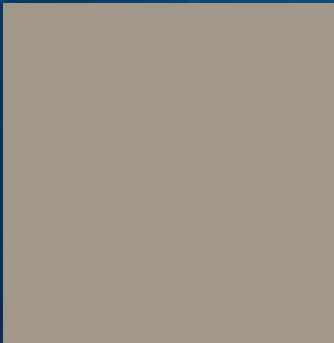


Bold Steps, Bright Future

EAST KENTUCKY
POWER COOPERATIVE
2025 ANNUAL REPORT



2025

EAST KENTUCKY POWER COOPERATIVE

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2025: Highlights

Financial (Dollars in Thousands)

	2025	2024	Increase/(Decrease) %
Operating Revenue	\$1,267,020	\$1,144,064	10.7
Operating Expenses	\$1,120,657	\$1,034,616	8.3
Net Margin	\$39,229	\$6,619	492.7
Members' Equities	\$823,544	\$782,860	5.2
Equity Ratio (%)	19.6	20.2	(3.0)

Operational

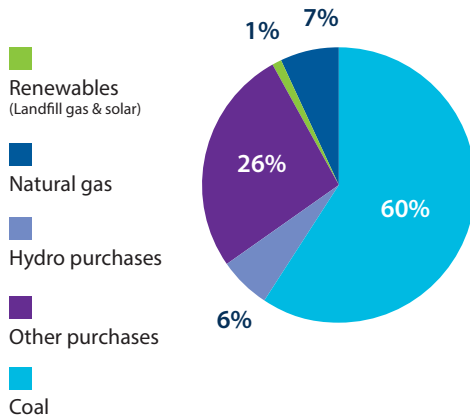
	2025	2024	Increase/(Decrease) %
Sales to Member Cooperatives (MWh) *	14,589,094	14,037,628	3.9
Member Revenue Per kWh Sold (mills/kWh) *	79.37	77.75	2.1
Cost of Owned Generation (mills/kWh)	73.12	78.37	(6.7)
System Peak Demand (MW)			
Winter Season **	3,744	3,754	(0.3)
Summer Season	2,654	2,581	2.8
Net Generation (MWh)	10,793,446	9,123,308	18.3

* Includes steam sales

** Represents seasonal winter peaks achieved during each respective calendar year (01/22/25 and 01/17/24)

Sources of Electricity

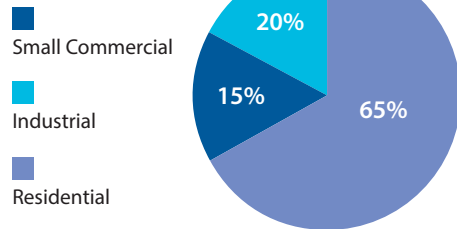
by MWh



Note: Pie chart figures are rounded.

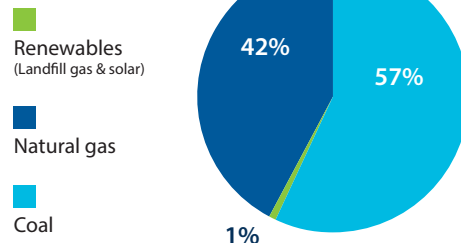
Member Classes

by member sales revenue



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.



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 1.2 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.

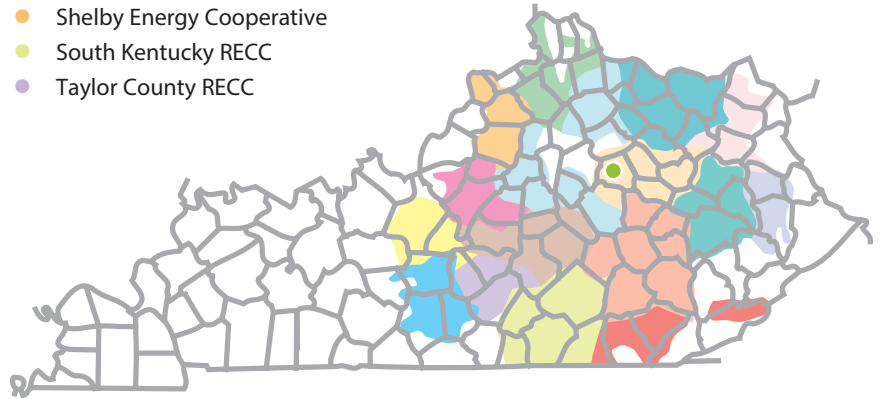


2025 at a glance

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)
15,877	14,589	1,288	1,267.0	39.2	4.2	79.4

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	Summer
Combustion	753 net MW
Turbine	Winter
Units	989 net MW

Bluegrass	Summer
Combustion	501 net MW
Turbine	Winter
Units	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	3.0 net MW
Hardin	2.3 net MW
Pendleton	3.0 net MW
Glasgow*	0.9 net MW
Total Landfill	13.8 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 receive 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	586,560	1.2	3,744	2,897	761

A message from the CEO and the Chairman

Bold steps secure the future

In 2025, East Kentucky Power Cooperative (EKPC) ensured its boldly forward campaign of 2024 would continue smoothly with focused intent while the cooperative saw changes in its leadership. It will be remembered as a year of decisive action, bold steps and positive transformation for the cooperative.

The most significant change of 2025 was the announcement that longtime President and Chief Executive Officer (CEO), Anthony “Tony” Campbell, would step into retirement, and Chief Operating Officer (COO) Don Mosier would take his place. Mosier’s promotion cemented continuity of leadership of the cooperative. Senior Vice President of Power Production, Craig Johnson, was selected to replace Mosier as COO, ensuring further continuity. EKPC’s Board of Directors appointed Mosier in December so he could assume his role before 2026.

When Campbell came to EKPC in 2009, the cooperative was facing serious challenges. As he left in 2025, the cooperative was in a position to be bold, to add “steel on the ground,” to take advantage of significant funding opportunities, and to serve its owner-member cooperatives and the 1.2 million Kentuckians they serve at the highest level. Campbell’s impact on EKPC and its members will not soon be forgotten, and his legacy carries on in the form of a number of construction projects that will serve EKPC members for decades to come.

EKPC is nearing its capacity to serve its current load. Its system and PJM have seen new summer and winter peak records over the last three years. But help in the form of new generation is on the way. EKPC is adding capacity to meet these needs while insulating its members from the volatility of the energy market.

Approved by the Board and the Kentucky Public Service Commission (PSC), EKPC will build a 745 MW combined cycle unit next to Cooper Station. Cooper Unit 3 will effectively triple Cooper Station’s capacity. Cooper Unit 3 will come online in 2030. The Board and the PSC also approved co-firing, with natural gas, Cooper Unit 2 and all four of Spurlock Station’s coal units. The co-firing retrofit projects are expected to be completed in 2029.

Liberty Station, consisting of twelve reciprocating internal combustion engines (RICE), will be installed in Casey County, adding 214 MW to EKPC’s fleet. It’s expected to be in operation by December 2028.

Lastly, two industrial-scale solar farms are under construction. Cooperative Solar Farm Two – Fayette is a 387-acre project located just a couple of miles from EKPC headquarters in Fayette County. It will generate 40 MW of electricity. Cooperative Solar Farm Three – Marion is a 635-acre solar farm north of Lebanon, and will generate 96 MW of electricity. Both new solar farms are expected to come online in 2027.

To add much-needed revenue due to world-wide inflation and additional costs, EKPC filed a nearly \$80 million-dollar rate increase request in early August with the PSC. EKPC needs a base-rate increase to ensure sufficient margins to maintain financial strength and reliable service. Inflationary costs of materials, along with increased expense from higher interest rates, are the main drivers of the increase. In a pivotal time for our country and the energy industry as a whole, the Board is investing in steel on the ground, as it has in the past.



EKPC thanks the Board of Directors for providing their strategic vision in guiding the cooperative to a successful year in 2025. The Board's commitment and bold actions for its owner-member cooperatives and their members will lead to a brighter future for generations to come.

EKPC also thanks its employees for their continued commitment to excellence. The cooperative's employees continue to go above and beyond in their work to safely keep the power flowing. The vision of our Board would not come to fruition without the dedication and hard work of all EKPC employees.

As always, EKPC remains committed to being proactive, being reliable, working safely, keeping rates competitive, and ensuring our financial position is strong to capitalize on future opportunities.



Alan Ahrman
Chairman of the Board



Don Mosier
President and CEO

Mosier named CEO

In December, it was announced Don Mosier would serve as the next president and chief executive officer (CEO) of EKPC.

Mosier served as EKPC's chief operating officer and executive vice president from 2010 until transitioning to CEO in December.

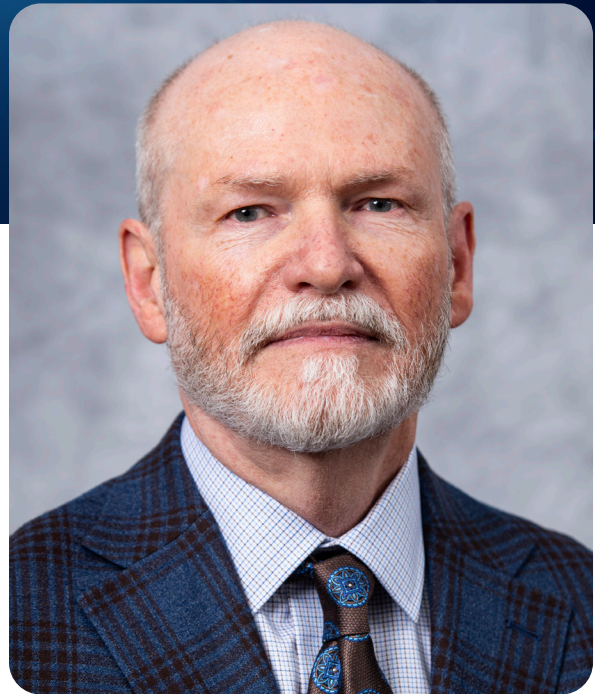
"I am honored to be selected as EKPC's next CEO, and I look forward to building upon Tony Campbell's legacy and his myriad of accomplishments in leading our cooperative," Mosier said.

"We have an exciting future ahead of us. EKPC is building for the future by responsibly adding the infrastructure to meet Kentucky's energy needs," Mosier said. "I look forward to ensuring EKPC continues providing safe, reliable, sustainable, and competitively-priced power for the next generation of homes and businesses. Today, our cooperative is strong and our future is secure. The 16 electric cooperatives that own EKPC can trust we will continue to do everything we can to ensure their opportunity is unlimited."

Alan Ahrman, EKPC's board chairman, said Mosier's leadership will be key as EKPC moves forward.

"Don is a proven leader who brings a tremendous depth of knowledge, skills and experience to the role of CEO," Ahrman said. "The next few years will be pivotal for our cooperative, as EKPC adds new generation and transmission resources to serve growing demand for electricity. Don's leadership will be vital to ensure EKPC continues to focus on reliable, affordably priced power for the 16 owner-member cooperatives."

EKPC's Board of Directors conducted a three-month search for Campbell's successor, Ahrman said. That search led them straight to Mosier, the long-time COO.



"I appreciate the confidence the Board is placing in me to continue execution of EKPC's strategic plan, delivering the capital construction plan seamlessly and attracting others to join us while training and retaining the exceptional team we have today," Mosier said.

