October 22, 2026 Combined Meeting of the AR Project Committee and KYMEA Board of Directors

10/22/2026

Madisonville Electric Department at 9:00 am Eastern Time

755 Nebo Rd

Madisonville, KY 42431

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

Meeting Book - October 22, 2026 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		
E. Administration Reports		
1. CEO		Doug Buresh
2. Market Report		Rob Leesman
3. Member Communications		Michelle Hixon
F. Discussion Topics		
1. ECI Completion Bond Sale		Heather Overby
G. AR Project Committee Meeting		Brad Porter
H. Action Items		
1. Enterprise Risk Management Updates		Rob Leesman
2. Schedule B Resource Obligation Table		Doug Buresh
I. Public Comments		Josh Callihan
This is an opportunity for members of the public to provide input to the KYMEA Board and is limited to 5 minutes per speaker.		
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 November 18, 2026, at 10 am in KYMEA's boardroom.		
K. Closed Session		Charlie Musson
L. Actions Related to Matters Discussed in Closed Session		Josh Callihan
M. Adjournment		Josh Callihan

Minutes for Meeting Book - September 24, 2026 Special Combined Meeting of the AR Project Committee and KYMEA Board of Directors
September 24, 2026

A meeting of the Board of Directors of KYMEA was held on September 24, 2026. Persons present in-person or telephonically were:

Attending:

In Person: Matt Belcher, Josh Callihan, Ron Herd, Philip King, Brad Porter, Aaron Sparkman, Gary Zheng, Sabrina Hazen

Virtual: Tiffany Brock, Nick Gogel, Christina Lewis, Travis McCullar, Steff Thomas

Other attendees were: Doug Buresh, Heather Overby, Michelle Hixon, Molly Roesler, Rob Leesman, Charlie Musson, Chase Brand, Ethan Teveldal, Amy Bagshaw, Trevor Copenhavor, Maria Swafford, and Hance Price.

Meeting Opening

1. Attendance: A quorum of both the Board of Directors and the AR Project Committee was noted.
2. Call to Order: Chairman Callihan called the meeting to order.
3. Guest Introductions: No introductions were made.

Previous Meeting Minutes of the KYMEA Board of Directors

ACTION: A motion to approve the August 27, 2026, meeting minutes was made by Aaron Sparkman and seconded by Brad Porter. The motion passed.

Financial Reports and Audit Presentation

ACTION: Motion to approve the FY2026 Audited Financials was made by Mayor King and seconded by Mayor Hazen. The motion passed.

ACTION: A motion to approve the July and August financial reports was made by Mayor King and seconded by Aaron Sparkman. The motion passed.

Committee Reports

1. Executive Committee: The committee met with Forvis to discuss the results of the annual audit, and the committee recommended board approval.

2. BROC: The committee met earlier this morning and mentioned that there were no actions from the BROC.

3. ECI Project Committee: Chairman Sparkman added that Energy Center I is on time and on budget, and the committee recommends action to be taken later in the agenda. He also mentioned that ECI critical path remains the electrical interconnection.

Administration Reports

1. CEO Report: Doug updated the group on the Tygarts Creek station RFP and other agency activities.

2. Market Report: Rob Leesman discussed the previous month’s markets and KYMEA member load data.

3. Michelle Hixon reported upcoming events and member activities.

Discussion Topics

No other topics were discussed.

AR Project Committee Meeting

Action Items

ACTION: Motion to adopt the 2026 ECI Completion Bond Resolution was made by Mayor King and seconded by Brad Porter. The motion passed.

ACTION: Motion to approve the Energy Center I Project Committee's recommendation to approve Olive Hills' potential participation request was made by ECI Project Committee and seconded by Mayor King. The motion passed.

Public Comments

No comments were made.

Upcoming Meetings and Other Business

The next board meeting will be held as a Combined Meeting of the AR Project Committee and Board of Directors on October 22, 2026, at 9 a.m. Eastern time, 8 a.m. Central time, at the Madisonville Electric Department office.

Closed Session

No closed session was held.

Actions Related to Matters Discussed in Closed Session

No action was taken.

Adjournment

ACTION: Motion to adjourn was made by Mayor King and seconded by Brad Porter. The motion passed, and the meeting was adjourned.

Respectfully submitted,

Chairman

Date signed:

Secretary

Date signed:

KENTUCKY MUNICIPAL ENERGY AGENCY



Financial Presentation

October 22,2026

Heather Overby

Statement of Net Position – September 2026

CURRENT ASSETS	Sep 2026	
Cash And Investments	$42,427,971	(1)
Depancaking Reserve Fund	$28,094,882	(2)
Other Receivables	$10,214,724	(3)
Interest Receivable	$56,163	
Total Current Assets	**$80,793,741**	

1) Checking and Rate Stabilization Fund cash
2) Depancaking Reserve
3) Billing to AR

Statement of Net Position – September 2026

NON-CURRENT ASSETS

Restricted Assets	Sep 2026	
Pledged Collateral	$8,643,908	(4)
Total Restricted Assets	**$8,643,908**	
Unrestricted Assets		
Investment In Sedc	$4,941	
Total Unrestricted Assets	**$4,941**	
Capital Assets		
Fixed Asset Clearing Account	$124,450	
Office Buildout	$260,238	
Meters - Ar Project	$246,096	
Meter Comm Equipment	$465,001	
General Plant	$3,594,117	
Less Accumulated Depreciation	($2,877,896)	
Total Capital Assets	**$1,812,005**	
Total Non-Current Assets	**$10,460,854**	
Total Assets	**$91,254,595**	

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows	$0
Total Deferred Outflows	**$0**
Total Assets & Deferred Outflows of Resources	**$91,254,595**

4) Collateral represents $5.7m at MISO, $2.9m at PJM.

Statement of Net Position – September 2026

LIABILITIES	Sep 2026	
Accounts Payable	$13,058,332	(5)
Accrued Interest Payable	$5,295	
Total Current Liabilities	**$13,063,627**	
Accrued Employee Benefits	$486,634	
Deferred Liabilities	$1,297,092	(6)
Total Non-Current Liabilities	**$1,783,726**	
Total Liabilities	**$14,847,353**	
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows	$33,129,859	
Total Deferred Inflows	**$33,129,859**	
Total Liabilities & Deferred Inflows	**$47,977,212**	
NET POSITION		
Invested In Capital Assets, Net of Related Debt	$1,812,005	
Restricted	$8,643,908	
Unrestricted	$32,821,470	
Total Net Position	**$43,277,383**	(7)

5) AP represents purchased power

6) Deferred Liabilities represents the present value of remaining office lease and software contract payments

7) Positive net position - LTD

Statement Revenue, Expenses, and Changes in Net Position – September 2026

	Sep 2026	YTD FY2027	
OPERATING REVENUE			
Sales To Members	$9,652,329	$29,375,378	(8)
Rto Market Revenue	$2,341,818	$9,350,014	(9)
Service Fees	$0	$0	(10)
Miscellaneous Revenue	$268,799	$264,110	
Total Operating Revenue	**$12,262,947**	**$38,989,502**	
OPERATING EXPENSES			
Transmission	$1,255,786	$3,617,031	(11)
Production	$10,381,849	$31,287,181	(12)
Regulatory Credit/Debit - Cost To Be Recovered	$0	$0	
Administrative And General	$242,223	$732,356	
Depreciation Expense	$38,188	$114,564	
Total Operating Expenses	**$11,918,046**	**$35,751,132**	
Operating Income	**$344,900**	**$3,238,370**	
NON-OPERATING REVENUE			
Interest Expense On Debt	($7,479)	($22,973)	
Interest Income	$65,261	$245,789	
Other Non-Operating Income (Expense)	$0	$0	
Total Non-Operating Revenue (Expenses)	**$57,782**	**$222,816**	
NET POSITION CHANGES			
Changes in Net Position	**$402,682**	**$3,461,186**	(13)
Net Position at Beginning of Period	**$42,874,701**	**$39,816,198**	
Net Position at End of Period	**$43,277,383**	**$43,277,383**	

8) Sales to AR Members

9) RTO Auction Revenue Rights and KYMEA Off-System Power Sales

10) Sales 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 – September 2026

CASH FROM OPERATING ACTIVITIES	Sep 2026	YTD FY2027	
Net Income	$402,682	$3,461,186	(14)
Depreciation Monthly	$38,188	$114,564	
Changes in Current & Deferred Items			
Accounts Receivable	$666,532	($547,291)	(15)
Prepayments	$0	$0	
Interest Receivable	$2,798	($20,750)	
Accounts Payable	($1,065,734)	$1,056,002	(15)
Taxes & Interest Accrued	$5,149	$7,043	
Other Current Liabilities	$21,553	$54,493	
Deferred Credits	$599,561	$1,765,595	
Net Cash Provided by (Used in) Operations	**$670,729**	**$5,890,842**	
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Additions to Plant	($38,772)	($38,772)	
Depancaking Reserve	($546,188)	($2,015,503)	
Net Change in Other Prop & Invest	($9,098)	($26,919)	
Net Cash Provided by (Used in) Investing	**($594,058)**	**($2,081,193)**	
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 Incr (Decr) in Cash & Temp Investments	**$76,671**	**$3,809,648**	
Cash & Temp Investment Beginning of Period	**$42,351,301**	**$38,618,323**	(16)
Cash & Temp Investment End of Period	**$42,427,971**	**$42,427,971**	

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

Direct Statement of Cash Flows – September 2026

Cash Flows Provided By Operating Activities	Sep 2026	YTD FY2027
Cash Receipts from Members	$9,411,154	$26,099,919
Cash Receipts from Miscellaneous	$2,340,774	$9,345,834
Cash Payments for Production	($10,100,867)	($26,154,141)
Cash Payments for Transmission	($1,177,931)	($3,431,872)
Cash Payments for A&G and Utilities	($424,770)	($1,771,498)
Cash Payments for Routine Maintenance	$0	$465
Cash Payments for Taxes	($5,515)	($21,278)
Cash Payments for Collateral Deposits	($9,098)	($26,919)
Net Cash Flows Provided By Operating Activities	**$33,746**	**$4,040,511**
Cash Flows Provided By Non Capital Financing Activities		
Extraordinary Proceeds	$0	$0
Net Cash Flows Provided By Non Capital Financing Activities	**$0**	**$0**
Cash Flows Provided By Investing Activities		
Depancaking Reserve	$0	($386,876)
Other Investments	$0	$0
Interest Income	$68,058	$225,039
Net Cash Flows Provided By Investing Activities	**$68,058**	**($161,837)**
Cash Flows Used In Capital and Financing Activities		
Additions to Plant	$0	$0
Debt Principal	$0	$0
Cash Payments for Lease Liability	($10,904)	($32,578)
Cash Payments for Subscription Liability	($9,121)	($15,371)
Cash Payments for Interest	($5,108)	($22,933)
Net Cash Flows Used In Capital and Financing Activities	**($25,133)**	**($70,881)**
Change In Cash and Cash Equivalents	**$76,671**	**$3,807,792**
Cash & Temp Investment Beg of Period	**$42,351,301**	**$38,618,323**
Cash & Temp Investment End of Period	**$42,427,971**	**$42,427,971**

Financial Metrics – September 2026

KYMEA

KEY FINANCIAL METRICS

Days Cash on Hand	Leverage	Coverage of Full Obligation	Debt Service Coverage
115.65	6.57	1.01	1.01
▼-1.0%	▲3.8%	▼-3.6%	▼-3.9%

Financial Metrics – September 2026

Days Cash On Hand

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

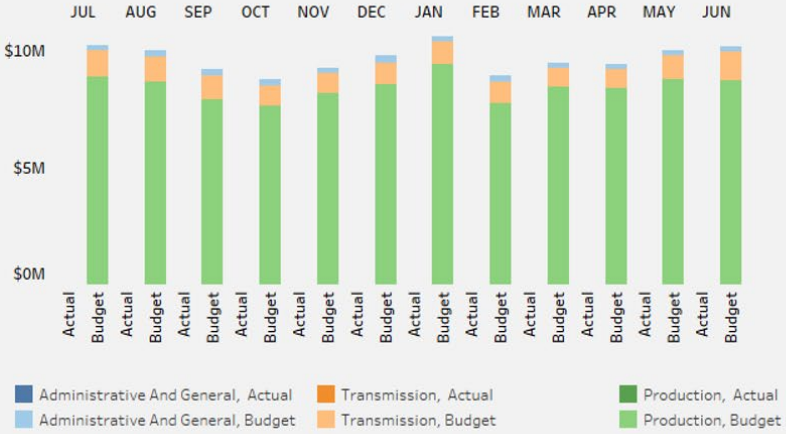
$42.4M Unrestricted Cash ÷ **$366,873** Adjusted Operating Expenses per Day = **115.65** Days Cash on Hand

$110.44M/365 days

Cash on Hand Through Current Month



Operating Expenses



Financial Metrics – September 2026

Days Cash on Hand Detail

Working Capital

$25.423M

Rate Stabilization

$17.005M

Working Capital Days

69.30

Rate Stabilization Fund Days

46.35

Financial Metrics – September 2026

Depancaking Reserve

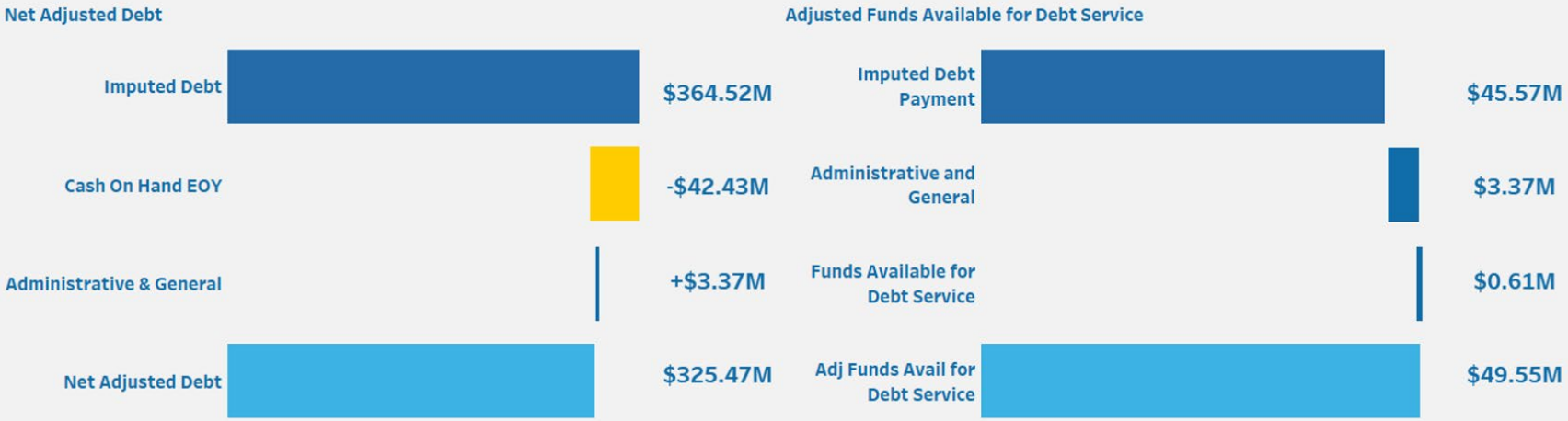
$28.095M

Financial Metrics – September 2026

Leverage

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

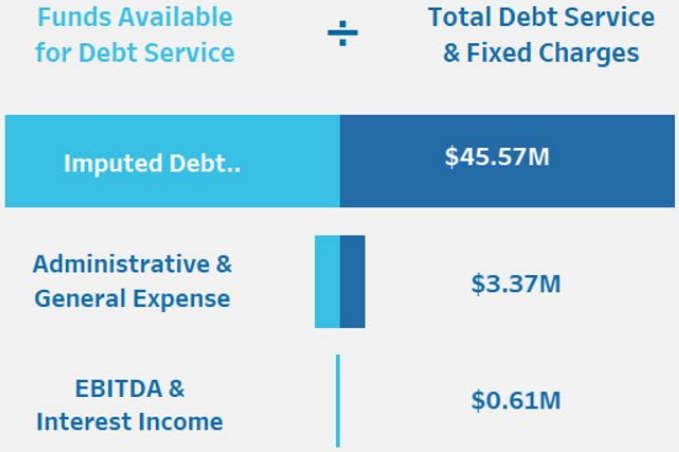
6.57



Financial Metrics – September 2026

Coverage of Full Obligations 1.01

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



Debt Service Coverage 1.01

The funds available from operations to cover current debt service.



FY2027 Actuals as of September 2026
KYMEA AR Project

Statement of Net Position

CURRENT ASSETS	Sep 2026
Cash And Investments	$42,427,971
Depancaking Reserve Fund	$28,094,882
Other Receivables	$10,214,724
Interest Receivable	$56,163
Total Current Assets	**$80,793,741**
NON-CURRENT ASSETS	
Restricted Assets	
Pledged Collateral	$8,643,908
Total Restricted Assets	**$8,643,908**
Unrestricted Assets	
Investment In Sedc	$4,941
Total Unrestricted Assets	**$4,941**
Capital Assets	
Fixed Asset Clearing Account	$124,450
Office Buildout	$260,238
Meters - Ar Project	$246,096
Meter Comm Equipment	$465,001
General Plant	$3,594,117
Less Accumulated Depreciation	($2,877,896)
Net Capital Assets	$1,812,005
Total Non-Current Assets	**$10,460,854**
Total Assets	**$91,254,595**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows	$0
Total Deferred Outflows	**$0**
Total Assets & Deferred Outflows of Resources	**$91,254,595**
LIABILITIES	
Current Liabilities	
Accounts Payable	$13,058,332
Accrued Interest Payable	$5,295
Total Current Liabilities	**$13,063,627**
Non-Current Liabilities	
Accrued Employee Benefits	$486,634
Deferred Liabilities	$1,297,092
Total Non-Current Liabilities	**$1,783,726**
Total Liabilities	**$14,847,353**
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows	$33,129,859
Total Deferred Inflows	**$33,129,859**
Total Liabilities & Deferred Inflows	**$47,977,212**
NET POSITION	
Invested In Capital Assets, Net of Related Debt	$1,812,005
Restricted	$8,643,908
Unrestricted	$32,821,470
Total Net Position	**$43,277,383**

Statement of Revenue, Expenses, and Changes in Net Position

OPERATING REVENUE	Sep 2026	YTD FY2027
Sales To Members	$9,652,329	$29,375,378
Rto Market Revenue	$2,341,818	$9,350,014
Service Fees	$0	$0
Miscellaneous Revenue	$268,799	$264,110
Total Operating Revenue	**$12,262,947**	**$38,989,502**
OPERATING EXPENSES		
Transmission	$1,255,786	$3,617,031
Production	$10,381,849	$31,287,181
Regulatory Credit/Debit - Cost To Be Recovered	$0	$0
Administrative And General	$242,223	$732,356
Depreciation Expense	$38,188	$114,564
Total Operating Expenses	**$11,918,046**	**$35,751,132**
Operating Income	**$344,900**	**$3,238,370**
NON-OPERATING REVENUE		
Interest Expense On Debt	($7,479)	($22,973)
Interest Income	$65,261	$245,789
Other Non-Operating Income (Expense)	$0	$0
Total Non-Operating Revenue (Expenses)	**$57,782**	**$222,816**
NET POSITION CHANGES		
Changes in Net Position	**$402,682**	**$3,461,186**
Net Position at Beginning of Period	**$42,874,701**	**$39,816,198**
Net Position at End of Period	**$43,277,383**	**$43,277,383**

Indirect Statement of Cash Flows

CASH FROM OPERATING ACTIVITIES	Sep 2026	YTD FY2027
Net Income	$402,682	$3,461,186
Depreciation Monthly	$38,188	$114,564
Changes in Current & Deferred Items		
Accounts Receivable	$666,532	($547,291)
Prepayments	$0	$0
Interest Receivable	$2,798	($20,750)
Accounts Payable	($1,065,734)	$1,056,002
Taxes & Interest Accrued	$5,149	$7,043
Other Current Liabilities	$21,553	$54,493
Deferred Credits	$599,561	$1,765,595
Net Cash Provided by (Used in) Operations	**$670,729**	**$5,890,842**
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to Plant	($38,772)	($38,772)
Depancaking Reserve	($546,188)	($2,015,503)
Net Change in Other Prop & Invest	($9,098)	($26,919)
Net Cash Provided by (Used in) Investing	**($594,058)**	**($2,081,193)**
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 Incr (Decr) in Cash & Temp Investments	**$76,671**	**$3,809,648**
Cash & Temp Investment Beg of Period	**$42,351,301**	**$38,618,323**
Cash & Temp Investment End of Period	**$42,427,971**	**$42,427,971**

