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Mary L. Moorhouse

June 1, 2012

RECEIVED

JUN 01 2012

PUBLIC SERVICE
COMMISSION

Via Federal Express

Jeff DeRouen
Executive Director
Public Service Commission
211 Sower Boulevard, P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: *In the Matter of: Application of Big Rivers Electric Corporation for Approval of its 2012 Environmental Compliance Plan, for Approval of its Amended Environmental Cost Recovery Surcharge Tariff, for Certificates of Public Convenience and Necessity, and for Authority to Establish a Regulatory Account,* P.S.C. Case No. 2012-00063

Dear Mr. DeRouen:

Enclosed for filing are an original and ten copies of Big Rivers Electric Corporation's (i) response to Kentucky Industrial Utility Customers, Inc.'s initial data requests, (ii) response to Attorney General's initial data requests, (iii) response to Public Service Commission's first request for information, (iv) response to Sierra Club's first requests for information, (v) a Petition for Confidential Treatment for certain documents being filed with the responses, and (vi) a motion to deviate from the requirement that all documents filed in response to data requests be furnished in paper form. Copies of this letter and all enclosures have been served on each of the persons listed on the attached service list. A copy of the information for which confidential treatment is sought has also been served on each party that has entered into Big Rivers' confidentiality agreement.

Sincerely yours,

James M. Miller

James M. Miller

JMM/ej
Enclosures

cc: Mark A. Bailey
Albert Yockey

Telephone (270) 926-4000
Telecopier (270) 683-6694

100 St. Ann Building
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PSC Case No. 2012-00063

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BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Patrick N. Augustine, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Patrick N. Augustine

COMMONWEALTH OF VIRGINIA)
COUNTY OF FAIRFAX)

SUBSCRIBED AND SWORN TO before me by Patrick N. Augustine on this the 30 day of May, 2012.

Notary Public, Commonwealth of Virginia
My Commission Expires June 30, 2013

725149

BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Brian J. Azman, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Brian J. Azman

STATE OF INDIANA)
)
COUNTY OF HAMILTON)

SUBSCRIBED AND SWORN TO before me by Brian J. Azman on this the 29th day of May, 2012.

Beth A. Burrows
Resident Of
Marion County
My Commission Expires:
8/24/2016

Beth A. Burrows

BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Robert W. Berry, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Robert W Berry

Robert W. Berry

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Robert W. Berry on this the 31 day of May, 2012.

Joy P. Wright

Notary Public, Ky. State at Large
My Commission Expires 7-3-14

Notary Public, Kentucky State-At-Large
My Commission Expires: July 3, 2014
ID 421951

BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, William DePriest, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

William DePriest

William DePriest

STATE OF ILLINOIS)
COUNTY OF COOK)

SUBSCRIBED AND SWORN TO before me by William DePriest on this the 30 day of May, 2012.

Tira L. Seals

Notary Public,
State of Illinois
My Commission Expires May 4, 2015

OFFICIAL SEAL
TIRA L SEALS
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:05/04/15

BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, David G. Crockett, verify, state, and affirm that I prepared or supervised the preparation of my data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

David G. Crockett

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by David G. Crockett on this the 31st day of May, 2012.

Notary Public, Ky. State at Large
My Commission Expires 8-9-2014

BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Mark A. Hite, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Mark A. Hite

Mark A. Hite

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Mark A. Hite on this the 31 day of May, 2012.

Joy P. Wright

Notary Public, Ky. State at Large
My Commission Expires 7-3-14

Notary Public, Kentucky State-At-Large
My Commission Expires: July 3, 2014
ID 421951

BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

I, Thomas L. Shaw, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Thomas L. Shaw

Thomas L. Shaw

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by Thomas L. Shaw on this the 31st day of May, 2012.

Joy P. Wright

Notary Public, Ky. State at Large
My Commission Expires 7-3-14

Notary Public, Kentucky State-At-Large
My Commission Expires: July 3, 2014
ID 421951

BIG RIVERS ELECTRIC CORPORATION

THE APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN AND REVISIONS TO ITS ENVIRONMENTAL SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT

CASE NO. 2012-00063

VERIFICATION

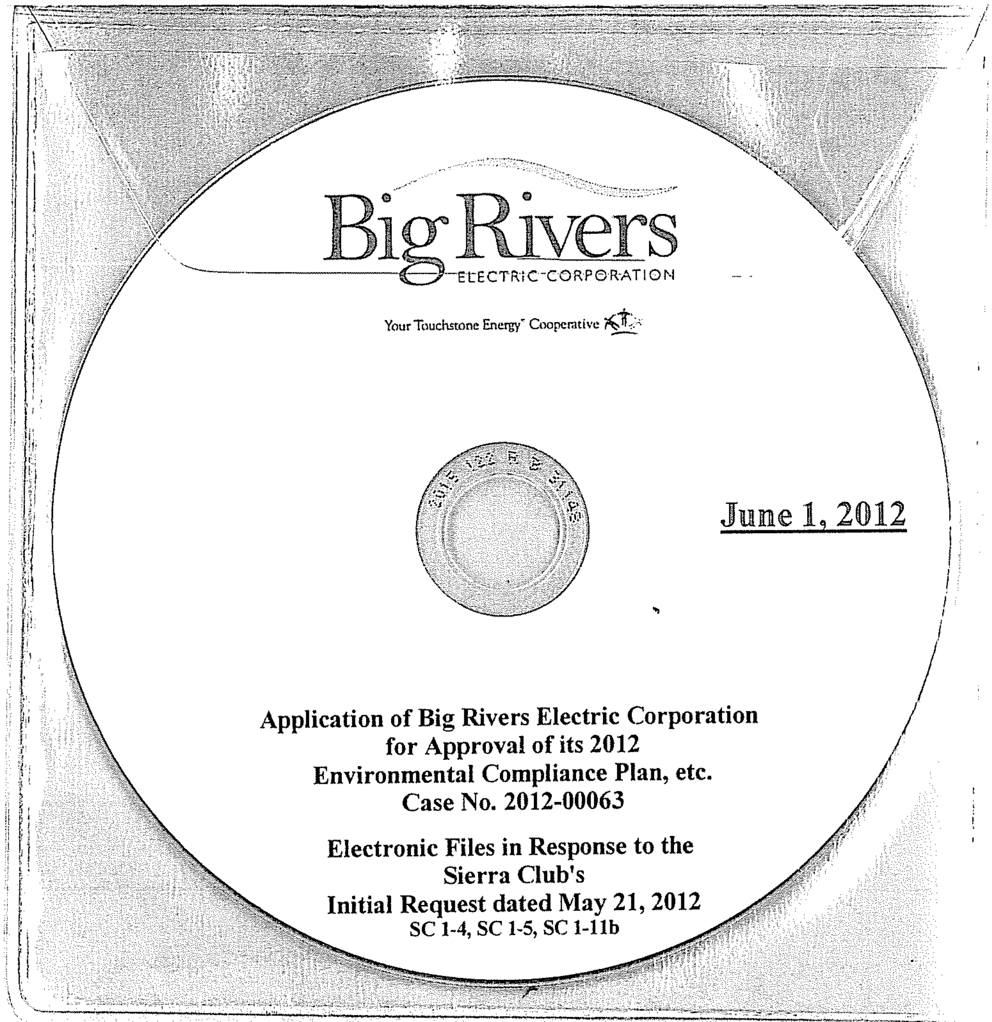
I, John Wolfram, verify, state, and affirm that I prepared or supervised the preparation of the data responses filed with this Verification, and that those data responses are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

John Wolfram

COMMONWEALTH OF KENTUCKY)
COUNTY OF HENDERSON)

SUBSCRIBED AND SWORN TO before me by John Wolfram on this the 31st day of May, 2012.

Notary Public, Ky. State at Large
My Commission Expires 8-9-2014



BIG RIVERS ELECTRIC CORPORATION

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

Response to the Sierra Club's
Initial Request for Information dated May 21, 2012

June 1, 2012

Information filed on CD accompanying responses

SC 1-4 – Big Rivers 2005 and 2010 IRPs	
SC 1-5 - Big Rivers Multi-Pollutant Study and Environmental Compliance Plan 2002-09-10	
SC 1-5 - Burns and McDonnell CCR Master Planning Study	
SC 1-11b - Green KPDES Permit Renewal - 2009	
SC 1-11b - Wilson Permit Renewal	

ORIGINAL

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy® Cooperative

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

FILED: June 1, 2012

ORIGINAL

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN,
FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST
RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC
CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO
ESTABLISH A REGULATORY ACCOUNT
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Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 1) *For each of the Wilson, Green, Coleman, Reid, or HMP&L generating units:*

a. *Identify the expected retirement date*
b. *Produce the most recent depreciation study*
c. *Produce the most recent condition or performance assessment*
d. *Produce the most recent retirement, continued unit operation, or life extension study or analysis*
e. *Produce any analysis or assessment of the economics of continued operation of such unit*
f. *Produce any analysis or assessment of the impact that retirement of each unit would have on capacity adequacy, transmission grid stability, transmission grid support, voltage support, or transmission system reliability*
g. *Identify any transmission grid upgrades or changes that would be needed to permit the retirement of any of the units*
h. *Produce any analysis or assessment of the need for the continued operation of each unit.*

Response)

a. Per Big Rivers 2010 Depreciation Study conducted by Burns & McDonnell Engineering, the expected retirement dates for Big Rivers generating assets without life extension upgrades are as follows:

Green Units 1 & 2	2042
HMP&L Units 1 & 2	2035
Reid Unit 1	2050
Wilson Unit 1	2044
Coleman Units 1, 2 & 3	2035

b. Please see Big Rivers' response to Item 10 of the Commission Staff's First Request for Information.

c. Please see Part II of the Depreciation Study, provided in Big Rivers' response to Item 10 of the Commission Staff's First Request for Information, for Burns & McDonnell's engineering assessment of Big Rivers' generating units.

d. Big Rivers has not performed life extension studies on any of its units.

e. Please see the CD Big Rivers filed with its April 26, 2012, response to KIUC's Motion to Dismiss, and the CD Big Rivers filed May 29, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

f.-h. Big Rivers has performed no analyses regarding the impact on its transmission system of a retirement of any Big Rivers unit.

Witnesses) a-e. Robert W. Berry

f-h. David G. Crockett

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 2) *For each of the Wilson, Green, Coleman, Reid, or HMP&L generating units, identify and produce any analysis of the net present value revenue requirement, cost, or feasibility of retiring the unit and replacing the energy or capacity produced by that unit with any of the following resources:*

a. Energy efficiency
b. Demand side management
c. Demand response
d. Combined heat and power
e. Wind energy
f. Solar
g. Hydroelectric
h. Construction of a new natural gas combined cycle facility
i. Purchase of power from an existing natural gas combined cycle facility
j. Purchase of an existing natural gas combined cycle facility
k. Natural gas combustion turbines
l. Power purchase agreements
m. A combination of any or all of the resources identified in subsections a through l above

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT
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Response to the Sierra Club's
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June 1, 2012

Response) Big Rivers performed a net present value of revenue requirements ("NPVRR") analysis of a case in which no CSAPR compliance technologies are implemented and MATS compliance technologies are implemented, with the resultant reduction in generation from Big Rivers' plants being offset by energy purchases from the market (i.e. the "Buy Case"). The type of resource that provides this market energy is not specified in the analysis; the only characteristics specified for the "market" resource in the Buy Case in that analysis is the energy price.

Some of the options listed are not capable of providing replacement energy of the scale and scope necessary to meet Big Rivers' load obligations. These include options a, b, c, d, and possibly e, f, and g listed in the question.

The options that require construction or otherwise include a capital investment include options e, f, g, h, j, and possibly k as listed in the question. It is not necessary to study these options because the cost of these options would be significantly more than the 2012 Plan. Please see the response to Item 1.26 of KIUC's First Set of Data Requests.

The remaining options for purchasing some form of energy could be construed as equivalent to what was included in the Buy Case, so long as the purchase price and availability of the resource(s) listed match the wholesale market characteristics included in the Buy Case simulation.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 3) ***For each of the Wilson, Green, Coleman, Reid, or HMP&L generating units, identify:***

a. The annual non-environmental capital expenditures expected or projected to be made for each year from 2012 through 2031.
b. The annual fixed O&M costs for each year from 2012 through 2031.
c. The annual variable O&M costs for each year from 2012 through 2031.

Response)

a. Big Rivers prepares detailed budgets four years in advance. Budgeted non-environmental capital for our generating units for years 2012 – 2015 are shown on the table on the following page.

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT
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Response to the Sierra Club's
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June 1, 2012

Big Rivers Electric Corporation Budgeted Non-Environmental Capital by Generating Unit ($)				
	Years			
Unit	**2012**	**2013**	**2014**	**2015**
Coleman Units 1, 2, and 3	18.9 M	16.5 M	15.6 M	15.5 M
Green Unit 1 and 2	14.1 M	16.8 M	12.2 M	13.2 M
HMP&L Units 1 and 2	4.7 M	8.6 M	8.7 M	5.9 M
Reid Unit 1	20 K	162 K	27 K	30 K
Wilson Unit 1	14.9 M	8.7 M	14.0 M	6.7 M

b. Big Rivers prepares detailed budgets four years in advance. Budgeted fixed O&M cost for our generating units for years 2012 – 2015 are as follows:

Big Rivers Electric Corporation Budgeted Fixed O&M Costs by Generating Unit ($)				
	Years			
Unit	**2012**	**2013**	**2014**	**2015**
Coleman Units 1, 2, and 3	[redacted]			
Green Unit 1 and 2				
Reid Unit and HMP&L Units 1 and 2				
Wilson Unit 1				

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT
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Response to the Sierra Club's
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Dated May 21, 2012

June 1, 2012

c. Big Rivers prepares detailed budgets four years in advance. Budgeted variable O&M including fuel for our generating units for years 2012 – 2015 are as follows:

Big Rivers Electric Corporation Budgeted Variable O&M Costs (Including Fuel) by Generating Unit ($)				
	Years			
Unit	**2012**	**2013**	**2014**	**2015**
Coleman Units 1, 2, and 3	[redacted]			
Green Unit 1 and 2				
Reid Unit and HMP&L Units 1 and 2				
Wilson Unit 1				

Witness) Robert W. Berry

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 4) *Produce a non-redacted, full color or original digital copy of any Integrated Resource Plans ("IRPs") created and/or filed by Big Rivers or its agents since 2004.*

Response) Please see the CD accompanying these responses for Big Rivers' 2005 and 2010 IRP. Portions of the IRPs that are confidential are being provided under a petition for confidential treatment and on a CONFIDENTIAL CD.

Witness) Robert W. Berry

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

Response to the Sierra Club's Initial Request for Information Dated May 21, 2012

June 1, 2012

Item 5) ***Produce any strategic or technical documents generated since 2004 by Big Rivers or its agents regarding mechanisms by which the company could or should comply with environmental regulations, including air quality compliance planning, water quality planning, and solid waste compliance planning.***

Response) Please see the file provided on the CD accompanying these responses. Please also see Big Rivers' responses to Item 41 of the Kentucky Industrial Utility Customers Inc.'s First Set of Data Requests and Item 46 of the Attorney General's Initial Data Requests.

Witness) Thomas L. Shaw

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 6) ***Identify any CO_2 prices assumed in Big River's Environmental Compliance Plan by either Big Rivers or its Agents for each year of 2012 through 2035, and explain how any such CO_2 prices were factored into Big River's Environmental Compliance Plan Analysis.***

Response) Please see Big Rivers' responses to Item 39 of the Commission Staff's First Request for Information, Item 58 of the Attorney General's Initial Data Requests, and Item 10 of these responses.

Witnesses) Robert W. Berry and Patrick N. Augustine

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 7) *Produce a copy of any forecast or projection of future CO_2 costs, taxes, or emissions allowances prices that has been prepared by or for Big Rivers.*

Response) Please see the CD Big Rivers filed on May 29, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

Witness) Patrick N. Augustine

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 8) ***Produce a copy of any plan for reducing CO_2 emissions that has been prepared by or for Big Rivers.***

Response) Big Rivers has not prepared any plans for reducing CO_2 emissions for any of its generating units.

Witness) Robert W. Berry

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 9) ***With respect to EPA's GHG Tailoring Rule:***

a. ***Does the Company anticipate that any of its units would be subject to EPA's GHG Tailoring Rule? If so, when? If not, why not?***
b. ***What impact does the Company anticipate the Tailoring Rule having on either the costs of operations of any of its units?***
c. ***Please provide any work papers or modeling analysis that considers the cost impacts associated with the Tailoring Rule.***

Response)

a. The rule only applies to the extent that modifications trigger Prevention of Significant Deterioration ("PSD") for greenhouse gases ("GHGs"). Other than including GHGs emissions in Title V applications nothing more would need to be done. Big Rivers is not currently planning any projects that will be subject to PSD permitting.
b. None.
c. No cost impacts have been analyzed with respect to the Tailoring rule because the Company does not anticipate that any of its

generating units will be subject to the rule that EPA has promulgated. Since no rule has been promulgated for existing generation resources, any cost impact analyzed would be speculative.

Witness) Thomas L. Shaw

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 10) *EPA recently issued a proposed New Source Performance Standard that would regulate greenhouse gas emissions from electric generating units. In this proposed rule, EPA stated that it soon plans to issue regulations for existing electric generating units. With respect to EPA's forthcoming rule regulating greenhouse gas emissions for existing electric generating units ("EGUs"):*

a. Does the Company anticipate that the forthcoming existing EGU greenhouse gas rule could impact any of its units? If so, what would be the expected cost of this rulemaking? If not, why not?

b. Has a cost for the he forthcoming existing EGU greenhouse gas rule been taken into account in the modeling done by the Company in support of its application for CPCN? If not, how would such a cost impact its analysis?

c. Please provide any work papers or modeling analysis that considers the cost impacts associated with the forthcoming existing EGU greenhouse gas rule.

Response)

a-c. Since EPA has not yet proposed a rule regarding greenhouse gas emissions from existing electric generating units and it is not clear whether such a rule would have sufficient support to be successfully adopted, Big Rivers did not speculate on the potential impacts that a rule that has not yet been proposed might have on any of its generating units.

Witness) Thomas L. Shaw

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

Response to the Sierra Club's
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Dated May 21, 2012

June 1, 2012

Item 11) ***With respect to new pollution control installations and CWA NPDES permits:***

a. Does the Company expect that new pollution control installations would have any effect on current CWA NPDES permits at any of its units?

b. If applicable, please provide any of the Company's recent applications for changes or modifications to any of its NPDES permits.

c. Does the Company anticipate that the pending Effluent Limitation guidelines rule could impact any of its units? If so, what would be the expected cost of this rulemaking? If not, why not?

d. Has a cost for the pending Effluent Limitation guidelines been taken into account in the modeling done by the Company in support of its application for CPCN? If not, how would such a cost impact its analysis?

Response)

a. Current KPDES permits require that Big Rivers begin monitoring for ammonia when SCR controls are constructed and operated. Big Rivers plans to install SCRs at Green station as part of its Environmental Compliance Plan.

b. Copies of all Big Rivers pending KPDES permit application are either attached hereto or provided on the CD accompanying these responses.

c -d. There is no pending rule at this time, and Big Rivers does not speculate as to how the provisions of a rule that EPA may propose in the future may impact Big Rivers.

Witness) Thomas L. Shaw

Coleman Permit Renewal Application

Certified # 7002 2030 0004 6563 1759

WESTERN KENTUCKY ENERGY

Western Kentucky Energy Corp.
145 N. Main Street
P. O. Box 1518
Henderson, KY 42419-1518
270-844-6000
270-844-6048 FAX

September 15, 2004

Courtney Seitz
Inventory and Data Management Section
KPDES Branch
Division of Water
Frankfort Office Park
14 Reilly Road
Frankfort, KY 40601

RE: KPDES No. KY0001937

Dear Mr. Seitz:

Please find enclosed a permit renewal application and fee for Western Kentucky Energy's Kenneth C. Coleman Station Power Plant. The application is complete except for Section V. The samples have been collected and delivered to Test America Laboratories. Will complete Part V upon receipt of the analysis from Test America Laboratories and forward the form to your attention.

If you have any questions, please feel free to call me at (270)844-6031 or e-mail to tom.shaw@lgeenergy.com.

Sincerely,

Thomas L. Shaw

Thomas L. Shaw
Senior Environmental Scientist

ls
Enclosure

SP020

WESTERN KENTUCKY ENERGY
A SUBSIDIARY OF LG&E ENERGY

000039
022287

CG11Z

DATE	INVOICE NUMBER	DESCRIPTION	DISCOUNT	NET AMOUNT
09-SEP-04	6685	KPDES PERMIT RENEWAL FEES FOR C	0.00	640.00
			0.00	640.00

REMOVE DOCUMENT ALONG THIS PERFORATION

THIS DOCUMENT IS PRINTED IN TWO COLORS. DO NOT ACCEPT UNLESS BLUE AND GREEN ARE PRESENT.

WESTERN KENTUCKY ENERGY
A SUBSIDIARY OF LG&E ENERGY

Western Kentucky Energy Corp.
PO Box 1518
145 N. Main Street
Henderson, KY 42420

011-GA / 433

Bank of America, N.A.
Atlanta, Dekalb County, GA

VOID AFTER 90 DAYS

NO. 154627

DATE	NET AMOUNT
10-SEP-04	$*********640.00

PAY Six Hundred Forty Dollars And 00 Cents*******************************

TO THE ORDER OF

KENTUCKY STATE TREASURER
14 REILLY RD
DIVISION OF WATER
FRANKFORT, KY 40601

SIGNATURE

COUNTERSIGNED

⑈0154627⑈ ⑆061112788⑆ 3299027674⑈

WESTERN KENTUCKY ENERGY
A SUBSIDIARY OF LG&E ENERGY

Western Kentucky Energy Corp.
PO Box 1518
145 N. Main Street
Henderson, KY 42420

KENTUCKY STATE TREASURER
14 REILLY RD
DIVISION OF WATER
FRANKFORT, KY 40601

REVERSE SIDE FOR OPENING INSTRUCTIONS

OPENING INSTRUCTIONS

KPDES FORM 1

KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

PERMIT APPLICATION

This is an application to: (check one)

- ☐ Apply for a new permit.
- ☒ Apply for reissuance of expiring permit.
- ☐ Apply for a construction permit.
- ☐ Modify an existing permit.
  Give reason for modification under Item II.A.

A complete application consists of this form and one of the following:
Form A, Form B, Form C, Form F, or Short Form C

For additional information contact:
KPDES Branch (502) 564-3410

I. FACILITY LOCATION AND CONTACT INFORMATION	**AGENCY USE**
A. Name of business, municipality, company, etc. requesting permit: Western Kentucky Energy P.O. Box 1518 Henderson, KY 42419-1518 (operator)	

B. Facility Name and Location	**C. Facility Owner/Mailing Address**
Facility Location Name: Kenneth C. Coleman Station	Owner Name: Big Rivers Electric Corp.
Facility Location Address (i.e. street, road, etc.): 4982 River Road	Mailing Street: P.O. Box 24
Facility Location City, State, Zip Code: Hawesville, KY 42348	Mailing City, State, Zip Code: Henderson, KY 42420
	Telephone Number: (270)827-2561

Please send correspondence to: Western Kentucky Energy P.O. Box 1518 Henderson KY 42419-151 Attn: Tom Shaw

II. FACILITY DESCRIPTION

A. Provide a brief description of activities, products, etc:

Coal-fired steam electric generation.

B. Standard Industrial Classification (SIC) Code and Description			
Principal SIC Code & Description: 4911	Coal-fired steam electric generation		
Other SIC Codes:			

III. FACILITY LOCATION

A. Attach a U.S. Geological Survey 7 ½ minute quadrangle map for the site. (See instructions)	
B. County where facility is located: Hancock	City where facility is located (if applicable): near Hawesville
C. Body of water receiving discharge: Ohio	
D. Facility Site Latitude (degrees, minutes, seconds): N 37°57'45"	Facility Site Longitude (degrees, minutes, seconds): N86°47'27"
E. Method used to obtain latitude & longitude (see instructions): Topo	
F. Facility Dun and Bradstreet Number (DUNS #) (if applicable): 031 072 619	

IV. OWNER/OPERATOR INFORMATION

A. Type of Ownership: [X] Publicly Owned [ ] Privately Owned [ ] State Owned [ ] Both Public and Private Owned [ ] Federally owned	
B. Operator Contact Information (See instructions)	
Name of Treatment Plant Operator: Tom Mattingly	Telephone Number: 270-844-6989
Operator Mailing Address (Street): 1874 Morgantown Road	
Operator Mailing Address (City, State, Zip Code): Whitesville, KY 42378	
Is the operator also the owner? Yes [ ] No [X]	Is the operator certified? If yes, list certification class and number below. Yes [X] No [ ]
Certification Class:	Certification Number: 05099

V. EXISTING ENVIRONMENTAL PERMITS

Current NPDES Number: KY0001937	Issue Date of Current Permit: October 1995	Expiration Date of Current Permit: October 2000
Number of Times Permit Reissued:	Date of Original Permit Issuance:	Sludge Disposal Permit Number:
Kentucky DOW Operational Permit #:	Kentucky DSMRE Permit Number(s):	

C. Which of the following additional environmental permit/registration categories will also apply to this facility?

CATEGORY	EXISTING PERMIT WITH NO.	PERMIT NEEDED WITH PLANNED APPLICATION DATE
Air Emission Source	0-80-295	
Solid or Special Waste	NA	
Hazardous Waste - Registration or Permit	KYD-000-622-928	

VI. DISCHARGE MONITORING REPORTS (DMRs)

KPDES permit holders are required to submit DMRs to the Division of Water on a regular schedule (as defined by the KPDES permit). The information in this section serves to specifically identify the department, office or individual you designate as responsible for submitting DMR forms to the Division of Water.

A. Name of department, office or official submitting DMRs:	Greg Black
B. Address where DMR forms are to be sent. (Complete only if address is different from mailing address in Section I.)	
DMR Mailing Name:	Western Kentucky Energy Coleman Station
DMR Mailing Street:	P.O. Box 1518
DMR Mailing City, State, Zip Code:	Henderson, KY 42419-1518
DMR Official Telephone Number:	270-844-6022

VII. APPLICATION FILING FEE

KPDES regulations require that a permit applicant pay an application filing fee equal to twenty percent of the permit base fee. Please examine the base and filing fees listed below and in the Form 1 instructions and enclose a check payable to "Kentucky State Treasurer" for the appropriate amount. Descriptions of the base fee amounts are given in the "General Instructions."

Facility Fee Category:	Filing Fee Enclosed:

VIII. CERTIFICATION

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

NAME AND OFFICIAL TITLE (type or print):	TELEPHONE NUMBER (area code and number):
D. Ralph Bowling VP Power Operations	270-844-6041
SIGNATURE Ralph Bowling	DATE: 9/15/04

KPDES FORM 1 – INSTRUCTIONS

Listed below are explanations of select Form 1 questions. If further information is needed concerning any question, please **contact Division of Water, KPDES Branch at (502) 564-3410.**

I. Facility Location and Contact Information

A. Use the official or legal name of the business, company, municipality, etc. requesting permit.

B. The facility name should be the name by which the facility is commonly known and/or uniquely identified. The information given as the facility name and location address should be the actual location of the facility (i.e. road name, highway number, not the P O Box address).

C. The facility owner/contact address should be the legal permittee of record and is the address where correspondence regarding the application, permit, etc. for the facility will be sent unless otherwise indicated.

II. Facility Description

A. Briefly describe the nature of the business and the activities being conducted that require a KPDES permit.

B. The SIC codes are numbers and descriptions of activities classified by the Executive Office of the President, Office of Management and Budget. These are found in the 1987 Edition of the Standard Industrial Classification (SIC) Manual. List the SIC codes(s) that best describe the products or services provided by the facility in descending order of importance. If an SIC code book is not available, please describe in detail the nature of the business and activities conducted so that an appropriate code can be assigned.

III. Facility Location

A. Attach a U.S. Geological Survey (USGS), 7 1/2 minute topographic quadrangle map(s) extending at least one mile beyond the property boundary of the discharge source. Depict or mark the facility and each of its intake and discharge structures. Also mark the locations of those wells, springs, surface water bodies, and drinking water wells listed in public records or otherwise known to the applicant within one-quarter mile of the facility property boundary. USGS maps may be obtained from the University of Kentucky, Mines and Minerals Bldg. Room 106, Lexington, Kentucky 40506. Phone: (859) 257-3896.

B. List the county and, if applicable, city where facility is located.

C. List the body of water receiving discharge.

D. List the latitude and longitude for the facility site. The latitude/longitude reading for the site should be taken at the influent to the wastewater treatment plant, if applicable.

E. List the method used to obtain the latitude and longitude (i.e. topo map coordinates, GPS reading, etc.)

F. List the facility's Dun and Bradstreet Number if applicable.

IV. Owner/Operator Information

A. Place a check in the applicable type ownership as listed.

B. These sections must be completed by **all municipal and sanitary wastewater applicants** and other facilities as applicable.

List the name and address of the person who operates the sewage treatment plant.

Indicate if the operator is also the owner.

The operator must be currently certified with the Division of Water. For information concerning those requirements, contact: Division of Water, Certification Section, at (502) 564-3410.

List the Operator's Certification Class and Certification Number.

V. List any existing environmental permits which the facility has or will be applying for.

VI. List the address where Discharge Monitoring Report (DMR) forms are to be mailed.

VII. Application Filing Fee

The payment of a filing fee as listed below must accompany the application for a KPDES Permit. **(Your check must be made payable to "Kentucky State Treasurer.")** This fee will be applied toward the final discharge permit fee. The filing fee is not refundable if the application is withdrawn or the permit is denied. Listed below are the facility categories, associated base fees, and application filing fees. (See the "General Instructions" for definitions of facility categories.)

Facility Category	Base Fee	Application Filing Fee
Major Industry	$3,200	$640
Minor Industry	$2,100	$420
Non-Process Industry	$1,000	$200
Large Non-POTW	$1,700	$340
Intermediate Non-POTW	$1,500	$300
Small Non-POTW	$1,000	$200
Agriculture	$1,200	$240
Surface Mining Operation	$1,200	$240
501(c)(3)	$100	$20

If this application is for a new project, see the General Instructions for the applicable Construction Permit fee.
A permit application cannot be processed unless the application filing fee and (if applicable) construction permit fee is enclosed.
Make your check payable to "Kentucky State Treasurer."

VIII. Certification

The permit application must be signed as follows:

Corporation: by a principal executive officer of at least the level of vice president.

Partnership or sole proprietorship: by a general partner or the proprietor respectively.

Municipality, state, federal, or other public agency: by either a principal executive officer or ranking elected official.

KPDES FORM C

KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

PERMIT APPLICATION

A complete application consists of this form and Form 1.
For additional information, contact KPDES Branch, (502) 564-3410.

Name of Facility: Kenneth C. Coleman Station	County: Hancock
I. OUTFALL LOCATION	AGENCY USE

For each outfall list the latitude and longitude of its location to the nearest 15 seconds and the name of the receiving water.

Outfall No. (list)	LATITUDE			LONGITUDE			RECEIVING WATER (name)
	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds	
005	N37	57	52	W86	47	26	Ohio
006	N37	57	50	W86	47	26	Ohio
007 (new)	To be	determined					Ohio

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES

A. Attach a line drawing showing the water flow through the facility. Indicate sources of intake water, operations contributing wastewater to the effluent, and treatment units labeled to correspond to the more detailed descriptions in Item B. Construct a water balance on the line drawing by showing average flows between intakes, operations, treatment units, and outfall. If a water balance cannot be determined (e.g., for certain mining activities), provide a pictorial description of the nature and amount of any sources of water and any collection or treatment measures.

B. For each outfall, provide a description of: (1) all operations contributing wastewater to the effluent, including process wastewater, sanitary wastewater, cooling water, and storm water runoff; (2) the average flow contributed by each operation; and (3) the treatment received by the wastewater. Continue on additional sheets if necessary.

OUTFALL NO. (list)	OPERATION(S) CONTRIBUTING FLOW		TREATMENT	
	Operation (list)	Avg/Design Flow (include units)	Description	List Codes from Table C-1
005	Metal cleaning/boiler cleaning	Batch	Canstic Soda to precipitate	2-C
			Iron & Copper Normal	
			discharge to 002	
006	Plant Intake	248 MGD	Cooling water and make	
			up water to ash sluicing	
			and process water	
007 New	Ash pond discharge	6.48 MGD	Receives flyash, bottom	1U 2K 4A
			ash	
			Normal Operation	

Revised June 1999

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES (Continued)

C. Except for storm water runoff, leaks, or spills, are any of the discharges described in Items II-A or B intermittent or seasonal?

☐ Yes (Complete the following table.) ☐ No (Go to Section III.)

OUTFALL NUMBER (list)	OPERATIONS CONTRIBUTING FLOW (list)	FREQUENCY		FLOW				
		[illegible]	[illegible]	[illegible]		[illegible]		[illegible]
		[illegible]	[illegible]	Long Term Average	Maximum Daily	Long Term Average	Maximum Daily	

III. MAXIMUM PRODUCTION

A. Does an effluent guideline limitation promulgated by EPA under Section 304 of the Clean Water Act apply to your facility?

☐ Yes (Complete Item III-B) List effluent guideline category:

☐ No (Go to Section IV)

B. Are the limitations in the applicable effluent guideline expressed in terms of production (or other measures of operation)?

☐ Yes (Complete Item III-C) ☐ No (Go to Section IV)

C. If you answered "Yes" to Item III-B, list the quantity which represents the actual measurement of your maximum level of production, expressed in the terms and units used in the applicable effluent guideline, and indicate the affected outfalls.

MAXIMUM QUANTITY			Affected Outfalls
Quantity Per Day	Units of Measure	Operation, Product, Material, Etc. (specify)	(list outfall numbers)

IV. IMPROVEMENTS

A. Are you now required by any federal, state or local authority to meet any implementation schedule for the construction, upgrading, or operation of wastewater equipment or practices or any other environmental programs which may affect the discharges described in this application? This includes, but is not limited to, permit conditions, administrative or enforcement orders, enforcement compliance schedule letters, stipulations, court orders and grant or loan conditions.

☐ Yes (Complete the following table) ☐ No (Go to Item IV-B)

IDENTIFICATION OF CONDITION AGREEMENT, ETC.	AFFECTED OUTFALLS		BRIEF DESCRIPTION OF PROJECT	FINAL COMPLIANCE DATE	
	No.	Source of Discharge		Required	Projected

B. OPTIONAL: You may attach additional sheets describing any additional water pollution control programs (or other environmental projects which may affect your discharges) you now have under way or which you plan. Indicate whether each program is now under way or planned, and indicate your actual or planned schedules for construction.

KPDES FORM C

KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

PERMIT APPLICATION

A complete application consists of this form and Form 1.
For additional information, contact KPDES Branch, (502) 564-3410.

Name of Facility: Kenneth C. Coleman Station	County: Hancock
I. OUTFALL LOCATION	AGENCY USE

For each outfall list the latitude and longitude of its location to the nearest 15 seconds and the name of the receiving water.

Outfall No. (list)	LATITUDE			LONGITUDE			RECEIVING WATER (name)
	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds	
001	N37	57	50	W86	47	26	Ohio River
002	N37	57	53	W86	47	33	Ohio River
003	N37	58	03	W86	47	29	Ohio River
004	N37	57	51	W86	47	26	Ohio River

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES

A. Attach a line drawing showing the water flow through the facility. Indicate sources of intake water, operations contributing wastewater to the effluent, and treatment units labeled to correspond to the more detailed descriptions in Item B. Construct a water balance on the line drawing by showing average flows between intakes, operations, treatment units, and outfall. If a water balance cannot be determined (e.g., for certain mining activities), provide a pictorial description of the nature and amount of any sources of water and any collection or treatment measures.

B. For each outfall, provide a description of: (1) all operations contributing wastewater to the effluent, including process wastewater, sanitary wastewater, cooling water, and storm water runoff; (2) the average flow contributed by each operation; and (3) the treatment received by the wastewater. Continue on additional sheets if necessary.

OUTFALL NO (list)	OPERATION(S) CONTRIBUTING FLOW		TREATMENT	
	Operation (list)	Avg/Design Flow (include units)	Description	List Codes from Table C-1
	Once through cooling water	248 MGD	River water is circulated	4-A 2-F
	units 1,2,&3		through condensors heat	
001			exchangers and returned	
			to river. Chlorine	
			maybe added for clam	
			control. A molluscicide	
			maybe added to control	
			zebra mussels.	

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES (Continued)

C. Except for storm water runoff, leaks, or spills, are any of the discharges described in Items II-A or B intermittent or seasonal?

☐ Yes (Complete the following table.) ☒ No (Go to Section III.)

OUTFALL NUMBER (list)	OPERATION(S) CONTRIBUTING FLOW (list)	FREQUENCY		FLOW				
		Days Per Week (specify average)	Months Per Year (specify average)	[illegible]		[illegible]		[illegible]
				Long Term Average	Maximum Daily	Long Term Average	Maximum Daily	

III. MAXIMUM PRODUCTION

A. Does an effluent guideline limitation promulgated by EPA under Section 304 of the Clean Water Act apply to your facility?

☒ Yes (Complete Item III-B) List effluent guideline category: Steam Electric Power Plants

☐ No (Go to Section IV)

B. Are the limitations in the applicable effluent guideline expressed in terms of production (or other measures of operation)?

☐ Yes (Complete Item III-C) ☒ No (Go to Section IV)

C. If you answered "Yes" to Item III-B, list the quantity which represents the actual measurement of your maximum level of production, expressed in the terms and units used in the applicable effluent guideline, and indicate the affected outfalls.

MAXIMUM QUANTITY			Affected Outfalls
Quantity Per Day	Units of Measure	Operation, Product, Material, Etc. (specify)	[illegible]

IV. IMPROVEMENTS

A. Are you now required by any federal, state or local authority to meet any implementation schedule for the construction, upgrading, or operation of wastewater equipment or practices or any other environmental programs which may affect the discharges described in this application? This includes, but is not limited to, permit conditions, administrative or enforcement orders, enforcement compliance schedule letters, stipulations, court orders and grant or loan conditions.

☐ Yes (Complete the following table) ☒ No (Go to Item IV-B)

IDENTIFICATION OF CONDITION, AGREEMENT, ETC.	AFFECTED OUTFALLS		BRIEF DESCRIPTION OF PROJECT	FINAL COMPLIANCE DATE	
	No.	Source of Discharge		Required	Projected

B. OPTIONAL: You may attach additional sheets describing any additional water pollution control programs (or other environmental projects which may affect your discharges) you now have under way or which you plan. Indicate whether each program is now under way or planned, and indicate your actual or planned schedules for construction.

KPDES FORM C

KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

PERMIT APPLICATION

A complete application consists of this form and Form 1.
For additional information, contact KPDES Branch, (502) 564-3410.

