



East Kentucky Power Cooperative Proposal for Designated Entity Status

East Kentucky Power Cooperative
September 15, 2021

Background

Entities that desire to participate in the proposal window process and be the designated entity for transmission projects must submit a pre-qualification package to the Office of the Interconnection during the pre-qualification window. Upon receiving the package, PJM will acknowledge receipt and assign the submittal a unique identifier for tracking purposes.

Companies will be evaluated based upon their ability to engineer, develop, construct, operate and maintain a generic transmission facility within PJM. If the filing company does not have experience in a specific area, PJM will request that the company provide a detailed plan for leveraging the experience of their affiliates and contractors.

Pre-qualification packages will be posted on PJM.com after a final determination has been made. A company may provide a redacted version for posting.

Please note that PJM retains the right to request any additional information deemed necessary. If PJM makes such a request, the submitting company will have 30 days to provide the additional information.

Once a company is pre-qualified they must submit any changes in their package to PJM. In order to continue to pre-qualify as a Designated Entity, each entity, at a minimum of no later than three years since its last submission, must confirm to PJM that its pre-qualification information is current.

The PJM Operating Agreement in Section 1.5.8(a) states that the following information must be provided in all pre-qualification packages:

Pre-Qualification Information

1. Name and address of the entity including a point of contact.

East Kentucky Power Cooperative
Attn: Darrin Adams
4775 Lexington Road
Winchester, KY 40391

2. Technical and engineering qualifications of the entity or its affiliate, partner, or parent company.

EKPC has an Engineering Department responsible for the siting, physical design, substation site and transmission line easement acquisition, project management, and construction of transmission lines and substations. The engineering staff includes six engineers, two with their Professional Engineer license. In addition, EKPC also has a Construction & Capital Projects department with staff -- including four full-time EKPC-employed project managers plus three full-time contract project managers -- that supports project management of all transmission projects.

As a transmission owner, EKPC owns nearly 3,000 miles of transmission line with 913 miles above 100 kV, 40 bulk transmission stations and 34 sub-transmission stations. EKPC has been responsible for the design and construction of transmission facilities since the 1950s. In addition to the Engineering Department, personnel from System Protection, Telecom, and Metering Departments support the design and construction of new transmission facilities in their areas of expertise. These departments include a total of 35 staff members with 11 engineers.

3. Demonstrated experience of the entity or its affiliate, partner, or parent company to develop, construct, maintain, and operate transmission facilities. Including a list or other evidence of transmission facilities previously developed regarding construction, maintenance, or operation of transmission facilities both inside and outside of the PJM Region.

See the response to item #2 above regarding EKPC's experience and ability to design and construct transmission facilities. EKPC also has Power Delivery Maintenance and Operations Departments with substantial experience in maintaining and operating transmission facilities at operating voltages from 69 kV up to 345 kV.

Within the last three years (September 2018 through August 2021), EKPC has designed and constructed (or oversaw construction of) numerous new transmission facilities in addition to numerous upgrades and modifications at existing EKPC transmission facilities. The majority of these are 69 kV facilities, but some higher-voltage facilities are included. The following is a list of the new facility at 100 kV and above that EKPC has designed, constructed, and/or handled project management for within the period from October 2018 through September 2021:

- Hunt 138/69 kV Substation Addition (included addition of approximately 1 mile of double-circuit 138 kV line)

A list of the upgrade projects at 100 kV and above on the EKPC system (EKPC participated in design, construction, and project management activities for these projects) over the same period follows:

- Spurlock-Stuart 345 kV Line Re-conductor
- Avon 138 kV Bus Re-configuration (re-configured bus from ring bus to breaker-and-a-half configuration)
- Skaggs 138/69 kV Transformer Upgrade (replaced 138/69 kV, 100 MVA transformer with a 150 MVA transformer)
- Powell County 138 kV Circuit Switcher Addition (added circuit switcher on high-side of substation 138/69 kV autotransformer)
- Summer Shade 161 kV Circuit Switcher Addition (added circuit switcher on high-side of substation 161/69 kV autotransformer)

- Tyner 161 kV Circuit Switcher Addition (added circuit switcher on high-side of substation 161/69 kV autotransformer)
- Green County 161 kV Circuit Breaker Addition (added circuit breaker on high-side of substation 161/69 kV autotransformer)

All of these projects were successfully implemented with no significant issues in the design, construction, and project management activities.

EKPC's Power Delivery Maintenance department consists of 63 employees responsible for maintaining and supporting the maintenance of EKPC's transmission facilities. These responsibilities include switching of transmission facilities, inspections of equipment and facilities, maintenance of equipment, replacement of obsolete, aged, or failed equipment, and maintenance of transmission line rights-of-way. EKPC's Power Delivery Maintenance Department includes four service centers located in strategic locations throughout EKPC's service territory to reduce drive time and facilitate rapid response times following outages. The Power Delivery Maintenance Department also includes a Reliability & Technical Support team responsible for outage investigations, recommendations for reliability improvements, and general technical support functions. Also, the Power Delivery Maintenance Department also includes a Planning & Scheduling team responsible for optimization of EKPC's maintenance activities.

