



Board Packet

February 27, 2020





KENTUCKY MUNICIPAL ENERGY AGENCY

February 27, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	AR Project Committee	CEO	Load Interruption Procedures	Amended Line of Credit Note
	Compensation Committee	Market Analytics (Closed Session)	Legislative Update-HB247	KYMEA Officer Resolution
		Member Communications	Open Record Request Policy	FY 2021 Administrative, General, and Capital Budget
			Avoided Costs	
			FY 2021 AR Rates	

March 26, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	IRC	CEO	Hedge Plan	FY 2021 AR Rates
	BROC	Finance and Accounting	Document Retention Policy	Open Record Request Policy
	AR Committee	Market Analytics (Closed Session)		Avoided Costs
		Member Communications		

April 22, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO		Document Retention Policy
		Finance and Accounting		
		Market Analytics (Closed Session)		
		Member Communications		

May 29, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO	Cash Reserve Policy	
		Finance and Accounting		



		Finance and Accounting		
		Market Analytics (Closed Session)		
		Member Communications		

June 25, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO		
		Finance and Accounting		
		Market Analytics (Closed Session)		
		Member Communications		

July 22, 2020	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics (Closed Session)		
		Member Communications		

*** This calendar is intended for planning purposes and may be changed at any time.**



KENTUCKY MUNICIPAL ENERGY AGENCY

Notice of a Combined Meeting of the AR Project Committee and the KYMEA Board of Directors

**Location: 1700 Eastpoint Pkwy Ste. 220, Louisville, KY 40223
Thursday, February 27, 2020, 10 AM**

A. Meeting Opening

- A.1 Attendance
- A.2 Guest Introductions
- A.3 Call to Order

B. Meeting Minutes

C. Financial Reports

D. Committee Reports

- D.1 AR Project Committee
- D.2 Compensation Committee

E. Administration Reports

- E.1 CEO
- E.2 Member Communications

F. Discussion Topics

- F.1 Load Interruption Procedure
- F.2 Legislative Update – HB247
- F.3 Open Records Request Policy
- F.4 Avoided Costs
- F.5 FY 2021 AR Rates

G. AR Project Committee Meeting

- G.1 FY 2021 AR Rates Presentation

H. Action Items

- H.1 Amended Line of Credit Note
- H.2 KYMEA Officer Resolution
- H.3 FY 2021 Administrative, General, and Capital Budget

I. Public Comments

J. Upcoming Meetings & Other Business

K. Closed Session

- K.1 Market Report/Hedging Strategy
- K.2 Other topics



L. Actions Related to Closed Session

M. Adjournment

Meeting Minutes





Notice of Meeting of the KYMEA Board of Directors

Location: 1700 Eastpoint Parkway Ste. 220, Louisville, KY 40223

Thursday, January 23, 2020, 10 AM

A. Meeting Opening

A.1. Attendance: Taken at 10:11 AM

Present Board Members:

Josh Callihan
Ronald Herd
Chris Melton
Kevin Frizzell
Kevin Howard
Gary Zheng

Absent Board Members:

Carl Shoupe
Doug Hammers
Mike Withrow
Philip King
Ramona Williams

Staff Present:

Michelle Hixon
Heather Overby
Doug Buresh
Rob Leesman

Others Present:

Charles Musson
David Denton
Pat Pace
Hance Price
Scott Burnham
Brown Thornton
Tom Trauger
Latif Nurani



Tom Marshall
Anna Marie Pavlik Rosen

A.2. Guest Introductions: The Chairman thanked our guests for attending today's meeting.

A.3. Call to Order: Chairman, Ron Herd, called the meeting to order at 10:11 AM. A quorum of board members was present, and the Board was ready to proceed with business.

B. Meeting Minutes

B.1 Approval of the regular minutes of December 18, 2019

Motion Passed: Approval of the previous month's meeting minutes passed with a motion by Josh Callihan and second by Chris Melton.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Absent
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

C. Financial Reports

B.2 Approval of last month's Financial Reports

Motion Passed: Approval of the previous month's financial reports passed with a motion by Josh Callihan and second by Chris Melton.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes



Chris Melton	Yes
Mike Withrow	Absent
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

D. Committee Reports

D.1 AR Project Committee: Chairman, Chris Melton gave a report regarding the AR Rates Workshop that met January 22, 2020. The report is in the Board packet for review.

D.2 Budget Committee: Chairman, Chris Melton gave a report regarding the Budget Committee that met on 12/17/2019. The committee did not meet in January. The report is in the Board packet for review.

D.3 Compensation Committee: Chairman, Ron Herd gave said that the committee did not meet in January. He noted that they are still working through details but expects to have a recommendation for updating the President and CEO's employment agreement by the February meeting.

E. Administration Reports

E.1 CEO: Doug Buresh presented the CEO report regarding the agency's past and upcoming activities.

E.2 CFO: Heather Overby updated the Board on past and upcoming Accounting and Finance activities.

E.3 Member Communications: Michelle Hixon updated the Board on upcoming events and member activities.

F. Discussion Topics

F.1 Legislative Update: Doug Buresh gave an update on legislative activities.

F.2 FY 2021 Administrative, General, and Capital Budget: Doug gave a presentation on the Budget Committee's recommended Administrative, General, and Capital Budget. The Board will be asked to take action at the February meeting.

F.3 Open Records Request Policy: Charlie Musson is preparing an Open Records Request Policy for the Board to consider adopting at the February meeting.



G. Action Items

G.1 CEO Employment Agreement: This item was tabled and is expected to be considered for action at the February meeting.

H. Public Comments

This was an opportunity for members of the public to provide input to the KYMEA Board and was limited to 5 minutes per speaker.

Tom Marshall, a citizen of Frankfort, KY asked if the Agency would consider responding to Open Records Requests in an electronic format.

I. Upcoming Meetings and Other Business

The next meeting is Thursday, February 27th at 10 AM

The KYMEA Board of Directors shall hold its regular meetings on the fourth Thursday of each month, except for the months of November and December when the regular meeting shall be held on the third Wednesday. The regular meetings shall convene and commence at 10:00 AM Eastern time on said dates. The regular meetings shall be held at the KYMEA Board Room, 1700 Eastpoint Pkwy, Suite 220, Louisville, Kentucky.

2020 Board Meetings

Thursday, January 23, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Thursday, February 27, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Thursday, March 26, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, April 22, 2020, 1:00 PM Central Time, KMUA-Hyatt Place, Bowling Green

Friday, May 29, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Thursday, June 25, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, July 22, 2020, 1:00 PM Eastern Time, KYMEA Board Room

Thursday, August 27, 2020, 10:00 AM Eastern Time, KYMEA Board Room



Thursday, September 24, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, October 21, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, November 18, 2020, 10:00 AM Eastern Time, KYMEA Board Room

Wednesday, December 16, 2020, 10:00 AM Eastern Time, KYMEA Board Room

J. Closed Session

Closed Session Authorization for January 23, 2020 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:

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues and cost adjustments;
- (ii) discussing proposed or potential power purchases or sales that have been disclosed in confidentiality to KYMEA; and
- (iii) discussing the market report and KYMEA's future and potential hedging strategy

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)(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.

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 policies formulated or recommended.

Motion Passed: Motion to enter into closed session passed with a motion by Josh Callihan and a second by Kevin Frizzell.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Absent



Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

Motion Passed: Motion to return to open session passed with a motion by Chris Melton and a second by Kevin Frizzell.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Absent
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

K. Actions Related to Closed Session

No actions were taken

L. Adjournment

Motion Passed: Motion to adjourn the KYMEA board meeting passed with a motion by Chris Melton and a second by Josh Callihan.

6 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Absent



KENTUCKY MUNICIPAL ENERGY AGENCY

Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

X

Chairperson

X

Secretary

Financial Reports





Financial Presentation

February 27, 2020

Statement of Net Position – January 2020

1. Checking account cash

2. Billing to AR &
Transmission service
members and ancillary
services



KENTUCKY MUNICIPAL ENERGY AGENCY

Statements of Net Position Jan-20

HRO

January
2020

ASSETS

CURRENT ASSETS

Cash and investments	\$	8,814,234	1
Other receivables		7,417,364	2
Prepayments		2,734	
Total Current Assets		16,234,332	

Statement of Net Position – January 2020

3. Collateral represents \$1.4M
at MISO and \$800k at PJM.

NON-CURRENT ASSETS

Restricted Assets

Pledged collateral

2,178,471

Interest receivable

-

Total Restricted Assets

2,178,471

Capital Assets

Fixed Asset Clearing Account

-

Office Buildout

253,638

Meters - AR Project

210,090

Meter Comm Equipment

330,672

General Plant

739,412

Construction work in progress

-

Less Accumulated Depreciation

(181,365)

Net Capital Assets

1,352,447

Total Non-Current Assets

3,530,918

Total Assets

19,765,250

Statement of Net Position – January 2020

4. AP represents purchase power.

5. Deferred Lease Liability represents the difference in average monthly rent for term of office lease and actual lease payments.

6. Line of Credit paid off in August 2019.

7. Positive net position - LTD

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$	9,693,173	4
Accrued Employee Benefits		85,257	
Accrued interest payable		516	
Total Current Liabilities		9,778,946	

NON-CURRENT LIABILITIES

Deferred Lease Liability		35,698	5
Line of Credit		-	6
Total Non-Current Liabilities		35,698	

Total Liabilities		9,814,643	
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Net Position

Invested in capital assets, net of related debt		1,352,447	
Restricted		-	
Unrestricted		8,598,160	
TOTAL NET POSITION		9,950,607	7

Revenue, Expenses, and Changes in Net Position – January 2020

8. Sales to AR Members

9. RTO Auction Revenue Rights,
and Resource Adequacy
Auction in MISO and PJM

10. Sales of transmission and
ancillary services

11. Transmission from MISO,
PJM, and KU net of
depancaking credit

12. All purchase power
including PPA, ITO, and SEPA

13. Positive net income

CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	January 2020	YTD FY20	
OPERATING REVENUES			
Sales to members	\$ 6,519,983	\$ 49,516,074	8
RTO Market Revenue	\$ 111,302	\$ 111,302	9
Transmission Services	140,697	\$ 736,592	10
Miscellaneous Revenue	2,500	2,500	
TOTAL OPERATING REVENUE	6,774,483	50,366,469	
OPERATING EXPENSES			
Transmission	616,131	4,685,334	11
Fuel	-	-	
Production	5,268,380	36,516,371	12
Administrative and General	212,063	1,278,967	
Depreciation	14,930	100,107	
Future recoverable costs	-	-	
TOTAL PURCHASE POWER AND OPERATING EXPENSES	6,111,505	42,580,779	
OPERATING INCOME	662,978	7,785,690	
NON-OPERATING REVENUES (EXPENSES)			
Interest expense on debt	-	(25,744)	
Interest income	5,272	13,869	
Other non-operating expenses (income)	(6,585)	(27,728)	
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,313)	(39,602)	
CHANGE IN NET POSITION	661,665	7,746,088	13
NET POSITION AT BEGINNING OF PERIOD	\$ 9,288,942	2,204,519	
NET POSITION AT END OF PERIOD	\$ 9,950,607	9,950,607	

Indirect Cash Flow— January 2020

14. Net Income

15. Timing of Accounts Payable has largest effect of operational items on cash.

16. Additional MISO Collateral

17. Cash balance in checking account

CONSOLIDATED STATEMENT OF CASH FLOWS	CY		CY	
	Month Ended		YTD	
	1/31/2020		FY 2020	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
NET INCOME	\$	661,665	\$	7,746,088
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:				
DEPRECIATION	\$	14,930	\$	100,107
AMORTIZATION OF:				
ACQUISITION ADJUSTMENT			\$	-
			\$	-
CHANGES IN CURRENT & DEFERRED ITEMS:				
ACCOUNTS RECEIVABLE	\$	(270,734)	\$	557,748
MATERIALS & SUPPLIES			\$	-
PREPAYMENTS & OTHER CURRENT ASSETS			\$	1,196
DEFERRED DEBITS	\$	1,367	\$	9,195
OTHER REG ASSETS AND DEFERRED OUTFLOW OF RESOURCES			\$	-
ACCOUNTS PAYABLE	\$	(996,376)	\$	1,684,328
COLLATERAL DEPOSITS			\$	-
TAXES & INTEREST ACCRUED	\$	(759)	\$	(15,382)
OTHER CURRENT LIABILITIES	\$	(3,806)	\$	(3,257)
DEFERRED CREDITS	\$	326	\$	3,242
OTHER			\$	-
NET CASH PROVIDED BY (USED IN) OPERATION	\$	(593,387)	\$	10,083,265
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES				
ADDITIONS TO PLANT	\$	-	\$	(89,097)
NET CHANGE IN OTHER PROP & INVEST	\$	(200,000)	\$	97,640
PLANT SOLD (PURCHASED) - NONINSTALLMENT METHOD	\$	-	\$	-
OTHER - ASSET RETIREMENT OBLIGATIONS	\$	-	\$	-
NET CASH PROVIDED BY (USED IN) INVESTING	\$	(200,000)	\$	8,543
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES				
LONG TERM BORROWINGS	\$	-	\$	-
PAYMENT ON LONG TERM DEBT	\$	-	\$	(9,032,768)
OTHER	\$	-	\$	-
NET CASH PROVIDED BY (USED IN) FINANCING	\$	-	\$	(9,032,768)
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS	\$	(793,387)	\$	1,059,040
CASH & TEMP INVESTMENTS BEGINNING PERIOD	\$	9,607,621	\$	7,755,194
CASH & TEMP INVESTMENTS END OF PERIOD	\$	8,814,235	\$	8,814,235



KENTUCKY MUNICIPAL ENERGY AGENCY

Statements of Net Position
Jan-20

HRO

	January 2020
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 8,814,234
Other receivables	7,417,364
Prepayments	2,734
Total Current Assets	16,234,332
NON-CURRENT ASSETS	
Restricted Assets	
Pledged collateral	2,178,471
Interest receivable	-
Total Restricted Assets	2,178,471
Capital Assets	
Fixed Asset Clearing Account	-
Office Buildout	253,638
Meters - AR Project	210,090
Meter Comm Equipment	330,672
General Plant	739,412
Construction work in progress	-
Less Accumulated Depreciation	(181,365)
Net Capital Assets	1,352,447
Total Non-Current Assets	3,530,918
Total Assets	19,765,250



KENTUCKY MUNICIPAL ENERGY AGENCY

Statements of Net Position
Jan-20

HRO

January
2020

LIABILITIES

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Accrued interest payable		516
Total Current Liabilities		9,778,946

NON-CURRENT LIABILITIES

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Line of Credit		-
Total Non-Current Liabilities		35,698

Total Liabilities 9,814,643

Net Position

Invested in capital assets, net of related debt	1,352,447
Restricted	-
Unrestricted	8,598,160
TOTAL NET POSITION	9,950,607



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO

**CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION**

	January 2020	YTD FY20
OPERATING REVENUES		
Sales to members	\$ 6,519,983	\$ 49,516,074
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NET POSITION AT END OF PERIOD	\$ 9,950,607	9,950,607



KENTUCKY MUNICIPAL ENERGY AGENCY

HRO
2/14/2020

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS	CY Month Ended 1/31/2020		CY YTD FY 2020	
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
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AMORTIZATION OF:				
ACQUISITION ADJUSTMENT			\$	-
			\$	-
CHANGES IN CURRENT & DEFERRED ITEMS:				
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MATERIALS & SUPPLIES			\$	-
PREPAYMENTS & OTHER CURRENT ASSETS			\$	1,196
DEFERRED DEBITS	\$	1,367	\$	9,195
OTHER REG ASSETS AND DEFERRED OUTFLOW OF RESOURCES			\$	-
ACCOUNTS PAYABLE	\$	(996,376)	\$	1,684,328
COLLATERAL DEPOSITS			\$	-
TAXES & INTEREST ACCRUED	\$	(759)	\$	(15,382)
OTHER CURRENT LIABILITIES	\$	(3,806)	\$	(3,257)
DEFERRED CREDITS	\$	326	\$	3,242
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OTHER - ASSET RETIREMENT OBLIGATIONS	\$	-	\$	-
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OTHER	\$	-	\$	-
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NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS	\$	(793,387)	\$	1,059,040
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CASH & TEMP INVESTMENTS END OF PERIOD	\$	8,814,235	\$	8,814,235

Reconciliation Transactions Report

02/14/20 03:03:48 PM

01/01/20-01/31/20 131.00 CASH

User Id: 2011

Statement Ending Balance :	8,873,696.35
Outstanding Payments(-) :	59,461.93
Adjustments in Transit(+) :	.00
Deposits in Transit(+) :	.00
Adjusted Bank Balance :	<u>8,814,234.42</u>
Book Balance :	8,814,234.42
Pending Adjustments :	.00
Adjusted Book Balance :	<u>8,814,234.42</u>
Difference :	.00



Committee Reports

D. Committee Reports

D.1 AR Project Committee Report

D.2 Compensation Committee





KENTUCKY MUNICIPAL ENERGY AGENCY

Report

1700 Eastpoint Pkwy Ste. 220 Louisville, KY 40223
P: (502) 242-5635 • F: (502) 242-5640
www.kymea.org

To: Board of Directors

From: AR Project Committee

Date: February 20, 2020

Re: AR Project Committee Rates Workshop on 02/20/2020

An AR Project Committee Rates Workshop was held on 02/20/2020. Chris Melton, Josh Callihan, Ron Herd, Gary Zheng, Doug Buresh, Heather Overby, Rob Leesman, Charlie Musson, Michelle Hixon, Vent Foster, David Denton, and Hance Price were present.

