



Board Packet

February 25, 2021





KENTUCKY MUNICIPAL ENERGY AGENCY

February 25, 2021	Committee Reports	Administration Reports	Discussion Topics	Action Items
	AR Project Committee	CEO	Legislation	FY 2022 Administrative, General, and Capital Budget
		Market Analytics	Open Records Requests	FY2022 Services Rates
		Member Communications	FY 2022 AR Rates	Employee Governance Policy
				Line of Credit Renewal

March 25, 2021	Committee Reports	Administration Reports	Discussion Topics	Action Items
	BROC	CEO		FY 2022 AR Rates
	AR Project	Finance and Accounting		
		Market Analytics		
		Member Communications		

April 22, 2021	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		
		Finance and Accounting		
		Market Analytics		
		Member Communications		

May 27, 2021	Committee Reports	Administration Reports	Discussion Topics	Action Items
	Budget	CEO	Summer Preparation	Committee Member Appointments
	Compensation	Finance and Accounting		
		Market Analytics		
		Member Communications		



KENTUCKY MUNICIPAL ENERGY AGENCY

June 24, 2021	Committee Reports	Administration Reports	Discussion Topics	Action Items
		CEO		Weighted Voting Update
		Market Analytics		
		Member Communications		

July 22, 2021	Committee Reports	Administration Reports	Discussion Topics	Action Items
	AR Project Committee	CEO		
		Finance and Accounting		
		Market Analytics		
		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 Meeting and the Regular Meeting of the KYMEA Board of Directors (Video Meeting)

Location: WebEx Video Meeting (if you would like to attend, please contact mhixon@kymea.org)

1700 Eastpoint Pkwy Ste. 220, Louisville, KY 40223

Thursday, February 25, 2021, 10 am

A. Meeting Opening

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

B. Meeting Minutes of the KYMEA Board of Directors

C. Financial Reports

D. Committee Reports

E. Administration Reports

- E.1 CEO
- E.2 Market Report
- E.3 Member Communications

F. Discussion Topics

- F.1 Legislation
- F.2 Open Records Requests

G. AR Committee Meeting

- G.1 Recommendation of FY 2022 AR Project Rates

H. Action Items

- H.1 FY2022 Administrative, General, and Capital Budget
- H.2 FY2022 Service Rates
- H.3 Employee Governance Policy
- H.4 Line of Credit Renewal

I. Public Comments

J. Upcoming Meetings & Other Business

K. Closed Session

L. Actions Related to Closed Session

M. Adjournment

Meeting Minutes





Minutes of the Regular Meeting of the KYMEA Board of Directors (Video Meeting)

**Location: WebEx Video Meeting (if you would like to attend please contact mhixon@kymea.org)
1700 Eastpoint Pkwy Ste. 220, Louisville, KY 40223
Thursday, January 28, 2021, 10 am**

A. Meeting Opening

A.1. Attendance: Taken at 10:01 am

Present Board Members:

Josh Callihan
Ronald Herd
Chris Melton
Mike Withrow
Philip King
Kevin Frizzell
Kevin Howard
Gary Zheng

Absent Board Members:

Carl Shoupe
Doug Hammers
Ramona Williams

Staff Present:

Michelle Hixon
Heather Overby
Doug Buresh
Rob Leesman
Molly Roesler

Others Present:

Anna Marie Pavlik Rosen
Austin Horn
Charles Musson
David Denton
Hance Price
James McWilliams



Pat Pace
Tim Lyons
Vent Foster

A.2. Guest introductions: None made.

A.3. Call to Order: Chairman, Ron Herd, called the meeting to order at 10:01 am. A quorum of the Board members was present, and the Board was ready to proceed with business.

B. Meeting Minutes

B.1 Approval of the minutes of the Board of Directors on December 29, 2020.

Motion Passed: Approval of the December 29, 2020 meeting minutes of the Special Combined AR Project Committee and KYMEA Board of Directors passed with a motion by Kevin Frizell and seconded by Mike Withrow.

7 Yeas - 0 Nays.

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

C. Financial Reports

C.1 Approval of the December 2020 Financial Reports

Motion Passed: Approval of the December 2020 financial reports passed with a motion Josh Callihan and seconded by Chris Melton.

8 Yeas - 0 Nays.

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

D. Committee Reports

D.1 Budget Committee Report: Chairman, Chris Melton mentioned that staff presented the revised FY 2022 A&G budget to the Budget Committee on January 13, 2021. The Committee recommended the budget be presented to the Board this meeting with action expected at the February meeting.

D.2 AR Committee: Chairman Melton reported that the AR workshop met January 13th and the 27th. The Committee recommended staff to present the proposed FY2022 rates at the Combined meeting of the AR Project and KYMEA Board of Directors in February.

E. Administration Reports

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

E.2 Market Report: Rob Leesman discussed the previous month's markets in relation to KYMEA.

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

F. Discussion Topics

F.1 FY 2022 Administrative, General, and Capital Budget: Doug Buresh presented the Budget Committee's recommended FY 2022 Administrative, General, and Capital Budget. No action was taken, but is expected at the February meeting.

F.2 Legislation: Charlie Musson gave an update on 2021 Kentucky General Assembly Legislative activities.

F.3 Governing Policies: Doug Buresh gave an update on Agency policies that have been adopted to date and others to consider.

G. Action Items



G.1 No action was taken.

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.

No Comments were made.

I. Upcoming Meetings and Other Business

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.

2021 Board Meetings

Thursday, January 28, 2021, 10:00 AM Eastern Time, Webex Video Meeting
Thursday, February 25, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, March 25, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, April 22, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, May 27, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, June 24, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, July 22, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, August 26, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, September 23, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Thursday, October 28, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Wednesday, November 17, 2021, 10:00 AM Eastern Time, KYMEA Board Room
Wednesday, December 15, 2021, 10:00 AM Eastern Time, KYMEA Board Room

J. Closed Session

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

discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues; and



presenting and discussing the proposals received in response to the RFP for Intermediate Capacity and Energy Resources.

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.

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

8 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Yes
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 Josh Callihan.

8 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Yes
Kevin Frizzell	Yes



Doug Hammers	Absent
Kevin Howard	Yes
Ramona Williams	Absent
Gary Zheng	Yes

K. Actions Related to Matters Discussed in Closed Session

None taken

L. Adjournment

Motion Passed: Motion to adjourn the Regular Meeting of the KYMEA Board of Directors passed with a motion by Chris Melton and a second by Mike Withrow.

8 Yeas - 0 Nays.

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

X

Chairperson

X

Secretary

Financial Reports





KENTUCKY MUNICIPAL ENERGY AGENCY



Financial Presentation

February 25, 2021

Heather Overby

Statement of Net Position – January 2021

CURRENT ASSETS

	Jan 2021	
Cash and Investments	\$14,806,963	(1)
Other Receivables	7,229,529	(2)
Interest Receivable	0	
Prepayments & Other Current Assets	2,472	
Total Current Assets	\$22,038,964	

- 1) Checking account cash
- 2) Billing to AR & Transmission service members and ancillary services

Statement of Net Position – January 2021

NON-CURRENT ASSETS

Pledged Collateral	2,689,792	(3)
Investment in SEDC	757	
Fixed Assets Clearing Account	1,914	
Office Buildout	260,238	
Meters - AR Project	215,985	
Meter Comm Equipment	330,672	
General Plant	783,619	
Construction Work In Progress	0	
Less Accumulated Depreciation	(366,032)	
Total Non-Current Assets	\$3,916,946	
Total Assets	\$25,955,910	

- 3) Collateral represents \$1.9m at MISO and \$800k at PJM

Statement of Net Position – January 2021

LIABILITIES

Accounts Payable	10,972,989	(4)
Accrued Employee Benefits	143,899	
Accrued Interest Payable	126	
Total Current Liabilities	\$11,117,013	
Deferred Lease Liability	38,554	(5)
Line of Credit	0	(6)
Total Non-Current Liabilities	\$38,554	
Total Liabilities	\$11,155,567	

NET POSITION

Invested in capital assets, net of related debt	1,224,483	
Restricted	259	
Unrestricted	13,575,861	
Total Net Position	\$14,800,343	(7)

- 4) AP represents purchased 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

Statement Revenue, Expenses, and Changes in Net Position– January 2021

OPERATING REVENUE

	Jan 2021	YTD FY2021	
Sales to Members	\$6,416,800	\$44,648,993	(8)
RTO Market Revenue	\$12,392	\$190,272	(9)
Transmission Services	\$133,696	\$581,986	(10)
Miscellaneous Revenue	\$0	\$0	
Total Operating Revenue (Expenses)	\$6,562,887	\$45,421,250	

OPERATING EXPENSES

Transmission	\$654,177	\$4,514,152	(11)
Production	\$5,386,509	\$36,397,432	(12)
Admin. and General	\$268,002	\$1,528,378	
Depreciation	\$15,564	\$108,654	
Total Purchase Power and Operating Expenses	\$6,324,252	\$42,548,616	
Operating Income	\$238,635	\$2,872,634	

NON-OPERATING REVENUE

Interest Expense on Debt	\$0	(\$252)	
Interest Income	\$199	\$11,830	
Other Non-Operating Expenses (Income)	(\$7,709)	(\$29,418)	
Regulatory Credit/Debit - Cost to be Recovered	\$0	\$0	
Total Non-Operating Revenues (Expenses)	(\$7,510)	(\$17,840)	

NET POSITION CHANGES

Change in Net Position	\$231,125	\$2,854,794	(13)
Net Position at Beginning of Period	\$14,569,218	\$11,945,549	
Net Position at End of Period	\$14,800,343	\$14,800,343	

- 8) Sales to AR Members
- 9) RTO Auction Revenue Rights
- 10) Sales of transmission and ancillary services
- 11) Transmission from MISO, PJM, and KU net of depancaking credit
- 12) All purchased power including PPA, ITO, and SEPA
- 13) Positive MTD Net Income/ Positive YTD Net Income

Indirect Statement of Cash Flows – January 2021

CASH FROM OPERATING ACTIVITIES			
	Jan 2021	YTD FY2021	
Net Income	\$231,125	\$2,854,794	(14)
Depreciation	15,564	108,654	
Accounts Receivable	(318,054)	390,717	(15)
Prepayments & Other Current Assets	1,236	8,651	
Deferred Debits	0	0	
Other Reg Assets & Deferred Outflow of Resources	0	0	
Accounts Payable	649,785	2,500,004	(15)
Collateral Deposits	0	0	
Taxes & Interest Accrued	(1,446)	3,234	
Other Current Liabilities	791	28,407	
Deferred Credits	(263)	(107)	
Net Cash Provided by (Used in) Operation	\$578,737	\$5,894,354	
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Additions to Plant	(58)	(17,678)	
Net Change in Other Prop & Invest	(20)	(11,321)	
Other - Asset Retirement Obligations	0	0	
Net Cash Provided by (Used in) Investing	(\$78)	(\$29,000)	
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Long Term Borrowings	0	0	
Other	0	0	
Net Cash Provided By (Used in) Financing	\$0	\$0	
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS			
Net Increase (Decrease) in Cash & Temp Investments	\$578,659	\$5,865,354	
Cash & Temp Investments Beginning of Period	\$14,228,305	\$8,941,609	
Cash & Temp Investments End of Period	\$14,806,963	\$14,806,963	(16)

14) Net Income

15) Timing of Accounts Receivable and Accounts Payable have largest monthly effect of operational items on cash

16) Cash balance in checking account

Financial Metrics – January 2021



KEY FINANCIAL METRICS

FY2021 Actuals Through January 2021 + Budget

Days Cash on Hand

72.58 ▲

Target: 63.00

Leverage

6.86 ▼

Target: 7.08

Coverage of Full Obligations

1.07 ▼

Target: 1.03

Debt Service Coverage

1.07 ▼

Target: 1.04

Financial Metrics – January 2021

Days Cash On Hand

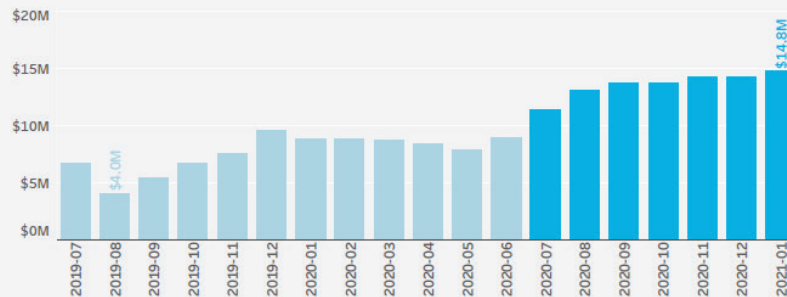
Financial flexibility - the number of days KYMEA can pay its operating expenses with the given cash available.

$$\begin{array}{rcl} \$14.8\text{M} & \div & \$203,999 \\ \text{Unrestricted Cash} & \text{Adjusted Operating Expense per Day} & \\ \$14.5\text{M EOY Projection} & \$74.46\text{M} / 365 \text{ days} & = 72.58 \\ & & \text{Days Cash on Hand} \\ & & \text{Target: 63.00} \end{array}$$

Unrestricted Cash

Adjusted Operating Expenses

Cash on Hand through Current Month



Days Cash On Hand

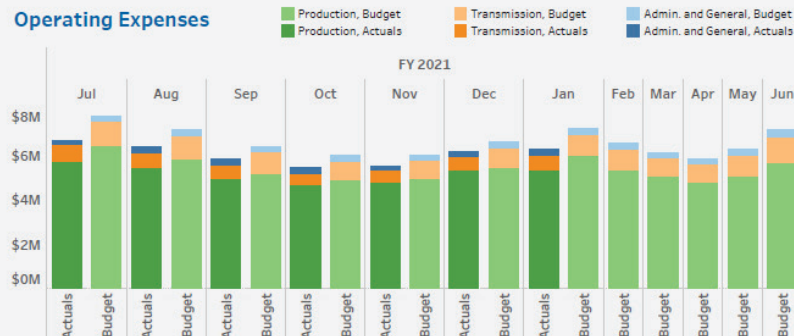
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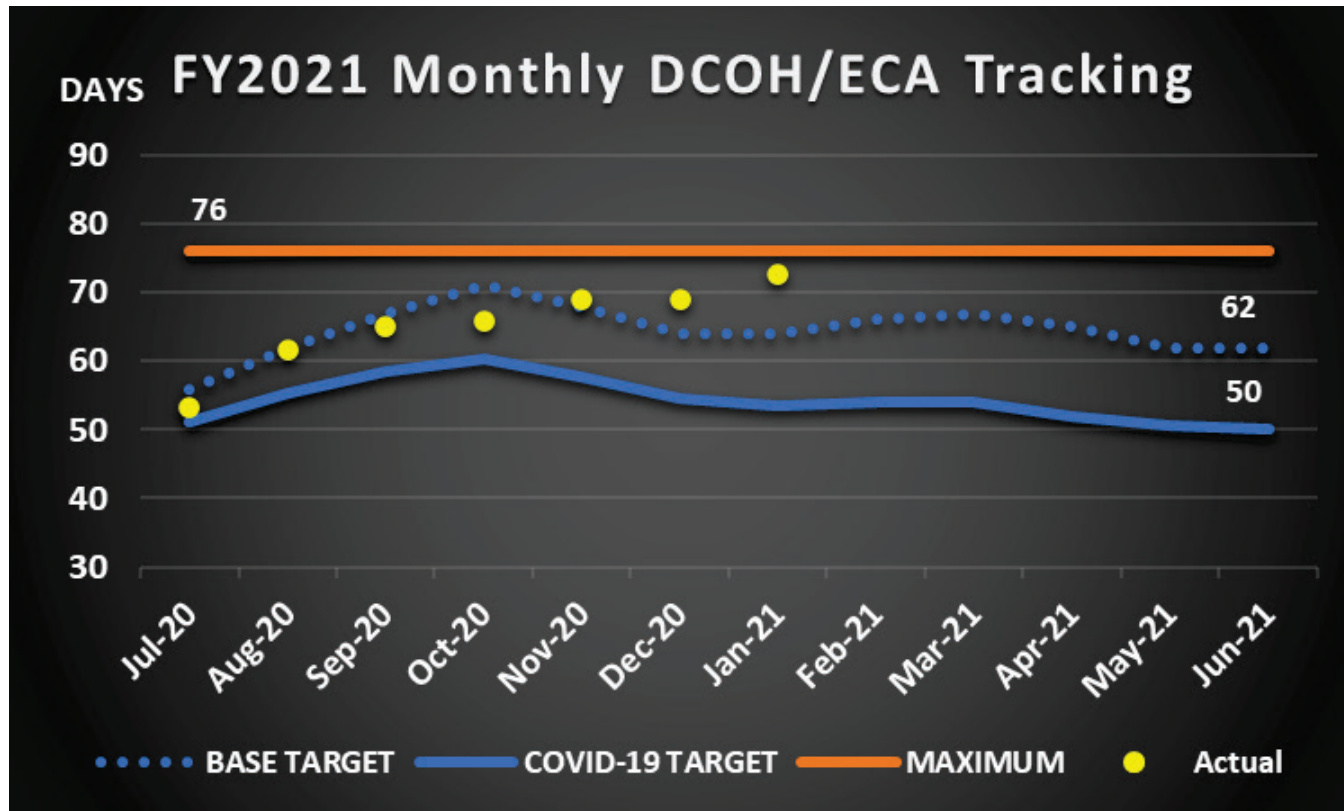
Unrestricted Cash

Adjusted Operating Expenses

Operating Expenses



Financial Metrics – January 2021



Financial Metrics – January 2021

Leverage

The size of the debt to the margin available to cover all debt service and fixed charges.

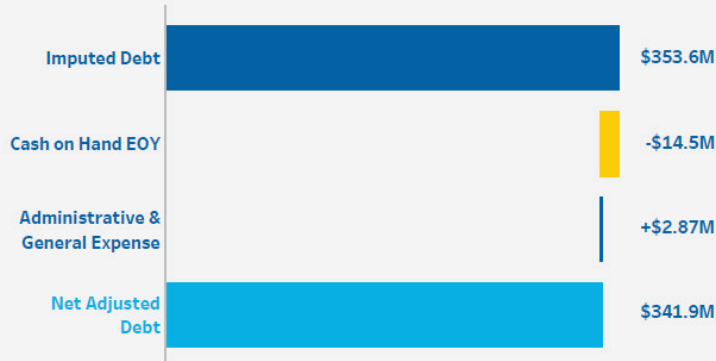
6.86

Target: 7.08

Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Net Adjusted Debt



Leverage

The size of the debt to the margin available to cover all debt service and fixed charges.

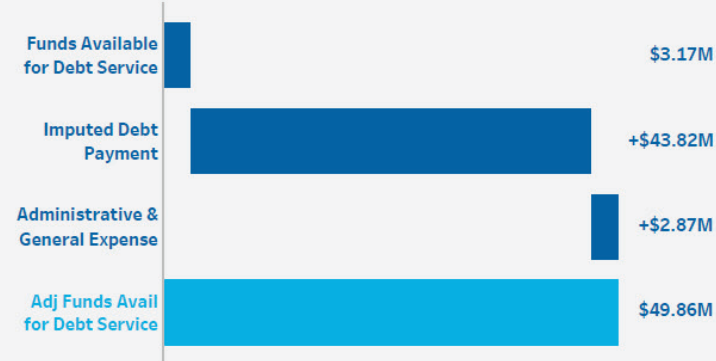
6.86

Target: 7.08

Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Adjusted Funds Available for Debt Service



Financial Metrics – January 2021

Coverage of Full Obligations

1.07

The funds available from operations to cover current debt service and fixed charges requirements.

Target: 1.03

Funds Available
for Debt Service ÷ Total Debt Service
& Fixed Charges

Imputed Debt Payment

\$43.82M

Administrative &
General Expense

\$2.87M

EBITDA &
Interest Income

\$3.17M

Debt Service Coverage

1.07

The funds available from operations to cover current debt service.

Target: 1.04

Funds Available
for Debt Service ÷ Total Debt
Service

Imputed Debt Payment

\$43.82M

EBITDA &
Interest Income

\$3.17M

Statement of Net Position

FY2021 Actuals as of January 2021

CURRENT ASSETS	Jan 2021
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Indirect Statement of Cash Flows

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Month Ending
2021-01

Reconciliation Transactions Report

02/09/21 09:55:06 AM

01/01/21-01/31/21 131.00 CASH

User Id: 2014

Statement Ending Balance :	14,806,963.47
Outstanding Payments(-) :	.00
Adjustments in Transit(+) :	.00
Deposits in Transit(+) :	.00
Adjusted Bank Balance :	<div><div></div><div>14,806,963.47</div></div>
Book Balance :	14,806,963.47
Pending Adjustments :	.00
Adjusted Book Balance :	<div><div></div><div>14,806,963.47</div></div>
Difference :	.00

Committee Reports

D. Committee Reports

None Expected



Administration Reports

E. Administration Reports

E.1 CEO

E.2 Market Report

E.3 Member Communications





KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA President & CEO Report

Doug Buresh

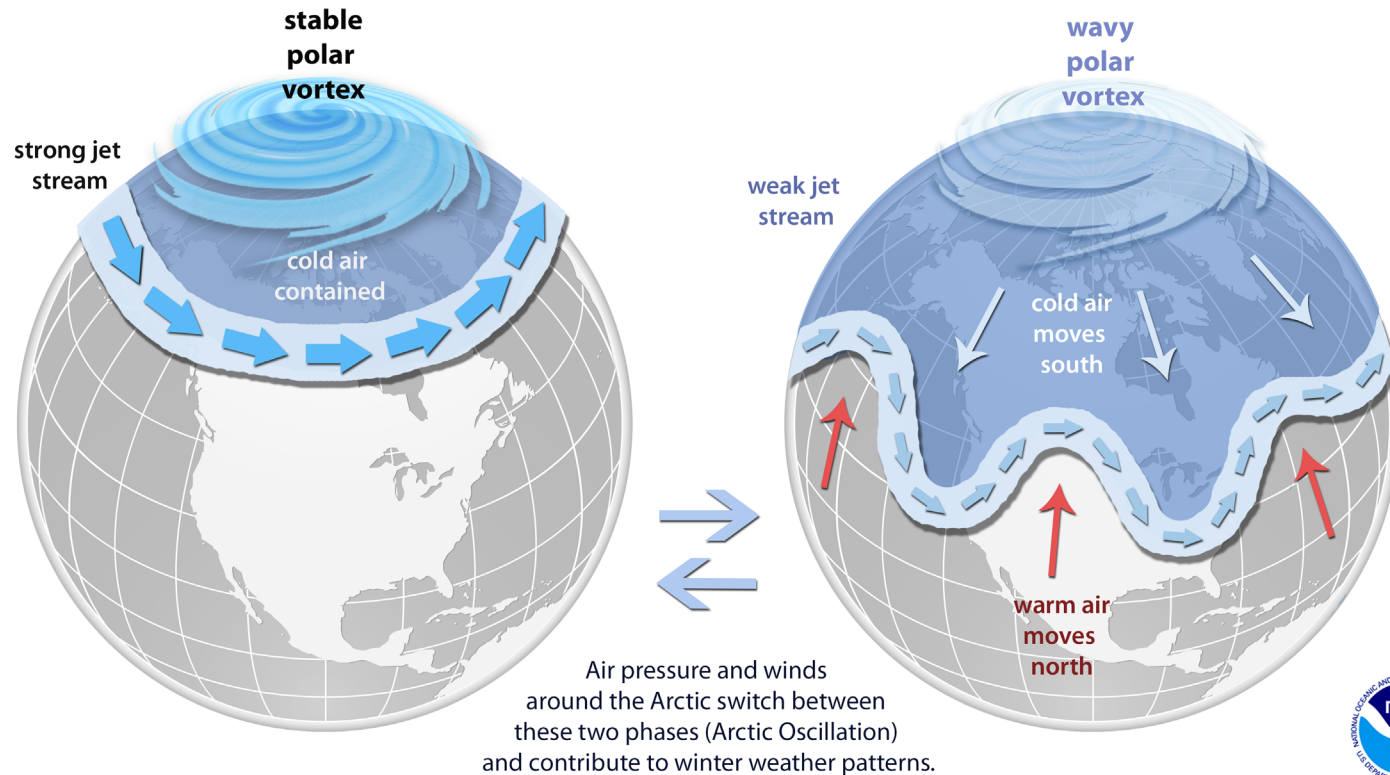
February 25, 2021

- Polar Vortex Impact
 - Overview
 - ERCOT
 - SPP
 - MISO
 - Past 4 Polar Vortex
- Power Conservation Alert Program

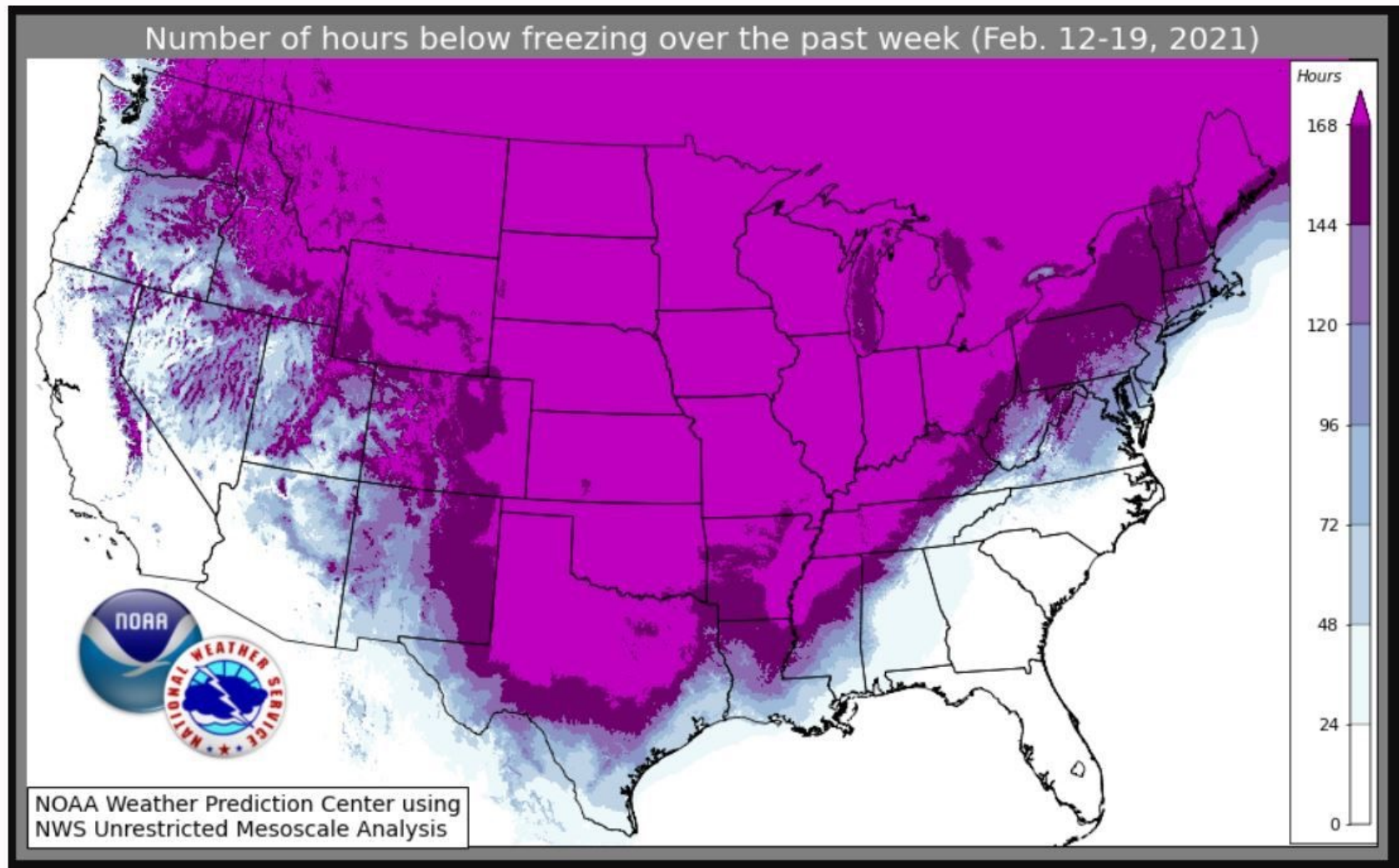
The Science Behind the Polar Vortex

The polar vortex is a large area of low pressure and cold air surrounding the Earth's North and South poles. The term vortex refers to the counterclockwise flow of air that helps keep the colder air close to the poles (left globe). Often during winter in the Northern Hemisphere, the polar vortex will become less stable and expand, sending cold Arctic air southward over the United States with the jet stream (right globe).

