Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
BRAZOS ELECTRIC POWER COOPERATIVE INC.

1b Three-digit plan number (PN) ▶ 526

1c Effective date of plan 08/30/1995

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
BRAZOS ELECTRIC POWER COOPERATIVE, INC.

P.O. BOX 2585
WACO, TX 76702

P.O. BOX 2585
WACO, TX 76702

2b Employer Identification Number (EIN) 74-0524729

2c Sponsor's telephone number 254-750-6500

2d Business code (see instructions) 221100

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2010	BRIDGET FORD
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
BRAZOS ELECTRIC POWER COOPERATIVE, INC.

P.O. BOX 2585
WACO, TX 76702

3b Administrator's EIN
74-0524729

3c Administrator's telephone number
254-750-6500

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	75
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	361
b	Retired or separated participants receiving benefits	**6b**	75
c	Other retired or separated participants entitled to future benefits	**6c**	75
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	511
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	38
f	Total. Add lines **6d** and **6e**	**6f**	549
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	0
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	2
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:
4A 4B

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)		**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)		**C** (Service Provider Information)
(5)		**D** (DFE/Participating Plan Information)
(6)		**G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
BRAZOS ELECTRIC POWER COOPERATIVE INC.

B Three-digit plan number (PN) ▶ 526

C Plan sponsor's name as shown on line 2a of Form 5500
BRAZOS ELECTRIC POWER COOPERATIVE, INC.

D Employer Identification Number (EIN)
74-0524729

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	3085169	3768521
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	3085169	3768521
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k		
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	3085169	3768521

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)	135827	
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		135827
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	547525	
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		547525
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		683352
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		683352
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified (2) [ ] Qualified (3) [ ] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PATITILLO, BROWN, & HILL, LLP (2) EIN: 74-1130599

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i		X	
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

Brazos Electric Power Cooperative, Inc.
Retiree Welfare Benefit Plan

Financial Statements and
Supplemental Schedule

As of and for the Years Ended
December 31, 2009 and 2008

With Independent Auditors' Report

PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

BRAZOS ELECTRIC POWER COOPERATIVE, INC.
RETIREE WELFARE BENEFIT PLAN

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PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Administrator of
Brazos Electric Power Cooperative, Inc.
Retiree Welfare Benefit Plan

We have audited the statements of net assets available for benefits of the Brazos Electric Power Cooperative, Inc. Retiree Welfare Benefit Plan as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Brazos Electric Power Cooperative, Inc. Retiree Welfare Benefit Plan as of December 31, 2009 and 2008, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule on page 11, referred to as "supplemental information," is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pattillo, Brown & Hill, L.L.P.

October 7, 2010

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TEMPLE, TX (254) 791-3460 ■ WHITNEY, TX (254) 694-4600 ■ ALBUQUERQUE, NM (505) 266-5904

BRAZOS ELECTRIC POWER COOPERATIVE, INC.
RETIREE WELFARE BENEFIT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
Investments, at fair value	$ 3,768,521	$ 3,085,169
Total Investments	3,768,521	3,085,169
Total Assets	3,768,521	3,085,169
Net Assets Available for Benefits	$ 3,768,521	$ 3,085,169

See accompanying notes to financial statements.

BRAZOS ELECTRIC POWER COOPERATIVE, INC.
RETIREE WELFARE BENEFIT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
ADDITIONS TO NET ASSETS ATTRIBUTED TO:		
Investment Income (Loss):		
Interest and dividends	$ 135,827	$ 123,808
Net appreciation (depreciation) in fair value of investments	547,525	(1,137,379)
Total Investment Income (Loss)	683,352	(1,013,571)
Total Additions	683,352	(1,013,571)
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	683,352	(1,013,571)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	3,085,169	4,098,740
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$ 3,768,521	$ 3,085,169

See accompanying notes to financial statements.