Prior to joining EKPC, Mosier served as a vice president of Ameren Corp., overseeing the company's wholesale power marketing and trading subsidiary. He also has served as manager of business development and principal engineer for the former Progress Energy Carolinas (now Duke Energy) nuclear engineering and nuclear regulatory affairs units.

Mosier earned a bachelor's degree in civil engineering from the University of Virginia; a MBA degree from the University of North Carolina's Kenan-Flagler Business School; studied executive management at the University of Virginia's Darden School of Business and is a registered Professional Engineer.



Craig Johnson



Troy Lovell



Jerry Purvis



Michelle Carpenter



Veronica Norwood



Denise Foster Cronin

Cooperative chooses continuity as co-op takes bold steps

In a year of leadership transition, EKPC's continuity of servant leadership was deemed critical as the cooperative navigated multiple large, critical projects in the midst of a CEO search.

Longtime EKPC employee Craig Johnson, who had served as senior vice president for power production, was named chief operating officer (COO) upon Mosier's promotion to CEO in December. In that position, Johnson oversees operation and maintenance of EKPC's power plants and transmission infrastructure, as well as power supply and planning, engineering and construction, environmental affairs, and supply chain services.

Troy Lovell, who had overseen EKPC's gas production plants as director of regional production, was named vice president of power production, replacing Johnson. In his new role, Lovell oversees EKPC's electric-generating facilities, including coal, natural gas and renewable power plants.

Jerry Purvis was promoted to senior vice president of environmental affairs. Since joining EKPC in 1994, Purvis has served in a number of roles at the cooperative, most recently as vice president of environmental affairs. He oversees EPA policy, air quality, natural resources and production labs, as well as environmental compliance and environmental engineers for EKPC.

Michelle Carpenter was named to a new role as director of chief financial officer (CFO) special projects. In this

new position, she directly supports Executive Vice President and CFO Cliff Scott.

Carpenter will develop and oversee processes and controls related to billing, collections, credit monitoring and securities requirements of potential data centers that are looking to locate in owner-member cooperative territories.

Since 2011, Carpenter had served as EKPC's controller, overseeing accounting, payroll and tax compliance. Replacing her in that role is Veronica Norwood. She will oversee EKPC's financial accounting and reporting activities, including the preparation of accounting records, financial controls and budgets.

Since 2020, Norwood had served as EKPC's supervisor of plant accounting. Prior to joining EKPC, she held various positions with Emerson Electric/Regal Beloit America.

Denise Foster Cronin was promoted to senior vice president and CCO.

Foster Cronin had served as EKPC's vice president of federal and Regional Transmission Organizations (RTO) regulatory affairs since 2020. In that role, she oversees regulatory filings related to generation and transmission operations, as well as issues related to RTO and other non-member electric utilities impacting EKPC's operations. Foster Cronin previously served as vice president of state and member services at PJM Interconnection, the country's largest RTO.

EKPC steps boldly into future with new generation

In May and July, EKPC received approval from the Kentucky Public Service Commission (PSC) to go forward with key projects that will boost the cooperative's reliability and expand its ability to serve the organic growth in its service territory over recent years.

This was a critical step in the cooperative's boldly forward strategy of building new generation to meet the growing demand the cooperative has witnessed over the last several years.

The PSC approved the 745 MW combined cycle Cooper Unit 3 at Cooper Station, the 214 MW reciprocating internal combustion engine (RICE) facility in Casey County, co-firing with natural gas Cooper Unit 2 and all four of Spurlock Station's units, and some new Energy Efficiency (EE) or Demand-Side Management (DSM) programs that provide incentives to members that help them control their electric usage.

EKPC's end-use members can now get up to \$1,000 in rebates for high efficiency heat pumps, and significant rebates for weatherizing their homes and HVAC units.

"This process began about three years ago. We've been working on developing the types of technologies that we want to construct. And then we also began the onboarding process for the Board to make sure that they were ultimately prepared to make the decision, which they did," said President and CEO Don Mosier. "The process is very detailed. It's part of our integrated resource planning."

745 MW - Cooper Unit #3

\$4 million annual increase in EE/DSM

40 MW - Cooperative Solar Farm Two - Fayette

96 MW - Cooperative Solar Farm Three - Marion

214 MW - Liberty Station

Co-firing coal units with natural gas keeping more than 1,500 MW online



EKPC files rate case as building block for future needs

In June, the Board approved EKPC's plan to request regulatory approval of a \$79.7 million increase in base wholesale rates, or about 7.49 percent, in order to address rising costs, particularly steep increases in inflation and interest rates. The average end-use member would see a \$6.75 increase on their monthly bill, if the rate case is approved, as requested.

The cooperative filed the rate case with the Kentucky Public Service Commission (PSC) on Aug. 1. Under a typical regulatory schedule, that means any approved increase would take effect by May 1, 2026.

"There are two reasons we had to go in for a rate case, one is inflation. Core CPI (Consumer Price Index) inflation is up 16 percent since 2021, and inflation for G&Ts (generation and transmission utilities) is up close to 30 percent," said Executive Vice President and Chief Financial Officer Cliff Scott. "The other reason is interest expense. Since 2021, interest expense has gone up over \$20 million per year."

While the 2025 rate case will not directly go toward EKPC's planned construction of nearly \$2 billion in generation assets over the next five years, it is a necessary preparation step for those projects.

EKPC's 16 owner-member cooperatives filed requests to pass-through EKPC's rate increase to end-use members. Because wholesale power costs represent about 75 percent of the cost owner-cooperatives charge their

members, the impact to residential end-use members is expected to be somewhat less than 7.49 percent. EKPC has worked with its owner-members to structure the rate increase to minimize impacts as much as possible.

EKPC last increased its base rates in 2021. Since then, high rates of inflation have driven up the cost of many items EKPC uses, including a 123 percent price hike for regulators, 70 percent for circuit breakers and about 65 percent in the cost of poles and conductors. In addition, interest rates have been rising, increasing EKPC's cost to borrow money.

EKPC's lenders require the cooperative to maintain financial metrics above specified thresholds.

As high inflation and interest rates cut into margins, EKPC has been approaching those thresholds. This rate increase will revitalize metrics and help the cooperative maintain a stable credit rating as EKPC prepares to embark on capital projects, including the Cooper Unit 3 natural gas combined cycle unit; the Liberty Station reciprocating internal combustion engine (RICE) plant; and co-firing the Spurlock Station units and Cooper Unit 2 to use both coal and natural gas.

Economic Development at forefront while protecting members

The PSC approved EKPC's proposal for a Data Center Power (DCP) rate in November. The data center rate establishes parameters for providing electric service to data centers that locate in areas served by one of EKPC's 16 owner-member electric cooperatives.

"EKPC's new DCP rate ensures all cooperative members are treated fairly and do not bear the costs when data centers are developed in Kentucky, and consume large amounts of electricity," said President and CEO Don Mosier.

The new rate schedule sets charges and rules that apply to a class of utility members.

The new rate schedule creates a new "customer class" for data centers, and implements requirements that will assure that costs and risks are appropriately identified and allocated between new data center loads and traditional residential, commercial and industrial members.

The new rate schedule prevents other cooperative members from paying for infrastructure, upgrades and any other costs the cooperative may incur to serve data centers and ensures data centers bear the cost of new infrastructure dedicated to their service. It provides sufficient cash flow for EKPC and the local electric distribution cooperative to provide large amounts of electricity.

Lastly, it requires developers of data center projects exceeding 250 MW to provide a power supply plan with a dedicated resource in order to minimize risk to other cooperative members.

Data center developments can provide significant benefits to communities, such as jobs, infrastructure investment and an expanded tax base.

While data centers are one form of new economic development, EKPC continues its focus on working

with owner-member cooperatives and federal, state and local officials to improve the lives and the communities served by Kentucky's Touchstone Energy Cooperatives by focusing on bringing jobs and prosperity to its owner-members in the 89 counties it serves.

To that end, Kentucky's Touchstone Energy Cooperatives was named a "Top Utility in Economic Development" for the fourth year in a row by Site Selector Magazine.

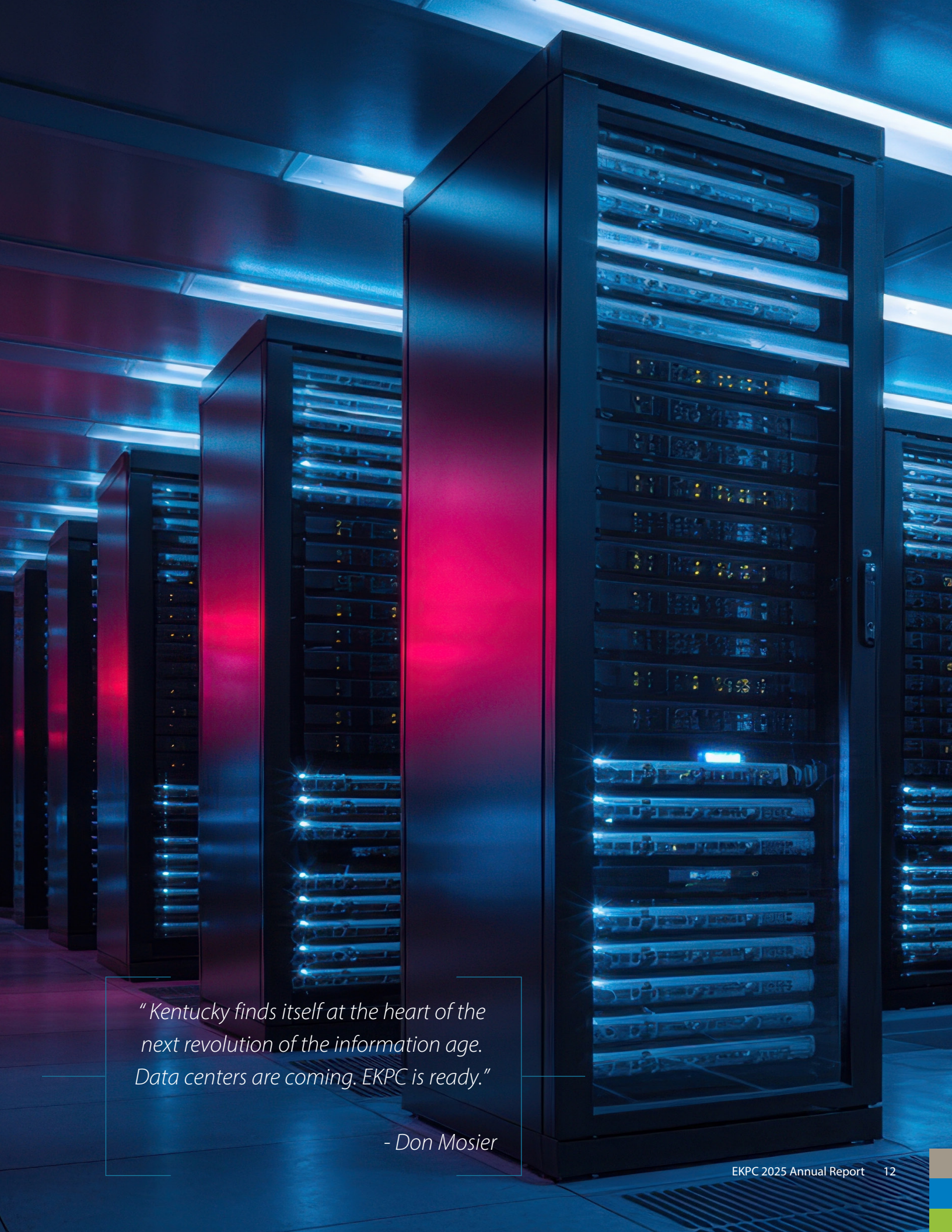
Kentucky's Touchstone Energy Cooperatives had several big announcements in 2025.

