

Kentucky Municipal Energy Agency

September 22, 2016 10:00 AM

Bowling Green Municipal Utility 801 Center St, Bowling Green, KY 42101

Attendance Taken at 11:28 AM:

Present Board Members:

Josh Callihan
Herbbie Bannister (Proxy for Vent Foster)
Ronald Herd
Chris Melton
Terrance Naulty
Mike Withrow
Phillip King

Absent Board Members:

Vent Foster
Eddie Gooch
Chrissy O'Hara
Carl Shoupe

A. MEETING OPENING

B. AGENDA REVIEW AND MODIFICATIONS

C. PERFORMANCE REPORTS AND MODIFICATIONS

C.1. Executive Committee Report

C.2. Financial Report

Motion Passed: passed with a motion by Josh Callihan and a second by Mike Withrow.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister (Proxy for Vent Foster)	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

D. ITEMS PRESENTED FOR ACTION AT THIS MEETING

D.1. Consideration of AR Project Committee Procedures

Rationale:

In accordance with the updated Project Implementation Plan reviewed with the Board in August, the AR Project Committee Members will be asked to consider adopting procedures that will govern the functions of the Committee. A draft of the proposed AR Project Committee Procedures will be discussed.

Motion Passed: Adoption of the procedures that will govern the functions of the All-Requirements Project Committee passed with a motion by Chris Melton and a second by Josh Callihan.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister	Yes
(Proxy for Vent Foster)	
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

D.1.a. Election of Chairman

Motion Passed: Chris Melton passed with a motion by Ronald Herd and a second by Josh Callihan.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister	Yes
(Proxy for Vent Foster)	
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

D.2. Interlocal Cooperation Agreement and Transmission Agency Agreement with Berea

Rationale:

The City of Berea has executed an Interlocal Cooperation Agreement and requests approval of its becoming a party to the Interlocal Cooperation Agreement and becoming a Member of KyMEA.

In addition, Berea has executed an agreement titled: Agency Agreement between City of Berea, Kentucky and Kentucky Municipal Energy Agency for Procurement of Berea Transmission Services ("Transmission Agency Agreement"). The Transmission Agency

Agreement provides for KyMEA to serve as Berea's agent for procurement of transmission services.

The Berea Interlocal Cooperation Agreement and Transmission Agency Agreement will be reviewed and discussed.

Motion Passed: Motion to accept Berea's membership application without attaching any conditions to its acceptance, permit Berea to become a party to the Interlocal Cooperation Agreement, and approve the admission of Berea as a Member of KyMEA without conditions precedent; passed with a motion by Josh Callihan and a second by Herbbie Bannister (Proxy for Vent Foster).

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister (Proxy for Vent Foster)	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

D.3. Updated Cost Sharing Plan for Implementation Activities and Determination of Weighted Votes for Agency Members

Rationale:

The cost allocation plan and determination of weighted votes for the KyMEA Members applicable to FY ended June 2016 was approved by KyMEA in Fall 2015. At that time, Berea was not a Member of KyMEA.

We have updated the cost allocation plan and weighted vote determination for the Board's consideration taking into account Berea's status and the energy requirements of the Members for the 12 months ended June 2016.

Motion Passed: Approval of the proposed cost allocation plan passed with a motion by Terrance Naulty and a second by Mike Withrow.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister (Proxy for Vent Foster)	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

E. DISCUSSION AGENDA

E.1. PPA and Transmission Arrangements Update

Rationale:

Discussion of the following topics:

BREC's progress in accomplishing conditions precedent

Approval of the RUS

Filing before the PSC

Update on progress regarding NGCC PPA

HenderSun Interest Group and PPA

Other considerations

Status Report regarding transmission

LGE/KU transmission system

MISO transmission system

EKPC (or PJM) transmission system (for Falmouth)

Input received during the 9/20/2016 Frankfort Stakeholder Advisory Panel Meeting

E.2. Proposed Contracts pertaining to Existing Member Resources

Rationale:

The AR Contract provides three Options pertaining to Member resources. To facilitate KyMEA's continued portfolio planning, the Members need to determine how to proceed with regard to the existing SEPA and Paris diesel resources.

The three options provided for in the AR Contract include:

KyMEA will use Member resources and provide credits to the applicable Member based on the value KyMEA realizes by that use (i.e., the costs KyMEA avoids, plus any net revenue KyMEA receives from 3rd party sales);

KyMEA will market the output of the resource on the Member's behalf and provide credits based on the net revenues received; or

Any Member may work with another party to market the output of the resource.

In accordance with the updated Project Implementation Plan reviewed with the Board in August, discuss and seek feedback from the Board regarding the key provisions that would be included in contracts between KyMEA and each Member to implement Option 1 above and review initial analyses with respect thereto. The implementation plan calls for drafts of contracts with Members for existing Member resources to be reviewed with the Board in October.

