

## Projected KyMEA Admin Costs Thru FYE June 2019

### Assumptions and Notes

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**Confidential For Review with Board**  
**Preliminary Working Draft - Subject to Change**

1	These documents present a preliminary, working draft of a projection of startup costs and expenses KyMEA is projected to incur through June 2019 (end of FY 2019). The projections prepared are intended to be used by the Board to make decisions about various activities and to plan to balance the use of a financing program and assessments to Members to fund KyMEA's ongoing start-up costs. We have made several assumptions that need to be reviewed with the Board. The projections herein are therefore subject to substantial change based on input from the Board and further analyses.
2	These projections have been prepared by nFront with significant input from other members of the Advisory Team. The projections include allowances for costs of Advisory Team members, other consultants to help with branding and staffing, administrative assistance from KMPA, two future transmission studies, monthly Board meetings, and initial "Operational Costs" as KyMEA sets up staff, rents space, and enters a contract with a 3rd party to provide dispatch and market interaction services. Costs are shown on an accrual basis. So, in the case of Advisory Team costs, payment will lag the accrual by 30 to 60 days. No allowances have been made for accounting or banking related costs.
3	The projected costs include reasonable estimates, plus an allowance for contingencies equal to 10% of projected advisor costs and 5% of projected operational and other costs. The allowances for the Advisory team are based on the Implementation Plan and Schedule reviewed with the Board in Fall 2016 and certain known changes to that plan (e.g., the decision to prepare an RFP for natural gas resources).
4	In particular, the projected costs assume KyMEA will issue an RFP for Renewable resources in the first quarter of 2017 and an RFP for NG CC resources in April 2017, and will negotiate PPAs with at least one successful respondent to each RFP, an allowance of \$85,000 for branding and organizational outside services, and an allowance of \$40,000 each for 2 future transmission service studies in 3rd quarter 2017 (two studies may be required if KyMEA decides to implement both NGCC and Renewable resources).
5	An allowance of \$5,000 per month has been included for Temporary CFO and Other Support services from KMPA for the period February 2017 through May 2018, by which time KyMEA is assumed to have hired staff. The projections also include allowances for KyMEA Board Meeting expenses of \$2,000 per meeting for facility rental and food for 2 meetings each 6 months (assuming those 2 meetings will be in the city in which quarterly KMUA meetings are held), and \$400 per meeting for 4 meetings each 6 months assumed held in Bowling Green or in KyMEA's offices.
6	The "Thru Dec 2016" column on certain pages includes charges for services rendered through December 2016 by Advisory team members that had not been paid by KyMEA as of the end of 2016. Some of these costs have not yet been invoiced.
7	Start-up Operations Costs (i.e., rent, payroll, 3 <sup>rd</sup> party service provider for dispatching and market interactions, etc.) were derived from estimates for 2018 included in OMU's proposal of 8/2014. We assumed the President/CEO would be hired in October 2017 and otherwise the equivalent of 12 months of rent and payroll costs will be incurred prior to start of service. We assumed 25% of the normal annual cost of the third party contract would be incurred prior to commencing service. The total estimated amount of such costs included in this analysis totals \$2.1 million for the period prior to May 1, 2019, including contingency and an allowance of \$137,000 for certain one time startup costs (e.g. purchase of office equipment, telemetry system, etc.)
8	For this initial analysis, we have assumed that 80% of Operational Costs will be allocated to the AR group and OMU, 10% to all transmission members (which includes the AR Group, Berea, and Benham), and 10% to all KyMEA Members. More detailed allocations will need to be made in the future.
9	We anticipate that KyMEA may use short term financing to fund a significant portion of the costs incurred prior to the commencement of service on May 1, 2019. Accordingly, this analysis models a financing program through which KyMEA will in the next 2-3 months enter into a short term Bank financing arrangement and use approximately \$3.4 Million to fund costs incurred through May 1, 2019. More specifically, we have modeled the financing program assuming funding of the following percentages of total costs: 75% of the costs incurred but not paid through December 2016, 50% of Advisor Costs in 2017, and 25% of the Advisor Costs in 2018 and 2019, and 100% of start up Operations Costs incurred prior to commencement of service. Our financing program assumptions would result in the next assessment to Members being made in early FY 2017/2018.
10	We also anticipate that KyMEA also will need to arrange short term financing and a credit facility by May 2019 to provide working capital and cash reserves. These additional capital requirements are not addressed in this analysis, but are expected to be well beyond the level of capital requirements that would be funded from assessments to the Members.
11	The project schedule calls for a metering plan and cost estimate to be prepared this year. We anticipate metering equipment costs would be financed. Pending development of the metering plan, no allowances for delivery point metering and communications equipment are included in this analysis.
12	Costs projected to be incurred for May and June 2019 would be recovered from normal rates and charges to the Members applicable after service commences on May 1, 2019. Accordingly, those costs have been deducted in making this initial estimate of projected costs that may be financed or funded by future assessments to the Members.