- More than \$1 billion investment for Sazerac in Taylor County RECC's territory in Campbellsville.
- More than \$60 million investment for Morris Packaging in Inter-County's territory in Lebanon.
- Announced 12 economic development projects with projected investments of \$1.7 billion, creating 706 jobs.
- Working numerous potential data center projects that would have transformational growth for our cooperatives and served communities.

EKPC has been contacted by a number of developers proposing to establish data centers in various parts of the 89-county region served by its 16 owner-member electric cooperatives, including in Maysville near Spurlock Station.

EKPC and its 16 owner-member electric cooperatives have a legal obligation to provide electric service to all homes, businesses, factories and other entities that choose to locate in the cooperatives' service territories.

The new DCP rate applies to data center loads of 15 MW or greater that have high load factors, meaning they operate at a high capacity most of the time. A special contract must be established between each eligible data center, EKPC and the local distribution cooperative.



"Kentucky finds itself at the heart of the next revolution of the information age. Data centers are coming. EKPC is ready."

- Don Mosier

Campbell speaks at White House event on grid reliability

Former EKPC President and CEO Tony Campbell was a featured speaker on April 8 at the White House, as President Donald Trump signed an executive order to protect electric grid reliability by taking steps to keep coal plants operating.

Campbell continued to advocate for reliability, as he had for years before, in his remarks at the White House.

“Mr. President, on behalf of East Kentucky Power Cooperative, the National Rural Electric Cooperative Association, and electric co-ops across America, thank you for your leadership to restore American energy dominance,” Campbell said. “Electric co-ops keep the lights on for 42 million Americans across 56 percent of the nation. We are owned by the communities we serve

and provide electricity to growing communities, new data centers, and manufacturing plants.”

Campbell made the case for coal continuing to power America, as regulatory pressures over the years have made it challenging to keep coal as economically viable, even as organic demand for baseload generation grows.

“Affordable and reliable electricity is the cornerstone of our economy, especially American manufacturing. But too many government leaders have pushed policies that have made our electric grid significantly less reliable and our energy too expensive,” Campbell said.

Campbell testifies on permitting reform at Congressional committee

Former EKPC President and CEO Tony Campbell testified in July at the U.S. House Committee on Natural Resources, urging Congress to streamline the federal permitting process to ensure electric cooperatives can modernize their systems to meet rising demand for electricity.

“Without permitting reform, it is increasingly likely that our communities will experience more rolling black-outs—something that was unthinkable when I began my career in this industry—while also being forced to pay the costs of project delays,” Campbell told the panel.

Campbell praised the committee for its leadership in passing improvements to the National Environmental Policy Act permitting process as part of the 2023 Fiscal Responsibility Act.

That bill, Campbell noted, included enforceable deadlines for environmental reviews, greater opportunities for co-ops to engage with federal agencies about their projects and a more streamlined process to build



projects that are deemed to have a low impact on the environment.

Campbell testified on behalf of the National Rural Electric Cooperative Association (NRECA).



"We are owned by the communities we serve and provide electricity to growing communities, new data centers and manufacturing plants."

-Tony Campbell



Safety

EKPC's lauded safety program took several steps forward in 2025, and the cooperative's commitment to safety as its top priority remained at the forefront.


EKPC hosted the Kentucky Electric Cooperatives' Lineman Rodeo for the first time in more than a decade. More than 100 lineworkers from 20 electric cooperatives across the state competed. The rodeo showcases safety in action, cooperation and competition among the state's lineworkers.

The Process Improvement Teams (PIT) were reconstituted over the last two years, the safety team held annual events such as Safety Week, Contractor Safety Summit and Family Safety Fair. All were a great success with record numbers of employees and contractors attending and sharing safety.

Fresh Eyes Audits were conducted again by the EKPC safety specialists, who traveled to their counterpart's locations to give a fresh set of eyes to potential safety issues. It's an activity that's been well received by plant and transmission managers to improve areas of safety and housekeeping.

Nearly 90 lineworker students were trained in First Aid/CPR by safety specialists.

At the end of 2025, several groups surpassed the 10-year, no lost time mark including Bardstown Service Center (10 years), JK Smith Station (13 years), Heavy Equipment (12 years) and Winchester Service Center (17 years).



*On May 8, 2025,
Smith Station celebrated
13 years without
a lost-time incident.*

Spurlock Station CCR/ELG project wraps on time, under budget

EKPC wrapped up the Coal Combustion Residuals and Effluent Limitation Guidelines (CCR/ELG) Project at Spurlock Station, which began eight years ago. The \$264 million CCR/ELG project included conversion of Units #1 and #2 to dry ash handling, installation of a water treatment facility and cleanup of the plant's ash pond. The ash pond closure is the final phase and is complete approximately two years ahead of schedule, and about \$2 million under budget. The project was commissioned to ensure the plant remains in compliance with the Environmental Protection Agency (EPA)'s CCR/ELG rules. The clean closure of the plant's 67-acre ash pond relocated all ash from the ash pond to a lined, permitted landfill away from the Ohio River.

"I've been working with ash for a long time. Everybody thinks it's just an easy project, but it's really hard working around ash ponds. It's dangerous. And our team has done a really good job keeping everybody safe," said Chief Operating Officer (COO) Craig Johnson. "To me, it's another example of our proactive nature, but also our vision on how to manage risk. That's my biggest takeaway."

In 2017, the Spurlock Station ash pond was designated a Tier One risk by the EKPC Board of Directors, and was recommended for closure by removing coal ash, dewatering it and moving it to a lined landfill.

"Just from a scale perspective, it was a little overwhelming. It was one of those projects that you feel some weight

with it just due to its size, the environmental sensitivity, the safety concerns and risks with the project," said Patrick Bischoff, manager, strategic projects, and the project's first manager.

Despite years of doing the same kind of work day after day, EKPC's contractor, Charah, was able to complete the project with zero Occupational Safety and Health Administration (OSHA) recordables and zero days away, restricted or transferred. Bischoff said that he's proudest of that accomplishment.

More than 356,000 hours of work went into the project, moving the ash to a landfill away from the Ohio River. More than two million cubic yards of ash were moved over the course of the project. "I knew it was very important to the cooperative from an environmental perspective, but also from a business perspective. So it was really exciting for me," said Wes Cline, senior engineer, project management, and the project's final manager. "It was a great opportunity. It's why I wanted to come to EKPC. I wanted to work on a very important project for the people we serve."

"We've protected the environment. We've done it at a very low cost by borrowing money from RUS. And we took care of it on time," added Senior Vice President for Environmental Affairs Jerry Purvis.



*"To me, it's another example
of our proactive nature, but also
our vision on how to manage risk."*

- Craig Johnson





Transmission and Power Delivery have strong 2025

Power Delivery made strong progress in 2025, executing a maintenance program across transmission and substation assets. Preventive maintenance activities — including detailed inspections, testing and taking action before service interruptions occur — kept the system’s assets in excellent shape and directly supported system reliability.

EKPC achieved an actual System Average Interruption Duration Index (SAIDI) of 17.3 minutes, outperforming the annual target of 23.69 minutes and reflecting the effectiveness of proactive maintenance strategies and improved work execution practices.

Operational response remained a key strength throughout the year. Field crews demonstrated consistent readiness and coordination during outage events, enabling restoration efforts to be carried out safely and efficiently.

These efforts helped deliver an actual Customer Average Interruption Duration Index (CAIDI) of 66.5 minutes, performing better than the target of 72.57 minutes and underscoring the team’s commitment to minimizing customer interruption duration while maintaining high safety standards.

Plant maintenance critical in 2025 to keep reliability high

Several of EKPC's power plants were due for important maintenance upgrades in 2025. Spurlock Station Unit 3 underwent a major overhaul on its turbine in the spring. The major outage cost \$15.4 million, with \$6 million of that going directly to the turbine overhaul.

In the fall, Bluegrass Station performed a generator rewind on Unit 3 of the gas-fired station. The rewind cost approximately \$6.5 million. The unit was disas-

sembled, and restored to like-new condition during the scheduled outage.

At Smith Station, Unit 5 had a major turbine and generator maintenance completed at a cost of \$2 million, and the compressor and rotor replaced, and some other additional maintenance at a cost of \$11.8 million.

Robot "dog" Spot™ uses futuristic ability to improve safety, reliability

Smith Station has taken a significant step forward in reliability and innovation by deploying a Spot™ robot "dog" developed by Boston Dynamics as a means of enhancing equipment monitoring and predictive maintenance efforts.

Spot™, a four-legged robot that features advanced thermographic and acoustic sensing technology, can autonomously inspect critical plant equipment. Using thermal imaging, Spot™ can identify abnormal temperature patterns in motors, bearings, electrical components, and mechanical systems often detecting early signs of failure that may not yet be visible during routine inspections. Its acoustic capabilities allow it to capture ultrasonic and audible sound signatures, helping pinpoint issues such as compressed air leaks, cavitation and developing mechanical faults.

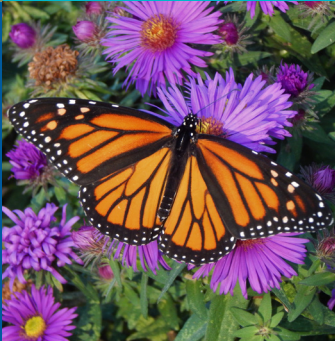
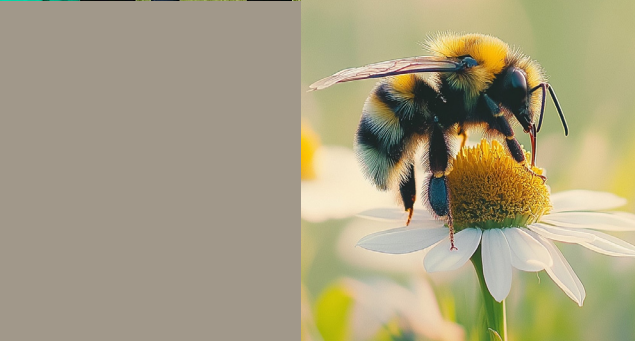
Beyond simply collecting data, the robot integrates with the plant's maintenance systems to take readings, document findings and generate predictive maintenance (PDM) work orders automatically when threshold limits are exceeded. This capability reduces lag time between detection and corrective action, improving response speed and minimizing the risk of unplanned outages.

By deploying this technology, Smith Station is

strengthening its commitment to safety, reliability, and operational excellence. The robot can access areas that may be hazardous or difficult for personnel to reach, reducing exposure risks while increasing inspection frequency and consistency. Its autonomous routes ensure standardized data collection, improving trend analysis and long-term asset health monitoring.