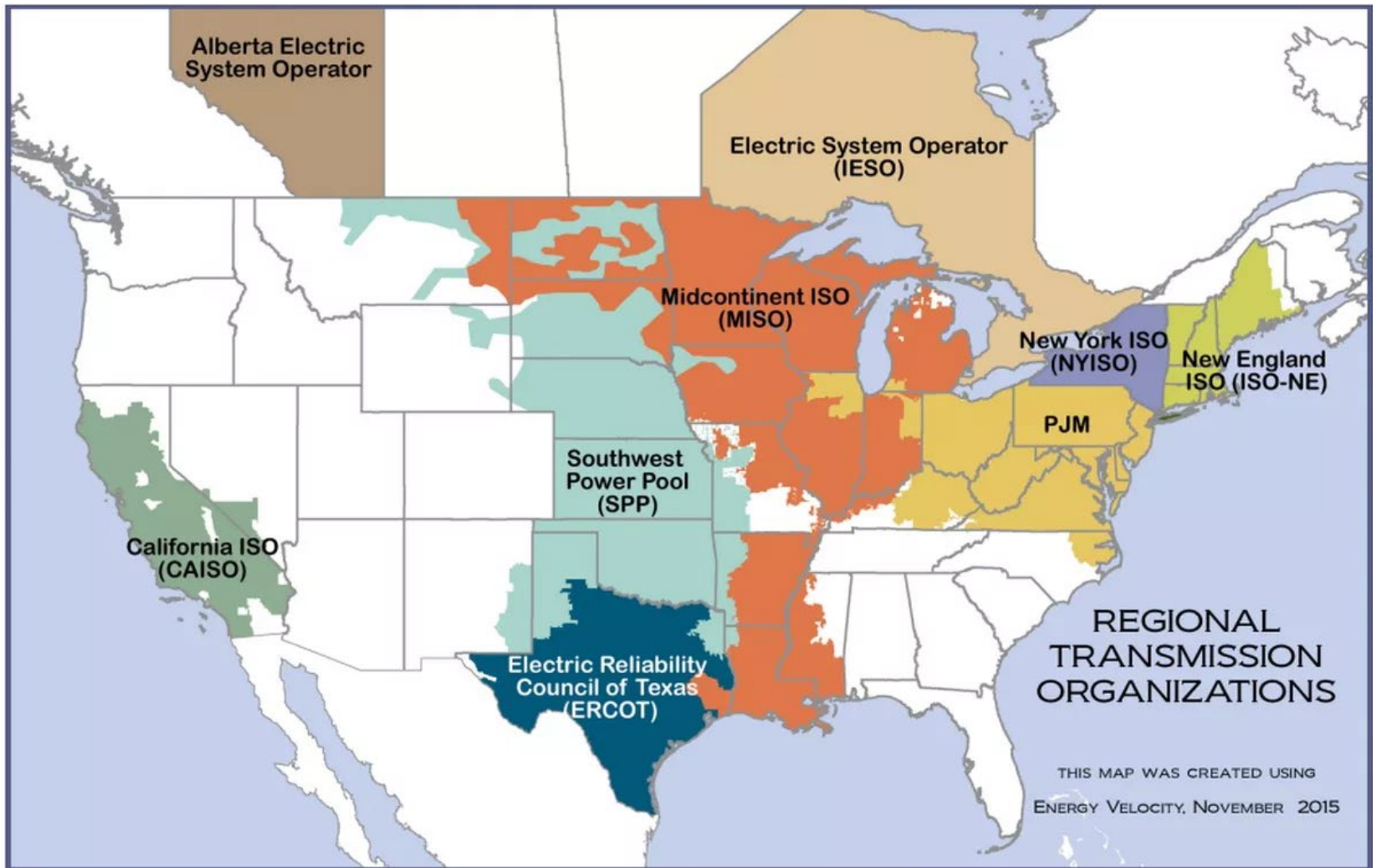
The polar vortex is nothing new — in fact, it's thought that the term first appeared in an 1853 issue of E. Littell's *Living Age*.



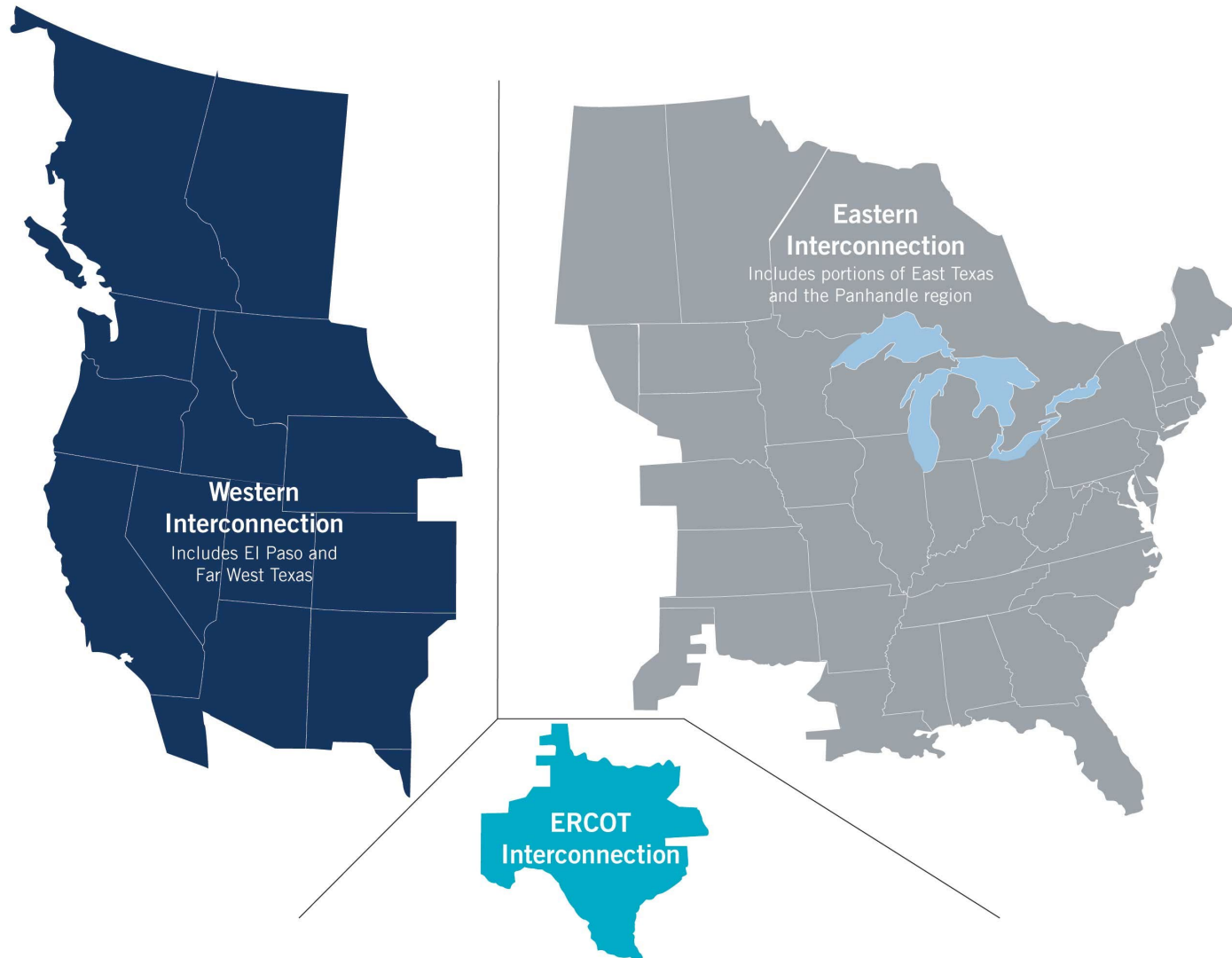
Feb. 12-19, 2021 Polar Vortex



RTO Map



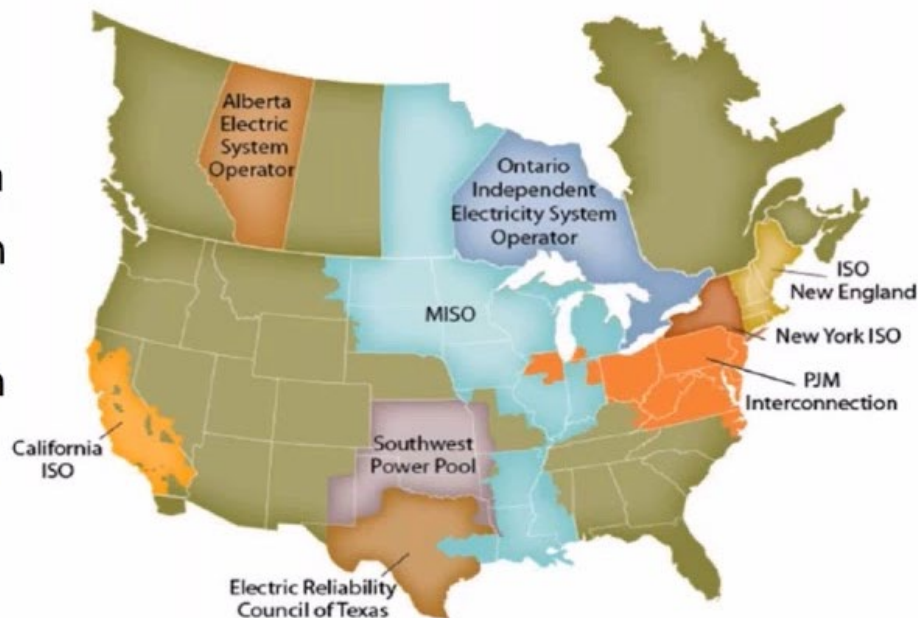
Three Synchronous Grids





FERC and Wholesale Electricity Markets

- Federal Energy Regulatory Commission (FERC) is an independent agency that regulates the interstate transmission and wholesale sales of electricity
- ISOs and RTOs cover two-thirds of North America
 - Grid operation
 - Market administration
 - Power system planning

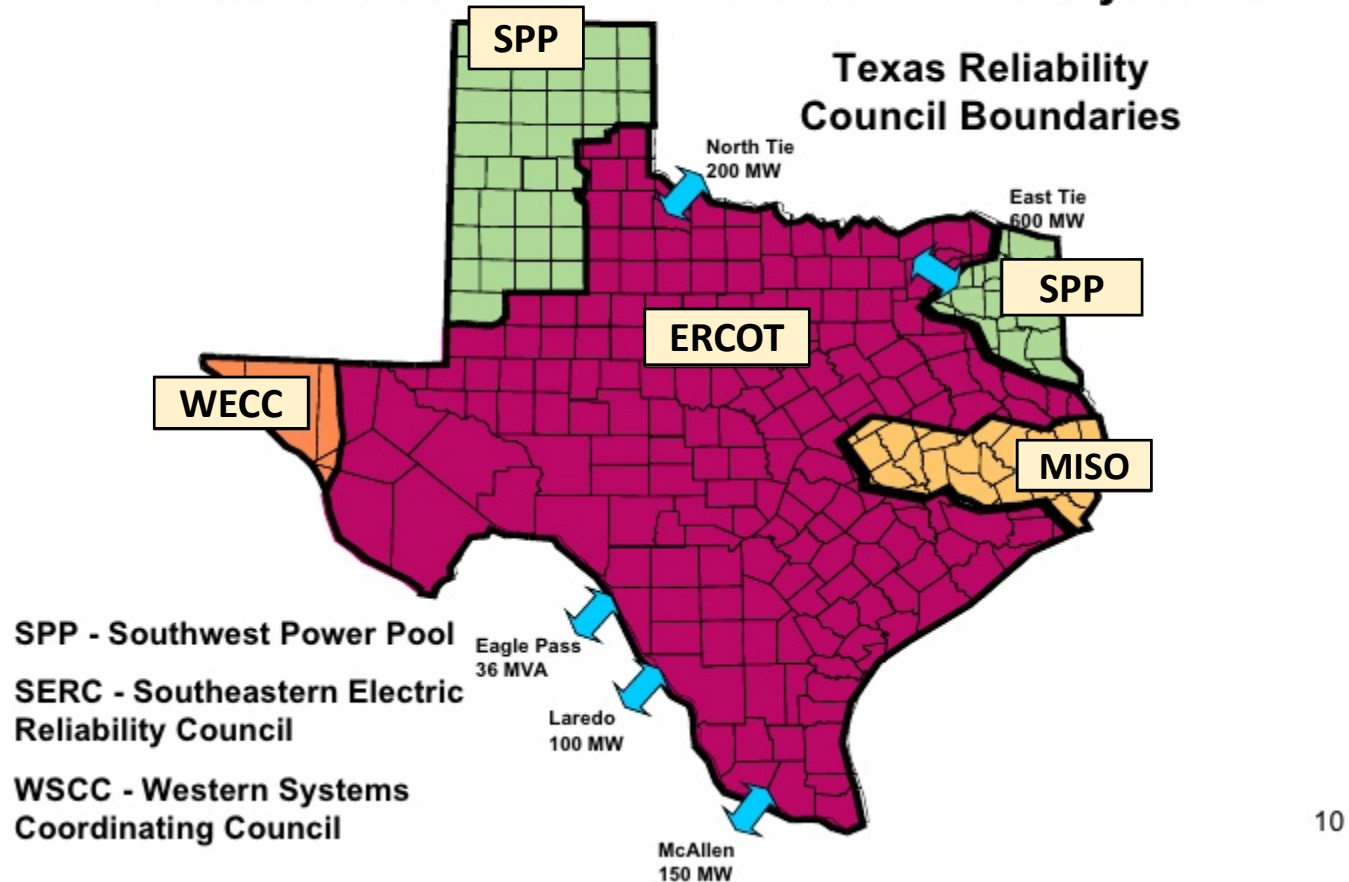


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- Polar Vortex Impact
 - Overview
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- Power Conservation Alert Program

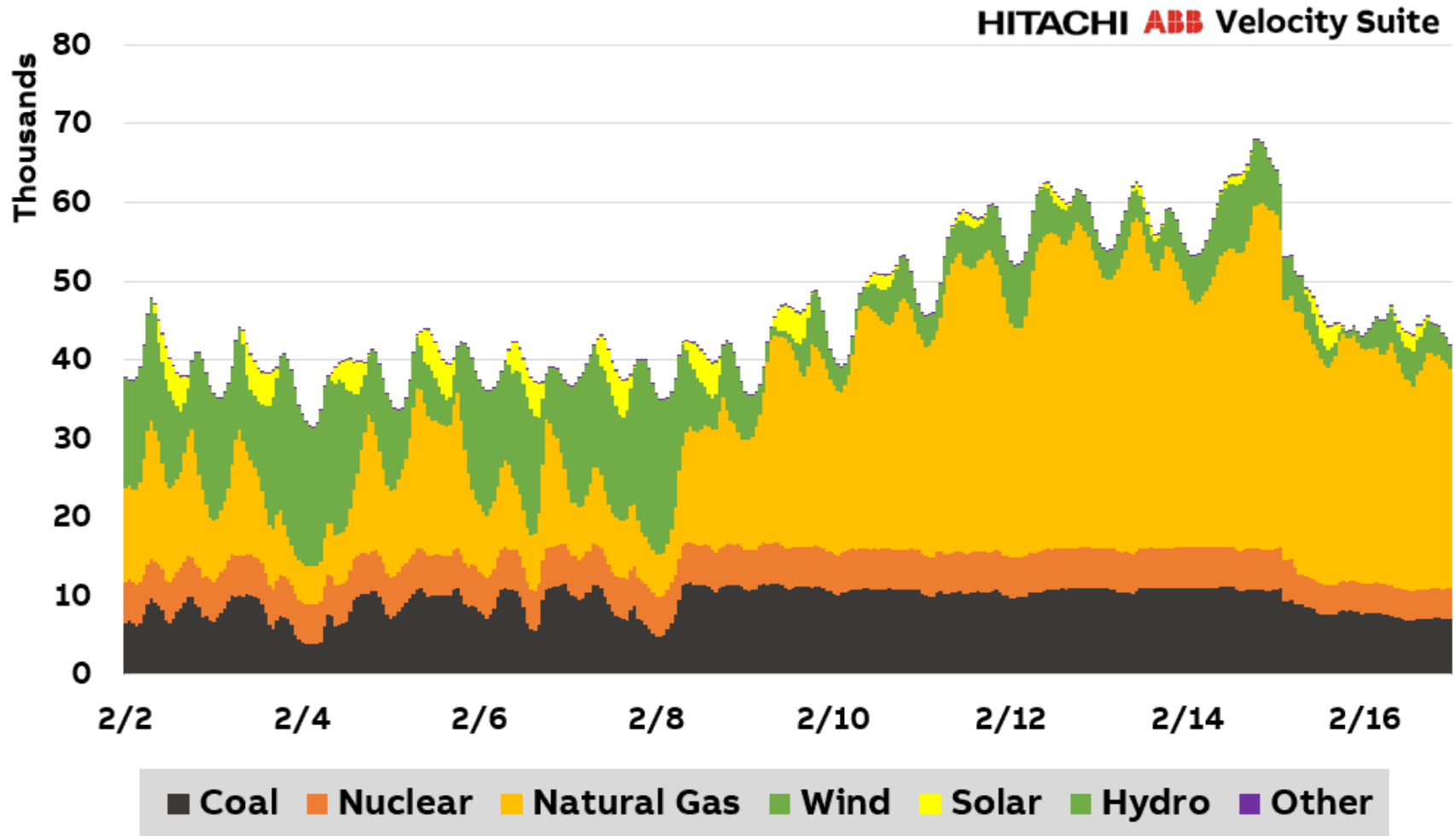
ERCOT is an Island (Limited DC Ties)

Within Texas, the ERCOT grid serves 85% of the electric load, and covers 75% of the land. ERCOT is connected to the Eastern Interconnect and Mexico by DC ties.



10

ERCOT Resource Mix (2021 Polar Vortex)



ERCOT Rolling Blackouts

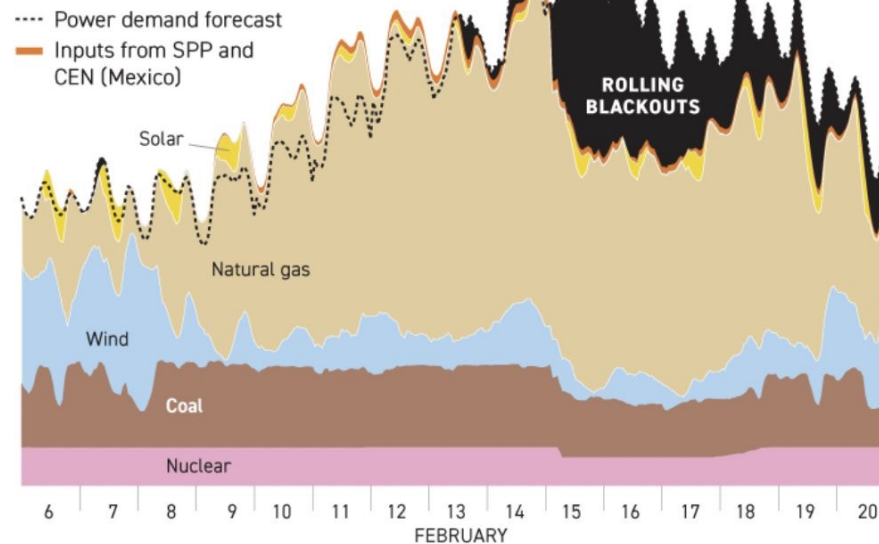
A cold knockout to the Electric Reliability Council of Texas

NET GENERATION AND FORECAST DEMAND, IN MEGAWATT-HOURS

In November, ERCOT's worst-case scenario for extreme winter weather: **67,208 MWh**.

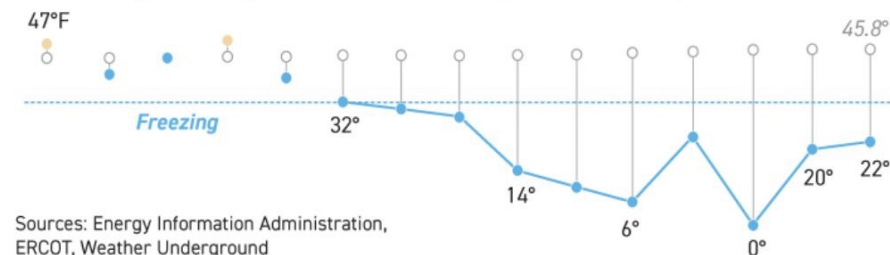
Peak net generation, Feb 14: **68,834 MWh**