FY2027 Actuals as of September 2026 with YoY Compare
KYMEA AR Project

Statement of Net Position

CURRENT ASSETS	Sep 2025	Sep 2026	YoY Δ
Cash And Investments	$39,699,353	$42,427,971	$2,728,619
Depancaking Reserve Fund	$22,251,641	$28,094,882	$5,843,241
Other Receivables	$10,592,922	$10,214,724	($378,198)
Interest Receivable	$48,896	$56,163	$7,267
Total Current Assets	**$72,592,812**	**$80,793,741**	**$8,200,929**
NON-CURRENT ASSETS			
Restricted Assets			
Pledged Collateral	$8,532,537	$8,643,908	$111,371
Total Restricted Assets	$8,532,537	$8,643,908	$111,371
Unrestricted Assets			
Investment In Sedc	$4,112	$4,941	$829
Total Unrestricted Assets	**$4,112**	**$4,941**	**$829**
Capital Assets			
Fixed Asset Clearing Account	$273,886	$124,450	($149,437)
Office Buildout	$260,238	$260,238	$0
Meters - Ar Project	$246,096	$246,096	$0
Meter Comm Equipment	$426,984	$465,001	$38,017
General Plant	$3,383,942	$3,594,117	$210,176
Less Accumulated Depreciation	($2,336,247)	($2,877,896)	($541,649)
Net Capital Assets	$2,254,899	$1,812,005	($442,893)
Total Non-Current Assets	**$10,791,547**	**$10,460,854**	**($330,693)**
Total Assets	**$83,384,359**	**$91,254,595**	**$7,870,236**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows	$0	$0	$0
Total Deferred Outflows	**$0**	**$0**	**$0**
Total Assets & Deferred Outflows of Resources	**$83,384,359**	**$91,254,595**	**$7,870,236**
LIABILITIES			
Current Liabilities			
Accounts Payable	$12,616,818	$13,058,332	$441,513
Accrued Interest Payable	$9,531	$5,295	($4,236)
Total Current Liabilities	$12,626,350	$13,063,627	$437,277
Non-Current Liabilities			
Accrued Employee Benefits	$391,385	$486,634	$95,249
Deferred Liabilities	$1,515,052	$1,297,092	($217,960)
Total Non-Current Liabilities	$1,906,437	$1,783,726	($122,711)
Total Liabilities	**$14,532,787**	**$14,847,353**	**$314,566**
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	$29,975,869	$33,129,859	$3,153,990
Total Deferred Inflows	$29,975,869	$33,129,859	$3,153,990
Total Liabilities & Deferred Inflows	**$44,508,656**	**$47,977,212**	**$3,468,556**
NET POSITION			
Invested In Capital Assets, Net of Related Debt	$2,254,899	$1,812,005	($442,893)
Restricted	$8,532,537	$8,643,908	$111,371
Unrestricted	$28,088,267	$32,821,470	$4,733,203
Total Net Position	**$38,875,703**	**$43,277,383**	**$4,401,681**

FY2027 Actuals as of September 2026 with YoY Compare
KYMEA AR Project

Statement of Revenue, Expenses, and Changes in Net Position

OPERATING REVENUE	Sep 2025	Sep 2026	YTD FY2026	YTD FY2027	YoY Δ	YTD YoY Δ
Sales To Members	$7,974,414	$9,652,329	$26,903,332	$29,375,378	$1,677,916	$2,472,046
Rto Market Revenue	$1,613,526	$2,341,818	$6,200,985	$9,350,014	$728,292	$3,149,029
Service Fees	$8,767	$0	$26,301	$0	($8,767)	($26,301)
Miscellaneous Revenue	($2,000)	$268,799	($6,000)	$264,110	$270,799	$270,110
Total Operating Revenue	**$9,594,707**	**$12,262,947**	**$33,124,618**	**$38,989,502**	**$2,668,240**	**$5,864,884**
OPERATING EXPENSES						
Transmission	$1,079,819	$1,255,786	$3,575,882	$3,617,031	$175,967	$41,149
Production	$8,226,903	$10,381,849	$27,331,024	$31,287,181	$2,154,946	$3,956,157
Regulatory Credit/Debit - Cost To Be Recovered	$0	$0	$0	$0	$0	$0
Administrative And General	$178,244	$242,223	$600,328	$732,356	$63,979	$132,029
Depreciation Expense	$43,547	$38,188	$130,692	$114,564	($5,359)	($16,128)
Total Operating Expenses	**$9,528,513**	**$11,918,046**	**$31,637,925**	**$35,751,132**	**$2,389,533**	**$4,113,207**
Operating Income	**$66,194**	**$344,900**	**$1,486,693**	**$3,238,370**	**$278,707**	**$1,751,677**
NON-OPERATING REVENUE						
Interest Expense On Debt	($10,568)	($7,479)	($31,267)	($22,973)	$3,089	$8,293
Interest Income	$58,670	$65,261	$238,484	$245,789	$6,590	$7,305
Other Non-Operating Income (Expense)	$0	$0	$0	$0	$0	$0
Total Non-Operating Revenue (Expenses)	**$48,102**	**$57,782**	**$207,217**	**$222,816**	**$9,680**	**$15,599**
NET POSITION CHANGES						
Changes in Net Position	**$114,296**	**$402,682**	**$1,693,910**	**$3,461,186**	**$288,386**	**$1,767,276**
Net Position at Beginning of Period	**$38,761,406**	**$42,874,701**	**$37,181,793**	**$39,816,198**	**$4,113,295**	**$2,634,405**
Net Position at End of Period	**$38,875,703**	**$43,277,383**	**$38,875,703**	**$43,277,383**	**$4,401,681**	**$4,401,681**

KENTUCKY MUNICIPAL ENERGY AGENCY



KYMEA President & CEO Report

Doug Buresh

October 22, 2026

Tygarts Creek RFP Schedule

Milestone	Due Date
Release of RFP by KYMEA	September 14, 2026
Last date by which Proposers may submit questions regarding the RFP By Email to: rleesman@KYMEA.org	2:00 p.m. Eastern, October 2, 2026
KYMEA issues responses to Proposer questions and any resulting addenda	October 7, 2026
Proposal Submission (Include, as part of the Proposal, Forms 1 through 5, a completed copy of Attachment 2, all technical information required by Attachment 1, and all other required supporting data and information.) By Email to rleesman@KYMEA.org	2:00 p.m. Eastern October 23, 2026

ECI Business Plan Update

6.1 CONSTRUCTION COSTS

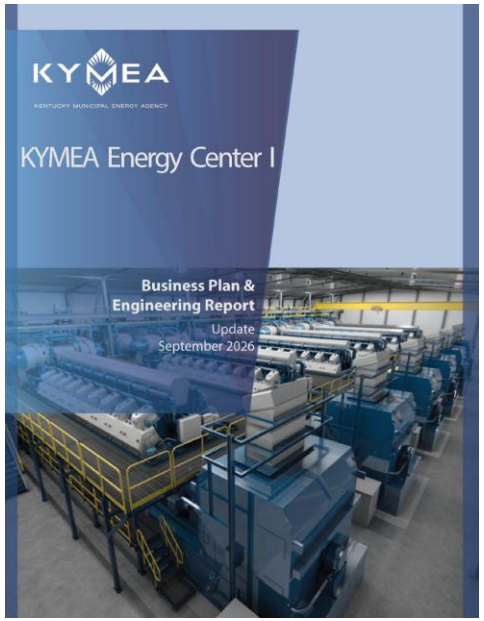
The Project construction cost totals $139.0 million, with 98% of costs fixed by contract or otherwise committed. Approximately $104.8 million was funded from the 2025 Bonds, with the remaining $34.2 million funded by the 2026 Bonds.

	2025 Bonds[9]	2026 Bonds	Total
Generating Plant, EPC, and Ancillary	$93,881,013	$27,247,220	$121,128,233
Electric Interconnection	$4,234,346	$399,179	$4,633,525
Natural Gas Interconnection	$2,562,844	$4,116,368	$6,679,212
Owner's Support[10]	$1,577,733	$1,216,884	$2,794,617
Site[11]	$553,622	$1,247,319	$1,800,940
Miscellaneous[12]	$1,990,660	$0	$1,990,660
Construction Budget	**$104,800,218**	**$34,226,969**	**$139,027,187**

6.2 DEBT-SERVICE RESERVE, CAPITALIZED INTEREST, ISSUANCE FINANCING

The debt service reserve fund, capitalized interest, start-up/commissioning, and issuance cost totals $36.9 million. Of this amount, approximately $24.4 million was funded from the 2025 Bonds and $12.5 million will be funded through the 2026 Bonds.

	2025 Bonds	2026 Bonds[13]	Total
Debt Service Reserve	$8,410,500	$3,149,575	$11,560,075
Capitalized Interest Fund	$14,146,292	$1,458,236	$15,604,527
Start-Up and Commissioning[14]	$0	$10,209,489	$10,209,489
Cost of Issuance	$1,871,857	$653,848	$2,525,705
Investment Interest[15]	$0	($3,000,000)	($3,000,000)
Reserve/Issuance Budget	**$24,428,649**	**$12,471,148**	**$36,899,796**
TOTAL COST	**$129,228,867**	**$46,698,117**	**$175,926,983**



Approximately 98% of ECI construction costs are fixed or otherwise committed.

KYMEA Credit Ratings Update

Fitch Ratings

A

Stable Outlook

- Assigned A rating to approximately **$45 million** of Series 2026 Energy Center I bonds
- Affirmed KYMEA's A Issuer Default Rating and the A rating on outstanding revenue bonds

Moody's Ratings

A3

No Outlook Assigned[1]

- Assigned A3 rating to **$45 million** of Series 2026 Energy Center I bonds
- Affirmed the A3 rating on **$122 million** of outstanding power system revenue bonds
- No outlook assigned under Moody's methodology for joint action agencies with this amount of outstanding debt

Key Credit Strengths

Strong Contractual Framework

Long-term, all-requirements power sales contracts, member rate obligations, and strong rate-setting flexibility. Both agencies identified KYMEA's contractual structure and member support as important credit strengths.

Energy Center I Progress

Construction is **on schedule and under budget**, with approximately **98%** of construction costs fixed and known, limiting cost-overrun exposure.

Sound Financial Position

Moody's cited KYMEA's **1.35×** debt service coverage target and **273 days cash on hand** at fiscal year-end 2026.

Improving Resource Diversity

Energy Center I will reduce KYMEA's reliance on coal and add flexible natural-gas generation to its resource portfolio.

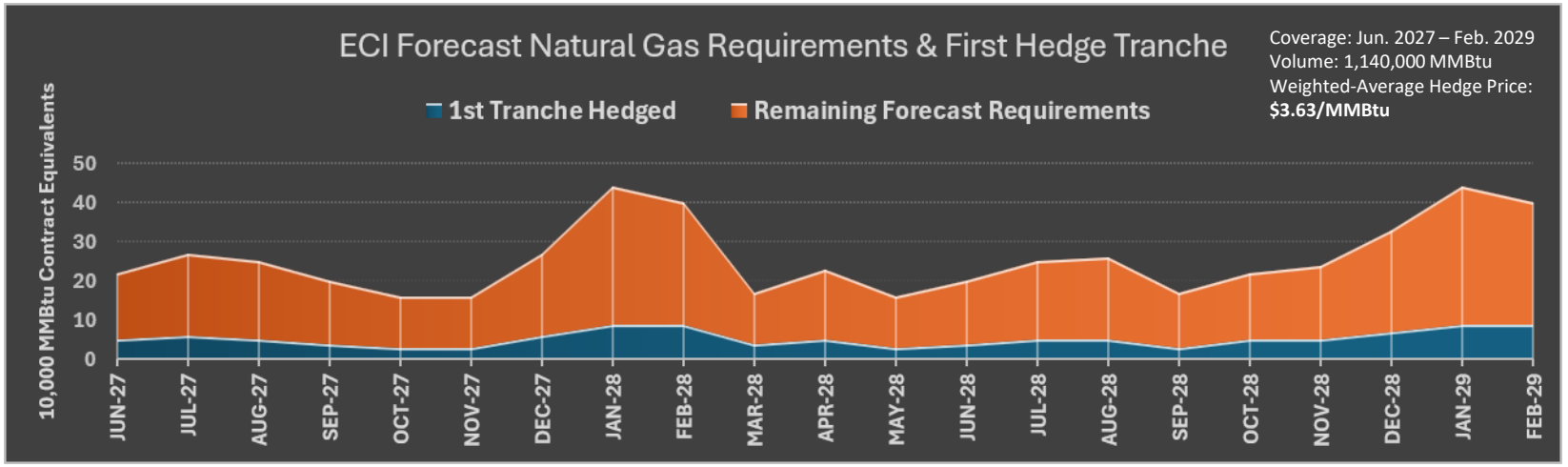
[1] Moody's does not assign outlooks to joint action agencies with KYMEA's amount of outstanding debt.

Both agencies affirmed KYMEA's existing ratings and assigned consistent ratings to the Series 2026 Energy Center I bonds.

ECI Natural Gas Hedging

Hedging Strategy

- KYMEA has initiated natural gas hedging for Energy Center I in advance of commercial operation.
- The program is based on 75% of forecast monthly natural gas consumption, retaining 25% outside the program to account for operating and dispatch uncertainty.
- The 75% target volume will be hedged incrementally in multiple tranches, reducing the risk associated with market timing.
- The first tranche, representing 30% of the target volume, has been completed, equivalent to approximately 22.5% of total forecast natural gas burn for the covered months.
- Additional tranches will be executed over time to achieve the target hedge volume, consistent with KYMEA's hedging strategy and market conditions.



