



BIG RIVERS ELECTRIC CORPORATION

Financial Statements

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
811 Main Street
Houston, TX 77002

Independent Auditors' Report

The Board of Directors and Members
Big Rivers Electric Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Big Rivers Electric Corporation (the Entity), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, comprehensive income, equities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2025 and 2024, and the changes in its equities and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

KPMG LLP

Houston, Texas
March 23, 2026

BIG RIVERS ELECTRIC CORPORATION

Balance Sheets

December 31, 2025 and 2024

(Dollars in thousands)

Assets	2025	2024
Utility plant – net	\$ 1,030,538	1,070,310
Intangible plant	24,421	23,582
Other deposits and investments	26,311	25,191
Current assets:		
Cash and cash equivalents	59,028	66,721
Short-term investments	2,834	3,228
Accounts receivable	62,837	52,605
Fuel inventory	20,214	29,442
Nonfuel inventory	24,163	18,732
Prepaid expenses and other assets	1,083	1,955
Total current assets	170,159	172,683
Deferred charges and other assets:		
Regulatory assets	361,912	353,405
Long-term accounts receivable	543	1,791
Deferred charges and other	9,846	6,626
Total deferred charges and other assets	372,301	361,822
Total	\$ 1,623,730	1,653,588
Equities and Liabilities		
Capitalization:		
Equities	\$ 511,171	497,121
Long-term debt	857,199	913,705
Total capitalization	1,368,370	1,410,826
Current liabilities:		
Current maturities of long-term obligations	56,648	50,736
Purchased power payable	12,879	14,174
Accounts payable	29,925	32,566
Accrued expenses	7,692	7,296
Accrued interest	526	585
Regulatory liabilities – member rate mitigation	3,035	2,550
Total current liabilities	110,705	107,907
Deferred credits and other:		
Regulatory liabilities – member rate mitigation	276	232
Regulatory liabilities – TIER credit	17,367	16,573
Asset retirement obligations	89,771	85,456
Deferred credits and other	37,241	32,594
Total deferred credits and other	144,655	134,855
Commitments and contingencies (note 12)		
Total	\$ 1,623,730	1,653,588

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Operations

Years ended December 31, 2025 and 2024

(Dollars in thousands)

	<u>2025</u>	<u>2024</u>
Operating revenue	\$ 497,867	433,584
Total operating revenue	<u>497,867</u>	<u>433,584</u>
Operating expenses:		
Operations:		
Fuel for electric generation	105,785	88,183
Power purchased and interchanged	143,291	111,253
Production, excluding fuel	33,451	31,460
Transmission and other	38,726	42,648
Maintenance	48,395	42,317
Depreciation and amortization	79,823	73,533
Total operating expenses	<u>449,471</u>	<u>389,394</u>
Electric operating margin	<u>48,396</u>	<u>44,190</u>
Interest expense and other:		
Interest	37,157	37,622
Income tax benefit	—	—
Other – net	4,592	1,264
Total interest expense and other	<u>41,749</u>	<u>38,886</u>
Operating margin	<u>6,647</u>	<u>5,304</u>
Nonoperating margin:		
Interest income and other	5,088	7,044
Total nonoperating margin	<u>5,088</u>	<u>7,044</u>
Net margin	<u>\$ 11,735</u>	<u>12,348</u>

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Comprehensive Income

Years ended December 31, 2025 and 2024

(Dollars in thousands)

	<u>2025</u>	<u>2024</u>
Net margin	\$ 11,735	12,348
Other comprehensive income (loss):		
Defined-benefit plans:		
Actuarial loss	(525)	(220)
Amortization of loss	<u>2,684</u>	<u>232</u>
Defined-benefit plans	<u>2,159</u>	<u>12</u>
Postretirement benefits other than pensions:		
Prior service cost	—	(886)
Actuarial gain	269	506
Amortization of gain	<u>(113)</u>	<u>(240)</u>
Postretirement benefits other than pensions	<u>156</u>	<u>(620)</u>
Other comprehensive income (loss)	<u>2,315</u>	<u>(608)</u>
Comprehensive income	\$ <u><u>14,050</u></u>	<u><u>11,740</u></u>

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Equities

Years ended December 31, 2025 and 2024

(Dollars in thousands)

	Retained margin	Other equities		Accumulated other comprehensive income	Total equities
		Donated capital and memberships	Consumers' contributions to debt service		
Balance – December 31, 2023	\$ 479,463	764	3,681	1,473	485,381
Net margin	12,348	—	—	—	12,348
Pension and postretirement benefit plans	—	—	—	(608)	(608)
Balance – December 31, 2024	491,811	764	3,681	865	497,121
Net margin	11,735	—	—	—	11,735
Pension and postretirement benefit plans	—	—	—	2,315	2,315
Balance – December 31, 2025	\$ 503,546	764	3,681	3,180	511,171

See accompanying notes to financial statements.

BIG RIVERS ELECTRIC CORPORATION

Statements of Cash Flows

Years ended December 31, 2025 and 2024

(Dollars in thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net margin	\$ 11,735	12,348
Adjustments to reconcile net margin (loss) to net cash provided by operating activities:		
Depreciation expense for utility plant	51,669	50,898
Amortization expense for regulatory assets	27,833	22,314
Amortization expense for intangible assets	321	321
Interest income compounded – RUS Cushion of Credit (advance payments unapplied)	(165)	(207)
Noncash Non-Fuel Adjustment Clause Purchased Power Agreement	(11,906)	4,861
Net periodic benefit cost	3,828	1,045
Noncash lease expense	817	—
Changes in certain assets and liabilities:		
Accounts receivable	(8,984)	836
Fuel and nonfuel inventory	3,797	9,414
Prepaid expenses and other	872	1,427
Deferred charges	(2,249)	(408)
Purchased power payable	(1,295)	6,020
Accounts payable	4,029	1,266
Accrued expenses	337	(4,894)
ARO obligations settled	(2,839)	(23,064)
Pension plan contributions	(2,107)	(1,265)
Other liabilities	5,926	7,977
Other – net	3,397	5,358
Net cash provided by operating activities	<u>85,016</u>	<u>94,247</u>
Cash flows from investing activities:		
Capital expenditures	(38,980)	(73,504)
Proceeds from restricted investments and deposits	1,143	1,078
Purchases of restricted investments and other deposits and investments	(3,566)	(3,348)
Gross Proceeds of short-term investments	6,590	81,003
Gross Purchases of short-term investments	(6,196)	(6,170)
Net cash used in investing activities	<u>(41,009)</u>	<u>(941)</u>
Cash flows from financing activities:		
Principal payments on long-term obligations	(50,736)	(50,126)
Payments of debt issuance costs	(147)	—
Principal payments on capital lease obligations	(817)	—
Net cash used in financing activities	<u>(51,700)</u>	<u>(50,126)</u>
Net increase (decrease) in cash and cash equivalents	(7,693)	43,180
Cash and cash equivalents – beginning of year	<u>66,721</u>	<u>23,541</u>
Cash and cash equivalents – end of year	\$ <u>59,028</u>	\$ <u>66,721</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 39,175	43,418
Cash paid for income taxes	—	1
Supplemental schedule of non-cash financing and investing activities:		
Change in regulatory assets associated with asset retirement obligations	\$ 13,775	8,446
Change in regulatory assets associated with utility plant	(15,640)	(32,782)
Change in deferred charges associated with asset retirement obligations	5,304	—
Purchases of utility plant in accounts payable	(7,034)	(3,053)
Purchase of right of use capital lease	498	5,285

See accompanying notes to financial statements.

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Notes to Financial Statements

December 31, 2025 and 2024

(Dollars in thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) General Information

Big Rivers Electric Corporation (“Big Rivers” or the “Company”), an electric generation and transmission cooperative, supplies wholesale power to its three member distribution cooperatives (Jackson Purchase Energy Corporation, Kenergy Corp. (“Kenergy”), and Meade County Rural Electric Cooperative Corporation (“Meade County RECC”) under all required contracts. Big Rivers also markets power to nonmember utilities, power marketers, and the Midcontinent Independent System Operator (“MISO”). The members provide electric power and energy to industrial, residential, and commercial customers located in portions of 22 western Kentucky counties. The wholesale power contracts with the members originally set to expire on December 31, 2043, were extended in 2025 and will remain in effect until December 31, 2061. Rates to Big Rivers’ members are established by the Kentucky Public Service Commission (“KPSC”) and are subject to approval by the Rural Utilities Service (“RUS”). The financial statements of Big Rivers include the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 980, *Regulated Operations*, and give recognition to the ratemaking and accounting practices of the KPSC and RUS.

Concentration of Risk

Big Rivers derives a significant portion of its revenues from wholesale power sales to its member distribution cooperatives and from transactions within the MISO energy markets. As a result, the Company is exposed to credit risk associated with a limited number of counterparties.

In addition, the Company’s operations and rates are subject to oversight by governmental and regulatory authorities. Changes in regulatory decisions or market conditions could impact the Company’s financial condition, results of operations, or cash flows.

Tariff

The Company does not directly import tariff-affected materials, and management determined that the existing tariff environment did not have a material effect on the Company’s financial position, results of operations, or cash flows for the year ended December 31, 2025. To the extent tariffs contribute to higher costs for utility plant additions, such costs are capitalized in accordance with applicable accounting requirements and are expected to be recoverable through rates over the useful lives of the related assets.

