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013**

September 3, 2013

Item 36) ***Provide copies of correspondence and documentation between Big Rivers, Alcan and/or Century regarding the discussion or negotiation of all related issues, and summarize the current position of each party at this point in time.***

Response) Big Rivers objects that this question is unduly vague and ambiguous because the phrase "all related issues" is not related to an identified subject. Big Rivers assumes this question seeks information about any potential transaction with Century regarding the Sebree smelter. As of the date of this response, Big Rivers has not engaged in any discussions or negotiations with Century regarding the Sebree smelter. Big Rivers is in the process of providing a cost reimbursement agreement to Century to recover all costs associated with the potential transaction.

Witness) Robert W. Berry

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013**

September 3, 2013

Item 37) *Provide copies of all correspondence between Big Rivers, Alcan and/or Century regarding the Notices of Termination from Alcan and Century.*

Response) Big Rivers objects to this request on the grounds that it is overly broad and unduly burdensome and that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. The Attorney General has agreed to limit this request to include only correspondence between (i) Alcan or Century and (ii) Big Rivers' executive management. In accordance with those limitations, and without waiving its objections, please see Big Rivers' responses to AG 1-31 and 1-36.

Witnesses) Mark A. Bailey and Robert W. Berry

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 38) *Explain if the contract addresses or requires an "exit fee" to be paid by Century upon its voluntarily leaving the Big Rivers system and provide a calculation of this exit fee, the status of this exit fee, and explain if such exit fee is reflected in revenue requirement calculations in this proceeding. If no such provision exists, explain why Big Rivers did not insist upon it during the five (5) year period it was negotiating the Unwind.*

Response) This information request does not specify the "contract" to which it refers, but since the question posed is very similar to a question posed by the Attorney General in AG 1-53 (c)in Case No. 2012-00535, Big Rivers will assume that the reference is to the 2009 Retail Agreement. In any event, neither the 2009 Retail Agreement nor the current Electric Service Agreement requires an "exit fee" to be paid by Century. Please see response to AG 1-53 (c) in Case No. 2012-00535.

Witness) Robert W. Berry

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 39) *Regardless of whether an exit fee is required by the contract, provide Big Rivers' position on the exit fee issue and the amounts of any exit fee that it believes is reasonable (and provide related calculations and supporting documentation).*

Response) The smelter agreements will determine any exit fee.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 40) *Explain if the Commission has addressed the issue of exit fees for similar situations in prior utility cases, provide a citation to these Commission decisions and a summary of the decision (or cite to cases in other jurisdictions for which Big Rivers has information), and explain if Big Rivers agrees or disagrees with these prior decisions and explain why.*

Response) Big Rivers has not examined such cases because the smelter contracts do not provide for exit fees.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 41) *Provide all correspondence between Big Rivers and Alcan (in addition to between BREC and Century following the consummation of Alcan's sale of the Sebree smelter to Century) since January 1, 2012 to current.*

Response) Big Rivers objects to this request on the grounds that it is overly broad, unduly burdensome, not likely to lead to the discovery of admissible evidence, and seeks information that is protected by the attorney-client and attorney work product privileges. Notwithstanding these objections, but without waiving it, please see Big Rivers' response to AG 1-171 in Case No. 2012-00535, Big Rivers' response to SC 1-26(c), and the documents attached to this response, which are submitted under a petition for confidential treatment.

Witness) Robert W. Berry

C. Mark Hite
Jim Miller

Big Rivers
ELECTRIC CORPORATION

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

February 8, 2012

Mr. Dave Whitmore
Century Aluminum Company
P. O. Box 500
Hawesville, KY 42348

Mr. Stephane LeBlanc
Sebree Smelter
Rio Tinto Alcan
9404 State Route 2096
Robards, KY 42452-9735

RE: Big Rivers Proposed Financing Disclosures

Gentlemen:

As you know, Big Rivers is pursuing refinancing of a portion of its RUS debt in an effort to lower Big Rivers' annual cost of debt. While we are restrained by confidentiality covenants from discussing the details of the financings at this time, we can tell you that the plans are estimated to reduce the annual cost of Big Rivers' debt service by $5.3 million.

Big Rivers is required to make detailed financial and operating disclosures to the proposed lenders. One important segment of those disclosures concerns the stability of Big Rivers' load, and the smelters play an obvious, prominent role in that stability. Each of the proposed lenders has expressed interest in that subject.

We have drafted an insert for the disclosure statement describing what representatives of Big Rivers have been told by representatives of each smelter regarding their continued operating viability. Because Big Rivers' disclosures can affect the cost and availability of the loans currently being pursued, and the cost and availability to Big Rivers of future credit, we ask that you review the proposed insert for accuracy and completeness. Please give us your comments in writing, or advise us in writing if you have no comments. Because of the schedule for completion and delivery of the disclosures to the proposed lenders, we ask that you

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time your responses so I will have them no later than February 22, 2012. We appreciate your assistance and cooperation.

Sincerely yours,

Mark A. Bailey

Mark A. Bailey
President and CEO
Big Rivers Electric Corporation

Enclosure

c: Director of Energy
Rio Tinto Alcan
1188 Sherbrooke Street West
Montreal, Quebec H3A 3G2
Canada

General Counsel
Century Aluminum Company
Building A, Suite 200
2511 Garden Road
Monterey, CA 93940

Steve Schneider
Century Aluminum Company
Building A, Suite 200
2511 Garden Road
Monterey, CA 93940

February 8, 2012

In addition to the All Requirements Contracts, we and Kenergy are parties to two wholesale electric service agreements (the "Smelter Agreements") under which we provide approximately 850 MW of power which is necessary for Kenergy to supply a portion of its contractual obligations to the Smelters. The Smelter Agreements terminate on December 31, 2023; however, they are terminable upon various conditions with one year's notice to Kenergy and us.

The Smelters intervened in our last rate case, and pressed their case by saying that keeping the Smelter rates low and predictable was important to reduce the risk that the Smelters would have to cease operations upon the next downward cycle in the world price of aluminum. The Smelters say that they are very sensitive to the price they pay for electricity because the cost of electricity is approximately one-third of the cost of the aluminum smelting process. Although the KPSC's November 17, 2011 order in our rate case did not give us the full amount of the rate increase we sought, the Smelters have since been lobbying state government in Kentucky for financial relief to enhance the financial viability of their respective Kentucky operations. Local representatives of Rio Tinto Alcan have recently told us and others in state government that without financial relief, their Sebree smelter cannot sustain the next downturn in the world price of aluminum. Local representatives of Century have told us and others in state government that rates at the status quo level are not sustainable for Century's Hawesville smelter even in the short term, and that $50/MWh power puts their smelter's viability at great risk.

PAGES 4-29
PRODUCED
CONFIDENTIALLY

Rio Tinto Alcan

ALCAN PRIMARY PRODUCTS CORPORATION
8770 West Bryn Mawr Avenue
Chicago, Illinois 60631

April 29, 2013

Kenergy Corp. 6402 Old Corydon Road Henderson, Kentucky 42420	Big Rivers Electric Corporation 201 Third Street Henderson, Kentucky 42420
Attn: Mr. Gregory Starheim President and CEO	Attn: Mr. Mark Bailey President and CEO

Re: Alcan Primary Products Corporation
Sale of Sebree Smelter
Request for Consent to Assignment of
Retail Electric Service Agreement and Related Agreements

Dear Messrs. Starheim and Bailey:

Alcan Primary Products Corporation ("**Alcan**") has entered into a certain Asset Sale Agreement, dated April 28, 2013 (the "**Sale Agreement**"), pursuant to which Alcan has agreed to sell, assign, transfer, and convey to Century Echo LLC, a wholly-owned affiliate of Century Aluminum Company ("**Century**"), substantially all of the property and assets related to Alcan's Robards, Kentucky aluminum smelter (the "**Sebree Smelter**"). Included among the assets of the Sebree Smelter being sold, assigned, transferred, and conveyed (the "**Sale Transaction**") are the Retail Electric Service Agreement, dated as of July 1, 2009 (the "**Power Agreement**"), and the related Coordination Agreement, the Escrow Agreement, the Notification and Control Agreement, the Security and Lockbox Agreement, and the Security Agreement, each dated as of July 1, 2009, the Letter Agreement regarding Market Energy Transaction, dated effective as of July 1, 2012 (the "**Related Agreements**"). The Sale Transaction is expected to be completed on or about May 31, 2013 (the "**Closing Date**").

Pursuant to the terms of Section 16.2 of the Power Agreement, Alcan hereby seeks the consent of Kenergy Corp. ("**Kenergy**") and Big Rivers Electric Corporation ("**Big Rivers**") to assign to Century all of Alcan's right, title, and interest in, to, and under the Power Agreement and each of the Related Agreements. Pursuant to the terms of the Sale Agreement and a related Assumption Agreement, on the Closing Date of the Sale Transaction Century will assume, pay, discharge, and perform when due all liabilities and obligations arising under or relating to the Power Agreement and each of the Related Agreements, to the extent such liabilities or obligations first arise or accrue on or after, or are otherwise properly attributable to periods commencing on or after, the Closing

Date. All liabilities or obligations arising under or relating to the Power Agreement and each of the Related Agreements prior to the Closing Date remain the liability and obligation of Alcan.

By countersigning this letter, Kenergy and Big Rivers each hereby (a) consents to the assignment of the Power Agreement and each of the Related Agreements to Century, (b) agrees that the assignment shall not constitute a breach under the Power Agreement or any of the Related Agreements, and (c) agrees that, conditional upon the consummation of the Sale Transaction and effective on the Closing Date, (i) Century shall be solely liable for and shall assume, pay, discharge, and perform when due all liabilities and obligations arising under or relating to the Power Agreement and each of the Related Agreements, to the extent such liabilities or obligations first arise or accrue on or after, or are otherwise properly attributable to periods commencing on or after, the Closing Date, and (ii) Alcan shall be and remain solely liable for all liabilities or obligations arising under or relating to the Power Agreement and each of the Related Agreements prior to the Closing Date. In addition, Kenergy and Big Rivers each agrees to the immediate termination and expiration of the Irrevocable Standby Letter of Credit, No. G390879, as amended, issued by The Toronto-Dominion Bank for the benefit of Kenergy and Big Rivers, in the face amount of US$26 million, effective on and as of the Closing Date.

It is further understood that the consent by Kenergy and Big Rivers shall be subject to and conditioned on the following: (1) the consent shall not impose any additional obligations on Kenergy and Big Rivers or otherwise affect any of the rights of Kenergy and Big Rivers under the Power Agreement or any of the Related Agreements, (2) the consent of Kenergy and Big Rivers shall not operate as a waiver of any prohibition against further assignments without the consent of Kenergy and Big Rivers, (3) by giving its consent, neither Kenergy nor Big Rivers does in any manner adopt, accept or approve any of the terms or conditions of any of the agreements between Alcan and Century, and (4) except as set forth herein, the consent of Kenergy and Big Rivers shall not operate or be construed as any waiver of any term, condition, right or remedy of Kenergy or Big Rivers under the Power Agreement or any of the Related Agreements, either before or after the Closing Date.

Please call me at (773) 787-9702 or contact me at donald.seberger@riotinto.com if you have any questions about this letter or the request for written consent.

Very truly yours,

ALCAN PRIMARY PRODUCTS CORPORATION

By: ______________________
Donald P. Seberger
Authorized Representative

ACKNOWLEDGMENT OF CONSENT TO ASSIGNMENT

Kenergy Corp. hereby **CONSENTS** to the assignment of the Power Agreement and the Related Agreements by Alcan Primary Products Corporation to Century Echo LLC on and subject to the terms and conditions set forth above.

Dated this __ day of __________, 2013.

KENERGY CORP.

By: ________________________
Gregory Starheim
President and CEO

ACKNOWLEDGMENT OF CONSENT TO ASSIGNMENT

Big Rivers Electric Corporation hereby **CONSENTS** to the assignment of the Power Agreement and the Related Agreements by Alcan Primary Products Corporation to Century Echo LLC on and subject to the terms and conditions set forth above.

Dated this __ day of __________, 2013.

BIG RIVERS ELECTRIC CORPORATION

By: ________________________
Mark Bailey
President and CEO

Kenergy

P.O. Box 18 • 6402 Old Corydon Road
Henderson, Kentucky 42419-0018
(800) 844-4832

May 20, 2013

Alcan Primary Products Corporation
8770 West Bryn Mawr Avenue
Chicago, Illinois 60631
Attn: Donald P. Seberger

Re: Alcan Request for Consent to Assignment of Retail Electric Service Agreement and Related Agreements.

Dear Mr. Seberger:

Reference is made to the letter of Alcan Primary Products Corporation ("Alcan"), dated April 29, 2013, requesting the consent of Kenergy Corp. ("Kenergy") and Big Rivers Electric Corporation ("Big Rivers") to an assignment of the Retail Electric Service Agreement, dated as of July 1, 2009, and other "Related Agreements" as defined in the letter in connection with the sale of the Sebree Smelter to Century Echo, LLC ("Century Echo"), a wholly-owned affiliate of Century Aluminum Company (the "Sale Transaction").

Based on our review of the Retail Electric Service Agreement, the Related Agreements and other agreements and documents executed in connection with the 2009 unwind transaction between Kenergy, Big Rivers, Alcan and other parties thereto, Big Rivers and Kenergy believe that certain credit support of Alcan and Alcan Parent should be retained or modified in connection with the Sale Transaction as follows:

1. Alcan and Alcan Corporation ("Alcan Parent") will deliver, to each of Kenergy's and Big Rivers' satisfaction, the following:

    a. an acknowledgement confirming that the Guarantee, dated as of July 1, 2009, by Alcan Parent in favor of Kenergy and Big Rivers remains in full force and effect with respect to any obligations or liabilities of Alcan under or relating to the agreements described therein, except to the extent that such obligations or liabilities have been effectively assumed by Century, unless a replacement guarantee in form and substance satisfactory to Kenergy and Big Rivers covering those obligations is executed and delivered pursuant to item (d) below,

    b. a representation and warranty that Alcan Parent has not, after giving effect to the Sale Transaction, disposed of substantially all the assets it held on July 1, 2009,

    c. a pro forma balance sheet of Alcan Parent that Alcan and Alcan Parent certify was prepared in accordance with generally accepted accounting principles and accurately reflects on the closing of the Sale Transaction the assets and liabilities of Alcan Parent after giving effect to the Sale Transaction, and

    d. if Alcan Parent cannot make the representation and warranty described in item (b) above, Alcan Parent will cause a new guarantee covering those obligations to be issued by a substitute guarantor satisfactory to Kenergy and Big Rivers as provided in the existing guarantee.

2. The Irrevocable Standby Letter of Credit, No. G390879, as amended, issued by The Toronto-Dominion Bank on behalf of Alcan for the benefit of Kenergy and Big Rivers will remain in full force and effect until all payment obligations of Alcan under the Retail Electric Service Agreement which are due and payable for periods prior to closing of the Sale Transactions are satisfied.

   We also have the following comments to your letter in connection with giving our consent:

   - Please revise the last sentence of the second paragraph of the letter to read as follows: "All liabilities or obligations arising under or relating to the Power Agreement and each of the Related Agreements to the extent such liabilities or obligations have not been effectively assumed by Century Echo remain the liability and obligation of Alcan."

   - Please revise the last sentence of the third paragraph of the letter to read as follows: "In addition, Kenergy and Big Rivers each agree to terminate and release the Irrevocable Standby Letter of Credit, No. G390879, as amended, issued by The Toronto-Dominion Bank for the benefit of Kenergy and Big River, in the face amount of US $26 million immediately upon the payment by Alcan of all bills and charges for service prior to the Closing Date."

In order to assure that the parties have a complete understanding of the requirements for Kenergy and Big Rivers to execute the Consent Letter, a copy of this letter is being provided to Century, and a copy of a letter that describes our requirements of Century will be provided to Alcan.

Please let us know if you have any questions or comments regarding the documents or process described above.

Very truly yours,

KENERGY CORP.

By: ____________________
Gregory Starheim
President and CEO

BIG RIVERS ELECTRIC CORPORATION

By: Mark Bailey
Mark Bailey
President and CEO

cc: Century Aluminum of Kentucky General Partnership
Century Aluminum Company

Big Rivers
ELECTRIC CORPORATION

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

August 15, 2013

Mr. John E. Hoerner
VP North American Operations
Century Aluminum of Kentucky
P.O. Box 500
Hawesville, Kentucky 42348

Re: Hawesville Smelter

Dear John:

Thank you for your letter dated August 9, 2013, regarding scheduled maintenance on Big Rivers' [redacted] and [redacted] transmission lines along with Big Rivers' interest in the [redacted] transmission line as well as associated substations and transformers (the "Facilities"). We agree the discussion on August 7th was helpful in clarifying the situation, positions, and concerns of the parties. However, your letter was not reflective of where the discussions ended. This letter is intended to clarify matters relating to maintenance of the Facilities.

Big Rivers confirms that Attachment A to this letter sets forth Big Rivers' Preventive Maintenance schedule for the Facilities through December 31, 2028. It needs to be recognized that Big Rivers or others may be required to perform other maintenance (whether unscheduled, emergency, planned or otherwise) relating to the Facilities prior to January 1, 2018. Emergent conditions such as weather or human activities (such as aircraft strikes, off right of way tree removal, etc.) could necessitate the need to schedule an outage at any time. In addition, as you know, all but approximately three miles of the [redacted] line and the substation in which it terminates in Indiana are owned by Indiana-based utilities, and Big Rivers has no control over the maintenance practices of those utilities.

If work of this nature is necessary, Big Rivers will make reasonable efforts to inform and work with Century before any planned or emergent work is performed. Please let me know if you have any questions.

