



**COST**  
**SAFETY**  
**RELIABILITY**

# Prairie State Energy Campus

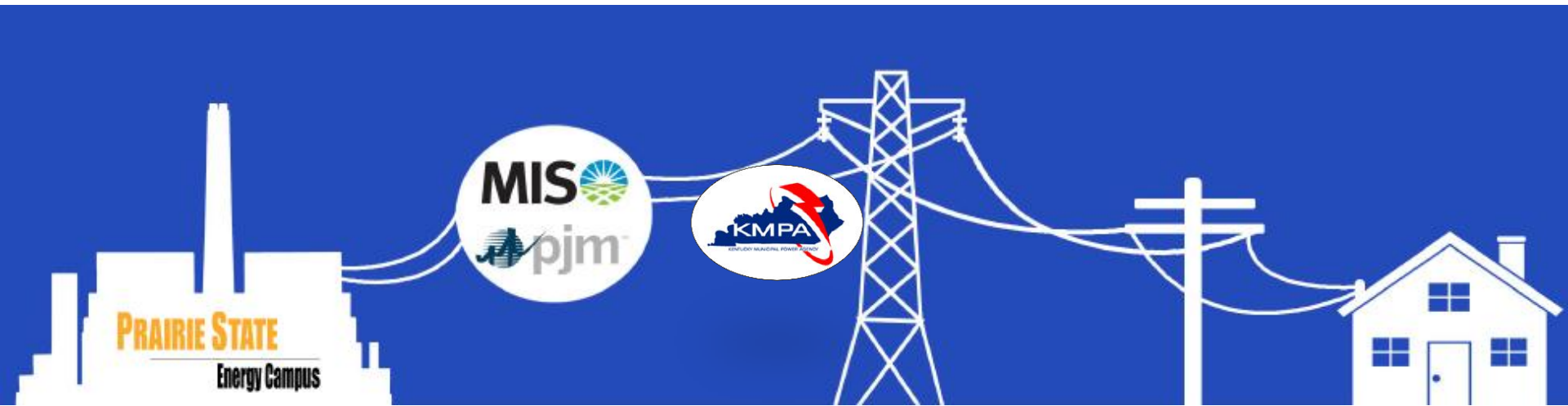
2014 Update

**PRAIRIE STATE**

**Generating Company**

# Prairie State Energy Transmission

**PRAIRIE STATE**  
Generating Company



## GENERATION

Prairie State generates base-load electricity for its ownership group.

## WHOLESALE MARKET

All generation of electricity is scheduled through regional transmission organizations (RTO). IL electricity is scheduled through MISO & PJM.

## TRANSMISSION

Transmission lines carry electricity from Prairie State to our member-owner communities in 8 Midwestern states.

## DISTRIBUTION

Distribution lines carry electricity to homes and businesses. Our member-owners provide retail service to their specific territories.

