



September 28, 2023 Regular Meeting of the KYMEA Board of Directors

9/28/2023

Board Room at 10 AM

1700 Eastpoint Pkwy Suite 220

Louisville, 40223

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



Meeting Book - September 28, 2023 Regular Meeting of the 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

Josh Callihan

C. FY 2023 Independent Audit

Motion to accept the
FY 2023 Independent
Audit.

Abby Dobson

D. Financial Reports

Approval of Last
Month's Financial
Report

Heather
Overby

E. Committee Reports

- | | |
|-------------------|------------|
| 1. BROC Committee | Gary Zheng |
|-------------------|------------|

F. Administration Reports

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

G. Discussion Topics

- | | |
|--|--------------------------------------|
| 1. Termination of KYMEA AR Power Sales Contract between
KYMEA and FPB | Charlie
Musson and
Doug Buresh |
|--|--------------------------------------|

H. Action Items

- | | | |
|--|--|-------------|
| 1. Reciprocating Internal Combustion Engines (RICE) EC RFP | Authorize staff to
issue RICE EC RFP. | Doug Buresh |
|--|--|-------------|

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

J. Upcoming Meetings and Other Business

The next board meeting will be held on October 26, 2023 at 10 am in KYMEA's board room.

Michelle Hixon

K. Adjournment

Josh Callihan



Minutes for Meeting Book - August 24, 2023, Regular Meeting of the KYMEA Board of Directors

08/24/2023 | 10:00 AM

Board Room at 10 AM

Attendees (9)

Josh Callihan; Ron Herd; Kevin Howard; Philip King; Tim Lyons; Chris Melton; Aaron Sparkman; Gary Zheng; Butch Hackney

Additional attendees were Doug Buresh, Rob Leesman, Michelle Hixon, Heather Overby, Molly Roesler, Charlie Musson, David Denton, Travis McCullar, Pat Pace, Hance Price, David Billings, Anna Marie Pavlik Rosen, Jack Snyder, and Jamie Harkins.

Meeting Opening

1. Attendance: A quorum was noted.
2. Call to Order
3. Guest Introductions: Chairman Callihan noted that KYMEA received a letter from the City of Falmouth naming Belinda Stevens as the City of Falmouth Alternate Director. David Billings, a previous employee of the Frankfort Plant Board, has retired and is attending today to get to know members. He works for Cannon & Cannon, an engineering and consulting firm that members may be interested in using in the future.

Previous Meeting Minutes of the KYMEA Board of Directors

ACTION: Motion to approve the August 10, 2023, Special Board Meeting minutes was made by Butch Hackney and seconded by Chris Melton. The motion passed.

Financial Reports

July financial reports will be provided at the September meeting. No action was taken.

Committee Reports

No committee reports were given.

Administration Reports

1. CEO Report: Doug Buresh updated the group on the following.

- a. Ashwood Video Materials
- b. Falmouth 69 kV Transmission
- c. RICE Power Plant RFP
- d. IRP2023 Decision Timeline

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.

4. CFO: Heather updated the board concerning the 2023 Audit.

Discussion Topics

None.

Action Items

- 1. Energy and Capacity RFP
- 2. Financial Advisor Engagement Letter
- 3. RICE Interconnection and Siting Studies

ACTION: Motion to approve the resolution regarding publication of an Energy and Capacity RFP was made by Ron Herd and seconded by Butch Hackney. The motion passed.

ACTION: Motion to approve the President and CEO, Doug Buresh, to sign the engagement letter was made by Chris Melton and seconded by Butch Hackney. The motion passed.

<i>Josh Callihan</i>	<i>Aye</i>
<i>Ron Herd</i>	<i>Aye</i>
<i>Kevin Howard</i>	<i>Aye</i>
<i>Mayor King</i>	<i>Aye</i>
<i>Tim Lyons</i>	<i>Aye</i>
<i>Chris Melton</i>	<i>Aye</i>
<i>Aaron Sparkman</i>	<i>Aye</i>
<i>Gary Zheng</i>	<i>No</i>
<i>Butch Hackney</i>	<i>Aye</i>

ACTION: Motion to approve the resolution for interconnection and siting studies related to recent RFPs was made by Butch Hackney and seconded by Chris Melton. The motion passed.

<i>Josh Callihan</i>	<i>Aye</i>
<i>Ron Herd</i>	<i>Aye</i>
<i>Kevin Howard</i>	<i>Aye</i>
<i>Mayor King</i>	<i>Aye</i>
<i>Tim Lyons</i>	<i>Aye</i>
<i>Chris Melton</i>	<i>Aye</i>
<i>Aaron Sparkman</i>	<i>Aye</i>
<i>Gary Zheng</i>	<i>No</i>
<i>Butch Hackney</i>	<i>Aye</i>

Public Comments

No public comments were made.

Upcoming Meetings and Other Business

The next regular board meeting will be held on September 28, 2023, at 10 a.m. in KYMEA's board room.

Adjournment

The motion to adjourn the meeting was made by Ron Herd and seconded by Kevin Howard. The meeting was adjourned.

Kentucky Municipal Energy Agency

Independent Auditor's Report and Financial Statements

June 30, 2023

Kentucky Municipal Energy Agency

June 30, 2023

Contents

Independent Auditor's Report.....	1
Management's Discussion and Analysis	3
Financial Statements	
Balance Sheet	6
Statement of Revenues, Expenses and Changes in Net Position.....	7
Statement of Cash Flows	8
Notes to Financial Statements	9

Independent Auditor's Report

Board of Directors
Kentucky Municipal Energy Agency
Louisville, Kentucky

Opinion

We have audited the financial statements of Kentucky Municipal Energy Agency, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Municipal Energy Agency, as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kentucky Municipal Energy Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, Kentucky Municipal Energy Agency adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Municipal Energy Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Municipal Energy Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Municipal Energy Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

FORVIS, LLP

Lincoln, Nebraska
September 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Kentucky Municipal Energy Agency's ("KYMEA" or the "Agency") financial performance provides an overview of the Agency's activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the basic financial statements and the accompanying notes.

Background

KYMEA is a joint agency organized under the Interlocal Cooperation Act of the Commonwealth of Kentucky. KYMEA was created to allow its Members to collaborate effectively to do all things necessary or convenient to serve the current and future electric power and energy requirements of the Members and to provide assistance to the Members related to their electric power and energy utility systems. The Agency's Members currently consist of the following Kentucky municipalities: Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Frankfort, Madisonville, Owensboro, Paris, and Providence (the "Members").

KYMEA was created in 2015 and began supplying power to Members beginning on May 1, 2019. The Agency also incurred costs for administration, which were billed to the Members.

Summary of the Financial Statements

The financial statements, related notes to the financial statements and management's discussion and analysis provide information about KYMEA's financial position and activities.

Management's Discussion and Analysis – provides an objective and easily readable analysis of the financial activities of KYMEA based on currently known facts, decisions or conditions.

Balance Sheet – provides a summary of the assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position of KYMEA, as of the Agency's fiscal year end.

Statement of Revenues, Expenses and Changes in Net Position – presents the operating results of KYMEA into various categories of operating revenues and expenses, and nonoperating revenues and expenses.

Statement of Cash Flows – reports the cash provided by and used for operating activities, as well as other cash sources and uses.

Notes to the Financial Statements – provide additional disclosures and information that is essential to a full understanding of the data provided in the statements.

Financial Analysis

The following comparative condensed financial information summarizes the Agency's financial position, operating results and cash flows for the years ended June 30, 2023 and 2022.

Condensed Balance Sheets

	2023	2022
Assets		
Current assets	\$ 31,671,663	\$ 30,518,180
Other noncurrent assets	4,789,823	3,490,394
Capital, lease, and subscription assets	3,244,182	2,717,308
Total assets	<u>\$ 39,705,668</u>	<u>\$ 36,725,882</u>
Liabilities and Net Position		
Current liabilities	\$ 9,667,626	\$ 16,825,820
Noncurrent liabilities	1,976,836	1,642,456
Total liabilities	<u>11,644,462</u>	<u>18,468,276</u>
Net position		
Net investment in capital assets	1,280,194	1,136,344
Unrestricted	26,781,012	17,121,262
Total net position	<u>28,061,206</u>	<u>18,257,606</u>
Total liabilities and net position	<u>\$ 39,705,668</u>	<u>\$ 36,725,882</u>

Current assets increased \$1.2 million from the fiscal year ending June 30, 2022, to the fiscal year ending June 30, 2023. This increase resulted from a decrease in unrestricted cash from normal operations during the year offset by an increase in accounts receivable related to timing of the Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E-KU) depancaked transmission rate ruling. Noncurrent assets increased by \$1.3 million in the same period due to an increase in collateral deposits held by regional transmission organizations. Capital, lease, and subscription assets increased \$0.5 million due to implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. This pronouncement requires recognition of assets and liabilities for certain subscription-based information technology arrangements. Prior year amounts have not been restated for the adoption of GASB 96.

Current liabilities decreased \$7.2 million from the fiscal year ending June 30, 2022, to the fiscal year ending June 30, 2023. This decrease was related to the timing of purchased power expenses to serve the electricity needs of KYMEA's members. Noncurrent liabilities increased \$0.3 million during the same period due to implementation of GASB Statement 96 referenced in the above paragraph.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2023	2022
Operating revenues	\$ 107,329,886	\$ 109,408,434
Operating expenses	102,780,696	105,379,944
Operating income	4,549,190	4,028,490
Net nonoperating revenues (expenses)	5,254,410	(92,590)
Change in net position	9,803,600	3,935,900
Net position - Beginning of Year	18,257,606	14,321,706
Net position - End of Year	<u>\$ 28,061,206</u>	<u>\$ 18,257,606</u>

Operating revenues decreased \$2.1 million from the fiscal year ending June 30, 2022, to the fiscal year ending June 30, 2023. This decrease is a result of KYMEA's decreased long position where it is able to sell electricity through its power purchase agreements in excess of its load. KYMEA sells this electricity in the Midcontinent Independent System Operator open market (off-system sales). Both KYMEA's long position and the sales price per MWh decreased during the fiscal year ending June 30, 2023.

Operating expenses decreased \$2.6 million from the fiscal year ending June 30, 2022, to the fiscal year ending June 30, 2023. During 2023, the Agency received favorable ruling related to the depancaked transmission expenses related to changes in the Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E-KU) de-pancaking settlement totaling approximately \$10.2 million. \$5.3 million of this settlement decreased current year operating expenses while the remaining \$4.9 million was related to depancaked charges in prior periods reported as nonoperating revenue in 2023.

Financing

In February 2022, the Agency executed a revolving line of credit agreement for advances up to \$45,000,000. Advances under this agreement bear interest at the Bloomberg Short-term Yield Index, and interest is payable semi-annually. There were no amounts outstanding under the line of credit as of June 30, 2022, or June 30, 2023.

General Trends and Significant Events

KYMEA will continue to search for additional power and energy resources for its Members, which may include purchased power agreements, investments in power projects and other sources. KYMEA's goal is to establish a portfolio with renewable, coal and natural gas resources to provide more flexibility in response to market changes and future regulations.

Contact Information

This financial report is designed to provide a general overview of KYMEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Heather Overby, Chief Financial Officer, 1700 Eastpoint Parkway, Louisville, KY 40223, (502) 640-1304.

Kentucky Municipal Energy Agency

Balance Sheet

June 30, 2023

Assets

Current Assets

Cash	\$ 14,176,034
Accounts receivable	17,493,072
Prepaid expenses and other assets	2,557
Total current assets	<u>31,671,663</u>

Noncurrent Assets

Collateral deposit	4,789,823
Lease assets, net of accumulated amortization	1,421,279
Subscription assets, net of accumulated amortization	485,704
Capital assets, net of accumulated depreciation	<u>1,337,199</u>
Total noncurrent assets	<u>8,034,005</u>
Total assets	<u>\$ 39,705,668</u>

Liabilities and Net Position

Current Liabilities

Accounts payable	\$ 9,424,234
Accrued liabilities	34,096
Accrued interest payable	9,375
Current portion of lease liabilities	98,213
Current portion of subscription liabilities	<u>101,708</u>
Total current liabilities	<u>9,667,626</u>

Noncurrent Liabilities

Compensated absences	212,769
Lease liabilities, net	1,373,116
Subscription liabilities, net	<u>390,951</u>
Total noncurrent liabilities	<u>1,976,836</u>
Total liabilities	<u>11,644,462</u>

Net Position

Net investment in capital assets	1,280,194
Unrestricted	<u>26,781,012</u>
Total net position	<u>28,061,206</u>
Total liabilities and net position	<u>\$ 39,705,668</u>

Kentucky Municipal Energy Agency

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

Operating Revenues

Billings	<u>\$ 107,329,886</u>
Total operating revenues	<u>107,329,886</u>

Operating Expenses

Production and purchased power	90,222,643
Transmission	9,873,220
Depreciation and amortization	461,703
Other operating expenses	<u>2,223,130</u>
Total operating expenses	<u>102,780,696</u>

Operating Income

4,549,190

Nonoperating Revenues (Expenses)

Interest expense	(122,016)
Interest income	450,777
Regulatory settlement	<u>4,925,649</u>
Total nonoperating revenues	<u>5,254,410</u>

Change in Net Position

9,803,600

Net Position, Beginning of Year

18,257,606

Net Position, End of Year

\$ 28,061,206

Kentucky Municipal Energy Agency

Statement of Cash Flows

Year Ended June 30, 2023

Cash Flows From Operating Activities

Receipts	\$ 108,925,449
Payments to service providers and others	(113,654,089)
Payments to employees	(1,163,494)
Collateral deposit remittances	<u>(1,299,429)</u>
Net cash used in operating activities	<u>(7,191,563)</u>

Cash Flows From Capital and Related Financing Activities

Interest payments	(122,172)
Principal paid on lease liability	(109,635)
Principal paid on subscription liability	(98,467)
Purchase of capital assets	<u>(397,451)</u>
Net cash used in capital and related financing activities	<u>(727,725)</u>

Cash Flows From Investing Activities

Interest income	<u>450,777</u>
Net cash provided by investing activities	<u>450,777</u>

Net Decrease in Cash

(7,468,511)

Cash, Beginning of Year

21,644,545

Cash, End of Year

\$ 14,176,034

Reconciliation of Operating Income to Net Cash Used In

Operating Activities

Operating income	\$ 4,549,190
Depreciation and amortization	461,703
Changes in operating assets and liabilities	
Accounts receivable	(3,696,214)
Prepaid expenses and other assets	(131)
Collateral deposit	(1,299,429)
Accounts payable	(7,222,493)
Accrued liabilities	<u>15,811</u>
Net cash used in operating activities	<u><u>\$ (7,191,563)</u></u>

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Kentucky Municipal Energy Agency (“KYMEA” or the “Agency”) is a joint agency organized under the Interlocal Cooperation Act of the Commonwealth of Kentucky. KYMEA was formed in 2015 to allow its Members to collaborate effectively to do all things necessary or convenient to serve the current and future electric power and energy requirements of the Members and to provide assistance to the Members related to their electric power and energy utility systems. The Agency’s Members currently consist of the following Kentucky municipalities: Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Frankfort, Madisonville, Owensboro, Paris, and Providence (the “Members”).

Eight of the eleven Members have entered into All Requirements Power Sales Contracts (“Contracts”). Under the Contracts, these eight members will purchase all power and energy needed to meet their respective retail requirements, beginning May 1, 2019, and the Contracts also obligate these members to provide revenue sufficient to allow the Agency to meet its obligations, including those related to power purchases, administration and prospective debt issuance.

KYMEA’s Board of Directors (the “Board”) is comprised of representatives from each of the Members. The Board directs and makes all significant decisions relating to the operations of the Agency.

Reporting Entity

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) the Agency’s ability to appoint a voting majority of another entity’s governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Agency and (3) the entity’s fiscal dependency on the Agency. Based upon the above criteria, KYMEA has determined that it has no reportable component units.

Basis of Presentation

KYMEA’s activities are accounted for on the economic resources measurement focus and use the accrual basis of accounting. KYMEA’s accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). KYMEA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported balance sheet amounts and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount billed to the Members. Accounts receivable are due immediately upon issuance of the invoice, which is ordinarily 20 days after the end of the prior month. Management does not believe an allowance for doubtful accounts is necessary at June 30, 2023.

Collateral Deposit

KYMEA is a transmission dependent utility of both the Midcontinent Independent System Operator (MISO) and PJM Interconnection LLC (PJM), regional transmission organizations whose purpose is to ensure the reliability of their respective integrated, regional electrical transmission systems, to facilitate a regional wholesale marketplace, to provide non-discriminatory access to the transmission system and to maintain and improve electric system reliability.

The collateral deposit represents funds remitted to these organizations as a form of financial assurance to secure the Agency's performance under the terms and conditions of the respective MISO or PJM Tariffs related to the purchase of transmission service, market services, ancillary services, and related products or services.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset. The following estimated useful lives are being used by the Agency:

Building improvements	15 years
Equipment	5 - 10 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the lease asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

KYMEA evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, or subscription asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the year ended June 30, 2023.

Compensated Absences

Agency policies permit employees to accumulate vacation, personal time and sick leave benefits that may be realized as paid time off or as a cash payment upon retirement. Expense and the related liability are recognized as benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absences are computed using the regular pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

The following is a summary of compensated absence transactions of the Agency for the year ended June 30, 2023:

Beginning Balance	Additions	Deductions	Ending Balance
<u>\$ 182,432</u>	<u>\$ 124,062</u>	<u>\$ (93,725)</u>	<u>\$ 212,769</u>

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Net Position Classification

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets- This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Agency has no net position that meets the restricted definition at June 30, 2023.