## Activities Planned

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**(Numbered Tasks are from the Schedule Reviewed with the Board in Fall 2016, Other Tasks have been Added)**

	Note Ref.	Thru Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-May 2019
<b>AR Project Specific: Allocable to Group 1 - AR Members</b>							
4. Contracts for Member Resources - SEPA & Paris Diesels		X	X				
6. Obtain Indicative Credit Rating (60%)			X				
9. Initial Assessment of Renewable Energy Options		X					
12. KyMEA PSA to Sell NGCC to OMU (Optional Task)							
14.1. Consideration of SEPA Purchases from Others			X				
14.3. Berea Capacity Transaction			X				
14.5. Energy Purchases for Month of May 2019			X				
18. Initial Budgets and AR Rate Planning							
18.1. Initial Rate Planning				X	X		
18.2. Finalize Budget and Rate Plan						X	X
19. Metering Systems Acquisition and Installation				X	X	X	
RFP Renewables			X	X			
Coordination w FPB re review of AR Contract and PPAs			X	X			
<b>Other Power Supply Related Matters: Allocable to Group 2 - AR Members and OMU</b>							
2. Finalize Member Approval of AR Member Agreements		X					
8. PPA with Combined Cycle Provider		X	X	X			
11. KyMEA Energy Pool			X	X	X		
14.6. Adjust Capacity Nominations under the PPA							
14.6.1. Dynegy - Effective June 2019, Notice Due 1/31/2017		X	X				
14.6.2. Paducah - Effective June 2019, Notice Due 12/31/2017				X			
14.6.3. BREC - Effective June 2022, Notice Due by 12/31/201712/31/2017				X			
14.6.4. Paducah - Effective June 2022, Notice Due May 31, 2019						X	X
RFP NGCC			X	X	X		
Develop contracts with power market counterparties			X	X			
<b>Transmission Service Arrangements: Allocable to Group 3 - AR and Transmission Service Members</b>							
5. Contracts for Transmission Members - e.g., Berea, Benham, Paris		X	X				
6. Obtain Indicative Credit Rating (40%)			X				
7. Develop Initial Risk Management Policy (for TSR)			X				
13. Transmission Service Arrangements							
13.1. LGE/KU TSR 1 (BREC, Dynegy, Other MISO)		X		X			
13.2. LGE/KU TSR 2 (Paducah CTs)		X	X	X			
13.3. MISO TSR		X	X	X			
13.4. PJM TSR (Falmouth)							
<b>KyMEA General Expenses: Allocable to Group 4 - All KyMEA Members</b>							
10. Update KyMEA Budget Estimates - FYE 2017-19		X	X				
16. Organizational Activities				X	X	X	X
17. Branding Activities				X	X	X	
<b>Load Forecast Updates</b>							
Fall		X		X		X	
Spring			X		X		X