Name of Facility: Kenneth C. Coleman Station	County: Hancock							
I. OUTFALL LOCATION	AGENCY USE							

For each outfall list the latitude and longitude of its location to the nearest 15 seconds and the name of the receiving water.

Outfall No. (list)	LATITUDE			LONGITUDE			RECEIVING WATER (name)
	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds	

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES

A. Attach a line drawing showing the water flow through the facility. Indicate sources of intake water, operations contributing wastewater to the effluent, and treatment units labeled to correspond to the more detailed descriptions in Item B. Construct a water balance on the line drawing by showing average flows between intakes, operations, treatment units, and outfall. If a water balance cannot be determined (e.g., for certain mining activities), provide a pictorial description of the nature and amount of any sources of water and any collection or treatment measures.

B. For each outfall, provide a description of: (1) all operations contributing wastewater to the effluent, including process wastewater, sanitary wastewater, cooling water, and storm water runoff; (2) the average flow contributed by each operation; and (3) the treatment received by the wastewater. Continue on additional sheets if necessary.

OUTFALL NO. (list)	OPERATION(S) CONTRIBUTING FLOW		TREATMENT	
	Operation (list)	Avg/Design Flow (include units)	Description	List Codes from Table C-1
	Ashpond North	7.533 MGD	Receives flyash, bottom	1U 2K
		Intermittent	ash floor and roof drains,	4A
002			regeneration waste area	
			runoff, coalpile runoff	
			(003) and metal cleaning	
			(005) after treatment.	
			Normal operation is to	
			recirculate.	

Revised June 1999

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES (Continued)

C. Except for storm water runoff, leaks, or spills, are any of the discharges described in Items II-A or B intermittent or seasonal?

☐ Yes (Complete the following table.) ☐ No (Go to Section III.)

OUTFALL NUMBER (list)	OPERATION(S) CONTRIBUTING FLOW (list)	FREQUENCY		FLOW				
		Days Per Week (specify average)	[illegible] (specify average)	Flow Rate [illegible]		[illegible]		[illegible]
				Long Term Average	Maximum Daily	Long Term Average	Maximum Daily	

III. MAXIMUM PRODUCTION

A. Does an effluent guideline limitation promulgated by EPA under Section 304 of the Clean Water Act apply to your facility?

☐ Yes (Complete Item III-B) List effluent guideline category:

☐ No (Go to Section IV)

B. Are the limitations in the applicable effluent guideline expressed in terms of production (or other measures of operation)?

☐ Yes (Complete Item III-C) ☐ No (Go to Section IV)

C. If you answered "Yes" to Item III-B, list the quantity which represents the actual measurement of your maximum level of production, expressed in the terms and units used in the applicable effluent guideline, and indicate the affected outfalls.

MAXIMUM QUANTITY			Affected Outfalls (list outfall numbers)
Quantity Per Day	Units of Measure	Operation, Product, Material, Etc. (specify)	

IV. IMPROVEMENTS

A. Are you now required by any federal, state or local authority to meet any implementation schedule for the construction, upgrading, or operation of wastewater equipment or practices or any other environmental programs which may affect the discharges described in this application? This includes, but is not limited to, permit conditions, administrative or enforcement orders, enforcement compliance schedule letters, stipulations, court orders and grant or loan conditions.

☐ Yes (Complete the following table) ☐ No (Go to Item IV-B)

IDENTIFICATION OF CONDITION, AGREEMENT, ETC.	AFFECTED OUTFALLS		BRIEF DESCRIPTION OF PROJECT	FINAL COMPLIANCE DATE	
	No.	Source of Discharge		Required	Projected

B. OPTIONAL: You may attach additional sheets describing any additional water pollution control programs (or other environmental projects which may affect your discharges) you now have under way or which you plan. Indicate whether each program is now under way or planned, and indicate your actual or planned schedules for construction.

KPDES FORM C

KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

PERMIT APPLICATION

A complete application consists of this form and Form 1.
For additional information, contact KPDES Branch, (502) 564-3410.

Name of Facility: Kenneth C. Coleman Station	County: Hancock

I. OUTFALL LOCATION | AGENCY USE

For each outfall list the latitude and longitude of its location to the nearest 15 seconds and the name of the receiving water.

Outfall No. (list)	LATITUDE			LONGITUDE			RECEIVING WATER (name)
	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds	

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES

A. Attach a line drawing showing the water flow through the facility. Indicate sources of intake water, operations contributing wastewater to the effluent, and treatment units labeled to correspond to the more detailed descriptions in Item B. Construct a water balance on the line drawing by showing average flows between intakes, operations, treatment units, and outfall. If a water balance cannot be determined (e.g., for certain mining activities), provide a pictorial description of the nature and amount of any sources of water and any collection or treatment measures.

B. For each outfall, provide a description of: (1) all operations contributing wastewater to the effluent, including process wastewater, sanitary wastewater, cooling water, and storm water runoff; (2) the average flow contributed by each operation; and (3) the treatment received by the wastewater. Continue on additional sheets if necessary.

OUTFALL NO. (list)	OPERATION(S) CONTRIBUTING FLOW		TREATMENT	
	Operation (list)	Avg/Design Flow (include units)	Description	List Codes from [illegible]
	Coal pile runoff pond	0.012 MGD	Treat 10yr/24hr rainfall	1-U
		Intermittent	event. PH treatment	2-C
003			prior to discharge.	2-K
			Normal discharge is to	4A
			the ashpond (002).	

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES (Continued)

C. Except for storm water runoff, leaks, or spills, are any of the discharges described in Items II-A or B intermittent or seasonal?

☐ Yes (Complete the following table.) ☐ No (Go to Section III.)

OUTFALL NUMBER (list)	OPERATIONS CONTRIBUTING FLOW (list)	FREQUENCY		FLOW				[illegible]
		[illegible] (specify average)	[illegible] (specify average)	[illegible] Long-Term Average	[illegible] Maximum Daily	[illegible] Long-Term Average	[illegible] Maximum Daily	

III. MAXIMUM PRODUCTION

A. Does an effluent guideline limitation promulgated by EPA under Section 304 of the Clean Water Act apply to your facility?

☐ Yes (Complete Item III-B) List effluent guideline category:

☐ No (Go to Section IV)

B. Are the limitations in the applicable effluent guideline expressed in terms of production (or other measures of operation)?

☐ Yes (Complete Item III-C) ☐ No (Go to Section IV)

C. If you answered "Yes" to Item III-B, list the quantity which represents the actual measurement of your maximum level of production, expressed in the terms and units used in the applicable effluent guideline, and indicate the affected outfalls.

MAXIMUM QUANTITY			Affected Outfalls [illegible]
Quantity Per Day	Units of Measure [illegible]	Operation, Product, Material, Etc. (specify)	

IV. IMPROVEMENTS

A. Are you now required by any federal, state or local authority to meet any implementation schedule for the construction, upgrading, or operation of wastewater equipment or practices or any other environmental programs which may affect the discharges described in this application? This includes, but is not limited to, permit conditions, administrative or enforcement orders, enforcement compliance schedule letters, stipulations, court orders and grant or loan conditions.

☐ Yes (Complete the following table) ☐ No (Go to Item IV-B)

IDENTIFICATION OF CONDITION AGREEMENT, ETC.	AFFECTED OUTFALLS		BRIEF DESCRIPTION OF PROJECT	FINAL COMPLIANCE DATE	
	No.	Source of Discharge		Required	Projected

B. OPTIONAL: You may attach additional sheets describing any additional water pollution control programs (or other environmental projects which may affect your discharges) you now have under way or which you plan. Indicate whether each program is now under way or planned, and indicate your actual or planned schedules for construction.

KPDES FORM C

KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

PERMIT APPLICATION

A complete application consists of this form and Form 1.
For additional information, contact KPDES Branch, (502) 564-3410.

Name of Facility: Kenneth C. Coleman Station	County: Hancock
I. OUTFALL LOCATION	AGENCY USE

For each outfall list the latitude and longitude of its location to the nearest 15 seconds and the name of the receiving water.

Outfall No. (list)	LATITUDE			LONGITUDE			RECEIVING WATER (name)
	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds	

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES

A. Attach a line drawing showing the water flow through the facility. Indicate sources of intake water, operations contributing wastewater to the effluent, and treatment units labeled to correspond to the more detailed descriptions in Item B. Construct a water balance on the line drawing by showing average flows between intakes, operations, treatment units, and outfall. If a water balance cannot be determined (e.g., for certain mining activities), provide a pictorial description of the nature and amount of any sources of water and any collection or treatment measures.

B. For each outfall, provide a description of: (1) all operations contributing wastewater to the effluent, including process wastewater, sanitary wastewater, cooling water, and storm water runoff; (2) the average flow contributed by each operation; and (3) the treatment received by the wastewater. Continue on additional sheets if necessary.

OUTFALL NO. (list)	OPERATION(S) CONTRIBUTING FLOW		TREATMENT	
	Operation (list)	Avg/Design Flow (include units)	Description	List Codes from Table C-1
004	Sewage Treatment Plant	0.005 MGD	Waste from sanitary	1-L
			facilities and showers	1-U
			Chlorine tablets are	2-F
			feed into effluent	3-A
			chamber prior to	4-A
			discharge.	

Revised June 1999

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES (Continued)

C. Except for storm water runoff, leaks, or spills, are any of the discharges described in Items II-A or B intermittent or seasonal?

☐ Yes (Complete the following table.) ☐ No (Go to Section III.)

OUTFALL NUMBER (list)	OPERATION(S) CONTRIBUTING FLOW (list)	FREQUENCY		FLOW				
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

III. MAXIMUM PRODUCTION

A. Does an effluent guideline limitation promulgated by EPA under Section 304 of the Clean Water Act apply to your facility?

☐ Yes (Complete Item III-B) List effluent guideline category:

☐ No (Go to Section IV)

B. Are the limitations in the applicable effluent guideline expressed in terms of production (or other measures of operation)?

☐ Yes (Complete Item III-C) ☐ No (Go to Section IV)

C. If you answered "Yes" to Item III-B, list the quantity which represents the actual measurement of your maximum level of production, expressed in the terms and units used in the applicable effluent guideline, and indicate the affected outfalls.

MAXIMUM QUANTITY			[illegible]
Quantity Per Day	Unit of Measure	Operation, Product, Material, Etc. (specify)	[illegible]

IV. IMPROVEMENTS

A. Are you now required by any federal, state or local authority to meet any implementation schedule for the construction, upgrading, or operation of wastewater equipment or practices or any other environmental programs which may affect the discharges described in this application? This includes, but is not limited to, permit conditions, administrative or enforcement orders, enforcement compliance schedule letters, stipulations, court orders and grant or loan conditions.

☐ Yes (Complete the following table) ☐ No (Go to Item IV-B)

IDENTIFICATION OF CONDITION, AGREEMENT, ETC.	AFFECTED OUTFALLS		BRIEF DESCRIPTION OF PROJECT	FINAL COMPLIANCE DATE	
	No.	Source of Discharge		Required	Projected

B. OPTIONAL: You may attach additional sheets describing any additional water pollution control programs (or other environmental projects which may affect your discharges) you now have under way or which you plan. Indicate whether each program is now under way or planned, and indicate your actual or planned schedules for construction.

V. INTAKE AND EFFLUENT CHARACTERISTICS

A, B, & C: See instructions before proceeding – Complete one set of tables for each outfall – Annotate the outfall number in the space provided.
NOTE: Tables V-A, V-B, and V-C are included on separate sheets numbered 5-18.

D. Use the space below to list any of the pollutants (refer to SARA Title III, Section 313) listed in Table C-3 of the instructions, which you know or have reason to believe is discharged or may be discharged from any outfall. For every pollutant you list, briefly describe the reasons you believe it to be present and report any analytical data in your possession.

POLLUTANT	SOURCE	POLLUTANT	SOURCE
PCB<50 ppm	Transformer fluid NOT normally present in discharge.	Asbestos	Plant Area Pipe insulation & gaskets

VI. POTENTIAL DISCHARGES NOT COVERED BY ANALYSIS

A. Is any pollutant listed in Item V-C a substance or a component of a substance which you use or produce, or expect to use or produce over the next 5 years as an immediate or final product or byproduct?

☐ Yes (List all such pollutants below) ☐ No (Go to Item VI-B)

B. Are your operations such that your raw materials, processes, or products can reasonably be expected to vary so that your discharge of pollutants may during the next 5 years exceed two times the maximum values reported in Item V?

☐ Yes (Complete Item VI-C) ☒ No (Go to Item VII)

C. If you answered "Yes" to Item VI-B, explain below and describe in detail to the best of your ability at this time the sources and expected levels of such pollutants which you anticipate will be discharged from each outfall over the next 5 years. Continue on additional sheets if you need more space.

VII. BIOLOGICAL TOXICITY TESTING DATA

Do you have any knowledge of or reason to believe that any biological test for acute or chronic toxicity has been made on any of your discharges or on a receiving water in relation to your discharge within the last 3 years?

☐ Yes (Identify the test(s) and describe their purposes below) ☒ No (Go to Section VIII)

VIII. CONTRACT ANALYSIS INFORMATION

Were any of the analyses reported in Item V performed by a contract laboratory or consulting firm?

☒ Yes (list the name, address, and telephone number of, and pollutants analyzed by each such laboratory or firm below) ☐ No (Go to Section IX)

NAME [illegible]	ADDRESS	TELEPHONE (Area code & number)	POLLUTANTS ANALYZED (list)
Test America	2960 Foster Creighton Nashville, TN 37204	615-726-0177	Form C

IX. CERTIFICATION

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

NAME AND OFFICIAL TITLE (type or print):	TELEPHONE NUMBER (area code and number):
Gregory Black Manager, Environmental & Technical Services	270-844-6022
SIGNATURE Gregory Black	DATE 9/15/2004

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June 1, 2012

Item 12) ***Produce a copy of any assessment of future natural gas prices and supplies that has been prepared by or for Big Rivers.***

Response) Please see Item 53 of these responses for natural gas forward price assumptions.

Witnesses) Patrick N. Augustine and Brian J. Azman

BIG RIVERS ELECTRIC CORPORATION

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Item 13) *Produce a copy of any assessments of future coal prices and supplies that has been prepared by or for Big Rivers.*

Response) Please see Item 53 of these responses for coal forward price assumptions.

Witnesses) Patrick N. Augustine and Brian J. Azman

BIG RIVERS ELECTRIC CORPORATION

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Item 14) *Refer to p. 6, lines 10-11 of the Application:*

a. Identify the status of the engineering and design for each of the projects for which Big Rivers is seeking a CPCN
b. State when the engineering and design for each project is expected to be completed
c. State how much money has been spent to date on engineering and design
d. Identify the estimated total cost for engineering and design for each project.

Response)

a. Big Rivers has received proposals to develop a RFP for Project 4, the Wilson FGD. A vendor has not been selected at this time. Big Rivers has not received proposals for any of the other ECP projects.
b. It is anticipated the development of this RFP will be completed by September, at which time it will be bid. Detailed design and engineering by the FGD vendor should occur in the first half of 2013.

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It is anticipated that an engineering firm will be chosen to develop other RFPs for the remaining projects in the 2012 Plan later this year.

c. No costs have been incurred for engineering and design at this time.

d. Big Rivers estimates it will spend $2.35 million for these services not including actual vendor engineering activities.

Witness) Robert W. Berry

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Item 15) *Refer to p. 13, lines 17-20 of the testimony of Robert Berry. For each of Big Rivers' customer classes, identify the date and size in percent of each rate increase that Big Rivers has implemented since 2003.*

Response) Big Rivers' only general rate adjustment (base rate increase) during the referenced period became effective September 1, 2011, in Case No. 2011-00036. The Rural base rate increase was 9.1%, Large Industrial 5.0% and Smelters 5.2%.

Witness) Mark A. Hite

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Item 16) *Refer to p. 16, lines 6-9 of the testimony of Robert Berry.*

a. *Identify the capacity factor at which the Big Rivers fleet could operate to comply with CSAPR without "significant capital investments in additional emissions reduction equipment"*

b. *Identify the capacity factor at which the Big Rivers fleet could operate to comply with MATS without "significant capital investments in additional emissions reduction equipment"*

Response)

a. In order to comply with CSAPR phase 2 allocations without "significant capital investments in additional emissions reduction equipment," the Big Rivers' coal fleet would need to operate at less than a 62% net capacity factor.

b. MATS is a unit specific emission rate; therefore, lowering the capacity factor will not significantly change the MATS emissions rates. The testing performed by Big Rivers demonstrated that the two HMP&L units are the only coal units that are in compliance with MATS. However, as detailed in the 2012 Plan, even the HMP&L units will require some capital investment to install monitoring equipment to report emissions for MATS; please see Project 11 in Exhibit Berry-2.

Witness) Robert W. Berry

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Item 17) ***Refer to p. 18 of the testimony of Robert Berry and p. 3-4 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). With regards to the new flue gas desulfurization system ("FGD") for Wilson Unit 1 referenced therein:***

- ***a. Identify the type of FGD that would be installed***
- ***b. Identify the basis for contending that the new FGD would achieve 99% removal of sulfur dioxide emissions from Wilson Unit 1***
- ***c. Produce any documents supporting the contention that the new FGD would achieve 99% removal of sulfur dioxide emissions from Wilson Unit 1.***

Response)

- a. The FGD that would be installed is a limestone based, vertical wet FGD system with forced oxidation.
- b. Wet FGD suppliers have, in the last several years, guaranteed 99% SO_2 removal for systems burning bituminous coals similar to those fired at Wilson Unit 1.
- c. Commercial wet FGD suppliers state design features including 99% SO_2 removal on their web sites. These include Babcock & Wilcox and Hitachi Power. See the following websites:

http://www.babcock.com/products/environmental_equipment/wet_fgd.html

http://www.hitachipowersystems.us/products/environmental_products/fgd/index.html

Witness) William DePriest

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Item 18) ***Refer to p. 25, lines 8-13 of the testimony of Robert Berry. State whether the parasitic load related to each of the projects for which a CPCN is being sought in this filing would impact the cost of producing energy from any of the Big Rivers units. If so, identify the approximate impact. If not, explain why not.***

Response) As stated in Mr. Berry's testimony, the S&L study did not include calculating actual auxiliary power consumption for the recommended compliance strategies. Detailed engineering for each project will have to be completed before power consumption estimates can be determined, but Big Rivers believes it will be insignificant. However, the S&L study did include estimated auxiliary power cost in their future additional O&M projections for the NPV calculation of each project. Based on the S&L estimates, the impact on the cost of producing energy from the Big Rivers units by project is listed in the table below:

Big Rivers Electric Corporation Cost of Producing Energy from Generating Units by Project		
Project No. and Name		**Energy and Costs**
No. 4	Wilson FGD	1.3 MW at an annual cost of $392,500
No. 5	Green SCR	1.8 MW at an annual cost of $545,000
No. 6	Reid Gas Conversion	0 MW at an annual cost of $0
No. 7	Add Pumps @ HMP&L	0.40 MW at an annual cost of $115,600
No. 8	Coleman ACI	0.28 MW at an annual cost of $84,000
No. 9	Wilson ACI	0.19 MW at an annual cost of $56,100
No. 10	Green ACI	0.30 MW at an annual cost of $86,700

Witness) Robert W. Berry

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Item 19) ***Refer to p. 27 line 18 to p. 28 line 3 of the testimony of Robert Berry and p. 20, lines 9-16 of the testimony of William DePriest. With regards to the advanced low NOx burner systems for the Coleman Units:***

a. Identify the capital cost of such system for each unit

b. Identify the O&M cost of such system for each unit

c. Identify the amount change to the NPVRR of the Build Case for the Coleman Units if the advanced low NOx burner systems were included

d. Produce any evaluation of the economics of installing advanced low NOx burner systems on the Coleman Units

Response)

a. The capital cost for installing advanced third generation low NOx burners in the Coleman units is $5.94 million per unit ($17.82 million total)

b. The additional O&M cost was estimated at $0.

c. An abbreviated financial model run using some assumptions determined that with the Coleman burners included the Build Case NPVRR suffered a negative $3.68M impact. See the attachment provided on the CONFIDENTIAL CD accompanying these responses, and provided under a petition for confidential treatment, for assumptions and calculations.

d. Advanced Low NOx burners were not included in Big Rivers 2012 Plan as they were not needed to meet the fleet NOx compliance strategy that was chosen, and thus were not included in the production cost model or financial model runs. An abbreviated financial analysis indicated a negative NPVRR for this project. See attachment for Item 19c above for assumptions and calculations.

Witness) Robert W. Berry

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Item 20) ***Refer to p. 27 line 18 to p. 28 line 3 of the testimony of Robert Berry. With regards to the SCR for Green Unit 1:***

a. Identify the capital cost of the SCR
b. Identify the annual O&M cost of the SCR
c. Identify the amount change to the NPVRR of the Build Case for Green Unit 1 if the SCR were included
d. Produce any evaluation of the economics of installing an SCR on Green Unit 1

Response)

a. The capital cost for installing an 85% NOx removal SCR on Green Unit 1 is $81M in 2011 dollars.

b. The additional O&M cost was estimated at $1.47 million per year adjusted annually for inflation and commodity price fluctuations.

c. An abbreviated financial model run using some basic assumptions determined that with the Green Unit 1 SCR included the Build Case NPVRR suffered a negative $36.28M impact. See the attachment provided on the CONFIDENTIAL CD accompanying these responses, and, provided under a petition for confidential treatment, for assumptions and calculations.

d. An SCR for Green Unit 1 was not included in Big Rivers' 2012 Plan as it was not needed to meet the fleet NOx compliance strategy that was chosen, and thus was not included in the production cost model or financial model runs. An abbreviated financial analysis indicated a negative NPVRR for this project. See the attachment for part c above for assumptions and calculations.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

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Item 21) ***Refer to page 27, lines 18-22 and page 28, lines 1-3 of the testimony of Robert Berry. Has Big Rivers done any analysis of the potential effects of the NAAQS reductions for any of its units? Please provide the work papers showing the results of this analysis.***

Response) Potential effects of NAAQS were estimated by reducing allocations an additional 20% beyond the 2014 CSAPR levels. This was accounted for on a fleet wide basis. Please see the CD Big Rivers filed May 30, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

Witness) William DePriest

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT
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June 1, 2012

Item 22) *Refer to p. 28, lines 16-18 of the testimony of Robert Berry. State whether the "additional precipitator testing" referenced therein has occurred. If so, describe and produce the results of such testing. If not, explain why not.*

Response) Big Rivers has not yet performed additional precipitator testing to date. Big Rivers has not contracted with any activated carbon or dry sorbent injection firms to run demonstration tests. Until such demonstration tests are performed, Big Rivers will not perform the additional precipitator testing referenced.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

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Item 23) *Refer to p. 29, lines 13-17 of the testimony of Robert Berry.*

a. Identify the "magnitude of potential savings from DSM and energy efficiency" referenced therein.
b. Identify and produce any evaluation of the ability of Big Rivers to achieve energy savings through the use of DSM
c. Identify the magnitude of savings from DSM and energy efficiency would be needed to "materially assist Big Rivers in complying with CSAPR and MATS."
d. Identify and produce any evaluation of the role that DSM could play in replacing the need for any of the projects for which a CPCN is sought in this proceeding
e. Describe the DSM and energy efficiency programs currently offered by Big Rivers, including demand-response, interruptible load, and efficiency programs.
f. Identify any additional DSM and energy efficiency programs Big Rivers intends to offer in the future.
g. For the DSM and energy efficiency programs currently offered by Big Rivers, identify the:
  i. Cost
  ii. Annual MW or MWh reductions achieved through such programs since their inception,

iii. *Annual MW or MWh reductions projected to be achieved through such programs for each year through 2026,*

iv. *Expected life of the programs.*

v. *Penetration of these programs.*

h. *Produce any DSM potential studies performed by or for Big Rivers in the last five years, including attendant workbooks or calculations. Describe if or how the results of such studies are incorporated into the current case. If they are not, explain why not.*

Response)

a.-b. Please see Appendix B of the Big Rivers 2010 Integrated Resource Plan provided in Item 4 of these responses.

c. Please see Item 16 of these responses. Big Rivers' would have to achieve sufficient load reduction from DSM and energy efficiency so that its coal fleet could operate at less than a 62% net capacity factor.

d. Please see response to parts a. and c. above.

e. Please see the Big Rivers Electric Corporation Demand Side Management (DSM) Report attached hereto.

f. Additional DSM programs will continue to be evaluated for cost effectiveness; however, there are no plans to implement additional DSM programs at this time.

g.

i. and ii.

Please see Big Rivers Electric Corporation Demand Side Management (DSM) Report, attached hereto.

iii. Please see Appendix 2 of Appendix B of the Big Rivers 2010 Integrated Resource Plan, which is provided in Item 4 of these responses. The projections extend to 2020

iv. It is difficult to accurately predict the expected life of the programs, which will be developed, implemented, adjusted and eliminated, based on technological evolution and associated to cost analytics.

a. DSM programs currently being offered began in October 2011 and have not been evaluated for penetration rates in the Member distribution cooperatives' service territories. Appendix 2 of Appendix B of the Big Rivers 2010 Integrated Resource Plan assumes a maximum penetration of 30% for all measures.

h. Please see Appendix B of the Big Rivers 2010 Integrated Resource Plan provided in Item 4 of these responses.

Witness) Robert W. Berry

Big Rivers DSM Final Report to Kentucky Public Service Commission – January 27, 2012

Case No. 2012-00063
Attachment for Response to Item SC 1-23
Witness: Robert W. Berry

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Big Rivers Electric Corporation

Demand Side Management (DSM) Report

January 27, 2012

Provided to the Kentucky Public Service Commission
Pursuant to Ordering Paragraph No. 9
of
The Commission's Order dated November 17, 2011
in
Case No. 2011-00036

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Demand Side Management (DSM) Report
Big Rivers Electric Corp

Program Summary

Big Rivers Electric Corporation has taken a proactive approach to advance the goal of Strategy 1 of the 2008 Governor's Intelligent Energy Choices plan "to improve the efficiency of Kentucky's homes, buildings, industries and transportation fleet by establishing a goal of offsetting at least 18 percent of Kentucky's projected 2025 energy demand."

The purpose of this DSM report is to provide descriptions and data about DSM programs currently being offered or in development and the DSM pilot programs used to design and implement the DSM programs. The pilot program plans listed below provided insight into administrative requirements, retail member response to incentive levels, trade ally availability, and promotion media. Where appropriate, a short survey was part of some pilots to gather information about program or media impact. Program plans and results are provided in Appendix A of this report.

DSM Pilot Programs

1. Energy Star Refrigerator Replacement Pilot
2. Energy Star Clothes Washer Replacement Pilot
3. Energy Efficient Outdoor Lighting Pilot
4. Energy Star New Home Pilot
5. Weatherization Pilot (residential and manufactured home weatherization)
6. HVAC and Refrigeration Tune-up Pilot
7. Commercial/Industrial Energy Efficient Lighting Pilot
8. Poultry Facility Pilot

Pilot Program Results

Pilot Programs	Result	Incentive	Promotion
Energy Star Refrigerator Replacement Pilot	29 units	$2,900.00	$0.00
Energy Star Clothes Washer Replacement Pilot	71 units	7,100.00	597.00
Energy Efficient Outdoor Lighting Pilot	N/A	2,241.19	0.00
Energy Star New Home Construction Pilot	49 homes	49,000.00	1,411.91
HVAC and Refrigeration Tune-up Pilot	418 units	12,325.00	564.42
Weatherization Pilot	5 homes	22,701.49	0.00
Commercial Efficiency Lighting Pilot	9.49 Kw	3,318.00	689.30
Poultry Facility Pilot	25 houses	15,000.00	0.00
Total		$114,585.68	$3,262.63

The quantitative impact on summer and winter demand and annual kWh and water savings for the pilot programs and the pilot program plans can be found in Appendix A of this report. The following are qualitative results from the pilot programs.

The Energy Star Refrigerator Replacement Pilot combined two measures to increase the benefit to the retail member by influencing them to purchase an Energy Star rated refrigerator and recycle their existing refrigerator. Survey results show more than 85% of the participants recycled an operable refrigerator. This pilot demonstrated the incentive was adequate to motivate retail members to replace and recycle older model refrigerators. The incentive will be continued in 2012.

The Energy Star Clothes Washer Replacement Pilot saves energy, water and time for the participant. The clothes washer consumes less hot water and significantly reduces drying time. More than 95% of the recipients of the incentive use electricity to heat their water. This pilot demonstrated the incentive was adequate to motivate retail members to replace inefficient washing machines with the energy and water saving Energy Star models. The incentive will be continued in 2012.

The Energy Efficient Outdoor Lighting Pilot evaluation of the lamps in outdoor applications is ongoing. Each of the Member Cooperatives has installed induction and/or LED lamps to gauge durability, light quality and customer satisfaction. Each of the Member Cooperatives will determine the applicability of the technology for their use.

The Energy Star New Home Construction Pilot evaluated the incentive level necessary to influence home builder's and owner's willingness to invest in an energy efficient home. Recent changes in the Energy Star new home requirements were not found to be cost effective by the participating home builders, so the decision was made to move forward with the Touchstone Energy Home, which maintains the 2011 Energy Star standard, requiring a Home Energy Rating (HERS) of 85 or lower to qualify. The incentives in the program going forward were adjusted to more accurately reflect the benefit anticipated for the retail member and the cooperatives.

The Weatherization Pilot for existing homes was primarily a test of administrative process with Sherlock Homes of Bloomington Indiana. Sherlock Homes had demonstrated their ability to provide cost effective weatherization of both site-built and eleven homes were initially evaluated for inclusion in the pilot. Six homes were selected for weatherization and 5 were ultimately weatherized in a two day period. Sherlock Homes is uniquely qualified and certified to perform whole house weatherization and documentation. The weatherization program is currently still in the design phase and will likely be introduced in the second quarter of 2012. The Kentucky Home Performance ("KHP") program will be integrated into the program when the future of the KHP program is determined by the Kentucky Housing Corp.

The HVAC Tune-up Pilot evaluated retail member participation at the incentive level offered for this high impact program that improves the performance of central cooling and refrigeration units resulting in reduced summer peak demand and kWh reduction. The incentive was found to be effective and will continue into 2012.

The Commercial Efficiency Lighting Pilot explored effective incentive levels and provided opportunities to explore trade allies in the commercial lighting industry. These projects have significant lead time and the program participation was limited during the pilot project. Continual monitoring and adjustment of the incentive may be necessary as economic conditions change.

Customer interest in the program continues to build and the incentive level of $350 per kW will be offered in the 2012 program.

The Poultry Facility Pilot is a subset of the commercial lighting pilot, which provided an opportunity to quantify the impact of LED technology on the poultry industry. The pilot involved monitoring the lighting load of two identical chicken barns through complete grow-out cycles to determine the change in electric load resulting in the lighting change. Based on the load profile data, the incentive was determined to be $600 per poultry grow-out facility. A significant number of poultry growers have expressed interest in the LED technology and it is expected participation in the lighting project will be high as the technology proves itself.

Results of the pilot projects were used to design a portfolio of programs promoting a wide array of energy efficiency measures for residential and commercial retail members taking service under the Big Rivers Rural Delivery Service ("RDS") tariff. The following is a list of programs currently being offered, or in the case of residential weatherization, still in development. Program plans are contained in Appendix B of this report.

DSM Programs

1. Residential Lighting Program (CFL distribution)
2. Residential Energy Star (ES) Appliances
3. ES Heating, Ventilation and Air Conditioning (HVAC) Program
4. Residential Weatherization Program (development still underway)
5. Residential Touchstone Energy New Construction Program
6. HVAC Tune-Up Program
7. Commercial/Industrial Efficient Lighting Program
8. Commercial/Industrial Efficient Equipment Program

<u>2011 DSM Program Results</u>

DSM Program	Total Meas.	Total Spend
Residential Lighting Program (CFL distribution)	19,743	$30,947.75
Residential Energy Star (ES) Appliances		
Energy Star Clothes Washer	233	23,300.00
Energy Star Refrigerator	79	7,900.00
ES Heating, Ventilation and Air Conditioning (HVAC) Program	57	30,500.00
Residential Weatherization Program (Pilot evaluation still underway)	0	0.00
Residential Touchstone Energy New Construction Program	0	0.00
HVAC Tune-Up Program	0	0.00
Commercial/Industrial Efficient Lighting Program	48.6 kW	15,906.50
Commercial/Industrial Efficient Equipment Program	0	0.00
Promotional Expense		76,953.99
Total		$185,508.24

The 2011 DSM programs were offered to the Member Cooperatives beginning in October 2011 with the exception of the weatherization program still under development. The Energy Star new home pilot incentive levels were continued through December 2011 to maintain consistency for home builders. The HVAC Tune-up program is designed to be offered in the spring, so the program has yet to be publicly offered. Additional DSM programs will continue to be evaluated and introduced as they are proven to be cost effective and accepted by Big Rivers and it's members.

2012 Budget

	Annual kWh Savings	Winter kW Savings	Summer kW Savings	Water Savings(gal.)	Measure Cost	Incentive	Tax Credits	TRC Ratio
Residential Lighting Program	1,752,000.0	400	171		$100,000	$100,000		7.30
Residential Efficient Appliances	523,200.0	33.2	46	2,600,000	$155,200	$80,000		1.96
HVAC Program	332,900.0	552.975	22.05		$370,000	$57,500	$105,000	1.40
Weatherization Program	700,000.0	495	89	250,000	$400,000	$200,000		2.28
New Construction	367,800.0	124	73		$500,000	$100,000		1.13
Tune-Up	1,066,880.0	0	500.1		$266,720	$50,010		1.48
C&I Lighting	1,981,429.0	540	400		$383,400	$190,000		3.54
C&I Products	234,643.0	64	64		$85,714	$30,000		2.57
Totals	***6,958,852.0***	***2,209.18***	***1,365.15***	***2,850,000.00***	***$2,261,034***	***$807,510***		***2.03***

The 2012 budget for energy efficiency programs totals $1,000,000. The program incentives listed in the above table total approximately $800,000. The additional $200,000 is budgeted for promotion of the programs through websites, radio, print media and standard communication tools such as Kentucky Living or Member Cooperative newsletters. Depending on the retail member response to the programs, the promotional funds may be rolled back into the incentive programs to increase the impact of the most popular programs.

Program budgets will remain flexible and react to retail member response to each program. Member Cooperatives will be able to adjust or shift budgets to successful programs. Program requirements specified in individual program plans are minimum standards; Member Cooperatives may establish more stringent requirements at their discretion.

Member Cooperatives will collect required documentation and submit an invoice, with a summary spreadsheet for each program, to Big Rivers for reimbursement monthly. The invoice will contain the following information for each incentive paid:

1. Date
2. Account Number
3. Name
4. Service Address
5. City
6. Zip Code
7. Incentive Description Details
8. Incentive Amount

Each program will have a separate summary spreadsheet. Multiple program summary spreadsheets may be combined on the same invoice. Promotional reimbursement requires a copy of the advertisement used in printed media. Radio advertising should be submitted with a script.

Appendix A:
DSM Pilot Results

Big Rivers Electric Corporation
DSM Pilot Program Impact Summary

Residential Programs	Per Unit Annual kWh Savings	Per Unit Winter kW Savings	Per Unit Summer kW Savings	Unit Quantity	Total Annual kWh Savings	Total Winter kW Savings	Total Summer kW Savings	Total Spend Oct. - Dec. 2011
Residential Efficient Appliances								
Clothes Washer Rebate	224	0.007	0.026	71	15,904	0.5	1.8	$7,100.00
Energy Star Refrigerator + Recycling	1,084	0.076	0.089	29	31,436	2.2	2.6	$2,900.00
Weatherization Program								
Stick-Built Home	6,980	4.950	0.890	4	27,920	19.8	3.6	$19,667.74
Manufactured Home	4,680	2.200	0.300	1	4,680	2.2	0.3	$3,033.75
New Construction								
Gas Heat	2,435	0.260	0.580	45	109,575	11.7	26.1	$45,000.00
Air Source Heat Pump	4,922	2.700	0.580	0	0	0.0	0.0	$0.00
Dual Fuel Heat Pump (w/ Gas)	8,370	9.766	0.580	0	0	0.0	0.0	$0.00
Geothermal Heat Pump	8,580	7.150	0.799	4	34,318	28.6	3.2	$4,000.00
Tune-Up								
HVAC Tune-Up	636	0.000	0.304	343	218,148	0.0	104.2	$8,575.00
Commercial/Industrial Programs	**Annual kWh Savings Per $**	**Winter kW Savings Per $**	**Summer kW Savings Per $**	**Total kW Reduced**	**Total Annual kWh Savings**	**Total Winter kW Savings**	**Total Summer kW Savings**	**Total Spend Oct. - Dec. 2011**
C&I Lighting								
Lighting Projects (Includes Poultry House Pilot)	12	0.0029	0.0027	52.4	214,007	52.4	48.9	$18,318.00
	Annual kWh Savings Per Unit	**Winter kW Savings Per Unit**	**Summer kW Savings Per Unit**	**Unit Qty.**	**Total Annual kWh Savings**	**Total Winter kW Savings**	**Total Summer kW Savings**	**Total Spend Oct. - Dec. 2011**
Tune-Up								
HVAC Tune-Up	5,268	0.000	1.200	126	663,768	0.0	151.2	$3,750.00
* Assumed 6 tons/unit								
				Total DSM Program Savings:	1,319,756	117.4	341.9	$112,344.49

Energy STAR
Refrigerator Replacement Pilot

Purpose

The net present benefit of replacing an existing refrigerator with a new energy star refrigerator is $56 and the benefit of hauling away an operable second refrigerator is about $220. The combined benefit results in an average peak demand reduction of .1 kW per unit and an annual energy savings of 950 kWh.

The purpose of the pilot is to test communication of the incentive to the members and the effectiveness of the incentive amount. The member will be required to provide proof of both purchase and haul-away and recycling of the old unit. The member will also be required to fill out a survey to determine the condition of the old refrigerator and where the member heard of the program.

The pilot will begin on October 1, 2010 and conclude on December 31, 2010. It will be promoted through the member newsletter, direct mail to local appliance dealers and the member Web site.

Objective

1. Test methods of communicating program to members using available media.
2. Test the level of response to the cash incentive offered.
3. Through a questionnaire, determine the condition of the old refrigerator.

Budget

The total project cost will not exceed $18,000 and not to exceed $3,000 direct marketing expenditures.

Planning

1. The Member Cooperative will present one $50 gift card to the first 150 participants who provide the refrigerator's proof of purchase (detailed invoice from the dealer), the UPC code from the carton, and the Energy Guide showing Energy Star certification. Removal of the old refrigerator by the dealer shall be noted on the invoice. Dorm-size refrigerators do not qualify for incentive.

2. The dealer shall receive $50 for removing and recycling the old refrigerator.

Each of the incentive payments will require a signed receipt from a licensed HVAC contractor and the retail member will be required to fill out a survey including the following questions.

