

DORSEY, KING, GRAY, NORMENT & HOPGOOD

ATTORNEYS-AT-LAW

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HENDERSON, KENTUCKY 42420

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June 1, 2012

VIA FEDEX

Mr. Jeff DeRouen
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

JUN 04 2012

PUBLIC SERVICE
COMMISSION

Re: Alcan Aluminum
Market Energy Agreement

Dear Mr. DeRouen:

Attached on behalf of Kenergy Corp. (“Kenergy”) and Big Rivers Electric Corporation (“Big Rivers”) are copies of letters between Kenergy and Big Rivers (the “Big Rivers-Kenergy Letter”), and a second letter between Kenergy and Alcan Primary Products, Inc. (“Alcan”) (“Kenergy-Alcan Letter”) stating supplemental terms for a “Market Energy” purchase by Kenergy for Alcan. This purchase is being made pursuant to Section 2.3.2(c) of the Retail Electric Service Agreement dated as of July 1, 2009, by and between Kenergy and Alcan. There is a corresponding and substantially identical agreement of the same date between Kenergy and Big Rivers (the “Wholesale Agreement”). The purpose of this letter is to seek the concurrence of the Public Service Commission (“Commission”) in Kenergy’s view that the Big Rivers-Kenergy Letter and the Kenergy-Alcan Letter stating supplemental terms for a Market Energy transaction as contemplated in the Retail Agreement and the Wholesale Agreement does not require Commission approval.

As the Commission knows, the Wholesale Agreement and the Retail Agreement were approved by the Public Service Commission (“Commission”) in 2009 in connection with a number of other transactions that are commonly and collectively referred to as the “unwind transaction.”¹ Those agreements contain comprehensive and complicated arrangements for furnishing various types of electric service to Alcan, a very large, energy-intensive aluminum smelter.

¹ *In the matter of: The Applications of Big Rivers Electric Corporation for: (1) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (2) Approval of Transactions, (3) Approval to Issue Evidences of Indebtedness, and (4) Approval of Amendments to Contracts; and of E.On U.S., LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc. for Approval of Transactions, PSC Case Number 2007-00455.*

Section 2.3.2 of the Wholesale Agreement establishes a classification of electric services titled "Supplemental Energy." The types of service available under the Supplemental Energy classification include "Market Energy," which is described in Section 2.3.2(c). The agreement on calculation of charges for the various types of Supplemental Energy is stated in Section 4.3 of the Wholesale Agreement. More specifically, the methodology for charging for Market Energy is found in Section 4.3.3. The foregoing sections of the Wholesale Agreement, along with numerous other sections covering typical service contract terms like risk allocation, delivery point, payment terms, metering and such form the basis for Supplemental Energy transactions, including Market Energy, which can be called for and executed in a matter of hours. As is demonstrated by the Big Rivers-Kenergy Letter, for a Market Energy transaction, only the precise, current scheduling and pricing information required to complete a transaction. This is how the Wholesale Agreement and the Retail Agreement are intended to function.

Without the ability to execute Supplemental Energy transactions (including Market Energy transactions) expeditiously, Kenergy would be unable to respond in a timely manner to the demands of Alcan for periodic additional energy requirements. Kenergy views the Big Rivers-Kenergy Letter and the Kenergy-Alcan Letter as filling-in-the-blanks in a formula rate that has already been approved by the Commission, and which accordingly do not require further Commission approval. But out of an abundance of caution, Kenergy seeks the concurrence of the Commission in this position.

The Market Energy transaction represented in the Big Rivers-Kenergy Letter and the Kenergy-Alcan Letter is effective July 1, 2012, and Alcan has taken substantial steps to be in a position to use that additional energy in its production process beginning on that date. Kenergy accordingly requests expedited review by the Commission of this request.

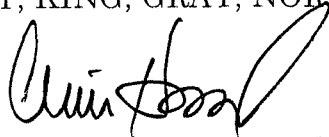
If for any reason the Commission disagrees with the conclusion reached by Kenergy, and in the interest of eliminating any doubt about the legality of the proposed Market Energy transaction in time to commence delivery of the Market Energy to Alcan on July 1, 2012, Kenergy asks that the Commission shorten the notice period from 30 days to 20 days pursuant to KRS 278.180. Kenergy submits that the foregoing demonstrates good cause for this request pursuant to KRS 278.180.

Page 3
June 1, 2012

Respectfully,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By

A handwritten signature in black ink, appearing to read "J. Christopher Hopgood". The signature is written in a cursive style with a large, sweeping flourish at the end.

J. Christopher Hopgood
counsel for Kenergy Corp.

JCH/cds

Encls.

COPY:

Mr. James M. Miller

Mr. Sanford Novick

DORSEY, KING, GRAY, NORMENT & HOPGOOD
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JOHN DORSEY (1920-1986)
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June 1, 2012

VIA FEDEX

Administrator
Rural Utilities Service
United States Department of Agriculture
Washington, D.C. 20250-15000

Subject: KY 65-E8-Henderson
Proposed Letter Stating Market Energy Terms

RECEIVED

JUN 04 2012

PUBLIC SERVICE
COMMISSION

Dear Sir or Madam:

We are counsel to Kenergy Corp. ("Kenergy"). Kenergy has signed the enclosed letter with Alcan Primary Products Corporation ("Alcan") stating terms and conditions for a "Market Energy" purchase as specified under Section 2.3.2(c) of the Retail Agreement (Alcan) dated as of July 1, 2009, by and between Kenergy and Alcan (the "Retail Agreement"). The letter is referred to herein as the "Kenergy-Alcan Letter." Also attached is a copy of a corresponding and virtually identical letter between Big Rivers Electric Corporation ("Big Rivers") and Kenergy. As you know, Big Rivers is the generation and transmission cooperative for Kenergy. The purpose of this letter to the Rural Utilities Service ("RUS") is to obtain the concurrence of RUS that RUS' review of the Kenergy-Alcan Letter is not required under the loan contracts with RUS.

We are enclosing a copy of Big Rivers' request to RUS for approval of the wholesale and retail agreements. As you can see, Kenergy's retail agreement with Alcan is a flow through of the wholesale agreement with Kenergy recouping its retail adder.

As stated in the Big Rivers letter to RUS, we do not believe this approval is required but if it is, please expedite it for power delivery by July 1, 2012.

Should you have any questions, please contact me.

Respectfully,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood,
counsel for Kenergy Corp.

JCH/cds
Encls.

COPY: Mr. Charles Philpott
RUS Northern Regional Division
Room 0235
1400 Independence Avenue, S.W.
Washington, D.C. 20250-1566



P.O. Box 1389 • 3111 Fairview Drive
 Owensboro, Kentucky 42302-1389
 (270) 926-4141 • FAX (270) 685-2279
 (800) 844-4732

May 18, 2012

RECEIVED

JUN 04 2012

PUBLIC SERVICE
 COMMISSION

Mr. John Miller
 Alcan Primary Products Corporation
 9404 State Route 2096
 Robards, KY 42452-9735

Subject: Market Energy Transaction

This letter contains the understanding of Kenergy Corp. ("Kenergy") about the agreed details for a Market Energy purchase by Kenergy from Big Rivers Electric Corporation ("Big Rivers") for resale to Alcan Primary Products Corporation ("Alcan") under Section 2.3.2(c) of the Retail Electric Service Agreement dated July 1, 2009, between Kenergy and Alcan ("Agreement"). This transaction is made pursuant to the terms of the Agreement, except to the extent those terms are inconsistent with the terms of this letter.

Quantity/Scheduling: When scheduling Market Energy Alcan shall submit a schedule no later than 3:00 PM on the second business day prior to the day of the scheduled delivery for up to 10 MW in integral multiples of one MW per hour. Once the schedule is submitted the obligation of Kenergy to provide and Alcan to pay for Market Energy shall become a firm commitment, except as provided for in Article 11 of the Agreement. Alcan may elect to schedule Interruptible Energy pursuant to Section 2.3.2(a) of the Agreement rather than, or in combination with, Market Energy.

Delivery: In accordance with Section 2.3.2(c) of the Agreement.

Term: July 1, 2012, through June 30, 2013.

Price: As follows for Market Energy scheduled during each month of the term:

	2012	2013
Jul:	\$ 37.42/MWh	Jan: \$ 41.14/MWh
Aug:	\$ 37.77/MWh	Feb: \$ 41.17/MWh
Sep:	\$ 32.62/MWh	Mar: \$ 38.42/MWh
Oct:	\$ 34.30/MWh	Apr: \$ 38.74/MWh
Nov:	\$ 33.85/MWh	May: \$ 37.96/MWh
Dec:	\$ 34.87/MWh	Jun: \$ 38.89/MWh

These prices include the items of pricing stated in Section 4.3.3(b) of the Agreement including transmission services from Big Rivers.

Billing and Calculation of Market Energy Charge: In accordance with Section 4.3.3(a) of the Agreement.

The effective date of the terms in this letter will be the date on which this letter has been signed by the parties and has received all required approvals from Kenergy's board of directors, the Kentucky Public Service Commission ("KPSC") and the Rural Utilities Service ("RUS"), and a corresponding agreement between Big Rivers and Kenergy has been signed by the parties and received all required approvals from Big Rivers' board of directors, the KPSC and the RUS.

If these terms are agreeable to Alcan, please indicate that agreement by signing in the location provided below.

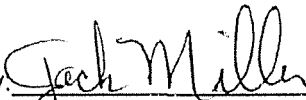
Sincerely,



Sanford Novick
President and CEO

ACCEPTED AND AGREED:

Alcan Primary Products Corporation

By: 
Title: PRESIDENT

Date: May 30, 2012

cc: Mark Bailey
Ahmad Khan
Mike Mattox
Al Yockey
David Hamilton, Kenergy

SULLIVAN, MOUNTJOY, STAINBACK & MILLER PSC

ATTORNEYS AT LAW

May 31, 2012

Ronald M. Sullivan

Jesse T. Mountjoy

Frank Stainback

James M. Miller

Michael A. Fiorella

Allen W. Holbrook

R. Michael Sullivan

Bryan R. Reynolds

Tyson A. Kamuf

Mark W. Starnes

C. Ellsworth Mountjoy

Mary L. Moorhouse

Rural Utilities Service
United States Department of Agriculture
Room No. 5135-S
1400 Independence Avenue, S.W.
Stop 1510
Washington, D.C. 20250
Attention: Administrator

Rural Utilities Service
United States Department of Agriculture
Room No. 0270-S
1400 Independence Avenue, S.W.
Stop 1568
Washington, D.C. 20250
Attention: Power Supply Division

Subject: KY 62 Big Rivers Electric Corporation
Proposed Letter Stating Market Energy Terms

Dear Sir or Madam:

We are counsel to Big Rivers Electric Corporation ("*Big Rivers*"). Big Rivers has signed a letter with Kenergy Corp. ("*Kenergy*"), a Big Rivers member, stating supplemental terms for a "Market Energy" purchase under Section 2.3.2(c) of the Wholesale Electric Service Agreement (Alcan) dated as of July 1, 2009, by and between Big Rivers and Kenergy (the "*Wholesale Agreement*"). The letter is referred to herein as the "*Big Rivers-Kenergy Letter*." Also attached is a copy of a corresponding and virtually identical letter between Kenergy and Alcan Primary Products Corporation ("*Alcan*"), the retail customer for whom Kenergy is making the Market Energy purchase ("*Kenergy-Alcan Letter*"). The purpose of this letter to the Rural Utilities Service ("*RUS*") is to obtain the concurrence of RUS that RUS review of the Big Rivers-Kenergy Letter is not required under the Amended and Consolidated Loan Contract between Big Rivers and United States of America dated as of July 16, 2009, (the "*Loan Contract*"), Section 5.6.

The Wholesale Agreement between Big Rivers and Kenergy respecting Kenergy's service to Alcan was approved by RUS in 2009 in connection with a number of other transactions that are commonly and collectively referred to as the "unwind transaction." The Wholesale Agreement is a comprehensive and complicated document that provides for Big Rivers to

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furnish various types of electric service to Kenergy in support of its retail service to Alcan, a very large, energy-intensive aluminum smelter.

Section 2.3.2 of the Wholesale Agreement establishes a classification of electric services titled "Supplemental Energy." The types of service available under the Supplemental Energy classification include "Market Energy," which is described in Section 2.3.2(c). The agreement on calculation of charges for the various types of Supplemental Energy is stated in Section 4.3 of the Wholesale Agreement. More specifically, the methodology for charging for Market Energy is found in Section 4.3.3. The foregoing sections of the Wholesale Agreement, along with numerous other sections covering typical service contract terms like risk allocation, delivery point, payment terms, metering and such form the basis for Supplemental Energy transactions, including Market Energy, that can be called for and executed in a matter of hours. As is demonstrated by the Big Rivers-Kenergy Letter, for a Market Energy transaction, only the precise, current scheduling and pricing information required to complete a transaction. This is how the Wholesale Agreement is intended to function.

The terms for Supplemental Energy transactions, including Market Energy, were set out in detail in the Wholesale Agreement that was submitted to RUS for approval in 2009 specifically to provide for the anticipated energy needs of Kenergy and its retail customer in a timely manner that avoids a lengthy review process. This approach was taken because the Loan Contract, also entered into in 2009 at the closing of the unwind transaction, requires a lengthy review period for amendments to wholesale power contracts under Section 8.1. Without the ability to execute Supplemental Energy transactions, Big Rivers would be unable to respond timely to Kenergy's request for service to meet the periodic additional energy requirements of a retail customer like Alcan.

The scheduling and pricing terms of the proposed Market Energy transaction supplement, and do not amend or otherwise change the Wholesale Agreement such that the transaction would be covered by Section 5.6(a)(v) of the Loan Contract. And the term for the Market Energy transaction is under two years, meaning that Section 5.6(a)(ii) of the Loan Contract is inapplicable.

Big Rivers' requests that RUS concur in Big Rivers' conclusion that the Market Energy transaction represented by the Big Rivers-Kenergy Letter

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does not require RUS review under Loan Contract Section 8.1. But If RUS disagrees with Big Rivers' conclusion, takes the position that the Big Rivers-Kenergy Letter does require RUS review under Section 8.1 of the Loan Contract, Big Rivers requests that RUS issue a blanket approval of Supplemental Energy transactions, including the proposed Market Energy transaction, conducted in accordance with the terms of the Wholesale Agreement previously approved by RUS.

Please note that the effective date of the Market Energy transaction is July 1, 2012. Alcan is expending considerable sums to be in a position to take and use the 10 MW of Market Energy in its aluminum smelting process beginning promptly on that date.

Enclosed with this letter are the following documents:

- Six certified counterparts of an excerpt from the minutes of the meeting of the Big Rivers board of directors on February 21, 2012, at which Big Rivers' management was authorized through adoption of Big Rivers' Energy Related Power and Transaction Authority Policy, to make transactions like the Market Energy transaction described in the Big Rivers-Kenergy Letter;
- Six certified counterparts of an excerpt from the minutes of the meeting of the Kenergy board of directors on May 8, 2012, at which Kenergy was authorized to sign the Big Rivers-Kenergy Letter; and
- Six signed counterparts of the Big Rivers-Kenergy Letter; and
- For your convenience, one copy of the Wholesale Agreement.

Please note that the RUS Administrator has been provided one copy of these documents, and the RUS Power Supply Division has been provided the multiple, original signed counterparts of the documents listed above.

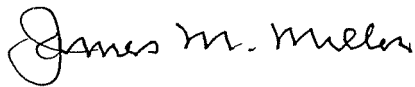
If RUS determines it must review the Big Rivers-Kenergy Letter, we point out that Section 8.1 of the Loan Contract provides that the RUS has sixty (60) days (or such shorter period as the parties shall agree to in writing) after receipt of this notice letter in which to object to the proposed transaction and require Big Rivers not to complete the transaction without RUS approval. Because the proposed transaction will fail and Kenergy's

Rural Utilities Service
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retail customer will be damaged if Market Energy is not delivered on July 1, 2012, Big Rivers requests that RUS agree that the Section 8.1 review period will be reduced to 20 days.

Please contact me with any questions you have regarding this request.

Sincerely yours,

A handwritten signature in cursive script that reads "James M. Miller".

James M. Miller
Counsel for Big Rivers Electric Corporation

cc: Robert Berry, Big Rivers Electric Corporation
Albert Yockey, Big Rivers Electric Corporation
Michael Mattox, Big Rivers Electric Corporation

**EXCERPT FROM THE MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF BIG RIVERS ELECTRIC CORPORATION
HELD IN HENDERSON, KENTUCKY, ON
FEBRUARY 21, 2012**

Upon the Governance Committee's recommendation, it was the consensus of the Board to approve revisions to Policy 105, Energy Related Transaction Authority Policy; Policy 109, Enterprise Risk Management (ERM) Policy, and Policy 122, Energy Related Transaction Credit Policy, as presented.

I, Paula Mitchell, Executive Secretary of the Board of Directors of Big Rivers Electric Corporation, hereby certify that the above is a true and correct excerpt from the minutes of the Regular Meeting of the Board of Directors of said Corporation held on 2-21-12.

Paula Mitchell

Subject: Energy Related Transaction Authority Policy	Original Effective Date <u>06/15/2007</u> Original Approval Date <u>06/15/2007</u> Date Last Revised <u>02/21/2012</u>	Approved By: Board
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1. Policy Purpose

The purpose of this policy is to define the authority granted by the Big Rivers Electric Corporation (“Big Rivers”) Board of Directors (“Board”) to the President & Chief Executive Officer (“CEO”) to execute, or to delegate authority to execute energy-related transactions. Furthermore, it sets forth clarity and empowerment among those with transaction authority and is designed to encourage communication among individuals with transaction authority and the Board.

2. Objective

The objective of Big Rivers’ Energy Related Transaction Authority Policy is to define:

- Who has authority to execute transactions,
- The commodities and products that can be transacted,
- The authorized lead-time and term for each transaction,
- The authorized maximum price and volume,
- Counterparty contract and credit requirements,
- The process for approving new commodities, products or locations,
- Big Rivers’ intention regarding hedging and speculating,
- Other relevant factors associated with due diligence in authorizing transactions to be executed.

3. Procedural Requirements

The following defines the procedural requirements that apply to all commodities and products transacted pursuant to this policy.

Execution Authority

Execution Authority is outlined by commodity in the authority matrix sections found below. All column limits in these matrices are applied independently of one another for each authority level, in that no individual column limit may be exceeded without authorization, regardless of whether a transaction does not exceed another column limit for that same authority level. Limits for each level of authority are cumulative, and include all column limits up to and including that level. The authority granted in this policy should not violate any other policy limits.

The transaction limits apply to both purchases and sales. Daily limits are applied to gross amounts transacted in total for the day, and not to purchases and sales netted together.

This policy identifies Board-authorized levels for the CEO and explicitly gives the CEO the authority to delegate authority levels to Big Rivers’ staff and ACES Power Marketing (“APM”). The CEO has the authority to modify delegated authority levels (noted in Appendix A) at his sole discretion as long as the delegated authority does not exceed his own authority per this policy. All delegated authority levels below the VP Production level will be recommended by the VP Production and approved by the CEO.

Subject: Energy Related Transaction Authority Policy	Original Effective Date <u>06/15/2007</u> Original Approval Date <u>06/15/2007</u> Date Last Revised <u>02/21/2012</u>	Approved By: Board
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Contract Requirements

Transactions with counterparties shall only be permitted if Big Rivers has either:

- An active, valid, and executed agreement enabling such transaction activity with that counterparty,
- Long-form confirmations may be used as a valid agreement in lieu of a permanent agreement, when necessary if approved in writing by the Big Rivers CEO.

Credit Requirements

Credit limits for each counterparty shall not be intentionally exceeded. *(Note: Since credit exposures are a function of not only positions transacted, but also a function of market pricing and volatility, credit exposure to counterparty may unintentionally exceed a credit limit purely due to changes in the forward market).*

Entering into unsecured transactions with a counterparty that has total credit exposure greater than or equal to its open line of credit and the total of any security currently provided will not be allowed unless approved in writing by the Big Rivers CEO.

Credit Slewing

All slewing transactions for credit purposes shall be approved by the CEO. *(Note: Slewing is an arrangement where a more financially reputable entity acts as middleman for a smaller, undercapitalized entity in the purchase or sale of power.)*

Contract Slewing

This policy does not prohibit Big Rivers from being positioned between another member or customer of APM and an external counterparty in order to bridge a contract gap that exists. The sleeve must:

- Be only for physical power, transmission or natural gas, not transportation,
- Be only for terms of one month or less.

Contract slewing on behalf of Big Rivers is approved when it is either the only or the most economical path to pursue at the discretion of APM, with prompt after-the-fact notice to the Big Rivers VP Production.

Transaction Communications

All communications for bilateral electric power transactions must be transacted via a recorded communication method. Examples include, but are not limited to, voice recorded communication land or

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	Original Approval Date	<u>06/15/2007</u>	
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cellular phone, instant messaging or via an online broker account. Recorded communications must be maintained and controlled by personnel who are independent of the transaction function.

Deal Capture

Any transactions executed by a Big Rivers employee must be promptly forwarded to APM after the deal execution.

Speculation

Speculation refers to a purchase or sales transaction in which the intent was to realize a profit without taking physical delivery. No speculative transaction activities shall be permitted, and no speculative transaction positions shall be initiated. Transactions will be permitted only for purposes of hedging and portfolio optimization.

Non-Standard Products

The Board must pre-approve any transaction that involves commodities or products not listed in this policy.

Transactions Requiring Board Approval

Transactions which meet any of the following criteria must be pre-approved by the Board prior to execution:

- The transaction is a new commodity or within the list of commodities not previously transacted by Big Rivers,
- The transaction is at a location in which no transactions are permitted,
- The transaction is for something other than: physical spot or forward electricity, natural gas, fuel oil, solid fuel, ancillary services, capacity, power transmission, financial transmission rights, gas transportation, gas imbalance and storage, solid fuel transportation, exchange transacted energy products, over-the-counter (OTC) financial energy transactions, OTC energy options, federal SO2 or NOx emission allowances, renewable energy credits or a unit outage insurance product.

Examples of new instruments would include the use of derivatives with different risk characteristics or the use of derivatives to implement different business strategies or goals. New instruments or locations would also include those instruments or locations that may be transacted on a "one-off" basis, which would be implementation of a derivative instrument or entry into a commodity market that, despite the anticipation of being transacted just once, would still fit the definition of a new instrument or location.

The purpose of defining a process for such transactions as noted above is to ensure that the exposures associated with them are thoroughly reviewed and understood by the Board and appropriate transaction

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
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controls are in place. The Board must approve the use of such transactions prior to execution using the process defined below:

- a) Transaction Proposal - The proposal is the responsibility of the person or business group proposing the transaction. The proposal should address the business need, risks, transaction controls, valuation methodology, accounting methodology, operations workflow/ methodology, and assessment of legal and regulatory issues.
- b) Board Review - The Board will perform a review of the benefits and risks of the proposed transaction. The Board will assess the proposed transaction and make a determination whether to add the proposed transaction to the approved list.
- c) Approval (Pilot Program) – The Board may approve limited use of the proposed transaction to ensure that proper controls are in place to monitor the activity. The Board may approve the proposed transaction without instituting a Pilot Program if the proposed transaction is going to be used once (one off), where it would not be prudent to test it in a shorter time frame or smaller quantity due to constraints such as liquidity or length of term of product. The Board will use more scrutiny in approval of one-off transactions.

Subject: Energy Related Transaction Authority Policy	Original Effective Date <u>06/15/2007</u> Original Approval Date <u>06/15/2007</u> Date Last Revised <u>02/21/2012</u>	Approved By: Board
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4. Bilateral Electric Power and Transmission Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for power and power transmission transactions.

Title	Product	Per Transaction Limits (up to)				Per Delivery Day Limits (up to)		Aggregate Limits	
		Term	Lead Time	MW Size	\$/MWH	Total Volume MWH	Total \$	Total Volume MWH	Total \$
Board	Electric Power and Transmission	No Limit	No Limit	No Max.	No Max.	No Max.	No Max.	No Max.	No Max.
CEO	Electric Power and Transmission	> 1 Year	≤ 2 Years	50	\$150	21,600	\$10.8 million	1,800,000	\$110 million
		≤ 3 Years		No Max.	No Max.				
		≤ 1 Year							

Power Authority Matrix Explanations

- Transaction limits represent the MW volume per hour and dollars/MWH for each transaction executed.
- Per Delivery Day Limits represent the total MWH volume and dollars for all transactions delivered in a given transaction day.
- Aggregate Limits represent the sum total MWH volume and dollars for all forward transactions.
- Lead time represents the time period from the date the transaction is executed to the start of the transaction.
- Authorized products include electric power, both forwards and options, transmission, including both physical and financial derivatives. Options may only be entered into by the Big Rivers CEO or his designee.
- Authority for PJM and MISO products is defined in the authority matrices below.

Subject: Energy Related Transaction Authority Policy	Original Effective Date <u>06/15/2007</u> Original Approval Date <u>06/15/2007</u> Date Last Revised <u>02/21/2012</u>	Approved By: Board
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Delivery Locations

Transactions at delivery locations outside the eastern interconnect are not permitted. Transaction at delivery locations that are normal to the daily course of business for Big Rivers, to the extent transmission is available, are authorized as follows:

Unrestricted Delivery Locations

- SERC Reliability Region
- MISO
- PJM
- RFC Reliability Region
- SPP

Transaction at any other delivery locations within the eastern interconnection shall be restricted as follows:

Restricted Delivery Locations

Other eastern interconnection locations only with approval by the Big Rivers CEO.

Firmness of Power

The product firmness of all transactions must be provided for in an executed agreement between Big Rivers and the appropriate counterparty. Sales commitments must never be more firm than the supply source, including the purchase side of back-to-back sales, swaps, sleeves or spreads unless the Big Rivers CEO gives explicit written authority to sell power that is more firm than the supply source. Energy purchased as firm liquidated damages may be resold as such.

Transmission Firmness and Volume

Transmission purchases need to be of equal firmness and volume to the energy component that such transmission purchase is associated with, unless pre-approved otherwise by the Big Rivers CEO. (Note: Purchasing small percentages of additional transmission to cover transmission losses is permitted.) In addition, transmission may be reserved but not utilized if an energy schedule is not confirmed prior to scheduling deadlines outside of Big Rivers' or APM's control. When this occurs it is not considered a violation of this policy.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

5. MISO Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for MISO products.

		MISO Per Transaction Limits (up to)			
Title	Product	Delivery Lead Time	Term	MW Size	\$/MWh
Board	All MISO Products	No Limit	No Limit	No Max	No Max
CEO	Generation Awards	As Required by MISO	1 Operating Day	No Max	MISO Price Cap
	Demand Awards				
	Ancillary Service Awards				
	Capacity	≤ 3 Years	≤ 3 Years	500	
	Financial Transmission Rights	≤ 4 Years	≤ 4 Years	425	\$20
	Virtual Transaction Awards Imports/Exports	As Required by MISO	1 Operating Day	No Max	MISO Price Cap

MISO Authority Matrix Explanations

- Virtual transaction award limits are per each bid/offer nodal point. Virtual purchase awards and virtual sales awards are monitored separately.
- Imports and exports are per location and are monitored separately.
- Generation Award Limits are per generating unit.
- Demand Award Limits are per each load nodal point.
- Limits for Ancillary Service Awards apply to the Regulation and Operating (Spinning and Supplemental) Reserve Market only.
- Capacity limits apply to bilateral transactions executed to meet MISO resource adequacy requirements such as MISO Aggregate Planning Resource Credits (APRC) as well as capacity transacted via the MISO Capacity Auction.
- Only Financial Transmission Rights that are bought and sold via the annual and monthly auctions or in the secondary market are monitored per the limits above. Participation in the Annual Allocation of financial transmission rights is not considered a transaction subject to this Policy.
- Delivery lead time represents the time period between trade execution and start of flow.

Note that all MISO ISO day-ahead transactions, such as price-sensitive offers and bids for importing and exporting from MISO, are financially firm. Hence an exception from the firmness of power for adjustments to these day ahead transactions intraday is acceptable due to the fact that these adjustments are hourly and non-firm.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

6. PJM Transaction Authority (Non-Bilateral)

The following outlines transaction limits, definitions, and procedural requirements for PJM products.

Title	Product	PJM Per Transaction Limits (up to)			
		Delivery Lead Time	Term	MW Size	\$/MWh
Board	All PJM Products	No Limit	No Limit	No Max	No Max
CEO	Generation Awards	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted
	Demand Awards				
	Ancillary Service Awards				
	Capacity	≤ 4 Years	≤ 4 Years	425	\$20
	Financial Transmission Rights	As Required by PJM	1 Operating Day	No Max	PJM Price Cap
	Virtual Transaction Awards				
Imports/Exports					

PJM Authority Matrix Explanations

- Virtual transaction award limits are per each bid/offer nodal point. Incremental purchase awards and decremental sales awards are monitored separately.
- Imports and exports are per location and are each monitored separately.
- Only financial transmission rights that are bought and sold via the annual and monthly auctions or in the secondary market are monitored per the limits above. Participation in the Annual Allocation of financial transmission rights is not considered a transaction subject to this Policy.

Note that PJM RTO day-ahead transactions, such as price-sensitive offers and bids for importing and exporting from PJM are financially firm. Hence an exception from the firmness of power for adjustments to these day ahead transactions intraday is acceptable due to the fact that these adjustments are hourly and non-firm.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

7. Natural/Synthetic Gas and Transportation Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for natural/synthetic gas (Gas) and transportation transactions.