EKPC's System Operations Department consists of 18 employees responsible for the daily and short-term monitoring and operation of EKPC's transmission system. This staff includes 11 system operators that are responsible for 24/7 operation of the EKPC transmission system. These system operators are all certified by both NERC and PJM. The System Operations department also includes three operations engineers responsible for operational analysis, state estimator maintenance, outage coordination, and other support activities.

4. Previous record of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance, and operating practices.

EKPC has extensive experience adhering to standardized construction, maintenance, and operating practices. EKPC maintains compliance with OSHA rules and regulations. EKPC has designed and maintained its facilities to comply with the National Electric Safety Code. EKPC includes applicable IEEE and ANSI standards in its design, maintenance, and operation practices. Also, as a Rural Utilities Service (RUS) borrower, EKPC adheres to published RUS design specifications. As a PJM member, EKPC meets compliance obligations within PJM associated with transmission-system operations. EKPC continues to be a NERC-registered Transmission Owner. Therefore, EKPC continues to meet compliance obligations for the NERC Reliability Standards.

EKPC successfully completed an audit of compliance with the NERC Reliability Standards in June 2021 with no potential violations identified.

5. Capability of the entity or its affiliate, partner, or parent company to adhere to standardized construction, maintenance and operating practices.

EKPC has extensive experience adhering to standardized construction, maintenance, and operating practices. EKPC's staff is familiar with standardized practices and incorporates these into its design, construction, maintenance, and operations activities. EKPC's Safety Department conducts frequent, safety meetings, monitors EKPC adherence to safety rules and regulations, and ensures EKPC is implementing best practices in the area of safety. Also, EKPC's Compliance Department oversees EKPC's NERC compliance program to ensure that EKPC is fully compliant with all applicable NERC Reliability Standards and requirements.

EKPC strongly encourages – and in many cases requires – staff members to gain certifications that require familiarity with many industry standards. For instance, EKPC encourages and/or requires engineering staff to become licensed Professional Engineers. EKPC maintains a substantial training budget and requires employees involved in design, construction, maintenance, and operations of transmission facilities to participate in training activities related to their responsibilities. As discussed in the response to item #4 above, EKPC staff members are familiar with applicable standardized practices and maintain adherence to these in design, construction, maintenance, and operations activities.

6. Financial statements of the entity or its affiliate, partner, or parent company. Please provide the most recent fiscal quarter, as well as the most recent three fiscal years, or the period of the existence of the entity, if shorter, or such other evidence demonstrating an entity's current and expected financial capability acceptable to the Office of the Interconnection.

See the following reports attached at the end of this document:

- December 2018 EKPC RUS Form 12 Financial Information
- December 2019 EKPC RUS Form 12 Financial Information
- December 2020 EKPC RUS Form 12 Financial Information
- July 2021 EKPC RUS Form 12 Financial Information

7. Commitment by the entity to execute the Consolidated Transmission Owners Agreement, if the entity becomes a Designated Entity.

EKPC has already executed the PJM Consolidated Transmission Owners Agreement.

8. Evidence demonstrating the ability of the entity to address and timely remedy failure of facilities.

As discussed in the response to item #3, EKPC has a substantial Power Delivery Maintenance staff that is responsible for addressing outages/failures of facilities. EKPC has four service centers strategically located in the eastern, northern, southern, and western portions of the EKPC service territory. This allows efficient, timely response to equipment outages. EKPC maintains an inventory of necessary equipment to be able to replace failed equipment and quickly return facilities to service. In particular, EKPC ensures that it has spares for critical equipment – transformers, bushings, transformer pumps and fans, circuit breakers, etc.

9. Description of the experience of the entity in acquiring rights of way.

East Kentucky Power Cooperative's Engineering Department employs one internal Land Rights Acquisition program manager, who is dedicated to transmission projects. This program manager has considerable experience in negotiating with property owners for land rights and acquiring easements for rights-of-way. Additionally, EKPC uses multiple consulting firms to negotiate and acquire property and easements on EKPC's behalf. Additionally, EKPC uses both internal and external legal counsel to support the property and easement acquisition activities required.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 21 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY**

BORROWER DESIGNATION
KY0059

PERIOD ENDED December, 2018 (Prepared with Audited Data)

BORROWER NAME
East Kentucky Power Cooperative, Inc.

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part A Section C of this report.

Anthony Campbell

3/28/2019

DATE

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

BORROWER DESIGNATION



PERIOD ENDED

December, 2018

INSTRUCTIONS - See help in the online application.

