

March 5, 2024

***Via Electronic Filing System***

Ms. Linda C. Bridwell, P.E.  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

*RE: In the Matter of: Electronic Application of East Kentucky Power Cooperative, Inc. for Approval of the Authority to Issue up to \$450,000,000 of Secured or Unsecured Private Placement or Bank/Financial Institution Debt Obligations - Case No. 2025-00044*

Dear Ms. Bridwell:

East Kentucky Power Cooperative Inc., (“EKPC”) received a deficiency letter from the Commission on February 28, 2025 in the above-styled case. The deficiency that was noted in the Commission’s February 28, 2025 letter was as follows:

807 KAR 5:001 Section 18(1)(c): Stock issuance; Specifically, the description of terms, interest rate(s), and whether and how debt is to be secured for the proposed bonds/notes/other indebtedness subsection

EKPC believes that it provided all of the information required in 807 KAR 5:001 18(1)(c) in its application filed in this proceeding on February 25, 2025. Particularly, EKPC believes the information was provided in paragraphs 8, 11, 19 and 20 of the Application. The information provided in these paragraphs are as follows:

8. Pursuant to 807 KAR 5:001, Section 18(1)(c), Applicant states that it is seeking authorization for the issuance of ***up to \$450,000,000*** of secured or unsecured private placement

or bank debt, or some combination thereof. ***The Applicant is not proposing herein to issue any stock. (emphasis added)***

11. Pursuant to 807 KAR 5:001, Section 18(1)(f), all or a portion of the proceeds from this transaction may be used to reduce some or all of the outstanding obligations under Applicant's Credit Facility, which was approved by the Commission in Case No. 2021-00473. 2 As of February 15, 2025, approximately \$450,000,000 of the \$600,000,000 facility is drawn and ***currently bears a variable interest rate of approximately 5.25-5.5%. The current maturity date of the Credit Facility is July 26, 2029. The interest rates on the Financing are expected to be reasonable compared to the Credit Facility rates when adjusted for tenor and consideration of fixed versus floating rate. (emphasis added)***

19. ***Under the terms of the Credit Facility, Applicant may maintain up to \$900,000,000 of unsecured debt. Applicant may issue additional unsecured debt up to this limit and / or may seek a waiver of this limit to seek further unsecured debt. Any portion of the Financing which is not unsecured will be secured under the Trust Indenture identified above in Paragraph 12b. (emphasis added)***

20. As Applicant intends to replace the Financing with permanent debt or grants from RUS, ***maturities of the Financing are expected to be limited to a tenor of 7 years. (emphasis added)***

However, EKPC is providing the following information in an attempt to provide additional detail:

- If the financing is unsecured floating-rate bank debt, under current market conditions, which are subject to change, Applicant expects to pay a variable interest rate based on the Secured Overnight Financing Rate (SOFR), which is currently approximately 4.3% plus a spread not to exceed 3 percent, including amortization of all costs (at current rates a maximum of about 7.3%). Covenants and other terms would be similar to those in EKPC's Credit Facility.
- For private placement debt, which would be secured under the indenture, the interest rate would be a fixed rate not to exceed by more than 3 percent the yield to maturity of United States Treasury Bonds of comparable maturity at the time of issuance, including amortization of all costs (at current rates a maximum of about 7.5%). The rate will be reasonable compared to the Credit Facility rates when

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Response to Deficiency

- adjusted for tenor and consideration of fixed versus floating rate. Covenants and terms would be similar to those in its existing secured debt.
- Applicant would like the flexibility to use either form of financing depending on which is most beneficial and available at the time of issuance, thus EKPC would prefer not to specify exactly how much will be secured under the Indenture, but it would be a maximum of \$450,000,000. EKPC would endeavor to obtain the most favorable financing available at the time the Application is approved by the Commission.

In addition to this letter to cure the deficiency, EKPC is filing a motion for a deviation from the requirement contained in 807 KAR 5:001 Section 12(1)(a) which requires the financial exhibit to cover operations for a twelve month period ending not more than ninety days prior to the date the application is filed.

Please accept this letter as EKPC's response to the Commission's February 28, 2025 deficiency letter. If you have any questions, please do not hesitate to contact me.

This is to certify that the electronic filing was made on March 5, 2025, and there are no parties the Commission has excused from electronic filing procedures. Pursuant to the Commission's July 22, 2022 Order in Case No. 2020-00085, no paper copies of filings will be made.

Sincerely,



L. Allyson Honaker

Enclosure