**Projected KyMEA Admin Costs Thru FYE June 2019**  
**Member Net Assessment - Summary**

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		Estimated Balance After the Jan 2017 Assessment	Thru Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-May 2019		FYE Jun 2017	FYE Jun 2018	FYE Jun 2019	Total All Periods
<b>Projected Assessments</b>													
<b>Section 1: Net of Modeled Bank Financing Program</b>													
Barbourville	\$	24,895	0	0	17,914	16,662	12,949	9,205		0	34,576	22,154	56,729
Bardwell	\$	2,336	0	93	1,748	1,627	1,266	899		93	3,376	2,165	5,634
Benham	\$	3,060	0	0	0	0	0	(1,545)		0	0	(1,545)	(1,545)
Berea	\$	0	3,730	6,729	4,391	5,788	5,788	4,381		10,459	10,179	10,169	30,807
Corbin	\$	21,911	0	576	16,185	15,052	11,698	8,315		576	31,238	20,013	51,827
Falmouth	\$	5,183	0	179	3,860	3,590	2,790	1,983		179	7,449	4,773	12,401
Frankfort	\$	186,613	0	8,049	140,095	130,287	101,251	71,980		8,049	270,382	173,231	451,661
Madisonville	\$	79,329	0	3,733	59,781	55,598	43,208	30,714		3,733	115,379	73,922	193,034
OMU	\$	203,511	0	0	0	0	0	24,413		0	0	24,413	24,413
Paris	\$	13,675	0	2,810	11,864	11,034	8,576	6,096		2,810	22,899	14,672	40,381
Providence	\$	8,106	0	125	5,923	5,508	4,280	3,044		125	11,431	7,324	18,880
Subtotals	\$	548,619	3,730	22,295	261,761	245,147	191,806	159,485		26,025	506,908	351,291	884,224
AR Members	\$	342,049	0	15,566	257,370	239,358	186,018	132,235		15,566	496,729	318,254	830,548
<b>Section 2: Without Modeled Bank Financing Program</b>													
Barbourville	\$	24,895	0	35,299	46,402	46,733	53,587	36,870		35,299	93,134	90,457	218,890
Bardwell	\$	2,336	0	3,540	4,532	4,556	5,217	3,589		3,540	9,088	8,806	21,433
Benham	\$	3,060	0	0	0	651	968	679		0	651	1,646	2,298
Berea	\$	0	14,920	15,133	23,360	22,058	19,664	13,796		30,053	45,418	33,460	108,930
Corbin	\$	21,911	0	32,458	41,915	42,205	48,398	33,299		32,458	84,120	81,697	198,275
Falmouth	\$	5,183	0	7,783	9,996	10,064	11,536	7,937		7,783	20,060	19,473	47,316
Frankfort	\$	186,613	0	284,042	362,843	365,398	419,053	288,324		284,042	728,241	707,377	1,719,660
Madisonville	\$	79,329	0	121,499	154,826	155,901	178,777	123,004		121,499	310,728	301,781	734,008
OMU	\$	203,511	0	35,002	148,661	253,593	324,092	228,412		35,002	402,254	552,504	989,760
Paris	\$	13,675	0	26,184	30,730	30,942	35,482	24,413		26,184	61,672	59,894	147,750
Providence	\$	8,106	0	11,798	15,343	15,457	17,727	12,197		11,798	30,799	29,924	72,521
Subtotals	\$	548,619	14,920	572,737	838,607	947,558	1,114,500	772,519		587,657	1,786,165	1,887,019	4,260,841
AR Members	\$	342,049	0	522,602	666,586	671,256	769,777	529,632		522,602	1,337,842	1,299,409	3,159,853
<b>Section 3: Potential Impact on Projected Assessments of the Modeled Bank Financing Program</b>													
Barbourville	\$	24,895	0	(35,299)	(28,488)	(30,071)	(40,638)	(27,665)		(35,299)	(58,559)	(68,303)	(162,160)
Bardwell	\$	2,336	0	(3,446)	(2,783)	(2,928)	(3,951)	(2,690)		(3,446)	(5,712)	(6,642)	(15,799)
Benham	\$	3,060	0	0	0	(651)	(968)	(2,223)		0	(651)	(3,191)	(3,842)
Berea	\$	0	(11,190)	(8,404)	(18,969)	(16,270)	(13,876)	(9,415)		(19,594)	(35,239)	(23,291)	(78,123)
Corbin	\$	21,911	0	(31,881)	(25,729)	(27,153)	(36,700)	(24,984)		(31,881)	(52,882)	(61,684)	(146,448)
Falmouth	\$	5,183	0	(7,604)	(6,136)	(6,474)	(8,746)	(5,954)		(7,604)	(12,610)	(14,700)	(34,914)
Frankfort	\$	186,613	0	(275,993)	(222,748)	(235,112)	(317,802)	(216,345)		(275,993)	(457,860)	(534,146)	(1,267,999)
Madisonville	\$	79,329	0	(117,766)	(95,045)	(100,304)	(135,569)	(92,290)		(117,766)	(195,349)	(227,859)	(540,973)
OMU	\$	203,511	0	(35,002)	(148,661)	(253,593)	(324,092)	(203,999)		(35,002)	(402,254)	(528,091)	(965,348)
Paris	\$	13,675	0	(23,374)	(18,866)	(19,908)	(26,906)	(18,316)		(23,374)	(38,773)	(45,222)	(107,369)
Providence	\$	8,106	0	(11,673)	(9,419)	(9,949)	(13,446)	(9,153)		(11,673)	(19,368)	(22,600)	(53,641)
Subtotals	\$	548,619	(11,190)	(550,442)	(576,846)	(702,412)	(922,694)	(613,034)		(561,632)	(1,279,258)	(1,535,728)	(3,376,618)

# Projected KyMEA Admin Costs Thru FYE June 2019

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## Summary Totals-w Financing