# Prairie State Owners Serve More Than 2.5 Million Families In Eight States

Northern Illinois Municipal  
Power Agency 120 MW

Illinois Municipal Electric  
240 MW

AMP, Inc.  
368 MW

Prairie Power, Inc.  
130 MW

Missouri Joint Municipal  
Electric Utility Commission  
195 MW

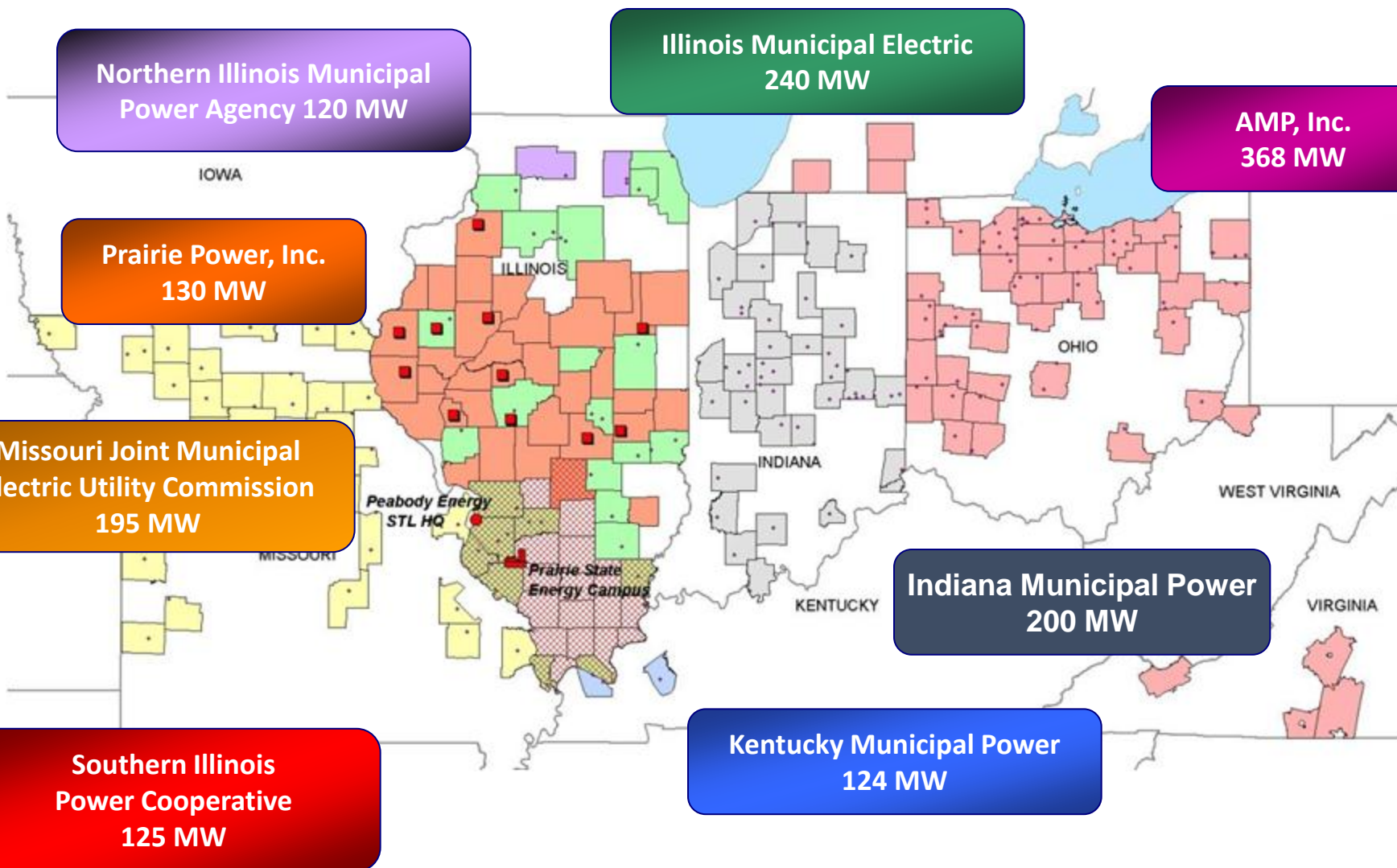
Peabody Energy  
STL HQ

Prairie State  
Energy Campus

Indiana Municipal Power  
200 MW

Southern Illinois  
Power Cooperative  
125 MW

Kentucky Municipal Power  
124 MW



- Prairie State represents the investment of Midwestern municipals and rural electric cooperatives in stable, baseload power
- **95 % of Prairie State's power** is dedicated to Midwestern coop territories and municipalities
- **124 MWs** produced used by communities in Kentucky
- Nationally, Prairie State's Owners represent **10% of public power**

## Reliable Public Power Provider

- System reliability
- Improved economic development
- Preparing for inevitable market changes through generation investment

