

## Supplementary Agreement on SO<sub>2</sub> Emission Allowances

This Agreement is to provide for the distribution of Sulfur Dioxide (SO<sub>2</sub>) Emission Allowances to Henderson Municipal Power and Light (HMP&L), owner of the HMP&L Station Two, Units 1 & 2; and Big Rivers Electric Corporation (BREC), operator of HMP&L Station Two, Units 1 & 2.

The Clean Air Act Amendments of 1970 established a market-based system to encourage the reduction of emissions of SO<sub>2</sub>. As part of this system the Environmental Protection Agency provides an initial annual allocation of allowances to electric utility units that are affected under Phase I and Phase II of the program. During the annual reconciliation process, allowances are surrendered to offset emissions that occurred during the previous year. Allowances that are unused may be banked for future use, transferred to another unit account, or sold.

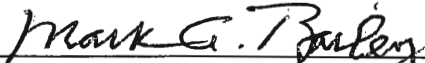
HMP&L as owner, and BREC as operator, have agreed with each other to certain conditions contained within documents such as the 1970 Power Sales Contract, as amended, the 1970 Power Plant Construction and Operation Agreement, as amended, and the 1970 Joint Facilities Agreement, as amended. One of these conditions includes providing a percentage of the unit generating capacity to HMP&L, for use in meeting its needs, while BREC receives the remaining unit capacity for its needs. This percent of unit capacity shares may change each year.

HMP&L Station Two has received SO<sub>2</sub> Emission Allowance allocations for each of its units. Although the operating agreement includes provisions which provide for the sale of unused allowances and the distribution of the proceeds to the parties based upon the percent of the unit capacity for that year, the parties agree that an additional provision for the direct distribution of the unused allowances should be available as an alternative.

Therefore, this Agreement provides:

- HMP&L Station Two, Units 1 & 2 receive an annual SO<sub>2</sub> Emission Allowance allocation from the Environmental Protection Agency.
- These allowances shall be utilized by the Designated Representative to offset the emissions from each unit during the Annual Reconciliation.
- Following the Annual Reconciliation the Designated Representative shall distribute the unused allowances for that year to the Owner's and Operator's allowance accounts in accordance with the percent of unit capacity taken for that year.

\_\_\_\_\_  
Gary Quick General Manager  
Henderson Municipal Power & Light

  
\_\_\_\_\_  
Big Rivers Electric Corporation  
Mark A. Bailey, President and CEO

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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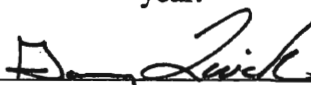
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\_\_\_\_\_  
Gary Quick General Manager  
Henderson Municipal Power & Light

\_\_\_\_\_  
Big Rivers Electric Corporation

Date: 6/23/09

Date: \_\_\_\_\_