1. Where did you hear about this program?
2. Was the old refrigerator operable?

Deliverables

This project will gauge effective methods of communicating the program to members and the condition of the old unit. This information will be used to design a program for full implementation.

Energy STAR
Clothes Washer Replacement Pilot

Purpose

The net present benefit of replacing an existing clothes washer with a new energy star clothes washer is $405 including electricity and water savings. The estimated combined benefit results in an annual energy savings of 224 kWh and water savings of 6500 gallons.

The purpose of the pilot is to test promotional mediums for the incentive to members and the effectiveness of the incentive amount ($100). The member will be required to provide proof of purchase and installation at the service address. The member will also be required to fill out a survey to determine the energy source for the dryer and where the member heard about the program.

The pilot will begin on March 1, 2011 and conclude on May 15, 2011. It will be promoted through the Member Cooperative Web site, newsletter and selected media.

Objective

1. Test methods of communicating program to members using different promotional media.
2. Test the level of response to the cash incentive offered.
3. Through a questionnaire, determine the energy source for the dryer and where the customer heard about the program.

Budget

The total project cost will not exceed $15,000 including not exceeding $3,000 direct marketing expenditures.

Planning

The incentive for this pilot will be $100 to the member using either a prepaid debit card or gift card.

Each of the incentive payments will require proof of purchase and installation from a legitimate retail appliance outlet and the member will fill out a survey including the following questions.

1. Where did you hear about this program?
2. What is the source of energy for your dryer (electric or gas)?

Deliverables

This project will determine effective methods of reaching members and derive statistics on the source of energy for the dryer. This information will be used to design a program for full implementation.

**Energy Efficient Outdoor
Lighting Pilot**

Purpose

The elimination of the Mercury Vapor (MV) lamp for use in the outdoor lighting has serious implications for the member cooperatives, which have relied on the long life of the MV lamps to provide outdoor lighting. The members migrated to the Metal Halide (MH) as a replacement lamp, but these lamps have substantially shorter lives and may have significantly higher operating and maintenance cost in comparison to the lifetime costs of the MV.

The purpose of this pilot is to test the light quality and quantity, energy consumption and product durability of both Light Emitting Diode (LED) and Induction lamps as potential replacements of the MV lamp. Both LED and Induction lamps have an estimated life of 90,000 to 100,000 hours. This may allow significantly fewer service calls to the each service over the life of the lamps compared to the MH lamp.

The cost of both LED and Induction lamps is expected to be significantly higher than the MH lamp.

Objective

1. Test the light quality and quantity of each lamp and evaluate customer satisfaction.
2. Provide energy efficiency benefit analysis.
3. Determine the overall cost/benefit ratio for the lifetime of each lamp.
4. Determine potential vendors for both LED and Induction lamps.

Budget

The product analysis will be limited to $5,000 for all three member cooperatives for limited testing and cost benefit analysis.

Planning

The first installation occurred in October 2010 to provide an opportunity for engineers and customer service departments to determine the satisfaction with each light source. Each of the members will be provided lamps for the two year evaluation.

Deliverables

1. LED and Induction light quality and customer satisfaction report.
2. Lifetime cost benefit analysis for each lamp
3. Viewing opportunities for member cooperatives.

Energy Star
New Home Pilot

Purpose

The Energy Star new-home construction standard is an objective, reliable and verifiable energy efficiency program that ensures the member will see substantial savings from his or her new home.

Objective

This program will educate and promote the Energy STAR home construction standard and determine if a $1,000 incentive will be effective in convincing builders and homeowners to build Energy Star certified homes.

Budget

The budget for this pilot project is $50,000.

Planning

The building or homeowner will be required to provide a copy of the Energy Star certificate for the residence at the service address.

Energy Star Certification

The New Home Energy Star certified contractor will complete a whole-house analysis ensuring quality work and energy efficiency criteria are met. This rater works closely with the builder to determine the needed energy-saving equipment, construction techniques and administration of required on-site diagnostic testing/inspections are documented in order to assure the home is eligible to earn the Energy STAR certification. The home must meet the guidelines, making it 15-30% more efficient than standard homes.

Step 1: Builder chooses to partner with ENERGY STAR.

Through the partnership-agreement process, the builder selects a Home Energy Rater to work with to qualify his or her homes.

Step 2: Builder and rater select appropriate energy-efficient home features.

The builder submits the architectural plans to the Home Energy rater for review and analysis.

Step 3: Builder constructs home and rater verifies features and performance.

With the energy-efficient features selected, the builder then proceeds with construction of the home. Throughout the construction process, the rater performs a series of inspections and diagnostics to verify that proper installation of the selected energy-efficient features and overall energy performance of the home.

Step 4: Rater qualifies the home and issues an Energy STAR Label.

Once the rater completes the final inspection and determines that all requirements have been met, the rater will provide the builder with an ENERGY STAR label, which is placed on the home's circuit breaker box.

Step 5: Home owner qualifies for an incentive.

The first 20 homeowners that construct and present an original Energy Star Home certificate to the Member Cooperative will receive an incentive of $1,000. The pilot began on October 1, 2010 and conclude on December 31st, 2011.

To earn the Energy STAR certification, a home must meet one of the following specifications:

- Achieve a HERS Index of 85 or below by using the Performance HERS Rating (See definition below.)
- Install prescriptive measures outlined in a Prescriptive-Builder Option Path **(BOP)**. This option allows the builder to follow a prescribed checklist to achieve the required efficiency.

****HERS Rating definition:**

A home-energy rating (HERS) is an analysis of a home's projected energy efficiency in comparison to a 'reference home' based on the 2006 International Energy Conservation Code. A home-energy rating involves both an analysis of a home's construction plans, as well as onsite inspections and testing by a certified Home Energy Rater.

The lower a home's HERS Index, the more energy efficient it is. A home built to code scores an HERS Index of 100, while a net zero energy home scores an HERS Index of 0. Each 1-point decrease in the HERS Index corresponds to a 1% reduction in energy consumption compared to the HERS Reference Home. Thus, a home with an HERS Index of 85 is 15% more energy efficient than the reference home and a home with an HERS Index of 80 is 20% more energy efficient.

Residential Weatherization
Pilot

Purpose

The purpose of this program is to provide procedures and financial support to residential retail members who implement weatherization measures. This program is available to any retail residential member of the Member Cooperative. Priority will be given to all electric homes to maximize the benefit to the Member Cooperative.

The modeled benefit associated with this program for an average site-built home is a reduction in summer demand of .89 kW, a winter demand reduction of 4.95 kW and an annual kWh savings of 6,980. In addition the measures will reduce water consumption by nearly 2,500 gallons.

The modeled benefit associated with this program for an average manufactured home is a reduction in summer demand of .30 kW, a winter demand reduction of 2.2 kW and an annual kWh savings of 4,680. In addition the measures will reduce water consumption by nearly 3,000 gallons.

Sherlock Homes is a weatherization contractor headquartered in Bloomington Indiana has been performing weatherization projects for Hoosier Energy for the last two years with tremendous success. To date Sherlock Homes has weatherized nearly 2,000 site-built and manufactured homes.

Kentucky Home Performance is a weatherization subsidy through the Kentucky Housing Corporation. The program offers a low-interest loan up to $20,000 for ten years or 20% grant for weatherization measures. This program combines the capability of Sherlock Homes and funding from the KY Home Performance to provide comprehensive weatherization for owners of manufactured homes of the Member Cooperatives.

Objectives

- Determine the process and administration involved in working with Sherlock Homes and KY Home Performance to achieve cost effective weatherization of retail residential members.
- Determine the impact of the weatherization process on peak demand and energy consumption.
- Allow Member Cooperatives to evaluate the process and procedures to determine their role.

Budget

The budget for this pilot program is $40,000

Planning

The pilot project will determine the process and the ability of vendors to affect a substantial reduction in infiltration, while adding R-value and thermal mass to the structure. The impact will be estimated using models to determine the savings of retail members.

The cost of the home modifications will be paid for by Big Rivers, however the homeowner should be aware that participation in this program will be intrusive since evaluation , testing and modifications may include up to 5 visits to the home; all of which will require entry to the living space.

These homes should have the following characteristics:

- Owned by the resident.
- Over a crawlspace that is dry, accessible and free of clutter.
- Forced air HVAC with duct work in the crawlspace.
- Accessible open attic with no cathedral or unconventional construction.
- The roof will be leak free and serviceable.

Upon the selection of an appropriate residence for the study, the following will occur.

1. Sherlock Homes will contact the retail member from the names provided and schedule the initial assessment visit.

2. Sherlock Homes will manage the weatherization process with the following steps:

   - The initial assessment is provided at a cost of $125 to the retail member and may be reimbursed by KY Home Performance. The Member Cooperative may choose to provide reimbursement to the homeowner through the program.
   - During the initial assessment, a Building Performance Institute (BPI) certified representative of Sherlock Homes visits the home to determine cost effective energy efficiency measures and if the residence has any health or safety problems that would cause deferral. (A residence placed on the deferral list continues to be eligible for the program when the health or safety issues are addressed)
   - A work plan is developed for each house listing the measures that are cost effective. The scope of work is presented to the home owner, the Member Cooperative and the KY Home Performance Program for approval.
   - Upon approval from all parties involved in paying for the project, the work is scheduled.
   - Sherlock Homes documents the completed work on-line with the KY Home Performance Program, which makes the home owner eligible for a 20% reimbursement.
   - Sherlock Homes provides on-line documentation to the Member Cooperative, making the project eligible for the Big Rivers weatherization program.
   - Big Rivers will pay Sherlock Homes directly for completed weatherization.

HVAC & Refrigeration
Tune-Up Pilot

Purpose

The net present benefit of the average service call for maintenance of an air conditioner, heat pump, commercial refrigeration unit is estimated to be $200. This benefit results from an average peak demand reduction of .3 kW per unit and an annual energy savings of 640 kWh for residential units and an average of 1.2 kW peak demand per unit and an annual energy savings of 5,268 kWh for commercial units.

The purpose of this pilot is to test the effectiveness of cash incentive payments to motivate members to instigate annual maintenance for their air conditioning equipment. The pilot will also measure the average length of time since the previous maintenance call for each unit.

Objective

1. Test methods of communicating program to members.
2. Test the level of response to the cash incentive offered.
3. Determine if participating member schedule maintenance on a regular basis.

Budget

The total project cost will not exceed $18,000 including $3,000 direct marketing expenditures.

Planning

Between May 1 and June 30, Kenergy Corp. will offer incentives to homeowners and businesses that have their heating and cooling systems professionally cleaned and serviced. Well-maintained heating, cooling and refrigeration units operate more efficiently and use less energy.

Homeowners will receive a $25 gift card for each unit that is cleaned and serviced, up to a maximum of $100 per member. The residential program will continue until 280 residential units have been serviced or June 30, whichever comes first.

Commercial members will receive a $50 gift card for each unit that is cleaned and serviced, up to a maximum of $250 per member. Businesses that maintain large refrigeration units qualify for this rebate as well.

The commercial program will continue until 160 units have been serviced or June 30, whichever comes first.

To qualify, service invoices must be dated between May 1 and June 30. In addition, invoices for service must be submitted to Kenergy no later than July 29.

The following are incentive rates for each customer class:

Residential HVAC

- $25 Wal-Mart gift card per unit, per year

Commercial HVAC and Refrigeration

- $50 cash per unit, per year

Each of the incentive payments will require a signed receipt from a licensed HVAC contractor to be provided to Kenergy and the recipient will fill out a survey including the following questions.

1. Where did you hear about this program?
2. If the member services the unit on a regular basis?

Deliverables

This project will determine effective methods of reaching members and if the participating member schedules maintenance on a regular basis. This information will be used to design a program for full implementation.

Commercial/Industrial
Energy Efficient Lighting Pilot

Purpose

The purpose of the pilot is to test methods of promoting energy efficiency to retail commercial members. An incentive of $350 per kW will be offered to commercial and industrial for equipment upgrades that result in a reduction of demand likely to be on peak. A process of verification will be established during this pilot.

The pilot will begin on January 1, 2011 and conclude when the objectives are met. It will be promoted through the Member Cooperative staff directly to commercial customers.

Objective

1. Test methods of communicating program to commercial retail members
2. Test the level of response to the cash incentive offered.

Budget

The total project cost will not exceed $15,000.

Planning

The pilot project will run from January 1, 2011 and conclude when the objectives are met

Each of the incentive payments will require the upgrade/changes be verified by cooperative personnel or third party. A worksheet will be provided to determine the change in demand. For this pilot, the retail member will also be required to provide the project costs for planning purposes.

Deliverables

This project will determine effective methods of reaching members and the appropriate level of incentive required. This information will be used to design a program for full implementation.

Appendix B:
DSM Program Plans

Big Rivers Ele :c Corporation
DSM Program Plan Impact Summary

Residential Programs	Per Unit Annual kWh Savings	Per Unit Winter kW Savings	Per Unit Summer kW Savings	Unit Quantity	Total Annual kWh Savings	Total Winter kW Savings	Total Summer kW Savings	Total Spend Oct. - Dec. 2011
Residential Lighting Program								
CFL bulbs	31	0.007	0.003	19743	605,320	141.0	61.9	$30,947.75
Residential Efficient Appliances								
Clothes Washer Rebate	224	0.007	0.026	233	52,192	1.6	6.1	$23,300.00
Energy Star Refrigerator + Recycling	1,084	0.076	0.089	79	85,636	6.0	7.0	$7,900.00
HVAC Program								
Dual Fuel	3,448	7.066	0.146	31	106,888	219.1	4.5	$15,500.00
Air Source Heat Pump	692	0.000	0.146	25	17,300	0.0	3.7	$5,000.00
Goethermal	3,658	4.453	0.365	11	40,238	49.0	4.0	$10,000.00
Weatherization Program								
Stick-Built Home	6,980	4.950	0.890	0	0	0.0	0.0	$0.00
Manufactured Home	4,680	2.200	0.300	0	0	0.0	0.0	$0.00
New Construction								
Gas Heat	2,435	0.260	0.580	0	0	0.0	0.0	$0.00
Air Source Heat Pump	4,922	2.700	0.580	0	0	0.0	0.0	$0.00
Dual Fuel Heat Pump (w/ Gas)	8,370	9.766	0.580	0	0	0.0	0.0	$0.00
Geothermal Heat Pump	8,580	7.150	0.799	0	0	0.0	0.0	$0.00
Tune-Up								
HVAC Tune-Up	636	0.000	0.304	0	0	0.0	0.0	$0.00

Commercial/Industrial Programs	Annual kWh Savings Per $	Winter kW Savings Per $	Summer kW Savings Per $	Total kW Reduced	Total Annual kWh Savings	Total Winter kW Savings	Total Summer kW Savings	Total Spend Oct. - Dec. 2011
C&I Lighting								
Lighting Projects	12	0.0031	0.0029	48.6	198,677	48.6	45.4	$15,906.50
C&I Products								
Misc. Efficient Projects	0	0	0	0.0	0	0.0	0.0	$0.00
	Annual kWh Savings Per Unit	**Winter kW Savings Per Unit**	**Summer kW Savings Per Unit**	**Unit Qty.**	**Total Annual kWh Savings**	**Total Winter kW Savings**	**Total Summer kW Savings**	**Total Spend Oct. - Dec. 2011**
Tune-Up								
HVAC Tune-Up*	5,268	0.000	1.200	0	0	0.0	0.0	$0.00
* Assumed 6 tons/unit								
				Total DSM Program Savings:	1,106,251	465.2	132.6	$108,554.25

Program: **Residential High Efficiency Lighting Replacement Program**

Overview

This program promotes an increased use of ENERGY STAR® rated Compact Fluorescent Light ("CFL") lamps among the retail members of Big Rivers' member cooperatives by providing reimbursement to member cooperatives for CFL lamps distributed to their retail members.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

Big Rivers will reimburse the member cooperatives for the purchase of CFL lamps that the member cooperative buys and distributes to its retail members for use in the member cooperative's service area. Member cooperatives must submit invoices to Big Rivers and must include proper documentation of the purchase from the CFL supplier and of the distribution to retail members. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $100,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: **ENERGY STAR® Clothes Washer Replacement Incentive Program**

Overview

This program promotes an increased use of ENERGY STAR® rated clothes washing machines.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

Big Rivers will provide an incentive payment of $100 for each ENERGY STAR® rated clothes washer that is purchased and installed in the member cooperative's system. Member cooperatives must submit invoices to Big Rivers and must include proper documentation of the purchase and installation from a legitimate retail appliance supplier. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $40,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: ENERGY STAR® Refrigerator Replacement Incentive Program

Overview

This program promotes an increased use of ENERGY STAR® rated refrigerators and the removal from operation of existing older, low-efficiency refrigerators.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

Big Rivers will provide an incentive payment of $100 for each ENERGY STAR® rated refrigerator that is purchased and installed in the member cooperative's system. Member cooperatives must submit invoices to Big Rivers and must include proper documentation of the purchase and installation of the new appliance, and the removal of the old appliance from legitimate retail appliance suppliers. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $40,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: **Residential High Efficiency Heating, Ventilation and Air Conditioning ("HVAC") Program**

Overview

This program promotes an increased use of high efficiency HVAC systems among the retail members of the member cooperatives by providing reimbursement to member cooperative members for upgrading their HVAC systems beyond contractor grade minimums to one of three ENERGY STAR® rated HVAC systems.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

Big Rivers will reimburse the member cooperatives for the HVAC efficiency upgrades by a retail member on the member cooperative's system. Member cooperatives must submit invoices to Big Rivers and must include proper documentation. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

The following is the program administrative process:

1. The retail consumer will provide a receipt of installation and purchase of equipment from a licensed contractor dated within the eligibility timeframe of the program selected by the member cooperative.
2. The member cooperative will be responsible for verification of installation.
3. The initial incentives shall be the following per replacement unit installed:

   - Geothermal $750
   - Dual Fuel $500
   - Air Source $200

Annual Budget

The 2012 budget for this program is $50,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: **Residential Weatherization Program**

Overview

This program promotes the implementation of weatherization measures among the retail members of the member cooperatives by providing reimbursement to member cooperatives for undertaking weatherization improvements at their homes.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the retail members of the member cooperatives. This program is available to any retail residential member of the member cooperative taking service under the Big Rivers Rural Delivery Service ("RDS") tariff, with an all-electric home to maximize the benefit of the program.

Member Incentives

Sherlock Homes is a weatherization contractor headquartered in Bloomington Indiana, which has been performing weatherization projects for Hoosier Energy for the last two years with tremendous success. To date Sherlock Homes has weatherized nearly 2,000 site-built and manufactured homes.

Kentucky Home Performance is a weatherization subsidy through the Kentucky Housing Corporation. The program offers a low-interest loan up to $20,000 for ten years or a 20% grant for weatherization measures. This program combines the capability of Sherlock Homes and funding from the Kentucky Home Performance to provide comprehensive weatherization for retail member-owners of site-built and manufactured homes. The initial assessment is provided at a cost of $125 to the retail member, which may be eligible for reimbursement by Kentucky Home Performance.

Big Rivers will provide 50% of the cost of the weatherization in 2012, up to a maximum of the program annual budget. Kentucky Home Performance currently provides 20% of the cost, and the retail member will be responsible for the remainder of the cost. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $200,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: Touchstone Energy® New Home Program

Overview

This program provides incentives to home owners and builders to use energy efficient building standards as outlined in the Touchstone Energy® certification program, which requires a Home Energy Rating System ("HERS") rating of 85 or lower.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

The incentive is based on the HVAC system installed in the retail member's Touchstone Energy® Certified Home. The following incentives apply:

1.	Geothermal Heat Pump (ground coupled heat pump)	$2,000
2.	Air Source Heat Pump	$1,000
3.	Dual Fuel Heat Pump (ASHP w/ Gas back-up)	$1,200
4.	Gas Heat	$750

The member cooperative will provide a copy of the original certification document and the analysis form used to determine the HERS score and a copy of the receipt from a licensed HVAC contractor specifying the HVAC system installed in the home of the retail member. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $100,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: **Residential and Commercial HVAC & Refrigeration Tune-Up Program**

Overview

This program promotes the initiation of annual maintenance on heating and air conditioning equipment among the retail members of the member cooperatives by providing reimbursement to member cooperative retail members that have their heating and cooling systems professionally cleaned and serviced.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the residential and commercial retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

Big Rivers will offer incentives to member cooperatives for retail member homeowners and commercial businesses that have their heating and cooling systems professionally cleaned and serviced.

Member cooperatives will receive a $25 incentive for each residential unit and $50 for each commercial unit that is cleaned and serviced.

For retail members with multiple units, each incentive paid will require an individual receipt from a licensed HVAC contractor.

Member cooperatives must submit invoices to Big Rivers and must include proper documentation. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $50,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: **Commercial / Industrial High Efficiency Lighting Replacement Incentive Program**

Overview

This program provides an incentive to commercial and industrial retail member consumers for whom service is taken under Big Rivers' RDS tariff to upgrade poorly designed and low efficiency lighting systems.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the commercial and industrial retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

The following are the project steps:

1. The lighting contractor, supplier, electrical contractor or electrician will provide to the retail member the documented changes made to the facility lighting system. The retail member will also be required to provide an invoice for materials and installation services associated with the project.

2. The member cooperative will verify the installation of the new lighting system and collect a copy of the specification of the lighting system conversion impact, signed by the retail member, with the following information:

   - Lamp and ballast (or fixture) specifications prior to conversion including total wattage
   - New fixture specifications including total wattage
   - Estimated hours of operation
   - Estimated kWh saved per year
   - Total kW demand reduction

3. The member cooperative shall submit an invoice to Big Rivers with copies of individual lighting project specification documents with the following information:

   - Member Name
   - Account Number
   - Service Address
   - kW Reduction Total
   - Annual Hours of Operation Incentive Amount

4. The initial incentive shall be set at $350 per kW reduction with a maximum incentive of $10,000 per project unless approved by Big Rivers on an individual basis. This amount

will be evaluated continuously and adjusted depending on reaction by retail members qualifying under this program.

Each of the incentive payments will require the fixture/lamp change be verified by the member cooperative personnel or third party. A worksheet is provided to determine the change in demand of the lighting system The retail member will also be required to provide the project costs for planning purposes. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $190,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

Program: **Commercial / Industrial General Energy Efficiency Program**

Overview

This program provides an incentive to retail commercial and industrial retail member-consumers served under the Big Rivers RDS tariff to upgrade all aspects of cost effective energy efficiency achievable in individual facilities.

Target Participants

Target participants of this program for Big Rivers include its three member cooperatives. The target end users are the commercial and industrial retail members of the member cooperatives taking service under the Big Rivers Rural Delivery Service ("RDS") tariff.

Member Incentives

The requirements of the program are:

1. The retail member, contractor, supplier, electrical contractor or electrician will provide to the retail member the documented changes made to the facility equipment resulting in the demand reduction. The retail member will also be required to provide an invoice for materials and installation services associated with the project.

2. The member cooperative will verify the installation of the new equipment and collect a copy of the specification of the equipment conversion impact, signed by the retail member, with the following information:

   - Equipment specifications of existing equipment, including total wattage
   - Replacement equipment specifications, including total wattage
   - Estimated hours of operation
   - Estimated kWh saved per year
   - Total kW demand reduction

3. The member cooperative shall submit an invoice to Big Rivers with copies of individual project specification documents and a printed summary excel spreadsheet with the following information:

   - Member Name
   - Account Number
   - Service Address
   - kW Reduction Total
   - Annual Hours of Operation Incentive Amount

4. The initial incentive shall be set at $350 per kW reduction with a maximum incentive of $10,000 per project unless approved by Big Rivers on an individual basis. This amount will

be assessed continuously and adjusted depending on reaction by retail commercial members qualifying under this program.

Each of the incentive payments will require that equipment changes be verified by cooperative personnel or third party. A worksheet is provided to determine the change in demand resulting in equipment upgrades. The retail member will also be required to provide the project costs for planning purposes. Big Rivers will also reimburse a Member's reasonable costs of promoting this program, if the promotional program and its costs are pre-approved by Big Rivers.

Annual Budget

The 2012 budget for this program is $30,000. Budget levels for future years may vary based upon the experience gained after program implementation.

Evaluation, Measurement and Verification ("EM&V")

Big Rivers will initiate a process of Evaluation, Measurement and Verification for the program. The EM&V process will ensure the quality and effectiveness of the program and optimal use of resources.

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Item 24) *Refer to Exhibit 4 of the testimony of Robert Berry. With regards to the capital cost estimates for the proposed WFGD for the Wilson plant:*

a. Identify what "SESS" stands for

b. Produce the "SESS budget proposal number 4296"

c. Describe how the WFGD capital cost estimate was derived from the SESS budget proposal number 4296

d. Produce any document supporting or regarding the WFGD capital cost estimate that was derived from or included in the SESS budget proposal number 4296

Response)

a. SESS is an acronym for Siemens Environmental Systems Services.

b-d. Please see the CD Big Rivers filed May 30, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

Witness) William DePriest

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Item 25) *Refer to p. 8, lines 20-23 of the testimony of William DePriest.*

a. Identify any "engineering services" that Sargent & Lundy is contracted to perform "to help implement" the projects for which Big Rivers is seeking CPCNs in this proceeding.

b. If Big Rivers has not presently contracted with Sargent & Lundy for any such engineering services, state whether Big Rivers is considering having Sargent & Lundy perform such engineering services for any of the projects.

Response)

a. Big Rivers has not contracted with Sargent & Lundy for any consulting services to help implement any project in this filing with the exception of the compliance study already performed.

b. Big Rivers is evaluating proposals from Sargent & Lundy and other engineering firms for assistance on the projects listed in the Environmental Compliance Plan filing.

Witness) Robert W. Berry

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Item 26) *Refer to p. 13, lines 15-24 of the testimony of William DePriest.*

a. Please identify which financial model Big Rivers used, who is the vendor of the model, and whether the model is a proprietary model that requires a license in order to gain access to the files.

b. Produce, in machine-readable format, all of the models (including input and output files) and worksheets used to generate the capital costs, O&M costs, and NPV for each of the technologies evaluated as part of the compliance study.

c. Please identify any changes to the input files that may be required to reproduce the modeling.

d. If changes are required, please specify why such changes were done.

e. Please identify the assumptions, including any supporting documentation, Big Rivers or its agents used in each base case and sensitivity scenario that you modeled

f. If a license is required to obtain access to any information in this request, please explain who Sierra Club should contact to either obtain that license or present

information that Sierra Club or its experts already have a license for that model.

Response)

a. Assuming that the question is referring to the S&L financial model, an in-house NPV calculation spreadsheet was used. Please see the CD Big Rivers filed May 30, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

b. Please see the response to part a. above.

c. None.

d. Not applicable.

e. Baseline assumptions were provided in Table 1-1 of Exhibit DePriest-2. Iterations in addition to use of Excel's Goal Seek function were used to develop a sensitivity analysis.

f. A license is not required.

Witness) William DePriest

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Item 27) *According to page 20, lines 11-16 of the testimony of William DePriest, Big Rivers plans to meet CSAPR regulations in part with the purchase of NOx allowances.*

a. Has Big Rivers done any analysis of the future market for NOx allowances in Kentucky? If so, please provide any work papers associated with that analysis.

b. Is the Company certain that enough allowances will be available for purchase such that the Company can meet its allowance obligation?

Response)

a. No. Big Rivers has not performed any analysis of the future market for NO_x allowances specifically in Kentucky.

b. The current Federal court case regarding CSAPR allowances has introduced a high degree of uncertainty regarding the future of CSAPR regulations and the availability of allowances in the market. However, at this time Big Rivers believes there will be sufficient allowances available for purchase to meet its anticipated obligation. Additionally, in 2011 Big Rivers entered into agreements for the cashless exchange of CSAPR allowances to help assure it can meet its allowance obligations as summarized below:

[redacted]

[redacted]

[redacted]

[redacted]

Witness) Thomas L. Shaw

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Item 28) *According to page 20, lines 19-24 of the testimony of William DePriest, the potential impacts of the proposed EPA rule for Section 316(b) of the Clean Water Act were considered by S&L.*

a. Does the Company anticipate that this pending regulation would impact any of its units? If so, what would be the expected cost of this rulemaking? If not, why not?

b. Has a cost for the pending 316(b) rule been taken into account in the modeling done by the Company in support of its application for CPCN? If not, how would such a cost impact its analysis?

c. Please provide any work papers or modeling analysis that considers the cost impacts associated with the 316(b) rule.

Response)

a. The pending regulation is expected to affect Coleman Station and the Reid Coal-Fired Unit. Costs of compliance are shown in Table 6.6 of Exhibit DePriest-2.

b. Except as provided in Table 6.6 of Exhibit DePriest-2, costs of the pending 316(b) rule have not been taken into account in connection with the CPCN. The cost of compliance with the 316(b) rule would increase Big Rivers' cost in the CPCN, but due to uncertainty associated with the final rulemaking, it is difficult to predict the impact and would be speculative to do so.

c. Please see the CD Big Rivers filed on May 30, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

Witnesses) Thomas L. Shaw and William DePriest

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Item 29) ***According to page 20, lines 19-24 of the testimony of William DePriest, the potential impacts of the proposed EPA rule for Coal Combustion Residuals (CCR) were considered by S&L.***

a. Does the Company anticipate that this pending regulation would impact any of its units? If so, what would be the expected cost of this rulemaking? If not, why not?
b. Has a cost for the pending Coal Combustion Residuals rule been taken into account in the modeling done by the Company in support of its application for CPCN? If not, how would such a cost impact its analysis?
c. Please provide any work papers or modeling analysis that considers the cost impacts associated with the CCR rule.

Response)

a. Since the regulation applies to Coal Combustion Residuals, it would almost certainly impact the Big Rivers facilities. Cost analyses are set forth on pages 6-8 through 6-9 of Exhibit DePriest-2.
b. The CCR rule is not part of the CPCN because of the substantial uncertainty in what any final regulation will require and thus

would be speculative. Estimated costs of this rulemaking are provided in Table 6.7 of Exhibit DePriest-2.

c. Please see the CD Big Rivers filed on May 30, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

Witnesses) William DePriest and Thomas L. Shaw

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN, FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST RECOVERY SURCHARGE TARIFF, FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY, AND FOR AUTHORITY TO ESTABLISH A REGULATORY ACCOUNT
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Item 30) *Refer to p. ES-9 of Exhibit 2 to the testimony of William DePriest.*

a. Explain why no technology was selected for compliance with potential Coal Combustion Residue regulations for the Wilson and Reid plants.

b. Identify the amount change to the NPVRR of the Build Case for the Coleman, Green, and HMP&L units if Coal Combustion Residue compliance were included

Response) a. Wilson already utilizes dry bottom technology. Reid was not considered to run as a coal plant and will be converted to fire natural gas during Phase 2 of CSAPR, thus no CCR technology would be required on this plant.

b. Big Rivers has not performed an evaluation of the NPVRR impact for Coal Combustion Residue compliance at this time due to uncertainty as to the actual requirements.

Witness) Thomas L. Shaw

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Item 31) *Refer to p. 1-3 of Exhibit 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study).*

a. For each cost identified in Table 1-1, identify for what year the value that is listed is for.

b. For each cost identified in Table 1-1, identify what the value was assumed to be in each year through 2033 for purposes of the environmental compliance study

c. For each of the following costs, identify the basis for the value used in the environmental compliance study, and produce any documents supporting such values

i. Coal

ii. Natural gas

iii. SO_2 allowances

iv. NO_X allowances

v. Sorbent – Hydrated Lime

vi. Activated Carbon

Response)

a. Values are in 2011 dollars.

b. Variable O&M costs were escalated by a rate of 2.5% as stated in Table 1-1 of Exhibit DePriest - 2. Please see the CD Big Rivers filed May 30, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

c. i,ii

Coal and natural gas pricing were based on available US Energy Information Administration pricing at the time of the study.

c. iii – vi.

Please see Big Rivers' response to Item 16 of the Commission Staff's First Request for Information.

Witness) William DePriest

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Item 32) ***Identify Big Rivers' actual electric energy sales in MWh and actual peak loads in MW for each year since 2004.***

Response) Please note that the Unwind Transaction closed July 17, 2009 which led to Big Rivers serving the aluminum smelter load of roughly 850MW peak at 98% load factor. Accordingly, the years pre-2010 are not comparable. The electric energy sales (MWh) and peak loads (MW) for the years 2004 to 2011 are as follows:

Year	Total Sales (MWh)	Peak Load (MW)
2004	4,998,660	585
2005	5,255,306	604
2006	5,250,342	618
2007	6,163,594	631
2008	5,157,386	653
2009	7,790,961	1,304
2010	11,969,420	1,393
2011	13,255,125	1,441

Note that Total Sales (MWh) includes off-system sales.

Witness) Mark A. Hite

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Item 33) *Identify Big Rivers' projected electric energy sales in MWh and projected peak demand in MW for each year of 2012 through 2033.*

Response) The current native load forecast is only available through 2026. Please see the attached table. Only native load is being provided.

Witness) Mark A. Hite

Big Rivers Electric Corporation
Case No. 2012-00063
Projected Energy Sales and Demand

Year	Energy Sales (MWhs)	Demand (MWs)
	33.	
2012	10,656,576	1,536
2013	10,668,456	1,544
2014	10,707,421	1,551
2015	10,738,283	1,557
2016	10,798,054	1,566
2017	10,815,161	1,573
2018	10,842,642	1,579
2019	10,870,029	1,585
2020	10,924,223	1,592
2021	10,939,391	1,599
2022	10,975,693	1,606
2023	11,012,761	1,614
2024	11,070,792	1,622
2025	11,088,526	1,630
2026	11,126,972	1,638

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Item 34) *Identify Big Rivers' projected electric energy sales in MWh and projected peak demand in MW for each year of 2012 through 2033 if:*

a. the Century Aluminum of Kentucky General Partnership aluminum smelter stops purchasing power from Big Rivers

b. the Alcan Primary Products Corporation aluminum smelter stops purchasing power from Big Rivers

c. if both the Century and Alcan aluminum smelters stop purchasing power from Big Rivers.

Response) The current native load forecast is only available through 2026. Please see the attach table. Only native load is being provided.

Witness) Mark A. Hite

Big Rivers Electric Corporation
Case No. 2012-00063
Project Energy Sales and Peak Demand - 2012 through 2026

Year	Century Aluminum of Kentucky General Partnership stops Purchase from Big Rivers		Alcan Primary Products Corporation stops Purchase from Big Rivers		Both Century and Alcan stop Purchase from Big Rivers	
	Energy Sales (MWhs)	Demand (MWs)	Energy Sales (MWhs)	Demand (MWs)	Energy Sales (MWhs)	Demand (MWs)
	34a.		34b.		34c.	
2012	6,507,366	1,054	7,488,714	1,168	3,339,504	686
2013	6,530,582	1,062	7,509,250	1,176	3,371,376	694
2014	6,569,547	1,069	7,548,215	1,183	3,410,341	701
2015	6,600,409	1,075	7,579,076	1,189	3,441,203	707
2016	6,648,844	1,084	7,630,192	1,198	3,480,982	716
2017	6,677,287	1,091	7,655,955	1,205	3,518,081	723
2018	6,704,768	1,097	7,683,435	1,211	3,545,562	729
2019	6,732,155	1,103	7,710,822	1,217	3,572,949	735
2020	6,775,013	1,110	7,756,361	1,224	3,607,151	742
2021	6,801,518	1,117	7,780,185	1,231	3,642,311	749
2022	6,837,819	1,124	7,816,487	1,238	3,678,613	756
2023	6,874,888	1,132	7,853,555	1,246	3,715,681	764
2024	6,921,582	1,140	7,902,931	1,254	3,753,720	772
2025	6,950,652	1,148	7,929,319	1,262	3,791,446	780
2026	6,989,099	1,156	7,967,766	1,270	3,829,892	788

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Item 35) ***Refer to p. 1-8 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). With regards to the low-NOx burner upgrades at Wilson and HMP&L units 1 and 2 identified therein:***

- ***a.*** ***Explain what is meant that Big Rivers has "committed" to such upgrades***
- ***b.*** ***Identify the status of those upgrades and, if they have not yet commenced, when Big Rivers expects to commence them***
- ***c.*** ***Identify the capital cost of such upgrade for each unit***
- ***d.*** ***Identify by how much per year such upgrades are estimated to reduce O&M costs for each unit***

Response)

- a. Before the Sargent & Lundy study was commissioned, Big Rivers had already committed funding in its capital budget to replace the burners in both HMP&L Units and the Wilson Unit.
- b. The burners have already been replaced on HMP&L Unit 1; the HMP&L Unit 2 burners are budgeted to be replaced in 2013; and Wilson will be completed in 2015.
- c. The capital cost budgeted for the HMP&L Unit burners is $2.2M

per unit. The budgeted cost for the Wilson burners is $5.5M.

d. The business case for the HMP&L Units 1 & 2 estimated O&M savings of approximately [redacted] per unit per year due to a reduction in fuel consumption. The Wilson business case is not yet completed but similar O&M savings is expected.

Witness) Robert W. Berry

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Item 36) ***Refer to p. 2-4 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). With regards to the baseline mercury, HCl, and SO_2 emissions for each unit identified in Tables 2-3 and 2-4 therein:***

- ***a.*** ***Identify and produce each stack test upon which the baseline emissions figures are based***
- ***b.*** ***State whether such stack tests are reflective of the emissions that would be measured through the use of a continuous emission monitor including during times of startup and shutdown. If so, how? If not, why not?***
- ***c.*** ***State whether the environmental compliance cost would increase if the reductions in mercury, HCl, or SO_2 needed to bring the Big Rivers units into compliance with the MATS rule were higher than the "required reduction" identified in Tables 2-3 and 2-4.***
- ***d.*** ***State whether the control technologies selected would change if the reductions in mercury, HCl, or SO_2 needed to bring the Big Rivers units into compliance with the MATS rule were higher than the "required reduction" identified in Tables 2-3 and 2-4.***

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Response)

a. Please see Big Rivers' response to Item 1.7 of KIUC's First Set of Data Requests.

b. The stack tests were performed at operational loads with pollution control equipment in service. Pollution control equipment may not be fully operational during periods of startup and shutdown.

c. Should the reductions in Hg, HCl, or SO2 be higher than shown in Table 2-3 and 2-4 of Exhibit DePriest-2, one would expect the annual O&M costs to increase. It is difficult to predict how much these costs would increase at this time.

d. No.

Witnesses) William DePriest and Thomas L. Shaw

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Item 37) ***Refer to p. 2-4 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). State whether the "additional stack test data . . . needed to more accurately predict HCl emissions from each unit" has been collected. If not, why not? If so, produce such data.***

Response) Big Rivers has not collected additional stack testing data for HCl emissions. Big Rivers believes that estimated emission rates accurately characterize HCl emissions.

