



KENTUCKY MUNICIPAL ENERGY AGENCY



Budget / Actual Results 5-Year Projection

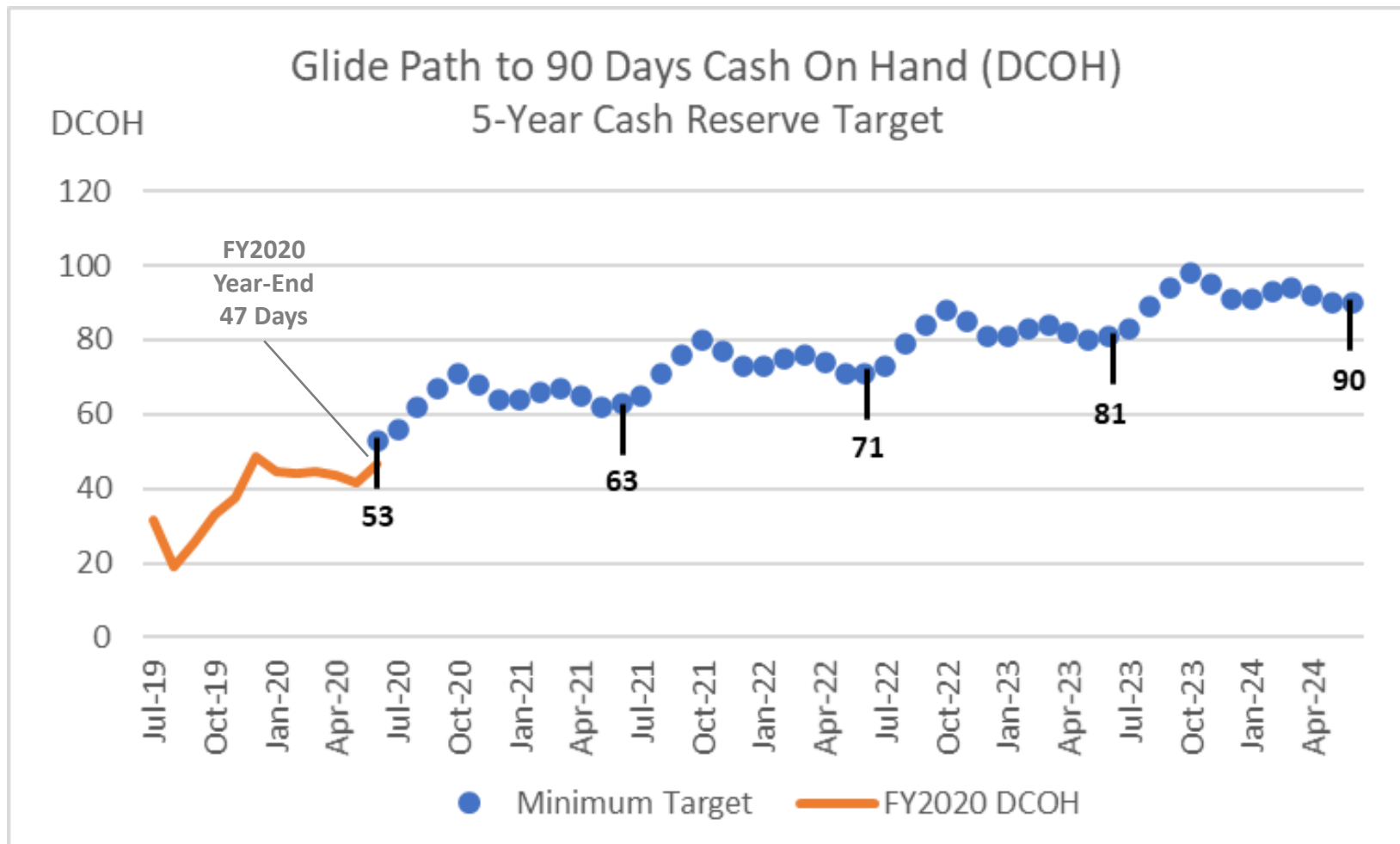
Doug Buresh

July 21, 2021

AGENDA

- Results to Date
 - FY2020 - FY2021 Results
- COVID-19 Pandemic Response
 - FY2021
 - Lowered ECA Collection Target (63 days to 50 days)
 - FY2022
 - Lowered ECA Collection Target (71 days to 40 days)
 - No Rate Change (Demand, Energy, MISO PTP Charges)
 - Capped NITS increase pass-through at 10%
- 5-Year Forecast

