

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR APPROVAL OF ITS 2012)
ENVIRONMENTAL COMPLIANCE PLAN, FOR)
APPROVAL OF ITS AMENDED)
ENVIRONMENTAL COST RECOVERY) CASE NO. 2012-00063
SURCHARGE TARIFF, FOR CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY, AND)
FOR AUTHORITY TO ESTABLISH A)
REGULATORY ACCOUNT)

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recordings of the evidentiary hearing conducted August 22 – August 23, 2012 in this proceeding;
- Certifications of the accuracy and correctness of the digital video recordings;
- All exhibits introduced at the evidentiary hearing conducted August 22 – August 23, 2012 in this proceeding;
- The written logs listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recordings of the evidentiary hearing conducted August 22 – August 23, 2012.

A copy of this Notice, the certifications of the digital video records, exhibit lists, and hearing logs have been served by first class mail upon all persons listed at the end of this Notice. Parties desiring electronic copies of the digital video recordings of the hearing in Windows Media format may download copies at:

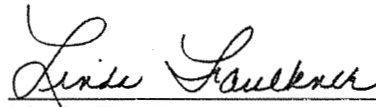
http://psc.ky.gov/av_broadcast/2012-00063/2012-00063_22Aug12_Inter.asx

http://psc.ky.gov/av_broadcast/2012-00063/2012-00063_23Aug12_Inter.asx

Parties wishing annotated digital video recordings may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for copies of these recordings.

The exhibits introduced at the evidentiary hearing may be downloaded at <http://psc.ky.gov/pscscf/2012%20cases/2012-00063/>.

Done at Frankfort, Kentucky, this 31st day of August 2012.



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Director, Filings Division
Public Service Commission of Kentucky

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CERTIFICATE

I, Kathy Gillum, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on August 22, 2012. The hearing was recorded on 2 consecutive days, August 22, 2012 and August 23, 2012. Exhibits and Witness List are included with the recording on August 23, 2012.
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the hearing;
4. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of August 22, 2012 and the time at which each occurred.

Given this 29th day of August, 2012.



Kathy Gillum, Notary Public
State at Large

My commission expires: Sept 3, 2013



Case History Log Report

Case Number: 2012-00063_22Aug12

Case Title: Big Rivers Electric Corporation
Case Type: Environmental Compliance Plan
Department:
Plaintiff:
Prosecution:
Defendant:
Defense:

Date: 8/22/2012

Location: Default Location
Judge: David Armstrong, Jim Gardner, Linda Breathitt
Clerk: Kathy Gillum
Bailliff:

Event Time	Log Event	
10:35:44 AM	Case Started	
10:35:58 AM	Preliminary Remarks	
10:37:05 AM	Introductions Note: Kathy Gillum	Jim Miller and Tyson Kamuf, counsel for Big Rivers. Jim Miller states that Tyson Kamuf is handling the case for Big Rivers. Lawrence Cook, Jennifer Hans, Matt James, OAG; Mike Kurtz and Kurt Boehm, counsel for KIUC; Joe Childers, Kristin Henry, Shannon Fisk and Chris Young, counsel for Sierra Club. David Brown, for Alcan Aluminum. Quang Nguyen for PSC. (Christopher Hopgood and Gregory Starheim were present for Kenergy but not noted until end of today's proceeding.)
10:38:33 AM	Public Comment Note: Kathy Gillum	Call for public comment by Chairman Armstrong. No members of the public present.
10:39:04 AM	Outstanding Motions Note: Kathy Gillum	Tyson Kamuf states that all of the Intervenors have filed Motions to Dismiss either certain projects or the entire case, but they have worked out an agreement and requests time to work out the details. Shannon Fisk (Sierra Club) agrees, Larry Cook (OAG) agrees and Mike Kurtz (KIUC) agrees. Quang Nguyen (PSC) states for the record that PSC needs a brief update as to the settlement agreement.
10:40:28 AM	Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Mr. Kamuf states that it is their intention to withdraw the CSAPR projects, but will move forward with the MATS projects.
10:41:16 AM	Quang Nguyen (PSC) Note: Kathy Gillum	Mr. Nguyen states that those are the general broad terms of the agreement as Staff understands it.
10:41:26 AM	Shannon Fisk (SC) Note: Kathy Gillum	Shannon Fisk states that SC is willing to not oppose the MATS, subject to working out an agreement.
10:41:58 AM	Larry Cook (OAG) Note: Kathy Gillum	Mr. Cook states the decision was by the U.S. Court of Appeals for the DC Circuit.

