

**Goss
Samford**

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PUBLIC SERVICE
COMMISSION

David Samford

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March 27, 2018

VIA HAND DELIVERY

Ms. Gwen Pinson
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

RE: *The Application of East Kentucky Power Cooperative, Inc. for Approval of the Authority to Issue up to \$300,000,000 of Secured Private Placement Debt and/or Secured Tax-Exempt Bonds and for the Use of Interest Rate Management Instruments, Case No. 2018-00115*

Dear Ms. Pinson:

Please accept for filing an original and ten (10) copies of the Application of East Kentucky Power Cooperative, Inc. for Approval of the Authority to Issue up to \$300,000,000 of Secured Private Placement Debt and/or Secured Tax-Exempt Bonds and for the Use of Interest Rate Management Instruments. Please return a file-stamped copy to my office.

Please let me know if you have any questions.

Sincerely,



David S. Samford

Enc.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN APPLICATION OF EAST KENTUCKY POWER COOPERATIVE, INC. FOR APPROVAL OF THE AUTHORITY TO ISSUE UP TO \$300,000,000 OF SECURED PRIVATE PLACEMENT DEBT AND / OR SECURED TAX EXEMPT BONDS AND FOR THE USE OF INTEREST RATE MANAGEMENT INSTRUMENTS

Case No. 2018-00115

APPLICATION

Comes now East Kentucky Power Cooperative, Inc. ("Applicant"), by and through counsel, pursuant to KRS 278.300, 807 KAR 5:001 Sections 4, 7, 12, 14, 18 and other applicable law, and for its Application requesting that the Kentucky Public Service Commission ("Commission") enter an Order for authorization to issue up to \$300,000,000 of secured private placement debt, secured tax exempt bonds, or some combination thereof, as well as to enter into interest-rate management agreements in an effort to control its overall interest costs, respectfully pleads as follows:

- 1. Applicant's mailing address is P.O. Box 707, Winchester, Kentucky 40392-0707.
2. Applicant's electronic mail address is psc@ekpc.coop. Counsel for the Applicant should be served at mdgoss@gosssamfordlaw.com and david@gosssamfordlaw.com.
3. Pursuant to 807 KAR 5:001, Section 14(1), the facts upon which this Application is based are as follows: in order to ensure the Applicant's liquidity and ability to make investments that will enable it to serve its Owner-Member Cooperatives ("owner-members"), the Applicant is seeking approval for the issuance of up to \$300,000,000 of secured private placement debt, secured

tax exempt bonds, or some combination thereof, and for the use of interest-rate management instruments. The Applicant is expecting increased capital expenditures over the next several years. The Applicant's unsecured Credit Facility is currently being used to provide temporary funding for construction projects and for general corporate purposes. The majority of these projects can eventually be funded through the Rural Utilities Service ("RUS"). However, some projects are not practical to finance through RUS and, even with the favorable spreads that RUS offers, due to the long process of obtaining RUS funds after construction is complete, an increase in the level of underlying Treasury rates could result in RUS financing at rates higher than that which can be obtained in the current private placement market. The proceeds from a private placement issuance may be used to pay down EKPC's unsecured short-term Credit Facility and to advance the Applicant's capital plan. These items are more fully discussed in Exhibit 1.

4. Applicant is also requesting authority for the use of interest rate management instruments to allow for the implementation of effective hedging strategies in existing and future debt. This will allow the Applicant to better manage its fixed-to-floating interest rate debt mix and proceed with interest management tools that are common in the normal course of business. These items are also more fully discussed in Exhibit 1.

5. Pursuant to 807 KAR 5:001, Section 14(2), Applicant is a Kentucky corporation that was incorporated on July 9, 1941. Applicant is in good standing to transact business within the Commonwealth of Kentucky.

6. Pursuant to 807 KAR 5:001, Section 18(1)(b), a description of the Applicant's property, field of its operation, and statement of original cost of Applicant's property are provided in Exhibit 2 of this Application.

7. Pursuant to 807 KAR 5:001, Section 18(1)(c), Applicant states that it is seeking authorization for the issuance of up to \$300,000,000 of secured private placement debt, secured tax exempt bonds, or some combination thereof. The Applicant is also requesting authorization for the use of interest-rate management instruments. The proposed financing is more fully described in Exhibit 1 of this Application. The Applicant is not proposing herein to issue any stock.

8. Pursuant to 807 KAR 5:001 Section 18(1)(d), the proceeds of the proposed transaction(s) will be used to reduce borrowings under Applicant's unsecured Credit Facility, to fund capital expenditures associated with the construction of utility plant, and for general corporate purposes.

9. Pursuant to 807 KAR 5:001 Section 18(1)(e), there is no property currently planned to be specifically acquired or constructed directly by the proceeds of the transaction.

10. Pursuant to 807 KAR 5:001, Section 18(1)(f), a portion of the proceeds from this transaction may be used to reduce some or all of the outstanding obligations under Applicant's unsecured Credit Facility, which was approved by the Commission in Case No. 2016-00116.¹ As of March 23, 2018, \$300 million of the \$600 million facility is drawn (including the \$100 million Term Loan) and bears a variable interest rate of LIBOR + 0.95%. The current maturity date of the Credit Facility is July 6, 2021.

