OFFICIAL STATEMENT

NEW ISSUE
BOOK ENTRY

See "RATINGS" Herein

In the opinion of Bond Counsel, based upon laws, regulations, rulings and decisions, and assuming continuing compliance with certain covenants made by the Kentucky Municipal Energy Agency, interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax upon the conditions and subject to the limitations set forth herein under the caption "TAX EXEMPTION." Receipt of interest on the Series 2025 Bonds may result in other federal income tax consequences to certain holders of the Series 2025 Bonds. In the opinion of Bond Counsel, interest on the Series 2025 Bonds is also exempt from income tax by the Commonwealth of Kentucky, and the Series 2025 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

KYMEA

KENTUCKY MUNICIPAL ENERGY AGENCY
$121,980,000
Power System Revenue Bonds
(Energy Center I Project), Series 2025

Dated Date: Date of Issuance **Due: As set forth herein on the inside front cover**

The Kentucky Municipal Energy Agency ("KYMEA" or the "Agency"), an interlocal agency of the Commonwealth of Kentucky (the "Commonwealth" or "Kentucky"), will issue its Power System Revenue Bonds (Energy Center I Project), Series 2025 (the "Series 2025 Bonds") pursuant to the Trust Indenture dated as of March 6, 2025, as supplemented (the "Indenture"), between KYMEA and Old National Wealth Management, as trustee (the "Trustee"). The Series 2025 Bonds will bear interest from their date of delivery payable semiannually on each January 1 and July 1, commencing July 1, 2025 (each an "Interest Payment Date"). The Series 2025 Bonds will be issued only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will act as securities depository for the Series 2025 Bonds under a book-entry only system as described herein, pursuant to which principal and interest payments on the Series 2025 Bonds will be made. Individual purchases of beneficial interests may be made in book-entry only form, in the principal amount of $5,000 or any integral multiple thereof for the Series 2025 Bonds. Beneficial owners of the Series 2025 Bonds will not receive physical delivery of bond certificates.

The Series 2025 Bonds are being issued for the purpose of (i) financing a portion of the costs of the acquisition, construction and equipping of the Project (as defined herein); (ii) paying capitalized interest on the Series 2025 Bonds through July 1, 2027; (iii) funding a debt service reserve fund; and (iv) paying the costs of issuance of the Series 2025 Bonds.

The scheduled payment of principal of and interest on the Series 2025 Bonds maturing on January 1 of the years 2045, 2050 and 2055 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY INC. See "BOND INSURANCE."

ASSURED GUARANTY®

The Series 2025 Bonds are subject to optional and mandatory redemption prior to maturity as and to the extent described herein. See "THE BONDS – Redemption."

THE SERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF KYMEA AND ARE PAYABLE SOLELY OUT OF REVENUES, FUNDS AND ASSETS OF THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. KYMEA DOES NOT HAVE ANY TAXING POWER. THIS OFFICIAL STATEMENT AND THE APPENDICES ATTACHED HERETO SHOULD BE READ IN THEIR ENTIRETY.

NEITHER THE COMMONWEALTH OF KENTUCKY, NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN KYMEA, NOR ANY MEMBER OF KYMEA SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2025 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF OR ANY MEMBER OF KYMEA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2025 BONDS.

FOR MATURITIES, INTEREST RATES AND YIELDS, SEE THE INSIDE COVER

The Series 2025 Bonds are offered when, as and if issued by KYMEA and accepted by the Underwriter, subject to the approval of legality and tax exemption by Rubin & Hays, Bond Counsel, Louisville, Kentucky. Certain legal matters will be passed on for KYMEA by its counsel, Rubin & Hays, Louisville, Kentucky, and for the Underwriter by its counsel, Nixon Peabody LLP, New York, New York. This Official Statement is deemed final for the purposes of SEC Rule 15c2-12(b)(1). Delivery of the Series 2025 Bonds is expected on or about March 6, 2025.

BofA Securities

Dated: February 12, 2025

MATURITY SCHEDULE

$121,980,000
KENTUCKY MUNICIPAL ENERGY AGENCY
POWER SYSTEM REVENUE BONDS
(ENERGY CENTER I PROJECT), SERIES 2025

$57,060,000 Serial Bonds

January 1 Year of Maturity	Amount	Interest Rate	Yield	Price	CUSIP** 491499
2029	$1,115,000	5.00%	3.16%	106.566	AA7
2030	2,365,000	5.00	3.21	107.929	AB5
2031	2,485,000	5.00	3.25	109.206	AC3
2032	2,605,000	5.00	3.30	110.300	AD1
2033	2,740,000	5.00	3.38	111.045	AE9
2034	2,875,000	5.00	3.44	111.775	AF6
2035	3,020,000	5.00	3.51	112.280	AG4
2036	3,170,000	5.00	3.58	111.664[c]	AH2
2037	3,325,000	5.00	3.65	111.051[c]	AJ8
2038	3,495,000	5.00	3.74	110.270[c]	AK5
2039	3,670,000	5.00	3.83	109.495[c]	AL3
2040	3,850,000	5.00	3.93	108.641[c]	AM1
2041	4,045,000	5.00	4.04	107.712[c]	AN9
2042	4,245,000	5.00	4.16	106.709[c]	AP4
2043	4,460,000	5.00	4.27	105.799[c]	AQ2
2044	4,680,000	5.00	4.35	105.143[c]	AR0
2045[*]	4,915,000	5.00	4.33	105.307[c]	AS8

$28,520,000 5.00% Term Bond Due January 1, 2050[*] – Yield 4.50% – Price 103.927[c] – CUSIP** 491499AT6

$36,400,000 5.00% Term Bond Due January 1, 2055[*] – Yield 4.57% – Price 103.365[c] – CUSIP** 491499AU3

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[c]Priced to January 1, 2035 call date.
[*]Insured by Assured Guaranty Inc.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, salesperson or any other person has been authorized by KYMEA or the Underwriter to give any information or to make any representations, other than the information and representations contained in this Official Statement, in connection with the offering of the Series 2025 Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by KYMEA or the Underwriter. The information in this Official Statement has been furnished by KYMEA, the Members and other sources which are considered to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Series 2025 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of KYMEA or the Members since the date of this Official Statement.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2025 BONDS HAVE NOT BEEN RECOMMENDED OR AUTHORIZED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2025 BONDS, NOR SHALL THERE BE ANY SALE OF ANY OF THE SERIES 2025 BONDS BY OR TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors affecting KYMEA's business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. This Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

Assured Guaranty Inc. ("AG") makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "Appendix H - Specimen Municipal Bond Insurance Policy".

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KENTUCKY MUNICIPAL ENERGY AGENCY
1700 Eastpoint Parkway, Suite 220
Louisville, Kentucky 40223

BOARD OF DIRECTORS

Josh Callihan	Barbourville	Chairperson
Kevin Howard	Berea	Secretary
Gary Zheng	Frankfort	Treasurer
Philip King	Bardwell	Director
Christina Lewis	Benham	Director
Ron Herd	Corbin	Director
Luke Price	Falmouth	Director
Brad Porter	Madisonville	Director
Tim Lyons	Owensboro	Director
Jamie Miller	Paris	Director
James Hackney	Providence	Director

MANAGEMENT

Doug Buresh, *President and CEO*
Heather Overby, *Vice President Finance & Accounting/Chief Financial Officer*
Rob Leesman, *Vice President of Market Analytics*
Michelle Hixon, *Director, Administrative Services and Communications*
Molly Roesler, *Accountant & Financial Analyst*

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated
Louisville, Kentucky

BOND COUNSEL

Rubin & Hays
Louisville, Kentucky

BOND TRUSTEE

Old National Wealth Management
Evansville, Indiana

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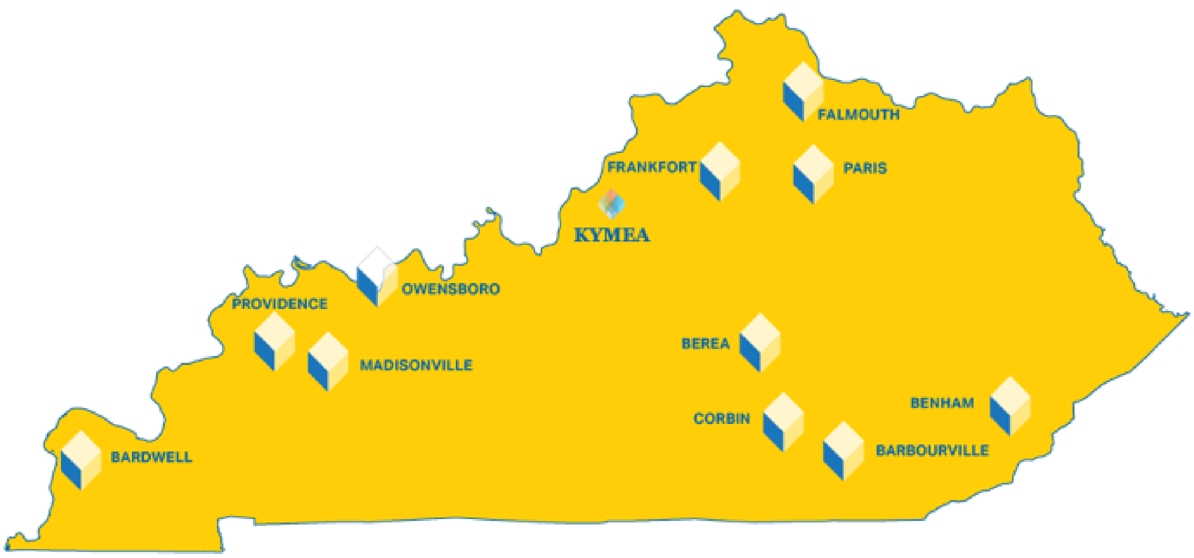
AND ITS MEMBERS



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OFFICIAL STATEMENT

KENTUCKY MUNICIPAL ENERGY AGENCY

$121,980,000
Power System Revenue Bonds
(Energy Center I Project),
Series 2025

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, sets forth certain information concerning the issuance by the Kentucky Municipal Energy Agency ("KYMEA" or the "Agency") of its Power System Revenue Bonds (Energy Center I Project), Series 2025 (the "Series 2025 Bonds") in the aggregate principal amount of $121,980,000. This Introduction contains a summary of certain information contained in this Official Statement. In order to make an informed decision as to whether to invest in the Series 2025 Bonds, potential investors must read this Official Statement in its entirety.

Capitalized terms used and not otherwise defined in the forepart to this Official Statement shall have the meanings set forth in Appendix D hereto.

Kentucky Municipal Energy Agency

KYMEA is a public agency duly organized under provisions of Chapter 65 of the Kentucky Revised Statutes ("KRS") pursuant to an Interlocal Cooperation Agreement filed with the Kentucky Secretary of State on September 3, 2015 (the "Interlocal Agreement") and entered into by KYMEA's founding members, all of which are or own municipal utilities located in the Commonwealth of Kentucky. The founding members are: (i) Barbourville Utility Commission of the City of Barbourville, Kentucky ("Barbourville"), (ii) City of Bardwell, Kentucky ("Bardwell"), (iii) Electric Plant Board of the City of Benham, Kentucky d/b/a Benham Power Board ("Benham"), (iv) City Utilities Commission of the City of Corbin, Kentucky ("Corbin"), (v) City of Falmouth, Kentucky ("Falmouth"), (vi) Electric and Water Plant Board of the City of Frankfort, Kentucky ("Frankfort"), (vii) the City of Madisonville, Kentucky ("Madisonville"), (viii) City Utility Commission of the City of Owensboro, Kentucky ("Owensboro"), (ix) City of Paris, Kentucky ("Paris") and (x) City of Providence, Kentucky ("Providence"). The Interlocal Agreement became effective at the organizational meeting of the founding members on September 24, 2015. In September 2016 a First Addendum to the Interlocal Agreement was entered into by KYMEA and the City of Berea, Kentucky ("Berea") adding Berea as a member of KYMEA. Presently, Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Frankfort, Madisonville, Owensboro, Paris and Providence are the eleven (11) members of KYMEA (collectively, the "Members"). Additional municipal utilities could become members of KYMEA in the future upon approval of their membership applications in accordance with the terms and conditions of the Interlocal Agreement. See "KENTUCKY MUNICIPAL ENERGY AGENCY."

The Energy Center I Project

The Energy Center I Project (the "Project") includes the acquisition, construction and equipping of a reciprocating internal combustion engine natural gas-fired generating station and associated ancillary support systems located in Madisonville, Hopkins County, Kentucky. The Project consists of four Wärtsilä W18V50SG reciprocating internal combustion engines with a nominal net output capacity of 18.817 MW each. The cost of acquiring, constructing and equipping the Project, including transmission connections and the construction of the natural gas distribution line, is currently estimated at $130,800,000 (exclusive of financing costs and cost overruns). There is no single construction contract for the Project. As of the date of this Official Statement, KYMEA has entered into the following contracts for the development of the Project:

1. Equipment Supply Contract with Wärtsilä North America Inc. for the procurement and installation of the power generating engines and ancillary equipment;

2. Agreement for Engineering, Procurement & Construction Management Services with The Christman Company for the engineering, supply, installation, and testing of the balance of plant equipment, and systems necessary for the facility to be a complete and functioning plant, including the provision of the civil work, foundations, structures, piping, mechanical connections, and electrical connections for the entire facility and the Wärtsilä W18V50SG reciprocating internal combustion engines (under the direction of manufacturer);

3. Engineered Equipment Purchase Order with Doubletree Systems, Inc. for WC-28A generator step-up ("GSU") transformers manufactured by Jiangsu Huapeng Transformer Co., Ltd.; and

4. Engineering and Design Contract with Ensite USA, Inc. for the design and construction management of the natural gas line serving the Project.

These four contracts are either fixed cost contracts or have a guaranteed maximum price and represent approximately 54.6% of the costs of the Project. The remaining costs will be procured through a bidding process or competitive solicitations during the next 12 month period. The total cost of the Project, including capitalized interest, funding of reserves and costs relating to the issuance of the Series 2025 Bonds and any completion bonds is currently estimated to be approximately $180,000,000. See "ENERGY CENTER I PROJECT."

KYMEA and certain of the Members (Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Madisonville, Paris and Providence) have entered into a Participation Agreement, dated January 1, 2025 (the "Participation Agreement"), with respect to the Project. Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Madisonville, Paris and Providence are also each referred to herein as a "GP Participant" and collectively, the "GP Participants."

Pursuant to the Participation Agreement, KYMEA will develop, construct, own and operate the Project and will assign to the GP Participants the attributes produced by the Project consisting of capacity, energy and certain ancillary services (the "Project Attributes"). Pursuant to the Energy Center I Power Purchase Agreement by and between KYMEA and the GP

Participants dated as of January 15, 2025 (the "ECI Power Purchase Agreement"), the Project Attributes will be purchased by KYMEA and will be included by KYMEA in its power supply resources to furnish all requirements services to its AR Members (as defined herein).

Under the KYMEA All Requirements Power Sales Contracts (each an "AR Contract" and collectively the "AR Contracts") power supply resources and the obligations related thereto are listed on the Resource Obligation Table attached thereto (the "Resource Obligation Table Resources"). Pursuant to the AR Contracts, the AR Members have agreed to pay the capacity and energy charges relating to the purchase of energy from the Resource Obligation Table Resources. The AR Member Project Committee voted to approve and include the ECI Power Purchase Agreement as a Resource Obligation Table Resource on the AR Contracts. The ECI Power Purchase Agreement will be included in the list as a Resource Obligation Table Resource on the AR Contracts of all AR Members whether or not they are GP Participants. *See* "SECURITY FOR THE BONDS – AR Contracts" and "THE MEMBERS – Frankfort."

Under the Participation Agreement, each GP Participant has agreed to include the ECI Power Purchase Agreement as a power supply resource under the Resource Obligation Table of their respective AR Contract upon the issuance of the Series 2025 Bonds and for so long as the Series 2025 Bonds are outstanding. The effect of adding the ECI Power Purchase Agreement to the Resource Obligation Table of the GP Participants' AR Contracts covenants the GP Participants to pay KYMEA for their respective share of the Resource Obligation Table Resource to the extent KYMEA is unable to utilize or sell the capacity and energy produced by the Resource Obligation Table Resource. *See* "ENERGY CENTER I PROJECT – Participation Agreement".

Authority for the Series 2025 Bonds

The Series 2025 Bonds are being issued under the authority of KRS Chapter 65, as amended (the "Act") and resolutions of KYMEA dated October 24, 2024 and January 23, 2025, and will be issued pursuant to and secured by a Trust Indenture (the "Trust Indenture"), dated as of March 6, 2025, between KYMEA and Old National Wealth Management, as trustee (the "Trustee"), as supplemented by Supplemental Trust Indenture No. 1, dated as of March 6, 2025 ("Supplemental Indenture No. 1" and with Supplemental Indenture No. 2, dated as of March 6, 2025 ("Supplemental Indenture No. 2") hereinafter with the Trust Indenture, collectively, the "Indenture"). The Series 2025 Bonds are the first series of Bonds to be issued under the Indenture. The Series 2025 Bonds along with any other series of bonds or notes issued under the provisions of the Indenture pursuant to a Supplemental Indenture, secured on a parity with each other are hereinafter collectively referred to as the "Bonds".

The proceeds of the Series 2025 Bonds are expected to be used to (i) finance a portion of the costs of the acquisition, construction and equipping of the Project; (ii) pay capitalized interest on the Series 2025 Bonds through July 1, 2027; (iii) fund a debt service reserve fund; and (iv) pay the costs of issuance of the Series 2025 Bonds.

THE BONDS ARE LIMITED OBLIGATIONS OF KYMEA AND ARE PAYABLE SOLELY OUT OF THE REVENUES, FUNDS AND OTHER ASSETS OF THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. KYMEA DOES NOT HAVE ANY TAXING POWER.

NEITHER THE COMMONWEALTH OF KENTUCKY, NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN KYMEA, NOR ANY MEMBER, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF OR ANY MEMBER IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

Existing and Future Parity Indebtedness

The Bonds are limited obligations of KYMEA payable only from the Trust Estate pledged under the Indenture. Under the terms of the Indenture, KYMEA may issue Completion Indebtedness and Additional Indebtedness (each as defined herein) both of which shall be secured on a parity (the "Parity Indebtedness") with the payment of debt service on the Series 2025 Bonds upon compliance with certain terms and conditions set forth in the Indenture. The Series 2025 Bonds and any Parity Indebtedness are collectively referred to herein as the "Bonds." See "SECURITY FOR THE BONDS – Parity Indebtedness; Additional Bonds and Completion Indebtedness." KYMEA expects to issue a $50,000,000 Committed Line of Credit Note, dated March 6, 2025, from KYMEA in favor of Bank of America, N.A. (the "BofA Credit Facility") pursuant to a Revolving Credit Agreement dated as of March 6, 2025 and authorized and issued pursuant to the Indenture and Supplemental Indenture No. 2. See "SECURITY FOR THE BONDS." The BofA Credit Facility is secured by and payable from a lien on and pledge of the Trust Estate on a parity with the Bonds, including the Series 2025 Bonds.

KYMEA has incurred indebtedness (the "PNC Credit Facility") pursuant to and evidenced by (i) a $45,000,000 Committed Third Amended and Restated Line of Credit Note, dated as of February 1, 2022, as extended, from KYMEA in favor of PNC Bank, National Association ("PNC") and (ii) a Reimbursement Agreement for Standby and Commercial Letter of Credit, dated as of August 22, 2024, between KYMEA and PNC and related documents in connection with the Standby Letter of Credit in the amount of $5,000,000 issued by PNC in favor of Louisville Gas and Electric Company ("LGE") and/or Kentucky Utilities Company ("KU"). As security for repayment of the PNC Credit Facility, KYMEA has pledged and assigned to PNC certain collateral consisting of all funds and revenues of KYMEA generated and paid under the AR Contracts and all right, title and interest of KYMEA in the AR Contracts. Pursuant to the Intercreditor Agreement (as defined herein), PNC will agree to secure the PNC Credit Facility on a *pari passu* basis with the Bonds, including the Series 2025 Bonds, and any Parity Indebtedness, including the BofA Credit Facility. See "SECURITY FOR THE BONDS- FLOW OF FUNDS."

Intercreditor Agreement

The Trustee, Bank of America, N.A. ("Bank of America") and PNC will enter into an Intercreditor Agreement dated as of March 6, 2025 (the "Intercreditor Agreement") (i) to confirm the relative priority of their security interests in the Revenues received by KYMEA and KYMEA's rights under the AR Contracts and (ii) to provide for the orderly sharing among PNC, Bank of America and the Trustee and securing the payment thereof by their rights in and to the Revenues and certain rights under the AR Contracts, and of proceeds of such assets and properties upon any enforcement of liens thereon or other disposition thereof. The execution and delivery of the Intercreditor Agreement is a condition precedent to the purchase of the Series 2025 Bonds by the

Underwriter. A summary of the Intercreditor Agreement is included in Appendix D to this Official Statement.

Pursuant to the Intercreditor Agreement, the Trustee has been appointed as the Collateral Agent with respect to the Shared Collateral and the Shared Payments (the "Collateral Agent") and each of PNC, Bank of America and the Trustee on behalf of the Bondholders authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms of the Intercreditor Agreement, together with such actions and powers as are reasonably incidental thereto, including at any time during the existence of any Event of Default under the Bonds, the BofA Credit Facility or the PNC Credit Facility. The Collateral Agent upon request of the Trustee, Bank of America or PNC (each hereinafter referred to as a "Creditor" or collectively referred to as the "Creditors" for the purpose of the Intercreditor Agreement) shall exercise any rights and remedies with respect to the Shared Collateral, at law or at equity, including, without limitation, any rights and remedies provided under the Uniform Commercial Code as in effect in the Commonwealth of Kentucky (the "UCC").

As defined in the Intercreditor Agreement:

(i) "Shared Collateral" means all of the Revenues and the rights of KYMEA under the AR Contracts in or upon which any of the Creditors at any time has a lien, and including, without limitation, all proceeds of such property and interests in property; provided, however, that "Shared Collateral" shall not include any (i) Exclusive Collateral (defined in the Intercreditor Agreement) or (ii) deposit account of KYMEA maintained with any financial institution as the depositary bank unless such deposit account is subject to a written control agreement among a Creditor, KYMEA and such financial institution as the depositary bank, the parties thereto acknowledging and agreeing that the Intercreditor Agreement is a control agreement solely as to the Revenue Fund and to no other deposit account.

(ii) "*Shared Payments*" means all payments (no matter the type) made to a Creditor in satisfaction of Debt Obligations (defined in the Intercreditor Agreement) owed to such Creditor under its Debt Document (defined in the Intercreditor Agreement) with KYMEA after an Enforcement (defined in the Intercreditor Agreement). For the avoidance of doubt, the parties agree that any amounts received by a Creditor from or on behalf of KYMEA prior to an Enforcement or which are applied to satisfy any obligation owed to such Creditor other than Debt Obligations under such Creditor's Debt Document with KYMEA shall not constitute Shared Payments thereunder.

In the Intercreditor Agreement each Creditor acknowledges that each other Creditor has been granted a lien upon and enforcement rights with respect to the Shared Collateral. Notwithstanding the order or time of attachment, or the order, time or manner of perfection, or the order or time of filing or recordation of any document or instrument, or other method of perfecting a lien in favor of each Creditor in any Shared Collateral, and notwithstanding any conflicting terms or conditions which may be contained in any of the documents relating to Bonds, the BofA Credit Facility or the PNC Credit Facility, the liens of each Creditor in the Shared Collateral rank equal in priority and shall secure on a *pro rata* basis the obligations therein of KYMEA to each Creditor.

Miscellaneous

Brief descriptions of the security for the Bonds, KYMEA and its Members are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. THIS OFFICIAL STATEMENT AND ITS APPENDICES SHOULD BE READ IN THEIR ENTIRETY. All references herein to the Act, the Indenture, the Interlocal Agreement, the ECI Power Purchase Agreement, the Participation Agreement, the Intercreditor Agreement and the AR Contracts are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture, and the information with respect thereto in the aforementioned documents, copies of all of which are available for inspection in KYMEA's office and the principal corporate trust office of the Trustee.

ENERGY CENTER I PROJECT

General

In 2023, at the direction and request of its Members, KYMEA explored the potential for constructing, equipping and operating a natural gas fired reciprocating internal combustion engine ("RICE") facility to be located in Kentucky. KYMEA through its integrated resource planning process had identified a RICE facility as the primary self-build option for the Agency. KYMEA examined and reviewed a number of sites, primarily in western Kentucky, for the location of the proposed facility. Site requirements included nearby access to the transmission grid operated by LGE and KU ("LGE/KU") and to natural gas transmission lines. In the summer of 2023, KYMEA determined that a site owned by the Madisonville adjacent to the Madisonville's wastewater treatment facility had the most advantages for the location and development of the proposed Project. KYMEA conducted extensive geotechnical studies of the site and after concluding the site was satisfactory for development, KYMEA issued four requests for proposals (each, an "RFP" and collectively the "RFPs") relating to the Project.

In August 2023, KYMEA issued the first RFP for the purchase of gas fired reciprocating internal combustion engines. Based upon the responses received KYMEA determined that engines designed and manufactured by Wärtsilä were the best suited generating equipment for the Project. In October 2023, KYMEA issued the second RFP for Engineering, Procurement and Construction ("EPC") of the Project. From the responses received, KYMEA chose the proposal of The Christman Company (collectively "Christman") as its EPC contractors. Christman has subcontracted with Stanley Consultants for engineering services required of Christman under the EPC contract. The proposal from Christman was negotiated to provide engineering, supply, installation, and testing of the balance of plant equipment, and systems necessary for the facility to be a complete and functioning plant, including the provision of the civil work, foundations, structures, piping, mechanical connections, and electrical connections for the entire facility and the installation of the Wärtsilä W18V50SG reciprocating internal combustion engines (under the direction of Wärtsilä). In May 2024, after contract negotiations and refinement of the Project design to house and operate four Wärtsilä W18V50SG reciprocating internal combustion engines with a nominal net output capacity of 18.817 MW each, the KYMEA Board authorized agreements with Wärtsilä and Christman as well as the acquisition of the 25-acre site from Madisonville (the "Project Site").

After receiving proposals for the manufacture and delivery of GSU transformers, in October 2024, the KYMEA Board approved an equipment procurement contract with Doubletree Systems, Inc. for purchase of two WC-28A GSU transformers manufactured by Jiangsu Huapeng Transformer Co., Ltd.

In November 2024, after soliciting proposals for engineering and design for a natural gas line to serve the Project, the KYMEA Board approved an engineering and design contract with Ensite USA, Inc.

The above contracts contain either fixed price terms or guaranteed maximum prices for the services described therein. KYMEA believes it has reduced and mitigated unexpected cost overruns and delivery issues for critical components of the Project based upon the execution of the contracts described above.

The Project Site is located adjacent to two 69kV transmission lines owned and operated by LGE/KU. The ability for the Project to establish a switchyard and delivery point to those transmission lines is readily available. In addition, the Project Site is located approximately one mile from an interstate natural gas transmission line owned and operated by Texas Gas Corporation. KYMEA has negotiated an easement across property owned by Madisonville to build a gas distribution line to the Project. KYMEA does not believe there are any unknown issues or concerns in obtaining transmission services or supply of natural gas for the development of the Project.

KYMEA has applied to the Kentucky Siting and Transmission Board for approval of the Project. A final determination for approval of construction of the Project is anticipated in April 2025. Applications for air and environmental permits have been filed and KYMEA does not anticipate any material issues to arise to delay the issuance of such permits. KYMEA anticipates the permits to be received no later than the summer of 2025.

The acquisition, construction and equipping portion of the Project's cost, including transmission connections and the construction of the natural gas distribution line, is estimated at $130,800,000. The total cost of the Project, including capitalized interest, funding of reserves and costs relating to the issuance of the Series 2025 Bonds and any completion bonds is currently estimated to be approximately $180,000,000.

A more detailed review of the Project is found in Appendix A–"KYMEA Energy Center I Business Plan Engineering Report" attached hereto.

Participation Agreement

The GP Participants have entered into the Participation Agreement with KYMEA to govern the construction and operation of the Project. Pursuant to the Participation Agreement, KYMEA will own and operate the Project and the GP Participants, as tenants in common, will have the rights to the Project's Attributes. Pursuant to the Participation Agreement, KYMEA shall purchase the Project's Attributes from the GP Participants pursuant to the terms of the ECI Power Purchase Agreement for the sale to and purchase thereof by KYMEA AR Members pursuant to the terms of their AR Contracts. Under the ECI Power Purchase Agreement, the costs associated with the construction, equipping and operation of the Project in an amount sufficient to pay debt service on the Series 2025 Bonds and any Parity Indebtedness will be included in the power supply rates charged by KYMEA to the AR Members for all requirements service.

Pursuant to the Participation Agreement in return for the rights to the Project's Attributes, the GP Participants have agreed, that upon the issuance of the Series 2025 Bonds and for so long as any Bonds, including the Series 2025 Bonds, are outstanding, to include the Project's Attributes as a Resource Obligation under the Resource Obligation Table of their respective AR Contracts.

The terms of the Participation Agreement and the ECI Power Purchase Agreement will continue for so long as any Bonds, including the Series 2025 Bonds, are outstanding.

PLAN OF FINANCING

General

The proceeds of the Series 2025 Bonds will be applied to (i) finance a portion of the cost of the acquisition, construction and equipping of the Project; (ii) pay capitalized interest through July 1, 2027; (iii) fund a debt service reserve fund; and (iv) pay the costs of issuance of the Series 2025 Bonds.

Estimated Sources and Uses

The following is a summary of the estimated sources and uses of funds in connection with the plan of financing:

Sources of Funds	
Par Amount	$121,980,000.00
Original Issue Premium	7,248,866.85
Total Sources	$129,228,866.85
Uses of Funds	
Project Fund Deposit	$104,800,000.00
Capitalized Interest Fund Deposit	14,146,291.67
Debt Service Reserve Fund Deposit	8,410,500.00
Issuance Costs[1]	1,872,075.18
Total Uses	$129,228,866.85

[1]*Includes legal fees, ratings, financial advisory fees, underwriter's discount, bond insurance premium and other costs of issuance.*

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DEBT SERVICE ON THE SERIES 2025 BONDS

The following table shows by fiscal year the debt service payments for the Series 2025 Bonds.

Fiscal Year Ending	Principal	Interest	Total[1]
6/30/2026		$4,997,792	$4,997,792
6/30/2027		6,099,000	6,099,000
6/30/2028		6,099,000	6,099,000
6/30/2029	$1,115,000	6,099,000	7,214,000
6/30/2030	2,365,000	6,043,250	8,408,250
6/30/2031	2,485,000	5,925,000	8,410,000
6/30/2032	2,605,000	5,800,750	8,405,750
6/30/2033	2,740,000	5,670,500	8,410,500
6/30/2034	2,875,000	5,533,500	8,408,500
6/30/2035	3,020,000	5,389,750	8,409,750
6/30/2036	3,170,000	5,238,750	8,408,750
6/30/2037	3,325,000	5,080,250	8,405,250
6/30/2038	3,495,000	4,914,000	8,409,000
6/30/2039	3,670,000	4,739,250	8,409,250
6/30/2040	3,850,000	4,555,750	8,405,750
6/30/2041	4,045,000	4,363,250	8,408,250
6/30/2042	4,245,000	4,161,000	8,406,000
6/30/2043	4,460,000	3,948,750	8,408,750
6/30/2044	4,680,000	3,725,750	8,405,750
6/30/2045	4,915,000	3,491,750	8,406,750
6/30/2046	5,160,000	3,246,000	8,406,000
6/30/2047	5,420,000	2,988,000	8,408,000
6/30/2048	5,690,000	2,717,000	8,407,000
6/30/2049	5,975,000	2,432,500	8,407,500
6/30/2050	6,275,000	2,133,750	8,408,750
6/30/2051	6,590,000	1,820,000	8,410,000
6/30/2052	6,915,000	1,490,500	8,405,500
6/30/2053	7,265,000	1,144,750	8,409,750
6/30/2054	7,625,000	781,500	8,406,500
6/30/2055	8,005,000	400,250	8,405,250
Total	$121,980,000	$121,030,292	$243,010,292

SECURITY FOR THE BONDS

Pledge Under the Indenture

The Bonds are limited obligations of KYMEA payable solely from and secured to the extent and as provided in the Indenture by a pledge to the Trustee of the Trust Estate, for the benefit of the Bondholders, the BofA Credit Facility and any additional Parity Indebtedness, which consists of collectively, the following:

[1]Row and column totals may not add due to rounding.

(1) The Revenues generated and paid under the AR Contracts and deposited into the Revenue Fund established under the Indenture, which amounts also secure on a *pari passu* basis the PNC Credit Facility;

(2) All of KYMEA's rights, title and interest in and to the AR Contracts, including, but without limiting the generality of the foregoing, KYMEA's rights, title, and interest in and to the Revenues and the present and continuing right to make claim for, collect and receive any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which KYMEA or any other Person is or may become entitled to do under the AR Contracts, which rights, title and interests in and to the AR Contracts also secure on a *pari passu* basis the PNC Credit Facility.

(3) All rights, title and interest of KYMEA, if any, whether now or hereafter in effect, respecting:

(A) KYMEA's fee interest in the Project;

(B) the right of KYMEA to receive power and energy generated by the Project pursuant to the ECI Power Purchase Agreement;

(C) all choses in action and all choses in possession now or hereafter existing to the benefit of or arising from the benefit of KYMEA with respect to the Parity Indebtedness (except for KYMEA's Retained Rights); and

(D) to the extent not covered hereinabove, all proceeds of all the foregoing.

(4) All funds and accounts established under the Indenture, except for the KYMEA General Revenue Account in the Revenue Fund and the Rebate Fund, and the investments thereof, if any, and money, securities and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in the Indenture and subject to a renouncement of a security position in one or more funds or accounts as provided in any Supplemental Indenture issued for Parity Indebtedness); and

(5) All money and securities from time to time held by the Trustee under the terms of the Indenture and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any kind pledged or assigned as and for additional security hereunder, by KYMEA or by anyone in its behalf or with its written consent, to the Trustee.

As defined in the Indenture the term "Revenues" means all AR Payments received by KYMEA or by the Trustee for the account of KYMEA from the AR Contracts for the sale of capacity and energy to the AR Members, including, without limiting the generality of the foregoing, both timely and delinquent payments and any late charges, paid from any source, prepayments, and other proceeds derived therefrom.

Pursuant to Supplemental Indenture No. 2, which authorizes the issuance of the BofA Credit Facility, the BofA Credit Facility is not secured by or payable from the Reserve Fund.

AR Contracts

KYMEA has entered into AR Contracts with each of its Members, except for Owensboro, (individually an "AR Member" and collectively the "AR Members"). Payments received by KYMEA pursuant to the AR Contracts are sufficient to provide revenues to KYMEA to purchase power supply for its AR Members (the "AR Power Supply"), including the payment of the required principal and interest payments, when due, and redemption premium, if any, on the Bonds. The AR Members' payments to KYMEA pursuant to the AR Contracts constitute operating expenses of the AR Members, payable from the revenues of each of the AR Members' respective electric systems, on a parity with or ahead of any respective debt service on indebtedness of each of the AR Members.

KYMEA invoices its AR Members on a monthly basis and collects payments through ACH processing. KYMEA has not experienced a late payment from an AR Member.

Each AR Contract contains a list of the Resource Obligations set forth on the Resource Obligation Table to the AR Contract (the "Resource Obligation Table") that lists KYMEA's Agency Obligations serving the AR Contract. As defined in the AR Contract, an "Agency Obligation" means each obligation of KYMEA related to KYMEA's performance of its duties under the AR Contract, including financial, power supply, fuel supply, energy scheduling, energy integration, and energy delivery obligations; power purchase and other contracts; and obligations related to Member-Owned Resources (as defined in the AR Contracts), Generation Resource Project (as defined in the AR Contracts) resources, financial transmission rights, financial hedging instruments, and KYMEA-owned generating or transmission facilities. An AR Contract may be terminated on the May 31st of any year following receipt by KYMEA of written notification, given at least five (5) years prior, from a Member that it intends to terminate its AR Contract. A Member who elects to terminate its AR Contract shall remain responsible for any Resource Obligation listed on its Resource Obligation Table that has an expiration date set forth on the AR Member's Resource Obligation Table that expires after the effective date of termination of the AR Contract. One Member, Frankfort has given written notice of the termination of its AR Contract effective May 31, 2029. *See* "THE MEMBERS – Frankfort."

Commencing on the effective date of termination, (i) the terminating Member shall pay to KYMEA monthly charges designed to recover the costs incurred by KYMEA associated with each of the Member's Resource Obligations listed on the Resource Obligation Table, including reasonable and customary charges relating to the administration of the associated Attributes or entitlement, and (ii) KYMEA shall utilize or sell such Member's allocated share of the Attributes or entitlement associated with each Resource Obligation in exchange for providing the Member a credit or offset equal to the cost avoided or revenue received by KYMEA from the respective utilization or sale of such Attributes or entitlement up to the amount of the charges to the Member for that Resource Obligation. If requested by KYMEA, the Member shall promptly provide to KYMEA and maintain a letter of credit or other form of security in an amount sufficient to fulfill the Member's Resource Obligations and in a form satisfactory to KYMEA as security for the Member's payment of the monthly charges related to its Resource Obligations. The Member's responsibility for each Resource Obligation shall continue until the earliest of (1) the date on which the associated Agency Obligation expires; (2) the effective date of arrangements between KYMEA and one or more other Members pursuant to which such other Member(s) voluntarily (and, if applicable, collectively) accept the transfer of the terminating Member's Resource Obligation; or (3) the effective date on which KYMEA, acting in its sole discretion, has otherwise fully satisfied or terminated the terminating Member's allocable share of the associated Agency Obligation and has been reimbursed by the Member for all costs incurred in achieving such satisfaction or termination of the Member's allocable share. As defined in the AR Contract, "Attributes" means, with respect to a generation resource, all aspects of the resource or its output from which value may be derived, including electric capacity, energy, ancillary services, energy storage, and environmental characteristics. See "THE MEMBERS – AR Contracts" and – "Frankfort."

By giving notice of termination of its AR Contract prior to the insertion of ECI Power Purchase Agreement on the Resource Obligation Table, Frankfort is only required to take all requirements service from the Project through May 31, 2029, its effective AR Contract termination date. Frankfort will not have the right to receive, nor will it have any liability to purchase or pay for, capacity and energy from the Project after May 31, 2029.

Debt Service Reserve Fund

There is created and established in the Indenture a Debt Service Reserve Fund (the "Reserve Fund") for the benefit of all outstanding Bonds to be funded in the amount of the Required Reserve. As defined in the Indenture "Required Reserve" means an amount, as of any particular date of computation, equal to the least of (i) 10% of the proceeds of the Bonds, (ii) 100% of the greatest amount required in the then current or any future Bond Year to pay the principal and interest requirements on the Outstanding Bonds or (iii) 125% of the average of the annual principal and interest requirements on the Outstanding Bonds. Amounts on deposit in the Reserve Fund, including amounts available under any Reserve Account Insurance Policy, may be withdrawn and used by the Trustee, when necessary, and shall only be so withdrawn and used if and to the extent necessary to prevent the occurrence of an Event of Default or for the purpose of making payments of principal of and interest on the Bonds (including both principal maturities and mandatory redemptions) if the amounts on deposit in the Bond Fund are not sufficient to make such payments.

In the event that any funds shall be paid by any Reserve Account Insurance Policy or funds then on deposit shall be withdrawn from the Reserve Fund (the "Reserve Fund Withdrawal"), KYMEA shall be obligated to transfer funds from the Revenue Fund to the Reserve Fund in each month in an amount equal to one-twelfth of the Reserve Fund Withdrawal until such Required Reserve has been restored. Such funds shall be used first to restore the Reserve Account Insurance Policy to the face amount of such Reserve Account Insurance Policy and thereafter to restore any cash which had been on deposit in the Reserve Fund.

As and when Parity Indebtedness are issued, provision shall be made similarly for increasing the Required Reserve, if necessary and to the extent not fully funded concurrently with the issuance of such Parity Indebtedness, to not less than the Required Reserve applicable to all Bonds, including the Parity Indebtedness, then scheduled to be Outstanding falling due in any 12-

month period thereafter, by (a) the immediate deposit in cash and/or investments of such additional amount required to provide such increased Required Reserve or (b) obtaining a Reserve Account Insurance Policy to effect such funding.

All amounts on deposit in the Reserve Fund shall constitute a trust fund and shall be and are hereby earmarked and pledged for the security and source of payment for the Bonds.

In the Supplemental Indenture authorizing the issuance of the BofA Credit Facility, the BofA Credit Facility is not secured by or payable from the Reserve Fund.

Rate Covenant and Coverage

KYMEA has agreed under the Indenture that, while any of the Bonds and Parity Indebtedness authorized thereunder remain Outstanding and unpaid, the rates charged and collected under the AR Contracts for the sale of capacity and energy produced by the Project shall be fixed, maintained and, if necessary, adjusted from time to time, to be sufficient, so as to produce, based upon the audited financial statements of KYMEA relating to the Project, in each fiscal year, a Debt Service Coverage Ratio equal to at least 1.10 to 1 (the "Rate Coverage"); and that the rates prevailing at any time will not be reduced except upon the basis of a statement of an Independent Engineer, after necessary investigation, that in the Independent Engineer's opinion the Rate Coverage will not thereby be reduced below such level.

Flow of Funds

The Indenture creates and establishes the following Funds and accounts to provide for the flow of deposit of monies received by KYMEA from the Revenues of the AR Contracts to pay debt service on the Bonds and to operate and maintain the Project:

(1) the Revenue Fund, consisting of;
- (i) the ECI Power Purchase Agreement Revenue Account; and
- (ii) the KYMEA General Revenue Account;

(2) the Bond Fund, consisting of:
- (i) the Principal and Interest Account; and
- (ii) the Redemption Account;

(3) the Project Fund, consisting of:
- (i) the Costs of Issuance Account;
- (ii) the Capitalized Interest Account; and
- (iii) the Project Account;

(4) the Reserve Fund;
(5) the Capital Improvement Fund;
(6) the Decommissioning Fund;
(7) the Operating Fund including;
- (i) the Operating Reserve Account; and

(8) the Rate Stabilization Fund;
- (i) consisting of one or more GP Participant Accounts; and

(9) if necessary, a Rebate Fund.

The Bond Fund, the Project Fund, the Reserve Fund and the Rebate Fund are or shall be established with and maintained by the Trustee. The other Funds and accounts hereunder shall be established with and maintained by KYMEA with the Trustee and/or one or more depository banks.

Revenue Fund. Revenues collected from the AR Contracts for the sale of capacity and energy to the AR Members, shall be deposited by KYMEA into the Revenue Fund as follows: (i) amounts that are Project Revenues shall be transferred to the Trustee and deposited to the ECI Power Purchase Agreement Revenue Account and (ii) all other amounts shall be deposited to the KYMEA General Revenue Account.

Notwithstanding anything in the Indenture to the contrary, if there shall be declared an Event of Default under the Indenture or an Event of Default as defined in the Intercreditor Agreement, then the deposits in the Revenue Fund and application of amounts therein shall be carried out by the Collateral Agent, or if the Intercreditor Agreement is no longer in existence or applicable, the Trustee.

As defined in the Indenture "Project Revenues" means (i) all AR Payments received by KYMEA or by the Trustee for the account of KYMEA pursuant to the ECI Power Purchase Agreement, including, without limiting the generality of the foregoing, both timely and delinquent payments and any late charges, paid from any source, prepayments, and other proceeds derived therefrom; (ii) all proceeds or revenues generated by the sale of all or a portion of the Project; (iii) the proceeds of the sale of any Project assets or attributes and (iv) all interest, profits or other income derived from the investment of amounts in any of the Funds or accounts established pursuant to the Indenture (except the Rebate Fund).

Moneys deposited to the ECI Power Purchase Agreement Revenue Account shall be applied by KYMEA to pay debt service on the Bonds and any Parity Indebtedness, including but not limited to the BofA Credit Facility and thereafter apportioned to the various funds and accounts as set out in the Indenture.

Moneys deposited to the KYMEA General Revenue Account shall be applied by KYMEA to pay for (A) debt service on the PNC Credit Facility, (B) capacity and energy charges of AR Power Supply other than the ECI Power Purchase Agreement, (C) transmission costs and (D) the general operations and expenses of KYMEA.

In each month after the deposit of Revenues into the ECI Power Purchase Agreement Revenue Account (but in any case no later than the last business day of such month), KYMEA shall credit to, or shall transfer to the required party for deposit in, as appropriate and to the extent available, the following Funds and Accounts in the following order the amounts set forth below (such application to be made in such a manner so as to assure available funds in such Funds on the last business day of such month):

(1) To the Bond Fund, the amounts required under the Supplemental Indenture for credit to the Bond Fund to be applied to the payment of interest accrued and unpaid and principal on Bonds and Parity Indebtedness in accordance with the provisions of the Indenture;

(2) To the Reserve Fund to replenish and restore any funds withdrawn from the Reserve Fund or to restore the market value of amounts and investments on deposit in the Reserve Fund to be equal to the Reserve Requirement in accordance with the provisions of the Indenture;

(3) To the credit of the Capital Improvement Fund, the amount, if any, budgeted for credit to the Capital Improvement Fund for the then current month as set forth in the current Annual Budget;

(4) To the credit of the Decommissioning Fund, the amount, if any, budgeted for credit to the Decommissioning Fund for the then current month as set forth in the current Annual Budget;

(5) To the credit of the Operating Fund, the remaining balance in the ECI Power Purchase Agreement Revenue Account to be used for Project Operating Expenses and other expenditures as provided for in the Indenture;

(6) If after all payments and expenditures from the Operating Fund have been made in accordance with the Indenture, the excess funds therein shall be credited to the Rate Stabilization Fund and shall be applied in accordance with the provisions of the Indenture;

provided, however, that so long as there shall be held in the Bond Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund redemption price and interest thereon), no transfers shall be required to be made to the Bond Fund.

Bond Fund - Principal and Interest Account. On the 20th day of each month there shall be deposited in or transferred to the Principal and Interest Account from the ECI Power Purchase Agreement Revenue Account, a sum equal to the total of the following:

(1) an amount equal to one-sixth (or such larger amount as is necessary) of the interest to become due on the Bonds then outstanding on the next Interest Payment Date, plus

(2) an amount equal to one-twelfth (or such larger amount as is necessary) of the principal of any Bonds maturing on the next Interest Payment Date.

In accordance with the provisions of the Supplemental Indenture relating to the issuance of the BofA Credit Facility, the principal of and interest on the BofA Credit Facility shall be payable in accordance with the terms of the BofA Credit Agreement and shall be paid directly by KYMEA to Bank of America from funds on deposit in the ECI Power Purchase Agreement Revenue Account or such other funds provided by KYMEA but not from funds on deposit in the Principal and Interest Account of the Bond Fund.

Bond Fund - Redemption Account. All money received by the Trustee from KYMEA or from any other source with written instructions to deposit such amounts in the Redemption Account shall be deposited therein. Moneys on deposit in the Redemption Account are irrevocably pledged and shall be used by the Trustee, from time to time, to redeem Bonds called for redemption in accordance with the written instructions of KYMEA and the provisions of the Indenture. Funds in the Redemption Account in excess of the amount necessary to redeem Bonds for which notice of redemption has been given shall be used for the optional redemption of Bonds prior to maturity thereof or shall be transferred to the Principal and Interest Account.

Project Fund. Proceeds from the Series 2025 Bonds shall be deposited in the Project Fund for the purpose of paying the costs associated with the acquisition, construction and equipping of the Project, capitalized interest on the Series 2025 Bonds, and the issuance costs of the Series 2025 Bonds. Money and investments in the Project Account shall be held in trust by the Trustee and applied in accordance with and subject to the provisions of the Indenture.

Money and investments in the Capitalized Interest Account shall be held in trust by the Trustee and applied in accordance with the Indenture for interest on the Series 2025 Bonds through July 1, 2027, during the construction of the Project. Money and investments in the Capitalized Interest Account shall be held for the security of the Bondholders.

From the Capitalized Interest Account, the Trustee shall transfer and deposit in the Principal and Interest Account the amounts described in and authorized by KYMEA in the related Supplemental Indenture. Any money remaining in the Capitalized Interest Account after the final transfer and deposit to the Principal and Interest Account, shall be deposited in the Project Account of the Project Fund.

Reserve Fund. From the proceeds of the Series 2025 Bonds, the Trustee shall deposit in the Reserve Fund the Required Reserve. Amounts on deposit in the Reserve Fund may be withdrawn and used by the Trustee, when necessary, and shall only be so withdrawn and used if and to the extent necessary to prevent the occurrence of an Event of Default or for the purpose of making payments of principal of and interest on the Bonds (including both principal maturities and mandatory redemptions) if the amounts on deposit in the Bond Fund are not sufficient to make such payments.

In the event of a Reserve Fund Withdrawal, KYMEA shall be obligated to transfer funds from the ECI Power Purchase Agreement Revenue Account to the Reserve Fund in each month in an amount equal to one-twelfth of the Reserve Fund Withdrawal until such Required Reserve has been restored.

Capital Improvement Fund. In order to provide moneys which will be available for Capital Improvements to the Project, there shall be transferred and deposited into the Capital Improvement Fund, from the ECI Power Purchase Agreement Revenue Account, in as nearly equal monthly deposits as practicable, the annual amount set forth in the Project annual budget. Balances at any time on deposit in said Capital Improvement Fund may be expended upon the determination of KYMEA for costs of the Capital Improvements, and to the extent not so expended the same shall accumulate in the Capital Improvement Fund until such time as the amount on deposit in the Capital Improvement Fund shall equal the Capital Reserve Requirement, and upon the accumulation of an amount equal to the Capital Reserve Requirement, the monthly transfers from the ECI Power Purchase Agreement Revenue Account to the Capital Improvement Fund may be suspended. If and when it shall become necessary to make disbursements from the Capital Improvement Fund for authorized Capital Improvements, the monthly transfers and deposits from the ECI Power Purchase Agreement Revenue Account shall be resumed and continued until the amount on deposit in the Capital Improvement Fund shall have been restored to the Capital Reserve Requirement.

In the event there would otherwise be a default in the payment of interest on or the principal of the Bonds, any balance then on deposit in the Capital Improvement Fund may be withdrawn and applied to such extent as may be necessary in order to prevent such default; but such withdrawals shall be deemed to be advances from the Capital Improvement Fund and the amount thereof shall be restored as soon as moneys are available.

Decommissioning Fund. In order to provide moneys which will be available to pay for Decommissioning Costs, there shall be transferred and deposited into the Decommissioning Fund, from the ECI Power Purchase Agreement Revenue Account, in as nearly equal monthly deposits as practicable, the annual amount set forth in the Project annual budget. Balances at any time on deposit in said Decommissioning Fund may be expended by KYMEA to pay Decommissioning Costs, and to the extent not so expended the same shall accumulate in the Decommissioning Fund until such time as the amount on deposit in the Decommissioning Fund shall equal the Decommissioning Reserve Requirement, and upon the accumulation of an amount equal to the Decommissioning Reserve Requirement, the monthly transfers from the ECI Power Purchase Agreement Revenue Account may be suspended. If and when it shall become necessary to make disbursements from the Decommissioning Fund, the monthly transfers and deposits from the ECI Power Purchase Agreement Revenue Account shall be resumed and continued until the amount on deposit in the Decommissioning Fund shall have been restored to the Decommissioning Reserve Requirement.

Operating Fund. After the required payments are made from the ECI Power Purchase Agreement Revenue Account to the Bond Fund, the Reserve Fund, the Capital Improvement Fund and the Decommissioning Fund, KYMEA shall deposit in or transfer to the Operating Fund all other funds in the ECI Power Purchase Agreement Revenue Account.

Moneys on deposit in the Operating Fund shall be used by KYMEA to pay the Project Operating Expenses, including but not limited to salaries, wages, cost of materials and supplies, power purchased at wholesale, tax equivalent payments, transmission costs and fees, insurance and professional services, and all other Project Operating Expenses associated with any provision of the Indenture, the Participation Agreement or the ECI Power Purchase Agreement.

From time to time, until there shall be on deposit in the Operating Reserve Account of the Operating Fund, an amount equal to the Operating Reserve Requirement, there shall be transferred to and deposited in the Operating Reserve Account, amounts in excess of those needed for current Operating Expenses. Amounts on deposit in the Operating Reserve Account, from time to time as so determined by KYMEA, may be transferred, as needed, to increase the amount in or replenish any deficit in any other Fund established by the Indenture or used to (i) pay Operating Expenses or any other costs or expense associated with the Project; (ii) pay the principal of and interest on the Bonds; (iii) redeem any Bonds; and/or (iv) pay any cost or expense required by the Indenture or associated with the Project.

Rate Stabilization Fund. In order to provide moneys which will be available to stabilize the costs to GP Participants of the fluctuations in wholesale power costs or increased costs as a result of (i) shortages or outages of power and energy anticipated to be generated by the Project or (ii) the increase in wholesale power costs to the GP Participants for the purchase of power and energy prior to the completion and operation of the Project, from time to time, but not more often than monthly, and after payment of the current Project Operating Expenses and all transfers and deposits required to be made to the Bond Fund, the Reserve Fund, the Capital Improvement Fund, the Decommissioning Fund and the Operating Reserve Account under the Indenture, the Indenture provides for excess money in the Operating Fund to be transferred and deposited into the Rate Stabilization Fund. Balances at any time on deposit in said Rate Stabilization Fund may be expended by KYMEA to stabilize the temporary increases in wholesale power costs, and to the extent not so expended the same shall accumulate in the Rate Stabilization Fund until such time as the amount on deposit in the Rate Stabilization Fund is equal to, at a minimum, the Rate Stabilization Requirement.

Moneys on deposit in the Rate Stabilization Fund may be divided *pro rata* based on the GP Participants' entitlement percentages as set forth in the Participation Agreement and thereafter deposited into separate accounts respectively named for each GP Participant (each a "GP Participant Account"). Upon the request of the respective GP Participant, and concurrence by KYMEA and the other GP Participants, moneys on deposit in the respective GP Participant Member's Account shall be used as a credit to offset any required payment to be made by the GP Participant under the Participation Agreement or its respective AR Contract. The following chart illustrates the flow of funds to and from the Funds and accounts established under the Indenture.

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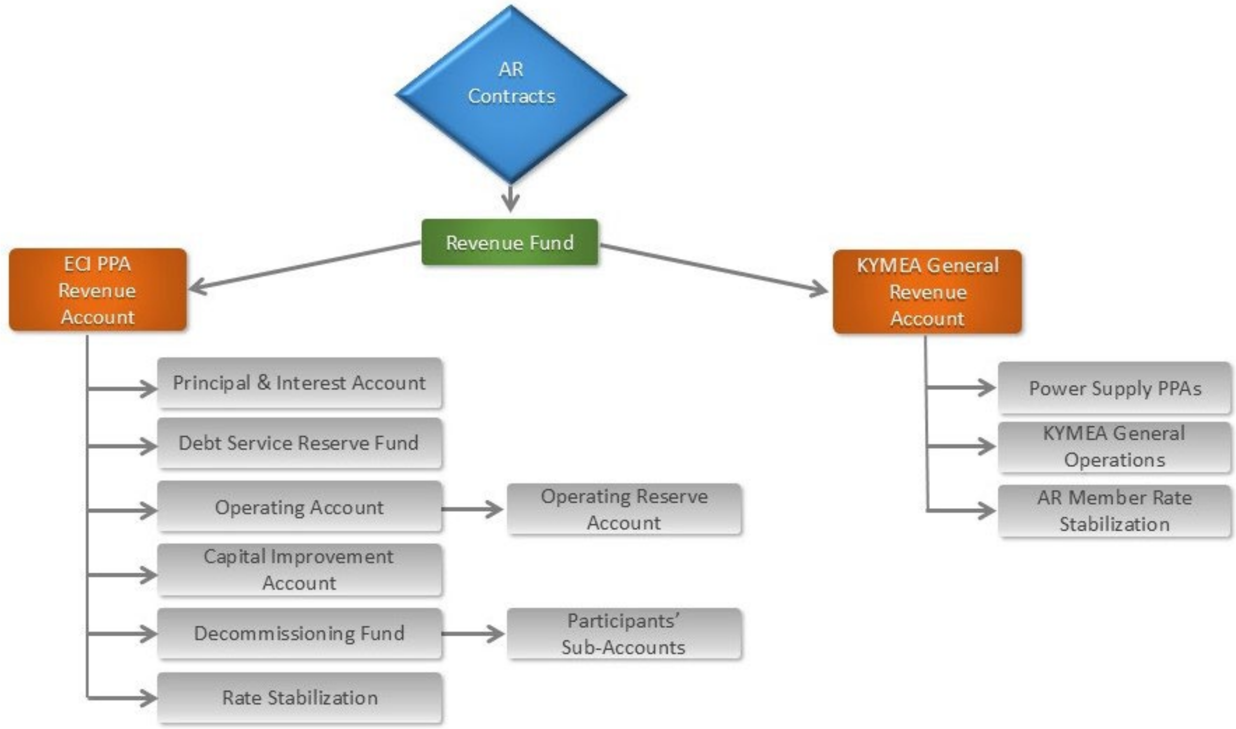

Rebate Fund. To comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to rebate of investment earnings attributable to tax-exempt bonds, KYMEA has authorized the Trustee to establish, if necessary, a separate special fund designated as the "Rebate Fund," which shall be segregated from all other funds and accounts held by the Trustee. The Trustee shall transfer from the Revenue Fund, from time to time, such amounts as directed by KYMEA as needed for deposit to the Rebate Fund for the purpose of accruing funds to pay to the United States in the amounts required to be paid under the Code. The Series 2025 Bonds and any Parity Indebtedness are not payable from or secured by Rebate Fund.

Parity Indebtedness; Completion Indebtedness and Additional Bonds.

KYMEA may, upon compliance with certain terms and conditions as are set forth in the Indenture, issue (i) indebtedness for the purpose of financing the completion of the Project ("Completion Indebtedness") and (ii) additional bonds from time to time in order to pay the cost of acquiring, whether by purchase or construction of extensions, renovations, improvements and/or betterments to the Project, or for any other lawful purpose of KYMEA relating to the operations and maintenance of the Project ("Additional Indebtedness"). Such Completion Indebtedness and Additional Indebtedness shall be payable from the Trust Estate on a parity with the outstanding Bonds and the BofA Credit Facility. Hereinafter the Bonds, Completion Indebtedness, Additional Indebtedness and the BofA Credit Facility shall be collectively referred to as "Parity Indebtedness".

Before any Additional Indebtedness may be issued there shall have been procured and filed with the Secretary of KYMEA and the Trustee a written certification by an Independent Consultant, reciting the opinion, based upon necessary investigation, that on an annual basis the Debt Service Coverage Ratio, based upon either:

(1) (i) the ratio of Net Project Revenues received under the ECI Power Purchase Agreement as of the most recent Fiscal Year (with adjustments as hereinafter provided) and (ii) the Maximum Annual Debt Service on the Outstanding Parity Indebtedness and the Additional Indebtedness then proposed to be issued, is equal to at least 1.20 to 1. Such Net Project Revenues may be adjusted for the purpose of the foregoing computations to reflect any revisions in the schedule of rates or charges being imposed for the services of the Project at the time of the issuance of any such Additional Indebtedness. Such adjustments shall be based upon the written certification of an Independent Consultant; or

(2) (i) the ratio of Net Project Revenues to be received under the ECI Power Purchase Agreement, including such Net Project Revenues estimated to be received under the ECI Power Purchase Agreement from the then contemplated extensions, improvements, renovations and betterments of the Project and (ii) the Maximum Annual Debt Service on the Outstanding Parity Indebtedness and the Additional Indebtedness then proposed to be issued, will for the first Fiscal Year after the purchase or completion of construction of such extensions, renovations, improvements and/or betterments, based upon the written certification of an Independent Engineer, be equal to at least 1.20 to 1.

Nothing in the Indenture is intended or shall be construed as a restriction upon the issuance of refunding bonds under the Indenture ("Refunding Bonds") for the purpose of refunding any Outstanding Bonds, if the debt service requirements of the Refunding Bonds do not operate to increase in any year the aggregate debt service requirements of the Outstanding Bonds proposed to be refunded.

THE SERIES 2025 BONDS

Description of the Series 2025 Bonds

The Series 2025 Bonds will accrue interest from the date of issuance and will mature on January 1 in each of the years set forth on the inside front cover of this Official Statement. The Series 2025 Bonds will bear interest at the interest rates set forth on the inside front cover of this Official Statement payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2025, until maturity or redemption.

Interest on the Series 2025 Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2025 Bonds will be issued in fully registered form in the denomination of $5,000 or any integral multiple of $5,000.

THE SEERIES 2025 BONDS ARE LIMITED OBLIGATIONS OF KYMEA AND ARE PAYABLE SOLELY OUT OF THE REVENUES, FUNDS AND OTHER ASSETS OF THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. KYMEA DOES NOT HAVE ANY TAXING POWER.

NEITHER THE COMMONWEALTH OF KENTUCKY, NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN KYMEA, NOR ANY MEMBER OF KYMEA SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR

INTEREST ON THE SERIES 2025 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF OR ANY MEMBER OF KYMEA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2025 BONDS.

Payment of Bonds

The principal of and premium, if any, and interest on the Bonds are payable in any coin or currency of the United States of America. Old National Wealth Management has been appointed Trustee and Paying Agent for the Bonds. The principal of and premium, if any, on the Bonds will be paid upon surrender thereof at the corporate trust office of the Trustee in Evansville, Indiana.

Interest on each Bond shall be paid by check mailed on the applicable Interest Payment Date to the Person who is the Holder thereof as shown on the Bond Register as of 5:00 p.m., Eastern Time, on the applicable Record Date, at the address of the Holder as it appears on the Record Date on the Bond Register (as hereinafter defined). Per the Indenture, Record Date shall mean the 15th day of the calendar month immediately preceding an Interest Payment Date. At the direction of a Holder of $1,000,000 or more of the Bonds, payments of interest shall be made by electronic transfer by the Trustee in immediately available funds to an account in the United States designated in writing by such Holder to the Trustee not less than five days prior to the applicable Interest Payment Date.

Registration, Transfer and Exchange

The Trustee shall maintain books (the "Bond Register") for the registration and for the transfer of the Bonds.

Upon surrender for registration of transfer of any Bond at the principal office of the Trustee, the Trustee shall authenticate and shall deliver a new Bond or Bonds in the same aggregate principal amount as the Bond surrendered. No transfer of any Bond shall be binding upon the Trustee unless made at such office and shown on the Bond Register. Unless and until the Trustee notifies the Bondholders in writing of any change of Trustee or of any change of the principal office thereof, the Trustee's principal office shall be One Main Street, Evansville, Indiana 47708, Attention: Corporate Trust Services.

The Trustee shall not be required to exchange or transfer any Bond or portion thereof which has been called for redemption.

Redemption

Optional Redemption. The Series 2025 Bonds maturing on and prior to January 1, 2035, shall not be subject to redemption prior to maturity. The Series 2025 Bonds maturing on or after January 1, 2036, are subject to redemption, in whole or in part, by KYMEA, at its option, prior to their stated maturities, at any time on or after January 1, 2035 (less than all Series 2025 Bonds of a single maturity to be selected in such manner as the Bond Trustee may determine) at a redemption price equal to 100% of the principal amount of the respective Series 2025 Bonds called for redemption, plus unpaid interest accrued to the date of redemption.

Mandatory Redemption. The Series 2025 Bonds due January 1, 2050 shall be subject to mandatory sinking fund redemption prior to maturity (said Series 2025 Bonds to be selected by lot) at a redemption price of 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on January 1 in the years and in the principal amounts as follows:

January 1	**Principal Amount**
2046	$5,160,000
2047	5,420,000
2048	5,690,000
2049	5,975,000
2050 (maturity)	6,275,000

The Series 2025 Bonds due January 1, 2055 shall be subject to mandatory sinking fund redemption prior to maturity (said Series 2025 Bonds to be selected by lot) at a redemption price of 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on January 1 in the years and in the principal amounts as follows:

January 1	**Principal Amount**
2051	$6,590,000
2052	6,915,000
2053	7,265,000
2054	7,625,000
2055 (maturity)	8,005,000

Extraordinary Optional Redemption. The Series 2025 Bonds shall be subject to redemption with funds at the option and direction of KYMEA, as a whole or in part, at par plus accrued interest to the redemption date, on the 95th day after the date the Trustee receives written notice of the occurrence of any of the following events:

(a) the Project shall have been substantially damaged or destroyed to such extent that, in the opinion of KYMEA filed with the Trustee, it is not practicable or economically feasible to rebuild, repair or restore the damaged property within a reasonable period of time and KYMEA will be prevented from carrying out its normal operations for a period of at least six months, or

(b) a portion of the Project shall have been substantially damaged or destroyed to such extent that, in the opinion of KYMEA filed with the Trustee, it is not practicable or economically feasible to rebuild, repair or restore that portion of the Project so damaged; provided, however, that the Series 2025 Bonds so called for redemption shall not be redeemed in whole but shall be redeemed in part with the amount of funds remaining from the receipt of any insurance proceeds, after the costs of any such rebuilds, repairs or restorations that in the opinion of KYMEA filed with the Trustee, are determined to be economically feasible and shall have been made, or

(c) title to or the temporary use of all or substantially all of the Project (i) shall be taken under a valid and lawful exercise of the power of eminent domain or (ii) shall be denied by the failure of any license, permit or other form of approval to be issued by a governmental authority that results, or is likely to result (in the reasonable opinion of KYMEA), in KYMEA being thereby prevented from (y) carrying out its normal operations at the Project for a period of at least six consecutive months or (z) selling power or energy generated by the Project at levels which in the opinion of KYMEA and confirmed by an Independent Consultant, make all or a portion of the Project not economically feasible.