The Chairman, Chris Melton called the workshop to order at 10:08 AM. He asked President Buresh to begin with a presentation regarding the preliminary FY 2021 AR Rates and financial metrics.

The presentation included additional scenarios the committee had requested at the last workshop. During the discussion a request was made for staff to address and present additional scenarios and rate structures at the next workshop.

The workshop will tentatively reconvene February 27th at 8 AM in Louisville, at the KYMEA office. A combined meeting of the Board and AR Committee is also scheduled on February 27, 2020 at 10:00 AM in Louisville. The workshop was adjourned.



KENTUCKY MUNICIPAL ENERGY AGENCY

Report

1700 Eastpoint Pkwy Ste. 220 Louisville, KY 40223
P: (502) 242-5635 • F: (502) 242-5640
www.kymea.org

To: Board of Directors

From: AR Project Committee

Date: February 27, 2020

Re: AR Project Committee Rates Workshop on 02/27/2020

An AR Project Committee Rates Workshop was held on 02/27/2020. Chris Melton, Josh Callihan, Ron Herd, Gary Zheng, Doug Buresh, Heather Overby, Rob Leesman, Charlie Musson, Michelle Hixon, Vent Foster, and David Denton were present.

The Chairman, Chris Melton called the meeting to order at 8:11 AM. He asked President Buresh to continue with the presentation regarding the FY 2021 AR Rates and financial metrics.

The presentation included additional scenarios which had been requested by parties in attendance at the last meeting. A formal presentation will be made by staff during the combined meeting of the Board and AR Project Committee today at 10 AM.

The Board and AR Project Committee will be asked to take action at the combined meeting of the Board and AR Project Committee scheduled on March 26, 2020 at 10:00 AM in Louisville. The workshop was adjourned.

Administration Reports

E. Administration Reports

E.1 CEO

E.2 Member Communications



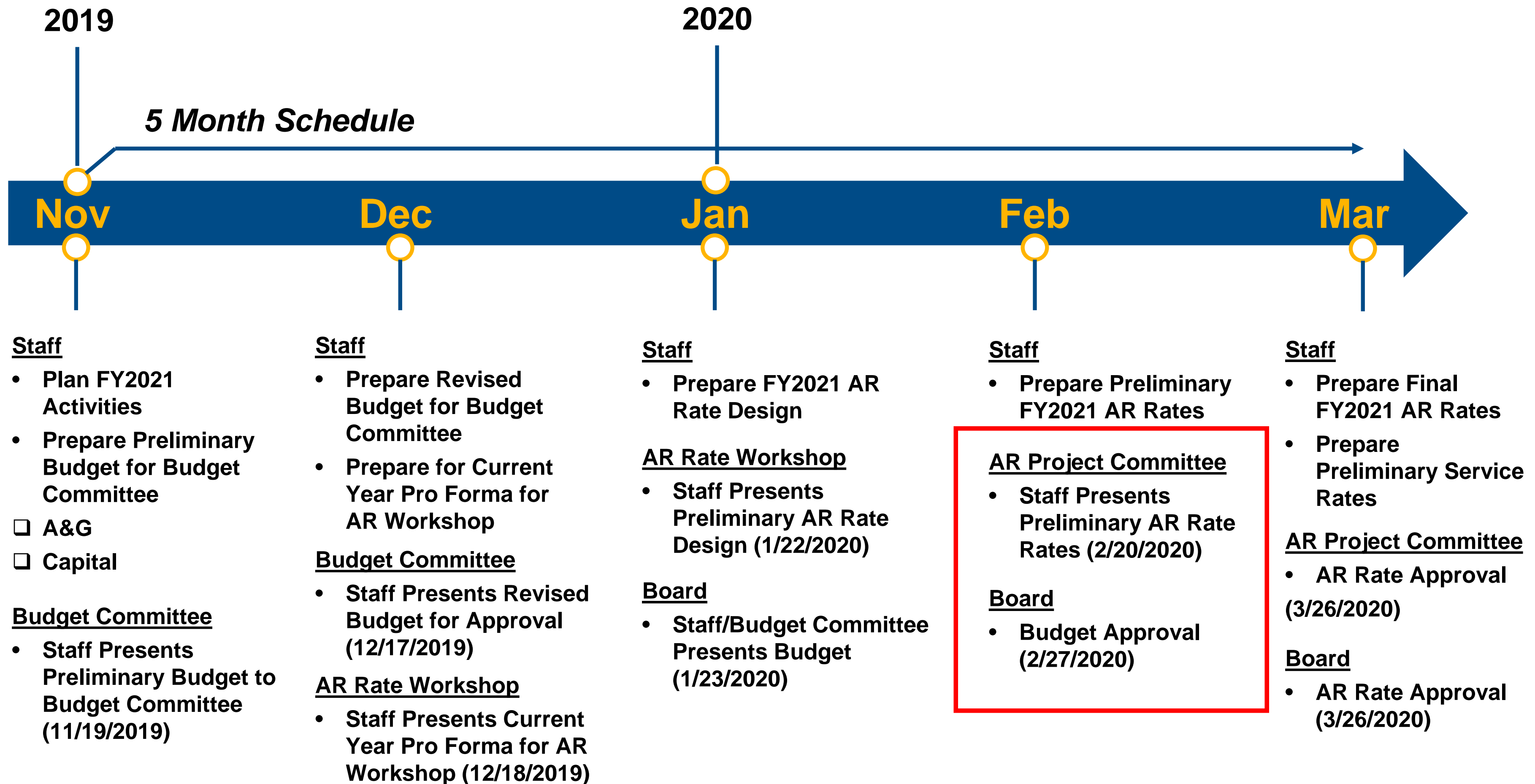


President & CEO Update

Doug Buresh

February 27, 2020

FY2021 Budget and AR Rate Process

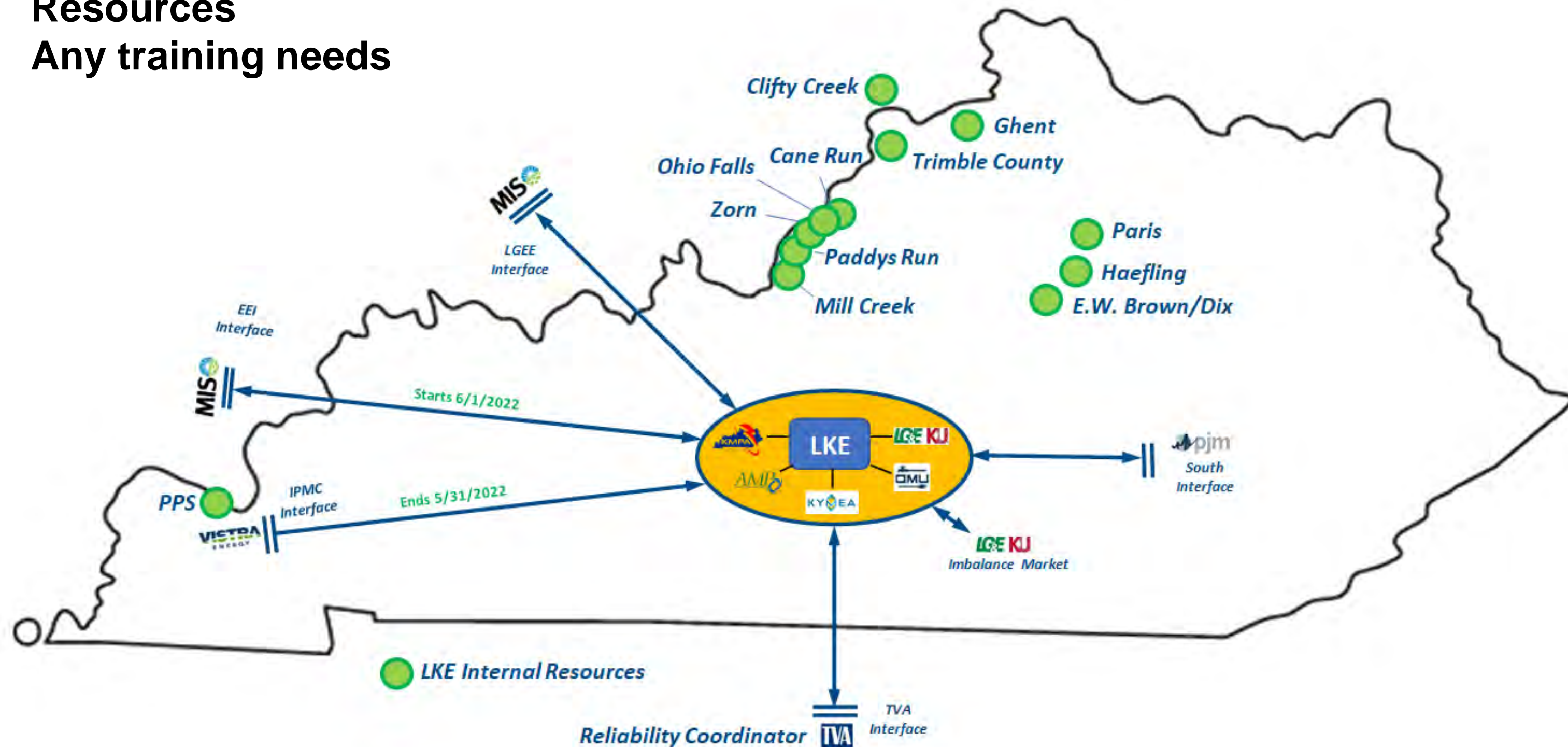


Note: Staff will begin calculation of Service Rates in March.

System Reliability Capacity Load Shed Table Top Exercise

Objectives of Exercise

1. Effectiveness of plans
2. Level of Operation
3. Ability to provide timely and accurate information
4. Resources
5. Any training needs



Rob Leesman and Doug Buresh participated in Table Top Exercise

Kentucky Chamber Energy Conference

Conference Keynote Speakers

- **Dan Brouillette, Secretary, U.S. Department of Energy**
- **Neil Chatterjee, Chairman, Federal Energy Regulatory Commission**

Conference Topics

- **The Future of Fossil Fuels and Kentucky's Economy**
- **Siting Solar Project in Kentucky**
- **Use Energy Star Portfolio Manager to Monitor Energy Use and Boost Profits**
- **If 100% Renewables is Not a Realistic Option...What is?**
- **Working Groups that Work: A discussion of Government-Stakeholder Cooperation**
- **The Future of Energy in Kentucky**
- **Regulatory Update: Where We Stand on ACE, CCR, ELGs, and WOTUS**
- **Inside the Public Service Commission (PSC)**

Ron Herd and Doug Buresh attended Energy Conference

KYMEA Enterprise-Wide Risk Management Policy

Discussion

Board Actions

- **ERM Policy Approval – 3/28/2019**
- **Trading Authority Procedures – 4/24/2019**
- **Credit Policy – 5/23/2019**

Staff Activities

- **Working on KYMEA Hedge Plan.**
- **The purpose of the plan is to develop guidelines for disciplined hedging of forward power supply portfolio components (dollar cost averaging, etc.).**
- **The Plan will adhere to the Position Report as approved by the Board under the Trading Authority Procedures.**
- **Initial plan should be ready for BROCC meeting discussion on March 26th.**

Paris Winter Capacity Test

Winter Generator Testing

Purpose: Demonstrate net generation capacity and deliverability to load.

- **Test conducted 2/19/2020 – 2/20/2020**
- **Duration of 2 hours**
- **Winter season of December, January, February**
- **Ambient temperature at or below 35° F (temperature adjusted if greater than 35° F)**

Industry News – MISO 30 Minute Reserve Product

Discussion

With increasing intermittent generation (wind and solar) and the decreasing dispatchable generation (coal), MISO is concerned about having enough available reserves to meet local, sub-regional and market-wide needs.

The intent of the MISO 30 Minute Reserve Product is to provide a market-based solution to ensure resources are available to meet the load needs.

MISO is developing the software for use in late 2021.

The reserves will be furnished by either online or offline resources capable of being deployed within 30 minutes to meet local, sub-regional and market-wide needs.

The RTO expects the new market product will reduce revenue sufficiency guarantee (RSG) make-whole payments, lessen out-of-market commitments, make market prices more transparent and provide pricing signals that incentivize a greater number of fast-start resources that can meet voltage and local reliability requirements more cheaply. Using the reserves, MISO estimates net production cost benefits of \$5 million annually and a \$1.6 million reduction in RSG make-whole payments paid in MISO South. (See “MISO Preps Tariff for Short-term Reserves,” *MISO Market Subcommittee Briefs*: Oct. 10, 2019.)

FERC approved MISO’s plan for implementing the reserve product on Jan. 31 (ER20-42).



MISO regions requiring short term reserves are indicated with red arrows. | MISO



Member Communications

February 27, 2020

Dates to Remember

March 11th Utility Accounting for Non-Financial Professionals (9 AM)

**March 26th BROC Meeting (8:30 AM)
AR Committee Meeting (10 AM -
during Board Meeting)**

May 29th Annual Board Meeting (10 AM)



*Mark your
calendar!*

Utility Accounting for Non-Financial Professionals – March 11th at 9 AM



Chris J. Lindner, CPA, CGFM®
Partner

Chris, a member of BKD National Public Sector Group and BKD National Energy & Natural Resources Practice, has more than 13 years of experience in public accounting, specializing in providing audit and consulting services to governmental and utility entities.

He is a member of the American Institute of CPAs and Nebraska Society of Certified Public Accountants where he chairs the State & Local Governmental Accounting & Auditing Committee. He also is involved with Leadership Lincoln, League of Nebraska Municipalities, Government Finance Officers Association (GFOA) and American Public Power Association (APPA).

Chris is a regular presenter at the Great Plains chapter of GFOA and APPA conferences, speaking on a variety of topics, including implementation of new accounting standards, financial reporting changes and internal control considerations. He also is a Certified Government Financial Manager® (CGFM®).

He serves on the Nebraska BKD Foundation Committee and on the board of directors for the YMCA of Lincoln.

Chris is a *summa cum laude* graduate of Peru State College, Nebraska, with a B.S. degree in business administration.



MAR
11

Utility Accounting for Non-Financial Professionals

by Kentucky Municipal Energy Agency

[Follow](#)

Free



[Register](#)



Amy K. Shreck, CPA
Director

Amy is a member of BKD National Public Sector Group and has more than 13 years of experience working with governmental entities. She leads the BKD Public Sector Center of Excellence, an internal committee of leaders across the firm who discuss a variety of issues important to the public sector.

She recently completed a two-year term as a practice fellow with GASB at its headquarters, where she helped to formulate standards and assisted with technical inquiries. Amy's experience at GASB allows her to help clients better understand GASB standards and the thought process behind the standards.

Amy is a member of the American Institute of CPAs and Nebraska Society of Certified Public Accountants. She also is a frequent presenter at the Great Plains chapter of GFOA conferences, speaking on financial reporting changes, including new GASB statements and projects.

She is a graduate of Leadership Omaha Class 37. She previously served on the Goodwill Industries Serving Southeast Nebraska board of directors and the University of Nebraska-Lincoln School of Accountancy Junior Advisory Board. She currently serves on the Nebraska BKD Foundation Advisory Committee.

Amy is a graduate with highest distinction of University of Nebraska-Lincoln with a B.S. degree in business administration and an M.P.A. degree.

Utility Accounting for Non-Financial Professionals

About this Event

Utility Accounting for Non-Financial Professionals

Accounting standards continue to change and evolve, and although the objective of these changes is to bring clarity to an organization's financial reporting, all of these changes and information can create confusion for those outside of the finance department. This course is designed to provide a deeper understanding of the financial statements and financial reporting process for finance and non-finance professionals working in the utility industry.

