

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
APRIL 20, 2012

The regular meeting of the Board of Directors of Big Rivers Electric Corporation was called to order at 8 a.m., CDT, on Friday, April 20, 2012, at 201 Third Street, Henderson,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

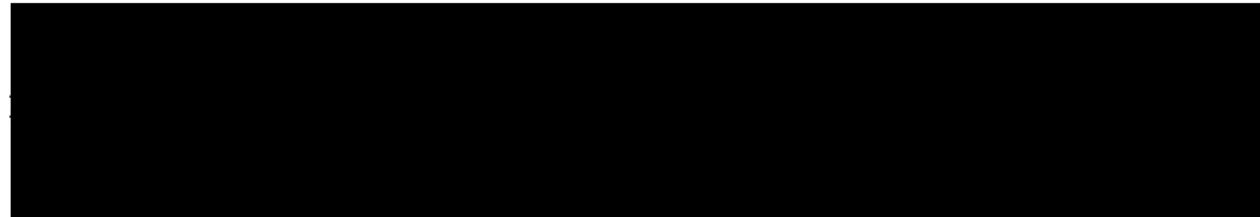
[REDACTED]

[REDACTED]

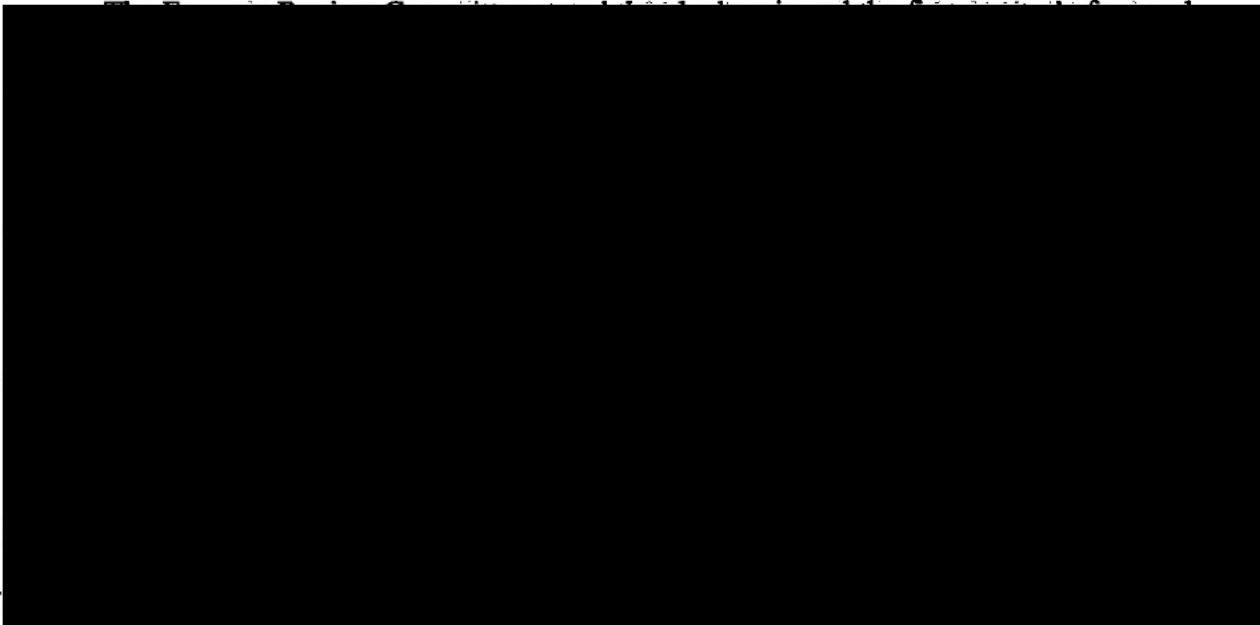
[REDACTED]

[REDACTED]

[REDACTED]



After an explanation by Al Yockey and upon management's recommendation, Director Elder moved that management be authorized to file with the Public Service Commission an additional DSM/EE tariff (DSM-10) to cover residential weatherization program-primary heating source non-electric. The motion was seconded and unanimously adopted.



Mr. Berry discussed the status of the environmental compliance plan, which was filed with the Public Service Commission on April 2. The PSC has not yet issued a procedural schedule.





Smelter Mitigation Plan
Update to the Board of Directors

April 2012

Modeling

- ▶ **Assumptions that must be made...**
 - ▶ **Market price forecasts (Energy, Coal, Natural Gas, Emission Allowances)**
 - ▶ **Environmental Compliance Options (Build vs. Buy)**
 - ▶ **Generation Assumptions (Unit Availability/Use, Heat Rates, Emission Rates)**
 - ▶ **Smelter Exit Dates (One or Both, When?)**
 - ▶ **Etc.....**