Title	Product	Per Transaction Limits (up to)				Per Delivery Day Limits (up to)		Aggregate Limits (up to)	
		Term	Lead Time	Physical Volume per Day MMBtu	\$/ MMBtu	Physical Volume MMBtu	Total \$	Total Physical Volume MMBtu	Total \$
Board	Gas Products	No Limit	No Limit	No Max.	No Max.	No Max.	No Max.	No Max.	No Max.
CEO	Physical	> 1 Year	≤ 2 Years	25,000	\$15	25,000	\$375,000	1.2 million	\$18 million
		≤ 1 Year		No Max.	No Max.	No Max.	No Max.		

Gas Authority Matrix Explanations

- Transaction limits represent the physical MMBtu volume per day and dollars/MMBtu for each transaction executed.
- Per delivery day limits represent the total physical MMBtu volume and dollars for all transactions delivered in a given day.
- Aggregate limits represent the total physical MMBtu volume and dollars for all forward transactions.
- Lead time represents the time period from the date a transaction is executed to the start of the transaction.
- The dollar limits are based upon commodity gas only and do not include transportation, however, the term, lead time, and volume limits do apply to transportation.
- Gas products include physical gas, as well as transportation, imbalance and storage. The above authority matrix applies to both exchange transacted and OTC derivative products.

Gas Firmness

The product firmness of all transactions must be provided for in an executed agreement between Big Rivers and the appropriate counterparty. Sales commitments of Gas must never be more firm than the Gas supply source unless pre-approved by the Big Rivers CEO.

Subject: Energy Related Transaction Authority Policy	Original Effective Date <u>06/15/2007</u> Original Approval Date <u>06/15/2007</u> Date Last Revised <u>02/21/2012</u>	Approved By: Board
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Transportation Firmness and Volume

Transportation purchases need to be of equal firmness and volume to the Gas component that such transportation purchase is associated with, unless pre-approved otherwise by the Big Rivers CEO.

Delivery Locations

Gas transactions may only be executed at the following locations:

- Pipelines and hubs that serve Big Rivers' gas powered generation unit(s).

Physical Gas transactions may only be executed at other locations upon approval of the Big Rivers CEO and such transactions must support the hedging needs of Big Rivers.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

8. Fuel Oil Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for physical fuel oil transactions.

Fuel oil hedging will be conducted to hedge price risk associated with fuel oil used for plant start-up or to hedge potential fuel oil or diesel fuel price risk contained within solid fuel contracts.

<u>Title</u>	<u>Product</u>	<u>Per Transaction Limits (up to)</u>				<u>Aggregate Limits (up to)</u>	
		<u>Term</u>	<u>Lead Time</u>	<u>Physical - Volume Gallons</u>	<u>\$/Gallon</u>	<u>Total Physical - Volume Gallons</u>	<u>Total \$</u>
Board	Physical Fuel Oil	No Limit	No Limit	No Max	No Max	No Max	No Max
CEO	Physical Fuel Oil	> 1 Year	≤ 2 Years	1,000,000	\$6	6,000,000	\$36 million
		≤ 3 Years		No Max	No Max		
		≤ 1 Year					

Fuel Oil Authority Matrix Explanations

- Transaction limits represent the total gallons and dollars/gallon for each transaction executed.
- Aggregate limits represent the sum total gallon volume and dollars for all forward transactions.
- Lead time represents the time period from the date a transaction is executed to the start of the transaction.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

9. Solid Fuel Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for solid fuel transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/MMBtu	Total Volume Tons	Total \$
Board	Physical Solid Fuel	No Limit	No Limit	No Max	No Max	No Max	No Max
CEO	Physical Solid Fuel	> 3 Months ≤ 3 Years	≤ 2 Years	1,500,000	\$2.50	2 million	\$120 million
		≤ 3 Months		200,000	\$2.85		

Solid Fuel Authority Matrix Explanations

- Authorized products include physical spot and forward transactions and options on physical forwards.
- Per transaction limits represent the total quantity in tons and dollars/MMBtu for each transaction executed.
- Aggregate limits represent the sum total quantity in tons and dollars for all forward transactions.
- Lead time represents the time period from the date a transaction is executed to the start of the transaction.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

10. Solid Fuel Transportation Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for solid fuel transportation transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
Board	Barge, Rail or Truck Transportation	No Limit	No Limit	No Max	No Max	No Max	No Max
CEO	Barge, Rail or Truck Transportation	> 1 Year ≤ 3 Years	≤ 2 Years	3 million	\$9	6 million	\$54 million
		≤ 1 Year		No Max	No Max		

Solid Fuel Transportation Authority Matrix Explanations

- Authorized products include barge, rail and truck transportation transactions.
- Per transaction limits represent the total quantity in tons and dollars/ton for each transaction executed.
- Aggregate limits represent the sum total quantity in tons and dollars for all forward transactions.
- Lead time represents the time period from the date a transaction is executed to the start of the transaction.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

11. Emission Allowances Transaction Authority*

The following outlines transaction limits, definitions, and procedural requirements for emissions transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
Board	Federal SO ₂ and NO _x Emission Allowances	No Limit	No Limit	No Max	No Max	No Max	No Max
CEO	Federal SO ₂ Emission Allowances	> 1 Year ≤ 2 Years	≤ 2 Years	5,000	\$500	20,000	\$10 million
		≤ 1 Year		No Max	No Max		
	Federal NO _x Emission Allowances	> 1 Year ≤ 2 Years		2,500	\$2,500	12,500	\$30 million
		≤ 1 Year		No Max	No Max		

Emission Allowance Authority Matrix Explanations

- The authority matrix above represents authority for SO₂ and NO_x emission allowances.
- Per transaction limits represent the total quantity in tons and dollars/ton for each transaction executed.
- Aggregate limits represent the sum total quantity in tons and dollars for all forward transactions.
- Lead time represents the time period from the date a transaction is executed to the start of the transaction.

*Per Appendix A of the Kentucky Public Service Commission order dated March 6, 2009 in case 2007-00455 Big Rivers commits to not sell SO₂ allowances in its inventory (excluding the 14,000 SO₂ allowances acquired in conjunction with the Unwind Transaction) unless the sale is cost-effective based on a written policy which reflects short- and long-term allowance needs and prices.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

12. Limestone Reagent Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for limestone reagent transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
Board of Directors	Physical Limestone Reagent	No Limit	No Limit	No Max	No Max	No Max	No Max
CEO	Physical Limestone Reagent	> 3 Months ≤ 3 Years	≤ 2 Years	750,000	\$20	1.50 million	\$30 million
		≤ 3 Months		No Max	No Max		

Limestone Reagent Authority Matrix Explanations

- Authorized products include physical spot and forward transactions and options on physical forwards.
- Per transaction limits represent the total quantity in tons and dollars for each transaction executed.
- Aggregate limits represent the sum total quantity in tons and dollars for all forward transactions.
- Lead time represents the time period from the date a transaction is executed to the start of the transaction.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
	Original Approval Date	<u>06/15/2007</u>	
	Date Last Revised	<u>02/21/2012</u>	

13. Lime Reagent Transaction Authority

The following outlines transaction limits, definitions, and procedural requirements for lime reagent transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
Board of Directors	Physical Lime Reagent	No Limit	No Limit	No Max	No Max	No Max	No Max
CEO	Physical Lime Reagent	> 3 Months ≤ 3 Years	≤ 2 Years	650,000	\$125	650,000	\$81 million
		≤ 3 Months		No Max	No Max		

Lime Reagent Authority Matrix Explanations

- Authorized products include physical spot and forward transactions and options on physical forwards.
- Per transaction limits represent the total quantity in tons and dollars for each transaction executed.
- Aggregate limits represent the sum total quantity in tons and dollars for all forward transactions.
- Lead time represents the time period from the date a transaction is executed to the start of the transaction.

Subject: Energy Related Transaction Authority Policy	Original Effective Date	<u>06/15/2007</u>	Approved By: Board
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	Date Last Revised	<u>02/21/2012</u>	

14. Acknowledgements

Clear Authority and Staff and APM Authority Delegations

Where authority is further downward delegated, it must be approved by written signature of the next authority level up prior to any execution. In no case will the delegation of authority to Big Rivers staff or APM exceed that of the Big Rivers CEO.

Violations and Sanctions

Violations of this Authority Policy must not occur. Any person covered by this policy who becomes aware of a violation of the Authority Policy has an affirmative duty to report the violation to the department head in which the violation occurred and to the Vice President of Governmental Relations and Enterprise Risk Management who in turn shall inform the Big Rivers CEO. However, if it is believed that the Big Rivers CEO is involved then the Big Rivers Chairman of the Board shall be notified. The responsible party (ies) will be sanctioned according to Big Rivers Risk Management Sanctions Policy (for Big Rivers Employees only, APM employees are governed by the ACES Power Marketing Trading Sanctions Policy).

Policy Effective


This Transaction Authority Policy is in effect upon the Board’s approval and shall remain in effect until a revised policy has been approved by the Board.

Responsibility

It shall be the responsibility of the Board, the CEO, the Big Rivers-IRMC and the APM-IRMC to ensure compliance with this policy.

Number	Date	Notes	Approved by
		Replaced Risk Management Policy for Power Supply	Board
Original	06/15/2007	Trading Authority Policy w/o matrices	Board
Rev 1	10/16/2009	Name change to Energy Related Transaction Authority Policy with matrices	Board
Rev 2	11/19/2010	MISO Transaction Authority updated	Board
Rev 3	12/17/2010	Updated Solid Fuel Transaction Authority	Board
Rev 4	03/18/2011	Added limestone and lime, general cleanup	Board
Rev 5	02/21/2012	Made revisions to account for retirement of Senior VP Energy Services	Board



Your Touchstone Energy Cooperative 

Appendix A to Energy Related Transaction Authority Policy 105

APPROVED BY: CEO	APPROVAL DATE:	5-7-2012
CEO Signature <i>Mark C. Bailey</i>		
Revision 5		
STAFF AND APM TRANSACTING AUTHORITY DELEGATIONS		

1. Purpose

The purpose of this appendix is to define the authority granted by the Big Rivers CEO (“CEO”) to Big Rivers’ staff and APM to execute energy-related transactions.

2. Objective

The objective of this appendix is to extend authority within Policy 105 to Big Rivers’ internal staff and APM.

3. Procedural Requirements

As an appendix to Policy 105, all requirements and criteria stated within Policy 105 apply to this appendix.

Delegation of authority regarding Contract Requirements

The CEO delegates his authority to use a long form confirmation as a valid agreement in lieu of a master agreement when necessary to the VP Production and the Director of Power Portfolio Optimization and the Director of Resources and Forecasting.

4. Bilateral Electric Power and Transmission Transaction Authority

The following outlines Big Rivers' staff and APM transaction limits for power and power transmission transactions.

Title	Product	Per Transaction Limits (up to)				Per Delivery Day Limits (up to)		Aggregate Limits (up to)	
		Term	Lead Time	MW Size	\$/MWH	Total Volume MWH	Total \$	Total Volume MWH	Total \$
VP Production	Electric Power and Transmission	> 1 Month ≤ 1 Year	≤ 1 Year	105	\$85	16,200	\$8.1 million	657,000	\$55.8 million
		≤ 1 Month		210	No Max				
Director of Power Portfolio Optimization	Electric Power and Transmission	> 1 Month ≤ 3 Months	≤ 1 Year	105	\$75	14,000	\$7.0 million	500,000	\$37.5 million
		> 1 Week ≤ 1 Month		105	\$100				
		≤ 1 Week	≤ 1 Month	No Max.	No Max.				
Director of Resources & Forecasting	Electric Power and Transmission	> 1 Month ≤ 3 Months	≤ 1 Year	105	\$75	14,000	\$7.0 million	500,000	\$37.5 million
		> 1 Week ≤ 1 Month		105	\$100				
		≤ 1 Week	≤ 1 Month	No Max.	No Max.				
Power Scheduling Analyst	Electric Power and Transmission	≤ 1 Week	≤ 1 Month	450	No Max.	10,800	\$6.0 million	200,000	\$25 million
APM	Electric Power and Transmission	≤ 1 Daily	≤ 1 Week	450	No Max.	10,800	\$5.4 million	100,000	\$12 million

Delegation of authority regarding Firmness of Power

The CEO delegates his authority to sell power that is more firm than the supply source to the VP Production.

Delegation of authority regarding Transmission Firmness and Volume

The CEO delegates his authority to execute transmission purchases not of equal firmness and volume to the energy component that such transmission purchase is associated with to the VP Production.

Delegation of authority regarding Restricted Delivery Locations

The CEO delegates his authority to execute transactions at other Eastern interconnection locations to the VP Production.

5. MISO Transaction Authority

The following outlines Big Rivers' staff and APM transaction limits for MISO products.

		MISO Per Transaction Limits (up to)			
Title	Product	Delivery Lead Time	Term	MW Size	\$/MWh
VP Production	Generation Awards	As Required by MISO	1 Operating Day	425	MISO Price Cap
	Demand Awards			1750	
	Ancillary Service Awards			425	
	Capacity	≤ 2 Years	≤ 2Years	425	\$20
	Financial Transmission Rights	≤ 1 Year	≤ 1 Year	425	\$20
	Virtual Transaction Awards	As Required by MISO	1 Operating Day	No Max	MISO Price Cap
Imports/Exports	No Max				
Director of Power Portfolio Optimization and Director of Resources & Forecasting	Generation Awards	As Required by MISO	1 Operating Day	425	MISO Price Cap
	Demand Awards			1700	
	Ancillary Service Awards			425	
	Capacity	≤ 1 Year	≤ 1Year	425	\$15
	Financial Transmission Rights	≤ 6 months	≤ 6 months	425	\$12
	Virtual Transaction Awards	As Required by MISO	1 Operating Day	400	MISO Price Cap
Imports/Exports	500				
Power Scheduling Analyst	Generation Awards	As Required by MISO	1 Operating Day	425	MISO Price Cap
	Demand Awards			1675	
	Ancillary Service Awards			425	
	Capacity	≤ 6 Months	≤ 6 Months	425	\$12
	Financial Transmission Rights	Not Authorized	Not Authorized	Not Authorized	Not Authorized
	Virtual Transaction Awards	As Required by MISO	1 Operating Day	400	MISO Price Cap
Imports/Exports	450				
APM	Generation Awards	As Required by MISO	1 Operating Day	425	MISO Price Cap
	Demand Awards			1650	
	Ancillary Service Awards			425	
	Capacity	≤ 6 Months	≤ 6 Months	425	\$8
	Financial Transmission Rights	≤ 6 Months	≤ 6 Months	425	\$10
	Virtual Transaction Awards	As Required by MISO	1 Operating Day	400	MISO Price Cap
Imports/Exports	400				

6. PJM Transaction Authority (Non-Bilateral)

The following outlines Big Rivers' staff and APM transaction limits for PJM products.

		PJM Per Transaction Limits (up to)			
Title	Product	Delivery Lead Time	Term	MW Size	\$/MWh
VP Production	Generation Awards	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted
	Demand Awards				
	Ancillary Service Awards				
	Capacity	≤ 1 Year	≤ 1 Year	210	\$20
	Financial Transmission Rights	As Required by PJM	1 Operating Day	No Max	PJM Price Cap
	Virtual Transaction Awards			No Max	
Director of Power Portfolio Optimization and Director of Resources & Forecasting	Imports/Exports	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted
	Generation Awards				
	Demand Awards				
	Ancillary Service Awards	≤ 1 Year	≤ 3 months	105	\$12
	Capacity	As Required by PJM	1 Operating Day	400	PJM Price Cap
	Financial Transmission Rights			500	
Power Scheduling Analyst	Imports/Exports	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted
	Generation Awards				
	Demand Awards				
	Ancillary Service Awards	Not Authorized	Not Authorized	Not Authorized	Not Authorized
	Capacity	As Required by PJM	1 Operating Day	400	PJM Price Cap
	Financial Transmission Rights			450	
APM	Imports/Exports	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted	Not Presently Transacted
	Generation Awards				
	Demand Awards				
	Ancillary Service Awards	Not Authorized	Not Authorized	Not Authorized	Not Authorized
	Capacity	As Required by PJM	1 Operating Day	400	PJM Price Cap
	Financial Transmission Rights			400	

7. Natural/Synthetic Gas and Transportation Transaction Authority

The following outlines Big Rivers' staff and APM transaction limits for natural/synthetic gas (Gas) and transportation transactions.

Title	Product	Per Transaction Limits (up to)				Per Delivery Day Limits (up to)		Aggregate Limits (up to)	
		Term	Lead Time	Physical MMBtu Volume per Day	\$/MMBtu	Total Physical Volume MMBtu	Total \$	Total Physical Volume MMBtu	Total \$
VP Production	Physical	> 1 Month ≤ 1 Year	≤ 1 Year	20,000	\$15	20,000	\$300,000	400,000	\$6 million
		≤ 1 Month		No Max	No Max	No Max	No Max		
Director of Power Portfolio Optimization	Physical	> 1 Week ≤ 1 Month	≤ 1 Year	10,000	\$15	10,000	\$150,000	200,000	\$3 million
		≤ 1 Week		≤ 1 Month	No Max.	No Max.	No Max		
Director of Resources & Forecasting	Physical	> 1 Week ≤ 1 Month	≤ 1 Year	10,000	\$15	10,000	\$150,000	200,000	\$3 million
		≤ 1 Week		≤ 1 Month	No Max.	No Max.	No Max		
APM	Physical*	≤ 1 Week	≤ 1 Week	20,000	\$15	20,000	\$300,000	100,000	\$1.5 million
	Pipeline Payback			60,000	\$15	60,000	\$900,000	60,000	\$900,000

***Excludes purchases for pipeline payback. Purchases for pipeline payback are addressed separately in the row below.**

Delegation of authority regarding Gas Firmness

The CEO delegates his authority to sell gas that is more firm than the supply source to the VP Production.

Delegation of authority regarding Transportation Firmness and Volume

The CEO delegates his authority to execute transportation purchases not of equal firmness and volume to the gas component that such transportation purchase is associated with to the VP Production.

8. Fuel Oil Transaction Authority

The following outlines Big Rivers' staff and APM transaction limits for fuel oil transactions.

<u>Title</u>	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Physical-Volume Gallons	\$/Gallon	Total Volume Gallons	Total \$
VP Production	Physical Fuel Oil	> 1 Month ≤ 1 Year	≤ 1 Year	750,000	\$6	4,000,000	\$24 Million
		≤ 1 Month		No Max	No Max		
Director of Fuels Procurement	Physical Fuel Oil	> 1 Week ≤ 1 Month	≤ 1 Year	500,000	\$6	1,000,000	\$6 million
		≤ 1 Week	≤ 1 Month	No Max	No Max		
APM	Physical Fuel Oil	As directed	As directed	As directed	As directed	As directed	As directed

9. Solid Fuel Transaction Authority

The following outlines Big Rivers' staff transaction limits for solid fuel.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/MMBtu	Total Volume Tons	Total \$
VP Production	Physical Solid Fuel	> 3 Months ≤ 1 Year	≤ 1 Year	500,000	\$2.50	1.0 million	\$60 million
		≤ 3 Months		100,000	\$2.85		
Director of Fuels Procurement	Physical Solid Fuel	> 3 Months ≤ 6 Months	≤ 1 Year	250,000	\$2.50	500,000	\$30 million
		≤ 3 Months		50,000	\$2.85		

10. Solid Fuel Transportation Authority

The following outlines Big Rivers' staff transaction limits for solid fuel transportation transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
VP Production	Barge, Rail or Truck Transportation	> 3 Months ≤ 3 Years	≤ 1 Year	2.5 million	\$5	5 million	\$20 million
		≤ 3 Months		No Max	No Max		
Director of Fuels Procurement	Barge, Rail or Truck Transportation	> 1 Month ≤ 1 Year	≤ 1 Year	750,000	\$5	2 million	\$10 million
		≤ 1 Month	≤ 1 Month	No Max	No Max		

11. Emission Allowance Transaction Authority

The following outlines Big Rivers' staff and APM transaction limits for emission allowance transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
VP Production	Federal SO2 Emission Allowances	≤ 1 Year	≤ 1 Year	2,500	\$300	10,000	\$3 million
	Federal NOx Emission Allowances	≤ 1 Year		1,250	\$2,000	5,000	\$10 million
Director of Fuels Procurement, Director of Power Portfolio Optimization and Director of Resources & Forecasting	Federal SO2 Emission Allowances	≤ 1 Year	≤ 6 months	2,000	\$275	5,000	\$1 million
	Federal NOx Emission Allowances	≤ 1 Year		500	\$1,500	2,000	\$3 million
APM	Federal SO2 Emission Allowances	As directed	As directed	As directed	As directed	As directed	As directed
	Federal NOx Emission Allowances	As directed		As directed	As directed		

12. Limestone Reagent Transaction Authority

The following outlines Big Rivers' staff transaction limits for limestone reagent transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
VP Production	Physical Limestone Reagent	≤ 1 Year	≤ 1 Year	187,500	\$18	375,000	\$6.75 million
Director of Fuels Procurement	Physical Limestone Reagent	≤ 3 Months	≤ 1 Year	93,750	\$18	187,500	\$3.375 million

13. Lime Reagent Transaction Authority

The following outlines Big Rivers' staff transaction limits for lime reagent transactions.

Title	Product	Per Transaction Limits (up to)				Aggregate Limits (up to)	
		Term	Lead Time	Volume Tons	\$/Ton	Total Volume Tons	Total \$
VP Production	Physical Lime Reagent	≤ 1 Year	≤ 1 Year	162,500	\$120	162,500	\$19.5 million
Director of Fuels Procurement	Physical Lime Reagent	≤ 3 Months	≤ 1 Year	81,250	\$120	81,250	\$9.75 million

14. Acknowledgements

Violations and Sanctions

Violations of this Authority Policy must not occur. Any person covered by this policy who becomes aware of a violation of the Authority Policy has an affirmative duty to report the violation to the department head in which the violation occurred and to the Vice President of Governmental Relations and Enterprise Risk Management who in turn shall inform the Big Rivers CEO. However, if it is believed that the Big Rivers CEO is involved then the Big Rivers Chairman of the Board shall be notified. The responsible party(ies) will be sanctioned according to Big Rivers Risk Management Sanctions Policy (for Big Rivers Employees only, APM employees are governed by the ACES Power Marketing Trading Sanctions Policy).

Appendix Effective

This Transaction Authority Appendix is in effect upon the CEO's approval and shall remain in effect until a replacement appendix has been approved by the CEO.

Responsibility

It shall be the responsibility of the CEO, VP Production and the Big Rivers-IRMC and the APM-IRMC to ensure compliance with this policy.

Revisions

Big Rivers Policy 105/Appendix A Revision Record			
Number	Date	Notes	Approved by
Rev. 0	11-04-09	Energy Related Trans	Mark Bailey
Rev. 1	11-22-10	MISO and other misc. updates	Mark Bailey
Rev. 2	1-4-11	Updated Solid Fuel Transaction Authority	Mark Bailey
Rev. 3	3-18-11	Added Limestone and Lime, general cleanup	Mark Bailey
Rev. 4	12-5-11	Update Bi-Lateral and Emission limits, add authority for PJM FTRs, add VP of Production	Mark Bailey
Rev. 5	05-7-12	Remove Senior VP Energy Services from document due to retirement/elimination of role; change policy number to reflect new board policy numbers	Mark Bailey



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EXCERPT FROM THE MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF KENERGY CORP.

WHEREAS in the Retail Electric Service Agreement ("the Retail Agreement") between Kenergy Corp. ("Kenergy") and Alcan Primary Products Corporation ("Alcan"), Alcan may request Kenergy to purchase additional energy for Alcan in the form of "Market Energy" as set forth in 2.3.2(c) of the Alcan Retail Agreement and the Wholesale Electric Service Agreement between Big Rivers Electric Corporation ("Big Rivers") and Kenergy related to service to Alcan ("the Wholesale Agreement"); and

WHEREAS Alcan, Kenergy and Big Rivers have reached agreement on the terms of a Market Energy purchase by Kenergy from Big Rivers for delivery to Alcan in the form of the two letters stating supplement terms attached to this resolution;

NOW, therefore, BE IT RESOLVED, that the Board of Directors authorizes and directs President and CEO Sanford Novick to sign the attached letters stating supplemental terms for the aforementioned Market Energy transaction with Alcan, and to seek all regulatory and credit approvals required to execute that transaction.

I, Debra Hayden, Assistant Secretary, certify that the foregoing is a true and correct excerpt from the minutes of a meeting of the board of directors of Kenergy Corp. on May 8, 2012.

A handwritten signature in cursive script that reads "Debra Hayden".

Assistant Secretary



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(800) 844-4732

EXCERPT FROM THE MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF KENERGY CORP.

WHEREAS in the Retail Electric Service Agreement (“the Retail Agreement”) between Kenergy Corp. (“Kenergy”) and Alcan Primary Products Corporation (“Alcan”), Alcan may request Kenergy to purchase additional energy for Alcan in the form of “Market Energy” as set forth in 2.3.2(c) of the Alcan Retail Agreement and the Wholesale Electric Service Agreement between Big Rivers Electric Corporation (“Big Rivers”) and Kenergy related to service to Alcan (“the Wholesale Agreement”); and

WHEREAS Alcan, Kenergy and Big Rivers have reached agreement on the terms of a Market Energy purchase by Kenergy from Big Rivers for delivery to Alcan in the form of the two letters stating supplement terms attached to this resolution;

NOW, therefore, BE IT RESOLVED, that the Board of Directors authorizes and directs President and CEO Sanford Novick to sign the attached letters stating supplemental terms for the aforementioned Market Energy transaction with Alcan, and to seek all regulatory and credit approvals required to execute that transaction.

I, Debra Hayden, Assistant Secretary, certify that the foregoing is a true and correct excerpt from the minutes of a meeting of the board of directors of Kenergy Corp. on May 8, 2012.

A handwritten signature in cursive script that reads "Debra Hayden".

Assistant Secretary



P.O. Box 1389 ♦ 3111 Fairview Drive
Owensboro, Kentucky 42302-1389
(270) 926-4141 ♦ FAX (270) 685-2279
(800) 844-4732

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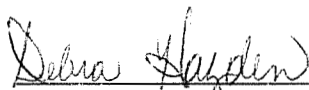
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A handwritten signature in cursive script that reads "Debra Hayden". The signature is written in black ink and is positioned above a horizontal line.

Assistant Secretary



201 Third Street
P.O. Box 24
Henderson, KY 42419-0024
270-827-2561
www.bigrivers.com

May 17, 2012

Kenergy Corp.
P. O. Box 1389
Owensboro, KY 42302
Attn: Sandy Novick, President and CEO

Subject: Market Energy Transaction

This letter contains the understanding of Big Rivers Electric Corporation ("Big Rivers") about the agreed details for a Market Energy purchase by Kenergy Corp. ("Kenergy") from Big Rivers for resale to Alcan Primary Products Corporation ("Alcan") under Section 2.3.2(c) of the Wholesale Electric Service Agreement (Alcan) dated July 1, 2009, between Big Rivers and Kenergy ("Agreement"). This transaction is made pursuant to the terms of the Agreement, except to the extent those terms are inconsistent with the terms of this letter.

Quantity/Scheduling: When scheduling Market Energy Alcan shall submit a schedule no later than 3:00 PM on the second business day prior to the day of the scheduled delivery for up to 10 MW in integral multiples of one MW per hour. Once the schedule is submitted the obligation of Big Rivers to provide and Alcan to pay for Market Energy shall become a firm commitment, except as provided for in Article 11 of the Agreement. Alcan may elect to schedule Interruptible Energy pursuant to Section 2.3.2(a) of the Agreement rather than, or in combination with, Market Energy.

Delivery: In accordance with Section 2.3.2(c) of the Agreement.

Term: July 1, 2012 through June 30, 2013.

Price: As follows for Market Energy scheduled during each month of the term:

2012		2013	
Jul:	\$ 37.42/MWh	Jan:	\$ 41.14/MWh
Aug:	\$ 37.77/MWh	Feb:	\$ 41.17/MWh
Sep:	\$ 32.62/MWh	Mar:	\$ 38.42/MWh
Oct:	\$ 34.30/MWh	Apr:	\$ 38.74/MWh
Nov:	\$ 33.85/MWh	May:	\$ 37.96/MWh
Dec:	\$ 34.87/MWh	Jun:	\$ 38.89/MWh

These prices include the items of pricing stated in Section 4.3.3(b) of the Agreement, including transmission services from Big Rivers.

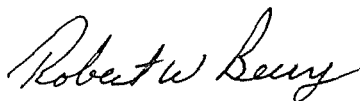
Billing and Calculation of Market Energy Charge: In accordance with Section 4.3.3(a) of the Agreement.

The effective date of the terms in this letter will be the date on which this letter has been signed by the parties and has received all required approvals from Big Rivers' board of directors, the Kentucky Public Service Commission ("KPSC") and the Rural Utilities Service ("RUS"), and a corresponding agreement between Kenergy and Alcan has been signed by the parties and received all required approvals from Kenergy's board of directors, the KPSC and the RUS.

If these terms are agreeable to Kenergy, please indicate that agreement by signing in the location provided below.

Sincerely yours,

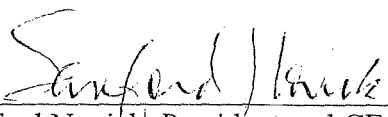
Big Rivers Electric Corporation



Robert W. Berry
Vice President Production

ACCEPTED AND AGREED:

Kenergy Corp.