This initiative demonstrates Smith Station's forward-thinking approach to asset management, leveraging robotics and advanced diagnostics to optimize equipment performance, reduce downtime and enhance overall plant reliability.





Sustainability steps

As EKPC continues to serve its owner-member cooperatives, sustainability has become more of a focus for the cooperative.

On Oct. 20, EKPC's Sustainability Teams gathered at Toyota Motor Manufacturing Kentucky (TMMK) in Georgetown to get a look at the plant's sustainability efforts and review the teams' activities. The meeting began with remarks from COO & Executive Vice President Don Mosier, who discussed EKPC's plans to build a more sustainable future.

Tours and presentations provided more information about TMMK's daily operations and sustainability practices. Attendees also heard from Willie Overmann, senior consultant of Environmental Sustainability, who discussed Toyota's plans to address climate change, increase its renewable energy footprint and expand on circular economy initiatives.

Along with continued support of the Bee Team, which focuses on pollinator habitats and keeping several bee hives on the property, the cooperative boasts a number of sustainability teams that focus on a number of areas of sustainable growth.

Environmental Stewardship: Teams work on projects such as establishing pollinator and Monarch butterfly habitats, planting trees, installing bat houses and enhancing recycling initiatives.

Renewable Energy & Infrastructure: Focus on expanding solar projects, including Cooperative Solar Farm Two - Fayette, and Cooperative Solar Farm Three - Marion, which began construction in late 2025, and diversifying the energy portfolio to include cleaner resources.

Strategic Planning: The teams are involved in developing plans to manage carbon emissions, with a goal of a 35 percent reduction from 2010 levels by 2035.

Financial & Operational Health: Efforts are directed at strengthening financial flexibility and resilience while maintaining cost-effective, reliable power.

Collaborative Approach: The Energy Efficiency/ Demand-Side Management Collaborative works with stakeholders to address demand-side management and energy efficiency.

Kentucky's Touchstone Energy Cooperatives continue support of local communities

Since 1998, Kentucky's Touchstone Energy Cooperatives have strengthened co-op relationships with end-use members and local communities. Kentucky joins 700 other Touchstone Energy Cooperatives across the nation, displaying a commitment to improving member satisfaction and brand unity. In 2025, Kentucky's Touchstone Energy Cooperatives received an average American Customer Satisfaction Index (ACSI) score of 86, with several co-ops reaching the highest scores in the nation.

For more than a decade, cooperatives have continued to sponsor an Honor Flight, Special Olympics Summer Games and the two Ronald McDonald Houses in the state under the unifying brand of Kentucky's Touchstone Energy Cooperatives, demonstrating economies-of-scale-value.



Who Powers You highlights co-op members powering their communities

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

Tracie Byers of Jackson Energy was the overall winner, Nate Jarboe of Salt River Electric was the second-place winner, and Julie and Michael Peterson of South Kentucky RECC placed third. They were awarded \$2,000, \$1,500 and \$500, respectively. Each said they will donate their winnings back to their respective causes.

What started as taking roughly 80 meals a month to the homeless encampments in the London area has become Isaiah 58:10 Ministries and Outreach. Now serving people in five counties all the way to Tennessee, Byers and a team of volunteers served more than 4,000 sack lunches and more than 100 meals at the soup kitchen (not counting the residents who stay there) in November 2025.

Jarboe has had the heart of a servant since he was young, saving his pennies for an African Elephant Rescue he had seen on television. Now a senior at the University of Louisville, he's focused on local issues, raising \$3,000 personally for cancer research.

"He connected with local non-profits and businesses to found the Give a Day for Hunger initiative, which supplied over \$80,000 value in donations and volunteer time, becoming a sustainable program across the state. He organized over 1,200 volunteers, mostly children, over those first three years of the program," said Lori Jarboe, who nominated the second-place winner.

Mike and Julie Peterson, members of South Kentucky RECC, have spent hours each week feeding the hungry for the last 12 years.

Their ministry, Project 58:10, has a simple mission: packing bags of food for school children who may not have enough to eat to take home to their families on Fridays.



Tracie Byers



Nate Jarboe



Julie and Michael Peterson

The project serves 22 schools, four libraries and a number of head-start programs. The number of bags filled with food for needy children has grown to more than 800 per week across the county, more than 35,000 over the course of each year, including summer months.



Honor Flight continues commitment to honoring veterans

The Honor Flight Kentucky's late summer flight, sponsored by Kentucky's Touchstone Energy Cooperatives, departed Blue Grass Airport on Saturday, Aug. 23 for Washington, D.C. The flight transported 66 Kentucky veterans for a day of sightseeing in the Capitol City, and to visit memorials dedicated to their service. Following the flight, a welcome home reception of hundreds of friends and family greeted the veterans as they arrived back safely at Blue Grass Airport.

Kentucky's Touchstone Energy Cooperatives began working with Honor Flight in 2010 to honor Kentucky's veterans. This marked the 14th year the cooperatives have partnered with Honor Flight Kentucky.

As in years past, veterans flew from Lexington to Reagan National Airport in Washington, D.C., where they boarded 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, where representatives participated in a wreath-laying service at the tomb.

The flight carried Vietnam veterans, including multiple Purple Heart recipients.



A veteran on this year's Honor Flight to see the many memorials dedicated to our veterans in Washington, D.C.



Every Honor Flight includes a large group photo of all veterans on the flight. This is the group from the 2025 flight.



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

Campbell's legacy: safety, reliability, resolve



2009

Hired



2010

Safety Initiative launched

Hired COO Don Mosier and CFO Mike McNalley, two cornerstones of his new administration

First Strategic Planning initiatives launched

2011

Central Safety Committee formed



2012/13

Integrated into PJM

Cooper Station scrubber project completed



2018/19

CPCN for the Spurlock Station CCR/ELG project issued

"Sustainable" added to EKPC's mission statement

2020

Sustainability Council is formed

COVID-19 pandemic

2021

Letters to the president begin



2022

Jennifer Granholm, then Secretary of the Dept. of Energy, visits Cooperative Solar Farm One

General Counsel David Samford is hired

Anthony “Tony” Campbell’s final act as president and CEO at East Kentucky Power Cooperative was to thoughtfully lead the cooperative boldly forward to new generation construction. From day one, Campbell led the cooperative through challenging times, always championing reliable, competitive electricity for the rural communities in the 89 counties and 1.2 million people we serve, and to make sure it was delivered safely by our employees. He cared about the people of this commonwealth, employees and members alike.

His impact on the cooperative from his hire in 2009 to his retirement is immense.

Campbell acted boldly and thought intently about EKPC’s future, even when tough decisions had to be made. He often said the utility industry was complex, but his best work was done in the face of complexity by remembering our members, revering our employees, and continually championing reliability and safety and a common sense approach to the electric grid.

He cared deeply about the future of our country, and fought environmental overreach challenges at the very highest level, making a speech with President Donald Trump to ensure the viability of the electric grid in our co-op, our service territory and this country.

When he arrived in 2009, EKPC was in need of some critical improvements in safety, load balancing and long-term solutions for environmental challenges the company faced.

Over the course of his tenure, he addressed every one of those issues head on with strategic leadership and an eye toward the future. As technology improved over the decades, EKPC was often on the forefront of adapting to better meet the needs of our owner-members, because of his leadership.

Thank you, Tony Campbell, for your dedication and service.



2014

Polar Vortex sets a new peak record

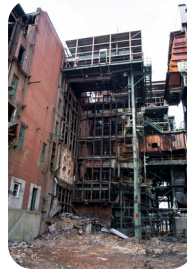


2015

Goal of 15% equity by 2015 achieved

Dale Station’s ash project begins

Purchased Bluegrass Station



2016

Dale Station decommissioned and closed

Reason I Go Home Tonight, Safety is R.I.G.H.T. is adopted and becomes EKPC’s new safety slogan



2017

Cooperative Solar Farm One is built



2023

EKPC helps form Rural Electric Cooperative Caucus

CFO Cliff Scott hired

2024

New Era funding awarded

Board approves construction of Liberty Station, Cooper Station Unit 3, co-firing of Spurlock Units 1-4 and Cooper Unit 2

2025

Speaks at an event with President Trump

Campbell announces retirement for June, 2026, transitions to advisor role



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

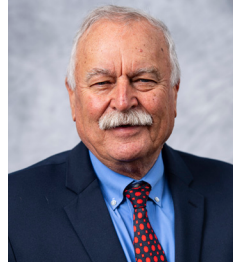
Voting members



Landis Cornett
Jackson Energy
Committee Chair



Alan Ahrman
Owen Electric
Board Chair



Wayne Stratton
Shelby Energy



George Maddox
Salt River Electric



Randy Sexton
Farmers RECC
Board Secretary

Chief Executive Officers

Non-voting members



Jerry Carter
Inter-County Energy



Tim Sharp
Salt River Electric



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



Kevin Howard
Licking Valley RECC



Rick Thomas
Nolin RECC



Lansford Lay
Cumberland Valley
Electric



Danny Wallen
Big Sandy RECC

Chief Executive Officers

Non-voting members



Toby Moss
Farmers RECC



Greg Lee
Nolin RECC



Kerry Howard
Licking Valley RECC



Brandon Hunt
Fleming-Mason Energy



Chris Brewer
Clark Energy



Kevin Newton
South Kentucky RECC

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
Committee Chair



Jody Hughes
Blue Grass Energy
Board Vice-Chair



Chris Tucker
Taylor County RECC



Harold Dupuy
Grayson RECC



Steve Hale
Clark Energy

Chief Executive Officers

Non-voting members



Ted Hampton
Cumberland Valley
Electric



Ryan Henderson
Jackson Energy



Mike Williams
Blue Grass Energy



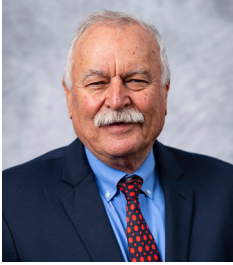
Jeff Prater
Big Sandy RECC

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



Joe Spalding
Inter-County Energy



Landis Cornett
Jackson Energy



Tim Eldridge
Fleming-Mason Energy
Board Treasurer



Rick Thomas
Nolin RECC

Chief Executive Officers

Non-voting members



Bradley Cherry
Grayson RECC



Jack Bragg
Shelby Energy



Jeff Williams
Taylor County RECC



Mike Cobb
Owen Electric

Executive Staff



Tony Campbell,
President and CEO

*



Don Mosier,
Executive Vice President
and COO

**



Cliff Scott,
Executive Vice President
and CFO



David Samford,
General Counsel



Craig Johnson,
Senior Vice President
of Power Production



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



Jerry Purvis,
Senior Vice President of
Environmental Affairs



Denise Foster Cronin,
Senior Vice President
and CCO



Troy Lovell,
Vice President of
Power Production



Julie Tucker,
Vice President of
Power Supply
and Planning



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

* Announced retirement in 2026, transitioned to advisor to CEO

** Promoted to President and CEO December 2025

*** Promoted to COO & Executive Vice President December 2025

2025: Financial Highlights

2025 Performance

EKPC's net margin was \$39.2 million for the year ended December 31, 2025, an increase of \$32.6 million in comparison to 2024.