Reclassifications

Certain amounts on our Statements of Cash Flows have been reclassified to conform to the current year presentation.

(b) Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the

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December 31, 2025 and 2024

(Dollars in thousands)

financial statements. Significant items subject to such estimates and assumptions include intangible asset recoverability, asset retirement obligations amortization of regulatory assets, pension and postretirement obligations, and other contingencies. Actual results may differ from those estimates.

(c) System of Accounts

Big Rivers maintains its accounting records in accordance with the Uniform System of Accounts as prescribed by RUS Bulletin 1767B-1, as adopted by the KPSC. These regulatory agencies retain authority and periodically issue orders on various accounting and ratemaking matters. Adjustments to RUS accounting have been made to make the financial statements consistent with generally accepted accounting principles in the United States of America.

(d) Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company applies the guidance in ASC 606 to portfolios of contracts with similar characteristics, as the effects do not differ materially from applying the guidance to individual contracts.

Wholesale Power Supply Agreements with Member Distribution Cooperatives

The Company's primary source of revenue is derived from wholesale power supply agreements with its member cooperatives. Under these agreements, the Company provides electric energy and related services necessary to meet the members' power requirements.

Each wholesale power supply agreement represents a contract with a customer under ASC 606. The Company's performance obligation under these agreements is the continuous delivery of electricity, which represents a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. Electricity is transferred to, and simultaneously consumed by, the member cooperatives as it is delivered.

Because the member cooperatives receive and consume the benefits of electricity as it is delivered, the Company satisfies its performance obligation over time. Revenue is recognized using an output method, based on the quantity of electricity delivered, as measured by monthly meter readings.

The transaction price for wholesale power sales is determined in accordance with the applicable power supply agreements and related rate schedules, which may include energy charges, demand charges, capacity charges, and other billable components. Revenue is recognized in the period in which electricity is delivered and the related performance obligation is satisfied.

Capacity and Demand-Related Revenues

Capacity and demand-related revenues represent consideration for the Company's obligation to make generation capacity and system capability available to member cooperatives or other counterparties over a specified period.

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(Dollars in thousands)

The performance obligation associated with capacity and demand services is satisfied over time, as the Company stands ready to provide capacity throughout the contractual period. Revenue is recognized ratably over the period in which capacity is made available, consistent with the contractual terms.

Sales into the MISO Energy Markets

The Company also participates in the MISO energy markets and sells electricity generated from its resources into those markets.

Sales into the MISO markets are accounted for as contracts with customers under ASC 606. The Company's performance obligation is satisfied at the point in time when electricity is delivered into the MISO system. Control of the electricity transfers upon delivery, and revenue is recognized based on the megawatt hours delivered in each hour multiplied by the applicable market-clearing price for that hour.

Consideration for MISO sales is variable due to hourly market pricing. Variable consideration is recognized in the period in which the electricity is delivered, as the market price directly corresponds with the value of the electricity transferred to the customer.

Contract Assets and Contract Liabilities

The Company evaluates its contracts with customers to determine whether a contract asset or contract liability should be recognized in accordance with ASC 606.

The Company does not typically recognize contract assets related to wholesale power sales, as its right to consideration becomes unconditional upon the delivery of electricity and the determination of amounts due based on metered usage. Amounts billed or billable for electricity delivered but not yet collected are recorded as accounts receivable.

The Company also does not generally recognize contract liabilities, as consideration is not received in advance of the satisfaction of its performance obligations. Revenues are recognized as electricity is delivered or as capacity is made available in accordance with contractual terms.

Contract assets and contract liabilities, if any, are not material to the Company's financial statements.

(e) Utility Plant and Depreciation

Utility plant is recorded at original cost, which includes the cost of contracted services, materials, labor, and overhead. In accordance with FASB ASC 835-20, *Interest – Capitalization of Interest*, the Company also includes capitalized interest on projects with an estimated total cost of \$250 or more before consideration of capitalized interest. The interest capitalized is determined by applying the effective rate of Big Rivers' weighted average debt to the accumulated expenditures for qualifying projects included in construction in progress. Replacements of depreciable property units, except minor replacements, are charged to utility plant.

Depreciation of utility plant in service is recorded using the straight-line method over the estimated remaining service lives, as approved by the RUS and KPSC. During 2012, a depreciation study was completed to evaluate the remaining economic lives of the Company's assets and establish new

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(Dollars in thousands)

depreciation rates. The study was approved by the RUS in 2012 and by the KPSC in 2014, with the rates becoming effective February 1, 2014. The annual composite depreciation rates used to compute depreciation expense are as follows:

Electric plant	0.35%–25.38%
Transmission plant	1.36%–2.29%
General plant	3.76%–9.88%

For 2025 and 2024, the average composite depreciation rates were 3.27% and 2.97%, respectively. At the time utility plant is disposed of, the original cost plus cost of removal less salvage value of such utility plant is charged to accumulated depreciation, as required by the RUS. For 2025 and 2024, Big Rivers TIER credit was charged to depreciation and amortization as discussed in Note 5.

(f) Intangible Plant

Indefinite-lived intangible assets are tested for impairment annually, and more frequently when there is a triggering event. Annually, or when there is a triggering event, the Company first performs a qualitative assessment by evaluating all relevant events and circumstances to determine if it is more likely than not that the indefinite-lived intangible assets are impaired. Intangible plant was recorded as a result of the resolution from a certified dispute amongst Big Rivers, Meade County RECC, and Louisville Gas and Electric (“LG&E”) in KPSC Case No. 2019-00370. During 2020, \$15,000 was paid for the certified territorial rights which do not expire. An additional \$1,000 was paid in both 2025 and 2024, respectively, related to the same certified territorial rights. The territorial rights of the intangible plant have an indefinite life and are not subject to amortization.

The Company has completed reliability projects in the amount of \$7,024, which were transferred to LG&E in accordance with the resolution. There were no additions to intangible plant related to this resolution during 2025 or 2024. Amortization expense of \$161 was recorded in both 2025 and 2024 for the reliability projects using an amortization period of 43.67 years. Intangible plant is subject to impairment testing and if impaired, the carrying value is accordingly reduced. There was no impairment recorded in 2025 or 2024.

(g) Impairment Review of Long-Lived Assets

Long-lived assets and intangible assets subject to amortization are reviewed as facts and circumstances indicate that the carrying amount may be impaired. FASB ASC 360, *Property, Plant, and Equipment*, requires the evaluation of impairment by comparing an asset’s carrying value to the estimated future cash flows the asset is expected to generate over its remaining useful life. If this evaluation were to conclude that the future cash flows were not sufficient to recover the carrying value of the asset, an impairment charge would be recorded based on the difference between the asset’s carrying amount and its fair value (less costs to sell for assets to be disposed of by sale) as a charge to net margin.

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(Dollars in thousands)

(h) Asset Retirement Obligations

FASB ASC 410-20, *Asset Retirement and Environmental Obligations – Asset Retirement Obligations*, requires legal obligations associated with the retirement of long-lived assets to be recognized at fair value when incurred and capitalized as part of the related long-lived asset. The liability is accreted each period based on the credit-adjusted risk-free rate of return that existed when the liability, or portion thereof, was initially measured. The period accretion is recognized as an increase in the carrying amount of the liability, and the capitalized cost is depreciated over the useful life of the related asset. When the asset is retired, the entity settles the obligation for its recorded amount or incurs a gain or loss.

Big Rivers has recorded liabilities in its financial statements for asset retirement obligations (“AROs”) related to the requirements of the U.S. Environmental Protection Agency’s (“EPA”) Disposal of Coal Combustion Residuals from Electric Utilities Rule (“CCR Final Rule”), the Effluent Limitations Guidelines Rule (“ELG Final Rule”), and the Final Rule – Legacy Coal Combustion Residuals Surface Impoundments and CCR Management Units Rule for the coal ash ponds and landfills. The related coal ash ponds to be closed are located at its Green Station, the City of Henderson’s Station Two (“Station Two”), and Coleman Station generating units. The related landfills to be closed are located at its Sebree Station and Wilson Station (Phase Two). The CCR Final Rule was published in the Federal Register on April 17, 2015 and provides a comprehensive set of requirements for the safe disposal of CCRs, commonly known as coal ash, from coal-fired power plants. The EPA subsequently published an update to the CCR Final Rule, effective on September 28, 2020, allowing facilities to submit a demonstration for an extension to the deadline for unlined CCR surface impoundments to stop receiving waste. The Company submitted the demonstration in November 2020 requesting approval to operate its Green Station ash pond until June 2022, with closure commencing at that time. On November 8, 2024, the EPA finalized changes to the CCR regulations for inactive surface impoundments at inactive electric power plants, referred to as “legacy CCR surface impoundments.” This rule requires the ash ponds located at Coleman Station to be closed. As part of the final changes to the rule, the Company must also complete evaluations to identify any other CCR management units, defined as land outside of regulated units whereby CCR was disposed of or managed on. The Company is in the process of performing a facility evaluation to determine whether additional obligations have been incurred as part of the final changes to the rule. Part 1 and Part 2 of the facility evaluation report are due February 9, 2027, and February 8, 2028, respectively. As such, the Company have not recorded any AROs related to CCR management units as no reliable estimate can be made at this time. The ELG Final Rule was published in the Federal Register on May 9, 2024 and sets limits on the levels of toxic metals in wastewater that can be discharged from power plants. See Note 3 for further discussion of the Company’s AROs.