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		Thru Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-Jun 2019		FYE Jun 2017	FYE Jun 2018	FYE Jun 2019	Total All Periods
<b>AR Project Specific: Allocable to Group 1 - AR Members</b>												
Advisors	\$	72,400	292,424	299,096	191,450	148,760	136,380		364,824	490,546	285,140	1,140,510
Operations and Other Costs	\$	0	0	0	0	0	0		0	0	0	0
Contingency - Advisors	\$	0	29,242	29,910	19,145	14,876	13,638		29,242	49,055	28,514	106,811
Contingency - Operating Costs	\$	0	0	0	0	0	0		0	0	0	0
Subtotals - Costs	\$	72,400	321,666	329,006	210,595	163,636	150,018		394,066	539,601	313,654	1,247,321
Less Advisor Costs Financed	\$	(54,300)	(160,833)	(164,503)	(52,649)	(40,909)	(32,450)		(215,133)	(217,152)	(73,359)	(505,644)
Less Operating and Other Costs Financed	\$	0	0	0	0	0	0		0	0	0	0
Less Costs to be Recovered thru Rates	\$						(50,600)		0	0	(50,600)	(50,600)
Net to be Funded by Assessments	\$	18,100	160,833	164,503	157,946	122,727	66,968		178,933	322,449	189,695	691,077
<b>Other Power Supply Related Matters: Allocable to Group 2 - AR Members and OMU</b>												
Advisors	\$	59,600	181,616	141,064	42,150	6,000	38,380		241,216	183,214	44,380	468,810
Operations and Other Costs	\$	0	0	0	317,830	622,769	726,578		0	317,830	1,349,347	1,667,177
Contingency - Advisors	\$	0	18,162	14,106	4,215	600	3,838		18,162	18,321	4,438	40,921
Contingency - Operating Costs	\$	0	0	0	15,891	31,138	36,329		0	15,891	67,467	83,359
Subtotals - Costs	\$	59,600	199,778	155,170	380,086	660,508	805,125		259,378	535,257	1,465,633	2,260,267
Less Advisor Costs Financed	\$	(44,700)	(99,889)	(77,585)	(11,591)	(1,650)	(3,300)		(144,589)	(89,176)	(4,950)	(238,715)
Less Operating and Other Costs Financed	\$	0	0	0	(333,721)	(653,908)	(435,938)		0	(333,721)	(1,089,846)	(1,423,567)
Less Costs to be Recovered thru Rates	\$						(333,569)		0	0	(333,569)	(333,569)
Net to be Funded by Assessments	\$	14,900	99,889	77,585	34,774	4,950	32,318		114,789	112,359	37,268	264,416
<b>Transmission Service Arrangements: Allocable to Group 3 - AR and Transmission Service Members</b>												
Advisors	\$	9,000	93,000	31,000	30,000	30,000	42,000		102,000	61,000	72,000	235,000
Operations and Other Costs	\$	0	0	80,000	39,729	77,846	90,822		0	119,729	168,668	288,397
Contingency - Advisors	\$	0	9,300	3,100	3,000	3,000	4,200		9,300	6,100	7,200	22,600
Contingency - Operating Costs	\$	0	0	4,000	1,986	3,892	4,541		0	5,986	8,433	14,420
Subtotals - Costs	\$	9,000	102,300	118,100	74,715	114,738	141,563		111,300	192,815	256,302	560,417
Less Advisor Costs Financed	\$	(6,750)	(51,150)	(17,050)	(8,250)	(8,250)	(8,250)		(57,900)	(25,300)	(16,500)	(99,700)
Less Operating and Other Costs Financed	\$	0	0	(84,000)	(41,715)	(81,738)	(54,492)		0	(125,715)	(136,231)	(261,946)
Less Costs to be Recovered thru Rates	\$						(57,371)		0	0	(57,371)	(57,371)
Net to be Funded by Assessments	\$	2,250	51,150	17,050	24,750	24,750	21,450		53,400	41,800	46,200	141,400
<b>KyMEA General Expenses: Allocable to Group 4 - All KyMEA Members</b>												
Advisors	\$	257,000	75,000	96,000	80,000	80,000	82,000		332,000	176,000	162,000	670,000
Operations and Other Costs	\$	0	29,000	125,600	185,329	83,446	92,622		29,000	310,929	176,068	515,997
Contingency - Advisors	\$	0	7,500	9,600	8,000	8,000	8,200		7,500	17,600	16,200	41,300
Contingency - Operating Costs	\$	0	1,450	6,280	9,266	4,172	4,631		1,450	15,546	8,803	25,800
Subtotals - Costs	\$	257,000	112,950	237,480	282,595	175,618	187,453		369,950	520,075	363,072	1,253,097
Less Advisor Costs Financed	\$	(192,750)	(41,250)	(52,800)	(22,000)	(22,000)	(15,950)		(234,000)	(74,800)	(37,950)	(346,750)
Less Operating and Other Costs Financed	\$	0	(30,450)	(131,880)	(194,595)	(87,618)	(55,752)		(30,450)	(326,475)	(143,371)	(500,296)
Less Costs to be Recovered thru Rates	\$						(70,101)		0	0	(70,101)	(70,101)
Net to be Funded by Assessments	\$	64,250	41,250	52,800	66,000	66,000	45,650		105,500	118,800	111,650	335,950
<b>Totals</b>												
Advisors	\$	398,000	642,040	567,160	343,600	264,760	298,760		1,040,040	910,760	563,520	2,514,320
Operations and Other Costs	\$	0	29,000	205,600	542,887	784,061	910,023		29,000	748,487	1,694,084	2,471,571
Contingency - Advisors	\$	0	64,204	56,716	34,360	26,476	29,876		64,204	91,076	56,352	211,632
Contingency - Operating Costs	\$	0	1,450	10,280	27,144	39,203	45,501		1,450	37,424	84,704	123,579
Subtotals - Costs	\$	398,000	736,694	839,756	947,991	1,114,500	1,284,160		1,134,694	1,787,747	2,398,660	5,321,102
Less Advisor Costs Financed	\$	(298,500)	(353,122)	(311,938)	(94,490)	(72,809)	(59,950)		(651,622)	(406,428)	(132,759)	(1,190,809)
Less Operating and Other Costs Financed	\$	0	(30,450)	(215,880)	(570,031)	(823,264)	(546,183)		(30,450)	(785,911)	(1,369,447)	(2,185,809)
Less Costs to be Recovered thru Rates	\$	0	0	0	0	0	(511,641)		0	0	(511,641)	(511,641)
Net to be Funded by Assessments	\$	99,500	353,122	311,938	283,470	218,427	166,386		452,622	595,408	384,813	1,432,843
<b>Total Financing Assumed</b>												
For Period	\$	298,500	383,572	527,818	664,521	896,073	606,133		682,072	1,192,339	1,502,206	3,376,618
Cumulative	\$	298,500	682,072	1,209,890	1,874,411	2,770,485	3,376,618					