Operating revenues were nearly \$1.3 billion for the year ended December 31, 2025, an increase of \$123.0 million from the prior year. This change was primarily attributed to increases in member and off-system sales of \$66.5 million, and \$34.2 million, respectively. Member megawatt-hour (MWh) sales increased 3.9% in comparison to the prior year due to favorable weather. The increase in off-system sales in comparison to 2024 was due to higher market prices and energy demand. Improved BRA auction prices resulted in PJM capacity market revenue increasing \$23.7 million from the prior year.

Production operating expenses for the year ended December 31, 2025 were \$826.0 million, an increase of \$93.9 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. Production maintenance expense was \$131.3 million for the year ended December 31, 2025, a \$41.3 million increase from 2024. This increase was attributed to increased maintenance projects at Spurlock, Cooper and Smith Stations. Purchased power expense was \$223.6 million for the year ended December 31, 2025, a \$23.5 million increase from 2024, or 11.7%, while MWhs purchased increased 14.3% over 2024. EKPC's generation fleet produced 18.3% more MWhs in 2025 due to the higher load requirements discussed above. This increase in generation, coupled with higher natural gas prices in 2025, partially offset by the lower cost of coal burned, resulted in total fuel expense of \$357.9 million, a \$22.9 million increase from 2024. Other production operation expense was \$100.2 million for the year ended December 31, 2025, an increase of \$7.0 million as a result of increased costs of chemical reagents used at our coal-fired facilities.

Depreciation and amortization expense was \$147.9 million for the year ended December 31, 2025, a decrease of \$13.0 million from the prior year. This change was the result of a \$16.7 million increase in the amount recorded as a regulatory credit in 2025 for the annual generation maintenance tracker regulatory asset in comparison to the prior year, partially offset by a \$3.7 million increase in depreciation expense due to additional projects placed in service in 2025. 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, 2025 was \$46.1 million.

Fixed charges and other expenses were \$116.3 million for the year ended December 31, 2025, an increase of \$4.7 million from 2024. This change was primarily attributed to higher interest rates and a larger average debt balance outstanding in 2025.

Nonoperating margin was \$9.2 million for the year ended December 31, 2025, an increase of \$0.3 million in comparison to 2024. This increase was primarily attributed to higher interest earnings in 2025.

Construction Activities

EKPC's construction activities focused on generation projects in 2025. Generation projects made up 68% of capital expenditures in 2025 and were \$230.3 million higher than 2024. Transmission projects made up approximately 30% of capital expenditures in 2025 and were approximately \$32.3 million higher than 2024. Generation capital expenditures included \$148.8 million related to a 214 MW electric generation station project featuring twelve reciprocating internal combustion engines (RICE) fueled by natural gas to be located in Casey County, which was granted a Certificate of Public Convenience and Necessity (CPCN) by the PSC in 2025. The total cost to develop the RICE facility is estimated at \$500.0 million, with an expected completion date of December 2028. Also in 2025, the PSC granted the Cooperative's requests for CPCNs to construct 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 of all four units at Spurlock Station. New pipelines will supply natural gas to the facilities. The Cooper CCGT estimated cost is \$1.3 billion, with an expected completion date of December 2030. The Cooper and Spurlock co-fire projects combined estimated total cost is \$260.8 million, with construction expected to be completed by December 2029. Capital expenditures on the CCGT and co-fire projects were \$80.3 million in 2025. Capital expenditures in 2025, also included \$21.3 million related to the ongoing construction of two solar projects totaling 136 MW to be located in Fayette and Marion Counties. The total cost of constructing the two solar farms is estimated at \$335.4 million, with an expected completion date of October 2027. Direct Pay Investment Tax Credits (ITC) and a combination of New ERA grant and loan funds are expected to help cover approximately 2/3rds of the costs of construction.



2025: Financial Highlights

Financing Activities

The Cooperative amended its existing \$600 million unsecured syndicated credit facility to extend the maturity date of \$520 million of the credit facility an additional 364-days to July 25, 2030. The remaining \$80 million will expire on the original maturity date of July 29, 2027.

The Cooperative executed a new \$300 million term loan credit agreement with CFC with a maturity date of July 29, 2028. On July 30, 2025 the \$300 million was funded. The term loan agreement included the right for the Cooperative to request an increase of commitments up to an additional \$150 million during the term of the agreement. On December 22, 2025, the additional \$150 million was requested, and was funded in February of 2026. The Cooperative also has the right to request annual extensions on the agreement up to an additional four years beyond the original maturity date of the agreement.

The Cooperative filed an application with the PSC requesting authorization to issue up to \$1 billion of secured or unsecured private placement or bank/financial institution debt. The proceeds of the proposed financings 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. The commission approved this request in January 2026.

Financial Targets

EKPC's equity-to-assets ratio remained stable, coming in at 19.6% and 20.2% at December 31, 2025 and 2024, respectively.

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, 2025.

Regulatory Matters

On August 1, 2025, EKPC filed an application with the Kentucky Public Service Commission for a general adjustment of rates. EKPC is requesting a \$79.7 million increase in annual revenues – a 7.49% rate increase.

Ratings Agencies

In 2025, Fitch Ratings affirmed EKPC's "BBB+" issuer default rating. The negative outlook continues to reflect the potential for weakening in EKPC's financial profile over the next few years as significant additional debt is anticipated to be issued to fund planned capital spending. The surge in capex will focus on new generation and transmission investments designed to strengthen reliability and serve increased load. Standard & Poor's (S&P) Global Ratings affirmed its "A" issuer credit rating with a stable outlook.

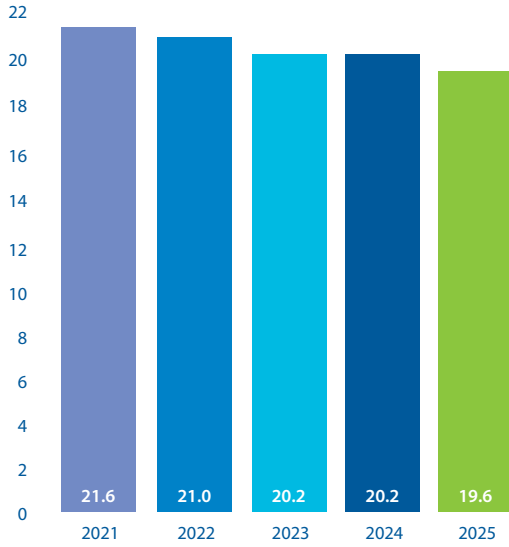
Five-Year Statistical Summary

	2025	2024	2023	2022	2021
Net Margin - in thousands	\$39,229	\$6,619	\$17,856	\$35,880	\$10,542
TIER	1.34	1.06	1.17	1.40	1.12
DSC	1.31	1.35	1.31	1.54	1.38
Fuel Expense - in thousands	\$357,915	\$335,047	\$344,469	\$363,948	\$236,947
Capital Expenditures - in thousands					
Generation	\$308,403	\$78,084	\$42,180	\$41,172	\$65,235
Transmission & Distribution	\$135,251	\$102,938	\$112,715	\$86,444	\$50,183
General	\$7,467	\$7,170	\$8,503	\$9,978	\$6,465
Investment in Facilities - in thousands					
Original Cost	\$5,490,253	\$5,047,022	\$4,885,908	\$4,761,207	\$4,643,669
Long-Term Debt - in thousands	\$2,921,609	\$2,774,691	\$2,749,655	\$2,592,627	\$2,436,831
Total Assets - in thousands	\$4,201,809	\$3,883,147	\$3,884,916	\$3,752,443	\$3,550,115
Number of Employees - full-time	761	746	735	691	694
Cost of Coal Purchased					
\$/ton	\$60.30	\$70.77	\$83.25	\$67.07	\$42.63
\$/MBtu	\$2.57	\$3.06	\$3.56	\$2.91	\$1.83
Amount of Coal Purchased - tons	4,018,228	3,249,014	4,153,129	4,624,443	3,733,218
Generation - MWh	10,793,446	9,123,308	8,733,672	10,189,060	10,014,834
System Peak Demand - MW					
Winter Season *	3,744	3,754	2,707	3,747	2,862
Summer Season	2,654	2,581	2,498	2,465	2,450
Sales to Other Utilities - MWh	1,288,324	982,318	484,870	1,003,475	960,076
Member Load Growth - %					
Energy	3.93	4.28	(1.90)	5.17	2.78
Demand	7.33	4.07	(4.22)	11.47	4.46
Load Factor - %	44	43	57	42	52
Miles of Line	2,897	2,894	2,892	2,884	2,879
Installed Capacity - kVA	13,140,635	13,110,708	11,242,842	11,365,143	11,205,344
Distribution Substations	381	382	379	381	379

* Data reported represents seasonal peak achieved during respective calendar year