75% Target Volume × 30% First Tranche = 22.5% of Forecast Burn

Head Quarters – New Staff





Energy Center I – New Staff





Energy Center I – New Staff





Energy Center I – New Staff





Energy Center I – New Staff





KENTUCKY MUNICIPAL ENERGY AGENCY

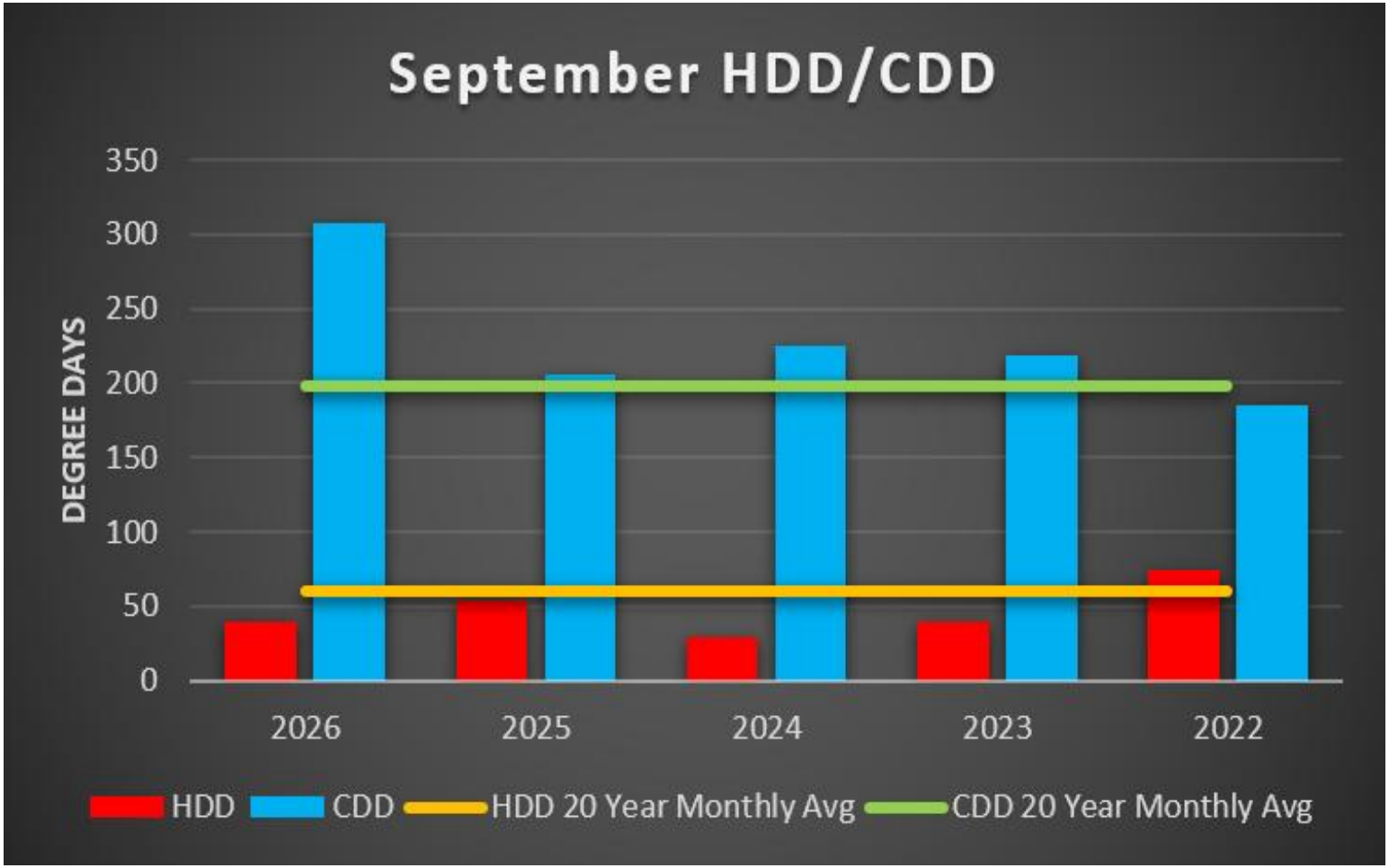


September 2026 Market Report

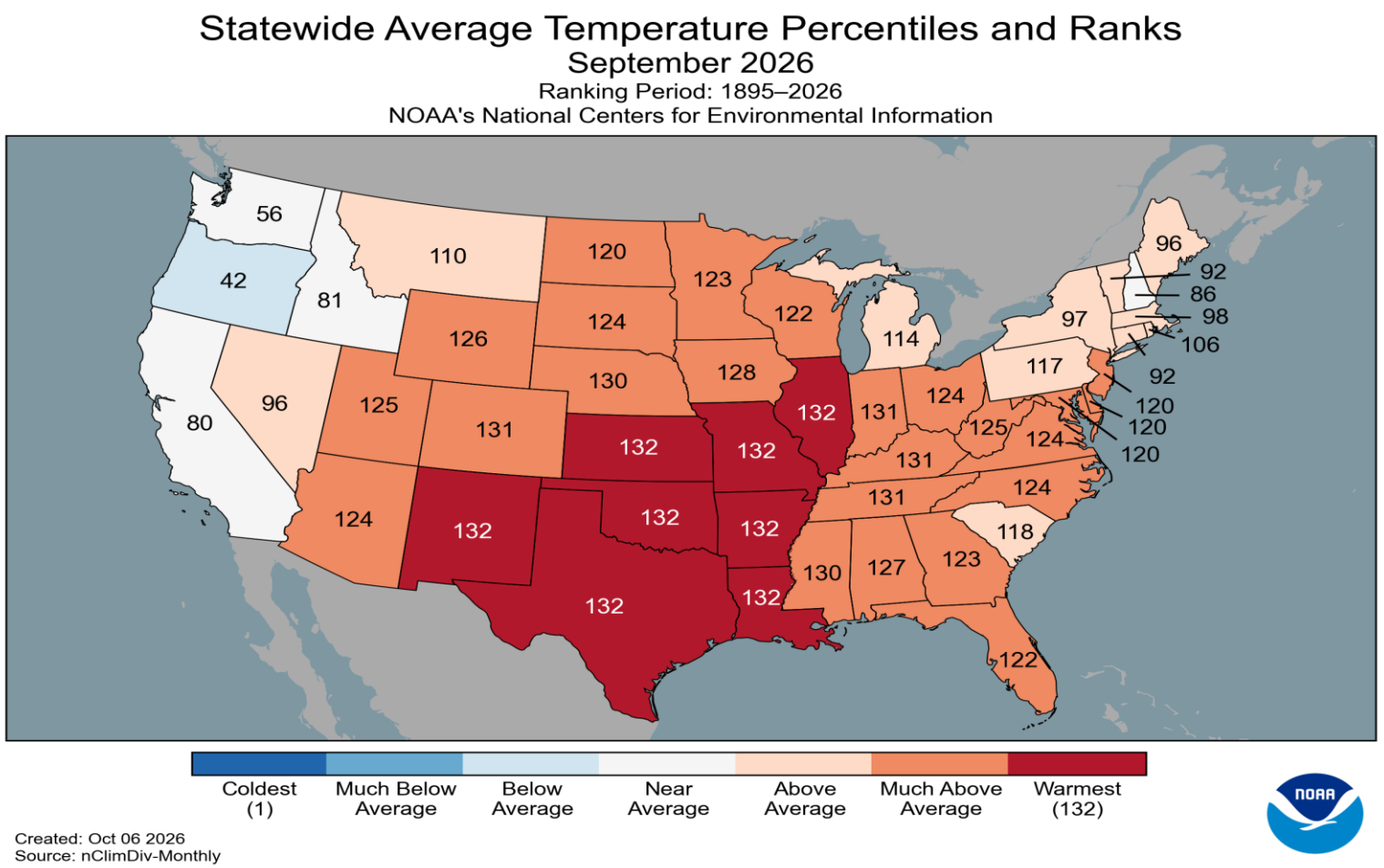
Rob Leesman

October 22, 2026

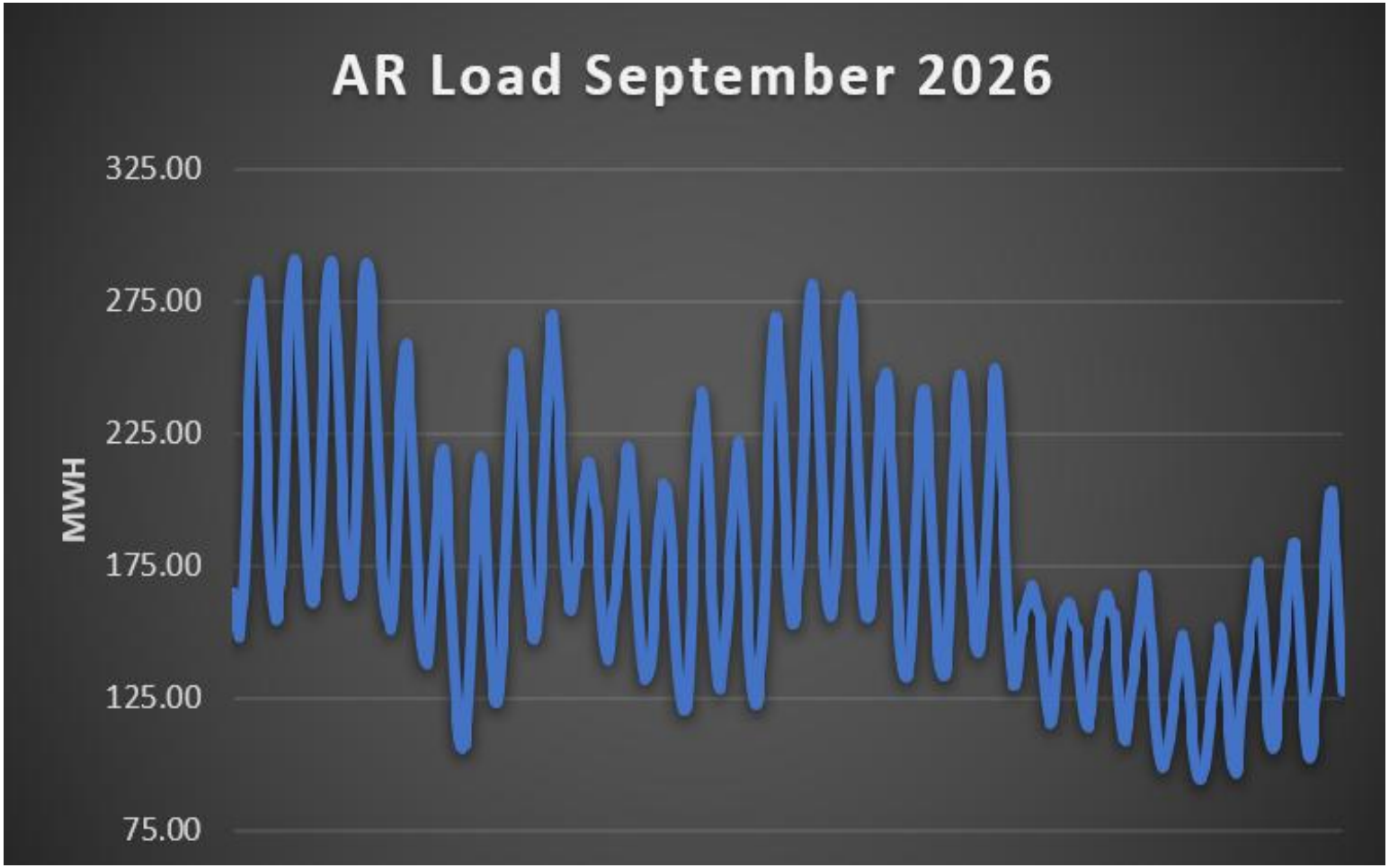
Degree Days


September HDD/CDD
DEGREE DAYS
350
300
250
200
150
100
50
0
2026
2025
2024
2023
2022
HDD
CDD
HDD 20 Year Monthly Avg
CDD 20 Year Monthly Avg

https://www.ncdc.noaa.gov/temp-and-precip/us-maps/



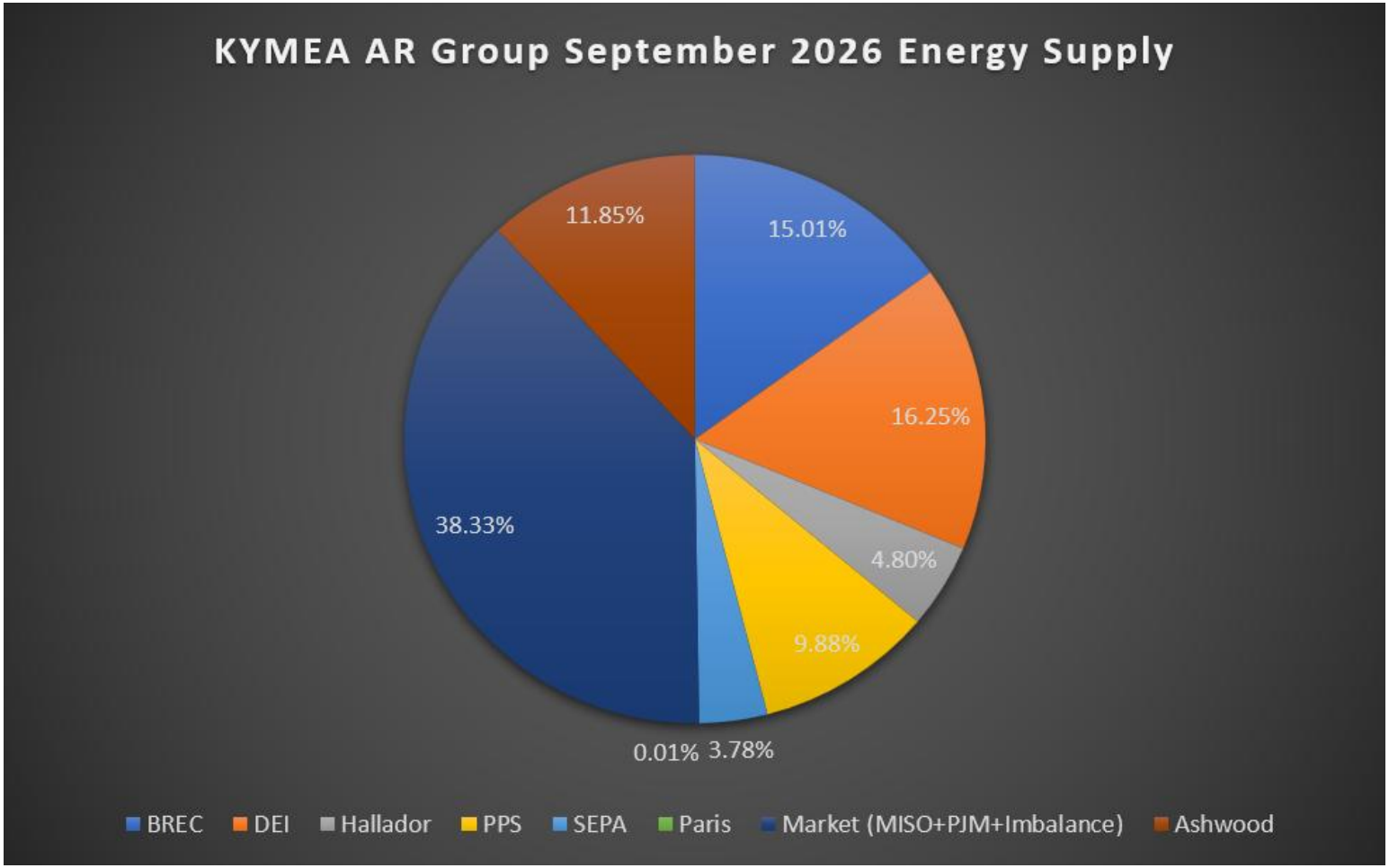
AR Load September 2026



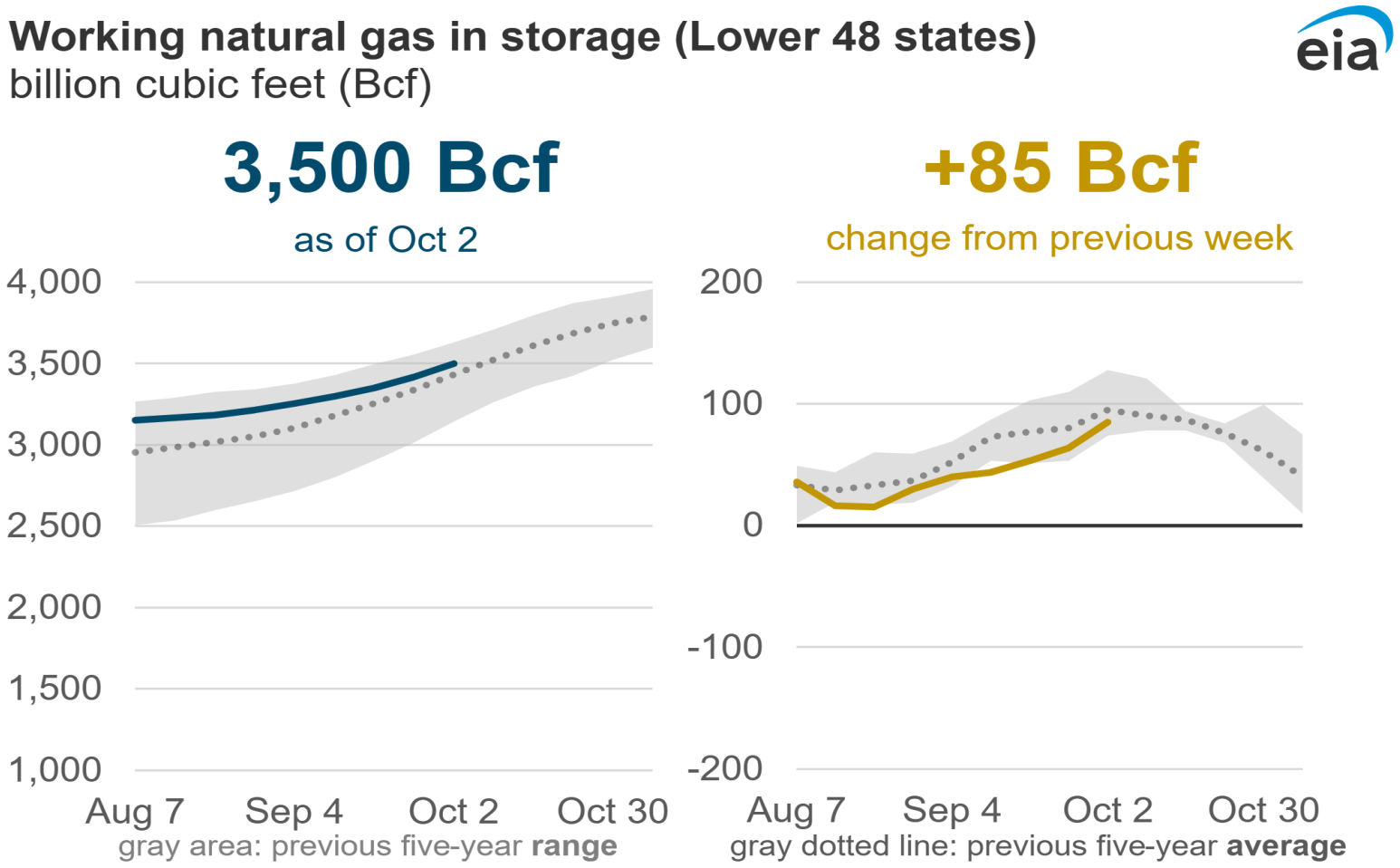
September 2026 Snapshot

Sep-26							
Member	Budget Energy (MWh)	Actual Energy (MWh)	Actual vs. Budget Energy	Budget NCP (MW)	Actual NCP (MW)	Actual vs. Budget NCP	Timestamp (HE EST)
Barbourville	7,002	7,791	111%	17.11	19.74	115%	9/4/2026 3:00:00 PM
Bardwell	690	839	122%	1.82	2.05	113%	9/4/2026 5:00:00 PM
Benham	354	369	104%	0.85	0.98	115%	9/4/2026 5:00:00 PM
Berea	9,951	11,398	115%	22.27	25.92	116%	9/3/2026 4:00:00 PM
Corbin	6,661	7,659	115%	16.81	19.07	113%	9/4/2026 3:00:00 PM
Falmouth	1,471	1,763	120%	3.80	4.62	121%	9/3/2026 4:00:00 PM
Frankfort	60,002	61,401	102%	134.07	137.50	103%	9/4/2026 3:00:00 PM
Madisonville	30,399	26,401	87%	70.59	59.59	84%	9/3/2026 4:00:00 PM
Olive Hill	1,502	1,709	114%	3.75	4.55	121%	9/3/2026 4:00:00 PM
Paris	4,416	5,069	115%	11.43	13.39	117%	9/4/2026 3:00:00 PM
Providence	2,307	2,586	112%	5.75	6.40	111%	9/4/2026 4:00:00 PM
Total	124,755	126,984	102%	288.26	293.81	102%	

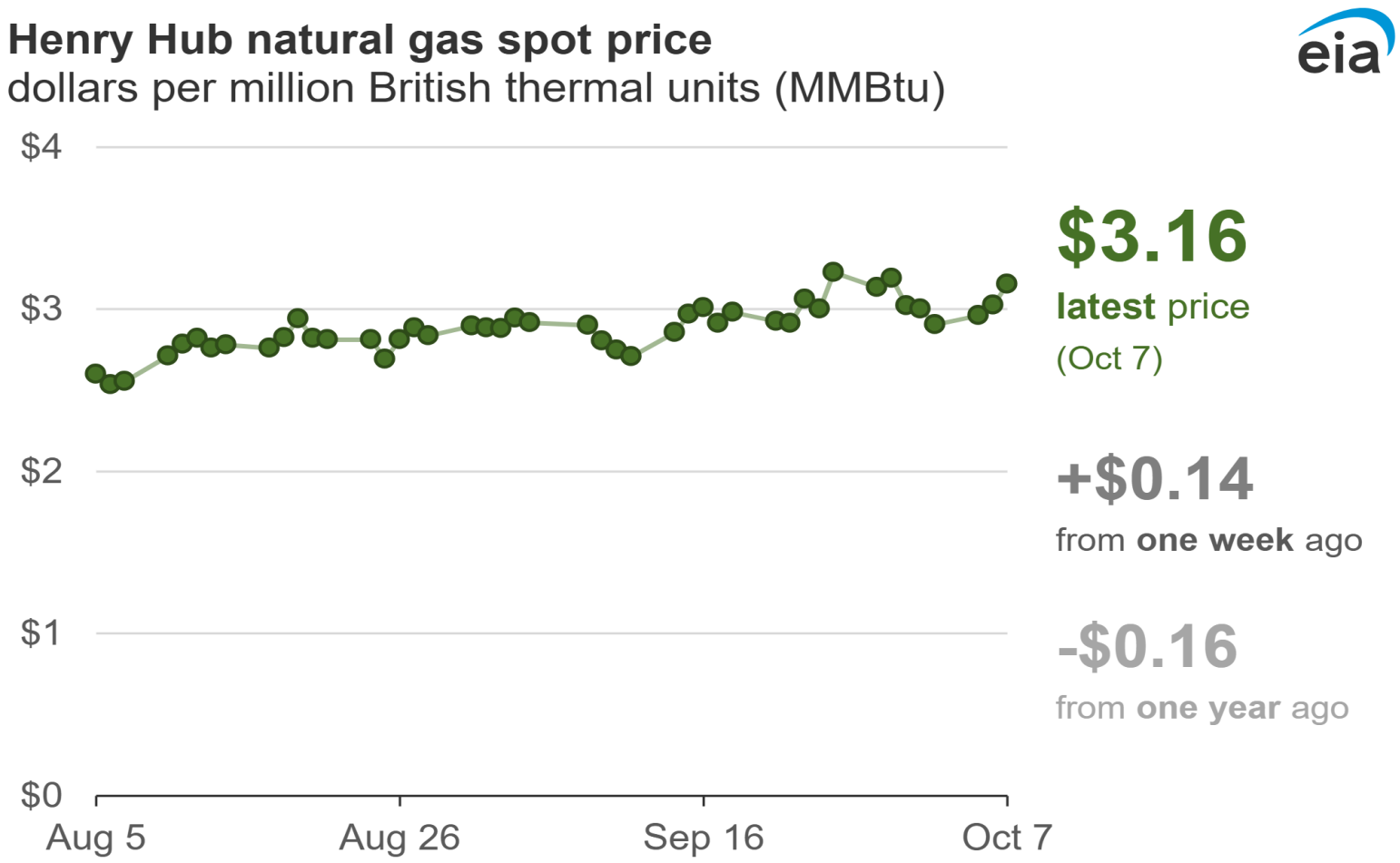
KYMEA LG&E/KU AR Group Energy Supply



Working Gas in Storage (10-2-2026)