Participants will:

- Learn about financial statements "beyond the numbers"
- Learn how to use financial statements as a resource and strategic planning tool
- Learn how to use financial measures to evaluate program objectives and successes

Date And Time

Wed, March 11, 2020
9:00 AM - 3:00 PM EDT
[Add to Calendar](#)

Location

Kentucky Municipal Energy Agency
1700 Eastpoint Parkway
Ste 220
Louisville, KY 40223
[View Map](#)

The Annual Board Meeting will take place on Friday, May 29th at 10 AM at the KYMEA office.

KENTUCKY MUNICIPAL ENERGY AGENCY

2020 ANNUAL CONFERENCE

MAY 28, 2020



Featured Speakers

Hear from public power professionals on key topics that affect your community.

- Financial Metrics for a Healthy Agency and Members
- FERC Transmission Incentives and Return on Equity
- Cyber Security and Physical Preparedness



Dawn Lund
Vice-President
Utility Financial Solutions, LLC



Delia Patterson
Senior Vice President for Advocacy &
Communications and General
Counsel



Nathan Mitchell
Sr. Director of Cyber and Physical
Security Services

Discussion Topics and Miscellaneous Materials

F. Discussion Topics

- F.1 Load Interruption Procedure
- F.2 Legislative Update – HB247
- F.3 Open Records Request Policy
- F.4 Avoided Cost
- F.5 FY 2021 AR Rates





Capacity Load Shed

February 27, 2020

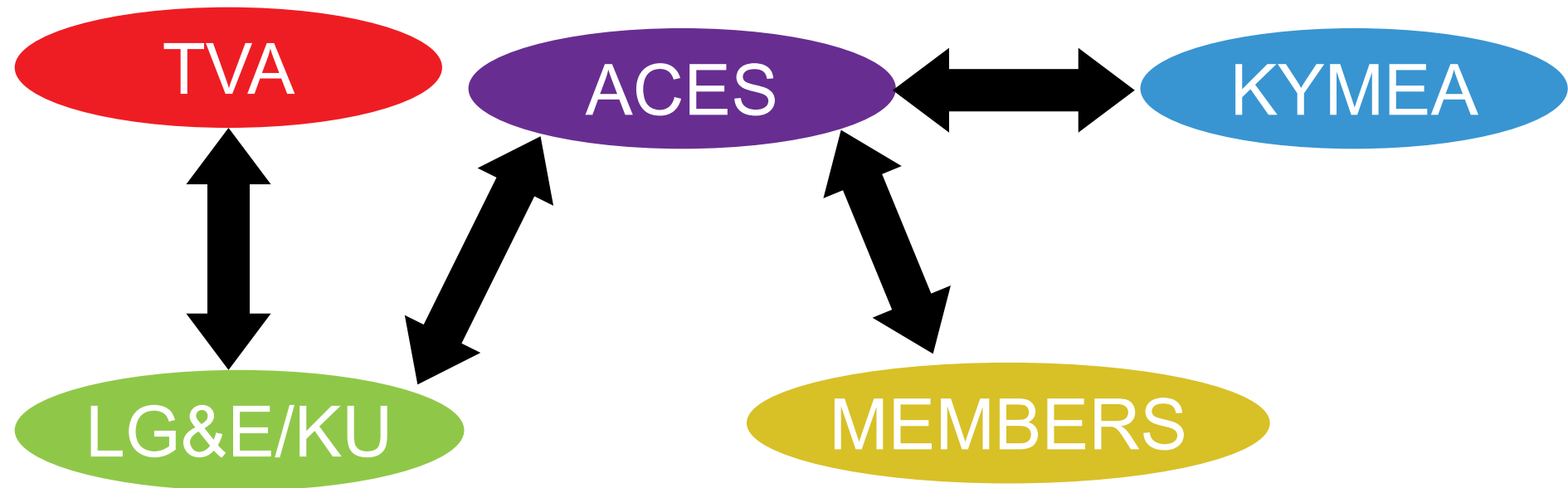
Tabletop Discussions

- LG&E/KU, KYMEA, KMPA, OMU and ACES
 - Met at LG&E/KU's Simpsonville Facility on January 29, 2020
- Participated in what if scenarios, system wide
 - Walked through a series of events that resulted in Energy Emergency Alerts to be declared by LSEs within the LG&E/KU Balancing Authority (BA)
 - Discussed how/what actions would be taken and how those would be communicated
- Identified strengths/weaknesses
- Developed actions items to address shortfalls and report back to LG&E/KU with plans by May 4, 2020

Tabletop Discussions

- In the event of an EEA, KYMEA has 90 minutes to correct the shortfall (5% of previous year's peak determines imbalance threshold)
- TVA will be asking LG&E/KU who in turn will be asking KYMEA what are you going to do?
- Any decision to curtail load will be a direct order from/to NERC certified personnel

Proposed communication
path for discussion



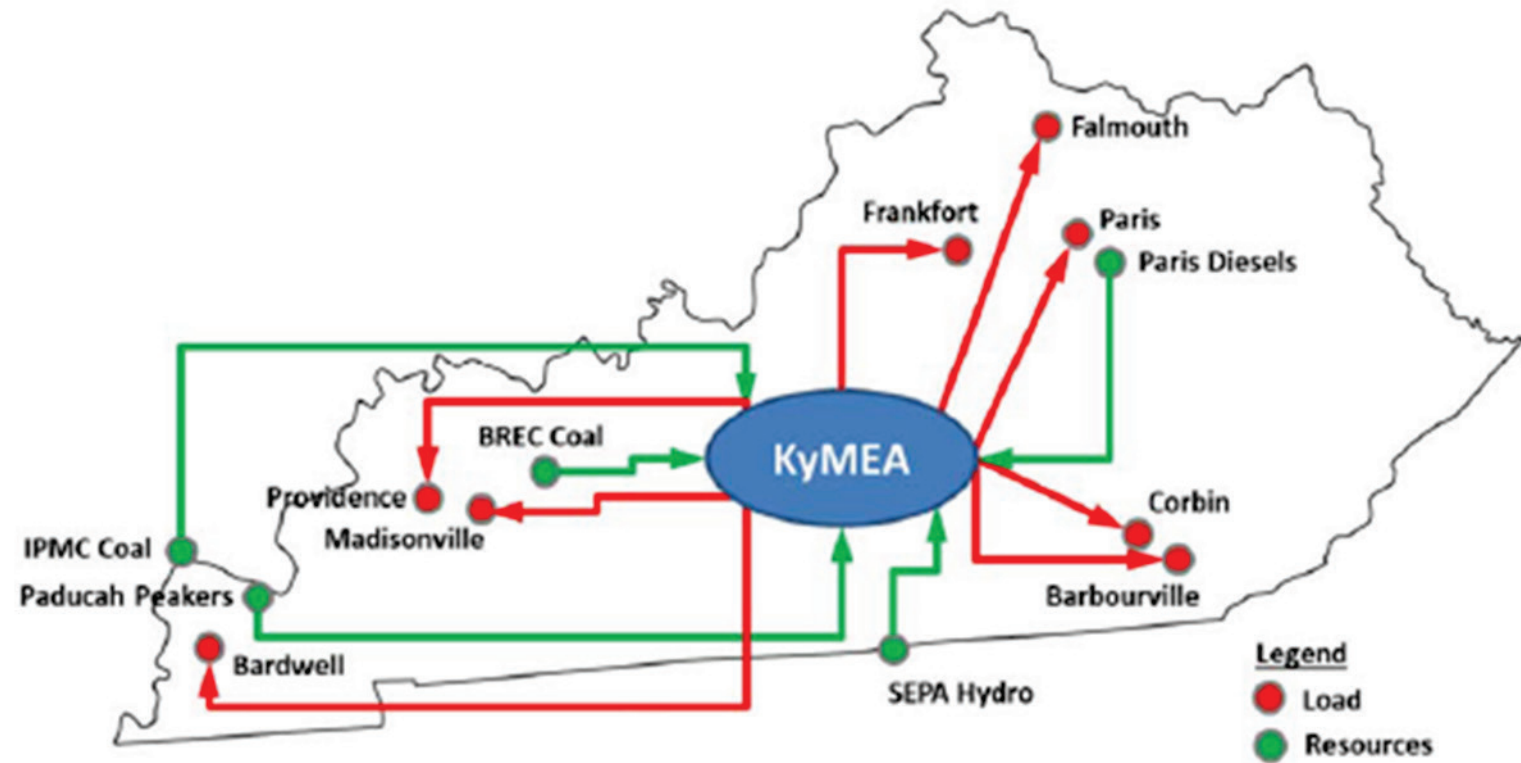
KYMEA To-dos

- Determine the point of contact with LG&E/KU (time is of the essence)
 - ACES (around the clock communications with LG&E/KU)
 - Members (expertise/knowledge of their own systems)
 - KYMEA (coordination, kept in the loop)
- Identify Circuits (must be unique from those identified for under frequency)
 - Locations?
 - Controls?
 - Size?
 - Critical?
 - Response time?
 - Interruptible loads?
 - Generation?

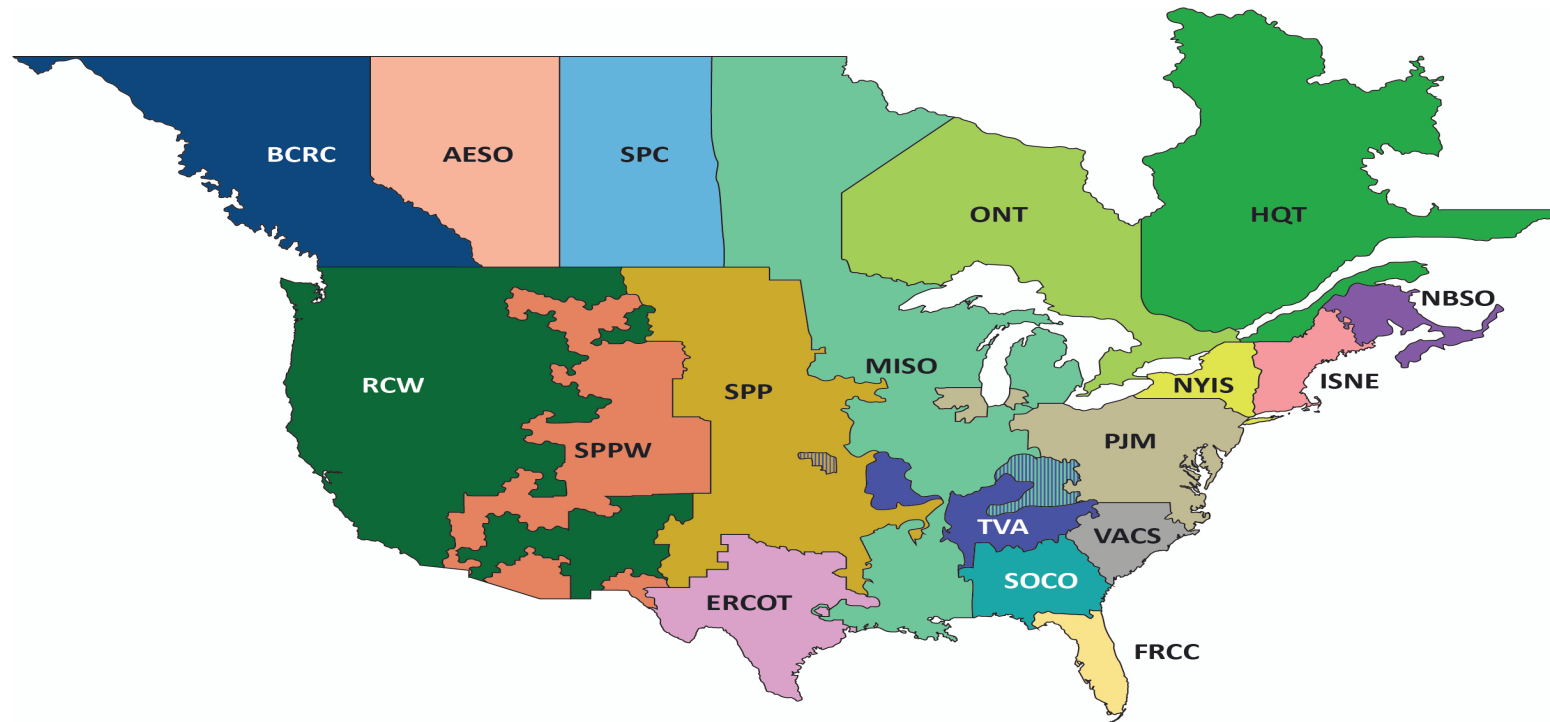
KYMEA To-dos

- Develop a Plan/Procedure
 - Communications between all parties
 - Contact list
 - Public appeal process
 - Staff at the ready
 - What other resources are available (submitted a request for CBM from LGEE)
 - MISO - requires transmission and ramp availability
 - PJM - requires transmission and ramp availability
 - TVA - unable to transact directly with TVA, would require delivery to the interface and LGEE network transmission
 - Paris
 - EEI
 - PPS – remaining capacity above/beyond KYMEA entitlement

KYMEA Today



NERC Reliability Coordinators



- | | |
|---|--|
| Alberta Electric System Operator | SPP West |
| British Columbia Hydro | PJM Interconnection |
| Electric Reliability Council of Texas | Reliability Coordinator West |
| Florida Reliability Coordinating Council | Saskatchewan Power Corporation |
| Hydro-Quebec TransEnergie | Southern Company Services, Inc. |
| ISO New England, Inc. | Southwest Power Pool |
| Midcontinent ISO | BAs receive RC Services from SPP or TVA |
| New Brunswick Power Corporation | Tennessee Valley Authority |
| New York Independent System Operator | BAs receive RC services from TVA or MISO |
| Ontario Independent Electricity System Operator | VACAR South |

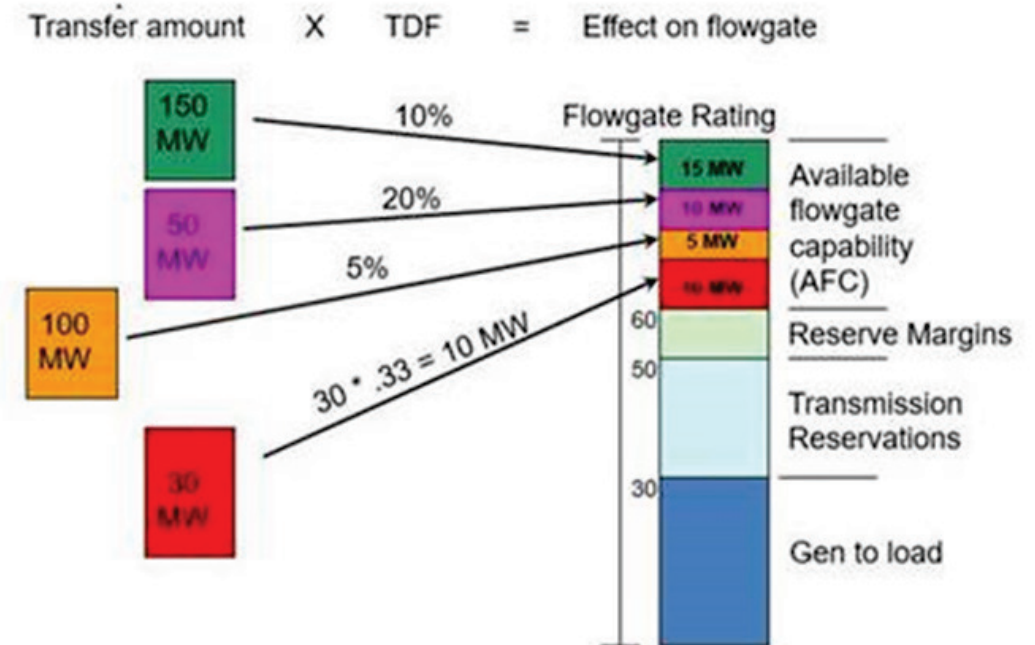
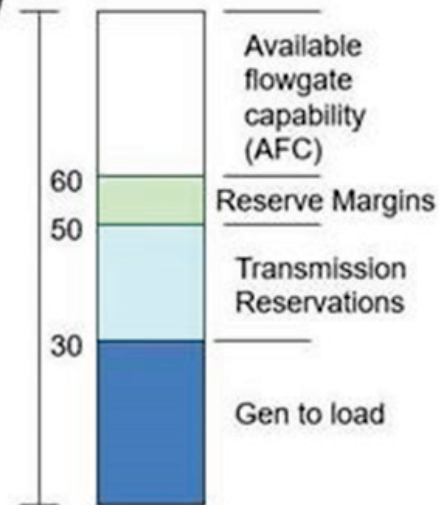
NERC TLR Matrix

