



# March 23, 2023 Combined Meeting of the AR Project Committee and KYMEA Board of Directors

3/23/2023

Board Room at 10 AM

1700 Eastpoint Pkwy Suite 220

Louisville, KY, 40223

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



## Meeting Book - March 23, 2023 Combined Meeting of the AR Project Committee and KYME Board of Directors

### Agenda

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#### A. Meeting Opening

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

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#### B. Previous Meeting Minutes of the KYMEA Board of Directors

Approval of Last  
Month's Meeting  
Minutes

Josh Callihan

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#### C. Financial Reports

Approval of Last  
Month's Financial  
Report

Heather  
Overby

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#### D. Committee Reports

- |  |              |
|--|--------------|
| 1. AR Project Committee Rates Workshop | Chris Melton |
| 2. BROOC Committee                     | Gary Zheng   |

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#### E. Administration Reports

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

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#### F. Discussion Topics

- |                                   |             |
|-----------------------------------|-------------|
| 1. Integrated Resource Plan (IRP) | Doug Buresh |
|-----------------------------------|-------------|

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#### G. AR Project Committee Meeting

- |                             |              |
|-----------------------------|--------------|
| 1. FY 2024 AR Project Rates | Chris Melton |
|-----------------------------|--------------|

Action is expected at  
the April Board  
Meeting.  
No action is  
expected.

Doug Buresh  
and Chris  
Melton

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#### H. Action Items

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#### I. 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

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#### J. Upcoming Meetings and Other Business

The next board meeting will be held as a Combined Meeting of the AR Project and Board of Directors on April 27, 2023, at 10 am in KYMEA's board room.

Michelle Hixon

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#### K. Closed Session

Charlie  
Musson

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#### L. Actions Related to Matters Discussed in Closed Session

Josh Callihan





## **Minutes for Meeting Book - February 23, 2023, Regular Meeting of the KYMEA Board of Directors**

02/23/2023 | 10:00 AM

Board Room at 10 AM

### **Attendees (9)**

Josh Callihan; Vent Foster; Ron Herd; Kevin Howard; Philip King; Tim Lyons; Chris Melton; Gary Zheng; Jamie Miller

Additional attendees were Doug Buresh, Rob Leesman, Michelle Hixon, Charlie Musson, Heather Overby, Molly Roesler, Hance Price, Brown Thornton, Latif Nurani, Pat Pace, Tom Trauger, Fred Haddad, John Painter, Brad Kushner, Gwen Hicks, and Anna Marie Pavlik Rosen.

### **Meeting Opening**

1. Attendance: a quorum was noted.
2. Call to Order
3. Guest Introductions: no guests were noted.

Chairman Callihan read a letter from the Benham Power Board, advising the Board that they voted in January to appoint Christina Lewis as the KYMEA Director and Tiffany Brock as the Alternate Director.

### **Previous Meeting Minutes of the KYMEA Board of Directors**

***ACTION: Motion to approve the February 7, 2023, meeting minutes was made by Tim Lyons and seconded by Chris Melton. The motion passed.***

### **Financial Reports**

***ACTION: Motion to approve the January 2023 Financial reports was made by Jamie Miller and seconded by Gary Zheng. The motion passed.***

### **Committee Reports**

No committee reports were given.

### **Administration Reports**

1. CEO Report: Doug Buresh updated the group on the IRP process and the Ashwood Solar I project.
2. Market Report: Rob Leesman discussed the previous month's markets in relation to KYMEA.
3. Member Communications: The board was updated on upcoming events and member activities.

## **Discussion Topics**

There were no discussion topics.

## **Action Items**

1. FY 2024 Administrative, General, and Capital Budget
2. Capitalization Policy

***ACTION: Motion to approve the FY 2024 Administrative, General, and Capital Budget with a decrease to line 1200 in the amount of \$31,030 was made by Gary Zheng and seconded by Philip King. The motion passed.***

***ACTION: Motion to approve the Capitalization Policy was made by Tim Lyons and seconded by Chris Melton. The motion passed.***

## **Public Comments**

No comments were made.

## **Closed Session**

***ACTION: Motion to enter into closed session was made by Tim Lyons and seconded by Chris Melton. The motion passed.***

***ACTION: Motion to exit closed session and return to open session was made by Philip King and seconded by Gary Zheng. The motion passed.***

## **Upcoming Meetings and Other Business**

The next board meeting will be held as a Combined Meeting of the AR Project and Board of Directors on March 23, 2023, at 10 am in KYMEA's board room.

## Adjournment

***ACTION: Motion to adjourn was made by Philip King and seconded by Chris Melton.  
The motion passed.***

X

Chairperson

X

Secretary



## **Minutes for Meeting Book - February 28, 2023, All Requirement Project Committee Rates Workshop**

02/28/2023 | 10:00 AM

Conference Room at 10 am

### **Attendees (5)**

Josh Callihan; Vent Foster; Ron Herd; Chris Melton; Aaron Sparkman

Other attendees: Michelle Hixon, Doug Buresh, Charlie Musson, Heather Overby, Rob Leesman, and Molly Roesler.

### **Meeting Opening**

1. Attendance: A quorum was noted.
2. Call to Order: Chairman Melton called the meeting to order.

Chairman Melton welcomed the new Providence Mayor, Butch Hackney as KYMEA's newest Director replacing former Mayor Hammers.

### **Discussion Items**

1. FY 2024 AR Project Rates: the group discussed the metrics that will be used to determine FY 2024 rates.

### **Action Items**

No action was taken.

### **Upcoming Meetings**

The next meeting will be a combined meeting of the AR Project Committee and the KYMEA Board of Directors and will be held on March 23rd at 10 am in KYMEA's board room.

### **Adjournment**

***ACTION: Motion to adjourn was made by Ron Herd and seconded by Josh Callihan. The motion passed and the meeting was adjourned.***



KENTUCKY MUNICIPAL ENERGY AGENCY



# Financial Presentation

March 23, 2023

Heather Overby



# Statement of Net Position – February 2023

## CURRENT ASSETS

Feb 2023

Cash And Investments	\$10,993,986	(1)
Other Receivables	\$6,939,485	(2)
Prepayments And Other Current Assets	\$0	
<b>Total Current Assets</b>	<b>\$17,933,471</b>	

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

# Statement of Net Position – February 2023

## NON-CURRENT ASSETS

Pledge Collateral	\$5,266,251	(3)
Investment In Seds	\$2,557	
Fixed Asset Clearing Account	\$358,699	
Office Buildout	\$260,238	
Meters - Ar Project	\$215,985	
Meter Comm Equipment	\$330,672	
General Plant	\$2,659,855	
Construction Work In Progress	\$0	
Less Accumulated Depreciation	(\$1,011,125)	
<b>Total Non-Current Assets</b>	<b>\$8,083,133</b>	

**Total Assets** **\$26,016,604**

## DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows	\$0
<b>Total Deferred Outflows</b>	<b>\$0</b>

**Total Assets & Deferred Outflows of Resources** **\$26,016,604**

3) Collateral represents \$3.7m at MISO, \$1.6m at PJM, and \$0 in hedge collateral.

# Statement of Net Position – February 2023

## LIABILITIES

Accounts Payable	\$9,541,440	(4)
Accrue Interest Payable	\$4,375	
<b>Total Current Liabilities</b>	<b>\$9,545,815</b>	
Accrue Employee Benefits	\$202,485	
Deferred Lease Liability	\$1,661,281	(5)
Line Of Credit	\$0	(6)
<b>Total Non-Current Liabilities</b>	<b>\$1,863,767</b>	
<b>Total Liabilities</b>	<b>\$11,409,582</b>	

## DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$0
<b>Total Deferred Inflows</b>	<b>\$0</b>
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$11,409,582</b>

## NET POSITION

Invested in Capital Assets, Net of Related Debt	\$2,814,324	
Restricted	\$5,266,251	
Unrestricted	\$6,526,447	
<b>Total Net Position</b>	<b>\$14,607,022</b>	(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 – February 2023

## OPERATING REVENUE

	Feb 2023	YTD FY2023
Sales To Members	\$6,607,442	\$55,876,386 (8)
Rto Market Revenue	\$395,016	\$19,767,603 (9)
Transmission Services	\$123,693	\$860,528 (10)
Miscellaneous Revenue	\$4,500	\$4,500
<b>Total Operating Revenue</b>	<b>\$7,130,651</b>	<b>\$76,509,017</b>

## OPERATING EXPENSES

Transmission	\$1,164,821	\$10,188,471 (11)
Production	\$5,175,658	\$67,833,396 (12)
Administrative And General	\$179,558	\$1,914,220
Depreciation Expense	\$50,490	\$241,555
<b>Total Purchase Power and Operating Expenses</b>	<b>\$6,570,527</b>	<b>\$80,177,642</b>

<b>Operating Income</b>	<b>\$560,125</b>	<b>(\$3,722,075)</b>
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## NON-OPERATING REVENUE

Interest Expense On Debt	(\$19,823)	(\$79,046)
Interest Income	\$21,124	\$130,254
Other Non-Operating Income (Expense)	(\$5,674)	(\$33,165)
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(\$4,374)</b>	<b>\$18,043</b>

## NET POSITION CHANGES

<b>Change in Net Position</b>	<b>\$555,751</b>	<b>(\$3,704,032) (13)</b>
<b>Net Position at Beginning of Period</b>	<b>\$14,051,271</b>	<b>\$18,311,054</b>
<b>Net Position at End of Period</b>	<b>\$14,607,022</b>	<b>\$14,607,022</b>

- 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) Positive MTD Net Income/ Negative YTD Net Income

# Indirect Statement of Cash Flows – February 2023

## CASH FROM OPERATING ACTIVITIES

	Feb 2023	YTD FY2023	
Net Income	\$555,751	(\$3,704,032)	(14)
Depreciation Monthly	\$50,490	\$239,311	
Accounts Receivable	\$400,365	\$1,931,724	(15)
Prepayments & Other Current Assets	\$0	\$0	
Accounts Payable	(\$661,975)	(\$7,155,356)	(15)
Taxes & Interest Accrued	(\$9,674)	(\$985)	
Other Current Liabilities	(\$168)	\$17,329	
Deferred Lease Liability	\$150,448	\$80,318	
Deferred Inflows Monthly	\$0	\$0	
<b>Net Cash Provided by (Used in) Operations</b>	<b>\$485,237</b>	<b>(\$8,591,692)</b>	

## CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant Monthly	(\$168,265)	(\$336,328)	
Net Change in Other Prop & Invest	(\$505,435)	(\$1,775,989)	
<b>Net Cash Provided by (Used in) Investing</b>	<b>(\$673,700)</b>	<b>(\$2,112,317)</b>	

## CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Long Term Borrowings	\$0	\$0	
<b>Net Cash Provided By (Used in) Financing</b>	<b>\$0</b>	<b>\$0</b>	

## NET INCREASE (DECREASE) IN CASH & TEMP INVESTMENTS

Net Increase (Decrease) in Cash & Temp Investm..	(\$188,463)	(\$10,704,009)	
<b>Cash &amp; Temp Investment Beginning of Period</b>	<b>\$11,182,449</b>	<b>\$21,697,995</b>	
<b>Cash &amp; Investments End of Period</b>	<b>\$10,993,986</b>	<b>\$10,993,986</b>	(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 – February 2022



## KEY FINANCIAL METRICS

FY2023 Actuals Through February 2023 + Budget

Days Cash on Hand

34.66 ▲

Leverage

8.04 ▼

Coverage of Full Obligations

0.91 ▲

Debt Service Coverage

0.91 ▲

# Financial Metrics – February 2023

## Days Cash On Hand

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

**\$11.0M**  
Unrestricted Cash

÷

**\$317,151**  
Adjusted Operating Expense per Day  
\$115.76M / 365 days

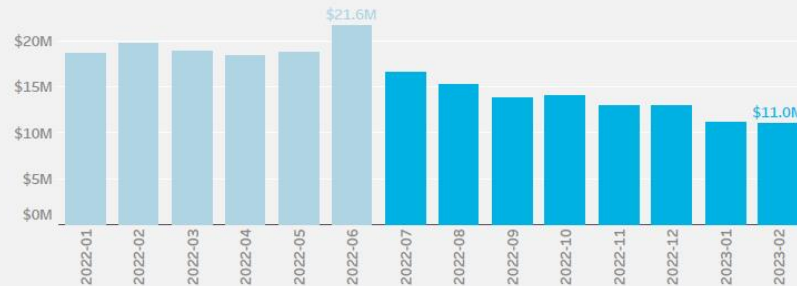
=

**34.66**  
Days Cash on Hand

Unrestricted Cash

Adjusted Operating Expenses

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.

**\$11.0M**  
Unrestricted Cash

÷

**\$317,151**  
Adjusted Operating Expense per Day  
\$115.76M / 365 days

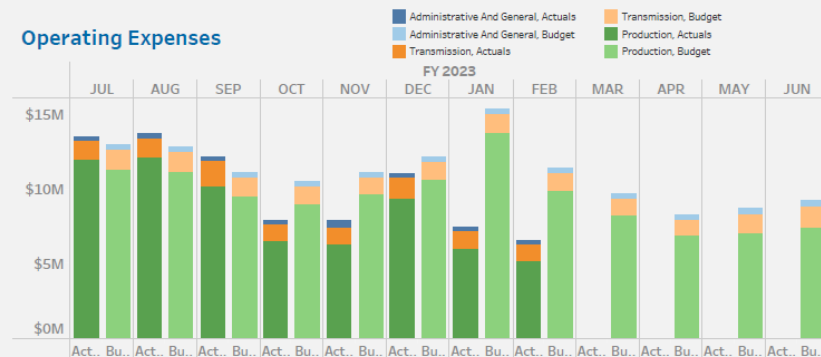
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**34.66**  
Days Cash on Hand

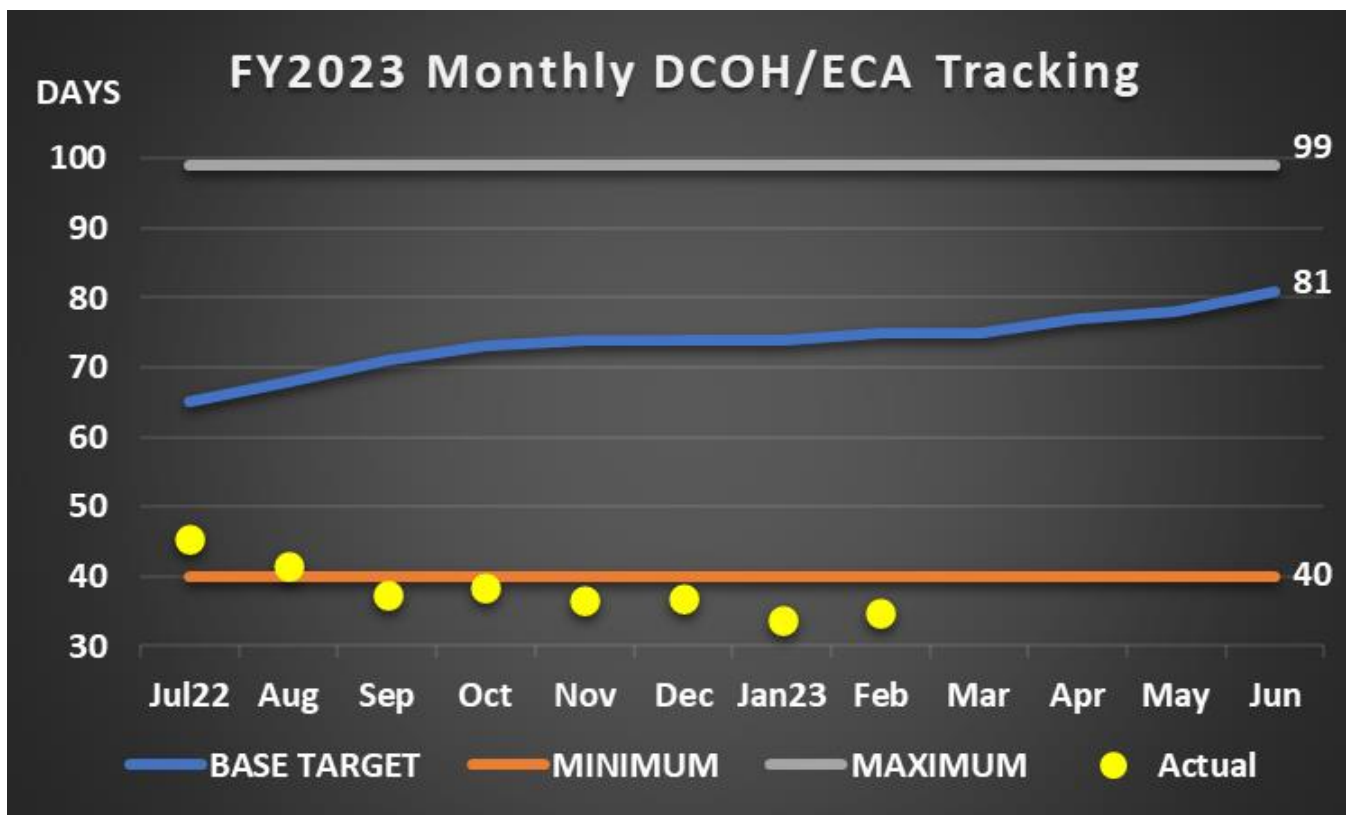
Unrestricted Cash

Adjusted Operating Expenses

Operating Expenses



# Financial Metrics – February 2023





# Financial Metrics – February 2023

## Leverage

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

**8.04**

Net Adjusted Debt

Adjusted Funds Available  
for Debt Service

### Net Adjusted Debt



## Leverage

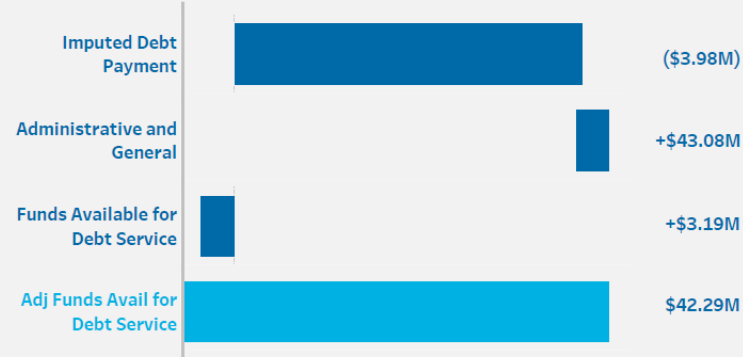
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**8.04**

Net Adjusted Debt

Adjusted Funds Available  
for Debt Service

### Adjusted Funds Available for Debt Service



# Financial Metrics – February 2023

## Coverage of Full Obligations

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

0.91

Funds Available  
for Debt Service

÷

Total Debt Service  
& Fixed Charges

Imputed Debt  
Payment

\$43.08M

Administrative &  
General Expense

\$3.19M

EBITDA &  
Interest Income

(\$3.98M)

## Debt Service Coverage

The funds available from operations to cover current debt service.