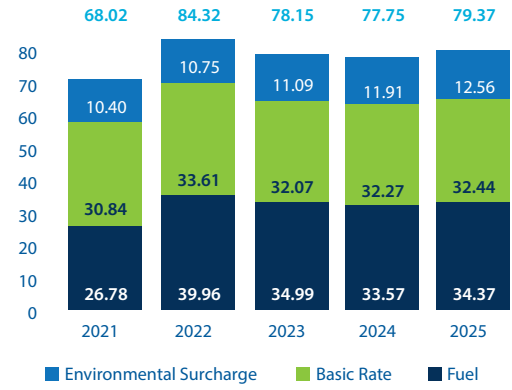
Equity Ratio

%



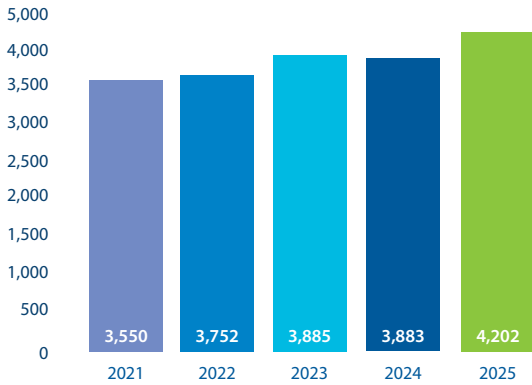
Power Cost To Members

Mills/kWh



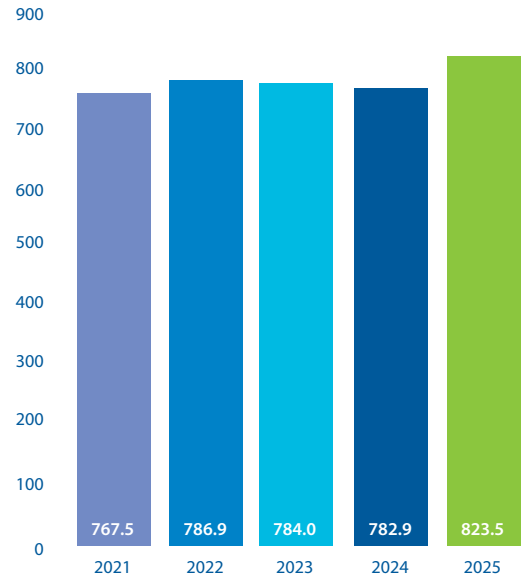
Total Assets

in \$Millions

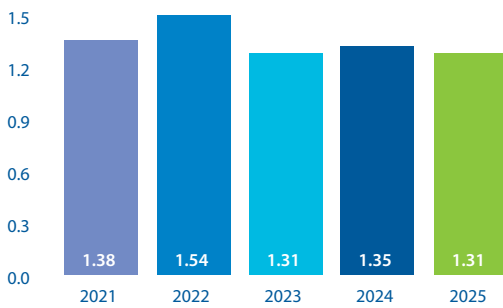


Member's Equities

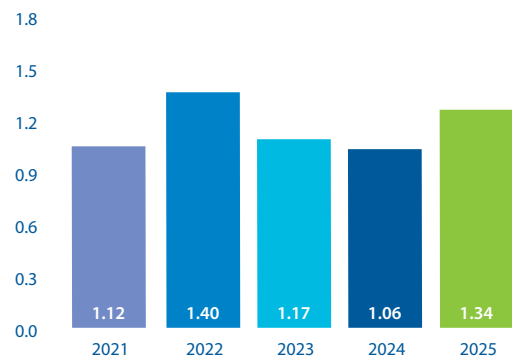
in \$Millions



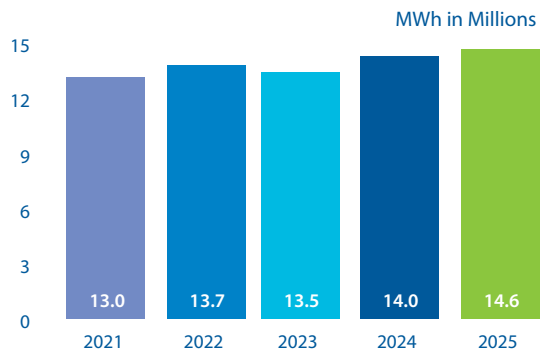
DSC



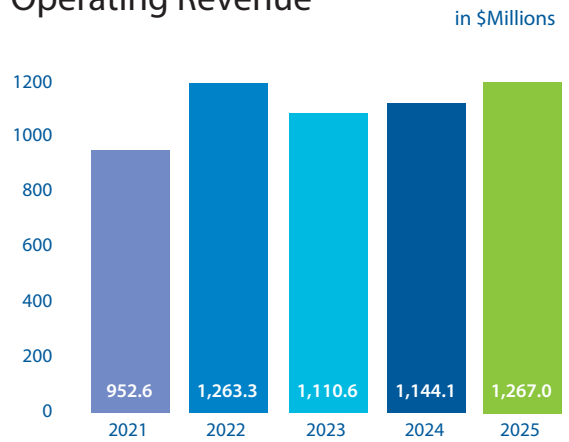
TIER



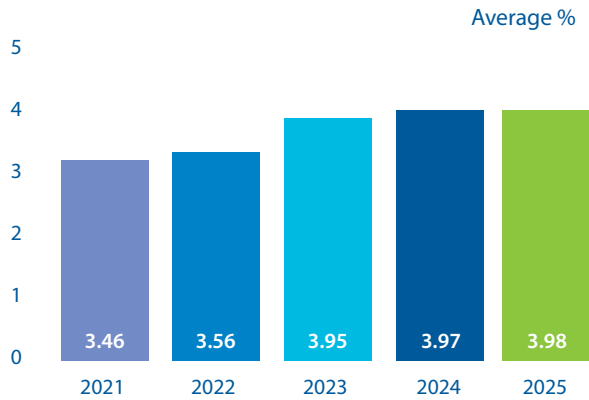
Energy Sales to Members



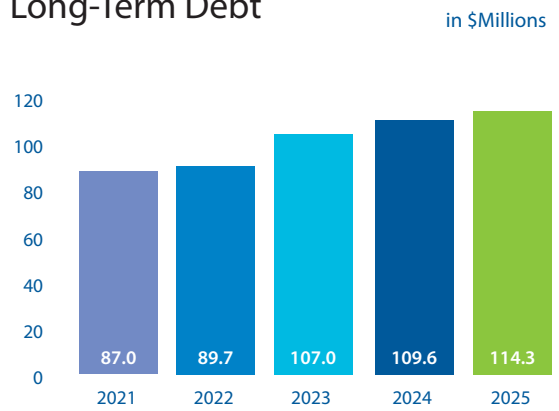
Operating Revenue



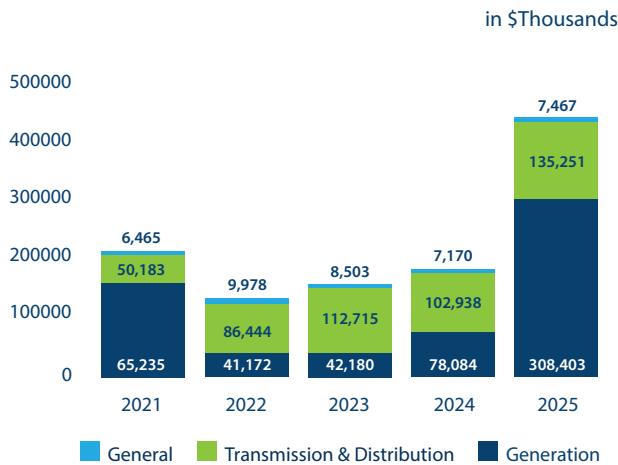
Average interest Rate on Long-Term Debt Year-End



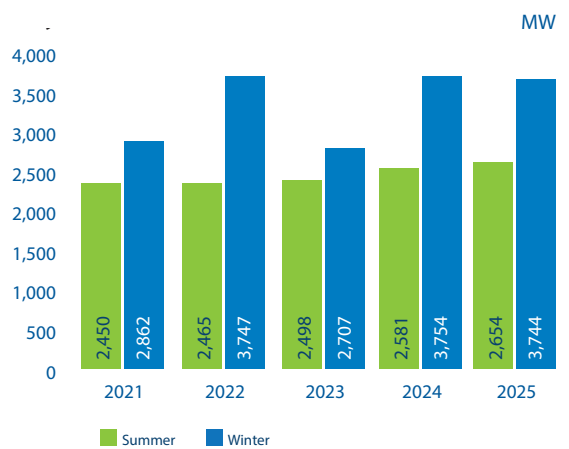
Interest Expense on Long-Term Debt



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 Campbell
President and CEO

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

**Shape the future
with confidence**

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 consolidated financial statements of East Kentucky Power Cooperative, Inc. (the Company), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of revenue and expenses and comprehensive margin (loss), consolidated changes in members' equities, and consolidated 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, 2025 and 2024, 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.



**Shape the future
with confidence**

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.



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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 27, 2026, 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 27, 2026

East Kentucky Power Cooperative, Inc.

Consolidated Balance Sheets (Dollars in Thousands)

	December 31	
	2025	2024
Assets		
Electric plant:		
In-service	\$ 5,058,574	\$ 4,935,839
Construction-in-progress	431,679	111,183
	5,490,253	5,047,022
Less accumulated depreciation	2,049,353	1,947,150
Electric plant – net	3,440,900	3,099,872
Investment securities:		
Available-for-sale	13,771	15,006
Held-to-maturity	6,998	6,998
Current assets:		
Cash and cash equivalents	229,510	225,075
Accounts receivable	136,079	113,771
Fuel	61,439	81,193
Materials and supplies	157,679	158,042
Regulatory assets	377	3,423
Other current assets	24,800	34,593
Total current assets	609,884	616,097
Regulatory assets	102,915	80,641
Deferred charges	16,928	55,488
Other noncurrent assets	10,413	9,045
Total assets	\$ 4,201,809	\$ 3,883,147
Members' equities and liabilities		
Members' equities:		
Memberships	\$ 2	\$ 2
Patronage and donated capital	806,856	767,627
Accumulated other comprehensive margin	16,686	15,231
Total members' equities	823,544	782,860
Long-term debt	2,921,609	2,774,691
Current liabilities:		
Current portion of long-term debt	112,640	114,842
Accounts payable	149,837	88,406
Accrued expenses	86,387	32,534
Regulatory liabilities	2,856	–
Total current liabilities	351,720	235,782
Accrued postretirement benefit cost	49,890	51,422
Asset retirement obligations and other liabilities	55,046	38,392
Total members' equities and liabilities	\$ 4,201,809	\$ 3,883,147

See notes to financial statements.

**Consolidated Statements of Revenue and Expenses
and Comprehensive Margin (Loss)**
(Dollars in Thousands)

	Year Ended December 31	
	2025	2024
Operating revenue	\$ 1,267,020	\$ 1,144,064
Operating expenses:		
Production:		
Fuel	357,915	335,047
Other	244,488	196,914
Purchased power	223,613	200,114
Transmission and distribution	72,671	73,269
Regional market operations	7,457	7,208
Depreciation and amortization	147,867	160,847
General and administrative	66,646	61,217
Total operating expenses	<u>1,120,657</u>	<u>1,034,616</u>
Operating margin before fixed charges and other expenses	146,363	109,448
Fixed charges and other:		
Interest expense on long-term debt	114,260	109,561
Amortization of debt expense	733	770
Accretion and other	1,318	1,317
Total fixed charges and other expenses	<u>116,311</u>	<u>111,648</u>
Operating margin (loss)	30,052	(2,200)
Nonoperating margin:		
Interest income	8,838	8,043
Patronage capital allocations from other cooperatives	481	564
Other (Loss) gain	(142)	212
Total nonoperating margin	<u>9,177</u>	<u>8,819</u>
Net margin	39,229	6,619
Other comprehensive margin (loss):		
Unrealized (loss) gain on available-for-sale securities	(18)	13
Postretirement benefit obligation gain (loss)	1,473	(7,792)
	<u>1,455</u>	<u>(7,779)</u>
Comprehensive margin (loss)	<u>\$ 40,684</u>	<u>\$ (1,160)</u>

See notes to financial statements.

East Kentucky Power Cooperative, Inc.

Consolidated Statements of Changes in Members' Equities
(Dollars in Thousands)

	Memberships	Patronage Capital	Donated Capital	Accumulated Other Comprehensive Margin	Total Members' Equities
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
Net margin	–	39,229	–	–	39,229
Unrealized (loss) on available for sale securities	–	–	–	(18)	(18)
Postretirement benefit obligation gain	–	–	–	1,473	1,473
Balance – December 31, 2025	\$ 2	\$ 803,821	\$ 3,035	\$ 16,686	\$ 823,544

See notes to financial statements.

East Kentucky Power Cooperative, Inc.