Sincerely,

Mark A. Bailey

Mark A. Bailey
President and Chief Executive Officer
Big Rivers Electric Corporation

Attachment
cc: Senator Joe Bowen
Representative Tommy Thompson
Representative Jim Gooch
Jeff Webb, MISO
Joe Reddoch, MISO

ATTACHMENT A

SCHEDULED MAINTENANCE FOR THE FACILITIES THROUGH 2028

Big Rivers Transmission Line Maintenance Schedule (5 Year Frequency)

	Last Scheduled Outage	Future Scheduled Outages
[redacted]		

Paula Mitchell

From: Early, Michael <Michael.Early@centuryaluminum.com>
Sent: Tuesday, August 27, 2013 10:58 AM
To: Bob Berry; Greg Starheim; Mark Bailey; Paula Mitchell; Lindsay Barron; Jim Miller; Drefke, Kyle W.
Subject: Michael Early-New contact information

Effective September 1, 2013, I will be relocated to the Chicago office of Century Aluminum. Please revise my contact information – including new address, email and direct phone number.

Michael Early
Century Aluminum
One South Wacker Drive
Suite 1000
Chicago, IL 60606

Michael.Early@centuryaluminum.com

Office [redacted]
Cell #1
Alt #2

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 42) *Reference the Smelter Retail Electric Service Agreements, § 7.3.1.*

a. *Confirm that under this section, when a smelter gives notice of termination of its power supply agreement, the smelter is obligated to actually close its facilities and will no longer be in operation.*

b. *Confirm that both smelters' notice of termination falls under this section.*

c. *Confirm that neither the Hawesville smelter nor the Sebree smelter will completely cease operations in Kentucky.*

Response)

a. The language of the contract speaks for itself.

b. Both the Century Aluminum of Kentucky General Partnership ("Century Hawesville") and Alcan Primary Products Corporation ("Alcan") notices to terminate their respective retail electric service agreements were given under that Section 7.3.1.

c. Section 7.3.1 requires that a smelter provide the representation and warranty of a designated company official with the notice of termination stating that the company has made a business judgment in good faith to terminate and cease all aluminum smelting at the smelter location, and has no current intention of recommencing smelting operations at the location. This representation and warranty was provided by each smelter. As a result, the existing retail service agreement of Century Hawesville terminated at the end of the day on August 19, 2013, and the existing retail service agreement of Alcan, which has been assigned to Century Aluminum Sebree, LLC ("Century Sebree"), is terminated effective on January 31, 2014. The Attorney General is knowledgeable about the power supply arrangements negotiated among Big Rivers, Kenergy Corp. and Century Hawesville and approved by the Commission in Case No. 2013-00221 that took effect on August 20, 2013, upon the termination of the existing Century Hawesville retail agreement. As of January 31, 2014, there will be no contract or tariff in place under which Kenergy can legally continue to provide service to Century Sebree beyond the contract termination date, unless prior to the termination date a contract providing a power supply for smelting operations is negotiated, signed, and approved by all entities from whom approval is required. Any information on the plans of a smelter beyond the information provided in this response should be sought from the smelter.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
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dated August 19, 2013

September 3, 2013

Item 43) *Reference the Agreements filed in Case No. 2013-00211. Describe the status of any similar negotiations Big Rivers had with Alcan prior to the sale of the Sebree smelter to Century, and any similar negotiations BREC may be having with Century following the consummation of the sale of the Sebree smelter to Century.*

Response) Please see Big Rivers' response to KIUC 1-36.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 44) ***If Century, as the new owner of the Sebree smelter, fails to comply with the term of its agreement requiring it to cease operations at the Sebree smelter upon termination of its agreement, does Big Rivers believe it has an effective remedy? If so, would it pursue any remedy, including but not limited to recovery of the stranded costs the smelters appear willing for other ratepayers to pay? If not, why not? Explain in complete detail.***

Response) Big Rivers objects to this request on the grounds that it states a premise that requires a legal conclusion, is overly broad, unduly burdensome, not likely to lead to the discovery of admissible evidence, and seeks information that is protected by the attorney-client and attorney work product privileges. Notwithstanding these objections, but without waiving them, please refer to Big Rivers' responses to AG 1-35, AG 1-38, AG 1-39, AG 1-40, AG 1-42 and AG 1-43.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
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September 3, 2013

Item 45) *Please provide the reasons for the decreases (both historic and projected) in Big Rivers' off-system sales.*

Response) Big Rivers objects to this request as overly broad and unduly burdensome because no time period is specified. Notwithstanding this objection, and without waiving it, Big Rivers responds as follows.

As indicated on the attached CONFIDENTIAL document, Big Rivers' off-system gross sales margins increased from 2010 to 2011 despite the fact that market prices were lower in 2011 by more than 10% versus 2010. The increased margins were driven primarily by increased volumes. Because Big Rivers joined MISO in December 2010, it had the opportunity to sell every available MW into the MISO market. Because Big Rivers' units are very efficient and have extremely competitive variable costs, MISO dispatched Big Rivers' units often in 2011. The utilization of Big Rivers' units rose significantly in 2011 as a result of MISO integration.

From 2011 to 2012, Big Rivers experienced a significant drop in off-system sales margins driven primarily by a decline in market prices. Because the market price of power dropped significantly, Big Rivers' generating units did not "clear the market" for as many hours, resulting in lower sales volumes. Declining market prices also drove lower gross sales margins on the MWs that did "clear the market."

Big Rivers' off-system gross sales margins are not forecasted to increase significantly for the next few years because projected depressed wholesale market prices will drive low sales volumes and margins per MWh.

Witness) Robert W. Berry

Big Rivers Electric Corporation
Case No. 2013-00199
Attachment to Response for AG 1-45
Big Rivers' Wholesale Revenue 2010-2012

Wholesale Revenue

		2010	2011	2012
Actual Wholesale MWh*		1,421,993	2,682,084 +	1,531,338
Actual Wholesale $/MWh		$ 37.94	$ 33.38	$ 28.81
Actual Wholesale Revenue		$ 53,949,174	$ 89,535,861	$ 44,117,848
Actual Wholesale Variable Expense $/MWh		[redacted]		
Actual Wholesale Variable Expense				
Net Actual Wholesale Margin				
Budget Wholesale MWh		783,031	1,397,890	1,602,630
Budget Wholesale $/MWh		$ 52.51	$ 41.85	$ 40.77
Budget Wholesale Revenue		$ 41,113,325	$ 58,500,720	$ 65,345,878
Budget Wholesale Variable Expense		[redacted]		
Net Budget Wholesale Margin				
Unrecovered MISO Expense (Jan-Aug 2011)			$ (3,286,720)	
Wholesale Revenue (Deficiency)/Surplus	(a)	$ (1,986,971)	$ (2,561,756) +	$ (15,285,897)

* Adjusted for Smelter surplus sales.

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
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Item 46) *Given that utilities throughout the eastern U.S. will be shutting down many coal-fired generation plants, does Big Rivers foresee a potential for increasing its off-system sales? If so, when? If not, why not?*

Response) Please see Big Rivers' response to KIUC 1-13.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

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Item 47) ***Please state whether any studies currently are being conducted, or have been conducted pertaining to congestion constraints which could inhibit the ability of Big Rivers to sell its excess power off system. If any, please identify any and all such studies and provide copies of same.***

Response) Big Rivers completed a study entitled "Bulk Transmission System Assessment" in support of and included in its filing of an application for a Certificate of Public Convenience and Necessity in Commission Case No. 2007-00177. Big Rivers requested and MISO completed a study entitled "First Contingency Incremental Transfer Capability Study" dated July 6, 2011. A redacted copy of that study report is provided in response to PSC 2-13. Neither of these studies indicated that a transmission constraint will inhibit Big Rivers' ability to sell its excess power off system.

Witness) David G. Crockett

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 48) ***Please state whether the completion of Big Rivers' transmission expansion plans, in particular but not limited to the Vectren 345 kV interconnection, would make it possible for Big Rivers to wheel power into the service territories of American Electric Power's members' service territories (including but not limited to Kentucky Power Co.). If not, why not?***

Response) The completion of Big Rivers' Phase 1 and Phase 2 transmission expansion projects and the MISO Vectren 345 kV interconnection project have increased both the import and export transfer capabilities of Big Rivers' system, but they did not specifically give Big Rivers the ability to wheel power into the service territories of American Electric Power's members. AEP is a member of PJM, whereas Big Rivers is a member of MISO.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
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dated August 19, 2013

September 3, 2013

Item 49) *Please provide a complete and current copy of Big Rivers' "Load Concentration Analysis and Mitigation Plan" ["Mitigation Plan"], as well as each version of this plan since January 1, 2012 together with any and all supplements thereto.*

a. Please describe with specificity each and every step Big Rivers has taken to date in implementation of that plan.)

b. Please identify and describe each and every action taken by BREC since January 1, 2012 which could reasonably be viewed as mitigating against risks associated with load concentration.)

c. Please provide any and all analyses, studies, including related financial, market and economic forecasts and associated planning models, utilized to develop the Mitigation Plan.)

d. Describe whether the company has engaged the services of any consultants to address the financial losses and load losses that will occur from the pending departures of both Century and Alcan. If any, please provide any and all reports, plans or analyses and any and all documents related thereto produced by any such consultants.)

Response) Big Rivers objects to this request on the grounds that it is overly broad and unduly burdensome. Notwithstanding this objection, but without waiving it, Big Rivers states as follows.

Please see the document filed under petition for confidential treatment attached to Big Rivers' response to AG 1-89 in Case No. 2012-00535.

a. Big Rivers has filed two rate applications and budgeted for the idling of two generating stations. Please also see Big Rivers' response to PSC 2-16 in this proceeding.

b. Big Rivers objects to this request on the grounds that the use of the phrase "could reasonably be viewed as mitigating against risks associated with load concentration" is unduly vague and ambiguous. Notwithstanding this objection, but without waiving it, Big Rivers states as follows. In addition to completing the Load Concentration Analysis and Mitigation Plan prior to termination notification from Century and Alcan, Big Rivers has spent a significant effort replacing Century and Alcan's load since notice was received. Please see Big Rivers' response to PSC 2-16 in this proceeding for additional details.

c. Please see electronic files submitted on a CONFIDENTIAL CD, filed under petition for confidential treatment, in Case No. 2012-00535, attached to Big Rivers' response to AG 1-89.

d. Big Rivers has not specifically engaged the services of any consultants specifically to address the financial losses and load losses that may occur as a result of the Century and Alcan termination notices. However, Big Rivers continues to utilize ACES to provide wholesale marketing support. ACES continues to work closely with Big Rivers' Energy Services group to identify potential market solutions for this issue. Please see Big Rivers' response to PSC 2-16 in this proceeding for a detailed explanation of Big Rivers and ACES combined efforts to mitigate the loss of smelter load.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
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September 3, 2013

Item 50) ***Please refer to the Berry Direct Testimony. Provide all responses Big Rivers has provided to other utilities or power purchasing entities regarding wholesale marketing opportunities as well as the response Big Rivers has received from these entities since January 2012. Provide updates if additional responses are received.***

Response) Big Rivers objects to this request on the grounds that it is overly broad and unduly burdensome. This request seeks information that is not relevant and is not likely to lead to the discovery of admissible evidence in this case. Notwithstanding this objection, but without waiving it, please see Big Rivers' response to PSC 2-16.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
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September 3, 2013

Item 51) ***Please provide details of volume and price of off-system sales related to the production cost model included in the Big Rivers financial forecast used in this case. Information should include input and output spreadsheets, etc. in electronic format compatible with Microsoft Office programs.***

Response) Please refer to the financial model provided in Big Rivers' response to PSC 1-57. The off-system sales volumes are provided on the "Stmts RUS" worksheet in row 12. The off-system sales price is provided in row 82 of the same worksheet.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
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September 3, 2013

Item 52) ***Identify the members of Big Rivers' Internal Risk Management Committee***

a. Please provide copies of the minutes of any such committees from January 2011 to present, and any documents referenced in those minutes.

b. Provide copies of documents used and/or reviewed by the Committee from January 2012 to present.

Response) Current members of Big Rivers' Internal Risk Management Committee are as follows:

Mark Bailey, President &CEO

David Crockett, VP System Operations

Marty Littrel, Managing Director Communications & Community Relations

Billie Richert, VP Accounting, Rates &CFO

Lindsay Barron, VP Energy Services

Eric Robeson, VP Environmental Services & Construction

Robert "Bob" Berry, VP COO

Sharla Austin-Darnell, Director Risk Management & Strategic Planning

a. Please see the attached documents, which are provided pursuant to a petition for confidentiality.

b. Big Rivers objects that this request is overbroad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence.

Witness) Mark A. Bailey

CONFIDENTIAL ATTACHMENT(S) PRODUCED SEPARATELY

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
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Item 53) *Provide the Company's Board of Director Minutes and Executive Session Minutes, as well as any documents related thereto, for the periods 2010 through 2013 YTD (with updates on a continuing basis).*

Response) To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome; Big Rivers will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate. Notwithstanding these objections and without waiving them, Big Rivers responds as follows.

Please refer to the documents produced in response to AG 1-38 in Case No. 2012-00535 and the CONFIDENTIAL documents attached hereto.

Witness) Mark A. Bailey

Pages 1-30 of the Attachment for the Response to AG 1-53 have been produced confidentially.

AMENDED AND RESTATED REVOLVING LINE OF CREDIT AGREEMENT

AMENDED AND RESTATED REVOLVING LINE OF CREDIT AGREEMENT (this "Agreement"), dated as of ________________________, between BIG RIVERS ELECTRIC CORPORATION ("Borrower"), a corporation organized and existing under the laws of the State 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 and CFC are parties to that certain Revolving Line of Credit Agreement, dated as of July 16, 2009, pursuant to which CFC agreed to make advances under a line of credit and issue letters of credit, all as more particularly set forth therein (the "Prior Credit Agreement"); and

WHEREAS, the Borrower and CFC have agreed to amend and restate the Prior Credit Agreement, to, among other things, secure the repayment obligations arising hereunder under the Indenture (as defined herein), all as more particularly set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree and bind themselves as follows, and amend and restate the Prior Credit Agreement in its entirety as follows:

ARTICLE I

DEFINITIONS

Section 1.01 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 not otherwise defined herein shall have the meanings ascribed thereto in the Indenture, as hereinafter defined, as such capitalized terms exist on the date hereof.

"Accounting Requirements" shall mean any system of accounts prescribed by a regulatory authority having jurisdiction over the Borrower or, in the absence thereof, the requirements of GAAP applicable to businesses similar to that of the Borrower.

"Advance" means any loans made by CFC to the Borrower pursuant to this Agreement, and **"Advances"** means all such loans.

"Advance Request" means a request by the Borrower for an Advance in accordance with Section 3.03, in the form of Exhibit A hereto.

"Available Cash" shall mean Borrower's liquid funds on hand at any time, including, without limitation, cash and cash equivalents, that are (i) not subject to any Lien, and (ii) readily available for use for any purpose.

"Business Day" means any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.

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

"CFC Line of Credit Rate" shall mean the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"CFC Obligation(s)" shall mean any and all liabilities, obligations or indebtedness owing by the Borrower to CFC under the Credit Documents, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

"Credit Documents" shall mean this Agreement, the Note, the Indenture and the Supplemental Indenture.

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

"Draw" shall mean a payment of funds to a beneficiary under a Letter of Credit issued hereunder.

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

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Governmental Authority" shall mean the government of the United States of America, any other nation or government, 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.

"Indenture" shall mean that certain Indenture, dated as of July 1, 2009, by and between the Borrower and Trustee, as amended and supplemented through the date hereof.

"Interest Charges" shall have the meaning ascribed to such term in the Indenture.

"LC Exposure" means, at any time, the sum of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (ii) the aggregate amount of all Draws that have not yet been reimbursed by or on behalf of the Borrower (pursuant to Section 3.04.H hereof) at such time.

"Letter of Credit" means an irrevocable letter of credit issued by CFC pursuant to Section 3.04 hereof.

"Letter of Credit Commitment Amount" shall have the meaning as defined in Schedule 1 hereto.

"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.

"Line of Credit" shall mean the line of credit extended by CFC to the Borrower, pursuant to this Agreement, in an aggregate principal amount outstanding at any time not to exceed the CFC Commitment.

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

"Margins for Interest" shall have the meaning ascribed to such term in the Indenture.

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

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

"Note" shall mean that secured promissory note, dated __________ __, 2013, having a stated principal amount equal to the CFC Commitment, made by Borrower and payable to the order of CFC, as the same may be substituted, amended or replaced.

"Supplemental Indenture" shall mean that certain Fourth Supplemental Indenture between Borrower, as grantor, and Trustee, as trustee, dated as of ________ __, 2013.

"Trustee" shall mean U.S. Bank National Association, the trustee under the Indenture, or any permitted successor trustee pursuant to the terms and provisions of the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to CFC that as of the date of this Agreement:

A. Good Standing. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, 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.

B. Authority; Validity. The Borrower has the power and authority to enter into this Agreement; 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, 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.

This Agreement 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.

C. **No Conflicting Agreements.** The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other agency of government, any award of any arbitrator, the articles of incorporation or by-laws of the Borrower, or any indenture, 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, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien upon any of the property or assets of the Borrower.

The Borrower is not in default in any material respect under any agreement or instrument to which it is a party or by which it is bound and no event or condition exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

D. **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 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.

E. **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.

F. **Litigation.** Except for those matters set forth in Schedule 2, there are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its properties which, either individually or collectively, is reasonably expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower. The Borrower is not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower.

G. **Financial Statements.** The balance sheet of the Borrower as at the date identified in Schedule 1 hereto, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower, all heretofore furnished to CFC, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. The Borrower has no contingent obligations or extraordinary forward or long-term commitments except as specifically stated in said balance sheet or herein. There has been no material adverse change in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) of the Borrower and its subsidiaries taken as a whole from that set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

H. Required Approvals. No license, consent or approval of any Governmental Authority is required to enable the Borrower to enter into this Agreement, or to perform any of the obligations provided for herein, including without limitation (and if applicable), that of any state public utilities commission, any state public service commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which Borrower has obtained prior to the date hereof.