0.91

Funds Available  
for Debt Service

÷

Total Debt  
Service

Imputed Debt  
Payment

\$43.08M

EBITDA &  
Interest Income

(\$3.98M)

## Statement of Net Position

FY2023 Actuals as of February 2023

CURRENT ASSETS	Feb 2023
Cash And Investments	\$10,993,986
Other Receivables	\$6,939,485
Prepayments And Other Current Assets	\$0
<b>Total Current Assets</b>	<b>\$17,933,471</b>

### NON-CURRENT ASSETS

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**Total Assets** **\$26,016,604**

### DEFERRED OUTFLOWS OF RESOURCES

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**Total Assets & Deferred Outflows of Resources** **\$26,016,604**

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**Total Liabilities** **\$11,409,582**

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**Total Liabilities & Deferred Inflows** **\$11,409,582**

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Month Ending  
2/28/2023 11:59:59 PM



KENTUCKY MUNICIPAL ENERGY AGENCY

**February 2023 Bank Reconciliation**

PNC Statement Balance 2/01/2023:	\$	6,135,297.62
PNC Statement Balance 2/28/2023:	\$	6,932,928.32

Independence Statement Balance 2/01/2023:	\$	5,047,262.02
Independence Statement Balance 2/28/2023:	\$	4,054,654.18

Outstanding Checks (-):		
Marceline James #2974	\$	(131.76)
Access #2975	\$	(35.00)

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<b>Adjusted Bank Balance:</b>	\$	10,987,415.74
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Meridian Book Balance (1310000) 2/28/2023:	\$	6,939,331.88
Meridian Book Balance (1310500) 2/28/2023:	\$	4,054,654.18

Other Adjustments (+/-):		
PP5 2023	\$	(6,570.32)

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<b>Adjusted Book Balance:</b>	\$	10,987,415.74
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<b>Adjusted Bank Balance:</b>	\$	10,987,415.74
<b>Adjusted Book Balance:</b>	\$	10,987,415.74
<b>Difference:</b>	\$	-



KENTUCKY MUNICIPAL ENERGY AGENCY



# Internal Risk Committee Deposit Risk Summary

March 13, 2023

Heather Overby

# Silicon Valley Bank Collapse



- 16<sup>th</sup> largest bank in the US
- \$209 billion in assets
- \$175.4 billion in deposits
- Main office in Santa Clara, California, and all of its 17 branches in California and Massachusetts

# SVB – What Happened? Continued...

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Furthermore, as the Federal Reserve raises interest rates, investors have less appetite for risk because the money available to them becomes more expensive due to the higher rates.

This weighed on technology startups - the primary clients of Silicon Valley Bank – because it made their investors more risk-averse.

As the market for initial public offerings to shut down for many startups and made private fundraising more costly, some Silicon Valley Bank clients started pulling money out to meet their liquidity needs.

This culminated in Silicon Valley Bank looking for ways this week to meet its customers' withdrawals.



# SVB – What Happened? Continued...

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To fund the redemptions, Silicon Valley Bank sold a \$21 billion bond portfolio consisting mostly of U.S. Treasuries.

The portfolio was yielding it an average 1.79%, far below the current 10-year Treasury yield of around 3.9%.

This forced SVB to recognize a \$1.8 billion loss, which it attempted to fill through a preferred stock offering.

Investors were not interested, and the bank collapsed.

The depositors, mostly only insured up to \$250k by FDIC insurance, have been promised to be made whole by the FDIC.



# What does this mean for KYMEA?

KYMEA has its deposit risk concentrated between four banks and collateral positions: PNC , Independence Bank, MISO, and PJM. It is naive to assume that these deposits would enjoy 100% special FDIC.

- PNC:
  - 6<sup>th</sup> largest bank in US
  - Much less geographic and depositor concentration than SVB
  - Federal regulations require minimum liquidity and capital levels not required at smaller institutions
  - KYMEA operating account is 0% FDIC insured due to cash sweep agreement in place in January
  - Cash sweep is invested in money market funds backed by government securities
  - KYMEA owns shares of money market funds which are independent of bank assets

# What does this mean for KYMEA?

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- Independence Bank
  - KYMEA deposits are enrolled in the Insured Cash Sweep service
  - Funds are placed in demand deposit accounts at multiple banks in \$240,000 increments in order to be fully FDIC insured
  - Result is that 100% of funds are covered

# What does this mean for KYMEA?

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- MISO and PJM
  - Deposit market participant cash collateral in sub-accounts at PNC
  - Each collateral account insured by FDIC insurance up to \$250,000
  - If PNC were to collapse, MISO and/or PJM would still owe KYMEA its collateral balance.

# What does this mean for KYMEA?

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## Summary

KYMEA is correctly positioned to safeguard its deposit accounts.



KENTUCKY MUNICIPAL ENERGY AGENCY



# KYMEA President & CEO Report

Doug Buresh

March 23, 2023

# AGENDA

- Ashwood Update
- Annual Meeting Elections

## Construction Update

- Dirt work begins next week
  - Storm water (retention ponds and run-off)
  - Switch yard (raise area to prevent flooding)
- Finalizing Layout
  - 86 MW Site
- Working on ground-breaking ceremony schedule
  - More information to come

# AGENDA

- Ashwood Update
- Annual Meeting Elections



## ARTICLE III. OFFICERS

Section 1. The elected officers of the Agency shall consist of a Chairman, a Vice-Chairman, a Treasurer and a Secretary and such other officers as the Board of Directors may designate. The officers shall have the powers and duties set forth in the Agency Agreement and such other powers and duties as are set forth in these Bylaws or are assigned to them by the Board of Directors.

Section 2. The initial elected officers of the Agency shall serve until the 2017 annual meeting. Thereafter, the elected officers shall serve for two (2) year terms. No individual shall serve as the Chairman or as the Vice Chairman for more than three (3) consecutive terms. If any elected office becomes vacant, it shall be filled by a special election at the next meeting of the Board convened for that purpose. The Chairman may appoint a person to hold the vacant office until the special election. An officer elected at a special election shall serve for the unexpired term of the person who has vacated the office.

### Note

**Chairman:** Josh Callihan has served for one term and is eligible to serve as Chairman for the 2023-2025 term.

**Vice Chairman:** Chris Melton has served for one term and is eligible to serve as Vice Chairman for the 2023-2025 term.

# Officer Election – Nominations

The principal executive and administrative officer of the Agency employed or appointed by the Board of Directors, shall serve as the President of the Agency. The President shall be a non-elected officer of the Agency and shall serve as an ex officio, non-voting member of the Board of Directors and the Executive Committee.

Section 3. Nominations for election to an office need not be seconded, but may be made only by Directors. At any election in which there are more than two candidates, if no candidate receives a majority vote on the first ballot, a second ballot shall be held between the candidates with the two highest vote totals on the first ballot. If necessary because of more than two candidates on the second ballot, additional ballots using the same procedure will be held until one candidate receives a majority of the votes of the Directors present.

## Note

- **Nominations:** The President and CEO, as principal executive and administrative officer of the Agency, will collect nominations from the Directors (either in-person, by phone, or e-mail) and create an Initial Ballot for the April 2023 Board of Directors meeting.
- Any additional floor nominations will be collected during the April 2023 Board Meeting and added to the Ballot.
- The Board will vote on the nominations at the May 2023 Annual Meeting.

# Election Ballot

## Chairman

- ☐ Candidate 1
- ☐ Candidate 2
- ☐ Candidate 3

## Vice Chairman

- ☐ Candidate 1
- ☐ Candidate 2
- ☐ Candidate 3

## Secretary

- ☐ Candidate 1
- ☐ Candidate 2
- ☐ Candidate 3

## Treasurer

- ☐ Candidate 1
- ☐ Candidate 2
- ☐ Candidate 3

Section 6. The Board of Directors, the Executive Committee or the Chairman shall have the power to appoint special committees of the Board of Directors and the Agency as deemed necessary and appropriate for conduct of the Agency's business. All such committees shall be subject to the guidance of the Board.

**At the May Annual Meeting, Post Officer Election, Committee Nominations will be facilitated by the new Chairman. The Committee Nominations may be made by a Director only via floor nominations followed by a vote of the Directors.**

## Current Committees

- 1. AR Project Committee**
- 2. Executive Committee**
- 3. Budget Committee**
- 4. Board Risk Oversight Committee**
- 5. Litigation Committee (Temporary Committee)**
  - Chairman(s) of the AR Project and Board Risk Oversight Committee(s)**



KENTUCKY MUNICIPAL ENERGY AGENCY



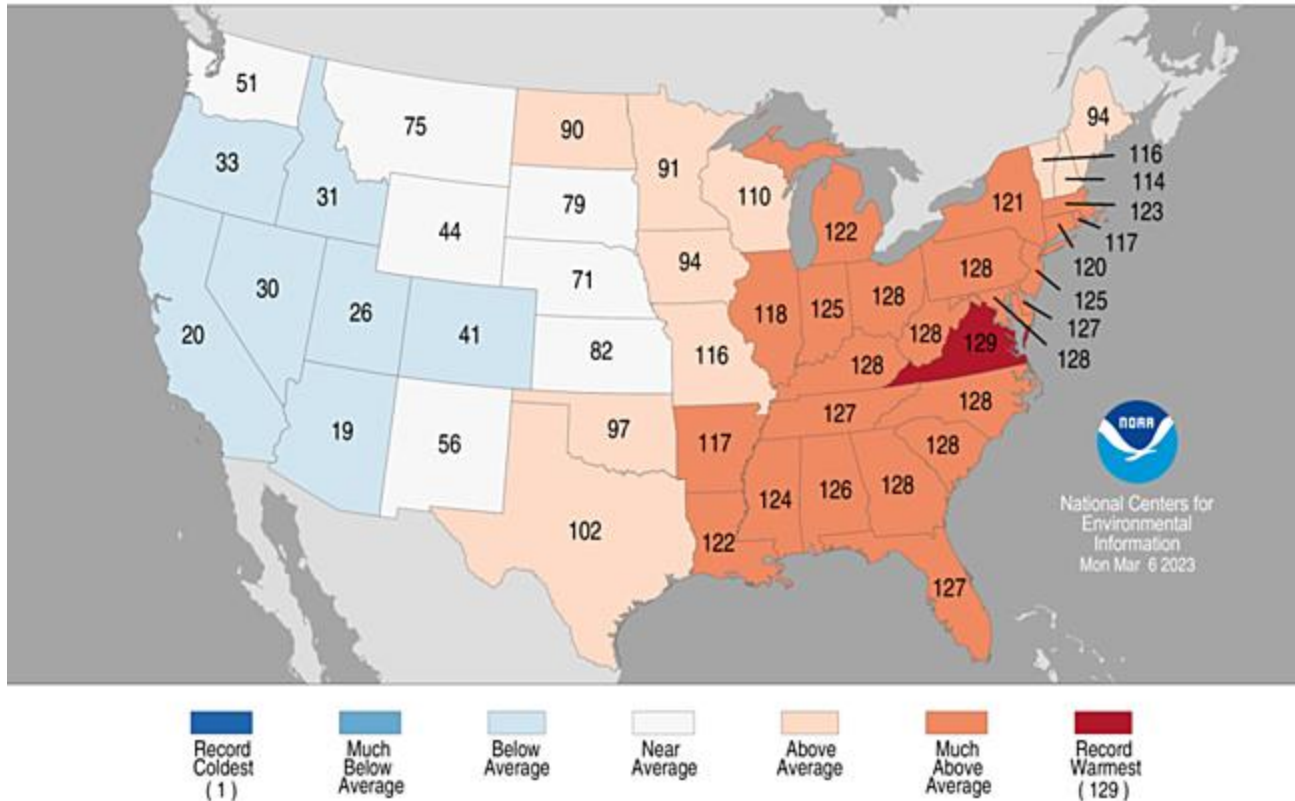
# February 2023 Market Report

Rob Leesman

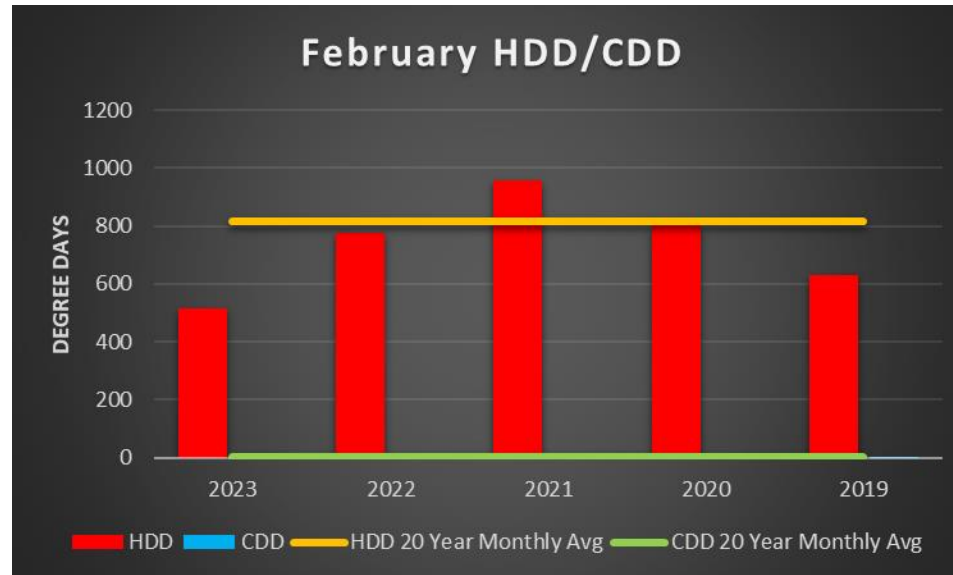
March 23, 2023



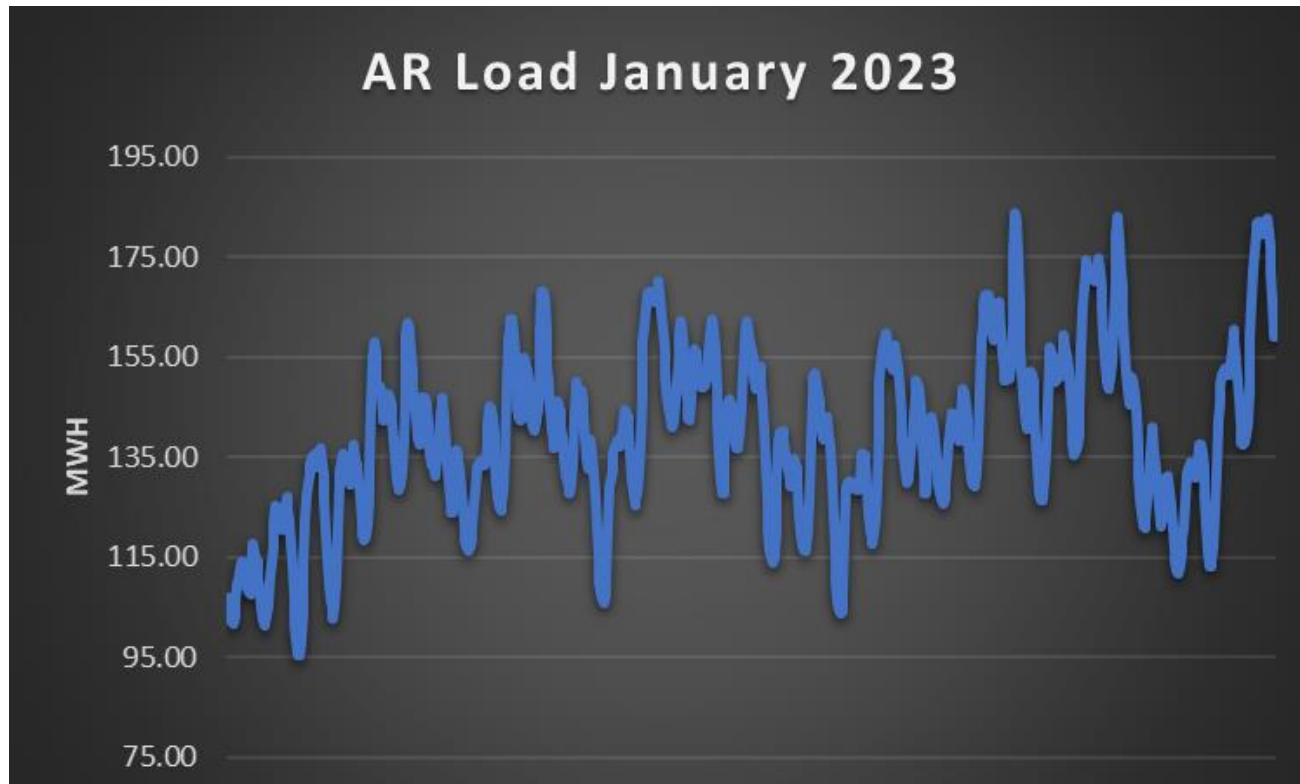
## Statewide Average Temperature Ranks February 2023 Period: 1895–2023