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended December 31	
	2025	2024
Operating activities		
Net margin	\$ 39,229	\$ 6,619
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and amortization	147,867	160,847
Amortization of debt issuance costs	1,315	1,176
Changes in operating assets and liabilities:		
Accounts receivable	(22,308)	(1,786)
Fuel	19,754	55,048
Materials and supplies	363	(20,557)
Regulatory assets/liabilities	(12,864)	10,348
Accounts payable	24,547	(21,316)
Accrued expenses	831	(24,397)
Accrued postretirement benefit cost	(59)	(876)
Other	5,463	(15,239)
Net cash provided by operating activities	<u>204,138</u>	<u>149,867</u>
Investing activities		
Additions to electric plant	(391,002)	(215,222)
Cash paid for deferred charges - survey and investigation	(6,396)	(45,144)
Maturities of available-for-sale securities	15,345	17,250
Purchases of available-for-securities	(14,128)	(15,647)
Maturities of held-to-maturity securities	-	56
Other	35	(35)
Net cash used in investing activities	<u>(396,146)</u>	<u>(258,742)</u>
Financing activities		
Proceeds from long-term debt	560,000	335,643
Principal payments on long-term debt	(415,112)	(297,941)
Proceeds from construction advances	52,715	-
Debt issuance costs	(828)	(500)
Payment of obligation under long-term lease	(332)	(77)
Net cash provided by financing activities	<u>196,443</u>	<u>37,125</u>
Net change in cash and cash equivalents	4,435	(71,750)
Cash and cash equivalents – beginning of year	225,075	296,825
Cash and cash equivalents – end of year	<u>\$ 229,510</u>	<u>\$ 225,075</u>
Supplemental disclosure of cash flows		
Cash paid for interest	<u>\$ 114,954</u>	<u>\$ 127,476</u>
Noncash investing transactions:		
Additions to electric plant included in accounts payable	<u>\$ 66,497</u>	<u>\$ 29,613</u>
Unrealized (loss) gain on available-for-sale securities	<u>\$ (18)</u>	<u>\$ 13</u>

See notes to financial statements.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements

Years Ended December 31, 2025 and 2024

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 2068. 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 purchase power agreement whose term was extended five years beyond the initial ten-year term that ended on December 1, 2025. 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 consolidated 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 to accounting principles generally accepted in the United States of America (GAAP) in all material respects. As a rate-regulated entity, the Cooperative's consolidated 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*.

Principles of Consolidation

The consolidated financial statements include, after eliminating intercompany transactions and balances, the accounts of EKPC and its variable interest entity (VIE), Mangrove Cell 77 PC, an unincorporated protected cell captive, of which EKPC is the primary beneficiary. See Note 10 – Variable Interest Entity for additional information.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

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.

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, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
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%

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Depreciation and amortization expense was \$147.9 million and \$160.8 million for 2025 and 2024, respectively. Depreciation and amortization expense includes amortization expense of \$10.6 million in 2025 and 2024 related to plant abandonments granted regulatory asset treatment, offset by regulatory credits of \$17.7 million in 2025 and \$1.0 million in 2024 related to the annual establishment of the generation maintenance tracker regulatory asset (Note 4).

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 \$1.8 million and \$2.1 million in 2025 and 2024, 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, 2025 and 2024.

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, 2025 and 2024, 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 margin (loss) on the consolidated statements of revenue and expenses and comprehensive margin (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 \$5.6 million and \$4.4 million at December 31, 2025 and 2024, respectively. These assets are included in other noncurrent assets on the balance sheets.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Estimated fair values of the Cooperative's financial instruments as of December 31, 2025 and 2024, were as follows (dollars in thousands):

	Fair Value at Reporting Date Using			
	Fair Value December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 125,000	\$ 125,000	\$ —	\$ —
Available-for-sale securities	19,383	19,383	—	—

	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	—	—

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The estimated fair values of the Cooperative's financial instruments carried at cost at December 31, 2025 and 2024, were as follows (dollars in thousands):

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Held-to-maturity investments	\$ 6,998	\$ 6,656	\$ 6,998	\$ 6,616
Long-term debt	3,034,249	2,895,774	2,889,533	2,708,040

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 \$1,157.9 million and \$1,091.4 million for 2025 and 2024, respectively. Accounts receivable at December 31, 2025 and 2024, 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, 2025 and 2024, individual accounts receivable balances that exceeded 10% of total accounts receivable are as follows (dollars in thousands):

	2025	2024
Owen Electric Cooperative	\$ 20,437	\$ 17,709
Blue Grass Energy Cooperative	14,352	12,223
South Kentucky RECC	N/A	11,555

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

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 consolidated statements of revenue and expenses are deferred on the consolidated 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, 2025, 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.

East Kentucky Power Cooperative, Inc.
Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The balances at December 31, 2025 and 2024, were as follows (dollars in thousands):

	2025	2024
Survey and Investigation Charges	\$ 14,972	\$ 53,591
Unsecured Credit Facility Issuance Costs and Fees	1,505	1,492
Miscellaneous	451	405
	\$ 16,928	\$ 55,488

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.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The Cooperative's AROs represent the requirements related to asbestos abatement, reclamation and capping of ash disposal sites at its coal-fired plants, and estimated costs for legacy CCR surface impoundment and CCR management units. ARO liabilities incurred in 2025 represent the estimated costs for decommissioning and site restoration of a solar facility per the terms of ground lease contracts. Estimated cash flow revisions in 2025 and 2024 are primarily related to changes in the cost estimates 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 2025 and 2024 are primarily 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 consolidated balance sheets (dollars in thousands):

	<u>2025</u>	<u>2024</u>
Balance – beginning of year	\$ 33,263	\$ 32,416
Liabilities incurred	257	2,362
Liabilities settled	(5,483)	(5,239)
Estimated cash flow revisions	5,575	2,111
Accretion	1,003	1,613
Balance – end of year	<u>\$ 34,615</u>	<u>\$ 33,263</u>

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.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Accretion charged to regulatory assets was \$1.0 million and \$1.6 million in 2025 and 2024, respectively. Accretion expense recognized in 2025 and 2024 was \$1.3 million, which represented the recovery of settlement costs associated with ash disposal sites.

Revenue Recognition

Operating revenues are primarily derived from sales of electricity to members. These sales, which comprise approximately 91% 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, 2067. 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.

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 2025 and 2024.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The following represents operating revenues by revenue stream for the years ended December 31, 2025 and 2024 (dollars in thousands):

	Year Ended December 31	
	2025	2024
Member electric sales	\$ 1,157,884	\$ 1,091,417
Non-member sales:		
Electric	74,067	39,910
Capacity	25,512	1,765
Other	9,557	10,972
Total operating revenues	<u>\$ 1,267,020</u>	<u>\$ 1,144,064</u>

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.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

On August 1, 2025, EKPC filed an application with the PSC for a general adjustment of rates. EKPC is requesting a \$79.7 million increase in annual revenues – a 7.49% rate increase. The PSC is expected to render a decision on the case in the first half of 2026.

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 2025 or 2024.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Comprehensive Margin (Loss)

Comprehensive margin (loss) includes both net margin and other comprehensive margin (loss). Other comprehensive margin (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.

The Cooperative presents each item of other comprehensive margin (loss) on a net basis in the consolidated statements of revenue and expenses and comprehensive margin (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.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

2. Electric Plant in Service

Electric plant in service at December 31, 2025 and 2024, consisted of the following (dollars in thousands):

	2025	2024
Production plant	\$ 3,562,023	\$ 3,481,219
Transmission plant	1,108,936	1,045,835
General plant	147,306	142,469
Completed construction, not classified, and other	240,309	266,316
Electric plant in service	\$ 5,058,574	\$ 4,935,839

Acquisition adjustments of \$4 million were included in electric plant in service at December 31, 2025 and 2024. 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, 2025 and 2024, were as follows (dollars in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2025				
U.S. Treasury bill/note	\$ 13,737	\$ 34	\$ –	\$ 13,771
	\$ 13,737	\$ 34	\$ –	\$ 13,771
2024				
U.S. Treasury bill/note	\$ 14,954	\$ 52	\$ –	\$ 15,006
	\$ 14,954	\$ 52	\$ –	\$ 15,006

Proceeds from maturities of securities were \$15.3 million and \$17.3 million in 2025 and 2024, respectively.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

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, 2025 and 2024, are as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2025				
5% capital term certificates	\$ 6,998	\$ –	\$ (342)	\$ 6,656
	<u>\$ 6,998</u>	<u>\$ –</u>	<u>\$ (342)</u>	<u>\$ 6,656</u>
2024				
5% capital term certificates	\$ 6,998	\$ –	\$ (382)	\$ 6,616
	<u>\$ 6,998</u>	<u>\$ –</u>	<u>\$ (382)</u>	<u>\$ 6,616</u>

The amortized cost and fair value of securities at December 31, 2025, 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	\$ 13,736	\$ 13,771
	<u>\$ 13,736</u>	<u>\$ 13,771</u>
Held-to-maturity:		
Due after ten years	\$ 6,998	\$ 6,656
	<u>\$ 6,998</u>	<u>\$ 6,656</u>

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

4. Regulatory Assets and Liabilities

Regulatory assets (liabilities) were comprised of the following as of December 31, 2025 and 2024 (dollars in thousands):

	2025	2024
Plant abandonment – Smith Unit 1	\$ 10,644	\$ 21,287
ARO-related depreciation and accretion expenses	24,327	28,146
Major maintenance projects – Spurlock Station	1,811	2,716
Regional transmission expansion plan (RTEP)	19,985	–
Generation maintenance tracker	46,148	28,492
Environmental cost recovery	–	2,320
Fuel adjustment clause	377	1,103
	\$ 103,292	\$ 84,064
Environmental cost recovery	\$ (2,856)	\$ –
	\$ (2,856)	\$ –

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, ash disposal, and in 2025, legacy CCR 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.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

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.

Regional transmission expansion plan (RTEP) – In 2025, the PSC authorized EKPC to establish a regulatory asset for EKPC's PJM RTEP expenses in excess of the amount included in base rates through December 31, 2025. The amount will be considered for recovery during EKPC's next base rate case.

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.

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.

East Kentucky Power Cooperative, Inc.
Notes to Financial Statements (continued)

5. Long-Term Debt (continued)

Long-term debt outstanding at December 31, 2025 and 2024, consisted of the following (dollars in thousands):

	2025	2024
First mortgage notes:		
1.14%–5.18%, payable quarterly to Federal Financing Bank (FFB) in varying amounts through 2050, weighted average 3.63%	\$ 1,984,423	\$ 2,068,301
First Mortgage Bonds, Series 2014A, fixed rate of 4.61%, payable semi-annual, matures February 6, 2044	131,500	154,000
First Mortgage Bonds, Series 2019, fixed rate of 4.45%, payable semi-annual, matures April 19, 2049	120,000	125,000
First Mortgage Promissory Note, fixed rate of 4.30%, payable semi-annual, matures April 30, 2049	80,000	83,333
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%	15,233	15,634
Promissory notes:		
Variable rate notes payable to CFC, 4.72% at December 31, 2025 – Syndicated Credit Facility	410,000	450,000
Variable rate notes payable to CFC, 4.72% at December 31, 2025 – Syndicated Term Loan Facility	300,000	–
Total debt	3,041,156	2,896,268
Less debt issuance costs	(6,907)	(6,735)
Total debt adjusted for debt issuance costs	3,034,249	2,889,533
Less current maturities	(112,640)	(114,842)
Total long-term debt	\$ 2,921,609	\$ 2,774,691

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, 2025. The amounts outstanding under these notes are \$2.0 billion at December 31, 2025.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

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. As of December 31, 2025, 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. As of December 31, 2025, 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, approved by RUS and pending execution at December 31, 2025.

The Cooperative had a loan application for the generation portion of the Liberty Reciprocating Engine (RICE) facility in the amount of \$457 million pending at December 31, 2025. See Note 8 – Commitments and Contingencies for details.

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 \$131.5 million at December 31, 2025.