Peak forecast demand: **76,783 MWh**



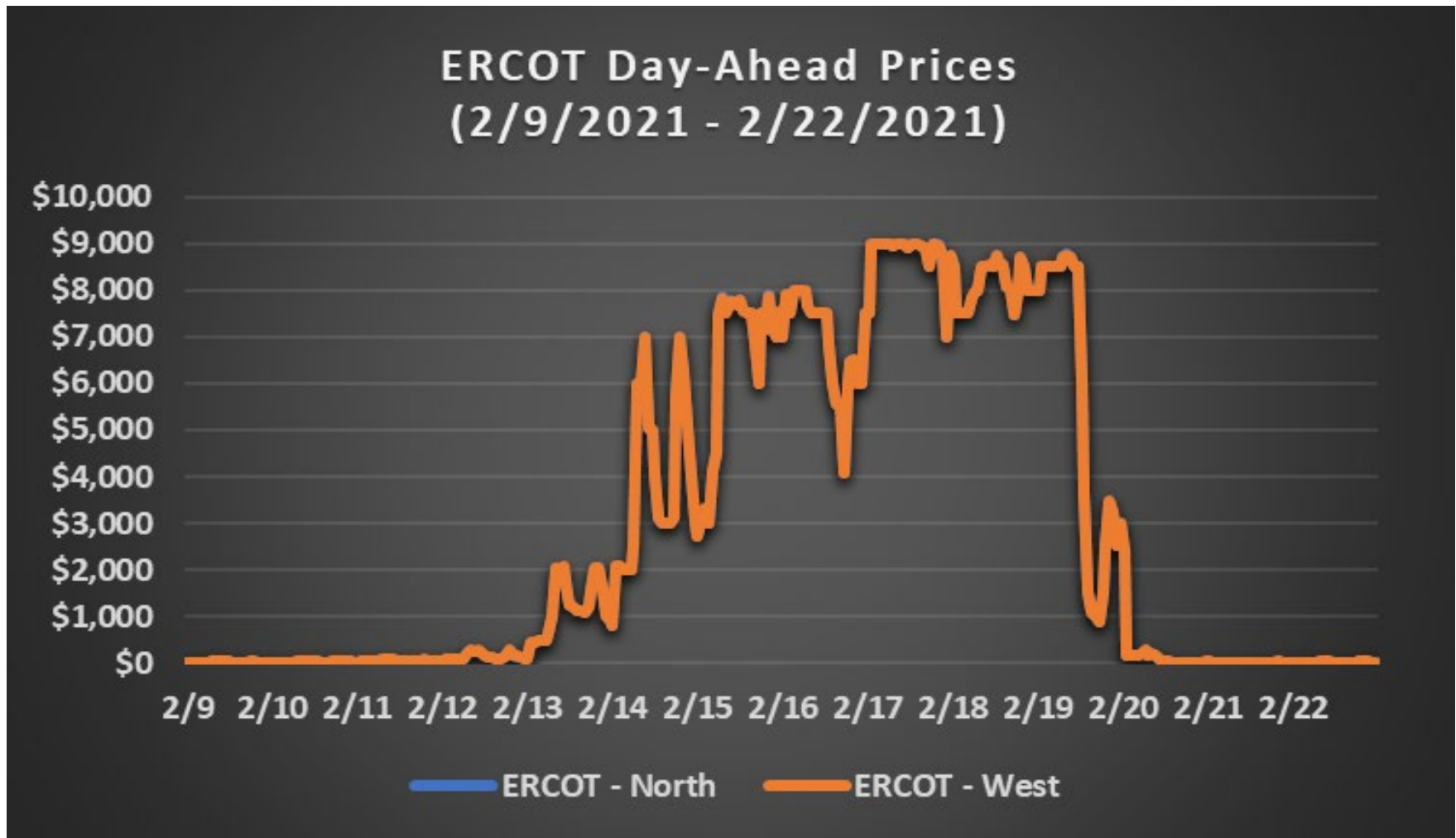
Austin daily low temperatures

○ Normal ● Above normal ● Below normal

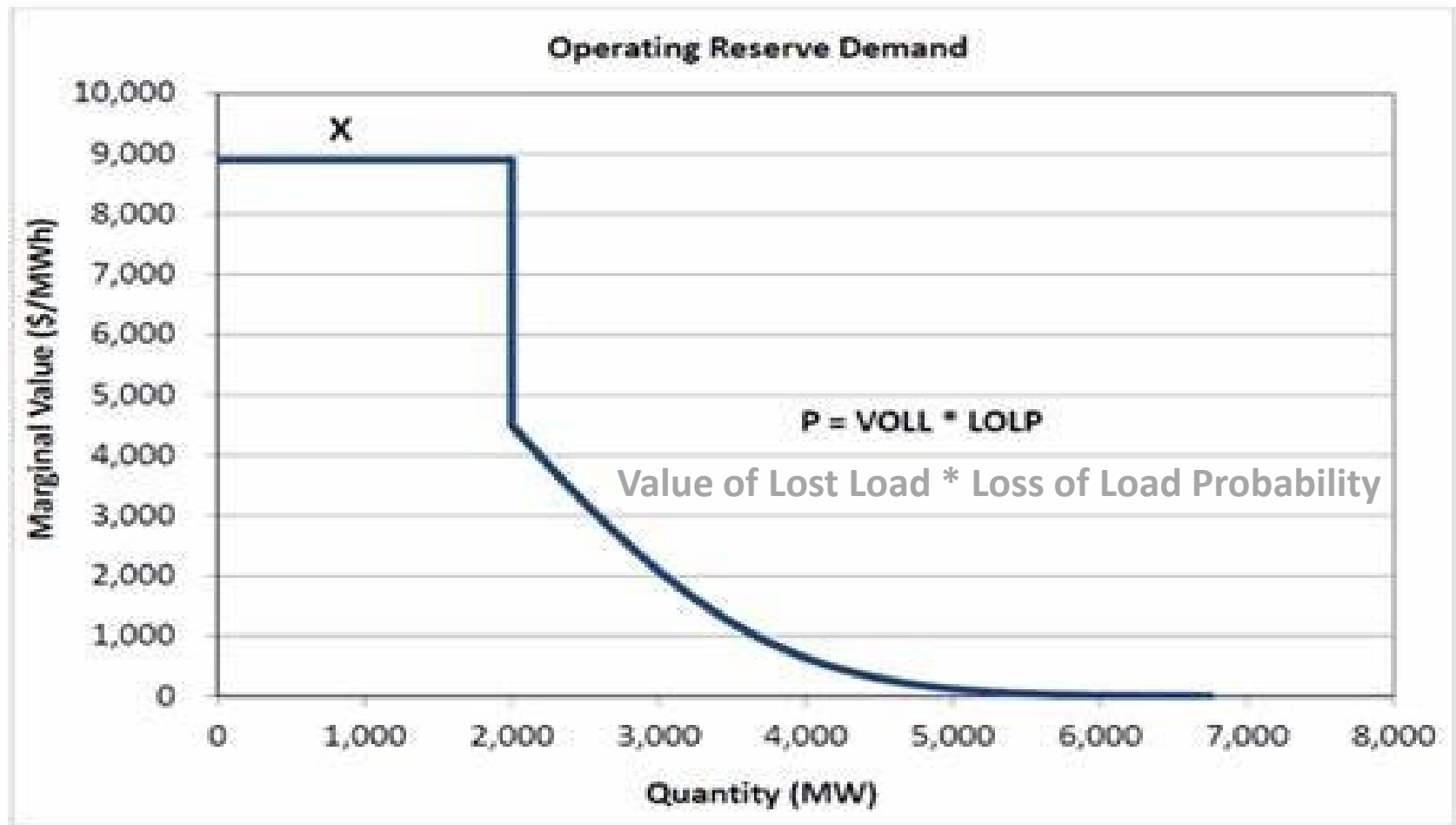


Sources: Energy Information Administration, ERCOT, Weather Underground

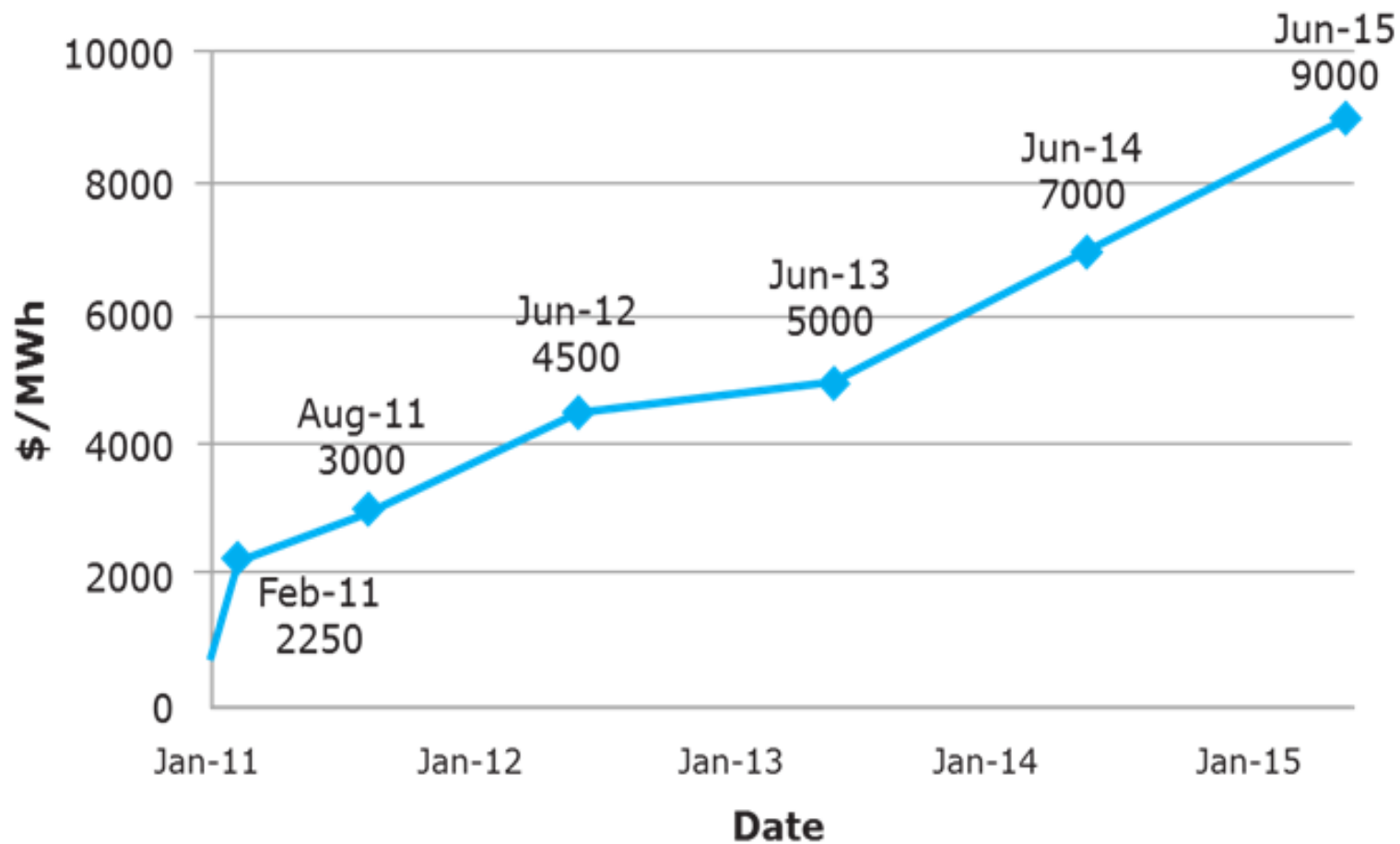
ERCOT Prices (2021 Polar Vortex)



ERCOT Operating Reserve Demand Curve (ORDC)

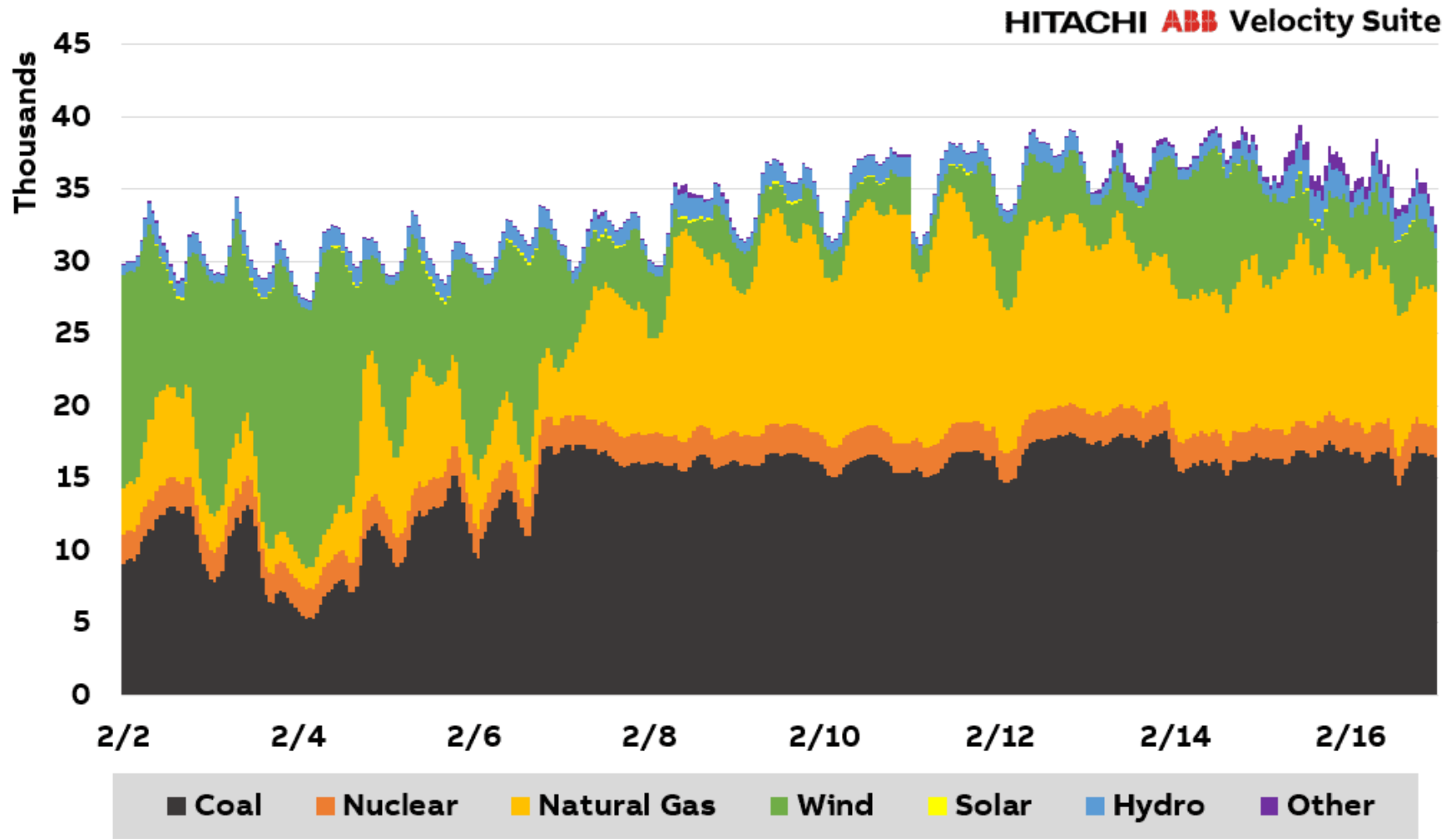


ERCOT VOLL History

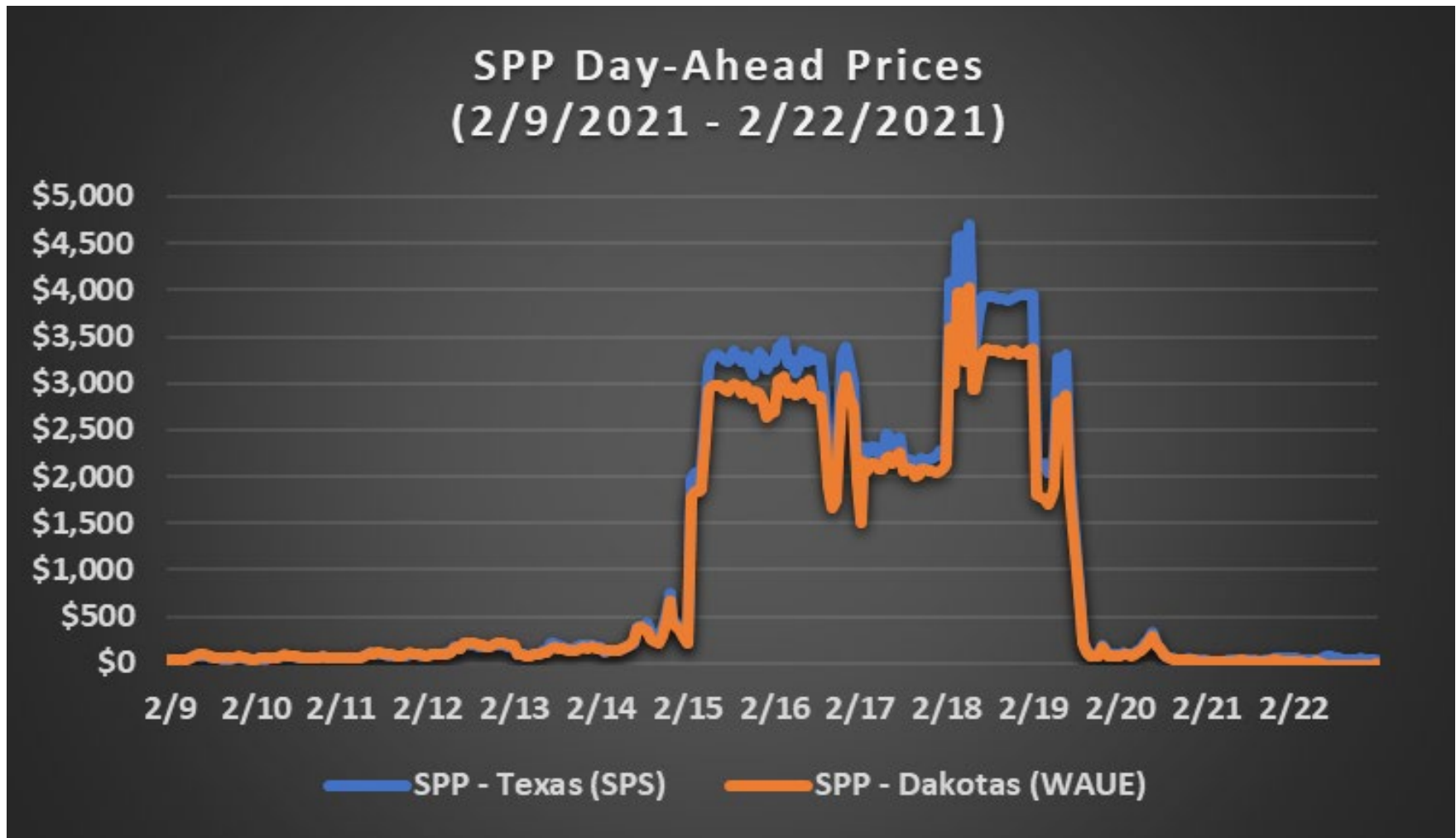


- Polar Vortex Impact
 - Overview
 - ERCOT
 - SPP
 - MISO
 - Past 4 Polar Vortex
- Power Conservation Alert Program

SPP Resource Mix (2021 Polar Vortex)

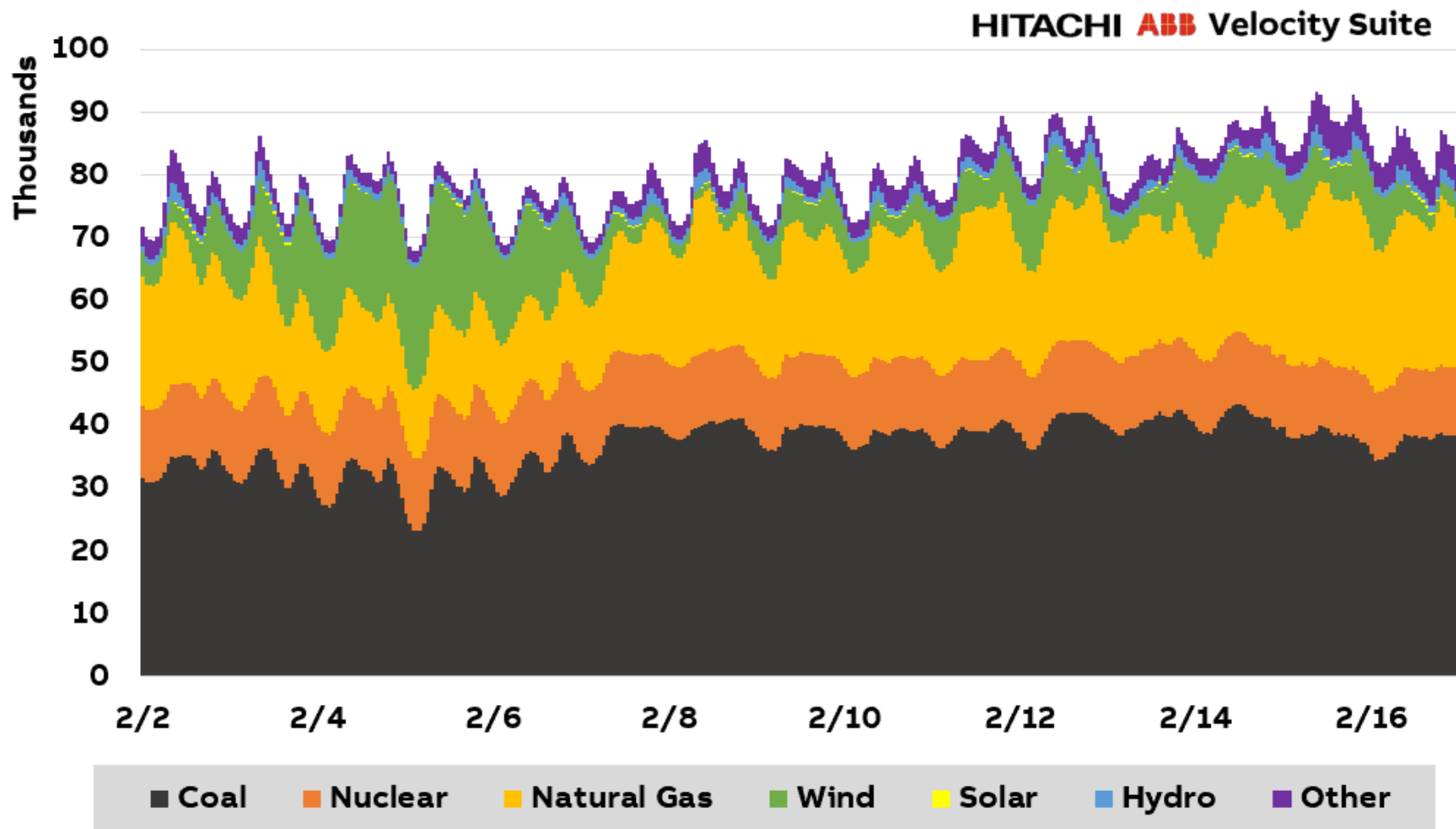


SPP Prices (2021 Polar Vortex)

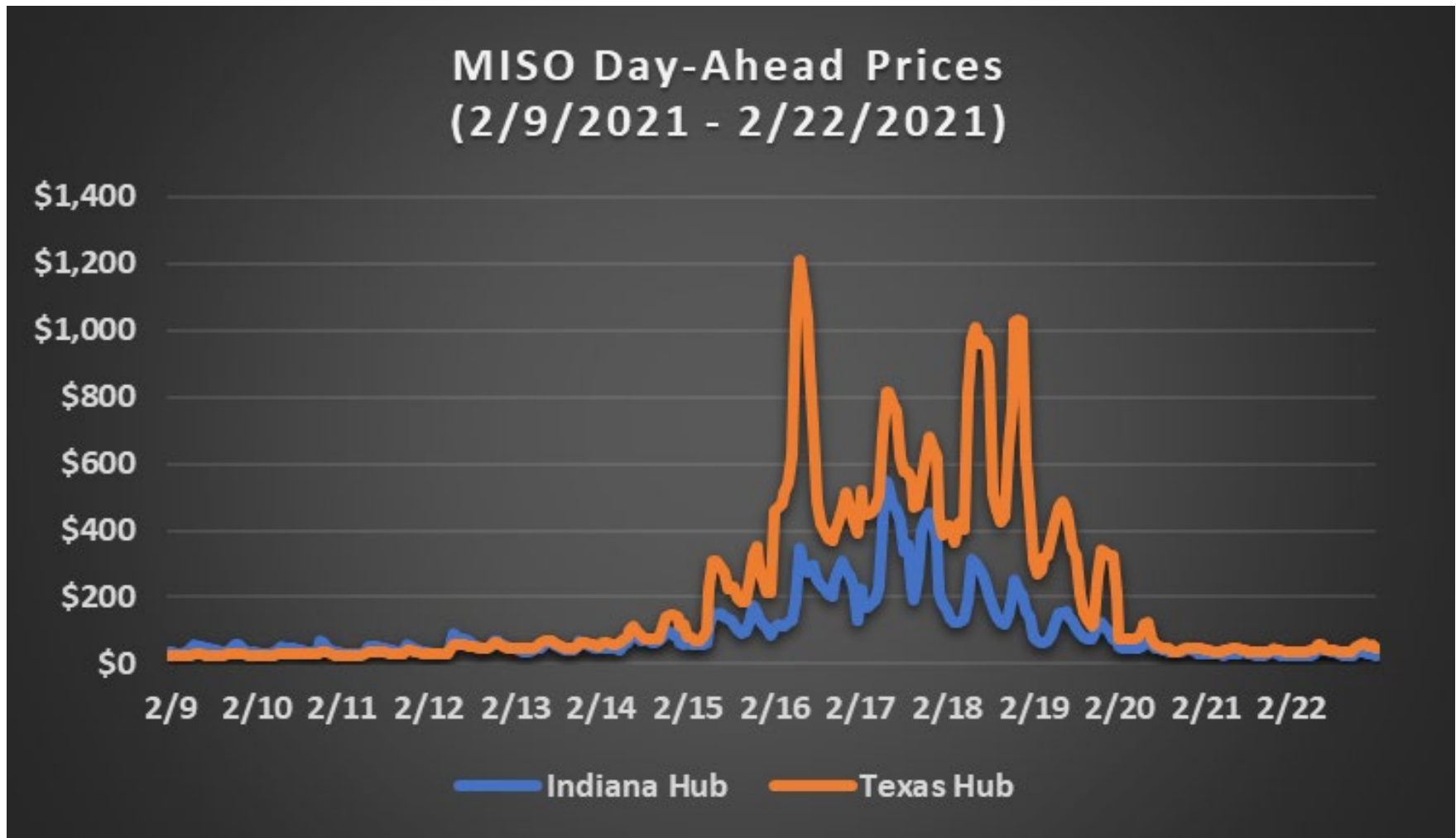


- Polar Vortex Impact
 - Overview
 - ERCOT
 - SPP
 - MISO
 - Past 4 Polar Vortex
- Power Conservation Alert Program

MISO Resource Mix (2021 Polar Vortex)

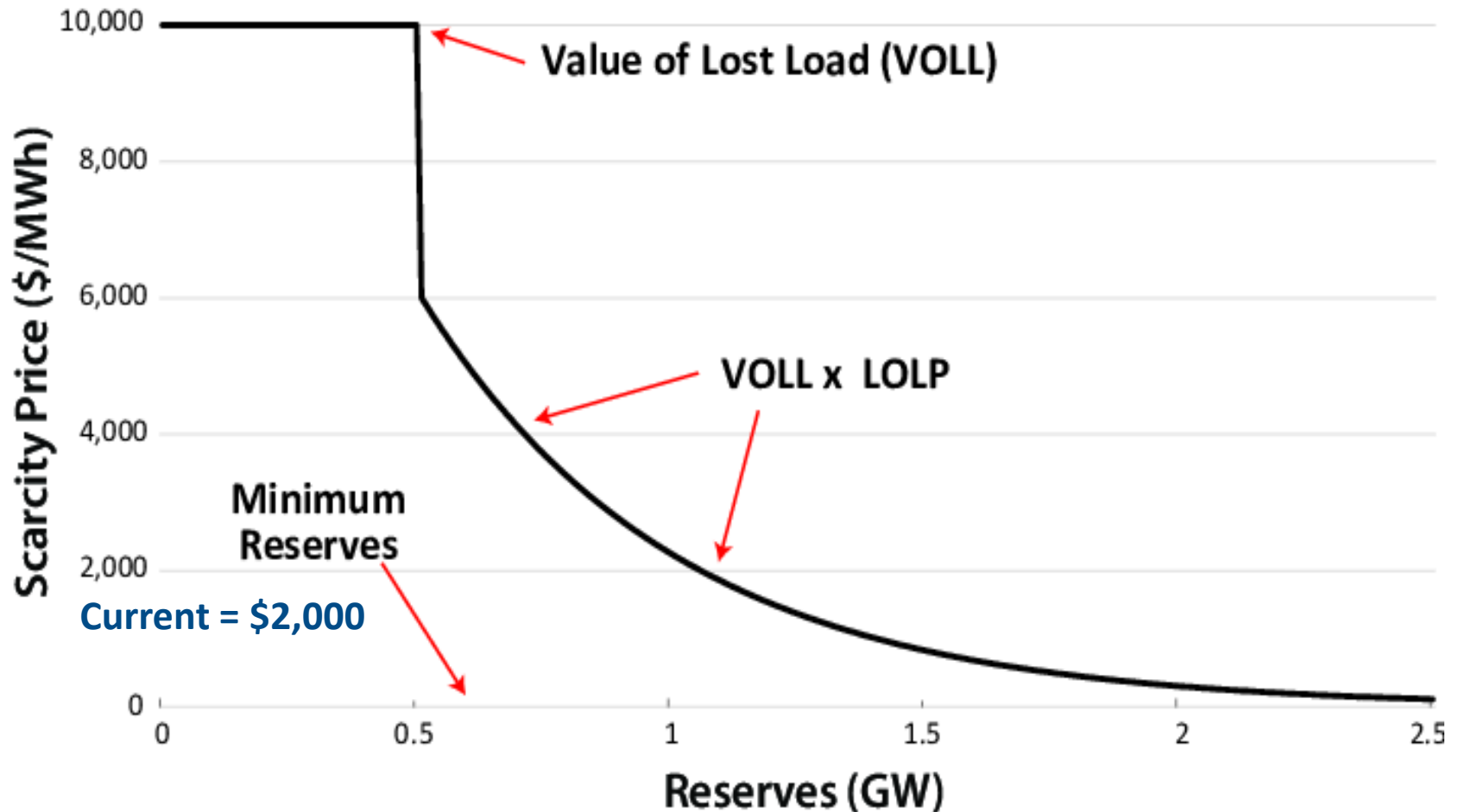


MISO Prices (2021 Polar Vortex)