	TLR Matrix	TLR Level 0	TLR Level 1	TLR Level 2	TLR Level 3a	TLR Level 3b	TLR Level 4	TLR Level 5a	TLR Level 5b	TLR Level 6
TLR Description	Purpose and intent of TLR Level	TLR termination and Interchange Transaction restoration and notification	Notification of potential SOL or IROL violation	Hold transfers at present levels to prevent SOL or IROL violations	Reallocation of transmission service by curtailing non-firm transactions and allowing firm to flow	Curtail non-firm transactions to mitigate SOL or IROL violation	Gives operators time to reconfigure the transmission system to mitigate an SOL or IROL violation	Reallocation of transmission service by curtailing firm transactions and allowing higher priority firm to flow	Curtail firm transactions to mitigate SOL or IROL violation	Implement emergency procedures
	Conditions that may warrant calling this level of TLR	The Reliability Coordinator initiating the TLR Procedure shall notify all Reliability Coordinators within the Interconnection via the RCIS when the SOL or IROL violations are mitigated and the system is in a reliable state, allowing Interchange Transactions to be reestablished at its discretion. Those with the highest transmission priorities shall be reestablished first if possible.	The transmission system is secure. The RC foresees a transmission or generation contingency or other operating problem within its Reliability Area that could cause one or more transmission facilities to approach or exceed their SOL or IROL.	The transmission system is secure. One or more transmission facilities are expected to approach, or are approaching, or are at their SOL or IROL. The TLR level 2 is a transient state, which requires a quick decision to proceed to higher TLR levels to be implemented according to their transmission priority levels.	The transmission system is secure. One or more transmission facilities are expected to approach, or are approaching, or are at their SOL or IROL.	One or more transmission facilities are operating above their SOL or IROL, or such operation is imminent and it is expected that facilities will exceed their reliability limit unless corrective action is taken, or one or more Transmission Facilities will exceed their SOL or IROL upon the removal from service of a generating unit or another transmission facility.	One or more Transmission Facilities are above their SOL or IROL, or such operation is imminent and it is expected that facilities will exceed their reliability limit unless corrective action is taken.	The transmission system is secure. One or more transmission facilities are at their SOL or IROL. All Interchange Transactions using Non-firm Point-to-Point Transmission Service that are at or above the Curtailment Threshold have been curtailed. The Transmission Provider has been requested to begin an Interchange Transaction using previously arranged Firm Transmission Service that would result in a SOL or IROL violation. No further transmission reconfiguration is possible or effective.	One or more Transmission Facilities are operating above their SOL or IROL, or such operation is imminent, or one or more Transmission Facilities will exceed their SOL or IROL upon the removal from service of a generating unit or another transmission facility. All Interchange Transactions using Non-firm Point-to-Point Transmission Service that are at or above the Curtailment Threshold have been curtailed. No further transmission reconfiguration is possible or effective.	One or more Transmission Facilities are above their SOL or IROL. One or more Transmission Facilities will exceed their SOL or IROL upon the removal from service of a generating unit or another transmission facility.
Non-firm	Effect on current hour, non-firm tags	Reloads previously curtailed tags	Reloads previously curtailed tags	Prevents all tags with TDF > 5% from starting or increasing	N/A	Curtails tags with TDF > 5% until relief request is met. No reallocation	Curtails all tags with TDF > 5%	N/A	Curtails tags with TDF > 5%	Curtails tags with TDF > 5%
	Effect on current hour, non-firm market flow	Reloads previously curtailed market flow	Reloads previously curtailed market flow	Prevents all market flow with TDF > 0% from starting or increasing	N/A	Curtails market flow with TDF > 0% until relief request is met. No reallocation	Curtails all market flow with TDF > 0%	N/A	Curtails all market flow with TDF > 0%	Curtails all market flow with TDF > 0%
	Effect on next hour, non-firm tags	Reloads previously curtailed tags	Reloads previously curtailed tags	Prevents all tags with TDF > 5% from starting or increasing	Curtails/reallocates tags with TDF > 5% until relief request is met	Curtails/reallocates tags with TDF > 5% until relief request is met	Curtails all tags with TDF > 5%	Curtails tags with TDF > 5%	Curtails tags with TDF > 5%	Curtails tags with TDF > 5%
	Effect on next hour, non-firm market flow	Reloads previously curtailed market flow	Reloads previously curtailed market flow	Prevents all market flow with TDF > 0% from starting or increasing	Curtails/reallocates market flow with TDF > 0% until relief request is met	Curtails/reallocates market flow with TDF > 0% until relief request is met	Curtails all market flow with TDF > 0%	Curtails market flow with TDF > 0%	Curtails all market flow with TDF > 0%	Curtails all market flow with TDF > 0%
Firm	Effect on current hour, firm tags	Reloads previously curtailed tags	Reloads previously curtailed tags	N/A	N/A	N/A	N/A	N/A	Curtails tags with TDF > 5% until relief request is met	Curtails all tags with TDF > 5%
	Effect on current hour, firm market flow	Reloads previously curtailed market flow	Reloads previously curtailed market flow	N/A	N/A	N/A	N/A	N/A	Curtails market flow with TDF > 0% until relief request is met	Curtails all market flow with TDF > 0%
	Effect on current hour, firm NNL	Reloads previously curtailed NNL	Reloads previously curtailed NNL	N/A	N/A	N/A	N/A	N/A	Curtails NNL with GLDF > 5% pro rata with firm tags and firm market flow until relief request is met	Curtails NNL with GLDF > 5%
	Effect on next hour, firm tags	Reloads previously curtailed tags	Reloads previously curtailed tags	N/A	N/A	N/A	N/A	Curtails tags with TDF > 5% until relief request is met	Prevents all firm tags with TDF > 5% from starting or increasing	Curtails all tags with TDF > 5%
	Effect on next hour, firm market flow	Reloads previously curtailed market flow	Reloads previously curtailed market flow	N/A	N/A	N/A	N/A	Curtails market flow with TDF > 0% until relief request is met	Prevents all firm market flow with TDF > 0% from starting or increasing	Curtails all market flow with TDF > 0%
	Effect on next hour, firm NNL	Reloads previously curtailed NNL	Reloads previously curtailed NNL	N/A	N/A	N/A	N/A	Curtails NNL with GLDF > 5% pro rata with firm tags and firm market flow until relief request is met	Keeps NNL at current hour levels	Curtails NNL with GLDF > 5%

Flowgates

How do flowgates work?

Flowgate Rating – 100 MW



$$\text{AFC} = \text{Rating} - \text{GTL} - \text{Transmission Reservations} - \text{Reserve Margins}$$

$$\text{New AFC} = \text{Previous AFC} - \text{Transfer Amount} * \text{TDF}$$

$$= 100 - 30 - 20 - 10 - 10 - 5 - 10 - 15 = 0 \text{ MW}$$

Energy Emergency Alerts

1. EEA 1 — All available generation resources in use.

Circumstances:

- The Balancing Authority is experiencing conditions where all available generation resources are committed to meet firm Load, firm transactions, and reserve commitments, and is concerned about sustaining its required Contingency Reserves.
- Non-firm wholesale energy sales (other than those that are recallable to meet reserve requirements) have been curtailed.

2. EEA 2 — Load management procedures in effect.

Circumstances:

- The Balancing Authority is no longer able to provide its expected energy requirements and is an energy deficient Balancing Authority.
- An energy deficient Balancing Authority has implemented its Operating Plan(s) to mitigate Emergencies.
- An energy deficient Balancing Authority is still able to maintain minimum Contingency Reserve requirements.

Energy Emergency Alerts

During EEA 2, Reliability Coordinators and energy deficient Balancing Authorities have the following responsibilities:

- 2.1 Notifying other Balancing Authorities and market participants. The energy deficient Balancing Authority shall communicate its needs to other Balancing Authorities and market participants. Upon request from the energy deficient Balancing Authority, the respective Reliability Coordinator shall post the declaration of the alert level, along with the name of the energy deficient Balancing Authority on the RCIS website.
- 2.2 Declaration period. The energy deficient Balancing Authority shall update its Reliability Coordinator of the situation at a minimum of every hour until the EEA 2 is terminated. The Reliability Coordinator shall update the energy deficiency information posted on the RCIS website as changes occur and pass this information on to the neighboring Reliability Coordinators, Balancing Authorities and Transmission Operators.
- 2.3 Sharing information on resource availability. Other Reliability Coordinators of Balancing Authorities with available resources shall coordinate, as appropriate, with the Reliability Coordinator that has an energy deficient Balancing Authority.

Energy Emergency Alerts

- 2.4 Evaluating and mitigating Transmission limitations. The Reliability Coordinator shall review Transmission outages and work with the Transmission Operator(s) to see if it's possible to return to service any Transmission Elements that may relieve the loading on System Operating Limits (SOLs) or Interconnection Reliability Operating Limits (IROLs).
- 2.5 Requesting Balancing Authority actions. Before requesting an EEA 3, the energy deficient Balancing Authority must make use of all available resources; this includes, but is not limited to:
 - 2.5.1 All available generation units are on line. All generation capable of being on line in the time frame of the Emergency is on line.
 - 2.5.2 Demand-Side Management. Activate Demand-Side Management within provisions of any applicable agreements.

Energy Emergency Alerts

3. EEA 3 —Firm Load interruption is imminent or in progress.

Circumstances:

- The energy deficient Balancing Authority is unable to meet minimum Contingency Reserve requirements.

During EEA 3, Reliability Coordinators and Balancing Authorities have the following responsibilities:

- 3.1 Continue actions from EEA 2. The Reliability Coordinators and the energy deficient Balancing Authority shall continue to take all actions initiated during EEA 2.
- 3.2 Declaration Period. The energy deficient Balancing Authority shall update its Reliability Coordinator of the situation at a minimum of every hour until the EEA 3 is terminated. The Reliability Coordinator shall update the energy deficiency information posted on the RCIS website as changes occur and pass this information on to the neighboring Reliability Coordinators, Balancing Authorities, and Transmission Operators.

Energy Emergency Alerts

- 3.3 Reevaluating and revising SOLs and IROLs. The Reliability Coordinator shall evaluate the risks of revising SOLs and IROLs for the possibility of delivery of energy to the energy deficient Balancing Authority. Reevaluation of SOLs and IROLs shall be coordinated with other Reliability Coordinators and only with the agreement of the Transmission Operator whose Transmission Owner (TO) equipment would be affected. SOLs and IROLs shall only be revised as long as an EEA 3 condition exists, or as allowed by the Transmission Owner whose equipment is at risk. The following are minimum requirements that must be met before SOLs or IROLs are revised:
 - 3.3.1 Energy deficient Balancing Authority obligations. The energy deficient Balancing Authority, upon notification from its Reliability Coordinator of the situation, it will immediately take whatever actions are necessary to mitigate any undue risk to the Interconnection. These actions may include Load shedding.

Energy Emergency Alerts

- 3.4 Returning to pre-Emergency conditions. Whenever energy is made available to an energy deficient Balancing Authority such that the Systems can be returned to its pre-Emergency SOLs or IROLs condition, the energy deficient Balancing Authority shall request the Reliability Coordinator to downgrade the alert level.
 - 3.4.1 Notification of other parties. Upon notification from the energy deficient Balancing Authority that an alert has been downgraded, the Reliability Coordinator shall notify the neighboring Reliability Coordinators (via the RCIS), Balancing Authorities and Transmission Operators that its Systems can be returned to its normal limits.
- Alert 0 - Termination. When the energy deficient Balancing Authority is able to meet its Load and Operating Reserve requirements, it shall request its Reliability Coordinator to terminate the EEA.
- 0.1 Notification. The Reliability Coordinator shall notify all other Reliability Coordinators via the RCIS of the termination. The Reliability Coordinator shall also notify the neighboring Balancing Authorities and Transmission Operators.

KENTUCKY MUNICIPAL ENERGY AGENCY

Policy Relating to Inspection of Public Records

The Kentucky Municipal Energy Agency ("KYMEA"), is organized and existing under Section 65.210 to 65.300 of the Kentucky Revised Statutes ("KRS"), as amended, known as the "Interlocal Cooperation Act" (the "Act"), to act as a joint agency for the mutual advantage of its members (the "Members"). It is the policy of KYMEA, pursuant to KRS 61.870 to 61.884, to make accessible the public records of KYMEA by onsite inspection, U.S. Mail or electronic transmission to any person on written application to KYMEA. Application requesting a public record of KYMEA may be made by completing the KYMEA Open Records Request Form, which may be requested from the designated custodian of records for KYMEA, or by written application, signed by the applicant, with the applicant's name printed legibly, describing the records requested.

Inspection of public records of KYMEA may be made at KYMEA's principal office located at:

1700 Eastpoint Parkway, Suite 220
Louisville, Kentucky 40223

Regular business hours are from 9:00 a.m. to 4:30 p.m., Monday through Friday, each week, except holidays.

The designated custodian of records for KYMEA is its President and CEO. Assistance in completing the application form will be provided by a KYMEA employee on request. Email requests for records should be sent to contact@kymea.org and should include a mailing address. Please direct all open records requests on the KYMEA Open Records Request Form or a legally compliant written application containing the requestor's name printed legibly, the requestor's signature, and a description of the records to:

Kentucky Municipal Energy Agency
1700 Eastpoint Parkway, Suite 220
Louisville, Kentucky 40223
Attn: Director of Administrative Services and Communications

Applicants for public records shall be notified in writing no later than three (3) working days after receipt of an application of KYMEA's decision. If all or any portion of the application is denied, KYMEA will identify the specific exception to the open records law authorizing the denial and explain how the exception applies to the record or part of the record withheld.

An applicant who resides or has his/her principal place of business in Jefferson County, Kentucky, may be required by KYMEA to inspect the public records described in the written application within the offices of KYMEA during the regular business hours. An applicant who requests that copies of the records identified in his/her request be mailed, and who resides or has his/her principal place of business outside of Jefferson County, Kentucky, may be required by KYMEA to inspect the public records described in the written application within the offices of

KYMEA if he/she cannot precisely describe the records and/or the records are not readily available within KYMEA. Suitable facilities will be made available for review of the records. At no time shall any applicant remove public records from the offices of KYMEA.

Copies of written material in the public records of this agency shall be furnished to any person requesting them for a non-commercial purpose as defined in open records law, on payment of a fee of ten (10) cents per page; copies of nonwritten records (photographs, maps, material stored in computer files or libraries, etc.) shall be furnished to any person requesting them for a non-commercial purpose as defined in open records law, on payment of a charge equal to the actual cost of producing copies of such records by the most economical process not likely to damage or alter the record. All costs are required to be paid in advance of receiving the copies. Any requestor requesting mailed copies shall also pay the cost of postage for mailing such copies in advance of the receipt of the copies.

Applicants requesting copies of public records for a commercial purpose (as defined in KRS 61.870(4)(a) and (b) shall provide a certified statement to KYMEA stating the commercial purpose for which the records shall be used, and shall be required to enter into a contract with KYMEA. The contract shall state the fee required by KYMEA to produce copies to be used for a commercial purpose.

In order to carry out its purpose and the directives of its Members, KYMEA may be required to enter into non-disclosure agreements or may receive information which KYMEA has been requested to keep confidential. In addition KYMEA may need to preserve the confidentiality of information or proposals when entering into competitive negotiation with one or more persons for services or goods.

KYMEA has established a Policy relating to Confidential Information dated December 16, 2015 (the "Confidential Information Policy") to establish rules by which its Directors, its Members and the governing body, employees, officers and consultants of such Members and KYMEA's employees, officers and consultants will review and utilize any and all information, material or discussions which KYMEA has agreed, or is required, to keep confidential (the "Confidential Information"). If KYMEA, and/or any Representative or Member Representative (as defined in the Confidential Information Policy) receives an open records request or other demand for Confidential Information, then KYMEA or the Representative or Member Representative shall notify the Provider (as defined in the Confidential Information Policy) of such Confidential Information, as soon as possible, to allow the Provider the opportunity to protect any Confidential Information from disclosure. A copy of KYMEA's Confidential Information Policy may be obtained from KYMEA's Director of Administrative Services and Communication at the address set forth above.

This Policy is dated _____, 2020, the date of its approval by the KYMEA Board of Directors.

KENTUCKY MUNICIPAL ENERGY AGENCY
Open Records Request Form

Name of Requestor: _____

Mailing Address: _____

Phone Number: _____ Email Address: _____

Description of Record(s) Requested *(Indicate whether you wish to receive copies of the requested records by mail or to inspect the requested records at KYMEA's principal office. If this is not indicated, it will be assumed you wish to inspect copies at KYMEA's principal office. If you reside within Jefferson County you may be required to review copies before copies will be made)*

Description of the Record(s): _____

Requested record date range if known: _____

Cost of copies and any postage must be paid in advance of receiving the copies. Standard hard copies will be made at the cost of .10 per page.

