



# December 13, 2023 Special Combined Meeting of the AR Project Committee and KYMEA Board of Directors

12/13/2023

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](mailto:mhixon@kymea.org) for attendee information).



# Meeting Book - December 13, 2023 Special Combined Meeting of the AR Project Committee and KYMEA Board of Directors

## Agenda

### A. Meeting Opening

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

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

Approval of Last Month's Meeting Minutes

Josh Callihan

### C. Financial Reports

Approval of Last Month's Financial Report

Heather Overby

### D. Committee Reports

- |                                |              |
|--------------------------------|--------------|
| 1. RICE Committee Report       | Doug Buresh  |
| 2. AR Project Committee Report | Chris Melton |

### E. Administration Reports

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

### F. Discussion Topics

- |                            |             |
|----------------------------|-------------|
| 1. Budget & Rates Timeline | Doug Buresh |
|----------------------------|-------------|

### G. AR Project Committee Meeting

- |                             |              |
|-----------------------------|--------------|
| 1. FY 2025 AR Project Rates | Chris Melton |
|-----------------------------|--------------|

### H. Action Items

- |                                           |                                                                                                                                 |                |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. Investment Bank Selection              | Motion to select an investment bank that would represent KYMEA if the RICE Project moves forward.                               | Heather Overby |
| 2. FY2025 Operating Budget                | Motion to approve the FY2025 Operating Budget                                                                                   | Chris Melton   |
| 3. Benham & Berea Transmission Agreements | Motion to direct staff to send a notice to Benham and Berea regarding the expiration of their transmission contract with KYMEA. | 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

Michelle Hixon

The next board meeting will be held as a Combined Meeting of the AR Project and Board of Directors on January 25, 2024 at 10 am in KYMEA's board room.

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**K. Closed Session**

Charlie  
Musson

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

Josh Callihan

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**M. Adjournment**

Josh Callihan



## **Minutes for Meeting Book - November 15, 2023 Regular Meeting of the KYMEA Board of Directors**

11/15/2023 | 10:00 AM

Board Room at 10 AM

### **Attendees (8)**

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

Additional attendees were Doug Buresh, Rob Leesman, Michelle Hixon, Molly Roesler, Charlie Musson, Brad Kushner, Brad Porter, Travis McCullar, Jack Snyder, Hance Price, Anna Marie Pavlik Rosen, Pat Pace, Tom Trauger, and Jamie Harkins.

### **Meeting Opening**

1. Attendance: A quorum was noted.
2. Call to Order
3. Guest Introductions: No guests were introduced.

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

***ACTION: Motion to approve the October 26, 2023, Regular Board Meeting minutes was made by Tim Lyons and seconded by Chris Melton. The motion passed.***

### **Financial Reports**

The October Financial Reports will be presented in December.

### **Committee Reports**

1. Budget Committee Report: Chris Melton gave an update on the Budget Committee and explained that the FY2025 budget will be presented later in the meeting with a request for action at the December meeting.
2. AR Project Committee Report: Chris Melton gave an update on the AR Project Committee and explained that potential rates for FY2025 are being reviewed and are expected to be presented to the Board at the December Board meeting.

## Administration Reports

1. CEO Report: Doug Buresh updated the group on the following.
  - a. LG&E/KU Resource Plan - PSC Order
  - b. IRP2023 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.

## Discussion Topics

1. FY 2023 Budget & Rates Timeline
2. FY2025 Operating Budget: Heather Overby and Chris Melton Presented the FY2025 Operating Budget as recommended by the Budget Committee. Action is expected at the December Board meeting.
3. Winter Preparation: Rob presented KYMEA's winter outlook.
4. Benham & Berea Transmission Agreements: Action is expected at the December Board Meeting.

## Action Items

1. Investment Bank Selection: Action is expected at the December Board meeting.

## Public Comments

Anna Marie Pavlik Rosen thanked Doug Buresh for covering details of the PSC decision in his CEO report. She also asked the Board to consider efficiency programs and demand-side management programs in the future.

## Upcoming Meetings and Other Business

The next board meeting will be held on December 13th at 10 am in KYMEA's board room.

## Closed Session

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

***ACTION: Motion to return to open session was made by Mayor Hackney and seconded by Chris Melton. The motion passed.***

## **Action Expected Related to Matters Discussed in Closed Session**

No action was taken.

## **Adjournment**

***ACTION: Motion to adjourn the meeting was made by Mayor Hackney and seconded by Chris Melton. The motion passed, and the meeting was adjourned.***



KENTUCKY MUNICIPAL ENERGY AGENCY



# Financial Presentation

December 13, 2023

Heather Overby

# Statement of Net Position – October 2023

## CURRENT ASSETS

Oct 2023

Cash And Investments	\$19,101,769	(1)
Other Receivables	\$19,031,981	(2)
Prepayments And Other Current Assets	\$0	
<b>Total Current Assets</b>	<b>\$38,133,750</b>	

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



# Statement of Net Position – October 2023

## NON-CURRENT ASSETS

Pledge Collateral	\$4,816,156 (3)
Investment In Sedc	\$2,557
Fixed Asset Clearing Account	\$642,981
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	(\$1,355,196)
<b>Total Non-Current Assets</b>	<b>\$8,216,532</b>

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

**Total Assets** **\$46,350,282**

## DEFERRED OUTFLOWS OF RESOURCES

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

**Total Assets & Deferred Outflows of Resources** **\$46,350,282**

# Statement of Net Position – October 2023

## LIABILITIES

Accounts Payable	\$8,495,737	(4)
Accrued Interest Payable	\$19,375	
<b>Total Current Liabilities</b>	<b>\$8,515,112</b>	
Accrued Employee Benefits	\$232,993	
Deferred Liabilities	\$1,932,872	(5)
Line Of Credit	\$0	(6)
<b>Total Non-Current Liabilities</b>	<b>\$2,165,865</b>	
<b>Total Liabilities</b>	<b>\$10,680,977</b>	

## DEFERRED INFLOWS OF RESOURCES

Deferred Inflows	\$0
<b>Total Deferred Inflows</b>	<b>\$0</b>
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$10,680,977</b>

## NET POSITION

Invested in Capital Assets, Net of Related Debt	\$3,397,819	
Restricted	\$4,816,156	
Unrestricted	\$27,455,331	
<b>Total Net Position</b>	<b>\$35,669,305</b>	(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 – October 2023



## OPERATING REVENUE

	Oct 2023	YTD FY2024	
Sales To Members	\$6,657,440	\$31,794,195	(8)
Rto Market Revenue	\$778,733	\$3,507,331	(9)
Transmission Services	\$82,972	\$366,051	(10)
Miscellaneous Revenue	\$0	\$0	
<b>Total Operating Revenue</b>	<b>\$7,519,144</b>	<b>\$35,667,578</b>	

## OPERATING EXPENSES

Transmission	\$780,442	\$3,814,998	(11)
Production	\$5,232,311	\$23,767,738	(12)
Administrative And General	\$239,978	\$812,999	
Depreciation Expense	\$41,223	\$164,892	
<b>Total Purchase Power and Operating Expenses</b>	<b>\$6,293,954</b>	<b>\$28,560,626</b>	

<b>Operating Income</b>	<b>\$1,225,190</b>	<b>\$7,106,952</b>	
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## NON-OPERATING REVENUE

Interest Expense On Debt	(\$15,855)	(\$48,610)	
Interest Income	\$179,138	\$572,347	
Other Non-Operating Income (Expense)	(\$3,336)	(\$22,589)	
Regulatory Credit/Debit - Cost To Be Recovered	\$0	\$0	
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$159,947</b>	<b>\$501,148</b>	

## NET POSITION CHANGES

<b>Change in Net Position</b>	<b>\$1,385,138</b>	<b>\$7,608,100</b>	(13)
<b>Net Position at Beginning of Period</b>	<b>\$34,284,168</b>	<b>\$28,061,206</b>	
<b>Net Position at End of Period</b>	<b>\$35,669,305</b>	<b>\$35,669,305</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/ Positive YTD Net Income

# Indirect Statement of Cash Flows – October 2023

<b>CASH FROM OPERATING ACTIVITIES</b>	<b>Oct 2023</b>	<b>YTD FY2024</b>	
Net Income	\$1,385,138	\$7,608,100	(14)
Depreciation Monthly	\$41,223	\$164,892	
Accounts Receivable	\$607,071	(\$1,538,909)	(15)
Prepayments & Other Current Assets	\$0	\$0	
Accounts Payable	(\$471,659)	(\$957,771)	(15)
Taxes & Interest Accrued	\$11,140	\$5,177	
Other Current Liabilities	\$7,822	\$20,225	
Deferred Liabilities	(\$8,232)	(\$31,115)	
Deferred Inflows Monthly	\$0	\$0	
<b>Net Cash Provided by (Used in) Operations</b>	<b>\$1,572,503</b>	<b>\$5,270,599</b>	
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>			
Additions to Plant Monthly	(\$94,358)	(\$318,530)	
Net Change in Other Prop & Invest	(\$6,615)	(\$26,333)	
<b>Net Cash Provided by (Used in) Investing</b>	<b>(\$100,973)</b>	<b>(\$344,864)</b>	
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>			
Long Term Borrowings	\$0	\$0	
<b>Net Cash Provided By (Used in) Financing</b>	<b>\$0</b>	<b>\$0</b>	
<b>NET INCREASE (DECREASE) IN CASH &amp; TEMP INVESTMENTS</b>			
<b>Net Increase (Decrease) in Cash &amp; Temp Investm..</b>	<b>\$1,471,530</b>	<b>\$4,925,735</b>	
<b>Cash &amp; Temp Investment Beginning of Period</b>	<b>\$17,630,239</b>	<b>\$14,176,034</b>	
<b>Cash &amp; Investments End of Period</b>	<b>\$19,101,769</b>	<b>\$19,101,769</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 – October 2023



## KEY FINANCIAL METRICS

FY2024 Actuals Through October 2023 + Budget

Days Cash on Hand

67.26 ▲

Leverage

6.33 ▼

Coverage of Full Obligations

1.13 ▲

Debt Service Coverage

1.14 ▲

# Financial Metrics – October 2023

## Days Cash On Hand

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

$$\begin{array}{rclclcl} \$19.1\text{M} & & \$284,000 & & 67.26 \\ \text{Unrestricted Cash} & \div & \text{Adjusted Operating Expense per Day} & = & \text{Days Cash on Hand} \\ & & \$103.94\text{M} / 366 \text{ days} & & \end{array}$$

Unrestricted Cash

Adjusted Operating Expenses

Cash on Hand through Current Month



## Days Cash On Hand

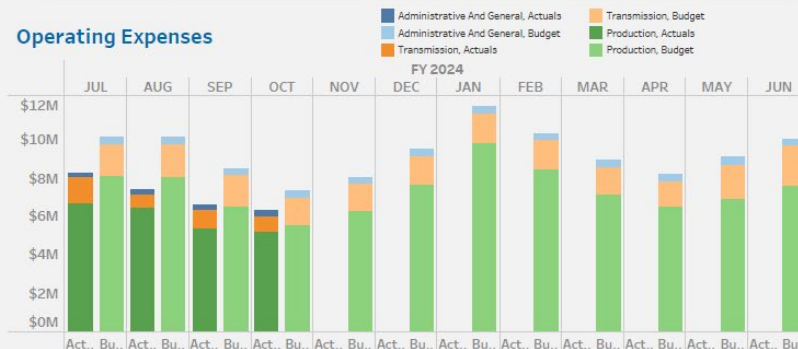
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Unrestricted Cash

Adjusted Operating Expenses

Operating Expenses



# Financial Metrics – October 2023

## Leverage

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

**6.33**

**Net Adjusted Debt**

**Adjusted Funds Available  
for Debt Service**

### Net Adjusted Debt



## Leverage

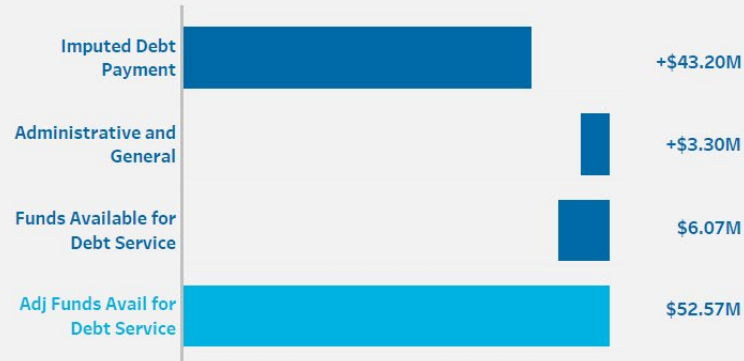
The size of the debt to the margin available to cover all debt service and fixed charges.

**6.33**

**Net Adjusted Debt**

**Adjusted Funds Available  
for Debt Service**

### Adjusted Funds Available for Debt Service





# Financial Metrics – October 2023

## Coverage of Full Obligations

1.13

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

Funds Available  
for Debt Service

÷

Total Debt Service  
& Fixed Charges

Imputed Debt  
Payment

\$43.20M

Administrative &  
General Expense

\$3.30M

EBITDA &  
Interest Income

\$6.07M

## Debt Service Coverage

1.14

The funds available from operations to cover current debt service.