Tactical Plan Update

- ▶ Production cost models are being run to feed the Financial Model.
 - ▶ Add pollution control equipment proposed in Environmental Compliance Plan (ECP) , Both Smelters Exit 1/1/2014, PACE Global Market Prices, BUILD
 - ▶ Add only Mercury equipment, Purchase in Market to meet Cross-State Air Pollution Rule (CSAPR) regulations, Both Smelters Exit 1/1/2014, PACE Global Market Prices, BUY
 - ▶ Add pollution control equipment proposed in ECP, Both Smelters Exit 1/1/2014, ACES Energy Market Prices, BUILD
 - ▶ Add pollution control equipment proposed in ECP, Both Smelters Exit 1/1/2014, ACES Energy Market Prices, Wilson and Coleman Shutdown, BUILD
 - ▶ Add pollution control equipment proposed in ECP, Century Smelter Exits 1/1/2014, ACES Energy Market Prices, Coleman Shutdown, BUILD
 - ▶ Add pollution control equipment proposed in ECP, Alcan Smelter Exits 1/1/2014, ACES Energy Market Prices, Wilson Shutdown, BUILD
 - ▶ Add only Mercury equipment, Purchase in Market to meet Cross-State Air Pollution Rule (CSAPR) regulations (if necessary), Both Smelters Exit 1/1/2014, ACES Energy Market Prices, Wilson/Coleman Shutdown, BUY
 - ▶ Add only Mercury equipment, Purchase in Market to meet Cross-State Air Pollution Rule (CSAPR) regulations (if necessary), Century Exit 1/1/2014, ACES Energy Market Prices, Wilson Shutdown, BUY

COMPLETE

Rural Member Retail Rate Impact Analyses

	Base Case Model Member Rates NO Environmental Spend (with Est. Distribution Adder) Net of MSRM			SCENARIOS							
	2012	2014	2016	Worse than the Worst Case Scenario No Smelters, All Existing Costs Remain, No Off-System Sales		Add all Pollution Control Equipment proposed in ECP, Both Smelters Exit 1/1/2014, PACE Global Pricing		Add only Mercury Control Equipment, Both Smelters Exit 1/1/2014, PACE Global Pricing		Add all Pollution Control Equipment proposed in ECP, Both Smelters Exit 1/1/2014, ACES Pricing	
				2014	2016	2014	2016	2014	2016	2014	2016
Rural	7.9	8.5	8.6	13.5	14.2	11.1	10.2	12.3	11.2	11.9	13.0
Percent Increase versus Base Case				59%	65%	32%	18%	45%	30%	41%	50%

Rural Member Retail Rate Impact Analyses

	Base Case Model Member Rates NO Environmental Spend (with Est. Distribution Adder) Net of MSRM			SCENARIOS							
	2012	2014	2016	Add all Pollution Control Equipment proposed in ECP, Both Smelters Exit 1/1/2014, Wilson & Coleman Shutdown, ACES Pricing		Add all Pollution Control Equipment proposed in ECP, Century Exits 1/2014, Coleman Shutdown ACES Pricing		Add all Pollution Control Equipment proposed in ECP, Alcan Exits 1/2014, Wilson Shutdown, ACES Pricing		Add only Mercury Control Equipment, Both Smelters Exit 1/1/2014, Wilson & Coleman Shutdown, ACES Pricing	
				2014	2016	2014	2016	2014	2016	2014	2016
Rural	7.9	8.5	8.6	11.4	11.8	9.5	9.7	9.3	9.5	11.4	11.8
Percent Increase versus Base Case				35%	37%	12%	13%	9%	10%	35%	37%

Large Industrial Retail Rate Impact Analyses

	Base Case Financial Model Member Rates (with Est. Distribution Adder) Net of MSRM			SCENARIOS							
	2012	2014	2016	Worse than the Worst Case Scenario No Smelters, All Existing Costs Remain, No Off-System Sales		Add all Pollution Control Equipment proposed in ECP, Both Smelters Exit 1/1/2014, PACE Global Pricing		Add only Mercury Control Equipment, Both Smelters Exit 1/1/2014, PACE Global Pricing		Add all Pollution Control Equipment proposed in ECP, Both Smelters Exit 1/1/2014, ACES Pricing	
				2014	2016	2014	2016	2014	2016	2014	2016
Large Industrial	4.2	4.7	5.7	9.4	10.9	7.0	7.6	8.0	8.4	7.8	9.7
Percent Increase versus Base Case				99%	93%	48%	34%	70%	48%	64%	72%