Unrestricted - This component of net position consists of the net amount of assets and liabilities that do not meet the definition of “restricted” or “net investment in capital assets.”

Classification of Revenues and Expenses

Operating revenues and expenses are defined as revenues and expenses directly related to, or incurred in support of, the future procurement and distribution of power and energy to KYMEA’s Members. Operating revenues currently include billings to Members to cover Agency administration costs and off-system energy sales. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Taxes

KYMEA, as a unit of local government of the Commonwealth of Kentucky, is exempt from federal and state income taxes.

Adoption of Accounting Standards

During the year ended June 30, 2023, the Agency adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement requires recognition of certain subscription assets and liabilities that previously were classified as operating expenses and recognized as outflows of resources based on the contracts. The implementation of this statement resulted in the recognition of a subscription asset and subscription liability of \$591,126 for contracts at July 1, 2022. This guidance also requires restatement of the beginning balance of net position at July 1, 2022, however, the Agency did not restate the beginning balance of net position because there was no effect on net position at July 1, 2022.

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 2: Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposit may not be returned to it. The Agency does not have a policy regarding custodial credit risk.

The Federal Deposit Insurance Corporation (FDIC) insures transaction accounts for government deposits up to \$250,000 per official custodian at each covered institution. Additionally, the Agency's deposits at June 30, 2023 are invested through the Insured Cash Sweep® (ICS) service, whereby funds are placed with other ICS Network members by the Agency's primary financial institution in increments less than \$250,000.

Note 3: Capital, Lease, and Subscription Assets

Capital, lease, and subscription asset activity for the year ended June 30, 2023 was as follows:

	July 1, 2022 as restated	Increase	Decrease	Transfers	June 30, 2023
Work in progress	\$ 182,507	\$ 432,669	\$ (18,118)	\$ (272,608)	\$ 324,450
Equipment	1,347,868	-	(60,314)	272,608	1,560,162
Building improvements	260,238	-	-	-	260,238
Lease asset - building	1,698,510	-	-	-	1,698,510
Subscription asset - software	591,126	-	-	-	591,126
Less:					
Accumulated depreciation	(633,161)	(217,704)	43,214	-	(807,651)
Accumulated lease amortization	(138,654)	(138,577)	-	-	(277,231)
Accumulated subscription amortization	-	(105,422)	-	-	(105,422)
Totals	<u>\$ 3,308,434</u>	<u>\$ (29,034)</u>	<u>\$ (35,218)</u>	<u>\$ -</u>	<u>\$ 3,244,182</u>

Note 4: Line of Credit

In March 2019, the Agency executed a revolving line of credit agreement, expiring March 1, 2020 for advances up to \$30,000,000. This agreement was later extended to February 1, 2024 with the maximum advance amount increasing to \$45,000,000. Advances under this agreement bear interest at the Bloomberg Short-Term Bank Yield Index, and interest is payable semi-annually. There were no amounts outstanding under this line of credit as of June 30, 2023. This agreement is collateralized by substantially all assets of the Agency and secured by a pledge of the revenues from the Agency's Contracts with the Members.

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 5: Long-Term Obligations

The follow is a schedule of long-term obligation transactions for the Agency for the year ended June 30, 2023:

	July 1, 2022 as restated	Increase	Decrease	June 30, 2023	Due Within One Year
Lease liability	\$ 1,580,964	\$ -	\$ (109,635)	\$ 1,471,329	\$ 98,213
Subscription liability	591,126	-	(98,467)	492,659	101,708
Totals	<u>\$ 2,172,090</u>	<u>\$ -</u>	<u>\$ (208,102)</u>	<u>\$ 1,963,988</u>	<u>\$ 199,921</u>

Note 6: Lease Liabilities

The Agency leases office space, the terms of which expire in September 2028 with one additional 60-month renewal option. The total amount of the lease asset was \$1,698,510 with associated accumulated amortization of \$277,231 as of June 30, 2023. The lease asset is being amortized on a straight-line basis over the remaining lease term. There were no payments recorded in the current period that were not included in the measurement of the lease liability, no commitments prior to the commencement of the lease contracts, and no lease impairments as of June 30, 2023. Lease payments made during 2023 totaled \$164,426 (\$109,635 principal and \$54,791 interest at 4.98%).

The following table summarizes the future lease principal and interest payments as of June 30, 2023.

Year Ending June,	Total to Be Paid	Principal	Interest
2024	\$ 169,294	\$ 98,213	\$ 71,081
2025	182,275	116,457	65,818
2026	186,061	126,337	59,724
2027	186,062	132,775	53,287
2028	186,061	139,540	46,521
2029-2033	930,306	811,875	118,431
2034	<u>46,451</u>	<u>46,132</u>	<u>319</u>
	<u>\$ 1,886,510</u>	<u>\$ 1,471,329</u>	<u>\$ 415,181</u>

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 7: Subscription Liabilities

The Agency has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. The total amount of subscription assets were \$591,126 with associated accumulated amortization of \$105,422 as of June 30, 2023. The subscription assets are being amortized over the remaining terms of the agreements at adoption of GASB 96. There were no payments recorded in the current period that were not included in the measurement of the subscription liability, no commitments prior to the commencement of the contracts, and no impairments as of June 30, 2023. Subscription payments made during 2023 totaled \$108,971 (\$98,467 principal and \$10,505 interest at 1.94%).

The following is a schedule by year of payments under the SBITAs as of June 30, 2023:

Year Ending June,	Total to Be Paid	Principal	Interest
2024	\$ 110,269	\$ 101,708	\$ 8,561
2025	110,269	103,699	6,570
2026	110,270	105,729	4,541
2027	110,269	107,798	2,471
2028	74,191	73,725	466
	<u>\$ 515,268</u>	<u>\$ 492,659</u>	<u>\$ 22,609</u>

Note 8: Retirement Plans

The Agency offers all employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457 ("457 Plan"). The 457 Plan permits employees to defer a portion of their salary until termination, retirement or death.

The Agency also sponsors a defined contribution retirement savings plan, created in accordance with Internal Revenue Code Section 401(a). All full-time employees are eligible to participate in this plan. The Agency contributes 10% of base wages to eligible employees. Eligible employees are those that contribute a minimum of 3% to the 457 Plan. Employer contributions of \$92,842 were made for the fiscal year ended June 30, 2023.

Assets and liabilities of the retirement plans are not included in the Agency's financial statements as all assets are held and managed by a third-party administrator and the retirement plans are not considered to be component units of the Agency under the applicable accounting guidance.

Kentucky Municipal Energy Agency

Notes to Financial Statements

June 30, 2023

Note 9: Commitments

Purchased Power Agreements

KYMEA expects to supply nearly all of its power requirements through a portfolio of purchased power agreements. The Agency currently has three purchased power agreements in effect, with varying terms, to supply its power requirements beginning May 1, 2019. The first agreement is a 10-year arrangement with Big Rivers Electric Corporation (BREC) for 100 megawatts (MW) of firm base load capacity from BREC's portfolio of owned resources. The second agreement is a five-year contract with Duke Energy Indiana, LLC for an initial nomination of 30 MW, with a one-time increase to 60 MW, of capacity from Duke Energy Indiana's system. The final agreement provides for an initial nomination of 90 MW of peaking capacity from Paducah Power System.

KYMEA has also entered into an agreement to purchase 100% of the capacity from Ashwood Solar I, LLC upon Commercial Operation, for a period of 20 years. RWE has advised the Agency it will be unable to meet the commercial operation date of December 1, 2022, the Agency anticipates the commercial operation date to be delayed to the Spring of 2024.

Note 10: Risk Management

KYMEA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to agents and others; and natural disasters. The Agency carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the four preceding years.

On May 18, 2023, KYMEA received favorable ruling related to the depancaked transmission expenses related to changes in the LG&E-KU de-pancaking settlement totaling approximately \$10.2 million. \$5.3 million of this settlement decreased current year operating expenses while the remaining \$4.9 million was related to depancaked charges in prior periods reported as nonoperating revenue in 2023.

Note 11: Subsequent Event

On August 25, 2023, the Frankfort Plant Board (FPB) provided notice to KYMEA to terminate the All Requirements Power Sales Contract (AR Contract). The effective date of the termination is June 1, 2029. The AR Contract explicitly addresses a member's termination and the exiting member's continuing obligations for costs that derive from commitments made by KYMEA prior to the termination of the AR Contract. Management has studied FPB's AR Contract termination and identified no adverse effects to the Agency or to the remaining AR Contract members.



KENTUCKY MUNICIPAL ENERGY AGENCY



Financial Presentation

September 28, 2023

Heather Overby

Statement of Net Position – July 2023

CURRENT ASSETS

Jul 2023

Cash And Investments	\$14,467,095	(1)
Other Receivables	\$18,715,045	(2)
Prepayments And Other Current Assets	\$0	
Total Current Assets	\$33,182,141	

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

Statement of Net Position – July 2023

NON-CURRENT ASSETS

Pledge Collateral	\$4,796,161	(3)
Investment In Sedc	\$2,557	
Fixed Asset Clearing Account	\$466,070	
Office Buildout	\$260,238	
Meters - Ar Project	\$215,985	
Meter Comm Equipment	\$342,230	
General Plant	\$3,291,582	
Construction Work In Progress	\$0	
Less Accumulated Depreciation	(\$1,231,527)	
Total Non-Current Assets	\$8,143,295	

Total Assets **\$41,325,435**

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows	\$0
Total Deferred Outflows	\$0

Total Assets & Deferred Outflows of Resources **\$41,325,435**

3) Collateral represents \$3.2m at MISO, \$1.6m at PJM, and \$0 in hedge collateral.

Statement of Net Position – July 2023

LIABILITIES

Accounts Payable	\$9,644,201	(4)
Accrued Interest Payable	\$14,375	
Total Current Liabilities	\$9,658,576	
Accrued Employee Benefits	\$220,669	
Deferred Liabilities	\$1,956,390	(5)
Line Of Credit	\$0	(6)
Total Non-Current Liabilities	\$2,177,059	
Total Liabilities	\$11,835,635	

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$0
Total Deferred Inflows	\$0
Total Liabilities & Deferred Inflows	\$11,835,635

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$3,344,577	
Restricted	\$4,796,161	
Unrestricted	\$21,349,063	
Total Net Position	\$29,489,800	(7)

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

Statement Revenue, Expenses, and Changes in Net Position – July 2023



OPERATING REVENUE

	Jul 2023	YTD FY2024	
Sales To Members	\$8,492,372	\$8,492,372	(8)
Rto Market Revenue	\$1,039,216	\$1,039,216	(9)
Transmission Services	\$82,926	\$82,926	(10)
Miscellaneous Revenue	\$0	\$0	
Total Operating Revenue	\$9,614,515	\$9,614,515	

OPERATING EXPENSES

Transmission	\$1,420,217	\$1,420,217	(11)
Production	\$6,663,459	\$6,663,459	(12)
Administrative And General	\$127,919	\$127,919	
Depreciation Expense	\$41,223	\$41,223	
Total Purchase Power and Operating Expenses	\$8,252,819	\$8,252,819	

Operating Income	\$1,361,696	\$1,361,696	
-------------------------	--------------------	--------------------	--

NON-OPERATING REVENUE

Interest Expense On Debt	(\$11,106)	(\$11,106)	
Interest Income	\$87,627	\$87,627	
Other Non-Operating Income (Expense)	(\$9,623)	(\$9,623)	
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0	
Total Non-Operating Revenues (Expenses)	\$66,898	\$66,898	

NET POSITION CHANGES

Change in Net Position	\$1,428,594	\$1,428,594	(13)
Net Position at Beginning of Period	\$28,061,206	\$28,061,206	
Net Position at End of Period	\$29,489,800	\$29,489,800	

- 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/ Positive YTD Net Income

Indirect Statement of Cash Flows – July 2023

CASH FROM OPERATING ACTIVITIES	Jul 2023	YTD FY2024	
Net Income	\$1,428,594	\$1,428,594	(14)
Depreciation Monthly	\$41,223	\$41,223	
Accounts Receivable	(\$1,221,973)	(\$1,221,973)	(15)
Prepayments & Other Current Assets	\$0	\$0	
Accounts Payable	\$194,599	\$194,599	(15)
Taxes & Interest Accrued	(\$3,729)	(\$3,729)	
Other Current Liabilities	\$7,900	\$7,900	
Deferred Liabilities	(\$7,596)	(\$7,596)	
Deferred Inflows Monthly	\$0	\$0	
Net Cash Provided by (Used in) Operations	\$439,018	\$439,018	
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Additions to Plant Monthly	(\$141,619)	(\$141,619)	
Net Change in Other Prop & Invest	(\$6,338)	(\$6,338)	
Net Cash Provided by (Used in) Investing	(\$147,957)	(\$147,957)	
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..	\$291,062	\$291,062	
Cash & Temp Investment Beginning of Period	\$14,176,034	\$14,176,034	
Cash & Investments End of Period	\$14,467,095	\$14,467,095	(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.

Statement of Net Position – August 2023

CURRENT ASSETS

Aug 2023

Cash And Investments	\$16,025,239	(1)
Other Receivables	\$19,993,050	(2)
Prepayments And Other Current Assets	\$0	
Total Current Assets	\$36,018,290	

- 1) Checking and Rate Stabilization Fund cash
- 2) Billing to AR , Transmission service members, and Depancaking

Statement of Net Position – August 2023

NON-CURRENT ASSETS

Pledge Collateral	\$4,802,735	(3)
Investment In Sedc	\$2,557	
Fixed Asset Clearing Account	\$499,093	
Office Buildout	\$260,238	
Meters - Ar Project	\$215,985	
Meter Comm Equipment	\$342,230	
General Plant	\$3,291,582	
Construction Work In Progress	\$0	
Less Accumulated Depreciation	(\$1,272,750)	
Total Non-Current Assets	\$8,141,670	

3) Collateral represents \$3.2m at MISO, \$1.6m at PJM, and \$0 in hedge collateral.

Total Assets **\$44,159,960**

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows	\$0
Total Deferred Outflows	\$0

Total Assets & Deferred Outflows of Resources **\$44,159,960**

Statement of Net Position – August 2023

LIABILITIES

Accounts Payable	\$9,677,633	(4)
Accrued Interest Payable	\$4,844	
Total Current Liabilities	\$9,682,477	
Accrued Employee Benefits	\$225,478	
Deferred Liabilities	\$1,948,763	(5)
Line Of Credit	\$0	(6)
Total Non-Current Liabilities	\$2,174,241	
Total Liabilities	\$11,856,717	

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$0
Total Deferred Inflows	\$0
Total Liabilities & Deferred Inflows	\$11,856,717

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$3,336,378	
Restricted	\$4,802,735	
Unrestricted	\$24,164,129	
Total Net Position	\$32,303,242	(7)

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

Statement Revenue, Expenses, and Changes in Net Position – August 2023

OPERATING REVENUE

	Aug 2023	YTD FY2024	
Sales To Members	\$8,818,148	\$17,310,520	(8)
Rto Market Revenue	\$1,124,748	\$2,163,964	(9)
Transmission Services	\$104,652	\$187,578	(10)
Miscellaneous Revenue	\$0	\$0	
Total Operating Revenue	\$10,047,548	\$19,662,062	

OPERATING EXPENSES

Transmission	\$616,488	\$2,036,705	(11)
Production	\$6,494,509	\$13,157,968	(12)
Administrative And General	\$246,672	\$374,591	
Depreciation Expense	\$41,223	\$82,446	
Total Purchase Power and Operating Expenses	\$7,398,893	\$15,651,711	

Operating Income	\$2,648,655	\$4,010,351	
-------------------------	--------------------	--------------------	--

NON-OPERATING REVENUE

Interest Expense On Debt	(\$10,918)	(\$22,024)	
Interest Income	\$181,502	\$269,129	
Other Non-Operating Income (Expense)	(\$5,797)	(\$15,420)	
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0	
Total Non-Operating Revenues (Expenses)	\$164,787	\$231,685	

NET POSITION CHANGES

Change in Net Position	\$2,813,442	\$4,242,037	(13)
Net Position at Beginning of Period	\$29,489,800	\$28,061,206	
Net Position at End of Period	\$32,303,242	\$32,303,242	

- 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/ Positive YTD Net Income

Indirect Statement of Cash Flows – August 2023

CASH FROM OPERATING ACTIVITIES	Aug 2023	YTD FY2024	
Net Income	\$2,813,442	\$4,242,037	(14)
Depreciation Monthly	\$41,223	\$82,446	
Accounts Receivable	(\$1,278,005)	(\$2,499,979)	(15)
Prepayments & Other Current Assets	\$0	\$0	
Accounts Payable	\$31,899	\$226,499	(15)
Taxes & Interest Accrued	(\$7,999)	(\$11,728)	
Other Current Liabilities	\$4,809	\$12,709	
Deferred Liabilities	(\$7,628)	(\$15,224)	
Deferred Inflows Monthly	\$0	\$0	
Net Cash Provided by (Used in) Operations	\$1,597,743	\$2,036,761	
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Additions to Plant Monthly	(\$33,024)	(\$174,643)	
Net Change in Other Prop & Invest	(\$6,575)	(\$12,912)	
Net Cash Provided by (Used in) Investing	(\$39,599)	(\$187,555)	
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..	\$1,558,144	\$1,849,206	
Cash & Temp Investment Beginning of Period	\$14,467,095	\$14,176,034	
Cash & Investments End of Period	\$16,025,239	\$16,025,239	(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 – August 2023