FY2020 / 5-Year DCOH Glide Path



FY2021 Budget

	FY2021 - Budget		
	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
Billing Demand	\$14.043800	2,641,566	\$37,097,625
	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>
Energy	\$0.024702	1,303,112,487	\$32,189,485
ECA			
Transmission	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
KU Transmission 12-CP	\$2.775546	2,516,985	\$6,986,007
MISO Transmission NCP	\$1.534664	2,644,185	\$4,057,936
PJM Transmission 1-CP	\$2.738177	38,400	\$105,146
KYMEA Transmission Credit			\$0
KU Direct Assigned Facilities			<u>\$</u>
Fixed Facility Charges			\$213,839
SEPA Member Resource Credit	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>
Capacity Payment	(\$3.850001)	440,896	-\$1,697,450
AR Project Member Invoice			\$78,952,588
			6.059 ¢
Change from Previous Fiscal Year-End			-4.54%
<hr/>			
AR Project Member Power Supply (Without NITS)			\$71,861,435
			5.515 ¢
Change from Previous Fiscal Year-End (Without NITS)			-6.58%
<hr/>			
Net Income			\$1,327,475
Days Cash On Hand (June)			62.652
Min DCOH to Trigger ECA			50.00
Coverage of Full Fixed Obligations (June)			1.027
Preferred Leverage (June)			7.516

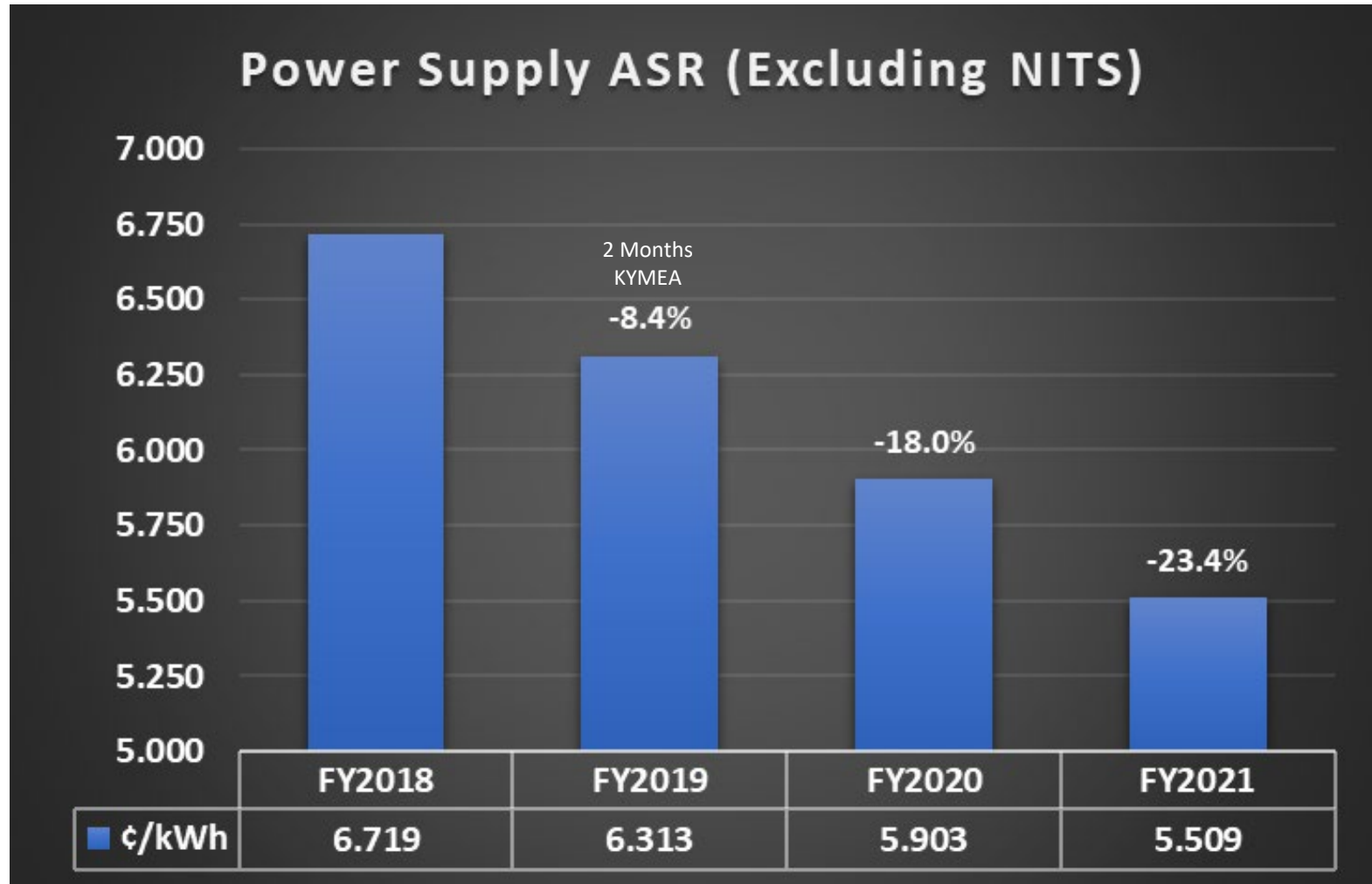
FY2021 Estimated Average System Rate (ASR) Decrease

