



August 25, 2022 Combined Meeting of the AR Project Committee and KYMEA Board of Directors

08/25/2022

Board Room

1700 Eastpoint Pkwy Suite 220

Louisville, KY, 40223

This meeting will also be available as a WebEx video meeting (contact mhixon@kymea.org for attendee information).



August 25, 2022 Combined Meeting of the AR Project Committee and KYMEA Board of Directors

Agenda

A. Meeting Opening

- | | |
|------------------------|----------------|
| 1. Attendance | Michelle Hixon |
| 2. Call to Order | Josh Callihan |
| 3. Guest Introductions | Josh Callihan |

B. Previous Meeting Minutes of the KYMEA Board of Directors

Approval of Last
Month's Meeting
Minutes
Approval of Last
Month's Financial
Report

Josh Callihan

C. Financial Reports

Molly Roesler

D. Committee Reports

- | | |
|---|---------------|
| 1. 8-23-2022 Executive Committee Report | Josh Callihan |
|---|---------------|

E. Administration Reports

- | | |
|--------------------------|----------------|
| 1. CEO | Doug Buresh |
| 2. Market Report | Rob Leesman |
| 3. Member Communications | Michelle Hixon |

F. Discussion Topics

- | | |
|---------------------------------|--------------|
| 1. Energy Cost Adjustment (ECA) | Chris Melton |
|---------------------------------|--------------|

G. Action Items

H. 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.

Josh Callihan

I. Upcoming Meetings and Other Business

The next board meeting will be held on September 22nd at 10 am in KYMEA's board room.

Michelle Hixon

J. Closed Session

Charlie
Musson

K. Action Expected Related to Matters Discussed in Closed Session

Josh Callihan

L. Adjournment

Josh Callihan



Minutes for Meeting Book - July 28, 2022, Combined Meeting of the AR Project Committee and the KYMEA Board of Directors

07/28/2022 | 10:00 AM

Board Room

Attendees (8)

Josh Callihan; Kevin Frizzell; Ron Herd; Kevin Howard; Tim Lyons; Chris Melton; Gary Zheng; Jamie Miller

Additional attendees were Doug Buresh, Rob Leesman, Charlie Musson, Michelle Hixon, Heather Overby, Molly Roesler, Pat Pace, Hance Price, David Denton, Anna Marie Pavlik Rosen, Vent Foster, and Emma Kate Callihan.

Meeting Opening

Attendance: Michelle Hixon took attendance and noted that a quorum was present.

Call to Order: Chairman, Josh Callihan, called the meeting to order.

Guest Introductions: Chairman Callihan introduced the new Paris City Manager and KYMEA Director, Jamie Miller. He also introduced his daughter Emma Kate who is attending the meeting.

Previous Meeting Minutes of the KYMEA Board of Directors

ACTION: Motion to approve the June 23, 2022, Meeting minutes was made by Chris Melton and seconded by Gary Zheng. Jamie Miller abstained. The motion passed.

Financial Reports

ACTION: Motion to approve the previous month's financial reports was made by Tim Lyons and seconded by Chris Melton. The motion passed.

Committee Reports

No reports were given.

Administration Reports

1. CEO Report: Doug Buresh presented the CEO report regarding the Agency's past and upcoming activities.
2. Market Report: Rob Leesman discussed the previous month's markets in relation to KYMEA.

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

Discussion Topics

1. IRP2023 Timeline Doug Buresh

AR Project Committee Meeting

The Board meeting took a brief recess, and the AR Project Committee Chairman, Chris Melton, called the AR Project Committee Meeting to order.

1. Community Solar: Doug Buresh presented a proposal regarding limitations on the size of Member Community Solar and Virtual Net Metering projects which would be acceptable under the AR Contract.

ACTION: Motion to approve the AR Project Committee Resolution, Community Solar Energy Cap was made by Josh Callihan and seconded by Gary Zheng. The motion passed.

2. Annual Weighted Voting Update: Doug Buresh presented the AR Project Committee weighted vote of Members based on FY 2022 loads.

ACTION: Motion to approve the AR Project Weighted Voting update for FY 2023 was made by Gary Zheng and seconded by Jamie Miller. The motion passed.

ACTION: Motion to adjourn the AR Project Committee meeting was made by Josh Callihan and seconded by Gary Zheng. The motion passed.

Josh Callihan reconvened the Board and based upon Doug Buresh's recommendations for Member Community Solar and Virtual Net Metering Projects, the Board undertook the following action:

ACTION: Motion for the full Board to approve the Resolution, Acknowledging the Community Solar Energy Cap was made by Chris Melton and seconded by Gary Zheng. The motion passed.

Doug Buresh presented the KYMEA Board weighted vote of Members based on FY 2022 loads.

ACTION: Motion for the full Board to approve the Weighted Voting update for FY 2023 was made by Chris Melton and seconded by Gary Zheng. The motion passed.

3. Staff Compensation and Cost of Living: Josh Callihan reported that the Executive Committee based upon the FY 2023 Budget suggested a 5% Cost of Living Adjustment for KYMEA Staff for FY2023.

ACTION: Motion for the Board to give all staff a Cost of Living (COLA) salary increase equal to 5% retroactive to July 1, 2022, was made by Chris Melton and seconded by Jamie Miller. Motion Passed.

Public Comments

No comments were made.

Upcoming Meetings and Other Business

The next board meeting will be held on August 25, 2022, at 10 am in KYMEA's board room.

Closed Session

ACTION: Motion to enter into closed session per the presented resolution was made by Chris Melton and seconded by Jamie Miller. The motion passed.

ACTION: Motion to return to open session was made by Gary Zheng and seconded by Tim Lyons.

Actions Related to Matters Discussed in Closed Session

No action was taken.

Adjournment

ACTION: Motion to adjourn was made by Chris Melton and seconded by Tim Lyons. The motion passed.



KENTUCKY MUNICIPAL ENERGY AGENCY



Financial Presentation

August 25, 2022

Molly Roesler

www.KYMEA.org

8/17/2022

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Statement of Net Position – July 2022

CURRENT ASSETS

Jul 2022

Cash And Investments	\$16,583,601	(1)
Other Receivables	\$10,125,271	(2)
Prepayments And Other Current Assets	\$0	
Total Current Assets	\$26,708,871	

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

Statement of Net Position – July 2022

NON-CURRENT ASSETS

Pledge Collateral	\$3,991,027	(3)
Investment In Sedc	\$2,426	
Fixed Asset Clearing Account	\$182,615	
Office Buildout	\$260,238	
Meters - Ar Project	\$22,169	
Meter Comm Equipment	\$330,672	
General Plant	\$2,693,536	
Construction Work In Progress	\$0	
Less Accumulated Depreciation	(\$799,142)	
Total Non-Current Assets	\$6,683,541	

Total Assets **\$33,392,412**

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows	\$0
Total Deferred Outflows	\$0

Total Assets & Deferred Outflows **\$33,392,412**

3) Collateral represents \$2.7m at MISO, \$1.3m at PJM, and \$0 in hedge collateral.

Statement of Net Position – July 2022

LIABILITIES

Accounts Payable	\$14,470,666	(4)
Accrue Interest Payable	\$14,219	
Total Current Liabilities	\$14,484,885	
Accrue Employee Benefits	\$191,295	
Deferred Lease Liability	\$1,571,016	(5)
Line Of Credit	\$0	(6)
Total Non-Current Liabilities	\$1,762,312	
Total Liabilities	\$16,247,196	

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$0
Total Deferred Inflows	\$0
Total Liabilities & Deferred Inflows	\$16,247,196

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$991,579	
Restricted	\$3,991,027	
Unrestricted	\$12,162,610	
Total Net Position	\$17,145,216	(7)

- 4) AP represents purchased power
- 5) Deferred Lease Liability represents the present value of remaining office lease payments
- 6) Line of Credit paid off in August 2019
- 7) Positive net position - LTD

Statement Revenue, Expenses, and Changes in Net Position – July 2022

OPERATING REVENUE

	Jul 2022	YTD FY2023	
Sales To Members	\$7,928,066	\$7,928,066	(8)
Rto Market Revenue	\$4,391,117	\$4,391,117	(9)
Transmission Services	\$97,494	\$97,494	(10)
Miscellaneous Revenue	\$0	\$0	
Total Operating Revenue	\$12,416,678	\$12,416,678	

OPERATING EXPENSES

Transmission	\$1,279,621	\$1,279,621	(11)
Production	\$11,993,472	\$11,993,472	(12)
Administrative And General	\$223,918	\$223,918	
Depreciation Expense	\$27,327	\$27,327	
Total Purchase Power and Operating Expenses	\$13,524,338	\$13,524,338	
Operating Income	(\$1,107,661)	(\$1,107,661)	

NON-OPERATING REVENUE

Interest Expense On Debt	(\$8,442)	(\$8,442)	
Interest Income	\$9,119	\$9,119	
Other Non-Operating Income (Expense)	(\$5,404)	(\$5,404)	
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0	
Total Non-Operating Revenues (Expenses)	(\$4,728)	(\$4,728)	

NET POSITION CHANGES

Change in Net Position	(\$1,112,388)	(\$1,112,388)	(13)
Net Position at Beginning of Period	\$18,257,604	\$18,257,604	
Net Position at End of Period	\$17,145,216	\$17,145,216	

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

Indirect Statement of Cash Flows – July 2022

CASH FROM OPERATING ACTIVITIES	Jul 2022	YTD FY2023	
Net Income	(\$1,112,388)	(\$1,112,388)	(14)
Depreciation Monthly	\$27,327	\$27,327	
Accounts Receivable	(\$1,254,062)	(\$1,254,062)	(15)
Prepayments & Other Current Assets	\$0	\$0	
Accounts Payable	(\$2,221,228)	(\$2,221,228)	(15)
Taxes & Interest Accrued	\$3,958	\$3,958	
Other Current Liabilities	\$6,139	\$6,139	
Deferred Lease Liability	(\$9,947)	(\$9,947)	
Deferred Inflows Monthly	\$0	\$0	
Net Cash Provided by (Used in) Operations	(\$4,560,202)	(\$4,560,202)	
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Additions to Plant Monthly	(\$109)	(\$109)	
Net Change in Other Prop & Invest	(\$500,633)	(\$500,633)	
Net Cash Provided by (Used in) Investing	(\$500,742)	(\$500,742)	
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Long Term Borrowings	\$0	\$0	
Net Cash Provided By (Used in) Financing	\$0	\$0	
NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS			
Net Increase (Decrease) in Cash & Temp Investm..	(\$5,060,944)	(\$5,060,944)	
Cash & Temp Investment Beginning of Period	\$21,644,545	\$21,644,545	
Cash & Investments End of Period	\$16,583,601	\$16,583,601	(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 and Rate Stabilization Fund.

Financial Metrics – July 2022



KEY FINANCIAL METRICS

FY2023 Actuals Through July 2022 + Budget

Days Cash on Hand

45.28

Leverage

8.41

Coverage of Full Obligations

0.85

Debt Service Coverage

0.84

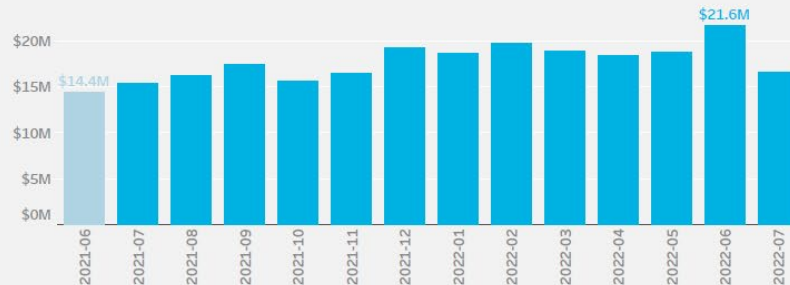
Financial Metrics – July 2022

Days Cash On Hand

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

$$\begin{array}{rclclcl} \$16.6\text{M} & & \$366,256 & & 45.28 \\ \text{Unrestricted Cash} & \div & \text{Adjusted Operating Expense per Day} & = & \text{Days Cash on Hand} \\ & & \$133.68\text{M} / 365 \text{ days} & & \end{array}$$