## Leadership

- **Conducting nationwide search for CEO**
- **COO: Randy Short**
  - Joined PSGC in July
  - Reinforcing campus reliability
  - Unique power plant experience working in IL, with IL coal
- **Vice President of Generation: Tom Kordick**
  - PSGC Veteran : formerly served as Senior Engineering & Compliance Manager
  - More than 20 years of experience in electric utility operations, maintenance and engineering
- **Power Plant General Manager: Ken Pollman**
- **Senior Vice President Mine: Paul Krivokuca**
- **Campus Safety Team**

## Reliability

- **Plant B&V Monitoring & Diagnostic Program**
- **Instruments & Controls Review**
- **Power Plant Projects**
  - Inconel welding on U2 furnace walls
  - Air Quality Control System Projects
- **Business Systems Improvements**
- **Mine Enhancement Plan & Coal Inventory Management**



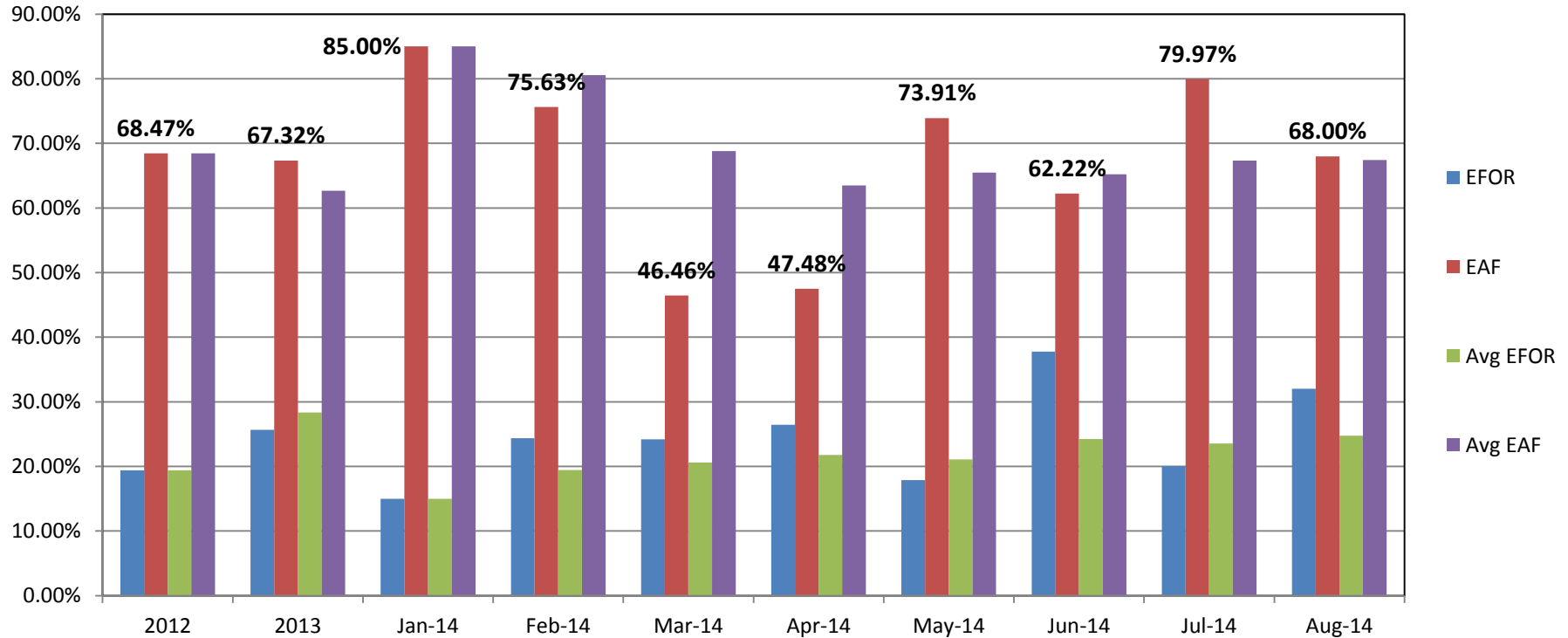
# Production Improvement

	July 2013	July 2014
<b><i>Unit 1:</i></b>	61.76	77.23
<b><i>Unit 2:</i></b>	24.79	69.97
<b><i>Plant:</i></b>	43.22	73.59

**Capacity factor** is a measure of how often an electric generator runs for a specific period of time. It indicates how much electricity a generator actually produces relative to the maximum it could produce at continuous full power operation during the same period.

