

## Job, Margaret

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**From:** icacmeec1 <icacmeec1@gmail.com>  
**Sent:** Thursday, July 16, 2026 3:14 PM  
**To:** Job, Margaret; Gaudet, Lauren; Coleman, Claire E; Sobolewski, Richard E; Jefferson, Melody; Parker, Brooke; Mendez, Melody

### INDENDENT CONSUMER ADVOCATE Quarterly Report April 1-June 30, 2026

During this quarter there were several developments affecting CMEEC and its customers. In addition to these, discussed below, there were the usual committee and board meetings which the Consumer Advocate attended.

First, at long last the Kentucky Derby litigation appears (with a few minor exceptions) to be finished. CMEEC settled its claims with its insurance carrier regarding the carrier's obligation to defend CMEEC and its employees and board members. While CMEEC was forced to advance defense funds, it had not passed on the costs to its members pending the conclusion of the litigation. The litigation is now concluded such that these deferred costs were fully covered from insurance and will not be borne by CMEEC, its members and customers of such members.

Second, the Federal Energy Regulatory Commission (FERC) issued a retroactive ruling reducing the transmission charges which could be levied. The ruling ordered refunds for charges made since the early 2000's. CMEEC, through its affiliate TRANSCO, owns a small section of transmission line and therefore is obligated to make certain refunds not yet quantified. (Appeals are still in process). However, CMEEC itself is also a customer of transmission service provided by other companies. At this juncture it appears that the FERC order will be a net benefit to CMEEC. That is, the amount CMEEC will receive will be greater than the amount TRANSCO has to pay. The timing of such payments and receipts is still unclear.

Finally, a considerable amount of time was spent in revisiting the Enterprise Risk Management Procedures (ERMP). Among other issues, the ERMP governs how CMEEC evaluates the costs and benefits of new projects and initiatives. The review was triggered in part by CMEEC's intent to offer a new service to other entities in the region to allow such entities to comply with FERC Order 881. CMEEC would be complying for itself and determined that it could offer the service to others without making a significant investment in additional resources. The service would be priced to cover all additional costs and provide additional margin to members thereby offsetting other expenses. Customers would benefit if the effort was successful.

Under the current ERMP, which contemplates 'hard investments' there was an issue whether the Due Diligence requirements of the ERMP needed to be followed in these situations. The Risk Management Committee of the board discussed this issue and determined that there should be some process put in place for the committee and/or the board to discuss these initiatives. That language is currently being discussed.

While the efforts of the Consumer Advocate were somewhat limited over the quarter the foregoing represent substantial issues affecting customers of the members.

RESPECTFULLY SUBMITTED,

INDEPENDENT CONSUMER ADVOCATE  
by David Silverstone

Sent from my Samsung Galaxy , an AT&T LTE smartphone