I. Compliance with Laws. The Borrower is in compliance, in all material respects, with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

J. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of the Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) 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 misleading.

K. Wholesale Power Contracts. The Borrower's wholesale power contracts with its members in effect as of the date hereof are valid and in full force. Neither the Borrower nor any of such members are in default of any material obligation under such wholesale power contract as of the date hereof.

ARTICLE III

CREDIT TERMS

Section 3.01 CFC Commitment; Term. Subject to the terms and conditions hereof, CFC agrees to make Advances on the Line of Credit and issue Letters of Credit, from time to time, until the Maturity Date, *provided, however,* that (a) the aggregate amount of all outstanding Advances on the Line of Credit, plus (b) the LC Exposure, shall not exceed the CFC Commitment.

Section 3.02 Revolving Credit. The Borrower may borrow, repay and reborrow funds at any time or from time to time.

Section 3.03 Requests for Advances. To request any Advance other than an Advance made pursuant to Section 3.04.H., the Borrower shall notify CFC of such request in writing by delivery of an Advance Request not later than 12:00 noon, local time at CFC's offices in Dulles, Virginia on the Business Day prior to the Business Day of the proposed Advance.

Each Advance Request shall be in the form of Exhibit A hereto and contain the information required therein.

Section 3.04 Letters of Credit.

A. Issuance. In addition to Advances made under the Line of Credit, the Borrower may request and CFC shall issue, from time to time, up to, but not including, the Maturity Date, Letters of Credit to such beneficiary or beneficiaries as may be requested by Borrower from time to time under the terms and conditions of this Agreement, *provided, however,* that the aggregate amount of all Letters of Credit outstanding shall not exceed the Letter of Credit Commitment Amount.

Each such request shall be in writing and substantially in the form of Exhibit B hereto and shall be delivered to CFC no fewer than two (2) Business Days prior to the requested date of issuance. Each Letter of Credit shall be substantially in the form of Exhibit C hereto, or in such other form as shall be mutually acceptable to Borrower and CFC, and shall reflect the amount available for draw thereunder.

B. Expiration Dates; Designation. With respect to each Letter of Credit issued hereunder:

(i) Designation. The first Letter of Credit issued hereunder shall bear CFC designation KY062-H-5102-001, and each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

(ii) Expiration. Each Letter of Credit shall expire at or prior to the close of business on the Maturity Date.

C. Draws. On any day that CFC is open for business, CFC will honor drafts presented by a beneficiary for a Draw on an unexpired Letter of Credit under the terms and conditions specified in such Letter of Credit, provided that (i) each Draw request is accompanied by the documentation specified in a Letter of Credit, the authenticity, form and substance of which shall be satisfactory to CFC; and (ii) no Draw request will be honored after CFC's close of business on the Letter of Credit Expiration Date set forth in the respective Letter of Credit.

D. Irrevocable Instruction. Borrower hereby irrevocably instructs CFC to honor drafts presented by a beneficiary for a Draw on an unexpired Letter of Credit under the terms and conditions specified in such Letter of Credit. It is expressly agreed that CFC may honor such drafts without requiring any documentation or information other than as expressly stated in such Letter of Credit, and without regard to any contrary instructions Borrower may hereafter give to CFC.

E. Draws by Legal Representatives. Borrower agrees that CFC shall have no liability to the Borrower or to any other person for honoring drafts presented in accordance with the terms hereof and contained in a Letter of Credit which may be presented by the administrator, trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other legal representative of the beneficiary.

F. No Liability. CFC shall have no liability for, and the Borrower's repayment and other obligations hereunder shall not be affected by (i) the use which may be made of the funds drawn under a Letter of Credit or for the acts or omissions of the beneficiary or any other person, (ii) the validity, accuracy, sufficiency or genuineness of drafts, required statements or documents, even if such drafts, statements or documents should in fact prove to be in any or all respects invalid, inaccurate, insufficient, fraudulent or forged, (iii) errors, omissions, interruptions or delays in transmission or delivery of any message by mail, telephone, facsimile or otherwise, or (iv) any consequences arising from causes beyond CFC's control.

G. Extensions and Modifications. This Agreement shall be binding upon the Borrower with respect to any replacement, extension or modification of any Letter of Credit or waiver of discrepancies authorized by the Borrower. Except as may be provided in a Letter of Credit or otherwise specifically agreed to in writing by CFC in its sole discretion, CFC shall have no duty to (a) extend the expiration date of a Letter of Credit, (b) issue a replacement letter of credit on or before the expiration date of a Letter of Credit or the end of such term, (c) issue or refrain from issuing notice of its election not to renew or extend a Letter of Credit, (d) issue or refrain from issuing any notice, if a Letter of Credit permits it to do so, of its election to terminate or cancel the Letter of Credit prior to its stated expiration date, (e) issue or refrain from issuing any notice of its election to refuse to reinstate the amount of any drawing under a Letter of Credit or (f) otherwise amend or modify a Letter of Credit.

H. Automatic Advances; Repayment. Upon payment by CFC of a Draw on a Letter of Credit, Borrower hereby authorizes and instructs CFC to make an Advance on the Line of Credit in an amount equal to such Draw, which shall be deemed a reimbursement of such Draw. Borrower agrees that this authorization is irrevocable until such time as Borrower's obligations under this Agreement have been paid in full. Borrower further agrees that CFC shall not incur any liability to Borrower as a result of such action, except in cases of gross negligence or willful misconduct by CFC.

I. Reinstatement.

(i) The face amount of any expired, returned, cancelled, or otherwise terminated Letter of Credit shall be available, under the terms of this Agreement and within the limits of the Letter of Credit Commitment Amount, for issuance of additional Letters of Credit.

(ii) The amount of any Draw reimbursed pursuant to Section 3.06.H shall be available, under the terms of this Agreement and within the limits of the Letter of Credit Commitment Amount, for issuance of additional Letters of Credit.

Section 3.05 Repayment of Advances. The Borrower unconditionally promises and agrees to pay, as and when due, without setoff or counterclaim, interest on each Advance hereunder, from the date thereof and to repay the outstanding principal amount of the Advances and all other amounts then outstanding on the Maturity Date.

A. Manner of Payment. All amounts shall be payable at CFC's main office at 20701 Cooperative Way, Dulles, Virginia 20166 or at such other location as designated by CFC from time to time.

B. Application of Payments. Except as may otherwise be provided for in the Indenture, each payment shall be applied first to any fees, costs, expenses or charges other than interest or principal then due on the Borrower's indebtedness to CFC, second to interest accrued on the Advance or Advances selected to be paid, and the balance to principal on such Advance or Advances.

C. **Interest Rate**. The interest rate on all Advances will be equal to the CFC Line of Credit Rate. The effective date of an interest rate adjustment will be determined from time to time by CFC, and shall remain in effect until any subsequent change in the interest rate occurs. The applicable interest rate as determined by CFC shall be conclusive absent manifest error. No provision of this Agreement shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

D. **Payment of Interest.** Accrued interest on each Advance shall be payable in arrears in accordance with CFC's regular billing cycles as may be in effect from time to time, and on the Maturity Date; provided that (i) interest accrued pursuant to Section 3.07 shall be payable on demand, (ii) in the event of any repayment or prepayment of any Advance, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

E. **Computation.** All interest hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

Section 3.06 Fees.

A. Upfront Fee. Borrower shall pay to CFC a nonrefundable fee in an amount equal to fifteen (15) basis points (15/100 of 1%) of the aggregate amount of the CFC Commitment, due and payable on the date hereof. Payment of such fee is a precondition to the effectiveness of this Agreement.

B. Annual Facility Fee. In addition to the "'Facility Fee" as defined and due and payable pursuant to the Prior Credit Agreement, on July 16, 2013 and each anniversary date thereof (each such date being an "Anniversary Date"), for so long as this Agreement is in effect, there shall be due and payable to CFC a nonrefundable facility fee ("Facility Fee"). Borrower shall pay the Facility Fee to CFC quarterly in arrears. The initial Facility Fee shall be in an amount equal to fifteen (15) basis points (15/100 of 1%) of the aggregate amount of the CFC Commitment, and subsequent Facility Fees shall be in amounts determined in accordance with CFC's current credit policies and practices as of each Anniversary Date. Any increase in the Facility Fee shall be effective only as of an Anniversary Date. The Facility Fee shall be prorated for any year in which this Agreement is not in effect for the entire year. The Payment of the Facility Fee is a precondition to the issuance of any Letter of Credit.

C. Issuance Fee. For each Letter of Credit issued hereunder, Borrower shall pay to CFC a nonrefundable fee ("Issuance Fee"), due and payable prior to the issuance of each Letter of Credit. The Issuance Fee shall be in an amount determined in accordance with CFC's credit policies and practices as of the date of issuance. In the event the Letter of Credit is outstanding for more than one year, then such fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices as of the annual renewal date. Borrower shall pay the Issuance Fee to CFC quarterly in arrears. The Issuance Fee shall be prorated for any year in which the Letter of Credit is not outstanding for the entire year. Payment of the Issuance Fee is a precondition to the issuance of any Letter of Credit.

In addition to the above fees, Borrower shall pay such additional fees as may be imposed by a confirming bank or other financial institution in the event that a Letter of Credit issued hereunder is confirmed by such other bank or financial institution at the request of the Borrower or the beneficiary of such Letter of Credit.

Section 3.07 Default Rate.

A. Payment Default. If Borrower defaults on its obligation to make a payment due hereunder by the applicable date payment is due, and such default continues for thirty (30) days thereafter, then beginning on the thirty-first (31^{st}) day after the payment is due and for so long as such default continues, Advances shall bear interest at the Default Rate.

B. Non-Payment Defaults. Upon the occurrence of an Event of Default, other than a payment default as set forth in Section 3.07.A above, the interest rate on all Advances shall be the Default Rate until such Event of Default is cured. The effective date of the Default Rate imposed or eliminated pursuant to this Section 3.07.B shall be the first (1st) day of the month following the occurrence of the Event of Default or the cure thereof, as applicable.

C. No Multiples of Default Rate. Notwithstanding anything to the contrary contained in this Section 3.07, in the event that more than one Event of Default shall exist at any time, the aggregate interest rate applicable on all Advances pursuant to this Section 3.07 shall be the Default Rate.

Section 3.08 Optional Prepayment. The Borrower shall have the right at any time and from time to time to prepay any Advance in whole or in part, subject to the requirements of this Agreement. Prior to any prepayment of any Advance hereunder, the Borrower shall select the Advance or Advances to be paid and shall notify CFC by telephone (confirmed by telecopy) of such selection not later than 11:00 a.m., local time at CFC's offices in Dulles, Virginia, one (1) Business Day before the scheduled date of such prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Advance or portion thereof to be prepaid. Prepayments shall be accompanied by accrued interest to the extent required herein and shall be made and applied in the manner specified in Section 3.05.

Section 3.09 Mandatory Prepayment. If there is a change in the Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change (the "Change Date"), (a) except for Advances made to repay a Draw on a Letter of Credit pursuant to Section 3.04.H, the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder, (b) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to issue, a Letter of Credit hereunder, and (c) the Borrower shall prepay the outstanding principal balance of all CFC Obligations (excluding CFC Obligations represented by undrawn amounts under outstanding Letters of Credit), together with any accrued but unpaid interest thereon, any unpaid costs or expenses provided for herein, and a prepayment premium prescribed by CFC pursuant to its policies of general application in effect from time to time.

Any Letter of Credit outstanding on the Change Date shall remain outstanding and subject to the terms and conditions hereof until its stated expiry date unless cancelled or returned by the Beneficiary thereof prior to such expiry date. Any Draw on such Letter of Credit shall be reimbursed by an automatic Advance made pursuant to Section 3.04.H. The Borrower shall repay the outstanding principal balance of such automatic Advance, together with any accrued but unpaid interest thereon and any unpaid costs or expenses provided for herein within five (5) Business Days of CFC's payment of the Draw.

Upon the prepayment of all amounts outstanding hereunder, and the termination and/or expiration of all Letters of Credit outstanding hereunder, this Agreement shall automatically terminate without further action by either Borrower or CFC.

Notwithstanding anything to the contrary in this Section 3.09 Borrower shall retain the ability to request Advances and the issuance of Letters of Credit, CFC shall retain the obligation to make Advances and issue Letters of Credit, and no prepayment shall be required under this Section 3.09 if, on and after the Change Date, Borrower, or its successor in interest, is engaged in the furnishing of electric utility services to its members and is organized as a cooperative, nonprofit corporation, public utility district, municipality, or other public governmental body and is, or becomes, a member of CFC.

Further, notwithstanding anything to the contrary contained in this Section 3.09 or elsewhere in this Agreement, in the event that Borrower's Available Cash at any time exceeds Thirty-Five Million and No/100 Dollars ($35,000,000.00) (such excess Available Cash being referred to hereinafter as, "Excess Cash"), the Borrower shall immediately apply such Excess Cash to repayment of any outstanding principal balance hereunder, together with any accrued interest thereon. In the event that Borrower has a credit agreement with a lender other than CFC having substantially similar terms and conditions as contained in this Agreement, Borrower shall immediately apply any such Excess Cash to repayment of any principal balance outstanding hereunder and under such other lender's credit agreement, together with any interest accrued thereon, on a *pro-rata* basis.

Section 3.10 Optional Commitment Reduction. The Borrower may at any time terminate, or from time to time reduce, the CFC Commitment; provided that (i) each reduction of the CFC Commitment pursuant to this Section shall be in an amount that is $5,000,000 or a larger multiple of $1,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any such reduction, the amount of Advances plus LC Exposure would exceed the CFC Commitment.

The Borrower shall notify CFC of any election to terminate or reduce the Commitments under this Section at least ten (10) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 Conditions Precedent to Closing. The obligation of CFC to make Advances or to issue Letters of Credit hereunder shall not become effective until the date on which the following conditions precedent have been satisfied:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

B. Documents. 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 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.

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 necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations thereunder.

D. Reserved.

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

F. 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.

Section 4.02 Each Credit Event. The obligation of CFC to make any Advances hereunder and to issue Letters of Credit hereunder is additionally subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

A. Requisitions. Except for Advances made pursuant to Section 3.04.H, Borrower will requisition each Advance or Letter of Credit by submitting its written requisition to CFC as set forth in Article III hereof.

B. Representations and Warranties. Except for the representations made in Section 2.01.F, the last sentence of Section 2.01.G, Section 2.01.J (as it relates to any documents, certificates or financial statements furnished to CFC relating to the Borrower's existing wholesale power contracts with Kenergy Corp. relating to Century Aluminum Company and Rio Tinto Alcan, respectively) and Section 2.01K (only as it relates to Borrower's existing wholesale power contracts with Kenergy Corp. relating to Century Aluminum Company and Rio Tinto Alcan, respectively, but only with respect to a termination purported to be in accordance with the voluntary termination aspects of such wholesale power contracts, whether or not challenged by Borrower, i.e., unless terminated in accordance with the terms thereof, all other terms and provisions of such wholesale power contracts are valid and enforceable) hereof, the representations and warranties contained in Article II shall be true on the date of the making of each Advance hereunder with the same effect as though such representations and warranties had been made on such date; no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower.

C. **Fees.** Borrower shall have paid all fees hereunder as and when due.

D. **Minimum Available Cash Balance Prior to Each Advance**. Borrower shall certify in writing that its Available Cash balance at time of Advance is less than Thirty-Five Million and No/100 Dollars ($35,000,000.00). Notwithstanding anything to the contrary contained in this Section 4.02 or elsewhere in this Agreement, with respect to any Advance, in no event shall the amount of such Advance exceed the difference between Thirty-Five Million and No/100 Dollars ($35,000,000.00) and Available Cash.

ARTICLE V

COVENANTS

Section 5.01 The Borrower covenants and agrees with CFC that until payment in full of the Line of Credit and performance of all obligations of the Borrower hereunder:

A. **Use of Proceeds.** The Borrower shall use the proceeds of this Line of Credit solely for the purposes identified on Schedule 1 hereto.

B. **Notice.** The Borrower shall promptly notify CFC in writing of:

(i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of the Borrower or its subsidiaries;

(ii) the institution or threat of any litigation or administrative proceeding of any nature involving the Borrower or any subsidiary which could materially affect the business, operations, prospects, assets, liabilities or financial condition of the Borrower or any subsidiary;

(iii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

C. **Default Notices.** Upon receipt of any notices with respect to a default by the Borrower or any subsidiary under the terms of the Indenture or any evidence of any other indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, the Borrower shall, and shall cause each subsidiary to, deliver copies of such notice to CFC.

D. **Financial Books; Financial Reports; Right of Inspection.** The Borrower will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Borrower, in accordance with GAAP. The Borrower will cause to be prepared and furnished to CFC within one hundred twenty (120) days of the end of each of the Borrower's fiscal years during the term hereof, a full and complete consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow. CFC, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in anyway pertaining to its property or business.

E. **Compliance with Laws; Indenture Covenants.** The Borrower and each subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority. The Borrower shall comply with all the covenants identified in Article XI and Article XIII of the Indenture.

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 for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by Borrower have been established and are being maintained.

G. **Financial Ratios.**

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

(ii) The Borrower will maintain, in accordance with GAAP, a minimum members' equities' balance at each fiscal quarter-end and as of the last day of each fiscal year, as specified below during the following calendar year periods:

Period Ending (and the Fiscal Quarters Ending Therein)	Amount
December 31, 2013	$325,000,000 plus 75% of the positive net margins for the Borrower's fiscal year ending 2012.
December 31, 2014	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2012 and 2013.
December 31, 2015	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2012 and 2014.
December 31, 2016	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2012 and 2015.

