

# PRELIMINARY OFFICIAL STATEMENT DATED JUNE 29, 2026

**NEW ISSUE  
BOOK ENTRY**

**RATINGS: Moody's: "Baa1"  
Fitch: "BBB+"  
See "RATINGS" herein.**

*In the opinion of Bond Counsel, based upon laws, regulations, rulings and decisions, and assuming continuing compliance with certain covenants made by the Electric Plant Board of the City of Paducah, Kentucky, subject to the conditions and exceptions set forth in "TAX MATTERS" herein, under current law, interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion that interest on the Series 2026 Bonds is exempt from Kentucky income tax, and the Series 2026 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions.*



## ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY

**\$75,950,000\***

### **Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds, Series 2026**

**Dated Date: Date of Issuance**

**Due: As set forth herein on the inside front cover**

The Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds, Series 2026 (the "Series 2026 Bonds") will bear interest payable semiannually on April 1 and October 1 of each year (each an "Interest Payment Date"), commencing October 1, 2026, as determined in accordance with the Trust Indenture dated as of June 1, 2016 (the "Master Indenture"), as supplemented by (i) Supplemental Indenture No. 1, dated as of June 1, 2016 (the "2016A Supplemental Indenture"), (ii) Supplemental Indenture No. 2, dated as of September 1, 2019 (the "2019 Supplemental Indenture"), and (iii) Supplemental Indenture No. 3, dated as of July 30, 2026 (the "2026 Supplemental Indenture", together with the Master Indenture, the 2016A Supplemental Indenture, and the 2019 Supplemental Indenture, the "Indenture"), each between the Electric Plant Board of the City of Paducah, Kentucky (the "Issuer") and Regions Bank, an Alabama banking corporation, as trustee (the "Trustee"). Interest is payable by check mailed to the registered owners of the Series 2026 Bonds at their addresses appearing on the registration books kept by the Trustee as of the applicable record date preceding each Interest Payment Date. The Series 2026 Bonds are to be delivered in fully registered form in the authorized denominations described in the Indenture.

The Series 2026 Bonds are issued initially under a book-entry only system, registered in the name of Cede & Co., as registered bond owner and nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series 2026 Bonds. Individual purchasers of Book-Entry Interests in the Series 2026 Bonds will not receive certificates representing their interest in the Series 2026 Bonds.

THE SERIES 2026 BONDS ARE SUBJECT TO EXTRAORDINARY MANDATORY AND EXTRAORDINARY OPTIONAL REDEMPTION PRIOR TO MATURITY AS DESCRIBED HEREIN. THE SERIES 2026 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF REVENUES, FUNDS AND ASSETS OF THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. THE ISSUER DOES NOT HAVE ANY TAXING POWER. THIS OFFICIAL STATEMENT AND THE APPENDICES ATTACHED HERETO SHOULD BE READ IN THEIR ENTIRETY.

NEITHER THE COMMONWEALTH OF KENTUCKY, THE CITY OF PADUCAH, KENTUCKY, NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE ISSUER AS DESCRIBED ABOVE, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2026 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY, THE CITY OF PADUCAH, KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2026 BONDS.

The Series 2026 Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriters, subject to the approval of legality and tax exemption by Rubin & Hays, Bond Counsel, Louisville, Kentucky. Certain legal matters will be passed on for the Issuer by its counsel, McMurry & Livingston, PLLC, Paducah, Kentucky, and for the Underwriters by their counsel, Stites & Harbison, PLLC, Louisville, Kentucky. This Official Statement is deemed final for the purposes of SEC Rule 15c2-12(b)(1). Delivery of the Series 2026 Bonds is expected on or about \_\_\_\_\_, 2026.

**BofA Securities**

**Ramirez & Co.**

**Raymond James**

Dated: \_\_\_\_\_, 2026

\* Preliminary, subject to change.

## MATURITY SCHEDULE

**\$75,950,000\***

### **ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY REFUNDING REVENUE BONDS, SERIES 2026**

<b><u>Maturity (October 1)*</u></b>	<b><u>Principal Amount*</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP 695317**</u></b>
2027	\$6,850,000				
2028	7,200,000				
2029	7,570,000				
2030	7,960,000				
2031	8,365,000				
2032	8,795,000				
2033	9,250,000				
2034	9,720,000				
2035	10,240,000				

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\* Preliminary, subject to change.

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

No dealer, salesperson or any other person has been authorized by the Issuer or the Underwriters to give any information or to make any representations, other than the information and representations contained in this Official Statement, in connection with the offering of the Series 2026 Bonds and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriters. The information in this Official Statement has been furnished by the Issuer and other sources which are considered to be reliable, but is not guaranteed as to accuracy or completeness. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Series 2026 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Official Statement.

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2026 BONDS HAVE NOT BEEN RECOMMENDED OR AUTHORIZED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2026 BONDS, NOR SHALL THERE BE ANY SALE OF ANY OF THE SERIES 2026 BONDS BY OR TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.**

Regions Bank, as Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Series 2026 Bonds, or (iii) the tax-exempt status of the Series 2026 Bonds.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Issuer’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements. This Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

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## **OFFICIAL STATEMENT**

### **ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY**

**\$75,950,000\***

**Refunding Revenue Bonds, Series 2026**

### **INTRODUCTION**

This Official Statement, which includes the cover page and appendices, sets forth certain information concerning (i) the Electric Plant Board of the City of Paducah, Kentucky (the “Issuer” or “Paducah Power”) and (ii) the issuance by the Issuer of its Refunding Revenue Bonds, Series 2026 (the “Series 2026 Bonds”) in the aggregate principal amount of \$75,950,000\*.

The Issuer is a municipal utility organized under the “Little TVA Act” that is codified under Kentucky Revised Statutes (“KRS”) 96.550 through 96.901 (the “Little TVA Act” or “Act”). The Issuer was established pursuant to the provisions of an Ordinance enacted by the City of Paducah, Kentucky (the “City”), on January 30, 1945, for the purpose of providing an electric distribution and generation system for the City and certain adjacent areas with an ongoing source and supply of electric power to meet the current requirements and anticipated growth in power consumption within the system area.

The Series 2026 Bonds are being issued under the Act and a Resolution of the Issuer, and will be issued pursuant to and secured by a Trust Indenture dated as of June 1, 2016 (the “Master Indenture”), as supplemented by (i) Supplemental Indenture No. 1, dated as of June 1, 2016 (the “2016A Supplemental Indenture”), (ii) Supplemental Indenture No. 2, dated as of September 1, 2019 (the “2019 Supplemental Indenture”), and (iii) Supplemental Indenture No. 3, dated as of July 30, 2026 (the “2026 Supplemental Indenture”, together with the Master Indenture, the 2016A Supplemental Indenture, and the 2019 Supplemental Indenture, the “Indenture”), each between the Issuer and Regions Bank, an Alabama banking corporation (the “Trustee”).

The proceeds of the Series 2026 Bonds are to be used to (i) currently refund a portion of the outstanding Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds, Series 2016A (the “Series 2016A Bonds” or the “Refunded Bonds”), issued under the Master Indenture, as supplemented by the 2016A Supplemental Indenture; and (ii) pay the costs of issuance of the Series 2026 Bonds.

**THE SERIES 2026 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF THE REVENUES, FUNDS AND OTHER ASSETS OF THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. THE ISSUER DOES NOT HAVE ANY TAXING POWER.**

**NEITHER THE COMMONWEALTH OF KENTUCKY, THE CITY OF PADUCAH, KENTUCKY, NOR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE ISSUER, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2026 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY, THE CITY OF**

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\* Preliminary, subject to change.

PADUCAH, KENTUCKY, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2026 BONDS.

Brief descriptions of the security for the Series 2026 Bonds and the Issuer are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. THIS OFFICIAL STATEMENT AND ITS APPENDICES SHOULD BE READ IN THEIR ENTIRETY. All references herein to the Indenture are qualified in their entirety by reference to such documents, and references herein to the Series 2026 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture, and the information with respect thereto in the aforementioned documents, copies of all of which are available for inspection in the designated corporate trust office of the Trustee. Capitalized terms used herein shall have the meanings specified in the Indenture unless otherwise indicated.

## PLAN OF FINANCING

### General

A portion of the proceeds of the Series 2026 Bonds and other available funds under the Indenture and the 2026 Supplemental Indenture will be applied to refund the Refunded Bonds. The Issuer has determined that refunding the Refunded Bonds will produce debt service savings and other financial benefits for the Issuer.

### Refunded Bonds (Series 2016A Bonds)

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP 695317</u>
2027	7,370,000	10/1/2026	100	DP9
2028	7,745,000	10/1/2026	100	DQ7
2029	8,145,000	10/1/2026	100	DR5
2030	8,560,000	10/1/2026	100	DS3
2031	9,000,000	10/1/2026	100	DT1
2032	9,460,000	10/1/2026	100	DU8
2033	9,945,000	10/1/2026	100	DX2
2034	10,450,000	10/1/2026	100	DY0
2035	11,010,000	10/1/2026	100	DZ7

To effect the refunding, a sufficient amount of the proceeds of the Series 2026 Bonds and certain other available amounts will be deposited in an escrow account (the “Escrow Fund”) established by the Issuer with Regions Bank (Regions Bank in such capacity, the “Escrow Agent”), and will be invested in certain non-callable direct obligations or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America (“Defeasance Obligations”) that mature in amounts and pay interest at rates sufficient to pay, when due, the principal, applicable redemption premiums, if any, and interest on the Refunded Bonds through their respective maturities or redemption dates, as applicable. The sufficiency of the Escrow Fund, including Defeasance Obligations and the income thereon, to pay such amounts will be verified by Causey Demgen & Moore P.C. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE REFUNDED BONDS”.

## Estimated Sources and Uses

The following is a summary of the estimated sources and uses of funds in connection with the plan of financing:

### Sources of Funds:

Par Amount of the Series 2026 Bonds	\$ _____.
Premium	_____.
Bond Fund Contribution	_____.
Total Sources of Funds	<u>\$ _____.</u>

### Uses of Funds:

Refunding Escrow Deposit	\$ _____.
Underwriters' Discount	_____.
Costs of Issuance	_____.
Total Uses of Funds	<u>\$ _____.</u>

## SECURITY FOR THE SERIES 2026 BONDS

### Pledge Under the Indenture

The Series 2026 Bonds are limited obligations of the Issuer payable, on a parity basis with the Issuer's outstanding City of Paducah, Kentucky Electric Plant Board Revenue Bonds, Series 2009A, that have not been refunded (the "Series 2009A Bonds"), and the Series 2016A Bonds, that have not been refunded, solely from and secured, to the extent and as provided in the Indenture, by a pledge to the Trustee for the benefit of the Bondholders of the following (the "Trust Estate"):

(1) All of the Issuer's Net Revenues, including, but without limiting the generality of the foregoing, the Issuer's rights, title, and interest in and to the Net Revenues and the present and continuing right to make claim for, collect and receive any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other person is or may become entitled to do.

(2) All rights, title and interest of the Issuer, if any, whether now or hereafter in effect, respecting:

(A) the Issuer's fee interest in its electric plant, distribution system, transmission facilities, and related assets, as same may be improved from time to time (the "Plant");

(B) the right of the Issuer to receive power and energy pursuant to any Power Sales Agreement entered into by the Issuer;

(C) all choses in action and all choses in possession now or hereafter existing to the benefit of or arising from the benefit of the Issuer with respect to the Series 2026 Bonds (except for the Issuer’s Retained Rights); and

(D) all proceeds of all the foregoing.

(3) All funds and accounts established under the Indenture and the investments thereof, if any, and money, securities and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in the Indenture); and

(4) All money and securities from time to time held by the Trustee under the terms of the Indenture and any and all other real or personal property of every name and nature by delivery or by writing of any kind pledged or assigned as and for additional security under the Indenture, by the Issuer or by anyone on its behalf or with its written consent, to the Trustee.

### **Rate Covenant and Coverage**

The Issuer has agreed under the Indenture that, while any of the Series 2026 Bonds authorized thereunder remain outstanding and unpaid, the rates charged to and collected from its customers for the sale of power produced by the Plant shall be fixed, maintained and, if necessary, adjusted from time to time, to be sufficient, so as to produce, based upon the audited financial statements of the Issuer relating to the Plant, in each Fiscal Year, a Debt Service Coverage Ratio equal to at least 1.20:1 (the “Rate Coverage”); and that the rates prevailing at any time will not be reduced except upon the basis of a statement of an Independent Engineer, after necessary investigation, that in the Independent Engineer’s opinion the Rate Coverage will not thereby be reduced below such level.

The Trustee may draw funds from the Reserve Fund (the “Reserve Fund”) (or draw from any surety bond that may be contained in the Reserve Fund) of the Issuer to pay the principal of, and/or the interest on, the Series 2026 Bonds in the event Revenues received by the Issuer from its customers are insufficient to pay bondholders.

The following funds and accounts under the Indenture contain the amounts, as of June 1, 2026, which are available to the Bondholders of the Series 2026 Bonds on a parity basis with the holders of the Bonds:

<b>Bond Fund</b>	
<b>Principal and Interest Account</b>	\$ 5,465,749
<b>Redemption Account</b>	-
<b>Operating Fund</b>	6,245,112
<b>Reserve Fund*</b>	-
<b>Operating Reserve Fund</b>	11,000,000

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\* The Reserve Fund is fully funded with a surety bond provided by Assured Guaranty Inc. currently valued at \$11,295,513. The surety bond is subject to valuation based on maximum annual debt service. See APPENDIX D, “Definitions and Summary of Certain Provisions of the Indenture”.

See Appendix D, “Definitions and Summary of Certain Provisions of the Indenture” for a description of the various Funds and Accounts in more detail and other provisions of the Indenture.

### **Parity Bonds**

The Bonds shall not be entitled to priority one over the other in the application and pledge of the Net Revenues, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Bonds, regardless of the fact that they have been or will be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the Net Revenues of the Plant shall, except as set out herein, be subject to the priority of the Bonds as may from time to time be outstanding; provided, the Issuer hereby reserves the right and privilege of issuing any additional bonds from time to time in order to pay the cost of acquiring, whether by purchase or construction of extensions, renovations, improvements and/or betterments to the Plant, or for any other lawful purpose of the Issuer (the “Parity Bonds”). When issued, any Parity Bonds shall be payable from the Net Revenues of the Plant ranking on a parity with the Bonds. Parity Bonds may be issued by the Issuer only upon compliance with the following conditions and restrictions:

(a) that before any Parity Bonds may be issued (other than a refunding bond issued pursuant to the last paragraph of this Parity Bonds section) there shall have been procured and filed with the Secretary of the Issuer a statement by an Independent Engineer, reciting the opinion, based upon necessary investigation, that on an annual basis the Debt Service Coverage Ratio based upon either:

(1) (i) the Net Revenues as of the most recent Fiscal Year (with adjustments as hereinafter provided) and (ii) the Maximum Annual Debt Service on the Outstanding Bonds and the Parity Bonds then proposed to be issued is equal to at least 1.20:1 Such Net Revenues may be adjusted for the purpose of the foregoing computations to reflect any revisions in the schedule of rates or changes being imposed for the services of the Plant at the time of the issuance of any such additional Parity Bonds. Such adjustments shall be based upon the written certification of an Independent Engineer;

(2) (i) the Net Revenues, including such Net Revenues estimated to be received from the then contemplated extensions, improvements, renovations and betterments of the Plant throughout the life of the Bonds and (ii) the Maximum Annual Debt Service on the Outstanding Bonds and the Parity Bonds then proposed to be issued, will for the first Fiscal Year after the purchase or completion of construction of such extensions, renovations, improvements and/or betterments, and the next succeeding three Fiscal Years, based upon the written certification of an Independent Engineer, be equal to at least 1.20:1;

(b) that the Issuer reserves the right, exercisable by a Supplemental Indenture, to prescribe additional and more restrictive conditions for the issuance of such additional Parity Bonds, and upon issuance of Parity Bonds in compliance therewith such additional and more restrictive conditions shall be applicable to all such Parity Bonds as may thereafter be issued; and

(c) at the time of issuance of such Parity Bonds, the related Supplemental Indenture (and/or other appropriate document) of the Issuer authorizing such Parity Bonds shall contain a provision requiring the funding, completion of the funding, or additional funding of the Reserve Fund with cash and/or a surety bond.

The Net Revenues of said contemplated extensions, improvements, renovations and betterments shall not be included as aforesaid, unless, at the time it is proposed to issue any such Parity Bonds, either (i) a written contract or contracts shall have been entered into for the immediate acquisition of any such betterments, improvements, renovations or extensions to be acquired and for the construction of substantially all of any such extensions, improvements, renovations or betterments to be constructed through application of any of the proceeds of such additional Parity Bonds; or (ii) a certificate shall have been made and filed with the Secretary of the Issuer by an Independent Engineer meeting the qualifications prescribed in the Indenture, stating that in his, her or their opinion certain described extensions, improvements, renovations, betterments or constructions are needed, that the nature thereof is such that construction can be accomplished more economically or more expeditiously by purchasing materials and utilizing labor or personnel employed directly by the Issuer, and that the estimated costs thereof can be paid in full from the proceeds of the Parity Bonds proposed to be issued, as supplemented by any other funds then available.

The additional Parity Bonds and other obligations, the issuance of which is restricted by the Indenture, shall be understood to mean Parity Bonds and obligations payable from the Net Revenues of the Plant on a parity with the Series 2026 Bonds and the Series 2009A Bonds and shall not be deemed to include bonds or other obligations subsequently issued, the lien and security of which are subordinate and subject to the prior and superior lien and security of the Series 2026 Bonds, the Series 2016A Bonds and the Series 2009A Bonds.

Nothing in the Indenture is intended or shall be construed as a requirement or restriction upon the refunding of any portion of any Bonds then Outstanding, if such refunding does not operate to increase in any Bond Year the aggregate debt service requirements of the Outstanding Bonds proposed to be refunded.

## **THE BONDS**

### **Description of the Series 2026 Bonds**

The Series 2026 Bonds will accrue interest from the date of issuance and will mature on October 1 in each of the years set forth on the inside front cover of this Official Statement. The Series 2026 Bonds will bear interest at the interest rates set forth on the inside front cover of this Official Statement payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2026, until maturity or redemption.

Interest on the Series 2026 Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2026 Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple of \$5,000 (“Authorized Denominations”).

## **Payment of Series 2026 Bonds**

The principal of and premium, if any, and interest on the Series 2026 Bonds are payable in any coin or currency of the United States of America. Regions Bank has been appointed Trustee and Paying Agent for the Series 2026 Bonds (the “Trustee”). The principal of and premium, if any, on the Series 2026 Bonds will be paid upon surrender thereof at the corporate trust office of the Trustee in Nashville, Tennessee.

Interest on each Series 2026 Bond shall be paid by check mailed on the Interest Payment Date to the Person who is the Owner thereof as shown on the Series 2026 Bond Register as of 5:00 p.m., Eastern Time, on the applicable Record Date, at the address of the Owner as it appears on the Record Date on the Bond Register (as hereinafter defined). At the direction of an Owner of \$1,000,000 or more of the Series 2026 Bonds, payments of interest shall be made by electronic transfer by the Trustee in immediately available funds to an account in the United States designated in writing by such Owner to the Trustee not less than five days prior to the Interest Payment Date.

**THE SERIES 2026 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY OUT OF THE REVENUES, FUNDS AND OTHER ASSETS OF THE TRUST ESTATE PLEDGED UNDER THE INDENTURE. THE ISSUER DOES NOT HAVE ANY TAXING POWER.**

**NEITHER THE COMMONWEALTH OF KENTUCKY, THE CITY OF PADUCAH, KENTUCKY NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE ISSUER, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2026 BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY, THE CITY OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2026 BONDS.**

## **Registration, Transfer and Exchange**

The Trustee shall maintain books (the “Bond Register”) for the registration and for the transfer of the Series 2026 Bonds.

Upon surrender for registration or transfer of any Series 2026 Bond at the designated office of the Trustee, the Trustee shall authenticate and shall deliver a new Series 2026 Bond or Series 2026 Bonds in the same aggregate principal amount as the Series 2026 Bond surrendered. No transfer of any Series 2026 Bond shall be binding upon the Trustee unless made at such office and shown on the Series 2026 Bond Register. Unless and until the Trustee notifies the Bondholders in writing of any change of Trustee or of any change of the designated office thereof, the Trustee’s designated office shall be 1600 Division Street, 9th Floor, Nashville, Tennessee 37203, Attention: Corporate Trust Services.

The Trustee shall not be required to exchange or transfer any Series 2026 Bond or portion thereof which has been called for redemption.

## Redemption of the Series 2026 Bonds

Extraordinary Optional Redemption. The Series 2026 Bonds shall be subject to redemption with funds at the option and direction of the Issuer, as a whole or in part, at par plus accrued interest to the redemption date, on the 95<sup>th</sup> day after the date the Trustee receives written notice of the occurrence of any of the following events:

(a) the Plant shall have been substantially damaged or destroyed to such extent that, in the opinion of the Issuer filed with the Trustee, it is not practicable or economically feasible to rebuild, repair or restore the damaged property within a reasonable period of time and the Issuer will be prevented from carrying out its normal operations for a period of at least six months, or

(b) a portion of the Plant shall have been substantially damaged or destroyed to such extent that, in the opinion of the Issuer filed with the Trustee, it is not practicable or economically feasible to rebuild, repair or restore that portion of the Plant so damaged; provided, however, that the Bonds called for redemption pursuant to this subparagraph shall not be redeemed in whole but shall be redeemed in part with the amount of funds remaining from the receipt of any insurance proceeds, after the costs of any such rebuilds, repairs or restorations that in the opinion of the Issuer filed with the Trustee, are determined to be economically feasible and shall have been made, or

(c) title to or the temporary use of all or substantially all of the Plant (i) shall be taken under a valid and lawful exercise of the power of eminent domain or (ii) shall be denied by the failure of any license, permit or other form of approval to be issued by a governmental authority such as results, or is likely to result (in the reasonable opinion of the Issuer), in the Issuer being thereby prevented from (y) carrying out its normal operations at the Plant for a period of at least six consecutive months or (z) selling power or energy generated by the Plant at levels which in the opinion of the Issuer and confirmed by an Independent Consultant, make all or a portion of the Plant not economically feasible.

Extraordinary Mandatory Redemption. Upon the occurrence of a Determination of Taxability, the Series 2026 Bonds are subject to mandatory redemption in whole at a redemption price equal to 100% of the outstanding principal amount thereof, plus interest accrued to the redemption date, at the earliest practicable date selected by the Trustee, after consultation with the Issuer, but in no event later than 45 days following receipt by the Trustee of notice of the Determination of Taxability. The occurrence of a Determination of Taxability with respect to the Series 2026 Bonds will not constitute an Event of Default under the Indenture.

Within five Business Days after receipt by the Trustee of written notice of a Determination of Taxability, the Trustee shall give written notice thereof to the holders of all the Series 2026 Bonds then outstanding, as shown by the Bond Register, and shall also give written notice to the Issuer.

Notice and Effect of Call for Redemption. The Trustee shall give notice of redemption by first class mail, postage prepaid, mailed not less than 25 nor more than 45 days prior to the redemption date to each Owner of Series 2026 Bonds to be redeemed or tendered at the address of such Owner appearing in the Series 2026 Bond Register, and also to such other Persons as the Issuer shall deem appropriate.

Neither the failure of any Owner to receive notice mailed as provided herein nor any defect in notice so mailed shall affect the validity of the proceedings for redemption in accordance with the Indenture.

All notices of redemption shall state:

- (i) the redemption date;
- (ii) the redemption price (including premium, if any);
- (iii) the name of the Series 2026 Bonds to be redeemed, the principal amount of Series 2026 Bonds to be redeemed, and, if less than all Outstanding Series 2026 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2026 Bonds to be redeemed;
- (iv) the reason for the redemption;
- (v) that on the redemption date, the redemption price, as appropriate, of each such Series 2026 Bond will become due and payable, that interest on each such Series 2026 Bond shall cease to accrue on and after such date, and that each such Series 2026 Bond will be deemed to have been redeemed;
- (vi) the place or places where such Series 2026 Bonds must be surrendered for payment of the redemption price thereof; and
- (vii) such additional information as the Issuer or the Trustee shall deem appropriate.

Notice of redemption having been given as aforesaid, the Series 2026 Bonds so to be redeemed shall become due and payable on the redemption date at the redemption price specified, and on and after such date (unless the Issuer shall default in the payment of the redemption price) such Series 2026 Bonds shall cease to bear interest. Upon surrender of any such Series 2026 Bond for redemption in accordance with such notice, such Series 2026 Bond shall be paid at the redemption price thereof.

If any Series 2026 Bond called for redemption shall not be so paid upon surrender thereof for redemption, the redemption price and, to the extent lawful, interest thereon shall, until paid, bear interest from the redemption date at the rate borne by that Series 2026 Bond immediately before the redemption date.

Any Series 2026 Bond which is to be redeemed only in part shall be surrendered to the Trustee (with, if the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the Owner thereof or its attorney duly authorized in writing) and the appropriate officers of the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge to the Owner, a new Bond or Bonds of any Authorized Denomination or Authorized Denominations, as requested by such Owner, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

## DEBT SERVICE REQUIREMENTS\*

The following table sets forth the debt service requirements for the Bonds. Principal of and interest on the Bonds are shown in the table below in the year in which the same comes due.

Year Ending June 30,	Existing Debt Service <sup>(1)</sup>	Series 2026			Total Debt Service
		Principal	Interest	Debt Service	
2027	\$11,270,025	\$	\$	\$	\$
2028	11,270,525				
2029	11,267,650				
2030	11,270,400				
2031	11,267,775				
2032	11,268,775				
2033	11,267,275				
2034	11,267,150				
2035	11,262,275				
2036	11,295,513				
<b>Totals</b>	<b>\$112,707,363</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Numbers may not add to totals due to rounding.

(1) Includes debt service on the Refunded Bonds.

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\* Preliminary, subject to change.

## **BOOK-ENTRY ONLY SYSTEM**

The Series 2026 Bonds initially will be issued solely in certificated form, but may be issued in book entry form to be held in the book-entry only system (the “Book-Entry Only System”) maintained by DTC, New York, NY. So long as such Book-entry Only System is used, only DTC will receive or have the right to receive physical delivery of Series 2026 Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Series 2026 Bonds under the Indenture.

The following information about the Book-Entry Only System applicable to the Series 2026 Bonds has been supplied by DTC. Neither the Issuer nor the Trustee make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond for each maturity will be issued and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial

Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2026 Bond documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2026 Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or

the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2026 Bonds purchased or tendered, through its Participant, to the Trustee and shall affect delivery of such Series 2026 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2026 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2026 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2026 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2026 Bonds to the Trustee's DTC account.

NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE SERIES 2026 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED SERIES 2026 BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2026 BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2026 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Series 2026 Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Series 2026 Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Series 2026 Bonds.

The Issuer and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2026 Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Series 2026 Bonds at any time by giving notice to the Issuer and discharging its

responsibilities with respect thereto under applicable law. In such event, the Indenture provides for issuance of fully registered Series 2026 Bonds (“Replacement Series 2026 Bonds”) directly to the Beneficial Owners of Series 2026 Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Series 2026 Bonds. Upon the occurrence of this event, the Issuer may appoint another qualified depository. If the Issuer fails to appoint a successor depository, the Series 2026 Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the Issuer shall execute and the Trustee, as authenticating agent, shall authenticate and deliver Replacement Series 2026 Bonds in the denomination of \$5,000 or integral multiples thereof. The Issuer will pay for all costs and expenses of printing, executing and authenticating the Replacement Series 2026 Bonds. Transfer and exchange of such Replacement Series 2026 Bonds shall be made as provided in the Indenture.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC’S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT NEITHER THE ISSUER NOR THE TRUSTEE TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

## **THE ISSUER**

### **General**

The City of Paducah, Kentucky (the “City”) elected to operate its electric plant distribution system pursuant to the provisions of Sections 96.550 through 96.901 of the Kentucky Revised Statutes and authorized the Mayor of the City, subject to the approval of the City’s governing body, to appoint a board as therein provided. Pursuant to an Ordinance of the City enacted on January 30, 1945, the Issuer was established.

The Issuer was organized for the purpose of providing the electric plant and facilities necessary to supply the City and certain adjacent areas with an ongoing source and supply of electric power to meet their current requirements and anticipated growth in power consumption within the system area. The Issuer’s service area is not subject to incursions from other electric distribution suppliers.

Pursuant to the Act, the Issuer is authorized and empowered to issue bonds to defray the costs of acquiring, constructing and equipping electric distribution and generation facilities and to issue refunding bonds. From time to time, the Issuer expects to issue future series of notes or bonds to provide for additional projects to expand and improve its Plant or to refinance its Outstanding Bonds.

### **Governance**

The governing body of the Issuer is a Board of Directors (the “Board”) composed of five directors designated by the Mayor of the City and approved by the City Commission. Three members of the Board of the Issuer constitute a quorum for the transaction of business. The Board directs the business and affairs of the Issuer and has sole determination as to the electric utility rates it charges its customers. The Issuer’s officers and directors are as follows:

Darryl Pea	Chairman and Director
Ed Hely	Vice Chairman and Director
Evan Rittgers	Secretary/Treasurer and Director
Sandra Wilson	Director, City Commissioner
Mark Workman	Director
Dave Carroll*	Chief Executive Officer
Cory Hicks	Chief Strategy Officer
Doug Handley	Director of Finance, Power Supply and Rates

*Darryl Pea* joined the Issuer’s Board in February 2021 and became Chair in August 2025. The retired Safety and Health supervisor for Four Rivers Nuclear Partnership, Mr. Pea worked at the Department of Energy’s uranium enrichment facility in Paducah, Kentucky, for more than thirty years. He is a graduate of Southern University in Baton Rouge, Louisiana, with a bachelor’s degree in Mechanical Engineering Technology and Murray State University with a master’s degree in Occupational Safety and Health. Mr. Pea serves on the Board of Directors for the Paducah-McCracken County Exposition and Convention Center, The Salvation Army, and the McCracken County Career Endowment Organization. He also serves as deacon and leader of the youth ministry at Ninth Street Tabernacle in Paducah, Kentucky.

*Ed Hely* joined the Issuer’s Board in October 2014. Mr. Hely is a retired Wealth Management Advisor with Northwestern Mutual Life Insurance Company. He is a lifetime resident of Paducah and is a certified financial planner, an accredited wealth management advisor and a chartered life underwriter and financial consultant. Mr. Hely received a bachelor’s degree from the University of Kentucky and a master’s degree in Business Administration from Murray State University. He is a 43-year member of the Paducah Rotary Club, serving as president from 1990-1991. He is a 44-year member of the Country Club of Paducah, serving as president from 1997-1998, and is a past board member of the Boy Scouts Council.

