

BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
MARCH 16, 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, March 16, 2012, at 201 Third Street, Henderson, Kentucky 42420.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

Mr. Hite updated the board on the change of the environmental surcharge rate formula. After an explanation by Al Yockey, Director Butler moved that the following resolution be adopted:

WHEREAS, pursuant to a letter from the Public Service Commission dated November 29, 2011, the Corporation is required to file a description of its untariffed DSM and energy efficiency programs, and proposed tariffs for those programs, and;

WHEREAS, on January 29, 2012, the Corporation filed descriptions of its untariffed DSM and energy efficiency programs, and management has presented the board of directors with proposed tariff revisions that are consistent with those programs, as described.

RESOLVED, that any officer of the Corporation be, and is hereby authorized to sign and file on behalf of the Corporation the proposed DSM and energy efficiency tariffs presented to the board of directors, and to take all other actions that management may deem appropriate to implement those tariffs.

The motion was seconded and unanimously adopted.

[REDACTED]

[REDACTED]

Mr. Berry updated the board on the status of the environmental compliance plan and the goal is to file this plan on April 2. All regulatory notices have been filed.

Mr. Berry also discussed the financial effects of unit economic shutdown, including member impact.

[REDACTED]



**Smelter Mitigation Plan
Update to the Board of Directors**

March 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.....**

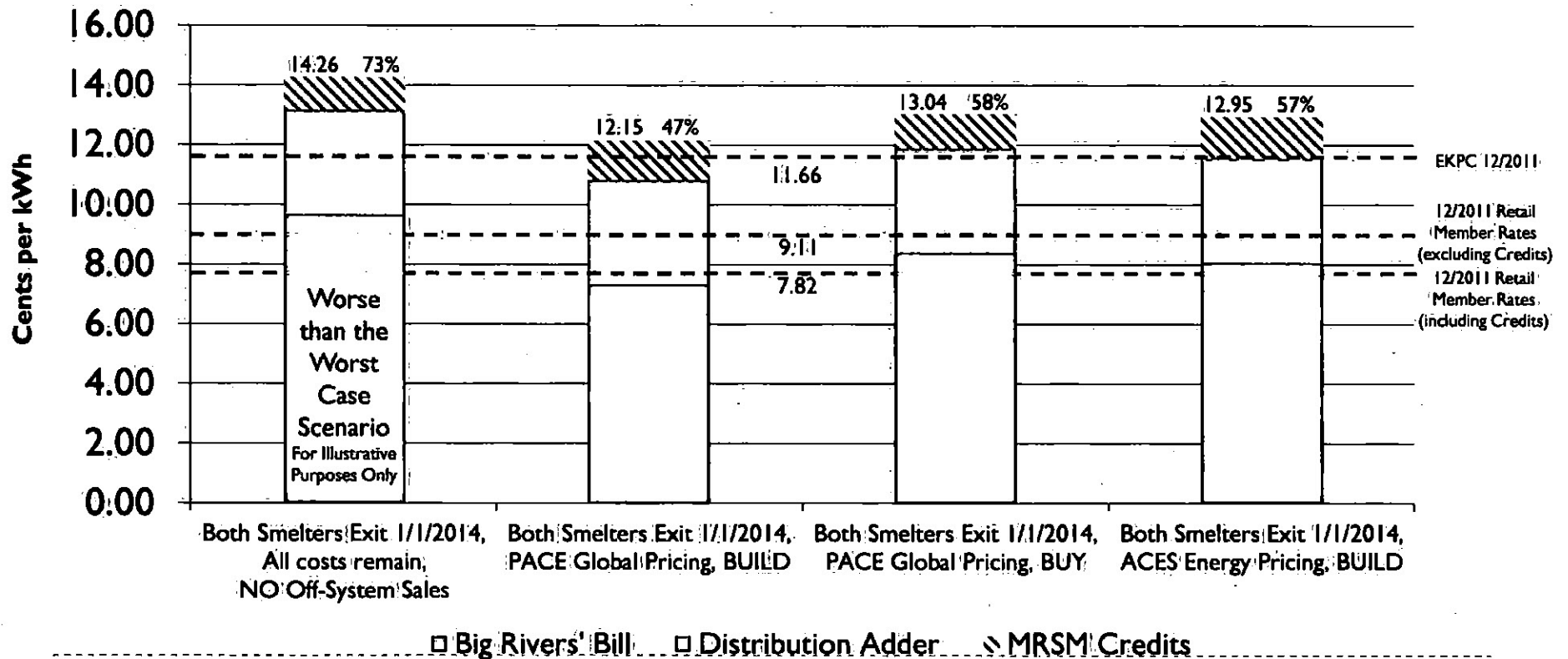
Tactical Plan Update

▶ **Production cost models are being run to feed the Financial Model.**

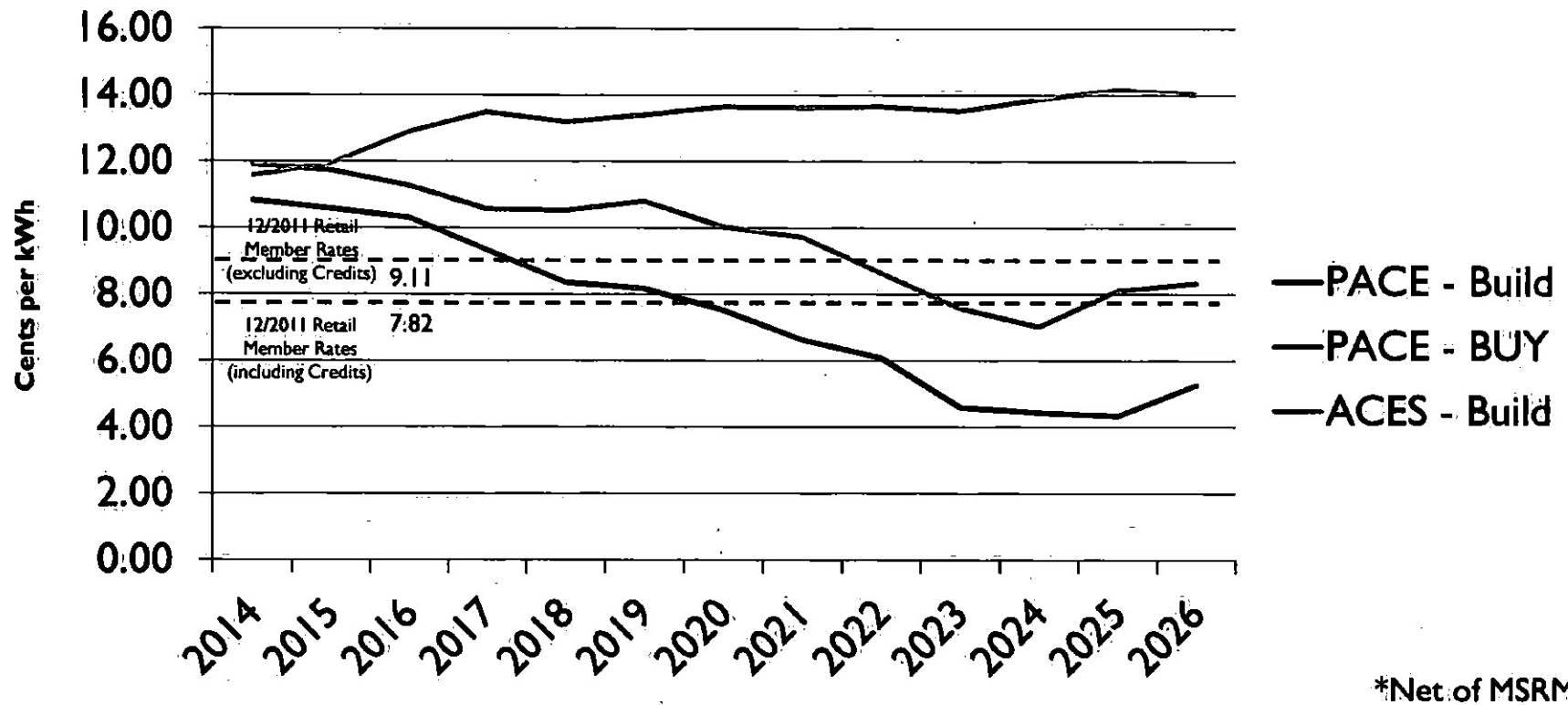
- ▶ Add pollution control equipment proposed in Environmental Compliance Plan (ECP), Both Smelters Exit 1/1/2014, PACE Global Market Prices, BUILD
