

## FY2022 Operation Budget

| FY2022 Total Operational Costs                 |   |               |               |             |            |                |             |
|--|---|---------------|---------------|-------------|------------|----------------|-------------|
| Administration/Advisory/Projects               |   | FY2021 Budget | FY2022 Budget | Variance \$ | Variance % | 6 Month Actual | % of FY2021 |
| 100  | Salaries  | 947,014       | 857,182       | (89,832)    | -9.5%      | 377,617        | 39.9%       |
|  | Retirement Contribution                               | 94,701        | 85,718        | (8,983)     | -9.5%      | 37,762         | 39.9%       |
|  | Health, Life, Disability, FICA, Medicare, Accrued PTO | 314,826       | 315,149       | 324         | 0.1%       | 146,064        | 46.4%       |
| 200  | Legal Counsel   | 117,000       | 135,000       | 18,000      | 15.4%      | 58,685         | 50.2%       |
| 300  | Advisory Support                                      | 164,300       | 164,300       | -           | -          | 87,261         | 53.1%       |
| 400  | Office Space Lease & Costs                            | 175,478       | 180,743       | 5,265       | 3.0%       | 82,456         | 47.0%       |
| 500  | Member Services, Board Meetings, Training             | 129,000       | 129,000       | -           | -          | 10,517         | 8.2%        |
| 600  | Auto Expense  | 13,808        | 13,808        | -           | -          | 3,752          | 27.2%       |
| 700  | IT/AV/Software  | 133,427       | 133,427       | -           | -          | 68,665         | 51.5%       |
|  | IT/Software for Pseudo-Tie                            | -             | 99,552        | 99,552      | -          | -              | 0.0%        |
| 800  | Insurance   | 14,303        | 12,800        | (1,503)     | -10.5%     | 5,765          | 40.3%       |
| 900  | Advertising & Marketing                               | 17,612        | 11,100        | (6,512)     | -37.0%     | 3,361          | 19.1%       |
| 1000   | Audit & Annual Report                                 | 55,840        | 55,840        | -           | -          | 44,317         | 79.4%       |
| 1100   | Rating Agency   | 30,000        | 10,000        | (20,000)    | -66.7%     | -              | 0.0%        |
| 1200   | Associations & Lobbyist                               | 57,780        | 57,780        | -           | -          | 700            | 1.2%        |
| 1300   | Project Planning                                      | 72,000        | 72,000        | -           | -          | 33,508         | 46.5%       |
| Subtotals - Administration/Advisory/Projects   |   | 2,337,090     | 2,333,401     | (3,689)     | -0.2%      | 960,428        | 41.1%       |
| Dispatch, Scheduling, Modeling                 |   |               |               |             |            |                |             |
| 1400   | Energy Services Partner                               | 613,129       | 632,916       | 19,787      | 3.2%       | 271,958        | 44.4%       |
| 1500   | MAC Software, Data, and Subscriptions                 | 187,941       | 187,941       | -           | -          | 55,924         | 29.8%       |
| 1600   | MDMS/Communications/Meters/Pseudo-Tie                 | 121,016       | 121,017       | 0           | 0.0%       | 13,775         | 11.4%       |
|  | Fees/Engineering/Communications for Pseudo-Tie        | -             | 306,000       | 306,000     | 0.0%       | -              | 0.0%        |
| Subtotals - Dispatch, Scheduling, Modeling     |   | 922,086       | 1,247,873     | 325,787     | 35.3%      | 341,657        | 37.1%       |
| Total Budget                                   |   | 3,259,176     | 3,581,275     | 322,099     | 9.9%       | 1,302,085      | 40.0%       |
| Service Fees (Benham, Berea, Owensboro)        |   |               |               |             |            |                |             |
|  |   | FY2021 Budget | FY2022 Budget | Variance \$ | Variance % | 6 Month Actual | % of FY2021 |
|  | Membership Fee  | (111,347)     | (111,347)     | -           | -          | (55,673)       | 50.0%       |
|  | Transmission Service + Energy Carrying Charge         | (73,930)      | (73,930)      | -           | -          | (36,965)       | 50.0%       |
|  | Dispatch/MAC Service                                  | (200)         | (200)         | -           | -          | (77)           | 38.7%       |
|  | Resource Planning Service                             | (26,403)      | -             | 26,403      | -100.0%    | (13,202)       | 50.0%       |
|  |   | (211,879)     | (185,476)     | 26,403      | -12.5%     | (105,917)      | 50.0%       |
| All Requirements Group - Net Service Fees      |   | 3,047,297     | 3,395,799     | 348,502     | 11.4%      | 1,196,168      | 39.3%       |
| Pseudo-Tie Summary                             |   |               |               |             |            |                |             |
|  |   | FY2021 Budget | FY2022 Budget | Variance \$ | Variance % |                |             |
| 700  | IT/Software for Pseudo-Tie                            | -             | 99,552        | 99,552      | -          |                |             |
| 1600   | Fees/Engineering/Communications for Pseudo-Tie        | -             | 306,000       | 306,000     | -          |                |             |
|  |   | -             | 405,552       | 405,552     | -          |                |             |
| AR Group - Net Service Fees without Pseudo-Tie |   | 3,047,297     | 2,990,247     | (57,050)    | -1.9%      |                |             |
| AR Group - Net Service Fees with Pseudo-Tie    |   | 3,047,297     | 3,395,799     | 348,502     | 11.4%      |                |             |