*Evan Rittgers* joined the Issuer’s Board in March 2023. He is the President of ViWinTech Windows & Doors located in Paducah and has been with the company for 14 years. He has worked in the window and door industry for most of his career since graduating from college. Mr. Rittgers oversees the day-to-day operations at ViWinTech, which employs approximately 400 employees. Mr. Rittgers is a graduate of Iowa State University, with a bachelor’s degree in Production and Operations Management.

*Sandra Wilson* joined the Issuer’s Board in February 2018. She was first elected to the Paducah City Commission in 2012 and is in her seventh term in office. Since 2013, she has been the President and Chief Executive Officer of the Paducah Area Chamber of Commerce. She is the current Chair of the Kentucky Chamber of Commerce Board and the Carson Center Performing Arts Center Board of Directors. Ms. Wilson has previously served as the Chair of Paducah Economic Development, the Paducah-McCracken County Industrial Development Authority, and the Kentucky Manufacturing Association. Ms. Wilson is a graduate of Murray State University.

*Mark Workman* joined the Issuer’s Board in August 2014, became Vice Chair in September 2014, and served as Chair from August 2023 until Mr. Pea’s appointment to Chair in August 2025. Mr. Workman is one of the founding members of Bacon Farmer Workman Engineering & Testing, Inc. He serves as the Chief Executive Officer of Bacon Farmer Workman and its sister companies,

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\* Per the Issuer’s succession plan for Mr. Carroll, Cory Hicks will become Chief Executive Officer on July 1, 2026.

Marcum Engineering, Marcum Energy Management Solutions, and Key Largo Ventures. Mr. Workman oversees financial aspects of the firm as well as proposal development, marketing, project management, and client relations. He also oversees employee recruitment, retention and relations at the five locations of the firm. Mr. Workman began his career in municipal government and has more than 25-years of experience in the management of multi-discipline engineering firms. He is a graduate of Murray State University with a bachelor's degree in Occupational Safety and Health. Mr. Workman is a former board member of the Luther F. Carson Four Rivers Center and the Greater Paducah Economic Development Corporation.

## **Management and Administration**

*Dave Carroll* joined the Issuer in November 1998, serving as Business Director, Finance Director, and, for nearly a decade, Chief Executive Officer. During Mr. Carroll's leadership of the Issuer, the Issuer has received recognition within the utility industry for reliability, safety, and operational excellence. Mr. Carroll has served as the chair of the Board of Directors for both the Prairie State Energy Campus and American Municipal Power, General Manager of the Kentucky Municipal Power Agency and as a member of the Board of Directors for the American Public Power Association. Prior to joining the Issuer, Mr. Carroll worked for seven years at the Paducah Gaseous Diffusion Plant ("PGDP"), which enriched uranium fuel for nuclear power plants. During his tenure at PGDP, he served as Chief Financial Officer for Bechtel Jacobs Company and Accounting Manager for Lockheed Martin Energy Systems. Mr. Carroll holds a bachelor's degree in Finance from the University of Kentucky.

On July 1, 2026, Mr. Carroll will become a full-time senior advisor for the Issuer with his official retirement scheduled for August 31, 2026. After his retirement, on September 1, 2026, Mr. Carroll will be engaged under a consultancy agreement for approximately one year to render such advisory services as may be needed. Per the Issuer's succession plan, Cory Hicks will become Chief Executive Officer on July 1, 2026, and will assume all the responsibilities of that position. Mr. Hicks has worked under Mr. Carroll for the past year as Paducah Power's Chief Strategy Officer.

*Cory Hicks* joined the Issuer in July 2025. Prior to Mr. Hicks' arrival at the Issuer, he served as the Chief Strategy and Business Officer for Four Rivers Nuclear Partnership at the Department of Energy site in Paducah, Kentucky, Deputy Business Services Director for Fluor Federal Services and Chief of Staff for former Congressman Ed Whitfield in Washington, D.C. He serves on the Board of Directors for Baptist Health Systems and Paducah Bank as well as the Governor appointed member of the Kentucky Nuclear Energy Development Authority. He has a bachelor's of science degree from Murray State University and a master's degree in Public Administration from Oklahoma University.

*Doug Handley* has served as the Director of Finance, Power Supply and Rates for the Issuer since February 2018. Before joining the Issuer, Mr. Handley spent 34 years as a consultant for electric utilities and five years in public accounting. Mr. Handley has maintained his Certified Public Accountant license for more than thirty years. Mr. Handley graduated from Stetson University with a Bachelor's of Business Administration degree, majoring in accounting. He also has a Master's of Business Administration from the University of Central Florida.

## Financial Statements

The Issuer’s financial statements have been audited by ATA, PC, Jackson, Tennessee. The Issuer’s audited financial statements for the years ended June 30, 2024 and 2025, and unaudited financial statements for the six-month periods ended December 31, 2024 and 2025, are included as Appendix A. The Issuer files annual information with the Electronic Municipal Market Access system (see DISCLOSURE COMPLIANCE herein). Such information will also be available by contacting the Issuer at 1500 Broadway, P.O. Box 180, Paducah, Kentucky 42002-0180 or by telephone at (270) 575-4000.

## Historical Debt Service Coverage Ratio

The Issuer has agreed under the Indenture, pursuant to a rate covenant, to produce in each fiscal year during which the Bonds are outstanding, a Debt Service Coverage Ratio equal to at least 1.20:1. The Debt Service Coverage Ratio for the fiscal year ending June 30, 2025, was 2.26.

The following schedule sets forth the total debt service coverage for the Issuer for the fiscal years ended June 30, 2021, through and including June 30, 2025. The information in the schedule is derived from the corresponding information in the audited financial statements of the Issuer.

	Paducah Power				
	Historical Debt Service Coverage				
	2021	2022	Fiscal Year 2023	2024	2025
<b>Total Operating Revenues</b> <sup>(1)</sup>	\$80,348,339	\$87,097,440	\$84,070,367	\$89,341,889	\$106,427,906
<b>Total Operating Expenses (Less Amortization, Depreciation, and Non-cash Pension Adjustments)</b>	\$66,272,903	\$67,883,148	\$65,814,509	\$70,481,783	\$80,999,633
<b>Revenue Available for Debt Service</b>	\$14,075,436	\$19,214,292	\$18,255,858	\$18,860,106	\$25,428,273
<b>Annual Debt Service</b> <sup>(2)</sup>	\$11,010,150	\$11,010,025	\$11,006,900	\$11,005,150	\$11,272,150
<b>Total Debt Service Coverage (x)</b>	1.28	1.75	1.66	1.71	2.26

Note:

(1) Includes “Investment Income” and “Nonoperating Income” from the Audited Financial Statements.

(2) Annual Debt Service consists of payments of principal of and interest on the Issuer’s Series 2009A, Series 2016A, and the Issuer’s Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds, Series 2019 (“Series 2019 Bonds”). The Issuer’s Series 2019 Bonds are no longer outstanding as of October 1, 2023.

As a municipally-owned electric utility operating under the Little TVA Act, the Issuer is not subject to regulation over the utility’s rates, charges or services by the Kentucky Public Service Commission (“PSC”). The Issuer, therefore, has the authority to raise its own rates when needed.

## History

From September 14, 1960 to December 21, 2009, the Issuer had an all-requirements wholesale power contract with the Tennessee Valley Authority (“TVA”) for the purpose of providing retail electric service to its customers within its territory. Pursuant to that wholesale power contract TVA supplied the Issuer with all of its wholesale power and energy requirements. For a number of reasons, including recent and projected TVA power rate increases, attractive

indicative pricing from power marketers for intermediate contracts, development of regional generation projects, the significant increase in delivered coal prices, and concern regarding the indirect liability for TVA's debt of approximately \$25 billion, the Issuer, in 2004, notified TVA that it would terminate its wholesale power contract as of December 21, 2009.

In response to increasing wholesale costs from TVA, the Issuer along with the Electric Plant Board of the City of Princeton, Kentucky ("Princeton") recognized the need to (i) identify new and diverse energy facilities and sources to supply the expected growth in the demands of their customers and (ii) acquire and operate such new facilities and energy sources for purposes of providing stable and economical rates to their retail customers. In 2003, R. W. Beck, Inc. ("R.W. Beck") was retained by the Issuer and Princeton to prepare power supply feasibility studies for each entity. The feasibility studies investigated alternative power supply strategies available for the period of 2010 and beyond. The results of these studies indicated that there were economic benefits available to the Issuer and Princeton through the procurement of and ownership in baseload electric generating resources, when combined with the development of local peaking generation resources and/or opportunistic purchases and sales of electric power and energy within the regional marketplace.

As a result, the Issuer and Princeton formed the Kentucky Municipal Power Agency ("KMPA") under provisions of KRS Chapter 65 by entering into an Interlocal Cooperation Agreement, dated February 7, 2005 (the "Interlocal Agreement"). KMPA subsequently took steps to participate as an equity owner in Prairie State Energy Campus ("PSEC"). PSEC includes a pulverized coal-fired generating station and associated mine, rail, water, coal combustion waste storage and ancillary support systems that are located in portions of Washington, St. Clair and Randolph Counties in southwest Illinois. PSEC's generating station consists of two supercritical units with a nominal net output capacity of approximately 800 megawatts ("MW") each. The Issuer and Princeton remain the only members of KMPA, however, additional public agencies could be added as members in the future.

On December 14, 2004, the Issuer provided the required five-year written notice of cancellation of its wholesale power contract with TVA, and the Issuer's wholesale power contract with TVA expired on December 21, 2009. Upon termination of that contract, the Issuer's retail rates were no longer regulated by TVA. The Issuer has the sole authority to set its retail rates and charges and is not under the rate jurisdiction of any regulatory entity. The Issuer also has a defined and distinct service territory that is not subject to competition from any other service providers.

Upon the termination of its wholesale power contract with TVA, the Issuer began receiving the majority of its power and energy requirements from KMPA. The only power not presently supplied by KMPA is (i) the Issuer's small allotment of Southeastern Power Administration power, (ii) power generated by the Issuer's combustion turbine natural gas peaking plant that began operations in 2010 (see "THE ISSUER – The Paducah Projects (Generation and Distribution Plant Improvements) – Combustion Turbine Peaking Plant"), and (iii) 15.1 MW of hydroelectric power that the Issuer began receiving in fiscal year 2016 under power supply contracts with American Municipal Power, Inc.

Under its take or pay Power Sales Agreement with KMPA, the Issuer is responsible for approximately 84% of the costs and expenses pertaining to KMPA's ownership interest in PSEC.

## **The Paducah Projects (Generation and Distribution Plant Improvements)**

The Issuer undertook certain additions, renovations, improvements and extensions to its electric transmission, distribution and generation systems (the “Paducah Projects”) to allow the Issuer to receive its allocation of KMPA’s share of power and energy from PSEC and to enhance the operational and reliability aspects of its electric distribution system.

The Paducah Projects included the following:

### Combustion Turbine Peaking Plant

The Issuer developed a gas-fired combustion turbine peaking facility (“CT Plant”) located within its distribution system and adjacent to one of its existing 69 kV substations. The site consists of approximately 97 acres. The CT Plant entered commercial operations in 2010. The total nominal capacity of the CT Plant is 120 MW.

The CT Plant consists of two Pratt and Whitney Power Systems FT8-3 Swift Pac (“Swift Pac”) combustion turbine packages. Each Swift Pac package contains two aero-derivative combustion turbine generating units driving a single electric generator. The combustion turbines operate on natural gas only and utilize the injection of demineralized water to control nitrous oxide emissions. Inlet air fogging was selected to cool inlet air during peak summer operating periods to increase available net generating capability. Aero-derivative combustion turbines are designed for rapid and multiple starts and short operating durations that are typical for peaking operating service and well suited to serve the Issuer’s peaking capacity and energy needs. The CT Plant includes redundancies typical for similar peaking plants to ensure operational reliability.

### Natural Gas Pipeline

Fuel for the CT Plant is supplied from a 16-mile natural gas pipeline constructed to interconnect the CT Plant site with the regional high-pressure gas transmission system. The pipeline consists of 12-inch steel electric resistant welded pipe, of grade and specifications consistent with federal regulations for use for natural gas pipelines.

### Transmission Interconnection and Substation Modifications

In order for the Issuer to receive, through KMPA, its allocation of power and energy from PSEC or to purchase power from other wholesale suppliers, it was necessary for the Issuer to design and construct new physical interconnections from its distribution system to the nearby 161 kV transmission system of Louisville Gas and Electric Company/Kentucky Utilities Company (“LG&E/KU”). The transmission lines and physical interconnections are owned by the Issuer up to the points of interconnection with LG&E/KU.

## **Customer Data and Historical Power and Energy Requirements**

As of June 30, 2025, the Issuer’s system consists of approximately 22,843 total customers. Of this number, approximately 18,967, or 83%, are residential customers, and approximately 3,469, or 15.2%, are small and large commercial customers. These numbers are anticipated to be substantially the same as of June 30, 2026.

Set forth below is a list of the ten largest electric customers in terms of amount of electricity delivered and revenue generated during fiscal year 2025. These ten customers represent 21.6% of

the Issuer’s total revenues in fiscal year 2025.

<u>Customer</u>	<u>Usage (Kilowatt Hrs.)</u>	<u>Dollar Sales</u>
Atlas Power*	148,569,359	\$8,717,294
Baptist Health Paducah	27,290,055	3,417,440
Lourdes Hospital	21,585,453	2,782,459
Stadium Paducah*	36,699,983	2,135,109
HB Fuller Co	10,516,200	1,170,889
West KY Community College (KCTCS)	7,350,420	1,109,663
City of Paducah	5,023,944	994,263
Walmart Stores	6,649,689	896,505
Paducah Water Works	6,016,012	825,569
Kroger	4,954,481	672,145

Source: Paducah Power System

\* Represents Bitcoin mining customers. The dollar sales amounts shown are gross sales of electric power. However, a significant portion of the Issuer’s sales to these customers is made on a pass-through basis whereby the Issuer purchases power on the open market and then passes the costs of such purchases to the customer. The Issuer is paid a distribution fee, of which approximately 90% is deposited into a rate stabilization fund while the remainder is applied to reduce power costs for other customers. See “THE ISSUER – Operational, Economic, and Other Developments – *Bitcoin Mining Operations*” for more information.

Listed below are customer statistics of the Issuer for the last five fiscal years.

	<b>FY25</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>
Residential	18,967	18,863	18,885	18,862	18,902
Commercial	3,469	3,491	3,447	3,347	3,331
Lighting	405	408	404	402	410
Total	22,843	22,762	22,736	22,611	22,643
MWh Sold	714,239	524,909	518,735	540,188	515,290
Peak MW	140	135	135	129	128

Source: Paducah Power System

The following table shows the actual non-coincident peak demand and energy requirements for the Issuer for the ten fiscal year periods of 2016 through 2025 as prepared by the Issuer, based on actual sales data.

PADUCAH POWER  
HISTORICAL POWER AND ENERGY REQUIREMENTS  
(FISCAL YEAR SALES)

<u>Fiscal Year</u>	<u>Total Capacity (MW)<sup>(1)</sup></u>	<u>Peak Demand (MW)</u>	<u>Percent Growth</u>	<u>Energy Requirements (MWh)</u>	<u>Percent Growth</u>
2016	241	139.5	-----	546,664	-----
2017	241	138.2	-0.9%	558,405	2.1%
2018	241	138.6	0.3%	557,045	-0.2%
2019	241	136.7	-1.4%	554,027	-0.5%
2020	151	135.1	-1.2%	528,380	-4.6%
2021	151	127.8	-5.4%	515,290	-2.5%
2022	151	129.4	1.3%	540,188	4.8%
2023	151	134.6	4.0%	518,735	-4.0%
2024	174	135.4	0.6%	524,909	1.2%
2025	174	140.3	3.6%	714,239	36.1%

<sup>(1)</sup> Reflects total owned capacity less amounts of capacity sold during the month of the annual peak demand.

Peak demand and energy requirements vary from year to year because of various factors, including weather and economic conditions. See “THE ISSUER – Operational, Economic, and Other Developments – *Bitcoin Mining Operations*” for more information.

### Customer Rates

The following table is a summary of data for 2024 compiled by the U.S. Energy Information Administration, that compares the Issuer’s average residential, commercial, and industrial rates to state and national average rates.\*

**Average Rate Comparison (cents/kWh)**

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
<u>U.S. Total</u>	16.48	12.75	8.13
<u>Kentucky</u>	12.79	11.50	6.50
<u>Issuer</u>	15.55	14.27	12.26

### Operational, Economic, and Other Developments

*MuniNet Fiber Agency*

Under authorization of KRS Section 65.210 - 65.300, the Electric Plant Board of the City of Murray, Kentucky joined the Issuer and the Electric Plant Board of the City of Mayfield, Kentucky to establish and operate a joint public agency known as the MuniNet Fiber Agency (the

\* For the current rate schedules of the Issuer, see Appendix C “Operating and Financial Data for the Issuer.”

“Agency”). The Agency was formed to undertake the financing, acquiring, constructing, managing, operating, utilizing and owning, either with or without other municipal electric utilities or groups of utilities, of any fiber network project or projects and any and all facilities, including all equipment, structures, machinery, and tangible and intangible property, real and personal, useful for such a project. The Issuer’s net investment is reported in the Issuer’s balance sheet, using the cost method. The Issuer’s investment in the Agency was \$709,958 and \$693,321 at June 30, 2025, and 2024, respectively.

### *Fiber-to-the-Home*

In 2024, the Issuer established a phased Fiber-to-the-Home (“FTTH”) Pilot Project to provide home fiber internet services. The project was developed through the Issuer’s existing FiberNet infrastructure to evaluate the feasibility of providing fiber-optic internet service directly to residential customers. The Issuer established service in select neighborhoods to assess demand. The FTTH Pilot Program is intended to determine whether a wider deployment of service is possible, with any future expansion to be guided by demonstrated customer interest and infrastructure considerations. The FTTH Pilot Program has been implemented in phases, beginning with a small pilot area to gain operational knowledge, followed by broader deployment in selected neighborhoods to evaluate the costs to extend service and the likelihood of customer subscription. The Issuer uses this data to prioritize future expansion zones. Revenues generated within completed zones are intended to support the costs, including debt service, associated with such zones.

### *Banterra Loan and Line of Credit*

The Issuer maintains a \$5,000,000 line of credit with Banterra Bank. This line of credit is intended to provide additional liquidity for the Issuer, and there have been no draws on it. In addition, the Issuer also maintains a \$2,000,000 line of credit with Banterra Bank to support its FTTH Pilot Project. The balance on this line of credit on June 30, 2025 and 2024, was \$865,883 and \$267,014, respectively. Once a “zone” in the FTTH Pilot Project is built using funds from this line of credit, a bank loan is established for that zone (to be paid from the revenues generated by that zone), and the proceeds of the bank loan are applied to the line of credit to provide additional funding for building out the next zone(s). In October 2025, a bank loan of \$891,121 with Banterra Bank was established upon completion of a segment of the Fiber-to-the-Home Project, and the proceeds were used to replenish the line of credit.

During the fiscal year ended June 30, 2025, the Issuer obtained approval for a bank note from Banterra Bank in the principal amount of \$6,000,000, currently bearing interest at a rate of 6.25% per annum, to finance improvements to one of Issuer’s substations (the “Sub 3 Loan”). The Sub 3 Loan matures on February 17, 2030, and requires monthly payments of \$71,000. As of June 30, 2025, the Issuer had drawn \$5,850,000 during construction on the substation and had repaid \$320,709 of principal, leaving an outstanding principal balance of \$5,529,291. The Issuer currently anticipates that it will repay the Sub 3 Loan in full prior to the end of the fiscal year ending June 30, 2026.

On June 23, 2025, the Issuer entered into another business loan agreement with Banterra Bank in the principal amount of \$8,000,000, currently bearing interest at a rate of 6.25% per annum and maturing on June 23, 2030, to finance improvements to another one of the Issuer’s substations (the “Sub 6 Loan”). The Sub 6 Loan requires 59 monthly payments of \$95,000, which began on July 23, 2025, and one irregular last payment estimated at \$4,635,052 on June 23, 2030.

### Power Cost Adjustment

Power cost is the largest cost component for a municipal electric utility, such as the Issuer. This cost component is also subject to unpredictable variations beyond the control of the Issuer. Therefore, most utilities employ some form of a periodic fuel or power cost adjustment factor that allows the utility to adjust billings to customers in a way that ensures these costs are recovered on a timely basis without the need for a formal rate proceeding.

All of the Issuer's retail base rates include a power cost component of \$0.10 per kWh embedded in the rates. The Issuer is allowed to bill a power cost adjustment ("PCA") factor per kWh to increase or decrease the billings to customers such that the combined revenues from the power cost component in base rates, plus a PCA charge or less a PCA credit, matches the total cost of power paid by the Issuer. The PCA calculation methodology approved by the Issuer calls for quarterly adjustments based on a two-year forecast of the anticipated power cost revenues and expenses. This forward-looking methodology allows for temporary over or under collection during the forecast period, which reduces the magnitude of fluctuations in the quarterly adjustments.

### Bitcoin Mining Operations

The Issuer currently has three Bitcoin mining customers. These mining facilities largely account for the substantial increase in revenue and purchased power costs from fiscal year ended June 30, 2024, to fiscal year ended June 30, 2025. Beginning in early 2026, the largest mining facility significantly reduced its consumption of power but is continuing to pay contract capacity charges in anticipation of returning to full operations. For these facilities, the Issuer is purchasing power on the open market, the cost of which it passes through to the Bitcoin mining customers, with a distribution fee paid to the Issuer. A portion, i.e., 10%, of the distribution fee through the PCA goes to lower power costs for all of the Issuer's customers while the remainder of the distribution fee accumulates into a rate stabilization fund within the Operating Fund until it is used to, among other things, pay down other debts of the Issuer. The Issuer does not budget for Bitcoin mining revenues and does not include them in its rate setting.

### Economic Developments in McCracken County

A former uranium enrichment facility owned by the U.S. Department of Energy ("DOE") in western McCracken County, Kentucky (the county seat of which is Paducah, Kentucky), is undergoing major cleanup activities. The cleanup currently employs approximately 1,500 workers. The cleanup project is expected to progress into large scale demolition in the next three to five years with an anticipated increase in workers to 2,500. Federal funding supporting the increased activity is projected to increase from approximately \$350 million to \$500 million. In parallel with the cleanup, the DOE site is being reindustrialized. DOE issued a Request for Offers which identified the Issuer as one of four potential power providers for a new artificial intelligence data center campus. Even if the Issuer is not selected as the power provider for the artificial intelligence data center campus, the Issuer expects load growth and increased margin as a result of the increased number of residents, local employment, and energy usage the DOE site transformation is anticipated to produce.

Additionally, Global Laser Enrichment LLC and General Matter, Inc. have proposed new uranium enrichment projects, each with proposed investments of over \$1.5 billion in Paducah, which are currently expected to be completed in 2030. Collectively, these potential projects, if

undertaken, are expected to support regional economic growth and increased electric demand within the Issuer's service territory as associated workforce, residential, commercial, and industrial activity expands throughout the area.

There can be no assurances that any or all of these projects will occur or, if they become operational, that they will be successful or satisfy the anticipated employment or investment discussed.

#### Base Rate Increase

At its meeting on June 8, 2026, the Issuer authorized a 6% increase in base rates, effective as of July 1, 2026. The PCA credit was also increased, effective July 1, 2026, which is designed to reduce funds accumulated from the Issuer's PCA calculations. The combined effect of these adjustments will be an approximately 3% average increase in customers' bills, beginning July 1, 2026. Beginning January 1, 2027, the quarterly PCA factor is projected to increase, resulting in another increase in customers' bills currently estimated to be approximately 3%.

### **Management's Discussion and Analysis**

Set forth below is an excerpt from, and that is substantially the same as, the Management's Discussion and Analysis of the Issuer's audited financial statements for fiscal years ended June 30, 2024 and 2025, and unaudited financial statements for the six-month periods ended December 31, 2024 and 2025. For purposes of consistency, certain defined terms have been used in the discussion below which appear differently in the corresponding Management's Discussion and Analysis. The Issuer's audited financial statements for the fiscal years ended June 30, 2024 and 2025, and unaudited financial statements for the six-month periods ended December 31, 2024 and 2025, as well as the entire Management's Discussion and Analysis for those periods, are included as Appendix A.

#### Comparison for Fiscal Years Ended June 30, 2024 and June 30, 2025

In this section, the Issuer presents the following discussion and analysis to provide an overall review of the Issuer's financial activities for the fiscal years ended June 30, 2024 and 2025.

#### Required Financial Statements

The financial statements of the Issuer are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and the principles established by the Federal Energy Regulatory Commission ("FERC"). The Issuer applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements unless they conflict with or contradict FERC policies, in which case, FERC prevails.

The Condensed Statements of Net Position include all of the Issuer's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Issuer and assessing the liquidity and financial flexibility of the Issuer.

All of the current year's revenues and expenses are accounted for in the Condensed Statements of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Issuer's operations over the past year and can be used to determine whether the

Issuer has successfully recovered all of its costs through electric rate tariffs and other miscellaneous charges, profitability, and credit worthiness.

Net Position

**Table A-1**

**CONDENSED STATEMENTS OF NET POSITION**

For fiscal year ended June 30

	<b>FY25</b>	<b>FY24</b>
Current assets	\$25,133,946	\$27,330,577
Non-current assets	18,513,005	15,236,450
Capital assets	<u>128,436,079</u>	<u>127,980,511</u>
Total assets	<u>172,083,030</u>	<u>170,547,538</u>
Deferred Outflows of Resources	<u>12,235,693</u>	<u>13,395,836</u>
Current liabilities	23,478,488	21,378,086
Non-current liabilities	20,105,170	28,173,288
Long-term debt	<u>103,628,301</u>	<u>106,319,002</u>
Total liabilities	<u>147,211,959</u>	<u>155,870,376</u>
Deferred Inflows of Resources	<u>5,281,044</u>	<u>6,577,428</u>
Invested in capital assets, net of related debt	33,080,030	26,266,386
Restricted for capital projects	9,338,746	6,627,369
Restricted for debt service	397,342	314,205
Unrestricted net assets	<u>(10,990,398)</u>	<u>(11,712,390)</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$31,825,720</u></u>	<u><u>\$21,495,570</u></u>

A summary of the Issuer's Condensed Statements of Net Position is presented above in Table A-1 and discussed below.

Current assets represent items such as cash and temporary investments, accounts receivable, materials and supplies, prepaid expenses, accrued interest receivable, and rents receivable. Current assets decreased by approximately \$2.20 million during FY25, including a \$2.82 million decrease in cash and cash reserves, and a \$539,000 increase in accounts receivable. The decrease in cash is mainly due to a decrease in the accumulated over recovery of the power cost adjustment.

Non-current assets include restricted funds, such as bond sinking funds, and other non-current assets, including a Rate Stabilization Fund, unamortized debt discounts, unamortized research and development, and conservation loan receivables. These accounts increased during FY25 by approximately \$3.28 million mainly due to an increase in the Generation Maintenance Reserve account.

Capital assets include land, transmission system, distribution system, general plant, generation plant, and construction work in progress, net of accumulated depreciation. The increase in capital assets is the result of the completion of two distribution projects and other construction in progress being added to fixed assets. Gross capital assets increased by \$7.74 million and accumulated depreciation increased by \$7.29 million for FY25. The net investment in capital assets increased by \$6.81 million during FY25.

Deferred outflows of resources include the net unamortized balance of items related to the Series 2016A Bonds issuance and deferred outflows and contributions associated with postemployment benefits.

Current liabilities represent items such as accounts payable, customer deposits, accrued taxes, interest payments, balance of the bank line-of-credit and the current portion of any long-term debts. The Issuer maintains a \$5,000,000 line of credit with Banterra Bank. This line of credit is intended to provide additional liquidity for the Issuer, and there have been no draws on it. In addition, the Issuer also maintains a \$2,000,000 line of credit with Banterra Bank to support its FTTH Pilot Project. The balance on the \$2,000,000 line of credit at June 30, 2025, and 2024 was \$865,883 and \$267,014, respectively.

Non-current liabilities primarily consist of long-term debt, pension-related liabilities and a regulatory liability associated with the cumulative over-recovery of purchased power costs.

Long-term debt represents the long-term portion of revenue bonds, net of unamortized discounts and advanced refunding deferred charges as well as the long-term portion of a note payable. The long-term debt balance will decrease as the bonds and note are repaid.

The pension liability consists of the Issuer's proportionate share of the net pension and other post-employment benefits ("OPEB") liability of the County Employees' Retirement System ("CERS"), a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky Retirement System. During FY25, the net pension and OPEB liabilities decreased by \$795,000. There was a net OPEB asset of \$397,342 at June 30, 2025.

Net position is broken down into four major categories: Net investment in capital assets, Restricted for debt service, Restricted for net OPEB asset and Unrestricted net position. The total change in net position for FY25 was an increase of \$10.33 million.

**Table A-2****CONDENSED STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

	<u>FY25</u>	<u>FY24</u>	<u>Change</u>	<u>% Change</u>
Electrical sales revenue	\$87,746,935	\$76,925,567	\$ 10,821,368	14.07%
Miscellaneous revenue	17,220,113	10,710,804	6,509,309	60.77%
Total operating revenue	<u>104,967,048</u>	<u>87,636,371</u>	<u>17,330,677</u>	<u>19.78%</u>
Purchased power cost	62,345,166	51,007,361	11,337,805	22.23%
General operating expense	8,371,043	8,579,863	(208,820)	-2.43%
Generation plant expense	6,198,397	6,337,061	(138,664)	-2.19%
Maintenance expense	2,601,472	2,966,506	(365,034)	-12.31%
Other operating expense	11,617,797	11,559,294	58,503	0.51%
Non-operating expense	<u>3,503,023</u>	<u>3,341,976</u>	<u>161,047</u>	<u>4.82%</u>
Total expenses	<u>94,636,898</u>	<u>83,792,061</u>	<u>10,844,837</u>	<u>12.94%</u>
Changes in net position	<u>10,330,150</u>	<u>3,844,310</u>	<u>6,485,840</u>	
Beginning net position	21,495,570	<u>17,651,260</u>	3,844,310	
ENDING NET POSITION	<u>\$31,825,720</u>	<u>\$21,495,570</u>	\$ 10,330,150	

This section includes a discussion of the Issuer's Condensed Statements of Revenues, Expenses, and Changes in Net Position, which are presented in Table A-2 above and discussed further below.

The Issuer's electric sales revenue increased 14.07% in FY25 primarily due to a new large customer and increased energy sales. Purchased power cost for FY25 increased 22.23% from FY24 due to the higher energy sales and higher average cost of power from KMPA resulting from decreased revenues from sales of excess energy.

Total expenses other than purchased power cost for FY25 decreased by \$655,000 from FY24 due to an increased focus on capital projects.