11. Pursuant to 807 KAR 5:001 Section 18(2)(a), a financial exhibit as described in Section 12 of 807 KAR 5:001 is attached hereto and incorporated herein as Exhibit 3. Unless otherwise specified, pursuant to 807 KAR 5:001, Section 12(1), said exhibits cover operations for

¹ *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for Approval of the Amendment and Extension or Refinancing of an Unsecured Revolving Credit Agreement in an Amount up to \$800,000,000 of which up to \$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*, Order, Case No. 2016-00116 (Ky. P.S.C., April 11, 2016).

the consecutive twelve- (12) month period ending December 31, 2017, which is not more than ninety (90) days prior to the date this Application is filed, and contains the following information:

a. Pursuant to 807 KAR 5:001, Section 12(2)(a) – (c), Applicant is a not-for-profit rural electric cooperative corporation which has no stock authorized, issued, or outstanding.

b. Pursuant to 807 KAR 5:001, Section 12(2)(d), Applicant has an “Indenture of Mortgage, Security Agreement and Financing Statement” (“Trust Indenture”). The Trust Indenture was executed on October 11, 2012 with the U.S. Bank National Association as trustee. The amount of indebtedness authorized to be secured is up to and including \$5 billion. As of December 31, 2017, \$2.65 billion of secured debt is outstanding. There are no sinking fund provisions associated with the Trust Indenture.

c. Pursuant to 807 KAR 5:001, Section 12(2)(e) – (g), a description of the Applicant’s Bonds and Notes Outstanding is included in Exhibit 3. Applicant has no other forms of indebtedness.

d. Pursuant to 807 KAR 5:001, Section 12(2)(h), Applicant has no capital stock and has paid no dividends at any time during the five previous fiscal years.

e. Pursuant to 807 KAR 5:001, Section 12(2)(i), a detailed income statement and balance sheet are provided in Exhibit 3.

12. Pursuant to 807 KAR 5:001, Section 18(2)(b), the Commission approved a Trust Indenture for Applicant in Case No. 2012-00249,² and an executed copy of same was filed with the Commission on October 19, 2012.

² *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for Approval to Obtain a Trust Indenture*, Order, Case No. 2012-00249 (Ky. P.S.C., Aug. 9, 2012).

13. Pursuant to 807 KAR 5:001, Section 18(2)(c), there is no proposed acquisition of property or proposed construction associated with this application, and therefore there are no maps and plans of proposed property and construction.

14. A copy of the Resolution from Applicant's Board of Directors authorizing the applicant to enter into a private placement and/or tax-exempt financing agreement and for the use of interest rate management instruments is filed as Applicant's Exhibit 4.

WHEREFORE, on the basis of the foregoing, Applicant respectfully requests that the Commission enter an Order for:

- 1) Authorization to issue up to \$300,000,000 of secured private placement debt, secured tax exempt bonds, or some combination thereof;
- 2) Authorization for the use of interest rate management instruments; and
- 3) All other relief to which the Applicant may be entitled,

As soon as possible, but no later than 60 days after the filing of this Application.

This 27 day of March 2018.

VERIFICATION

The undersigned, on behalf of East Kentucky Power Cooperative, Inc. and pursuant to KRS 278.300(2), hereby verifies that all of the information contained in the foregoing Application is true and correct to the best of my knowledge, opinion and belief as of this ___ day of March, 2018.

East Kentucky Power Cooperative, Inc.

BY: [Signature]
ITS: EVP & CFO

COMMONWEALTH OF KENTUCKY

COUNTY OF CLARK

The foregoing Verification was signed, acknowledged and sworn to before me the ___ day of March, 2018 by Mike McValley, the EVP + CFO of East Kentucky Power Cooperative, Inc., a Kentucky corporation, on behalf of the corporation.

[Signature]
NOTARY PUBLIC

MY COMMISSION EXPIRES: 11/30/21

NOTARY ID. NO. 590567



Respectfully submitted,



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Counsel for East Kentucky Power Cooperative, Inc.

EAST KENTUCKY POWER COOPERATIVE, INC.

DESCRIPTION OF PROPOSED FINANCING

807 KAR 5:001, Section 18(1)(c)

ISSUANCE OF UP TO \$300,000,000 OF SECURED DEBT

East Kentucky Power Cooperative, Inc. (“Applicant”) seeks regulatory authority from the Kentucky Public Service Commission (“Commission”) to issue, in one or more transactions, up to \$300,000,000 principal amount of secured private placement indebtedness or secured tax-exempt bonds and to enter into all necessary agreements relating thereto. The proposed financing will be issued under an Indenture of Mortgage, Security Agreement and Financing Statement (“Indenture”) dated as of October 11, 2012, between the Applicant and U.S. Bank National Association, as Trustee, as supplemented and amended, and may be further supplemented and amended.

The private placement debt is to be sold by auction, through underwriters or agents, or by direct placement with commercial banks or institutional investors. The Applicant seeks authority to issue such debt at a time or times when the Applicant believes it is prudent to do so, subject to parameters approved by the Commission. It is anticipated that the interest rate will be fixed. 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. Each series of the debt will have a maturity date not to exceed 30 years from the date of issuance.

Applicant also may consider issuance of Tax-Exempt financing to accomplish the same purposes, which could potentially result in overall lower interest rates, but is not as flexible as private placement financing.

THE USE OF INTEREST RATE MANAGEMENT INSTRUMENTS

Applicant desires to utilize interest-rate management techniques and to enter into interest-rate management agreements in an effort to control its overall effective interest costs. The interest rate management agreements will utilize products commonly used in today's capital markets, consisting of interest rate swaps, caps, collars, floors, options, or hedging products such as forwards or futures, or similar products, the purpose of which being to manage interest costs. The Applicant expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated principal amount and may be for underlying fixed or variable rate obligations of the Applicant. Potential uses of these transactions would to minimize the impact of fluctuations in benchmark interest rates prior to the issuance of new debt and to manage the amount of debt exposed to floating rates.

Net fees and expenses in connection with any interest rate management agreement will be in addition to the above parameters and will not exceed 5% of the amount of the underlying obligation involved.

In the event that the Applicant enters into an interest-rate management agreement, a copy of any such agreement will be provided to the Commission within 30 days of its execution. Since market opportunities for these interest rate management alternatives are transitory, Applicant requests authority to execute interest rate management transactions when the opportunity arises to obtain the most competitive pricing. Thus, Applicant seeks approval to

enter into the described transactions within the parameters discussed prior to the time Applicant reaches agreement with respect to the terms of such transactions.

