BOLDLY FORWARD

EAST KENTUCKY
POWER COOPERATIVE
2024 ANNUAL REPORT

EAST KENTUCKY
POWER COOPERATIVE
A Touchstone Energy® Cooperative

BOLDLYFORWARD

2024
EAST KENTUCKY POWER COOPERATIVE

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Located in the heart of the Bluegrass state, East Kentucky Power Cooperative is a not-for-profit generation and transmission (G&T) electric utility with headquarters in Winchester, Ky. Our cooperative has a vital mission: to safely generate and deliver reliable, competitive and sustainable energy to our 16 owner-member cooperatives serving more than one million Kentuckians.

Together, with our 16 owner-members, we're known as Kentucky's Touchstone Energy Cooperatives. The owner-member co-ops distribute energy to 1.1 million Kentuckians across 89 counties. We're leaders in environmental stewardship. And we're committed to providing power to improve the lives of people in Kentucky.

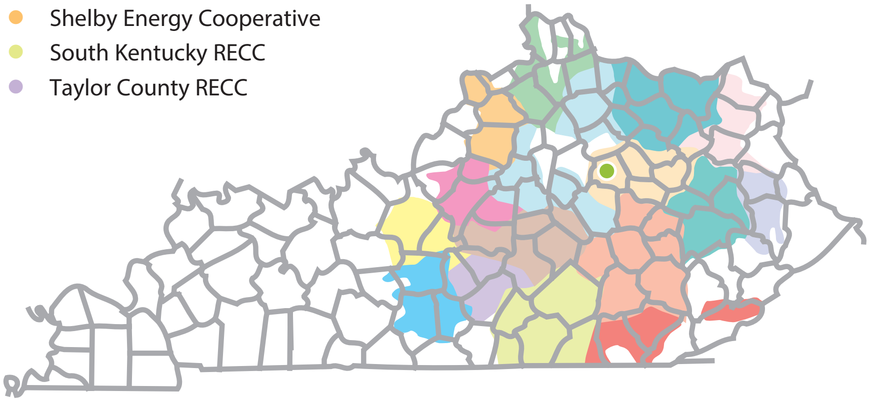
2024 at a glance

Total Energy Sales (GWh)	Energy Sales to Owner-Members (GWh)	Energy Sales to Non-members (GWh)	Total Operating Revenue ($ millions)	Net Margin ($ millions)	Assets ($ billions)	Average Wholesale Rate to Members ($/MWh)
15,020	14,038	982	1,144.1	6.6	3.9	77.8

EKPC's 16 owner-member cooperatives include:

- Big Sandy RECC
- Blue Grass Energy Cooperative
- Clark Energy Cooperative
- Cumberland Valley Electric
- Farmers RECC
- Fleming-Mason Energy Cooperative
- Grayson RECC
- Inter-County Energy
- Jackson Energy Cooperative
- Licking Valley RECC
- Nolin RECC
- Owen Electric Cooperative
- Salt River Electric Cooperative
- Shelby Energy Cooperative
- South Kentucky RECC
- Taylor County RECC

- EKPC headquarters



East Kentucky Power Generation

Coal	Generation
Spurlock	1,346 net MW
Cooper	341 net MW
Total Coal	**1,687 net MW**

Natural Gas	Generation
Smith Combustion Turbine Units	Summer 753 net MW Winter 989 net MW
Bluegrass Combustion Turbine Units	Summer 501 net MW Winter 567 net MW
Total Natural Gas Summer	**1,254 net MW**
Total Natural Gas Winter	**1,556 net MW**

Landfill	Generation
Bavarian	4.6 net MW
Green Valley	2.3 net MW
Hardin	2.3 net MW
Pendleton	3.0 net MW
Glasgow*	0.9 net MW
Total Landfill	**13.1 net MW**

Solar	Generation
Cooperative Solar Farm One	8.5 net MW
Cooperative Solar Farm Four*	0.5 net MW
Total Solar	**9.0 net MW**

Hydro	Generation
Southeastern Power Adm. (SEPA)	170 MW

* Third parties recieve the output of these facilities through power purchase agreements.

Number of Member Systems	Number of Member Meters	Member Populations Served (millions)	System Peak Demand (MW)	Miles of Transmission Lines	Employees
16	578,629	1.1	3,754	2,894	746

2024: Highlights

Financial (Dollars in Thousands)

	2024	2023	Increase/(Decrease) %
Operating Revenue	**$1,144,064**	$1,110,571	3.0
Operating Expenses	**$1,034,616**	$1,001,621	3.3
Net Margin	**$6,619**	$17,856	(62.9)
Members' Equities	**$782,860**	$784,020	(0.1)
Equity Ratio (%)	**20.2**	20.2	0.0

Operational

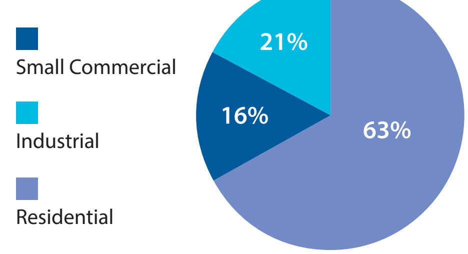
	2024	2023	Increase/(Decrease) %
Sales to Member Cooperatives (MWh) *	**14,037,628**	13,461,548	4.3
Member Revenue Per kWh Sold (mills/kWh) *	**77.75**	78.15	(0.5)
Cost of Owned Generation (mills/kWh)	**78.37**	84.86	(7.6)
System Peak Demand (MW)			
Winter Season **	**3,754**	2,707	38.7
Summer Season	**2,581**	2,498	3.3
Net Generation (MWh)	**9,123,308**	8,733,672	4.5

* *Includes steam sales*

** *Represents seasonal winter peaks achieved during each respective calendar year (01/17/24 and 03/20/23)*

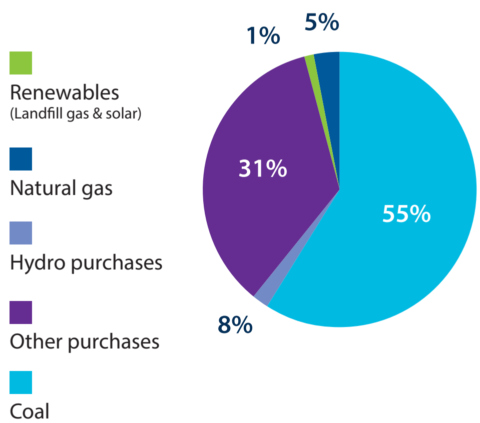
Member Classes

by member sales revenue



Sources of Electricity

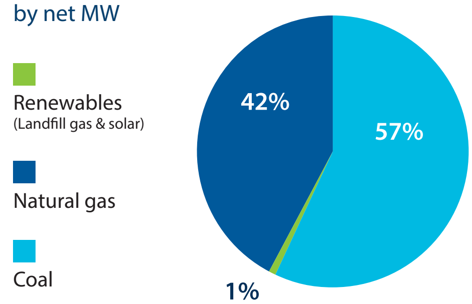
by MWh



Note: Pie chart figures are rounded.

Power Plant Capacity *

by net MW



* Includes 1.5 net MW designated to serve long-term PPA agreements and 8.5 net MW of solar available for licensing.

A message from the CEO and the Chairman

The year 2024 will be remembered as a year of decisive action for East Kentucky Power Cooperative's (EKPC) Board of Directors and executive staff. In an industry facing unprecedented change, intensifying regulatory pressures and reliability challenges, the Board moved this cooperative boldly forward.

Years of study, forecasting and planning culminated with the cooperative's Board approving a host of new power-generating facilities and co-firing of its coal facilities to secure the cooperative's power production capabilities and provide sustainable, safe, reliable and competitively-priced power for its 16 owner-member cooperatives and the 1.1 million Kentuckians they serve.

EKPC is nearing its capacity to serve its current load, and the system has set several new peak load records in recent years. At the same time, rural Kentucky is poised to be the next manufacturing stronghold for the nation due to sustained, strategic investments in economic development. EKPC is adding capacity to meet these needs while insulating its members from the volatility of the energy market.

Our leaders have positioned the cooperative to capitalize on investment opportunities, which were presented in the form of federal awards and tax incentives totaling more than $1.1 billion for renewable energy and infrastructure upgrades. With these incentives, EKPC plans to build a number of industrial-scale solar projects that will provide "green" energy to businesses looking for renewable energy sources and much-needed energy on sunny days.

In a pivotal time for our country and the energy industry as a whole, our Board is investing in steel on the ground, as it has in the past. Building new plant capacity has provided the owner-member cooperatives a level of stability that endures today, and these bold decisions will extend that stability decades into the future.

EKPC faces the same decisions today as its founders – build power production plants to meet growing demand and embrace the opportunity to control reliability and cost, or be subject to the decisions of others.

The cooperative has learned from the hard lessons of others in the electric utility industry about reliability, fuel diversity, fuel scarcity, supply chain and other challenges. To that end, the Board approved key additions to EKPC's fleet.

To further provide stability, the Board voted to pursue extending the wholesale power contracts to 2068. These agreements define contractual responsibilities and obligations regarding the sale and purchase of power, and provide assurance for the federal Rural Utilities Service and other lenders to finance EKPC's construction of generation and transmission assets.

In 2024, our safety focus was reinvigorated with the Process Improvement Teams getting completely made over and again re-focused on improving and maintaining a strong safety culture. Re-focusing on a culture, which continually strives to ensure every single employee goes home safely is critical to the success of our organization.

We thank our Board of Directors for providing their strategic vision in guiding EKPC to an extremely successful year in 2024. The Board's commitment and bold actions for its owner-member cooperatives and their members will pay dividends for generations to come.

We also wish to thank EKPC's employees for their continued commitment to excellence. Our employees continue to go above and beyond in their work to safely keep the power flowing, maintain assets in peak condition, ensuring the system's reliability and giving our owner-members the best service possible at competitive rates. The vision and strategy of our cooperative would not have come to fruition without the dedication and hard work of all EKPC employees.

EKPC remains committed to being proactive to keep reliability high, rates competitive, and our financial position strong to capitalize on future opportunities.

Alan Ahrman
Chairman of the Board

Alan Ahrman

Anthony Campbell
President and CEO

Anthony S Campbell

New gas-fueled facilities will power the future

After years of study, planning and forecasting, the Board approved seeking several additions and upgrades to EKPC's power production system. Two new power production plants and five of the cooperative's six coal-fired units will all be powered or co-fired with natural gas.

A new 745-megawatt (MW) natural gas combined cycle (NGCC) plant was approved to be built at Cooper Station. The project is estimated to cost $1.3 billion dollars. Combined cycle units are designed to perform somewhat similarly to baseload units, producing dispatchable electricity 24 hours a day, seven days a week for extended periods. Construction is set to begin in 2027, with commercial operation in 2030.

The cooperative will convert all four of Spurlock Station's coal units and Cooper Unit #2 to a co-fire system to enable them to burn both coal and natural gas. The projects are estimated to cost $261 million dollars.

The series of conversion projects will begin commercial

operation by the end of 2029 in order to comply with the EPA's greenhouse gas rule.

A new 214-megawatt power plant featuring 12 reciprocating internal combustion engines (RICE) fueled by natural gas, capable of quickly starting and ramping up and down will be built in Casey County, KY. The flexibility of the plant is especially important to support solar resources as they ramp up and down in the morning and evening. The cost of that project is estimated at $500 million dollars. Construction is slated to begin in late 2026 and operate by 2028.

This is a rendering of the 214-megawatt RICE facility which will be built in Liberty, KY in 2026 with operations by 2028.

EKPC CEO Tony Campbell, KY Gov. Andy Beshear and RUS Administrator Andy Berke speak to the press after the announcement at the Capitol.

EKPC awarded federal monies for greenhouse gas reduction projects

EKPC's Board of Directors approved a plan in July for the cooperative to apply for federal funding for projects to reduce greenhouse gas (GHG) emissions. The funding is part of the Empowering Rural America, or New ERA, program administered by the Rural Utilities Service of the U.S. Department of Agriculture. The program resulted from legislation passed by Congress in 2022 with hundreds of billions of dollars for nationwide GHG reductions. The New ERA program designated $9.7 billion for electric cooperatives across the U.S.

EKPC was one of the largest recipients of funding, with $679 million earmarked for solar, transmission and hydro projects that will significantly reduce the cooperative's carbon intensity. In October, Gov. Andy Beshear joined U.S. Department of Agriculture (USDA) Rural Utilities Service Administrator Andy Berke to announce the funding, which can be can be leveraged to provide $1.4 billion in federal grants and loans to increase Kentucky's access to clean energy and support economic growth in rural communities.

The governor was joined in the Capitol rotunda by EKPC President and CEO Tony Campbell and Jody Hughes, vice chairman of EKPC's Board of Directors.

Berke had previously visited EKPC in September to talk directly to the cooperative about the Community Benefit Plan portion of the funding.

EKPC plans to use the funding to help pay for a portfolio of projects, including solar farms, a power purchase agreement with low-carbon intensity, and several transmission projects which will help reduce GHG emissions.

The Kentucky Public Service Commission (PSC) granted EKPC Certificates of Public Convenience and Necessity (CPCNs) for the construction of Cooperative Solar Farms 2 & 3, located in Fayette and Marion counties in late December.

"And today's award means East Kentucky Power Cooperative is going to help us meet this demand and land more projects and more jobs in the coming years."