Notice and Effect of Call for Redemption

The Trustee shall give notice of redemption by first class mail, postage prepaid, mailed not less than 25 nor more than 45 days prior to the redemption date to each Holder of Bonds to be redeemed or tendered at the address of such Holder appearing in the Bond Register, and also to such other Persons as KYMEA shall deem appropriate.

Neither the failure of any Holder to receive notice mailed as provided herein nor any defect in notice so mailed shall affect the validity of the proceedings for redemption.

All notices of redemption shall state:

(i) the redemption date;

(ii) the redemption price (including premium, if any);

(iii) the name of the Series 2025 Bonds to be redeemed, the principal amount of Series 2025 Bonds to be redeemed, and, if less than all Outstanding Series 2025 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2025 Bonds to be redeemed;

(iv) the reason for the redemption;

(v) that on the redemption date, the redemption price, as appropriate, of each such Series 2025 Bond will become due and payable, that interest on each such Series 2025 Bond shall cease to accrue on and after such date, and that each such Series 2025 Bond will be deemed to have been redeemed;

(vi) the place or places where such Series 2025 Bonds must be surrendered for payment of the redemption price thereof; and

(vii) such additional information as KYMEA or the Trustee shall deem appropriate.

In the case of an optional or extraordinary optional redemption pursuant to the Indenture, the notice of redemption may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that KYMEA retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and optional or extraordinary redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded in writing, and disseminated to each Holder of the Series 2025 Bonds in accordance with the procedures set forth in the Indenture, no later than seven (7) days prior to the redemption date. Notice of redemption having been given as aforesaid, the Series 2025 Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless KYMEA shall default in the payment of the redemption price) such Series 2025 Bonds shall cease to bear interest. Upon surrender of any such Series 2025 Bond for redemption in accordance with such notice, such Series 2025 Bond shall be paid at the redemption price thereof.

No Interest After Redemption Date

Notice of redemption having been given as provided in the Indenture, the Series 2025 Bonds or portions thereof designated for redemption shall become due and payable on the date fixed for redemption and, unless KYMEA defaults in the payment of the principal thereof, such Series 2025 Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption whether or not such Series 2025 Bonds are presented and surrendered for payment on such date. If any Series 2025 Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Series 2025 Bond or portion thereof shall continue to bear interest at the rate set forth thereon until paid or until due provision is made for the payment of the same.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2025 Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Series 2025 Bonds maturing on January 1 of the years 2045, 2050 and 2055 (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG

At September 30, 2024:

- The policyholders' surplus of AG was approximately $3,644 million.
- The contingency reserve of AG was approximately $1,374 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,438 million. Such amount includes (i) 100% of the net unearned premium reserve and net

deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 (filed by AGL with the SEC on November 12, 2024).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2025 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.aussuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

BOOK-ENTRY ONLY SYSTEM

The Series 2025 Bonds will be issued in book entry form to be held in the book-entry only system (the "Book-Entry Only System") maintained by DTC, Brooklyn, NY. So long as such Book-Entry Only System is used, only DTC will receive or have the right to receive physical delivery of the Series 2025 Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Series 2025 Bonds under the Indenture.

The following information about the Book-Entry Only System applicable to the Series 2025 Bonds has been supplied by DTC. Neither KYMEA nor the Trustee make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond for each maturity will be issued and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2025 Bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to KYMEA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2025 Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or KYMEA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of KYMEA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2025 Bonds purchased or tendered, through its Participant, to the Trustee and shall affect delivery of such Series 2025 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2025 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2025 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2025 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2025 Bonds to the Trustee's DTC account.

NEITHER KYMEA NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Series 2025 Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Series 2025 Bonds.

KYMEA and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2025 Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Series 2025 Bonds at any time by giving notice to KYMEA and discharging its responsibilities with respect thereto under applicable law. In such event, the Indenture provides for issuance of fully registered Series 2025 Bonds ("Replacement Bonds") directly to the Beneficial Owners of Series 2025 Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Series 2025 Bonds. Upon the occurrence of this event, KYMEA and the Trustee may appoint another qualified depository. If KYMEA and the Trustee fail to appoint a successor depository, the Series 2025 Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon KYMEA shall execute and the Trustee, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of $5,000 or integral multiples thereof. KYMEA will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds shall be made as provided in the Indenture.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT KYMEA BELIEVES TO BE RELIABLE, BUT NEITHER KYMEA NOR THE TRUSTEE TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

KENTUCKY MUNICIPAL ENERGY AGENCY

General

KYMEA was organized for the purpose of providing municipal electric systems in the Commonwealth of Kentucky with an ongoing source and supply of electric power to meet their current requirements and anticipated growth in power consumption within the systems. Municipal electric systems must find energy sources to supply the demands of their customers while maintaining a cost-efficient operation of such facilities and energy sources. In forming KYMEA, the Members determined that mutual advantage would be obtained from the coordinated planning, construction and operation of new energy facilities, and joint purchases, sales and exchanges of electric power.

KYMEA is empowered on behalf of its Members to coordinate the planning, construction and operation of joint electric power supply projects and any and all facilities, including all equipment, structures, machinery, and tangible and intangible property, real and personal, required for the generation or transmission of electrical energy, including any fuel supply or source useful for such projects.

KYMEA was created in September 2015 and began supplying power to Members on May 1, 2019.

Pursuant to KRS Chapter 65, KYMEA is authorized and empowered to issue bonds (including refunding bonds) to defray the costs of acquiring, constructing and equipping electric generation facilities such as the Project. From time to time, KYMEA may issue future series of notes or bonds in connection with the Project and for additional projects to benefit its Members.

Governance

KYMEA is governed by a Board of Directors (the "Board") composed of one Director (the "Director") designated by the governing body of each KYMEA Member, who shall serve at the pleasure of the Member designating him or her. A Member may designate an Alternate Director (the "Alternate Director") to serve in the absence of its Director. The Alternate Director shall have the power and authority to participate and vote in matters of the Board or any committee established by the Board in the absence of the designated Director.

The Director and the Alternate Director must each be a member of the governing body or a senior management employee of the Member or the Member's electrical utility system.

A majority of the Members constitutes a quorum for the transaction of Board business. The Board directs the business and affairs of KYMEA. The Interlocal Agreement under which KYMEA was created and operates provides that, if a quorum exists, a majority vote of the Directors present shall be necessary to take any action. If a vote of greater than a majority is required pursuant to the Interlocal Agreement, the bylaws or any resolution establishing a project or committee, the required supermajority shall be based on the number of Directors present or, in the case of a Weighted Vote (as described below), based on the total number of weighted votes of Directors present.

Each Director shall be entitled to one vote on a matter submitted to a vote of the Board; provided, however, that any Director voting in the minority shall have the right to call for reconsideration based on a weighted vote (a "Weighted Vote"), except that no Weighted Vote may be called for election of Board officers or removal of a Director or officer. If a Weighted Vote is called on an eligible matter, the motion for reconsideration must receive a majority of the weighted votes of the Directors present in order to vacate the original per capita vote. The formula for determining each Member's number of weighted votes is set forth in KYMEA's bylaws.

Each project or committee may establish its own formula for determining how participating Members shall be entitled to vote on matters relating to that particular project or committee.

KYMEA's directors and alternates are as follows:

Director	Member	Member Affiliation
Josh Callihan	Barbourville	General Manager, Barbourville Utilities
Philip King	Bardwell	Mayor, City of Bardwell
Christina Lewis	Benham	Utility Clerk, Benham Power Board
Kevin Howard	Berea	General Manager, Berea Municipal Utilities
Ron Herd	Corbin	General Manager, Corbin Utilities
Luke Price	Falmouth	Mayor, City of Falmouth
Gary Zheng	Frankfort	General Manger, Frankfort Plant Board
Brad Porter	Madisonville	Superintendent, Madisonville Electric
Tim Lyons	Owensboro	General Manager, Owensboro Municipal Utilities
Jamie Miller	Paris	City Manager, City of Paris
James Hackney	Providence	Mayor, City of Providence

Alternate	Member	Member Affiliation
Tim Davis	Barbourville	Commissioner, Barbourville Utilities
Mark Drysdale	Bardwell	Manager, City of Bardwell
Tiffany Brock	Benham	Clerk, Benham Power Board
Adrian Isaacs	Berea	Electric Operations Coordinator, Berea Utilities
Terry Joe Martin	Corbin	Board Chairman, Corbin Utilities
Ramona Williams	Falmouth	City Clerk/Treasurer, City of Falmouth
Travis McCullar	Frankfort	Director of Electric, Frankfort Plant Board
Jody Groves	Madisonville	Assistant Superintendent, Madisonville Electric
Austin McLimore	Owensboro	Director of Delivery, Owensboro Municipal Utilities
Aaron Sparkman	Paris	Electric Superintendent, City of Paris
Jamie Harkins	Providence	Assistant Director Public Works, City of Providence

Management and Administration

KYMEA's officers and management team are as follows:

Officer	Title
Doug Buresh	President & CEO
Heather Overby	Vice President of Finance & Accounting/Chief Financial Officer
Rob Leesman	Vice President of Market Analytics
Michelle Hixon	Director, Administrative Services and Communications
Molly Roesler	Accountant and Financial Analyst

Doug Buresh — Since January 2018, Mr. Buresh has served as KYMEA's President & CEO. Prior to joining KYMEA, Mr. Buresh worked in the power industry for approximately two decades concentrating in the areas of integrated resource planning, strategic planning, market price forecasting, fuel procurement, risk assessment and public policy. As President & CEO, he is responsible for creating, communicating and implementing the KYMEA's vision, mission and overall direction on behalf of its municipal electric utility members. Mr. Buresh holds a Bachelor of Science in Electrical Engineering from the University of Nebraska, a Master of Science in

Electrical Engineering from Kansas State University, and a Master of Business Administration from Rockhurst University. He is a licensed professional engineer in the states of Missouri and Indiana.

Heather Overby — In June 2018 Ms. Overby joined the Agency full time as Vice President of Finance & Accounting /Chief Financial Officer. During its formation, Ms. Overby handled the financial affairs of KYMEA on a contractual basis. Ms. Overby began her career with Deloitte & Touche, LLP, and has worked for over 20 years in the municipal public power industry. She has served as Chairman of the Prairie State Energy Campus Finance Committee, Chairman of the American Public Power Association Business and Finance Conference Planning Committee, and Chairman of the Tennessee Valley Public Power Association Finance Committee. She currently serves as Chairman of the Kentucky School Facilities Construction Commission, an appointment made by Kentucky's Governor. Ms. Overby holds a Master of Business Administration with an emphasis in Finance and Accounting from Regis University and a Bachelor's Degree in Business Administration with an emphasis in Accounting from Transylvania University. She is a Certified Public Accountant in Kentucky and a member of the American Institute of Certified Public Accountants and the Kentucky Society of CPAs.

Rob Leesman — In June 2018 Mr. Leesman was hired as KYMEA's Vice President of Market Analytics. Mr. Leesman is responsible for front office, planning and ratemaking activities of the Agency. Mr. Leesman has 21 years of experience in wholesale marketing and trading, serving most recently as Director of Power Marketing for Owensboro Municipal Utilities (OMU), where he oversaw the selling and risk mitigation of excess generation from the Elmer Smith Generating Station into the wholesale power market, established agreements with counterparties and aligned OMU's interests with other Kentucky municipal utilities. Mr. Leesman graduated Magna Cum Laude with a Bachelor of Science Degree in Electrical Engineering from the University of Cincinnati.

Michelle Hixon — Ms. Hixon serves as Director, Administrative Services and Communications of KYMEA. Ms. Hixon is responsible for organizing administrative activities that facilitate office efficiency. She is also responsible for all Human Resource and Employee Relations functions of the Agency. Her duties also include planning and managing all publicity, promotional, and KYMEA Member events, both internal information programs and public information programs. Ms. Hixon has over a decade of office management experience with a background in healthcare administration and brings a wide variety of skills and expertise to KYMEA. She is a SHRM certified Human Resource professional with experience in leading and implementing projects which support an organization's strategic goals. Ms. Hixon joined KYMEA in March 2018. She is a graduate with honors from Keiser University in Daytona Beach, Florida, with a degree in Radiologic.

Molly Roesler — Ms. Roesler joined KYMEA in September 2020 and serves as its Accountant and Financial Analyst. Ms. Roesler is responsible for maintaining accurate accounting records that result in balance sheets, income statements, and cash flows that reflect the true financial position of the Agency. Before joining KYMEA, Ms. Roesler held positions in both the healthcare and manufacturing industries, which has allowed her the opportunity to develop a multitude of skills and expertise to bring to KYMEA. She graduated Summa Cum Laude with a

Bachelor of Science in Accounting from Spalding University. In addition, she also holds a Bachelor of Science in Exercise Science from Belmont University and a Master of Science in Exercise Physiology from the University of Louisville.

Financial Statements

The financial statements of KYMEA are audited by Forvis Mazars, LLP, Lincoln, Nebraska.

KYMEA's audited financial statements for the years ended June 30, 2024 and 2023 are included in Appendix B. KYMEA will file certain annual information with the Electronic Municipal Market Access system (see "DISCLOSURE COMPLIANCE" herein). Such information will also be available by contacting KYMEA at 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky 40223 or by telephone at (502) 242-5639.

Management's Discussion and Analysis

Set forth below is an excerpt from Management's Discussion and Analysis in KYMEA's audited financial statements for the fiscal year ended June 30, 2024. KYMEA's audited financial statements for the fiscal years ended June 30, 2024 and 2023, as well as the entire Management's Discussion and Analysis for those periods, are included as Appendix B.

Financial Analysis. The following comparative condensed financial information summarizes KYMEA's financial position, operating results and cash flows for the years ended June 30, 2024, 2023, and 2022.

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Condensed Balance Sheets
As of the fiscal years ended June 30

	2024	2023	2022
Assets			
Current assets	$50,407,681	$31,671,663	$30,518,180
Other noncurrent assets	8,379,051	4,789,823	3,490,394
Capital, lease and subscription assets	3,728,958	3,244,182	2,717,308
Total assets	62,515,690	39,705,668	36,725,882
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities	10,323,740	9,667,626	16,825,820
Noncurrent liabilities	1,807,494	1,976,836	1,642,456
Total liabilities	12,131,234	11,644,462	18,468,276
Deferred Inflows of Resources	14,204,381		
Net position			
Net investment in capital assets	1,805,322	1,280,194	1,136,344
Unrestricted	34,374,753	26,781,012	17,121,262
Total net position	36,180,075	28,061,206	18,257,606
Total liabilities, deferred inflows of resources and net position	$62,515,690	$39,705,668	$36,725,882

Current assets increased $18.8 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. This increase resulted from an increase in unrestricted cash from normal operations during the year due to the increase in the deferred inflows of resources from both the rate stabilization fund and depancaking fund. Noncurrent assets increased by $4.1 million in the same period primarily due to an increase in collateral deposits held by regional transmission organizations.

Current liabilities increased $0.6 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. This increase was related to the timing of purchased power expenses to serve the electricity needs of KYMEA's members. Noncurrent liabilities decreased $0.2 million during the same period due to the amortization of lease liabilities and subscription based information technology arrangements liabilities.

Current assets increased $1.2 million from the fiscal year ending June 30, 2022, to the fiscal year ending June 30, 2023. This increase resulted from a decrease in unrestricted cash from normal operations during the year offset by an increase in accounts receivable related to timing of the LGE/KU depancaked transmission rate ruling. Noncurrent assets increased by $1.3 million in the same period due to an increase in collateral deposits held by regional transmission organizations. Capital, lease, and subscription assets increased $0.5 million due to implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. This pronouncement requires recognition of assets and liabilities for certain subscription-based information technology arrangements.

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

Condensed Statement of Revenues, Expenses and Changes in Net Position
As of the fiscal years ended June 30

	2024	2023	2022
Operating revenues	$85,517,795	$107,329,886	$109,408,434
Operating expenses	81,171,510	102,780,696	105,379,944
Operating income	4,346,285	4,549,190	4,028,490
Nonoperating revenues (expenses)	3,772,584	5,254,410	(92,590)
Change in net position	8,118,869	9,803,600	3,935,900
Net position – Beginning of Year	28,061,206	18,257,606	14,321,706
Net position- End of Year	36,180,075	28,061,206	18,257,606

Operating revenues decreased $21.8 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. This decrease is a result of KYMEA's decreased long position where it is able to sell electricity through its power purchase agreements in excess of its load. KYMEA sells this electricity in the Midcontinent Independent System Operator ("MISO") open market (off-system sales). Both KYMEA's long position and the sales price per MWh decreased during the fiscal year ending June 30, 2024.

Operating expenses decreased $21.6 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. During 2023, KYMEA received a favorable ruling related to the depancaked transmission expenses in the LGE/KU depancaking rate matter before the Federal Energy Regulatory Commission ("FERC"). This settlement led to the offsetting of these rates against the cost of purchased power during the entire 2024 fiscal year. In addition, the decrease in KYMEA's long position discussed above resulted in a corresponding decrease in purchased power expenses. Both the depancaking settlement and the decreased long position contributed to

KYMEA's significant reduction in operating expenses. See "INVESTMENTS CONSIDERATIONS – RTO Operated Markets".

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

Operating expenses decreased $2.6 million from the fiscal year ending June 30, 2022, to the fiscal year ending June 30, 2023. The favorable ruling KYMEA received in the LGE/KU depancaking matter before FERC, related to the depancaked transmission expenses settlement totaled approximately $10.2 million. $5.3 million of this settlement decreased current year operating expenses while the remaining $4.9 million was related to depancaked charges in prior periods reported as nonoperating revenue in 2023.

Financing. KYMEA has executed the PNC Credit Facility, consisting of a line of credit for advances up to $45,000,000 and the issuance of a $5,000,000 standby letter of credit to secure its position in the transmission study cluster for the Project. There were no amounts outstanding under the line of credit as of June 30, 2022, 2023, or 2024. As of the date of this Official Statement, KYMEA has drawn approximately $21,731,683 under the PNC Credit Facility line of credit to pay initial costs associated with the acquisition, construction and equipping of the Project and requested PNC to issue under the PNC Credit Facility the $5,000,000 standby letter of credit. Because the draws under the PNC Credit Facility line of credit were used to pay initial costs associated with the acquisition, construction and equipping of the Project, it is the intention of KYMEA to pay and reimburse those draws from the proceeds of the Series 2025 Bonds.

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

THE MEMBERS

General

The Members are each located throughout the Commonwealth of Kentucky from Benham in the Appalachian mountains to Bardwell on the banks of the Mississippi River. All of the Members, except for Owensboro, were wholesale customers of KU at the time the Members formed KYMEA. Until recently, Owensboro self-produced its power supply through its ownership and operation of the Elmer Smith Coal Generating Facility located in Owensboro, Kentucky ("Elmer Smith"). Elmer Smith was retired on June 1, 2020 and has been decommissioned.

Frankfort and Benham are Electric Plant Boards governed by a five-member board. Directors of the Electric Plant Boards serve staggered four-year terms and are appointed by the mayors and approved by the City governing bodies of the respective communities in which they serve. Electric Plant Boards are separate and distinct political subdivisions of the Commonwealth of Kentucky and act independently of their respective City governments.

Barbourville, Corbin and Owensboro are operated by Utility Commissions that are appointed by the City governing bodies of the respective communities in which they serve. Certain powers of the Utility Commissions, including approval of rates recommended by the Utility Commissions, are reserved to the governing bodies of the Cities they serve.

Bardwell, Berea, Falmouth, Madisonville and Providence are systems operated directly by the governing bodies of the Cities they serve.

None of the Members are subject to rate regulation by the Kentucky Public Service Commission or any other governmental agency.

Power Supply

From the mid 1900's until May 1, 2019 (May 1, 2017 for Benham and Paris), the AR Members were full requirements wholesale distribution customers of the LGE/KU system pursuant to whole power contracts with LGE/KU. During this time LGE/KU supplied all of the AR Members' power and energy requirements in excess of relatively small allotments of power received by a portion of the AR Members from federally-owned facilities through the Southeastern Power Administration ("SEPA") and the 10 MW diesel fired generating facility operated by Paris. Consequently, no AR Member had the need to construct or acquire any other generating or contractual power supply resources for serving its power and energy requirements. Most of the AR Member's wholesale power contracts with LGE/KU were terminable upon five years notice prior to termination and in 2014 certain of the AR Members provided LGE/KU with notice of termination of their respective wholesale power contracts effective May 1, 2019. Paris' wholesale power contract with LGE/KU was terminable upon three years notice prior to termination and was terminated effective May 1, 2017 and the wholesale contract between LGE/KU and Benham was terminated by LGE/KU in 2016 effective May 1, 2019.

The events leading up to each AR Member's decision to terminate its wholesale power contract with LGE/KU began in 2014, when nFront Consulting and newGen Strategies were retained by the AR Members to prepare the first of several power supply feasibility studies for the AR Members as a group. The feasibility studies investigated and analyzed alternative power supply strategies available to the AR Members for the period of 2019 and beyond. The results of these studies indicated that there were considerable economic benefits to be derived by the AR Members through the purchase and sale of electric power and energy within the regional marketplace.

Based upon the feasibility studies, the AR Members determined that mutual advantage would be derived from the coordinated planning, construction and operation of joint power supply opportunities. KYMEA was subsequently organized by the AR Members and Owensboro on September 3, 2015 in order to provide the Members with a joint agency to implement the programs and procedures required to obtain the long-term benefits indicated by the initial power supply studies and to manage the operations of the AR Members' resource portfolios.

Upon the termination of each AR Member's wholesale power contract with LGE/KU, KYMEA began providing virtually all of the AR Members' wholesale electric power requirements through power purchase agreements with various suppliers. Benham and Berea opted to receive their respective wholesale electric power requirements from a source other than KYMEA from 2019 through 2024. Berea became a KYMEA AR Member effective May 1, 2024 and Benham became a KYMEA AR Member effective June 1, 2024. KYMEA also entered into power supply contracts with certain AR Members for their respective small allotments of SEPA power and for the power generated by Paris's diesel generating facility. *See* "THE MEMBERS – KYMEA AR Power Supply".

KYMEA has a network integration transmission service agreement in place with LGE/KU which facilitates the provision of the transmission services required by its AR Members. *See* "INVESTMENT CONSIDERATIONS – RTO-Operated Markets".

The following sections provide historical power and energy requirements, customer data, and projections of power and energy requirements at the wholesale level for the AR Members.

As of June 30, 2024, the following table shows the total customers served by each AR Member, based on data provided by the respective AR Member:

AR Member Customer Base

Member	Residential Customers	Commercial/ Industrial Customers	Total Customers
Barbourville	3,415	388	3,803
Bardwell	385	83	468
Benham	269	26	295
Berea	4,666	642	5,308
Corbin	3,233	986	4,219
Falmouth	892	158	1,050
Frankfort	16,717	4,445	21,162
Madisonville	6,796	1,329	8,125
Paris	2,549	554	3,094
Providence	1,188	150	1,338
Total	40,101	8,761	48,862

Note: Total Customers excludes security light customers

The following table shows the actual non-coincident peak demand and energy requirements for the AR Members for the five fiscal year periods of 2019 through 2023, based on actual sales data:

AR Members
Historical Power and Energy Requirements
(Fiscal Year Sales)

Year	Peak Demand (MW)	Year-Over-Year Percent Growth	Energy Requirements (MWh)	Year-Over-Year Percent Growth
2019	280	------	1,407,676	-------
2020	286	2.14%	1,347,133	(4.30%)
2021	276	(3.50%)	1,346,544	(0.04%)
2022	281	1.81%	1,349,530	0.22%
2023	282	0.36%	1,320,215	(2.17%)
2024	289	2.48%	1,349,961	2.25%

Peak demand and energy requirements vary from year to year because of various factors, including weather and economic conditions.

The respective service area of each AR Member includes most of the respective city and a portion of the county beyond the city limits. Retail electric service in areas adjoining the service areas of the AR Members is provided by investor-owned utilities or rural electric cooperatives which, in some instances, also serve a limited number of customers within the corporate limits of the AR Members' respective cities. Although the service area of none of the AR Members is regulated by the Kentucky Public Service Commission ("PSC"), Kentucky law protects the territory being served by each AR Member from competition by another retail electric utility.

In addition, Appendix C-"Demographic, Operating and Financial Data of KYMEA's All Requirements Members" provides general demographic, operating and financial information for the AR Members.

The table below sets forth the coincident peak load of each AR Member as of June 1, 2023 and 2024 and the percentage of the combined coincident peak load of each AR Member as of June 1, 2024 and an estimated percentage of combined coincident peak load as of June 1, 2029, the day following the effective date of termination of Frankfort as an AR Member.

AR Member Percentage of Peak Demand

Member	2023 Peak Demand (MW)	2024 Peak Demand (MW)	Percentage of Peak Demand (June 1, 2024)	Projected† Percentage of Peak Demand (June 1, 2029)
Barbourville	22.16	19.34	6.7%	12.8%
Bardwell	1.71	2.09	0.7%	1.4%
Benham	2.96	0.94	0.3%	0.6%
Berea	34.67	25.75	8.9%	17.1%
Corbin	20.97	18.43	6.4%	12.2%
Falmouth	3.55	4.58	1.6%	3.0%
Frankfort	130.44	137.67	47.7%	0.0%
Madisonville	44.19	60.07	20.8%	39.8%
Paris	15.77	12.88	4.5%	8.5%
Providence	5.64	6.88	2.4%	4.6%
Total	282.06	288.63	100%	100%

KYMEA AR Power Supply

Since its operational beginning in 2019, KYMEA has relied upon power purchase agreements for its power supply. KYMEA's initial power supply was a balanced portfolio consisting of a mixture of steam-coal, natural gas simple cycle, diesel combustion engines and hydro.

KYMEA entered into a ten-year power purchase agreement with Big Rivers Electric Corporation ("BREC") for 100 MW of capacity and energy generated by its steam-coal facilities. The agreement began May 1, 2019. KYMEA has the option, per written notice delivered by June 1, 2027, to extend the agreement for an additional ten-year term through May, 2039.

As part of its original power supply resources, KYMEA also entered into a three-year power purchase agreement with Illinois Power Marketing Company ("IPMC") for 100 MW of capacity and energy generated by its six-unit coal-fired generating facility located near Joppa, Illinois. The IPMC agreement expired on May 31, 2022 with the decommissioning of the Joppa facility.

To provide necessary peaking capacity beginning in May 2019, KYMEA entered into a ten-year power purchase agreement with the Electric Plant of the City of Paducah, Kentucky d/b/a Paducah Power System ("PPS") for 90 MW of capacity and energy generated by PPS's natural gas simple cycle peaking generation facility. Beginning June 1, 2023, pursuant to the agreement with PPS, KYMEA exercised its one time option to decrease the amount of capacity and energy taken under the agreement from 90 MW to 60 MW of capacity and energy. In addition, pursuant

† Projected Percentage of Peak Demand is calculated using a Member's Peak Demand divided by the Total Peak Demand disregarding Frankfort's portion due to Frankfort terminating its AR Contract effective May 31, 2029.

to the agreement, KYMEA has the option, per written notice delivered by June 1, 2027, to extend the agreement for an additional ten-year term through May 2039.

In 2017 KYMEA issued an RFP for a power purchase agreement for the provision of renewable energy to the Agency. In 2018, KYMEA negotiated a 20-year power purchase agreement with Ashwood Solar I LLC for 86 MW of capacity and energy to be generated by a project to be developed in Lyons County, Kentucky (the "Ashwood Solar I Project"). The 20-year term of the power purchase agreement will commence on Ashwood Solar I Project's commercial operation date. The Ashwood Solar I Project is being developed and will be owned by RWE Clean Energy ("RWE"), a subsidiary of RWE AG, and was originally scheduled for commercial operation by December 1, 2022, however due to supply chain issues and other circumstances the guaranteed commercial operation date was extended to June 1, 2024. Because of extended construction delays, the facility is expected to be operational during the first quarter of 2025. Initial testing of the facility's power generation is expected to begin in February, 2025. KYMEA will be purchasing 100% of the energy produced by Ashwood Solar I Project.

KYMEA also entered into separate ten-year power purchase agreements with its AR Members for the purchase of an aggregate of 32 MW of capacity and energy generated by hydroelectric facilities operated the SEPA (the "SEPA Agreements") and a ten-year power purchase agreement with the City of Paris, Kentucky for 11 MW of capacity and energy generated by a seven-unit diesel generating facility (the "Paris Diesel Agreement")[‡]. The SEPA Agreements and the Paris Diesel Agreement expire on May 31, 2029. KYMEA anticipates renewing one or more of the SEPA Agreements for an additional ten-year term running through May 2039.

To guide the Agency's near-term and long-term direction, strategy and subsequent actions, KYMEA has conducted and will conduct integrated resource plans (an "IRP"). The IRP assists KYMEA in ensuring it has put together a portfolio to provide an ample supply of reliable and environmentally sensible power supply at stable and competitive rates in a fiduciarily responsible manner for its members.

In 2020, KYMEA developed an Integrated Resource Plan ("IRP2020"). IRP2020 assessed KYMEA's options to meet its members' capacity and energy requirements for wholesale service from 2020 through 2042 for its AR Members. IRP2020 established an action plan and near-term trajectory for KYMEA to meet projected annual peak energy loads, overall energy demand and required reserve margins. IRP2020 also developed several long-term plans for informational purposes.

IRP2020 determined that KYMEA would need additional capacity and energy resources at the termination of the IPMC agreement in May 2022. In 2021, after conducting an RFP for power supply, KYMEA negotiated a five-year power purchase agreement with Duke Energy Indiana LLC ("DEI") for 30 MW of capacity and energy generated by DEI's system, with an option extended to KYMEA, that KYMEA exercised, to increase the amount of capacity and energy up to 60 MW. The DEI agreement began in June 2022 and expires May 31, 2027.

KYMEA's existing power supply portfolio includes contracts under which KYMEA

[‡]The Paris Diesel Agreement was amended in February 2024 to 10 MW of capacity and energy due to the decommissioning by Paris of one of the diesel units.

purchases power from multiple resources over various periods of time. The diversity of KYMEA's existing portfolio of contracts in terms of counterparty, type, location and contract term is an intentional risk mitigation strategy of KYMEA's power supply planning efforts. This ensures that a wide range of resource options and plans are considered. KYMEA regularly reassesses and adjusts its portfolio in response to market changes and the evolving needs of its AR Members.

As a result of its continual planning and its IRP process initiated in 2023 ("IRP2023"), KYMEA identified two shortfalls in its future portfolio. The first shortfall identified was 35MW for the period of June 2024 through May 2027 that was the result of Benham and Berea becoming AR Members in 2024 and the delay of the Ashwood Solar I Project. The second shortfall is caused by the DEI PPA expiring on May 31, 2027 resulting in a 60 MW reduction for the period of June 2027 through May 2029. To address the capacity and energy shortfall, acknowledging it may be difficult to obtain a power purchase agreement for capacity and energy based on the lack of qualifying RFP responses in September 2022, KYMEA began investigating self-build options.

To fill the shortfalls identified in IRP2023 and solve the void in the AR Power Supply portfolio in both the near and long terms, in August 2023 KYMEA issued requests for proposals for both reciprocating internal combustion engines and for power supply capacity and energy. Based upon the responses KYMEA made the decision to develop the Project providing a 75 MW natural gas internal combustion resource to address the void when the DEI PPA expires in June 2027 and to procure 35 MW of capacity and energy from a coal resource owned and operated by the Hallador Power Company LLC (the "Hallador PPA") to address the addition of the Berea and Benham loads that began in the summer of 2024. In addition, KYMEA also negotiated an increase in the Hallador PPA to 100 MW beginning in June 2027 to provide a hedge in the event that the Project's commercial operation date is delayed. The Hallador PPA expires May 31, 2029.

KYMEA has the right and ability to sell into the market any excess of its power supply resources.

The decision by KYMEA to undertake the acquisition, construction and equipping of the Project resulted from limited responses to its request for proposals and the determinations made from the integrated resource plan conducted in 2023-24. The graphs in Appendix A – "KYMEA Energy Center I Business Plan Engineering Report" show KYMEA's preferred power supply mix, incorporating the commercial operation of the Ashwood Solar I facility in January 2025 and the development, construction and operation of the Energy Center I Project by June 2027.

The balanced portfolio sources 25% of its energy from renewable resources (solar and hydro), 22% from coal, 42% from natural gas, and the remaining 11% from economy market purchases. The Project provides a hedge against the 11% economy market purchases, as the Project's 75 MW is anticipated to operate at a 60% capacity factor, thus providing additional capacity, if required. The flexibility of the Project's generation meshes nicely with KYMEA's intermittent renewable resources.

Rates

Annually, KYMEA establishes a wholesale power rate for its AR Members. KYMEA begins its rate setting process each year beginning in late October or early November. The process begins with KYMEA's management team developing an administrative and general budget for the coming program planning year. Each program planning year runs from June 1 through May 31. KYMEA's management team presents the budget to KYMEA's Budget Committee for review and approval in December. Once approved the budget is presented to the AR Members through multiple AR Rate Workshops held in January and February. At the AR Rate Workshops (i) reviews of AR Member loads, (ii) anticipated increased transmission costs, (iii) suggested financial reserves based on days cash on hand minimum, (iv) reserve rate increases imbedded in KYMEA's existing power purchase agreements and (v) cost adjustments based upon new power purchase agreements, such as the ECI Power Purchase Agreement, are presented and considered.

The AR Rate Workshops provide information to KYMEA's management team for the development of a rate recommendation that is presented to the full AR Member Project Committee which reviews the recommendation and then votes to present the proposed rate to the KYMEA Board of Directors. Approval by the KYMEA Board normally occurs in April. If approved by the KYMEA Board, the rates become effective as of the beginning of a program planning year, June 1. Each year, the rate schedule is comprised of (i) a demand charge, established and calculated based on the fixed charges of KYMEA under its power supply agreements and its daily operations; (ii) an energy charge, based upon the energy charges and rates set forth in KYMEA's power supply agreements; and (iii) an energy cost adjustment charge that becomes effective and is charged to the AR Members if KYMEA's reserves drop below KYMEA's targeted minimum of 60 days cash on hand. In addition, transmission charges and facility charges that are not assessed by KYMEA are passed through directly to the AR Members.

At the present time KYMEA has a diverse portfolio of power supply resources that provide reliability and stable rates for the AR Members. Below is a summary from the 2024 Wholesale Power Cost Benchmarking Report, prepared internally by KYMEA, that compares KYMEA's wholesale rates to other Kentucky wholesale suppliers.

Kentucky Power Suppliers
Wholesale Power Cost Comparison
(cents/kWh)

	Wholesale Power Costs	Differential to KYMEA
KYMEA	7.050	-----
Kentucky Utilities	7.592	8%
East Kentucky Power Cooperative	8.067	14%
Big Rivers Electric Corporation	8.462	20%
TVA	8.599	22%
AEP/Kentucky Power	8.645	23%

Source, KYMEA

A more detailed review of KYMEA's existing and planned power supply is found in Appendix A – "KYMEA Energy Center I Business Plan Engineering Report" attached hereto.

AR Contracts

Under the AR Contracts, the AR Members agree to purchase all electric power and energy required to serve the loads of the AR Members' retail customers and municipal loads and to operate the AR Members' municipal electric systems. Each of the AR Contracts is a "take and pay" agreement under which each AR Member has agreed to take and pay for all of the electric power and energy which the AR Member is required to purchase and receive under the AR Contract and which is made available to the AR Member.

Pursuant to the AR Contracts, KYMEA shall establish such rates and charges which shall be billed to each AR Member, on a monthly basis, or such other period as determined by KYMEA, in order to provide KYMEA with sufficient revenues to pay its Revenue Requirements (as defined in each AR Contract). As defined in the AR Contracts, Revenue Requirements include all costs and expenses paid or incurred or to be paid or incurred by KYMEA resulting from the ownership, operation, maintenance, termination, retirement from service, and decommissioning of; repairs, renewals, replacements, additions, improvements, betterments, and modifications to; and performance by KYMEA of its obligations under the AR Contracts including but not limited to properties, rights, and interests in properties, including contract rights for the purchase or acquisition of power and energy and other attributes and transmission or other services from others, all electric production, transmission, delivery facilities, general plant, and other related generating facilities.

If requested by an AR Member or AR Members, KYMEA will cooperate in seeking to develop a mutually beneficial agreement for the use by KYMEA of the attributes of any Member-owned generation resources or other entitlements the Member may have to generation resource attributes.

From time to time, pursuant to the AR Contract, KYMEA shall use commercially reasonable efforts to market, under economically advantageous terms and conditions, electric power and energy and other attributes that, in the sole judgment of KYMEA, can be sold without adversely affecting performance by KYMEA of its obligations under the AR Contract. However, KYMEA is not obligated to effect the sales of such excess power and energy, and any failure of KYMEA to sell such power and energy for the benefit of one or more of its AR Members shall not relieve the obligations of the AR Members under the AR Contract.

Frankfort

On August 23, 2023, Frankfort gave notice to KYMEA that it would terminate its AR Contract on May 31, 2029. Frankfort has not shared with KYMEA its reason for terminating its AR contract. KYMEA is aware that in October of 2021, the City of Frankfort approved a resolution, referred to as "Frankfort 100", in support of providing its citizens with clean, affordable energy. The primary objectives of Frankfort set forth in the resolution are for the Frankfort city government and its community wide electric service to be 100% renewable by 2030.

Given Frankfort's resource objectives of having 100% renewable energy sources by 2030 and the "Frankfort 100" initiative, the remaining AR Members' interests and KYMEA's existing power supply strategies are no longer in alignment with Frankfort.

Frankfort terminating its AR contract is not expected to have adverse rate or financial effect on KYMEA or the remaining AR Members. On May 31, 2029, the 100 MW BREC, the 60 MW Paducah and 10 MW Paris power purchase agreements expire. Since the expiration of these contracts coincides with Frankfort's termination, KYMEA is not expecting to have stranded resources when Frankfort's AR Contract termination becomes effective.

Cyber Security

To protect its cyber and physical infrastructure and ensure reliability of its operating systems, KYMEA has contracted with LightChange Technologies ("LightChange") to provide technical assistance in protecting KYMEA's most critical assets with a comprehensive set of cybersecurity frameworks, methodologies and best practices. LightChange provides expertise, strategy, and training to operationalize cybersecurity and reduce KYMEA's overall risk exposure.

Guardian Giant, part of the LightChange cybersecurity strategy deployed at KYMEA, assesses the current risk exposure against frameworks such as the National Institute of Standards and Technology Cybersecurity Framework ("NIST CSF"), the Center for Internet Security ("CIS") Controls and the Cyber Security Maturity Model ("CMMC"). LightChange developed a cybersecurity model for KYMEA and assisted with the development of a governance program, which includes policies, procedures, standards, guidelines and defining roles and responsibilities. To bridge the gap between governance and technical controls, LightChange works with KYMEA's management team to address any cultural transformation needs and ensure that KYMEA and its management operate with a cybersecurity mindset.

LightChange employed a Risk Reduction Services, which provides a comprehensive solution to reduce cybersecurity risk. The approach operationalizes Enterprise Asset Management (EAM), Patch Management (PM), and Vulnerability Management (VM) and is designed and fully managed by LightChange.

As part of its general liability insurance package, KYMEA has obtained and purchased a breach response endorsement. The breach response endorsement includes coverage for (i) losses due to business interruption, data recovery and extortion; (ii) data and network liability; (iii) regulatory defense; (iv) payment card liabilities; and (v) electronic theft such as fraudulent instruction and fund transfer fraud.

INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations that could affect payments to be made with respect to the Series 2025 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2025 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in Appendix D, copies of which are available as described herein.

The following sections of this caption provide brief discussions of some of the factors that affect the operations of KYMEA and the electric utility systems operated by the Members. These discussions do not purport to be comprehensive or definitive, however, and the matters discussed are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the Series 2025 Bonds should obtain and review such information.

General

The electric utility industry in general has become increasingly competitive and uncertain due to regulatory changes and wholesale and retail market developments. Electric utilities are subject to many federal, state and local statutory and regulatory requirements of licensing and siting of facilities, safety and security, air and water quality, land use and environmental factors and some of those factors are subject to change. For example, the industry is affected by public concerns regarding emissions and pollution caused by the burning of fossil fuels, including the disposal of the resulting waste products. This concern, in part, is driving the interest in increased generating capacity from clean or renewable energy resources.

The electric utility industry has been, or in the future may be, affected by a number of other factors that could affect the financial condition and competitiveness of any electric utility and the level of utilization of the industry's generating and transmission facilities. In addition to the factors discussed below, such factors, among others, include: (a) effects of compliance with environmental, safety, licensing, regulatory and legislative requirements and energy policies, including the potential for significantly increased costs relating to such compliance, (b) changes in projected future load requirements, including changes resulting from "self-generation" by certain industrial, commercial and residential customers, conservation and demand-side management programs on the timing and use of electric energy, including potential reductions in energy consumption, or increased costs related thereto, (c) effects of inflation on the operating and maintenance costs of an electric utility and its facilities, (d) increases in costs and uncertain availability of capital, (e) shifts in the availability and relative costs of various fuel sources and energy purchases (f) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity, (g) other legislative changes, voter initiatives, referenda and statewide propositions, (h) effects of the changes in the economy, (i) effects of possible manipulation of the electric markets, acts of terrorism or malicious destruction of property, cyber-attacks or other organized disruptive actions, (j) unexpected outages as a result of mechanical or transmission facility failures, (k) natural disasters or other physical calamities, including, but not limited to, earthquakes, floods, hurricanes, ice storms and tornadoes, (l) technological advances in generation, energy storage, efficiency and emissions, and (m) counterparty credit quality and ability to meet contractual obligations.

Any of these factors could have an effect on the financial condition of any electric utility, including KYMEA and its Members. Electric utility managers, including the management of KYMEA and its Members, are aware of these factors and focus their efforts on managing their utilities in light of these factors and mitigating the associated risks. However, KYMEA cannot predict the effect such factors will have on KYMEA's business operations and financial condition, or the business operations and financial condition of its Members.

Climate Change and Regulation of Greenhouse Gases

Limitations on emissions of greenhouse gases ("GHGs"), including carbon dioxide ("CO_2"), create a potential significant exposure for fossil fuel-fired electric generation facilities and KYMEA is unable to predict the extent to which the Trump Administration will continue or modify such limitations. In 2015, in light of the United States Environmental Protection Agency's ("EPA") prior finding that GHGs endanger public health, EPA established, for the first time, New Source Performance Standards ("NSPS") emission standards for CO_2 for newly constructed, modified, and reconstructed fossil fuel-fired electric generating units ("EGUs") pursuant to Section 111(b) of the Clean Air Act.

Under certain circumstances, when EPA issues a Clean Air Act Section 111(b) standard for new sources, EPA must then prescribe Clean Air Act Section 111(d) regulations under which each state submits a plan to establish standards for existing sources in the same category.

On July 8, 2024, the EPA finalized new regulations that limited GHG, including CO_2, emission standards for existing fossil-fueled EGUs and new combustion turbine facilities pursuant to its authority under the Clean Air Act. Court challenges were filed and on October 16, 2024, the U.S. Supreme Court issued a provisional ruling in favor of the EPA, allowing the emissions rule to go into effect and sending the merits phase of the litigation back to the lower court. Reciprocating internal combustion engines ("RICE units") differ from combustion turbines in that they produce electricity using "pistons that alternatively move back and forth to convert pressure into rotating motion," rather than turbines. The EPA recognizes this difference, governing combustion turbines and reciprocating engines in different subparts of its regulations. As a result, this new GHG rule does not appear to apply to RICE units. On August 30, 2024, the EPA promulgated a second rule, "National Emission Standards for Hazardous Air Pollutants: Reciprocating Internal Combustion Engines and New Source Performance Standards: Internal Combustion Engines; Electronic Reporting," which addresses new requirements related to operation, monitoring and testing of RICE units. The potential impacts of these regulations on KYMEA are still being evaluated, but are unlikely to be significant. However, on January 21, 2025, the Trump Administration ordered review of the above endangerment finding, leading to speculation that one or both rules may be significantly modified or rescinded.

Generally newer facilities that are more energy efficient or which are adaptable to a mix of various conventional and alternative fuels (or those that can successfully incorporate nascent carbon capture and sequestration technology) will be at a competitive advantage in any GHG-limited regulatory framework compared to less efficient facilities. The same is true relative to other environmental regulations that are designed to limit various emissions from EGUs.

KYMEA is unable to predict at this time whether mandatory GHG emissions limitations will be imposed on RICE units, in the near or distant future, the impact of any such limitations on the operations of the Project as well as other electric generators, or, more broadly, the impacts of any such limitations on the costs and reliability of wholesale electricity supplies. Impacts specific to the Project likely would be determined primarily by a specific rule implementing any mandated limitations. Although KYMEA is unable to predict the outcome of these matters, the potential impacts of mandatory GHG emissions limitations on the Project, KYMEA and/or the AR Members could be material.

Impacts of Other Environmental Regulations

Mercury and Air Toxics Standard ("MATS"). The Clean Air Act also provides for a comprehensive program for the control of hazardous air pollutant ("HAP") emissions, including mercury emissions. In 2012, EPA issued the final MATS Rule that includes stringent emission limits for (1) mercury; (2) certain non-mercury metals including arsenic, lead, cadmium, and selenium; (3) various acid gases including hydrochloric acid; and (4) many organic HAP emissions.

On May 7, 2024, the EPA published its final rule updating MATS. The rule sets new lower limits on filterable particulate matter for coal-fired power plants and requires that all coal- and oil-fired EGUs use continuous monitoring systems for particulate matter to demonstrate compliance with the new standards. The rule tightens the particulate emission standard by lowering the emission limit of particulate matter to one third the current limit. Numerous states jointly filed a legal challenge to the rule on May 8, 2024, and a request for stay of enforcement of the rule was denied by the D.C. Circuit Court of Appeals in August 2024. It is unclear how the change to the Trump Administration will further impact these standards, as the prior Trump Administration withdrew the legal justification for these standards in 2020. At present and pursuant to the EPA regulations issued in May 2024, the MATS Rule regulates HAP emissions from coal- and oil-fired EGUs.

KYMEA anticipates that operations at the Project will comply with the MATS Rule.

Environmental Regulation in General. An inability to comply with environmental standards could result in penalties, additional capital expenditures in order to comply, reduced operating levels or the complete shutdown of electric generating units not in compliance. There can be no assurance that the federal and state government agencies regulating environmental matters will not bring enforcement actions under existing statutes, which could require unexpected capital and/or operating expenditures.

KYMEA's total capital expenditures may vary substantially depending on, among other things, (i) the availability of an adequate pool of qualified contractors to carry out needed projects, (ii) increased costs of labor and supplies needed to implement any compliance program, (iii) weather conditions that could adversely affect construction schedules and consumption patterns, (iv) population trends and political and economic developments in the applicable region that could adversely affect the collection of operating revenues, (v) the possibility of new environmental legislation or regulations affecting KYMEA's facilities and operations, and (vi) unanticipated costs or potential modifications to the Project resulting from requirements and limitations imposed by environmental laws and regulations.

There can be no assurance that the actual cost of compliance will not be significantly higher than what KYMEA currently estimates, nor can any assurance be given that KYMEA will be able to avoid the imposition of monetary penalties. No assurance can be given that KYMEA will be able to finance, through the issuance of bonds or otherwise, the estimated costs of any additional capital improvement requirements that may be imposed on KYMEA.

RTO-Operated Markets

In addition to coordinating wholesale transmission operations and services, regional transmission organizations ("RTOs") operate centralized markets for wholesale electricity products such as capacity, energy and ancillary services. Purchasing or reselling capacity and energy to wholesale customers located within the geographical footprint of MISO as a regional transmission organization, subjects KYMEA to the tariff provisions and business practices governing the operation of wholesale electricity markets in MISO. As a result, KYMEA's costs of purchasing or reselling power to meet its AR Members' needs are affected by the market and administrative mechanisms approved by FERC for use in setting prices for energy, capacity and ancillary services (as well as transmission service) in MISO.

One such market and administrative mechanism was the LGE/KU Merger Mitigation De-pancaking mechanism ("MMDM") approved by FERC in connection with its approval of the merger of LGE and KU and their subsequent withdrawal from MISO. The effect of the MMDM was to eliminate multiple layers of transmission charges between generators located in MISO, and purchase power customers, such as KYMEA and its Members, that otherwise would result from LGE/KU's withdrawal from MISO. By order dated March 21, 2019, FERC approved LGE/KU's request to remove the MMDM but conditioned the approval on LGE/KU's implementation of a transition provision for certain customers such as KYMEA and its Members.

KYMEA and its Members in conjunction with other Kentucky municipal electric systems petitioned for review of FERC's order to the DC Circuit of the United States Court of Appeals. As held in *Kentucky Mun. Energy Agency v. FERC*, 45 F.4th 162, 168 (D.C. Cir. 2022), the Court found FERC's order arbitrary because it "completely ignore[d] the significant effect that duplicative charges would have on customer rates," even though rate increases were "certain" and expected to be "material increases."

Upon remand, FERC concluded and issued its order that LGE/KU's repancaking proposal would have an adverse effect on rates that would not be mitigated or offset by benefits, and that the repancaking proposal was therefore not in the public interest. FERC's recent order reinstated the original depancaking provisions and removed pancaked rates. LGE/KU repetitioned the Court requesting that FERC's order on remand be overturned and requested the transition mitigation to be reinstated. Briefs have been filed, oral arguments held on January 21, 2025, with the matter presently under review by the Court.

If the LGE/KU transition mechanism is reinstated, KYMEA and its AR Members can expect to see higher transmission rates for the purchase and potential resale of capacity and energy. The generation of energy by the Project that is sold by KYMEA to its AR Members is not affected by depancaking provisions. However, the resale of energy into the MISO market to non-AR Members might be affected by a reinstatement of pancaked rates and a removal of the depancaking provisions.

Availability of Future Financings and Cost of Capital

Certain market disruptions could constrain, at least temporarily, KYMEA's ability to maintain sufficient liquidity and to access capital on favorable terms or at all. These disruptions include: (a) market conditions generally; (b) an economic downturn or recession; (c) instability in the financial markets; (d) a tightening of lending and lending standards by banks and other credit providers; (e) the overall health of the energy industry; (f) negative events in the energy industry; (g) negative lender attitudes towards the electric utility business in general; (h) war or threat of war; or (i) terrorist attacks or threatened attacks on the facilities generating KYMEA's power resources.

KYMEA's ability to finance capital additions or improvements to the Project could be adversely affected by interest rate fluctuations and financial market conditions, including KYMEA's and its AR Members' credit ratings because of downgrades of credit ratings, market disruptions or litigation or as a result of lenders and investors taking into account environmental, social and corporate governance criteria when making lending and investment decisions.

Business Disruption Risks and Catastrophic Events

In the ordinary course of business, KYMEA and its AR Members can experience business disruption and weather-related risks and catastrophic events. These risks can result in both operational and financial impacts. In response to such operational risks, KYMEA and its AR Members look for various areas for improvement including hardening the underground and overhead distribution grid, identifying and replacing aging infrastructure and equipment, and continuing its robust investment in tree trimming.

KYMEA maintains a robust amount of financial liquidity, such as the PNC Credit Facility, to help offset financial risks related to weather-related and catastrophic events such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances. KYMEA's diverse generation portfolio including coal-powered facilities, natural gas, and solar sources partially offset the impact of potential shutdown of the resource units and the impact of higher fuel and purchase power expenses during such events.

A prolonged disruption in KYMEA's or its AR Members' operations could have an adverse effect on KYMEA's financial condition and results of operations. No assurances can be given that KYMEA's efforts to mitigate the effects of an emergency or other event will be successful in preventing disruptions to its operations in the event of an emergency.

Cyber-Attacks

KYMEA's operations may be adversely affected, directly or indirectly, by acts of sabotage, wars or terrorist incidents, including cyber-attacks impacting KYMEA's technology systems and network infrastructure. KYMEA has in place Cyber Security protocols to mitigate the potential of cyber-attacks and maintains a Breach Response Endorsement as part of its insurance coverage.

Construction Risks

KYMEA has hired Christman to provide construction management services for the Project. The total estimated cost of acquisition, construction and equipping of the Project is estimated to be approximately $130,800,000. There is no single guaranteed maximum price contract for the Project, however approximately 55% of the costs of the Project are presently fixed. The total cost of the Project, including capitalized interest, funding of reserves and costs relating to the issuance of the Series 2025 Bonds and any completion bonds is estimated to be approximately $180,000,000.

Over the next twelve (12) months KYMEA will issue bid specifications or requests for proposals for the portion of the Project not yet contracted for. In its estimated costs KYMEA believes it has budgeted sufficient contingencies to cover unexpected Project costs.

If such construction and other Project costs exceed the proceeds of the Series 2025 Bonds and any Completion Indebtedness, and KYMEA is unable to access the financial markets, KYMEA would be required to contribute additional funds to complete such construction and pay the other Project costs. If KYMEA is unable to contribute additional funds to complete the Project or amend its construction contracts to reduce the scope of the Project, KYMEA may find it difficult to raise additional capital. In addition, there can be no assurances that such construction will be completed on schedule or that such construction or management by KYMEA will be successful. Failure to complete the Project on schedule may result in reduced revenues to meet initial debt service charges.

Bonds and Related Documents

Security for the Bonds. The Bonds are limited obligations of KYMEA payable exclusively out of the revenues received by KYMEA under the AR Contracts and, in certain circumstances, Bond proceeds and income from the temporary investment thereof. The Bonds are secured by a pledge by KYMEA of the Trust Estate to the Trustee in favor of the Bondholders in accordance with the Indenture. KYMEA has no taxing power or authority, and no taxes are available for the payment of any of the principal of, premium, if any, or interest on the Bonds. A brief description of the Trust Estate is contained in Appendix D.

Default under an AR Contract. No representation or assurance can be made that KYMEA will receive the revenues from each AR Member required to be paid under the AR Contracts.

Limitation on Enforcement of Remedies. Enforcement of the remedies under the Indenture and any AR Contract may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Series 2025 Bonds relating to the enforceability contain an exception relating to the limitations which may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principles of equity.

Deregulation Legislation

Because of the number and diversity of prior and possible future proposed bills on the deregulation of the energy utility industry, KYMEA is not able to predict the final forms and possible effects of all such legislation which ultimately may be introduced in the current or future sessions of Congress or of the Kentucky General Assembly. KYMEA is also not able to predict whether any such legislation, after introduction, will be enacted into law, with or without amendment. Further, KYMEA is unable to predict the extent to which any such electric utility restructuring legislation may have a material, adverse effect on the financial operations of the AR Members.

Kentucky Legislation

General. Kentucky has a number of statutory schemes that generally permit municipalities to furnish utility services. Municipal electric utilities organized under Kentucky statutes are specifically authorized to construct, acquire, own, lease, operate, maintain and improve distribution lines, transmission lines and generating plants, together with all necessary and appropriate facilities, equipment and appurtenances, whether individually or jointly with another utility.

A municipality providing electric service in Kentucky is generally not subject to direct competition in a territory it serves and has the right to establish its electric rates and business practices and procedures within its service boundaries. A municipality operating in Kentucky is forbidden from entering into competition with rural electric cooperative corporations or electric plants operated by another municipality in a territory being served by the other provider of electric service at retail, but may enter into cooperative agreements and/or seek franchises to provide electric service in other municipalities under certain circumstances.

The PSC regulates the intrastate rates and services of investor-owned electric utilities and customer-owned electric cooperatives. For utilities subject to its jurisdiction, the PSC has regulatory responsibility for rate increases or reductions, expansion or reduction of utility service boundaries, construction and operation of utility facilities and compliance with service and safety regulations, among other things. In addition, the PSC is charged with administering Kentucky's Certified Territory Act, KRS Sections 278.016 through 278.018, under which each "retail electric supplier" received the exclusive right to provide retail electric service within its certified territory as defined by the PSC and evidenced on maps maintained by the PSC. Generally, a retail electric supplier has the exclusive right to furnish retail electric service to all electric-consuming facilities located within its certified territory and is forbidden from furnishing retail electric service to a consumer located within the certified territory of another retail electric supplier. The Certified Territory Act protects the territory of one retail electric supplier from incursion by another retail electric supplier. Likewise, the only utilities entitled to receive a certified territory from the PSC are those falling within the definition of a "retail electric supplier." Municipally-owned electric utilities, however, are specifically excluded from the definition of "retail electric supplier."

Unless expressly authorized in the future, municipal electric utilities operating in Kentucky are not subject to the jurisdiction of the PSC over the utility's management and control of its electric plant, or over the regulation of its rates or charges, except that the PSC may, when in the public interest, require the municipal utility under limited circumstances to extend service to customers, whether within or beyond city limits, not previously served by the municipal electric utility. Furthermore, it is not necessary for a municipal utility operating under Kentucky law to obtain any certificate of convenience and necessity, license, permit, or other authorization, from any board, commission, or other agency of Kentucky, in order to maintain and operate any electric plant. Accordingly, the PSC does not currently regulate the rates or services of KYMEA or its AR Members.

TAX MATTERS

Under existing laws, regulations, rulings and decisions in effect on the date of delivery of the Series 2025 Bonds, and based upon certain covenants, representations and certifications of KYMEA, which Bond Counsel has not independently verified, and assuming continuing compliance therewith, as set forth below, in the opinion of Bond Counsel interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. Interest on the Series 2025 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The Code requires that KYMEA comply on an ongoing basis with certain obligations in order for the Series 2025 Bonds not to be used in such a manner that would cause the Series 2025 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and for the interest on the Series 2025 Bonds to be and remain excludable from gross income for federal income tax purposes. Failure to meet those obligations could result in the interest on the Series 2025 Bonds becoming subject to federal income taxation, retroactive to the respective dates of the Series 2025 Bonds. KYMEA has covenanted to comply with all such obligations.

Bond Counsel has not opined on any other federal income tax consequences arising for holders of the Series 2025 Bonds.

Certain Federal Income Tax Consequences

The following is a discussion of certain federal tax matters under the Code. This discussion does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondholders. Prospective Bondholders, particularly those who may be subject to special rules, are advised to consult their own tax advisor regarding potential consequences arising under the laws of any state or other taxing jurisdiction.

Financial Institutions. The Code denies banks, thrift institutions and other financial institutions a deduction for 100% of their interest expense allocable to tax-exempt obligations, such as the Series 2025 Bonds, acquired after August 7, 1986.

Borrowed Funds. The Code provides that interest paid on funds borrowed to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purposes of purchasing or when carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchases of such obligations.

Property and Casualty Insurance Companies. The deduction for loss reserves for property and casualty insurance companies is reduced by 15% of the sum of certain items, including the interest received on tax-exempt bonds, such as the Series 2025 Bonds.

Social Security and Railroad Retirement Benefits. The Code also requires recipients of certain Social Security or Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest that are exempt from federal income tax.

Branch Profits Tax. Certain foreign corporations doing business in the United States may be subject to a branch profits tax on their effectively connected earnings and profits, including tax-exempt interest on obligations such as the Series 2025 Bonds.

S Corporations. Certain S corporations that have subchapter C earnings and profits at the close of a taxable year and gross receipts more than 25% of which are passive investment income, which includes interest on tax-exempt obligations, such as the Series 2025 Bonds, may be subject to a tax on excess net passive income.

Kentucky Tax Exemption

Kentucky, like many other states, generally taxes interest on obligations of governmental entities in other states. Under present law, the Series 2025 Bonds are exempt from ad valorem taxation and interest thereon is exempt from income taxation by the Commonwealth of Kentucky and any political subdivisions thereof.

Prior to any purchase of the Series 2025 Bonds, prospective purchasers of the Series 2025 Bonds are advised to consult their own tax advisors as to the impact of the Code upon their acquisition, holding or disposition of the Series 2025 Bonds.

Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on a Bond and the proceeds of the sale of a Bond to non-corporate holders of the Series 2025 Bonds, and "backup withholding" at a rate of 24% will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Bond that is a U.S. owner can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Original Issue Premium

The Series 2025 Bonds (the "Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. If a U.S. owner purchases a Premium Bond, that owner will be considered to have purchased such a Premium Bond with "amortizable bond premium" equal in amount to such excess. The U.S. owner may elect, in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium Bond using a constant yield to maturity method over the remaining term of the Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Premium Bonds (or book entry interests in them) should consult their own tax advisers as to the determination for federal tax purposes of the amount of amortizable bond premium properly accruable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of amortizable bond premium for purposes of state or local taxes on (or based on) income.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale and delivery of the Series 2025 Bonds are subject to the approving opinions of Rubin & Hays, Bond Counsel. The proposed form of the approving opinion of Bond Counsel is set forth in Appendix F. Certain legal matters will be passed upon for KYMEA by its counsel, Rubin & Hays, Louisville, Kentucky and for the Underwriter by its counsel, Nixon Peabody LLP, New York, New York.

LITIGATION

General

No litigation is pending or, to the knowledge of KYMEA, threatened in any court (i) to restrain or enjoin the issuance or delivery of the Series 2025 Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Series 2025 Bonds or (ii) in any way contesting or affecting the validity of the Series 2025 Bonds, the Indenture, the Intercreditor Agreement, the ECI Power Purchase Agreement, the Participation Agreement or the AR Contracts, or the power to collect and pledge the revenues to pay the Series 2025 Bonds, or contesting the power or authority of KYMEA to issue the Series 2025 Bonds.

DISCLOSURE COMPLIANCE

KYMEA will comply with the requirements of the SEC regarding secondary market disclosure as set forth in Rule 15c2-12 (the “Rule”), as amended, under the Securities Exchange Act of 1934, as amended. Specifically, KYMEA will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement”), a form of which is attached as Appendix E hereto, in which it will covenant to provide notice in a timely manner, not later than ten business days after the event, to the Municipal Securities Rulemaking Board (the “MSRB”) of any of the types of events with respect to the Series 2025 Bonds set forth in the Disclosure Agreement attached hereto. Ongoing financial disclosure regarding KYMEA will be available through the filing, not later than six months after the end of the fiscal year, commencing with the fiscal year ending June 30, 2025, of a document entitled the Annual Report and audited annual financial statements of KYMEA to the MSRB’s Electronic Municipal Market Access System (“EMMA”) as required under the Rule and in accordance with the Disclosure Agreement. In addition, KYMEA will be obligated to provide for the AR Members whose peak load demand is 10% or higher of the AR Members’ combined coincident peak demand and for the GP Participants whose peak load demand is 10% or higher of the GP Participants’ combined coincident peak demand (collectively the “Significant Members”) financial information and operating data, financial statements, notice of certain events, and certain other notices with EMMA as described in more detail in the Disclosure Agreement.

KYMEA has put procedures in place to assure that future filings will be timely filed in accordance with the Rule and the Disclosure Agreement. For details as to the information to be contained in the Annual Report and the financial information to be provided by KYMEA regarding KYMEA and the Significant Members, *See* Appendix E, “Form of Continuing Disclosure Agreement”.

The obligations of KYMEA described above will remain in effect only for such period that (i) the Series 2025 Bonds are Outstanding in accordance with their terms and (ii) KYMEA remains an “obligated person” with respect to the Series 2025 Bonds within the meaning of the Rule. KYMEA reserves the right to terminate its obligation to provide notices of material events, as set forth above, if and when KYMEA no longer remains an “obligated person” with respect to the Series 2025 Bonds within the meaning of the Rule. KYMEA acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Bondholders (including holders of beneficial interests in the Series 2025 Bonds).

In the event of a failure of KYMEA to comply with the disclosure requirements set forth in the Disclosure Agreement, any Bondholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause KYMEA to file its annual report or to give notice of a listed event. A default in compliance with the disclosure requirements under the Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Disclosure Agreement in the event of any failure of KYMEA to comply with the disclosure requirements shall be an action to compel performance.

KYMEA EMMA Filings

KYMEA has no outstanding securities that has required KYMEA within the past five (5) years preceding the date of issuance of the Series 2025 Bonds to provide on-going market disclosure as required by the Rule.

Financial information regarding KYMEA can be obtained from the Chief Financial Officer of KYMEA, 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky 40223 or at www.kymea.org.

Significant Member EMMA Filings

Madisonville, a Significant Member, was unable to provide EMMA Annual Reports for Fiscal Years 2020 and 2021 by the disclosure date (December 27) required in its continuing disclosure undertaking (the “Madisonville Disclosure Certificate”). Madisonville in accordance and compliance with the provisions of the Rule respectively filed Notices of Delayed Filing of the Annual Report with EMMA on or before the date required in the Madisonville Disclosure Certificate of its inability, at that time, to file the respective Annual Report.

Madisonville’s Annual Report for the Fiscal Year ending June 30, 2020, was filed on February 5, 2021, which was 40 days after the stated filing deadline.

Madisonville’s Annual Report for the Fiscal Year ending June 30, 2021, was filed on December 29, 2021, which was 2 days after the stated filing deadline.