Witness) Thomas L. Shaw

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Item 38) ***Refer to p. 3-4 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). Identify the number of excess SO_2 credits per year that are estimated to result if the FGD proposed for the Wilson plant removes 99% of SO_2 emissions. State whether such excess credits are assumed to be sold or used at other Big Rivers units.***

Response) Refer to Table 4-2 of Exhibit DePriest-2. Excess credits are assumed to be used at other Big Rivers' units.

Witness) William DePriest

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Item 39) ***Refer to p. 3-5 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). Identify which "currently available FGD technology has been proven to achieve removal efficiency of > 99%" for SO_2 emissions, and whether such greater than 99% removal efficiency is on a continuous basis.***

Response) Limestone based, vertical wet FGD systems with forced oxidation have been proven to achieve SO_2 removal efficiencies of 99%. The continuous performance of an FGD system for SO_2 removal is subject to changes based on operational factors such as limestone and water quality, normal wear and tear on equipment and the resultant schedule of routine maintenance, and typical variations in other process parameters.

Witness) William DePriest

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Item 40) *Refer to p. 3-6 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). With regards to the statement that "the effect of sorbent injection on ESP performance should be tested before implementation":*

a. State whether such testing has occurred.
  i. If not, why not?
  ii. If so, produce the results of such testing.

b. Produce any evaluation of the adequacy of the existing ESPs at the Wilson, Green, and Coleman units to ensure compliance with applicable particulate matter emission limits after the addition of dry sorbent injection and activated carbon injection.

c. If the existing ESPs are inadequate to ensure compliance at any of the Wilson, Green, or Coleman units:
  i. Identify the capital and annual O&M costs for each unit for upgrading the ESP
  ii. Identify the capital and annual O&M costs for each unit for installing a polishing baghouse
  iii. Identify the capital and annual O&M costs for each unit for installing a full baghouse

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Response)

a. Big Rivers has not yet tested the effect of sorbent injection on ESP performance. See also Item 22 of these responses.

b. See the response to part a. above.

c. i. See Table 5-1 of Exhibit DePriest-2.

cii. Big Rivers has not evaluated this technology at this time.

ciii. See Table 5-2 of Exhibit DePriest-2 This table only includes capital cost estimate and does not include O&M costs. As stated in the study, a more detailed study would be required to develop O&M costs. At this time it is not anticipated these O&M costs would vary significantly from current O&M costs associated with existing ESPs.

Witnesses) Robert W. Berry and William DePriest

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Item 41) *Refer to p. 5-2 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). With regards to the conversion of Green Units 1 and 2 referenced in Table 5-1, identify the cost of natural gas for each year that was used in estimating the $47.2 million O&M cost.*

Response) Natural gas pricing and escalation rates are provided in Table 1-1 of Exhibit DePriest-2.

Witness) William DePriest

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Item 42) *Refer to p. 5-11 of Ex. 2 to the testimony of William DePriest (the Sargent & Lundy Environmental Compliance Study). Identify the basis for the conclusion that the "break even" gas pricing for converting Green Units 1 and 2 to natural gas is $2.23/mmBtu. Produce any modeling and worksheets, in machine-readable format, upon which that conclusion is based.*

Response) Please see the CD Big Rivers filed May 30, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

Witness) William DePriest

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Item 43) *Refer to p. 1 of Ex. 3 to the testimony of William DePriest. Identify and produce the stack test results upon which the data in Table 1 on that page is based.*

Response) Please see Item 36a. of these responses.

Witness) Thomas L. Shaw

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Item 44) ***Refer to p. 2 of Ex. 3 to the testimony of William DePriest. State whether Big Rivers has had Sargent & Lundy develop the computer-based model of ESPs described therein. If so, produce the results of such modeling. If not, explain why not.***

Response) Big Rivers has not hired Sargent & Lundy to develop computer based modeling of the ESPs. Big Rivers is evaluating engineering firms to assist with development of carbon and sorbent injection systems. As part of this work, Big Rivers will consider modeling of projected ESP performance.

Witness) Robert W. Berry

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Item 45) ***Refer to Ex. 4 to the testimony of William DePriest:***

a. ***Identify the average and maximum sulfur content, in lbs/mmBtu, of the coal burned in each of the Big Rivers generating units for each of the past five years***

b. ***Identify the assumed sulfur content, in lbs/mmBtu, of the PRB coal evaluated in the fuel switching analysis set forth in Ex. 4.***

c. ***State whether you analyzed using other types of coal, such as lower-sulfur bituminous coal, to achieve compliance with CSAPR. If so, produce any documents regarding such analysis. If not, explain why not.***

d. ***Identify the sulfur content, in lbs/mmBtu, that would need to be burned in the Big Rivers generating units to achieve compliance with CSAPR.***

Response)

a. The average and maximum sulfur content in lbs SO2 / MMBTU of the as-fired coal by unit for the last five years (2007 – 2011) is shown in the attached table.

b. The analysis did not identify a specific PRB fuel with a specific sulfur content.

c. Big Rivers did not consider lower sulfur Central Appalachian (CAPP) coal for the following reasons:

The Big Rivers coal-fired fleet was designed to burn surrounding Illinois Basin coal. CAPP coal has differing coal chemical characteristics (e.g., higher fusion temperatures and it being a hard coal in comparison to ILB) requiring modifications to units and potentially increasing O&M expenditures.

Illinois Basin coal reserves remain in large supply. Conversely, CAPP reserves are depleting, leaving only thinner, higher priced reserves to be mined. Further, such mining often involves mountain-top removal and valley-fill issues which exacerbate environmental concerns. Export markets have been and continue to seek the higher quality (near metallurgical grade) coal in CAPP, creating pricing volatility and demand not seen in the Illinois Basin coal market.

Finally, CAPP coal is 30% to 35% more expensive than Illinois Basin coal; although, price spikes have been experienced to more than double due to export demand. CAPP coal requires 100% barge delivery, further increasing the price differential versus more regional fuel and its lower priced (trucking) logistics.

d. Table 3-10 in Appendix 4 of Exhibit DePriest - 2 shows the equivalent emission rates in lb SO2 / mmBtu that would be required for each unit for annual SO2 emissions to be lower than the CSAPR 2014 annual SO2 allocations. The Green units already emit less than the CSAPR 2014 annual SO2 requirements; therefore, fuel sulfur levels at Green station would not need to be reduced. Since Reid Unit 1 is the only unit without an existing FGD system, the fuel sulfur level required to comply with CSAPR 2014 annual SO2 allowances is equivalent to the emission rates listed in Table 3-10; therefore, Reid Unit 1 would require a 0.195 lb SO2 / mmBtu fuel. The remaining units have existing wet FGD systems that would be assumed to achieve the same % SO2 removal for the lower fuel sulfur levels as compared to current operation. Therefore, the fuel sulfur levels for each of the remaining units would need to be reduced such that the amount of SO2 removed would result in the equivalent emission rate listed in Table 3-10. Table 3-1 of Exhibit DePriest-2 summarizes the removal efficiencies that are achieved in the existing FGD systems in the remaining units. The three Coleman units have recently demonstrated 93.5% SO2 removal; therefore, fuels with 3.0 lb SO2 / mmBtu fuel or lower would be required to comply based on CSAPR 2014 annual

SO2 allowances. The Wilson units are operating at 91% SO2 removal; therefore, fuels with 2.17 lb SO2 / mmBtu fuel or lower would be required to comply based on CSAPR 2014 annual SO2 allowances. HMP&L Units 1 and 2 achieve 93% and 90% SO2 removal, respectively; therefore, fuels with 2.79 and 1.95 lb SO2 / mmBtu fuel or lower would be required, respectively, to comply based on CSAPR 2014 annual SO2 allowances.

Witnesses) William DePriest (parts a, b, d)
Robert W. Berry (part c)

Big Rivers As Fired Coal by Unit

Sulfur Content, lbs SO_2 / MMBtu

Unit	2007		2008		2009		2010		2011	
	Average	Maximum	Average	Maximum	Average	Maximum	Average	Maximum	Average	Maximum
Coleman 1	4.62	4.74	4.52	4.93	4.64	4.82	4.94	5.36	4.95	5.20
Coleman 2	4.64	4.76	4.58	4.93	4.66	4.81	4.95	5.27	4.95	5.22
Coleman 3	4.63	4.75	4.57	4.93	4.63	4.82	4.94	5.27	4.92	5.20
Green 1	6.38	6.97	6.86	7.14	6.13	6.76	5.80	6.11	5.47	5.98
Green 2	6.45	7.03	6.89	7.13	6.13	6.73	5.84	6.13	5.67	6.02
Henderson 1	5.03	5.53	5.35	5.56	5.44	6.04	5.36	5.74	5.36	5.50
Henderson 2	5.11	5.83	5.25	5.50	5.44	5.96	5.30	5.42	5.38	5.57
Reid 1	4.59	4.72	4.76	5.27	4.66	4.73	4.77	5.01	5.00	5.28
Wilson 1	6.45	6.60	6.92	7.33	6.24	6.91	6.05	6.60	6.21	6.60

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Item 46) *Refer to p. 5 of Ex. 4 to the testimony of William DePriest.*

a. Identify the basis for the assumption that Big Rivers' bituminous coal costs $2.00/mmBtu.

b. Identify the basis for the assumption that "PRB fuels are likely to cost closer to $3.00/mmBtu"

c. Produce any documents supporting the assumed bituminous and PRB coal costs.

Response)

a. The $2.00/mmBtu for bituminous coal is derived from the $48/ton coal cost shown in Table 1-1 of DePriest Exhibit 2. This price was based on available US Energy Information Administration pricing at the time of the study.

b. Information in the public domain shows when Northern Indiana Public Service Company ("NIPSCO") added PRB coal supply to their contract position, it was able to obtain PRB fuel, before transportation costs were applied, for $13.75/ton. Its final delivered costs for a combination of bituminous and PRB fuels was reported to be $51.43/ton and $2.58/mmBtu. For this example, the blended fuel heating value can be calculated to be approximately 10,000 Btu/ lb. Adjusting the $/mmBtu price based on a typical PRB heating value of 8,500 Btu/pound results in an estimated PRB fuel cost of just over $3/mmBtu. This translates to approximately $40/ton in transportation costs for PRB fuel, which is in line with what we would expect for rail costs to ship the coal to Big Rivers' facilities.

c. The information can be found at the following internet location:

http://generationhub.com/2012/03/12/nipsco-adding-prb-coal-supply-to-contract-position

Witnesses) Robert W. Berry (part a)
William DePriest (parts b, c)

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Item 47) *Refer to p. 5 of Ex. 4 to the testimony of William DePriest.*

a. State whether capital changes would be needed to any of the HMP&L, Wilson, or Green units in order for such unit to be able to burn bituminous coal with a lower sulfur content than the coal currently burned in those units.

b. If the answer to subsection (a) is yes, identify the estimated cost of such changes for each unit.

Response)

a. It is not expected that lower sulfur bituminous fuels would result in capital changes.

b. Not applicable.

Witness) William DePriest

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Item 48) *Refer to p. 60 of the Environmental Regulatory Review prepared by Sargent & Lundy, which is attached to William DePriest's Testimony as App. 4. Did Big Rivers or its agents ever consider the material probability that the Kentucky General Assembly will pass clean energy legislation, such as the Clean Energy Opportunity Act (HB 167), between 2012 and 2035?*

- *a. If yes, please explain the basis for Big River's position.*
- *b. If no, please explain why the Big Rivers or its Agents did not include this possibility in its sensitivity analyses?*
- *c. Is it Big Rivers' position that there is no material probability that U.S. Congress or the state of Kentucky will pass legislation between 2012 and 2035 requiring specific quantities of retail electric energy requirements to be met from renewable sources of energy and/or energy efficiency?*
- *d. If yes, please explain the basis for Big Rivers' position.*
- *e. If no, please explain why Big Rivers did not include this possibility in its sensitivity analyses?*

Response) Big Rivers is not aware there is a "material probability" that the Kentucky General Assembly will pass clean energy legislation, such as the previously-proposed Clean Energy Opportunity Act, between 2012 and 2035. Big Rivers is aware there is some support within the Commonwealth for efforts to advance the cause of clean energy legislation. Given this support, there is some possibility that such legislation may pass prior to 2035.

a. Not Applicable.

b. Big Rivers does not know, and cannot know, when such legislation might be adopted, the scope of its applicability, and the requirements that would be imposed. For this reason, there is no sound basis on which to make assumptions to perform a sensitivity analysis, or on which to base decisions in connection with Big Rivers' proposed 2012 Compliance Plan.

c. Big Rivers' position on the likelihood of adoption of state legislation on these subjects is stated above. Big Rivers believes it is more likely, though not materially probable, that such legislation will be adopted on the federal level.

d. Big Rivers' opinions are formed based upon its evaluation of the general information available to Big Rivers from a variety of public and private sources.

e. See response to subparagraph b. above.

Witness) Robert W. Berry

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Item 49) *Refer to p. 6 of the testimony of Mark Hite, lines 13-17. For the "Buy Case," did Big Rivers evaluate locking in supplies and prices under long-term purchase power agreements for a portion of its requirements under the Buy Case?*

a. If not please explain why not.
b. If yes, please provide that analysis.

Response) No.

a. Please see Item 50 of these responses.
b. Not applicable.

Witness) Robert W. Berry

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Item 50) ***Refer to Mark Hite's testimony, lines 1-17, regarding the discussion of alternatives considered***

a. Explain whether a RFQ solicitation for capacity and energy was issued as an additional alternative to reliance on the market capacity and energy and pricing.
b. Explain the rationale for only considering market participation as an alternative.
c. If a RFQ solicitation was issued, provide the analysis of the bids, including the terms of the bids and why each bid received was not acceptable.
d. If a RFQ solicitation was not issued seeking capacity and energy, explain the rationale for not seeking such a solicitation.

Response)

a. A RFQ (Request for Quote) was not issued.
b. Big Rivers is a transmission-owning member of the Midwest Independent Transmission System Operator Inc. ("MISO"). MISO operates a very liquid and transparent wholesale energy market. Big Rivers considered market participation as the "buy" alternative primarily because of the scale and depth of the

MISO market. Also, please see the response to Item 1.26 of the KIUC's First Set of Data Requests.

c. Not applicable.

d. Issuing a RFQ for price discovery without a definitive intention of acting on it in a timely manner would harm Big Rivers, would be unfair to respondents, and would impair Big Rivers' future ability to receive competitive bids when a RFQ was truly needed for obtaining, energy, capacity, allowances or fuel. Also, a considerable amount of time and cost would have been expended by Big Rivers and any companies responding to a RFQ. Such an effort would likely have resulted in limited information that would not have changed the analysis.

Witness) Robert W. Berry

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Item 51) ***Refer to p. 6 of the testimony of Mark Hite, lines 1-17. Please confirm that Big Rivers or its agents did not model a natural gas alternative in the cost-effectiveness modeling.***

Response) Big Rivers did not analyze a natural gas alternative in its financial modeling described on page 6 of Hite's testimony.

Sargent and Lundy did investigate conversion of the Reid and Green units to natural gas as part of their study. Their conclusion was that this was not a cost effective approach for NOx reduction. Please see sections 3.3.2, 4.6.1, 5.1.3 and 5.2 of Exhibit DePriest-2 for details of this analysis.

Witness) Mark A. Hite

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 52) *Refer to p. 6 line 19 through p. 7 line 17 of the testimony of Mark Hite.*

a. Please identify which financial model Big Rivers used, who is the vendor of the model, and whether the model is a proprietary model that requires a license in order to gain access to the files.

b. Please produce, in machine readable format, all of the financial modeling (including input and output files) and workpapers used to determine the NPVRR for each scenario evaluated by Big Rivers or its agents.

c. Please identify any changes to the input files that may be required to reproduce the modeling.

d. If changes were made, please explain why such changes were made.

e. Please identify the assumptions, including any supporting documentation, Big Rivers or its agents used in each base case and sensitivity scenario that you modeled

f. If a license is required to obtain access to any information in this request, please explain who Sierra Club should contact to either obtain that license or present information that Sierra Club or its experts already have a license for that model.

Response)

a. Big Rivers utilized Microsoft Excel to develop its in-house financial model. A license to use Microsoft Excel is required to access and use this non-proprietary model.

b. Please reference the Base Case, Build Case, Partial Build Case, Buy Case, Build No Smelter Load, and Buy No Smelter Load financial model Excel files Big Rivers provided in electronic format in response to KIUC's motion to dismiss. For supporting files and documentation please reference the Excel files Big Rivers provided to KIUC on May 29, 2012 in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

c. None.

d. Not Applicable.

e. Please see Exhibit Hite-3 for a summary of the financial model evaluation assumptions.

f. The only requirement to use the non-proprietary financial model is a license to use Microsoft Excel.

Witness) Mark A. Hite

BIG RIVERS ELECTRIC CORPORATION

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 53) *Refer to p. 7 line 20 to p. 8 line 5 of the testimony of Mark Hite. Identify and produce:*

a. *All forward pricing data received from PACE Global for the production cost modeling.*
b. *All Big Rivers plant specific data that was supplied to ACES Power Marketing.*
c. *Please identify which financial model ACES Power Marketing used, who is the vendor of the model, and whether the model is a proprietary model that requires a license in order to gain access to the files.*
d. *Please produce, in machine readable format, all of the production cost modeling (including input and output files) and workpapers used to determine the NPVRR for each scenario generated by ACES Power Marketing*
e. *Please identify any changes to the input files that may be required to reproduce the modeling.*
f. *If changes are required, please explain why such changes were made.*

g. *Please identify the assumptions, including any supporting documentation, Big Rivers or its agents used in each base case and sensitivity scenario that you modeled*

h. *If a license is required to obtain access to any information in this request, please explain how Sierra Club could obtain that license or, if they already have a license, who they should provide information to regarding the license to obtain the files.*

Response)

a. Please see Big Rivers' response to Item 1.18 of KIUC's First Set of Data Requests

b. Please see Big Rivers' response to Item 1.21 of KIUC's First Set of Data Requests.

c. Please see Big Rivers' responses to Items 1.23 and 1.24 of KIUC's First Set of Data Requests.

d. Please see the CDs Big Rivers filed on May 24, 2012, and May 29, 2012, in response to the May 11, 2012, letter from KIUC's counsel to Big Rivers' counsel.

e. None known.

f. Not applicable.

g. Please see Big Rivers' response to Item 1.5 of KIUC's First Set of Data Requests.

h. Please see Big Rivers' responses to Items 1.24 and 1.28 of KIUC's First Set of Data Requests.

Witnesses) Patrick N. Augustine and Brian J. Azman

BIG RIVERS ELECTRIC CORPORATION

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

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Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 54) *Refer to p. 10, lines 10-12 of the testimony of Mark Hite. State whether any other sensitivity analyses, besides the No Smelter Case, were performed by Big Rivers or its agents. If so, produce the results of all such analyses, including any supporting modeling and workpapers in machine readable format. If not, explain why not.*

Response) Please see Big Rivers' response to Item 26 of the Commission Staff's First Request for Information.

Witness) Robert W. Berry

BIG RIVERS ELECTRIC CORPORATION

APPLICATION OF BIG RIVERS ELECTRIC CORPORATION
FOR APPROVAL OF ITS 2012 ENVIRONMENTAL COMPLIANCE PLAN,
FOR APPROVAL OF ITS AMENDED ENVIRONMENTAL COST
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ESTABLISH A REGULATORY ACCOUNT
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Response to the Sierra Club's
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Dated May 21, 2012

June 1, 2012

Item 55) *Refer to p.4 of the testimony of Mark Hite. State whether Big Rivers or its agents performed any analyses comparing the NPVRR of the Build Case for any of the Wilson, Green, Coleman, Reid, or HMP&L generating units to the NPVRR of retiring and replacing the energy or capacity produced by each such unit. If so, produce any documents regarding those analyses, including any modeling (including input and output files) and workpapers in machine readable format.*

Response) No. Please also see Big Rivers' response to Item 1.26 of KIUC's First Set of Data Requests.

Witness) Mark A. Hite

BIG RIVERS ELECTRIC CORPORATION

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 56) *Refer to p. 15 of the testimony of Mark Hite.*

a. Produce all reports, memoranda, presentations, or other documents provided to the Rural Utilities Service ("RUS"), CoBank, or the National Rural Utilities Cooperative Finance Corporation ("CFC") by either Big Rivers or Touchstone Energy since 2004 regarding:
  i. the environmental compliance status of the Wilson, Green, Coleman, Reid, or HMP&L generating units,
  ii. past, present or future environmental compliance of the Wilson, Green, Coleman, Reid, or HMP&L generating units,

b. Please provide any application(s) for a loan or loan guarantee submitted to the RUS, CoBank, or CFC, including any supporting documentation for the loan or loan guarantee request, for the retrofits requested in these CPCNs for the Wilson, Green, Coleman, Reid, or HMP&L generating units;

c. Please provide any response from RUS, Co-Bank, or CFC regarding a request for a loan or loan guarantee for retrofits proposed in this application of the Wilson, Green, Coleman, Reid, or HMP&L generating units.

d. *If RUS, CoBank, or CFC has agreed to provide a loan or loan guarantee, please provide any loan or loan guarantee paperwork between RUS/CoBank/CFC and Big Rivers regarding the retrofit of the Wilson, Green, Coleman, Reid, or HMP&L generating units.*

e. *Please provide any environmental assessment or environmental impact statement, including any drafts, prepared to support a loan or loan guarantee from RUS, CoBank, or CFC for the retrofits of the Wilson, Green, Coleman, Reid, or HMP&L generating units*

f. *If no environmental assessment or environmental impact statement was prepared for the retrofits proposed in this application because one or more of these projects fall under a categorical exclusion, please provide any correspondence or documents from RUS that discuss application of the categorical exclusion.*

g. *Please continue to provide any such documentation as listed in (a)-(f) above as generated on a regular basis.*

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Response)

a. Please refer to Exhibit DePriest–2, which is the S&L report which Big Rivers provided to RUS. In addition, attached is a presentation made by Big Rivers to RUS on March 20, 2012; a presentation made by Big Rivers to CoBank on February 28, 2012; and the annual (2010, 2011, and 2012) letters from Big Rivers to RUS certifying Big Rivers has fulfilled all its obligations under its Loan Documents in all material respects, which include compliance with environmental laws.

b. None.

c. See attached (CFC Engagement Letter, Revolving Credit Facility, and Transaction Calendar).

d. None.

e. None.

f. None.

g. Big Rivers will update this response during the course of this proceeding.

Witness) Mark A. Hite

Presentation to CoBank
Big Rivers Electric Corporation

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

February-2012

Big Rivers

Participants

Big Rivers Electric Corporation

Mark Hite *Vice President Accounting & Interim CFO*

Robert W. Berry *Vice President Production*

Eric Robeson *Vice President Environmental Services and Construction*

Jim Miller *Corporate Counsel*

Big Rivers

Table of Contents

I. Overview of Big Rivers Electric Corporation

Big Rivers

Overview of Big Rivers Electric Corporation

- Big Rivers Electric Corporation ("Big Rivers") was formed in 1961 and is based in Henderson, Kentucky
- Big Rivers supplies wholesale electric generation and transmission service to three electric distribution cooperatives ("Members"):
  - Jackson Purchase Energy Corporation
  - Kenergy Corp. ("Kenergy")
  - Meade County Rural Electric Cooperative Corporation
- Members are local customer-owned cooperatives providing service to approximately 112,500 retail customers on a not-for-profit basis
  - Members serve residential, commercial and industrial customers located in portions of 22 western Kentucky counties
- Big Rivers and its Members are generally regulated by the Kentucky Public Service Commission
- Big Rivers provides capacity and energy to its members through a combination of 5 owned generation stations, one leased generation station and purchased power
  - Net capacity of owned generation – 1,444 MW
  - Net capacity of leased generation from Henderson Municipal Power & Light Station II (HMPL) – 202 MW
  - Power purchased from SEPA – 178 MW
  - 1,266 miles of transmission lines and 22 substations
  - Midwest ISO membership implementation – Dec. 2010

Key 2011 Statistics
Energy Sales - 13,255 GWh
Operating Revenues - $562mm
Total Assets - $1,418mm
Non-Smelter Member Rate (Excluding MRSM Credit) $45.29/MWh
Non-Smelter Member Rate Stability Mechanism ($6.22/MWh)
Non-Smelter Member Wholesale Rate $39.07/MWh
Smelter Effective Rate $44.48/MWh

Big Rivers

Rate Case

- On March 1, 2011, Big Rivers filed an application for a general rate adjustment with the Kentucky Public Service Commission ("KPSC")
  - Case number 2011-00036
- New Rates were effective September 1, pending approval from the KPSC.
- Formal approval by the KPSC was granted in November 2011 for a rate increase of $26.7mm
  - $10.6 million was assigned to the rural class
  - $ 1.9 million to the large industrial class
  - $14.2 million to the smelters
- A rehearing has been granted by the KPSC wherein Big Rivers has requested an additional $2.7 mm to be reconsidered
- Kentucky Industrial Utility Customers have appealed the $26.7 mm rate increase granted by the KPSC

Big Rivers

Power Supply - ACES Power Marketing & NRCO

ACES Power Marketing

Big Rivers has been a member/owner of ACES Power Marketing, one of the nation's largest electricity traders, since January 2003. ACES operates as an energy risk management and hedge manager. Member/owners like Big Rivers actively participate by utilizing the ACES infrastructure and resources to assess their risks and execute specific, customized portfolio strategies.

National Renewables Cooperative Organization

In the tradition of working together, cooperatives across the country have formed the National Renewables Cooperative Organization (NRCO) to promote and facilitate the development of renewable energy resources. Membership in the NRCO is open to generation and transmission cooperatives (G&Ts) and distribution cooperatives with the legal ability to buy power in the wholesale market. Big Rivers was one of 24 founding members of the organization, which formed in November 2008.

Big Rivers

Big Rivers' Strategic Plan

NORTH STAR
- North Star will be the cost per kWh of the total Member load, including distribution members and smelters.
- Big Rivers will manage the cost per kWh within the board-approved risk tolerance, always striving to keep costs as low as possible while still meeting the Members' service requirements.

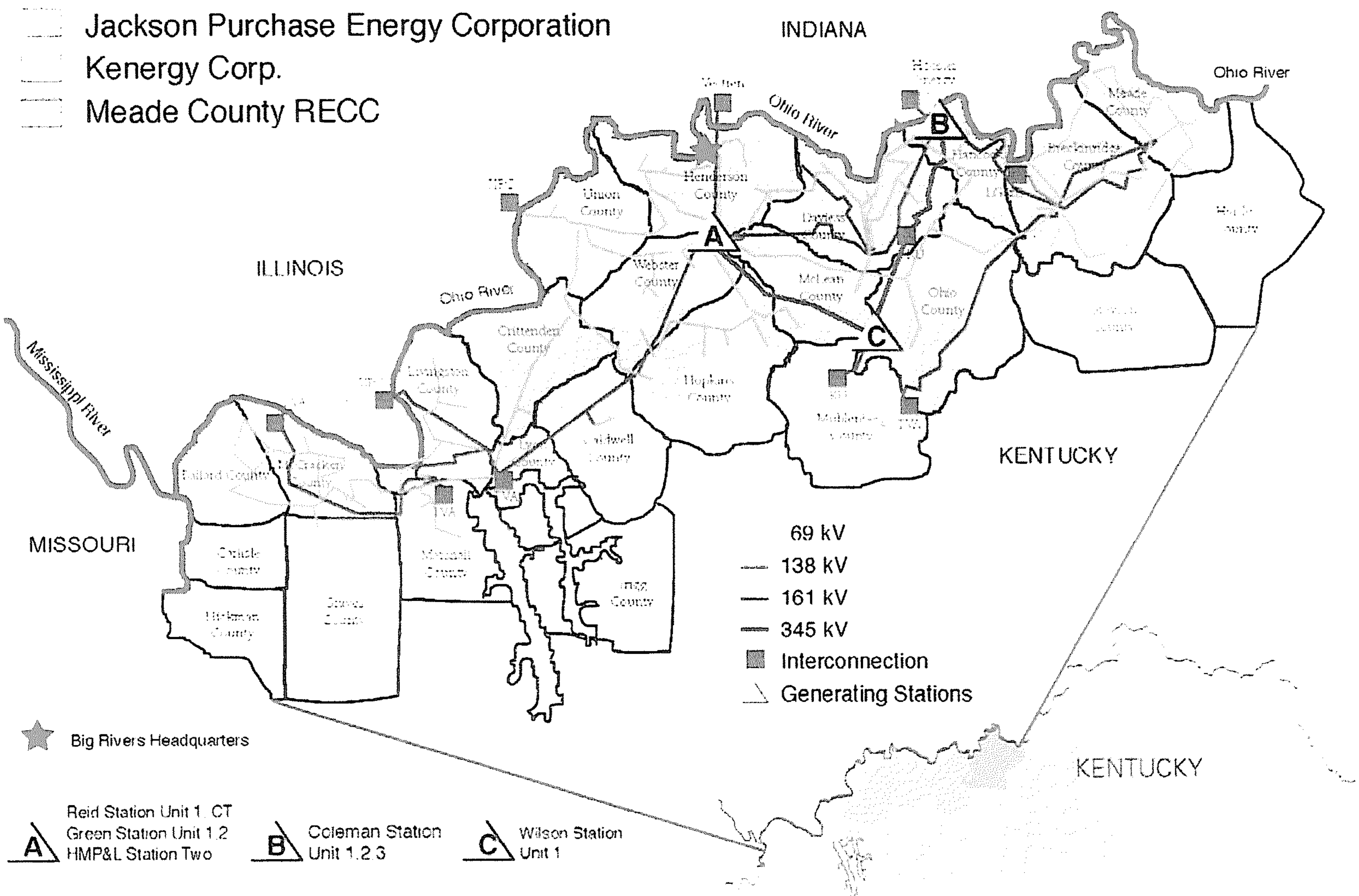
MISSION
Big Rivers' Mission is to safely deliver low cost, reliable, wholesale power and cost-effective shared services desired by our members.

VISION
Big Rivers' Vision is to be viewed as one of the top G&T's in the country and will provide services the members desire in meeting future challenges.

VALUES
- Safety
- Integrity
- Excellence
- Member and Community Service
- Respect for the Employee
- Teamwork
- Environmentally Conscious

Big Rivers

Big Rivers Members' Service Territory



Big Rivers

Big Rivers' Management

Big Rivers is led by an experienced management team and is governed by a six-member board of directors. The board is comprised of two representatives from each distribution cooperative.

Senior Management Team:
Mark Bailey, President & CEO
Robert Berry, V.P. Production
David Crockett, V.P. System Operations
James Haner, V.P. Administrative Services
Mark Hite, V.P. Accounting & Interim CFO
Eric Robeson, V.P. Environmental Services and Construction
Albert Yockey, V.P. Governmental Relations & Enterprise Risk Management

Big Rivers

Big Rivers' Financing

Big Rivers currently has two $50 million lines of credit available to it, one with CoBank, ACB, expiring July 16, 2012, and the other with National Rural Utilities Cooperative Finance Corporation ("CFC") that expires July 16, 2014.

Long Term Debt Schedule ($mm) - as of December 31, 2011

Debt	Maturity Date	Stated Value	Principal	Notes:
RUS Series A Note, stated interest rate of 5.75%, with an imputed interest rate of 5.84%	July 2021	$ 523.2	$ 521.3	A portion hereof to be refinanced by CoBank and CFC
RUS Series B Note, no stated interest rate, with an imputed interest rate of 5.80%	December 2023	$ 245.5	$ 123.0	
Pollution Control Bonds Series 1983 - County of Ohio, Kentucky with a 3.25% interest rate in 2011	June 2013	$ 58.8	$ 58.8	Plan to refinance in 2013
Pollution Control Bonds Series 2010 , County of Ohio, Kentucky with a 6.0% fixed interest rate	July 2031	$ 83.3	$ 83.3	
TOTAL		**$ 910.8**	**$ 786.4**	

Big Rivers

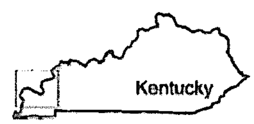
II. Overview of the Members & Customer Base

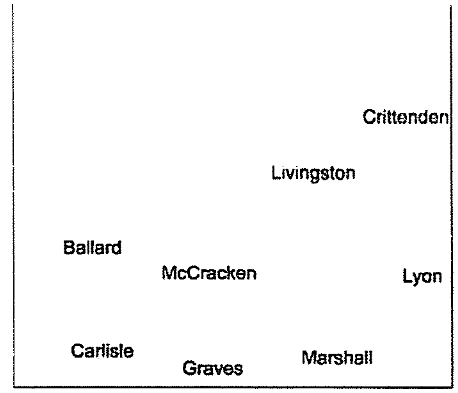
Big Rivers

Overview of Jackson Purchase Energy Corporation

Overview Service Territory

- Established in 1937
- Serves approximately 29,000 accounts in portions of 6 counties in Western Kentucky
- Managed by 8 member/consumer elected board serving four-year staggered terms
- Primarily residential & small commercial customer mix
- Most recent residential retail rate increase: July 2008, 9.5%





Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$45.1	$46.5	$41.9
Operating Expenses	38.0	36.1	34.4
Net Operating Income [1]	7.1	10.4	7.5
Cash Flow			
Debt Service	5.1	4.9	4.9
Debt Service Coverage Ratio	1.50 x	2.32 x	1.62 x
TIER	1.04 x	2.51 x	1.26 x
Balance Sheet			
Net Utility Plant	$92.4	$91.5	$87.3
Equities/Capitalization	39.4%	43.6%	39.8%

Source: RUS Form 7 [1] Before Depreciation, Taxes & Interest

Customer Profile

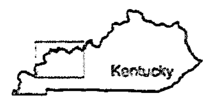
	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	411,231	26,054	29,070
Comm. And Ind. (< 1,000 kW)	190,024	3,126	11,916
Comm. And Ind. (<>1,000 kW)	49,396	9	2,909
Public Lighting/Irrigation	888	10	101
Total	**651,539**	**29,199**	**43,996**

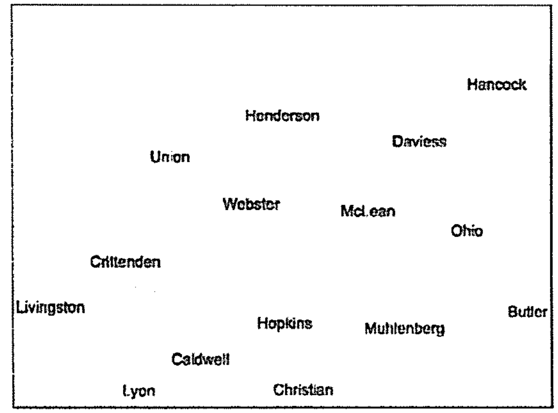
Big Rivers

Overview of Kenergy Corp.

Overview Service Territory

- Established in July 1999 through the consolidation of – Henderson Union Electric Coop (established 1936), and – Green River Electric Corporation (established 1937)
- Serves approximately 55,000 customers in 14 western Kentucky counties along more than 7,000 miles of line
- Fourth largest electric cooperative in Kentucky (based on customers)
- Managed by 11 member customer-elected board
- Most recent residential retail rate increase: Sept. 2011, 7.49%
- Responsible for supplying Hawesville and Sebree smelters





Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$425.6	$401.0	$349.8
Operating Expenses	407.5	381.3	332.9
Net Operating Income [1]	18.1	19.7	16.9
Cash Flow			
Debt Service	11.5	11.6	11.1
Debt Service Coverage Ratio	1.62 x	1.79 x	1.58x
TIER	1.66 x	1.95 x	1.48 x
Balance Sheet			
Net Utility Plant	$182.9	$179.2	$177.5
Equities/Capitalization	36.3%	33.2%	30.3%

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Customer Profile

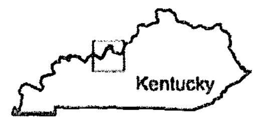
	FY 2011		
Customer Type	MWh	Number of Consumers	Revenue ($000)
Residential	754,124	45,294	56,284
Comm. And Ind. (< 1,000 kW)	314,861	9,803	22,563
Comm. And Ind. (<>1,000 kW)	8,326,066	35	344,888
Public Lighting	1,733	78	282
Total	**9,396,784**	**55,210**	**424,017**

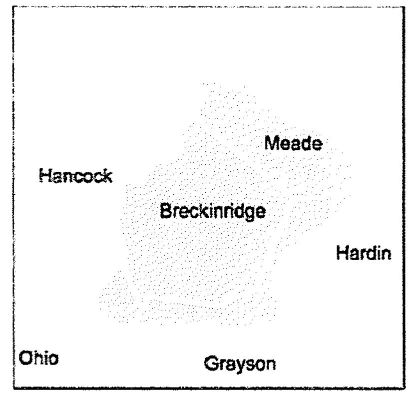
Big Rivers

Overview of Meade County Rural Electric Cooperative

Overview Service Territory

- Established in 1937
- Serves approximately 28,000 customers in portions of 6 Kentucky counties along approximately 2,900 miles of line
- Managed by 7 member customer-elected board
- Primarily residential customer mix
- Most recent residential retail rate increase: Feb. 2011, 3.92%





Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$35.8	$34.6	$31.1
Operating Expenses	28.3	27.5	24.7
Net Operating Income [1]	7.5	7.1	6.4
Cash Flow			
Debt Service	4.8	4.9	4.8
Debt Service Coverage Ratio	1.58 x	1.55 x	1.37 x
TIER	2.09 x	2.05 x	1.57 x
Balance Sheet			
Net Utility Plant	$72.2	$69.9	$66.6
Equities/Capitalization	33.9%	33.5%	32.3%

Customer Profile

	FY 2011		
Customer Type	MWh	Number of Consumers	Revenue ($000)
Residential	364,735	26,402	27,480
Comm. And Ind. (< 1,000 kW)	94,657	2,070	7,131
Public Lighting	1,057	6	75
Total	**460,449**	**28,478**	**34,686**

Source: RUS Form 7 [1] Before Depreciation, Taxes & Interest

Big Rivers

Long-Term Smelter Contracts

- Big Rivers and Kenergy (the Member serving the Smelters) entered into the Smelter Wholesale Power Contracts in which Big Rivers supplies energy to Kenergy for resale to the Smelters through the end of 2023 on a take-or-pay basis, subject to a one-year termination notice from the Smelter(s)
- The two aluminum smelters, owned by Alcan and Century, have a base demand of 850 MW and typically use 98% of the energy
- Energy made available to the Smelters will consist of three types
  - ***Base Monthly Energy:*** 368 MW hourly for Alcan and 482 MW hourly for Century
  - ***Supplemental Energy:*** 10 MW hourly of interruptible energy to each Smelter
  - ***Back-up Energy:*** Imbalance energy for Kenergy made available to the Smelters
- Charges to the Smelters will also include the following adjustments:
  - Base Rate always 25 cents per MWh over Large Industrial
  - Fuel Adjustment Clause ("FAC") – Adjusts monthly for incremental changes in fuel costs
  - Environmental Surcharge ("ES") – Adjusts monthly for incremental changes in non-fuel variable production expenses (emission allowances, reagents and waste disposal)
  - Purchased Power Adjustment ("PPA") – Adjusts monthly for incremental changes in purchased power costs (non-FAC PPA regulatory account for non-smelter members)
  - TIER Adjustment (described on page 29)
  - Surcharges – Mitigate impact of FAC and ES on Non-Smelter Members

Big Rivers

Overview of Smelters

- Sebree, Kentucky Smelter (Alcan Primary Products Corporation)
  - Alcan is owned by Rio Tinto, an international mining group, and is Rio Tinto's only U.S. aluminum smelter
  - Commenced operation in 1973
  - Produces 186,000 metric tons of primary aluminum annually from its 3 potlines
  - 600 employees
  - Base contract demand: 368 MW and Projected annual energy consumption: 3.1 TWh
  - Recently completed $37mm bake furnace project

- Hawesville, Kentucky Smelter (Century Aluminum of Kentucky General Partnership)
  - Century is a public company and through its various subsidiaries owns and operates aluminum smelters in Kentucky, South Carolina, West Virginia and Iceland
  - Commenced operation in 1970
  - Produces 244,000 metric tons of primary aluminum annually from its 5 potlines
  - 775 employees
  - Base contract demand: 482 MW and Projected annual energy consumption: 4.2 TWh

Big Rivers' Members Provide Some of the Lowest Cost Residential Electricity in the Nation

Average Residential Rate – Kentucky December 2011[1]		Average Residential Rate – National November 2011[2]	
Kentucky Utility	**Cents / kWh**	**National Region**	**Cents / kWh**
East Kentucky Power Cooperative	11.66	Pacific Noncontiguous	27.94
AEP Kentucky Power	9.72	New England	15.90
Duke Energy Kentucky	8.65	Middle Atlantic	15.80
Louisville Gas and Electric Company	8.57	Pacific Contiguous	12.71
Kentucky Utilities Company	7.82	East North Central	12.02
		South Atlantic	11.21
		West South Central	10.60
Big Rivers Rate (including credits)	7.82	East South Central	10.46
Big Rivers Rate (excluding credits)	9.11	Mountain	10.12
		West North Central	9.83
		Kentucky	9.30
		United States Total	**11.88**

1 *Source: Kentucky Public Service Commission Orders and Filings*
2 *Source: Energy Information Administration Table 5.6.A*

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Commercial and Industrial Electricity in the Nation

Average Commercial & Industrial Rate – National 2011

National Region	Cents/kWh
Pacific Noncontiguous	24.67
New England	13.51
Middle Atlantic	10.99
Pacific Contiguous	10.13
East North Central	8.05
South Atlantic	8.14
East South Central	7.96
Meade County	7.53
Mountain	7.52
West South Central	7.39
West North Central	7.21
Kenergy - excluding Smelters	7.17
Kentucky	6.86
Jackson Purchase	6.19
Kenergy - Smelters	4.40

Source: RUS Form 7 and Energy Information Administration

III. Operations

Big Rivers

Big Rivers' Available Generation Resources

	Fuel Type	Net Capacity (MW)	Commercial Operation
Owned Generation			
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	138	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal / Gas	65	1966
Combustion Turbine	Oil / Gas	65	1979
D.B. Wilson Unit 1	Coal	417	1986
Owned Subtotal		1,444	
Leased Generation			
HMP&L Station Two			
Unit 1	Coal	153	1973
Unit 2	Coal	159	1974
City's Current Capacity Allocation[1]		(110)	
Leased Subtotal		202	
Total Owned / Leased Generation		1,646	
Purchased Power			
Member's SEPA Allocation	Hydro	178	
Total Capacity		1,824	

1 Big Rivers operates Station Two, which is owned by the City of Henderson, and is entitled to all capacity and energy not taken by the City under the terms of a power purchase agreement.