By: 
Sanford Novick, President and CEO
Date: May 18, 2012

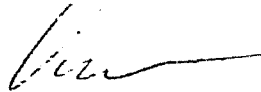
cc: Mark Bailey
Ahmad Khan
Mike Mattox
Al Yockey
David Hamilton, Kenergy

U.S. DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

RUS BORROWER DESIGNATION Kentucky 65 Kenergy
Kentucky 62 Big Rivers

THE WITHIN Wholesale Electric Service Agreement (Alcan) dated as of July 1, 2009
by and between Big Rivers Electric Corporation and Kenergy
Corporation.

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED SOLELY FOR THE
PURPOSES OF SUCH CONTRACT.



FOR THE ADMINISTRATOR

DATED

JUL 16 2009

**WHOLESALE ELECTRIC SERVICE AGREEMENT
(ALCAN)**

Dated as of July 1, 2009,

by and between

BIG RIVERS ELECTRIC CORPORATION

and

KENERGY CORP.

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WHOLESALE ELECTRIC SERVICE AGREEMENT (ALCAN)

This WHOLESALE ELECTRIC SERVICE AGREEMENT (ALCAN) (this "Agreement") is dated as of July 1, 2009, and made by and between BIG RIVERS ELECTRIC CORPORATION, a Kentucky rural electric cooperative corporation ("Big Rivers"), and KENERGY CORP., a Kentucky rural electric cooperative corporation ("Kenergy").

RECITALS

A. Big Rivers is a generation and transmission cooperative and Kenergy is a member of Big Rivers.

B. Kenergy currently supplies and delivers to Alcan Primary Products Corporation, a Texas corporation ("Alcan"), the owner and operator of an aluminum reduction plant in Seabee, Kentucky, electric energy and related services pursuant to an Agreement for Electric Service, dated July 15, 1998, between Henderson Union Electric Cooperative Corp., Kenergy's predecessor-in-interest, and Alcan Aluminum Corporation, Alcan's predecessor-in-interest (the "Existing Alcan Agreement").

C. Kenergy currently purchases electric energy and related services for resale to Alcan from Western Kentucky Energy Corp., an affiliate of E. ON U.S., LLC, formerly known as LG&E Energy Corp. (together with its affiliates and parent, collectively, "LG&E"), under an Agreement for Electric Service, dated as of July 15, 1998, with Kenergy (the "Kenergy/LG&E Contract").

D. Kenergy also currently purchases additional electric energy and related services for resale to Alcan, to serve the energy requirements of Alcan not provided by LG&E, from third-party energy suppliers, including Big Rivers.

E. The Existing Alcan Agreement and the Kenergy/LG&E Contract were entered into in connection with the consummation of a series of transactions implementing the First Amended Plan of Reorganization of Big Rivers, as part of which, among other things (i) Big Rivers leased its generating facilities to LG&E, and (ii) Big Rivers entered into a power purchase arrangement with LG&E whereby LG&E supplied Big Rivers with electric energy and related services for resale to its Members.

F. Big Rivers, Kenergy, LG&E, Century Aluminum of Kentucky General Partnership ("Century"), and Alcan have agreed to enter into a series of transactions referred to herein as the New Transaction and the Unwind Transaction, as defined below.

G. In connection with and as a condition to the Unwind Transaction, Big Rivers has agreed to supply, and Kenergy has agreed to purchase, a certain amount of wholesale electric service for resale to Alcan on the terms and conditions set forth herein, and Kenergy and Alcan have agreed to enter into a retail electric service agreement, dated as of the date hereof, with obligations corresponding to those set forth in this Agreement (the "Alcan Retail Agreement").

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the Parties, intending to be legally bound, hereby covenant and agree as follows:

ARTICLE 1

DEFINITIONS AND RULES OF INTERPRETATION

1.1 Definitions. Capitalized terms when used in this Agreement have the meanings specified herein, including the definitions provided in Article 1, unless stated otherwise or the context requires otherwise.

1.1.1 Accounting Principles: Generally accepted accounting principles consistently applied or, if generally accepted accounting principles in accordance with the uniform system of accounts of an applicable Governmental Authority or RUS are required, the generally accepted accounting principles consistently applied in accordance with such uniform system of accounts, each as in effect from time to time.

1.1.2 Affiliate: With respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the specified Person. For avoidance of doubt, no Member is an Affiliate of Big Rivers.

1.1.3 Agreement: As defined in the Preamble.

1.1.4 Alcan: As defined in the Recitals.

1.1.5 Alcan Guarantee: As defined in the Alcan Retail Agreement.

1.1.6 Alcan Parent: Alcan Corporation, a Texas corporation, and parent corporation to Alcan.

1.1.7 Alcan Retail Agreement: As defined in the Recitals.

1.1.8 Ancillary Services: Those services that are necessary to support the transmission of Energy from resources to loads while maintaining reliable operations of Big Rivers' transmission system, as set forth and described in the OATT.

1.1.9 Applicable Law: All laws, statutes, codes, treaties, ordinances, judgments, decrees, injunctions, writs, orders, rules, regulations, interpretations, issuances, enactments, decisions, authorizations, permits or directives of any Governmental Authority having jurisdiction over the matter in question.

1.1.10 Applicable Percentage: The percentage determined in each Fiscal Year that is the quotient of the Base Demand divided by the sum of the Base Demand and the "Base Demand" as defined in and as then in effect under the Century Retail Agreement. If the

Century Retail Agreement is terminated or no longer in effect for any reason, Century's "Base Demand" shall be deemed to be 482 MW for purposes of calculating the Applicable Percentage.

1.1.11 Avoidable Base Charge: The amount in any Billing Month equal to the sum of:

(a) the product of (i) the sum of the Base Rate, the FAC Factor, the Environmental Surcharge Factor, and the Non-FAC Purchased Power Adjustment Factor, and (ii) the amount of Base Fixed Energy that was made available by Alcan to Big Rivers for Surplus Sales, regardless of whether Big Rivers was able to sell such Energy as Surplus Sales;

(b) *plus* the product of (i) the sum of the Base Variable Rate, the FAC Factor, the Environmental Surcharge Factor, and the Non-FAC Purchased Power Adjustment Factor, and (ii) the amount of Base Variable Energy that was made available by Alcan to Big Rivers for Surplus Sales, regardless of whether Big Rivers was able to sell such Energy as Surplus Sales; and

(c) *less* the product of (i) the sum of the Base Variable Rate, the FAC Factor, the Environmental Surcharge Factor, and the Non-FAC Purchased Power Adjustment Factor, and (ii) any Base Fixed Energy or Base Variable Energy made available by Alcan to Big Rivers for Surplus Sales that was neither metered at the Point of Delivery nor sold by Big Rivers as Surplus Sales.

Sample calculations of the Avoidable Base Charge are set forth in Exhibit A.

1.1.12 Back-Up Energy: For any Hour in a Billing Month, the amount of Energy metered at the Point of Delivery during such Hour, less the sum of (i) the Base Demand per Hour less Base Curtailed Energy in such Hour, and (ii) any Supplemental Energy metered at the Point of Delivery during such Hour; *provided*, that the amount of Back-Up Energy may not be less than zero.

1.1.13 Back-Up Energy Charge: As defined in Section 4.4.

1.1.14 Base Curtailed Energy: For any Hour in a Billing Month, the amount of Energy that is either (a) curtailed by Alcan pursuant to Section 4.13.2, or (b) sold by Big Rivers to one or more Third Parties pursuant to (i) Section 4.13.3 as Economic Sales, (ii) Section 10.1 as Surplus Sales, (iii) Section 10.2 as Undeliverable Energy Sales, or (iv) Section 10.3 as Potline Reduction Sales.

1.1.15 Base Demand: 368 MW, or such other amount of electric demand agreed in accordance with Section 3.1, integrated over an Hour.

1.1.16 Base Energy Charge: As defined in Section 4.2.

1.1.17 Base Fixed Energy: For any Billing Month, the product of (a) the Base Demand, (b) the number of Hours in the Billing Month, and (c) 0.98.

1.1.18 Base Hourly Energy: For any Hour in a Billing Month, the amount of Energy equal to the sum of (a) the Energy metered at the Point of Delivery during such Hour less (i) Supplemental Energy and (ii) "Market Energy" as defined under the Alcan Retail Agreement that was purchased by Kenergy from Third Party Suppliers for resale to Alcan, each as metered at the Point of Delivery, if any, and (b) Base Curtailed Energy; *provided*, that for purposes of calculating Base Hourly Energy, the sum of clauses (a) and (b) above during any Hour shall not exceed the Base Demand per Hour.

1.1.19 Base Monthly Energy: The sum of the Base Hourly Energy for all Hours of a Billing Month.

1.1.20 Base Rate: The rate, expressed in dollars per MWh, resulting from the application of the Large Industrial Rate to a load with a 98% load factor, plus \$0.25 per MWh.

1.1.21 Base Variable Energy: For any Billing Month, Base Monthly Energy less Base Fixed Energy, whether positive or negative.

1.1.22 Base Variable Rate: The rate shall be expressed in dollars per MWh, equal to the sum of (i) the "FAC Base" with respect to Big Rivers' Tariff, (ii) the "Environmental Surcharge Base" with respect to Big Rivers' Tariff, and (iii) the "Purchased Power Base" as defined in Appendix A.

1.1.23 Big Rivers: As defined in the Preamble.

1.1.24 Big Rivers' Tariff: Big Rivers' Rates, Rules and Administrative Regulations For Furnishing Electric Service, as filed with and approved by the KPSC.

1.1.25 Billing Month: Each calendar month during the Service Period.

1.1.26 Budget: The annual operating and capital budget approved by Big Rivers' Board of Directors that estimates all revenues and expenditures of Big Rivers for a specified Fiscal Year, as amended and in effect from time to time.

1.1.27 Business Day: Mondays through Fridays of each week except legal holidays established by federal law in the United States of America or state law in the Commonwealth of Kentucky.

1.1.28 Buy-Through Energy: As defined in Section 2.3.2(b).

1.1.29 Buy-Through Energy Charge: As defined in Section 4.3.2.

1.1.30 Century: As defined in the Recitals.

1.1.31 Century Retail Agreement: The retail electric service agreement, dated as of the date hereof, by and between Kenergy and Century.

1.1.32 Century Wholesale Agreement: The wholesale electric service agreement, dated as of the date hereof, between Big Rivers and Kenergy for the benefit of Century.

1.1.33 Cut-Off Date: As defined in Section 10.3.6.

1.1.34 Economic Reserve: A reserve established by Big Rivers, which may be held by Big Rivers or another Person, in an initial principal amount equal to the sum of (a) \$157 million, and (b) such additional amount as Big Rivers may designate on or prior to the consummation of the Unwind Transaction, subject to increases or decreases resulting from earnings or losses thereon or expenditures therefrom. The amount designated by Big Rivers pursuant to clause (b) above may not exceed (i) an amount equal to Big Rivers' unrestricted cash on hand following the consummation of the Unwind Transaction less \$125 million, and (ii) zero if Big Rivers shall not have prepaid at least \$200 million of obligations owed to RUS debt as part of the Unwind Transaction. No additional principal amounts will be contributed by Big Rivers to the Economic Reserve after the Effective Date.

1.1.35 Economic Sales: As defined in Section 4.13.3.

1.1.36 Effective Date: As defined in Section 6.1.

1.1.37 Electric Services: Electric services including capacity and associated Energy and Transmission Services provided by Big Rivers to Kenergy pursuant to this Agreement for resale to Alcan.

1.1.38 Energy: The flow of electricity denominated in kWh or MWh.

1.1.39 Environmental Surcharge: As defined in Section 4.8.3.

1.1.40 Environmental Surcharge Factor: With respect to any Billing Month, a monthly environmental surcharge factor, expressed in dollars per MWh, that is calculated in accordance with the "Monthly Environmental Surcharge Factor" as defined in Big Rivers' Environmental Surcharge Rider.

1.1.41 Environmental Surcharge Rider: The Environmental Surcharge Rider to Big Rivers' Tariff.

1.1.42 Equity Development Credit: As defined in Section 4.10.

1.1.43 Event of Default: As defined in Section 14.1.

1.1.44 Excess TIER Amount: The amount of the TIER Adjustment, if negative, with respect to any Fiscal Year.

1.1.45 Excess Reactive Demand Charge: As defined in Section 4.6.

1.1.46 Existing Alcan Agreement: As defined in the Recitals.

- 1.1.47 FAC: The Fuel Adjustment Clause Rider to Big Rivers' Tariff.
- 1.1.48 FAC Charge: As defined in Section 4.8.1.
- 1.1.49 FAC Factor: With respect to any Billing Month, the fuel adjustment factor, expressed in dollars per MWh, that is calculated in accordance with the FAC in dollars per kWh.
- 1.1.50 FERC: Federal Energy Regulatory Commission.
- 1.1.51 Firm: An obligation to supply Energy subject only to the occurrence of an Uncontrollable Force.
- 1.1.52 Fiscal Year: The fiscal year of Big Rivers.
- 1.1.53 Governmental Authority: Any international, national, federal, state, territorial, local or other government, or any political subdivision thereof, and any governmental, judicial, public or statutory instrumentality, tribunal, agency, authority, body or entity having legal jurisdiction over the matter or Person in question, including the KPSC; *provided, however* that the RUS is not a Governmental Authority for purposes of this Agreement.
- 1.1.54 Hour or Hourly: A clock hour or per clock hour, respectively.
- 1.1.55 Imputed Interest: As defined in Section 4.7.5(e).
- 1.1.56 Interruptible Energy: As defined in Section 2.3.2(a).
- 1.1.57 Interruptible Energy Charge: As defined in Section 4.3.1.
- 1.1.58 Interruptible Energy Terms: As defined in Section 2.3.2(a)(i).
- 1.1.59 Kenergy/LG&E Contract: As defined in the Recitals.
- 1.1.60 KPSC: Kentucky Public Service Commission.
- 1.1.61 kW: Kilowatt.
- 1.1.62 kWh: Kilowatt-hour.
- 1.1.63 Large Industrial Rate: Big Rivers' Tariff Rate Schedule No. 7 and all applicable rate adjustments thereto but exclusive of (a) the Rebate, (b) the FAC Factor and the Environmental Surcharge Rider, and (c) any roll-in of costs recovered in the Regulatory Account. As of the Effective Date, the Large Industrial Rate will consist of separate rate components for demand and Energy consumption. The Large Industrial Rate subsequently may be defined in terms of more than two separate rate components, including, potentially, separate rate components for transmission services. For the avoidance of doubt, the Large Industrial Rate shall be determined without regard to the effect of the Surcharge, the Rural Economic Reserve, the Economic Reserve or the Transition Reserve.

1.1.64 LG&E: As defined in the Recitals.

1.1.65 Lockbox Agreement: The Security and Lockbox Agreement to be entered into among Alcan, Kenergy, Big Rivers and a depository bank prior to the Effective Date with respect to the payment of certain amounts due by Kenergy to Big Rivers hereunder.

1.1.66 Market Energy: As defined in Section 2.3.2(c).

1.1.67 Market Energy Charge: As defined in Section 4.3.3.

1.1.68 Market Reference Rate: For any Hour, a rate equal to the all-inclusive cost, including transmission and related charges on the transmission system of any Third Party (expressed in dollars per MWh), that Big Rivers estimates, in its sole discretion exercised in good faith, that it would have paid to purchase Energy from a Third Party if there had been no curtailment pursuant Section 4.13.2 during such Hour.

1.1.69 Members: The members of Big Rivers. As of the date hereof, the Members of Big Rivers are Jackson Purchase Energy Corporation, Kenergy, and Meade County Rural Electric Cooperative Corporation.

1.1.70 Model: As defined in Section 1.2(o).

1.1.71 Monthly Charge: As defined in Section 4.1.

1.1.72 MW: Megawatt.

1.1.73 MWh: Megawatt-hour.

1.1.74 Net Margins: Net margins as determined by Accounting Principles. For the avoidance of doubt, Net Margins will include all operating and non-operating margins.

1.1.75 Net Proceeds: The proceeds from the sale of Energy by Big Rivers to Third Parties, net of transaction costs, whenever incurred, and taxes, including Big Rivers' estimated income tax liability on such proceeds without regard to any net operating loss carry-forward of Big Rivers existing on the date of the consummation of the Unwind Transaction, unless and to the extent Big Rivers reasonably determines that such net operating loss carry-forward otherwise would have expired unused.

1.1.76 New Facilities: As defined in Section 4.7.5(e).

1.1.77 New Ratepayer: A Non-Smelter Ratepayer which is (i) interconnected directly with Big Rivers' transmission system, and (ii) first receives electric service at a location served by a meter required for service at such location which meter was installed specifically for new service at such location after the Effective Date. For the avoidance of doubt, Southwire Company is not a New Ratepayer.

1.1.78 New Transaction: The transactions by and between or among one or more of Kenergy, Alcan, Century and Big Rivers related to the supply of Electric Services to

Kenergy under this Agreement and “Electric Services” as defined in the Century Wholesale Agreement and including the Alcan Retail Agreement, the Century Retail Agreement, coordination agreements, lockbox agreements, and all other related agreements.

1.1.79 Non-FAC Purchased Power Adjustment Charge: As defined in Section 4.8.2.

1.1.80 Non-FAC Purchased Power Adjustment Factor: A rate (expressed in dollars per MWh and calculated in accordance with Appendix A in dollars per kWh) for the recovery of purchased power costs that are not otherwise included in the FAC.

1.1.81 Non-Smelter Member Rates: Big Rivers’ tariff rates applicable to sales of electric services to Members for resale to Non-Smelter Ratepayers and all applicable rate adjustments thereto but exclusive of (a) the Rebate and (b) the FAC Factor and the Environmental Surcharge Rider. For the avoidance of doubt, the Non-Smelter Member Rates shall be determined without regard to the effect of the Surcharge, the Rural Economic Reserve, the Economic Reserve or the Transition Reserve.

1.1.82 Non-Smelter Ratepayers: Retail ratepayers of the Members other than Alcan and Century.

1.1.83 Notice of Interruption: As defined in Section 2.3.2(a)(iii)(1).

1.1.84 OATT: Big Rivers’ Open Access Transmission Tariff as filed with FERC and found by FERC to constitute a reciprocal open access transmission tariff.

1.1.85 Parties: Big Rivers and Kenergy.

1.1.86 Permitted Interruption: As defined in Section 2.3.2(a)(iii).

1.1.87 Person: Any individual, corporation, cooperative, partnership, joint venture, association, joint-stock company, limited partnership, limited liability company, limited liability partnership, trust, unincorporated organization, RUS or Governmental Authority.

1.1.88 Point of Delivery: The existing set of meters at Big Rivers’ Reid substation or such other point of delivery mutually agreed by the Parties and Alcan.

1.1.89 Potline Reduction: As defined in Section 10.3.1.

1.1.90 Potline Reduction Sales: As defined in Section 10.3.1.

1.1.91 Potline Reduction Sales Agreement: As defined in Section 10.3.3.

1.1.92 Prime Rate: The then-effective prime commercial lending rate per annum published in the “Money Rates” section of *The Wall Street Journal*. If *The Wall Street Journal* discontinues publication of the prime commercial lending rate, the Parties and Alcan shall agree on a mutually acceptable alternative source for that rate.

1.1.93 Prudent Utility Practice: Any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period; or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time a decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be any and all acceptable practices, methods, or acts generally accepted.

1.1.94 Rebate: As defined in Section 4.9.

1.1.95 Regulatory Account: The regulatory account containing purchased power costs to be recovered by Big Rivers from the Members with respect to sales to their Non-Smelter Ratepayers.

1.1.96 Response: As defined in Section 2.3.2(a)(ii)(2).

1.1.97 Restructuring: The occurrence of any of the following:

(a) the merger, consolidation or other combination of Big Rivers or an Affiliate or a Member with any Person (including acquisition of another utility system) if following such transaction Big Rivers or its successor would have had sales of Energy to all Members or regulated customers on a *pro forma* basis in the prior Fiscal Year in excess of 105% of Big Rivers' actual sales of Energy to the Members for such Fiscal Year;

(b) the acquisition of Big Rivers; or

(c) the admission of a new Member if following such admission Big Rivers would have had sales of Energy to all Members on a *pro forma* basis in the prior Fiscal Year in excess of 105% of Big Rivers' actual sales of Energy to the Members for such Fiscal Year.

1.1.98 Restructuring Amount: As defined in Section 16.5.1.

1.1.99 Rural Economic Reserve: A reserve established by Big Rivers, which may be held by Big Rivers or another Person, in an initial principal amount equal to \$60.9 million, subject to increases or decreases resulting from earnings or losses thereon or expenditures therefrom. No additional principal amounts will be contributed by Big Rivers to the Rural Economic Reserve after the Effective Date.

1.1.100 RUS: United States Department of Agriculture Rural Utilities Service.

1.1.101 Scheduled Interruptible Energy: As defined in Section 2.3.2(a)(ii)(3).

1.1.102 Sebree Smelter: The aluminum reduction plant owned and operated by Alcan, located at Sebree, Kentucky, including any expansions, additions, improvements and replacements thereof or thereto at the existing site.

1.1.103 SERC: SERC Reliability Corporation, a regional reliability organization.

1.1.104 Service Period: As defined in Section 2.1.

1.1.105 Smelters: Alcan and Century.

1.1.106 Supplemental Energy: As defined in Section 2.3.2.

1.1.107 Supplemental Energy Charge: As defined in Section 4.3.

1.1.108 Surcharge: As defined in Section 4.11.

1.1.109 Surplus Sales: As defined in Section 10.1.1.

1.1.110 System Emergency: Any cessation of operation or reduction in the provision or delivery of Electric Services by Big Rivers due in whole or in part to: (a) a disconnection of all or a portion of Big Rivers' system from the transmission grid (other than as a direct result of Big Rivers' gross negligence or willful misconduct), (b) a system emergency on the transmission grid of a Third Party, or (c) the occurrence of a condition or situation where the delivery of Energy to a transmission grid with which Big Rivers is directly interconnected or the making available of generation services or Transmission Services which could cause (i) harm to life or limb or imminent serious threat of harm to life or limb, (ii) material damage to Big Rivers' system or any material component thereof or imminent danger of material damage to property, or (iii) other dangerous occurrences that Big Rivers believes, in the exercise of Prudent Utility Practice, should be prevented or curtailed.

1.1.111 System Firm: An obligation to supply Energy from:

- (a) Big Rivers' owned or leased generation facilities,
- (b) Big Rivers' contract with the Southeastern Power Authority (Contract No. 89-00-1501-637), or
- (c) Big Rivers' Firm power purchase agreements with a term of two years or more which were not entered into for purpose of serving a specific non-Smelter load,

in each case subject to the occurrence of an Uncontrollable Force or similar event of force majeure, a System Emergency or Big Rivers' prior satisfaction of the Energy requirements of the Non-Smelter Ratepayers, the Smelters and Third Parties under power sales agreements entered into prior to the making of such obligation to supply Energy.

1.1.112 Term: As defined in Section 7.1.

1.1.113 Third Party: A Person other than Kenergy, Alcan, Big Rivers or Century.

1.1.114 Third Party Supplier(s): As defined in Section 2.3.2(c).

1.1.115 TIER: The quotient for a Fiscal Year of (i) Big Rivers' interest expenses plus Net Margins, divided by (ii) Big Rivers' interest expenses; in each case, calculated in accordance with Accounting Principles.

1.1.116 TIER Adjustment: As defined in Section 4.7.5.

1.1.117 TIER Adjustment Charge: As defined in Section 4.7.1.

1.1.118 Transition Reserve: A reserve established by Big Rivers, which may be held by Big Rivers or another Person, in an initial principal amount equal to \$35 million, subject to increases or decreases resulting from earnings or losses thereon or expenditures therefrom. No additional principal amounts will be contributed by Big Rivers to the Transition Reserve after the Effective Date.

1.1.119 Transmission Charge: As defined in Section 4.5.

1.1.120 Transmission Services: Network transmission services as described in the OATT and Ancillary Services. Transmission Services are currently included in the Large Industrial Rate but may be unbundled.

1.1.121 Uncontrollable Force: Any cause beyond the control of the Party unable, in whole or in part, to perform its obligations under this Agreement which, despite exercise of due diligence and foresight, such Party could not reasonably have been expected to avoid and which, despite the exercise of due diligence, it has been unable to overcome. Examples of events that may constitute the basis of an event which constitutes an "Uncontrollable Force" include: acts of God; strikes, slowdowns or labor disputes; acts of the public enemy; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of any Governmental Authority; civil or military disturbances; explosions, breakage of or accident to machinery, equipment or transmission lines; inability of a Party to obtain necessary materials, supplies or permits due to existing or future rules, regulations, orders, laws or proclamations of Governmental Authorities, civil or military; transmission constraints or System Emergencies; a forced outage of a generating unit or units preventing the physical delivery of Energy to Kenergy for resale to Alcan; and any other forces which are not reasonably within the control of the Party claiming suspension. "Uncontrollable Forces" do not include an insufficiency of funds or decline in credit ratings or customary, expected or routine maintenance or repair of plant or equipment. Nothing contained herein shall be construed to obligate a Party to prevent or to settle a labor dispute against its will.

1.1.122 Undeliverable Energy Sales: As defined in Section 10.2.1.

1.1.123 Unwind Transaction: The consummation of the transactions contemplated on date of the "Closing" as defined in and pursuant to the Transaction Termination Agreement among Big Rivers, LG&E Energy Marketing Inc., and Western Kentucky Energy Corp.

1.2 Rules of Interpretation. Unless otherwise required by the context in which any term appears: (a) capitalized terms used in this Agreement will have the meanings specified in this Article 1 unless the context requires otherwise; (b) the singular will include the plural and vice versa; (c) references to “Recitals,” “Articles,” “Sections,” “Exhibits” or “Schedules” are to the recitals, articles, sections, exhibits or schedules of this Agreement, unless otherwise specified; (d) all references to a particular Person in any capacity will be deemed to refer also to such Person’s authorized agents, permitted successors and assigns in such capacity; (e) the words “herein,” “hereof” and “hereunder” will refer to this Agreement as a whole and not to any particular section or subsection hereof; (f) the words “include,” “includes” and “including” will be deemed to be followed by the phrase “without limitation” and will not be construed to mean that the examples given are an exclusive list of the topics covered; (g) references to this Agreement will include a reference to all exhibits and schedules hereto; (h) references to any agreement, document or instrument will be construed at a particular time to refer to such agreement, document or instrument as the same may be amended, modified, supplemented or replaced as of such time; (i) the masculine will include the feminine and neuter and vice versa; (j) references to any tariff, rate, or order of any Governmental Authority will mean such tariff, rate or order, as the same may be amended, modified, supplemented or restated and be in effect from time to time; (k) if any action or obligation is required to be taken or performed on any day which is not a Business Day, such action or obligation must be performed on the next succeeding Business Day; (l) references to an Applicable Law will mean a reference to such Applicable Law as the same may be amended, modified, supplemented or restated and be in effect from time to time; (m) all accounting terms not defined in this Agreement will be construed in accordance with Accounting Principles; (n) all references to a time of day shall be a reference to the prevailing time in Henderson, Kentucky; and (o) the financial and production cost models prepared by Big Rivers, including models filed with the KPSC, in connection with the application for approval of the Unwind Transaction and the New Transaction (the “Model”) have been prepared solely by Big Rivers and shall not be used by the Parties or any Governmental Authority to construe or interpret any provision of this Agreement. The Parties collectively have prepared this Agreement, and none of the provisions hereof will be construed against one Party on the ground that it is the author of this Agreement or any part hereof.

1.3 Calculations and Rounding. In making any mathematical calculation provided for or contemplated by this Agreement, the calculation will be made to six decimal places (rounded up if the numeral in the seventh decimal place is five or higher, and rounded down if the numeral in the seventh decimal place is lower than five).

ARTICLE 2

ELECTRIC SERVICES AND RATES

2.1 Service Period Obligations. In accordance with the terms and conditions of this Agreement, Big Rivers will sell and deliver, and Kenergy will purchase, Electric Services for resale to Alcan for a period beginning at 12:00:01 A.M. on the day next succeeding the Effective Date and continuing until 12:00:00 midnight on December 31, 2023, unless the Parties’ respective obligations to supply and purchase Electric Services are earlier terminated pursuant to the terms of this Agreement (the “Service Period”).

2.2 Characteristics of Service. Electric service to be supplied by Big Rivers to Kenergy under this Agreement for resale to Alcan shall be nominally three-phase, sixty cycle at 161,000 volts or as otherwise agreed to by the Parties and Alcan. The Parties and Alcan will mutually agree on limits of the regulation of voltage but at no time may such regulation of such limits be inconsistent with standards required by applicable Governmental Authorities or any other organizations that establish reliability and electric operation standards for the region.

2.3 Delivery Obligation. In accordance with this Agreement, during the Service Period, Big Rivers will deliver at the Point of Delivery to Kenergy for resale to Alcan Base Monthly Energy, Supplemental Energy and Back-Up Energy.

2.3.1 Base Monthly Energy. Kenergy may purchase for resale to Alcan in each Hour of the Service Period an amount of Energy up to the Base Demand per Hour. For billing purposes, Base Monthly Energy consists of two components: Base Fixed Energy charged at the Base Rate and Base Variable Energy (which may be either a positive or negative amount) charged or credited at the Base Variable Rate.