RATINGS

The Series 2025 Bonds have been assigned a rating of “A3 (stable)” by Moody’s Investors Services, Inc. (“Moody’s”) and “A (stable)” by Fitch Ratings, Inc. (“Fitch”) without regard to the issuance of the Policy. An explanation of the significance of the ratings given by Moody’s may be obtained from Moody's Investors Services, Inc. at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. An explanation of the significance of the ratings given by Fitch may be obtained from Fitch Ratings, Inc. at 33 Whitehall Street, New York, New York 10004, (212) 480-4435. There is no assurance that these ratings will continue for any given period of time or that they will not be revised or withdrawn entirely if, in the judgment of Moody's or Fitch, as the case may be, circumstances so warrant.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Moody's, are expected to issue the insured ratings of "AA" (stable outlook) and "A1" (stable outlook), respectively, for the Insured Bonds based on the issuance and delivery of the Policy concurrently with the issuance of the Insured Bonds. There is no assurance that these ratings based on the issuance of the Policy will continue for any given period of time or that they will not be revised or withdrawn entirely if, in the judgment of S&P or Moody's, as the case may be, circumstances so warrant.

INDEPENDENT AUDITORS

The financial statements of KYMEA, as of and for the years ended June 30, 2024 and 2023, included in this Official Statement in Appendix B have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein.

UNDERWRITING

The Series 2025 Bonds are being purchased by BofA Securities, Inc. as underwriter (the "Underwriter") of the Series 2025 Bonds. The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Series 2025 Bonds from KYMEA at a purchase price equal to $128,697,975.63, which represents the aggregate principal amount of the Series 2025 Bonds, less the Underwriter's discount, plus original issue premium. The Underwriter is committed to purchase all of the Series 2025 Bonds if any are purchased. The Series 2025 Bonds may be offered and sold to certain dealers, banks and other (including underwriters and other dealers depositing such Series 2025 Bonds into investment trusts) at prices lower than such initial offering prices and such initial offering prices may be changed from time to time by the Underwriter.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of KYMEA (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with KYMEA. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., the Underwriter of the Series 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2025 Bonds.

Bank of America, N.A., an affiliate of BofA Securities, Inc. is the provider of the $50,000,000 line of credit to be provided to KYMEA under the BofA Credit Facility.

FINANCIAL ADVISOR

KYMEA has retained Robert W. Baird & Co. Incorporated, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2025 Bonds. The Financial Advisor has no obligation to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

MISCELLANEOUS

The references herein to the Act, the Indenture, the AR Contracts, the Interlocal Agreement, the Intercreditor Agreement, the Participation Agreement and the ECI Power Purchase Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Interlocal Agreement, the Participation Agreement, the Indenture, as supplemented and amended, the AR Contracts and the ECI Power Purchase Agreement. Copies of such documents are on file at the office of the KYMEA and at the principal corporate trust office of the Trustee.

The agreement of KYMEA with the Bondholders is fully set forth in the Indenture, and neither any advertisement of the Series 2025 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchaser of the Series 2025 Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The cover page hereof and the appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

KENTUCKY MUNICIPAL ENERGY AGENCY

By */s/ Doug Buresh*
President and CEO

By */s/ Heather R. Overby*
Vice President of Finance and Accounting/Chief Financial Officer

APPENDIX A

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS

(ENERGY CENTER I PROJECT),

SERIES 2025

KYMEA Energy Center I Business Plan Engineering Report

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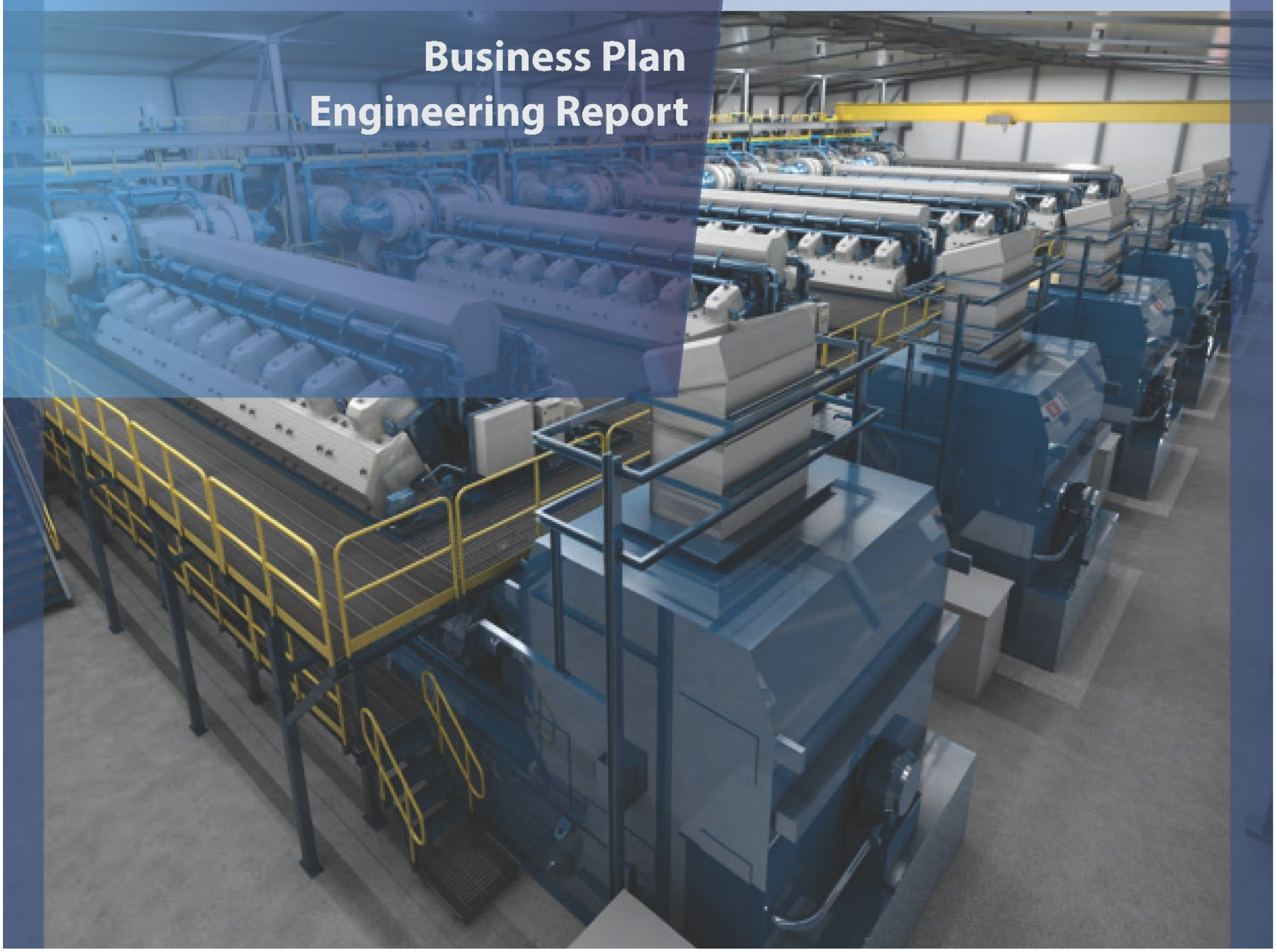
KYMEA

KENTUCKY MUNICIPAL ENERGY AGENCY

KYMEA Energy Center I

Investing in The Energy For Today, Tomorrow, and Our Future



Business Plan
Engineering Report

EXECUTIVE SUMMARY

February 3, 2025

Board of Directors
Kentucky Municipal Energy Agency
1700 Eastpoint Parkway, Ste. 220
Louisville, Kentucky 40223

Members of the Board of Directors:

Subject: KYMEA Energy Center I Project
Business Plan | Engineering Report

This Business Plan and Engineering Report ("Report") summarizes the most recent studies, investigations and analyses with respect to the proposal by the Kentucky Municipal Energy Agency ("KYMEA" or "Agency") to issue its Power System Revenue Bonds (Energy Center I Project), Series 2025 (the "2025 Bonds") in accordance with its Trust Indenture, to be dated the date of issuance of the 2025 Bonds, as supplemented (the "Trust Indenture"). The 2025 Bonds are being issued primarily for the purpose of financing the Project costs of KYMEA's nominal 75 MW KYMEA Energy Center I (the "Project"), a new electric generating unit comprised of four Wärtsilä W18V50SG reciprocating internal combustion engine (RICE) generators. Each RICE generator is expected to have a nominal capacity of 18.8 MW. The Project will be designed for both continuous and peaking service with the capability of multiple quick starts and stops per day. Site development is expected to begin in April 2025 with a proposed in-service date for the Project of June 2027. The Project is expected to have an operating life of not less than 30 years.

The proceeds of the 2025 Bonds will be used to (i) finance a portion of the cost of the acquisition, construction and equipping of the Project, (ii) pay capitalized interest on the 2025 Bonds, (iii) fund a debt service reserve fund, and (iv) pay the costs of issuance related to the 2025 Bonds.

It is assumed that the proceeds of the anticipated $120M 2025 Bonds will fund approximately 80% of the Project costs ($105M). KYMEA anticipates a $60M second round of funding for the remaining 20% of anticipated funding requirements ($25.8M Project costs) by issuing Power System Revenue Bonds (Energy Center I Project) (the "Completion Indebtedness") as the final costs and contingencies become known closer to the Project's completion date.

KYMEA is issuing the 2025 Bonds and Completion Indebtedness (collectively the "Bonds") primarily to finance generating capacity to supply projected power and energy requirements of its All Requirements Members (each an "AR Member" and collectively the "AR Members"). Nine of the ten current All Requirement Members (referred to herein individually as "Participant" and collectively as the "Participants") have chosen to participate in the Project, sans the Electric and Water Plant Board of the City of Frankfort ("FPB"). On August 25, 2023, FPB provided notice to KYMEA to terminate its All Requirements Power Sales Contract with KYMEA. Per the All Requirements Contract terms, the effective date for which FPB will no longer be an AR Member is May 31, 2029.

KYMEA has entered into an All Requirements Power Sales Contract (individually, an "AR Contract" and collectively the "AR Contracts") with each of its AR Members. Payments received by KYMEA pursuant to the AR Contracts are sufficient to provide revenues to KYMEA to purchase power supply for its AR Members (the "AR Power Supply"), including the payment of the required principal and interest payments, when due, on the Bonds. The AR Members' payments to KYMEA pursuant to the AR Contracts constitute operating expenses of the AR Members, payable from the revenues of each of the AR Members' respective electric systems, ahead of any respective debt service on indebtedness of each of the Members.

Each of the Participants desires to participate with KYMEA in the development of the Project through ownership as a tenant in common of an undivided interest in the Attributes of the Project (as defined below) with the other Participants in the percentage set forth in the table below.

Participants			
	AR Member	**FY2024 MWh**	**% of Total**
1	Barbourville	84,388	12.52%
2	Bardwell	8,241	1.22%
3	Benham	5,939	0.88%
4	Berea	126,411	18.75%
5	Corbin	80,096	11.88%
6	Falmouth	17,888	2.65%
7	Madisonville	267,080	39.62%
8	Paris	55,765	8.27%
9	Providence	28,381	4.21%
	TOTALS	**674,189**	**100.00%**

The Attributes means the attributes of KYMEA Energy Center I (e.g. Capacity, Energy and Ancillary Services). The Participants and KYMEA have entered into an Agreement for the Purchase and Sale of Firm Capacity, Energy, and Ancillary Services between the Participants and Kentucky Municipal Energy Agency for which KYMEA will utilize the Attributes as a portion of its power supply, for the benefit of the AR Members. Each of the Participants in consideration of the ownership of an undivided interest in the Attributes of the Project has agreed to include the Energy Center I Project Power Purchase Agreement (the "ECI Power Purchase Agreement") as a power supply resource under the Resource Obligation Table of each of their respective KYMEA AR Contracts for so long as debt service remains outstanding on the Project.

The information contained herein is based on Project information supplied by Wärtsilä and other entities associated with the development, construction, and equipping of the Project. This Report summarizes the results of our investigations and analyses up to the date of this Report. Changed conditions occurring or becoming known after such date could affect the material presented herein to the extent of such changes. Nothing contained in this Report is intended to indicate conditions with respect to safety or to security regarding the Project or to conformance with agreements, codes, permits, rules or regulations of any party having jurisdiction with respect to the construction, operation, and maintenance of the Project, which matters are outside the scope and purposes of this Report.

CONTENTS

SECTION 1: KENTUCKY MUNICIPAL ENERGY AGENCY

The Kentucky Municipal Energy Agency ("KYMEA" or the "Agency") is a Kentucky Interlocal agency. KYMEA has eleven (11) members ("Members") and is governed by a board of directors to which each member appoints a Director and an Alternate Director. KYMEA provides all requirements power to ten (10) participating municipal utilities in Kentucky including the Barbourville Utility Commission of the City of Barbourville, Kentucky ("Barbourville"), the City of Bardwell, Kentucky ("Bardwell"), Electric Plant Board of the City of Benham, Kentucky d/b/a Benham Power Board ("Benham"), City of Berea, Kentucky ("Berea"), Corbin Utilities Commission of the City of Corbin, Kentucky ("Corbin"); City of Falmouth, Kentucky ("Falmouth"); City of Madisonville, Kentucky ("Madisonville"), City of Paris, Kentucky ("Paris"), City of Providence ("Providence") and the Electric and Water Plant Board of the City of Frankfort, Kentucky ("Frankfort"). The Agency provides membership only services to the City Utility Commission of the City of Owensboro, Kentucky also known as Owensboro Municipal Utilities ("Owensboro").

The Agency was organized pursuant to Sections 65.210 to 65.300 of the Kentucky Revised Statutes, as amended, known as the "Interlocal Cooperation Act" and was created by virtue of the Interlocal Cooperation Agreement Creating the Kentucky Municipal Energy Agency by and among municipal electric systems in the Commonwealth of Kentucky (the "Interlocal Cooperation Agreement"). The Interlocal Cooperation Agreement was filed with and approved by the Attorney General of the Commonwealth of Kentucky in accordance with law. KYMEA's initial organizational meeting of Directors occurred on September 24, 2015.

The purposes of the Agency include allowing its member municipal electric systems to effectively collaborate to do all things necessary to serve the current and future electric power and energy requirements of the Agency's members and to otherwise provide assistance to the Agency's members related to their electric power and energy utility systems.

The Agency is empowered to:

i. Enter into contracts or agreements for the purchase, sale, tolling, exchange, interchange, wheeling, pooling, transmission, distribution or storage of electrical capacity, energy, and other related attributes from any source and fuel or any rights thereto, within and without the Commonwealth of Kentucky;
ii. Plan, finance, acquire, construct, purchase, manage, operate, transmit the output of, maintain, use, share the cost of, own, lease, sell or dispose of any electric power supply project or projects and any and all facilities, including all equipment, structures, machinery, and tangible and intangible property, real and personal, for the generation or transmission of electrical energy, or both, including any fuel supply or source or acquisition of fuel or facilities for the production, transportation, handling, utilization and storage of fuel, either by itself or with other electric utilities or groups of utilities, within or without the Commonwealth of Kentucky;
iii. Make and execute contracts and other instruments necessary or convenient in the exercise of the powers and functions of the Agency; and
iv. Do all acts and things necessary, convenient or desirable to carry out the purposes of, and to exercise the powers granted to, the Agency.

Each Member owns and operates a municipal electric utility, which furnishes retail electric service to the public and is authorized under the laws of the Commonwealth of Kentucky to contract to purchase from the Agency power and energy and related services.

In order to secure an adequate, reliable and economical supply of electric power and energy for each AR Member's municipal electric utility, the Agency and the AR Members have determined that the Agency will sell to the AR Members, and the AR Members will purchase from the Agency, on an all requirements basis, power and energy and related services.

The Agency intends to acquire power and energy for sale and delivery to the AR Members through appropriate means, which may include the purchase thereof from any source; the purchase of transmission and related ancillary and coordination services; and the ownership of generation and transmission facilities or any interest therein or output therefrom.

Pursuant to the AR Contracts, KYMEA shall establish such rates and charges which shall be billed to each AR Member, on a monthly basis, or such other period as determined by KYMEA, in order to provide KYMEA with sufficient revenues to pay its Revenue Requirements as defined in each AR Contract. As defined in the AR Contract, Revenue Requirements include all costs and expenses paid or incurred or to be paid or incurred by KYMEA resulting from the ownership, operation, maintenance, termination, retirement from service, and decommissioning of; repairs, renewals, replacements, additions, improvements, betterments, and modifications to; and performance by KYMEA of its obligations under the AR Contracts including but not limited to properties, rights, and interests in properties, including contract rights for the purchase or acquisition of power and energy and other attributes and transmission or other services from others, all electric production, transmission, delivery facilities, general plant, and other related generating facilities.

KYMEA began providing All Requirements power to eight participating municipal utilities on May 1, 2019. Berea and Benham began taking “AR Service” on May 1, 2024, and June 1, 2024, respectively. KYMEA may elect to invite other municipal electric systems within or outside the Commonwealth of Kentucky to join the Agency in the future in order to allow for greater opportunities and economies of scale in future power supply resource acquisitions and operations.

Since its operational beginning in 2019, KYMEA has relied upon power purchase agreements for its power supply. KYMEA’s initial power supply was a balanced portfolio consisting of a mixture of steam-coal, natural gas simple cycle, diesel internal combustion engines and hydro.

KYMEA entered into a ten-year power purchase agreement with Big Rivers Electric Corporation (“BREC”) for 100MW of capacity and energy generated by its steam-coal facilities. The agreement began May 1, 2019. KYMEA has the option to extend the agreement for an additional ten-year term through May 2039.

KYMEA also entered into a three-year power purchase agreement with Illinois Power Marketing Company (“IPMC”) for 100 MW of capacity and energy generated by its six-unit coal-fired generating facility located near Joppa, Illinois. The IPMC agreement expired on May 31, 2022, with the decommissioning of the Joppa facility.

To provide necessary peaking capacity, KYMEA entered into a ten-year power purchase agreement with the Electric Plant Board of the City of Paducah, Kentucky d/b/a Paducah Power System (“PPS”) for 90 MW of capacity and energy generated by PPS’s natural gas simple cycle peaking generation facility. Pursuant to the agreement with PPS that began in May 2019, KYMEA has the option to extend the agreement for an additional ten-year term through May 2039.

In 2017, KYMEA issued an RFP for a power purchase agreement for the provision of renewable energy to the Agency. In 2018, KYMEA negotiated a power purchase agreement with Ashwood Solar I LLC for 86 MW of capacity and energy to be generated by a project to be developed in Lyons County, Kentucky (the “Ashwood Solar I Project”). The Ashwood Solar I Project is being developed and will be owned by RWE Clean Energy (“RWE”), a subsidiary of RWE AG, and was originally scheduled for commercial operation by December 1, 2022. Due to supply chain issues and other circumstances the guaranteed commercial operation date was extended to June 1, 2024, however the facility is not expected to be operational until the end of the first quarter of 2025. Commencing with COD, KYMEA will be purchasing 100% of the energy produced by Ashwood Solar I Project for the next 20 years.

KYMEA also entered into separate ten-year power purchase agreements with its AR Members for the purchase of an aggregate of 32 MW of capacity and energy generated by hydroelectric facilities operated by the Southeast Power Administration (the “SEPA Agreements”) and a ten-year power purchase agreement with the City of Paris, Kentucky for 11 MW of capacity and energy generated by a seven-unit diesel generating facility (the “Paris Diesel Agreement”). The SEPA Agreements and the Paris Diesel Agreement expire on May 31, 2029. KYMEA anticipates renewing one or more of the SEPA Agreements for an additional ten-year term running through May 2039.

SECTION 2: RESOURCE NEEDS

To guide the Agency's near-term and long-term direction, strategy and subsequent actions, KYMEA has conducted and will conduct integrated resource plans (an "IRP"). The IRP assists KYMEA in ensuring it has put together a portfolio to provide an ample supply of reliable and environmentally sensible power supply at stable and competitive rates in a fiduciarily responsible manner for its members.

KYMEA has conducted two integrated resource plans, as discussed below, to determine the ongoing power supply needs of its AR Members and the resources available to provide such power supply. Also, from time to time, KYMEA has issued requests for proposals for its power supply needs. In 2020, KYMEA developed an Integrated Resource Plan (IRP2020). IRP2020 assessed KYMEA's options to meet its members' capacity and energy requirements for wholesale service from 2020 through 2042 for its AR Members. IRP2020 established an action plan and near-term trajectory for KYMEA to meet projected annual peak energy loads, overall energy demand and required reserve margins. IRP2020 also developed several long-term plans for informational purposes.

IRP2020 determined that KYMEA would need additional capacity and energy resources at the termination of the IPMC agreement in May 2022. In 2021, after conducting an RFP for power supply, KYMEA negotiated a five-year power purchase agreement with Duke Energy Indiana LLC ("DEI") for 30 MW of capacity and energy generated by DEI's system, with an option extended to KYMEA to increase the amount of capacity and energy up to 60 MW. The DEI agreement began in June 2022 and expires May 31, 2027.

KYMEA's existing power supply portfolio includes contracts under which KYMEA purchases power from multiple resources over various periods of time. The diversity of KYMEA's existing portfolio of contracts in terms of counterparty, type, location and contract term is an intentional risk mitigation strategy of KYMEA's power supply planning efforts. This ensures that a wide range of resource options and plans are considered. KYMEA regularly reassesses and adjusts its portfolio in response to market changes and the evolving needs of its AR Members.

As a result of its continual planning and its IRP process initiated in 2023 ("IRP2023"), KYMEA identified two shortfalls in its future portfolio. The first shortfall identified was 35 MW for the period of June 2024 through May 2027 that was the result of Benham and Berea becoming AR Members in 2024 and the delay of the Ashwood Solar I Project. The second shortfall is caused by the DEI PPA expiring on May 31, 2027, resulting in a 60 MW reduction for the period of June 2027 through May 2029. To address the capacity and energy shortfall, acknowledging it may be difficult to obtain a power purchase agreement for capacity and energy based on a lack of qualifying RFP responses in September 2022, KYMEA began investigating self-build options.

To fill these shortfalls and solve the void in the AR Power Supply portfolio in both the near and long terms, in August 2023 KYMEA issued requests for proposals for both reciprocating internal combustion engines and for power supply capacity and energy. Based upon the responses KYMEA made the decision to develop the Energy Center I Project providing a 75 MW natural gas internal combustion resource to address the void when the DEI PPA expires in June 2027 and to procure 35 MW of capacity and energy from a coal resource owned and operated by the Hallador Power Company LLC (the "Hallador PPA") to address the addition of the Berea and Benham loads that began in the summer of 2024. In addition, KYMEA also negotiated an increase in the Hallador PPA to 100 MW beginning in June 2027 to provide a hedge in the event that the Project's commercial operation date is delayed. The Hallador PPA expires May 31, 2029.

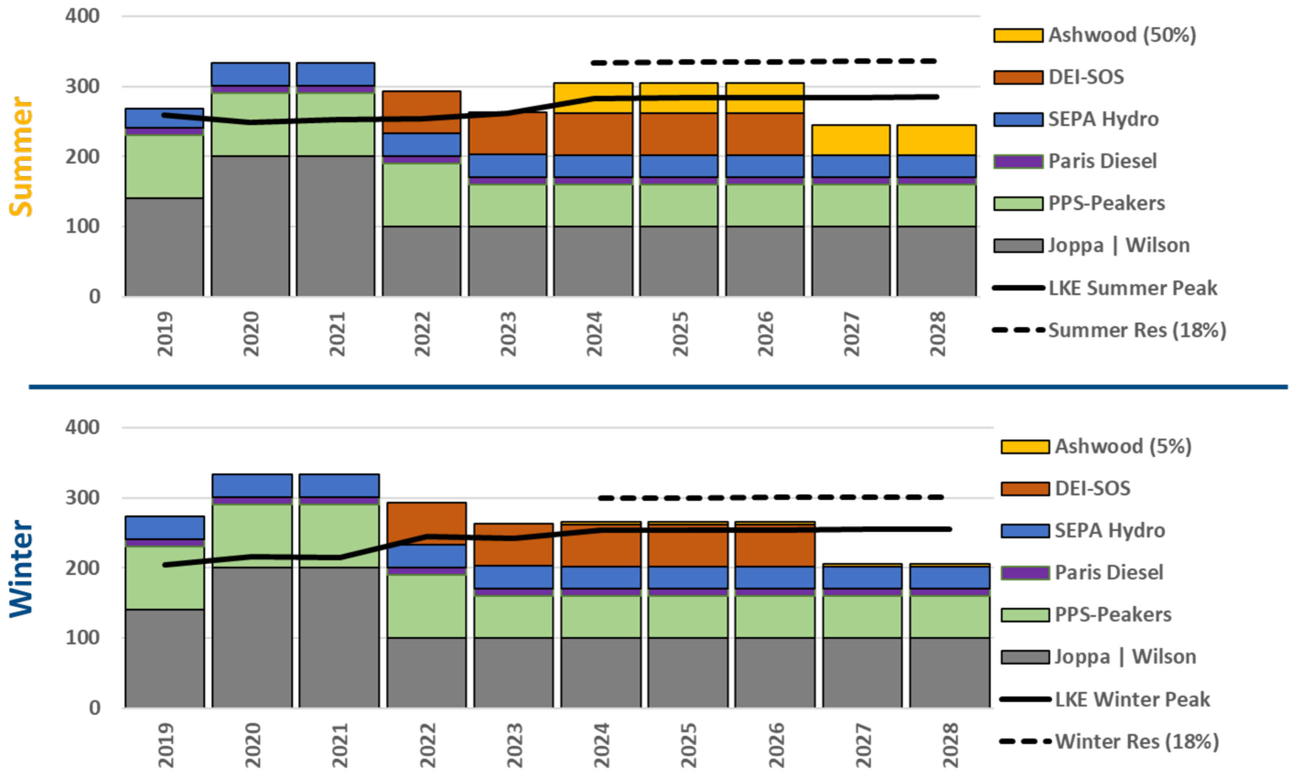
KYMEA has the right and ability to sell into the market any excess of its power supply resources.

The decision by KYMEA to undertake the acquisition, construction and equipping of the Project resulted from limited responses to its request for proposals and the determinations made from the integrated resource plan conducted in 2023-24.

As illustrated in the figure below, the near-term shortfall to maintain an 18% reserve margin[1] is 35 MW from June 2024 through May 2027. With the expiration of the Duke Energy 60 MW slice-of-system PPA on May 31, 2027, the shortfall grows to 95 MW on June 1, 2027. As shown in the following chart, it was assumed the 86 MW (nameplate) Ashwood Solar I ("Ashwood") project would achieve commercial operation by June 1, 2024, and that Berea and Benham would join the AR Project in 2024, although none of this was a certainty at the time of the mid-2022 analysis. The Ashwood accredited planning capacity is 50% in the summer and 5% in the winter. The anticipated Ashwood COD is the end of the first quarter of 2025.

[1] The 18% reserve margin is consistent with the summer reserve margin LGE/KU uses for its planning purposes.

KYMEA Capacity Shortfall



SECTION 3: SEPTEMBER 2022 RFP ACTION PLAN

3.1 2022 REQUEST FOR PROPOSALS (SEP 2022)

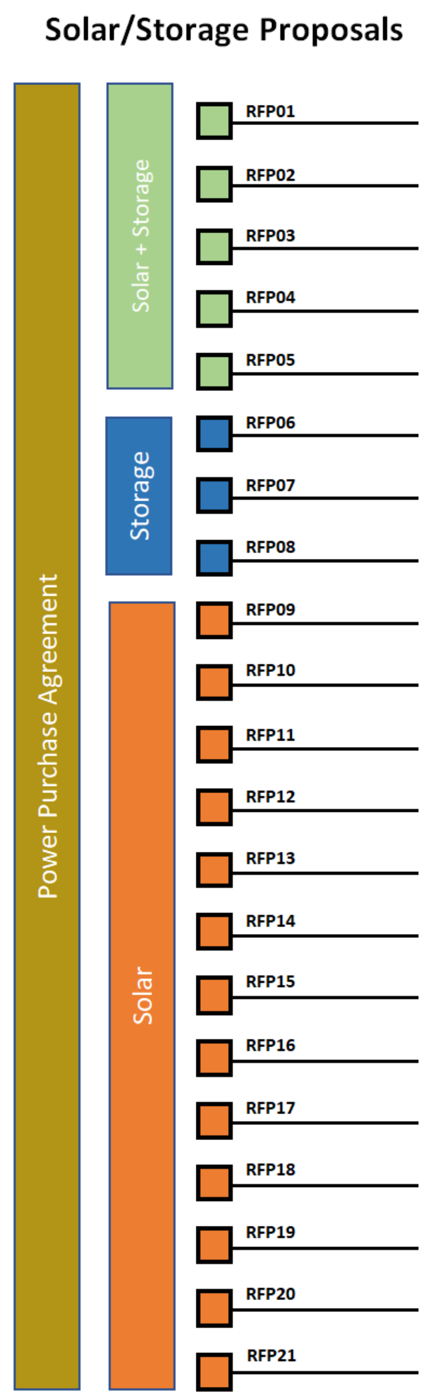
To address the shortfall, on September 12, 2022, KYMEA issued three RFPs for power purchase agreements aimed at near-term and longer-term capacity and energy, as well as renewable resources. The table below summarizes the products sought through the RFP process.

Request For Proposal	Issue Date	Product Description
RFP #2022-1	9/12/2022	Dispatchable Capacity and Energy Planning Years: PY23/27 (4 years) Size: 17 – 55 MW
RFP #2022-2	9/12/2022	Dispatchable Capacity and Energy Planning Years: PY27/32 (5 years) Size: 77 – 200 MW
RFP #2022-3	9/12/2022	Renewable Energy Resources 10 – 25 Year Term Size: up to 200 MW

3.2 2022 REQUEST FOR PROPOSALS (SEP 2022) - RESPONSES

For RFP #2022-1 and RFP #2022-2, which specified Capacity and Energy, KYMEA did not receive any qualifying responses. The lack of a single qualifying response was of great concern since KYMEA is not in a Regional Transmission Organization ("RTO") and has no other means to obtain capacity-backed energy outside of bilateral contracts from either the MISO or PJM RTOs.

For RFP #2022-3, which specified Renewable Energy and Storage, KYMEA received 21 unique responses for solar + storage (5), standalone storage (3), and standalone solar (13). Each of the proposals was a power purchase agreement of varying lengths from 15 to 25 years. The proposals were located either in the LGE/KU or PJM balancing authorities. The minimum solar size was 60 MW and the maximum was 280 MW.



3.3 2022 REQUEST FOR PROPOSALS (SEP 2022) – EVALUATION

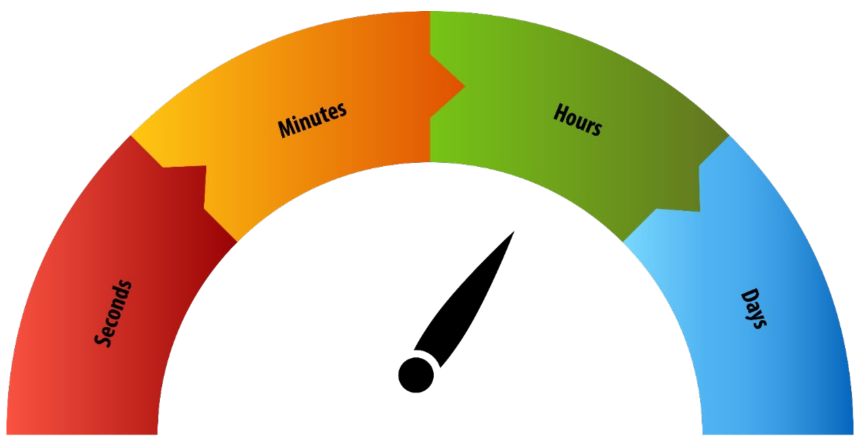
Storage

The RFP storage options were all 4-hour batteries that could generally be cycled once per day (365 times per year). One RFP response allowed two cycles per day but limited the total number of cycles to 365 annually. A second RFP response allowed an additional 50 cycles per year on top of the 365.

As illustrated by the arrow in the figure below, 4-hour batteries are useful for peak shaving, load leveling, and renewable time shifting. KYMEA's immediate need is for dispatchable capacity, which can only be achieved by a long-duration battery, not a 4-hour battery. Unfortunately, long-duration batteries are not commercially available.

Considering the proposals where the 4-hour battery is paired with solar also did not meet KYMEA's immediate need because, during the cold and dark winter days when there is little solar irradiance, the batteries would be quickly discharged with limited capability of recharging them.

Battery Energy Storage Applications



01 Frequency regulation, renewables smoothing and firming

02 Operating reserves, load following

03 Peak shaving, load leveling, renewables time shifting

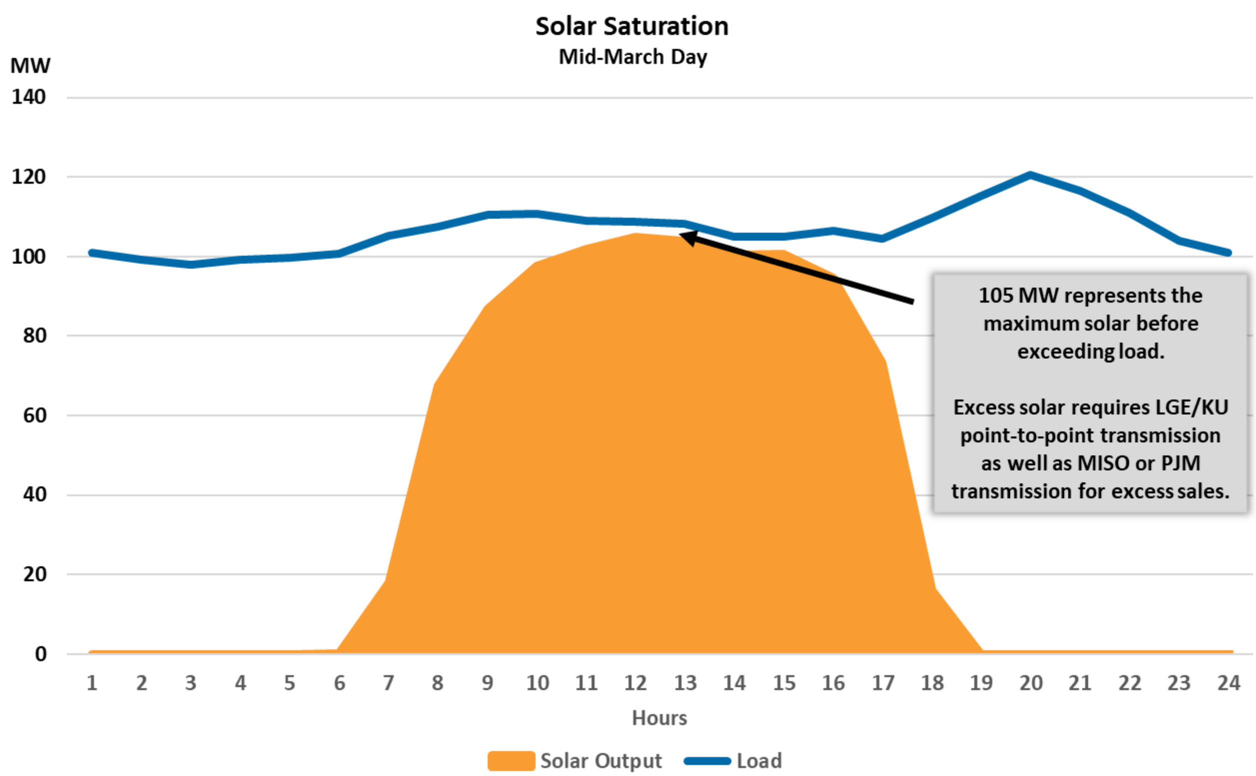
04 Long duration storage

Solar Saturation

The majority of KYMEA's load resides inside the Louisville Gas & Electric/Kentucky Utilities ("LGE/KU") transmission system (the "LGE/KU system"). LGE/KU operates as a wholesale cost-based monopoly as it does not participate in a competitive marketplace (RTO). KYMEA must be cautious as not to oversize its solar generation as KYMEA has limited ability to sell excess solar energy out of the LGE/KU system without a firm transmission path. KYMEA could purchase hourly non-firm transmission; however, non-firm transmission is subject to availability.

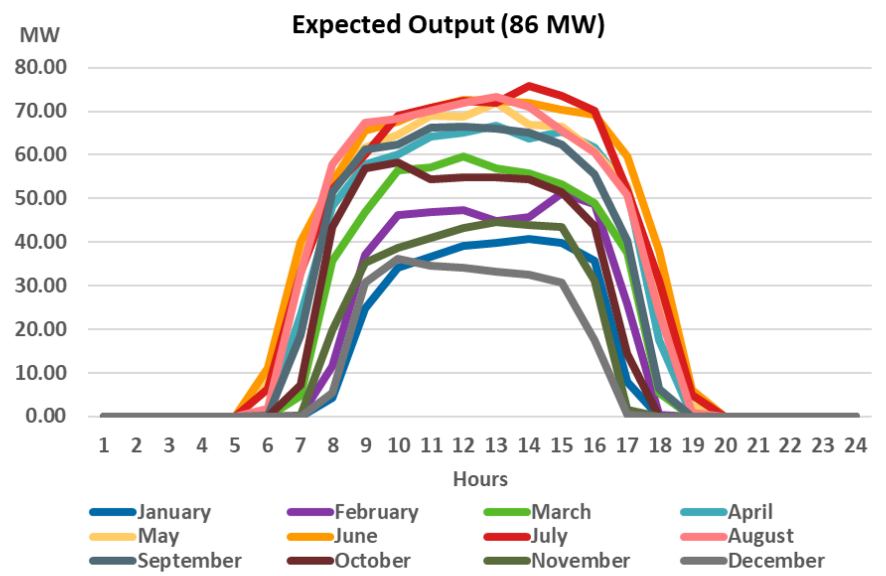
Hourly solar generation greater than KYMEA's load is met with stiff imbalance penalties and a requirement to mitigate the imbalance activity within 90 minutes after notification from the LGE/KU System Balancing Authority ("BA"). As shown in the figure below, the worst case (lowest possible load day) when solar generation outpaces KYMEA's load occurs in the springtime in the months of March and April during the weekend. In the absence of battery storage, the maximum solar output should be limited to 105 MW.

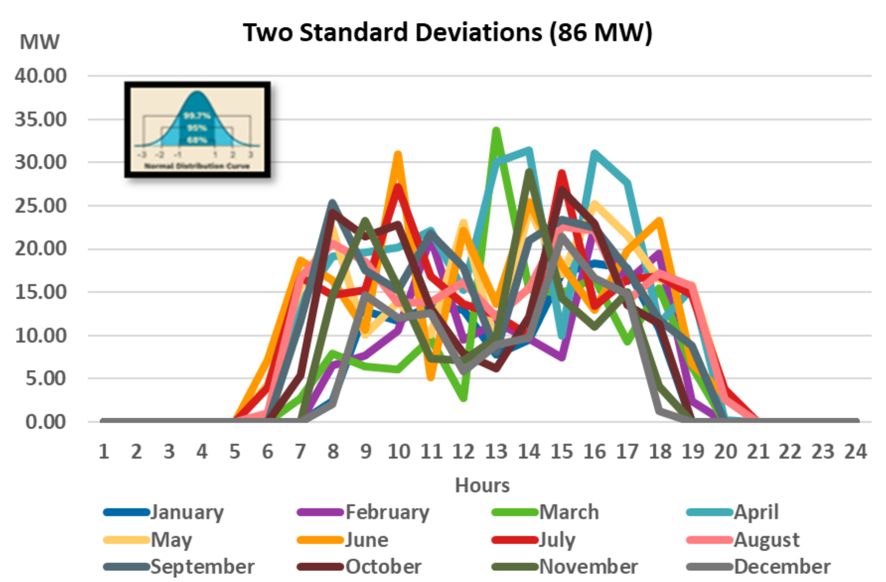
Since KYMEA already has 86 MW of Ashwood, the Agency can only reasonably add another 20 MW of solar before the load is saturated.



Ashwood Intermittency Imbalance Concerns

The difficulty associated with integrating Ashwood and other intermittent solar facilities into KYMEA's portfolio stems from the fact that the LGE/KU system is not in an RTO; therefore, fluctuations in KYMEA's supply and demand balance fall under LGE/KU's imbalance tariff. The threshold for an imbalance event is when a Network Customer experiences a real-time imbalance of +/- five percent of the Network Customer's Annual Peak Load or five megawatts (whichever is greater). This is especially challenging because KYMEA's conventional method for planning the daily balancing operation involves adjustments to its day ahead, hour-ahead, and real-time operating procedures subject to MISO tags and ramping availability. The top figure below illustrates the expected 86 MW Ashwood output, by hour, by month. The bottom figure below illustrates that two standard deviations of solar intermittency can be as high as 35 MW, which raises imbalance concerns.





Ashwood Intermittency – Dynamic Schedule Solution

In addition to daily fluctuations caused by sunrise and sunset, the output from solar panels can also change suddenly due to clouds. Variability caused by clouds can make it more difficult for KYMEA to predict how much energy to import from MISO during the next hour of the day. Fast fluctuations in output from solar energy disrupt not only the hourly load-following but also the second-to-second balance between total electric supply and demand.

Today, BA grid operators send a signal to power plants approximately every four seconds to ensure the total amount of power injected into the grid consistently equals the total power withdrawn. KYMEA’s strategy to overcome solar variability is to mimic how a grid operator balances load; but, instead of sending a signal to a generator, KYMEA will send a signal to MISO in the form of a dynamic schedule.

Dynamic Schedule Definition

A dynamic schedule allows for a time-varying power exchange where traditional block scheduling falls short. It involves real-time telemetered readings that are used in the automatic generator control/area control error (AGC/ACE) equation and for interchange accounting. For KYMEA to have a MISO dynamic schedule, it requires a MISO capacity resource, firm point-to-point transmission, a MISO market participant, and Open Access Technology International (“OATI”) telemetry and communication. KYMEA’s 100 MW PPA with Big River Electric Corporation (“BREC”) serves as the capacity resource, and BREC acts as KYMEA's MISO market participant. Currently, KYMEA has a 100 MW dynamic schedule, which relies on these components being in place.

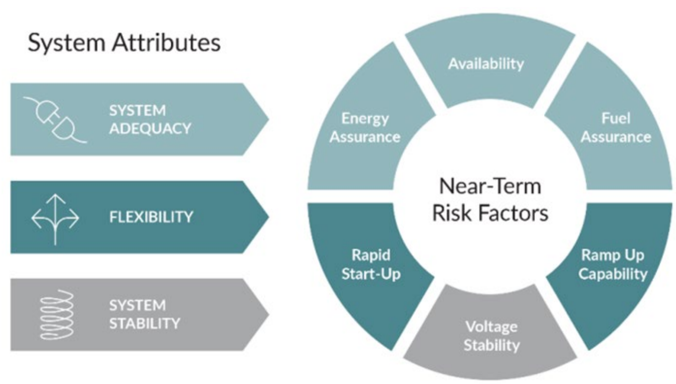
SECTION 4: RECIPROCATING INTERNAL COMBUSTION ENGINES (RICE)

To address the capacity and energy shortfall, acknowledging it may be difficult to obtain a power purchase agreement for capacity and energy based on the lack of qualifying RFP responses from September 12, 2022, KYMEA began investigating self-build options. The most promising self-build option identified in the IRP2023 analysis is for KYMEA to own and operate reciprocating internal combustion engines (RICE).

MISO Attributes Roadmap

In December 2023, MISO released a report called "The Attributes Roadmap." The Attributes Roadmap presents insights and solutions following an in-depth look at the challenges of operating a reliable bulk electric system in a rapidly transforming energy landscape. The generation resource mix is diversifying; the surety of the fuel supply is declining; extreme weather is increasing in intensity and duration; and industrial load growth and electrification trends are poised to disrupt traditional load patterns. These factors create complex challenges and a shared imperative to urgently act to avoid a looming shortage of necessary system reliability attributes and ensure electricity is delivered every hour of every day. No single resource provides every needed system attribute. The needs of the system have always been met by a fleet of diverse resources operated in a manner that most efficiently meets the system's needs.

The MISO analysis focused on three priority system attributes where risk to the system is most acute: system adequacy, flexibility, and system stability.



Independently, KYMEA's IRP2023 reached a similar conclusion that flexibility will be a necessary attribute of the Agency's future portfolio.

Flexibility

Flexibility is the extent to which a power system can modify electricity production or consumption in response to changing system conditions, expected (variability) or unforeseen (uncertainty). Flexibility is crucial to operating the energy system where the supply and demand of energy needs to be balanced over different timescales. KYMEA's focus centers on the Agency's ability to rapidly start up and ramp up to balance our load given the solar irradiance uncertainty tied to the 86 MW Ashwood Solar I Project.

RICE Generation

Today's U.S. power market continues to shift away from large baseload centralized coal-fired generation for multiple reasons, including low natural gas prices. Renewable generation continues to rise and is becoming a significant portion of many power producers' portfolios. In areas where energy from decommissioned centralized units is being replaced with renewables, the demand for small, fast-responding natural gas generation is increasing. Reciprocating Internal Combustion Engine (RICE) technology has been gaining popularity as a primary power generation resource since it offers the flexibility to meet these needs.

RICE technology attributes include:

- Improved efficiency: RICE units burn less natural gas to generate the same amount of energy as a conventional natural gas-fired generator. They are 40 percent more efficient.
- Lower emissions: RICE generators produce low nitrogen oxide emissions and, due to their high efficiency, the carbon output is much lower than many other fossil-fuel resources.
- Water savings: RICE generators use very little water.
- Backup for Renewable Generation: Power output from renewable resources can vary significantly over a short period of time. A fast-responding, highly efficient resource that is also capable of starting/stopping frequently is required for this load-following application.
- Black Start Capability: RICE generation can provide the grid black start[2] support if so equipped.
- System Regulation / Volt-Ampere Reactive ("VAR") Support: With large rotating (coal fired) steam turbine generators being removed from service and more renewable (PVSolar/inverter) based power flowing through the transmission system, RICE units can be a cost-effective option for regulation / VAR support[3].

Unlike conventional power plants, RICE units run efficiently and cost-effectively even while making abrupt and frequent adjustments to power output levels. That helps them compensate for the intermittent output of wind and solar resources, such as the Ashwood Solar I Project, which are playing an increasingly prominent role in KYMEA's energy portfolio.

KYMEA has made a significant commitment in the Ashwood Solar I generation, the output of which will vary depending on weather conditions and the time of day. The RICE units can adjust quickly to

[2] Grid black start is the process of restoring the electric power grid to operation after a total or partial shutdown.
[3] VAR support is employed by utility companies to maintain a power factor ratio close to 1.

counterbalance those changes, ramping up or down as production from renewables drops or surges. That is important because energy generation and demand must be in precise balance at all times.

Hydrogen Mixed with Natural Gas

If future regulations require a blend of hydrogen and natural gas, the existing RICE technology can operate with a blend of 25% hydrogen and 75% natural gas with little to no modifications. While hydrogen is not a widely available or cost-effective fuel at this time, the RICE units are able to accommodate the fuel blend in the future if required or of economic advantage to do so.

SECTION 5: AUGUST 2023 RFP ACTION PLAN

5.1 2023 REQUEST FOR PROPOSALS (AUG 2023)

Due to a lack of responses to the September 12, 2022 RFP for Capacity and Energy, KYMEA issued an RFP on August 14, 2023, for the purchase of Reciprocating Internal Combustion Engines to be owned and operated by KYMEA. Additionally, the Agency issued another RFP to check for changes in market conditions affecting the availability of Capacity and Energy products.

Request For Proposal	Issue Date	Product Description
RFP #2023-1	8/14/2023	Reciprocating Internal Combustion Engines ➢ Generator Sets and Auxiliary Equipment Size: 60 – 75 MW
RFP #2023-2	8/14/2023	Dispatchable Capacity and Energy Planning Years: PY24/29 (5 years) Size: 50 – 115 MW

5.2 2023 REQUEST FOR PROPOSALS (AUG 2023) – RFP #2023-1 EVALUATION

For RFP #2023-1, KYMEA received RICE engine proposals from three qualified equipment suppliers. The following provides a summary of the procurement process, including the competitive solicitation and subsequent evaluation process.

Introduction

As a result of the Integrated Resource Planning (IRP2023) performed by KYMEA, the need for the addition of 60-75 MW of Reciprocating Internal Combustion Engine (RICE) was identified. nFront Consulting LLC was retained to assist with the development of the proposed RICE project, including but not limited to technical specifications, managing the bidding process for both major equipment and Engineering, Procurement, and Construction (EPC), and assisting in the development of the staffing, operations, and maintenance strategies. The recommended approach to procurement was to solicit and select an engine supplier, followed by a solicitation for EPC services based on the selected RICE generator sets and auxiliaries. Since technical discussions were required due to the highly complex equipment, competitive negotiations under KRS 45A.370 were utilized. CONNSULTING, LLC was also retained by KYMEA as its on-site owner's representative and to assist with procurement negotiations and evaluations.

RFP for RICE Generator Sets and Auxiliaries

KYMEA issued the KYMEA Supply of Reciprocating Internal Combustion Engine Generator Sets and Auxiliaries Request for Proposals (RFP# 2023-1) on August 14, 2023, which solicited written proposals from qualified suppliers of RICE units and associated auxiliary equipment to be delivered to a site in Madisonville, KY.

All RICE engine-generator sets, and associated auxiliaries were required to be similarly sized based on each manufacturer's standard product offerings with each supplier required to provide a quantity of identical models sufficient to meet a minimum of 60 MW at 80% power factor net of auxiliary power consumption. The proposed scope of supply for auxiliary equipment included fuel control equipment, lubrication systems, cooling systems, pollution control equipment, and the engine control system.

The RICE RFP included a division of responsibilities to allocate responsibility between KYMEA and the RICE equipment supplier (Division of Responsibilities) and technical specifications to clarify technical requirements of the RICE equipment and associated auxiliaries (Technical Specifications), intended to allow for consistent comparison of proposals received in response to the RICE RFP). All proposers were determined to be reasonably susceptible to being selected for award, and discussions were required with all three proposers pursuant to KRS 45A.085 Competitive Negotiations.

As stated in the RICE RFP, the factors to be considered in the evaluation of the RICE proposals include the following:

1. Projected net cost of power over the life of the equipment using the criteria and methodology stated in the RFP;
2. Uncertainties concerning performance and availability;
3. Flexibility and other optionality afforded to KYMEA by the Proposer;
4. Uncertainties concerning transmission arrangements required for delivery as a designated network resource on the LGE/KU system;
5. Creditworthiness of Proposer;
6. Delivery schedule flexibility for equipment provided by Proposer pursuant to the RICE RFP; and
7. Proposer's general terms and conditions.

Beyond the economic and availability considerations, the evaluation of the RICE Proposals considered differential rankings among the RICE Proposals related to the evaluation factors included in the RICE RFP. These factors were evaluated qualitatively but were not required to be considered quantitatively because the factors did not alter the ranking of the lowest evaluated proposer. The evaluation of the RICE Proposals for each factor is outlined below.

- Flexibility and Other Optionality Afforded to KYMEA by the Proposer: Each of the three RICE Proposals afforded similar degrees of optionality and flexibility to KYMEA in terms of options to vary the number of units and offering operations, maintenance, and service agreements.
- Uncertainties Concerning Transmission Arrangements Required for Delivery as a Designated Network Resource on the LGE/KU system: This was not viewed as a differential factor among the three RICE Proposals.
- Creditworthiness of Proposer: Each of the three RICE Proposals were from suppliers deemed to be creditworthy.
- Delivery Schedule Flexibility for Equipment Provided by Proposer Pursuant to this RFP: Delivery schedule flexibility was viewed as equivalent among the three RICE Proposals
- Proposer's General Terms and Conditions: While specific contract negotiations were not undertaken as part of the evaluation of RICE Proposals, it is anticipated that KYMEA would be able to come to acceptable contract terms with any of the three RICE Proposals.

Wärtsilä's offer was determined to be the most advantageous to KYMEA based on both quantitative and qualitative measures above and was selected as the basis for the bid solicitation for EPC services to install the Wärtsilä engine-generator sets and associated auxiliaries as well as for provision of any balance of plant items.

Based on discussions to optimize both RICE equipment and EPC services, it was determined that the total evaluated costs for the project (inclusive of RICE equipment and associated auxiliaries and EPC costs) could be improved by utilizing the larger Wärtsilä engines (four (4) x W18V50SG) rated at approximately 18.8 MW which would offer improved economies of scale thereby lowering the total overall installed capital costs and the total long term net cost of power.

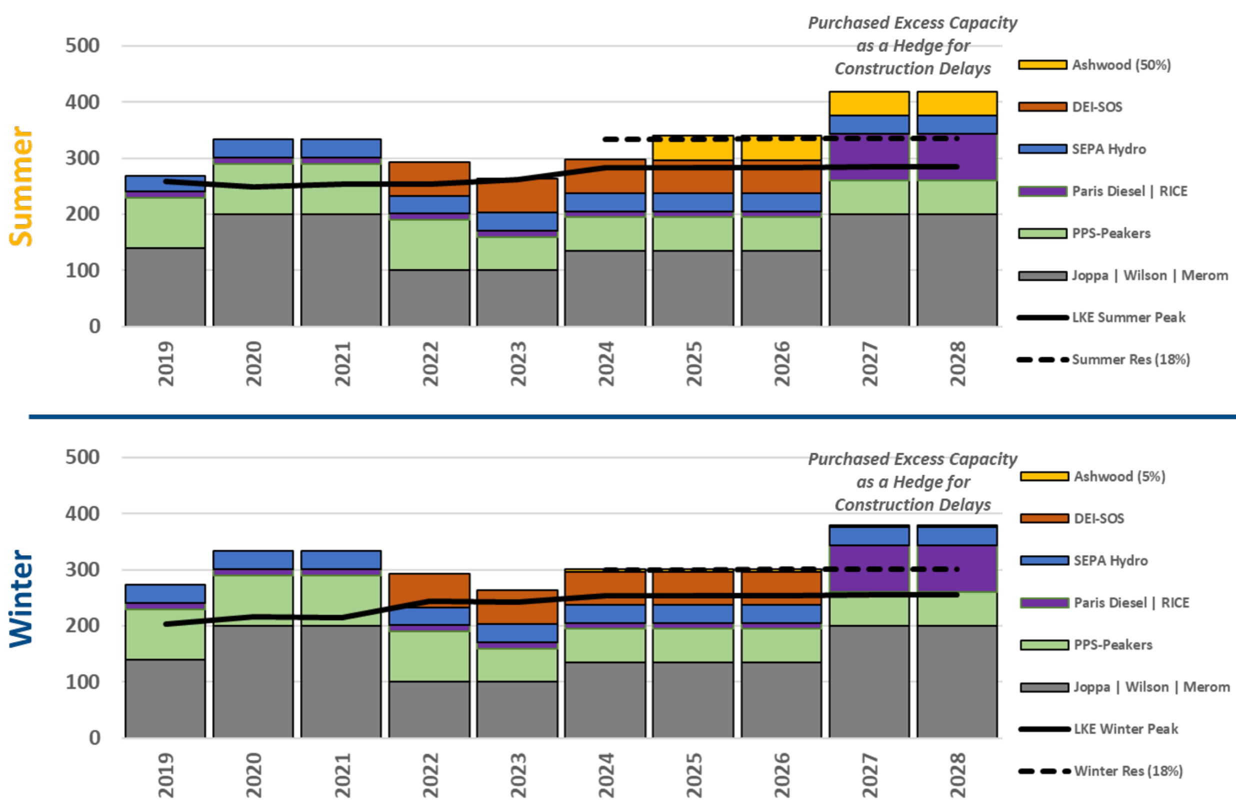
5.3 2023 REQUEST FOR PROPOSALS (AUG 2023) – RFP # 2023-2 EVALUATION

For RFP #2023-2, KYMEA received two qualifying responses for a 5-year Capacity and Energy contract. KYMEA selected Hallador Energy Company's (HEC) power purchase agreement associated with the Merom coal-fired power plant in MISO (HEC-Merom).

KYMEA does not require both RICE generation and a Capacity and Energy PPA to meet its reserve margin. However, the Agency opted to purchase HEC-Merom Capacity and Energy for years 27/29 as a contingency plan in case the RICE project was delayed due to supply chain or interconnection issues.

The graph below indicates that KYMEA will have excess capacity if the RICE plant becomes commercially operational in June 2027. KYMEA plans to resell this excess capacity during those two years through either the MISO Planning Resource Auction or bilateral agreements.

KYMEA 27/28 Capacity with RICE



SECTION 6: DECEMBER 2023 RFP ACTION PLAN

6.1 2023 REQUEST FOR PROPOSALS (DEC 2023) – ENGINEERING, PROCUREMENT, CONSTRUCTION (EPC)

On December 22, 2023, KYMEA issued an RFP for Engineering, Procurement, and Construction Services after selecting Wärtsilä engines.

Request For Proposal	Issue Date	Product Description
RFP #2023-3	12/22/2023	Engineering, Procurement, Construction, and Commissioning for Wärtsilä engines Size: 60 – 75 MW

6.2 2023 REQUEST FOR PROPOSALS (DEC 2023) – EPC RESPONSES AND EVALUATION

Proposals were solicited under competitive negotiations under KYMEA's December 22, 2023, Request for Proposals for Engineering, Procurement, and Construction Services for KYMEA Reciprocating Internal Combustion Engine Generator Sets and Auxiliaries RFP# 2023-3 (EPC RFP), and three proposals were received on March 22, 2024.

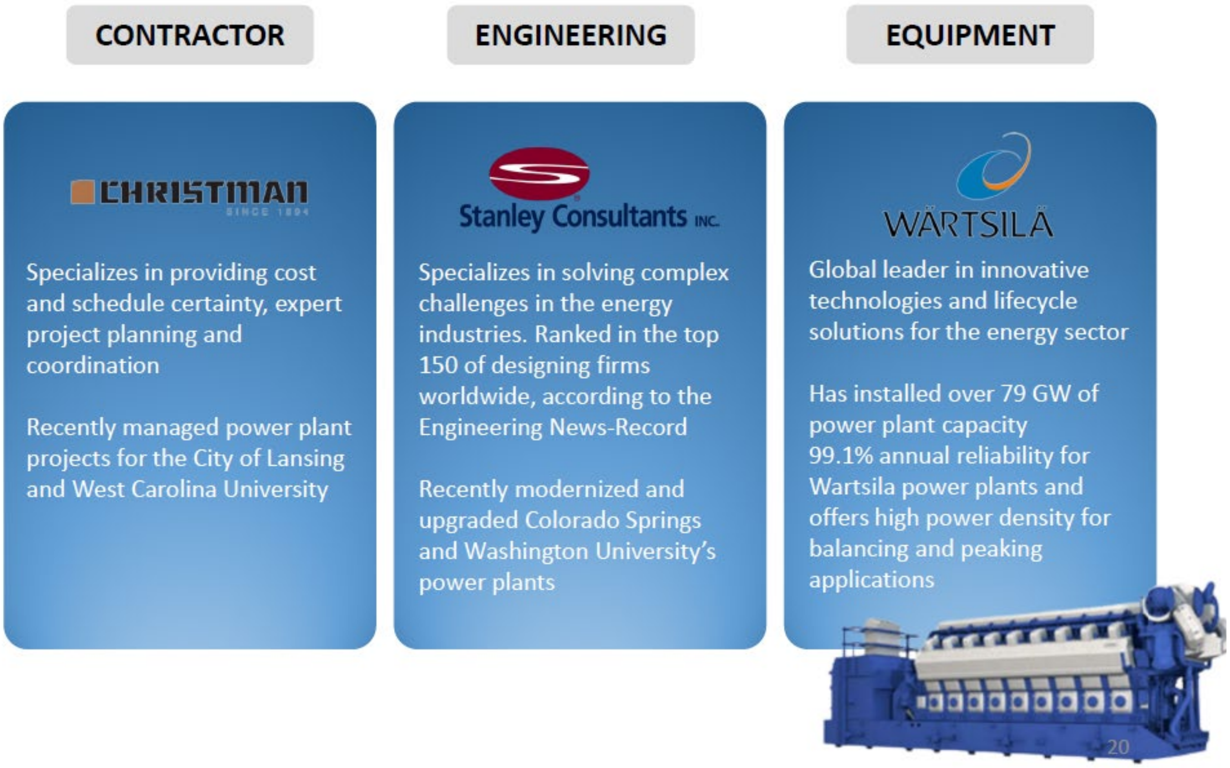
All firms appeared to possess the experience, facilities, reputation, financial resources, and are fully capable of performing the contract and are determined to be responsible offerors. As such, all were determined to be reasonably susceptible to being selected for award, but extensive discussions were required with all three proposers pursuant to KRS 45A.085 Competitive Negotiations.

In general, none of the EPC Proposals offered a firm price without some additional preliminary engineering and discussions. Two firms offered a budgetary estimate and proposed starting with a Limited Notice to Proceed (LNTP) phase, during which a firm price for the EPC contract would be obtained and long lead time orders on the critical path would be secured. One firm did not offer a budgetary estimate and proposed to begin with a Project Development phase. All initial budgetary estimates exceeded the original KYMEA project estimate; however, further discussions were required to properly assess the accuracy of the estimates and the approaches offered.

Initial meetings were held with all proposers to the EPC RFP to discuss their proposed approach to the Project with an eye toward maximizing the feasibility of the project, managing project risk and contingencies, and developing a path for contracting the work under applicable Kentucky procurement regulations. To that end, a number of revisions, considerations and clarifications to the scope of work were developed, notably including the larger Wärtsilä engines, elimination of diesel black start generator and fire pumps, revision of the noise requirements, consideration of a single generator step-up transformer (GSU) rather than multiple GSUs, elimination of raw water system, reduction of fire protection requirements, wastewater system clarifications, use of urea as a reagent, clarification that construction of the substation will be by others, and sales tax exemption. Other revisions were made to the Division of Responsibility (as initially included in the RICE RFP) with the engine supplier to improve total evaluated cost and schedule. These included moving the air compressor system, pumping skids, structural steel associated with the Wärtsilä equipment, and supply of the 13.8 kV and 480 V switchgear and auxiliary transformers.

In addition, since no EPC Proposals offered a fixed price for construction services due to uncertainties that remain in the project scope and design details at this stage of the project, revisions were made to the basis of award. The basis of award was revised to request fixed pricing for engineering, procurement, and construction management, while estimates for construction services were requested and are to be subcontracted on an open-book basis using competitive bidding.

The team of Christman/Stanley was selected as the EPC.



Qualifications of Christman/Stanley were reviewed as part of the due diligence process, including but not limited to experience, authority to do business in Kentucky, BBB credit rating or better, performance bonding greater than $10 million, and three successful similar installations with positive references as outlined in the RFPs. In addition, site visits were made to both the City of Alexandria and Michigan State University projects and to Christman's offices to visit and review similar projects in which Christman and Stanley served in similar roles as proposed to KYMEA.

SECTION 7: ALL REQUIREMENTS RESOURCE PLAN

The All Requirements Resource Plan is designed to meet the AR Member's Resource needs and not be exposed to stranded investment.

7.1 ALL REQUIREMENTS MEMBERSHIP

New All Requirements Members

On May 1, 2024, Berea joined the AR Project, and on June 1, 2024, Benham joined the AR Project. The additional summer peak from the combined utilities is 26 MW.

Frankfort

On August 23, 2023, Frankfort gave notice that it would terminate its AR contract on May 31, 2029. Frankfort has not shared with KYMEA its reason for terminating its AR contract. KYMEA is aware that in October of 2021, the City of Frankfort approved a resolution, referred to as "Frankfort 100", in support of providing its citizens with clean, affordable energy.

The primary objectives of the resolution are:

1. 100% clean renewable electricity for city government operation by December 31, 2023
2. 100% clean energy for city government operations by 2030
3. 100% clean renewable electricity community wide by 2030

Given Frankfort's resource objectives of having 100% renewable energy sources by 2030 and the "Frankfort 100" initiative, the remaining AR Members' interests and KYMEA's existing power supply strategies are no longer in alignment with Frankfort.