The financing authority requested herein is consistent with the proper performance by Applicant of its services to the public, will not impair its ability to perform those services, and is reasonably necessary and appropriate for such purposes.

EAST KENTUCKY POWER COOPERATIVE, INC.

**DESCRIPTION OF PROPERTY
AS OF DECEMBER 31, 2017**

807 KAR 5:001, Section 18(1)(b)

East Kentucky Power Cooperative, Inc. (“EKPC”), with headquarters in Winchester, Kentucky, is a generation and transmission cooperative providing wholesale electric power service to 16 Owner-Member Cooperatives over 2,853 miles of transmission lines and 373 load centers (substations). These 16 owner-members serve approximately 586,761 member meters (EKPC 2016 annual report).

EKPC owns and operates two coal-fired generating stations in Kentucky located at Burnside (Cooper Station) and Maysville (Spurlock Station) with 1,687 megawatts of baseload capacity. Twelve combustion turbines located in Clark County at its Smith site and Oldham County at its Bluegrass site are in operation contributing to additional winter capacity of 1,556 megawatts. In addition, EKPC owns and operates six Landfill Gas-Fired plants (located in Greenup County, Laurel County, Boone County, Hardin County, Pendleton County, and Barren County), adding another 16 megawatts of capacity.

Including the generation facilities, transmission facilities, and general plant, EKPC has total utility plant-in-service with a net original cost of \$4,203,541,118 and construction work-in-progress of \$33,076,511.

EAST KENTUCKY POWER COOPERATIVE, INC.
BONDS, NOTES OUTSTANDING, AND OTHER INDEBTEDNESS

807 KAR 5:001, Section 18(2)(a), Section 12

On page 2 of this Exhibit is a Description of Bonds Outstanding as of December 31, 2017. All Bonds are secured by the Indenture of Mortgage, Security Agreement and Financing Statement.

On pages 3 through 7 of this Exhibit are the Descriptions of Notes Outstanding as of December 31, 2017. Payments due on outstanding debt due in one year or less is included as Current Maturities in the amount of \$90,943,363.31. Sick Leave Reserve of \$226,075.76 is noted as long-term debt as required by RUS accounting procedures.

EKPC has no other indebtedness.

Indebtedness

<u>Bonds</u>	<u>Amount</u> <u>Outstanding</u> <u>12/31/2017</u>	<u>Amount</u> <u>Issued</u>	<u>Issuer</u>	<u>Date</u> <u>Issued</u>	<u>Face</u> <u>Value</u>	<u>Coupon</u> <u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Interest</u> <u>2017</u>
Private Placement Bonds	189,000,000.00	200,000,000.00	US Bank	2/6/2014	189,000,000.00	Fixed	02-06-2044	8,735,309.74
Cooper Solid Waste Disposal Bonds	3,900,000.00	11,800,000.00	County of Pulaski	12/15/1993	3,900,000.00	Variable	08-15-2023	49,837.50
Total Bonds	192,900,000.00							8,785,147.24

Exhibit 3
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Notes

<u>Type of Debt Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount Outstanding 12/31/2017</u>	<u>Amount Issued</u>	<u>Coupon Interest Rate</u>	<u>Interest 2017</u>
<u>National Rural Utilities Cooperative Finance Corporation ("CFC")</u>						
CFC # 9033 P-12	08-29-1984	05-31-2019	732,914.47	8,530,000.00	3.300%	30,922.88
CFC # 9034 R-12	06-12-1995	11-30-2024	2,656,502.22	6,734,000.00	3.300%	88,879.65
CFC # 9038 T-62	03-02-1998	02-28-2024	1,957,042.95	5,251,000.00	3.300%	66,035.29
CFC - Unsecured Credit Facility - #5106002	08-09-2011	10-03-2018	310,000,000.00	310,000,000.00	2.387%	6,064,201.39
Clean Renewable Energy Bonds	02-06-2008	12/1/2023	2,665,257.13	8,613,048.00	0.400%	10,844.16
New Clean Renewable Energy Bonds	02-23-2017	1/31/2047	18,000,000.00	18,000,000.00	1.560%	240,472.65
NCSC Unsecured -#9061007	12-30-2010	11-30-2017	-	1,795,642.00	4.350%	42,518.70
NCSC Unsecured -#9061008	12-30-2010	11-30-2018	1,886,964.00	1,886,964.00	4.650%	87,743.84
NCSC Unsecured -#9061009	12-30-2010	11-30-2019	1,836,229.00	1,836,229.00	4.850%	89,057.12
NCSC Unsecured -#9061010	12-30-2010	11-30-2020	1,335,822.00	1,335,822.00	5.050%	67,459.00
NCSC Unsecured -#9061011	12-30-2010	11-30-2021	1,544,167.00	1,544,167.00	5.150%	79,524.60
NCSC Unsecured -#9061012	12-30-2010	11-30-2022	1,389,610.00	1,389,610.00	5.250%	72,954.52
NCSC Unsecured -#9061013	12-30-2010	11-30-2023	980,127.00	980,127.00	5.400%	52,926.84
NCSC Unsecured -#9061014	12-30-2010	11-30-2024	325,315.00	325,315.00	5.500%	17,892.32
		Total CFC	345,309,950.77			7,011,432.96
<u>Rural Utilities Service Notes</u>						
T62-1-B650	03-02-1998	12-31-2024	2,438,161.16	6,125,500.00	5.125%	134,108.00
T62-1-B655	03-02-1998	12-31-2024	2,438,161.16	6,125,500.00	5.125%	134,108.00
		Total RUS	4,876,322.32			268,216.00
<u>Federal Financing Bank Notes</u>						
H0435	01-17-1983	12-31-2017	22,876.74	1,200,000.00	5.913%	3,338.37
H0440	02-14-1983	12-31-2017	91,840.09	4,800,000.00	5.913%	13,402.08
H0445	03-16-1983	12-31-2017	9,542.30	500,000.00	5.913%	1,564.18
H0450	03-16-1983	12-31-2017	124,056.56	6,500,000.00	5.913%	19,009.50
H0455	04-14-1983	12-31-2017	47,761.58	2,500,000.00	5.913%	6,969.81
H0460	04-14-1983	12-31-2017	89,792.44	4,700,000.00	5.913%	13,103.29
H0465	05-16-1983	12-31-2017	18,135.38	950,000.00	5.913%	2,646.53
H0470	06-15-1983	12-31-2017	13,419.93	700,000.00	5.913%	1,958.30
H0475	06-15-1983	12-31-2017	134,194.27	7,000,000.00	5.913%	19,582.78
H0480	07-14-1983	12-31-2017	86,108.25	4,500,000.00	5.913%	12,565.71
H0485	08-16-1983	12-31-2017	19,162.03	1,000,000.00	5.913%	2,796.24
H0490	09-27-1983	12-31-2017	15,316.25	800,000.00	5.913%	2,234.94
H0495	09-27-1983	12-31-2017	38,289.28	2,000,000.00	5.913%	5,587.50
H0500	10-24-1983	12-31-2017	19,308.83	1,000,000.00	5.913%	2,817.68
H0505	10-24-1983	12-31-2017	19,308.83	1,000,000.00	5.913%	2,817.68
H0510	05-09-1984	12-31-2018	1,607,652.27	16,500,000.00	6.665%	137,462.41
H0515	01-17-1985	12-31-2019	960,472.03	5,900,000.00	5.991%	66,365.75
H0525	05-20-1985	12-31-2019	184,271.36	1,130,000.00	5.991%	12,732.60
H0530	06-24-1985	12-31-2019	117,632.42	720,000.00	5.991%	8,128.05
H0545	03-18-1986	12-31-2020	399,092.81	1,897,000.00	5.177%	22,821.68
H0555	04-16-1986	12-31-2020	39,352.66	188,000.00	5.177%	2,250.34
H0565	10-14-1986	12-31-2020	523,457.84	2,480,000.00	5.177%	29,933.36
H0570	10-30-1986	12-31-2020	1,063,350.79	5,035,000.00	5.177%	60,806.55

