

**BIG RIVERS ELECTRIC CORPORATION
MINUTES OF THE ANNUAL MEETING
OF THE MEMBERSHIP
HELD IN HENDERSON, KENTUCKY,
ON THURSDAY, SEPTEMBER 15, 2011**

The Annual Meeting of the members of Big Rivers Electric Corporation was held Thursday, September 15, 2011, at 6 p.m., CDT, at Kenergy Corp., 6402 Old Corydon Road, Henderson, KY 42420.

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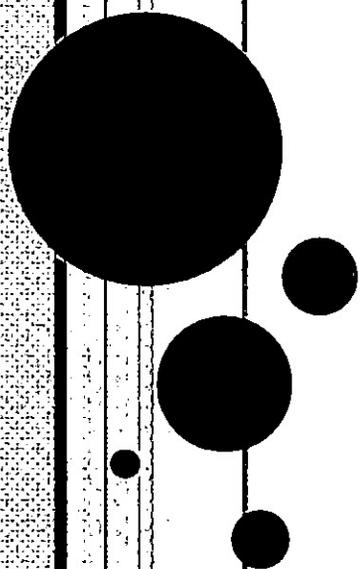
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ANNUAL MEETING

September 2011



Financial Highlights 2006-2010

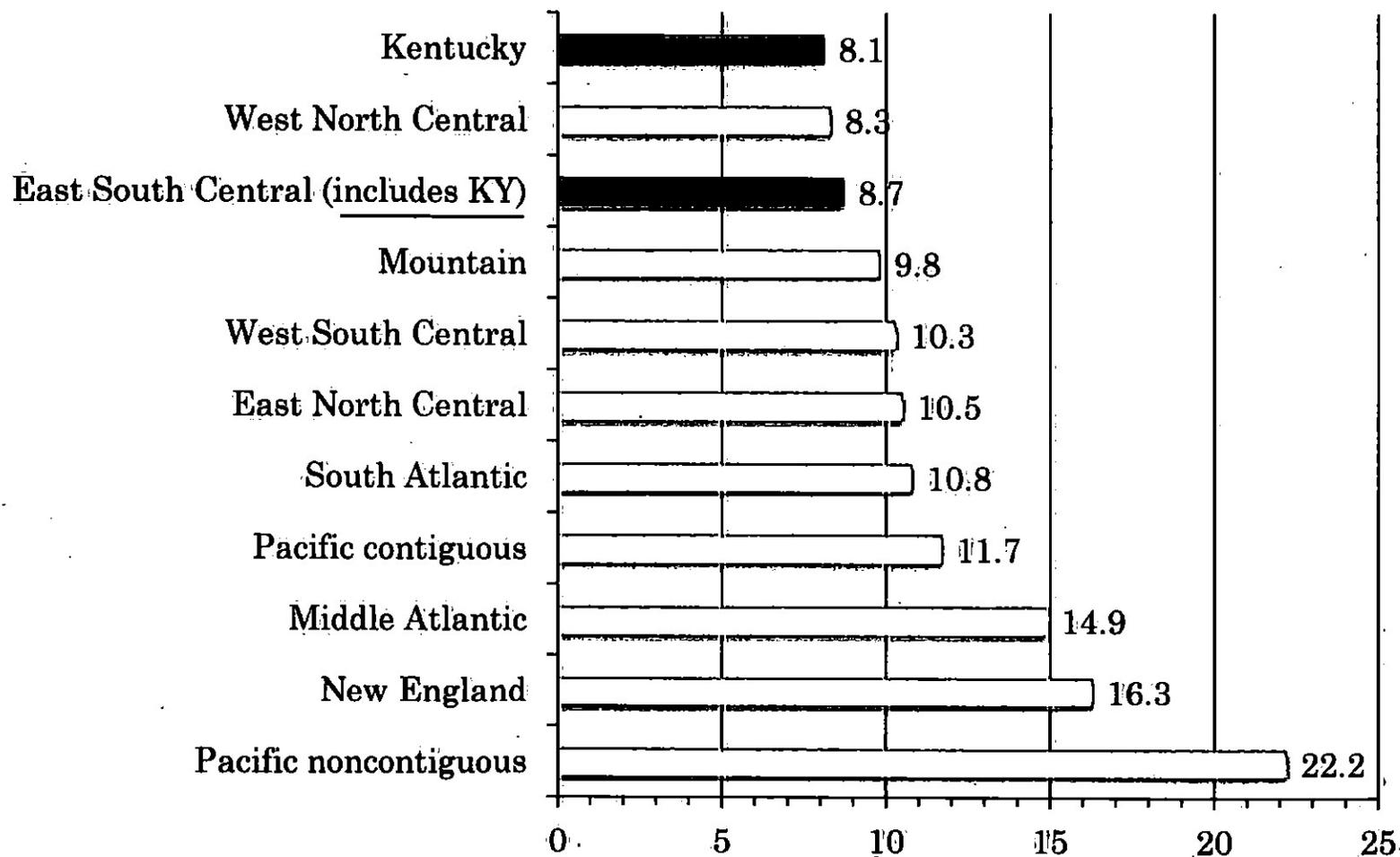
<i>Dollars in thousands</i>	2010	2009	2008	2007	2006
Margins	6,991	531,330*	27,816	47,177	34,542
Equity	386,575	379,392	(154,602)	(174,137)	(217,371)
Capital Expenditures**	42,683	58,388	22,760	18,682	13,189
Cash & Investment Balance	44,780	60,290	38,903	148,914	96,143
TIER Times Interest Earned Ratio	1.15	9.85	1.37	1.64	1.47
DSCR Debt Service Coverage Ratio	1.47	2.44	1.17	2.04	1.86
Cost of Debt	5.73%	6.33%	6.33%	5.76%	5.83%
Cost of Capital	7.93%	8.39%	8.33%	7.75%	7.82%