(i) Inventory

Inventories are carried at average cost and include coal, lime, limestone, oil and gas used for electric generation, and materials and supplies used for utility operations. Purchased emission allowances are recorded in inventory at actual cost by each vintage year. Allowances issued by the EPA are recorded at zero cost by each vintage year. Total purchased and EPA issued allowances are carried in inventory at a weighted average cost by each vintage year. Issuances of allowances are accounted for on a vintage basis using a monthly weighted average cost.

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December 31, 2025 and 2024

(Dollars in thousands)

(j) Cash and Cash Equivalents

Big Rivers considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

(k) Short-Term Investments

Short-term investments include investments in debt securities with original maturities of less than one year.

(l) Regulatory Assets and Liabilities

FASB ASC 980 applies to regulated entities for which rates are designed to recover the costs of providing service. In accordance with this FASB topic, certain items that would normally be reflected in the statement of operations are deferred on the balance sheet. Regulatory assets represent probable future revenues associated with certain incurred costs, which will be recovered from members through the regulated rate-making process. Regulatory assets are reduced during the period(s) in which the related costs are recovered through rates or when future recovery is no longer probable. Conversely, regulatory liabilities represent future reductions in revenues associated with amounts that are to be credited, or refunded, to members through the regulated rate-making process. Regulatory liabilities are reduced during the period(s) in which the related amounts are refunded to members through rates or when future refunding of the amounts is no longer probable.

(m) Long-Term Accounts Receivable

During 2021, the Company amended a market-based rate partial and full requirements contract with an existing non-member customer. The amendment included deferral of charges incurred by the customer during 2021. As of December 31, 2025, the total due from the customer was \$3,139, with \$543 recorded as long-term accounts receivable and \$2,596 recorded in accounts receivable. As of December 31, 2024, the total due from the customer was \$4,305, with \$1,791 recorded as long-term accounts receivable and \$2,514 recorded in accounts receivable. The customer began making monthly installment payments during 2021 and will continue these payments through May 2027. There is no allowance recorded at December 31, 2025 or 2024.

(n) Other Deposits and Investments

Other deposits and investments consist primarily of patronage capital, cash collateral/margin call deposits, investments in associated organizations, and investments held in trust for a deferred compensation plan. Investments held in trust consist primarily of equities and money market accounts and are carried at fair value. Remaining deposits are recorded at their original cost as their cost approximates fair value due to the nature of the deposit.

(o) Income Taxes

Big Rivers was formed as a tax-exempt cooperative organization as described in Internal Revenue Code Section 501(c)(12). To retain tax-exempt status under this section, at least 85% of Big Rivers' annual income must be generated from transactions with the Company's members. In 1983, sales to nonmembers resulted in Big Rivers failing to meet the 85% requirement. Until Big Rivers can meet the

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(Dollars in thousands)

85% member income requirement, the Company will not be eligible for tax-exempt status and will be treated as a taxable cooperative.

As a taxable cooperative, Big Rivers is entitled to exclude the amount of patronage allocations to members from taxable income. Income and expenses related to nonpatronage-sourced operations are taxable to Big Rivers. Big Rivers files a federal income tax return and certain state income tax returns.

Under the provisions of FASB ASC 740, *Income Taxes*, Big Rivers is required to record deferred tax assets and liabilities for temporary differences between amounts reported for financial reporting purposes and amounts reported for income tax purposes on the tax return. Deferred tax assets and liabilities are determined based upon these temporary differences using enacted tax rates for the year in which these differences are expected to reverse. Deferred income tax expense or benefit is based on the change in assets and liabilities from period to period, subject to an ongoing assessment of realization. Tax benefits associated with income tax positions taken, or expected to be taken, in a tax return are recorded only when the more-likely-than-not recognition threshold is satisfied and measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

(p) Patronage Capital

As provided in the Company's bylaws, Big Rivers accounts for each year's patronage-sourced income, both operating and non-operating, on a patronage basis. Notwithstanding any other provision of the bylaws, the amount to be allocated as patronage capital for a given year shall not be less than the greater of regular taxable patronage-sourced income or alternative minimum taxable patronage-sourced income.

(q) Derivatives

Management has reviewed the requirements of FASB ASC 815, *Derivatives and Hedging*, and has determined that certain contracts to which the Company is a party to meet the definition of a derivative under FASB ASC 815. The Company has elected the Normal Purchase and Normal Sale exception for these contracts, and therefore, the contracts are not required to be recognized at fair value in the financial statements.

(r) Fair Value Measurements

FASB ASC 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous, market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs when possible. The three levels of inputs used to measure fair value are as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and

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- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities, including certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

(s) Deferred Loan Costs

The Company capitalizes costs incurred in connection with long-term debt. These costs are amortized using the effective interest method over the term of the respective debt financing agreements.

(t) Deferred Credits and Other

Deferred credits and other includes employee-related benefits, reimbursable projects, obligations under finance lease, and capacity revenue sales billed but not yet earned. Employee related benefits include, but are not limited to, pension and post-retirement benefit costs and amounted to \$13,367 and \$13,639 at December 31, 2025 and 2024, respectively. Reimbursable projects amounted to \$17,001 and \$14,311 at December 31, 2025 and 2024, respectively. Obligations under finance lease amounted to \$3,815 and \$4,571 at December 31, 2025 and 2024, respectively. Deferred capacity revenue, which will be recognized within the next year, amounted to \$3,058 and \$73 at December 31, 2025 and 2024, respectively.

The Company accounts for leases in accordance with ASC 842, *Leases*. The Company determines whether an arrangement contains a lease at inception by evaluating whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Substantially all leases are classified as finance leases. The Company has elected the short-term lease exemption for leases with an initial term of twelve months or less; accordingly, lease payments for such leases are recognized as expense on a straight-line basis over the lease term and are not recorded on the balance sheet.

(u) New Accounting Guidance

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 is effective for the Company's annual reporting periods beginning after December 15, 2025. The ASU requires the annual financial statements to include consistent categories and greater disaggregation of information in the rate reconciliation, and income taxes paid disaggregated by jurisdiction. Adoption is either with a prospective method or a fully retrospective method of transition. The Company is evaluating the impact of adopting the guidance on its financial statements.

In July 2025, the FASB issued ASU 2025-05, *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU provides a practical expedient that permits an entity to assume that current conditions as of the balance sheet date do not change for the remaining life of certain current accounts receivable and contract assets. In addition, the ASU allows an entity, other than a public business entity, that elects the practical expedient to make an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses. The guidance is effective for interim and annual periods beginning after December 15, 2025 and is to be adopted on a prospective basis. Early adoption is permitted. The Company is evaluating whether to elect the

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practical expedient and related accounting policy election and does not expect adoption to have a material impact on its financial statements.

(2) Utility Plant

At December 31, 2025 and 2024, utility plant is summarized as follows:

	<u>2025</u>	<u>2024</u>
Classified plant in service:		
Production plant	\$ 1,547,080	1,543,226
Transmission plant	499,667	440,429
General plant	80,275	84,717
Other	<u>67</u>	<u>67</u>
	2,127,089	2,068,439
Less accumulated depreciation	<u>1,120,272</u>	<u>1,140,795</u>
	1,006,817	927,644
Construction in progress	<u>23,721</u>	<u>142,666</u>
Utility plant – net	\$ <u><u>1,030,538</u></u>	<u><u>1,070,310</u></u>

Big Rivers' secured long-term debt obligations and the 2nd Amended and Restated Syndicated Senior Secured Credit Agreement, dated June 20, 2023, are secured under Big Rivers' Indenture dated as of July 1, 2009, as supplemented and amended (the "Indenture"), between Big Rivers and U.S. Bank National Association, as trustee (the "Indenture Trustee"). Obligations are secured under the Indenture by a mortgage lien on substantially all of Big Rivers' owned tangible, and certain intangible, properties including Big Rivers' production, transmission, general, and other Utility Plant. See Note 4 for further discussion of Big Rivers' Debt and Other Long-Term Obligations secured under its Indenture.

During 2025, Big Rivers completed two significant capital projects, resulting in the reclassification of the related balances from Construction in Progress to Plant in Service. These projects consisted of the Transmission Operations Center and the Gypsum Dewatering System at Wilson Station.

Depreciation expense on utility plant for the years ended December 31, 2025 and 2024 was \$51,669 and \$50,898, respectively.

Interest capitalized for the years ended December 31, 2025 and 2024 was \$1,958 and \$3,536, respectively.

As of December 31, 2025 and 2024, the Company had recorded \$45,467 and \$48,921, respectively, related to nonlegal removal costs included in accumulated depreciation as required by the RUS.