2.3.2 Supplemental Energy. “Supplemental Energy” shall consist of (i) Interruptible Energy purchased by Kenergy from Big Rivers pursuant to Section 2.3.2(a), (ii) Buy-Through Energy purchased by Kenergy from Big Rivers and, in turn, by Big Rivers from Third Party Suppliers upon the interruption of Interruptible Energy, pursuant to Section 2.3.2(b), and (iii) Market Energy purchased by Kenergy from Big Rivers pursuant to Section 2.3.2(c).

(a) Interruptible Energy. Kenergy may purchase from Big Rivers on a System Firm basis up to 10 MW per Hour of Energy for resale to Alcan, subject to availability, the scheduling requirements and Big Rivers’ right to interrupt the sale and delivery of such Energy, all as set forth in this Section 2.3.2(a) (“Interruptible Energy”).

(i) Confirmation. Not less than seven days prior to the beginning of each fiscal quarter of the Service Period (or the Effective Date with respect to the initial fiscal quarter of the Service Period), Big Rivers shall provide to Kenergy and Alcan a confirmation setting forth the price or prices and other terms and conditions (“Interruptible Energy Terms”) under which Interruptible Energy may be available during each Hour of the subject fiscal quarter. If Big Rivers fails to provide a timely confirmation with respect to any fiscal quarter, the Interruptible Energy Terms for the prior fiscal quarter shall remain in effect. Big Rivers and Kenergy shall obtain Alcan’s consent to each confirmation as a condition to Big Rivers’ obligation to make Interruptible Energy available to Kenergy for scheduling during each fiscal quarter.

(ii) Scheduling of Interruptible Energy. The provision of Interruptible Energy shall be subject to the following requirements:

(1) At the request of Alcan, Kenergy shall submit to Big Rivers, no later than 3:00 PM on the second Business Day prior to the day of the scheduled delivery (or such shorter period agreed to by Big Rivers), a schedule for up to 10 MW of

Interruptible Energy, in integral multiples of one MW per Hour, for the times and durations specified in the schedule.

(2) Big Rivers shall be under no obligation to accept the schedule submitted by Kenergy or to deliver the Interruptible Energy so scheduled, but shall, upon receipt of such schedule, notify Kenergy and Alcan by 9:00 AM of the Business Day prior to the day of scheduled delivery of the number of MW, if any, Big Rivers is willing to deliver and the hour and duration when the delivery shall take place (the "Response").

(3) Subject to Big Rivers' rights to interrupt in accordance with Section 2.3.2(a)(iii) below, Big Rivers shall sell and deliver the volume of Interruptible Energy at the time and for the duration specified in the Response (the "Scheduled Interruptible Energy").

(iii) Interruption of Scheduled Interruptible Energy. The sale and delivery of Scheduled Interruptible Energy may be interrupted by Big Rivers at any time (a "Permitted Interruption") upon the following terms and conditions:

(1) Upon a determination by Big Rivers in its sole discretion exercised in good faith that all or any portion of the Scheduled Interruptible Energy will not be available on a System Firm basis, Big Rivers may implement a Permitted Interruption of all or any portion of the Scheduled Interruptible Energy by providing a notice of interruption ("Notice of Interruption") to Kenergy and Alcan at least 30 minutes in advance of the estimated interruption;

(2) A Notice of Interruption may be made orally but shall be followed by facsimile or other electronic means acceptable to Kenergy and Alcan; and

(3) Upon an after-the-fact determination by Big Rivers in its sole discretion exercised in good faith that all or any portion of the Scheduled Interruptible Energy was not available on a System Firm basis during a prior Hour or Hours, and notwithstanding that no Notice of Interruption had been issued, Big Rivers may implement retroactively a Permitted Interruption of Scheduled Interruptible Energy for such prior Hour or Hours, to the extent that such Scheduled Interruptible Energy was not available on a System Firm basis.

(iv) Upon meeting the conditions required for a Permitted Interruption, Big Rivers shall have no obligation to sell and deliver the amount of Scheduled Interruptible Energy designated to be interrupted in the applicable Notice of Interruption. In connection with a Permitted Interruption, Big Rivers may provide, but shall not be required to provide, an opportunity for Kenergy to acquire Firm Energy, in lieu of the Scheduled Interruptible Energy, for resale to Alcan pursuant to the terms and conditions of Section 2.3.2(b) below. In the case of a Permitted Interruption that is implemented retroactively, the Energy delivered by Big Rivers shall be deemed to have been delivered as Back-Up Energy pursuant and subject to Sections 2.3.3 and 4.4. Big Rivers shall not be limited in the number of times that it may issue a Notice of Interruption or may implement a Permitted Interruption, or of the amount or duration of any Permitted Interruption.

(v) Allocation of Permitted Interruptions. If Kenergy has arranged for Scheduled Interruptible Energy during any Hour both to Kenergy under this Agreement for resale to Alcan and to Kenergy under the Century Wholesale Agreement for resale to Century, and Big Rivers determines that it will be unable or was unable during any prior Hour or Hours to supply the full amount of Scheduled Interruptible Energy to Kenergy for both Alcan and Century, then:

(1) Big Rivers may provide a Notice of Interruption and implement a Permitted Interruption to Kenergy with respect to the Scheduled Interruptible Energy for Alcan or with respect to "Scheduled Interruptible Energy" as defined in the Century Retail Agreement, or any combination thereof; and

(2) Big Rivers may retroactively implement Permitted Interruptions for any Hour to Kenergy for Alcan and Century in equal amounts, taking into consideration any Permitted Interruption to Kenergy that had previously been implemented for the same Hour under clause (1) above.

(vi) Termination of Interruptions. During any period of Permitted Interruption, Big Rivers may notify Kenergy and Alcan of its willingness to terminate the Permitted Interruption and resume the delivery of Scheduled Interruptible Energy at the Interruptible Energy Terms. Upon notification from Big Rivers terminating the Permitted Interruption, Kenergy shall purchase from Big Rivers and resell and deliver Scheduled Interruptible Energy to Alcan at the beginning of the next Hour that starts at least 10 minutes following such notice.

(b) Buy-Through Energy. Upon each Notice of Interruption, Big Rivers may in its sole discretion offer to sell to Kenergy Firm Energy purchased from Third Party Suppliers for resale to Alcan in lieu of the interrupted Scheduled Interruptible Energy ("Buy-Through Energy") and the estimated price or prices during the specified Hour or Hours of Permitted Interruption upon which Big Rivers would supply such Energy. Big Rivers shall provide Kenergy and Alcan not less than ten minutes from the time Alcan receives verbal Notice of Interruption to notify Big Rivers and Kenergy whether Alcan agrees to purchase Buy-Through Energy offered to be supplied by Big Rivers to Kenergy for resale to Alcan. Upon Alcan's or Kenergy's acceptance of the Buy-Through Energy, the obligation of Big Rivers to provide the Buy-Through Energy shall become a Firm service commitment. The failure of Alcan or Kenergy to notify Big Rivers of acceptance of the Buy-Through Energy during the period provided shall constitute a rejection of the Buy-Through Energy, and the Permitted Interruption shall thereafter be implemented in accordance with the applicable Notice of Interruption and Big Rivers shall not have any obligation to supply Kenergy Buy-Through Energy for resale to Alcan during such Permitted Interruption.

(c) Market Energy. Big Rivers acknowledges and agrees that Kenergy may acquire Supplemental Energy (other than Interruptible Energy or Buy-Through Energy) from either Big Rivers or one or more suppliers other than Big Rivers ("Third Party Suppliers") for resale to Alcan ("Market Energy"), upon the request of Alcan specifying (i) the requested amount and duration of such Energy, and (ii) all requested prices and material terms and conditions. The sale of any Market Energy by Big Rivers shall be at the sole discretion of

Big Rivers and shall be such terms and conditions as Big Rivers and Kenergy shall agree. Nothing in this Agreement shall be construed to limit the ability of Kenergy to purchase Energy or other electric services from Third Party Suppliers to serve Alcan.

(i) The Parties acknowledge and agree that (A) Kenergy shall request that Big Rivers provide all Transmission Services necessary to transmit Market Energy requested by Alcan from a point of interconnection on Big Rivers' transmission system to the Point of Delivery promptly following such request, (B) the amount of Market Energy transmitted from a point of interconnection on Big Rivers' system to the Point of Delivery would be reduced by the applicable system loss factor as provided in the OATT, and (C) Big Rivers shall have no liability to Kenergy for denial of Kenergy's duly submitted request for reservation of Transmission Services.

(ii) If Alcan is unable to receive and consume Market Energy purchased by Kenergy from Big Rivers or a Third Party Supplier because of an Uncontrollable Force, then upon the request of Kenergy, Big Rivers shall use reasonable commercial efforts to sell such Market Energy to other Third Parties for the duration specified by Alcan's request. Big Rivers shall apply all revenues derived from such resale as a credit to Kenergy, net of any transmission services charges or related charges or other expenses incurred to make such resale.

2.3.3 Back-Up Energy. Big Rivers shall sell and deliver and Kenergy shall purchase Back-Up Energy for resale to Alcan at the Point of Delivery through purchases of Energy at the prices and on the terms and conditions set forth in Section 4.4.

2.4 [Reserved]

2.5 Title and Risk of Loss. Title to and risk of loss with respect to Energy provided by Big Rivers to Kenergy for resale to Alcan pursuant to this Agreement will pass from Big Rivers to and rest in Kenergy when the same is made available by Big Rivers at the Point of Delivery. Until title passes, Big Rivers will be deemed in exclusive control of the Energy and will be responsible for any damage or injury caused thereby. After title passes to Alcan, Big Rivers acknowledges and agrees that Alcan will be deemed in exclusive control of the Energy and will be responsible for any damage or injury caused thereby.

2.6 Performance by Kenergy. Big Rivers acknowledges and agrees that, to the extent Alcan has a corresponding or related obligation to Kenergy under the Alcan Retail Agreement, Kenergy's performance of an obligation under this Agreement is subject to and conditioned upon Alcan's performance of such corresponding or related obligation to Kenergy. Big Rivers acknowledges and agrees that Alcan may enforce an obligation of Big Rivers under this Agreement which corresponds or relates to an obligation of Kenergy to Alcan under the Alcan Retail Agreement.

ARTICLE 3

CHANGES IN DEMAND AND SCHEDULING

3.1 Change In Base Demand. Big Rivers acknowledges and agrees that Alcan may change the Base Demand for any Fiscal Year only with the written consent of Big Rivers and Kenergy.

3.2 Scheduling. Big Rivers acknowledges and agrees that:

(a) Alcan shall not be required to schedule Base Monthly Energy, Buy-Through Energy or Back-Up Energy but shall use reasonable commercial efforts to inform Big Rivers promptly of any material change in Alcan's intended usage; and

(b) In accordance with the OATT, Alcan shall schedule and arrange with Kenergy and Big Rivers no later than 9:00 A.M. on the Business Day immediately preceding the day or days of delivery pursuant to the Alcan Retail Agreement, or as otherwise mutually agreed by the Parties, the delivery of Interruptible Energy and Market Energy.

ARTICLE 4

CHARGES AND CREDITS

4.1 Monthly Charge. Kenergy shall pay Big Rivers the following (the "Monthly Charge") for the Electric Services provided or made available under this Agreement:

- 4.1.1 the Base Energy Charge calculated pursuant to Section 4.2,
- 4.1.2 plus the Supplemental Energy Charge calculated pursuant to Section 4.3,
- 4.1.3 plus the Back-Up Energy Charge calculated pursuant to Section 4.4,
- 4.1.4 plus the Transmission Charge pursuant to Section 4.5,
- 4.1.5 plus the Excess Reactive Demand Charge calculated pursuant to Section 4.6,
- 4.1.6 plus the TIER Adjustment Charge calculated pursuant to Section 4.7,
- 4.1.7 plus the FAC Charge calculated pursuant to Section 4.8.1,
- 4.1.8 plus the Non-FAC Purchased Power Adjustment Charge calculated pursuant to Section 4.8.2,
- 4.1.9 plus the Environmental Surcharge calculated pursuant to Section 4.8.3,
- 4.1.10 plus or minus the monthly amortization of the Restructuring Amount calculated pursuant to Section 16.5,

- 4.1.11 less the Rebate calculated pursuant to Section 4.9,
- 4.1.12 less the Equity Development Credit calculated pursuant to Section 4.10,
- 4.1.13 plus the Surcharge calculated pursuant to Section 4.11,
- 4.1.14 [Reserved].
- 4.1.15 less credits calculated pursuant to Section 4.13,
- 4.1.16 plus or minus other amounts calculated pursuant to Section 4.14, and
- 4.1.17 plus taxes calculated pursuant to Section 4.15.

4.2 Base Energy Charge. For any Billing Month, the “Base Energy Charge” shall be the sum of:

- (a) the product of Base Fixed Energy and the Base Rate; and
- (b) the product, whether positive or negative, of the Base Variable Energy and the Base Variable Rate.
- (c) Sample calculations of the Base Energy Charge at different load factors are set forth in Exhibit A.

4.3 Supplemental Energy Charge. For any Billing Month, the “Supplemental Energy Charge” shall be the sum of the charges, whenever determined, for the Interruptible Energy Charge, the Buy-Through Energy Charge, and the Market Energy Charge as calculated below.

4.3.1 The “Interruptible Energy Charge” shall be the product of (i) the quantity of Interruptible Energy metered at the Point of Delivery during the Billing Month and (ii) the rate or rates for Interruptible Energy with respect to such Billing Month.

4.3.2 The “Buy-Through Energy Charge” shall be the sum of:

- (a) the product of (i) the quantity of Buy-Through Energy metered at the Point of Delivery during the Billing Month and (ii) the quotient of (A) the actual rate or rates for such Buy-Through Energy that Big Rivers pays to a Third Party Supplier over (B) 1.00 less the loss factor set forth in the OATT; and
- (b) all other charges that Big Rivers may be required to pay in connection with Buy-Through Energy, including (i) any and all separate charges for transmission services and related services, whenever incurred (including financial transmission rights, transmission congestion charges and similar costs or expenses), provided by a Third Party whose transmission system is used to transmit Buy-Through Energy purchased from a Third Party to a point at which Big Rivers’ transmission system is interconnected with such system, and (ii) any amount payable upon termination by reason of default of the supply arrangements between Big

Rivers and Third Party Suppliers, net of recoveries by Big Rivers from such suppliers with respect to the supply of Buy-Through Energy to Kenergy for resale to Alcan.

4.3.3 The “Market Energy Charge” shall be the sum of:

(a) the product of (i) the quantity of Market Energy metered at the Point of Delivery during the Billing Month and (ii) the quotient of (A) the actual rate or rates for such Market Energy agreed to between Big Rivers and Kenergy, over (B) 1.00 less the loss factor set forth in the OATT; and

(b) all other charges that Big Rivers may be required to pay to Third Party Suppliers in connection with Market Energy, including (i) any and all separate charges for transmission services and related services, whenever incurred (including financial transmission rights, transmission congestion charges and similar costs or expenses), provided by a Third Party whose transmission system is used to transmit Market Energy purchased from a Third Party to a point at which Big Rivers’ transmission system is interconnected with such system and (ii) any amount payable upon termination by reason of default of the supply arrangements between Big Rivers and Third Party Suppliers, net of recoveries by Big Rivers from such suppliers with respect to the supply of Market Energy to Kenergy for resale to Alcan.

4.4 Back-Up Energy Charge. For any Billing Month, the “Back-Up Energy Charge” shall be the sum of the Hourly charges for Back-Up Energy calculated as follows:

4.4.1 The charge for Back-Up Energy supplied in any Hour shall equal the following:

(a) to the extent the Back-Up Energy was supplied from generating facilities owned or controlled by Big Rivers and located within Big Rivers’ transmission control area, the charge shall be the product of (i) the amount of such Back-Up Energy, and (ii) the quotient of (A) a price equal to the greater of (1) the real time Hourly locational marginal price at Big Rivers’ interface with the Midwest Independent System Operator (or such other pricing reference point that shall be mutually agreed upon by the Parties and Big Rivers), and (2) Big Rivers’ system lambda; divided by (B) 1.00 minus the loss factor set forth in the OATT;

(b) to the extent the Back-Up Energy was not supplied pursuant to Section 4.4.1(a), the charge shall be the product of (i) the amount of such Back-Up Energy, and (ii) the quotient of (A) a price equal to 110% of the highest Hourly all inclusive cost incurred by Big Rivers to acquire any Energy, including such Back-Up Energy, and the separate cost, if any, whenever determined, of transmission services and related services provided by a Third Party whose transmission system is used to transmit Back-Up Energy purchased from a Third Party to a point at which Big Rivers’ transmission system is interconnected with such system and including any imbalance charges or other costs arising from the failure of a Third Party Supplier to deliver Energy that it is obligated to deliver; divided by (B) 1.00 minus the loss factor set forth in the OATT; and

(c) to the extent that the amount of Back-Up Energy required by Kenergy for resale to Alcan during any Hour exceeds the sum of (x) ten MW per Hour, (y) the

amount of Back-Up Energy resulting from deemed interruption of Scheduled Interruptible Energy pursuant to Section 2.3.2(a)(iii), and (z) the amount of Back-Up Energy resulting from the non-delivery of Market Energy purchased by a Third Party Supplier, then the charge for the excess amount of Back-Up Energy shall be the product of (i) the excess amount of Back-Up Energy, and (ii) the greater of (A) \$250 per MWh and (B) the price set forth in Section 4.4.1(b)(ii).

Sample calculations of the Back-Up Energy Charge are set forth in Exhibit A.

4.4.2 If during any Hour Big Rivers provides Back-Up Energy to Kenergy for resale to Alcan and "Back-Up Energy" (as defined in the Century Wholesale Agreement) to Kenergy for resale to Century, then the provisions of Section 4.4.1 shall apply to a proportional number of MW of Back-Up Energy for resale to each of Alcan and Century.

4.5 Charge for Transmission Services and Ancillary Services. For any Billing Month, the charge for transmission services and ancillary services (the "Transmission Charge") shall be the sum of the charges, calculated in accordance with the OATT, for Transmission Services for (a) Base Monthly Energy that are unbundled from the Large Industrial Rate, if any; and (b) Supplemental Energy.

4.6 Excess Reactive Demand Charge. For any Billing Month, the "Excess Reactive Demand Charge", if any, shall be the product of \$0.1433 and the amount, expressed in kilovars, of the difference, if positive, between:

(a) the maximum metered reactive demand of Alcan during the Billing Month, and

(b) an amount of kilovars equal to the sum of:

(i) the product of (A) 0.4843, and (B) the maximum hourly demand during a Billing Month, denominated in kilowatts, associated with Base Monthly Energy, Interruptible Energy, Market Energy, "Market Energy" under the Alcan Retail Agreement that is purchased by Kenergy from Third Party Suppliers for resale to Alcan, and Back-Up Energy provided by Big Rivers to Kenergy for resale to Alcan, but less the amount of such Interruptible Energy, Market Energy or Back-Up Energy that was purchased by Big Rivers from Third Parties, and

(ii) 54,114.

4.7 TIER Adjustment Charge.

4.7.1 The "TIER Adjustment Charge" shall be, for any Fiscal Year, the amount that is the product of the Applicable Percentage and the TIER Adjustment if, and only if, such TIER Adjustment is a positive amount; *provided, however*, that in no case will the TIER Adjustment Charge for any Fiscal Year exceed the amount that is the product of the Base Fixed Energy and the maximum additional charge per MWh set forth below for the applicable Fiscal Year:

<u>Fiscal Years</u>	<u>Maximum Additional Charge</u>
2008-2011	\$1.95 per MWh
2012-2014	\$2.95 per MWh
2015-2017	\$3.55 per MWh
2018-2020	\$4.15 per MWh
2021-2023	\$4.75 per MWh

If the TIER Adjustment shall be negative, there will be an Excess TIER Amount and no TIER Adjustment Charge.

4.7.2 Prior to each Fiscal Year, Big Rivers shall estimate both the TIER Adjustment and, if the TIER Adjustment is positive, the TIER Adjustment Charge based on the Budget for such Fiscal Year. Big Rivers shall collect such estimated amount from Kenergy in equal monthly installments as part of the Monthly Charge for each Billing Month during the applicable Fiscal Year.

4.7.3 Within 45 days following the end of the first, second and third fiscal quarters of each Fiscal Year beginning with the first fiscal quarter after the first anniversary of this Agreement, Big Rivers shall again estimate the TIER Adjustment and the corresponding amount of the TIER Adjustment Charge based on a comparison of the Budget and year-to-date results of operations, and shall calculate a modified amount to be collected from, or refunded as a credit to, the Monthly Charge to Kenergy with respect to service to Alcan during the remaining portion of the Fiscal Year, including any amounts necessary to address any estimated under- or over-collection of the TIER Adjustment Charge from Kenergy with respect to service to Alcan as compared to the Budget during the remainder of the Fiscal Year. Big Rivers shall collect or credit such modified amount from Kenergy pursuant to this Agreement in equal monthly installments as part of the Monthly Charge for the remaining Billing Months of the subject Fiscal Year.

4.7.4 As soon as reasonably practicable but no later than 120 days after the end of each Fiscal Year, Big Rivers shall calculate the TIER Adjustment and TIER Adjustment Charge for such Fiscal Year. The TIER Adjustment Charge for such Fiscal Year shall be compared to the aggregate amounts paid by Kenergy in respect of the estimated TIER Adjustment Charge for such Fiscal Year, and the difference between such amounts shall be included as a charge or credit, as applicable, in the Monthly Charges for the fourth Billing Month of the next Fiscal Year.

4.7.5 The "TIER Adjustment" shall be the amount of incremental revenue, whether positive or negative, calculated with respect to each Fiscal Year after determination of Net Margins for such Fiscal Year (excluding amounts payable by Kenergy with respect to or relating to the revenue that results from the TIER Adjustment Charge and the "TIER Adjustment Charge" as defined in the Century Wholesale Agreement), that is necessary for Big Rivers to receive in order to achieve a TIER of 1.24 for such Fiscal Year; *provided, however*, that if the Service Period commences or terminates on a date other than the first or last day of a Fiscal Year and to give effect to this Section 4.7.5, the TIER Adjustment will be calculated on an Hourly basis only with respect to the partial period of the first, second or final Fiscal Year of the Service

Period, as applicable. The determination of the TIER Adjustment shall be subject to the following:

(a) It shall be assumed that: Big Rivers shall have generated additional revenue from service to the Members for resale to the Non-Smelter Ratepayers as if Big Rivers had increased the Non-Smelter Member Rates by a weighted average of 2.00% in 2010, another 2.50% in 2018 and another 4.00% in 2021 if and to the extent Big Rivers had not prior to or during the year of the calculation increased the Non-Smelter Member Rates by at least such amounts. The revenues from any roll-in of the costs associated with costs recovered under the FAC, the Environmental Surcharge Rider or the Regulatory Account that are incorporated into base rates comprising a portion of the Non-Smelter Member Rates will not constitute an increase in the Non-Smelter Member Rates for purposes of this clause (a), and the revenues attributable to any such roll-in will be excluded in calculating the percentage of any increases in the Non-Smelter Member Rates. The expiration or termination of Big Rivers' Member Discount Adjustment Rider shall be deemed to be an increase in the Non-Smelter Member Rates for purposes of this clause (a), without regard to whether such expiration or termination occurs prior to, on or after the Effective Date.

(b) It shall be assumed that: If a Member provides electric service to a New Ratepayer with a Firm demand in excess of 15 MW, such Member shall have paid to Big Rivers for wholesale Energy purchased and resold to the New Ratepayer at a price equal to the greater of: (i) the amount paid for such service and (ii) an amount calculated for the same period equal to (A) a rate, expressed in dollars per MWh, resulting from the application of the Large Industrial Rate to a load with the New Ratepayer's load factor, plus \$0.25 per MWh, plus (B) the sum of the FAC Factor, the Environmental Surcharge Factor, and the Non-FAC Purchased Power Adjustment Factor (each calculated on a per MWh basis), plus (C) the Surcharge (the Surcharge being calculated on an amount per MWh based on Base Fixed Energy for such Fiscal Year) set forth in Section 4.11, plus (D) amounts corresponding to the amount per MWh paid by Kenergy during the same period for the TIER Adjustment Charge. If a Member provides electric service to a New Ratepayer with a Firm demand of 15 MW or less, such Member shall have paid to Big Rivers for wholesale Energy purchased and resold to the New Ratepayer at a price equal to the sum of: (i) the Large Industrial Rate, and (ii) the sum of the FAC Factor, the Environmental Surcharge Factor, and the Non-FAC Purchased Power Adjustment Factor (each calculated on a per MWh basis). For purpose of this clause (b), the revenues produced by any surcharge with respect to a New Ratepayer similar to the Surcharge or the "Surcharge" under the Century Retail Agreement will be assumed to accrue solely to the benefit of the Non-Smelter Ratepayers except to the extent such surcharge is paid by or imputed to a New Ratepayer pursuant to subclause (A) of this clause (b). The assumptions contained in this clause (b) shall not apply with respect to a New Ratepayer that first interconnects with Big Rivers' transmission system during the last three Fiscal Years of the Service Period or following notice of termination of this Agreement or the Century Retail Agreement.

(c) It shall be assumed that: Big Rivers' interest expense shall have been reduced by the product of (i) Big Rivers' average effective interest rate for borrowed money for the prior Fiscal Year, and (ii) the aggregate amount of any patronage capital retired by Big Rivers to its Members during the Service Period (other than any distribution from the Rural Economic Reserve, the Economic Reserve or the Transition Reserve or relating to the Surcharge

or the “Surcharge” under the Century Wholesale Agreement), from and after the date of such retirement.

(d) It shall be assumed that: Interest on construction work-in-progress relating to the construction of new electric generating facilities or transmission facilities shall have been capitalized by Big Rivers if it has the right to elect to do so or it is obligated to capitalize such interest under Accounting Principles unless a Governmental Authority has approved the inclusion of such interest expenses in Big Rivers’ revenue requirements for rate-making purposes or otherwise approved a surcharge for collecting such interest expenses.

(e) If Big Rivers acquires or constructs non-peaking electric generating facilities alone or with others (“New Facilities”), Big Rivers’ interest expenses shall not include the interest imputed on the debt relating to the New Facilities (“Imputed Interest”); *provided, however*, that if a Governmental Authority has approved the inclusion of such generating facilities in Big Rivers’ revenue requirements for rate-making purposes or otherwise approved a surcharge to provide for the recovery of the costs of such New Facilities, then actual interest expense with respect to such New Facilities shall be included in the TIER calculation to the extent recovery is permitted; *provided, further*, that this clause (e) may not cause the TIER Adjustment to become negative. For purposes of determining Imputed Interest, it shall be assumed that the New Facilities were financed 80% with debt and 20% with equity. Imputed Interest shall equal the product of (i) the weighted average interest rate on Big Rivers’ debt for the Fiscal Year, and (ii) the amount of debt equal to 80% of the capital invested in the New Facilities.

(f) It shall be assumed that: The Rural Economic Reserve, the Economic Reserve and the Transition Reserve shall not generate any revenue or tax liability and the application of funds from the Rural Economic Reserve, the Economic Reserve or the Transition Reserve shall not result in any change in the Net Margins of Big Rivers.

(g) It shall be assumed that: Big Rivers shall have made no payment for damages or indemnification to or for the benefit of a Smelter with respect to the provision of Electric Services or “Electric Services” as defined in the Century Wholesale Agreement.

(h) It shall be assumed that: Big Rivers shall have paid no criminal penalties with respect to its acts or omissions other than criminal penalties that a Governmental Authority has approved the inclusion of in Big Rivers’ revenue requirements for rate-making purposes or otherwise approved a surcharge for collecting such penalties.

(i) It shall be assumed that: Big Rivers shall have received no proceeds from the sale of Energy to the wholesale market pursuant to Section 4.13.3 or the corresponding section of the Century Wholesale Agreement.

(j) It shall be assumed that: Big Rivers shall have incurred no expenses that are impermissible for inclusion in rates of electric generation and transmission cooperative utilities subject to the jurisdiction of the KPSC for rate-making purposes (currently including advertising expenses, branding expenses, charitable contributions and lobbying

expenses) or specifically disallowed for rate making purposes by a Governmental Authority; *provided, however*, that denial by a Governmental Authority of expense recovery through the FAC or the Environmental Surcharge Rider shall not constitute an expense that is impermissible for inclusion in rates if the nature of such expense is recoverable in base rates.

(k) It shall be assumed that: There are no revenues and expenses associated with non-regulated businesses of Big Rivers.

(l) It shall be assumed that: No interest is paid pursuant either to Section 5.3 or Section 5.4 or pursuant to the corresponding sections of the Century Wholesale Agreement.

(m) It shall be assumed that: No amounts have been or are payable with respect to Excess Reactive Demand Charges or with respect to “Excess Reactive Demand Charges” under the Century Wholesale Agreement.

(n) It shall be assumed that: No administrative fee shall have been received by Big Rivers as a result of any Surplus Sales, Undeliverable Energy Sales or Potline Reduction Sales or sales of Energy pursuant to the corresponding sections of the Century Wholesale Agreement.

(o) Additional costs related to a change in Big Rivers’ depreciation rates may not be included in the calculation of the TIER Adjustment unless such change has been approved, consented to or accepted by the KPSC or, if the KPSC no longer has jurisdiction over Big Rivers, by the RUS or any other Governmental Authority having jurisdiction over such change, if any.

(p) It shall be assumed that: The amortization of any Restructuring Amount is zero.

4.7.6 Any proceeds received or transaction costs paid by Big Rivers as part of or in connection with the consummation of the Unwind Transaction shall be disregarded for purposes of computing the TIER Adjustment Charge for the Fiscal Year in which the Unwind Transaction occurs.

