

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| APPLICATION OF EAST KENTUCKY POWER |) | |
| COOPERATIVE, INC. FOR APPROVAL OF A THREE- |) | CASE NO. |
| YEAR SENIOR UNSECURED REVOLVING AND TERM |) | 2010-00166 |
| CREDIT FACILITY IN AN AMOUNT UP TO \$500,000,000 |) | |

O R D E R

On April 26, 2010, East Kentucky Power Cooperative, Inc. ("EKPC") applied to the Commission for approval of a three-year unsecured revolving and term credit facility in an amount up to \$500 million. The facility consists of a \$150 million term loan and a \$300 million revolving loan, with the ability to increase the facility by an additional \$50 million at the time of closing. On June 4, 2010, EKPC revised its application to reflect changes in the financial institutions that will participate in the credit facility, as well as changes to various terms and conditions included in its April 26, 2010 application.

The proceeds of the proposed credit facility will be used by EKPC for the following purposes: repayment of the outstanding balance of \$325 million of its existing credit facility, which expires in September 2010; provide short-term funding for the construction of its \$324 million Cooper Station Air Quality Control System ("AQCS")¹ and the transmission facilities required on its system; and for general corporate purposes. EKPC has requested and received approval from the Rural Utilities Service ("RUS") for long-term financing for the Cooper Station AQCS. However, because of the

¹ EKPC was granted a Certificate of Public Convenience and Necessity for the Cooper Station AQCS in Case No. 2008-00472, The Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of an Air Quality Control System at Cooper Station (Ky. PSC May 1, 2009).

process employed by RUS in making long-term funds available for the projects it has authorized, EKPC will require short-term financing for the Cooper Station AQCS in the interim.²

The proposed facility now involves eight financial institutions, including the National Rural Utilities Cooperative Finance Corporation ("CFC"), each having committed amounts ranging from \$10 million up to \$82 million. The interest rates for the facility will be based on the Adjusted London Interbank Offered Rate (plus basis points), the Prime Rate, or the Federal Funds Rate (plus a percentage). Interest periods may be for one, two, three or six months.

On June 22, 2010, the Commission issued a procedural order which extended the time for processing this case beyond 60 days as permitted under KRS 278.300(2) and established a discovery schedule. On June 24, 2010, an informal conference was held at the Commission's offices at the request of EKPC to discuss its need to promptly close the proposed credit facility and its willingness to expedite its responses to any requests for information. EKPC has now fully responded to the information requested at the informal conference and the case stands submitted for a decision.

The Commission, having considered the evidence of record and being otherwise advised, finds that approval of the proposed unsecured revolving credit facility in an amount up to \$500 million for a term of three years is for lawful objects within the corporate purpose of EKPC's utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its

² EKPC states in its application that it expects to obtain long-term financing from RUS or other sources to refinance the outstanding balances of the facility by 2013.

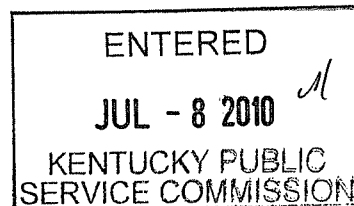
ability to perform that service, is reasonably necessary and appropriate for such purposes, and should be approved.

IT IS THEREFORE ORDERED that:

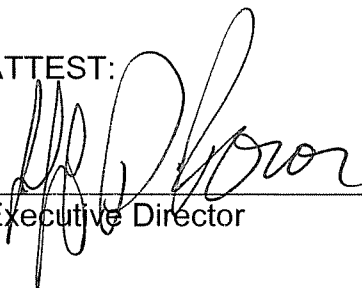
1. EKPC is authorized to enter into an unsecured revolving credit facility as set forth in its application, subject to the revisions filed June 4, 2010.
2. The proceeds from the credit facility authorized herein shall be used only for the lawful purposes set out in EKPC's application, as revised.
3. EKPC shall agree only to such terms and conditions as are consistent with the parameters set out in its application, as revised.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:


Executive Director

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