Exhibit 3
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H0575	11-06-1995	12-31-2023	5,776,691.88	14,895,000.00	6.301%	381,505.30
H0580	11-06-1995	12-31-2024	12,439,411.82	28,812,000.00	6.306%	815,873.35
H0585	11-06-1995	12-31-2024	12,439,411.82	28,812,000.00	6.306%	815,873.35
H0590	11-06-1995	12-31-2024	12,439,411.82	28,812,000.00	6.306%	815,873.35
H0595	01-26-1996	12-31-2024	2,518,650.68	5,836,000.00	6.123%	160,446.51
H0600	06-25-1997	12-31-2023	1,441,697.68	3,607,000.00	6.297%	95,153.05
H0605	09-14-2000	12-31-2024	2,779,260.17	6,082,000.00	6.005%	173,705.21
H0610	09-15-2000	12-31-2024	3,060,987.15	6,626,000.00	6.067%	193,229.39
H0615	04-10-2001	12-31-2024	4,334,691.61	9,681,000.00	5.451%	246,152.00
H0620	06-05-2001	12-31-2024	3,736,574.86	8,119,000.00	5.726%	222,743.85
H0625	07-10-2001	12-31-2024	3,740,906.64	8,119,000.00	5.729%	223,117.79
H0630	08-10-2001	12-31-2024	3,689,658.44	8,119,000.00	5.488%	210,888.09
H0635	09-06-2001	12-31-2024	3,689,938.54	8,119,000.00	5.426%	208,542.95
H0640	10-03-2001	12-31-2024	4,916,056.15	11,000,000.00	5.104%	261,491.83
H0645	11-08-2001	12-31-2024	5,831,636.83	13,357,000.00	4.709%	286,378.27
H0650	12-10-2001	12-31-2024	3,685,762.75	7,970,000.00	5.644%	216,597.72
H0655	01-15-2002	12-31-2030	12,895,980.34	20,000,000.00	5.447%	715,899.19
H0660	06-04-2002	12-31-2030	3,941,451.07	6,000,000.00	5.678%	228,005.95
H0665	07-02-2002	12-31-2030	3,915,363.02	6,000,000.00	5.538%	220,956.91
H0670	08-15-2002	12-31-2024	6,847,855.08	15,000,000.00	4.695%	335,362.15
H0675	08-22-2002	12-31-2024	4,591,462.11	10,000,000.00	4.802%	229,941.70
H0680	09-24-2002	12-31-2024	6,726,781.89	15,000,000.00	4.366%	306,521.17
H0685	10-03-2002	12-31-2024	4,486,730.81	10,000,000.00	4.375%	204,866.42
H0690	11-05-2002	12-31-2024	6,855,944.66	15,000,000.00	4.717%	337,318.95
H0695	12-10-2002	12-31-2024	4,552,731.45	10,000,000.00	4.644%	220,559.64
H0700	01-23-2003	12-31-2024	1,564,082.89	3,500,000.00	4.557%	74,348.52
H0705	01-23-2003	12-31-2030	4,123,576.49	6,500,000.00	4.790%	201,499.58
H0710	02-27-2003	12-31-2030	2,013,244.58	3,200,000.00	4.624%	94,992.37
H0715	05-06-2003	12-31-2024	1,936,365.62	4,300,000.00	4.442%	89,759.08
H0720	07-03-2003	12-31-2032	17,181,798.82	25,000,000.00	4.460%	779,415.27
H0725	07-17-2003	12-31-2032	17,450,730.07	25,000,000.00	4.819%	854,882.61
H0730	07-24-2003	12-31-2032	17,407,192.48	24,800,000.00	4.950%	875,764.82
H0735	08-26-2003	12-31-2024	1,832,522.75	3,938,000.00	5.055%	96,546.60
H0740	10-02-2003	12-31-2030	1,636,710.92	2,550,000.00	4.753%	79,364.96
H0745	10-02-2003	12-31-2024	1,201,696.16	2,660,000.00	4.501%	56,438.07
H0750	10-23-2003	12-31-2032	17,651,019.82	25,000,000.00	5.091%	913,142.54
H0755	11-04-2003	12-31-2032	17,693,333.05	25,000,000.00	5.149%	925,683.04
H0760	11-14-2003	12-31-2032	17,632,006.37	25,000,000.00	5.065%	907,534.19
H0765	11-25-2003	12-31-2032	17,592,427.54	25,000,000.00	5.011%	895,912.53
H0770	12-04-2003	12-31-2032	19,108,799.40	27,000,000.00	5.149%	999,737.67
H0775	02-05-2004	12-31-2030	4,211,782.69	6,500,000.00	4.854%	208,539.47
H0780	05-06-2004	12-31-2030	1,497,198.43	2,260,000.00	5.240%	79,980.25
H0785	05-06-2004	12-31-2024	1,945,526.87	4,130,000.00	5.020%	101,818.03
H0790	08-26-2004	12-31-2030	11,088,429.51	16,900,000.00	4.921%	556,547.28
H0795	11-01-2004	12-31-2030	4,366,664.21	6,700,000.00	4.672%	208,158.97
H0800	11-16-2004	12-31-2030	2,123,263.56	3,240,000.00	4.795%	103,861.30
H0805	11-16-2004	12-31-2024	2,637,182.24	5,644,000.00	4.577%	125,931.02
H0810	12-16-2004	12-31-2038	39,920,846.48	50,000,000.00	4.744%	1,913,137.67
H0815	12-22-2004	12-31-2038	40,034,059.48	50,000,000.00	4.825%	1,951,116.91
H0820	12-29-2004	12-31-2038	40,201,575.64	50,000,000.00	4.946%	2,008,104.45
H0825	02-02-2005	12-31-2038	19,899,852.80	25,000,000.00	4.658%	936,482.78
H0830	02-08-2005	12-31-2038	19,785,161.89	25,000,000.00	4.497%	899,093.99
H0835	05-10-2005	12-31-2038	19,933,014.84	25,000,000.00	4.705%	947,450.28
H0840	06-02-2005	12-31-2038	19,665,876.97	25,000,000.00	4.332%	861,073.58
H0845	06-07-2005	12-31-2038	14,941,637.04	19,000,000.00	4.324%	653,020.87
H0850	06-09-2005	12-31-2030	5,741,982.48	13,192,000.00	4.353%	262,908.43
H0855	08-26-2005	12-31-2038	23,717,189.39	30,000,000.00	4.468%	1,070,867.48
H0860	08-30-2005	12-31-2038	23,718,915.80	30,000,000.00	4.470%	1,071,421.95