Big Rivers

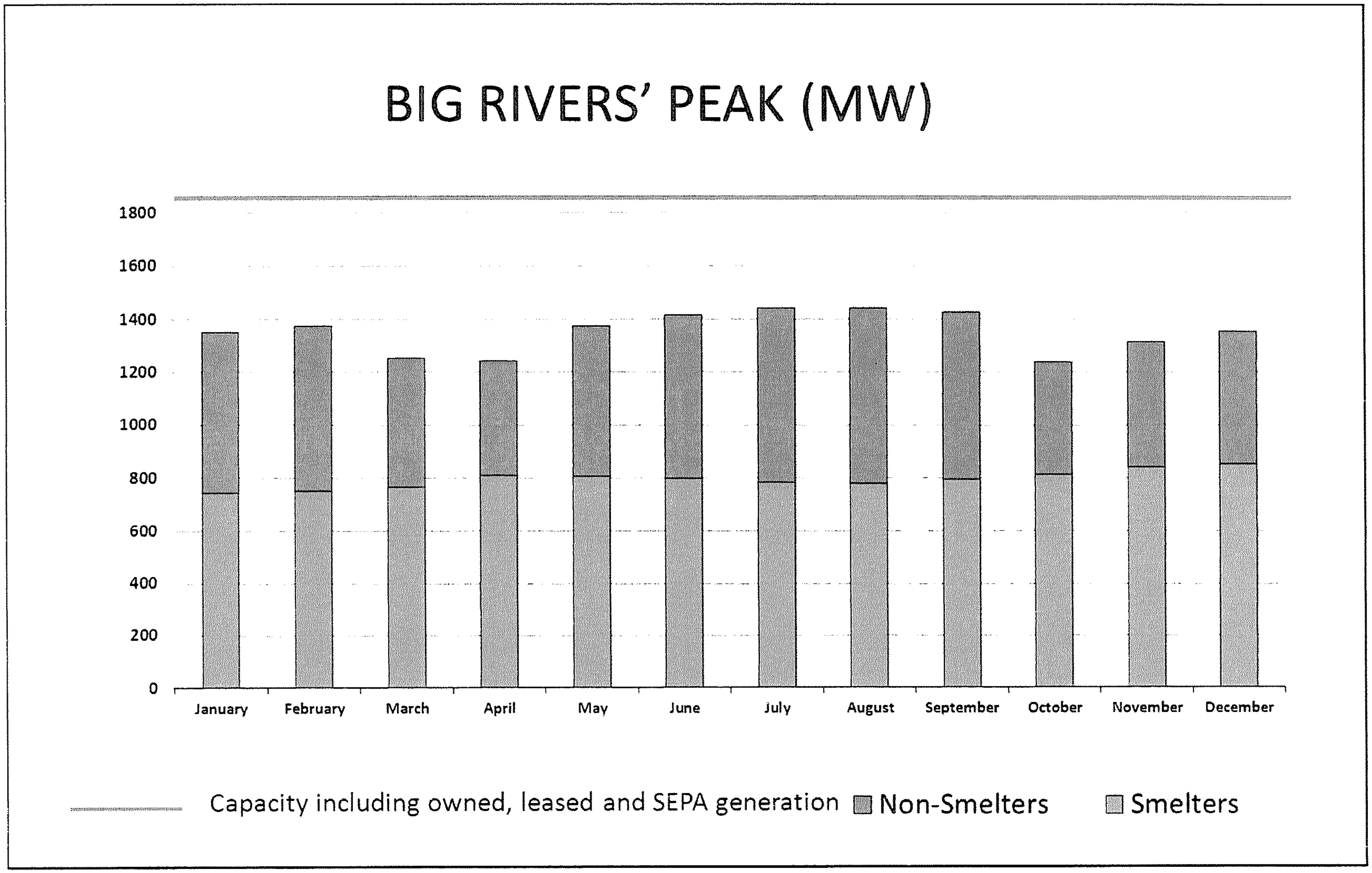
Big Rivers' Coal-Fired Power Plants System Performance

- Eight of the nine coal generating units are equipped with Flue Gas Desulphurization systems (FGDs) to control SO2 emissions
- Wilson 1, HMP&L 1 and HMP&L 2 are equipped with Selective Catalytic Reduction systems (SCRs) to control NOx emissions
- System performance is actively benchmarked against the industry utilizing GKS Navigant services. In the most recent benchmarking survey (2007 to 2011 Q3), Big Rivers displayed the following results when comparing O&M costs including fuel:
    - System capacity weighted O&M cost including fuel was $2.38/MWh less than the median cost ($32.08/MWh vs. $34.46/MWh).

Key Performance Indicators per IEEE Standards (6 Year Averages 2006 thru 2011)

Unit	Net Generation (MWHrs)	Net Heat Rate (BTU/kWH)	Gross Capacity Factor (%)	Gross Capacity Output (%)	Equivalent Availability Factor (%)	Equivalent Forced Outage Rate (%)
Coleman 1	981,391	10,762	75.2	84.5	89.1	4.9
Coleman 2	904,899	11,561	74.8	81.9	90.9	3.1
Coleman 3	1,014,199	10,654	75.5	83.4	88.9	6.8
Green 1	1,768,041	11,132	88.7	95.5	92.1	2.5
Green 2	1,725,642	11,265	89.5	95.1	94.1	1.8
Henderson 1	1,098,054	10,911	83.1	93.2	88.4	8.3
Henderson 2	1,093,491	11,182	79.3	88.0	88.8	5.2
Wilson 1	3,143,151	11,201	86.4	96.8	88.1	4.8
SYSTEM	**11,728,868**	**11,109**	**83.0**	**91.5**	**90.0**	**4.5**

Big Rivers' Peak 2011 (MW)



Big Rivers

Big Rivers' Coal-Fired Power Plants Variable Cost 2011 – by unit

BREC Variable Costs*
Period Ending December 31, 2011
Year - to - Date

Unit	Total Fuel	(Reagent) Scrubber	SOx Allowances	NOx Allowances	Total Variable $	Net Generation	$/MWH
Green 1							
Green 2							
HMP&L 1							
HMP&L 2							
Coleman 1							
Coleman 2							
Coleman 3							
Wilson 1							
Totals							

**Does not include Reid 1 and Reid CT which are used for peaking purposes*

Big Rivers

Big Rivers' Environmental Compliance Plan (ECP) for CSAPR & MATS

Cross-State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards (MATS) were both finalized in 2011. Both rules will impact Big Rivers' ECP. Big Rivers plans to pass through these costs under the Environmental Surcharge, and will be presenting this information to the Kentucky Public Service Commission in 2012. Compliance costs are as follows:

	CSAPR	MATS	Total
Capital			
Wilson	139,000,000	11,240,000	150,240,000
HMPL (Net of City)	3,850,000	280,000	4,130,000
Reid	1,200,000		1,200,000
Green	81,000,000	18,480,000	99,480,000
Coleman		28,440,000	28,440,000
	225,050,000	58,440,000	283,490,000
Cost of Capital	9.42%	9.42%	9.42%
Capital Cost	21,199,710	5,505,048	26,704,758
O&M Cost	3,220,000	10,010,000	13,230,000
Total Annual 2012 ECP Cost in 2016	24,419,710	15,515,048	39,934,758

Big Rivers

IV. Indenture/Financial Goals

Big Rivers

Big Rivers' Financial Covenants

Big Rivers is in compliance with all debt covenants associated with both long-term and short-term debt.

- The Company's Indenture and its line of credit with CFC require that Margins for Interest Ratio (MFIR) of at least 1.10 be maintained each fiscal year.
- The CoBank line of credit agreement requires that at the end of each fiscal year the Company have a Debt Service Coverage Ratio (DSCR) of not less than 1.20.
- CoBank and CFC also require an Equity to Assets ratio of 15% or greater at the end of each fiscal year.

Historical Performance against covenants

Ratio	Agreement	Loan Covenant	2011	2010	2009
MFIR	Indenture/NRUCFC	1.10	1.12	1.15	9.87
Debt Service Coverage Ratio*	CoBank	1.20	1.47	1.47	2.44
Equity to Assets	CoBank	15%	27%	26%	25%
Equity to Assets	NRUCFC	12%	27%	26%	25%
TIER		n/a	1.12	1.15	9.85
Debt to Total Capitalization		n/a	67%	68%	69%

**** DSCR not included in the proposed CoBank Revolver***

V. Financials

Big Rivers

Smelter Agreements TIER Support Calculation

($ mm)

- **20XX Rebate**
  - TIER before adjustment (line 4) exceeds 1.24
  - $18.8mm is available for Rebate, split ratably between Non-Smelter Members and Smelters
  - Maximum TIER adjustment available is $1.95/MWh

- **2013 TIER Adjustment**
  - TIER before adjustment (line 4) is below 1.24
  - $20.36mm is contributed by Smelters via TIER adjustment or $2.79/MWh
  - Maximum TIER adjustment available is $2.95/MWh

Sample Rebate and TIER Adjustment Calculation

	20XX	2013
1 **Before Rebate / TIER Adjustment**		
2 Net Margin + Interest Charges	$79.9	$45.7
3 Interest Charges	$49.3	$53.3
4 Contract TIER	1.62x	0.86x
5 **Rebate**		
6 Members	(6.2)	–
7 Smelters	(12.6)	–
8 Total	(18.8)	–
9 **TIER Adjustment**		
10 Smelters	–	$20.4
11 Total	–	$20.4
12 **After Rebate / TIER Adjustment**		
13 Net Margin + Interest Charges	$61.1	$66.1
14 Interest Charges	$49.3	$53.3
15 Contract TIER	1.24x	1.24x

Big Rivers

Statement of Operations

	Actual		Projected				
Statement of Operations ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Electric Energy Revenues	514.5	558.4					
Other Operating Revenue and Income	12.8	3.6	4.0	4.0	4.0	4.0	4.0
Total Operating Revenues	527.3	562.0					
Operating Expense - Excluding Fuel	187.2	201.8					
Operating Expense Fuel	207.7	226.2					
Maintenance Expense	46.9	47.7					
Depreciation and Amortization	34.2	35.4	41.9	43.3	44.7	48.1	52.3
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Other - Net	(2.8)	(0.4)	(1.4)	(6.0)	(11.2)	(14.5)	(5.8)
Total Expenses	520.3	556.4	580.8	604.5	637.5	656.3	702.7
Net Margins	**7.0**	**5.6**					

Big Rivers

Balance Sheet

	Actual		Projected				
Balance Sheet ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Assets							
Net Utility Plant	$ 1,092	$ 1,092	$ 1,120	$ 1,189	$ 1,339	$ 1,436	$ 1,427
Cash & Investments	45	45	35	241	101	32	32
Transition Reserve	35	0	35	35	36	36	36
Economic Reserve	121	100	72	38	8	0	0
Rural Economic Reserve	62	63	64	65	66	52	23
Receivables, Inventories, & Other	117	118	133	141	139	142	149
Total	**$ 1,472**	**$ 1,418**	**$ 1,459**	**$ 1,709**	**$ 1,689**	**$ 1,698**	**$ 1,667**
Equities & Liabilities							
Equities	$ 387	$ 390	$ 395	$ 404	$ 418	$ 433	$ 447
Debt	817	786	859	1,133	1,124	1,114	1,104
Deferred Revenue - Economic Reserves	181	162	136	103	74	52	23
Line of Credit Advances	10	0	0	0	0	25	15
Payables & Other	77	80	69	69	73	74	78
Total	**$ 1,472**	**$ 1,418**	**$ 1,459**	**$ 1,709**	**$ 1,689**	**$ 1,698**	**$ 1,667**
Equities / Total Capitalization	**32%**	**33%**	**31%**	**26%**	**27%**	**28%**	**29%**

Debt Service Coverage

	Actual		Projected				
Debt Service Coverage ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Margins	$ 7.0	$ 5.6					
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Depreciation & Amortization	36.3	37.5	44.5	46.0	47.5	51.0	55.5
Numerator for DSCR	$ 90.4	$ 88.8					
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Principal Due on Long-Term Debt	14.2	14.9	16.1	19.4	20.1	20.9	26.1
Denominator for DSCR	$ 61.3	$ 60.6	$ 59.5	$ 68.4	$ 74.1	$ 80.6	$ 88.0
Debt Service Coverage Ratio	**1.47**	**1.47**					

Big Rivers

Non-Smelter Member Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Non-Smelter Members							
Base Rate	35.33	42.45					
Regulatory Account Amortization	0.00	(0.32)	(1.23)	(1.23)	(0.38)	0.17	0.28
FAC	9.98	4.49	5.09	5.47	5.95	6.36	6.80
Environmental Surcharge	2.25	2.16	2.51	3.27	3.78	4.75	7.37
Surcredits	(3.30)	(3.49)	(4.10)	(4.05)	(4.00)	(3.97)	(3.93)
Rebate (Accrual)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Stabilization	0	0	0	0	0	0	0
Economic Reserve	(7.91)	(6.22)	(8.69)	(8.39)	(7.93)	(5.07)	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(2.49)	(8.47)
Blended Rate	**36.35**	**39.07**					

Big Rivers

Smelter Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Smelters							
Large Industrial Rate @ 98%	29.07	34.70					
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	29.32	34.95					
Tier Adjustment	1.95	1.95	2.95	2.95	2.95	2.67	2.59
Non-FAC PPA	(1.18)	(0.70)	(0.40)	(0.21)	(0.04)	0.28	0.38
FAC	10.13	4.53	5.11	5.48	5.95	6.36	6.80
Environmental Surcharge	2.26	2.18	2.48	2.66	3.14	3.94	6.11
Surcharge	1.57	1.57	1.87	1.87	1.87	1.87	1.87
Rebate (accrued)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate	**44.05**	**44.48**					

Big Rivers

Big Rivers' Credit Rating

Big Rivers had its credit rating evaluated by three credit rating agencies.

Moody's Investor Service – Moody's has assigned a 'Baa1' senior secured rating for the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Standard & Poor's (S&P) – S&P has assigned a 'BBB-' issuer credit rating to Big Rivers and has assigned a "BBB-" long-term rating for its Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Fitch Ratings Ltd. – In August, 2011, Fitch has assigned a 'BBB-' rating on the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

VI. Appendix – Management Information

Big Rivers' Management

Senior Management Biographies

Mark A. Bailey, President and Chief Executive Officer, received a Bachelor of Science in Electrical Engineering from Ohio Northern University in 1974, and a Master of Science in Management from the Massachusetts Institute of Technology in 1988. He was employed by American Electric Power Company ("AEP") for nearly 30 years, beginning as an Electrical Engineer in 1974. Mr. Bailey was employed as Vice President of AEP subsidiary Indiana Michigan Power Company until AEP's reorganization in 1996, when he became Director-Regions with American Electric Power Service Corporation ("AEPSC"), also a subsidiary of AEP. He was employed as Vice President of Transmission Asset Management for AEPSC from June 2000 until his employment as President and Chief Executive Officer ("CEO") with Kenergy Corp. in 2004. Mr. Bailey was employed as Executive Vice President and Chief Operating Officer beginning in June 2007 until being elected by the Board of Directors to his current position in October 2008.

Robert W. Berry, Vice President of Production, graduated from the University of Kentucky Community College system with an Associate degree in Mechanical Engineering Technology and Mid-Continent University with a Bachelor of Science in Business Management. He was employed by Big Rivers from 1981 to 1998 and served in various maintenance positions such as Superintendent of Maintenance and Maintenance Manager. In 1998 he was employed by Western Kentucky Energy and served in various positions such as Maintenance Manager, Plant Manager and General Manager until the Unwind transaction closed in July 2009, at which time he assumed his current position.

David G. Crockett, Vice President of System Operations, graduated from the University of Kentucky with a Bachelor of Science in Electrical Engineering in 1972. He has been employed with Big Rivers since 1972. He served in various engineering positions before assuming the responsibility of Manager of Energy Control in 1998. Mr. Crockett assumed his current position as Vice President System Operations in 2006.

James V. Haner, Vice President of Administrative Services, graduated from the University of Kentucky with a Bachelor of Science in Accounting in 1970. He has been employed with Big Rivers since 1972. He served in various accounting and finance capacities prior to transferring to administrative services in 1991. He assumed duties as Manager Human Resources in 1998. Mr. Haner assumed his current position of Vice President Administrative Services in 2005.

Big Rivers

Big Rivers' Management

Senior Management Biographies - continued

Mark A. Hite, Vice President of Accounting and Interim Chief Financial Officer, graduated from the University of Evansville with a Bachelor of Science in Accounting in 1980 and a Master of Business Administration in 1985. He is a licensed CPA. Mr. Hite has been employed with Big Rivers since 1983, and has served in various accounting and finance capacities prior to assuming his current position.

Eric Robeson, Vice President of Environmental Services and Construction, graduated from Rose Hulman Institute of Technology in 1977 with a Bachelor of Science in Mechanical Engineering and Ball State University in 1988 with a Masters of Business Administration. He is a registered Professional Engineer in the state of Indiana. Mr. Robeson worked at Vectren (and its predecessor company Sigeco) from 1980 to 2011. He served in a variety of engineering and managerial positions including Plant Manager, Director of Generation Planning, and Director of Infrastructure Services. He joined Big Rivers in 2011 as Vice President of Construction overseeing environmental compliance efforts and assumed his current position in February , 2012

Albert M. Yockey, Vice President of Governmental Relations & Enterprise Risk Management, graduated from the University of Pittsburgh with a Bachelor of Science in Electrical Engineering in 1972, a Master of Science from Lehigh University in 1979, and a Juris Doctor from Capital University Law School in 1994. He is a registered Professional Engineer in Pennsylvania and a licensed attorney in Ohio. Mr. Yockey was employed in operation and planning positions with Pennsylvania Power and Light Co. from 1972 through 1985. He was employed in planning, regulatory, and compliance positions with American Electric Power Company from 1985 until February 2008. Mr. Yockey joined Big Rivers as Vice President of Enterprise Risk Management and Strategic Planning in 2008 and assumed his current position in July 2009.

Big Rivers
ELECTRIC CORPORATION

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

March 28, 2012

Mr. Jonathan Aldelstein
Administrator
USDA/RUS File: RUS
Stop 1510, Room 5135-S
1400 Independence Avenue, SW
Washington, DC 20250-1500

Dear Mr. Aldelstein:

In accordance with Article IV, Section 4.3 of the Amended and Consolidated Loan Contract dated July 16, 2009, between Big Rivers Electric Corporation and the United States of America, I certify that, to my knowledge, during 2011, Big Rivers Electric Corporation has fulfilled all of its obligations under the Loan Documents in all material respects.

Sincerely,

BIG RIVERS ELECTRIC CORPORATION

Mark A. Bailey

Mark A. Bailey
President & CEO

cc: Mr. Victor Vu, Stop 1568, Room 0270
Mr. John Sanders, Stop 1568, Room 0270
James Miller, Esq.
Mr. Mark A. Hite
Mr. Albert Yockey
Mr. Ralph A. Ashworth

Big Rivers
ELECTRIC CORPORATION

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

April 25, 2011

Mr. Jonathan Aldelstein
Administrator
File: USDA/RUS
Stop 1510, Room 5135-S
1400 Independence Avenue, SW
Washington, DC 20250-1500

Dear Mr. Aldelstein:

In accordance with Article IV, Section 4.3 of the Amended and Consolidated Loan Contract dated July 16, 2009, between Big Rivers Electric Corporation and the United States of America, I certify that, to my knowledge, during 2010, Big Rivers Electric Corporation has fulfilled all of its obligations under the Loan Documents in all material respects.

Sincerely,

BIG RIVERS ELECTRIC CORPORATION

Mark A. Bailey

Mark A. Bailey
President & CEO

cc: Mr. Victor Vu, Stop 1568, Room 0270
Mr. John Sanders, Stop 1568, Room 0270
James Miller, Esq.
Mr. C. William Blackburn
Mr. Mark A. Hite
Mr. Albert Yockey
Mr. Ralph A. Ashworth
Mr. Mark Davis

Big Rivers
ELECTRIC CORPORATION

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

March 29, 2010

Mr. Jonathan Adelstein file
Administrator
USDA/RUS
Stop 1~~510,~~ Room 5135-S
1400 Independence Avenue, SW
Washington, DC 20250-1500

Dear Mr. Adelstein:

In accordance with Article IV, Section 4.3 of the Amended and Consolidated Loan Contract dated July 16, 2009, I certify that, to my knowledge, during 2009, Big Rivers Electric Corporation has fulfilled all of its obligations under the Loan Documents in all material respects.

Sincerely yours,

BIG RIVERS ELECTRIC CORPORATION

Mark A. Bailey

Mark A. Bailey
President and CEO

C: Mr. Victor Vu, Stop 1568, Room 0270
James Miller, Esq.
Mr. C. William Blackburn
Mr. Mark A. Hite
Mr. Albert Yockey
Mr. Ralph Ashworth

National Rural Utilities Cooperative Finance Corporation

SERVICE | INTEGRITY | EXCELLENCE

CONFIDENTIAL

April 20, 2012

Mark A. Bailey
President and CEO
Big Rivers Electric Corporation
201 Third Street
Henderson, KY 42419

Re: Engagement Letter for an up to $300 million Five-Year Senior Unsecured Revolving Credit Facility

Dear Mr. Bailey:

This letter agreement (this "**Engagement Letter**") confirms the terms on which Big Rivers Electric Corporation (the "**Company**") has engaged National Rural Utilities Cooperative Finance Corporation ("**CFC**" or the "**Lead Arranger**") in connection with arranging for an up to $300 million five-year senior unsecured revolving credit facility (the "**Credit Facility**"). CFC will act as Administrative Agent for the Facility (in such capacity, the "**Administrative Agent**). A draft summary of terms and conditions (the "**Term Sheet**") of the Credit Facility is attached with this Engagement Letter. Capitalized terms used herein without definition have the meanings given to them in the Term Sheet. The Company agrees to pay the non-refundable fees set forth below in accordance with the terms of this Engagement Letter:

Arranger Fee:	A one-time fee equal to $40,000 payable to CFC at the Closing.
Upfront Fee:	A one-time fee equal to 0.30% of the amount of each Lender's allocated commitment upon the execution of a definitive credit agreement and the closing of the Credit Facility, payable to the Lenders at the Closing.
Administrative Agency Fee:	$20,000 per annum, payable annually in advance to CFC on the date of the execution of a definitive credit agreement and closing of the loan and on each annual anniversary date thereof through the Maturity Date. This fee is nonrefundable and shall not be pro-rated in the event the Credit Facility is prepaid.

Expenses: The Company agrees to pay all reasonable out-of-pocket expenses of the Lead Arranger associated with the Facility, including but not limited to reasonable legal fees and expenses of the Lead Arranger/Administrative Agent/Lenders and syndication expenses, regardless of the closing of the Facility.

Payment of the foregoing fees will not be subject to offset counterclaim or set-off for, or be otherwise affected by, any claim or dispute relating to any other matter.

By accepting delivery of this Engagement Letter, each party agrees that this Engagement Letter is for the party's confidential use only and that neither its existence nor the terms hereof will be disclosed by the party to any person other than the party's officers, directors, affiliates employees, accountants, attorneys and other advisors, agents and representatives, and then shall be disclosed only on a confidential and "need to know" basis in connection with the transactions contemplated by the Term Sheet; provided, however, that a party may disclose the existence and terms hereof to the extent required, (a) when such disclosure is required by law, under order of a court of competent jurisdiction, or at the request of a government or regulatory agency, so long as, to the extent permitted by law, the disclosing party provides the other party with prior written notice of any required disclosure pursuant to such law, order, request or requirement, so that the other party can seek a protective order against such disclosure and/or (b) at the request of a party's rating agencies, lenders, investment bankers, bankers and others with which the disclosing party has a confidential relationship. Each party's obligations under this paragraph shall survive the termination of this Engagement Letter for a period of one year.

The Lead Arranger's engagement hereunder will be terminated upon the earliest to occur of (i) the closing, (ii) the date which is eight months after the date hereof, or (iii) the date elected by either the Lead Arranger or the Company, subject in the case of this clause (iii) to the delivery of 10 days' prior written notice by the Lead Arranger or the Company to the other party. During the period of engagement hereunder, the Company will not, and will cause its affiliates to not, discuss the Credit Facility with any third parties other than its officers, directors, affiliates employees, accountants, attorneys and other advisors, agents and representatives (except through the Lead Arranger) and it will promptly notify the Lead Arranger if it receives any inquiry concerning the Credit Facility. The Company represents and agrees that no financing of the same or a similar class as the Credit Facility will be made by the Company or on its behalf during the period of the engagement hereunder.

This Engagement Letter shall be governed by, and construed in accordance with, the laws of the State of New York. Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Engagement Letter or the transactions contemplated hereby or the actions of the parties hereto in the negotiation, performance or enforcement hereof

Please indicate the Company's acceptance of the provisions hereof by signing the enclosed copy of this Engagement Letter and returning two (2) of these originals to J. Andrew Don, Senior Vice President and Treasurer, National Rural Utilities Cooperative Finance Corporation, Dulles, Virginia 20166 (fax: (703) 467-5681) at or before 5:00 p.m. ET on May 15, 2012. If the Company elects to deliver this Engagement Letter by telecopier, please arrange for the executed original to follow by next-day courier.

[Signature Pages Follow]

Very truly yours,

National Rural Utilities Cooperative Finance Corporation

By________________________________
Name: J. Andrew Don
Title: Senior Vice President and Treasurer

ACCEPTED AND AGREED
on _______________, 2012:

Big Rivers Electric Corporation

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

BIG RIVERS ELECTRIC CORPORATION
SUMMARY OF TERMS AND CONDITIONS
UP TO $300 MILLION SENIOR UNSECURED REVOLVING CREDIT FACILITY

FOR DISCUSSION PURPOSES ONLY – NOT A COMMITMENT TO LEND

BORROWER: Big Rivers Electric Corporation ("**Big Rivers**" or the "**Borrower**").

FACILITY: Up to $300 million senior unsecured revolving credit facility.

PURPOSE: The Facility shall be used for general corporate purposes and for the issuance of letters of credit ("**LCs**").

LEAD ARRANGER: National Rural Utilities Cooperative Finance Corporation ("**CFC**")

ADMINISTRATIVE AGENT: CFC.

LENDERS: A syndicate of financial institutions arranged by the Lead Arranger and acceptable to the Borrower and the Lead Arranger (collectively, the "**Lenders**").

CLOSING: December 6, 2012 or, if earlier, as soon as practicable following the effective date of approval of the Facility by the Kentucky Public Service Commission ("**KPSC**").

INTEREST RATES: As set forth in Addendum I.

MATURITY: Up to five years from the Closing (the "**Maturity Date**").

AVAILABILITY: Provided that (i) the aggregate sum of all outstanding amounts together with the LC Exposure then outstanding does not exceed the Lenders' aggregate commitments under the Facility, and (ii) the "Conditions Precedent to all Loans" (set forth below) are satisfied, advances under the Facility shall be available on and after the Closing until, but not including, the Maturity Date. The borrowing amount for any advance shall be not less than $5 million and in an aggregate amount that is an integral multiple of $1 million. The Borrower may, subject to the terms of the Facility, borrow, repay and re-borrow advances.

SWINGLINE AVAILABILITY: Provided that (i) the aggregate sum of all outstanding amounts together with the LC Exposure then outstanding does not exceed the Lenders' aggregate commitments under the Facility, and (ii) the "Conditions Precedent to Each Advance" (set forth below) are satisfied, the Borrower shall have the ability to request advances from the Swingline Lender ("**Swingline Loans**") in an aggregate amount of up to $25 million. The borrowing amount for any Swingline Loan shall be not less than $1 million and in an aggregate amount that is an integral multiple of $500,000. Each Swingline Loan must be repaid within five (5) business days of the date of borrowing.

SWINGLINE LENDER:	CFC.
LETTERS OF CREDIT:	Provided that (i) the aggregate sum of all outstanding amounts together with the LC Exposure then outstanding does not exceed the Lenders' aggregate commitments under the Facility, and (ii) the "Conditions Precedent to Each Advance" (set forth below) are satisfied, the Borrower may request the issuance of standby LCs under the Facility in the amount up to $50 million in the aggregate (the "**LC Sublimit**"). Each Lender shall participate in the LC Sublimit on a pro rata basis.
LC ISSUER:	CFC or any Lender chosen by the Borrower, subject to the agreement of such Lender, in its sole discretion, to issue a given LC.
LC PARTICIPATION FEE:	The Borrower will pay each Lender a participation fee with respect to its pro rata participation in LCs, which shall accrue at a rate equal to the LIBOR Applicable Margin (as set forth in Addendum I) on the average daily amount of the LC Exposure. The LC Participation Fee shall be payable on a quarterly basis.
LC FRONTING FEE:	The Borrower will pay the LC Issuer a fronting fee that shall accrue at the rate of 15 bps per annum on the average daily amount of the LC Exposure. The LC Fronting Fee shall be payable on a quarterly basis.
LC EXPOSURE:	LC Exposure shall mean at any time, the sum of (a) the aggregated undrawn amount of all outstanding LC at any time plus (b) the aggregate amount of all LC disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time.

REPAYMENT: The Borrower will repay each advance no later than the Maturity Date and as described in "Mandatory Prepayment" below. The Borrower will repay each Swingline Loan to the Swingline Lender when due and payable.

MANDATORY PREPAYMENT: Usual and customary for transactions of this type, to include without limitation: (i) amounts advanced in excess of the Facility amount and (ii) change of control.

OPTIONAL PREPAYMENTS AND COMMITMENT REDUCTIONS: The Borrower may prepay the Facility in whole or in part at any time without penalty, subject to reimbursement of the Lenders' breakage and redeployment costs in the case of prepayment of LIBOR borrowings. The Borrower may, on one business day's prior written notice, permanently terminate or cancel any unused portion of the Facility, provided that each partial reduction must be in minimum increments of $10 million or any whole multiple of $5 million in excess thereof.

LOAN DOCUMENTATION: The Borrower shall have executed and delivered definitive loan documentation with respect to the Facility on terms described in this term sheet and such other terms as may be agreed to between the Borrower and the Lead Arranger.

CONDITIONS PRECEDENT TO CLOSING AND THE INITIAL FUNDING: The Closing and the initial funding of the Facility will be subject to satisfaction of the following conditions precedent:

(i) The negotiation, execution and delivery of definitive documentation (including, without limitation, satisfactory legal opinions, corporate formation and authority documents and other customary closing documents) for the Facility satisfactory to the Lead Arranger and the Lenders.

(ii) There shall not have occurred a material adverse change since December 31, 2011 in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) of the Borrower and its subsidiaries taken as a whole or in the facts and information regarding such entities as represented to date.

(iii) Receipt and satisfactory review by the Lead Arranger and the Lenders of such financial information regarding the Borrower and its subsidiaries as they may reasonably request.

(iv) Payment of all fees and expenses required to be paid on or before the Closing.

(v) The absence of material litigation, subject to certain exceptions previously disclosed to the Lenders.

(vi) The Borrower shall be in compliance with all existing material financial obligations.

(vii) The Borrower shall make certain representations and warranties regarding itself, its members and the Member Wholesale Power Contracts as agreed to between the Borrower and the Lead Arranger.

(viii) All governmental and regulatory approvals necessary, including, but not limited to the KPSC approval, for the transaction shall have been obtained.

(ix) No Event of Default (as defined below), or event which with giving of notice or lapse of time or both would be an Event of Default (together referred to herein as a "Default"), has occurred and is continuing.

(x) Favorable legal opinion from counsel for the Borrower, satisfactory to the Lead Arranger and the Lenders.

(xi) The Borrower shall certify that on and as of the Closing, to the best of its knowledge, there is no condition or circumstance that would impair the ability of the parties to the Borrower's Member Wholesale Power Contracts and Direct Serve Contracts to perform thereunder.

(xii) Termination of unsecured line of credit facilities with CFC and CoBank, ACB.

CONDITIONS PRECEDENT TO EACH ADVANCE:

Usual and customary for transactions of this type, to include without limitation: (i) all representations and warranties are true and correct as of the date of each loan or LC (except those that expressly relate to an earlier date), and (ii) no Default or Event of Default has occurred and is continuing, or would result from such loan.

REPRESENTATIONS AND WARRANTIES:

Usual and customary for transactions of this type, to include without limitation: (i) corporate existence and status; (ii) corporate power and authority/enforceability; (iii) no violation of law, material contracts or organizational documents; (iv) no undisclosed material litigation as of the Closing; (v) correctness of specified financial statements; (vi) receipt of all required governmental or third party approvals; (vii) no Default; (viii) indebtedness and liens as of the Closing; (ix) compliance with laws; (x) solvency; (xi) title to property, insurance and leases; (xii) franchises, licenses and permits; (xiii) corporate structure/subsidiaries as of the Closing; (xiv) use of proceeds/compliance with margin regulations; (xv) status under Public Utility Holding Company Act, Investment Company Act, KPSC and Federal Power Act; (xvi) ERISA matters; (xvii) environmental matters as of the Closing; (xviii) payment of taxes; (xix) accuracy of disclosure; (xx) compliance with the RUS debt obligations and material compliance with RUS regulations applicable to the Borrower; (xxi) labor disputes and natural disaster; (xxii) Patriot Act and anti-terrorism compliance; (xxiii) effectiveness and enforceability against the Borrower of the Borrower's power supply contracts with its members excluding the power supply amendments described in (a) and (b), below ("**Member Wholesale Power Contracts**"), and power supply contracts or power supply contract amendments with a member to provide wholesale service for (a) any smelter to which a member of the Borrower supplies power, and (b) any other customer to which a member of the Borrower supplies power in excess of 25 megawatts (each of the power supply contracts or power supply contract amendments described in (a) and (b), a "Direct Serve Contract").

COVENANTS:

Usual and customary for transactions of this type, to include without limitation: (i) delivery of financial statements, compliance certificates, government reports and notices of default, material litigation and material governmental and environmental proceedings; (ii) compliance with material laws (including environmental laws and ERISA matters) and material contractual obligations; (iii) payment of taxes; (iv) maintenance of property and insurance; (v) preservation of existence and franchises; (vi) maintenance of books and records/inspection rights; (vii) use of proceeds and LCs; (viii) limitation on liens, negative pledges, mergers (except mergers where the Borrower is the surviving entity), sale of all or substantially all of the Borrower's assets, sales of physical plant assets, sale leaseback transactions, investments and acquisitions; (ix) limitation on intercompany indebtedness and transactions with affiliates; (x) limitation on changes to nature of business, charter documents, fiscal year and organizational documents; (xi) limitation on other unsecured indebtedness exceeding $50 million (excluding purchase money and capital lease indebtedness); (xii) providing prompt notice of (x) material changes to Member Wholesale Power Contracts and (y) the (a) permanent shutdown or material curtailment of the operations of any Borrower member retail customer for which wholesale service is provided under a Direct Serve Contract, (b) material modification to a Direct Serve Contract and (c) termination of any Direct Serve Contract; (xiii) limitation on investment; (xv) notice of material events; (xvi) no termination of Member Wholesale Power Contracts representing 20% or more of the Borrower's revenue base (other than at the end of a contract term or a voluntary termination provided for by the contract terms); and (xvii) limitation on forming subsidiaries.

FINANCIAL COVENANTS:

(i) Margins for Interest ("**MFI**") – the Borrower will maintain a minimum MFI of 1.1:1.0 as of the last day of any fiscal year.