Funds Available  
for Debt Service

÷

Total Debt  
Service

Imputed Debt  
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\$6.07M



## Statement of Net Position

FY2024 Actuals as of October 2023

CURRENT ASSETS	Oct 2023
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**Total Assets \$46,350,282**

### DEFERRED OUTFLOWS OF RESOURCES

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**Total Assets & Deferred Outflows of Resources \$46,350,282**

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**Total Liabilities \$10,680,977**

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**Total Liabilities & Deferred Inflows \$10,680,977**

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**Total Net Position \$35,669,305**

## Statement of Revenue, Expenses, and Changes in Net Position

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**Operating Income \$1,225,190 \$7,106,952**

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### NET POSITION CHANGES

Change in Net Position	\$1,385,138	\$7,608,100
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FY2024 Actuals as of October 2023

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**Net Cash Provided by (Used in) Operations \$1,572,503 \$5,270,599**

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Net Change in Other Prop & Invest	(\$6,615)	(\$26,333)

**Net Cash Provided by (Used in) Investing (\$100,973) (\$344,864)**

### 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..	\$1,471,530	\$4,925,735
<b>Cash &amp; Temp Investment Beginning of Period</b>	<b>\$17,630,239</b>	<b>\$14,176,034</b>
<b>Cash &amp; Investments End of Period</b>	<b>\$19,101,769</b>	<b>\$19,101,769</b>

Month Ending  
10/31/2023 11:59:59 PM



KENTUCKY MUNICIPAL ENERGY AGENCY

**October 2023 Bank Reconciliation**

PNC Statement Balance 10/01/2023:	\$	14,024,751.32
PNC Statement Balance 10/31/2023:	\$	15,488,142.57

Independence Statement Balance 10/01/2023:	\$	3,606,288.29
Independence Statement Balance 10/31/2023:	\$	3,614,895.82

Outstanding Checks (-):		
McGregor & Associates #3038	\$	(75.00)
Marceline James #3040	\$	(136.50)
Kentuckiana Comfort Ctr #3041	\$	(324.59)
Ladyfingers #3042	\$	(739.75)
Marceline James #3043	\$	(136.50)

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<b>Adjusted Bank Balance:</b>	\$	19,101,626.05
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Meridian Book Balance (1310000) 10/31/2023:	\$	15,486,873.05
Meridian Book Balance (1310500) 10/31/2023:	\$	3,614,895.82

Other Adjustments (+/-):		
Lumen Invoice #660432462	\$	(148.82)
Spectrum Cable Adjustment	\$	6.00

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<b>Adjusted Book Balance:</b>	\$	19,101,626.05
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<b>Adjusted Bank Balance:</b>	\$	19,101,626.05
<b>Adjusted Book Balance:</b>	\$	19,101,626.05
<b>Difference:</b>	\$	-



KENTUCKY MUNICIPAL ENERGY AGENCY



# KYMEA President & CEO Report

Doug Buresh

December 13, 2023

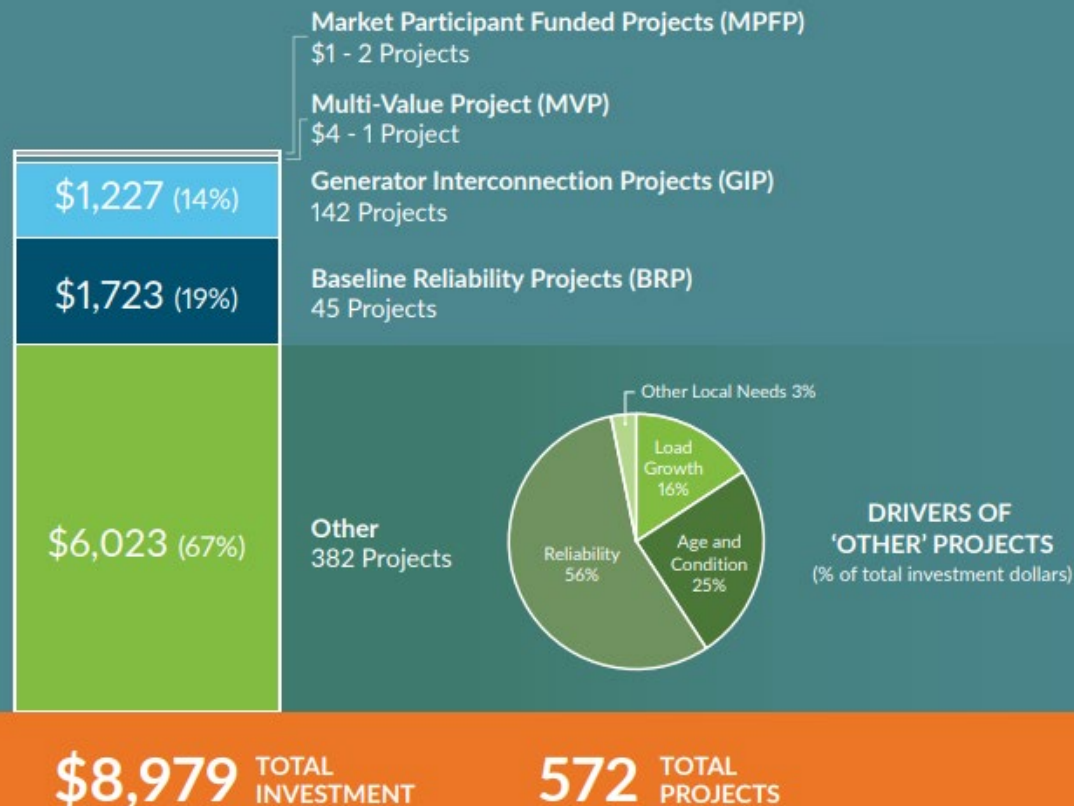
# AGENDA

- MISO MTEP23 Projects
- IRP2023 Timeline

# MISO MTEP23 Projects

## MTEP23 Appendix A Project Investment Summary

(Data as of September 29, 2023; \$M, % of total investment dollars)



# MISO MTEP23 Projects by Region

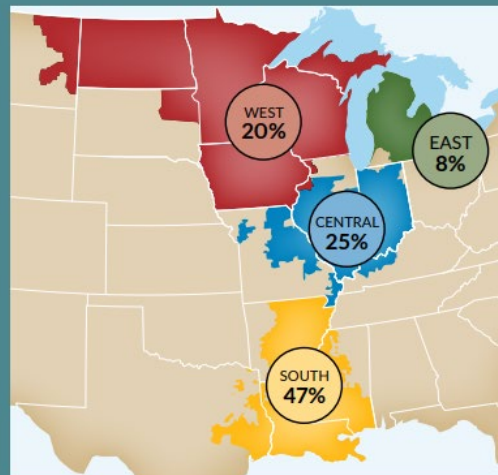
## MTEP23 Appendix A Project Investment Summary

(Data as of September 29, 2023; \$M, and number of projects)

Planning Region	BRP	GIP	MPFP	MVP	Other	Total	# of Projects
Central	\$178	\$374	-	-	\$1,714	\$2,266	153
East	\$60	\$307	-	-	\$371	\$739	97
South	\$1,335	\$351	-	-	\$2,483	\$4,168	78
West	\$150	\$195	\$1	\$4	\$1,455	\$1,806	244
TOTAL	\$1,723	\$1,227	\$1	\$4	\$6,023	\$8,979	572

## INVESTMENT PLANNING REGIONS

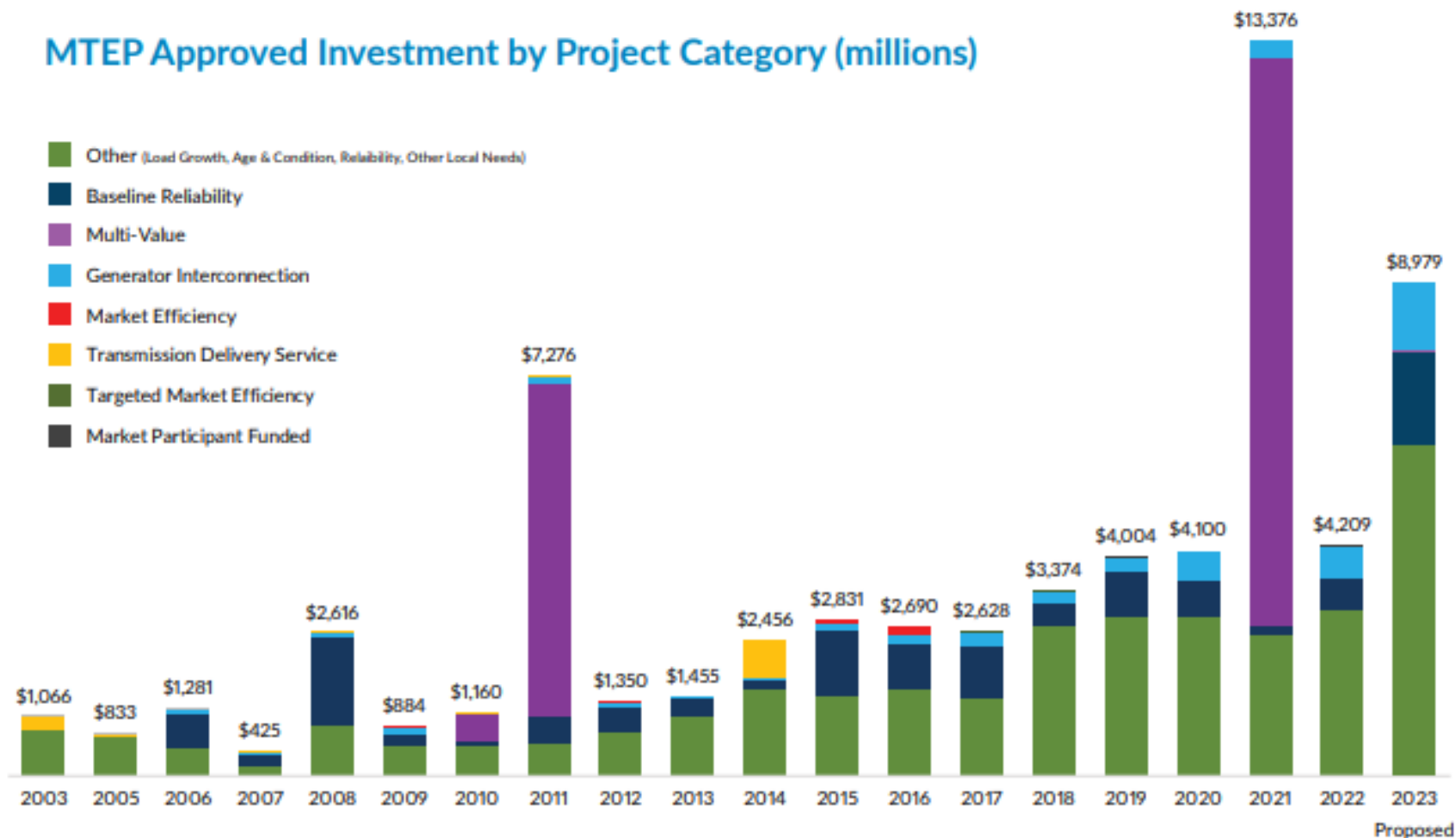
(% of total investment dollars)



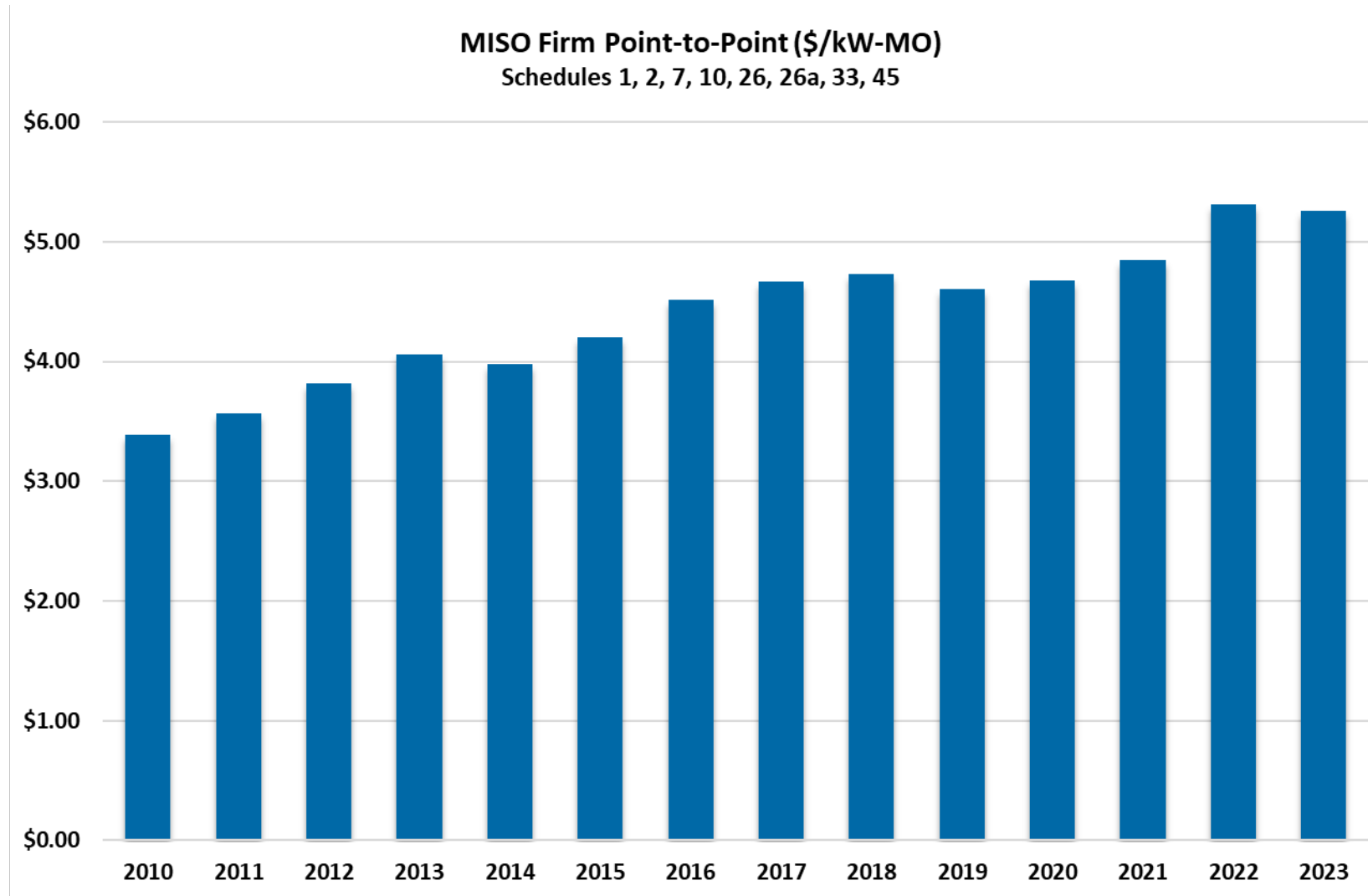
Except for the larger than usual 47% share of total investment dedicated to projects in the South planning region, the distribution of investment across MISO's footprint is generally consistent with recent MTEP cycles – 25% of the total for Central planning region projects, 20% for the West and 8% for the East.