# Power Plant Update - Plant EAF & EFOR Trends Since Commercial Operations

Updated through August 2014



**August 2014**  
**EAF 68.00%**  
**EFOR 32.00%**  
**NCF 62.27%**  
**Number of Starts 5**

**2014 YTD**  
**EAF 67.44%**  
**EFOR 24.75%**  
**NCF 61.80%**  
**Number of Starts 27**

**Commercial – YTD**  
**EAF 65.29%**  
**EFOR 25.63%**  
**NCF 59.92%**  
**Number of Starts 79**

# 2015 & 10 Year Budget– Strategic Overview

2012 Start-up    2013 / 2014 Shakedown    2015 Stabilizing Operations    2016    2017    2018 → 2024 Performance

**Approach Top Quartile Achievement**  
**EAF - 2018**  
**EFOR - 2018** (approaches)  
**TPMH - 2015**

## Start-up / Shakedown

- Historical Knowledge
- Lost MWh's Mitigated
  - Flex Mine Labor
  - Outage / R&M Cost History
  - Boiler asset protection
  - Boiler combustion tuning
  - Absorber Gas flow pressure

## Stabilizing Operations

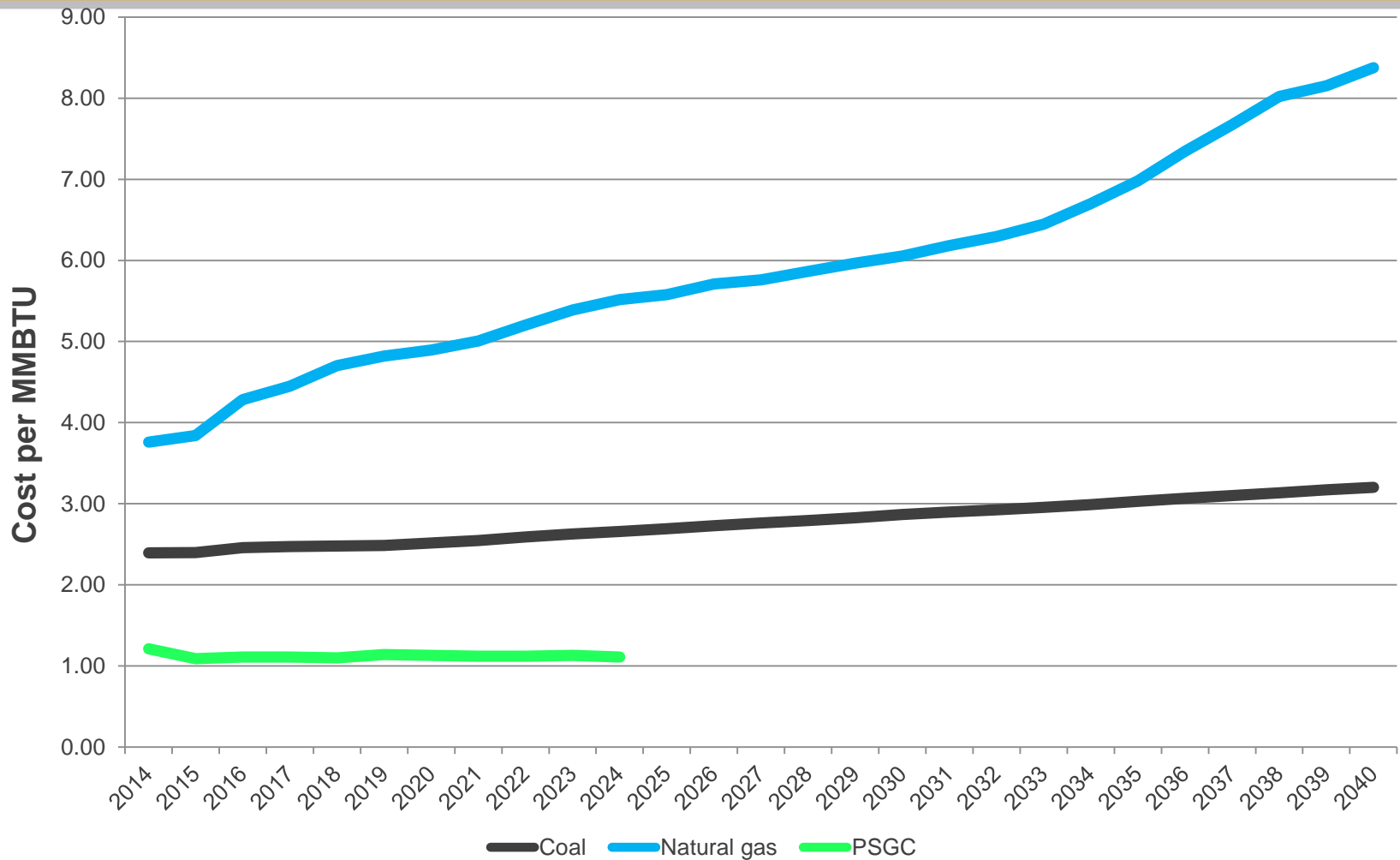
- Realistic Approach
- R&M Strategy
  - Mine Enhancement Plan
  - Secondary Mining
  - 4 Quadrant Mining
  - Compliance Req'm'ts
    - Safety Focus
  - Mission Critical Projects
    - Reliability Driven

