

# KYMEA POWER POST

*A Quarterly Publication by KYMEA.*



## KYMEA's Low Rates Foster Economic Development

Municipal utilities play an important role in economic development efforts. When a business looks to locate or expand, one of the first questions is, "Are the electricity rates competitive and stable?"

The competition to attract new business is often fierce. Investor-owned utilities (IOUs) will undercut municipal utilities because the IOUs will provide an introductory rate to prospective companies below what it costs them to generate and deliver electricity. But, unbeknownst to the rest of their customers, the existing captive customers are subsidizing the introductory rate. Then after the introductory rate has expired, the new business is stuck with a higher long-term electricity rate.

KYMEA communities take a different approach and present a superior offering. With rates lower than the IOUs and a debt-free balance sheet, the Agency offers low and stable rates now and far into the future. Low and stable rates outperform introductory rates every time.

To understand the benefits of a community-owned public power agency, look no further than KYMEA's response to the coronavirus pandemic. To combat the financial distress experienced within the KYMEA communities, the KYMEA Board passed the COVID-19 Rate Relief Plan (RRP) and the Member Late Payment Protection Plan (LPPP).

The RRP shifts power costs and member usage risks, which are typically borne by the members, to KYMEA. Shifting these risks provides certainty to the member communities that their monthly power rates will remain stable as the customers hard hit by the pandemic move to reopen their businesses and begin to recover economically. The LPPP permits the Agency to negotiate payment terms and suspend late payment fees for members who have difficulty paying their KYMEA power bills due to the pandemic.

In times of crisis, businesses and residents located in a KYMEA community can be assured that the Agency is in their corner.

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# Economic Recovery after COVID-19

BY DOUG BURESH



Greetings,

Former heavyweight champion Mike Tyson famously said, "Everyone has a plan until you get punched in the mouth."

At the beginning of 2020, the unemployment rate was at a 50-year low and the economy was booming. Local businesses were experiencing success and planning for their future, perhaps looking to expand and hire additional staff.

Then the coronavirus pandemic metaphorically punched us in the mouth.

Many of the small businesses, who are the backbone of the KYMEA communities, began their struggle to stay afloat as the mandated shutdowns decimated their reserve funds and forced them to lay-off employees. Local businesses had to quickly develop a new plan – survival.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress with overwhelming, bipartisan support and signed into law by President Trump on March 27th, 2020. The purpose of the over \$2 trillion economic relief package was to protect the American people from the public health and economic impacts of COVID-19. The CARES Act provided direct economic assistance for American workers, families, and small businesses.

## KYMEA Board Approves COVID-19 Rate Relief Plan and Member Late Payment Protection Plan

KYMEA asked itself, "How can we provide additional assistance to our communities?"

KYMEA's vision statement is, "We shall positively impact our communities as a trusted leader of power supply and energy-related services." With our vision statement in mind and in response to the coronavirus pandemic and its associated economic hardships and uncertainties, KYMEA introduced the COVID-19 Rate Relief Plan (RRP) and the Member Late Payment Protection Plan (LPPP).

For its upcoming fiscal year beginning July 1st, the KYMEA Board approved a 4.19% reduction in member power supply and transmission bills. To provide additional

relief beyond the power bill reduction to address these uncertain times, the KYMEA Board also approved the RRP and the LPPP.

The RRP shifts power costs and member usage risks, which are typically borne by the members, to KYMEA. The shifting of these risks provides certainty to the member communities that their monthly power bill rates will remain stable as the members' customers hard hit by the pandemic move to reopen their businesses and begin to recover economically.

The LPPP permits the Agency to negotiate payment terms and suspend late payment fees for its members who may have difficulty paying their KYMEA power bills due to the pandemic.

These programs will stay in effect through June 2021.

By making every effort to investment in the financial health and physical well-being of our communities now, the dividends returned will be far greater in the future. The partnership between KYMEA and its communities provides a tremendous ability to quickly address a crisis. As a not-for-profit Agency, our focus is on the customer as there are no shareholders to satisfy.

## Economic Development

As KYMEA looks to the future after the coronavirus pandemic is in our rearview mirror, the Agency will continue to advance our low and stable rates into economic development opportunities for our members. KYMEA is a member of the Kentucky Chamber of Commerce with seats on the Energy and Environment Policy Council and the Competitiveness Policy Council. The relationship with the KCC provides an additional avenue to bring jobs to Kentucky and the KYMEA communities.