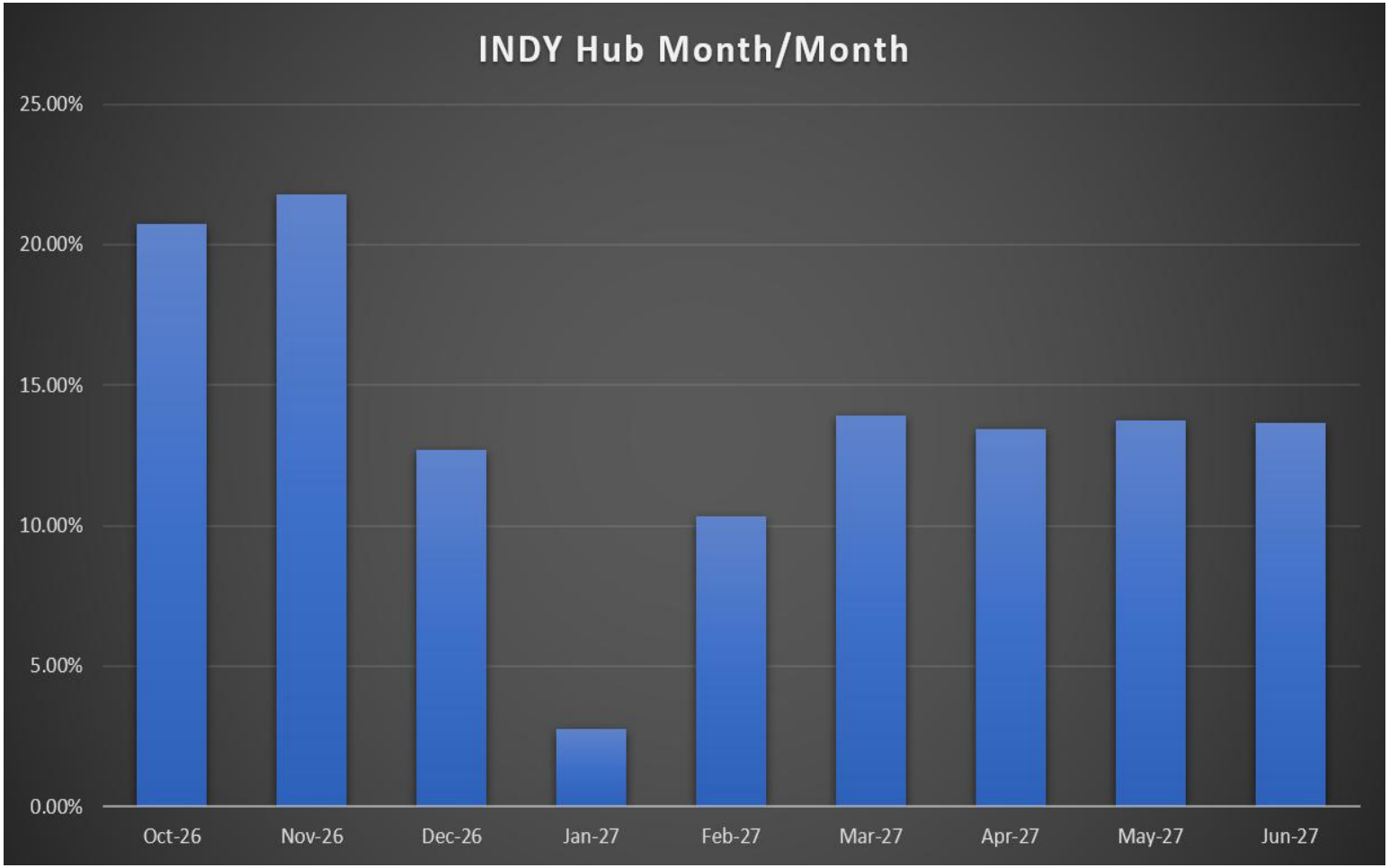
Natural Gas Spot Prices



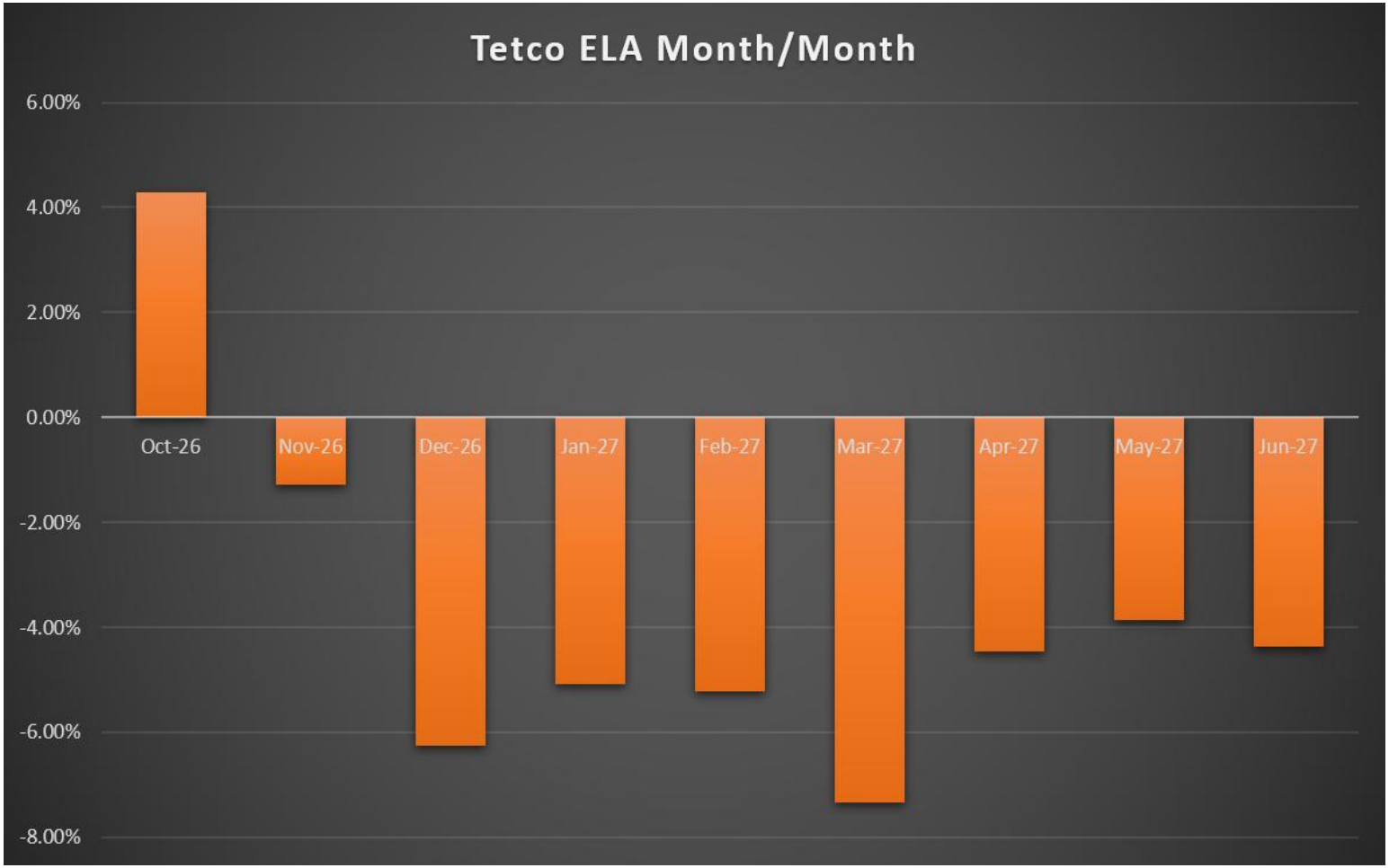
Total Rig Count

Baker Hughes reported that the number of active US nat-gas drilling rigs in the week ending October 9, 2026, fell to 132 rigs.

Indiana Hub ATC



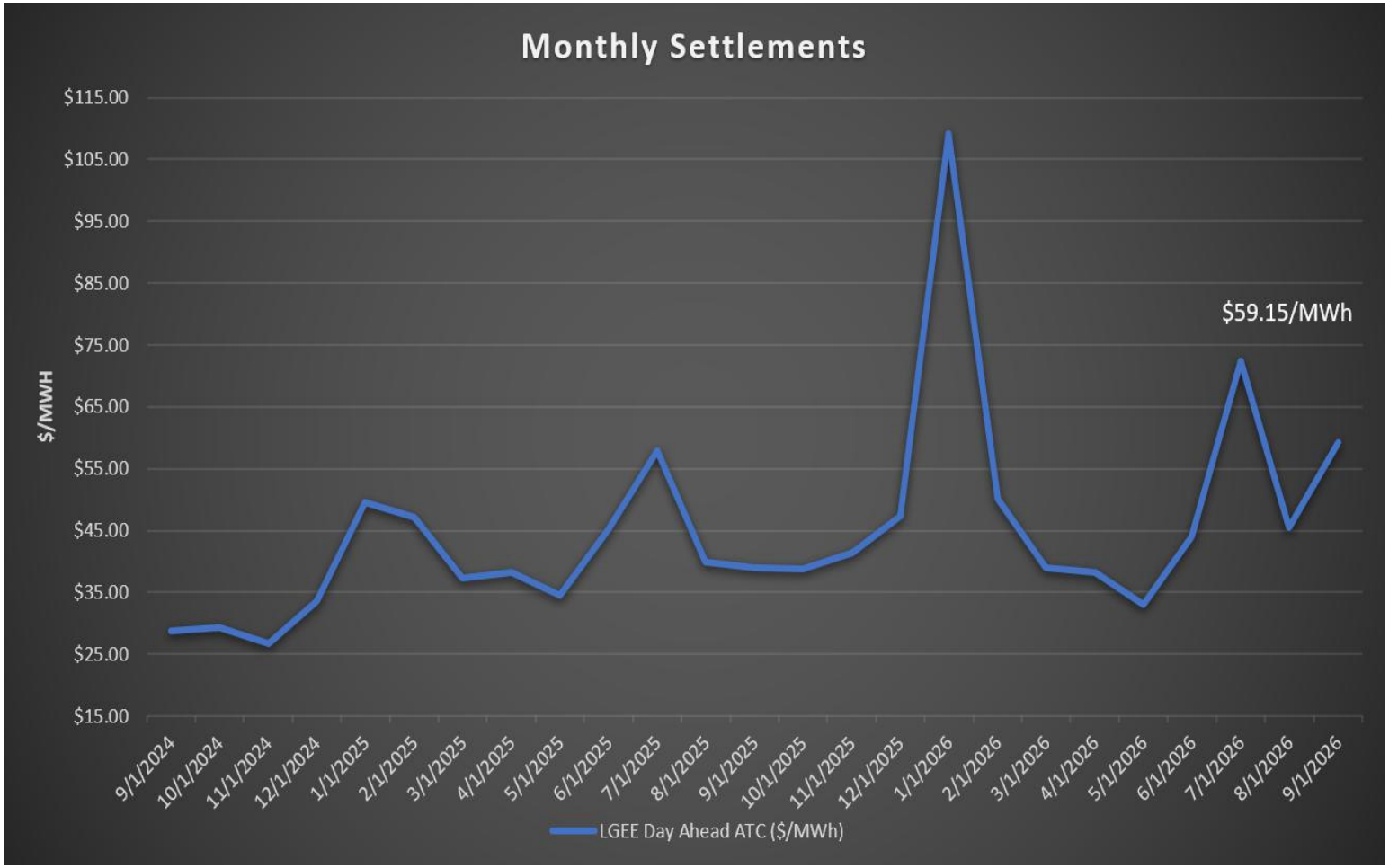
Texas Eastern Transmission East Louisiana Zone



Texas Gas Zone 1



Historical Pricing



KENTUCKY MUNICIPAL ENERGY AGENCY



Member Communications

Michelle Hixon

Oct 22, 2026

Dates to Remember

November	
18th at 10 AM	Combined Mtg of the AR Project Committee and KYMEA Board of Directors
26th	Happy Thanksgiving
December	
15th at 2 PM	Budget Committee Meeting
16th at 9 AM	BROC Committee Meeting
16th at 10 AM	Combined Mtg of the AR Project Committee and KYMEA Board of Directors
25th	Merry Christmas!

KYMEA

PUBLIC POWER FOR KENTUCKY

Enterprise Risk Management Policy

KYMEA Enterprise Risk Management Policy

VERSION	DATE	DESCRIPTION
Version 1.0	03-28-2019	KYMEA Board - Original Document
Version 1.1	04-24-2019	KYMEA Board adopted Appendix A: Trading Authority Procedures
Version 1.2	05-23-2019	KYMEA Board adopted the addition of Section 1.10 Credit Policy
Version 1.3	07-17-2019	The Procurement Policy and Regulations was added to this document. Adopted by the Board on 12-19-2018.
Version 1.4	04-23-2020	The Trading Matrix (Appendix B) and Hedge Plan (Appendix C) was added to this document. Language was changed to authorize the President and CEO to enter into sales and purchase agreements less than or equal to a year. Adopted by the Board on 04-23-2020.
Version 1.5	03-28-2024	The Trading Matrix (Appendix B) was modified to include Renewable Energy Credits and Emission Allowances. Adopted by the Board 03-28-2024.
Version 1.6	5-23-2025	Section 1.12 Anti-Money Laundering and 1.13 Anti-Bribery policies were added. Adopted by the Board on 5-23-2025.
Version 1.7	8-27-2026	Appendix A Trading Authority Procedures revised for physical gas trades (Approved by Board 8/27/2026).

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SECTION 1.1

KYMEA ENTERPRISE RISK MANAGEMENT POLICY

Policy Purpose

The purpose of this document is to formalize the policies of the Kentucky Municipal Energy Agency ("KYMEA") regarding the management of its enterprise-wide risks ("Enterprise Risks"). Accordingly, this Policy will set forth KYMEA's:

- risk management objectives;
- identification of Enterprise Risks governed by this policy;
- definition of risks;
- guidelines for the management of each identified risk; and
- risk governance structure and responsibilities.

KYMEA intends that risk management will support the advancement of its strategic business plan, and will properly manage its business and financial risks through:

- prudent oversight;
- adequate mitigation of risks consistent with KYMEA's defined risk tolerance; and
- effective internal controls and procedures.

The KYMEA Enterprise Risk Management Policy, (the "Risk Management Policy") will outline the fundamental guidelines for the management of each risk identified. Administrative controls and operating procedures needed to implement the Risk Management Policy effectively will be documented in the procedures provided for by the policy.

SECTION 1.2

STRATEGIC PLANNING PROCESS

Managing the Enterprise Risks of KYMEA's business entails the strategic planning of resources and activities among all departments within KYMEA.

KYMEA'sstrategic planning process identifies and addresses strategic issues, high priority risks, and gaps in the Enterprise Risk Management framework. The strategic planning process is utilized to identify and anticipate strategic issues and risks, understand the assumptions, quantifies the risks, enables KYMEA to develop and implement effective strategies to address them.

SECTION 1.3

RISK MANAGEMENT OBJECTIVES

KYMEA exists primarily to provide cost-effective resources and services for the benefit of its members to enable them to achieve objectives they have set for themselves more efficiently and at lower costs than they could achieve individually. Managing KYMEA's Enterprise Risk is consistent with that goal, and serves the following objectives:

- maintain risk within desired tolerances for a defined period in the future;
- mitigate price volatility to the members;
- maintain financial liquidity within desired tolerances;
- maintain an investment grade credit rating;
- comply with all regulatory and reliability requirements;
- protect KYMEA from and improve its resilience to physical and cyber security threats;
- reduce business interruptions and limit associated impacts;
- enhance the value of KYMEA's assets/resources;
- leverage opportunities to increase the value of KYMEA to its members;
- participate in commodity markets and derivative instruments for hedging and not for speculative purposes; and
- develop an Enterprise Risk Management ("Risk Management") culture throughout the organization and provide for an ongoing strategic planning process.

SECTION 1.4

ENTERPRISE RISKS GOVERNED BY THIS POLICY

The scope of this policy is to address KYMEA's Risk Management in three primary categories: Business Operations Risks, Energy Risks, and Financial Risks. The primary risks are described below.

1. **Business Operations Risks**
    a. **Operational risk** is the risk of loss from inadequate or failed internal processes, people, and systems.
    b. **Contract Counterparty performance risk** is the risk of a counterparty's failure to operationally perform on an agreement, particularly where contractual provisions leave KYMEA with little or no recourse upon an event of default by the counterparty.
    c. **Facility Operations risk** is the risk associated with the power generation and delivery of physical assets. This would include failures or outages associated with generation units, fuel delivery systems (weather or mechanical), generation step-up transformers, the transmission system, control systems, or other critical components associated with the production or delivery of electricity.
    d. **Physical and cyber security risk** is the risk to physical assets and information systems resulting from physical or cyber-attacks.
    e. **Business interruption** risk is the risk that a business is interrupted and will not be able to continue operations on either a short term or long-term basis.
    f. **Regulatory compliance risk** is the risk associated with failing to comply with local, state, and federal regulatory requirements.
    g. **Reliability compliance risk** is the risk associated with failing to comply with reliability requirements, specifically NERC reliability standards, including Critical Infrastructure Protection ("CIP") Standards. These risks include financial penalties; costs associated with mitigating non-compliance and legal fees associated with enforcement; and reputational losses.
2. **Energy Risks**
    a. **Commodity market price risk** is the risk of loss due to potential fluctuations in the prices of an underlying energy commodity. In the wholesale power market, KYMEA has risk that commodity prices rise, spike or are generally high when it is dependent on the market to meet its firm supply obligations. KYMEA has risk that prices fall or are generally low when it is has excess capacity or electric energy compared to its firm supply obligations. Commodity market price risk occurs across all tenors, from the hourly market to the long-term forward market (5 + years). KYMEA is exposed to commodity price risk for power, coal, natural gas, fuel oil and various bulk materials (e.g. ammonium, limestone) that exhibit price volatility.
    b. **Contract Counterparty performance risk** is the risk of a potential adverse occurrence of a

counterparty's ability to operationally perform on an agreement or due to contractual provisions that leave KYMEA with no recourse under an event of default.

c. **Concentration (lack of diversity) risk** is the risk of having large exposures to significant power supply components. Concentration risk can be found with suppliers (contract and credit risk), generation units (outage risk), unit technology (environmental) and native load customers. This includes the risk of reliance of a single fuel commodity, reliance on a single technology for electric generation, or a geographical concentration of resources that would create delivery exposure due to damage to physical generation and transmission assets due to storm, accident, vandalism, or sabotage.

d. **Delivery risk** is the risk that KYMEA cannot meet a firm supply obligation due to a transmission constraint. Ability to deliver is essential to KYMEA in meeting its firm supply obligations and reliability of service.

e. **Forced outage and de-rate risk** is the risk that a generating unit does not perform when it is expected to be available, or when it performs below expected capability. Since this risk can result in KYMEA being unintentionally short in the market, it also can contribute to market price risk. KYMEA can also be exposed to delivery risk in the transportation of its fuel supply that can result in unit unavailability or de-rate types of risk.

f. **Volumetric risk** is the risk that energy commodity volumes will vary from expected and result in a potential loss due to unfavorable commodity market prices. The primary volumetric risks that KYMEA is exposed to are load forecast/ weather variability risk, and loss of load.

   i. **Load forecast/weather variability risk** is the risk that actual loads differ from forecasted loads due to inherent uncertainty in weather forecasts and load forecasts. This risk is natural to KYMEA's portfolio since it serves load serving entities. Since this risk will result in KYMEA being unintentionally long or short in the spot market, it can contribute to hourly market price risk.

   ii. **Loss of load risk** is the risk that KYMEA loses a significant portion of its load and the market price for electricity concurrently falls below the sales price for the lost load, thereby creating a financial strain on the agency. However, if market prices for electricity are higher than the sales price for the lost load, it would create a financial benefit to the agency.

g. **Environmental Emission Allowances risk** is the risk that KYMEA will not have sufficient environmental emissions allowances to assure compliance with the United States Environmental Protection Agency emission limits at a reasonable cost.

h. **Renewable Energy Attributes risk** is the risk that, if a mandated renewable energy standard is implemented, KYMEA may not have sufficient quantities of Attributes necessary to comply with the standard. In the absence of a mandatory standard, this risk is primarily the failure to capture the financial benefit to KYMEA from selling and trading renewable energy attributes that have been allocated to KYMEA.

3. Financial Risks

a. **Financial risk** is the risk that the agency's scarce resources are not optimally employed,

resulting in adverse financial consequences. Quantification of risks in terms of their impact on financial measures will be considered in risk analysis and mitigation. Risk quantification and mitigation pursuant to appropriate risk tolerance shall have significant focus.

b. **Cash margin risk** is the risk associated with inadequate cash flow resulting from margin requirements of a contractual agreement. For example, the EEI Master Agreement provides that counterparties may margin each other when they are overexposed above credit thresholds that were negotiated between the parties when the agreement was executed. Credit exposures include replacement cost exposure on a mark-to-market basis when a counterparty's position is out-of-the money.

c. **Credit risk** is the risk of a counterparty's inability to pay its obligations (debts) to KYMEA or of a supplier that declares bankruptcy and abrogates a supply contract that must be replaced during a time of higher commodity market prices.

SECTION 1.5

RISK MANAGEMENT GOVERNANCE STRUCTURE

Governance of KYMEA's Risk Management ("Risk Management Governance") follows a top-down approach whereby the Board of Directors ("Board") identifies KYMEA's Risk Management objectives and provides Risk Management oversight. Supporting controls, policies, and procedures are implemented and aligned throughout the Risk Management Governance structure, with distinct roles and responsibilities that result in a risk control environment. Governance and controls include the organizational structure, policies, reporting process, and procedures that support KYMEA's business model, risk tolerance, power supply objectives, financial objectives, and reliability objectives, and segregate responsibilities appropriately.

The roles of the Board, Board Risk Oversight Committee (the "BROC"), and Internal Risk Committee (the "IRC") are outlined as follows.

1. **KYMEA Board**
    a. Establish and communicate the Board's acceptable levels of risk tolerance.
    b. Approves KYMEA's Risk Management Policies ("Policies"):
        i. Business Operations Risk Management Policy
        ii. Energy Risk Management Policy
        iii. Financial Risk Management Policy.
    c. Approve updates to these Policies as may be recommended by the Board Risk Oversight Committee
    d. Receive and approve no less than annually, reports from the Board Risk Oversight Committee on the status of risk management activities and risk mitigation measures in place specific to;
        i. Business Operations Risks
        ii. Energy Risks
        iii. Financial Risks
    e. Approve the initial supporting Risk Management Procedures ("Procedures") for KYMEA's Business Operations, Energy, and Financial activities
    f. Receive periodic updates on KYMEA's risk profile.
2. **Board Risk Oversight Committee (the "BROC")**
    a. Comprised of five voting members as follows:
        i. Board Member (Director or Alternate Director)
        ii. AR Project Committee Member

iii. CEO

iv. CFO

v. Legal Counsel

b. Monitors the activities of the IRC to ensure compliance with the Enterprise Risk Management Policy;

c. Receives and reviews from the Internal Risk Committee quarterly Risk Management reports on Business Operations, Energy, and Financial activities;

d. Reports annually on the Risk Management activities and results to the KYMEA Board;

e. Reviews and recommends changes of the Risk Management Policies to the KYMEA Board as it deems appropriate.

Subsequent to the initial Board approval of the Procedures, the BROC will be responsible for approving future revisions to the Procedures submitted by the Internal Risk Committee for consideration.

If recommended revisions to the Procedures represent a material change that could impact policy guidelines, the BROC will submit the revisions to the Board for consideration along with any affected policy provisions.

Chairman of BROC or CEO can call a meeting of BROC at any time based on any concerns regarding compliance with or implementation of the Enterprise Risk Policies.