10:42:17 AM	Mike Kurtz (KIUC) Note: Kathy Gillum	Mr. Kurtz states that they have agreed to accept the cost allocation, and views as a positive development.
10:43:05 AM	David Brown (Alcan) Note: Kathy Gillum	Mr. Brown states that he has nothing more.
10:43:15 AM	Chairman Armstrong Note: Kathy Gillum	Chairman Armstrong states that the parties are allowed time to work out the details of the agreement and the Hearing will re-convene at 2:00 pm
10:43:48 AM	Vice Chair Gardner Note: Kathy Gillum	Vice Chair asks if the Commission could have a copy of the agreement to review prior to the re-convening of the hearing. Parties agreed.
10:44:05 AM	Case Recessed	
4:42:47 PM	Case Started	
4:42:55 PM	Chairman Armstrong Note: Kathy Gillum	Chairman Armstrong states that the case is back on the record, and it is his understanding that the parties had an agreement, and that the parties had agreed to adjourn now (18 minutes til 5) and re-convene at 10:00 am tomorrow morning.
4:43:38 PM	Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Mr. Kamuf states that the agreement is now in writing. Mr. Kamuf asks if witnesses would be required.
4:43:45 PM	Quang Nguyen (PSC) Note: Kathy Gillum	Mr. Nguyen states that there were several witnesses that Staff would like to cross-examine, so it would be best to have all of the witnesses present tomorrow. Mr. Nguyen states that Staff has no questions for the Intervenors.
4:44:35 PM	Shannon Fisk (SC) Note: Kathy Gillum	Mr. Fisk asked if SC was okay with not having any witnesses present. He was answered that it was okay.
4:44:49 PM	Christopher Hopgood (Kenergy) Note: Kathy Gillum	Mr. Hopgood states that his presence was not noted earlier, but they will sign the agreement but will not be present tomorrow. (Christopher Hopgood and Gregory Starheim both signed Affidavits - see Big Rivers Exhibits 3 and 4)
4:45:01 PM	Quang Nguyen (PSC) Note: Kathy Gillum	Mr. Nguyen states that the oath by all of the signatories is usually taken during the proceeding.
4:45:26 PM	James Miller (Big Rivers) Note: Kathy Gillum	Mr. Miller asked if Mr. Hopgood and Mr. Starheim could sign Affidavits. Answer was yes they could.
4:45:42 PM	Shannon Fisk (SC) Note: Kathy Gillum	Mr. Fisk states that he, nor Kristin Henry would be present tomorrow, but Mr. Childers would be present to sign the agreement.
4:45:51 PM	Chairman Armstrong Note: Kathy Gillum	Chairman Armstrong recesses the hearing until 10:00 a.m. tomorrow morning.
4:46:00 PM	Case Recessed	

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CERTIFICATE

I, Kathy Gillum, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on **August 23, 2012**. The hearing was recorded on 2 consecutive days, August 22, 2012 and August 23, 2012. Exhibits and Witness List are included with the recording on August 23, 2012.

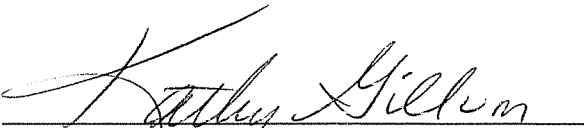
2. I am responsible for the preparation of the digital recording;

3. The digital recording accurately and correctly depicts the hearing;

4. The "Exhibit List" attached to this Certificate lists all exhibits introduced at the hearing of **August 23, 2012**.

5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of **August 23, 2012** and the time at which each occurred.

Given this 30th day of August, 2012.


Kathy Gillum, Notary Public
State at Large

My commission expires: Sept 3, 2013



Case History Log Report

Case Number: 2012-00063_23Aug12

Case Title: Big Rivers Electric Corporation
 Case Type: Environmental Compliance Plan
 Department:
 Plaintiff:
 Prosecution:
 Defendant:
 Defense:

Date: 8/23/2012

Location: Default Location
 Judge: David Armstrong, Jim Gardner, Linda Breathitt
 Clerk: Kathy Gillum
 Bailiff:

Event Time	Log Event	
10:08:13 AM	Case Started	
10:08:19 AM	Preliminary Remarks	
10:08:31 AM	Witness, Robert Berry (Big Rivers)	
	Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
10:09:09 AM	Examination by Tyson Kamuf (Big Rivers)	
	Note: Kathy Gillum	Qualification of witness by Tyson Kamuf. Witness adopts pre-filed testimony, Data Request Responses and Stipulation Agreement entered into by the parties. Witness explains the Stipulation Agreement. Questions regarding MATS compliance plan. Witness recommends that the Commission approve the Stipulation Agreement.
10:13:12 AM	Mike Kurtz (KIUC)	
	Note: Kathy Gillum	No questions.
10:13:20 AM	Larry Cook (OAG)	
	Note: Kathy Gillum	No questions.
10:13:27 AM	Examination by Quang Nguyen (PSC)	
	Note: Kathy Gillum	Questions regarding various projects and the compliance with MATS. Questions regarding carbon injections and dry sorben injections regarding length of time until in service. Witness states that equipment will be installed during regularly scheduled outages. Questions regarding testing. Witness states that testing will begin shortly after PSC issues an Order in this case.
10:19:57 AM	Commissioner Breathitt	
	Note: Kathy Gillum	Commissioner Breathitt asked which unit had the 99 percent removal efficiently?
10:20:31 AM	Robert Berry (Big Rivers)	
	Note: Kathy Gillum	Mr. Berry answers: the Wilson Unit and the 2 Green Units.
10:20:37 AM	Quang Nguyen (PSC)	
	Note: Kathy Gillum	Mr. Nguyen states he is passing out a copy of an article that was published by the Courier-Journal yesterday.

10:20:45 AM	Exhibit 1 (PSC) Note: Kathy Gillum	Exhibit: Copy of article from the Courier-Journal titled, "Western Kentucky utility withdraws pollution-control plan after appeals court strikes down EPA limits". Document introduced by Quang Nguyen and marked as PSC Exhibit 1.
10:21:08 AM	Quang Nguyen (PSC) Note: Kathy Gillum	Questions regarding the article (PSC Exhibit 1), as pertaining to the Century plant. Questions regarding MATS compliance. Witness states that reducing generation will not make it in compliance.
10:29:12 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding if plant is operating today. Questions regarding if MATS is station by station or unit by unit. Questions regarding the age of the units and if retirement will be considered. Questions regarding previous testimony pertaining to default on long-term loans and the effect on TIER. Questions regarding the Coleman unit. Questions regarding a possible new agreement with Century. Witness referred question regarding a new agreement to legal counsel. Questions regarding compliance with CAIR, and any possible future issues. Witness states that they will be a little short on their NOx. Questions regarding purchasing additional allowances. Questions regarding the agreement. Stated they will submit the results of the testing on a unit by unit basis. The parties will have 30 days to file comments, then they have another 15 days before they are committed to incurring cost.
10:39:51 AM	James Miller (Big Rivers)	
10:40:09 AM	Vice Chair Gardner Note: Kathy Gillum	Vice Chair Gardner asked: The Commission isn't limited to those 30 days?
10:40:33 AM	James Miller (Big Rivers) Note: Kathy Gillum	Mr. Miller answered: No, the limits are only to when Big Rivers can commence construction.
10:40:40 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding how the State intends to review applications. Questions regarding 3 areas controlled by MATS. Questions regarding if the additional materials injected will cause problems. Questions regarding the Sierra Club's Motion to Dismiss. Witness states that the HCL limits on all units was in compliance with MATS. Questions regarding the HCL monitor. Questions regarding if testing mechanisms are currently in place.
10:51:15 AM	Commissioner Breathitt Note: Kathy Gillum	Commissioner Breathitt asked a hypothetical question regarding if the EPA appealed the ruling by the Ct. of Appeals, what would Big Rivers reaction be since project has now been cancelled? Clarification of page 3, Item B: Project 11 and the monitors at Henderson Municipal would not require a CPCN. Witness states that they are not required to obtain a CPCN, and are asking PSC to grant one if they need it.
10:54:01 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding dry sorben injection.
10:55:12 AM	Re-Direct by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Questions regarding testing and MATS compliance. Questions regarding emission allowance market (CAIR v. CSAPR).

