

For All Territory Served By
Cooperative's Transmission System
P.S.C.K.Y.NO. 23

Original SHEET NO. 71

Big Rivers Electric Corporation
(Name of Utility)

CANCELLING P.S.C.KY.NO. _____

SHEET NO. _____

RULES AND REGULATIONS

16. ENVIRONMENTAL SURCHARGE:

Applicability:

To all Big Rivers Electric Corporation's ("Big Rivers") Members.

Availability:

The Environmental Surcharge ("ES") is a mandatory rider to all sales by Big Rivers to its Members, including Base Energy sales to the Smelters under the two Wholesale Electric Service Agreements each dated as of July 1, 2009, between Big Rivers and Kenergy with respect to service by Kenergy to the Smelters, but excluding Supplemental and Back-Up Energy sales to the Smelters under those two Agreements.

Rate:

The ES shall provide for monthly adjustments based on a charge per kWh equal to the difference between the environmental compliance costs in the base period and in the current period based on the following formula:

$$\text{CESF} = \text{Net } E(m)/S(m)$$

$$\text{MESF} = \text{CESF} - \text{BESF}$$

MESF = Monthly Environmental Surcharge Factor

CESF = Current Environmental Surcharge Factor

BESF = Base Environmental Surcharge Factor of \$0.00000/kWh

Where E(m) is the total of each approved environmental compliance plan revenue requirement of environmental costs for the current expense month and S(m) is the kWh sales for the current expense month as set forth below.

C 7/17/09

DATE OF ISSUE October 9, 2008 DATE EFFECTIVE July 17, 2009 EFFECTIVE
7/17/2009
ISSUED BY Mark A. Bailey Big Rivers Electric Corporation, 201 3rd St., Henderson, KY 42420 PURSUANT TO 2007 KAR 5:011
(Signature of Officer) SECTION 9 (1)
Issued by Authority of PSC Case No. 2007-00455, Order dated March 6, 2008

PUBLIC SERVICE COMMISSION
OF KENTUCKY
By J. D. Pearson
Executive Director

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Definitions:

(1) $E(m) = OE - BAS + (\text{Over})\text{Under Recovery}$

Where:

- (a) OE represents the Monthly Pollution Control Operating Expenses, defined as the operating and maintenance expense and emission allowance expense of approved environmental compliance plans;
- (b) BAS is the net proceeds from By-Products and Emission Allowance Sales, and;
- (c) (Over) or Under recovery amount as amortized from prior six-Month period.

(2) Total E(m) is multiplied by the Jurisdictional System Allocation Ratio to arrive at Net E(m)]. The Jurisdictional System Allocation Ratio is the ratio of the kWh sales to Member Systems to which the Surcharge will be applied, ending with the current expense month, divided by the kWh sales to Jurisdictional sales, off-system sales, and Supplemental or Back-Up sales to the Smelters supplied from Big Rivers' generation resources during the month.

(3) Jurisdictional sales S(m) is the kWh sales for Big Rivers for the current expense month.

(4) The current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.

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