H. **Annual Certificate.** Within one hundred twenty (120) days after the close of each calendar year the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, signed by the Borrower's General Manager or Chief Executive Officer, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement 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.

ARTICLE VI

EVENTS OF DEFAULT

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

A. **Representations and Warranties.** Any representation or warranty made by the Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

B. **Payment.** The Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, interest, premium (if any) or other amount payable under the Line of Credit within five (5) Business Days after the due date thereof.

C. **Other Covenants.**

(i) **No Grace Period.** Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.B, 5.01.C, 5.01.D, 5.01.F, 5.01.G, or 5.01.H of this Agreement.

(ii) **Thirty Day Grace Period.** Failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC.

D. **Legal Existence, Permits and Licenses.** The Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for the Borrower to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.

E. **Other Obligations Owed to CFC.** The Borrower shall be in breach or default of any other obligation or indebtedness owed by Borrower to CFC, which breach or default continues uncured beyond the expiration of any applicable grace period.

F. **Other Obligations.** The Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness having a principal amount in excess of $10,000.00 with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC having a principal amount in excess of $10,000,000.00, or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

G. **Involuntary Bankruptcy.** An involuntary case or other proceeding shall be commenced against the Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws or applicable state law as now or hereafter in effect.

H. **Insolvency.** The Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

I. **Dissolution or Liquidation.** Other than as provided in subsection H. above, the dissolution or liquidation of the Borrower, or failure by the Borrower promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days.

J. **Monetary Judgment.** The Borrower shall suffer any money judgment not covered by insurance, writ or warrant of attachment or similar process involving an amount in excess of $1,000,000 and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days.

K. **Nonmonetary Judgment.** One or more nonmonetary judgments or orders (including, without limitation, injunctions, writs or warrants of attachment, garnishment, execution, distraint, replevin or similar process) shall be rendered against the Borrower that, either individually or in the aggregate, could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower which are not discharged, vacated, bonded or stayed within a period of sixty (60) days.

L. **Invalidity.** This Agreement shall at any time for any reason cease to be valid and binding or in full force and effect (other than upon expiration in accordance with the terms thereof), or performance of any material obligation thereunder shall become unlawful, or the Borrower shall so assert in writing or contest the validity or enforceability thereof.

M. **Wholesale Power Contracts.**

(i) Any one or more members of the Borrower shall default in the performance of any payment obligations under its or their wholesale power contracts with the Borrower where the aggregate principal amount of such default or defaults exceeds $10,000,000.

(ii) Any one or more members of the Borrower shall contest the validity or enforceability of its or their wholesale power contracts with the Borrower by filing any official judicial or regulatory filing seeking as a remedy the declaration of the unenforceability or the material modification of its or their wholesale power contracts

(iii) One or more of the Borrower's wholesale power contracts with its distribution cooperative members which, individually or in the aggregate, represent more than 10% of Borrowers' total gross revenue shall for any reason be terminated prior to the expiration of their term, other than (a) Borrower's existing wholesale power contracts with Kenergy Corp. relating to Century Aluminum Company ("Century") and Rio Tinto Alcan ("Alcan"), respectively, but only with respect to the voluntary termination rights of such parties under such wholesale power contracts (i.e., if a termination of either of such wholesale power contracts occurs for any other reason, then any such termination shall be considered for purposes of this Section 6.01.M(iii), provided, that if either Century or Alcan purports to exercise the voluntary termination provisions under their respective contracts and Borrower contests the validity of such exercise, such purported voluntary termination shall not be considered for purposes of this Section 6.01M(iii) so long as Century and/or Alcan, as the case may be, continue to perform as required under their respective contracts through the actual date of termination associated with the purported exercise of such voluntary termination provisions) or (b) any of Borrower's wholesale power contracts with Kenergy Corp. relating to service to an aluminum smelter currently operated by either Century or Alcan entered into following the termination of the existing wholesale power contracts referred to in clause (a) herein.

N. 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 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, then CFC may:

(a) cease making Advances hereunder other than Advances made pursuant to Section 3.04.H hereof;

(b) terminate the Line of Credit;

The address set forth in
Schedule 1 hereto

Section 8.02 Expenses. Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any CFC Obligation, or in preparation for such enforcement, (b) to restructure any of the CFC Obligations, (c) to review, approve or grant any consents or waivers hereunder, (d) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (e) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC 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 Late Payments. If payment of any amount due hereunder is not received at CFC's office in Dulles, Virginia or such other location as CFC may designate to the Borrower, within five (5) Business Days after the due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

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 CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of any instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration, recordation or perfection of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC 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 CFC in connection with this Agreement. The provisions of this subsection shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder.

Section 8.06 CFC Accounts. Borrower agrees that the records of, and all computations by, CFC (in whatever media they are recorded or maintained) as to the amount of principal, interest and fees due on the Line of Credit shall be conclusive in the absence of manifest error.

Section 8.07 Waiver; Modification. No failure on the part of CFC 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 CFC 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 or the other Loan Documents 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 8.08 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 CFC 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 8.09 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC 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, 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 SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.11 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE LINE OF CREDIT, AND THE TERMINATION OF THIS AGREEMENT.

Section 8.10 Complete Agreement. This Agreement, together with the schedules to this Agreement 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, the terms and provisions of this Agreement shall control.

Section 8.11 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of Advances hereunder and issuance of Letters of Credit 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 shall inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement.

Section 8.12 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.13 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 8.14 Severability. If any term, provision or condition, or any part thereof, of this Agreement 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 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 8.15 Binding Effect. This Agreement shall become effective when executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

Section 8.16 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 8.17 Schedules; Exhibits. Schedules 1 and 2 and Exhibits A, B and C are attached hereto and are an integral part of this Agreement.

[EXECUTION 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

(SEAL)

By: ______________________________

Title: ______________________________

Attest: ______________________________

Title: ______________________________
Secretary

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

(SEAL)

By: ______________________________
Assistant Secretary-Treasurer

Attest: ______________________________
Assistant Secretary-Treasurer

Loan Number: KY062-H-5102

SCHEDULE 1

1. The purpose of this Line of Credit is to provide funds for the Borrower's capital expenditures, general corporate use, and for the issuance of Letters of Credit, consistent with the Borrower's articles of incorporation, by-laws and applicable federal, state, and local laws and regulations. Notwithstanding the foregoing, in no event shall this Line of Credit be made available to pay any portion of the principal amount of the $58,800,000 County of Ohio, Kentucky, Pollution Control Floating Rate Demand Bonds, Series 1983 (Big Rivers Electric Corporation Project).

2. The aggregate CFC Commitment shall mean $50,000,000.00.

3. The Letter of Credit Commitment Amount shall mean $10,000,000.00.

4. Maturity Date shall mean July 16, 2017.

5. The date of the Borrower's balance sheet referred to in Section 2.01.G. is December 31, 2012.

6. The Governmental Authority referred to in Section 2.01.H. is: Kentucky Public Service Commission.

7. The address for notices to the Borrower referred to in Section 8.01 is PO Box 24, Henderson, KY 42419-0024, Attention: President/CEO, Fax: 270-827-2558 with a copy to James M. Miller, Sullivan, Mountjoy, Stainback & Miller, PSC, PO Box 727, Owensboro, KY 42302-0727.

SCHEDULE 2

BIG RIVERS ELECTRIC MATERIAL LITIGATION

[None.]

EXHIBIT A
FORM OF ADVANCE REQUEST

Borrower Name: BIG RIVERS ELECTRIC CORPORATION

Facility Number: KY052-H-5102

Effective Date of Advance ("Effective Date"):

Advance Amount:

Wiring Instructions:

Bank Name
City; State
ABA No
Account No
Credit Account Name
Additional Instructions

Certification

Acting on behalf of the Borrower, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request funds on the terms specified herein; (2) the Borrower has met all of the conditions contained in that certain Amended and Restated Revolving Line of Credit Agreement between Borrower and CFC (the "Credit Agreement") governing the terms of this borrowing request that the Borrower is required to meet prior to an advance of funds; (3) all of the representations and warranties contained in the Credit Agreement are true and correct on and as of the date hereof and will be deemed to be true and correct on and as of the Effective Date of this Advance unless notice is otherwise given by the Borrower to CFC before the Effective Date, in each case, other than any such representations or warranties that, by their terms, refer to a specific date other than such Effective Date, in which case such representations and warranties are true, correct and complete as of such date; (4) no Event of Default, as defined in the Credit Agreement, has occurred and is continuing; (5) I know of no other event, or after giving effect to this borrowing request that would become an Event of Default; and (6) Borrower's Available Cash is less than Thirty-Five Million and No/100 Dollars ($35,000,000.00) and the amount of this Advance does not exceed the difference between Thirty-Five Million and No/100 Dollars ($35,000,000.00) and Available Cash. Capitalized terms used in this Certification and not otherwise defined shall have the meanings ascribed thereto in the Credit Agreement. I hereby make this borrowing request and hereby acknowledge and agree that such terms shall be binding upon Borrower under the provisions of the Credit Agreement governing this Advance:

Certified By:

______________________________ ______________________________
Signature Date Title of Authorized Officer

PLEASE FAX TO __________________ ATTN:

EXHIBIT B
FORM OF LETTER OF CREDIT REQUEST

National Rural Utilities Cooperative Finance Corporation
20701 Cooperative Way
Dulles, VA 20166
Attn: LC Desk

Re: National Rural Utilities Cooperative Finance Corporation ("CFC")
Facility No. KY062-H-5102

Big Rivers Electric Corporation hereby requests CFC to issue a letter of credit under the above-referenced facility with the following terms:

Beneficiary Name and Address:

Letter of Credit Amount:

Letter of Credit Effective Date:

Expiry Date:

Conditions of Draw:

Please issue the letter of credit directly to the beneficiary, with a copy to the undersigned.

Very truly yours,
BIG RIVERS ELECTRIC CORPORATION

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

EXHIBIT C
FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT NUMBER «LoanNumber»

Date: «LetterDate»

Amount: «AmountText» Dollars ($«AmountNumber».00)

Letter of Credit Expiration Date: «ExpiryDate»

Beneficiary Name and Address:

Name of Applicant:

Issuer: National Rural Utilities Cooperative Finance Corporation
20701 Cooperative Way
Dulles, Virginia 20166 Attention: LC Desk

To the above-named Beneficiary:

We hereby issue our irrevocable Letter of Credit in your favor for the account of the above-named Applicant up to the aggregate amount stated above.

Funds under this Letter of Credit, in an amount not to exceed the amount stated above, will be made available to you in accordance with the terms and conditions herein against sight drafts presented at the above address, bearing the clause "Drawn under National Rural Utilities Cooperative Finance Corporation Letter of Credit No. «LoanNumber», dated «LetterDate»" , and accompanied by the following documents:

1. A notarized certificate sworn to and executed by an authorized officer of the Beneficiary reading as follows: "The amount claimed under this Letter of Credit as represented by the sight draft enclosed herewith is due and payable because (a) payment is due to «BeneficiaryName» from «ApplicantName» pursuant to [REASON FOR PAYMENT], (b) «ApplicantName» has not made such payment, (c) «BeneficiaryName» has made written demand upon «ApplicantName» for payment, and (d) payment pursuant thereto has not been received within five days of the receipt of said demand."

2. This original Letter of Credit.

We hereby agree with you that sight drafts drawn under this Letter of Credit will be honored in accordance with the terms and conditions stated herein provided the sight draft and required documents are presented to us at the above address on or before the Letter of Credit Expiration Date stated above. Payment of any draft drawn under this Letter of Credit in an amount less than the maximum amount available hereunder shall be recorded by us on the reverse side hereof and this Letter of Credit shall then be returned to you.

This Letter of Credit is governed by the provisions of the Uniform Customs and Practice for Documentary Credits (1993 Version), International Chamber of Commerce Publication No. 500

("UCP"). As to matters not governed by the UCP, this Letter of Credit is governed by the laws of the Commonwealth of Virginia. This Letter of Credit is not transferable.

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: ______________________________
Assistant Secretary-Treasurer

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 54) *Provide copies of all employment contracts with current and predecessor Big Rivers' officers/executives and other management employees (including all management employees now performing or sharing the work of former Officer positions that have not been filled) from 2010 through 2013 YTD and provide updates on a continuing basis.*

Response) To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Notwithstanding this objection, but without waiving it, Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate.

There are no employment contracts with Big Rivers' officers/executives or their predecessors YTD 2013, nor were there any in 2010, 2011, or 2012.

Witness) Billie J. Richert

Item 55) *Provide copies of severance or termination agreements and contracts with current and predecessor officer/executives and other management employees (including all management employees now performing or sharing the work of former Officer positions that have not been filled) from 2010 through the current date. Identify all severance and termination amounts paid from 2010 through 2013 YTD for each employee and show amounts paid by account number and year and provide updates on a continuing basis.*

a. *Provide copies of any other agreement(s), or cite to any verbal agreements that indicate any compensation or remuneration of any type or sort that would or could be paid to Big Rivers' executives in the event Big Rivers files bankruptcy.*

Response) Big Rivers objects that this request is overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Notwithstanding those objections, and without waiving them, Big Rivers responds as follows. To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate. Notwithstanding this objection, and without waiving it, Big Rivers responds as follows.

Big Rivers anticipates it will incur severance-related expenses in the 2013-2014 timeframe with the idling of one or more of its power plants, but it has not yet finalized a severance plan or program to be effective in that event. There have been no severance or termination amounts paid from 2010 through 2013 YTD.

a. There are no other agreements indicating compensation or remuneration that would or could be paid to Big Rivers' executives in the event Big Rivers files bankruptcy.

Witness) Billie J. Richert

Item 56) *Identify and describe all current written contracts in place which were entered into or amended from January 1, 2013 to the current date between the Company, other Cooperatives, member-owners Jackson Purchase Energy Corporation, Kenergy Corp., and Meade County Rural Electric Cooperative Corporation, affiliates, related parties, third parties, employees, vendors, consultants, customers, maintenance arrangements and other arrangements with smelters, contracts for rent or lease of administrative buildings and other generation and other plant facilities, management fees paid to member-owners and other entities, debt holders, and all others that affect revenues, expenses, assets, liabilities, operations and other matters impacting the company. Similarly, identify and describe any informal agreements that may be in place (such as commonly understood terms, conditions or amounts between parties). If certain contracts are voluminous or the Company has questions regarding their relevance or importance to the AG, the Company should contact the Office of Attorney General regarding these matters. This information should be updated throughout the proceeding. The Company should provide a summary of each contract that includes the following information at the minimum:*

a. *The name and description of the entity that has a contract (or informal agreement) with the Company.*

b. *A description of the services, products and economic transactions between the Company and the entity.*

c. *Summarize the general purpose of contract/agreement, terms, conditions, rates/prices, and financial amounts to be paid and received by each contracting entity over the term of the arrangement.*

d. *Identify the term/length of the contract, including the beginning and ending date of current contract/agreement. Explain if it is anticipated the current contract will be replaced by a new contract/agreement and explain why or why not.*

e. *Explain if there was a prior contract/agreement in place.*

f. *Summarize major changes in terms, conditions, rates/prices and other financial arrangements between the current and prior contract/agreement.*

g. *Explain all terms and fees for early contract termination.*

h. *Explain if the contract/agreement rates/prices and financial amounts are based on negotiations, historical embedded costs, incremental costs, or fair market value (and provide related supporting documentation if available).*

i. Explain if the contract is considered to be confidential or public and explain why if it is considered to be confidential.

Response) Big Rivers objects to this request on the grounds that it is overly broad and unduly burdensome. Big Rivers also objects to this request on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. Big Rivers states that it worked in good faith with the Attorney General's office to narrow this request when it was first made in AG 1-43 in Case No. 2012-00535, but its efforts were unsuccessful. Consequently, Big Rivers cannot discern what reasonable category of relevant agreements the Attorney General is requesting, and Big Rivers is unable to respond to this request.

To the extent this request seeks continuous or ongoing updates, Big Rivers objects on the grounds that it is overbroad and unduly burdensome. Notwithstanding this objection, but without waiving it, Big Rivers states that it will update its response as required by law, as ordered by the Commission, or as it otherwise deems appropriate.

Please see Big Rivers' response to AG 1-43 in Case No. 2012-00535.

Witness) Counsel

Item 57) *Explain if the Company (or its legal representatives) have conducted due diligence upon another entity for the period 2010 through 2013 YTD, or if other entities (or their legal representatives) have conducted due diligence upon the Company for the period 2010 through 2013 YTD, regarding all matters and issues. If the answer is "yes", then explain the reason for the due diligence, provide the recommendations and actions taken to date related to the due diligence, and provide copies of related supporting documentation and correspondence addressing the due diligence. Explain the current status of this due diligence and provide updates on a continuing basis.*

Response) Big Rivers objects that this request is overly broad, unduly burdensome, and not reasonably calculated to lead to the discovery of admissible evidence. Notwithstanding these objections, and without waiving them, Big Rivers responds as follows.