# MISO MTEP Projects Since 2003

## MTEP Approved Investment by Project Category (millions)



# MISO PTP Rate





# AGENDA

- MISO MTEP23 Projects
- **IRP2023 Timeline**

# IRP2023 Decision Timeline

Date	Meeting	Decision/Action	Subject to Change
December	Issue RICE EPC RFP		
March	Evaluate RICE EPC RFP Responses		
April 11	Special Board Meeting	<b>If Board selects RICE Project</b> <ul style="list-style-type: none"><li>• Authorize CEO signing of RICE equipment and Engineering, Procurement &amp; Construction (EPC) contracts</li><li>• AR Project and Board votes to add RICE PPA to Schedule B after contracts are signed</li></ul>	
April 25	Regular Board Meeting	Authorize issuance of bonds to finance project	



KENTUCKY MUNICIPAL ENERGY AGENCY



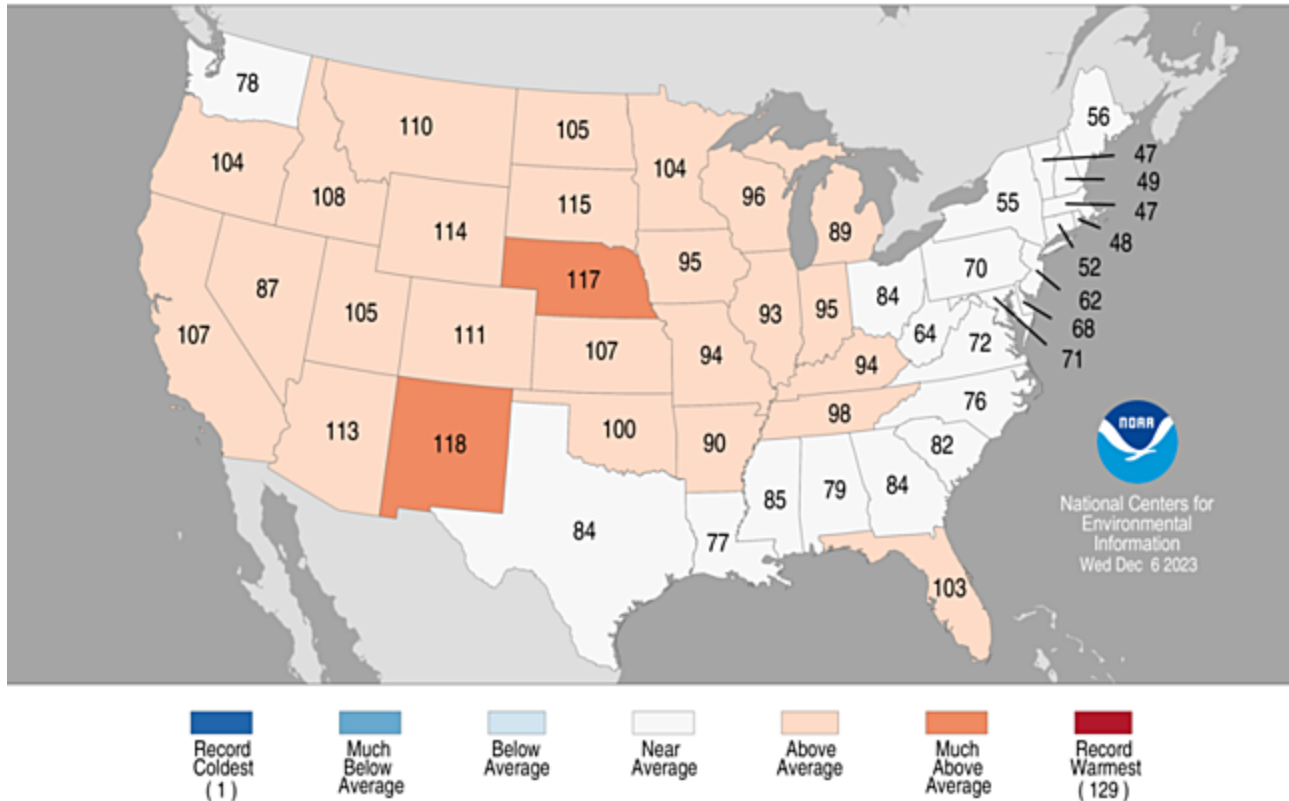
# November 2023 Market Report

Rob Leesman

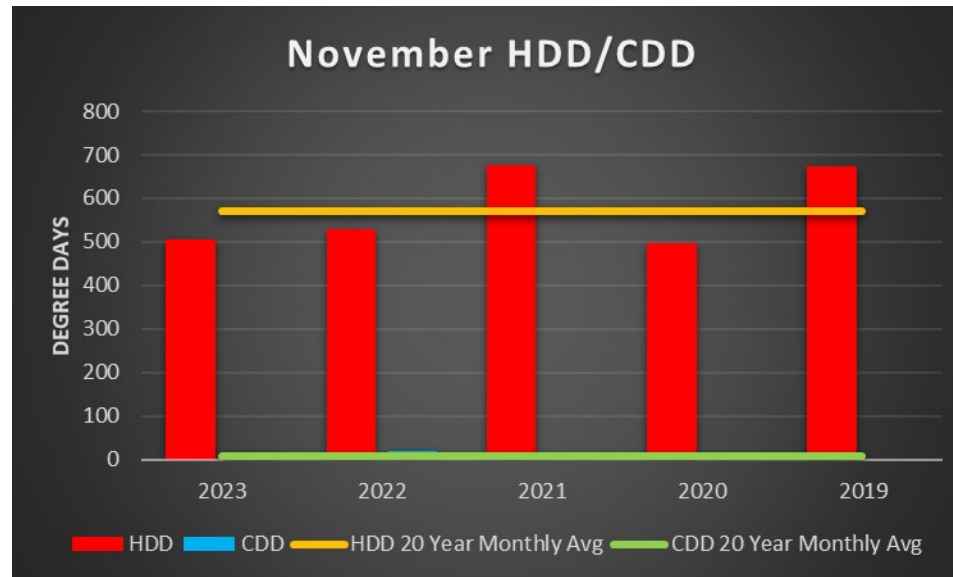
December 13, 2023

## Statewide Average Temperature Ranks

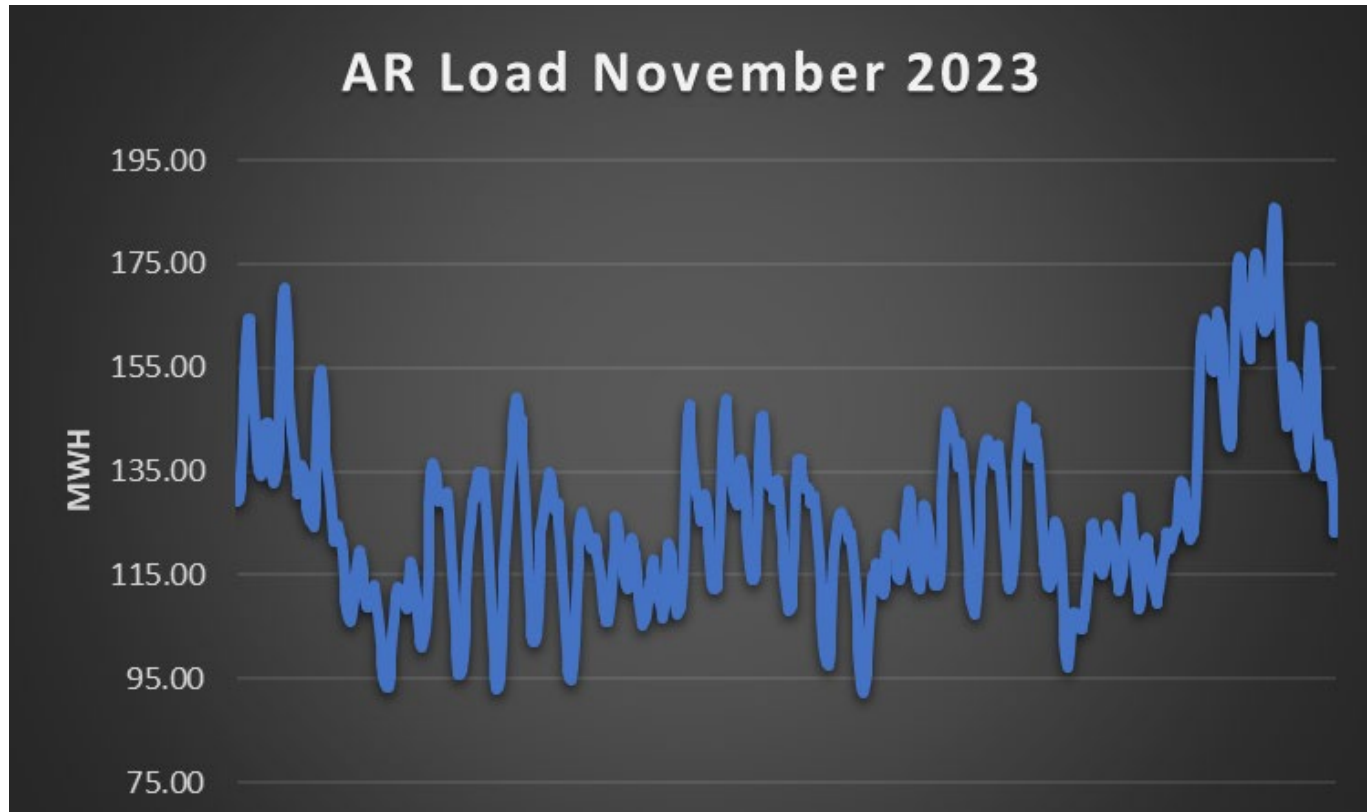
November 2023  
Period: 1895–2023



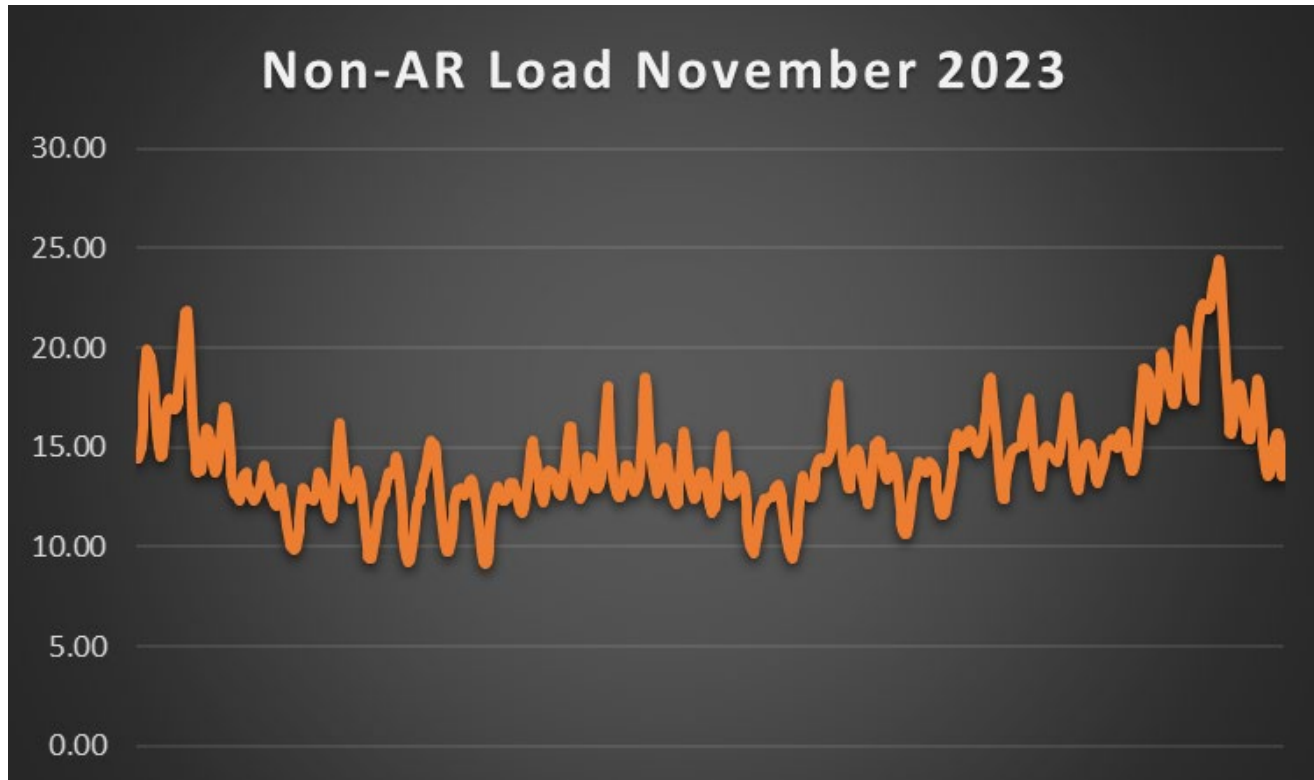
# Degree Days



# AR Load November 2023



# Non-AR Load November 2023

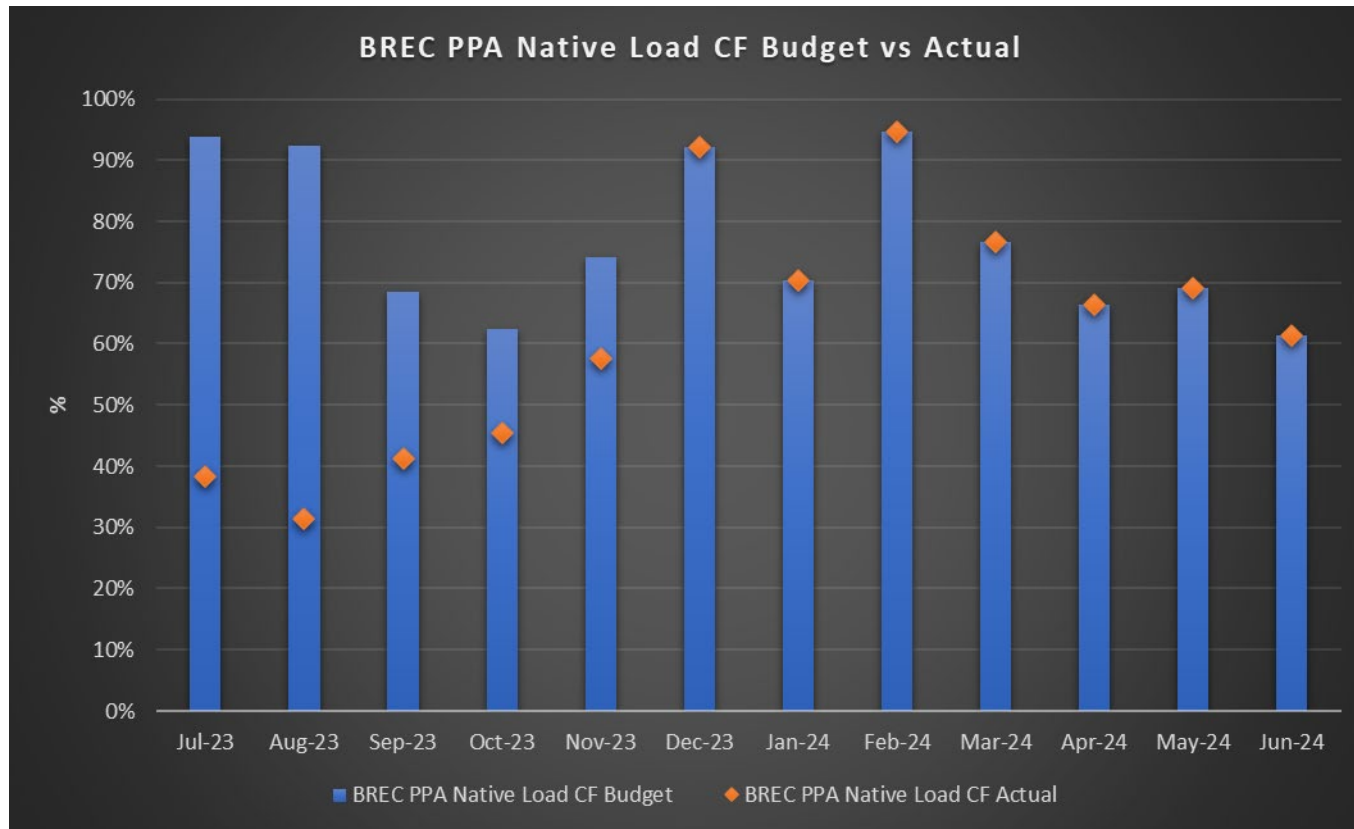


# November 2023 Snapshot

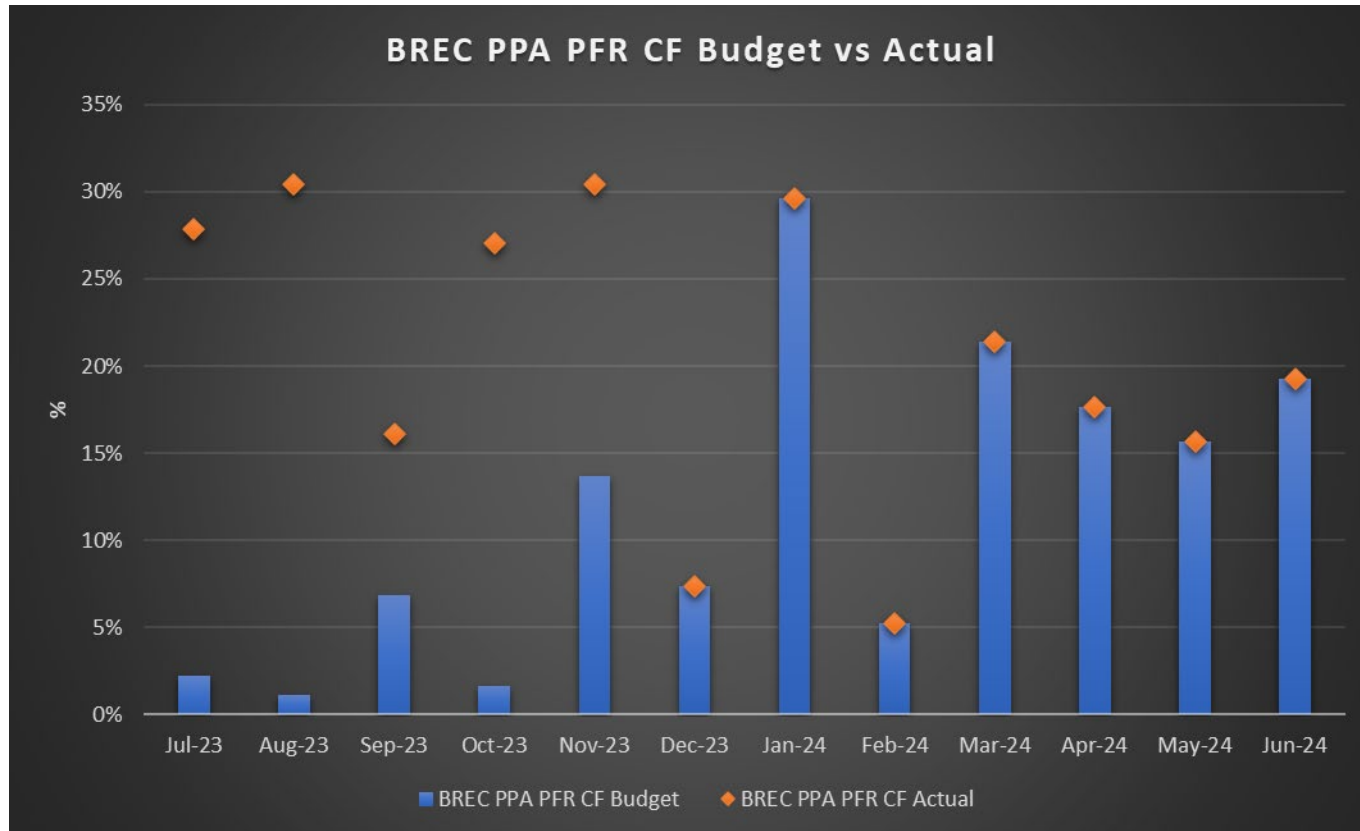
Nov-23							
Member	Budget Energy (MWh)	Actual Energy (MWh)	Actual vs. Budget Energy	Budget NCP (MW)	Actual NCP (MW)	Actual vs. Budget NCP	Timestamp (HE EST)
Barbourville	6,783	6,464	95%	14.74	15.77	107%	11/29/2023 8:00:00 AM
Bardwell	613	578	94%	1.24	1.16	94%	11/26/2023 8:00:00 PM
Benham	559	575	103%	1.61	1.99	124%	11/29/2023 7:00:00 AM
Berea	10,342	9,692	94%	23.68	22.39	95%	11/29/2023 8:00:00 AM
Corbin	6,335	5,845	92%	13.57	13.94	103%	11/29/2023 8:00:00 AM
Falmouth	1,352	1,306	97%	2.55	2.65	104%	11/29/2023 9:00:00 AM
Frankfort	52,051	50,741	97%	102.72	105.97	103%	11/29/2023 9:00:00 AM
Madisonville	23,107	19,608	85%	40.53	37.42	92%	11/8/2023 4:00:00 PM
Owensboro	55,084	55,378	101%	100.00	110.00	110%	
Paris	4,968	4,388	88%	11.21	10.88	97%	11/29/2023 8:00:00 AM
Providence	2,135	2,113	99%	4.38	4.27	98%	11/29/2023 8:00:00 AM
AR	97,345	91,043	94%	190.94	192.08	101%	
Non-AR	10,901	10,267	94%	25.29	24.39	96%	
All	108,246	101,310	94%	216.23	216.46	100%	
Total	163,330	156,688	96%	316.23	326.46	103%	