* Includes the Unwind gain of \$537,978

** Big Rivers' share only

National Residential Rates: 2010

Average rates in cents per kilowatt-hour

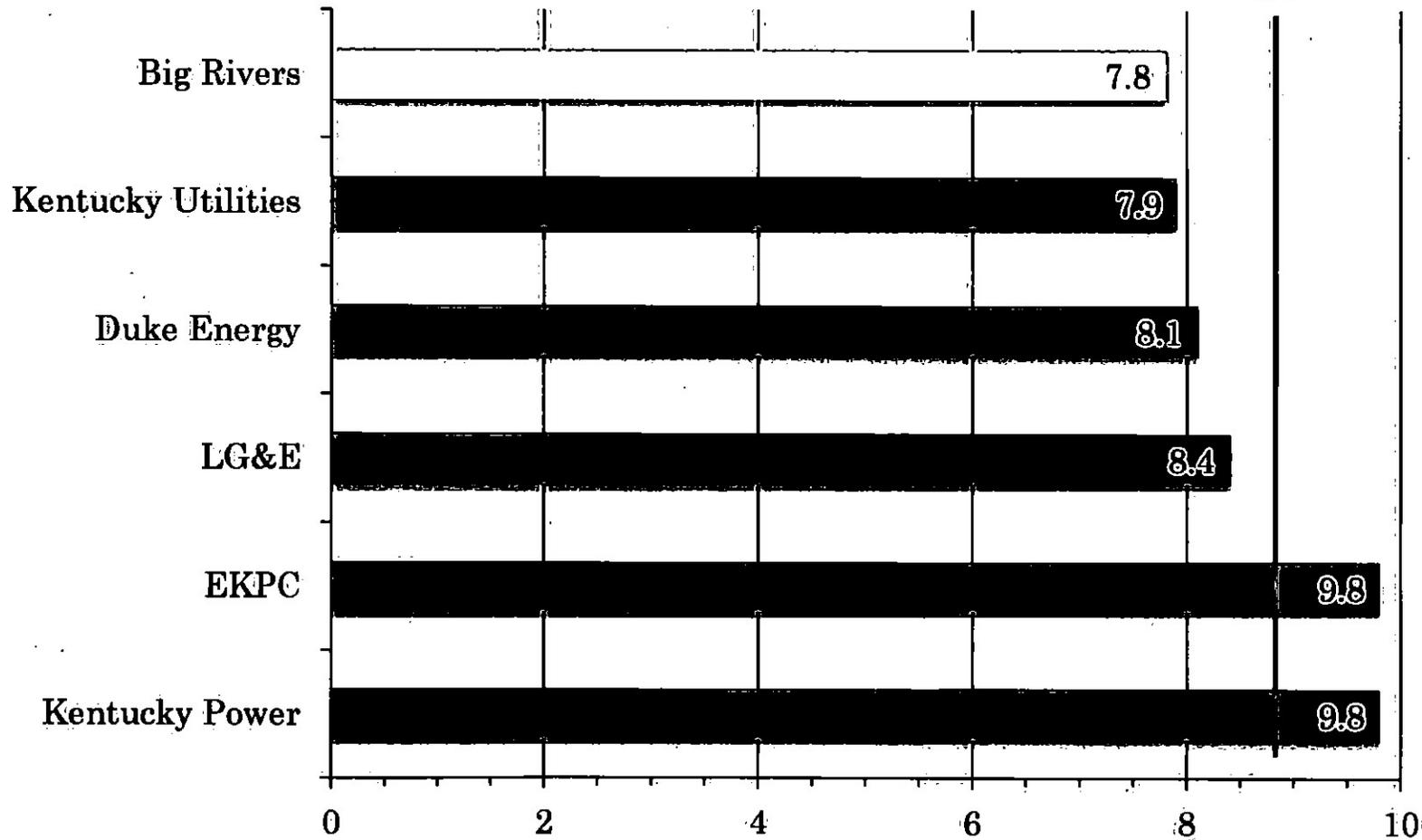


Source: U.S. Energy Information Administration

Kentucky Residential Rates: 2010

Average rates in cents per kilowatt-hour

Kentucky
average is
8.8



Source: Kentucky Public Service Commission

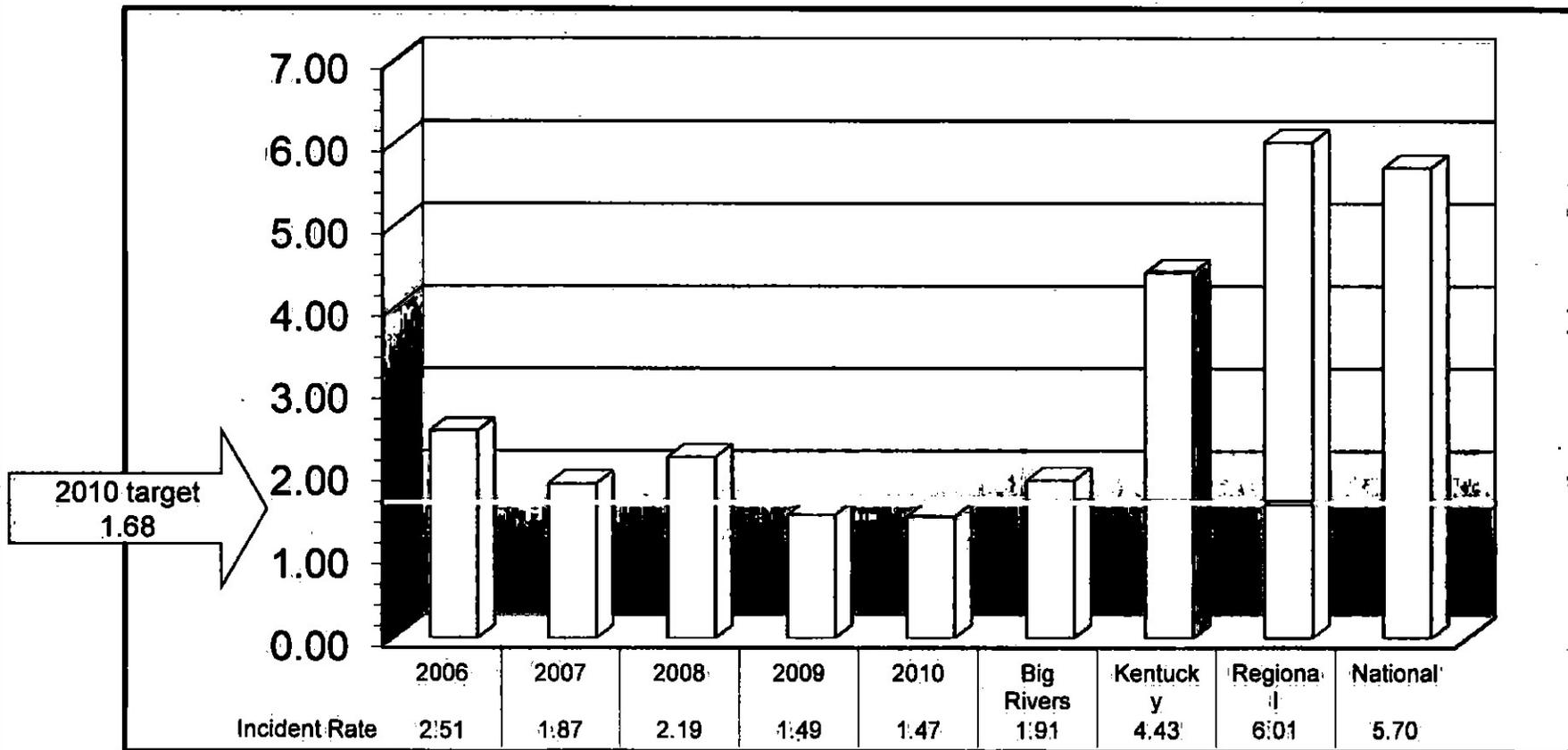
Generation and Transmission Rankings

Big Rivers compared to other G&T electric cooperatives in the U.S. in 2010

Measure	Result	Rank
Total MWh Sales	(11,969,420)	14 out of 56
Member MWh Sales	(9,795,261)	15 out of 54
MWhs Purchased	(2,220,995)	28 out of 53
Cost per MWh Generated	(\$37.36)	10 out of 37
Number of Employees	(611)	6 out of 56
Total Assets	(\$1,472,185,126)	14 out of 60
Total Operating Revenues	(\$527,324,452)	18 out of 60
Times Interest Earned Ratio (TIER)	(1.15)	45 out of 48
Rate of Return on Rate Base	(4.59)	35 out of 45

