

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

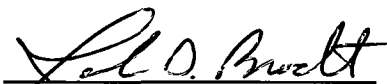
CONSOLIDATING BALANCE SHEETS - JUNE 30, 2007 AND 2006

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - JUNE 30, 2007 AND 2006

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - JUNE 30, 2007 AND 2006

OFFICER'S CERTIFICATION

A review of the affairs and activities of Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation (the Companies), during the quarters ended June 30, 2007 and 2006, has been made under my supervision, and in my opinion, the unaudited financial statements for these periods present fairly the financial conditions of the Companies as of June 30, 2007 and 2006, and the results of the operations, thereof, in accordance with generally accepted accounting principles consistently applied throughout the period. To the best of my knowledge and belief, there has been no Potential Default, Default, or Event of Default by the Companies and the Companies are in compliance with the covenants of the current debt agreements.



Secretary and Treasurer

OHIO VALLEY ELECTRIC CORPORATION and
INDIANA-KENTUCKY ELECTRIC CORPORATION

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF JUNE 30, 2007 AND 2006-UNAUDITED

	2007				2006			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
ASSETS								
ELECTRIC PLANT:								
At original cost	\$ 1,197,515,477.25	\$ -	\$ 577,123,701.86	\$ 620,391,775.39	\$ 1,138,442,692.37	\$ -	\$ 522,417,493.65	\$ 616,025,198.72
Less - Accumulated provisions for depreciation	(850,471,134.68)	-	(368,452,639.70)	(482,018,494.98)	(820,030,638.30)	-	(351,078,538.92)	(468,952,099.38)
	347,044,342.57	-	208,671,062.16	138,373,280.41	318,412,054.07	-	171,338,954.73	147,073,099.34
Construction in progress	164,222,112.22	-	111,491,429.60	52,730,682.62	68,520,757.26	-	59,194,038.57	9,326,718.69
Total electric plant	511,266,454.79	-	320,162,491.76	191,103,963.03	386,932,811.33	-	230,532,993.30	156,399,818.03
INVESTMENTS AND OTHER:								
Investment in subsidiary company	-	(3,400,000.00)	3,400,000.00	-	-	(3,400,000.00)	3,400,000.00	-
Advances to subsidiary-construction	-	(152,126,452.59)	152,126,452.59	-	-	(163,620,451.28)	163,620,451.28	-
Total investments and other	-	(155,526,452.59)	155,526,452.59	-	-	(167,020,451.28)	167,020,451.28	-
CURRENT ASSETS:								
Cash and cash equivalents	101,518,814.59	-	101,503,424.92	15,389.67	63,316,627.50	-	63,305,391.95	11,235.55
Accounts receivable	27,766,717.41	(52,207,961.57)	79,233,718.61	740,960.37	22,539,132.62	(5,429,669.74)	21,531,301.73	6,437,500.63
Fuel in storage-at average cost	63,556,853.14	-	30,442,603.04	33,114,250.10	45,305,712.51	-	19,511,590.71	25,794,121.80
Materials and supplies-at average cost	16,235,498.92	-	8,121,424.02	8,114,074.90	14,735,402.91	-	7,340,911.28	7,394,491.63
Property taxes applicable to future years	986,400.00	-	986,400.00	-	923,400.00	-	923,400.00	-
Emission allowances	23,203,832.48	-	23,203,832.48	-	39,879,989.81	-	39,879,989.81	-
Refundable federal income taxes	1,964,599.21	-	1,964,599.21	-	3,006,102.82	-	3,006,102.82	-
Refundable state income taxes	108,351.02	-	108,351.02	-	108,351.02	-	108,351.02	-
Prepaid expenses and other	1,246,603.47	-	481,238.62	765,364.85	1,406,061.59	-	533,106.13	872,955.46
Total current assets	236,587,670.24	(52,207,961.57)	246,045,591.92	42,750,039.89	191,220,780.78	(5,429,669.74)	156,140,145.45	40,510,305.07
REGULATORY ASSETS:								
Unrecognized pension benefits	-	-	-	-	3,588,442.00	-	1,881,715.00	1,706,727.00
Unrecognized postemployment benefits	3,222,815.00	-	1,869,278.00	1,353,537.00	3,291,903.00	-	1,868,626.00	1,423,277.00
Asset retirement costs	15,977,777.84	-	2,742,703.90	13,235,073.94	17,655,604.84	-	3,368,140.90	14,287,463.94
Deferred depreciation	39,574,194.61	-	24,981,323.70	14,592,870.91	35,263,306.66	-	20,050,661.32	15,212,645.34
Total regulatory assets	58,774,787.45	-	29,593,305.60	29,181,481.85	59,799,256.50	-	27,169,143.22	32,630,113.28
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	6,662,725.31	-	6,662,725.31	-	4,636,426.79	-	4,636,426.79	-
Deferred tax assets	46,524,391.00	-	39,099,938.00	7,424,453.00	49,093,560.00	-	33,542,864.00	15,550,696.00
Other	26,863.00	-	14,929.17	11,933.83	723,187.91	-	3,372.41	719,815.50
Total deferred charges and other	53,213,979.31	-	45,777,592.48	7,436,386.83	54,453,174.70	-	38,182,663.20	16,270,511.50
TOTAL	\$ 859,842,891.79	\$ (207,734,414.16)	\$ 797,105,434.35	\$ 270,471,871.60	\$ 692,406,023.31	\$ (172,450,121.02)	\$ 619,045,396.45	\$ 245,810,747.88