# Degree Days

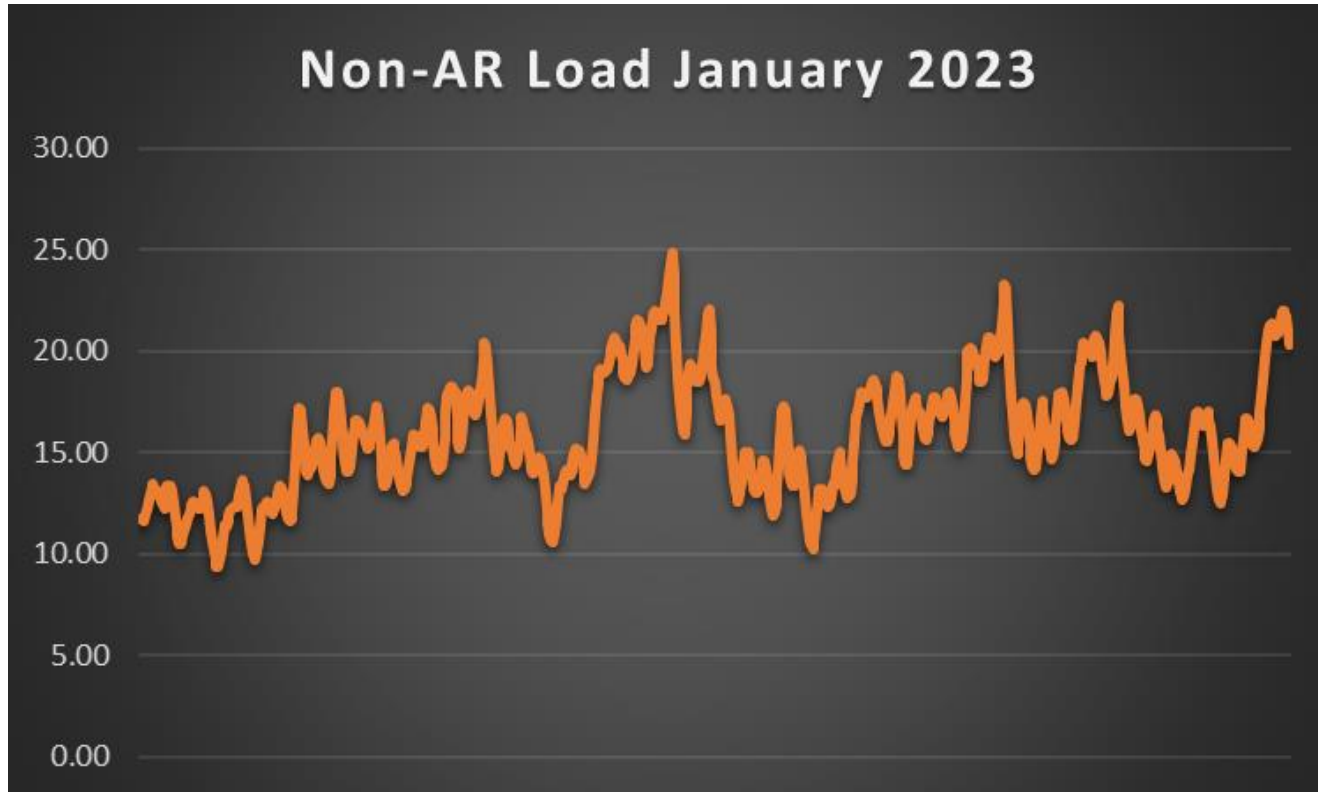


# AR Load February 2023





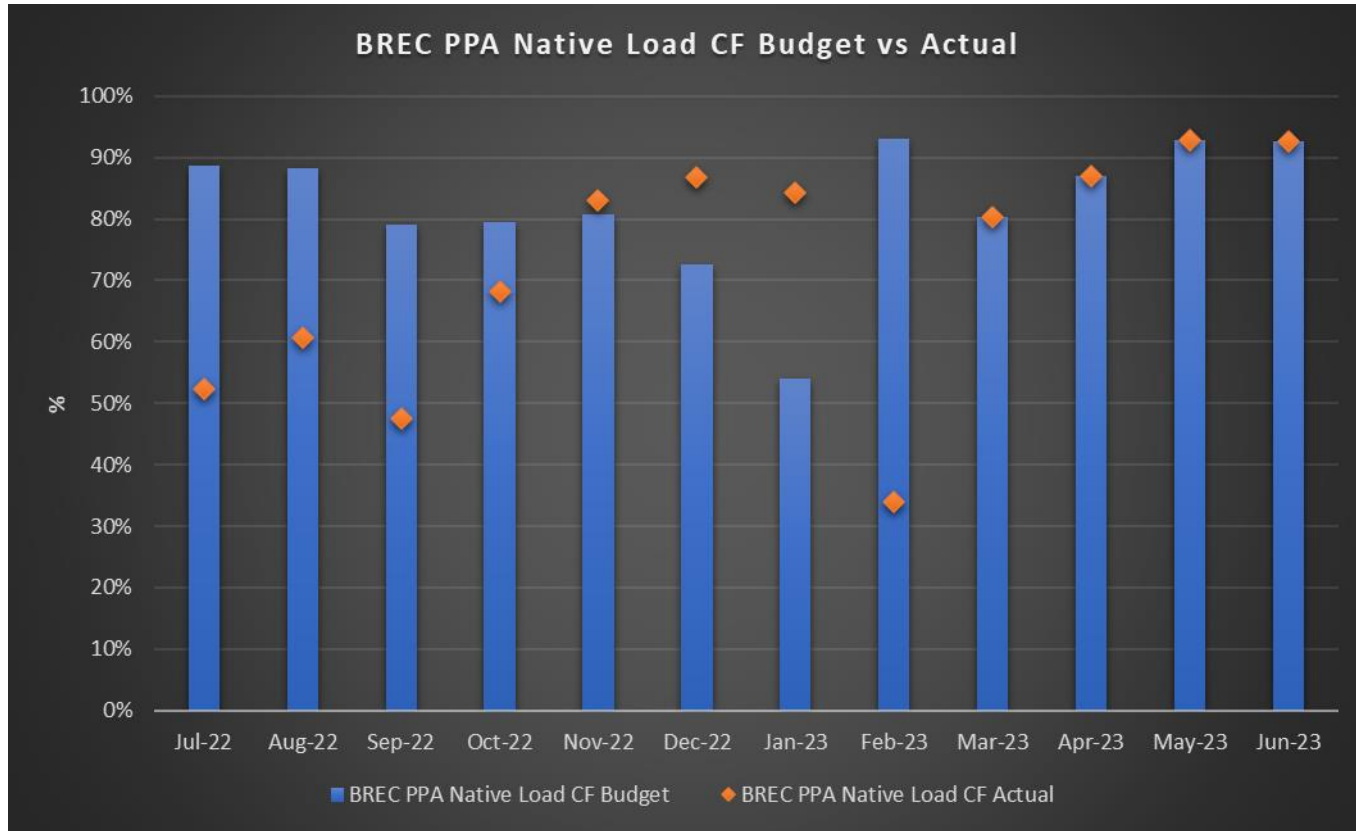
# Non-AR Load February 2023



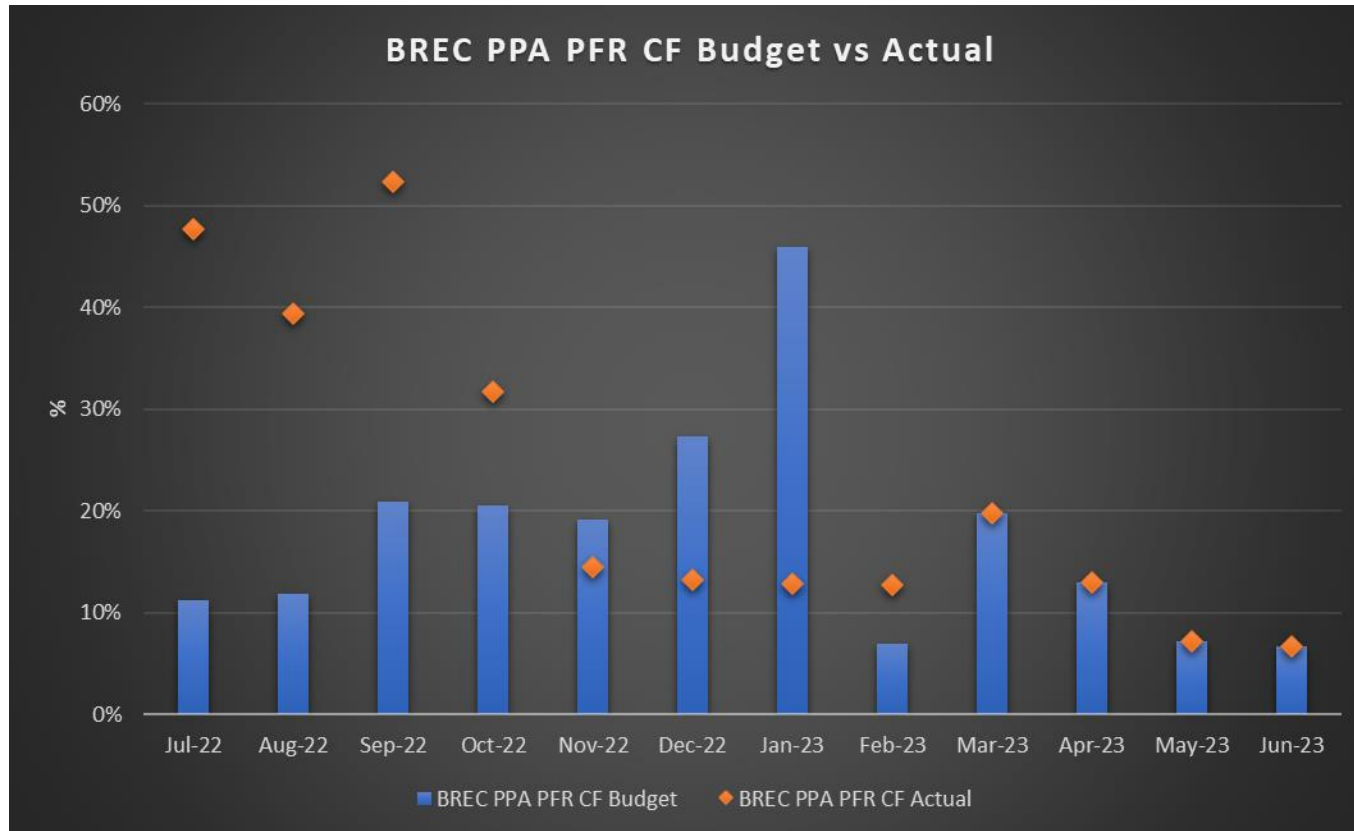
# February 2023 Snapshot

Feb-23							
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	7,285	6,430	88%	16.56	15.56	94%	2/4/2023 9:00:00 AM
Bardwell	651	568	87%	1.37	1.27	93%	2/1/2023 7:00:00 PM
Benham	674	542	80%	2.06	2.05	99%	2/4/2023 9:00:00 AM
Berea	11,287	9,571	85%	26.92	24.33	90%	2/4/2023 8:00:00 AM
Corbin	6,625	5,970	90%	14.46	13.43	93%	2/3/2023 10:00:00 AM
Falmouth	1,469	1,271	87%	2.98	2.64	89%	2/1/2023 10:00:00 AM
Frankfort	53,088	49,527	93%	110.65	106.72	96%	2/1/2023 8:00:00 AM
Madisonville	21,423	19,099	89%	39.72	37.11	93%	2/1/2023 10:00:00 AM
Owensboro	58,684	53,978	92%	106.00	103.00	97%	
Paris	5,748	4,380	76%	13.56	10.85	80%	2/1/2023 9:00:00 AM
Providence	2,307	1,999	87%	4.92	4.13	84%	2/1/2023 8:00:00 PM
AR	98,595	89,244	91%	204.21	191.71	94%	
Non-AR	11,961	10,113	85%	28.98	26.38	91%	
All	110,556	99,357	90%	233.20	218.09	94%	
Total	169,240	153,335	91%	339.20	321.09	95%	