Capital Assets

The electric industry is a capital-intensive business. Transmission and distribution assets typically include, but are not limited to, poles, towers, overhead conductors, underground conductors, underground conduit, line transformers, service wire, meters, street lighting, security lighting, and substation equipment. Examples of general plant items include office, maintenance and warehouse buildings, office furniture and equipment, communication equipment, electrical system control equipment, tools and equipment, vehicles, heavy equipment, and bucket trucks. Construction in progress represents mostly capital construction projects which are not currently completed.

Almost half of the balance of capital assets is generation plant, representing the peaking plant constructed in 2009. This contributes significantly to the large annual depreciation expense

that nearly equals the annual capital additions, resulting in a small increase in the net value of capital assets currently in service. Following in Table A-3 is a summary of the capital assets and the net changes (additions less retirements) that occurred during fiscal year ended June 30, 2025.

**Table A-3**

**CAPITAL ASSETS**

	Beginning Balance	Net Increase/(Decrease) (unaudited)	Ending Balance
Land	\$ 2,724,964	\$ -	\$ 2,724,964
Construction in progress	7,788,613	(4,886,824)	2,901,789
Transmission system	10,671,640	87,316	10,758,956
Distribution system	103,667,169	10,340,161	114,007,330
General plant	26,124,644	2,019,160	28,143,804
Generation Plant	112,492,904	181,370	112,674,274
Total capital assets	263,469,934	7,741,183	271,211,117
Accumulated depreciation	(135,489,423)	(7,285,615)	(142,775,038)
Net capital assets	\$127,980,511	\$ 455,568	\$128,436,079

Comparison of Six-Month Periods Ended December 31, 2024 and December 31, 2025

Required Financial Statements

The Condensed Statements of Net Position include all of the Issuer’s assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Issuer and assessing the liquidity and financial flexibility of the Issuer.

All the interim period’s revenues and expenses are accounted for in the Condensed Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the utility’s operations over the interim period and can be used to determine whether the utility has successfully recovered all its costs through electric rate tariffs and other miscellaneous charges, profitability, and credit worthiness.

Net Position

A summary of the Issuer’s Condensed Statements of Net Position is presented in Table B-1 and discussed below.

Current assets represent items such as cash and temporary investments, accounts receivable, materials and supplies, prepaid expenses, accrued interest receivable, and rents receivable. Current assets increased by approximately \$1.6 million during the interim period, including a \$1.2 million increase in cash and cash reserves, and a \$350,000 increase in accounts receivable.

Non-current assets include restricted funds, such as bond sinking funds, and other non-current assets, including a Rate Stabilization Fund, unamortized debt discounts, unamortized research and development, and conservation loan receivables. These accounts increased during

the interim period by approximately \$477,000 mainly due to an increase in the Generation Maintenance Reserve account.

**Table B-1**

**CONDENSED STATEMENTS OF NET POSITION**  
As of the Six-Month Interim Periods ended December 31

	<u>2025</u>	<u>2024</u>
Current assets	\$ 28,174,022	\$26,584,822
Non-current assets	13,863,814	13,386,608
Capital assets	<u>129,283,486</u>	<u>128,118,730</u>
Total assets	<u>171,321,322</u>	<u>168,090,160</u>
Deferred Outflows of Resources	<u>11,804,046</u>	<u>12,927,828</u>
Current liabilities	25,027,026	22,148,982
Non-current liabilities	26,951,132	25,182,977
Long-term debt	<u>91,098,825</u>	<u>99,122,537</u>
Total liabilities	<u>143,076,983</u>	<u>146,454,496</u>
Deferred Inflows of Resources	<u>5,281,044</u>	<u>6,577,428</u>
Invested in capital assets, net of related debt	40,591,756	32,756,145
Restricted for debt service	4,256,557	4,596,519
Restricted for net OPEB asset	397,342	314,205
Unrestricted net assets	<u>(10,478,319)</u>	<u>(9,680,801)</u>
TOTAL NET ASSETS	<u>\$ 34,767,336</u>	<u>\$27,986,069</u>

Capital assets include land, transmission system, distribution system, general plant, generation plant, and construction work in progress, net of accumulated depreciation. The increase in capital assets is the result of construction-in-progress related to upgrades at Substation 6, the completed Substation 3 upgrade and the ongoing Fiber to the Home project. Gross capital assets increased by \$9 million and accumulated depreciation increased by \$7.8 million during the interim period. The net investment in capital assets increased by \$1.2 million.

Deferred outflows of resources include the net unamortized balance of items related to the Series 2016A Bonds and the Series 2019 Bonds issuances and deferred outflows and contributions associated with postemployment benefits.

Current liabilities represent items such as accounts payable, customer deposits, accrued taxes, interest payments, balance of the bank line-of-credit and the current portion of any long-term debts. The Issuer currently has a \$5 million line-of-credit for operations, a \$2 million line-of-credit for the Fiber to the Home project, and an \$8 million line-of-credit for the Substation 6 rebuild. Another line-of-credit for \$6 million was established for the Substation 3 upgrade, which was converted to a bank loan upon completion of the project. Also, a portion of the Fiber to the Home line-of-credit was converted to a bank loan upon completion of a segment of that project. There have been no draws on the \$5 million line-of-credit for operations as this was established to provide additional liquidity only. The balances of draws on the lines-of-credit and the current portion of the bank loans, all with Banterra Bank, at December 31, 2024 and 2025, totaled approximately \$0.5 million and \$1.7 million, respectively.

Non-current liabilities primarily consist of long-term debt, pension-related liabilities and a regulatory liability associated with the cumulative over-recovery of purchased power costs. Long-term debt represents the long-term portion of revenue bonds, net of unamortized discounts and advanced refunding deferred charges. The long-term debt balance will decrease as the bonds are repaid. The over-recovery of purchased power costs decreased by \$1 million.

The pension liability consists of the Issuer's proportionate share of the net pension and OPEB liability of CERS, a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky Retirement System. During the interim period, the net pension and OPEB liabilities decreased by \$1.3 million. There was a net OPEB asset of \$397,000 at December 31, 2025.

Net position is broken down into four major categories: Net investment in capital assets, Restricted for debt service, Restricted for net OPEB asset, and Unrestricted net position. The total change in net position for the 2025 interim period compared to the 2024 interim period was an increase of \$6.8 million, primarily related to investment in capital assets.

A summary of the Issuer's Condensed Statements of Revenues, Expenses and Changes in Net Position is presented in Table B-2 and discussed below.

The Issuer's electric sales revenue increased 11.8% in the interim period ended December 31, 2025, compared to the interim period ended December 31, 2024, due to an increase in sales to data center (crypto mining) customers. Miscellaneous revenue decreased during the interim period due to an increase in regulatory liabilities.

General operating expense for the interim period increased by \$563,000 primarily in the area of administrative and general expenses due to implementation of the management transition plan.

Generation plant expenses for the interim period increased by \$2.9 million primarily due to increased energy offtake from the Issuer's power sales contract counterparties, KYMEA and Princeton. The Issuer operates the retained balance of this plant to take advantage of lower natural gas prices during certain market conditions to lower the cost of purchased power for the Issuer.

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**Table B-2****CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

For the Six-Month Interim Periods Ended December 31

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>% Change</u>
Electrical sales revenue	\$51,331,494	\$45,901,081	\$5,430,413	11.8
Miscellaneous revenue	<u>3,032,471</u>	<u>7,954,146</u>	<u>(4,921,675)</u>	<u>(61.9)</u>
Total operating revenue	<u>54,363,965</u>	<u>53,855,227</u>	<u>508,738</u>	<u>0.9</u>
Purchased power cost	30,690,924	30,887,384	(196,460)	(0.6)
General operating expense	5,640,109	5,077,224	562,885	11.1
Generation plant expense	5,699,786	2,787,571	2,912,215	104.5
Maintenance expense	1,510,091	1,168,548	341,543	29.2
Other operating expense	6,021,234	5,804,330	216,904	3.7
Non-operating expense	<u>1,860,204</u>	<u>1,639,673</u>	<u>220,531</u>	<u>13.5</u>
Total expenses	<u>51,422,348</u>	<u>47,364,730</u>	<u>4,057,618</u>	<u>8.6</u>
Changes in net position	2,941,617	6,490,497	(3,548,880)	
Beginning net position	<u>31,825,718</u>	<u>21,495,572</u>	<u>10,330,146</u>	
ENDING NET POSITION	<u>\$34,767,336</u>	<u>\$27,986,069</u>	<u>\$6,781,267</u>	

*Capital Assets*

The electric industry is a very capital-intensive business. Transmission and distribution assets typically include, but are not limited to, poles, towers, overhead conductors, underground conductors, underground conduit, line transformers, service wire, meters, street lighting, security lighting, and substation equipment. Examples of general plant items include office, maintenance and warehouse buildings, office furniture and equipment, communication equipment, electrical system control equipment, tools and equipment, vehicles, heavy equipment, and bucket trucks. Construction in progress represents mostly capital construction projects which are not currently completed.

Almost half of the balance of capital assets is generation plant, representing the peaking plant constructed in 2009. Since this is a relatively new plant, this contributes significantly to the large annual depreciation expense which was more than offset by the increase associated with substation upgrades.

Table B-3 is a summary of the capital assets and the net changes (additions less retirements) that occurred during the interim period.

**Table B-3**

**CAPITAL ASSETS**  
Six-Month Interim Period Ended December 31, 2025

	<u>Beginning Balance</u>	<u>Net Increase</u>	<u>Ending Balance</u>
Land	\$ 2,724,964	\$ (1,000)	\$ 2,723,964
Construction in progress	8,125,901	(2,790,973)	5,334,928
Transmission system	10,672,779	148,971	10,821,750
Distribution system	105,923,956	9,577,626	115,501,582
General plant	27,187,646	1,819,706	29,007,352
Generation plant	<u>112,492,903</u>	<u>245,370</u>	<u>112,738,273</u>
Total capital assets	267,128,149	8,999,700	276,127,849
Accumulated depreciation	<u>(139,009,419)</u>	<u>(7,834,944)</u>	<u>(146,844,363)</u>
<b>NET CAPITAL ASSETS</b>	<u><b>\$128,118,730</b></u>	<u><b>\$ 1,164,756</b></u>	<u><b>\$129,283,486</b></u>

**Peaking Capacity and Energy Agreements**

On July 13, 2016, the Issuer and the Kentucky Municipal Energy Agency (“KYMEA”) entered into an agreement for the purchase and sale of peaking capacity and energy from the Issuer’s CT Plant whereby the Issuer would sell to KYMEA, and KYMEA would buy from the Issuer, 90 MW of peaking capacity, subject to certain adjustments, and the associated peaking energy (the “KYMEA Agreement”). The agreement is in effect through May 31, 2029, but can be extended.

On June 1, 2023, the Issuer and Princeton entered into an agreement for the purchase and sale of peaking capacity and energy from the Issuer’s CT Plant whereby the Issuer would sell to Princeton, and Princeton would buy from the Issuer, peaking capacity and the associated peaking energy. The peaking capacity provided to Princeton is 15.9% of the CT Plant’s capacity at the time of any dispatch thereof and net of the amount of capacity sold pursuant to the KYMEA Agreement, up to a maximum of 7 MW. The peaking energy provided is 15.9% of any energy produced from the CT Plant in a given hour in excess of the generation associated with the KYMEA Agreement, up to a maximum of 7 MWh.

**INVESTMENT CONSIDERATIONS**

*The following is a discussion of certain investment considerations that could affect payments to be made with respect to the Series 2026 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2026 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in Appendix D, copies of which are available as described herein.*

The following sections of this caption provide brief discussions of some of the factors that affect the operations of the Issuer and the electric utility systems it operates. These discussions do not purport to be comprehensive or definitive, however, and the matters discussed are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is

available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the Series 2026 Bonds should obtain and review such information.

Some of the considerations listed in this section do not affect the Issuer directly. The Issuer is indirectly affected, however, by virtue of the fact that KMPA owns an interest in the PSEC generating plant. As mentioned previously, under its take or pay Power Sales Agreement with KMPA, the Issuer is responsible for approximately 84% of the costs and expenses pertaining to KMPA's ownership interest in PSEC. Thus, the Issuer's costs of securing power from KMPA are affected by all conditions affecting the operational costs of PSEC, including regulations affecting PSEC. In addition, the Power Sales Agreement contains a "step up" provision that requires, in the event of a default under its Power Sales Agreement by a member of KMPA participating in the PSEC project (such as Princeton), the non-defaulting member (the Issuer) to purchase a pro-rata share of the defaulting member's entitlement percentage of KMPA's share of electric power and energy anticipated to be generated by PSEC (and pay the costs and expenses associated therewith) up to 20% of the non-defaulting member's original entitlement percentage. The Issuer's maximum step up obligation under the Power Sales Agreement would, therefore, include the entirety of Princeton's entitlement percentage of approximately 16%.

## **General**

The electric utility industry in general has become increasingly competitive and uncertain due to regulatory changes and wholesale and retail market developments. Electric utilities are subject to many federal, state and local statutory and regulatory requirements of licensing and siting of facilities, safety and security, air and water quality, land use and environmental factors and some of those factors are subject to change. For example, the industry is affected by public concerns regarding emissions and pollution caused by the burning of fossil fuels, including the disposal of the resulting waste products. This concern, in part, is driving the interest in increased generating capacity from clean or renewable energy resources.

The electric utility industry has been, or in the future may be, affected by a number of other factors that could affect the financial condition and competitiveness of any electric utility and the level of utilization of the industry's generating and transmission facilities. In addition to the factors discussed below, such factors, among others, include: (a) effects of compliance with environmental, safety, licensing, regulatory and legislative requirements and energy policies, including the potential for significantly increased costs relating to such compliance; (b) changes in projected future load requirements, including changes resulting from "self-generation" by certain industrial, commercial and residential customers, conservation and demand-side management programs on the timing and use of electric energy, including potential reductions in energy consumption, or increased costs related thereto; (c) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (d) increases in costs and uncertain availability of capital; (e) shifts in the availability and relative costs of various fuel sources and energy purchases; (f) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity; (g) other legislative changes, voter initiatives, referenda and statewide propositions; (h) effects of the changes in the economy; (i) effects of possible manipulation of the electric markets, acts of terrorism or malicious destruction of property, cyber-attacks or other organized disruptive actions; (j) unexpected outages as a result of mechanical or transmission facility failures; (k) natural disasters or other physical calamities, including, but not limited to, earthquakes, floods, hurricanes, ice storms and tornadoes; (l) technological advances in generation, energy storage, efficiency and emissions; and (m) counterparty credit quality and ability to meet contractual obligations.

Any of these factors could have an effect on the financial condition of any electric utility, including the Issuer. Electric utility managers, including the management of the Issuer, are aware of these factors and focus their efforts on managing their utilities in light of these factors and mitigating the associated risks. However, the Issuer cannot predict the effect such factors will have on the Issuer's business operations and financial condition.

## **Air Regulations**

### *Greenhouse Gas Requirements*

Limitations on emissions of greenhouse gases ("GHGs"), including carbon dioxide ("CO<sub>2</sub>"), create a potential exposure for fossil fuel-fired electric generation facilities. In 2015, in light of the United States Environmental Protection Agency's ("EPA's") finding that GHGs endanger public health, EPA established, for the first time, new source performance standards ("NSPS") for CO<sub>2</sub> for new fossil fuel-fired electric generating units ("EGUs") (the "2015 NSPS") under Section 111(b) of the Clean Air Act ("CAA") and emissions guidelines for existing fossil fuel-fired EGUs under the Clean Power Plan ("CPP") pursuant to Section 111(d) of the CAA. The 2015 NSPS established the best systems of emission reduction ("BSER"), which included partial-carbon capture and sequestration/storage ("CCS") for new coal-fired steam generating units. The CPP required states to submit plans specifically designed to limit CO<sub>2</sub> emissions from certain fossil fuel-fired power plants.

In 2019, EPA repealed the CPP and replaced it with the Affordable Clean Energy Rule (the "ACE Rule"). The ACE Rule established that the BSER for existing coal-fired EGUs is heat rate improvements. In 2021, the United States Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit") vacated the ACE Rule. However, the Supreme Court subsequently reversed the D.C. Circuit's vacatur on June 30, 2022. The D.C. Circuit reinstated the ACE Rule on October 27, 2022. But then, in 2024, EPA promulgated the Carbon Pollution Standards ("CPS"), which included a number of final actions, including a repeal of the ACE Rule, emission guidelines for existing coal-, oil-, and natural gas-fired steam generating units, NSPS for new and reconstructed turbines, and standards for coal-fired EGUs that undertake a large modification.

Subsequently, under EPA's initiative to "Power the Great American Comeback," EPA proposed actions that would remove unnecessary burdens on fossil fuel-fired EGUs. Consistent with this initiative, on June 11, 2025, EPA proposed to repeal all of the GHG emissions standards promulgated under Section 111 of the CAA including the 2015 NSPS and the CPS. As an alternative, EPA has also proposed to repeal only the most burdensome set of requirements promulgated in the CPS for new and existing fossil fuel-fired power plants including the emission guidelines for existing coal-, oil-, and gas -fired steam generating units and the CCS-based standards for coal-fired EGUs undertaking a large modification and for new base load stationary combustion turbines. As of June 17, 2026, EPA has not finalized either proposal to repeal GHG emission standards for fossil fuel-fired EGUs. It is anticipated that finalization of either proposal will result in litigation.

It is generally understood that newer facilities that are more energy efficient or which are adaptable to a mix of various conventional and alternative fuels (or those that can successfully incorporate nascent CCS technology) will be at a competitive advantage in any GHG-limited regulatory framework compared to less efficient facilities. The same is true relative to other environmental regulations that are designed to limit various emissions from EGUs.

### Prevention of Significant Deterioration (“PSD”) & Title V Permitting

The EPA regulates GHG emissions under existing law by imposing monitoring and reporting requirements and through its permitting programs. Like other air pollutants, GHGs are currently regulated under the CAA through the PSD Permit Program and the Title V Permit Program. A PSD permit is required before starting to construct a new major stationary source or major modifications to a major stationary source and requires the best available control technology to control emissions at a facility. Title V permits are operating permits for major sources that consolidate all CAA requirements (arising, for example under the Acid Rain, NSPS, National Emission Standards for Hazardous Air Pollutants, and/or PSD programs) into a single document and the permit process provides for review of the documents by the EPA, state agencies, and the public. As discussed above, if EPA were to repeal the GHG emissions standards, the GHG emissions standards would no longer be subject to the requirements under PSD/Title V permits.

### Mercury and Air Toxics Standard (“MATS”)

The CAA provides for a comprehensive program for the control of hazardous air pollutant (“HAP”) emissions, including mercury emissions. In 2012, EPA issued the final MATS Rule that includes stringent emission limits for (1) mercury; (2) certain non-mercury metals including arsenic, lead, cadmium, and selenium; (3) various acid gases including hydrochloric acid; and (4) many organic HAP emissions.

In 2024, EPA finalized significant amendments to MATS including: (1) tightening the filterable particulate matter (“PM”) emission limit for existing coal-fired EGUs from 0.030 pounds per million British thermal units (“lb/MMBtu”) to 0.010 lb/MMBtu, (2) stricter mercury limits for lignite-fired units, and (3) mandatory PM Continuous Emissions Monitoring Systems for certain units.

However, on February 24, 2026, EPA published a final rule repealing several of the 2024 revisions and largely restoring the original 2012 MATS standards. Multiple organizations filed challenges in the D.C. Circuit shortly after the repeal became final. The underlying 2012 MATS rule remains in effect as of June 17, 2026.

### Cross-State Air Pollution Rule (“CSAPR”)/Good Neighbor Rule

EPA finalized the CSAPR in 2011 to control cross-state transport of sulfur dioxide (“SO<sub>2</sub>”) and nitrogen oxides (“NO<sub>x</sub>”) emissions from coal-fired power plants. The CSAPR’s “good neighbor” provision required states to prohibit emissions that contribute significantly to not meeting air quality standards (“nonattainment”) in another state or interfere with the maintenance of federal air quality standards in another state by requiring states to create emissions budgets for SO<sub>2</sub> and NO<sub>x</sub>.

On June 29, 2019, EPA proposed a close-out of the interstate transport obligations for the 2008 National Ambient Air Quality Standards (“NAAQS”), indicating that the existing CSAPR update fully addressed these “good neighbor” obligations and that no further control requirements with respect to those obligations were necessary. The EPA did not project any remaining nonattainment or maintenance receptors in the Eastern United States through 2023. EPA initiated a rulemaking revising the CSAPR Update on October 15, 2020. The 2020 rulemaking found that NO<sub>x</sub> emissions in 12 states—including Indiana, Kentucky, and Illinois—significantly contributed to

downwind states' nonattainment under the CSAPR Update. The final revised rule was published on March 15, 2021, and requires further NO<sub>x</sub> reductions from power plants in the relevant states.

On February 28, 2022, EPA rejected the State Implementation Plans (“SIPs”) for 26 upwind states and began drafting a Federal Implementation Plan (“FIP”) to take their place. The FIP would establish an allowance-based trading program for fossil-fuel powered plants in 25 states and impose certain post-combustion control measures.

The FIP reduced emissions budgets for EGUs starting in the 2023 ozone season compared to the CSAPR update and imposed more stringent emissions controls as well. The final rule implementing the FIP—issued in March 2023—was stayed by the Supreme Court on June 27, 2024. EPA issued a final rule staying the requirement for all sources where the court’s stay was not already in place on October 29, 2024.

On January 27, 2026 EPA proposed to approve the SIP of 8 states, including Kentucky. As of June 17, 2026, EPA has not finalized this approval.

### Ozone NAAQS

Ground-level ozone, or smog, is formed when pollution from vehicles, power plants, and other industrial sources reacts with sunlight. It can aggravate asthma and cause other respiratory problems, especially in children who are playing outdoors and people who already have lung problems. Effective October 1, 2015, EPA tightened the primary and secondary ozone NAAQS to 0.070 parts per million.

### PM NAAQS

EPA periodically reviews its established PM NAAQS. Most recently, in March 2024, EPA revised the primary annual PM<sub>2.5</sub> standard by lowering the level from 12 micrograms per cubic meter (“μg/m<sup>3</sup>”) to 9 μg/m<sup>3</sup>. The remaining PM NAAQS were unchanged. In March 2025, EPA announced that it would “revisit” the 2024 PM<sub>2.5</sub> standard. However, EPA has yet to issue a proposed rule as of June 17, 2026.

## **Coal Combustion Residuals (“CCR”) Regulations**

In April 2015, EPA issued the final rule for CCRs, regulating the disposal of CCRs in landfills and surface impoundments (the “CCR Rule”) from power plants. Under the rule, CCRs are regulated as non-hazardous solid wastes under subtitle D of the Resource Conservation and Recovery Act. The CCR Rule includes specific design and monitoring standards for CCR disposal units including landfills and surface impoundments as well as closure. As a result of numerous legal challenges to the final rule, EPA issued a direct final rule to extend compliance deadlines for owners and operators of certain inactive impoundments in order to provide them adequate time to comply.

In December 2016, President Obama signed the Water Infrastructure Improvements for the Nation (“WIIN”) Act, which included language giving state agencies the authority to implement and enforce coal ash regulations under the CCR Rule through EPA-approved state permit programs. The WIIN Act also gives EPA the authority to regulate coal ash in states that choose not to implement state permitting programs and in states whose permitting programs are determined to be inadequate by EPA.

In 2018, EPA finalized certain revisions to the 2015 regulations. The 2018 rule provided states with approved CCR permit programs under the WIIN Act, or EPA where EPA is the permitting authority, the ability to use alternate performance standards. The rule revised the groundwater protection standard for constituents which do not have an established drinking water standard (known as a maximum contaminant level). The rule also provided facilities which are triggered into closure by the regulations with additional time to cease receiving waste and initiate closure.

In August 2020, EPA issued a final rule requiring electric utilities to stop disposing of CCR in unlined surface impoundments by April 11, 2021. On November 28, 2025, EPA issued a proposed rule to extend the deadline to October 17, 2031 for impoundments larger than 40 acres.

On May 8, 2024, EPA finalized changes to the CCR regulations for inactive surface impoundments at inactive electric utilities, referred to as legacy CCR surface impoundments. The requirements largely mirror those put into place through regulation in 2015 for inactive impoundments at active facilities.

On April 9, 2026, EPA announced a proposal to amend several provisions of the federal regulations governing the disposal of CCR in landfills and surface impoundments and the beneficial use for CCR. EPA is accepting comments on the proposed rule through June 29, 2026.

The CCR landfill at PSEC must comply with the applicable requirements of the CCR Rule until such time as the State of Illinois receives regulatory approval under the WIIN Act to administer its own CCR permit program.

## **Water Regulations**

### *Cooling Water Intake Structures*

The Clean Water Act (“CWA”), regulates the discharge of process wastewater and certain storm water under the National Pollutant Discharge Elimination System permit program. At the present time, PSEC has the required permits under the program for the operation of the facilities. The water quality regulations require compliance with Illinois’s water quality standards, including sampling and monitoring of the waters around PSEC.

Section 316(b) of the CWA requires EPA to ensure that the location, design, construction, and capacity of cooling water intake structures reflect the best technology available to protect aquatic organisms from being killed or injured by impingement or entrainment. In 2014, EPA issued final regulations establishing standards for cooling water intake structures at existing large generating facilities. The final regulations provided several compliance alternatives for existing plants such as using existing technologies, adding fish protection systems, or using restoration measures. The legality of the final regulations was unsuccessfully challenged in the Second Circuit Court of Appeals.

### *Waters of the United States (“WOTUS”)*

In 2014, EPA and the U.S. Army Corps of Engineers (the “Army Corps”) proposed an expansion of regulatory authority under the CWA through broadening the definition of WOTUS. The broadened WOTUS definition identified categories of waters that are and are not jurisdictional WOTUS and categories of waters that require a case-specific evaluation. It included traditional

navigable waters, interstate waters and the territorial seas, as well as tributaries and “adjacent waters” (i.e., wetlands or ponds that are adjacent to navigable or interstate waters or seas). The final rule incorporating the broadened WOTUS definition (the “2015 WOTUS Rule”) became effective on August 28, 2015.

Effective December 23, 2019, EPA repealed the 2015 WOTUS Rule, reinstating the previous rule from 1986. Effective March 20, 2023, EPA finalized an updated definition of WOTUS (the “2023 WOTUS Rule”).

On May 25, 2023, the U.S. Supreme Court decided *Sackett v. EPA*, which ruled that WOTUS only includes water with a “relatively permanent” connection to navigable waters. Effective September 8, 2023, EPA finalized a rule revising the definition of WOTUS to conform with *Sackett*.

On November 17, 2025, EPA published a proposed rule to change the definition of WOTUS again to, among other things, include definitions for “relatively permanent” and “continuous surface connection” to fully implement the Supreme Court’s decision in *Sackett*. The public comment period on the proposed rule closed on January 5, 2026. As of June 17, 2026, this proposed rule has not been finalized.

### *Effluent Limitations Guidelines*

Steam power plants—particularly coal-fired power plants—have begun generating new wastewater streams containing these pollutants including arsenic, lead, mercury, selenium, chromium, and cadmium, resulting from the installation and operation of air pollution control equipment and from the gasification of coal. In 2015, EPA finalized Effluent Limitations Guidelines (“ELG”) and Standards for the Steam Electric Power Generating Point Source Category (the “2015 ELG Rule”), setting the first federal limits on levels of toxic metals in wastewater that can be discharged from existing coal, gas, oil, and nuclear plants.

EPA finalized the 2020 Steam Electric Reconsideration Rule which relaxed some compliance deadlines under the 2015 ELG Rule and implemented subcategories for high flow plants, low utilization units, and units ceasing coal combustion by 2028. The rule also relaxed the standard for flue gas desulfurization (“FGD”) wastewater and revised the standard for bottom ash transport water. The rule also added subcategories for high-flow units, low utilization units, and units that will transition away from coal combustion by 2028.

EPA finalized the 2024 ELG Rule effective on July 8, 2024. The 2024 ELG rule established more stringent discharge standards for FGD wastewater, bottom ash transport water, and combustion residual leachate. The rule also establishes a new set of definitions and establishes new effluent limitations for various legacy wastewaters, which may be present in surface impoundments.

On December 23, 2025, EPA published the final Deadline Extensions Rule, which extended compliance deadlines for ELGs that apply to coal-fired power plants. These extensions allow facilities more time to assess potential compliance pathways to continue producing low-cost electricity into the future while meeting wastewater standards.

On May 13, 2026, EPA signed a proposed rule to revise the existing ELGs for coal-fired power plants. The proposed rule, if finalized, would revise the ELGs for unmanaged combustion residual leachate. The proposed rule offers a range of regulatory options based on different known

technologies and identifies the EPA’s preferred option. The EPA accepted written comments on the proposed rule from the public through June 17, 2026.

## **Remediation Regulations**

The Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) requires cleanup of sites from which there has been a release or threatened release of hazardous substances and authorizes the EPA to take any necessary response action at Superfund sites, including ordering potentially responsible parties liable for the release to take or pay for such actions. Potentially responsible parties are broadly defined under CERCLA to include past and present owners and operators of, as well as generators and transporters of wastes sent to, a site. To the Issuer’s knowledge, the Issuer is not currently subject to liability for any Superfund matters. However, the Plant generates certain wastes, including hazardous wastes, and sends certain of its wastes to third party waste disposal sites. As a result, there can be no assurance that the Plant will not incur liability under CERCLA in the future.

## **Other Environmental Regulations**

### *Electro-Magnetic Fields.*

A number of electrical industry studies have been conducted regarding the potential long-term health effects resulting from exposure to electro-magnetic fields (“EMF”) created by high voltage transmission and distribution equipment. At this time, any relationship between EMF and certain adverse health effects appears inconclusive; however, electric utilities have been experiencing challenges in various forms claiming financial damages associated with electrical equipment which creates EMF. At this time, it is not possible to predict the extent of the cost and other impacts which the EMF concerns may have on electric utilities, including the Issuer. In the future, if the scientific community reaches a consensus that EMF presents a health hazard, the Issuer may be required to take remedial actions at its facilities. The cost of these actions cannot be estimated with certainty at this time. Such costs, however, could be significant, depending on the particular mitigation measures undertaken, especially if relocation of existing power lines is required.

### *Environmental Regulation in General.*

An inability to comply with environmental standards could result in penalties, additional capital expenditures to comply, reduced operating levels or the complete shutdown of EGUs not in compliance. There can be no assurance that the federal and state government agencies regulating environmental matters will not bring enforcement actions under existing statutes, which could require unexpected capital and/or operating expenditures.