Oct. 28 press release from
Gov. Andy Beshear

Wholesale power contracts extended

EKPC's Board of Directors approved the pursuit of extending the wholesale power contracts with its 16 owner-member distribution cooperatives at its November board meeting.

The contracts, when fully executed, provide certainty and stability for the cooperatives, defining contractual responsibilities and obligations regarding the sale and purchase of power, and provide assurance for the Rural Utilities Service and other lenders to EKPC, primarily for construction of generation and transmission assets.

Since the original contracts were entered into in 1964, there have been four amendments, mostly extensions to ensure cost-effective long-term financing for capital projects.

The contracts were set to expire in 2051. As EKPC gears up for several major capital projects in coming years, the Board approved pursuing the extention of the contracts to 2068. Extended terms will allow EKPC to amortize its loans according to the anticipated useful life of the assets, so the debt will be extended over a longer period of time.

PSC approves solar projects

In December, the Kentucky Public Service Commission (PSC) granted EKPC certificates of public convenience and necessity (CPCNs) for the construction of Cooperative Solar Farms 2 & 3, located in Fayette and Marion counties.

The PSC held a hearing on the matter in October, where the public provided comments pertaining to the projects. The PSC found both solar projects to meet the statutory criteria set by the Kentucky General Assembly, meaning the two projects are seen as "necessary to ensure reasonable rates and services for Kentucky electric customers and will not result in wasteful duplication of services."

EKPC followed up with a statement to the press: "EKPC is pleased with the decision by the Kentucky Public Service Commission to grant construction of these facilities. Once in service, these facilities will provide a competitive source of energy and serve as a resource for industrial and commercial members seeking renewable energy alternatives."

Frozen pipelines during Winter Storm Elliott caused difficulties starting the gas units.

Weatherization of fleet pays dividends

Despite recording two of the cooperative's top three highest all-time peaks for energy demand during January's week of extreme cold weather, EKPC's power plants and transmission grid performed well, keeping power flowing throughout the event.

EKPC and PJM Interconnection both were well-prepared for the extreme cold, dubbed Winter Storm Gerri. The storm drove temperatures into single digits for several days, and occasionally below zero. EKPC and other generators in PJM, learning lessons from experiences during December 2022's Winter Storm Elliott, had identified and winterized equipment that was susceptible to bitter cold. PJM reported forced outages among its member generators were a fraction of what the RTO experienced in 2022.

EKPC saw a new all-time system demand peak of 3,754 megawatts (MW) on Jan. 17, eclipsing the previous record set during 2022 Storm Elliott. Just a few days later, EKPC recorded its third highest all-time peak of 3,725 MW.

Executing financial strategies

EKPC continued to maintain strong equity and liquidity positions in 2024, giving EKPC the flexibility to ensure reliable energy to our owner-members. A very mild weather year made margins challenging. For the year ended Dec. 31, 2024, EKPC posted a net margin of $6.6 million on revenues of $1.1 billion. A rate case is planned for 2025 to bolster the cooperative's financial security. These rates will take effect in 2026.

Safety participates in NRECA RESAP program

In 2024, EKPC participated in the National Rural Electric Cooperative Association (NRECA) Rural Electric Safety Achievement Program (RESAP) for the first time. Safety is about identifying risks and hazards and assigning controls. This national safety program provides more than 675 cooperatives with a framework to help cooperatives assess their safety program. EKPC is one of the few generation and transmission cooperatives that currently participate. Safety professionals from seven different cooperatives around the country were on-site to conduct an inspection of EKPC's generation and transmission facilities and programs. The RESAP process will help to continue our strides in safety.

The safety department underwent several personnel changes in 2024. Rick Slone was promoted to safety project manager. In his new role, Slone plays an active role in re-establishing the presence of the process improvement teams and works closely with the Central Safety Committee.

The process improvement teams are challenged to work to identify safety issues in specific areas of operations, and make recommendations for improving the work safety for the cooperative. Dozens of new faces with fresh eyes now comprise the teams, and are working on improving and building upon EKPC's safety culture.

Jacob Morrell replaced Slone as one of the two Spurlock safety specialists. Morell has twenty years of experience in the safety industry, bringing a wealth of knowledge and experience. Rebekah Evans was brought in as the new safety assistant to help the safety specialists with a broad array of clerical duties, including updating and managing the safety data sheet system and overseeing the online training for all employees.

Safety, Security and Facilities Manager Robert Thornton participated in the NRECA Rural Electric Safety Achievement Program in 2024.

Rick Slone, the former lead safety specialist at Spurlock Station, was promoted to safety project manager in 2024.

Jeff LeDuff, the main speaker at the 2024 Contractor Safety Summit, performs a demonstration at the event held in Lexington.

Employees at Smith Station have worked for 11 consecutive years without a lost-time accident.

Smith Station celebrates long safety streak

Smith Station, renowned for its commitment to safety, recently commemorated a significant achievement – an 11-year streak without a single lost-time accident. In May, Smith Station employees celebrated their remarkable journey of maintaining a safe and secure environment for all employees.

This impressive milestone was achieved during the spring outage season in March. Plant managers, while acknowledging the magnitude of this accomplishment, reiterated the importance of humility and vigilance. “We remain humble,” said John Warren, Smith plant manager. “Even though this is a big deal, we do not want to become complacent and take safety for granted.”

Warren said the streak is more about fostering an interdependent safety culture that permeates every aspect of the workplace than boasting. The unwavering commitment to safety is evident in the attitudes of the entire team, where safety is not just a priority but a way of life.

Every decision made at the plant is underpinned by a steadfast dedication to safety. From routine tasks to complex operations, employees prioritize safety above all else.

In celebrating this achievement, Smith Station reaffirms its unwavering commitment to safety, with dedication, vigilance, and a collective effort.

Smith Station gets backup supercore, Unit 4 overhauled

Smith Station was busy with maintenance projects in 2024. The gas-fired plant received a backup supercore turbine that will be used in the event of a potential long outage on units 9 or 10 at the station. "The backup supercore eliminates long down times and the cost of replacement power due to long lead times for parts," said John Warren, Smith plant manager.

The supercore purchase was approved by the EKPC Board of Directors in part due to a long outage on Unit 10 the previous year, and supply chain challenges with getting parts.

The backup supercore can be changed out in just five days on either Units 9 or 10 to mitigate reliability risks for the EKPC system. The backup unit was purchased at a cost of $14.6 million.

Smith Station's Unit 4 got a scheduled major overhaul. The unit had its major inspection of the turbine and compressor, as well as replacement of turbine blades for a total cost of $7.7 million.

A drone instructor demonstrates the different types and sizes of drones during EKPC's drone workshop.

EKPC hosts drone workshop

EKPC hosted a drone workshop in May for nearly 50 owner-member cooperative employees interested in getting licensed or learning how drones could improve their work, make their employees safer and save their members money.

Over the last few years, drones have become a work-horse tool at EKPC. Hobbyists have been flying drones for years. They were great for shooting aerial video and for enjoying flying while keeping the pilot's feet on the ground. But EKPC's use of drones has turned into a safety-enhancing, multi-dimensional tool. All of EKPC's drone pilots are licensed to do commercial work.

Drones can perform work that could otherwise be dangerous or expensive if done via bucket truck, helicopter or by sending workers to climb poles.

Drones are now used to carry rope that can pull conductors across spans that were not easily achieved before to quickly restore power. They're used to find problems within transmission systems and more.

EKPC's extensive drone program was highlighted by Isaac Blanford, who has recounted stories of using a drone to find a bullet lodged in a conductor and discovering issues with transmission systems that neither a helicopter nor foot patrols could easily detect.

Workshop attendees from several of EKPC's owner-member cooperatives learned about drone regulations in Kentucky, how they can get licensed, the latest drone technology, and what insurance is required to use drones to perform work.

A live demonstration capped a day of learning about how EKPC and Jackson Energy have come to rely on drones to power our system in a better way.

Transmission construction continues

EKPC has focused on upgrading its power delivery and grid system with plans to build or rebuild more than 278 miles of transmission lines along with numerous substations across the commonwealth. EKPC is preparing for new generation needs, updating infrastructure and providing capacity for load growth on the system.

Sixty-six miles of line were constructed or rebuilt in 2024.

Much of the new infrastructure being constructed consists of steel poles, which last longer, require less maintenance and require fewer constructed structures to cover the same amount of territory.

Members of EKPC's sustainability team plant trees in the new sustainability grove at Headquarters.

Sustainability grove planted

EKPC's Energy and Environment Sustainability team was joined by volunteer employees to plant its first sustainability grove at Headquarters in May.

The group planted 11 trees, including:

- Two dogwoods
- Five bald cypress
- Two swamp white oaks
- Two redbuds

The grove is located along the walking trail behind the main building at HQ.

"The Sustainability teams would like to thank all volunteers who came out and supported the tree planting effort to create EKPC's first Sustainability Grove," said Chris Adams, who leads the Energy and Environment Sustainability team. "Like these trees, sustainability starts with seemingly small ideas that grow into big actions, which have a huge impact on our environment. This area will continue to grow and be a symbol for EKPC's sustainability efforts."

EKPC employees dig deep to improve the environment while planting the sustainability grove.

Members of EKPC's bee team work with the hives in bee safety gear.

Pollinators get down to "beesiness"

The world needs bees. EKPC is doing its part to support these important insects through the Bee Team, a group of EKPC employees who volunteer their time to establish and nurture bee hives at HQ.

Dating back to 2016, EKPC established bee hives to tie into their pollinator patches. In its first year, the Bee Team has increased the number of EKPC's hives from two to three, with plans to "split" hives in the spring, allowing the bees to naturally reproduce with the goal of more hives in the future. Bees within these hives pollinate a five-acre plot near Cooperative Solar Farm One, and a two-acre plot behind Central Laboratory. These locations have Kentucky-native plants that flower from April through September.

"The bees tie into EKPC's environmental stewardship quite nicely. They help pollinate our tree garden, pollinator patches, and will assist in pollinating future tree and pollinating spaces," said Chris Carpenter, Senior Environmental Scientist at EKPC. With a potential flight path of up to five miles, EKPC bees are able to aid pollinating areas through Winchester and to the outskirts of Lexington.

The Bee Team regularly performs maintenance on the hives to ensure the bee's safety and efficiency. "During the spring and summer, inspections should be done every one to two weeks. In the fall, inspections can be much less frequent, and during the winter the hives are not disturbed. The bees are checked to prevent things like undesired swarming, diseases, pests, and to ensure they have enough honey reserves to survive the winter" said Michael Norman, Engineer III at EKPC.

The bees have exceeded expectation. "These bees were so productive that they packed out all of the honey needed to survive the winter, and then packed out even more," Norman said. This left EKPC with an additional 57 pounds of honey.

EKPC's Bee Team has sold many jars of honey in order to raise funds necessary to make the program self-sustaining. These funds have been used to purchase the additional hardware that will be necessary to expand EKPC's apiary this coming spring.

A new vacuum breaker is installed in Barren County. The vacuum breaker technology is being piloted to replace sulphur hexafluoride gas breakers, which is a powerful greenhouse gas.

Vacuum breaker technology piloted

As part of its sustainability efforts, EKPC is piloting a newer technology on its transmission system that could lower its use of a powerful greenhouse gas.

As they're due for replacement, EKPC is replacing some of its substation breakers that use sulphur hexafluoride (SF6) gas with a newer technology that uses a vacuum system to extinguish arcs in the breakers. EKPC installed its first 69 kilovolt vacuum breaker in the Barren County substation just outside of Horse Cave in October.

"The installation of EKPC's first vacuum breaker is a step toward reducing greenhouse gas emissions that are generally unrelated to electric power generation or consumption," said Senior Vice President for Power Delivery and Operations, Denver York. "It is important that we look at all opportunities to reduce the footprint we leave on our planet."

Sulphur hexafluoride is a powerful but very useful greenhouse gas used in a variety of ways in the electricity industry.

Commonly known as SF6, the gas has long been associated with global warming because it is 23,500 times more effective at trapping infrared radiation than carbon dioxide (CO2). It has an atmospheric lifespan of 3,200 years. In other words, it's extremely challenging for the environment. But it's also a very effective tool when it comes to extinguishing electrical arcs in breakers, which can happen a few times per year.

EKPC uses hundreds of SF6 substation breakers across its system to extinguish arcs when breakers open. "Its chemical characteristics make a great medium for extinguishing a high-voltage arc when the breaker contacts are opened," said Tom Castle, manager of corporate and technical services. Long an industry standard, SF6 gas is also regulated by the Environmental Protection Agency and reports are required when the gas is deployed.

Economic development, jobs and community support

For years, EKPC has focused on working with our owner-member cooperatives as well as local, state and federal officials to improve lives in the communities served by co-ops. The cooperative employs a team of economic development experts who have spent their careers bringing investments to rural parts of the commonwealth that are often overlooked.

For the third year in a row, Kentucky's Touchstone Energy Cooperatives have been named a "Top Utility in Economic Development" by Site Selection Magazine.

In November, Canadian Solar announced that Shelbyville's Shelby Energy would be the new supplier for a record $712 million battery storage plant. The renewable energy company is the largest economic development project in Shelby County history.

In March, two Kentucky companies were awarded more than $340 million in U.S. Dept. of Energy funds for projects on cooperative lines. Wieland North America was awarded $270 million to expand U.S. recycling capacity and Diageo Americas Supply Inc. was awarded $75 million to install heat batteries for decarbonization of the Bulleit facility in Shelbyville.