KEY FINANCIAL METRICS

FY2024 Actuals Through August 2023 + Budget

Days Cash on Hand

54.87 ▲

Leverage

6.70 ▼

Coverage of Full Obligations

1.08 ▲

Debt Service Coverage

1.08 ▲

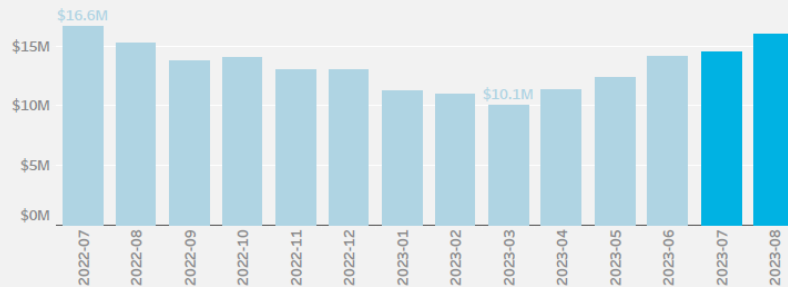
Financial Metrics – August 2023

Days Cash On Hand

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

$$\begin{array}{rclclcl} \$16.0\text{M} & & \$292,078 & & 54.87 \\ \text{Unrestricted Cash} & \div & \text{Adjusted Operating Expense per Day} & = & \text{Days Cash On Hand} \\ & & \$106.90\text{M} / 366 \text{ days} & & \end{array}$$

Cash on Hand through Current Month



Unrestricted Cash

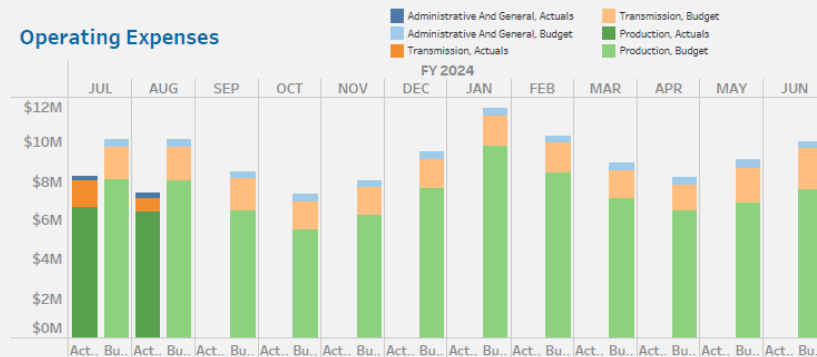
Adjusted Operating Expenses

Days Cash On Hand

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

$$\begin{array}{rclclcl} \$16.0\text{M} & & \$292,078 & & 54.87 \\ \text{Unrestricted Cash} & \div & \text{Adjusted Operating Expense per Day} & = & \text{Days Cash On Hand} \\ & & \$106.90\text{M} / 366 \text{ days} & & \end{array}$$

Operating Expenses



Unrestricted Cash

Adjusted Operating Expenses

Financial Metrics – August 2023

Leverage

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

6.70

Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Net Adjusted Debt



Leverage

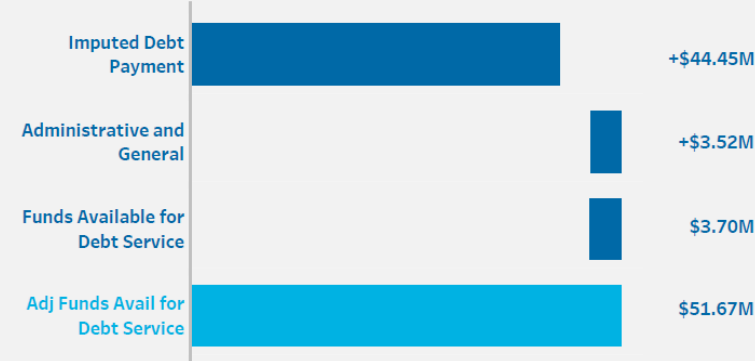
The size of the debt to the margin available to cover all debt service and fixed charges.

6.70

Net Adjusted Debt

Adjusted Funds Available
for Debt Service

Adjusted Funds Available for Debt Service



Financial Metrics – August 2023

Coverage of Full Obligations

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

1.08

Funds Available
for Debt Service

÷

Total Debt Service
& Fixed Charges

Imputed Debt
Payment

\$44.45M

Administrative &
General Expense

\$3.52M

EBITDA &
Interest Income

\$3.70M

Debt Service Coverage

The funds available from operations to cover current debt service.

1.08

Funds Available
for Debt Service

÷

Total Debt
Service

Imputed Debt
Payment

\$44.45M

EBITDA &
Interest Income

\$3.70M

Statement of Net Position

FY2024 Actuals as of August 2023

CURRENT ASSETS	Aug 2023
Cash And Investments	\$16,025,239
Other Receivables	\$19,993,050
Prepayments And Other Current Assets	\$0
Total Current Assets	\$36,018,290

NON-CURRENT ASSETS

Pledge Collateral	\$4,802,735
Investment In Sedc	\$2,557
Fixed Asset Clearing Account	\$499,093
Office Buildout	\$260,238
Meters - Ar Project	\$215,985
Meter Comm Equipment	\$342,230
General Plant	\$3,291,582
Construction Work In Progress	\$0
Less Accumulated Depreciation	(\$1,272,750)
Total Non-Current Assets	\$8,141,670

Total Assets **\$44,159,960**

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows	\$0
Total Deferred Outflows	\$0

Total Assets & Deferred Outflows of Resources **\$44,159,960**

LIABILITIES

Accounts Payable	\$9,677,633
Accrued Interest Payable	\$4,844
Total Current Liabilities	\$9,682,477

Accrued Employee Benefits	\$225,478
Deferred Liabilities	\$1,948,763
Line Of Credit	\$0
Total Non-Current Liabilities	\$2,174,241

Total Liabilities **\$11,856,717**

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$0
Total Deferred Inflows	\$0

Total Liabilities & Deferred Inflows **\$11,856,717**

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$3,336,378
Restricted	\$4,802,735
Unrestricted	\$24,164,129

Total Net Position **\$32,303,242**

Statement of Revenue, Expenses, and Changes in Net Position

FY2024 Actuals as of August 2023

OPERATING REVENUE	Aug 2023	YTD FY2024
Sales To Members	\$8,818,148	\$17,310,520
Rto Market Revenue	\$1,124,748	\$2,163,964
Transmission Services	\$104,652	\$187,578
Miscellaneous Revenue	\$0	\$0
Total Operating Revenue	\$10,047,548	\$19,662,062

OPERATING EXPENSES

Transmission	\$616,488	\$2,036,705
Production	\$6,494,509	\$13,157,968
Administrative And General	\$246,672	\$374,591
Depreciation Expense	\$41,223	\$82,446
Total Purchase Power and Operating Expenses	\$7,398,893	\$15,651,711

Operating Income **\$2,648,655** **\$4,010,351**

NON-OPERATING REVENUE

Interest Expense On Debt	(\$10,918)	(\$22,024)
Interest Income	\$181,502	\$269,129
Other Non-Operating Income (Expense)	(\$5,797)	(\$15,420)
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0
Total Non-Operating Revenues (Expenses)	\$164,787	\$231,685

NET POSITION CHANGES

Change in Net Position	\$2,813,442	\$4,242,037
Net Position at Beginning of Period	\$29,489,800	\$28,061,206
Net Position at End of Period	\$32,303,242	\$32,303,242

Indirect Statement of Cash Flows

FY2024 Actuals as of August 2023

CASH FROM OPERATING ACTIVITIES	Aug 2023	YTD FY2024
Net Income	\$2,813,442	\$4,242,037
Depreciation Monthly	\$41,223	\$82,446
Accounts Receivable	(\$1,278,005)	(\$2,499,979)
Prepayments & Other Current Assets	\$0	\$0
Accounts Payable	\$31,899	\$226,499
Taxes & Interest Accrued	(\$7,999)	(\$11,728)
Other Current Liabilities	\$4,809	\$12,709
Deferred Liabilities	(\$7,628)	(\$15,224)
Deferred Inflows Monthly	\$0	\$0

Net Cash Provided by (Used in) Operations **\$1,597,743** **\$2,036,761**

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

Additions to Plant Monthly	(\$33,024)	(\$174,643)
Net Change in Other Prop & Invest	(\$6,575)	(\$12,912)

Net Cash Provided by (Used in) Investing **(\$39,599)** **(\$187,555)**

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...	\$1,558,144	\$1,849,206
Cash & Temp Investment Beginning of Period	\$14,467,095	\$14,176,034
Cash & Investments End of Period	\$16,025,239	\$16,025,239

Month Ending
8/31/2023 11:59:59 PM



KENTUCKY MUNICIPAL ENERGY AGENCY

August 2023 Bank Reconciliation

PNC Statement Balance 8/01/2023:	\$	10,878,592.07
PNC Statement Balance 8/31/2023:	\$	12,423,889.30

Independence Statement Balance 8/01/2023:	\$	3,589,477.32
Independence Statement Balance 8/31/2023:	\$	3,598,022.59

Outstanding Checks (-):		
Ladyfingers Catering #3030	\$	(684.75)
Marceline James #3031	\$	(136.50)
Adjusted Bank Balance:	\$	16,021,090.64

Meridian Book Balance (1310000) 8/31/2023:	\$	12,427,216.69
Meridian Book Balance (1310500) 8/31/2023:	\$	3,598,022.59

Other Adjustments (+/-):		
TranServe Invoice	\$	(4,000.00)
Lumen Invoice #652526191	\$	(148.64)
Adjusted Book Balance:	\$	16,021,090.64

Adjusted Bank Balance:	\$	16,021,090.64
Adjusted Book Balance:	\$	16,021,090.64
Difference:	\$	-



KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA President & CEO Report

Doug Buresh

September 28, 2023

AGENDA

- 2023 Audit and Annual Report
- IRP2023 Timeline
- Ashwood Update

2023 Audit and Annual Report

2023

Financial statements of KYMEA for 2022, including a balance sheet and an income statement. The balance sheet shows assets, liabilities, and net position. The income statement shows revenue, operating expenses, and net income.



4 Months

Jul

Aug

Sep

Oct

Nov

Audit field work completed

Independent Auditor's Report

Financial Statement

- Year-End Closing
- FORVIS Audit Begins

Annual Report

- Report Design

Audit Complete

- Seek Board Approval

KYMEA Board Action Required

Annual Report

- Preliminary Report

Annual Report

- Release Report

AGENDA

- 2023 Audit and Annual Report
- **IRP2023 Timeline**
- Ashwood Update

IRP2023 Decision Timeline

Date	Meeting	Decision/Action Preliminary – Subject to Change
Aug 24	Regular Board Meeting	Capacity/Energy RFP Issued (Aug 25)
Sep 28	Regular Board Meeting	Board approves RICE E&C RFP (To be issued week of Oct 9)
Oct 9	Receive Results of RICE and Capacity/Energy RFPs	
Oct 9 - Oct 13	IRP2023 Evaluation Period	
Oct 19	Special Board Meeting	Present IRP2023 Results
Oct 26	Regular Board Meeting	If Board votes to advance the RICE Project forward <ul style="list-style-type: none"> • Select Investment Bank • Create Generation Participant Committee
Nov 15	Regular Board Meeting	No Action Expected
Dec 6	Receive Results of RICE E&C RFP	
Dec 6 - Dec 12	IRP2023 Evaluation Period	
Dec 13	Regular Board Meeting	Present IRP2023 Results
Jan 10	Special Board Meeting	If Board selects RICE Project <ul style="list-style-type: none"> • Authorize CEO signing of RICE and Engineering & Construction contracts post consultant due diligence review • AR Project and Board votes to add RICE PPA to Schedule B after contracts are signed
Jan 25	Regular Board Meeting	Authorize issuance of bonds to finance project

AGENDA

- 2023 Audit and Annual Report
- IRP2023 Timeline
- **Ashwood Update**

Ashwood Milestone 1

Construction Update

Presented at January 26 Board Meeting

- First Milestone Achieved: Main Power Transformer Ordered on 11/3/2022.
 - Delivery Window: 11/3/2022 – 3/1/2024 (485 days)
- All Required Permits are in place.
 - Final Permit (Storm Water Runoff) will be issued after project is 60% complete.
 - Final Site Size: 1,506 Acres
- Physical Construction will commence on or before 6/21/2023
 - Fencing, roads, etc.
- Time-Lapse Construction Camera and Drones will memorialize the construction progress.

Ashwood Milestone 2

Construction Update

Presented at February 23 Board Meeting

- Second Milestone Achieved: Solar Panels Ordered.
 - 12 Shipments – 372 shipping containers
 - Delivery Schedule: 6/8/2023 (start) – 8/31/2023 (end)
 - Up to 15 trucks per day

Wattage Class	Product Designation	Whole Pallets	Individual Pieces of Equipment	Watts
535	LR5-72HBD	816	25,295	13,532,825
540	LR5-72HBD	5,313	164,682	88,928,280
545	LR5-72HBD	576	17,858	9,732,610
Total			207,835	112,193,715

112 MW-dc

86 MW-ac

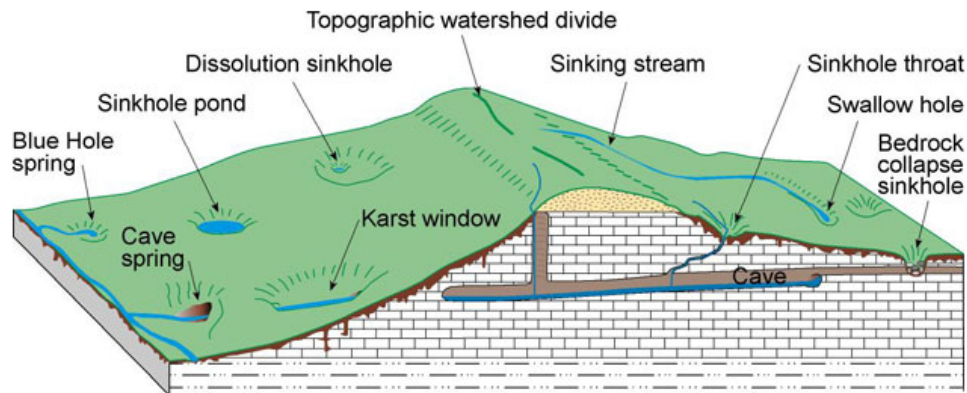
Ashwood Updated Design

Design Changes

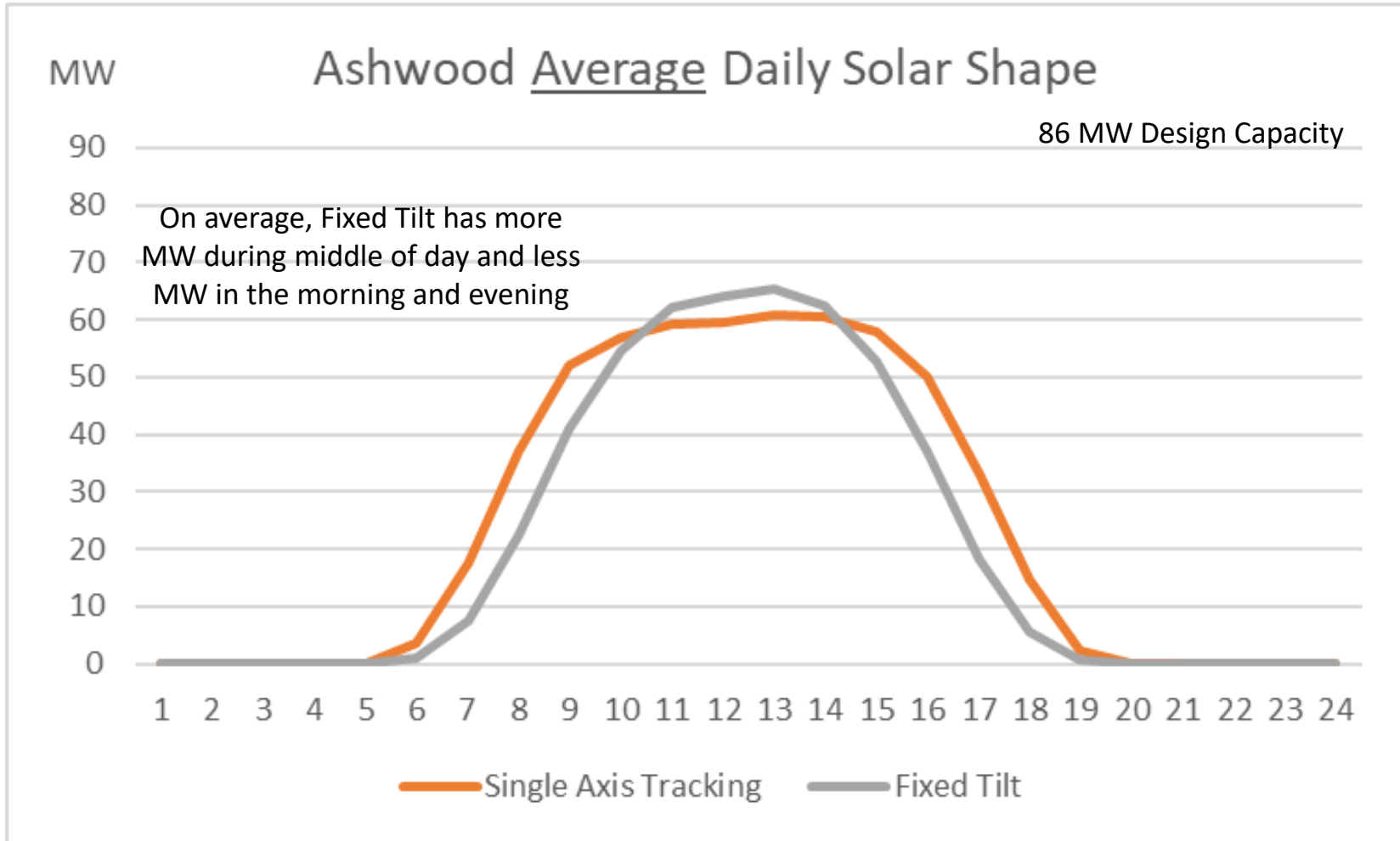
- To accommodate a karst landscape issues
 1. Site reduced from 1,506 Acres to 255 Acres
 2. Single-Axis Tracking to Fixed Tilt (bifacial solar panels)