### 100. Salaries, Benefits, Retirement, Accrued PTO

Decrease of \$98,321 under FY2021: Salaries, medical, dental, vision, life, disability, FICA, Medicare, accrued vacation/personal leave. In response to the coronavirus pandemic and the financial hardship on KYMEA's members and their customers, no salary increase for senior staff, 3% merit increase for junior staff member.

### 200. Legal Counsel

Increase of \$18,000 over FY2021: General legal support. 15.4% increase due to increased legal counsel support (approximately 4 hours per week).

### 300. Advisory Support

No change from FY2021: Special Counsel and Advisory. FERC and specialized legal support, transmission and communications support, and power supply advisory support. Advisory

services in FY2022 in support of Agency's 2022 portfolio changes. RFP and PPA development or some unforeseen legal expense not related to depancaking is not included in the budget.

#### 400. Office Space Lease & Costs

Increase of \$5,265 over FY2021: Lease, IT closet utilities, maintenance. Contractual lease increase and expenses.

#### 500. Member Services, Board Meetings, Training

No change from FY2021: Member meetings including annual meeting, portal design, member services travel. Training and fees to APPA, TAPS, legislative, HR, member communications, financial, software classes, certifications, etc.

#### 600. Auto Expense

No change from FY2021: CEO vehicle fuel, maintenance, insurance, taxes, staff vehicle mileage

#### 700. IT/AV/Software

Increase of \$99,552 over FY2021: Phones, copier, office supplies, IT service contract, internet, software subscriptions. Large increase driven by additional MAC (PME and back-up PME), Accounting (SEDC and Analytic Vision), MISO Pseudo-Tie support requirements and maintenance/license requirements.

#### 800. Insurance

Decrease of \$1,503 under FY2021: Property and professional liability.

#### 900. Advertising & Marketing

Decrease of \$6,512 under FY2021: Newsletters, website support, branding.

#### 1000. Audit & Annual Report

No change from FY2021: Audit, annual report production and printing.

#### 1100. Rating Agency

Decrease of \$20,000 under FY2021: Rating Agencies. Dropped additional expense for Moody's and S&P ratings.

#### 1200. Associations and Lobbyist

No change from FY2021: APPA, TAPS, and KYMEA Lobbyists.

#### 1300. Project Planning

No change from FY2021: Transmission system impact studies and strategic planning.

#### 1400. Energy Services Partner

Increase of \$19,787 over FY2021: ESP services, model runs, trading accounts, trading fees and services, back-up server fee. Contractual energy service partner increase.

#### 1500. MAC Software, Data, Training, and Subscriptions

No change from FY2021: Optimization model, data and market intelligence, load forecasting, RTO membership, training

## 1600. MDMS/Communications/Meters

Increase of \$306,000 over FY2021: MDMS license and maintenance, communications expense, meter testing. Large increase due to MISO pseudo-tie and dynamic scheduling (engineering support, software, OATIWeb, LG&E/KU, TVA, and MISO)

## SERVICE FEES

*Contra-Accounts* - Decrease of \$26,403 under FY2021. No resource planning fees expected in FY2022.

- Membership Fee remains at 12¢ per kWh.
- Dispatch Service Fee remains at 45¢ per kWh.
- Transmission Service Fee remains at 38¢ per kWh.
- Energy Carrying Charge remains at 18¢ per kWh.
- Resource Planning Service Fee remains at 20¢ per kWh.

## NET OPERATING BUDGET

Decrease of \$57,050 (-1.9%) under FY2021 without pseudo-tie expenses. Increase of \$348,502 (11.4%) over FY2021 with pseudo-tie expenses. The bulk of the increase (\$405,552) is driven by pseudo-tie and dynamic scheduling requirements (IT support, IT maintenance, license fees, engineering support).

## CAPITAL BUDGET

\$250,000. Same as FY2021 Budget. The FY2021 Budget was increased by the Board at the December 29, 2020 Board meeting (\$100,000 was increased to \$250,000). Supports pseudo-tie and dynamic scheduling hardware, software, and communications requirements.

Document: [FY2022\\_Operating\\_Budget\\_Committee\\_01-28-2021.docx](#)

Spreadsheet: [V:\Finance & Accounting\FY 22\KYMEA Income Statement FY 22 Budget 01-28-2021.xlsx](#)