**Background:**

This session will involve:

1. Discussion of proposed, potential or pending litigation relating to the LGE/KU Depancaking Agreement (Rate Schedule 402);
2. Discussion regarding the opportunity for first right of refusal on OMU’s portion of the Ashwood Solar project.

Closed Session Authorization for March 28, 2019, KYMEA Board Meeting

Approval to enter into Closed Session pursuant to KRS 61.810(1)(c); KRS 61.810(1)(k); KRS 61.878(1)(c) and KRS 61.878(1)(j) for the purpose of:

1. discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues; and
2. discussing the preliminary financial forecasts and recommendations for exercising a right of first refusal for additional supply pursuant to the Ashwood Solar Project.

KRS 61.810(1)(c) allows for closed session for the purpose of discussing proposed, potential and pending litigation relating to the agency.

KRS 61.810(1)(k) and 61.878(1)(j) allow for closed session where presentation, discussion and review of preliminary recommendations and preliminary memoranda in which opinions are expressed or polices formulated or recommended.

KRS 61.810(1)(k) and 61.878(1)(c) allow for closed session where discussions regarding records or information disclosed to the agency or required to be disclosed to the agency as confidential or proprietary would, if disclosed by the agency, provide an unfair advantage to competitors of the entity disclosing such information.

1. ***Filing by LGE/KU re Depancaking Agreement***

Group: KYMEA Board

Presenters: Tom Trauger

Description:

Last August, LGE/KU filed a request at FERC that de-pancaking be eliminated on January 30, 2019. The proposed removal of the Depancaking terms would significantly increase costs to KYMEA and its Members and other municipals that are parties to the agreement and therefore would present a very significant barrier to competition for the affected parties and for any power suppliers in MISO that would have an interest in selling power to those municipals affected.

KYMEA’s protest of the request as part of the broader Kentucky Municipals group was filed on October 2, 2018, followed by additional pleadings by both parties. Other entities also filed in support of or opposition to LG&E/KU’s filing.

As discussed during the Board’s March 28 meeting, FERC’s March 21, 2019 order conditionally granted the request to eliminate de-pancaking. The Commission concluded that the 1988 LG&E merger with KU would remain in the public interest if the de-pancaking requirements are dropped. FERC also concluded, however, that the public interest requires that de-pancaking continue for a transition period because Kentucky Municipals reasonably relied on the existence of de-pancaking in making power supply decisions and commitments. No change to the current de-pancaking will occur until after (a) LG&E/KU makes a new filing to spell out the details of the transition mechanism and (b) FERC allows that filing to go into effect. The Kentucky Municipals will have the opportunity to protest that filing.

The Kentucky Municipals plan to seek clarification and rehearing of the March 21 Order on April 22, 2019. We plan to update the Board on the status of these proceedings and to discuss the legal implications and strategies associated with continued efforts to protect the competitive position of KYMEA in the future.

1. ***Ashwood Solar***

Group: KYMEA Board

Presenters: Doug Buresh and John Painter

Description:

We will discuss the opportunity that KYMEA has to take OMU’s portion of the Ashwood Solar project in light of OMU’s board meeting decision.