

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER	)	
COOPERATIVE, INC. FOR APPROVAL OF THE	)	
AMENDMENT AND EXTENSION OR REFINANCING	)	
OF AN UNSECURED REVOLVING CREDIT AGREEMENT	)	CASE NO.
IN AN AMOUNT UP TO \$800,000,000 OF WHICH UP TO	)	2016-00116
\$100,000,000 MAY BE IN THE FORM OF AN	)	
UNSECURED RENEWABLE TERM LOAN AND	)	
\$200,000,000 OF WHICH WILL BE IN THE FORM	)	
OF A FUTURE INCREASE OPTION	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("EKPC"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due within ten days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

EKPC shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which EKPC fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, EKPC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Exhibit 1, page 1, where the current facility fee is discussed.
  - a. Provide the facility fee for the proposed amended and extended Credit Facility.
  - b. State whether the facility fee will apply to the total requested commitment of \$800 million if the Credit Facility is approved by the Commission.
  - c. If the response to b. above is negative, explain in detail how the facility fee will be administered with the proposed total commitment under the Credit Facility.
2. Refer to the Application, Exhibit 1, page 1, regarding the total commitment in the Credit Facility.

a. Assuming a \$500 million commitment, provide an estimate of the total savings expected to be achieved over the five-year life of the proposed Credit Facility compared to the savings of \$1.5 million expected to be achieved under the \$500 million Credit Facility approved in Case No. 2013-00306.<sup>1</sup>

b. Assuming the proposed total commitment of \$800 million, including the extension and accordion features, provide a schedule of all costs EKPC expects to incur through the end of the extension periods broken down by each type of cost involved in the \$500 million revolving credit agreement, the \$100 million term loan and the \$200 million accordion feature.

3. The Application, Exhibit 1, page 1, indicates that the proposed term loan would be at a slightly favorable rate to debt under the revolving Credit Facility.

a. Provide the anticipated interest rate on the proposed term loan.

b. Provide the expected length of the proposed term loan.

c. Provide EKPC's plan for repayment of the proposed term loan.

d. Identify and describe the circumstances under which EKPC would prepay the proposed term loan.

4. Refer to the Application, Exhibit 1, page 2, where the favorable changes in some terms of the Credit Facility are discussed.

a. Refer to Item (1), Negotiation of covenants.

(1) Identify the financial covenants the banks may eliminate or change favorably due to EKPC's improved credit rating.

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<sup>1</sup> See Case No. 2013-00306, *East Kentucky Power Cooperative, Inc. Request for Approval of the Issuance of up to \$200,000,000 of Secured Private Placement Debt, for the Amendment and Extension of an Unsecured Revolving Credit Agreement in an Amount of \$500,000,000 and for the Use of Interest Rate Management Instruments* (Ky. PSC Aug. 29, 2013), EKPC's response to Commission Staff's Initial Request for Information, Item 4.d.

(2) Provide a comparison of EKPC's credit ratings from Fitch Ratings and Standard and Poor's at the time it sought approval of the original financing in Case No. 2011-00204<sup>2</sup> to its current credit ratings.

b. Refer to the provision related to the two one-year extensions under Item (2), which are not guaranteed. Explain why such extensions are not guaranteed and identify the circumstance(s) that would have to exist for them to be executed.

c. Refer to the accordion feature described in Item (3). Explain in detail how such a feature would be administered, including the timing of execution, facility fees, interest rates, fees, and any impacts to the other features contained in the proposed Credit Facility.

5. Refer to the Application, Exhibit 1, page 3. Identify the basis, and provide an explanation, for the statement that the amendment fees and expenses will not exceed a certain percentage of the Credit Facility commitment.

6. Refer to the Application, Exhibit 3, pages 9 and 10. Explain the difference between Interest 2015 of \$112,902,376.22 on page 9 and Interest expense on long-term debt of \$113,259 (\$000) on page 10.

7. Refer to the Application, Exhibit 3, page 9, Sick Leave Reserve \$312,775.55. Explain where the Sick Leave Reserve is reflected in the financial statements.

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<sup>2</sup> Case No. 2011-00204, *Application of East Kentucky Power Cooperative, Inc. for Approval of an Unsecured Revolving Credit Agreement for a Term of up to Five Years and in an Amount up to \$500,000,000* (Ky. PSC July 19, 2011).

*James W. Gardner*

James W. Gardner  
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Public Service Commission  
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DATED MAR 23 2016

cc: Parties of Record

Case No. 2016-00116

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