Cash on Hand through Current Month



Unrestricted Cash

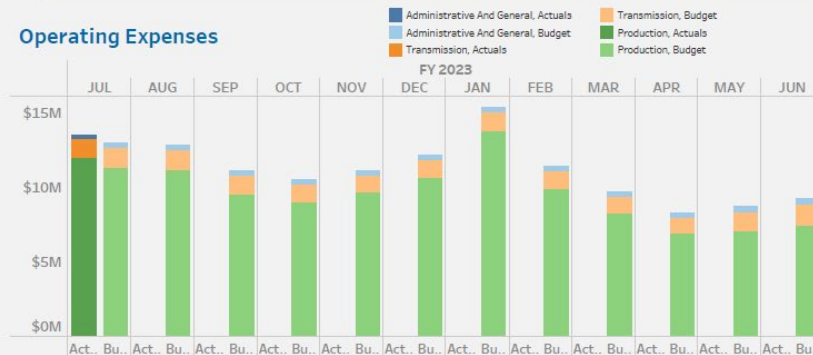
Adjusted Operating Expenses

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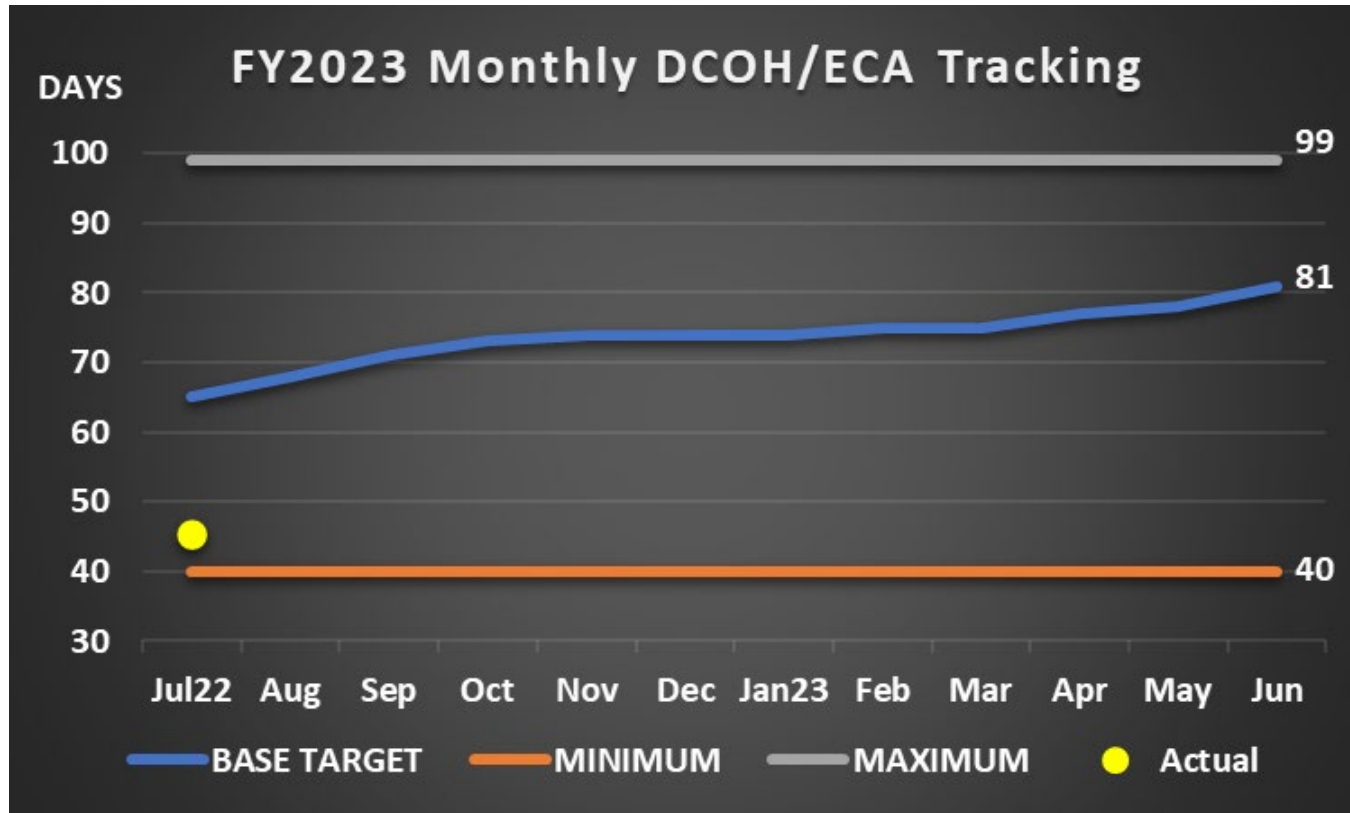
Operating Expenses



Unrestricted Cash

Adjusted Operating Expenses

Financial Metrics – July 2022



Financial Metrics – July 2022

Leverage

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

Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Net Adjusted Debt



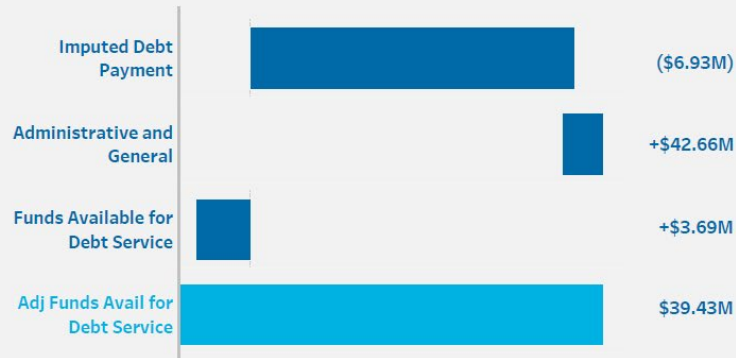
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Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Adjusted Funds Available for Debt Service



Financial Metrics – July 2022

Coverage of Full Obligations 0.85

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

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

Imputed Debt Payment

\$42.66M

Administrative & General Expense

\$3.69M

EBITDA & Interest Income

(\$6.93M)

Debt Service Coverage 0.84

The funds available from operations to cover current debt service.

Funds Available for Debt Service ÷ Total Debt Service

Imputed Debt Payment

\$42.66M

EBITDA & Interest Income

(\$6.93M)

Statement of Net Position

FY2023 Actuals as of July 2022

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Indirect Statement of Cash Flows

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CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

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Cash & Investments End of Period	\$16,583,601	\$16,583,601

Month Ending
7/31/2022 11:59:59 PM



KENTUCKY MUNICIPAL ENERGY AGENCY

July 2022 Bank Reconciliation

PNC Statement Balance 7/01/2022:	\$	13,664,016.01
PNC Statement Balance 7/31/2022:	\$	8,573,680.89

Independence Statement Balance 7/01/2022:	\$	8,005,753.94
Independence Statement Balance 7/31/2022:	\$	8,010,524.49

Outstanding Checks (-):	\$	(473.00)
	\$	(131.76)

Adjusted Bank Balance:	\$	16,583,600.62
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Meridian Book Balance (1310000) 7/31/2022:	\$	8,573,076.13
Meridian Book Balance (1310500) 7/31/2022:	\$	8,010,524.49

Adjusted Book Balance:	\$	16,583,600.62
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Adjusted Bank Balance:	\$	16,583,600.62
Adjusted Book Balance:	\$	16,583,600.62
Difference:	\$	-



KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA President & CEO Report

Doug Buresh

August 25, 2022

AGENDA

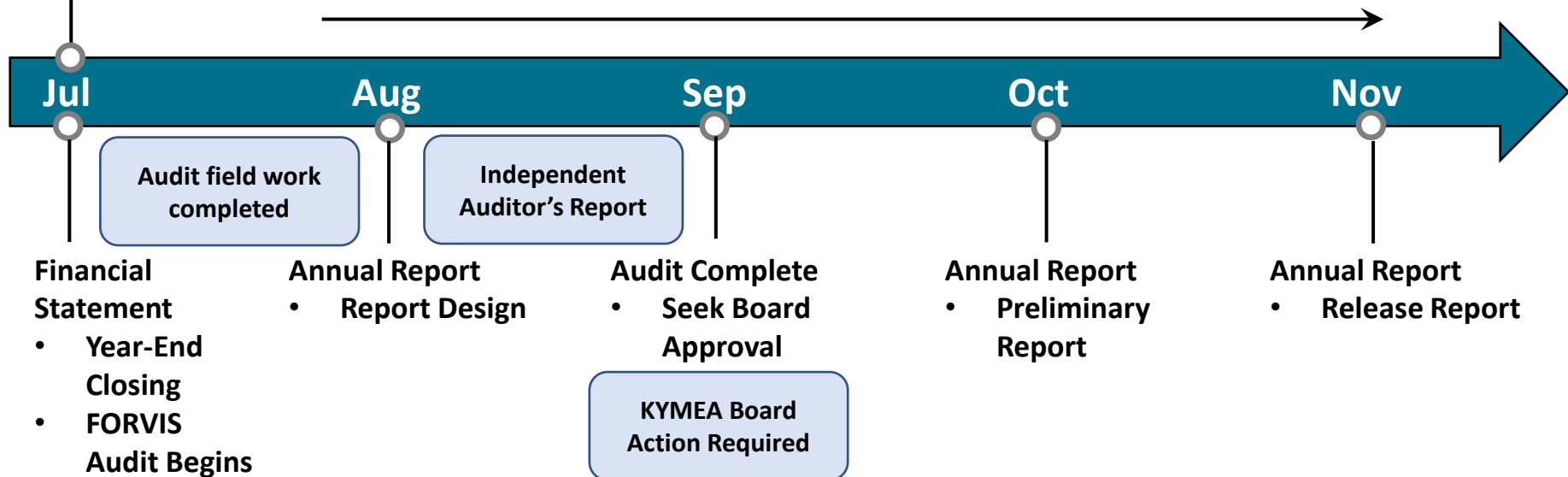
- 2022 Audit and Annual Report
- Inflation Reduction Act
- RFP2022 / IRP2023

2022 Audit and Annual Report

Financial statements of KYMEA for 2021, including the Statement of Revenue, Expenses, and Net Position, and the Statement of Assets and Liabilities.



4 Months



AGENDA

- 2022 Audit and Annual Report
- **Inflation Reduction Act**
- RFP2022 / IRP2023

Inflation Reduction Act (IRA)

Signed into law by President Biden (8/16/2022)

Note: The regulatory process may tweak the provisions a bit.

1. Tax-Exempt Entity - Direct Payment

- The IRA allows public power utilities (tax-exempt entities) to directly benefit from certain energy-related credits. While some existing energy-related provisions of the Internal Revenue Code (Code) allow a tax-exempt entity to transfer the value of tax incentives to other taxable entities, this is the first time the Code would allow a tax-exempt entity to, effectively, directly claim tax credits for themselves.
- The direct payment mechanism allows governmental entities to claim a refund equivalent to the tax credit they would have received if they were a taxable entity.

2. Timing

- Direct Payment Elections are permitted for taxable years beginning after Dec. 31, 2022, through Dec 31, 2032.

3. Domestic Content Requirement

- A project for which an applicable entity is seeking direct payment must meet domestic content requirements. This requirement does not apply where the owner is not seeking direct payment.

4. Domestic Content Bonus Credit

- A bonus credit is available if the project meets a “domestic content” requirement (where the percentage of steel, iron and manufactured products from the United States varies over time). Each bonus will increase the credit by, in the case of the PTC, 10 percent and, in the case of the ITC, 10 percentage points.

5. Tax-Exempt Financing

- Certain applicable credits are reduced to the extent the project is financed with tax-exempt bonds, up to a maximum reduction of 15 percent. For example, a project financed with tax-exempt debt that would otherwise qualify for a 30 percent investment tax credit would instead be eligible for a 25.5 percent credit.

AGENDA

- 2022 Audit and Annual Report
- Inflation Reduction Act
- **RFP2022 / IRP2023**

RFP2022

Three RFPs will be issued
9/12/2022

1. RFP-1: Intermediate Capacity and Energy for 2023-2026
2. RFP-2: Intermediate Capacity and Energy for 2027-2031
3. RFP-3: Renewable Energy, no later than June 1, 2027

IRP2023 Timeline

SEPTEMBER/OCTOBER (2022)

Issue RFP: The Agency will issue an RFP in September/October 2022. The purpose of RFP 2023 is to gauge the market opportunities and options for KYMEA's next power supply tranche.

NOVEMBER/DECEMBER (2022)

Development of Model Input and Framework: Identify and develop scenarios, resource options and business strategies to evaluate how a future portfolio might change under different conditions.

Analysis and evaluation: Develop and evaluate the performance of multiple resource portfolios.

JANUARY/FEBRUARY (2023)

Additional Analysis: Response to Board feedback.

Preliminary results of the study: IRP recommendation, near-term actions and key elements, and the final environmental assessment.