Big Rivers (or its legal representative) has not conducted any due diligence upon another entity nor has any entity (or its legal representative) conducted due diligence upon Big Rivers to the best of our knowledge during the period of 2010 through 2013 YTD. [redacted]

Witness) Mark A. Bailey

Item 58) *Provide the names and specific positions of all Officers, rate case witnesses, and management employees (including all management employees now performing or sharing the work of former Officer positions that have not been filled) that left employment (or terminated their employment) with Big Rivers during the prior rate case, Case No. 2012-00535 and during the period of this current rate case, Case No. 2013-00199, and provide the following:*

a. Explain the reasons why the employees were terminated by BREC; i.e., voluntarily left BREC employment, or retired.

b. Explain if any of the employees in (a) above have provided (or are providing), services to BREC subsequent to leaving BREC and describe the services provided, provide all related contracts, and provide the amounts being paid by date (month, etc.) to these former employees by account number (and provide the amounts included in the base period and forecasted test period for this rate case)

c. Provide all severance, termination, unused vacation/sick leave, additional benefits, and other payments made to these employees in addition to their regular salary, and show amounts paid by description, date and account number.

d. *Explain and provide the amounts in (c) above that are included in the base period (provide actual and forecasted amounts separately) and forecasted test period of this rate case by account number, and compare "actual" amounts to amounts included in this rate case and explain why the amounts differ. Provide all supporting documentation and calculations.*

Response) Big Rivers objects that this request is overly broad, unduly vague, and not reasonably calculated to lead to the discovery of admissible evidence insofar as the term "management employees" is not defined, the names of non-officer witnesses are not relevant to this case, and the request seeks information regarding former "rate case witnesses" who were not employees. Big Rivers further objects to providing the names of the non-officer employees identified in response to this request. Notwithstanding these objections, and without waiving them, please see the attachment to this response.

a. Please see the attachment to this response.

b. None of the employees identified in response to this request have provided, or are providing, services to Big Rivers subsequent to leaving Big Rivers.

c. Please see the attachment to this response.

d. All amounts provided in the attachment to this response are actual payments and all occurred in the base period. These payments are not forecasted.

Witness) Billie J. Richert

Employee	Position	Reason for Termination of Employment	Date Paid	Account Number	Unused Vacation	Unused Sick Leave	Unused Personal Days	Total
Employee 2	Director Rates and Tariffs	Resigned - Other Employment	11-Apr-2013	920100	17,409	-	439	17,848
Employee 1	VP Governmental Relations and Enterprise Risk Management	Retirement	28-Feb-2013	920100	30,538	-	1,533	32,071
Employee 3	VP Administrative Services	Retirement	15-Aug-2013	920100	47,979	55,562	1,533	105,074
Employee 4	Director Finance	Retirement	15-Aug-2013	920100	31,463	30,812	974	63,249

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199**

**Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013**

September 3, 2013

Item 59) *Please provide documents and presentation materials associated with Board of Directors' consideration of the 2013 budget. Include all supporting workpapers and documents.*

Response) Please refer to Big Rivers' response to PSC 2-19.

Witness) Jeffrey R. Williams

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 60) *Please provide documents and presentation materials associated with Board of Directors' consideration of the 2014-2016 financial plans. Include all supporting workpapers and documents.*

Response) Please refer to Big Rivers' response to PSC-2-19.

Witness) Jeffrey R. Williams

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 61) ***Provide documents which identify and show the purpose and amounts of all asset reclassifications between accounts since consummation of the "Unwind" transaction in Docket No. 2007-00455, over $25,000 in amount.***

Response) Attached is a copy of the journal entry used to reclassify assets from *Account 104 – Electric Plant Leased to Others* to *Account 101 – Plant in Service*. This is the only reclassification of assets between accounts since the consummation of the "Unwind" transaction.

Witness) Billie J. Richert

Big Rivers

JOURNAL ENTRY

DATE 7/31/2009

MO	JE #	DESCRIPTION	SOURCE CODE
7	550	TRFR W/I 101/104/106	FS

Prepared By: Travis Siewert TAS

Approved By: Ralph Ashworth

Description Detail: Unwind Entry to move assets from Acct 104 Electric Plant Leased to Others to Acct 101 Plant in Service.

L/E	HOURS	EAC	RA	ACCOUNT #	DEBIT	CREDIT
E		000	999	10103101	83,342.47	
E		000	999	10103102	424,664.82	
E		000	999	10103103	1,110,711.72	
E		000	999	10103104	2,218,857.54	
E		000	999	10103111	3,181,842.95	
E		000	999	10103112	17,287,123.40	
E		000	999	10103113	26,703,657.35	
E		000	999	10103114	72,697,850.68	
E		000	999	10103115	221,640.76	
E		000	999	10103116	550,789.69	
E		000	999	10103117	880,179.85	
E		000	999	10103119	653,382.98	
E		000	999	1010312A	142,774.77	
E		000	999	1010312B	5,024,465.79	
E		000	999	1010312C	24,821,922.31	
E		000	999	1010312D	113,249,262.05	
E		000	999	1010312E	261,616,102.73	

Total Debits $1,545,996,810.72 Total Credits $1,545,996,810.72

PC

Total Account Numbers 943,290,776

1 of 7

Big Rivers ELECTRIC CORPORATION

JOURNAL ENTRY

MO	JE #
7	550

L/E	HOURS	EAC	RA	ACCOUNT #	DEBIT	CREDIT
E		000	999	1010312F	35,304,494.59	
E		000	999	1010312G	141,284.66	
E		000	999	1010312J	15,438.27	
E		000	999	1010312K	36,983,180.83	
E		000	999	10103121	7,188,970.88	
E		000	999	10103122	67,522,400.82	
E		000	999	10103123	157,505,796.18	
E		000	999	10103124	403,133,946.25	
E		000	999	10103125	15,937,397.01	
E		000	999	10103126	2,249,893.84	
E		000	999	10103127	249,936.29	
E		000	999	10103141	4,310,530.58	
E		000	999	10103142	30,440,120.78	
E		000	999	10103143	56,268,282.40	
E		000	999	10103144	125,726,972.08	
E		000	999	10103145	4,407,407.03	
E		000	999	10103146	226,351.41	
E		000	999	10103147	18,495.15	
E		000	999	10103151	1,181,232.75	
E		000	999	10103152	7,442,615.98	
E		000	999	10103153	16,091,239.72	
E		000	999	10103154	34,658,712.78	

2

Big Rivers

JOURNAL ENTRY

Page 3 of 5

MO	JE #
7	550

L/E	HOURS	EAC	RA	ACCOUNT #	DEBIT	CREDIT
E		000	999	10103155	152,271.04	
E		000	999	10103159	43,548.07	
E		000	999	10103410	154,232.79	
E		000	999	10103420	1,436,911.63	
E		000	999	10103430	4,915,885.63	
E		000	999	10103440	1,102,963.67	
E		000	999	10103450	317,725.75	
E		000	999	10403101		83,342.47
E		000	999	10403102		424,664.82
E		000	999	10403103		1,110,711.72
E		000	999	10403104		2,218,857.54
E		000	999	10403111		3,181,842.95
E		000	999	10403112		17,287,123.40
E		000	999	10403113		26,703,657.35
E		000	999	10403114		72,697,850.68
E		000	999	10403115		221,640.76
E		000	999	10403116		550,789.69
E		000	999	10403117		880,179.85
E		000	999	10403119		653,382.98
E		000	999	1040312A		142,774.77
E		000	999	1040312B		5,024,465.79
E		000	999	1040312C		24,821,922.31

3

Big Rivers

JOURNAL ENTRY

Page 4 of 5

MO	JE #
7	550

L/E	HOURS	EAC	RA	ACCOUNT #	DEBIT	CREDIT
E		000	999	1040312D		113,249,262.05
E		000	999	1040312E		261,616,102.73
E		000	999	1040312F		35,304,494.59
E		000	999	1040312G		141,284.66
E		000	999	1040312J		15,438.27
E		000	999	1040312K		36,983,180.83
E		000	999	10403121		7,188,970.88
E		000	999	10403122		67,522,400.82
E		000	999	10403123		157,505,796.18
E		000	999	10403124		403,133,946.25
E		000	999	10403125		15,937,397.01
E		000	999	10403126		2,249,893.84
E		000	999	10403127		249,936.29
E		000	999	10403141		4,310,530.58
E		000	999	10403142		30,440,120.78
E		000	999	10403143		56,268,282.40
E		000	999	10403144		125,726,972.08
E		000	999	10403145		4,407,407.03
E		000	999	10403146		226,351.41
E		000	999	10403147		18,495.15
E		000	999	10403151		1,181,232.75
E		000	999	10403152		7,442,615.98

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Big Rivers ELECTRIC CORPORATION

JOURNAL ENTRY

Page 5 of 5

MO	JE #
7	550

L/E	HOURS	EAC	RA	ACCOUNT #	DEBIT	CREDIT
E		000	999	10403153		16,091,239.72
E		000	999	10403154		34,658,712.78
E		000	999	10403155		152,271.04
E		000	999	10403159		43,548.07
E		000	999	10403410		154,232.79
E		000	999	10403420		1,436,911.63
E		000	999	10403430		4,915,885.63
E		000	999	10403440		1,102,963.67
E		000	999	10403450		317,725.75

5

Transfer Assets From Account 104 To Account 101
JE 55.0 Transfers within 101/106/106

		DR	CR
DR	10103101	83,342.47	
DR	10103102	424,664.62	
DR	10103103	1,110,711.72	
DR	10103104	2,218,857.54	
DR	10103111	3,181,842.95	
DR	10103112	17,287,123.40	
DR	10103113	28,703,657.35	
DR	10103114	72,697,850.66	
DR	10103115	221,840.76	
DR	10103116	550,789.69	
DR	10103117	880,179.85	
DR	10103119	653,382.98	
CR	1010312A	142,774.77	
DR	1010312B	5,024,465.79	
DR	1010312C	24,821,822.31	
DR	1010312D	113,249,262.05	
DR	1010312E	261,616,102.73	
DR	1010312F	35,304,494.59	
DR	1010312G	141,284.68	
DR	1010312J	15,438.27	
DR	1010312K	36,963,180.83	
DR	10103121	7,168,870.68	
DR	10103122	67,522,400.82	
DR	10103123	157,505,796.18	
DR	10103124	403,133,946.25	
DR	10103125	15,937,397.01	
DR	10103126	2,249,893.84	
DR	10103127	249,936.29	
DR	10103141	4,310,530.58	
DR	10103142	30,440,120.78	
DR	10103143	56,268,282.40	
DR	10103144	125,726,972.06	
DR	10103145	4,407,407.03	
DR	10103146	226,351.41	
DR	10103147	18,495.15	
DR	10103151	1,181,232.75	
DR	10103152	7,442,815.98	
DR	10103153	16,091,239.72	
DR	10103154	34,658,712.78	
DR	10103155	152,271.04	
DR	10103159	43,548.07	
DR	10103410	154,232.79	
DR	10103420	1,439,911.63	
DR	10103430	4,915,885.69	
DR	10103440	1,102,963.67	
DR	10103450	317,725.75	
	484,745,388		

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			June Bal.	Addition JE	Retirement JE	Ending Bal
CR	10403101		83,342.47			83,342.47
CR	10403102		424,664.82			424,664.82
CR	10403103		1,110,711.72			1,110,711.72
CR	10403104		2,218,857.54			2,218,857.54
CR	10403111		3,181,842.95			3,181,842.95
CR	10403112		17,287,123.40			17,287,123.40
CR	10403113		26,703,657.35			26,703,657.35
CR	10403114		72,697,850.68			72,697,850.68
CR	10403115		195,202.69	26,438.07		221,640.76
CR	10403116		550,769.69			550,769.69
CR	10403117		880,179.85			880,179.85
CR	10403119		653,382.98			653,382.98
CR	1040312A		142,774.77			142,774.77
CR	1040312B		5,024,465.79			5,024,465.79
CR	1040312C		24,857,682.09		(35,759.78)	24,821,922.31
CR	1040312D		110,835,799.74	2,313,462.31		113,249,262.05
CR	1040312E		281,818,102.73			281,818,102.73
CR	1040312F		36,304,494.59			36,304,494.59
CR	1040312G		126,011.74	15,272.92		141,284.66
CR	1040312J		15,438.27			15,438.27
CR	1040312K		36,836,408.40	146,772.43		36,983,180.83
CR	10403121		7,188,870.88			7,188,870.88
CR	10403122		67,532,289.37	10,136.73	(20,025.28)	67,522,400.82
CR	10403123		157,505,796.18			157,505,796.18
CR	10403124		403,133,948.25			403,133,948.25
CR	10403125		13,875,767.84	2,107,839.29	(46,310.12)	15,937,397.01
CR	10403126		2,165,412.21	84,481.63		2,249,893.84
CR	10403127		249,936.29			249,936.29
CR	10403141		4,310,530.58			4,310,530.58
CR	10403142		30,446,234.96	7,218.22	(13,332.40)	30,440,120.78
CR	10403143		56,268,282.40			56,268,282.40
CR	10403144		125,726,972.08			125,726,972.08
CR	10403145		4,233,359.08	174,047.95		4,407,407.03
CR	10403146		226,351.41			226,351.41
CR	10403147		18,495.15			18,495.15
CR	10403151		1,181,232.75			1,181,232.75
CR	10403152		7,442,615.98			7,442,615.98
CR	10403153		18,091,239.72			18,091,239.72
CR	10403154		34,658,712.78			34,658,712.78
CR	10403155		152,271.04			152,271.04
CR	10403159		43,548.07			43,548.07
CR	10403410		154,232.79			154,232.79
CR	10403420		1,436,911.63			1,436,911.63
CR	10403430		4,915,885.63			4,915,885.63
CR	10403440		1,102,963.67			1,102,963.67
CR	10403450		317,725.75			317,725.75
Total	478,545,388	1,545,996,810.72	1,541,226,468.75	4,885,769.55	(115,427.58)	1,545,996,810.72
	943,290,776					

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BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 62) *Provide fiscal year end budget and budget variance reports, since 2008.*

Response) To the extent that this request seeks information prior to the Unwind Transaction, Big Rivers objects that the request is not reasonably calculated to lead to the discovery of admissible evidence. Notwithstanding this objection, but without waiving it, please refer to Big Rivers' response to AG 1-165 from Case Number 2012-00535 for budget variance reports for fiscal years ending 12/31/2012, 12/31/2011 and 12/31/2010. Please note that the retention period for budget variance reports is 3 years. These reports for the fiscal years ending 12/31/2009 and 12/31/2008 no longer exist.

Witness) Jeffrey R. Williams

Item 63) ***Please state whether there has been any use of funds from either the Rural Economic Reserve or the Transition Reserve since the consummation of the "Unwind" transaction to the current date. If there has (have) been use(s) of the funds provide the date, amount and purpose for such draw through 2013 year to date and on a continuing basis.***

Response) There has been no use of funds from the Rural Economic Reserve since the consummation of the "Unwind" transaction to the current date. The Transition Reserve funds ($35 million) were used on April 1, 2011 to prepay the RUS Series A Note to realize an annual net benefit of approximately $1,783,250 in reduced interest expense to Big Rivers and its members. Interest expense was reduced as a result of the interest rate differential that existed between interest expense on the RUS Series A Note (5.845%) versus interest income from investment of the Transition Reserve funds (0.75%). On July 27, 2012, $35 million of the proceeds from the $235 million CoBank Term Loan was used to restore the Transition Reserve in the amount prepaid on the RUS Series A Note on April 1, 2011. In its March 26, 2013 order in CN 2012-00492, the PSC authorized Big Rivers' use of the Transition Reserve funds for capital expenditures in the ordinary course of business. The $35 million of Transition Reserve funds were transferred to a special CAPEX account which is restricted to

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

capital expenditures only. The following is a listing of capital expenditures distributed from the CAPEX account to date:

May 29, 2013	$7.6 million
June 27, 2013	$3.6 million
July 29, 2013	$ .6 million

Witness) Billie J. Richert

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR A GENERAL ADJUSTMENT IN RATES
CASE NO. 2013-00199

Response to the Office of the Attorney General's
Initial Request for Information
dated August 19, 2013

September 3, 2013

Item 64) ***Please refer to the Financial Policy provided in response to PSC 1-2, at item 5. Please provide copies of all documents presented to and considered by the Board in connection with the past three "Annual Fiscal Reviews".***

Response) Attached are copies of the documents presented to and considered by the Board in connection with the past three "Annual Fiscal Reviews."