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF JUNE 30, 2007 AND 2006-UNAUDITED

	2007				2006			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
CAPITALIZATION AND LIABILITIES								
CAPITALIZATION:								
Common stock, \$100 par value- Authorized, 300,000 shares; outstanding, 100,000 shares	\$ 10,000,000.00	\$ -	\$ 10,000,000.00	\$ -	\$ 10,000,000.00	\$ -	\$ 10,000,000.00	\$ -
Common stock, without par value, stated at \$200 per share- Authorized, 100,000 shares; outstanding, 17,000 shares	-	(3,400,000.00)	-	3,400,000.00	-	(3,400,000.00)	-	3,400,000.00
Unsecured term loan	-	-	-	-	-	-	-	-
Senior notes	611,316,244.68	-	611,316,244.68	-	438,963,211.00	-	438,963,211.00	-
Line of credit borrowings-long term	-	-	-	-	30,000,000.00	-	30,000,000.00	-
Retained earnings	4,452,174.87	-	4,452,174.87	-	4,485,332.70	-	4,485,332.70	-
Total capitalization	625,768,419.55	(3,400,000.00)	625,768,419.55	3,400,000.00	483,448,543.70	(3,400,000.00)	483,448,543.70	3,400,000.00
CURRENT LIABILITIES:								
Current portion of long term debt	21,435,112.00	-	21,435,112.00	-	6,036,789.00	-	6,036,789.00	-
Accounts payable	28,320,679.91	(52,207,961.57)	14,326,027.17	66,202,614.31	20,876,624.18	(5,429,669.74)	15,149,635.12	11,156,658.80
Deferred revenue-advances for construction	19,631,151.18	-	7,955,522.56	11,675,628.62	12,244,040.03	-	7,259,807.21	4,984,232.82
Accrued taxes	5,034,367.84	-	3,114,464.06	1,919,903.78	2,095,542.59	-	2,155,884.14	(60,341.55)
Option premium	-	-	-	-	550,000.00	-	550,000.00	-
Accrued interest and other	17,492,410.06	-	14,481,309.21	3,011,100.85	18,837,222.20	-	15,520,260.73	3,316,961.47
Total current liabilities	91,913,720.99	(52,207,961.57)	61,312,435.00	82,809,247.56	60,640,218.00	(5,429,669.74)	46,672,376.20	19,397,511.54
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	16,006,189.11	-	34,151,369.68	(18,145,180.57)	17,646,563.70	-	17,338,961.84	307,601.86
Investment tax credits	3,393,145.95	-	3,393,145.95	-	3,393,145.95	-	3,393,145.95	-
Net antitrust settlement	1,823,929.41	-	673,069.85	1,150,859.56	1,823,929.41	-	673,069.85	1,150,859.56
Income taxes refundable to customers	46,342,956.54	-	38,918,503.54	7,424,453.00	47,726,807.82	-	32,176,111.82	15,550,696.00
Deferred credit - EPA emission allowance auction proceeds	893,770.49	-	426,959.03	466,811.46	5,860,707.73	-	3,987,411.09	1,873,296.64
Advance collection of interest	1,045,815.75	-	1,045,815.75	-	-	-	-	-
Total regulatory liabilities	69,505,807.25	-	78,608,863.80	(9,103,056.55)	76,451,154.61	-	57,568,700.55	18,882,454.06
OTHER LIABILITIES:								
Accrued pension liability	-	-	-	-	3,588,442.00	-	1,881,715.00	1,706,727.00
Estimated asset retirement obligation	30,399,555.00	-	9,236,687.00	21,162,868.00	28,678,826.00	-	8,713,856.00	19,964,970.00
Postretirement benefits obligation	39,032,574.00	-	20,309,751.00	18,722,823.00	36,306,936.00	-	18,891,579.00	17,415,357.00
Postemployment benefits obligation	3,222,815.00	-	1,869,278.00	1,353,537.00	3,291,903.00	-	1,868,626.00	1,423,277.00
Parent advances for construction	-	(152,126,452.59)	-	152,126,452.59	-	(163,620,451.28)	-	163,620,451.28
Total other liabilities	72,654,944.00	(152,126,452.59)	31,415,716.00	193,365,680.59	71,866,107.00	(163,620,451.28)	31,355,776.00	204,130,782.28
TOTAL	\$ 859,842,891.79	\$ (207,734,414.16)	\$ 797,105,434.35	\$ 270,471,871.60	\$ 692,406,023.31	\$ (172,450,121.02)	\$ 619,045,396.45	\$ 245,810,747.88

