

**Archived:** Thursday, May 31, 2012 3:40:31 PM  
**From:** [Bob Berry](#)  
**Sent:** Friday, February 24, 2012 1:15:31 PM  
**To:** [Mark Bailey](#)  
**Subject:** Follow up to Our Smelter Conversation on Thursday 2-23  
**Importance:** Normal

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Mark, As a follow up to our conversation yesterday regarding the Smelters and our financing plan, I have been thinking about what we can do if the Smelters actions prevents us from executing our financing plan. If we are not able to get the financing to install the environmental equipment and both Smelters are still open we have some options. One possibility could be we could shut the Wilson unit down in 2014 or 2015 and buy the power from the market for a couple of years. We can comply with all of the emission standards for the first two years of CSAPR with all of units in service, our challenge is when the CSAPR rule cuts our emissions in half which was originally planned in 2014 but with the court order stay I suspect it will move until 2015. This scenario would purchase the equal amount of the Wilson generation on a firm contract and allow us to defer capital spend of approximately \$140M over a 2 year period. I am still firming up the cost to buy the replacement power but if we take into account the O&M cost savings from the unit being off, it appears it may not be significantly higher than generating it. We can discuss next week when you return but I wanted you to know I am trying to come up with a plan "B" in the event the Smelters cause up problems with the financing.

Bob