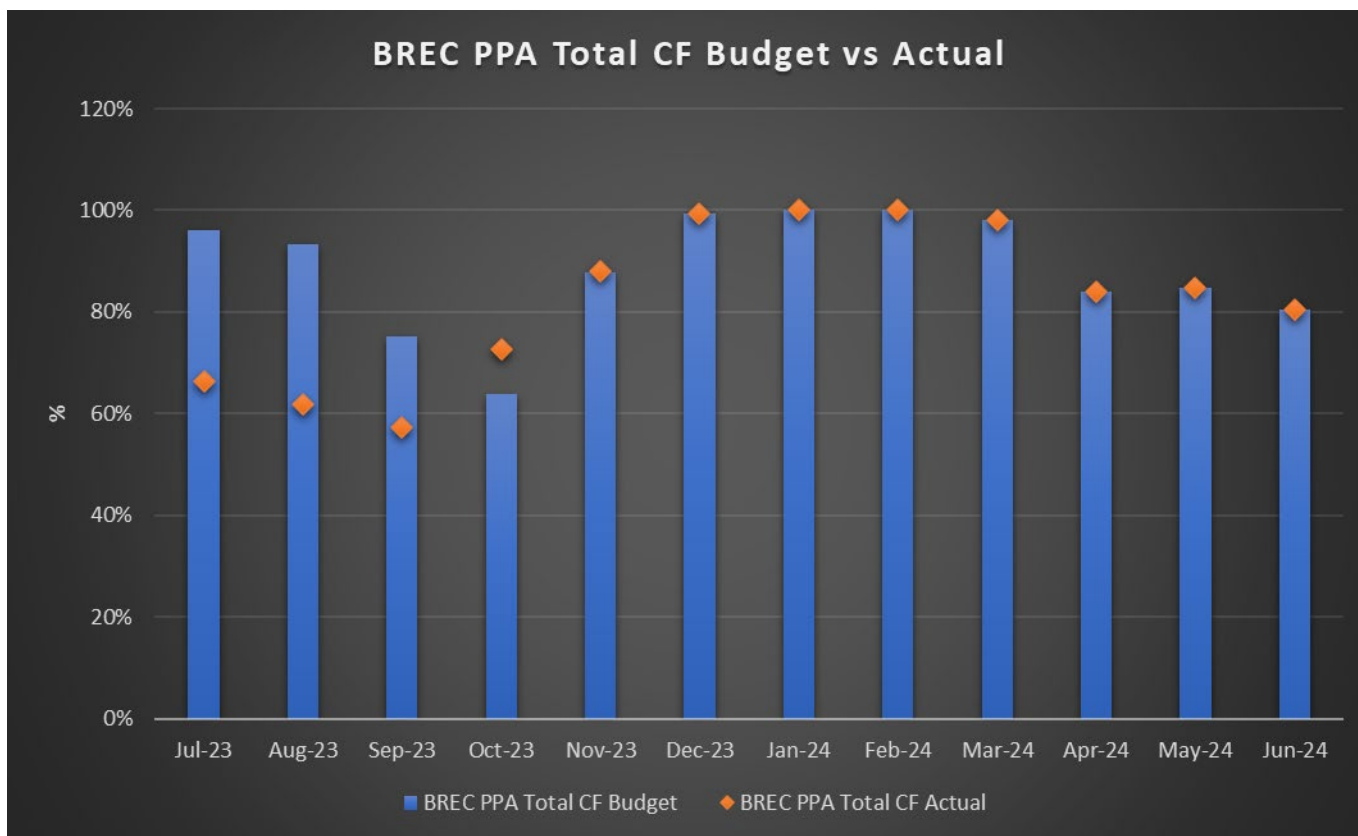
# BREC PPA Load Capacity Factor FY 24



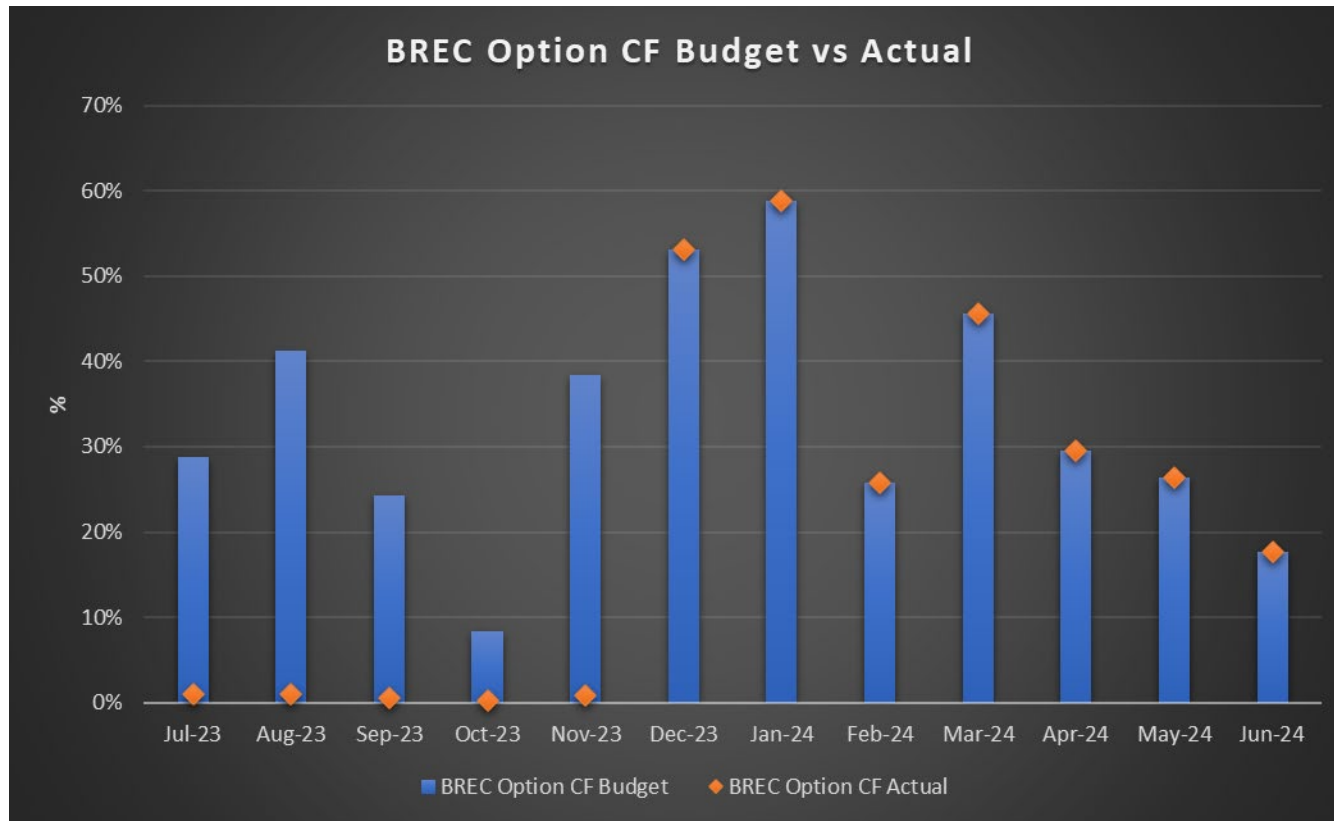
# BREC PPA PFR Capacity Factor FY 24



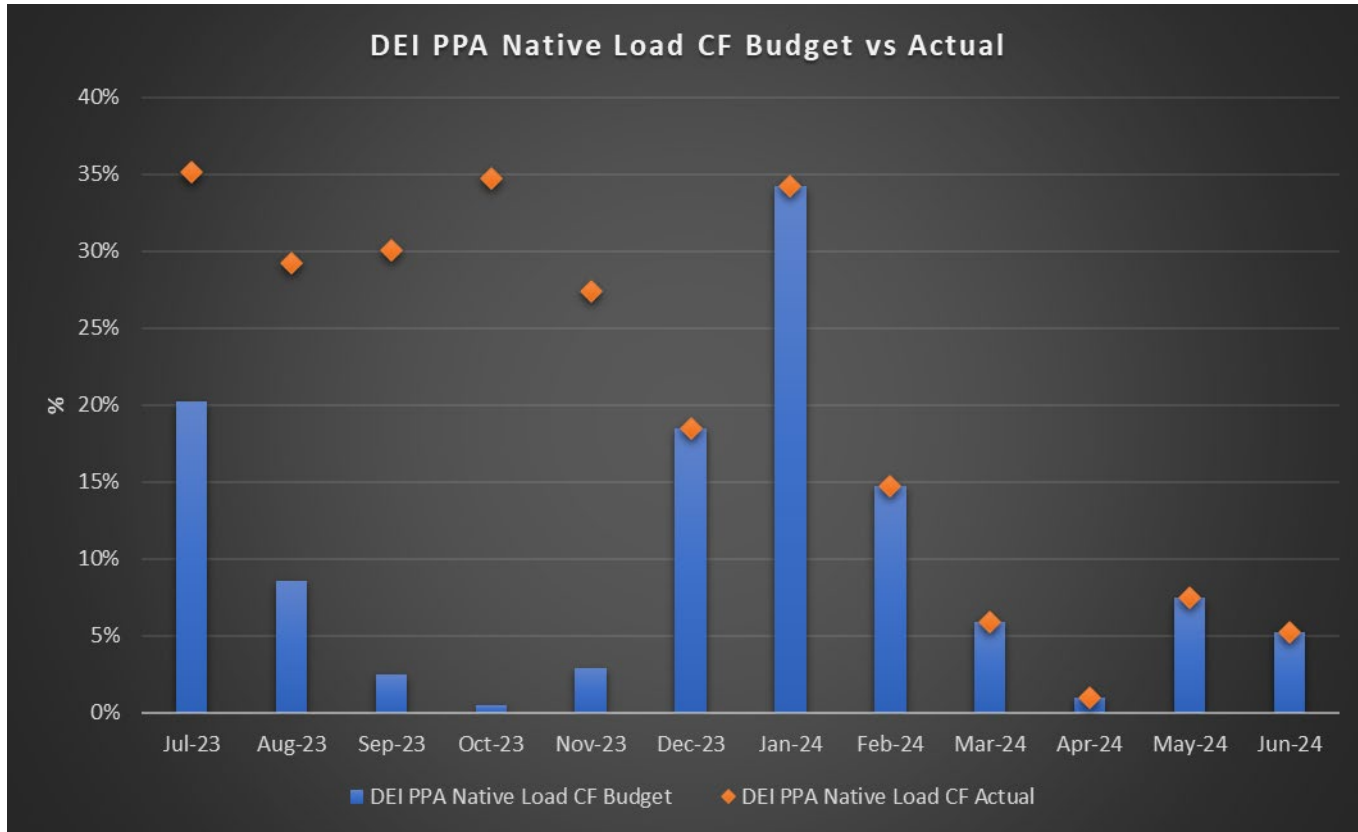
# BREC PPA Capacity Factor FY 24



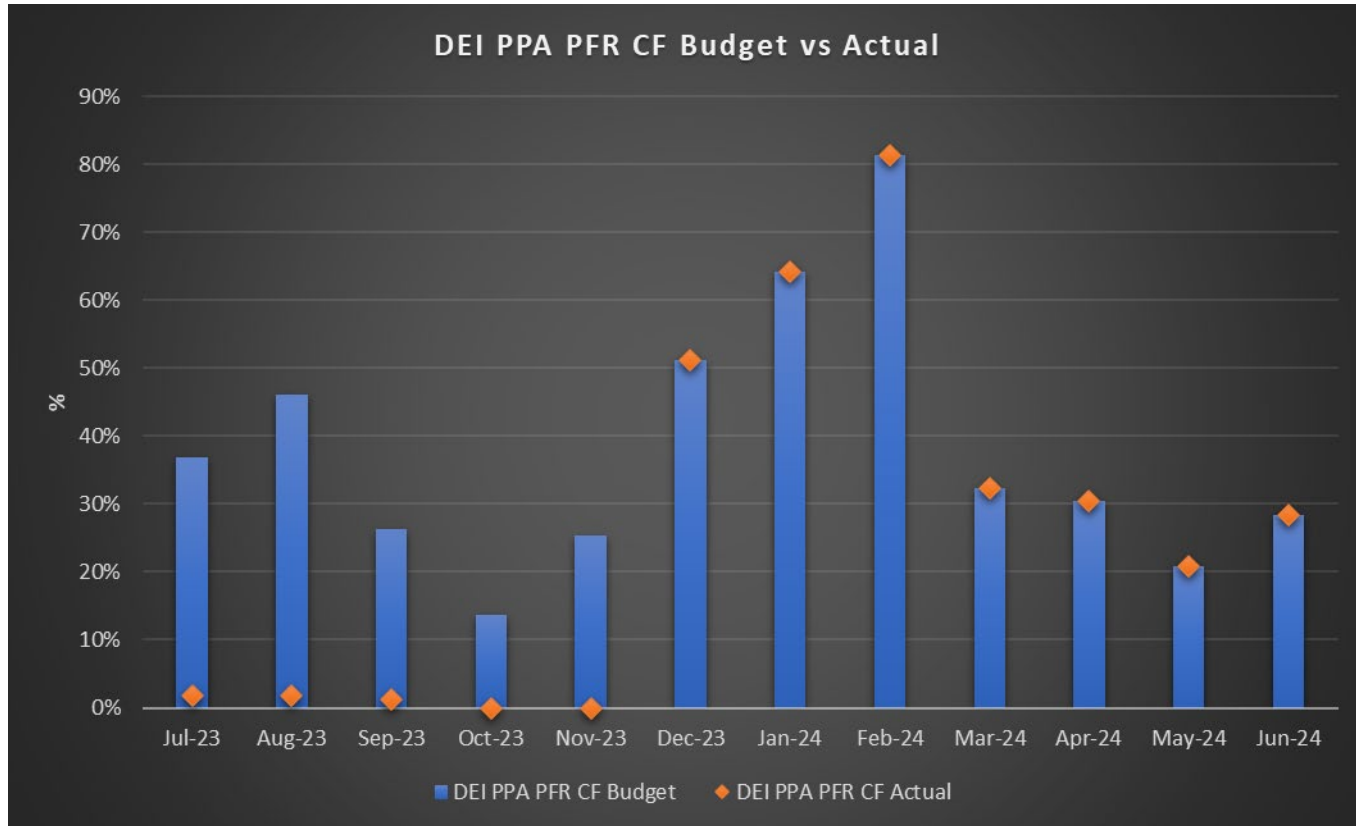
# BREC Option Capacity Factor FY 24



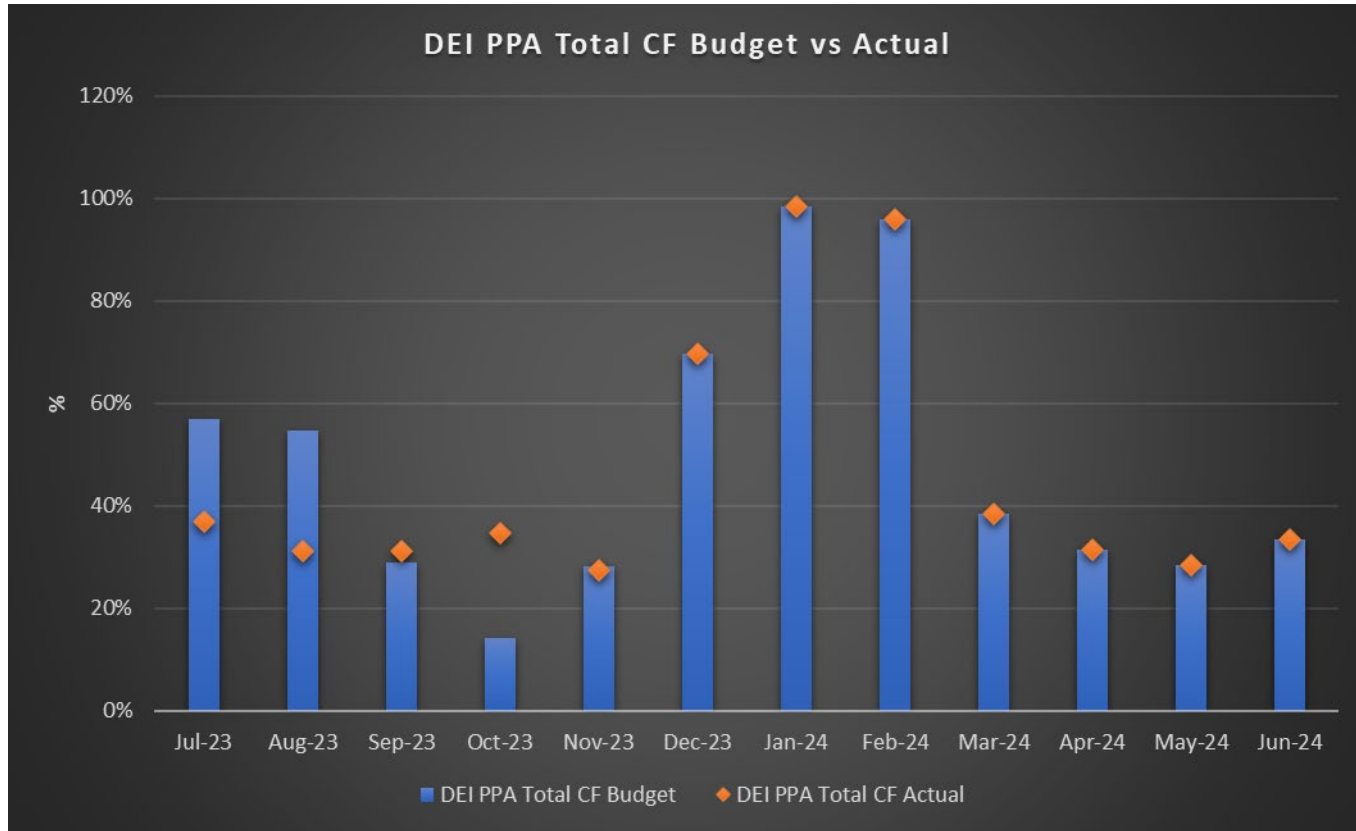