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS
AS OF JUNE 30, 2007 AND 2006-UNAUDITED

	2007				2006			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
OPERATING REVENUES:								
Sales of electric energy to:								
Department of Energy	\$ 7,483,625.29	\$ -	\$ 7,483,625.29	\$ -	\$ 8,816,071.00	\$ -	\$ 8,816,071.00	\$ -
Ohio Valley Electric Corp.	-	(120,077,555.17)	-	120,077,555.17	-	(120,098,873.35)	-	120,098,873.35
Sponsoring Companies	241,753,217.55	-	241,753,217.55	-	251,534,367.62	-	251,534,367.62	-
Other	-	-	-	-	213,362.39	-	200,040.00	13,322.39
Total operating revenues	249,236,842.84	(120,077,555.17)	249,236,842.84	120,077,555.17	260,563,801.01	(120,098,873.35)	260,550,478.62	120,112,195.74
OPERATING EXPENSES:								
Fuel and emission allowances consumed								
in operation	145,760,825.86	-	64,966,601.04	80,794,224.82	165,145,166.80	-	77,920,799.83	87,224,366.97
Purchased power	7,223,610.75	(120,077,555.17)	127,301,165.92	-	8,565,256.00	(120,098,873.35)	128,664,129.35	-
Other operation	30,682,991.06	-	16,719,149.06	13,963,842.00	30,000,362.53	-	16,492,464.58	13,507,897.95
Maintenance	34,815,540.64	-	16,631,429.76	18,184,110.88	26,379,699.07	-	14,471,313.51	11,908,385.56
Depreciation	8,011,436.95	-	3,066,156.98	4,945,279.97	9,101,896.83	-	3,521,208.81	5,580,688.02
Taxes-other than federal income taxes	4,374,481.38	-	2,188,068.97	2,186,412.41	3,942,244.80	-	2,051,632.56	1,890,612.24
Federal income taxes	438,690.00	-	438,690.00	-	1,292,596.46	-	1,292,596.46	-
Total operating expenses	231,307,576.64	(120,077,555.17)	231,311,261.73	120,073,870.08	244,427,222.49	(120,098,873.35)	244,414,145.10	120,111,950.74
OPERATING INCOME	17,929,266.20	-	17,925,581.11	3,685.09	16,136,578.52	-	16,136,333.52	245.00
OTHER INCOME (EXPENSE)	2,103,189.81	-	2,106,874.81	(3,685.00)	1,975,555.33	-	1,975,800.33	(245.00)
INCOME BEFORE INTEREST CHARGES	20,032,456.01	-	20,032,455.92	0.09	18,112,133.85	-	18,112,133.85	-
INTEREST CHARGES:								
Amortization of debt expense	175,062.20	-	175,062.20	-	462,522.06	-	462,522.06	-
Interest expense	16,679,479.46	-	16,679,479.37	0.09	14,412,781.97	-	14,412,781.97	-
Total interest charges	16,854,541.66	-	16,854,541.57	0.09	14,875,304.03	-	14,875,304.03	-
NET INCOME	\$ 3,177,914.35	\$ -	\$ 3,177,914.35	\$ -	\$ 3,236,829.82	\$ -	\$ 3,236,829.82	\$ -
RETAINED EARNINGS, JAN. 1	2,274,260.52	-	2,274,260.52	-	2,048,502.88	-	2,048,502.88	-
CASH DIVIDENDS ON COMMON STOCK	(1,000,000.00)	-	(1,000,000.00)	-	(800,000.00)	-	(800,000.00)	-
RETAINED EARNINGS, JUNE 30	\$ 4,452,174.87	\$ -	\$ 4,452,174.87	\$ -	\$ 4,485,332.70	\$ -	\$ 4,485,332.70	\$ -

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS
AS OF JUNE 30, 2007 AND 2006-UNAUDITED