MARCH/APRIL (2023)

Board of Directors Action: Approval of near-term IRP recommendations

Publication of the IRP2023 - July 2023



KENTUCKY MUNICIPAL ENERGY AGENCY



July 2022 Market Report

Rob Leesman

August 25, 2022

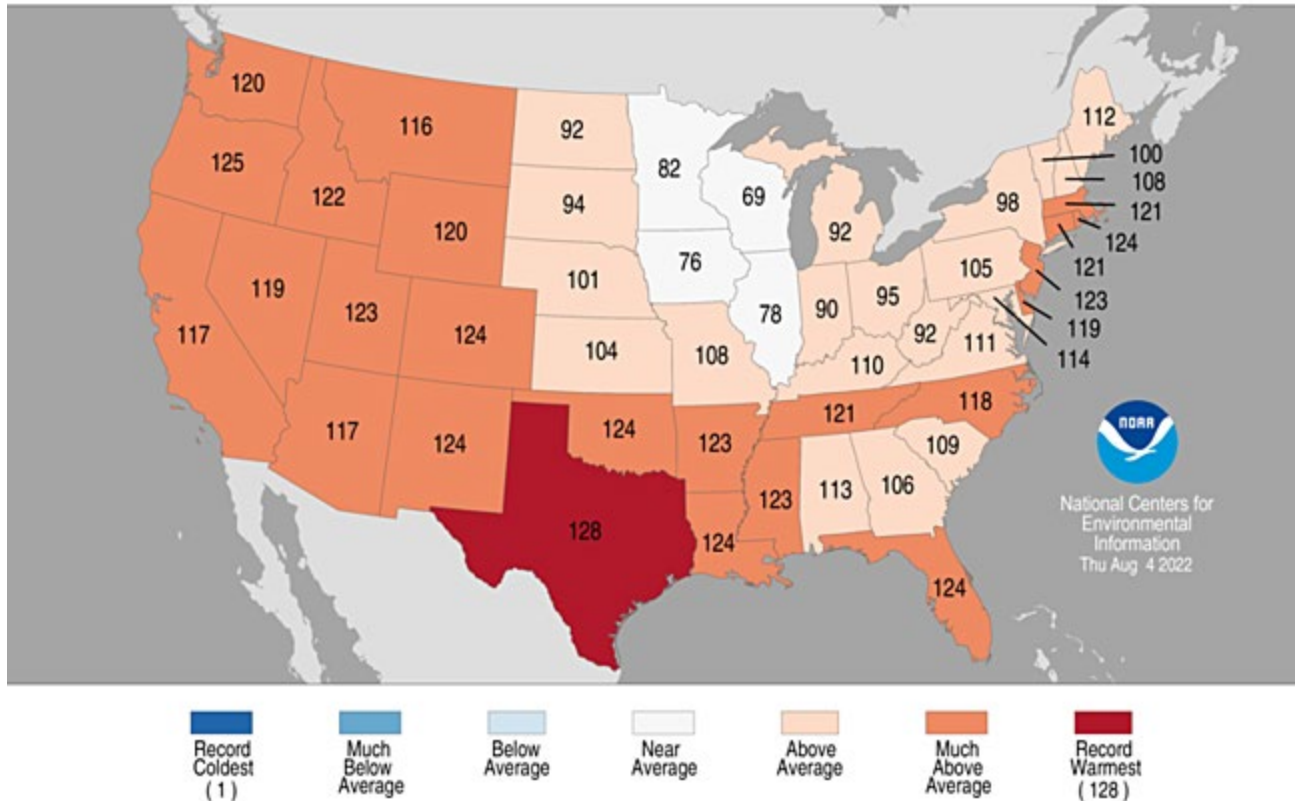
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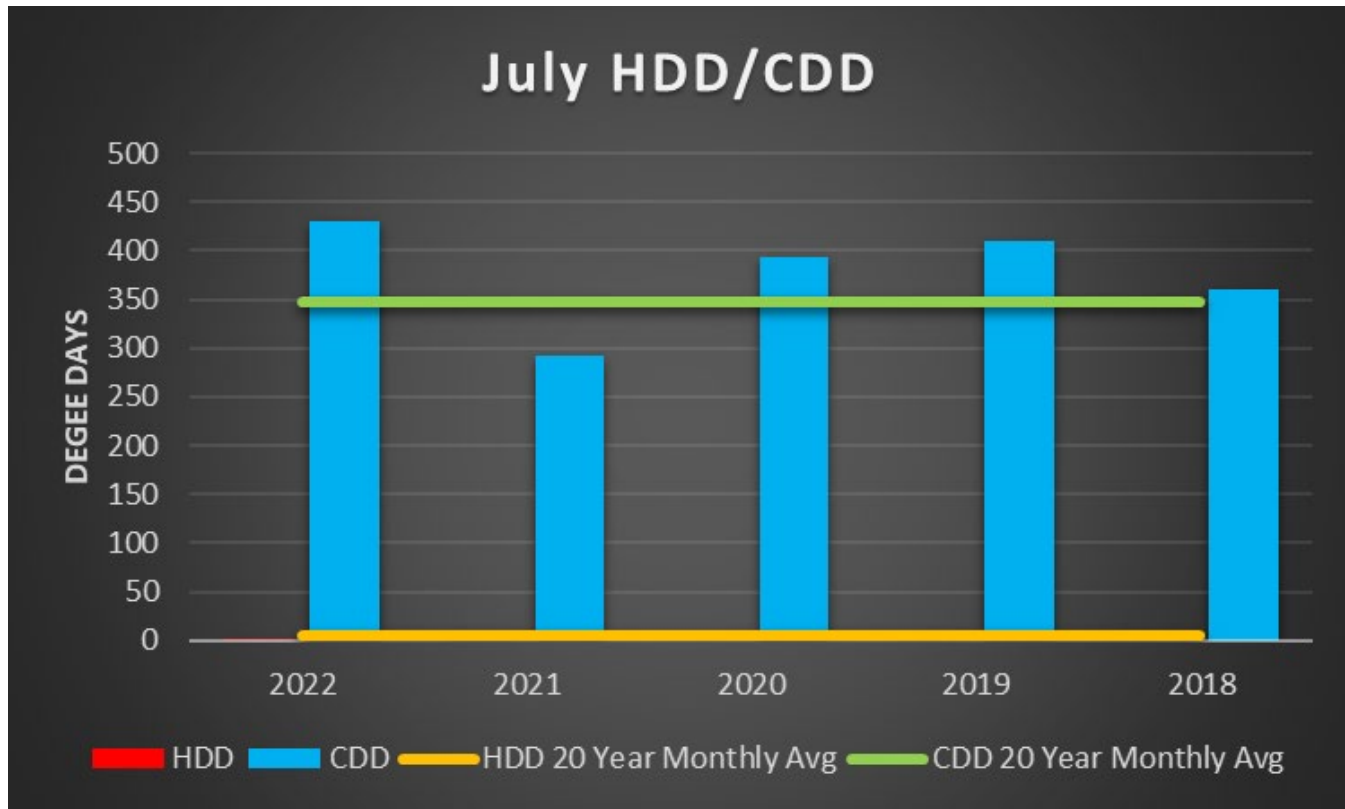
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Statewide Average Temperature Ranks
July 2022
Period: 1895–2022