## Performance

- Out Year Focus
- Leverage safe and well trained work force
  - Stable fuel supply
  - Preventive Maintenance Programs
  - Outage scheduling
  - CCR Strategy
  - Predictable Performance and Costs

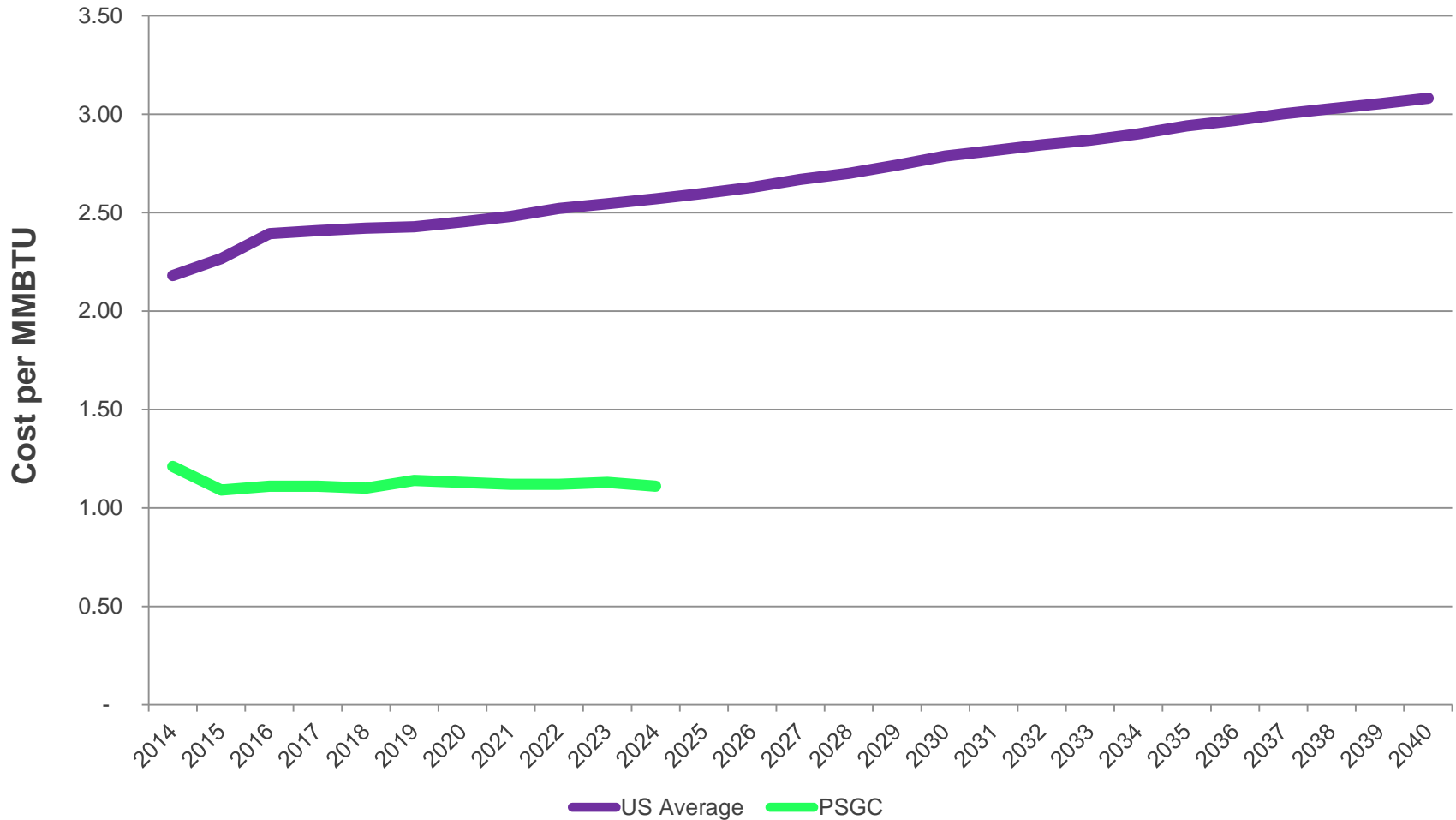


# Average Delivered Fuel Prices to Electric Power Plants



Source: 2013 EIA (Energy Information Administration) Annual Energy Outlook

# Average Annual Mine Mouth Coal Prices



Source: 2013 EIA (Energy Information Administration) Annual Energy Outlook

# Prairie State Fuel Advantage vs. 2013 Industry Actuals

Coal Source*	BTUs	\$ Per MMBtu
2015 PSGC**	8,400	\$1.09
Powder River Basin	8,800	\$1.82
Illinois Basin	11,400	\$2.26
Northern Appalachia	12,200	\$2.34