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H0865	08-19-2005	12-31-2030	2,414,270.75	3,675,000.00	4.485%	110,513.52
H0870	10-14-2005	12-31-2038	23,973,528.50	30,000,000.00	4.769%	1,154,907.00
H0875	11-09-2005	12-31-2030	1,391,553.83	2,075,000.00	4.858%	68,956.85
H0880	11-09-2005	12-31-2024	275,864.55	566,000.00	4.789%	13,778.28
H0885	03-27-2006	12-31-2032	4,658,405.03	6,500,000.00	4.890%	231,546.03
H0890	05-03-2006	12-31-2038	12,301,145.65	15,000,000.00	5.345%	663,691.41
H0895	05-09-2006	12-31-2038	8,197,669.90	10,000,000.00	5.333%	441,307.51
H0900	08-23-2006	12-31-2034	11,570,123.92	15,000,000.00	5.070%	594,539.49
H0905	08-25-2006	12-31-2034	11,566,703.79	15,000,000.00	5.061%	593,315.98
H0910	08-29-2006	12-31-2034	17,730,947.77	23,000,000.00	5.053%	908,084.21
H0915	03-14-2007	12-31-2038	18,743,205.47	23,000,000.00	4.776%	904,257.21
H0920	03-16-2007	12-31-2038	18,964,914.87	23,251,000.00	4.812%	921,807.28
H0925	11-01-2007	12-31-2040	42,856,261.10	50,000,000.00	4.821%	2,084,102.19
H0930	11-08-2007	12-31-2040	21,382,306.18	25,000,000.00	4.736%	1,021,597.01
H0935	11-14-2007	12-31-2040	42,691,790.48	50,000,000.00	4.669%	2,011,027.44
H0940	12-05-2007	12-31-2040	21,188,152.62	25,000,000.00	4.384%	937,499.53
H0945	12-11-2007	12-31-2040	42,668,860.39	50,000,000.00	4.648%	2,000,959.84
H0950	12-12-2007	12-31-2040	21,105,043.11	25,000,000.00	4.511%	960,717.36
H0955	12-19-2007	12-31-2040	42,621,751.28	50,000,000.00	4.605%	1,980,366.95
H0960	01-03-2008	12-31-2032	8,048,099.99	11,000,000.00	4.338%	355,162.87
H0965	01-03-2008	12-31-2040	6,782,364.23	8,000,000.00	4.396%	300,911.99
H0970	01-09-2008	12-31-2040	9,253,894.13	11,000,000.00	4.385%	409,544.39
H0975	02-05-2008	12-31-2040	16,937,473.77	20,000,000.00	4.355%	744,492.84
H0980	02-12-2008	12-31-2040	16,943,327.57	20,000,000.00	4.368%	746,960.69
H0985	05-22-2008	12-31-2040	21,267,879.61	25,000,000.00	4.527%	971,543.85
H0990	05-30-2008	12-31-2040	21,392,044.43	25,000,000.00	4.754%	1,025,923.83
H0995	06-04-2008	12-31-2040	21,320,748.50	25,000,000.00	4.623%	994,491.83
H1000	10-14-2008	12-31-2040	6,680,127.58	7,900,000.00	4.298%	289,805.82
H1005	10-14-2008	12-31-2032	3,124,390.23	4,200,000.00	4.306%	136,868.92
H1010	11-07-2008	12-31-2040	21,167,334.13	25,000,000.00	4.347%	928,718.39
H1015	11-10-2008	12-31-2040	21,199,934.08	25,000,000.00	4.405%	942,488.51
H1020	12-18-2008	12-31-2040	5,996,246.71	7,400,000.00	2.846%	172,606.44
H1025	03-17-2009	12-31-2038	2,947,960.65	3,612,000.00	3.801%	113,338.36
H1030	04-16-2009	12-31-2040	20,729,416.15	25,000,000.00	3.651%	764,599.44
H1035	05-15-2009	12-31-2040	29,964,144.48	35,000,000.00	3.988%	1,206,678.24
H1040	05-27-2009	12-31-2040	21,597,854.09	25,000,000.00	4.374%	953,459.88
H1045	06-04-2009	12-31-2040	21,606,265.30	25,000,000.00	4.391%	957,517.30
H1055	06-08-2009	12-31-2040	34,737,456.54	40,000,000.00	4.605%	1,614,032.95
H1050	06-08-2009	12-31-2040	21,710,910.35	25,000,000.00	4.605%	1,008,770.62
H1060	06-15-2009	12-31-2040	21,708,491.66	25,000,000.00	4.600%	1,007,569.40
H1065	06-29-2009	12-31-2040	12,376,270.84	14,596,000.00	4.252%	531,208.62
H1070	06-30-2009	12-31-2040	21,542,074.73	25,000,000.00	4.262%	926,781.47
H1075	07-09-2009	12-31-2040	21,460,280.03	25,000,000.00	4.100%	888,359.08
H1080	07-17-2009	12-31-2040	11,015,018.90	12,900,000.00	4.382%	487,153.87
H1085	07-20-2009	12-31-2040	21,642,220.16	25,000,000.00	4.464%	974,964.23
H1090	08-05-2009	12-31-2039	8,560,907.40	10,000,000.00	4.396%	380,070.35
H1100	08-10-2009	12-31-2040	21,605,771.13	25,000,000.00	4.569%	957,278.58
H1095	08-12-2009	12-31-2040	21,693,467.28	25,000,000.00	4.390%	1,000,125.87
H1105	09-15-2009	12-31-2040	17,185,289.96	20,000,000.00	4.142%	718,641.03
H1110	09-16-2009	12-31-2040	17,206,321.13	20,000,000.00	4.194%	728,503.49
H1115	09-22-2009	12-31-2040	17,198,649.21	20,000,000.00	4.175%	724,897.98
H1120	09-23-2009	12-31-2039	17,017,146.38	20,000,000.00	4.137%	711,227.77
H1125	10-01-2009	12-31-2039	16,104,045.41	19,000,000.00	3.978%	647,336.62
H1130	10-01-2009	12-31-2040	5,136,957.35	6,000,000.00	3.990%	206,972.26
H1135	11-18-2009	12-31-2039	21,261,196.93	25,000,000.00	4.117%	884,334.92
H1140	11-18-2009	12-31-2039	21,261,196.93	25,000,000.00	4.117%	884,334.92
H1145	11-19-2009	12-31-2039	21,281,139.43	25,000,000.00	4.156%	893,502.45
H1150	11-19-2009	12-31-2039	21,281,139.43	25,000,000.00	4.156%	893,502.45