Safety Performance

OSHA Recordable Incident Rate: 2006-2010

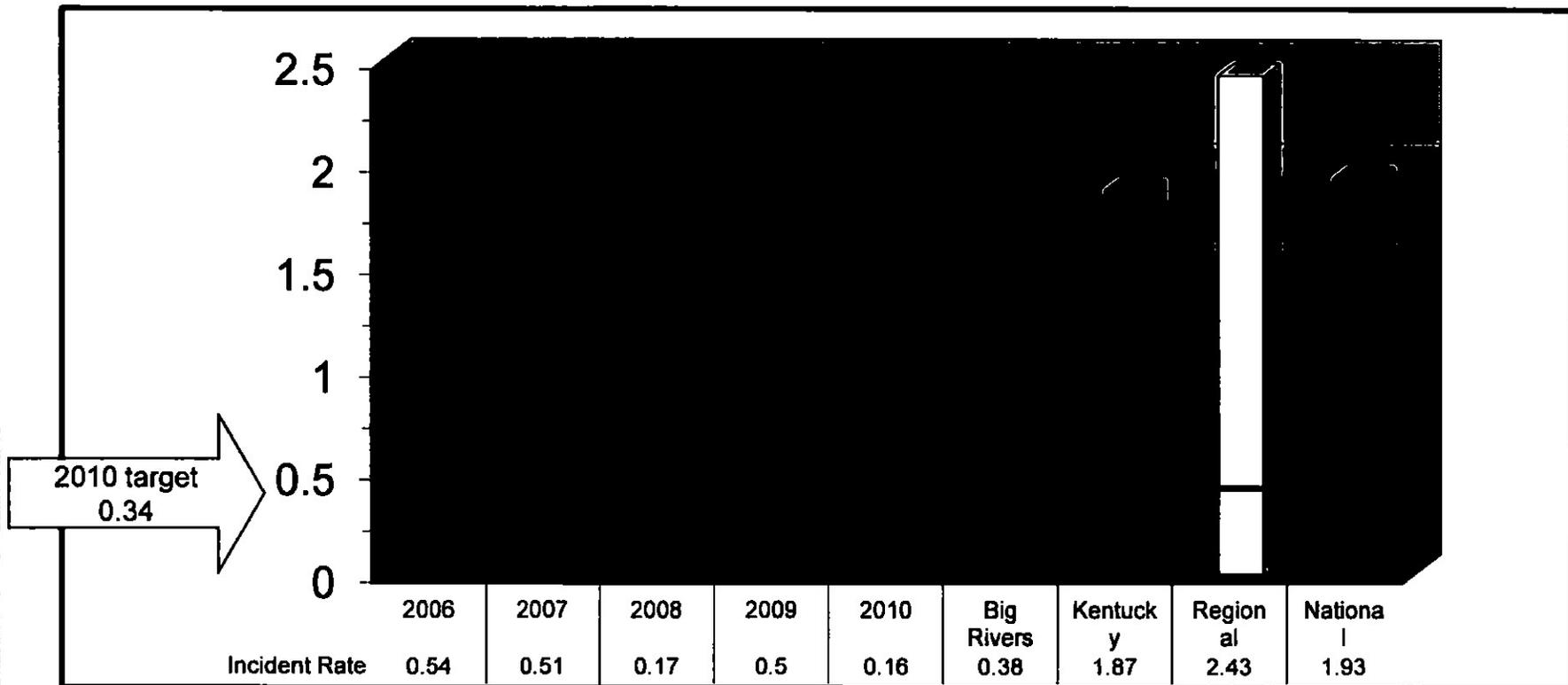


Co-op average recordable incident rates

$$\text{Incident Rate} = (\# \text{ of incidents} \times 200,000) / \# \text{ of hours worked}$$

Safety Performance

Lost-Time Incident Rate: 2006-2010



Co-op average lost-time incident rates

$$\text{Incident Rate} = (\# \text{ of incidents} \times 200,000) / \# \text{ of hours worked}$$

2011 Safety Targets & Milestones

1. Coleman Station employees will complete five years without a lost-time incident at midnight on January 6, 2011.
2. The company will complete one year without a lost-time incident at midnight on January 14, 2011.
3. Transmission employees will complete one year without a lost-time incident at midnight on January 14, 2011.
4. Production employees will complete two years without a lost time incident at midnight on January 19, 2011.
5. Sebree Station employees will complete two years without a lost-time incident at midnight on January 19, 2011.
6. Sebree Station employees will complete 1,000,000 man-hours worked without a lost-time incident in April 2011.
7. Wilson Station employees will complete four years without a lost-time incident at midnight on May 15, 2011.
8. Wilson Station employees will complete 750,000 man-hours worked without a lost-time incident in May 2011.
9. Headquarters employees will complete one year without a recordable incident at midnight on June 22, 2011.

Did not complete:

10. Coleman Station employees will complete one year without a recordable incident at midnight on July 4, 2011.
11. Headquarters employees will complete 500,000 man-hours worked without a lost-time incident in August 2011.