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues				
2. Income From Leased Property (Net)				
3. Other Operating Revenue and Income				
4. Total Operation Revenues & Patronage Capital (1 thru 3)				
5. Operating Expense – Production - Excluding Fuel				
6. Operating Expense – Production - Fuel				
7. Operating Expense – Other Power Supply				
8. Operating Expense – Transmission				
9. Operating Expense – RTO/ISO				
10. Operating Expense – Distribution				
11. Operating Expense – Customer Accounts				
12. Operating Expense – Customer Service & Information				
13. Operating Expense – Sales				
14. Operating Expense – Administrative & General				
15. Total Operation Expense (5 thru 14)				
16. Maintenance Expense – Production				
17. Maintenance Expense – Transmission				
18. Maintenance Expense – RTO/ISO				
19. Maintenance Expense – Distribution				
20. Maintenance Expense – General Plant				
21. Total Maintenance Expense (16 thru 20)				
22. Depreciation and Amortization Expense				
23. Taxes				
24. Interest on Long-Term Debt				
25. Interest Charged to Construction – Credit				
26. Other Interest Expense				
27. Asset Retirement Obligations				
28. Other Deductions				
29. Total Cost Of Electric Service (15 + 21 thru 28)				
30. Operating Margins (4 less 29)				
31. Interest Income				
32. Allowance For Funds Used During Construction				
33. Income (Loss) from Equity Investments				
34. Other Non-operating Income (Net)				
35. Generation & Transmission Capital Credits				
36. Other Capital Credits and Patronage Dividends				
37. Extraordinary Items				
38. Net Patronage Capital Or Margins (30 thru 37)				

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

INSTRUCTIONS – See help in the online application.

BORROWER DESIGNATION

KY0059

PERIOD ENDED

December, 2018

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	██████████	33. Memberships	██████████
2. Construction Work in Progress	██████████	34. Patronage Capital	
3. Total Utility Plant (1 + 2)	██████████	a. Assigned and Assignable	██████████
4. Accum. Provision for Depreciation and Amortization	██████████	b. Retired This year	██
5. Net Utility Plant (3 - 4)	██████████	c. Retired Prior years	██
6. Non-Utility Property (Net)	██	d. Net Patronage Capital (a - b - c)	██████████
7. Investments in Subsidiary Companies	██	35. Operating Margins - Prior Years	██
8. Invest. in Assoc. Org. - Patronage Capital	██████████	36. Operating Margin - Current Year	██
9. Invest. in Assoc. Org. - Other - General Funds	██████████	37. Non-Operating Margins	██
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	██	38. Other Margins and Equities	██████████
11. Investments in Economic Development Projects	██	39. Total Margins & Equities	██████████
12. Other Investments	██████████	(33 + 34d thru 38)	
13. Special Funds	██████████	40. Long-Term Debt - RUS (Net)	██████████
14. Total Other Property And Investments	██████████	41. Long-Term Debt - FFB - RUS Guaranteed	██████████
(6 thru 13)		42. Long-Term Debt - Other - RUS Guaranteed	██
15. Cash - General Funds	██████████	43. Long-Term Debt - Other (Net)	██████████
16. Cash - Construction Funds - Trustee	██	44. Long-Term Debt - RUS - Econ. Devel. (Net)	██
17. Special Deposits	██████████	45. Payments – Unapplied	██████████
18. Temporary Investments	██████████	46. Total Long-Term Debt (40 thru 44 - 45)	██████████
19. Notes Receivable (Net)	██	47. Obligations Under Capital Leases Noncurrent	██
20. Accounts Receivable - Sales of Energy (Net)	██████████	48. Accumulated Operating Provisions and Asset Retirement Obligations	██████████
21. Accounts Receivable - Other (Net)	██████████	49. Total Other NonCurrent Liabilities	██████████
22. Fuel Stock	██████████	(47 + 48)	
23. Renewable Energy Credits	██	50. Notes Payable	██
24. Materials and Supplies - Other	██████████	51. Accounts Payable	██████████
25. Prepayments	██████████	52. Current Maturities Long-Term Debt	██████████
26. Other Current and Accrued Assets	██████████	53. Current Maturities Long-Term Debt - Rural Devel.	██
27. Total Current And Accrued Assets	██████████	54. Current Maturities Capital Leases	██
(15 thru 26)		55. Taxes Accrued	██████████
28. Unamortized Debt Discount & Extraordinary Property Losses	██████████	56. Interest Accrued	██████████
29. Regulatory Assets	██████████	57. Other Current and Accrued Liabilities	██████████
30. Other Deferred Debits	██████████	58. Total Current & Accrued Liabilities	██████████
31. Accumulated Deferred Income Taxes	██	(50 thru 57)	
32. Total Assets and Other Debits	██████████	59. Deferred Credits	██████████
(5+14+27 thru 31)		60. Accumulated Deferred Income Taxes	██
		61. Total Liabilities and Other Credits	██████████
		(39 + 46 + 49 + 58 thru 60)	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION KY0059
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2018

SECTION C. NOTES TO FINANCIAL STATEMENTS

Steam Sales

East Kentucky Power sells steam to Fleming-Mason Energy for resale to a recycle paper mill adjacent to East Kentucky Power's Spurlock generating station. For statistical reporting and billing purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate. The December 2018 Demand/MMBTU was [REDACTED] and the Energy/MMBTU was [REDACTED]. Year-to-date 2018 Energy/MMBTU was [REDACTED]. For RUS reporting purposes, steam revenue is reported on Part B SE and is included in Other Operating Revenue and Income on Part A, Section A. Steam related revenue was [REDACTED] for the year ended December 31, 2018.