The Issuer’s total capital expenditures may vary substantially depending on, among other things, (i) the availability of an adequate pool of qualified contractors to carry out needed projects, (ii) increased costs of labor and supplies needed to implement any compliance program, (iii) weather conditions that could adversely affect construction schedules and consumption patterns, (iv) population trends and political and economic developments in the applicable region that could adversely affect the collection of operating revenues, (v) the possibility of new environmental legislation or regulations affecting the Issuer’s facilities and operations, and (vi) unanticipated costs or potential modifications to PSEC resulting from requirements and limitations imposed by environmental laws and regulations.

There can be no assurance that the actual cost of compliance will not be significantly higher than what the Issuer currently estimates, nor can any assurance be given that the Issuer will be able to avoid the imposition of monetary penalties. No assurance can be given that the Issuer will be able to finance, through the issuance of bonds or otherwise, the estimated costs of any additional capital improvement requirements that may be imposed on the Issuer.

## **Electric System Reliability and Related Legislation**

*The Energy Policy Act of 1992.* The Energy Policy Act of 1992 (“EPACT 1992”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access under Sections 211, 212 and 213 of the Federal Power Act. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry. As amended by EPACT 1992, Sections 211, 212 and 213 of the Federal Power Act provide FERC authority, upon application by any electric utility, federal power marketing agency or other person or entity generating electric energy for sale or resale, to require a transmitting utility to provide transmission services (including any enlargement of transmission capacity necessary to provide such services) to the applicant at rates, charges, terms and conditions set by FERC based on standards and provisions in the Federal Power Act. Under EPACT 1992, electric utilities owned by municipalities and other public agencies which own or operate electric power transmission facilities that are used for the sale of electric energy at wholesale are “transmitting utilities” subject to the requirements of Sections 211, 212 and 213.

*The Energy Policy Act of 2005.* The Energy Policy Act of 2005 (“EPACT 2005”) addressed a wide array of energy matters affecting the entire electric utility industry, including the Issuer. It expanded FERC’s jurisdiction to require open access transmission by municipal utilities that sell more than 4 million megawatt hours of energy annually and to order the payment of refunds under certain circumstances by municipal utilities that sell more than 8 million megawatt hours of energy annually. The Issuer is not able to predict when, if ever, its sales of electricity would reach either 4 million or 8 million megawatt hours, although the Issuer does not currently sell more than 700,000 megawatt hours annually. EPACT 2005 provided for mandatory reliability standards to increase the electric grid’s reliability and minimize blackouts, criminal penalties for manipulative energy trading practices and the repeal of the Public Utility Holding Company Act of 1935, which prohibited certain mergers and consolidations involving electric utilities. EPACT 2005 also authorized FERC to issue a permit authorizing the permit holder to obtain transmission rights of way by eminent domain if FERC determines that a state or locality has unreasonably withheld approval and if the facilities for which the permit is sought will significantly reduce transmission congestion in interstate commerce and protect or benefit consumers. EPACT 2005 contained provisions designed to increase imports of liquefied natural gas and incentives to support renewable energy technologies. EPACT 2005 also extended for 20 years the Price-Anderson Act, which concerns nuclear power liability protection, and provides incentives for the construction of new nuclear plants. The Issuer may be required to meet some or all of the mandates of EPACT 2005.

*NERC and EPACT 2005.* In response to the August 14, 2003 blackout that affected much of northeastern United States, Congress enacted a new Section 215 of the Federal Power Act as part of the EPACT 2005. Section 215 provides for mandatory compliance by electric utilities with reliability standards promulgated by an “electric reliability organization” (currently, the North American Electric Reliability Corporation (“NERC”)). Pursuant to FERC authorization, NERC delegates authority for enforcing the mandatory reliability standards to eight regional entities. One of these regional entities, Southeastern Electric Reliability Corporation, is charged with enforcing

the mandatory reliability standards in much of the Southeastern United States, including the areas of Kentucky served by the Issuer, KMPA, Princeton, and LG&E/KU. NERC has the authority to impose (subject to FERC review) substantial financial penalties on entities that fail to comply with applicable reliability standards.

The Issuer is subject to NERC registration requirements and compliance obligations with respect to specific reliability standards. The Issuer is registered with NERC as a “distribution provider”. Entities registered with NERC are subject to periodic audits of their compliance with applicable reliability standards.

## **RTO-Operated Markets**

In addition to coordinating wholesale transmission operations and services, regional transmission organizations (“RTOs”) operate centralized markets for wholesale electricity products such as capacity, energy and ancillary services. By virtue of having generating resources located within the geographical footprint of the Midcontinent Independent Transmission System Operator, Inc. (“MISO”) regional transmission organization, KMPA is subject to the tariff provisions and business practices governing the operation of wholesale electricity markets in MISO. As a result, KMPA’s costs of securing power to meet the needs of its two members, Issuer and Princeton (the “Members”), are affected by the market and administrative mechanisms approved by FERC for use in setting prices for energy, capacity and ancillary services (as well as transmission service) in MISO.

One such market and administrative mechanism was the LG&E/KU Merger Mitigation De-pancaking mechanism (“MMDM”) approved by FERC in connection with its approval of the merger of LG&E and KU and their subsequent withdrawal from MISO. The effect of the MMDM was to eliminate multiple layers of transmission charges (i.e., “pancaked” rates) between power suppliers and generators located in MISO, such as PSEC, and purchase power customers, such as KMPA and its Members, that otherwise would result from LG&E/KU’s withdrawal from MISO. By order dated March 21, 2019 (the “2019 FERC Order”), FERC approved LG&E/KU’s request to remove the MMDM from the applicable rate schedule, but conditioned the approval on LG&E/KU’s implementation of a transition provision for certain customers (a “Transition Mechanism Agreement” or “TMA”), extending the de-pancaked rates of the MMDM for each eligible customer through the initial term of the customer’s purchase power agreement(s) entered into in reliance on the MMDM. Although KMPA and its Members initially were not included among those customers in the LG&E/KU market that FERC found to be eligible for the extension of de-pancaked rates under a Transition Mechanism Agreement, FERC, on rehearing, ordered that KMPA and its Members were entitled to the rate protections afforded by a TMA.

KMPA and its Members in conjunction with other Kentucky municipal electric systems petitioned for review of the 2019 FERC Order to the D.C. Circuit of the United States Court of Appeals. As held in *Kentucky Mun. Energy Agency v. FERC*, 45 F. 4<sup>th</sup> 162, 168 (D.C. Cir. 2022), the Court vacated the 2019 FERC Order finding the order arbitrary because it “completely ignore[d] the significant effect that duplicative charges would have on customer rates,” even though rate increases were “certain” and expected to be “material increases.” The Court directed FERC to “go back to the drawing table and entirely redo its public-interest analysis” in light of the direct and indirect effects ending depancaking would have on customers’ rates. The Court further (i) upheld FERC’s finding that KMPA’s Members had relied on depancaking and were entitled to coverage under a TMA; (ii) affirmed FERC’s finding that the duration of coverage under the TMA pertaining to the PSEC Power Sales Agreements should be ten years as a reasonable balancing of

the Members' reliance interests against the burden to LG&E/KU of indefinite mitigation; and (iii) remanded to FERC its finding that depancaking should apply to the American Municipal Power, Inc. hydro contracts until 2057.

On remand, FERC found that removing the MMDM would have an adverse effect on rates that would not be offset or mitigated by the benefits of doing so, and that LG&E/KU's proposal to remove the MMDM was not in the public interest (the "2023 FERC Order"). Accordingly, LG&E/KU's 2018 proposal to remove depancaking of rates was rejected. The 2023 FERC Order reinstated the MMDM that provided for rate depancaking and found the previously ordered transition mechanism to be moot. Those provisions were placed into a new Rate Schedule 525 ("RS 525"), which FERC accepted on November 16, 2023.

LG&E/KU sought review of the 2023 FERC Order in the D.C. Circuit of the United States Court of Appeals. In an opinion rendered August 8, 2025, and reported at *Louisville Gas & Elec. Co. v. FERC*, 149 F.4th 693, 703 (D.C. Cir. 2025), the Court of Appeals upheld FERC's finding that rates would adversely increase without depancaking under the MMDM, but found that FERC "did not adequately consider whether the transition mechanism agreements it previously ordered [LG&E/KU] to create could act as ratepayer protections to offset the adverse increase." Expressly disclaiming any view of what FERC should conclude on remand, the D.C. Circuit Court directed FERC to conduct a review of the evidence to determine whether there are any MMDM customers "who are not already covered by the transition mechanism agreements and are affected by the removal of depancaking." The D.C. Circuit Court further directed that FERC should then conduct a review to determine "whether the transition mechanism agreements could adequately act as ratepayer protections rather than or in addition to protecting the reliance interests for those customers who are benefiting from [the MMDM]."

In the FERC proceeding on remand, KMPA and its Members, in conjunction with a number of other Kentucky municipal electric systems, submitted comments arguing, among other things, that FERC should find the existing TMAs are moot because they were entered pursuant to earlier FERC orders that were vacated in *Ky. Mun. Energy Agency v. FERC, supra.*, and were never intended to address rate impacts, or in the alternative, that the TMAs fail to protect customers from adverse rate impacts and do not place customers in the same position they would have been had LG&E/KU remained in MISO. On March 16, 2026, LG&E/KU filed an answer to the comments previously submitted by the various Kentucky municipal electric systems. On the same day, LG&E/KU also filed updated TMAs that they propose should apply to all MMDM customers along with proposed revisions to RS 525 that remove KMPA and its Members from the depancaking protections of that rate schedule.

In a protest filed April 6, 2026 (the "Protest"), in conjunction with other affected municipal MMDM customers, KMPA and its Members urged FERC to reject both LG&E/KU's proposal to remove them from the depancaking protections of RS 525 and the new, unexecuted TMAs (the "Unexecuted TMAs") unilaterally submitted by LG&E/KU. The Protest argues, among other things, that: (i) the Unexecuted TMAs fail to meet FERC's standards for adequate ratepayer protections and do not afford KMPA and its Members the same service and pricing that they would have been entitled to receive if LG&E/KU had not left MISO; (ii) contrary to the D.C. Circuit's remand directive in *LG&E/KU v. FERC*, LG&E/KU have not shown that the Unexecuted TMAs adequately protect KMPA and its Members from the adverse rate impacts of repancaking "rather than or in addition to protecting" the reliance interests that FERC addressed in previous orders; and (iii) the previous TMAs on which the Unexecuted TMAs purportedly were based were

specifically made in response to narrow compliance directives from FERC orders that were later vacated for failing to consider ratepayer protections.

By order issued May 15, 2026, FERC accepted for filing the Unexecuted TMAs and the proposed revised RS 525 to be effective May 16, 2026, subject to refund. FERC's order also set the issues to be decided by it on remand for a trial-type evidentiary hearing, with the hearing to be held in abeyance pending settlement discussions to be engaged in by the parties pursuant to settlement judge procedures ordered by FERC.

The nature and operations of RTOs and RTO markets continue to evolve, and KMPA cannot predict whether their existence will meet FERC's goal of reducing transmission congestion and costs and creating a competitive power market.

### **Open Access Transmission and RTOs**

In 1996, FERC in Order No. 888 required utilities under its jurisdiction to provide access to their transmission systems for interstate wholesale transactions on terms and at rates comparable to those available to the owning utility for its own use. In 2007, FERC issued another rulemaking order that is meant to fine-tune the Open Access Transmission Tariff setting minimum standards for transmission owners.

In 1999, FERC in Order No. 2000 adopted regulations aimed at promoting the formation of RTOs, which would be established as the sole providers of electric transmission services in large regions of the country, each of which would encompass the service territory of several (or more) electric utilities. These RTOs would operate and control, but would not own, the transmission facilities, pursuant to contracts with the transmission owners.

In 2011, FERC issued Order No. 1000, which further reforms the requirements applicable to public utility transmission providers in the areas of electric transmission planning and cost allocation. Among other things, the regulations adopted in Order No. 1000 require each public utility transmission provider to participate in a regional transmission planning process, and state that local and regional transmission planning processes must consider transmission needs driven by public policy requirements established by state or federal laws or regulations. The Order No. 1000 regulations also impose compliance obligations on transmission providers with respect to cost allocation for regional and inter-regional transmission projects.

Although the Issuer is a transmission dependent utility and, as such, not directly subject to the rules adopted by FERC in these orders, the utilities from which the Issuer purchases transmission service are subject to these rules.

### **Series 2026 Bonds and Related Documents**

*Security for the Series 2026 Bonds.* The Series 2026 Bonds are limited obligations of the Issuer payable exclusively out of the revenues received by the Issuer from the Plant on a parity with the Series 2009A Bonds, Series 2016A Bonds, and, in certain circumstances, Series 2026 Bond proceeds and income from the temporary investment thereof. The Series 2026 Bonds are secured by a pledge by the Issuer of the Trust Estate to the Trustee in favor of the Bondholders in accordance with the Indenture. The Issuer has no taxing power or authority, and no taxes are available for the payment of any of the principal of, premium, if any, or interest on the Series 2026 Bonds. A brief description of the Trust Estate is contained in Appendix D.

*Limitation on Enforcement of Remedies.* Enforcement of the remedies under the Indenture may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Series 2026 Bonds relating to the enforceability contain an exception relating to the limitations which may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principles of equity.

## **Deregulation Legislation**

Because of the number and diversity of prior and possible future proposed bills on the deregulation of the energy utility industry, the Issuer is not able to predict the final forms and possible effects of all such legislation which ultimately may be introduced in the current or future sessions of Congress or of the Kentucky General Assembly. The Issuer is also not able to predict whether any such legislation, after introduction, will be enacted into law, with or without amendment. Further, the Issuer is unable to predict the extent to which any such electric utility restructuring legislation may have a material, adverse effect on the financial operations of the Issuer.

## **Kentucky Legislation**

*General.* Kentucky has a number of statutory schemes that generally permit municipalities to furnish utility services. Those statutory schemes are found in KRS Chapter 96. The comprehensive statutory scheme under which the Issuer was organized and continues to operate is the Little TVA Act, which is codified at KRS 96.550 through 96.901, inclusive. Enacted in 1942, the Little TVA Act is intended to be the “complete law” of Kentucky with respect to municipalities acquiring and operating electric plants after June 1, 1942. All laws that conflict with the Little TVA Act were expressly repealed by its enactment. The Little TVA Act vests all Kentucky municipalities, regardless of class, with the power and authority to establish, acquire, own and operate “electric plants.” The Little TVA Act broadly defines “electric plant” as “any plant, works, systems, facilities, and properties (including poles, wires, stations, transformers, and any and all equipment and machinery), together with all parts thereof and appurtenances thereto, used or useful in the generation, production, transmission, or distribution of energy.” Municipal electric utilities organized under the Little TVA Act are specifically authorized to construct, acquire, own, lease, operate, maintain and improve distribution lines, transmission lines and generating plants, together with all necessary and appropriate facilities, equipment and appurtenances, whether individually or jointly with another utility organized under the Little TVA Act.

Kentucky municipalities that operate an electric plant under the Little TVA Act are managed by a board consisting of four (4) residents of the municipality who have resided therein for not less than one (1) year next preceding the date of the appointment, appointed by the mayor or chief executive and approved by the governing body of the municipality. One (1) board member may be appointed who lives in a portion of the utility’s service area that is not within the city if that portion contains ten percent (10%) or more of the utility’s customers and that member is a customer of the utility for not less than one (1) year. In addition to those four (4) members so appointed, the mayor or chief executive shall also, with the approval of the governing body, designate a member of such governing body, or in his discretion the city manager, to serve as a fifth member of the board. The board has the power and capacity to perform any act not repugnant to law and has the express power and capacity to do any act or thing necessary or convenient for carrying out its statutory purpose.

A municipality providing electric service under the Little TVA Act is generally not subject to direct competition in a territory it serves and has the right to establish its electric rates and business practices and procedures within its service boundaries. A municipality operating under the Little TVA Act is forbidden from entering into competition with rural electric cooperative corporations or electric plants operated by another municipality in territory being served by the other provider of electric service at retail, but may enter into cooperative agreements and/or seek franchises to provide electric service in other municipalities under certain circumstances.

The PSC regulates the intrastate rates and services of investor-owned electric utilities and customer-owned electric cooperatives. For utilities subject to its jurisdiction, the PSC has regulatory responsibility for rate increases or reductions, expansion or reduction of utility service boundaries, construction and operation of utility facilities and compliance with service and safety regulations, among other things. In addition, the PSC is charged with administering Kentucky's Certified Territory Act, KRS Sections 278.016 through 278.018, under which each "retail electric supplier" is provided with a territory certified by the PSC in which it enjoys a protected right to provide retail electric service. Generally, a retail electric supplier has the exclusive right to furnish retail electric service to all electric-consuming facilities located within its certified territory and is forbidden from furnishing retail electric service to a consumer located within the certified territory of another retail electric supplier. The Certified Territory Act protects the territory of one retail electric supplier from incursion by another retail electric supplier. KRS 278.016. Likewise, the only utilities entitled to receive a certified territory from the PSC are those falling within the definition of a "retail electric supplier." Municipally-owned electric utilities, however, are specifically excluded from the definition of "retail electric supplier." KRS 278.010(4).

Unless expressly authorized in the future, municipal electric utilities operating under the Little TVA Act are not subject to the jurisdiction of the PSC over the utility's management and control of its electric plant, or over the regulation of its rates or charges, except that the PSC may, when in the public interest, require the municipal utility under limited circumstances to extend service to customers, whether within or beyond city limits, not previously served by the municipal electric utility. KRS 96.880(2). Furthermore, it is not necessary for a municipal utility operating under the Little TVA Act to obtain any certificate of convenience and necessity, license, permit, or other authorization, from any board, commission, or other agency of Kentucky, in order to maintain and operate any electric plant. KRS 96.880(1). Accordingly, the PSC does not currently regulate the rates or services of the Issuer.

*Recent and Future Legislation.* In November 2008, Kentucky released an extensive energy plan outlined in a document entitled *Intelligent Energy Choices for Kentucky's Future*. The energy plan is not legislation; although, it generally outlines the state's energy-related goals of (1) improving the energy efficiency of Kentucky's homes, buildings, industries and transportation fleet, (2) increasing Kentucky's use of renewable energy, (3) sustainably growing Kentucky's production of biofuels, (4) developing a coal-to-liquids industry in Kentucky to replace petroleum-based liquids, (5) implementing a major and comprehensive effort to increase gas supplies, including coal-to-gas in Kentucky, (6) initiating aggressive carbon capture/sequestration projects for coal-generated electricity in Kentucky, and (7) examining the use of nuclear power for electricity generation in Kentucky. If and when Kentucky enacts energy legislation in the future, the particular effect on electric utilities, including municipally owned electric utilities, is not clear.

In March 2025, Kentucky passed Senate Bill 89, which amends the definition of "water" and "water of the Commonwealth" to conform to the federal definition of WOTUS. Specifically the definition is tied to the federal definition of "navigable waters." "Navigable waters" is defined

as WOTUS. This means that Kentucky’s water regulations conform to the federal regulations even as they change with presidential administrations. See “INVESTMENT CONSIDERATIONS – Water Regulations – *Waters of the United States*” above for more information.

## **Illinois Legislation**

The Illinois Climate and Equitable Jobs Act (“CEJA”), which became law in September 2021, requires a 45% reduction in existing carbon dioxide emissions by no later than January 1, 2035. If the reduction in existing emissions cannot be achieved by December 31, 2035, CEJA would require action or actions, including possible retirement of one or more generating units, to achieve the 45% reduction in existing carbon dioxide emissions by June 30, 2038. In addition, all coal-fired generating units, including PSEC, must permanently reduce existing carbon dioxide emissions to zero by no later than December 31, 2045. The Issuer, as a member of KMPA, and the other PSEC participants are considering various options to mitigate CEJA’s impact. As the first deadline for required compliance with the emissions standards set forth in CEJA is nearly 12 years from the date of this Official Statement, KMPA cannot, at this time, state with any certainty the options that will be available to KMPA and other PSEC participants to meet the emissions standards set forth in CEJA.

CEJA does, however, provide that if the reduction of output from or the closing of any plant creates a resource adequacy shortfall in the State of Illinois, the plant can continue to operate until the reliability can otherwise be addressed. CEJA has a potential material future impact on KMPA’s ownership share of PSEC and, accordingly, the Issuer, as a result of the Issuer’s membership interest in KMPA. KMPA and the other PSEC participants have and continue to develop plans to manage the potential impacts of CEJA. Potential impacts cannot be gauged with certainty at this time.

## **Cyber Security**

The Issuer employs a cyber security program that consists of policies, procedures and technical controls. To date, the Issuer has not experienced a cyber security incident which has had a material or operational impact. The Issuer maintains insurance against cyber risks and events.

Although a variety of cyber security measures and safeguards are in place as described above, no assurances can be given that any existing or additional safety and security measures will prove adequate in the event that cyber attacks, military conflicts or terrorist activities, including cyber terrorism, are directed against the Issuer’s systems technology or its assets. Cyber attacks are becoming more sophisticated and certain cyber incidents, such as surveillance, may remain undetected for an extended period. United States government agencies have in the past issued warnings indicating that critical infrastructure sectors such as the electric grid may be specific targets of cyber security threats. Attacks directed at critical electric sector operations could damage generation, transmission or distribution assets that are essential to the Issuer’s ability to serve its customers, cause operational malfunctions and outages, and result in costly recovery and remediation efforts. The costs of security measures or of remedying damage from security breaches could be greater than presently anticipated or not be sufficient to offset the impact of a material loss event.

## **Extreme Weather**

Extreme weather and related catastrophic events such as wildfires, floods, droughts, tornadoes, storms and other sudden or severe changes in climate conditions may cause, among other things, fluctuations in customer energy needs, physical damage to or a reduction in capabilities of utility facilities, interruptions in the ability to provide service and impacts to operating costs and revenues that could affect the overall financial position of the Issuer. The severe winter storm that impacted much of the continental United States from approximately February 12, 2021, through February 16, 2021, is an example of a climatic event that resulted in substantial effects on utilities and their customers, especially within the state of Texas and on other utilities within the Midwest and south-central states that were affected by abnormally high natural gas prices.

The Issuer's generation assets are designed to operate in extreme weather conditions. In anticipation of prolonged extreme cold or other possible weather-related issues, the Issuer reviews policies and procedures, including staffing levels, that promote the continued availability of these assets in the face of weather threats.

In January 2026, Winter Storm Fern affected the Issuer and the broader regional energy market whereby extreme weather conditions caused volatility in energy prices. The Issuer operated its CT Plant to offset some of the energy price volatility and to maintain reliability. Normally, the output of PSEC would mitigate the energy market price volatility, but one of the units was down during the storm, resulting in higher energy costs for the month. Notwithstanding the foregoing, Winter Storm Fern did not have a material adverse impact on the Issuer.

## **Effects of Data Centers and Related Facilities**

Electric utilities nationwide are experiencing increasingly-frequent inquiries from developers, owners and operators of data centers, cryptocurrency mining facilities, and similar entities seeking service for significant new loads. While such projects can provide economic development opportunities, they also present material risks that could affect utility rates and financial stability, particularly where the proposed loads would substantially expand or even eclipse total existing electric utility system requirements. Large load additions may require substantial system upgrades, including transmission and distribution improvements, which can result in significant capital expenditures. If these customers were to curtail or cease operations prematurely, the host utility may face stranded costs associated with infrastructure investments made to serve the load. In addition, failure of a large load customer to pay as and when required for electrical service received could result in substantial financial burdens to the host utility and its other customers.

The Issuer would use a cost-of-service rate structure, such as what is used for crypto mining, that would require the data center to fully cover the cost associated with serving it. This means the data center will pay for the infrastructure, both transmission and generation, needed to serve it so the Issuer and its residential or small business customers will not bear those costs.

## **TAX MATTERS**

Based upon certain covenants, representations and certifications of the Issuer, which Bond Counsel has not independently verified, and assuming continuing compliance therewith, as set forth below, in the opinion of Bond Counsel, (a) interest on the Series 2026 Bonds is excludable

from gross income for federal income tax purposes and is exempt from income taxation by the Commonwealth of Kentucky, and is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)), for the purpose of computing the alternative minimum tax imposed on corporations), and (b) the Series 2026 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions.

The Code requires that the Issuer comply on an ongoing basis with certain obligations in order for the Series 2026 Bonds not to be used in such a manner that would cause the Series 2026 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and for the interest on the Series 2026 Bonds to be and remain excludable from gross income for federal income tax purposes. Failure to meet those obligations could result in the interest on the Series 2026 Bonds becoming subject to federal income taxation, retroactive to the date of the Series 2026 Bonds. The Issuer has covenanted to comply with all such obligations.

Bond Counsel has not opined on any other federal income tax consequences arising for holders of the Series 2026 Bonds. Interest on the Series 2026 Bonds will be includable in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States. In addition, the Code disallows certain federal income tax deductions of certain financial institutions and property and casualty insurance companies which acquire the Series 2026 Bonds.

### **Certain Federal Income Tax Consequences**

The following is a discussion of certain federal tax matters under the Code. This discussion does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondholders. Prospective Bondholders, particularly those who may be subject to special rules, are advised to consult their own tax advisor regarding potential consequences arising under the laws of any state or other taxing jurisdiction.

*Financial Institutions.* The Code denies banks, thrift institutions and other financial institutions a deduction for 100% of their interest expense allocable to tax-exempt obligations, such as the Series 2026 Bonds, acquired after August 7, 1986.

*Borrowed Funds.* The Code provides that interest paid on funds borrowed to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purposes of purchasing or when carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchases of such obligations.

*Property and Casualty Insurance Companies.* The deduction for loss reserves for property and casualty insurance companies is reduced by 15% of the sum of certain items, including the interest received on tax-exempt bonds, such as the Series 2026 Bonds.

*Social Security and Railroad Retirement Benefits.* The Code also requires recipients of certain Social Security or Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest that are exempt from federal income tax.

*Branch Profits Tax.* Certain foreign corporations doing business in the United States may be subject to a branch profits tax on their effectively connected earnings and profits, including tax-exempt interest on obligations such as the Series 2026 Bonds.

*S Corporations.* Certain S corporations that have subchapter C earnings and profits at the close of a taxable year and gross receipts more than 25% of which are passive investment income, which includes interest on tax-exempt obligations, such as the Series 2026 Bonds, may be subject to a tax on excess net passive income.

### **Kentucky Tax Exemption**

Kentucky, like many other states, generally taxes interest on obligations of governmental entities in other states. Under present law, the Series 2026 Bonds are exempt from ad valorem taxation and interest thereon is exempt from income taxation by the Commonwealth of Kentucky and any political subdivisions thereof.

Prior to any purchase of the Series 2026 Bonds, prospective purchasers of the Series 2026 Bonds are advised to consult their own tax advisors as to the impact of the Code upon their acquisition, holding or disposition of the Series 2026 Bonds.

### **Original Issue Discount**

Certain of the Series 2026 Bonds (collectively the “Discount Bonds”), may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (original principal amount) over the “issue price” of each Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons or financial intermediaries acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity are sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of the Discount Bond over the period to maturity based on the constant interest rate method, compounded semi-annually. With respect to a purchaser of a Discount Bond at its issue price in the initial offering, the portion of OID that accrues during the period that the purchaser owns the Discount Bond (i) is interest excludable from that purchaser’s gross income for federal income tax purposes to the same extent and subject to the same extent and subject to the same considerations discussed above as to other interest on the Series 2026 Bonds, and (ii) is added to that purchaser’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Owners of Discount Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID accruable each year with respect to such Series 2026 Bonds and as to other federal tax consequences and the treatment of OID for state and local tax purposes.

### **Original Issue Premium**

Certain of the Series 2026 Bonds (the “Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. If a U.S. owner purchases a Premium Bond, that owner will be considered to have purchased such a Premium Bond with “amortizable bond premium” equal in amount to such excess. The U.S. owner may elect, in accordance with the applicable provisions of Section 171 of the Code, to amortize

that premium as an offset to the interest payments on the Premium Bond using a constant yield to maturity method over the remaining term of the Premium Bond (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium Bond pursuant to Section 1016(a)(5) of the Code.

Owners of Premium Bonds (or book entry interests in them) should consult their own tax advisers as to the determination for federal tax purposes of the amount of amortizable bond premium properly accruable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of amortizable bond premium for purposes of state or local taxes on (or based on) income.

### **Backup Withholding**

General information reporting requirements will apply to payments of principal and interest made on a Series 2026 Bond and the proceeds of the sale of a Series 2026 Bond to non-corporate holders of the Series 2026 Bonds, and “backup withholding” will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Series 2026 Bond that is a U.S. owner can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

### **Nonresident Owners**

Under the Code, interest on any Series 2026 Bond whose beneficial owner is a nonresident alien, foreign corporation or other non-United States person (“Nonresident”) are generally not subject to United States income tax or withholding tax (including backup withholding) if the Nonresident provides the payor of interest on the Series 2026 Bonds with an appropriate statement as to its status as a Nonresident. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the Nonresident conducts a trade or business in the United States and the interest on the Series 2026 Bonds held by the Nonresident is effectively connected with such trade or business, that interest will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding).

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale and delivery of the Series 2026 Bonds are subject to the approving opinion of Rubin & Hays, Louisville, Kentucky, Bond Counsel. The proposed form of the approving opinion of Bond Counsel is set forth in Appendix F. Certain legal matters will be passed upon for the Issuer by its counsel, McMurry & Livingston, PLLC, Paducah, Kentucky, and for the Underwriters by their counsel, Stites & Harbison, PLLC, Louisville, Kentucky.

## **LITIGATION**

No litigation is pending or, to the knowledge of the Issuer, threatened in any court (i) to restrain or enjoin the issuance or delivery of the Series 2026 Bonds, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the Series 2026 Bonds or (ii) in

any way contesting or affecting the validity of the Series 2026 Bonds or the Indenture, or the power to collect and pledge the revenues to pay the Series 2026 Bonds, or contesting the power or authority of the Issuer to issue the Series 2026 Bonds.

## DISCLOSURE COMPLIANCE

The Issuer will comply with the requirements of the SEC regarding secondary market disclosure as set forth in Rule 15c2-12 (the “Rule”), as amended, under the Securities Exchange Act of 1934, as amended. Specifically, the Issuer will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement”), a form of which is attached as Appendix E hereto, in which it will covenant to provide notice in a timely manner, not later than ten business days after the event, to the Municipal Securities Rulemaking Board (“MSRB”) of any of the types of events with respect to the Series 2026 Bonds set forth in the Disclosure Agreement attached hereto. Ongoing financial disclosure regarding the Issuer will be available through the filing, on or before 180 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, of a document entitled the Annual Report and audited annual financial statements of the Issuer with the MSRB’s Electronic Municipal Market Access System (“EMMA”) as required under the Rule and in accordance with the Disclosure Agreement. As set forth in more detail below, there have been instances where annual disclosures required to be filed with EMMA in connection with other outstanding securities were not timely filed with EMMA. The Issuer has put procedures in place to assure that future filings will be timely filed in accordance with the Rule and the Disclosure Agreement.