Select one: *(This must be completed.)* **Request is for:** ☐ noncommercial or ☐ commercial purpose.

I herby certify the purpose indicated in this request is true and accurate.

Signature

Printed Name

A PERSON WHO VIOLATES KRS 61.874 (INDICATING WHETHER RECORDS ARE REQUESTED FOR COMMERCIAL OR NONCOMMERCIAL PURPOSE) SHALL BE LIABLE TO KYMEA FOR DAMAGES, COSTS, AND PENALTIES TO THE AMOUNT ESTABLISHED BY LAW.

Return completed form to:

Kentucky Municipal Energy Agency
1700 Eastpoint Parkway, Ste. 220
Louisville, KY 40223
Fax: (502) 242-5640
contact@kymea.org

KYMEA USE ONLY

Date Received: _____

By: _____

Latest date to respond: _____

Date Responded: _____

Fees Charged: **Copies:** _____
 Postage: _____
 Staff: _____
 TOTAL: _____



Avoided Costs

Doug Buresh

February 27, 2020

Avoided Cost Definition and Uses

Definition

Avoided costs means the incremental costs to a utility of electric energy, electric capacity, and electric transmission that the utility would generate itself or purchase from another source, but for purchases to be made under these rules. A utility's avoided costs are the prices, terms and conditions, including the period of time and power supply attributes.

Uses

Avoided costs are used for:

- Small Capacity Cogeneration and Small Power Production Qualifying Facilities (100 kW or less)
- Large Capacity Cogeneration and Small Power Production Qualifying Facilities (> 100 kW)
- Member-Owned Generation

Next Steps

Definition

- Staff to begin work on preparation of avoided costs
- Staff to develop Avoided Cost Policy
- Board to review and approve Avoided Cost Policy at future meeting(s)

AR Project Committee Meeting

G. AR Project Committee Meeting

G.1 FY 2021 AR Rates Presentation



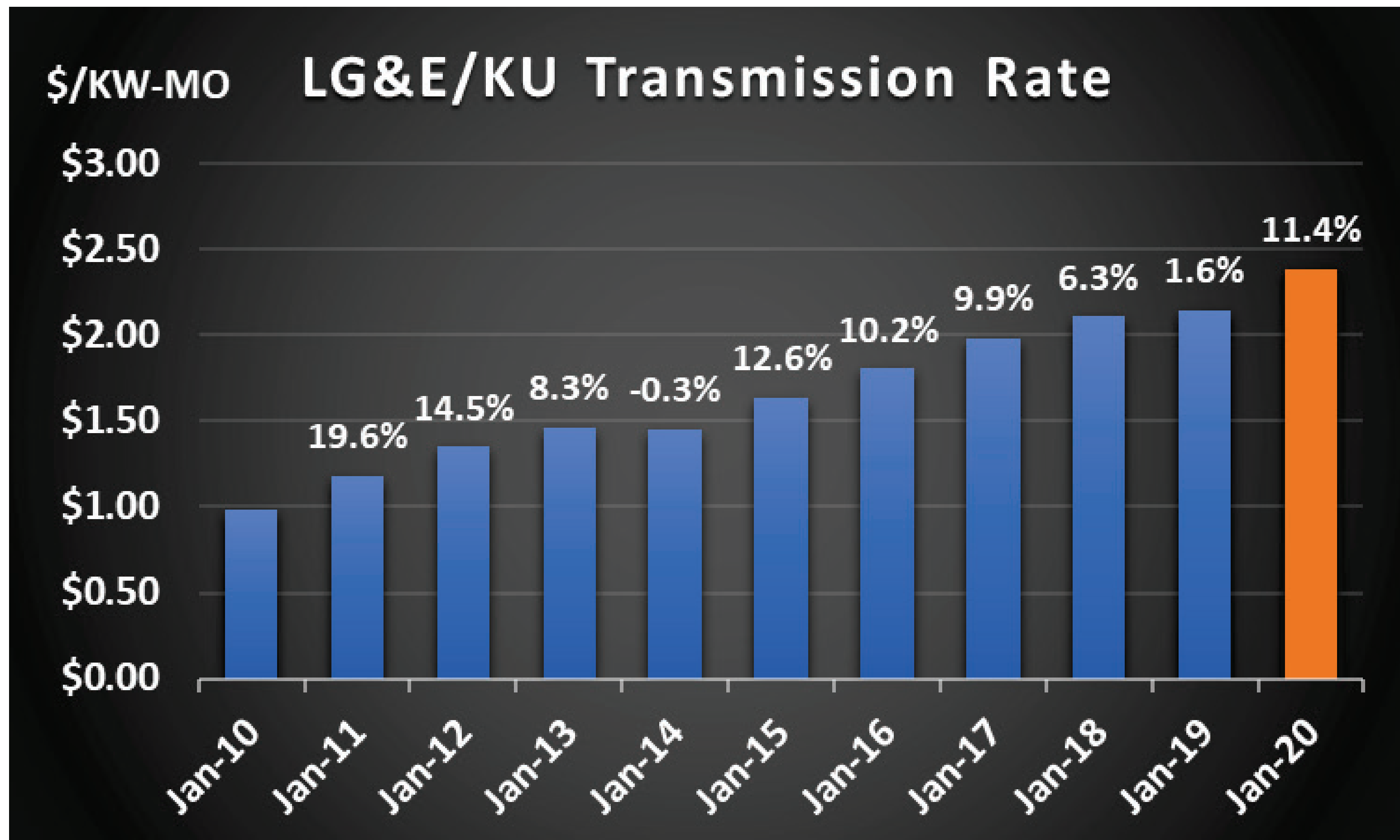


AR Project Rates FY2021

KYMEA Staff / AR Rate Committee

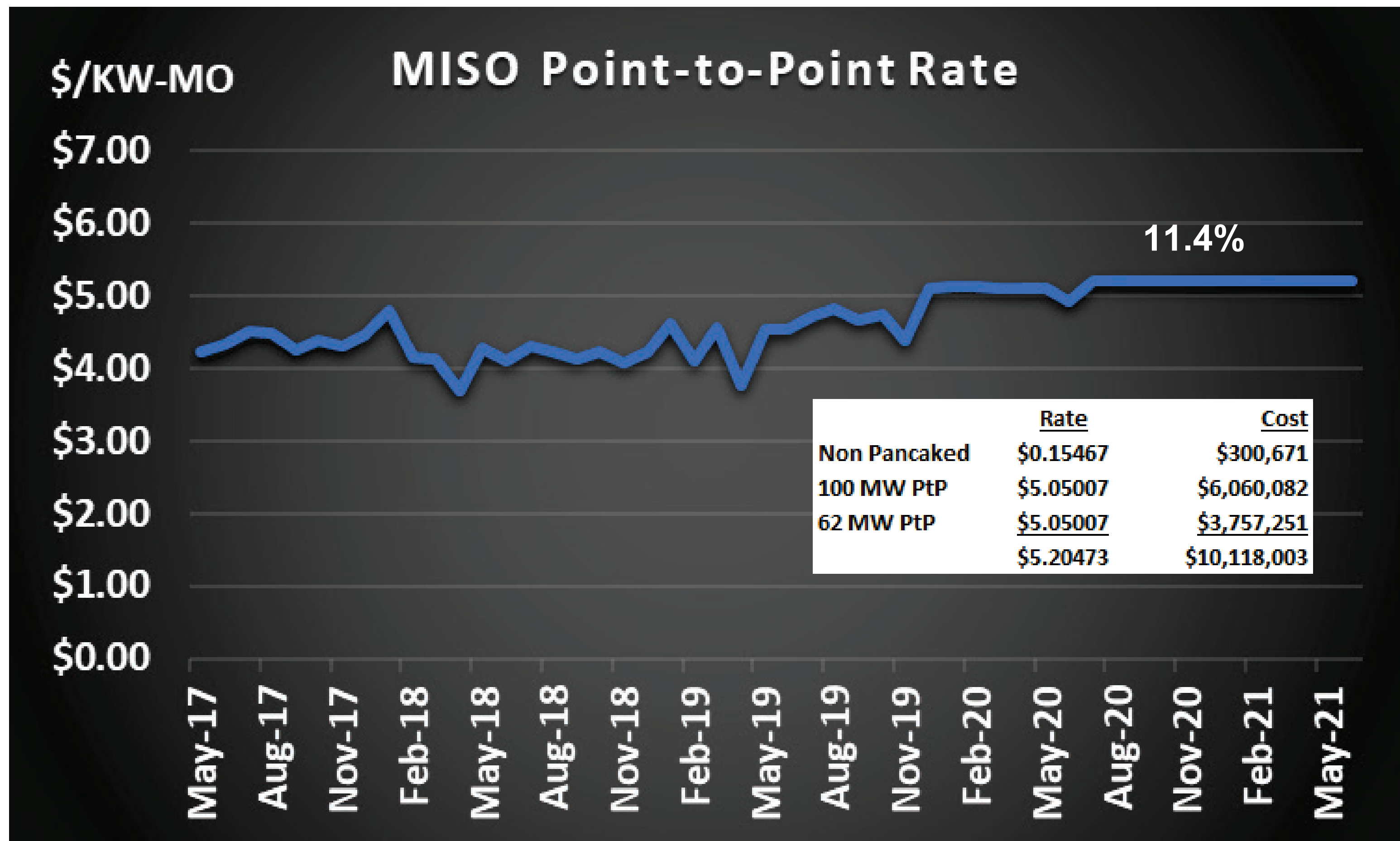
February 27, 2020

LG&E/KU Projected FY2021 Transmission

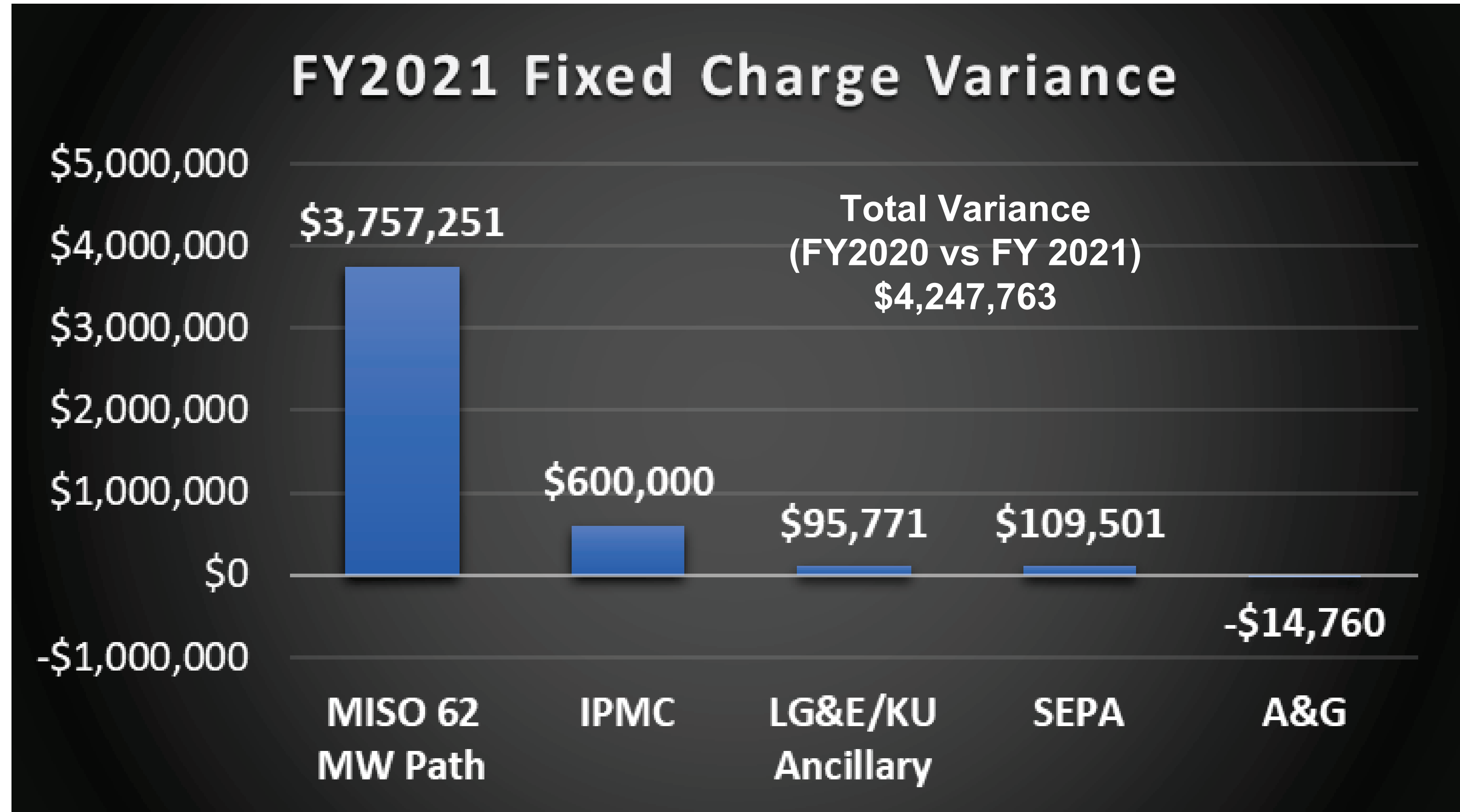


Note: Assume PJM Transmission increases at same rate as LG&E/KU

MISO Projected FY2021 Transmission



FY2021 Fixed Charge Variance



Working Capital and Stabilization Fund

Operations Cash Flow (Intra-Month Timing)

- To account for timing differences between accounts receivable and accounts payable, the agency maintains \$10 million in cash.

Credit

- The agency is required to maintain a cash collateral account balance held by MISO and PJM (currently ≈\$2.5 million).

Hedging

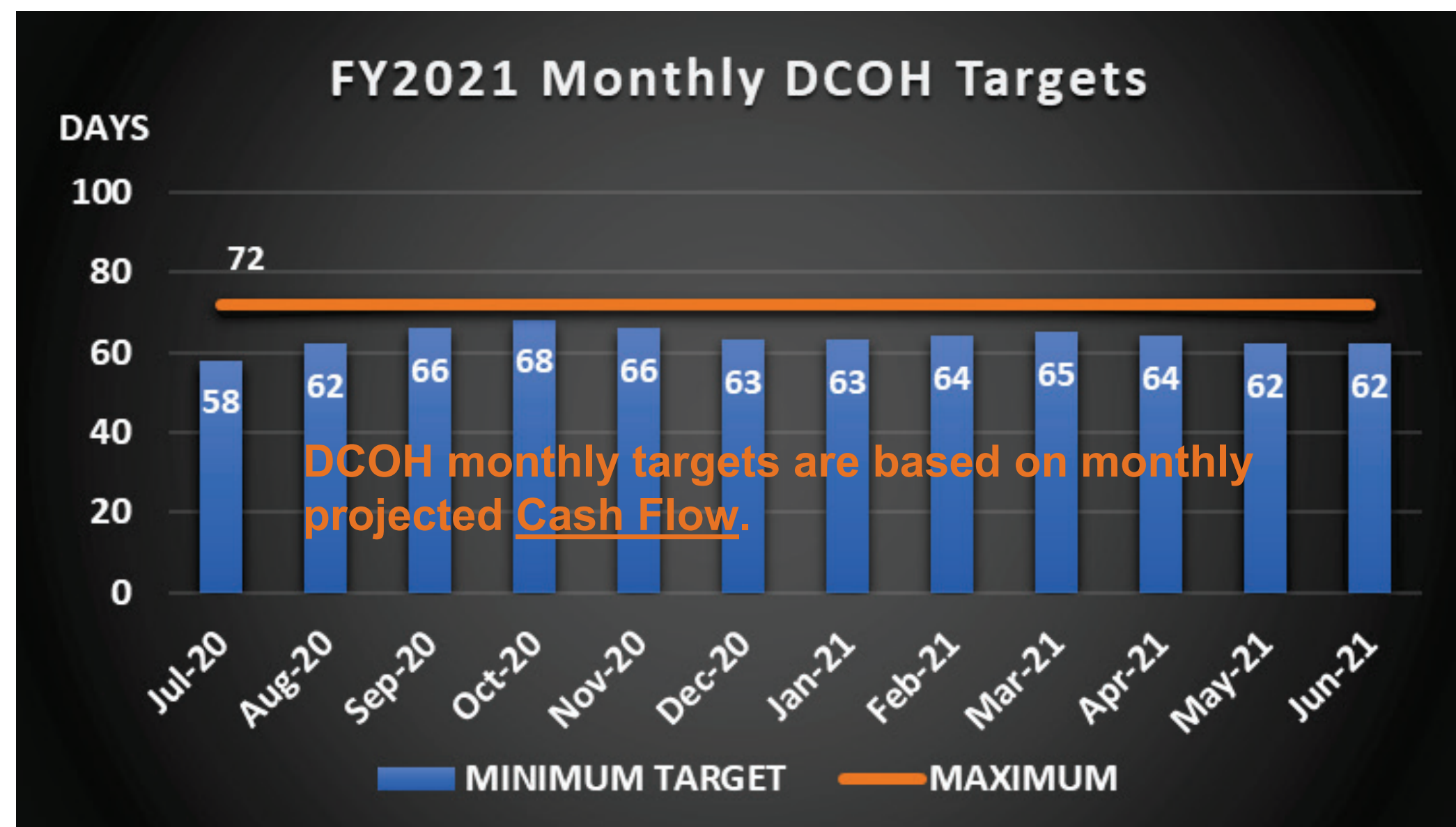
- Energy: For a 50 MW annual strip, a dollar change in price equals \$438,000.
- Capacity: Cash collateral required to participate in zonal resource credit (ZRC) auctions.
- Financial Transmission Rights (FTR): Cash collateral required to participate in FTR auctions.