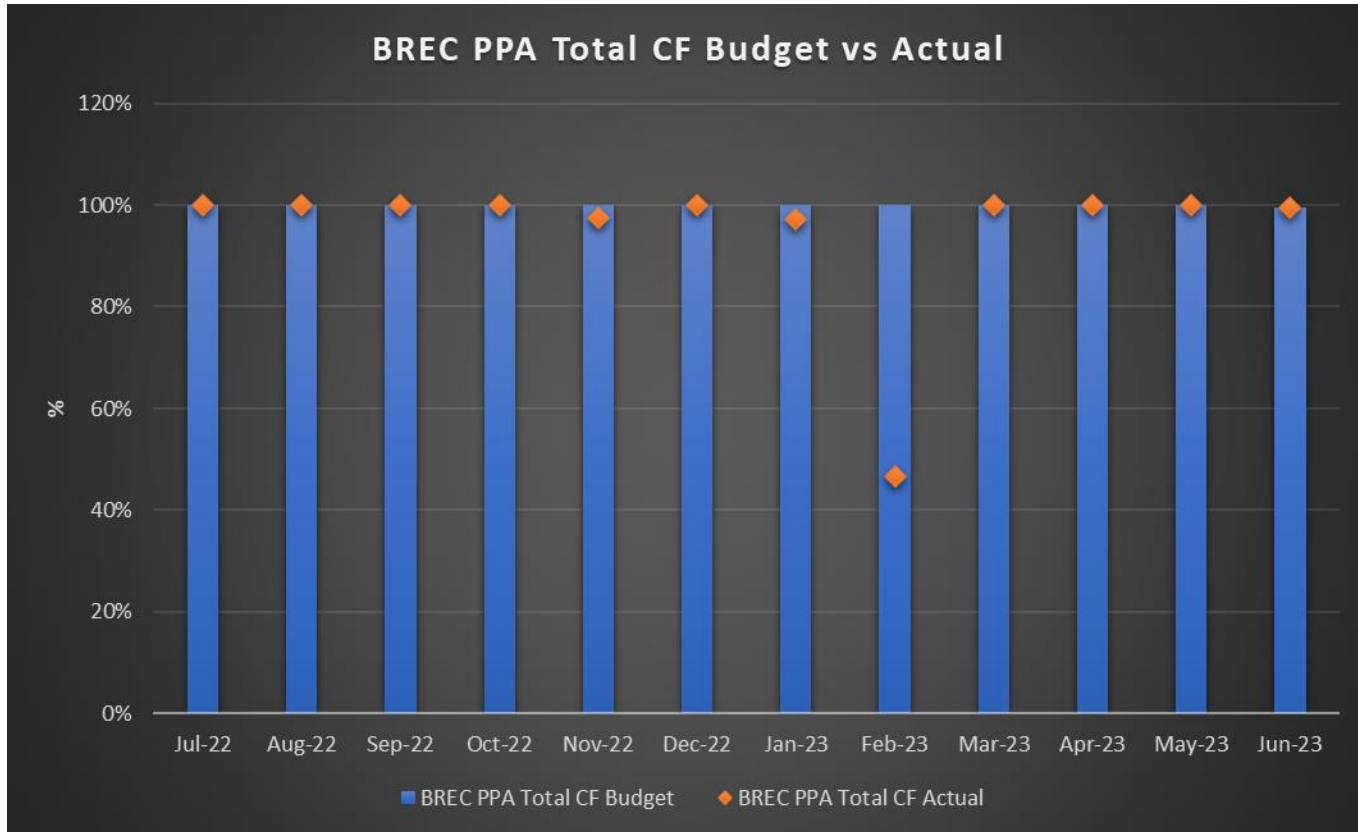
# BREC PPA Load Capacity Factor FY 23



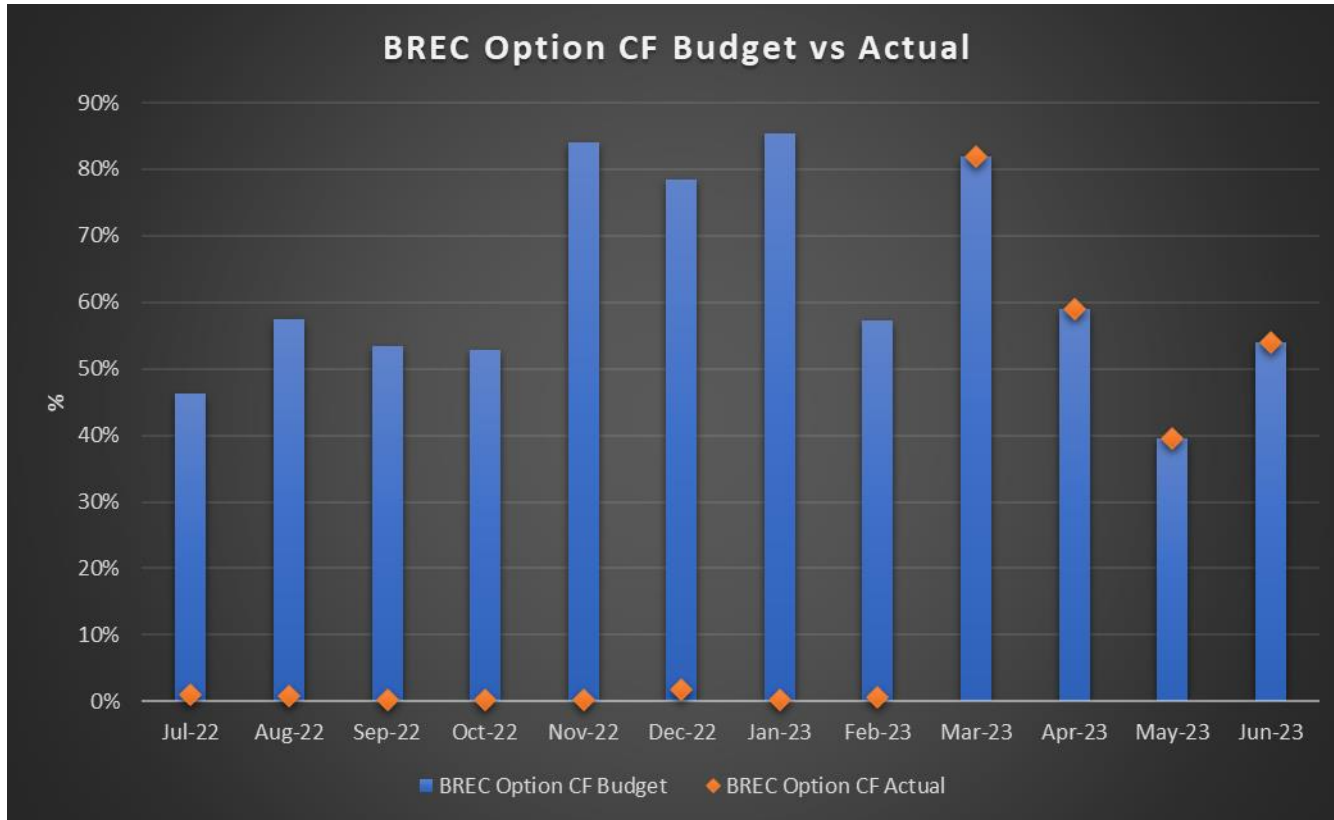
# BREC PPA PFR Capacity Factor FY 23



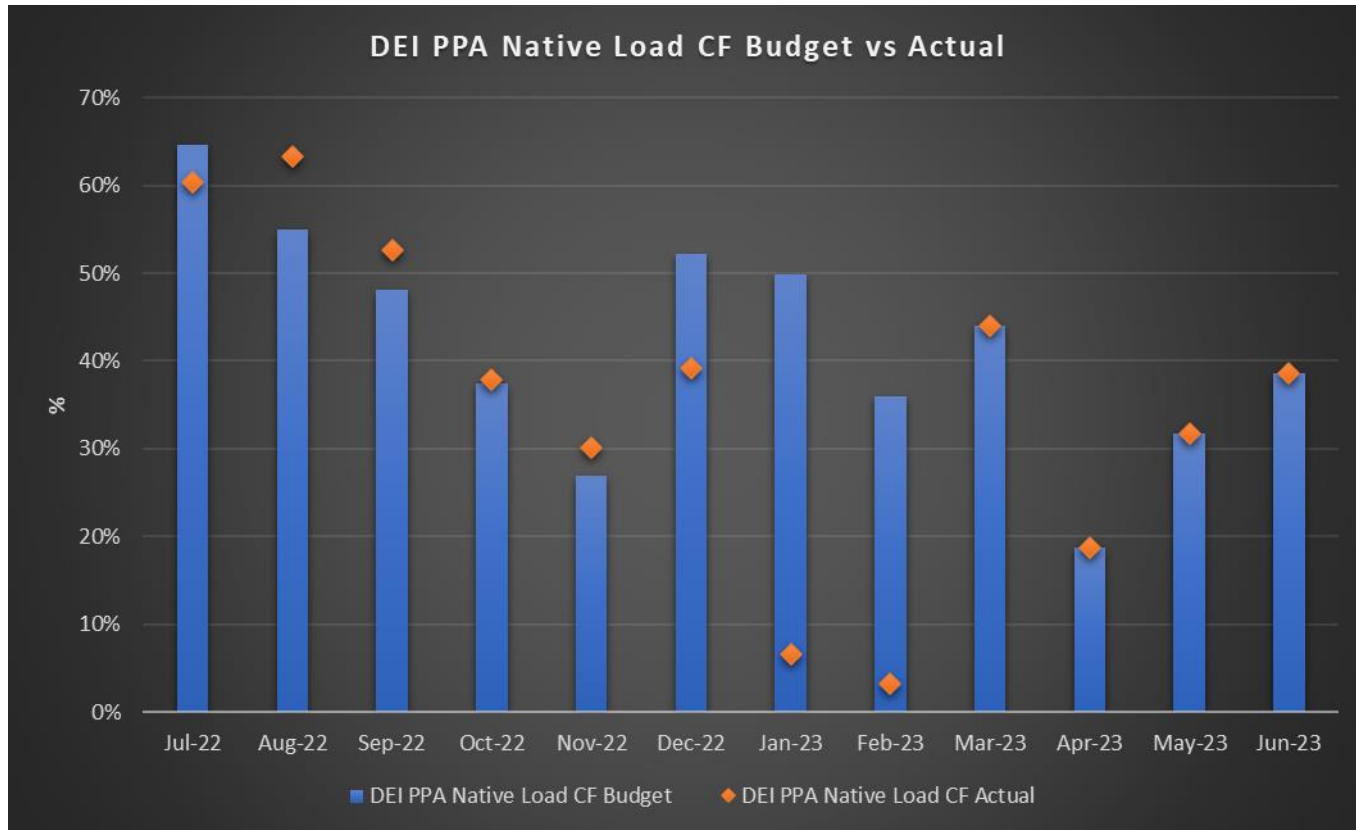
# BREC PPA Capacity Factor FY 23



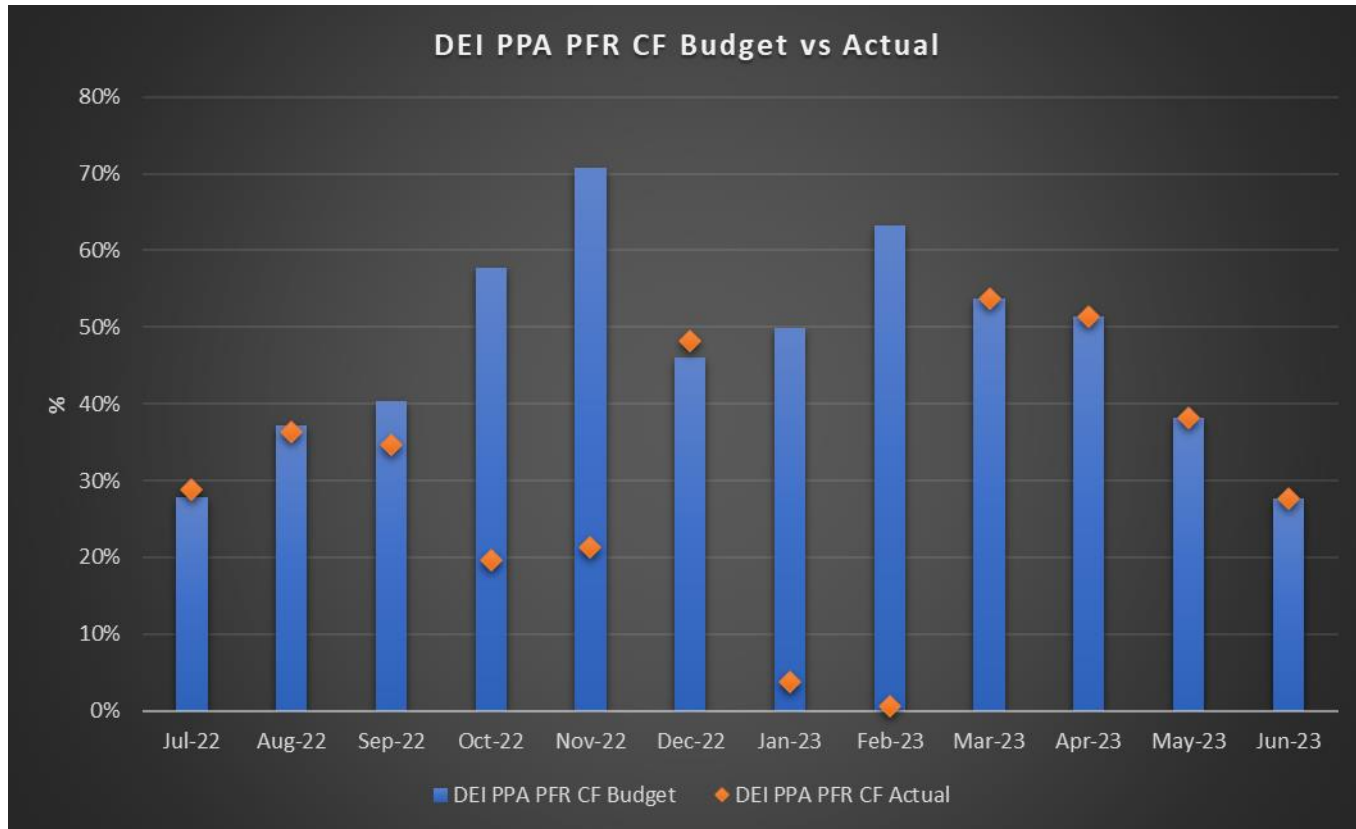
# BREC Option Capacity Factor FY 23



# DEI PPA Load Capacity Factor FY 23

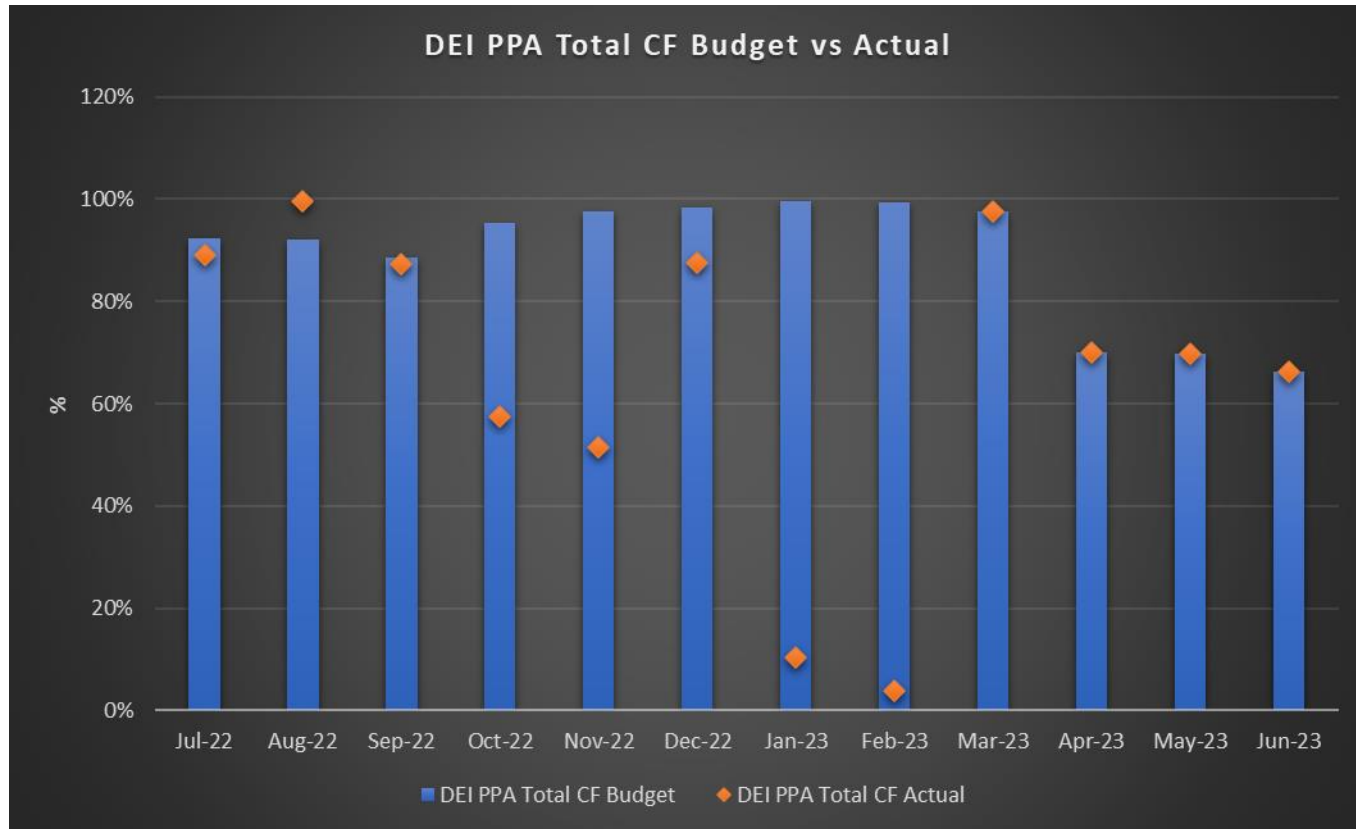


# DEI PPA PFR Capacity Factor FY 23

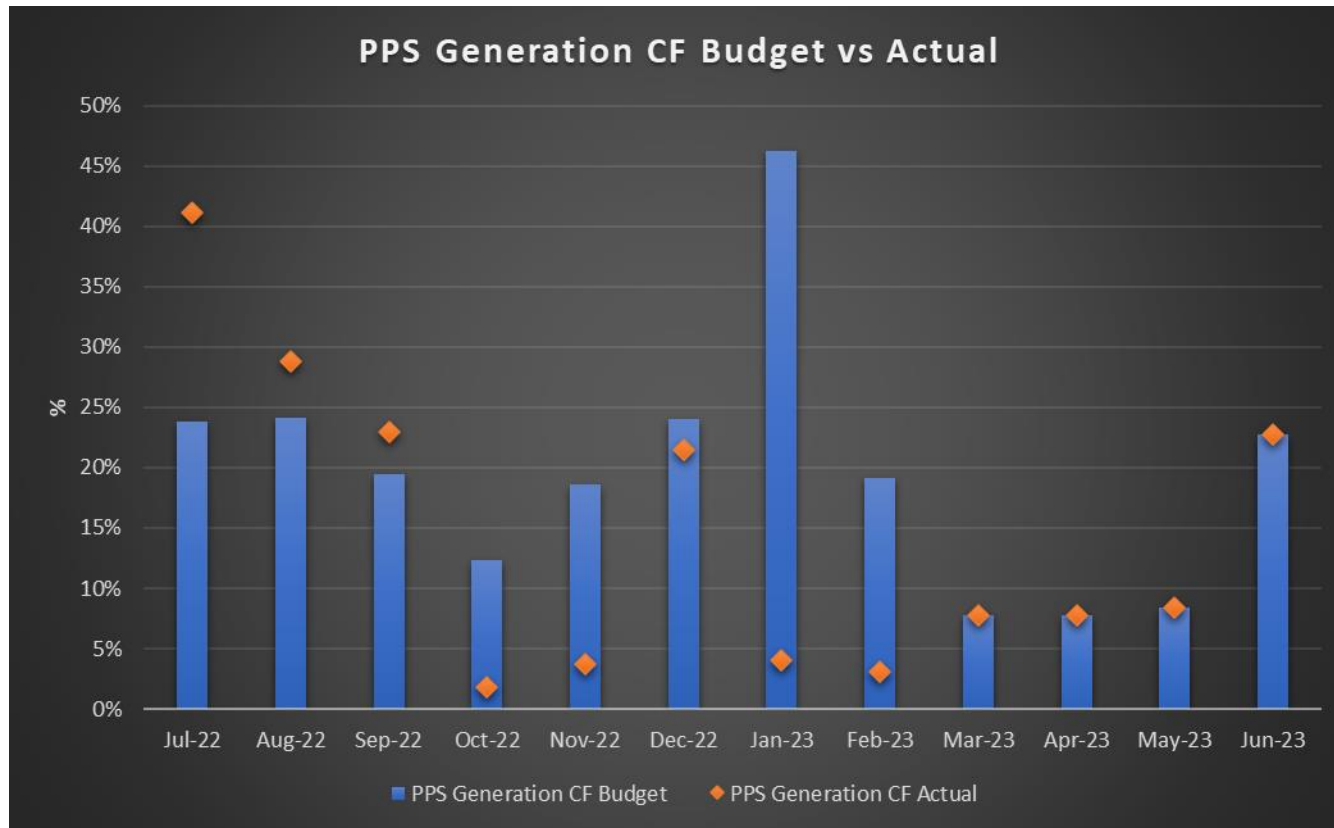