# DEI PPA Load Capacity Factor FY 24



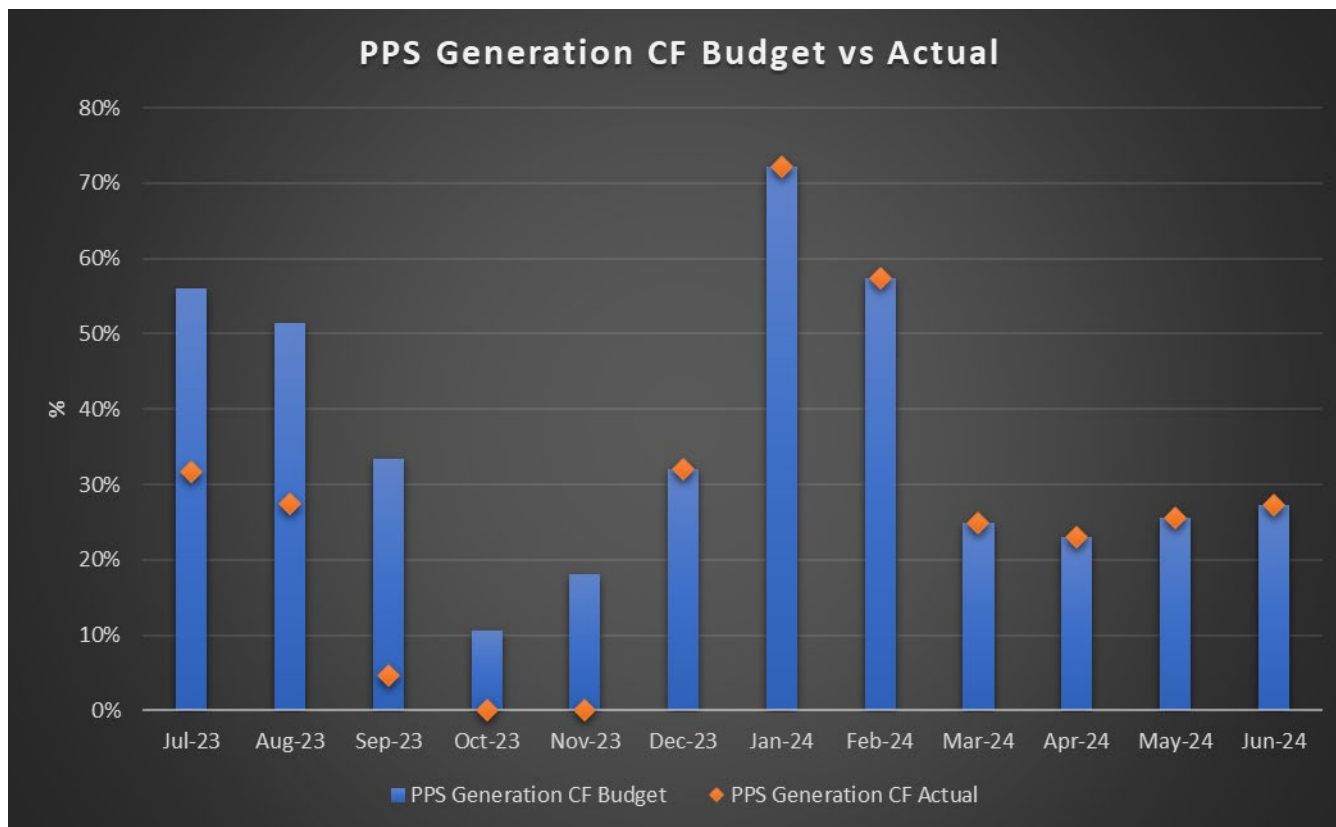
# DEI PPA PFR Capacity Factor FY 24



# DEI Capacity Factor FY 24

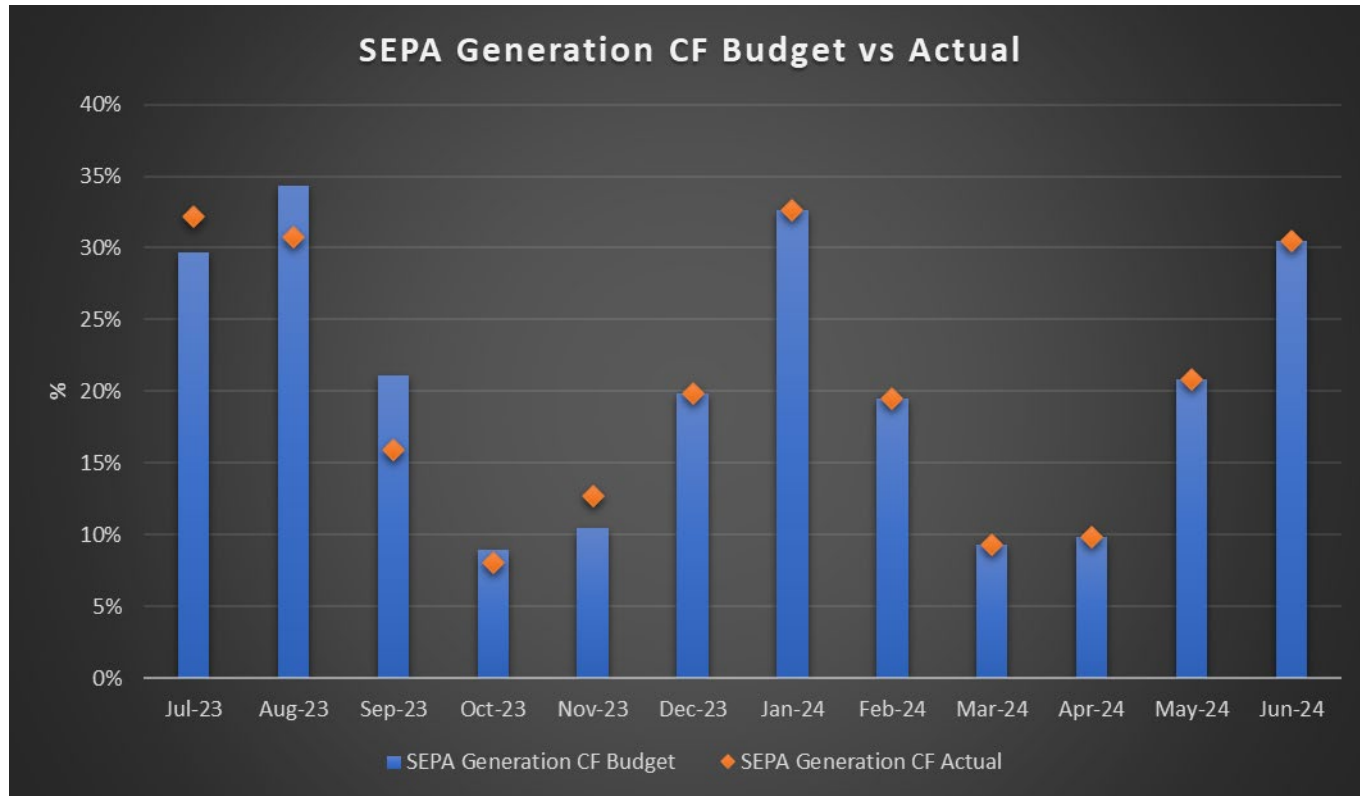


# PPS PPA Capacity Factor FY 24

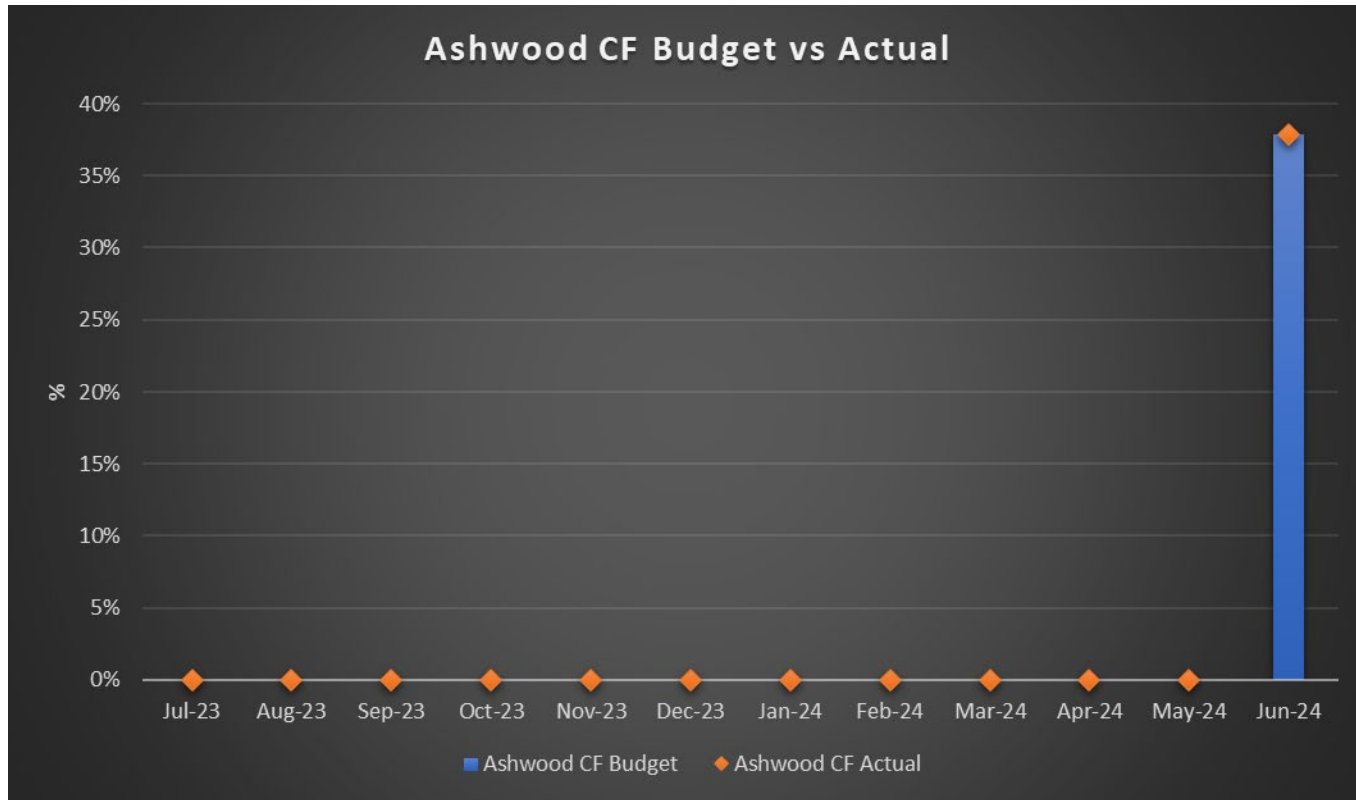




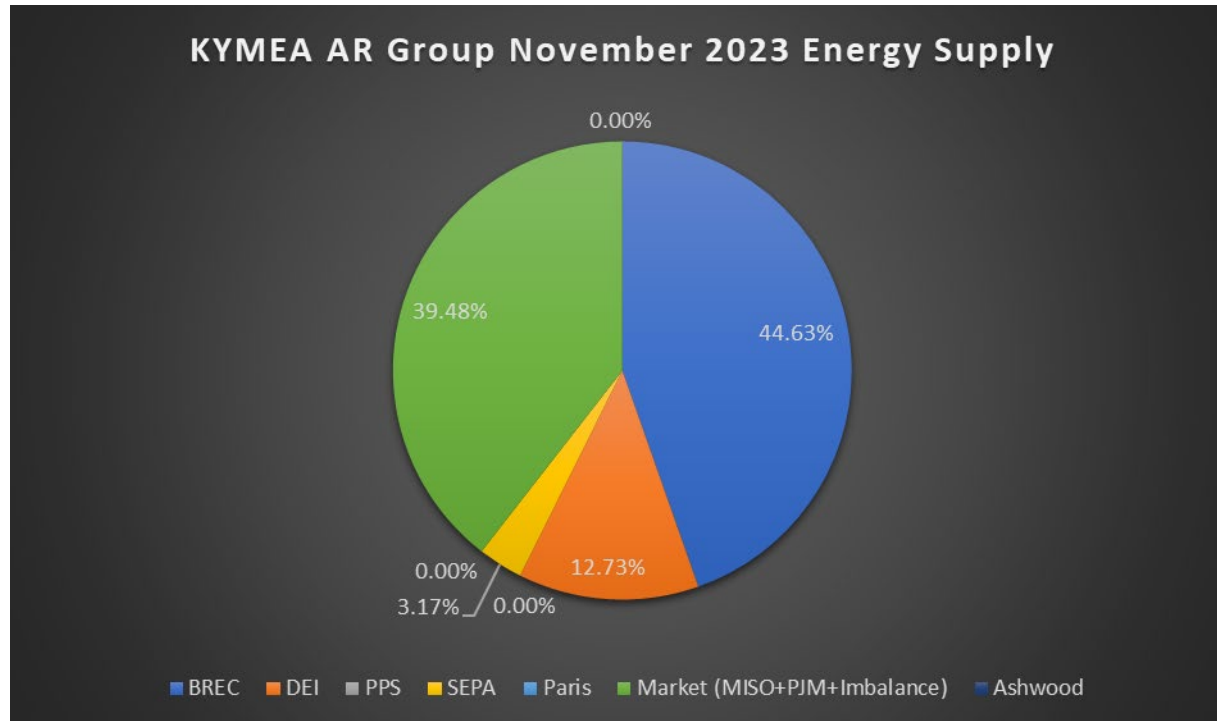
# SEPA Capacity Factor FY 24



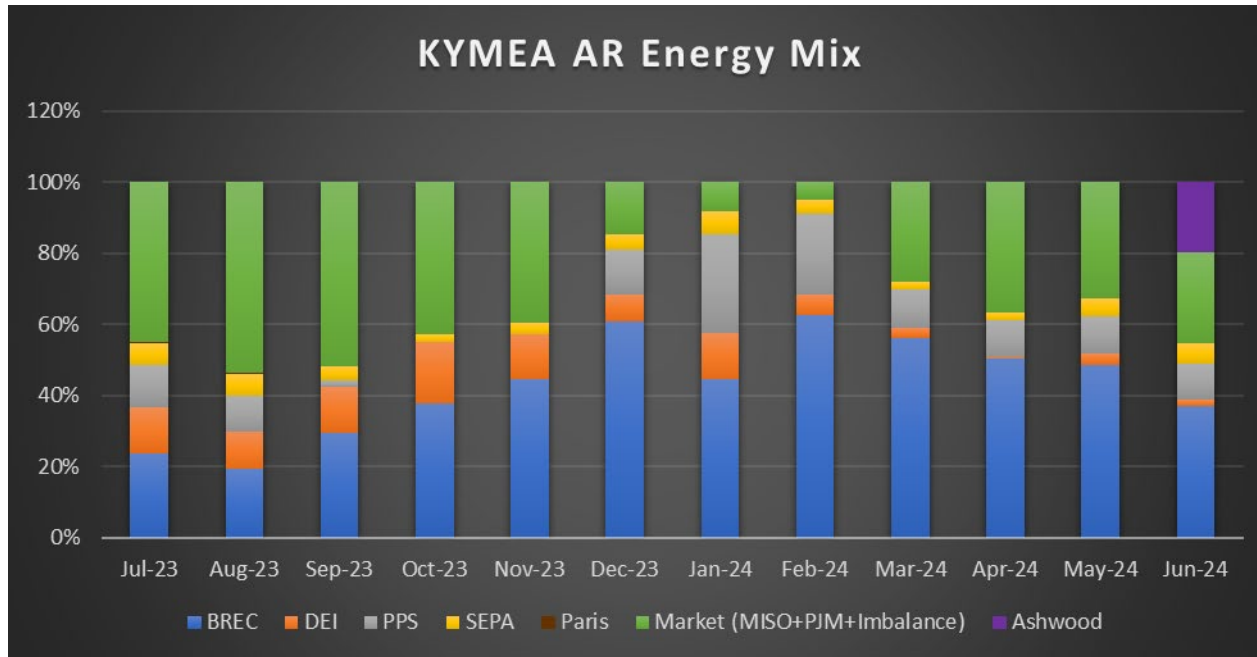