3. Internal Risk Committee (the ”IRC”)

a. The IRC shall be formed upon the approval of this Enterprise Risk Management Policy by the Board.

b. The IRC shall have four members as follows:

i. President and CEO (“CEO”), who shall serve as Chairperson of the IRC

ii. Vice President of Market Analytics

iii. Chief Financial Officer (“CFO”)

iv. Outside Counsel

c. The Chairperson of the IRC shall schedule meetings at least quarterly.

d. The IRC shall approve each strategy and hedge recommendation prior to the commencement of the implementation of the recommendation. The approval shall specifically include the following:

i. Purpose of the strategy or hedge;

ii. Strategy or Hedge instruments to be used;

iii. Duration of the strategy or hedge; and

iv. Desired results of the strategy or hedge.

e. The IRC shall

i. Develop Procedures as needed for Business Operations, Energy and Financial Management activities, which shall specify the detailed procedures and reporting necessary to implement this Enterprise Risk Management Policy;

ii. Maintain the Procedures and recommend any revisions deemed necessary or appropriate to the BROC for approval;

iii. Monitor staff and service provider compliance with the Procedures;

iv. Approve all individuals authorized to execute trades (At a minimum, the CEO and Vice President of Market Analytics shall be authorized to execute trades.);

v. Approve all brokerage relationships and all ISDA and EEI agreements and any other contractual agreement relating to Energy activities;

vi. Establish requirements to determine counterparty creditworthiness prior to any proposed OTC transaction;

vii. Review counterparties at periodic intervals to ensure they have maintained compliance with the requirements; and

viii. Develop a detailed position reporting system to assess the performance of each executed strategy or hedge recommendation relative to the approved objectives.

f. Each IRC member is authorized to call committee meetings beyond those scheduled quarterly, and each has responsibility to ensure that all activities are in accordance with the Enterprise Risk Management Policy.

g. The IRC may meet in person, through telephone or electronic conference calls, and using electronic mail. The IRC will keep regular minutes and records of its meetings and actions.

h. At any time, if any IRC member believes that the committee has failed to adequately address a situation in which the member believes price or credit speculation is taking place, that member will submit a written statement describing the concern to the Chairperson of the BROC.

SECTION 1.6

BUSINESS OPERATIONS RISK MANAGEMENT POLICY

a. Operational risk will be managed by;

   i. Recruiting and hiring of qualified individuals for each of the staffing positions authorized by the KYMEA Board

      1. CEO will provide organizational recommendations, staffing recommendations and detailed job descriptions for critical positions to the Board for authorization
      2. Background checks, drug testing, and safety procedures will be performed
      3. Recruiters for critical management positions may be used when appropriate

   ii. KYMEA will designate Authorized Persons, persons authorized to disburse funds, negotiate loans, and deposit funds

   iii. KYMEA has adopted and will operate its procurement functions consistent with the provisions of KRS Sections 45A.345 to 45A.460 of the Kentucky Model Procurement Code for the purpose of providing KYMEA with rules, guidelines and provisions for the procurement of goods and services

      1. CEO will be responsible for maintaining compliance with the Kentucky Model Procurement Code
      2. Specific procurement processes and procedures will be documented in the Procurement Policy and Regulations and will be periodically reviewed by counsel and specifically reviewed prior to initiating major procurement activities (RFP's)

   iv. The periodic review and refinement of Policies and Procedures and their included reporting functions

   v. The use of third-party review of business operations, including but not limited to municipal financial advisors, external auditors, and other applicable independent third-party service providers

b. Counterparty performance risks will be managed according to the Energy Risk Management Policy, Credit Policy, and Trading Authority Procedures.

c. Facility operations risk will be managed as follows;

   vi. Generation risk will be managed consistent with the Forced Outage and Derate risk management provisions outlined in the Energy Risk Policy

   vii. Transmission risk will be managed consistent with the standards of KYMEA's transmission service providers and regulated market requirements

   viii. Distribution level risk will be managed by each Member for its own system

1. KYMEA will assist with the review of standards, inspections, and procurement when requested by a Member and when opportunities for economy of scale can be achieved.

d. Physical and cyber security risks will be managed as follows;
    i. Physical security will be address through coordination with local law enforcement and fire prevention authorities
    ii. KYMEA will utilize industry standard alarm, monitoring, surveillance and key control systems to protect critical physical facilities and their contents
    iii. KYMEA will utilize password protection, multiple and remote backup of computer systems and data consistent with industry standard practices
        1. KYMEA will utilize remote off-site Microsoft Office 365 or equivalent security protection and will investigate the use of additional third party data backup where appropriate
        2. KYMEA will install and utilize malware protection software on all computer systems including portable laptops and mobile devices
    iv. Additional processes and procedures will be outlined as required
e. Business interruption risk will be managed as follows;
    i. KYMEA will maintain the capability of performing its functions from multiple locations with geographic diversity to avoid regional threats or impacts
        1. This can be achieved by maintaining multiple locations, portability of functions, or the use of third-party backup such as from the Energy Service Provider facilities
        2. Additional procedures where advisable will be incorporatedas needed.
f. Regulatory compliance risk will be managed as follows;
    i. KYMEA will designate a Responsible Officer to oversee compliance with all regulatory requirements applicable to KYMEA
    ii. Regulatory compliance will be periodically reviewed by KYMEA outside counsel at least on an annual basis or when new regulations applicable to KYMEA's functions are instituted
    iii. Emissions allowance and renewable energy attributes regulatory requirements will be managed as outlined in the Energy Risk Management policy
    iv. KYMEA may use additional outside counsel that specialize in particular types of regulatory requirements where deemed appropriate
    v. Any necessary procedures related to these functions will be outlined.

g. Reliability compliance risk will be managed as follows;

i. KYMEA will periodically update the forecasts for its load serving obligations and compare these forecasts to the capacity procured by KYMEA to meet these forecasted needs.

ii. KYMEA will generally seek to meet a planning capacity reserve margin in accordance with applicable reliability region standards.

iii. The actual targeted reserve margin will be managed through long term generation additions and short, intermediate, and long term purchased power contracts based upon the cost and risk tradeoffs of KYMEA.

iv. Any necessary procedures related to these functions will be outlined.

SECTION 1.7

ENERGY RISK MANAGEMENT POLICY

1. Fundamental Concepts
    a. KYMEA operates its power supply function under a different business model than merchant energy companies, and therefore has a different risk profile, requiring a different approach to risk management.
    b. KYMEA by nature has significant volumetric risk that results from: 1) long-term load serving obligations, 2) the supply hedges used to meet those obligations (generation, forwards, options, etc.), and 3) the volumetric differences that occur between numbers 1 and 2 ("unmatched positions").
    c. Typical derivative risk metrics, such as Value at Risk (VaR), do not factor in volumetric risk, and are therefore inadequate to reflect the full risk that is inherent to KYMEA's business.
    d. Native load does not behave according to any derivative that can be loaded into a risk management system. The proper risk measurement and decision support tool for most of KYMEA's risks is a risk model that incorporates both market price risk and volumetric risk together, and provides for a correlation of native load demand to market prices
2. KYMEA will:
    a. Utilize energy risk management tools to provide competitive and stable priced, reliable electric service to its member communities;
    b. Participate in the forward term electric market *defensively* to hedge the risk of its forward load serving obligations (short positions) based on monthly or seasonal forecasted peak loads, plus a capacity planning reserve;
    c. KYMEA also has forward positions that are net long after meeting its firm load obligations;
    d. Participate in the weekly/daily/hourly electric market to balance its unmatched positions at the market price in real time, and to respond in the near-term timeframe to predictable weather trends; and
    e. Participate in both the short-term and long-term energy markets to hedge its anticipated fuel consumption, financially or physically, and to supply fuel to its generation units.
3. For short and intermediate term planning, market price risks and volumetric risks will be managed in the near-term planning cycle (1-60 months forward) utilizing a portfolio model.
4. For long term planning, market risks and volumetric risks will also be managed utilizing an Integrated Resource Plan for a period of 6-20 years. KYMEA will forecast its long-term firm supply obligations based on its expectations for load growth. This tool, along with the short/intermediate term portfolio model will assist KYMEA in making appropriate capital investments and long-term contractual commitments to serve the needs of its members.

5. KYMEA will not:
    a. Utilize energy risk management tools to trade speculatively (buy low – sell high), or to initiate energy risk positions;
    b. Take at-risk positions in merchant generation; or
    c. Engage in the practice of mark-to-market revenue recognition, considering that rates to KYMEA's members are cost-based, without variability for mark-to-market fluctuations.
6. The Energy Risk Management Policy will govern the management of Energy Risks identified above under Definitions of Risk within the limits stated below.
    a. **Commodity market price risk** will be managed according to trading authority limits to conduct market transactions. The trading authority limits to conduct commodity market transactions are approved by KYMEA Board and are included in the Trading Authority Procedures. KYMEA will also manage its commercial operational risks to new products, instruments, or locations according to a control process for such as found in the Trading Authority Procedures.

        i. Hedge instruments will be used to manage commodity price risk, concentration risk, and volumetric risk consistent with the Trading Authority Procedures and supporting internal execution strategies and control procedures.

        ii. Numerous transactions may be entered into to mitigate risk consistent with the Board approved power supply cost goals and risk tolerance. Several hedging instruments and commodities are used to manage KYMEA Enterprise Risks, which include purchases or sales of physical commodities, financial instruments, power transmission, and power generation capacity.

        iii. The IRC may hedge up to 100% of the expected volumes of individual fuel types at the time of execution within the Financial Limits listed below.

        iv. Financial Limits. The maximum exposure of open financial (all futures, options, and OTC) instruments expressed as the total gross current market value ("notional value") of outstanding financial positions under this Policy shall not exceed a percentage of the annual fuel component (including fuel costs of KYMEA owned generation and identified under PPAs) of the energy procurement budget as follows:

            1. 1st Year - 40% of approved annual fuel component of energy budget
            2. 2nd Year - 35% of forecasted annual fuel component of energy budget
            3. 3rd Year - 30% of forecasted annual fuel component of energy budget
            4. 4th Year - 25% of forecasted annual fuel component of energy budget
            5. 5th Year - 20% of forecasted annual fuel component of energy budget

        v. Authorization. For the management of commodity market price risk, the following are the only financial instruments that are authorized for use to conduct these energy risk

management activities:

1. Futures Contract - A standardized binding agreement to buy or sell a specified quantity or grade of a commodity at a later date. Futures contracts are freely transferable, can be traded exclusively on regulated exchanges and are settled daily based on their current value in the marketplace.
2. Option - A contract which gives the holder the right, but not the obligation, to purchase or sell the underlying futures contract at a specified price within a specified period of time in exchange for a one-time premium payment. The contract also obligates the writer, who receives the premium, to meet these obligations.
3. Over-the-Counter Instruments (OTC) - Any financial or physical instrument that is customized and created by a counterparty to replicate the risk profile associated with a commodity.

b. Counterparty performance risk will be managed thru monitoring of the counterparty obligations and default provisions of PPAs, bilateral transactions, or service contracts. Counterparty credit risk will be managed under the Financial Risk Management Policy and Credit Policy.

c. Concentration (Lack of Diversity) risks will be managed by diversifying the Agency's supply resources and its energy (fuel and power) purchase requirements based upon the diversification requirements to avoid excessive reliance on:

   i. A single fuel commodity;
   ii. A single supplier;
   iii. A single technology; or
   iv. A single geographic location or area.

   Specific diversification requirements will be outlined in the Trading Authority Procedures.

d. Delivery risks will be managed by:

   i. Procuring firm electric transmission rights as outlined in KYMEA's Trading Authority Procedures; and
   ii. Evaluating the fuel transportation methods utilized by PPA suppliers and by evaluating the procurement of firm gas transmission rights for PPA's that allow KYMEA the option to deliver its own fuel.

e. Forced outage or derate risk will be managed:

   i. Through the negotiation and enforcement of availability guarantees in KYMEA's PPA's and their associated cost of cover requirements;
   ii. For self-owned and operated assets, using prudent utility practice in the development and management of KYMEA's operations and maintenance; and

iii. By working further with the Board to establish any maximum levels of financial expenditures to be made for replacement power to avoid interrupting KYMEA's firm power supply obligations and the criteria for interruption should these financial limits be exceeded.

f. Volumetric risk (load forecast/weather variability and loss of load risk) will be managed by:

i. Limiting long-term positions relative to projected capacity requirements; and

ii. Appropriate management of hourly market price risk.

g. Environmental Emission Allowances risk will be managed by KYMEA or its counterparties by buying, selling or trading emission allowances to assure compliance with the United States Environmental Protection Agency emission limits.

i. KYMEA will not purchase, sell or trade emission allowances for speculative purposes.

ii. KYMEA will maintain a sufficient quantity of allowances necessary to comply with emissions limits relative to its forecasted generation.

iii. KYMEA may execute, purchase, sell or trade transactions to achieve the level of emission allowances needed.

iv. KYMEA will calculate emission allowance needs based on the following:

1. Forecasted emissions;

2. Allocated emission allowances; and

3. Risk management factor of 20% of forecasted emission allowance needs.

v. Written approvals by the Vice President of Market Analytics and the CEO (or other individual responsible for environmental compliance, i.e., the "Responsible Officer") must be obtained before any emission allowance transaction is valid and entered into for KYMEA. Documentation of all analysis and calculations will be provided to the IRC for review prior to approval.

vi. All emission allowance transactions will be documented by an agreement signed by authorized representatives of all parties.

vii. On a quarterly basis an Environmental Emission Allowance report including current balances and actual consumption along with forecasted consumption and future balances will be provided to the IRC.

h. Renewable Energy Attributes risk will be managed by KYMEA or its counterparties by buying, selling or trading Renewable Energy Attributes to provide financial benefit to KYMEA and to assure compliance with any applicable regulations or standards that may be implemented.

i. If a mandatory renewable energy standard is implemented, KYMEA will maintain sufficient quantities of Attributes necessary to comply with the standard.

ii. The Vice President of Market Analytics or Responsible Officer will have responsibility for maintaining KYMEA's Renewable Energy Attributes inventory from all sources and

making recommendations to hold, buy, or sell such attributes. Renewable Energy Attribute sources may include, but are not limited to landfill gas, solar, wind, biomass, and other generation sources.

iii. On a quarterly basis the Vice President of Market Analytics or Responsible Officer will report to the IRC Committee regarding KYMEA's Renewable Energy Attributes inventory and make a recommendation to hold, buy or sell such attributes. If a recommendation to buy or sell such attributes is made, the Responsible Officer will provide all necessary documentation for consideration by the IRC.

iv. Written approvals by the Vice President of Market Analytics and CEO must be obtained before any Renewable Energy Attributes transaction is presented to IRC. Once this approval is obtained, documentation of all analysis and calculations will be provided to the IRC, and a request for IRC approval of the transaction will be requested.

v. All Renewable Energy Attributes transactions will be documented by an agreement signed by authorized representatives of all parties.

7. Internal Controls

   a. In addition to the authorization of acceptable instruments, limits, and credit standards, a segregation of departmental responsibilities shall be established to verify and reconcile the adherence of KYMEA's activities to its Enterprise Risk Management Policy.

   b. The Credit Policy and Trading Authority Procedures shall specify a clear separation between transacting, credit review and approval, margining and cash settlements, and accounting.

8. Conflicts of Interest

   a. Personnel responsible for executing and managing KYMEA's trading activity will not engage in nor give the appearance of engaging in personal business activity that could conflict with the proper execution of the Energy Risk Management Policy or which could impair their ability to make impartial decisions regarding energy activities. These personnel shall disclose to the CFO any material financial interests in financial institutions or other entities that conduct business with KYMEA, and they shall further disclose any material personal investment positions that could be related to the performance or financial health of KYMEA.

9. Policy Review

   a. At least once during the first 12 months following approval of this Enterprise Risk Management Policy and on an annual basis subsequently, the IRC will review the Enterprise Risk Management Policy and will make a recommendation to the BROC on the adequacy of the Enterprise Risk Management Policy and any changes which should be considered.

   b. Any recommended changes to the Enterprise Risk Management Policy will be brought to the KYMEA Board by the BROC for consideration and approval.

SECTION 1.8

FINANCIAL RISK MANAGEMENT POLICY

1. The purpose of the Financial Risk Management Policy is to assure KYMEA remains capable of maintaining a strong financial base sufficient to sustain KYMEA's services to its members by:
    a. Maintaining sufficient cash reserves to allow the routine assessment of potential current and future financial impacts related to the services KYMEA provides to its Members and make necessary adjustments to avoid adverse financial consequences
    b. Managing its finances consistent with prudent utility practice and GAAP
    c. Maintaining an excellent credit rating as determined by one or more credit rating agencies to assure Members that KYMEA is operated in a sound and prudent fiscal manner.
2. The Financial Risk Management Policy will govern the management of Financial Risks identified using procedures to address the risks stated below.
    a. **Financial risk** is the risk that KYMEA's scarce resources are not optimally employed, resulting in adverse financial consequences. Quantification of risks in terms of their impact on financial measures will be considered in risk analysis and mitigation. Risk quantification and mitigation pursuant to appropriate risk tolerance shall have significant focus.
        i. KYMEA will prepare and approve an annual budget prior to the start of each fiscal year. The budget will include a projection of revenues and expenditures including operating expenditures and planned capital expenditures.
        ii. KYMEA will establish and maintain rate schedules that provide revenues sufficient to meet all expected costs including operations, administrative and general, debt service, reserve funds, and margins needed for creditworthiness requirements.
        iii. KYMEA will maintain expenditure categories consistent with applicable statutes and, where appropriate, will be consistent with accepted standards such as the Uniform System of Accounts.
        iv. KYMEA will prepare, on a monthly basis for Board of Directors review, a statement of the financial condition of KYMEA including a report of financial transactions. Monthly financial statements will include year-to-date revenue and expenditures as well as explanations for major variances to budget.
        v. Operations expenditures and capital expenditures will meet the requirements of generally accepted accounting principles (GAAP).
        vi. KYMEA will review, on an annual basis, any ongoing transaction obligations related to market risks, credit risks, and liquidity risks. Note, as of the date of this policy, KYMEA does not have any trading-related risks.

vii. Annual Audit – KYMEA will engage an independent auditor to review its financial books and accounts annually. The audit is to be performed by an independent, certified public accountant.

b. **Cash margin risk** is the risk associated with inadequate cash flow resulting from margin requirements of a contractual agreement. Credit exposures include replacement cost exposure on a mark-to-market basis when a counterparty's position is out-of-the-money.

   i. Cash margin risk will be managed consistent with the Credit Policy.

c. **Credit risk** is the risk of a counterparty's inability to pay its obligations (debts) to KYMEA or of a supplier that declares bankruptcy and abrogates a supply contract that must be replaced during a time of higher commodity market prices.

   i. Credit risk and counterparty performance risk will be managed according to the credit controls as specified in the Credit Policy.

SECTION 1.9

REFERENCE DOCUMENTS

1. Interlocal Cooperation Agreement Creating the Kentucky Municipal Energy Agency (Interlocal Agreement)
2. Bylaws of Kentucky Municipal Energy Agency (Bylaws)
3. Kentucky Municipal Energy Agency, All Requirements Power Sales Contract (AR Contract)
4. Agency Agreement for Procurement of Transmission Services (Transmission Services Agreement)
5. Resolution of the Kentucky Municipal Energy Agency Adopting provisions of the Kentucky Model Procurement Code (Resolution dated September 24, 2015)
6. Resolution of the Kentucky Municipal Energy Agency Designating Persons Authorized to Sign Checks (Resolution dated January 28, 2016)

SECTION 1.10

CREDIT POLICY

Policy Purpose

Objective

The Kentucky Municipal Energy Agency (KYMEA) Credit Policy outlines the credit policies and procedures in order to guide a disciplined and integrated set of protocols for monitoring, measuring and managing the organization's counterparty credit risks within the policies and risk tolerance of the organization. These credit policies and procedures relate to KYMEA's energy risk management policy.

This policy establishes a formal credit policy that requires an enterprise-wide program for managing total counterparty risk. This policy will set forth clear credit risk management objectives and the process for articulating the credit risk tolerance of the organization. Lastly, this policy will establish a responsibility hierarchy for measuring and mitigating counterparty risk.

As part of enterprise-wide risk management, credit risk management is a control and oversight activity. It must remain independent from the trading activity but work closely with the business to ensure that credit policies are implemented and maintained.

Definitions used throughout this Credit Policy are defined at the end of this policy in the **Definitions** section.

Counterparty Creditworthiness

It is expected that default risk will increase as the term of a transaction increases. Therefore, KYMEA will expect a higher indication of the creditworthiness of a counterparty for transactions of extended term.

The creditworthiness of each counterparty must be determined through a fundamental analysis of the counterparty's financial and operational condition. The credit analysis incorporates two basic components, a business profile (qualitative analysis) and a financial profile (quantitative analysis). An Unsecured Credit limit is established as a result of this due diligence process. Unsecured Credit limits up to $10,000,000 may be recommended by the Director of Credit of ACES.