4.8 Adjustable Charges.

4.8.1 The “FAC Charge” shall be the product of the FAC Factor (expressed in dollars per MWh) and Base Monthly Energy.

4.8.2 The “Non-FAC Purchased Power Adjustment Charge” shall be the product of the Non-FAC Purchased Power Adjustment Factor (expressed in dollars per MWh) and Base Monthly Energy.

4.8.3 The “Environmental Surcharge” shall be the product of the Monthly Environmental Surcharge Factor (expressed in dollars per MWh) and Base Monthly Energy.

4.9 Rebate. If there is an Excess TIER Amount in any Fiscal Year and Big Rivers elects to implement a rebate to its Members in respect thereof, then no later than the first day of the fifth month of the following Fiscal Year, Big Rivers will credit to Kenergy for further credit to Alcan an amount (the "Rebate") equal to the product of:

- (i) the Excess TIER Amount, and
- (ii) a fraction:
 - (1) the numerator of which is the Base Fixed Energy for such Fiscal Year, and
 - (2) the denominator of which is the sum during the applicable Fiscal Year of (A) Big Rivers' aggregate sales of Energy to Members for resale to Non-Smelter Ratepayers, (B) the Base Fixed Energy, and (C) the aggregate amount of "Base Fixed Energy" as defined in the Century Retail Agreement (without regard to whether the Century Retail Agreement is then in effect).

4.10 Equity Development Credit. If there is an Excess TIER Amount in any Fiscal Year and Big Rivers does not elect to implement a rebate to its Members, then no later than the first day of the fifth month of the following Fiscal Year, Big Rivers will credit against the next Monthly Charge an amount (the "Equity Development Credit") equal to the product of:

- (i) the Excess TIER Amount, and
- (ii) a fraction:
 - (1) the numerator of which is the Base Fixed Energy for such Fiscal Year, and
 - (2) the denominator of which is the sum during the applicable Fiscal Year of (A) Big Rivers' aggregate sales of Energy to Members for resale to Non-Smelter Ratepayers, (B) the Base Fixed Energy, and (C) the aggregate amount of "Base Fixed Energy" as defined in the Century Retail Agreement (without regard to whether the Century Retail Agreement is then in effect).

4.10.2 Notwithstanding the above, the Equity Development Credit for any Fiscal Year may not exceed an amount which would cause the charge for Base Fixed Energy (including Energy curtailed pursuant to Section 4.13.2 or sold to Third Parties pursuant to Section 4.13.3 as Economic Sales, Section 10.1 as Surplus Sales, Section 10.2 as Undeliverable Energy Sales or Section 10.3 as Potline Reduction Sales) less the Equity Development Credit for such Fiscal Year on a per MWh basis to be less than (A) the Large Industrial Rate for a customer with a 98% load factor *plus* (B) the sum of the FAC Factor, the Environmental Surcharge Factor and the Non-FAC Purchased Power Adjustment Factor (each calculated on a per MWh basis).

4.11 Surcharge. In addition to any other amounts payable under this Agreement, and notwithstanding anything in this Agreement to the contrary, Kenergy shall pay a surcharge (the “Surcharge”) equal to the sum of the following:

(a) As applicable:

(i) \$184,361 each Billing Month from the Effective Date through and including December, 2011;

(ii) \$263,373 each Billing Month from January, 2012 through and including December, 2016;

(iii) \$367,380 each Billing Month from January, 2017 through the expiration of the stated Term of this Agreement; *plus*

(b) For any Billing Month, the product of (i) Base Fixed Energy and (ii) \$0.60 per MWh; *plus*

(c) For any Billing Month, the product of (i) Base Fixed Energy and (ii) the number of cents per MW per Hour (which number shall not exceed 60 or be less than zero) that Big Rivers’ projected annual average costs per MWh for fuel consumed by Big Rivers in its coal-fired generation as set forth in its Budget are greater than the amounts set forth on Schedule 4.11(c), in each case, for that Fiscal Year relating to such Billing Month. Big Rivers shall within 45 days following the end of each fiscal quarter compute its actual costs per MWh for fuel consumed by Big Rivers’ coal-fired generation in each Billing Month for such fiscal quarter and shall calculate (on a fiscal-year-to-date basis in a manner consistent with this Section 4.11(c)) an additional amount to be paid by or credited to Kenergy based on such actual costs incurred for fuel consumed compared to the amounts set forth in the Budget for such Billing Months; *provided*, any additional amounts to be paid by or credited to Kenergy shall be applied to amounts due for the remainder of the Fiscal Year under this Section 4.11(c). Within 120 days of the end of each Fiscal Year, an additional amount shall be credited to Kenergy if necessary so that the total amounts paid pursuant to this Section 4.11(c) for such Fiscal Year shall not exceed an amount equal to the product of Base Fixed Energy for such Fiscal Year and 60 cents per MW per Hour; such amount shall be included as a credit, if applicable, in the Monthly Charges for the fourth Billing Month of the next Fiscal Year; *minus*

(d) For each of the first 96 Billing Months, \$86,588.

4.11.2 The obligation of Kenergy to pay the Surcharge will cease to accrue upon the termination of this Agreement. Sample calculations of the Surcharge under Section 4.11(c) are set forth in Exhibit A.

4.12 [Reserved]

4.13 Credits.

4.13.1 Surplus Sales, Undeliverable Energy Sales and Potline Reduction Sales. For any Billing Month, Big Rivers shall credit Kenergy (a) the Net Proceeds of any

Surplus Sales pursuant to Section 10.1 to the extent of the Avoidable Base Charge; and (b) the amount of Net Proceeds of any Undeliverable Energy Sales or Potline Reduction Sales to which Kenergy is entitled pursuant to Section 10.2 or Section 10.3, respectively, less \$0.25 per MWh as Big Rivers' administrative fee in each case. Sample calculations of the Net Proceeds from Surplus Sales, Undeliverable Energy Sales and Potline Reduction Sales that would be credited to Kenergy are set forth in Exhibit A.

4.13.2 Curtailment of Purchased Power. For any Billing Month, Big Rivers will credit Kenergy for any Hour during such Billing Month an amount equal to the product of (a) the Market Reference Rate during such Hour, and (b) the amount of Base Demand per Hour curtailed, if any, during such Hour in an amount and for a duration mutually agreed among Big Rivers, Kenergy and Alcan pursuant to this Section 4.13.2 and the corresponding section of the Century Wholesale Agreement. If both Alcan and Century agree to the curtailment of the delivery of Base Demand per Hour pursuant to this Section 4.13.2 of the Alcan Retail Agreement and the corresponding section of the Century Retail Agreement, Alcan and Century must notify Big Rivers and Kenergy as to whose curtailment shall take precedence. If Big Rivers is not notified as to whose curtailment shall take precedence, the Smelter whose curtailment is largest shall take precedence, and if the amount of curtailment by each Smelter is the same, then the Smelter whose curtailment notice was received by Big Rivers first shall take precedence. Sample calculations of credit that would be due to Kenergy for curtailment of purchased power are set forth in Exhibit A.

4.13.3 Economic Sales. For any Billing Month, Big Rivers will credit Kenergy 75% of the Net Proceeds that Big Rivers receives in respect of the curtailment of the delivery of Base Demand per Hour in an amount and for a duration mutually agreed among Big Rivers, Kenergy and Alcan if Big Rivers sells such curtailed Base Demand per Hour to the wholesale Energy market ("Economic Sales"); *provided*, that unless otherwise agreed among Big Rivers, Kenergy and Alcan, (a) the amount of Base Demand per Hour curtailed by Kenergy on behalf of Alcan may not exceed 100 MW per Hour, (b) the number of curtailments each year shall be limited to twelve, and (c) each curtailment may not last longer than four Hours, and *provided further*, that Big Rivers shall have no obligation to make Economic Sales until after Big Rivers first sells all of its own surplus Energy to the wholesale Energy market. If Kenergy on behalf of both Alcan and Century agree to the curtailment of the delivery of Base Demand per Hour pursuant to this Section 4.13.3 and the corresponding section of the Century Wholesale Agreement, Alcan and Century must notify Big Rivers and Kenergy as to whose curtailment shall take precedence. If Big Rivers is not notified as to whose curtailment shall take precedence, the Smelter whose curtailment is largest shall take precedence, and if the amount of curtailment by each Smelter is the same, then the Smelter whose curtailment notice was received by Big Rivers first shall take precedence. Sample calculations of the portion of the Net Proceeds from Economic Sales that would be credited to Kenergy are set forth in Exhibit A.

4.14 Other Amounts. For any Billing Month, any amounts payable pursuant to Section 10.1.4, 10.2.2 or 10.3.7 shall be added to or subtracted as applicable from the calculation of the Monthly Charge.

4.15 Taxes. No state or local sales, excise, gross receipts or other taxes are included in the charges and credits set forth in this Article 4. Kenergy shall pay or cause to be paid any such

taxes which are now or hereafter become applicable to the sale of Electric Services to Kenergy under this Agreement.

ARTICLE 5

BILLING

5.1 Monthly Invoice. Big Rivers shall bill Kenergy on or before the tenth Business Day of each month for the Monthly Charge as calculated pursuant to Article 4 based on the sale of Electric Services during the most recently ended Billing Month plus any other amounts then due and owing pursuant to this Agreement. Kenergy shall pay or cause to be paid to Big Rivers the Monthly Charge and any other amounts due and owing in immediately available funds to an account designated in the Lockbox Agreement on the Business Day following the 24th day of the month following the Billing Month. For the convenience of the Parties, and to facilitate satisfaction of Kenergy's obligation to Big Rivers, Kenergy has assigned to Big Rivers its right to receive payment from Alcan under the Alcan Retail Agreement and its rights to collect and enforce collection of such amounts due from Alcan other than with respect to the "Retail Fee" as defined in the Alcan Retail Agreement pursuant to the Lockbox Agreement. Big Rivers hereby releases Kenergy from further liability under this Agreement for amounts subject to such assignment to Big Rivers, *provided* that such release does not relieve Kenergy of its other liabilities or responsibilities under this Agreement. Kenergy shall cooperate with and assist Big Rivers with respect to any collections of amounts due from Alcan to Kenergy which are assigned to Big Rivers; *provided*, that Big Rivers will reimburse Kenergy for any reasonable expenses Kenergy incurs in providing such cooperation or assistance.

5.2 Right to Discontinue Service. If Kenergy (or Alcan on behalf of Kenergy) fails to pay any monthly invoice rendered by Big Rivers within the time prescribed in Section 5.1, Big Rivers may discontinue delivery of any or all Electric Services hereunder upon 120 Hours prior written notice to Kenergy and Alcan of its intention to do so. Big Rivers' discontinuance of such service for non-payment will not in any way affect, diminish or limit the obligations of Kenergy (or Alcan on behalf of Kenergy) to make all payments required under this Agreement or the Alcan Retail Agreement, as and when due.

5.3 Default Interest. If any monthly invoice rendered by Big Rivers is not paid on the due date, interest will accrue and become payable by Kenergy to Big Rivers on all unpaid amounts at a rate of four percentage points over the Prime Rate commencing on the first day after the due date.

5.4 Payments Under Protest. If any portion of any monthly statement is disputed by Kenergy (or Alcan), the disputed amount must be paid, under protest, when due. If the disputed amount of the payment is found to be incorrect, Big Rivers shall promptly cause to be refunded to Kenergy (or to Alcan on behalf of Kenergy, as applicable) the amount that was not then due and payable, together with interest at the Prime Rate commencing on the first day after the date of payment and accruing on each day thereafter until the date the refund is made.

5.5 [Reserved.]

5.6 No Waiver. No payment made by Kenergy (or Alcan on Kenergy's behalf) pursuant to this Article 5 will constitute a waiver of any right of Kenergy (or Alcan) to contest the correctness of any charge or credit.

5.7 No Payment. In no case shall Big Rivers be obligated to make a payment to Kenergy in connection with the application of a credit to Kenergy's Monthly Charges except to the extent otherwise expressly provided in Section 10.2.1(a) with respect to Undeliverable Energy Sales.

ARTICLE 6

EFFECTIVE DATE AND CONDITIONS

6.1 Effective Date. The obligations of the Parties under Article 2, Article 3, Article 4, Article 5, Section 7.3, Article 8, Article 9, Article 10, Article 11, Article 12, Article 13, Article 14 and Section 16.5 shall not commence until the Effective Date. The "Effective Date" will occur on the first date each of the conditions set forth in Section 6.2 has been satisfied in full or waived in writing by the Party in whose favor such condition exists (to the extent one or more conditions is subject to being waived).

6.2 Conditions to Occurrence of Effective Date. The following shall be conditions to the occurrence of the Effective Date:

6.2.1 Each of the representations and warranties of the Parties contained in this Agreement and the representations and warranties of Kenergy and Alcan in the Alcan Retail Agreement will be true and correct as of the date hereof and the Effective Date (as though such representations and warranties were made at and as of the date hereof and the Effective Date), and each of the Parties shall have received a certificate to such effect from the other Party with respect to the other Party's representations and warranties in this Agreement and Big Rivers shall have received a certificate to such effect from Kenergy and Alcan in respect of their respective representations and warranties in the Alcan Retail Agreement.

6.2.2 The Unwind Transaction will have been consummated, including the termination of the agreements set forth on Schedule 6.2.2.

6.2.3 Each of the documents and agreements set forth in Schedule 6.2.3 will have been duly authorized, executed and delivered by the parties thereto, and all conditions precedent to the effectiveness of such agreements will have been satisfied or waived, and shall, if amended after the date hereof and prior to the Effective Date, be acceptable to Alcan.

6.2.4 [Reserved]

6.2.5 The Alcan Guarantee will have been duly authorized, executed and delivered by Alcan Parent and be in full force and effect.

6.2.6 Release documents releasing the liabilities and obligations under the documents listed on Schedule 6.2.2 will have been duly authorized, executed and delivered by Big Rivers, Kenergy, Century, LG&E and Alcan, as applicable.

6.2.7 Each Member will have authorized, executed and delivered an amendment to its wholesale power contract with Big Rivers relating to the supply of electric service to the Member for its requirements (other than in the case of Kenergy, the requirements of Alcan and Century) to extend the term of such contract until a date satisfactory to Big Rivers.

6.2.8 No authorization or approval or other action by, and no notice to or filing or registration with, or license or permit from any Person, including any Governmental Authority, will be necessary prior to start of the Service Period, other than (i) as may be required under Applicable Law to be obtained, given, accomplished or renewed at any time or from time to time after the Effective Date and which are routine in nature or which cannot be obtained, or are not normally applied for, prior to the time they are required and which Big Rivers has no reason to believe will not be timely obtained and in each case which do not prevent provision of Electric Services as described herein, and (ii) with respect to the approval of the KPSC or FERC, on the Effective Date, such approvals will have been duly given or issued, received and will be in full force and effect and unappealable, and all conditions therein will have been satisfied to the extent required to be satisfied by Kenergy or Big Rivers on or prior to the Effective Date.

6.2.9 The Alcan Retail Agreement, the Century Wholesale Agreement and the Century Retail Agreement will have been duly authorized, executed and delivered by the parties thereto and be in full force and effect and all conditions precedent to the effectiveness will have been satisfied or waived other than conditions within the control of Kenergy or conditions that automatically will become effective simultaneously with the Effective Date or the Unwind Transaction.

6.2.10 RUS shall have consented to the Unwind Transaction and the New Transaction and to all arrangements and agreements required to implement the Unwind Transaction and the New Transaction.

6.3 Efforts to Satisfy Conditions to Effective Date. Each of the Parties shall use commercially reasonable efforts and act in good faith to satisfy all of the conditions set forth in Section 6.2 at the earliest practicable date (other than those which the applicable Party agrees to waive). At such time as Big Rivers or Kenergy believes such conditions have been satisfied, such Party shall notify the other Party in writing. The obligations of the Parties under this Section 6.3 will continue until the earlier of (a) such time as this Agreement terminates pursuant to Section 7.2, and (b) the Effective Date.

ARTICLE 7

TERM AND TERMINATION

7.1 Term. Subject to Section 6.1, this Agreement will become binding on the Parties on the date of execution and delivery by the Parties and will remain in full force and effect until December 31, 2023 (the "Term"), unless earlier terminated pursuant to the terms hereof.

7.2 Termination Prior to Effective Date. This Agreement may be terminated without cost or penalty prior to the occurrence of the Effective Date in accordance with this Section 7.2.

7.2.1 Termination for Failure to Satisfy Conditions to Effective Date. Either Party may terminate this Agreement without cost or penalty by providing five Business Days' prior written notice of termination to the other Party upon the failure of the conditions in Section 6.2 to be satisfied in full or waived by the Person in whose favor the condition exists on or before July 31, 2009, or such later date as the Parties may agree, unless any such condition is satisfied or waived by the applicable Person within such five Business Day period.

7.2.2 Termination In Event Unwind Transaction Will Not Be Consummated. This Agreement may be terminated by either Party at any time prior to the Effective Date upon receipt of notice from LG&E or Big Rivers that either LG&E or Big Rivers does not intend to consummate the Unwind Transaction.

7.2.3 Termination Due to KPSC Modification. If the KPSC issues an order on any of the filings by Big Rivers or other Persons seeking necessary approvals for the Unwind Transaction and the New Transaction that disapproves or changes the pricing or other material terms of this Agreement or the Alcan Retail Agreement or Big Rivers' ability to recover costs from the Smelters or the Non-Smelter Ratepayers other than as contemplated in connection with the New Transaction, either Party may terminate this Agreement without cost or penalty by providing written notice of termination to the other Party and Alcan no later than three Business Days after the first to occur of the following: (i) the last date on which a petition for re-hearing may be filed if such a petition has not been filed, (ii) the date on which the KPSC issues an order denying the request for re-hearing for any petition for re-hearing that may have been filed during the allowed period, and (iii) if a rehearing occurs, following the date on which an order on rehearing is issued.

7.2.4 Termination Pursuant to Alcan Termination. Either Party may terminate this Agreement without cost or penalty by providing written notice of termination to the other following receipt by Kenergy of a notice of termination from Alcan pursuant to and in accordance with Section 7.2.3 of the Alcan Retail Agreement.

7.2.5 Effect of Pre-Effective Date Termination. If this Agreement is terminated in accordance with this Section 7.2, Big Rivers and Kenergy acknowledge and agree that the Existing Alcan Agreement and the Kenergy/LG&E Contract and all other related documents and agreements will continue in full force and effect as if this Agreement had not been executed and delivered by the Parties.

7.3 Termination After the Effective Date. This Agreement may be terminated after the occurrence of the Effective Date in accordance with this Section 7.3.

7.3.1 Termination for Closing of Sebree Smelter. Either Party may terminate this Agreement as of the date Alcan terminates the Alcan Retail Agreement pursuant to Section 7.3.1 therein in connection with the termination and cessation of all aluminum smelting operations at the Sebree Smelter.

7.3.2 Termination for Event of Default. This Agreement may be terminated following the occurrence and during the continuation of an Event of Default pursuant to Article 14.

7.3.3 Termination Following KPSC Order.

(a) Big Rivers may terminate this Agreement without cost or penalty by providing written notice of termination to Kenergy and Alcan within three Business Days of the issuance by the KPSC of an order unconditionally or conditionally approving this Agreement and the Alcan Retail Agreement in connection with the consummation of the Unwind Transaction if Big Rivers determines in its business judgment, exercised in good faith, that the Unwind Transaction is not in Big Rivers' best interests.

ARTICLE 8

METERING

8.1 Metering Facilities. Big Rivers will provide or cause to be provided metering facilities at the Point of Delivery which measure Hourly kW, kWh, kilovars, kilovar-hours and voltage fluctuation spectra.

8.2 Reading. Big Rivers will read or cause to be read the meters at the Point of Delivery on the last date of each month (or such other date as may be agreed upon by the Parties).

8.3 Testing. Big Rivers will test, or cause to be tested, the calibration of the meters at the Point of Delivery by comparison of accurate standards at least once every twelve months (or more often if so required by Applicable Law) and will give Kenergy and Alcan not less than five Business Days' prior notice of such testing. Kenergy and Alcan will have the right to observe and participate in all meter tests. Meters registering not more than plus or minus 1% inaccurate will be deemed to be accurate (unless Applicable Law establishes a standard more stringent than 1%, in which case, the more stringent standard will apply). The reading of any meter which will have been disclosed by tests to be inaccurate will be corrected for the 60 days before such tests (or for such shorter period if applicable) in accordance with the percentage of inaccuracy found by such tests. If any meter should fail to register for any period, the Parties and Alcan will make mutually agreed upon estimates for such period from the best information available. If Kenergy or Alcan requests a special meter test, Big Rivers shall cause such test to be conducted; *provided, however,* that if any special meter test made at the request of Kenergy or Alcan discloses that the meters are not more than plus or minus 1% inaccurate, Kenergy or Alcan, as applicable, shall reimburse Big Rivers for the reasonable cost of such test. In all other respects, meters through

which Big Rivers delivers Energy to Kenergy for resale to Alcan shall be installed, operated, maintained and tested in accordance with all Applicable Law and Prudent Utility Practice.

ARTICLE 9

OPERATIONAL MATTERS

9.1 Operations and Operational Responsibility. In carrying out the requirements of this Agreement, each Party will comply with the reliability criteria, standards, guidelines and operating procedures of any national electric reliability organization, SERC, Applicable Law and any regional transmission organization (if applicable), and neither Party will be required to take any action in violation of any thereof.

9.1.1 Big Rivers will operate and maintain or cause to be operated and maintained all of the facilities owned by it on the premises of Kenergy or Alcan.

9.1.2 Kenergy will operate and maintain, or cause to be operated and maintained, all of the facilities and equipment owned by it.

9.2 Installation and Maintenance of Interconnection Equipment. Big Rivers has furnished or installed all of the facilities required for the delivery of Energy to the Point of Delivery, as well as the 161 kilovolt transmission lines required between the Point of Delivery and Alcan's electrical substation. Big Rivers shall install and maintain, or shall cause to be installed and maintained, any and all interconnection equipment, metering, or substation equipment, and other equipment, including switching and protective equipment, necessary to enable Kenergy to deliver Energy to Alcan at the Point of Delivery. Big Rivers will keep or cause to be kept, all such equipment in good working order, condition and repair (ordinary wear and tear excepted) such that all such equipment is capable of operating, consistent with Prudent Utility Practice, to the extent necessary to assure sufficient capability to take and use the Electric Services to be delivered by Big Rivers to Kenergy as provided for in this Agreement.

9.3 [Reserved.]

9.4 Curtailed by Big Rivers. If Big Rivers determines in accordance with Prudent Utility Practice, or in compliance with any national electric reliability organization, SERC, Applicable Law and other regulation, any applicable regional transmission organization, or other applicable operating criteria or rules, that a System Emergency has occurred or is imminent, and after suspending or reducing deliveries to Persons purchasing interruptible Energy from Big Rivers, Big Rivers may suspend or reduce the delivery of Energy hereunder and may cease to make available in whole or in part the Electric Services, in each case to the extent caused by, or that Big Rivers determines necessary or prudent under the circumstances to prevent or attempt to prevent, or counter or reduce the effects of, such System Emergency. Any curtailment caused by a System Emergency (or for any other reason) that cannot be avoided after the suspension or reduction of deliveries to Persons purchasing interruptible Energy from Big Rivers will be effected in a non-discriminatory manner consistent with Big Rivers' then-current policies and procedures. Big Rivers shall notify Kenergy and Alcan as to the occurrence or threatened occurrence of any System Emergency or other event that may require curtailment, its cause and

its impact on the delivery of Energy or the provision of Electric Services, as soon as practicable. Big Rivers will not be obligated to supply Electric Services to the extent suspended or curtailed as a result of the System Emergency.

9.5 Ownership and Removal of Equipment. Any and all equipment, apparatus, devices or facilities placed or installed, or caused to be placed or installed, by either of the Parties hereto (or by Alcan) on or in the premises of the other Party (or Alcan) to receive service under this Agreement shall be and remain the property of the Party (or Alcan) owning and installing such equipment, apparatus, devices or facilities regardless of the mode or manner of annexation or attachment to real property of the other. Upon the termination of this Agreement or any extension thereof, the owner (including, if applicable, Alcan) of any equipment, apparatus, devices or facilities on the property of a Party shall have the right to enter upon the premises of that Party, and shall, within a reasonable time and at the sole expense of the owner, remove such equipment, apparatus, devices or facilities.

ARTICLE 10

COVENANTS

10.1 Surplus Sales.

10.1.1 Big Rivers acknowledges and agrees that Alcan may request Big Rivers and Kenergy sell Energy which is surplus to Alcan's needs by delivering prior written notice to Kenergy and Big Rivers (a) identifying the portion of Base Demand per Hour to be sold and the associated times and duration of the requested sales, and (b) agreeing to curtail its demand per Hour so Alcan's actual demand and the Energy sold pursuant to this Section 10.1 ("Surplus Sales") is not expected to exceed the Base Demand per Hour. Big Rivers shall have no obligation to make Surplus Sales if the portion of Base Demand per Hour Alcan requests to be sold exceeds the Base Demand per Hour or is less than ten MW or not in integral multiples of one MW. For the avoidance of doubt, Surplus Sales shall not include sales of Economic Sales, Undeliverable Energy Sales or Potline Reduction Sales.

10.1.2 Big Rivers shall use reasonable commercial efforts to make Surplus Sales and, to the extent consistent with notices from Alcan to Big Rivers, maximize the Net Proceeds thereof. Big Rivers shall have no obligation to use any efforts to make Surplus Sales if Big Rivers, in its sole discretion exercised in good faith, estimates the Net Proceeds therefrom would be less than \$1.00 per MWh in excess of the sum of the Base Variable Rate, the FAC Factor, the Non-FAC Purchased Power Adjustment Factor and the Environmental Surcharge Factor (each calculated on a per MWh basis). Big Rivers will not have any obligation to Kenergy to market or resell Energy pursuant to this Section 10.1 (a) until Big Rivers first has sold or elected not to sell all amounts of its own surplus Energy, or (b) if Big Rivers is unable to sell any or all Energy as a result of transmission constraints (whether on or off Big Rivers' transmission system) or other constraints, including constraints imposed by Applicable Law.

10.1.3 For the avoidance of doubt, nothing in this Section 10.1 shall relieve Kenergy of its obligation for the Base Energy Charge or the TIER Adjustment Charge or any other portion of the Monthly Charge pursuant to Article 4.

10.1.4 For any applicable Surplus Sale, (i) Kenergy shall pay Big Rivers any excess of Big Rivers' actual income tax liability relating to such Surplus Sale over the estimated income tax liability for such Surplus Sale that was used for purposes of calculating the Net Proceeds on such Surplus Sale, and (ii) Big Rivers shall pay to Kenergy any excess of Big Rivers' estimated income tax liability for such Surplus Sale that was used for purposes of calculating the Net Proceeds on such Surplus Sale over the actual income tax liability of Big Rivers relating to such Surplus Sale.

10.2 Undeliverable Energy Sales.

10.2.1 If Alcan notifies Big Rivers and Kenergy of the occurrence of (i) any event which results in damage to or destruction of plant or equipment that renders all or a portion of the Sebree Smelter unfit for normal use and limits Alcan's ability to engage in aluminum reduction operations thereat; (ii) Alcan's demand is initially reduced by at least 50 MW per Hour or more as a result thereof; (iii) such limitation is expected to continue for a period of 48 consecutive hours or longer; and (iv) the proximate cause of such casualty is not an intentional misconduct or willful misconduct of Alcan or any of its Affiliates, Big Rivers shall use reasonable commercial efforts to sell an amount of Energy up to the corresponding reduction in Alcan's demand as a result of such event during the continuance of such limitation, subject to the same terms, conditions and limitations as set forth for Surplus Sales in Section 10.1. The sales of Energy described in this Section 10.2 shall be referred to as "Undeliverable Energy Sales." Alcan may provide such notice orally if followed promptly by written notice. Big Rivers shall use reasonable commercial efforts to make such Undeliverable Energy Sales and, to the extent consistent with notices from Alcan to Big Rivers, maximize the Net Proceeds thereof.

(a) For a period of up to six months from the date of the occurrence of such event, all of the Net Proceeds of any such sales (less the administrative fee pursuant to Section 4.13.1) shall be credited against the Monthly Charge or, if in excess of the Monthly Charge otherwise applicable, such excess shall be paid to Alcan. Upon Alcan providing a certificate representing that the event can not be remedied with reasonable diligence within six months, Kenergy's rights under this Section 10.2 shall be extended for an additional period up to three months.

(b) Upon expiration of the period of Kenergy's rights under this Section 10.2, Big Rivers shall not have any obligations to sell Energy to a Third Party which otherwise would be available for purchase by Alcan hereunder except as otherwise expressly required pursuant to Section 4.13.3 as Economic Sales, Section 10.1 as Surplus Sales, or Section 10.3 as Potline Reduction Sales. Undeliverable Energy Sales may not be greater than Base Demand per Hour.

(c) If the circumstances described in clauses (i), (ii), and (iv) of this Section 10.2.1 do not continue for a period of 48 consecutive hours or longer, such sales of Energy will be treated as Surplus Sales under Section 10.1 unless Section 10.3 applies.