FY2021 Estimated Average System Rate without NITS Decrease

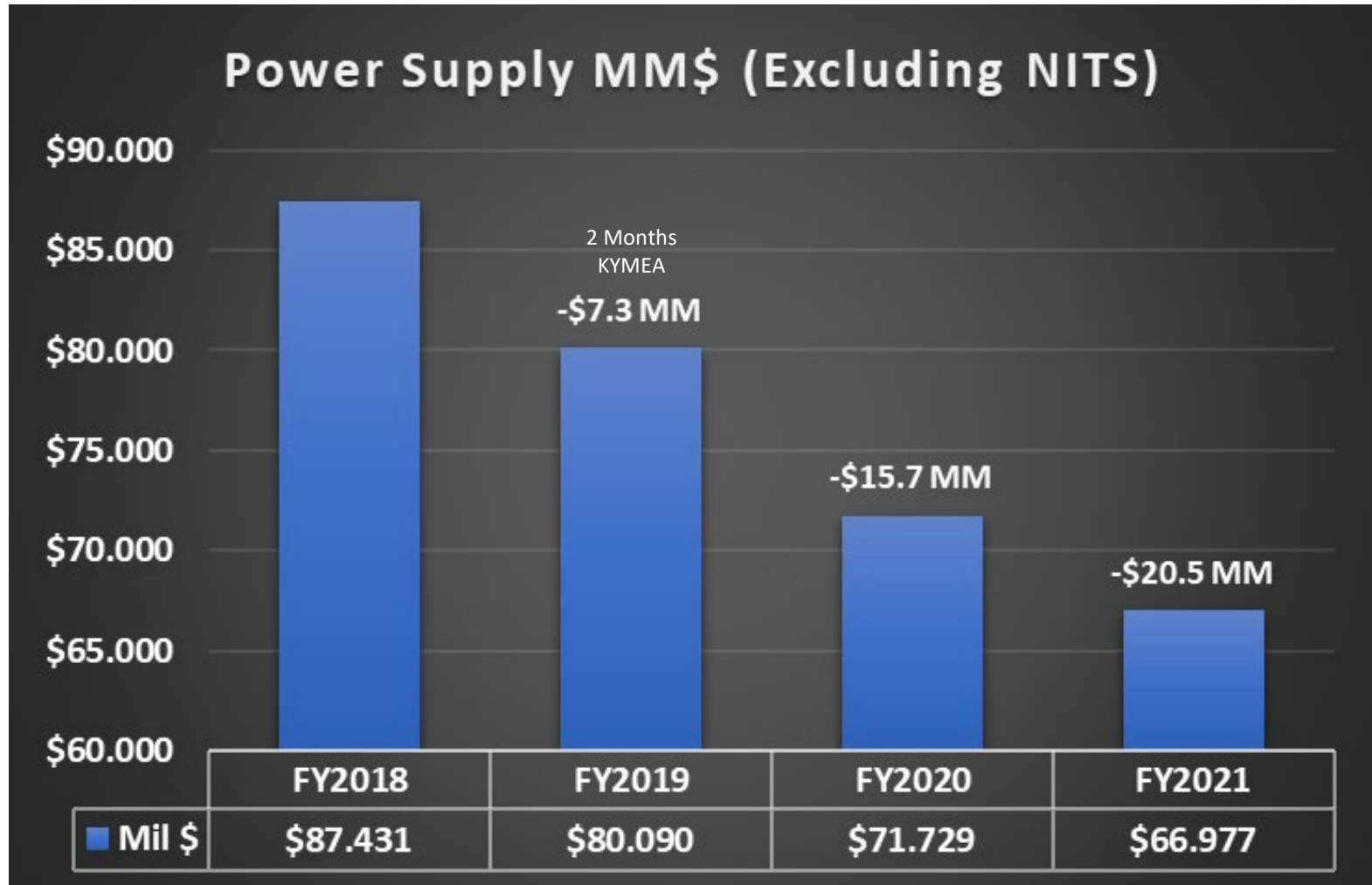
FY2021 Budget vs Actual

	FY2021 - Budget			FY2021 - Actual			Budget Variance
	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$</u>
Billing Demand	\$14.043800	2,641,566	\$37,097,625	\$14.044000	2,469,952	\$34,688,008	-\$2,409,617
					↓ 6.5%		
Energy	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$</u>
ECA	\$0.024702	1,303,112,487	\$32,189,485	\$0.024702	1,215,733,312	\$30,031,044	-\$2,158,441
					↓ 6.7%		
Transmission	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$</u>
KU Transmission 12-CP	\$2.775546	2,516,985	\$6,986,007	\$2.726902	2,377,409	\$6,482,961	-\$503,046
MISO Transmission NCP	\$1.534664	2,644,185	\$4,057,936	\$1.535000	2,475,557	\$3,799,980	-\$257,956
PJM Transmission 1-CP	\$2.738177	38,400	\$105,146	\$2.823869	35,400	\$99,965	-\$5,181
KYMEA Transmission Credit			\$0			-\$93,395	-\$93,395
KU Direct Assigned Facilities			<u>\$</u>			<u>\$</u>	<u>\$</u>
Fixed Facility Charges			\$213,839			\$155,157	-\$58,682
SEPA Member Resource Credit	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	<u>\$</u>
Capacity Payment	(\$3.850001)	440,896	-\$1,697,450	(\$4.427500)	383,388	-\$1,697,450	\$0
AR Project Member Invoice			\$78,952,588			\$73,466,270	-\$5,486,318
			6.059 ¢			6.043 ¢	
Change from Previous Fiscal Year-End			-4.54%			-4.79%	
AR Project Member Power Supply (Without NITS)			\$71,861,435			\$66,976,739	-\$4,884,696
			5.515 ¢			5.509 ¢	
Change from Previous Fiscal Year-End (Without NITS)			-6.58%			-6.67%	
Net Income			\$1,327,475	↑		\$2,376,155	\$1,048,680
Days Cash On Hand (June)			62.652			71.26	8.61
Min DCOH to Trigger ECA			50.00	\$2.6 MM	\$1.5 MM	50.00	
Coverage of Full Fixed Obligations (June)			1.027	Due to	Due to	1.06	0.033
Preferred Leverage (June)			7.516	depancaking	pandemic	6.98	-0.536