# Ashwood Capacity Factor FY 24



# KYMEA AR Energy Mix

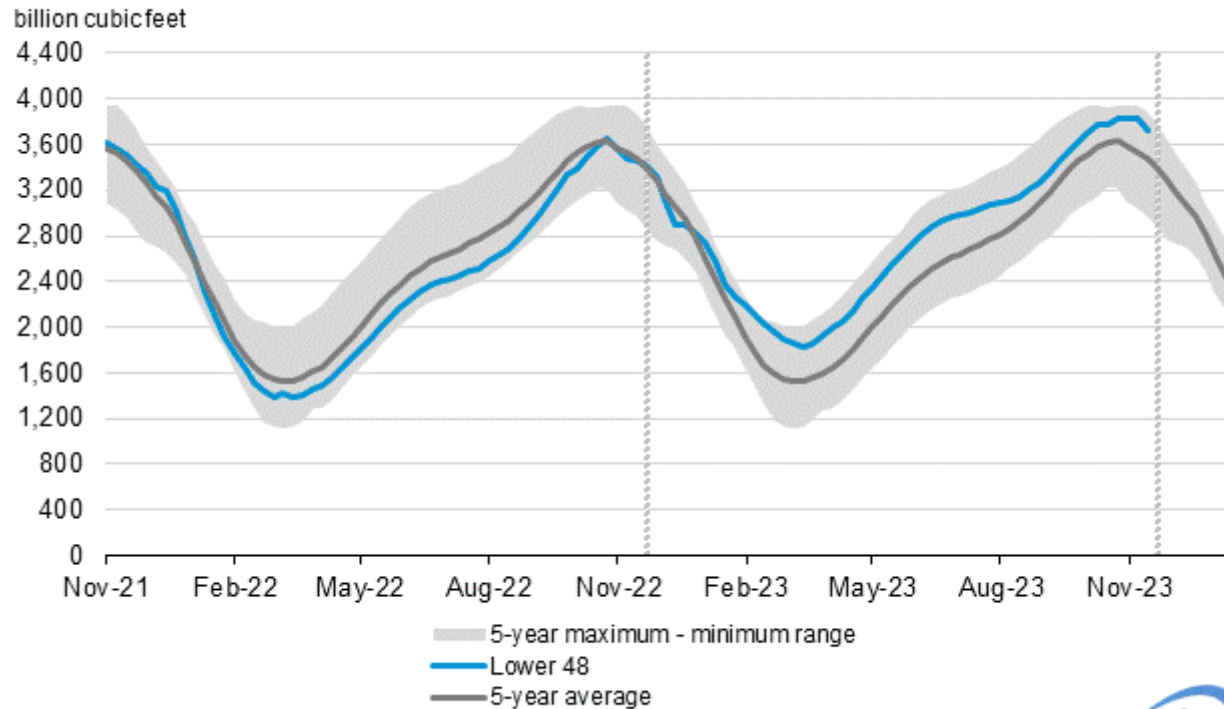


# KYMEA AR Energy Mix FY 24



# Working Gas in Storage (12-1-23)

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 graph

Rigs table

## Rigs

	Tue, November 21, 2023	Change from	
		last week	last year
Oil rigs	500	0.0%	-20.3%
Natural gas rigs	117	2.6%	-24.5%