12. Headquarters employees will complete two years without a lost-time incident at midnight on September 29, 2011.

Still in progress:

13. Wilson Station employees will complete one year without a recordable incident at midnight on October 6, 2011.
14. Transmission employees will complete one year without a recordable incident at midnight on November 17, 2011.
15. Sebree Station employees will complete one year without a recordable incident at midnight on November 29, 2011.
16. The company will achieve its 2011 recordable, lost-time and vehicle incident targets.

Other 2011 Challenges

- 6.85% rate increase (first in 20 years)
 - Placed in effect subject to refund on Sept. 1st
- Successful integration into Midwest ISO
 - Needed to meet NERC-mandated generation reserve requirements
 - 35th transmission owner
 - Access to 57,000 miles of interconnected transmission and 347 market participants
 - Thus far this year, we have been able to sell 92% of our available generation vs. 88% last year
- Development and implementation of demand-side management and energy efficiency programs

Demand-Side Management (DSM) and Energy Efficiency (EE) Budget

2012 DSM & EE Programs	2012 Budget
Residential lighting program (CFL distribution)	\$100,000
Residential Energy Star appliances	\$80,000
Energy Star heating, ventilation and air conditioning (HVAC) program	\$50,000
Residential weatherization program (Pilot evaluation still underway)	\$200,000
Residential Energy Star new construction	\$100,000
HVAC tune-up program	\$50,000
Commercial/industrial efficient lighting program	\$190,000
General commercial/industrial efficiency program	\$30,000



Your Touchstone Energy® Cooperative 

ENVIRONMENTAL COMPLIANCE UPDATE

Eric Robeson
September 15, 2011

EPA: REGS 'R' US

More Acronyms!