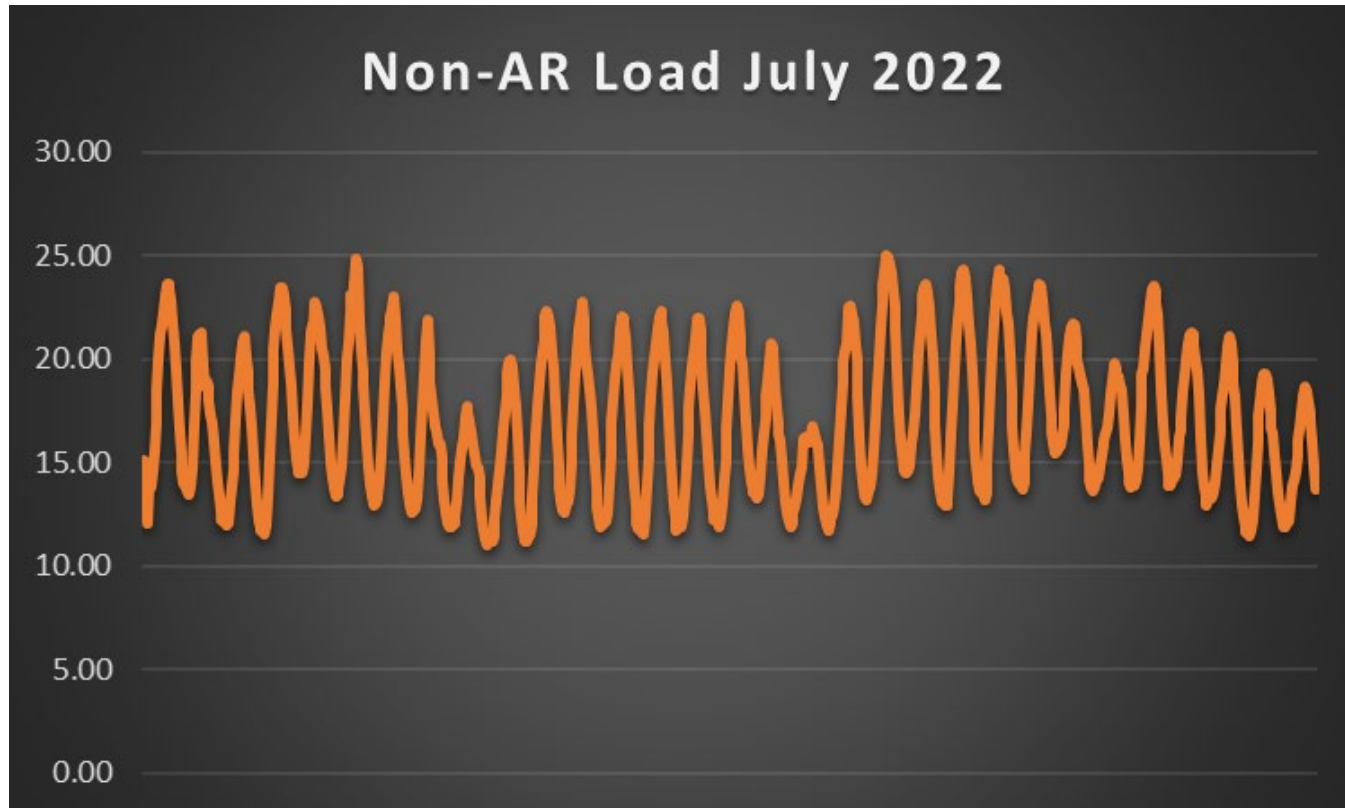
Degree Days



AR Load July 2022



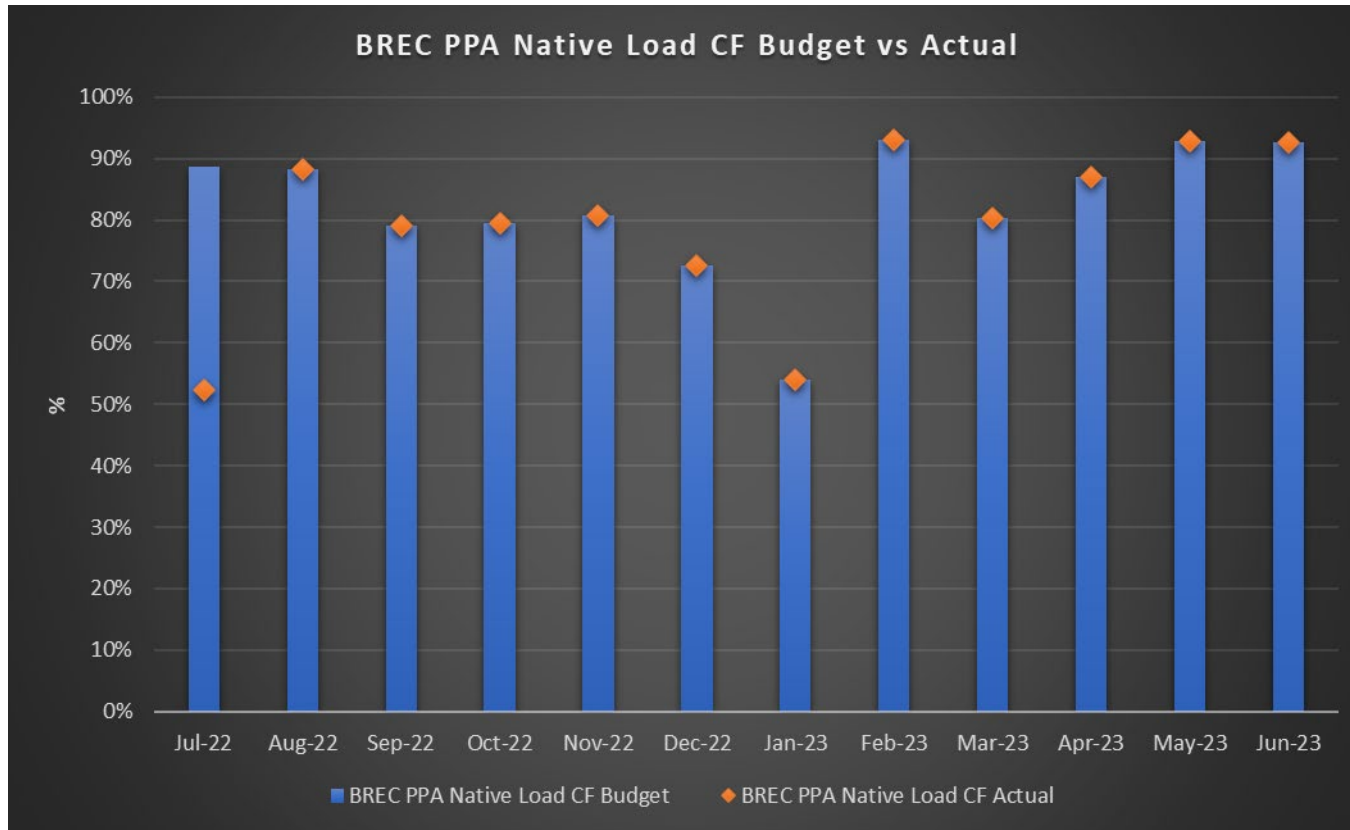
Non-AR Load July 2022



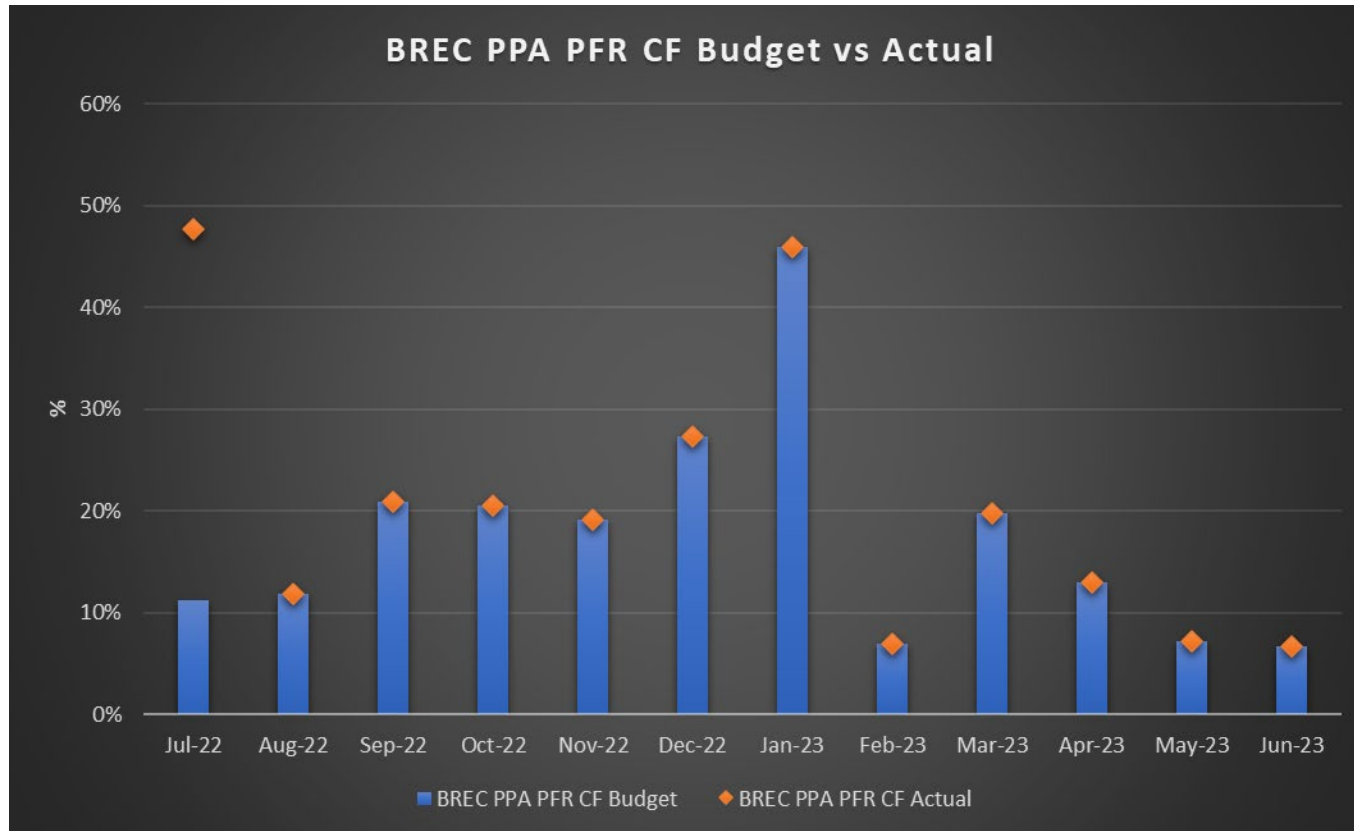
July 2022 Snapshot

Jul-22							
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	8,675	8,642	100%	18.72	18.23	97%	7/22/2022 4:00:00 PM
Bardwell	951	993	104%	2.05	2.13	104%	7/7/2022 4:00:00 PM
Benham	439	450	103%	0.98	0.95	98%	7/4/2022 5:00:00 PM
Berea	11,739	12,222	104%	23.38	24.17	103%	7/6/2022 4:00:00 PM
Corbin	8,538	8,693	102%	18.02	18.59	103%	7/6/2022 3:00:00 PM
Falmouth	1,953	2,023	104%	4.27	4.37	102%	7/20/2022 4:00:00 PM
Frankfort	66,023	64,869	98%	130.17	131.94	101%	7/6/2022 2:00:00 PM
Madisonville	29,895	28,750	96%	57.17	57.33	100%	7/6/2022 3:00:00 PM
Owensboro	81,212	90,741	112%	172.00	187.00	109%	
Paris	6,021	5,973	99%	13.02	12.67	97%	7/5/2022 2:00:00 PM
Providence	3,142	3,180	101%	6.55	6.92	106%	7/6/2022 4:00:00 PM
AR	125,199	123,123	98%	249.99	252.17	101%	
Non-AR	12,178	12,672	104%	24.36	25.12	103%	
All	137,377	135,796	99%	274.35	277.29	101%	
Total	218,589	226,537	104%	446.35	464.29	104%	