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(3) Asset Retirement Obligations

The Company has AROs arising from legal obligations associated with the retirements of certain long-lived assets. The liabilities were initially measured at fair value and subsequently adjusted for accretion expense and changes in estimated future cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived assets and depreciated over their remaining useful lives. The following table presents the activity for the ARO liabilities for the years ended December 31, 2025 and 2024:

	2025	2024
ARO balance at beginning of year	\$ 85,456	43,520
Additional obligations incurred	—	42,573 (d)
Changes in estimated timing or cost	3,546 (a)	19,333 (e)
Accretion expense	4,590 (b)	3,094 (b)
ARO settlement	(982) (c)	—
Obligations settled during current period	(2,839)	(23,064)
ARO balance at end of year	\$ 89,771	85,456

- (a) During 2025, the Board of Directors approved an extension of the wholesale power contract with the members. The extension of the wholesale power contract allowed Big Rivers to extend the useful life of the Wilson Station landfill to coincide with Big Rivers' most recent Integrated Resource Plan, which was filed and approved with the Kentucky Public Service Commission. The previous settlement date for the Wilson Station landfill was limited to the expiration of the original wholesale power contract. Additionally, Big Rivers received updated cost estimates for the closure of the Wilson Station landfill and the Sebree Station landfill in 2025. Based on the new cost estimate and extended use, Big Rivers recorded adjustments to both the Wilson Station landfill closure and Sebree Station landfill closure ARO liabilities.
- (b) The 2025 and 2024 annual ARO accretion expense of \$4,590 and \$3,094, respectively, was deferred and included in the Regulatory Assets amount reported on the Company's balance sheet as of December 31, 2025 and 2024. The KPSC final order in Case No. 2019-00435, the Environmental Compliance Plan, approved the recovery of the capital costs for ash pond closure through the environmental surcharge mechanism ("ESM") based on non-levelized amortization of the actual ash pond closure spending-to-date, allocable over a rolling 10-year period. This method ensures that cost recovery from Members through the ESM is based on actual project spending while also allowing Big Rivers to match its amortization expense with ESM revenue.
- (c) Closure activities were completed for both the Green Station and Station Two ash ponds during 2025. As a result, Big Rivers settled the Green Station and Station Two ash pond ARO liability obligations. When the liabilities were settled, Big Rivers also retired the associated utility plant recorded for both the Green Station and Station Two ash pond closures.

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- (d) Due to the final changes to the CCR Rule relating to legacy surface impoundments, an ARO liability was recorded in 2024 for closure costs associated with the Coleman Station ash ponds. See Note 1, for new EPA regulations effective for 2024 requiring closure of Coleman Station ash ponds.
- (e) As of December 31, 2024, closure activities were still ongoing for both the Green Station and Station Two ash ponds. As a result, Big Rivers recorded an adjustment to the Green Station and Station Two ash pond ARO liabilities to reflect both a change in cost estimate and extension of the final closure date. Big Rivers received an updated cost estimate for the closure of the Sebree landfill in 2024. Additionally, Big Rivers' future intent to utilize the Sebree landfill was also extended during 2024. As a result of the new cost estimate and extended use, Big Rivers recorded an adjustment to the Sebree landfill ARO liability.

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(4) Debt and Other Long-Term Obligations

Details of long-term debt at December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
CFC Refinance Promissory Note, Series 2012B, serial note pricing, 4.30% effective interest rate, final maturity date of May 2032	\$ 126,243	142,532
CoBank Promissory Note, Series 2012A, 4.30% fixed interest rate, final maturity date of June 2032	101,639	114,688
2018 RUS Guaranteed FFB Loan, W8, 2.83% effective interest rate, final maturity date of January 2033	14,674	16,554
2018 RUS Guaranteed FFB Loan, X8, 2.94% effective interest rate, final maturity date of December 2043	14,431	15,039
2021 RUS Guaranteed FFB Loan, Y8A, 1.94% effective interest rate, final maturity date of December 2043	22,236	23,272
2022 RUS Guaranteed FFB Loan, Y8B, 3.34% effective interest rate, final maturity date of December 2043	112,704	117,260
2022 RUS Guaranteed FFB Loan, AA8, 2.31% effective interest rate, final maturity date of December 2043	52,288	54,634
2023 RUS Guaranteed FFB Loan, Z8, 4.97% effective interest rate, final maturity date of December 2043	12,238	12,654
2023 RUS Guaranteed FFB Loan, AC58, 4.37% effective interest rate, final maturity date of December 2042	121,560	122,765
2022 CFC Loan 1, 4.58% fixed interest rate, final maturity date of September 2042	44,187	45,943
2022 CFC Loan 2, 4.82% fixed interest rate, final maturity date of September 2042	44,758	46,458
2022 CFC Farmer Mac Loan, 4.37% fixed interest rate, final maturity date of September 2042	44,071	45,858
2023 CFC Loan 1, 5.45% fixed interest rate, final maturity date of September 2043	32,402	33,484
2023 CFC Loan 2, 5.45% fixed interest rate, final maturity date of September 2043	23,145	23,917
2023 CFC Loan 3, 5.46% fixed interest rate, final maturity date of September 2043	70,612	72,866
CFC Promissory Note, Series 2020B, 2.49% fixed interest rate, final maturity date of February 2031	<u>83,300</u>	<u>83,300</u>
Total long-term debt	920,488	971,224

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	<u>2025</u>	<u>2024</u>
Total long-term debt	\$ 920,488	971,224
Less current maturities	56,648	50,736
Less unamortized deferred debt issuance costs	2,288	2,595
Less advance payments unapplied – RUS cushion of credit	<u>4,353</u>	<u>4,188</u>
Total long-term debt – net of current maturities, deferred debt issuance costs, and advance payments	\$ <u>857,199</u>	<u>913,705</u>

The following are scheduled maturities of long-term debt at December 31, 2025:

	<u>Amount</u>
Year:	
2026	\$ 56,648
2027	54,889
2028	61,502
2029	68,894
2030	67,423
Thereafter	<u>611,132</u>
Total	\$ <u>920,488</u>

(a) Indenture Dated July 1, 2009

All debt of Big Rivers is secured by the indenture.

(b) Loan Proceed Purpose

The primary purpose for the proceeds of Big Rivers' loans is financing of capital expenditures. Two exceptions include the RUS FFB Y8B and RUS FFB AC58 loans, the proceeds of which were used to refinance the RUS Series B Note.

(c) Loan Interest

All RUS Guaranteed FFB Notes have a fixed interest rate which excludes the RUS Administrative fee. The effective rate on all RUS Guaranteed FFB Notes is the fixed interest rate plus the 0.125% RUS Administrative fee.

For all CoBank and CFC loans, the stated and effective interest rates are the same. There are no additional administrative fees.

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(d) Line of Credit (CFC Syndicated Line), Series 2023A

On June 20, 2023, the existing 2020 Agreement, that was previously amended and restated, was replaced with a \$150,000 Syndicated Secured Credit Agreement (the "2023 Agreement") with CFC, CoBank, Fifth Third Bank, Regions Bank, and Bank of America. In conjunction with the 2023 Agreement, Big Rivers issued secured promissory notes (the "Series 2023A Notes"), equal to each lender's commitment, which are secured under Big Rivers' Indenture. The line of credit is billed monthly for interest only. The rate is a variable rate tied to the Secured Overnight Financing Rate plus the applicable margin. The applicable margin range is 1.00% to 1.65%. The line matures June 19, 2027, as a result of a Maturity Date Extension Agreement dated June 20, 2025.

As of December 31, 2025 and 2024, Big Rivers had no outstanding borrowings under the 2023 Agreement and no issued letters of credit outstanding.

(e) RUS Cushion of Credit

In 2018, Big Rivers began participating in the cushion of credit program administered by the RUS in conjunction with the execution of the 2018 W8 and X8 RUS Guaranteed FFB Loans. Under the cushion of credit program, RUS borrowers may make voluntary irrevocable deposits into the cushion of credit account. Per the terms of the RUS' commitment to guarantee Big Rivers' W8 and X8 Loans, Big Rivers agreed to make an initial deposit of \$3,200 to the cushion of credit account upon receipt of the loan funds and to make additional deposits, as needed, so that the balance at the beginning of each year going forward is equal to or greater than the annual payments due on the W8 and X8 Loans during the year. The interest rate is equal to the one-year Treasury rate as of October 1 of each year. The rate in effect as of December 31, 2025, is 3.68%. During 2025, the cushion of credit account accrued interest at an annual rate of 3.98%.

Big Rivers' amounts in the cushion of credit account (deposits and accrued interest) may only be used to make scheduled principal and interest payments on the W8 and X8 Loans.

(f) Covenants

Big Rivers is in compliance with all debt covenants associated with both its long-term and short-term debt obligations. The Company's Indenture and other debt agreements require that a Margins for Interest Ratio ("MFIR") of at least 1.10 be maintained for each fiscal year. The MFIR is the sum of margins for interest plus interest charges, divided by interest charges. The 2023 Agreement requires that Big Rivers, throughout the duration of the agreement, maintain a minimum Equities' balance at the end of each fiscal quarter-end and as of the last day of each fiscal year in an amount at least equal to \$365,000 plus 50% of the cumulative positive net margin for the period from December 31, 2022, to the end of the Borrower's most recently ended fiscal year. Big Rivers' MFIR for the fiscal year ended December 31, 2025, was 1.30, taking into account the TIER Credit discussed in note 5, and its Equities balance was \$511,171.