10:58:37 AM	Examination by Larry Cook (OAG) Note: Kathy Gillum	Questions regarding Project 11. Questions regarding if work on each unit will be simultaneous. Witness states that each unit would be done separately at the scheduled outages. Questions regarding if labor costs were taken into consideration.
11:00:50 AM	Mike Kurtz (KIUC) Note: Kathy Gillum	Mr. Kurtz: No questions.
11:00:59 AM	David Brown (Alcan) Note: Kathy Gillum	Mr. Brown: No questions.
11:01:05 AM	Examination by Quang Nguyen (PSC) Note: Kathy Gillum	Questions regarding the Stipulation Agreement, section 1.04, page 5, last sentence.
11:02:29 AM	Witness Excused (Berry) Note: Kathy Gillum	Witness, Robert Berry excused.
11:02:40 AM	Witness, David Crockett (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:03:10 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Qualification of witness by Tyson Kamuf. Witness adopts pre-filed Data Request Responses.
11:03:53 AM	Witness Excused (Crockett) Note: Kathy Gillum	No questions by any of the parties, witness excused.
11:04:16 AM	Witness, William DePriest (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:04:48 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Qualification of witness by Tyson Kamuf. Witness adopts pre-filed testimony and Data Requests Responses.
11:05:26 AM	Mike Kurtz (KIUC) Note: Kathy Gillum	No questions.
11:05:38 AM	Larry Cook (OAG) Note: Kathy Gillum	No questions.
11:05:43 AM	David Brown (Alcan) Note: Kathy Gillum	No questions.
11:05:48 AM	Examination by Quang Nguyen (PSC) Note: Kathy Gillum	Questions regarding why it was recommended that testing of the Electro Static Precipitators be performed. Witness gives detailed explanation.
11:08:12 AM	Vice Chair Gardner	
11:10:17 AM	Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Mr. Kamuf stated that the test results that Vice Chair Gardner asked about was in their Response to KIUC 1-7.
11:10:37 AM	Witness Excused (DePriest) Note: Kathy Gillum	Witness Excused.
11:10:52 AM	Witness, Tom Shaw (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:11:26 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Witness adopts pre-filed testimony and Data Request Responses.
11:11:49 AM	Mike Kurtz (KIUC) Note: Kathy Gillum	No questions.
11:12:02 AM	Larry Cook (OAG) Note: Kathy Gillum	No questions.
11:12:10 AM	Joe Childers (SC) Note: Kathy Gillum	No questions.
11:12:16 AM	Quang Nguyen (PSC) Note: Kathy Gillum	No questions.

11:12:24 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding conversation with the State as to procedure for evaluating the 4th year. Also conversations with EPA regarding a 5th year.
11:13:35 AM	Witness Excused (Shaw) Note: Kathy Gillum	Witness excused.
11:13:54 AM	Witness, Travis Siewert (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:14:29 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Qualification of the witness by Tyson Kamuf. Witness adopts some of Mark Hite's pre-filed testimony and Responses to Data Requests; and witness adopts his own pre-filed testimony.
11:14:36 AM	Witness Excused (Siewert) Note: Kathy Gillum	No questions by parties. Witness Excused.
11:15:09 AM	Witness, Ralph Ashworth (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:15:27 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Qualification of witness by Tyson Kamuf. Witness adopts some of Mark Hite's pre-filed testimony and Data Request Responses.
11:15:51 AM	Mike Kurtz (KIUC) Note: Kathy Gillum	No questions.
11:15:57 AM	Larry Cook (OAG) Note: Kathy Gillum	No questions.
11:16:04 AM	Joe Childers (SC) Note: Kathy Gillum	No questions.
11:16:11 AM	Examination by Quang Nguyen (PSC) Note: Kathy Gillum	Questions regarding updated expense reports.
11:17:30 AM	Witness Excused (Ashworth) Note: Kathy Gillum	Witness excused.
11:17:43 AM	Witness, Patrick Augustine (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:17:58 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Qualification of witness by Tyson Kamuf. Witness adopts pre-filed testimony and Data Requests Responses.
11:18:32 AM	Witness Excused (Augustine) Note: Kathy Gillum	No questions by parties. Witness excused.
11:18:51 AM	Witness, Brian Azman (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:19:03 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Qualification of witness by Tyson Kamuf. Witness adopts pre-filed testimony and Data Requests Responses. .
11:19:38 AM	Commissioner Breathitt Note: Kathy Gillum	Witness explains ACES Power Marketing in response to Commissioner Breathitt's question. .
11:20:29 AM	Witness Excused (Azman) Note: Kathy Gillum	No questions by counsel of parties. Witness excused.
11:20:50 AM	Witness, John Wolfram (Big Rivers) Note: Kathy Gillum	Witness called to testify by Tyson Kamuf.
11:21:04 AM	Examination by Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Qualification of witness by Tyson Kamuf. Witness has corrections to Data Requests Responses. Correction. Response to PSC 2nd DR Item 11(a), attached table of cases, row 14 should be eliminated to Table for now. Updates: Offered as Big Rivers Exhibits 1 and 2.

