

# KYMEA POWER POST

*A Quarterly Publication by KYMEA.*



## KYMEA Celebrates Two Successful Years of Operations

On May 1, 2019 KYMEA celebrated a tremendous milestone when it began providing wholesale power to its eight All-Requirements (AR) Project members. Almost five years of rigorous planning and preparation had ensued to this point, but no amount of planning could prepare KYMEA for the unexpected event that was about to take place. Less than a year after KYMEA's operations went live; COVID-19 was declared a pandemic. The dreaded news and declaration on March 11, 2020, of the impending pandemic, would not stop the Agency from delivering on its promise of lower and more stable rates.

The pandemic tested the resolve of the Agency's power supply portfolio. In 2016, when the portfolio was formed, no one envisioned a 10% loss of load in 2020/2021 due to shuttered businesses and schools. It certainly wasn't anticipated the shutdown would last 15 months. Fortunately, the portfolio performed beautifully. At the conclusion of two years of operations, the KYMEA power

supply rates dropped 14.7% from the last year's rate with LG&E/KU - just as envisioned.

Having control of its own wholesale rates provided another benefit. When it became clear the pandemic would have severe financial consequences for customers, KYMEA was able to quickly create a rate design to shoulder more of the risk. In July 2021, the Agency will begin its second year of the COVID-19 rate relief plan which strives to keep the rates stable as the world digs itself out of the economic distress caused by the worst pandemic in over a century.

In December of 2022, KYMEA will add solar generation from the Ashwood Solar I project replacing an expiring coal contract. At the time it is completed, the project will be the largest solar facility in Kentucky. While the KYMEA portfolio is changing, the focus remains the same, providing competitive and stable rates.

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# Strategic Planning and IRP2020

BY DOUG BURESH

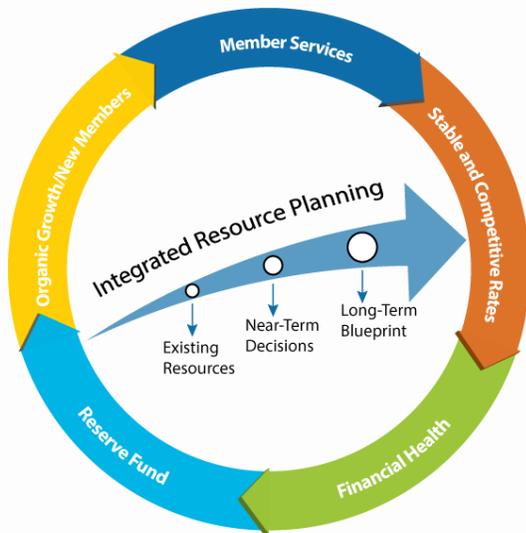


Greetings,

This summer KYMEA will release its first formal Integrated Resource Plan (IRP2020), which includes public participation and a published report. IRP2020 presents the actions required for KYMEA to meet its near-term power needs and provides a 20-year blueprint on how KYMEA can best succeed in meeting the future demand for power and energy services.

## STRATEGIC PRIORITIES

Creating an IRP can be challenging without clear direction and objectives. To formulate its path forward and provide that clear direction, in 2019, KYMEA developed a Strategic Plan that specifies overarching guidelines and parameters observed during the IRP2020 process. The Strategic Plan outlines the Agency’s vision, mission, and core values. It develops strategic priorities for carrying out our mission of “Through collaboration and operational excellence, we provide reliable, affordable, and sustainable energy services to the communities we serve”.



### Stable and Competitive Rates.

The first strategic priority is stable and competitive rates. The near-term decisions in IRP2020 balance competitiveness with rate stability and reliability. The KYMEA Directors emphasized the customers in their communities desire low rates, but they also value stable rates with energy dependably delivered to each community.

In April 2021, at the conclusion of KYMEA’s first two years of operation, the average wholesale power supply rate, excluding network transmission service, dropped 14.7% from the final year purchases from LG&E/KU. As part of the IRP2020 near-term plan, KYMEA’s rates are projected to remain very competitive and stable.

### Financial Health.

The second strategic priority is maintaining financial health. In 2020, the KYMEA Directors developed targets for days cash on hand (DCOH), leverage, coverage of full obligations, and debt service coverage. Achieving and maintaining the desired financial targets was a priority for the selection of the IRP2020 preferred resource plan.

### Reserve Fund.

The third strategic priority is building and sustaining a reserve fund. The purpose of the reserve fund is to meet unexpected future costs or financial obligations that may occur. KYMEA developed an innovative approach to build its reserve fund.