Since 2015, Kentucky's Touchstone Energy Cooperatives have announced 387 total projects, with more than $13.77 billion in investments and more than 20,000 jobs created.

The Economic Development Team unveiled its revamped economic development website www.dataispower.org at its Economic Development Team Meeting in May. It also unveiled a new GIS WebTech GURU tool that will help rural communities.

"These new tools will empower our local communities to seek out opportunities to grow and flourish through economic development activities that bring good jobs and a more robust tax base to their citizens," said Rodney Hitch, EKPC economic development director. "Powering communities with affordable, reliable power means better lives for the people of the commonwealth."

Honor flight veterans gather in front of the Tomb of the Unknown Soldier for the annual group photo.

Kentucky's Touchstone Energy® Cooperatives

Touchstone Energy continues support of local communities

Kentucky's Touchstone Energy Cooperatives continued to strengthen local communities. For more than a quarter of a century, co-ops across the nation have come together as a collective brand. Touchstone Energy has evolved from a simple unifying brand to a host of programs and services that help co-ops provide superior satisfaction, stronger member engagement, and sustained trust.

In Kentucky, the cooperatives support Honor Flight, Special Olympics and Ronald McDonald Houses under the unifying brand of Kentucky's Touchstone Energy Cooperatives.


Oldham Co


Special
Olympics
Kentucky
736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SUMMER GAMES

Who Powers You highlights co-op members who go above and beyond

Now in its fourth year, the Kentucky's Touchstone Energy Cooperatives' annual Who Powers You contest recognizes co-op members working to improve their communities.

Billy Hayes, a South Kentucky RECC member, was named first-place winner and received $1,000 for his efforts in feeding the less fortunate during the holidays in his community.

Hayes, who owns the Frisch's Big Boy franchise in Somerset, has delivered Thanksgiving and Christmas meals and gifts to more than a thousand less fortunate people in the south Kentucky region the last two years.

Clark Energy member Victoria Cassidy was the second-place winner of this year's contest. She received $750 for her efforts in promoting, coaching and organizing youth soccer in Powell County.

Cassidy's vision of creating a club soccer team for young people in Powell County is coming to fruition. Powell County has a poverty rate of more than 21 percent and a median household income under $40,000, which makes it one of the poorest counties in one of the poorest states in the country.

Farmers RECC member Steve Kistler was third-place winner in the 2024 Who Powers You contest. He received a $250 check for his work in creating a scholarship nonprofit that has provided more than $400,000 in scholarships since its inception in 2015.

In 2015, Kistler and a small group of like-minded people started the Hart County Scholarship Alliance, a nonprofit that sought donations to help deserving Hart County students with scholarships. He's still serving as executive director of the organization.

In 2023 the scholarship contributions grew to $50,000 per year. Over the course of the last 10 years, The Hart County Scholarship Alliance has provided nearly half a million dollars toward educational scholarships for Hart County students.

Billy Hayes was this year's first-place-winner in the annual Who Powers You contest for feeding the less fortunate during the holiday season.

Victoria Cassidy was this year's second-place-winner in the annual Who Powers You contest for her work in youth soccer in Powell County.

Steve Kistler was this year's third-place-winner in the annual Who Powers You contest for his work in providing scholarships in Hart County.

Honor Flight continues commitment to honoring veterans

Kentucky's Touchstone Energy Cooperatives' sponsored Honor Flight returned to a rousing welcome home ceremony at Blue Grass Airport on Aug. 24 after a full day of touring Washington, D.C. The flight transported 68 Kentucky veterans to see their memorials on the National Mall.

This is the 13th year the cooperatives have sponsored an Honor Flight. Kentucky's Touchstone Energy Cooperatives began working with Honor Flight in 2010 to honor Kentucky's veterans.

This flight carried three women veterans, who were inducted into the Military Women's Memorial during the trip. Veterans served our country during the Korean and Vietnam Wars. Three Purple Heart recipients were amongst the veterans on this trip.

"It's hard to talk about it," said Vietnam veteran Chuck Wellman, who was on the flight. Wellman served in the 27th Infantry Regiment "Wolfhounds" in Vietnam from 1968-1969. The Greenup County resident said he's looking forward to boarding a plane for the first time since he was discharged from the armed forces in 1970. "There was a guy I went to basic (training) and AIT (advanced individual training) with and went to Vietnam with who got killed," Wellman recalled. "I've seen the replica of The Vietnam Memorial, and I want to see the real thing."

"It was rough, but I'd do it again. Service means a lot to me," Wellman said.

As in years past, veterans flew from Lexington to Reagan National Airport in Washington, D.C., where they boarded three buses for a full day of honors and sightseeing.

The day included viewing the changing-of-the-guard ceremony at the Tomb of the Unknown Soldier in Arlington National Cemetery. Kentucky veterans also participated in a wreath-laying service at the tomb.

Veterans are welcomed home in the annual celebration of their return from their Honor Flight in Washington, D.C.

Donna Spurlock and Wanita Elison are inducted into the Military Women's Memorial at Arlington National Cemetery.

Four Kentucky veterans lay a ceremonial wreath at the Tomb of the Unknown Soldier, an annual tradition for Honor Flight.

Building generation in a regulatory environment

Thinking and acting boldly to ensure the reliable, competitive delivery of electricity to more than a million Kentuckians does not come without its challenges.

In April, 2024 the U.S. EPA finalized a new rule drastically cutting carbon dioxide emission thresholds for coal plants starting in 2032. To continue operating a coal plant past 2032, the new rule requires commitments to either install carbon capture/storage equipment—a technology that is extremely expensive and, for now, commercially unavailable for full-scale power plants—or convert coal units to allow them to burn either coal or natural gas, known as "co-firing," with limits on CO2 emissions. Coal plant owners can choose to "do nothing" and retire plants by Jan. 1, 2032.

EKPC's plan will result in greater reliance on natural gas because of the new greenhouse gas rule. Gas plants typically emit about half as much CO2 as coal plants to generate the same amount of power.

When planning new production facilities to meet ever-growing demand, EKPC's Board and leadership were forced to think in terms of what potential emissions standards could come over the coming decades, not just in the next few years. That long-term view resulted in the cooperative's move toward natural gas.

Coal has been a steady, dependable, low-cost fuel since Dale Station came online in the 1950s. Coal provides a long-term, on-site, secure source of fuel available when needed.

EKPC has powered its owner-member cooperatives with coal since its inception, and plans to continue to burn coal for years to come. But building a new coal plant in the face of ever-tightening regulations is not feasible.

As technology has improved over the decades, EKPC has often been on the forefront of adapting to better meet the needs of our owner-members, and planning new gas generation facilities is no different.

We're moving boldly forward.

Board Risk Oversight Committee

Assists the Board in fulfilling its risk oversight responsibilities by reviewing enterprise-wide risks, reviewing risk tolerances and recommending risk-management policies to the Board.

Board Members
Voting members

Landis Cornett
Jackson Energy
Committee Chair

Alan Ahrman
Owen Electric
Board Chair

Wayne Stratton
Shelby Energy

Kevin Howard
Licking Valley RECC

Randy Sexton
Farmers RECC
Board Secretary

Chief Executive Officers
Non-voting members

Tim Sharp
Salt River Electric

Kerry Howard
Licking Valley RECC

Tony Campbell
East Kentucky Power

External Committee Members
Non-voting members

Mike Steffes
ACES

Britt Roarx
Texas Roadhouse

Strategic Issues Committee

Serves as a catalyst of business strategies and monitors the development and implementation of those strategies, while working with management to develop Board focus on issues that will further strategic planning and execution of those plans.

Board Members

Voting members

Boris Haynes
South Kentucky RECC
Committee Chair

Tim Eldridge
Fleming-Mason Energy
Board Treasurer

George Maddox
Salt River Electric

Rick Thomas
Nolin RECC

Harold Dupuy
Grayson RECC

Danny Wallen
Big Sandy RECC

Chief Executive Officers

Non-voting members

Toby Moss
Farmers RECC

Greg Lee
Nolin RECC

Mike Williams
Blue Grass Energy

Brandon Hunt
Fleming-Mason Energy

Chris Brewer
Clark Energy

Mike Cobb
Owen Electric

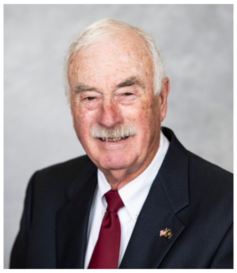
Governance Committee

Assists the Board in fulfilling its governance oversight by: ensuring that the Board meets its fiduciary duties, upholds governance guiding principles and is fully engaged; maintaining the integrity of Board governance; developing, updating and recommending corporate governance principles and policies; and monitoring compliance with those principles and policies.

Board Members

Voting members

Joe Spalding
Inter-County Energy
Committe Chair



Jody Hughes
Blue Grass Energy
Board Vice-Chair

Chris Tucker
Taylor County RECC

Lansford Lay
Cumberland Valley Electric

Steve Hale
Clark Energy

Chief Executive Officers

Non-voting members

Ted Hampton
Cumberland Valley Electric

Carol Wright
Jackson Energy

Kevin Newton
South Kentucky RECC

Jeff Prater
Big Sandy RECC

Audit Committee

Assists the Board in performing oversight of: the quality and integrity of financial statements; compliance with legal and regulatory requirements related to finances; the independent auditor's qualifications and independence; the performance of EKPC's internal audit function and the oversight of the independent auditors; fraud detection and related procedures; and conflict-of-interest policies.

Board Members

Voting members

Wayne Stratton
Shelby Energy
Committee Chair

Steve Hale
Clark Energy

Landis Cornett
Jackson Energy

Tim Eldridge
Fleming-Mason Energy
Board Treasurer

George Maddox
Salt River Electric

Chief Executive Officers

Non-voting members

Bradley Cherry
Grayson RECC

Jack Bragg
Shelby Energy

Jeff Williams
Taylor County RECC

Jerry Carter
Inter-County Energy

Executive Staff

***Tony Campbell**, President and CEO*

***Cliff Scott,** Executive Vice President and CFO*

***Don Mosier**, Executive Vice President and COO*

***David Samford,** General Counsel*

***David Crews,** Senior Vice President of Power Supply **

***Craig Johnson,** Senior Vice President of Power Production*

***Denver York,** Senior Vice President of Power Delivery and System Operations*

Julie Tucker,** Vice President of Power Supply and Planning

***Denise Foster Cronin,** Vice President of Federal and RTO Regulatory Affairs*

***Jerry Purvis,** Vice President of Environmental Affairs*

***Thomas Stachnik,** Vice President of Finance and Treasurer*

***Brad Young,** Vice President of Engineering and Construction*

***Barry Lindeman,** Vice President of HR and Support Services*

***Rodney Hitch,** Director, Economic Development*

** Retired April 2024*

*** Promoted March 2024*

2024: Financial Highlights

2024 Performance

EKPC's net margin was $6.6 million for the year ended December 31, 2024, a decrease of $11.2 million in comparison to 2023. Operating revenues were over $1.1 billion for the year ended December 31, 2024, an increase of $33.5 million from the prior year. This change was primarily attributed to increases in member and off-system sales of $39.5 million and $20.9 million, respectively, partially offset by a decrease in PJM capacity related revenue of $28.3 million. Member megawatt-hour (MWh) sales increased 4.3% in comparison to the prior year due to favorable weather. The increase in off-system sales in comparison to 2023 was due to higher market prices and energy demand. The decline in capacity related revenue was primarily due to PJM capacity performance bonus payments recognized in 2023 related to December 2022's Winter Storm Elliott.

Production operating expenses for the year ended December 31, 2024 were $732.1 million, an increase of $9.6 million in comparison to the prior year. These expenses, which are comprised of fuel, operation and maintenance expenses, and purchased power, are grouped together for comparative purposes given that decisions to generate energy or purchase energy on the open market are based on reliability constraints and the most economical resources available within the PJM market. Purchased power expense increased $35.3 million, or 21.4%, while MWhs purchased increased 14.7% over 2023. EKPC's generation fleet produced 4.5% more MWHs in 2024 due to the higher load requirements discussed above. Despite higher fuel usage by the generation fleet in 2024, fuel expense decreased by $9.4 million, or 2.7%, primarily due to the lower cost of coal burned. Other production operation and maintenance expenses declined $16.3 million in 2024, which was primarily attributed to fewer maintenance projects at Spurlock and Smith stations.

Depreciation and amortization expense was $160.8 million for the year ended December 31, 2024, an increase of $18.4 million from the prior year. This change was the result of a $17.3 million decline in the amount recorded as a regulatory credit in 2024 for the annual generation maintenance tracker regulatory asset in comparison to the prior year, and a $1.1 million increase in depreciation expense due to additional projects placed in service in 2024. The generation maintenance tracker was established as a provision in EKPC's 2021 rate case, effective for the year ending December 31, 2022 and thereafter. Accordingly, each year EKPC records a regulatory asset or liability for seventy-five percent of all actual generation maintenance expenses over/under a historical level of generation maintenance expense. The recovery of the regulatory asset or refund of the regulatory liability will be addressed in EKPC's next base rate case. The cumulative total of the generation maintenance tracker regulatory asset balance at December 31, 2024 was $28.5 million.

Fixed charges and other expenses were $111.6 million for the year ended December 31, 2024, an increase of $2.5 million from 2023. This change was primarily attributed to higher interest rates and a larger average debt balance outstanding in 2024.