11:22:58 AM	Exhibit 1 (Big Rivers) Note: Kathy Gillum	Document titled, "Big Rivers Electric Corporation 2012 Environmental Compliance Plan Estimated Billing Impact, Revised 08/22/2012 - MATS", introduced by Tyson Kamuf and marked as Big Rivers Exhibit 1.
11:24:42 AM	Exhibit 2 (Big Rivers) Note: Kathy Gillum	Document titled, "Supplemental Response to the Office of the Attorney General's Second Request for Information dated June 22, 2012 Item 22", introduced by Tyson Kamuf and marked as Big Rivers Exhibit 2.
11:26:31 AM	Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Tyson Kamuf moves to introduce exhibits.
11:26:52 AM	Mike Kurtz (KIUC) Note: Kathy Gillum	No questions.
11:26:59 AM	Larry Cook (OAG) Note: Kathy Gillum	No questions.
11:27:05 AM	Joe Childers (SC) Note: Kathy Gillum	No questions.
11:27:12 AM	Examination by Quang Nguyen (PSC) Note: Kathy Gillum	Questions regarding AG Supplemental DR No. 2-22. Witness states that the Reserve accounts will become depleted in early 2018. Witness explains referring to page 21 of Direct Testimony.
11:33:49 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding page 2 of Supp Response to AG 2-22 regarding increase relative to 2016 and 2012.
11:40:30 AM	Examination by Mike Kurtz (KIUC) Note: Kathy Gillum	Questions regarding using up of the reserve funds. Questions regarding base rate case to be filed by Big Rivers. Questions regarding the rural reserve.
11:44:52 AM	Larry Cook (OAG) Note: Kathy Gillum	Questions regarding job creation due to O & M.
11:45:44 AM	Tyson Kamuf (Big Rivers) Note: Kathy Gillum	Mr. Kamuf states that they filed an update in response to KIUC 1-44.
11:46:21 AM	Ralph Ashworth (Big Rivers) Note: Kathy Gillum	Mr. Ashworth gives reserve accounts amounts.
11:46:47 AM	Witness Excused (Wolfram) Note: Kathy Gillum	Witness excused.
11:46:58 AM	Chairman Armstrong Note: Kathy Gillum	Swearing of Stipulation Agreement by all parties. All parties answered yes to 1 and 2, no to 3, 4, and 5.
11:49:05 AM	Exhibits 3 and 4 (Big Rivers) Note: Kathy Gillum	Affidavits of Christopher Hopgood and Gregory J. Starheim (Kenergy) presented by Tyson Kamuf and marked as Big Rivers Exhibits 3 and 4.
11:49:36 AM	Vice Chair Gardner Note: Kathy Gillum	Vice Chair Gardner gives parties a list of concerns that the Commission has in general.
11:55:06 AM	Chairman Armstrong Note: Kathy Gillum	Hearing Adjourned.
12:11:59 PM	Case Stopped	

Date: 8/23/2012

Location: Default Location

Judge: David Armstrong, Jim Gardner, Linda Breathitt

Clerk: Kathy Gillum

Bailiff:

Event Time	Log Event
2:34:19 PM	Case Started
11:56:00 AM	Hearing Adjourned
2:37:29 PM	Private Mode On
2:38:08 PM	Case Stopped



Exhibit List Report
Case Number: 2012-00063_23Aug12

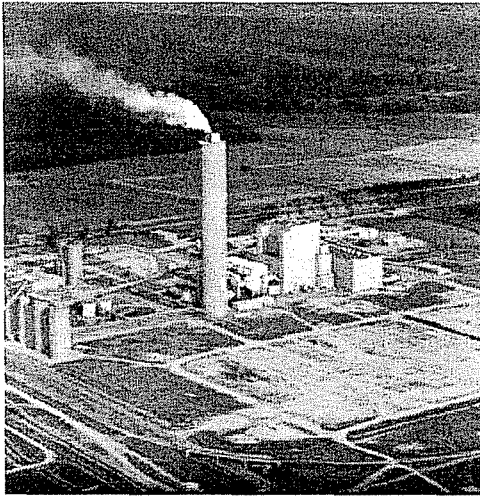
Case Title: Big Rivers Electric Corporation
Department:
Plaintiff:
Prosecution:
Defendant:
Defense:

Name	Description
Big Rivers Exhibit 1	Document titled, "Big Rivers Electric Corporation 2012 Environmental Compliance Plan Estimated Billing Impact, Revised 08/22/2012 - MATS".
Big Rivers Exhibit 2	Document titled, "Supplemental Response to the Office of the Attorney General's Second Request for Information dated June 22, 2012 Item 22".
Big Rivers Exhibit 3	Affidavit of Christopher Hopgood (Kenergy) certifying to signing the Settlement Agreement in this case (Case No. 2012-00063) on August 22, 2012.
Big Rivers Exhibit 4	Affidavit of Gregory Starheim (Kenergy) certifying to signing the Settlement Agreement in this case (Case No. 2012-00063) on August 22, 2012.
PSC Exhibit 1	Copy of article from the Courier-Journal titled, "Western Kentucky utility withdraws pollution-control plan after appeals court strikes down EPA limits".

Western Kentucky utility withdraws pollution-control plan after appeals court strikes down EPA limits

Aug 22

courier-
journal.com



Big Rivers Wilson Plant

Purchase Image

Big Rivers Wilson Plant in Ohio Co. near Island, Ky. photo by Keith Williams, June 28, 1995 / Copyright 1995 The Courier-Journal

The fallout has begun just one day after a federal appeals court scrapped a major EPA rule designed to curb long-distance drifting power plant pollution — and Louisville's air quality may pay the price.

A Western Kentucky utility told the Kentucky Public Service Commission Wednesday that it intends to abandon pollution controls that would have allowed it comply with the U.S.

Environmental Protection Agency's Cross-State Air Pollution Rule, also known as the transport rule.

Henderson-based Big Rivers Electric Cooperative, which owns and operates four generating stations and a 1,266-mile transmission system, could save its customers about \$225 million by dropping pollution controls required for the transport rule, said Marty Littrel, cooperative spokesman.

Big Rivers still has plans to go ahead with pollution controls required under a separate EPA rule to limit mercury and other toxic air contaminants, at a cost of about \$58 million, he said.

The company's plants are generally upwind of the the Louisville metro area, which is about 100 miles and has struggled to meet federal health standards for air quality. On 20 days this year monitors show the Louisville area had ozone levels higher than are allowed by the EPA.

Authorities issued ozone alerts again for Wednesday and Thursday this week, warning that children, active adults and people with heart and lung ailments could be affected by pollution.

"This is disappointing," said Thomas Nord, spokesman for the Louisville Metro Air Pollution Control District, of the Big Rivers announcement. "We hope that they'll reconsider this decision, because air pollution is not an exclusively local problem. Plants located upwind of Louisville have an impact on the air we breathe here. It doesn't just blow away."

Littrel said the cooperative's power plants are efficient and have other pollution controls.

"I'd like to think we are not going to cause any problems on you (in the Louisville area)," he said.

On Tuesday, a panel of the U.S. Court of Appeals for the District of Columbia Circuit found in a 2-1 ruling that the EPA had required too much pollution cutting when regulating power plants in 27 upwind states, including Kentucky and Indiana.

PSC EXHIBIT /

The court also said the EPA did not allow states time to reduce pollution on their own before taking action.

John Lyons, director of the Kentucky Division of Air Quality, said Big Rivers was the first incidence he's heard of a company backing away from pollution controls as a result of the clean-air ruling by the appellate court.

"Big Rivers will certainly not be the last company to have a change of plans," he predicted.

Lyons said he wasn't sure whether the utility's emissions were affecting Louisville compliance with air quality standards.

But he said the transport rule, following the "good neighbor" provisions of the Clean Air Act, had sought to further reduce emissions of sulfur dioxide and nitrogen oxides that had been shown through computer modeling to drift hundreds or thousands of miles through the air.

Andrew Melnykovich, spokesman for the PSC, confirmed that the company had said in a hearing Wednesday that it was withdrawing "those parts of the environmental compliance plan solely intended to address the transport rule requirements."

EPA had been counting on the rule to prevent as many as 34,000 premature deaths annually, including hundreds in the Kentucky and Indiana.

Big Rivers is owned by three distribution cooperative members: Jackson Purchase Energy Corp., headquartered in Paducah; Kenergy Corp, headquartered in Henderson; and Meade County Rural Electric Cooperative Corp., headquartered in Brandenburg.

Together they have more than 112,000 residential, commercial, and industrial customers in portions of 22 western Kentucky counties.