(ii) Members' Equities' Balance ("**MEB**"): The Borrower will maintain, in accordance with GAAP, a minimum MEB at each fiscal quarter end and as of the last day of each fiscal year, as specified below during the following calendar year periods.

Period Ending (and the Fiscal Quarters Ending Therein)	**Amount**
December 31, 2012	$325,000,000 plus 75% of the positive net margins for the

	Borrower's fiscal year ending 2011
December 31, 2013	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2011 and 2012
December 31, 2014	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2011 and 2013
December 31, 2015	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2011 and 2014
December 31, 2016	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2011 and 2015
December 31, 2017	$325,000,000 plus 75% of the cumulative positive net margins between the Borrower's fiscal year ending 2011 and 2016

EVENTS OF DEFAULT:

Usual and customary for transactions of this type, to include without limitation: (i) nonpayment of principal, interest, fees or other amounts, (ii) violation of covenants (with cure periods as applicable), (iii) inaccuracy of representations and warranties, (iv) cross-default (applicable for principal and interest payments, subject to applicable cure periods in the case of interest payments) or cross-acceleration (applicable for other defaults) to other indebtedness exceeding $15 million, (v) bankruptcy and other insolvency events, (vi) judgments in excess of $15 million, (vii) ERISA matters, (viii) actual or asserted invalidity of any loan documentation or security interests, (ix) (A) any one or more members of the Borrower shall default in the performance of any payment obligations under its or their Member Wholesale Power Contracts where the aggregate principal amount of such default or defaults exceeds $5 million and such default or defaults have continued for sixty-five (65) days beyond any applicable cure period with respect thereto, if any, or (B) members of the Borrower representing 20% or more of the Borrower's revenue base shall contest the validity or enforceability of their Member Wholesale Power Contracts by filing any official judicial or regulatory filing seeking as a remedy the declaration of the unenforceability or the material modification of their wholesale power contracts, and such judicial or regulatory body shall have issued a final, non-appealable order (1) in which such members substantially prevail, (2) declaring all or a material portion of such Member Wholesale Power Contract(s) unenforceable, or (3) modifying such Member Wholesale Power Contract(s) in any material manner; (x) termination of Member Wholesale Power Contracts representing 20% or more of the Borrower's revenue base; and (xi) assertion of material environmental claims, excluding the Environmental Protection Agency claims that have been disclosed to the Lenders at Closing, and provided that the prosecution of such claims has not resulted in either a material expansion thereof or the assertion of new claims.

ASSIGNMENTS AND PARTICIPATIONS:

Each Lender will be permitted to make assignments (in minimum amounts of $3 million) to other financial institutions approved by the Borrower (so long as no Default has occurred and is continuing) and the Administrative Agent, which approval shall not be unreasonably withheld. Lenders will be permitted to sell participations with voting rights limited to significant matters such as changes in amount, rate and maturity date. An assignment fee of $3,500 shall be payable by the Lender to the Administrative Agent upon the effectiveness of any such assignment (including, but not limited to, an assignment by a Lender to another Lender).

WAIVERS AND AMENDMENTS:

Amendments and waivers of the provisions of the loan agreement and other definitive credit documentation will require the approval of Lenders holding loans, LC's and commitments representing more than 50.0% of the aggregate amount of loans and commitments under the Facility ("**Required Lenders**"), except that the consent of all Lenders shall be required with respect to (i) increases in the commitment of any Lender, (ii) reductions of principal, interest or fees, (iii) extensions of scheduled maturities or times for payment, or the scheduled expiration date of any commitment, (iv) modifications to the pro rata treatment of Lenders, (v) modifications to conditions precedent for credit extensions under the Facility or (vi) changes in certain assignment provisions or the definition, rights, etc., of "Required Lenders".

DEFALUTING LENDERS: The Loan Documents shall contain customary provisions relating to Defaulting Lenders (to be defined on terms reasonably satisfactory to the Agent), including, without limitation, (a) reduction, termination or assignment of commitments or Loans of such Lenders, including the non-pro rata removal or replacement of any Lender that has been deemed insolvent or become subject to a bankruptcy, insolvency, receivership or other similar proceeding, or has otherwise defaulted under other credit agreements to which it is a party, (b) provisions relating to providing cash collateral to support LCs (subject to any limitations in the Borrower's Indenture or the RUS Loan Contract), (c) the suspension of voting rights, and (d) rights to receive certain fees.

INDEMNIFICATION: The Borrower shall indemnify the Lead Arranger and the Lenders and their respective affiliates (the "**Indemnified Parties**") from and against all losses, liabilities, claims, damages or expenses arising out of or relating to the Facility, the Borrower's use of loan proceeds, the LC or the commitments, including, but not limited to, all costs and expenses of counsel, reasonable attorneys' fees and settlement costs, unless and only to the extent that, as to any Indemnified Party, it shall be determined in a final, nonappealable judgment by a court of competent jurisdiction that such losses, liabilities, claims, damages or expenses resulted from the gross negligence or willful misconduct of such Indemnified Party. This indemnification shall survive and continue for the benefit of the indemnitees at all times after the Borrower's acceptance of the Lenders' commitments for the Facility, notwithstanding any failure of the Facility to close.

GOVERNING LAW: New York.

COUNSEL TO LENDERS: Dewey & LeBoeuf LLP.

FEES/EXPENSES: As set forth in Addendum I.

OTHER: This Summary of Terms and Conditions is intended as an outline of certain of the material terms of the Facility and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Facility contemplated hereby.

The Lead Arranger shall be entitled, after consultation with the Borrower, to change the pricing, terms, structure or amount of the Facility if the Lead Arranger determine that such changes are advisable to insure a successful syndication of the Facility.

The Summary of Terms is subject to standard underwriters' protection limited to price flex.

Each Party shall waive its right to a trial by jury.

FOR DISCUSSION PURPOSES ONLY – NOT A COMMITMENT TO LEND

*This Summary of Terms and Conditions ("**Term Sheet**") is not meant to be, nor shall be construed as either a binding commitment or an attempt to define all terms and conditions of the transaction described herein. This Term Sheet represents a proposal which CFC may be willing to recommend for approval to senior management, provided that, among other things, all due diligence deemed necessary is completed to its satisfaction.*

ADDENDUM I
FEES AND EXPENSES

FACILITY FEE: The Borrower will pay a fee (the "**Facility Fee**"), determined based on the Borrower's issuer or unsecured credit ratings, as outlined in the table below, on each Lender's share of the Facility. The Facility Fee shall be payable quarterly in arrears commencing upon the Closing Date.

INTEREST RATE: At the Borrower's option, any loan under the Facility prior to the Maturity Date will bear interest at a rate equal to an incremental borrowing margin of (i) the Adjusted LIBOR plus the LIBOR Margin as determined in the table below (based on the Borrower's issuer or senior unsecured credit rating), or (ii) the Alternate Base Rate ("**ABR**") as of the date of determination plus the ABR Margin as determined in the table below (based on the Borrower's issuer or senior unsecured credit rating). ABR is defined as the highest of (a) the Prime Rate for such day, (b) the sum of 0.5% and the Federal Funds Rate for such day and (c) the Adjusted LIBOR for a one month Interest Period on such day plus 1%.

Level	**S&P**	**Moody's**	**Fitch**	**ABR Margin (bps)**	**LIBOR Margin (bps)**	**Facility Fee (bps)**	**All-in Drawn Margin (L + bps)**
1	≥A	≥A2	≥A	0	95	10	105
2	A-	A3	A-	0	100	12.5	112.5
3	BBB+	Baa1	BBB+	15	115	17.5	132.5
4	BBB	**Baa2**	BBB	27.5	127.5	22.5	150
5	**BBB-**	Baa3	BBB-	**47.5**	**147.5**	**27.5**	**175**
6	≤BB+	≤Ba1	≤BB+	80	180	35	215

If the Borrower has a senior secured credit rating, but not an issuer or senior unsecured credit rating from any rating agency, for purposes of the Facility, the senior unsecured credit rating of the Borrower from such rating agency shall be deemed to be one notch below the senior secured credit rating from that rating agency.

If the Borrower has split credit ratings, the Facility Fee, LIBOR Margin and ABR Margin shall be determined by reference to: (a) if two of the credit ratings fall within the same category, that rating shall apply, (b) the midpoint rating between the highest and the lowest ratings if all three ratings fall within different categories, and (c) if the Borrower is rated by only two major rating agencies, the lower of the two ratings shall apply.

The Borrower may select interest periods of 1, 2, 3 or 6 months and 9 and 12 months if available from all Lenders for LIBOR loans, subject to availability. Interest shall be payable at the end of the selected interest period, but no less frequently than quarterly. A default rate shall apply on all unpaid amounts due under the Facility at a rate per annum of 2% above the applicable interest rate.

CALCULATION OF INTEREST AND FEES: Other than calculations in respect of interest at the ABR described above (which shall be made on the basis of actual number of days elapsed in a 365/366 day year), all calculations of interest and fees shall be made on the basis of actual number of days elapsed in a 360-day year.

COST AND YIELD PROTECTION: Customary for transactions and facility of this type, including, without limitation, in respect of breakage costs incurred in connection with prepayments, failure to borrow after notice to borrow is given, changes in capital adequacy and capital requirements or their interpretation, illegality, and payments free and clear of withholding or other taxes, subject to each Lender providing the appropriate withholding exemption certificate.

FEES AND EXPENSES: The Borrower will pay all reasonable fees and expenses of the Lead Arranger associated with the Facility regardless of closing and all reasonable expenses associated with any enforcement of the Lead Arranger or Lenders' rights and remedies in respect of the Facility.

Big Rivers Transaction Calendar

April

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

June

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

October

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

DATE	ACTIVITY
April 20	Engagement Letter and Term Sheet sent to Big Rivers
May 15	Big Rivers signs the Engagement Letter
July 2	Draft Credit Agreement ("CA") to Big Rivers
July 26	CFC obtains commitment approval
July 27	Big Rivers and CFC finalize Draft CA
July 30	Big Rivers files for financing approval with Kentucky Public Service Commission ("KPSC")
Sep 14 – Sep 28	CFC and Big Rivers prepare Confidential Information Memorandum ("CIM")
September 28	Draft CIM to Big Rivers
October 9	Finalize CIM and launch syndication on DebtX
October 10	Bank Meeting (Location TBD)
October 30	Lenders' commitment due by 3:00pm ET
November 15	Draft CA distributed to Lenders
November 30	Lenders' comments on CA due by 3:00pm ET
December 3	Finalized CA posted to DebtX
December 4	Lenders' Signature Page Due by 3:00pm ET
December 5	Big Rivers receives final approval from KPSC
December 6	Closing

Bank Holiday

Syndication Event

BIG RIVERS ELECTRIC CORPORATION

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

Response to the Sierra Club's
Initial Request for Information
Dated May 21, 2012

June 1, 2012

Item 57) *Refer to p. 15 of Mark A. Hite's Testimony, produce all reports, memoranda, presentations, or other documents provided to stockholders, investors, banks, investment firms, investment brokers or dealers, investment analysts, bond rating agencies, by either Big Rivers or Touchstone Energy since 2004 regarding:*

a. *the environmental compliance status of the Wilson, Green, Coleman, Reid, or HMP&L generating units,*
b. *past, present or future environmental compliance of the Wilson, Green, Coleman, Reid, or HMP&L generating units,*
c. *litigation or settlements concerning environmental matters at the Wilson, Green, Coleman, Reid, or HMP&L generating units the Big Sandy plant, to the extent not covered by attorney-client privilege,*
d. *past, present or future need for the Wilson, Green, Coleman, Reid, or HMP&L generating units, or the need for or plans for capital additions to any of those units, whether for environmental compliance or otherwise,*
e. *any other matter that could affect the costs or output of the Wilson, Green, Coleman, Reid, or HMP&L generating units.*

f. *To the extent not already provided in response to subsections a-e above, please provide any agendas, handouts, minutes, documents prepared for or resulting from each meeting of Big Rivers and/or Touchstone Energy with stockholders, investors, banks, investment firms, investment brokers or dealers, investment analysts, bond rating agencies or the like at which the matters listed above were discussed in any way*

g. *Please continue to provide any such documentation as listed in (a)-(f) above as generated on a regular basis.*

Response) Please see the response to the Attorney General's Initial Data Request Items 31 and 32. In addition, see response to the KIUC 's Initial Data request 1.43 in this proceeding.

a. See Item 56 of these responses.

b. See Item 56 of these responses.

c. None.

d. None.

e. This question is impossibly broad, fails to identify with specificity the information sought, and cannot be answered in its current form.

f. Not applicable.

g. Big Rivers will update this response during the course of this proceeding.

Witness) Mark A. Hite

Big Rivers Presentation to Kentucky Public Service Commission – October 28, 2010

Impact of New Environmental Regulations on Big Rivers

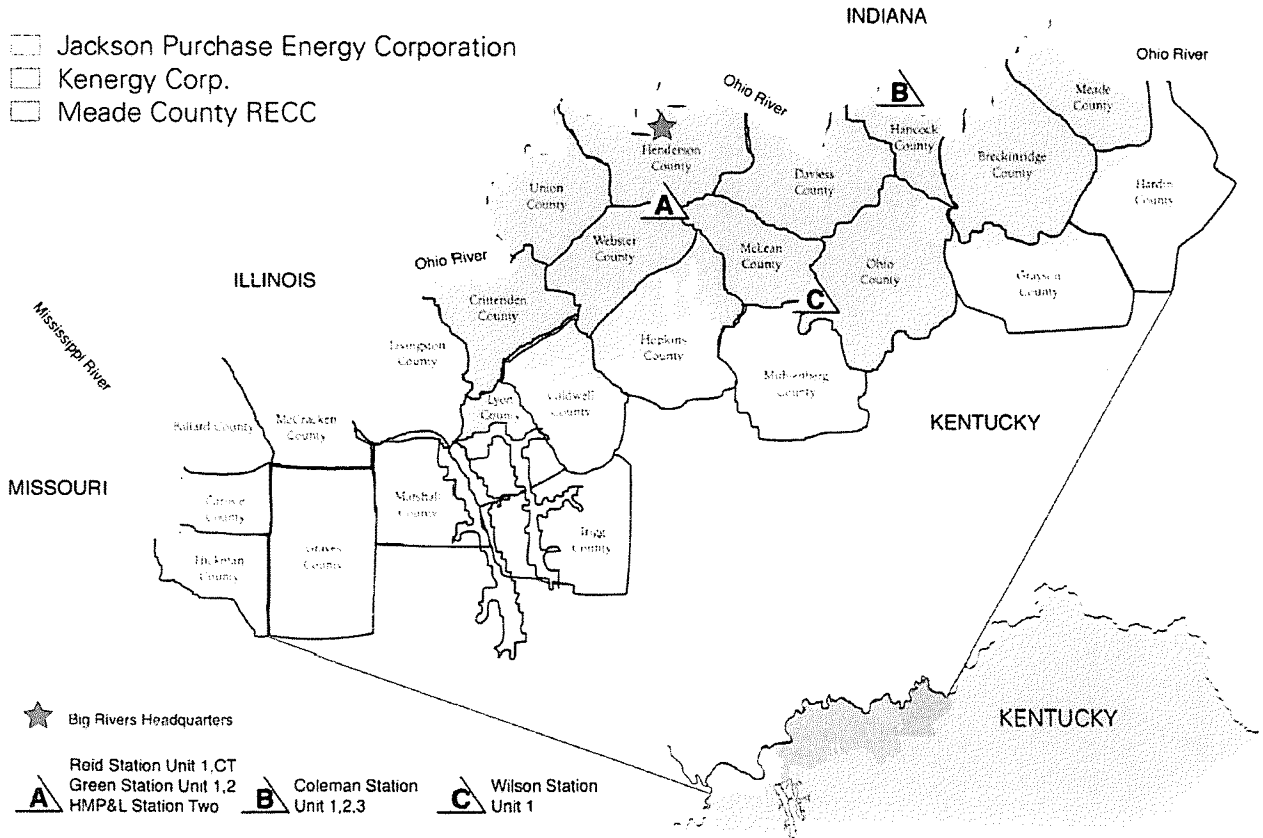
CATR / CCR / HAPs MACT / CO_2 / 316a & 316 b

Presented to Kentucky Public Service Commission

October 28, 2010

Big Rivers ELECTRIC CORPORATION

Big Rivers Electric Corporation Service Area



Member Cooperatives' Customers	
Jackson Purchase	29,000
Kenergy	55,000
Meade County RECC	28,000
Total Customers	112,000

Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Environmental Stewardship Remains a Focus for Big Rivers Electric

- Big Rivers has made significant investments to comply with all existing environmental regulations.

- Big Rivers fleet has some of the highest efficiency FGDs available.

- Big Rivers also has one of the few coal re-burn systems installed for NO_x control.

Big Rivers Generation System

Station	Unit	Commercial Date	Capacity MW net	Particulate Control	SO_2 Control	NOx Control
Robert Reid	1	1966	50	Mechanical Cyclone ESP	Compliance Coal	Over-fire Air
Robert Reid Combustion Turbine	1	1976	60	None	Natural Gas Fired	None
Kenneth Coleman	1 2 3	1969 1970 1972	146 146 151	ESP	Wet Limestone Scrubber 95% eff.	Advanced Low NOx Burners Over Fired Air
HMP&L Station II	1 2	1973 1974	153 159	ESP	Wet Lime Scrubber 95% eff.	Low NOx Burners SCR
R.D. Green	1 2	1979 1981	231 223	ESP	Wet Lime Scrubber 98% eff.	Low NOx Burners Coal Re-Burn
D.B. Wilson	1	1986	417	ESP	Wet Limestone Scrubber 90% eff.	Low NOx Burners SCR

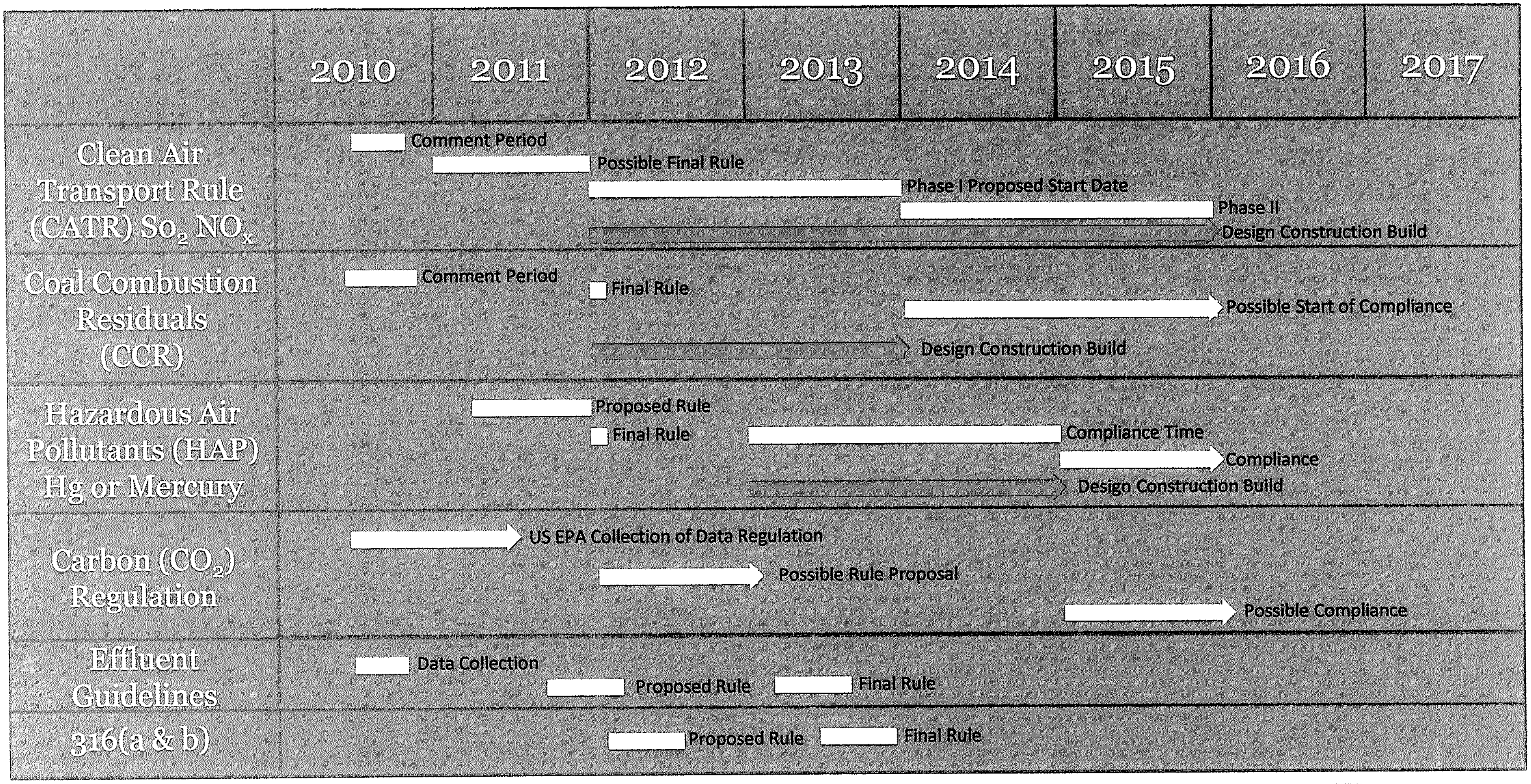
Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

EPA is Proposing an Unprecedented Number of New Regulations

- Clean Air Transport Rule **(CATR)**
- Hazardous Air Pollutants **(HAPs MACT)**
- Carbon Dioxide **(CO_2)**
- Coal Combustion Residuals **(CCR)**
- Water Quality **(316a & 316b)**

Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Environmental Compliance Timeline



Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Proposed Clean Air Transport Rule (CATR)

- Replaces, in 2012, the Clean Air Interstate Rule's (CAIR) SO_2 and NO_x emission standards with considerably more restrictive standards.
- Emission allowances accumulated under CAIR are not usable under CATR.
- Allowances allocated under CATR will be insufficient to meet projected generation.
- Beginning 2012, additional allowances may not be available beyond the allocated amount.
  - Majority of utilities will struggle to meet the proposed allocations
  - Utilities will likely hold any surplus allowances for future years compliance

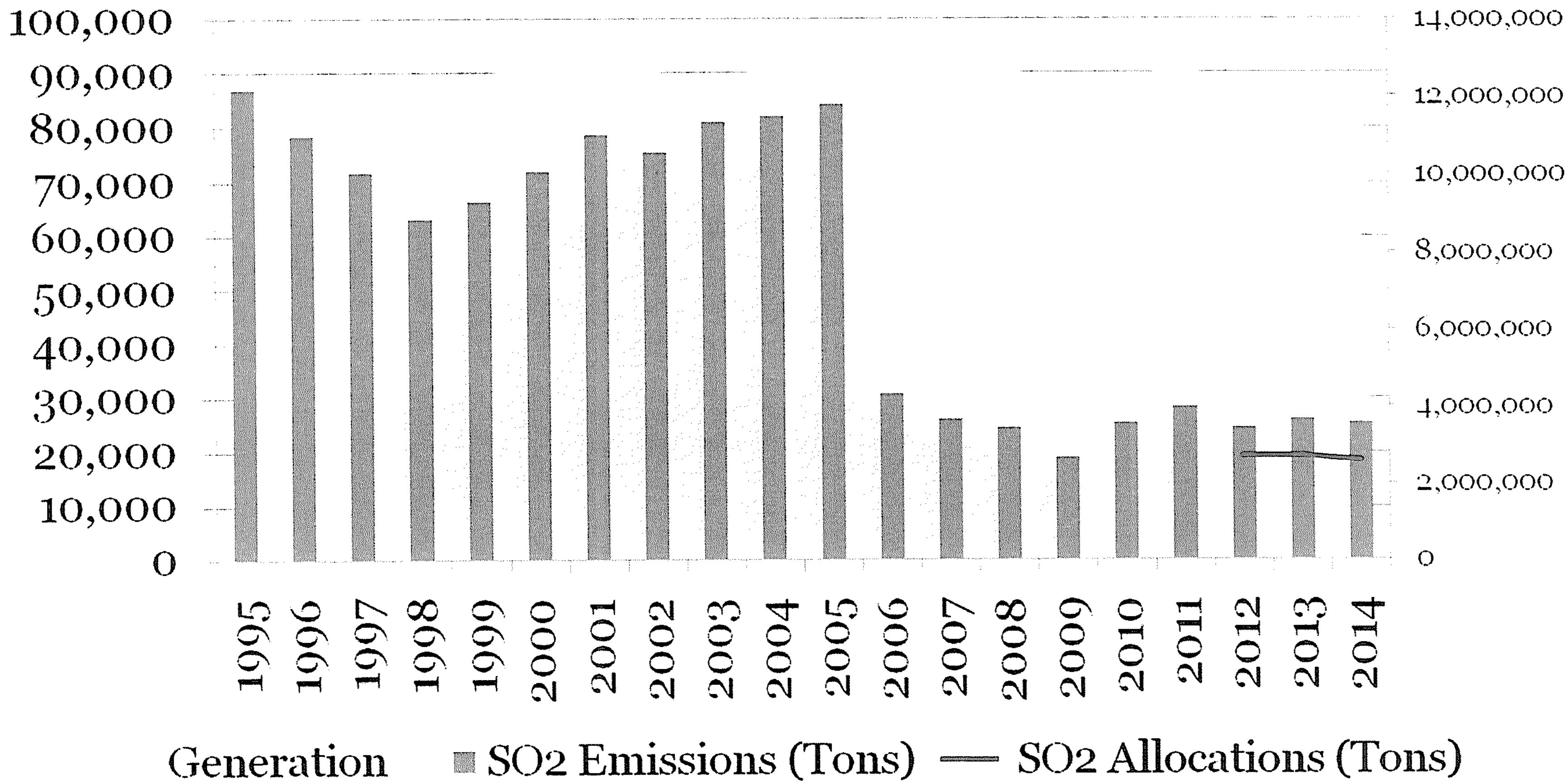
Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Proposed Clean Air Transport Rule (CATR)

- Existing control equipment for NO_x and SO_2 emissions will be insufficient to meet new standards.
- The design, engineering, permitting, procurement and construction of new control equipment needed to meet 2012 emission standards cannot be completed within the existing timeline.
- Reduction of <u>2.2 million megawatt-hours</u> (18%) of planned generation will be required to meet the No_x and SO_2 allowance allocations in 2012.

Big Rivers
ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

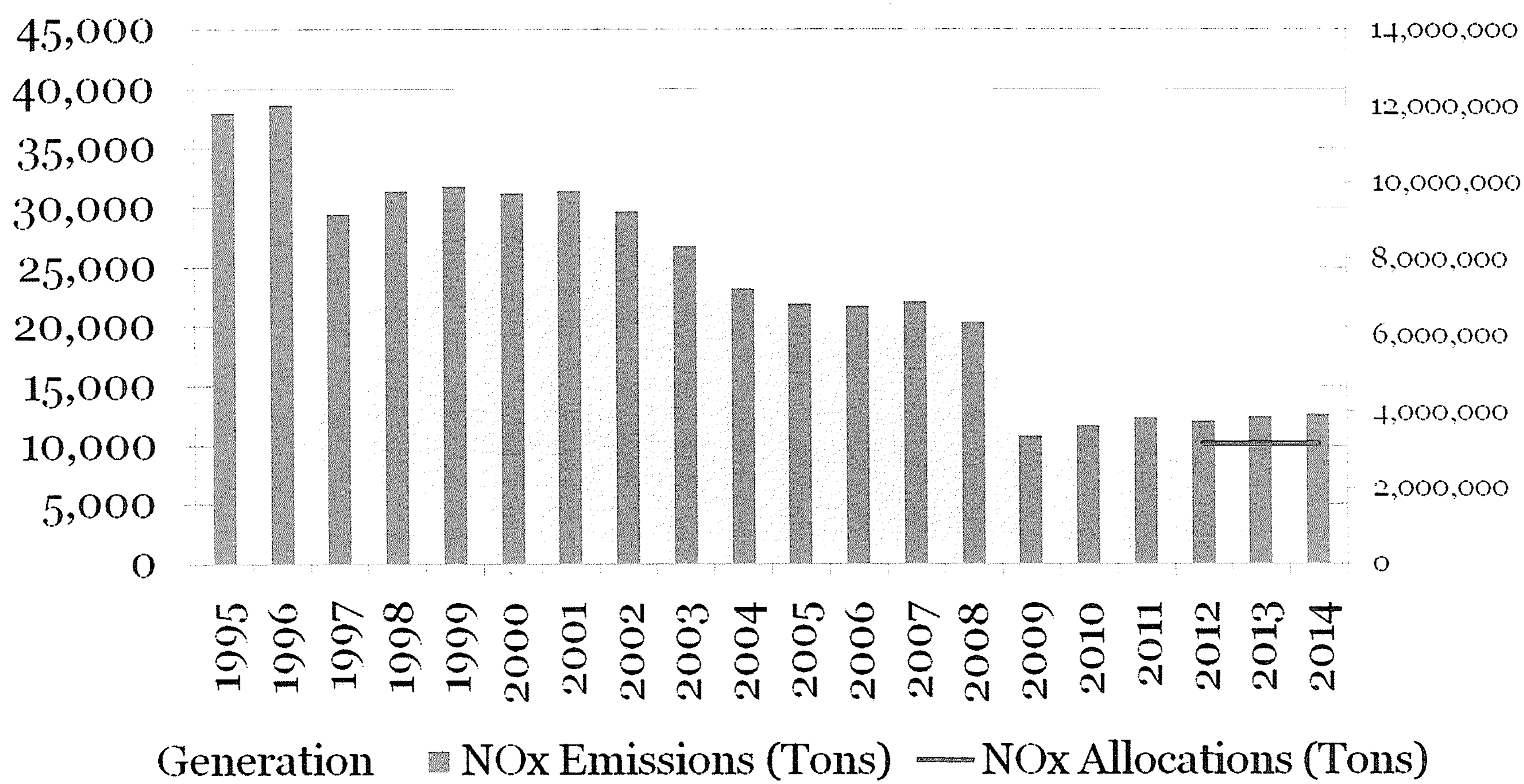
Big Rivers has Made Significant Reductions in SO_2 Emissions



Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

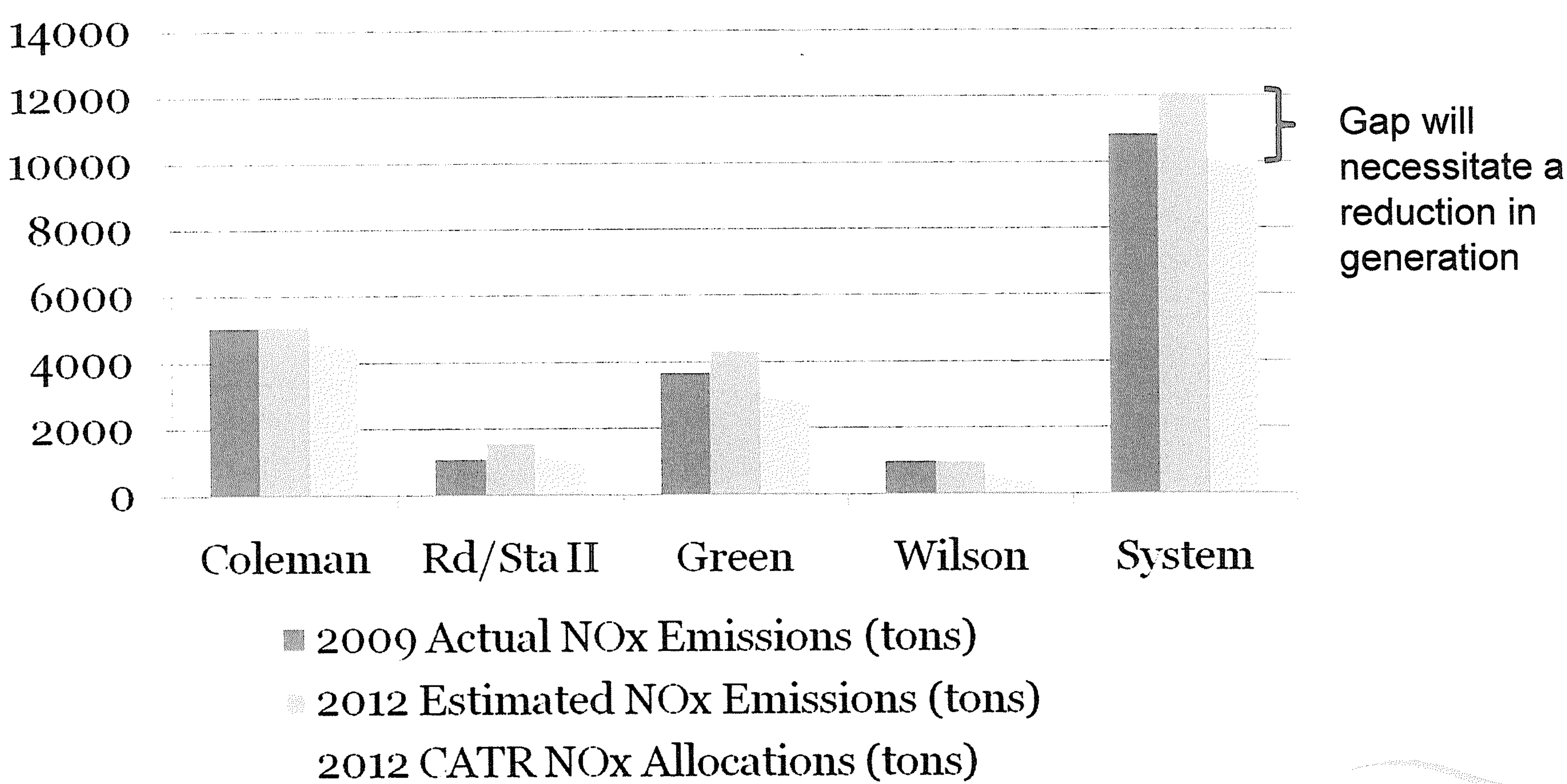
Big Rivers has Made Significant Reductions in NO_x Emissions



Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

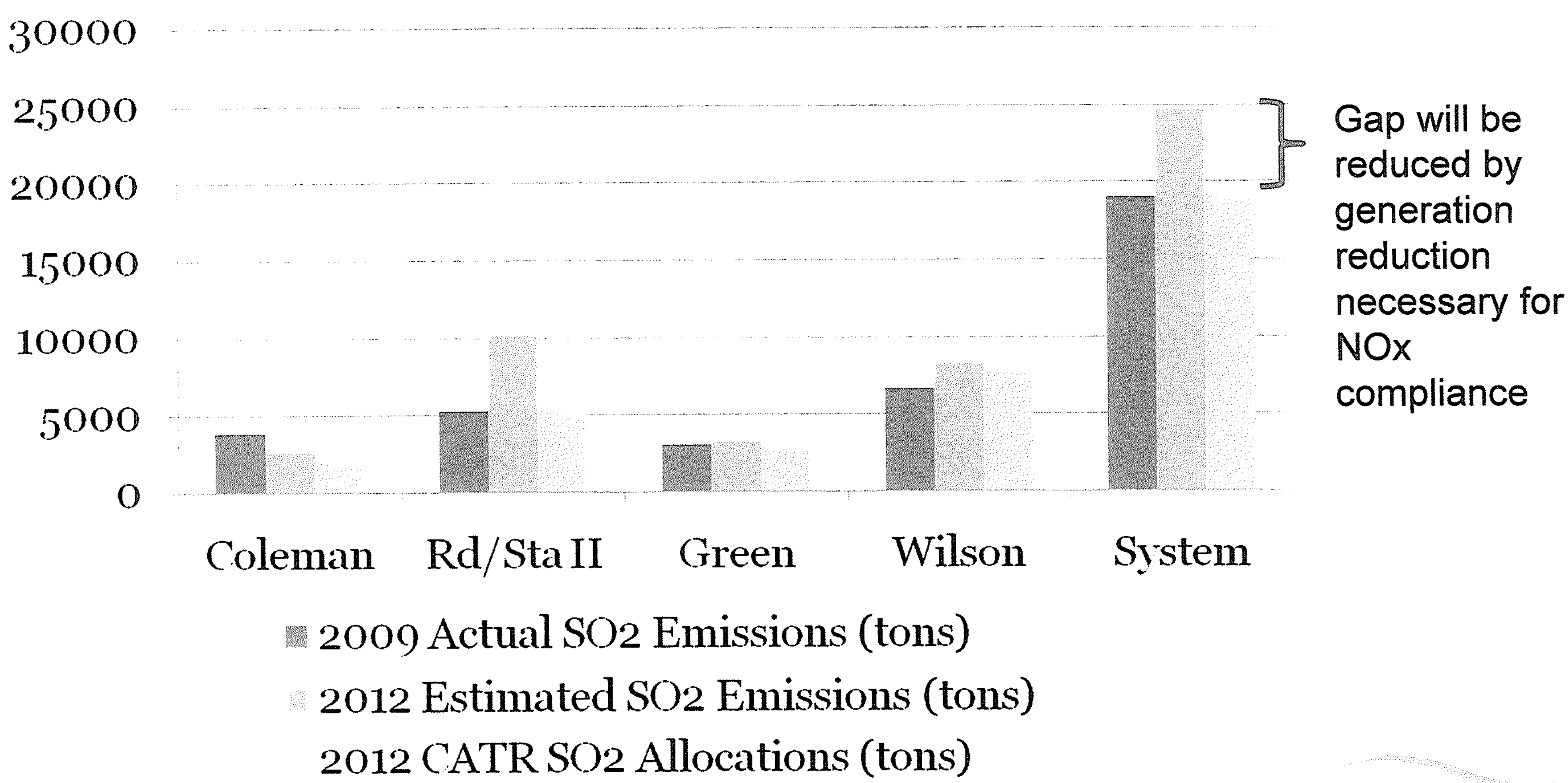
Estimated CATR NO_x Impact on Big Rivers in 2012