1. SUMMARY OF PLAN

The following brief description of the Brazos Electric Power Cooperative, Inc. ("Brazos") Retiree Welfare Benefit Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is a postretirement health insurance plan covering substantially all employees of Brazos, excluding directors and attorneys. Established in 1995, the Plan provides medical, dental, and life insurance benefits for retired participants. The Plan, as amended, complies with the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Pension Benefits

Under the Plan, employees hired prior to October 1, 1990, who retire at an age of 55 years or older and have provided 10 years of service after age 45, may elect to receive benefits. Disabled employees hired before October 1, 1990, are eligible to receive benefits at age 65 with 10 years of service prior to the date of disability.

Employees hired after October 1, 1990, are eligible to receive benefits at age 55 with 20 years of service after age 35. Disabled employees hired after October 1, 1990, are eligible to receive benefits at age 65 with 20 years of service prior to the date of disability.

Participants may elect lifetime medical, dental, and/or life insurance coverage for self and dependent coverage. Monthly premiums will be paid by Brazos, supplemented by the insured.

Funding Policy

Under the terms of the Plan, Brazos may make contributions to the related trust, as it deems necessary. There are no requirements for Brazos to contribute any funds to the trust, it being the intention that the trust shall be a convenience for Brazos in setting aside funds for the payment of costs, expenses, premiums, or contributions for the provision of welfare benefits for retired participants. Brazos made an initial contribution to the trust of $1,129,300, and a second contribution of $581,480 in 1996. There have been no additional contributions since that time.

(continued)

1. **SUMMARY OF PLAN** (Continued)

Administrative Expenses

All administrative expenses are paid by Brazos.

Investments

All assets of the Plan as of December 31, 2009 and 2008, were held by Homestead Funds (the "Trustee"). As of December 31, 2009, the Plan had investments in short-term bonds and common stock mutual funds.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States.

Investments

Investments are recorded at fair market value using, where available, quoted market prices of a national securities exchange. The fair value of the participation units owned by the Plan in the collective trust funds is based on quoted redemption values on the last day of the Plan year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accumulated Benefit Obligation

The accumulated benefit obligation is the actuarial present value of benefits expected to be paid after retirement for (a) retirees and their dependents; (b) active employees fully eligible to receive benefits; and (c) active employees not yet eligible. Benefits under the Plan are based on the employees' hire date, age, and years of service.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Benefit Obligation (Continued)

The actuarial present value of accumulated benefit obligation is determined by the Plan's actuary, National Rural Electric Cooperative Association ("NRECA"), and is the amount that results from applying actuarial assumptions to adjust the accumulated benefit obligation to reflect the time value of money (through discounts for interest) and the probability of payment between the valuation date and the expected date of payment. The Plan's actuary, NRECA, discloses the accumulated postretirement benefit obligation in a report every three years and provides an update of assumptions and discount rates annually. The significant actuarial assumptions used in the valuation at January 1, 2008, were (a) life expectancy of participants; (b) retirement age assumptions (the assumed average retirement age is 65); (c) health care cost trend; and (d) average per capital medical and dental insurance costs. The January 1, 2008, valuations included assumed average rates of return of 6.75% and assumed salary scales of 3.5%. There were no changes in the above assumptions for the year ended December 31, 2009.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.

Plan Termination

The Plan may not be revoked or terminated by Brazos or any other party except at such time as the trust fund associated with the Plan has no assets. At such time, the Board of Directors of the Plan may terminate the trust by notice to each of the Trustees.

3. INVESTMENTS

Brazos accounts for investments on a trade date basis. The fair market values of individual investments that represent 5% or more of the Plan's total net assets as of December 31, 2009 and 2008, are as follows:

	2009	2008
Homestead Short-term Bond Fund (319,042.762 shares)	$ 1,636,689	$ 1,406,287
Homestead Value Fund (77,464.846 shares)	2,131,832	1,678,882
	$ 3,768,521	$ 3,085,169

Realized and unrealized gains and losses are calculated based on the difference between the beginning of the year market value of investments, or purchase price if purchased during the year, and the end of the year market value or sales price if sold during the year.