Karst Is a Landscape

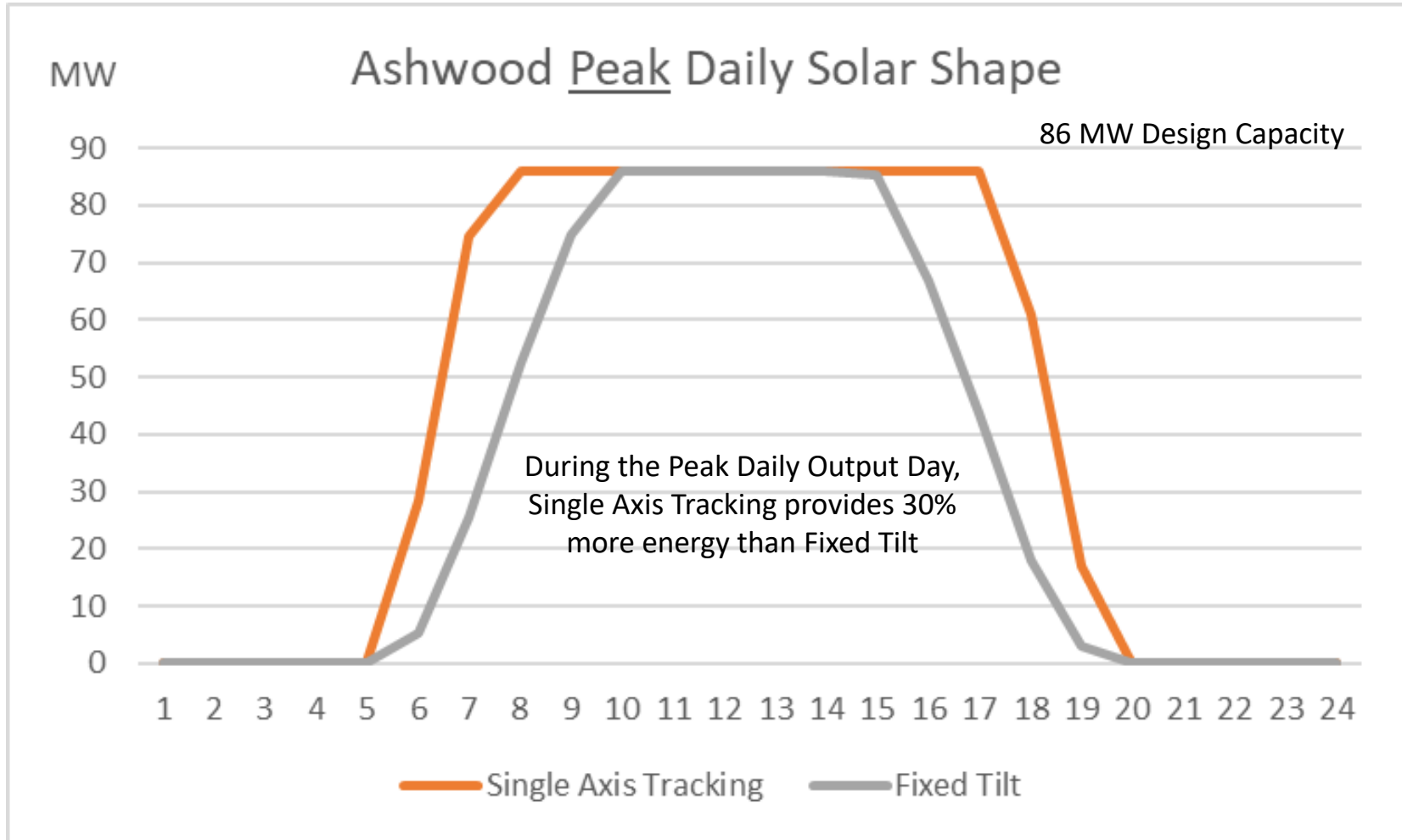
A karst landscape has sinkholes, sinking streams, caves, and springs. The term "karst" is derived from a Slavic word that means barren, stony ground. It is also the name of a region in Slovenia near the border with Italy that is well known for its sinkholes and springs. Geologists have adopted "karst" as the term for all such terrain. The term "karst" describes the whole landscape, not a single sinkhole or spring. A karst landscape most commonly develops on limestone, but can develop on several other types of rocks, such as dolostone (magnesium carbonate or the mineral dolomite), gypsum, and salt. Precipitation infiltrates into the soil and flows into the subsurface from higher elevations and generally toward a stream at a lower elevation. Weak acids found naturally in rain and soil water slowly dissolve the tiny fractures in the soluble bedrock, enlarging the joints and bedding planes. Below is a generalized block diagram showing a typical karst landscape in Kentucky. Other types of karst features occur that are not illustrated.



Ashwood Average Daily Shape



Ashwood Peak Daily Shape



Ashwood Milestone 3

Next Milestone

- Third Milestone means December 1, 2023, the date by which
 - i. Physical construction of the interconnection upgrades and other work required by the Interconnection Agreement has commenced and is in progress or completed;
 - ii. Physical construction of the Facility's photovoltaics arrays has commenced and is in progress; and
 - iii. At least ninety (90) percent of the photovoltaic modules necessary to achieve the Design Capacity have been delivered to the Facility site.