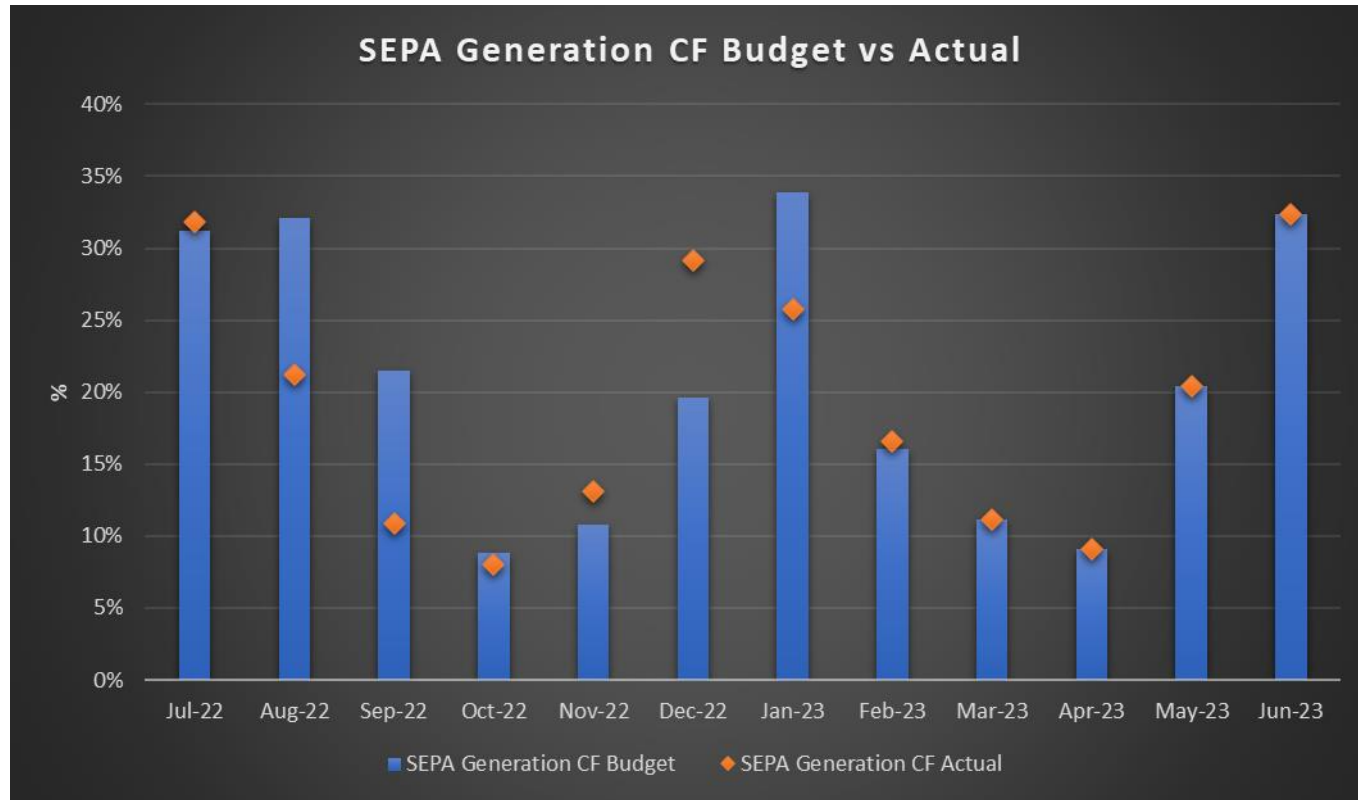
# DEI Capacity Factor FY 23



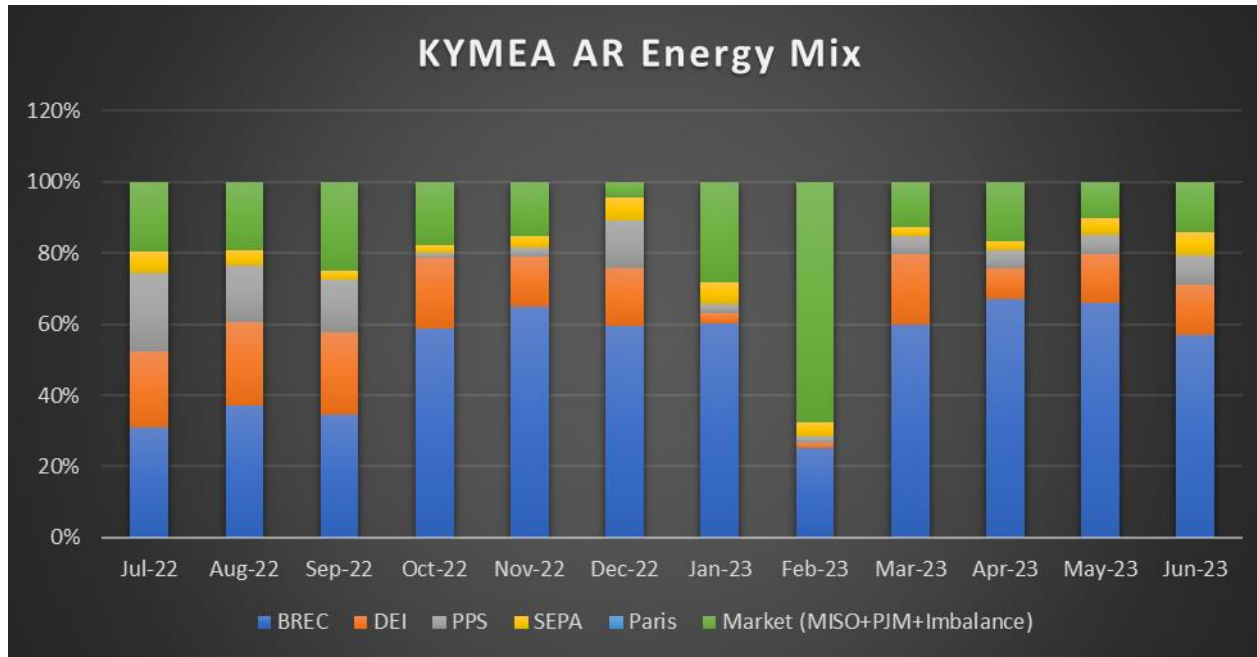
# PPS PPA Capacity Factor FY 23



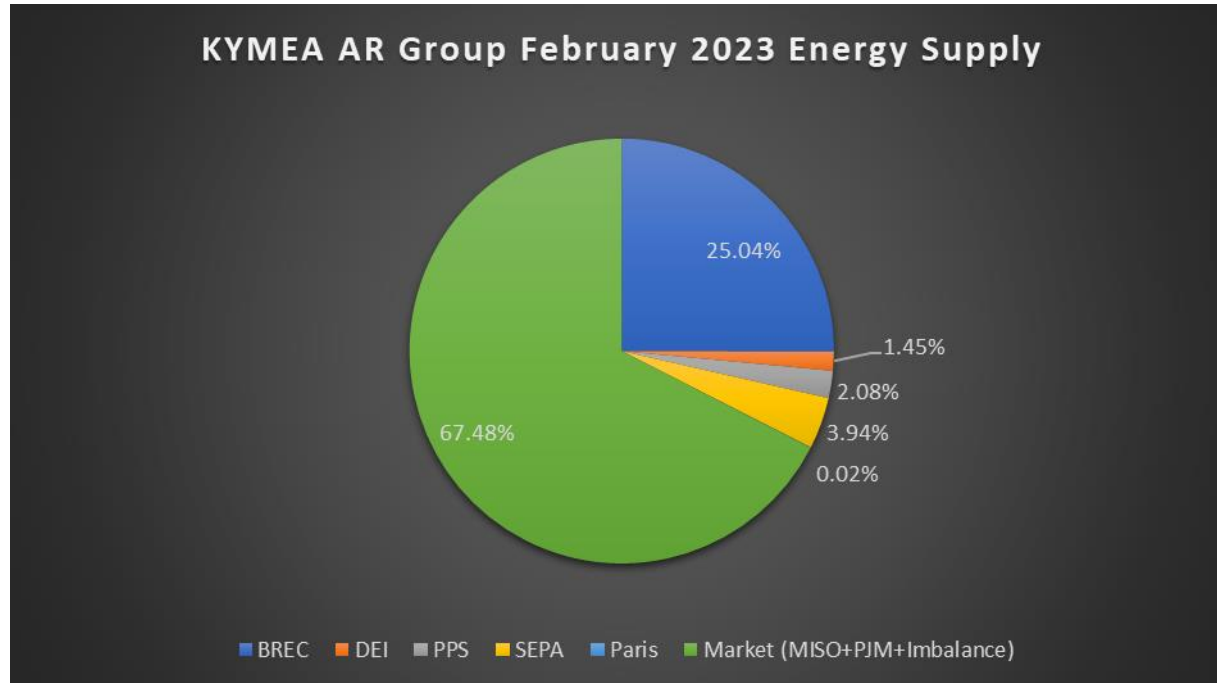
# SEPA Capacity Factor FY 23



# KYMEA AR Energy Mix FY 23

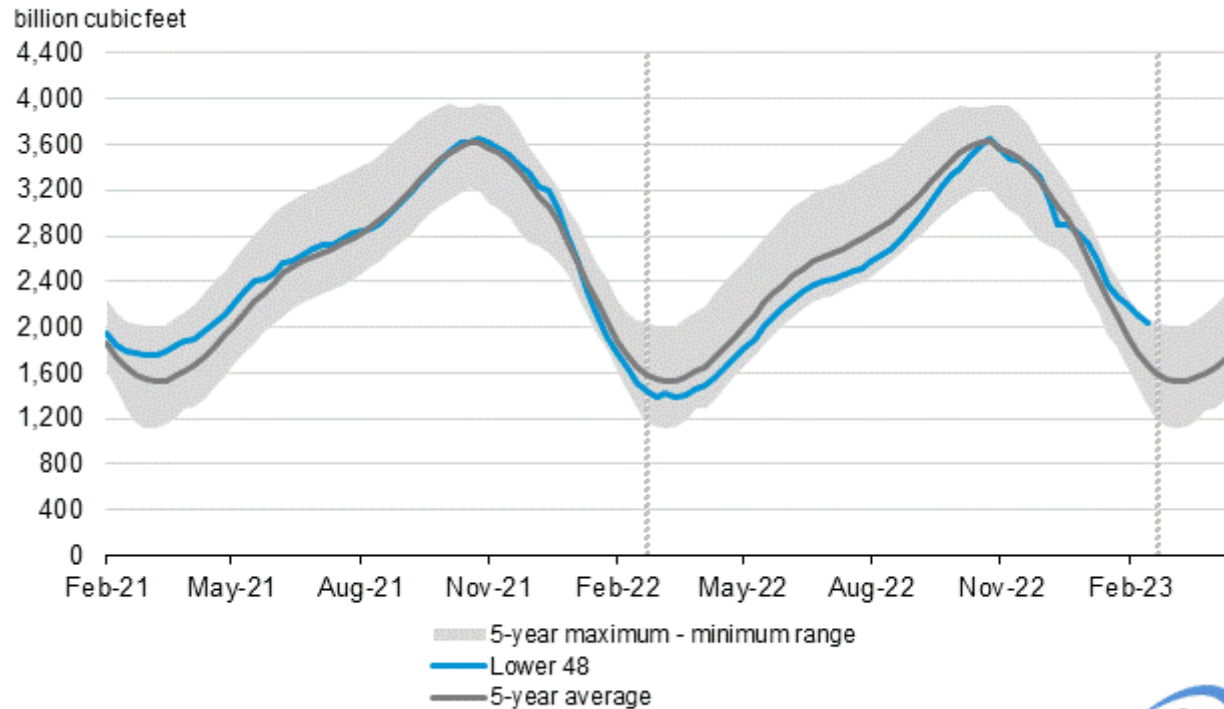


# KYMEA AR Energy Mix



# Working Gas in Storage (3-3-23)

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



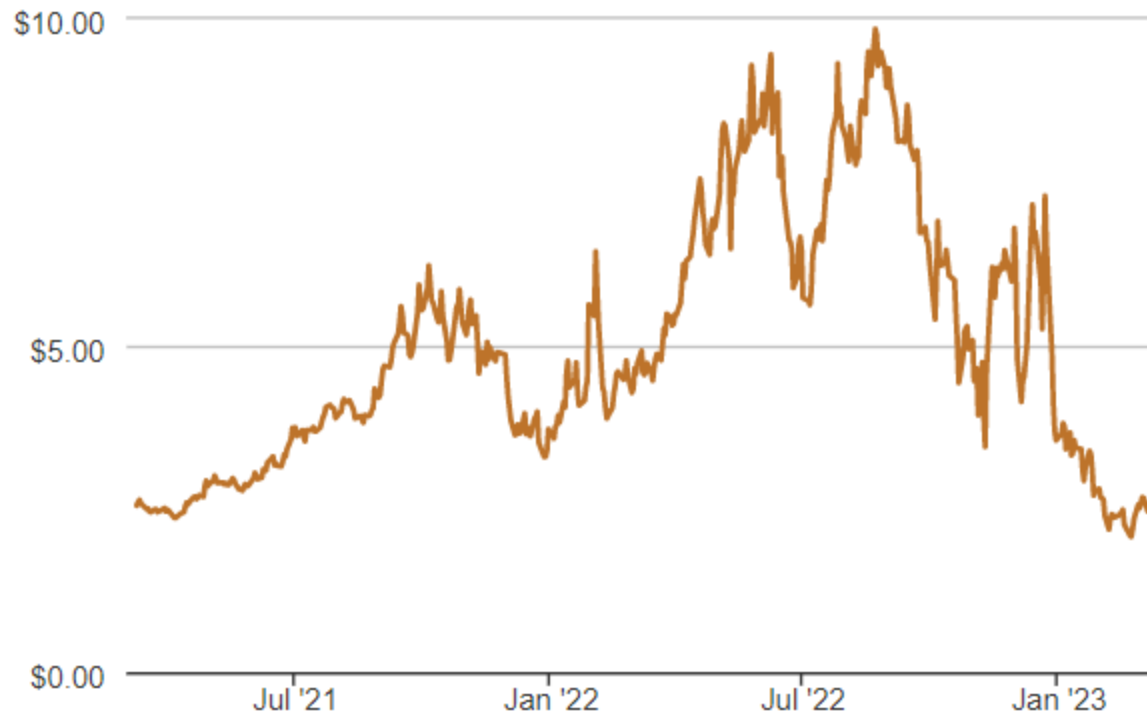
Data source: U.S. Energy Information Administration