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H1155	01-27-2010	12-31-2039	17,114,222.87	20,000,000.00	4.377%	756,538.62
H1160	01-28-2010	12-31-2040	6,026,550.53	7,000,000.00	4.398%	267,499.89
H1165	02-03-2010	12-31-2039	7,700,680.45	9,000,000.00	4.373%	340,101.26
H1170	02-12-2010	12-31-2040	16,464,459.52	19,000,000.00	4.508%	748,978.97
H1175	06-04-2010	12-31-2023	1,400,682.05	2,714,000.00	3.224%	47,595.41
H1180	06-04-2010	12-31-2034	260,291.77	327,000.00	3.943%	10,418.93
H1185	06-08-2010	12-31-2040	558,563.80	652,000.00	3.922%	22,123.50
H1190	06-08-2010	12-31-2040	779,590.88	910,000.00	3.922%	30,877.87
H1195	06-08-2010	12-31-2039	1,058,900.98	1,249,000.00	3.897%	41,702.73
H1200	06-10-2010	12-31-2039	367,170.08	433,000.00	3.913%	14,519.32
H1205	03-25-2011	12-31-2039	10,736,718.86	12,424,000.00	4.197%	455,210.15
H1210	05-24-2011	12-31-2044	21,556,126.54	24,000,000.00	4.067%	883,285.28
H1215	05-24-2011	12-31-2040	1,578,781.97	1,813,000.00	3.954%	63,039.57
H1220	05-24-2011	12-31-2040	11,031,444.55	12,668,000.00	3.954%	440,477.20
H1225	09-07-2011	12-31-2040	5,537,426.88	6,471,000.00	2.852%	159,733.56
H1230	09-07-2011	12-31-2039	31,187,378.73	36,804,000.00	2.811%	887,371.48
H1235	12-15-2011	12-31-2040	23,161,911.34	27,091,000.00	2.590%	606,997.27
H1240	12-28-2011	12-31-2040	17,988,389.85	21,000,000.00	2.713%	493,710.64
H1245	02-28-2012	12-31-2044	26,596,846.78	30,000,000.00	2.791%	749,192.10
H1250	03-13-2012	12-31-2044	26,703,942.20	30,000,000.00	2.916%	785,756.21
H1255	03-27-2012	12-31-2044	26,769,909.85	30,000,000.00	3.094%	835,569.54
H1260	04-10-2012	12-31-2040	9,580,792.03	11,038,000.00	2.800%	271,351.56
H1265	04-10-2012	12-31-2044	16,937,109.93	18,962,000.00	2.928%	500,412.14
H1270	06-25-2012	12-31-2044	26,217,750.15	29,588,000.00	2.495%	660,479.11
H1275	06-25-2012	12-31-2040	1,445,045.62	1,679,000.00	2.369%	34,650.48
H1280	08-29-2012	12-31-2039	21,448,282.59	25,000,000.00	2.302%	500,161.31
H1285	10-01-2012	12-31-2039	20,745,301.34	24,000,000.00	2.338%	491,305.33
H1290	10-19-2012	12-31-2044	24,263,459.25	27,000,000.00	2.724%	667,122.28
H1295	12-19-2012	12-31-2040	1,064,884.63	1,217,000.00	2.549%	27,467.09
H1300	12-19-2012	12-31-2040	8,750,078.32	10,000,000.00	2.549%	225,694.99
H1305	12-19-2012	12-31-2039	11,283,068.26	13,000,000.00	2.510%	286,793.72
H1310	04-19-2013	12-31-2039	6,149,969.18	7,011,000.00	2.393%	149,061.26
H1315	04-19-2013	12-31-2044	12,391,988.22	13,683,000.00	2.573%	321,901.67
H1320	04-19-2013	12-31-2040	2,811,095.27	3,181,000.00	2.432%	69,192.46
H1325	08-30-2013	12-31-2039	10,566,083.05	11,787,000.00	3.338%	356,717.13
H1330	10-28-2013	12-31-2039	32,698,940.76	36,347,000.00	3.162%	1,045,999.73
H1335	10-28-2013	12-31-2040	10,245,759.27	11,315,000.00	3.202%	331,648.98
H1340	11-19-2013	12-31-2039	19,355,234.18	21,468,000.00	3.316%	649,158.15
H1345	12-20-2013	12-31-2039	15,308,308.76	16,916,000.00	3.513%	543,774.81
H1350	12-19-2014	12-31-2040	19,369,791.09	21,000,000.00	2.563%	502,347.54
H1355	12-19-2014	12-31-2044	20,267,730.61	21,622,000.00	2.656%	543,403.22
H1360	03-27-2015	12-31-2040	616,202.30	665,000.00	2.378%	14,831.74
F	02-15-2017	01-03-2050	31,490,000.00	31,490,000.00	2.982%	820,688.08
F	06-23-2017	01-03-2050	10,843,000.00	10,843,000.00	2.634%	149,453.38
F	09-15-2017	01-03-2050	8,056,000.00	8,056,000.00	2.679%	63,267.85
F	12-15-2017	01-03-2050	8,098,000.00	8,098,000.00	2.688%	9,541.89
F	02-15-2017	01-03-2050	23,158,000.00	23,158,000.00	2.942%	597,311.43
F	06-23-2017	01-03-2050	4,259,000.00	4,259,000.00	2.634%	58,703.50
F	09-15-2017	01-03-2050	29,298,000.00	29,298,000.00	2.679%	230,092.05
F	12-15-2017	01-03-2050	6,616,000.00	6,616,000.00	2.688%	7,795.64
F	02-15-2017	01-03-2050	128,750,000.00	128,750,000.00	2.683%	3,009,554.18
Total FFB			2,431,347,932.78			98,850,675.79