\* Plant average delivered cost and BTU's

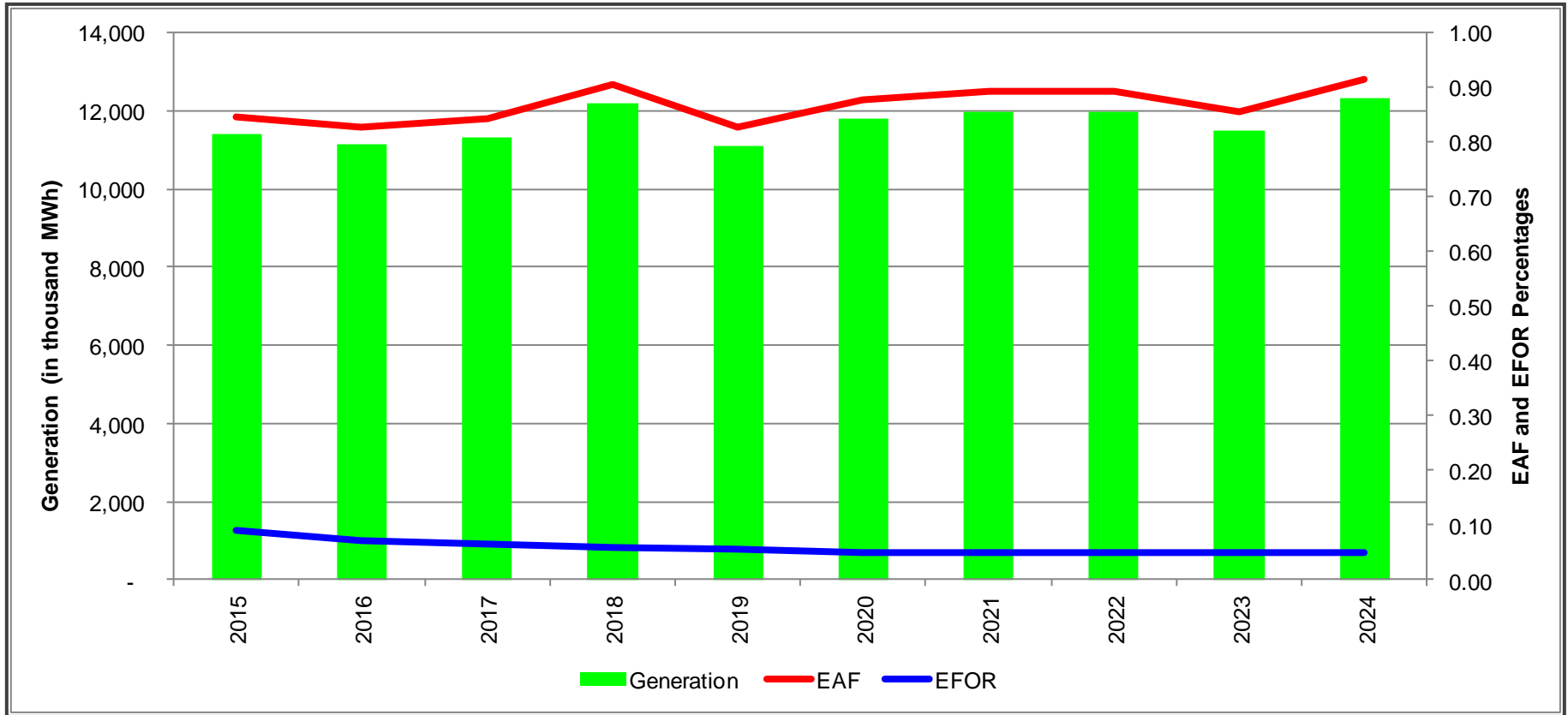
\*\* Excludes debt service and coal reserve costs