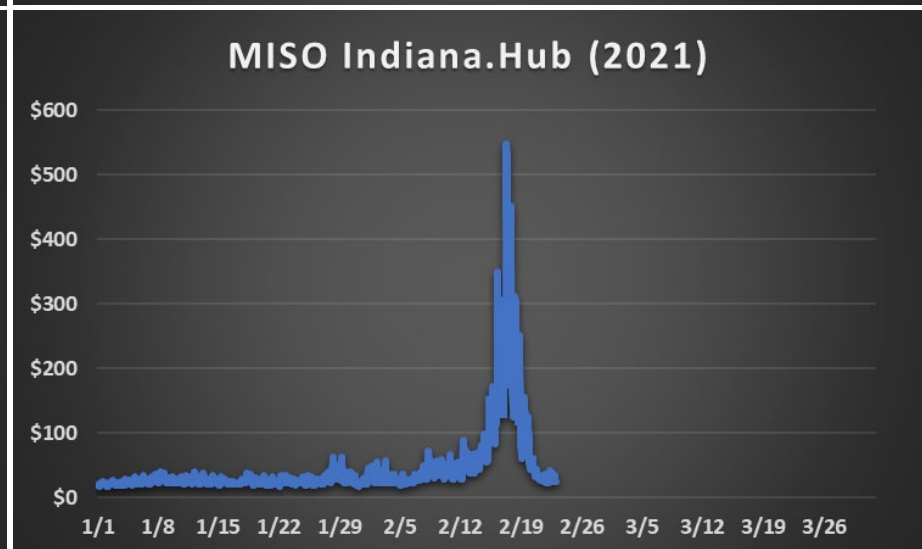
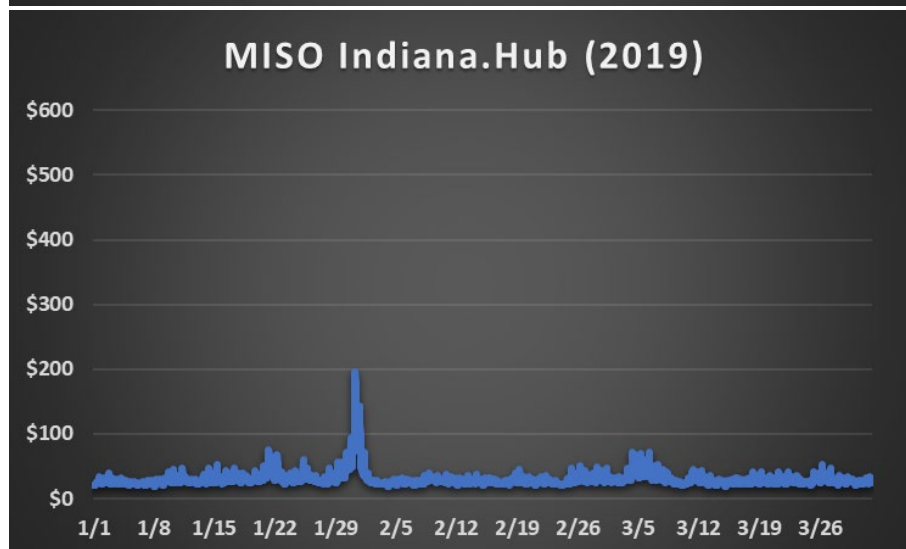
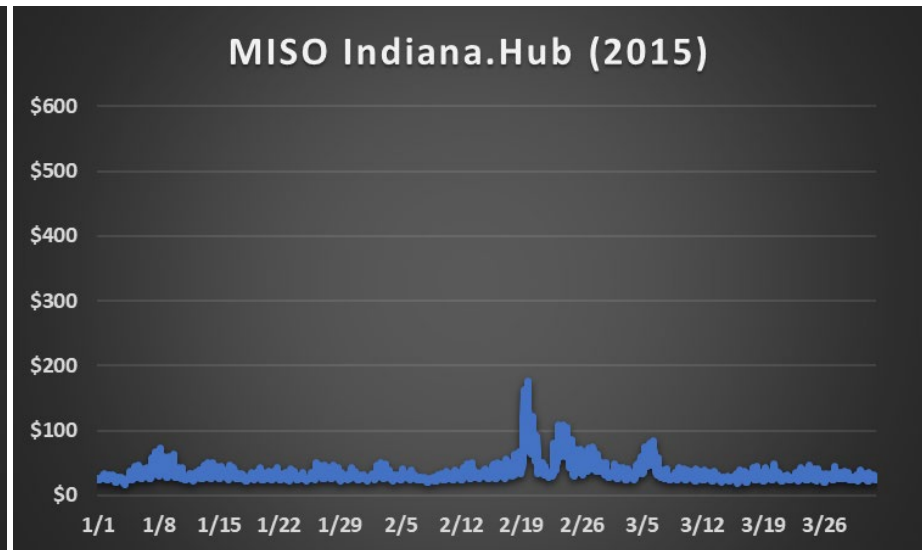
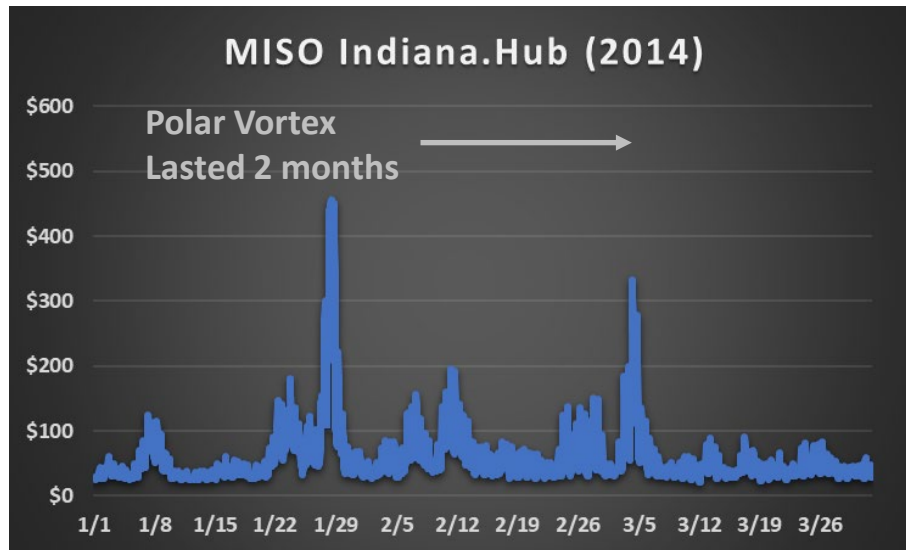
MISO IMM Proposed Operating Reserve Demand Curve (ORDC)

IMM Proposed = \$10,000 (suggested \$23,000 is more appropriate)



- Polar Vortex Impact
 - Overview
 - ERCOT
 - SPP
 - MISO
 - Past 4 Polar Vortex
- Power Conservation Alert Program

Compare Past 4 Polar Vortex Prices



- Polar Vortex Impact
 - Overview
 - ERCOT
 - SPP
 - MISO
 - Past 4 Polar Vortex
- Power Conservation Alert Program

New Member Service: Power Conservation Alert (PCA)

2

GROWTH

KYMEA will promote organic growth within our communities and seek mutually beneficial new membership opportunities.

- 2.1 **Communication & Education:**
Enhance KYMEA's brand by hosting two training and educational events annually, beginning January 1, 2020.
- 2.2 **Membership Growth:** Seek to grow membership by visiting three potential members annually over the next three years.

- 2.3 **Member Services:** KYMEA will identify and evaluate a minimum of one new member service annually for the next three years that brings value to the agency and the communities we serve.

The purpose of the PCA is a call to consumers to voluntarily conserve energy. PCA occurs before emergency load shedding and under frequency load shedding (UFLS) to avert potential involuntary customer brownouts and blackouts.

Power Conservation Alert (PCA)

- A call to consumers to voluntarily conserve energy when demand for power could outstrip supply or the power supply costs are exorbitantly high. This generally occurs during a heatwave or polar vortex.
- Proposed program would allow KYMEA to declare a PCA and automatically notify members and their voluntary customers (e-mail and/or text) that a conservation event has occurred.

If the Board is agreeable, the proposed action is for staff to investigate and design a Power Conservation Alert (PCA) program for the Board's review by the end of 2021.



KENTUCKY MUNICIPAL ENERGY AGENCY



CEO 2021 Goals Doug Buresh

February 25, 2021

1. Execution of Plan E (KYMEA Board approved Plan E on 12/29/2020)
 - Complete steps/processes for 15 MW MISO point-to-point transmission path (June 2022 – May 2027).
 - Complete agreement for a 30 MW PPA for intermediate capacity and energy sourced out of the MISO market (June 2022 – May 2027).
 - Implement a MISO Dynamic Scheduling mechanism to address operational challenges with Ashwood Solar I dispatch (intermittent generation/load balancing).
 - Examine the need for additional capacity from either the MISO Planning Resource Auction (PRA) and/or the bilateral capacity market.
2. Integrated Resource Plan (IRP)
 - Complete analysis to consider plans addressing the Agency's long-term needs (2027 – 2042).
 - Complete draft IRP report in 2nd quarter for Board review.
 - Release final IRP report by June 30, 2021.
3. KYMEA/Member Status Updates
 - CEO to visit each member community at least once annually.
 - CEO to provide updates to executive directors monthly or more frequently if needed.

4. Depancaking

- Continue to work with KYMEA FERC counsel regarding depancaking litigation.
 - FERC Protest: LG&E/KU Transition Mechanism.
 - Federal Legal Challenge: U.S. Court of Appeals for the D.C. Circuit.

5. Strategic Plan Priorities (KYMEA Board approved Strategic Plan on 10/23/2019)

- Financial Health Metrics: Score KYMEA financial health metrics scorecard by June 30th annually.
- Communication & Education: Host two training and educational events annually.
Note: This priority is subject to meeting COVID-19 health and safety restrictions.
- Member Growth: Visit three potential members annually.
Note: This priority is subject to meeting COVID-19 health and safety restrictions.
- Member Services: Identify and evaluate a new member service in 2021.
- Low-Cost Power Supply: Develop wholesale rate benchmarks by June 30, 2021.
- Strategic Retreat: Facilitate an annual strategic retreat to review and update the agency's strategic plan.
- Risk Mitigation: Continue to meet with Board Risk Oversight Committee (BROC) to assess, report on, and develop mitigation measures.

6. Member Communications

- Distribute Quarterly Newsletters.
- Release Annual Report by November 2021.

7. Finance and Accounting

- Complete FY2021 Annual Audit with External Auditor's Report to the Board by September 2021 Board meeting.
- Continue to develop reporting tools and dashboards.
- Review and maintain an appropriate line of credit.

8. Legislation and Government Affairs

- Work with KMUA, APPA, KLC, KIC, KACO, and other partners on mutually beneficial legislation and activities.
- Continue outreach efforts at the local, state, and federal level.
- Develop a mutually beneficial working relationship with other municipal utilities, cooperatives, TVA distributors and generators.

9. Ashwood Solar I Project

- Monitor progress of Ashwood project to ensure the project remains on schedule.
- Develop groundbreaking and ribbon cutting ceremony activities.
- Assist KYMEA communities with economic development opportunities by promoting the Ashwood Solar I project and SEPA for companies interested in a net-zero carbon footprint.

10. All-Requirements Rate Design

- Establish Energy and Demand Rates that considers the changing power supply portfolio (Vistra replaced by Ashwood), that balances stable and competitive rates with the agency's financial health metric and cash reserve policy.

11. Market Analytics

- Continue to assess KYMEA's energy and capacity position and hedge according to agency's hedge plan
- Continue to develop and automate data transfer between operations, planning, and finance.

KENTUCKY MUNICIPAL ENERGY AGENCY

PRESIDENT & CEO PERFORMANCE GOALS - 2021

KYMEA President & CEO Performance Goals
February 25, 2021

Dear KYMEA Board of Directors,

Please find attached the KYMEA President and CEO 2021 performance goals.

Performance Goals

Buresh Employment Agreement – section 3, paragraph 2, last sentence

Within sixty (60) days of Buresh's employment, and thereafter within sixty (60) days of Buresh's anniversary date, KYMEA and Buresh will mutually agree upon performance goals for Buresh so that performance goals are in place during each year of Buresh's employment.

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KENTUCKY MUNICIPAL ENERGY AGENCY

PRESIDENT & CEO PERFORMANCE GOALS - 2021

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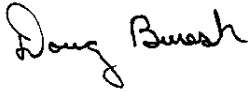
- Continue to assess KYMEA's energy and capacity position and hedge according to agency's hedge plan



KENTUCKY MUNICIPAL ENERGY AGENCY PRESIDENT & CEO PERFORMANCE GOALS - 2021

- Continue to develop and automate data transfer between operations, planning, and finance. Work with KMUA, APPA, KLC, KIC, KACO, and other partners on mutually beneficial legislation and activities.

Sincerely,



Doug Buresh
President & CEO
Kentucky Municipal Energy Agency





KENTUCKY MUNICIPAL ENERGY AGENCY

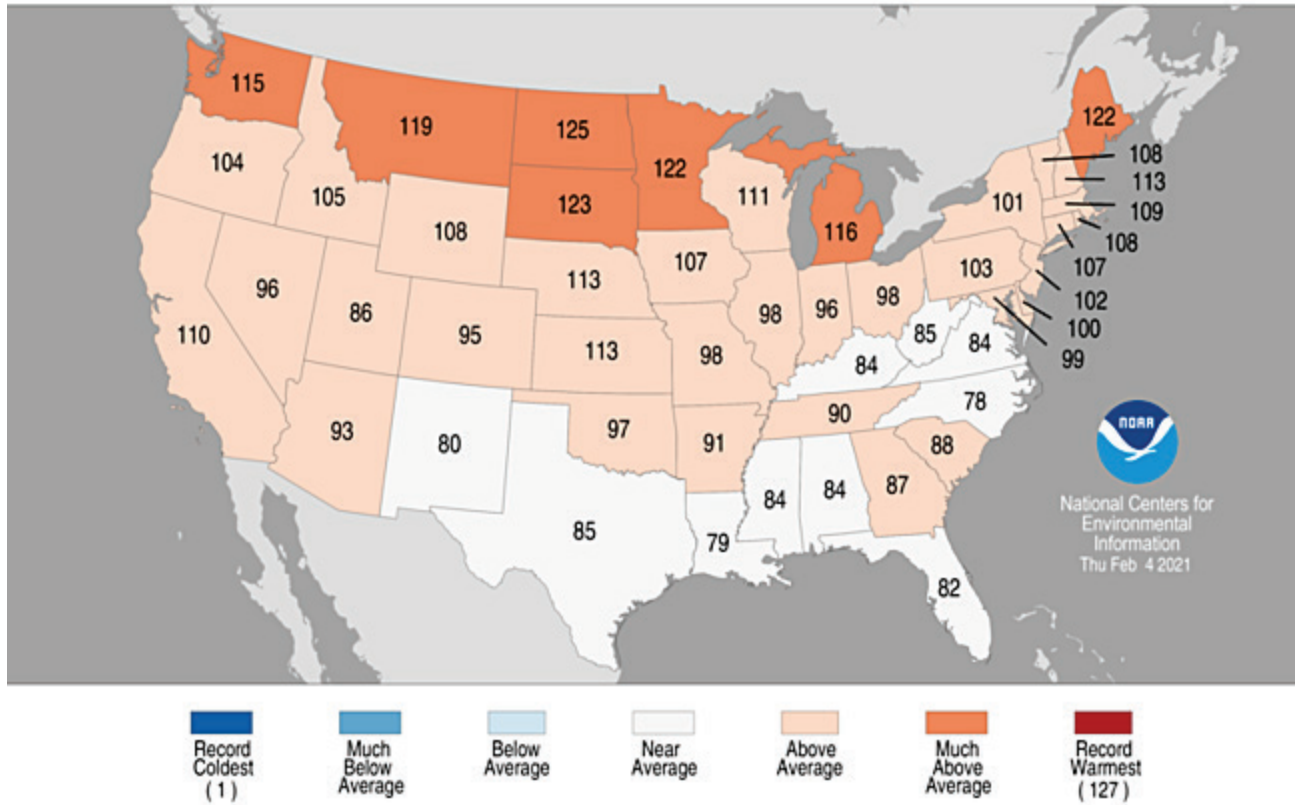


January 2021 Market Report

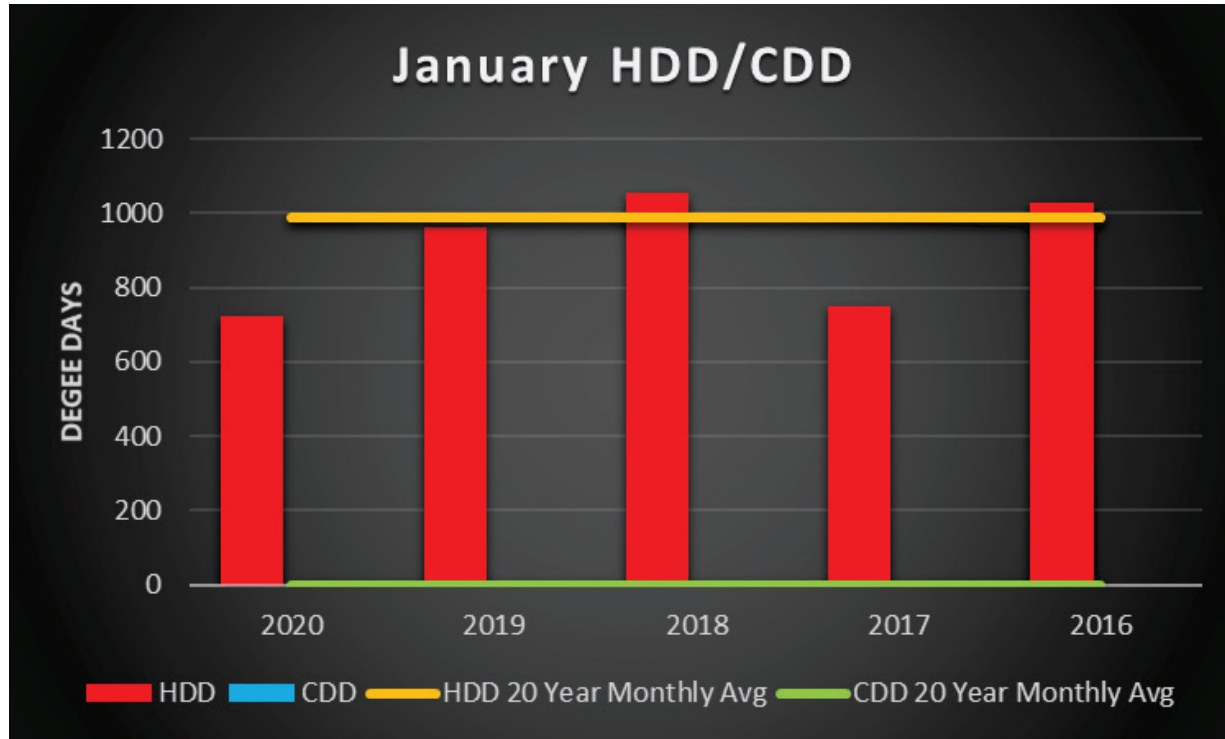
Rob Leesman

February 25, 2021

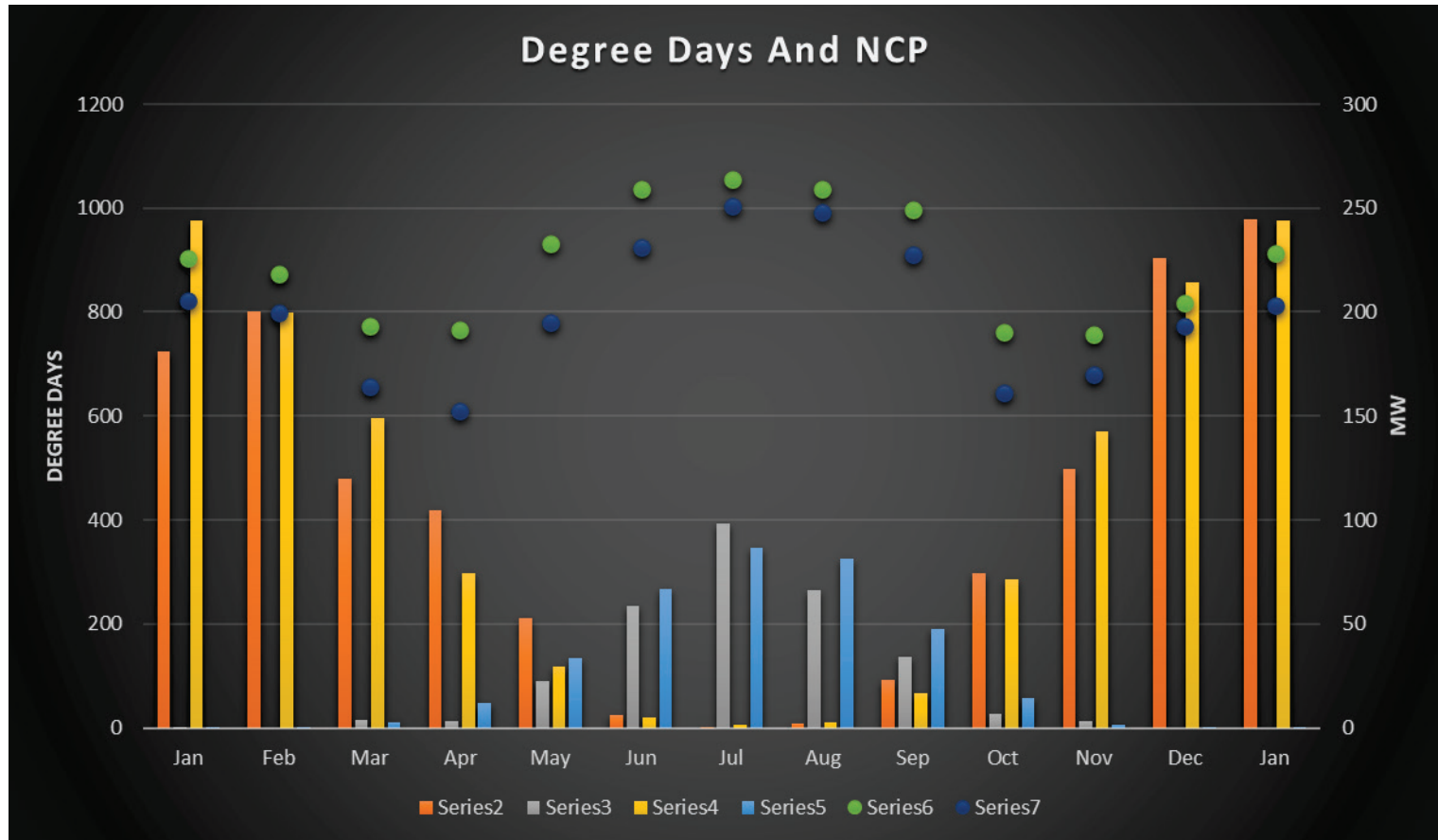
Statewide Average Temperature Ranks
January 2021
Period: 1895–2021