An MFIR of less than 1.10, per the Indenture and other debt agreements, may result in the following actions, restrictions, or consequences: Big Rivers may not secure additional debt under the Indenture; the Company must seek rates that are reasonably expected to yield a 1.10 MFIR; the Company must provide a written plan satisfactory to the RUS setting forth actions to be taken to achieve the specified

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MFIR on a timely basis; an event of default may occur; interest rates may increase; and its line of credit may be terminated with an acceleration of any outstanding amounts becoming due immediately.

(5) Rate Matters

In connection with the rate matters discussed below, the following tables provide a summary of Regulatory Assets and Liabilities reflected in the Balance Sheet as of December 31, 2025 and 2024:

	<u>Regulatory assets</u>	
	<u>2025</u>	<u>2024</u>
Non-FAC PPA	\$ 32,764	20,858
Asset retirement obligations	58,546	54,327
Environmental costs (CCR)	7,675	9,209
Station Two contract termination	37,649	51,453
Coleman plant retire/decommission	143,775	136,492
Green plant gas conversion	81,503	81,066
	<u>\$ 361,912</u>	<u>353,405</u>
Total regulatory assets		
	<u>Regulatory liabilities</u>	
	<u>2025</u>	<u>2024</u>
Member rate mitigation	\$ 3,311	2,782
TIER Credit	17,367	16,573
	<u>\$ 20,678</u>	<u>19,355</u>
Total regulatory liabilities		

The rates charged to Big Rivers' members generally consist of a demand charge per kilowatt ("kW") and an energy charge per kilowatt-hour ("kWh") consumed as approved by the KPSC. The rates include specific demand and energy charges for its two classes of customers, the large industrial customers and the rural customers, under its jurisdiction. For the large industrial customers, the demand charge is generally based on each customer's maximum demand during the current month. For the rural customers, the demand charge is based on Maximum Adjusted Net Local Load (as defined in Big Rivers' tariff).

The Company has certain KPSC approved tariff riders; including a fuel adjustment clause, an environmental surcharge, and the Member Rate Stability Mechanism ("MRSM").

Non-FAC PPA:

Effective July 17, 2009, the KPSC approved the implementation of the Non-Fuel Adjustment Clause-Purchased Power Adjustment ("Non-FAC PPA") which is a rate mechanism allowing Big Rivers to recover certain costs of purchased power that are not recoverable through its Fuel Adjustment Clause ("FAC"). An accrual is recorded monthly to a regulatory asset or liability account based on the difference between the actual purchased power costs recoverable through the Non-FAC PPA and the purchased power base cost included in base rates. The balance in the regulatory asset or liability account as of

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June 30 each year is billed or refunded to members during the following twelve-month period beginning September 1 through August 31 of the following year.

Asset Retirement Obligations:

On January 5, 2016, the KPSC issued an order in Case No. 2015-00333 approving Big Rivers' request to establish regulatory assets for the deferral of certain expenses it would incur for compliance with the CCR Final Rule, including accretion and depreciation expense related to the Green Station and Station Two ash ponds' AROs and other incremental expenses. On June 11, 2021, the KPSC issued an order in Case No. 2021-00079 approving Big Rivers' requests to establish a regulatory asset for the deferral of certain expenses related to the Green Station and to recover those deferred expenses through a levelized amortization of the deferred amount over the period from 2024 through 2045. The ARO for the Sebree Station landfill is recorded in this regulatory asset. On October 25, 2022, the KPSC issued an order in Case No. 2022-00201, approving Big Rivers' request to establish regulatory assets for the deferral of certain expenses it would incur for compliance with the CCR Final Rule, including accretion and depreciation expense related to the ARO for the Wilson Station landfill.

Environmental Costs (CCR) and ECP Case Expense:

On August 6, 2020, the KPSC approved Big Rivers' 2020 Environmental Compliance Plan ("2020 ECP"), (1) granting Big Rivers the authority to close the Green Station and Station Two ash ponds; (2) granting Big Rivers the authority to move the Coleman Station flue gas desulfurization system ("FGD") to Wilson Station to replace Wilson's FGD; (3) conditionally granting Big Rivers' request to establish regulatory assets for the accretion and depreciation expense related to the Coleman Station legacy ash ponds, should the CCR Final Rule be extended to apply to such legacy ash ponds; (4) conditionally granting Big Rivers the authority to close the Coleman Station ash ponds, should the CCR Final Rule be extended to apply to such legacy ash ponds; (5) authorizing Big Rivers to amortize the Green Station and Station Two ash pond AROs through its environmental surcharge; (6) conditionally authorizing Big Rivers to amortize the costs incurred to close the Coleman Station ash pond through its environmental surcharge should the CCR Final Rule be extended to apply to the Coleman Station ash ponds; (7) authorizing Big Rivers to amortize the regulatory asset for CCR-related expenses through its environmental surcharge; and (8) authorizing Big Rivers to establish a regulatory asset for the costs of preparing and prosecuting the 2020 ECP case, the recovery of which regulatory asset was approved in Case No. 2021-00061. On May 8, 2024, the U.S. Environmental Protection Agency ("EPA") finalized the CCR regulations for inactive surface impoundments at inactive electric utilities, referred to as "legacy CCR surface impoundments." On December 16, 2024, Big Rivers notified the KPSC the Coleman Station ash ponds are subjected to the CCR Rule, meeting the August 6, 2020 Order's condition to record Coleman ARO costs as a regulatory asset. Costs related to the Coleman ARO are recorded within the Coleman plant retirement regulatory asset.

As of December 31, 2025 and 2024, the total amount of CCR-related expenses and costs for asset retirement obligations deferred and included in Regulatory Assets on the Company's balance sheet was \$66,211 and \$63,536, respectively.

Station Two Contract Termination:

On August 29, 2018, the KPSC entered an order (Case No. 2018-00146) (i) finding that the Station Two units were no longer capable of the normal, continuous, reliable operation for the economically competitive

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production of electricity; (ii) finding that the Station Two contracts, except for the Joint Facilities Agreement, have therefore terminated pursuant to their own terms; (iii) granting Big Rivers' request for authority to continue to operate Station Two under terms of the Station Two contracts for a period up to May 31, 2019; and (iv) reserving a ruling on Big Rivers' request for authority to establish a Station Two regulatory asset. The remaining issues in this case were resolved with a Settlement Agreement between the Office of the Attorney General, the Kentucky Industrial Utility Customers ("KIUC"), and Big Rivers. The Settlement Agreement provided, among other things, that the KPSC would approve the Station Two regulatory asset. On October 23, 2018, the KPSC issued a final order approving the Settlement Agreement in full. RUS approved the Settlement Agreement on February 22, 2019. As of December 31, 2025, the total amount of the Station Two contract termination included in the Regulatory Assets on the Company's balance sheet was \$37,649. This includes Station Two assets transferred from utility plant to Regulatory Assets and the Company's portion of decommissioning costs incurred to date.

Coleman Plant and Reid 1 Plant Retire/Decommission:

On June 25, 2020, the KPSC entered an order in Case No. 2020-00064 approving a Settlement Agreement, as modified by the Commission, between Big Rivers, KIUC and the Attorney General, which approved Big Rivers' requests to: (1) establish regulatory assets for the remaining net book value of Coleman Station and Reid Station Unit 1 at retirement, and for the costs to decommission those units; (2) cease charging DSM savings to a regulatory liability; (3) utilize the existing DSM regulatory liability in 2020 and 80% of equity headroom in 2021 to reduce Smelter Load Mitigation (SLM) regulatory assets (the Wilson and Coleman depreciation regulatory assets; the Coleman, Reid 1, and Station Two retirement and decommissioning regulatory assets; and a regulatory asset through which the costs related to a focused management audit were deferred); and (4) recover the amounts deferred in those regulatory assets through amortization. The KPSC also approved replacing the TIER Credit mechanism in Big Rivers' MRSM tariff with a new TIER Credit mechanism. Under the new TIER Credit, in years in which Big Rivers earns in excess of a 1.30 TIER, 40% of the excess margins will be returned to Big Rivers' members over the following year through a monthly bill credit. The remaining 60% of the excess margins will be deferred in regulatory liability accounts, with a minimum required balance of \$9,000 (which the KPSC increased to \$12,400 in Case No. 2024-00031), to be utilized in a year in which Big Rivers does not achieve a 1.30 TIER or to further decrease the balance of the regulatory assets with KPSC approval. The first \$700 of the bill credit each year will be allocated to Rural customers, and any bill credit over \$700 will be allocated between the Rural and Large Industrial customers based on revenues.

During 2025 and 2024, the Company reduced the SLM regulatory asset balances by recording amortization of \$14,065 and \$28,555, respectively. The amortization recorded was ordered in Case No. 2020-00064 and includes the equity headroom adjustment in 2021, annual TIER credit allocation, and monthly amortization.