Among its previous plans to comply with the transport rule, Big Rivers had been planning to install scrubbers for sulfur dioxide at its D.B Wilson plant in Centertown, at a cost of about \$139 million, and a selective catalytic reduction to curb nitrogen oxides at its Robert D. Green plant in Robards, at a cost of about \$81 million, Littrel said.

The announcement comes as Big Rivers was responding to the threatened closure of one of its biggest customers, the Century Aluminum plant in Hawesville, which Littrel said consumes about 30 percent of the utility's power generation.

Century is one of two aluminum plants powered by the utility, and it threatened this week to shut down in a year if it didn't get a major reduction in its electric rates, Littrel said.

"The unavoidable truth is that the smelter is not economically viable with this power rate and under current market conditions," Century Aluminum's CEO Michael Bless said in a written statement on Monday. "We are committed to exploring all available options to keep the smelter open both in the short term and the long term."

Some 700 smelter jobs and spin-off economic benefits are at stake.

Big Rivers President and CEO Mark Bailey responded this week by saying Century was asking for a “bailout” that would force rate increases of 37 percent on its residential customers and 56 percent on its other industrial customers. It said its rates were already among the lowest in the nation, and were 25 percent below the national average.

The smelter issue is not a factor the current PCS rates discussion, Melnykovich said, who added that a settlement in the case would likely come before the first week of October.

Littrel said if the Century plant were to shut down, Big Rivers would need to install even fewer pollution controls, because it would probably have to shut down some of its coal-burning units.

He called both Century’s notice and the court ruling “game changers.”

Reporter James Bruggers can be reached at (502) 582-4645.



Jim Rogers: Prepare For “Financial Armageddon” (Money Morning)

Big Rivers Electric Corporation
2012 Environmental Compliance Plan
Estimated Billing Impact
Revised 08/22/2012 -- MATS

	Rate (\$/MWH)				Increase (%)			
	Base <u>2012</u> 1	Base <u>2016</u> 2	Build <u>2016</u> 3	<i>MATS Only <u>2016</u></i> 4	Relative <u>to 2016</u> (3-2)/2	Relative <u>to 2012</u> (3-2)/1	<i>MATS Relative <u>to 2016</u></i> (4-2)/2	<i>MATS Relative <u>to 2012</u></i> (4-2)/1
<u>Gross of MRSM and RER Rider</u>								
Rural	52.64	58.89	62.98	60.99	6.9%	7.8%	3.6%	4.0%
Large Industrial	45.46	51.64	54.80	53.05	6.1%	7.0%	2.7%	3.1%
Smelter Unadjusted	51.08	54.45	58.18	56.30	6.9%	7.3%	3.4%	3.6%
Smelter Adjusted *	48.13	53.09	55.72	54.13	5.0%	5.5%	2.0%	2.2%
<u>Net of MRSM and RER Rider: Bill Impact</u>								
Rural	44.32	51.27	51.27	51.27	0.0%	0.0%	0.0%	0.0%
Large Industrial	37.21	51.64	54.80	53.05	6.1%	8.5%	2.7%	3.8%
Smelter Unadjusted	51.08	54.45	58.18	56.30	6.9%	7.3%	3.4%	3.6%
Smelter Adjusted *	48.13	53.09	55.72	54.13	5.0%	5.5%	2.0%	2.2%

* Smelter Adjusted reflects removal of the TIER Adjustment Charge.

The MRSM and the RER Rider mitigate the costs of ES and FAC to Rurals from Economic Reserve and Rural Economic Reserve in 2016 and beyond.

BIG RIVERS ELECTRIC CORPORATION

**APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR
APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY
SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND
NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT
CASE NO. 2012-00063**

**Supplemental Response to the Office of the Attorney General's
Second Request for Information
Dated June 22, 2012**

August 23, 2012

1 Item 22) *Reference BREC's response to AG 1-90. The company failed to provide*
2 *a substantive, meaningful response to AG 1-1, 1-2 and 1-3, and does so again in 1-*
3 *90. Provide a chart, broken down by the three members, further broken down by*
4 *the classes; for each average customer (as defined by the average level of*
5 *consumption for each class, and for each member) provide a dollar amount of the*
6 *percentage increases noted in Wolfram exhibit 6. If necessary, contact counsel for*
7 *the Attorney General if you should have any questions.*

8
9 Response) Big Rivers does not have the data necessary to calculate or to chart the
10 average level of consumption for each retail rate class of Big Rivers' three wholesale
11 members.