Witness) Billie J. Richert

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

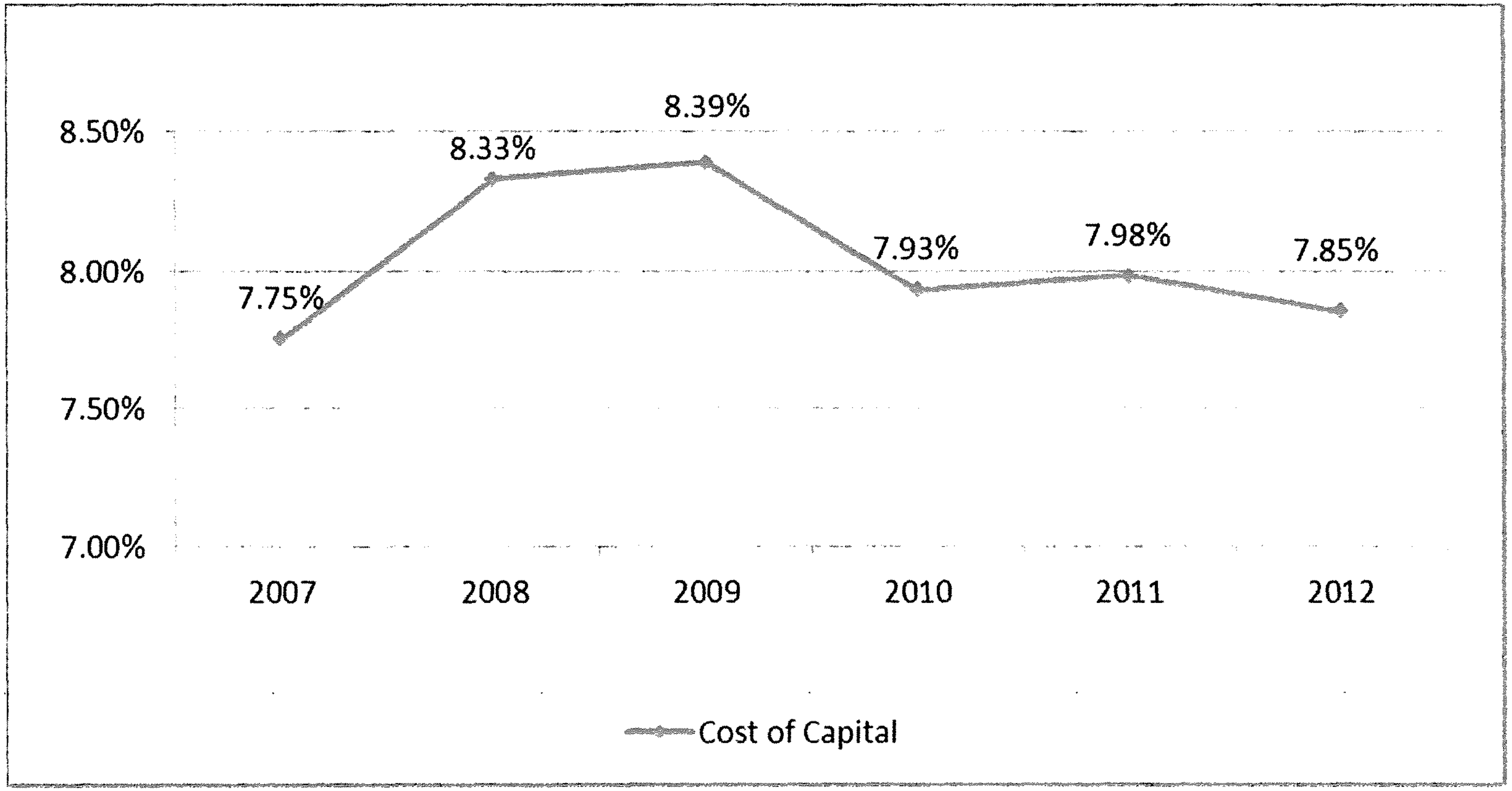
Financial Policy
A ual Fiscal Review – 2012

Board Meeting Date: 4/19/13

Touchstone Energy®
The power of human connections

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Cost of Capital



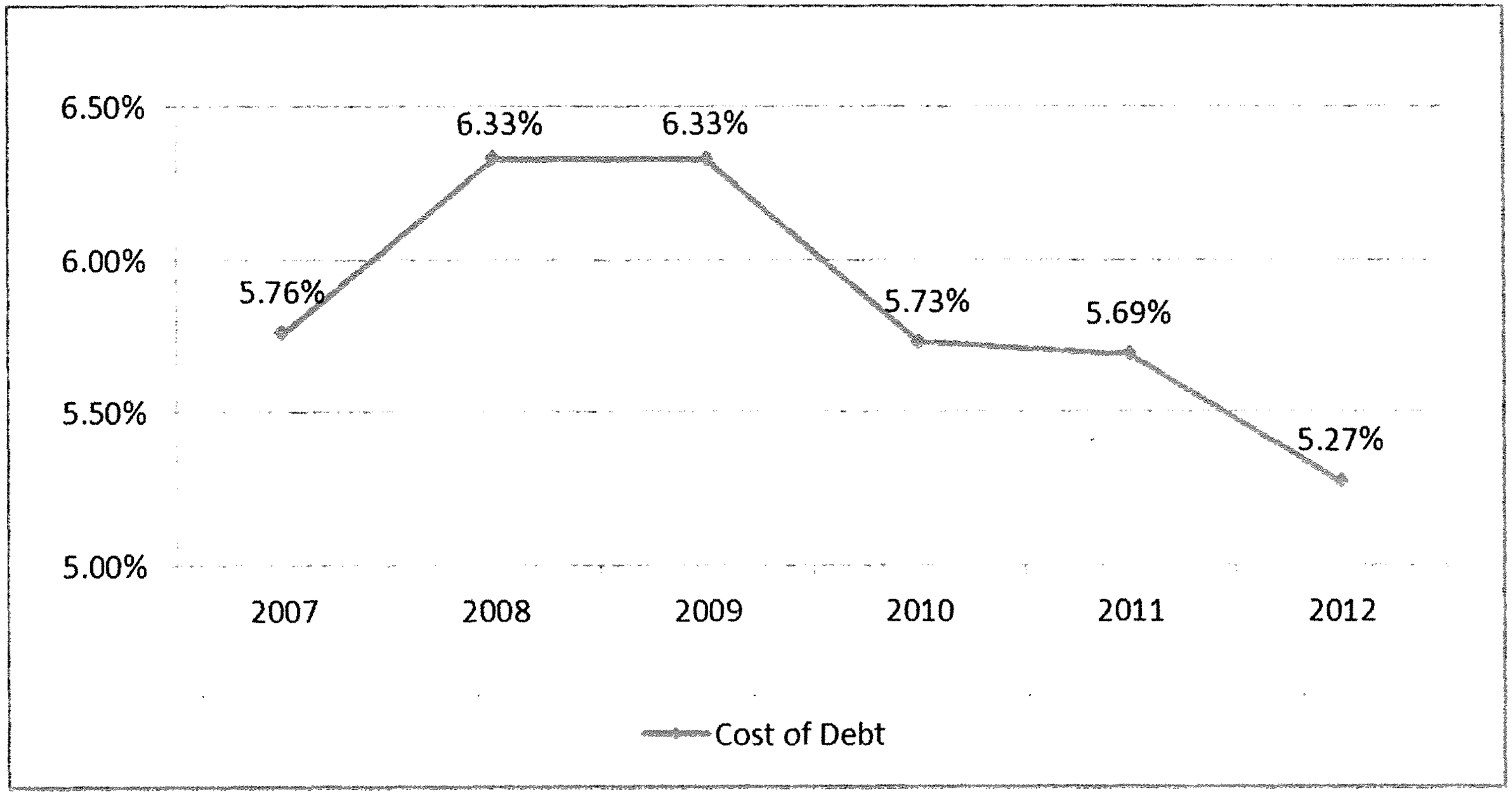
Calculated as follows:

$$\text{Cost of Debt} + \frac{\text{Depreciation + Property Taxes + Property Insurance}}{\text{13-Month Average Gross Plant in Service}}$$

Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Cost of Debt



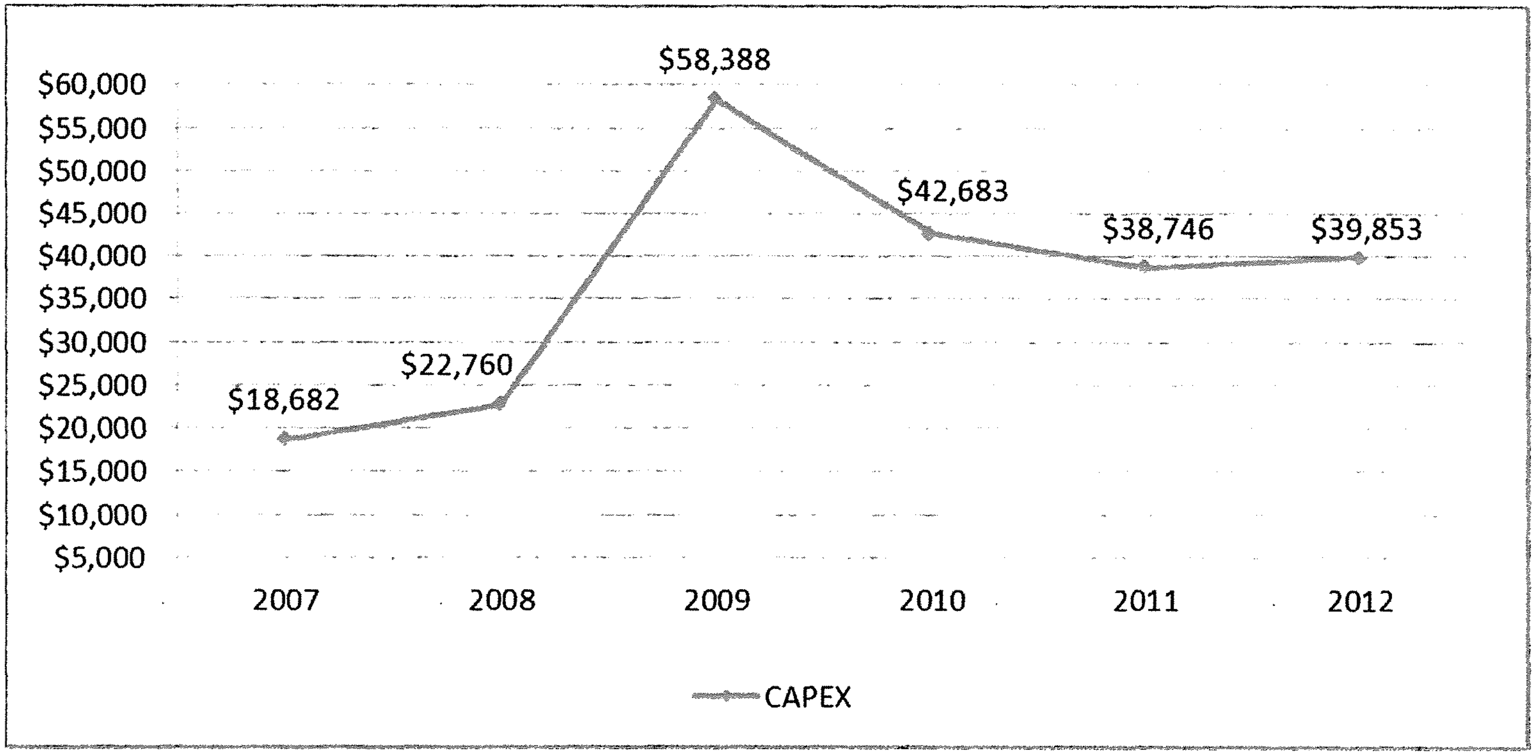
Calculated as follows:

$$\frac{\text{Interest Expense on Long-Term Debt}}{\text{13-Month Average Principal Balance}}$$

Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Capital Expenditures*

(In Thousands of $)

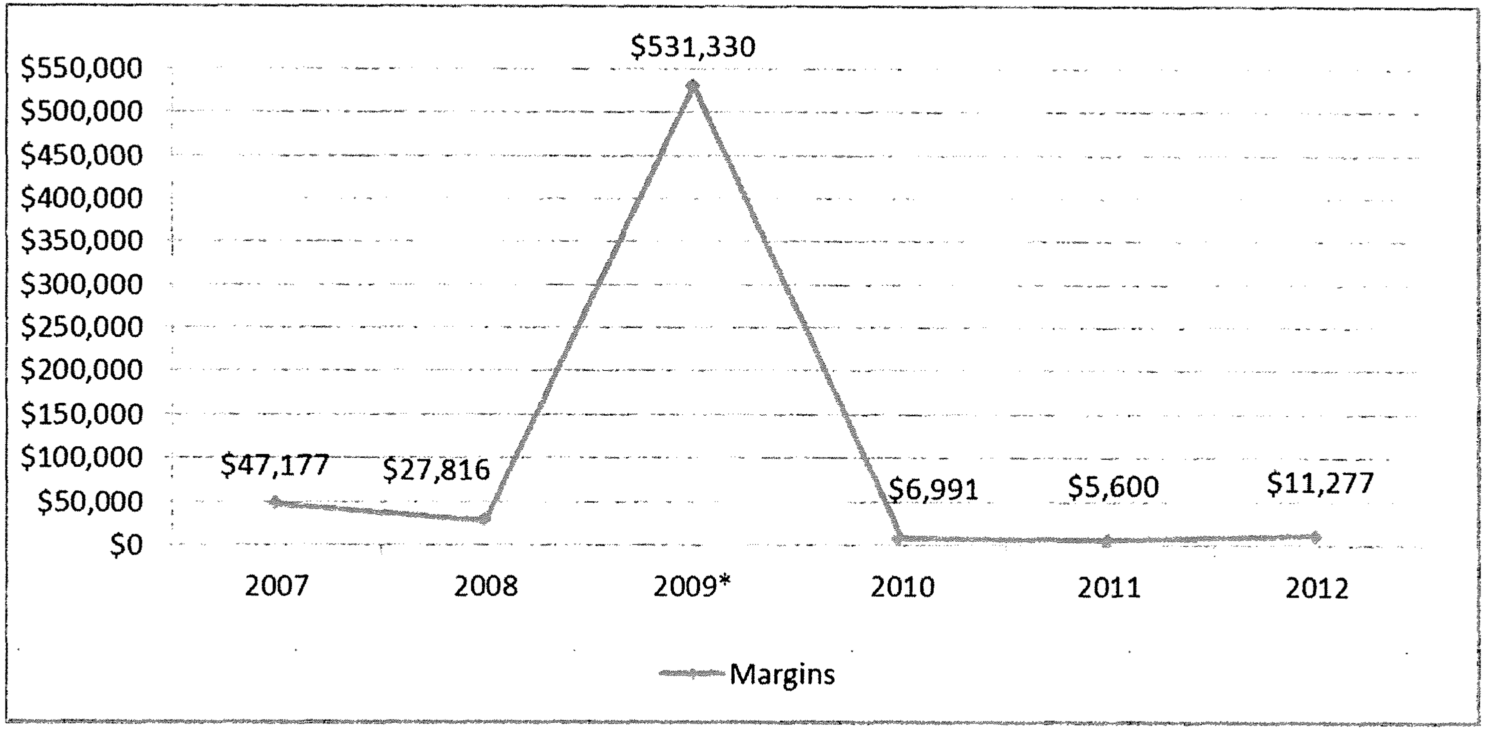


*Excludes HMP&L's share of Station Two and includes capitalized interest.

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy® Cooperative

Margins

(In Thousands of $)



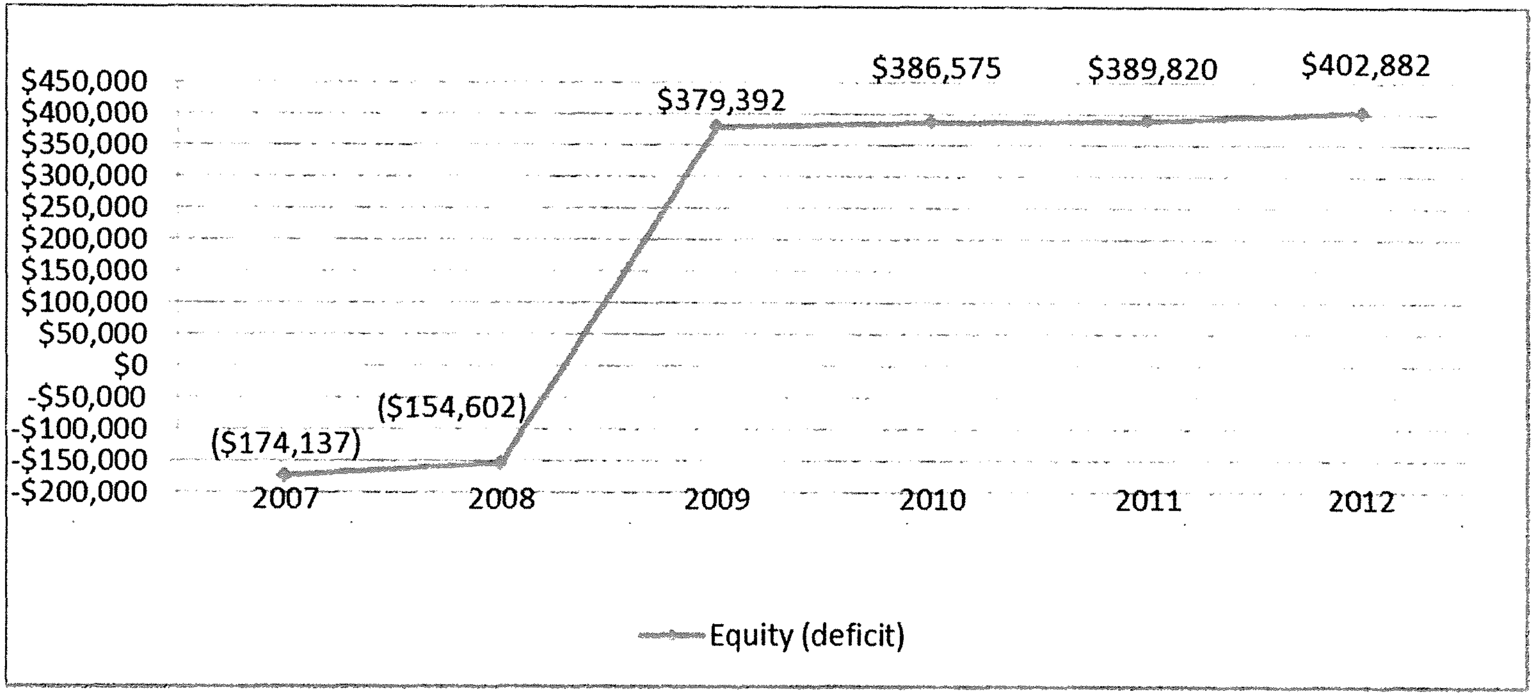
* Includes $537,978 Unwind Gain.

Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Equity (deficit)

At December 31

(In Thousands of $)

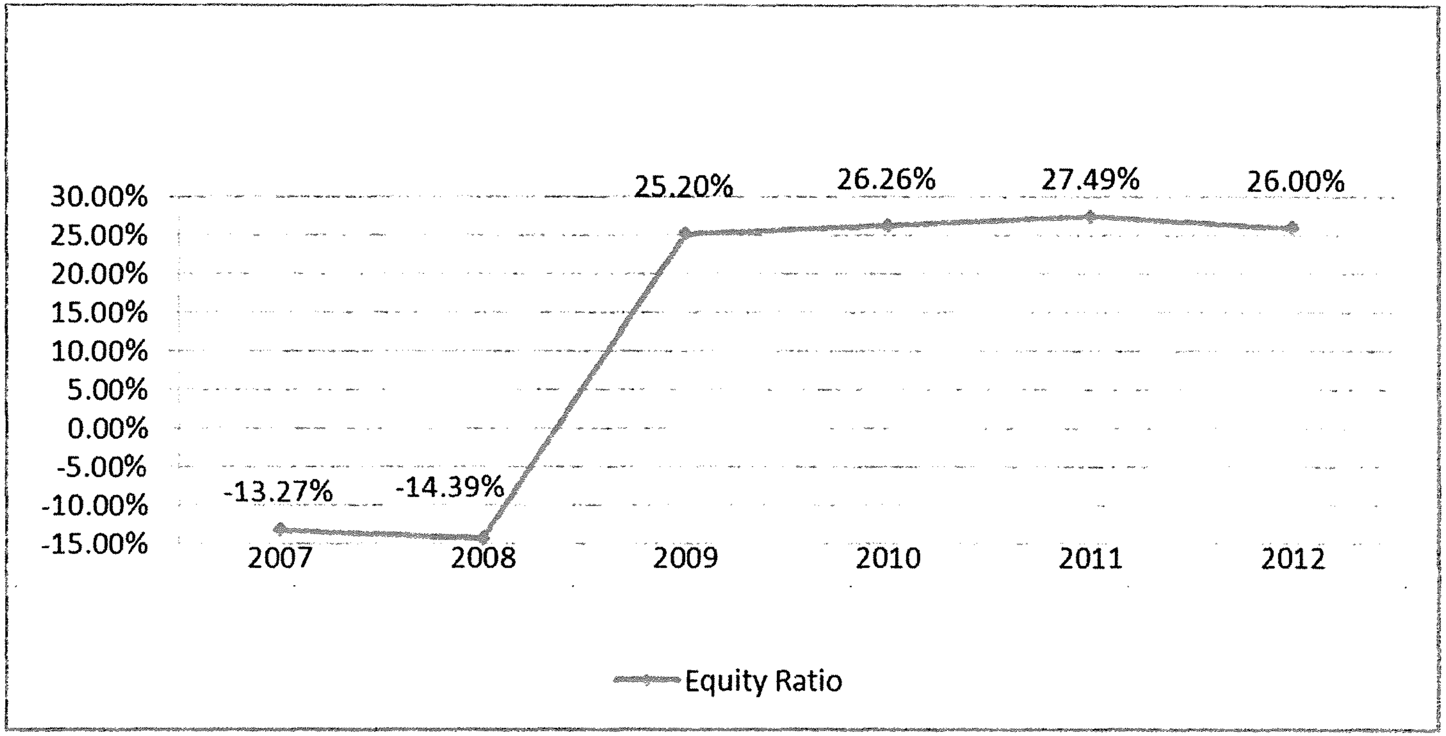


Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

Equity Ratio

At December 31



Calculated as follows:

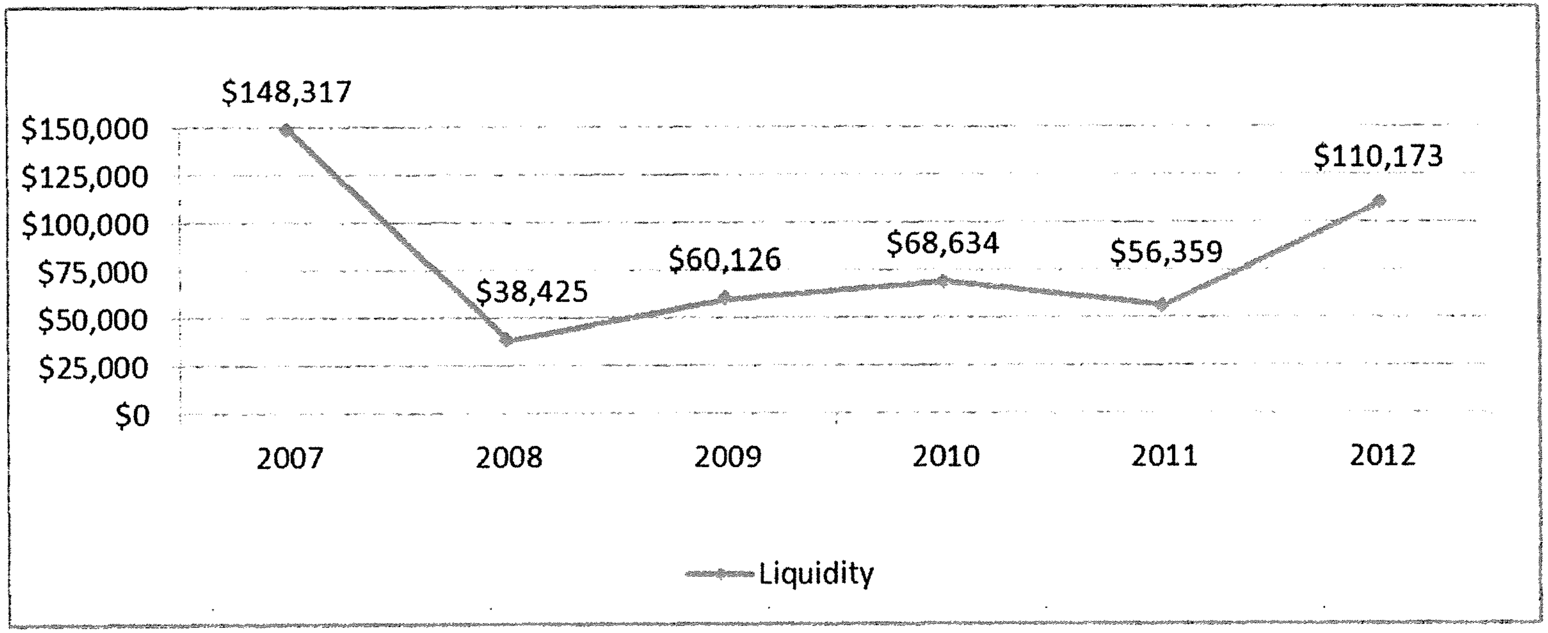
$$\frac{\text{Total Margins and Equities}}{\text{Total Assets}}$$

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Liquidity

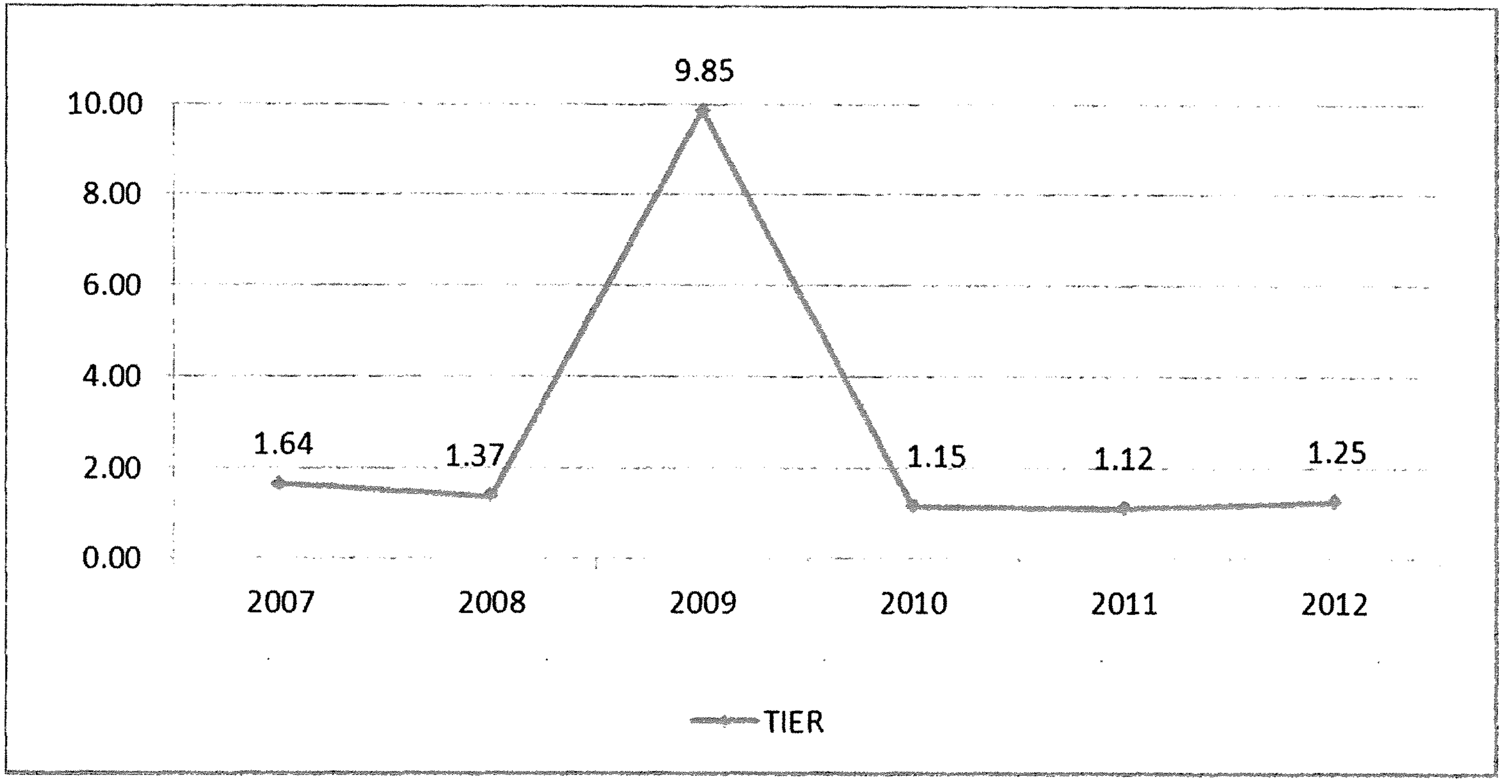
At December 31

(In Thousands of $)



Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Times Interest Earned Ratio (TIER)



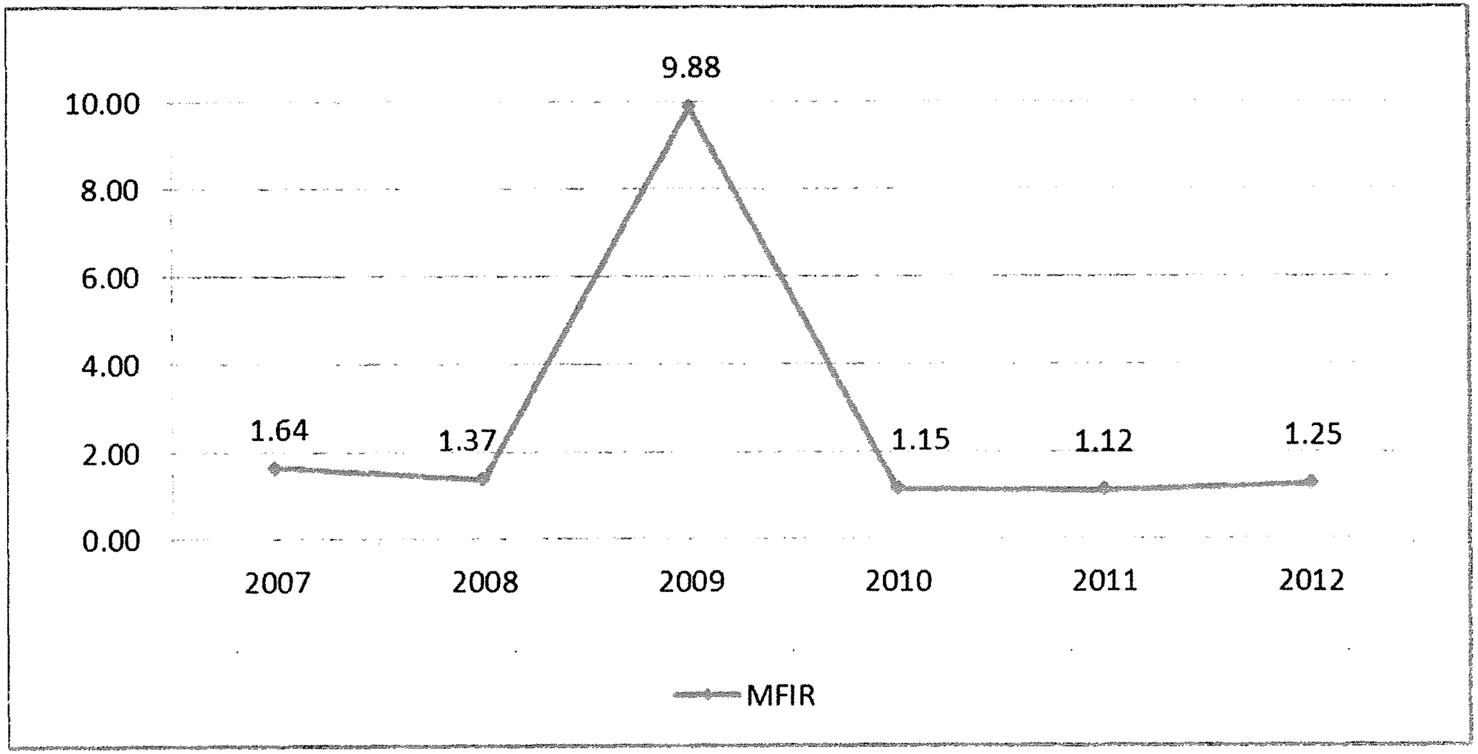
Calculated as follows:

$$\frac{\text{Net Margins + Interest Expense on Long-Term Debt (including interest charged to construction)}}{\text{Interest Expense on Long-Term Debt (including interest charged to construction)}}$$

Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Margins for Interest Ratio (MFIR)



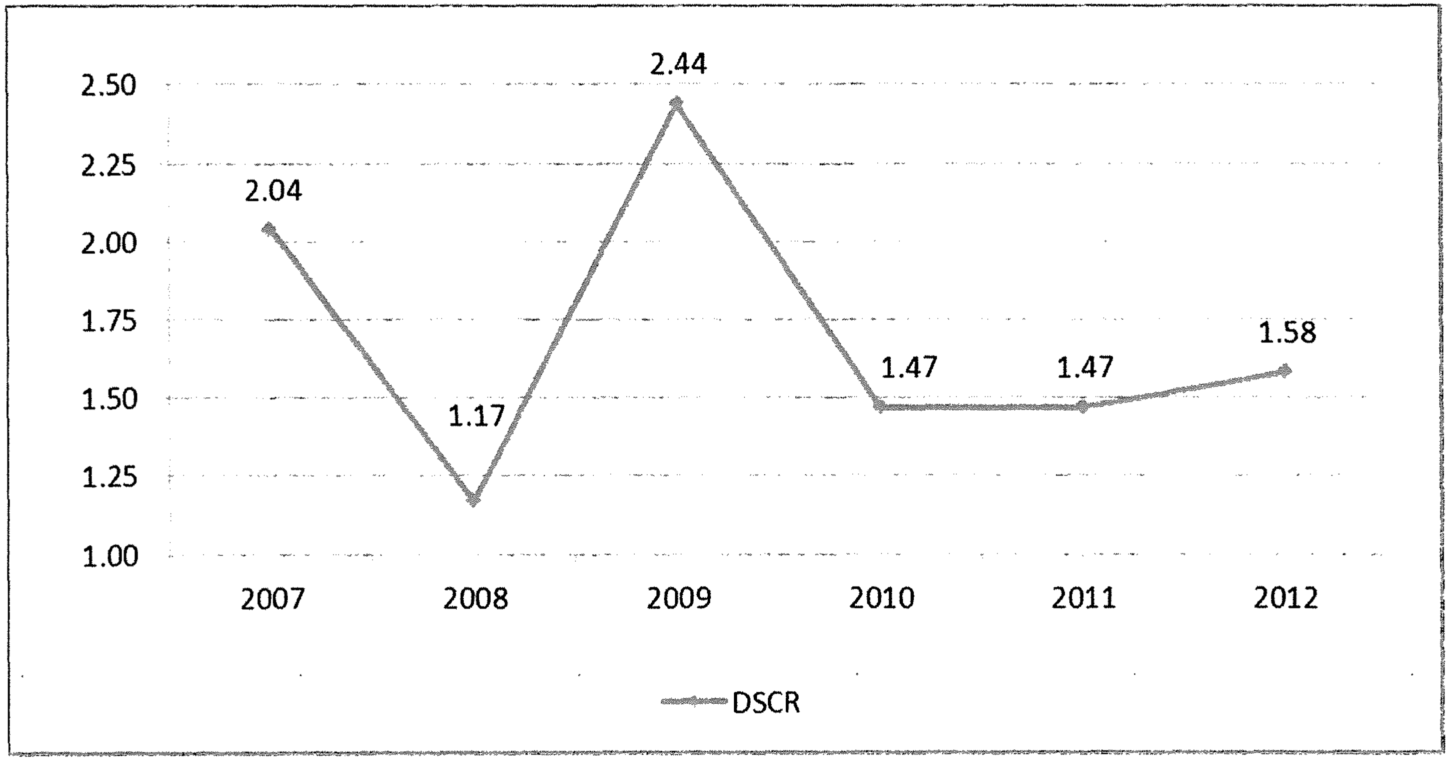
Calculated as follows:

$$\frac{\text{Net Margins + Interest Expense on Long-Term Debt (including interest charged to construction) + Income Taxes}}{\text{Interest Expense on Long-Term Debt (including interest charged to construction)}}$$

Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Debt Service Coverage Ratio (DSCR)



