

August 11, 2005

HAND DELIVERED

Ms. Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RECEIVED

AUG 11 2005

PUBLIC SERVICE  
COMMISSION

RE: PSC Case No. 2005-00267

Dear Ms. O'Donnell:

Please find enclosed for filing with the Commission, an original and ten copies of the Amended Application of East Kentucky Power Cooperative, Inc., ("EKPC") for Approval of an Unsecured Revolving Credit Facility in an Amount up to \$700 million for a Term of up to Five Years.

Very truly yours,



Charles A. Lile  
Senior Corporate Counsel

Enclosures

Cc: Richard Raff, Esq.  
Isaac Scott

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

**THE APPLICATION OF EAST KENTUCKY POWER )  
COOPERATIVE, INC. FOR APPROVAL OF AN )  
UNSECURED REVOLVING CREDIT FACILITY ) CASE NO. 2005-  
IN AN AMOUNT UP TO \$700 MILLION FOR A TERM ) 00267  
OF UP TO FIVE YEARS )**

**AMENDED APPLICATION**

1. Applicant, East Kentucky Power Cooperative, Inc., hereinafter referred to as “EKPC”, Post Office Box 707, 4775 Lexington Road, Winchester, Kentucky 40392-0707, files this Amended Application for Approval of an Unsecured Revolving Credit Facility in an Amount up to \$700 Million for a term of up to Five Years (the “Credit Facility”).

2. This Amended Application is made pursuant to KRS §278.300 and related statutes, and 807 KAR 5:001 Sections 8, 11, and related sections.

3. A copy of Applicant’s restated Articles of Incorporation, and all amendments thereto, was filed with the Public Service Commission (the “Commission”) in PSC Case No. 90-197, the Application of East Kentucky Power Cooperative for a Certificate of Public Convenience and Necessity to Construct Certain Steam Service Facilities in Mason County, Kentucky.

4. EKPC hereby incorporates by reference, as a part of this Amended Application, its Application in this case, as filed with the Commission on June 28, 2005. In addition to the contents of that Application, EKPC hereby submits Prepared Testimony of David G. Eames, attached hereto as Amended Application Exhibit 1, dealing with

EKPC's plans for the use of the Credit Facility to refund existing short term credit lines, and its commitment to refrain from requesting advances under the Credit Facility for expenditures related to new facilities requiring construction certificates from the Commission, prior to the approval of such certificates.

WHEREFORE, the Applicant, East Kentucky Power Cooperative, Inc., requests that the Commission issue an order authorizing the establishment of the proposed Credit Facility, on the terms reflected in the record in this case, and consistent with the information provided herein.

Respectfully submitted,

DALE W. HENLEY




CHARLES A. LILE

ATTORNEYS FOR APPLICANT  
EAST KENTUCKY POWER  
COOPERATIVE, INC.  
P.O. BOX 707  
WINCHESTER, KY 40392-0707  
(859)744-4812

**OATH**

I, David G. Eames, Vice-President of Finance and Planning of East Kentucky Power Cooperative, Inc., hereby swear that I have read this Amended Application and, to the best of my information and belief, the Amended Application and all exhibits are true and correct.

  
David G. Eames

STATE OF KENTUCKY    )  
  )  
COUNTY OF CLARK    )

Subscribed and sworn to before me by David G. Eames in the aforesaid state and county on the 11<sup>th</sup> day of August, 2005.

My notarial commission expires 5-15-07.

  
NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR APPROVAL )  
OF AN UNSECURED REVOLVING CREDIT ) CASE NO. 2005-  
FACILITY IN AN AMOUNT UP TO \$700 ) 00267  
MILLION FOR A TERM OF UP TO FIVE YEARS )

PREPARED TESTIMONY OF DAVID G. EAMES  
ON BEHALF OF  
EAST KENTUCKY POWER COOPERATIVE, INC.

Q. Please state your name and address.

A. My name is David G. Eames and my business address is P.O. Box 707, Winchester, Kentucky 40392.

Q. By whom are you employed and in what capacity?

A. I am employed by East Kentucky Power Cooperative, Inc. (“EKPC”), and I am Vice President of Finance and Planning.

Q. Have you previously filed testimony before the Public Service Commission (the “Commission”)?

A. Yes, I have filed testimony in numerous cases before the Commission.

Q. If the Commission approves EKPC’s Application for approval of the Unsecured Revolving Credit Facility (the “Credit Facility”), which is the subject of this case, what will be EKPC’s first use for funds advanced under the Credit Facility?

A. The first use of funds will be to repay the National Rural Utilities Cooperative Finance Corporation (“CFC”) on two outstanding credit facilities. The first facility

was a CFC "Fast Track" interim two-year credit facility to fund the cost of Combustion Turbines 6 & 7 at the J. K. Smith Station. This loan was for \$50,000,000.00. The Kentucky PSC issued construction certificates in 2004 for these units in PSC Case No. 2003-00297. The Rural Utilities Service ("RUS") has approved the long term financing for those units, but has not released the funds, since the loan documents and mortgage have not been completed by the Department of Agriculture Office of General Counsel. The second facility is a two-year CFC loan for \$100,000,000.00, of which \$50,000,000.00 is outstanding, that was used along with EKPC's internally-generated funds to pay for the Gilbert Unit until all of the RUS long-term financing is available. Repaying these outstanding loans will reduce EKPC's interest expense, due to the lower interest rates of the new Credit Facility. Also, the cost of setting up the Credit Facility, approximately \$4,000,000.00, is due at closing.

Q. Why does EKPC plan to pay off those existing credit lines at that time?

A. In addition to the interest savings, the terms of the Credit Facility require EKPC to pay off any existing unsecured debt, so that the Credit Facility will be EKPC's only significant unsecured debt..

Q. EKPC's Application indicates that the Credit Facility will be used, in part, for interim financing for the proposed Spurlock Station Unit 4, Smith Station CFB Unit 1 and new Combustion Turbines, Smith Station Transmission Facilities and Warren RECC Transmission Facilities, for which construction certificates are required from the Commission. Does EKPC plan to obtain funds from the Credit Facility to finance the

construction of such proposed facilities prior to the approval of necessary construction certificates by the Commission?

A. No, EKPC will not draw any funds for any purposes, other than the repayments of outstanding loans discussed above, until certificates for specific new facilities are issued by the Kentucky PSC.

Q Will EKPC make a commitment to refrain from requesting funds from the Credit Facility relating to proposed facilities for which construction certificates from the Commission are required pursuant to KRS §278.020 and/or §278.216, until such necessary certificates are issued by the Commission?

A. Yes. EKPC warrants to the Commission that it will only draw funds from the Credit Facility for costs related to projects requiring such construction certificates, after the issuance of the necessary certificates.

Q. Does this conclude your testimony?

A. Yes.

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**THE APPLICATION OF EAST KENTUCKY )  
POWER COOPERATIVE, INC. FOR APPROVAL )  
OF AN UNSECURED REVOLVING CREDIT ) CASE NO. 2004-  
FACILITY IN AN AMOUNT UP TO \$700 ) 00267  
MILLION FOR A TERM OF UP TO FIVE YEARS )**

**STATE OF KENTUCKY )  
 )  
COUNTY OF CLARK )**

David G. Eames, being duly sworn, states that he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

*David G. Eames*  
\_\_\_\_\_  
David G. Eames

Subscribed and sworn before me on this 11<sup>th</sup> day of August, 2005.

*Della E. Damron*  
\_\_\_\_\_  
Della E. Damron  
Notary Public

My Commission expires: 5-15-07