Power Sales Arrangements- Operating Leases

In December 2015, the Cooperative became the lessor under two power sales arrangements that are required to be accounted for as operating leases due to the specific terms of the agreements. One arrangement is a capacity purchase and tolling agreement that entitles a third party to 165 MW of firm generation and capacity from Bluegrass Generation Station Unit 3 through April 30, 2019. The third party is responsible for the delivery of natural gas and also for securing electric transmission service in their balancing area. The other arrangement is an agreement to sell capacity and energy from the Glasgow landfill gas plant to a member system for a period of ten years. The revenues and expenses associated with the units dedicated to these power agreements are charged to RUS SoA accounts 412 and 413, respectively. It should be noted that revenues, generation and expenses associated with these units are excluded from Part B SE- Sales of Electricity. Part F IC- Internal Combustion Plant and Part C- Sources and Distribution of Energy.

Regulatory Assets

Part A, Section B, Line 29, Regulatory Assets, includes a balance of [REDACTED] representing the 2010 cancellation of Smith Unit 1 construction. The Cooperative received approval from the Kentucky Public Service Commission (KPSC) to begin amortization of the Smith Unit 1 regulatory asset, net of estimated mitigation and salvage efforts, over a ten year period beginning in January 2017. Part A, Section B, Line 29, Regulatory assets, also includes two regulatory assets totaling [REDACTED] for the December 31, 2015 abandonment of Dale Station. Amortization of one regulatory asset began in January 2016 for a period of forty-two months, which is consistent with the remaining depreciable life of the asset included in current rates. The second regulatory asset, representing the balance of capital

<p style="text-align: center;">UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY</p>	<p>BORROWER DESIGNATION KY0059</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2018</p>

SECTION C. NOTES TO FINANCIAL STATEMENTS

projects remaining to be recovered in the environmental surcharge at December 31, 2015, will be considered for recovery, along with an associated return, during EKPC's next rate case. Amortization of unrecovered plants recognized in 2018 was [REDACTED]

Accumulated Operating Provisions and Asset Retirement Obligations

Part A, Section B, Line 48, Accumulated Operating Provisions and Asset Retirement Obligations includes accumulated postretirement benefit obligation of [REDACTED] and asset retirement obligations of [REDACTED]

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UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY**

BORROWER DESIGNATION
KY0059

PERIOD ENDED December 2019 (Prepared with Audited Data)

BORROWER NAME
East Kentucky Power Cooperative, Inc.

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part A Section C of this report.

Anthony Campbell

3/31/2020

DATE

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

BORROWER DESIGNATION



PERIOD ENDED

December 2019

INSTRUCTIONS - See help in the online application.

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**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

BORROWER DESIGNATION

KY0059

PERIOD ENDED

December 2019

INSTRUCTIONS – See help in the online application.

SECTION B. BALANCE SHEET

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8. Invest. in Assoc. Org. - Patronage Capital		36. Operating Margin - Current Year	
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11. Investments in Economic Development Projects		39. Total Margins & Equities	
12. Other Investments		(33 + 34d thru 38)	
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26. Other Current and Accrued Assets		53. Current Maturities Long-Term Debt - Rural Devel.	
27. Total Current And Accrued Assets		54. Current Maturities Capital Leases	
(15 thru 26)		55. Taxes Accrued	
28. Unamortized Debt Discount & Extraordinary Property Losses		56. Interest Accrued	
29. Regulatory Assets		57. Other Current and Accrued Liabilities	
30. Other Deferred Debits		58. Total Current & Accrued Liabilities	
31. Accumulated Deferred Income Taxes		(50 thru 57)	
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UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION KY0059
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2019

SECTION C. NOTES TO FINANCIAL STATEMENTS

Steam Sales

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Power Sales Arrangements- Operating Leases

In December 2015, the Cooperative became the lessor under two power sales arrangements required to be accounted for as operating leases due to the specific terms of the agreements. One arrangement, a capacity purchase and tolling agreement that entitled a third party to 165 MW of firm generation and capacity from Bluegrass Generation Station Unit 3, terminated on April 30, 2019. The third party was responsible for the delivery of natural gas and also for securing electric transmission service in their balancing area. The other arrangement is an agreement to sell capacity and energy from the Glasgow landfill gas plant to a member system for a period of ten years. The revenues and expenses associated with the units dedicated to these power agreements are charged to RUS SoA accounts 412 and 413, respectively. It should be noted that revenues, generation and expenses associated with the units dedicated to the power arrangements are excluded from Part B SE- Sales of Electricity, Part F IC- Internal Combustion Plant, and Part C- Sources and Distribution of Energy. Upon termination of the sales arrangement, RUS SoA accounts 412 and 413 are no longer utilized and the revenues, generation and expenses associated with the respective generating units are included in the above-mentioned schedules.