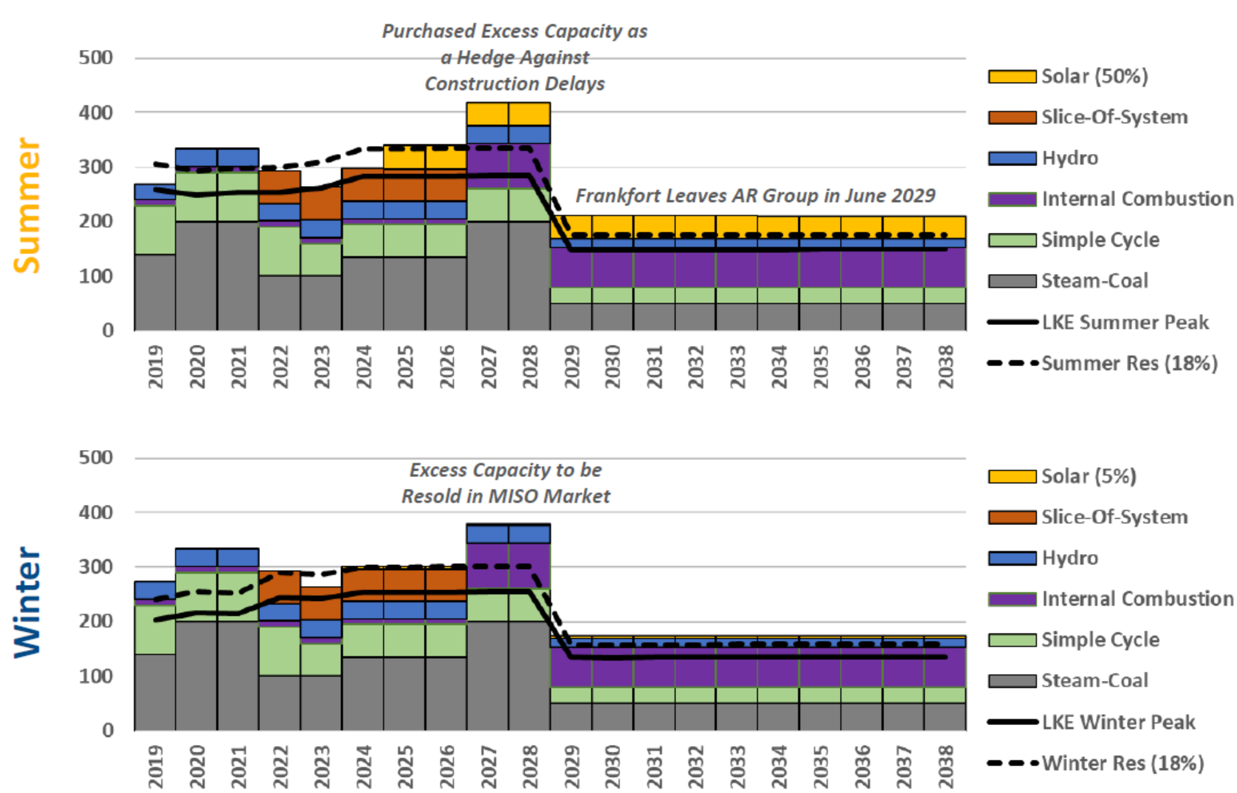
Frankfort terminating its AR contract is expected to have no adverse rate or financial effect on KYMEA or the AR Project. Frankfort will no longer be an AR Member effective May 31, 2029. Frankfort's peak load is approximately 133 MW. Also, on May 31, 2029, the 100 MW BREC-Wilson, the 60 MW PPS Peaker, and 10 MW Paris-Diesel contracts expire. Since the expiration of these contracts coincides with Frankfort's termination, KYMEA does not expect to have stranded resources when Frankfort leaves.

7.2 RESOURCE STRATEGY

Capacity Mix

KYMEA AR Members, excluding Frankfort, are creating a balanced energy portfolio with hydroelectric, solar, coal, natural gas, and market purchases. The preferred plan includes 75 MW of RICE generation starting in June 2027. As illustrated in the graph, KYMEA will not have stranded resources after 2029 when Frankfort exits the All Requirements Project.

KYMEA's Preferred Plan Capacity Mix is Right-Sized to Customer Needs Post Frankfort



Notes:
The decrease in load in 2029 relates to Frankfort's retirement from the All-Requirements group

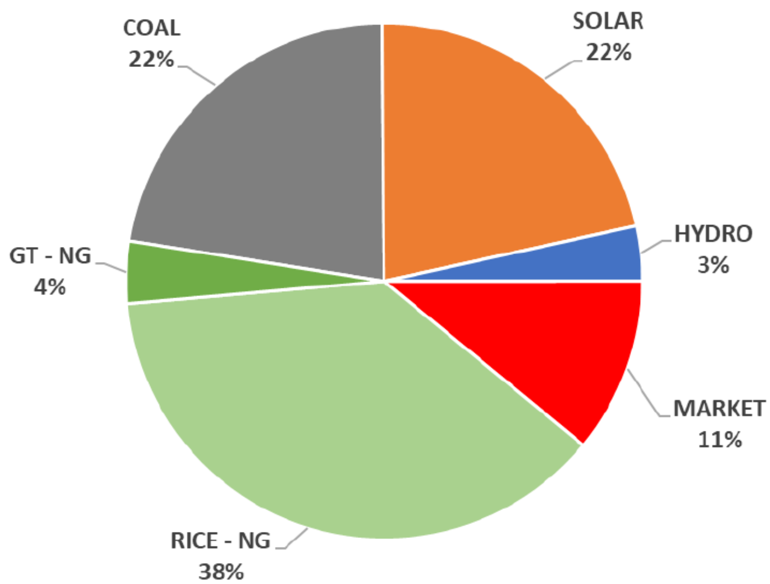
Energy Mix

KYMEA's balanced portfolio, as of June 2029, is expected to source 25% of its energy from renewable resources (solar and hydro), 22% from coal, 42% from natural gas, and the remaining 11% from economy market purchases. The RICE generation provides a hedge against the 11% economy market purchases, as the 75 MW of RICE generation has enough available capacity to supplant the economy energy. The flexible RICE generation meshes nicely with the intermittent renewable resources.

RICE Unit Key Attributes:

- Flexible resource which meshes nicely with intermittent renewable resources
- Flexible generation offers valuable ancillary service capabilities (spinning reserve, unlimited start/stop, full load in minutes)
- Smaller unit size and multiple units provides redundancy

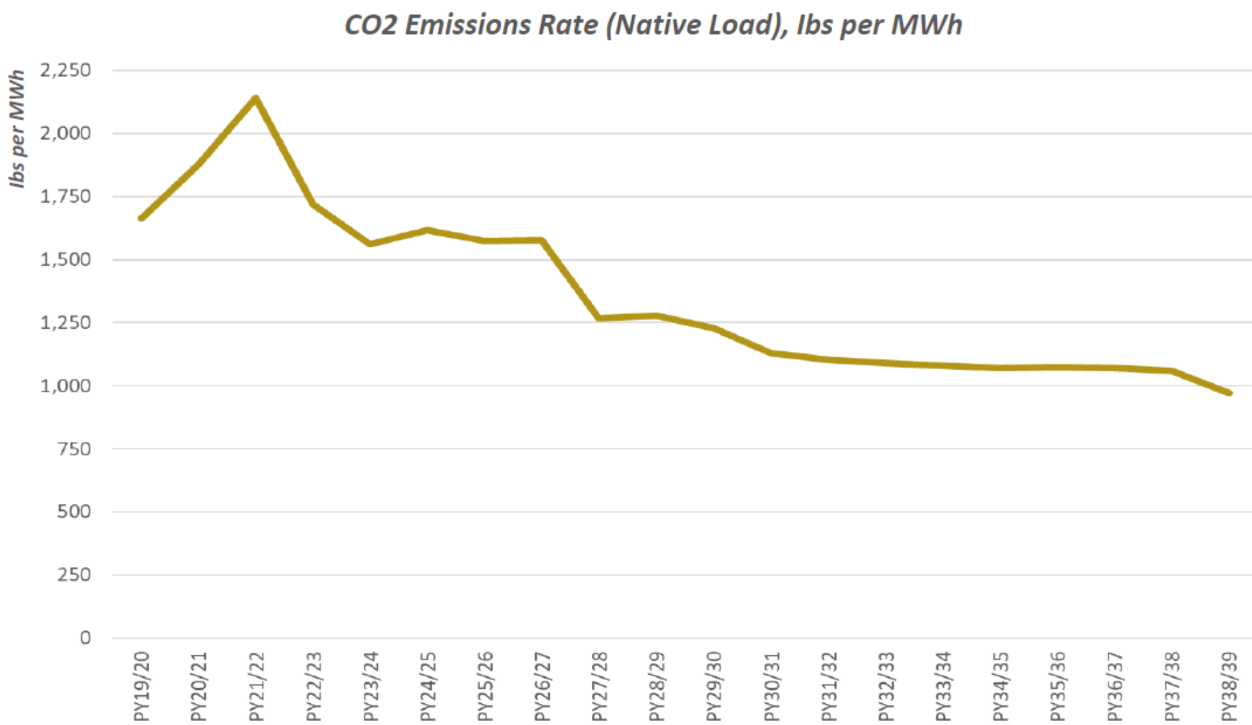
Native Load Energy Mix PY2029/2039



Carbon Intensity

By transitioning to a higher proportion of natural gas and renewable energy sources, KYMEA will substantially reduce its carbon intensity, as demonstrated in the graph below. This reduced carbon intensity helps mitigate potential future carbon regulations and legislation.

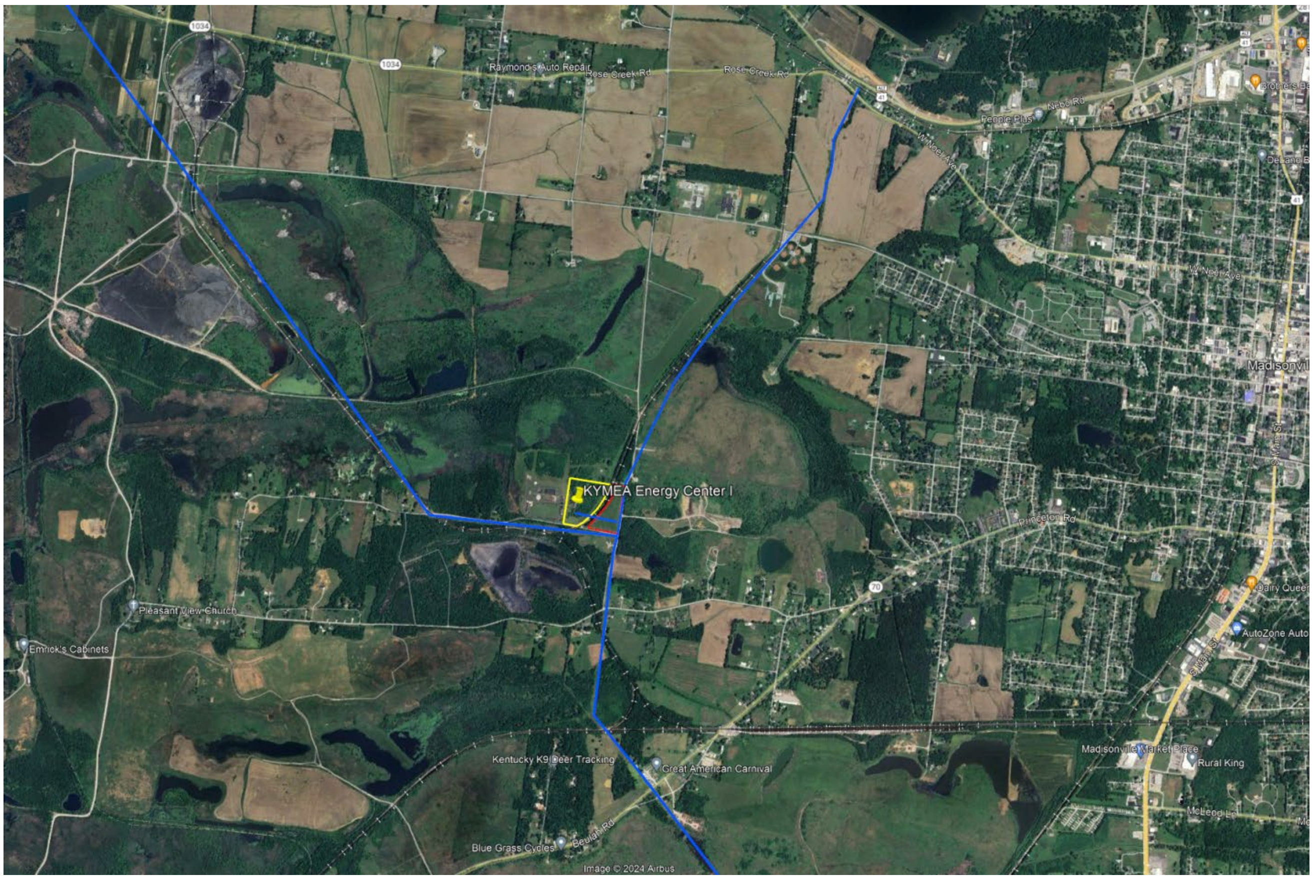
KYMEA is committed to reducing and is projected to substantially reduce its C02 emissions over the next two decades



SECTION 8: KYMEA ENERGY CENTER I PROJECT

Introduction

KYMEA will construct a natural gas electric generating facility in Madisonville, Kentucky with a capacity of approximately 75 net megawatts ("KYMEA Energy Center I" or the "Project"). KYMEA Energy Center I will be located at 1757 AC Slaton Road in Madisonville, Kentucky with the LGE/KU Interconnection Facilities ("Substation") located adjacent to the Plant at the corner of A C Slaton Road and Bean Cemetery Road as illustrated in the figure below. A high-pressure natural gas line will be constructed by KYMEA to serve the Project.



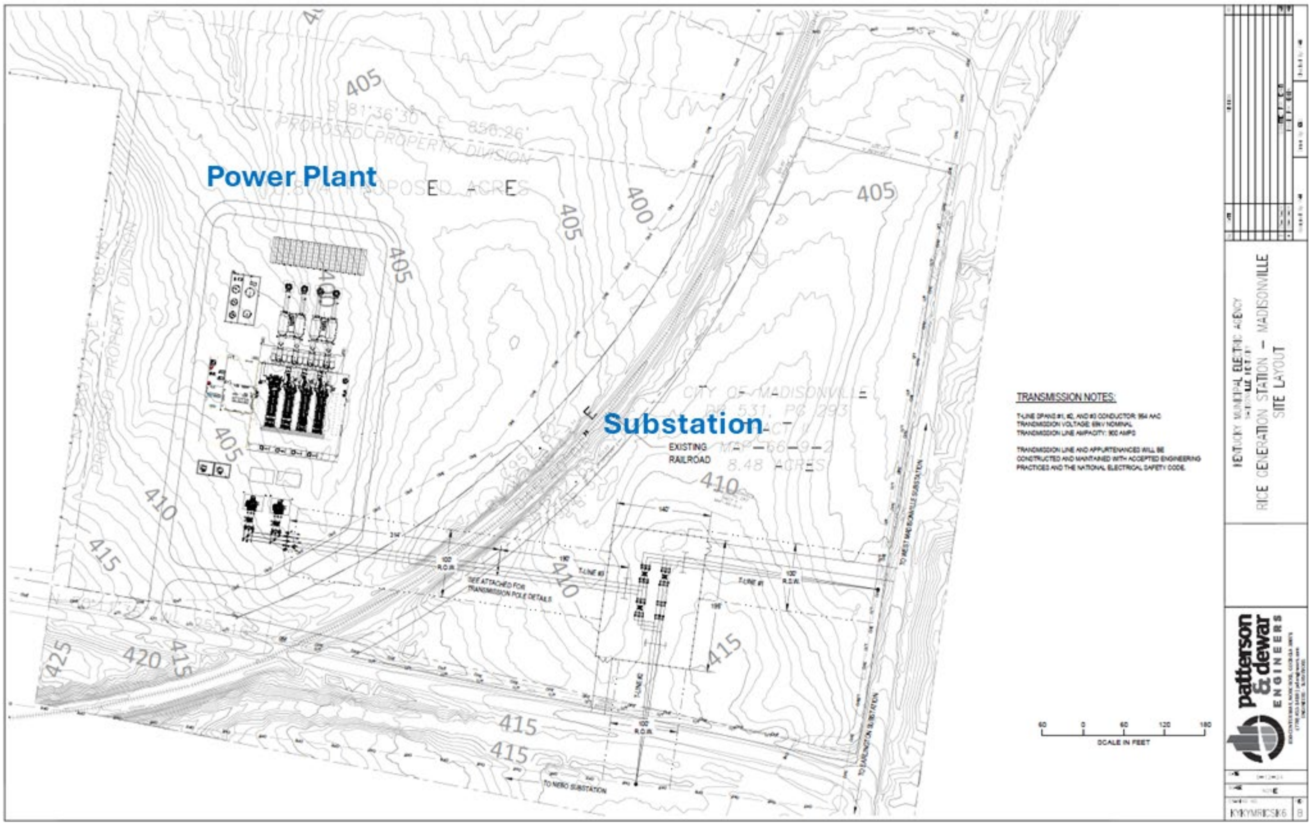
Site Location Map

The Project will include four Wärtsilä W18V50SG reciprocating internal combustion engine ("RICE") generators operating on natural gas. Each RICE generator will have a nominal capacity of 18.8 MW. The Project will be designed for both continuous and peaking service with the capability of multiple quick starts and stops per day. Site development is expected to begin in April 2025, with a proposed in-service date for the Project of June 2027. The Project is expected to have an operating life of not less than 30 years.

8.1 PROJECT DESCRIPTION

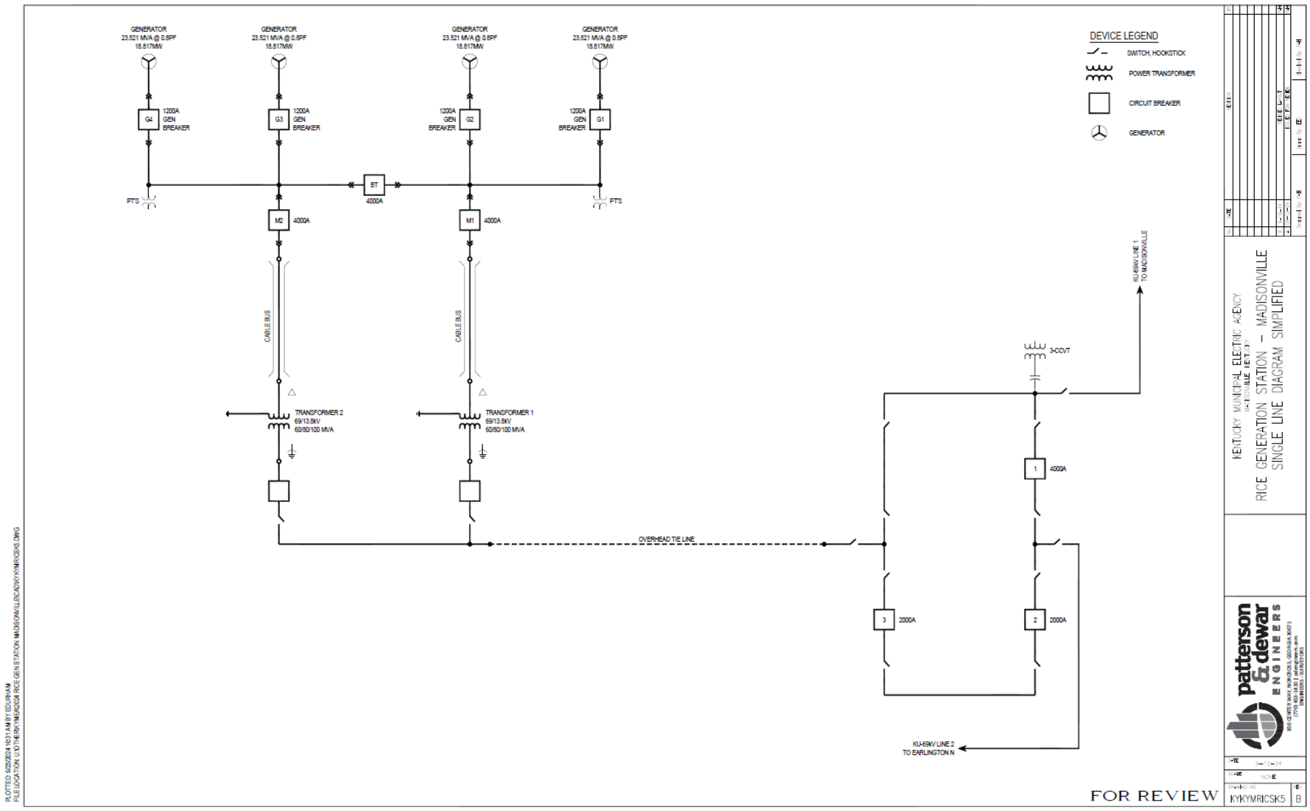
Location

The Project is comprised of two sites designated as the Plant Site and the Substation Site. The Plant Site is approximately 12 acres bounded by the Madisonville Wastewater Treatment Plant on the west, the CSX railroad on the east, and A C Slaton Road on the south. The Plant and the Substation will generally be located as shown in the figure below.



Preliminary Site Plan

As part of the project cost, the Substation Site will be purchased by KYMEA and deeded to Louisville Gas & Electric/Kentucky Utilities ("LGE/KU"). The Substation will be owned by LGE/KU and located adjacent to the plant on the east side of the railroad. The Substation Site is generally bounded by the railroad, Bean Cemetery Road and A C Slaton Road and is approximately 9.5 acres. A 69 kV generator lead line will connect the Plant to the Substation. A 69 kV line owned by LGE/KU will connect the Substation to the existing 69 kV transmission line(s) running along A C Slaton Road and Bean Cemetery Road.

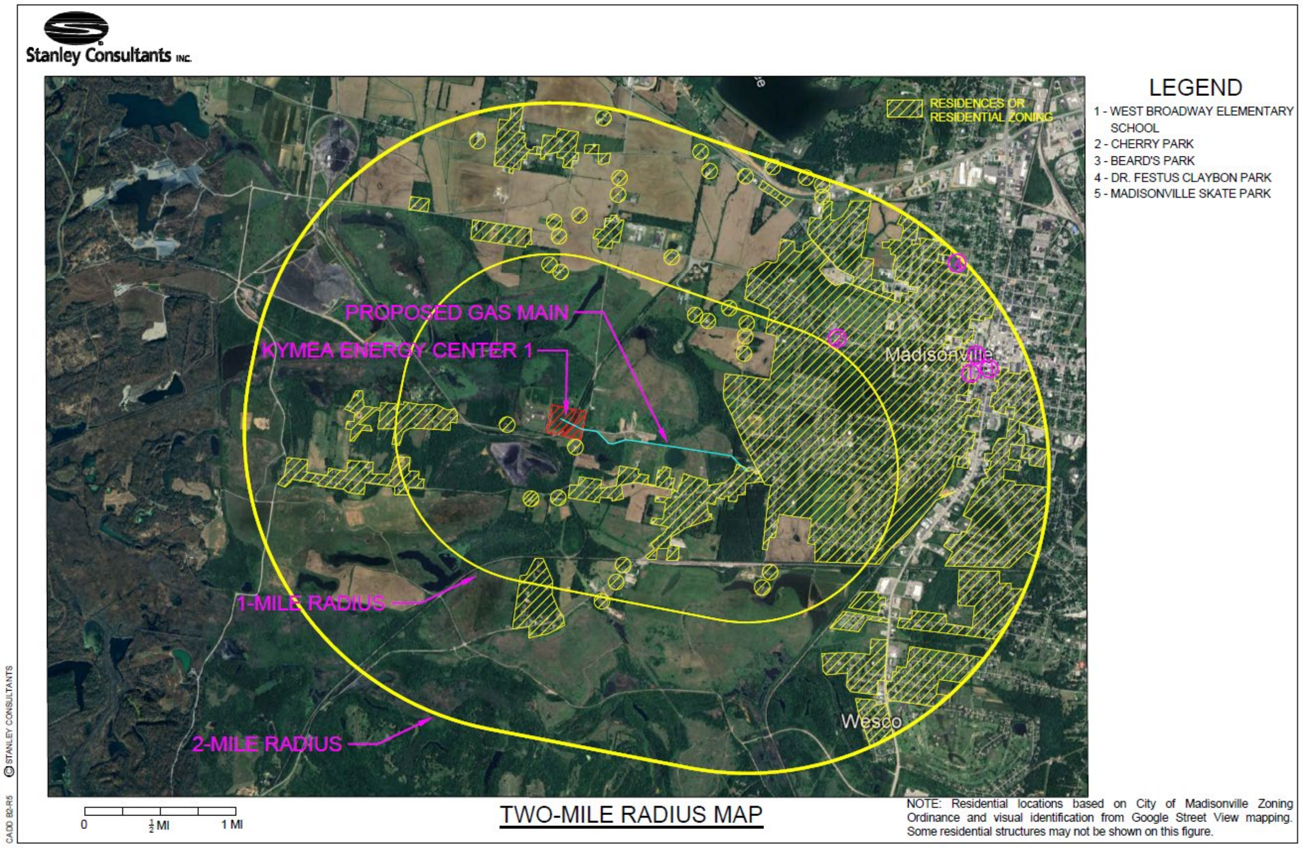


Preliminary Transmission Interconnection

In addition, a new high-pressure gas line will be constructed by KYMEA to serve the Project running from the Texas Gas high-pressure network (shown in orange) near Frank Hill Road for approximately one mile to the Plant Site, as shown in the figure below.

Preliminary Gas Line Routing

The image below shows the Project location and nearby residences, parks and schools within a one and two-mile radius.

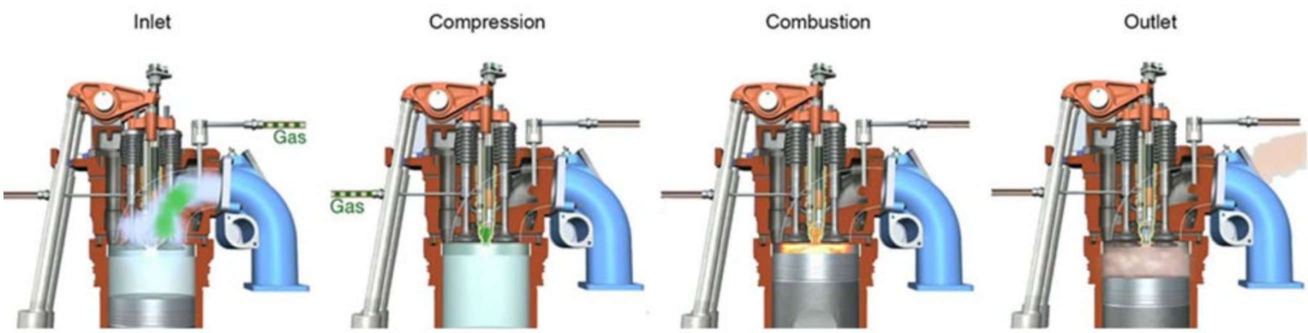


Two-Mile Radius Map

Reciprocating Internal Combustion Engines

The Project will consist of four Wärtsilä W18V50SG engines operating on natural gas. The Wärtsilä W18V50SG is a spark-ignited lean-burn natural gas engine. The engine works according to the Otto cycle.

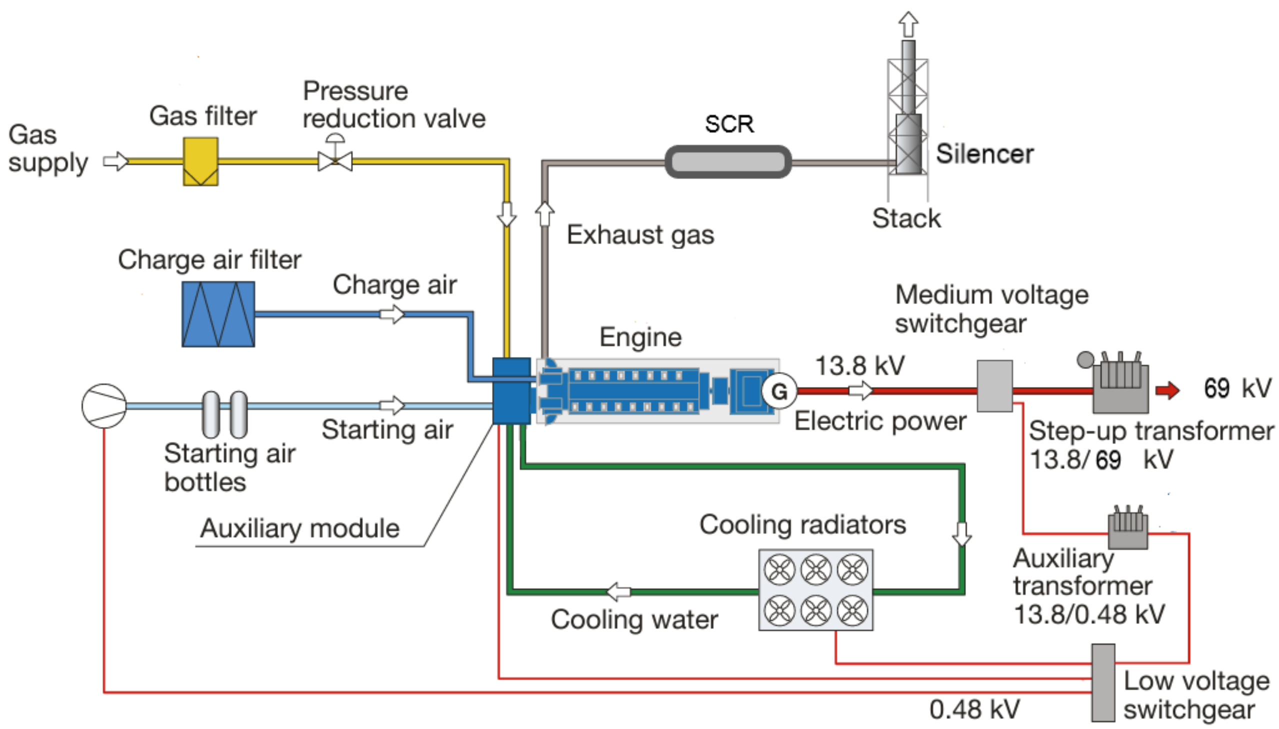
Natural gas is mixed with air before the inlet valves, and the gas-air mixture is compressed during the compression phase. Natural gas is also fed into a small pre-chamber, where the gas mixture is rich compared to the gas in the cylinder. At the end of the compression phase, a spark plug ignites the gas-air mixture in the pre-chamber. The flames from the nozzle of the pre-chamber ignite the gas-air mixture in the whole cylinder. After the working phase, the exhaust gas valves open, and the cylinder is emptied of exhaust gases. The intake air is turbocharged and intercooled.



Otto Cycle

Major Components

A simplified overview of the major components is shown below followed by a brief description of each, along with the miscellaneous balance of plant major components.



RICE Major Components

Fuel System

The RICE engines are designed for continuous operation on natural gas. High-pressure natural gas will be supplied from the Texas Gas transmission line. A pressure regulation station will be provided on site along with a coalescing filter with a knock-out tank to meet the engine operating requirements. A dew point heater for the natural gas will be provided to ensure proper cold weather operation.

The purpose of the fuel gas system is to supply the engine with a constant gas feed of suitable pressure, temperature, and cleanness. It is designed to shut off the gas supply if any problem arises and provide ventilation of trapped gas.

Each engine is equipped with a fuel gas supply unit. It controls the gas feed pressure to the engine depending on the engine load and isolates the engine gas system in case of an emergency or process shutdown. The unit is located upstream of the engine in engine-specific gas feed piping outside the engine hall. The fuel gas supply unit performs a leakage test of the main shut-off valves after every engine stop or shut-down.

Lubricating Oil System

The lubricating oil system provides the required lubrication for all moving parts of the engine. It consists of the engine's lubricating oil system, which handles the cooling and filtration of the lubricating oil for the engine itself, and the plant-related lubricating oil system, which handles storage of new and used lubricating oil.

The New Lubricating Oil System shall include a fresh oil storage tank supplied directly from a bulk oil transport truck or a truck off-loading pump skid. The fresh oil storage tank will include level indication and a low oil level alarm for transfer pump control, and makeup will be provided to each engine sump as required.

The Service Lubricating Oil System shall include a transfer pump skid and a service/used storage tank to transfer lubricating oil from engines for storage during maintenance. Used lube oil may also be diverted to a tanker truck for offsite disposal.

The oil mist separator separates lubricating oil from crankcase ventilation oil mist. The oil mist separator works by the principle of centrifugal separation, where separated oil will be drained back to engine.

Compressed Air System

Compressed air is produced by a starting air compressor unit, while instrument air of higher quality is produced in an instrument air compressor unit. The engine starts with compressed air, with a nominal pressure of 435 pounds per square inch (“PSI”). The start is performed by directing air into the cylinders through starting air valves in the cylinder heads. The instrument air compressor unit produces control, instrument, and service air.

Cooling Water System

The cooling system provides adequate cooling of critical engine components such as cylinder jackets, cylinder heads, and turbochargers, as well as cools the lubrication oil and charge air entering the cylinders. The engine cooling water cools the low-temperature charge-air cooler, lubricating oil cooler, high-temperature charge-air cooler, and engine jackets in a common single-circuit radiator. The engines are cooled in a closed loop system with remote, horizontal-type radiators with fans powered by variable frequency drive motors.

The maintenance water tank unit provides storage for the drained engine cooling water during maintenance work. The tank can also mix propylene glycol, corrosion inhibitor, and city water for the engine cooling water. The tank's volume holds only the coolant from one engine itself, not including piping or radiators, etc. Makeup required is typically two gallons per engine per week.

Intake Air System

The main function of the charge air system is to provide the engine with an adequate supply of clean and dry air, and to reduce the air intake noise. The air inlet to the filter is equipped with a vertical weather louver for removal of water droplets and a snow trap. The dry type filter is provided with replaceable single-stage bag-type synthetic fiber filter elements. The charge air silencer reduces the noise emission from the engine air intake.

Exhaust System

The main function of the exhaust gas system is to lead exhaust gases safely out from the power plant and discharge the exhaust gas at the required height. The exhaust gas system also reduces the exhaust noise from the engines. The safety vent and rupture disk arrangement are intended to protect equipment and personnel in case of a rapid build-up of pressure in the exhaust gas system. Each engine will have its own exhaust system and 100-foot self-supporting stack.

Emission Control System

The Selective Catalytic Reduction ("SCR") system is used for control of nitrogen oxide (NOx) emissions. In the SCR process, nitrogen oxides are reduced with the help of reducing agents to nitrogen (N_2) and water vapor (H_2O), the major components of the ambient air. The SCR reducing agent is a 40% aqueous urea solution. The reducing agent is evenly distributed in the mixing duct with the help of mixing element(s). The reduction of nitrogen oxides takes place on the surface of the ceramic or fiber reinforced catalyst elements.

The SCR system includes an automated process control that automatically adjusts the amount of reducing agent injected into the flue gas stream. Moreover, the automation system controls, monitors, and protects the components in the SCR system. The feeding unit pumps reducing agent from the storage tank to the reagent dosing unit. The dosing unit controls the amount of reducing agent fed into the exhaust gas stream.

To reduce carbon monoxide ("CO") and/or hydrocarbon emissions, an oxidation catalyst is fitted into the same housing as the SCR catalyst elements. Oxidation reactions take place on the surface of the catalyst and utilize the excess oxygen already present in flue gas. Oxidation catalyst does not require any other reagent.

Engine Hall Building

One engine hall shall contain all engine generating sets, as well as all associated equipment and piping. The building will be equipped with a bridge crane to allow for engine maintenance. Because of the high noise levels produced by the engines, the building shall have sound attenuating panels. The building will have forced air cooling with sound attenuation systems as well.

8.2 CONSTRUCTION BUDGET

The Project construction budget is $130.8M, including a $15M contingency.

	Budget	Contingency	Total
Generating Plant, Construction and Ancillary Facilities	$105,859,282	$12,241,968	$118,101,250
Electric Interconnection	$2,279,135	$810,000	$3,089,135
Natural Gas Interconnection	$2,740,620	$589,320	$3,329,940
Owner's Support[4]	$2,834,617	$300,000	$3,134,617
Site[5]	$1,142,639	$82,000	$1,224,639
Miscellaneous[6]	$899,000	$1,025,000	$1,924,000
Construction Budget	**$115,755,293**	**$15,048,288**	**$130,803,581**

8.3 DS RESERVE, CAP INT, WORKING CAP, ISSUANCE BUDGET

The Reserve/Issuance budget is $49.5M.

	Budget	Contingency	Total
Debt Service Reserve	$11,390,881	$0	$11,390,881
Capitalized Interest Fund	$25,704,000	$0	$25,704,000
Working Capital	$10,000,000	$0	$10,000,000
Cost of Issuance	$2,375,442	$0	$2,375,442
Reserve/Issuance Budget	**$49,470,324**	**$0**	**$49,470,324**

[4] Project development engineering, RFP development, legal/financing costs, owner's engineering, administrative costs, start-up/commissioning support, operator training, insurance.
[5] Property purchase & easement, subsidence study, topology survey, Siting Board Petition, economic analysis report, property value report, decommissioning plan, traffic study, environmental assessment, wetlands delineation, 401/404 permit preparation, site mitigation.
[6] Initial equipment fluids, operating spares, office furnishings, tools and equipment, utilities during construction, natural gas at start-up, utility connections, water system upgrades.

8.4 PROJECT STATISTICS

Energy Center I is expected to operate as an intermediate unit with a 60% capacity factor. Projected financial and operating statistics for the first ten years of operation are shown in the table below.

PROJECT STATISTICS	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
MW	73.53	73.53	73.53	73.53	73.53	73.53	73.53	73.53	73.53	73.53
MWh	435,860	403,728	401,455	401,509	399,860	389,859	404,415	398,961	403,951	401,786
Capacity Factor %	67.7%	62.7%	62.3%	62.3%	62.1%	60.5%	62.8%	61.9%	62.7%	62.4%
Hours	5,963	5,521	5,510	5,512	5,488	5,347	5,541	5,470	5,543	5,515
Dispatch $/MWh	37.80	37.29	37.20	37.71	37.68	38.20	38.58	39.71	41.02	42.16
Fuel $/MWh	31.22	30.57	30.32	30.67	30.49	30.85	31.07	32.04	33.18	34.15
Fuel $/MMBTU	3.74	3.66	3.62	3.66	3.64	3.68	3.71	3.82	3.96	4.08
Variable Operation and Maintenance $/MWh	6.57	6.73	6.89	7.04	7.20	7.35	7.51	7.67	7.84	8.01
Demand Charge $/kW-MO	22.17	22.28	22.38	22.49	22.60	22.72	22.84	22.96	23.08	23.20
Debt Service[7] $/kW-MO	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78	12.78
Debt Coverage $/kW-MO	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
PILOT[8] $/kW-MO	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Fixed Operation and Maintenance $/kW-MO	4.78	4.88	4.99	5.10	5.21	5.33	5.44	5.56	5.69	5.81
Busbar Cost ¢ per kWh	8.268	8.598	8.640	8.714	8.756	8.962	8.840	9.048	9.143	9.312

[7] Debt Service includes full financing for 2025 Bonds + completion indebtedness.

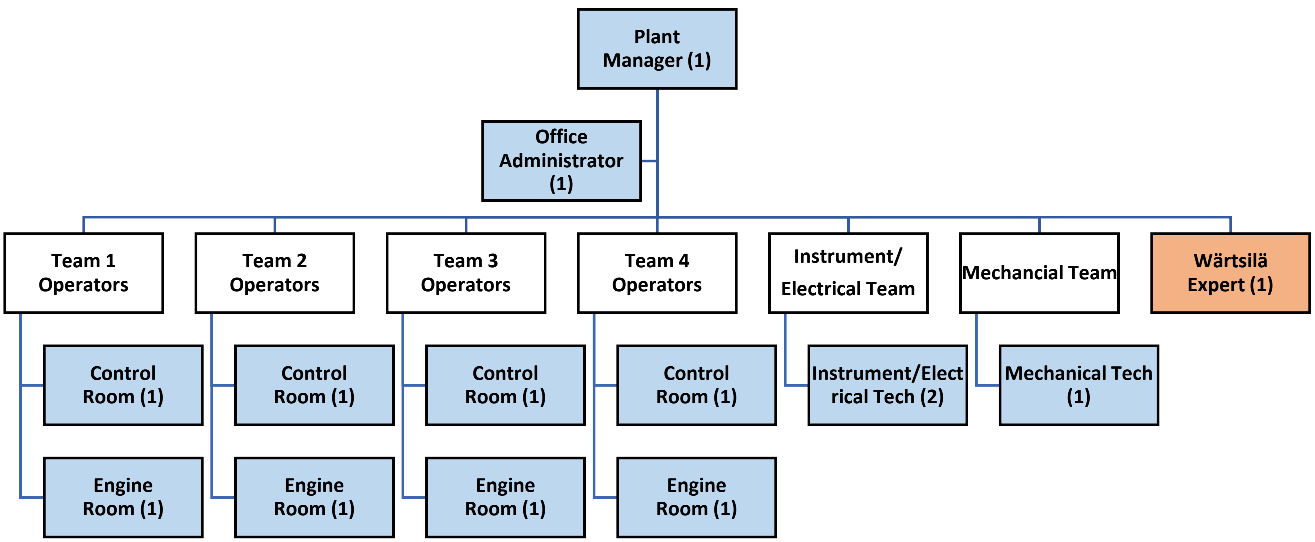
[8] Payment in Lieu of Taxes (PILOT) is $100,000 per year escalating at inflation. PILOT payments help the Madisonville local government carry out such vital services as firefighting, police protection, and construction of public roads.

8.5 UNIT DISPATCH

The business plan calls for ACES Power Marketing (ACES) to dispatch KYMEA Energy Center I as part of the overall KYMEA portfolio. ACES has provided dispatching services for KYMEA since May of 2019. The dispatch is optimized to meet KYMEA's all requirements needs and any off-system sales opportunities. ACES will assist with natural gas hedging strategies and NERC compliance in accordance with KYMEA's Board approved Enterprise Risk Management Policy.

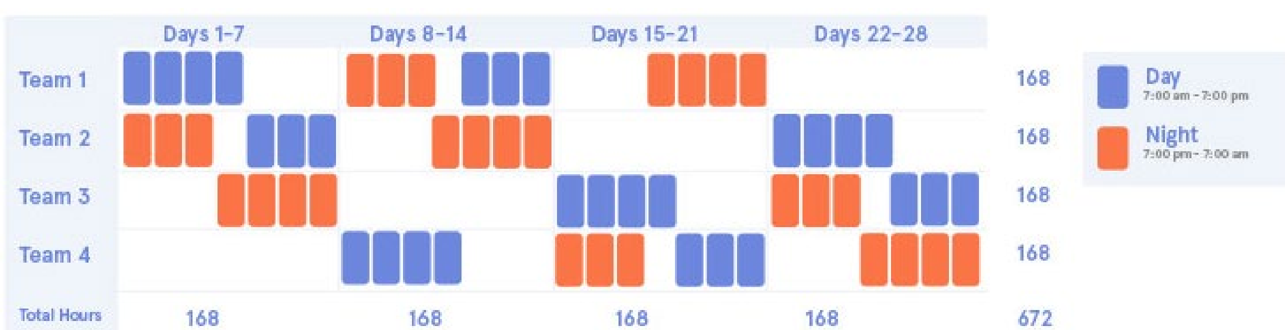
8.6 STAFFING

The staffing plan includes thirteen KYMEA employees and one Wärtsilä expert on-site for three years, beginning approximately six months prior to the commissioned operation date. Once operational, Wärtsilä will monitor plant operations remotely and alert staff of any issues. Operators will work 12-hour shifts on a modified DuPont schedule. If fewer operators are needed, the plant can start remotely, allowing ACES to start engines during off-peak hours before operators arrive.



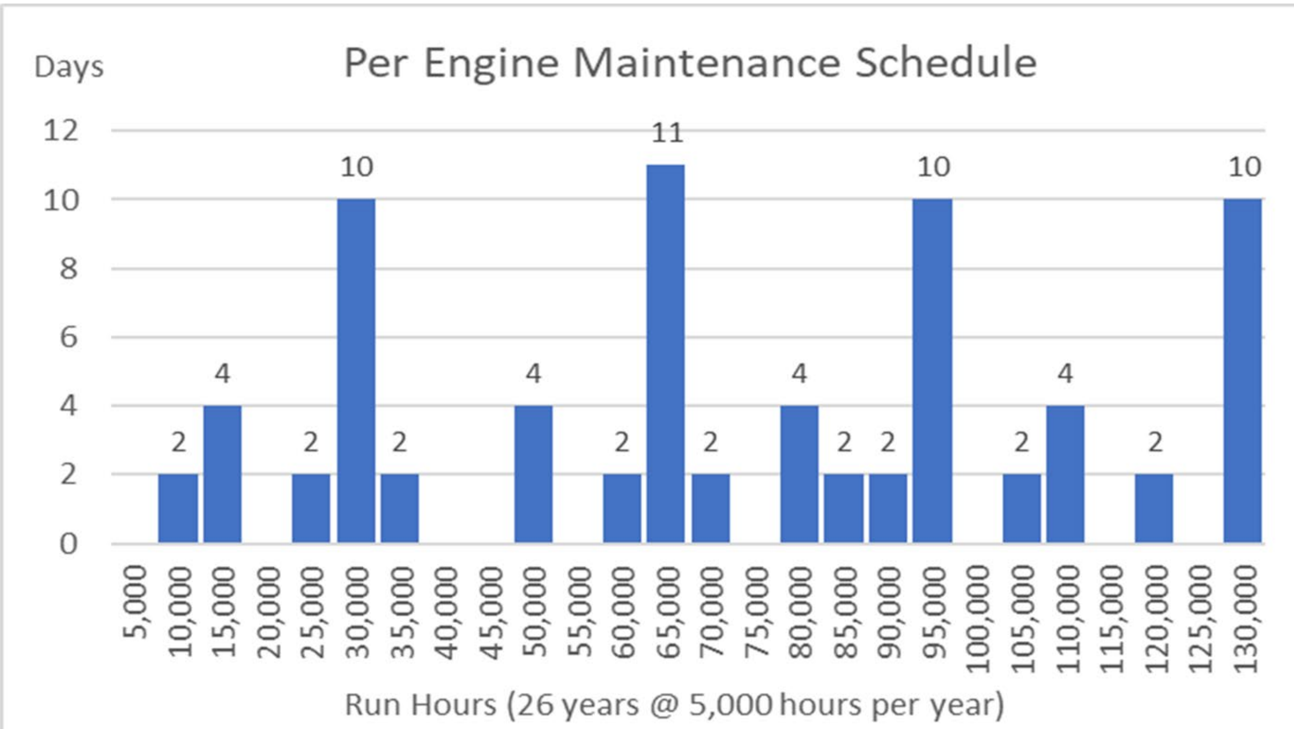
Modified DuPont Schedule

The modified DuPont Shift Schedule is a 12-hour rotating shift schedule. It consists of 4 teams and 2 12-hour Shift Durations. This shift pattern occurs on a 4-week cycle, in which teams work 4-day shifts, have 3 days off, work 3-night shifts, have a single day off, work 3-day shifts, have three days off, work four-night shifts, and end with a week off.



8.7 MAINTENANCE

Plant maintenance consists of routine, minor, and major overalls. KYMEA is still studying the options for long-term service agreements (LTSA) and spare parts. Wärtsilä recommends maintenance at set intervals based on hours of operation. The expected outage length of each level of maintenance is shown in the chart below. The expected effective forced outage rate (EFOR) is 1% per year.



8.8 COST-BASED COMPONENTS

The Project's estimated cost-based components are shown in the table below. Initial LTSA discussions with Wärtsilä are underway with the final LTSA expected to be negotiated in 2025/2026. The LSTA and O&M plan(s) will be customized to match KYMEA's requirements for spare parts, reliability, and availability.

FY2028
Energy Center I Projected PPA Rates

Debt-Service / DSC	$/kW-MO	Category
$11,280,606	$12.78	Debt-Service
$3,966,624	$4.50	Debt-Service Coverage
$15,247,229	**$17.28**	**Debt-Service / DSC**
Fixed O&M	$/kW-MO	
$2,888,200	$3.27	A&G
$100,000	$0.11	PILOT
$586,800	$0.67	Wärtsilä LTSA (Fixed)
$130,900	$0.15	Wärtsilä Annual Recovery
$3,705,900	**$4.20**	**Fixed O&M**
NG Commodity	$/kW-MO	
$659,529	**$0.75**	**Texas Gas NG Firm Transportation**

Variable O&M	$/MWh	
$161,548	$0.39	Lube Oil
$171,644	$0.41	SCR Reagent
$85,822	$0.20	SCR Catalyst
$126,209	$0.30	Wärtsilä LTSA (Maintenance BOP)
$277,660	$0.66	Wärtsilä LTSA (Minor Maintenance)
$1,948,669	$4.65	Wärtsilä LTSA (Major Maintenance)
$2,771,553	**$6.62**	**Variable O&M**
NG Commodity	$/MMBtu	
$12,497,379	$3.5688	Fuel Price
$109,264	$0.0312	Fuel Transportation
$12,606,643	$3.6000	NG Commodity Cost ($/MMBtu)
	$30.09	**NG Commodity Cost ($/MWh)**
$34,990,854	**Annual Cost**	

8.9 GREENHOUSE GAS RULE

The Project will be designed and permitted to meet or exceed the requirements of National Emission Standards for Hazardous Air Pollutants (NESHAP) for RICE, which is found in 40 CFR Part 63, Subpart ZZZZ. KYMEA Energy Center I is not expected to be affected by the EPA's April 2024 Greenhouse Gas Rule more specifically known as the New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule.

Spiegel Memorandum

KYMEA has obtained a memorandum from Spiegel & McDiarmid LLP on the applicability of the newest EPA regulations on RICE units.

Like combustion turbines, reciprocating internal combustion engines ("RICE") units are also a type of internal combustion engine. However, RICE units differ from combustion turbines in that they produce electricity using "pistons that alternatively move back and forth to convert pressure into rotating motion," rather than turbines.

The EPA recognizes this difference, governing combustion turbines and reciprocating engines in different subparts of its regulations.

As a result, while the Greenhouse Gas Rule does not specifically address reciprocating internal combustion engines , it does not appear that RICE units fall within the scope of new or reconstructed fossil fuel-fired stationary combustion turbine EGUs.

SECTION 9: PROJECT SCHEDULE

The Project Schedule calls for the project to be completed by summer 2027.

				2024				2025				2026				2027			
Task Name	**Duration**	**Start**	**Finish**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
Site Related Tasks	65	4/29/24	7/26/24																
Permitting	293	4/11/24	5/26/25																
Siting Board Petition	253	5/20/24	5/7/25																
401/404 Corps of Engineer Permit	240	6/25/24	5/26/25																
Ky DAQ Title V Permit	225	4/11/24	2/20/25																
LGIA Process	407	3/21/24	10/11/25																
Transitional Cluster Study	407	3/21/24	10/11/25																
Provisional Interconnection Study	240	8/12/24	7/12/25																
LGE/KU Substation	769	6/11/24	5/22/27																
National Gas Line	486	10/11/24	8/21/26																
Rice Plant	820	3/22/24	5/22/27																
Contracting	95	3/22/24	8/1/24																
Engineering	210	8/14/24	6/3/25																
Preliminary Site Layout	15	9/11/24	10/1/24																
Wärtsilä Engineering	172	8/14/24	4/10/25																
Stanley Anchor Bolts Down Package	108	10/1/24	2/28/25																
Major Electrical Equipment	53	10/1/24	12/15/24																
PEMB/Architectural	108	10/1/24	2/28/25																
Stanley Anchor Bolts Up Package	153	10/31/24	6/3/25																
Procurement/Deliveries	522	6/3/24	6/2/26																
Wärtsilä - Engine	431	9/5/24	4/30/26																
Wärtsilä - Generator	66	5/12/25	8/11/25																
Wärtsilä - SCR	191	12/5/24	8/28/25																
Wärtsilä - BOP	214	4/11/25	10/23/25																
Wärtsilä - Control System	149	4/11/25	11/5/25																
GSU	522	6/3/25	6/2/26																
Building Package	120	3/3/25	8/15/25																
MV/LV Package	272	12/16/24	12/30/25																
Sitework, Deep Fnd, UG Utilities, Concrete	40	3/3/25	4/25/25																
MEP, Arch, Masonry, Paint, Comm	40	6/4/25	7/29/25																
Construction	425	5/27/25	1/1/27																
Startup & Commissioning	94	1/12/27	5/22/27																

SECTION 10: PLAN OF FINANCE

2025 Bonds

Anticipated that at least 80% of the KYMEA Energy Center I project costs will be financed by the initial $120M tranche of bonds. The remaining 20% will be financed as Completion Indebtedness.

Line of Credit

- $50 million line of credit with Bank of America expected to concurrently with the bond offering.
- LOC will be used to provide timing flexibility with regard to payments not covered by initial issuance of long-term debt.
- Includes ability to write letters of credit.
- Expected to be taken out with long-term completion financing.

Completion Indebtedness

Summary of Completion Financing:

- Anticipated bond sizing of around $60 million.
- Expected to be financed in 2026.

SECTION 11: CONSTRUCTION RISKS – DELAYS AND COST OVERRUNS

The reciprocating internal combustion engine (RICE) power plant employs a modular design to sharply minimize construction delays and costs. In contrast to more complex power plant designs, such as combined cycle units, steam-coal plants, or nuclear plants, the RICE power plant construction presents significantly lower risks of construction and delay due to its modular, plug-and-play design.

KYMEA balances fixed cost contracts with competitive bidding, avoiding a $15 million risk premium for contingencies that would be embedded in a completely guaranteed contract approach.

Construction Budget

The Project construction budget is $130.8M, including a $15M contingency. Approximately 55% of the project costs are presently fixed. Competitive bid estimates are based on estimates obtained by Christman from both local and national contractors they believe are likely to partake in the bid processes.

Description	Fixed Contracts	Competitive Bid Estimates	Contingency
Equipment – Wärtsilä	$51,580,717	$1,500,000	$1,030,580
GSU – JSHP	$4,350,700	$1,250,000	$1,314,000
EPC Management Contract	$15,460,934		$1,500,000
EPC Subcontractors		$31,716,931	$8,397,388
Electrical Interconnection		$2,279,135	$810,000
Natural Gas Interconnection		$2,740,620	$589,320
Owner's Support		$2,834,617	$300,000
Site		$1,142,639	$82,000
Miscellaneous		$899,000	$1,025,000
Construction Budget	**$71,392,351**	**$44,362,942**	**$15,048,288**
Fixed + Bid **$115,755,293** **Contingency** **$15,048,288** **TOTAL** **$130,803,581**	**54.6%**	**33.9%**	**11.5%**

Equipment - Wärtsilä

Description	Fixed-Price Contract / Estimate	Contingency	Notes
Major equipment: Engines, Generators, Radiators, Air Compressors, SCRs, Engine Auxiliary Modules (EAM), Exhaust Gas Modules (EGM), Gas Regulating unit and Pipe Rack Modules, Support Steel, Stacks, Duct Work	$51,580,717	$530,580	KYMEA has a fixed contract with Wärtsilä covering delivery and assembly of the engine at the Energy Center I site. There is minimal risk of overrun for major equipment procurement, delivery, or assembly.
Spare Parts	$1,500,000	$500,000	Includes Safety Spares
Total Equipment	**$53,080,717**	**$1,030,580**	

Equipment Delay Damages: The Wärtsilä schedule includes a buffer to align the delivery of the engines with Christman's foundation readiness. If Wärtsilä incurs delays and fails to meet its delivery obligations for the Generator Sets, Wärtsilä shall compensate KYMEA $28,000 for each full week of delay, not exceeding a cumulative total amount of $5,158,072.

Equipment Cost Overruns: The costs for Wärtsilä Equipment, Delivery, and Installation are defined and contractually guaranteed. KYMEA has allocated a contingency fund of $530,580 for change orders and an additional $500,000 for spare part contingencies.

Generator Step-Up Transformers (GSU) – Jiangsu Huapeng Transformer Co., Ltd (JSHP)

Description	Fixed Price Contract / Competitive Bid Packages	Contingency	Notes
GSU Equipment and Associated Services	$4,350,700	$564,000[9]	Fixed Price Contract: Two (2) Generator Step-Up Transformers, Delivery, Assembly, Start-Up/Testing, 60/66 Month Warranty, Supply Bond, Spare Parts
High Voltage Breakers	$1,250,000	$750,000	To Be Competitively Procured
TOTAL GSU/HVB	**$5,600,700**	**$1,314,000**	

GSU Cost Overruns: The GSU Equipment and Associated Services cost $4,350,700 with an additional $564,000 tariff contingency fund. The High Voltage Breakers are estimated at $1,250,000, with an additional $750,000 contingency fund.

Engineering, Procurement, Construction Management – Christman/Stanley Fixed Fee

Description	Fixed-Fee Contract	Contingency	Notes
Engineering	$4,952,097		Fixed price represents full engineering services including project programming, schematic design, design development, and construction documents. Fixed price also includes Christman oversight and management of the design process, and interface with KYMEA/Stanley/Wartsila.
Procurement	$860,375		Fixed price represents Competitive Negotiation based on Kentucky Model Procurement Code for subcontract construction scope. Pricing includes preparation of bid list, bid packages, review and recommendation of award for each bid package. Subcontract negotiation and preparation of final subcontract is included in this price.
Construction Management	$9,648,462	$1,500,000	Fixed price represents construction management of construction of four 50SG engine plant, including start-up, commissioning, and training of balance of plant systems. Construction management includes required staff supervision, general conditions, insurance, and construction permit(s) necessary for completion of the project.
TOTAL EPC	**$15,460,934**	**$1,500,000**	

[9] President Trump proposed up to 60% tariffs on Chinese imports as part of his "America First" trade measures. JSHP, a Chinese company, is expected to be affected. KYMEA estimates that increasing tariffs from 25% to 60% would cost $564,000, with the calculation based on their agreement to split tariffs 50/50 (based on components manufactured in China): $3,220,000 * (35%) x 50%.

EPC Cost Overruns: The Construction Management contingency fund, controlled by Christman but held by KYMEA, covers unforeseen costs during construction, like pump rentals for flooded excavations. The $1,500,000 fund helps ensure any out-of-scope expenses are managed promptly.

EPC Subcontractors – Competitive Bid Packages

Description	Competitive Bid Packages	Contingency	Notes
1. Civil/Site Prep	$2,583,333	$516,667	
2. Pilings	$1,500,000	($500,000)	May see additional $500k savings due to shallow rock
3. Concrete	$2,083,333	$416,667	
4. Buildings	$5,500,000	$1,000,000	Enlarged building footprint, added sound reduction STC38
5. Structural Steel	$1,083,333	$216,667	
6. Mechanical	$9,602,583	$1,920,517	
7. Electrical	$9,313,250	$1,862,650	
8. Start-Up Commissioning	$1,071,099	$214,220	
EPC Subcontractors		$2,250,000	
Sales Tax Deduction	($1,020,000)	$500,000	
TOTAL EPC Subcontractors	**$31,716,931**	**$8,397,388**	

EPC Subcontractor Cost Overruns and Delays: The eight EPC Subcontractor Packages will be procured through Kentucky's Competitive Negotiation process. Christman will manage the process, with KYMEA making the final bidder selection. The estimated cost is $31,716,931 (excluding sales tax as KYMEA is exempt). A contingency fund of $8,397,388 will cover cost uncertainties. The Competitive Bid Package and contingency will reflect actual costs once secured. Each EPC Subcontractor Package will have a fixed fee and include liquidated damages clauses to protect KYMEA from delays and cost overruns.

Electrical Interconnection

Description	Competitive Bid Packages	Contingency	Notes
Cluster Study Cost	$50,000	$100,000	
Network Transmission Study Cost	$40,000		
Model Development	$19,135		Leidos modeling for System Impact Study
Provisional Study Cost	$125,000		
Interconnect Facility	$1,500,000	$500,000	
Easements		$10,000	
Substation Property Cost	$100,000		
Substation Property Studies/Engineering	$120,000		Includes $21.3k for Environmental Review, $15k for Injection Study, $65k for Geotech
Transmission Siting Board	$25,000		
Substation Site Prep	$300,000	$200,000	Entry, Grading, Rock, Fencing
Total Electrical Interconnection	**$2,279,135**	**$810,000**	

Electrical Interconnection Cost Overruns: KYMEA used a conservative estimate of $2,279,135 with a 36% contingency of $810,000.

Natural Gas Interconnection

Description	Competitive Bid Packages	Contingency	Notes
Property, Easements	$20,000	$20,000	
Texas Gas Tap and Meter	$420,620	$69,320	
Engineering & Permitting	$300,000		Increased cost after receiving bids
Pipeline including RR Crossing	$1,500,000	$500,000	
Pressure Reducer Station including Valving	$500,000		Some costs may be duplicative per the EPC
Total Natural Gas Interconnection	**$2,740,620**	**$589,320**	

Natural Gas Interconnection Cost Overruns: KYMEA used a conservative estimate of $2,740,620 with a 22% contingency of $589,320.

Owner’s Support, Site, and Miscellaneous

Description	Base	Contingency	Notes
Owner’s Support	$2,834,617	$300,000	Project development engineering, RFP development, legal/financing costs, owner's engineering, administrative costs, start-up/commissioning support, operator training, insurance.
Site	$1,142,639	$82,000	Property purchase & easement, subsidence study, topology survey, Siting Board Petition, economic analysis report, property value report, decommissioning plan, traffic study, environmental assessment, wetlands delineation, 401/404 permit preparation, site mitigation.
Miscellaneous	$899,000	$1,025,000	Initial equipment fluids, operating spares, office furnishings, tools and equipment, utilities during construction, natural gas at start-up, utility connections, water system upgrades.
Support, Site, Misc.	**$4,876,256**	**$1,407,000**	

Owner’s Support, Site, and Miscellaneous Cost Overruns: KYMEA used a conservative estimate of $4,876,256 with a 29% contingency of $1,407,000.

SECTION 12: KECI PRO FORMA

Change In Net Position

CHANGE IN NET POSITION	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37
OPERATING REVENUES (KYMEA PPA)	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Demand Charge	15.347	15.347	15.347	15.347	15.347	15.347	15.347	15.347	15.347	15.347
Fuel (Tolled)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Operation & Maintenance	6.969	7.023	7.123	7.328	7.501	7.647	7.790	7.996	8.199	8.333
Emissions	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL KYMEA PPA OPERATING REVENUE	22.316	22.370	22.470	22.675	22.848	22.994	23.137	23.343	23.546	23.680
EBITDA OPERATING EXPENSES										
Fuel (Tolled)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Operation & Maintenance	6.969	7.023	7.123	7.328	7.501	7.647	7.790	7.996	8.199	8.333
Taxes	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Emissions	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
EBITDA OPERATING EXPENSES	7.069	7.123	7.223	7.428	7.601	7.747	7.890	8.096	8.299	8.433
EARNINGS BEFORE INTEREST, TAXES, DEPR, AMORT (EBITDA)	15.247	15.247	15.247	15.247	15.247	15.247	15.247	15.247	15.247	15.247
OTHER OPERATING EXPENSES										
Depreciation	4.395	4.491	4.589	4.687	4.788	4.892	4.998	5.106	5.217	5.331
Amortization	0.072	0.072	0.072	0.072	0.072	0.072	0.072	0.072	0.072	0.072
Future Recoverable Costs	-1.567	-1.432	-1.290	-1.141	-0.985	-0.821	-0.649	-0.469	-0.280	-0.082
OTHER OPERATING EXPENSES	2.900	3.131	3.371	3.618	3.876	4.143	4.421	4.709	5.009	5.320
OPERATING INCOME	12.348	12.116	11.877	11.629	11.372	11.104	10.827	10.538	10.239	9.927
NON-OPERATING REVENUES (EXPENSES)										
Interest Expense	-8.497	-8.362	-8.220	-8.071	-7.914	-7.751	-7.579	-7.399	-7.210	-7.012
Interest Income	0.269	0.375	0.484	0.595	0.709	0.825	0.945	1.068	1.193	1.322
TOTAL NON-OPERATING REVENUES (EXPENSES)	-8.228	-7.986	-7.736	-7.476	-7.206	-6.925	-6.634	-6.331	-6.017	-5.690
CHANGE IN NET POSITION	4.119	4.130	4.141	4.153	4.166	4.179	4.193	4.207	4.222	4.237
BEGINNING NET POSITION	-24.684	-20.564	-16.435	-12.294	-8.141	-3.975	0.204	4.396	8.603	12.825
ENDING NET POSITION	-20.564	-16.435	-12.294	-8.141	-3.975	0.204	4.396	8.603	12.825	17.062
DEBT SERVICE COVERAGE	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
EBITDA	15.247	15.247	15.247	15.247	15.247	15.247	15.247	15.247	15.247	15.247
Debt-Service	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281
DEBT-SERVICE COVERAGE	3.967	3.967	3.967	3.967	3.967	3.967	3.967	3.967	3.967	3.967
DEBT-SERVICE COVERAGE RATIO	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35

FACILITY COST-BASED AGREEMENT

The Power Purchase Agreement between the Participants and KYMEA (on behalf of the AR Project) is a cost-based agreement whereby the entirety of the actual costs of the Facility provide the basis for the charges to be assessed by the Energy Center I business unit to KYMEA (on behalf of the AR Project). The Facility debt service for the 2025 Bonds, the Completion Indebtedness, and the debt service coverage will be collected by the Energy Center I business unit from KYMEA (on behalf of the AR Project) upon which the Energy Center I business unit will make the bond payments and pay all other Energy Center I expenses. The Debt Service Coverage is based on a ratio of 1.35x.