CSAPR

HAPS/MACT

NAAQS

316b

CCR

CSAPR

- Cross State Air Pollution Rule issued July 7, 2011
- Replaces proposed Clean Air Transport Rule
- Compliance starts in 2012, with further reduction in allowances in 2014
- Big Rivers (and all Kentucky utilities) received about 10% less SO₂ allowances and slightly more NO_x allowances than projected
- Creates new type of SO₂ and NO_x allowances

CSAPR Control Zones



- States controlled for both fine particles (annual SO₂ and NO_x) and ozone (ozone season NO_x) (21 States)
- States controlled for fine particles only (annual SO₂ and NO_x) (2 States)
- States controlled for ozone only (ozone season NO_x) (5 States)
- States not covered by the Cross-State Air Pollution Rule

Big Rivers 2012 Impact

- SO₂
 - Minimal Impact
 - 26,478 allowances vs. 2010 emissions of 26,086 tons
- NO_x
 - Some Impact: 7% reduction required
 - 11,186 allowances vs. 2010 emissions of 12,074 tons
 - 4,972 seasonal allowances vs. 2010 emissions of 4,995 tons

Big Rivers 2014 Impact

○ SO₂

- Major Impact:
(50% reduction required vs. 2010 emissions)
- 13,643 allowances
- Wilson, HMPL and Reid are primary concerns

○ NO_x

- Minor Impact:
(16% reduction required vs. 2010 emissions)
- 10,142 annual and 4,402 seasonal allowances
- Green, Coleman, and Reid are primary concerns

○ What will the Smelters do?

Potential CSAPR Compliance Options

- 2012
 - Reduce Generation below system requirements and purchase from MISO
 - Reduce Generation from Reid (bank SO₂ allowances for 2014 and beyond)
- 2014
 - Reduce Generation below system requirements and purchase from MISO
 - Improve FGD removal efficiency at HMPL
 - New Scrubber at Wilson
 - Install SCRs at Green
 - Mothball Reid (can lose allowances if not operated for 2 years)
 - Permit Reid to run on gas (burners already installed)
 - Convert Green units to natural gas
- Sargent & Lundy study will provide detailed compliance options
- Challenge will be to meet 2014 schedule and fund major capital projects like Wilson Scrubber

Current Big Rivers Efforts

- Sargent & Lundy Study
 - Compliance options with capital cost and O&M estimates by early October
 - Technology review and Environmental Regulation summary issued
- Emissions Testing Complete
 - Testing for Mercury, Acid Gases and Non Metallic Gases
- Discussions with technology vendors
- Determine if purchased power available for 2012-2013
- Recommendations to Board in November

Pending Environmental Regulations

- Utility HAPS/MACT
- NAAQS
- Clean Water Act (316a, 316b)
- Coal Combustion Residuals (CCR)

Utility HAPS/MACT

Hazardous Air Pollutants/Maximum Achievable Control Technology

- Expected to be issued by November 15, 2011
 - Mercury (Hg)
 - Acid Gases (Hydrochloric or HCl)
 - Non Hg Metallic Gases or Total Particulate Matter (TPM)
 - In general, FGD systems remove Mercury and Acid Gases and SCRs reduce TPM
- Compliance date 3 years after final rules with potential 1 year extension if requested by utility

NAAQS

National Ambient Air Quality Standards

- Updated every 5 years
- Due out by end of 2011
- Considering lowering ozone standards to 60 ppb vs current 75 ppb standard
- Potential to reduce SO₂ and NO_x allowances by additional 20% by 2018
- Delayed by President Obama September 2nd

Clean Water Act 316B

- Proposed rules issued April 2011
- Final rule expected by July 2012
- Potential Compliance dates in 2016-2020 time frame
- Cooling Tower could be required at Coleman
- Modifications to intake structure for Reid/HMPL may be required

Coal Combustion Residuals

- Proposed Rule published July 2010
- Final Rule expected in 2012
- Not expecting worst case (hazardous waste designation)
- Impact uncertain at this time
- Major political battlefield
- Compliance date in 2016-2018 time frame

Summary

- CSAPR finalized with 2012 compliance date
- Potential for CSAPR litigation exists
- Utility MACT, NAAQS, 316a, 316b, and CCR regulations under EPA review
- Sargent & Lundy study will provide options
- Scheduling difficulties for major capital projects
- Politics will impact scope and compliance date of all other regulations
- Interesting times ahead for Big Rivers and its Owners!

Questions / Comments / Suggestions ?

Thank you for attending this year's annual meeting. Please have a safe trip home!