Regulatory Assets

Part A, Section B, Line 29, Regulatory Assets, includes a balance of [REDACTED] representing the 2010 cancellation of Smith Unit 1 construction. The Cooperative received approval from the Kentucky Public Service Commission (KPSC) to begin amortization of the Smith Unit 1 regulatory asset, net of estimated mitigation and salvage efforts, over a ten year period beginning in January 2017. In addition to amortization, the balance was reduced an additional [REDACTED] million in 2019 as a result of focused mitigation and salvage efforts which included utilizing compatible components at Spurlock Station and selling parts for salvage.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION KY0059
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2019

SECTION C. NOTES TO FINANCIAL STATEMENTS

Part A, Section B, Line 29, Regulatory assets, also includes a [REDACTED] regulatory asset associated with the December 31, 2015 abandonment of Dale Station. This regulatory asset represents the balance of capital projects remaining to be recovered in the environmental surcharge at December 31, 2015 and will be considered for recovery, along with an associated return, during EKPC's next rate case. Amortization of unrecovered plants recognized in 2019 was [REDACTED]

EKPC received approval from RUS to establish a regulatory asset in the amount of [REDACTED] for major maintenance and the replacement of minor items of property incurred at Spurlock Station in 2019 and to amortize the balance over 8 years, beginning January 2020, to the maintenance accounts of each respective unit.

Accumulated Operating Provisions and Asset Retirement Obligations

Part A, Section B, Line 48, Accumulated Operating Provisions and Asset Retirement Obligations includes accumulated postretirement benefit obligation of [REDACTED] and asset retirement obligations of [REDACTED]

Capital Leases

EKPC entered into a five year capital lease agreement on November 8, 2019 for office copiers. The present value of the lease was recorded as general plant in the amount of [REDACTED]. The current and non-current portions of this capital lease are recorded in RUS SoA accounts 243 and 227 respectively.

Principal Payments

Part H, Section H, Column c, Principal Billed This Year, includes only normally billed principal. This column does not include principal payments that were authorized under the 2018 Farm Bill and paid from the RUS Cushion of Credit account. EKPC paid [REDACTED] towards principal from the RUS Cushion of Credit account in 2019.

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

BORROWER DESIGNATION



PERIOD ENDED

December 2020

INSTRUCTIONS - See help in the online application.

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Electric Energy Revenues				
2. Income From Leased Property (Net)				
3. Other Operating Revenue and Income				
4. Total Operation Revenues & Patronage Capital (1 thru 3)				
5. Operating Expense – Production - Excluding Fuel				
6. Operating Expense – Production - Fuel				
7. Operating Expense – Other Power Supply				
8. Operating Expense – Transmission				
9. Operating Expense – RTO/ISO				
10. Operating Expense – Distribution				
11. Operating Expense – Customer Accounts				
12. Operating Expense – Customer Service & Information				
13. Operating Expense – Sales				
14. Operating Expense – Administrative & General				
15. Total Operation Expense (5 thru 14)				
16. Maintenance Expense – Production				
17. Maintenance Expense – Transmission				
18. Maintenance Expense – RTO/ISO				
19. Maintenance Expense – Distribution				
20. Maintenance Expense – General Plant				
21. Total Maintenance Expense (16 thru 20)				
22. Depreciation and Amortization Expense				
23. Taxes				
24. Interest on Long-Term Debt				
25. Interest Charged to Construction – Credit				
26. Other Interest Expense				
27. Asset Retirement Obligations				
28. Other Deductions				
29. Total Cost Of Electric Service (15 + 21 thru 28)				
30. Operating Margins (4 less 29)				
31. Interest Income				
32. Allowance For Funds Used During Construction				
33. Income (Loss) from Equity Investments				
34. Other Non-operating Income (Net)				
35. Generation & Transmission Capital Credits				
36. Other Capital Credits and Patronage Dividends				
37. Extraordinary Items				
38. Net Patronage Capital Or Margins (30 thru 37)				

**FINANCIAL AND OPERATING REPORT
ELECTRIC POWER SUPPLY
PART A - FINANCIAL**

INSTRUCTIONS – See help in the online application.