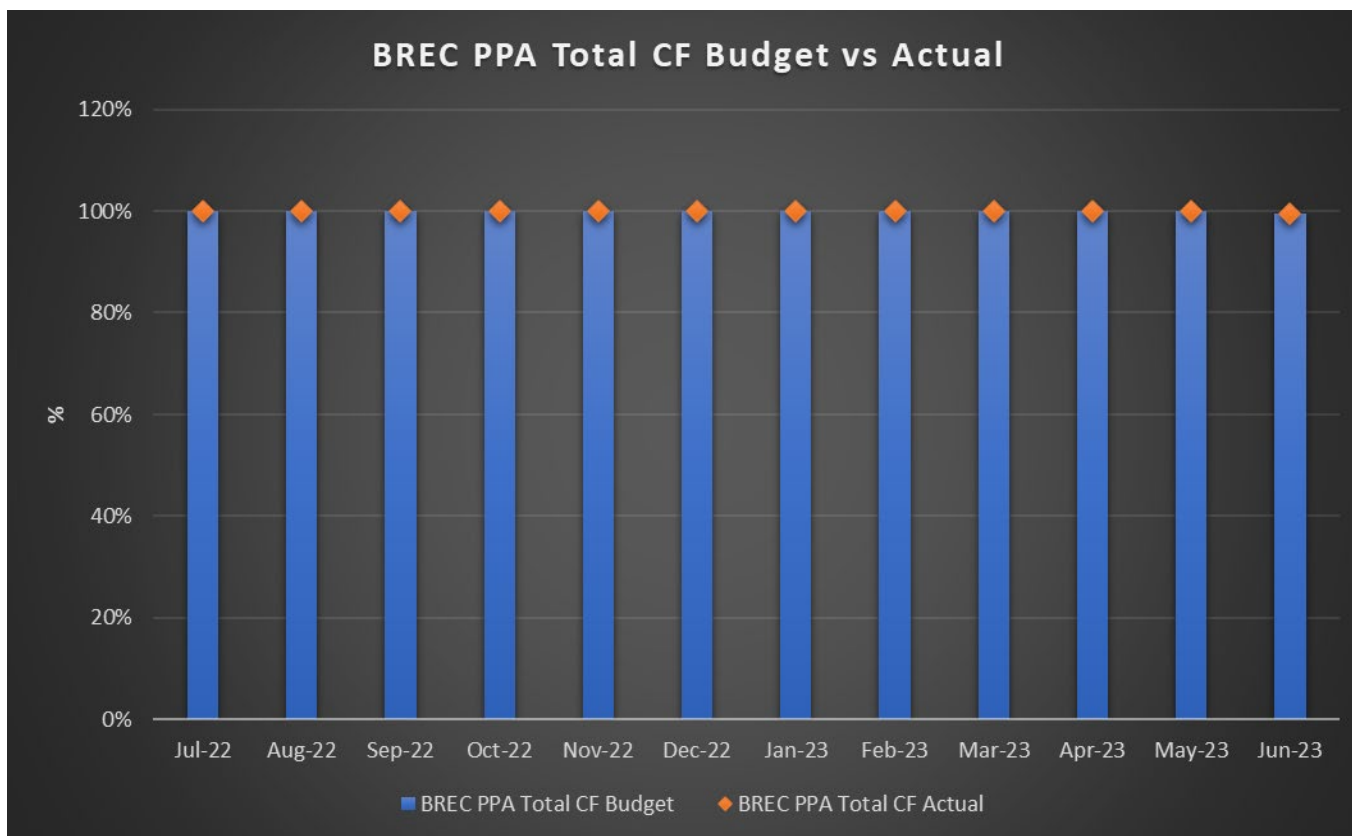
BREC PPA Load Capacity Factor FY 22



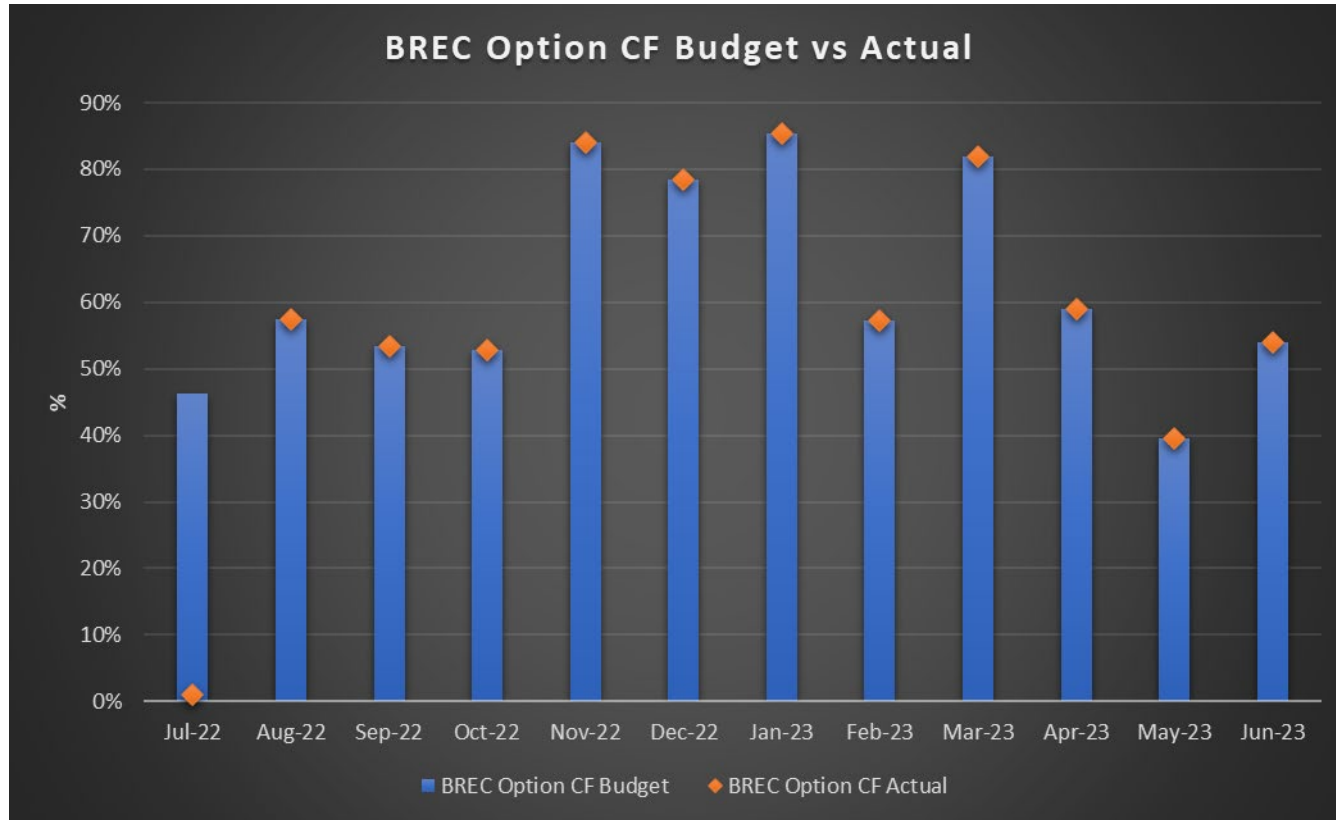
BREC PPA PFR Capacity Factor FY 22



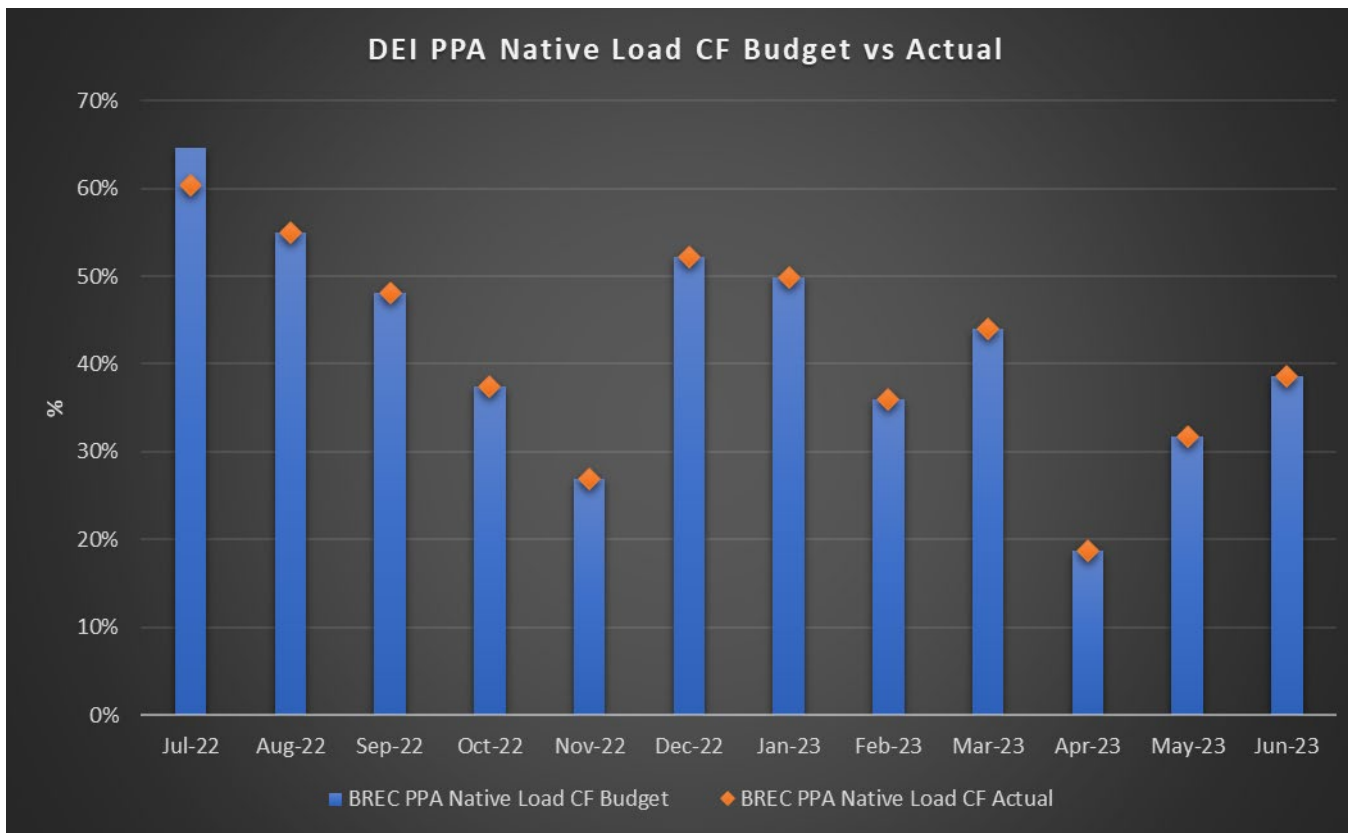
BREC PPA Capacity Factor FY 22



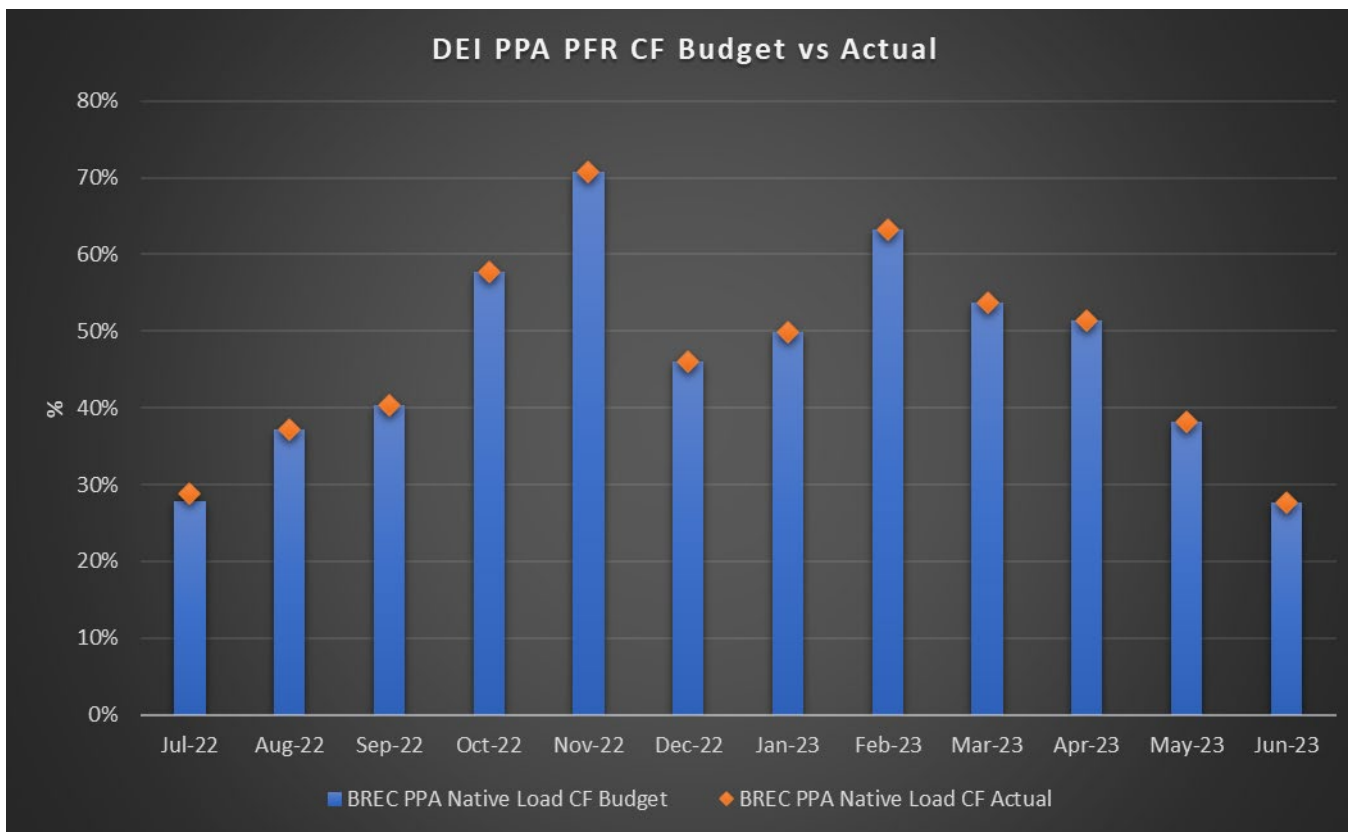
BREC Option Capacity Factor FY 22



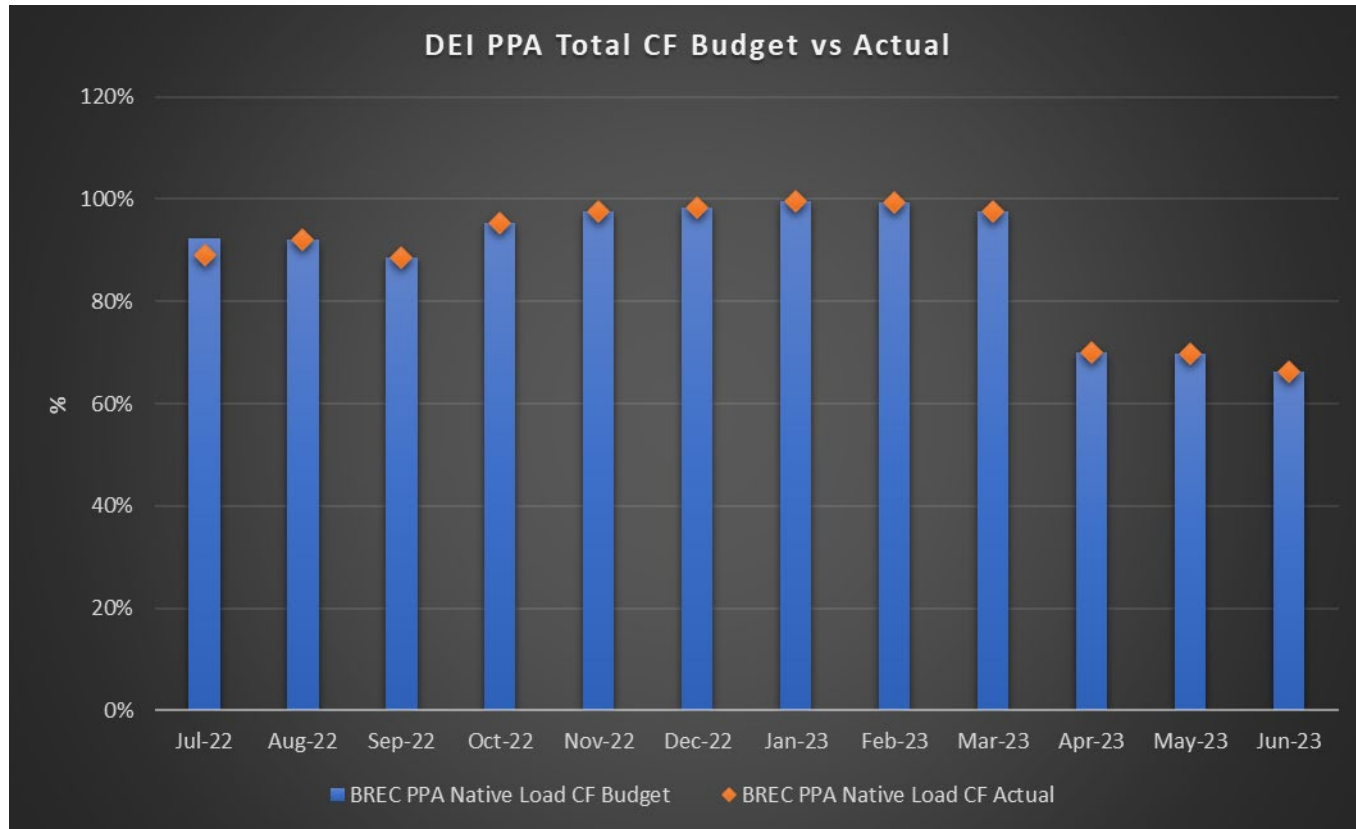
DEI PPA Load Capacity Factor FY 22



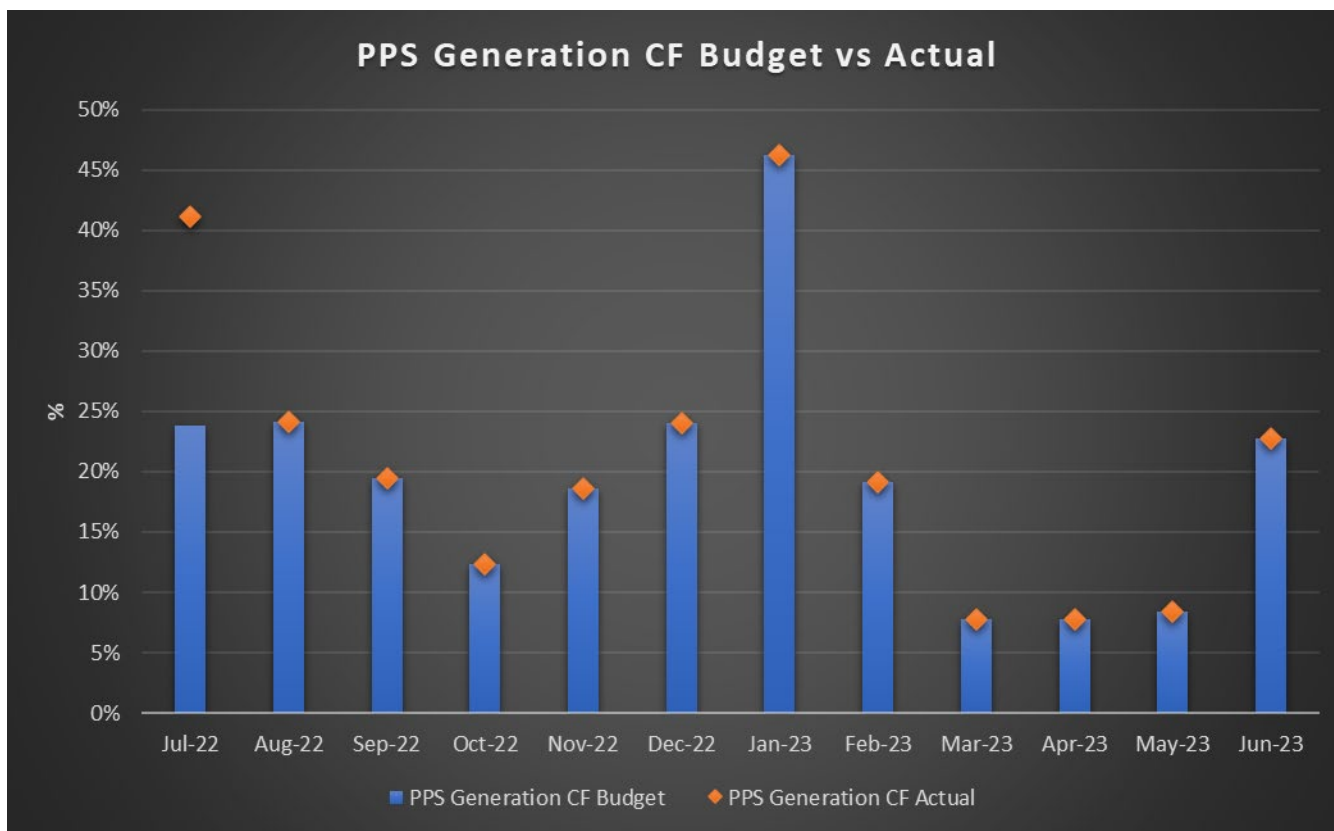
DEI PPA PFR Capacity Factor FY 22



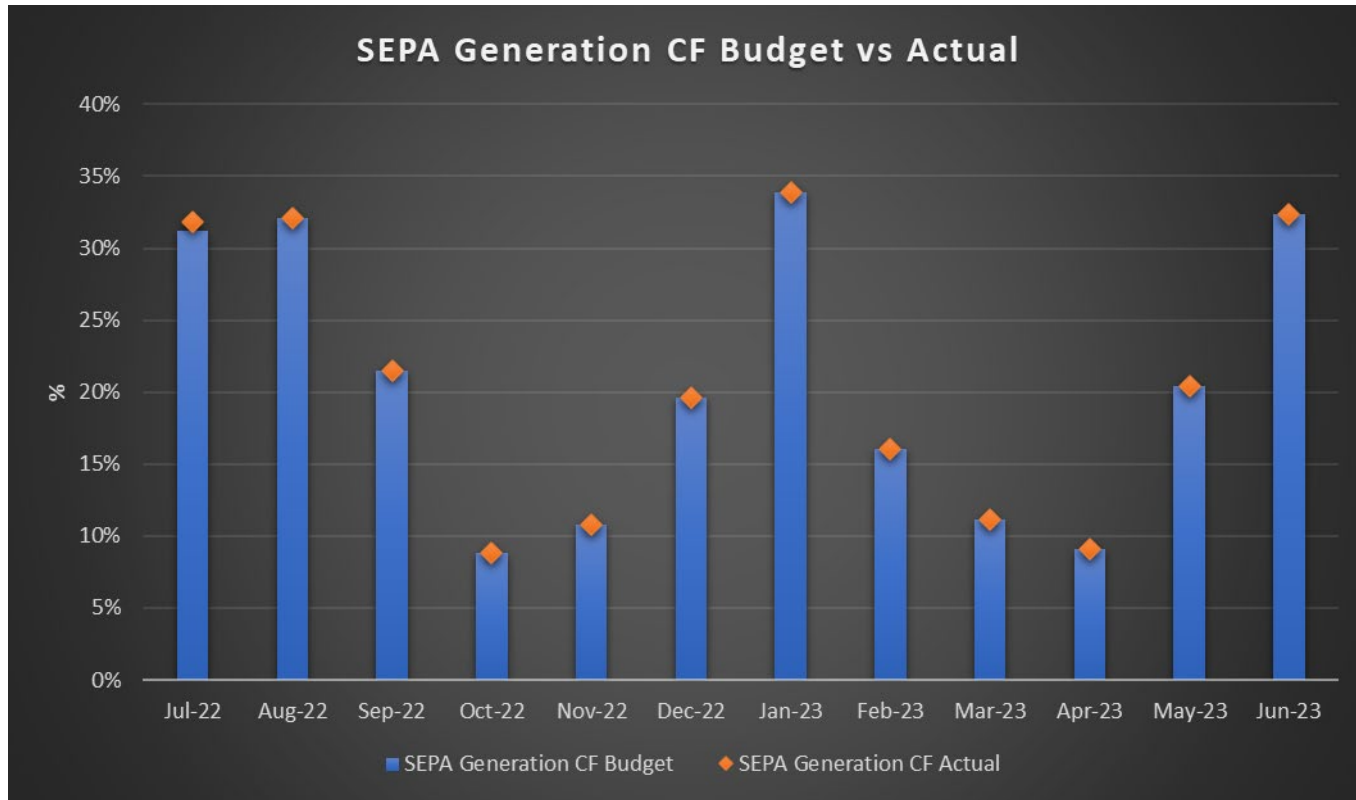
DEI Capacity Factor FY 22



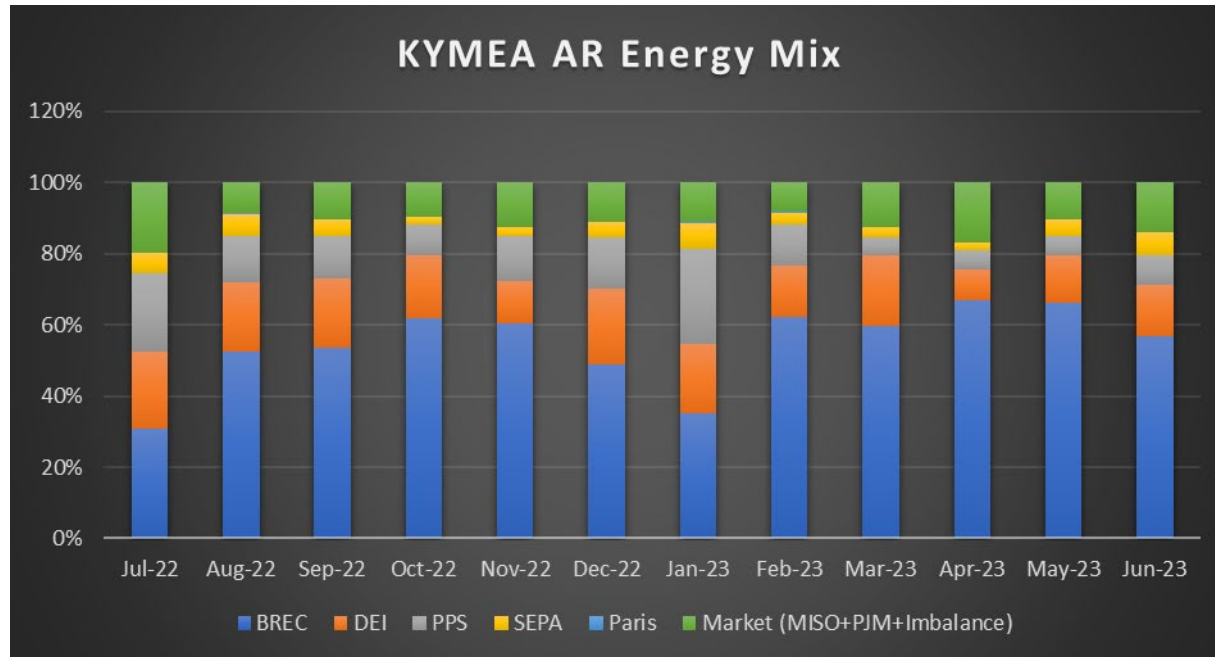