KENTUCKY MUNICIPAL ENERGY AGENCY

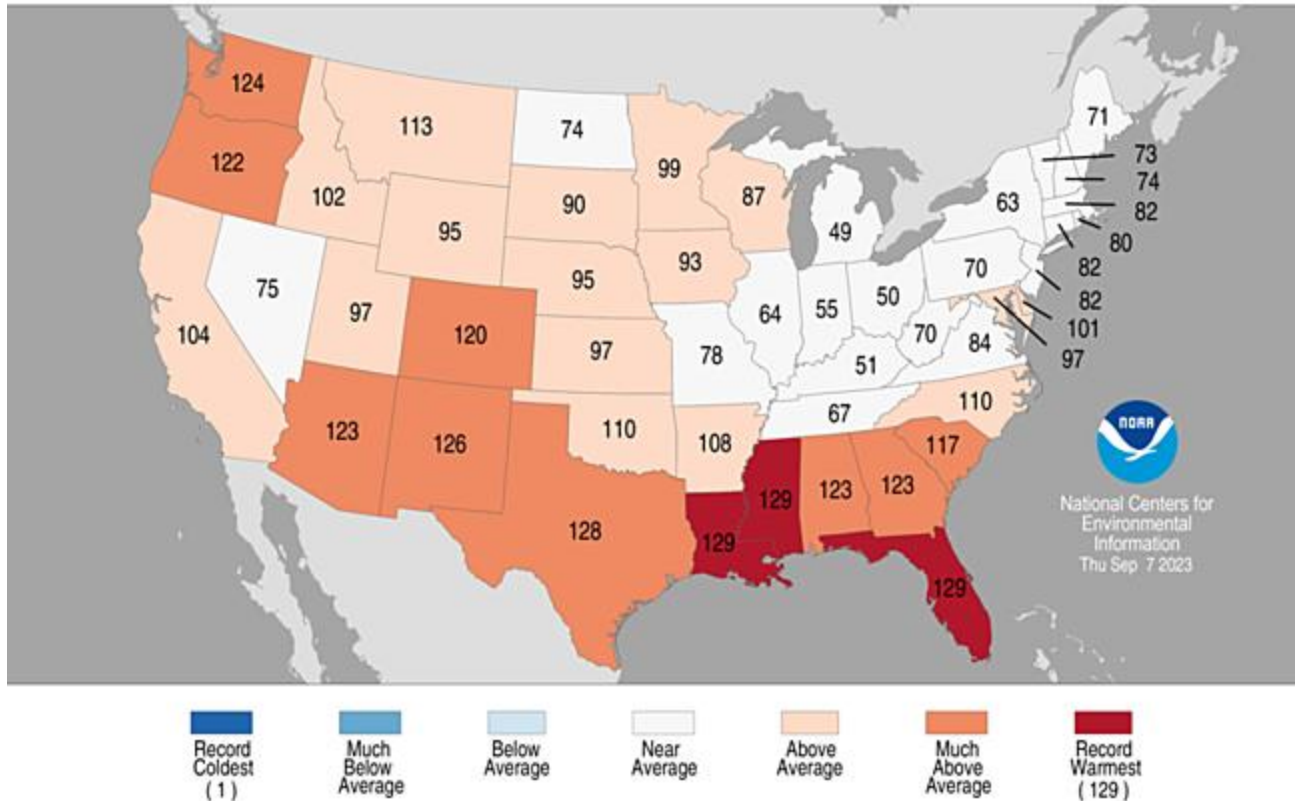


August 2023 Market Report

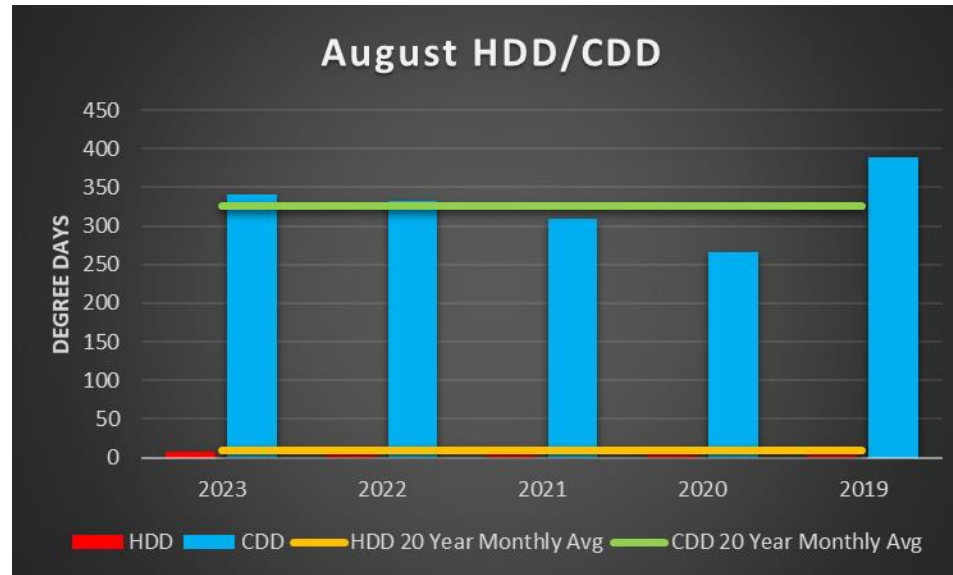
Rob Leesman

September 28, 2023

Statewide Average Temperature Ranks August 2023 Period: 1895–2023



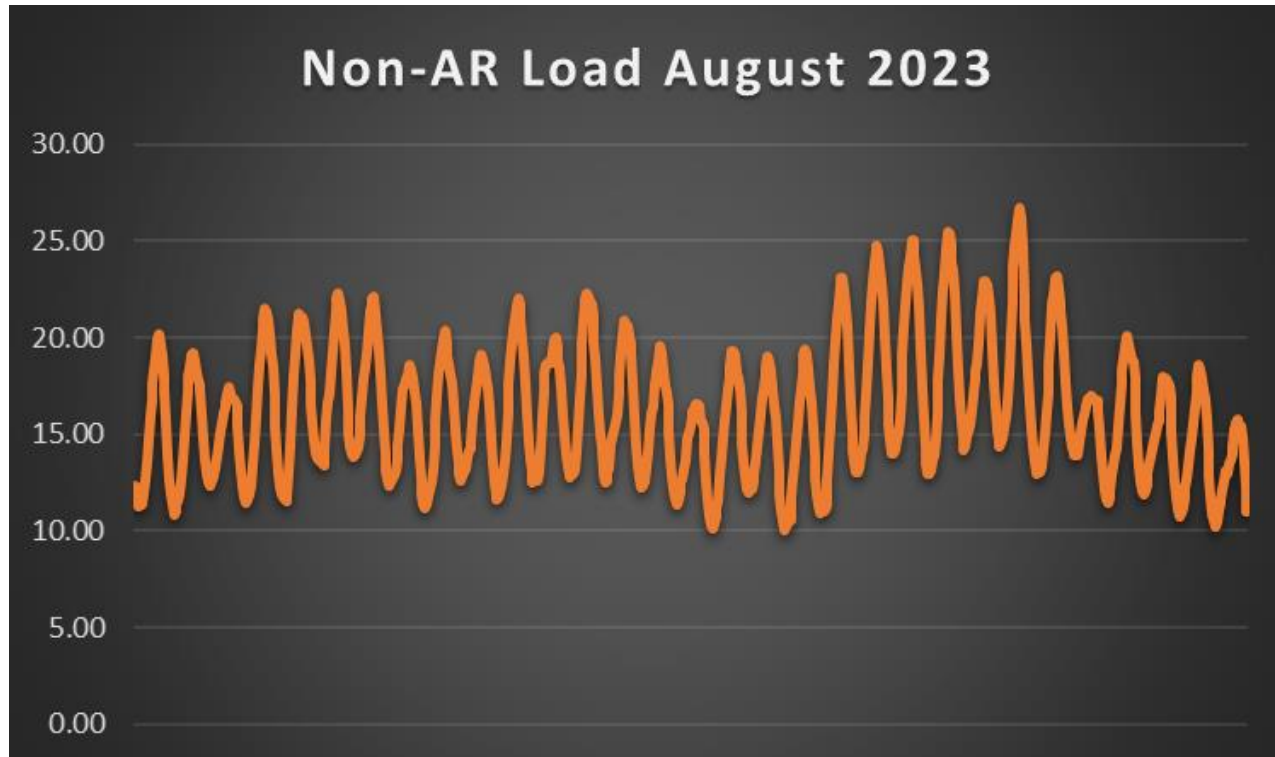
Degree Days



AR Load August 2023



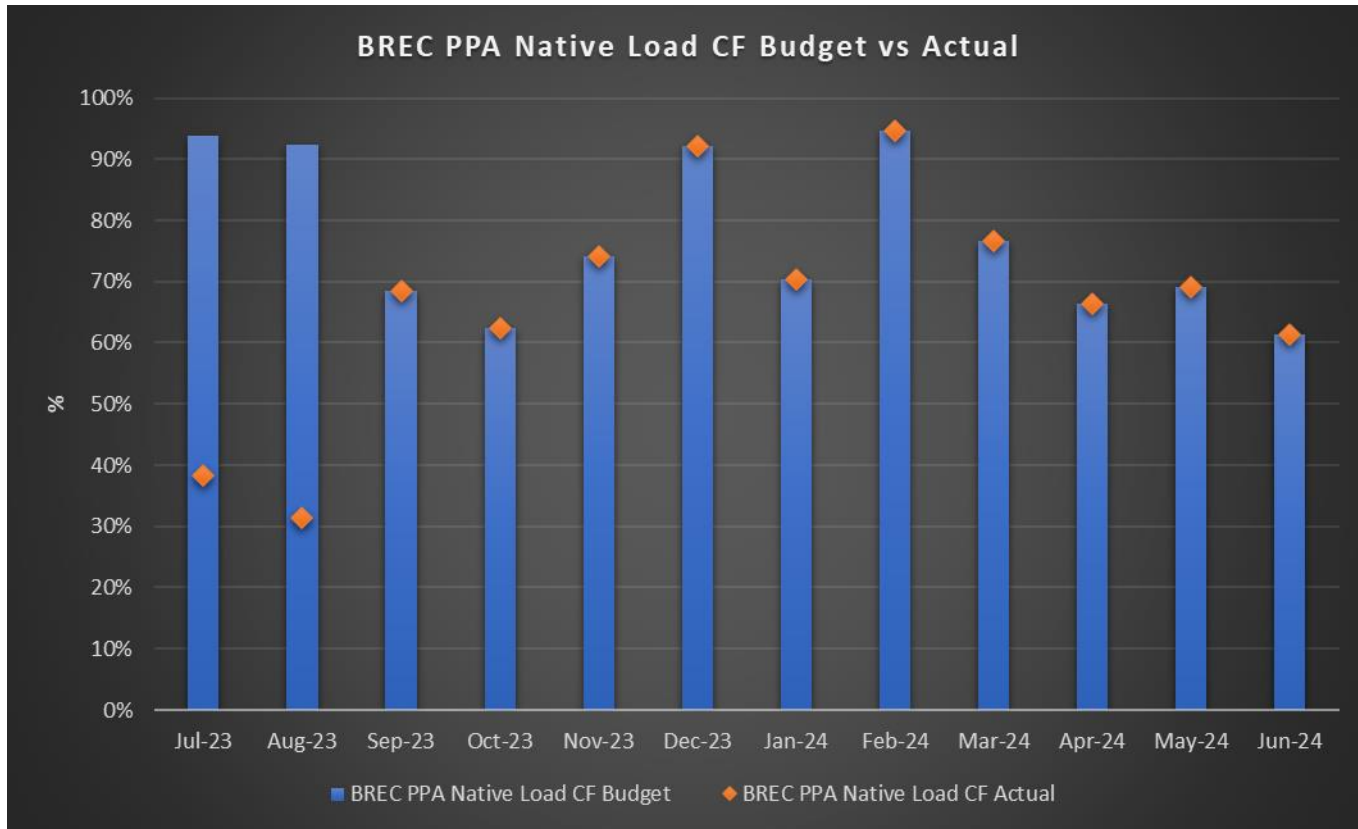
Non-AR Load August 2023



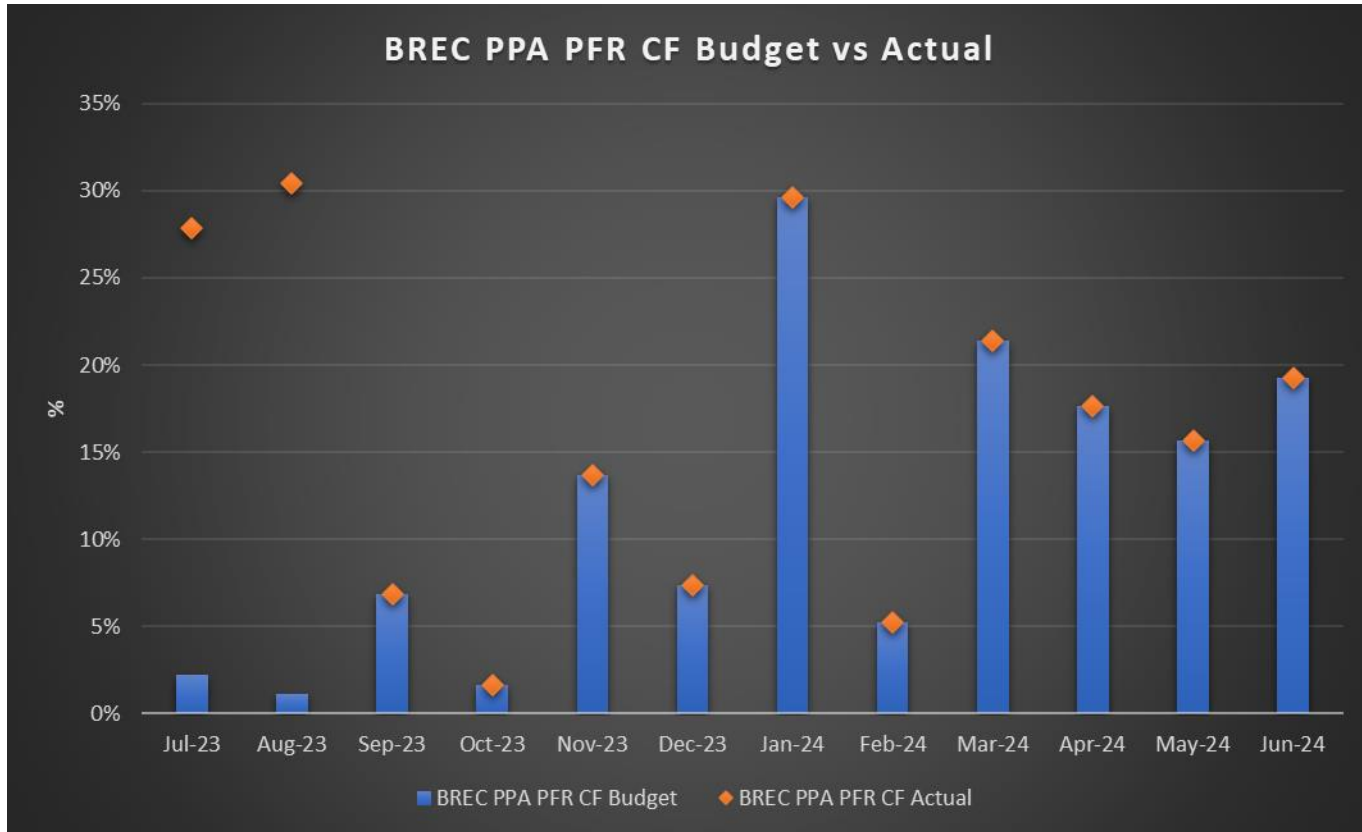
August 2023 Snapshot

Aug-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	8,479	8,185	97%	18.58	19.34	104%	8/25/2023 4:00:00 PM
Bardwell	909	869	96%	2.02	2.09	103%	8/24/2023 6:00:00 PM
Benham	428	400	94%	0.91	0.94	103%	8/25/2023 4:00:00 PM
Berea	11,452	11,694	102%	23.29	25.75	111%	8/25/2023 4:00:00 PM
Corbin	8,350	7,946	95%	18.28	18.43	101%	8/25/2023 4:00:00 PM
Falmouth	1,867	1,843	99%	4.20	4.58	109%	8/25/2023 3:00:00 PM
Frankfort	66,053	64,606	98%	132.89	137.67	104%	8/25/2023 5:00:00 PM
Madisonville	31,214	27,665	89%	61.62	60.07	97%	8/25/2023 3:00:00 PM
Owensboro	82,443	84,817	103%	176.00	185.00	105%	
Paris	5,807	5,312	91%	13.45	12.88	96%	8/25/2023 4:00:00 PM
Providence	3,064	2,810	92%	6.80	6.88	101%	8/25/2023 4:00:00 PM
AR	125,741	119,236	95%	257.84	261.95	102%	
Non-AR	11,880	12,094	102%	24.21	26.69	110%	
All	137,621	131,330	95%	282.04	288.63	102%	
Total	220,064	216,147	98%	458.04	473.63	103%	