Note: Excludes any miscellaneous rigs

## Rig numbers by type

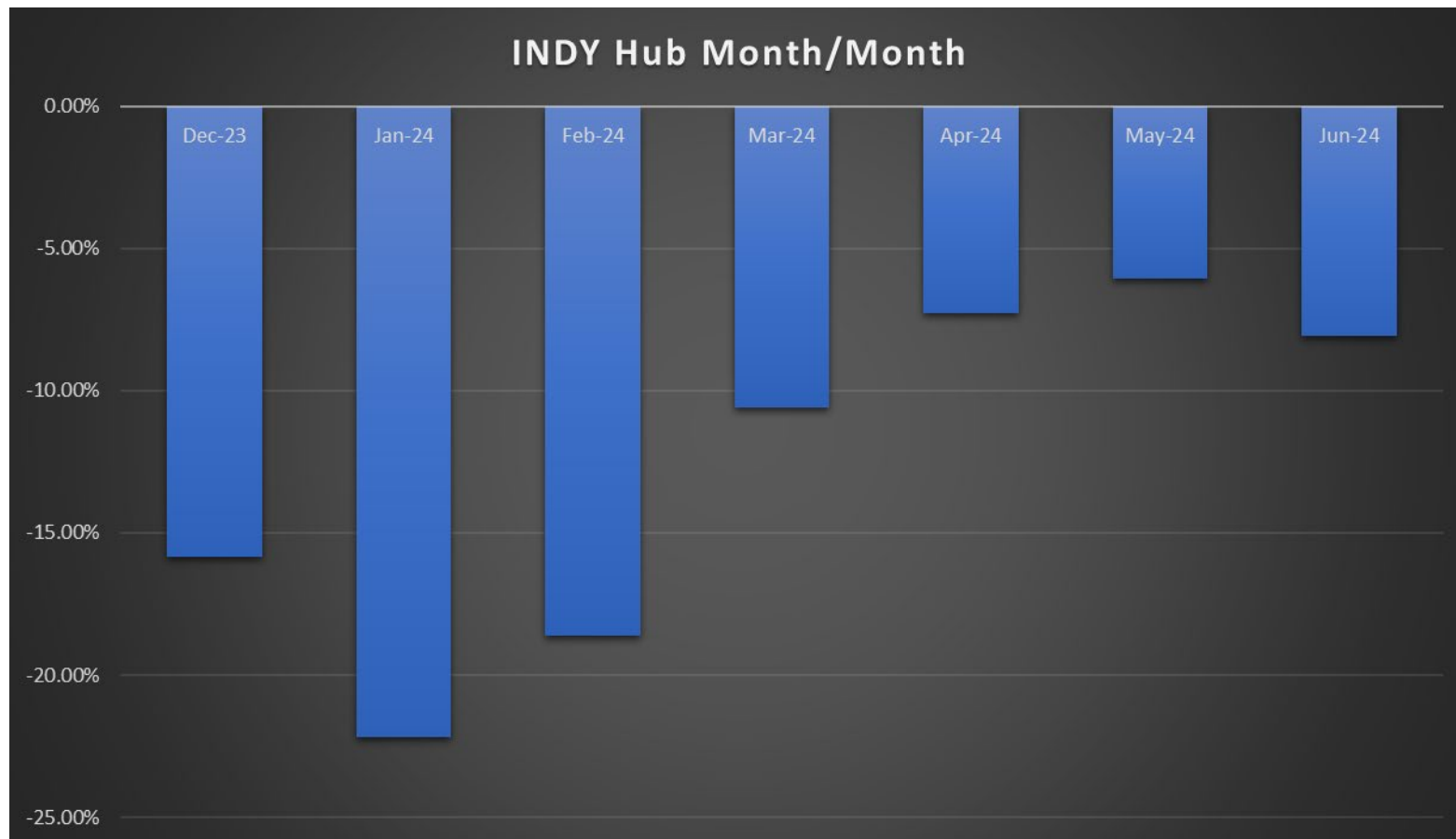
	Tue, November 21, 2023	Change from	
		last week	last year
Vertical	13	0.0%	-43.5%
Horizontal	554	0.2%	-22.4%
Directional	55	5.8%	17.0%

Data source: Baker Hughes Company

## Rig Count

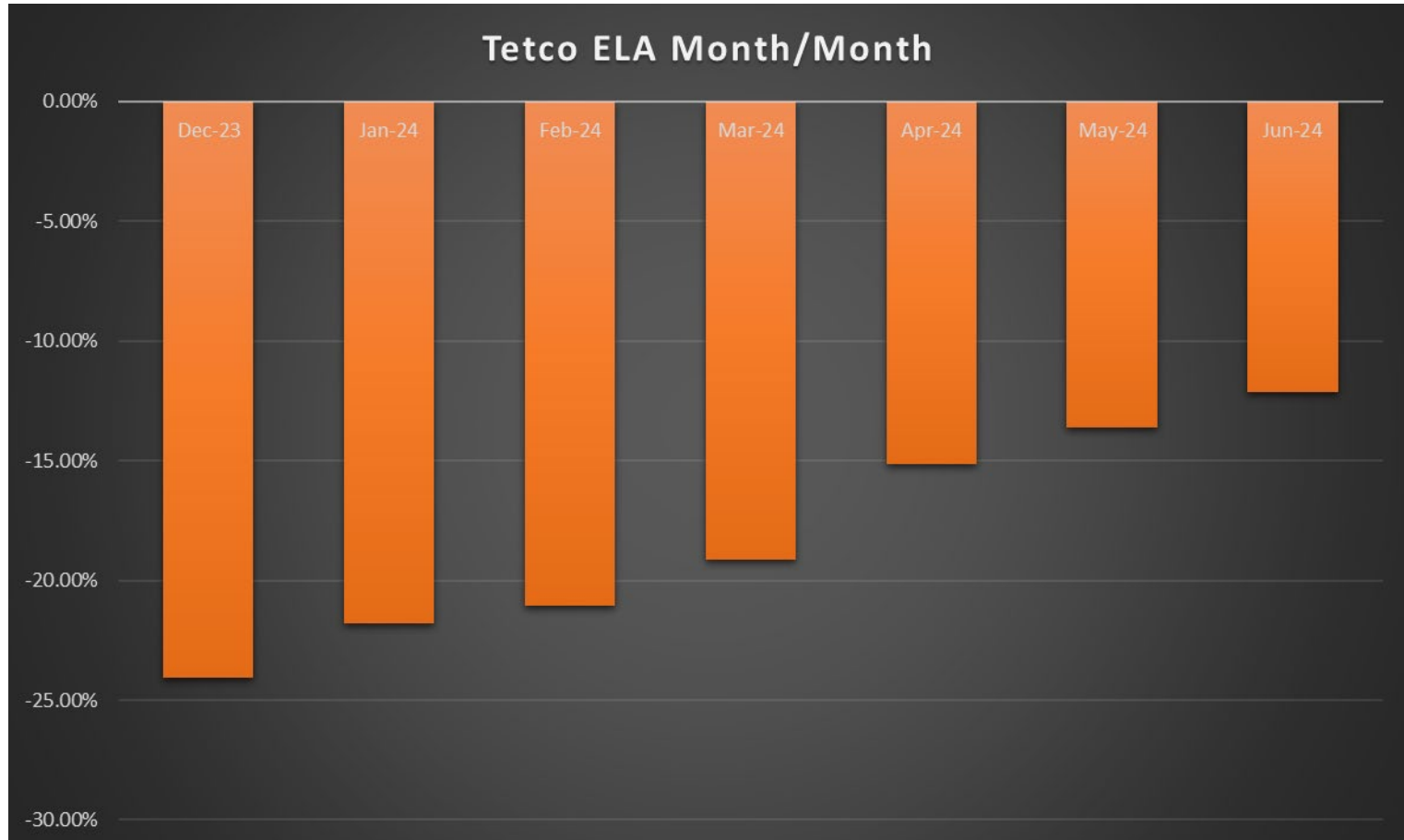
- According to Baker Hughes, for the week ending Tuesday, November 21, the natural gas rig count increased by 3 rigs from a week ago to 117 rigs. The Haynesville and Marcellus each added one rig, and one rig was added among unidentified producing regions. The number of oil-directed rigs remained unchanged from a week ago at 500 rigs; the Cana Woodford added 1 rig and the DJ-Niobrara dropped 1 rig. The total rig count, which includes 5 miscellaneous rigs, stands at 622 rigs, 162 fewer rigs than last year at this time.

# Indiana Hub ATC

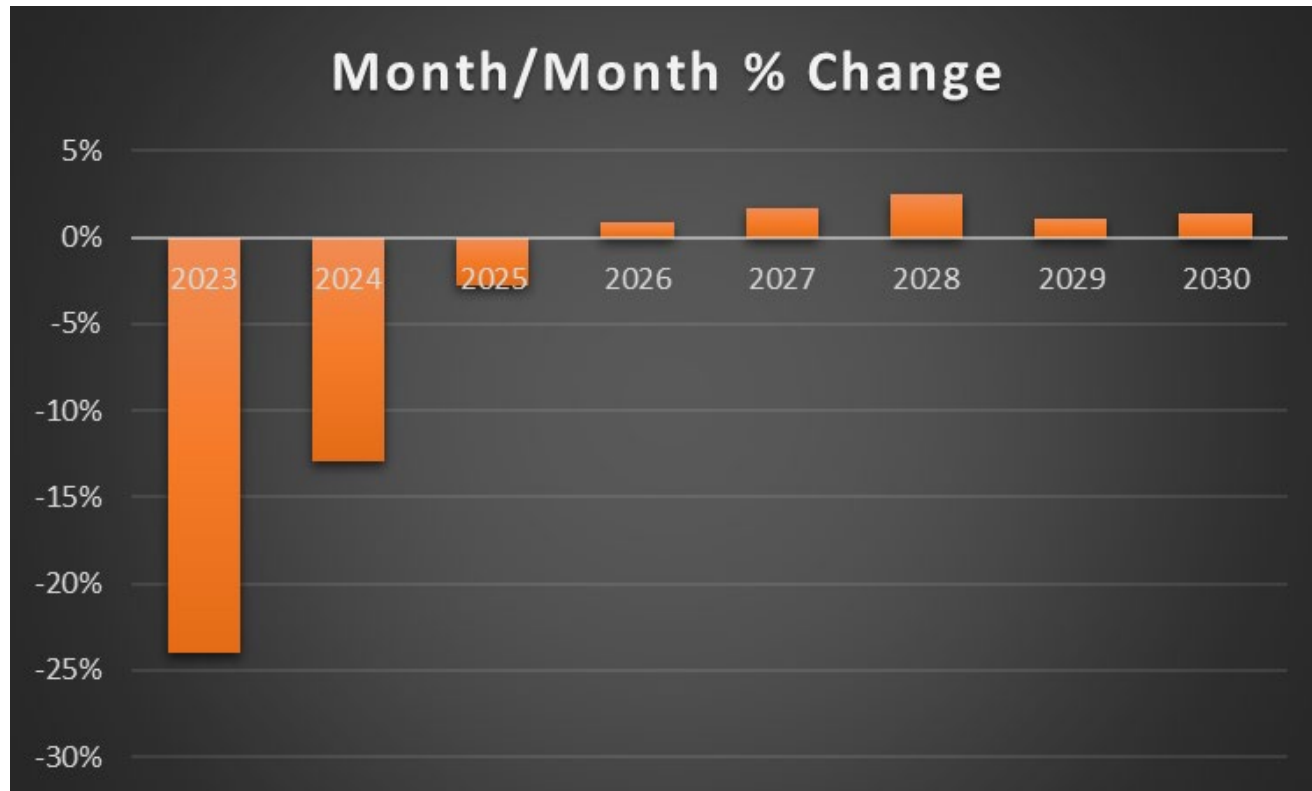




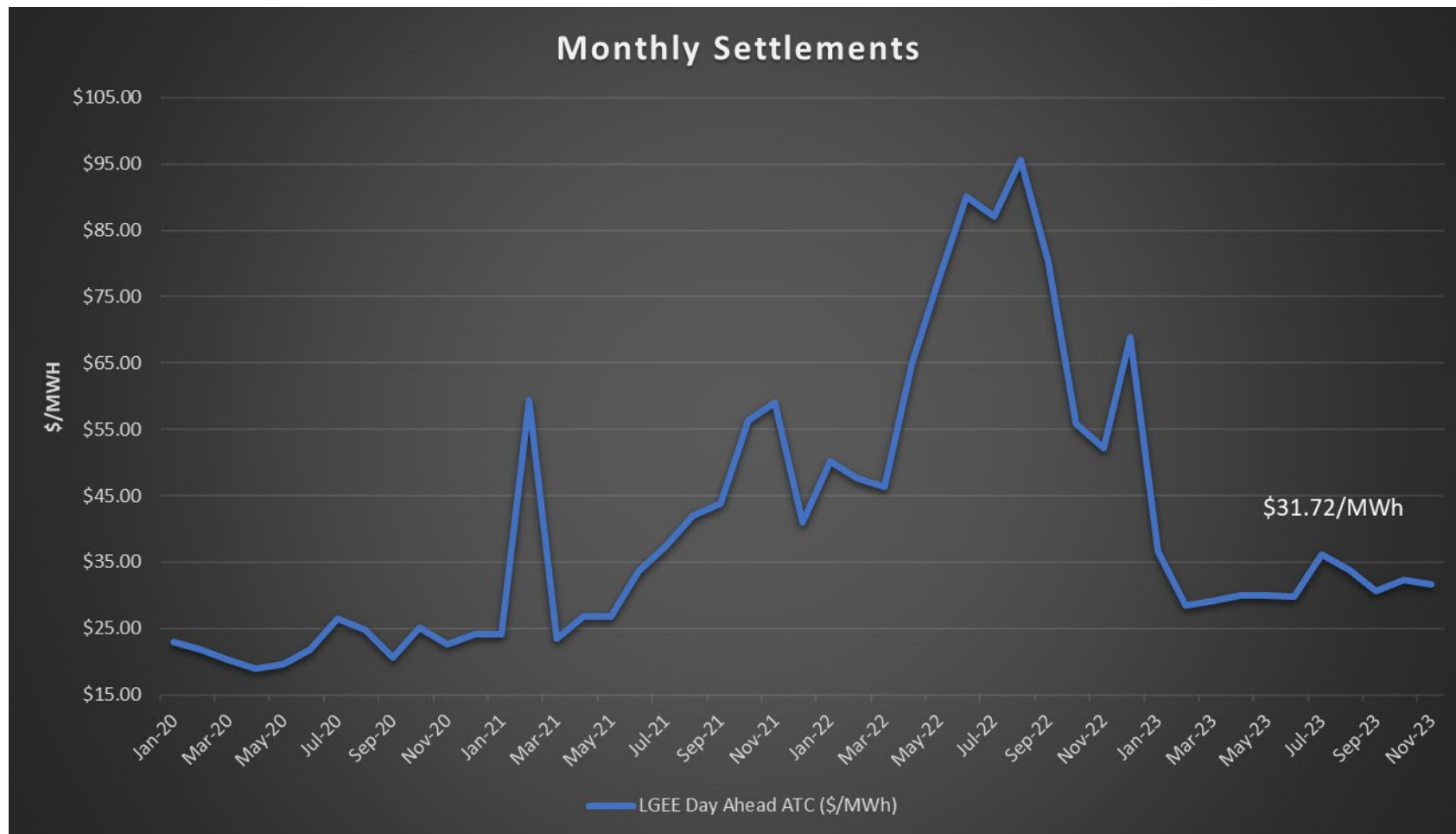
# Texas Eastern Transmission East Louisiana Zone