Statement Of Net Position

STATEMENT OF NET POSITION	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37
CURRENT ASSETS	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Unrestricted Cash and Investments	13.037	9.450	13.873	18.332	22.503	22.678	27.553	32.488	37.531	42.787
Operating Reserve Account	0.000	7.869	7.835	7.875	7.898	7.867	7.835	7.866	7.912	7.872
Capital Improvement Account	0.000	0.000	0.000	0.000	0.417	5.000	5.000	5.000	5.000	5.000
Decommissioning Fund	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Receivables	1.837	1.836	1.845	1.852	1.874	1.905	1.907	1.910	1.919	1.941
Inventories	6.151	6.151	6.151	6.151	6.151	6.151	6.151	6.151	6.151	6.151
Prepayments & Other Current Assets	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Current Assets	21.024	25.306	29.703	34.210	38.842	43.600	48.446	53.415	58.513	63.750
NON-CURRENT ASSETS										
Unrestricted Investments	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Restricted Investments	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Pledged Collateral	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Reserve Fund	11.391	11.391	11.391	11.391	11.391	11.391	11.391	11.391	11.391	11.391
Debt Service Sinking Fund	0.940	0.940	0.940	0.940	0.940	0.940	0.940	0.940	0.940	0.940
Total Non-Current Assets	12.331	12.331	12.331	12.331	12.331	12.331	12.331	12.331	12.331	12.331
CAPITAL ASSETS										
Electric Plant and Equipment	133.225	136.109	139.019	142.041	145.134	148.246	151.443	154.747	158.146	161.560
Less: Accumulated Depreciation and Amortization	-4.758	-9.249	-13.837	-18.524	-23.313	-28.205	-33.203	-38.309	-43.527	-48.857
Net Electric Plant and Equipment	128.468	126.860	125.182	123.516	121.821	120.040	118.239	116.438	114.619	112.703
Land	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Construction Work in Progress	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Asset Retirement Obligation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Capital Assets	128.668	127.060	125.382	123.716	122.021	120.240	118.439	116.638	114.819	112.903
Total Assets	162.023	164.697	167.416	170.257	173.194	176.171	179.217	182.383	185.663	188.984
DEFERRED OUTFLOWS OF RESOURCES										
Unamortized Loss of Reacquired Debt	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Regulatory Assets	2.082	2.010	1.938	1.866	1.794	1.722	1.650	1.578	1.506	1.434
Deferred Outflows of Resources	2.082	2.010	1.938	1.866	1.794	1.722	1.650	1.578	1.506	1.434
Total Assets and Deferred Outflows	164.105	166.706	169.354	172.123	174.988	177.893	180.866	183.961	187.169	190.418
LIABILITIES	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37
CURRENT LIABILITIES	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Accounts Payable	1.080	1.839	2.623	3.424	4.256	5.115	5.964	6.832	7.725	8.650
Accrued Liabilities	0.703	0.691	0.679	0.667	0.653	0.639	0.625	0.609	0.593	0.577
Total Current Liabilities	1.783	2.530	3.302	4.090	4.909	5.755	6.589	7.442	8.319	9.227
NON-CURRENT LIABILITIES										
Asset Retirement Obligations	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Benefit Liabilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Non-Current Liabilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LONG-TERM DEBT										
Revenue Bonds, Net of Unamortized Premium/Discount	177.227	174.320	171.271	168.074	164.721	161.205	157.518	153.652	149.597	145.345
Total Liabilities	179.011	176.850	174.573	172.164	169.630	166.960	164.107	161.093	157.916	154.572
DEFERRED INFLOWS OF RESOURCES										
Rate Stabilization	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Regulatory Credits	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred Inflows of Resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Liabilities and Deferred Inflows	179.011	176.850	174.573	172.164	169.630	166.960	164.107	161.093	157.916	154.572
NET POSITION										
Invested in Capital Assets, Net of Related Debt	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Restricted	12.331	12.331	12.331	12.331	12.331	12.331	12.331	12.331	12.331	12.331
Unrestricted	-27.237	-22.475	-17.550	-12.372	-6.973	-1.398	4.428	10.536	16.922	23.515
Total Net Position	-14.906	-10.144	-5.219	-0.041	5.358	10.933	16.759	22.867	29.253	35.846

Statement Of Cash Flows

STATEMENT OF CASH FLOWS	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Jun-35	Jun-36	Jun-37
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037
Cash Receipts from KYMEA PPA	22.296	22.371	22.462	22.668	22.827	22.963	23.135	23.340	23.537	23.659
Less: Cash Payments for Fuel (Tolled)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Less: Cash Payments for Emissions	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Less: Cash Payments for A&G and Utilities	-3.285	-3.358	-3.432	-3.507	-3.584	-3.663	-3.744	-3.826	-3.910	-3.996
Less: Cash Payments for Routine Maintenance	-0.539	-0.536	-0.535	-0.556	-0.568	-0.575	-0.589	-0.608	-0.626	-0.628
Less: Cash Payments for LTSA Maintenance	-2.381	-2.371	-2.372	-2.464	-2.517	-2.549	-2.609	-2.693	-2.769	-2.783
Less: Cash Payments for NG Firm Transportation	-0.749	-0.765	-0.782	-0.799	-0.817	-0.835	-0.853	-0.872	-0.891	-0.911
Less: Cash Payments for Interest	-8.508	-8.373	-8.232	-8.083	-7.928	-7.765	-7.594	-7.414	-7.226	-7.029
Less: Cash Payments for Cost of Issuance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Less: Cash Payments for Taxes	-0.058	-0.100	-0.100	-0.100	-0.100	-0.100	-0.100	-0.100	-0.100	-0.100
Net Cash Provided by Operating Activities	6.775	6.868	7.009	7.158	7.313	7.476	7.647	7.826	8.014	8.211
CASH FLOWS PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES										
Cash Receipts from Participants	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Less: Cash Payments to Participants	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net Cash Provided by Non-Capital Financing Activities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES										
Investments Purchased	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281	-11.281
Investments Sold	11.281	11.281	11.281	11.281	11.281	11.281	11.281	11.281	11.281	11.281
Capital Asset Purchased	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Investment Income	0.245	0.322	0.429	0.538	0.651	0.766	0.884	1.005	1.130	1.257
Net Cash Provided by Investing Activities	0.245	0.322	0.429	0.538	0.651	0.766	0.884	1.005	1.130	1.257
CASH FLOWS USED IN CAPITAL AND FINANCING ACTIVITIES										
Long-Term Borrowing	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Less: Cash Payments for Bonds	-2.773	-2.907	-3.049	-3.197	-3.353	-3.516	-3.687	-3.866	-4.054	-4.252
Net Cash Used in Capital and Financing Activities	-2.773	-2.907	-3.049	-3.197	-3.353	-3.516	-3.687	-3.866	-4.054	-4.252
Change in Cash and Cash Equivalents	4.248	4.282	4.389	4.499	4.611	4.726	4.844	4.965	5.089	5.216
Cash and Cash Equivalents, Beginning of Year	8.789	13.037	17.319	21.708	26.207	30.818	35.544	40.389	45.354	50.443
Cash and Cash Equivalents, End of Year	13.037	17.319	21.708	26.207	30.818	35.544	40.389	45.354	50.443	55.659

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APPENDIX B

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS

(ENERGY CENTER I PROJECT),

SERIES 2025

Audited Financial Statements of the Kentucky Municipal Energy Agency

for Fiscal Years ended June 30, 2024 and 2023;

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Kentucky Municipal Energy Agency

Independent Auditor's Report and Financial Statements

June 30, 2024 and 2023

Contents

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Independent Auditor's Report

Board of Directors
Kentucky Municipal Energy Agency
Louisville, Kentucky

Opinion

We have audited the financial statements of Kentucky Municipal Energy Agency, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Municipal Energy Agency, as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Forvis Mazars, LLP

Lincoln, Nebraska
September 5, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Kentucky Municipal Energy Agency's ("KYMEA" or the "Agency") financial performance provides an overview of the Agency's activities for the fiscal years ended June 30, 2024 and 2023. It should be read in conjunction with the basic financial statements and the accompanying notes.

Background

KYMEA is a joint agency organized under the Interlocal Cooperation Act of the Commonwealth of Kentucky. KYMEA was created to allow its Members to collaborate effectively to do all things necessary or convenient to serve the current and future electric power and energy requirements of the Members and to provide assistance to the Members related to their electric power and energy utility systems. The Agency's Members currently consist of the following Kentucky municipalities: Barbourville, Bardwell, Benham, Berea, Corbin, Falmouth, Frankfort, Madisonville, Owensboro, Paris, and Providence (the "Members"). As of June 30, 2024, ten of the eleven participants have entered into All Requirements Power Sales Contracts ("Contracts"). Under the Contracts, these ten members purchase all power and energy needed to meet their respective retail requirements, and the Contracts also obligate these members to provide revenue sufficient to allow the Agency to meet its obligations, including those related to power purchases, administration and prospective debt issuance.

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

Summary of the Financial Statements

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

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

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

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

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

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

Financial Analysis

The following comparative condensed financial information summarizes the Agency's financial position, operating results and cash flows for the years ended June 30, 2024, 2023, and 2022.

Condensed Balance Sheets

	2024	2023	2022
ASSETS			
Current assets	$ 50,407,681	$ 31,671,663	$ 30,518,180
Other noncurrent assets	8,379,051	4,789,823	3,490,394
Capital, lease, and subscription assets	3,728,958	3,244,182	2,717,308
Total assets	$ 62,515,690	$ 39,705,668	$ 36,725,882
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities	$ 10,323,740	$ 9,667,626	$ 16,825,820
Noncurrent liabilities	1,807,494	1,976,836	1,642,456
Total liabilities	12,131,234	11,644,462	18,468,276
Deferred inflows of resources	14,204,381	-	-
Net position			
Net investment in capital assets	1,805,322	1,280,194	1,136,344
Unrestricted	34,374,753	26,781,012	17,121,262
Total net position	36,180,075	28,061,206	18,257,606
Total liabilities, deferred inflows of resources and net position	$ 62,515,690	$ 39,705,668	$ 36,725,882

Current assets increased $18.8 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. This increase resulted from an increase in unrestricted cash from normal operations during the year due to the increase in the deferred inflows of resources from both the rate stabilization fund and depancaking fund. Noncurrent assets increased by $4.1 million in the same period primarily due to an increase in collateral deposits held by regional transmission organizations.

Current liabilities increased $0.6 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. This increase was related to the timing of purchased power expenses to serve the electricity needs of KYMEA's members. Noncurrent liabilities decreased $0.2 million during the same period due to the amortization of the lease and subscription based information technology arrangements liabilities.

Current assets increased $1.2 million from the fiscal year ending June 30, 2022, to the fiscal year ending June 30, 2023. This increase resulted from a decrease in unrestricted cash from normal operations during the year offset by an increase in accounts receivable related to timing of the Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E-KU) depancaked transmission rate ruling. Noncurrent assets increased by $1.3 million in the same period due to an increase in collateral deposits held by regional transmission organizations. Capital, lease, and subscription assets increased $0.5 million due to implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. This pronouncement requires recognition of assets and liabilities for certain subscription-based information technology arrangements.

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

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2024	2023	2022
Operating revenues	$ 85,517,795	$ 107,329,886	$ 109,408,434
Operating expenses	81,171,510	102,780,696	105,379,944
Operating income	4,346,285	4,549,190	4,028,490
Net nonoperating revenues (expenses)	3,772,584	5,254,410	(92,590)
Change in net position	8,118,869	9,803,600	3,935,900
Net position - Beginning of Year	28,061,206	18,257,606	14,321,706
Net position - End of Year	$ 36,180,075	$ 28,061,206	$ 18,257,606

Operating revenues decreased $21.8 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. This decrease is a result of KYMEA's decreased long position where it is able to sell electricity through its power purchase agreements in excess of its load. KYMEA sells this electricity in the Midcontinent Independent System Operator open market (off-system sales). Both KYMEA's long position and the sales price per MWh decreased during the fiscal year ending June 30, 2024.

Operating expenses decreased $21.6 million from the fiscal year ending June 30, 2023, to the fiscal year ending June 30, 2024. During 2023, the Agency received favorable ruling related to the depancaked transmission expenses related to changes in the Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E-KU) de-pancaking. This settlement lead to the offsetting of these rates against the cost of purchase power during the entire 2024 fiscal year. In addition, the decrease in KYMEA's long position discussed above resulted in a corresponding decrease in purchased power expenses. Both the depancaking settlement and the decreased long position contributed to KYMEA's significant reduction in operating expenses.

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

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

Financing

In February 2022, the Agency executed a revolving line of credit agreement for advances up to $45,000,000. Advances under this agreement bear interest at the Bloomberg Short-term Yield Index, and interest is payable semi-annually. There were no amounts outstanding under the line of credit as of June 30, 2022, 2023, or 2024.

General Trends and Significant Events

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

Contact Information

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

Kentucky Municipal Energy Agency
Balance Sheets
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 37,437,998	$ 14,176,034
Accounts receivable	12,965,571	17,493,072
Prepaid expenses and other assets	4,112	2,557
Total current assets	50,407,681	31,671,663
Noncurrent Assets		
Collateral deposit	8,379,051	4,789,823
Lease assets, net of accumulated amortization	1,282,626	1,421,279
Subscription assets, net of accumulated amortization	361,367	485,704
Capital assets, net of accumulated depreciation	2,084,965	1,337,199
Total noncurrent assets	12,108,009	8,034,005
Total assets	$ 62,515,690	$ 39,705,668
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable	$ 10,059,469	$ 9,424,234
Accrued liabilities	33,455	34,096
Accrued interest payable	9,531	9,375
Current portion of lease liabilities	116,457	98,213
Current portion of subscription liabilities	104,828	101,708
Total current liabilities	10,323,740	9,667,626
Noncurrent Liabilities		
Compensated absences	260,752	212,769
Lease liabilities, net	1,256,659	1,373,116
Subscription liabilities, net	290,083	390,951
Total noncurrent liabilities	1,807,494	1,976,836
Deferred Inflows of Resources		
Deferred inflows from rate stabilization	14,204,381	-
Net Position		
Net investment in capital assets	1,805,322	1,280,194
Unrestricted	34,374,753	26,781,012
Total net position	36,180,075	28,061,206
Total liabilities, deferred inflows of resources and net position	$ 62,515,690	$ 39,705,668

Kentucky Municipal Energy Agency
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Billings	$ 85,517,795	$ 107,329,886
Total operating revenues	85,517,795	107,329,886
Operating Expenses		
Production and purchased power	68,525,119	90,222,643
Transmission	10,365,521	9,873,220
Depreciation and amortization	500,037	461,703
Other operating expenses	1,780,833	2,223,130
Total operating expenses	81,171,510	102,780,696
Operating Income	4,346,285	4,549,190
Nonoperating Revenues (Expenses)		
Interest expense	(137,073)	(122,016)
Interest income	1,386,684	450,777
Contributions from new members	2,522,973	-
Regulatory settlement	-	4,925,649
Total nonoperating revenues	3,772,584	5,254,410
Change in Net Position	8,118,869	9,803,600
Net Position, Beginning of Year	28,061,206	18,257,606
Net Position, End of Year	$ 36,180,075	$ 28,061,206

Kentucky Municipal Energy Agency
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from members	$ 82,350,843	$ 108,925,449
Payments to service providers and others	(59,410,216)	(113,654,089)
Payments to employees	(1,239,686)	(1,163,494)
Collateral deposit remittances	(3,589,228)	(1,299,429)
Net cash provided by (used in) operating activities	18,111,713	(7,191,563)
Cash Flows From Noncapital Financing Activities		
Regulatory settlement proceeds	4,925,649	-
Net cash provided by noncapital financing activities	4,925,649	-
Cash Flows From Capital and Related Financing Activities		
Interest payments	(136,917)	(122,172)
Principal paid on lease liability	(98,213)	(109,635)
Principal paid on subscription liability	(102,220)	(98,467)
Purchase of capital assets	(824,732)	(397,451)
Net cash used in capital and related financing activities	(1,162,082)	(727,725)
Cash Flows From Investing Activities		
Interest income	1,386,684	450,777
Net cash provided by investing activities	1,386,684	450,777
Increase (Decrease) in Cash	23,261,964	(7,468,511)
Cash and Cash Equivalents, Beginning of Year	14,176,034	21,644,545
Cash and Cash Equivalents, End of Year	$ 37,437,998	$ 14,176,034
Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities		
Operating income	$ 4,346,285	$ 4,549,190
Depreciation and amortization	500,037	461,703
Changes in operating assets and liabilities		
Accounts receivable	2,124,825	(3,696,214)
Prepaid expenses and other assets	(1,555)	(131)
Collateral deposit	(3,589,228)	(1,299,429)
Accounts payable	479,626	(7,222,493)
Accrued liabilities	47,342	15,811
Deferred inflows of resources	14,204,381	-
Net cash provided by (used in) operating activities	$ 18,111,713	$ (7,191,563)
Supplemental Noncash Activities		
Subscription obligations incurred for subscription assets	$ 4,472	$ 591,126
Accounts payable incurred for capital assets	155,609	-

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

Nature of Operations

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

As of June 30, 2024, ten of the eleven participants have entered into All Requirements Power Sales Contracts ("Contracts"). Under the Contracts, these ten members purchase all power and energy needed to meet their respective retail requirements, and the Contracts also obligate these members to provide revenue sufficient to allow the Agency to meet its obligations, including those related to power purchases, administration and prospective debt issuance.

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

Reporting Entity

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

Basis of Presentation

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

Estimates

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

Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. At June 30, 2024 and 2023, cash equivalents consisted primarily of insured cash sweep funds.

Accounts Receivable

Accounts receivable are stated at the amount billed to the Members. Accounts receivable are due immediately upon issuance of the invoice, which is ordinarily 20 days after the end of the prior month. Management does not believe an allowance for doubtful accounts is necessary at June 30, 2024 and 2023.

Collateral Deposit

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

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

Capital Assets

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

Building improvements	15 years
Equipment	5 - 10 years

Lease Assets

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

Subscription Assets

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

Capital, Lease, and Subscription Asset Impairment

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

No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Compensated Absences

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

The following is a summary of compensated absence transactions of the Agency for the years ended June 30, 2024 and 2023:

	Beginning Balance	Additions	Deductions	Ending Balance
2024	$ 212,769	$ 130,834	$ (82,851)	$ 260,752
2023	$ 182,432	$ 124,062	$ (93,725)	$ 212,769

Regulated Operations

Rates for the Agency's regulated operations are established and approved by the Board of Directors. The Agency applies the provisions of GASB Codifications Section Re10, *Regulated Operations*, which provide for reductions in earnings to cover future expenditures (deferred inflows from rate stabilization). Deferred inflows from rate stabilization are comprised of the Board approved amounts collected for rate stabilization.

Net Position Classification

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

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

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Agency has no net position that meets the restricted definition at June 30, 2024 and 2023.

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

Classification of Revenues and Expenses

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

Income Taxes

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

Note 2. Deposits

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

The Federal Deposit Insurance Corporation (FDIC) insures transaction accounts for government deposits up to $250,000 per official custodian at each covered institution. Additionally, the Agency's deposits at June 30, 2024 are invested through the Insured Cash Sweep ® (ICS) service, whereby funds are placed with other ICS Network members by the Agency's primary financial institution in increments less than $250,000.

Note 3. Capital, Lease, and Subscription Assets

Capital, lease, and subscription asset activity for the years ended June 30, 2024 and 2023 was as follows:

	July 1, 2023	Increase	Decrease	Transfers	June 30, 2024
Work in progress	$ 324,450	$ 941,887	$ -	$ (106,513)	$ 1,159,824
Equipment	1,560,162	38,454	-	106,513	1,705,129
Building improvements	260,238	-	-	-	260,238
Lease asset - building	1,698,510	-	-	-	1,698,510
Subscription asset - software	591,126	4,472	-	-	595,598
Less:					
Accumulated depreciation	(807,651)	(232,575)	-	-	(1,040,226)
Accumulated lease amortization	(277,231)	(138,653)	-	-	(415,884)
Accumulated subscription amortization	(105,422)	(128,809)	-	-	(234,231)
Totals	$ 3,244,182	$ 484,776	$ -	$ -	$ 3,728,958

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

Note 4. Line of Credit

In March 2019, the Agency executed a revolving line of credit agreement, expiring March 1, 2020 for advances up to $30,000,000. This agreement was later extended to February 1, 2025 with the maximum advance amount increasing to $45,000,000. Advances under this agreement bear interest at the Bloomberg Short-Term Bank Yield Index, and interest is payable semi-annually. There were no amounts outstanding under this line of credit as of June 30, 2024 and 2023. This agreement is collateralized by substantially all assets of the Agency and secured by a pledge of the revenues from the Agency's Contracts with the Members.

Note 5. Long-Term Obligations

The follow is a schedule of long-term obligation transactions for the Agency for the years ended June 30, 2024 and 2023:

	July 1, 2023	Increase	Decrease	June 30, 2024	Due Within One Year
Lease liability	$ 1,471,329	$ -	$ (98,213)	$ 1,373,116	$ 116,457
Subscription liability	492,659	4,472	(102,220)	394,911	104,828
Totals	$ 1,963,988	$ 4,472	$ (200,433)	$ 1,768,027	$ 221,285

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

Note 6. Lease Liabilities

The Agency leases office space, the terms of which expire in September 2028 with one additional 60-month renewal option. The total amount of the lease asset was $1,698,510 with associated accumulated amortization of $415,884 and $277,231 as of June 30, 2024 and 2023, respectively. The lease asset is being amortized on a straight-line basis over the remaining lease term. There were no payments recorded in the current period that were not included in the measurement of the lease liability, no commitments prior to the commencement of the lease contracts, and no lease impairments as of June 30, 2024 and 2023. Lease payments made during 2024 and 2023 totaled $169,293 ($98,213 principal and $71,080 interest at 4.98%) and $164,426 ($109,635 principal and $54,791 interest at 4.98%), respectively.

The following table summarizes the future lease principal and interest payments as of June 30, 2024.

Year Ending June,	Total to Be Paid	Principal	Interest
2025	$ 182,275	$ 116,457	$ 65,818
2026	186,061	126,337	59,724
2027	186,062	132,775	53,287
2028	186,061	139,540	46,521
2029	186,062	146,650	39,412
2030-2034	790,759	711,357	79,402
	$ 1,717,280	$ 1,373,116	$ 344,164

Note 7. Subscription Liabilities

The Agency has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. The total amount of subscription assets were $595,598 and $591,126 with associated accumulated amortization of $234,231 and $105,422 as of June 30, 2024 and 2023, respectively. The subscription assets are being amortized over the remaining terms of the agreements. There were no payments recorded in the current period that were not included in the measurement of the subscription liability, no commitments prior to the commencement of the contracts, and no impairments as of June 30, 2024 and 2023. Subscription payments made during 2024 and 2023 totaled $110,868 ($102,220 principal and $8,648 interest at 1.94%) and $108,971 ($98,467 principal and $10,505 interest at 1.94%), respectively.

The following is a schedule by year of payments under the SBITAs as of June 30, 2024:

Year Ending June,	Total to Be Paid	Principal	Interest
2025	$ 111,467	$ 104,828	$ 6,639
2026	111,466	106,879	4,587
2027	111,466	108,971	2,495
2028	74,704	74,233	471
	$ 409,103	$ 394,911	$ 14,192

Note 8. Retirement Plans

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

The Agency also sponsors a defined contribution retirement savings plan, created in accordance with Internal Revenue Code Section 401(a). All full-time employees are eligible to participate in this plan. The Agency contributes 10% of base wages to eligible employees. Eligible employees are those that contribute a minimum of 3% to the 457 Plan. Employer contributions of $98,507 and $92,842 were made for the fiscal years ended June 30, 2024 and 2023, respectively.

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

Note 9. Commitments

Purchased Power Agreements

KYMEA expects to supply nearly all of its power requirements through a portfolio of purchased power agreements. The Agency currently has four purchased power agreements in effect, with varying terms, to supply its power requirements beginning May 1, 2019. The first agreement is a 10-year arrangement with Big Rivers Electric Corporation (BREC) for 100 megawatts (MW) of firm base load capacity from BREC's portfolio of owned resources. The second agreement is a five-year contract with Duke Energy Indiana, LLC for an initial nomination of 30 MW, with a one-time increase to 60 MW, of capacity from Duke Energy Indiana's system. The third agreement provides for an initial nomination of 90 MW of peaking capacity from Paducah Power System. The final agreement provides for an initial nomination of 35 MW for the period from June 1, 2024 through May 31, 2027, with a one-time increase to 100 MW beginning June 1, 2027 through May 31, 2029 from Hallador Power Company, LLC.

KYMEA has also entered into an agreement to purchase 100% of the capacity from Ashwood Solar I, LLC upon Commercial Operation, for a period of 20 years. RWE has advised the Agency it will be unable to meet the commercial operation date of December 1, 2022, the Agency anticipates the commercial operation date to be delayed to January 2025.

Note 10. Risk Management

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

Note 11. Subsequent Event

Subsequent to year end, the Agency entered into a number of contracts of a material nature. All are related to the planned construction of a 75 MW reciprocating internal combustion engine (RICE) electricity generation plant located in Hopkins County, KY. The generation plant is anticipated to become operational in June, 2027. The Agency entered into one contract for the purchase of RICE engines, one contract for the purchase of the land, and one contract for the engineering, procurement, and construction of the project. The total amount contracted was approximately $67 million. The Agency made a $7.5 million draw on its line of credit to fund the first payment of the engine purchase.

In a related transaction, the Agency issued a $5 million letter of credit supporting a transmission interconnection study for the RICE project.

Nine of the Agency's members contracted with the Agency as participants in the RICE project.

APPENDIX C

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS

(ENERGY CENTER I PROJECT),

SERIES 2025

Demographic, Operating and Financial Data of KYMEA's All Requirements Members

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KYMEA Member Information

as of Fiscal Year 2023

KENTUCKY MUNICIPAL ENERGY AGENCY POWER SYSTEM REVENUE BONDS (ENERGY CENTER I PROJECT) SERIES 2025

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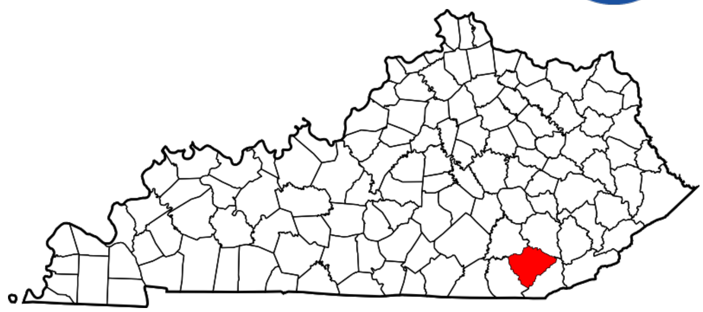
BARBOURVILLE UTILITY COMMISSION (BUC)

Organization and Powers



Barbourville Utility Commission (BUC) is a component unit of the City of Barbourville, Kentucky (City). BUC is self-supporting and renders water, electric, fiber internet, and sewer services to local residents. BUC is governed by a three-person Commission, all Barbourville residents, taxpayers and legal voters of the City, who are appointed by the mayor and confirmed by the city council, each serving a three-year term.

In October 1938, the Barbourville City Council established BUC to purchase the existing electric system.

In May 2019, BUC began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency's (KYMEA) All Requirements Project.

The Electric Plant

The BUC distribution system serves approximately 4,191 customers. Of this number, approximately 3,495 are classified as residential customers. The BUC service area includes most of the area within the corporate boundaries of the City and a portion of Knox County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the BUC service area.

BUC distributes more than 81,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
19	19	19	22	19

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
88,498,000	84,289,000	87,094,000	88,674,000	81,680,000

Electric Rates

Neither the rates charged nor services provided by BUC are regulated by the Kentucky Public Service Commission. The Commission is autonomous in its rate-setting authority and control over the management and operation of the BUC electric system.

The current schedule for electric rates is shown below.

Class	Effective Rate
RS-1 Residential	
Customer Charge	$12.00
Energy Charge	$0.0798/kWh
Commercial	
Customer Charge	$15.00
Energy Charge	$0.0835/kWh
Industrial	
Customer Charge*	$75.00
Customer Charge**	$7.50/kW
Energy Charge	$0.0604/kWh

Notes:
* covers the first 10 kW of demand for the customer.
** the additional charge, per kW, beyond the first 10 kW of demand.

Customer Base

Listed below are customer statistics of BUC for the last five fiscal years:

	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	3,444	3,452	3,479	3,498	3,495
Commercial	509	506	502	501	507
Industrial	109	179	184	188	189
Total Customers	4,133	4,137	4,165	4,187	4,191
kWh Sold	80,336,000	77,435,000	77,814,000	79,243,000	75,884,000
Revenue	$8,085,311	$7,800,365	$7,656,852	$7,801,822	$7,804,966

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the ten largest electric customers of BUC in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
ARH Hospital	3,399,880	$329,571
Union College – Main Campus	2,689,500	$277,359
IGA of Barbourville	1,472,160	$150,553
Knox County Jail	1,460,200	$142,025
Barbourville Health & Rehab	1,016,800	$105,743
Wal-Mart	855,800	$89,813
Union College – Wellness Center	921,800	$89,686
Sav-A-Lot of Barbourville	756,880	$79,284
Knox County Middle School	671,280	$73,905
Central Elementary School	289,840	$68,693

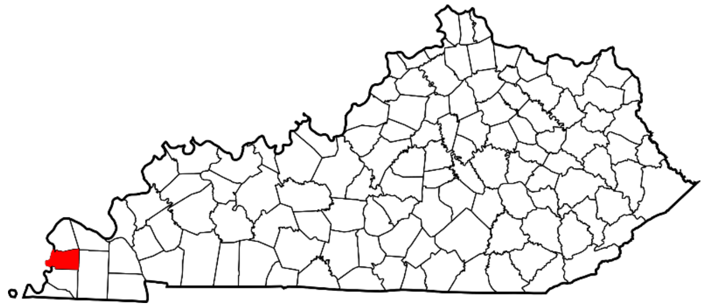
Financials

BUC's electric system's Financials for the last five fiscal years as set forth below:

Selected Financials	2019	2020	2021	2022	2023
Total Operating Revenues	$15,950,372	$15,414,564	$15,285,578	$15,353,883	$14,827,257
Total Operating Expenses	$16,076,382	$15,117,089	$15,008,733	$14,858,284	$14,616,242
Operating Income (Loss)	($126,010)	$297,475	$276,845	$495,599	$211,015
Non-Operating Revenues (Expenses), net	$1,342,946	$125,343	$26,624	($230,803)	($23,342)
Income (loss) before Contributions & Transfers	$1,216,936	$422,818	$303,469	$264,796	$187,673
Contributions & Transfers	($1,183,577)	($668,931)	($1,115,528)	($951,779)	($1,064,390)
Change in Net Position	$33,359	($246,113)	($812,059)	($686,983)	($876,717)

BARDWELL CITY UTILITIES (BCU)

Organization and Powers



Bardwell City Utilities (BCU) is a component unit of the City of Bardwell, Kentucky (City). The BCU is self-supporting and renders water, electric, and sewer services to local residents. BCU is governed by the six-person Bardwell City Commission, all Bardwell residents, taxpayers and legal voters of the Ciy.

In 1944, the Bardwell City Council established BCU to begin providing retail electric service within BCU's exclusive service area under a long-term wholesale power contract with Kentucky Utilities.

In May 2019, BCU began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency (KYMEA) All Requirements Project.

The Electric Plant

The BCU distribution system serves approximately 471 customers. Of this number, approximately 374 are classified as residential customers. The BCU service area includes most of the area within the corporate boundaries of the City and a portion of Carlisle County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the BCU service area.

BCU distributes more than 8,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
2	2	2	2	2

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
8,763,000	8,315,000	8,527,000	8,585,000	8,027,000

Electric Rates

Neither the rates charged nor services provided by BCU are regulated by the Kentucky Public Service Commission. The City is autonomous in its rate-setting authority and control over the management and operation of the BCU electric system.

The current schedule for electric rates is shown below.

Customer Class	Effective Rate
Residential	
Customer Charge	$17.06
Energy Charge	$0.101000/kWh
Commercial	
Customer Charge	$26.65
Energy Charge	$0.121200/kWh
3 Phase - Church	
Customer Charge	$26.65
Energy Charge	$0.112000/kWh

Customer Base

Listed below are customer statistics of BCU for the last five fiscal years:

Customer Detail					
	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	401	401	385	374	374
Commercial	93	93	83	97	97
Total Customers	494	494	468	471	471
kWh Sold	8,238,357	7,376,389	7,797,968	7,821,387	7,435,491
Revenue	$1,012,535	$1,658,888	$1,695,178	$1,847,277	$1,895,079

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the five largest electric customers of BCU in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Clearview Healthcare	494,028	$68,605
Carlisle County Courthouse Complex	474,435	$66,274
Hucks Convenience Store	413,618	$53,729
(Newtons) Greg's Supermarket	329,458	$44,255
1-Source Sign Company	65,141	$8,534

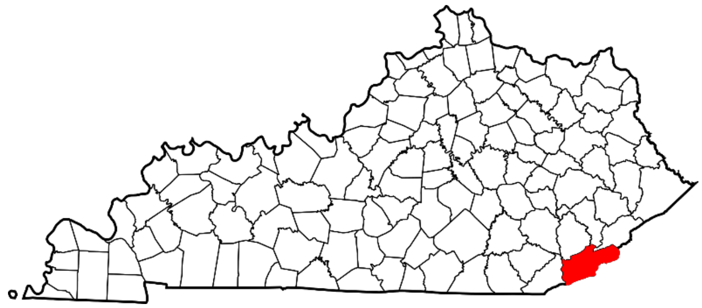
Financials

BCU's electric system's Financials for the last five fiscal years as set forth below:

Selected Financials	2019	2020	2021	2022	2023
Total Operating Revenues	$1,044,887	$1,714,345	$1,715,853	$1,883,585	$1,975,521
Total Operating Expenses	$1,028,474	$1,844,873	$1,674,397	$1,794,278	$1,912,693
Operating Income (Loss)	$16,413	($130,528)	$41,456	$89,307	$62,828
Non-Operating Revenues (Expenses), net	($17,326)	($42,910)	($42,358)	($40,262)	($40,741)
Income (loss) before Contributions & Transfers	($913)	($173,438)	($902)	$49,045	$22,087
Contributions & Transfers	($100,800)	$51,497	($88,723)	($12,851)	($49,312)
Change in Net Position	($101,713)	($121,941)	($89,625)	$36,194	($27,225)

BENHAM POWER BOARD (BPB)

Organization and Powers



The Electric Plant Board of the City of Benham, dba Benham Power Board (BPB) was created by an ordinance duly enacted in 1961 by the City Council of the City of Benham, Kentucky (City Council). BPB is a political subdivision of the Commonwealth of Kentucky that is a separate and distinct corporate entity from the City of Benham, Kentucky (City). BPB is governed by a five-person board of directors (Board), which are residents, taxpayers and legal voters of the City appointed by the City's Mayor to staggered four-year terms subject to the approval of the City Council.

In 1961, the Benham City Council established BPB to begin providing retail electric service within BPB's exclusive service area under a long-term wholesale power contract with Kentucky Utilities.

In June 2024, BPB began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency (KYMEA) All Requirements Project.

The Electric Plant

The BPB distribution system serves approximately 275 customers. Of this number, approximately 249 are classified as residential customers. The BPB service area includes most of the area within the corporate boundaries of the City and a portion of Harlin County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the BPB service area.

BPB distributes more than 5,600,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
2	2	2	3	2

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
6,137,000	5,837,000	5,857,000	6,262,000	5,661,000

Electric Rates

Neither the rates charged nor services provided by BPB are regulated by the Kentucky Public Service Commission. The Board is autonomous in its rate-setting authority and control over the management and operation of the BPB electric system.

The current schedule for electric rates is shown below.

Customer Class	Effective Rate
Residential	
Customer Charge	$41.66
Energy Charge	$0.13328/kWh
Commercial	
Customer Charge	$41.66
Energy Charge	$0.13328/kWh

Notes:
Customer Charge covers the first 200 kWh/month. For each additional kWh/month beyond 200, the Energy Charge applies.

Customer Base

Listed below are customer statistics of the BPB for the last five fiscal years:

Customer Detail					
	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	243	243	243	243	249
Commercial	26	26	26	26	26
Industrial	-	-	-	-	-
Total Customers	269	269	269	269	275
kWh Sold	6,137,000	5,837,000	5,857,000	6,262,000	5,661,000
Revenue	$598,458	$603,249	$589,624	$585,467	$603,335

Set forth below is a list of the four largest electric customers of the BPB in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Benham Schoolhouse Inn	396,270	$42,233
City Sewer Plant	339,660	$36,200
Kentucky Coal Mining Museum	283,050	$30,167
City Water Plant	169,830	$18,100

Financials

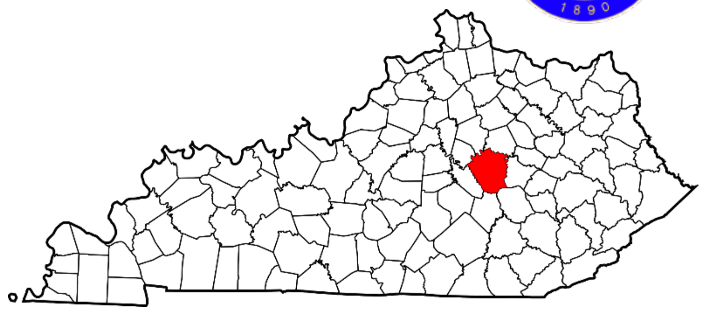
BPB's electric system's Financials for the last five fiscal years as set forth below:

Selected Financials					
	2019	**2020**	**2021**	**2022**	**2023***
Total Operating Revenues	$598,458	$603,249	$589,624	$585,467	$603,335
Total Operating Expenses	$718,461	$533,773	$598,548	$524,967	$581,852
Operating Income (Loss)	($120,003)	$69,476	($8,924)	$60,500	$21,484
Non-Operating Revenues (Expenses), net	($143)	($1,496)	($930)	-	-
Income (loss) before Contributions & Transfers	($120,146)	$67,980	($9,854)	$60,500	$21,484
Contributions & Transfers	-	-	-	-	-
Change in Net Position	($120,146)	$67,980	($9,854)	$60,500	$21,484

**Unaudited*

BEREA MUNICIPAL UTILITIES (BMU)

Organization and Powers



Berea Municipal Utilities (BMU) is a component unit of the City of Berea, Kentucky (City). BMU is self-supporting and renders water, electric, and sewer services to local residents. BMU is governed by the eight-person Berea City Council, all Berea residents, taxpayers and legal voters of the City.

In 2019, BMU terminated its power purchases contract with Kentucky Utilities and entered into a five-year contract with the American Municipal Power (AMP) as the new power supplier for BMU customers.

In May 2024, BMU began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency's (KYMEA) All Requirements Project.

The Electric Plant

The BMU distribution system serves approximately 5,309 customers. Of this number, approximately 4,669 are classified as residential customers. The BMU service area includes most of the area within the corporate boundaries of the City and a portion of Madison County outside the limits of the City.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the BMU service area.

BMU distributes more than 121,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
31	27	29	35	26

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
132,106,000	120,874,000	124,912,000	129,364,000	121,737,000

Electric Rates

Neither the rates charged nor services provided by BMU are regulated by the Kentucky Public Service Commission. The City is autonomous in its rate-setting authority and control over the management and operation of the BMU electric system.

The current schedule for electric rates is shown below.

Customer Class	Effective Rate
Class 1 Residential	
Service Charge	$20.00
Energy Charge	$0.0706/kWh
Class 2 Commercial	
Service Charge	$24.00
Energy Charge	$0.0629/kWh
Class 3 Large Commercial	
Service Charge	$37.00
Demand Charge	$5.75
Energy Charge	0.0567/kWh
Class 4 Industrial and Large Commercial	
Minimum Charge	$125.00
Demand Charge	$12.50
Energy Charge	0.0414/kWh
Class 5 Primary Metering Customer Owned / Leased Transformers	
Minimum Charge	$200.00
Demand Charge	$11.50
Energy Charge	0.0405/kWh
Class 6 Primary Metering Non-Owned / Leased Transformers	
Minimum Charge	$150.00
Demand Charge	$10.00
Energy Charge	0.0416/kWh
Class 9 Net Metering	
Service Charge	$20.00
Energy Charge	$0.0706/kWh

Notes:
Utility has a PCA in their tariff should it be needed.

Customer Base

Listed below are customer statistics of BMU for the last five fiscal years:

Customer Detail					
	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	4,615	4,644	4,672	4,710	4,669
Commercial	593	587	582	586	582
Industrial	59	58	58	58	58
Total Customers	5,267	5,289	5,312	5,354	5,309
kWh Sold	128,931,435	117,514,386	121,400,615	121,832,479	119,680,954
Revenue	$10,537,878	$9,792,290	$10,080,699	$10,141,032	$9,991,911

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the ten largest electric customers of BMU in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Berea College*	24,618,406	$2,227,723.29
Saint Joseph Berea*	4,270,548	$365,806.01
Motor Wheel - Stemco*	3,414,000	$300,722.34
Walmart Real Estate Business Trust - Store #01-1190	3,086,600	$226,989.05
Berea Community School*	1,815,881	$177,009.38
Hyster Yale Group/Nacco*	1,891,200	$156,410.17
Faris Properties of KY, LLC*	1,145,120	$97,945.17
Cracker Barrel	910,960	$81,773.67
The Terrace	807,904	$73,258.29
CUSA Boone Tavern	770,361	$68,456.72

**Multiple Accounts*

FY2023 Operating Data

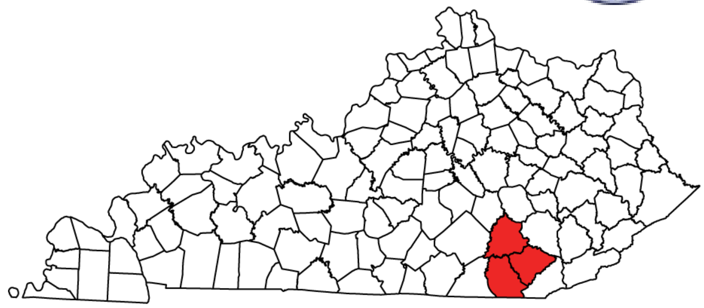
Financials

Below are BMU's electric system's Financials for the last five fiscal years as set forth below:

Selected Financials					
	2019	**2020**	**2021**	**2022**	**2023**
Total Operating Revenues	$18,988,720	$18,694,219	$18,331,025	$18,904,162	$18,793,597
Total Operating Expenses	$16,661,130	$13,858,994	$14,846,832	$14,956,115	$14,209,141
Operating Income (Loss)	$2,327,590	$4,835,225	$3,484,193	$3,948,047	$4,584,456
Non-Operating Revenues (Expenses), net	($228,463)	($177,185)	($1,242,769)	($761,552)	$97,510
Income (loss) before Contributions & Transfers	$2,099,127	$4,658,040	$2,241,424	$3,186,495	$4,681,966
Contributions & Transfers	$216,671	$1,233,742	$927,683	$464,411	$194,514
Change in Net Position	$2,315,798	$5,891,782	$3,169,107	$3,650,906	$4,876,480

CITY UTILITIES COMMISSION OF CORBIN (CUC)

Organization and Powers



City Utilities Commission of Corbin (CUC) is a component unit of the City of Corbin, Kentucky (City). CUC is self-supporting and renders water, electric, and sewer services to local residents. CUC is governed by a three-person Commission, all Corbin residents, taxpayers and legal voters of the City, who are appointed by the mayor and confirmed by the city council, each serving a three-year term.

In May 2019, CUC began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency's (KYMEA) All Requirements Project.

The Electric Plant

The CUC distribution system serves approximately 4,247 customers. Of this number, approximately 3,262 are classified as residential customers. The CUC service area includes most of the area within the corporate boundaries of the City and a portion of Whitley County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the CUC service area.

CUC distributes more than 77,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
19	18	19	21	18

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
83,713,000	79,210,000	81,010,000	84,171,000	77,465,000

Electric Rates

Neither the rates charged nor services provided by CUC are regulated by the Kentucky Public Service Commission. The Commission is autonomous in its rate-setting authority and control over the management and operation of the CUC electric system.

The current schedule for electric rates is shown below.

Customer Class	Effective Rate
RS-1 Residential	
Customer Charge	$20.00
Energy Charge	$0.0875/kWh
Minimum Bill	$20.00
SGS-1 Small General Service (Demand < 50 kW)	
Customer Charge	$40.00
Energy Charge	$0.0923/kWh
Minimum Bill	$40.00
LGS-1 Large General Service (Demand > 50 kW)	
Customer Charge	$62.50
Energy Charge	$0.0624/kWh
Demand Charge:	
First 25 kW	$260.00
Over 25 kW	$10.40/kW
Minimum Bill	$260.00

Notes:
Utility has a PCA in their tariff should it be needed.

Customer Base

Listed below are the customer statistics from CUC for the last five fiscal years:

Customer Detail					
	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	3,156	3,206	3,217	3,244	3,262
Commercial	974	970	980	986	982
Industrial	5	4	4	4	3
Total Customers	4,135	4,180	4,201	4,234	4,247
kWh Sold	77,294,000	72,406,000	74,928,000	76,532,000	71,283,000
Revenue	$6,788,079	$6,132,717	$6,283,863	$6,306,291	$6,390,214

**Includes City of Corbin & Corbin Utilities Commission*
**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the ten largest electric customers of CUC in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Pepsi Cola Company	1,773,600	$158,676
Corbin Ice Company	1,625,620	$130,838
Kroger L719	1,495,200	$114,160
Corbin High School	1,074,960	$92,650
South Central Bell	1,126,960	$83,687
Corbin High School (480 new)	704,600	$57,044
Sav-A-Lot	700,800	$53,578
Whayne Supply Co.	594,000	$46,191
Corbin Middle School	529,920	$47,490
Baptist Housing Inc.	467,600	$39,798

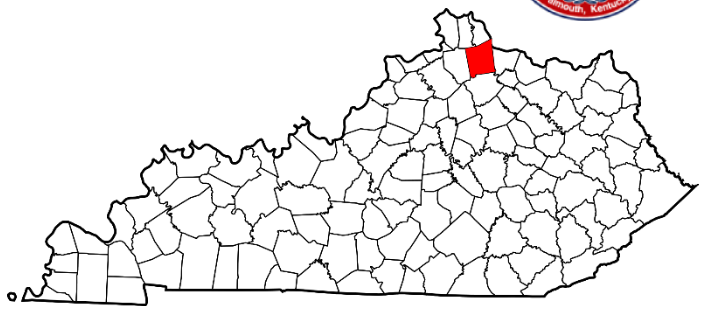
Financials

CUC's electric system's Financials for the last five fiscal years are set forth below:

Selected Financials					
	2019	**2020**	**2021**	**2022**	**2023**
Total Operating Revenues	$12,207,683	$11,490,865	$11,998,128	$12,181,968	$12,291,542
Total Operating Expenses	$11,726,116	$11,521,016	$11,076,083	$11,699,379	$12,867,974
Operating Income (Loss)	$481,567	($30,151)	$922,045	$482,589	($576,432)
Non-Operating Revenues (Expenses), net	($71,308)	($81,025)	($58,907)	($47,540)	($23,161)
Income (loss) before Contributions & Transfers	$410,259	($111,176)	$863,138	$435,049	($599,593)
Contributions & Transfers	($766,862)	($732,805)	($739,492)	($728,946)	($737,955)
Change in Net Position	($356,603)	($843,981)	$123,646	($293,897)	($1,337,548)

CITY OF FALMOUTH PUBLIC UTILITIES (FALMOUTH UTILITIES)

Organization and Powers



City of Falmouth Public Utilities (Falmouth Utilities) are a component unit of the City of Falmouth, Kentucky (City). The Utilities are self-supporting and renders water, electric, and sewer services to local residents. Falmouth Utilities is governed by a six-person City Commission, all Falmouth residents, taxpayers and legal voters of the City.

In May 2019, Falmouth Utilities began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency's (KYMEA) All Requirements Project.

The Electric Plant

The Falmouth Utilities distribution system serves approximately 1,050 customers. Of this number, approximately 892 are classified as residential customers. The Falmouth Utilities service area includes most of the area within the corporate boundaries of the City and a portion of Pendleton County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the Falmouth Utilities service area.

Falmouth Utilities distributes more than 17,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
5	4	4	4	5

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
19,295,000	18,387,000	18,329,000	18,366,000	17,296,000

Electric Rates

Neither the rates charged nor services provided by Falmouth Utilities are regulated by the Kentucky Public Service Commission. The City is autonomous in its rate-setting authority and control over the management and operation of the Falmouth Utilities electric system.

The current schedule for electric rates is shown below.

Customer Class	Effective Rate
All Customers	
Service Charge	$19.25
Energy Charge, 0-150 kWh	$0.106/kWh
Energy Charge, > 150 kWh	$0.106/kWh

Notes:
Rates are adjusted each year in accordance with the CPI of the preceding year; in no event will there be an increase greater than 3%.

Customer Base

Listed below are customer statistics of Falmouth Utilities for the last five fiscal years:

Customer Detail					
	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	870	870	870	870	892
Commercial	165	165	165	165	158
Total Customers	1,035	1,035	1,035	1,035	1,050
kWh Sold	11,303,332	11,166,700	13,715,055	12,158,960	11,970,675
Revenue	$1,325,232	$1,386,324	$1,540,390	$1,664,614	$1,648,329

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the four largest electric customers of the Falmouth Utilities in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Wyatts	640,720	$83,085
Dollar General	421,872	$54,801
McDonalds	409,280	$53,173
Family Dollar	116,240	$15,300

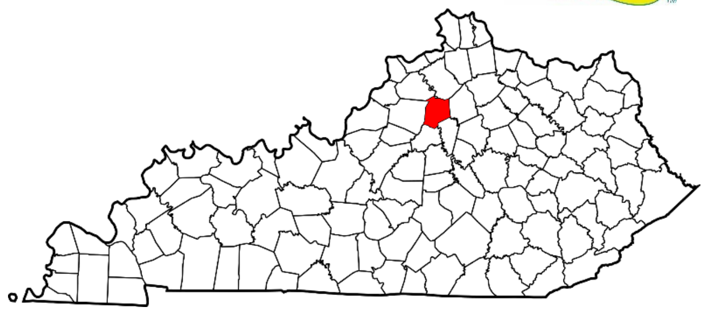
Financials

Falmouth Utilities electric system's Financials for the last five fiscal years as set forth below:

Selected Financials	2019	2020	2021	2022	2023
Total Operating Revenues	$2,085,973	$2,022,296	$2,000,945	$2,123,720	$2,025,244
Total Operating Expenses	$1,726,210	$1,469,561	$1,378,418	$1,389,683	$1,587,922
Operating Income (Loss)	$359,763	$552,735	$622,527	$734,037	$437,322
Non-Operating Revenues (Expenses), net	-	-	-	-	-
Income (loss) before Contributions & Transfers	$359,763	$552,735	$622,527	$734,037	$437,322
Contributions & Transfers	-	-	-	-	-
Change in Net Position	$359,763	$552,735	$622,527	$734,037	$437,322

FRANKFORT PLANT BOARD (FPB)

Organization and Powers



The Electric & Water Plant Board of the City of Frankfort, dba Frankfort Plant Board (FPB) was created by an ordinance duly enacted in 1943 by the City Council of the City of Frankfort, Kentucky (City Council). FPB is a political subdivision of the Commonwealth of Kentucky that is a separate and distinct corporate entity from the City of Frankfort, Kentucky (City). FPB is governed by a five-person board of directors (Board), which are residents, taxpayers and legal voters of the City appointed by the City's Mayor to staggered four-year terms subject to the approval of the City Council.

In May 2019, FPB began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency (KYMEA) All Requirements Project.

FPB has notified KYMEA that it intends to terminate its membership in the All Requirements Project as of May 31, 2029.

The Electric Plant

The FPB distribution system serves approximately 22,153 customers. Of this number, approximately 16,761 are classified as residential customers. The FPB service area includes most of the area within the corporate boundaries of the City and a portion of Franklin County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the FPB service area.

FPB distributes more than 653,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
136	129	132	133	138

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
689,719,237	655,213,035	658,266,686	659,849,162	653,092,087

Electric Rates

Neither the rates charged nor services provided by FPB are regulated by the Kentucky Public Service Commission. The Board is autonomous in its rate-setting authority and control over the management and operation of the FPB electric system.

The current schedule for electric rates is shown below.

Class	Effective Rate
Residential – Rate 10	
Customer Charge	$15.50
Energy Charge	$0.09629/kWh
Light Commercial – Rates 15 & 18	
Customer Charge	$24.00
Energy Charge	$0.09665/kWh
Municipal Street Lights / Traffic Signal Lights – Rate 1	
Customer Charge	$19.58
Energy Charge	$0.09912/kWh
General Service Demand – Rate 18D	
Customer Charge	$75.00
Demand Charge	$7.50/kW
Energy Charge	$0.07403/kWh
Large Power Class – Rate 20	
Customer Charge	$150.00
Demand Charge	$12.75/kW
Energy Charge	$0.05875/kWh
Large Power Class with High Load Factor – Rate 21	
Customer Charge	$250.00
Energy Charge	$0.04408/kWh
Demand Charge	$17.00/kW

Notes:
Power Factor Clause applies to Rates 20 & 21.
Utility has a PCA in tariff should it be needed.

Customer Base

Listed below are customer statistics of the FPB for the last five fiscal years:

	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	16,310	16,636	16,689	16,714	16,761
Commercial	3,968	3,897	3,890	3,954	4,022
Industrial	279	268	259	233	252
Security Lights	808	816	820	826	818
Total Customers	21,619	21,870	21,915	21,987	22,153
kWh Sold	669,353,757	632,244,374	634,704,303	639,925,293	636,053,006
Revenue	$62,081,006	$59,804,609	$58,743,483	$59,797,731	$62,560,337

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the ten largest electric customers of the FPB in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
1	55,052,229	$4,795,000
2	38,963,033	$3,332,726
3	33,986,660	$2,818,771
4	30,434,280	$2,348,817
5	27,645,360	$2,284,450
6	13,341,358	$1,185,286
7	12,725,140	$1,156,413
8	11,176,183	$937,886
9	8,554,159	$676,671
10	5,194,354	$522,357

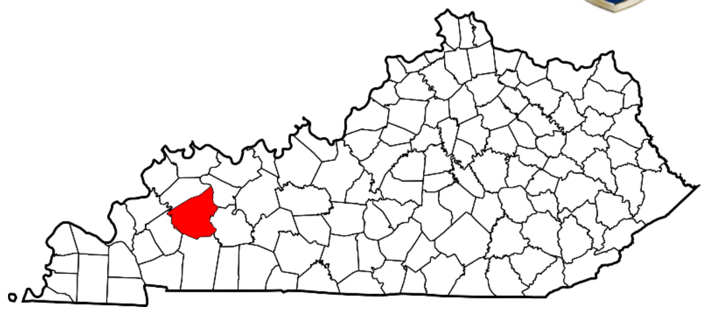
Financials

FPB's electric system's Financials for the last five fiscal years as set forth below:

Selected Financials	2019	2020	2021	2022	2023
Total Operating Revenues	$101,541,849	$100,302,455	$98,960,693	$100,068,609	$104,043,244
Total Operating Expenses	$95,083,839	$91,657,239	$91,641,669	$89,971,601	$99,010,157
Operating Income (Loss)	$6,458,010	$8,645,216	$7,319,024	$10,094,008	$5,033,087
Non-Operating Revenues (Expenses), net	$3,197,851	$358,397	$46,657	$306	$944,660
Income (loss) before Contributions & Transfers	$9,655,861	$9,003,613	$7,365,681	$10,094,314	$5,977,747
Contributions & Transfers	$685,680	$429,828	$758,732	$856,563	$405,067
Change in Net Position	$10,341,541	$9,433,441	$8,124,413	$10,950,877	$6,382,814

MADISONVILLE MUNICIPAL UTILITIES (MMU)

Organization and Powers



Madisonville Municipal Utilities (MMU) is a component unit of the City of Madisonville, Kentucky (the City). MMU is self-supporting and renders water, electric, and sewer services to local residents. MMU is governed by a six-person City Commission, all Madisonville residents, taxpayers and legal voters of the City.

In May 2019, MMU began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency's (KYMEA) All Requirements Project.

The Electric Plant

The MMU distribution system serves approximately 9,035 customers. Of this number, approximately 6,883 are classified as residential customers. The MMU service area includes most of the area within the corporate boundaries of the City and a portion of Hopkins County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the MMU service area.

MMU distributes more than 265,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
60	57	57	58	60

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
291,153,000	262,731,000	267,029,000	267,721,000	265,560,000

Electric Rates

Neither the rates charged nor services provided by MMU are regulated by the Kentucky Public Service Commission. The city is autonomous in its rate-setting authority and control over the management and operation of the MMU electric system.

The current schedule for electric rates is shown below.

Class	Effective Rate
RS-1 Residential	
Customer Charge	$6.00
Energy Charge	$0.09968/kWh
GS-1-A Commercial (<50 kW/month)	
Customer Charge	$12.03
Energy Charge*	$0.1169/kWh
Energy Charge **	$0.0846/kWh
GS-2A Commercial (> 50 kW/month)	
Customer Charge	$18.01
Energy Charge	$0.0669/kWh
Demand Charge	$11.74/kW
GS-2SS Large Commercial (>3,000 kW/month)	
Customer Charge	$109.00
Energy Charge	$0.0666/kWh
Demand Charge	
On-Peak	$11.74/kW
Off-Peak	$0.94/kW (excess of On-Peak kW)
HLF Large Industrial High Load Factor	
Customer Charge	$549.24
Energy Charge	$0.06132/kWh
Demand Charge	$11.94/kW
HGS2GE Large Industrial High Consumption	
Customer Charge	$2,587.50
Energy Charge	$0.025975/kWh
Demand Charge	$16.909/kW

Notes:
* covers the first 5,000 kWh/month for the customer.
** the additional charge, per kWh, beyond the first 5,000 kWh.
Utility has a PCA in tariff should it be needed.

Customer Base

Listed below are customer statistics of MMU for the last five fiscal years:

	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	6,862	6,880	6,887	6,930	6,883
Commercial	1,495	1,491	1,500	1,512	1,512
Industrial/Security Lights	579	621	623	631	640
Total Customers	8,936	8,992	9,010	9,073	9,035
kWh Sold	294,300,806	271,252,375	258,990,556	260,675,841	264,527,076
Revenue	$27,009,989	$25,580,354	$24,713,790	$24,782,211	$25,309,661

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the ten largest electric customers of MMU in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Ahlstrom Filtration	23,184,000	$2,074,317
Baptist Health Deaconess Madisonville	22,247,320	$2,019,876
GE Aircraft Engines	25,395,930	$1,637,593
Electrocycle	14,680,800	$1,293,986
City of Madisonville	12,264,526	$941,877
Madisonville Community College	4,427,280	$534,099
Hopkins County Board of Education	3,830,414	$523,572
AT&T (Bell South)	2,334,420	$284,776
Hopkins County Fiscal Court	2,433,506	$263,514
Integrated Metal Solutions	2,136,396	$254,805

**Madisonville 6/30/23 ACFR*

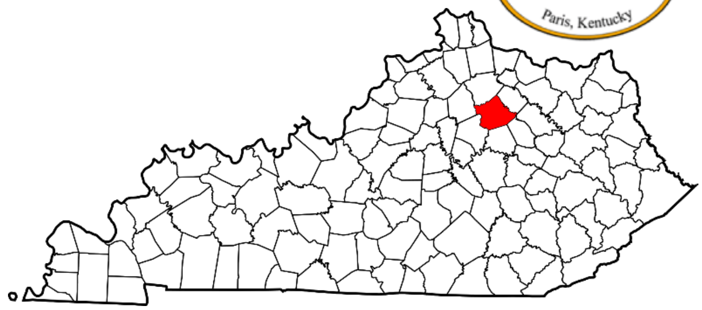
Financials/Financial Metrics

MMU's electric system's Financials and associated Financial Metrics for the last five fiscal years as set forth below:

Selected Financials					
	2019	**2020**	**2021**	**2022**	**2023**
Total Operating Revenues	$27,561,396	$26,559,878	$25,511,285	$25,928,996	$26,501,860
Total Operating Expenses	$23,419,973	$22,542,363	$21,058,951	$20,675,873	$23,380,433
Operating Income (Loss)	$4,141,423	$4,017,515	$4,452,334	$5,253,123	$3,121,427
Non-Operating Revenues (Expenses), net	$138,750	$158,020	$119,771	$77,642	$227,489
Income (loss) before Contributions & Transfers	$4,280,173	$4,175,535	$4,572,105	$5,330,765	$3,348,916
Contributions & Transfers	($2,771,124)	($3,428,006)	($3,231,760)	($3,359,830)	($3,405,926)
Change in Net Position	$1,509,049	$747,529	$1,340,345	$1,970,935	($57,010)

CITY OF PARIS COMBINED UTILITIES (PARIS UTILITIES)

Organization and Powers



City of Paris Combined Utilities (Paris Utilities) is a component unit of the City of Paris, Kentucky (City). Paris Utilities are self-supporting and render water, electric, and sewer services to local residents. Paris Utilities are governed by the Board of Commissioners which is made up of the Mayor and four Commission members, who are elected by Paris residents, taxpayers, and legal voters of the City.

In May 2019, Paris Utilities began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency's (KYMEA) All Requirements Project.

The Electric Plant

The Paris Utilities distribution system serves approximately 2,951 customers. Of this number, approximately 2,488 are classified as residential customers. The Paris Utilities service area includes most of the area within the corporate boundaries of the City and a portion of Bourbon County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the Paris Utilities service area.

Paris Utilities distributes more than 53,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
15	15	16	16	13

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
60,822,000	61,701,000	63,866,000	60,369,000	53,836,000

Electric Rates

Neither the rates charged nor services provided by Paris Utilities are regulated by the Kentucky Public Service Commission. The City is autonomous in its rate-setting authority and control over the management and operation of the Paris Utilities electric system.

The current schedule for electric rates is shown below.

Customer Class	Effective Rate
RSI - Residential	
Service Charge	$12.00
Energy Charge	$0.09794/kWh
CEI - Commercial and General Lighting	
Service Charge < 2,000 kWh monthly average	$14.00
Service Charge > 2,000 kWh monthly average	$39.00
Energy Charge	$0.10318/kWh
CE2 - Commercial and Large Lighting	
Service Charge / meter	$61.10
Energy Charge	$0.8090/kWh
Maximum Load Charge	
Secondary	2.85/kW demand
Primary	2.85/kW demand

Notes:
Utility has a PCA in their tariff should it be needed.

Customer Base

Listed below are customer statistics of Paris Utilities for the last five fiscal years:

Customer Detail					
	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	2,554	2,569	2,560	2,574	2,488
Commercial	399	419	323	414	411
Industrial	51	51	51	52	52
Total Customers	3,004	3,039	2,934	3,040	2,951
kWh Sold	56,083,000	51,541,000	55,212,000	54,286,000	50,802,000
Revenue	$5,372,149	$5,123,244	$5,374,204	$5,605,840	$4,732,897

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the ten largest electric customers of Paris Utilities in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Western Pacific Storage	1,445,840	$133,881
Easy Gardener Products, Inc.	1,174,600	$103,251
Bourbon Heights	815,680	$71,254
YMCA	686,880	$59,785
Paris Board of Education	650,400	$70,890
Southeast KY Rehabilitation	607,800	$53,017
South Central Bell (AT&T)	458,960	$52,589
Housing Authority - Vine St.	361,400	$31,843
Wendy's	356,480	$32,921
Avantor	287,120	$33,136

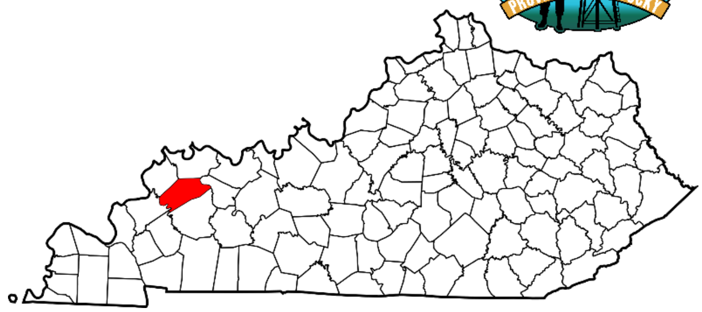
Financials

Paris Utilities electric system's Financials for the last five fiscal years are set forth below:

Selected Financials					
	2019	**2020**	**2021**	**2022**	**2023**
Total Operating Revenues	$9,659,879	$9,800,769	$9,373,704	$11,870,487	$10,568,391
Total Operating Expenses	$9,818,581	$10,233,918	$10,038,418	$11,178,169	$9,675,107
Operating Income (Loss)	($158,702)	($433,149)	($664,714)	$692,318	$893,284
Non-Operating Revenues (Expenses), net	($75,545)	($77,224)	($68,986)	($68,986)	($92,617)
Income (loss) before Contributions & Transfers	($234,247)	($510,373)	($733,700)	$623,332	$800,667
Contributions & Transfers	-	-	-	-	-
Change in Net Position	($234,247)	($510,373)	($733,700)	$623,332	$800,667

CITY OF PROVIDENCE UTILITIES (PROVIDENCE UTILITIES)

Organization and Powers



City of Providence Utilities (Providence Utilities) is a component unit of the City of Providence, Kentucky (City). The Providence Utilities are self-supporting and render water, electric, and sewer services to local residents. Providence Utilities are governed by a six-person City Council, all Providence residents, taxpayers and legal voters of the City.

In May 2019, Providence Utilities began receiving the entirety of its wholesale electric needs as a member of Kentucky Municipal Energy Agency's (KYMEA) All Requirements Project.

The Electric Plant

The Providence Utilities distribution system serves approximately 1,326 customers. Of this number, approximately 1,178 are classified as residential customers. The Providence Utilities service area includes most of the area within the corporate boundaries of the City and a portion of Webster County outside the city limits.

The total power requirements for the system are currently purchased from KYMEA under an All Requirements Power Sales Agreement. KYMEA has a network integration transmission service agreement in place with Louisville Gas & Electric / Kentucky Utilities whose transmission system adjoins the Providence Utilities service area.

Providence Utilities distributes more than 27,000,000 kWh to residential, commercial and industrial customers within its service area.

Peak Demand (MW)				
FY2019	FY2020	FY2021	FY2022	FY2023
6	7	7	7	7

Energy Purchased (kWh)				
FY2019	FY2020	FY2021	FY2022	FY2023
26,503,000	27,803,000	29,295,000	29,379,000	27,324,000

Electric Rates

Neither the rates charged nor services provided by Providence Utilities are regulated by the Kentucky Public Service Commission. The City is autonomous in its rate-setting authority and control over the management and operation of the Providence Utilities electric system.