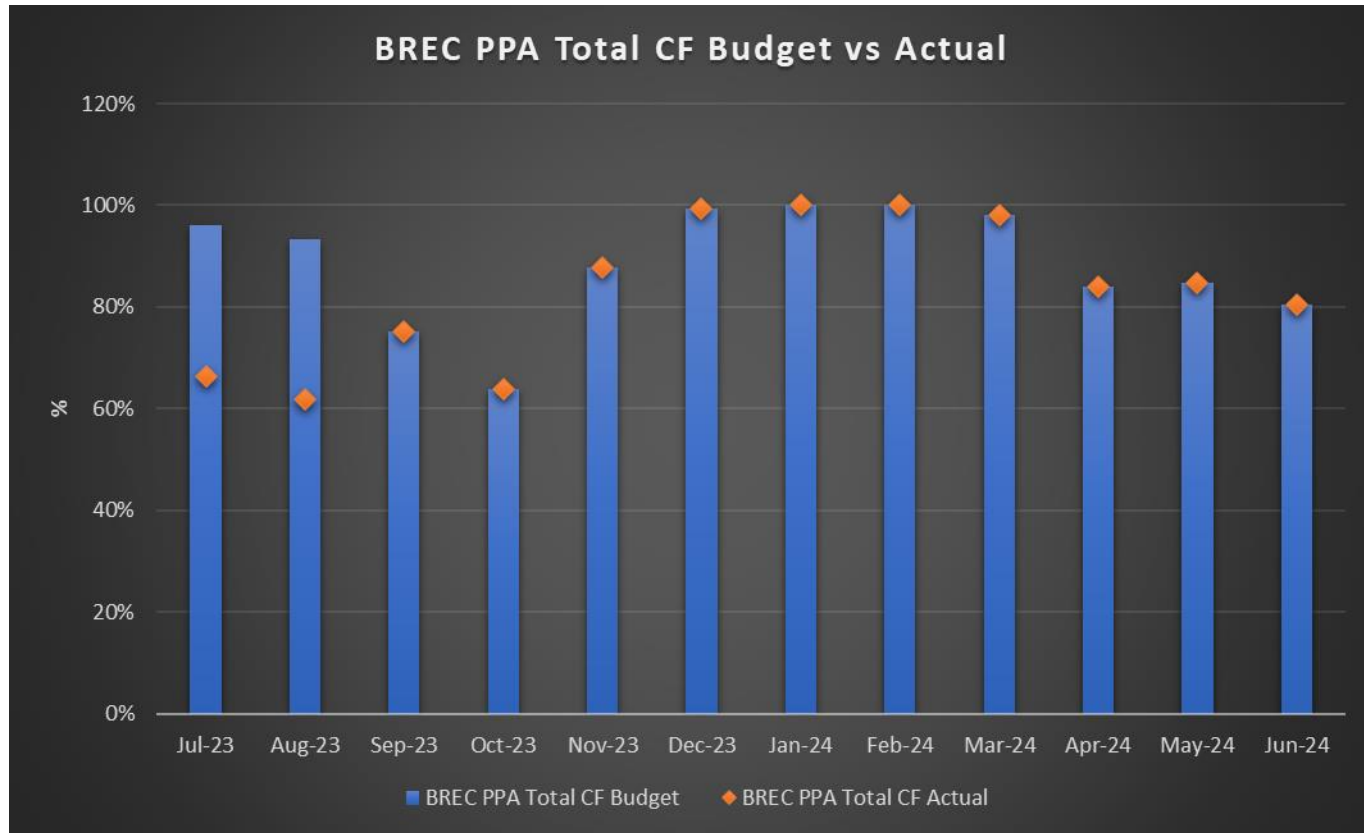
BREC PPA Load Capacity Factor FY 24



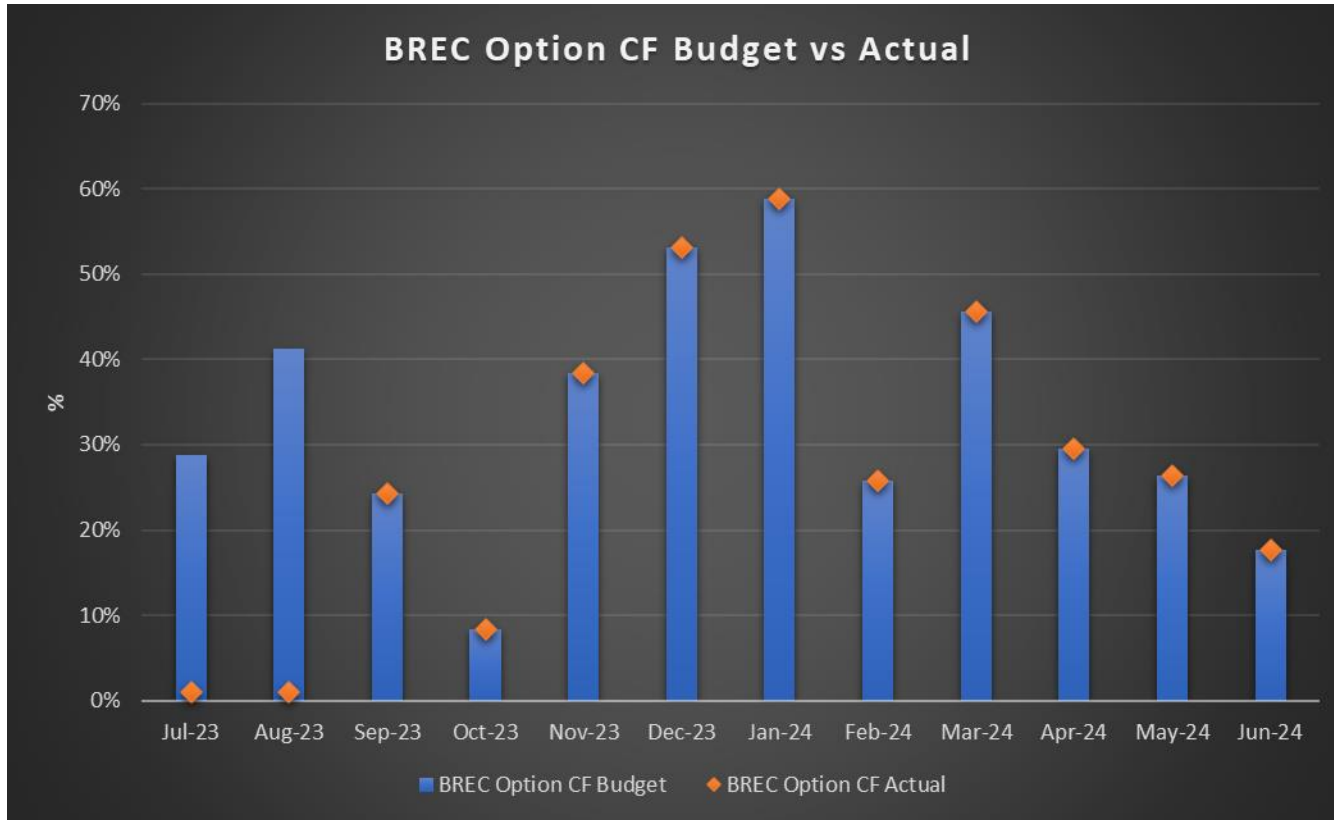
BREC PPA PFR Capacity Factor FY 24



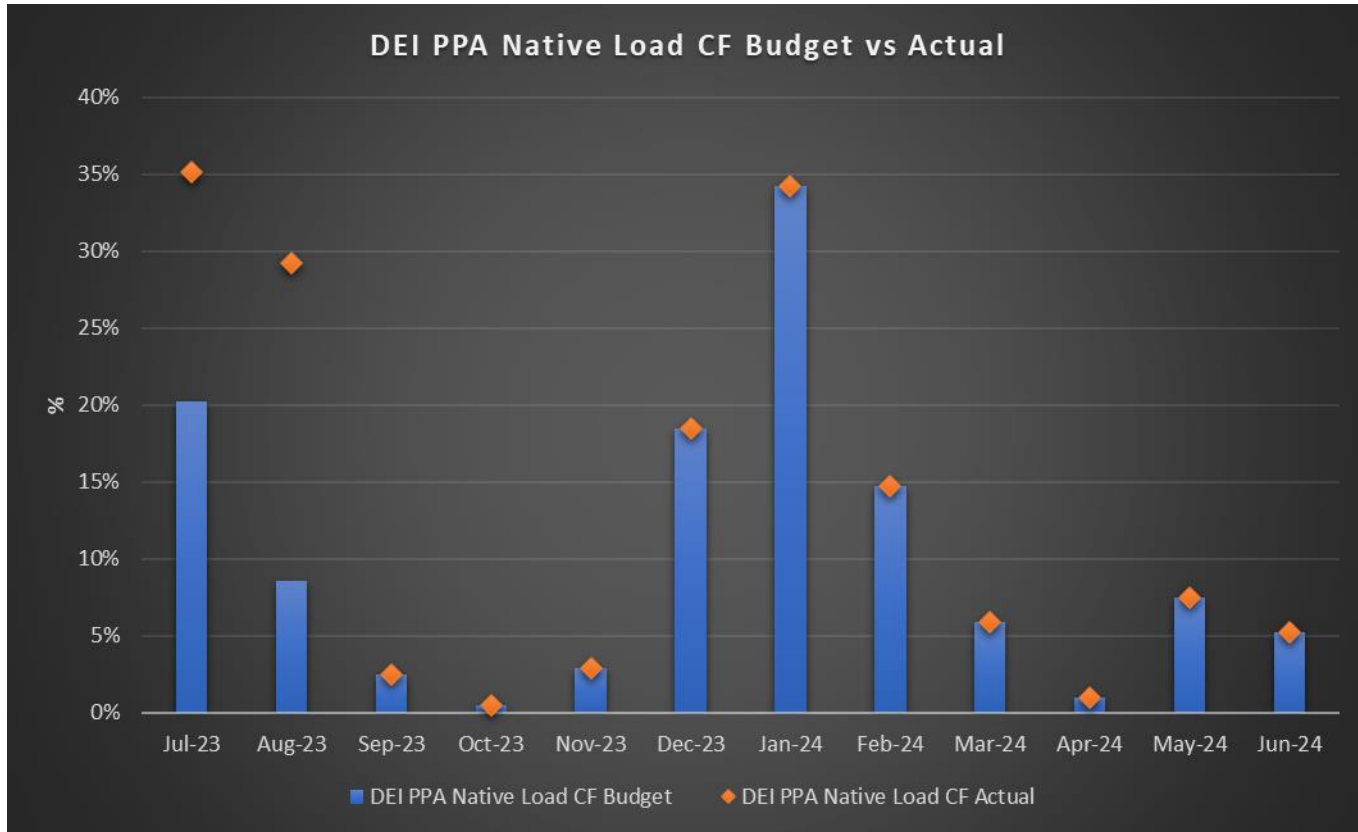
BREC PPA Capacity Factor FY 24



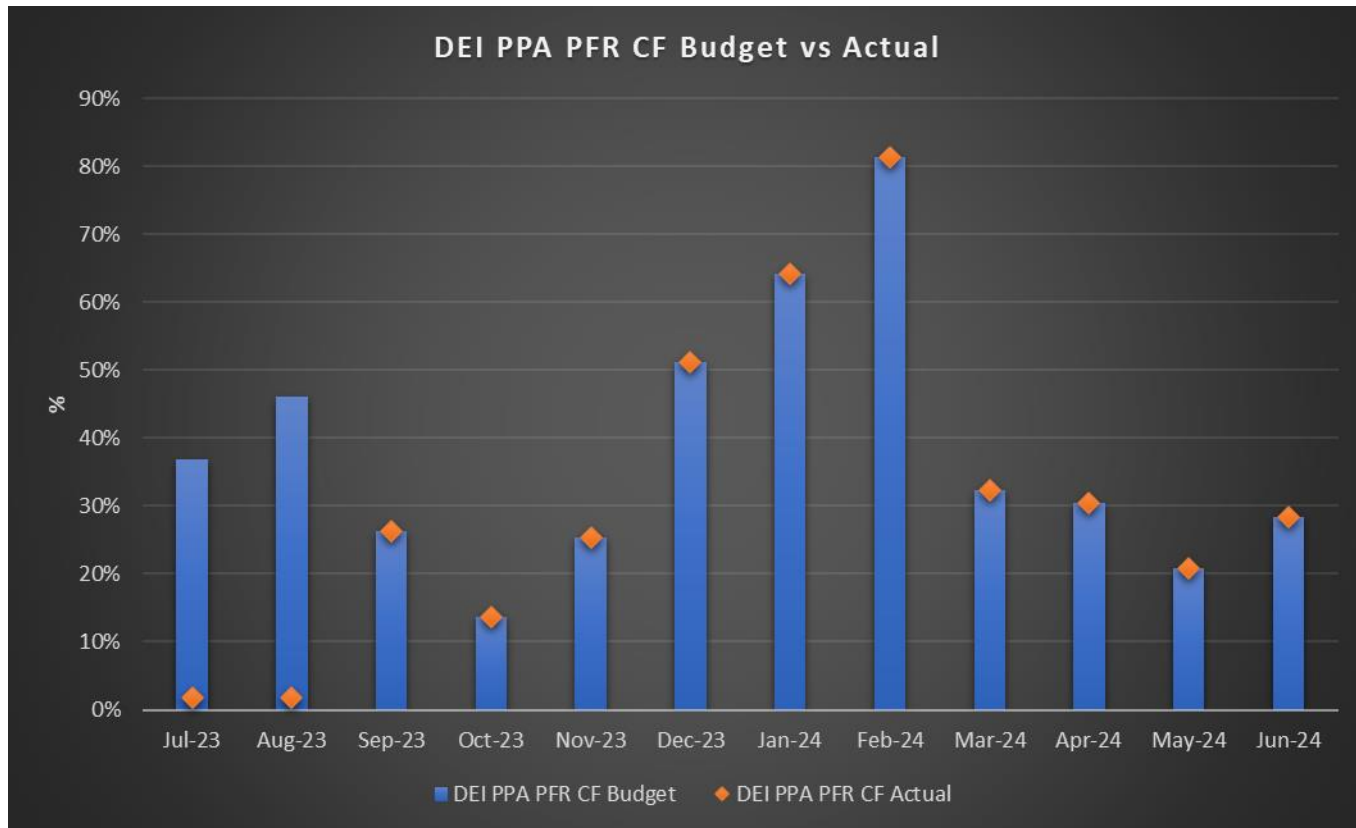
BREC Option Capacity Factor FY 24



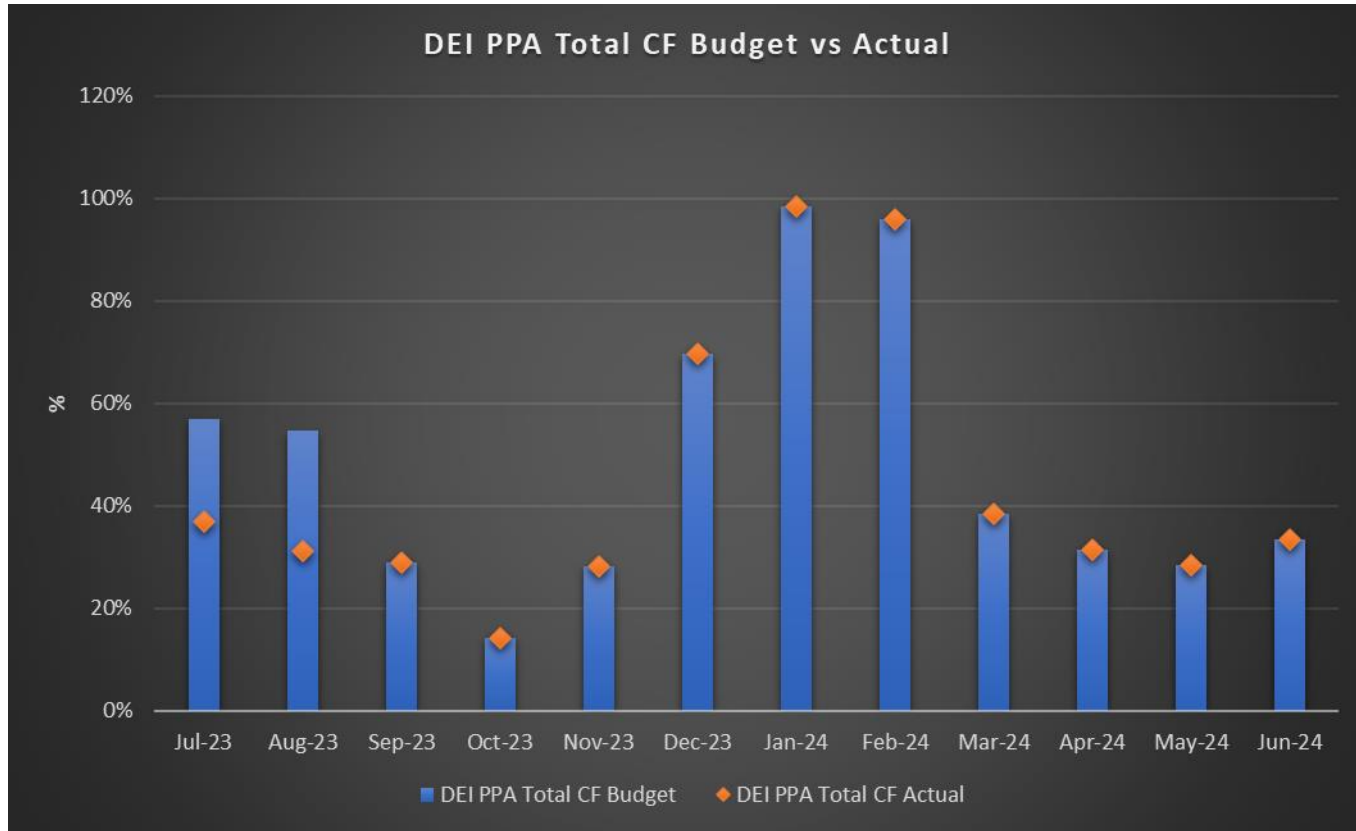
DEI PPA Load Capacity Factor FY 24



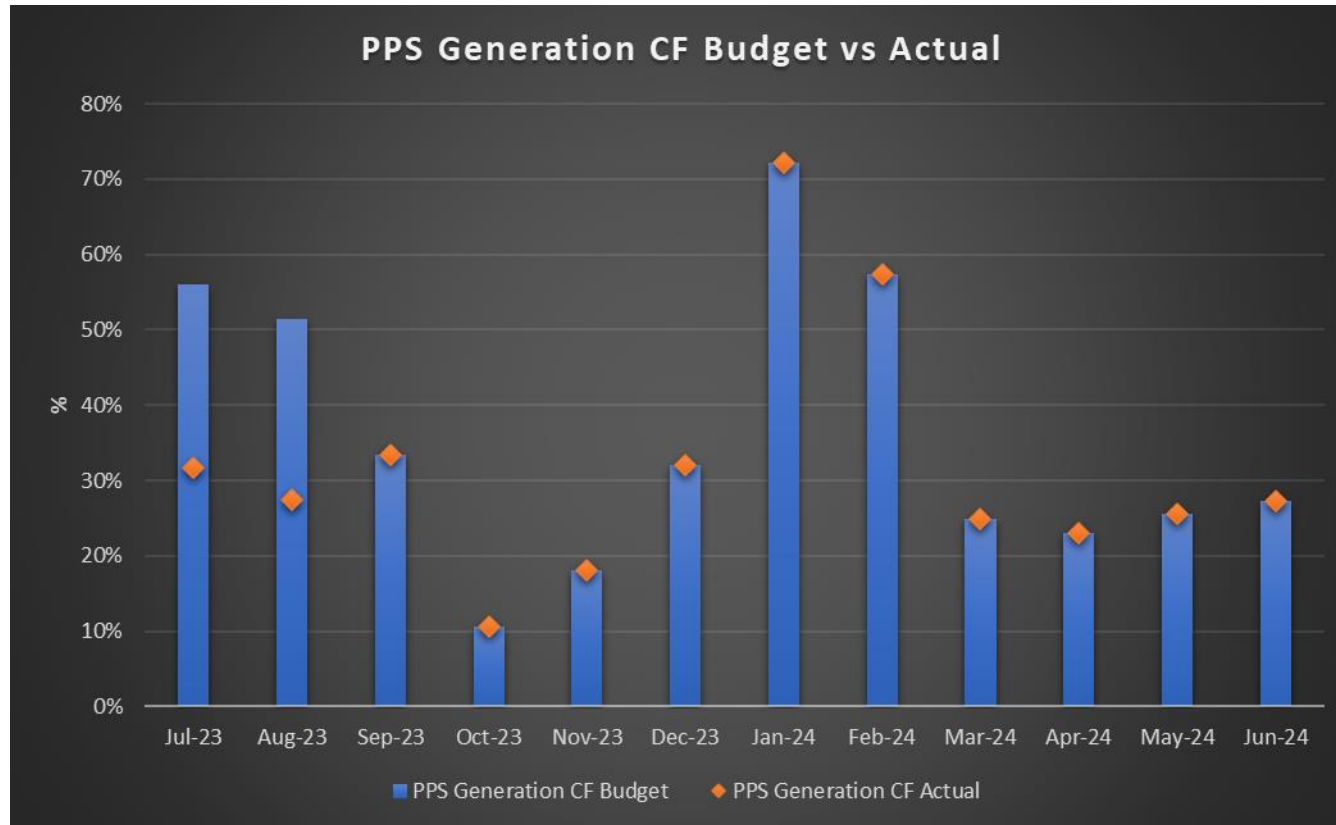
DEI PPA PFR Capacity Factor FY 24



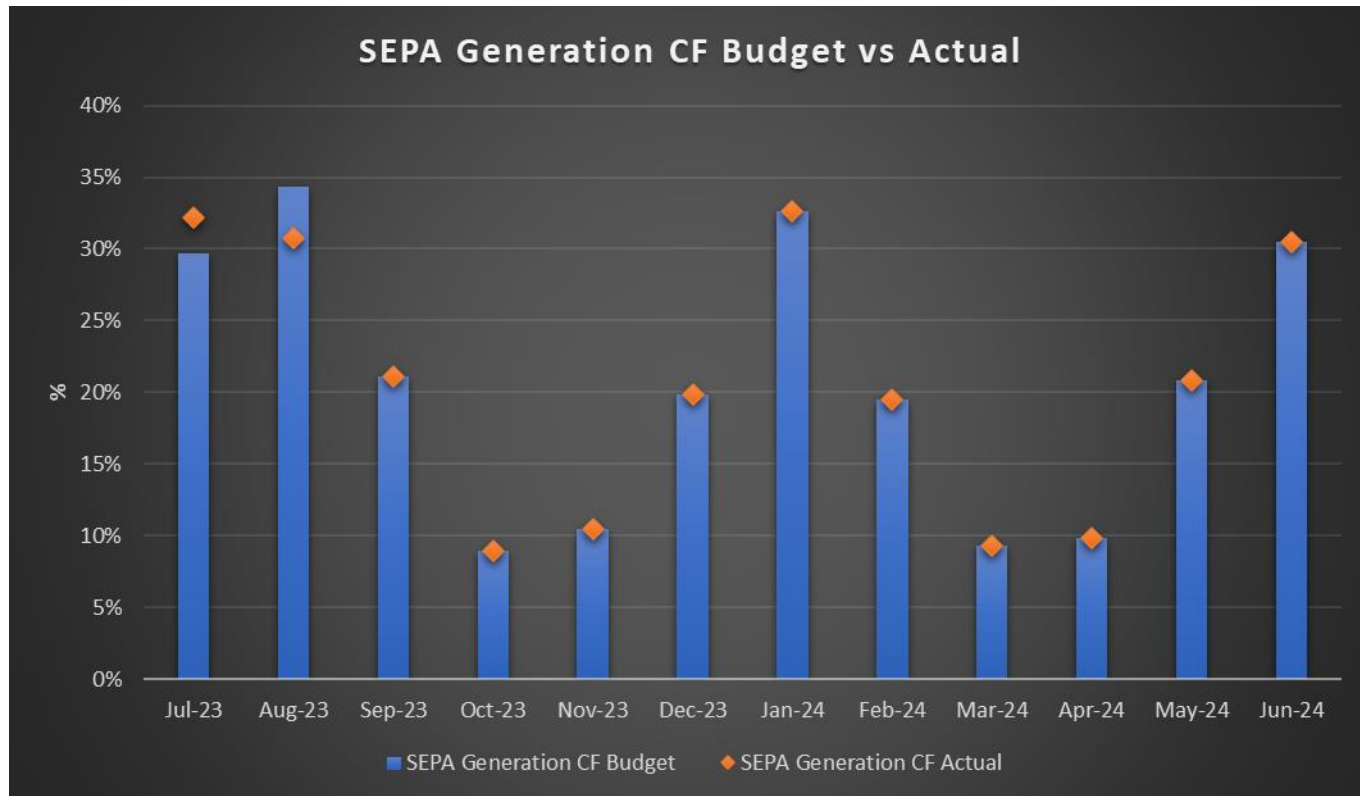
DEI Capacity Factor FY 24



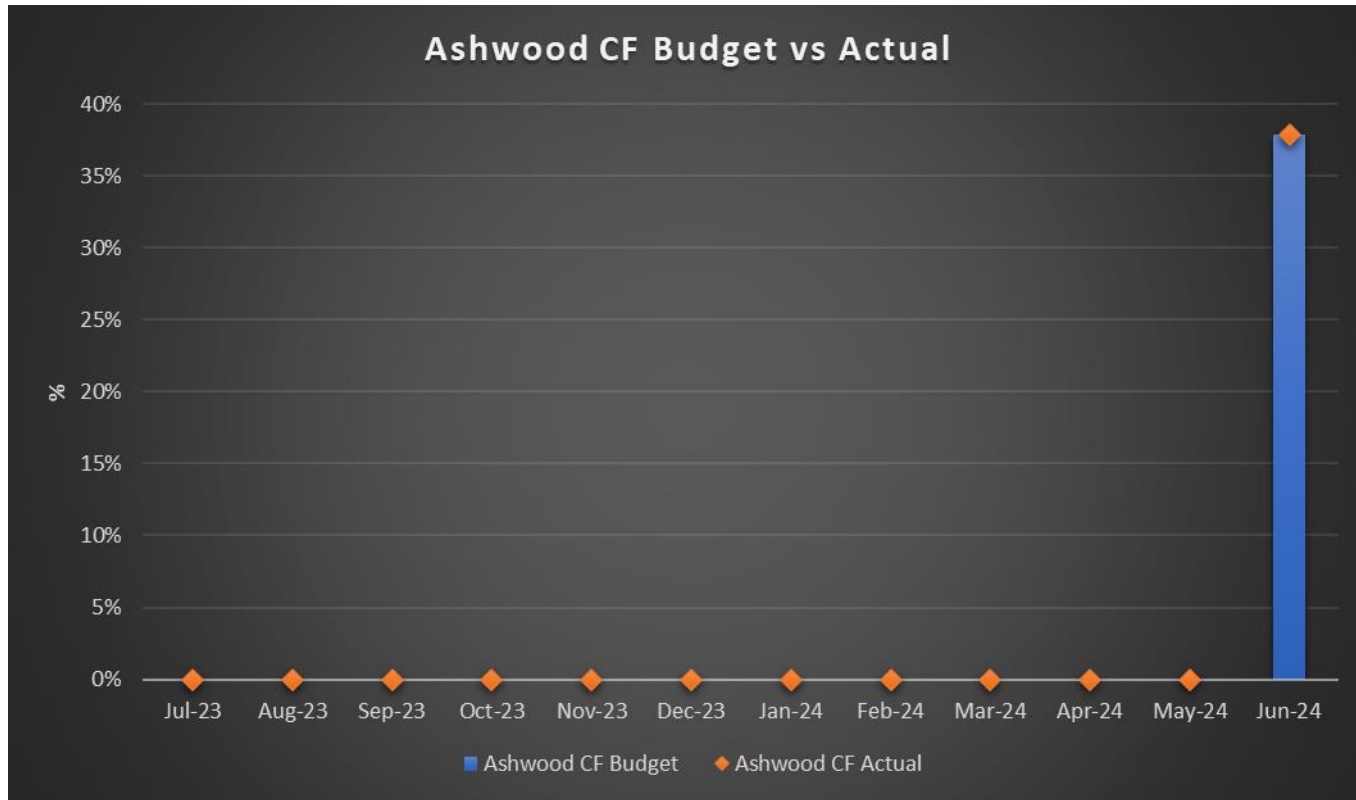
PPS PPA Capacity Factor FY 24



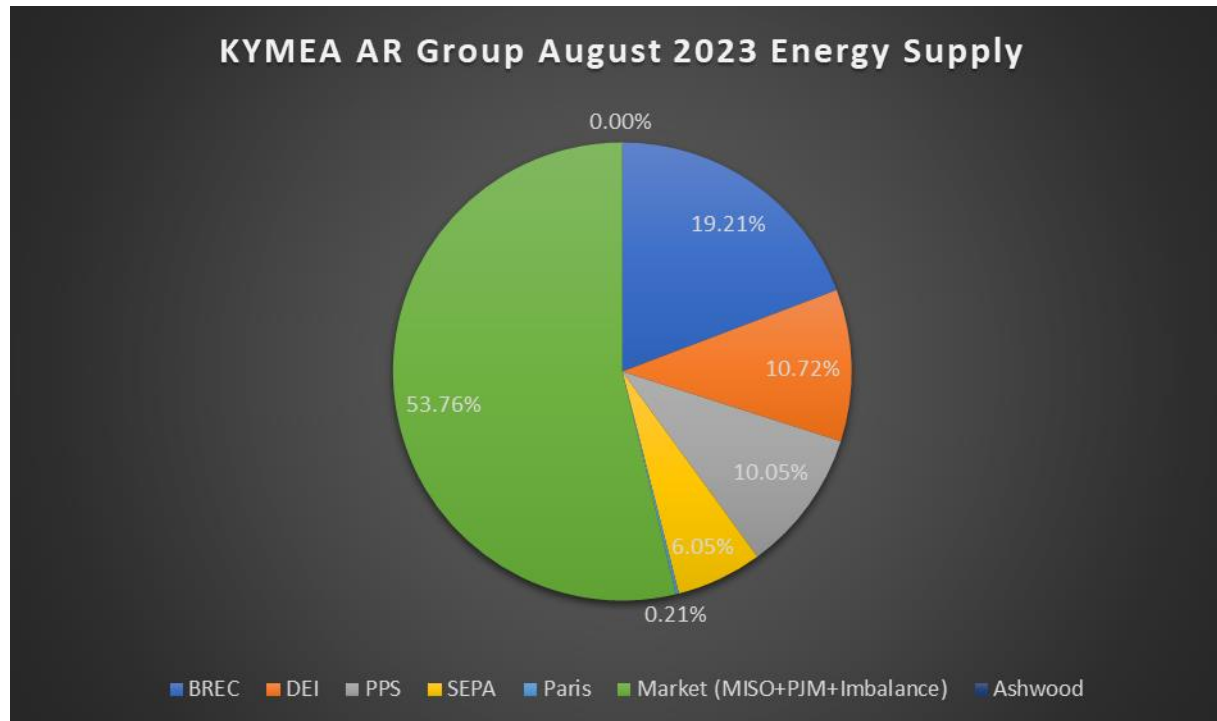
SEPA Capacity Factor FY 24



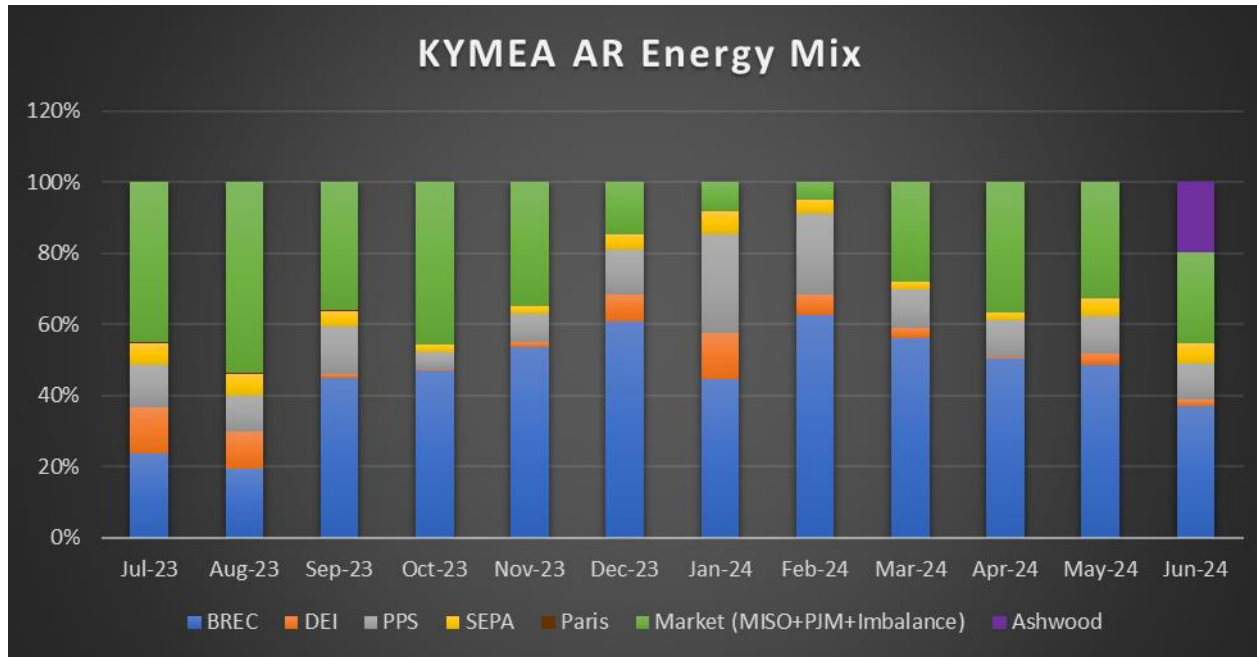
Ashwood Capacity Factor FY 24



KYMEA AR Energy Mix

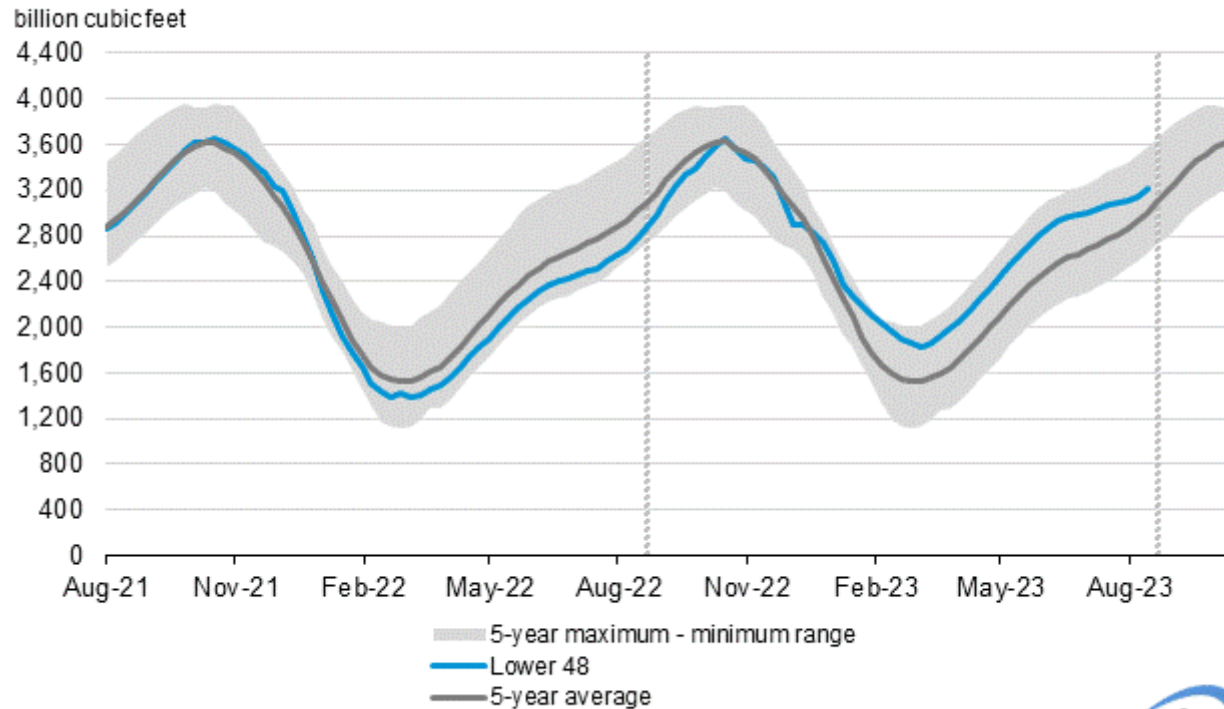


KYMEA AR Energy Mix FY 24



Working Gas in Storage (6-30-23)

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, September 05, 2023	Change from	