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Total: Notes Payable	2,781,534,205.87		
Add: Bonds Payable	192,900,000.00		
Add: Sick Leave Reserve	226,075.76		
Subtotal: Debt	<u>2,974,660,281.63</u>		106,130,324.75
(Less) Current Maturities	(90,943,363.31)		
(Less) COC-1-1 - Payments Unapplied	(506,144,583.75)	5.000%	
Total Long Term Debt [a]	<u>\$ 2,377,572,334.57</u>	12/31/2017	<u>\$ 114,915,471.99</u>

Footnotes to Schedule:

[a] Per Annual REA Form 12 (unaudited)

East Kentucky Power Cooperative, Inc.

Statements of Revenue and Expenses and Comprehensive Margin
(Dollars in Thousands)

	Year Ended December 31	
	2017	2016
Operating revenue	\$ 861,686	\$ 887,419
Operating expenses:		
Production:		
Fuel	179,335	247,040
Other	160,935	151,105
Purchased power	166,505	114,954
Transmission and distribution	58,943	55,866
Regional market operations	4,730	4,524
Depreciation and amortization	121,475	106,366
General and administrative	55,368	57,276
Total operating expenses	747,291	737,131
Operating margin before fixed charges and other expenses	114,395	150,288
Fixed charges and other:		
Interest expense on long-term debt	114,915	113,042
Amortization of debt expense	477	458
Accretion and other	352	314
Total fixed charges and other expenses	115,744	113,814
Operating margin (loss)	(1,349)	36,474
Nonoperating margin:		
Interest income	23,113	17,233
Patronage capital allocations from other cooperatives	554	194
Regulatory settlements	(10)	(20)
Other	(166)	(173)
Total nonoperating margin	23,491	17,234
Net margin	22,142	53,708
Other comprehensive margin:		
Unrealized gain (loss) on available-for-sale securities	6	(42)
Postretirement benefit obligation gain	14,472	10,212
	14,478	10,170
Comprehensive margin	\$ 36,620	\$ 63,878

East Kentucky Power Cooperative, Inc.