- ▶ Add only Mercury equipment, Purchase in Market to meet Cross-State Air Pollution Rule (CSAPR) regulations, Both Smelters Exit 1/1/2014, PACE Global Market 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
- ▶ Add pollution control equipment proposed in ECP, Century Smelter Exits 1/1/2014, ACES Energy Market Prices, Coleman Shutdown

COMPLETE

2014 Average Non-Smelter Member Rate Impact Analyses



Average Non-Smelter Member Rate Impact Analyses*



*Net of MSRM

Member Rate Increase Mitigation

- ▶ Entering into long-term wholesale agreement(s) to sell excess
- ▶ Existing load expansion
- ▶ Attracting new industrial load
- ▶ Attracting new members (cooperative, municipal, etc.)
- ▶ Shutdown of Individual Generating Units(s) and/or entire Generation Station(s)
- ▶ Sale of Generating Station(s)
- ▶ Merger

Tactical Plan Update

- ▶ **Internal Model is in development to enable high-level scenario analyses**
 - ▶ **Generation levels (Volumes, Heat Rates, SO₂ & NO_x Emission Rates and Allocations)**
 - ▶ **Load levels (Smelter, Member)**
 - ▶ **Bilateral Purchases/Sales**
 - ▶ **Fixed and Variable Expenses**
 - ▶ **Market Prices (Energy, Emission Allowances)**
 - ▶ **Current/Budget Smelter and Non Smelter Rates with ability to modify the % difference**
 - ▶ **TIER level**
 - ▶ **Cost difference between MISO load and generation LMPs**

Tactical Plan Update

- ▶ Production cost models are being run to feed the Financial Model.
 - ▶ Add pollution control equipment proposed in ECP, Both Smelters Exit 1/1/2014, PACE Global Market Prices
 - ▶ Add only Mercury equipment, Purchase in Market to meet Environmental regulations, Both Smelters Exit 1/1/2014, PACE Global Market Prices
 - ▶ Add pollution control equipment proposed in ECP, Both Smelters Exit 1/1/2014, ACES Energy Market Prices
 - ▶ Add pollution control equipment proposed in ECP, Both Smelters Exit 1/1/2014, ACES Energy Market Prices, Wilson and Coleman Shutdown
 - ▶ Add pollution control equipment proposed in ECP, Century Smelter Exits 1/1/2014, ACES Energy Market Prices, Coleman Shutdown

COMPLETE