The obligations of the Issuer described above will remain in effect only for such period that (i) the Series 2026 Bonds are outstanding in accordance with their terms and (ii) the Issuer remains an “obligated person” with respect to the Series 2026 Bonds within the meaning of the Rule. The Issuer reserves the right to terminate its obligation to provide notices of material events, as set forth above, if and when the Issuer no longer remains an “obligated person” with respect to the Series 2026 Bonds within the meaning of the Rule. The Issuer acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Bondholders (including holders of beneficial interests in the Series 2026 Bonds).

In the event of a failure of the Issuer to comply with the disclosure requirements set forth in the Disclosure Agreement, any Bondholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to file its annual report or to give notice of a listed event. A default in compliance with the disclosure requirements under the Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Disclosure Agreement in the event of any failure of the Issuer to comply with the disclosure requirements shall be an action to compel performance.

As identified below, there have been instances where the Issuer has not filed its continuing disclosures on a timely basis:

In 2022, Moody’s Investors Service, Inc. (“Moody’s”) upgraded the insured rating of the Issuer’s Series 2009A Bonds, from “A3” to “A2” and, in 2024, from “A2” to “A1.” Notice of such disclosure events was filed with EMMA on June 26, 2026.

In 2022, Moody’s upgraded the insured rating of the Issuer’s Series 2016A Bonds, from “A2” to “A1.” Notice of such disclosure event was filed with EMMA on June 26, 2026.

## RATINGS

The Series 2026 Bonds have been assigned a rating of “Baa1” by Moody’s and “BBB+” (stable outlook) by Fitch Ratings, Inc (“Fitch”). An explanation of the significance of the rating given by Moody’s may be obtained from Moody’s Investors Services, Inc. at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. An explanation of the significance of the ratings given by Fitch may be obtained from Fitch at 300 W. 57<sup>th</sup> Street, New York, New York 10019, (212) 908-0800. There is no assurance that this rating will continue for any given period of time or that it will not be revised or withdrawn entirely if, in the judgment of Moody’s and Fitch, as the case may be, circumstances so warrant.

## INDEPENDENT AUDITORS

The financial statements of the Issuer, as of and for the years ended June 30, 2024 and 2025, included in this Official Statement in Appendix A have been audited by ATA, PC, independent auditors, as stated in their report appearing herein.

## UNDERWRITING

BofA Securities, Inc. (“BofA”), as representative on behalf of itself, Ramirez & Co., Inc. (“Ramirez”), and Raymond James & Associates, Inc. (“Raymond James” and, together with BofA and Ramirez, the “Underwriters”) has agreed, subject to certain conditions, to purchase all, but not less than all, of the Series 2026 Bonds from the Issuer at a purchase price equal to \$\_\_\_\_\_, which represents the aggregate principal amount of the Series 2026 Bonds, plus original issue premium, less the Underwriters’ discount, for the Series 2026 Bonds. The Underwriters are committed to purchase all of the Series 2026 Bonds if any are purchased. The Series 2026 Bonds may be offered and sold to certain dealers, banks and others (including underwriters and other dealers depositing such Series 2026 Bonds into investment trusts) at prices lower than such initial offering prices and such initial offering prices may be changed from time to time by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA, as one of the Underwriters of the Series 2026 Bonds, has entered into a distribution agreement with its affiliate, Merrill Lynch, Pierce, Fenner & Smith Incorporated

(“MLPF&S”). As part of this arrangement, BofA may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2026 Bonds.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE REFUNDED BONDS**

The accuracy of the arithmetical and mathematical computations of the adequacy of the maturing principal amounts of the Defeasance Obligations in the Escrow Fund together with the interest income thereon and uninvested cash, if any, to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds will be verified by Causey Demgen & Moore P.C. Such verification of arithmetical accuracy and computations shall be based upon information and assumptions supplied by the Issuer and on interpretations of the Code provided by Bond Counsel.

### **ADVISOR**

The Issuer has retained Robert W. Baird & Co. Incorporated as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Series 2026 Bonds. The Municipal Advisor has no obligation to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

### **MISCELLANEOUS**

The references herein to the Act and the Indenture, as supplemented and amended, are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act and the Indenture, as supplemented and amended. Copies of such documents are on file at the offices of the Underwriters and at the office of the Trustee.

The agreement of the Issuer with the Bondholders is fully set forth in the Indenture, and neither any advertisement of the Series 2026 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchaser of the Series 2026 Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

**ELECTRIC PLANT BOARD OF THE  
CITY OF PADUCAH, KENTUCKY**

By: \_\_\_\_\_  
Chief Executive Officer

Attest:

By: \_\_\_\_\_  
Chairman

**APPENDIX A**

**ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY  
REFUNDING REVENUE BONDS, SERIES 2026**

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**Audited Financial Statements of the Electric Plant Board of the City of Paducah, Kentucky  
for Fiscal Years Ended June 30, 2024 and 2025;**

**Unaudited Financial Statements  
for the Six-Month Periods Ended December 31, 2024 and 2025**

**APPENDIX B**

**ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY  
REFUNDING REVENUE BONDS, SERIES 2026**

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**Demographic and Economic Data of the Issuer**

## **PADUCAH, KENTUCKY**

### **(McCracken County)**

Paducah, the county seat of McCracken County, is the major economic center and the largest urban area in west Kentucky's Jackson Purchase Region. Paducah is located at the confluence of the Ohio and Tennessee Rivers (the head of the Tennessee-Tombigbee Waterway) approximately 48 river miles east of the confluence of the Ohio and Mississippi Rivers. Paducah is located 139 miles northwest of Nashville, Tennessee; 167 miles southeast of St. Louis Missouri; and 215 miles southwest of Louisville, Kentucky. Paducah had an estimated 2025 population of 26,730 persons.

McCracken County had an estimated 2025 population of 68,179 persons.

### **The Economic Framework**

The total estimated number of persons employed in McCracken County as of February 2026 was 29,401. Employment by major industry for 2024 was as follows: manufacturing firms in the county reported 3,881 employees; trade, transportation and utilities provided 6,597 jobs; 15,879 people were employed in service occupations; informational services accounted for 207 employees; finance, insurance and real estate services accounted for 2,286 employees; 1,241 employees were state and local government employees; contract construction firms provided 1,804 jobs; and 77 persons were employed in the agricultural field.

### **Labor Supply**

As of February 2026, there was an estimated labor supply of 121,697 persons available for industrial jobs in the labor market area, which is defined as all counties that substantially fall within a 60-minute drive of the target county's county seat to include Williamson, Johnson and Massac Counties in Illinois, and Ballard, Carlisle, Graves, Marshall, Lyon, Caldwell, Livingston and McCracken Counties in Kentucky.

### **Transportation**

Major highways serving McCracken County include Interstate 24 and U.S. Highways 45, 60, and 62. The Interstate 24 Downtown Loop provides direct access from downtown to Interstate 24. Twenty-five trucking companies provide interstate and/or intrastate service to Paducah. Three maintain local terminals. The Paducah & Louisville Railway provides main line rail service to Paducah. Connections with the Illinois Central Railroad and the Burlington Northern Railroad are located near Paducah. The Barkley Regional Airport, six miles west of Paducah, provides scheduled commuter airline service. The Paducah-McCracken County Riverport Authority operates a public riverport at the confluence of the Ohio and Tennessee Rivers.

Major employers in McCracken County (as of 2025) are listed below:

<b><u>Firm</u></b>	<b><u>Product</u></b>	<b><u>Employment</u></b>
Baptist Health – Paducah	Healthcare	1,000+
Mercy Health – Lourdes	Healthcare	1,000+
Four Rivers Nuclear Partnership	Plant deactivation contractor	500-999
James Marine	Inland marine/barge manufacturing	500-999
McCracken County Public School	K-12 Education	500-999
Marquette Transportation Co.	HQ, marine transportation	500-999
Walmart	Retail	500-999
City of Paducah	Government	250-499
Computer Services, Inc.	Bank processing	250-499
Beltline Electric	Electrical	250-499
Credit Bureau Systems	Credit reporting	250-499

Source: Paducah Economic Development.

### McCracken County Economic Statistics

2021-2025

<b><u>Year</u></b>	<b><u>Per Capita Income</u></b>	<b><u>Median Family Income</u></b>	<b><u>Average Weekly Wage</u></b>	<b><u>Unemployment Rate</u></b>	<b><u>Employment</u></b>	<b><u>Civilian Labor Force</u></b>
2025	(1)	\$90,200	\$1,130	4.4% (2)	29,644 (2)	30,741 (2)
2024	\$64,076	97,600	1,142	5.1	29,006	30,565
2023	60,801	83,400	1,097	4.2	29,016	30,300
2022	60,026	71,800	1,054	4.2	28,750	30,010
2021	60,504	63,600	1,047	4.9	28,103	29,536

Source: Kentucky Department of Economic Development; U.S. Department of Housing and Urban Development.

(1) Data not available.

(2) Data as of December 2025.

**APPENDIX C**

**ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY  
REFUNDING REVENUE BONDS, SERIES 2026**

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**Operating and Financial Data for the Issuer**

## **PADUCAH POWER SYSTEM (“PPS”)**

### **Organization and Powers**

The Electric Plant Board of the City of Paducah, Kentucky d/b/a Paducah Power System (“PPS”) was created by an ordinance duly enacted on January 30, 1945, by the City Commission of the City of Paducah, Kentucky (the “City”) which ordinance was amended on March 7, 1959. PPS is a political subdivision of the Commonwealth of Kentucky and is a separate and distinct corporate entity from the City. PPS is governed by five-person board of directors, four members of which are appointed by the City’s Mayor to staggered four-year terms subject to approval by the City Commission. By statute, one position on the PPS board is to be filled by a representative of the City Commission or the City Manager.

On August 23, 1960, the City Commission of the City adopted an ordinance declaring it desirable for PPS to purchase and operate a municipal electric plant system and setting the question for a referendum of the City’s voters. The referendum was held on November 8, 1960, and resulted in approval of the acquisition by PPS of the existing investor-owned electric distribution system serving the City by over 76 percent of the voters.

In July of 1961, PPS issued revenue bonds to finance the purchase from Kentucky Utilities Company (“KU”) of its electric distribution system located within the city limits of the City and a fringe area in McCracken County, Kentucky, beyond the city limits. PPS thereafter began providing retail electric service within its exclusive service area under a long-term all-requirements wholesale power contract with the Tennessee Valley Authority (“TVA”). The original wholesale power contract between PPS and TVA was renewed by a power contract dated August 8, 1980. As permitted by the terms of the 1980 power contract, PPS in 2004 notified TVA that the contract would terminate as of December 21, 2009. Since termination of the TVA wholesale power contract, PPS has purchased virtually all of its electric power and energy requirements from the Kentucky Municipal Power Agency (“KMPA”). KMPA is a public agency created and operating under an Interlocal Cooperation Agreement dated February 7, 2005, by and between its two members, PPS and Princeton Electric Plant Board, as authorized by the Interlocal Cooperation Act, KRS 65.210 to 65.300, for purposes that include the mutual advantages that may be obtained from the coordinated planning, construction and operation of electric power generation and transmission facilities and the joint purchases, sales and exchanges of electric power and energy.

### **The Electric Plant**

As of June 30, 2025, the PPS distribution system serves approximately 22,843 customers. Of this number, approximately 18,967, or 83%, are classified as residential customers and approximately 3,469, or 15.2%, are small and large commercial customers. The PPS service area includes most of the area within the corporate boundaries of the City which have been extended a number of times by annexation over the years and a portion of McCracken County outside of the city limits.

Along with some 79 other municipal electric utility members of American Municipal Power, Inc. (“AMP”), PPS is a party to a Power Sales Contract with AMP dated as of November 1, 2007, pertaining to AMP’s Combined Hydroelectric Projects which consist of three hydroelectric generation projects developed by AMP at existing locks and dams on the Ohio River at Smithland, Cannelton, and Willow Island, Kentucky. PPS is subscribed to 7.55 MW of this hydroelectric

project. PPS is also a party to a certain Power Sales Contract dated as of March 1, 2009, among AMP and a number of AMP's other municipal electric utility members pertaining to AMP's interest in the Greenup Hydroelectric Facility and the Meldahl Hydroelectric Project both of which are also located on the Ohio River. PPS is subscribed to the Greenup Hydroelectric Facility and the Meldahl Hydroelectric Project at a cumulative level of 7.55 MW. Each of the AMP Power Sales Contracts referred to in this paragraph is a "take or pay" contract. PPS began receiving power under these AMP contracts in fiscal year 2016.

In addition to the Power Sales Contracts with AMP, PPS purchases a small allotment of hydroelectric power from the Southeastern Power Administration ("SEPA") and on occasion generates power to serve its load on the PPS gas-fired combustion turbine generating plant (described below). Other than the hydroelectric power purchased from AMP and SEPA, the majority of all electric power requirements of PPS is purchased from KMPA. KMPA has a network integration transmission service agreement in place with Louisville Gas & Electric/Kentucky Utilities whose transmission system adjoins the PPS service area. Power is received by PPS at two main delivery points at 161,000 volts. One delivery point is located in west McCracken County near the intersection of Mayfield-Metropolis Road and Old U.S. 60. The second delivery point is located near the southern PPS boundary at its Substation No. 8 on Schneidman Road.

In May 2010, PPS completed construction of a gas-fired combustion turbine peaking facility located adjacent to its Substation No. 8 and at one of the two points at which the PPS distribution system interconnects to the transmission system of Louisville Gas & Electric/ Kentucky Utilities. The peaking plant consists of two new Pratt & Whitney Power Systems FT8-3 Swift Pac combustion turbine packages and all necessary ancillary equipment. Each of the peaking plant's two generators has a nominal capacity of 62 MW. The total capability of the peaking units is approximately 110 MW at peak summer ambient temperatures.

A 69,000 volt transmission system connects the system's ten distribution substations to the delivery points. The 69 kV system is "looped" from distribution substation to substation to provide flexibility in switching and increase reliability.

The distribution substations reduce the voltage from 69,000 volts to 12,470 volts that is the System's nominal distribution voltage. Distribution transformers, both pole-mounted and pad-mounted, reduce the voltage to the utilization level required by the system's customers.

The total transformer nameplate capacity of the distribution substations is 356,000 kilo-volt amps. The nameplate capacity of the delivery point transformers (total system capacity) is 316,000 kilo-volt amperes. An all-time maximum system peak for the system is 161,000 kilowatts. This peak was set in August 2000.

PPS has total assets of \$172,083,030 with approximately 895 miles of line with 25 customers per mile and an average residential usage of 1,066 kilowatt-hours per month.

Neither the rates charged nor services provided by PPS are regulated by the Kentucky Public Service Commission or the City. The PPS Board is autonomous in its rate-setting authority.

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The current schedule for electric rates and power cost adjustments, as of June 8, 2026, is shown below. The table below also shows the adjusted electric rates and power cost adjustments that will take effect on July 1, 2026. The adjusted electric rates were approved by PPS at a special meeting on June 8, 2026, and are estimated to increase customers' costs by approximately 3%.

<b><u>Customer Class</u></b>	<b>Retail Rates</b>	
	<b><u>Existing Rate</u></b>	<b><u>Adjusted Rate*</u></b>
<b><u>Residential - 22</u></b>		
Customer Charge	\$16.50	\$20.50
Energy Charge - All kWh	\$0.14478	\$0.14999
Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)
<b><u>GSA-1 - 40</u></b>		
Customer Charge	\$33.00	\$41.00
Energy Charge - All kWh	\$0.14947	\$0.15485
Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)
<b><u>GSA-2 - 50</u></b>		
Customer Charge	\$160.00	\$214.00
Demand Charge - Up to 50 kW	\$0.00	\$0.00
Demand Charge - 51-1,000 kW	\$17.25	\$19.27
Energy Charge - Up to 15,000 kWh	\$0.14100	\$0.14608
Energy Charge - Additional kWh	\$0.11218	\$0.11622
Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)
<b><u>GSA-3 - 54 &amp; 55</u></b>		
Customer Charge	\$275.00	\$342.00
Demand Charge - All kW	\$16.50	\$18.43
Energy Charge - All kWh	\$0.09972	\$0.10331
Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)
<b><u>Industrial - 58</u></b>		
Customer Charge	\$295.00	\$367.00
Demand Charge - All kW	\$17.25	\$19.27
Energy Charge - All kWh	\$0.08672	\$0.08984
Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)
<b><u>Drainage Pumps - 94</u></b>		
Customer Charge	\$77.00	\$96.00
Energy Charge - All kWh	\$0.12197	\$0.12636
Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)
<b><u>City Street Lights - 72</u></b>		
Energy Charge - All kWh	\$0.12893	\$0.13357
Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)

[Table Continues on Next Page]

Watts	Lumens	Rated KWH	<u>Existing Rates</u>		<u>Adjusted Rate*</u>	
			Facility Charge	Total	Facility Charge	Total
<b><u>Outdoor Lighting - 73/74/75</u></b>						
				Energy Charge - All kWh	\$0.10693	\$0.11078
				Power Cost Adjustment - All kWh	(\$0.00167)	(\$0.00602)
High Pressure Sodium						
100	8,550	42	\$4.12	\$8.54	\$4.45	\$8.85
200	18,900	82	\$4.61	\$13.24	\$4.98	\$13.57
250	22,500	105	\$7.05	\$18.10	\$7.61	\$18.61
400	45,000	165	\$5.78	\$23.15	\$6.24	\$23.53
Metal Halide						
1000	110,000	365	\$14.15	\$52.57	\$15.28	\$53.52
1500	135,000	548	\$20.29	\$77.97	\$21.91	\$79.32
Mercury Vapor						
175	7,650	70	\$2.71	\$10.08	\$2.93	\$10.26
400	19,110	155	\$4.06	\$20.38	\$4.38	\$20.62
1000	47,500	378	\$6.98	\$46.77	\$7.54	\$47.14
LED						
4k (35)	4,000	15	\$8.21	\$9.79	\$8.87	\$10.44
5k (57)	5,000	24	\$6.44	\$8.97	\$6.96	\$9.47
13k (98)	13,000	41	\$9.21	\$13.53	\$9.95	\$14.25
23k(174)	23,000	72	\$15.48	\$23.06	\$16.72	\$24.26
15k (98)	15,000	41	\$9.21	\$13.53	\$9.95	\$14.25
55k (356)	55,000	148	\$29.10	\$44.68	\$31.43	\$46.93

\* Adopted June 8, 2026, and to be effective July 1, 2026.

Source: Paducah Power System

Note: Customer charges for outdoor lighting are dependent on type and size.

Power Cost Adjustment charges are applicable to all KWH.

Set forth below is a list of the ten largest electric customers in terms of amount of electricity and revenue generated during fiscal year 2025.

<u>Customer</u>	<u>Usage (Kilowatt Hrs.)</u>	<u>Dollar Sales</u>
Atlas Power*	148,569,359	\$8,717,294
Baptist Health Paducah	27,290,055	3,417,440
Lourdes Hospital	21,585,453	2,782,459
Stadium Paducah*	36,699,983	2,135,109
HB Fuller Co	10,516,200	1,170,889
West KY Community College (KCTCS)	7,350,420	1,109,663
City of Paducah	5,023,944	994,263
Walmart Stores	6,649,689	896,505
Paducah Water Works	6,016,012	825,569
Kroger	4,954,481	672,145

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Source: Paducah Power System

\* Represents Bitcoin mining customers. The dollar sales amounts shown are gross sales of electric power. However, a significant portion of the Issuer's sales to these customers is made on a pass-through basis whereby the Issuer purchases power on the open market and then passes the costs of such purchases to the customer. The Issuer is paid a distribution fee, where approximately 90% of such fee is deposited into a rate stabilization fund while the remainder is applied to reduce power costs for other customers.

Listed below are customer statistics of the Issuer for the last five fiscal years.

	<b>FY25</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>
Residential	18,967	18,863	18,885	18,862	18,902
Commercial	3,469	3,491	3,447	3,347	3,331
Lighting	405	408	404	402	410
Total	22,843	22,762	22,736	22,611	22,643
MWh Sold	714,239	524,909	518,735	540,188	515,290
Peak MW	140	135	135	129	128

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Source: Paducah Power System

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**Financial Information**

The following is a five-year presentation of the Issuer's finances to include balance sheets, and statements of revenues, expenses and changes in retained earnings based on historical revenues. Please refer to Appendix A for the Issuer's 2024-2025 Audited Financial Statements.

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**ELECTRIC PLANT BOARD OF THE  
CITY OF PADUCAH, KENTUCKY D/B/A  
PADUCAH POWER SYSTEM (PPS)  
BALANCE SHEETS**

	<b>ASSETS</b>				
	<b>June 30,</b>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>UTILITY PLANT</b>					
Transmission system	\$10,758,955	\$10,671,640	\$10,626,139	\$10,594,564	\$10,565,147
Distribution system	113,757,810	103,667,169	99,264,138	96,725,873	95,782,661
Land	2,724,964	2,724,964	2,724,964	2,724,964	2,680,779
Generation plant	112,674,273	112,492,904	112,250,790	112,088,916	112,088,916
General plant	28,393,326	26,124,644	25,594,762	25,204,998	24,438,899
Less accumulated depreciation	(142,775,037)	(135,489,423)	(127,791,545)	(120,743,886)	(114,339,707)
Construction work in progress	2,901,788	7,788,613	1,748,765	1,392,420	1,582,078
Total Utility Plant	<u>\$128,436,079</u>	<u>\$127,980,511</u>	<u>\$124,418,013</u>	<u>\$127,987,849</u>	<u>\$132,798,773</u>
<b>OTHER ASSETS</b>					
Sinking Fund	\$9,338,746	\$6,627,369	\$6,015,894	\$5,665,715	\$5,400,197
Investment in Meridian Cooperative	218,183	216,459	207,179	210,733	193,954
Investment in MuniNet Fiber Agency	709,958	693,321	667,833	603,455	546,264
Investment in CSA	20,814	21,676	22,527	23,368	24,199
Regulatory Assets	6,193,969	5,681,686	5,072,551	3,225,256	3,547,718
Unamortized debt discount	1,051,252	1,165,090	1,405,814	1,519,654	1,633,494
Unemployment Trust Fund	82,135	31,520	31,520	29,846	29,846
Other	897,948	799,329	654,686	540,139	521,250
Total Other Property and Investments	<u>\$18,513,005</u>	<u>\$15,236,450</u>	<u>\$14,078,004</u>	<u>\$11,818,166</u>	<u>\$11,896,922</u>
<b>CURRENT ASSETS</b>					
Cash and temporary cash investments	\$3,318,642	\$6,139,722	\$9,522,067	\$3,298,959	\$1,819,501
Cash reserve fund	11,000,000	11,000,000	14,060,001	10,530,000	5,000,000
Trade receivables, net	9,079,595	8,540,411	7,000,453	10,185,465	6,792,529
Materials and supplies, at average cost	1,537,326	1,510,838	1,407,600	1,193,382	1,044,299
Prepaid expenses	78,221	19,444	19,750	976,329	854,394
Receivable from MuniNet Fiber Agency	628	628	628	628	628
Rent receivable	119,534	119,534	119,534	119,534	118,514
Total Current Assets	<u>\$25,133,946</u>	<u>\$27,330,577</u>	<u>\$32,130,033</u>	<u>\$26,304,297</u>	<u>\$15,629,865</u>
<b>TOTAL ASSETS</b>	<u>\$172,083,030</u>	<u>\$170,547,538</u>	<u>\$170,626,050</u>	<u>\$166,110,312</u>	<u>\$160,325,560</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension and OPEB	\$3,386,921	\$3,611,049	\$3,848,104	\$4,915,903	\$5,916,975
Deferred savings on bond refunding	8,848,772	9,784,787	11,538,895	12,474,909	13,410,923
Total deferred outflows of resources	<u>\$12,235,693</u>	<u>\$13,395,836</u>	<u>\$15,386,999</u>	<u>\$17,390,812</u>	<u>\$19,327,898</u>

Source: Paducah Power System Audited Financial Statements

**ELECTRIC PLANT BOARD OF THE  
CITY OF PADUCAH, KENTUCKY D/B/A  
PADUCAH POWER SYSTEM (PPS)**

**BALANCE SHEETS**

	<b>LIABILITIES</b>				
	<b>June 30,</b>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$6,901,013	\$6,780,416	\$5,919,346	\$7,688,884	\$6,063,683
Customer deposits	4,216,630	3,955,260	917,735	1,504,580	679,240
Accrued taxes and equivalents	776,490	911,165	918,184	927,777	953,094
Accrued interest	1,264,523	1,327,911	1,376,667	1,432,017	1,500,496
Other accrued liabilities, including line of credit	3,162,769	2,058,334	1,609,332	1,344,800	1,312,161
Notes payable	492,063	-	-	-	-
Bonds payable	6,665,000	6,345,000	5,775,000	5,495,000	5,230,000
Total Current Liabilities	\$23,478,488	\$21,378,086	\$16,516,264	\$18,393,058	\$15,738,674
 <b>NON-CURRENT LIABILITIES</b>					
Bonds payable	98,591,073	106,319,002	114,834,292	121,672,219	128,230,146
Note payable	5,037,228	-	275,662	285,843	-
Other unearned revenues	261,311	265,487	14,256,275	4,895,806	296,258
Other regulatory liabilities	6,118,727	13,304,919	16,224,147	14,240,442	-
Net pension liability	13,725,132	14,602,882	4,428,407	4,274,967	22,685,886
Total Non-Current Liabilities	\$123,733,471	\$134,492,290	\$150,018,783	\$145,369,277	\$151,212,290
 <b>TOTAL LIABILITIES</b>					
	\$147,211,959	\$155,870,376	\$166,535,047	\$163,762,335	\$166,950,964
 <b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension and OPEB	\$5,281,044	\$6,577,428	\$1,826,742	\$4,943,354	\$1,546,128
Total deferred inflows of resources	\$5,281,044	\$6,577,428	\$1,826,742	\$4,943,354	\$1,546,128
 <b>NET POSITION</b>					
Net Investment in capital assets	33,080,030	26,266,386	16,753,430	14,815,194	14,383,044
Restricted for:					
Debt service	9,338,746	6,627,369	6,015,894	5,665,715	5,400,197
Net OPEB asset	397,342	314,205	-	-	-
Unrestricted	(10,990,398)	(11,712,390)	(5,118,064)	(5,685,474)	(8,626,875)
<b>Total Net Position</b>	\$31,825,720	\$21,495,570	\$17,651,260	\$14,795,435	\$11,156,366

Source: Paducah Power System Audited Financial Statements

**ELECTRIC PLANT BOARD OF THE  
CITY OF PADUCAH, KENTUCKY D/B/A  
PADUCAH POWER SYSTEM (PPS)**

**COMBINED STATEMENTS OF INCOME AND CHANGES IN RETAINED EARNINGS**

	Years Ending June 30,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>					
Charges for services:					
Residential	\$31,652,380	\$31,394,908	\$31,279,338	\$32,973,708	\$30,463,318
Large lighting and power	32,679,959	33,440,502	33,124,443	35,571,292	32,349,554
Small lighting and power	9,390,487	9,320,223	9,107,337	9,504,972	8,550,448
Street and outdoor	14,024,109	2,769,934	2,829,943	2,758,464	1,665,440
Total Charges for Services	<u>\$87,746,935</u>	<u>\$76,925,567</u>	<u>\$76,341,061</u>	<u>\$80,808,436</u>	<u>\$73,028,760</u>
Miscellaneous:					
Forfeited discounts	414,711	389,857	418,227	430,151	186,802
Service revenue	3,219,292	3,146,421	3,163,813	3,102,118	2,879,037
Regulatory debits (credits)	7,186,192	951,356	(9,360,469)	(5,545,936)	(650,089)
Other electric revenue	6,399,918	6,223,170	12,505,089	8,233,436	4,864,563
Total Miscellaneous	<u>\$17,220,113</u>	<u>\$10,710,804</u>	<u>\$6,726,660</u>	<u>\$6,219,769</u>	<u>\$7,280,313</u>
<b>TOTAL OPERATING REVENUES</b>	<u>\$104,967,048</u>	<u>\$87,636,371</u>	<u>\$83,067,721</u>	<u>\$87,028,205</u>	<u>\$80,309,073</u>
<b>PURCHASED POWER AND OPERATING EXPENSES</b>					
Purchased power	62,345,166	51,007,361	41,297,599	48,296,744	53,023,167
General operating expense	8,371,043	8,579,863	9,995,486	8,746,447	10,542,614
Generation plant expense	6,198,397	6,337,061	10,361,519	6,807,438	1,879,572
Maintenance expense	2,601,472	2,966,506	2,513,753	2,384,969	1,968,063
Other operating expense	11,617,797	11,559,294	11,578,310	11,574,701	11,606,657
Total Purchased Power and Operating Expenses	<u>\$91,133,875</u>	<u>\$80,450,085</u>	<u>\$75,746,667</u>	<u>\$77,810,299</u>	<u>\$79,020,073</u>
<b>OPERATING INCOME</b>	<u>\$13,833,173</u>	<u>\$7,186,286</u>	<u>\$7,321,054</u>	<u>\$9,217,906</u>	<u>\$1,289,000</u>
<b>NONOPERATING REVENUES/EXPENSES</b>					
Interest Expense	(4,958,554)	(5,199,948)	(5,461,049)	(5,714,989)	(5,973,570)
Interest earned on investments	1,460,858	1,705,518	1,002,646	69,235	39,266
Amortization Expense	(2,228)	160,159	(2,228)	(2,228)	(2,228)
Other non-operating income (expense)	(3,099)	(7,705)	(4,598)	69,145	(3,760)
Total Nonoperating Revenues/Expenses	<u>(\$3,503,023)</u>	<u>(\$3,341,976)</u>	<u>(\$4,465,229)</u>	<u>(\$5,578,837)</u>	<u>(\$5,940,292)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$10,330,150</u>	<u>\$3,844,310</u>	<u>\$2,855,825</u>	<u>\$3,639,069</u>	<u>(\$4,651,292)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>\$21,495,570</u>	<u>\$17,651,260</u>	<u>\$14,795,435</u>	<u>\$11,156,366</u>	<u>\$15,807,658</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$31,825,720</u>	<u>\$21,495,570</u>	<u>\$17,651,260</u>	<u>\$14,795,435</u>	<u>\$11,156,366</u>

Source: Paducah Power System Audited Financial Statements

**APPENDIX D**

**ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY  
REFUNDING REVENUE BONDS, SERIES 2026**

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**Definitions and Summary of Certain Provisions of the Indenture**

## **DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary of certain provisions of the Indenture. The summary does not purport to set forth all of the provisions of such documents, to which reference is made for the complete and actual terms thereof.

### **DEFINITIONS**

Set forth below are summary definitions of certain terms used in the summary of the Indenture contained in the Official Statement.

“*Act*” means Sections 96.550 to 96.901 of the Kentucky Revised Statutes, as amended.