E.3. Updated Implementation Plan

Rationale:

An updated project implementation plan and schedule was reviewed in August. As anticipated at the August meeting, the advisory team has reviewed the plan further. As a result of that review, the advisory team recommends and will review with the Board certain adjustments to the plan.

Motion Passed: Motion to authorize the chairman to sign the non-disclosure agreements associated with the implementation plan for the consultants to have the ability to bring material to board passed with a motion by Terrance Naulty and a second by Josh Callihan.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister	Yes
(Proxy for Vent Foster)	
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes

Chrissy O'Hara

Absent

E.4. Status Report regarding Cooperation between KyMEA and KMPA Members

Rationale:

At the July meeting, the Board authorized an agreement with KMPA for certain administrative services by KMPA's employee, Heather Overby, subject to more specifics with respect to scope and pricing. An update will be provided.

E.5. Rate Design Commitments

Rationale:

Benham's load characteristics are VERY different than all other AR Members' load characteristics. More specifically, Benham's load factors in the non-Summer months are far lower than those of any other AR Member. This is partially a result of Benham's customer mix being essentially all residential, but also results from customer load characteristics being different due to Benham's location and economy. As a result, KyMEA's estimated all-in average projected cost per Megawatt-hour is higher for Benham than for any other AR Member, creating a disincentive for Benham to become an AR Member.

The Advisory team does not believe it would be appropriate to make adjustments to the terms of the AR Contract between Benham and KyMEA to address this issue. However, the Advisory Team believes it may be appropriate to make certain commitments to Benham regarding limited provisions of the yet to be developed AR Rate Schedule to aid Benham in making a decision as to whether to enter into an AR Contract. The current implementation plan calls for the AR Rate Schedule to be designed in FY 2017/2018.

The nature of the commitment we suggest the AR Members might consider would be along the following lines:

Limit Benham's monthly billing demands in non-Summer months either based on some percentage of Benham's prior summer's peak demand or based on a minimum load factor more representative of the monthly load factors of other AR Members. The effect of this type of limitation on Benham's billing demands would be to reduce the average cost of electricity to Benham on a dollars per Megawatt-hour basis to be more in line with the average cost to the other AR Members.

Provide for at least a 5-year notice of any change in this commitment by Board.

The AR Rate schedule would provide for the above to apply to any Member in a similar circumstance and may be limited to Members whose annual peak demand is below a certain level (e.g., 5 or 10 MW).

F. CONSENT AGENDA

F.1. Approve Minutes of August 25, 2016 Regular Meeting

Motion Passed: passed with a motion by Terrance Naulty and a second by Chris Melton.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister (Proxy for Vent Foster)	Yes
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

G. UPCOMING MEETINGS

Rationale:

The KyMEA Board of Directors shall hold its regular meetings on the fourth Thursday of each month, except for the months of November and December when the regular meeting shall be held on the third Thursday.

The regular meetings shall convene and commence at 10:00 AM Central time on said dates.

The regular meetings shall be held at the Bowling Green Municipal Utility located at 801 Center St, Bowling Green, KY 42101 in Bowling Green, Kentucky or at such location to be designated by the Board.

October 26, 2016 at 10:00AM (Central) (Wednesday) Hosted by KMPA at Paducah Power (coincides with KMUA meeting) (Paducah Peaking Plant tour)

November 16, 2016 at 10:00AM (Wednesday)

December 21, 2016 at 10:00AM (Wednesday)

H. CLOSED SESSION PURSUANT TO KRS 61.810 (1)(k) and 61.878 (1)(c) for discussion 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

Rationale:

CLOSED SESSION PURSUANT TO KRS 61.810 (1)(k) and 61.878 (1)(c) for discussion 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.

Motion Passed: Approval to enter into Closed Session pursuant to KRS 61.810 (1)(k) and 61.878 (1)(c) for discussion 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 passed with a motion by Terrance Naulty and a second by Herbbie Bannister (Proxy for Vent Foster).

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister	Yes
(Proxy for Vent Foster)	
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

I. RETURN TO OPEN SESSION

Motion Passed: Approval to return to Open Session passed with a motion by Chris Melton and a second by Terrance Naulty.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister	Yes
(Proxy for Vent Foster)	
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent
Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

J. Other Business

K. ITEMS PRESENTED FOR ACTION AS A RESULT OF CLOSED SESSION

K.1. Consider Approval of Actions Necessary to Carry Out Closed Session Directives.

L. ADJOURNMENT

Motion Passed: passed with a motion by Mike Withrow and a second by Josh Callihan.

7 Yeas - 0 Nays.

Josh Callihan	Yes
Herbbie Bannister	Yes
(Proxy for Vent Foster)	
Ronald Herd	Yes
Chris Melton	Yes
Terrance Naulty	Yes
Mike Withrow	Yes
Eddie Gooch	Absent

Carl Shoupe	Absent
Phillip King	Yes
Chrissy O'Hara	Absent

Chairperson

Secretary