		last week	last year
Oil rigs	513	0.2%	-13.2%
Natural gas rigs	113	-0.9%	-31.9%

Note: Excludes any miscellaneous rigs

Rig numbers by type

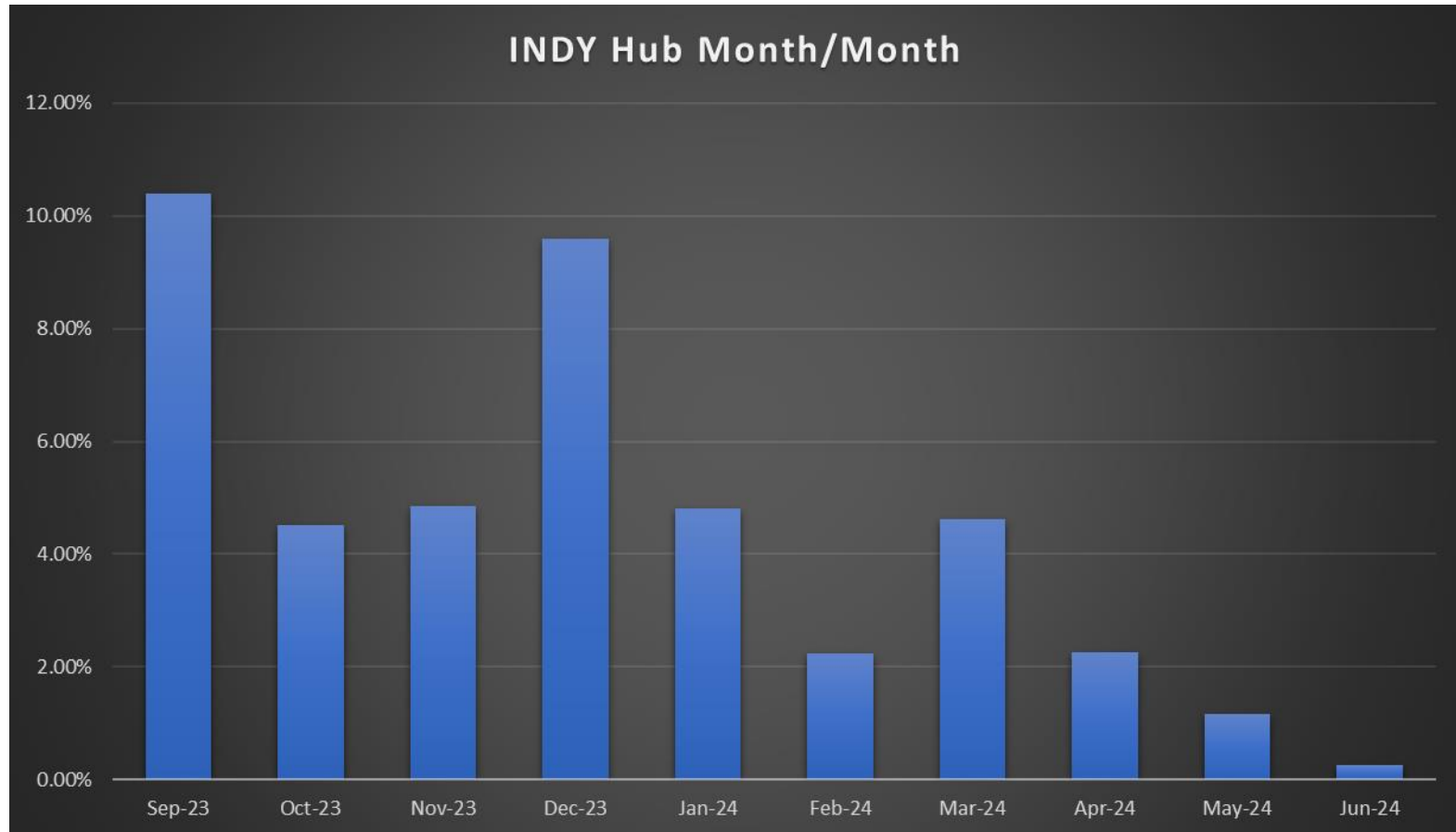
	Tue, September 05, 2023	Change from	
		last week	last year
Vertical	14	0.0%	-41.7%
Horizontal	562	-0.7%	-18.8%
Directional	56	9.8%	30.2%

Data source: Baker Hughes Company

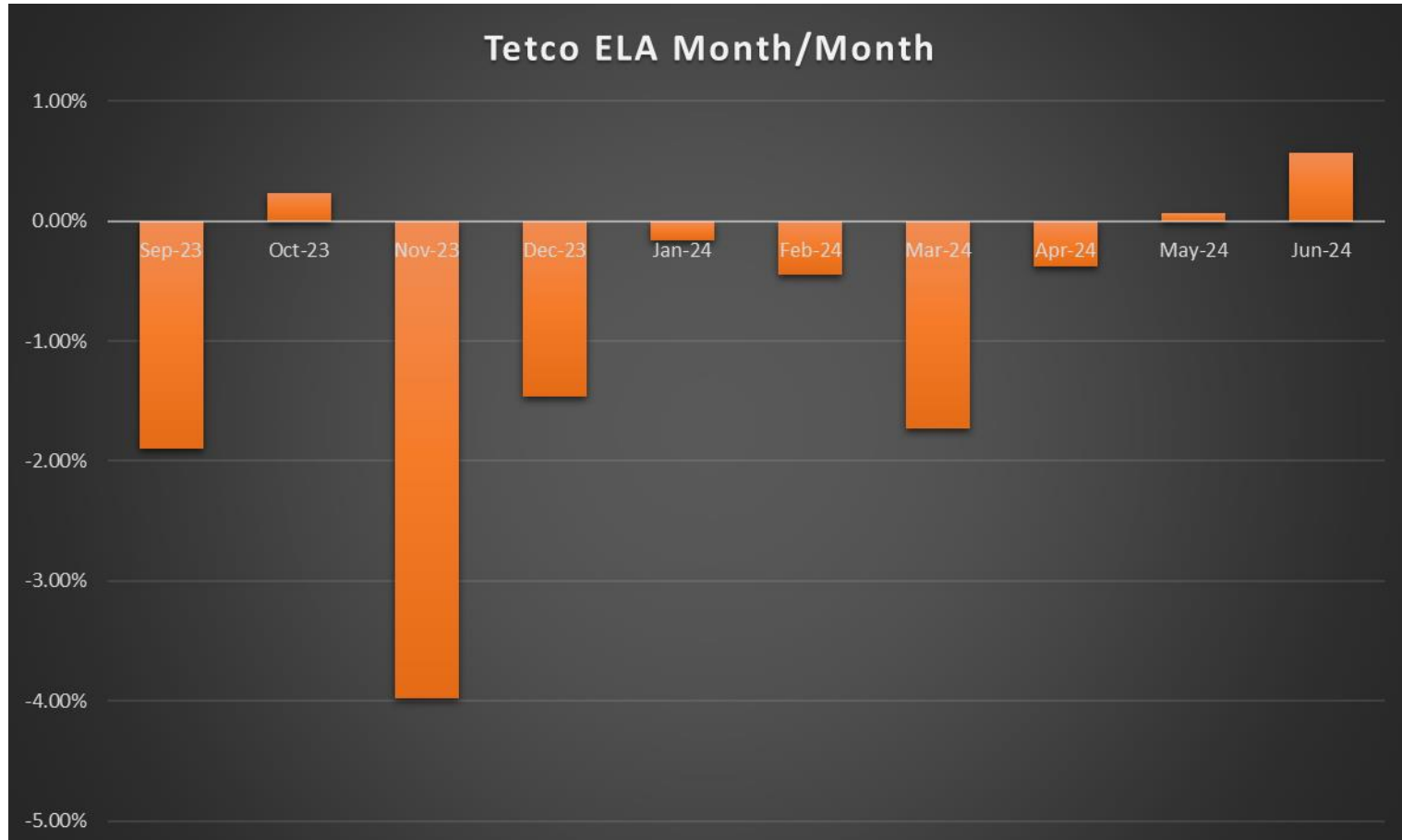
Rig Count

- According to Baker Hughes, for the week ending Tuesday, September 5, the natural gas rig count decreased by 1 to 113 rigs because of a loss of 1 rig in the Marcellus. The number of oil-directed rigs rose by 1 to 513 rigs. The DJ-Niobrara, Eagle Ford, and Williston each dropped one rig, the Permian added one rig, and three rigs were added among unspecified producing regions. The total rig count, which includes 6 miscellaneous rigs, increased by 1 and now stands at 632 rigs.