To help grow and improve our communities, KYMEA is available to play whatever role is needed in local economic development programs. The earlier KYMEA is involved in the process, the greater the likelihood for success. It is what we do as a trusted partner.



## Important Dates

### June

- |      |                                     |
|------|-------------------------------------|
| 24th | IRP Video Focus Group Session       |
| 25th | BROC Meeting<br>KYMEA Board Meeting |

### July

- |      |                     |
|------|---------------------|
| 22nd | KYMEA Board Meeting |
|------|---------------------|

### August

- |      |                     |
|------|---------------------|
| 27th | KYMEA Board Meeting |
|------|---------------------|



# Economic Development Scorecard



## LOCATION

Kentucky's central location is within a day's drive of two-thirds of the U.S. population to include New York, Charlotte, Washington D.C., Chicago, and Atlanta, making it an optimal hub for many companies.

## LOGISTICS

Kentucky's two international airports and three global air cargo hubs, UPS, DHL, and Amazon have contributed to its ranking as #2 nationally for air cargo shipments. Its 20 Interstates and major highways, barge transportation on the Mississippi and Ohio rivers, and five commercial airports along with dozens of regional airports support Kentucky's diverse industrial sector.

## LOW COST OF DOING BUSINESS

According to CNBC, Kentucky ranks #1 in the nation for the lowest cost of doing business. Tax incentive programs have provided much needed flexible financial assistance to businesses that are looking to locate, or expand in Kentucky.

## LOWEST POWER RATES

Kentucky's industrial power rates are not only 20% lower than the national average, but rank the lowest among states east of the Mississippi River.

The benefits of being a Kentucky business are great! KYMEA's #1 priority is our customers! Our customer focus will continue to attract new business to the Commonwealth.

**View these and other stats at [ThinkKentucky.com](http://ThinkKentucky.com).**

## KENTUCKY

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### POPULATION (2018):

4,582,010

### POPULATION GROWTH:

4.6M (Projected Population by 2020)

### MEDIAN HOUSEHOLD INCOME:

\$49,381

### CREDIT RATING:

A/Stable

### 2018 GDP:

\$187,215.5 (2018)

### COST OF LIVING:

16th Lowest in the Nation

### MEDIAN AGE:

40



# KENTUCKY IS A TOP CONTENDER

A photograph of the Louisville skyline at dusk or night. In the foreground, the steel truss of the Muhammad Ali Bridge is visible, with lights reflecting off the Ohio River below. Behind the bridge, several buildings are illuminated, including a prominent skyscraper with a distinctive dome. The sky is a gradient of blues and purples.

**4,500  
MANUFACTURING  
FACILITIES**

**EMPLOYS OVER  
260,000  
KENTUCKIANS**

A photograph of the Louisville skyline at dusk or night. In the foreground, the steel truss of the Muhammad Ali Bridge is visible, with lights reflecting off the Ohio River below. Behind the bridge, several buildings are illuminated, including a prominent skyscraper with a distinctive dome. The sky is a gradient of blues and purples.

**2019 PROJECTS  
\$3.94B  
ANNOUNCED**

A photograph of the Louisville skyline at dusk or night. In the foreground, the steel truss of the Muhammad Ali Bridge is visible, with lights reflecting off the Ohio River below. Behind the bridge, several buildings are illuminated, including a prominent skyscraper with a distinctive dome. The sky is a gradient of blues and purples.

**5,356  
NEW  
MANUFACTURING  
JOBS**

Kentucky's plentiful farmland, prime location, and advanced manufacturing capabilities is the perfect combination to propel the Commonwealth as a national leader in manufacturing and technology.

# KYMEA Communities Prepare for Growth

## BUILD-READY SITES

Our communities understand the importance of preparation and have more than just shovel ready sites available. These Build-Ready sites drastically reduce planning and construction times. "Think Kentucky" outlined the following benefits for Build-Ready sites that allow companies to hit the ground running and eliminate much of the headache caused by red tape.

- A building pad is ready
- Zoning is in place
- Environmental issues have been resolved
- Infrastructure plans are set
- Construction costs and timetables have been estimated
- Funding plans have been developed, with sale and lease options
- Building renderings are available

## ATTRACTIVE COMMUNITIES

When it comes to attractive communities, many KYMEA communities rank at the top. The beauty of the bluegrass and award winning horse farms attract people far and wide for not only tourism, but also for the slower pace and outdoor lifestyle. Kentucky's more than seventeen lakes and rivers draw people for relaxing weekends of fishing and boating activities. Since Kentucky produces ninety-five percent of the world's bourbon, there is no shortage of breweries and wineries to visit in the Commonwealth.