“*Annual Budget*” means the budget adopted by the Issuer at the beginning of each Fiscal Year, as the same may be amended from time to time.

“*Assumed Amortization Period*” means, with respect to any Indebtedness the principal and interest requirements of which are to be recast for purposes of a calculation of the Debt Service Coverage Ratio, the period of time determined, at the election of the Issuer, pursuant to either paragraph (a) or paragraph (b) below:

(a) twenty-five (25) years; or

(b) the period of time, not exceeding twenty-five (25) years, set forth in an opinion delivered to the Trustee of an investment banker selected by the Issuer and experienced in underwriting indebtedness of the type being recast, or of another Person selected by the Issuer and experienced in the issuance and sale of indebtedness of such type, as being the maximum period of time over which indebtedness having comparable terms and security issued or incurred by municipal utilities of comparable credit standing would, if then being offered, be marketable on reasonable and customary terms.

“*Assumed Interest Rate*” means, with respect to any Indebtedness the principal and interest requirements of which are to be recast for purposes of a calculation of the Debt Service Coverage Ratio, the rate per annum determined in accordance with the applicable paragraph set forth below:

(a) with respect to Variable Rate Indebtedness proposed to be incurred, the Projected Rate;

(b) with respect to Variable Rate Indebtedness then Outstanding, 100% of the weighted average annual interest rate borne by such Variable Rate Indebtedness during the 12-month period ending on the date of calculation, or with respect to Variable Rate Indebtedness issued during such 12-month period, 125% of the initial rate borne by such Variable Rate Indebtedness; or

(c) with respect to Indebtedness then Outstanding and not described in either clause (a) or clause (b) above, the Projected Rate.

“*Authorized Denominations*” means the Authorized Denominations set forth in a Supplemental Indenture and in respect to the Series 2026 Bonds, \$5,000 or any integral multiple thereof.

“*Authorized Investments*” means any of the following:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments which are rated in one of the two highest Rating Categories by a Rating Agency evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:  
  
Federal Home Loan Bank System; Export-Import Bank of the United States; Merchant Marine Bonds; Federal Farm Credit Banks; Bank for Cooperatives; Government National Mortgage Association; Federal National Mortgage Association; Tennessee Valley Authority; Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or its affiliates) rated in one of the three highest Rating Categories by a Rating Agency and fully secured by collateral security described in clause (1) or (2) of this definition or any other collateral authorized by Kentucky law for repurchase agreements, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or its affiliates) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated in the highest Rating Category by a Rating Agency;

- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated one of the two highest Rating Categories by a Rating Agency or mutual funds invested only in such obligations and which are rated in one of the two highest Rating Categories by a Rating Agency;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated the highest Rating Category by a Rating Agency;
- (9) shares of mutual funds, each of which shall have the following characteristics:
  - (i) the mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;
  - (ii) the management company of the investment company shall have been in operation for at least five (5) years;
  - (iii) all of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above; and
  - (iv) the mutual fund shall be rated in one of the two highest Rating Categories by a Rating Agency; or
- (10) any other investment allowed by State law.

“*Authorized Representative*” means, with respect to the Issuer, its Chairman, Vice-Chairman, Treasurer, Secretary, General Manager, Chief Financial Officer or any other person or persons designated as an Authorized Representative of the Issuer.

“*Bankruptcy Code*” means the United States Bankruptcy Code, as amended from time to time.

“*Bond Counsel*” means the firm of Rubin & Hays of Louisville, Kentucky, or any other firm of nationally recognized bond counsel, whose members are duly admitted to practice law before the highest court of any state and designated by the Issuer as its bond counsel for the Bonds. Nothing shall preclude the Issuer from designating the same firm as both Tax Counsel and Bond Counsel.

“*Bond Fund*” means the fund of that name described in the Indenture.

“*Bond Register*” means the books for registration of Bonds kept for the Issuer by the Trustee as provided in the Indenture.

“*Bond Year*” means each one-year period that ends on the date selected by the Issuer. The first and last Bond Years may be short periods. If no date is selected by the Issuer before the earlier of the final maturity date of the Bonds or the date that is five years after the Date of Issue of the Bonds, Bond Years end on each anniversary of the Date of Issue and on the final maturity date of the Bonds.

“*Bonds*” means collectively all bonds, notes or obligations issued under and secured by the Indenture, including the Series 2026 Bonds, the Series 2009A Bonds, Series 2016A Bonds and any Parity Bonds.

“*Book Entry System*” means, with respect to any series of Bonds, a form or system, as applicable, under which (i) the beneficial ownership interests may be transferred only through a book entry and (ii) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical Bond certificates “immobilized” in the custody of the Depository. The Book Entry System maintained by and the responsibility of the Depository and not maintained by or the responsibility of the Issuer or the Trustee is the record that identifies, and records the transfer of the interests of, the owners of book entry interests in the Bonds.

“*Business Day*” means any day other than (i) a Saturday, (ii) a Sunday, (iii) a day on which banking institutions in the Commonwealth of Kentucky, the State of New York or any state in which the office of the Trustee is located are closed as authorized or obligated by law or administrative order or (iv) a day on which the New York Stock Exchange is closed.

“*Capital Improvement Fund*” means the fund of that name described in the Indenture.

“*Capital Improvements*” means anticipated and unanticipated necessary repairs, renewals, replacements, extensions, renovations, improvements, acquisitions and additions to the Plant.

“*Capital Reserve Requirement*” refers, as of any particular computation date, to the amount, determined by an Independent Consultant and set forth in the then most recent report of the Independent Consultant to the Issuer and the Trustee, to be held in the Capital Improvement Fund as the amount reasonably anticipated under prevailing standards of sound electric utility management to be necessary for the purpose of providing funds which may be needed for Capital Improvements.

“*Certificate, statement, request, direction or order*” of the Issuer means a written certificate, statement, request, direction or order signed in the name of the Issuer by an Authorized Representative of the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the Indenture, each such instrument shall include the statements provided for in the Indenture.

“*City*” means the City of Paducah, Kentucky.

“*Code*” means the Internal Revenue Code of 1986, as amended, or any successor federal income tax statute or code. Any reference to a provision of the Code shall include the applicable

regulations of the Department of the Treasury promulgated or proposed with respect to such provision.

“*Consultant’s Report*” means, when used with reference to a Projection, a written statement of an Independent Consultant to the effect that the Independent Consultant has reviewed the Projection, concurs with the calculations reflected therein and believes that the assumptions and rationale upon which the Projection is based are reasonable and appropriate.

“*Costs of Issuance Account*” means the account of that name in the Project Fund described in the Indenture.

“*Credit Enhanced Indebtedness*” shall mean Indebtedness the principal of and interest on which are secured by the proceeds of an irrevocable letter of credit, surety bond, insurance policy or other credit facility or arrangement with a Person who the Issuer is obligated to reimburse for advances made for amounts due on such Credit Enhanced Indebtedness.

“*Credit Enhancer*” shall mean to a Person who has undertaken to provide moneys necessary for payment to holders of Credit Enhanced Indebtedness.

“*Date of Issue*” means the date the Bonds are issued pursuant to the related Supplemental Indenture and delivered to an underwriter.

“*Debt Service*” means Maximum Annual Debt Service for the purpose of calculating (i) the Debt Service Coverage Ratio for the issuance of Parity Bonds as described in the Indenture and (ii) the required coverage for the covenant relating to rates as described in the Indenture.

“*Debt Service Coverage Ratio*” means for the period in question the ratio of Net Revenues to the Debt Service; provided, however, that for purposes of calculating such ratio:

(a) principal and interest requirements on Long-Term Indebtedness, or portions thereof, shall not be included in the computation of the Debt Service until the Fiscal Year in which such principal or interest, or portions thereof, first becomes payable from sources other than amounts deposited in trust, escrowed or otherwise set aside exclusively for the payment thereof at the time of incurrence of Indebtedness (including without limitation capitalized interest and accrued interest so deposited into trust, escrowed or otherwise set aside) with the Trustee or another Person approved by the Trustee;

(b) any Long-Term Indebtedness having a single principal maturity and no sinking fund redemption requirements, or having a principal amount due in any Fiscal Year which exceeds an amount equal to 200% of the maximum principal amount of such Long-Term Indebtedness that would have become due (whether at maturity or pursuant to sinking fund redemption requirements) in such Fiscal Year if such Indebtedness Outstanding on the date of calculation had been amortized on a level debt service basis from the date of calculation over the stated term of such Indebtedness shall be deemed to bear interest at the Assumed Interest Rate determined in accordance with paragraph (c) of the definition of Assumed Interest Rate and shall be deemed to be amortized on a level debt service basis over a period equal to the Assumed Amortization Period;

(c) the interest on any Variable Rate Indebtedness shall be calculated in accordance with paragraph (a) of the definition of Assumed Interest Rate;

(d) debt service on Credit Enhanced Indebtedness shall be deemed to include all periodic payments to the Credit Enhancer but shall not be based upon the terms of any reimbursement obligation to the Credit Enhancer except to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligation due to the Credit Enhancer advancing funds and not being reimbursed; and

(e) any outstanding debt which has been completely defeased shall be excluded.

“*Declaration of Acceleration*” means a declaration given in accordance with the provisions of the Indenture that all principal of and interest on the Bonds are due and payable immediately.

“*Depository*” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in the Bonds, and to effect transfers of book entry interests in the Bonds in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“*Depository Bank*” means a bank or trust company, designated by the Issuer, in which one or more of the Funds referred to in the Indenture will be established and maintained; provided, however, that by appropriate action the Issuer, from time to time, may designate a different bank or trust company.

“*Designated Office of the Trustee*” means the corporate trust office of the Trustee established from time to time by written notice sent by the Trustee to the Issuer and to each Owner.

“*Determination of Taxability*” means the receipt by the Trustee (1) of written notice of any final determination, decision or decree, all applicable appeal periods with respect to which shall have expired, made by the Commissioner or any District Director of the Internal Revenue Service or by any court of competent jurisdiction, or (2) of an opinion of Tax Counsel, in either case to the effect that interest on the Tax-Exempt Bonds is not excludable for regular federal income tax purposes under Section 103(a) of the Code from gross income of any Owner of the Tax-Exempt Bonds (other than an Owner who is a substantial user of the Plant or related person as defined in the Code) or (3) of notice that, as a result of any amendment, modification, addition or change made in Section 103 or any other provision of the Code or in any regulation or proposed regulation thereunder, or any ruling issued or revoked by the Internal Revenue Service, or any other action taken by the Internal Revenue Service, the Department of the Treasury or any other governmental agency, authority or instrumentality, or any opinion of any federal court or of the United States Tax Court rendered, Tax Counsel is unable to give an opinion that the interest payable on any Tax-Exempt Bond on or after a date specified in such notice is excludable from gross income of the taxpayer named therein (other than any such taxpayer who is a “substantial user” or a “related person,” within the meaning of Section 147(a) of the Code) for regular federal income tax purposes.

“*Direct Participant*” means a Participant as defined in the Letter of Representations.

“*Event of Default*” means any of the events specified in the Indenture.

“*Final Computation Date*” means the date on which all amounts due with respect to the Bonds are actually and unconditionally due, if cash is available at the place of payment, after which date no interest accrues with respect to any of the Bonds. The Final Computation Date for the Bonds will generally be the earlier of (a) the final principal payment date for the Bonds or (b) the date on which the Bonds are redeemed as a whole.

“*Financing Expenses*” means all expenses of issuing and/or preparing any series of Bonds or the Indenture, including but not limited to legal, fiscal and printing expenses, the fee of the Trustee, or any bank or other agency for collection or administration of the Bonds, advertising expenses, any fees or expenses incurred in connection with the placement of any series of Bonds by the Underwriters, any bond insurance premium or fees, any rating agency fee paid to a Rating Agency and any and all other similar out-of-pocket expenses.

“*Fiscal Year*” means the period of twelve complete, consecutive calendar months ending on June 30 of each year.

“*Fitch*” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

“*Funds*” means the funds described in the Indenture.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means those principles of accounting set forth in statements of the Financial Accounting Standards Board or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report, as such principles are from time to time supplemented and amended.

“*Governing Body*” means, with respect to the Issuer, its board of directors appointed by the City and for any Person, the board of directors, board of commissioners or board of trustees of such Person, or if there shall be no board of trustees, board of commissioners or board of directors, then such person or body which pursuant to law or the organizational documents of the Person is vested with powers similar to those vested in a board of trustees, board of commissioners or a board of directors; the term also encompasses any committee empowered to act on behalf of such board or Governing Body.

“*Government Obligations*” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America.

“*Holder*”, “*Bondholder*”, “*Owner*” or “*Bondowner*” means, whenever used herein with respect to a Bond, the Person in whose name a Bond is registered on the Bond Register.

“*Indebtedness*” means, without duplication, (a) all indebtedness of the Issuer incurred for borrowed moneys or which has been incurred or assumed in connection with the acquisition,

construction, development or operation of the Plant; (b) all indebtedness for borrowed moneys, no matter how created, secured by the Net Revenues of the Plant; and (c) the liability of the Issuer under any lease of real or personal property which is properly capitalized on the balance sheet of the Issuer in accordance with GAAP and which is integral to the ownership or the operation of the Plant.

“*Indenture*” means the Trust Indenture dated as of June 1, 2016, by and between the Issuer and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

“*Independent Certified Public Accountant*” means an Independent Person of national recognition and experience qualified as a certified public accountant.

“*Independent Consultant*” means an Independent Person of national recognition and experience appointed by the Issuer and not objected to by the Trustee, which objection shall be reasonable, as lacking the skill or the experience necessary to render the particular opinions and reports required by the Indenture.

“*Independent Engineer*” means an Independent Person qualified as a licensed professional engineer with an expertise in electric power and energy generation systems.

“*Independent Insurance Consultant*” means an Independent Person, appointed by the Issuer and not objected to by the Trustee, which objection shall be reasonable, as lacking (a) the qualifications to survey risks and to recommend insurance coverage for facilities of the type or types operated by the Issuer and services and organizations engaged in like operations and (b) a favorable reputation for skill and experience in such surveys and such recommendations, and who may be the principal broker or agent with whom the Issuer transacts business if he otherwise meets the qualifications.

“*Independent Person*” means either (a) a firm or Person designated by the Issuer and reasonably acceptable to the Trustee or (b) a firm or person designated by the Issuer and in which no partner (treating a shareholder of a professional association which is a partner as though such shareholder were such a partner), director, officer or employee is a director, officer or employee of the Issuer or a Member.

“*Indirect Participant*” means a Person utilizing the Book Entry System of the Depository by, directly or indirectly, clearing through or maintaining a custodial relationship with a Participant.

“*Installment Computation Date*” means the last day of the fifth Bond Year and of each succeeding fifth Bond Year thereafter.

“*Interest Accrual Date*” means (1) with respect to the first Interest Payment Date, the Date of Issue and (2) thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date.

“*Interest Payment Date*” means, and with respect to the Series 2026 Bonds, April 1 and October 1 of each year, commencing October 1, 2026, and with respect to any other series of Parity

Bonds, the interest payment dates set forth in the related Supplemental Indenture, provided, that for any day that would otherwise be an Interest Payment Date that does not fall on a Business Day, the Interest Payment Date shall be the next succeeding Business Day.

*“Interim Indebtedness”* means Indebtedness incurred or assumed in anticipation of being refinanced or refunded with Long-Term Indebtedness.

*“Investment Earnings”* means all earnings derived from the investment of money held in any of the Funds.

*“Issuer”* means the Electric Plant Board of the City of Paducah, Kentucky, a public entity of the Commonwealth of Kentucky.

*“Letter of Representations”* means the Blanket Issuer Letter of Representations from the Issuer to The Depository Trust Company, as in effect from time to time.

*“Long-Term”*, when used in connection with Indebtedness, means Indebtedness having an original maturity greater than one year or renewable at the option of the obligor for a period greater than one year from the date of original incurrence or issuance thereof, which shall not include the current portion of such Long-Term Indebtedness as determined in accordance with GAAP.

*“Maximum Annual Debt Service”* means the largest amount of principal and interest on Long-Term Indebtedness computed in accordance with clauses (a) through (e) of the definition of Debt Service Coverage Ratio due in any Fiscal Year ending on or after the date of determination.

*“Moody’s”* means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

*“Municipal Advisor”* means Robert W. Baird & Co. Incorporated.

*“Net Revenues”* means, with respect to any period of calculation, Revenues less Operating Expenses, other than (i) expenses incurred with respect to property the acquisition of which has been financed from the proceeds of Indebtedness, (ii) depreciation, (iii) amortization and (iv) interest on Long-Term Indebtedness; provided that no determination thereof shall take into account: (a) insurance proceeds payable as a result of casualty or other similar circumstances (other than the proceeds of business interruption insurance); (b) gains and losses from the sale of capital assets and from other extraordinary items; and (c) gains and losses attributable to refundings, advance refundings and other early extinguishment of Indebtedness.

*“Officer’s Certificate”* means, in the case of the Issuer, a certificate signed by the Chairman, Vice Chairman, Secretary, Treasurer, General Manager or Chief Financial Officer thereof or other Person in which the power to act on behalf of the Issuer is vested by subsequent action of its Governing Body.

*“Official Statement”* means any official statement, offering circular, private placement memorandum or other disclosure document pursuant to which any series of Bonds is initially sold.

“*Operating Expenses*” means any (i) expense of the Issuer related to the operations, management and maintenance of the Plant, properly charged as an operating expense in accordance with GAAP, including but not limited to salaries; wages; costs of maintenance, materials and supplies; insurance; maintenance expenditures; tax equivalent payments; transmission costs; fees and costs of paying agents, attorneys, consultants and others; costs associated with studies and reports; and permit fees all of which relate to the Plant and (ii) payments required to be made by the Issuer to the Capital Improvement Fund as provided in the Indenture.

“*Operating Fund*” means the fund of that name described in the Indenture.

“*Operating Reserve Fund*” means the fund of that name described in the Indenture.

“*Operating Reserve Requirement*” refers, as of any particular computation date, to the amount, determined by an Independent Consultant and set forth in the then most recent report of the Independent Consultant to the Issuer and the Trustee, to be held in Operating Reserve Fund for the purpose of providing funds which may be needed for unexpected Operating Expenses or maintenance costs associated with the Plant.

“*Opinion of Bond Counsel*” means an opinion in writing signed by Rubin & Hays or legal counsel which shall be nationally recognized as an expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from Federal income taxation of interest on such obligations, and who shall not be unsatisfactory to the Trustee as lacking either the skill or experience necessary to render the opinions required.

“*Opinion of Counsel*” means an opinion in writing signed by (a) an attorney or firm of attorneys who may be an employee of or counsel to the Issuer and who shall not be unsatisfactory to the Trustee as lacking either the skill or experience necessary to render the opinions required, or (b) an attorney or firm of attorneys who neither are employees of, nor counsel to, the Issuer.

“*Outstanding*”, when used as of any particular time with reference to Bonds, means all Bonds delivered by the Trustee under the Indenture except (1) Bonds cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Issuer shall have been discharged in accordance with the Indenture, including Bonds (or portions thereof) referred to in the Indenture, and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“*Parity Bonds*” means bonds issued in the future pursuant to the provisions of the Indenture, which shall rank on a basis of parity with the Bonds.

“*Paying Agent*” means the Trustee and any bank or trust company designated by the Trustee to act in the capacity of a paying agent on any series of Bonds.

“*Person*” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“*Plant*” means the Issuer’s electric plant, distribution system, transmission facilities, and related assets, as same may be improved and expanded from time to time.

“*Power Sales Agreement*” means a Power Sales Agreement between the Issuer and any Person, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

“*Principal and Interest Account*” means the account of that name in the Bond Fund described in the Indenture.

“*Project Account*” means the account of that name in the Project Fund described in the Indenture.

“*Project Fund*” means the Fund of that name described in the Indenture.

“*Projected Rate*” means the Bond Buyer “Revenue Bond Index”, as then published most recently by *The Bond Buyer*, New York, New York, or, if such index is no longer available, such index for comparable thirty year maturity tax-exempt revenue bonds as may be certified to the Trustee by a firm of investment bankers or a financial advisory firm.

“*Projection*” means pro forma projected or forecasted financial statements of the Issuer or a proposed project of the Issuer for a future period, including balance sheets as of the end of such period and statements of operation and changes in cash flows for such period, accompanied by a statement of the relevant assumptions and rationale upon which the pro forma financial statements are based.

“*Rating Agency*” means S&P, if S&P then maintains a rating on the Bonds, Moody’s, if Moody’s then maintains a rating on the Bonds, or Fitch, if Fitch then maintains a rating on the Bonds.

“*Rating Category*” means the generic rating categories of the Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“*Rebate Amount*” means the amount, as of each Installment Computation Date and as of the Final Computation Date, required to be paid to the United States of America pursuant to Section 148(f) of the Code within 60 days after such Installment Computation Date or Final Computation Date.

“*Rebate Analyst*” means a firm of certified public accountants, nationally-recognized bond counsel or other specialist in the calculation of arbitrage rebate.

“*Rebate Fund*” means the Fund of that name described in the Indenture.

“*Record Date*” means, with respect to the Series 2026 Bonds, the 15th day of the calendar month immediately preceding an Interest Payment Date (or the preceding Business Day if the 15th is not a Business Day), and with respect to any other series of Bonds, the record date set forth in the related Supplemental Indenture.

“*Redemption Account*” means the account of that name in the Bond Fund described in the Indenture.

“*Required Reserve*” refers to an amount, as of any particular date of computation, equal to the lesser of (i) 10% of the proceeds of the Bonds, (ii) 100% of the greatest amount required in the then current or any future Bond Year to pay the principal and interest requirements on the Outstanding Bonds or (iii) 125% of the average of the annual principal and interest requirements on the Outstanding Bonds.

“*Reserve Account Insurance Policy*” refers to an insurance policy issued by a Bond Insurer guaranteeing the payment of whatever reserve account or commitment related thereto is described in such insurance policy.

“*Reserve Fund*” means the fund of that name described in the Indenture.

“*Reserve Fund Withdrawal*” means a withdrawal of moneys from the Reserve Fund to pay the principal of and interest on the Bonds.

“*Resolution*”, with respect to the Series 2026 Bonds, means collectively the resolutions of the Governing Body of the Issuer authorizing the issuance of the Series 2026 Bonds and the execution and delivery of the Indenture and Supplemental Indenture No. 3, and, with respect to any other series of Bonds, any resolution adopted by the Issuer approving the execution of a Supplemental Indenture and authorizing the issuance of one or more series of Bonds.

“*Retained Rights*” means the rights retained by the Issuer under any Power Sales Agreement that are not expressly assigned to the Trustee under the Indenture.

“*Revenue Fund*” means the fund of that name described in the Indenture.

“*Revenues*” means (i) all amounts received by the Issuer or by the Trustee for the account of the Issuer pursuant or with respect to the operation of its Plant or the sale of any power pursuant to a Power Sales Agreement; (ii) all proceeds or revenues generated by the sale of all or a portion of the Issuer’s power or energy generated by the Plant; (iii) the proceeds of the sale of any Plant assets or attributes and (iv) all interest, profits or other income derived from the investment of amounts in any of the Funds or accounts established pursuant to the Indenture (except the Rebate Fund).

“*S&P*” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, organized and existing under the laws of the State of New York, its successors and assigns.

“*Series 2009A Bond*” or “*Series 2009A Bonds*” means the City of Paducah, Kentucky Electric Plant Board Revenue Bonds, Series 2009A, dated January 29, 2009, and Outstanding pursuant to the Series 2009A Indenture.

“*Series 2009A Indenture*” means the Trust Indenture, dated as of January 1, 2009, by and between the Issuer and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture thereto.

“*Series 2016A Bond*” or “*Series 2016A Bonds*” means the Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds Series 2016A, dated June 23, 2016, secured by the Indenture and authorized by Supplemental Indenture No. 1.

“*Series 2019 Bond*” or “*Series 2019 Bonds*” means the City of Paducah, Kentucky Electric Plant Board Refunding Revenue Bonds, Series 2019, dated September 11, 2019, secured by the Indenture and authorized by Supplemental Indenture No. 2. The Issuer’s Series 2019 Bonds are no longer outstanding as of October 1, 2023.

“*Series 2026 Bond*” or “*Series 2026 Bonds*” means the Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds, Series 2026, dated the Date of Issue, secured by the Indenture and authorized by Supplemental Indenture No. 3.

“*Short-Term*”, when used in connection with Indebtedness, means having an original maturity less than or equal to one year and not renewable at the option of the Issuer for a term greater than one year beyond the date of original incurrence or issuance.

“*Special Record Date*” means the date established by the Trustee pursuant to the Indenture as a record date for the payment of defaulted interest on Bonds.

“*State*” means the Commonwealth of Kentucky.

“*Supplemental Indenture*” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee, issuing one or more series of Parity Bonds or supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“*Supplemental Indenture No. 1*” means the Supplemental Trust Indenture No. 1, dated as of June 1, 2016, by and between the Issuer and the Trustee, supplementing the Indenture and authorizing and providing for the issuance of the Series 2016A Bonds.

“*Supplemental Indenture No. 2*” means the Supplemental Trust Indenture No. 2, dated as of September 1, 2019, by and between the Issuer and the Trustee, supplementing the Indenture and authorizing and providing for the issuance of the Series 2019 Bonds, which are no longer outstanding as of October 1, 2023.

“*Supplemental Indenture No. 3*” means the Supplemental Trust Indenture No. 3, dated as of July 30, 2026, by and between the Issuer and the Trustee, supplementing the Indenture and authorizing and providing for the issuance of the Series 2026 Bonds.

“*Tax Counsel*” means the firm of Rubin & Hays of Louisville, Kentucky, or any other firm of nationally recognized tax counsel, whose members are duly admitted to practice law before the highest court of any state and designated by the Issuer as its tax counsel for the Bonds. Nothing shall preclude the Issuer from designating the same firm as both Tax Counsel and Bond Counsel.

“*Taxable Bonds*” means any series of Bonds issued under the Indenture the interest on which is not excludable from gross income for federal income tax purposes.

“*Tax-Exempt Bonds*” means the Series 2009A Bonds, the Series 2016A Bonds, the Series 2026 Bonds and any series of Parity Bonds issued under the Indenture the interest on which is excludable from gross income for federal income tax purposes.

“*Temporary Bond*” or “*Temporary Bonds*” means the Bonds described and authorized in the Indenture.

“*Trust Estate*” means the trust estate pledged by the Issuer and described in the Granting Clauses of the Indenture.

“*Trustee*” means Regions Bank, or its successor, as trustee and paying agent under the Indenture as provided in the Indenture.

“*UCC*” means the Uniform Commercial Code of the State codified in Chapter 355 of the Kentucky Revised Statutes.

“*Underwriters*” means BofA Securities, Inc., Ramirez & Co., Inc., and Raymond James & Associates, Inc.

“*Variable Rate Indebtedness*” means any portion of Indebtedness the rate of interest on which is not established at the time of incurrence as one or more numerical rates applicable throughout the term thereof or for specified periods during the term thereof, with the result that at the time of incurrence the numerical rate of interest which will be in effect during any portion of the term thereof cannot be determined.

## **THE INDENTURE**

### **Trust Estate**

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts created in the Series 2009A Indenture and the Indenture and of the purchase and acceptance of the Bonds by the Owners thereof, to secure the payment of the principal of and premium, if any, and interest on the Bonds according to their tenor and effect, and to secure the performance and

observance by the Issuer of all the covenants expressed or implied in the Series 2009A Indenture and the Indenture and in the Bonds, in the Indenture does grant, bargain, sell, convey, pledge and assign unto and grant a security interest on pari passu basis with the Series 2009A Bonds to the Trustee, and to its successors in trust and assigns forever, a security interest in the following described property (but reserving its Retained Rights):

(a) All Net Revenues, including, but without limiting the generality of the foregoing, the Issuer's rights, title, and interest in and to the Net Revenues and the present and continuing right to make claim for, collect and receive any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other person is or may become entitled to do.

(b) All rights, title and interest of the Issuer, if any, whether now or hereafter in effect, respecting:

(i) the Issuer's fee interest in the Plant;

(ii) the right of the Issuer to receive power and energy pursuant to any Power Sales Agreement entered into by the Issuer;

(iii) all choses in action and all choses in possession now or hereafter existing to the benefit of or arising from the benefit of the Issuer with respect to the Bonds (except for the Issuer's Retained Rights); and

(iv) all proceeds of all the foregoing.

(c) All funds and accounts established under the Indenture and the investments thereof, if any, and money, securities and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in the Indenture); and

(d) All money and securities from time to time held by the Trustee under the terms of the Series 2009A Indenture and the Indenture and any and all other real or personal property of every name and nature concurrently herewith or from time to time hereafter by delivery or by writing of any kind pledged or assigned as and for additional security under the Indenture, by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is authorized under the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms thereof.

### **Authorization**

Pursuant to the Act and an Issuer's Resolution, and in order to provide sufficient funds from time to time for the lawful purposes of the Issuer and its Plant, including the refinancing of any Outstanding Bonds or indebtedness of the Issuer, Bonds of the Issuer are hereby authorized to be issued, pursuant to a Supplemental Indenture, from time to time in one or more series in such amounts and at such times as the officers of the Issuer may from time to time deem to be necessary or advisable as provided in the Indenture.

The Bonds shall be dated the Date of Issue, shall be in Authorized Denominations, and shall be subject to redemption as provided in the related Supplemental Indenture authorizing the issuance of the series of Bonds. The Bonds shall be fully registered as to principal and interest, and shall be numbered separately in the manner and with any additional designation as the Trustee deems necessary for the purpose of identification.

The Bonds shall mature on dates and shall bear interest at the rates set forth in the Supplemental Indenture authorizing the series of Bonds.

The Indenture constitutes a continuing agreement with the Owners from time to time of the Bonds to secure the full payment of the principal of and premium, if any, and interest on all such Bonds subject to the covenants, provisions and conditions contained herein. On the Date of Issue, all conditions, acts and things required by law or by the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of the Bonds shall exist, shall have happened and shall have been performed, and the Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by law.

### **Nature of Security**

The Bonds are special and limited obligations of the Issuer secured by the Trust Estate and payable only from Net Revenues or other funds or sources available for the payment of the Bonds under the terms of the Indenture and are not general obligations of the Issuer, of the City, of the State, or of any political subdivisions of the State. The Bonds and interest and premium, if any, thereon are not payable from taxes and are not a charge against the general credit or taxing power of the State, the City or the Issuer, or any other municipal corporation, quasi-municipal corporation, political subdivision or agency thereof. No Owner of any Bond shall have the right to compel any exercise of the taxing power of the Issuer, the State, the City or any other municipal corporation, quasi-municipal corporation, political subdivision or agency thereof to pay the Bonds or the interest or premium, if any, thereon, and the Bonds do not constitute an indebtedness of the Issuer, the City or the State or a loan of the credit thereof within the meaning of any constitutional or statutory provision other than from the Net Revenues deposited in the Bond Fund or otherwise available for the payment of the Bonds under the terms of the Indenture.