Stabilization Fund

- Fund available for net income and future rate stabilization.

Rate Setting and Energy Cost Adjustment (ECA)

- All Requirements Rates are set using cost-of-service expense recovery to meet the agency's criteria for rate stability (stabilization fund) and working capital.
- Monthly and Fiscal Year Days Cash On Hand (DCOH) targets provide the revenue driver for setting rates.
- ECA Collection: If the average DCOH of three consecutive months < the average DCOH of the three consecutive monthly targets, then ECA Collection of \$3.00 per MWh is triggered and collected. The collection occurs on the next month's power invoice.
- ECA Refund: If a single month > DCOH monthly maximum, then ECA Refund of \$3.00 per MWh is triggered and refunded. The refund occurs on the next month's power invoice.



Revenue Driver

62 Days Cash On Hand by June 2021

	FY2021 (62 DCOH Driver) - Deterministic			FY2021 (62 DCOH Driver) - Expected Value			Change
	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$</u>
Billing Demand	\$14.157628	2,641,566	\$37,398,310	\$14.157628	2,642,440	\$37,410,684	\$12,374
	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$</u>
Energy	\$0.024702	1,303,112,487	\$32,189,758	\$0.024702	1,303,066,869	\$32,188,631	-\$1,127
ECA	\$0.000000	1,303,112,487	\$0	\$0.000125	1,303,066,869	\$163,239	\$163,239
Transmission	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$</u>
KU Transmission 12-CP - 95.4%	\$2.773611	2,521,785	\$6,994,450	\$2.773611	2,522,347	\$6,996,009	\$1,559
MISO Transmission NCP	\$1.420949	2,644,185	\$3,757,251	\$1.421000	2,646,018	\$3,759,992	\$2,741
PJM Transmission 1-CP	\$2.958179	33,600	\$99,395	\$2.958179	33,600	\$99,395	\$0
KU Direct Assigned Facilities			<u>\$</u>			<u>\$</u>	<u>\$</u>
Fixed Facility Charges			\$213,839			\$213,839	\$0
SEPA Member Resource Credit	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$</u>
Capacity Payment	(\$3.850000)	440,896	-\$1,697,450	(\$3.850000)	440,896	-\$1,697,450	\$0
AR Project Member Invoice			\$78,955,552			\$79,134,338	\$178,786
			6.059 ¢			6.073 ¢	0.014 ¢
Decrease from FY2020 Actual/Budget			-4.20%			-3.96%	0.24%
AR Project Member Power Supply (Without NITS)			\$71,861,708			\$72,038,934	\$177,226
			5.515 ¢			5.528 ¢	0.014 ¢
Net Income			\$1,327,773			\$1,840,526	\$512,753
Days Cash On Hand (June 2021)			62.405			75.299	12.894
Coverage of Full Fixed Obligations (June 2021)			1.027			1.038	0.011
Preferred Leverage (Net Adjusted Debt / Adjusted FADS (x))			7.514			7.439	-0.075

Action Items

H. Action Items

- H.1 Amended Line of Credit Note
- H.2 KYMEA Officer Resolution
- H.3 FY 2021 Administrative, General, and Capital Budget



Committed Amended and Restated Line Of Credit Note

\$30,000,000

~~2019~~ 1, 2020

March ,

FOR VALUE RECEIVED, KENTUCKY MUNICIPAL ENERGY AGENCY, (the “**Borrower**”), a public agency under the laws of the Commonwealth of Kentucky, with an address at 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky 40223, promises to pay to the order of **PNC BANK, NATIONAL ASSOCIATION** (the “**Lender**”), a national banking association, in lawful money of the United States of America in immediately available funds at its offices located at 101 S. Fifth Street, Louisville, Kentucky 40202, or at such other location as the Lender may designate from time to time, the principal sum of **THIRTY MILLION DOLLARS (\$30,000,000)** (the “**Facility**”) or such lesser amount as may be advanced to or for the benefit of the Borrower hereunder, together with interest accruing on the outstanding principal balance from the date hereof, all as provided below.

1. Advances. The Borrower may request advances, repay and request additional advances hereunder until the Expiration Date, subject to the terms and conditions of this Note and the Loan Documents (as hereinafter defined). The “**Expiration Date**” shall mean March , ~~2020~~, 1, 2021, or such later date as may be designated by the Lender by written notice from the Lender to the Borrower (except as set forth in the following sentence). Notwithstanding the previous sentence, the term of this Note shall automatically extend for one (1) year from the initial Expiration Date, and each one (1) year period thereafter, unless the Lender notifies the Borrower in writing a minimum of ninety (90) days in advance of the then applicable Expiration Date that the Lender will terminate the Facility at such upcoming Expiration Date. The Borrower acknowledges and agrees that in no event will the Lender be under any obligation to extend or renew the Facility or this Note beyond the Expiration Date. The Borrower may request advances hereunder upon giving oral or written notice to the Lender by 11:00 a.m. (Eastern Standard time), at the Louisville, Kentucky location of Lender set forth above, the same Business Day as the request, in which advances shall bear interest, as it changes from time to time, at a rate per annum equal to the sum of (A) the Daily LIBOR Rate (as hereinafter defined) plus (B) Thirty-Five (35) basis points (.35%), followed promptly thereafter by the Borrower’s written confirmation to the Lender of any oral notice. The aggregate unpaid principal amount of advances under this Note shall not exceed the face amount of this Note.

2. For purposes hereof, the following terms shall have the following meanings:

“**Base Rate**” shall mean the highest of (A) the Prime Rate, and (B) the sum of the Overnight Bank Funding Rate plus fifty (50) basis points (0.50%), and (C) the sum of the Daily LIBOR Rate plus one hundred (100) basis points (1.0%), so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful.

“**Business Day**” shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in Louisville, Kentucky.

“**Daily LIBOR Rate**” shall mean, for any day, the rate per annum determined by the Lender by dividing (x) the Published Rate by (y) a number equal to 1.00 minus the LIBOR Reserve Percentage; provided, however, if the Daily LIBOR Rate determined as provided above would be less than zero, then such rate shall be deemed to be zero. The rate of interest will be adjusted

automatically as of each Business Day based on changes in the Daily LIBOR Rate without notice to the Borrower.

“LIBOR Reserve Percentage” shall mean the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities”).

“Overnight Bank Funding Rate” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“NYFRB”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Lender for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Lender at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“Prime Rate” shall mean the rate publicly announced by the Lender from time to time as its prime rate. The Prime Rate is determined from time to time by the Lender as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Lender to any particular class or category of customers.

“Published Rate” shall mean the rate of interest published each Business Day in the Wall Street Journal “Money Rates” listing under the caption “London Interbank Offered Rates” for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the eurodollar rate for a one month period as published in another publication selected by the Lender).

Interest hereunder will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the maximum rate allowed by law.

3. Alternate Daily LIBOR Rate Provisions. If the Lender determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining the Daily LIBOR Rate, then the Lender shall give notice thereof to the Borrower. Thereafter, until the Lender notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the availability of the Daily LIBOR Rate shall be suspended and the interest rate for all amounts outstanding under this Note shall be equal to the Base Rate.

In addition, if, after the date of this Note, the Lender shall determine (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Lender with any guideline, request or directive (whether or not having the force of law) of any such

authority, central bank or comparable agency shall make it unlawful or impossible for the Lender to make or maintain or fund loans based on the Daily LIBOR Rate, the Lender shall notify the Borrower. Upon receipt of such notice, until the Lender notifies the Borrower that the circumstances giving rise to such determination no longer apply, the availability of the Daily LIBOR Rate shall be suspended and the interest rate on all amounts outstanding under this Note shall be equal to the Base Rate immediately if the Lender may not lawfully continue to maintain or fund loans based on the Daily LIBOR Rate.

~~Interest hereunder will be calculated based on the actual number of days that principal is outstanding over a year of 360 days. In no event will the rate of interest hereunder exceed the maximum rate allowed by law. The LIBOR Replacement Rider attached to this Note and incorporated herein by this reference provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. The Lender does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBOR" or with respect to any alternative or successor rate thereto, or replacement rate therefor. To the extent that any term or provision of the LIBOR Replacement Rider is or may be inconsistent with any term or provision in the remainder of this Note or any other Loan Document, the terms and provisions of the LIBOR Replacement Rider shall control.~~

3.4. Advance Procedures. If permitted by the Lender, a request for advance may be made by telephone or electronic mail, with such confirmation or verification (if any) as the Lender may require in its discretion from time to time. A request for advance by any Borrower shall be binding upon Borrower, jointly and severally. The Borrower authorizes the Lender to accept telephonic and electronic requests for advances, and the Lender shall be entitled to rely upon the authority of any person providing such instructions. The Borrower hereby indemnifies and holds the Lender harmless from and against any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) which may arise or be created by the acceptance of such telephonic and electronic requests or by the making of such advances. The Lender will enter on its books and records, which entry when made will be presumed correct, the date and amount of each advance, as well as the date and amount of each payment made by the Borrower.

4.5. Payment Terms. The Borrower shall pay accrued interest on the unpaid principal balance of this Note in arrears on (a) June 1 and December 1 during the term of this Note and any extensions hereof, commencing June 1, 2019, and (b) in addition, at maturity, whether by acceleration of this Note or otherwise. All outstanding principal and accrued interest hereunder shall be due and payable in full on the Expiration Date.

If any payment under this Note shall become due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest in connection with such payment. The Borrower hereby authorizes the Lender to charge the Borrower's deposit account at the Lender for any payment when due hereunder. Payments received will be applied to charges, fees and expenses (including attorneys' fees), accrued interest and principal in any order the Lender may choose, in its sole discretion.

5.6. Late Payments; Default Rate. If the Borrower fails to make any payment of principal, interest or other amount coming due pursuant to the provisions of this Note within fifteen (15) calendar days of the date due and payable, the Borrower also shall pay to the Lender a late charge equal to the lesser of five percent (5%) of the amount of such payment or \$100.00 (the "**Late Charge**"). Such fifteen (15) day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand or otherwise, and at the Lender's option upon the occurrence of any Event of Default (as defined in the Loan Agreement (the "**Loan Agreement**")), of even date herewith, between the Lender and the Borrower) and during the continuance thereof, each advance outstanding under this Note shall bear

interest at a rate per annum (based on the actual number of days that principal is outstanding over a year of 360 days) which shall be three percentage points (3%) in excess of the Base Rate but not more than the maximum rate allowed by law (the “**Default Rate**”). The Default Rate shall continue to apply whether or not judgment shall be entered on this Note. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Lender’s expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Lender’s exercise of any rights and remedies hereunder, under the other Loan Documents or under applicable law, and any fees and expenses of any agents or attorneys which the Lender may employ. In addition, the Default Rate reflects the increased credit risk to the Lender of carrying a loan that is in default. The Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Lender, and that the actual harm incurred by the Lender cannot be estimated with certainty and without difficulty.

6.7. Prepayment. The Borrower shall have the right to prepay any advance hereunder at any time and from time to time, in whole or in part.

7.8. Increased Costs; Yield Protection. On written demand, together with written evidence of the justification therefor, the Borrower agrees to pay the Lender all direct costs incurred, any losses suffered or payments made by the Lender as a result of any Change in Law (hereinafter defined), imposing any reserve, deposit, allocation of capital or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Lender, its holding company or any of their respective assets relative to the Facility. “**Change in Law**” means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Lender for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

8.9. Other Loan Documents. This Note is issued in connection with the Loan Agreement and the other agreements and documents executed and/or delivered in connection therewith or referred to therein, the terms of which are incorporated herein by reference (as amended, modified or renewed from time to time, collectively the “**Loan Documents**”), and is secured by the property (if any) described in the Loan Documents and by such other collateral as previously may have been or may in the future be granted to the Lender to secure this Note.

9.10. Events of Default. Any Event of Default hereunder shall have the meaning set forth in the Loan Agreement.

10.11. Right of Setoff. In addition to all liens upon and rights of setoff against the Borrower’s money, securities or other property given to the Lender by law, the Lender shall have, with respect to the Borrower’s obligations to the Lender under this Note and to the extent permitted by law, a contractual possessory security interest in and a contractual right of setoff against, and the Borrower hereby grants the Lender a security interest in, and hereby assigns, conveys, delivers, pledges and transfers to the Lender, all of the Borrower’s right, title and interest in and to, all of the Borrower’s deposits, moneys, securities and other property now or hereafter in the possession of or on deposit with, or in transit to, the Lender or any other direct or indirect subsidiary of The PNC Financial Services Group, Inc., whether held in a general or special account or deposit, whether held jointly with someone else, or whether held for safekeeping or

otherwise, excluding, however, all IRA, Keogh, and trust accounts. Every such security interest and right of setoff may be exercised without demand upon or notice to the Borrower. Every such right of setoff shall be deemed to have been exercised immediately upon the occurrence of an Event of Default hereunder without any action of the Lender, although the Lender may enter such setoff on its books and records at a later time.

11.12. Anti-Money Laundering/International Trade Law Compliance. The Borrower represents and warrants to the Lender, as of the date of this Note, the date of each advance of proceeds under the Facility, the date of any renewal, extension or modification of the Facility, and at all times until the Facility has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (b) the proceeds of the Facility will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (c) the funds used to repay the Facility are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws. Borrower covenants and agrees that it shall immediately notify the Lender in writing upon the occurrence of a Reportable Compliance Event.

As used herein: “**Anti-Terrorism Laws**” means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented or replaced from time to time; “**Compliance Authority**” means each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; “**Covered Entity**” means the Borrower, its affiliates and subsidiaries, all guarantors, pledgors of collateral, all owners of the foregoing, and all brokers or other agents of the Borrower acting in any capacity in connection with the Facility; “**Reportable Compliance Event**” means that any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; “**Sanctioned Country**” means a country subject to a sanctions program maintained by any Compliance Authority; and “**Sanctioned Person**” means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

12.13. Indemnity. To the extent permitted by law, the Borrower agrees to indemnify each of the Lender, each legal entity, if any, who controls, is controlled by or is under common control with the Lender, and each of their respective directors, officers and employees (the “**Indemnified Parties**”), and to defend and hold each Indemnified Party harmless from and against any and all claims, damages, losses, liabilities and expenses (including all fees and charges of internal or external counsel with whom any Indemnified Party may consult and all expenses of litigation and preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any person, entity or governmental authority (including any person or entity claiming derivatively on behalf of the Borrower), in connection with or

arising out of or relating to the matters referred to in this Note or in the other Loan Documents or the use of any advance hereunder, whether (a) arising from or incurred in connection with any breach of a representation, warranty or covenant by the Borrower, or (b) arising out of or resulting from any suit, action, claim, proceeding or governmental investigation, pending or threatened, whether based on statute, regulation or order, or tort, or contract or otherwise, before any court or governmental authority; provided, however, that the foregoing indemnity agreement shall not apply to any claims, damages, losses, liabilities and expenses solely attributable to an Indemnified Party's gross negligence or willful misconduct. The indemnity agreement contained in this Section shall survive the termination of this Note, payment of any advance hereunder and the assignment of any rights hereunder. The Borrower may participate at its expense in the defense of any such action or claim.