This entire process should be repeated for each counterparty at least annually and at any time when events or circumstances indicate that a counterparty's creditworthiness may have deteriorated or improved significantly. More frequent reviews may be necessary, at the discretion of ACES Credit Department or at the request of KYMEA.

The credit analysis of each counterparty is to be performed by the Credit Department of ACES and submitted with recommendations regarding unsecured credit limits to KYMEA for approval. The point of

contact for KYMEA is the Chief Financial Officer. All formal credit files are to be maintained at the offices of ACES.

Grouping of Counterparties

Counterparties sharing a common parent or affiliation will be assigned to a group. An Unsecured Credit limit will be assigned to the group with individual Unsecured Credit limits being assigned to each counterparty within the group. The aggregate Unsecured Credit limit of these counterparties will not exceed the established group Unsecured Credit limit.

Credit File Documentation

Credit analysis, approvals and denials must be documented in writing and all counterparty information shall be contained in formal credit files, which are maintained at the offices of ACES. These credit files are expected to contain audited financial statements (or reference to the website location where the financials can be retrieved) and a credit review analysis report with an unsecured credit limit recommendation signed by the Director of Credit of ACES. These files should also contain as much of the following as possible:

- At least the two most recent years of audited financial statement information.
- Rating information as published by Standard & Poor's, Fitch, or Moody's.
- General industry information.
- Copies of all credit related correspondence with the counterparty.

Contractual Collateral Threshold Approval Authority

Once a counterparty has been determined to be creditworthy, a Collateral Threshold may be extended under the collateral section of a master enabling agreement.

KYMEA's approvals will take into consideration Unsecured Credit limit recommendations provided by ACES Credit Department. All approvals must be in writing.

Authority to approve a Collateral Threshold amount is as follows for counterparties that are deemed creditworthy:

Chief Financial Officer	Up to ACES's recommendation not to exceed $10 million
Chief Executive Officer	Up to $20 million
Internal Risk Committee	Up to $50 million
Board Risk Oversight Committee	Unlimited

Trading Credit Limit Approval Authority

A Trading Credit Limit is designed to limit transactional exposure to desired risk tolerance levels. KYMEA's approvals will take into consideration Unsecured Credit limit recommendations provided by ACES Credit Department. All approvals must be in writing.

A counterparty's Trading Credit Limit may result in a larger dollar amount than the approved Collateral Threshold if the counterparty has posted a Letter of Credit and/or cash collateral or if business needs dictate. Conversely, a Trading Credit Limit may result in a lower dollar amount than the Collateral Threshold if there is desire to reduce exposure risk or if business needs dictate.

Authority to approve a Trading Credit Limit is as follows for counterparties that are deemed creditworthy:

Chief Financial Officer	Up to ACES's recommendation not to exceed $10 million
Chief Executive Officer	Up to $20 million
Internal Risk Committee	Up to $50 million
Board Risk Oversight Committee	Unlimited

The Chief Financial Officer will have the authority to make such approved changes to the counterparty Trading Credit Limits via the ACES Credit Portal.

It will be KYMEA's practice to not approve a Collateral Threshold and/or a Trading Credit Limit for a counterparty or the counterparty's guarantor that has Credit Ratings below Investment Grade. However, KYMEA may grant a Collateral Threshold and/or a Trading Credit Limit to a counterparty or the counterparty's guarantor with a below Investment Grade Credit Rating when approved by Internal Risk Committee.

Credit Trading Restriction Approval Authority

KYMEA's Internal Risk Committee will have the authority to approve Credit Trading Restrictions. KYMEA's approvals will take into consideration Credit Trading Restriction recommendations provided by the ACES Credit Department. The Chief Financial Officer will have the authority to make such approved changes to the counterparty Credit Trading Restrictions via the ACES Credit Portal. An ACES recommended trading restriction report is periodically distributed and posted to the ACES web site.

ACES Credit Portal

The ACES Credit Portal is a web-based application, meaning it accessible from inside and outside of KYMEA's network. If a KYMEA employee with ACES Credit Portal access is terminated, leaves the company, or changes responsibilities within KYMEA, they will still have access to view and/or make updates until

their access has been revoked. It is KYMEA's responsibility to inform ACES Security Management staff [securitymanagement@acespower.com] of such personnel changes to prevent unauthorized changes.

Credit Enhancements

If KYMEA's business objectives require any additional extension of credit greater than that which is derived from the creditworthiness analysis above, then credit enhancements will be required. The following types of securities are acceptable credit enhancements:

- Corporate Guarantee: Counterparties may provide a guarantee from a third party that meets the creditworthiness requirements noted above. If a counterparty provides such a guarantee, the amount of any Unsecured Credit will be determined through an analysis of the financial statements and credit ratings, if available, of the guarantor. All guarantees must be in a format that is acceptable to KYMEA.

- Letter of Credit: Counterparties may provide an irrevocable letter of credit for an amount sufficient to cover the related transactions. Letters of credit must be issued by a bank or a financial institution with a rating of at least "A-" from Standard & Poor's, "A-" from Fitch, or "A3" from Moody's.

- Prepayment (margin): Counterparties may provide a prepayment or cash margin deposit that is sufficient to cover the related transactions.

Credit Controls

In addition to the Credit Trading Restrictions discussed above, an approved list of trading counterparties report noting Credit Trading Restrictions, Trading Credit Limits and Available Credit is distributed on each business day to all ACES traders via e-mail and posted to KYMEA's ACES web site.

Under no circumstances should a trade be executed that is in violation of the approved Credit Trading Restriction or Trading Credit Limit, or with a counterparty that does not appear on the approved list of trading counterparties report. An exception may be made if the trade is approved in writing, prior to transaction execution, by Chief Executive Officer in accordance with the dollar limits listed in the Trading Credit Limit Approval Authority section above.

Any transactions in violation of this policy will be reported to the KYMEA Internal Risk Committee and the ACES Risk Management Committee in a timely manner by the ACES Credit Department.

No new transaction(s) shall be entered into with a counterparty that has no Available Credit, except:

(1) as it may mitigate (offset) existing exposure.
(2) transaction does not create new credit exposure at deal execution, or
(3) transaction is approved in writing, prior to transaction execution, by the Chief Executive Officer

Receivables/Payables Management

Unless otherwise instructed by KYMEA, ACES will consider all receivables/payables to be settled on the payment due date of the executed transaction.

Contract Negotiations

In negotiating agreements and ongoing contractual terms with counterparties, ACES shall strive to include prudent industry practice credit provisions when appropriate. These shall include, but are not limited to, explicit netting agreements and provisions granting ACES the right to call for and receive collateral on behalf of KYMEA in the event the counterparty exceeds its Collateral Threshold or suffers a material adverse credit event.

Credit Information

When necessary, ACES is authorized to give credit information on KYMEA to counterparties in order to establish credit approvals.

Collateral Management

ACES is authorized to issue and respond to margin calls on behalf of KYMEA. ACES will coordinate with Chief Financial Officer regarding the issuance or receipt of collateral to support a transaction. ACES holds no collateral. ACES retains copies of letters of credit and guarantees unless instructed otherwise by KYMEA.

Credit Policy Administration

The KYMEA Credit Policy is approved by Board Risk Oversight Committee. From time to time it may be necessary to make changes to these policies and procedures. Amendments to these policies and procedures are to be allowed with approval by the Internal Risk Committee.

Definitions

- ***"Available Credit"*** means Trading Credit Limit minus Credit Exposure for a counterparty at the contract level.
- ***"Collateral Threshold"*** means Unsecured Credit extended to a counterparty per a master enabling agreement.
- ***"Credit Exposure"*** is the total amount of counterparty's credit exposure and is defined as the sum of:
    - The dollar value of all amounts invoiced and unpaid.
    - The dollar amount of all deliveries that have not yet been invoiced.
    - The mark to market value of all forward trades.
    - Less all offsetting amounts that are supported by legally binding netting agreements or Master Agreements.
- ***"Credit Rating"*** means, with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt obligations not supported by third party credit enhancements

by Standard & Poor's, Fitch, or Moody's, or if such entity does not have a rating for its senior unsecured long-term debt obligations, then the entity's issuer credit rating assigned by Standard & Poor's, Fitch, or Moody's. In the event any counterparty is not rated by either Standard & Poor's, Fitch, or Moody's, then a Credit Rating will be assigned based on the ACES proprietary credit scoring model and approved by ACES Director of Credit.

- ***"Credit Trading Restrictions"*** means limiting trading by transaction type and tenor of transaction with a counterparty to avoid undue risk or exposure**.**
- ***"Investment Grade"*** means a Credit Rating equal to or higher than BBB- by Standard & Poor's, BBB- by Fitch, Baa3 by Moody's, or BBB- by ACES proprietary credit scoring model.
- ***"Trading Credit Limit"*** means an amount that may consist of approved Unsecured Credit and/or any posted collateral that is assigned to counterparties at a contract level for trading purposes.
- ***"Unsecured Credit"*** means credit extended only on the basis of the debtor's promise to repay, without any collateral security.
- Forms of credit risk are:
    - ***"Payment Risk"*** means the cost exposure to the value of accounts receivable and accrued receivables (delivered but not invoiced).
    - ***"Performance (mark to market) Risk":*** The cost exposure of replacing the contractual obligations of open contracts in the relevant market place.

SECTION 1.11

PROCUREMENT POLICY AND REGULATIONS

1. POLICY PURPOSE

The purpose of this Procurement Policy and Regulations ("Procurement Policy") is to present a proper practice in the procurement of goods and services, including construction, renovation and improvements for the Agency.

2. GENERAL PROVISIONS

a. **Scope:** This Procurement Policy shall apply to the expenditure of public funds irrespective of the source of the funds. Purchases shall be made and encumbrances shall be incurred for the benefit of the Agency in accordance with this Procurement Policy.

b. **Laws and Regulations:** The Agency shall comply with any applicable federal and state laws and regulations, including the Kentucky Model Procurement Code for Local Public Agencies, Sections 45A.345 to 45A.460 of the Kentucky Revised Statutes (the "Act"), and with terms and conditions of any grant, gift or bequest consistent with law. To the extent that this Procurement Policy may be adjudged to be inconsistent with the provisions of the Act, they are to be construed as may be necessary to conform to such statutory provisions, or, if the offending provision cannot be so construed, it is declared to be severable and its invalidity shall not affect the remaining provisions contained herein.

c. **Budget Expenditures:** Board Approval. No purchase shall be made and no encumbrance shall be incurred unless funds sufficient to cover the purchase or encumbrance have been budgeted and are available within the approved budget or unless the purchase or encumbrance is approved by the Board.

d. **Budgetary Compliance:** The President & CEO is the authorized officer charged with the responsibility of staying within the Agency's budgets and authorizing no expenditures, except as provided herein, in excess of the budget unless approved by the Board.

e. **Public Policy:** Public policy dictates that the fundamental mission of a public procurement function is to promote economy, efficiency, and effectiveness in the acquisition of goods and services and expenditure of public funds. To accomplish this public policy, in addition to complying with the provisions of KRS 45A.450 to 45A.460, the Agency must at least

   i. Provide for public confidence.
   ii. Use fair and equitable treatment to all concerned.
   iii. Employ effective broad-based free and open competition.
   iv. Strive for maximum value for Agency expenditures.

v. Provide for work to be performed in a thoroughly professional and ethical manner and with honesty and integrity in compliance with applicable laws and regulations and the procedures and rules adopted by the Agency.
vi. Provide safeguards for maintaining a procurement system of quality and integrity, including prohibition against conflicts of interest and gratuities.
vii. Allow sufficient flexibility to serve the energy and power needs and services for its Members and their communities and meet emergency needs as they arise.

f. **Violations of Agency Procurement Policy:** In addition to any breach of ethical standards as defined in KRS 45A.455, it shall be a violation of this Procurement Policy:
   i. For any bidder or prospective bidder, including its employee(s) or officer(s), in connection with a purchase by the Agency, to engage in any act or inaction that is a restraint of trade, anti-competitive, or price-fixing, and not in accordance with fair practice guidelines;
   ii. For any Agency employee, officer, or Director to disclose any content of any bid invited through the formal or informal competitive bidding procedure; or
   iii. For any Agency employee, officer, or Director to actively participate in the awarding of a contract from which he will directly benefit.

g. **Voidable Contracts**: In addition to contracts that are void or voidable under the Act or applicable law, the following contracts are voidable:
   i. Contracts that result from a conflict of interest under this Procurement Policy or other applicable law.
   ii. Contracts awarded to a person or firm that tried to influence the award of such contract by offering something of value to any Agency employee, officer, or Director.
   iii. Contracts awarded by an official or employee circumventing the requirements of this Procurement Policy or other applicable statute or regulation.
   iv. Contracts that were bid or awarded under circumstances prohibited under Section II-F above.

The Board hereby declares its intent that such contracts would not have been entered into on behalf of the Agency if the misconduct had been discovered prior to the execution of the contract. The Board further states that no Agency officer or employee has authority, either actual, apparent, or implied, to negotiate or execute any such contract, and that any such contract shall, at the discretion of the Board, continue to be voidable indefinitely, unless the action of the Agency officers and employees in executing the contract is ratified by affirmative action of the Board after the misconduct was discovered and made known to the Board.

All persons or firms responsible for any misconduct prohibited by this Procurement Policy shall be liable for any losses incurred by the Agency as a result of the misconduct, including pursuant to KRS 45A.460.

3. PURCHASE OF GOODS AND SERVICES

a. **Competitive Process:** Whenever the total price or value of a contract or purchase for goods and services is estimated to exceed $20,000, the contract shall be awarded as provided in KRS 45A.365. Contracts are not always required to be awarded to the lowest bidder, as the bid price may not be the sole determining factor when awarding contracts, as provided in the Act. At a minimum, the Agency shall give consideration to the bidder's ability to provide the required service(s), references, the bidder's history of prior or similar services, and a history of prior services to the Agency, as permitted by KRS 45A.395. Effort will be made in all purchases for goods or services to source Kentucky vendors whenever possible, as provided in KRS 45A.365(5) and 45A.494.

   The Agency adopts these small purchase procedures pursuant to KRS 45A.385 for purchases where a determination is made that the aggregate amount of the contract does not exceed $20,000 and the following matters shall be documented and complied with:

   i. For purchases totaling $1,000 or less, no solicitation of proposals shall be required.
   ii. For purchases totaling between $1,001 and $5,000, proposals may be obtained verbally and recorded on a verbal quotation sheet. This verbal quotation sheet shall be available for review if requested by any Director during board meetings.
   iii. For purchases totaling between $5,001 and $20,000, proposals shall be secured in writing or electronically and recorded.
   iv. For purchases in excess of $20,000, the bidding process shall be in conformity with KRS 45A.365.

b. **Purchase Authorization Approval:** Except as otherwise specifically provided in this Policy, for purchases up to $5,000, approval of the President shall be required. For purchases between $5,001 and $100,000, approval of both the President and the Chief Financial Officer shall be required. For purchases in excess of $100,000, approval of the President, Chief Financial Officer and the Board shall be required.

   The President is authorized to make purchases, pursuant to KRS 45A.380(1) and without the additional approvals specified in this Section III-B, in the case of an emergency that poses a threat to the public health, welfare, or safety or for equipment or facility repairs or materials that require immediate action to continue the daily operation of Agency business. The President shall report these purchases at the next scheduled Board meeting.

c. **Bid Award by Board:** Prior to a Board meeting at which an award is to be considered by the Board, staff shall provide a summarized analysis of bids received, including some or all of the following information:

   i. A list of bidders.
   ii. Whether a bid complies with the bid specifications.
   iii. Whether a bid complies with the schedule or time requirements specified.
   iv. Whether a bid complies with the specified terms and conditions and other administrative contract requirements contained in the invitation.

v. Whether a bid complies with the Agency's Energy Risk Management Policy, if applicable.
vi. Whether a bid offers any alternative that may be considered under the terms of the invitation.
vii. The price or cost to the Agency for the contract or supply.
viii. Any other important information in making an award.

d. **Budgeted or Board Approved Items:** Funds designated for the purchase of goods or services under a particular budget line item may not be used for the purchase of goods or services under a different budget line item without the prior approval of the Board.

e. **Reports:** All expenses shall be reported to the Board within thirty (30) days following the end of the month of the date of expenditure by providing a complete listing of expenditures and amounts paid.

f. **Petty Cash Account:** Petty cash in an amount determined by the Chief Financial Officer may be established for the purposes of providing cash for miscellaneous cash purchases and other miscellaneous fees and items. Access to petty cash shall be limited to the Office Manager and the Chief Financial Officer. Petty cash funds may be used to purchase supplies, materials, equipment, and other services when the cost does not exceed $100 and when written documentation of the purchase is maintained. Supplies, materials, equipment and other services regularly purchased and available to the Agency through regular purchasing channels shall not be purchased using petty cash funds. Employees shall not be allowed to cash personal or payroll checks through petty cash.

g. **Purchases Without Competition:** The President may purchase supplies, goods, or services, and the Agency may enter into contracts through noncompetitive negotiation, pursuant to KRS 45A.380, under the following circumstances:

i. In the case of an emergency that poses a threat to the public health, welfare, or safety, as determined by the President.
ii. When there is a sole source of supply as determined in writing by a staff member and approved by the President.
iii. When the purchase or work is a continuation of or an addition to previous purchases or work under an existing contract, and there exists a clear, potential economic benefit to the Agency to negotiate a contract directly with the firm that supplied the initial purchase or work.
iv. As permitted by KRS 45.375(3) or (4), when the Agency receives only one or no response to its solicitation, request, or invitation for bids or proposals.
v. In the case of a small purchase or contract, pursuant to KRS 45A.385.
vi. When the Board determines that it is in the best interest of the Agency to procure services pursuant to KRS 45A.380(3).
vii. When the award to a specific supplier, service provider, or contractor is a condition of a contribution or grant that will fund the full cost of the supply, service, or construction item.

viii. Change orders representing the lesser of $20,000 or 10% of the contract amount which are approved by both the President and the Chief Financial Officer. Each such approval shall be reported to the Board at its next regular Board meeting. Change orders for more than $20,000 or more than 10% of the contract amount shall be submitted to the Board for approval.

h. **Bidder Pre-Qualification:** When the President determines that it is in the best interest of the Agency to pre-qualify bidders for the award of any proposed contract, the President, or his designee, shall establish written criteria for such pre-qualification, as provided in KRS 45A.400, and such criteria shall be disclosed in the invitation for bids or request for proposals. Such criteria may include, but are not limited to, experience in performing contracts similar to that which will be awarded, net worth requirements (or similar evidence of financial responsibility), and evidence of insurability for the coverages and limits which will be required of the successful bidder.

i. **Suspension or Debarment:**
   i. The President shall have the authority to suspend or debar any prospective bidder for a contract with the Agency when the President determines that such prospective bidder has engaged in any practice which is inimical to the purposes and objectives of the Act or this Policy, including, but not limited to, collusion with other prospective bidders, submission of false or misleading material or information to the Agency, or violation of any law governing public bidding.
   ii. Any person or entity suspended or debarred from consideration for an award of a contract with the Agency shall not be considered for an award of any contract with the Agency unless and until the President rescinds the suspension or debarment, as provided for hereinafter, or the Board rescinds such suspension or debarment.
   iii. When the President determines that a prospective bidder who has been suspended or debarred from consideration for an award of the contract with the Agency has rectified the circumstance which resulted in suspension or debarment, and is otherwise qualified to submit a bid, the President may rescind the suspension or debarment upon such conditions as the President shall determine.

SECTION 1.12

ANTI-MONEY LAUNDERING POLICY

Policy Purpose

The Kentucky Municipal Energy Agency (KYMEA) is committed to preventing money laundering, terrorist financing, and other illicit activities in all aspects of its operations. This policy outlines the measures KYMEA will take to comply with applicable laws and regulations, safeguard its reputation, and ensure ethical financial practices.

Scope

This policy applies to all officers, directors, employees, third-party contractors, consultants, and agents of KYMEA. It governs all activities, transactions, and engagements undertaken in connection with KYMEA's business operations.

Definitions

Money Laundering: The process of concealing the origins of illegally obtained money through legitimate transactions.

Terrorist Financing: The use of funds to support terrorist activities or organizations.

Know Your Member (KYM): A process that involves verifying the identity of members to ensure compliance with anti-money laundering regulations.

Regulatory Framework

KYMEA will adhere to all relevant anti-money laundering (AML) legislation, including but not limited to:

- The Bank Secrecy Act (BSA)
- The USA PATRIOT Act
- Applicable state-level laws and regulations

Key Principles

1. **Know Your Member (KYM)**

KYMEA will implement robust KYM procedures to identify and verify the identities of members, vendors, and business partners. This includes:

- Collecting and validating identification documents
- Maintaining accurate records of member information
- Screening against sanctions lists and politically exposed persons (PEPs)

2. **Transaction Monitoring**

KYMEA will monitor transactions for suspicious activities indicative of money laundering or terrorist financing. Regular reviews will be conducted to ensure compliance.