In 2020, the KYMEA Directors established an annual DCOH glide path to achieve a target of 90 DCOH by the end of the 5th year. The glide path has upper and lower bounds. If the upper bound is exceeded for a single month, KYMEA credits the extra cash back to the Members. If the lower bound is breached across the average of three consecutive months, the Agency collects the shortfall by applying an energy cost adjustment (ECA). At the conclusion of KYMEA’s first two years of operation, 9.1% of the revenue collected from the Members has been retained in the reserve fund.

### Organic Growth and New Members.

The fourth strategic priority is organic growth and new members. KYMEA stands among the lowest priced wholesale energy providers in the region. The low energy prices are an important consideration for the KYMEA member communities’ customers as they consider expansion and growth. The competitive and stable rates are also a significant draw for potential new customers or additional KYMEA members.

### Member Services.

The final strategic priority is member services. The business model objective of KYMEA is to provide cost-effective resources and services for the benefit of its members to enable them to achieve objectives they have set for themselves more efficiently and at lower costs than they could achieve individually. With this objective in mind, the IRP2020 20-year blueprint considers industry changes such as electric vehicles and carbon-free generation targets and creates strategies for the future.



## HONORING A LEGACY OF SERVICE

### JUDGE LEWIS B. HOPPER:

KYMEA wants to extend our congratulations to Judge Hopper on his retirement and long-time service as the Barbourville Utility Commission Chairman.

Judge Lewis Hopper is a life-long resident of Knox County and Barbourville, Kentucky. As a young man, he enlisted in the United States Air Force and retired as a Lieutenant Colonel in the Kentucky National Guard.

In 1977, he was elected as a District Judge. At the time of his election, he was the youngest man or woman ever elected as a District Judge in the Commonwealth of Kentucky. Judge Hopper served the people of Knox County as both District Judge and Circuit Judge for over 30 years.



While his passion, integrity, and commitment to public service were evident in the courtroom, it extends far beyond that. Since 2006 Judge Hopper has served as a Commissioner on the Barbourville Utility Commission. He was named Chairman in 2006, where he served until his retirement in 2021. His fellow Commissioner, Steve Evans, said, "I much enjoyed the years working with Lewis. His legal expertise and consistent, calming influence for our commission were invaluable. As Chairman, he led our utility, continuing its long existence of integrity and accomplishment."

Judge Hopper has been a trusted leader in the community and a mentor to many, like fellow Commissioner Tim Davis who said, "Judge Hopper's commitment, dedication and passion for his work as our commission Chairman has been nothing but exceptional, and I really appreciate his

"Judge Hopper's leadership and honest, careful contemplation was instrumental in guiding our utility commission over the last several years, which included many major projects and accomplishments such as forming and becoming members of KYMEA."

leadership and mentoring provided to myself and others associated with the utility commission; he took so much pride in serving our community through the utility commission, and I was fortunate to see how important it was to him and how he wanted us to be the best. I am truly honored to have been able to serve with him."

The City of Barbourville and Knox County alike are blessed to have benefitted from Judge Hopper's many years of public service. Josh Callihan, the General Manager of Barbourville Utility Commission, said, "Judge Hopper's leadership and honest, careful contemplation was instrumental in guiding our utility commission over the last several years, which included many major projects and accomplishments such as forming and becoming members of KYMEA."

KYMEA is grateful for Judge Hopper's commitment and wants to honor his many years of service to the City of Barbourville.



# ARPA - PROVIDING RELIEF TO LOCAL GOVERNMENTS

BY MICHELLE HIXON

The American Rescue Plan Act (ARPA) is a \$1.9 trillion relief and economic recovery plan signed by President Joe Biden on March 11, 2021. \$350 billion of ARPA funds have been earmarked for states, counties, municipalities, territories, and tribal governments to provide local relief caused by the COVID-19 pandemic. The Treasury states the primary purpose of the ARPA is to:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs;
- Support immediate economic stabilization for households and businesses; and,
- Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic on certain populations.

## LOCAL FISCAL RECOVERY FUND

What does this mean for Kentucky? A combined \$931 million has been allocated to cities in the Commonwealth of Kentucky to be dispersed over the next two years through the State and Local Fiscal Relief Recovery Fund (LFRF). Congress, along with the Secretary of the Treasury,

continues to update the allocations and provide guidance on how the funds may be used and dispersed. An online [Fact sheet](#) published by the 117th Congress is available online. The National League of Cities has compiled an extensive and valuable [summary of provisions](#) relevant to municipalities and local governments, which is also available online.

## ALLOCATIONS TO LOCAL GOVERNMENTS

Fifty percent of ARPA funding was scheduled to be dispersed beginning in May, with the remaining distribution delivered 12 months later. States and local governments were given the flexibility to decide how the funds should be used to meet individual communities' needs. Five basic categories have been defined by the Treasury's Interim and Final Rule as a guide for the use of the Coronavirus State and Local Fiscal Recovery Funds.

