

**Goss  
Samford**

ATTORNEYS AT LAW | PLLC

August 5, 2016

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PUBLIC SERVICE  
COMMISSION

Ms. Talina R. Mathews, Ph.D.  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

**HAND DELIVERED**

Re: PSC Case No. 2016-00116

Dear Ms. Mathews:

Pursuant to Order of the Commission dated April 11, 2016, in Case No. 2016-00116, requiring that within 30 days of the date of issuance East Kentucky Power Cooperative, Inc. ("EKPC") shall a) file a statement setting forth the date or dates of issuance of the term loan, accordion feature, or the extension provision authorized herein and b) for the term loan and accordion feature, the statement shall include the proceeds of such issuances, the interest rate(s), the maturity date(s) and all fees and expenses involved in the issuances of these evidences of indebtedness, enclosed please find EKPC's response to the April 11, 2016 Order.

Also enclosed are an original and one copy of EKPC's Motion for Confidential Treatment of Information ("Motion"). One unredacted copy of the designated confidential portions of these responses, which are the subject of the Motion, is enclosed in a sealed envelope.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



David S. Samford

Enclosures

August 5, 2016

***VIA HAND DELIVERY***

Ms. Talina Mathews, Ph.D.  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602

RE: *In the Matter of the Application of East Kentucky Power Cooperative, Inc. for Approval 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 a Future Increase Option Case No. 2016-00116 – Compliance Filing – Request for Confidential Treatment*

Dear Ms. Mathews:

Pursuant to the Order of the Commission dated April 11, 2016, in Case No. 2016-00116, East Kentucky Power Cooperative, Inc. ("EKPC") is filing a) a statement setting forth the date or dates of issuance of the term loan, accordion feature, or the extension provision authorized herein and b) for the term loan and accordion feature, the statement shall include the proceeds of such issuances, the interest rate(s), the maturity date(s) and all fees and expenses involved in the issuances of these evidences of indebtedness. In accordance with KRS 61.878, 807 KAR 5:001, Section 13(3) and other applicable law, EKPC hereby respectfully requests that certain portions of this filing be classified as confidential for a period of ten years from the date of this filing, for the specific reasons set forth below.

On March 9, 2016, EKPC filed a Motion for Confidential Treatment for the same type of information. In that Motion, EKPC requested confidential treatment for the: (i) amount of the facility fee it currently pays under its existing Credit Facility; (ii) the rate of interest it pays on amounts drawn under its existing Credit Facility; (iii) a description of the rates it expects to pay under the proposed amended and extended or refinanced Credit Facility; and (iv) a description of the amendment fees and expenses it expects to pay in conjunction with the proposed amended and extended or refinanced Credit Facility. The March 9, 2016, Motion for Confidential Treatment was granted by the Commission by an Order dated July 28, 2016 for a period of ten years.

The information in this filing for which confidential treatment is being requested includes the interest rates and other proprietary loan terms and conditions which are an integral part of the

Ms. Talina Mathews  
August 5, 2016  
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amended, extended or refinanced Credit Facility. The open disclosure of this material would provide prospective lenders with information that could allow such lenders an unfair commercial advantage over EKPC. By making available to the public both the highly sensitive terms of EKPC's Credit Facility, EKPC faces substantial risk of higher interest rates and fees and other more restrictive and detrimental conditions, including higher rates to its Owner-Members, than would otherwise be the case if the information was not publicly disclosed.

The Kentucky Open Records Act exempts from disclosure certain confidential and proprietary commercial information. *See* KRS 61.878(1)(c). To qualify for this exemption from public disclosure and, therefore, to maintain the confidentiality of the information, a party must establish that disclosure of the confidential and proprietary commercial information would permit an unfair advantage to competitors of that party. Public disclosure of the Confidential Information described in this filing would lead to such a result. This information is retained by EKPC on a "need-to-know" basis and is not available from any commercial or other source. This information is generally recognized as confidential and proprietary in the energy industry and in financial markets, and the public disclosure of this information would potentially harm EKPC's competitive position in the marketplace, to the detriment of EKPC, its Owner-Members, and the ultimate customers.

KRS 61.878(1)(c)(1) protects "records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records." The Kentucky Supreme Court has stated, "information concerning the inner workings of a corporation is 'generally accepted as confidential or proprietary.'" *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995). The information is critical to EKPC's effective execution of business decisions and strategy. If disclosed, this information would give potential lenders and other third parties insights into EKPC's business operations and financial strategies that are otherwise publicly unavailable. Accordingly, this information satisfies both the statutory and common law standards for affording confidential treatment.

In accordance with 807 KAR 5:001, Section 13(3), I am enclosing: (1) one copy of the filing, under seal, which identifies the confidential material; and (2) ten copies of the filing in which the confidential material is redacted. On behalf of EKPC, I respectfully request that the Confidential Information be treated as confidential materials under the Commission's regulations for a period of at least ten (10) years from today's date. Please return a file-stamped copy of this filing to my office.

Please let me know if you have any questions.

Sincerely,



L. Allyson Honaker

Enclosure

## REDACTED

### Responses of East Kentucky Power Cooperative, Inc. to the Commission's April 11, 2016 Order in Case No. 2016-00116, Ordering Paragraph No. 5

On July 6, 2016, EKPC entered into a new \$600,000,000, 5-Year Credit Agreement with a syndicate of banks led by National Rural Utilities Cooperative Finance Corporation. This credit agreement consists of a \$100,000,000 term loan tranche which was fully drawn at closing, and a \$500,000,000 revolving tranche. At EKPC's current credit rating, drawn pricing is [REDACTED] for both tranches, plus a [REDACTED] facility fee on the revolving tranche only. The initial maturity date for both tranches is July 6, 2021; which may be extended by mutual consent two times for one year at EKPC's request. There is also a \$200 million increase option ("accordion feature") that may be exercised by mutual consent during the life of the facility. EKPC did not exercise the accordion feature option at this time.

At closing EKPC paid an upfront fee to the lenders of [REDACTED] of their term loan and revolving commitments. Additional fees (legal fees, arranger fee, etc.) amounted [REDACTED] of the total commitments.