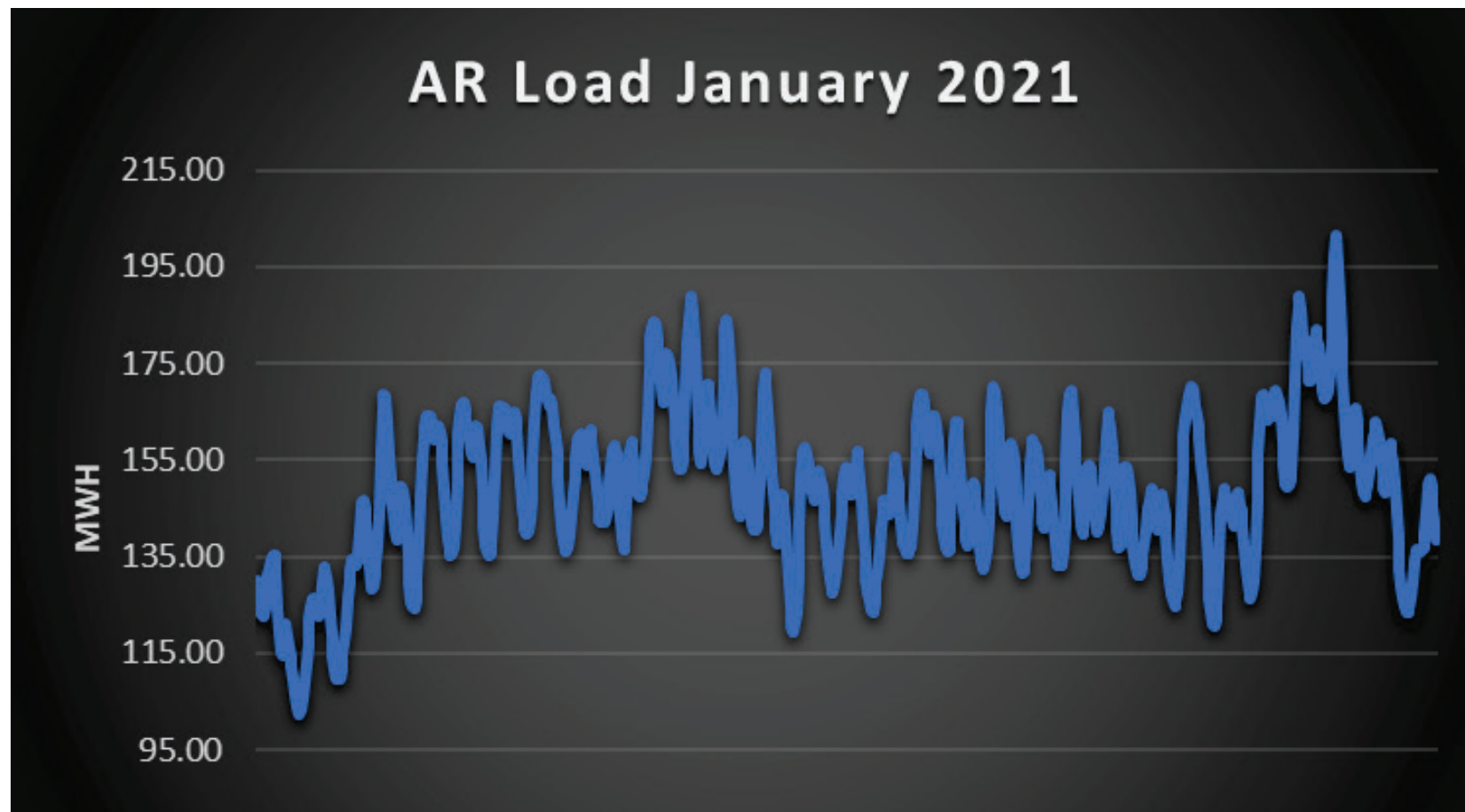
Degree Days



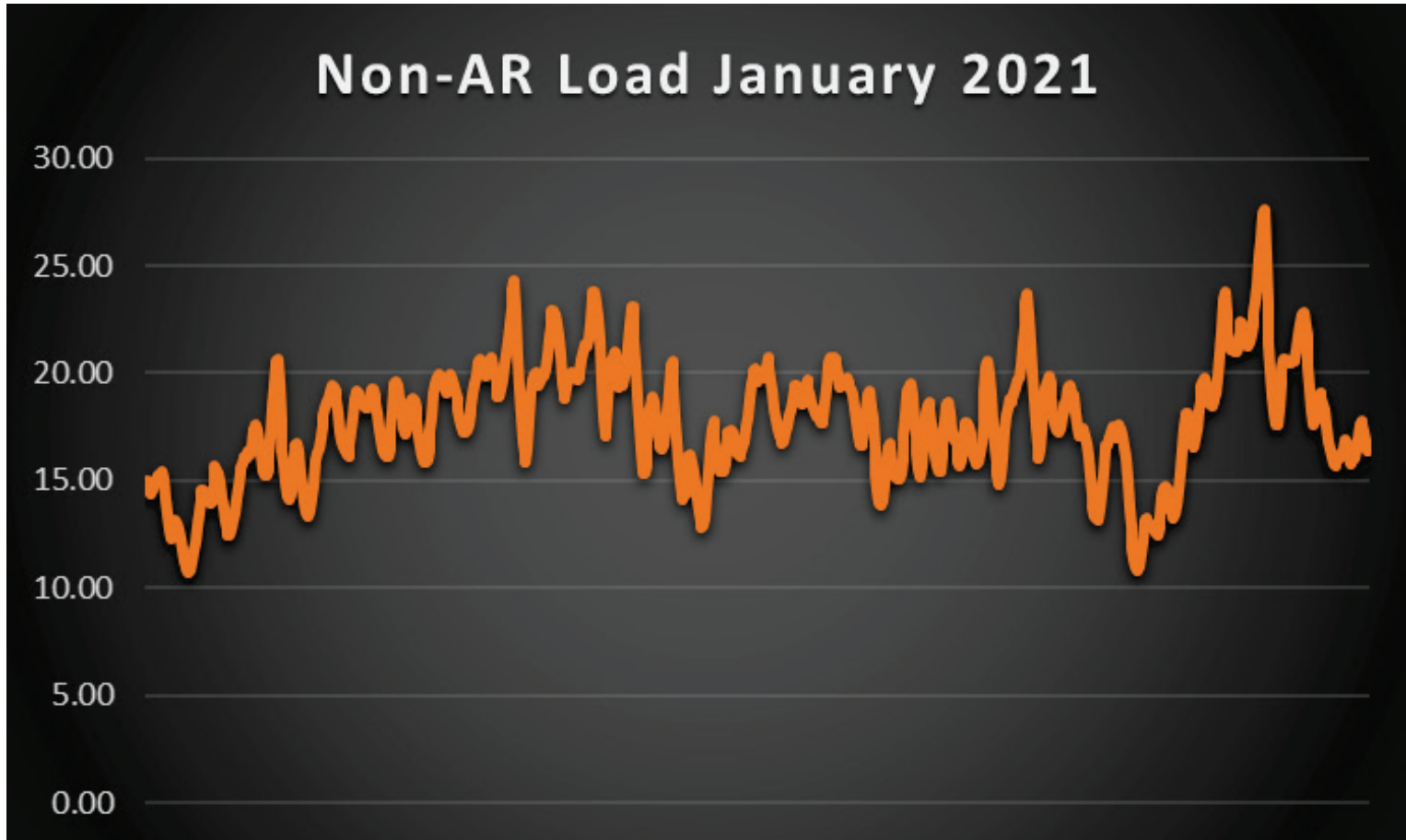
Degree Days



AR Load January 2021



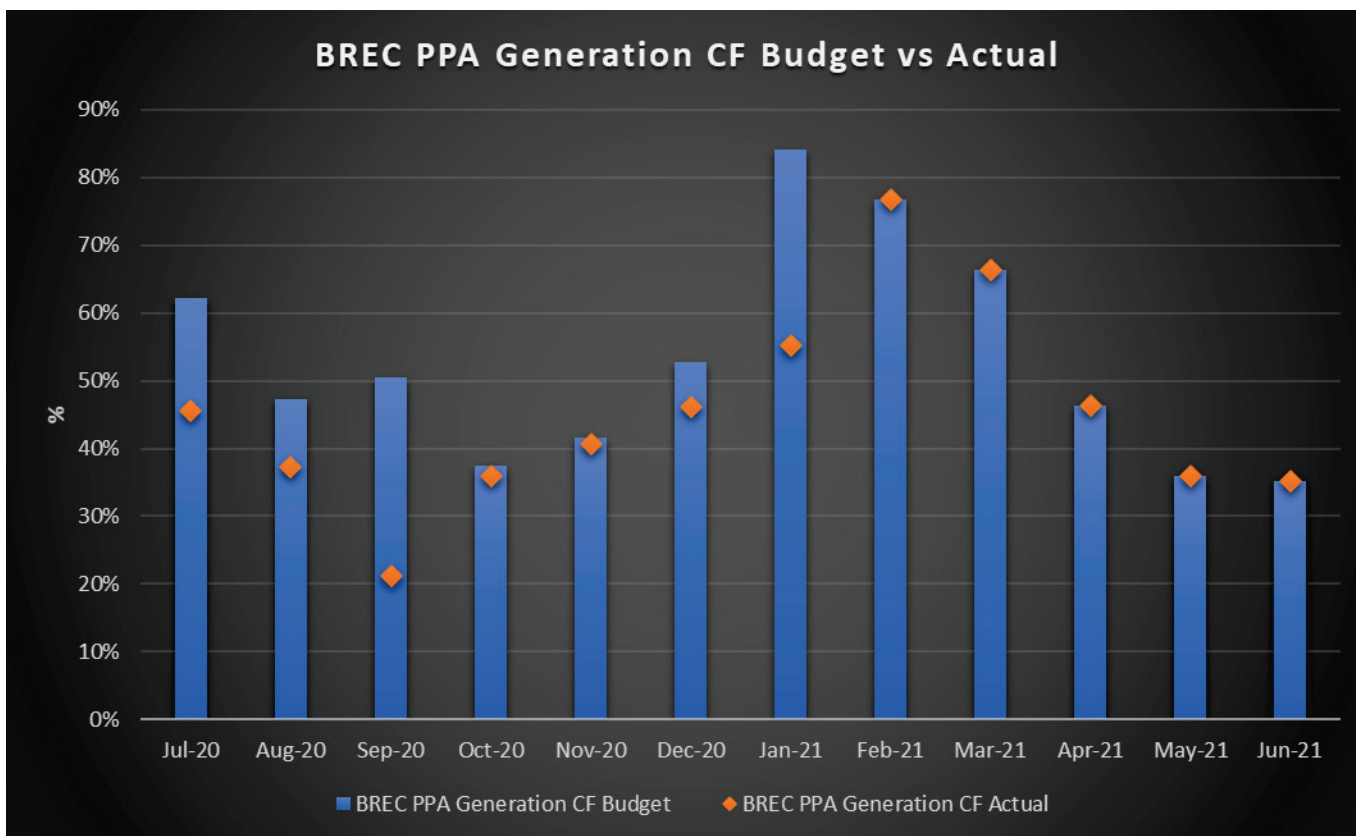
Non-AR Load January 2021



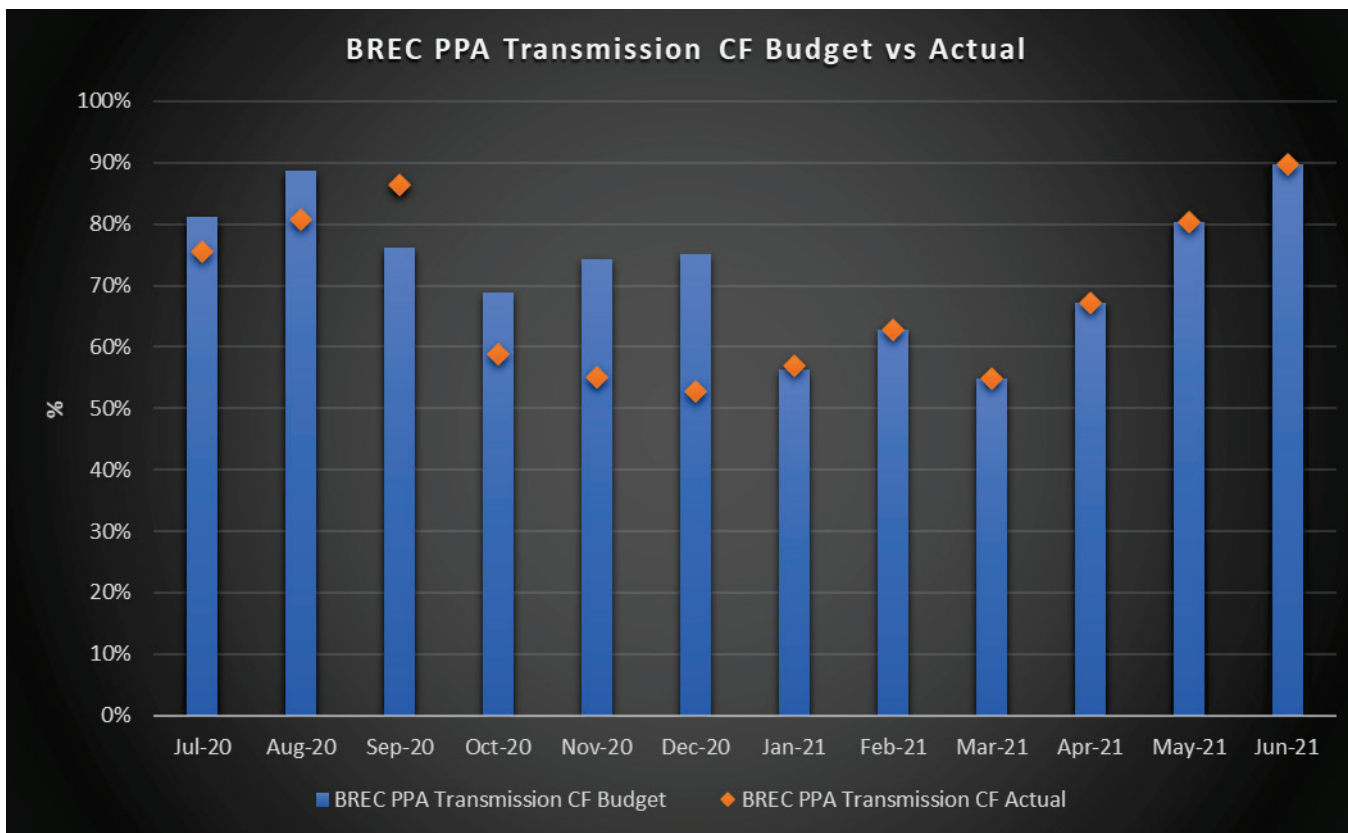
January 2021 Snapshot

Jan-21							
Member	Budget Energy (MWh)	Actual Energy (MWh)	Actual vs. Budget Energy	Budget NCP (MW)	Actual NCP (MW)	Actual vs. Budget NCP	Timestamp (HE EST)
Barbourville	9,171	8,528	93%	18.66	16.30	87%	1/29/2021 9:00 AM
Bardwell	795	742	93%	1.54	1.25	81%	1/12/2021 10:00 AM
Benham	878	789	90%	2.34	1.82	78%	1/29/2021 8:00 AM
Berea	14,007	12,376	88%	30.57	25.77	84%	1/29/2021 9:00 AM
Corbin	8,314	7,529	91%	16.56	14.15	85%	1/29/2021 8:00 AM
Falmouth	1,750	1,630	93%	3.28	2.82	86%	1/29/2021 11:00 AM
Frankfort	66,549	60,329	91%	127.18	111.77	88%	1/29/2021 9:00 AM
Madisonville	24,458	22,282	91%	42.52	36.62	86%	1/12/2021 10:00 AM
Owensboro	65,354	62,796	96%	114.00	103.00	90%	
Paris	6,494	7,019	108%	13.49	16.06	119%	1/28/2021 10:00 AM
Providence	2,547	2,559	100%	4.91	4.45	90%	1/28/2021 9:00 PM
AR	120,079	110,617	92%	228.15	203.43	89%	
Non-AR	14,886	13,165	88%	32.91	27.59	84%	
All	134,964	123,783	92%	261.06	231.02	88%	
Total	200,318	186,579	93%	375.06	334.02	89%	