Green Plant Gas Conversion:

On June 11, 2021, the KPSC granted Big Rivers a certificate of public convenience and necessity ("CPCN") to convert Big Rivers' two existing coal-fired generating units at its Green Station to run on natural gas, authorized the gas conversion assets to be depreciated over a seven-year period, and granted Big Rivers the authority to establish a regulatory asset to defer recognition of the costs that Big Rivers expects to incur as a result of the retirement of certain Green Station assets, including Sebree Station landfill, that will no longer be utilized after the conversion. The gas conversion was completed in late May

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2022. The costs incurred as a result of the gas conversion, including the retirement of the assets, were recorded in the regulatory asset. The gas conversion assets are being depreciated over a seven-year period beginning in June 2022.

Regulatory Liabilities:

On June 25, 2020, the KPSC approved changes to the company's MRSM tariff. In years in which Big Rivers earns margins in excess of a 1.30 TIER, excluding the utilization of equity headroom, 40% of the excess margins will be returned as a monthly bill credit, the new TIER Credit, to Big Rivers' members over the following year through the MRSM tariff. The remaining 60% of the excess margins will be deferred in regulatory liability accounts. Big Rivers' new TIER Credit was \$6,955 for 2024, with 40%, or \$2,782 to be returned to members through bill credits over a twelve-month period beginning February 2025. This amount is recorded as a regulatory liability at December 31, 2024, presented between current and long-term maturities based on the timing of future bill credits expected to be provided to the members. The remaining 60%, or \$4,173, was also deferred in regulatory liability accounts and is expected to offset the regulatory assets, as described above, subject to KPSC approval. The regulatory liability of \$12,400 remaining from 2024 will continue to remain as a minimum required balance as described above. The new TIER Credit was recorded as depreciation and amortization expense on the statement of operations.

On February 28, 2024, Big Rivers filed an application with the KPSC, Case No. 2024-00031, for review of its MRSM charge for calendar year 2023. In its application, Big Rivers proposed to use the regulatory liability amount in excess of the minimum required balance of \$11,300 that was established in Case No. 2023-00038, discussed above, or \$15,511, to further reduce the SLM Regulatory Assets in 2024. KPSC approved Big Rivers' proposal on December 6, 2024. The KPSC also increased the minimum required balance in the regulatory liability from \$11,300 to \$12,400. On February 28, 2025, Big Rivers filed an application with the KPSC, Case No. 2025-00021, for review of its MRSM charge for calendar year 2024. In its application, Big Rivers proposed to use the regulatory liability amount in excess of the minimum required balance of \$12,400 that was established in 2024-00031, discussed above, or \$4,173, to further reduce the SLM Regulatory assets in 2025. KPSC approved Big Rivers' proposal on September 3, 2025. The KPSC approved Big Rivers' proposal to calculate amortization of its SLM Regulatory Assets, including the Green Station Regulatory Asset, using prior year-end balances and to continue using this methodology in future periods.

On February 26, 2026, Big Rivers filed an application with the KPSC, Case No. 2026-00021, for review of its MRSM charge for calendar year 2025. This case is pending.

(6) Income Taxes

At December 31, 2025, Big Rivers had a Non-Patron Net Operating Loss ("NOL") Carryforward of approximately \$67,607 expiring at various times between 2029 and 2037, which was entirely offset by a full valuation allowance.

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The components of the net deferred tax assets as of December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Deferred tax assets:		
Net operating loss carryforward	\$ 16,868	16,723
Total deferred tax assets	<u>16,868</u>	<u>16,723</u>
Deferred tax liabilities:		
Fixed asset basis difference	(9,416)	(4,345)
Bond refunding costs	<u>(30)</u>	<u>(35)</u>
Total deferred tax liabilities	<u>(9,446)</u>	<u>(4,380)</u>
Net deferred tax asset (pre-valuation allowance)	7,422	12,343
Valuation allowance	<u>(7,422)</u>	<u>(12,343)</u>
Net deferred tax asset	\$ <u>—</u>	<u>—</u>

A reconciliation of the Company's effective tax rate for 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Federal rate	21.0 %	21.0 %
State rate – net of federal benefit	4.0	4.0
Patronage allocation to members	<u>(25.0)</u>	<u>(25.0)</u>
Effective tax rate	<u>— %</u>	<u>— %</u>

The Company files a federal income tax return, as well as certain state income tax returns. The years currently open for federal income tax examination are 2022 through 2024. The major state tax jurisdiction currently open for income tax examination is Kentucky for years 2021 through 2024. The Company has not recorded any unrecognized tax benefits or liabilities related to federal or state income taxes.

The Company classifies tax-related interest and penalties as an operating expense on the statement of operations and accrued expenses on the balance sheet. No material tax-related interest or penalties have been recorded during 2025 or 2024.

On July 4, 2025, the 'One Big Beautiful Bill Act' (OBBBA) was enacted, which alters several U.S. corporate tax provisions. The Company has analyzed the OBBBA and determined that it will not have a material impact on its financial statements.

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(7) Pension Plans

(a) *Defined-Benefit Plans*

Big Rivers has a noncontributory defined-benefit pension plan covering substantially all employees who meet minimum age and service requirements and who were employed by the Company prior to the plan closure dates cited below. The plan provides benefits based on the participants' years of service and the five highest consecutive years' compensation during the last ten years of employment. Big Rivers' policy is to fund such plan in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

Prior to January 1, 2014, Big Rivers had two separate defined-benefit pension plans. The salaried employees' defined-benefit plan was closed to new entrants effective January 1, 2008, and the bargaining employees' defined-benefit plan was closed to new hires effective November 1, 2008. The Company simultaneously established base contribution accounts in the defined-contribution thrift and 401(k) savings plans, which were renamed as the retirement savings plans. The base contribution account for an eligible employee, which is one who meets the minimum age and service requirements, but for whom membership in the defined-benefit plan is closed, is funded by employer contributions based on graduated percentages of the employee's pay, depending on his or her age.

In order to meet minimum participation requirements, Big Rivers' salaried employees defined benefit plan was merged into the bargaining employees defined benefit plan. The merger was effective January 1, 2014, for purposes of Internal Revenue Code and effective December 31, 2014, for all other purposes. Effective January 1, 2017, participation was frozen in the merged plan for highly compensated employees in order to comply with IRS code section 401(a)(26).

Effective December 31, 2021, all employees within the defined benefit plan were frozen. No employee shall accrue any benefits under the plan on or after December 31, 2021. The employees impacted will subsequently become eligible for the base contribution accounts described above.

Effective October 31, 2025, the plan was terminated. Any member who was entitled to a benefit and not already receiving payments from the Plan was given the choice of a Lump Sum Option, a nontransferable Immediate Annuity, or a nontransferable Deferred Annuity. An annuity contract was purchased for all participants in pay status as well as those with a deferred benefit that will provide all the rights such person had under the plan document prior to the purchase of the annuity contract.

The Company has adopted FASB ASC 715, *Compensation – Retirement Benefits*, including the requirement to recognize the funded status of its pension plan and other postretirement plans (Note 10 – Postretirement Benefits Other than Pensions). ASC 715 defines the funded status of a defined-benefit pension plan as the fair value of its assets less its projected benefit obligation, which includes projected salary increases and defines the funded status of any other postretirement plan as the fair value of its assets less its accumulated postretirement benefit obligation.

ASC 715 also requires an employer to measure the funded status of a plan as of the date of its year-end balance sheet and requires disclosure in the notes to the financial statements of certain additional information related to net periodic benefit costs for the next fiscal year. The Company's pension and other postretirement benefit plans are measured as of December 31, 2025 and 2024.

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The following provides an overview of the Company's noncontributory defined-benefit pension plan.

A reconciliation of the Company's benefit obligations of its noncontributory defined-benefit pension plan at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Benefit obligation – beginning of period	\$ 6,597	7,109
Interest cost on projected benefit obligation	343	343
Benefits paid	(6,821)	(663)
Actuarial loss (gain)	<u>201</u>	<u>(192)</u>
Benefit obligation – end of period	\$ <u>320</u>	<u>6,597</u>

Big Rivers' defined-benefit pension plan provides retirees and terminated employees with a lump-sum payment option. Benefits paid in 2025 include lump-sum payments totaling \$5,993 – the result of sixteen former employees electing the lump-sum payment option. Benefits paid in 2024 include lump-sum payments totaling \$525 – the result of one former employee electing the lump-sum payment option.

The accumulated benefit obligation for the defined-benefit pension plan was \$320 and \$6,597 at December 31, 2025 and 2024, respectively.