13.14. Miscellaneous. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder (“**Notices**”) must be in writing (except as may be agreed otherwise above with respect to borrowing requests or as otherwise provided in this Note) and will be effective upon receipt. Notices may be given in any manner to which the parties may agree. Without limiting the foregoing, first-class mail, postage prepaid, facsimile transmission and commercial courier service are hereby agreed to as acceptable methods for giving Notices. In addition, the parties agree that Notices may be sent electronically to any electronic address provided by a party from time to time. Notices may be sent to a party’s address as set forth above or to such other address as any party may give to the other for such purpose in accordance with this paragraph. No delay or omission on the Lender’s part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Lender’s action or inaction impair any such right or power. The Lender’s rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Lender may have under other agreements, at law or in equity. No modification, amendment or waiver of, or consent to any departure by the Borrower from, any provision of this Note will be effective unless made in a writing signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Notwithstanding the foregoing, the Lender may modify this Note for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Lender shall send a copy of any such modification to the Borrower (which notice may be given by electronic mail). The Borrower agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Lender in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Lender’s counsel. If any provision of this Note is found to be invalid, illegal or unenforceable in any respect by a court, all the other provisions of this Note will remain in full force and effect. The Borrower and all other makers and indorsers of this Note hereby forever waive presentment, protest, notice of dishonor and notice of non-payment. The Borrower also waives all defenses based on suretyship or impairment of collateral. If this Note is executed by more than one Borrower, the obligations of such persons or entities hereunder will be joint and several. This Note shall bind the Borrower and its successors and assigns, and the benefits hereof shall inure to the benefit of the Lender and its successors and assigns; provided, however, that the Borrower may not assign this Note in whole or in part without the Lender’s written consent and the Lender at any time may assign this Note in whole or in part.

This Note has been delivered to and accepted by the Lender and will be deemed to be made in the State where the Lender’s office indicated above is located. **THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE LENDER AND THE BORROWER DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE LENDER’S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES, INCLUDING WITHOUT LIMITATION THE ELECTRONIC TRANSACTIONS ACT (OR EQUIVALENT) IN EFFECT IN THE STATE WHERE THE LENDER’S OFFICE INDICATED ABOVE IS LOCATED (OR, TO THE EXTENT CONTROLLING, THE LAWS OF THE UNITED STATES OF AMERICA, INCLUDING WITHOUT LIMITATION THE ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT).** The Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or

federal court in the county or judicial district where the Lender's office indicated above is located; provided that nothing contained in this Note will prevent the Lender from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the Lender and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

14.15. Commercial Purpose. The Borrower represents that the indebtedness evidenced by this Note is being incurred by the Borrower solely for the purpose of acquiring or carrying on a business, professional or commercial activity, and not for personal, family or household purposes.

15.16. USA PATRIOT Act Notice. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each Borrower that opens an account. What this means: when the Borrower opens an account, the Lender will ask for the business name, business address, taxpayer identifying number and other information that will allow the Lender to identify the Borrower, such as organizational documents. For some businesses and organizations, the Lender may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

16.17. Electronic Signatures and Records. Notwithstanding any other provision herein, the Borrower agrees that this Note, the Loan Documents, any amendments thereto, and any other information, notice, signature card, agreement or authorization related thereto (each, a "**Communication**") may, at the Lender's option, be in the form of an electronic record. Any Communication may, at the Lender's option, be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Lender of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

17.18. Unused Commitment Fee. Beginning on June 3, 2019 and continuing on each September 1, December 1, March 1 and June 1 thereafter until the Expiration Date (as it may be extended), the Borrower shall pay an unused commitment fee (the "**Unused Fee**") to the Lender, in arrears, at the rate of twenty basis points (.20%) per annum on the balance under this Note which is undisbursed and uncanceled during the preceding period ([i] date of this Note or March 1, as applicable, through May 31, [ii] June 1 through August 31, [iii] September 1 through November 30, and [iv] December 1 through February 28/29). The Unused Fee shall be computed on the basis of a year of 360 days and paid on the actual number of days elapsed. Borrower hereby authorizes and directs the Lender to charge the Borrower's deposit account with the Lender for each Unused Fee on or after the date it is due. Such Unused Fee for a period shall be due and payable only if Borrower does not have a balance outstanding under this Note during an applicable preceding period of at least thirty percent (30%) of the maximum Facility.

18.19. Depository. The Borrower will establish and maintain with the Lender the Borrower's primary depository accounts and treasury management services. If the Borrower fails to establish and/or maintain its primary depository accounts and treasury management services with the Lender, the Lender may, at its option, upon thirty (30) days notice to the Borrower, increase the interest rate payable by the Borrower under this Note by up to 2.00 percentage points (2.00%). The Lender's right to increase the interest rate pursuant to this paragraph shall be in addition to any other rights or remedies the Lender may have under this Note, all of which are hereby reserved, and shall not constitute a waiver, release or limitation upon the Lender's exercise of any such rights or remedies.

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20. **WAIVER OF JURY TRIAL.** THE BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHTS THE BORROWER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

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21. Amendment and Restatement of March 1, 2019 Committed Line of Credit Note. This Note is an amendment and restatement of the Committed Line of Credit Note dated March 1, 2019 from the Borrower in favor of the Lender in the principal sum of thirty million dollars (\$30,000,000).

The Borrower acknowledges that it has read and understood all the provisions of this Note, including the waiver of jury trial, and has been advised by counsel as necessary or appropriate.

WITNESS the due execution hereof, as of the date first written above, with the intent to be legally bound hereby.

**KENTUCKY MUNICIPAL ENERGY
AGENCY**

By:_____

Print Name: Doug Buresh

Title: President and CEO

By:_____

Print Name: Heather Overby

Title: Vice President of Finance and
Accounting/CFO

LIBOR REPLACEMENT RIDER

(a) Benchmark Replacement. Notwithstanding anything to the contrary in the Note or in any other Loan Document, if the Lender determines that a Benchmark Transition Event or an Early Opt-in Event has occurred, the Lender may amend the Note to replace LIBOR with a Benchmark Replacement in accordance with the provisions of this Rider; and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective and will not require any further action or consent of the Borrower. Until the Benchmark Replacement is effective, amounts bearing interest with reference to LIBOR will continue to bear interest with reference to LIBOR; provided however, during a Benchmark Unavailability Period such amounts automatically will bear interest at the rate and on the terms that would have been applicable under the Note if the Lender had given notice that LIBOR had become unavailable.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Lender will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower.

(c) Notices; Standards for Decisions and Determinations. The Lender will promptly notify the Borrower of (i) the effectiveness of any Benchmark Replacement Conforming Changes and (ii) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Lender pursuant to this Rider, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Borrower, except, in each case, as expressly required pursuant to this Rider. In addition to any delivery method permitted pursuant to the terms of the Loan Documents, the Lender may provide any amendment, notice or other communication to the Borrower hereunder electronically (including to any electronic address that the Borrower provides to the Lender) or through an automated platform that the Lender provides to the Borrower.

(d) Certain Defined Terms. As used in this Rider:

“Benchmark Replacement” means the sum of: (a) the Benchmark Replacement Index and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of the Note.

“Benchmark Replacement Adjustment” means, for each applicable LIBOR-based rate and tenor, the spread adjustment to the Benchmark Replacement Index, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by the Lender (a) giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Benchmark Replacement Index by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for such replacement of LIBOR for U.S. dollar-denominated credit facilities at such time and (b) which also may reflect adjustments to account for (i) the effects of the transition from LIBOR to the Benchmark Replacement and (ii) yield- or risk-based differences between LIBOR and the Benchmark Replacement.

“Benchmark Replacement Commencement Date” means the date a Benchmark Replacement has replaced LIBOR for all purposes under the Note in accordance with this Rider.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including, for example, changes to the definition of “Base Rate,” the definition of “LIBOR Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Lender decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender decides that adoption of any portion of such market practice is not administratively feasible or if the Lender determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Lender decides is reasonably necessary in connection with the administration of the Note).

“Benchmark Replacement Index” means the alternate benchmark rate that has been selected by the Lender to replace LIBOR giving due consideration to (a) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBOR for U.S. dollar-denominated credit facilities.

“Benchmark Replacement Transition Date” means the earlier to occur of the following events with respect to LIBOR:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to LIBOR:

- (1) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR;
- (2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Lender, the regulatory supervisor for the administrator of LIBOR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR or a Governmental Authority having jurisdiction over the Lender announcing that LIBOR is no longer representative.

“Benchmark Unavailability Period” means the period, if any, beginning on the Benchmark Replacement Transition Date and ending on the Benchmark Replacement Commencement Date, it being understood that if the Benchmark Replacement Commencement Date occurs on or before the Benchmark Replacement Transition Date a Benchmark Unavailability Period will not occur.

“Early Opt-in Event” means a determination by the Lender that U.S. dollar-denominated credit facilities being executed at such time, or that include language similar to that contained in this Rider, are being

executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR.

“**Governmental Authority**” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supranational bodies such as the European Union or the European Central Bank).

“**LIBOR**” means, for purposes of this Rider only, any interest rate that is based on the London interbank offered rate, including the Daily LIBOR Rate.

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

Document comparison by Workshare 9 on Tuesday, February 25, 2020 1:51:23 PM

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Moved from	4
Moved to	4
Style change	0
Format changed	0

Total changes	90
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RESOLUTION

Whereas, the officers of the Kentucky Municipal Energy Agency ("KYMEA") are authorized to undertake their respective duties, from time to time, to do and perform corporate and official acts in carrying on the business of KYMEA, including, but not limited, to the authority to make, execute, acknowledge, accept and deliver agreements on behalf of KYMEA;

NOW THEREFORE BE IT RESOLVED:

1. The officers of KYMEA are authorized to execute, accept, deliver and issue, on behalf of KYMEA, and as binding obligations of KYMEA, such agreements and instruments as may be within the officer's area of responsibility, including, as applicable, agreements and related documents (such as schedules, confirmations, transfers, assignments, acknowledgments and other documents) relating to derivative transactions, loan or letter of credit transactions, trades, purchase and sale or discount transactions, transfers and assignments, servicing and sub-servicing agreements, vendor agreements, securitizations and transactions of whatever kind or description arising in the conduct of KYMEA's business.

2. The authority to execute and deliver documents, instruments, and agreements may be limited by resolution of KYMEA's Board of Directors, by a committee of the Board of Directors, by the President and Chief Executive Officer, by reference to subject matter, category, amount, geographical location, or any other criteria, and may be made subject to such policies, procedures, and levels of approval as may be adopted or amended from time to time.

3. That as of the date of this Resolution the names and respective titles of the officers of KYMEA are as follows:

<u>Name</u>	<u>Officer Title</u>
Ron Herd	Chairman
Josh Callihan	Vice Chairman
Chris Melton	Secretary
Kevin Howard	Treasurer
Doug Buresh	President & CEO
Heather Overby	Vice President of Finance and Accounting and CFO
Rob Leesman	Vice President of Market Analytics
Michelle Hixon	Director of Administrative Services and Communications

4. That the Secretary of KYMEA, from time to time, and as requested, shall certify, as of the date of such certification, the duly elected, appointed, qualified and acting officers of KYMEA and their respective offices shown on the records of KYMEA as occupying a position in which he or she acts on behalf of KYMEA.

KENTUCKY MUNICIPAL ENERGY AGENCY

INCUMBENCY CERTIFICATE

The undersigned, Chris Melton, hereby certifies that I am the duly elected and appointed Secretary of the Kentucky Municipal Energy Agency ("KYMEA"), a public agency organized and existing under the laws of the Commonwealth of Kentucky, and as of the date hereof, that each of the following persons are now, the duly appointed, qualified and acting officers of KYMEA, duly appointed to the offices set forth opposite their respective names, and that the respective signature appearing opposite the name of each person is his or her genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Doug Buresh	President and CEO	_____
Robert Leesman	Vice President of Market Analytics	_____
Heather Overby	Vice President of Finance and Accounting and CFO	_____
Michelle Hixon	Director of Administrative Services and Communications	_____

IN TESTIMONY WHEREOF, witness my signature this February 27, 2020.