Nonoperating margin was $8.8 million for the year ended December 31, 2024, a decrease of $9.3 million in comparison to 2023. This decline was primarily attributed to outage insurance proceeds of $4.7 million received in 2023, along with a $1.0 million reduction of interest earned, and $0.8 million reduction of Clean Coal Tax Credits in 2024.

Construction Activities

EKPC's construction activities focused on transmission projects in 2024. Transmission projects made up approximately 55% of capital expenditures in 2024. Generation projects made up 41% of capital expenditures in 2024 and were approximately $35.9 million higher than 2023. Generation capital expenditures included $23.7 million related to two solar projects totaling 136 MW to be located in Fayette and Marion Counties, which were granted Certificates of Public Convenience and Necessity (CPCN) by the PSC in December 2024. The total cost of constructing the two solar farms is estimated at $335.4 million, with an expected completion date of December 31, 2025. Direct Pay Investment Tax Credits (ITC) and a combination of New ERA grant and loan funds are expected to help cover the cost of construction.

Deferred charges on the balance sheet also included survey and investigation charges of $53.6 million, which represent the costs incurred in determining the feasibility of contemplated generation and transmission projects. If construction results, these charges will be reclassified to electric plant, construction work in-progress.

Financial Targets

EKPC's equity-to-assets ratio remained constant, coming in at 20.2% at December 31, 2024 and 2023.

The indenture and other debt agreements require the Cooperative to maintain certain financial ratios or follow cure provisions if ratios are not met in a given year. The Cooperative was in compliance with these requirements at December 31, 2024.

Ratings Agencies

In 2024, Fitch Ratings affirmed EKPC's "BBB+" issuer default rating with a negative outlook, citing projected weakening in EKPC's leverage profile over the medium to long-term as the utility undergoes an expanded capex plan over the next decade. The surge in capex is expected to focus on new generation, including solar and transmission investments related to EKPC's participation in the New ERA Program. Standard & Poor's (S&P) Global Ratings affirmed its "A" issuer credit rating with a stable outlook.

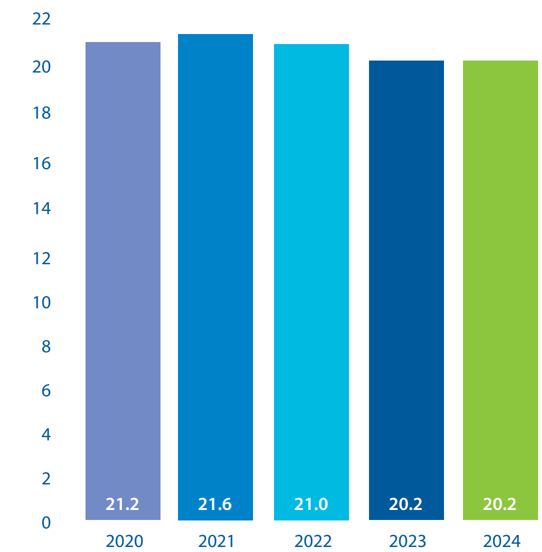
Five-Year Statistical Summary

	2024	2023	2022	2021	2020
Net Margin - in thousands	**$6,619**	$17,856	$35,880	$10,542	$28,692
TIER	**1.06**	1.17	1.40	1.12	1.28
DSC	**1.35**	1.31	1.54	1.38	1.35
Fuel Expense - in thousands	**$335,047**	$344,469	$363,948	$236,947	$172,254
Capital Expenditures - in thousands					
Generation	**$78,084**	$42,180	$41,172	$65,235	$170,589
Transmission & Distribution	**$102,938**	$112,715	$86,444	$50,183	$53,049
General	**$7,170**	$8,503	$9,978	$6,465	$10,469
Investment in Facilities - in thousands					
Original Cost	**$5,047,022**	$4,885,908	$4,761,207	$4,643,669	$4,627,406
Long-Term Debt - in thousands	**$2,774,691**	$2,749,655	$2,592,627	$2,436,831	$2,468,038
Total Assets - in thousands	**$3,883,147**	$3,884,916	$3,752,443	$3,550,115	$3,509,372
Number of Employees - full-time	**746**	735	691	694	719
Cost of Coal Purchased					
$/ton	**$70.77**	$83.25	$67.07	$42.63	$41.36
$/MBtu	**$3.06**	$3.56	$2.91	$1.83	$1.77
Amount of Coal Purchased - tons	**3,249,014**	4,153,129	4,624,443	3,733,218	3,115,315
Generation - MWh	**9,123,308**	8,733,672	10,189,060	10,014,834	8,167,447
System Peak Demand - MW					
Winter Season *	**3,754**	2,707	3,747	2,862	2,702
Summer Season	**2,581**	2,498	2,465	2,450	2,312
Sales to Other Utilities - MWh	**982,318**	484,870	1,003,475	960,076	691,972
Member Load Growth - %					
Energy	**4.28**	(1.90)	5.17	2.78	(2.13)
Demand	**4.07**	(4.22)	11.47	4.46	(8.87)
Load Factor - %	**43**	57	42	52	54
Miles of Line	**2,894**	2,892	2,884	2,879	2,867
Installed Capacity - kVA	**13,110,708**	11,242,842	11,365,143	11,205,344	11,218,345
Distribution Substations	**382**	379	381	379	378

* *Data reported represents seasonal peak achieved during respective calendar year*

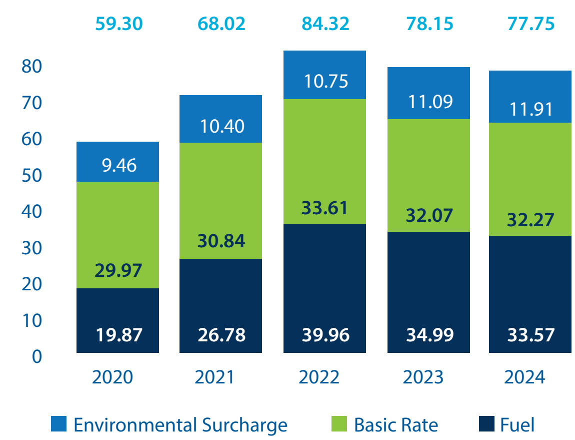
Equity Ratio

%



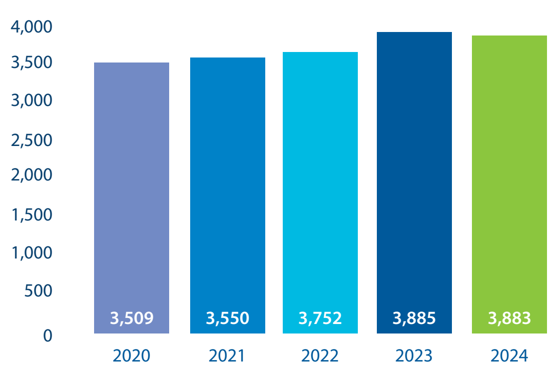
Power Cost To Members

Mills/kWh



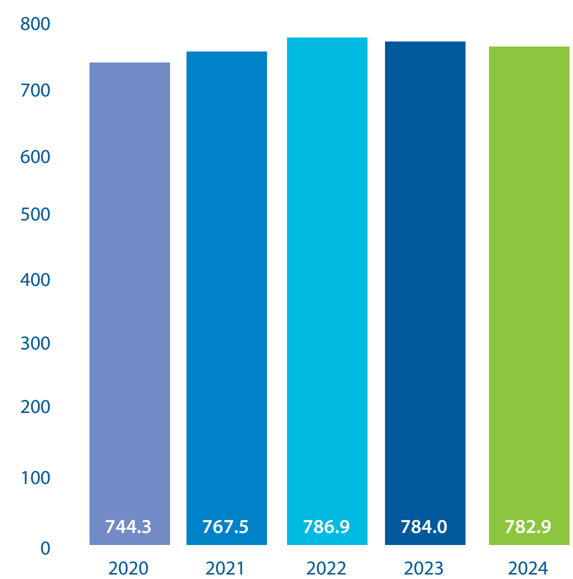
Total Assets

in $Millions

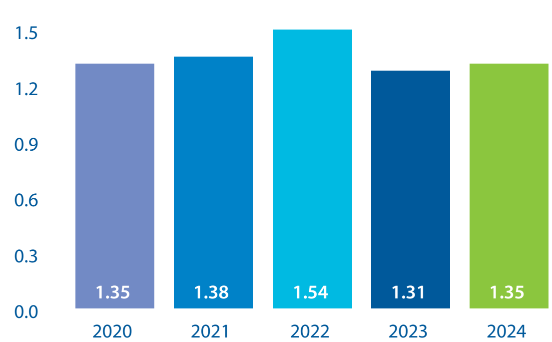


Member's Equities

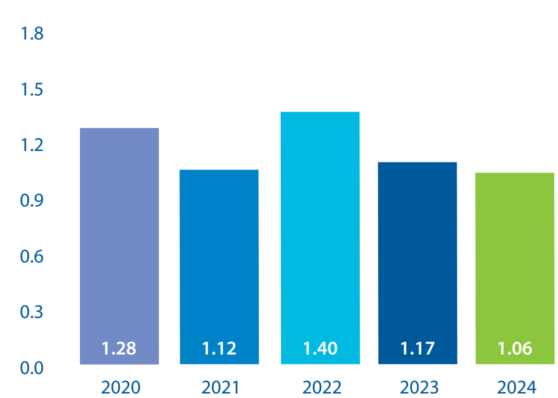
in $Millions



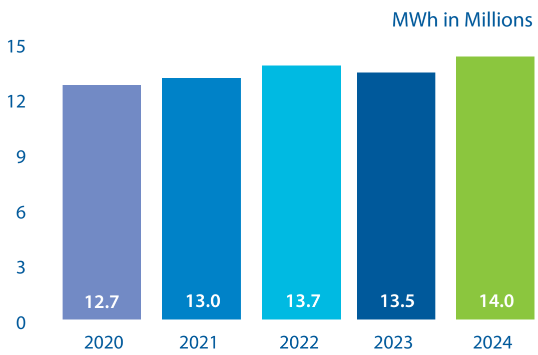
DSC



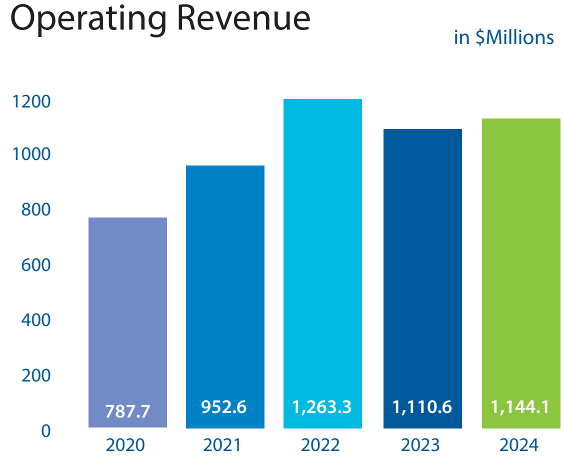
TIER



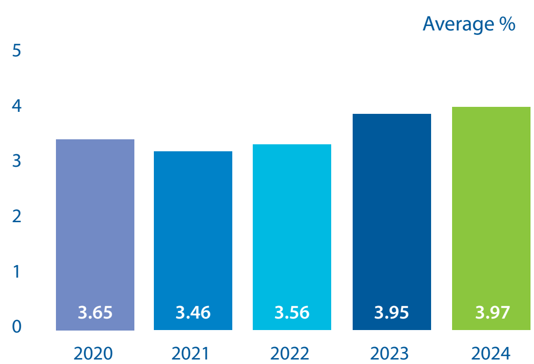
Energy Sales to Members



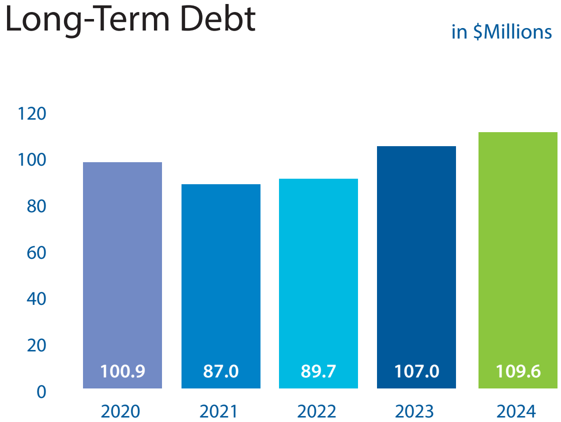
Operating Revenue



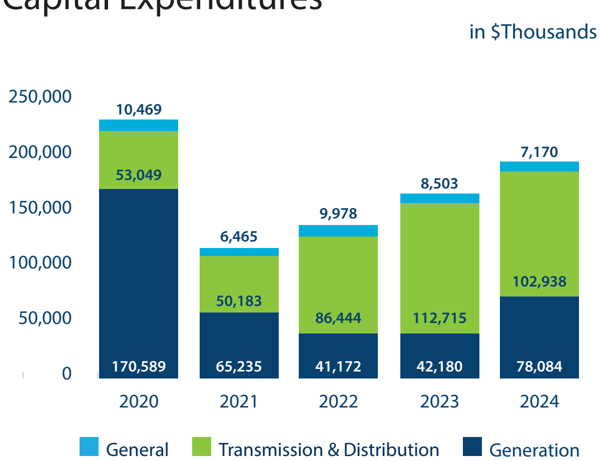
Average interest Rate on Long-Term Debt Year-End



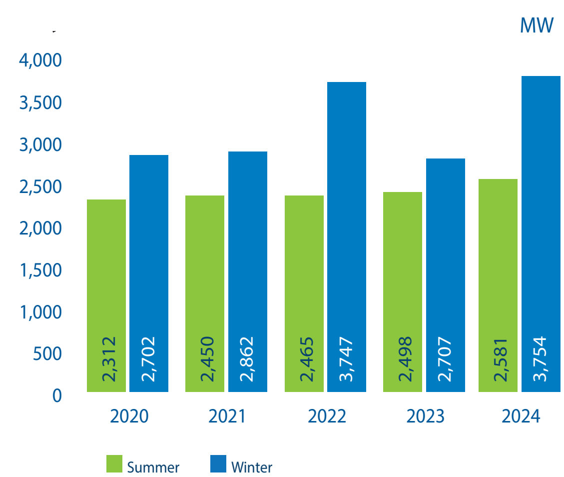
Interest Expense on Long-Term Debt



Capital Expenditures



System Coincident Peak



Report of Management

The accompanying financial statements of East Kentucky Power Cooperative, Inc. were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on management's best judgments and estimates. The other financial information included in this annual report is consistent with the financial statements.