12 However, if one assumes the level of consumption by the average end-use
13 retail customer in kilowatt-hours per month, over a range of monthly consumption
14 levels, then the average increase of the wholesale portion of their respective bills in
15 dollars for the Rural and Large Industrial rate classes are listed in the table that
16 follows.

17 The data presented is consistent with Revised Exhibit Wolfram-6, which has
18 been updated to reflect the elimination of the CSAPR-related projects from the Big
19 Rivers 2012 Plan. Also, the data does not reflect the fact that the MRSM and the
20 RER Rider fully offset these cost increases to the Rurals (from the Economic
21 Reserve and Rural Economic Reserve funds) in 2016 and beyond. Under the
22 current assumptions, Big Rivers expects the reserve funds to become depleted in
23 2018.

Case No. 2012-00063
Supplemental Response to AG 2-22
Witnesses: John Wolfram
Page 1 of 2

BIG RIVERS ELECTRIC CORPORATION

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Class	Monthly kWh	Increase Relative to 2016 *	Increase Relative to 2012 *
Rural	500	\$ 1.05	\$ 4.18
	600	\$ 1.26	\$ 5.01
	700	\$ 1.47	\$ 5.85
	800	\$ 1.68	\$ 6.68
	900	\$ 1.89	\$ 7.52
	1,000	\$ 2.10	\$ 8.35
	1,100	\$ 2.31	\$ 9.19
	1,200	\$ 2.52	\$ 10.02
	1,300	\$ 2.73	\$ 10.86
	1,400	\$ 2.94	\$ 11.69
1,500	\$ 3.15	\$ 12.53	
Large Industrial	2,500	\$ 3.52	\$ 18.98
	3,000	\$ 4.23	\$ 22.77
	3,500	\$ 4.93	\$ 26.57
	4,000	\$ 5.64	\$ 30.36
	4,500	\$ 6.34	\$ 34.16
	5,000	\$ 7.05	\$ 37.95
	5,500	\$ 7.75	\$ 41.75
	6,000	\$ 8.46	\$ 45.54

1 *Does not include the offset from the MRSM and RER Rider that Big Rivers expects will fully offset
2 these wholesale cost increases to the Rurals until 2018.

3

4 Witness) John Wolfram

**Case No. 2012-00063
Supplemental Response to AG 2-22
Witnesses: John Wolfram
Page 2 of 2**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR APPROVAL OF ITS 2012)
ENVIRONMENTAL COMPLIANCE PLAN, FOR) CASE NO. 2012-00063
APPROVAL OF ITS AMENDED)
ENVIRONMENTAL COST RECOVERY)
SURCHARGE TARIFF, FOR CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY, AND)
FOR AUTHORITY TO ESTABLISH A)
REGULATORY ACCOUNT)

AFFIDAVIT

1. I am aware of, and did have an opportunity to participate in all of the negotiations that resulted in the settlement agreement.
2. I voluntarily signed the settlement agreement and do fully support each and every provision contained therein.
3. There are no provisions in the settlement agreement that I do not understand, object to, or take issue with.
4. No consideration of any kind was offered, nor any promises made, other than what is expressly set forth in the settlement agreement, to induce me to negotiate and sign the settlement agreement.
5. I am aware of no reason why the Commission should not adopt and approve the settlement agreement in its entirety.

This 22ND day of August, 2012.



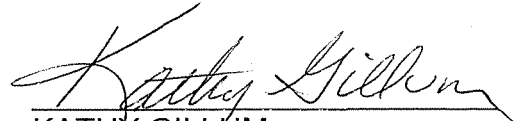
CHRISTOPHER HORGGOOD

STATE OF KENTUCKY

COUNTY OF FRANKLIN

SUBSCRIBED AND SWORN to before me by Christopher Hopgood on this the

20th day of August, 2012.


KATHY GILLUM,
Notary Public, State at Law



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS ELECTRIC)
CORPORATION FOR APPROVAL OF ITS 2012)
ENVIRONMENTAL COMPLIANCE PLAN, FOR) CASE NO. 2012-00063
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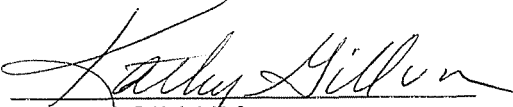

GREGORY J. STARHEIM

STATE OF KENTUCKY

COUNTY OF FRANKLIN

SUBSCRIBED AND SWORN to before me by Gregory J. Starheim on this the

2ND day of August, 2012.


KATHY GILLUM,
Notary Public, State at Law