(continued)

3. INVESTMENTS (Continued)

The Plan's investments appreciated in value by $547,525 and depreciated in value by $1,137,379 during 2009 and 2008, respectively. The investments of the Plan are accounted for on the date the investments are traded. Details of this appreciation (depreciation) are as follows:

Investment	Net Change in Realized and Unrealized Appreciation (Depreciation) 2009	2008
Short-term bonds	$ 125,502	$(130,585)
Common stock mutual funds	422,023	(1,006,794)
	$ 547,525	$(1,137,379)

4. FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

(continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Common stocks, corporate bonds and U.S. government securities –
Valued at the closing price reported on the active market on which the individual securities are traded

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008.

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Stock funds	$ 2,131,832	$ -	$ -	$ 2,131,832
Short-term bond funds	1,636,689	-	-	1,636,689
	$ 3,768,521	$ -	$ -	$ 3,768,521

	Assets at Fair Value as of December 31, 2008			
	Level 1	Level 2	Level 3	Total
Stock funds	$ 1,678,882	$ -	$ -	$ 1,678,882
Short-term bond funds	1,406,287	-	-	1,406,287
	$ 3,085,169	$ -	$ -	$ 3,085,169

5. ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATIONS

The following presents the total SFAS 106 obligations of the Plan at January 1, 2008:

	January 1, 2008			
	Medical	Dental	Life	Total
Accumulated Postretirement Benefit Obligations (APBO)				
Actives not yet eligible	$(4,795,700)	$(304,900)	$(72,100)	$(5,172,700)
Actives fully eligible	(7,919,500)	(581,000)	(117,200)	(8,617,700)
Retirees and dependents	(8,410,800)	(739,600)	(143,500)	(9,293,900)
Total APBO	(21,126,000)	(1,625,500)	(332,800)	(23,084,300)
Future accruals of current activities	(6,236,300)	(369,000)	(104,100)	(6,709,400)
Total expected postretirement benefit obligations	$(27,362,300)	$(1,994,500)	$(436,900)	$(29,793,700)

The Plan's actuary, NRECA, discloses the accumulated postretirement benefit obligation in a report every three years and provides an update of assumptions and discount rates annually. The information presented above was taken from the most recent actuarial report dated October 31, 2008. This information was not available for the 2009 fiscal year; however, the 2009 update was reviewed and it is noted that the discount rate changed from 6.75% in 2008 to 6.0% in 2009. There were no other significant changes.

Benefit payments, which reflect expected future service, as appropriate, for each of the next 5 years and the total payments for years 6 through 10 are as follows:

Year	Benefit Payments
2010	$ 1,012,900
2011	1,148,900
2012	1,312,900
2013	1,472,700
2014	1,603,900
2015 - 2019	9,692,200

6. TAX STATUS

The Internal Revenue Service has determined that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan administrator and the Plan's tax counsel believe that the Plan is currently being operated in compliance with applicable sections of the IRC to continue to qualify for tax-exempt status.

SUPPLEMENTAL SCHEDULE

BRAZOS ELECTRIC POWER COOPERATIVE, INC.

RETIREE WELFARE BENEFIT PLAN

SCHEDULE H - ITEM 4i -- SCHEDULE OF ASSETS (HELD AT END OF YEAR)

AS OF DECEMBER 31, 2009

Employer Identification Number: 74-2757453

Plan Number: 001

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Bond Funds			
*	Homestead Funds	Homestead Short-term Bond Fund 319,042.762 shares		$ 1,636,689
	Stock Funds			
*	Homestead Funds	Homestead Value Fund 77,464.846 shares		2,131,832
				$ 3,768,521

* Represents a party-in-interest to the Plan

Employer's Authorization of NRECA to file 2009 Form 5500 Annual Report

Name of Plan: _____

Employer ID Number/Plan Number: _____

Plan Year: _____

Part I Authorization of NRECA to Electronically Sign and File Annual Report

I hereby authorize the National Rural Electric Cooperative Association ("NRECA") to electronically sign and file the above-named Form 5500 Annual Report through EFAST2 (the electronic filing vehicle established by the Department of Labor).