The cooperative maintains a system of internal controls, including accounting controls and internal auditing. The system of controls provides for appropriate division of responsibility and the application of policies and procedures that are consistent with high standards of accounting and administration. The cooperative believes that its system of internal controls provides reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are reliable for use in preparing financial statements.

The financial statements have been audited by the cooperative's independent certified public accountants, Ernst & Young LLP, whose opinion appears on the next page.

The Board of Directors, through its Audit Committee consisting solely of directors and member system CEOs, meets with Ernst & Young LLP, representatives of management and the internal auditor to review their activities and to discuss accounting, auditing and financial matters and the carrying out of responsibilities and duties of each group.
Ernst & Young LLP has full and free access to meet with the Audit Committee to discuss their audit results and opinions, without management representatives present, to allow for complete independence.

Anthony D Campbell

Anthony Campbell
President and CEO

Clifton E Scott

Cliff Scott
Executive Vice President and CFO

Ernst & Young LLP
Suite 1200
400 West Market Street
Louisville, KY 40202

Tel: +1 502 585 1400
ey.com

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Report of Independent Auditors

The Board of Directors
East Kentucky Power Cooperative, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of East Kentucky Power Cooperative, Inc. (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of revenue and expenses and comprehensive loss, changes in members' equities, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Shape the future
with confidence

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated March 28, 2025, on our consideration of East Kentucky Power Cooperatives, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of East Kentucky Power Cooperative, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Kentucky Power Cooperative, Inc.'s internal control over financial reporting and compliance.

Ernst & Young LLP

March 28, 2025

East Kentucky Power Cooperative, Inc.

Balance Sheets

(Dollars in Thousands)

	December 31	
	2024	**2023**
Assets		
Electric plant:		
In-service	**$ 4,935,839**	$ 4,794,506
Construction-in-progress	**111,183**	91,402
	5,047,022	4,885,908
Less accumulated depreciation	**1,947,150**	1,856,761
Electric plant – net	**3,099,872**	3,029,147
Investment securities:		
Available-for-sale	**15,006**	16,596
Held-to-maturity	**6,998**	7,054
Current assets:		
Cash and cash equivalents	**225,075**	296,825
Accounts receivable	**113,771**	110,898
Fuel	**81,193**	136,241
Materials and supplies	**158,042**	137,485
Regulatory assets	**3,423**	14,404
Other current assets	**34,593**	23,183
Total current assets	**616,097**	719,036
Regulatory assets	**80,641**	94,340
Deferred charges	**55,488**	10,456
Other noncurrent assets	**9,045**	8,287
Total assets	**$ 3,883,147**	$ 3,884,916
Members' equities and liabilities		
Members' equities:		
Memberships	**$ 2**	$ 2
Patronage and donated capital	**767,627**	761,008
Accumulated other comprehensive margin	**15,231**	23,010
Total members' equities	**782,860**	784,020
Long-term debt	**2,774,691**	2,749,655
Current liabilities:		
Current portion of long-term debt	**114,842**	101,905
Accounts payable	**88,406**	109,662
Accrued expenses	**32,534**	56,931
Regulatory liabilities	**–**	1,428
Total current liabilities	**235,782**	269,926
Accrued postretirement benefit cost	**51,422**	44,506
Asset retirement obligations and other liabilities	**38,392**	36,809
Total members' equities and liabilities	**$ 3,883,147**	$ 3,884,916

See notes to financial statements.

East Kentucky Power Cooperative, Inc.

Statements of Revenue and Expenses and Comprehensive Loss

(Dollars in Thousands)

	Year Ended December 31	
	2024	**2023**
Operating revenue	**$ 1,144,064**	$ 1,110,571
Operating expenses:		
Production:		
Fuel	**335,047**	344,469
Other	**196,914**	213,174
Purchased power	**200,114**	164,814
Transmission and distribution	**73,269**	74,244
Regional market operations	**7,208**	6,058
Depreciation and amortization	**160,847**	142,447
General and administrative	**61,217**	56,415
Total operating expenses	**1,034,616**	1,001,621
Operating margin before fixed charges and other expenses	**109,448**	108,950
Fixed charges and other:		
Interest expense on long-term debt	**109,561**	107,002
Amortization of debt expense	**770**	971
Accretion and other	**1,317**	1,207
Total fixed charges and other expenses	**111,648**	109,180
Operating loss	**(2,200)**	(230)
Nonoperating margin:		
Interest income	**8,043**	9,035
Patronage capital allocations from other cooperatives	**564**	913
Other	**212**	8,138
Total nonoperating margin	**8,819**	18,086
Net margin	**6,619**	17,856
Other comprehensive loss:		
Unrealized gain on available-for-sale securities	**13**	184
Postretirement benefit obligation loss	**(7,792)**	(20,966)
	(7,779)	(20,782)
Comprehensive loss	**$ (1,160)**	$ (2,926)

See notes to financial statements.

East Kentucky Power Cooperative, Inc.

Statements of Changes in Members' Equities

(Dollars in Thousands)

	Memberships	Patronage Capital	Donated Capital	Accumulated Other Comprehensive Margin	Total Members' Equities
Balance – December 31, 2022	$ 2	$ 740,117	$ 3,035	$ 43,792	$ 786,946
Net margin	–	17,856	–	–	17,856
Unrealized gain on available for sale securities	–	–	–	184	184
Postretirement benefit obligation loss	–	–	–	(20,966)	(20,966)
Balance – December 31, 2023	2	757,973	3,035	23,010	784,020
Net margin	**–**	**6,619**	**–**	**–**	**6,619**
Unrealized gain on available for sale securities	**–**	**–**	**–**	**13**	**13**
Postretirement benefit obligation loss	**–**	–	–	**(7,792)**	**(7,792)**
Balance – December 31, 2024	**$ 2**	**$ 764,592**	**$ 3,035**	**$ 15,231**	**$ 782,860**

See notes to financial statements.

East Kentucky Power Cooperative, Inc.

Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31	
	2024	**2023**
Operating activities		
Net margin	**$ 6,619**	$ 17,856
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and amortization	**160,847**	142,447
Amortization of debt issuance costs	**1,176**	1,176
Changes in operating assets and liabilities:		
Accounts receivable	**(1,786)**	38,550
Fuel	**55,048**	(43,974)
Materials and supplies	**(20,557)**	(32,598)
Regulatory assets/liabilities	**10,348**	15,796
Accounts payable	**(21,316)**	(33,652)
Accrued expenses	**(24,397)**	6,529
Accrued postretirement benefit cost	**(876)**	(4,187)
Other	**(15,239)**	(21,177)
Net cash provided by operating activities	**149,867**	86,766
Investing activities		
Additions to electric plant	**(215,222)**	(185,261)
Change in deferred charges - survey and investigation	**(45,144)**	–
Maturities of debt service reserve securities	**–**	3,341
Purchases of debt service reserve securities	**–**	(2,224)
Maturities of available-for-sale securities	**17,250**	18,730
Purchases of available-for-securities	**(15,647)**	(17,063)
Maturities of held-to-maturity securities	**56**	127
Other	**(35)**	1,124
Net cash used in investing activities	**(258,742)**	(181,226)
Financing activities		
Proceeds from long-term debt	**335,643**	457,662
Principal payments on long-term debt	**(297,941)**	(295,704)
Debt issuance costs	**(500)**	(253)
Payment of obligation under long-term lease	**(77)**	(89)
Net cash provided by financing activities	**37,125**	161,616
Net change in cash and cash equivalents	**(71,750)**	67,156
Cash and cash equivalents – beginning of year	**296,825**	229,669
Cash and cash equivalents – end of year	**$ 225,075**	$ 296,825
Supplemental disclosure of cash flows		
Cash paid for interest	**$ 127,476**	$ 107,682
Noncash investing transactions:		
Additions to electric plant included in accounts payable	**$ 29,613**	$ 29,553
Unrealized gain (loss) on available-for-sale securities	**$ 13**	$ 184

See notes to financial statements.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements

Years Ended December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

Nature of Operations

East Kentucky Power Cooperative (the Cooperative or EKPC) is a not-for-profit electric generation and transmission cooperative incorporated in 1941 that provides wholesale electric service to 16 distribution members with territories that include parts of 89 counties in Kentucky. The majority of customers served by members are residential. Each of the members has entered into a wholesale power agreement with the Cooperative, which remains in effect until 2051. The rates charged to members are regulated by the Kentucky Public Service Commission (PSC or Commission).

The Cooperative owns and operates two coal-fired generation plants, twelve combustion turbines, five landfill gas plants, and two solar farms. In addition, the Cooperative has rights to 170 megawatts of hydroelectric power from the Southeastern Power Administration. The capacity and energy from one landfill gas plant is designated to serve a member system through a ten-year purchase power agreement. A portion of one solar farm's panels are licensed to customers of our members. The second solar farm is designated to serve a member system's customer through a 25-year renewable energy program purchase agreement.

Basis of Accounting

The financial statements are prepared in accordance with policies prescribed or permitted by the Commission and the United States Department of Agriculture, Rural Utilities Service (RUS), which conform with accounting principles generally accepted in the United States of America (GAAP) in all material respects. As a rate-regulated entity, the Cooperative's financial statements reflect actions of regulators that result in the recording of revenues and expenses in different time periods than enterprises that are not rate-regulated in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations.*

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (continued)

Electric Plant in Service

Electric plant is stated at original cost, which is the cost of the plant when first dedicated to public service by the initial owner, plus the cost of all subsequent additions. The cost of assets constructed by the Cooperative includes material, labor, contractor and overhead costs.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expense. The cost of replacement of depreciable property units, as distinguished from minor items, is charged to electric plant. The cost of units replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation.

Depreciation and Amortization

Depreciation for the generating plants and transmission facilities is provided on the basis of estimated useful lives at straight-line composite rates. Effective October 1, 2021, new depreciation rates were implemented based upon a depreciation study approved by the PSC and RUS. The approved composite depreciation rates for generation, transmission, and distribution include a component for non-asset retirement obligation (non-ARO) removal costs, which is credited to accumulated depreciation. Actual removal costs incurred are charged to accumulated depreciation, as prescribed by RUS. Any excess of accrued non-ARO removal costs over actual removal costs incurred will be reclassified from accumulated depreciation and reflected as a regulatory liability on the balance sheets. The depreciation rates in effect as of December 31, 2024 and 2023 are as follows:

	2024	2023
Generation plant	**1.81%-11.67%**	1.81%–11.67%
Transmission and distribution plant	**1.12%-6.31%**	1.12%–6.31%
General plant	**0.99%-6.67%**	0.99%–6.67%

Depreciation and amortization expense was $160.8 million and $142.4 million for 2024 and 2023, respectively. Depreciation and amortization expense includes amortization expense of $10.6 million in 2024 and $10.9 million in 2023 related to plant abandonments granted regulatory asset treatment, offset by regulatory credits of $1.0 million in 2024 and $18.3 million in 2023 related to the annual establishment of the generation maintenance tracker regulatory asset (Note 4).

1. Summary of Significant Accounting Policies (continued)

The Cooperative received PSC approval to charge depreciation associated with asset retirement obligations to regulatory assets. These regulatory assets are then charged to depreciation expense as recovery occurs. Depreciation charged to regulatory assets was $2.1 million and $3.3 million in 2024 and 2023, respectively.

Asset Impairment

Long-lived assets held and used by the Cooperative are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Specifically, the evaluation for impairment involves comparison of an asset's carrying value to the estimated undiscounted cash flows the asset is expected to generate over its remaining life. If this evaluation were to conclude that the carrying value of the asset is impaired, an impairment charge would be recorded as a charge to operations based on the difference between the asset's carrying amount and its fair value. No impairment was recognized for long-lived assets during the years ended December 31, 2024 or 2023.

Cash and Cash Equivalents

The Cooperative considers temporary investments having an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents at December 31, 2024 and 2023, consisted primarily of money market mutual funds and investments in commercial paper.

Investment Securities

Investment securities are classified as held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Investment securities are classified as available-for-sale when they might be sold before maturity. Available-for-sale securities are carried at fair value, with unrealized holding gains and losses reported in other comprehensive loss on the statements of revenue and expenses and comprehensive loss.

1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying amount of cash, receivables and certain other current liabilities approximates fair value due to the short maturity of the instruments.