The current schedule for electric rates is shown below.

Customer Class	Effective Rate
Residential	
Customer Charge	$25.30
Energy Charge	$0.11855/kWh
Commercial	
Customer Charge	$41.80
Energy Charge	$0.11707/kWh
Industrial	
Customer Charge	$41.80
Demand Charge	$10.00/kW
Energy Charge	$0.09618/kWh

Customer Base

Listed below are customer statistics of Providence Utilities for the last five fiscal years:

Customer Detail					
	FY2019	FY2020	FY2021	FY2022	FY2023
Residential	1,189	1,187	1,181	1,182	1,178
Commercial	144	149	147	150	148
Total Customers	1,333	1,336	1,328	1,332	1,326
kWh Sold	25,044,001	25,100,365	24,936,878	25,240,874	25,076,359
Revenue	N/A	N/A	$2,899,453	$2,966,981	$2,807,108

**kWh sold differs from energy purchased from KYMEA due to losses*

Set forth below is a list of the ten largest electric customers of Providence Utilities in terms of amount of electricity and revenue generated during fiscal year 2023.

Customer	Usage (kWh)	Dollar Sales ($)
Timewell of Kentucky	3,050,400	$293,338
Food Giant	974,000	$93,943
Saddle Club Apts	428,200	$51,065
McDonald's	418,400	$40,937
Park Ridge Apts	322,200	$38,950
Palmer Place	315,400	$30,567
Providence Schools – 1	192,810	$18,191
Dollar General Store	157,680	$17,028
Providence Schools – 2	148,800	$14,003
Health First	104,960	$12,886

Financials

Providence Utilities electric system's Financials for the last three fiscal years as set forth below:

Selected Financials			
	2021	**2022**	**2023**
Total Operating Revenues	$4,550,198	$4,941,907	$4,524,431
Total Operating Expenses	$4,144,148	$4,460,986	$4,617,157
Operating Income (Loss)	$406,050	$480,921	($92,726)
Non-Operating Revenues (Expenses), net	($37,309)	($9,711)	($56,569)
Income (loss) before Contributions & Transfers	$368,741	$471,210	($149,295)
Contributions & Transfers	($453,071)	($884,013)	3,912
Change in Net Position	($84,330)	($412,803)	($145,383)

**Only three years of audited financials available for Providence Utilities.*

APPENDIX D

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS

(ENERGY CENTER I PROJECT),

SERIES 2025

Definitions and Summary of Certain Provisions of the Indenture, Form of All Requirements Contract, the Intercreditor Agreement, the ECI Project Power Purchase Agreement and the Participation Agreement

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DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE, FORM OF ALL REQUIRMENTS CONTRACT, THE INTERCREDITOR AGREEMENT, THE ECI POWER PURCHASE AGREEMENT AND THE PARTICIPATION AGREEMENT

In addition to the terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in the Indenture, the Form of All Requirements Contract, the Intercreditor Agreement, the ECI Power Purchase Agreement and the Participation Agreement. The meaning of capitalized terms not defined in this Appendix may be found in the Indenture, the Form of All Requirements Contract, the Intercreditor Agreement, the ECI Power Purchase Agreement and the Participation Agreement.

This summary of certain provisions does not purport to be a complete description of the terms of the Indenture, the Form of All Requirements Contract, the Intercreditor Agreement, the ECI Power Purchase Agreement and the Participation Agreement and, accordingly, is qualified by reference to the Indenture, the Form of All Requirements Contract, the Intercreditor Agreement, the ECI Power Purchase Agreement and the Participation Agreement.

DEFINITIONS

"*Act*" means Sections 65.210 to 65.300 of the Kentucky Revised Statutes, as amended.

"*Additional Indebtedness*" means any Long-Term Indebtedness or Interim Indebtedness incurred or issued by the Issuer, in accordance with the Indenture, for the purpose of financing the cost of acquiring, whether by purchase or construction of extensions, renovations, improvements and/or betterments to the Project, or for any other lawful purpose of the Issuer relating to the operations and maintenance of the Project.

"Agency Obligation" means each obligation of the Agency related to the Agency's performance of its duties under the AR Contract, including financial, power supply, fuel supply, energy scheduling, energy integration, and energy delivery obligations; power purchase and other contracts; and obligations related to Member-Owned Resources, Generation Resource Project resources, financial transmission rights, financial hedging instruments, and Agency-owned generating or transmission facilities.

"*All Requirements Project Committee*" or "*AR Project Committee*" means the project management committee for the All Requirements Project established pursuant to the KYMEA Interlocal Agreement and the AR Contract.

"*All Requirements Power Supply Resources*" means those resources, including power purchase agreements and Generation Resource Projects, for the acquisition, production, or delivery of electric power and energy and related Attributes included in the System to the extent the same are employed by the Agency to supply electric power and energy and related Attributes sold or utilized under the All Requirements Power Sales Contracts. For the avoidance of doubt, All Requirements Power Supply may include renewable generation resources.

"*Annual Budget*" means the budget adopted by the Issuer for the Project at the beginning of each Fiscal Year, as the same may be amended from time to time.

"*AR Contract*" means any agreement pertaining to the sale or provision of power, energy, capacity and/or related services between the Issuer and an AR Member or other entity, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Indenture, which has been entered into and pledged pursuant to the Indenture. For the avoidance of doubt, "AR Contracts" include the KYMEA All Requirements Power Sales Contracts, as such term is defined in the ECI Power Purchase Agreement.

"*AR Default Event*" means any of the events specified in an AR Contract.

"*AR Member*" means a Member who has entered into an AR Contract with KYMEA and who is obligated to purchase power, energy, capacity and/or related services from the Issuer under its AR Contract.

"*AR Payments*" means the payments required to be made to the Issuer pursuant to an AR Contract.

"AR Power Supply" means power supply purchased by the Issuer for its AR Members.

"*Assumed Amortization Period*" means, with respect to any Indebtedness, including but not limited to Interim Indebtedness, the principal and interest requirements that are to be recalculated for purposes of a calculation of the Debt Service Coverage Ratio, the period of time determined, at the election of the Issuer, pursuant to either paragraph (a) or paragraph (b) below:

(a) twenty-five (25) years; or

(b) the period of time not exceeding twenty-five (25) years, set forth in an opinion delivered to the Trustee by an investment bank selected by the Issuer and experienced in underwriting indebtedness of the type being recalculated, or of another Person selected by the Issuer who is experienced in the issuance and sale of indebtedness of such type, as being the maximum period of time over which indebtedness having comparable terms and security issued or incurred by municipal utilities of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

"*Assumed Interest Rate*" means, with respect to any Indebtedness the principal and interest requirements of which are to be recast for purposes of a calculation of the Debt Service Coverage Ratio, the rate per annum determined in accordance with the applicable paragraph set forth below:

(a) with respect to Variable Rate Indebtedness proposed to be incurred, the Projected Rate;

(b) with respect to Variable Rate Indebtedness then Outstanding, 100% of the weighted average annual interest rate borne by such Variable Rate Indebtedness during the 12-month period ending on the date of calculation, or with respect to Variable Rate Indebtedness issued during such 12-month period, 125% of the initial rate borne by such Variable Rate Indebtedness; or

(c) with respect to Indebtedness then Outstanding and not described in either clause (a) or clause (b) above, the Projected Rate.

"*Attributes*" means, with respect to a generation resource, all aspects of the resource or its output from which value may be derived, including electric capacity, energy, ancillary services, energy storage, and environmental characteristics.

"*Authorized Denominations*" means the authorized denominations set forth in the Supplemental Indenture authorizing a series of Bonds.

"*Authorized Investments*" means any of the following:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments which are rated in one of the two highest Rating Categories by a Rating Agency evidencing an ownership interest in securities described in this clause (1);

(2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System; Export-Import Bank of the United States; Farmers Home Administration; Merchant Marine Bonds; Federal Financing Bank; Federal Farm Credit Banks; Bank for Cooperatives; Federal Land Banks; Government National Mortgage Association; Federal National Mortgage Association; Tennessee Valley Authority; Federal Home Loan Mortgage Corporation; Federal Housing Administration; General Services Administration; U.S. Maritime Administration; U.S. Department of Housing and Urban Development; or Resolution Funding Corp.;

(3) repurchase agreements (including those of the Trustee or its affiliates) rated in one of the two highest Rating Categories by a Rating Agency and fully secured by collateral security described in clause (1) or (2) of this definition or any other collateral authorized by Kentucky law for repurchase agreements, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;

(4) certificates of deposit of, or time deposits in, any bank (including the Trustee or its affiliates) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation;

(5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933, as amended, and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated in the highest Rating Category by a Rating Agency;

(6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated one of the two highest Rating Categories by a Rating Agency or mutual funds invested only in such obligations and which are rated in one of the two highest Rating Categories by a Rating Agency;

(7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

(8) commercial paper rated the highest Rating Category by a Rating Agency;

(9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by a Rating Agency;

(10) shares of mutual funds, each of which shall have the following characteristics:

(a) the mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;

(ii) the management company of the investment company shall have been in operation for at least five (5) years;

(iii) all of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above; and

(iv) the mutual fund shall be rated in one of the two highest Rating Categories by a Rating Agency; or

(11) any other investments allowed by State law.

"*Authorized Representative*" means, with respect to a Member, its KYMEA designated director or alternate director, or any Person designated as an Authorized Representative of the Member by a resolution of the Governing Body of the Member and filed with the Issuer; with respect to an AR Member, the Person(s) designated as an Authorized Representative of the AR Member by a resolution of the Governing Body of the AR Member and filed with the Issuer; and with respect to the Issuer, its President and CEO, any Vice-President, Chairman, Vice-Chairman, Treasurer, Secretary or any other Person designated as an Authorized Representative of the Issuer.

"*Bankruptcy Code*" means the United States Bankruptcy Code, as amended from time to time.

"*Board of Directors*" means the Board of Directors of the Agency.

"*BofA*" means Bank of America, N.A., or its successor or assigns.

"*BofA Credit Facility*" means the Tax-Exempt Line of Credit Note and the Taxable Line of Credit Note, each dated as of March 6, 2025, in favor of Bank of America, N.A. in the original aggregated principal amount of $50,000,000 issued pursuant to the terms of a Revolving Credit Agreement dated as of March 6, 2025 and authorized by the Indenture and Supplemental Indenture No. 2 and as the same may be amended, modified, supplemented or restated.

"*BofA Credit Facility Documents*" means the BofA Credit Facility and all other collateral documents and agreements authorizing and securing the BofA Credit Facility.

"*BofA Obligations*" means the obligations owed by or required of KYMEA to BofA under the BofA Credit Facility.

"*Bond Counsel*" means the firm of Rubin & Hays of Louisville, Kentucky, or any other firm of nationally recognized bond counsel, whose members are duly admitted to practice law before the highest court of any state and designated by the Issuer as its bond counsel for the Bonds. Nothing shall preclude the Issuer from designating the same firm as both Tax Counsel and Bond Counsel.

"*Bond Documents*" means the Indenture and all other collateral documents and agreements authorizing and securing the Bonds and the BofA Credit Facility.

"*Bond Exclusive Collateral*" means the Trust Estate as defined and described in the Indenture, exclusive of the pledge of Revenues and rights under the AR Contracts.

"*Bondholder*" or "*Holder*" means, whenever used herein with respect to a Bond, the Person in whose name a Bond is registered on the Bond Register.

"*Bond Obligations*" means the principal, interest, fees, premiums, costs and expenses owed by KYMEA to Trustee and Bondholders with respect to the Bonds under the terms of the Indenture.

"*Bond Fund*" means the fund of that name created and established pursuant to the Indenture.

"*Bond Insurance Policy*" refers to the municipal bond insurance policy, if any, issued by a Bond Insurer guaranteeing the scheduled payment of principal of and interest on a series of Bonds when due.

"*Bond Insurer*" means any corporation, association or other entity which is engaged in the business, among other things, of insuring or guaranteeing the payment of the principal of and interest on municipal bond issues and that provides such insurance or guaranty with respect to the Bonds.

"*Bond Register*" means the books for registration of Bonds kept for the Issuer by the Trustee as provided in the Indenture.

"*Bond Resolution*" means any one or more resolutions, trust agreements, loan agreements or other similar instruments providing for the issuance of Bonds.

"*Bond Year*" means each one-year period that ends on the date selected by the Issuer and set forth in s Supplemental Indenture authorizing a series of Bonds. The first and last Bond Years may be shorter than one year. If no date is selected by the Issuer before the earlier of the final maturity date of the Bonds or the date that is five years after the Date of Issue of the Bonds, a Bond Year shall end on each anniversary of the Date of Issue and on the final maturity date of the Bonds.

"*Bondholder*" or "*Holder*" means, whenever used in the Indenture with respect to a Bond, the Person in whose name a Bond is registered on the Bond Register, or with respect to Parity Indebtedness other than a Bond, the person who is a lender or provider of such obligation.

"*Bonds*" means collectively any series of bonds or notes issued under the provisions of the Indenture pursuant to a Supplemental Indenture, secured on a parity with each other and for the purpose of the AR Contract "*Bonds*" includes electric utility revenue bonds, notes, or other evidences of indebtedness, without regard to the term thereof, whether or not any issue of such Bonds shall be subordinated as to payment to any other issue of Bonds, from time to time issued by the Agency to finance any cost, expense or liability paid or incurred or to be paid or incurred by the Agency in connection with the investigating, studying, planning, engineering, designing, financing, installing, constructing, acquiring, operating, maintaining, retiring, decommissioning, or disposing of any part of the System or otherwise paid or incurred or to be paid or incurred by the Agency in connection with the performance of its obligations under the All Requirements Power Sales Contracts or for any other lawful purpose permitted under the Interlocal Cooperation Agreement for the System.

"*Book Entry System*" means, with respect to any series of Bonds, a form or system, as applicable, under which (i) the beneficial ownership interests may be transferred only through a book entry and (ii) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates "immobilized" in the custody of the Depository. The Book Entry System maintained by, and the responsibility of, the Depository and not maintained by, or the responsibility of, the Issuer or the Trustee is the record that identifies, and records the transfer of the interests of, the owners of book entry interests in the Bonds.

"*Business Day*" means any day other than (i) a Saturday, (ii) a Sunday, (iii) a day on which banking institutions in the Commonwealth of Kentucky, the State of New York or any state in which the office of the Trustee is located are closed as authorized or obligated by law or administrative order or (iv) a day on which the New York Stock Exchange is closed.

"*Capital Improvement Fund*" means the fund of that name created and established pursuant to the Indenture.

"*Capital Improvements*" means anticipated and unanticipated necessary repairs, renewals, replacements, extensions, renovations, improvements, acquisitions and additions to the Project.

"*Capital Reserve Requirement*" refers, as of any particular computation date, to the amount determined by the Issuer that may be recommended by an Independent Consultant and set forth in the then most recent report of the Independent Consultant to the Issuer and the Trustee, to be held in the Capital Improvement Fund as the amount reasonably anticipated under prevailing standards of sound electric utility management to be necessary for the purpose of providing funds which may be needed for Capital Improvements.

"*Certificate, statement, request, direction or order*" of the Issuer, a Member or an AR Member means, respectively, a written certificate, statement, request, direction or order signed in the name of the Issuer, the Member or AR Member by an Authorized Representative of the Issuer, the Member or the AR Member, as the case may be. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"*Code*" means the Internal Revenue Code of 1986, as amended, or any successor federal income tax statute or code. Any reference to a provision of the Code shall include the applicable regulations of the Department of the Treasury promulgated or proposed with respect to such provision.

"*Collateral Agent*" means Old National Wealth Management, a national banking association, or its successor, as collateral agent under the Intercreditor Agreement.

"*Completion Indebtedness*" means any Additional Indebtedness incurred or issued by the Issuer, in accordance with the Indenture, for the purpose of financing the completion of the Project.

"*Costs of Issuance Account*" means the account of that name created pursuant to the Indenture.

"*Credit Enhanced Indebtedness*" shall mean Indebtedness the principal of and interest on which are secured by the proceeds of an irrevocable letter of credit, surety bond, insurance policy or other credit facility or arrangement with a Person who the Issuer is obligated to reimburse for advances made for amounts due on such Credit Enhanced Indebtedness.

"*Credit Enhancer*" shall mean to a Person who has undertaken to provide moneys necessary for payment to holders of Credit Enhanced Indebtedness.

"*Creditors*" means, collectively, (i) PNC, (ii) BofA, (iii) the Trustee for the Bondholders and (iv) and each of their respective successors and assigns in such capacities.

"*Debt Documents*" means (a) the Bond Documents, (b) the BofA Credit Facility Documents and (c) the PNC Credit Facility Documents.

"*Debt Obligations*" means (a) the Bond Obligations, (b) the BofA Obligations and (c) the PNC Obligations.

"*Date of Issue*" means the date set forth in a Supplemental Indenture.

"*Debt Service Coverage Ratio*" means for the period in question the ratio of Net Project Revenues to the Maximum Annual Debt Service; provided, however, that for purposes of calculating such ratio:

(a) the principal and interest requirements on Long-Term Indebtedness, or portions thereof, shall not be included in the computation of the Maximum Annual Debt Service until the Fiscal Year in which such principal or interest, or portions thereof, first becomes payable from sources other than amounts deposited in trust, escrowed or otherwise set aside exclusively for the payment thereof at the time of incurrence of Indebtedness (including without limitation capitalized interest and accrued interest so deposited into trust, escrowed or otherwise set aside) with the Trustee or another Person approved by the Trustee;

(b) any Long-Term Indebtedness having a single principal maturity and no sinking fund redemption requirements, or having a principal amount due in any Fiscal Year which exceeds an amount equal to 200% of the maximum principal amount of such Long-Term Indebtedness that would have become due (whether at maturity or pursuant to sinking fund redemption requirements) in such Fiscal Year if such Long-Term Indebtedness is Outstanding on the date of calculation had been amortized on a level debt service basis from the date of calculation over the stated term of such Long-Term Indebtedness shall be deemed to bear interest at the Assumed Interest Rate determined in accordance with paragraph (c) of the definition of Assumed Interest Rate and shall be deemed to be amortized on a level debt service basis over a period equal to the Assumed Amortization Period;

(c) any Interim Indebtedness if such Interim Indebtedness is Outstanding on the date of calculation had been amortized on a level debt service basis from the date of calculation over the stated term of the Long-Term Indebtedness anticipated to be issued to pay in full the Interim Indebtedness and such Interim Indebtedness shall be deemed to bear interest at the Assumed Interest Rate determined in accordance with paragraph (c) of the definition of Assumed Interest Rate and shall be deemed to be amortized on a level debt service basis over a period equal to the Assumed Amortization Period;

(d) the interest on any Variable Rate Indebtedness shall be calculated in accordance with paragraph (a) of the definition of Assumed Interest Rate;

(e) debt service on Credit Enhanced Indebtedness shall be deemed to include all periodic payments to the Credit Enhancer but shall not be based upon the terms of any reimbursement obligation to the Credit Enhancer except to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligation due to the Credit Enhancer advancing funds and not being reimbursed; and

(f) any outstanding debt which has been completely defeased shall be excluded.

"*Declaration of Acceleration*" means a declaration given in accordance with the provisions of the Indenture that all principal of and interest on the Bonds or Parity Indebtedness are due and payable immediately.

"*Decommissioning Costs*" means costs and expenses associated with the decommissioning, remediation, mitigation and closing down of the Project or any portion thereof.

"*Decommissioning Fund*" means the fund of that name created and established pursuant to the Indenture.

"*Decommissioning Reserve Requirement*" refers, as of any particular computation date, to the amount, determined by the Issuer, which may be recommended by an Independent Consultant and set forth in the then most recent report of an Independent Consultant to the Issuer and the Trustee, to be held in the Decommissioning Fund for the purpose of providing funds that may be needed for Decommissioning Costs.

"*Depository*" means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in the Bonds, and to effect transfers of book entry interests in the Bonds in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"*Depository Bank*" means a bank or trust company, designated by the Issuer, in which one or more of the Funds referred to in the Indenture will be established and maintained; provided, however, that by appropriate action the Issuer, from time to time, may designate a different bank or trust company.

"*Designated Office of the Trustee*" means the corporate trust office of the Trustee established from time to time by written notice sent by the Trustee to the Issuer and to each Bondholder. Until such time as the Trustee notifies the Issuer and Bondholders in writing of any change of the Designated Office of the Trustee, such office shall be One Main Street, Evansville, Indiana, 47708, Attention: Corporate Trust Department.

"*Determination of Taxability*" means the receipt by the Trustee of (1) written notice of any final determination, decision or decree, all applicable appeal periods with respect to which shall have expired, made by the Commissioner or any District Director of the Internal Revenue Service or by any court of competent jurisdiction, or (2) an opinion of Tax Counsel, in either case to the effect that interest on the Tax-Exempt Bonds is not excludable for regular federal income tax purposes under Section 103(a) of the Code from gross income of any Holder of the Tax-Exempt Bonds (other than a Bondholder who is a substantial user of the Project or related person as defined in the Code) or (3) notice that, as a result of any amendment, modification, addition or change made in Section 103 or any other provision of the Code or in any regulation or proposed regulation thereunder, or any ruling issued or revoked by the Internal Revenue Service, or any other action taken by the Internal Revenue Service, the Department of the Treasury or any other governmental agency, authority or instrumentality, or any opinion of any federal court or of the United States Tax Court rendered, Tax Counsel is unable to give an opinion that the interest payable on any Tax-Exempt Bond on or after a date specified in such notice is excludable from gross income of the taxpayer named therein (other than any such taxpayer who is a "substantial user" or a "related person," within the meaning of Section 147(a) of the Code) for regular federal income tax purposes.

"*ECI Participant Member Account*" means each separate and distinct account in the Rate Stabilization Fund established and created in the Indenture in the name of, and for benefit of, each ECI Participant Member.

"*ECI Participant Members*" or "*Participants*" means the Members who have entered into and executed the Participation Agreement with KYMEA.

"*ECI Power Purchase Agreement Revenue Account*" means the account of that name in the Revenue Fund established pursuant to the Indenture.

"*Enforcement*" means (a) for BofA, to make demand for payment (except for an automatically computer generated payment notice upon a missed payment date if such notice is rescinded within three Business Days after being sent) of or accelerate the time for payment prior to the scheduled payment date of the BofA Obligations following the occurrence of an Event of Default under the BofA Credit Facility; (b) for PNC, to make demand for payment (except for an automatically computer generated payment notice upon a missed payment date if such notice is rescinded within three Business Days after being sent) of or accelerate the time for payment prior to the scheduled payment date of the PNC Obligations following the occurrence of an Event of Default under the PNC Credit Facility; (c) for the Trustee, to make demand for payment (except for an automatically computer generated payment notice upon a missed payment date if such notice is rescinded within three Business Days after being sent) of or accelerate the time for payment prior to the scheduled payment date of the Bond Obligations following the occurrence of an Event of Default under the Indenture (c) for BofA, PNC or the Trustee to set off against funds or appropriate any balances or monies held by it for the account of KYMEA at any time held or owing by it to or for the credit or for the account of KYMEA as a result of the occurrence of an Event of Default if and only if such set off or appropriation is applied to the payment or satisfaction of Debt Obligations owed to the Creditors taking such action under their respective Debt Document with KYMEA; or (d) the commencement by, against, or with respect to KYMEA of any proceeding under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law or for the appointment of a receiver, custodian, trustee, or liquidator for KYMEA or its assets or for an assignment for the benefit of creditors or admission by KYMEA of its insolvency or inability to pay its debts as they become due.

"*Event of Default*" or *"Default"* means any of the events specified respectively in the Indenture, an AR Contract, the Intercreditor Agreement, the ECI Power Purchase Agreement or the Participation Agreement.

"*Exclusive Collateral*" means (i) the Bond Exclusive Collateral and (ii) the PNC Credit Facility Exclusive Collateral.

"*Final Computation Date*" means the date on which all amounts due with respect to the Bonds or Parity Indebtedness are actually and unconditionally due, if cash is available at the place of payment, after which date no interest accrues with respect to any of the Bonds or Parity Indebtedness. The Final Computation Date for the Bonds or Parity Indebtedness will generally be the earlier of (a) the final principal payment date for the Bonds or Parity Indebtedness or (b) the date on which the Bonds or Parity Indebtedness are redeemed as a whole.

"*Financing Expenses*" means all expenses of issuing and/or preparing any series of Bonds or Parity Indebtedness or the Indenture, including but not limited to legal, fiscal and printing expenses, the fees and expenses of the Trustee, or any bank or other agency for collection or administration of the Bonds or Parity Indebtedness, advertising expenses, any fees or expenses incurred in connection with the sale of any series of Bonds, any bond insurance premium or fees, any rating agency fees paid to a Rating Agency and any and all other similar out-of-pocket expenses.

"*Fiscal Year*" means the period of twelve complete, consecutive calendar months ending on June 30 of each year.

"*Fitch*" means Fitch Ratings, Inc., its successors and assigns.

"*Funds*" means the funds described, created and established pursuant to the Indenture.

"*Generally Accepted Accounting Principles*" or "*GAAP*" means those principles of accounting set forth in statements of the Financial Accounting Standards Board or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report, as such principles are from time to time supplemented and amended.

"*Generation Resource Project*" means a project designated by the Board of Directors pursuant to the Interlocal Cooperation Agreement for the development, construction, acquisition, or purchase of Attributes of an electric generation resource in which one or more All Requirements Members participate. For purposes of the AR Contract, "Generation Resource Project" refers to projects in which either the participants are not identical to the All Requirements Members or each participant's share of the project is prescribed, or both, thus requiring that the Agency account for the costs and benefits of the project as provided in the AR Contract. For avoidance of doubt, a Generation Resource Project may be a renewable generation resource project. Generation Resource Project does not include (a) Agency generation resource projects that are for the benefit of all of the All Requirements Members and in which the

All Requirements Members share costs in proportions that vary over time through the cost recovery mechanism of the Rate Schedule, or (b) a project for which it is expressly provided that it is not to be considered a Generation Resource Project.

"*Governing Body*" means, with respect to the Issuer, its board of directors established by the KYMEA Interlocal Agreement and for a Member or any Person, the board of directors, board of commissioners, city council or commission, or board of trustees of such Member or Person, or if there shall be no board of trustees, board of commissioners, city council or commission, or board of directors, then such person or body which pursuant to law or the organizational documents of the Member or Person is vested with powers similar to those vested in a board of trustees, board of commissioners, city council or commission or a board of directors; the term also encompasses any committee empowered to act on behalf of such Governing Body.

"*Government Obligations*" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America.

"*Holder*" or "*Bondholder*" means, whenever used in the Indenture with respect to a Bond, the Person in whose name a Bond is registered on the Bond Register or with respect to Parity Indebtedness other than a Bond, the Person who is lender or provider or such obligation.

"*Indebtedness*" means, without duplication, (a) all indebtedness of the Issuer incurred for borrowed moneys or which has been incurred or assumed in connection with the acquisition, construction, development or operation of the Project; (b) all indebtedness for borrowed moneys, no matter how created, secured by the Trust Estate; and (c) the liability of the Issuer under any lease of real or personal property which is properly capitalized on the balance sheet of the Issuer in accordance with GAAP and which is integral to the ownership or the operation of the Project.

"*Indenture*" means the Trust Indenture by and between the Issuer and the Trustee, dated as of March 6, 2025, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

"*Independent Certified Public Accountant*" means an Independent Person of national recognition and experience qualified as a certified public accountant.

"*Independent Consultant*" means an Independent Person of national recognition and experience appointed by the Issuer and not reasonably objected to by the Trustee, as lacking the skill or the experience necessary to render the particular opinions and reports required by the Indenture.

"*Independent Engineer*" means an Independent Person qualified as a licensed professional engineer with an expertise in electric power and energy generation systems.

"*Independent Person*" means either (a) a firm or Person designated by the Issuer and reasonably acceptable to the Trustee or (b) a firm or person designated by the Issuer and in which no partner (treating a shareholder of a professional association which is a partner as though such shareholder were such a partner), director, officer or employee is a director, officer or employee of the Issuer or a Member.

"*Insolvency Proceeding*" means, as to any Person, any of the following: (i) any case or proceeding with respect to such Person under the Bankruptcy Code or any other Federal or State bankruptcy, insolvency, reorganization or other law affecting creditors' rights generally or any other or similar proceedings seeking any stay, reorganization, arrangement, composition or readjustment of the obligations and indebtedness of such Person or (ii) any proceeding seeking the appointment of any trustee, receiver, liquidator, custodian or other insolvency official with similar powers with respect to such Person or any or all of its assets or properties or (iii) any proceedings for liquidation, dissolution or other winding up of the business of such Person or (iv) any assignment for the benefit of creditors or any marshaling of assets of such Person.

"*Installment Computation Date*" means the last day of the fifth Bond Year and of each succeeding fifth Bond Year thereafter.

"*Intercreditor Agreement*" means the Intercreditor Agreement, dated as of March 6, 2025, by and among PNC, in its capacity as a lender, BofA, in its capacity as a lender, the Trustee, in its capacity as trustee under the Indenture and Old National Wealth Management, in its capacity as the Collateral Agent under the Intercreditor Agreement.

"*Interest Payment Date*" means the interest payment dates set forth in a Supplemental Indenture authorizing a series of Bonds, provided, that if any Interest Payment Date does not fall on a Business Day, the Interest Payment Date shall be the next succeeding Business Day.

"*Interim Indebtedness*" means Indebtedness incurred or assumed in anticipation of being refinanced or refunded with Long-Term Indebtedness.

"*Issuer*", *"KYMEA"* or *"Agency"* means the Kentucky Municipal Energy Agency, an interlocal agency of the Commonwealth of Kentucky, created pursuant to the KYMEA Interlocal Agreement.

"*KYMEA General Revenue Account*" means the account of that name in the Revenue Fund established pursuant to the Indenture.

"*KYMEA Interlocal Agreement*" shall mean the Interlocal Cooperation Agreement creating the Kentucky Municipal Energy Agency, filed with the Kentucky Secretary of State on September 3, 2015, by and between the Electric Plant Board of the City of Frankfort, Kentucky; the Electric Plant Board of the City of Benham, Kentucky d/b/a Benham Power Board; the City of Bardwell, Kentucky; the City of Falmouth, Kentucky; the City of Madisonville, Kentucky; the City of Paris, Kentucky; the City of Providence, Kentucky; the Barbourville Utility Commission of the City of Barbourville, Kentucky; the City Utilities Commission of the City of Corbin, Kentucky; and the City Utility Commission of the City of Owensboro, Kentucky, as founding Members establishing the Kentucky Municipal Energy Agency, as amended and supplemented.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations from the Issuer to The Depository Trust Company, as in effect from time to time.

"*Long-Term*", when used in connection with Indebtedness, means Indebtedness having an original maturity greater than one year or renewable at the option of the obligor for a period greater than one year from the date of original incurrence or issuance thereof, which shall not include the current portion of such Long-Term Indebtedness as determined in accordance with GAAP.

"*Material Adverse Effect*" means an event, violation, inaccuracy, circumstance or other matter that has, had or could reasonably be expected to have a material adverse effect on (a) the development, construction or operation of the Plant, the assets of the Project, the financial condition of the Plant or the Liabilities of the Project, (b) a Budget (including Capital Improvement Budgets and Operating Budgets), (c) the ability of any Participant under the Participation Agreement to receive Attributes from the Plant, (d) the ability of any party to perform any of its respective obligations under the Transaction Agreements, or (e) the rights and obligations of any party under any of the Transaction Agreements.

"*Maximum Annual Debt Service*" means the largest amount of principal and interest on Long-Term Indebtedness or Interim Indebtedness computed in accordance with clauses (a) through (e) of the definition of Debt Service Coverage Ratio due in any Fiscal Year ending on or after the date of determination.

"*Member*" shall mean any public agency, as defined in the act, within or without the State which has entered or shall enter into the KYMEA Interlocal Agreement for such period of time as said public agency shall remain a party to the KYMEA Interlocal Agreement.

"*Member-Owned Resource*" has the meaning set forth in the AR Contract. For avoidance of doubt, Member-Owned Resources may include renewable generation resources.

"*Moody's*" means Moody's Investors Service, Inc., its successors and assigns.

"*Net Project Revenues*" means, with respect to any period of calculation, Project Revenues less Project Operating Expenses, other than (i) expenses incurred with respect to property the acquisition of which has been financed from the proceeds of Indebtedness, (ii) depreciation, (iii) amortization and (iv) interest on Long-Term Indebtedness; provided that no determination thereof shall take into account: (a) material balances and transactions between the Issuer and its Members; (b) insurance proceeds payable as a result of casualty or other similar circumstances (other than the proceeds of business interruption insurance); (c) gains and losses from the sale of capital assets and from other extraordinary items; and (d) gains and losses attributable to refundings, advance refundings and other extinguishment of Indebtedness prior to the maturity date thereof.

"*Operating Fund*" means the fund of that name created and established pursuant to the Indenture.

"*Operating Reserve Account*" means the account of that name created and established pursuant to the Indenture.

"*Operating Reserve Requirement*" refers, as of any particular computation date, to the amount, determined by the Issuer, to be equal to 90 days of estimated annual Project Operating Expenses.

"*Opinion of Bond Counsel*" means an opinion in writing signed by Rubin & Hays or other legal counsel which shall be nationally recognized as an expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from Federal income taxation of interest on such obligations, and who shall not be unsatisfactory to the Trustee as lacking either the skill or experience necessary to render the opinions required.

"*Opinion of Counsel*" means an opinion in writing signed by (a) an attorney or firm of attorneys who may be an employee of or counsel to the Issuer or any Member and who shall not be unsatisfactory to the Trustee as lacking either the skill or experience necessary to render the opinions required, or (b) an attorney or firm of attorneys who neither are employees of, nor counsel to, the Issuer or any Member and who shall not be unsatisfactory to the Trustee as lacking either the skill or experience necessary to render the opinions required.

"*Outstanding*", when used as of any particular time with reference to Bonds, means all Bonds delivered by the Trustee under the Indenture except (1) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with the Indenture; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

"*Ownership Interest*" means the individual undivided interest of a Participant in the Attributes of the Project as a tenant-in-common from time to time in accordance with the Participation Agreement. Initial Ownership Interests shall be the Participant Percentages set forth in an exhibit to the Participation Agreement. Ownership Interest includes all of the rights of a Participant to the Attributes, including all of its rights under the Participation Agreement, and any Project Agreement or any guarantee under which it is a beneficiary. Ownership Interest does not include any interest of the Participant in Energy, Capacity or other Attributes that it is entitled to under the Participation Agreement after the Delivery Point.

"*Parity Indebtedness*" means Indebtedness which shall rank on a basis of parity as to security and source of payment with the Bonds, the BofA Credit Facility, Completion Indebtedness and Additional Indebtedness, as further defined in the Indenture.

"*Participant*" means a broker-dealer, bank or other financial institution for which the Depository holds Bonds as a securities depository.

"*Participation Agreement*" means the Participation Agreement by and between the Issuer and the ECI Participant Members dated as of January 1, 2025, as amended or supplemented from time to time.

"*Paying Agent*" means the Trustee and any bank or trust company designated by the Trustee to act in the capacity of a paying agent on any series of Bonds.

"*Person*" means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"*PNC*" means PNC Bank, National Association, or its successor or assigns.

"*PNC Credit Facility*" means collectively (i) the Committed Third Amended and Restated Line of Credit Note, dated as of February 1, 2022, as extended, from the Issuer in favor of PNC in the original principal amount of $45,000,000 and (ii) the Reimbursement Agreement for Standby and Commercial Letter of Credit, dated as of August 22, 2024, between the Issuer and PNC and related documents in connection with the Standby Letter of Credit in the amount of $5,000,000 issued by PNC in favor of Louisville Gas and Electric Company and/or Kentucky Utilities Company, and as the same may be amended, modified, supplemented or restated.

"*PNC Credit Facility Documents*" means the PNC Credit Facility and all other collateral documents and agreements authorizing and securing the PNC Credit Facility.

"*PNC Credit Facility Exclusive Collateral*" means any collateral securing the PNC Credit Facility as described in the PNC Credit Facility Documents, exclusive of the pledge of Revenues and rights under the AR Contracts.

"*PNC Obligations*" means the obligations owed by or required of KYMEA to PNC under the PNC Credit Facility.

"*Principal and Interest Account*" means the account of that name in the Bond Fund established pursuant to the Indenture.

"*Project*" or "*Facility*" or "*Plant*" shall mean the natural gas reciprocating internal combustion engine electric generation facility on a site in Madisonville, Kentucky to be known as the KYMEA Energy Center I, and certain electric transmission facilities and natural gas line and supply facilities.

"*Project Operating Expenses*" means any (i) expense of the Issuer related to the operations, management and maintenance of the Project, properly charged as an operating expense in accordance with GAAP, including but not limited to: salaries; wages; costs of maintenance, materials and supplies; insurance; maintenance expenditures; tax equivalent payments; transmission costs; fees and costs of paying agents, attorneys, consultants and others; costs associated with studies and reports; and permit fees all of which relate to the Project or the administration of the ECI Power Purchase Agreement, including but not limited to the collection of AR Payments under the AR Contracts and (ii) payments required to be made by the Issuer to the Capital Improvement Fund as provided in the Indenture.

"*Project Revenues*" means (i) all AR Payments received by the Issuer or by the Trustee for the account of the Issuer pursuant to the ECI Power Purchase Agreement, including, without limiting the generality of the foregoing, both timely and delinquent payments and any late charges, paid from any source, prepayments, and other proceeds derived therefrom; (ii) all proceeds or revenues generated by the sale of all or a portion of the Project; (iii) the proceeds of the sale of any Project assets or attributes and (iv) all interest, profits or other income derived from the investment of amounts in any of the Funds or accounts established pursuant to the Indenture (except the Rebate Fund).

"*Projected Rate*" means the Bond Buyer "Revenue Bond Index", as then published most recently by The Bond Buyer, New York, New York, or, if such index is no longer available, such index for comparable thirty-year maturity tax-exempt revenue bonds as may be certified to the Trustee by a firm of investment bankers or a financial advisory firm.

"*Prudent Utility Practice*" means, at a particular time, any of the practices, methods, and acts (including the practices, methods, and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, would have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and timeliness. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts.

"*PURPA*" means the federal Public Utility Regulatory Policies Act of 1978, as amended from time to time.

"*Rate Schedule*" means the rate schedule setting forth the rate for payments by the Member for electric power and energy delivered under the AR Contract and for services related to the All Requirements Project, which may be revised from time to time by a new schedule adopted by the Board of Directors, including any amendment, change, deletion, or addition to any of the billing components, terms or conditions, or any adjustment set forth therein as may be adopted pursuant to the AR Contract. The Rate Schedule may include surcharges or credits applicable only to certain All Requirements Members, such as (i) to provide compensation for a Member-Owned Resource, (ii) to reflect the cost consequences of any agreement pursuant to Section 3(f) whereby one or more All Requirements Members rely to a lesser or greater than proportional extent on the Attributes of particular All Requirements Power Supply Resources to serve their respective loads, or (iii) to reflect the cost consequences of a Generation Resource Project Participation Agreement allocating the Attributes of a generation project to one or more of the All Requirements Members in accordance with the AR Contract.

"*Rate Stabilization Fund*" means the fund of that name created and established pursuant to the Indenture.

"*Rate Stabilization Requirement*" refers, as of any particular computation date, to the amount, determined by the Issuer and the ECI Participant Members, to be held in the Rate Stabilization Fund for the purpose of providing funds to mitigate and stabilize the costs to the ECI Participant Members of the fluctuations in wholesale power costs or increased costs as a result of shortages or outages of power and energy anticipated to be generated by the Project.

"*Rating Agency*" means Fitch, if Fitch then maintains a rating on one or more series of Bonds, S&P, if S&P then maintains a rating on one or more series of Bonds, or Moody's, if Moody's then maintains a rating on one or more series of Bonds.

"*Rating Category*" means the generic rating categories of the Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"*Rebate Amount*" means the amount, as of each Installment Computation Date and as of the Final Computation Date, required to be paid to the United States of America pursuant to Section 148(f) of the Code within 60 days after such Installment Computation Date or Final Computation Date.

"*Rebate Fund*" means the Fund of that name created pursuant to the Indenture.

"*Redemption Account*" means the account of that name in the Bond Fund.

"*Related Documents*" means the AR Contracts, the ECI Power Purchase Agreement, the Participation Agreement.

"*Required Reserve*" refers to an amount, as of any particular date of computation, equal to the least of (i) 10% of the proceeds of the Bonds, (ii) 100% of the greatest amount required in the then current or any future Bond Year to pay the principal and interest requirements on the Outstanding Bonds or (iii) 125% of the average of the annual principal and interest requirements on the Outstanding Bonds.

"*Reserve Account Insurance Policy*" refers to an insurance policy issued by or approved in writing by the Bond Insurer guaranteeing the payment of whatever reserve account or commitment related thereto is described in such insurance policy.

"*Reserve Fund*" means the fund of that name created and established pursuant to the Indenture.

"*Reserve Fund Withdrawal*" means a withdrawal of moneys from the Reserve Fund to pay the principal of and/or interest on the Bonds.

"*Resolution*" means the Resolutions enacted by the Issuer on October 24, 2024 and January 23, 2025, approving the execution of the Indenture and authorizing the issuance of the Series 2025 Bonds.

"*Resource Obligation*" means the Member's allocable share of each Agency Obligation entered into for the benefit of the All Requirements Members for which the Agency will remain obligated after the effective date of termination of the AR Contract, as determined in accordance therewith. To qualify as a Resource Obligation under the AR Contract, the associated Agency Obligation (a) must have been entered into by the Agency (i) before the Member has delivered to the Agency written notice of termination of the AR Contract, or (ii) in the case of Contract termination arising out of an Event of Default, before the occurrence of the Event of Default; and (b) must not be subject to automatic reduction or abatement commensurate with loss of All Requirements Members.

"*Resource Obligation Table*" means the table listing certain Agency Obligations as described in the AR Contract and attached as Schedule B thereto, as updated from time to time.

"*Retained Rights*" means the rights of the Issuer under any AR Contract that provide indemnification or similar rights to the Issuer or provide for the payment of attorney's fees. Retained Rights shall also include such other rights of the Issuer as may be necessary to preserve the enforceability of such AR Contracts after giving effect to any anti-assignment provision contained therein.

"*Revenue Fund*" means the fund of that name created and established pursuant to the Indenture and described in the Intercreditor Agreement.

"*Revenue Requirements*" means the portion reasonably and equitably allocable, consistent with generally accepted ratemaking principles and Prudent Utility Practice, to the All Requirements Project of all costs and expenses paid or incurred or to be paid or incurred by the Agency resulting from the ownership, operation, maintenance, termination, retirement from service, and decommissioning of; repairs, renewals, replacements, additions, improvements, betterments, and modifications to; and performance by the Agency of its obligations related to; the System or otherwise relating to the acquisition and sale of power and energy and transmission and other services or to the performance by the Agency of its obligations under the AR Contracts, as further described therein.

"*Revenues*" means all AR Payments received by the Issuer or by the Trustee for the account of the Issuer from the AR Contracts for the sale of capacity and energy to the AR Members, including, without limiting the generality of the foregoing, including both timely and delinquent payments and any late charges, paid from any source, prepayments, and other proceeds derived therefrom.

"*S&P*" means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns.

"*Series 2025 Bond*" or "*Series 2025 Bonds*" means the Kentucky Municipal Energy Agency Power System Revenue Bonds (Energy Center I Project), Series 2025 authorized by the Indenture and Supplemental Indenture No. 1.

"*Shared Collateral*" means all of the Revenues and the rights of KYMEA under the AR Contracts in or upon which any of Creditors at any time has a Lien, and including, without limitation, all proceeds of such property and interests in property; provided, however, that "Shared Collateral" shall not include any (i) Exclusive Collateral or (ii) deposit account of KYMEA maintained with any financial institution as the depositary bank unless such deposit account is subject to a written control agreement among a Creditor, KYMEA and such financial institution as the depositary bank, the parties thereto acknowledging and agreeing that the Intercreditor Agreement is a control agreement solely as to the Revenue Fund and to no other deposit account.

"Shared Payments" means all payments (no matter the type) made to a Creditor in satisfaction of Debt Obligations owed to such Creditor under its Debt Document with KYMEA after an Enforcement. For the avoidance of doubt, the parties agree that any amounts received by a Creditor from or on behalf of KYMEA prior to an Enforcement or which are applied to satisfy any obligation owed to such Creditor other than Debt Obligations under such Creditor's Debt Document with KYMEA shall not constitute Shared Payments under the Intercreditor Agreement.

“*State*” or “*Commonwealth*” means the Commonwealth of Kentucky.

“*Supplemental Indenture*” means any indenture duly authorized and entered into between the Issuer and the Trustee, issuing one or more series of Bonds, or supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“*Supplemental Indenture No. 1*” means the Supplemental Trust Indenture No. 1 dated as of March 6, 2025 by and between the Issuer and the Trustee, supplementing the Indenture and authorizing and providing for the issuance of the Series 2025 Bonds.

“*Supplemental Indenture No. 2*” means the Supplemental Trust Indenture No. 2 dated as of March 6, 2025 by and between the Issuer and the Trustee, supplementing the Indenture and authorizing and providing for the establishment of the BofA Credit Facility.

“*System*” means all of the Agency’s properties, rights, and interests in properties, including contract rights for the purchase or acquisition of power and energy and other Attributes and transmission or other services from others, all electric production, transmission, delivery facilities, general plant, and other related facilities and any mine, well, pipeline, plant, structure, or other facility for the development, production, manufacture, storage, fabrication, or processing of fuel of any kind or any facility or rights with respect to the supply of water, in each case for use, in whole or in major part, in any of the Agency’s generating plants, now existing and hereafter acquired by lease, contract, purchase, or otherwise or constructed by the Agency, including any interest or participation of the Agency in any such facilities, together with all additions, betterments, extensions, and improvements to said system or any part thereof hereafter made and together with all lands, easements, and rights of way of the Agency and all other works, property, or structures of the Agency and rights to the use of any thereof or the output, products, or services therefrom or other contract rights, and other tangible and intangible assets of the Agency used or useful in connection with or related to said system. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interests in properties of the Agency which the Agency determines shall not constitute a part of the System for the purposes of the AR Contract.

“*Tax Counsel*” means the firm of Rubin & Hays of Louisville, Kentucky, or any other firm of nationally recognized tax counsel, whose members are duly admitted to practice law before the highest court of any state and designated by the Issuer as its tax counsel for the Bonds. Nothing shall preclude the Issuer from designating the same firm as both Tax Counsel and Bond Counsel.

“*Tax-Exempt Bonds*” means any series of Bonds issued under the Indenture (i) the interest on which is excludable from gross income for federal income tax purposes or (ii) that provide certain payments to the issuer or credits to bondholders that absent an election to be treated as taxable would otherwise be considered Tax-Exempt Bonds.

“*Temporary Bond*” or “*Temporary Bonds*” means the Bonds described and authorized in the Indenture.

“*Transaction Agreements*” means the Participation Agreement and the ECI Power Purchase Agreement (including each Appendix, Exhibit or Schedule thereto) by and among the Participants and KYMEA and any replacements or substitutions therefor.

“*Trust Estate*” means the trust estate pledged by the Issuer and described in the Granting Clauses of the Indenture.

“*Trustee*” means Old National Wealth Management, or its successor, as trustee and paying agent as provided in the Indenture.

“*UCC*” means the Uniform Commercial Code of the State codified in Chapter 355 of the Kentucky Revised Statutes, as amended.

"*Uncontrollable Force*" means any cause beyond the control of the Party affected, including failure of facilities, flood, earthquake, storm, lightning, fire, explosion, epidemic, pestilence, war, riot, an act of domestic or international terrorism, civil disturbance, labor disturbances, sabotage, or an act of civil or military authorities, including court orders, injunctions, or orders of governmental agencies with proper jurisdiction, which by due diligence and foresight such Party could not reasonably have been expected to avoid.

"*Underwriter*" means any respective initial purchaser of any series of Bonds.

"*Variable Rate Indebtedness*" means any portion of Indebtedness the rate of interest on which is not established at the time of incurrence as one or more numerical rates applicable throughout the term thereof or for specified periods during the term thereof, with the result that at the time of incurrence the numerical rate of interest which will be in effect during any portion of the term thereof cannot be determined.

"*Windup Events*" has the meaning specified in the Participation Agreement.

THE INDENTURE

Trust Estate

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts created and granted in the Indenture and of the purchase and acceptance of the Bonds by the Holders thereof, the establishment of the BofA Credit Facility, and for other good and valuable consideration, the receipt of which is acknowledged, to secure the payment of the principal of and premium, if any, and interest on the Bonds, the BofA Credit Facility and any additional Parity Indebtedness, each according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants expressed or implied in the Indenture and in the Bonds, the BofA Credit Facility and any additional Parity Indebtedness, does grant, bargain, sell, convey, pledge and assign unto and grant a security interest, on a *pari passu* basis with any additional Parity Indebtedness, if issued, to the Trustee, and to its successors in trust and assigns forever, without recourse, a security interest in the following (the "Trust Estate"):

1. The Revenues generated and paid under the AR Contracts and deposited into the Revenue Fund established under the Indenture; which amounts also secure on a *pari passu* basis the PNC Credit Facility.

2. All of the Issuer's rights, title and interest in and to the AR Contracts, including, but without limiting the generality of the foregoing, the Issuer's rights, title, and interest in and to the Revenues and the present and continuing right to make claim for, collect and receive any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other Person is or may become entitled to do under the AR Contracts, which rights, title and interests in and to the AR Contracts also secure on a *pari passu* basis the PNC Credit Facility.

3. All rights, title and interest of the Issuer, if any, whether now or hereafter in effect, respecting:

    (a) the Issuer's fee interest in the Project;

    (b) the right of the Issuer to receive power and energy generated by the Project pursuant to the ECI Power Purchase Agreement;

    (c) all choses in action and all choses in possession now or hereafter existing to the benefit of or arising from the benefit of the Issuer with respect to the Parity Indebtedness (except for the Issuer's Retained Rights); and

    (d) to the extent not covered hereinabove, all proceeds of all the foregoing.

4. All funds and accounts established under the Indenture, except for the KYMEA General Revenue Account in the Revenue Fund and the Rebate Fund, and the investments thereof, if any, and money, securities and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in the Indenture and subject to a renouncement of a security position in one or more funds or accounts as provided in any Supplemental Indenture issued for Parity Indebtedness); and

5. All money and securities from time to time held by the Trustee under the terms of the Indenture and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any kind pledged or assigned as and for additional security thereunder, by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Authorization

The Indenture constitutes a continuing agreement with the Bondholders to secure the full payment of the principal of and premium, if any, and interest on all such Bonds subject to the covenants, provisions and conditions contained therein. On the Date of Issue, all conditions, acts and things required by law or by the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of the Bonds shall exist, shall have happened and shall have been performed, and the Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by law.

Nature of Security

The Bonds and any Parity Indebtedness are special and limited obligations of the Issuer secured by the Trust Estate or otherwise available for the payment of the Bonds and the Parity Indebtedness under the terms of the Indenture and are not general obligations of the Issuer, of the State, or of any political subdivisions of the State, including any Members. The Bonds and the Parity Indebtedness, and interest and premium, if any, thereon are not payable from taxes and are not a charge against the general credit or taxing power of the State, the Issuer or any Member, or any other municipal corporation, quasi-municipal corporation, political subdivision or agency thereof. No Bondholder shall have the right to compel any exercise of any taxing power of the Issuer, the State, any Member or any other municipal corporation, quasi-municipal corporation, political subdivision or agency thereof to pay the Bonds or the Parity Indebtedness or the interest or premium, if any, thereon, and none of the Bonds nor the Parity Indebtedness constitute an indebtedness of the Issuer, any Member or the State or a loan of the credit thereof within the meaning of any constitutional or statutory provision.

The Bonds and any Parity Indebtedness are secured by and payable from the Trust Estate on a parity basis.

The PNC Credit Facility is secured and payable on a parity with the amounts from the AR Members that the Issuer will deposit into the Revenue Fund under the Indenture.

The pledge of the Trust Estate created by the Indenture shall in all respects secure on a *pari passu* basis all of the Bonds and Parity Indebtedness and nothing contained in the Indenture shall be deemed to confer on the Holders of any Bonds or Parity Indebtedness any rights in the Trust Estate superior or inferior to the Holders of any other Bonds or Parity Indebtedness.

Parity Indebtedness

The Issuer may, upon compliance with certain terms and conditions as are set forth in the Indenture, issue (i) indebtedness for the purpose of financing the completion of the Project ("Completion Indebtedness") and (ii) additional bonds from time to time in order to pay the cost of acquiring, whether by purchase or construction of extensions, renovations, improvements and/or betterments to the Project, or for any other lawful purpose of the Issuer relating to the operation or maintenance of the Project ("Additional Indebtedness"). Such Completion Indebtedness and Additional Indebtedness shall be payable from the Trust Estate on a parity with the outstanding Bonds and the BofA Credit Facility.

Before any Additional Indebtedness may be issued there shall have been procured and filed with the Secretary of the Issuer a written certification by an Independent Consultant, reciting the opinion, based upon necessary investigation, that on an annual basis the Debt Service Coverage Ratio, based upon either:

> (i) the ratio of Net Project Revenues received under the ECI Power Purchase Agreement as of the most recent Fiscal Year (with adjustments as provided in the Indenture) and (ii) the Maximum Annual Debt Service on the Outstanding Parity Indebtedness and the Additional Indebtedness then proposed to be issued, is equal to at least 1.20 to 1. Such Net Project Revenues may be adjusted for the purpose of the foregoing computations to reflect any revisions in the schedule of rates or charges being imposed for the services of the Project at the time of the issuance of any such Additional Indebtedness. Such adjustments shall be based upon the written certification of an Independent Consultant; or

> (ii) the ratio of Net Project Revenues to be received under the ECI Power Purchase Agreement, including such Net Project Revenues estimated to be received under the ECI Power Purchase Agreement from the then contemplated extensions, improvements, renovations and betterments of the Project and (ii) the Maximum Annual Debt Service on the Outstanding Parity Indebtedness and the Additional Indebtedness then proposed to be issued, will for the first Fiscal Year after the purchase or completion of construction of such extensions, renovations, improvements and/or betterments, based upon the written certification of an Independent Engineer, be equal to at least 1.20 to 1.

The Issuer reserves the right, exercisable by a Supplemental Indenture, to prescribe additional and more restrictive conditions for the issuance of such additional Parity Indebtedness, and upon issuance of Parity Indebtedness in compliance therewith such additional and more restrictive conditions shall be applicable to all such Parity Indebtedness as may thereafter be issued.

At the time of issuance of such Parity Indebtedness, the Supplemental Indenture (and/or other appropriate document) of the Issuer authorizing such Parity Indebtedness shall contain a provision requiring the funding, completion of the funding, or additional funding of the Reserve Fund with cash and/or a surety bond so that the Required Reserve can be met.

The principal maturities of such additional Parity Indebtedness shall be on an Interest Payment Date.

The Project Revenues of said contemplated extensions, improvements, renovations and betterments shall not be included as aforesaid, unless, at the time the Issuer proposes to issue any such Parity Indebtedness, either (i) a written contract or contracts shall have been entered into for the immediate acquisition of any such betterments, improvements, renovations or extensions to be acquired and for the construction of substantially all of any such extensions, improvements, renovations or betterments to be constructed through application of any of the proceeds of such additional Parity Indebtedness; or (ii) a certificate shall have been made and filed with the Issuer by an Independent Engineer, meeting the qualifications prescribed in the Indenture, stating that in his, her or their opinion certain described extensions, improvements, renovations, betterments or constructions are needed, that the nature thereof is such that construction can be accomplished more economically or more expeditiously by purchasing materials and utilizing labor or personnel employed directly by the Issuer, and that the estimated costs thereof can be paid in full from the proceeds of the Parity Indebtedness proposed to be issued, as supplemented by any other funds then available.

The additional Parity Indebtedness and other obligations, the issuance of which is restricted by the Indenture, shall be understood to mean Parity Indebtedness and obligations payable from the Trust Estate on a parity with the Outstanding Bonds and shall not be deemed to include bonds or other obligations subsequently issued, the lien and security of which are subordinate and subject to the prior and superior lien and security of the Outstanding Bonds.

Nothing in the Indenture is intended or shall be construed as a restriction upon the issuance of refunding bonds under the Indenture ("Refunding Bonds") for the purpose of refunding any Outstanding Bonds, if the debt service requirements of the Refunding Bonds does not operate to increase in any year the aggregate debt service requirements of the Outstanding Bonds proposed to be refunded.

Funds and Accounts

The following Funds and accounts are created in and established as needed to comply with the provisions of the Indenture:

(1) the Revenue Fund, consisting of:
  (i) the ECI Power Purchase Agreement Revenue Account; and
  (ii) the KYMEA General Revenue Account;

(2) the Bond Fund, consisting of:
  (i) the Principal and Interest Account; and
  (ii) the Redemption Account;

(3) the Project Fund, consisting of:
  (i) the Costs of Issuance Account;
  (ii) the Capitalized Interest Account; and
  (iii) the Project Account;

(4) the Reserve Fund;

(5) the Capital Improvement Fund;

(6) the Decommissioning Fund;

(7) the Operating Fund including;
  (i) the Operating Reserve Account;

(8) the Rate Stabilization Fund;
  (i) one or more ECI Participant Member Accounts; and

(9) if necessary, the Rebate Fund.

The Bond Fund, the Project Fund, the Reserve Fund and the Rebate Fund are or shall be established with and maintained by the Trustee. The other Funds and accounts under the Indenture shall be established with and maintained by the Issuer with the Trustee and/or one or more Depository Banks.

Each Fund and account created under the Indenture shall be established and maintained as a separate and distinct fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. The Issuer shall cause the Trustee and the Depository Bank, as the case may be, to keep and maintain adequate records pertaining to each Fund and account, and all deposits thereto and disbursements therefrom.

Revenue Fund

Revenues collected from the AR Contracts for the sale of capacity and energy to the AR Members, shall be deposited by the Issuer into the Revenue Fund as follows: (i) amounts that are Project Revenues shall be transferred to the Trustee and deposited to the ECI Power Purchase Agreement Revenue Account and (ii) all other amounts shall be deposited to the KYMEA General Revenue Account.

Notwithstanding any terms of the Indenture to the contrary, if there shall be declared an Event of Default under the Indenture or an Event of Default as defined in the Intercreditor Agreement or the Issuer has provided notice that insufficient funds will be available to pay debt service obligations under the terms of the Intercreditor Agreement, then the deposits in the Revenue Fund and application of amounts therein shall be carried out by the Collateral Agent, or if the Intercreditor Agreement is no longer in existence or applicable, the Trustee.

Moneys deposited to the ECI Power Purchase Agreement Revenue Account shall be applied by the Issuer to pay debt service on the Bonds and any Parity Indebtedness, including but not limited to the BofA Credit Facility and thereafter apportioned to the various funds and accounts as set out in the Indenture.

Moneys deposited to the KYMEA General Revenue Account shall be applied by the Issuer to pay for (A) debt service on the PNC Credit Facility, (B) capacity and energy charges of AR Power Supply other than the ECI Power Purchase Agreement, (C) transmission costs and (D) the general operations and expenses of the Issuer.

Revenue Fund – ECI Power Purchase Agreement Revenue Account

In each month after the deposit of Revenues into the ECI Power Purchase Agreement Revenue Account (but in any case no later than the last business day of such month), the Issuer shall credit to, or shall transfer to the required party for deposit in, as appropriate and to the extent available, the following Funds and Accounts in the following order the amounts set forth below (such application to be made in such a manner so as to assure available funds in such Funds on the last business day of such month):

1. To the Bond Fund, the amounts required under the Supplemental Indenture for credit to the Bond Fund to be applied to the payment of interest accrued and unpaid and principal on Bonds and Parity Indebtedness in accordance with the provisions of the Indenture;

2. To the Reserve Fund to replenish and restore any funds withdrawn from the Reserve Fund or to restore the market value of amounts and investments on deposit in the Reserve Fund to be equal to the Required Reserve in accordance with the provisions of the Indenture;

3. To the credit of the Capital Improvement Fund, the amount, if any, budgeted for credit to the Capital Improvement Fund for the then current month as set forth in the current Annual Budget;

4. To the credit of the Decommissioning Fund, the amount, if any, budgeted for credit to the Decommissioning Fund for the then current month as set forth in the current Annual Budget;

5. To the credit of the Operating Fund, the remaining balance in the ECI Power Purchase Agreement Revenue Account to be used for Project Operating Expenses and other expenditures as provided for in the Indenture; and

6. If after all payments and expenditures from the Operating Fund have been made in accordance with the Indenture, the excess funds therein shall be credited to the Rate Stabilization Fund and shall be applied in accordance with the Indenture;

provided, however, that so long as there shall be held in the Bond Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund redemption price and interest thereon), no transfers shall be required to be made to the Bond Fund.

Upon the occurrence and continuance of an Event of Default under the Indenture, Revenues collected from the AR Contracts shall be deposited and applied in accordance with the Indenture, subject to the terms of the Intercreditor Agreement if in effect.

Bond Fund - Principal and Interest Account

The Trustee shall deposit in or transfer to the Principal and Interest Account:

(i) on the 20th day of each month from the ECI Power Purchase Agreement Revenue Account, a sum equal to the total of the following:

(1) an amount equal to one-sixth (or such larger amount as is necessary) of the interest to become due on the Bonds then outstanding on the next Interest Payment Date, plus

(2) an amount equal to one-twelfth (or such larger amount as is necessary) of the principal of any Bonds maturing on the next Interest Payment Date;

(ii) immediately upon receipt thereof, the net earnings on investments of money in the Principal and Interest Account;

(iii) all money required to be transferred to the Principal and Interest Account from the Project Fund pursuant to the Indenture;

(iv) all money required to be transferred to the Principal and Interest Account from the Redemption Account pursuant to the Indenture; and

(v) all other money required to be transferred to or deposited in the Principal and Interest Account pursuant to any provision of the Indenture or the Participation Agreement.

The money and investments in the Principal and Interest Account are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, in the following order of priority:

(y) for the payment of the principal of and interest on Bonds on the next Interest Payment Date or redemption or maturity date; and

(z) for transfer to the Redemption Account funds in the Principal and Interest Account in excess of those necessary for the purposes described in paragraph (y) above, upon written request from an Authorized Representative of the Issuer, for the payment of accrued interest on and principal of any Outstanding Bonds that are to be optionally redeemed.

Notwithstanding the transfers and payments above, in accordance with the provisions of the Supplemental Indenture No. 2, the principal of and interest on the BofA Credit Facility shall be payable in accordance with the terms of the BofA Credit Facility and shall be paid directly by the Issuer to BofA from funds on deposit in the ECI Power Purchase Agreement Revenue Account or such other funds provided by the Issuer but not from funds on deposit in the Principal and Interest Account of the Bond Fund. All payments of interest and principal shall be payable in lawful money of the United States of America, and, at the direction of BofA, by electronic transfer by the Issuer in immediately available funds to an account within the United States of America designated in writing by BofA to the Issuer.

Bond Fund - Redemption Account

The Trustee shall deposit in or transfer to the Redemption Account:

(i) immediately upon receipt thereof, all money received by the Trustee from the Issuer or from any other source with written instructions to deposit such amounts in the Redemption Account;

(ii) immediately upon receipt thereof, the net income realized on investments of money in the Redemption Account; and

(iii) all money required to be transferred to or deposited in the Redemption Account pursuant to any provision of the Indenture.

The money and investments in the Redemption Account are irrevocably pledged and shall be used by the Trustee, from time to time, to redeem Bonds called for redemption in accordance with the provisions of the Indenture or upon receipt of and in accordance with a written request from an Authorized Representative of the Issuer, funds in the Redemption Account in excess of the amount necessary to redeem Bonds for which notice of redemption has been given pursuant to Indenture shall be used for any one or more of the following purposes:

(y) for the optional redemption of Bonds prior to the maturity thereof pursuant to the Indenture; or

(z) for transfer to the Principal and Interest Account.

Project Fund - Costs of Issuance Account

The Trustee shall deposit in or transfer to the Costs of Issuance Account:

(i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and

(ii) amounts as are received by the Trustee from the Issuer or from any other source (other than proceeds of the Bonds) for purposes of paying the Financing Expenses.

Project Fund - Capitalized Interest Account

The Trustee shall deposit in or transfer to the Capitalized Interest Account:

(i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and

(ii) amounts as are received by the Trustee from the Issuer or from any other source (other than proceeds of the Bonds or Parity Indebtedness) for purposes of setting aside funds to capitalize the interest on the Bonds or Parity Indebtedness.

The money and investments in the Capitalized Interest Account shall be held in trust by the Trustee and applied in accordance with and subject to the provisions of the Indenture and, pending such application, shall be held for the further security of the Bondholders until applied as provided therein. Until actually disbursed by the Trustee to or upon the order of the Issuer in accordance with the Indenture, the Issuer shall have no interest in such money and investments.

From the Capitalized Interest Account, the Trustee shall transfer and deposit in the Principal and Interest Account the amounts described in and authorized by the Issuer in the related Supplemental Indenture.

Any money remaining in the Capitalized Interest Account after the final transfer and deposit to the Principal and Interest Account, shall be deposited in the Project Account of the Project Fund.