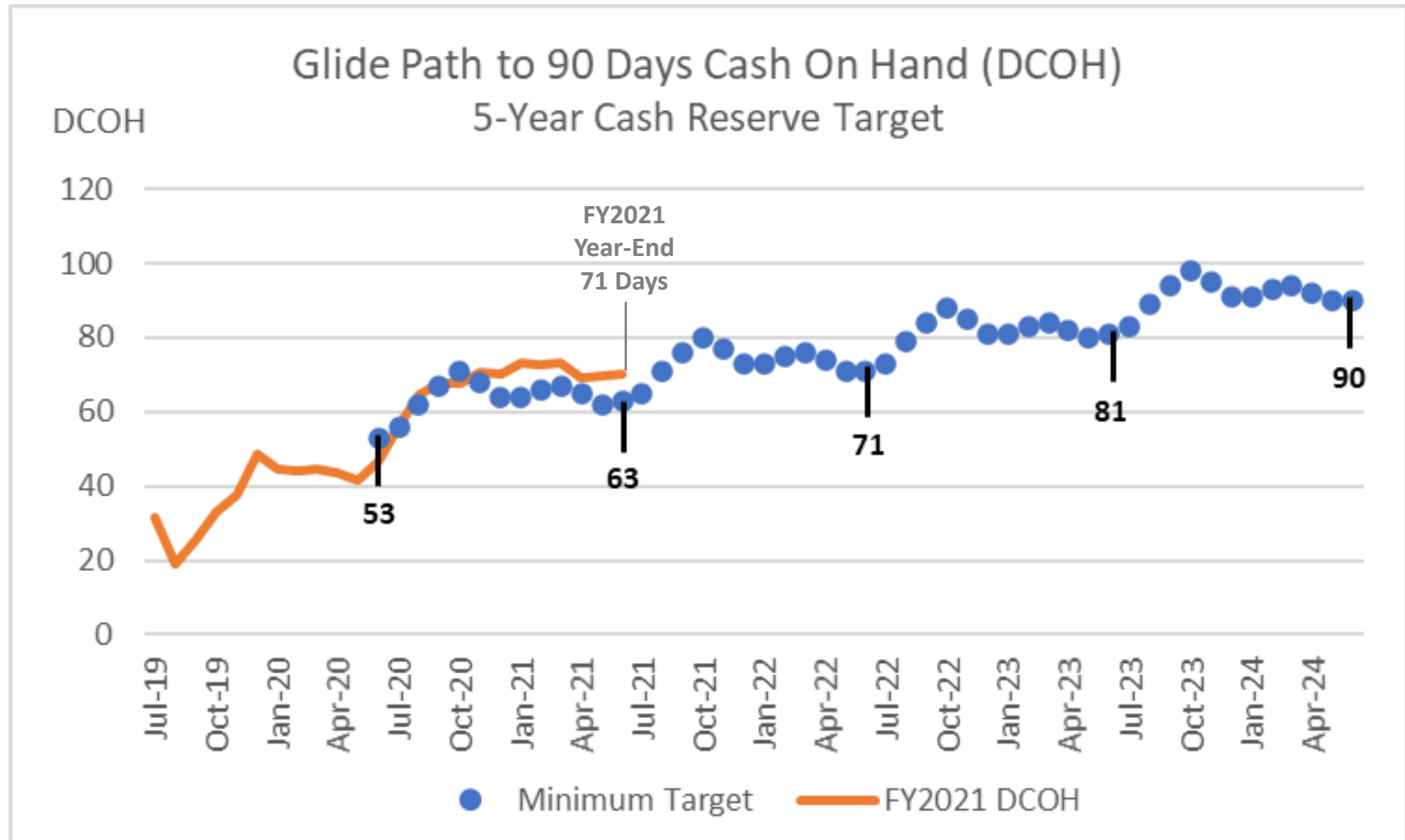
Last 4 Years - Power Supply ASR



Last 4 Years - Power Supply MM\$



FY2021 / 5-Year DCOH Glide Path



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- 5-Year Forecast

FY2022 Rates and 10% NITS Cap

FY2022 - Budget				
	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	
Billing Demand	\$14.044000	2,517,774	\$35,359,623	
	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<i>Rates remain unchanged from FY2021</i>
Energy	\$0.024702	1,230,346,330	\$30,392,015	
ECA	\$0.000000	1,223,923,317	\$0	
Transmission	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	
KU Transmission 12-CP	\$3.338340	2,427,060	\$8,102,351	
MISO Transmission NCP	\$1.535000	2,517,774	\$3,864,784	
PJM Transmission 1-CP	\$3.303290	34,200	\$112,973	
KYMEA Transmission Credit			-\$1,068,887	<i>Credit: 10% NITS Transmission Cap</i>
KU Direct Assigned Facilities			<u>\$</u>	
Fixed Facility Charges			\$106,307	
SEPA Member Resource Credit	<u>\$/kW-mo</u>	<u>kW</u>	<u>\$</u>	
Capacity Payment	(\$4.427500)	383,388	-\$1,697,450	
AR Project Member Invoice			\$75,171,715	
			6.110 ¢	
Change from Previous Fiscal Year			1.11%	
<hr/>				
AR Project Member Power Supply (Without NITS)			\$68,025,278	
			5.529 ¢	
Change from Previous Fiscal Year (Without NITS)			0.36%	
<hr/>				
Net Income			-\$2,760,123	
Days Cash On Hand (June)			42.88	
