

Rating Action: Ohio (County of) KY

Moody's assigns (P)Baa1 to County of Ohio, Kentucky bonds to be issued on behalf of Big Rivers Electric Corp.

Approximately \$83.3 million of securities affected

New York, July 14, 2009 -- Moody's Investors Service assigned a (P)Baa1 senior secured rating to a proposed offering of \$83.3 million of County of Ohio, Kentucky Pollution Control Revenue Refunding Bonds (Big Rivers Electric Corporation Project) to be issued on behalf of Big Rivers Electric Corporation (Big Rivers). The rating outlook for Big Rivers is stable. Proceeds from the issuance of these bonds will be used to refund \$83.3 million in aggregate principal amount of Pollution Control Refunding Revenue Bonds, Series 2001A (Big Rivers Electric Corporation Project) outstanding, which were previously issued on behalf of Big Rivers by the County of Ohio, Kentucky. The prior bonds were Periodic Auction Reset Securities that were insured as to the payment of principal and interest when due by Ambac Assurance Corporation. The proposed offering of bonds will represent standalone senior secured obligations of Big Rivers Electric Corporation, ranking on parity with all of Big Rivers' existing debt under its first mortgage bond indenture.

"The (P)Baa1 rating reflects anticipated financial benefits to Big Rivers of a series of steps being taken to unwind a lease and other transactions with E.ON U.S. LLC and two affiliates (E.ON), including an expectation that the cooperative's current deficit net worth will turn substantially positive, cash receipts will be utilized to reduce existing debt, and two new committed bank credit facilities aggregating \$100 million will be established to improve liquidity", said Vice President, Kevin Rose. Subject to meeting the remaining required conditions established by the Kentucky Public Service Commission (KPSC), Big Rivers and E.ON expect to complete the unwinding of the transactions by July 16, 2009. Under this scenario, the above proposed financing is expected to occur in late 2009. "Revenues generated from competitively priced power sold under long-term wholesale contracts with the three member owners of Big Rivers should also continue to generate FFO to interest and debt metrics in support of the (P)Baa1 rating level, while capital expenditures are largely met with internally generated funds", Rose added.

Moody's further notes a significant constraint to Big Rivers' rating is the fact that one of its member owners, Kenergy Corp., makes a high concentration of its sales to two aluminum smelters, both of whom currently face credit challenges due to the significant fall off in both metal prices and demand, which have options to terminate their respective power purchase arrangements beginning on December 31, 2010, subject to one-year notice. Although revisions to certain original agreements between E.ON and one of the two aluminum smelters (Century Aluminum of Kentucky, a wholly owned subsidiary of Century Aluminum Company) that were required to facilitate Century's participation in the unwind transaction actually provide some additional assurances for both Century and Big Rivers at least until December 31, 2010, Moody's remains cautious in monitoring this exposure. In addition, Big Rivers' rating is constrained because it is subject to regulation by the Kentucky Public Service Commission, which is atypical for the cooperative sector and can sometimes pose challenges in implementing timely rate increases when needed to recover higher costs of service.

The principal methodology used in rating Big Rivers Electric Corporation was U.S. Electric Generation & Transmission Cooperatives, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

The last rating action was June 1, 2009 when Moody's withdrew the (P)Baa1 rating initially assigned on March 13, 2009, which represented the first time that Moody's had assigned a rating to bonds representing a standalone obligation of Big Rivers. The June 1, 2009 rating withdrawal followed a decision by Century Aluminum, not to proceed as originally planned with their contractual role in a series of steps to unwind the existing lease agreements between Big Rivers and E.ON U.S. LLC. Since then, the aforementioned contract revisions allowed for Century to re-establish its role and allow the unwind transaction and Big Rivers' planned financing to move forward.

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

Kevin G. Rose
Vice President - Senior Analyst
Global Infrastructure Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
Managing Director
Global Infrastructure Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S (MIS) CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

© Copyright 2009, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody's.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."