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 \$120.0 million at December 31, 2025.

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 \$80.0 million at December 31, 2025.

East Kentucky Power Cooperative, Inc.
Notes to Financial Statements (continued)

5. Long-Term Debt (continued)

On October 7, 2025, the Cooperative filed an application with the PSC requesting authorization to issue up to \$1 billion of secured or unsecured private placement or bank/financial institution debt and to use interest rate management instruments. The proceeds of the proposed financings 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. The commission approved this request on January 29, 2026.

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, 2025, is \$15.2 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, which was increased to \$600 million in 2024. Effective July 29, 2025, the Cooperative amended its existing \$600 million unsecured syndicated credit facility to extend the maturity date of \$520 million of the credit facility an additional 364-days, to July 25, 2030. The remaining \$80 million will expire on the original maturity date of July 29, 2027. As of December 31, 2025, the Cooperative had outstanding borrowings of \$410.0 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, 2025, the availability under the credit facility was \$179.9 million.

Effective on July 29, 2025, the Cooperative entered into a \$300 million term loan credit agreement with CFC with a maturity date of July 29, 2028. On July 30, 2025 the \$300 million was funded. The proceeds from this transaction were used to pay down a portion of the outstanding borrowings on EKPC's unsecured syndicated credit facility. The term loan credit agreement includes the right for the Cooperative to request an increase of commitments up to an additional \$150 million during the term of the agreement. The Cooperative also has the right to request annual extensions on the agreement up to an additional four years beyond the original maturity date of the agreement. As of December 31, 2025, the Cooperative had outstanding borrowings of \$300 million.

East Kentucky Power Cooperative, Inc.
Notes to Financial Statements (continued)

5. Long-Term Debt (continued)

On December 22, 2025, the Cooperative requested an additional \$150 million in commitments of its term loan with CFC and other lenders. On February 23, 2026 the \$150 million was funded. The proceeds from this transaction were used to pay down a portion of the outstanding borrowings on EKPC's unsecured syndicated credit facility. The \$150 million increase in borrowing brought the total outstanding balance of the term loan to \$450 million as of February 23, 2026.

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, 2025, are as follows (dollars in thousands):

Years ending December 31:	
2026	\$ 112,640
2027	109,696
2028	111,665
2029	110,228
2030	113,365
Thereafter	<u>2,476,655</u>
	<u>\$ 3,034,249</u>

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, 2025 and 2024.

As of December 31, 2025, the Cooperative has pledged securities of \$0.2 million to the United States Department of Labor related to Workers' Compensation.

In April 2025, 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 \$28.4 million. The corporate guarantee is renewed annually.

East Kentucky Power Cooperative, Inc.
Notes to Financial Statements (continued)

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.

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, 2025 and 2024, 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 2025 and 2024 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 \$7.0 million and \$7.1 million in 2025 and 2024, respectively.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

6. Retirement Benefits (continued)

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 employee contributions to 4.5%. The Cooperative contributed approximately \$7.3 million and \$6.5 million to the plan for the years ended December 31, 2025 and 2024, 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.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

6. Retirement Benefits (continued)

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 consolidated statements of revenue and expenses and comprehensive margin (loss). All other components of net periodic benefit cost are included in other non-operating margin.

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, 2025 and 2024 (dollars in thousands):

	2025	2024
Change in benefit obligation:		
Accumulated postretirement benefit obligation – beginning of year	\$ 54,072	\$ 47,244
Service cost	1,085	890
Interest cost	3,022	2,372
Participants’ contributions	1,721	1,597
Benefits paid	(3,994)	(3,802)
Actuarial loss (gain)	(3,494)	5,771
Accumulated postretirement benefit obligation – end of year	52,412	54,072
Change in plan assets:		
Fair value of plan assets – beginning of year	–	–
Employer contributions	2,273	2,205
Participant contributions	1,721	1,597
Benefits paid	(3,994)	(3,802)
Fair value of plan assets – end of year	–	–
Funded status – end of year	\$ (52,412)	\$ (54,072)
Amounts recognized in balance sheet consists of:		
Current liabilities	\$ 2,522	\$ 2,650
Noncurrent liabilities	49,890	51,422
Total amount recognized in balance sheet	\$ 52,412	\$ 54,072
Amounts included in accumulated other comprehensive margin:		
Prior service credit	\$ 14,545	\$ 16,566
Unrecognized actuarial gain (loss)	2,107	(1,387)
Total amount in accumulated other comprehensive margin	\$ 16,652	\$ 15,179

East Kentucky Power Cooperative, Inc.
Notes to Financial Statements (continued)

6. Retirement Benefits (continued)

	2025	2024
Net periodic benefit cost:		
Service cost	\$ 1,085	\$ 890
Interest cost	3,022	2,372
Amortization of prior service credit	(2,021)	(2,021)
Net periodic benefit cost	\$ 2,086	\$ 1,241
Amounts included in other comprehensive margin:		
Net gain (loss) arising during the year	\$ 3,494	\$ (5,771)
Amortization of prior service credit	(2,021)	(2,021)
Net gain (loss) recognized in other comprehensive margin	\$ 1,473	\$ (7,792)

The change in benefit obligation included a net actuarial gain of \$3.5 million. This net actuarial gain was comprised of \$8.0 million from changes in healthcare trend and other updates, partially offset by \$3.9 million due to plan experience and passage of time, and \$0.6 million from a decrease 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 5.63% and 5.73% for 2025 and 2024, respectively.

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

Years ending December 31:	
2026	\$ 2,522
2027	2,593
2028	2,683
2029	2,897
2030	3,061
2031–2035	18,808

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

6. Retirement Benefits (continued)

For measurement purposes, a 7.25% annual rate of increase in the per capita cost of covered health care benefits was used for the year ended December 31, 2025. 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, 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
Other comprehensive gain (loss) before reclassifications	3,494	(18)	3,476
Amounts reclassified from accumulated other comprehensive margin	(2,021)	–	(2,021)
Net current period other comprehensive gain (loss)	1,473	(18)	1,455
Balance – December 31, 2025	\$ 16,652	\$ (34)	\$ 16,686

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.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

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 2025 and 2024 were \$48.2 million and \$57.1 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:	
2026	\$ 102,639
2027	53,715
2028	53,993

The Cooperative has commitments to purchase coal for its generating plants under long-term contracts that extend through 2027. Coal payments under contracts for 2025 and 2024 were \$92.9 million and \$186.2 million, respectively. Total minimum purchase obligations for the next three years are as follows (dollars in thousands):

Years ending December 31:	
2026	\$ 150,654
2027	82,970
2028	22,656

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 2028, 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*.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

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 in a combination of grants and low-interest loans to fund the construction or procurement of renewable or carbon-free 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. Negotiation of the final grant and loan documents is pending.

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 October 2027. Construction work in-progress on the two projects was \$45.0 million at December 31, 2025. The Fayette County facility is the subject of an appeal in the Franklin Circuit Court of the PSC's award of the CPCN.

On May 20, 2025, the PSC granted the Cooperative's request for 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. Construction work in-progress on the project was \$148.8 million at December 31, 2025.

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

On July 3, 2025, the PSC granted the Cooperative's requests for CPCNs to construct a new 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 Cooper CCGT estimated cost is approximately \$1.3 billion, 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. Construction work in-progress on the all of these projects was \$80.3 million at 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 of the projects discussed in this section.

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 2025 and 2024 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 \$0.3 million and \$0.2 million in 2025 and 2024, 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 consolidated statement of revenue and expenses and comprehensive margin (loss).

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

9. Government Assistance (continued)

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 estimated ITC was included in accounts receivable and as a reduction in project cost (electric plant) on the balance sheet. In 2025, EKPC filed the Form 990-T with the IRS for the adjusted ITC amount of just over \$0.7 million. The refund was received from the IRS in late December of 2025.

10. Variable Interest Entity

On April 1, 2025, EKPC entered into subscription and participation agreements with Mangrove Insurance Solutions, PCC, a protected cell captive insurance company domiciled in the District of Columbia that is owned by Marsh LLC and managed by Marsh Captive Solutions, whereby EKPC purchased 100% of the preferred non-voting shares of a protected cell. Mangrove provides a cost effective risk financing vehicle to insure the risks of the parent and in which assets and liabilities are segregated in a captive “Cell” which is a licensed insurer. A legal separation exists between each of the cells within the PCC, which insulates EKPC from losses attributable to other cells within the PCC.

The entity name of EKPC’s cell is Mangrove Cell 77 PC (Captive) and it insures and reinsures EKPC’s coal-fired plants outage risk. Claim payments to EKPC can only be made up to the amount of the cell’s available assets. In the event that claims exceed the cell’s available assets, EKPC may be required to provide additional funding to the cell.

EKPC evaluated its relationship with the Captive and determined that it is a variable interest entity (VIE) per the guidance contained in ASC Topic 810, *Consolidations*. Significant influence is present as demonstrated through the subscription and participation agreements, which set forth that the Captive is set up at EKPC’s direction and for its sole benefit. EKPC is the 100% beneficial owner, provides all funding for the cell, and if the cell should dissolve, remaining funds would be returned to EKPC. Primary decision making related to the cell business also rests with EKPC. Accordingly, EKPC is required to consolidate the Captive’s activity as of December 31, 2025, and for the year then ended.

As a result of consolidation, we eliminate intercompany transactions between EKPC and the Captive and record the Captive’s assets, liabilities and third-party activities. In consolidation, the Captive’s insurance premium revenues derived from EKPC’s policies are eliminated against the insurance premium expense recorded by EKPC relating to insurance policy coverage provided by

East Kentucky Power Cooperative, Inc.

Notes to Financial Statements (continued)

10. Variable Interest Entity (continued)

the Captive. Consolidation primarily resulted in EKPC reflecting the Captive's cash holdings on its Consolidated Balance Sheet, and the Captive's interest income reflected through earnings on EKPC Consolidated Statements of Revenues and Expenses and Comprehensive Margin (Loss).

Consolidation of the Captive resulted in an increase in EKPC's net margin of \$2.7 million for the year ended December 31, 2025. Consolidation impacted EKPC Consolidated Statements of Revenues and Expenses and Comprehensive Margin (Loss) operating expenses and interest income.

EKPC's Consolidated Balance Sheet as December 31, 2025, included \$5.3 million in assets related to the Captive that is comprised of \$5.1 million in cash and cash equivalents and \$0.2 million in other current assets; as well as less than \$0.1 million in current liabilities.

11. 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 both the Cooperative's \$600 million unsecured credit facility and the \$300 million unsecured term loan agreement. Held-to-maturity investments included CFC capital term certificates of \$7.0 million at December 31, 2025 and 2024. CFC Patronage capital assigned to EKPC was \$2.9 million and \$2.7 million at December 31, 2025 and 2024, respectively.

The Cooperative is also a member of CoBank. At December 31, 2025 and 2024, the balance of CoBank's patronage capital assigned to EKPC was \$0.8million.

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, 2025 and 2024, the balance of EKPC's investment in ACES was approximately \$0.6 million. Payments to ACES were \$3.1 million in 2025 and \$2.9 million in 2024.

12. Subsequent Events

Management has evaluated subsequent events through March 27, 2026, which is the date these financial statements were available to be issued.



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