Min DCOH to Trigger ECA			40.00	<i>Lower ECA Collection Target from 71 to 40 DCOH</i>
Coverage of Full Fixed Obligations (June)			0.95	
Preferred Leverage (June)			7.71	

Days Cash on Hand Formula

Pandemic Influence

The Denominator (Adjusted Operating Expense per Day) of the DCOH Formula has significant influence. Due to the pandemic, expenses were artificially lower (lower load = energy purchases).

Expected Return to Normal

For FY2022, the Denominator is expected to be ≈ \$220K. This has an impact of approximately (5.7) Days Cash on Hand. The impact will be reflected in the FY2022 projection.

FY2021 Year-End

Days Cash On Hand

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

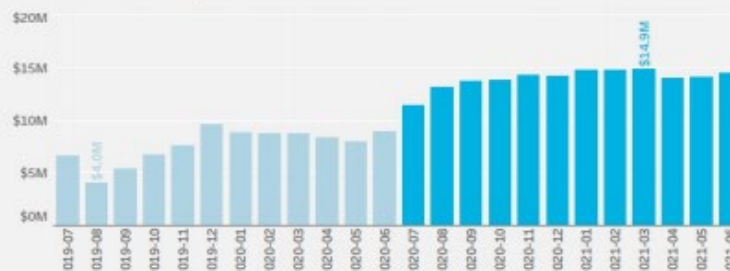
$$\begin{array}{rcl} \$14.4\text{M} & \div & \$202,525 \\ \text{Unrestricted Cash} & \text{Adjusted Operating Expense per Day} & \\ \$14.4\text{M EOY Projection} & \$73.92\text{M} / 365 \text{ days} & = 71.26 \end{array}$$

Days Cash on Hand

Target: 63.00

\$220,254 (FY2022 Budget) **65.63**

Cash on Hand through Current Month



Days Cash On Hand

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

$$\begin{array}{rcl} \$14.4\text{M} & \div & \$202,525 \\ \text{Unrestricted Cash} & \text{Adjusted Operating Expense per Day} & \\ \$14.4\text{M EOY Projection} & \$73.92\text{M} / 365 \text{ days} & = 71.26 \end{array}$$