10.2.2 For any applicable Undeliverable Energy Sale, (i) Kenergy shall pay to Big Rivers any excess of Big Rivers' actual income tax liability relating to such Undeliverable Energy Sale over the estimated income tax liability for such Undeliverable Energy Sale that was

used for purposes of calculating the Net Proceeds on such Undeliverable Energy Sale, and (ii) Big Rivers shall pay to Kenergy, upon Kenergy's receipt of such payment from Big Rivers, any excess of Big Rivers' estimated income tax liability for such Undeliverable Energy Sale that was used for purposes of calculating the Net Proceeds on such Undeliverable Energy Sale over the actual income tax liability of Big Rivers relating to such Undeliverable Energy Sale.

10.3 Potline Reduction Sales.

10.3.1 At the request of Kenergy, Big Rivers shall sell 115 MW (plus or minus 10 MW) per Hour to Third Parties (such sales of Energy are referred to as "Potline Reduction Sales"), such amount subject to Section 10.3.2 below, on either a Firm basis or a System Firm basis concurrently with delivery of not less than 30 days' prior notice from Alcan to Kenergy and Big Rivers (which notice Kenergy and Big Rivers shall keep confidential) if (i) Alcan has ceased or will cease all aluminum smelting operations on one and only one of its potlines at the Sebree Smelter (a "Potline Reduction"); (ii) Alcan is reasonably likely to be able to continue aluminum smelting operations with respect to all of its other potlines at the Sebree Smelter as a result of the cessation of aluminum smelting operations on the potline referred to in clause (i); (iii) Alcan in good faith reasonably estimates the duration of such cessation will equal or exceed 12 months; and (iv) no Potline Reduction Sales have been made for a period of twelve consecutive months prior to the date of such notice. Such notice also shall state the requested duration of the sales of Energy and must be accompanied by a certificate of an officer of Alcan Parent certifying as to the matters set forth in clauses (i), (ii), (iii), and (iv) above.

10.3.2 Alcan, Kenergy and Big Rivers shall reasonably cooperate on a schedule for the graduated reduction and, in the case of a potline restoration, the graduated increase in the demand effected pursuant to Section 10.3.1 in such amounts and over a period of time as is mutually satisfactory.

10.3.3 Kenergy may not withdraw its request for Potline Reduction Sales to the extent that Big Rivers has a legally binding agreement with a Third Party for Potline Reduction Sales (a "Potline Reduction Sales Agreement"), *provided* that Big Rivers acknowledges and agrees that Alcan may at any time increase demand pursuant to Section 10.3.2 and assume responsibility for acquiring Market Energy required during the remainder of the Potline Reduction Sales Agreement.

10.3.4 Big Rivers shall use reasonable commercial efforts to make Potline Reduction Sales and, to the extent consistent with notices from Alcan to Big Rivers, maximize the Net Proceeds thereof. Big Rivers will not have any obligation to market or resell Energy pursuant to this Section 10.3 (i) until Big Rivers first has sold or elected not to sell all amounts of its own surplus Energy available for sale or (ii) to the extent Big Rivers is unable to make Potline Reduction Sales as a result of transmission constraints (whether on or off Big Rivers' transmission system) or other constraints, including constraints imposed by Applicable Law.

10.3.5 Kenergy and Big Rivers shall consult with Alcan and agree on the Potline Reduction Sales that will be made on a Firm basis or a System Firm basis and the terms of same. To the extent Kenergy request the Potline Reduction Sales be made on a Firm basis, Kenergy agrees that if during the term of such sale or sales Big Rivers is required to purchase

replacement Energy or otherwise make payments to meet such Potline Reduction Sales on a Firm basis, Kenergy will reimburse Big Rivers the full cost of such actions and indemnify Big Rivers for any costs, obligations or liabilities incurred by Big Rivers, including liabilities to Third Parties.

10.3.6 All of the Net Proceeds of any Potline Reduction Sales (less the administrative fee pursuant to Section 4.13.1) shall be credited against the Monthly Charge from the effective date of the notice pursuant to Section 10.3.1 until the Cut-Off Date or, if such amount is in excess of the Monthly Charge otherwise applicable, such excess shall be paid to Kenergy for payment to Alcan. The "Cut-Off Date" shall mean the earliest to occur of (a) the first day of the 49th Billing Month after the effective date of the notice given under Section 10.3.1, (b) a date specified in a written notice, if any, by Alcan to Kenergy and Big Rivers, and (c) the earlier of the date (i) one year after the date Alcan commences smelting operations with respect to one or more pots on the previously suspended potline or (ii) all Potline Reduction Sales Agreements have been terminated or expired after Alcan commences smelting operations with respect to one or more pots on the previously suspended potline. Sales of Energy after the Cut-Off Date shall be Surplus Sales pursuant to Section 10.1 and not Potline Reduction Sales pursuant to this Section 10.3. Kenergy agrees that it shall not be permitted to extend the term of Potline Reduction Sales beyond forty-eight months, *provided* that nothing in this Section 10.3.6 shall preclude Kenergy from providing a new notice under Section 10.3.1 after aluminum smelting operations at the suspended potline have been restored, subject to Section 10.3.1(iv).

10.3.7 For any Potline Reduction Sale, (i) Kenergy shall pay to Big Rivers any excess of Big Rivers' actual income tax liability relating to such Potline Reduction Sale over the estimated income tax liability for such Potline Reduction Sale that was used for purposes of calculating the Net Proceeds on such Potline Reduction Sale, and (ii) Big Rivers shall pay to Kenergy any excess of Big Rivers' estimated income tax liability for such Potline Reduction Sale that was used for purposes of calculating the Net Proceeds on such Potline Reduction Sale over the actual income tax liability of Big Rivers relating to such Potline Reduction Sale.

10.3.8 For the avoidance of doubt, (i) Potline Reduction Sales shall not include Surplus Sales, Economic Sales or Undeliverable Energy Sales; (ii) nothing in this Section 10.3 shall be construed to relieve Kenergy of its obligation with respect to the Base Energy Charge, the TIER Adjustment or other components of the Monthly Charge payable pursuant to Article 4; and (iii) nothing in this Agreement precludes Undeliverable Energy Sales under Section 10.2 from becoming Potline Reduction Sales if all conditions of this Section 10.3 are met.

10.4 Alcan Retail Agreement. Kenergy covenants that:

10.4.1 it will at all times fully perform and discharge all of its obligations under the Alcan Retail Agreement, and under any transmission agreement pursuant to which amounts of Energy are delivered directly or indirectly to Kenergy for sale and transmission to Alcan;

10.4.2 it will not resell any Electric Services purchased from Big Rivers under this Agreement to any user other than Alcan, except as expressly permitted in this

Agreement or with the prior written consent of Big Rivers, which may be withheld by Big Rivers in its sole discretion, and shall require that any Energy that Kenergy purchases from Big Rivers under this Agreement and resells to Alcan must be consumed by Alcan in connection with the operation of its Sebree Smelter;

10.4.3 it will not take any action or support any action by others that in any manner would impede Kenergy's ability to fulfill its obligations to Big Rivers under this Agreement nor will it amend or modify the Alcan Retail Agreement, including with respect to (i) the rates, terms and conditions for service; (ii) the "Base Monthly Energy," "Supplemental Energy," or "Market Energy" under the Alcan Retail Agreement; (iii) Alcan's payment obligations; or (iv) the term of the Alcan Retail Agreement without the prior written consent of Big Rivers;

10.4.4 it will not waive compliance by Alcan with any of its obligations under the Alcan Retail Agreement, fail to fully enforce the Alcan Retail Agreement against Alcan, or act in any manner that would adversely affect Kenergy's ability to fulfill its obligations under this Agreement;

10.4.5 it will provide to Big Rivers all notices of default received or sent by Kenergy pursuant to the Alcan Retail Agreement;

10.4.6 it will not terminate the Alcan Retail Agreement if the termination would be a breach by Kenergy thereof (including rejection of the agreement in bankruptcy or reorganization proceeding);

10.4.7 it will not terminate the Alcan Retail Agreement for breach by Alcan without providing Big Rivers notice of such Alcan breach and a reasonable opportunity for Big Rivers to cure such Alcan breach, if it should elect, in its sole discretion, to do so. Big Rivers' opportunity to cure will extend, at a minimum, for a period of not less than ten Business Days after the later of (i) the applicable period of time available for a cure by Alcan under the Alcan Retail Agreement, or (ii) notice of the breach by Alcan is delivered by Kenergy to Big Rivers; and

10.4.8 it will not assign or transfer (by operation of law or otherwise) any rights or interests that it may have in the Alcan Retail Agreement to any Person without (i) subject to Section 16.2, first obtaining the written consent of Big Rivers, which consent will not be unreasonably withheld or delayed, and (ii) causing the transferee of the Alcan Retail Agreement to assume and agree to perform all of Kenergy's obligations under this Agreement which arise following that assignment or transfer.

10.5 Refund of Income Tax Estimated for Net Proceeds. Big Rivers shall return to Kenergy for the benefit of Alcan any income taxes deducted in calculating the Net Proceeds of a sale of Energy by Big Rivers which Big Rivers ultimately determines are not required to be paid due to the application of a net operating loss carry-forward of Big Rivers that existed on the Effective Date and that otherwise would have expired unused.

10.6 Mitigation of Uncontrollable Force. Kenergy covenants that (a) if there is an Uncontrollable Force that prevents Big Rivers from delivering or Kenergy from receiving any

Electric Services as required under this Agreement, Kenergy shall use reasonable commercial efforts to obtain Energy and related services from a Third Party Supplier for sale and delivery to Alcan as required under the Alcan Retail Agreement, and (b) Kenergy will take such other actions as are reasonably necessary to avoid a breach or default under the Alcan Retail Agreement that might, if not cured as required by that agreement, result in Alcan's invocation of any of the remedies set forth in Article 14 of the Alcan Retail Agreement.

ARTICLE 11

UNCONTROLLABLE FORCES

11.1 Occurrence of an Uncontrollable Force. No Party will be considered to be in breach or default in the performance of any of its obligations under this Agreement if the failure of performance is due to an Uncontrollable Force, except as otherwise provided in this Article 11. If either Party is unable, in whole or in part, by reason of Uncontrollable Force to carry out its obligations, then the obligations of the Parties, to the extent that they are affected by such Uncontrollable Force, will be suspended during the continuance of any inability so caused, but for no longer period. A Party will not be relieved of liability for failing to perform if such failure is due to causes arising out of its own negligence or willful acts or omissions.

11.2 Mitigation. A Party rendered unable to fulfill any obligation by reason of an Uncontrollable Force shall exercise due diligence to remove or remedy such inability as promptly as reasonably possible. Nothing contained herein may be construed to require a Party to prevent or to settle a labor dispute against its will.

11.3 Notice of Uncontrollable Force. A Party shall notify the other Party at the earliest practicable time following (i) the occurrence of any Uncontrollable Force which renders such Party incapable of performing hereunder or (ii) the time at which such Party has reason to expect that such an Uncontrollable Force is imminent. Kenergy also shall notify Big Rivers if it receives notice from Alcan that Alcan anticipates that it will be unable to perform its obligations to Kenergy under any contract or agreement that affects Kenergy's performance under this Agreement due to an Uncontrollable Force and Big Rivers is not an additional addressee of such notice.

11.4 Payment Obligations. Notwithstanding anything in this Agreement to the contrary, the occurrence of an Uncontrollable Force shall not relieve Kenergy of its payment obligations under Article 4, including its payment obligations with respect to the Base Energy Charge.

ARTICLE 12

REPRESENTATIONS AND WARRANTIES

12.1 Representations and Warranties of Big Rivers. Big Rivers hereby represents and warrants to Kenergy as follows:

12.1.1 Big Rivers is an electric generation and transmission cooperative corporation duly organized and validly existing and in good standing under the laws of the

Commonwealth of Kentucky, and has the power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to carry on its business as it is now being conducted and as it is contemplated hereunder to be conducted during the Term hereof.

12.1.2 The execution, delivery and performance of this Agreement by Big Rivers have been duly and effectively authorized by all requisite corporate action.

12.2 Representations and Warranties of Kenergy. Kenergy hereby represents and warrants to Big Rivers as follows:

12.2.1 Kenergy is an electric cooperative corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky, and has the power and authority to execute and deliver this Agreement, to perform its obligation hereunder, and to carry on its business as such business is now being conducted and as is contemplated hereunder to be conducted during the Term hereof.

12.2.2 The execution, delivery and performance of this Agreement by Kenergy have been duly and effectively authorized by all requisite corporate action.

ARTICLE 13

ADDITIONAL AGREEMENTS

13.1 Regulatory Proceedings.

13.1.1 KPSC Jurisdiction. Nothing in this Agreement shall limit or expand the jurisdiction of the KPSC over Big Rivers, Kenergy or the rates, terms and conditions of Electric Service to Kenergy.

13.1.2 Notice of Material Filings. Big Rivers shall provide to Kenergy and Alcan a copy of any filing with the KPSC or FERC that seeks a change in Big Rivers' tariff, or relief authorized by KRS 278.020, KRS 278.030, KRS 278.212, KRS 278.218, KRS 278.300, KRS 278.183 or 807 KAR 5:056.

13.2 Audit Rights.

13.2.1 Kenergy will permit Big Rivers to audit, upon reasonable notice, at its own expense, at a mutually agreeable time, all information in the possession of Kenergy relating to its service to Alcan under the Alcan Retail Agreement, including scheduled usage, meter records and billing records. Kenergy shall retain all documentation applicable to service to Alcan under the Alcan Retail Agreement for a period of three years beyond the date of the service. Nothing in this Section 13.2 shall obligate Kenergy to disclose attorney-client privileged information.

13.2.2 Big Rivers will permit Kenergy and Alcan to audit, upon reasonable notice, at its own expense, at a mutually agreeable time, all information in the possession of Big Rivers relating to its service to Kenergy under this Agreement, including scheduled deliveries, meter records, billing records, records related to payments made by Alcan to Big Rivers pursuant

to the assignment described in Section 5.1, and such other documents related to payment for and determination of the amount of Electric Services supplied by Big Rivers and delivered to Kenergy for resale and delivery to Alcan and the appropriate classification of such Energy. Big Rivers shall retain all documentation applicable to service to Kenergy under this Agreement for a period of three years.

13.3 [Reserved.]

13.4 Patronage Capital. Big Rivers shall amend its bylaws to adopt the provisions set forth in Appendix B.

13.5 [Reserved.]

13.6 Negotiation of Replacement Agreement. If this Agreement has not been terminated earlier, Big Rivers shall negotiate in good faith with Kenergy and Alcan, no later than January 1, 2023, concerning rates and terms and conditions for new power supply arrangements following the expiration of this Agreement on December 31, 2023.

13.7 Entitlement to Large Industrial Rate. If this Agreement terminates pursuant to a closure of the Sebree Smelter as set forth in Section 7.3.1 and Alcan continues non-smelting operations, Big Rivers acknowledges and agrees that Alcan will be entitled to be served by Kenergy under the Large Industrial Rate; *provided, however*, the capacity and associated Energy served under the Large Industrial Rate shall not exceed 15 MW.

13.8 Unbundling. Unless required by Applicable Law, Big Rivers will not seek to amend the Large Industrial Rate:

(a) To create unbundled services if unbundling those services alone would result in a more than \$1 million of additional revenue to Big Rivers; and

(b) In a manner which results in categories of OATT costs being charged to Kenergy which Alcan is responsible for under the Alcan Retail Agreement and which are utilized by but not charged to the Non-Smelter Ratepayers.

13.9 Not Exclusive Service Arrangement. Nothing in this Agreement may be construed (i) to limit the ability of Kenergy to purchase capacity, Energy or other services from Persons other than Big Rivers to serve Alcan, or (ii) to amend, waive or otherwise alter the terms of Big Rivers' plan of reorganization, as modified June 1, 1998, or agreements relating thereto regarding the supply obligation of Big Rivers after July 17, 1998, for wholesale power required by Kenergy to provide Electric Service to Alcan or Century.

ARTICLE 14

EVENTS OF DEFAULT; REMEDIES

14.1 Events of Default. Each of the following constitutes an “Event of Default” under this Agreement:

14.1.1 Failure by a Party to make any payment in accordance with this Agreement within three Business Days following the non-performing Party’s receipt of written notice of the non-performing Party’s default in its payment obligation;

14.1.2 Failure of a Party to perform any material duty imposed on it by this Agreement (other than a failure to make a payment when due) within 30 days following the non-performing Party’s receipt of written notice of the non-performing Party’s breach of its duty hereunder;

14.1.3 Any attempt by a Party to transfer an interest in this Agreement other than as permitted pursuant to Article 16;

14.1.4 The occurrence and continuance of an “Event of Default” under the Alcan Retail Agreement;

14.1.5 Any filing of a petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency laws, or voluntarily taking advantage of any such laws by answer or otherwise or the commencement of involuntary proceedings under any such laws by a Party and such petition has not been withdrawn or dismissed within 60 days after filing;

14.1.6 Assignment by a Party for the benefit of its creditors;

14.1.7 Allowance by a Party of the appointment of a receiver or trustee of all or a material part of its property and such receiver or trustee has not been discharged within 60 days after appointment; or

14.1.8 Failure, inability or refusal of Kenergy to cure a breach or default by Kenergy under the Alcan Retail Agreement which gives rise to a termination of the Alcan Retail Agreement, or any termination by Kenergy of the Alcan Retail Agreement in breach or default thereof.

14.2 Remedies, General. Except as otherwise provided in this Agreement, following the occurrence and during the continuance of an Event of Default by either Party, the non-defaulting Party may, in its sole discretion, elect to terminate this Agreement upon written notice to the other Party, or to seek enforcement of its terms at law or in equity. Unless otherwise provided herein, remedies provided in this Agreement are cumulative, unless specifically designated to be an exclusive remedy and nothing contained in this Agreement may be construed to abridge, limit, or deprive either Party of any means of enforcing any remedy either at law or in equity for the breach or default of any of the provisions herein provided that:

14.2.1 UNDER NO CIRCUMSTANCE WILL EITHER PARTY OR ITS RESPECTIVE AFFILIATES, DIRECTORS, OFFICERS, MEMBERS, MANAGER, EMPLOYEES OR AGENTS BE LIABLE HEREUNDER TO THE OTHER PARTY, ITS AFFILIATES, DIRECTORS, OFFICERS, MEMBERS, MANAGERS EMPLOYEES OR AGENTS WHETHER IN TORT, CONTRACT OR OTHERWISE FOR ANY SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS. EACH PARTY'S LIABILITY HEREUNDER WILL BE LIMITED TO DIRECT, ACTUAL DAMAGES. THE EXCLUSION OF ALL OTHER DAMAGES SPECIFIED IN THIS SECTION IS WITHOUT REGARD TO THE CAUSE OR CAUSES RELATING THERETO. THIS PROVISION WILL SURVIVE TERMINATION OF THIS AGREEMENT.

14.2.2 Neither Party may terminate this Agreement as a result of an "Event of Default" under the Alcan Retail Agreement if the actions or omissions of Kenergy caused such "Event of Default"; *provided*, that either Party may terminate this Agreement if the Alcan Retail Agreement is terminated for any reason.

14.2.3 Unless otherwise provided herein, if a Party is in breach of its obligations under this Agreement but such breach does not constitute, or would not with the passage of time or the giving of notice constitute, an Event of Default and this Agreement does not provide any other remedy therefor, if such breach has not been cured by the breaching Party within 60 days after receiving written notice from the non-breaching Party setting forth, in reasonable detail, the nature of such breach, the non-breaching Party may bring a claim for money damages with respect to such breach and exercise its rights under Section 15.2, but will not be entitled to terminate, or seek to terminate, this Agreement, or suspend performance of its obligations and duties hereunder as a result of such breach.

ARTICLE 15

DISPUTE RESOLUTION

15.1 Resolution Meetings. If a dispute arises between the Parties concerning the terms or conditions of this Agreement, the duties or obligations of the Parties under this Agreement, or the implementation, interpretation or breach of this Agreement, either Party may request in writing a meeting among an authorized representative of each of the Parties and, if applicable, Alcan to discuss and attempt to reach a resolution of the dispute. Such meeting will take place within ten days or such shorter or longer time as agreed upon by the Parties of the request. Nothing in this Section 15.1 shall toll or extend the cure period with respect to the failure by a Party to perform its obligations under this Agreement.

15.2 Right to Pursue Rights and Remedies. Absent resolution of a dispute pursuant to Section 15.1, the Parties may pursue at any Governmental Authority all rights and remedies that they may have at law, in equity or pursuant to this Agreement subject to the limitations set forth in this Agreement. Notwithstanding the provisions of this Article 15, each Party may at all times seek injunctive relief, where its delay in doing so could result in irreparable injury.

ARTICLE 16

GENERAL PROVISIONS/SUCCESSORS AND ASSIGNS

16.1 Binding Nature. This Agreement will inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. No interest in this Agreement may be transferred or assigned by either Party, in whole or in part, by instrument or operation of law, without the prior written consent of the other Party, except as provided in Section 16.4, and except that, subject to satisfaction of the conditions of Section 16.2, assignment may be made by either Party to such Person as acquires all or substantially all the assets of the assigning Party or which merges with or acquires all or substantially all of the equity of such Party. When consent is required, consent may not be unreasonably withheld, conditioned or delayed.

16.2 Limitation on Assignment. In no event may either Party assign this Agreement (including as part of a sale of all or substantially all the assets of the assigning Party or a merger with or purchase of substantially all the equity interests of such Party) (i) to any Person that does not have adequate financial capacity as demonstrated to the reasonable satisfaction of the non-assigning Party or that would otherwise be unable to perform the obligations of the assigning Party pursuant to this Agreement or (ii) on any terms at variance from those set forth in this Agreement except as agreed to in writing by the Parties.

16.3 Duties. No permitted assignment or transfer will change the duties of the Parties, or impair the performance under this Agreement except to the extent set forth in such permitted assignment and approved in writing by the Parties. No Party is released from its obligations under this Agreement pursuant to any assignment, unless such release is granted in writing.

16.4 Financing Lien. Either Party may, without the approval of the other Party, assign this Agreement as collateral security or grant one or more mortgages (including one or more deeds of trust or indentures) on or security interests in its interest under this Agreement in connection with the general financing of its assets or operations.

16.5 Big Rivers Restructuring.

16.5.1 In connection with a Restructuring, Kenergy, Alcan, Century and Big Rivers shall determine a good faith estimate of the cumulative increase or decrease in the TIER Adjustment that such Restructuring would cause in each Fiscal Year over the 24-Billing Month period following the date of the effectiveness of Restructuring (the "Restructuring Amount"). Any change in the Large Industrial Rate approved at the time of or in connection with the Restructuring shall not be considered as an effect of the Restructuring. Nothing in this Agreement, including this Section 16.5, shall limit the ability of Big Rivers to seek a change in or modification of the Large Industrial Rate in connection with the occurrence of a Restructuring.

16.5.2 The Monthly Charge in each month of the 48-month period following the effectiveness of the Restructuring shall be increased or decreased, as applicable, by an amount equal to 1/48th of the product of the Restructuring Amount and the Applicable

Percentage; *provided*, that the application of this Section 16.5 shall not result in Kenergy paying less than the sum of the Large Industrial Rate, the FAC Factor, the Environmental Surcharge Factor and the Non-FAC Purchased Power Adjustment Factor, all on a per MWh basis, for a customer with a 98% load factor with respect to Base Monthly Energy in any Fiscal Year. Sample calculations for determining a Restructuring Amount are set forth in Exhibit A.

16.5.3 This Section 16.5 shall not be applicable to any Restructuring undertaken in response to the loss of revenue caused by the termination of the Century Wholesale Agreement.

16.5.4 If Alcan, Century, Kenergy and Big Rivers are not able to determine a mutually agreeable estimate of the Restructuring Amount, then Big Rivers, Kenergy, Alcan or Century may petition to the KPSC to determine the Restructuring Amount.

ARTICLE 17

MISCELLANEOUS

17.1 Governing Law. This Agreement shall be interpreted, governed by and construed under the laws of the Commonwealth of Kentucky, without regard to its conflicts of law rules.

17.2 Jurisdiction. The Parties hereby agree that the courts of the Commonwealth of Kentucky will have exclusive jurisdiction over each and every judicial action brought under or in relationship to this Agreement; *provided* that the subject matter of such dispute is not a matter reserved by law to the KPSC, or to the U.S. federal judicial system (in which event exclusive jurisdiction and venue will lie with the U.S. District Court for the Western District of Kentucky), and the Parties hereby agree to submit to the jurisdiction of Kentucky courts for such purpose. Venue in state court actions will be in the Henderson Circuit Court as the court in which venue will lie for the resolution of any disputes under this Agreement. Nothing in this paragraph prohibits a Party from referring to FERC any matter properly within FERC's jurisdiction.

17.3 Waiver. The waiver by either Party of any breach of any term, covenant or condition contained herein will not be deemed a waiver of any other term, covenant or condition, nor will it be deemed a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein.

17.4 Amendments.

17.4.1 This Agreement may be amended, revised or modified by, and only by, a written instrument duly executed by both Parties.

17.4.2 The Parties acknowledge and agree that nothing in this Agreement shall limit the right of Big Rivers to file changes to the OATT, or limit the right of any Party to challenge any aspect of the OATT, including the applicable loss factor, the transmission service rates or any other transmission or ancillary service issue presented to FERC.

17.5 Good Faith Efforts. The Parties agree that each will in good faith take all reasonable actions within their reasonable control as are necessary to permit the other Party to

fulfill its obligations under this Agreement; *provided* that no Party will be obligated to expend money or incur material economic loss in order to facilitate performance by the other Party. Where the consent, agreement, or approval of either Party must be obtained hereunder, such consent, agreement or approval may not be unreasonably withheld, conditioned or delayed unless otherwise provided herein. Where either Party is required or permitted to act or fail to act based upon its opinion or judgment, such opinion or judgment may not be unreasonably exercised. Where notice to the other Party is required to be given herein, and no notice period is specified, reasonable notice shall be given.

17.6 Notices. A notice, consent, approval or other communication under this Agreement must be in writing, addressed to the Person to whom it is to be delivered at such Person's address shown below and (a) personally delivered (including delivery by a nationally recognized overnight courier service), or (b) transmitted by facsimile, with a duplicate notice sent by a nationally recognized overnight courier service, *provided however*, that (i) a notice under Section 2.3.2(a)(iii) or Section 10.2 may be given by telephone to be followed as soon as reasonably practicable by written notice as described herein and (ii) a notice of Uncontrollable Force shall be given by whatever means is available followed by notice in writing as described herein as soon as reasonably practicable. A notice given to a Person in accordance with this Section 17.6 will be deemed to have been delivered (a) if personally delivered to a Person's address, on the day of delivery if such day is a Business Day, or otherwise on the next Business Day, or (b) if transmitted by facsimile to a Person's facsimile number and a correct and complete transmission report is received, or receipt is confirmed by telephone, on the day of transmission if a Business Day, otherwise on the next Business Day; *provided, however*, that such facsimile transmission will be followed on the same day with the sending to such Person of a duplicate notice by a nationally recognized overnight courier to that Person's address. For the purpose of this Section 17.6, the address of a Party is the address set out below or such other address which that Party may from time to time deliver by notice to the other Party, in accordance with this Section 17.6:

If to Big Rivers:	Big Rivers Electric Corporation 201 Third Street Henderson, Kentucky 42420 Facsimile: (270) 827-2558 Attn: President and CEO
If to Kenergy:	Kenergy Corp. 6402 Old Corydon Road Henderson, Kentucky 42420 Facsimile: (270) 826-3999 Attn: President and CEO

17.7 Severability. If any clause, sentence, paragraph or part of this Agreement should for any reason be finally adjudged by any court of competent jurisdiction to be unenforceable or invalid, such judgment will not affect, impair or invalidate the remainder of this Agreement but will be confined in its operation to the clause, sentence, paragraph or any part thereof directly involved in the controversy in which the judgment is rendered, unless the loss or failure of such

clause, sentence, paragraph or part of this Agreement materially adversely affects the benefit of the bargain to be received by either or both of the Parties, in which event the Parties shall promptly meet and use their good faith best efforts to renegotiate this Agreement in such a fashion as will restore the relative rights and benefits of both Parties or, absent such renegotiation, the Party that was so materially adversely affected will be entitled, in its discretion, to terminate this Agreement.

17.8 Survival. Each provision of this Agreement providing for payment for Electric Services and any other amounts due hereunder, distribution of patronage capital, assignment of the right to collect and enforce collection of amounts due, or related to remedies for default, damage claims, indemnification or payment of other liabilities will survive termination of this Agreement to the full extent necessary for their enforcement and the protection of the Party in whose favor they run.

17.9 Merger. This Agreement constitutes the entire agreement and understanding of the Parties with respect to the matters addressed herein and supersedes all other prior or contemporaneous understandings or agreements, both written and oral, between the Parties relating to the subject matter of this Agreement, except as otherwise provided in (a) Section 6.1 and Section 7.2.5 hereof, (b) Amendment to Wholesale Power Agreements, dated as of July 15, 1998, by and between Big Rivers and Green River Electric Corporation, or (c) Amendment to Wholesale Power Agreements, dated as of July 15, 1998, by and between Big Rivers and Henderson Union Electric Cooperative Corp. The Parties agree and acknowledge that the agreements referred to in clauses (b) and (c) shall survive following the effectiveness of this Agreement. The Parties acknowledge that Big Rivers and Alcan disagree, notwithstanding the Unwind Transaction, as to the obligation of Big Rivers, in the absence of a new or amended contract, to serve Kenergy for the benefit of Alcan when the Existing Alcan Agreement terminates or when this Agreement terminates.

17.10 Further Assurances. The Parties shall execute such additional documents including a consent to assignment, legal opinions, estoppel letters or similar documents, and shall cause such additional actions to be taken as may be required or, in the judgment of any Party, be necessary or desirable, to effect or evidence the provisions of this Agreement and the transactions contemplated hereby.