# Texas Eastern Transmission East Louisiana Zone



# Historical Pricing





KENTUCKY MUNICIPAL ENERGY AGENCY



# Member Communications

Michelle Hixon

December 13, 2023

# Dates to Remember

## January

24 <sup>th</sup> at 2 PM	AR Project Rates Workshop
25 <sup>th</sup> at 10 AM	Combined Mtg of the AR Project Committee and KYMEA Board of Directors

## February

22 <sup>nd</sup> at 10 AM	Board of Directors Meeting
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# December 2023 Newsletter



The December 2023 Newsletter is in your mailbox. Visit [www.kymea.org](http://www.kymea.org) to read the electronic version.





Merry  
Christmas!



KENTUCKY MUNICIPAL ENERGY AGENCY



# FY2025 Budget and Rates Schedule

Doug Buresh

December 13, 2023



# FY2025 Budget and Rates

2023

2024

Oct

Nov

Dec

Jan

Staff

- Prepare Initial Operating and Capital Budget and Service Rates

Budget Committee

- Staff presents Initial Operating and Capital Budget and Service Rates for Budget Committee (10/25/2023)

Staff

- Update Operating and Capital Budget and Service Rates
- Prepare FY2025 AR Rate Design

Budget Committee

- Staff presents Operating and Capital Budget and Service Rates for Budget Committee Approval (11/14/2023)

AR Project Workshop

- Staff presents AR Rates (11/14/2023)

Board

- Staff/Budget Committee presents Operating and Capital Budget and Service Rates to Board (11/15/2023)

Staff

- Update FY2025 AR Rate Design

AR Project Workshop

- Staff presents updated AR Rates (12/12/2023)

Board

- Staff/AR Project Committee presents AR Rates (12/13/2023)

Board (Budget Action)

- Operating and Capital Budget and Service Rates Approval (12/13/2023)

Board (Rate Action)

- AR Project Committee and Board AR Rate Approval (1/25/2024)

**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	\$14.368 per kW times Monthly Billing Demand
Energy Charge	\$0.03407 per kWh times Monthly Energy Requirement
Energy Cost Adjustment (ECA) Charge	A charge determined monthly per Section 6 of this Rate Schedule

## Transmission Charges

a. LGE/KU Transmission Charge	\$3.797 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: January 25, 2024

Effective: July 1, 2024

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

- b. PJM-EKPC Transmission Charge                      \$4.343 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                      \$1.025 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 and the AR Members desire to maintain a Depancaking Exposure Reserve Fund.

- 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 7 of this Rate Schedule

Approved: January 25, 2024  
Effective: July 1, 2024

**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. The ECA shall be included on the Monthly Invoice.

Collection of the ECA shall be applied as follows:

If the Projected Days Cash on Hand for June 30, 2025 < the Minimum Target Days Cash on Hand for June 30, 2025 as set forth in Section 6, then the ECA shall be computed and collected.

Approved: January 25, 2024

Effective: July 1, 2024

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

Credit of the ECA shall be applied as follows:

If the Projected Days Cash on Hand for June 30, 2025 > the Maximum Target Days Cash on Hand for June 30, 2025 as set forth in Section 6, then the ECA shall be computed and credited.

Where:

For FY2025, the ECAF collected or credited shall not exceed \$0.003/kWh.

Where:

Minimum Target DCOH = 60 DCOH

Maximum Target DCOH = 120 DCOH

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.

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

Approved: January 25, 2024

Effective: July 1, 2024

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

7. 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.

8. 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
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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: January 25, 2024

Effective: July 1, 2024

**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: January 25, 2024

Effective: July 1, 2024

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: January 25, 2024  
Effective: July 1, 2024



## FY2025 Operation Budget

FY2025 Operation and Capital Budget							
Administration/Advisory/Projects		FY2023 Actual	FY2024 Budget	FY2025 Budget	From FY2024 Budget		
					Variance \$	Variance %	3 Act / 9 Bud % of FY2024
100	Salaries	927,262	985,542	1,064,819	79,277	8.0%	239,367 24.3%
	Retirement Contribution	92,726	98,554	106,482	7,928	8.0%	23,937 24.3%
	Health, Life, Disability, FICA, Medicare, Accrued PTO	221,521	385,716	358,619	(27,097)	-7.0%	71,301 18.5%
200	Legal Counsel	152,420	160,000	160,000	-	0.0%	39,999 25.0%
300	Advisory Support	417,461	300,000	335,000	35,000	11.7%	(133,085) -44.4%
400	Office Space Lease & Costs	140,774	174,756	195,910	21,154	12.1%	35,222 20.2%
500	Member Services, Board Meetings, Training	75,507	125,800	125,800	-	0.0%	25,319 20.1%
600	Auto Expense	3,917	18,000	18,000	0	0.0%	1,599 8.9%
700	IT/AV/Software/Dynamic Schedule/Office Supplies	241,059	373,783	402,903	29,120	7.8%	93,182 24.9%
800	Insurance	8,695	11,286	3,600	(7,686)	-68.1%	3,822 33.9%
900	Advertising & Marketing	9,262	13,200	13,200	-	0.0%	9,884 74.9%
1000	Audit & Annual Report	55,505	70,000	70,000	-	0.0%	29,298 41.9%
1100	Rating Agency	10,000	10,000	55,000	45,000	450.0%	- 0.0%
1200	Associations & Lobbyist	3,599	29,250	26,800	(2,450)	-8.4%	- 0.0%
1300	Project Planning	(26,725)	67,000	67,000	-	0.0%	- 0.0%
	<b>Subtotals - Administration/Advisory/Projects</b>	<b>2,332,982</b>	<b>2,822,887</b>	<b>3,003,133</b>	<b>180,246</b>	<b>6.4%</b>	<b>439,846 15.6%</b>
	<b>Dispatch, Scheduling, Modeling</b>						
1400	Energy Services Partner	611,400	703,698	703,698	-	0.0%	152,850 21.7%
1500	MAC Software, Data, and Subscriptions	136,173	191,150	191,150	-	0.0%	36,449 19.1%
1600	MDMS/Communications/Meters/Dynamic Schedule	83,684	352,016	352,016	-	0.0%	29,871 8.5%
	<b>Subtotals - Dispatch, Scheduling, Modeling</b>	<b>831,257</b>	<b>1,246,864</b>	<b>1,246,864</b>	<b>-</b>	<b>0.0%</b>	<b>219,170 17.6%</b>
	<b>Total Budget</b>	<b>3,164,240</b>	<b>4,069,752</b>	<b>4,249,998</b>	<b>180,246</b>	<b>4.4%</b>	<b>659,016 16.2%</b>
	<b>Service Fees (Benham, Berea, Owensboro)</b>						
		FY2023 Actual	FY2024 Budget	FY2025 Budget	Variance \$	Variance %	3 Act / 9 Bud % of FY2024
2100	Membership Fee	(117,054)	(111,347)	(106,992)	4,355	-3.9%	(30,803) 27.7%
2200	Transmission Service + Energy Carrying Charge	(86,971)	(73,930)	-	73,930	-100.0%	(31,579) 42.7%
2300	Dispatch/MAC Service	(238)	(200)	-	200	-100.0%	(77) 38.7%
		<b>(204,263)</b>	<b>(185,476)</b>	<b>(106,992)</b>	<b>78,484</b>	<b>-42.3%</b>	<b>(62,459) 33.7%</b>
	<b>All Requirements Group - Net Service Fees</b>	<b>2,959,976</b>	<b>3,884,276</b>	<b>4,143,006</b>	<b>258,730</b>	<b>6.7%</b>	<b>596,556 15.4%</b>
	<b>Capital Expenditures</b>						
		FY2023 Actual	FY2024 Budget	FY2025 Budget	Variance \$	Variance %	
3100	Information Technology	18,254	76,000	90,000	14,000	18.4%	
3200	Dynamic Schedule	38,549	-	-	-	0.0%	
3300	Metering	45,186	114,000	150,000	36,000	31.6%	
3400	Automobile	42,592	60,000	-	(60,000)	-100.0%	
3500	Office	27,972	-	10,000	10,000	0.0%	
3600	Falmouth Transmission	4,500	-	-	-	0.0%	
3700	RICE Project	31,880	-	-	-	0.0%	
	<b>Total Capital Expenditures</b>	<b>208,933</b>	<b>250,000</b>	<b>250,000</b>	<b>-</b>	<b>0.0%</b>	

### 100. Salaries, Benefits, Retirement, Accrued PTO

Increase of \$60,108 over FY2024: Increase due to health insurance and 8% increase in salary and retirement contribution. Salaries, medical, dental, vision, life, disability, FICA, Medicare, accrued vacation/personal leave, tuition.

### 200. Legal Counsel

No change from FY2024: General legal support.

### 300. Advisory Support

Increase of \$35,000 over FY2024: Special Counsel and Advisory. FERC and specialized legal support, transmission and communications support, and power supply advisory support. Advisory services in FY2025 in support of Agency's 2025 portfolio changes.

#### 400. Office Space Lease & Costs

Increase of \$21,154 over FY2024: Increase due to adjustment in office maintenance cost and lease extension. Lease, IT closet utilities, maintenance. Contractual lease payment and expenses.

#### 500. Member Services, Board Meetings, Training

Unchanged from FY2024: Member meetings including annual meeting, portal design, member services travel. Training and fees to APPA, TAPS, TVPPA, legislative, HR, member communications, financial, software classes, certifications, etc.

#### 600. Auto Expense

Unchanged from FY2024: CEO vehicle fuel, maintenance, insurance, taxes, staff vehicle mileage.

#### 700. IT/AV/Software/Dynamic Schedule/Office Supplies

Increase of \$29,120 over FY2024: Increase due to SEDC (Meridian), IT support for cybersecurity, redundancy, ELAN, and dynamic scheduling internet access. Phones, copier, office supplies, IT service contract, internet, software subscriptions.

#### 800. Insurance

Decrease of \$7,686 from FY2024 due: Decrease resulting from active policy management and bidding. Property and professional liability.

#### 900. Advertising & Marketing

Unchanged from FY2024: Newsletters, website support, branding.

#### 1000. Audit & Annual Report

Unchanged from FY2024: Audit and annual report production and printing.

#### 1100. Rating Agency

Increase of \$45,000 from FY2024: Increase due to addition of Moody's Rating Agency. Moody's and Fitch Rating Agency ratings.

#### 1200. Associations and Lobbyist

Decrease of \$2,450 under FY2024: APPA and KYMEA Lobbyists.

#### 1300. Project Planning

Unchanged from FY2024: Transmission system impact studies and strategic planning.

#### 1400. Energy Services Partner

Unchanged from FY2024: ESP services, model runs, trading accounts, trading fees and services, back-up server fee.

#### 1500. MAC Software, Data, Training, and Subscriptions

Unchanged from FY2024: Optimization model, data and market intelligence, load forecasting, RTO membership, training

## 1600. MDMS/Communications/Meters

Unchanged from FY2024: MDMS license and maintenance, communications expense, meter testing, dynamic scheduling (engineering support, software, OATIWeb, LG&E/KU, TVA, and MISO).

## SERVICE FEES

- Membership Fee – 0.0142¢ per kWh.
- Dispatch Service Fee – 0.0555¢ per kWh. *(service discontinued)*
- Transmission Service Fee – 0.0531¢ per kWh. *(service discontinued)*
- Energy Carrying Charge – 0.0456¢ per kWh. *(service discontinued)*
- Resource Planning Service Fee – 0.0383¢ per kWh. *(service discontinued)*

## NET OPERATING BUDGET

Increase of \$180,246 (4.4%) over FY2024.

## CAPITAL BUDGET

\$250,000. No change from FY2024 Budget. Supports MAC and office hardware needs, spare equipment, redundancy, dynamic scheduling hardware, software, and communications requirements, Falmouth Transmission, Projects.

Document: [V:\Budget\FY2025\FY2025\\_Operating\\_Budget\\_Board\\_11-14-2023.docx](V:\Budget\FY2025\FY2025_Operating_Budget_Board_11-14-2023.docx)

Spreadsheet: [V:\Budget\FY2025\KYMEA\\_Income\\_Statement\\_FY25\\_Budget\\_11-14-2023.xlsx](V:\Budget\FY2025\KYMEA_Income_Statement_FY25_Budget_11-14-2023.xlsx)

## Closed Session Authorization for December 13, 2023 KYMEA Board Meeting

Approval to enter into Closed Session pursuant to KRS 61.810(1)(c), KRS 61.810(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, including but not limited to a specific asset and siting.

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.