Big Rivers ELECTRIC CORPORATION

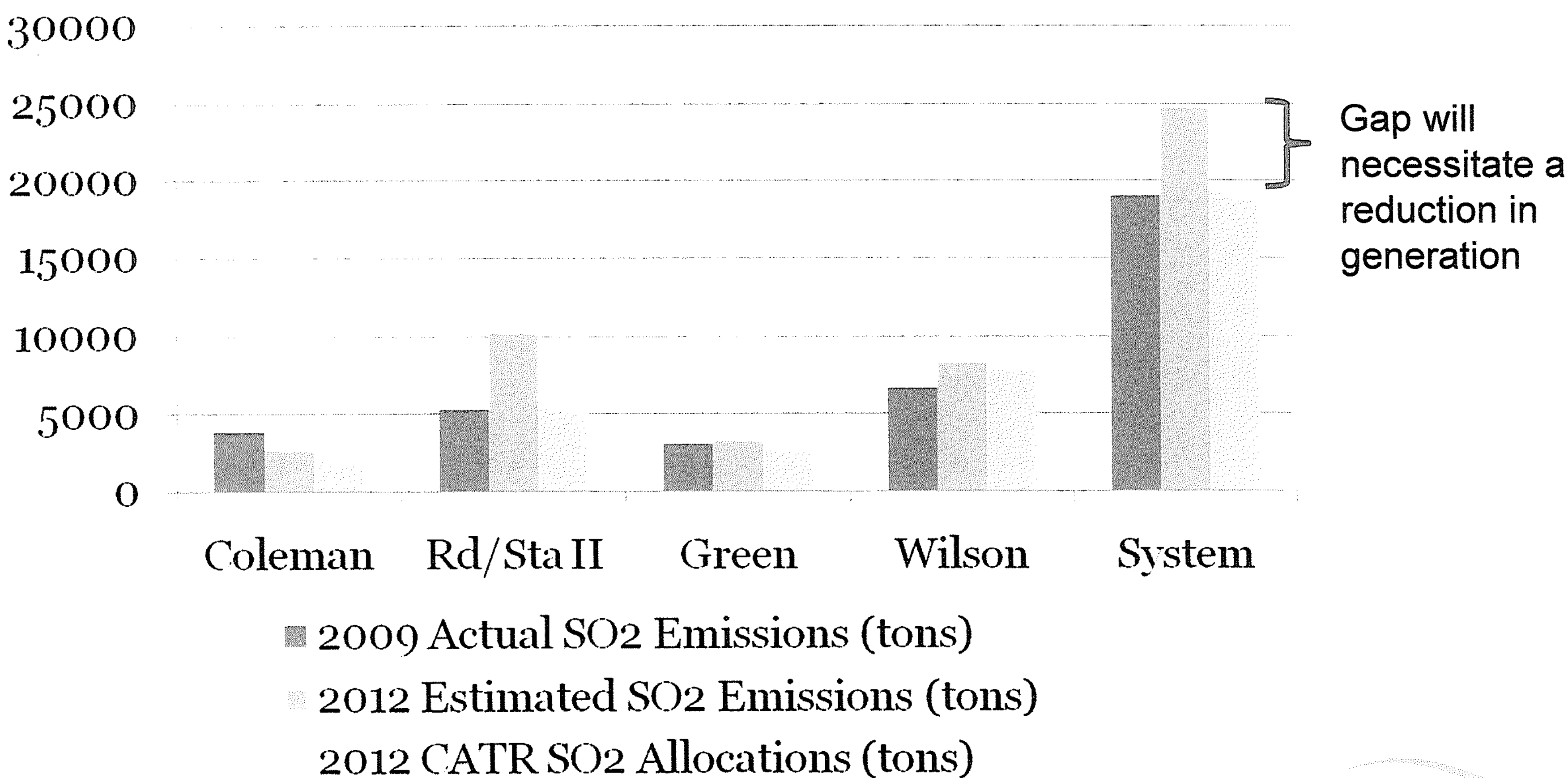
Your Touchstone Energy Cooperative

Estimated CATR SO_2 Impact on Big Rivers in 2012



Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

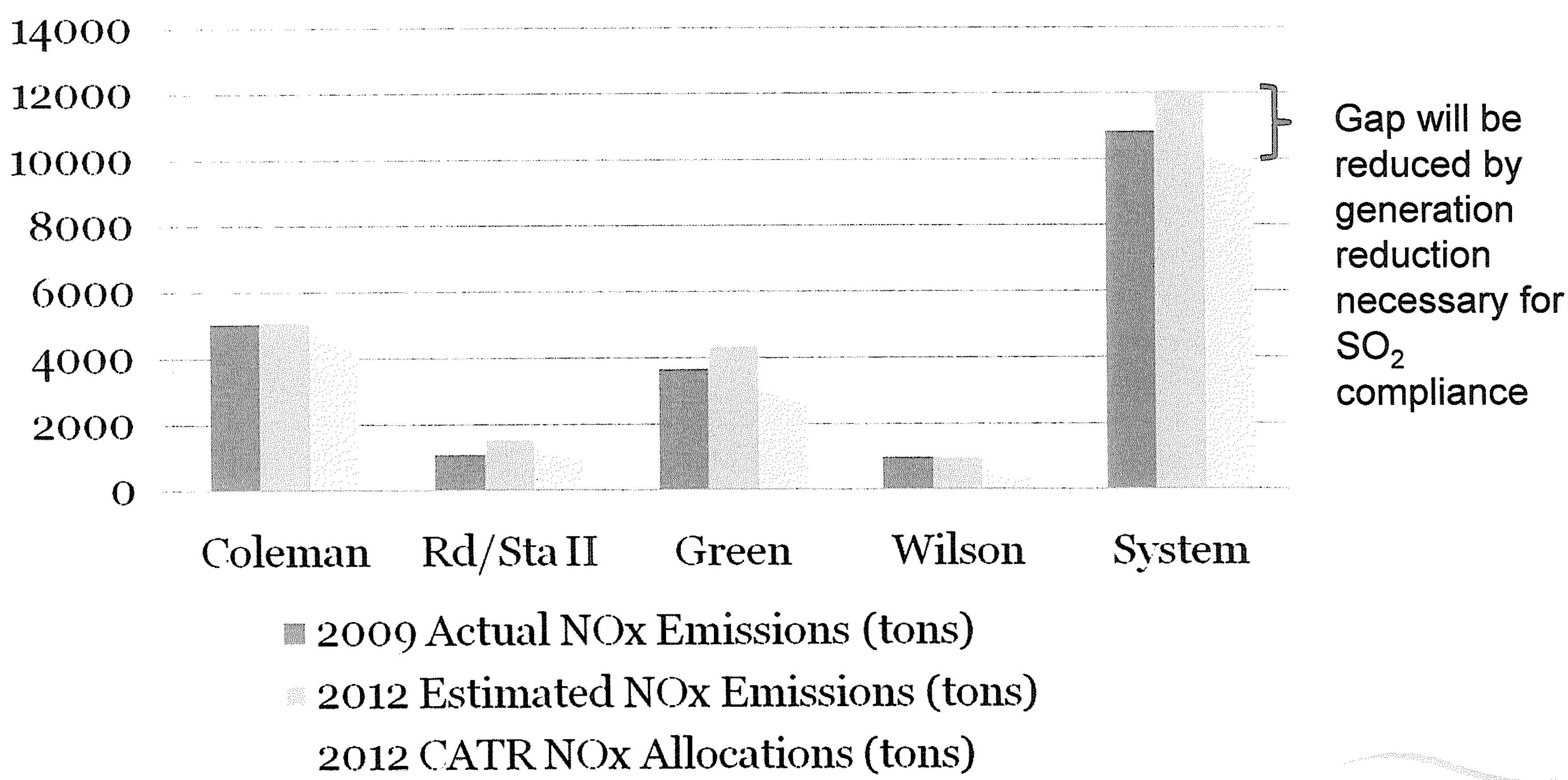
Estimated CATR SO_2 Impact on Big Rivers in 2014



Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Estimated CATR NO_x Impact on Big Rivers in 2014



Big Rivers ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

CATR Impact* on Big Rivers

2012	•Generation reduction - 2.2 million MWh (18%) over planned generation •1,000,000 tons of coal not burned (100% KY) •Estimated rate increase of 8.5%
2013	•Generation reduction - 4.2 million MWh (32%) over planned generation (additional 2M from 2012) •1,850,000 tons of coal not burned (100% KY) •Estimated rate increase of 5.6%
2014	•Generation reduction - Continued 4.2 million MWh (37%) reduction over planned generation •1,850,000 tons of coal not burned (100% KY) •Estimated rate increase of -.6%
2015	•Control equipment cost ~$108,000,000 •Conversion to Natural Gas cost ~$30,000,000 •Estimated rate increase of 15.7%
Total	•Capital expense ~$138,000,000 •Estimated rate increase of 29.2%

*When estimating the potential impact of Big Rivers' generation reduction, forward electricity pricing information does not reflect the likely effect of proposed environmental regulations.

Big Rivers
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Your Touchstone Energy Cooperative

Hazardous Air Pollutants (HAPs MACT Rule)

- Mercury control is expected to be the main issue.
- Individual unit emission limits are likely.
- Maximum Achievable Control Technology (MACT) determination could require new controls on <u>each</u> BREC coal-fired unit.
  - Most likely solution to MACT will be activated carbon with a bag house collection system.

Big Rivers ELECTRIC CORPORATION
Your Touchstone Energy Cooperative

Hazardous Air Pollutants (HAPs MACT Rule)

- Proposed rule expected in Spring 2011, final rule effective in 2012, compliance expected in 2015.
  - Final rule timeframe mandated by Consent Decree
- Compliance by 2015 or shut-down units.
  - Expected 4 yr timeframe to design, engineer, permit, procure, construct
- Estimated Cost to Comply $338 Million to $846 Million (~$200- $500 per kw)

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Your Touchstone Energy Cooperative

Carbon Dioxide (CO_2)

- No proven full-scale technology exists to meet the proposed regulations.
- Without viable technology, one compliance option would be to reduce generation to meet proposed regulations.

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Coal Combustion Residuals Rule (CCR)

- Regulation of the disposal of bottom ash, fly ash, and flue gas desulphurization materials.
- Ash spill at the TVA Kingston plant was the driving force for the regulations.
- Proposed rule published June 21, 2010.
- Final Rule expected in 2012.

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Proposed CCR Rule Options

- Subtitle C (Hazardous Waste)
  - Ash classified as hazardous waste
  - EPA oversees program
  - Ponds will require liners or close
  - Landfills will require liners
  - No ash reuse
- Subtitle D (Non-Hazardous Waste)
  - Same as Subtitle C, except no hazardous waste classification
- Subtitle D prime
  - State run program
  - Standards similar to existing program

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CCR Cost Estimate for Subtitles C & D

- Dry Bottom Ash conversion
  - $11 million per boiler
  - 5 boilers to be converted

  $55,000,000

- Dry Fly Ash conversion
  - $10 million per boiler
  - 3 Coleman units to be converted

  $30,000,000

- Landfill Development
  - 200 acres $76 million per station
  - Coleman & Sebree

  <u>$152,000,000</u>

~$237,000,000

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Water Quality (316a & 316b)

- Potential federal EPA water regulations would impose more stringent requirements on water withdrawal and discharges.
- Potential addition of cooling towers at our Coleman Station.
  - $55M estimated cost

Challenges and Risks related to Proposed Regulations

- **Short time horizon** - some air regulations would require compliance as early as 2012 with the most costly regulations beginning in 2014 and 2015. This allows insufficient time to design facilities, obtain necessary federal and state regulatory approvals, contract with vendors and install equipment.

- **Potential impacts on system reliability and transmission system** - one consequence of the proposed regulations will be the retirement of significant amounts of coal-fired generation across the region.

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Challenges and Risks related to Proposed Regulations

- **Rapid cost escalation** - industry rush to achieve compliance will drive up labor and material costs (repeat of 2008) and make it difficult to obtain labor and equipment at any price.
- **CO_2 policy could change** - uncertainty associated with future CO_2 legislation could result in less than optimal long-term investment decisions.
- Absence of a comprehensive and coordinated federal strategy compels implementation on a more costly piecemeal basis.

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Big Rivers Electric Current Compliance Plan for CATR/CCR/HAPs-MACT

- Design & Construct control equipment <u>after</u> publication of final regulations.
  - Risk not being able to comply with reduced emissions due to limited time to meet final rule requirements and subsequent unit shutdown.
  - Costs may be higher due to a high demand from other utilities for design firms, fabrication, construction crews, and supply of materials.
  - Potential penalties for non-compliance

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Environmental Compliance Impacts - 2012-2015

- Estimated generation reduction 2012 - 2014
  - Up to 4.2 million MWh
- Estimated incremental rate increase
  - 2012 – 8.5%
  - 2013 – 5.6%
  - 2014 – 3.0%
  - 2015 – 21.8%
  - Cumulative thru 2015 - 38.8%*
- Estimated cost of constructing control equipment ~$785,000,000 + 316a & 316b + CO_2
  - Big Rivers Net Plant ~$1,083,000,000 as of 6/30/2010
- Unknowns
  - Impact to Smelters
  - Impact to Western Kentucky Economy
  - BREC employment

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*Includes CATR, CCR and HAPs MACT estimated impact

Overall Impacts of Proposed Regulations on Big Rivers System

Units	2012	2013	2014	2015	
C1	2.2 Million MWh Reduction in Planned Generation	4.2 Million MWh Reduction in Planned Generation	4.2 Million MWh Reduction in Planned Generation	Activated Carbon Injection + Bag House + Dry Fly Ash + Dry Bottom Ash	Landfill with liner
C2				Activated Carbon Injection + Bag House + Dry Fly Ash + Dry Bottom Ash	
C3				Activated Carbon Injection + Bag House + Dry Fly Ash + Dry Bottom Ash	
G1				Convert to Natural Gas + SCR	
G2				Convert to Natural Gas + SCR	
H1				Activated Carbon Injection + Bag House + Dry Bottom Ash	Landfill with liner
H2				Activated Carbon Injection + Bag House + Dry Bottom Ash	
R1				Retire	
RT				No change required	
W1				Activated Carbon Injection + Bag House	

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Conclusion

- In the short term, Big Rivers will likely be forced to reduce generation to comply with CATR standards.
- Environmental compliance will result in significant capital expenditures and consequential rate increases.
- Partial or full fuel-switch to natural gas may be required.
- Big Rivers' Executive Management, along with the Strategic Planning and Risk Management group, will continue to carefully evaluate all possible options to optimize our investment and ensure compliance at the least possible cost to our customers.

*Note: Gas-fired units are exempt from HAPs MACT and CCR will not be applicable.

Big Rivers ELECTRIC CORPORATION
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Big Rivers Annual Meeting Presentation – September 2011

Big Rivers
ELECTRIC CORPORATION

ANNUAL MEETING

September 2011

Big Rivers
ELECTRIC CORPORATION

Financial Highlights 2006-2010

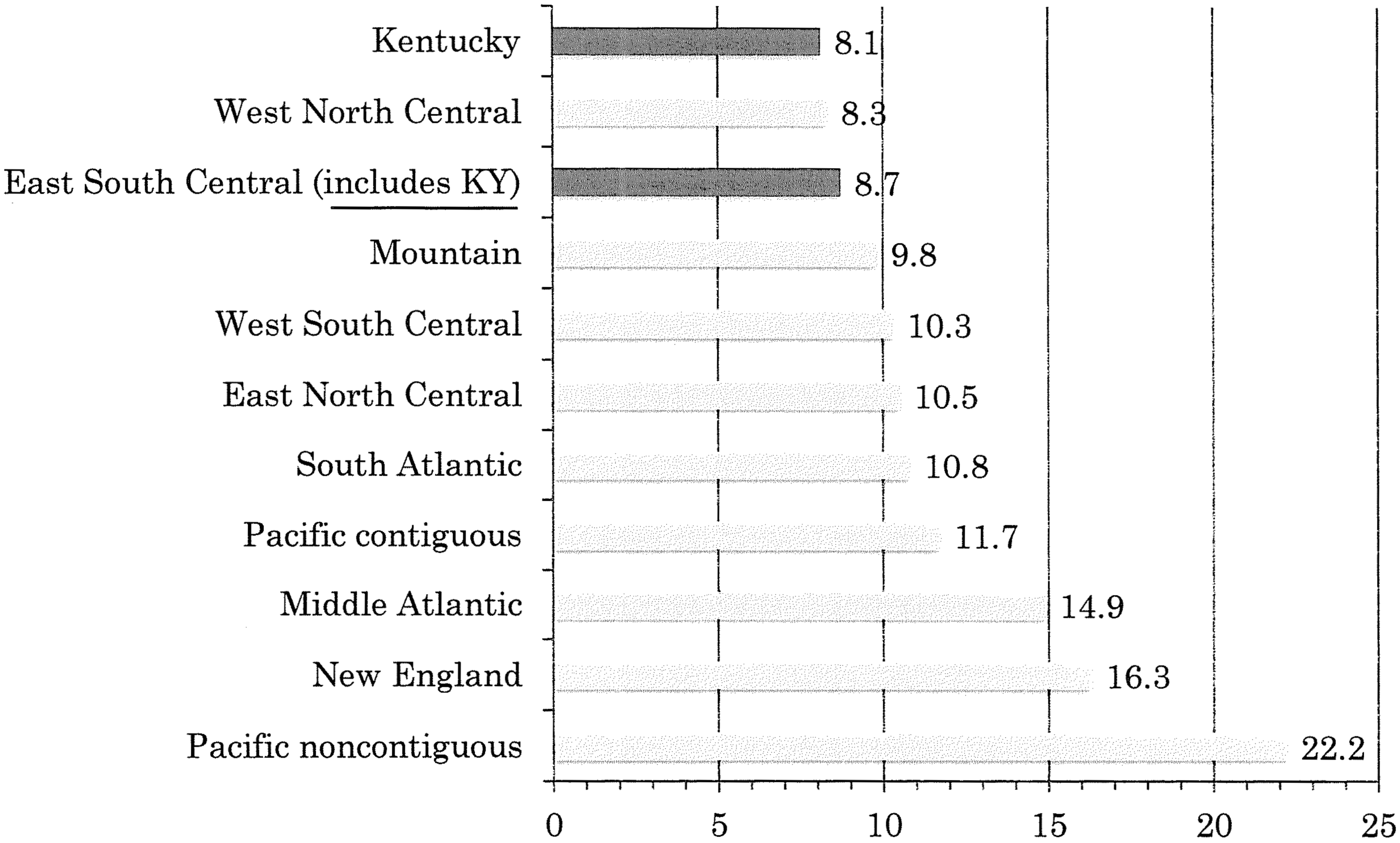
Dollars in thousands	2010	2009	2008	2007	2006
Margins	**6,991**	531,330*	27,816	47,177	34,542
Equity	386,575	379,392	(154,602)	(174,137)	(217,371)
Capital Expenditures**	**42,683**	58,388	22,760	18,682	13,189
Cash & Investment Balance	44,780	60,290	38,903	148,914	96,143
TIER Times Interest Earned Ratio	**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*

Big Rivers Electric Corporation

National Residential Rates: 2010

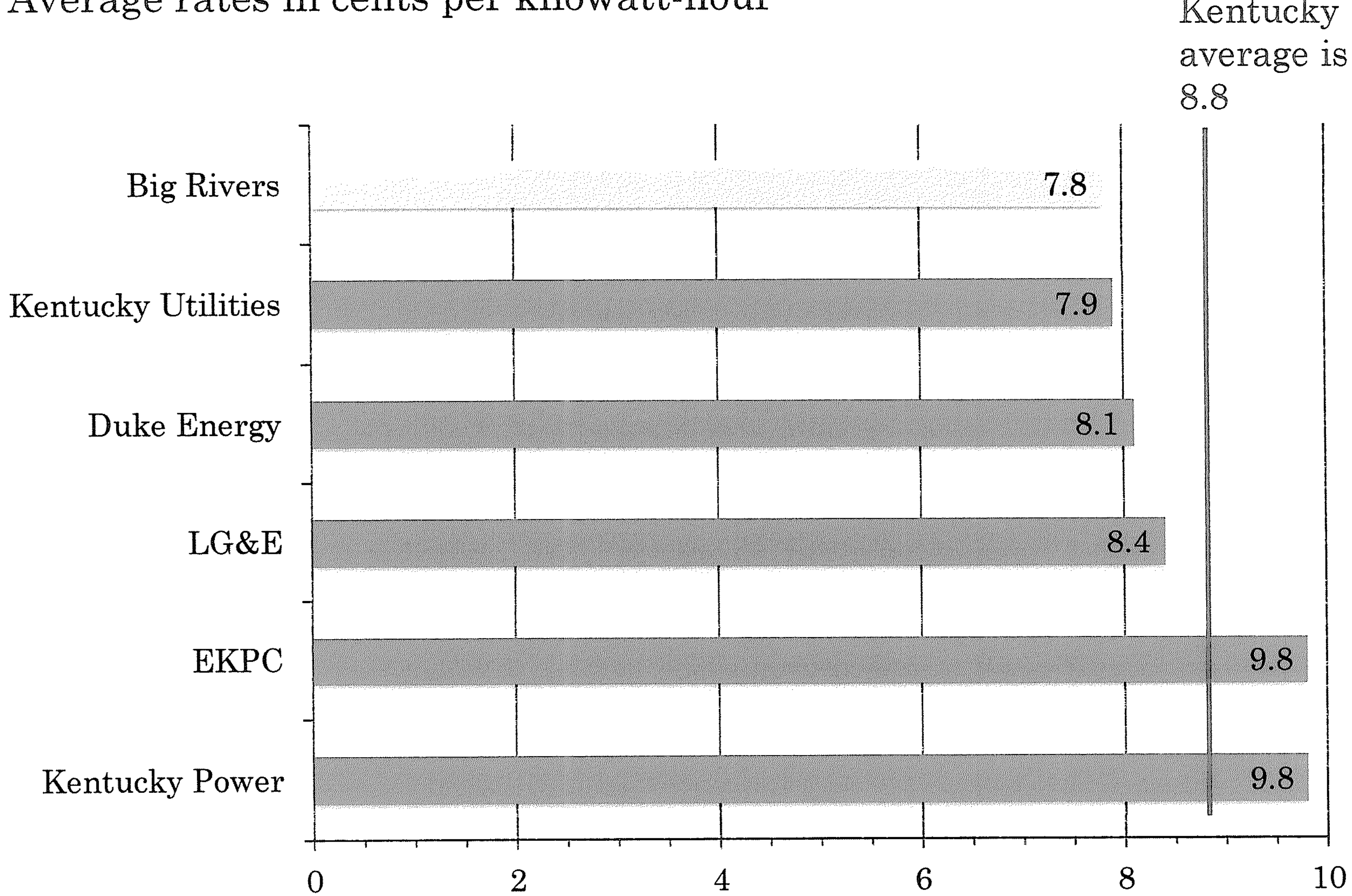
Average rates in cents per kilowatt-hour



Source: U.S. Energy Information Administration

Kentucky Residential Rates: 2010

Average rates in cents per kilowatt-hour



Source: Kentucky Public Service Commission

Big Rivers
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Generation and Transmission Rankings

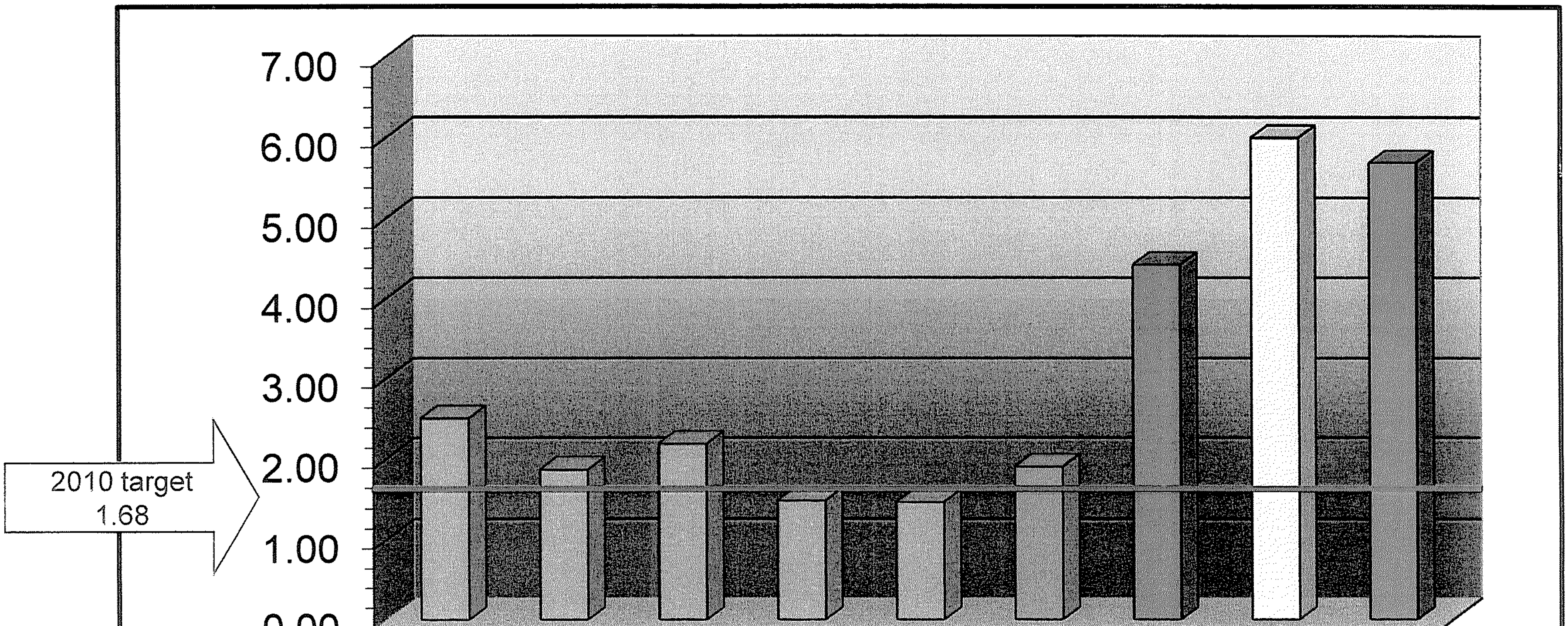
Big Rivers compared to other G&T electric cooperatives in the U.S. in 2010

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

Source: G&T Accounting and Finance Association

Safety Performance

OSHA Recordable Incident Rate: 2006-2010



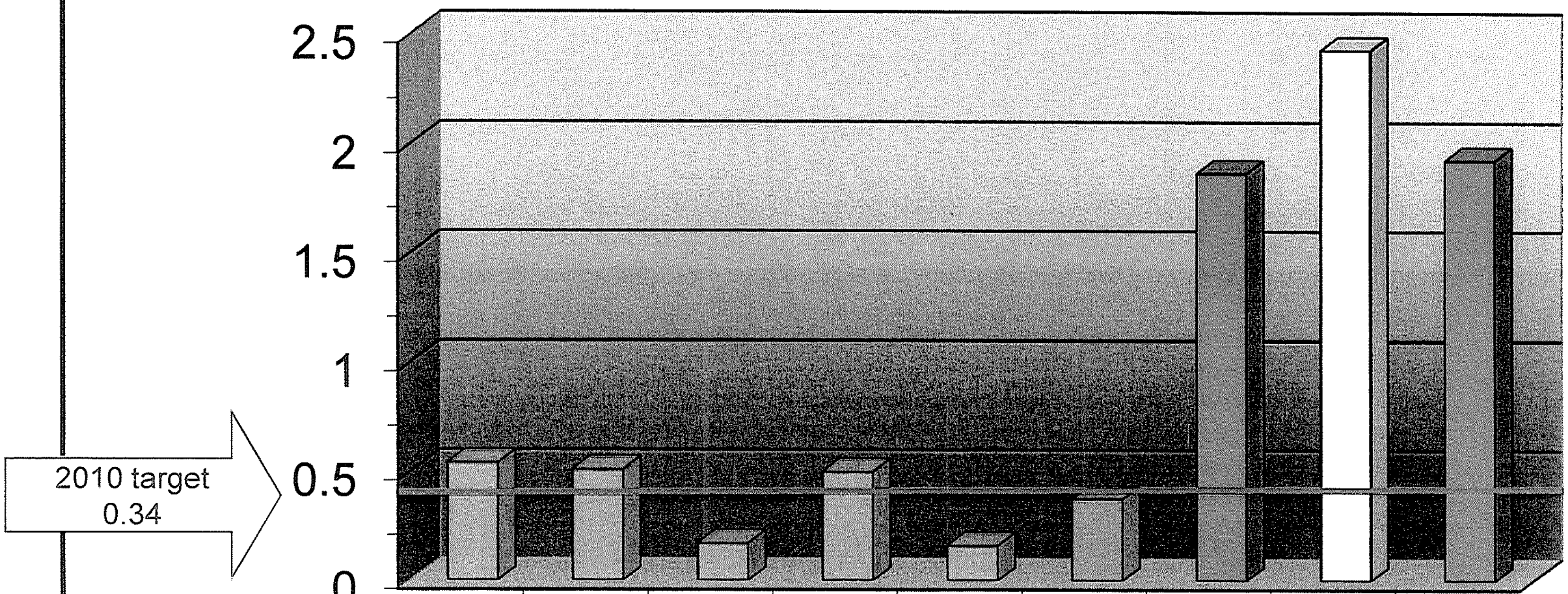
	2006	2007	2008	2009	2010	Big Rivers	Kentucky	Regional	National
Incident Rate	2.51	1.87	2.19	1.49	1.47	1.91	4.43	6.01	5.70

Co-op average recordable incident rates

Incident Rate = (# of incidents x 200,000) / # of hours worked

Safety Performance

Lost-Time Incident Rate: 2006-2010



	2006	2007	2008	2009	2010	Big Rivers	Kentucky	Regional	National
Incident Rate	0.54	0.51	0.17	0.5	0.16	0.38	1.87	2.43	1.93

Co-op average lost-time incident rates

Incident Rate = (# of incidents x 200,000) / # 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.

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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

Big Rivers
ELECTRIC CORPORATION

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

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ENVIRONMENTAL COMPLIANCE UPDATE

Eric Robeson

September 15, 2011

Big Rivers
ELECTRIC CORPORATION

EPA: REGS 'R' US

More Acronyms!

CSAPR

HAPS/MACT

NAAQS

316b

CCR

Big Rivers ELECTRIC CORPORATION

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 SO_2 allowances and slightly more NOx allowances than projected
- Creates new type of SO_2 and NOx allowances

CSAPR Control Zones

- States controlled for both fine particles (annual SO_2 and NO_X) and ozone (ozone season NO_X) (21 States)
- States controlled for fine particles only (annual SO_2 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 ELECTRIC CORPORATION

Big Rivers 2012 Impact

- SO2
  - Minimal Impact
  - 26,478 allowances vs. 2010 emissions of 26,086 tons
- NOx
  - 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
ELECTRIC CORPORATION

Big Rivers 2014 Impact

- SO2
  - Major Impact:
    (50% reduction required vs. 2010 emissions)
  - 13,643 allowances
  - Wilson, HMPL and Reid are primary concerns

- NOx
  - 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 SO_2 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

Big Rivers ELECTRIC CORPORATION

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 SO_2 and NOx allowances by additional 20% by 2018
- Delayed by President Obama September 2nd

Big Rivers ELECTRIC CORPORATION

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!

Robeson Environmental Compliance Update – September 15, 2011

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Environmental Compliance Update

Eric Robeson

September 15, 2011

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EPA: Regs 'R' Us

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Your Touchstone Energy Cooperative

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Big Rivers ELECTRIC CORPORATION

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Big Rivers
ELECTRIC CORPORATION

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Big Rivers Overview Presentation – May 2, 2012

Overview Presentation

Date Prepared: May 2, 2012

Big Rivers
ELECTRIC CORPORATION

Your Touchstone Energy Cooperative

Big Rivers

Table of Contents

I. Overview of Big Rivers Electric Corporation

Big Rivers

Overview of Big Rivers Electric Corporation

- Big Rivers Electric Corporation (Big Rivers) was formed in 1961 and is based in Henderson, Kentucky
- Big Rivers supplies wholesale electric generation and transmission service to three electric distribution cooperatives (Members):
  - Jackson Purchase Energy Corporation
  - Kenergy Corp. (Kenergy)
  - Meade County Rural Electric Cooperative Corporation
- Members are local customer-owned cooperatives providing service to approximately 112,500 retail customers on a not-for-profit basis
  - Members serve residential, commercial and industrial customers located in portions of 22 western Kentucky counties
- Big Rivers and its Members are generally regulated by the Kentucky Public Service Commission (KPSC)
- Big Rivers provides capacity and energy to its members through a combination of 5 owned generation stations, one leased generation station and purchased power
  - Net capacity of owned generation – 1,444 MW
  - Net capacity of leased generation from Henderson Municipal Power & Light Station II (HMPL) – 202 MW
  - Power purchased from SEPA – 178 MW
  - 1,266 miles of transmission lines and 22 substations
  - Midwest ISO membership implementation – Dec. 2010

Key 2011 Statistics
Energy Sales - 13,255 GWh
Operating Revenues - $562mm
Total Assets - $1,418mm
Non-Smelter Member Rate, gross of the MRSM $45.29/MWh
Non-Smelter Member MRSM ($6.22)/MWh
Non-Smelter Member Rate, net of the MRSM $39.07/MWh
Smelter Rate $44.48/MWh

** MRSM – Member Rate Stability Mechanism*

2011 Rate Case – General Adjustment in Base Rates

- On March 1, 2011, Big Rivers filed an application for a general adjustment in base rates with the KPSC
  - Case number 2011-00036
- New Rates were effective September 1, 2011, pending approval from the KPSC
- On November 17, 2011, the KPSC approved a base rate increase of $26.7mm (a 6.17% base rate increase)
  - $10.6 million was assigned to the rural class
  - $ 1.9 million to the large industrial class
  - $14.2 million to the smelters
- The KPSC has granted Big Rivers a rehearing for an additional $2.7mm. The Kentucky Industrial Utility Customers (KIUC) is also seeking rehearing of the KPSC's approval of the depreciation study and cost of service.

Power Supply - ACES Power Marketing & NRCO

ACES Power Marketing

Big Rivers has been a member/owner of ACES Power Marketing, one of the nation's largest electricity traders, since January 2003. ACES operates as an energy risk management and hedge manager. Member/owners like Big Rivers actively participate by utilizing the ACES infrastructure and resources to assess their risks and execute specific, customized portfolio strategies.

National Renewables Cooperative Organization

In the tradition of working together, cooperatives across the country have formed the National Renewables Cooperative Organization (NRCO) to promote and facilitate the development of renewable energy resources. Membership in the NRCO is open to generation and transmission cooperatives (G&Ts) and distribution cooperatives with the legal ability to buy power in the wholesale market. Big Rivers was one of 24 founding members of the organization, which formed in November 2008.

Big Rivers

Big Rivers' Strategic Plan

NORTH STAR

- North Star will be the cost per kWh of the total Member load, including distribution members and smelters.
- Big Rivers will manage the cost per kWh within the board-approved risk tolerance, always striving to keep costs as low as possible while still meeting the Members' service requirements.

MISSION

Big Rivers' Mission is to safely deliver low cost, reliable, wholesale power and cost-effective shared services desired by our members.

VISION

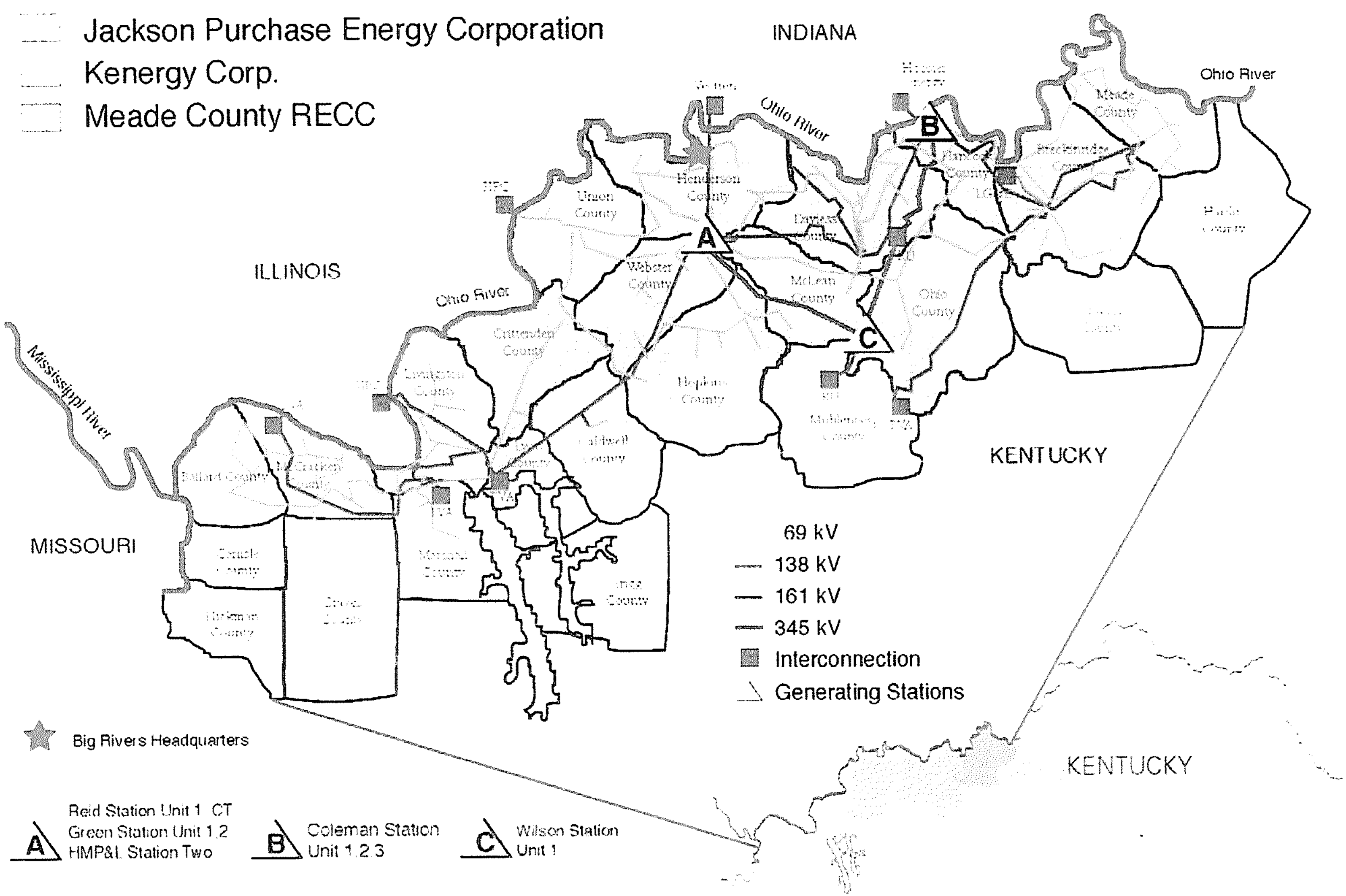
Big Rivers' Vision is to be viewed as one of the top G&T's in the country and will provide services the members desire in meeting future challenges.

VALUES

- Safety
- Integrity
- Excellence
- Member and Community Service
- Respect for the Employee
- Teamwork
- Environmentally Conscious

Big Rivers

Big Rivers Members' Service Territory



Big Rivers

Big Rivers' Management

Big Rivers is led by an experienced management team and is governed by a six-member board of directors. The board is comprised of two representatives from each distribution cooperative.