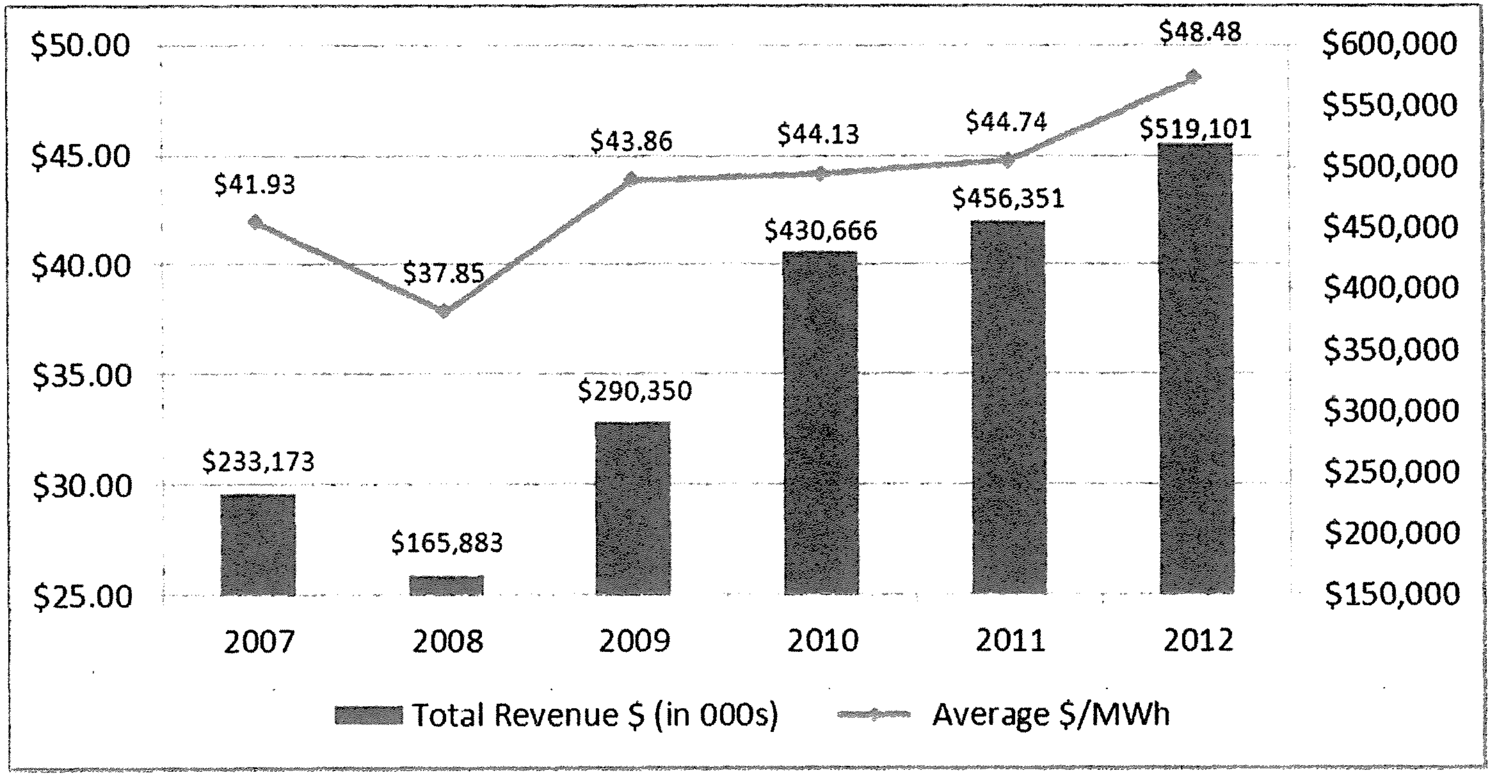
Calculated as follows:

$$\frac{\text{Net Margins + Interest Expense on Long-Term Debt (including interest charged to construction) + Depreciation \& Amortization}}{\text{Principal Due on Long-Term Debt + Interest Expense on Long-Term Debt (including interest charged to construction)}}$$

Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Member Revenues

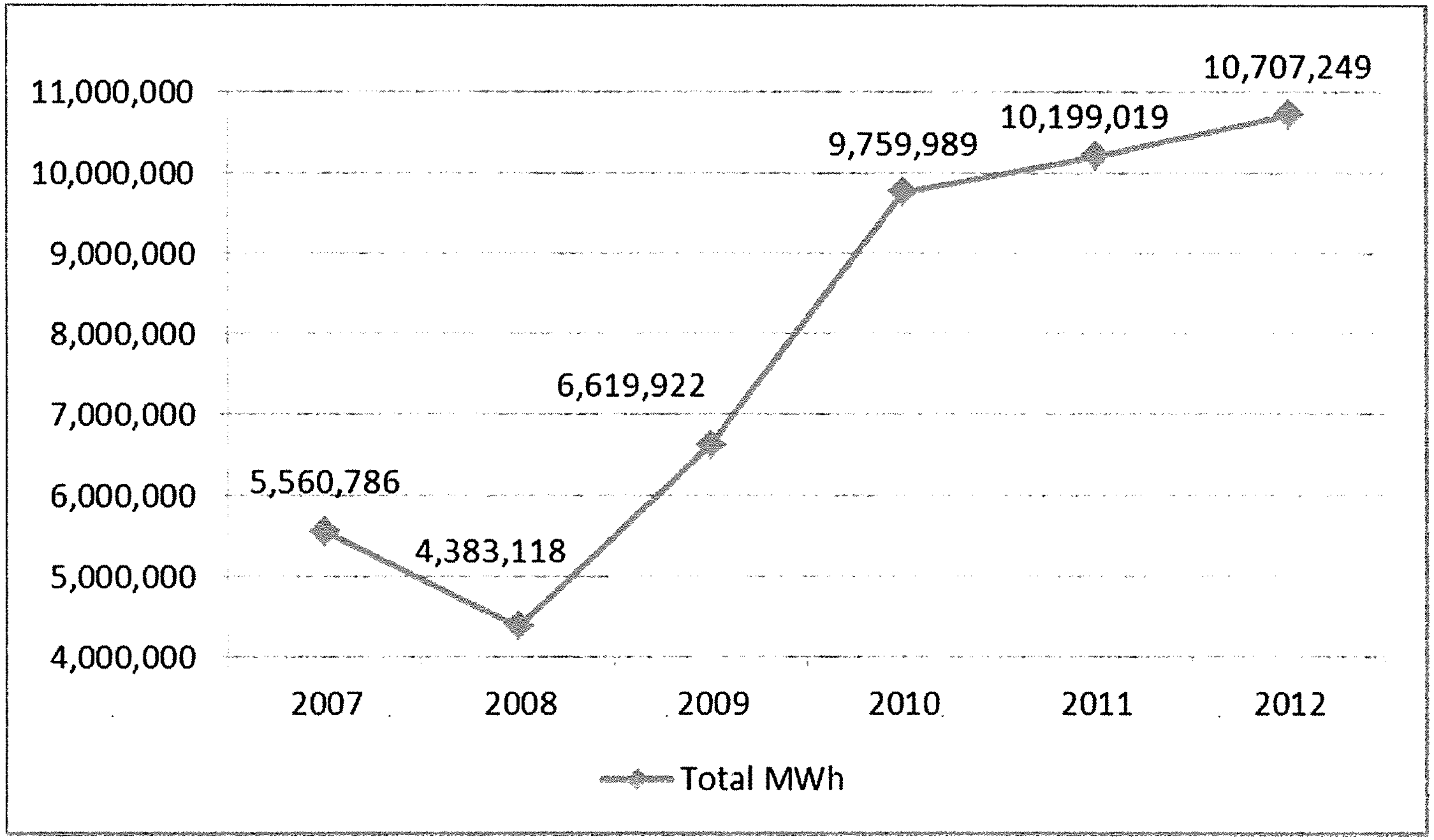
(excluding Domtar's cogenerator)



Big Rivers ELECTRIC CORPORATION

Member MWh Sales

(excluding Domtar's cogenerator)



Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Member Sales

(excluding Domtar's cogenerator)

	2007	2008	2009	2010	2011	2012
MWh						
Rural	2,406,446	2,386,916	2,239,445	2,481,390	2,371,106	2,321,478
Large Industrial	921,359	925,793	919,587	930,168	973,093	961,298
Smelter	2,232,981	1,070,409	3,460,890	6,348,431	6,854,820	7,424,473
Total MWh	5,560,786	4,383,118	6,619,922	9,759,989	10,199,019	10,707,249
Rate - $/MWh						
Rural	35.22	35.90	41.13	45.15	46.78	50.58
Large Industrial	30.96	31.12	36.68	41.89	41.68	43.15
Smelter	53.69	47.99	47.54	44.05	44.48	48.52
Average $/MWh	41.93	37.85	43.86	44.13	44.74	48.48
Revenue – thousands of $						
Rural	84,756	85,700	92,098	112,033	110,912	117,417
Large Industrial	28,525	28,814	33,729	38,968	40,560	41,476
Smelter	119,892	51,369	164,523	279,665	304,879	360,208
Total Revenue $	233,173	165,883	290,350	430,666	456,351	519,101

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

Financial Policy
A ual Fiscal Review – 2011

Board Meeting Date: 4/20/12

Touchstone Energy®
The power of human connections

Big Rivers
ELECTRIC CORPORATION

Cost of Capital

2011	2010	2009	2008	2007	2006
7.98%	7.93%	8.40%	8.33%	7.75%	7.82%

Calculated as follows:

$$\text{Cost of Debt} + \frac{\text{Depreciation} + \text{Property Taxes} + \text{Property Insurance}}{\text{13-Month Average Gross Plant in Service}}$$

Big Rivers
ELECTRIC CORPORATION

Cost of Debt

2011	2010	2009	2008	2007	2006
5.69%	5.73%	6.33%	6.33%	5.76%	5.83%

Calculated as follows:

$$\frac{\text{Interest Expense on Long-Term Debt}}{\text{13-Month Average Principal Balance}}$$

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Capital Expenditures*

(In Thousands of $)

2011	2010	2009	2008	2007	2006
38,746	42,683	58,388	22,760	18,682	13,189

* Net of HMP&L's cost share and gross of capitalized interest (ties to the audited statement of cash flows).

Big Rivers
ELECTRIC CORPORATION

Margins

(In Thousands of $)

2011	2010	2009*	2008	2007	2006
5,600	6,991	531,330	27,816	47,177	34,542

* Includes $537,978 Unwind Gain.

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Equity (deficit)

At December 31

(In Thousands of $)

2011	2010	2009	2008	2007	2006
389,821	386,575	379,392	(154,602)	(174,137)	(217,371)

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Big Rivers
ELECTRIC CORPORATION

Equity Ratio

At December 31

2011	2010	2009	2008	2007	2006
27.49%	26.26%	25.20%	-14.39%	-13.27%	-17.33%

Calculated as follows:

$$\frac{\text{Total Margins and Equities}}{\text{Total Assets}}$$

Big Rivers
ELECTRIC CORPORATION

Liquidity*

At December 31

(In Thousands of $)

	2011	2010	2009	2008	2007	2006
Cash & Investment Balance	44,849	44,775	60,126	38,425	148,317	95,936
RUS Series A Note Prepaid Status[1]	11,510	23,859	0	0	0	34,995
	56,359	68,634	60,126	38,425	148,317	130,931

[1]Excludes the 4/1/11 payment of the $35 million Transition Reserve on the RUS Series A Note.

*Post-Unwind Lines of Credit = $100 million; Pre-Unwind Line of Credit = $15 million

Big Rivers
ELECTRIC CORPORATION

Times Interest Earned Ratio (TIER)

2011	2010	2009	2008	2007	2006
1.12	1.15	9.85	1.37	1.64	1.47

Calculated as follows:

$$\frac{\text{Net Margins + Interest Expense on Long-Term Debt (including interest charged to construction)}}{\text{Interest Expense on Long-Term Debt (including interest charged to construction)}}$$

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Debt Service Coverage Ratio (DSCR)

2011	2010	2009	2008	2007	2006
1.47	1.47	2.44	1.17	2.04	1.86

Calculated as follows:

$$\frac{\text{Net Margins + Interest Expense on Long-Term Debt (including interest charged to construction) + Depreciation \& Amortization}}{\text{Principal Due on Long-Term Debt + Interest Expense on Long-Term Debt (including interest charged to construction)}}$$

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Member Sales

(excluding Domtar's cogenerator)

	2011	2010	2009	2008	2007	2006
MWh						
Rural	2,371,106	2,481,390	2,239,445	2,386,916	2,406,446	2,231,554
Large Industrial	973,093	930,168	919,587	925,793	921,359	956,502
Smelter	6,854,820	6,348,431	3,460,890	1,070,409	2,232,981	1,486,446
	10,199,019	9,759,989	6,619,922	4,383,118	5,560,786	4,674,502
Rate - $/MWh						
Rural	46.78	45.15	41.13	35.90	35.22	35.58
Large Industrial	41.68	41.89	36.68	31.12	30.96	30.67
Smelter	44.48	44.05	47.54	47.99	53.69	36.22
Average	44.74	44.13	43.86	37.85	41.93	34.78
Revenue – thousands of $						
Rural	110,912	112,033	92,098	85,700	84,756	79,402
Large Industrial	40,560	38,968	33,729	28,814	28,525	29,335
Smelter	304,879	279,665	164,523	51,369	119,892	53,846
	456,351	430,666	290,350	165,883	233,173	162,583

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

Key Financial Performance Indicators (Annual Fiscal Policy Review) For 2010

Board Meeting Date: April 15, 2011

Touchstone Energy®
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Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Margins

(In Thousands of $)

2010	2009*	2008	2007	2006	2005
6,991	531,330	27,816	47,177	34,542	26,343

* Includes $537,978 Unwind Gain.

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Cushion Status

At December 31

(In Thousands of $)

	2010*	2009*	2008	2007	2006	2005
Cash & Investment Balance	44,775	60,126	38,425	148,317	95,936	67,259
RUS Series A Prepayment Status	23,859	0	0	0	34,995	55,357
Total Cushion	68,634	60,126	38,425	148,317	130,931	122,616

*Lines of Credit = $100 million; $10 million was outstanding as of December 31, 2010

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Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Equity (deficit)

At December 31

(In Thousands of $)

2010	2009	2008	2007	2006	2005
386,575	379,392	(154,602)	(174,137)	(217,371)	(251,913)

Big Rivers
ELECTRIC CORPORATION

Capital Expenditures

(In Thousands of $)

2010	2009	2008	2007	2006	2005
42,683	58,388	22,760	18,682	13,189	12,904

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Times Interest Earned Ratio
(TIER)

2010	2009	2008	2007	2006	2005
1.15	9.85	1.37	1.64	1.47	1.37

Calculated as follows:

$$\frac{\text{Net Margins + Interest Expense on Long-Term Debt (including interest charged to construction)}}{\text{Interest Expense on Long-Term Debt (including interest charged to construction)}}$$

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Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Debt Service Coverage Ratio

(DSCR)

2010	2009	2008	2007	2006	2005
1.47	2.44	1.17	2.04	1.86	1.79

Calculated as follows:

$$\frac{\text{Net Margins + Interest Expense on Long-Term Debt (including interest charged to construction) + Depreciation \& Amortization}}{\text{Principal on Long-Term Debt + Interest Expense on Long-Term Debt (including interest charged to construction)}}$$

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

Cost of Debt

2010	2009	2008	2007	2006	2005
5.73%	6.33%	6.33%	5.76%	5.83%	5.57%

Calculated as follows:

$$\frac{\text{Interest Expense on Long-Term Debt}}{\text{13-Month Average Principal Balance}}$$

Big Rivers
ELECTRIC CORPORATION

Cost of Capital

2010	2009	2008	2007	2006	2005
7.93%	8.40%	8.33%	7.75%	7.82%	7.58%

Calculated as follows:

$$\text{Cost of Debt} + \frac{\text{Depreciation \& Amortization} + \text{Property Taxes} + \text{Property Insurance}}{\text{13-Month Average Gross Plant in Service}}$$

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Equity Ratio

At December 31

2010	2009	2008	2007	2006	2005
26.26%	25.20%	-14.39%	-13.27%	-17.33%	-20.56%

Calculated as follows:

$$\frac{\text{Total Margins and Equities}}{\text{Total Assets}}$$

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BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR A GENERAL ADJUSTMENT IN RATES CASE NO. 2013-00199

Response to the Office of the Attorney General's Initial Request for Information dated August 19, 2013

September 3, 2013

Item 65) ***Please state and describe the potential financial impact of all current material issues (known to Big Rivers) in dispute with the City of Henderson regarding the operation of HMPL Station Two. Provide the amounts related to the contingent liability, disputed amounts, settlements, and all other estimated and actual cost impacts of the dispute by account number and date (month, etc.) Explain if these impacts and costs have been included in the base period (provide actual and forecasted amounts separately) and forecasted period of this rate case and describe and show the amounts by month and account number, and provide all related supporting documentation and calculations.***

Response) Big Rivers objects to this request on the grounds that it is overly broad, unduly burdensome, not likely to lead to the discovery of admissible evidence, and seeks information that is protected by the attorney-client and attorney work product privileges. Notwithstanding this objection, but without waivingit, Big Rivers provides the following response.

Without knowing how the Attorney General defines "material," Big Rivers would identify the dispute with HMP&L over the meaning of Section 3.8 of the Power Sales Contract that is currently in litigation as the only dispute that could have a potential material impact. The contingent liability, if any, associated with that dispute cannot be calculated with any certainty for the test period because the litigation may not be decided during that period, and the variables required for the calculation are not determinable. If HMP&L prevails in the pending appeal of the arbitrators' award, the parties must determine how to implement the award, which is also unclear. Because the award will determine rights to a quantity of energy that would be sold into the wholesale market, the lower the market price of energy the lower the impact of losing the energy. Big Rivers also has an agreement with Western Kentucky Energy Corporation that minimizes Big Rivers' potential losses through 2023.

The impacts and costs included during the base period include Big Rivers' share of counsel fees and expenses incurred by Big Rivers' corporate counsel, which are $1232.00 actual expenses charged to account number 923. For the period July 2009 (since the Unwind Transaction) through July 31, 2013, the actual expenses charged to account number 923 are $128,217.74.

Also related to the arbitration litigation, on June 26, 2012, counsel for HMP&L wrote counsel for Big Rivers 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 is

$3,753,013.09. HMP&L has taken no steps since June 26, 2012, to pursue that claim, and no amounts are included in the base period related to this claim.

Witness) Billie J. Richert