Indiana Hub ATC



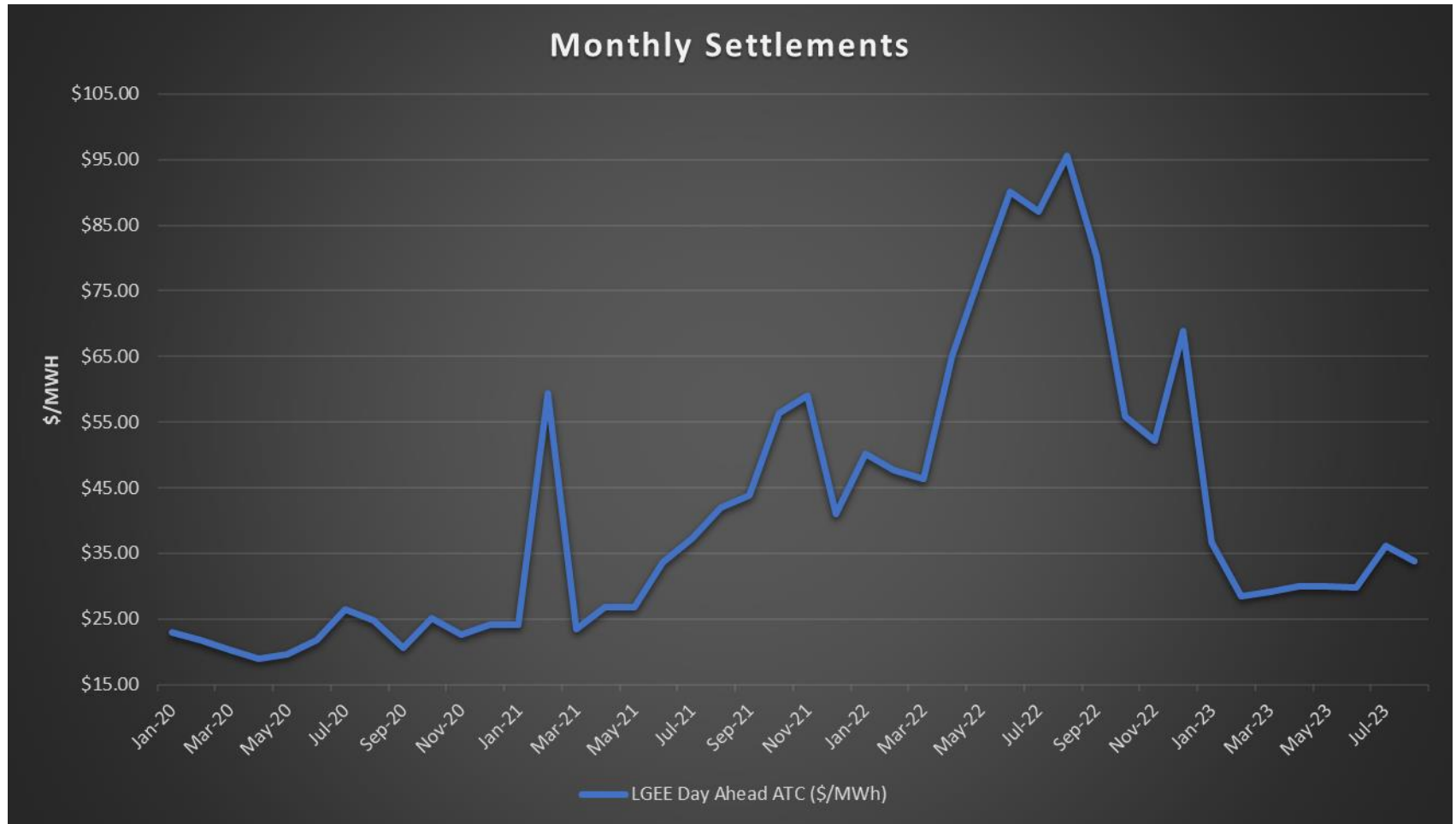
Texas Eastern Transmission East Louisiana Zone



Texas Eastern Transmission East Louisiana Zone



Historical Pricing





KENTUCKY MUNICIPAL ENERGY AGENCY



Member Communications

Michelle Hixon

September 28, 2023

Dates to Remember

October

26 th at 10 AM	Regular Meeting of the KYMEA Board of Directors
---------------------------	---

November

15 th at 10 AM	Regular Meeting of the KYMEA Board of Directors
15 th at 2 PM	Budget Committee Meeting

Public Power Week 2023

OCTOBER 1-7



Download free resources [here](#).

Resources & Templates

You can download these free resources and templates to customize for Public Power Week celebrations in your community.

2023 Public Power Week logo

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

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

Resources

For more resources (including infographics and fact sheets) on the benefits of public power, visit our [Communication Templates](#) page.

- Infographic: [JPG](#) | [PDF](#)
- Coloring sheet: Monster Detective Collective - "Celebrate #PublicPower!"
- Coloring sheet: happy transmission tower
- Coloring sheet: community-powered town
- Coloring sheet: powering strong communities
- Coloring sheet: greetings from a public power community
- Ad template (half page)
- Sample Public Power Week news release (Word document)
- Sample Public Power Week energy efficiency news release (Word document)
- Sample newspaper guest column or speech about Public Power Week (Word document)
- Public Power Week letterhead (Word document)
- Sample Public Power Week employee recognition (Word document)
- Sample Public Power Week proclamation (Word document)
- Sample letter to business customers (Word document)

We will update this page with more resources for Public Power Week 2023 as they become available. Meanwhile, also see our [2022 resources](#) below.

Videos

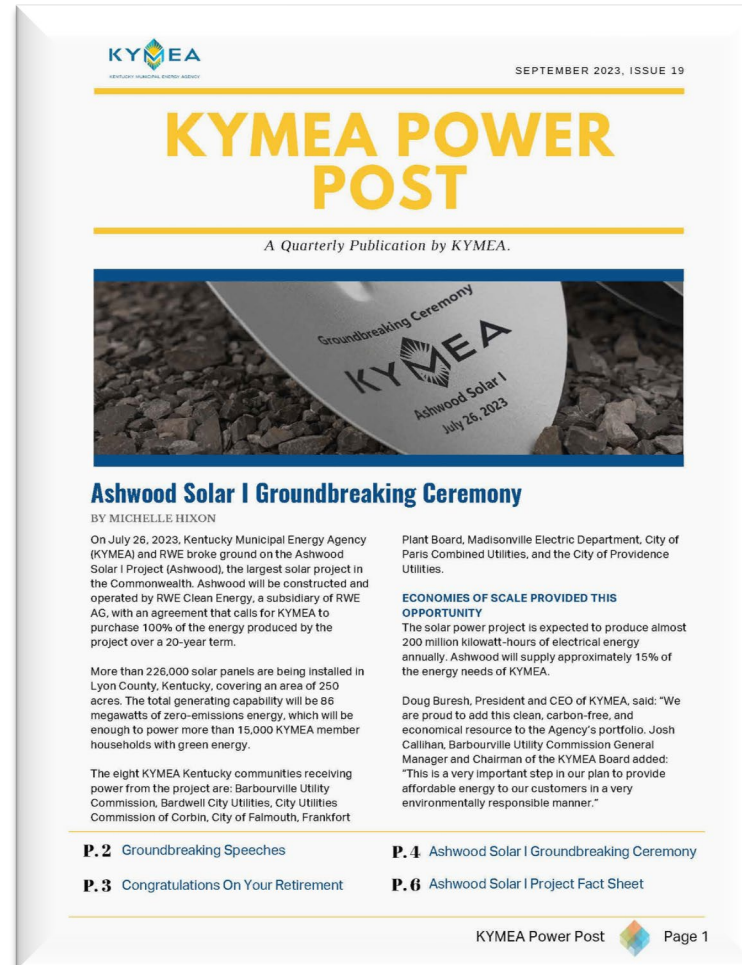


- [Video on YouTube](#)
- [Download](#)

Whiteboard Video

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

September 2023 Newsletter



The September 2023 Newsletter is in your mailbox. Visit www.kymea.org to read the electronic version.



FRANKFORT PLANT BOARD

ELECTRIC • WATER • CABLE-TELECOM

Serving the community for 80 years.



August 25, 2023

Kentucky Municipal Energy Agency
c/o Rubin & Hays
Attn: Charles S. Musson
450 South Third Street
Louisville, KY 40202

Kentucky Municipal Energy Agency
Attn: Doug Buresh
1700 Eastpoint Parkway, Suite 220
Louisville, Kentucky 40223

Via: Certified U.S. Mail and e-mail at csmusson@rubinhays.com and dburesh@kymea.org

Re: Termination of Kentucky Municipal Energy Agency All Requirements Power Sales Contract between the Kentucky Municipal Energy Agency ("KYMEDIA") and The Electric and Water Plant Board of the City of Frankfort, KY

Dear Messrs. Musson and Buresh:

Pursuant to Section 2(a) and Section 29 of the Kentucky Municipal Energy Agency All Requirements Power Sales Contract, dated August 16, 2016 ("Contract"), the Electric and Water Plant Board of the City of Frankfort, KY ("FPB") hereby provides notice to KYMEA to terminate the Contract.

Consistent with KYMEA's Member Asset Reconciliation program FPB requests that KYMEA pay FPB's refund amount as soon as FPB's resource obligations expire and provide a payment schedule at the earliest possible date. In addition, we would like written confirmation from KYMEA that, for the remaining term of the Contract until the effective date of the termination on May 31, 2029, Schedule B of the Contract will include only those resource obligations applicable to FPB as of the date of this notice and will not include any other resource obligations that may be approved by the AR project committee subsequent to the date of this notice, including the proposed RICE project.



FRANKFORT PLANT BOARD

ELECTRIC • WATER • CABLE-TELECOM

Serving the community for 80 years.



Please confirm receipt of this termination notice. We look forward to continuing to work with the Agency as a Member in the future.

Sincerely,

Gary Zheng, P.E., Ph.D.
General Manager

KYMEA Scope of Services and Design Basis

ENGINEER, PROCURE, AND CONSTRUCTION SERVICES FOR RICE 60MW POWER PROJECT

OWNER – KYMEA

TABLE OF CONTENTS

1.0	GENERAL	8
2.0	General Information.....	8
2.1.	Operating Conditions.....	8
3.0	PROJECT SITE SPECIFICATIONS.....	9
3.1.	General	9
4.0	CONTRACT SUBMITTALS	9
4.1.	General	9
4.2.	Transmittals	10
4.3.	Format	10
4.4.	Reproduction of Shop Drawings	10
4.5.	Owner Review Period.....	10
4.6.	Drawings and Data Status	11
4.7.	Lists	12
4.8.	Spare Parts	12
5.0	PERMITTING AND NOISE.....	12
5.1	Permitting	12
5.2	Noise.....	13
6.0	PERFORMANCE REQUIREMENTS	13
7.0	OWNER SUPPLIED ITEMS	14
8.0	EPC CONTRACTOR SUPPLIED ITEMS	14
8.1.	General	14
8.2.	Structures, and Systems.....	15
8.3.	Electrical and Instrumentation & Controls Design and Engineering	17
8.4.	Engineering and Construction Services.....	17
9.0	QUALITY ASSURANCE	20
9.1.	General	20
9.2.	Quality Plan	20
9.3.	Welding.....	21
9.4.	Subcontractor's Quality System.....	22
9.5.	Quality Records	23
10.0	PROJECT CONTROLS PLAN	23
10.1.	General	23
10.2.	Project Master Schedule	24
11.0	ENGINEERING AND DESIGN SERVICES	24
11.1.	General.....	24
11.2.	Performance Guarantees	25

11.3.	Design Package Elements.....	25
11.4.	Codes and Standards.....	26
11.5.	Maintainability.....	28
11.6.	Operability and Safety.....	28
12.0	MECHANICAL DESIGN REQUIREMENTS	28
12.1.	General.....	28
12.2.	Piping.....	28
12.3.	Facility Valve Requirements	32
12.4.	Pumps	32
12.5.	Insulation and Lagging.....	32
12.6.	Freeze Protection	33
12.7.	Heat Tracing.....	33
12.8.	Tanks	33
13.0	CIVIL DESIGN REQUIREMENTS	35
13.1.	General.....	35
13.2.	Drainage.....	39
14.0	ARCHITECTURAL REQUIREMENTS.....	40
14.1.	General.....	40
14.2.	Operations and Maintenance/Storage Building.....	40
14.3.	Administration Building.....	41
14.4.	Engine Halls Update – After Engine Selection	42
14.5.	Fire Water Pump House.....	42
14.6.	Water Treatment Building – Need to determine needs	42
14.7.	Air Compressor Building.....	43
14.8.	Warehouse	43
14.9.	Guard House.....	43
14.10.	Architectural Materials and Finishes.....	43
15.0	STRUCTURAL REQUIREMENTS	44
15.1.	General	45
15.2.	Design Loads.....	45
15.3.	Structural Design	45
15.4.	Concrete Design	46
15.5.	Foundation Design	46
15.6.	Building Design	46
15.7.	Protective Coating.....	47
16.0	ELECTRICAL REQUIREMENTS	48
16.1.	General	48
16.2.	High Voltage Substation.....	49

16.3.	Generator Step-up Transformers	49
16.4.	Main Switchgear	50
16.5.	Unit Auxiliary Transformers	50
16.6.	480 V Switchgears, Motor Control Centers, Panelboards	50
16.7.	Black Start Diesel Generator	51
16.8.	Variable Frequency Drives	52
16.9.	Grounding System	52
16.10.	Electric Motors	53
16.11.	Battery/UPS System	53
16.12.	Raceway and Wiring	54
16.13.	Lighting and Service Power	56
16.14.	Electrical Protection Relaying	57
17.0	INSTRUMENT and CONTROL SYSTEM REQUIREMENTS	58
17.1.	General	58
17.2.	Central Control Room	59
17.3.	Instrumentation	59
19.0	GAS CONDITIONING AND DELIVERY SYSTEM	60
19.1.	EPC Contractor Supplied Equipment	60
19.2.	Fuel Gas Flow Requirements	61
19.3.	Fuel Gas Scope of Supply	61
19.4.	Materials	61
19.5.	EPC Contractor Installation	61
19.6.	Additional Items	61
20.0	COMPRESSED AIR SYSTEM	61
20.1.	General	61
20.2.	Service and Instrument Air	62
20.3.	Starting Air Compressors	62
21.0	EFFLUENT WATER DISPOSAL SYSTEM	62
21.1.	General	62
21.2.	Storm Water	62
21.3.	Roadways and Paved Areas	63
21.4.	Native Soil Area Drainage	63
21.5.	Ammonia Tank Spill Enclosure	63
21.6.	Sanitary Waste Water	63
21.7.	Process Waste Water	63
21.8.	Waste Stream Calculations	63
22.0	RAW WATER SYSTEM	64
22.1.	General	64

23.0	WATER TREATMENT SYSTEM	64
23.2.	Polished Water Storage Tank.....	65
23.3.	Potable Water System.....	65
24.0	SERVICE WATER SYSTEM	65
24.1.	General	65
18.0	FIRE PROTECTION AND DETECTION SYSTEM.....	65
18.1.	General	65
18.2.	Control Room Fire Protection	66
18.3.	Engine Hall Fire Protection.....	66
18.4.	Fire Pump House	66
25.0	EXHAUST SYSTEM	67
	Update – After Engine Selection.....	67
25.1.	General	67
26.0	HVAC SYSTEM.....	68
	TBD – After Engine Selection	68
26.1.	General Requirements	68
27.0	AMMONIA OFF-LOADING, TRANSFER, STORAGE, AND SUPPLY SYSTEM.....	69
27.1.	General Requirements	69
28.0	FRESH LUBRICATING OIL OFF-LOADING, STORAGE AND TRANSFER SYSTEM.....	69
28.1.	General Requirements	69
29.0	SERVICE LUBRICATING OIL STORAGE AND TRANSFER SYSTEM	69
29.1.	General Requirements	69
30.0	USED LUBRICATING OIL TRANSFER, STORAGE, AND LOAD-OUT SYSTEM	69
30.1.	General Requirements	69
31.0	MAINTENANCE WATER TRANSFER AND STORAGE SYSTEM	69
31.1.	General Requirements	69
32.0	PROJECT SECURITY AND ACCESS	69
32.1.	General	70
33.0	START-UP AND TESTING.....	70
33.1.	Commissioning of EPC Contractor Supplied Systems and Equipment	70
34.0	PROJECT TURNOVER	73
34.1.	General	73
34.2.	Turnover Package	73
35.0	TRAINING.....	74
35.1.	General	74
35.2.	Topics and Program.....	74
36.0	MAINTENANCE AND SPARE PARTS.....	74
36.1.	General	74

37.0 CONSTRUCTION.....	75
38.0 SAFETY.....	75
38.1 General.....	75
39.0 DIVISION of RESPONSIBILITIES.....	75
39.1 Division of Responsibilities.....	75
40.0 CONTRACTOR FURNISHED INSURANCE REQUIREMENTS.....	75

Appendix A: Site Layout Drawings –

Appendix B: Electrical One Line Diagram

Appendix C: Engine Supplier Data

 C1: Water Requirements

 C2: Engine Hall HVAC Requirements

 C3: Compressed Air Requirements

 C4: Cleaning and Flushing Requirements

 C5: Charge Air and Exhaust Bellows Install Requirements

Appendix D: Site Geotechnical Information

Appendix E: Project Schedule

Appendix F: GSU Transformer Requirements

Appendix G: Water Supply City or Well Water Analyses

Appendix H: Reserved

RESOLUTION

WHEREAS, the Kentucky Municipal Energy Agency (“KYMEA”) proposes to issue a request for proposals (“RFP”) to interested contractors soliciting proposals for engineering and construction services (the “RICE EC Proposal”) to provide KYMEA with facilities to house and operate a proposed reciprocating internal combustion engine generation resource project to produce energy for its AR Project portfolio and power supply, and

WHEREAS, the RFP requests interested parties to present proposals under the provisions of KRS 45A.370 for the RICE EC Proposal; and

WHEREAS, KYMEA will evaluate each proposal to determine which proposal will provide a RICE EC Proposal that is most advantageous to KYMEA and its Members; and

WHEREAS, competitive sealed bidding is not feasible for procuring the RICE EC Proposal required by KYMEA and because specifications cannot be made sufficiently specific to permit an award on the basis of either the lowest bid price or the lowest evaluated bid price and because the procurement is for nonstandard supplies and services and requires technical review and discussions;

NOW THEREFORE BE IT RESOLVED:

That pursuant to KRS 45A.370(1)(a), and as set forth in the recitals above, KYMEA hereby finds and determines, and has found and determined, that competitive sealed bidding is not feasible in the procurement of the above described RICE EC Proposal, and that it is most advantageous for KYMEA, and in its best interests and the interests of its Members, to solicit proposals through competitive negotiation through the issuance of the RFP and to issue any addendum or addenda to the RFP, as may be necessary or desirable.