Project Fund - Project Account

The Trustee shall deposit in or transfer to the Project Account:

(i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and

(ii) all amounts required to be transferred to the Project Account from the Costs of Issuance Account pursuant to the Indenture.

The money and investments in the Project Account shall be held in trust by the Trustee and applied in accordance with and subject to the provisions of the Indenture and, pending such application, shall be held for the further security of the Bondholders until applied as provided in the Indenture.

Upon the completion of any project, or the refunding of any obligations of the Issuer, for which the series of Bonds have been authorized and are issued, the Trustee shall transfer any money and investments remaining in the Project Fund to the Redemption Account of the Bond Fund to be used to redeem Bonds on the earliest redemption date.

Reserve Fund

(a) The Trustee shall deposit in or transfer to the Reserve Fund:

(i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and

(ii) amounts as are received by the Trustee from the Issuer or from any other source (other than proceeds of the Bonds) which have been designated for deposit to the Reserve Fund.

(b) All income derived from the investments on deposit in the Reserve Fund shall remain in, and be credited to, the Reserve Fund unless the amount on deposit in the Reserve Fund exceeds the Required Reserve, in which case, such excess shall be deposited to the Principal and Interest Account.

(c) The Required Reserve may be funded with any combination of cash, investments or one or more Reserve Account Insurance Policies.

(d) On January 2nd of each year the Trustee shall determine the market value of the amounts on deposit in the Reserve Fund, including amounts available under any Reserve Account Insurance Policy. If the amount determined to be on deposit in the Reserve Fund is in excess of the Required Reserve, such excess shall be transferred and deposited to the Principal and Interest Account. If the amount determined to be on deposit in the Reserve Fund is less than the Required Reserve, the Trustee shall so notify the Issuer and, as set forth below, the Issuer shall replenish and restore the amount on deposit in the Reserve Fund to an amount equal to the Required Reserve.

(e) Amounts on deposit in the Reserve Fund, including amounts available under any Reserve Account Insurance Policy, may be withdrawn and used by the Trustee, when necessary, and shall only be so withdrawn and used if and to the extent necessary to prevent the occurrence of an Event of Default or for the purpose of making payments of principal of and interest on the Bonds (including both principal maturities and mandatory redemptions) if the amounts on deposit in the Bond Fund are not sufficient to make such payments.

(f) In the event that any funds shall be paid by any Reserve Account Insurance Policy or funds then on deposit shall be withdrawn from the Reserve Fund (the "Reserve Fund Withdrawal"), the Issuer shall be obligated to transfer funds from the ECI Power Purchase Agreement Revenue Account to the Reserve Fund in each month in an amount equal to 1/12 of the Reserve Fund Withdrawal until such Required Reserve has been restored. Such funds shall be used first to restore the Reserve Account Insurance Policy to the face amount of such Reserve Account Insurance Policy and thereafter to restore any cash which had been on deposit in the Reserve Fund.

(g) If, whenever, and so long as the Reserve Fund contains more than one surety or Reserve Account Insurance Policy, any charge, draw, withdrawal, or other reduction in or from such Reserve Fund must be made pro rata against such surety and/or Reserve Account Insurance Policies after the depletion of any cash or assets other than surety bonds or policies.

(h) As and when Parity Indebtedness are issued, provision shall be made similarly for increasing the Reserve Fund, if necessary and to the extent not fully funded concurrently with the issuance of such Parity Indebtedness, to not less than the Required Reserve applicable to all Bonds, including the Parity Indebtedness, then scheduled to be Outstanding falling due in any 12-month period thereafter, by (a) the immediate deposit in cash and/or investments of such additional amount required to provide such increased Required Reserve or (b) obtaining a Reserve Account Insurance Policy to effect such funding.

(i) At any time when any series of Bonds is Outstanding that is not secured by the Reserve Fund, Revenues shall be distributed between the Bonds secured by the Reserve Fund, on the one hand, and Bonds not secured by the Reserve Fund, on the other hand, on a pro rata basis without regard to the existence of the Reserve Fund.

(j) The Trustee shall make a demand for payment under a Reserve Account Insurance Policy at least three days prior to the date on which funds are required. The Trustee will maintain adequate records as to the amount available to be drawn at any given time under a Reserve Account Insurance Policy.

(k) The Issuer shall pledge to the provider of the Reserve Account Insurance Policy, as security for amounts owed to it in respect of payments made thereunder, the Trust Estate, subject only to the pledge in favor of the Bondholders.

(l) All amounts on deposit in the Reserve Fund shall constitute a trust fund and shall be and are earmarked and pledged for the security and source of payment for the Bonds.

Capital Improvement Fund

In order to provide moneys which will be available for Capital Improvements to the Project, there shall be transferred and deposited into the Capital Improvement Fund, from the Revenue Fund, in as nearly equal monthly deposits as practicable, the annual amount set forth in the Annual Budget. Balances at any time on deposit in said Capital Improvement Fund may be expended upon the determination of the Issuer for costs of the Capital Improvements, and to the extent not so expended the same shall accumulate in the Capital Improvement Fund until such time as the amount on deposit in the Capital Improvement Fund shall equal the Capital Reserve Requirement, represented either by cash or by the market value of investments, as permitted in the Indenture, and upon the accumulation of an amount equal to the Capital Reserve Requirement, the monthly transfers from the ECI Power Purchase Agreement Revenue Account to the Capital Improvement Fund may be suspended. If and when it shall become necessary to make disbursements from the Capital Improvement Fund for such authorized Capital Improvements, the monthly transfers and deposits from the ECI Power Purchase Agreement Revenue Account shall be resumed and continued until the amount on deposit in the Capital Improvement Fund shall have been restored to the Capital Reserve Requirement.

Pending application of money in the Capital Improvement Fund as set forth in the Indenture, such money shall be invested and reinvested in Authorized Investments. Any investment so made shall be held for the account of the Capital Improvement Fund. Any income or gain realized therefrom shall be credited to the Capital Improvement Fund and expenses or loss in connection therewith shall be charged to said Capital Improvement Fund. It is recognized and determined by the Issuer that provision for the aforesaid Capital Improvement Fund shall take into account the annual requirements for retirement of the Outstanding Bonds and the capital costs of additions, improvements, renovations and betterments financed from surplus revenues, and should be at least equivalent to the accounting practices of privately owned utility systems for depreciation of electric generation and transmission facilities. Accordingly, it is determined that such serial retirement of Outstanding Bonds may be shown on the books of record and account of the Issuer as balancing, in part, the normal depreciation of the Project.

In the event there would otherwise be a default in the payment of interest on or the principal of the Outstanding Bonds, any balance then on deposit in the Capital Improvement Fund may be withdrawn and applied to such extent as may be necessary in order to prevent such default, and any investments held for the account of the Capital Improvement Fund may be converted into cash if and to the extent required for such purpose; but such withdrawals shall be deemed to be advances from the Capital Improvement Fund and the amount thereof shall be restored as soon as moneys are available.

Decommissioning Fund

In order to provide moneys which will be available to pay for Decommissioning Costs, there shall be transferred and deposited into the Decommissioning Fund, from the ECI Power Purchase Agreement Revenue Account, in as nearly equal monthly deposits as practicable, the annual amount set forth in the Annual Budget. Balances at any time on deposit in said Decommissioning Fund may be expended by the Issuer to pay Decommissioning Costs, and to the extent not so expended the same shall accumulate in the Decommissioning Fund until such time as the amount on deposit in the Decommissioning Fund shall equal the Decommissioning Reserve Requirement, represented either by cash or by the market value of investments, as permitted in the Indenture, and upon the accumulation of an amount equal to the Decommissioning Reserve Requirement, the monthly transfers from the ECI Power Purchase Agreement Revenue Account may be suspended. If and when it shall become necessary to make disbursements from the Decommissioning Fund, the monthly transfers and deposits from the ECI Power Purchase Agreement Revenue Account shall be resumed and continued until the amount on deposit in the Decommissioning Fund shall have been restored to the Decommissioning Reserve Requirement.

Pending application of money in the Decommissioning Fund as set forth in the Indenture, such money shall be invested and reinvested in Authorized Investments. Any investment so made shall be held for the account of the Decommissioning Fund. Any income or gain realized therefrom shall be credited to the Decommissioning Fund and expenses or losses in connection therewith shall be charged to said Decommissioning Fund.

Operating Fund

(a) On the Date of Issue, the Issuer shall deposit in or transfer to the Operating Fund:

(i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and

(ii) amounts as are received from any other source other than proceeds of the Bonds or any Parity Indebtedness that have been provided for deposit to the Operating Fund.

(b) Thereafter, after the required payments are made from the ECI Power Purchase Agreement Revenue Account to the Bond Fund, the Reserve Fund, the Capital Improvement Fund and the Decommissioning Fund, the Issuer shall deposit in or transfer to the Operating Fund all other funds in the ECI Power Purchase Agreement Revenue Account.

(c) Moneys on deposit in the Operating Fund shall be used by the Issuer to pay the Project Operating Expenses, including but not limited to salaries, wages, cost of materials and supplies, power purchased at wholesale, tax equivalent payments, transmission costs and fees, insurance and professional services, and all other Project Operating Expenses associated with any provision of the Indenture, the Participation Agreement or the ECI Power Purchase Agreement.

(d) Funds on deposit in the Operating Fund shall be drawn and disbursed by the Issuer without the requirement of any requisition or certification.

(e) All investment earnings, if any, on money in the Operating Fund shall be retained in the Operating Fund.

(f) From time to time, until there shall be on deposit in the Operating Reserve Account of the Operating Fund, an amount equal to the Operating Reserve Requirement, there shall be transferred to and deposited in the Operating Reserve Account, amounts in excess of those needed for current Project Operating Expenses. Amounts on deposit in the Operating Reserve Account, from time to time as so determined by the Issuer, may be transferred, as needed, to increase the amount in or replenish any deficit in any other Fund established by the Indenture used to (i) pay Project Operating Expenses or any other costs or expense associated with the Project; (ii) pay the principal of and interest on the Bonds or the Parity Indebtedness; (iii) redeem any Bonds; and/or (iv) pay any cost or expense required by the Indenture or the AR Contracts.

(g) From time to time, if the amount on deposit in the Operating Reserve Account is in excess of the Operating Reserve Requirement then the Issuer shall transfer and deposit such excess amount into the Rate Stabilization Fund.

(h) Pending application of money in the Operating Reserve Account as set forth in the Indenture, such money shall be invested and reinvested in Authorized Investments. Any investment so made shall be held for the account of the Operating Fund. Any income or gain realized therefrom shall be credited to the Operating Fund and expenses or losses in connection therewith shall be charged to said Operating Fund.

Rate Stabilization Fund

(a) In order to provide moneys which will be available to stabilize the costs to the ECI Participant Members of the fluctuations in wholesale power costs or increased costs as a result of (i) shortages or outages of power and energy anticipated to be generated by the Project or (ii) the increase in wholesale power costs to the ECI Participant

Members for the purchase of power and energy prior to the completion and operation of the Project, from time to time, but not more often than monthly, and after payment of the current Project Operating Expenses and all transfers and deposits required to be made to the Bond Fund, the Reserve Fund, the Capital Improvement Fund, the Decommissioning Fund and the Operating Reserve Account under the Indenture, there shall be transferred and deposited into the Rate Stabilization Fund the excess moneys in the Operating Fund. Balances at any time on deposit in said Rate Stabilization Fund may be expended by the Issuer to stabilize the temporary increases in wholesale power costs, and to the extent not so expended the same shall accumulate in the Rate Stabilization Fund until such time as the amount on deposit in the Rate Stabilization Fund shall equal the Rate Stabilization Requirement, represented either by cash or by the market value of investments, and upon the accumulation of an amount equal to the Rate Stabilization Requirement.

(b) Pending application of money in the Rate Stabilization Fund as set forth in the Indenture, such money shall be invested and reinvested in Authorized Investments. Any investment so made shall be held for the account of the Rate Stabilization Fund. Any income or gain realized therefrom shall be credited to the Rate Stabilization Fund and expenses or losses in connection therewith shall be charged to said Rate Stabilization Fund.

(c) Moneys on deposit in the Rate Stabilization Fund may be divided into pro rata amounts equal in proportion to the ECI Participant Members' Entitlement Percentages as reflected in the Participation Agreement and thereafter deposited into separate accounts respectively named for each ECI Participant Member. Upon the request of the respective ECI Participant Member, and concurrence by the Issuer and the other ECI Participants, moneys on deposit in the respective ECI Participant Member's Account shall be used as a credit to offset any required payment to be made by the ECI Participant Member under the Participation Agreement or its respective AR Contract.

Rebate Fund

In order to comply with the provisions of the Code relating to rebate of investment earnings attributable to Tax-Exempt Bonds, the Issuer authorizes the Trustee to establish, if necessary, a separate special fund designated as the "Rebate Fund," which shall be segregated from all other funds and accounts held by the Trustee. If such a fund is established, the Trustee shall maintain the Rebate Fund until the expiration of 60 days after the retirement of the last Outstanding Bond.

The Issuer shall cause the rebate calculations to be completed and filed with the Trustee not later than 45 days after each Installment Computation Date, or 45 days after the Final Computation Date.

The Trustee shall transfer from the Revenue Fund, from time to time, such amounts as directed by the Issuer as needed for deposit to the Rebate Fund for the purpose of accruing funds to pay to the United States in the amounts required to be paid under the Indenture.

If the calculation of the Rebate Amount indicates that the balance in the Rebate Fund exceeds the Rebate Amount as of the date on which a payment is made to the United States pursuant to the Indenture, then the Trustee shall, if directed by the Issuer, transfer all or any portion of such excess to the Revenue Fund.

Final Balances

Upon payment of all principal of and premium, if any, and interest on the Bonds and any Parity Indebtedness, and upon payment of all sums properly due and payable under the Indenture and under the Participation Agreement (including all fees, charges and expenses of the Trustee and the Issuer which are properly due and payable under the Indenture and under the Participation Agreement as of such date), all money remaining in all Funds and accounts, except money held by the Trustee pursuant to a defeasance, shall be remitted and paid to the Issuer.

Investment of Funds

Money on deposit in the Funds and Accounts held by the Issuer shall be invested and reinvested by the Issuer in Authorized Investments, as determined by the Issuer in accordance with any policy regarding such investments and reinvestments adopted by the Issuer and then in effect. In making any investment in any Authorized Investments with monies in any Fund or Account established under the Indenture and held by the Issuer, the Issuer may combine such monies with monies in any other Fund or Account held by the Issuer, but solely for purposes of making such investment in such Authorized Investments.

Allocation of Income and Losses

The interest and income received with respect to the investments in any Fund or account held by the Trustee or the Issuer under the Indenture, and any profit or loss resulting from the sale of any such investments, shall be deposited and credited upon receipt, or charged to such Fund or such account, and all earnings received from the investment of money in any Fund or account shall be credited as described in the Indenture.

Performance of and Authority for Covenants

The Issuer covenants and represents that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture and in the Related Documents, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings of its Governing Body pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds and any Parity Indebtedness and to pledge and grant a security interest in the Trust Estate in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and any Parity Indebtedness and for the execution and delivery thereof will be duly and effectively taken and that such Bonds or Parity Indebtedness in the hands of the Holders thereof will be valid and enforceable special and limited obligations of the Issuer according to the terms thereof.

The Issuer acknowledges and agrees that all covenants contained in the Indenture are with and for the benefit of all Bondholders and can be enforced by the Trustee, in its discretion or at the direction of the Bondholders, as provided in the Indenture, or by the Bondholders in accordance with the provisions of the Indenture.

Extensions of Payments of Bonds

The Issuer will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of interest thereon without the consent of the Trustee and the Holders of all Outstanding Bonds.

Concerning the Relating Documents

The Issuer will do or cause to be done all things on its part to be performed under the Related Documents so that the rights or obligations of the Issuer thereunder shall not be impaired or excused.

Lien of Indenture; AR Contracts

Other than the pledge of the Revenues as security for the PNC Credit Facility and subject to the terms of the Intercreditor Agreement, the Issuer will not knowingly create or suffer to be created any lien having priority or preference over the lien of the Indenture upon the Trust Estate or any part thereof, other than the security interests granted by it to the Trustee under the terms of the Indenture. Except to the extent otherwise provided in the Indenture, the Issuer will not knowingly enter into any contract or take any action by which the rights of the Trustee or the Bondholders will be impaired.

Other than for an AR Member’s right to terminate an AR Contract in accordance with its terms, the Issuer covenants and agrees that it will not suffer, permit or take any action or do anything or fail to take any action or fail to do anything which may result in the termination of the AR Contracts so long as any Bonds, the BofA Credit Facility, the PNC Credit Facility, and Parity Indebtedness are outstanding. Furthermore, the Issuer covenants that it will fulfill its obligations and will require the AR Members to perform punctually their duties and obligations under the AR Contracts and will otherwise administer the AR Contracts in accordance with their terms to assure the timely payment of all amounts payable by the AR Members thereunder, all in accordance with the terms of the AR Contracts and that it will not terminate any AR Contract pursuant to the provisions thereof so long as any Bonds, the BofA Credit Facility, the PNC Credit Facility and Parity Indebtedness are outstanding.

The Issuer also covenants that it will not consent or agree to or permit any rescission of or amendment to any AR Contract unless it shall have delivered to the Trustee a certificate of an authorized officer of the Issuer stating that, in its opinion, such action will not preclude the Issuer from complying with the rate covenant set forth in the Indenture and setting forth a determination by the Issuer's Governing Body that, taking into account all relevant facts and circumstances, including, if and to the extent the Issuer's Governing Body deems appropriate, the advice or opinions of Bond Counsel as to legal matters and other consultants and advisors, such action will not have a material adverse effect on the interests of Bondholders. Neither the extension of the term of any AR Contract nor any change in or amendment to any schedule to the AR Contract shall constitute such an amendment. A copy of each AR Contract certified by an authorized officer of the Issuer shall be filed with the Trustee, and prior to execution by the Issuer of any such amendment thereof, a copy of such amendment certified by an authorized officer of the Issuer shall be filed with the Trustee.

Instruments of Further Assurance

The Issuer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Indenture and such further acts, instruments, and transfers for the better conveying, assuring, transferring, assigning, pledging and hypothecating unto the Trustee the rights, title and interests of the Issuer in any AR Contracts and other money, securities and funds pledged as security for the payment of the principal of and premium, if any, and interest on the Bonds or Parity Indebtedness in the manner and to the extent contemplated in the Indenture.

Tax-Exempt Status of a Series of Bonds

The Issuer covenants and agrees not to use or permit the use of any of the proceeds of the Tax-Exempt Bonds in such manner, and not to take or omit to take any other action in such manner, as will impair the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. The Issuer further covenants and agrees to comply with applicable arbitrage rebate requirements under Section 148 of the Code.

Rate Covenant; Power to Fix and Collect Rates and Charges

The Issuer covenants and agrees that while any of the Bonds and Parity Indebtedness authorized under the Indenture remain Outstanding and unpaid, the rates charged to and collected under the AR Contracts for the sale of capacity and energy of the Project, shall be fixed, maintained and, if necessary, adjusted from time to time, to be sufficient, so as to produce, based upon the audited financial statements of the Issuer relating to the Project, in each Fiscal Year, a Debt Service Coverage Ratio equal to at least 1.10:1 (the "Rate Coverage"); and that the rates prevailing at any time will not be reduced except upon the basis of a statement of an Independent Engineer, after necessary investigation, that in his or her opinion the Rate Coverage will not thereby be reduced below such level.

The Issuer has, and will have as long as any Bonds or Parity Indebtedness are Outstanding, good right and lawful power to fix, establish, maintain and collect rents, rates, fees and charges with respect to the wholesale power rates under the AR Contracts and the sale of the output under the terms of the ECI Power Purchase Agreement subject to the terms of any contracts or agreements relating thereto.

The Issuer will not furnish or supply or cause to be furnished or supplied any use, output or service of the Project, free of charge to any person, firm or corporation, public or private, and the Issuer will enforce the payment of any and all accounts owing to the Issuer by reason of the operation of the Project by discontinuing such use, output or service, or by filing suit therefor within 120 days after any such accounts are due, or by both such discontinuance and by filing suit.

Prior to the beginning of each Fiscal Year, the Issuer shall prepare and file with the Trustee an Annual Budget for such Fiscal Year, which shall set forth in reasonable detail the estimated Project Revenues and Project Operating Expenses and other expenditures of and related to the Project for the Fiscal Year, and which may include the estimated amounts to be deposited during each month in such year in the Capital Improvement Fund, Decommissioning Fund and the Operating Reserve Account. Such Annual Budget also shall set forth such additional material as the Issuer may determine and may be amended by the Issuer and filed with the Trustee if such estimates do not substantially correspond with actual Project Revenues, Project Operating Expenses or other requirements, or if there are at any time during any such Fiscal Year extraordinary expenses which the Issuer forecasts will cause a substantial variance from the Annual Budget.

Performance of Duties

The Issuer covenants and agrees with the Bondholders that all duties with reference to the Project and the operation and maintenance thereof as required by the Indenture will be faithfully and punctually performed, including the making and collecting of reasonable and sufficient rates for services rendered by the Project, and that the income and revenues as aforesaid will be segregated and application thereof made into the respective funds as created and provided by the Indenture; and further covenants and agrees with the Bondholders so long as any of the Bonds or any Parity Indebtedness are Outstanding and unpaid, that the Issuer will use its best efforts to ensure that the Project will be continuously maintained in good condition.

Subject to the requirements and limitations of the Indenture, any Bondholder may either at law or in equity, by suit, action or other proceedings, enforce and compel performance of all duties required by law or the Indenture to be performed, including the operation and maintenance of the Project, the fixing and collecting of rates sufficient to pay all operation and maintenance expenses of the Project and debt service on all obligations of the Issuer and the segregation of the Revenues and the application thereof as therein provided.

If there shall occur any default in the payment of the principal of or interest on any of the Outstanding Bonds, then upon the filing of suit by the Holders of at least twenty-five percent (25%) of the principal amount of the Outstanding Bonds, any court having jurisdiction of the action may appoint a receiver to administer the Project with power to charge and collect rates sufficient to provide for the payment of the Outstanding Bonds, and for the payment of the operating and maintenance expenses, and to apply the income and revenues in conformity with the Indenture, and the provisions of the applicable laws of Kentucky.

Events of Default

(a) The following events shall be Events of Default:

(1) default in the punctual payment of the principal of or premium, if any, or interest on any Bond or Parity Indebtedness when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise; or

(2) default by the Issuer in the observance of any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such default shall have continued for a period of 90 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; or

(3) the Issuer becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or the Issuer causes or suffers an order for relief to be entered with respect to it under applicable Federal bankruptcy law or applies for or consents to the appointment of a custodian, trustee or receiver for the Issuer or for the major part of its property; or

(4) a custodian, trustee or receiver is appointed for the Issuer or for the major part of its property and is not discharged within 30 days after such appointment; or

(5) bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against the Issuer and, if instituted against the Issuer, are consented to or are not dismissed within 60 days after such institution.

(b) The Trustee shall notify the Issuer of the occurrence of any event described in paragraph (a)(2) above.

(c) The Trustee shall promptly mail written notice of the occurrence of any Event of Default to each registered owner of Bonds and Parity Indebtedness then Outstanding at his address, if any, appearing upon the registry books of the Issuer and to the Collateral Agent.

Acceleration of Maturity

If any Event of Default described in paragraphs (a)(1) or (a)(3) above under the heading Events of Default shall occur, the Trustee shall, and in every case during the continuance of any other Event of Default may, upon notice in writing to the Issuer, declare the principal of all of the Bonds and Parity Indebtedness then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such Declaration of Acceleration the same shall become and shall be immediately due and payable, anything contained in the Indenture or in the Bonds or in the documents securing any Parity Indebtedness to the contrary notwithstanding.

Upon any Declaration of Acceleration of the Bonds under the terms of the Indenture, the Trustee shall give notice of such declaration by mail to the respective Bondholders at their respective addresses appearing on the Bond Register.

Other Remedies Upon Default

Upon the occurrence and continuance of an Event of Default, then and in every such case the Trustee in its discretion may, and upon the written direction of the Holders of a majority in aggregate principal amount of the Bonds and Parity Indebtedness then Outstanding and receipt of indemnity against anticipated expenses and liability to its satisfaction (which indemnity is a condition precedent to its duties under the Indenture), shall, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders and require the Issuer or any Member to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the AR Contracts and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the AR Contracts or the Indenture, as the case may be;

(2) bring suit upon the Bonds;

(3) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders;

(4) enforce any provision of any AR Contract under which there may exist, at that time, an AR Default Event; or

(5) exercise any other remedies available at law or in equity.

Application of Revenues and Other Funds After Default

The Issuer covenants that if an Event of Default shall happen and shall not have been remedied, the Issuer shall (i) order all AR Members to make payments of all amounts due under the AR Contracts directly to the Trustee, or the Collateral Agent if the Intercreditor Agreement is in effect, as the case may be, for deposit in the Revenue Fund in accordance with the Indenture, (ii) to the extent not previously so granted, grant to the Trustee the rights and remedies afforded the Issuer in the AR Contracts and (iii) pay over or cause to be paid over to the Trustee forthwith (a) all monies, securities and funds then held by the Issuer in any Fund or account under the Indenture and (b) all Project Revenues which are not paid directly to the Trustee.

If an Event of Default shall occur and be continuing or at any time the Revenues available to be deposited in the ECI Power Purchase Agreement Revenue Fund pursuant to the Indenture or pursuant to any remedial action is not sufficient to pay the interest on and principal of the Bonds and Parity Indebtedness as the same become due and payable, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (subject to monies held in the Rebate Fund and for payment of defeased bonds) shall be applied by the Trustee as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Bondholders and payment of reasonable charges and expenses of the Trustee (including reasonable fees and disbursements of its legal counsel) incurred in and about the performance of its powers and duties under the Indenture; and

(2) To the payment of amounts then due on the Bonds and Parity Indebtedness (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, without preference or priority of any kind, ratably, according to the amounts due on the Bonds for principal (and premium, if any) and interest, respectively, to the Holders thereof without discrimination or privilege; provided that if the amount shall not be sufficient to pay the amounts due in full such amounts shall be applied first to payment of interest ratably, then to payment of principal ratable according to the amounts then due to the persons entitled thereto.

Trustee to Represent Bondholders

The Trustee is irrevocably appointed under the Indenture (and the Bondholders, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Bondholders for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Bondholders under the provisions of the Bonds or Parity Indebtedness, as applicable, the Indenture, the AR Contracts, the ECI Power Purchase Agreement and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of Holders of a majority in aggregate principal amount of the Bonds then Outstanding as provided in the Indenture, and upon being indemnified against anticipated expenses and liabilities to its satisfaction therefor (which indemnity is a condition precedent to its duties under the Indenture), shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained therein, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under the Indenture, the AR Contracts or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. Notwithstanding the foregoing, the Trustee shall not require indemnification prior to accelerating the Bonds as required in the Indenture, or making payment of principal of or premium, if any, or interest on the Bonds.

All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of the Indenture.

Bondholders' Direction of Proceedings

Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Outstanding Bonds, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the time, place and method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction that in the sole discretion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction. Before the Bondholders may take or require the Trustee to take any action not otherwise required under the Indenture, the Trustee may require that it be furnished an indemnity bond satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful misconduct of the Trustee, by reason of any action so taken by the Bondholders or the Trustee.

The Trustee shall not be responsible for the propriety of or liable for the consequences of following such a direction given by the Holders of a majority in aggregate principal amount of the Outstanding Bonds.

Notwithstanding anything in the Indenture to the contrary, any direction or institution of remedies by the Bondholders upon an Event of Default shall be subject to the prior written consent of the Bond Insurer.

Limitation on Bondholders' Right to Sue

Except as otherwise specifically provided in the Indenture, no Bondholder shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, any AR Contract, the ECI Power Purchase Agreement or any other applicable law with respect to such Bond, unless (1) such Bondholder shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Holders of not less than 50% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Holder or Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee has refused or failed to comply with such request for a period of 90 days after such written request has been received by, and such tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or failure are hereby declared, in every case, to be conditions precedent to the exercise by any Bondholder of any remedy under the Indenture or under law; it being understood and intended that no one or more Bondholders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Bondholders, or to enforce any right under the Indenture, the AR Contracts, the ECI Power Purchase Agreement or applicable law with respect to the Bonds, except in the manner therein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided therein and for the benefit and protection of all Bondholders, subject to the provisions of the Indenture.

Notwithstanding the foregoing, nothing in the Indenture shall be construed as limiting or otherwise modifying the rights of the Bondholders and the Trustee under the Indenture, and in no event shall anything herein impair the absolute and unconditional right of the Bondholders to receive payment of the principal thereof and interest and premium, if any, thereon at the times provided in such Bond and in the Indenture and to institute suit solely for the purpose of enforcing any such payment or purchase.

Absolute Obligation of Issuer

Nothing in the Indenture, or in the Bonds or Parity Indebtedness, shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on the Bonds or Parity Indebtedness to the respective Bondholders at the times stated therein, but only out of the Revenues and other assets pledged under the Indenture, or affect or impair the right of such Bondholders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings

In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Issuer, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Issuer, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

Remedies Not Exclusive

Except as otherwise provided in the Indenture, no remedy therein conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

No Implied Waiver of Default

No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

Waivers of Events of Default

Unless a Declaration of Acceleration has been given by the Trustee, the Trustee in its discretion may, if all arrears of principal and interest, if any, on the Bonds and all expenses of the Trustee and/or the Issuer have been paid and all other defaults shall have been cured or provision satisfactory to the Trustee and the Issuer has been made therefor, waive any Event of Default hereunder other than a default under the Indenture, and rescind its consequences. In the case of any such waiver and rescission, the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Acceptance of Trust and Prudent Performance Thereof

The Trustee, as evidenced by its due execution of the Indenture, thereby accepts the conveyance set forth in the preamble, in trust, and agrees to keep, perform and observe faithfully all of the covenants, conditions and requirements imposed upon it in the Indenture and in the Bonds and Parity Indebtedness and the covenants, conditions, requirements, duties and obligations imposed upon the Issuer in the AR Contracts and assigned to the Trustee.

Appointment of Trustee

There shall at all times be a trustee under the Indenture which shall be an association or corporation organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $100,000,000 (or a subsidiary of an association or corporation having such combined capital and surplus), and subject to supervision or examination by federal or state authority. The written consent of the Rating Agency, if any, shall be required for the appointment of any successor to the Trustee unless the obligations of such successor are rated Baa3/P-3 or higher by the Rating Agency. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of the Indenture, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified therein.

Resignation of Trustee

The Trustee may resign and be discharged from the trusts created by the Indenture by giving to the Issuer 45 days' advance written notice. Such resignation shall take effect on the day specified in such notice, but the Trustee shall not be discharged from the trusts created hereby until a successor trustee has been approved and appointed. Subsequent to such date, the Trustee shall have no further duties and obligations under the Indenture, the AR Contract or the ECI Power Purchase Agreement.

Removal of Trustee

Subject to the provisions of the Indenture, the Trustee may be removed at any time, either with or without cause, by the Holders of a majority in aggregate principal amount of the Outstanding Bonds, provided that all fees and reasonable expenses of the Trustee due and owing shall first be paid.

Subject to the provisions of the Indenture, the Trustee may be removed, either with or without cause, by the Issuer so long as there has been no Event of Default which then remains uncured and provided that all fees and reasonable expenses of the Trustee due and owing shall first be paid.

No resignation or removal of the Trustee shall be effective until a successor to the Trustee shall have been appointed and shall have assumed those functions.

Appointment of Successor Trustee

If at any time the Trustee shall resign, be removed or otherwise become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and the Issuer shall promptly appoint a successor Trustee meeting the requirements of the Indenture.

If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the Indenture within 45 days after notice of removal or resignation of the Trustee, any Bondholder or the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Merger of Trustee

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties thereto, anything therein to the contrary notwithstanding, provided that such resulting entity shall be entitled under state or federal law to exercise corporate trust powers.

Transfer of Rights and Property to Successor Trustee

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor and also to the Issuer a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request from the Authorized Representative of the Issuer or of its successor execute and deliver a written instrument transferring to such successor all the Trust Estate and the rights, powers, trusts, duties and obligations of such predecessor thereunder, and every predecessor Trustee shall deliver all funds held by it as Trustee thereunder to its successor. Should any assignment, conveyance or written instrument from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the Trust Estate and rights, powers, trusts, duties and obligations thereby vested or intended to be vested in the predecessor Trustee, any and all such assignments, conveyances and written instruments shall, on request, be executed, acknowledged and delivered by the Issuer. Each successor Trustee shall give notice of its appointment to all Bondholders appearing on the Bond Register as of the date of appointment.

Defeasance

All right and interest of the Bondholders in the Bonds to be retired, refunded or defeased (collectively called the "Defeased Bonds") in the covenants of the Indenture, in the Trust Estate, including the Revenues and Funds, and in the funds and accounts obligated to the payment of such Defeased Bonds, other than the right to receive the funds so set aside and pledged, shall cease and become void if:

(1) The Issuer issues refunding bonds or has money available from any other lawful source to pay the principal of and premium, if any, and interest on the Bonds, or such portion thereof included in the

refunding or defeasance plan, as the Bonds become due and to pay the costs of refunding or defeasance of the Bonds,

(2) The Issuer has set aside irrevocably in a special fund for and pledged to such payment, refunding or defeasance money and/or Government Obligations that are not subject to redemption prior to maturity sufficient in amount, together with known earned income from the investments thereof but without regard to any reinvestment thereof, to make such payments and to accomplish the refunding or defeasance as scheduled (the "trust account"), and

(3) The Issuer has made irrevocable provisions for redemption of such Bonds if such redemption is included in the refunding or defeasance plan.

Notwithstanding the foregoing, the Holders of the Defeased Bonds shall have the residual right to receive payment of the principal of and premium, if any, and interest on the Defeased Bonds from the Revenues and Funds without any priority of lien or charge against those Revenues or Funds or covenants with respect thereto except to be paid therefrom (except such rights as exist with respect to payment, exchange and transfer of such Defeased Bonds under the pertinent provisions of the Indenture, and except that the covenants contained in the Indenture shall continue in full force and effect).

After the establishing and full funding of such trust account, the pledge of the Trust Estate, and all covenants, agreements, and other obligations of the Issuer to the holders of Defeased Bonds shall cease, terminate and be deemed to be discharged and the Issuer then may apply any money in any other fund or account established under the Indenture for the payment or redemption of the Defeased Bonds to any lawful purposes as it shall determine, subject only to the rights of the Holders of any other Bonds then Outstanding.

Amendment of Indenture

(a) The Indenture shall not be supplemented or amended in any respect subsequent to the initial issuance of the Bonds, except as provided in and in accordance with and subject to the provisions set forth therein.

(b) The Issuer may from time to time and at any time, without the consent of or notice to the Bondholders, enter into Supplemental Indentures to any of the foregoing for the following purposes:

(1) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture in a manner not adverse to any Bondholder;

(2) to impose upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(3) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in the Indenture other covenants, agreements, limitations and restrictions to be observed by the Issuer, which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(4) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Indenture of any additional money, securities or funds;

(5) to comply with any federal law or regulation, including those relating to arbitrage rebate, to prevent the occurrence of an event that in the opinion of Bond Counsel would lead to a Determination of Taxability;

(6) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute thereafter in effect, and to add such other terms, conditions and provisions as may be permitted by that act or statute, in a manner not adverse to any Bondholder;

(7) to authorize different denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(8) to make such changes as are elsewhere expressly permitted by the Indenture;

(9) to modify, alter, amend or supplement the Indenture in any other respect, including modifications required by the Rating Agency, which in the reasonable judgment of the Trustee are not materially adverse to the Bondholders and which do not involve a change described in paragraph (d) below; and

(10) to issue and authorize, from time to time, one or more series of Parity Indebtedness.

(c) Concurrently with or prior to the adoption by the Issuer of any such Supplemental Indenture pursuant to paragraph (b) set forth above, there shall have been delivered to the Issuer and the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not cause the interest on the Tax-Exempt Bonds to be included in gross income of the Bondholders for federal income tax purposes.

(d) Except for any Supplemental Indenture entered into as described in paragraph (b) above, subject to the terms and provisions contained in the Indenture and in any Related Documents and not otherwise, the Holders of 60% in aggregate principal amount of Bonds then Outstanding shall have the right from time to time to consent to and approve the entering into by the Issuer of any Supplemental Indenture deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Indenture; except that, unless approved in writing by the Bondholders, nothing contained in the Indenture shall permit, or be construed as permitting:

(1) a change in the times, amounts or currency of payment of the principal of or premium, if any, or interest on any outstanding Bond, or a reduction in the principal amount or redemption price of any outstanding Bond or a change in the method of redemption or redemption price of any outstanding Bond or an extension of the final maturity thereof;

(2) a preference or priority of any Bond over any other Bond;

(3) a reduction in the aggregate principal amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture;

(4) the creation of any lien ranking prior to or on a parity with the lien of any Bonds; or

(5) the modification of any of the provisions of allowing for the amendment or supplement of the Indenture.

Amendment of AR Contracts and ECI Power Purchase Agreement

Without the consent of or notice to the Bondholders or the Trustee, the Issuer may modify, alter, amend or supplement the AR Contracts (i) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein, (ii) for the purpose of avoiding a withdrawal or a reduction in the rating, if any, on the Bonds or Parity Indebtedness, (iii) based on an Opinion of Bond Counsel, to preserve the tax-exempt status of interest on the Tax-Exempt Bonds, or (iv) in connection with any other change therein which is not materially adverse to the Bondholders; provided, however, before the effective date of any amendment or supplement to an AR Contract, the Trustee shall be provided with a copy of such amendment or supplement.

Concurrently with or prior to entering into or consenting to, as the case may be, any modification, alteration, amendment or supplement to any AR Contract pursuant to the Indenture, the Issuer and the Trustee shall have received an Opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by the Indenture, the AR Contract and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer and the Member in accordance with its terms, and will not adversely affect the exclusion from gross income of the Bondholders of interest on the Tax-Exempt Bonds for federal income tax purposes.

Without the consent of or notice to the Bondholders, the ECI Power Purchase Agreement may be modified, altered, amended or supplemented in writing by the parties thereto; provided, however, before the effective date of any amendment or supplement to the ECI Power Purchase Agreement, the Trustee shall be provided with a copy of such amendment or supplement.

Concurrently with or prior to entering into any modification, alteration, amendment or supplement to the ECI Power Purchase Agreement, the Trustee shall have received an opinion of Bond Counsel stating that (i) such modification, alteration, amendment or supplement is authorized or permitted by the Indenture, (ii) complies with the terms thereof, (iii) will, upon the execution and delivery thereof, be valid and binding upon the parties thereto in accordance with its terms, (iv) such modification, alteration, amendment or supplement is not materially adverse to the holders of the Bonds or the Parity Indebtedness and (v) will not adversely affect the exclusion from gross income of the holders of the Bonds or Parity Indebtedness of interest on the Tax -Exempt Bonds for federal income tax purposes.

Payments Due on Other Than Business Days

In any case in which the date of payment of principal of the Bonds or Parity Indebtedness, as applicable, whether at the stated maturity thereof, on a date fixed for redemption or otherwise, or payment of interest or premium, if any, thereon is not a Business Day then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or redemption or the date such interest was due, as the case may be, and no interest shall accrue in respect of the period after such date.

Liability of Issuer Limited to Trust Estate

Notwithstanding anything contained in the Indenture or in the Bonds or Parity Indebtedness, the Issuer shall not be required to advance any money derived from any source other than the Trust Estate, the Revenues and other assets pledged under the Indenture for any of the purposes mentioned in the Indenture, whether for the payment of the principal of or premium, if any, or interest on the Bonds or Parity Indebtedness or for any other purpose of the Indenture.

Immunities and Limitations of Issuer

The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondholder), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it under the Indenture and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (i) taken by it in good faith and reasonably believed by it to be within its discretion or powers under the Indenture, or (ii) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (iii) taken by it pursuant to any direction or instruction by which it is governed under the Indenture, or (iv) omitted to be taken by it by reason of the lack of any direction or instruction required by the Indenture for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any Person other than Issuer. When any payment or consent or other action by it is called for by the Indenture, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in the Indenture.

FORM OF ALL REQUIREMENTS CONTRACT

Term and Termination

The AR Contract may be terminated:

(a) by the AR Member effective on May 31st (or, if the last day of the MISO resource planning year changes to a different date, effective on such revised date) thereafter, upon the AR Member having given at least five (5) years' prior written notice to the Agency in accordance with the AR Contract, provided that the AR Member shall remain responsible for any Resource Obligations, as determined in accordance with the AR Contract;

(b) by the AR Member at such time that all Bonds shall have been paid or provision for such payment shall have been made therefor pursuant to any Bond Resolution and all contractual obligations entered into by the Agency for the generation, purchase, transmission or transformation of power and energy have been terminated and provision has been made for the payment of any residual costs thereof; or

(c) upon the occurrence of an Event of Default in accordance with the AR Contract.

Sale and Purchase of Electricity

The Agency hereby agrees to sell and deliver to the AR Member, and the AR Member hereby agrees to purchase and receive from the Agency, during the Service Term all electric power and energy required to serve the loads of the AR Member's retail customers and municipal loads and to operate the AR Member's municipal electric system, all in accordance with the provisions of the AR Contract.

In the AR Contract, the AR Member commits itself to take and pay for all of the electric power and energy which it is required to purchase and receive under the AR Contract and which is made available to the AR Member thereunder at its Point(s) of Delivery, such payments to be made at rates set forth in the Rate Schedule, as revised from time to time by the Board of Directors.

If requested by the AR Member, the Parties shall cooperate in seeking to develop a mutually beneficial agreement for the use by the Agency of the Attributes of any AR Member-owned generation resources or other entitlements the AR Member may have to generation resource Attributes (each a "Member-Owned Resource"), provided that any entitlement the AR Member may have to the Attributes of a Generation Resource Project resource shall not be considered a Member-Owned Resource. Under any such agreement, the Agency will integrate and schedule Attributes from the Member-Owned Resource in accordance with the Agency's standard procedures for other All Requirements Power Supply Resources. Payments or credits to the AR Member for the Attributes of a Member-Owned Resource shall not exceed their value to the Agency, as specified in the agreement and as measured by the Agency's actual or estimated net avoided costs resulting from the Agency's use of the resource or, if the Agency markets the Attributes, the actual or estimated net revenues received by the Agency for the Attributes less a reasonable allowance for the cost of administration. Any such agreement and quantification of the Agency's net avoided costs or anticipated net revenues shall take into consideration the characteristics of the Member-Owned Resource and other relevant factors, including the term of the agreement, which may be of any mutually agreed-upon duration. The costs of owning and operating the Member-Owned Resource shall remain the exclusive responsibility of the AR Member and therefore shall not be included in the Agency's Revenue Requirements. Member-Owned Resources shall not be used to serve the AR Member's load directly or to reduce the AR Member's billing demands under the AR Contract.

If the AR Member has or acquires an entitlement to the Attributes of a Generation Resource Project resource, it may direct the Agency to include the entitlement as an All Requirements Power Supply Resource. Unless otherwise agreed, the Agency will integrate and schedule the Attributes associated with each such entitlement of the AR Member in accordance with the Agency's standard procedures for other All Requirements Power Supply Resources. All net benefits attributable to each such entitlement included as an All Requirements Power Supply Resource shall be accounted for by the Agency and shall redound to the AR Member, such as by crediting the entitlement as having supplied a portion of the AR Member's load obligations or by passing through to the AR Member the revenues or cost savings associated with its use, less a reasonable allowance for the cost of administration. The AR Member shall be responsible for all costs associated with each such entitlement, consistent with the provisions of any Generation Resource Project Participation Agreement, and including all costs, if any, of holding harmless those AR Members that are not participants in the Generation Resource Project from any adverse economic consequences to them resulting from inclusion of the Generation Resource Project entitlement in the portfolio of All Requirements Power Supply Resources. To the extent costs related to a Generation Resource Project resource are included in the Revenue Requirements, those costs shall be separately accounted for and charged exclusively to the AR Members participating in that Generation Resource Project through the Rate Schedule.

Except for All Requirements Power Supply Resources that are AR Member entitlements to Attributes of Generation Resource Project resources, the Parties intend that the capacity and energy output of each All Requirements Power Supply Resource shall serve the load of each AR Member in proportion to the AR Member's load in order to facilitate efficient power supply planning and implementation. Notwithstanding the foregoing, in the event that one or more AR Members request and the Board of Directors agrees that certain of the All Requirements Power Supply Resources shall be used to serve those AR Members' respective loads to a greater or lesser than proportional extent, the Rate Schedule and resulting rates and charges to those AR Members and the other AR Members shall reflect the cost consequences of each such agreement.

Except as expressly permitted in the AR Contract (including the provisions for Member-Owned Resources, Generation Resource Projects, and net metering), the AR Member shall not buy power from any other source or operate (or allow operation of) any electrical generator(s) on its system during the Service Term. The AR Member may, during the Service Term, buy power from any other source or operate (or allow operation of) any electrical generator(s) (other than a AR Member-Owned Resource for which an agreement has been reached pursuant to the AR Contract or a Generation Resource Project resource entitlement that is included as an All Requirements Power Supply Resource) only in the event of, and only to the extent of, (i) the failure or inability of the Agency to deliver power hereunder, (ii) the AR Member's inability to receive deliveries from the Agency due to outage conditions on the AR Member's side of the Point of Delivery, (iii) periodic testing of emergency generators to ensure that they will be available to the AR Member when needed, or (iv) a legal requirement to purchase power pursuant to (A) a state or federal renewable portfolio standard that imposes greater demands on the AR Member than can be met through the All Requirements Power Supply Resources, (B) a state or federal net metering standard that imposes requirements on the AR Member, or (C) PURPA, but only to the extent that FERC has not granted waiver of the AR Member's PURPA purchase obligation as anticipated pursuant to the AR Contract.

Rates

The AR Member shall pay the Agency for all electric power and energy furnished at the Point(s) of Delivery hereunder and for all services related to the All Requirements Project at the rates and on the terms and conditions set forth in the Rate Schedule. The Board of Directors may revise and place into effect new Rate Schedules from time to time. The AR Member agrees to pay the rates and charges set forth in each revised Rate Schedule from the effective date established by the Board of Directors for such Rate Schedule. In the event that, during any portion of any billing period, electric power is made available to the AR Member by the Agency in accordance with the AR Contract which the AR Member is required to take and receive pursuant to the AR Contract, but which the AR Member fails to take and receive for any reason other than an inability due to an Uncontrollable Force, the AR Member shall pay the Agency for such availability in an amount equal to the product of the applicable demand charge(s) in the Rate Schedule and the billing demand computed as provided in the Rate Schedule except that, for such purpose, the kilowatts of demand for such billing period shall be based upon the kilowatts that would have otherwise been taken as evidenced by the total electric power consumed by the AR Member's retail customers during the billing period. Payments made by the AR Member under the Rate Schedule shall be treated as an operating expense from the revenues of the AR Member's electric utility system, or other Integrated Utility System of the AR Member of which the AR Member's electric utility system may be a part, to the extent permitted by law, and from other funds of such system legally available therefor and shall be in addition to and not in substitution for any other payments whether on account of dues or otherwise owed by the AR Member to the Agency. The obligation of the AR Member to make payments under the Rate Schedule shall not constitute a general obligation of the AR Member, and the AR Member shall not be required to make such payments from any source other than the revenues and funds referred to in the next preceding sentence. The obligation of the AR Member to make payments under the Rate Schedule shall not be subject to any reduction, whether by offset, counterclaim, recoupment or otherwise, and shall not be otherwise conditioned upon the performance by the Agency under this or any other agreement or instrument; provided, however, that nothing contained herein shall be construed to prevent or restrict the AR Member from asserting any rights which it may have against the Agency under the AR Contract or under any provision of law, including the institution of legal proceedings for specific performance or recovery of damages.

The Agency's Board of Directors shall establish and maintain rates in the Rate Schedule hereunder and under the other All Requirements Power Sales Contracts that will provide revenues which are sufficient, but only sufficient, to meet the anticipated Revenue Requirements of the Agency. The Agency staff shall assist the All Requirements Project Committee in developing and designing the rates in the Rate Schedule in accordance with generally accepted ratemaking principles and procedures to provide revenues to meet the anticipated Revenue Requirements, and the Board of Directors shall not unreasonably withhold its approval and establishment of rates so developed by the AR Project Committee. The ratemaking methods used by the Board of Directors to establish rates and charges for all products and services the Agency provides to its members shall be consistent with Prudent Utility Practice.

Revenue Requirements include the following items of cost and offsetting revenues, in each case in amounts properly allocable to the AR Project (which, as to certain items, may be 100% of the costs or revenues):

(1) the cost incurred under power purchase agreements for All Requirements Power Supply Resources;

(2) the cost of other electric power and energy and other Attributes purchased by the Agency and the cost of transmitting, integrating, scheduling, dispatching, and related services for delivery of, electric power and energy and other Attributes to the AR Members;

(3) the cost of risk management programs, such as fuel price hedging, derivative product payments, and financial transmission rights;

(4) payments of principal and interest and associated costs of notes or other evidences of indebtedness of the Agency, including lines of credit;

(5) the administrative and general costs of the Agency, including the costs of insurance;

(6) the cost of operating and maintaining the System and of acquiring, producing, integrating, scheduling, dispatching, marketing, and delivering power and energy and other Attributes therefrom (including fuel costs, administrative and general expenses and working capital, for fuel or otherwise, and taxes or payments in lieu thereof) not included in the costs specified in the other items of this definition and the cost of power supply planning and implementation associated with meeting the Agency's power supply obligations;

(7) amounts which the Agency may be required to pay for the prevention or correction of any loss or damage or for renewals, replacements, repairs, additions, improvements, betterments, and modifications which are necessary to keep any facility of the System in good operating condition or to prevent a loss of revenues therefrom;

(8) payments of principal of and premium, if any, and interest on all Bonds issued by the Agency and payments which the Agency is required to make into any debt service reserve fund or account under the terms of any Bond Resolution or other contract with holders of Bonds;

(9) amounts required under any Bond Resolution to be paid or deposited into any fund or account established by such Bond Resolution (other than funds and accounts referred to in clause (8) above), including any amounts required to be paid or deposited by reason of the transfer of monies from such funds or accounts to the funds or accounts referred to in clause (8) above;

(10) all costs incurred or associated with the salvage, discontinuance, decommissioning, and disposition or sale of properties;

(11) all costs and expenses relating to injury and damage claims required to be paid by the Agency;

(12) any reserves, provision for rate stabilization funds, and working capital the Agency shall determine to be necessary for the payment of those items of costs and expenses referred to in clauses (1) through (9) above to the extent not already included in such clauses;

(13) additional amounts that must be realized by the Agency in order to meet the requirement of any rate covenant with respect to coverage of principal of and interest on Bonds contained in any Bond Resolution or contract with holders of Bonds or that the Agency deems advisable to enhance creditworthiness for the negotiating of power supply contracts or the marketing of its Bonds; and

(14) any other costs reasonably incurred by the Agency consistent with Prudent Utility Practice in support of the All Requirements Project.

Covenants of the Agency

In performing its duties under the AR Contract, the Agency's goal will be to minimize the costs of reliably serving the AR Members' collective requirements, to the extent feasible within practical limitations and equitable considerations.

The Agency shall coordinate with the All Requirements Project Committee in identifying and acquiring All Requirements Power Supply Resources involving commitments of one (1) year or longer, subject, however, to the obligation of the Agency to maintain the financial health of the Agency and to comply with any Bond Resolution and other contractual, regulatory, or legal requirements. To achieve long-term economic benefits, the Agency's power supply planning horizon shall be at least ten (10) years, and the Parties anticipate that the Agency will enter into power supply-related commitments both shorter and longer than the notice of termination period specified in the AR Contract.

The Agency shall use commercially reasonable efforts to market, under economically advantageous terms and conditions, electric power and energy and other Attributes that, in the sole judgment of the Agency, can be sold without adversely affecting performance by the Agency under the AR Contract or resulting in the breach of any Agency covenant or contract.

The Agency shall use its best efforts in accordance with Prudent Utility Practice to provide a constant and uninterrupted supply of electric power and energy under the AR Contract.

In addition to the delivery of power and energy pursuant to the AR Contract and the performance of all acts and actions incident thereto, the Agency agrees that it will perform, or cause to be performed through third-party providers, services, including: (i) coordinating and monitoring the investigating, studying, planning, engineering, designing, financing, installing, constructing, acquiring, operating, maintaining, retiring, decommissioning, or disposing of any part of the System; (ii) issuing and selling Bonds; (iii) planning, undertaking, coordinating, and monitoring the economic dispatching and scheduling of power and energy to the AR Members; (iv) reviewing and paying of invoices related to the AR Project; (v) complying with all NERC standards applicable to the Agency; and (vi) providing such other services as the AR Members may request and the Board of Directors determines to be feasible and appropriate.

Covenants of the AR Member

The AR Member agrees to establish, maintain, and collect rates for electric power and energy to its consumers that will provide to the AR Member revenues sufficient to meet its obligations to the Agency under the AR Contract; to pay all other operating expenses; to pay all obligations, whether now outstanding or incurred in the future, payable from, or constituting a charge or lien on, the net revenues of its electric system; and to make any other payments required by Kentucky law; and, at the option of the AR Member, to provide any additional revenues permitted under Kentucky law. The AR Member agrees to use its best efforts to take all actions necessary or convenient to fulfill its obligations under the AR Contract, including making timely applications for rate increases and processing such applications with diligence. The AR Member agrees to comply with reasonable liquidity requirements as may be adopted by the Board of Directors from time to time to support the creditworthiness of the Agency. The Agency shall, upon request of the AR Member, perform or cause to be performed studies of the AR Member's revenues and potential methods of ensuring the AR Member's ability to satisfy this obligation. If such study is requested and performed, the Agency may charge and the AR Member shall pay all actual costs incurred in the development and delivery of the study.

The AR Member further covenants and agrees that if it maintains or establishes an Integrated Utility System of which its electric system is a part for its electric, water, gas, cable television, telephone, broadband, and sanitary sewer systems (or any combination of two or more thereof which includes its electric system), it will establish, maintain, and collect rates and charges for the services provided by its Integrated Utility System that will produce revenues at least sufficient to enable the AR Member to pay all expenses attributable to the Integrated Utility System, including the expenses incurred in the operation and maintenance of the Integrated Utility System (including the obligations under the AR Contract); to pay the debt service requirements on any bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such revenues and issued to finance improvements to the Integrated Utility System; and to make any other payments required by law.

The AR Member shall not sell at wholesale any of the electric power and energy delivered to it under the AR Contract to any customer of the AR Member or any other entity for resale by that customer or entity.

The AR Member shall not sell, lease or otherwise dispose of all or substantially all of its electric system except on ninety (90) days' prior written notice to the Agency and, in any event, shall not so sell, lease or otherwise dispose of the same unless the conditions set forth in the AR Contract are met.

The AR Member covenants and agrees that it shall take no action the effect of which would be to prevent, hinder or delay the Agency from the timely fulfillment of its obligations under the AR Contract, any outstanding Bonds, or any Bond Resolution of the Agency.

The AR Member covenants and agrees that it shall not use or permit to be used any of the power and energy acquired under the AR Contract in any manner or for any purpose or take any other action or omit to take any action which would result in the loss of the tax-exempt status of the interest on any Bond or Bonds issued by the Agency as that status is governed by Section 103(a) of the Internal Revenue Code of 1954, as amended, and the Treasury Regulations or any rulings promulgated thereunder or as affected by a decision of any court of competent jurisdiction.

The AR Member covenants that, prior to entering into any contract that could result in a violation of the covenants in the AR Contract whereby a person agrees to take, or to take or pay for, power and energy provided to the AR Member under the AR Contract, the AR Member shall notify the Agency of its intent to enter into such contract. As soon as practicable after receipt of such notice, the Agency shall advise the AR Member as to whether, in the opinion of counsel of recognized standing in the field of law relating to municipal bonds selected by the Agency, the entering into of such contract would result in a violation of the covenant contained in this paragraph. The AR Member agrees that if the Agency advises the AR Member that such a violation will or might result, the AR Member will not enter into such contract.

The AR Member covenants and agrees that it shall, in accordance with Prudent Utility Practice, (1) at all times operate the properties of its electric system and the business in connection therewith in an efficient manner, (2) maintain its electric system in good repair, working order, and condition, (3) comply with all NERC standards applicable to the AR Member, and (4) from time to time make all necessary and proper repairs, renewals, replacements, obligations, additions, betterments, and improvements with respect to its electric system so that at all times the business carried on in connection therewith shall be properly and advantageously conducted; provided, however, this covenant shall not be construed as requiring the AR Member to expend any funds which are derived from sources other than the operation of its electric system and provided further that nothing herein shall be construed as preventing the AR Member from doing so.

The AR Member covenants and agrees that it shall not issue bonds, notes or other evidences of indebtedness or incur lease obligations which are payable from the revenues derived from its electric system superior to the payment of the operating expenses of its electric system; provided, however, that nothing herein shall limit the AR Member's present or future right to issue bonds, notes or other evidences of indebtedness or incur lease obligations which are payable on a parity with operating expenses or payable from revenues after payment of operating expenses.

Authorities

The Agency is hereby authorized by the AR Member (i) to enter into contracts and to undertake projects from time to time in accordance with recommendations by the All Requirements Project Committee, and the Board of Directors shall not unreasonably withhold its approval, pursuit, and implementation of such contracts and projects; (ii) to act as the AR Member's agent (A) to serve as a market participant, (B) to procure and administer transmission and other services related to providing all requirements electric service, and (C) to act on the AR Member's behalf in performing the Agency's duties under the AR Contract; and (iii) to obtain financing consistent with Prudent Utility Practice to meet liquidity needs and working capital requirements of the All Requirements Project. The Agency is authorized by the AR Member to issue Bonds in accordance with any applicable provisions of the Act; provided that the AR Member shall not be responsible for the payment of any share of the principal of, premium, if any, interest on, or any other costs related to Bonds issued by the Agency to finance the procurement of an All Requirements Power Supply Resource unless approved and authorized in writing by the AR Member's Governing Body and any other governmental entity that is required by law to grant its approval or authorization; and provided further that if the AR Member does not obtain such approval or authorization, it shall not be entitled to share in the Attributes of the resource being financed, and the rates and charges to the AR Member under the Rate Schedule shall be adjusted as necessary to reflect any additional costs incurred by the Agency in serving the AR Member's load from any necessary alternative resources, and the AR Member shall hold harmless the Agency and those AR Members who did obtain such approval or authorization from any additional costs incurred by the Agency resulting from such alternative power supply arrangements that were required to serve the AR Member.

Default and Remedies

It shall constitute an "Event of Default" under the AR Contract if any one or more of the following occurs and the corresponding cure period, if any, has expired without cure:

(a) The AR Member fails to make any payment required pursuant to the AR Contract and such failure continues for a period of ten (10) days after delivery of notice thereof by the Agency.

(b) The AR Member fails in any material respect to comply with or observe any material covenant, warrant, or obligation under the AR Contract (except a payment default as described in paragraph (a) above, and except a failure due to causes excused by Uncontrollable Forces or attributable to the Agency's wrongful act or wrongful failure to act) and such failure continues for a period of thirty (30) days after delivery of notice thereof by the Agency, or, if such failure cannot reasonably be cured within such 30-day period, such further period as shall reasonably be required to effect such cure, provided that the AR Member commences within the first thirty (30) days to effect such cure and at all times thereafter proceeds diligently to complete such cure as quickly as possible, but in no event shall such failure continue longer than one hundred twenty (120) days.

(c) The Agency fails in any material respect to comply with or observe any material covenant, warrant, or obligation under the AR Contract (except a failure due to causes excused by Uncontrollable Forces or attributable to the AR Member's wrongful act or wrongful failure to act) and such failure continues for a period of thirty (30) days after delivery of notice thereof by the AR Member, or, if such failure cannot reasonably be cured within such 30-day period, such further period as shall reasonably be required to effect such cure, provided that the Agency commences within the first thirty (30) days to effect such cure and at all times thereafter proceeds diligently to complete such cure as quickly as possible, but in no event shall such failure continue longer than one hundred twenty (120) days.

(d) A Party becomes insolvent, or generally does not pay its debts as they become due; or admits in writing its inability to pay its debts; or makes an assignment for the benefit of creditors; or insolvency, reorganization, bankruptcy, or receivership proceedings are commenced by or against a Party and such proceedings are not dismissed or stayed within sixty (60) days.

Upon the occurrence of an Event of Default, the nondefaulting Party may at its option terminate the AR Contract by giving twenty-one (21) days' prior notice thereof (or, in the case of a payment default as described in paragraph (a) above, five (5) days' prior notice thereof) to the defaulting Party.

Upon the effective date of termination, the AR Contract shall be of no further effect, and neither Party shall have any further obligation to the other under the AR Contract except for the payment of any amounts due for services provided prior to cancellation and under the AR Contract.

After the effective date of termination of the AR Contract, regardless of how terminated pursuant to the terms of the AR Contract, the AR Member shall be required to fulfill all Resource Obligations in accordance with the AR Contract. Commencing on the effective date of termination, (i) the AR Member shall pay to the Agency monthly charges designed to recover the costs incurred by the Agency associated with each of the AR Member's Resource Obligations, including reasonable and customary charges relating to the administration of the associated Attributes or entitlement, and (ii) the Agency shall utilize or sell the AR Member's allocated share of the Attributes or entitlement associated with each Resource Obligation in exchange for providing the AR Member a credit or offset equal to the cost avoided or revenue received by the Agency from the respective utilization or sale of such Attributes or entitlement up to the amount of the charges to the AR Member for that Resource Obligation. If requested by the Agency, the AR Member shall promptly provide to the Agency and maintain a letter of credit or other form of security in an amount sufficient to fulfill the AR Member's Resource Obligations and in a form satisfactory to the Agency as security for the AR Member's payment of the monthly charges related to its Resource Obligations. The AR Member's responsibility for each Resource Obligation shall continue until the earliest of (1) the date on which the associated Agency Obligation expires; (2) the effective date of arrangements between the Agency and one or more other Agency members pursuant to which such other member(s) voluntarily (and, if applicable, collectively) accept the transfer of the Resource Obligation; or (3) the effective date on which the Agency, acting in its sole discretion, has otherwise fully satisfied or terminated the AR Member's allocable share of the associated Agency Obligation and has been reimbursed by the AR Member for all costs incurred in achieving such satisfaction or termination of the AR Member's allocable share.

For the convenience of the Parties and to provide information to the AR Members concerning potential future Resource Obligations, the Parties shall maintain in the AR Contract labelled as Schedule B a Resource Obligation Table identifying Agency Obligations that, as of the time of preparing or updating the Table, are expected to remain in effect for a time period longer than the notice of termination period specified in the AR Contract. Updates to the Resource Obligation Table shall be made at least annually to reflect current Agency Obligations of such duration and shall be approved by vote of the All Requirements Project Committee. Notwithstanding the foregoing, any omission from the Resource Obligation Table of an Agency Obligation that extends beyond the effective date of termination of the AR Contract shall not relieve the AR Member of its Resource Obligation associated with that Agency Obligation. The allocation to determine each of the AR Member's Resource Obligations as a share of the respective associated Agency Obligations will be the AR Member's monthly billing demands under the Rate Schedule as a percentage of the total monthly billing demands of the AR Members (excluding those of any AR Member that does not share in the costs of the resource from which the Agency Obligation derives) during the twelve consecutive full calendar months immediately preceding the month in which the effective date of termination falls, provided, however, that if the AR Member's share of a particular Agency Obligation has been established on a different basis, such as in a Generation Resource Project Participation Agreement or a specific allocation for a particular resource pursuant to the AR Contract, the allocation for each such Agency Obligation shall be the AR Member's share as so established.

In the event of termination of the AR Contract upon the occurrence of an Event of Default, the nondefaulting Party shall have the right to seek remedies at law or in equity or damages for the breach of any term, condition, covenant, warranty or obligation under the AR Contract.

Assignment of Contract

The AR Contract shall inure to the benefit of and shall be binding upon the respective successors and assigns of the Parties to the AR Contract; provided, however, that, except for the assignment by the Agency authorized by the AR Contract and except for any assignment in connection with the sale, lease or other disposition of all or substantially all of the AR Member's electric system as provided in the AR Contract, neither the AR Contract nor any interest therein shall be transferred or assigned by either Party except with the consent in writing of the other Party, which the

Party may grant or deny in its sole discretion. Except as otherwise provided in the AR Contract, the Party seeking to assign the AR Contract must provide at least ninety (90) days' prior written notice to the other Party. No assignment or transfer of the AR Contract shall relieve the Parties of any obligation hereunder.

The AR Member acknowledges and agrees that the Agency may assign and pledge to any trustee or similar fiduciary designated in any Bond Resolution all of, or any interest in, its right, title and interest in and to all payments to be made to the Agency under the provisions of the AR Contract as security for the payment of the principal (including sinking fund installments) of, premium, if any, and interest on any Bonds and may deliver possession of the AR Contract to such trustee in connection therewith, and, upon such assignment, pledge and delivery, the Agency may grant to such trustee any rights and remedies herein provided to the Agency and thereupon any reference herein to the Agency shall be deemed, with the necessary changes in detail, to include such trustee which shall be a third party beneficiary of the covenants and agreements of the AR Member herein contained. Upon any such assignment, pledge and delivery, such trustee shall fulfill all of the obligations with respect to the AR Member that the Agency was required to fulfill prior to such assignment, pledge and delivery.