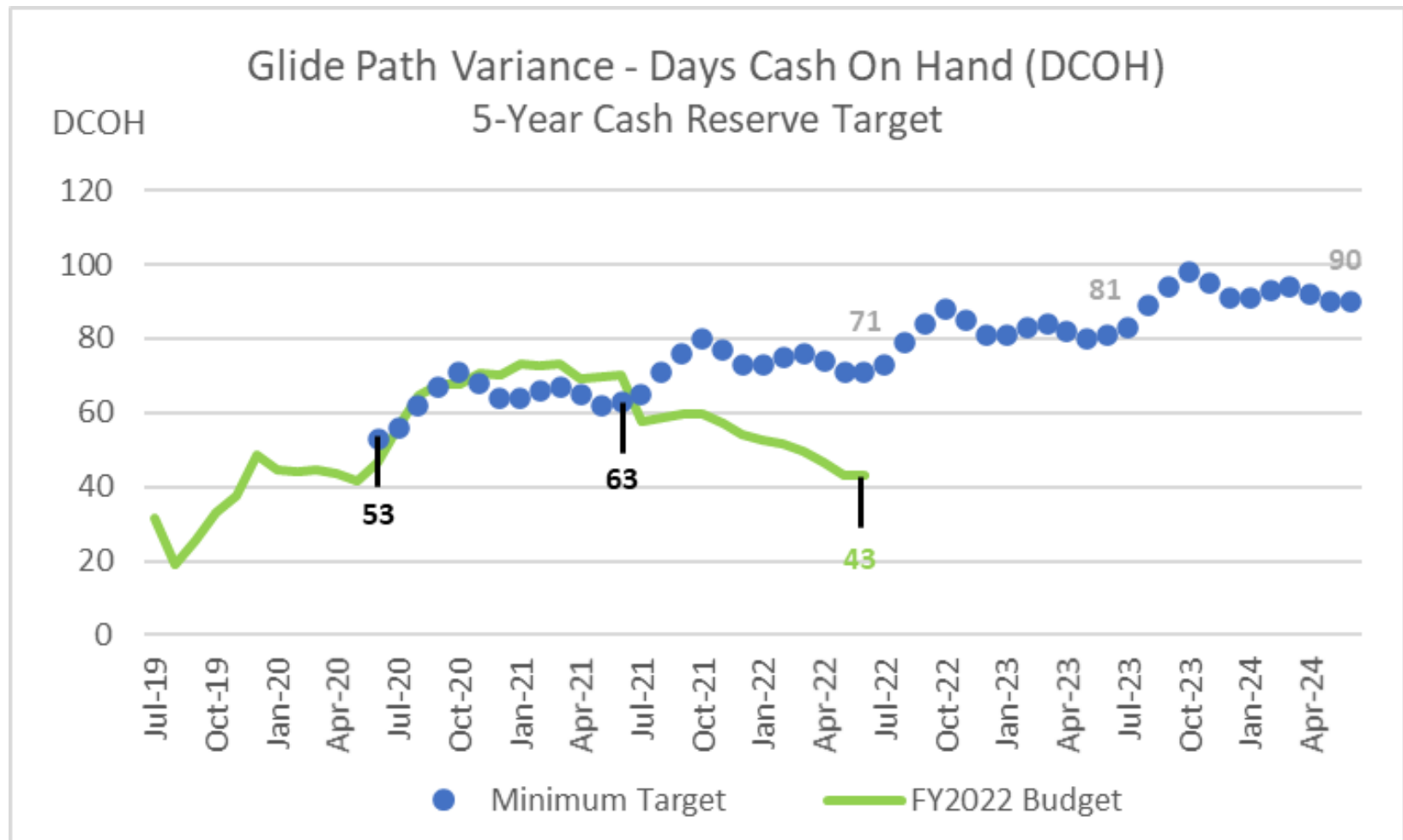
Days Cash on Hand

Target: 63.00

Operating Expenses



Glide Path Variance



- Results to Date
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FY2022 Budget, FY2023-24 Forecast

Joppa Expires, Ashwood and DEI PPA Begin

	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	2,517,774	\$35,359,623	\$11.390355	2,621,229	\$29,856,728	\$11.675114	2,630,708	\$30,713,817
	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>	<u>\$/kWh</u>	<u>kWh</u>	<u>\$</u>
Energy	\$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	1,223,923,317	\$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	\$3.338340	2,427,060	\$8,102,351	\$3.867701	2,512,367	\$9,717,086	\$4.491275	2,535,948	\$11,389,641
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	\$3.303290	34,200	\$112,973	\$3.854164	37,200	\$143,375	\$4.528642	37,200	\$168,465
KYMEA Transmission Credit			-\$1,068,887			-\$6,832			\$0
KU Direct Assigned Facilities			<u>\$</u>			<u>\$</u>			<u>\$</u>
Fixed Facility Charges			\$106,307			\$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			\$75,171,715	<u>Resume</u> <u>Pass Through</u> <u>Transmission Rate</u>		\$80,780,691			\$84,684,738
			6.110 %			6.303 %			6.564 %
Change from Previous Fiscal Year			1.11%			3.17%			4.13%
AR Project Member Power Supply (Without NITS)			\$68,025,278	<u>Flat</u> <u>Power Supply Rate</u>		\$70,927,062			\$73,126,631
			5.529 %			5.534 %			5.668 %
Change from Previous Fiscal Year (Without NITS)			0.36%			0.10%			2.41%
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

Glide Path Variance