Senior Management Team:
Mark Bailey, President & CEO
Robert Berry, V.P. Production
David Crockett, V.P. System Operations
James Haner, V.P. Administrative Services
Mark Hite, V.P. Accounting & Interim CFO
Eric Robeson, V.P. Environmental Services & Construction
Albert Yockey, V.P. Governmental Relations & Enterprise Risk Management

Big Rivers

Big Rivers' Financing

Big Rivers currently has two $50 million lines of credit available to it, one with CoBank expiring July 16, 2012, and the other with National Rural Utilities Cooperative Finance Corporation (CFC) that expires July 16, 2014.

Long Term Debt Schedule ($mm) - as of December 31, 2011

Debt	Maturity Date	Stated Value	Principal	Notes:
RUS Series A Note, stated interest rate of 5.75%, with an imputed interest rate of 5.84%	July 2021	$ 523.2	$ 521.3	A portion hereof to be refinanced by CoBank and CFC
RUS Series B Note, no stated interest rate, with an imputed interest rate of 5.80%	December 2023	$ 245.5	$ 123.0	
Pollution Control Bonds Series 1983 - County of Ohio, Kentucky with a 3.25% interest rate in 2011	June 2013	$ 58.8	$ 58.8	Plan to refinance in 2013
Pollution Control Bonds Series 2010 , County of Ohio, Kentucky with a 6.0% fixed interest rate	July 2031	$ 83.3	$ 83.3	
TOTAL		**$ 910.8**	**$ 786.4**	

Big Rivers

Big Rivers' Financing Application with the KPSC

Big Rivers filed n Financing Application with the KPSC on 3/28/12 (Case No. 2012-00119). Big Rivers has requested the KPSC approve the transaction by 5/25/12, enabling Big Rivers to close on 6/29/12. This application seeks approval from the KPSC to refinance a significant portion of the existing RUS Series A Note. Additionally, Big Rivers will replenish the $35 million Transition Reserve and fund $60 million of future capital expenditures.

Big Rivers proposes to borrow $235 million from CoBank in the form of a secured term loan, and a $302 million secured term loan from CFC. These financings are expected to be at all-in rates that are below that of the existing 5.75% RUS Series A Note, and will also extend the final maturity of the associated debt.

Big Rivers plans to use the $537 million proceeds from these borrowings as follows:

- $442 million will be used to prepay a portion of the 5.75% RUS Series A Note
- $60 million will be used for capital expenditures
- $35 million will be used to replenish the Transition Reserve

In connection with the CFC term loan, Big Rivers will also purchase interest bearing Capital Term Certificates (CTCs) from CFC equal to 14.29% of the amount of the CFC secured note, or $43 million. Big Rivers has elected to finance the purchase of the CTCs with CFC in the form of an equity loan note.

Big Rivers anticipates this transaction will reduce its cost $1.5 million annually.

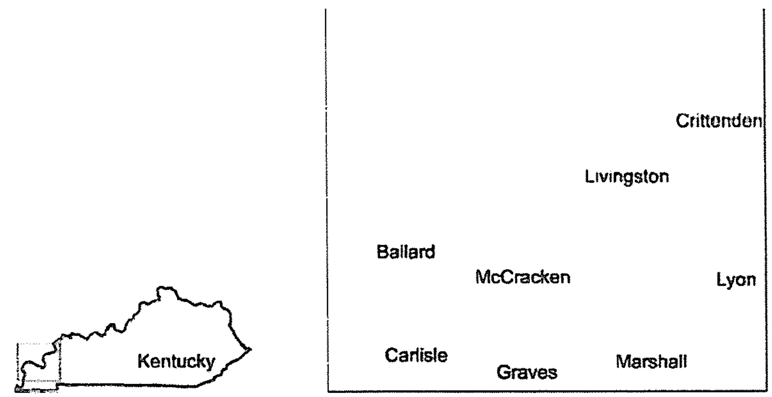
II. Overview of the Members & Customer Base

Big Rivers

Overview of Jackson Purchase Energy Corporation

Overview Service Territory

- Established in 1937
- Serves approximately 29,000 accounts in portions of 6 counties in Western Kentucky
- Managed by 8 member/consumer elected board serving four-year staggered terms
- Primarily residential & small commercial customer mix
- Most recent residential retail rate increase: July 2008, 9.5%



	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$45.1	$46.5	$41.9
Operating Expenses	38.0	36.1	34.4
Net Operating Income [1]	7.1	10.4	7.5
Cash Flow			
Debt Service	5.1	4.9	4.9
Debt Service Coverage Ratio	1.50 x	2.32 x	1.62 x
TIER	1.04 x	2.51 x	1.26 x
Balance Sheet			
Net Utility Plant	$92.4	$91.5	$87.3
Equities/Capitalization	40.4%	43.6%	39.8%

	FY 2011		
Customer Type	**MWh**	**Number of Consumers**	**Revenue ($000)**
Residential	411,231	26,054	29,070
Comm. And Ind. (< 1,000 kW)	190,023	3,126	11,916
Comm. And Ind. (<>1,000 kW)	49,397	9	2,909
Public Lighting/Irrigation	888	10	101
Total	**651,539**	**29,199**	**43,996**

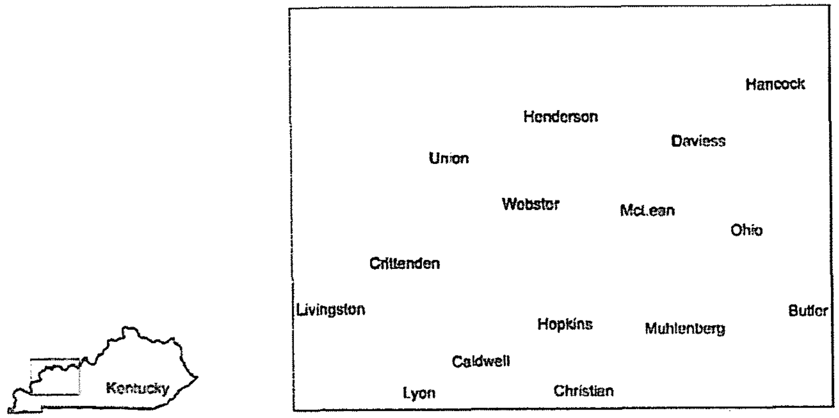
Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Overview of Kenergy Corp.

Overview Service Territory

- Established in July 1999 through the consolidation of – Henderson Union Electric Coop (established 1936), and – Green River Electric Corporation (established 1937)
- Serves approximately 55,000 customers in 14 western Kentucky counties along more than 7,000 miles of line
- Fourth largest electric cooperative in Kentucky (based on customers)
- Managed by 11 member customer-elected board
- Most recent residential retail rate increase: Sept. 2011, 7.49%
- Responsible for supplying Hawesville and Sebree smelters

Operating Revenues	$425.6	$401.0	$349.8
Operating Expenses	407.5	381.3	332.9
Net Operating Income [1]	18.1	19.7	16.9
Cash Flow			
Debt Service	11.5	11.6	11.1
Debt Service Coverage Ratio	1.63 x	1.79 x	1.58x
TIER	1.66 x	1.95 x	1.48 x
Balance Sheet			
Net Utility Plant	$182.9	$179.2	$177.5
Equities/Capitalization	36.3%	33.2%	30.3%



		Consumers	($000)
Residential	754,124	45,294	56,284
Comm. And Ind. (< 1,000 kW)	314,861	9,803	22,563
Comm. And Ind. (<>1,000 kW)	8,326,066	35	344,888
Public Lighting	1,733	78	282
Total	**9,396,784**	**55,210**	**424,017**

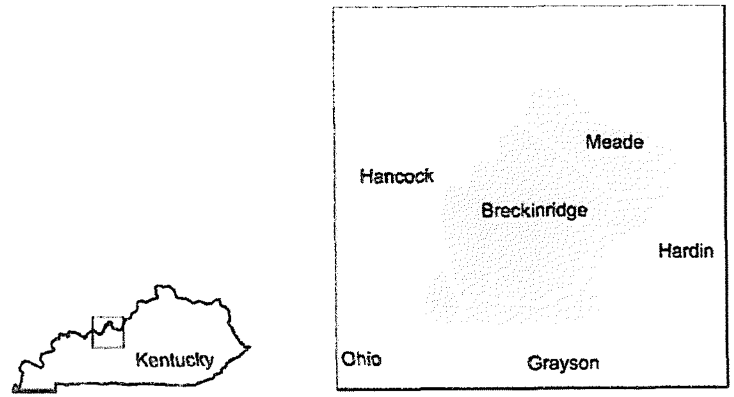
Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Big Rivers

Overview of Meade County Rural Electric Cooperative

Overview Service Territory

- Established in 1937
- Serves approximately 28,000 customers in portions of 6 Kentucky counties along approximately 2,900 miles of line
- Managed by 7 member customer-elected board
- Primarily residential customer mix
- Most recent residential retail rate increase: Feb. 2011, 3.92%



Summary Financial Information ($mm)

	Fiscal Year Ended December 31		
Income Statement	**2011**	**2010**	**2009**
Operating Revenues	$35.8	$34.6	$31.1
Operating Expenses	28.4	27.5	24.7
Net Operating Income [1]	7.4	7.1	6.4
Cash Flow			
Debt Service	4.8	4.9	4.8
Debt Service Coverage Ratio	1.58 x	1.55 x	1.37 x
TIER	2.09 x	2.05 x	1.57 x
Balance Sheet			
Net Utility Plant	$72.2	$69.9	$66.6
Equities/Capitalization	33.9%	33.5%	32.3%

Customer Profile

	FY 2011		
Customer Type	MWh	Number of Consumers	Revenue ($000)
Residential	364,735	26,402	27,480
Comm. And Ind. (< 1,000 kW)	94,657	2,070	7,131
Public Lighting	1,057	6	75
Total	**460,449**	**28,478**	**34,686**

Source: RUS Form 7 [1]Before Depreciation, Taxes & Interest

Big Rivers

Long-Term Smelter Contracts

- Big Rivers and Kenergy (the Member serving the Smelters) entered into the Smelter Wholesale Power Contracts in which Big Rivers supplies energy to Kenergy for resale to the Smelters through the end of 2023 on a take-or-pay basis, subject to a one-year termination notice from the Smelter(s)
- The two aluminum smelters, owned by Alcan and Century, have a base demand of 850 MW and typically use 98% of the energy
- Energy made available to the Smelters will consist of three types
    - ***Base Monthly Energy:*** 368 MW hourly for Alcan and 482 MW hourly for Century
    - ***Supplemental Energy:*** 10 MW hourly of interruptible energy to each Smelter
    - ***Back-up Energy:*** Imbalance energy for Kenergy made available to the Smelters
- Charges to the Smelters will also include the following adjustments:
    - Base Rate always 25 cents per MWh over Large Industrial
    - Fuel Adjustment Clause (FAC) – Adjusts monthly for incremental changes in fuel costs
    - Environmental Surcharge (ES) – Adjusts monthly for incremental changes in non-fuel variable production expenses (emission allowances, reagents and waste disposal)
    - Purchased Power Adjustment (PA) – Adjusts monthly for incremental changes in purchased power costs (non-FAC PPA regulatory account for non-smelter members)
    - TIER Adjustment
    - Surcharges – Mitigate impact of FAC and ES on Non-Smelter Members

Big Rivers

Overview of Smelters

- Sebree, Kentucky Smelter (Alcan Primary Products Corporation)
  - Alcan is owned by Rio Tinto, an international mining group, and is Rio Tinto's only U.S. aluminum smelter
  - Commenced operation in 1973
  - Produces 186,000 metric tons of primary aluminum annually from its 3 potlines
  - 600 employees
  - Base contract demand: 368 MW and Projected annual energy consumption: 3.1 TWh
  - Recently completed $37mm bake furnace project

- Hawesville, Kentucky Smelter (Century Aluminum of Kentucky General Partnership)
  - Century is a public company and through its various subsidiaries owns and operates aluminum smelters in Kentucky, South Carolina, West Virginia and Iceland
  - Commenced operation in 1970
  - Produces 244,000 metric tons of primary aluminum annually from its 5 potlines
  - 775 employees
  - Base contract demand: 482 MW and Projected annual energy consumption: 4.2 TWh

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Residential Electricity in the Nation

Average Residential Rate – Kentucky December 2011[1]

Kentucky Utility	Cents / kWh
East Kentucky Power Cooperative	11.66
AEP Kentucky Power	9.72
Duke Energy Kentucky	8.65
Louisville Gas and Electric Company	8.57
Kentucky Utilities Company	7.82
Big Rivers Rate, net of the MRSM	8.06
Big Rivers Rate, gross of the MRSM	8.66

Average Residential Rate – National December 2011[2]

National Region	Cents / kWh
Pacific Noncontiguous	27.50
New England	16.20
Middle Atlantic	15.30
Pacific Contiguous	12.47
East North Central	11.46
South Atlantic	10.99
East South Central	10.56
West South Central	10.13
Mountain	9.86
West North Central	9.33
Kentucky	9.12
United States Total	**11.52**

1 Source: Kentucky Public Service Commission Orders and Filings
2 Source: Energy Information Administration Table 5.6.A

Big Rivers

Big Rivers' Members Provide Some of the Lowest Cost Commercial and Industrial Electricity in the Nation

Average Commercial & Industrial Rate – National 2011

National Region	Cents/kWh
Pacific Noncontiguous	24.99
New England	13.42
Middle Atlantic	10.12
Pacific Contiguous	8.94
East South Central	8.21
South Atlantic	8.02
East North Central	7.66
Meade County	7.53
Kenergy - excluding Smelters	7.17
Mountain	7.04
West South Central	6.96
West North Central	6.40
Jackson Purchase	6.19
Kenergy - Smelters	4.40
Kentucky	4.18

Source: RUS Form 7 and Energy Information Administration

III. Operations

Big Rivers

Big Rivers' Available Generation Resources

	Fuel Type	Net Capacity (MW)	Commercial Operation
Owned Generation			
Kenneth C. Coleman Plant			
Unit 1	Coal	150	1969
Unit 2	Coal	138	1970
Unit 3	Coal	155	1972
Robert D. Green Plant			
Unit 1	Coal	231	1979
Unit 2	Coal	223	1981
Robert A. Reid Plant			
Unit 1	Coal / Gas	65	1966
Combustion Turbine	Oil / Gas	65	1979
D.B. Wilson Unit 1	Coal	417	1986
Owned Subtotal		1,444	
Leased Generation			
HMP&L Station Two			
Unit 1	Coal	153	1973
Unit 2	Coal	159	1974
City's Current Capacity Allocation[1]		(110)	
Leased Subtotal		202	
Total Owned / Leased Generation		1,646	
Purchased Power			
Member's SEPA Allocation	Hydro	178	
Total Capacity		1,824	

[1] *Big Rivers operates Station Two, which is owned by the City of Henderson, and is entitled to all capacity and energy not taken by the City under the terms of a power purchase agreement.*

Big Rivers' Coal-Fired Power Plants System Performance

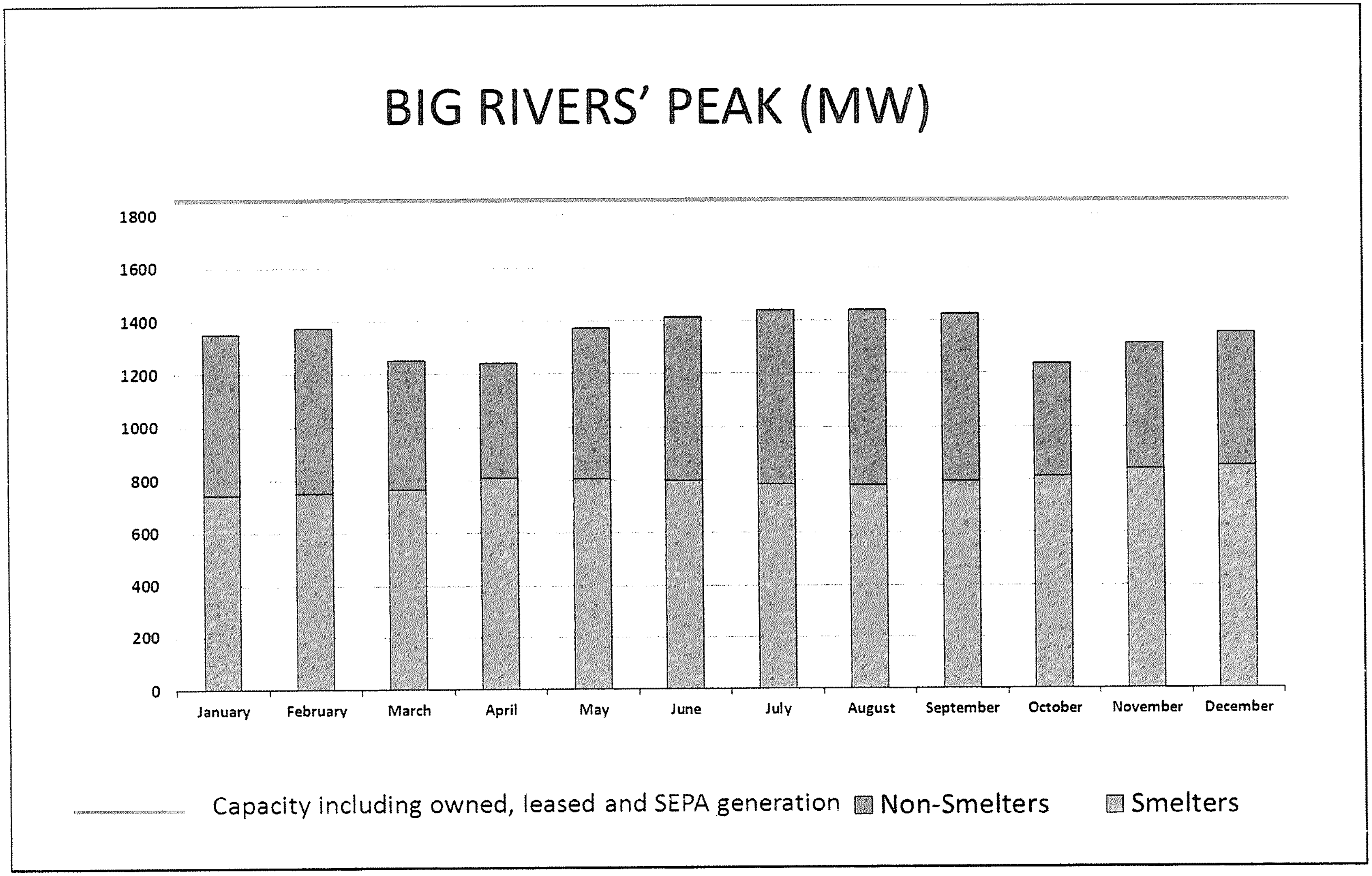
- Eight of the nine coal generating units are equipped with Flue Gas Desulphurization systems (FGDs) to control SO2 emissions
- Wilson 1, HMP&L 1 and HMP&L 2 are equipped with Selective Catalytic Reduction systems (SCRs) to control NOx emissions
- System performance is actively benchmarked against the industry utilizing GKS Navigant services. In the most recent benchmarking survey (2007 to 2011 Q3), Big Rivers displayed the following results when comparing O&M costs including fuel:
  - System capacity weighted O&M cost including fuel was $2.38/MWh less than the median cost ($32.08/MWh vs. $34.46/MWh).

Key Performance Indicators per IEEE Standards (6 Year Averages 2006 thru 2011)

Unit	Net Generation (MWHrs)	Net Heat Rate (BTU/kWH)	Gross Capacity Factor (%)	Gross Capacity Output (%)	Equivalent Availability Factor (%)	Equivalent Forced Outage Rate (%)
Coleman 1	981,391	10,762	75.2	84.5	89.1	4.9
Coleman 2	904,899	11,561	74.8	81.9	90.9	3.1
Coleman 3	1,014,199	10,654	75.5	83.4	88.9	6.8
Green 1	1,768,041	11,132	88.7	95.5	92.1	2.5
Green 2	1,725,642	11,265	89.5	95.1	94.1	1.8
Henderson 1	1,098,054	10,911	83.1	93.2	88.4	8.3
Henderson 2	1,093,491	11,182	79.3	88.0	88.8	5.2
Wilson 1	3,143,151	11,201	86.4	96.8	88.1	4.8
SYSTEM	**11,728,868**	**11,109**	**83.0**	**91.5**	**90.0**	**4.5**

Big Rivers

Big Rivers' Peak 2011 (MW)



Big Rivers

Big Rivers' Coal-Fired Power Plants Variable Cost 2011 – by unit

BREC Variable Costs*
Period Ending December 31, 2011
Year - to - Date

Unit	Total Fuel	(Reagent) Scrubber	SOx Allowances	NOx Allowances	Total Variable $	Net Generation	$/MWH
Green 1							
Green 2							
HMP&L 1							
HMP&L 2							
Coleman 1							
Coleman 2							
Coleman 3							
Wilson 1							
Totals							

**Does not include Reid 1 and Reid CT which are used for peaking purposes*

Big Rivers

Big Rivers' Environmental Compliance Plan (ECP) for CSAPR & MATS

Cross-State Air Pollution Rule (CSAPR) and the Mercury and Air Toxics Standards (MATS) were both finalized in 2011. Both rules will impact Big Rivers' ECP. Big Rivers has filed an application on April 2, 2012 with the KPSC seeking approval to comply with environmental requirements (Case No. 2012-00063). Additionally, Big Rivers intends to file an associated financing application for these costs by August 2, 2012. Commission approval is anticipated November 5, 2012. Estimated compliance costs, in $, are as follows:

	CSAPR	MATS	Total
Capital			
Wilson	139,000,000	11,240,000	150,240,000
HMPL (Net of City)	3,850,000	280,000	4,130,000
Reid	1,200,000		1,200,000
Green	81,000,000	18,480,000	99,480,000
Coleman		28,440,000	28,440,000
	225,050,000	58,440,000	283,490,000
Cost of Capital	9.42%	9.42%	9.42%
Capital Cost	21,199,710	5,505,048	26,704,758
O&M Cost	3,220,000	10,010,000	13,230,000
Total Annual 2012 ECP Cost in 2016	24,419,710	15,515,048	39,934,758

Big Rivers

Big Rivers' ECP Revenue and Rate Impact in 2016*

	Base 2012 1	Base 2016 2	Build 2016 3	(3-2) / 2	(3-2) / 1
Gross of MRSM					
Rate $/MWh					
Rural	52.64	58.89	62.98	6.9%	7.8%
Large Industrial	45.46	51.64	54.80	6.1%	6.9%
Smelter Unadjusted	51.08	54.45	58.18	6.8%	7.3%
Smelter Adjusted**	48.13	53.09	55.72	5.0%	5.5%
Net of MRSM					
Rate $/MWh					
Rural	44.32	51.27	51.27	0.0%	0.0%
Large Industrial	37.21	51.64	54.80	6.1%	8.5%
Smelter Unadjusted	51.08	54.45	58.18	6.8%	7.3%
Smelter Adjusted**	48.13	53.09	55.72	5.0%	5.5%

* Rates shown are based on information from the April 2, 2012 filing with the KPSC

**Smelter Adjusted reflects removal of the TIER Adjustment Charge. The Build Case has lower off-system net sales margin in 2016 due to ECP costs, causing the Smelters to move up within the TIER bandwidth.

Big Rivers

IV. Indenture/Financial Goals

Big Rivers' Financial Covenants

Big Rivers is in compliance with all debt covenants associated with both long-term and short-term debt.

- The Company's Indenture and its line of credit with CFC require that Margins for Interest Ratio (MFIR) of at least 1.10 be maintained each fiscal year.
- The CoBank line of credit agreement requires that at the end of each fiscal year the Company have a Debt Service Coverage Ratio (DSCR) of not less than 1.20.
- CoBank and CFC also require an Equity to Assets ratio of 15% or greater at the end of each fiscal year.

Historical Performance against covenants

Ratio	Agreement	Loan Covenant	2011	2010	2009
MFIR	Indenture/NRUCFC	1.10	1.12	1.15	9.87
Debt Service Coverage Ratio*	CoBank	1.20	1.47	1.47	2.44
Equity to Assets	CoBank	15%	27%	26%	25%
Equity to Assets	NRUCFC	12%	27%	26%	25%
TIER		n/a	1.12	1.15	9.85
Debt to Total Capitalization		n/a	67%	68%	69%

DSCR not included in the proposed CoBank Revolver

V. Financials

Statement of Operations

	Actual		Projected				
Statement of Operations ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Electric Energy Revenues	514.5	558.4					
Other Operating Revenue and Income	12.8	3.6	4.0	4.0	4.0	4.0	4.0
Total Operating Revenues	527.3	562.0					
Operating Expense - Excluding Fuel	187.2	201.8					
Operating Expense Fuel	207.7	226.2					
Maintenance Expense	46.9	47.7					
Depreciation and Amortization	34.2	35.4	41.9	43.3	44.7	48.1	52.3
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Other - Net	(2.8)	(0.4)	(1.4)	(6.0)	(11.2)	(14.5)	(5.8)
Total Expenses	520.3	556.4	580.8	604.5	637.5	656.3	702.7
Net Margins	**7.0**	**5.6**					

Big Rivers

Balance Sheet

	Actual		Projected				
Balance Sheet ($mm)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Assets							
Net Utility Plant	$ 1,092	$ 1,092	$ 1,120	$ 1,189	$ 1,339	$ 1,436	$ 1,428
Cash & Investments	45	45	58	45	35	39	34
Transition Reserve	35	0	35	35	36	36	36
Economic Reserve	121	100	72	44	17	0	0
Rural Economic Reserve	62	63	64	65	66	59	31
Receivables, Inventories, & Other	117	118	176	180	177	178	182
Total	**$ 1,472**	**$ 1,418**	**$ 1,525**	**$ 1,558**	**$ 1,670**	**$ 1,748**	**$ 1,711**
Equities & Liabilities							
Equities	$ 387	$ 390	$ 395	$ 401	$ 413	$ 428	$ 443
Debt	817	786	927	982	1,098	1,175	1,158
Deferred Revenue - Economic Reserves	181	162	136	109	84	59	31
Line of Credit Advances	10	0	0	0	5	15	5
Payables & Other	77	80	67	66	70	71	74
Total	**$ 1,472**	**$ 1,418**	**$ 1,525**	**$ 1,558**	**$ 1,670**	**$ 1,748**	**$ 1,711**
Equities / Total Capitalization	**32%**	**33%**	**30%**	**29%**	**27%**	**27%**	**28%**

Big Rivers

Debt Service Coverage

	Actual		Projected				
Debt Service Coverage ($mm)	2010	2011	2012	2013	2014	2015	2016
Margins	$ 7.0	$ 5.6					
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Depreciation & Amortization	36.3	37.5	44.5	46.0	47.5	51.0	55.5
Numerator for DSCR	$ 90.4	$ 88.8					
Interest Expense	47.1	45.7	43.4	49.0	54.0	59.7	61.9
Principal Due on Long-Term Debt	14.2	14.9	16.1	19.4	20.1	20.9	26.1
Denominator for DSCR	$ 61.3	$ 60.6	$ 59.5	$ 68.4	$ 74.1	$ 80.6	$ 88.0
Debt Service Coverage Ratio	**1.47**	**1.47**					

Big Rivers

Non-Smelter Member Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Non-Smelter Members							
Base Rate	35.33	42.45					
Regulatory Account Amortization	0.00	(0.32)	(1.23)	(1.23)	(0.38)	0.17	0.28
FAC	9.98	4.49	5.09	5.47	5.95	6.36	6.80
Environmental Surcharge	2.25	2.16	2.51	3.27	3.78	4.75	7.37
Surcredits	(3.30)	(3.49)	(4.10)	(4.05)	(4.00)	(3.97)	(3.93)
Rebate (Accrual)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Stabilization	0	0	0	0	0	0	0
Economic Reserve	(7.91)	(6.22)	(8.69)	(8.39)	(7.93)	(5.07)	0.00
Rural Economic Reserve	0.00	0.00	0.00	0.00	0.00	(2.49)	(8.47)
Blended Rate	**36.35**	**39.07**					

Big Rivers

Smelter Rates

	Actual		Projected				
Rate Derivation ($/MWh)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Smelters							
Large Industrial Rate @ 98%	29.07	34.70					
Additional Smelter Charge	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	29.32	34.95					
Tier Adjustment	1.95	1.95	2.95	2.95	2.95	2.67	2.59
Non-FAC PPA	(1.18)	(0.70)	(0.40)	(0.21)	(0.04)	0.28	0.38
FAC	10.13	4.53	5.11	5.48	5.95	6.36	6.80
Environmental Surcharge	2.26	2.18	2.48	2.66	3.14	3.94	6.11
Surcharge	1.57	1.57	1.87	1.87	1.87	1.87	1.87
Rebate (accrued)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Effective Rate	**44.05**	**44.48**					

Big Rivers

Big Rivers' Credit Rating

Big Rivers had its credit rating evaluated by three credit rating agencies.

Moody's Investor Service – Moody's has assigned a 'Baa1' senior secured rating for the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Standard & Poor's (S&P) – S&P has assigned a 'BBB-' issuer credit rating to Big Rivers and has assigned a "BBB-" long-term rating for its Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

Fitch Ratings Ltd. – In August, 2011, Fitch has assigned a 'BBB-' rating on the Series 2010A County of Ohio, Kentucky, Pollution Control Bonds.

VI. Appendix – Management Information

Big Rivers

Big Rivers' Management

Senior Management Biographies

Mark A. Bailey, President and Chief Executive Officer, received a Bachelor of Science in Electrical Engineering from Ohio Northern University in 1974, and a Master of Science in Management from the Massachusetts Institute of Technology in 1988. He was employed by American Electric Power Company ("AEP") for nearly 30 years, beginning as an Electrical Engineer in 1974. Mr. Bailey was employed as Vice President of AEP subsidiary Indiana Michigan Power Company until AEP's reorganization in 1996, when he became Director-Regions with American Electric Power Service Corporation ("AEPSC"), also a subsidiary of AEP. He was employed as Vice President of Transmission Asset Management for AEPSC from June 2000 until his employment as President and Chief Executive Officer ("CEO") with Kenergy Corp. in 2004. Mr. Bailey was employed as Executive Vice President and Chief Operating Officer beginning in June 2007 until being elected by the Board of Directors to his current position in October 2008.

Robert W. Berry, Vice President of Production, graduated from the University of Kentucky Community College system with an Associate degree in Mechanical Engineering Technology and Mid-Continent University with a Bachelor of Science in Business Management. He was employed by Big Rivers from 1981 to 1998 and served in various maintenance positions such as Superintendent of Maintenance and Maintenance Manager. In 1998 he was employed by Western Kentucky Energy and served in various positions such as Maintenance Manager, Plant Manager and General Manager until the Unwind transaction closed in July 2009, at which time he assumed his current position.

David G. Crockett, Vice President of System Operations, graduated from the University of Kentucky with a Bachelor of Science in Electrical Engineering in 1972. He has been employed with Big Rivers since 1972. He served in various engineering positions before assuming the responsibility of Manager of Energy Control in 1998. Mr. Crockett assumed his current position as Vice President System Operations in 2006.

James V. Haner, Vice President of Administrative Services, graduated from the University of Kentucky with a Bachelor of Science in Accounting in 1970. He has been employed with Big Rivers since 1972. He served in various accounting and finance capacities prior to transferring to administrative services in 1991. He assumed duties as Manager Human Resources in 1998. Mr. Haner assumed his current position of Vice President Administrative Services in 2005.

Big Rivers' Management

Senior Management Biographies - continued

Mark A. Hite, Vice President of Accounting and Interim Chief Financial Officer, graduated from the University of Evansville with a Bachelor of Science in Accounting in 1980 and a Master of Business Administration in 1985. He is a licensed CPA. Mr. Hite has been employed with Big Rivers since 1983, and has served in various accounting and finance capacities prior to assuming his current position.

Eric Robeson, Vice President of Environmental Services and Construction, graduated from Rose Hulman Institute of Technology in 1977 with a Bachelor of Science in Mechanical Engineering and Ball State University in 1988 with a Masters of Business Administration. He is a registered Professional Engineer in the state of Indiana. Mr. Robeson worked at Vectren (and its predecessor company Sigeco) from 1980 to 2011. He served in a variety of engineering and managerial positions including Plant Manager, Director of Generation Planning, and Director of Infrastructure Services. He joined Big Rivers in 2011 as Vice President of Construction overseeing environmental compliance efforts and assumed his current position in February , 2012

Albert M. Yockey, Vice President of Governmental Relations & Enterprise Risk Management, graduated from the University of Pittsburgh with a Bachelor of Science in Electrical Engineering in 1972, a Master of Science from Lehigh University in 1979, and a Juris Doctor from Capital University Law School in 1994. He is a registered Professional Engineer in Pennsylvania and a licensed attorney in Ohio. Mr. Yockey was employed in operation and planning positions with Pennsylvania Power and Light Co. from 1972 through 1985. He was employed in planning, regulatory, and compliance positions with American Electric Power Company from 1985 until February 2008. Mr. Yockey joined Big Rivers as Vice President of Enterprise Risk Management and Strategic Planning in 2008 and assumed his current position in July 2009.

Big Rivers Environmental Compliance Plan Presentation:
Kenergy Board Meeting – May 8, 2012

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Big Rivers Environmental Compliance Plan

Kenergy Board Meeting

May 8, 2012

Agenda

- Recommended Environmental Compliance Plan
- Financial Modeling
- CSAPR and MATS
- Cap Ex Estimates and Rate Impact
- Future Environmental Regulations
- Questions

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Summary of Regulations

- CSAPR Cross State Air Pollution Rule
- MATS Mercury and Air Toxics Standard
- NAAQS National Ambient Air Quality Standards
- 316b River Intake
- CCR Coal Combustion Residuals
- GHG Green House Gases (CO2)

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Big Rivers
Environmental Compliance Plan

- CSAPR
  - Replace FGD at Wilson
  - Install SCR at one Green unit
  - Upgrade fans at HMPL Station Two and install additional FGD recycle pumps
  - Install low NOx burners at HMPL and Wilson
  - Convert Reid to natural gas
- MATS
  - Install Activated Carbon and Dry Sorbent Injection Systems at all plants except HMPL

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Time Line

- April 2012 — File Environmental Compliance Plan, CPCN and Revised Environmental Surcharge
- May 2012 — Release A/E to develop RFP's
- October 2012 — PSC Approval
  Notice to proceed to vendors
- January 2013 — Vendor procurement begins
- July 2013 — Construction begins
- July 2015 — Green SCR in service
- January 2016 — Wilson FGD in service

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Financial Modeling

- Financial Modeling estimated overall rate impact to members for various scenarios
- Scenarios included
  - Install all CSAPR and MATS projects
  - Install all CSAPR and MATS projects except Green SCR
  - Install MATS projects only, reduce generation, and buy remainder of generation from MISO
- Final recommendation was to install all CSAPR and MATS projects

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Inputs to Financial Model

- Cap Ex and O&M estimates for various technologies from Sargent and Lundy study
- Projected wholesale electrical prices
- Projected allowance prices
- Projected internal generation levels
- Projected fuel prices
- CSAPR allowance allocations
- Big Rivers cost of debt
- Outage schedules

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CSAPR Update

- Regulates SO2 and NOx
- Creates new type of SO2 and NOx allowances
- Minimal trading of allowances expected due to market structure
- On December 30, 2011 the DC Court of Appeals issued a stay regarding CSAPR
- Compliance has been suspended pending resolution of this action
- Probable outcome expected to be a one year delay in implementation
- Until this is resolved, all utilities must continue to comply with CAIR regulations in effect prior to CSAPR
- Big Rivers will be in compliance with minimal NOx allowance purchases for 2012

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2014 CSAPR Impact

- SO2
  - **Major Impact**
  - 50% reduction required from 2010 emissions
  - Wilson, HMPL and Reid are primary concerns

- NOx
  - Minor Impact
  - 16% reduction required from 2010 emissions
  - Green, Coleman, and Reid are primary concerns

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MATS Mercury and Air Toxics Standard

- Regulations finalized in February 2012
  - Mercury (Hg)
  - Acid Gases (Hydrochloric or HCl)
  - Non Hg Metallic Gases or Filterable Particulate Matter (FPM)
- Emissions rates limits <u>by unit</u> instead of total emissions (allowances)
- 2015 compliance date with 1 year extension likely
- Activated Carbon Injection and Dry Sorbent Injection Systems required at all plants except HMPL
- Precipitator upgrades possible at all plants
- Subject to litigation as well

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CSAPR Cap Ex and Cash Flow

	2012	2013	2014	2015	2016	Total
Wilson FGD	1.80	27.60	55.00	47.60	7.00	139.00
Green SCR	1.00	20.00	44.00	16.00		81.00
HMPL FGD	0.30	2.20	3.10	0.70		6.30
Reid Conv	0.05	1.15				1.20
Total	3.15	50.95	102.10	64.30	7.00	227.50

All figures in millions

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MATS Cap Ex and Cash Flow

	2012	2013	2014	2015	2016	Total
Wilson		1.20	4.80	5.24		11.24
Coleman		1.20	14.40	12.84		28.44
Green		1.20	8.00	9.28		18.48
HMPL				0.48		0.48
Total		3.60	27.20	27.84		58.64

All figures in millions

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Annual O&M Expenses

	2013	2014	2015	2016
CSAPR		0.76	2.23	2.92
MATS				9.07
Total		0.76	2.23	11.99

All figures in millions

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ECP Revenue and Rate Impact in 2016

	Base 2012 1	Base 2016 2	Build 2016 3	(3-2) / 2	(3-2) / 1
Gross of MRSM					
Rate $/MWh					
Rural	52.64	58.89	62.98	6.9%	7.8%
Large Industrial	45.46	51.64	54.80	6.1%	6.9%
Smelter Unadjusted	51.08	54.45	58.18	6.8%	7.3%
Smelter Adjusted*	48.13	53.09	55.72	5.0%	5.5%
Net of MRSM					
Rate $/MWh					
Rural	44.32	51.27	51.27	0.0%	0.0%
Large Industrial	37.21	51.64	54.80	6.1%	8.5%
Smelter Unadjusted	51.08	54.45	58.18	6.8%	7.3%
Smelter Adjusted*	48.13	53.09	55.72	5.0%	5.5%

*Smelter Adjusted reflects removal of the TIER Adjustment Charge. The Build Case has lower off-system net sales margin in 2016 due to ECP costs, causing the Smelters to move up within the TIER bandwidth.

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NAAQS

National Ambient Air Quality Standards

- Updated every 5 years
- Has been delayed by President Obama
- Considering lowering ozone standards to 60 ppb v s current 75 ppb standard
- Potential to reduce SO2 and NOx allowances by additional 20% by 2018
- Could require 2nd SCR at Green

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Clean Water Act
316b

- Final rule expected by July 2012
- Potential Compliance dates in 2016-2020 time frame
- Could require cooling tower at Coleman
- Could require modifications to intake structure for Reid/HMPL

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Coal Combustion Residuals

- 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

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GHG

- EPA recently announced proposed regulations that would effectively outlaw new coal fired power plants
- Reports indicate EPA considered applying them to existing plants
- Concern is that existing plants could be added depending upon presidential election

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Questions?

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