BORROWER DESIGNATION

KY0059

PERIOD ENDED

December 2020

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service		33. Memberships	
2. Construction Work in Progress		34. Patronage Capital	
3. Total Utility Plant (1 + 2)		a. Assigned and Assignable	
4. Accum. Provision for Depreciation and Amortization		b. Retired This year	
5. Net Utility Plant (3 - 4)		c. Retired Prior years	
6. Non-Utility Property (Net)		d. Net Patronage Capital (a - b - c)	
7. Investments in Subsidiary Companies		35. Operating Margins - Prior Years	
8. Invest. in Assoc. Org. - Patronage Capital		36. Operating Margin - Current Year	
9. Invest. in Assoc. Org. - Other - General Funds		37. Non-Operating Margins	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds		38. Other Margins and Equities	
11. Investments in Economic Development Projects		39. Total Margins & Equities	
12. Other Investments		(33 + 34d thru 38)	
13. Special Funds		40. Long-Term Debt - RUS (Net)	
14. Total Other Property And Investments		41. Long-Term Debt - FFB - RUS Guaranteed	
(6 thru 13)		42. Long-Term Debt - Other - RUS Guaranteed	
15. Cash - General Funds		43. Long-Term Debt - Other (Net)	
16. Cash - Construction Funds - Trustee		44. Long-Term Debt - RUS - Econ. Devel. (Net)	
17. Special Deposits		45. Payments – Unapplied	
18. Temporary Investments		46. Total Long-Term Debt (40 thru 44 - 45)	
19. Notes Receivable (Net)		47. Obligations Under Capital Leases Noncurrent	
20. Accounts Receivable - Sales of Energy (Net)		48. Accumulated Operating Provisions and Asset Retirement Obligations	
21. Accounts Receivable - Other (Net)		49. Total Other NonCurrent Liabilities	
22. Fuel Stock		(47 + 48)	
23. Renewable Energy Credits		50. Notes Payable	
24. Materials and Supplies - Other		51. Accounts Payable	
25. Prepayments		52. Current Maturities Long-Term Debt	
26. Other Current and Accrued Assets		53. Current Maturities Long-Term Debt - Rural Devel.	
27. Total Current And Accrued Assets		54. Current Maturities Capital Leases	
(15 thru 26)		55. Taxes Accrued	
28. Unamortized Debt Discount & Extraordinary Property Losses		56. Interest Accrued	
29. Regulatory Assets		57. Other Current and Accrued Liabilities	
30. Other Deferred Debits		58. Total Current & Accrued Liabilities	
31. Accumulated Deferred Income Taxes		(50 thru 57)	
32. Total Assets and Other Debits		59. Deferred Credits	
(5+14+27 thru 31)		60. Accumulated Deferred Income Taxes	
		61. Total Liabilities and Other Credits	
		(39 + 46 + 49 + 58 thru 60)	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION KY0059
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

SECTION C. NOTES TO FINANCIAL STATEMENTS

Steam Sales

East Kentucky Power sells steam to Fleming-Mason Energy for resale to a recycle paper mill adjacent to East Kentucky Power's Spurlock generating station. For statistical reporting and billing purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate. The December 2020 Demand/MMBTU was [REDACTED] and the Energy/MMBTU was [REDACTED]. Year-to-date 2020 Energy/MMBTU was 1 [REDACTED]. For RUS reporting purposes, steam revenue is reported on Part B SE and is included in Other Operating Revenue and Income on Part A, Section A. Steam related revenue was [REDACTED] for the year ended December 31, 2020.

Power Sales Arrangements- Operating Leases

In December 2015, the Cooperative became the lessor under two power sales arrangements required to be accounted for as operating leases due to the specific terms of the agreements. One arrangement, a capacity purchase and tolling agreement that entitled a third party to 165 MW of firm generation and capacity from Bluegrass Generation Station Unit 3, terminated on April 30, 2019. The third party was responsible for the delivery of natural gas and also for securing electric transmission service in their balancing area. The other arrangement is an agreement to sell capacity and energy from the Glasgow landfill gas plant to a member system for a period of ten years. The revenues and expenses associated with the units dedicated to these power agreements are charged to RUS SoA accounts 412 and 413, respectively. It should be noted that revenues, generation and expenses associated with the units dedicated to the power arrangements are excluded from Part B SE- Sales of Electricity, Part F IC- Internal Combustion Plant, and Part C- Sources and Distribution of Energy. Upon termination of the sales arrangement, RUS SoA accounts 412 and 413 are no longer utilized and the revenues, generation and expenses associated with the respective generating units are included in the above-mentioned schedules.

Depreciation and Amortization Expense

Section A, Line 22, Depreciation and Amortization expense includes depreciation accruals charged to expense of [REDACTED] (Part H, Section B, line 19) and the amortization of regulatory assets for unrecovered plant and ARO depreciation totaling [REDACTED].