## WE KNOW OUR DATA

Kentucky has made several steps to draw in new business and large companies to the Commonwealth. According to Site Selection's annual site selectors survey, Kentucky was ranked as one of the top 10 states who have done the most to improve their overall business climate in recent years. One of the first changes was adding the Commonwealth as a "Right to Work" state in 2017. The Site Selection survey also showed distribution, logistics, and advanced manufacturing industries leading the nation in industrial growth. KYMEA's low rates will help as Kentucky continues its efforts to improve its business climate.

Kentucky communities have teamed up with the Kentucky Cabinet for Economic Development to make available detailed demographic data to companies that are looking for their next opportunity. Community and Build-Ready site data is made available online at [KYOZ.org](http://KYOZ.org) and [thinkkentucky.org](http://thinkkentucky.org).

## INTERESTING FACTS



Kentucky produces 95% of the world's bourbon.



In 2018 Kentucky's exports hit an all-time high for three consecutive years.



The Business Tax climate in Kentucky ranks better than half of the country.



Kentucky is 8th in the nation for National Career Readiness Certificates.

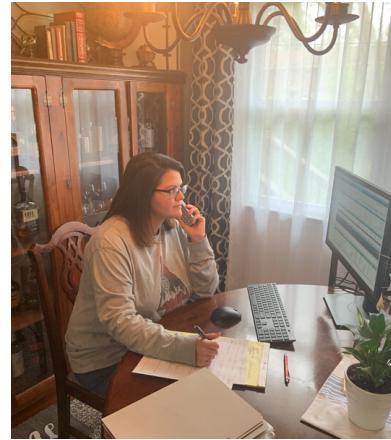
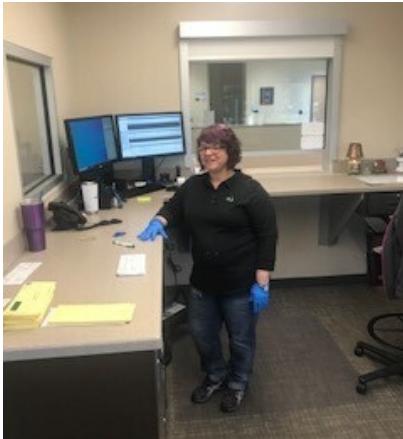


Kentucky is among the lowest Workers' Compensation Index Rates in the Country (1.51 in 2019).

Facts and Figures based on the Site Selection, 2020 State of the States, released January 2020, and Thinkkentucky.org



# KYMEA COMMUNITIES CONTINUE ESSENTIAL SERVICES DURING COVID-19





# FRANKFORT

What is happening in our communities?

## JUNE

12-13th: Barbourville BBQ Festival Cook Off  
20th: Dazzling Daylily Festival Balloons in the Garden - Owensboro

## JULY

4th: 4th of July Spectacular - Berea  
4th: Fun Filled Fourth Fest - Harlan County  
10-11th: Salute the Arts - Owensboro  
10-11th: Berea Craft Festival  
31-2nd: Owensboro-Davies County Motorsport Festival

## AUGUST

8th: Hops on the Ohio Beer Festival - Owensboro  
13-15th: NIBROC Festival - Corbin  
14-16th: Berea Celtic Festival

## SEPTEMBER

5-6th: Honoring our Veterans Pow Wow - Corbin  
12th: EweNique Art Walk - Falmouth  
12th: MoonBow EggFest - Corbin  
18-20th: Spoonbread Festival - Berea  
19th: Pumpkin Festival - Paris  
20th: Fall Arts Festival - Frankfort  
26th: Tri-State Pickle Festival - Owensboro



## DID YOU KNOW?

- Frankfort was founded in 1786 and became the Capital of Kentucky in 1792.
- During Frankfort's early history, the capital building was burned two times. On both occasions Lexington and Louisville attempted to take over as capital, but were unsuccessful.
- Frankfort began electric services in 1946 and currently serves 16,492 residential customers and 4,233 commercial and industrial customers.
- Frankfort is the burial place for the great American pioneer, Daniel Boone and his wife Rebecca.
- The city boasts of its Kentucky History Center and Vietnam Veterans Memorial along with many historic buildings like the Old Capital, Liberty Hall, and the Orlando Brown House.





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## #PUBLICPOWERFORKENTUCKY



If you have ideas for the next Power Post, please email Michelle Hixon at [mhixon@kymea.org](mailto:mhixon@kymea.org).



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