# AR Financing Cost Allowance

Line No.		Units	Amounts	% of AR Charges on Line 1
1	Projected Total 2021 AR Charges <sup>1</sup>	\$000	75,000	
2	Allowance for Annual Debt Service and Credit Facility Costs <b>Included</b> in Above Projection of AR Charges <sup>2</sup>	\$000	2,085	2.8%
3	Debt Supported by Allowance on Line 2 @ 3% Interest Rate <sup>3</sup>	\$000	17,785	
	Potential Application of Debt Proceeds			
4	AR Members' Share of Start-up Cost Debt	\$000	2,329	
5	Initial Working Capital and Cash Reserve	\$000	15,456	
6	Total	\$000	17,785	
7	Amount on Line 5 in terms of Months of Cash Flow <sup>4</sup>	Months	2.5	
	Impact on AR Charges of Each Additional \$1 Million of Initial Power Supply related Capital Requirements <sup>5</sup>			
8	Annual Debt Service over 10 Years	\$000	117	0.2%
	<b>Notes</b>			
1	<i>Includes projected All Requirements power supply and KyMEA administrative costs allocable to AR Members. Excludes metering, distribution delivery station, and LGE/KU transmission charges.</i>			
2	<i>This allowance for debt service on financing of Startup Costs and Working Capital was included in each of the 10 years of the study (from May 2019 through May 2029).</i>			
3	<i>A portion of the annual costs could be used for a credit facility to enhance KyMEA's liquidity.</i>			
4	<i>Each month, payment is not due under the PPAs with BREC, Dynegy, and Paducah until a date that is later than the date Members' AR payments are due to KyMEA. This payment lag offsets KyMEA's needs for working capital by an amount close to one month of AR cash flow. A more complete working capital needs analysis will be preformed in connection with the initial AR operating budget and rate setting process scheduled for second half of calendar year 2018.</i>			
5	<i>In last summer's projections, KyMEA's AR Charges to the Members were projected to average 15% less than comparable charges from KU. The competitive position of the AR Members may be impacted by future changes in environmental and tax policy, fuel and other market conditions, and other assumptions.</i>			