17.11 Counterparts. This Agreement may be executed in any number of counterparts, which together will constitute but one and the same instrument and each counterpart will have the same force and effect as if they were one original.

17.12 Third-Party Beneficiaries. Nothing in this Agreement may be construed to create any duty to, or standard or care with reference to, or any liability to, or any benefit for, any Person not a Party to this Agreement other than Alcan.

17.13 Headings. The headings contained in this Agreement are solely for convenience and do not constitute a part of the agreement between the Parties, nor should such headings be used to aid in any manner in the construction of this Agreement.

17.14 No Agency. This Agreement is not intended, and may not be construed to create any association, joint venture, agency relationship or partnership between the Parties or to impose any such obligation or liability upon either Party. Neither Party will have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or to be an agent or representative of, or otherwise bind, the other Party.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, this Agreement is hereby executed as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

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

KENERGY CORP.

By: _____
Name: Sanford Novick
Title: President and CEO

IN WITNESS WHEREOF, this Agreement is hereby executed as of the day and year first above written.

BIG RIVERS ELECTRIC CORPORATION

By: _____

Name:

Title:

KENERGY CORP.

By: Sanford Novick

Name: Sanford Novick

Title: President and CEO

SCHEDULE 4.11(c)
REFERENCE ANNUAL FUEL COSTS PER MWH

<u>Year</u>	<u>Fuel Cost per MWH Sales*</u>
2008	15.68
2009	16.44
2010	16.74
2011	17.23
2012	17.65
2013	18.25
2014	17.82
2015	18.37
2016	18.38
2017	18.74
2018	18.43
2019	19.18
2020	19.04
2021	19.90
2022	19.23
2023	19.74

* Includes cost of Startups

SCHEDULE 6.2.2
LISTING OF OBLIGATIONS TERMINATED PURSUANT TO THE UNWIND
TRANSACTIONS

RETAIL OBLIGATIONS AND AMENDMENTS

1. Agreement for Electric Service, dated July 15, 1998, between Henderson Union Electric Cooperative Corp. and Alcan Aluminum Corporation
2. Agreement for Electric Service, dated July 15, 1998, between Green River Electric Corporation and Southwire Company
3. Amendment No. 1 to Agreement for Electric Service, dated as of July 15, 1998, between Henderson Union Electric Cooperative Corp. and Alcan Aluminum Corporation
4. Amendment No. 1 to Agreement for Electric Service, dated as of July 15, 1998, between Green River Electric Corporation and Southwire Company
5. Amendment No. 2 to Agreement for Electric Service, dated as of November 30, 2000, between Kenergy Corp. and Alcan Aluminum Corporation
6. Amendment No. 2 to Agreement for Electric Service, dated as of November 30, 2000, between Kenergy Corp. and Southwire Company

WHOLESALE OBLIGATIONS AND AMENDMENTS

7. Agreement for Electric Service, dated as of July 15, 1998, between Green River Electric Corporation and LG&E Energy Marketing Inc.
8. Agreement for Electric Service, dated as of July 15, 1998, between Henderson Union Electric Cooperative Corp. and LG&E Energy Marketing Inc.
9. Amendment to Wholesale Power Agreements Dated October 12, 1974 and June 11, 1962 Between Big Rivers Electric Corporation and Kenergy Corp., dated as of November 30, 2000, between Big Rivers Electric Corporation and Kenergy Corp.
10. Amendment to Wholesale Power Agreements Dated February 16, 1988 and June 11, 1962 Between Big Rivers Electric Corporation and Kenergy Corp., dated as of November 30, 2000, between Big Rivers Electric Corporation and Kenergy Corp.
11. Agreement of Big Rivers Electric Corporation with Respect to Future Policies and Procedures Regarding Big Rivers' Transmission System (sometimes referred to as the "Wholesale ISO Agreement"), dated as of July 15, 1998, between Big Rivers Electric Corporation, Green River Electric Corporation, Henderson Union Electric Cooperative Corp., Jackson Purchase Electric Cooperative Corporation, and Meade County Rural Electric Cooperative

CERTAIN REORGANIZATION DOCUMENTS

12. Letter Regarding Schedule 5.4(a)(1) Provisions Regarding Restitution Amounts, dated July 2, 1998, from Geo. F. Hobday, Jr. on behalf of Big Rivers, sent to Frank N. King, W. David Denton, David C. Brown, Michael Kurtz, Allison Wade, and Charles Ritz
13. Letter Regarding Restitution Payments, dated July 13, 1998, from Michael Kurtz sent to James M. Miller and Geoff Hobday
14. Letter Regarding Restitution Payments, dated July 14, 1998, from Michael Core, on behalf of Big Rivers, sent to Allan Eyre and John Henderson
15. Letter Regarding Restitution Payments, dated July 15, 1998, from Allan B. Eyre, on behalf of Alcan, and John Henderson, on behalf of NSA and Southwire, sent to Michael Core

SECURITY AND LOCKBOX AGREEMENTS

16. Security and Lockbox Agreement, dated as of July 15, 1998, among PNC Bank, N.A., LG&E Energy Marketing Inc., Kenergy (as successor to Henderson Union), Alcan Corporation (as successor to Alcan Aluminum Corporation) and Alcan Primary Products Corporation (as successor to Alcan Corporation)
17. Security and Lockbox Agreement, dated as of July 15, 1998, by and among LG&E Marketing Inc., Green River Electric Corporation, and Southwire Company

LOAD MANAGEMENT AGREEMENTS

18. Load Management Agreement for Electric Power Supply, dated as of July 15, 1998, among LG&E Energy Marketing Inc., Alcan Corporation (as successor to Alcan Aluminum Corporation) and Alcan Primary Products Corporation (as successor to Alcan Corporation)
19. Load Management Agreement for Electric Power Supply, dated as of July 15, 1998, among LG&E Energy Marketing Inc., Southwire Company, Century Aluminum Company (as successor to Southwire Company), Century Aluminum of Kentucky LLC (as successor to Century Aluminum Company), Hancock Aluminum LLC (as successor to Century Aluminum of Kentucky LLC), and Century Aluminum of Kentucky General Partnership (as successor to Hancock Aluminum LLC and NSA, Ltd.)

ASSURANCES AND GUARANTIES

20. Assurances Agreement, dated July 15, 1998, between LG&E Energy Marketing Inc. and Alcan Aluminum Corporation, with Related Guaranty, dated July 15, 1998, executed by LG&E Energy Corp. in favor of Alcan Aluminum Corporation

21. Assurances Agreement, dated July 15, 1998, between LG&E Energy Marketing Inc. and Southwire Company, with Related Guaranty, dated July 15, 1998, executed by LG&E Energy Corp. in favor of Southwire Company
22. Assurances Agreement, dated as of November 30, 2006, between Century Aluminum of Kentucky General Partnership and Big Rivers Electric Corporation
23. First Amendment to Assurances Agreement Dated as of November, 30, 2006, dated as of November __, 2007, by and between Century Aluminum of Kentucky General Partnership and Big Rivers Electric Corporation
24. Guaranty, dated August 1, 2003, from Alcan Corporation to and in favor of the E.ON Parties
25. Guaranty, dated July 15, 1998, of E.ON (as successor to LG&E Energy Corp.) to and in favor of Kenergy (as successor to Henderson Union)
26. Guaranty, dated July 15, 1998, by E.ON (as successor to LG&E Energy Corp.) to and in favor of Kenergy (as successor to Green River Electric Corporation)

INDEMNIFICATION AGREEMENTS

27. Indemnification and Assignment Agreement, dated July 15, 1998, between Henderson Union Electric Cooperative Corp. and Alcan Aluminum Corporation
28. Indemnification and Assignment Agreement, dated July 15, 1998, between Green River Electric Corporation and Southwire Company

TIER 3 CONTRACTS AND RELATED DOCUMENTS

29. Agreement for Tier 3 Electric Service (2001-2002), dated as of July 15, 1998, between Green River Electric Company and LG&E Energy Marketing, Inc., with Southwire Company as a third-party beneficiary
30. Agreement for Tier 3 Electric Service (2001-2005), dated as of July 15, 1998, between Green River Electric Company and LG&E Energy Marketing, Inc., with Southwire Company as a third-party beneficiary
31. Agreement for Interruptible Tier 3 Energy, dated as of July 25, 2002, between Kenergy Corp. and Big Rivers Electric Corporation
32. Agreement for Interruptible Tier 3 Energy, dated as of November 5, 2002, between Kenergy Corp. and Big Rivers Electric Corporation
33. Agreement for Interruptible Tier 3 Energy, dated as of September 15, 2003, between Kenergy Corp. and Big Rivers Electric Corporation

34. Agreement for Interruptible Tier 3 Energy, dated as of November 30, 2006, between Kenergy Corp. and Big Rivers Electric Corporation
35. Agreement for Tier 3 Energy (Century), dated as of November 29, 2007, between Kenergy Corp. and Big Rivers Electric Corporation
36. Agreement for Tier 3 Energy (Alcan), dated as of November 29, 2007, between Kenergy Corp. and Big Rivers Electric Corporation
37. Consent to the Agreement for Tier 3 Energy (Alcan), dated November 29, 2007, by Alcan Primary Products Corporation
38. Consent to the Agreement for Tier 3 Energy (Century), dated November 29, 2007, by Century Aluminum of Kentucky General Partnership
39. All other agreements related to the provision of Tier 3 service by or among Big Rivers, Kenergy, the Smelters or any LG&E parties

OTHER AGREEMENTS

40. Assumption and Consent Agreement, dated as of August 1, 2003, among Alcan Primary Products Corporation, WKE Station Two Inc., LG&E Energy Marketing Inc., Western Kentucky Energy Corp. and Kenergy
41. Undertaking of Alcan Corporation, dated August 1, 2003, from Alcan to and in favor of LG&E Energy Marketing Inc., and the Undertaking of Alcan Aluminum Corporation, dated July 15, 1998, in favor of Henderson Union Electric Cooperative Corporation and LG&E Energy Marketing Inc.
42. Special Assignment Agreement, dated as of March 26, 2001, among LG&E Marketing Inc., Southwire Company, Century Aluminum of Kentucky LLC and Century Aluminum Company
43. Consent and Agreement, dated December 23, 2005, among Century Aluminum of Kentucky LLC, Century Aluminum Company, Hancock Aluminum LLC, NSA, Ltd., Century Aluminum of Kentucky General Partnership, Metalsco, Ltd., Skyliner, Inc., Century Kentucky, Inc. and LG&E Energy Marketing Inc.
44. Agreement with Respect to Procedures Regarding Big Rivers' Transmission System, dated as of July 15, 1998, between Green River Electric Corporation and Southwire Company
45. Agreement with Respect to Procedures Regarding Big Rivers' Transmission System, dated as of July 15, 1998, between Henderson Union Electric Cooperative Corp. and Alcan Aluminum Corporation
46. Joint Use Agreement, dated as of February 8, 2000, between Western Kentucky Energy Corp. and Big Rivers Electric Corporation

SCHEDULE 6.2.3
LISTING OF CERTAIN DULY AUTHORIZED AND EXECUTED AGREEMENTS

RETAIL AGREEMENTS

1. Retail Electric Service Agreement by and between Kenergy Corp. and Alcan Primary Products Corporation
2. Retail Electric Service Agreement by and between Kenergy Corp. and Century Aluminum General Partnership

WHOLESALE AGREEMENTS

3. Wholesale Electric Service Agreement (Alcan) by and between Big Rivers Electric Corporation and Kenergy Corp.
4. Wholesale Electric Service Agreement (Century) by and between Big Rivers Electric Corporation and Kenergy Corp.

COORDINATION AGREEMENTS

5. Coordination Agreement by and between Big Rivers Electric Corporation and Alcan Primary Products Corporation
6. Coordination Agreement by and between Big Rivers Electric Corporation and Century Aluminum of Kentucky General Partnership

LOCKBOX AGREEMENTS

7. Security and Lockbox Agreement (Alcan) by and among Old National Bank, Big Rivers Electric Corporation, Kenergy Corp., and Alcan Primary Products Corporation
8. Security and Lockbox Agreement (Century) by and among Old National Bank, Big Rivers Electric Corporation, Kenergy Corp., and Century Aluminum of Kentucky General Partnership

GUARANTEES

9. Parent Guarantee by Alcan Corporation in favor of Kenergy Corp., and Big Rivers Electric Corporation
10. Parent Guarantee by Century Aluminum Company in favor of Kenergy Corp., and Big Rivers Electric Corporation

APPENDIX A
Non-FAC Purchased Power Adjustment Factor

- A. Base Monthly Energy Sales to the smelters are subject to a Non-FAC Purchased Power Adjustment (PPA) to recover purchased power costs that the smelters have agreed to pay and are not otherwise included in Big Rivers' Fuel Adjustment Clause (FAC).
- B. Definitions

Definitions have the meanings given to them in the Agreement except as provided below:

"Account" is the specified numbered account as set forth in the Uniform System of Accounts – Electric, promulgated under Bulletin 1767B-1 by the Rural Utilities Service, an agency of the U.S. Department of Agriculture.

"SEPA" is the Southeastern Power Administration, an agency of the U.S. Department of Energy, or any successor agency.

"Wholesale Smelter Agreements" are the Alcan Wholesale Agreement and the Century Wholesale Agreement.

- C. Determination of the PPA

- (1) The monthly amount computed for all wholesale sales to which this PPA is applicable shall be increased or decreased at a rate per kWh in accordance with the following formula:

$$PPA = PP(m)/S(m) - PP(b)/S(b)$$

Where PPA is the PPA Factor for the month; PP(m) is the current Purchased Power Cost for the month; S(m) is the current applicable sales; PP(b) is the Purchased Power Cost for the base period; and S(b) is the sales in the base period. For the initial base period, PP(b)/S(b) (the "Purchased Power Base") is \$0.00175.

- (2) Purchased Power Costs (PP) shall be the sum of:
 - (a) The total cost of power purchased (including purchases from SEPA) that is expensed by Big Rivers to Account 555 (excluding those costs that are recovered through Big Rivers' FAC and excluding costs expensed to Account Nos. 555.150, 555.151, and 555.152 regarding Big Rivers' cost share of HMP&L's Station Two) including transmission and related costs that are expensed to Account 565;
 - (b) The total amount of any adjustments to Purchased Power Costs attributable to prior months, whether positive or negative; and

(c) The total cost of amounts credited by Big Rivers to Kenergy with respect to voluntary curtailments under Section 4.13.2 of either Smelter Wholesale Agreement to allow Big Rivers to avoid market priced purchases of power.

Less:

- (c) The total cost of power purchased directly associated with sales (including related system energy losses) by Big Rivers either to non-Member purchasers of power or to Kenergy under either Wholesale Smelter Agreement for resale to either Smelter as energy products other than Base Monthly Energy, assuming SEPA power followed by the lowest cost power, whether generated or purchased, shall be allocated to Applicable Sales.
- (3) Applicable Sales (S) shall be all kilowatt-hours sold at wholesale by Big Rivers (a) to its Members under all electric rate schedules, including the Large Industrial Rate, for resale to Kentucky ratepayers (other than the Smelters), and (b) to Kenergy as Base Monthly Energy as defined in each of the Wholesale Smelter Agreements.
- (4) The current month (m) shall be the second month preceding the month in which the PPA Factor is billed.

APPENDIX B

Proposed Big Rivers Bylaw Provisions

Section 1. Operation on a Cooperative Basis. The cooperative shall at all times be operated on a non-profit, cooperative basis for the mutual benefit of its patrons. As used in these Bylaws, "patron" shall include members and non-members alike, who have expressly contracted in writing to do all or a portion of their business with the cooperative on a patronage basis on the terms contained in these Bylaws. No interest or dividends shall be paid or payable by the cooperative on any capital furnished by its patrons.

Section 2. Patronage Net Earnings. (a) The patronage net earnings of the cooperative (1) attributable to that portion of the year during which the closing of the Unwind Transaction occurs (the "Unwind Year") that commences on January 1 of such year and ends on the last day of the month preceding the month in which the closing of the Unwind Transaction occurs (the "Initial Unwind Period") and (2) attributable to 2008 (if the Unwind Year shall not be 2008) and all subsequent years preceding the Unwind Year shall be determined and allocated to the patrons in accordance with the bylaws as in effect on January 1, 2008. The patronage net earnings of the cooperative attributable to that portion of the Unwind Year that commences on first day of the month in which the closing of the Unwind Transaction occurs and ends on December 31 of such year (the "Subsequent Unwind Period") (and all subsequent years) shall be determined and allocated to the patrons in accordance with the bylaws currently in effect. The patronage net earnings attributable to each of the Initial Unwind Period and the Subsequent Unwind Period will be determined by closing the books of the cooperative as of the last day of the Initial Unwind Period and by treating each of the Initial Unwind Period and the Subsequent Unwind Period as a short period taxable year; provided, that, the patronage net earnings of the cooperative attributable to the Unwind Transaction will be allocated solely as provided in clause (c)(2) below.

(b) The taxable income or loss of the cooperative from business done with or for its patrons on a cooperative basis, as computed for U.S. federal income tax purposes for purposes of calculating regular taxable income tax and alternative minimum taxable income, prior to taking into account any deduction for patronage dividends but after offset (if applicable) by any available tax loss carryforward amounts attributable to a deficit in patronage earnings from prior taxable years ("patronage net earnings") shall, if positive, be allocated in an amount no less than the greater of such patronage net earnings as computed for regular income tax purposes and such patronage net earnings as computed for alternative minimum tax purposes to the patrons of the cooperative in the manner detailed in clause (c) below and, if negative, be treated in the manner detailed in clause (d) below.

(c)(1) As of the end of each taxable year, the amount of the patronage net earnings of the cooperative (except as provided in clauses (c)(2) and (c)(3) below relating to the Unwind Transaction and Extraordinary Transactions) shall be allocated to the patrons of

the cooperative based on the ratio of the patronage net book earnings attributable to each such patron for the year over the patronage net book earnings attributable to all of the patrons for that year provided, however, that for the Subsequent Unwind Period, the allocation shall be made based on the ratio of the patronage net book earnings attributable to each such patron for the Subsequent Unwind Period over the patronage net book earnings attributable to all of the patrons for the Subsequent Unwind Period. For this purpose, the patronage net book earnings attributable to each patron with respect to any year shall be $M_{Rural} + M_{LargeIndustrial} + M_{Smelters}$, where

M_{Rural} = the greater of zero or $((R_{Rural} - A) * K_{Rural})$

$M_{LargeIndustrial}$ = the greater of zero or $((R_{LargeIndustrial} - A) * K_{LargeIndustrial})$;

$M_{Smelters}$ = the greater of zero or $((R_{Smelters} - A) * K_{Smelters})$.

For purposes of the foregoing:

R_{Rural} = the cooperative's system-average revenue per kWh for that year from sales to the applicable patron for resale to rural consumers (as determined pursuant to GAAP);

$R_{LargeIndustrial}$ = the cooperative's system-average revenue per kWh for that year from sales to the applicable patron for resale to large industrial consumers (as determined pursuant to GAAP);

$R_{Smelters}$ = the cooperative's system-average revenue per kWh for that year from sales to the applicable patron for resale to smelter consumers (as determined pursuant to GAAP);

A = the cooperative's system-average cost per kWh for that year (based on the Total Cost of Electric Service, as set forth in the cooperative's RUS Form 12a for the year, and the Sales of Electricity (Grand Total), as set forth in the cooperative's RUS Form 12b for the year, and, hence, determined pursuant to GAAP);

K_{Rural} = the number of kWh purchased by the applicable patron during that year for resale to rural consumers;

$K_{LargeIndustrial}$ = the number of kWh purchased by the applicable patron during that year for resale to large industrial consumers;

$K_{Smelters}$ = the number of kWh purchased by the applicable patron during that year for resale to smelter consumers (if any).

Notwithstanding the foregoing, if the patronage net book earnings attributable to all of the patrons is negative for any year, the allocation of the patronage net earnings for that year shall instead be based on the ratio of (i) the cumulative patronage net earnings of the cooperative allocated to each of the patrons in all prior years subsequent to 1998, which is the year in which Big Rivers' bankruptcy reorganization closed, to (ii) the cumulative patronage net earnings allocated to all of the patrons during such years.

(2) The patronage net earnings of the cooperative attributable to the Unwind Transaction will be allocated amongst the patrons of the cooperative based on the ratio of the historic patronage allocations made to each of the patrons to the historic patronage allocations made to all of the patrons with respect to the period commencing with January 1, 1999, which is the year subsequent to the year in which Big Rivers' bankruptcy

reorganization closed, and terminating on the last day of the month preceding the month in which the closing of the Unwind Transaction occurs.

(3) In the event that an Extraordinary Transaction occurs as the result of the sale of generation or transmission assets, the patronage net earnings of the cooperative attributable to such sale of assets (but not in excess of the patronage net earnings for the year of such sale) will be allocated among the patrons of the cooperative based on the ratio of the historic patronage allocations made to each of the patrons (other than allocations made pursuant to (i) the 2000 Patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Section 2(c)(3)) to the historic patronage allocations made to all of the patrons (other than allocations made pursuant to (i) the 2000 Patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Section 2(c)(3)) for the period commencing on the first day of the year during which depreciation allowances were first allowed for federal income tax purposes with respect to the assets sold and terminating on the last day of the year during which such assets were sold. In the event that an Extraordinary Transaction occurs other than as the result of the sale of generation or transmission assets, the patronage net earnings of the cooperative attributable to such Extraordinary Transaction (but not in excess of the patronage net earnings for the year of such Extraordinary Transaction) will be allocated among the patrons of the cooperative based on the ratio of the historic patronage allocations made to each of the patrons (other than allocations made pursuant to (i) the 2000 Patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Section 2(c)(3)) to the historic patronage allocations made to all of the patrons (other than allocations made pursuant to (i) the 2000 Patronage Capital Allocation, (ii) the Unwind Transaction, and (iii) this Section 2(c)(3)) for the period that most equitably relates to the income or gain arising from the Extraordinary Transaction, taking into account all relevant facts and circumstances.

(d) If the patronage net earnings of the cooperative for any taxable year is negative, the deficit shall be carried forward and applied as an offset against future positive patronage net earnings (in accordance with clause (b) above).

(e) If patronage net earnings of the cooperative shall be adjusted (by the IRS on audit or otherwise) for any year, the amount of patronage net earnings allocated to each patron pursuant to this Section 2 for that year shall be automatically adjusted in accordance with this Section 2 to reflect the recomputed patronage net earnings, with each member being notified within a reasonable time thereafter of the amount of the adjustment allocated to the patron's capital account.

Section 3. Nonpatronage Net Earnings. The taxable income or loss of the cooperative from business not done with or for its patrons on a cooperative basis for any taxable year, as computed for U.S. federal income tax purposes ("nonpatronage net earnings"), after offset (if applicable) by any available tax loss carryforward amounts attributable to a deficit in nonpatronage net earnings from prior taxable years, shall, if positive, be retained by the cooperative as a permanent source of equity and, if negative, shall be carried forward to be applied as an offset against future positive nonpatronage net earnings. If the nonpatronage net earnings of the cooperative shall be adjusted (by the

IRS on audit or otherwise) for any year, the calculations made pursuant to this Section 3 for that year shall be automatically adjusted in accordance with this Section 3 to reflect the recomputed nonpatronage net earnings.

Section 4. Record-Keeping. The membership fee paid and the amount of patronage net earnings allocated to each patron shall be credited to a capital account maintained for such patron, with the books and records of the cooperative being set up and kept in such manner that, at the end of each taxable year, the amount of capital allocated and credited to each patron is clearly reflected in an appropriate record to the capital account of each patron (with the cooperative notifying each patron within a reasonable time after the close of the taxable year notify the amount of the patronage net earnings allocated to the patron's account with respect to such taxable year). All such amounts allocated to the capital account of any patron in accordance with this Article VIII shall be in pursuance of a legal obligation to do so. The capital account of each patron shall be assignable only on the books of the cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy of all or a part of such patron's premises served by the cooperative unless the board of directors, acting under policies of general application, shall otherwise determine.

Section 5. Retirement of Patronage Capital. If, at any time prior to the liquidation of the cooperative, the board of directors shall determine that the financial condition of the cooperative will not be impaired thereby, the patrons' capital accounts may be retired in full or in part (except that no distribution shall be made that would result in a violation of any financial covenant of the cooperative). Generally, such retirements of capital shall be made in order of priority according to the year in which the patronage net earnings were allocated. Notwithstanding the foregoing, however, the board of directors shall have the discretion to determine the method of allocation, basis and order of priority of repayment for all amounts furnished as patronage capital.

Upon the liquidation of the cooperative, the assets of the cooperative shall be distributed in the following order: (i) all debts and obligations of the cooperative shall be paid in accordance with lawful priorities; (ii) each patron's capital account balance shall be paid without priority on a pro rata basis until all such capital accounts (as determined subsequent to adjusting such accounts by allocations of patronage net earnings for the year of liquidation) have been reduced to zero and (iii) any remaining assets of the cooperative shall be paid to the current and former patrons of the cooperative based upon the amount of their historic patronage with the cooperative measured by kilowatt-hours purchased from Big Rivers over the life of the cooperative. The life of the cooperative is defined to begin at the date Big Rivers was formed in 1961 and to continue uninterrupted through Big Rivers' bankruptcy reorganization to the date of liquidation.

Section 6. Definitions. For purposes of this Article VIII, the "Unwind Transaction" shall mean the transactions contemplated by that certain Transaction Termination Agreement dated as of March 26, 2007 to which the cooperative is a party, and an "Extraordinary Transaction" shall mean any transaction or event occurring after the completion of the Unwind Transaction and other than in the ordinary course of the

business of the cooperative (including without limitation a sale of generation or transmission assets) where the patronage net earnings from such transaction or event are in excess of \$30 million.