Balance Sheets
(Dollars in Thousands)

	December 31	
	2017	2016
Assets		
Electric plant:		
In-service	\$ 4,203,541	\$ 4,113,181
Construction-in-progress	33,077	34,114
	4,236,618	4,147,295
Less accumulated depreciation	1,495,332	1,388,803
Electric plant – net	2,741,286	2,758,492
Long-term accounts receivable	1,015	1,225
Restricted cash and investments	333,244	232,176
Investment securities:		
Available-for-sale	36,403	33,735
Held-to-maturity	8,307	8,397
Current assets:		
Cash and cash equivalents	138,959	124,116
Restricted investment	178,469	174,749
Accounts receivable	92,221	89,231
Fuel	49,686	47,392
Materials and supplies	61,530	61,112
Regulatory assets	1,538	863
Other current assets	6,052	6,563
Total current assets	528,455	504,026
Regulatory assets	165,683	168,958
Deferred charges	2,834	3,170
Other noncurrent assets	7,868	8,054
Total assets	\$ 3,825,095	\$ 3,718,233
Members' equities and liabilities		
Members' equities:		
Memberships	\$ 2	\$ 2
Patronage and donated capital	611,039	588,897
Accumulated other comprehensive margin (loss)	1,404	(13,074)
Total members' equities	612,445	575,825
Long-term debt	2,882,216	2,794,578
Current liabilities:		
Current portion of long-term debt	90,815	89,650
Accounts payable	62,752	66,170
Accrued expenses	40,140	38,973
Regulatory liabilities	2,096	1,759
Total current liabilities	195,803	196,552
Accrued postretirement benefit cost	72,512	83,159
Asset retirement obligations and other liabilities	62,119	68,119
Total members' equities and liabilities	\$ 3,825,095	\$ 3,718,233

See notes to financial statements.

**FROM THE MINUTE BOOK OF PROCEEDINGS
OF THE BOARD OF DIRECTORS OF
EAST KENTUCKY POWER COOPERATIVE, INC.**

At a regular meeting of the Board of Directors of East Kentucky Power Cooperative, Inc. held at the Headquarters Building, 4775 Lexington Road, located in Winchester, Kentucky, on Tuesday, March 13, 2018, at 9:30 a.m., EDT, the following business transacted:

Authorization to Enter into a Private Placement and/or Tax-Exempt Financing Agreement and for the Use of Interest Rate Management Instruments

After review of the applicable information, a motion to approve the Authorization to Enter into a Private Placement and/or Tax-Exempt Financing Agreement and for the Use of Interest Rate Management Instruments was made by Strategic Issues Committee Chairman Tim Eldridge, seconded by Paul Hawkins, and passed by the Board to approve the following:

Whereas, East Kentucky Power Cooperative, Inc. ("EKPC") expects to incur capital costs for expenditures associated with various generation and transmission projects and to have a need to finance such capital expenditures long-term;

Whereas, Due to the longevity and scope of these capital projects, the use of financing through the Rural Utilities Service ("RUS") may not adequately meet near-term construction obligations;

Whereas, That with continual improvements in EKPC's financial condition and the attractiveness of the private placement market, EKPC is able to negotiate favorable pricing for a private placement financing; and

Whereas, EKPC has the ability secure first mortgage notes or bonds ("First Mortgage Obligations") under the Indenture of Mortgage, Security Agreement and Financing Statement, dated as of October 11, 2012, between EKPC and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented from time to time (the "Indenture"); and

Whereas, Current interest rates for private placement financing can be fixed at favorable current rates rather than waiting several years until RUS financing can be drawn; and

Whereas, Tax-exempt financing may be available at lower cost for certain projects; and

Whereas, From time to time it may be beneficial for EKPC to use interest rate risk management instruments (for example, in order to manage fluctuations in interest

rates prior to issuance or to manage the amount of fixed- versus floating-rate debt); and

Whereas, After review and discussion of the applicable information, management and the Strategic Issues Committee recommend that EKPC be authorized to enter into a Private Placement financing agreement, to meet said requirements; now, therefore be it

Resolved, That the EKPC Board of Directors (“Board”) hereby authorizes EKPC to enter into a private placement financing agreement consisting of tranches having terms of up to 30 years, in a total amount not to exceed \$300,000,000, and to use appropriate interest rate risk management instruments;

Resolved, That the Board hereby authorizes EKPC to enter into a private placement financing agreement, on the terms and conditions to be set forth between EKPC, the Trustee, the placement Agent(s), and the investors, and in the loan documents to be prepared and executed pursuant thereto, together with such revisions therein, as in the discretion of the Chief Executive Officer, or his designee, are deemed to be in the best interest of EKPC;

Resolved, That the Board authorizes EKPC to seek all necessary governmental and regulatory approvals for said private placement financing agreement, as well as a potential tax-exempt financing and the use of appropriate interest-rate risk management instruments;

Resolved, That the Board authorizes EKPC to engage placement agent(s) as needed for the private placement financing and to pay reasonable attorney fees and other costs and expenses associated with the transaction;

Resolved, That the Board authorizes the Chairman, Chief Executive Officer, or Chief Financial Officer (each an “Authorized Officer”), on behalf of EKPC, to negotiate, execute and deliver all such documents and instruments and do any and all things as may be necessary or appropriate in the judgment of such officer, in order to carry out the purposes and intent of the foregoing resolutions; and

Resolved, That the Board authorizes any Authorized Officer, on behalf of EKPC, to execute and deliver from time to time loan request documentation, payment notices, and any other notices, consents, or other documents contemplated by the Private Placement financing agreement and to request and receive funds pursuant to the agreements; and

Resolved, That pursuant to Section 4.1A of the Indenture, the Board of Directors hereby authorizes and requests that the Trustee authenticate and deliver each series of First Mortgage Obligations pursuant to any of Section 4.2, Section 4.3 and/or such other Section of the Indenture that any Authorized Officer may determine to be appropriate in connection with each such series, with the specific series

designation for each series of the First Mortgage Obligations to be as provided for in the applicable supplemental indenture or as set forth in an Officers' Certificate delivered pursuant to Section 2.1 of the Indenture.

The foregoing is a true and exact copy of a resolution passed at a meeting called pursuant to proper notice at which a quorum was present and which now appears in the Minute Book of Proceedings of the Board of Directors of the Cooperative, and said resolution has not been rescinded or modified.

Witness my hand and seal this 13th day of March 2018.



Jody L. Hughes, Secretary

Corporate Seal