## Current Account Balances

Line No.		Assessments			Allocated Costs <sup>1</sup>	Balance <sup>2</sup>
		2016	Jan-17	Total		
1	Barbourville	\$ 80,949	\$ 28,886	\$ 109,835	\$ 84,940	\$ 24,895
2	Bardwell	\$ 7,683	\$ 3,181	\$ 10,864	\$ 8,528	\$ 2,336
3	Benham	\$ 5,704	\$ 1,758	\$ 7,462	\$ 4,403	\$ 3,060
4	Berea	\$ -	\$ 22,160	\$ 22,160	\$ 22,160	\$ -
5	Corbin	\$ 71,519	\$ 26,239	\$ 97,757	\$ 75,847	\$ 21,911
6	Falmouth	\$ 16,943	\$ 6,533	\$ 23,476	\$ 18,293	\$ 5,183
7	Frankfort	\$ 609,321	\$ 223,180	\$ 832,501	\$ 645,888	\$ 186,613
8	Madisonville	\$ 259,240	\$ 96,025	\$ 355,264	\$ 275,936	\$ 79,329
9	Owensboro	\$ 224,607	\$ 151,009	\$ 375,616	\$ 172,105	\$ 203,511
10	Paris	\$ 54,259	\$ 19,628	\$ 73,887	\$ 60,212	\$ 13,675
11	Providence	\$ 26,457	\$ 9,941	\$ 36,399	\$ 28,292	\$ 8,106
12	Totals	\$ 1,356,681	\$ 588,541	\$ 1,945,223	\$ 1,396,603	\$ 548,619
Notes						
1	Costs and charges incurred by KyMEA thru the date of the January 2017 assessment.					
2	Assessments less Allocated Costs, as of date of January 2017 Assessment.					

# Summary - Charges by Advisors

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		Note Ref.	Thru Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-May 2019		FYE Jun 2017	FYE Jun 2018	FYE Jun 2019	Total All Periods
<b>AR Project Specific: Allocable to Group 1 - AR Members</b>													
NewGen	\$		5,000	30,000	30,000	30,000	30,000	30,000		35,000	60,000	60,000	155,000
Spiegel & McDiarmid	\$		12,400	90,000	90,000	60,000	60,000	60,000		102,400	150,000	120,000	372,400
nFront	\$		50,000	134,424	146,096	69,450	31,760	22,380		184,424	215,546	54,140	454,110
PFM	\$		5,000	22,000	19,000	16,000	13,000	8,000		27,000	35,000	21,000	83,000
Rubin & Hays	\$		0	0	0	0	0	0		0	0	0	0
Branding and Organizational	\$		0	0	0	0	0	0		0	0	0	0
Load Forecasting	\$		0	16,000	14,000	16,000	14,000	16,000		16,000	30,000	30,000	76,000
Subtotals	\$		72,400	292,424	299,096	191,450	148,760	136,380		364,824	490,546	285,140	1,140,510
<b>Other Power Supply Related Matters: Allocable to Group 2 - AR Members and OMU</b>													
NewGen	\$		1,000	6,000	6,000	6,000	6,000	6,000		7,000	12,000	12,000	31,000
Spiegel & McDiarmid	\$		28,600	60,000	30,000	0	0	0		88,600	30,000	0	118,600
nFront	\$		30,000	115,616	105,064	36,150	0	32,380		145,616	141,214	32,380	319,210
PFM	\$		0	0	0	0	0	0		0	0	0	0
Rubin & Hays	\$		0	0	0	0	0	0		0	0	0	0
Branding and Organizational	\$		0	0	0	0	0	0		0	0	0	0
Load Forecasting	\$		0	0	0	0	0	0		0	0	0	0
Subtotals	\$		59,600	181,616	141,064	42,150	6,000	38,380		241,216	183,214	44,380	468,810
<b>Transmission Service Arrangements: Allocable to Group 3 - AR and Transmission Service Members</b>													
NewGen	\$		5,000	30,000	18,000	18,000	18,000	18,000		35,000	36,000	36,000	107,000
Spiegel & McDiarmid	\$		0	42,000	12,000	12,000	12,000	12,000		42,000	24,000	24,000	90,000
nFront	\$		1,000	9,000	1,000	0	0	0		10,000	1,000	0	11,000
PFM	\$		3,000	12,000	0	0	0	12,000		15,000	0	12,000	27,000
Rubin & Hays	\$		0	0	0	0	0	0		0	0	0	0
Branding and Organizational	\$		0	0	0	0	0	0		0	0	0	0
Load Forecasting	\$		0	0	0	0	0	0		0	0	0	0
Subtotals	\$		9,000	93,000	31,000	30,000	30,000	42,000		102,000	61,000	72,000	235,000
<b>KyMEA General Expenses: Allocable to Group 4 - All KyMEA Members</b>													
NewGen	\$		3,000	18,000	18,000	18,000	18,000	18,000		21,000	36,000	36,000	93,000
Spiegel & McDiarmid	\$		3,000	18,000	18,000	18,000	18,000	18,000		21,000	36,000	36,000	93,000
nFront	\$		1,000	15,000	2,000	2,000	2,000	1,000		16,000	4,000	3,000	23,000
PFM	\$		0	0	0	0	0	6,000		0	0	6,000	6,000
Rubin & Hays	\$		250,000	24,000	24,000	24,000	24,000	24,000		274,000	48,000	48,000	370,000
Branding and Organizational	\$		0	0	34,000	18,000	18,000	15,000		0	52,000	33,000	85,000
Load Forecasting	\$		0	0	0	0	0	0		0	0	0	0
Subtotals	\$		257,000	75,000	96,000	80,000	80,000	82,000		332,000	176,000	162,000	670,000
<b>Totals</b>													
NewGen	\$		14,000	84,000	72,000	72,000	72,000	72,000		98,000	144,000	144,000	386,000
Spiegel & McDiarmid	\$		44,000	210,000	150,000	90,000	90,000	90,000		254,000	240,000	180,000	674,000
nFront	\$		82,000	274,040	254,160	107,600	33,760	55,760		356,040	361,760	89,520	807,320
PFM	\$		8,000	34,000	19,000	16,000	13,000	26,000		42,000	35,000	39,000	116,000
Rubin & Hays	\$		250,000	24,000	24,000	24,000	24,000	24,000		274,000	48,000	48,000	370,000
Branding and Organizational	\$		0	0	34,000	18,000	18,000	15,000		0	52,000	33,000	85,000
Load Forecasting	\$		0	16,000	14,000	16,000	14,000	16,000		16,000	30,000	30,000	76,000
Subtotals	\$		398,000	642,040	567,160	343,600	264,760	298,760		1,040,040	910,760	563,520	2,514,320