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century
 Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
 Year Modeled: 2009

Annualized Basis

Case	Derivation	Base Case	Low Load Factor	High Load Factor	Supplemental Energy (4.3)			Backup Energy (4.4)		Surplus Sales (10.1)	Undeliverable Energy Sales (10.2)	Pottline Reduction Sales (10.3)	Curtailment for Purchased Power (4.13.2)	Economic Sales (4.13.3)	
					Interruptible Energy	Buy-Through Energy	Market Energy	4.4.1 (a) and (b)	4.4.1 (c)						
					20 MW (10 MW per Smelter) for 75% of Hours in Year	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year/ 10 MW Resold	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year	10% of Base Fixed Energy	6 Month Duration	115 MW @ 98% Load Factor x 12 Months	Example curtails all market purchases	Max. of 9,600 MWh	
1	1.1.16 - Base Demand (MW) (a)	Contract	850.0	850.0	850.0	850.0	850.0	850.0	850.0	850.0	850.0	850.0	850.0	850.0	
2	1.1.18 - Base Fixed Energy (TWh) (b)	Contract	7.297	7.297	7.297	7.297	7.297	7.297	7.297	7.297	7.297	7.297	7.297	7.297	
3															
4	Energy Balance (Annual TWh)														
5	Assumed Load Factor	Assumption	98%	96%	100%	100%	100%	102%	100%	102%	88%	49%	85%	94%	98%
6	Metared Energy	Assumption	7.297	7.148	7.448	7.428	7.428	7.560	7.428	7.560	6.587	3.649	6.310	7.012	7.287
7	2.3.2 - Supplemental Energy														
8	2.3.2(a) Interruptible Energy	Assumption				0.131									
9	2.3.2(b) Buy-Through Energy	Assumption					0.131								
10	2.3.2(c) Market Energy														
11	Consumed	Assumption						0.197							
12	Sold	Assumption						0.066							
13	1.1.13 - Backup Energy														
14	4.4.1(a) and (b) (within 10MW per Smelter)	Assumption						0.131	0.131						
15	4.4.1(c) - Excess	Assumption							0.131						
16	1.1.16 - Base Curtailed Energy														
17	4.13.2 - Curtailment of Purchased Power	Assumption											0.285		
18	4.13.3 - Economic Sales	Assumption (Max. Under Contract)												0.010	
19	10.1 - Surplus Sales	Assumption								0.730					
20	10.2 - Undeliverable Energy Sales	Assumption									3.649				
21	10.3 - Pottline Reduction Sales	Assumption (Approx. Max.)										0.987			
22	1.1.18 / 19 - Base Hourly/ Monthly Energy	line 6 + 17 + 18 + 19 + 20 + 21	7.297	7.148	7.448	7.297	7.297	7.297	7.297	7.297	7.297	7.297	7.297	7.297	
23	1.1.22 - Base Variable Energy	line 22 - line 2		(0.149)	0.149										
24															
25	Key Rates														
26	Market Energy Price	Assumption *	60.94	60.94	60.94	60.94	60.94	60.94	60.94	60.94	60.94	60.94	60.94	121.89	
27	4.3 - Supplemental Energy **														
28	4.3.1 - Interruptible Energy Rate	Assumption				60.94									
29	4.3.2 - Buy-Through Energy Rate	Assumption					60.94								
30	4.3.3 - Market Energy Rate	Assumption						60.94							
31	4.4 - Backup Energy Rate	Assumption													
32	4.4.1(a) and (b) (within 10MW per Smelter)	Assumption						60.94	60.94						
33	4.4.1(c) - Excess	Contract							250.00						
34	1.1.72 - Market Reference Rate	Assumption											60.94		
35	1.1.21 - Base Rate	See Supporting Sched.	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	
36	1.1.23 - Base Variable Rate	See Supporting Sched.	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	
37	1.1.62 - FAC Factor	Tariff	11.22	11.22	11.22	11.22	11.22	11.22	11.22	11.22	11.22	11.22	11.22	11.22	
38	1.1.43 - Environmental Surcharge Factor	Tariff	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	
39	1.1.64 - Non-FAC Purchased Power Adjustment Factor	Contract (Appendix A)	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	
40	4.11.4 - Surcharges:														
41	4.11 (a)	See contract charges below													
42	4.11 (b)	Contract	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	
43	4.11 (c)	See Supporting Sched.	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	
44	* Placeholder value intended to to represent costs of energy plus appropriate inclusion or exclusion of transmission services charges or any other charges or other expenses, per the Retail Service Agreement (see also Net Proceeds, below).														
45	** Assumed priced at cost, for illustration														

Exhibit A - Retail and Wholesale Service Agreement Examples - Combined Alcan and Century Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
 Year Modeled: 2009

Annualized Basis

Case	Derivation	Base Case	Low Load Factor	High Load Factor	Supplemental Energy (4.3)			Backup Energy (4.4)		Surplus Sales (10.1)	Undeliverable Energy Sales (10.2)	Pottline Reduction Sales (10.3)	Curtailment for Purchased Power (4.13.2)	Economic Sales (4.13.3)	
					Interruptible Energy	Buy-Through Energy	Market Energy	4.4.1 (a) and (b)	4.4.1 (c)						
					20 MW (10 MW per Smelter) for 75% of Hours in Year	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year/ 10 MW Resold	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year	10% of Base Fixed Energy	6 Month Duration	115 MW @ 98% Load Factor x 12 Months	Example curtails all market purchases	Max. of 9,600 MWh	
46	Charges (\$M)														
47	4.2 Base Energy Charge	(2 x 35) + (23 x 36)	205.4	203.6	207.3	205.4	205.4	205.4	205.4	205.4	205.4	205.4	205.4	205.4	
48	4.3 Supplemental Energy Charge														
49	4.3.1 Interruptible Energy	8 x 28	-	-	-	8.0	-	-	-	-	-	-	-	-	
50	4.3.2 Buy-Through Energy	9 x 29	-	-	-	-	8.0	-	-	-	-	-	-	-	
51	4.3.3 Market Energy	10 x 30	-	-	-	-	-	18.0	-	-	-	-	-	-	
52	4.4 Back-up Energy Charge														
53	4.4.1(a) and (b) (within 10MW per Smelter)	14 x 32	-	-	-	-	-	8.0	8.0	-	-	-	-	-	
54	4.4.1(c) - Excess	15 x 33	-	-	-	-	-	-	32.9	-	-	-	-	-	
55	4.5 Transmission Services Charge	Contract													
56	4.6 Excess Reactive Demand Charge	Contract													
57	4.7 TIER Adjustment Charge	See Supporting Sched.	-	-	-	-	-	-	-	-	-	-	-	-	
58	4.8 Adjustable Charges														
59	4.8.1 FAC Charge	22 x 37	81.9	80.2	83.5	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	
60	4.8.2 Non-FAC Purchased Power Adjustment Charge	22 x 39	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
61	4.8.3 Environmental Surcharge	22 x 38	15.96	15.63	16.28	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	
62	4.9 Rebate	See Supporting Schedules	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(7.1)	(0.7)	(0.7)	(0.7)	(0.9)	
63	4.10 Equity Development Credit	Contract													
64	4.11 Surcharge														
65	4.11 (a)	Contract	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	
66	4.11 (b)	2 x 42	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	
67	4.11 (c)	2 x 43	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	
67A	4.11 (d)	- \$200,000 x 12	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	
68	4.12 Retail Fee	Contract	-	-	-	-	-	-	-	-	-	-	-	-	
69															
70	Total Charges		314.6	310.7	318.4	322.6	322.6	330.6	322.6	338.6	308.2	314.6	314.6	314.4	
71															
72	Credits (\$M)														
73	Net Proceeds	(12+18+19+20)x25 - (tax + admin. cost) * / Resale of Market Energy						4.0		39.9	199.3	53.9		1.1	
74	Avoidable Base Charge	See Supporting Schedules								30.4					
75															
76	4.13														
77	4.13.1 Surplus, Undeliverable Energy, and Pottline Reduction Sales														
78	Surplus Sales	Min. of 73 and 74								30.4					
79	Undeliverable Energy, and Pottline Reduction Sales	line 73									199.3	53.9			
80	4.13.2 Curtailment for Purchased Power	17 x 34											17.4		
81	4.13.3 Economic Sales	line 73 x 75%												0.8	
82	4.13.4 Market Energy Sales	line 73						4.0							
83															
84	Total Credits	78 + 79 + 80 + 81 + 82						4.0		30.4	199.3	53.9	17.4	0.8	
85	Net Charges	line 70 - line 84	314.6	310.7	318.4	322.6	322.6	326.6	322.6	338.6	277.8	115.3	297.2	313.6	
86	Net Charges per MWh Metered														
87	* Simplified calculation; in practice would include estimated Big Rivers tax liability (as applicable per sections 1.1.79, 10.1.4, 10.2.3, 10.3.7, and 13.3). Administrative fees are modeled per section 4.13.1.														
88															

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
Year Modeled: 2009

Annualized Basis

Case	Derivation	Base Case	Low Load Factor	High Load Factor	Supplemental Energy (4.3)			Backup Energy (4.4)		Surplus Sales (10.1)	Undeliverable Energy Sales (10.2)	Potline Reduction Sales (10.3)	Curtailment for Purchased Power (4.13.2)	Economic Sales (4.13.3)
					Interruptible Energy	Buy-Through Energy	Market Energy	4.4.1 (a) and (b)	4.4.1 (c)					
					20 MW (10 MW per Smelter) for 75% of Hours in Year	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year/ 10 MW Resold	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year	10% of Base Fixed Energy	6 Month Duration	115 MW @ 98% Load Factor x 12 Months	Example curtails all market purchases	Max. of 9,600 MWh
89	Supporting Schedules													
90														
91	1.1.21 Smelter Base Rate													
92	Large Industrial Rate													
93	Load Factor (%)	Member Load Forecast	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%	79%
94	Energy (\$/ MWh)	Tariff	13.72	13.72	13.72	13.72	13.72	13.72	13.72	13.72	13.72	13.72	13.72	13.72
95	Demand (\$/ KW-mo.)	Tariff	10.15	10.15	10.15	10.15	10.15	10.15	10.15	10.15	10.15	10.15	10.15	10.15
96	Blind													
97	MDA (\$/ MWh)	[Tariff]	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39
98	Net Rate (\$/ MWh)		31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39	31.39
99	Large Industrial Rate @ 98% LF	Contract	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90	27.90
100	Plus Margin	Contract	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
101	Smelter Base Rate		28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15	28.15
102														
103	1.1.23 Base Variable Rate													
104	FAC Base	Tariff	10.72	10.72	10.72	10.72	10.72	10.72	10.72	10.72	10.72	10.72	10.72	10.72
105	Environmental Surcharge base	Tariff	-	-	-	-	-	-	-	-	-	-	-	-
106	Purchased Power Base	Tariff	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
107	Total		12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47	12.47
108														
109	4.11 (c) Surcharge													
110	Reference Fuel Expense (\$/ MWh)	Contract	16.44	16.44	16.44	16.44	16.44	16.44	16.44	16.44	16.44	16.44	16.44	16.44
111	Actual Fuel Expense (\$/ MWh)	Assumption	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94
112	Min. of i) Actual Less Reference and ii) \$0.60 (not less than zero)		0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
113														
114	1.1.12 Avoidable Base Charge													
115	1.1.11(b)													
116	(i) Base Rate plus Adjustable Charge Rates	35 + 37 + 38 + 39												
117	(ii) Base Fixed Energy made available whether or not sold	line 19								41.63				
118	\$M	line 116 x line 117								0.73				
119	Plus									30.38				
120	1.1.11(b)													
121	(i) Base Variable Rate plus Adjustable Charge Rates	36 + 37 + 38 + 39												
122	(ii) Base Variable Energy made available whether or not sold	line 23								25.95				
123	\$M	line 121 x line 122								-				
124	Loss													
125	1.1.11(c)													
126	(i) Base Variable Rate plus Adjustable Charge Rates	36 + 37 + 38 + 39												
127	(ii) Base Fixed or Variable Energy neither Metered nor Sold									25.95				
128	\$M	line 126 x line 127								-				
129	Net	line 118 + line 123 - line 128								30.38				
130														

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
Year Modeled: 2009

Annualized Basis

Case	Derivation	Base Case	Low Load Factor	High Load Factor	Supplemental Energy (4.3)			Backup Energy (4.4)		Surplus Sales (10.1)	Undeliverable Energy Sales (10.2)	Pulping Reduction Sales (10.3)	Curtailment for Purchased Power (4.13.2)	Economic Sales (4.13.3)	
					Interruptible Energy	Buy-Through Energy	Market Energy	4.4.1 (a) and (b)	4.4.1 (c)						
					20 MW (10 MW per Smelter) for 75% of Hours in Year	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year/ 10 MW Resold	20 MW (10 MW per Smelter) for 75% of Hours in Year	40 MW for 75% of Hours in Year	10% of Base Fixed Energy	6 Month Duration	115 MW @ 98% Load Factor x 12 Months	Example curtails all market purchases	Max. of 9,600 MWh	
131	4.7 TIER Adjustment Charge														
132	4.7.5 TIER Adjustment														
133	System Revenues Before TIER Adjustment														
134	Base Case	Financial Model	579.409	579.409	579.409	579.409	579.409	579.409	579.409	579.409	579.409	579.409	579.409	579.409	
135	Increment from Base Case (Accounts for Both Smelters):														
136	Base Energy Charge	22 x 36		(1.9)	1.9	-	-	-							
137	FAC/ ES/ PPA Charges	23 x (37 + 38+ 39)		(2.0)	2.0	-	-	-							
138	Supplemental Energy	48 + 50 + 51				8.0	8.0	16.0							
139	Backup Energy	53 + 54							8.0	40.9					
140	Net Proceeds	line 73						4.0		39.9	189.3	53.9		1.1	
141	Less: Credits	line 84						(4.0)		(30.4)	(189.3)	(53.9)	(17.4)	(0.8)	
142	Total Increment from Base Case	136 +137 +138+ 139 +140 + 141	-	(3.9)	3.9	8.0	8.0	16.0	8.0	40.9	9.5	-	(17.4)	0.3	
143	Total Revenues	line 134 - line 142	579.4	575.5	583.3	587.4	587.4	595.4	587.4	620.3	588.9	579.4	579.4	582.0	579.7
144	System Expenses Before TIER Adjustment														
145	Base Case - Gross	Financial Model	564.4	564.4	564.4	564.4	564.4	564.4	564.4	564.4	564.4	564.4	564.4	564.4	
146	Net Debit to Power Purchases reflected in Regulatory Account	Financial Model	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	
147	Base Case - Net	Financial Model	564.1	564.1	564.1	564.1	564.1	564.1	564.1	564.1	564.1	564.1	564.1	564.1	
148	Increment from Base Case														
149	Variable Costs *	23 x (36 + 37+ 38+ 39)		(3.9)	3.9	-	-	-							
150	Power Purchases	138 + 139				8.0	8.0	16.0	8.0	16.0			(17.4)	-	
151	Interest (not of capitalization)														
152	Other														
153	Total Increment from Base Case	149 + 150 + 151 + 152	-	(3.9)	3.9	8.0	8.0	16.0	8.0	16.0	-	-	(17.4)	-	
154	Total Expenses	line 147 + line 153	564.1	560.3	568.0	572.1	572.1	580.1	572.1	580.1	564.1	564.1	564.1	564.1	
155	Net Margin Before TIER Adjustment	line 143 - line 154	15.3	15.3	15.3	15.3	15.3	15.3	15.3	40.1	24.8	15.3	15.3	15.5	
156	Interest Charges Plus Net Margin	line 155 + line 158	68.8	68.8	68.8	68.8	68.8	68.8	68.8	93.7	78.3	68.8	68.8	69.1	
157	Interest Charges:														
158	Base Case	Financial Model	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	
159	Increment from Base Case														
160	Total	line 158 - line 159	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	53.6	
161	Pre-Adjustment TIER	line 156/ line 160	1.285	1.285	1.285	1.285	1.285	1.285	1.285	1.749	1.462	1.285	1.285	1.285	
162	Incremental Revenue Needed to Achieve TIER = 1.24x	(1.24 - line 161) x line 160	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(27.3)	(11.9)	(2.4)	(2.4)	(2.7)	
163	Adjustments:														
164	4.7.5(f) No revenue from Economic/ Transition Reserves	Financial Model	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
165	Other														
166	Total	line 164 + line 165	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
167	TIER Adjustment	line 162 + line 166	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(25.9)	(10.5)	(1.0)	(1.0)	(1.3)	
168	TIER Adjustment Charge	Max. of line 167 and zero	-	-	-	-	-	-	-	-	-	-	-	-	
169															
170	4.9 Rebate														
171	Excess TIER Amount		(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(25.9)	(10.5)	(1.0)	(1.0)	(1.3)	
172	Rebate:														
173	Smelter MWh		68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	
174	Rebate		(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(17.5)	(7.1)	(0.7)	(0.7)	(0.9)	
175															
176	* Example assumes variable costs incurred at rate stipulated in 1.1.21, plus FAC, Environmental Surcharge, and PPA														
177															

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century
Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)

Year Modeled:

2009

Annualized Basis

Case	Derivation	Base Case	Low Load Factor	High Load Factor	Supplemental Energy (4.3)			Backup Energy (4.4)		Surplus Sales (10.1)	Undeliverable Energy Sales (10.2)	Potline Reduction Sales (10.3)	Curtailment for Purchased Power (4.13.2)	Economic Sales (4.13.3)
					Interruptible Energy	Buy-Through Energy	Market Energy	4.4.1 (a) and (b)	4.4.1 (c)					
178	Quarterly TIER Adjustment Charge													
179		Base Case												
180														
181	Revenues													
182	Expenses	579.4												
183	Net Margin Before TIER	564.1												
184	Interest + Margin	15.3												
185	Interest Charges	68.8												
186	Pre-Adjustment TIER	53.6												
187	Increment Needed for 1.24x	1.29												
188	Adjustments	(2.4)												
189	TIER Adjustment	1.4												
190	TIER Adjustment Charge	(1.0)												
191	1st Q													
192	2nd Q													
193	3rd Q													
194	4th Q													
195														
196	* Illustrative Forecast Weightings (actual forecast methodologies to be determined)													
197	YTD													
198	Original Budget													
199														
200	YTD													
201	Revenues													
202	Expenses													
203	Net Margin Before TIER													
204	Interest + Margin													
205	Interest Charges													
206	Pre-Adjustment TIER													
207	Increment Needed for 1.24x													
208	Adjustments													
209	TIER Adjustment													
210														
211	Revised Full-Year Forecast													
212	Revenues													
213	Expenses													
214	Net Margin Before TIER													
215	Interest + Margin													
216	Interest Charges													
217	Pre-Adjustment TIER													
218	Increment Needed for 1.24x													
219	Adjustments													
220	TIER Adjustment													
221														

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century
 Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
 Year Modeled: 2009

Illustrative Quarterly Basis - Base Case

Case	Derivation	Base Case	Quarterly				Pro-Adjusted Year	Adjust. TIER Adjustment	Rebate	Adjusted Year
			Q1	Q2	Q3	Q4				
			Adj. Per 4.7.3	Adj. Per 4.7.3	Adj. Per 4.7.3	Adj. Per 4.7.3				
1	1.1.18 - Base Demand (MW) (a)	Contract	850.0	850.0	850.0	850.0	850.0	850.0	850.0	
2	1.1.19 - Base Fixed Energy (TWh) (b)	Contract	7.297	1.824	1.824	1.824	1.824	7.297	7.297	
3										
4	Energy Balance (Annual TWh)									
5	Assumed Load Factor	Assumption	99%	96%	100%	98%	98%			
6	Metered Energy	Assumption	7.297	1.787	1.862	1.824	1.824	7.297	7.297	
7	2.3.2 - Supplemental Energy									
8	2.3.2(a) Interruptible Energy	Assumption								
9	2.3.2(b) Buy-Through Energy	Assumption								
10	2.3.2(c) Market Energy									
11	Consumed	Assumption								
12	Sold	Assumption								
13	1.1.13 - Backup Energy									
14	4.4.1(a) and (b) (within 10MW per Smelter)	Assumption								
15	4.4.1(c) - Excess	Assumption								
16	1.1.15 - Base Curtailed Energy									
17	4.13.2 - Curtailment of Purchased Power	Assumption								
18	4.13.3 - Economic Sales	Assumption (Max. Under Contract)								
19	10.1 - Surplus Sales	Assumption								
20	10.2 - Undeliverable Energy Sales	Assumption								
21	10.3 - Potline Reduction Sales	Assumption (Approx. Max.)								
22	1.1.18 / 19 - Base Hourly/Monthly Energy	line 6 + 17 + 18 + 19 + 20 + 21	7.297	1.787	1.862	1.824	1.824	7.297	7.297	
23	1.1.22 - Base Variable Energy	line 22 - line 2		(0.037)	0.037			(0.000)		
24										
25	Key Rates									
26	Market Energy Price	Assumption *	60.94	60.94	60.94	60.94	60.94	60.94	60.94	
27	4.3 - Supplemental Energy **									
28	4.3.1 - Interruptible Energy Rate	Assumption								
29	4.3.2 - Buy-Through Energy Rate	Assumption								
30	4.3.3 - Market Energy Rate	Assumption								
31	4.4 - Backup Energy Rate	Assumption								
32	4.4.1(a) and (b) (within 10MW per Smelter)	Assumption								
33	4.4.1(c) - Excess	Contract								
34	1.1.72 - Market Reference Rate	Assumption								
35	1.1.21 - Base Rate	See Supporting Sched.	28.15	28.15	28.15	28.15	28.15	28.15	28.15	
36	1.1.23 - Base Variable Rate	See Supporting Sched.	12.47	12.47	12.47	12.47	12.47	12.47	12.47	
37	1.1.52 - FAC Factor	Tariff	11.22	11.22	11.22	11.22	11.22	11.22	11.22	
38	1.1.43 - Environmental Surcharge Factor	Tariff	2.19	2.19	2.19	2.19	2.19	2.19	2.19	
39	1.1.84 - Non-FAC Purchased Power Adjustment Factor	Contract (Appendix A)	0.08	0.08	0.08	0.08	0.08	0.08	0.08	
40	4.11.A - Surcharges:									
41	4.11 (a)	See contract charges below								
42	4.11 (b)	Contract	0.60	0.60	0.60	0.60	0.60	0.60	0.60	
43	4.11 (c)	See Supporting Sched.	0.60	0.60	0.60	0.60	0.60	0.60	0.600	
44	* Placeholder value intended to represent costs of energy plus appropriate inclusion or exclusion of transmission services cf.									
45	** Assumed priced at cost, for illustration									

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century
 Smeiter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
 Year Modeled: 2009

Illustrative Quarterly Basis - Base Case

Case	Derivation	Base Case	Q1		Q2		Q3		Q4	Pre-Adjusted Year	Adjust. TIER Adjustment	Rebate	Adjusted Year
			Adj. Per 4.7.3		Adj. Per 4.7.3		Adj. Per 4.7.3						
			96% load factor/ expense 5% above avg.		100% load factor/ expense 5% above avg.		96% load factor/ expense 0% above avg.						
46	Charges (\$M)												
47	4.2 Base Energy Charge	(2 x 35) + (23 x 38)	205.4	50.9	51.6	51.4	51.4	205.4					205.4
48	4.3 Supplemental Energy Charge												
49	4.3.1 Interruptible Energy	8 x 28	-	-	-	-	-	-					
50	4.3.2 Buy-Through Energy	9 x 29	-	-	-	-	-	-					
51	4.3.3 Market Energy	10 x 30	-	-	-	-	-	-					
52	4.4 Back-up Energy Charge												
53	4.4.1(a) and (b) (within 10MW per Smeiter)	14 x 32	-	-	-	-	-	-					
54	4.4.1(c) - Excess	15 x 33	-	-	-	-	-	-					
55	4.5 Transmission Services Charge	Contract											
56	4.6 Excess Reactive Demand Charge	Contract											
57	4.7 TIER Adjustment Charge	See Supporting Sched.	-	-	2.0	2.0	3.5	5.5	-	5.5	13.1	(13.1)	-
58	4.8 Adjustable Charges												
59	4.8.1 FAC Charge	22 x 37	81.9	20.0	20.9	20.5	20.5	81.9					81.9
60	4.8.2 Non-FAC Purchased Power Adjustment Charge	22 x 39	0.5	0.1	0.1	0.1	0.1	0.5					0.5
61	4.8.3 Environmental Surcharge	22 x 38	15.96	3.91	4.07	3.99	3.99	15.96					15.96
62	4.9 Rebate	See Supporting Schedules	(0.7)	-	-	-	-	-				(0.7)	(0.7)
63	4.10 Equity Development Credit	Contract											
64	4.11 Surcharge												
65	4.11 (a)	Contract	5.1	1.3	1.3	1.3	1.3	5.1					5.1
66	4.11 (b)	2 x 42	4.4	1.1	1.1	1.1	1.1	4.4					4.4
67	4.11 (c)	2 x 43	4.4	1.1	1.1	1.1	1.1	4.4					4.4
67A	4.11 (d)	-\$200,000 x 12	(2.4)	(0.6)	(0.6)	(0.6)	(0.6)	(2.4)					(2.4)
68	4.12 Retail Fee	Contract	-	-	-	-	-	-					-
69													
70	Total Charges		314.6	77.8	81.8	84.3	84.3	328.3		(13.1)	(0.7)		314.6
71													
72	Credits (\$M)												
73	Net Proceeds	(12+18+19+20)x25 - (tax + admn. cost) / Resale of Market Energy											
74	Avoidable Base Charge	See Supporting Schedules											
75													
76	4.13												
77	4.13.1 Surplus, Undeliverable Energy, and Potline Reduction Sales												
78	Surplus Sales	Min. of 73 and 74											
79	Undeliverable Energy, and Potline Reduction Sales	line 73											
80	4.13.2 Curtailment for Purchased Power	17 x 34											
81	4.13.3 Economic Sales	line 73 x 75%											
82	4.13.4 Market Energy Sales	line 73											
83													
84	Total Credits	78 + 79 + 80 + 81 + 82											
85	Net Charges	line 70 - line 84	314.6	77.8	81.8	84.3	84.3	328.3		(13.1)	(0.7)		314.6
86	Net Charges per MWh Metered												
87	* Simplified calculation; in practice would include estimated Big Rivers tax liability (as applicable per sections 1.1.79, 10.1.4, 10.2.3, 10.3.7, and 13.3). Administrative fees are modeled per section 4.13.1.												
88													

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century
 Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
 Year Modeled: 2009

Illustrative Quarterly Basis - Base Case

Case	Derivation	Base Case	Q1		Q2		Q3		Q4	Pro-Adjusted Year	Adjust. TIER Adjustment 1	Rebate	Adjusted Year
				Adj. Per 4.7.3		Adj. Per 4.7.3		Adj. Per 4.7.3					
			96% load factor/ expense 5% above avg.		100% load factor/ expense 5% above avg.		98% load factor/ expense 0% above avg.						
89	Supporting Schedules												
90													
91	1.1.21 Smelter Base Rate												
92	Large Industrial Rate												
93	Load Factor (%)	Member Load Forecast	79%	79%	79%	79%	79%	79%	79%				79%
94	Energy (\$/ MWH)	Tariff	13.72	13.72	13.72	13.72	13.72	13.72	13.72				13.72
95	Demand (\$/ KW-mo.)	Tariff	10.15	10.15	10.15	10.15	10.15	10.15	10.15				10.15
96	Blend		31.39	31.39	31.39	31.39	31.39	31.39	31.39				31.39
97	MDA (\$/ MWH)	(Tariff)	-	-	-	-	-	-	-				-
98	Net Rate (\$/ MWH)		31.39	31.39	31.39	31.39	31.39	31.39	31.39				31.39
99	Large Industrial Rate @ 98% LF	Contract	27.90	27.90	27.90	27.90	27.90	27.90	27.90				27.90
100	Plus Margin	Contract	0.25	0.25	0.25	0.25	0.25	0.25	0.25				0.25
101	Smelter Base Rate		28.15	28.15	28.15	28.15	28.15	28.15	28.15				28.15
102													
103	1.1.23 Base Variable Rate												
104	FAC Base	Tariff	10.72	10.72	10.72	10.72	10.72	10.72	10.72				10.72
105	Environmental Surcharge base	Tariff	-	-	-	-	-	-	-				-
106	Purchased Power Base	Tariff	1.75	1.75	1.75	1.75	1.75	1.75	1.75				1.75
107	Total		12.47	12.47	12.47	12.47	12.47	12.47	12.47				12.47
108													
109	4.11 (c) Surcharge												
110	Reference Fuel Expense (\$/ MWh)	Contract	16.44	16.4	16.4	16.4	16.4	16.4	16.4				16.4
111	Actual Fuel Expense (\$/ MWh)	Assumption	21.94	21.9	21.9	21.9	21.9	21.9	21.9				21.9
112	Min. of i) Actual Loss Reference and ii) \$0.60 (not less than zero)		0.60	0.60	0.60	0.60	0.60	0.60	0.60				0.60
113													
114	1.1.12 Avoidable Base Charge												
115	1.1.11(a)												
116	(i) Base Rate plus Adjustable Charge Rates	35 + 37 + 38 + 39											
117	(ii) Base Fixed Energy made available whether or not sold	line 19											
118	\$M	line 116 x line 117											
119	Plus												
120	1.1.11(b)												
121	(i) Base Variable Rate plus Adjustable Charge Rates	36 + 37 + 38 + 39											
122	(ii) Base Variable Energy made available whether or not sold	line 23											
123	\$M	line 121 x line 122											
124	Less												
125	1.1.11(c)												
126	(i) Base Variable Rate plus Adjustable Charge Rates	36 + 37 + 38 + 39											
127	(ii) Base Fixed or Variable Energy neither Metered nor Sold												
128	\$M	line 126 x line 127											
129	Net	line 118 + line 123 - line 128											
130													

Exhibit A - Retail and Wholesale Service Agreement Examples - Combines Alcan and Century
 Smelter Charges and Credits - (for purposes of examples, Retail Fee set at zero)
 Year Modeled: 2009

Illustrative Quarterly Basis - Base Case

Case	Derivation	Base Case	Q1				Q2				Q3				Q4				Pre-Adjusted Year	Adjust. TIER Adjustment	Rebate	Adjusted Year
			Adj. Per		Adj. Per		Adj. Per		Adj. Per													
			4.7.3		4.7.3		4.7.3		4.7.3													
			98% load factor/expense 5% above avg.				100% load factor/expense 5% above avg.				98% load factor/expense 0% above avg.				98% load factor/expense 10% below avg.							
178	Quarterly TIER Adjustment Charge																					
179			Base Case				Intermediate Annual Forecasts *															
				3 Months Actual, 9 Months Forecast	Change Applicable to Next Quarter	6 Months Actual, 6 Months Forecast	Change Applicable to Next Quarter	9 Months Actual, 3 Months Forecast	Change Applicable to Next Quarter													
180																						
181	Revenues	579.4	578.4			579.4		579.4														
182	Expenses	584.1	570.2			578.2		578.2														
183	Net Margin Before TIER	15.3	8.2			1.2		1.2														
184	Interest + Margin	68.8	61.8			54.7		54.7														
185	Interest Charges	53.6	53.6			53.6		53.6														
186	Pre-Adjustment TIER	1.29	1.2			1.0		1.0														
187	Increment Needed for 1.24x	(2.4)	4.6			11.7		11.7														
188	Adjustments	1.4	1.4			1.4		1.4														
189	TIER Adjustment	(1.0)	8.0			13.1		13.1														
190	TIER Adjustment Charge																					
191	1st Q	-	-			-		-														
192	2nd Q	-	2.0	2.0		2.0		2.0														
193	3rd Q	-	2.0			5.5	3.5	5.5														
194	4th Q	-	2.0			5.5		5.5	0.0													
195																						
196	* Illustrative Forecast Weightings (actual forecast methodologies to be determined)																					
197	YTD		25%			50%		75%														
198	Original Budget		75%			50%		25%														
199																						
200	YTD																					
201	Revenues		143.9			289.7		434.6														
202	Expenses		147.1			296.2		437.2														
203	Net Margin Before TIER		(3.2)			(6.5)		(2.6)														
204	Interest + Margin		10.2			20.3		37.5														
205	Interest Charges		13.4			26.8		40.2														
206	Pre-Adjustment TIER		0.76			0.76		0.93														
207	Increment Needed for 1.24x		0.4			12.9		12.3														
208	Adjustments		0.4			0.7		1.1														
209	TIER Adjustment		6.8			13.6		13.3														
210																						
211	Revised Full-Year Forecast																					
212	Revenues		578.4			579.4		579.4														
213	Expenses		570.2			578.2		578.2														
214	Net Margin Before TIER		8.2			1.2		1.2														
215	Interest + Margin		61.8			54.7		54.7														
216	Interest Charges		53.6			53.6		53.6														
217	Pre-Adjustment TIER		1.15			1.02		1.02														
218	Increment Needed for 1.24x		4.8			11.7		11.7														
219	Adjustments		1.4			1.4		1.4														
220	TIER Adjustment		8.0			13.1		13.1														
221																						