# Natural Gas Spot Prices

## Natural gas spot prices (Henry Hub)

dollars per million British thermal units



Data source: Natural Gas Intelligence

# Total Rig Count

## Rigs

	Tue, February 28, 2023	Change from	
		last week	last year
Oil rigs	592	-1.3%	14.1%
Natural gas rigs	154	2.0%	18.5%

Note: Excludes any miscellaneous rigs

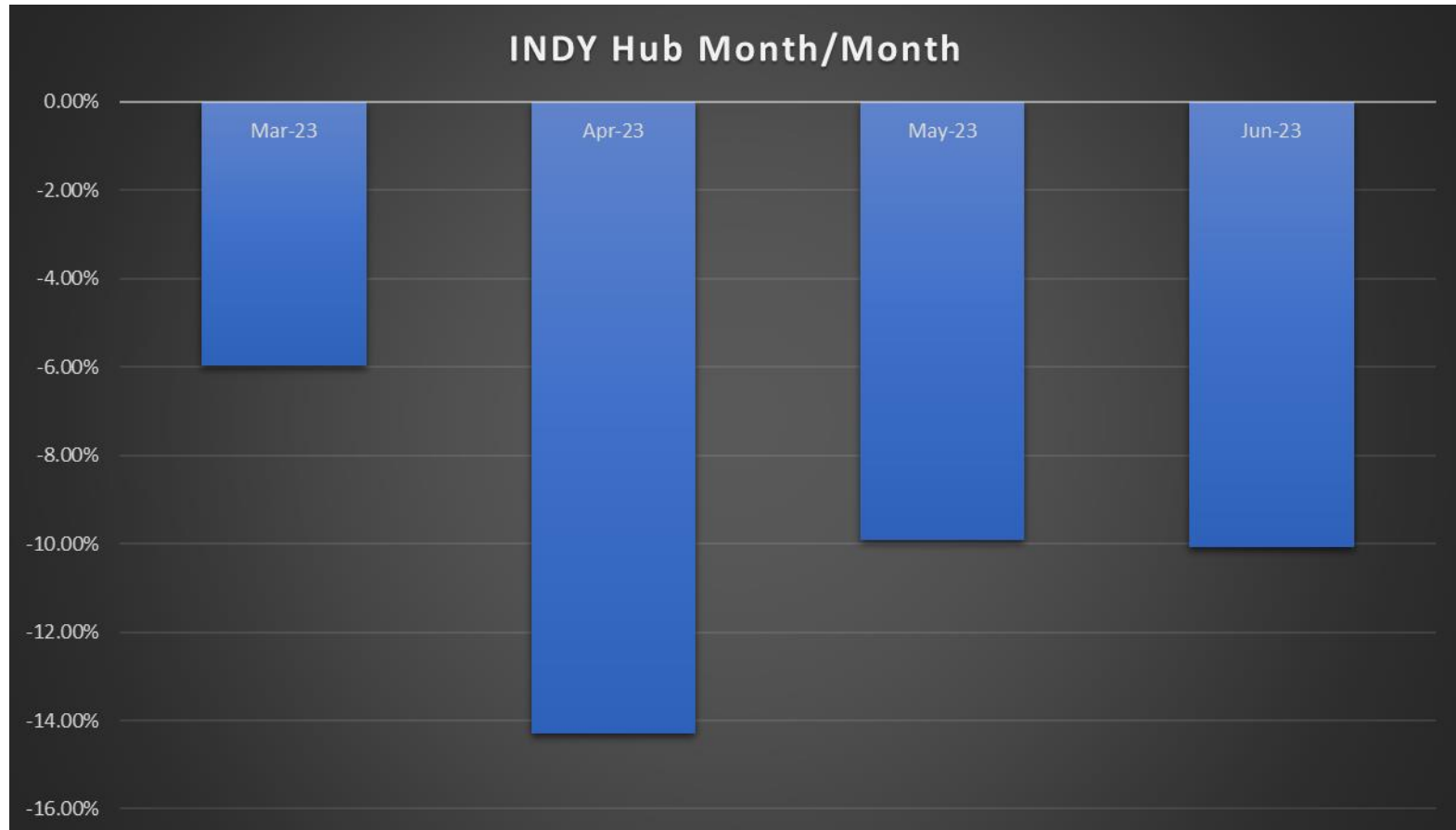
## Rig numbers by type

	Tue, February 28, 2023	Change from	
		last week	last year
Vertical	14	-12.5%	-44.0%
Horizontal	690	-0.4%	16.0%
Directional	45	2.3%	50.0%

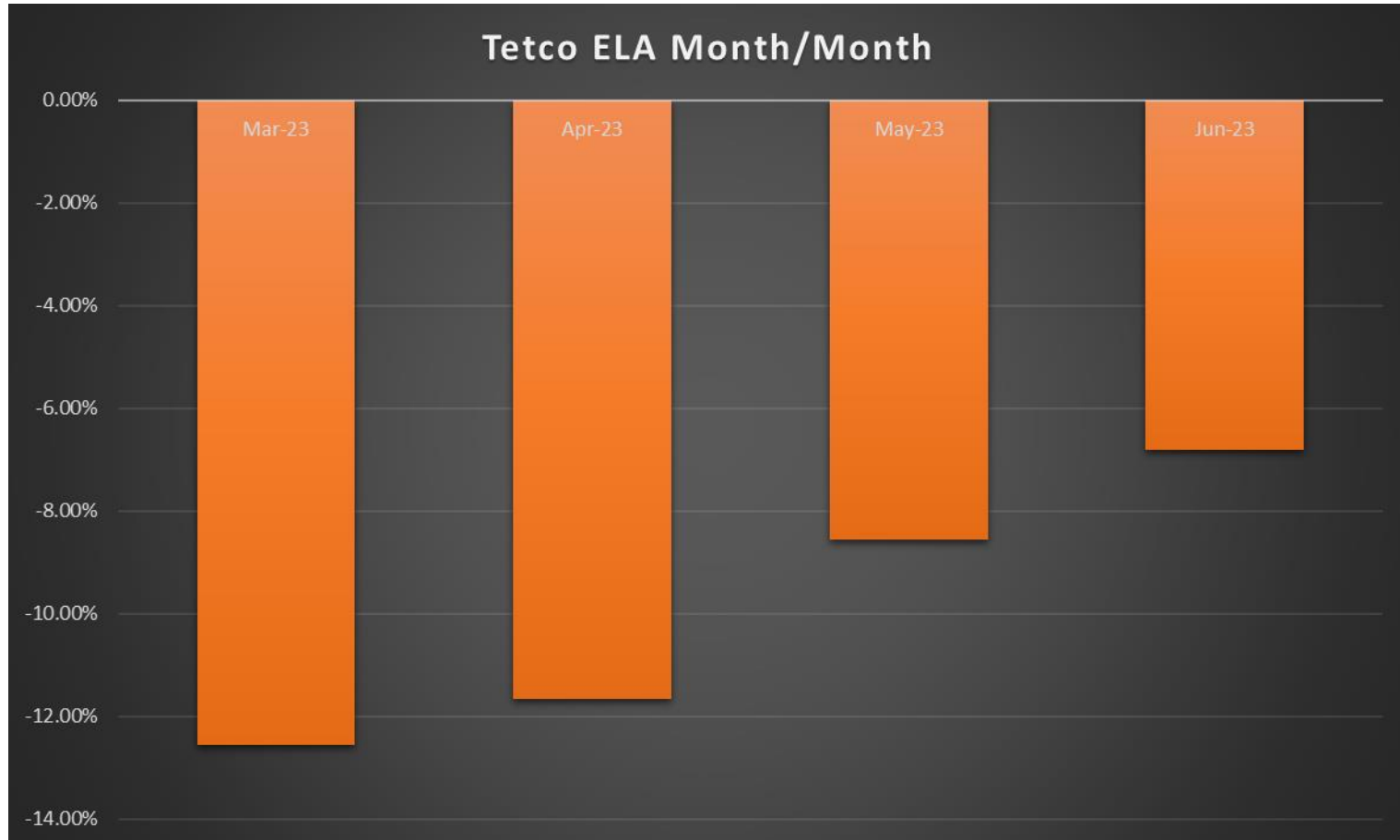
Data source: Baker Hughes Company



# Indiana Hub ATC



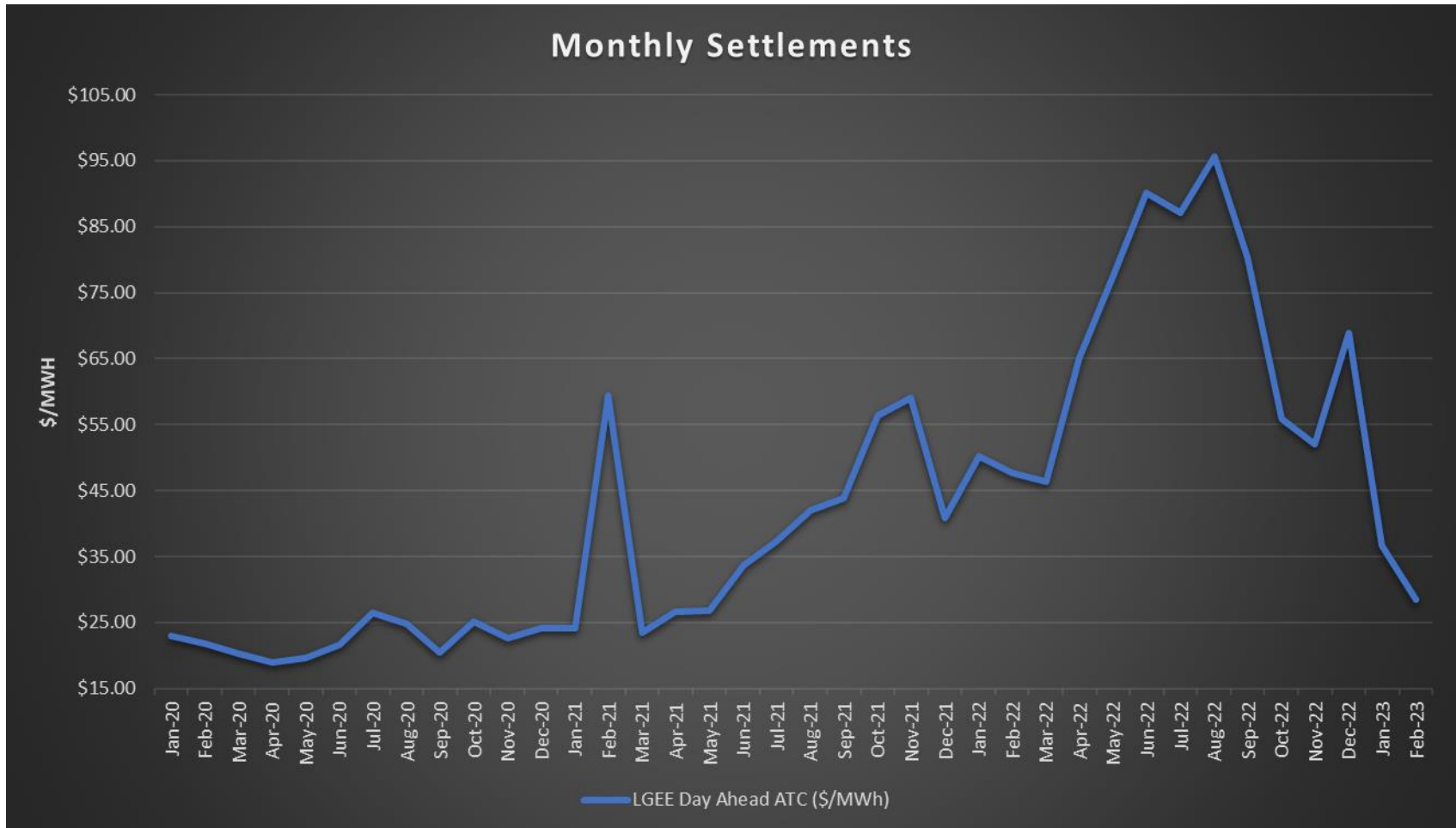
# Texas Eastern Transmission East Louisiana Zone



# Texas Eastern Transmission East Louisiana Zone



# Historical Pricing





KENTUCKY MUNICIPAL ENERGY AGENCY



# Member Communications

Michelle Hixon

March 23, 2023

# Dates to Remember

## April

27 <sup>th</sup> at 10 AM	Combined Meeting of the AR Project and KYMEA Board
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## May

19 <sup>th</sup> at 10 AM	Special Combined Meeting of the AR Project and KYMEA Board
---------------------------	--

# Annual Members Conference



**When?** May 18, 2023, at 9 am eastern time

**Where?** Hilton Garden Inn Louisville Airport, 2735 Crittenden Dr, Louisville, KY 40209

**Will I receive an education certificate?** Yes, they will be emailed to attendees for all sessions attended.

Registration information was sent to your email.

# ACES Annual Member Conference



KYMEA members are invited. For more information send an email request to [mhixon@kymea.org](mailto:mhixon@kymea.org).





KENTUCKY MUNICIPAL ENERGY AGENCY



# IRP2023 Update

Doug Buresh

March 23, 2023

## IRP2023

- The IRP2023 Focus is on 2027-2029 Decision(s) to replace an expiring PPA

## 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.

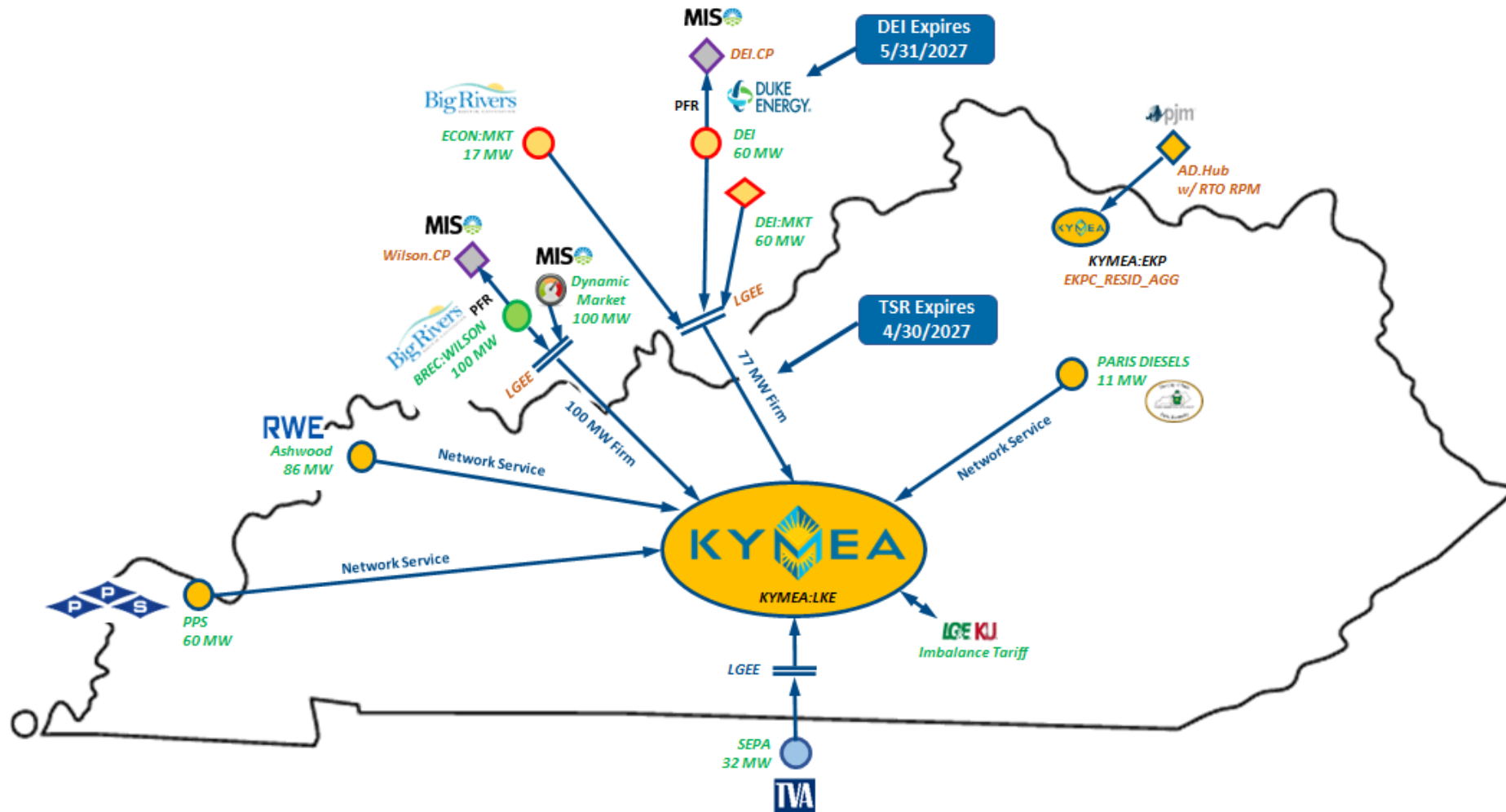
**Preliminary results of the study:** IRP recommendation, near-term actions and key elements, and the final environmental assessment.