### **Parity Bonds**

The Bonds shall not be entitled to priority one over the other in the application and pledge of the Net Revenues, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Bonds, regardless of the fact that they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the Net Revenues of the Plant shall, except as set out herein, be subject to the priority of the Bonds as may from time to time be Outstanding; provided the Issuer hereby reserves the right and privilege of issuing any additional bonds from time to time in order to pay the cost of acquiring, whether by purchase or construction of extensions, renovations, improvements and/or betterments to the Plant, or for any other lawful purpose of the Issuer. When issued any Parity Bonds shall be payable from the Net Revenues of

the Plant ranking on a parity with the Bonds. Parity Bonds may be issued by the Issuer only upon compliance with the following conditions and restrictions:

(a) that before any Parity Bonds may be issued there shall have been procured and filed with the Secretary of Issuer a statement by an Independent Engineer, reciting the opinion, based upon necessary investigation, that on an annual basis the Debt Service Coverage Ratio based upon either

(1) (i) the Net Revenues as of the most recent Fiscal Year (with adjustments as hereinafter provided) and (ii) the Maximum Annual Debt Service on the Outstanding Bonds and the Parity Bonds then proposed to be issued, is equal to at least 1.20:1. Such Net Revenues may be adjusted for the purpose of the foregoing computations to reflect any revisions in the schedule of rates or charges being imposed for the services of the Plant at the time of the issuance of any such additional Parity Bonds. Such adjustments shall be based upon the written certification of an Independent Engineer; or

(2) (i) the Net Revenues, including such Net Revenues estimated to be received from the then contemplated extensions, improvements, renovations and betterments of the Plant throughout the life of the Bonds and (ii) the Maximum Annual Debt Service on the Outstanding Bonds and the Parity Bonds then proposed to be issued, will for the first Fiscal Year after the purchase or completion of construction of such extensions, renovations, improvements and/or betterments, and the next succeeding three Fiscal Years, based upon the written certification of an Independent Engineer, be equal to at least 1.20:1;

(b) that the Issuer reserves the right, exercisable by a Supplemental Indenture, to prescribe additional and more restrictive conditions for the issuance of such additional Parity Bonds, and upon issuance of Parity Bonds in compliance therewith such additional and more restrictive conditions shall be applicable to all such Parity Bonds as may thereafter be issued; and

(c) at the time of issuance of such Parity Bonds, the related Supplemental Indenture (and/or other appropriate document) of the Issuer authorizing such Parity Bonds shall contain a provision requiring the funding, completion of the funding, or additional funding of the Reserve Fund with cash and/or a surety bond.

The Net Revenues of said contemplated extensions, improvements, renovations and betterments shall not be included as aforesaid, unless, at the time it is proposed to issue any such Parity Bonds, either (i) a written contract or contracts shall have been entered into for the immediate acquisition of any such betterments, improvements, renovations or extensions to be acquired and for the construction of substantially all of any such extensions, improvements, renovations or betterments to be constructed through application of any of the proceeds of such additional Parity Bonds; or (ii) a certificate shall have been made and filed with the Secretary of the Issuer by an Independent Engineer, meeting the qualifications prescribed in the Indenture, stating that in his, her or their opinion certain described extensions, improvements, renovations,

betterments or constructions are needed, that the nature thereof is such that construction can be accomplished more economically or more expeditiously by purchasing materials and utilizing labor or personnel employed directly by the Issuer, and that the estimated costs thereof can be paid in full from the proceeds of the Parity Bonds proposed to be issued, as supplemented by any other funds then available.

The additional Parity Bonds and other obligations, the issuance of which is restricted by the Indenture, shall be understood to mean Parity Bonds and obligations payable from the Net Revenues of the Plant on a parity with the Outstanding Bonds and shall not be deemed to include bonds or other obligations subsequently issued, the lien and security of which are subordinate and subject to the prior and superior lien and security of the Outstanding Bonds.

Nothing in the Indenture, nor the requirements set forth above, is intended or shall be construed as a requirement or restriction upon the refunding of any portion of any of the Bonds then Outstanding, if such refunding does not operate to increase in any Bond Year the aggregate debt service requirements of the Outstanding Bonds proposed to be refunded.

### **Funds and Accounts**

The following Funds and accounts have been created or shall be created and established as needed to comply with the provisions of the Indenture:

- (1) the Revenue Fund;
- (2) the Bond Fund, consisting of:
  - (i) the Principal and Interest Account; and
  - (ii) the Redemption Account;
- (3) the Project Fund, consisting of:
  - (i) the Costs of Issuance Account; and
  - (ii) the Project Account;
- (4) the Operating Fund;
- (5) the Reserve Fund;
- (6) the Capital Improvement Fund;
- (7) the Operating Reserve Fund; and
- (8) if necessary, the Rebate Fund.

The Bond Fund, the Project Fund, the Reserve Fund and the Rebate Fund shall be established with and maintained by the Trustee. The other Funds and accounts under the Indenture

were established with and maintained by the Issuer with a Depository Bank; provided that if there shall be declared (i) an Event of Default other than a payment default under the Indenture or the Series 2009A Indenture then the Revenue Fund shall be maintained with the Trustee or (ii) an Event of Default of a payment of principal, premium, if any, or interest on the Bonds under the Indenture or the Series 2009A Indenture then all Funds shall be transferred and maintained with the Trustee. Each Fund and account created under the Indenture shall be established and maintained as a separate and distinct fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All money deposited in the Funds and accounts created under the Indenture shall be used solely for the purposes set forth in the Indenture. The Trustee and the Depository Bank, as the case may be, shall keep and maintain adequate records pertaining to each Fund and account, and all deposits thereto and disbursements therefrom.

The Trustee may, in its discretion, establish such additional accounts within any of the Funds maintained by the Trustee, and subaccounts within any of the accounts, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from the Funds maintained by the Trustee and their accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to a deposit or use of money in the Funds maintained by the Trustee, or result in commingling of funds prohibited thereunder.

### **Revenue Fund**

All of the Revenues shall be deposited into the Revenue Fund and shall thereafter be apportioned to the various funds and accounts as set out below and in the Indenture.

### **Bond Fund - Principal and Interest Account**

The Trustee shall deposit in or transfer to the Principal and Interest Account:

- (i) on the 20<sup>th</sup> day of each month from the Revenue Fund, a sum equal to the total of the following:
  - (1) an amount equal to one-sixth (or such larger amount as is necessary) of the interest to become due on the Bonds then outstanding on the next Interest Payment Date, plus
  - (2) an amount equal to one-twelfth (or such larger amount as is necessary) of the principal of any Bonds maturing on the next succeeding October 1;
- (ii) immediately upon receipt thereof, the net earnings on investments of money in the Principal and Interest Account;
- (iii) all money required to be transferred to the Principal and Interest Account from the Project Fund pursuant to the Indenture;

(iv) all money required to be transferred to the Principal and Interest Account from the Redemption Account pursuant to the Indenture; and

(v) all other money required to be transferred to or deposited in the Principal and Interest Account pursuant to any provision of the Indenture.

The money and investments in the Principal and Interest Account are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, in the following order of priority:

(y) for the payment of the principal of and interest on Bonds on the next Interest Payment Date or redemption or maturity date; and

(z) for transfer to the Redemption Account funds in the Principal and Interest Account in excess of those necessary for the purposes described in paragraph (y) above, upon written request from an Authorized Representative of the Issuer, for the payment of accrued interest on and principal of any Outstanding Bonds that are optionally redeemed.

#### **Bond Fund - Redemption Account**

The Trustee shall deposit in or transfer to the Redemption Account:

(i) immediately upon receipt thereof, all money received by the Trustee from the Issuer or from any other source with written instructions to deposit such amounts in the Redemption Account;

(ii) immediately upon receipt thereof, the net income realized on investments of money in the Redemption Account; and

(iii) all money required to be transferred to or deposited in the Redemption Account pursuant to any provision of the Indenture.

The money and investments in the Redemption Account are irrevocably pledged and shall be used by the Trustee, from time to time, to redeem Bonds called for redemption in accordance with the provisions of the Indenture or in accordance with the following paragraph.

Upon receipt of and in accordance with a written request from an Authorized Representative of the Issuer, funds in the Redemption Account in excess of the amount necessary to redeem Bonds for which notice of redemption has been given pursuant to the Indenture shall be used for any one or more of the following purposes:

(y) for the optional redemption of Bonds prior to the maturity thereof pursuant to the Indenture; or

(z) for transfer to the Principal and Interest Account.

## **Bond Fund - Investment of Money in Bond Fund**

Pending application of money in the Bond Fund as set forth in the Indenture, such money shall be invested and reinvested by the Trustee in Authorized Investments pursuant to the Indenture.

In the absence of written direction from the Issuer with respect to investment of moneys held in the Funds, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Authorized Investments under the Indenture.

## **Project Fund - Costs of Issuance Account**

The Trustee shall deposit in or transfer to the Costs of Issuance Account:

- (i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and
- (ii) amounts as are received by the Trustee from the Issuer or from any other source (other than proceeds of the Bonds) for purposes of paying the Financing Expenses.

Financing Expenses shall be paid by the Trustee from the Costs of Issuance Account, but only to the extent of the balance therein, within five Business Days following receipt by the Trustee of a written request for payment from an Authorized Representative of the Issuer, accompanied by the statements or billings therefor provided, however, that the Issuer may pay such Financing Expenses in which case the Trustee shall reimburse the Issuer from the Costs of Issuance Account, but only to the extent of the balance therein, within five Business Days of the Trustee's receipt of the written request of an Authorized Representative of the Issuer, accompanied by the statements or billings therefor and evidence that such costs have been paid by the Issuer. All payments made from the Costs of Issuance Account pursuant to a written request for payment from an Authorized Representative of the Issuer shall be presumed to be made properly and the Trustee shall not be required to see to the application of any payments made from the Costs of Issuance Account. Any money remaining in the Costs of Issuance Account after the later of payment of all Financing Expenses (or reimbursement of the Issuer for payment of such expenses), shall be deposited in the Project Account of the Project Fund.

## **Project Account**

The Trustee shall maintain a Project Account for each series of Bonds issued:

- (i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and
- (ii) all amounts required to be transferred to the Project Account from the Costs of Issuance Account pursuant to the Indenture.

The money and investments in the Project Account shall be held in trust by the Trustee and applied in accordance with and subject to the provisions of the Indenture and, pending such application, shall be held for the further security of the Owners of the Bonds until applied as provided herein. Until actually disbursed by the Trustee to or upon the order of the Issuer in accordance with the Indenture, the Issuer shall have no interest in such money and investments.

From the Project Account, the Trustee shall transfer and pay the amounts authorized in a related Supplemental Indenture.

All payments and transfers made from the Project Account shall be presumed to be made properly and the Trustee shall not be required to see to the application of any payments and transfers made from the Project Account.

### **Application of Balance in Project Fund**

Upon the completion of any project, or the refunding of any obligations of the Issuer, for which the series of Bonds have been authorized and are issued, the Trustee shall transfer any money and investments remaining in the accounts in the Project Fund to the Redemption Account of the Bond Fund to be used to redeem Bonds on the earliest redemption date.

### **Investment of Money in the Project Fund**

Pending application of money in the Project Fund as set forth in the Indenture, such money shall be invested and reinvested by the Trustee in accordance with the requirements of the Indenture. All investment earnings, if any, on money in any account in the Project Fund shall be deposited in the respective account of the Project Fund.

In the absence of written direction from the Issuer with respect to investment of moneys held in the Funds, the Trustee shall hold such funds uninvested.

### **Reserve Fund**

The Trustee shall deposit in or transfer to the Reserve Fund:

- (i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and
- (ii) amounts as are received by the Trustee from the Issuer or from any other source (other than proceeds of the Bonds).

All income derived from the investments on deposit in the Reserve Fund shall remain in, and be credited to, the Reserve Fund unless the amount on deposit in the Reserve Fund exceeds the Required Reserve, in which case, such excess shall be deposited to the Principal and Interest Account.

Amounts on deposit in the Reserve Fund, including amounts available under any Reserve Account Insurance Policy, may be withdrawn and used by the Trustee, when necessary, and shall only be so withdrawn and used if and to the extent necessary to make payments of principal of and interest on the Bonds (including both principal maturities and mandatory redemptions) if the amounts on deposit in the Bond Fund are not sufficient to make such payments.

On April 1 and October 1 of each year the Trustee shall determine the market value of the amounts on deposit in the Reserve Fund, including amounts available under any Reserve Account Insurance Policy. If the amount determined to be on deposit in the Reserve Fund is in excess of the Required Reserve, such excess shall be transferred and deposited to the Principal and Interest Account. If the amount determined to be on deposit in the Reserve Fund is less than the Required Reserve, the Trustee shall so notify the Issuer and, as set forth below, the Issuer shall replenish and restore the amount on deposit in the Reserve Fund to an amount equal to the Required Reserve.

Amounts on deposit in the Reserve Fund, including amounts available under any Reserve Account Insurance Policy, may be withdrawn and used by the Trustee, when necessary, and shall only be so withdrawn and used if and to the extent necessary to make payments of principal of and interest on the Bonds (including both principal maturities and mandatory redemptions) if the amounts on deposit in the Bond Fund are not sufficient to make such payments. In the event the Reserve Fund contains both a Reserve Account Insurance Policy and cash, the cash shall be drawn down completely before any demand is made on the Reserve Account Insurance Policy.

In the event that any funds shall be paid by any Reserve Account Insurance Policy or funds then on deposit shall be withdrawn from the Reserve Fund (the "Reserve Fund Withdrawal"), the Issuer shall be obligated to transfer funds from the Revenue Fund to the Reserve Fund in each month in an amount equal to 1/12 of the Reserve Fund Withdrawal until such Required Reserve has been restored. Such funds shall be used first to restore the Reserve Account Insurance Policy to the face amount of such Reserve Account Insurance Policy and thereafter to restore any cash which had been on deposit in the Reserve Fund.

If, whenever, and so long as the Reserve Fund contains more than one surety or Reserve Account Insurance Policy, any charge, draw, withdrawal, or other reduction in or from such Reserve Fund must be made pro rata against such surety and/or Reserve Account Insurance Policies after the depletion of any cash or assets other than surety bonds or policies.

As and when Parity Bonds are issued, provision shall be made similarly for increasing the Reserve Fund, if necessary and to the extent not fully funded concurrently with the issuance of such Parity Bonds, to not less than the Required Reserve applicable to all Bonds, including the Parity Bonds, then scheduled to be Outstanding falling due in any 12-month period thereafter, by (a) the immediate deposit in cash and/or investments of such additional amount required to provide such increased Required Reserve, or (b) obtaining a Reserve Account Insurance Policy to effect such funding.

At any time when any series of Bonds is Outstanding that is not secured by the Reserve Fund, Revenues shall be distributed between the Bonds secured by the Reserve Fund, on the one

hand, and Bonds not secured by the Reserve Fund, on the other hand, on a pro rata basis without regard to the existence of the Reserve Fund.

The Trustee shall make a demand for payment under a Reserve Account Insurance Policy at least three days prior to the date on which funds are required. The Trustee will maintain adequate records as to the amount available to be drawn at any given time under a Reserve Account Insurance Policy.

The Issuer shall pledge to the provider of the Reserve Account Insurance Policy, as security for amounts owed to it in respect of payments made thereunder, the Trust Estate, subject only to the pledge in favor of the Bondowners.

All amounts on deposit in the Reserve Fund shall constitute a trust fund and shall be and are hereby earmarked and pledged for the security and source of payment for the Bonds.

### **Capital Improvement Fund**

In order to provide moneys which will be available for Capital Improvements to the Plant, there shall be transferred and deposited into the Capital Improvement Fund, from the Revenue Fund, in as nearly equal monthly deposits as practicable, the amount recommended by an Independent Consultant and set forth in the Annual Budget of Issuer. Balances at any time on deposit in said Capital Improvement Fund may be expended upon order of the Issuer for costs of the Capital Improvements, and to the extent not so expended the same shall accumulate in the Capital Improvement Fund until such time as the amount on deposit in the Capital Improvement Fund shall equal the Capital Reserve Requirement, represented either by cash or by the market value of investments, as permitted in the Indenture, and upon the accumulation of an amount equal to the Capital Reserve Requirement, the monthly transfers from the Revenue Fund may be suspended. If and when it shall become necessary to make disbursements from the Capital Improvement Fund for such authorized Capital Improvements, the monthly transfers and deposits from the Revenue Fund shall be resumed and continued until the amount on deposit in the Capital Improvement Fund shall have been restored to the Capital Reserve Requirement.

Pending application of money in the Capital Improvement Fund as set forth in the Indenture, such money shall be invested and reinvested in Authorized Investments pursuant to the Indenture. Any investment so made shall be held for the account of the Capital Improvement Fund. Any income or gain realized therefrom shall be credited to the Capital Improvement Fund and expenses or loss in connection therewith shall be charged to said Capital Improvement Fund. It is recognized and determined by the Issuer that provision for the aforesaid Capital Improvement Fund shall take into account the annual requirements for retirement of the Outstanding Bonds and the capital costs of additions, improvements, renovations and betterments financed from surplus revenues, and should be at least equivalent to the accounting practices of privately owned utility systems for depreciation of electric generation, distribution and transmission facilities. Accordingly, it is determined that such serial retirement of Outstanding Bonds may be shown on the books of record and account of the Issuer as balancing, in part, the normal depreciation of the Plant.

In the event there would otherwise be a default in the payment of interest on or the principal of the Outstanding Bonds, any balance then on deposit in the Capital Improvement Fund may be withdrawn and applied to such extent as may be necessary in order to prevent such default, and any investments held for the account of the Capital Improvement Fund may be converted into cash if and to the extent required for such purpose; but such withdrawals shall be deemed to be advances from the Capital Improvement Fund and the amount thereof shall be restored as soon as moneys are available.

### **Operating Fund**

The Issuer shall deposit in or transfer to the Operating Fund:

- (i) immediately upon receipt thereof, the amounts derived from Bond proceeds required to be deposited therein pursuant to the Indenture; and
- (ii) amounts as are received by the Trustee from the Issuer or from any other source (other than proceeds of the Bonds).

On the 20<sup>th</sup> day of each month, the Issuer shall transfer from the Revenue Fund, an amount equal to the balance of the aggregate Operating Expenses set forth in the Annual Budget approved by the Issuer for the current Fiscal Year divided by the number of complete and partial calendar months remaining in said Fiscal Year (or such larger amount as is necessary). Moneys on deposit in the Operating Fund shall be used by the Issuer to pay the Operating Expenses of the Plant, including but not limited to salaries, wages, cost of materials and supplies, power purchased at wholesale, tax equivalent payments, transmission costs and fees, insurance and professional services, and all other Operating Expenses associated with any provision of the Indenture or any Power Sales Agreement.

Funds on deposit in the Operating Fund shall be drawn and disbursed by the Issuer without the requirement of any requisition or certification.

All investment earnings, if any, on money in the Operating Fund shall be retained in the Operating Fund.

### **Operating Reserve Fund**

At the close of each fiscal quarter there shall be transferred from the Operating Fund and deposited in the Operating Reserve Fund all amounts in excess of the estimated Operating Expenses needed for the next quarter. Amounts on deposit in the Operating Reserve Fund, from time to time as so determined by the Issuer, may be transferred, as needed, to increase the amount in or replenish any deficit in any other Fund established by the Indenture or used to (i) pay Operating Expenses or any other costs or expenses associated with the Plant; (ii) pay the principal of and interest on the Bonds; (iii) redeem any Bonds; and/or (iv) pay any cost or expense required by the Indenture or any Power Sales Agreement.

### **Rebate Fund**

(a) In order to comply with the provisions of the Code relating to rebate of investment earnings attributable to Tax-Exempt Bonds, the Issuer hereby authorizes the Trustee to establish a separate special fund designated as the “Rebate Fund,” which shall be segregated from all other funds and accounts held by the Trustee. If such a fund is established, the Trustee shall maintain the Rebate Fund until the expiration of 60 days after the retirement of the last Outstanding Bond. Notwithstanding the foregoing, the Trustee shall receive an Approving Opinion on the Issue Date that the provisions of this section do not apply to the Series 2026 Bonds.

(b) The Trustee shall maintain records of investment transactions of the gross proceeds of the Bonds held in the Reserve Fund and the Bond Fund on an investment-by-investment basis and shall make such records available at the request of the Issuer to the Rebate Analyst. The Issuer shall cause the Rebate Amount to be calculated as of each Installment Computation Date and as of the Final Computation Date. The Issuer shall employ a Rebate Analyst to calculate the Rebate Amount.

(c) The Issuer shall cause the rebate calculations to be completed and filed with the Trustee not later than 45 days after each Installment Computation Date, or 45 days after the Final Computation Date.

(d) The Issuer shall cause to be transferred from the Revenue Fund, from time to time, such amounts as determined by the Issuer as needed for deposit to the Rebate Fund for the purpose of accruing funds to pay to the United States in the amounts required to be paid under this Section. Not later than three Business Days after the rebate calculations are filed with the Trustee, the Issuer shall cause to be transferred from the Revenue Fund for deposit to the Rebate Fund an amount such that the balance in the Rebate Fund is at least equal to the Rebate Amount.

(e) Not later than 55 days after each Installment Computation Date, or 55 days after the Final Computation Date, the Issuer shall cause to be paid to the United States any amount which is required to be paid under Section 148(f)(3) of the Code. Each payment shall be mailed to the Internal Revenue Service Center, Ogden, Utah 84201, or such other address designated by the Internal Revenue Service, and shall be accompanied by a copy of I.R.S. Form 8038-T prepared by the Issuer. The Trustee shall disburse money from the Rebate Fund to the United States for such payments.

(f) Money in the Rebate Fund shall be invested by the Trustee at the written direction of the Issuer in Authorized Investments which mature no later than the date that is 55 days after the earlier of the next Installment Computation Date or the Final Computation Date.

(g) No earlier than 120 days and no later than 90 days prior to each Installment Computation Date and the Final Computation Date, the Trustee shall notify the Issuer of the action which is required by the foregoing subsections. No earlier than 15 days and no later than 10 days prior to the date on which the rebate calculations must be completed under paragraph (c) above, the Trustee shall use its best efforts to notify the Issuer of the action required by paragraph (c) above. No notice need be given if the required action already has been taken by the Issuer.

(h) In addition to the records required by paragraph (a) above, the Trustee shall maintain such records of investments, deposits and disbursements in the Funds as the Issuer may specifically instruct the Trustee to maintain to comply with the provisions of Section 148 of the Code and the Indenture.

(i) If the calculation of the Rebate Amount under paragraph (b) above indicates that the balance in the Rebate Fund exceeds the Rebate Amount as of the date on which a payment is made to the United States pursuant to paragraph (e) above, then the Trustee shall, if directed by the Issuer, transfer all or any portion of such excess to the Revenue Fund.

(j) The Issuer shall be responsible for the calculation and paying of all Rebate Amounts due under Section 148 of the Code. The Trustee shall not be obligated to calculate or pay Rebate Amounts on behalf of the Issuer. The obligation of the Trustee under the Indenture is limited to giving notice to the Issuer on a best efforts basis, keeping records, investing money and depositing and disbursing money in and from the Rebate Fund in accordance with instructions from the Issuer and the Indenture.

(k) The intent of the Indenture is to require funding of the Rebate Fund so that money in that account will be available to pay Rebate Amounts when they are required to be paid under Section 148 of the Code. Notwithstanding anything to the contrary in the Indenture, the Issuer may cause the Trustee to amend the Indenture, without consent of the Bondowners, in any manner consistent with the intent of the Indenture, if the Issuer provides the Trustee with an opinion of Tax Counsel to the effect that:

(i) the Indenture, as amended, states in reasonable detail the procedures with which the Issuer must comply under the applicable provisions of the regulations and rulings under Section 148 of the Code that are then in effect, and requires the Trustee to notify the Issuer in advance of the date on which action is required to comply with Section 148(f) of the Code; and

(ii) the amendment will not cause interest on any Tax-Exempt Bonds to become includable in gross income for federal income tax purposes; and

(iii) the amendment is consistent with the stated intent of the Indenture prior to its amendment.

(l) The Trustee shall retain records of the source of and determination of the Rebate Amounts required to be deposited and credited to the Rebate Fund, of the proceeds of any investments of money in the Rebate Fund, and of the amounts paid to the United States Treasury from the Rebate Fund for six years after the retirement of the last Outstanding Bond, or such shorter period as may be permitted by Section 148 of the Code.

(m) The Trustee may, in its discretion, establish such accounts within the Rebate Fund established under the Indenture, and subaccounts within any of such accounts, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from such accounts or subaccounts, but the establishment of any such

additional account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to the deposit or use of money in the Rebate Fund established under the Indenture or result in commingling of funds not permitted thereunder.

### **Final Balances**

Upon payment of all principal of and premium, if any, and interest on the Bonds, and upon payment of all sums properly due and payable under the Indenture and under the Power Sales Agreement (including all fees, charges and expenses of the Trustee, the Credit Enhancer, if any, and the Issuer which are properly due and payable under the Indenture and under the Power Sales Agreement as of such date), all money remaining in all Funds and accounts, except money held by the Trustee pursuant to any escrows established under the Indenture, shall be remitted and paid to the Issuer.

### **Investment of Funds**

Money on deposit in the Project Fund shall be invested and reinvested by the Trustee in Authorized Investments, as directed by the Issuer in writing.

In the absence of written direction from the Issuer with respect to investment of moneys held in the Project Fund, the Trustee shall hold such funds uninvested.

Money on deposit in the Principal and Interest Account or Redemption Account of the Bond Fund shall be invested and reinvested by the Trustee in Authorized Investments as directed by the Issuer in writing, but in the event of the failure of the Issuer to provide timely directions as to such investments or reinvestments, the Trustee shall hold such funds uninvested. In all cases money in the accounts in the Bond Fund shall be invested only in Authorized Investments maturing no later than the date money in such account or accounts is needed to make the payments authorized to be made therefrom.

Money on deposit in the Reserve Fund shall be invested and reinvested by the Trustee in Authorized Investments, as directed by the Issuer in writing.

In the absence of written direction from the Issuer with respect to investment of moneys held in the Reserve Fund, the Trustee shall hold such funds uninvested.

Money on deposit in the Rebate Fund, if created, shall be invested only in accordance with the provisions of the Indenture.

### **Allocation of Income and Losses**

The interest and income received with respect to the investments in any Fund or account held by the Trustee under the Indenture, and any profit or loss resulting from the sale of any such investments, shall be deposited and credited upon receipt, or charged to such Fund or such account, and all earnings received from the investment of money in any Fund or account shall be credited as described in the Indenture.

Whenever any transfer or payment is required to be made from any particular Fund or account, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds and withdrawals of principal as the Trustee deems appropriate for such purposes, after taking into account such factors as the Trustee may deem appropriate.

Neither the Issuer nor the Trustee shall be accountable for any depreciation in the value of the investments or any losses incurred upon any authorized disposition thereof.

### **Investments; Arbitrage; Special Arbitrage Restriction**

The Trustee may make any and all investments permitted by the provisions of the Indenture through its own trust department. As and when any amount invested pursuant to the Indenture may be needed for disbursement, the Trustee shall cause a sufficient amount of such investments to be sold and reduced to cash to the credit of such Funds. The Trustee covenants that at any time that it has discretion as to such investments it will not use or invest the proceeds of the Tax-Exempt Bonds in any manner which will cause the Tax-Exempt Bonds to become “arbitrage bonds” within the meaning of Section 148 of the Code and any lawful regulation proposed or promulgated thereunder, as the same exist on this date or may from time to time hereafter be amended, supplemented or revised. The Trustee may rely upon certificates of certified public accountants and opinions of Tax Counsel or Bond Counsel with respect to the foregoing covenants.

### **Performance of and Authority for Covenants**

The Issuer covenants and represents that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings of its Board of Directors pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds and to pledge and grant a security interest in the Trust Estate in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds and for the execution and delivery thereof will be duly and effectively taken and that such Bonds in the hands of the Owners thereof will be valid and enforceable special and limited obligations of the Issuer according to the terms thereof.

The Issuer acknowledges and agrees that all covenants contained in the Indenture are with and for the benefit of all Bondowners and can be enforced by the Trustee, in its discretion or at the direction of the Bondowners, as provided herein, or by the Bondowners in accordance with the provisions of the Indenture.

### **Extensions of Payments of Bonds**

The Issuer will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of interest thereon without the consent of the Trustee and the Owners of all Outstanding Bonds.

## **Concerning any Power Sales Agreement**

The Issuer will do or cause to be done all things on its part to be performed under any Power Sales Agreement so that the rights and obligations of the Issuer thereunder shall not be impaired or excused.

## **Lien of Indenture**

The Issuer will not knowingly create or suffer to be created any lien having priority or preference over the lien of the Indenture and the Series 2009A Indenture upon the Trust Estate or any part thereof, other than the security interests granted by it to the Trustee thereunder. Except to the extent otherwise provided in the Indenture, the Issuer will not knowingly enter into any contract or take any action by which the rights of the Trustee or the Bondowners will be impaired.

## **Instruments of Further Assurance**

The Issuer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Indenture and such further acts, instruments, and transfers for the better conveying, assuring, transferring, assigning, pledging and hypothecating unto the Trustee the rights, title and interests of the Issuer in any Power Sales Agreement as security for the payment of the principal of and premium, if any, and interest on the Bonds in the manner and to the extent contemplated in the Indenture.

## **Tax-Exempt Status of a Series of Bonds**

The Issuer covenants and agrees not to use or permit the use of any of the proceeds of the Tax-Exempt Bonds in such manner, and not to take or omit to take any other action in such manner, as will impair the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. The Issuer further covenants and agrees to comply with applicable arbitrage rebate requirements under Section 148 of the Code.

## **Rate Covenant**

The Issuer covenants and agrees that while any of the Bonds authorized under the Indenture Outstanding and unpaid, the rates charged to and collected from its customers for the sale of power, shall be fixed, maintained and, if necessary, adjusted from time to time, to be sufficient, so as to produce, based upon the audited financial statements of the Issuer relating to the Plant, in each Fiscal Year, a Debt Service Coverage Ratio equal to at least 1.20:1 (the "Rate Coverage"); and that the rates prevailing at any time will not be reduced except upon the basis of a statement of an Independent Engineer, after necessary investigation, that in his or her opinion the Rate Coverage will not thereby be reduced below such level.