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC POWER SUPPLY	BORROWER DESIGNATION KY0059
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December 2020

SECTION C. NOTES TO FINANCIAL STATEMENTS

Regulatory Assets

Part A, Section B, Line 29, Regulatory Assets, includes a balance of [REDACTED] representing the 2010 cancellation of Smith Unit 1 construction. The Cooperative received approval from the Kentucky Public Service Commission (KPSC) to begin amortization of the Smith Unit 1 regulatory asset, net of estimated mitigation and salvage efforts, over a ten-year period beginning in January 2017. Amortization recognized in 2020 was [REDACTED]. In 2020, the balance was also reduced by parts valued at approximately [REDACTED] designated for future use at Spurlock Station Units 3 and 4.

Part A, Section B, Line 29, Regulatory assets, also includes a [REDACTED] regulatory asset associated with the December 31, 2015 abandonment of Dale Station. This regulatory asset represents the balance of capital projects remaining to be recovered in the environmental surcharge at December 31, 2015 and will be considered for recovery, along with an associated return, during EKPC's next rate case.

EKPC received approval from RUS to establish a regulatory asset in the amount of [REDACTED] for major maintenance and the replacement of minor items of property incurred at Spurlock Station in 2019 and to amortize the balance over 8 years, beginning January 2020. In 2020, [REDACTED] was amortized to Spurlock Station maintenance expense. The balance at December 31, 2020 was [REDACTED].

Accumulated Operating Provisions and Asset Retirement Obligations

Part A, Section B, Line 48, Accumulated Operating Provisions and Asset Retirement Obligations includes accumulated postretirement benefit obligation of [REDACTED] and asset retirement obligations of [REDACTED].

Capital Leases

EKPC entered into a five-year capital lease agreement on November 8, 2019 for office copiers. The present value of the lease was recorded as general plant in the amount of [REDACTED]. The current and non-current portions of this capital lease are recorded in RUS SoA accounts 243 and 227 respectively.

Principal Payments

Part H, Section H, Column c, Principal Billed This Year, represents only normally billed principal. This column excludes the payoff of [REDACTED] in higher interest FFB loans from the Cushion of Credit account, pursuant to the provisions of the 2018 Farm Bill.

This data will be used by REA to review your operating results financial situation. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.

USDA-REA OPERATING REPORT - FINANCIAL	BORROWER DESIGNATION Kentucky 59 BORROWER DESIGNATION East Kentucky Power Cooperative P. O. Box 707 Winchester, Kentucky 40392-0707
INSTRUCTIONS-Submit an original and two copies to REA. Round all amounts to nearest dollar. For detailed instructions, see REA Bulletin 1717B-3.	PERIOD ENDED July 2021
REA USE ONLY	

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XV11, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

_____ SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT	September 09, 2021 _____ DATE
_____ SIGNATURE OF MANAGER	September 09, 2021 _____ DATE

SECTION A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR	THIS YEAR	BUDGET	
	(a)	(b)	(c)	
1. Electric Energy Revenues	112,032,070	513,370,235	507,000,330	78,151,050
2. Income From Leased Property - Net				
3. Other Operating Revenue and Income				
4. Total Oper. Revenues & Patronage Capital (1 thru 3)				
5. Operation Expense - Production - Excluding Fuel				
6. Operation Expense - Production - Fuel				
7. Operation Expense - Other Power Supply				
8. Operation Expense - Transmission				
9. Operation Expense - Regional Market Expenses				
10. Operation Expense - Distribution				
11. Operation Expense - Consumer Accounts				
12. Operation Expense - Consumer Service & Inform				
13. Operation Expense - Sales				
14. Operation Expense - Administrative & General				
15. Total Operation Expense (5 thru 14)				
16. Maintenance Expense - Production				
17. Maintenance Expense - Transmission				
18. Maintenance Expense - RTO/ISO				
19. Maintenance Expense - Distribution				
20. Maintenance Expense - General Plant				
21. Total Maintenance Expense (16 thru 20)				
22. Depreciation & Amortization Expense				
23. Taxes				
24. Interest on Long-Term Debt				
25. Interest Charged to Construction - Credit				
26. Other Interest Expense				
27. Asset Retirement Obligations				
28. Other Deductions				
29. Total Cost of Electric Service (15 + 21 thru 28)				
30. Operating Margins (4 - 29)				
31. Interest Income				
32. Allowance for Funds Used During Construction				
33. Income (Loss) from Equity Investments				
34. Other Nonoperating Income - Net				
35. Generation & Transmission Capital Credits				
36. Other Capital Credits & Patronage Dividends				
37. Extraordinary Items				
38. Net Patronage Capital or Margins (30 thru 37)				