### MARCH/APRIL (2023)

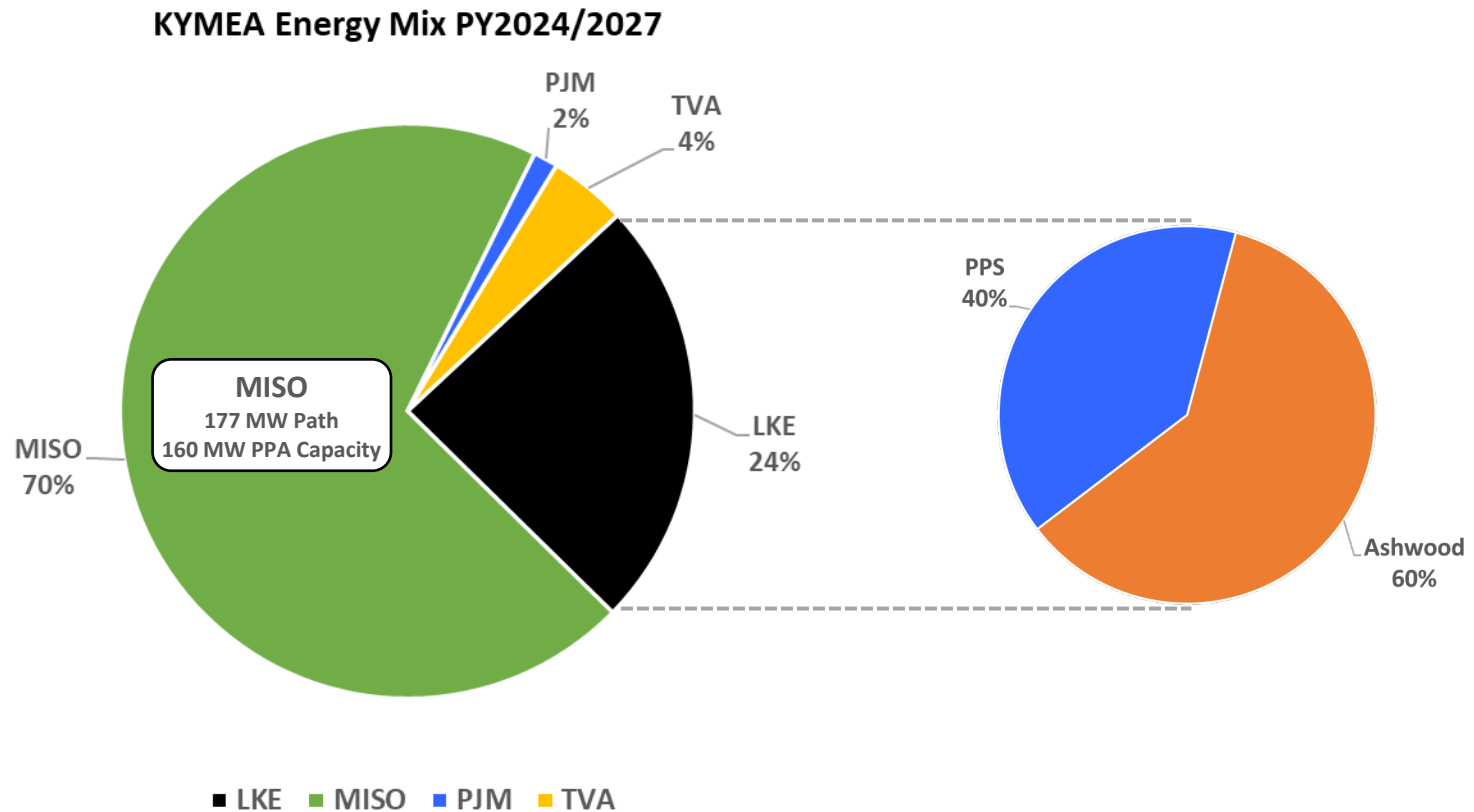
**Board of Directors Action:** Approval of near-term IRP recommendations