The Cooperative uses fair value to measure certain financial instruments. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Observable inputs or unobservable inputs, defined by ASC Topic 820*, Fair Value Measurements and Disclosures*, may be used in the calculation of fair value. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 – Prices or valuations that require inputs that are both significant to the fair value measure and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The inputs used to measure cash equivalents are Level 1 measurements, as the money market funds are exchange traded funds in an active market. The inputs used to measure the available-for-sale investments are Level 1 measurements, as the securities are based on quoted market prices for identical investments or securities. Included in the available-for-sale securities on the following table are securities held in connection with the directors' and certain employees' elective deferred compensation programs and the supplemental executive retirement plan covering certain executives of $4.4 million and $3.9 million at December 31, 2024 and 2023, respectively. These assets are included in other noncurrent assets on the balance sheets.

1. Summary of Significant Accounting Policies (continued)

Estimated fair values of the Cooperative's financial instruments as of December 31, 2024 and 2023, were as follows (dollars in thousands):

	Fair Value at Reporting Date Using			
	Fair Value December 31, 2024	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash equivalents	**$ 165,000**	**$ 165,000**	**$ –**	**$ –**
Available-for-sale securities	**19,391**	**19,391**	**–**	**–**

	Fair Value at Reporting Date Using			
	Fair Value December 31, 2023	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash equivalents	$ 215,000	$ 215,000	$ –	$ –
Available-for-sale securities	20,501	20,501	–	–

1. Summary of Significant Accounting Policies (continued)

The estimated fair values of the Cooperative's financial instruments carried at cost at December 31, 2024 and 2023, were as follows (dollars in thousands):

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Held-to-maturity investments	**$ 6,998**	**$ 6,616**	$ 7,054	$ 7,432
Long-term debt	**2,889,533**	**2,708,040**	2,851,560	2,748,114

The inputs used to measure held-to-maturity investment securities are considered Level 2 and are based on third-party yield rates of similarly maturing instruments determined by recent market activity. The fair value of long-term debt, including current maturities and prepayment costs, is calculated using published interest rates for debt with similar terms and remaining maturities and is a Level 2 fair value measurement.

Concentration of Credit Risk

Credit risk represents the risk of loss that would occur if suppliers or customers did not meet their contractual obligations to EKPC. Concentration of credit risk occurs when significant suppliers or customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same events.

The Cooperative's sales are primarily to its member cooperatives and totaled approximately $1,091.0 million and $1,052.0 million for 2024 and 2023, respectively. Accounts receivable at December 31, 2024 and 2023, were primarily from billings to member cooperatives. Based upon historical experience, the short-term nature of these receivables, and current economic conditions, credit losses are not expected.

At December 31, 2024 and 2023, individual accounts receivable balances that exceeded 10% of total accounts receivable are as follows (dollars in thousands):

	2024	2023
Owen Electric Cooperative	**$ 17,709**	$ 16,135
Blue Grass Energy Cooperative	**12,223**	N/A
South Kentucky RECC	**11,555**	N/A

1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories of fuel and materials and supplies are valued at the lower of average cost or net realizable value. Upon removal from inventory for use, the average cost method is used. Physical adjustments of fuel inventories are charged to expense over the subsequent six months and recovered or refunded, as required, through the fuel adjustment clause.

Regulatory Assets and Liabilities

ASC Topic 980 applies to regulated entities for which rates are designed to recover the costs of providing service. In accordance with this topic, certain items that would normally be reflected in the statements of revenue and expenses are deferred on the balance sheets. Regulatory assets represent probable future revenues associated with certain incurred costs, which will be recovered from customers through the rate-making process. Regulatory assets are charged to earnings as collection of the cost in rates is recognized or when future recovery is no longer probable. Conversely, regulatory liabilities represent future reductions in revenues associated with amounts that are to be credited to customers through the rate-making process.

Deferred Charges

Deferred charges are classified as non-current assets on the balance sheet and include survey and investigation charges, issuance costs associated with an unsecured credit facility arrangement, and other miscellaneous deferred credits not provided for elsewhere.

Survey and investigation charges represent the costs incurred in determining the feasibility of contemplated generation and transmission projects. If construction results, the charges will be reclassified to electric plant, construction work in-progress. If the work is abandoned, the associated costs will be charged to the appropriate operating expense account, or an application will be filed with the PSC for regulatory asset treatment and recovery in a future base rate case. As of December 31, 2024, the construction of these projects is deemed probable.

Issuance costs and other fees associated with the unsecured credit facility are amortized to expense over the term of the agreement.

1. Summary of Significant Accounting Policies (continued)

The balances at December 31, 2024 and 2023, were as follows (dollars in thousands):

	2024	2023
Survey and Investigation Charges	**$ 53,591**	$ 8,447
Unsecured Credit Facility Issuance Costs and Fees	**1,492**	1,298
Miscellaneous	**405**	711
	$ 55,488	$ 10,456

Debt Issuance Costs

Debt issuance costs are presented as a direct deduction from long-term debt with the exception of those issuance costs associated with line-of-credit arrangements which are classified as a deferred charge asset on the balance sheet.

Debt issuance costs are amortized to interest expense over the life of the respective debt using the effective interest rate method or the straight-line method when results approximate the effective interest rate method.

Asset Retirement Obligations

ASC Topic 410, *Asset Retirement Obligations*, requires legal obligations associated with the retirement of long-lived assets to be recognized at fair value when incurred and capitalized as part of the related long-lived asset, including asset retirement obligations where an obligation exists even though the method or timing of settlement may be conditional. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. When the asset is retired, the entity settles the obligation for its recorded amount or incurs a gain or loss.

Fair value of each respective asset retirement obligation (ARO), when incurred, is determined by discounting expected future cash outflows associated with required retirement activities using a credit adjusted risk-free rate. Cash outflows for retirement activities are based upon market information, historical information and management’s estimates and would be considered Level 3 under the fair value hierarchy.

1. Summary of Significant Accounting Policies (continued)

The Cooperative's AROs represent the requirements related to asbestos abatement and reclamation and capping of ash disposal sites at its coal-fired plants. ARO liabilities incurred in 2024 represent currently known, and reasonably estimated costs to comply with the Legacy Coal Combustion Residuals (CCR) Rule published on May 8, 2024, which included two additional classes of CCR units; legacy CCR surface impoundments (LSIs), and CCR management units (CCRMUs). The ARO obligations recognized included groundwater monitoring and closure certification costs at an LSI site and for expected costs related to facility evaluations at various sites where CCRMUs areas of interest were identified. Estimated cash flow revisions in 2024 and 2023 are primarily related to changes in the cost estimates and expected timing of settlement activities for certain ash disposal sites to comply with the closure and post-closure requirements of the 2015 Coal Combustion Residuals (CCR) Rule. Settlement activities in 2024 and 2023 are associated with the closure of an ash disposal site.

The Cooperative continues to evaluate the useful lives of its plants and the costs of remediation required by law.

The following table represents the details of asset retirement obligation activity as reported on the accompanying balance sheets (dollars in thousands):

	2024	2023
Balance – beginning of year	**$ 32,416**	$ 40,368
Liabilities incurred	**2,362**	958
Liabilities settled	**(5,239)**	(5,795)
Estimated cash flow revisions	**2,111**	(4,722)
Accretion	**1,613**	1,607
Balance – end of year	**$ 33,263**	$ 32,416

As discussed in Note 4, the PSC granted regulatory asset treatment of accretion and depreciation associated with AROs on EKPC's books by type and location beginning in January 2014. These regulatory assets will be charged to accretion expense and depreciation expense as recovery of settlement costs occurs.

1. Summary of Significant Accounting Policies (continued)

Accretion charged to regulatory assets was $1.6 million in 2024 and 2023. Accretion expense recognized in 2024 and 2023 was $1.3 million and $1.6 million, respectively, which represented the recovery of settlement costs associated with ash disposal sites and in 2023 also included the recovery of asbestos abatement at Dale Station.

Revenue Recognition

Operating revenues are primarily derived from sales of electricity to members. These sales, which comprise approximately 95% of EKPC's operating revenues, are pursuant to identical long-term wholesale power contracts maintained with RUS and each of the Cooperative's 16 members that extend through December 31, 2050. The wholesale power contract obligates each member to pay EKPC for demand and energy furnished in accordance with rates established by the PSC. Energy and demand have the same pattern of transfer to members as one cannot be provided without the other. Therefore, these components of electric power sales to members are considered one performance obligation. Electricity revenues are recognized over time as energy is delivered based upon month-end meter readings and rates set forth in EKPC's tariffs, as approved by the PSC.

Non-member revenues are primarily comprised of PJM Interconnection, LLC (PJM) electric and capacity revenues, and other revenues. In the PJM market, electricity sales are separately identifiable from participation in the capacity market as the two can be transacted independently of one another. Therefore, PJM electric sales are considered a separate contract with a single performance obligation and revenue is recognized based upon the megawatt-hours delivered in each hour at the market price. Capacity revenues represent compensation received from PJM for making generation capacity available to satisfy system integrity and reliability requirements. Capacity is a stand-ready obligation to deliver energy when called upon and is considered a single performance obligation. Revenue is recognized over time based upon megawatts and the prices set by the PJM competitive auction for the delivery year. In 2023, capacity revenue included PJM net performance bonuses of $22.3 million related to Winter Storm Elliott.

Other revenues primarily consist of transmission, wheeling, and leasing activities. Transmission and wheeling are related to contractual agreements with PJM and other electric utilities for transmitting electricity over EKPC's transmission lines. Each of these services are provided over time with progress measured using the output method. Lease revenue is related to power sales arrangements that are required to be accounted for as leases since the arrangements convey the right to the output of a specific plant facility for a stated period of time. Lease revenues comprised $0.6 million of other revenues for 2024 and 2023.

1. Summary of Significant Accounting Policies (continued)

The following represents operating revenues by revenue stream for the years ended December 31, 2024 and 2023 (dollars in thousands):

	Year Ended December 31	
	2024	**2023**
Member electric sales	**$ 1,091,417**	$ 1,051,960
Non-member sales:		
Electric	**39,910**	19,027
Capacity	**1,765**	30,023
Other	**10,972**	9,561
Total operating revenues	**$ 1,144,064**	$ 1,110,571

Rate Matters

The base rates charged by the Cooperative to its members are regulated by the PSC. Any change in base rates requires that EKPC file an application with the PSC and interested parties may seek intervention in the proceeding if they satisfy certain regulatory requirements. EKPC's last base rate increase was authorized by the PSC for service rendered on and after October 1, 2021.

The PSC's final rate order contained a provision for the establishment of an earnings mechanism whereby in any given year that EKPC achieves a times interest earned ratio (TIER) in excess of 1.4, the excess margin will be recorded as a regulatory liability at year-end and returned to members through a bill credit in the subsequent year.

The PSC's rate order also authorized the establishment of a generation maintenance tracker, effective for the year ending December 31, 2022 and thereafter, whereby EKPC will record a regulatory asset or regulatory liability for 75% of all actual generation maintenance expenses over/under a historical level of generation maintenance expense. The recovery of the regulatory asset or refund of the regulatory liability will then be addressed in EKPC's next base rate case.

1. Summary of Significant Accounting Policies (continued)

The PSC has adopted a uniform fuel adjustment clause for all electric utilities within its jurisdiction. Under this clause, fuel cost above or below a stated amount per kWh is charged or credited to the member cooperatives for all energy sales during the month following actual fuel costs being incurred and is included in member electric sales. The regulatory asset or liability represents the amount that has been under- or over-recovered due to timing or adjustments to the mechanism.

The PSC has an environmental cost recovery mechanism that allows utilities to recover certain costs incurred in complying with the Federal Clean Air Act as amended and those federal, state, and local environmental requirements which apply to coal combustion wastes and byproducts from facilities utilized for the production of energy from coal. This environmental surcharge is billed on a percentage of revenue basis, one month following the actual costs incurred and is included in member electric sales. The regulatory asset or liability represents the amount that has been under- or over-recovered due to timing or adjustments to the mechanism.

Members' Equities

Memberships represent contributions to the Cooperative made by members. Should the Cooperative cease business, these amounts, if available, will be returned to the members.

Patronage capital represents net margin allocated to the Cooperative's members on a contribution-to-gross margin basis pursuant to the provisions of its bylaws. The Cooperative's bylaws permit the Board of Directors to retire capital contributed by or allocated to members when, after any proposed retirement, the total capital of the Cooperative equals or exceeds 20% of total assets, as defined by RUS. In addition, provisions of certain financing documents prohibit the retirement of capital until stipulated requirements related to aggregate margins and equities are met.

All margin allocations assigned to members through 1983 have been retired. There were no retirements of patronage capital in 2024 or 2023.

Comprehensive Loss

Comprehensive loss includes both net margin and other comprehensive loss. Other comprehensive loss represents the change in unrealized gains and losses on available-for-sale securities, as well as the change in the funded status of the accumulated postretirement benefit obligation.

1. Summary of Significant Accounting Policies (continued)

The Cooperative presents each item of other comprehensive loss on a net basis in the statements of revenue and expenses and comprehensive loss. Reclassification adjustments are disclosed in Note 7. For any item required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period, the affected line item(s) on the statements of revenue and expenses and comprehensive loss are provided.

Income Taxes

The Cooperative is exempt under Section 501(c)(12) of the Internal Revenue Code from federal income tax for any year in which at least 85% of its gross income is derived from members but is responsible for income taxes on certain unrelated business income. ASC Topic 740, *Income Taxes*, clarifies the accounting for uncertainty in income taxes recognized in the financial statements. This interpretation requires financial statement recognition of the impact of a tax position if a position is more likely than not of being sustained on audit, based on the technical merits of the position.