Amendment and Uniformity of Contracts

The AR Contract shall not be amended, modified, or otherwise changed by agreement of the Parties in any manner that will materially and adversely affect repayment, the tax-exempt status, or debt rating of any Bonds, or the security afforded by the provisions of the AR Contract for the payment of any of the Agency's obligations under the All Requirements Power Supply Contracts, so long as any such obligations are outstanding and unpaid, unless sufficient funds are set aside for the payment or retirement thereof.

In order to preserve the uniformity of the All Requirements Power Supply Contracts, the AR Member agrees that the AR Contract may be amended to conform to the terms of the other All Requirements Power Supply Contracts in the event that the amendment is approved by (i) the Board of Directors, (ii) a two-thirds majority of unweighted votes of the All Requirements Project Committee, and (iii) a simple majority weighted vote of the All Requirements Project Committee; provided, however, that no change shall be made to the length of notice of termination specified in the AR Contract without the consent of the AR Member.

Survival of Obligations

The termination of the AR Contract shall not discharge either Party thereto from any obligation it owes to the other Party under the AR Contract by reason of any transaction, loss, cost, damage, expense, or liability which shall occur or arise (or the circumstances, events, or basis of which shall occur or arise) prior to such termination. It is the intent of the Parties hereby that any such obligation owed (whether the same shall be known or unknown at the termination of the AR Contract or whether the circumstances, events, or basis of the same shall be known or unknown at the termination of the AR Contract) shall survive the termination of the AR Contract. Cancellation, expiration, or termination of the AR Contract shall not relieve the Parties of obligations that expressly survive or by their nature should survive such cancellation, expiration, or termination.

SUMMARY OF INTERCREDITOR AGREEMENT

Appointment of Collateral Agent

Each of PNC, BofA and Trustee, on behalf of the Bondholders, appoints the Collateral Agent as its collateral agent with respect to the Shared Collateral and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms of the Intercreditor Agreement, together with such actions and powers as are reasonably incidental thereto.

The Collateral Agent shall have the same rights and powers in its capacity as a Creditor as any other Creditor and may exercise the same as though it were not the Collateral Agent, and such Creditor and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with KYMEA or other affiliate thereof as if it were not the Collateral Agent under the Intercreditor Agreement.

At any time during the existence of any Event of Default, the Collateral Agent at the written direction of one or more of the Creditors, shall exercise any rights and remedies with respect to the Shared Collateral, at law or at equity, including, without limitation, any rights and remedies provided under the UCC, provided that solely with respect to the Bonds, the BofA Credit Facility and any other Parity Obligation (as defined in the Indenture) and not to the detriment of the PNC Credit Facility, the Collateral Agent shall not exercise any right or remedy with respect to the Shared Collateral that would not be permitted to be exercised by the Trustee under the terms of the Indenture. Upon the existence of an Indenture Event of Default, notwithstanding the request of any Creditor or any other term or provision of the Intercreditor Agreement, the Collateral Agent may not take any action that is contrary to the provisions of the Indenture. In the event of a conflict between the Intercreditor Agreement and the Indenture, the Indenture shall control.

The Collateral Agent shall not have any duties or obligations except those expressly set forth in the Intercreditor Agreement. Without limiting the generality of the foregoing, (i) the Collateral Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (ii) the Collateral Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Intercreditor Agreement that the Collateral Agent is required to exercise in writing as directed by any of the Creditors, and (iii) except as expressly set forth in the Intercreditor Agreement, the Collateral Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to KYMEA that is communicated to or obtained by the Collateral Agent or any of its affiliates in any capacity. The Collateral Agent shall not be liable for any action taken or not taken by it with the consent or at the request of any of the Creditors or in the absence of its own gross negligence or willful misconduct. The Collateral Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Collateral Agent by KYMEA or a Creditor, and the Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Debt Document, (ii) the contents of any certificate, report or other document delivered under the Intercreditor Agreement or in connection with any Debt Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Debt Document, (iv) the validity, enforceability, effectiveness or genuineness of the Intercreditor Agreement or any Debt Document or any other agreement, instrument or document, (v) the creation, perfection or priority of Liens on the Shared Collateral or the Exclusive Collateral or the existence of the Shared Collateral or the Exclusive Collateral, or (vi) the satisfaction of any condition set forth in the Intercreditor Agreement or in any Debt Document.

The Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it in good faith to be genuine and to have been signed or sent by the proper Person. The Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Agent may consult with legal counsel, independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Collateral Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Collateral Agent. The Collateral Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers through their respective agents and designees. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the agents and designees of the Collateral Agent and any such sub-agent.

Subject to the appointment and acceptance of a successor Collateral Agent as provided in the Intercreditor Agreement, (i) the Collateral Agent may resign at any time by notifying the Creditors, the Bond Insurer and KYMEA and (ii) the Collateral Agent may be removed at any time with or without cause by the Creditors. Upon any such resignation or removal, the Creditors shall have the right to appoint a successor Collateral Agent so long as such successor is a commercial bank which has a combined capital and surplus of at least $50,000,000. If no successor shall have been so appointed by the Creditors and shall have accepted such appointment within 30 days after the retiring Collateral Agent gives notice of its resignation or is removed, then the retiring Collateral Agent may, on behalf of the Creditors, appoint a successor Collateral Agent so long as such successor is a commercial bank which has a combined capital and surplus of at least $50,000,000. Upon the acceptance by a successor of its appointment as Collateral Agent under the Intercreditor Agreement, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations under the Intercreditor Agreement. After the Collateral Agent's resignation or removal under the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall continue in effect for the benefit of such retiring or removed Collateral Agent, its sub agents and their respective agents and designees in respect of any actions taken or omitted to be taken by any of them while it was acting as Collateral Agent.

Each Creditor acknowledges that it will, independently and without reliance upon the Collateral Agent or any other Creditor and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon the Intercreditor Agreement, any Debt Document or related agreement or any document furnished thereunder.

Liens against Shared Collateral and Exclusive Collateral

Each Creditor (i) acknowledges that each other Creditor has been granted a Lien upon the Shared Collateral in addition to a Lien upon its Exclusive Collateral, (ii) agrees that the foregoing in clause (i), as governed by the Intercreditor Agreement, shall not constitute an Event of Default under any Debt Document and (iii) agrees that each Creditor shall not obtain a Lien against any Exclusive Collateral of the other Creditors except to the limited extent of any identifiable proceeds therein constituting proceeds of (a) the Shared Collateral or (b) each Creditors' Exclusive Collateral.

Priority of Liens and Application of Proceeds of Shared Collateral

(a) Notwithstanding the order or time of attachment, or the order, time or manner of perfection, or the order or time of filing or recordation of any document or instrument, or other method of perfecting a Lien in favor of each Creditor in any Shared Collateral, and notwithstanding any conflicting terms or conditions which may be contained in any of the Debt Documents, the Liens of each Creditor in the Shared Collateral shall rank equal in priority and shall secure on a pro rata basis the Debt Obligations of each Creditor.

(b) Upon the occurrence of an Event of Default, and for so long as any such Event of Default continues, upon request by Collateral Agent or upon demand of a majority of the Creditors, KYMEA shall deliver or cause to be delivered daily to the Collateral Agent all Revenues of KYMEA for deposit to the Revenue Fund, to be held and maintained by the Collateral Agent pursuant to the Indenture and the Intercreditor Agreement for the benefit of the Creditors (but not constituting a part of the Trust Estate as defined in the Indenture) against which the Collateral Agent shall have, and KYMEA grants in favor of Collateral Agent, a first priority security interest in, and control with respect to, the Revenue Fund in order to secure the payment of the Debt Obligations.

(c) During the continuance of an Event of Default and prior to any distribution, division, or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the Revenues or the proceeds thereof to the creditors of KYMEA or readjustment of the obligations and indebtedness of KYMEA (whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors, marshalling of assets of KYMEA or any other Insolvency Proceeding, or upon the sale of all or substantially all of KYMEA's assets (any of such events referred to herein as an "Insolvency Event")), and provided that none of the Debt Obligations have become or been declared due and payable (each, an "Acceleration"), then such assets or proceeds thereof consisting of Revenues received thereafter shall be applied in the following order of priority:

> (1) First, to the payment of all installments of interest on the Debt Obligations then due in the order in which such installments and payments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment or payment due on any date (and without limiting the rights of any Creditor to cause an Acceleration or institute an Insolvency Proceeding against KYMEA as a result thereof), then in accordance with each Creditor's pro rata share thereof; and
>
> (2) Second, to the payment of the unpaid principal installments of the Debt Obligations which shall have become due and payable, and if the amounts shall not be sufficient to pay in full installments and payments due on any date, (and without limiting the rights of any Creditor to cause an Acceleration or institute an Insolvency Proceeding against KYMEA as a result thereof), then in accordance with each Creditor's pro rata share thereof;

(3) Third, the Revenues that are used to pay for capacity and energy charges under the ECI Power Purchase Agreement shall be transferred to the Trustee for deposit to the ECI Purchase Agreement Revenue Account; and

(4) Fourth, all other Revenues shall be transferred to KYMEA for deposit to the KYMEA General Revenue Account.

Revenues deposited to the ECI Power Purchase Agreement Revenue Account shall be apportioned to the various funds and accounts as set out in the Indenture. Moneys deposited to the KYMEA General Revenue Account shall be used by KYMEA to pay for (A) capacity and energy charges of KYMEA for power supply for its AR Members other than the ECI Power Purchase Agreement, (B) debt service and fees on the PNC Credit Facility, (C) transmission costs and (D) the general operations and expenses of KYMEA.

(d) Upon and after either Acceleration or an Insolvency Event, then assets or proceeds consisting of Shared Collateral received thereafter shall be applied in the following order of priority:

(1) first, to reimburse the Collateral Agent for any out-of-pockets costs and expenses incurred or paid in connection with the Shared Collateral;

(2) second, to pay interest then due and payable on the Debt Obligations, in accordance with each Creditor's pro rata share thereof;

(3) third, to pay principal on the Debt Obligations, in accordance with each Creditor's pro rata share thereof; and

(4) fourth, to pay all other fees and other expenses due and payable under the Debt Documents (not payable pursuant to (2) and (3) above), in accordance with each Creditor's pro rata share thereof.

Right to Enforce Agreement

Except as otherwise set forth in the Intercreditor Agreement, Collateral Agent shall have the exclusive right to enforce remedies with respect to the Shared Collateral in accordance with the terms of the Intercreditor Agreement, including, without limitation, the exclusive right to take or retake control or possession of such Shared Collateral and to hold, prepare for sale, process, sell, lease, dispose of, or liquidate such Shared Collateral.

Each Creditor shall have the exclusive right to manage, perform and enforce the terms of its Debt Documents with respect to its Exclusive Collateral, to exercise and enforce all privileges and rights thereunder according to its discretion and the exercise of its business judgment, including, without limitation, the exclusive right to take or retake control or possession of such Exclusive Collateral and to hold, prepare for sale, process, sell, lease, dispose of, or liquidate such Exclusive Collateral. No Creditor shall have any right to direct any other Creditor to exercise any right, remedy or power with respect to any other Creditors' Exclusive Collateral and each Creditor consents to the exercise by any other Creditor of any other Creditor's right, remedy or power with respect to any other Creditor's Exclusive Collateral. No Creditor shall institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against any other Creditor seeking damages from or other relief by way of specific performance, instructions or otherwise, with respect to any other Creditor's Exclusive Collateral.

Limitation on Remedies

Notwithstanding any rights or remedies available to any Creditor under its Debt Documents, applicable law or otherwise, prior to the Payment in Full of all of the Debt Obligations, no Creditor (other than Collateral Agent, in accordance with the terms of the Intercreditor Agreement) may, with respect to the Shared Collateral:

(i) directly or indirectly, (A) enforce or exercise, or seek to enforce or exercise, any rights or remedies with respect to any Shared Collateral or (B) commence or join with any Person (other than

Collateral Agent) in commencing, or petition for, any action or proceeding with respect to such rights or remedies (including any foreclosure action or proceeding);

(ii) take or receive any Shared Collateral, or any proceeds thereof, in connection with the exercise of any right or remedy with respect to any Shared Collateral or in connection with any insurance policy award or any condemnation award (or deed in lieu of condemnation) with respect to any Shared Collateral; provided, that, any Shared Collateral and proceeds thereof received in connection with the sale or other disposition of, or collection on, such Shared Collateral upon the exercise of remedies shall be applied in accordance with the Intercreditor Agreement;

(iii) directly or indirectly, whether by judicial proceeding or otherwise, challenge or question the validity or enforceability of the Debt Obligations or any Lien of Collateral Agent or any Creditor or the Intercreditor Agreement, or the validity or enforceability of the priorities, rights or obligations established by the Intercreditor Agreement; or

(iv) take any action that would, or could reasonably be expected to, hinder any exercise of remedies undertaken by Collateral Agent with respect to the Shared Collateral, including any sale, lease, exchange, transfer or other disposition of the Shared Collateral, whether by foreclosure or otherwise.

Notwithstanding the foregoing, each Creditor may:

(i) join (but not control) any foreclosure or judicial lien enforcement proceeding with respect to the Shared Collateral initiated by Collateral Agent, so long as such action would not and would not reasonably be expected to delay or interfere in any respect with the exercise by Collateral Agent of its rights with respect to the Shared Collateral;

(ii) file a claim or statement of interest with respect to such Creditor's Debt Obligations; *provided* that an Insolvency Proceeding has been commenced by or against KYMEA;

(iii) take any action (not adverse to the priority status of the Liens on the Shared Collateral or any Exclusive Collateral) in order to create or perfect the Liens held by such Creditor on the Shared Collateral or such Creditor's Exclusive Collateral;

(iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of such Creditor, including any claims secured by the Shared Collateral or Exclusive Collateral, in each case, to the extent that such actions do not violate the terms of the Intercreditor Agreement;

(v) vote on any plan of reorganization, file any proof of claim, make other filings in any Insolvency Proceeding of KYMEA and make any arguments and motions in any Insolvency Proceeding of KYMEA with respect to such Creditor's Debt Obligations and the Shared Collateral and such Creditor's Exclusive Collateral, but in each case not in a manner which is inconsistent with the terms of the Intercreditor Agreement;

(vi) present bids (including, without limitation, credit bids) for and purchase Shared Collateral at any private, public or judicial foreclosure upon or other disposition of Shared Collateral initiated by any Person (including, without limitation, any disposition thereof pursuant to the Bankruptcy Code); and

(vii) commence, or join in the commencement of, an Insolvency Proceeding against KYMEA.

Covenant of KYMEA to Notify Creditors of Impending Failure to Meet its Obligations

If KYMEA determines that it may be unable to meet its current debt service obligations and liabilities in a timely manner, KYMEA shall notify, in writing, the Collateral Agent, the Bond Insurer and each Creditor under the Intercreditor Agreement, of its concern to meet its debt obligations, provide its most recent internal financial statements and thereafter cause to be deposited and transferred to the Collateral Agent for deposit in the Shared Collateral Account, all Revenues to be received under the AR Contracts.

Amendments to Debt Documents

Each Creditor agrees not to amend, modify or otherwise supplement its respective Debt Document or any Debt Document to increase the principal amount available thereunder to an amount in excess of its maximum commitment thereunder. Each Creditor agrees to give at least three (3) Business Days' prior notice to the other Creditors of any proposed amendment, modification or supplement of its Debt Document to be entered into by such Creditor before the same is entered into, but failure to give any such notice will not create a cause of action against or cause a forfeiture of any rights of the party failing to give such notice or create any claim or right on behalf of any third party.

Amendments to the Intercreditor Agreement

Any waiver, permit, consent or approval by Collateral Agent or any Creditor of or under any provision, condition or covenant to the Intercreditor Agreement must be in writing and shall be effective only to the extent it is set forth in writing and as to the specific facts or circumstances covered thereby. Any amendment of the Intercreditor Agreement must be in writing and signed by each of the parties to be bound thereby. The Intercreditor Agreement shall not be amended or modified without the prior written consent of the Bond Insurer.

Successors and Assigns

The Intercreditor Agreement shall be binding upon the parties thereto and their respective successors and assigns and shall inure to the benefit of Collateral Agent and each Creditor and their respective successors, participants and assigns. The Bond Insurer shall be a third party beneficiary to the Intercreditor Agreement.

Term

The Intercreditor Agreement is a continuing agreement and shall remain in full force and effect until the earliest to occur of (a) Payment in Full and termination of the PNC Credit Facility or (b) Payment in Full of all Bond Obligations.

Agreement of KYMEA

KYMEA has agreed that (i) notwithstanding any provision of the Debt Documents to the contrary, the Shared Payments and the Shared Collateral shall secure the payment and performance of the Debt Obligations of all Creditors, (ii) Collateral Agent or any Creditor holding Shared Payments and/or Shared Collateral does so as bailee (under the UCC) for the other Creditors and is authorized to and may turn over to the Collateral Agent or such other Creditors upon request therefor any such Shared Payments or Shared Collateral and (iii) Collateral Agent, on behalf of the Creditors, may enforce any right, power or remedy of any Creditor under any Debt Document with respect to the Shared Payments and Shared Collateral.

KYMEA has also acknowledged and agreed that: (i) although it is a signatory to the Intercreditor Agreement, it is not a party thereto and does not and will not receive any right, benefit, priority or interest under or because of the existence of the Intercreditor Agreement, (ii) in the event of a breach by Collateral Agent or any Creditor of any of the terms and provisions contained in the Intercreditor Agreement, such a breach shall constitute an Event of Default (defined in the Intercreditor Agreement), (iii) it will execute and deliver such additional documents and take such additional action as may be necessary or desirable in the opinion of Collateral Agent or any Creditor to effectuate the provisions and purposes of the Intercreditor Agreement and (iv) the Intercreditor Agreement may be amended or supplemented from time to time without notice to, or the consent of KYMEA.

SUMMARY OF THE ECI POWER PURCHASE AGREEMENT

Initial Term

The term of the ECI Power Purchase Agreement shall commence on the Effective Date and shall continue in effect for so long as any payment of principal of or interest on the Bonds are due and payable (the "Contract Term"), unless earlier terminated or extended in accordance with the terms of the ECI Power Purchase Agreement. The Capacity and Energy transactions provided for by the ECI Power Purchase Agreement shall begin on the Service Commencement Date and continue in effect through the end of the Contract Term, unless the Agreement is terminated early in accordance with the terms of the ECI Power Purchase Agreement; provided that the ECI Power Purchase Agreement shall not be terminated so long as bonds and any parity obligations are outstanding under the Indenture.

Extension of Term

On or before 120 days prior to the end of the Contract Term, ECI Participant Members shall provide notice to KYMEA with a Capacity Charge at which ECI Participant Members are willing to extend the Contract Term for a term mutually agreed to by the Parties. That price or prices will be determined as provided for in the ECI Power Purchase Agreement. If KYMEA elects to extend the Contract Term at the price or prices offered, it shall provide notice to ECI Participant Members no later than 60 days prior to the end of the Contract Term. Failure to provide timely notice of acceptance shall constitute rejection of the offer. If KYMEA has elected to accept the extension pricing, the Parties shall promptly execute an amendment to the ECI Power Purchase Agreement reflecting the extension of the Contract Term and the applicable pricing for the extension period. Unless otherwise mutually agreed, all other terms of the ECI Power Purchase Agreement shall remain unchanged for the extension period.

Approval of Agreement

The ECI Participant Members approved and authorized the ECI Power Purchase Agreement at their meeting held on October 23, 2024. The KYMEA All Requirements Members agreed to include the ECI Power Purchase Agreement in it's the Resource Obligation Table of their respective KYMEA All Requirements Power Sales Contracts pursuant to a resolution adopted at their meeting held on October 23, 2024. The KYMEA's Board of Directors approved and authorized the ECI Power Purchase Agreement for inclusion in the Resource Obligation Table and for the purchase of Capacity and Energy under the ECI Power Purchase Agreement at its meeting held on October 24, 2024.

KYMEA's Sales to All Requirements Members

No additional approvals are required by the ECI Participant Members, the KYMEA All Requirements Members or the KYMEA for the ECI Power Purchase Agreement to become part of the power supply of resource portfolio that KYMEA uses to serve the KYMEA All Requirements Members. The obligations of the Parties pertaining to scheduling, delivery, sale, purchase, and payment for Capacity and Energy under the ECI Power Purchase Agreement are conditioned on its execution by KYMEA and ECI Participant Members. Pursuant to the ECI Power Purchase Agreement and the KYMEA All Requirements Power Sales Contracts, KYMEA will sell, and the KYMEA All Requirements Members will purchase the Capacity and Energy under the ECI Power Purchase Agreement.

Monthly Energy Charge

The ECI Power Purchase Agreement provides for a Monthly Energy Charge that shall be equal to the product of the Delivered Energy in that Service Month and the Facility Energy Rate for that Service Month as determined pursuant to the ECI Power Purchase Agreement.

Monthly Capacity Charge

The ECI Power Purchase Agreement provides for a Monthly Capacity Charge that shall be equal to the product of the Contract Capacity in that Service Month and the Facility Capacity Rate for that Service Month. Irrespective of any change in Law or market conditions affecting ECI Participant Members or KYMEA, and notwithstanding any assertion by ECI Participant Members that certain costs are not covered, or any assertion by KYMEA that the charges payable by KYMEA under the ECI Power Purchase Agreement do not reflect ECI

Participant Members' actual cost of providing Contract Capacity, the Capacity Rate shall be subject to change only on an annual basis during the term of the ECI Power Purchase Agreement and as determined pursuant thereto.

Effects of Change in Law Affecting Project

In the event that KYMEA incurs additional fixed and/or variable costs of owning and operating the Facility as a result of environmental Laws adopted or amended after the Effective Date, KYMEA will propose modifications that are no more burdensome to its KYMEA All Requirements Members than KYMEA's allocation of such costs, which modifications could include an adjustment to the Capacity Charge and/or the formula for the Facility Energy Charge in a manner that passes through to KYMEA Members with KYMEA All Requirements Power Sales Contracts an appropriate share of KYMEA's incremental costs of complying with such (i) new or amended environmental Laws or (ii) change in Law that materially impairs KYMEA's ability to perform its obligations or materially changes the balance of risks and benefits under the ECI Power Purchase Agreement.

ECI Participant Members Event of Default

The following shall constitute events of default on the part of ECI Participant Members ("ECI Participant Members Event of Default"):

(i) ECI Participant Members fail to pay or credit any amount due to KYMEA under the ECI Power Purchase Agreement and such failure continues for ten (10) days following receipt of written notice thereof from KYMEA.

(ii) ECI Participant Members become subject to a Bankruptcy Proceeding.

(iii) Any representation or warranty made by the ECI Participant Members in the ECI Power Purchase Agreement is false or misleading in any material respect when made.

(iv) ECI Participant Members consolidate or amalgamate with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity (i) fails to assume all the obligations of the ECI Participant Member under the ECI Power Purchase Agreement pursuant to an agreement reasonably satisfactory to KYMEA, or (ii) is not at least as creditworthy as ECI Participant Members.

(v) ECI Participant Members commit a breach of their material covenants or obligations under the ECI Power Purchase Agreement not otherwise excused by Force Majeure, other than a payment default as set forth in clause (i) above, unless:

(A) ECI Participant Members commence and diligently proceed to cure such breach upon delivery of written notice of such breach from KYMEA; and

(B) the breach is cured within ten (10) days of delivery of such written notice; provided, however, that if (1) such breach is not, by its nature, capable of being cured within such ten (10) day period, and (2) ECI Participant Members are diligently and in good faith proceeding to attempt to cure such breach, ECI Participant Members shall be allowed such additional time, which shall in no event exceed an additional twenty (20) days, as may reasonably be required to cure such breach.

KYMEA Event of Default

The following shall constitute event of defaults on the part of KYMEA ("KYMEA Event of Default"):

(i) KYMEA fails to pay any amount due to ECI Participant Members under the ECI Power Purchase Agreement and such failure continues for ten (10) days following receipt of written notice thereof from ECI Participant Members.

(ii) KYMEA becomes subject to a Bankruptcy Proceeding.

(iii) Any representation or warranty made by KYMEA is false or misleading in any material respect when made.

(iv) KYMEA consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity (i) fails to assume all the obligations of KYMEA under the ECI Power Purchase Agreement by operation of Law or pursuant to an agreement reasonably satisfactory to the ECI Participant Members, or (ii) is not at least as creditworthy as KYMEA.

(v) KYMEA commits a breach of its material covenants or obligations under the ECI Power Purchase Agreement not otherwise excused by Force Majeure, other than a payment default as set forth in clause (i) above, unless:

(A) KYMEA commences and diligently proceeds to cure such breach upon delivery of written notice of such breach from ECI Participant Members; and

(B) the breach is cured within ten (10) days of delivery of such written notice; provided, however, that if (1) such breach is not, by its nature, capable of being cured within such ten (10) day period, and (2) KYMEA is diligently and in good faith proceeding to attempt to cure such breach, KYMEA shall be allowed such additional time, which shall in no event exceed an additional twenty (20) days, as may reasonably be required to cure such breach.

Force Majeure

As defined in the ECI Power Purchase Agreement the term "Force Majeure" shall mean causes beyond the reasonable control of, and without the fault or negligence (including failure to comply with Prudent Utility Practices) of, the Party claiming Force Majeure, including, but not limited to, acts of God; earthquake; storm; fire; lightning; epidemic; war; riot or civil disturbance; or sabotage. Notwithstanding the foregoing, under no circumstances shall Force Majeure include any of the following: (i) changes in market conditions that affect the cost of or demand for power; (ii) change in Law; (ii) any lack of profitability to a Party or other financial consideration of a Party; (iii) unavailability of the Facility or other Capacity resources owned or controlled by ECI Participant Members; (iv) unavailability of transmission service to the Delivery Point from any specific source of supply; or (v) unavailability of transmission service from the Delivery Point to KYMEA's load.

Amendment

The ECI Power Purchase Agreement may not be amended or modified except by a written instrument signed by ECI Participant Members and KYMEA; provided, however, before the effective date of any amendment or supplement to the ECI Power Purchase Agreement, the Trustee shall be provided with a copy of such amendment or supplement.

Concurrently with or prior to entering into any modification, alteration, amendment or supplement to the ECI Power Purchase Agreement, the KYMEA, the ECI Participant Members and the Trustee shall have received an opinion of Bond Counsel stating that (i) such modification, alteration, amendment or supplement is authorized or permitted by the Indenture, (ii) complies with the terms thereof, (iii) will, upon the execution and delivery thereof, be valid and binding upon the KYMEA and the ECI Participant Members in accordance with its terms, (iv) such modification, alteration, amendment or supplement is not materially adverse to the holders of the Bond and (v) will not adversely affect the exclusion from gross income of the holders of the Bonds of interest on the Bonds for federal income tax purposes.

Facility Cost-Based Agreement

The ECI Participants Members and KYMEA understand and have agreed that the ECI Power Purchase Agreement is intended to be a cost-based agreement whereby the actual costs of the Project provide the basis for the charges to be assessed by ECI Participant Members to KYMEA. To aid the Parties in their determination of costs, references to specific account numbers have been made in the ECI Power Purchase Agreement. The Parties have made commercially reasonable efforts to ensure the accuracy of such account numbers. However, if at any time during the Contract Term either Party determines that an account number referenced in the ECI Power Purchase Agreement has been included in error or that an account number has been erroneously omitted, the Parties agree to promptly amend the ECI Power Purchase Agreement to correct such error.

SUMMARY OF PARTICPATION AGREEMENT

Term

The term (the "Term") of the Participation Agreement shall commence on the Effective Date and, unless earlier terminated in accordance with the provisions of the Participation Agreement, continue until the retirement from service of the Plant has been approved in accordance with the Participation Agreement and the Windup Events shall have been completed, including the distribution of any proceeds of the sale of the assets that constitute the Project and the payment of all Operating Expenses.

Retirement Costs

All costs (less salvage credits, if any) associated with retirement of the Facilities or portions thereof including dismantling, demolishing, and removing equipment, facilities, and structures (including the cost of transportation and handling incidental thereto); security; maintenance; disposing of debris; and any site work necessary to lawfully and responsibly effect such retirement and the costs of any remediation, site restoration or monitoring shall constitute Operating Expenses and shall be paid from funds and accounts established by KYMEA for such retirement of the Facilities.

End of Term

(a) A decision by KYMEA to retire the Plant from service shall only be made upon a recommendation of the Energy Center I Project Committee to initiate the Windup Events.

(b) In the event the Windup Events are initiated, the Participation Agreement will remain in effect only until the completion of the Windup Events, at which time the Termination Date will be deemed to have occurred.

Ownership of Project

The Project shall be owned by KYMEA.

Ownership of Attributes

The Attributes shall be owned by the Participants as tenants-in-common. On the Effective Date, each Participant shall own and have title to its Ownership Interest set forth in the Participation Agreement.

The Participants acknowledge that the Project may include leases of various items of Property and other interests in Property, as well as contract rights and other intangible property. Nothing in the Participation Agreement shall preclude KYMEA from the leasing (as lessee) of any assets or the acquisition of other Property rights in connection with the operation and Maintenance of the Project. Such leased or acquired property shall be held by KYMEA.

Decision Making

KYMEA shall establish an Energy Center I Project Committee under and pursuant to the KYMEA Interlocal Agreement. KYMEA agrees that decisions in respect of constructing, equipping, designing, operating, maintaining and administering the Project shall be made upon the reasonable and prudent recommendations and advice of the Energy Center I Project Committee including:

(i) the execution, modification and administration (including enforcement and termination) of and compliance with, all contracts that are part of the Project or relate to the Project;

(ii) compliance with Applicable Law relating to the Project, including the establishment of standards for the operation of the Facilities and the taking of such other action as KYMEA deems necessary or that may be required under Applicable Law with respect to the development, construction, acquisition and completion of the Project for commercial service; the procurement, replacement, modification, or renewal of all or any part thereof; the making of additions, betterments, or improvements thereto; the operation and Maintenance thereof; and the retirement, decommissioning, storage, or salvaging of all or any part thereof;

(iii) applications for the modification, extension or renewal of, and compliance with all Governmental Approvals relating to the Project or any portion thereof;

(iv) the adjustment of losses and settlement of any losses covered by insurance obtained under the Participation Agreement and establishing and maintaining the Insurance Plan and risk management activities relating to the Project;

(v) the pursuit and defense of claims and causes of action of any kind relating to the Project, including the filing or defense of suits, appeals thereof, and settlement of claims and suits subject to the right of any Participant to conduct its own action in any litigation in which it is a party.

(vi) the establishment of such subcommittees as the Energy Center I Project Committee believes appropriate and the provision for meetings, voting procedures and such other rules of procedure as it deems appropriate consistent with the provisions of the Participation Agreement;

(vii) the determination from time to time of the Net Electric Capacity, Net Normal Operating Capacity and the Net Seasonal Capacity of the Plant;

(viii) the approval of all Capital Improvement Budgets and all Operating Budgets and any amendments or modifications thereto;

(ix) acting upon any matter relating to the Project brought before the Energy Center I Project Committee by a Participant;

(x) establishment of accounting, inventory and other operating procedures as the Energy Center I Project Committee deems appropriate and which are consistent with the requirements of the Participation Agreement; and

(xi) performing such other duties as set forth in the Participation Agreement.

Powers

No Participant shall have any right to exercise control or management powers over the Project solely by virtue of being a Party to the Participation Agreement or having an Ownership Interest in the Attributes.

Participant Obligations

It is agreed to by KYMEA and the Participants that KYMEA shall finance and pay the costs of the development, construction, operation, maintenance, capital improvements, transmission and decommissioning of the

Project, including any debt service or financing obligations thereof, pursuant to the provisions of the Participation Agreement (the "Project Development and Operating Costs"). For so long as the Participation Agreement is in existence or any Project Development and Operating Costs are outstanding, each Participant, as a KYMEA All Requirements Member and a signatory to a KYMEA All Requirements Power Sales Contract, agrees and affirms as a Participant it will agree to listing the Energy Center I Project Power Purchase Agreement as a KYMEA Resource Obligation on Schedule B of its KYMEA All Requirements Power Sales Contract for so long as there exists debt service payable by KYMEA or any other outstanding costs associated with the construction, equipping, operation and decommissioning of the Project.

Sale of Project Attributes

KYMEA shall purchase the Project's Attributes, including, but not limited to, Capacity and Energy, from the Participants pursuant to the terms of the Energy Center I Project Power Purchase Agreement for the sale and purchase thereof by KYMEA All Requirements Members pursuant to the terms of the KYMEA All Requirements Power Sales Contracts. After the payment of Operating Expenses and all financial requirements and covenants associated with any financing by KYMEA of the Project, KYMEA, with the consent of the Energy Center I Project Committee, may credit to each Participant, on its monthly invoice, to the extent of any excess funds, the Participants' percentage of excess funds for the Project's Attributes, including, but not limited to, Capacity and Energy sold by KYMEA under the Energy Center I Project Power Purchase Agreement to KYMEA All Requirements Members.

Financing

KYMEA shall obtain financing for the Project (the "Project Financing") that is acceptable to KYMEA. Such Project Financing may be on a non-recourse, limited recourse, lease, tax-exempt or other basis acceptable to KYMEA.

No Participant shall, by any act or omission, create or suffer to exist any Lien of any kind on the Ownership Interest of another Participant or on any asset that is or will be jointly owned or controlled by KYMEA or the Participants pursuant to the Participation Agreement.

Each Participant will provide information regarding such Participant as may be reasonably requested in connection with KYMEA's Project Financing, but no Participant shall be required to incur any Liability as a result of KYMEA's Project Financing.

Plant Operations

KYMEA shall operate and maintain the Plant. Notwithstanding the foregoing, KYMEA may engage a Plant Operator to operate and maintain the Plant pursuant to the provisions of an operating agreement.

Maintenance and Capital Improvements

KYMEA shall (a) perform, or cause to be performed, all maintenance necessary to keep and maintain the Facilities in a condition to operate in accordance with the Operating Standard, taking advantage, when possible, of applicable Third Party warranties that may be available; (b) perform, or cause to be performed, all Capital Improvements authorized by KYMEA in connection with an approved Capital Improvement Budget; and (c) maintain and keep, or cause to be maintained and kept, the Facilities in a clean, neat and orderly condition given their nature and use.

Insurance

KYMEA shall maintain or cause to be maintained insurance of the types, in the amounts and with the deductibles comparable to insurance carried by other generating facilities similar to the Project ("Insurance Plan"). Prior to the Substantial Completion Date, premiums payable under the Insurance Plan shall constitute a Construction Cost, and on and after such date, an Operating Expense.

Assignments

(a) Except for Permitted Transfers, no Participant may directly or indirectly sell, assign, transfer, pledge, lease, mortgage or encumber (each, a "Transfer") all or any portion of its Ownership Interest without the prior written consent of the Energy Center I Project Committee, which consent shall not be unreasonably withheld, conditioned or delayed. Approval by the Energy Center I Project Committee of a Transfer pursuant to the Participation Agreement is required. For purposes of the Participation Agreement, any ground that is reasonably likely to have an adverse effect on a Participant or the Project may constitute a ground for withholding or conditioning consent and shall be described to the Transferring Participant in reasonable detail if consent is denied.

(b) No Transfer of an Ownership Interest shall be permitted, or shall become effective, unless the Ownership Interest Transferred includes a corresponding and equivalent Transfer of all associated rights and interests of the Transferor in the Attributes of the Project.

(c) Nothing contained in the Participation Agreement shall be construed to prohibit any merger, consolidation or other reorganization of a Participant or any Affiliate thereof, or any issuance or Transfer of any securities or interest having ordinary voting power for election of directors (or other comparable controlling body) of a Participant or any Affiliate thereof or any Transfer of an equity or beneficial interest in a Participant or an Affiliate. Nor shall anything in the Participation Agreement be construed to permit any Transfer or other action that is prohibited or limited by any provision of any other agreement among all or some of the Participants and/or Third Parties, which provisions shall be controlling as among the parties to such agreements in accordance with their terms.

(d) Any Transfer that is made in violation of the Participation Agreement shall be void *ab initio*.

Transfer of Participant Interest

If any Participant proposes to make a Transfer of all or part of its Ownership Interest ("Transferring Participant") that is not a Permitted Transfer, it may make such Transfer only if it has complied with the provisions and requirements of the Participation Agreement. Prior to making any such Transfer, the Transferring Participant shall give to the other Participants written notice of the proposed transaction (the "Offer Notice"), which notice shall fully disclose (a) the terms of the proposed transaction or transactions or proposed offer, (b) the Ownership Interest that is the subject of the Offer Notice (the "Offered Interest") and (c) if the Transferring Participant has received a bona fide offer from a Third Party that is the basis of the Offer Notice or is making the Offer only to one or more Third Parties, the identity of the proposed transferees and (d) the date on which the Offer will expire if not accepted, which shall be at least sixty (60) Days after each Participant has received the Offer Notice (the "Offer Deadline"). Any such transaction or transactions of the Offered Interest shall not be consummated until the other Participants have failed to accept the offer contained in the Offer Notice on or before the Offer Deadline. Upon receipt of such Offer Notice, the other Participants shall have a right to acquire all but not less than all of the Offered Interest, upon the same terms and conditions that are set forth in the Offer Notice.

Conditions of Transfer

If none of the Participants elect to acquire the Offered Interest, the Transferring Participant may, subject to the other requirements of the Participation Agreement, consummate the Transfer of the Offered Interest as long as the terms are the same as or more favorable to the Transferring Participant than those described in the Offer Notice.

Permitted Transfers

Although the following shall constitute a Transfer under the Participation Agreement, no consent of the Energy Center I Project Committee or any other Participant shall be required for any of the following Transfers (each, a "Permitted Transfer"):

(a) A Transfer by a Participant of some or all of its Ownership Interest to one or more of its Affiliates, provided that such Affiliate(s) are as financially responsible as the Transferring Participant in the reasonable judgment of the Energy Center I Project Committee (acting on a Majority Vote of the non-transferring Participants and taking a guaranty or other credit enhancement into account) and such Affiliate(s) assume the relevant obligations of such Participant under the Participation Agreement pursuant to an Assignment and Assumption Agreement;

(b) A Participant's assignment, mortgage, hypothecation, pledge or other encumbrance of all or any portion of its Ownership Interest in favor of any Person, or agent or trustee for such Person, that provides Debt, equity, lease, and/or bond financing, financial services, credit support or other credit enhancement to such Participant or any of its Affiliates, and any such Person's, or its agent's or trustee's, assignment of assigned Ownership Interest to any subsequent assignee in connection with the sale, transfer or exchange of its rights therein upon and after the exercise of its rights and enforcement of its remedies under the applicable security instruments;

(c) A Transfer to another Participant that is not in default of its obligations under the Participation Agreement at the time of such Transfer; or

(d) A Transfer to a Person that, immediately following such Transfer, will be Creditworthy.

Release of Participant

No Transfer by a Participant shall relieve such Participant from any of its obligations that relate to its Ownership Interest, including its obligations under the KYMEA All Requirements Power Sales Contract, except that such Participant shall be relieved from such obligations that arise after the date of the Transfer with respect to the Transferred Ownership Interest if, and only if, all of the following occur:

(a) Such Transfer is a Permitted Transfer or the Energy Center I Project Committee has consented to such Transfer;

(b) The Transferring Participant has notified the other Participants of the name and address of the Transferee prior to the effective date of the Transfer;

(c) The proposed Transferee has assumed responsibility for performance of all of the obligations of the Transferring Participant relating to the Transferred Ownership Interest arising on and after the date of the Transfer pursuant to a written instrument of assignment and assumption in a form approved by the Energy Center I Project Committee, which approval shall be limited to the question of whether such instrument, when duly executed, will accomplish its intended purposes under the Participation Agreement ("Assignment and Assumption Agreement"). The Assignment and Assumption Agreement shall provide that each Participant is a third party beneficiary thereof and shall require that the Transferee become a party to the Participation Agreement and agree to be bound by the terms thereof, including the covenant required thereby. The consummation of any such Transfer shall not release the Transferring Participant from any of its debts or liabilities to the other Participants which, at the time of the consummation of the Transfer, have accrued under the Participation Agreement, unless the other Participants shall agree in writing to the contrary; and

(d) All amounts due and owing by a Transferring Participant under the Participation Agreement have been paid.

Events of Default

The occurrence of any of the following shall be a "Default" under the Participation Agreement:

(a) The failure by a Participant to pay, when due, any payment required under its KYMEA All Requirements Power Sales Contract or the Participation Agreement if such failure is not remedied within sixty (60) Days after written notice of such failure is given to such Participant by KYMEA ("Payment Default") or by the Energy Center I Project Committee acting on a Majority Vote of the Non-Defaulting Participants;

(b) The failure by a Participant to keep, observe or perform any of the other terms, covenants or agreements contained in the Participation Agreement on such Participant's part to be kept, performed or observed (i) under the transfer provisions of the Participation Agreement, or (ii) if such failure could reasonably be expected to have a Material Adverse Effect (other than with respect to the Defaulting Participant) and is not remedied within ninety (90) Days after notice from KYMEA or the Energy Center I Project Committee acting on a Majority Vote of the Non-Defaulting Participants, provided, however, if the nature of a default under clause (ii) above is not susceptible to cure within such ninety (90) Day period, the failure by the Defaulting Participant to prosecute diligently the cure of such default to completion within such additional period as may be reasonably required to cure such default with diligence and in good faith, it being intended, however, that such default, if not cured within one hundred eighty (180) Days after receipt of notice of default, shall constitute a Default under the Participation Agreement; or

(c) An Insolvency Event shall exist with respect to a Participant.

Remedies; Termination

In the event any Participant is in Default under the Participation Agreement or fails to make any payment due under the Participation Agreement for ten (10) Days (the "Defaulting Participant"), any Participants not then in Default (the "Non-Defaulting Participants") and KYMEA shall have available to them all remedies, legal and equitable, including those available in order to enforce payment of any such amount or performance or observance of any such covenant, condition, or agreement. In addition, the Non-Defaulting Participants acting through the Energy Center I Project Committee of the Non-Defaulting Participants shall have the other rights and remedies available to them under the Participation Agreement. If a Participant fails to pay any amount due under its KYMEA All Requirements Power Sales Contract or under the Participation Agreement for ten (10) Days, KYMEA, any other Participant or the Energy Center I Project Committee by Majority Vote of the Non-Defaulting Participants on behalf of the other Participants may exercise all remedies available to collect the amount due and the interest thereon even though such non-payment does not constitute a Payment Default.

Reduction of Ownership Interest due to Payment Default

If a Payment Default remains uncured for sixty (60) Days after the Defaulting Participant has received written notice thereof then (a) if the Energy Center I Project Committee, acting on behalf of a Majority of the Non-Defaulting Participants, so approves, the Non-Defaulting Participants may revoke the Defaulting Participant's right to make any further payments in respect of all or part of the Deficiency Amount, and (b) the Ownership Interest of the Defaulting Participant (expressed as a Percentage) shall be permanently and irrevocably reduced by an amount as calculated in accordance with the provisions of the Participation Agreement, and the Percentage as calculated shall be allocated to the Non-Defaulting Participants that have elected to have their Percentages increased in proportion to their respective Percentages so as to increase their respective Ownership Interests.

Acquisition of Interest

In addition to the remedies provided for in the Participation Agreement, upon the occurrence of a Default that is not cured within sixty (60) Days, if the Energy Center I Project Committee, acting on a Majority Vote of the Non-Defaulting Participants, so approves, the Non-Defaulting Participants may terminate the rights and obligations of the Defaulting Participant with respect to all or part of the Ownership Interest of the Defaulting Participant, provided that one or more of the Non-Defaulting Participants elect to acquire (or a Majority agree to Transfer to a Third Party) such Ownership Interest of the Defaulting Participant in proportion to the Ownership Interests of such electing Non-Defaulting Participants.

No Remedy Exclusive

Except as otherwise provided in the Participation Agreement, no remedy conferred upon or reserved to the Participants in the Participation Agreement is intended to be exclusive of any other remedy or remedies available thereunder or now or hereafter existing at law, in equity, or by statute or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other such remedy. The pursuit by any Participant of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided under the terms of the Participation Agreement or by law, equity, or statute.

APPENDIX E

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS,

(ENERGY CENTER I PROJECT),

SERIES 2025

Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), is executed and delivered as of March 6, 2025 by Kentucky Municipal Energy Agency, an interlocal agency organized under Chapter 65 of the Kentucky Revised Statutes, ("KYMEA") in connection with the issuance of its Power System Revenue Bonds (Energy Center I Project), Series 2025 (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, as supplemented by Supplemental Trust Indenture No. 1, both dated as of March 6, 2025, (collectively the "Indenture"), between KYMEA and Old National Wealth Management, Evansville, Indiana, as trustee (the "Trustee"). KYMEA covenants and agrees as follows:

1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by KYMEA for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the Rule (defined below). KYMEA and the Significant Members (as defined below) are each an "*obligated person*" within the meaning of the Rule (and are the only "obligated persons" within the meaning of the Rule for whom annual financial information and operating data shall be required to be filed as part of the Annual Report). KYMEA acknowledges that it is undertaking responsibility for any reports, notices or disclosures that may be required under this Disclosure Agreement. KYMEA and its officials and its employees shall have no liability by reason of any act taken or not taken by reason of this Disclosure Agreement except to the extent required for the agreements contained in this Disclosure Agreement to satisfy the requirements of the Rule.

2. DEFINITIONS. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by KYMEA pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Audited Financial Statements*" means the Audited KYMEA Financial Statements and the Audited Significant Member Financial Statements, collectively.

"*Audited KYMEA Financial Statements*" means the audited financial statements of KYMEA for its most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or such other accounting standards or principles as may be applicable to KYMEA), or such other manner of presentation as may be required by law.

"Audited Significant Member Financial Statements" means the audited financial statements of each Significant Member for its most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or such other accounting standards or principles as may be applicable to a Significant Member), or such other manner of presentation as may be required by law.

"*Beneficial Owner*" shall mean, for purposes of this Disclosure Agreement, any person who is a beneficial owner of a Bond.

"*Dissemination Agent*" shall mean Robert W. Baird & Co. Incorporated, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by KYMEA and which has filed with KYMEA a written acceptance of such designation.

"*EMMA*" means the Electronic Municipal Market Access system for municipal securities disclosure (http://emma.msrb.org) or any other single dissemination agent or conduit required, designated or permitted by the SEC.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"*Filing Date*" shall have the meaning given to such term in Section 3 hereof.

"*Fiscal Year*" shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, KYMEA's and each Significant Member's Fiscal Year begins July 1 and continues through June 30 of the next calendar year, except for the City Utilities Commission of the City of Corbin, Kentucky, whose Fiscal Year begins on January 1 and continues through December 31 of that calendar year.

"*Listed Events*" shall mean, with respect to the Bonds, any of the events listed in subsection (b)(5)(a)(C) of the Rule, which are as follows:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls (except in the case of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event if the terms under which the redemption is to occur are set forth in detail in an official statement and the only open issue is which Bonds will be redeemed in the case of a partial redemption, provided notice of the redemption is given to the bondholders and the public; see Exchange Act Release No. 23856, Dec. 3, 1986) and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

"*MSRB*" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Exchange Act or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"*Official Statement*" shall mean the Official Statement dated February 12, 2025 relating to the Bonds.

"*Participating Underwriter*" shall mean the Underwriter of the Bonds required to comply with the Rule in connection with the offering of such Bonds, as set forth in the Official Statement.

"*Rule*" shall mean Rule 15c2-12 adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

"*Significant Member*" means (a) each KYMEA AR Member whose peak load demand is ten percent (10%) or higher of the AR Members' combined coincident peak demand or (b) each GP Participant whose peak load demand is 10% or higher of the GP Participants' combined coincident peak demand, in each case of the All Requirements Project during the year to which such Annual Report relates. As of the date of this Disclosure Agreement, each of (i) the Barbourville Utility Commission of the City of Barbourville, Kentucky ("Barbourville"), (ii) the City of Berea, Kentucky ("Berea"), (iii) the City Utilities Commission of the City of Corbin, Kentucky ("Corbin"), (iv) the Electric and Water Plant Board of the City of Frankfort, Kentucky ("Frankfort"), (v) the City of Madisonville, Kentucky ("Madisonville") and (vi) the City of Paris, Kentucky ("Paris"), is deemed a Significant Member.

"*Unaudited Financial Statements*," "*Unaudited KYMEA Financial Statements*," and "*Unaudited Significant Member Financial Statements*" mean the same as the Audited Financial Statements, the Audited KYMEA Financial Statements, and the Audited Significant Member Financial Statements, respectively, except that they shall not have been audited.

3. PROVISION OF ANNUAL REPORTS. KYMEA shall not later than six (6) months after the end of its Fiscal Year or the Fiscal Year of the applicable Significant Member (the "*Filing Date*"), commencing with the report for KYMEA's Fiscal Year ending June 30, 2025, file with the MSRB, through EMMA, the financial information and operating data set forth in Section 4 hereof (the "*Annual Report*").

(i) Any or all of the items listed in the Annual Report may be included by specific reference to other documents, including official statements of debt issues with respect to which KYMEA or the applicable Significant Member is an "*obligated person*" (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. KYMEA shall clearly identify each such other document so included by reference.

(ii) In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference or include by specific reference other information as provided in this Section or Section 4; *provided that*, the audited financial statements of KYMEA may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the KYMEA's or a Significant Member's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(iii) In addition to the foregoing requirements of this Section, KYMEA agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same has been provided to the MSRB.

(iv) The Annual Report shall be filed with the MSRB in such manner and format, and with the accompanying information, all as is prescribed by the MSRB.

If KYMEA or the Dissemination Agent (if applicable) fails to provide an Annual Report to the MSRB by the date required in this Section 3, KYMEA or the Dissemination Agent, if applicable, shall promptly send a notice to the MSRB in substantially the form attached hereto as Exhibit A.

4. CONTENT OF ANNUAL REPORTS. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum:

(i) Audited Financial Statements, or if such Audited Financial Statements are not available by the required Filing Date, the Annual Report shall contain Unaudited Financial Statements, and the Audited Financial Statements shall be provided in the same manner as the Annual Report promptly after they become available; provided that if a Significant Member's Fiscal Year does not end on a June 30, then the Filing Date for that Significant Member shall be six (6) months after the end of its respective Fiscal Year;

(ii) a table presenting each Significant Member's percentage of the combined coincident peak load of the All Requirements Project during the year to which such Annual Report relates expressed in kilowatts and percentages, in the format set forth in the Official Statement in the Section titled "THE MEMBERS – Power Supply" in the table titled "AR Member Percentage of Peak Demand";

(iii) a table presenting each Significant Member's Customer Base, in the format set forth in the Official Statement in the Section titled "THE MEMBERS – Power Supply" in the table titled "AR Member Customer Base";

(iv) a table presenting each Significant Member's Historical Power and Energy Requirements, in the format set forth in the Official Statement in the Section titled "THE MEMBERS – Power Supply" in the table titled "AR Members Historical Power and Energy Requirements";

(v) tables presenting each Significant Member's Peak Demand and Energy Purchased, each in the format set forth for such Significant Member in Appendix C to the Official Statement in the Section titled "The Electric Plant";

(vi) a table presenting each Significant Member's Electric Rates, in the format set forth for such Significant Member in Appendix C to the Official Statement in the Section titled "Electric Rates";

(vii) tables presenting each Significant Member's Customer Statistics and Largest Customers, each in the format set forth for such Significant Member in Appendix C to the Official Statement in the Section titled "Customer Base"; and

(viii) tables presenting Selected Financials for each Significant Member, in the format set forth for such Significant Member in Appendix C to the Official Statement in the Section titled "Financials", provided that such information may be included in the Audited Significant Member Financial Statements for such Significant Member.

Any or all of such information may be included by specific reference from other documents, including offering memoranda of securities issues with respect to which KYMEA or a Significant Member is an "obligated person" (within the meaning of the Rule), which have been filed with the MSRB via EMMA or the SEC. If the document included by specific reference is a final Official Statement, it must be available from the MSRB via EMMA. KYMEA shall clearly identify each such other document so included by specific reference.

5. REPORTING OF LISTED EVENTS. KYMEA will provide in a timely manner, not in excess of ten (10) business days after the occurrence of a Listed Event, to the MSRB via EMMA, if any, notice of any of the Listed Events and will also provide a copy of any such notice to any bond insurer insuring the Bonds. Notwithstanding the foregoing, notice of a Listed Event described in subsection (8) or (9) of the definition of "Listed Event" need not be given any earlier than notice (if any) of the underlying event is required to be given to Beneficial Owners of affected Bonds pursuant to the Indenture.

6. TERMINATION OF REPORTING OBLIGATION. KYMEA's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Bonds.

7. DISSEMINATION AGENT. Robert W. Baird & Co. Incorporated shall be the Dissemination Agent. KYMEA may, from time to time, appoint or engage another Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

8. AMENDMENT. Notwithstanding any other provision of this Disclosure Agreement, KYMEA may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is not inconsistent with or is required by the Rule.

9. ADDITIONAL INFORMATION. Nothing in this Disclosure Agreement shall be deemed to prevent KYMEA from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If KYMEA chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, KYMEA shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. DEFAULT. Any Beneficial Owner may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause KYMEA to file its Annual Report or to give notice of a Listed Event. The Beneficial Owners of not less than a majority in aggregate principal amount of Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of KYMEA hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of KYMEA to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Exchange Act or other applicable laws.

It shall be a condition precedent to the right, power and standing of any person to bring an action to compel performance under this Disclosure Agreement that such person, not less than 30 days prior to commencement of such action, shall have actually delivered to KYMEA notice of such person's intent to commence such action and the nature of the non-performance complained of, together with reasonable proof that such person is a person otherwise having such right, power and standing, and KYMEA shall not have cured the non-performance complained of.

Neither the commencement nor the successful completion of an action to compel performance under this Disclosure Agreement shall entitle any person to any other relief other than an order or injunction compelling performance.

11. BENEFICIARIES. This Disclosure Agreement shall inure solely to the benefit of the Participating Underwriter(s) and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

KENTUCKY MUNICIPAL ENERGY AGENCY

By:________________________________

Title: ______________________________

EXHIBIT A
NOTICE OF FAILURE TO FILE ANNUAL REPORT

Re: Kentucky Municipal Energy Agency Power System Revenue Bonds (Energy Center I Project), Series 2025 (the "Bonds")

CUSIP NOS.______________

Dated: ______________, 20__

NOTICE IS HEREBY GIVEN that Kentucky Municipal Energy Agency ("KYMEA") has not provided an Annual Report as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named Bonds issued pursuant to that certain Trust Indenture, dated as of March 6, 2025, between KYMEA and Old National Wealth Management, Evansville, Indiana, as trustee. KYMEA anticipates that the Annual Report will be filed by _____________________.

Dated: ____________________

KENTUCKY MUNICIPAL ENERGY AGENCY

By:_________________________________
Title: _______________________________

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APPENDIX F

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS,

(ENERGY CENTER I PROJECT),

SERIES 2025

Form of Opinion of Bond Counsel for the Series 2025 Bonds

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March 6, 2025

Kentucky Municipal Energy Agency
Louisville, Kentucky

Old National Wealth Management, as trustee
Evansville, Indiana

Re: $121,980,000 Kentucky Municipal Energy Agency Power System Revenue Bonds (Energy Center I Project), Series 2025

Ladies and Gentlemen:

We have examined a certified copy of the transcript of proceedings of the Kentucky Municipal Energy Agency, an interlocal agency and public agency of the Commonwealth of Kentucky ("KYMEA") relating to the authorization, sale and issuance of its Power System Revenue Bonds (Energy Center I Project), Series 2025 (the "Bonds"), dated the date of issuance. In addition, we have examined such portions of the Constitution, Statutes and laws of the United States, the Constitution, Statutes and laws of the Commonwealth of Kentucky (the "Commonwealth"), and such applicable court decisions, regulations, rulings and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also examined records and the transcript of proceedings relating to the authorization and issuance of the Bonds, including specimen bonds, and other relevant matters. We have also made such investigation as we have deemed necessary for the purposes of such opinions and relied upon certificates of officials of the Commonwealth and KYMEA as to certain factual matters.

The Bonds have been authorized and issued pursuant to the Constitution and laws of the Commonwealth, including particularly Chapters 65 of the Kentucky Revised Statutes (the "Act"), in accordance with a Trust Indenture, as supplemented by Supplemental Trust Indenture No. 1, both dated as of March 6, 2025 (collectively, the "Indenture"). Terms not defined herein are defined in the Indenture and shall have the same meanings herein, unless the context otherwise requires.

Based upon the foregoing and our review of the above and such other information, documents and statutes, regulations, rulings and decisions as we believe necessary or advisable, we are of the opinion that:

1. KYMEA is an interlocal agency and public agency of the Commonwealth, duly organized and validly existing under the laws of the Commonwealth and has the legal right and authority to issue the Bonds.

2. The Indenture has been duly authorized, executed and delivered by KYMEA, is in full force and effect and is a valid and binding obligation of KYMEA enforceable in accordance with its terms.

3. The Bonds have been duly authorized and issued by KYMEA and are valid and binding limited and special obligations of KYMEA enforceable in accordance with their terms. The Bonds are payable as to principal, premium, if any, and interest from, and are secured, on a parity basis with the Tax-Exempt Line of Credit Note and the Taxable Line of Credit Note, each dated as of March 6, 2025, in favor of Bank of America, N.A. in the original aggregated principal amount of $50,000,000 issued pursuant to the terms of a Revolving Credit Agreement dated as of March 6, 2025 and authorized by the Indenture, and by a pledge of, a first lien on the Trust Estate, as defined in the Indenture. A portion of the Trust Estate consisting of the Revenues and the rights of KYMEA under the AR Contracts, as defined in the Indenture, are also pledged on a parity basis collectively with (i) the Committed Third Amended and Restated Line of Credit Note, dated as of February 1, 2022, as extended, from KYMEA in favor of PNC Bank, National Association ("PNC") in the original principal amount of $45,000,000 and (ii) the Reimbursement Agreement for Standby and Commercial Letter of Credit, dated as of August 22, 2024, between KYMEA and PNC and related documents in connection with the Standby Letter of Credit in the amount of $5,000,000 issued by PNC in favor of Louisville Gas and Electric Company and/or Kentucky Utilities Company.

4. The Bonds do not pledge the general credit or taxing power, if any, of the Commonwealth or any agency or political subdivision of the Commonwealth (other than KYMEA). KYMEA does not have taxing powers.

5. The Bonds are "state or local bonds" as defined and described in Section 103(c)(1) of the Internal Revenue Code of 1986, as amended (the "Code").

6. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code and interest on the Bonds is not an item of tax preference in calculating the alternative minimum tax; however, such interest is taken into account in determining the average annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by KYMEA with certain covenants relating to the tax-exempt status of the Bonds as set forth and required in the Indenture and the Tax Certificate. Failure to comply with those covenants could cause interest on the Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds.

7. The interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

Our opinion set forth above is subject to the qualification that the enforceability of the Indenture, the Bonds and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, whether now in effect or hereafter enacted, and to the exercise of judicial discretion in accordance with general equitable principles.

RUBIN & HAYS

APPENDIX G

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS

(ENERGY CENTER I PROJECT),

SERIES 2025

Form of Opinion of Counsel relating to the All Requirements Contracts

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March 6, 2025

Kentucky Municipal Energy Agency
Louisville, Kentucky

Old National Wealth Management, as trustee
Evansville, Indiana

Re: All Requirement Power Sales Contract by and between Kentucky Municipal Energy Agency and KYMEA's All Requirements Members

Ladies and Gentlemen:

We have been asked to render this opinion as to certain matters in regards to the Power Sales Contracts (the "Power Sales Contracts") by and between the Kentucky Municipal Energy Agency ("KYMEA") and the respective signatories thereto (the "Participating Members") which have been pledged as part of the Trust Estate under the Trust Indenture authorizing KYMEA's (a) Power System Revenue Bonds (Energy Center I Project), Series 2025 (the "Series 2025 Bonds"), dated the date of issuance. For the purposes of this opinion, we have examined such portions of the Constitution, Statutes and laws of the United States, the Constitution, Statutes and laws of the Commonwealth, particularly Chapter 65 of the Kentucky Revised Statutes (the "Act"), and such applicable court decisions, regulations, rulings and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also made such investigation as we have deemed necessary for the purposes of such opinions, and relied upon certificates of officials of the Commonwealth, KYMEA and the Participating Members as to certain factual matters. We have not taken any responsibility for reviewing any other materials or laws in rendering this opinion.

Terms not defined herein are defined in the Power Sales Contracts and shall have the same meanings herein, unless the context otherwise requires.

In rendering this opinion we have relied, with your permission, on (1) a certificate of KYMEA to the effect that (a) the Power Sales Contracts between KYMEA and the Participating Members, delivered to us through this date are the current forms of Power Sales Contracts, and that there have been no changes to the Power Sales Contracts other than those reflected therein, (b) no litigation has been filed against KYMEA or threatened against KYMEA challenging the enforceability or validity of the Power Sales Contracts, (c) to KYMEA's knowledge and without any independent investigation, KYMEA is unaware of any litigation which has been filed against a Participating Member or threatened challenging the enforceability or validity of the Power Sales Contracts and (d) to KYMEA's knowledge and without any independent investigation, KYMEA has no reason to believe that any action has been taken by any Participating Member which questions or adversely affects the validity, binding effect or enforceability of its Power Sales Contract, and (2) a certificate of KYMEA regarding its proceedings concerning the adoption, execution and delivery of the Power Sales Contracts by KYMEA.

In rendering this opinion, we have also relied, with your permission, on opinions of counsel for each respective Participating Member rendered at the time of the execution of the Participating Member’s Power Sales Contract and the certifications of the Participating Members delivered on March 6, 2025; (collectively, “Participating Members’ Certificates”) as set forth below, and have assumed that there have been no changes in the facts or circumstances upon which the Participating Members’ Certificates were based since each was delivered to KYMEA.

We have relied on the correctness of the following portions of the Participating Members' Certificates:

1. The documents delivered by the Participating Member to KYMEA together with the Participating Member Certificate contains full, true and correct copies of all proceedings had by the Participating Members (including resolutions) relating to the Participating Member’s authorization, execution and delivery of the Power Sales Contracts, all of said proceedings have been duly recorded in the proper permanent records of the Participating Members, and have been signed by the proper officials of the Participating Member. The resolutions have not been amended, modified, repealed or rescinded except as indicated therein and were in full force and effect on the date of the Participating Member Certificate.

2. The governing body of the Participating Member duly approved the Participating Member’s execution and delivery of the Power Sales Contract by resolution duly and lawfully adopted at a meeting or meetings duly called and held at which quorums were present and acting throughout and such meeting or meetings were duly called pursuant to necessary public notice. All actions taken by the governing body concerning the Power Sales Contract were taken at meetings open to the public which complied in all respects with the Kentucky Revised Statutes.

3. The Power Sales Contract has been duly authorized, executed and delivered by the appropriate officers of the Participating Members.

4. The execution and delivery of the Power Sales Contract by the Participating Member, the performance by the Participating Member of its obligations thereunder and the consummation of the transactions contemplated therein do not and will not contravene any existing law or any existing order, injunction, judgment, decree, or rule or regulation of any court or administrative agency having jurisdiction over the Participating Member or its property or result in a breach or violation of any of the terms and provisions of; or constitute a default under, any existing bond ordinance, trust agreement, indenture, mortgage, deed of trust or other agreements which or by which it or its property is bound, nor will any such execution or delivery result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Participating Member.

5. All approvals, consents or authorizations of; or registrations or filings with any governmental or public agency, authority or person required on the part of the Participating Member in connection with the execution, delivery and performance of the Power Sales Contract have been obtained or made.

6. To the knowledge of the Participating Member after due inquiry, there is no action, suit, proceeding, inquiry, investigation or litigation or other proceeding, at law or in equity,

pending or threatened in a court, government agency, public board or body or other tribunal of competent jurisdiction questioning or affecting the creation, organization or corporate existence of the Participating Member, the titles of its officers to their respective offices or the validity, legality or enforceability of the Power Sales Contract.

We have assumed that the certificates described in number paragraphs 1 through 6 above are true and correct as to any amendments ("Amendments") to the Power Sales Contracts since the date of any Certificate we have relied upon.

Based solely upon our examination of the above and without any further investigation of any kind, including investigation into threatened or pending litigation or actions challenging the Power Sales Contracts, we are of the opinion that the Power Sales Contracts between KYMEA and the Participating Members constitute valid and binding agreements of KYMEA and the Participating Members, enforceable in accordance with their respective terms.

Our opinion set forth above is subject to the qualification that pursuant to its All Requirements Power Sales Contract by and between the Electric and Water Plant Board of the City of Frankfort, Kentucky ("Frankfort Plant Board") and KYMEA, dated as of August 16, 2016, the Frankfort Electric Plant Board has issued its notice to terminate its Power Sales Contract with KYMEA as of May 31 2029.

Our opinion set forth above is subject to the qualification that the enforceability of the Power Sales Contracts may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, whether now in effect or hereafter enacted, and to the exercise of judicial discretion in accordance with general equitable principles.

RUBIN & HAYS

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APPENDIX H

KENTUCKY MUNICIPAL ENERGY AGENCY

POWER SYSTEM REVENUE BONDS

(ENERGY CENTER I PROJECT),

SERIES 2025

Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ______________________________
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

KENTUCKY MUNICIPAL ENERGY AGENCY • POWER SYSTEM REVENUE BONDS (ENERGY CENTER I PROJECT), SERIES 2025

KYMEA

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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