# 2015 – 2024 Generation & Maintenance Strategy

2015		
Draft Date	7/9/2014	8/13/2014
EAF	81.9%	84.7%
EFOR	8.0%	8.9%
NCF	77.8%	80.5%
Net MWh (M MWh)	11.0	11.4

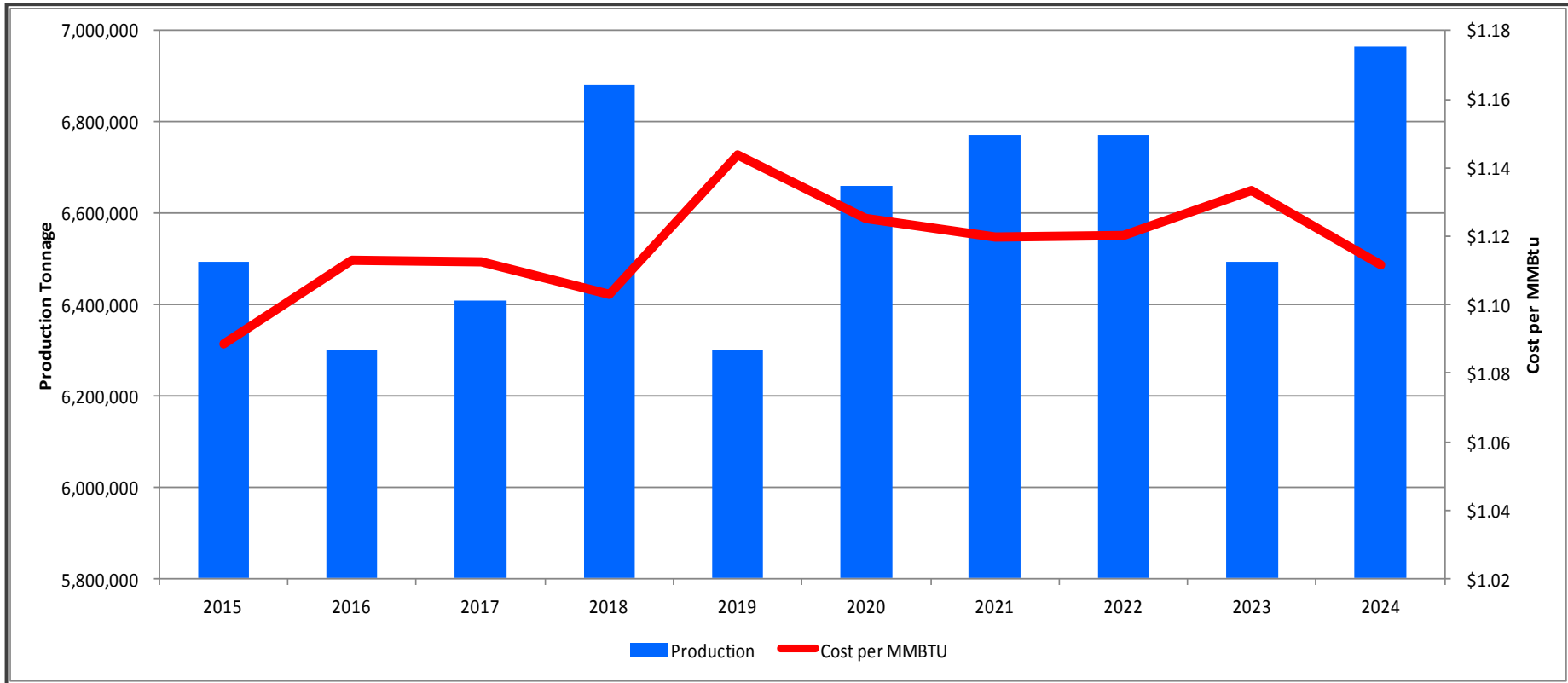
2015 – 2024 Average		
Draft Date	7/9/2014	8/13/2014
EAF	86.2%	86.6%
EFOR	5.8%	5.9%
NCF	81.9%	82.2%
Net MWh (M MWh)	11.6	11.6

# 10 Year Budget – Reliability Profile



Plant Operations	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Generation	11,390	11,130	11,325	12,184	11,118	11,804	11,982	11,980	11,511	12,313
EAF	84.74%	82.81%	84.25%	90.66%	82.73%	87.84%	89.14%	89.14%	85.63%	91.62%
EFOR	8.90%	7.00%	6.53%	5.99%	5.48%	5.00%	5.00%	5.00%	5.00%	5.00%

# 10 Year Budget – Mine Ops Cost Profile



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production	6,493,571	6,299,319	6,410,320	6,882,075	6,299,319	6,660,073	6,771,074	6,771,074	6,493,571	6,965,326
Cost per MMBTU	\$ 1.09	\$ 1.11	\$ 1.11	\$ 1.10	\$ 1.14	\$ 1.13	\$ 1.12	\$ 1.12	\$ 1.13	\$ 1.11



# Reliable Public Power Provider

**PRAIRIE STATE**  
Generating Company



**reliable**

Continuing to improve  
system reliability and  
safety for all customers