



Kentucky Municipal Energy Agency

July 24, 2017

Chris Linder
Partner | BKD, LLP
1248 O Street, Suite 1040
Lincoln, Nebraska 68508

Dear Sir or Madam:

Our organization is accepting proposals from CPA firms to provide financial audit services for our organization in the future. We invite your firm to submit a proposal to us by August 23, 2017, for consideration. A description of our organization, the services needed, and other pertinent information follows:

Background of Kentucky Municipal Energy Agency

The Kentucky Municipal Energy Agency (KyMEA) is a non-for-profit governmental entity duly organized under provisions of Chapter 65 of the Kentucky Revised Statutes pursuant to an Interlocal Cooperation Agreement dated June 16, 2015 by its founding members, Electric Water and Plant Board of the City of Frankfort, KY, Electric Plant Board of the City of Benham, KY, City of Bardwell, KY, City of Falmouth, KY, City of Madisonville, KY, City of Paris, KY, City of Providence, KY, Barbourville Utility Commission of the City of Bardwell, KY, City Utilities Commission of the City of Corbin, KY, and City Utility Commission of the City of Owensboro, KY, which operate municipally owned electric utilities. KyMEA is a not-for-profit organization which was formed to provide cities and towns in Kentucky with reliable, cost efficient electric power to meet their current and future needs.

FY 2016 Agency activity consists entirely of start-up costs including assessments to members for working capital funds and legal and consulting expenses. FY 2017 continued these start-up activities. Transmission services were provided to the Cities of Paris, KY and Benham, KY beginning May 1, 2017. KyMEA will begin providing electricity to 8 members on May 1, 2019. KyMEA has a requirement to file an audited financial statement with its members after its 6/30 fiscal year end each year.

Services to Be Performed

Your proposal is expected to cover the annual audit beginning with Fiscal Years 2016 and 2017 to be completed in compliance with the above filing requirement and meetings with the board of directors, as necessary.

Key Personnel

Following are key contacts for information you may seek in preparing your proposal:

Ms. Heather R. Overby

CFO

(270) 408-5020

hoverby@kmpa.us

Requests for additional information, review of prior financial statements, and/or appointments with KyMEA staff should be coordinated through our chief financial officer. You may reach her at the number or email address listed above. Please return the completed proposal to her attention at:

Heather R. Overby, CFO
Kentucky Municipal Energy Agency
1500 Broadway
Paducah, KY 42001

Or email to hoverby@kmpa.us

Relationship With Prior CPA Service Provider

This is the initial audit for the KyMEA. No prior CPA service provider has been engaged in the past.

Your Response to This Request for Proposal

In responding to this request, we request the following information:

1. Detail your firm's experience in providing auditing services to companies in the utility or energy sector and the governmental sector.
2. Provide information on whether you provide services to any related industry associations or groups.
3. Discuss the firm's independence with respect to the Kentucky Municipal Energy Agency.
4. Discuss commitments you will make to staff continuity, including your staff turnover in the last three years.
5. Identify the five largest clients your firm (or office) has lost in the past three years and the reasons. Also discuss, in instances where loss of the client was due to an unresolved auditing or accounting matter, the process of attempting to resolve the issue(s).
6. Identify the partner, manager, and in-charge accountant who will be assigned to our job if you are successful in your bid, and provide biographies. Indicate any complaints against them that have been leveled by the state board of accountancy or other regulatory authority, if any. Indicate any corrective actions that have been taken by the firm with respect to these people.
7. Describe how your firm will approach the audit of the organization, including the use of any association or affiliate member firm personnel and the areas that will receive primary emphasis. Also discuss the firm's use of technology in the audit. And finally, discuss the communication process used by the firm to discuss issues with the management and audit committees of the board.
8. Set forth your fee proposal for the FY 2016 and FY 2017 audits, with whatever guarantees can be given regarding increases in future years.

9. Provide the names and contact information for other, similarly sized clients of the partner and manager that will be assigned to our organization for reference purposes.
10. Describe how and why your firm is different from other firms being considered, and why our selection of your firm as our independent accountants is the best decision we could make.
11. Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.

Evaluation of Proposals

The Kentucky Municipal Energy Agency will evaluate proposals on a qualitative basis. This includes our review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to our organization, results of discussions with other clients, and the firm's completeness and timeliness in its response.

Please submit your response to this request for proposal by August 23, 2017. We would also appreciate a response if you decline to submit a proposal.

Sincerely,

Ms. Heather R. Overby, CPA
Chief Financial Officer

Attachments: Fitch Rating Report, KyMEA presentation to Fitch