A reconciliation of the Company's pension plan assets at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets – beginning of period	\$ 5,816	6,423
Employer contributions	1,008	101
Actual return on plan assets	(3)	(45)
Benefits paid	<u>(6,821)</u>	<u>(663)</u>
Fair value of plan assets – end of period	\$ <u>—</u>	<u>5,816</u>

The funded status of the Company's pension plan at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Benefit obligation – end of period	\$ (320)	(6,597)
Fair value of plan assets – end of period	<u>—</u>	<u>5,816</u>
Funded status (under)/over	\$ <u>(320)</u>	<u>(781)</u>

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Components of net periodic pension costs for the years ended December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Service cost	\$ —	—
Interest cost	343	344
Expected return on plan assets	(321)	(367)
Amortization of actuarial loss	55	51
Settlement and curtailment (gain) loss	<u>2,630</u>	<u>181</u>
Net periodic benefit cost	\$ <u>2,707</u>	<u>209</u>

A reconciliation of the pension plan amounts in accumulated other comprehensive income at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Prior service cost	\$ —	—
Unamortized actuarial loss	<u>(43)</u>	<u>(2,203)</u>
Accumulated other comprehensive income	\$ <u>(43)</u>	<u>(2,203)</u>

The recognized adjustments to other comprehensive income at December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Prior service cost	\$ —	—
Unamortized actuarial gain/(loss)	<u>(2,159)</u>	<u>(12)</u>
Other comprehensive (income)/loss	\$ <u>(2,159)</u>	<u>(12)</u>

At December 31, 2025 and 2024, amounts recognized in the balance sheets were as follows:

	<u>2025</u>	<u>2024</u>
Deferred credits and other	\$ (320)	(781)

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Assumptions used to develop the projected benefit obligation and determine the net periodic benefit cost were as follows:

	<u>2025</u>	<u>2024</u>
Discount rate – projected benefit obligation	N/A*	5.43 %
Discount rate – net periodic benefit cost	5.43	5.05
Rates of increase in compensation levels	N/A	N/A
Expected long-term rate of return on assets	5.65	5.85

*The defined benefit plan was closed effective October 31, 2025

The expected long-term rate of return on plan assets for determining net periodic pension cost for each fiscal year is chosen by the Company from a best estimate range determined by applying anticipated long-term returns and long-term volatility for various asset categories to the target asset allocation of the plan. The expected long-term rate of return on assets is based on the median expected rate of return for a passively-managed portfolio plus the incremental return from active management.

Big Rivers utilizes a third-party investment manager for the plan assets, and has communicated thereto the Company's Retirement Plan Investment Policy, including a target asset allocation mix of 10% U.S. equities (an acceptable range of 5%–15%), 10% international equities (an acceptable range of 5%–15%), 60% Long-Term Government Fixed Income (an acceptable range of 50%-70%), and 20% U.S. Credit (an acceptable range of 10%–30%). As of December 31, 2025, the investment allocation was entirely in U.S. Credit. As of December 31, 2024, the investment allocation was 11% in U.S. equities, 10% in international equities, 59% in Long Term Government Fixed income and 20% in U.S. Credit. The objective of the investment program seeks to (a) maximize return on investment, (b) minimize volatility, (c) minimize Company contributions, and (d) provide the employee benefit in accordance with the plan. The average quality of the fixed income investments must be "A" or better. The equity portfolio must also be of investment grade quality. The performance of the investment manager is reviewed semiannually.

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At December 31, 2025 the fair value of Big Rivers' defined-benefit pension plan assets was zero. At December 31, 2024 the fair value of Big Rivers' defined-benefit pension plan assets by asset category are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>December 31, 2024</u>
Cash and money market	\$ 189	—	189
Equity securities:			
Common stock	348	—	348
Mutual funds	783	—	783
Fixed:			
Corporate bonds and notes	—	4,496	4,496
	<u>\$ 1,320</u>	<u>4,496</u>	<u>5,816</u>

Fair value measurements categorized within Level 2 of the fair value hierarchy are based on valuation techniques that utilize observable inputs other than quoted prices in active markets for identical assets or liabilities. These inputs include quoted prices for similar instruments in active or inactive markets and other observable market-based inputs, such as interest rate yield curves and credit spreads.

Expected retiree pension benefit payments projected to be required during the next ten years following 2025 are as follows:

	<u>Amount</u>
Year ending December 31:	
2026	\$ 63
2027	67
2028	13
2029	52
2030	26
Thereafter	<u>129</u>
Total	<u>\$ 350</u>

(b) Defined-Contribution Plans

Big Rivers has two defined-contribution retirement plans covering substantially all employees who meet minimum age and service requirements. Each plan has a thrift and 401(k) savings section allowing employees to contribute up to 75% of pay on a pretax and/or after-tax basis, with employer matching contributions equal to 60% of the first 6% contributed by the employee on a pretax basis.

A base contribution retirement section was added and the plan name changed from Thrift and 401(k) Savings to Retirement Savings, effective January 1, 2008, for the salaried plan and

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November 1, 2008, for the bargaining plan. The base contribution account is funded by employer contributions based on graduated percentages of pay, depending on the employee's age.

The Company's expense under these plans was \$4,204 and \$3,952 for the years ended December 31, 2025 and 2024, respectively, recorded as operating expenses on the statement of operations.

(c) *Deferred Compensation Plan*

Big Rivers sponsors a nonqualified deferred compensation plan for its eligible employees who are members of a select group of management or highly compensated employees. The purpose of the plan is to allow participants to receive contributions or make deferrals that they could not receive or make under the salaried employees qualified defined-contribution retirement savings plan (formerly, the thrift and 401(k) savings plan) as a result of nondiscrimination rules and other limitations applicable to the qualified plan under the Internal Revenue Code. The nonqualified plan also allows a participant to defer a percentage of his or her pay on a pretax basis.

The nonqualified deferred compensation plan is unfunded, but the Company has chosen to finance its obligations under the plan, including any employee deferrals, through a rabbi trust. The trust assets remain a part of the Company's general assets, subject to the claims of its creditors. The employer contribution for December 31, 2025 and 2024, was \$198 and \$156, respectively, and the deferred compensation expense for December 31, 2025 and 2024, was \$268 and \$263, respectively. As of December 31, 2025 and 2024, the trust assets were \$743 and \$502, and the deferred liability was \$743 and \$502, respectively. The company classifies trust assets as other deposits and investments and the deferred liability as deferred credits and other on the balance sheet.

(8) *Short-Term Investments*

At December 31, 2025 and 2024, the Company's short-term investments included \$2,834 and \$3,228, respectively, of investments in debt securities which are included in the Company's balance sheet at amortized cost. The investments in debt securities are classified as held-to-maturity, based on management's intent and ability to hold them to maturity. Both CDs and investments in debt securities are included in "Cash and Cash Equivalents" (if the original maturity date is less than or equal to three months) or "Short-term-investments" (if the original maturity date is greater than three months but less than one year).

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The amortized costs and fair values (Level 1 measurement) of Big Rivers' short-term investments at December 31, 2025 and 2024, were as follows:

	2025		2024	
	Amortized costs	Fair values	Amortized costs	Fair values
Debt securities:				
U.S. Treasuries	\$ 2,834	2,835	3,228	3,229
Total short-term investments	\$ 2,834	2,835	3,228	3,229

Gross unrealized gains and losses on short-term investments at December 31, 2025 and 2024, were as follows:

	2025		2024	
	Gains	Losses	Gains	Losses
Debt securities:				
U.S. Treasuries	\$ 1	—	1	—
Total short-term investments	\$ 1	—	1	—

The Treasury securities are short-term in nature, and there is no expectation of loss.

(9) Fair Value of Other Financial Instruments

FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measures. It applies under other accounting standards that require or permit fair value measurements and does not require any new fair value measurements.

The carrying value of accounts receivable, net of allowance of \$1,423 at December 31, 2025 and 2024, respectively, and accounts payable approximate fair value due to their short maturity. The carrying value of long-term accounts receivable is the net amount deemed certain of collection, which approximates fair value. At December 31, 2025 and 2024, the Company's cash and cash equivalents included short-term investments in an institutional U.S. government money market portfolio account classified as trading securities under ASC 320, *Investments – Debt and Equity Securities*, that were recorded at fair value which was determined using quoted market prices for identical assets without regard to valuation adjustment or block discount (a Level 1 measure), as follows:

	2025	2024
Institutional U.S. government money market portfolio	\$ 49,699	50,922

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Big Rivers' long-term debt at December 31, 2025, consisted of CFC notes totaling \$468,718, a CoBank note in the amount of \$101,639, and RUS guaranteed FFB loans totaling \$350,131 (Note 4). Big Rivers' long-term debt at December 31, 2024, consisted of CFC notes totaling \$494,358, a CoBank note in the amount of \$114,688, and RUS guaranteed FFB loans totaling \$362,178 (Note 4). The CFC, CoBank, RUS, and FFB debt is carried at amortized cost.

The fair value of the Company's long-term debt is classified within Level 2 and is estimated using a discounted cash flow model. The valuation incorporates observable market inputs, including the contractual terms of the debt, the weighted-average remaining term, and market interest rates for borrowings with similar maturities and credit characteristics. Management believes the valuation techniques and inputs used are appropriate and consistent with market participant assumptions.

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$ 920,488	813,620	971,224	819,031

(10) Postretirement Benefits Other than Pensions

Big Rivers provides certain postretirement medical benefits for retired employees and their spouses. Generally, except for generation bargaining retirees, Big Rivers pays 85% of the premium cost for all retirees age 62 to 65. The Company pays 25% of the premium cost for spouses age 55 to 61. Beginning at age 65, the Company pays 25% of the premium cost if the retiree is enrolled in Medicare Part B. For each generation bargaining retiree, Big Rivers establishes a retiree medical account at retirement equal to \$1.40 per year of service up to 30 years. The account balance is credited with interest based on the 10-year treasury rate subject to a minimum of 2% and a maximum of 4%. The account is to be used for the sole purpose of paying the premium cost for the retiree and spouse.