# Summary - Op and Other Costs

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		Note Ref.	Thru Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-May 2019		FYE Jun 2017	FYE Jun 2018	FYE Jun 2019	Total All Periods
<b>AR Project Specific: Allocable to Group 1 - AR Members</b>													
Other	\$		0	0	0	0	0	0		0	0	0	0
Third Party Services	\$		0	0	0	0	0	0		0	0	0	0
Rent	\$		0	0	0	0	0	0		0	0	0	0
Travel & Training	\$		0	0	0	0	0	0		0	0	0	0
Payroll	\$		0	0	0	0	0	0		0	0	0	0
Phones, IT,Supplies	\$		0	0	0	0	0	0		0	0	0	0
Conference	\$		0	0	0	0	0	0		0	0	0	0
One Time Costs	\$		0	0	0	0	0	0		0	0	0	0
Subtotals	\$		0	0	0	0	0	0		0	0	0	0
<b>Other Power Supply Related Matters: Allocable to Group 2 - AR Members and OMU</b>													
Other	\$		0	0	0	0	0	0		0	0	0	0
Third Party Services	\$		0	0	0	34,603	103,809	207,618		0	34,603	311,427	346,030
Rent	\$		0	0	0	21,600	64,800	64,800		0	21,600	129,600	151,200
Travel & Training	\$		0	0	0	10,667	32,000	32,000		0	10,667	64,000	74,667
Payroll	\$		0	0	0	129,253	387,760	387,760		0	129,253	775,520	904,773
Phones, IT,Supplies	\$		0	0	0	8,800	26,400	26,400		0	8,800	52,800	61,600
Conference	\$		0	0	0	2,667	8,000	8,000		0	2,667	16,000	18,667
One Time Costs	\$		0	0	0	110,240	0	0		0	110,240	0	110,240
Subtotals	\$		0	0	0	317,830	622,769	726,578		0	317,830	1,349,347	1,667,177
<b>Transmission Service Arrangements: Allocable to Group 3 - AR and Transmission Service Members</b>													
Transmission Study Fees	\$		0	0	80,000	0	0	0		0	80,000	0	80,000
Third Party Services	\$		0	0	0	4,325	12,976	25,952		0	4,325	38,928	43,254
Rent	\$		0	0	0	2,700	8,100	8,100		0	2,700	16,200	18,900
Travel & Training	\$		0	0	0	1,333	4,000	4,000		0	1,333	8,000	9,333
Payroll	\$		0	0	0	16,157	48,470	48,470		0	16,157	96,940	113,097
Phones, IT,Supplies	\$		0	0	0	1,100	3,300	3,300		0	1,100	6,600	7,700
Conference	\$		0	0	0	333	1,000	1,000		0	333	2,000	2,333
One Time Costs	\$		0	0	0	13,780	0	0		0	13,780	0	13,780
Subtotals	\$		0	0	80,000	39,729	77,846	90,822		0	119,729	168,668	288,397
<b>KyMEA General Expenses: Allocable to Group 4 - All KyMEA Members</b>													
Meetings and KMPA Support	\$		0	29,000	35,600	25,600	5,600	1,800		29,000	61,200	7,400	97,600
Third Party Services	\$		0	0	0	4,325	12,976	25,952		0	4,325	38,928	43,254
Rent	\$		0	0	0	2,700	8,100	8,100		0	2,700	16,200	18,900
Travel & Training	\$		0	0	0	1,333	4,000	4,000		0	1,333	8,000	9,333
Payroll	\$		0	0	90,000	136,157	48,470	48,470		0	226,157	96,940	323,097
Phones, IT,Supplies	\$		0	0	0	1,100	3,300	3,300		0	1,100	6,600	7,700
Conference	\$		0	0	0	333	1,000	1,000		0	333	2,000	2,333
One Time Costs	\$		0	0	0	13,780	0	0		0	13,780	0	13,780
Subtotals	\$		0	29,000	125,600	185,329	83,446	92,622		29,000	310,929	176,068	515,997
<b>Totals</b>													
Other	\$		0	29,000	115,600	25,600	5,600	1,800		29,000	141,200	7,400	177,600
Third Party Services	\$		0	0	0	43,254	129,761	259,523		0	43,254	389,284	432,538
Rent	\$		0	0	0	27,000	81,000	81,000		0	27,000	162,000	189,000
Travel & Training	\$		0	0	0	13,333	40,000	40,000		0	13,333	80,000	93,333
Payroll	\$		0	0	90,000	281,567	484,700	484,700		0	371,567	969,400	1,340,967
Phones, IT,Supplies	\$		0	0	0	11,000	33,000	33,000		0	11,000	66,000	77,000
Conference	\$		0	0	0	3,333	10,000	10,000		0	3,333	20,000	23,333
One Time Costs	\$		0	0	0	137,800	0	0		0	137,800	0	137,800
Totals	\$		0	29,000	205,600	542,887	784,061	910,023		29,000	748,487	1,694,084	2,471,571



