



April 18, 2022

Ms. Linda Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort KY 40602

Dear Ms. Bridwell:

In accordance with the Order in Case No. 2021-00103, this letter serves to report East Kentucky Power Cooperative Inc.'s ("EKPC") 2021 financial results with respect to the earnings mechanism. In any year that EKPC achieves a Times Interest Earned Ratio ("TIER") of 1.40, EKPC is required to refund, in the form of a bill credit, any excess margin over the 1.40 TIER to its owner-member cooperatives.

For 2021, EKPC's TIER was 1.12; the calculation is provided on the attachment to this letter. Since EKPC's TIER was not in excess of 1.40, no refund is required.

Please let me know if you have questions or need additional information.

Very truly yours,

A handwritten signature in cursive script that reads "Ann Bridges".

Ann Bridges
Executive Vice President and Chief Financial Officer

Attachment

EAST KENTUCKY POWER COOPERATIVE, INC.
RATE EM - ANNUAL FILING FORMATS
For the Calendar Year 2021

Determination of Achieved Margin

Total Operating Revenues (FERC Form 1, page 114, line 2; see Note 1 below)	\$952,623,146
Total Operating Expenses (FERC Form 1, page 114, line 25)	<u>\$854,419,420</u>
Net Utility Operating Income [Row 9 minus Row 11]	\$98,203,726
Net Other Income & Deductions (FERC Form 1, page 117, line 56)	\$413,619
Net Interest Charges (FERC Form 1, page 117, line 66)	\$88,075,260
Extraordinary Items (FERC Form 1, page 117, line 73)	<u>\$0</u>
Net Margins [Row 13 plus Row 15 minus Row 17 plus Row 19]	<u><u>\$10,542,085</u></u>

Determination of Achieved Times Interest Earned Ratio (TIER)

Net Margins	\$10,542,085
Interest on Long Term Debt (FERC Form 1, page 117, line 58)	\$86,985,390
Achieved TIER [(Row 26 plus Row 27) / Row 27]	<u><u>1.12</u></u>

Margins Necessary to Produce 1.40 TIER

Interest on Long Term Debt	\$86,985,390
Interest Multiplied by 1.40 TIER	\$121,779,546
Less Interest on Long Term Debt	<u>\$86,985,390</u>
Margins Necessary to Produce 1.40 TIER	<u><u>\$34,794,156</u></u>

Determination of Excess Margins

Net Margin [Row 21]	\$10,542,085
Margins Necessary to Produce 1.40 TIER [Row 41]	<u>\$34,794,156</u>
Excess Margins for Year	<u><u>N/A</u></u> 2021 allocation is N/A

Note 1: Operating Revenues are shown exclusive of the contra electric and steam revenue account entries associated with the Regulatory Liability recorded in Account 254004 for any margins in excess of 1.40 TIER for the reporting year.

EKPC will file Format 1.0 each year with the Commission. In years where there are Excess Margins, EKPC will also file Formats 2.0 and 2.1 to provide the allocation of the Excess Margins to the Owner-Members.