PPS PPA Capacity Factor FY 22



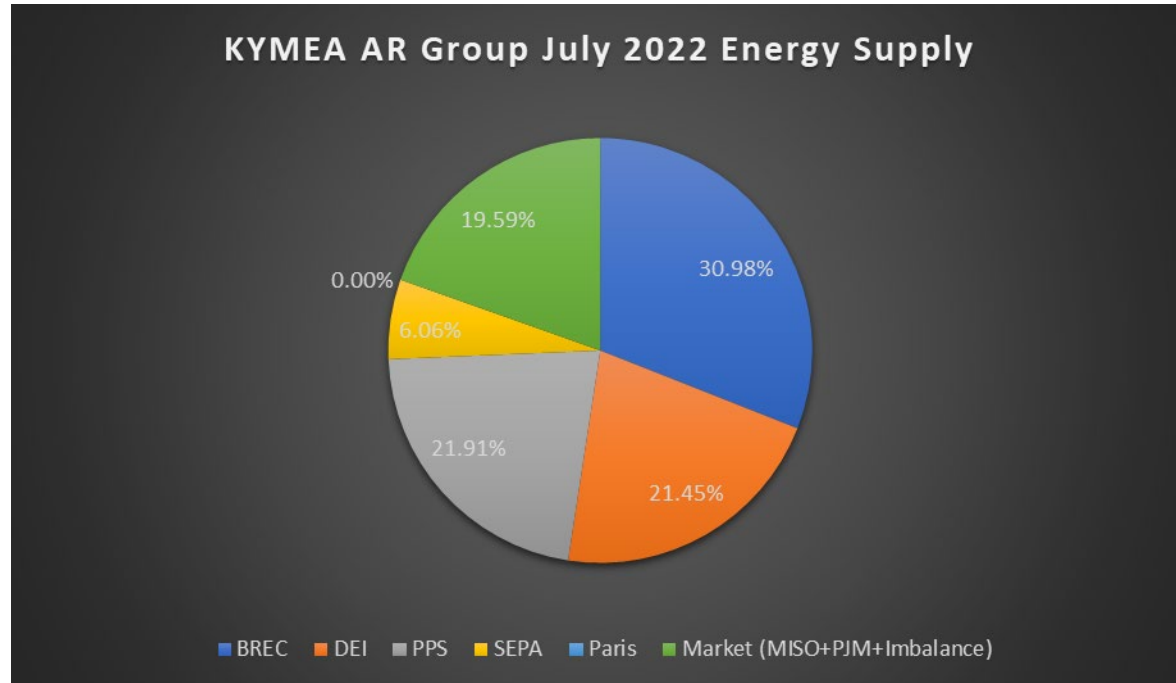
SEPA Capacity Factor FY 22



KYMEA AR Energy Mix FY 22

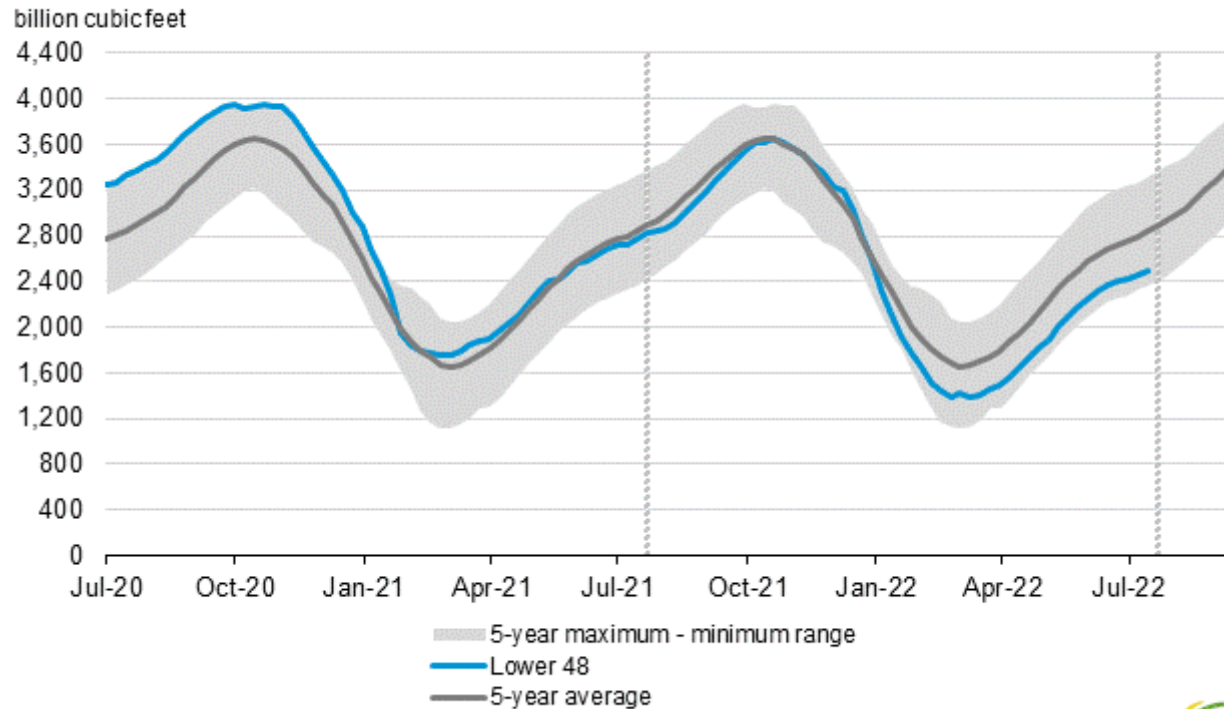


KYMEA AR Energy Mix



Working Gas in Storage

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



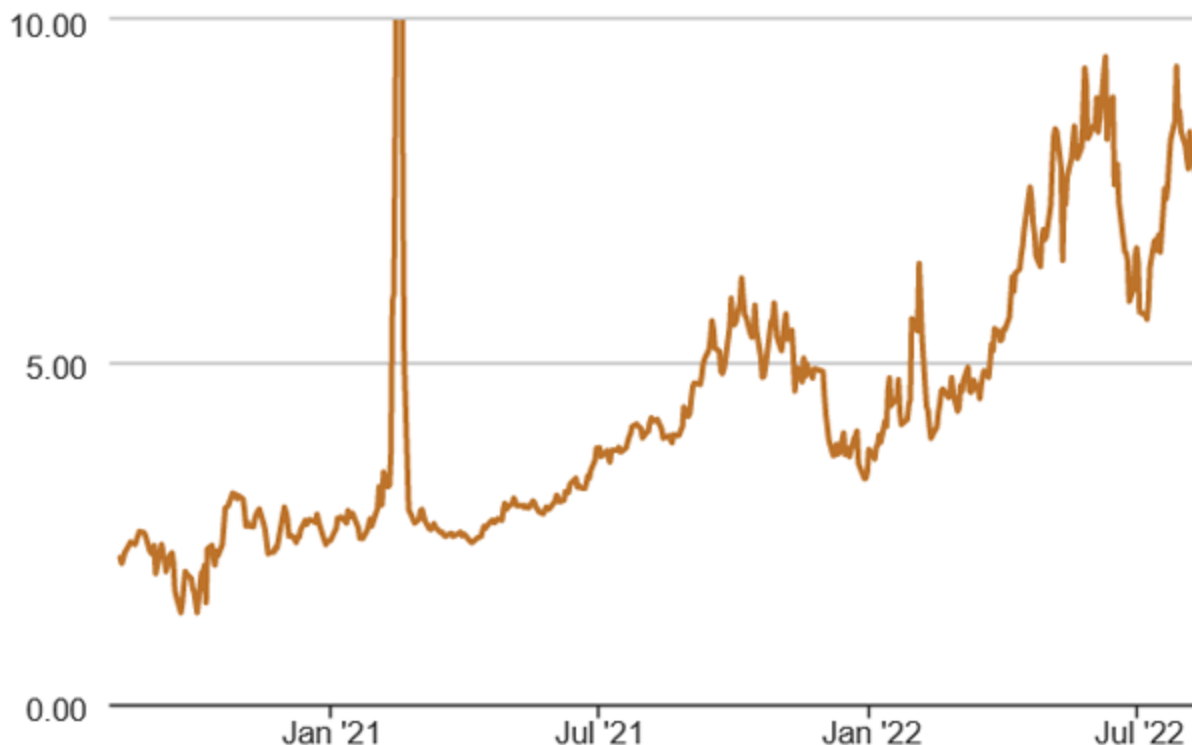
Source: U.S. Energy Information Administration



Natural Gas Spot Prices

Natural gas spot prices (Henry Hub)

dollars per million British thermal units



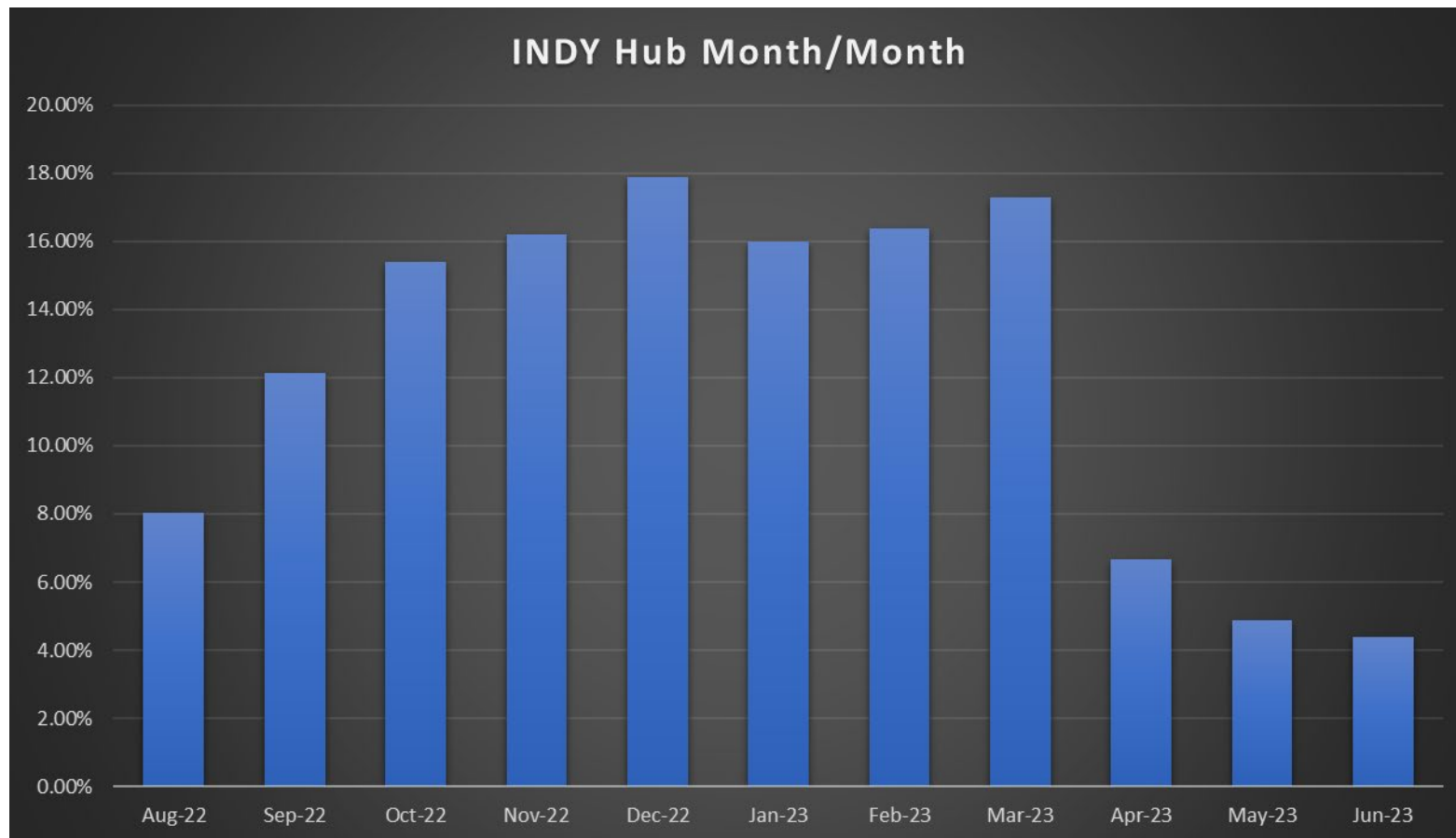
Data source: Natural Gas Intelligence