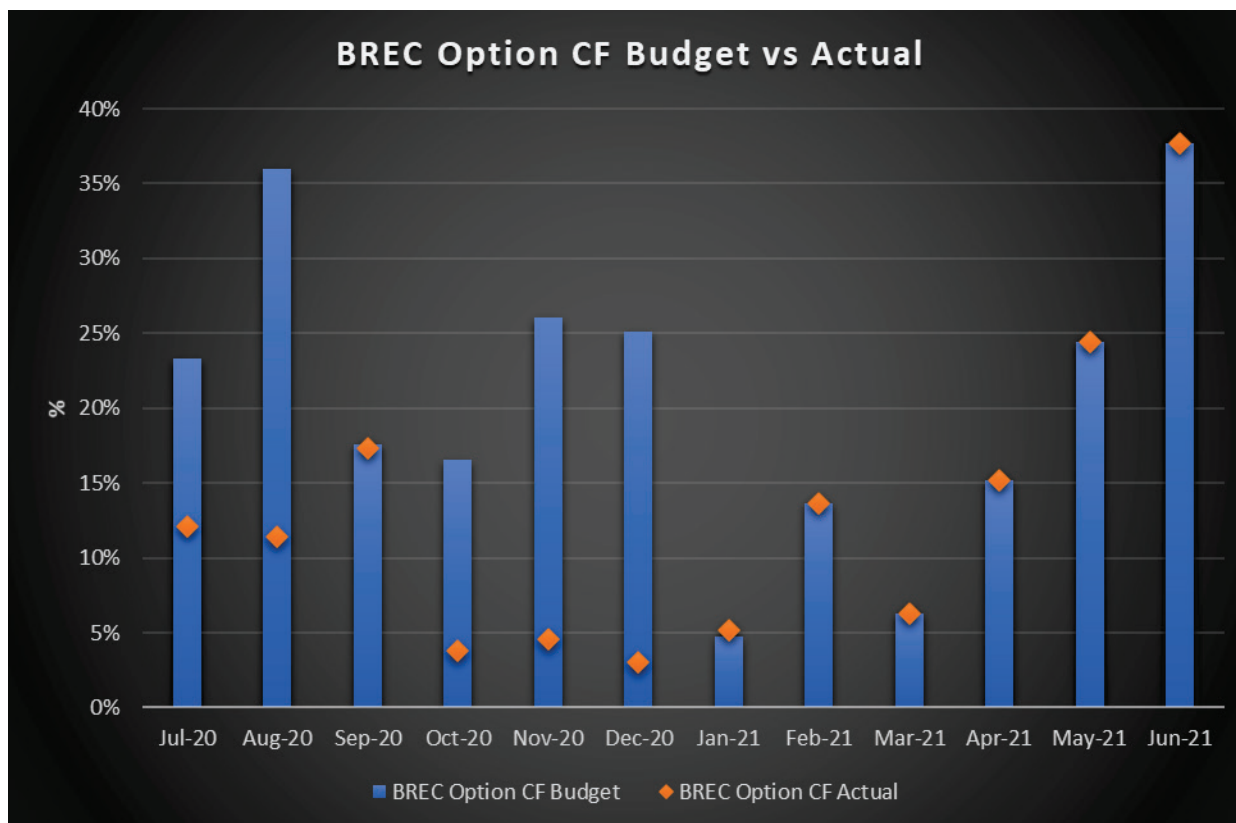
BREC Gen PPA Capacity Factor



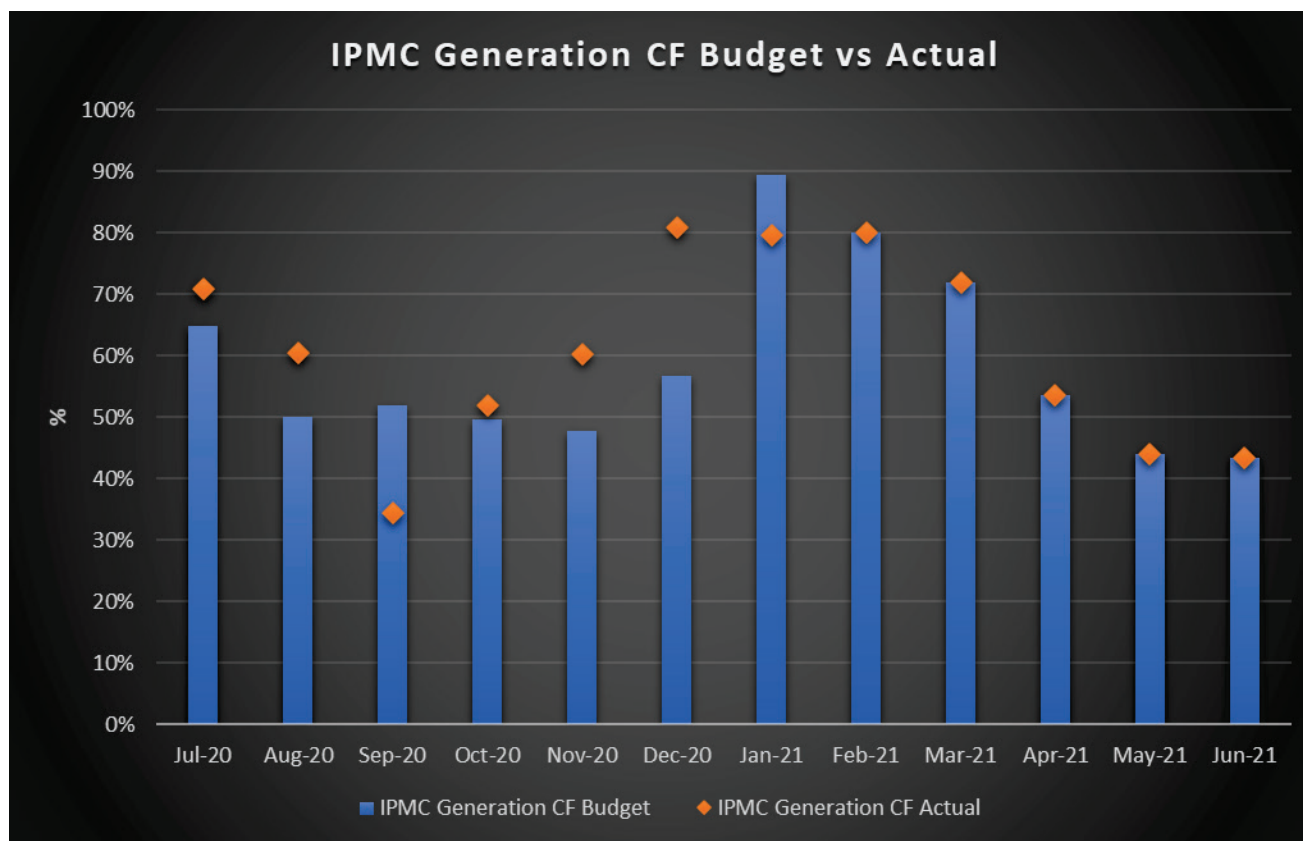
BREC Trans PPA Capacity Factor



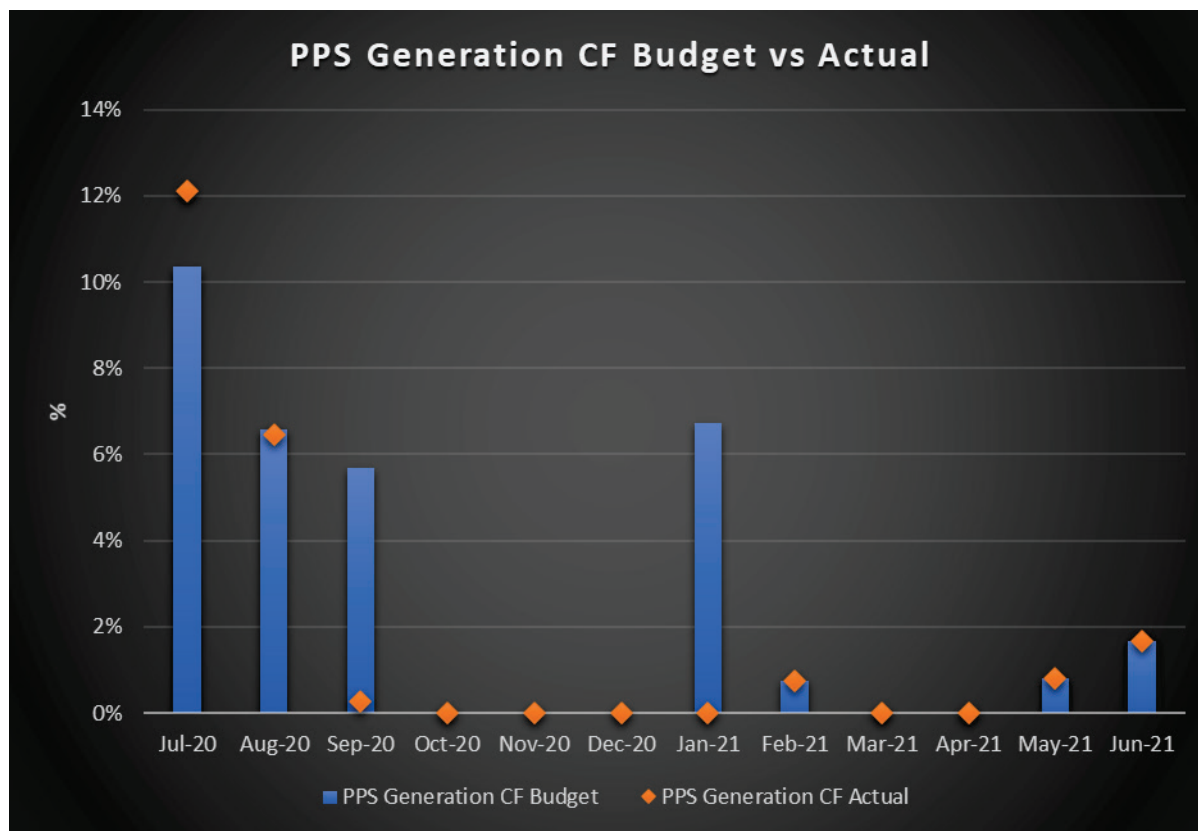
BREC Option Capacity Factor



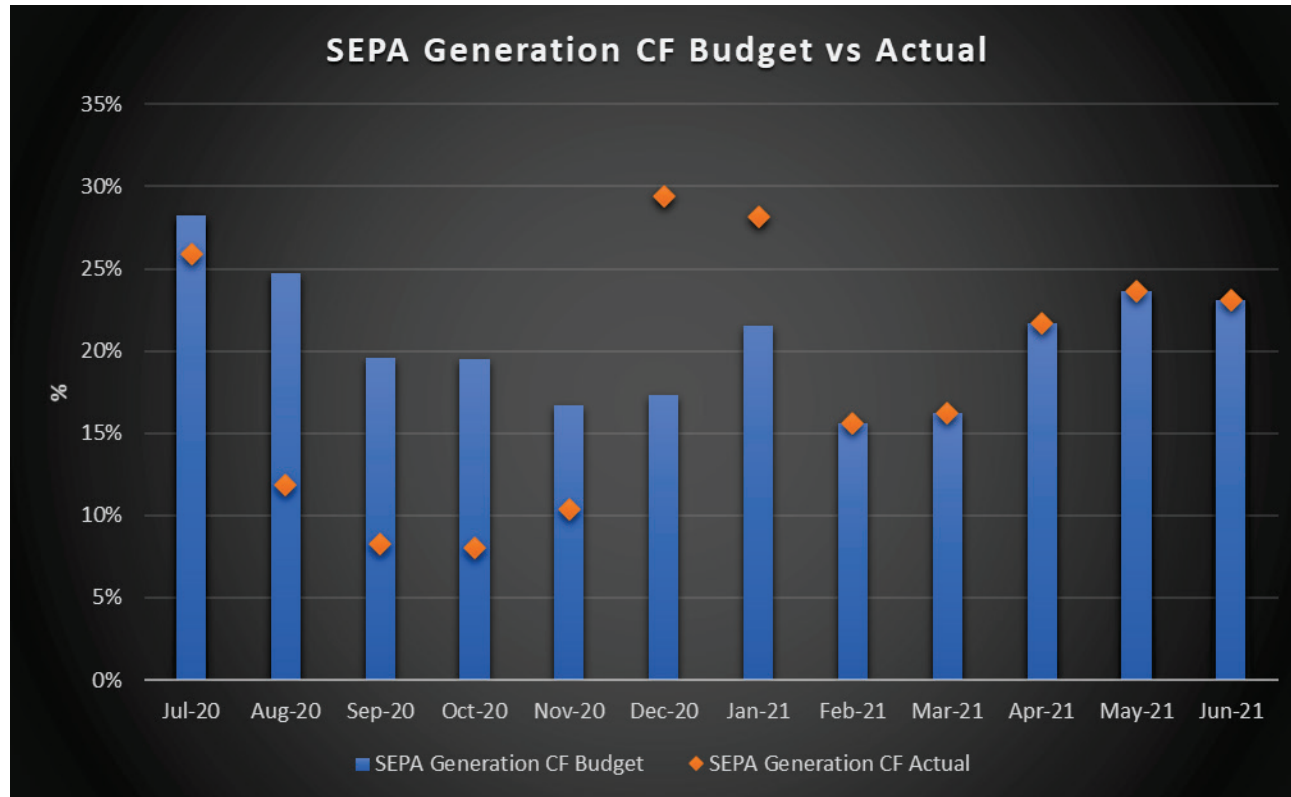
EEI/LGEE Capacity Factor



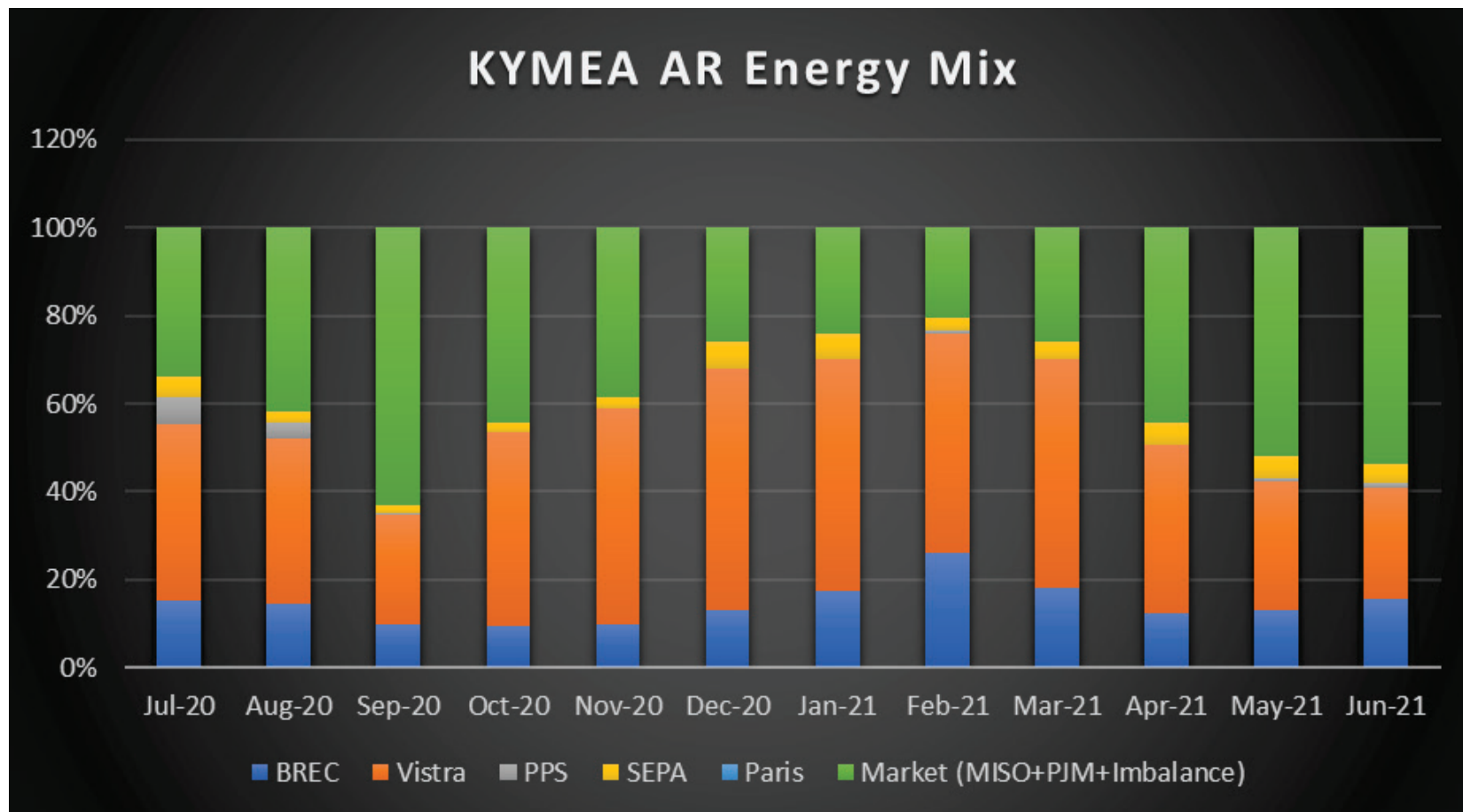
PPS PPA Capacity Factor



SEPA Capacity Factor

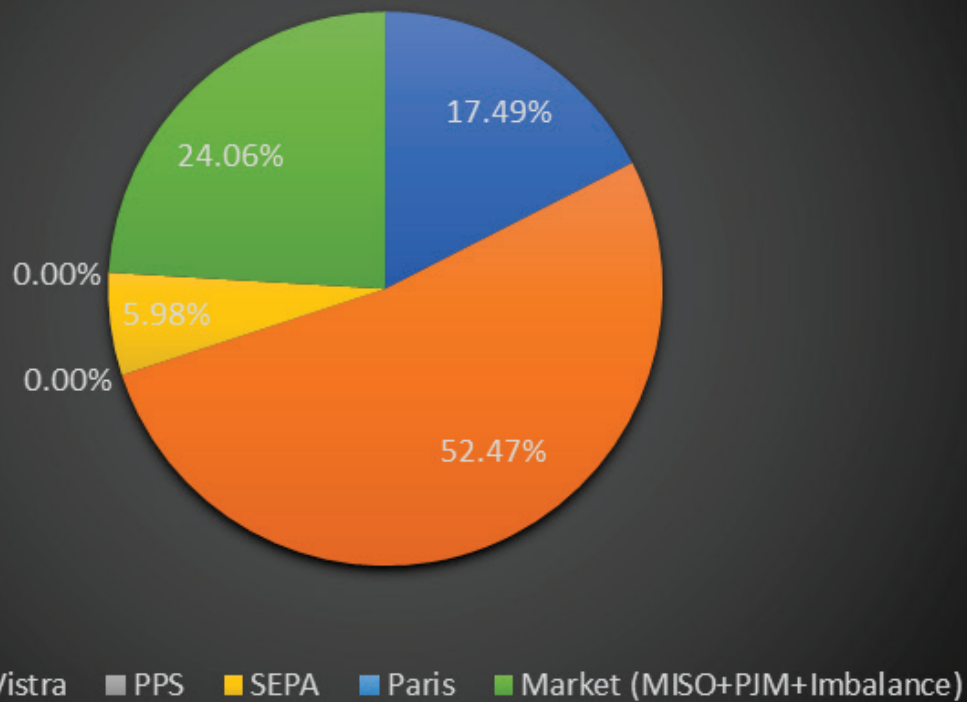


KYMEA AR Energy Mix



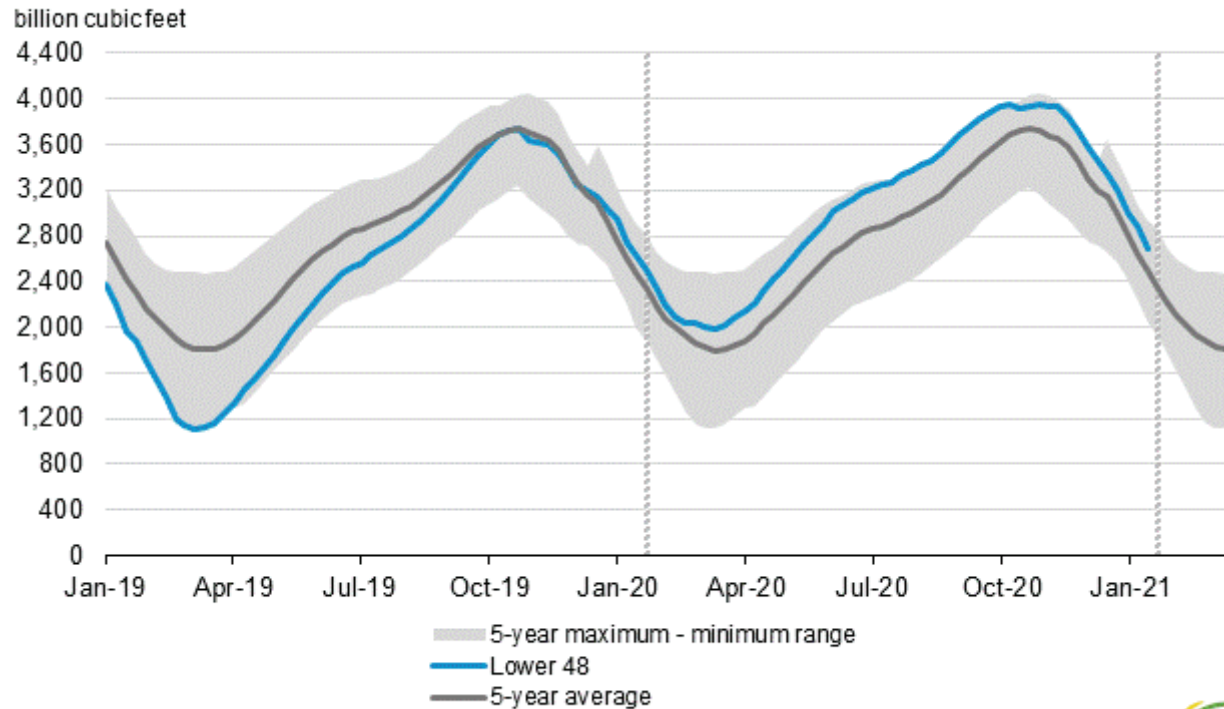
KYMEA AR Energy Mix

KYMEA AR Group January 2021 Energy Supply



Working Gas in Storage

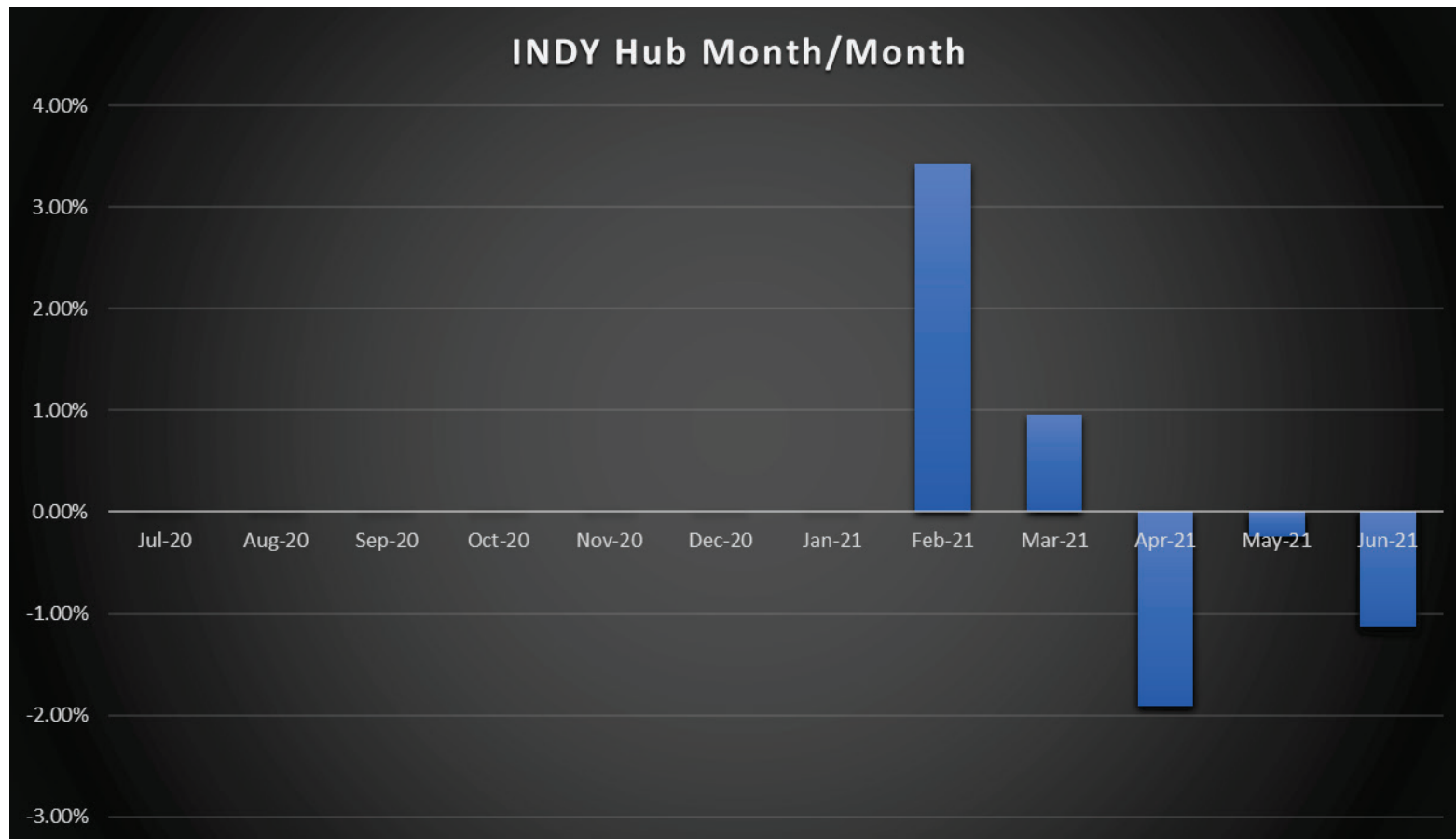
Working gas in underground storage compared with the 5-year maximum and minimum



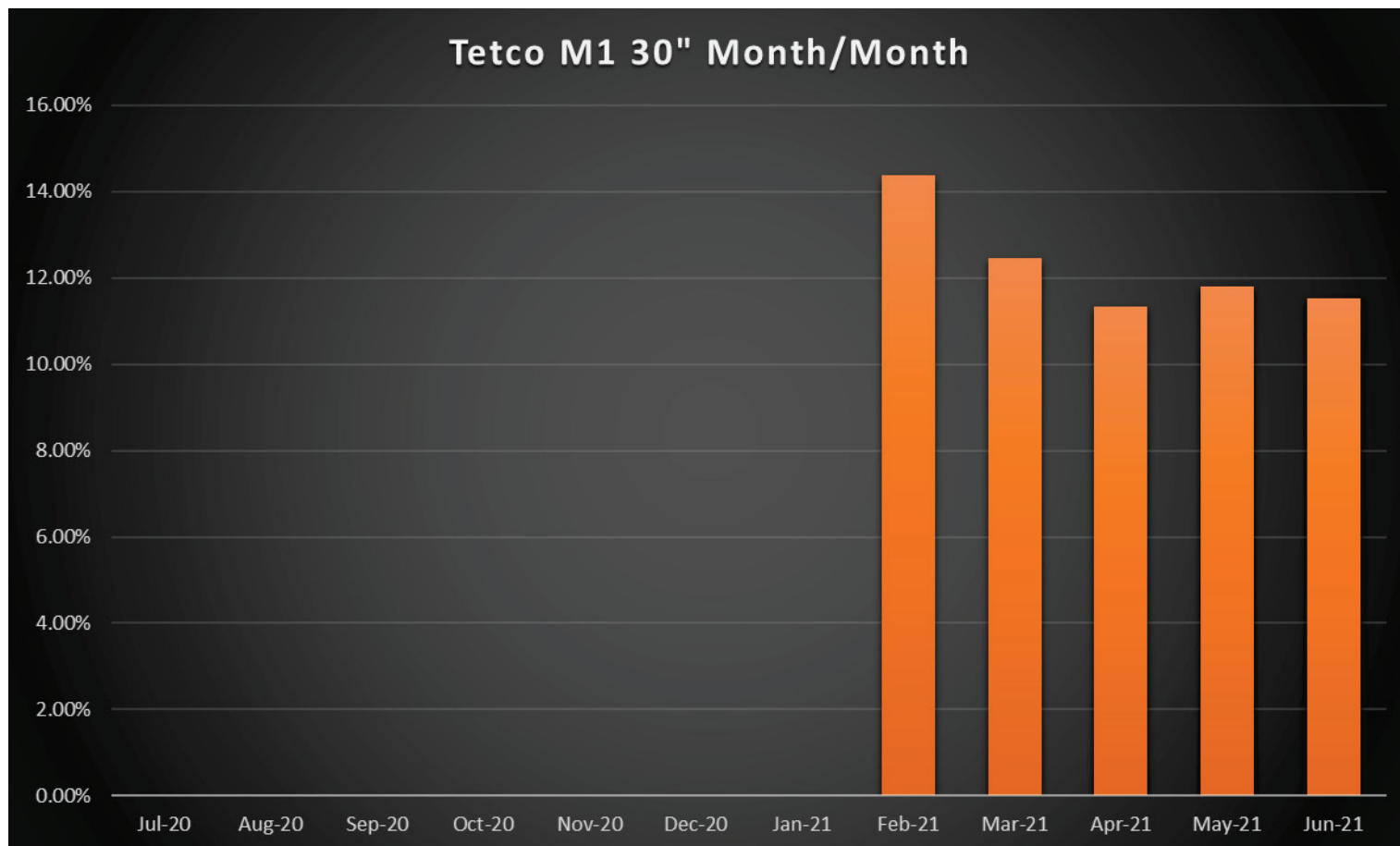
Source: U.S. Energy Information Administration



Indiana Hub ATC



Tetco M1 30"





KENTUCKY MUNICIPAL ENERGY AGENCY



Member Communications

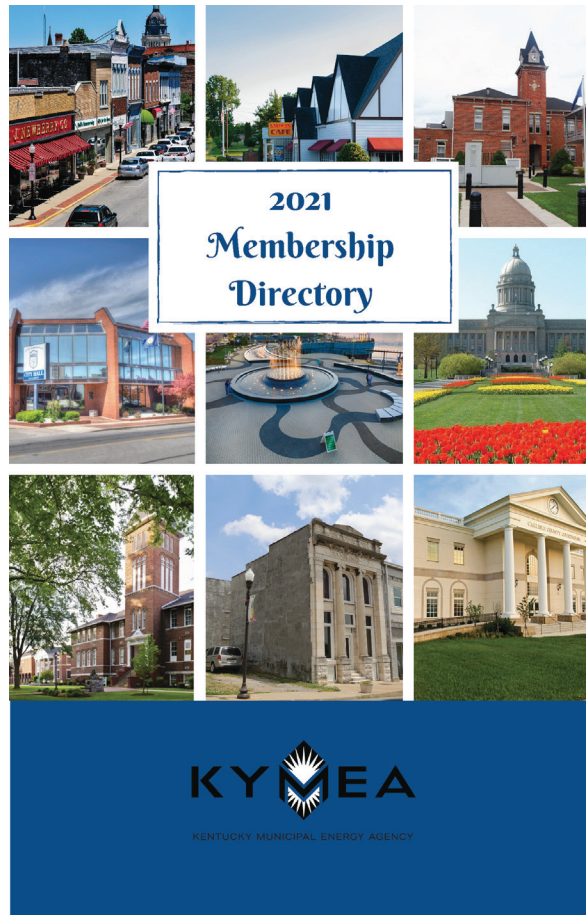
Michelle Hixon

February 25, 2021

Dates to Remember

March	
1 st -3 rd	APPA Legislative Rally
25 th at 8:30 AM	BROC
25 th at 10 AM	Combined Meeting of the AR Project Committee and the KYMEA Board of Directors
April	
22 nd at 10 AM	Combined Meeting of the AR Project Committee and the KYMEA Board of Directors

2021 Member Directory



Members will receive the updated Directory in the mail next week.

2021 APPA Virtual Legislative Rally



- Influence those who decide your community's future
- Learn about issues affecting public power
- Get the tools you need to help advocate for public power
- APPA sessions on March 1st & 2nd
- Meetings with KY Delegates may be scheduled March 1st - 4th

Registration is free for all attendees!

Discussion Topics and Miscellaneous Materials

F. Discussion Topics

F.1 Legislation

F.2 Open Records Request



Kentucky General Assembly - Legislative Summary as of 2/22/21

HB 55 - (Prevailing Wage) - amends various sections of the Kentucky Revised Statutes applying prevailing wage standards on public projects.

HB 127 - (Utility Rates) - gives the PSC, on its own motion, the power to examine the adequacy of the utility system rates and charges. PSC may order a full rate case review. Only applies to entities that are subject to PSC jurisdiction.

HB 159 and SB 109 - (Water Fluoridation Program) - allows a local government through its legislative body to void the implementation of a water fluoridation program by a public water system over which it has jurisdiction.

HB 207 - (Utility Service) - a city, county, urban-county, charter county, consolidated local government, or special district shall not adopt or enforce any ordinance, policy, resolution, code, or other form of executive or legislative action that has the purpose or effect of prohibiting, discriminating against, restricting, limiting, or impairing consumers' ability to use the utility services that are described in KRS 278.010(3)(a), (b), or (c) and that are provided by a utility that is regulated by the Public Service Commission under KRS Chapter 278 or is otherwise incorporated under KRS Chapter 279. **Reported favorably from the Natural Resources and Energy Committee to House, given 2nd reading in House. Floor amendment anticipated to be proposed.**

HB 238 - (City Utility Membership) - amends KRS 96.530 to allow any city to appoint a city utility commission consisting of either three (3) or five (5) commissioners. Present law requires cities with a population greater than 20,000 to have five (5) commissioners. Also allows for one (1) non-resident of the city if a three commissioner board or two (2) non-residents of the city if a five commissioner board. **Reported favorably from the Local Government Committee to House, amended on House floor, given 2nd reading in House. Floor amendment states that county appointees shall be: (a) resident of the County in which the utility is located; (b) possesses qualifications and expertise that benefits the city utility; and (c) not employed by, not in any fiduciary or agency capacity with the utility or does not possess ownership interest in or is a supplier or competitor of the utility.**

HB 272 - (Water Districts and Associations) - provides for late payment charges by water districts and associations and prohibits PSC from modifying, rejecting or suspending late payments once established in a tariff. **Amended with a Substitute Bill that expands the provisions to include executive orders, administrative regulations or other guidance are not effective as to termination of service or the assessment of penalties and late fees. Reported favorably from Local Government Committee and given 2nd reading in the House.**

HB 302 - (Water and Wastewater) - limits the ability of sanitation districts to require forced hook-up to sewer system if the owner of property has an operable sanitary /septic system.

HB 303 - (Underground Facility Protection) - provides rules and protections for underground facilities and service lines. **Reported favorably by Natural Resources and Energy Committee to House and given 1st reading.**

HB 343 - (Broadband) - provides for broadband development in rural areas, and established a broadband deployment fund. In Appropriations and Revenue Committee.

HB 465 - (Acquisition of Water and Sewer Utilities) - sets forth that acquisition prices for water and wastewater utilities to be based on full value of facility rather than net original cost, provides support and encouragement, as may be determined by PSC, of consolidation of water and wastewater utilities.

HB 520 - (Open Records) - amends Open Records Act to protect personal identification information from public disclosure.

From: [Doug Buresh](#)
To: [Michelle Hixon](#); [Rob Leesman](#); [Heather Overby](#); [Molly Roesler](#)
Subject: Fwd: Open Records Request
Date: Thursday, February 4, 2021 1:53:32 PM

Get [Outlook for iOS](#)

From: Walt Baldwin <wbaldwin@lydian.org>
Sent: Thursday, February 4, 2021 1:45:47 PM
To: Doug Buresh <dburesh@kyMEA.org>
Cc: Charlie Musson <csmusson@rubinhays.com>
Subject: Open Records Request

Mr. Buresh,

Pursuant to Kentucky's Open Records Act, KRS 61.870-61.884, I am writing to request copies of the following public records from KyMEA:

1. All records detailing individual member metered peak watts and watt-hour load data from September 2020 through to the present at 15 minute intervals or higher granularity if available. Please provide in original, machine readable, digital format.

I am not requesting the creation of any new documents summarizing or reproducing the records above or any other data.

The requested information is not being sought for commercial purposes.

If KyMEA makes a determination that any responsive record, or any portion within the requested record, is exempt from disclosure, please provide "a statement of the specific exception authorizing the withholding of the record and a brief explanation of how the exception applies to the record withheld" as required by KRS 61.880(1). To the extent KyMEA may deny any portion of my request and claim the information is proprietary, please cite to the applicable federal and/or state law that supports your withholding of the public record. If KyMEA validly deems any portion of a record exempt, I ask that the remainder of the records to be provided, as required by KRS 61.878(4).

Further, KRS 61.874(2)(a) requires KyMEA to provide the requested records electronically, where KyMEA maintains the records electronically. Please supply the requested records in the most convenient and natural format. I am not asking KyMEA to reproduce the records or data but rather to provide the original records or exports from their storage system(s). A digital file containing the records and delivered by e-mail is preferred, especially given the current health crisis. A disc, thumb drive, or other form is acceptable if absolutely necessary.

I look forward to your response within three business days.

If you are not the official custodian of records please forward this request as appropriate.