3. **Reporting Suspicious Activity**

All employees are required to report any suspicious activity to the designated compliance officer immediately. KYMEA will comply with legal obligations to file Suspicious Activity Reports (SARs) with the Financial Crimes Enforcement Network (FinCEN).

4. **Record Keeping**

KYMEA will retain all relevant documentation and records for the legally mandated period to ensure transparency and accountability in all transactions.

5. **Training and Awareness**

KYMEA will provide regular training to employees on AML policies, procedures, and the importance of compliance. This training will include:

- Identifying red flags
- Understanding reporting obligations
- Recognizing patterns of suspicious behavior

Compliance Officer

KYMEA will designate a compliance officer responsible for overseeing the implementation and enforcement of this policy. The compliance officer will:

- Ensure adherence to applicable laws and regulations
- Respond to inquiries and audits from regulatory authorities
- Provide guidance on AML matters to employees and management

Disciplinary Measures

Non-compliance with this policy may result in disciplinary actions, up to and including termination of employment or contracts. KYMEA reserves the right to report violations to appropriate authorities.

Policy Review

This policy will be reviewed periodically to ensure it remains effective and compliant with evolving legal and regulatory requirements. Updates will be communicated promptly to all relevant parties.

SECTION 1.13

ANTI-BRIBERY POLICY

Policy Purpose

The Kentucky Municipal Energy Agency (KYMEA) is committed to upholding the highest standards of ethics and integrity in all its operations. We will conduct business with integrity and transparency. This Anti-Bribery Policy outlines the expectations and responsibilities for all employees, directors, contractors, and partners in ensuring compliance with anti-bribery laws and regulations, and preventing any form of corruption. By adhering to this Anti-Bribery Policy, we ensure the trust of our stakeholders and the public, while fostering a culture of accountability and ethical conduct.

Scope

This policy applies to all officers, directors, employees, third-party contractors, consultants, and agents of KYMEA. It governs all activities, transactions, and engagements undertaken in connection with KYMEA's business operations.

Prohibited Practices

KYMEA strictly prohibits the offering, giving, soliciting, or receiving of bribes or other corrupt payments, either directly or indirectly, in any form. This includes, but is not limited to, the following:

- Providing money, gifts, entertainment, or other benefits to influence decisions or gain undue advantage
- Accepting such benefits from external parties
- Engaging in facilitation payments or kickbacks
- Using intermediaries to circumvent anti-bribery regulations

Responsibilities

All individuals covered under this policy are expected to:

- Understand and comply with this Anti-Bribery Policy
- Report any suspected violations of the policy or anti-bribery laws promptly
- Maintain transparent and accurate records of all transactions
- Avoid conflicts of interest and disclose any potential risks

Reporting and Investigation

KYMEA encourages all employees and stakeholders to report suspected bribery or corruption through the designated reporting channels. Reports can be submitted anonymously and will be treated with strict confidentiality. KYMEA will investigate all reports thoroughly and take appropriate disciplinary and legal action if necessary.

Training and Awareness

KYMEA will provide regular training to employees and stakeholders to ensure awareness of anti-bribery laws, best practices, and the organization's expectations. Training sessions will cover the identification and prevention of bribery risks and scenarios.

Penalties for Violations

Violation of this policy is considered a serious offense and may result in consequences including:

- Disciplinary action up to and including termination of employment
- Termination of contracts with external parties
- Legal proceedings and penalties

Monitoring and Review

KYMEA will regularly review and update this Anti-Bribery Policy to ensure its effectiveness and alignment with legal requirements and organizational values. Feedback from employees and stakeholders will be incorporated into policy revisions as necessary.

APPENDIX A

TRADING AUTHORITY PROCEDURES

APPENDIX A

TRADING AUTHORITY PROCEDURES

Policy Purpose:

The purpose of the Trading Authority Procedures is to define the authority granted by the Kentucky Municipal Energy Agency ("KYMEA") Board of Directors ("Board") to the Chief Executive Officer ("CEO") to execute and delegate authority to execute energy related transactions.

OBJECTIVE:

The objective of KYMEA's Trading Authority Procedures is to define:

- Who has authority to execute transactions,
- The commodities and products that can be transacted,
- The authorized lead time and term for each transaction,
- The authorized maximum price and volume,
- Counterparty contract and credit requirements,
- The process for approving new commodities, products or locations,
- KYMEA's intentions regarding hedging and speculating, and
- Other relevant factors associated with due diligence in authorizing transactions to be executed.

Procedural Requirements

The procedures documented in these Trading Authority Procedures are compiled in conjunction with goals and strategies set forth in the KYMEA Enterprise Risk Management Policy (the "Risk Management Policy") as approved by the KYMEA Board on March 28, 2019. The primary purpose of these authorizations and procedures is to both provide the ability to optimize KYMEA resources that are in excess of their load serving obligations at any point in time, and to mitigate the risks of commodity price fluctuations that have a direct impact on the KYMEA operating costs and cash flows.

It is not the policy of KYMEA to engage in financial or commodity transactions unrelated to underlying physical exposures.

These procedures are designed to promote efficient and accurate processing of energy hedging activities, effective preparation and distribution of information relating to hedging activities, and effective independent monitoring of the portfolio of risks.

These procedures are to be maintained, reviewed and approved at least annually by the Board Risk Management Oversight Committee (BROC) consistent with the Risk Management Policy. Amendments to these procedures will be submitted to the BROC for consideration and approval.

Execution Authority

The CEO will maintain an ongoing position report that includes a compilation of KYMEA's rights to each of the portfolio's resources. This report will include:

- Forecasted available resources on an hour, day, week, month and year ahead basis
- Forecasted load serving obligations for the same corresponding time periods
- Calculation of excess resources available for sale or shortfall of resources necessary to meet KYMEA load serving obligations

The President and CEO shall be authorized to approve transactions that optimize the use of existing assets and rights approved and under contract that include the following;

1. Existing Portfolio Resources
    a. All rights to electric capacity and energy in the form of PPA's, self-owned generation assets, and pre-approved hedge instruments and options
    b. Electric transmission owned assets and subscription rights
    c. Firm gas transportation asset and subscription rights
2. Included Market Transactions
    a. Day ahead hourly market transactions
    b. Inter-day hourly market transactions
    c. Transactions with durations of multiple days, weeks, months or years that have been identified as rights of KYMEA in excess of the load serving obligations of KYMEA during the corresponding time period of the transaction being considered
3. Bilateral agreements
4. Hedges and Options

Sales Transactions

The CEO shall have the authority to execute sales trades that meet the following criteria;

a. For transactions equal to or with less than a month duration:
b. A contractual relationship exists to allow the transaction to occur
c. The characteristics and quantity sold represents excess resources as determined by the position report

For transactions with greater than one month and equal to a year duration:

a. A contractual relationship exists to allow the transaction to occur
b. The characteristics and quantity sold represents excess resources as determined by the position report
c. The transaction is submitted to and approved by the IRC and by BROC

For transactions greater than a year duration:

a. A contractual relationship exists to allow the transaction to occur
b. Excess resources as determined by the position report
c. The transaction is submitted to and approved by the IRC and BROC
d. The transaction is submitted to and approved by the Board

Purchase Transactions

The CEO shall have the authority to execute trades to procure capacity and energy as necessary to replace existing resources that have become unavailable or shortfalls in the portfolio that meet the following criteria:

For transactions equal to or with less than a month duration:

a. A contractual relationship exists to allow the transaction to occur
b. The characteristics and quantity sold represents excess resources as determined by the position report

For transactions with greater than one month and equal to a year duration:

a. A contractual relationship exists to allow the transaction to occur
b. The characteristics and quantity sold represents excess resources as determined by the position report
c. The transaction is submitted to and approved by the IRC and BROC

For transactions greater than a year duration:

a. A contractual relationship exists to allow the transaction to occur
b. Excess resources as determined by the position report
c. The transaction is submitted to and approved by the IRC and BROC
d. The transaction is submitted to and approved by the Board

Delegation of Responsibilities

The CEO shall have the authority to delegate authority levels to KYMEA staff and KYMEA's Energy Service Provider. The CEO has the authority to modify authority levels at his sole discretion so long as the delegated authority does not exceed his own authority per this policy.

Individuals who are listed in the authority matrices in this policy are authorized to execute trades under the stated limits and may delegate their authority to others as long as the delegated authority does not exceed their own authority per this policy.

Transactions Requiring Board Approval

Transactions, which meet any of the following criteria, must be approved by the Board prior to execution:

- The transaction is a new commodity not previously traded by KYMEA;
- The transaction is in a new market area;
- The transaction is for something other than: a physical spot or forward electricity, ancillary services, capacity, or power transmission transaction, financial transmission rights transaction, exchange traded transaction, over-the-counter financial transaction, or over-the-counter (OTC) option.

Examples of new instruments would include the use of derivatives with different risk characteristics or the use of derivatives to implement different business strategies or goals. New instruments or locations would also include those instruments or locations that may be traded on a "one-off" basis, which would be implementation of a derivative instrument or entry into a commodity market that, despite the anticipation of being transacted just once, would still fit the definition of a new instrument or location.

The purpose of defining a process for such transactions as noted above is to ensure that the exposures associated with them are thoroughly reviewed and understood by the KYMEA Board and appropriate trading controls are in place. The KYMEA Board must approve the use of such transactions prior to execution using the process defined in the Risk Management Policy. The procedure for approval will be as follows:

- Transaction Proposal - The proposal is the responsibility of the person or business group proposing the transaction. The proposal should address the business need, risks, trading controls, valuation methodology, accounting methodology, operations workflow/methodology, and assessment of legal and regulatory issues.
- Internal Risk Committee Review - The IRC will perform a review of the benefits and risks of the proposed transaction and submit their recommendation to the KYMEA Board.
- The KYMEA Board will assess the proposed transaction and make a determination whether to add the proposed transaction to the approved list.
- **Trading strategies shall be evaluated prior to entering into transactions governed by Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Such transactions may include energy swaps or related trading strategies that are recommended by an applicable Dodd-Frank swap dealer. Such Dodd-Frank energy swaps or trading strategies shall be evaluated by individuals that are capable of determining that such Dodd-**

Frank energy swaps or trading strategies are economically appropriate to the reduction of risks in the conduct and management of KYMEA.

- **Non-Energy Swaps: All Dodd-Frank swap dealer recommendations regarding non-energy Dodd-Frank swaps shall be reviewed and approved by the Board**

Sleeving

Credit sleeving is an arrangement where a more financially reputable entity acts as a middleman for a smaller undercapitalized entity in the execution of a transaction. Contract sleeving is an arrangement where an entity acts as a middleman between two entities to bridge a contract gap that exists between the two entities.

No sleeving transactions for credit or contract purposes shall be executed

Contractual Requirements

Transactions with counterparties shall only be permitted if KYMEA has:

a. An active executed agreement enabling such trading activity with that counterparty.

b. Long-form confirmations may be used as a valid agreement in lieu of a permanent agreement, when necessary if approved by the Vice President of Finance and Accounting/Chief Financial Officer ("CFO").

c. A long-form confirmation is a confirmation that is used to confirm a transaction when no underlying enabling agreement exists between the parties. In addition to confirming the transaction details, the long-form confirmation may incorporate by reference the terms and conditions of the underlying enabling agreement to be executed. For example, a long-form confirmation for a physical power transaction may incorporate by reference the terms and conditions of the EEI agreement.

Credit Requirements

Credit limits for each counterparty shall not be intentionally exceeded. *(Note: Since credit exposures are a function of not only positions traded, but also a function of market pricing and volatility, credit exposure to a counterparty may unintentionally exceed a credit limit purely due to changes in the forward market).*

Entering into unsecured transactions with a counterparty that has total credit exposure greater than or equal to its open line of credit and the total of any security currently provided, will not be allowed unless approved in writing by the CFO.

APPENDIX B

TRADING MATRIX

APPENDIX B

TRADING MATRIX

Table 1. Kentucky Municipal Energy Agency – Approved Products

Product Name and description	Authorized Locations
Hourly Power (physical): Purchase and sale of physical power in the real-time/hourly markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions.	• Any location with the ability to deliver to KYMEA's loads
Hourly Power (financial): Purchase and sale of financial power in the real-time/hourly markets supporting hedging transactions entered into by KYMEA and any hedge optimization trades. This product includes fixed for float swaps and futures contracts.	• LGEE interface with PJM • LGEE interface with MISO • MISO Hub • PJM Hub • Other delivery points as reviewed by the IRC and authorized by the CEO on a transaction specific basis
Day-Ahead Power (physical): Purchase and sale of physical power in the day-ahead markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions.	• Any location with the ability to deliver to KYMEA's loads
Day-Ahead Power (financial): Purchase and sale of financial power in the day-ahead markets supporting hedging transactions entered into by KYMEA and any hedge optimization trades. This product includes fixed for float swaps and futures contracts.	• LGEE interface with PJM • LGEE interface with MISO • MISO Hub • PJM Hub • Other delivery points as reviewed by • the IRC and authorized by the CEO on a transaction specific basis
Weekly and Balance of Week Power (physical): Purchase and sale of physical power in the weekly and balance of week markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions.	• Any location with the ability to deliver to KYMEA's loads

Product Name and Description	Authorized Locations
Weekly and Balance of Week Power (financial): Purchase and sale of financial power in the weekly and balance of week markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions. This product includes fixed for float swaps and futures contracts.	• LGEE interface with PJM • LGEE interface with MISO • MISO Hub • PJM Hub • Other delivery points as reviewed by • the IRC and authorized by the CEO on a transaction specific basis
Monthly and Balance of Month Power (physical): Purchase and sale of physical power in the monthly and balance of month markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions.	• Any location with the ability to deliver to KYMEA's loads as reviewed by the IRC and authorized by the CEO on a transaction specific basis
Monthly and Balance of Month Power (financial): Purchase and sale of financial power in the monthly and balance of month markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions. This product includes fixed for float swaps and futures contracts.	• LGEE interface with PJM • LGEE interface with MISO • MISO Hub • PJM Hub • Other delivery points as reviewed by • the IRC and authorized by the CEO on a transaction specific basis
Annual physical Power (physical): Purchase and sale of physical power in the annual markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions.	• Any location with the ability to deliver to KYMEA's loads as reviewed by the IRC and authorized by the CEO, BROC, and Board of Directors on a transaction specific basis
Annual financial Power (financial): Purchase and sale of financial power in the annual markets supporting hedging transactions entered into by KYMEA or optimization of hedging transactions. This product includes fixed for float swaps and futures contracts.	• LGEE interface with PJM • LGEE interface with MISO • MISO Hub • PJM Hub • Other delivery points as reviewed by • the IRC and authorized by the CEO on a transaction specific basis
Non-firm Transmission: The purchase of, and resale of excess non-firm transmission necessary to move energy from the Point of Delivery to the Point of Receipt associated with a tag for such energy or any contract between KYMEA and a qualified counterparty.	• LGEE • PJM • MISO • TVA

Product Name and Description	Authorized Locations
Firm Transmission: The purchase of, and resale of excess firm transmission necessary to move energy from the Point of Delivery to the Point of Receipt associated with a tag for such energy or any contract between KYMEA and a qualified counterparty.	• LGEE • PJM • MISO • TVA
Financial Transmission Rights (FTRs): The purchase of the right to financially settle the congestion charge from one LMP node to another LMP node. FTR purchases must be associated with an existing or anticipated forward financial energy sale within the limits specified in the current Hedge Plan. Exceptions are during outage events and during summer peak periods, but FTR positions shall never exceed hedge plan recommended monthly hedge volumes during any given month.	• All MISO and PJM LMP nodes between which KYMEA has financial exposure
Ancillary Services: Those services required by an RTO or ISO to serve load or provide generation into the market. Ancillary services include but are not limited to Black Start, Regulation, Spinning Reserves, Non- spinning Reserves, RSGs, Operating Reserves, Synchronized Condensing, Balancing, etc.	• LGEE • PJM • MISO • TVA
Capacity: The reliability product associated with physical generation.	• LGEE • PJM • MISO • TVA
Power Monthly Put Options: The ability to financially or physically sell power at a fixed price to counterparty for a specific period of time.	• At authorized locations for hourly power-financial

Product Name and Description	Authorized Locations
Power Monthly Call Options: The ability to financially or physically purchase power at fixed price from a counterparty for a specified period of time.	• At authorized locations for hourly power-financials
Physical Natural Gas: Purchase and sale of physical natural gas contracts	• Any location with the ability to deliver to KYMEA's resources as reviewed by the IRC and authorized by the CEO, BROC, and Board of Directors on a transaction specific basis
Financial Natural Gas: Purchase and sale of natural gas futures contracts	• Henry Hub (NYMEX look alike) • Texas Gas Zone 1 • REX Zone 3
Financial Natural Gas Options: The option to buy and sell call options and put options on financial futures contracts	• Henry Hub (NYMEX look alike) • Texas Gas Zone 1 • REX Zone 3
Financial Natural Gas - Locational and Temporal Basis Swaps: Basis swaps are used to hedge exposure to basis risks, such as locational risk or time exposure risk. For example, a natural gas basis swap could be used to hedge a locational price risk: the seller receives from the buyer a Nymex settlement value (usually the average of the last three days closing prices) plus a negotiated fixed basis, and pays the buyer the published index value of gas sold at a specified location	• Henry Hub (NYMEX look alike) • Any delivery point on the Texas Gas or ANR system and the Rockies Express Pipeline (REX Zone 3)
Renewable Energy Credits Sale of renewable energy credits	• Any location with the ability to deliver to KYMEA's resources as reviewed by the IRC and authorized by the CEO, BROC, and Board of Directors on a transaction specific basis~~?~~

(1) Term refers to the length of any single transaction for the product in question.
(2) Forward Start Limitation means the same as Lead Time and represents the time period from the date a trade is executed to the start of the trade term

The CEO may delegate all or a portion of his authority to a qualified person, in writing or by email, for limited periods of time or for specific transactions, including pre- approved transactions and conditional transactions. The Director of Power Marketing, with the approval of the CEO, may delegate the execution of hedge optimization trading to a person qualified to make such trades, in writing or by email, for limited

periods of time or for specific transactions, including pre-approved transactions and conditional transactions. Any delegation shall identify the products, volume, terms, and duration of the authority to be delegated; must be in writing; and must be submitted to both the Manager of Risk and Special Projects and ACES (or KYMEA's Third Party Provider "TPP").

The CEO shall determine in writing the person or persons who are qualified to exercise trading authority which may be delegated under the provisions of this Section and shall provide the determination to the Manager of Risk and Special Products and to ACES (or TPP). The determination shall be reaffirmed or reissued by the CEO at least once every quarter and at any time there is a change in the person or persons determined by the CEO to be qualified to exercise trades.

1. ELECTRIC POWER, TRANSMISSION (INCLUDES FTR) CAPACITY, REC, AND EMISSION ALLOWANCE TRADING AUTHORITY

The following outlines transaction limits, definitions, and procedural requirements for power transmission and capacity transactions.