	2007				2006			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
CASH FROM OPERATIONS								
Net income	\$ 3,177,914.35	\$ -	\$ 3,177,914.35	\$ -	\$ 3,236,829.82	\$ -	\$ 3,236,829.82	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	8,011,436.95	-	3,066,156.98	4,945,279.97	9,101,896.83	-	3,521,208.81	5,580,688.02
Amortization of debt expense and discount	175,062.20	-	175,062.20	-	462,522.06	-	462,522.06	-
Deferred taxes	2,402,608.32	-	2,402,608.32	-	2,376,443.21	-	2,376,443.21	-
Changes in assets and liabilities:								
Accounts receivable	(38,036,320.68)	36,318,811.01	(57,992,518.16)	(16,362,613.53)	9,249,487.64	(8,343,819.82)	8,403,330.72	9,189,976.74
Fuel in storage	(28,891,552.55)	-	(12,883,944.98)	(16,007,607.57)	(5,207,772.10)	-	(856,210.94)	(4,351,561.16)
Material and supplies	(539,609.81)	-	(423,660.63)	(115,949.18)	(419,973.18)	-	(101,177.39)	(318,795.79)
Property taxes applicable to subsequent years	986,400.00	-	986,400.00	-	923,400.00	-	923,400.00	-
Emission allowances	10,859,153.66	-	10,859,153.66	-	(9,598,228.18)	-	(10,446,173.77)	847,945.59
Prepaid expenses and other	406,495.94	-	225,459.54	181,036.40	298,915.05	-	220,762.13	78,152.92
Refundable federal income taxes	(1,963,918.32)	-	(1,963,918.32)	-	20,942,400.25	-	20,942,400.25	-
Refundable state income taxes	(500.02)	-	(500.02)	-	(500.02)	-	(500.02)	-
Other regulatory assets	(735,495.26)	-	(2,142,354.91)	1,406,859.65	(2,004,914.18)	-	(2,344,361.45)	339,447.27
Other noncurrent assets	385,123.17	-	241,814.60	143,308.57	163,001.26	-	16,372.26	146,629.00
Accounts payable	13,149,056.77	(36,318,811.01)	(628,704.32)	50,096,572.10	(26,237,795.88)	8,343,819.82	(27,341,016.40)	(7,240,599.30)
Deferred revenue	6,086,819.40	-	2,898,898.95	3,187,920.45	(445,123.84)	-	253,013.64	(698,137.48)
Accrued taxes	(1,143,164.23)	-	(1,172,788.13)	29,623.90	(2,321,617.87)	-	(1,822,816.51)	(498,801.36)
Accrued interest and other	1,152,434.15	-	970,470.58	181,963.57	4,671,688.96	-	4,812,917.02	(141,228.06)
Postretirement benefit liabilities	-	-	-	-	595,343.27	-	287,740.87	307,602.40
Other regulatory liabilities	1,605,773.27	-	764,788.76	840,984.51	-	-	-	-
Other deferred credits	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(22,912,282.69)	-	(51,439,661.53)	28,527,378.84	5,786,003.10	-	2,544,684.31	3,241,318.79
INVESTING ACTIVITIES								
Net electric plant additions	(74,629,342.32)	-	(50,160,897.89)	(24,468,444.43)	(36,486,866.09)	-	(33,245,560.85)	(3,241,305.24)
Advances to subsidiary company	-	(4,056,705.42)	4,056,705.42	-	-	-	-	-
Advances from parent company	-	4,056,705.42	-	(4,056,705.42)	-	-	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(74,629,342.32)	-	(46,104,192.47)	(28,525,149.85)	(36,486,866.09)	-	(33,245,560.85)	(3,241,305.24)
FINANCING ACTIVITIES								
Long term borrowings	134,956,889.68	-	134,956,889.68	-	23,963,211.00	-	23,963,211.00	-
Current portion of long term debt	8,831,256.00	-	8,831,256.00	-	6,036,789.00	-	6,036,789.00	-
Unamortized debt expense	(2,365,861.04)	-	(2,365,861.04)	-	(1,191,443.94)	-	(1,191,443.94)	-
Dividends-common stock	(1,000,000.00)	-	(1,000,000.00)	-	(800,000.00)	-	(800,000.00)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	140,422,284.64	-	140,422,284.64	-	28,008,556.06	-	28,008,556.06	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 42,880,659.63	\$ -	\$ 42,878,430.64	\$ 2,228.99	\$ (2,692,306.93)	\$ -	\$ (2,692,320.48)	\$ 13.55
CASH AND CASH EQUIVALENTS, JAN. 1	58,638,154.96	-	58,624,994.28	13,160.68	66,008,934.43	-	65,997,712.43	11,222.00
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,880,659.63	-	42,878,430.64	2,228.99	(2,692,306.93)	-	(2,692,320.48)	13.55
CASH AND CASH EQUIVALENTS, JUN. 30	\$ 101,518,814.59	\$ -	\$ 101,503,424.92	\$ 15,389.67	\$ 63,316,627.50	\$ -	\$ 63,305,391.95	\$ 11,235.55