## **Events of Default**

The following events shall be Events of Default:

(1) default in the punctual payment of the principal of or premium, if any, or interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise; or

(2) default by the Issuer in the observance of any of the other covenants, agreements or conditions on its part contained in the Series 2009A Indenture, the Indenture, any related Supplemental Indenture or the Bonds (other than as shall cause the mandatory redemption of Bonds under the Indenture), if such default shall have continued for a period of 90 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding; or

(3) the Issuer becomes insolvent or bankrupt, is generally not paying its debts as they become due or makes an assignment for the benefit of creditors, or the Issuer causes or suffers an order for relief to be entered with respect to it under applicable Federal bankruptcy law or applies for or consents to the appointment of a custodian, trustee or receiver for the Issuer or for the major part of its property; or

(4) a custodian, trustee or receiver is appointed for the Issuer or for the major part of its property and is not discharged within 30 days after such appointment; or

(5) bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of debtors, are instituted by or against the Issuer and, if instituted against the Issuer, are consented to or are not dismissed within 60 days after such institution.

The Trustee shall notify the Issuer of the occurrence of any event described in paragraph (2) above.

### **Acceleration of Maturity**

If any Event of Default described in paragraphs (1) or (2) of above shall occur, the Trustee shall, and in every case during the continuance of any other Event of Default may, upon notice in writing to the Issuer, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such Declaration of Acceleration the same shall become and shall be immediately due and payable, anything contained in the Indenture or in the Bonds to the contrary notwithstanding.

Upon any Declaration of Acceleration of the Bonds under the Indenture, the Trustee shall give notice of such declaration by mail to the respective Owners of the Bonds at their respective addresses appearing on the Bond Register.

## **Other Remedies Upon Default**

Upon the occurrence and continuance of an Event of Default, then and in every such case the Trustee in its discretion may, and upon the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity against anticipated expenses and liability to its satisfaction (which indemnity is a condition precedent to its duties under the Indenture), shall, in its own name and as the Trustee of an express trust:

- (1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners and require the Issuer to carry out any agreements with or for the benefit of the Owners of Bonds and to perform its or their duties under the Act, any Power Sales Agreement and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of any Power Sales Agreement or the Indenture, as the case may be;
- (2) bring suit upon the Bonds;
- (3) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds;
- (4) enforce any provisions of any Power Sales Agreement under which there may exist at that time a default thereunder; or
- (5) exercise any other remedies available at law or in equity.

## **Application of Revenues and Other Funds After Default**

If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (subject to certain sections titled "Rebate Fund" and "Unclaimed Moneys" and provided that money described in "Unclaimed Moneys" shall not be used for purposes other than payment of the Bonds) shall be applied by the Trustee as follows and in the following order:

- (1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable charges and expenses of the Trustee (including reasonable fees and disbursements of its legal counsel) incurred in and about the performance of its powers and duties under the Indenture; and
- (2) To the payment of amounts then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, without preference or priority of any kind, ratably, according to the amounts due on the Bonds for principal (and premium, if any) and interest, respectively, to the Owners thereof without discrimination or privilege

## **Trustee to Represent Bondowners**

The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, the Power Sales Agreements and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondowners, the Trustee in its discretion may, and upon the written request of Owners of a majority in aggregate principal amount of the Bonds then Outstanding as provided in the Indenture, and upon being indemnified against anticipated expenses and liabilities to its satisfaction therefor (which indemnity is a condition precedent to its duties under the Indenture), shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under the Indenture, pending such proceedings. Notwithstanding the foregoing, the Trustee shall not require indemnification prior to accelerating the Bonds as required in the Indenture, or making payment of principal of or premium, if any, or interest on the Bonds.

All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

## **Bondowners' Direction of Proceedings**

Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds Outstanding, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the time, place and method of conducting all remedial proceedings taken by the Trustee thereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction that in the sole discretion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction. Before the Owners may take or require the Trustee to take any action not otherwise required thereunder, the Trustee may require that it be furnished an indemnity bond satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the negligence or willful misconduct of the Trustee, by reason of any action so taken by the Owners or the Trustee. The Trustee shall not be responsible for the propriety of or liable for the consequences of following such a direction given by the Owners of a majority in aggregate principal amount of the Bonds Outstanding.

## **Limitation on Bondowners' Right to Sue**

Except as otherwise provided in the Indenture, no Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, any Power Sales Agreement or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than 50% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (3) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or failed to comply with such request for a period of 90 days after such written request shall have been received by, and such tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or failure are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Bondowners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Bondowners, or to enforce any right under the Indenture, the Power Sales Agreements or applicable law with respect to the Bonds, except in the manner therein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided therein and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Notwithstanding the foregoing, nothing in the Indenture shall be construed as limiting or otherwise modifying the rights of the Owners and the Trustee under the Indenture, and in no event shall anything herein impair the absolute and unconditional right of the Owner of each Bond to receive payment of the principal thereof and interest and premium, if any, thereon at the times provided in such Bond and in the Indenture and to institute suit solely for the purpose of enforcing any such payment or purchase.

## **Absolute Obligation of Issuer**

Nothing in the Indenture, in any related Supplemental Indenture or in the Bonds, shall affect or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on the Bonds to the respective Owners of the Bonds at the times stated therein, but only out of the Net Revenues and other assets pledged herein therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

## **Termination of Proceedings**

In case any proceedings taken by the Trustee or any one or more Bondowners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondowners, then in every such case the Issuer, the Trustee and the Bondowners, subject to any determination in such proceedings, shall be restored to their former positions and rights thereunder, severally and respectively, and all rights, remedies, powers and duties of the Issuer, the Trustee and the Bondowners shall continue as though no such proceedings had been taken.

## **Remedies Not Exclusive**

Except as otherwise provided in the Indenture, no remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

## **No Implied Waiver of Default**

No delay or omission of the Trustee or any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

## **Waivers of Events of Default**

Unless a Declaration of Acceleration has been given by the Trustee, the Trustee in its discretion may, if all arrears of principal and interest, if any, on the Bonds and all expenses of the Trustee and/or the Issuer have been paid and all other defaults shall have been cured or provision satisfactory to the Trustee and the Issuer has been made therefor, waive any Event of Default under the Indenture other than a default under paragraph (1) of "Events of Default", and rescind its consequences. In the case of any such waiver and rescission, the Issuer, the Trustee and the Bondowners shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

## **Acceptance of Trust and Prudent Performance Thereof**

The Trustee, as evidenced by its due execution of the Indenture, accepts the conveyance set forth in the preamble, in trust, and agrees to keep, perform and observe faithfully all of the covenants, conditions and requirements imposed upon it in the Indenture and in the Bonds and the covenants, conditions, requirements, duties and obligations imposed upon the Issuer in the Power Sales Agreements and assigned to the Trustee.

The Trustee shall be required to take notice or be deemed to have notice of any Event of Default under the Indenture. All notices or other instruments required by the Indenture or the Power Sales Agreement to be delivered to the Trustee, in order to be effective, must be delivered at the address specified herein in the Indenture; and in the absence of such notice so delivered and except as to Events of Default for which the Trustee shall be deemed to have received notice as provided in the Indenture, the Trustee may conclusively assume that there is no default or Event of Default.

The Trustee shall not be liable with respect to any action taken or omitted to be taken under the Indenture except for its own negligent failure to act or its own negligence or willful misconduct; provided, that:

(a) In the absence of an Event of Default, the duties and obligations of the Trustee shall be determined solely by the express provisions of the Indenture; the Trustee shall be obligated to take only such actions as are specifically set forth herein or as are specifically required to be taken by the Trustee when requested from time to time by the Owners of not less than 50% in the aggregate principal amount of Outstanding Bonds specified herein with respect to the action in question; and

(b) In the absence of willful misconduct on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and to the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the procedural requirements of the Indenture; but in the case of any such certificate or opinion which by any provision is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the procedural requirements of the Indenture or the Power Sales Agreement; and

(c) The Trustee shall not be liable for any error of judgment made in good faith by the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(d) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of Outstanding Bonds or in accordance with the express provisions of the Indenture.

### **Appointment of Trustee**

There shall at all times be a trustee under the Indenture which shall be a commercial bank or trust company organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 (or a subsidiary of an association or corporation having such combined capital and surplus), and subject to supervision or examination by federal or state authority. The written consent of the Rating Agency, if any, shall be required for the appointment of any successor to the Trustee unless the obligations of such successor are rated Baa3/P-3 or

higher by the Rating Agency. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this paragraph, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

### **Resignation of Trustee**

The Trustee may resign and be discharged from the trusts created by the Indenture by giving to the Issuer 45 days' advance written notice. Such resignation shall take effect on the day specified in such notice, but the Trustee shall not be discharged from the trusts created hereby until a successor trustee has been approved and appointed. Subsequent to the resignation effective date, the resigning Trustee shall have no further duties and obligations under the Indenture or any Power Sales Agreement.

### **Removal of Trustee**

(a) Subject to the provisions of the Indenture, the Trustee may be removed at any time, either with or without cause, by the Owners of a majority in aggregate principal amount of Outstanding Bonds, provided that all fees and reasonable expenses of the Trustee due and owing pursuant to the Indenture shall first be paid.

(b) Subject to the provisions of the Indenture, the Trustee may be removed, either with or without cause, by the Issuer so long as there has been no Event of Default which then remains uncured and provided that all fees and reasonable expenses of the Trustee due and owing pursuant to the Indenture shall first be paid.

(c) Any removal of the Trustee pursuant to the Indenture shall be effected by delivery to the Trustee of a written instrument to that effect.

(d) No resignation or removal of the Trustee shall be effective until a successor to the Trustee shall have been appointed and shall have assumed those functions.

### **Appointment of Successor Trustee**

(a) If at any time the Trustee shall resign, be removed or otherwise become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and *ipso facto* be created in the office of such Trustee under the Indenture, and the Issuer shall promptly appoint a successor Trustee meeting the requirements of the Indenture.

(b) If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the Indenture within 45 days after notice of removal or resignation of the

Trustee, any Owner or the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(c) The Issuer shall notify the Rating Agency of the appointment of a successor Trustee within 30 days of such appointment.

(d) Any trustee appointed under the Indenture shall also serve as trustee under the Series 2009A Indenture.

### **Merger of Trustee**

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties thereto, anything herein to the contrary notwithstanding, provided that such resulting entity shall be entitled under state or federal law to exercise corporate trust powers.

### **Transfer of Rights and Property to Successor Trustee**

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor and also to the Issuer a written instrument accepting such appointment under the Indenture, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request from the Authorized Representative of the Issuer or of its successor execute and deliver a written instrument transferring to such successor all the Trust Estate and the rights, powers, trusts, duties and obligations of such predecessor under the Indenture, and every predecessor Trustee shall deliver all funds held by it as Trustee under the Indenture to its successor. Should any assignment, conveyance or written instrument from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the Trust Estate and rights, powers, trusts, duties and obligations hereby vested or intended to be vested in the predecessor Trustee, any and all such assignments, conveyances and written instruments shall, on request, be executed, acknowledged and delivered by the Issuer. Each successor Trustee shall give notice of its appointment to all Owners appearing on the Bond Register as of the date of appointment. The successor Trustee shall reimburse the predecessor Trustee for any expenses incurred under the Indenture.

The Trustee's rights to immunity and protection from liability under the Indenture and its right to receive payment of its fees and expenses shall survive its removal or resignation and the

final payment, defeasance or discharge of the Bonds and the termination of the lien of the Indenture.

## **Defeasance**

If the Issuer shall issue refunding bonds or have money available from any other lawful source to pay, if applicable, the principal of and premium, if any, and interest on the Bonds, or such portion thereof included in the refunding or defeasance plan, as the same become due and to pay the costs of refunding or defeasance, and shall have set aside irrevocably in a special fund for and pledged to such payment, refunding or defeasance, money and/or Government Obligations that are not subject to redemption prior to maturity sufficient in amount, together with known earned income from the investments thereof but without regard to any reinvestment thereof, to make such payments and to accomplish the refunding or defeasance as scheduled (hereinafter called the “trust account”), and shall make irrevocable provisions for redemption of such Bonds, if such redemption is included in the refunding or defeasance plan, then in that case all right and interest of the Owners of the Bonds to be so retired, refunded or defeased (hereinafter collectively called the “Defeased Bonds”) in the covenants of the Indenture, in the Revenues and Funds, and in the funds and accounts obligated to the payment of such defeased Bonds, other than the right to receive the funds so set aside and pledged, thereupon shall cease and become void. After the establishing and full funding of such trust account, the Defeased Bonds shall be deemed to be discharged and the Issuer then may apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to any lawful purposes as it shall determine, subject only to the rights of the Owners of any other Bonds then Outstanding.

Anything in the Indenture to the contrary notwithstanding, if such Eligible Funds in the form of cash or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article for the payment of Bonds and interest and premium thereon, if any, and such Bonds shall not yet have been paid in full, no amendment to the provisions of the Indenture shall be made without the consent of the Owner of each Bond affected thereby.

It shall be a condition of any such defeasance of Bonds that the Issuer has obtained (i) the Opinion of Counsel recognized in the area of bankruptcy matters that payment of the Defeased Bonds from the money and securities in the trust account will not constitute a voidable preference under the Bankruptcy Code and (ii) a certificate of a nationally recognized accounting firm or Tax Counsel that the money and securities in the trust account are sufficient to discharge and defease the Defeased Bonds.

Upon the discharge and defeasance of the Defeased Bonds, the Trustee shall send written notice to each Owner of a Defeased Bond stating that the Owner’s Bond has been defeased and the time and manner of presenting the Defeased Bond for payment.

## **Unclaimed Money**

Notwithstanding any other provision of the Indenture, any money held by the Trustee for the payment and discharge of any Bond shall be held in cash and shall not be invested by the Trustee. Any money held by the Trustee for the payment and discharge of any Bond which remains unclaimed for more than one year after the discharge of such Bond (or such longer period as the Issuer may approve in writing) shall be free from such trust and shall promptly thereafter be transferred by the Trustee to the Issuer, and the Trustee shall be released and discharged with respect thereto, and the Owners of Bonds payable from any such money shall look only to the Issuer for the payment thereof (or to the State if the Issuer has delivered such money to the State in accordance with the laws of the State relating to the escheat of unclaimed funds).

The Trustee shall not be responsible for accounting for, or paying to, the Issuer or any Bondowner any return on or benefit from money held for the payment of unredeemed Bonds or outstanding checks, and no calculation of the same shall affect or result in any offset against fees due to the Trustee under the Indenture.

## **Amendment of Indenture**

(a) The Indenture shall not be supplemented or amended in any respect subsequent to the initial issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of the Indenture.

(b) The Issuer may from time to time and at any time, without the consent of or notice to the Owners of the Bonds, enter into Supplemental Indentures for the following purposes:

(1) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture in a manner not adverse to the Owner of any Bonds;

(2) to impose upon the Trustee for the benefit of the Owners of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(3) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in the Indenture other covenants, agreements, limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(4) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Indenture of any other money, securities or funds;

(5) to comply with any federal law or interpretation, including those relating to arbitrage rebate, to prevent the occurrence of an event that in the opinion of Bond Counsel would lead to a Determination of Taxability;

(6) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by that act or statute, in a manner not adverse to the Owner of any Bond;

(7) to authorize different denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different Authorized Denominations, redemptions of portions of Bonds of particular Authorized Denominations and similar amendments and modifications of a technical nature;

(8) to make such changes as are elsewhere expressly permitted by the Indenture;

(9) to modify, alter, amend or supplement the Indenture in any other respect, including modifications required by the Rating Agency, which in the reasonable judgment of the Trustee is not materially adverse to the Owners of the Bonds and which does not involve a change described in paragraph (c) below; and

(10) to issue and authorize, from time to time, one or more series of Parity Bonds.

Concurrently with or prior to the adoption by the Issuer of any such Supplemental Indenture pursuant to the Indenture, there shall have been delivered to the Issuer and the Trustee an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not cause the interest on the Tax-Exempt Bonds to be included in gross income of the Owners for federal income tax purposes.

(c) Except for any Supplemental Indenture entered into pursuant to paragraph (b) above, subject to the terms and provisions contained in this paragraph (c), the Owners of 60% in aggregate principal amount of Bonds then Outstanding shall have the right from time to time to consent to and approve the entering into by the Issuer of any Supplemental Indenture deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Indenture; except that, unless approved in writing by the Owners of all Bonds then Outstanding, nothing contained in the Indenture shall permit, or be construed as permitting:

(1) a change in the times, amounts or currency of payment of the principal of or premium, if any, or interest on any outstanding Bond, or a reduction in the principal amount or redemption price of any outstanding Bond or a change in the method of redemption or redemption price of any outstanding Bond or an extension of the final maturity thereof;

(2) a preference or priority of any Bond over any other Bond;

- (3) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required for any such Supplemental Indenture;
- (4) the creation of any lien ranking prior to or on a parity with the lien of any Bonds; or
- (5) the modification of any of the provisions of the amendment section of the Indenture.

If at any time the Issuer shall desire to enter into any Supplemental Indenture for any of the purposes of this paragraph (c), the Trustee shall cause notice of the proposed Supplemental Indenture to be given by first-class United States Mail, postage prepaid, to all Owners of the then Outstanding Bonds and to the Rating Agency. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Owners of the Outstanding Bonds.

Within 60 days after the date of the mailing of such notice or such longer period as shall be prescribed from time to time by the Issuer, the Issuer may enter into such Supplemental Indenture in substantially the form described in such notice, but only if there shall have first or concurrently been delivered to the Trustee (i) the required consents, in writing, of the Owners of the Bonds and any other Person whose consent is required under the terms of the Indenture, and (ii) an opinion of Bond Counsel, stating that such Supplemental Indenture is authorized or permitted by the Indenture and, upon the execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and will not cause interest on the Tax-Exempt Bonds to be includable in gross income of the Owners for federal income tax purposes.

If the Owners of not less than 60% in aggregate principal amount of Bonds shall have consented to and approved the execution and delivery of a Supplemental Indenture as provided herein, no Owner of any Bond shall have any right to object to the adoption of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof. Any written consent to a permitted amendment may be embodied in and evidenced by one or any number of written instruments of substantially similar tenor signed by such Bondowners in person or by an agent duly appointed in writing, and such consent shall become effective when such instrument or instruments are delivered to the Issuer or the Trustee.

(d) Proof of the execution of any such consent or of a writing appointing any such agent shall be sufficient for any purpose and shall be conclusive in favor of the Issuer if made in the following manner: the fact and date of the execution by any Person of any such consent or appointment may be proved by the affidavit of any witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the Person signing such consent or appointment acknowledged to him the execution thereof. The fact and date of execution of such consent or appointment may also be proved in any other manner which the Issuer may deem sufficient; but the Issuer may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Any consent by

the Owner of any Bond shall bind any future Owner of the same Bond with respect to any Supplemental Indenture executed by the Issuer pursuant to such consent.

(e) Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Section 10.1, the Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modifications and amendments.

### **Payments Due on Other Than Business Days**

In any case in which the date of payment of principal of the Bonds, whether at the stated maturity thereof, on a date fixed for redemption or otherwise, or payment of interest or premium, if any, thereon is not a Business Day then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or redemption or the date such interest was due, as the case may be, and no interest shall accrue in respect of the period after such date.

### **Liability of Issuer Limited to Trust Estate**

Notwithstanding anything contained in the Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the Trust Estate, the Revenues and other assets pledged under the Indenture for any of the purposes mentioned in the Indenture, whether for the payment of the principal of or premium, if any, or interest on the Bonds or for any other purpose of the Indenture.

### **Immunities and Limitations of Issuer**

The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondowner), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it under the Indenture and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (i) taken by it in good faith and reasonably believed by it to be within its discretion or powers under the Indenture, or (ii) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers under the Indenture, or (iii) taken by it pursuant to any direction or instruction by which it is governed under the Indenture, or (iv) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any Person other than Issuer. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in the Indenture.

**APPENDIX E**

**ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY  
REFUNDING REVENUE BONDS, SERIES 2026**

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**Form of Continuing Disclosure Agreement**

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”), is executed and delivered as of July 30, 2026, by Electric Plant Board of the City of Paducah, Kentucky, a municipal utility organized under Chapter 96 of the Kentucky Revised Statutes, (the “Issuer”) in connection with the issuance of its Refunding Revenue Bonds, Series 2026 (the “Series 2026 Bonds”). The Series 2026 Bonds are being issued pursuant to a Trust Indenture dated as of June 1, 2016 (the “Master Indenture”), as supplemented by (i) Supplemental Indenture No. 1, dated as of June 1, 2016 (the “2016A Supplemental Indenture”), (ii) Supplemental Indenture No. 2, dated as of September 1, 2019 (the “2019 Supplemental Indenture”), and (iii) Supplemental Indenture No. 3, dated as of July 30, 2026 (the “2026 Supplemental Indenture”, together with the Master Indenture, the 2016A Supplemental Indenture, and the 2019 Supplemental Indenture, the “Indenture”), each between the Issuer and Regions Bank, Nashville, Tennessee, as trustee (the “Trustee”). The Issuer covenants and agrees as follows:

**1. PURPOSE OF THE DISCLOSURE AGREEMENT.** This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the holders of the Series 2026 Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Issuer acknowledges that it is undertaking responsibility for any reports, notices or disclosures that may be required under this Disclosure Agreement. The Issuer and its officials and its employees shall have no liability by reason of any act taken or not taken by reason of this Disclosure Agreement except to the extent required for the agreements contained in this Disclosure Agreement to satisfy the requirements of the Rule.

**2. DEFINITIONS.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean, for purposes of this Disclosure Agreement, any person who is a beneficial owner of a Series 2026 Bond.

“Dissemination Agent” shall mean Robert W. Baird & Co. Incorporated, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure (<http://emma.msrb.org>) or any other single dissemination agent or conduit required, designated or permitted by the SEC.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

“Filing Date” shall have the meaning given to such term in Section 3.1 hereof.

“Fiscal Year” shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, the Issuer’s Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

“Listed Events” shall mean, with respect to the Series 2026 Bonds, any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls (except in the case of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event if the terms under which the redemption is to occur are set forth in detail in an official statement and the only open issue is which Series 2026 Bonds will be redeemed in the case of a partial redemption, provided notice of the redemption is given to the bondholders and the public; see Exchange Act Release No. 23856, Dec. 3, 1986) and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Exchange Act or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Official Statement” shall mean the Official Statement dated \_\_\_\_\_, 2026, relating to the Series 2026 Bonds.

“Participating Underwriters” shall mean the Underwriters of the Series 2026 Bonds required to comply with the Rule in connection with the offering of such Series 2026 Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Exchange Act.

“SEC” means the United States Securities and Exchange Commission.

### **3. PROVISION OF ANNUAL REPORTS.**

3.1 The Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB via EMMA and to any bond insurer insuring the Series 2026 Bonds an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the “Filing Date”) on or before 180 days after the end of each Fiscal Year commencing with the report for the Fiscal Year ending June 30, 2026. Not later than ten (10) days prior to the Filing Date, the Issuer shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report must be submitted in electronic format and accompanying information as prescribed by the MSRB and (i) may be submitted as a single document or as separate documents comprising a package, (ii) may include by specific reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include such financial statements as may be required by the Rule.

3.2 The annual financial statements of the Issuer shall be prepared on the basis of generally accepted accounting principles, will be copies of the audited annual financial statements and will be filed with the MSRB when they become publicly available. Such annual financial statements may be filed separately from the Annual Report.

3.3 If the Issuer or the Dissemination Agent (if applicable) fails to provide an Annual Report to the MSRB by the date required in Section 3.1 hereto the Issuer or the Dissemination Agent, if applicable, shall send a notice to the MSRB in substantially the form attached hereto as Exhibit B.

**4. CONTENT OF ANNUAL REPORTS.** Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the Issuer's audited financial statements and operating data.

Any or all of such information may be included by specific reference from other documents, including offering memoranda of securities issues with respect to which the Issuer is an "obligated person" (within the meaning of the Rule), which have been filed with the MSRB via EMMA or the SEC. If the document included by specific reference is a final Official Statement, it must be available from the MSRB via EMMA. The Issuer shall clearly identify each such other document so included by specific reference.

**5. REPORTING OF LISTED EVENTS.** The Issuer will provide in a timely manner, not in excess of ten (10) business days, to the MSRB via EMMA, if any, notice of any of the Listed Events and will also provide a copy of any such notice to any bond insurer insuring the Series 2026 Bonds.

**6. TERMINATION OF REPORTING OBLIGATION.** The Issuer's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Series 2026 Bonds.

**7. DISSEMINATION AGENT.** Robert W. Baird & Co. Incorporated shall be the Dissemination Agent. The Issuer may, from time to time, appoint or engage another Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

**8. AMENDMENT.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is not inconsistent with or is required by the Rule.

**9. ADDITIONAL INFORMATION.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation

under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**10. DEFAULT.** Any Beneficial Owner may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to file its Annual Report or to give notice of a Listed Event. The Beneficial Owners of not less than a majority in aggregate principal amount of Series 2026 Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the Issuer hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Indenture or the Series 2026 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Exchange Act or other applicable laws.

It shall be a condition precedent to the right, power and standing of any person to bring an action to compel performance under this Disclosure Agreement that such person, not less than 30 days prior to commencement of such action, shall have actually delivered to the Issuer notice of such person's intent to commence such action and the nature of the non-performance complained of, together with reasonable proof that such person is a person otherwise having such right, power and standing, and the Issuer shall not have cured the non-performance complained of.

Neither the commencement nor the successful completion of an action to compel performance under this Disclosure Agreement shall entitle any person to any other relief other than an order or injunction compelling performance.

**11. BENEFICIARIES.** This Disclosure Agreement shall inure solely to the benefit of the Participating Underwriters and Beneficial Owners from time to time of the Series 2026 Bonds, and shall create no rights in any other person or entity

ELECTRIC PLANT BOARD OF THE  
CITY OF PADUCAH, KENTUCKY

By: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT A**

### **ANNUAL INFORMATION**

- (a) Updates for the previous fiscal year of the Schedule for Electric Rates, Ten Largest Electric Customers and Customer Statistics by Category, consistent with the presentation of such tables in Appendix C to the Official Statement.
- (b) The audited financial statements for the Issuer. The basis of presentation of such financial statements shall be generally accepted accounting principles or such other manner of presentation as may be required by law.

**EXHIBIT B**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

RE: Electric Plant Board of the City of Paducah, Kentucky

Refunding Revenue Bonds, Series 2026 (“Series 2026 Bonds”)

CUSIP NOS. \_\_\_\_\_

Dated: \_\_\_\_\_, 2026

NOTICE IS HEREBY GIVEN that Electric Plant Board of the City of Paducah, Kentucky (the “Issuer”) has not provided an Annual Report as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named Series 2026 Bonds issued pursuant to that certain Trust Indenture dated as of June 1, 2016, as supplemented by (i) Supplemental Indenture No. 1, dated as of June 1, 2016, (ii) Supplemental Indenture No. 2, dated as of September 1, 2019, and (iii) Supplemental Indenture No. 3, dated as of July 30, 2026, each between the Issuer and Regions Bank, Nashville, Tennessee, as trustee. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

ELECTRIC PLANT BOARD OF THE  
CITY OF PADUCAH, KENTUCKY

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPENDIX F**

**ELECTRIC PLANT BOARD OF THE CITY OF PADUCAH, KENTUCKY  
REFUNDING REVENUE BONDS, SERIES 2026**

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**Form of Opinion of Bond Counsel**

July 30, 2026

Electric Plant Board of the City of  
Paducah, Kentucky

Regions Bank, as Trustee  
Nashville, Tennessee

Re: \$75,950,000\* Electric Plant Board of the City of Paducah, Kentucky Refunding  
Revenue Bonds, Series 2026 (the “Bonds”)

Ladies and Gentlemen:

We have examined a certified copy of the transcript of proceedings of the Electric Plant Board of the City of Paducah, Kentucky, a body politic and corporate of the Commonwealth of Kentucky (the “Issuer”) relating to the authorization, sale and issuance of its Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds, Series 2026 (the “Bonds”), dated the date of issuance. In addition, we have examined such portions of the Constitution, Statutes and laws of the United States, the Constitution, Statutes and laws of the Commonwealth of Kentucky (the “Commonwealth”), and such applicable court decisions, regulations, rulings and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also examined records and the transcript of proceedings relating to the authorization and issuance of the Bonds, including specimen bonds, and other relevant matters. We have also made such investigation as we have deemed necessary for the purposes of such opinions, and relied upon certificates of officials of the Commonwealth and the Issuer as to certain factual matters.

The Bonds have been authorized and issued pursuant to the Constitution and laws of the Commonwealth, including particularly Chapters 65 and 96 of the Kentucky Revised Statutes (collectively, the “Act”), in accordance with a Trust Indenture dated as of June 1, 2016 (the “Master Indenture”), as supplemented by (i) Supplemental Indenture No. 1, dated as of June 1, 2016 (the “2016A Supplemental Indenture”), (ii) Supplemental Indenture No. 2, dated as of September 1, 2019 (the “2019 Supplemental Indenture”), and (iii) Supplemental Indenture No. 3, dated as of July 30, 2026 (the “2026 Supplemental Indenture”, together with the Master Indenture, the 2016A Supplemental Indenture, and the 2019 Supplemental Indenture, the “Indenture”). Terms not defined herein are defined in the Indenture and shall have the same meanings herein, unless the context otherwise requires.

Based upon the foregoing and our review of the above and such other information, documents and statutes, regulations, rulings and decisions as we believe necessary or advisable,

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\* Preliminary, subject to change.

we are of the opinion that:

1. The Issuer is a body politic and corporate of the Commonwealth, duly organized and validly existing under the laws of the Commonwealth and has the legal right and authority to issue the Bonds.

2. The Indenture has been duly authorized, executed and delivered by the Issuer, is in full force and effect and is a valid and binding obligation of the Issuer enforceable in accordance with its terms.

3. The Bonds have been duly authorized and issued by the Issuer and are valid and binding limited and special obligations of the Issuer enforceable in accordance with their terms. The Bonds are payable as to principal, premium, if any, and interest from, and are secured, on a parity basis with the Issuer's outstanding City of Paducah, Kentucky Electric Plant Board Revenue Bonds, Series 2009A and Electric Plant Board of the City of Paducah, Kentucky Refunding Revenue Bonds Series 2016A. The Bonds do not pledge the general credit or taxing power, if any, of the Commonwealth or any agency or political subdivision of the Commonwealth or the City of Paducah, Kentucky (other than the Issuer). The Issuer does not have taxing powers.

4. The Bonds are "state or local bonds" as defined and described in Section 103(c)(1) of the Internal Revenue Code of 1986, as amended.

5. Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Issuer with certain covenants relating to the tax exempt status of the Bonds as set forth and required in the Indenture. Failure to comply with those covenants could cause interest on the Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

Our opinion set forth above is subject to the qualification that the enforceability of the Indenture, the Bonds and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, whether now in effect or hereafter enacted, and to the exercise of judicial discretion in accordance with general equitable principles.

RUBIN & HAYS