Additionally, ASC Topic 740 provides guidance on measurement, recognition, classification, accounting in interim periods, and disclosure requirements for uncertain tax positions. The Cooperative has determined that more than 85% of its gross income is derived from members and it meets the exemption status under Section 501(c)(12) for each period presented.

Regional Transmission Organization

The Cooperative is a transmission-owning member of PJM and functional control of certain transmission facilities is maintained by PJM. Open access to the EKPC transmission system is managed by PJM pursuant to the FERC approved PJM Open Access Transmission Tariff and the Cooperative is an active participant in PJM’s Regional Transmission Planning process, which develops a single approved transmission plan for the entire PJM footprint. Energy related purchases and sales transactions within PJM are recorded on an hourly basis with all transactions within each market netted to a single purchase or sale for each hour.

2. Electric Plant in Service

Electric plant in service at December 31, 2024 and 2023, consisted of the following (dollars in thousands):

	2024	2023
Production plant	**$ 3,481,219**	$ 3,400,275
Transmission plant	**1,045,835**	1,013,308
General plant	**142,469**	133,741
Completed construction, not classified, and other	**266,316**	247,182
Electric plant in service	**$ 4,935,839**	$ 4,794,506

Acquisition adjustments of $4 million were included in electric plant in service at December 31, 2024 and 2023. Acquisition adjustments represent the difference between the net book value of the original owner and the fair value of the assets at the date of acquisition.

3. Investment Securities

Cost and estimated fair value of available-for-sale investment securities at December 31, 2024 and 2023, were as follows (dollars in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2024				
U.S. Treasury bill/note	**$ 14,954**	**$ 52**	**$ –**	**$ 15,006**
	$ 14,954	**$ 52**	**$ –**	**$ 15,006**
2023				
U.S. Treasury bill/note	$ 16,557	$ 39	$ –	$ 16,596
	$ 16,557	$ 39	$ –	$ 16,596

Proceeds from maturities of securities were $17.3 million and $18.7 million in 2024 and 2023, respectively.

3. Investment Securities (continued)

Amortized cost and estimated fair value of held-to-maturity investment securities with National Rural Utilities Cooperative Finance Corporation (CFC) at December 31, 2024 and 2023, are as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2024				
5% capital term certificates	**$ 6,998**	**$ –**	**$ (382)**	**$ 6,616**
	$ 6,998	**$ –**	**$ (382)**	**$ 6,616**
2023				
5% capital term certificates	$ 6,998	$ 378	$ –	$ 7,376
0% subordinated term certificate	56	–	–	56
	$ 7,054	$ 378	$ –	$ 7,432

The amortized cost and fair value of securities at December 31, 2024, by contractual maturity, are shown below (dollars in thousands). Expected maturities may differ from contractual maturities because certain borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Available-for-sale:		
Due in one year or less	$ 14,954	$ 15,006
	$ 14,954	$ 15,006
Held-to-maturity:		
Due after ten years	$ 6,998	$ 6,616
	$ 6,998	$ 6,616

4. Regulatory Assets and Liabilities

Regulatory assets (liabilities) were comprised of the following as of December 31, 2024 and 2023 (dollars in thousands):

	2024	2023
Plant abandonment – Smith Unit 1	**$ 21,287**	$ 31,931
ARO-related depreciation and accretion expenses	**28,146**	31,103
Major maintenance projects – Spurlock Station	**2,716**	3,622
Rate case expenses	**–**	186
Generation maintenance tracker	**28,492**	27,498
Environmental cost recovery	**2,320**	52
Fuel adjustment clause	**1,103**	14,352
	$ 84,064	$ 108,744
Earnings mechanism	**$ –**	$ (1,428)
	$ –	$ (1,428)

Detailed information regarding regulatory assets and liabilities is provided below.

Smith Unit 1 – Represents the remaining regulatory asset balance authorized by the PSC in connection with the cancelled construction of the Smith Unit 1 coal-fired plant in 2010. The PSC approved recovery of the remaining amortization in base rates. The regulatory asset will be fully amortized on December 31, 2026.

ARO-related depreciation and accretion expenses – The PSC authorized regulatory asset treatment of depreciation and accretion expenses related to EKPC's asbestos abatement and ash disposal AROs. The PSC authorized recovery of the costs incurred to settle the majority of EKPC's ash disposal AROs through the environmental surcharge mechanism. While the Cooperative has not yet requested recovery of two ARO-related regulatory assets, management believes it is probable that the PSC will allow the Cooperative to recover the full amount through rates or other mechanisms.

4. Regulatory Assets and Liabilities (continued)

Major maintenance projects – In 2019, the RUS authorized the Cooperative to establish a regulatory asset for the costs related to major maintenance and the replacement of minor components of property at Spurlock Station and to amortize the balance over eight years. The PSC subsequently authorized amortization and recovery over the months remaining in the eight-year period, which ends on December 31, 2027.

Rate case expenses – The PSC authorized EKPC to establish a regulatory asset for expenses incurred as part of the 2021 rate case proceeding. The PSC also authorized recovery and a three-year amortization period, which ended on September 30, 2024.

Generation maintenance tracker – As discussed in Note 1, Rate Matters, this amount represents 75% of the annual generation maintenance expense, beginning in 2022, that exceeded the historical annual expense level established as part of the 2021 base rate case. The amount will be considered for recovery during EKPC's next base rate case.

Fuel adjustment clause and environmental surcharge – Represents recovery mechanisms adopted by the PSC (Note 1, Rate Matters). Any under (over) recovery is classified as a current regulatory asset or regulatory liability on the balance sheet.

Earnings mechanism – As discussed in Note 1, Rate Matters, this amount represents 2022 excess earnings to be refunded to members through a bill credit due to TIER exceeding 1.4, plus interest. In 2023, the PSC authorized the Cooperative to delay refunding the 2022 excess earnings to members for one year due to the administrative burden associated with the members passing the credit back to their members, and to accrue interest on the balance until refunded. The 2022 excess earnings plus interest were refunded to the members in August 2024.

5. Long-Term Debt

The Cooperative executed an Indenture of Mortgage, Security Agreement and Financing Statement, dated as of October 11, 2012 (Indenture) between the Cooperative, as Grantor, to U.S. Bank National Association, as Trustee. The Indenture provides first mortgage note holders and tax-exempt bond holders with a pro-rated interest in substantially all owned assets.

5. Long-Term Debt (continued)

Long-term debt outstanding at December 31, 2024 and 2023, consisted of the following (dollars in thousands):

	2024	2023
First mortgage notes:		
1.14%–5.18%, payable quarterly to Federal Financing Bank (FFB) in varying amounts through 2050, weighted average 3.63%	**$ 2,068,301**	$ 2,141,556
First Mortgage Bonds, Series 2014A, fixed rate of 4.61%, payable semi-annual, matures February 6, 2044	**154,000**	159,000
First Mortgage Bonds, Series 2019, fixed rate of 4.45%, payable semi-annual, matures April 19, 2049	**125,000**	130,000
First Mortgage Promissory Note, fixed rate of 4.30%, payable semi-annual, matures April 30, 2049	**83,333**	86,667
Tax-exempt bonds:		
New Clean Renewable Energy Bonds, fixed rate of 4.5% payable annually to CFC to January 31, 2047, reimbursed by IRS annually of up to 2.97% for a net rate of 1.53%	**15,634**	16,018
Promissory notes:		
Variable rate notes payable to CFC, 5.37% at December 31, 2024	**450,000**	325,000
5.40%–5.50% fixed rate notes payable to National Cooperative Services Corporation, weighted average 5.43%	**–**	325
Total debt	**2,896,268**	2,858,566
Less debt issuance costs	**(6,735)**	(7,006)
Total debt adjusted for debt issuance costs	**2,889,533**	2,851,560
Less current maturities	**(114,842)**	(101,905)
Total long-term debt	**$ 2,774,691**	$ 2,749,655

FFB and RUS First Mortgage Notes

The Cooperative received loan funds in varying amounts through its first mortgage notes payable to the Federal Financing Bank and RUS. All such loans are subject to certain conditions outlined by RUS. Listed below are descriptions of those loan applications for which additional funds were advanced to the Cooperative during the year and the status of any remaining funds approved and available for advance at December 31, 2024. The amounts outstanding under these notes are $2.1 billion at December 31, 2024.

5. Long-Term Debt (continued)

In September 2019, the Cooperative submitted to RUS a loan application in the amount of $153 million for various transmission projects. The loan documents were subsequently executed in March 2020 with a maturity date of December 31, 2050; $1.4 million was advanced in 2024. As of December 31, 2024, no loan funds remained available for advance.

In September 2019, the Cooperative submitted to RUS a loan application in the amount of $347 million for various generation projects. The loan documents were subsequently executed in March 2020 with a maturity date of December 31, 2050; $34.2 million was advanced in 2024. As of December 31, 2024, no loan funds remained available for advance.

The Cooperative had two loan applications for various transmission and generation projects in the amounts of $331 million and $110 million, respectively, pending at RUS at December 31, 2024.

Other

First Mortgage Notes and Bonds

On December 11, 2013, the Cooperative entered into a bond purchase agreement for $200 million 4.61% First Mortgage Bonds, Series 2014A due February 2044. The transaction closed and funded on February 6, 2014. The debt is secured on equal footing with the Cooperative's other secured debt under the Indenture. The amount outstanding under these notes is $154.0 million at December 31, 2024.

On April 18, 2019, the Cooperative entered into a bond purchase agreement for $150 million 4.45% First Mortgage Bonds, Series 2019 due to mature on April 19, 2049. The transaction closed and was funded on April 18, 2019. The debt is secured on equal footing with the Cooperative's other secured debt under the Indenture. The amount outstanding under these bonds is $125.0 million at December 31, 2024.

On April 19, 2019, the Cooperative signed a promissory note to CFC for $100 million at a fixed rate of 4.30% with a maturity date of April 30, 2049. The debt is secured and on equal footing with other secured debt. The balance on the loan was $83.3 million at December 31, 2024.

5. Long-Term Debt (continued)

On February 25, 2025, the Cooperative filed an application with the PSC requesting authorization to issue up to $450 million of secured or unsecured private placement or bank/financial institution debt. The proceeds of the proposed financing are expected to be used to reduce borrowings under the Credit Facility, to fund ongoing capital expenditures associated with the construction of utility plant, and for general corporate purposes.

Tax-Exempt Bonds

In September 2016, EKPC was authorized by the IRS to issue $19.8 million in New Clean Renewable Energy Bonds to finance a community solar facility. In February 2017, EKPC issued an $18 million note to CFC. The amount outstanding as of December 31, 2024, is $15.6 million.

Promissory Notes

On July 29, 2022 the Cooperative executed a $500 million unsecured Amended and Restated Credit Agreement with CFC as the lead arranger, to be used for general corporate purposes, including capital construction projects. Effective July 29, 2024, the Cooperative amended its existing $500 million unsecured syndicated credit facility to increase the commitments by $100 million to $600 million and exercised its second option to extend the maturity date of $520 million of the credit facility an additional 364-days, to July 26, 2029.The remaining $80 million will expire on the original maturity date of July 29, 2027. As of December 31, 2024, the Cooperative had outstanding borrowings of $450.0 million and outstanding letters of credit of $10.1 million for deposits with PJM Interconnection and for the Commonwealth of Kentucky for worker's compensation and self-insured automotive policy requirements. As of December 31, 2024, the availability under the credit facility was $139.9 million.

In December 2010, the Cooperative entered into an unsecured loan agreement with the National Cooperative Services Corporation for $23.8 million to refinance indebtedness to RUS. The loan was paid in full on November 30, 2024.

5. Long-Term Debt (continued)

Estimated Annual Maturities of Long-Term Debt

Estimated annual maturities of long-term debt adjusted for debt issuance costs for the five years subsequent to December 31, 2024, are as follows (dollars in thousands):

Years ending December 31:	
2025	$ 114,842
2026	112,812
2027	109,868
2028	111,764
2029	110,228
Thereafter	2,330,019
	$ 2,889,533

The Indenture and certain other debt agreements require, among other provisions, the Cooperative to maintain certain financial ratios or follow cure provisions if ratios are not met in a given year. The Cooperative was in compliance with these requirements at December 31, 2024 and 2023.

As of December 31, 2024, the Cooperative has pledged securities of $0.2 million to the United States Department of Labor related to Workers' Compensation.

In April 2024, the Cooperative filed a corporate guarantee and financial test with the Commonwealth of Kentucky in lieu of pledging securities for landfill closure and post-closure care costs estimated at approximately $29.2 million. The corporate guarantee is renewed annually.

6. Retirement Benefits

Pension Plan

Pension benefits for employees hired prior to January 1, 2007 are provided through participation in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Plan (RS Plan). The plan is a defined benefit pension plan qualified under Section 401 and tax exempt under Section 501(a) of the Internal Revenue Code. It is considered a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

6. Retirement Benefits (continued)

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

For the RS Plan, a "zone status" determination is not required and therefore, not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on January 1, 2024 and 2023, based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

EKPC also participates in a Deferred Compensation Pension Restoration Plan, which is intended to provide a supplemental benefit to highly compensated employees who would experience a reduction in their pension benefit from the RS Plan due to Internal Revenue Code limitations. The President and CEO is the only named participant. The plan was closed to new participants, effective January 1, 2015.