# Operational Costs

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		Allocation to Groups							
		2018 \$ From OMU's Proposal of 8/20/2014	% Included	Included in Current Projections	AR	AR + OMU	Transmission	All	Totals
		\$		\$					
	<i>Prior to 5/1/2019</i>								
	<b>Annual Costs</b>				0.0%	80.0%	10.0%	10.0%	100.0%
1	Third Party Services	1,038,091	25.0%	259,523	-	207,618	25,952	25,952	259,523
2	Rent	162,000	100.0%	162,000	-	129,600	16,200	16,200	162,000
3	Travel & Training	80,000	100.0%	80,000	-	64,000	8,000	8,000	80,000
4	Payroll	969,400	100.0%	969,400	-	775,520	96,940	96,940	969,400
5	Phones, IT,Supplies	66,000	100.0%	66,000	-	52,800	6,600	6,600	66,000
6	Conference	20,000	100.0%	20,000	-	16,000	2,000	2,000	20,000
7	Legal	150,000	0.0%	-	-	-	-	-	-
8	Total	2,485,491		1,556,923	-	1,245,538	155,692	155,692	1,556,923
	<b>One time costs</b>				0.0%	80.0%	10.0%	10.0%	100.0%
9	Entity Formation	200,000	0.0%	-	-	-	-	-	-
10	Relocation	16,500	100.0%	16,500	-	13,200	1,650	1,650	16,500
11	Office Equipment	40,000	100.0%	40,000	-	32,000	4,000	4,000	40,000
12	Telemetry	25,000	100.0%	25,000	-	20,000	2,500	2,500	25,000
13	Misc and Contingency	56,300	100.0%	56,300	-	45,040	5,630	5,630	56,300
14	Total	337,800		137,800	-	110,240	13,780	13,780	137,800
	<i>Beginning 5/1/2019</i>								
	<b>Annual Costs</b>				0.0%	80.0%	10.0%	10.0%	100.0%
15	Third Party Services	1,038,091	100.0%	1,038,091	-	830,473	103,809	103,809	1,038,091
16	Rent	162,000	100.0%	162,000	-	129,600	16,200	16,200	162,000
17	Travel & Training	80,000	100.0%	80,000	-	64,000	8,000	8,000	80,000
18	Payroll	969,400	100.0%	969,400	-	775,520	96,940	96,940	969,400
19	Phones, IT,Supplies	66,000	100.0%	66,000	-	52,800	6,600	6,600	66,000
20	Conference	20,000	100.0%	20,000	-	16,000	2,000	2,000	20,000
21	Legal	150,000	0.0%	-	-	-	-	-	-
22	Total	2,485,491		2,335,491	-	1,868,393	233,549	233,549	2,335,491