Regards,
Walt Baldwin

AR Committee Meeting

G. Action Items

G.1 Recommendation of FY 2022 AR Project Rates





KENTUCKY MUNICIPAL ENERGY AGENCY

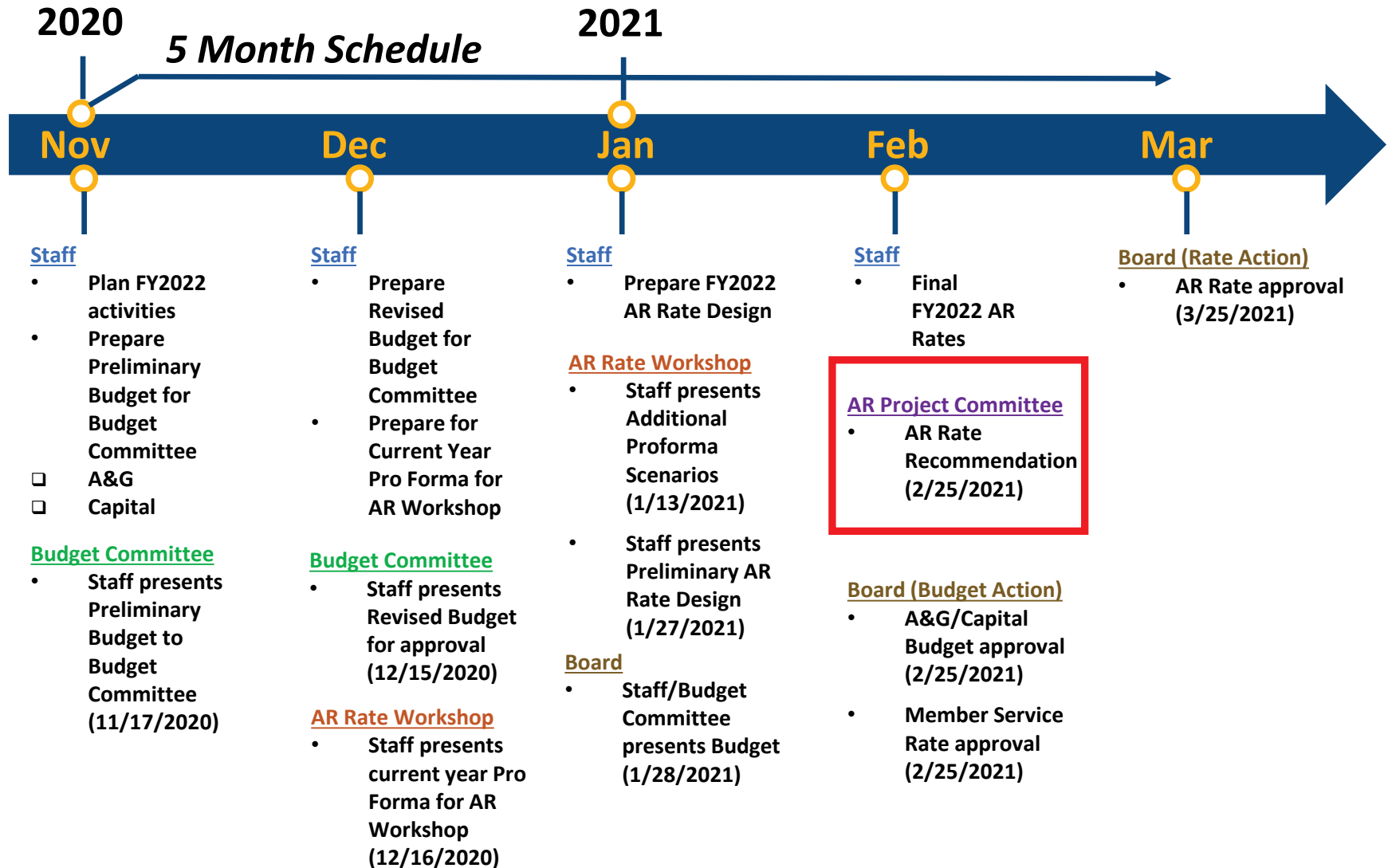


FY 2022 AR Project Rates

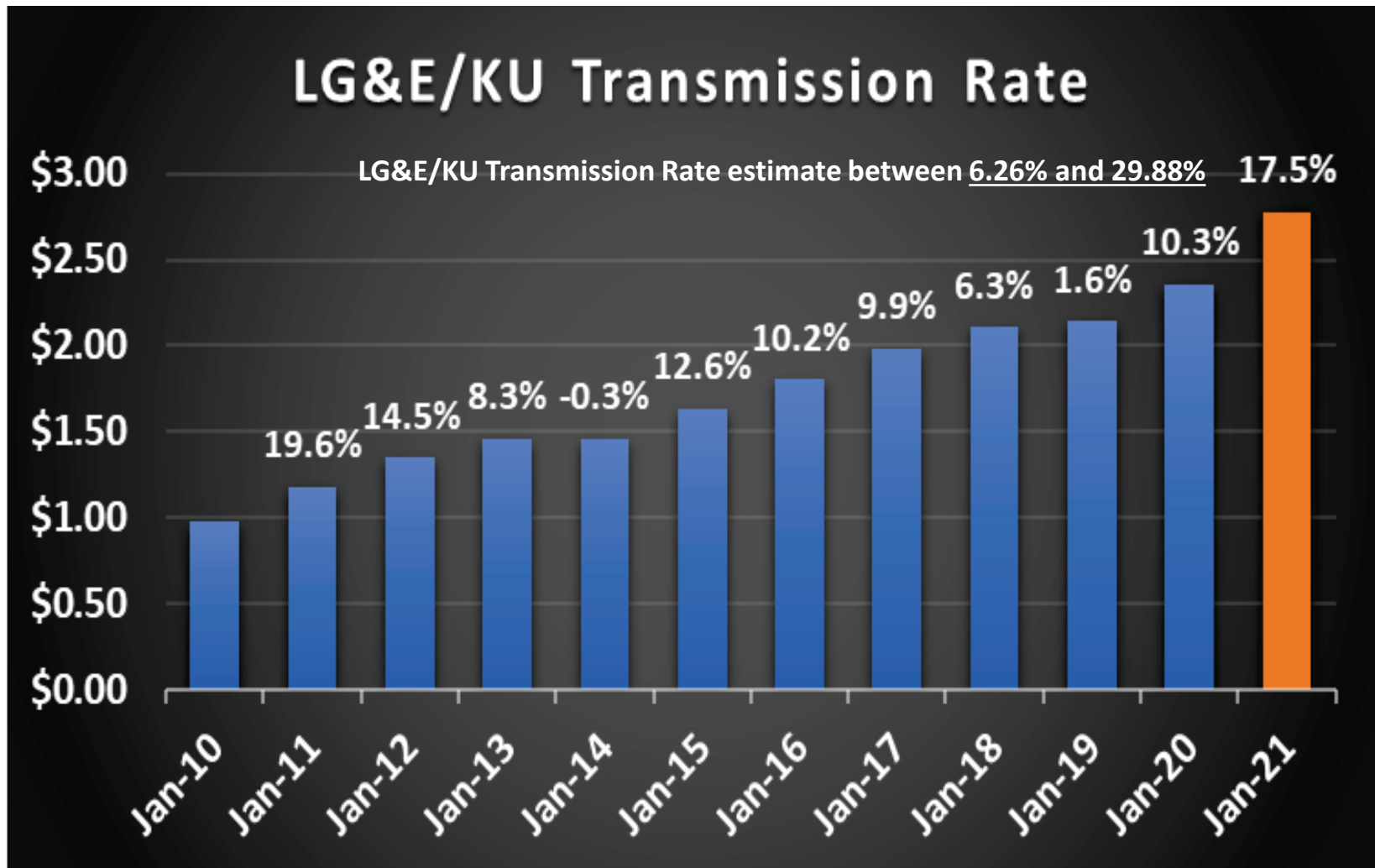
February 25, 2021

Heather Overby

FY2022 Budget and Rates Schedule

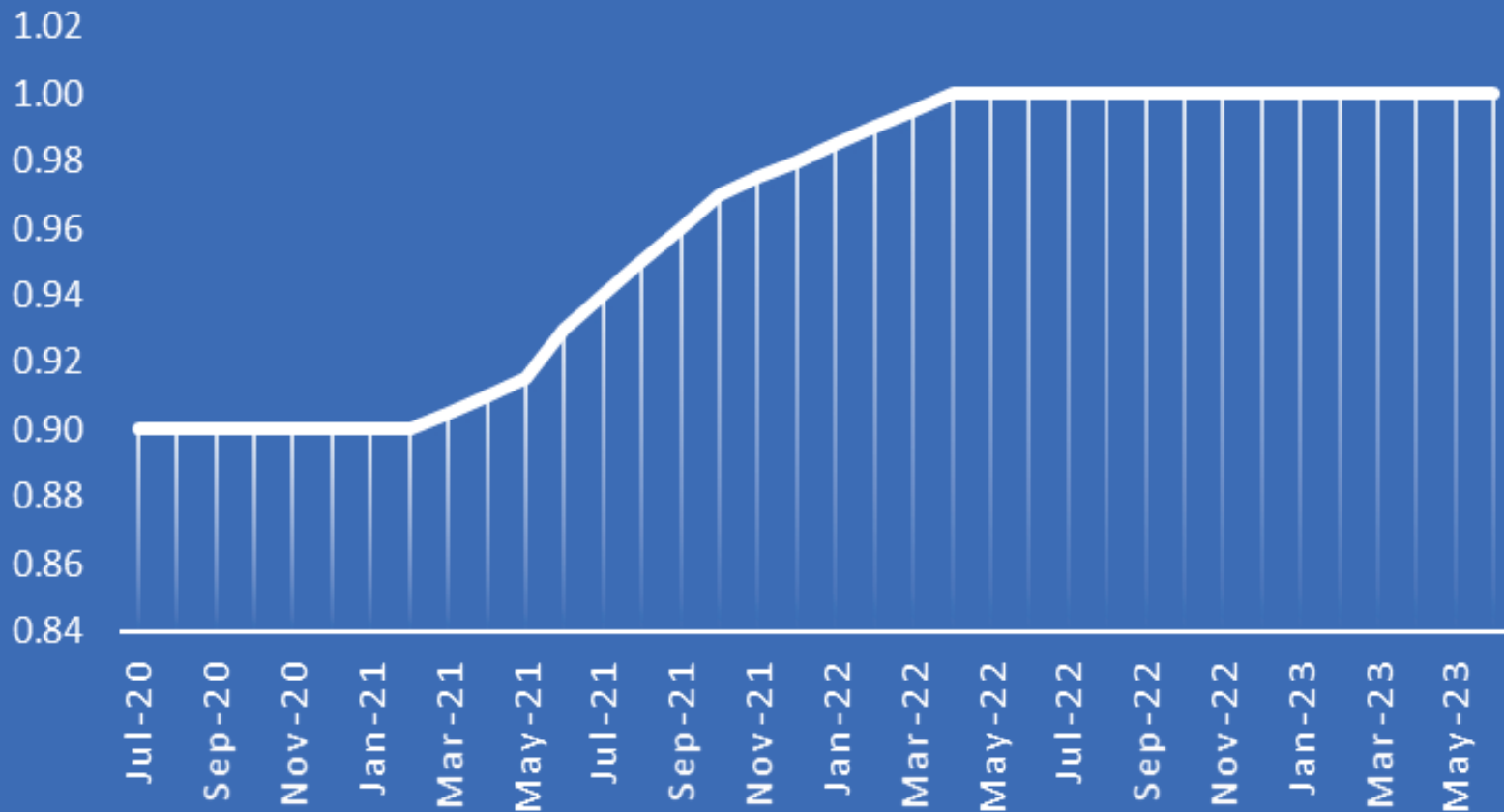


LG&E/KU Projected FY2022 Transmission

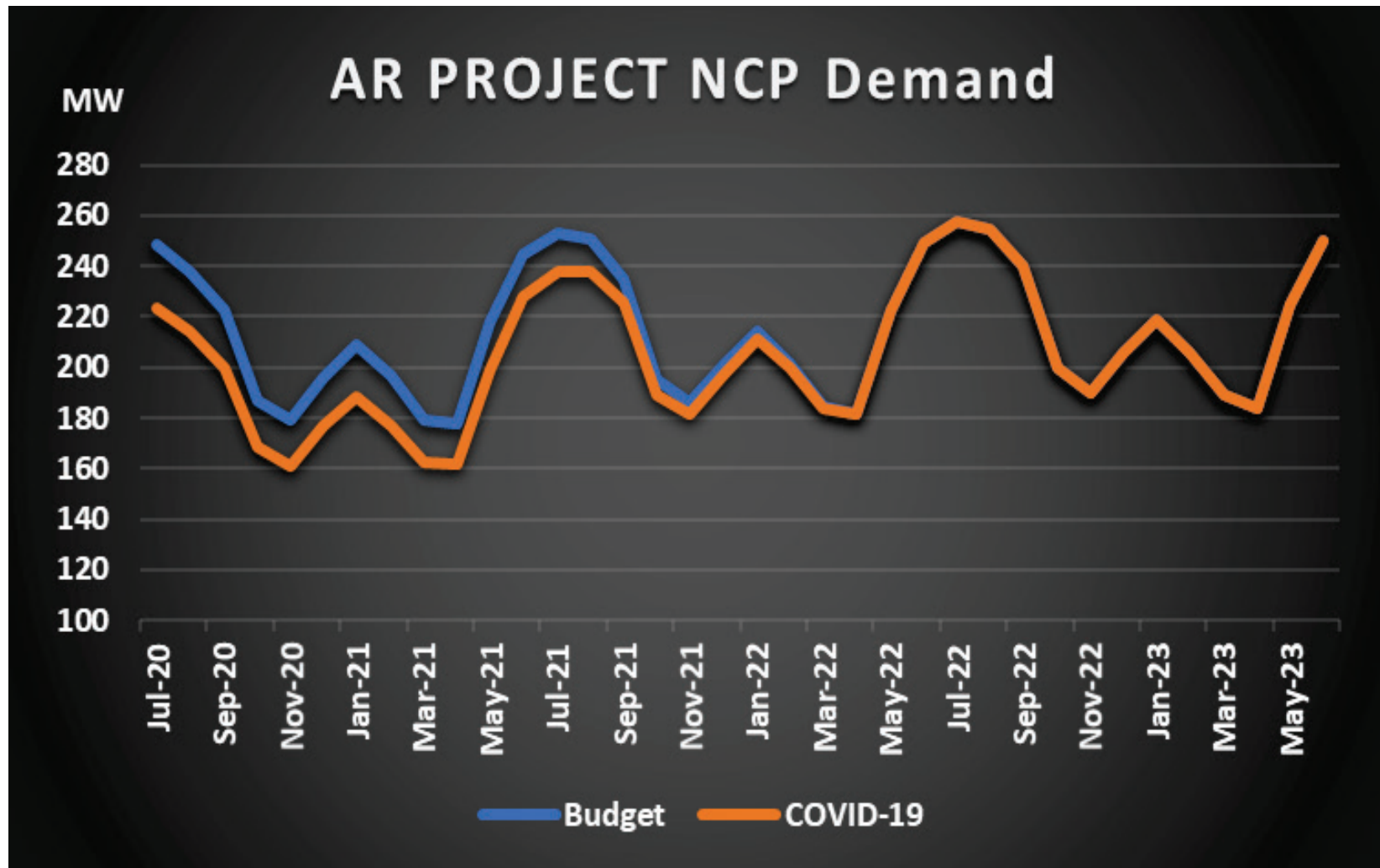


AR Project Demand and Energy

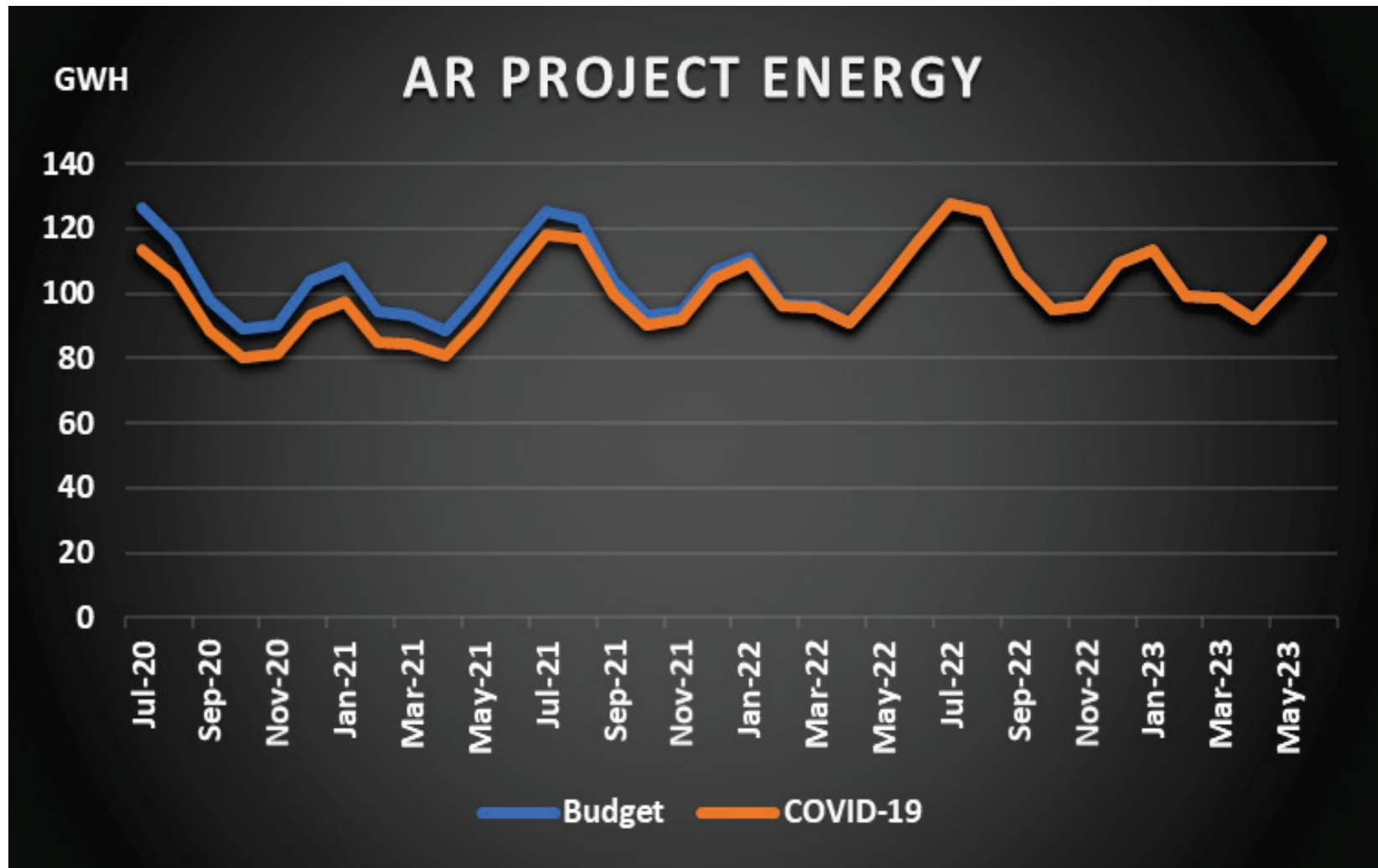
ASSUMED LOAD RECOVERY



AR Project Demand and Energy



AR Project Demand and Energy



KYMEA COVID-19 Rate Relief Plan

- ❑ Due to the effect of COVID-19 on KYMEA's Members and their ratepayers, KYMEA is extending its COVID-19 Rate Relief Plan ("Plan") in FY2022. This Plan will utilize Rate Stabilization funds to aid in alleviating the economic impact of the pandemic on the KYMEA Members. KYMEA and its membership stand together to provide much needed relief to our customers.

KYMEA COVID-19 Rate Relief Plan

	FY2021 7 Month Actual/5 Month Projected			FY2022 - Budget			FY2023 - Budget		
	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
Billing Demand	\$14.044000	2,379,028	\$33,411,065	\$14.044000	2,517,254	\$35,352,311	\$11.390355	2,620,032	\$29,843,092
Energy	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>
	\$0.024702	1,180,696,643	\$29,165,568	\$0.024702	1,230,346,330	\$30,392,015	\$0.028523	1,281,572,982	\$36,554,050
ECA	\$0.000000	1,180,753,168	\$0	\$0.000000	1,220,277,469	\$0	\$0.000000	1,281,077,718	\$0
Transmission	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
KU Transmission 12-CP	\$2.686601	2,290,028	\$6,152,392	\$2.899670	2,427,060	\$7,037,672	\$3.617833	2,512,367	\$9,089,326
MISO Transmission NCP	\$1.535000	2,382,198	\$3,656,674	\$1.535000	2,517,774	\$3,864,784	\$2.329988	2,621,229	\$6,107,431
PJM Transmission 1-CP	\$2.823869	35,400	\$99,965	\$3.180260	34,200	\$108,765	\$3.854164	37,200	\$143,375
KU Direct Assigned Facilities			<u>\$</u>			<u>\$</u>			<u>\$</u>
Fixed Facility Charges			\$155,157			\$106,304			\$106,304
SEPA Member Resource Credit	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
Capacity Payment	(\$4.427500)	383,388	-\$1,697,450	(\$4.427500)	383,388	-\$1,697,450	(\$4.427500)	383,388	-\$1,697,450
AR Project Member Invoice			\$70,943,371			\$75,164,400			\$80,146,126
			6.009 ¢			6.109 ¢			6.254
Change from Previous Fiscal Year			-5.33%			1.67%			2.37%
AR Project Member Power Supply (Without NITS)			\$64,691,014			\$68,017,963			\$70,913,426
			5.479 ¢			5.528 ¢			5.533
Change from Previous Fiscal Year (Without NITS)			-7.18%			0.90%			0.09%
Net Income			\$3,170,000			-\$2,760,123			\$2,576,562
Days Cash On Hand (June)			71.08			42.88			54.84
Min DCOH to Trigger ECA			50.00			40.00			40.00
Coverage of Full Fixed Obligations (June)			1.07			0.95			1.06
Preferred Leverage (June)			6.86			7.71			6.66

KYMEA COVID-19 Rate Relief Plan

	FY2022 - Budget			FY2023 - Budget			FY2024 - Budget		
	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
Billing Demand	\$14.044000	2,517,254	\$35,352,311	\$11.390355	2,620,032	\$29,843,092	\$11.675114	2,628,622	\$30,689,464
Energy	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>
	\$0.024702	1,230,346,330	\$30,392,015	\$0.028523	1,281,572,982	\$36,554,050	\$0.029236	1,290,179,132	\$37,719,509
ECA	\$0.000000	1,220,277,469	\$0	\$0.000000	1,281,077,718	\$0	\$0.000000	1,289,622,523	\$0
Transmission	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
KU Transmission 12-CP	\$2.899670	2,427,060	\$7,037,672	\$3.617833	2,512,367	\$9,089,326	\$4.197698	2,535,948	\$10,645,145
MISO Transmission NCP	\$1.535000	2,517,774	\$3,864,784	\$2.329988	2,621,229	\$6,107,431	\$2.388237	2,631,418	\$6,284,451
PJM Transmission 1-CP	\$3.180260	34,200	\$108,765	\$3.854164	37,200	\$143,375	\$4.528642	37,200	\$168,465
KU Direct Assigned Facilities			<u>\$</u>			<u>\$</u>			<u>\$</u>
Fixed Facility Charges			\$106,304			\$106,304			\$106,304
SEPA Member Resource Credit	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
Capacity Payment	(\$4.427500)	383,388	-\$1,697,450	(\$4.427500)	383,388	-\$1,697,450	(\$4.427500)	383,388	-\$1,697,450
AR Project Member Invoice			\$75,164,400			\$80,146,126			\$83,915,888
			6.109 ¢			6.254 ¢			6.504
Change from Previous Fiscal Year			1.67%			2.37%			4.01%
AR Project Member Power Supply (Without NITS)			\$68,017,963			\$70,913,426			\$73,102,278
			5.528 ¢			5.533 ¢			5.666
Change from Previous Fiscal Year (Without NITS)			0.90%			0.09%			2.40%
Net Income			-\$2,760,123			\$2,576,562			\$3,095,236
Days Cash On Hand (June)			42.88			54.84			68.92
Min DCOH to Trigger ECA			40.00			40.00			50.00
Coverage of Full Fixed Obligations (June)			0.95			1.06			1.08
Preferred Leverage (June)			7.71			6.66			6.47

KYMEA COVID-19 Rate Relief Plan

Key Elements of the FY2022 KYMEA COVID-19 Rate Relief Plan

- Billing Demand Rate: \$14.044 per kW-MO **UNCHANGED**
- Energy Rate: \$0.024702 per kWh **UNCHANGED**
- MISO Transmission Rate: \$1.535 per kW-MO **UNCHANGED**
- KU (PJM) Transmission Rate: \$2.89967 (\$3.180260) per kW-MO **Pass through increase capped at 10%. If increase is lower, KYMEA passes on lower rate.**
- DCOH Minimum to trigger ECA: 40 Days **Decreased from 50 days**

Key Elements of the FY2023 **PROJECTION** (for illustrative purposes only)

- Billing Demand Rate: \$11.390355 per kW-MO
- Energy Rate: \$0.028523 per kWh
- **Demand and Energy rates reallocated to align with change in power cost characteristics. No change in total energy rate per kWh.**
- MISO Transmission Rate: \$2.329988 per kW-MO **Changed to reflect MISO rate increase and additional 15MW PTP.**
- KU (PJM) Transmission Rate: \$3.617833 (\$3.854164) per kW-MO **Pass through actual KU (PJM) rate.**

KYMEA COVID-19 Late Payment Protection Plan

In response to the COVID-19 pandemic, the Agency extended the KYMEA COVID-19 Late Payment Protection Plan (“LPPP”). The LPPP is aimed at alleviating AR member revenue collection deficiencies driven by the customer disconnect suspensions in the wake of the coronavirus.

- The LPPP allows the Agency to work with AR Members who may only be able to pay a portion of their KYMEA power bill. The Agency may waive late fees and negotiate with the AR member to develop a payment schedule. The AR Member will be responsible for their power bill in its entirety by the end of the FY2022 fiscal year, at which time late payment charges may be imposed.

Motion for KYMEA All-Requirements Project Committee to recommend to the full KYMEA Board of Directors approval of the following:

- FY 2022 All-Requirements Project Rate Schedule
- FY 2022 COVID-19 Rate Relief Plan
- FY 2022 COVID-19 Late Payment Protection Plan

Upcoming Board Action

March 25, 2021 – Board vote on approval of:

- FY 2022 All-Requirements Project Rate Schedule
- FY 2022 COVID-19 Rate Relief Plan
- FY 2022 COVID-19 Late Payment Protection Plan

AR PROJECT COMMITTEE RESOLUTION

WHEREAS, the Kentucky Municipal Energy Agency (“KYMEA”) has established an All Requirements Power Supply Project (the “AR Project”); and

WHEREAS, certain KYMEA Members are participating in the AR Project (the “AR Members”) and have entered into All Requirements Power Sales Contracts with KYMEA (the “AR Contracts”) for the purpose of setting forth the terms and conditions relating to the proposed sale of electric power and energy requirements by KYMEA to the AR Members; and

WHEREAS pursuant to the AR Contracts, the All Requirements Project Committee (the “AR Project Committee”) consisting of all AR Members is tasked with the responsibility of developing and designing the all requirements power supply rates in accordance with generally accepted ratemaking principles and procedures to provide revenues to meet the anticipated revenue requirements of KYMEA (the “Revenue Requirements”) to furnish electric power and energy to the AR Members; and

WHEREAS, pursuant to the AR Contracts, the KYMEA Board of Directors shall establish and maintain rates under the AR Contracts that will provide revenues which are sufficient, but only sufficient, to meet the anticipated Revenue Requirements of KYMEA in providing electric power and energy to its AR Members; and

WHEREAS, the KYMEA Board of Directors shall not unreasonably withhold its approval and establishment of all requirements rates developed by the AR Project Committee;

NOW THEREFORE BE IT RESOLVED:

Section 1. AR Project Committee Rate Schedule. The AR Project Committee has designed and developed a rate schedule, budget proposal and the methodology for all requirements rates which is attached hereto as Exhibit A (the “AR Rate Schedule”) to generate revenues to pay the costs and expenses associated with the provision of electric power and energy requirements under the AR Contracts. The AR Project Committee hereby approves and submits the AR Rate Schedule to the KYMEA Board of Directors for approval.

Section 2. Effective Date. The AR Project Committee recommends that the AR Rate Schedule be effective July 1, 2021 and remain in effect until amended and revised.

Adopted and approved on February 25, 2021

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

1. Availability

This rate schedule for wholesale power is available to Members purchasing power and energy and related services from the Agency under the All Requirements Power Sales Contract ("Contract").

2. Applicability

This rate schedule is applicable to Members taking service from the Agency under the Contract ("AR Members").

3. Character of Service

Wholesale power furnished under this rate schedule at one or more Points of Delivery as set forth in Schedule A shall be sixty-hertz, three-phase, alternating current.

4. Monthly Rates and Charges

The Member's monthly bill will include the following charges:

AR Project Charges

Demand Charge \$14.044 per kW times Monthly Billing Demand

Energy Charge \$0.024702 per kWh times Monthly Energy Requirement

Energy Cost Adjustment (ECA) Charge A charge determined monthly per Sections 6 and 7 of this Rate Schedule

Transmission Charges

a. LGE/KU Transmission Charge \$2.89967 per kW times Monthly Coincident (12-CP) Transmission Billing Demand

Applicable to AR Members receiving service over the LGE/KU transmission system. The LGE/KU Transmission Charge is updated annually effective June 1 and includes LGE/KU's Open Access Transmission Tariff (OATT) charges under:

- Schedule 10, Network Integration Transmission Service
- Schedule 1, Scheduling, System Control and Dispatch
- Schedule 2, Reactive Supply and Voltage Control from Generation Sources Service
- Schedule 3, Regulation and Frequency Response Service
- Schedule 5, Operating Reserve - Spinning Reserve Service
- Schedule 6, Operating Reserve - Supplemental Reserve Service
- Associated credits relevant to the above schedules and any new transmission tariffs

Approved: March 25, 2021

Effective: July 1, 2021

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

The LGE/KU charge is applied, by Member, based on the individual MMember's monthly coincident peak (12-CP) with the LKE transmission system, and shall not exceed \$2.89967 per kW.

- b. PJM-EKPC Transmission Charge \$3.31784 per kW times Annual Coincident
(1-CP) Transmission Billing Demand

Applicable to AR Members receiving service over the PJM-EKPC transmission system. The PJM-EKPC Transmission Charge is updated annually effective January 1 and includes PJM Open Access Transmission Tariff (OATT) charges under:

- Schedule 1100, Network Integration Transmission Service
- Schedule 1108, Transmission Enhancement
- Schedule 1115, Transmission Enhancement Settlement (EL05-121-009)
- Schedule(s) 1301-1311, PJM Scheduling Charges, System Control, and Dispatch Service
- Schedule(s) 1313-1319, PJM Settlement, Market Monitoring, FERC Recovery, and PJM States Funding
- Schedule 1320, Transmission Owner Scheduling, System Control and Dispatch Service
- Schedule 1330, Reactive Supply and Voltage Control from Generation and Other Sources Service
- Schedule(s) 1340-1380, Regulation, Frequency Response, Reserve, and Black Start Services
- Associated credits relevant to the above schedules and any new transmission tariffs

The PJM-EKPC charge is applied, by Member, based on the individual MMember's annual coincident peak (1-CP) with the EKPC transmission system and shall not exceed \$3.31784 per kW. The annual 1-CP update is based on PJM's defined time period of November 1 - October 31 from the previous year.

- c. MISO Transmission Charge \$1.535 per kW times Monthly Billing Demand

Applicable to all AR Members. The Agency will review and update the MISO Transmission Charge annually, and more frequently if needed, to reflect changes in MISO transmission costs.

- d. LGE/KU Wholesale Distribution Service Charge per Section 8 of this Rate Schedule

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

5. Billing Determinants

Monthly Billing Demand is the Member's Monthly Non-Coincident Billing Demand, except that for the months of December, January, February, and March, it is lesser of (a) the Member's Monthly Non-Coincident Billing Demand or (b) the average of the Member's maximum Monthly Non-Coincident Billing Demand occurring in each of the preceding three summer seasons (June, July, and August).

Monthly Non-Coincident Billing Demand is the highest average kW demand during a 60-minute period ending on a clock hour of the Member's total load during the monthly billing period. For Members with multiple delivery points, the Member's total load is the aggregated load of all delivery points each hour.

Monthly Transmission Billing Demand is the Member's average kW demand during LGE/KU's transmission system peak hour during the monthly billing period. This is commonly referred to as the Member's demand coincident with the LGE/KU monthly transmission system peak demand.

Annual Transmission Billing Demand is the Member's average kW demand during PJM-EKPC's transmission system peak hour during the annual billing period. This is commonly referred to as the Member's demand coincident with the PJM-EKPC annual transmission system peak demand.

Monthly Energy Requirement is the total amount of energy supplied to the Member during the monthly billing period, as determined in accordance with the Contract.

Monthly Billing Demand, Monthly Transmission Billing Demand, Annual Transmission Billing Demand, and Monthly Energy Requirement shall be based on load metered at, or appropriately compensated for losses to the high-voltage side of delivery substations connecting the Member's system to the applicable transmission system.

Monthly Billing Demand, Monthly Transmission Billing Demand, Annual Transmission Billing Demand, and Monthly Energy Requirement shall be determined, including any load or usage on the Member's system directly served from a Member-Owned Resource, if any, as provided in the Contract.

6. Energy Cost Adjustment (ECA)

The Energy Cost Adjustment (ECA) shall be an amount equal to the product of the Energy Cost Adjustment Charge Factor (ECAAF) times the Member's Monthly Energy Requirement for the current billing month. The ECA shall be included on the subsequent monthly invoice.

Collection of the ECA shall be applied as follows:

If the computed average Days Cash on Hand for any three consecutive months < the average computed Minimum Target Days Cash on Hand for those same three consecutive months as set forth in Table 6.1, then the ECA shall be computed and collected.

Approved: March 25, 2021

Effective: July 1, 2021

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

Credit of the ECA shall be applied as follows:

If the current month's Days Cash on Hand > the Maximum Days Cash on Hand for the same month, then the ECA shall be computed and credited.

Where:

The ECAF shall be \$0.003/kWh.

The Minimum Monthly Target Days Cash on Hand (DCOH) and Maximum DCOH shall be as defined in Table 6.1 below.

Table 6.1

Month-Year	Minimum Target DCOH	Maximum DCOH
Jul 2021	65	89
Aug 2021	71	89
Sep 2021	76	89
Oct 2021	80	89
Nov 2021	77	89
Dec 2021	73	89
Jan 2022	73	89
Feb 2022	75	89
Mar 2022	76	89
Apr 2022	74	89
May 2022	71	89
Jun 2022	71	89

The Days Cash on Hand shall be computed as:

Days Cash on Hand = Cash Available / Adjusted Operating Expense per Day

Where:

Cash Available = Cash and Investments

Source: KYMEA Statement of Net Position

Where:

Adjusted Operating Expense per Day = Monthly Purchase Power and Operating Expenses, less Monthly Depreciation, plus Previous Months' Adjusted Operating Expense Balance, divided by Cumulative Days of the fiscal year.

At the beginning of each fiscal year, the Previous Month's Adjusted Operating Expense

Approved: March 25, 2021

Effective: July 1, 2021

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

Balance shall be reset as zero.

Source: KYMEA Consolidated Statements of Revenue, Expenses, and Changes in Net Position

7. COVID-19 Rate Relief Plan (RRP)

In response to the COVID-19 pandemic, the Agency extended the KYMEA COVID-19 Rate Relief Plan ("RRP"). The RRP is aimed at alleviating the economic impact on the KYMEA Members. KYMEA and its membership stand together to provide much-needed relief to our customers. For the fiscal year 2022, the RRP lowers the DCOH minimum target from 71 days to 40 days.

Table 7.1 below shall be applicable for the collection of the ECA for the fiscal year 2022, supersedes Table 6.1, substituting the Minimum Target DCOH with the COVID-19 Rate Relief Plan Minimum Target DCOH.