Table 2. Kentucky Municipal Energy Agency – Power Trading Authorization Table

		Per Transaction Limits (up to)					Net Per Trading Day Limits (Net Forward Positions) (up to)		Aggregate Limits of Net Forward (up to)	
Title	Product	Term	Lead Time	MW Size	$/MWh		Total Volume MWh	Total $	Total Volume MWh	Total $
					Pur.	Sales				
Board of Directors	Electric Power Physical and Financial Swaps, Futures & Options and Transmission	No Limit	No Limit	No Limit	No Limit		No Limit	No Limit	No Limit	No Limit
	Capacity	No Limit	No Limit	No Limit	No Limit		N/A	No Limit	No Limit	No Limit
	Renewable Energy Credits	No Limit	No Limit	No Limit	No Limit		N/A	No Limit	No Limit	No Limit
	Emission Allowances	No Limit	No Limit	No Limit	No Limit		N/A	No Limit	No Limit	No Limit
CEO	Electric Power Physical and Financial Swaps, Futures & Options and Transmission	≤ 1 Year	≤36 Months	300*	No Limit		900,000	$50 Million	900,000	$50 Million
	Capacity	≤ 1 Year	≤ 4 Years	350	No Limit		N/A	No Limit	350 MW annually	No Limit
	Renewable Energy Credits	≤ 1 Year	≤4 Years	N/A	No Limit		1,000,000	$50 Million	1,000,000	$50 Million
	Emission Allowances	≤ 1 Year	≤ 4 Years	N/A	No Limit		N/A	$50 Million	N/A	$50 Million
VP of Market Analytics	Electric Power Physical and Financial Swaps, Futures & Options and Transmission	> 1 Week < 12 Months	≤ 24 Months	150*	$150	No Limit	450,000	$25 Million	450,000	$25 Million
		> 1 Day ≤ 1 Week		300	$500	No Limit				
		≤ 1 Day		300	No Limit					
ACES	Electric Power Physical and Financial Swaps, Futures & Options and Transmission	> 1 Week ≤ Bal of Month	Current and Prompt Month	100	$100	No Limit	80,000	$10 Million	160,000	$15 Million
		> 1 Day ≤ 1 Week		300	$250	No Limit				
		≤ 1 Day		300	No Limit	No Limit				

* Transaction quantities not to exceed the Position Report.

a. Electric Power and Transmission Trading Authority Matrix Explanations

1. Per Transaction Limits represent the maximum term, maximum lead time, MW volume limit, and purchase or sales per unit limit expressed in dollars/MWh for each transaction executed.
2. Net per Trading Day Limits represent the Net Forward Positions MWh volume limit and dollar limit for all transactions executed in a single trading day.
3. Aggregate Limits represent the Net Forward Positions total MWh volume limit and dollar limit for all outstanding forward transactions.
4. Lead Time represents the time period from the date a trade is executed to the start of the trade term.
5. The dollar limits are based upon electric power only and do not include transmission, however, the Term, Lead Time, and Volume limits do apply to transmission.
6. Authorized products include electric power and transmission, including both physical and financial derivatives, as well as bilateral ancillary services, capacity, PJM/MISO imports & exports and PJM/MISO virtuals consistent with Table 1. Financial derivatives may be Over-the-Counter swaps, options, swaptions and futures.

b. Delivery Locations

Trading at delivery locations outside the eastern interconnect is not permitted. Trading at delivery locations that are normal to the daily course of business for KYMEA is specified in Table 1. Trading at any other delivery locations within the eastern interconnection shall be restricted as follows:

1. Restricted Delivery Locations: All other eastern interconnection locations (only with approval by the CEO).

c. Transmission Firmness and Volume

Transmission purchases need to be of -equal or greater volumes to the energy component for which such transmission purchase is associated, unless pre- approved by the CEO. (Note: Purchasing small percentages of additional transmission to cover transmission losses is required.) Transmission purchases will be governed by the term, lead time, and MW size parameters in the trading authority matrix, but the MWh volume limits shall not apply.

2. Physical and Financial Natural Gas Trading Authority

The following outlines transaction limits, definitions, and procedural requirements for financial natural gas transactions.

Table 3. Kentucky Municipal Energy Agency – Natural Gas Trading Authorization Table

		Per Transaction Limits (up to)					Per Trading Day Limits of Forward Positions (up to)		Aggregate Limits of Forward (up to)	
Title	Product	Term	Lead Time	MMBTU/ Day	$/MMBtu		Total Volume MMBtu	Total $	Total Volume MMBtu	Total $
					Pur.	Sales				
Board of Directors	Natural Gas Physical and Financial Swaps, Futures & Options and ~~Transporation~~Transportation	No Limit	No Limit	No Limit	No Limit		No Limit	No Limit	No Limit	No Limit
CEO	Natural Gas Physical and Financial Swaps, Futures & Options and Transportation	≤ 1 Year	≤36 Months	30,000*	No Limit		3,000,000	$25 Million	3,000,000	$25 Million
VP of Market Analytics	Natural Gas Physical and Financial Swaps, Futures & Options and Transportation	> 1 Week < 12 Months	≤ 24 Months	20,000*	$12.75	NA	1,000,000	$12.75 Million	1,000,000	$12.75 Million
		> 1 Day ≤ 1 Week		20,000	$50.00	NA				
		≤ 1 Day		25,000	No Limit	NA				
ACES	Natural Gas Physical and Financial Swaps, Futures & Options and Transportation	> 1 Week ≤ Bal of Month	Current and Prompt Month	10,000	$8.50	NA	210,000	$1.5 Million	300,000	$2.1 Million
		> 1 Day ≤ 1 Week		15,000	$25.00	NA				
		≤ 1 Day		20,000	No Limit	~~NA~~ No Limit				

a. * Transaction quantities not to exceed the Position Report. Natural Gas Trading Authority Matrix Explanations

1. Per Transaction Limits represent the maximum term, maximum lead time, total number of financial contracts limit, and dollars/MMBtu limit for each transaction executed.
2. Aggregate Limits represent the Forward Positions total number of financial contracts limit and dollar limit for all outstanding forward transactions.
3. Authorized products include both exchange-traded and over-the-counter derivative products.
4. Lead Time represents the time period from the date a trade is executed to the start of the trade term.
5. Aggregate dollar limits apply only to natural gas trading, but combined power and natural gas cannot exceed the higher of natural gas limits or power limits.

b. The trading of natural gas options, both buying and selling of such options, shall not result in a negative natural gas delta position (no short natural gas options positions) at the time such trade is placed.

c. Delivery Locations

Trading at delivery locations outside the eastern interconnect is not permitted. Trading at delivery locations that are normal to the daily course of business for KYMEA is specified in Table 1.

KYMEA Physical/Financial

Abridged Transaction Analysis Form

Trade Date:
Trader:
Product:
Term:

	MW/MMBtu	MWh/MMBtu
Quantity:		
Delivery Point:		

Trading Authority Level:

____ VP Market Analytics
____ CEO
____ Board of Directors

Trade Number:
Counterparty:
Trade Price ($/MWh):

	Bid	Ask
ICE/Mkt Price ($/MWh):		

APPENDIX C

HEDGE PLAN

APPENDIX C

HEDGE PLAN

OBJECTIVE:

The Kentucky Municipal Energy Agency ("KYMEA") Hedge Plan outlines the plan that will guide disciplined hedging of financial risks due to fluctuations in the cost of market power and natural gas. The financial risks are often amplified by weather-influenced agency load obligations which can be highly correlated to the price movements of the market commodities. This Hedge Plan is designed to limit the financial exposure to these price and load fluctuations by fixing the commodity prices at fixed and known amounts. The primary purpose of this plan is to identify specific time and volume criteria for procuring projected power supply portfolio components.

Hedge Plan Criteria:

There are physical and financial instruments available for hedging KYMEA's market risks. Standard products are on-peak and off-peak fixed-for-floating swaps available for power and natural gas. There are also derivative products such as call and put options, which gives the buyer the right, but not the obligation, to buy or sell a product at a predetermined price and date.

KYMEA's existing power supply portfolio and load obligations can be thought of as a collection of derivative products. The purchase power agreements (PPA's) are heat rate call options which give KYMEA the right, but not the obligation, to strike hourly on the PPA contract. Conversely, the native load obligation, which ensures the hourly physical delivery of power to KYMEA All Requirements members at a predetermined energy rate is equivalent to the members possessing an hourly call option with the agency.

To understand and evaluate the agency's risk exposure; market and portfolio models are run to develop the agency's Position Report. The Position Report summarizes KYMEA's monthly on-peak and off-peak volume exposure considering the most recent forward curves for power and natural gas, the PPA contracts, and the forecasted hourly native load obligations.

While the Position Report calculates the agency's financial exposure, it is not required that KYMEA hedge its entire exposure identified in the Position Report. It is permissible, and perhaps desirable, to leave some exposure to the spot market. This strategy is best understood by simulating stochastic load and price scenarios to ascertain the range of volumetric risk exposure.

Accordingly, the hedge criteria in the following sections represent the risk tolerance of KYMEA and identify the processes KYMEA will employ to manage these key financial risks.

1. Position Report: Comprehensive Energy Hedging

The Position Report employs a comprehensive energy hedging methodology whereby the MWh equivalent of all energy hedges are compared to the expected native load of KYMEA. The report also considers location (basis) and deliverability to KYMEA's native load. Total energy hedged is the MWh equivalent of the sum of fuel purchases and electricity purchases. To apply as an energy hedge, fuel purchases must be combined with physical generation ownership or contracted capacity. The MWh equivalent hedge from fuel purchases will be the volume of MMBtu's of fuel procured for the unit or contract divided by the expected average heat rate of the generation unit or contract divided by 1,000.

Hedge Range

The criteria of this plan is to trade within the confines of the position report and Trading Authority Matrix. For purposes of this plan, energy needs are considered hedged or procured to the extent that the projected need is met by:

i) Authorized power transactions, as defined in KYMEA's Trading Authority Procedures, or

ii) Authorized fuel transactions combined with physical generation unit ownership, heat rate transactions, or physical capacity transactions, or

iii) Bilateral purchase power and natural gas agreements entered into by the agency with approval by the KYMEA Board of Directors.

2. Congestion Hedging and Financial Transmission Rights

It is likely that KYMEA's physical capacity and energy hedges may not be procured at delivery points that are at the location of its native load. Congestion risk is the possibility of adverse price differentials between the location of the energy sources and the location of native load. Congestion risk can be mitigated through participating in the allocation of Annual Auction Revenue Rights (ARR) and the Financial Transmission Rights (FTR) markets, purchasing delivered energy, or executing basis swaps with a bilateral counterparty. FTRs provide a financial hedge against potential adverse financial impacts of congestion risk in the day-ahead energy market. It is important to note that FTR's do not hedge the transmission loss component of the Locational Marginal Price. The Plan directs KYMEA to actively participate in the MISO and PJM allocation and auction process with a prudent and predetermined strategy for addressing the planning year and multi-year congestion risk.

Each year, KYMEA's congestion hedging needs may change as a result of its energy hedging strategies and the fluidity of the MISO and PJM allocation process, therefore, specific criteria are difficult to address via the Hedge Policy.

Executed congestion hedge strategies will be tracked against actual results and reported to the IRC and BROC. Furthermore, the results will be used to refine future congestion hedging strategy development.

Responsibility

It shall be the responsibility of the Board, BROC, CEO and IRC to ensure compliance with this plan. Implementation of this plan shall adhere to the authority granted in the Trading Authority Procedures.

KYMEA

PUBLIC POWER FOR KENTUCKY

The objective of KYMEA is to provide cost-effective resources and services for the benefit of its members to enable them to achieve objectives they have set for themselves more efficiently and at lower costs than they could achieve individually.

KENTUCKY MUNICIPAL ENERGY AGENCY • 1700 EASTPOINT PARKWAY, SUITE 220 LOUISVILLE, KY 40223
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Kentucky Municipal Energy Agency - ECI Participants Resource Obligation Table

Schedule B

Updated as of 10/22/2026

Agency Obligation	Term Date	Board Approval Date	Executed Date	Service Term/Delivery Period
Big Rivers Electric Corporation	July 13, 2016 - May 31, 2029	July 13, 2016	July 13, 2016	June 1, 2019 - May 31, 2029
Electric Plant Board of the City of Paducah, Kentucky d/b/a Paducah Power System	July 13, 2016 - May 31, 2029	July 13, 2016	July 13, 2016	June 1, 2019 - May 31, 2029
MISO PTP Transmission Service Agreement (CIN) 38MW Cayuga 83273142	May 1, 2017 - April 30, 2027	December 16, 2015	December 14, 2016	May 1, 2017 - April 30, 2027
MISO PTP Transmission Service Agreement (BREC) 62MW BREC 92345731	May 1, 2021 - April 30, 2027	December 16, 2015	January 1, 2021	May 1, 2021 - April 30, 2027
MISO PTP Transmission Service Agreement (BREC) 100MW BREC 83272613	May 1, 2019 - April 30, 2029	December 16, 2015	December 14, 2016	May 1, 2019 - April 30, 2029
Barbourville Utility Commission of the City Of Barbourville, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
Cities Utilities Commission of the City of Corbin, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Falmouth, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Paris, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Providence, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Madisonville, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	June 1, 2017	May 1, 2019 - May 31, 2029
City of Bardwell, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	February 1, 2018	May 1, 2019 - May 31, 2029
Electric and Water Plant Board of the City of Frankfort, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 20, 2018	May 1, 2019 - May 31, 2029
City of Paris, Kentucky - Seven Diesel Units	February 1, 2018 - May 31, 2029	December 20, 2017	February 1, 2018	May 1, 2019 - May 31, 2029
Ashwood Solar I, LLC	August 23, 2018 - May 31, 2046	August 23, 2018	August 23, 2018	August 26, 2025 - May 31, 2046
Duke Energy Indiana LLC	July 22, 2021 - May 31, 2027	July 21, 2021	July 22, 2021	June 1, 2022 - May 31, 2027
MISO PTP Transmission Service Agreement (BREC Node 1) 15MW BREC 93013893	June 1, 2022 - May 31, 2027	August 26, 2021	May 10, 2021	June 1, 2022 - May 31, 2027
Hallador Power Company, LLC	June 1, 2024 - May 31, 2029	January 25, 2024	March 1, 2024	June 1, 2024 - May 31, 2029
Benham Plant Board of the City of Benham, Kentucky - SEPA	June 1, 2024 - May 31, 2029	March 28, 2024	May 9, 2024	June 1, 2024 - May 31, 2029
KYMEA Energy Center I Project Power Purchase Agreement	January 15, 2025 - May 31, 2055	October 24, 2024	January 15, 2025	COD - Final Payment of principal and interest of the bonds, expected to be January 1, 2055
MISO PTP Transmission Service Agreement 60MW Merom 108721178	June 1, 2027 - May 31, 2032	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 3MW Merom 108721092	June 1, 2027 - May 31, 2032	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 2MW Merom 108721048	June 1, 2027 - May 31, 2032	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 35MW Merom 108442285	May 1, 2027 - May 31, 2032	January 22, 2026	February 18, 2026	May 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 15MW BREC 108442166	June 1, 2027 - May 31, 2032	January 22, 2026	February 18, 2026	June 1, 2027 - May 31, 2032

Kentucky Municipal Energy Agency - Olive Hill Resource Obligation Table

Schedule B

Updated as of 10/22/2026

Agency Obligation	Term Date	Board Approval Date	Executed Date	Service Term/Delivery Period
Big Rivers Electric Corporation	July 13, 2016 - May 31, 2029	July 13, 2016	July 13, 2016	June 1, 2019 - May 31, 2029
Electric Plant Board of the City of Paducah, Kentucky d/b/a Paducah Power System	July 13, 2016 - May 31, 2029	July 13, 2016	July 13, 2016	June 1, 2019 - May 31, 2029
MISO PTP Transmission Service Agreement (CIN) 38MW Cayuga 83273142	May 1, 2017 - April 30, 2027	December 16, 2015	December 14, 2016	May 1, 2017 - April 30, 2027
MISO PTP Transmission Service Agreement (BREC) 62MW BREC 92345731	May 1, 2021 - April 30, 2027	December 16, 2015	January 1, 2021	May 1, 2021 - April 30, 2027
MISO PTP Transmission Service Agreement (BREC) 100MW BREC 83272613	May 1, 2019 - April 30, 2029	December 16, 2015	December 14, 2016	May 1, 2019 - April 30, 2029
Barbourville Utility Commission of the City Of Barbourville, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
Cities Utilities Commission of the City of Corbin, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Falmouth, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Paris, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Providence, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Madisonville, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	June 1, 2017	May 1, 2019 - May 31, 2029
City of Bardwell, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	February 1, 2018	May 1, 2019 - May 31, 2029
Electric and Water Plant Board of the City of Frankfort, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 20, 2018	May 1, 2019 - May 31, 2029
City of Paris, Kentucky - Seven Diesel Units	February 1, 2018 - May 31, 2029	December 20, 2017	February 1, 2018	May 1, 2019 - May 31, 2029
Ashwood Solar I, LLC	August 23, 2018 - May 31, 2046	August 23, 2018	August 23, 2018	August 26, 2025 - May 31, 2046
Duke Energy Indiana LLC	July 22, 2021 - May 31, 2027	July 21, 2021	July 22, 2021	June 1, 2022 - May 31, 2027
MISO PTP Transmission Service Agreement (BREC Node 1) 15MW BREC 93013893	June 1, 2022 - May 31, 2027	August 26, 2021	May 10, 2021	June 1, 2022 - May 31, 2027
Hallador Power Company, LLC	June 1, 2024 - May 31, 2029	January 25, 2024	March 1, 2024	June 1, 2024 - May 31, 2029
Benham Plant Board of the City of Benham, Kentucky - SEPA	June 1, 2024 - May 31, 2029	March 28, 2024	May 9, 2024	June 1, 2024 - May 31, 2029
KYMEA Energy Center I Project Power Purchase Agreement	January 15, 2025 - Earlier of the Effective Date of Termination of AR Contract or Final Payment of principal and interest of the bonds, expected to be January 1, 2055	October 24, 2024	January 15, 2025	COD - Earlier of the Effective Date of Termination of AR Contract or Final Payment of principal and interest of the bonds, expected to be January 1, 2055
MISO PTP Transmission Service Agreement 60MW Merom 108721178	June 1, 2027 - May 31, 2032	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 3MW Merom 108721092	June 1, 2027 - May 31, 2032	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 2MW Merom 108721048	June 1, 2027 - May 31, 2032	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 35MW Merom 108442285	May 1, 2027 - May 31, 2032	January 22, 2026	February 18, 2026	May 1, 2027 - May 31, 2032
MISO PTP Transmission Service Agreement 15MW BREC 108442166	June 1, 2027 - May 31, 2032	January 22, 2026	February 18, 2026	June 1, 2027 - May 31, 2032

Kentucky Municipal Energy Agency - Frankfort Plant Board Resource Obligation Table

Schedule B

Updated as of 10/22/2026

Agency Obligation	Term Date	Board Approval Date	Executed Date	Service Term/Delivery Period
Big Rivers Electric Corporation	July 13, 2016 - May 31, 2029	July 13, 2016	July 13, 2016	June 1, 2019 - May 31, 2029
Electric Plant Board of the City of Paducah, Kentucky d/b/a Paducah Power System	July 13, 2016 - May 31, 2029	July 13, 2016	July 13, 2016	June 1, 2019 - May 31, 2029
MISO PTP Transmission Service Agreement (CIN) 38MW Cayuga 83273142	May 1, 2017 - April 30, 2027	December 16, 2015	December 14, 2016	May 1, 2017 - April 30, 2027
MISO PTP Transmission Service Agreement (BREC) 62MW BREC 92345731	May 1, 2021 - April 30, 2027	December 16, 2015	January 1, 2021	May 1, 2021 - April 30, 2027
MISO PTP Transmission Service Agreement (BREC) 100MW BREC 83272613	May 1, 2019 - April 30, 2029	December 16, 2015	December 14, 2016	May 1, 2019 - April 30, 2029
Barbourville Utility Commission of the City of Barbourville, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
Cities Utilities Commission of the City of Corbin, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Falmouth, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Paris, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Providence, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 1, 2017	May 1, 2019 - May 31, 2029
City of Madisonville, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	June 1, 2017	May 1, 2019 - May 31, 2029
City of Bardwell, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	February 1, 2018	May 1, 2019 - May 31, 2029
Electric and Water Plant Board of the City of Frankfort, Kentucky - SEPA	May 1, 2019 - May 31, 2029	January 26, 2017	March 20, 2018	May 1, 2019 - May 31, 2029
City of Paris, Kentucky - Seven Diesel Units	February 1, 2018 - May 31, 2029	December 20, 2017	February 1, 2018	May 1, 2019 - May 31, 2029
Ashwood Solar I, LLC	August 23, 2018 - May 31, 2046	August 23, 2018	August 23, 2018	August 26, 2025 - May 31, 2046
Duke Energy Indiana LLC	July 22, 2021 - May 31, 2027	July 21, 2021	July 22, 2021	June 1, 2022 - May 31, 2027
MISO PTP Transmission Service Agreement (BREC Node 1) 15MW BREC 93013893	June 1, 2022 - May 31, 2027	August 26, 2021	May 10, 2021	June 1, 2022 - May 31, 2027
Hallador Power Company, LLC	June 1, 2024 - May 31, 2029	January 25, 2024	March 1, 2024	June 1, 2024 - May 31, 2029
Benham Plant Board of the City of Benham, Kentucky - SEPA	June 1, 2024 - May 31, 2029	March 28, 2024	May 9, 2024	June 1, 2024 - May 31, 2029
KYMEA Energy Center I Project Power Purchase Agreement	January 15, 2025 - May 31, 2029	October 24, 2024	January 15, 2025	COD - May 31, 2029
MISO PTP Transmission Service Agreement 60MW Merom 108721178	June 1, 2027 - May 31, 2029	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2029
MISO PTP Transmission Service Agreement 3MW Merom 108721092	June 1, 2027 - May 31, 2029	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2029
MISO PTP Transmission Service Agreement 2MW Merom 108721048	June 1, 2027 - May 31, 2029	January 22, 2026	March 25, 2026	June 1, 2027 - May 31, 2029
MISO PTP Transmission Service Agreement 35MW Merom 108442285	May 1, 2027 - May 31, 2029	January 22, 2026	February 18, 2026	May 1, 2027 - May 31, 2029
MISO PTP Transmission Service Agreement 15MW BREC 108442166	June 1, 2027 - May 31, 2029	January 22, 2026	February 18, 2026	June 1, 2027 - May 31, 2029