Note: Henry Hub prices reported for February 16 and 17, 2021, exceeded the published range, averaging \$16.96/MMBtu and \$23.61/MMBtu, respectively.

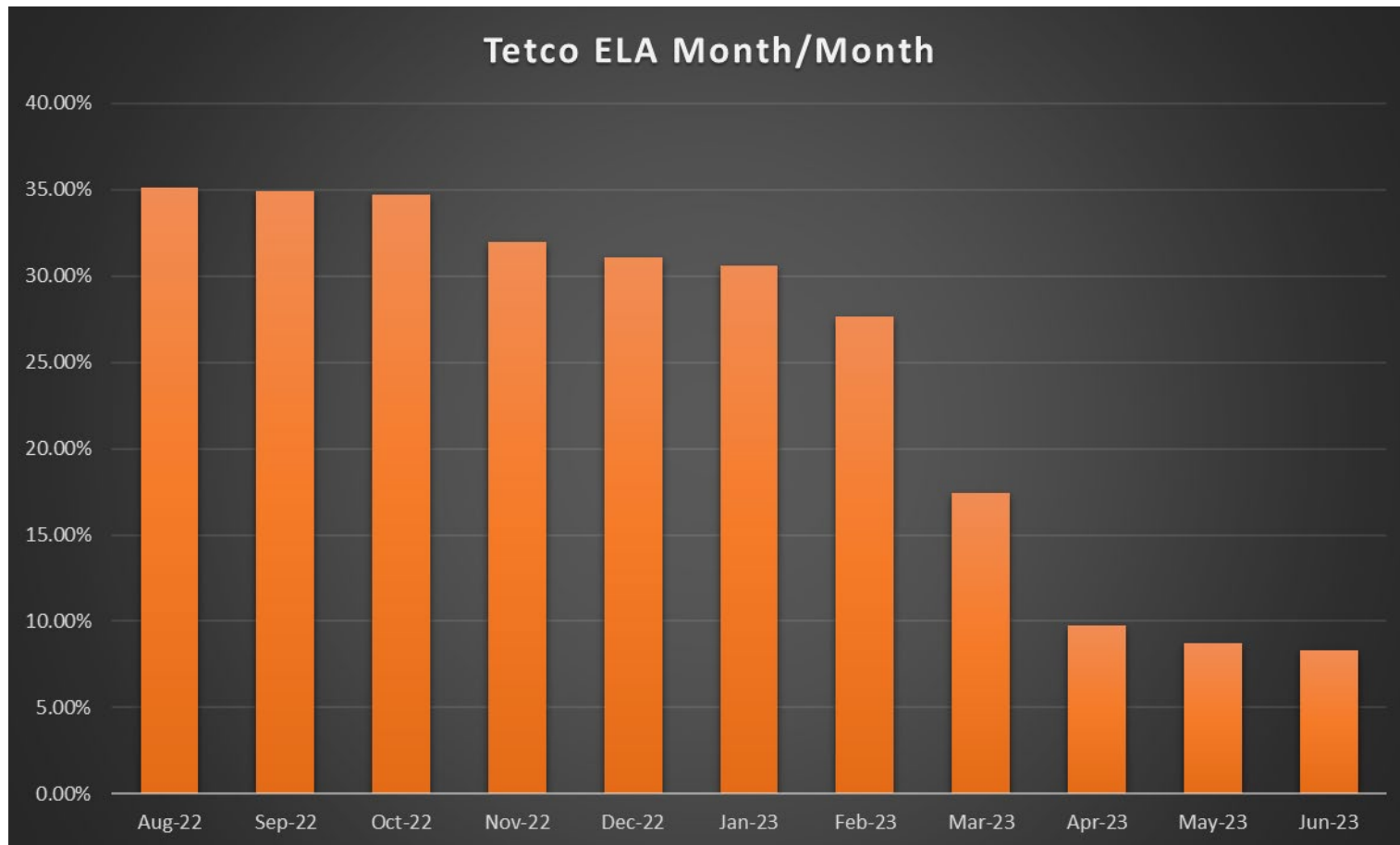
Total Rig Count

Rigs graph		Rigs table	
Rigs			
	Tue, August 02, 2022	Change from	
		last week	last year
Oil rigs	598	-1.2%	54.5%
Natural gas rigs	161	2.5%	56.3%
Note: Excludes any miscellaneous rigs			
Rig numbers by type			
	Tue, August 02, 2022	Change from	
		last week	last year
Vertical	29	-9.4%	93.3%
Horizontal	698	0.1%	55.5%
Directional	37	-2.6%	37.0%
Data source: Baker Hughes Company			