Large Industrial and Smelter Retail Rate Impact Analyses

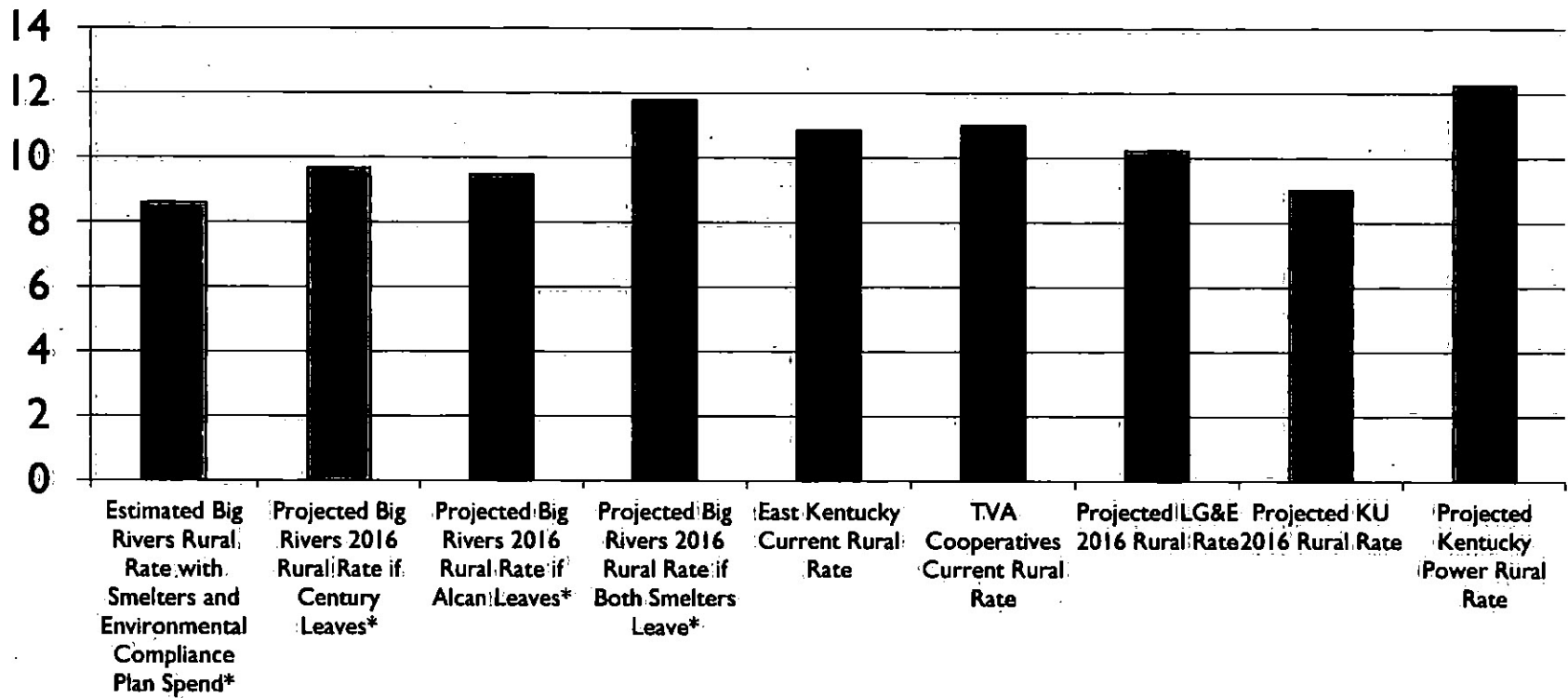
	Base Case Financial Model Member Rates (with Est. Distribution Adder) Net of MSRM			SCENARIOS							
	2012	2014	2016	Add all Pollution Control Equipment proposed in ECP, Both Smelters Exit 1/1/2014, Wilson & Coleman Shutdown, ACES Pricing		Add all Pollution Control Equipment proposed in ECP, Century Exits 1/2014, Coleman Shutdown ACES Pricing		Add all Pollution Control Equipment proposed in ECP, Alcan Exits 1/2014, Wilson Shutdown ACES Pricing		Add only Mercury Control Equipment, Both Smelters Exit 1/1/2014, Wilson & Coleman Shutdown, ACES Pricing	
				2014	2016	2014	2016	2014	2016	2014	2016
Large Industrial	4.2	4.7	5.7	7.3	9.2	5.6	7.1	5.4	6.9	7.3	8.8
Percent Increase versus Base Case				53%	62%	18%	26%	14%	22%	53%	56%
Smelter(s)	5.1	5.4	5.	n/a	n/a	6.2	6.7	5.7	6.5	n/a	n/a
Percent Increase versus Base Case				n/a	n/a	15%	23%	6%	20%	n/a	n/a

So, what does it all mean?

	Century Leaves		Alcan Leaves		Both Leave	
	Add all Pollution Control Equipment proposed in ECP, Century Exits 1/2014; Coleman Shutdown, ACES Pricing		Add all Pollution Control Equipment proposed in ECP, Alcan Exits 1/2014, Wilson Shutdown, ACES Pricing		Add only Mercury Control Equipment, Both Smelters Exit 1/1/2014, Wilson & Coleman Shutdown, ACES Pricing	
	2014	2016	2014	2016	2014	2016
Rural*	9.5	9.7	9.3	9.5	11.4	11.8
Percent Increase versus Base Case	12%	13%	9%	10%	35%	37%
Large Industrial*	5.6	7.1	5.4	6.9	7.3	8.8
Percent Increase versus Base Case	18%	26%	14%	22%	53%	56%
Smelter(s)	6.2	6.7	5.7	6.5	n/a	n/a
Percent Increase versus Base Case	15%	23%	6%	20%	n/a	n/a

*Net of MSRM

Rural Rate Comparison to other KY Utilities



Questions?