Chris Melton, Secretary
Kentucky Municipal Energy Agency

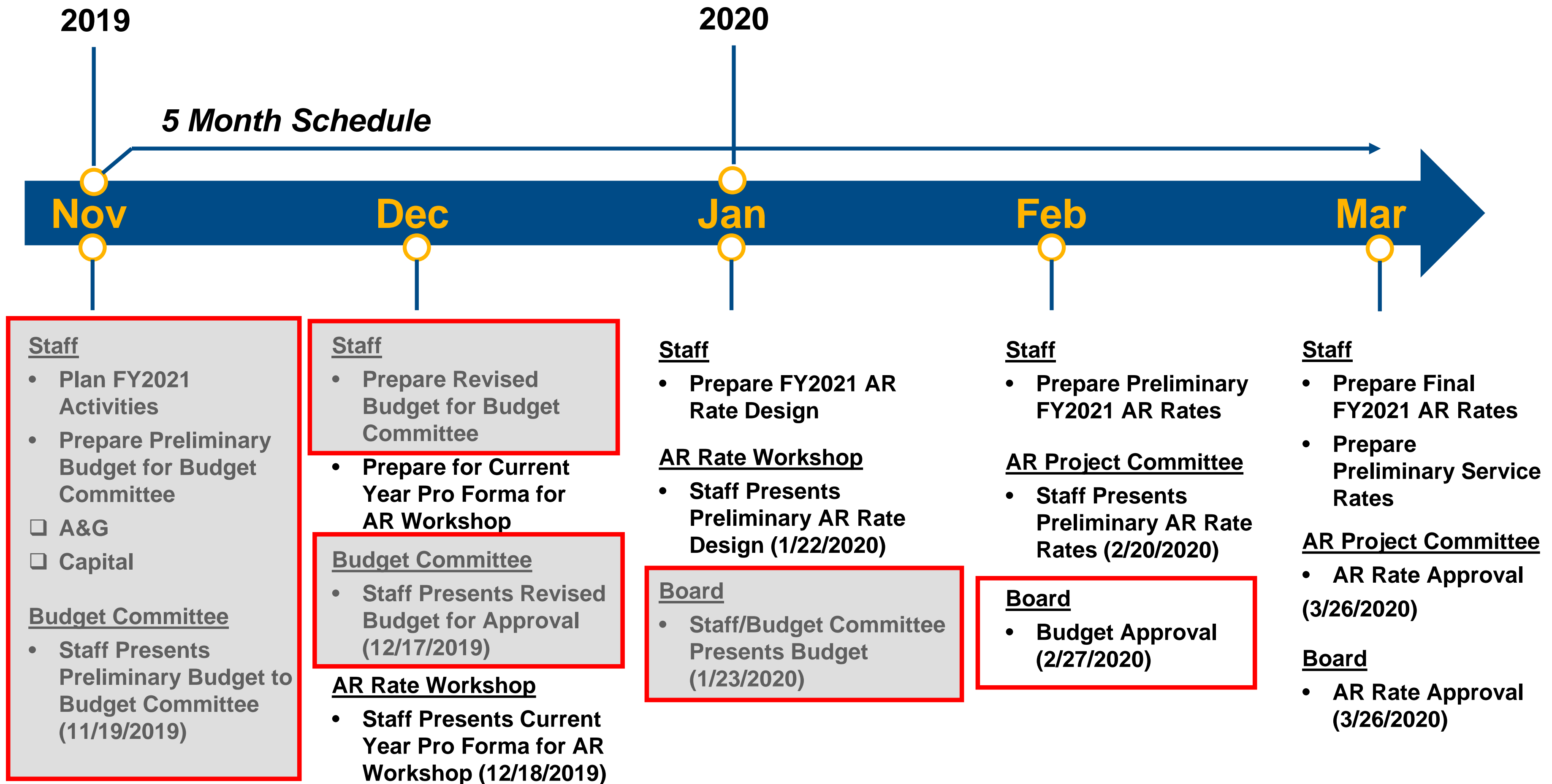


FY2021 Operating and Capital Budget

KYMEA BOARD Presentation ***For Board Action***

February 27, 2020

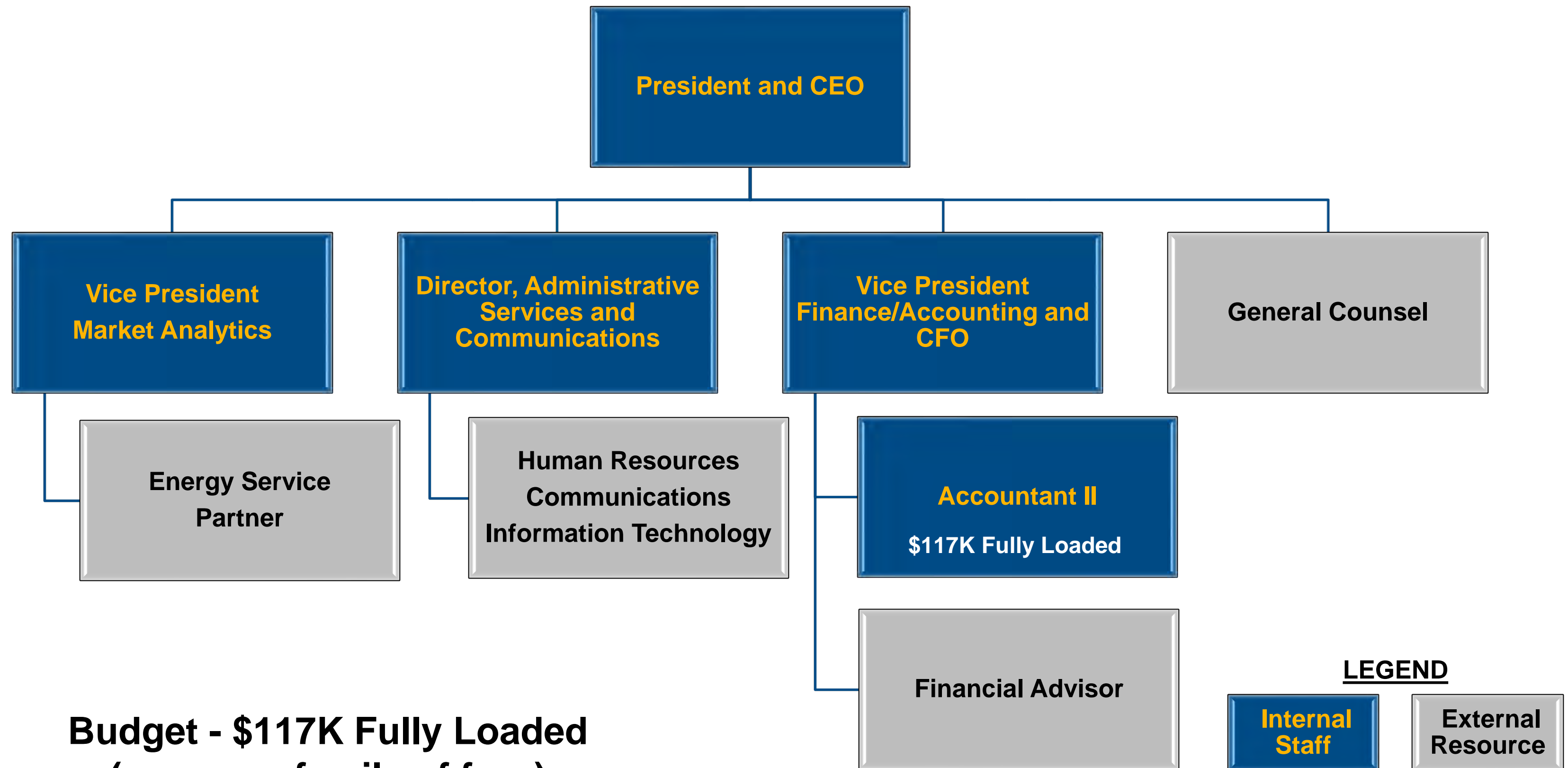
FY2021 Budget Process



Budget – Dispatch, Scheduling, Modeling

Dispatch, Scheduling, Modeling	FY2020	FY2021	Notes
1400. Energy Services Partner			
1400.01 ACES - Standard Service	\$ 456,140	\$ 469,220	24-Hour Service/Support
1400.02 ACES - Additional Services	\$ 108,615	\$ 57,587	Congestion/model runs
1400.03 ACES - Additional RTOs	\$ 80,000	\$ 41,402	PJM
1400.04 Front/Middle/Back Office Services	\$ 144,900	\$ 40,719	Market accounts, ISDA support
1400.05 Back-Up Server	\$ -	\$ 4,200	ACES Back-Up Server Fee
Energy Services Partner	\$ 789,655	\$ 613,129	
1500. MAC Software, Data, Training, Studies, Subscriptions			
1500.01 MAC Software	\$ 47,500	\$ 43,981	Optimization, Load Forecasting
1500.02 Data and Market Intelligence	\$ 45,500	\$ 36,360	Data and market intelligence
1500.03 RTO Membership Fee	\$ 5,000	\$ 5,000	PJM Fee
1500.04 Training	\$ 22,000	\$ 17,600	Training and Fees
1500.05 Studies/Support	\$ 40,519	\$ 85,000	Optimization, Load Forecasting
MAC Software, Data, Training, Studies, and Subscriptions	\$ 160,519	\$ 187,941	
1600. MDMS/Communications/Meters			
1600.01 Annual License/Maintenance	\$ 82,203	\$ 68,461	Schneider MDMS, SQL
1600.02 Communications	\$ 26,110	\$ 8,555	Verizon
1600.03 Engineering Support/Meter Testing	\$ 13,599	\$ 44,000	P&D Engineering
MDMS/Communications/Meters	\$ 121,912	\$ 121,016	
Subtotal Dispatch, Scheduling, Modeling	\$ 1,072,086	\$ 922,086	\$150,000 decrease (14%)
		\$ (150,000)	
		-14.0%	

FY2021 One Additional Staff



Finance/Accounting Staff Needs

Accountant II

Supports VP, Finance/Accounting & CFO

- Accounts Payable
- Bank Accounts
- Journal Entries
- Audit and 1099s
- Unclaimed Property
- Document Retention

Accountant II Hiring Plan

Hiring Plan

- Zip Recruiter
- College Grads
- APPA Job Posting
- ✓ Looking for someone to help with accounting/finance
- ✓ Also looking for a strong analyst with the ability to wear many hats

Budget – Administrative & General

Total Operational Costs					
Administration/Advisory/Projects		FY2020	FY2021	Notes	
100	Salaries, Benefits, Retirement, Accrued PTO	\$ 1,108,091	\$ 1,356,371	Market Adjustment + Accountant II	
200	Legal Counsel	\$ 96,000	\$ 117,000	Slightly increased number of hours	
300	Advisory Support	\$ 397,056	\$ 164,300	Decreased number of hours	
400	Office Space Lease & Costs	\$ 165,000	\$ 175,478	Scheduled increase + lease accounting	
500	Member Services, Board Meetings, Training	\$ 119,643	\$ 129,000	Increase for strategic/legislative goals	
600	Auto Expense	\$ 10,702	\$ 13,808	Better estimate based on actuals	
700	IT/AV/Software	\$ 107,148	\$ 133,427	Updated with IT Service and SEDC	
800	Insurance	\$ 9,491	\$ 14,303	Better estimate based on actuals	
900	Advertising & Marketing	\$ 19,400	\$ 17,612	Better estimate based on actuals	
1000	Audit & Annual Report	\$ 55,000	\$ 55,840	Little change	
1100	Rating Agency	\$ 10,000	\$ 30,000	Fitch + Moody's and S&P	
1200	Associations & Lobbyist	\$ 29,150	\$ 57,780	Added TAPS	
1300	Project Planning	\$ 75,000	\$ 72,000	Transmission Studies + Retreat	
Subtotal Administration/Advisory/Projects		\$ 2,201,680	\$ 2,336,920	\$135,240 increase (6.1%)	
			\$ 135,240		

Note: Accountant II position is included in Budget, but position will not be filled until Board approval at a later date.

Total Operating Budget

Total Operational Costs

Administration/Advisory/Projects		FY2020	FY2021	Variance	
100	Salaries, Benefits, Retirement, Accrued PTO	\$ 1,108,091	\$ 1,356,371	\$ 248,280	Market Adjustment + Accountant II
200	Legal Counsel	\$ 96,000	\$ 117,000	\$ 21,000	Slightly increased number of hours
300	Advisory Support	\$ 397,056	\$ 164,300	\$ (232,756)	Decreased number of hours
400	Office Space Lease & Costs	\$ 165,000	\$ 175,478	\$ 10,478	Scheduled increase + lease accounting
500	Member Services, Board Meetings, Training	\$ 119,643	\$ 129,000	\$ 9,357	Increase for strategic/legislative goals
600	Auto Expense	\$ 10,702	\$ 13,808	\$ 3,107	Better estimate based on actuals
700	IT/AV/Software	\$ 107,148	\$ 133,427	\$ 26,279	Updated with IT Service and SEDC
800	Insurance	\$ 9,491	\$ 14,303	\$ 4,813	Better estimate based on actuals
900	Advertising & Marketing	\$ 19,400	\$ 17,612	\$ (1,788)	Better estimate based on actuals
1000	Audit & Annual Report	\$ 55,000	\$ 55,840	\$ 840	Little change
1100	Rating Agency	\$ 10,000	\$ 30,000	\$ 20,000	Fitch + Moody's and S&P
1200	Associations & Lobbyist	\$ 29,150	\$ 57,780	\$ 28,630	Added TAPS
1300	Project Planning	\$ 75,000	\$ 72,000	\$ (3,000)	Transmission Studies + Retreat
Subtotals - Administration/Advisory/Projects		\$ 2,201,680	\$ 2,336,920	\$ 135,240	
Dispatch, Scheduling, Modeling					
1400	Energy Services Partner	\$ 789,655	\$ 613,129	\$ (176,526)	Less ACES studies
1500	MAC Software, Data, Training, Studies, and Subscriptions	\$ 160,519	\$ 187,941	\$ 27,422	Increase for Load Forecasting
1600	MDMS/Communications/Meters	\$ 121,912	\$ 121,016	\$ (896)	Better estimate based on actuals
Subtotals - Dispatch, Scheduling, Modeling		\$ 1,072,086	\$ 922,086	\$ (150,000)	
Total Budget		\$ 3,273,766	\$ 3,259,006	\$ (14,760)	0.5% Under over FY2020 Budget
			\$ (14,760)		

FY2021 Capital Budget

- Capital Budget Needs (\$100,000)
- IT Equipment - \$25,000
- Transmission Contingency
 - Delivery Equipment - \$75,000

No Change from FY2020 Capital Budget

Board Action

Board Requested Action

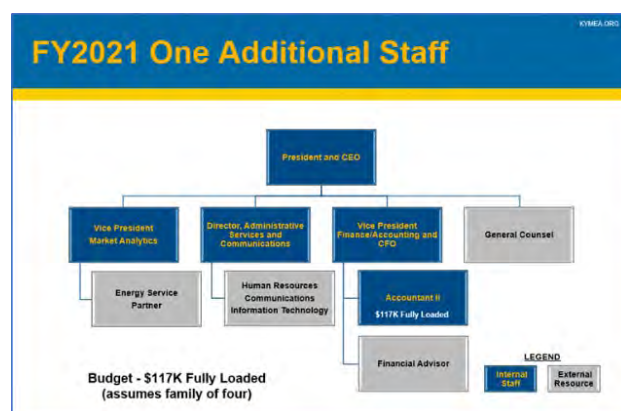
- **The Budget Committee and Staff recommends the Board approve the FY2021 Operating and Capital Budget.**

KYMEA FY2021 Operating Budget Update January 23, 2020

1. New Staff – Benefit/Cost Analysis

Included in the FY2021 Budget is one additional staff position as illustrated in the organizational chart to the right.

The Accountant II has an estimated salary of \$70,000 (\$117K fully loaded).



Accountant II

The Accountant II reports to the Vice President, Finance and Accounting and CFO. The tasks identified for the Accountant II position are currently performed by the CFO leaving less time for the CFO to perform senior level financial and accounting activities. Since these activities could potentially be outsourced, the benefit/cost analysis is directly comparable to lost time the CFO is needed to perform Accountant II activities. Those activities are identified below.

Accountant II Reoccurring Activities


- Accounts Payable: 10-12 hours per week
- Financial Statement Preparation: 10 hours per month
- Member Billing: 16 hours per month
- Segregation of Duties: 5 hours per month (bank reconciliation, ach and wire, check received processing)
- Document Retention Maintenance: 5 hours per month

1. The reoccurring activities identified above equate to 1,056 hours. Assuming a consulting rate of \$185/hr, the avoided outside expense would be \$195K. The fully loaded expense of the accountant II position is \$117K, creating a benefit/cost ratio of 1.67 (195K/117K).



-
2. From a different perspective, the break-even utilization point is 29% (605 hours). In other words, if the Accountant II is able to offset an outside consultant at least 29% of his or her time, the position pays for itself.
 3. In addition to the positive Benefit/Cost Ratio, the new position provides redundancy and as well as risk oversight. The risk oversight aspect incorporates industry best practices where the accounting activity does not reside with a single employee (e.g. VP of Finance and Accounting and CFO). This was a recommendation by KYMEA's outside auditor (BKD).
 4. With the additional staff position, the CFO is able to concentrate on:
 - Budgeting/Forecasting
 - Ratemaking
 - Strategic planning and business unit financial structure development
 - Member and Legislative activities
 - Risk management (middle and back office duties)

Sincerely,



Doug Buresh
President & CEO
Kentucky Municipal Energy Agency

Position: Accountant II
Department: Finance and Accounting

JOB SUMMARY:

To maintain accurate accounting records that result in balance sheets and income statements that reflect the true financial position of the Agency.

The list of duties below in no way states or implies that these are the only duties to be performed in the position of Accountant II. The position will be required to follow any other instructions and/or to perform any other duties as requested by his/her Supervisor.

RESPONSIBILITIES:

A. Accounts Payable

1. Completing Vendor credit applications, sales tax exemption certificates
2. Setting up new Vendor information, including W-9 information
3. Distributing all invoices to proper departments for approval
4. Matching invoices with purchase orders & receiving reports as appropriate
5. Enter all approved invoices into the A/P system for payment
6. Produce checks or schedule ACH payments
7. Post all payments made via ACH/Wire in the A/P system
8. Scan all paid invoices into the imaging system
9. Process checks and forward to Vice President of Finance and Accounting for final signature
10. Reconcile Accounts Payable statements to ensure all vendor accounts are in good standing
11. Process all payroll withholdings and remit payments bi-weekly
12. Process all retiree health insurance reimbursements, life, dental and supplemental insurance payments

B. Bank Accounts

1. Deposit Accounts Receivable checks via remote bank deposit and record in accounting system

C. Journal Entries

1. Verify all subledger G/L accounts balance to the G/L balances
2. Make necessary monthly routine journal entries and vouchers
3. Post monthly entry for bank fees and interest revenue, payroll account clearing, and reserve/rate stabilization funds

D. Audit

1. Compile all necessary information at the auditor's request onto shared drive
2. Assist auditors with questions or problems throughout the audit process

E. 1099s

1. Maintain current W-9 records on all active vendors
2. Prepare 1099 Vendor listing, process 1099 reports and submit 1096/1099 to IRS

F. Unclaimed Property

1. Clear stale checks by fiscal year, 3 years prior to current fiscal year, and make coordinating entries to remove from the G/L
2. Prepare and submit the holder report for unclaimed refunds to the Kentucky State Treasurer
3. Collect & shred all checks held in the vault for the appropriate time period of remitted property

G. Document Retention

1. Scan, index, tag as appropriate Agency records such as contracts, accounts payable, correspondence, purchase orders, etc.
2. Maintain Agency Records Retention schedule
3. In the event of an open records request, work with Agency attorney and Vice President of Finance and Accounting to identify, redact as necessary, and deliver appropriate records.
4. Retrieve documents for Agency staff, consultants, and Board Members

EDUCATION AND EXPERIENCE:

1. Bachelor's Degree in finance or accounting.
2. CPA desired.
3. Three to five years of utility experience preferred.
4. Travel is periodically required.

REPORTS TO: Vice President, Finance and Accounting / CFO

SUPERVISES: None

This job description does not constitute an employment agreement between the employer and employee.

Public Comments

This is an opportunity for members of the public to provide input to the KYMEA Board and is limited to 5 minutes per speaker. KYMEA welcomes your questions and requests that you submit them in writing so that we can provide an accurate response at a later date.



Upcoming Meetings and Other Business

Next Meeting is Thursday, March 26th at 10 AM

The KYMEA Board of Directors shall hold its regular meetings on the fourth Thursday of each month, except for the months of November and December when the regular meeting shall be held on the third Wednesday. The regular meetings shall convene and commence at 10:00 AM Eastern time on said dates. The regular meetings shall be held at the KYMEA Board Room, 1700 Eastpoint Pkwy, Suite 220, Louisville, Kentucky.



Closed Session

J. Closed Session

- J.1 Market Report/Hedging Strategy
- J.2 Other topics



Closed Session Authorization for February 27, 2020 KYMEA Board Meeting

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

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues and cost adjustments; and
- (ii) discussing the market report and KYMEA's future and potential hedging strategy.

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 policies formulated or recommended.

Actions Related to Matters Discussed in Closed Session

K. Actions Related to Closed Session

None expected



Adjournment