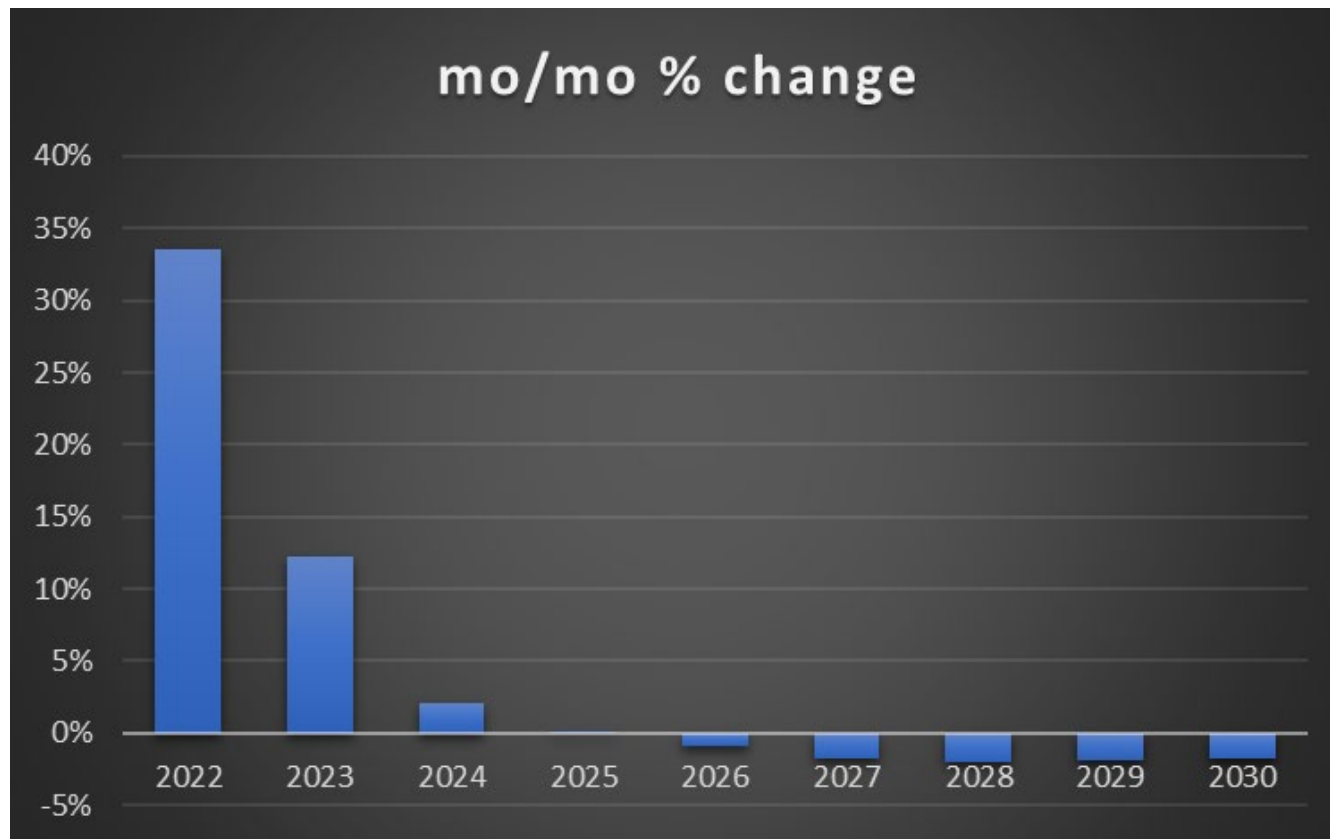
Indiana Hub ATC



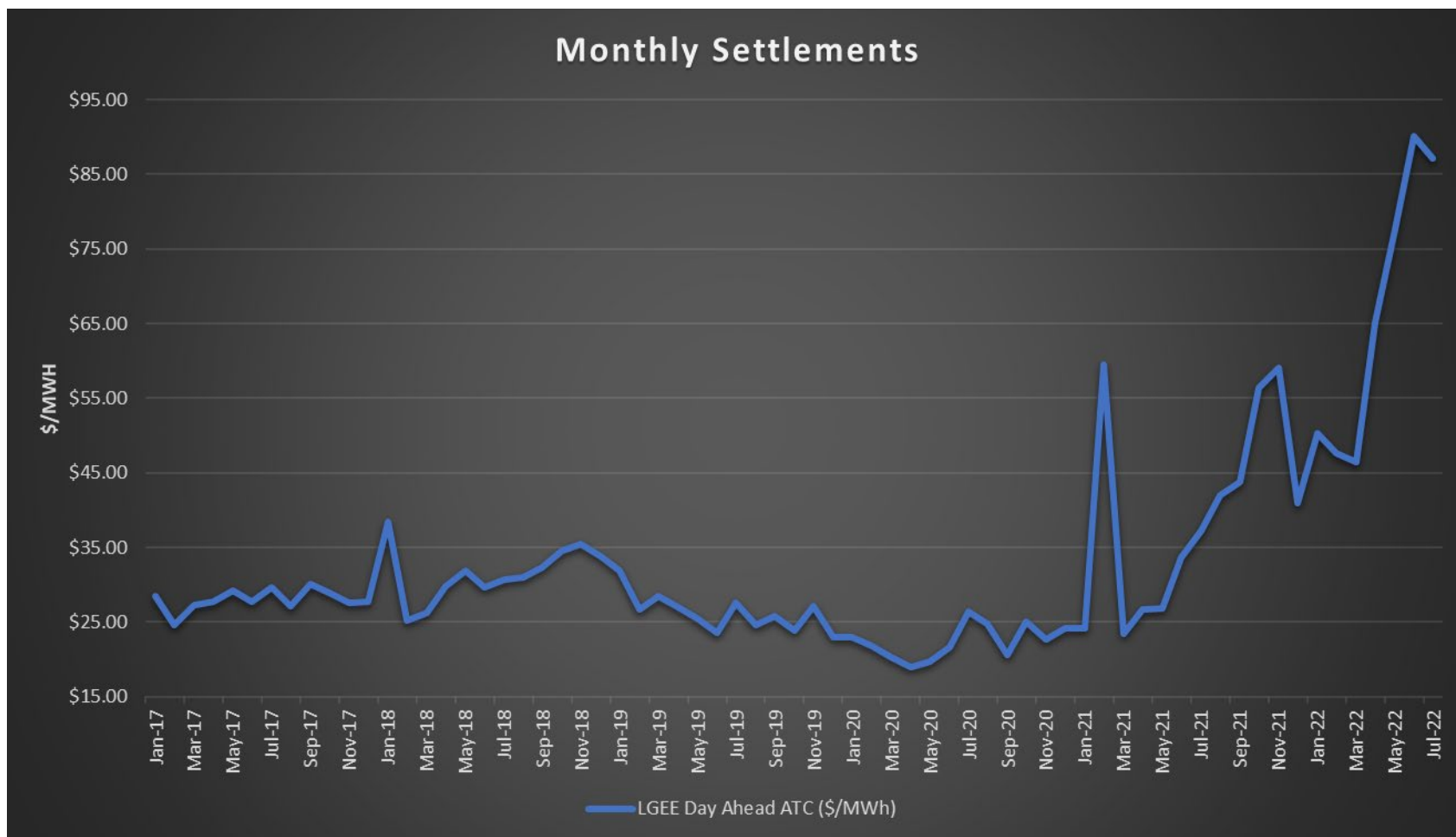
Tetco ELA



Tetco ELA



Historical Pricing





KENTUCKY MUNICIPAL ENERGY AGENCY



Member Communications

Michelle Hixon

August 25, 2022

Dates to Remember

September	
22 nd at 8:00 AM	Board Member Pictures
22 nd at 10 AM	Combined Meeting of the AR Project Committee and KYMEA Board of Directors
23 rd at 10 AM	BROC Meeting
October	
26 th at 10 AM	Special KYMEA Board of Directors Meeting

Board Member Pictures

Thursday, September 22nd at 8am



Business Attire Required (sport coat and tie for men)

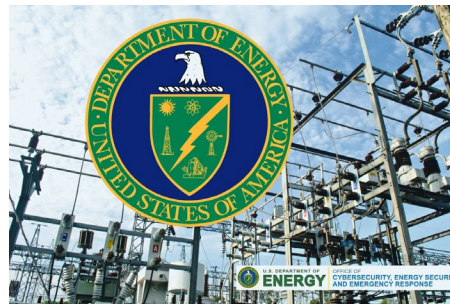
DOE's RMUC Program

Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance Program

The grant prioritizes rural, municipal, and small investor-owned utilities that meet one or more of the following criteria:

- Have limited cybersecurity resources
- Are critical to the reliability of the bulk-power system
- Own defense critical electric infrastructure

CESER will develop the RMUC program in coordination with other government partners (including you), leveraging the \$250 million made available in Section 40124 of the Bipartisan Infrastructure Law (BIL). The BIL is an investment in our nation's infrastructure that will ensure our clean energy future is resilient and secure.



September 29th: Public Power Utility Listening Sessions

Public Power Week 2022

OCTOBER 2-8



Download free resources [here](#).

You can download these free resources and templates to customize for Public Power Week celebrations in your community. **Resources for Public Power Week 2022 will be available in August.**

2022 Public Power Week Logo

Color Logo: [JPG](#) | [EPS](#) | [PNG](#)

Black and White Logo: [JPG](#) | [EPS](#) | [PNG](#)

Videos

Public Power Week



- [Video on YouTube](#)
- [Download](#)

"People Behind the Power" Videos

These are the "people behind public power" who often wear a lot of different hats on the job. They are essential to helping keep the lights on! This year we highlight the 66,000 people employed by the 2,000 public power communities nationwide.

Customer Service Representatives: [View](#) | [Download](#)
Engineers and Technical Staff: [View](#) | [Download](#)
General Managers, CEOs, and Other Public Power Advocates: [View](#) | [Download](#)
Attorneys and Legal Staff: [View](#) | [Download](#)
Administrative Staff: [View](#) | [Download](#)
Resource Planners and Mutual Aid Coordinators: [View](#) | [Download](#)
Information Technology/Operational Technology Staff: [View](#) | [Download](#)
Communicators: [View](#) | [Download](#)
Fleet Services Staff: [View](#) | [Download](#)
Power Plant Operators: [View](#) | [Download](#)

Whiteboard Video

Use this video to enhance your Public Power Week outreach and engage your customers.

- [Whiteboard video](#)
- [Whiteboard video \(CC version\)](#)

About Public Power



KENTUCKY MUNICIPAL ENERGY AGENCY



Proposed ECA Collection Change

Chris Melton / Doug Buresh

August 25, 2022

Energy Cost Adjustment (ECA)

Collection in the event the Days Cash on Hand falls below the minimum target, or credit in the event the Days Cash on Hand exceeds the maximum target. The targets are set each year in the Rate Schedule in accordance with the Financial Metrics.

1. 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, then the ECA shall be computed and collected.

2. 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.

Proposed Collection Change

Cost Mitigation

To mitigate against the energy market volatility driven by the highest energy cost in 14 years, the highest inflation in 40 years, and the severe global energy impact of the Russia invasion of Ukraine, a prudent course of action is to modify the ECA Collection Policy as follows.

Existing Policy

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~~, then the ECA shall be computed and collected.

Proposed Policy

Collection of the ECA shall be applied as follows:

If the current month's Days Cash on Hand < the Minimum Days Cash on Hand for the same month, then the ECA shall be computed and collected.

Upcoming Action at Next Board Meeting (September)

AR Project Committee Requested Action

- Staff recommends the AR Project Committee approve the proposed ECA Collection Policy for FY2023

Board Requested Action

- Staff recommends the KYMEA Board approve the proposed ECA Collection Policy for FY2023

The ECA Collection Policy would be in effect beginning with the October 2022 Member Invoices (September Usage Billing)

Closed Session Authorization for August 25, 2022 KYMEA Board Meeting

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

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission and power supply issues; and
- (ii) discussing proposed or potential litigation relating to a contract dispute.

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