*Publication of the IRP2023 - July 2023*

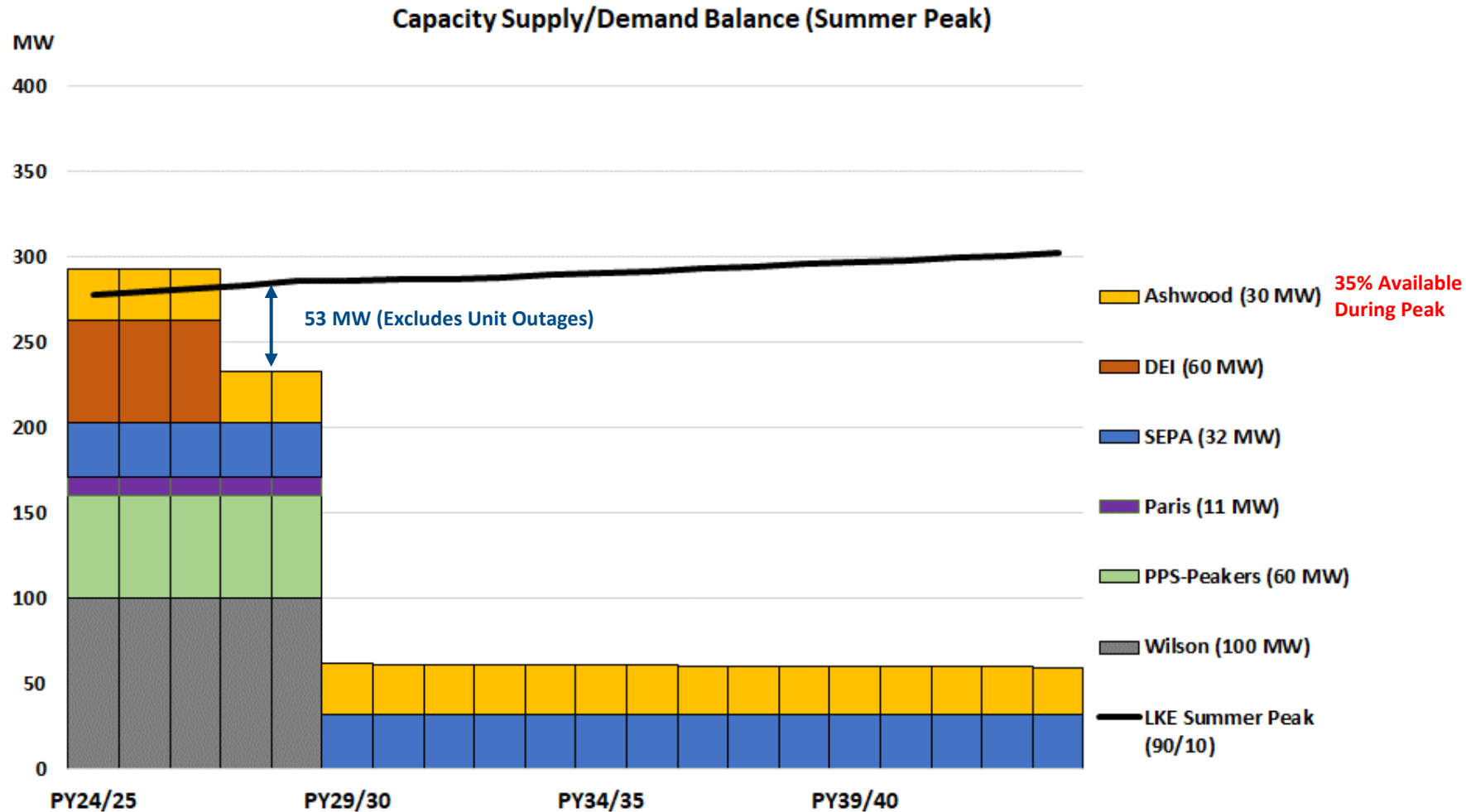
# Existing Resources/Paths



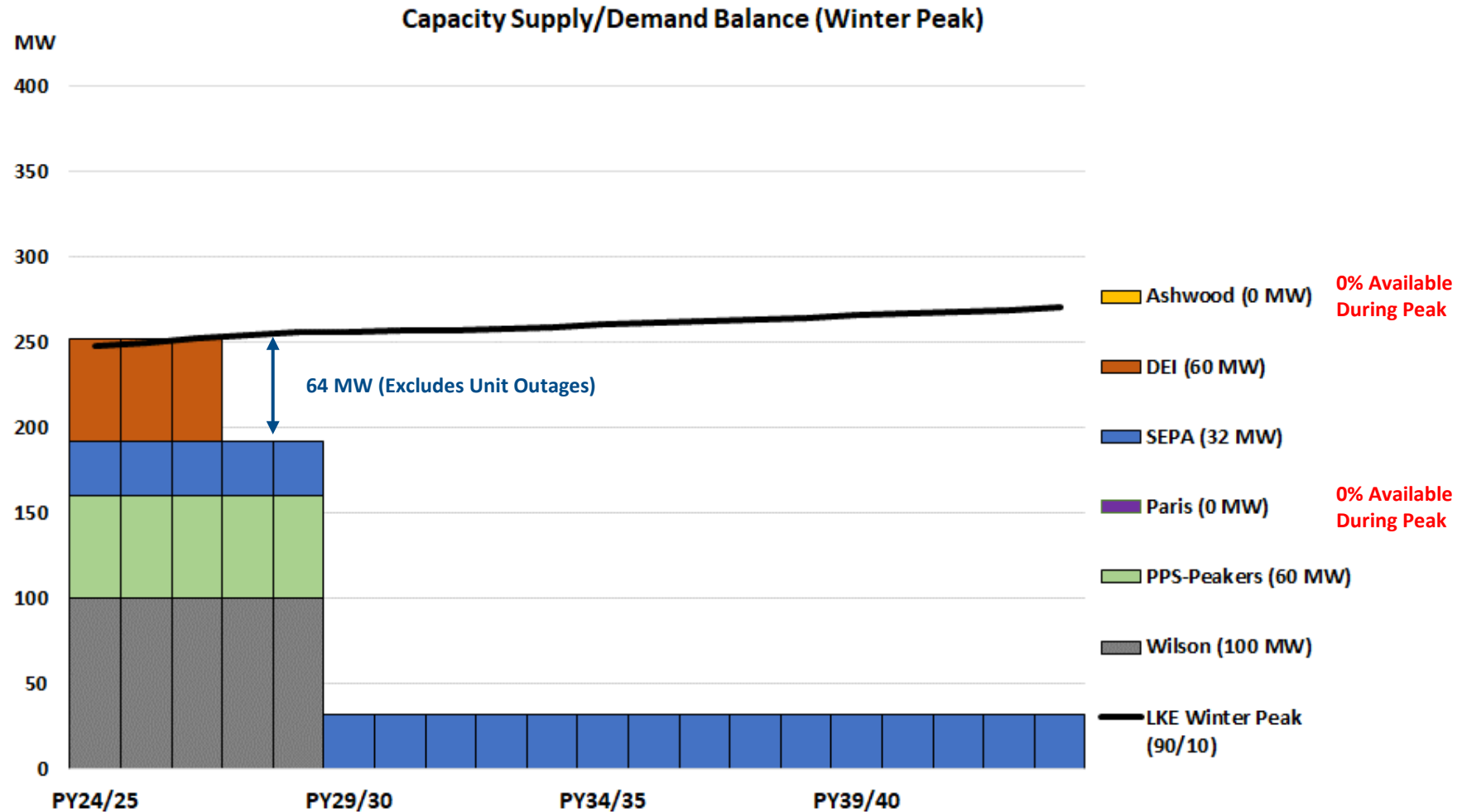
# Native Energy by BA/RTO Source



# Summer 90/10 – Operating Margin



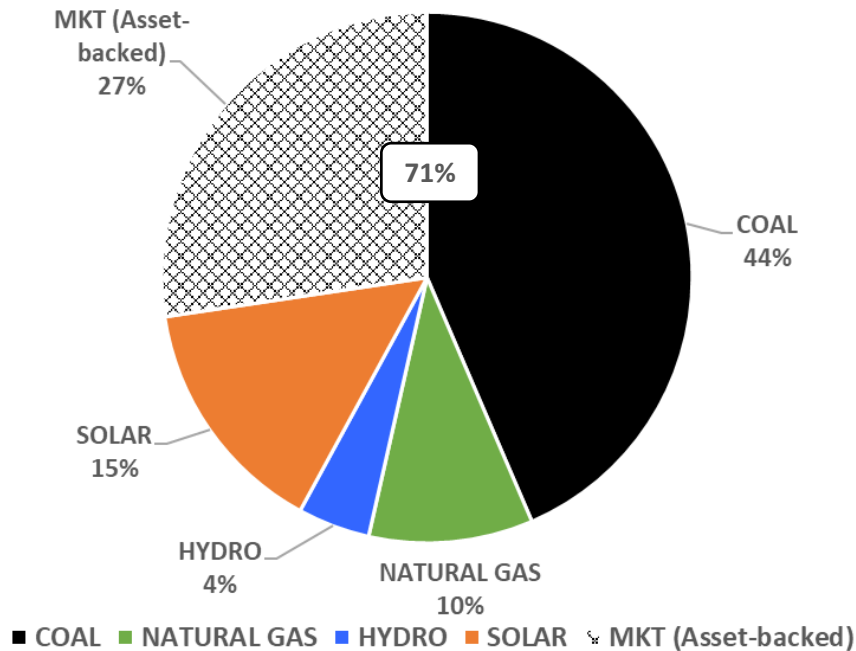
# Winter 90/10 – Operating Margin



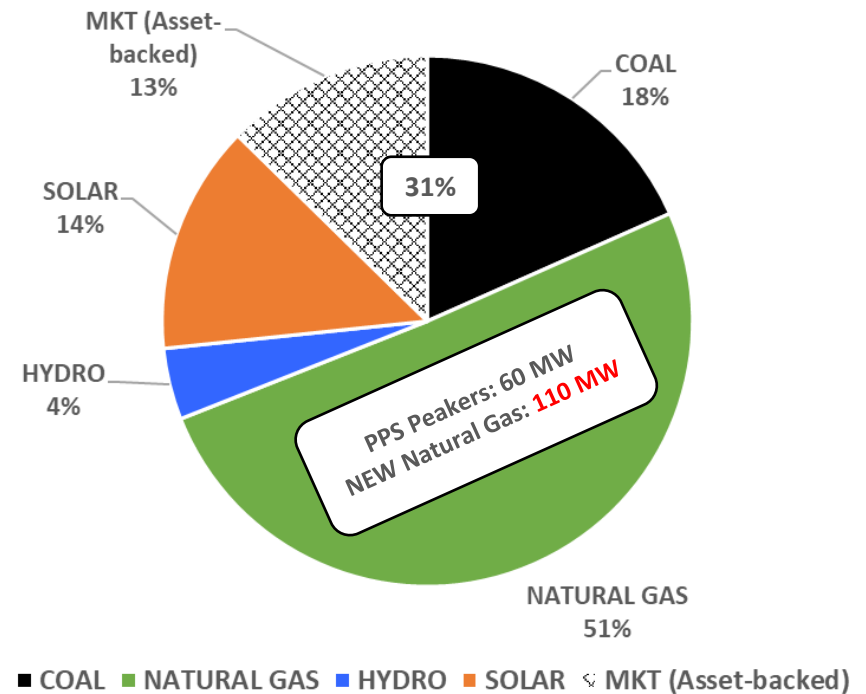
# Shifting Resource Mix

## Diversified Portfolio

KYMEA Energy Mix PY2024/2027

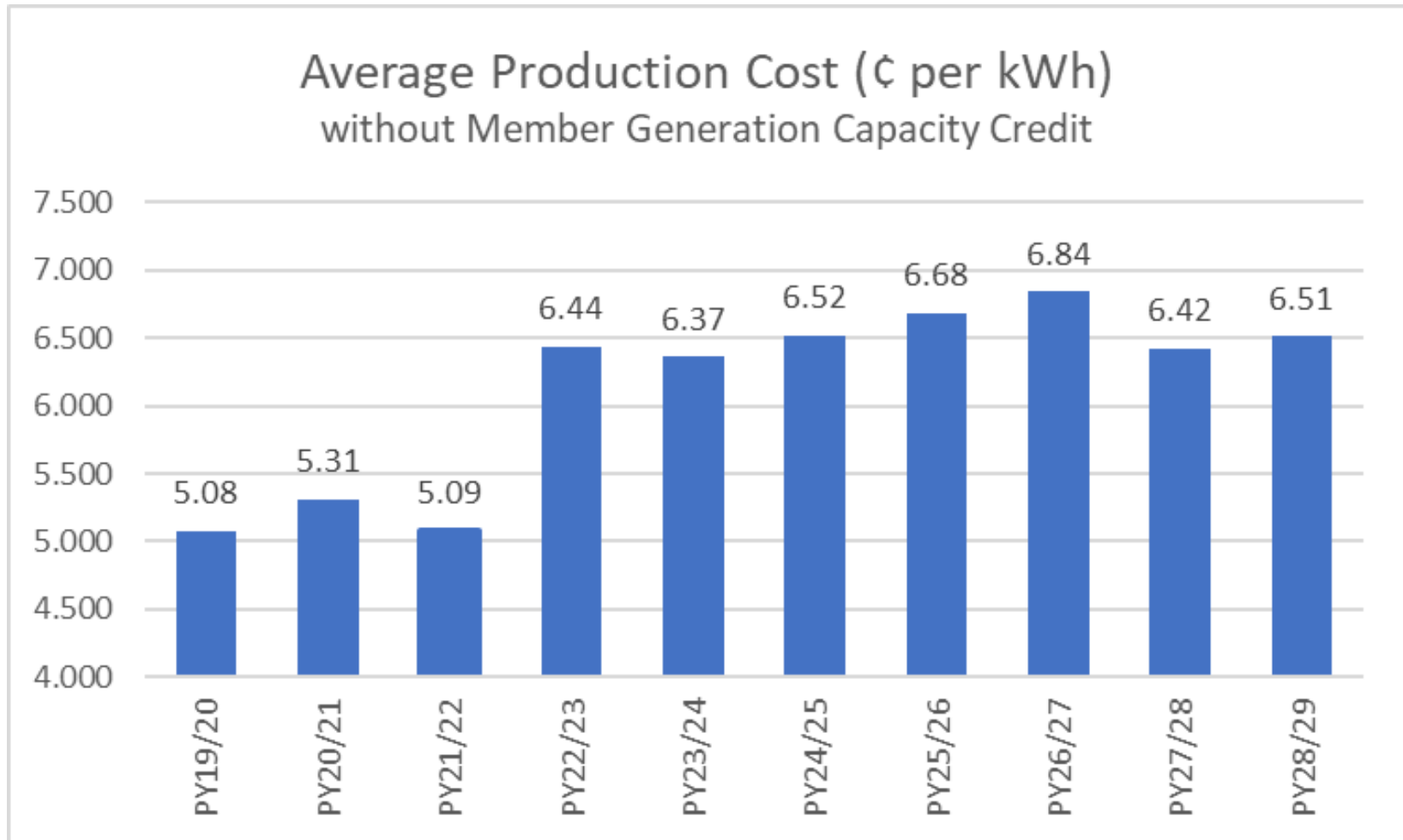


KYMEA Energy Mix PY2027/2029



**New 110 MW Natural Gas**  
*fills need for capacity, energy, and resilience*

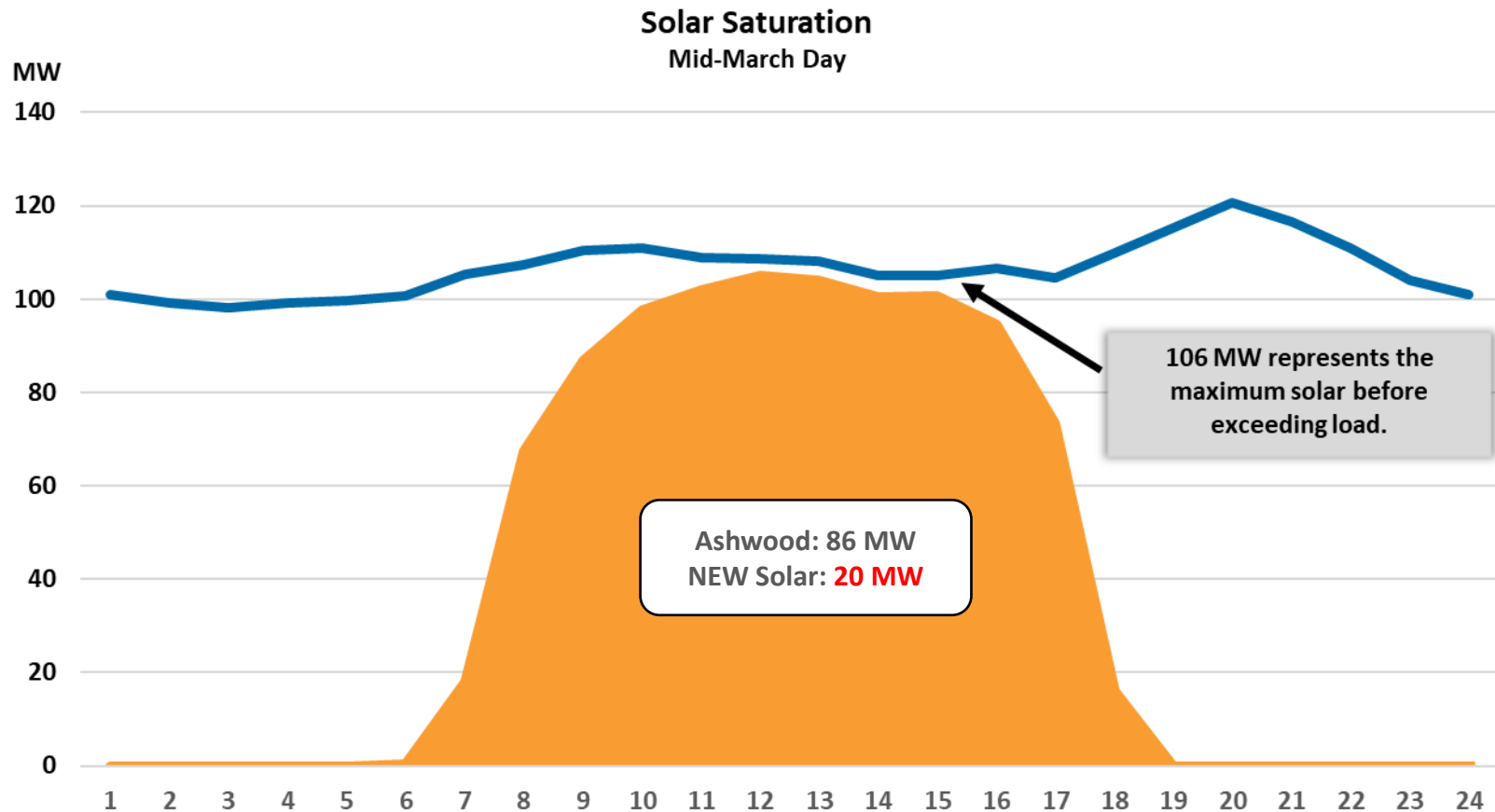
# Production Cost Projection



Note: Excludes NITS



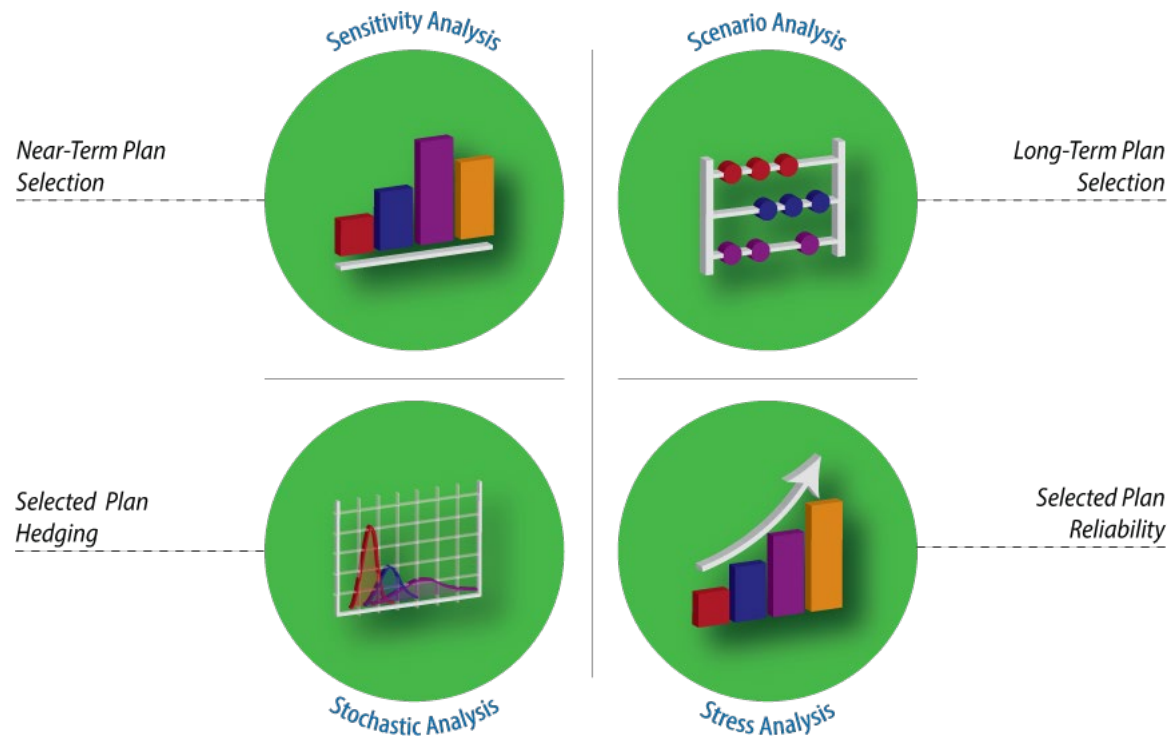
# Room for Additional 20 MW Solar



***Additional Solar may provide an energy hedge  
(if the installed solar cost is competitive)***

# Next Steps

- Complete Alternative Plans
- Assess Risk



**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	\$14.800 per kW times Monthly Billing Demand
Energy Charge	\$0.04520 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	\$4.17128 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: April 27, 2023

Effective: July 1, 2023

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

- b. PJM-EKPC Transmission Charge                      \$3.79065 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

- c. MISO Transmission Charge                      \$2.500 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.

- Schedule 7, Firm Point to Point
- Schedule 1, Scheduling, System Control and Dispatch
- Schedule 2, Reactive Supply and Voltage Control from Generation Sources Service
- Schedule 8, Non-Firm Point to Point
- Schedule 10, FERC Assessment Fees
- Schedule 26, Network Upgrade Charge
- Schedule 26a, Multi-Value Projects
- Schedule 33, Blackstart Service
- Schedule 45, Cost Recovery of NERC Recommendation or Essential Action
- Associated credits relevant to the above schedules and any new transmission tariffs

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

Approved: April 27, 2023

Effective: July 1, 2023

**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 projected Days Cash on Hand for June 30, 2024 < the target Days Cash on Hand for June 30, 2024 as set forth in Table 6.1, then the ECA shall be computed and collected.

Approved: April 27, 2023

Effective: July 1, 2023

**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:

For FY2024, the ECAF shall not exceed \$0.003/kWh, and shall not increase by more than \$0.0005/kWh in any one month.

The Minimum Monthly Target Days Cash on Hand (DCOH) and Maximum DCOH shall be as defined in Table 6.1 below pursuant to Board action taken on June 25, 2020.

Table 6.1

Month-Year	Minimum Target DCOH	Maximum DCOH
Jul 2023	35	108
Aug 2023	43	108
Sep 2023	50	108
Oct 2023	57	108
Nov 2023	62	108
Dec 2023	68	108
Jan 2024	75	108
Feb 2024	80	108
Mar 2024	82	108
Apr 2024	85	108
May 2024	84	108
Jun 2024	90	108

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.

Approved: April 27, 2023

Effective: July 1, 2023

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

At the beginning of each fiscal year, the Previous Month's Adjusted Operating Expense Balance shall be reset as zero.

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

**7. Rate Stabilization Utilization**

For the fiscal year 2024, in response to high inflationary pressure and high energy costs which depleted KYMEA's rate stabilization fund in fiscal year 2023, the Agency has chosen to set the aggregate AR member rate increase to achieve a target DCOH of 40 days by June 30, 2024. The final rate charges supersede the rates in Section 4.

The Member's monthly bill with the rate stabilization credit is as follows:

**AR Project Charges**

Demand Charge	\$12.250 per kW times Monthly Billing Demand
Energy Charge	\$0.037500 per kWh times Monthly Energy Requirement

MISO Transmission Charge \$2.500 per kW times Monthly Billing Demand

Table 7.1 below shall be applicable for the collection of the ECA for the fiscal year 2024, supersedes Table 6.1. The DCOH minimum target is lowered from 90 days to 40 days.

Table 7.1

Month-Year	Minimum Target DCOH	Adjusted Minimum Target DCOH	Maximum DCOH
Jul 2023	35	35	108
Aug 2023	43	39	108
Sep 2023	50	41	108
Oct 2023	57	44	108
Nov 2023	62	42	108
Dec 2023	68	44	108
Jan 2024	75	48	108
Feb 2024	80	46	108
Mar 2024	82	45	108
Apr 2024	85	40	108
May 2024	84	40	108
Jun 2024	90	40	108

Approved: April 27, 2023

Effective: July 1, 2023

**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**

<b>AR Member</b>	<b>Monthly Fixed Charge</b>
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
---------------------	---

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.

Approved: April 27, 2023

Effective: July 1, 2023



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

**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.

DRAFT

Approved: April 27, 2023  
Effective: July 1, 2023

Schedule A to AR Rate Schedule

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

**SCHEDULE A  
POINTS OF DELIVERY**

<b>No.</b>	<b>Delivery Point Name</b>	<b>Voltage Level</b>
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: April 27, 2023  
Effective: July 1, 2023

	Net Income	Pledged Collateral Balance	Cash Balance	Days Cash on Hand	Daily Operating Expense
Feb-23	\$20,705	\$5,264,816	\$10,724,608	33.76	\$317,664
Mar-23	-\$97,518	\$5,268,816	\$10,163,843	32.00	\$317,664
Apr-23	-\$197,542	\$5,272,816	\$10,014,142	31.52	\$317,664
May-23	\$89,474	\$5,276,816	\$9,769,340	30.75	\$317,664
Jun-23	\$449,632	\$5,280,816	\$9,955,275	31.34	\$317,664
Jul-23	\$776,968	\$5,284,816	\$10,559,923	34.61	\$305,097
Aug-23	\$689,101	\$5,288,816	\$11,506,300	37.71	\$305,097
Sep-23	\$851,809	\$5,292,816	\$12,047,661	39.49	\$305,097
Oct-23	-\$245,010	\$5,296,816	\$13,006,472	42.63	\$305,097
Nov-23	\$168,707	\$5,300,816	\$12,270,462	40.22	\$305,097
Dec-23	\$650,541	\$5,304,816	\$12,820,504	42.02	\$305,097
Jan-24	-\$107,404	\$5,308,816	\$14,122,049	46.29	\$305,097
Feb-24	-\$249,629	\$5,312,816	\$14,291,715	46.84	\$305,097
Mar-24	-\$311,433	\$5,316,816	\$13,504,028	44.26	\$305,097
Apr-24	-\$281,008	\$5,320,816	\$13,266,104	43.48	\$305,097
May-24	\$156,383	\$5,324,816	\$11,686,162	38.30	\$305,097
Jun-24	\$721,729	\$5,328,816	\$11,961,792	39.21	\$305,097
FY2024	\$2,820,754	\$5,328,816	\$11,961,792	39.21	\$305,097

*Note 1: January 31, 2023 EnCompass Run. 7 Actual / 5 Projected Load Forecast where FY2024 used same loads as FY2023*

*Note 2: Energy Rate of \$0.037500/kWh, Demand Rate of \$12.250/kW-MO, MISO PTP of \$2.500/kW-MO, NITS pass-through.*

## Closed Session Authorization for March 23, 2023 KYMEA Board Meeting

Approval to enter into Closed Session pursuant to KRS 61.810(1)(c), KRS 66.810(1)(g) 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 and power supply issues; and
- (ii) presenting and discussing a specific proposal between the agency and a business entity.

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)(g) allows for closed session relating to discussions concerning a specific proposal between a public agency and a representative of a business entity, which, if discuss in open session, would jeopardize the siting, retention, expansion, or upgrading of the business.

KRS 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.