Big Rivers revised the eligibility requirements for postretirement medical with regard to age and service. Beginning January 1, 2013, eligibility for retirement is age 62 with 10 years of service. The service requirement is waived for active employees on December 31, 2012, who will not have 10 years of service at age 62. The eligibility requirements for postretirement medical were revised on July 1, 2022, to remove the 10 years of service requirement. On November 24, 2023 the eligibility requirements were revised to include non-bargaining employees who retire at age 58. On October 15, 2025, the eligibility requirements were revised to include transmission bargaining employees who retire at age 60.

The discount rates used in computing the postretirement benefit obligation and net periodic benefit cost were as follows:

	2025	2024
Discount rate – projected benefit obligation	5.44%	5.63%
Discount rate – net periodic benefit cost	5.63%	5.13%/5.19%

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The healthcare cost trend rate assumptions as of December 31, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Initial trend rate	7.48% / 7.83%	7.35% / 7.68%
Ultimate trend rate	4.00	4.00
Year ultimate trend is reached	2049	2048

A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	<u>2025</u>	<u>2024</u>
One-percentage-point decrease:		
Effect on total service and interest cost components	\$ (120)	(112)
Effect on year-end benefit obligation	(909)	(922)
One-percentage-point increase:		
Effect on total service and interest cost components	\$ 145	136
Effect on year-end benefit obligation	1,076	1,087

A reconciliation of the Company's benefit obligations of its postretirement plan at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Benefit obligation – beginning of period	\$ 12,042	11,750
Service cost – benefits earned during the period	546	495
Interest cost on projected benefit obligation	689	581
Participant contributions	534	519
Plan amendments / Special termination benefits	—	886
Benefits paid	(1,633)	(1,683)
Actuarial loss (gain)	(269)	(506)
Benefit obligation – end of period	\$ <u>11,909</u>	<u>12,042</u>

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A reconciliation of the Company's postretirement plan assets at December 31, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets – beginning of period	\$ —	—
Employer contributions	1,099	1,164
Participant contributions	534	519
Benefits paid	<u>(1,633)</u>	<u>(1,683)</u>
Fair value of plan assets – end of period	\$ <u>—</u>	<u>—</u>

The funded status of the Company's postretirement plan at December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Benefit obligation – end of period	\$ 11,909	12,042
Fair value of plan assets – end of period	<u>—</u>	<u>—</u>
Funded status (under)/over	\$ <u>11,909</u>	<u>12,042</u>

The components of net periodic postretirement benefit costs for the years ended December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Service cost	\$ 545	495
Interest cost	689	581
Amortization of prior service cost	139	82
Amortization of gain	<u>(252)</u>	<u>(322)</u>
Net periodic benefit cost	\$ <u>1,121</u>	<u>836</u>

A reconciliation of the postretirement plan amounts in accumulated other comprehensive income at December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Prior service credit	\$ (2,268)	(2,407)
Unamortized actuarial gain	<u>5,491</u>	<u>5,474</u>
Accumulated other comprehensive income	\$ <u>3,223</u>	<u>3,067</u>

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The recognized adjustments to other comprehensive income (loss) at December 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Prior service cost	\$ —	(886)
Unamortized actuarial gain/(loss)	269	506
Amortization of net gain	<u>(113)</u>	<u>(240)</u>
Other comprehensive income/(loss)	\$ <u>156</u>	<u>(620)</u>

At December 31, 2025 and 2024, amounts recognized in the balance sheets were as follows:

	<u>2025</u>	<u>2024</u>
Accounts payable	\$ (1,054)	(1,125)
Deferred credits and other	<u>(10,855)</u>	<u>(10,917)</u>
Net amount recognized	\$ <u>(11,909)</u>	<u>(12,042)</u>

Expected retiree benefit payments projected to be required during the years following 2024 are as follows:

Year:	<u>Amount</u>
2026	\$ 1,054
2027	1,059
2028	1,010
2029	1,001
2030	1,002
Thereafter	<u>5,264</u>
Total	\$ <u>10,390</u>

In addition to the postretirement plan discussed above, Big Rivers has another postretirement benefit plan, which vests a portion of accrued sick leave benefits to salaried employees upon retirement or death. To the extent an employee's sick leave hour balance exceeds 480 hours, such excess hours are paid at 20% of the employee's base hourly rate at the time of retirement or death. The accumulated obligation recorded for the postretirement sick leave benefit is \$792 and \$733 at December 31, 2025 and 2024, respectively. The postretirement expense recorded was \$81 and \$67, for 2025 and 2024, respectively, and the benefits paid were \$22 and \$105 for 2025 and 2024, respectively.

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(11) Related Parties

For the years ended December 31, 2025 and 2024, Big Rivers had tariff sales to its members of \$374,446 and \$321,497, respectively. In addition, for the years ended December 31, 2025 and 2024, Big Rivers had certain sales to Kenergy for the Domtar Paper Co. load of \$211 and \$879, respectively.

At December 31, 2025 and 2024, Big Rivers had accounts receivable from its members of \$38,208 and \$29,571, respectively.

(12) Commitments and Contingencies

Big Rivers is involved in ongoing litigation with the City of Henderson and the City of Henderson Utility Commission doing business as Henderson Municipal Power and Light (collectively, "HMP&L") in which Big Rivers is seeking damages from HMP&L relating to HMP&L's refusal to pay the costs associated with Excess Henderson Energy produced at Station Two. HMP&L has filed a counterclaim alleging that if HMP&L is required to pay the costs of the Excess Henderson Energy, it is entitled to an offset for the revenues related to that energy. In December 2017, Big Rivers and HMP&L entered into an agreement to settle all claims relating to Excess Henderson Energy. Under the settlement agreement, HMP&L agreed to be responsible for all costs related to Excess Henderson Energy generated after the effective date of the settlement agreement. Big Rivers does not dispute that HMP&L is entitled to the Excess Henderson Energy-related revenues after the payment date in the settlement agreement if it paid the costs of that energy.

On May 1, 2018, the contracts under which Big Rivers was operating Station Two terminated as a result of the Station Two units no longer being capable of the economically competitive production of electricity. To allow HMP&L time to make alternate arrangements for its power supply, Big Rivers continued to operate the units under the terms of the Station Two contracts until the units were retired on January 31, 2019. The termination of the Station Two contracts has given rise to disputes between the parties, including (i) a claim HMP&L has filed seeking amounts HMP&L claims it is owed as a result of the annual budget settlement process that occurred during the term of the Station Two contracts; (ii) a claim HMP&L filed seeking a declaratory judgment on the percentage owed by each party for the decommissioning and post-closure compliance costs for the Station Two Ash Pond; (iii) a separate action HMP&L filed seeking a declaratory order that the December 2017 settlement agreement only applies to some of the Excess Henderson Energy; and (iv) a proceeding Big Rivers filed with the KPSC to resolve all outstanding disputes between it and HMP&L arising out of the Station Two contracts (KPSC Case No. 2019-00269). HMP&L's claims relating to the annual budget settlement process, the Station Two Ash Pond, and the settlement agreement are being held in abeyance pending the outcome of the KPSC case and all appeals therefrom.

On August 2, 2021, the KPSC entered a final order in Case No. 2019-00269, largely in Big Rivers' favor. HMP&L appealed that order to the Franklin Circuit Court. On September 29, 2021, Big Rivers filed a proceeding with the KPSC asking the KPSC to enforce its final order from Case No. 2019-00269. That proceeding, Case No. 2021-00378, is in abeyance pending the outcome of the Franklin Circuit Court case and appeals therefrom. On July 31, 2024, the Franklin Circuit Court issued its Opinion and Order affirming the January 5, 2018 and August 2, 2021, Orders of the KPSC. HMP&L has filed a Notice of Appeal of the Franklin Circuit Court Opinion and Order with the Kentucky Court of Appeals. The Court of Appeals issued an opinion on November 14, 2025, affirming the Franklin Circuit Court Opinion and Order. HMP&L filed a

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petition for rehearing of the Court of Appeals opinion. The Court of Appeals denied that petition for rehearing on January 8, 2026. HMP&L filed a petition for discretionary review with the Kentucky Supreme Court on February 9, 2026. The Supreme Court has not yet ruled on that petition. The Company believes there will be no material adverse effect to its financial statements when the litigation and disputes with HMP&L are resolved.

Big Rivers is a defendant in two civil cases arising from an incident on June 7, 2022. Big Rivers' insurance carrier is defending Big Rivers in both cases. The Company believes there will be no material adverse effect to its financial statements when this litigation is resolved.

Big Rivers is involved in other litigation arising in the normal course of business. While the results of such litigation cannot be predicted with certainty, management, based upon advice of counsel, believes that the final outcome will not have a material adverse effect on the financial statements.

(13) Subsequent Events

On February 26, 2026, Big Rivers Electric executed the Fourth Amended and Restated Consolidated Loan Contract (designated as the 'RUS AD8 Loan') with the United States of America, acting through RUS, in the amount of \$65,213. These funds are intended to finance system extension and additions. As of March 23, 2026, the executed documents remain under review by RUS, and no funding has been received.

Management evaluated subsequent events up to and including March 23, 2026, the date the financial statements were available to be issued.