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to



provide government services to the extent of the reduction in revenue experienced due to the pandemic;

- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

The Treasury's Interim Final Rule also identifies several uses of the funds that would be considered ineligible. To further the goals of the ARPA, the LFRF funds may be transferred to special purpose districts at the discretion of a city or county. Cities may transfer qualified funds to county governments and vice versa.

The Treasury's guidance advises that all costs must be incurred by December 31, 2024. However, the Treasury

provides a period of performance extension to allow projects to be completed by December 31, 2026. Reporting and documentation requirements related to LFRF awards have also been outlined in the Treasury's Interim Final Rule.

For more details on the Commonwealth of Kentucky entitlement cities and eligible uses visit [KLC.org](http://KLC.org).

### Important Dates

#### June

- 24th Combined Meeting of the AR Project Committee & KYMEA Board
- 25th BROC

#### July

- 21st Special Combined Meeting of the AR Project Committee & KYMEA Board

#### August

- 26th KYMEA Board Meeting in

## Passing the Baton to a New KYMEA Chairman



Left to right: Josh Callihan (General Manager, Barbourville Utility Commission), Ron Herd (General Manager, City Utility Commission of Corbin)

KYMEA's Board of Director Chairman, Ron Herd, has served as the Agency's Chairman since 2015. During his service and the Agency's formative years, he provided tremendous leadership and direction.

On May 27th, the Board of Director's honored former Chairman Herd's years of service with a diamond plaque. Thank you, Ron, for your dedication and service to KYMEA!

Former Chairman Herd passed the baton to a new chairman, but not a new Director. Josh Callihan, General Manager of Barbourville Utility Commission, has also served the Agency as the Vice-Chairman since its inception in 2015. Chairman Callihan has served as Barbourville's General Manager since 2008.

The Agency and its Directors are looking forward to the leadership, enthusiasm, and years of experience Chairman Callihan will bring in his new role.



# KYMEA MEMBERS EARNED APPA SAFETY & RELIABILITY AWARDS

## City of Madisonville Electric Department APPA Safety Award of Excellence



American Public Power Association (APPA) members are encouraged to apply for the Safety Awards of Excellence. Applications are judged in multiple groups based on worker exposure hours. The winners are determined by the lowest amount of injuries and illness in their perspective group. The City of Madisonville Electric Department earned First Place among 30,000-59,999 worker-hours of exposure. This award demonstrates the dedication the leaders and staff have to their customers and workforce to provide a safe service and working environment.

## Owensboro Municipal Utilities APPA Reliable Public Power Provider (RP3)



In the RP3 program, applicants are awarded points for their accomplishments in four disciplines; reliability, safety, workforce development, and system improvements. An RP3 designation award is a testament to the utility's dedication for operating a safe, efficient, and reliable distribution system. Owensboro is one of only 274 of the nation's more than 2,000 public power utilities that hold this prestigious designation.





## What is happening in our communities?

### JUNE

- 12th: PorchFest OBKY - Owensboro
- 19th: Dazzling Daylily Festival - Owensboro

### JULY

- 4th: 4th of July Spectacular - Berea
- 4th: Fun Filled Fourth Fest - Harlan County
- 4th: All American Fourth of July - Owensboro
- 9th: Salute the Arts - Owensboro
- 9-11th: Berea Craft Festival
- 17th: Classic Car and Truck Festival - Falmouth
- 30th: Owensboro-Davies County Motorsports Festival

### AUGUST

- 7th: Hops on the Ohio Beer Festival - Owensboro
- 12-14th: NIBROC Festival - Corbin
- 13-15th: Owensboro Air Show
- 13-15th: Berea Celtic Festival

### SEPTEMBER

- 4-5th: Honoring our Veterans Pow Wow - Corbin
- 11th: EweNique Art Walk - Falmouth
- 11th: MoonBow EggFest - Corbin
- 17-19th: Spoonbread Festival - Berea
- 18th: Pumpkin Festival - Paris

## DID YOU KNOW?

- The town of Benham was built in the early 1900s but wasn't officially incorporated by the Kentucky General Assembly until 1961.
- Benham is located in eastern Harlan County and is just nine miles from the Virginia border.
- Benham was known as "The Little Town that International Harvester, Coal Miners, and their Families Built."
- The town was built in a circle with the company store, mine offices, theatre, school, and church in the center.
- The City of Benham began providing electric services in 1961 and currently serves 277 residential customers and 6 commercial customers.
- The School House Inn and Kentucky Coal Museum have become popular landmarks attracting people to the historic mining community.





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DISCOVER THE POWER OF ENERGY OPTIONS



# #PUBLICPOWERFORKENTUCKY



If you have ideas for the next Power Post, please email Michelle Hixon at [mhixon@kymea.org](mailto:mhixon@kymea.org).



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