USDA - REA	BORROWER DESIGNATION	
OPERATING REPORT - FINANCIAL	Kentucky 59	
	PERIOD ENDED	REA USE ONLY
	July 2021	

SECTION B. BALANCE SHEET

ASSETS AND OTHER DEBITS	LIABILITIES AND OTHER CREDITS
1. Total Utility Plant In Service	33. Memberships
2. Construction Work in Progress	34. Patronage Capital
3. Total Utility Plant (1 + 2)	a. Assigned and Assignable
4. Accum. Provision for Depreciation & Amort.	b. Retired This Year
5. Net Utility Plant (3 - 4)	c. Retired Prior Years
6. Non-Utility Property - Net	d. Net Patronage Capital
7. Investments in Subsidiary Companies	35. Operating Margins - Prior Years
8. Invest. in Assoc. Org. - Patronage Capital	36. Operating Margins - Current Year.
9. Invest. In Assoc. Org. - Other - General Funds	37. Non-Operating Margins
10. Invest. In Assoc. Org. - Other - Non-General Funds	38. Other Margins and Equities
11. Investments in Economic Development Projects	39. Total Margins & Equities (33, 34d thru 38)
12. Other Investments.	40. Long-Term Debt - RUS (Net)
13. Special Funds	41. Long-Term Debt-FFB - RUS Guaranteed
14. Total Other Property & Investments (6 thru 13)	42. Long-Term Debt-Other-RUS Guaranteed
15. Cash - General Funds	43. Long-Term Debt-Other-(Net)
16. Cash - Construction Funds - Trustee	44. Long-Term Debt-RUS - Econ Devel.(Net)
17. Special Deposits	45. Payments - Unapplied
18. Temporary Investments	46. Total Long-Term Debt (40 thru 45)
19. Notes Receivable (Net)	47. Obligations Under Capital Leases - Noncurrent
20. Accounts Receivable - Sales of Energy (Net)	48. Accumulated Operating Provisions
21. Accounts Receivable - Other (Net)	49. Total Other Noncurrent Liabilities (47 + 48)
22. Fuel Stock	50. Notes Payable
23. Renewable Energy Credits	51. Accounts Payable
24. Materials and Supplies - Other	52. Current Maturities Long-Term Debt
25. Prepayments	53. Current Maturities Long-Term Debt-Rural Devel
26. Other Current and Accrued Assets	54. Current Maturities Capital Leases
27. Total Current and Accrued Assets (15 thru 26)	55. Taxes Accrued
28. Unamortized Debt Disc. & Extraord. Prop. Losses	56. Interest Accrued
29. Regulatory Assets.	57. Other Current & Accrued Liabilities
30. Other Deferred Debits	58. Total Current & Accrued Liabilities (50 thru 57)
31. Accumulated Deferred Income Taxes	59. Deferred Credits
32. Total Assets & Other Debits (5+14+27 thru 31)	60. Accumulated Deferred Income Taxes
	61. Total Liabilities and Other Credits
	(39+46+49+58 thru 60)

SECTION C. NOTES TO FINANCIAL STATEMENTS

THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.
(IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)

Steam Sales

East Kentucky Power sells steam to Fleming-Mason wholesale for use by International Paper, a recycle papermill adjacent to East Kentucky Power's Spurlock generating station near Maysville, Kentucky. For reporting purposes, steam is converted to equivalent demand and energy sold and generation produced, using British Thermal Units and a moving twelve-month weighted average heat rate.

July 2021 Demand\MMBTU [REDACTED]	Energy\MMBTU [REDACTED]
Year-to-date	Energy\MMBTU [REDACTED]

Regulatory Assets

Line 29 includes regulatory assets of [REDACTED] related to the 2010 cancellation of Smith Unit 1 construction, [REDACTED] related to accretion and depreciation of asset retirement obligations (ARO's) [REDACTED] related to major maintenance at Spurlock Station, and [REDACTED] related to the abandonment of Dale Station.

Power Sales Arrangements - Operating Lease

In December 2015, the Cooperative became the lessor under two power sales arrangements that required them to be accounted for as leases due to the specific terms of the agreements. One arrangement, which terminated on April 30, 2019, was a capacity purchase and tolling agreement that entitled a third party to 165 MW of firm generation and capacity from Bluegrass Generation Station Unit 3. The other arrangement, an agreement to sell the capacity and energy from the Glasgow landfill gas plant to a member system, is in effect for a period of ten years. The revenues and expenses associated with the generating units dedicated to these power sales arrangements are charged to RUS SoA accounts 412 and 413, respectively, over the terms of their respective sales arrangements. Accordingly, the revenues, generation and expenses associated with these units are excluded from Part B SE—Sales of Electricity, Part F IC—Internal Combustion Plant, and Part C—Sources and Distribution of Energy while the power sales arrangements are in effect. Upon termination of the sales arrangement, RUS SoA accounts 412 and 413 are no longer utilized and the revenues, generation and expenses associated with the respective generating units are included in the above-mentioned schedules.

*This computer-generated data form is identical in form and substance to REA Forms 12a-i, "Operating Report - Financial," approved by the Office of Management and Budget (OMB) under the OMB approval number 0572-0017.