The Cooperative's contributions to the RS Plan in 2024 and 2023 represented less than 5% of the total contributions made to the plan by all participating employers. The Cooperative made annual contributions to the RS Plan and Deferred Compensation Pension Restoration Plan of $7.1 million and $7.0 million in 2024 and 2023, respectively.

Retirement Savings Plan

The Cooperative offers a Retirement Savings Plan for all employees who are eligible to participate in the Cooperative's benefit programs. The plan allows participants to make contributions by salary reduction, pursuant to Section 401(k) of the Internal Revenue Code. For employees hired prior to January 1, 2007, the Cooperative makes matching contributions to the account of each participant up to 2.0% of the participant's compensation. Prior to July 1, 2024, for employees hired on or after January 1, 2007, the Cooperative automatically contributed 6.0% of base wages and matched the employee contribution up to 4.0%. Effective on July 1, 2024, the Cooperative increased the automatic contribution to 6.5% of base wages, and increased the maximum match of

6. Retirement Benefits (continued)

employee contributions to 4.5%. The Cooperative contributed approximately $6.5 million and $5.6 million to the plan for the years ended December 31, 2024 and 2023, respectively. Employees vest immediately in their contributions and the contributions of the Cooperative.

Supplemental Executive Retirement Plan

The Cooperative provides a 457(f) Supplemental Executive Retirement Plan to the executives of the organization. The plan is considered a defined contribution plan whereby annual contributions are made based upon a percentage of base salary. Participants become 100% vested and the account balance paid out upon attaining age 62 or if separation occurs due to involuntary termination without cause, disability, or death. Separation for any other reason before age 62 will result in participants forfeiting their benefits.

Supplemental Death Benefit Plan

The Cooperative provides a Supplemental Death Benefit Plan to all employees eligible to participate in the pension plan. The supplemental death benefit is payable to a deceased employee's beneficiary if the lump sum value of a 100% survivor benefit under the pension plan exceeds the pension plan benefits plus the Cooperative's group life insurance proceeds. Management believes that any liability related to this plan will not have a material effect on the financial statements.

Postretirement Medical Benefits

The Cooperative sponsors a defined benefit plan that provides medical and life insurance coverage to retirees and their dependents. Participating retirees and dependents contribute 50% of the projected cost of coverage. For purposes of the liability estimates, the substantive plan is assumed to be the same as the written plan. The plan is not funded.

In accordance with ASU 2017-07, *Compensation – Retirement Benefits (Topic 715) – Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, the Cooperative includes the service cost component of net periodic benefit cost in operating expenses in the statements of revenue and expenses and comprehensive loss. All other components of net periodic benefit cost are included in other non-operating margin.

6. Retirement Benefits (continued)

The following tables set forth the accumulated postretirement benefit obligation, the change in plan assets, and the components of accrued postretirement benefit cost and net periodic benefit cost as of December 31, 2024 and 2023 (dollars in thousands):

	2024	2023
Change in benefit obligation:		
Accumulated postretirement benefit obligation – beginning of year	**$ 47,244**	$ 29,974
Service cost	**890**	590
Interest cost	**2,372**	1,564
Participants' contributions	**1,597**	1,574
Benefits paid	**(3,802)**	(4,142)
Actuarial loss (gain)	**5,771**	17,684
Accumulated postretirement benefit obligation – end of year	**54,072**	47,244
Change in plan assets:		
Fair value of plan assets – beginning of year	**–**	–
Employer contributions	**2,205**	2,568
Participant contributions	**1,597**	1,574
Benefits paid	**(3,802)**	(4,142)
Fair value of plan assets – end of year	**–**	–
Funded status – end of year	**$ (54,072)**	$ (47,244)
Amounts recognized in balance sheet consists of:		
Current liabilities	**$ 2,650**	$ 2,738
Noncurrent liabilities	**51,422**	44,506
Total amount recognized in balance sheet	**$ 54,072**	$ 47,244
Amounts included in accumulated other comprehensive margin:		
Prior service credit	**$ 16,566**	$ 18,587
Unrecognized actuarial gain	**(1,387)**	4,384
Total amount in accumulated other comprehensive margin	**$ 15,179**	$ 22,971

6. Retirement Benefits (continued)

	2024	2023
Net periodic benefit cost:		
Service cost	**$ 890**	$ 590
Interest cost	**2,372**	1,564
Amortization of prior service credit	**(2,021)**	(2,021)
Amortization of net actuarial gain	–	(1,261)
Net periodic benefit cost	**$ 1,241**	$ (1,128)
Amounts included in other comprehensive margin:		
Net gain (loss) arising during the year	**$ (5,771)**	$ (17,684)
Amortization of prior service credit	**(2,021)**	(2,021)
Amortization of net actuarial gain	–	(1,261)
Net gain (loss) recognized in other comprehensive margin	**$ (7,792)**	$ (20,966)

The change in benefit obligation included a net actuarial loss of $5.8 million. This net actuarial loss was comprised of $6.7 million from changes in demographic assumptions based on recent experience study, $3.1 million from healthcare trend and other updates, partially offset by $4.0 million from an increase in the discount rate.

Actuarial gains and losses are not recognized in net margin, but are instead recorded in accumulated other comprehensive margin. If the total unrecognized actuarial gain or loss is in excess of 10% of the projected benefit obligation, the excess amount is amortized into other non-operating margin over the average years of remaining future service to expected retirement age.

The discount rate used to determine the accumulated postretirement benefit obligation was 5.73% and 5.17% for 2024 and 2023, respectively.

The expected benefit payments from the plan, which reflect anticipated future service, are (dollars in thousands):

Years ending December 31:	
2025	$ 2,650
2026	2,824
2027	2,944
2028	3,133
2029	3,292
2030–2034	19,516

6. Retirement Benefits (continued)

For measurement purposes, a 6.25% annual rate of increase in the per capita cost of covered health care benefits was used for the year ended December 31, 2024. The rate is assumed to decline to 4.0% after 25 years.

7. Changes in Accumulated Other Comprehensive Margin by Component

The following table represents the details of accumulated other comprehensive margin activity by component (dollars in thousands):

	Postretirement Benefit Obligation	Unrealized Gain (Loss) on Investments Available for Sale	Accumulated Other Comprehensive Margin
Balance – December 31, 2022	$ 43,937	$ (145)	$ 43,792
Other comprehensive gain (loss) before reclassifications	(17,684)	184	(17,500)
Amounts reclassified from accumulated other comprehensive margin	(3,282)	–	(3,282)
Net current period other comprehensive gain (loss)	(20,966)	184	(20,782)
Balance – December 31, 2023	22,971	39	23,010
Other comprehensive gain (loss) before reclassifications	**(5,771)**	**13**	**(5,758)**
Amounts reclassified from accumulated other comprehensive margin	**(2,021)**	**–**	**(2,021)**
Net current period other comprehensive gain (loss)	**(7,792)**	**13**	**(7,779)**
Balance – December 31, 2024	**$ 15,179**	**$ 52**	**$ 15,231**

The postretirement benefit obligation reclassification noted above represents the amortization of prior service credits and actuarial gains that are included in the computation of net periodic postretirement benefit cost. See Note 6 – Retirement Benefits for additional details.

8. Commitments and Contingencies

Contract Commitments

The Cooperative periodically enters into long-term agreements for the purchase of power. Payments made under long-term power contracts in 2024 and 2023 were $57.1 million and $7.7 million, respectively. The agreements have varying terms, with one agreement continuing until either party gives a three year notice of termination. Total minimum payment obligations related to the contracts are as follows (dollars in thousands):

Years ending December 31:		
2025	$	54,622
2026		4,846
2027		4,963

The Cooperative has commitments to purchase coal for its generating plants under long-term contracts that extend through 2027. Coal payments under contracts for 2024 and 2023 were $186.2 million and $169.7 million, respectively. Total minimum purchase obligations for the next three years are as follows (dollars in thousands):

Years ending December 31:		
2025	$	130,163
2026		59,370
2027		26,007

The minimum cost of the coal purchases, based on the latest contractual prices, is subject to escalation clauses that are generally based on government-published indices and market price.

The Cooperative also has commitments to purchase limestone and lime for its coal-fired generating plants under all requirements contracts that extend through 2027 and 2026, respectively. These contracts set forth pricing and quantity maximums for each product but do not require minimum purchases. Given that annual quantities purchased will vary according to the generation produced at each plant, minimum purchase obligations for the next year cannot be determined.

The supply agreements are not accounted for as derivatives based upon the Normal Purchases Normal Sales exception as permitted by ASC 815, *Derivatives and Hedging*.

8. Commitments and Contingencies (continued)

New ERA Program

In January 2025, RUS notified EKPC that its application for a funding award through the Empowering Rural America (New ERA) program, a $9.7 billion program of the Inflation Reduction Act (IRA) of 2022, had been obligated with a total budget authority of $679 million. EKPC's application requested a combination of grants and low-interest loans to fund the construction or procurement of 757 megawatts of renewable energy along with improving the regional transmission grid to support renewable projects and increase energy efficiency, with the intent of reducing greenhouse gas emissions, while still providing cost-competitive, reliable and sustainable energy. RUS and EKPC have executed a commitment letter that contains various stipulations that must be met in order for funds to be disbursed under the program.

Regulatory Matters

On December 26, 2024, the PSC granted the Cooperative's request for Certificates of Public Convenience and Necessity (CPCN) to construct two solar projects totaling 136 megawatts (MW) to be located in Fayette and Marion counties. The Fayette County facility will have the capacity to generate 40 MW of electricity on 388 acres, while the Marion County facility will have the capacity to generate 96 MW of electricity on 635 acres. The total cost of developing the two solar farms is estimated at $335.4 million with construction expected to be completed by December 31, 2025. Direct Pay Investment Tax Credits (ITC) and a combination of New ERA grant and loan funds are expected to help cover the cost of construction. Construction work in-progress on the two projects was $23.7 million at December 31, 2024.

On September 20, 2024, the Cooperative filed an application with the PSC requesting a CPCN to construct a new 214 MW electric generation station featuring twelve reciprocating internal combustion engines (RICE) fueled by natural gas to be located on a 100-acre greenfield site in Casey County near Liberty, Kentucky. The total cost to develop the RICE facility is estimated at $500.0 million, and is expected to be completed in December 2028.

8. Commitments and Contingencies (continued)

On November 25, 2024, the Cooperative filed an application with the PSC requesting three separate CPCNs to construct new generation resources. The projects include construction of a 745 MW Integrated Combined Cycle Gas Turbine (CCGT) facility at Cooper Station, a coal to natural gas co-firing conversion of Cooper Station Unit 2, and a coal to natural gas co-firing conversion for all four units at Spurlock Station. New pipelines will supply natural gas to the facilities. The total estimated costs for all three projects are $1,577.8 million. The Cooper CCGT is approximately $1,317.0 million, with an expected completion date of December 31, 2030. The Cooper and Spurlock co-fire projects combined total cost is $260.8 million, with construction expected to be completed by December 31, 2029.

Environmental

As an electric utility, the Cooperative is subject to federal, state, and local laws and regulations to protect both human health and the environment while also regulating the emission, discharge, or release of pollutants into the environment. We believe we are materially in compliance with all current requirements. However, the operation of our generation fleet could be affected by new requirements and future changes in environmental laws and regulations. Capital expenditures and increased operating costs required to comply with new and future regulations cannot be fully determined at this time, but could be significant.

9. Government Assistance

Government assistance transactions occurring during 2024 and 2023 that meet the requirements of ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, are outlined below.

The Cooperative received Clean Coal Incentive (CCI) Tax Credits of approximately $0.2 million and $1.0 million in 2024 and 2023, respectively, for qualifying coal purchased for use at Spurlock Units 3 and 4, which are clean coal certified facilities. Since EKPC is not subject to income tax, the credits were applied to public service corporation property taxes due annually to the Commonwealth of Kentucky. The CCI is included in other non-operating margin in the statement of revenue and expenses and comprehensive loss.

In 2024, the Cooperative placed a 500 KW solar facility in-service, which met the eligibility requirements to receive a 50%, or approximately $1.1 million, Direct Pay ITC under the IRA of 2022. At December 31, 2024, the ITC is included in accounts receivable and as a reduction in project cost (electric plant) on the balance sheet.

10. Related Party Transactions

The Cooperative is a member of CFC, which provides a portion of the Cooperative's financing, including a $100 million fixed rate loan executed in 2019. CFC is also a joint lead arranger and a 30% participant in the Cooperative's $600 million unsecured credit facility. Held-to-maturity investments included CFC capital term certificates of $7.0 million and $7.1 million at December 31, 2024 and 2023, respectively. CFC Patronage capital assigned to EKPC was $2.7 million and $2.5 million at December 31, 2024 and 2023, respectively.

The Cooperative is also a member of CoBank. At December 31, 2024 and 2023, the balance of CoBank's patronage capital assigned to EKPC was $0.8 million.

EKPC is a member of ACES LLC (ACES), which provides various energy marketing, settlement and risk management related services to its members and clients. EKPC's Chairman of the Board and EKPC's CEO serve on the ACES Board of Directors. EKPC accounts for its investment in ACES on the cost basis of accounting. At December 31, 2024 and 2023, the balance of EKPC's investment in ACES was approximately $0.6 million. Payments to ACES were $2.9 million in 2024 and $2.5 million in 2023.

11. Subsequent Events

Management has evaluated subsequent events through March 28, 2025, which is the date these financial statements were available to be issued.

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