Table 7.1

Month-Year	Minimum Target DCOH	COVID-19 Rate Relief Plan Minimum Target DCOH	Maximum DCOH
Jul 2021	65	40	89
Aug 2021	71	40	89
Sep 2021	76	40	89
Oct 2021	80	40	89
Nov 2021	77	40	89
Dec 2021	73	40	89
Jan 2022	73	40	89
Feb 2022	75	40	89
Mar 2022	76	40	89
Apr 2022	74	40	89
May 2022	71	40	89
Jun 2022	71	40	89

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

8. Direct Assigned Facilities Charges

The monthly fixed charges shown in the table below are the current LGE/KU Direct Assigned Facilities Charges stated in the KYMEA-LGE/KU Wholesale Distribution Service Agreement dated 03/01/2019 and amended effective 12/15/2020. These charges are based on investment in distribution facilities owned and operated by LGE/KU and include charges for substations, switchgear, and tap lines.

LGE/KU Direct Assigned Facilities Charges

AR Member	Monthly Fixed Charge
Barbourville	n/a
Bardwell	\$378.25
Corbin	n/a
Falmouth	\$7,189.75
Frankfort	n/a
Madisonville	n/a
Paris	n/a
Providence	\$1,290.64

The LGE/KU Direct Assigned Facilities Charges will be updated from time to time as needed to reflect changes in LGE/KU's charges under the Wholesale Distribution Service Agreement.

9. Power Factor Charge

Each AR Member is encouraged to take and use power in such a manner that the power factor, at the time of its monthly non-coincident peak demand, will not be less than ninety percent (90%).

If the AR Member's measured power factor, at the time of its monthly non-coincident peak demand, is less than ninety percent (90%), the Member will be assessed a Power Factor Charge as follows:

Power Factor Charge	\$2.80 per kVAR applied to the amount of reactive demand in kVAR by which the metered reactive demand exceeds the reactive demand at a 90% power factor
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The Agency will not assess and apply power factor charges to the Members unless the Agency is assessed similar charges from the Balancing Authority (BA) or Regional Transmission Organization (RTO), at which time the Agency will assess these charges to the Members.

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

10. Late Payment Charge

The Agency may impose a late payment charge equal to five percent (5%) of the unpaid balance on any power bill amounts not paid by the due date specified in the Contract.

11. COVID-19 Late Payment Protection Plan (LPPP)

In response to the COVID-19 pandemic, the Agency extended the KYMEA COVID-19 Late Payment Protection Plan ("LPPP"). The LPPP is aimed at alleviating AR member revenue collection deficiencies driven by the customer disconnect suspensions in the wake of the coronavirus.

The LPPP allows the Agency to work with AR Members who may only be able to pay a portion of their KYMEA power bill. The Agency may waive late fees and negotiate with the AR member to develop a payment schedule. The AR Member will be responsible for their power bill in its entirety by the end of the FY2022 fiscal year, at which time late payment charges may be imposed.

Schedule A to AR Rate Schedule

**KENTUCKY MUNICIPAL ENERGY AGENCY
ALL REQUIREMENTS PROJECT -- WHOLESALE POWER RATE SCHEDULE**

**SCHEDULE A
POINTS OF DELIVERY**

No.	Delivery Point Name	Voltage Level
1	Barbourville City	69kV
2	Bardwell City	69kV
3	Corbin 1 North	69kV
4	Corbin 2 South	69kV
5	Falmouth 4kV	69kV
6	Frankfort Myrick 1	69kV
7	Frankfort Myrick 2	69kV
8	Frankfort Myrick 3	69kV
9	Madisonville GE	69kV
10	Madisonville West	69kV
11	Madisonville East	69kV
12	Madisonville Hospital	69kV
13	Madisonville North	69kV
14	Madisonville McCoy Road	69kV
15	Paris City 1 (Scott Street)	69kV
16	Paris City 2 (Claysville)	69kV
17	Paris City 3 (Vine St)	69kV
18	Paris City 4 (Weaver Rd)	69kV
19	Providence 4kV	69kV
20	Providence East	69kV

Approved: March 25, 2021
Effective: July 1, 2021

Action Items

H. Action Items

H.1 FY 2022 Administrative, General, and Capital Budget

H.2 FY2022 Service Rates

H.3 Employee Governance Policy

H.4 Line of Credit Renewal





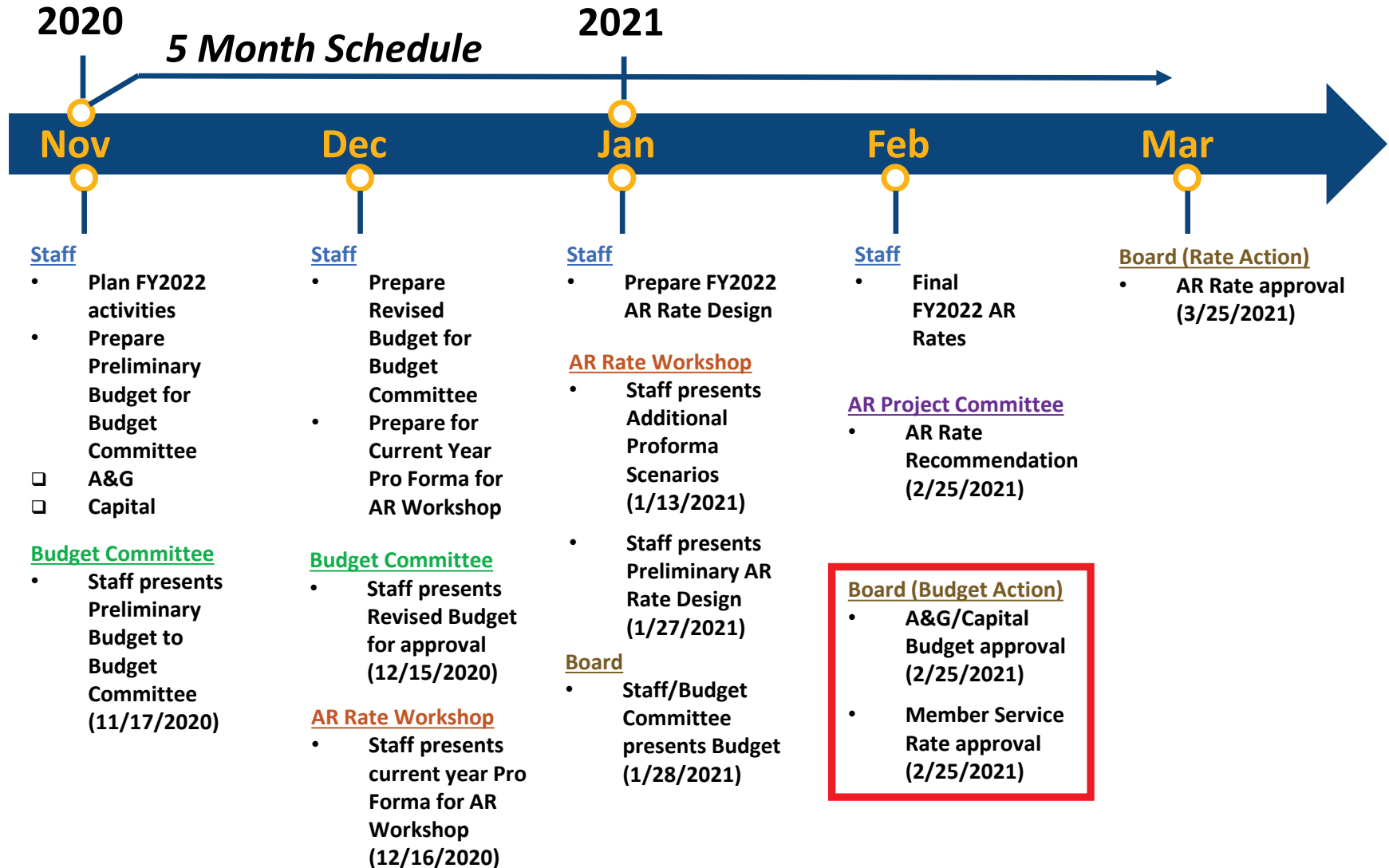
KENTUCKY MUNICIPAL ENERGY AGENCY



A&G/Capital Budget and Service Rate Approval

February 25, 2021

FY2022 Budget and Rates Schedule



Administration/Advisory/Projects

FY2022 Total Operational Costs								
	Administration/Advisory/Projects	FY2021 Budget	FY2022 Budget	Variance \$	Variance %		7 Month Actual	% of FY2021
100	Salaries	947,014	857,182	(89,832)	-9.5%		427,111	45.1%
	Retirement Contribution	94,701	85,718	(8,983)	-9.5%		42,711	45.1%
	Health, Life, Disability, FICA, Medicare, Accrued PTO	314,826	315,149	324	0.1%		186,190	59.1%
200	Legal Counsel	117,000	135,000	18,000	15.4%		61,437	52.5%
300	Advisory Support	164,300	164,300	-	-		92,617	56.4%
400	Office Space Lease & Costs	175,478	180,743	5,265	3.0%		96,215	54.8%
500	Member Services, Board Meetings, Training	129,000	129,000	-	-		13,841	10.7%
600	Auto Expense	13,808	13,808	-	-		4,569	33.1%
700	IT/AV/Software	133,427	133,427	-	-		93,733	70.3%
	IT/Software for Pseudo-Tie	-	99,552	99,552	-		-	0.0%
800	Insurance	14,303	12,800	(1,503)	-10.5%		6,726	47.0%
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%		1,107,036	47.4%

Dispatch, Scheduling, Modeling

FY2022 Total Operational Costs								
Dispatch, Scheduling, Modeling		FY2021 Budget	FY2022 Budget	Variance \$	Variance %		7 Month Actual	% of FY2021
1400	Energy Services Partner	613,129	632,916	19,787	3.2%		317,401	51.8%
1500	MAC Software, Data, and Subscriptions	187,941	187,941	-	-		59,052	31.4%
1600	MDMS/Communications/Meters/Pseudo-Tie	121,016	121,017	0	0.0%		14,637	12.1%
	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%		391,090	42.4%

Pseudo-Tie Expenses

FY2022 Total Operational Costs							
Pseudo-Tie Summary		FY2021 Budget	FY2022 Budget	Variance \$	Variance %		7 Month Actual
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 <u>without</u> Pseudo-Tie	3,047,297	2,990,247	(57,050)	-1.9%		
	AR Group - Net Service Fees <u>with</u> Pseudo-Tie	3,047,297	3,395,799	348,502	11.4%		

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.

Service Fees

FY2022 Total Operational Costs							
Service Fees (Benham, Berea, Owensboro)	FY2021 Budget	FY2022 Budget	Variance \$	Variance %		7 Month Actual	% of FY2021
Membership Fee	(111,347)	(111,347)	-	-		(64,952)	58.3%
Transmission Service + Energy Carrying Charge	(73,930)	(73,930)	-	-		(43,126)	58.3%
Dispatch/MAC Service	(200)	(200)	-	-		(101)	50.5%
Resource Planning Service	(26,403)	-	26,403	-100.0%		(15,402)	58.3%
	(211,879)	(185,476)	26,403	-12.5%		(123,581)	58.3%
All Requirements Group - Net Service Fees	3,047,297	3,395,799	348,502	11.4%		1,374,546	45.1%

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.

Motion for KYMEA Board to approve the following:

- FY 2022 A&G and Capital Budget
- FY 2022 Member Service Rate Schedule

FY2022 Operation Budget

FY2022 Total Operational Costs							
		FY2021 Budget	FY2022 Budget	Variance \$	Variance %	7 Month Actual	% of FY2021
Administration/Advisory/Projects							
100	Salaries	947,014	857,182	(89,832)	-9.5%	427,111	45.1%
	Retirement Contribution	94,701	85,718	(8,983)	-9.5%	42,711	45.1%
	Health, Life, Disability, FICA, Medicare, Accrued PTO	314,826	315,149	324	0.1%	186,190	59.1%
200	Legal Counsel	117,000	135,000	18,000	15.4%	61,437	52.5%
300	Advisory Support	164,300	164,300	-	-	92,617	56.4%
400	Office Space Lease & Costs	175,478	180,743	5,265	3.0%	96,215	54.8%
500	Member Services, Board Meetings, Training	129,000	129,000	-	-	13,841	10.7%
600	Auto Expense	13,808	13,808	-	-	4,569	33.1%
700	IT/AV/Software	133,427	133,427	-	-	93,733	70.3%
	IT/Software for Pseudo-Tie	-	99,552	99,552	-	-	0.0%
800	Insurance	14,303	12,800	(1,503)	-10.5%	6,726	47.0%
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%	1,107,036	47.4%
Dispatch, Scheduling, Modeling							
1400	Energy Services Partner	613,129	632,916	19,787	3.2%	317,401	51.8%
1500	MAC Software, Data, and Subscriptions	187,941	187,941	-	-	59,052	31.4%
1600	MDMS/Communications/Meters/Pseudo-Tie	121,016	121,017	0	0.0%	14,637	12.1%
	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%	391,090	42.4%
	Total Budget	3,259,176	3,581,275	322,099	9.9%	1,498,127	46.0%
Service Fees (Benham, Berea, Owensboro)							
		FY2021 Budget	FY2022 Budget	Variance \$	Variance %	7 Month Actual	% of FY2021
	Membership Fee	(111,347)	(111,347)	-	-	(64,952)	58.3%
	Transmission Service + Energy Carrying Charge	(73,930)	(73,930)	-	-	(43,126)	58.3%
	Dispatch/MAC Service	(200)	(200)	-	-	(101)	50.5%
	Resource Planning Service	(26,403)	-	26,403	-100.0%	(15,402)	58.3%
		(211,879)	(185,476)	26,403	-12.5%	(123,581)	58.3%
	All Requirements Group - Net Service Fees	3,047,297	3,395,799	348,502	11.4%	1,374,546	45.1%
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 02-25-2021.docx](#)

Spreadsheet: [V:\Finance & Accounting\FY 22\KYMEA Income Statement FY 22 Budget 02-25-2021.xlsx](#)

RESOLUTION ESTABLISHING SERVICE RATE SCHEDULES

WHEREAS, the Kentucky Municipal Energy Agency (“KYMEA”) through its Board of Directors shall establish rates and charges for all products and services KYMEA provides to its Members which shall be consistent with prudent utility practice; and

WHEREAS, KYMEA has adopted its Fiscal Year 2022 Budget;

NOW THEREFORE BE IT RESOLVED:

Section 1. Approval of Rates for Member Services and Benefits. The KYMEA Board of Directors has reviewed and approved a proposed budget for Fiscal Year ending June 30, 2022 and hereby adopts and approves a rate schedule which is attached hereto as Exhibit A (the “Member Rate Schedule”) for services and benefits for those Members who do not have an All Requirements Power Sales Contract.

Section 4. Effective Dates. The Member Rate Schedule shall be effective July 1, 2021 and shall remain in effect until amended and revised.

Adopted and approved on February 25, 2021

Services Rate Schedule**KENTUCKY MUNICIPAL ENERGY AGENCY
SERVICES RATE SCHEDULE**1. Availability

This rate schedule for agency services is available to KYMEA Members on an as-requested basis.

2. Applicability

Members may purchase from the Agency one or more of the services listed in section 3 of this rate schedule. This rate schedule does not apply to AR Project participants, because the costs of the services listed in section 3 are included in the rates paid under their respective All Requirements Power Supply Contracts.

3. Rates and Charges

The Member's monthly bill will include the following charges as applicable:

Membership Services	\$0.12 per MWh applied to total Member wholesale energy transmitted, as measured at the transmission voltage side of the delivery facilities
Dispatch / MAC Service	\$0.45 per MWh applied to total energy dispatched for the Member by the Agency
Transmission Service	\$0.38 per MWh applied to total Member wholesale energy transmitted, as measured at the transmission voltage side of the delivery facilities
Transmission Energy Carrying Charge	\$0.18 per MWh applied to total Member wholesale energy transmitted, as measured at the transmission voltage side of the delivery facilities
Resource Planning Service	<p>\$0.20 per MWh applied to total Member wholesale energy requirements, as measured at the transmission voltage side of the delivery facilities</p> <p>Note: The \$0.20 per MWh may be reduced if additional non-AR Project Members participate in the Resource Planning Service</p>

Services Rate Schedule

**KENTUCKY MUNICIPAL ENERGY AGENCY
SERVICES RATE SCHEDULE**

4. **Late Payment Charge**

Each Member shall provide the Agency payment in full within 15 days of invoicing (due date). For any unpaid balance of the amount due, the Agency may impose a late payment charge. Such charge shall be equal to five percent (5%) of the unpaid balance as of the due date.



KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA Employee Governance Policy

Ron Herd, Doug Buresh, Charlie Musson

February 25, 2021

1. Policy Relating to Confidential Information (Passed: 12/16/2015)
2. Employee Handbook: Policies, Procedures, and Employee Responsibilities (Passed: 03/22/2018 and 04/25/2018)
3. Procurement Policy and Regulations (Passed: 12/19/2018)
4. Enterprise Risk Management Policy (Passed: 03/28/2019)
5. Trading Authority Policy (Passed: 04/24/2019)
6. Credit Policy (Passed: 05/23/2019)
7. Trading Matrix and Hedge Plan (Passed: 04/23/2020)
8. Policy Relating to Inspection of Open Records (Passed: 04/23/2020)
9. Document Retention and Periodic Destruction Policy (Passed: 05/28/2020)
10. Member Asset Reconciliation Policy (KYMEA IRP Working Group was presented with a copy for review on 9/29/2020)

11. Employee Governance Policy

- **Presented to KYMEA Board on 01/28/2021**

Motion for KYMEA Board to approve the following:

- Employee Governance Policy

EMPLOYEE GOVERNANCE POLICY

Policy Purpose

The purpose of this document is to formalize the policies of Kentucky Municipal Energy Agency (“KYMEA”) regarding the management of its employees.

Policy

It is the policy of KYMEA to provide compensation and benefits to employees as follows:

1. Without regard to race, color, religion, age, sex, national origin, disability status, genetics, protected veteran status, sexual orientation or gender identity or expression, or any other characteristic protected by federal, state, or local laws;
2. Provide compensation based upon internal equity and that is competitive with similar jobs within the joint action agency industry and region and based upon the demands and requirements of the position;
3. Provide benefits comparable to and competitive with those being offered by similar organizations; and
4. In a manner which maintains personnel costs within appropriate limits so as to ensure the continued financial stability of KYMEA.

It is the intent of KYMEA to maintain a compensation program that:

1. Clearly defines the responsibilities of each job through written classification descriptions;
2. Determines the relative value of each job based upon differences in standardized compensable factors;
3. Establishes overall pay levels and ranges of pay which are competitive in the marketplace and are internally equitable;
4. Administers pay in accordance with the Federal Wage and Hours laws and other applicable governmental statutes and regulations;
5. Promotes effective communications throughout KYMEA with regard to compensation and benefit programs; and
6. Provides for an objective, systemized approach to the budgeting and monitoring of compensation and benefits expenses.

The President and CEO of KYMEA (the “CEO”) shall have the administrative responsibility to manage the KYMEA employee workforce in accordance with this Policy of the KYMEA Board (the “Board”) and the KYMEA Employee Handbook.

The Board has ultimate authority and responsibility for KYMEA’s compensation objectives and policies. Upon the advice and recommendations of the CEO, the Board shall establish the number,

Approved: February 25, 2021

classification, and range of pay of employees. The Board shall approve compensation policies that set the pay ranges of positions and pay grade structure, including any changes to existing ranges or grade structure, and any exception to or major revisions to the compensation objective or policy. The Board shall approve any general wage increases for employees, structure movement of pay grades and any incentive pay initiatives. The Board shall set the compensation of the CEO.

Pursuant to the Board's policies, ongoing responsibility for implementing and monitoring the compensation program is delegated to the CEO. As such, the CEO is responsible for the following:

1. Maintaining a written compensation plan and a KYMEA Employee Handbook containing associated employee benefit plans, policies and procedures;
2. Approving procedures that support the application of the compensation plan and policies approved by the Board;
3. Drafting/recommending new or revised pay policies and procedures for consideration by the Board;
4. Preparing and maintaining classification descriptions and obtaining approval for job classification or titles, however, minor, non-substantive revisions to existing descriptions may be made by the CEO without Board approval;
5. Preparing and maintaining the physical requirements of each position;
6. Monitoring the evaluation of new classifications and re-evaluations of existing classifications;
7. Authorizing the pay rate at hire, in accordance with the Board's range of pay or pay scales, and any step or other movements within a classification's pay grade, provided that the rate does not exceed the maximum value of the job;
8. Approving the transition from junior to senior grade levels;
9. Monitoring the pay structure to maintain market competitiveness and internal equity;
10. Maintain and review compliance with Fair Labor Standards Act, Equal Employment Opportunity Commission requirements, and other applicable governmental regulations including the determination of "exempt" and "non-exempt" status of each position;
11. Maintaining history of salary and personnel records including the written documentation and authorization of any pay adjustments;
12. Appraising program effectiveness and recommending program revisions to the Board as necessary;
13. Authorizing and approving temporary or contract labor and setting the employment conditions and pay for such that are not in contravention of civil service statutes or Board directives; and
14. Maintaining an organization chart that outlines the various KYMEA workforce positions.

Approved: February 25, 2021

The CEO shall strive to provide KYMEA with a workforce that promotes and achieves the purposes, goals, and values of KYMEA as set forth in KYMEA's Strategic Plan, its Policies, and the standards of its Employee Handbook. The CEO shall have the administrative responsibility to interview and hire KYMEA's employees.

The Board will establish a compensation program that is competitive in the market, has internal equity and systematic pay grades and ranges based on standard compensable factors and written job descriptions, and provides for an objective, systematic approach to the budgeting and monitoring of human resource expenses system. The CEO shall administer that compensation system in accordance with the Board's policies and approved number, classifications, and payroll ranges.

The Board will establish and approve a benefits program which shall be fair and equitable that is competitive in the market. The CEO shall be required to advise any employee as to the benefits program and shall provide a written summary of the benefits program in the Employee Handbook. The CEO shall establish a set of internal controls for monitoring and reporting the benefits program.

The Board has approved a KYMEA employment policy that ensures the fair and equitable treatment of employees and candidates for employment; establishes terms and conditions of employment including rules of employee conduct. The CEO shall establish internal controls for monitoring and reporting on violations of the employment policy and the CEO shall have the authority to suspend, demote or terminate an employee.

The CEO, subject to the Board's approved budget, shall provide employees with safe working conditions, adequate facilities and equipment, opportunities for continuing education and other support to enable high levels of employee performance and job satisfaction.

The CEO shall inform the Board about employee satisfaction or any employment issues that may require Board attention.

The CEO shall operate KYMEA in accordance with applicable employment law, federal and Kentucky laws and regulations, and KYMEA policy.

The CEO shall be responsible for informing employees of KYMEA written personnel policies and the rules and procedures for their implementation.

The CEO will establish procedures that will protect the use, collection, review, transmission, or storing of employee information in a manner that protects it against unauthorized or improper access or use, damage or loss, and unauthorized disposition.

The CEO shall establish an employee travel and expense program which ensures the business necessity of any expense, specifically defines allowable costs, tracks, and ensures proper reimbursements of employees, and provides requirements for internal controls, review, and reporting.

Approved: February 25, 2021



KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA Line of Credit

February 25, 2021

Heather Overby

KYMEA Line of Credit Renewal

KYMEA current Line of Credit in the amount of \$30MM expires 2/28/2021

Current LOC

- Borrowing Rate:
Daily LIBOR + 35 Basis Points
(.43% 2/17/2021)
- Unused Fee:
20 Basis Points (.20%)
- Unused Fee Calc:
Fee x Unused Portion of \$30MM
if used balance is not 30% of
total one day during quarter
(\$9MM).
Annual cost = \$1,200

LOC Renewal

- Borrowing Rate:
Daily LIBOR + 75 Basis Points
(.93% 2/17/2021)
- Unused Fee:
17.5 Basis Points (.175%)
- Unused Fee Calc:
Fee x Unused Portion of \$30MM
calculated daily.
Annual cost = \$52,500

Staff Recommendation

Motion by the KYMEA Board to authorize and approve the following:

- Extension of the Credit Facility in the amount of \$30MM with PNC Bank
- Second Amended Credit Facility subject to minor changes approved by KYMEA President and CEO
- President and CEO, Vice President of Finance and Accounting/CFO, Chairman, Vice Chairman, Treasurer and Secretary to execute Extension and Second Amendment of Credit Facility and take any other necessary action

RESOLUTION

RESOLUTION REAUTHORIZING AND PROVIDING FOR THE EXTENSION OF A LINE OF CREDIT BY THE KENTUCKY MUNICIPAL ENERGY AGENCY IN AN AMOUNT NOT TO EXCEED \$30,000,000.

WHEREAS, the Kentucky Municipal Energy Agency (“KYMEA”), organized under Sections 65.210 to 65.300 of the Kentucky Revised Statutes, as amended, known as the “Interlocal Cooperation Act” (the “Act”) has determined it is in the best interests of KYMEA and beneficial for its Members to procure and establish a revolving line of credit in an amount not to exceed \$30,000,000 for the purpose of having funds available to provide reserves for working capital and operations of KYMEA including but not limited to the provision of power supply for its All Requirements Members; and

WHEREAS, KYMEA, after soliciting and receiving proposals from various financial institutions for the establishment of a revolving line of credit, determined that the most favorable proposal has been submitted by PNC Bank, National Association, Louisville, Kentucky (the “Credit Provider”); and

WHEREAS, KYMEA entered into a \$30,000,000 revolving line of credit (the “Credit Facility”) with the Credit Provider and KYMEA and the Credit Provider have negotiated an extension of the Credit Facility;

NOW THEREFORE BE IT RESOLVED BY THE KENTUCKY MUNICIPAL ENERGY AGENCY AS FOLLOWS:

Section 1. Extension of Credit Facility. KYMEA hereby authorizes and approves extension of the Credit Facility in the principal amount of \$30,000,000 with the Credit Provider, the terms of which shall be set forth in the Committed Second Amended and Restated Line of Credit Note (the “Second Amended Credit Facility”) from KYMEA to the Credit Provider.

Section 2. Approval and Authorization of Second Amended Credit Facility. The Second Amended Credit Facility in the respective form attached to this Resolution, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the President and CEO of KYMEA, such approval to be conclusively evidenced by the execution of said document, in order to effectuate the purposes of this Resolution; and the President and CEO, the Chief Financial Officer, the Chairman, the Vice Chairman, the Treasurer and/or the Secretary are hereby authorized to execute and acknowledge same for and on behalf of KYMEA.

Section 3. KYMEA Officers to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, each of the President and CEO, the Chief Financial Officer, the Chairman, the Vice-Chairman, the Treasurer, the Secretary and all other appropriate officials of KYMEA is hereby authorized and directed to take any and all further

action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Second Amended Credit Facility.

Section 4. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

Section 5. Effective Date of Resolution. This Resolution shall take effect from and after its enactment, adoption and approval.

Introduced, read and adopted on February 25, 2021.

CERTIFICATE OF SECRETARY

I, Chris Melton, hereby certify that I am the duly qualified and acting Secretary of the Kentucky Municipal Energy Agency (“KYMEA”), that the foregoing Resolution is a true copy of a Resolution introduced, read and adopted at a properly convened meeting of the Board of Directors of KYMEA on February 25, 2021, as shown by the official records in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.800 through 61.850, inclusive, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN WITNESS WHEREOF, I have hereto set my hand as Secretary of KYMEA this 25th day of February, 2021.

Secretary

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.



Upcoming Meetings and Other Business

The next Regular Meeting is Thursday, March 25th at 10 am at the KYMEA offices

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

K. Closed Session



Closed Session Authorization for February 25, 2021 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)(c) for the purpose of:

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues; and
- (ii) presenting and discussing contract negotiations with RWE relating to the Ashwood Solar Project.

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

KRS 61.810(1)(k) and 61.878(1)(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.

Actions Related to Closed Session

L. Actions Related to Closed Session



Adjournment