I understand that in granting this authority that:

- I must manually sign and date page 1 of the Form 5500 and provide a scanned copy in pdf form of the first two pages of the Form 5500 (including the executed signature page) to NRECA before the Form 5500 can be filed electronically;
- The completed electronic filing must include the first two pages of the Form 5500 return/report bearing the manual signature of the plan administrator;
- A copy of my signature, as it appears on page 1 of the Form 5500, will be included with the Form 5500 Annual Report posted by the Department of Labor (DOL) on the Internet for public disclosure purposes;
- NRECA will notify the individual signing below as Plan Administrator about any inquiries and information it receives from EFAST2, DOL or Internal Revenue Service this Form 5500 Annual Report; and
- NRECA will retain a copy of this written authorization in its records.
- NRECA shall not be deemed the Plan Administrator or other fiduciary with respect to the above-named Plan solely on account of the services performed pursuant to this authorization.

AUTHORIZATION AND SIGNATURE

I affirm that I am the plan administrator and certify that I have read and understand the contents of this authorization. This document authorizing NRECA to electronically sign and file the Form 5500 Annual Report is applicable only to the filing for the above-named Plan and applies only for the Plan year stated above.

Plan Administrator Signature: Lee Ray III Date: 7/23/10

Print Name: Lee Ray III

Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A This return/report is for:
- ☐ a multiemployer plan;
- ☐ a multiple-employer plan; or
- ☒ a single-employer plan;
- ☐ a DFE (specify) ___

B This return/report is:
- ☐ the first return/report;
- ☐ the final return/report;
- ☐ an amended return/report;
- ☐ a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ ☐

D Check box if filing under:
- ☐ Form 5558;
- ☐ automatic extension;
- ☐ the DFVC program;
- ☐ special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
BRAZOS ELECTRIC POWER COOPERATIVE INC.

1b Three-digit plan number (PN) ▶ 526

1c Effective date of plan

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
BRAZOS ELECTRIC POWER COOPERATIVE, INC.

P.O. BOX 2585
WACO, TX 76702

P.O. BOX 2585
WACO, TX 76702

2b Employer Identification Number (EIN)
74-0524729

2c Sponsor's telephone number
254-750-6500

2d Business code (see instructions)
221100

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Lee Ray III	7/23/10	Lee Ray III
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
BRAZOS ELECTRIC POWER COOPERATIVE, INC.

P.O. BOX 2585
WACO, TX 76702

3b Administrator's EIN
74-0524729

3c Administrator's telephone number
254-750-6500

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5 Total number of participants at the beginning of the plan year	**5**	75
6 Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a Active participants	**6a**	
b Retired or separated participants receiving benefits	**6b**	
c Other retired or separated participants entitled to future benefits	**6c**	
d Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	
f Total. Add lines **6d** and **6e**	**6f**	
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:
4A 4B

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	☐ Insurance	**(1)**	☐ Insurance
(2)	☐ Code section 412(e)(3) insurance contracts	**(2)**	☐ Code section 412(e)(3) insurance contracts
(3)	☒ Trust	**(3)**	☒ Trust
(4)	☐ General assets of the sponsor	**(4)**	☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules		**b General Schedules**		
(1)	☐ **R** (Retirement Plan Information)	**(1)**	☒	**H** (Financial Information)
(2)	☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	**(2)**	☐	**I** (Financial Information – Small Plan)
		(3)	☐ ___	**A** (Insurance Information)
		(4)	☐	**C** (Service Provider Information)
(3)	☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	**(5)**	☐	**D** (DFE/Participating Plan Information)
		(6)	☐	**G** (Financial Transaction Schedules)