

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER	)	
COOPERATIVE, INC. FOR APPROVAL OF THE	)	
AUTHORITY TO ISSUE UP TO \$300,000,000 OF	)	CASE NO.
SECURED PRIVATE PLACEMENT DEBT	)	2018-00115
AND / OR SECURED TAX EXEMPT BONDS AND	)	
FOR THE USE OF INTEREST RATE	)	
MANAGEMENT INSTRUMENTS	)	

ORDER

On July 24, 2018, the Commission issued an Order that, among other things, approved East Kentucky Power Cooperative’s (EKPC) Application to issue up to \$300 million in secured private placement debt subject to limitations discussed in that Order.

Based on a review of the Order and being otherwise sufficiently advised, the Commission finds two inadvertent errors in the order that need to be corrected. First, the last sentence on page 4 of the Order states:

The proposed private placement debt would have a fixed interest rate that will not exceed 3.0 percent of the yield to maturity of United States Treasury Bonds of a comparable maturity at the time of issuance, including the effect of any fees and expenses associated with the offering of the private placement debt.<sup>1</sup>

Ordering paragraph 5 on page 7 of the Order stated that EKPC shall agree only to terms and conditions consistent with those set out in EKPC’s Application, including:

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<sup>1</sup> Case No. 2018-00115, *Application of East Kentucky Power Cooperative Company, Inc. for Approval of Authority to Issue up to \$300,000,000 of Secured Private Placement Debt and/or Secured Tax Exempt Bonds and for Use of Interest Rate Management Instruments*, Order at 4–5 (Ky. PSC July 24, 2018).

The interest rates on all secured private placement debts, including any fees and expenses associated with the offering of the private placement debt, shall not exceed 3.0 percent of the yield to maturity of United States Treasury Bonds of a comparable maturity at the time of issuance.<sup>2</sup>

The sentences quoted in the previous paragraph were intended to reflect an interest rate limitation proposed by EKPC in its Application, which stated:

Any fixed rate of interest on the debt will not exceed by more than 3 percent the yield to maturity of United States Treasury Bonds of comparable maturity at the time of issuance, including the effect of any fees and expenses associated with the offering.<sup>3</sup>

However, the operative phrase “by more than” was removed or omitted from the two sentences quoted above and other minor grammatical changes were made, which inadvertently changed the meaning of the sentences quoted.

The Commission, on its own motion, HEREBY ORDERS, *nunc pro tunc*, that the July 24, 2018 Order is amended as follows:

1. The last sentence on page 4 is stricken and replaced with the following:

The proposed private placement debt would have a fixed interest rate that will not exceed by more than 3.0 percent the yield to maturity of United States Treasury Bonds of comparable maturity at the time of issuance, including the effect of any fees and expenses associated with the offering of the private placement debt.

2. Ordering paragraph 5, subpart b, on page 7 is stricken and replaced with the following:

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<sup>2</sup> *Id.* at 7, Paragraph 5(b).

<sup>3</sup> Application at Exhibit 1, pg. 1.

b. The interest rates on all secured private placement debts, including any fees and expenses associated with the offering of the private placement debt, shall not exceed by more than 3.0 percent the yield to maturity of United States Treasury Bonds of comparable maturity at the time of issuance.

3. All provisions of the July 24, 2018 Order that are not in conflict with this Order shall remain in full force and effect.

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By the Commission

ENTERED  
AUG 06 2018  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

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