

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - MARCH 31, 2013 AND 2012-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - MARCH 31, 2013 AND 2012-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - MARCH 31, 2013 AND 2012-UNAUDITED

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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 March 31, 2013 and 2012 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 March 31, 2013 and 2012, 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

CONSOLIDATED NET WORTH

The consolidated net worth of Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation for the quarter ending March 31, 2013 was \$15,632,008.74



Secretary and Treasurer
OHIO VALLEY ELECTRIC CORPORATION and
INDIANA-KENTUCKY ELECTRIC CORPORATION

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF MARCH 31, 2013 AND 2012-UNAUDITED

	2013				2012			
	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	\$ 1,985,645,118.13	\$ -	\$ 1,276,438,565.12	\$ 709,206,553.01	\$ 1,782,316,500.94	\$ -	\$ 1,103,011,910.93	\$ 679,304,590.01
Less - Accumulated provisions for depreciation	(1,124,945,252.11)	-	(540,008,844.41)	(584,936,407.70)	(1,048,918,185.98)	-	(484,689,712.86)	(564,228,473.12)
	860,699,866.02	-	736,429,720.71	124,270,145.31	733,398,314.96	-	618,322,198.07	115,076,116.89
Construction in progress	656,962,880.23	-	36,596,637.65	620,366,242.58	703,612,292.99	-	183,512,953.48	520,099,339.51
Total electric plant	1,517,662,746.25	-	773,026,358.36	744,636,387.89	1,437,010,607.95	-	801,835,151.55	635,175,456.40
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	-	(107,345,912.01)	107,345,912.01	-	-	(115,576,908.57)	115,576,908.57	-
Total investments and other	-	(110,745,912.01)	110,745,912.01	-	-	(118,976,908.57)	118,976,908.57	-
CURRENT ASSETS:								
Cash and cash equivalents	38,277,526.93	-	38,251,018.30	26,508.63	20,439,052.56	-	20,416,683.43	22,369.13
Accounts receivable	33,171,695.23	-	32,149,155.59	1,022,539.64	28,491,864.62	-	28,328,774.31	163,090.31
Intercompany receivable	-	(635,006,838.73)	635,006,838.73	-	-	(534,855,090.82)	534,855,090.82	-
Fuel in storage-at average cost	71,396,355.57	-	25,763,895.16	45,632,460.41	98,759,518.71	-	29,901,171.51	68,858,347.20
Materials and supplies-at average cost	28,349,947.57	-	15,819,102.55	12,530,845.02	28,969,539.78	-	14,743,385.92	14,226,153.86
Property taxes applicable to future years	1,877,580.00	-	1,877,580.00	-	1,891,440.00	-	1,891,440.00	-
Emission allowances	84,914.46	-	84,914.46	-	29,261.26	-	29,261.26	-
Deferred tax assets	18,302,793.00	-	15,008,843.00	3,293,950.00	13,213,395.00	-	8,218,042.00	4,995,353.00
Income taxes receivable	15,832,665.71	-	15,832,665.71	-	9,389,111.27	-	9,389,111.27	-
Regulatory assets	5,513,447.69	-	3,919,100.39	1,594,347.30	-	-	-	-
Prepaid expenses and other	1,339,066.87	-	859,579.05	479,487.82	1,261,515.22	-	783,626.25	477,888.97
Total current assets	214,145,993.03	(635,006,838.73)	784,572,692.94	64,580,138.82	202,444,698.42	(534,855,090.82)	648,556,586.77	88,743,202.47
REGULATORY ASSETS:								
Unrecognized postemployment benefits	2,498,759.00	-	1,132,247.00	1,366,512.00	2,412,685.00	-	1,109,542.00	1,303,143.00
Pension benefits	30,561,325.00	-	17,529,976.00	13,031,349.00	50,922,795.00	-	28,720,456.00	22,202,339.00
Postretirement benefits	1,028,833.98	(15,093,719.02)	-	16,122,553.00	1,411,122.30	(14,351,862.70)	-	15,762,985.00
Income taxes billable to customers	-	(15,839,299.53)	15,839,299.53	-	-	(7,126,160.95)	7,126,160.95	-
Total regulatory assets	34,088,917.98	(30,933,018.55)	34,501,522.53	30,520,414.00	54,746,602.30	(21,478,023.65)	36,956,158.95	39,268,467.00
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	13,810,802.76	-	13,810,802.76	-	13,384,643.47	-	13,384,643.47	-
Deferred tax assets	22,265,884.00	(28,029,955.00)	-	50,295,839.00	31,902,804.00	(6,302,915.00)	-	38,205,719.00
Long-term investments	123,124,506.05	-	101,645,757.78	21,478,748.27	110,962,546.94	-	91,764,093.54	19,198,453.40
Special deposits-restricted	-	-	-	-	-	-	-	-
Other	263,060.14	-	263,060.14	-	299,849.05	-	299,779.93	69.12
Total deferred charges and other	159,464,252.95	(28,029,955.00)	115,719,620.68	71,774,587.27	156,549,843.46	(6,302,915.00)	105,448,516.94	57,404,241.52
TOTAL	\$ 1,925,361,910.21	\$ (804,715,724.29)	\$ 1,818,566,106.52	\$ 911,511,527.98	\$ 1,850,751,752.13	\$ (681,612,938.04)	\$ 1,711,773,322.78	\$ 820,591,367.39

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

 CONSOLIDATING BALANCE SHEETS
 AS OF MARCH 31, 2013 AND 2012-UNAUDITED

	2013				2012			
	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
Long-term debt	1,550,208,928.47	-	1,550,208,928.47	-	1,289,515,740.18	-	1,289,515,740.18	-
Line of credit borrowings-long term	20,000,000.00	-	20,000,000.00	-	180,000,000.00	-	180,000,000.00	-
Retained earnings	5,632,008.74	-	5,632,008.74	-	4,330,253.06	-	4,330,253.06	-
Total capitalization	1,585,840,937.21	(3,400,000.00)	1,585,840,937.21	3,400,000.00	1,483,845,993.24	(3,400,000.00)	1,483,845,993.24	3,400,000.00
CURRENT LIABILITIES:								
Current portion of long-term debt	38,593,874.86	-	38,593,874.86	-	36,227,200.34	-	36,227,200.34	-
Accounts payable	39,633,406.54	-	18,769,330.34	20,864,076.20	43,579,491.81	-	21,357,493.53	22,221,998.28
Intercompany payable	-	(635,006,838.73)	-	635,006,838.73	-	(534,855,090.82)	-	534,855,090.82
Deferred revenue-advances for construction	24,581,480.37	-	15,520,415.42	9,061,064.95	46,150,411.58	-	30,760,201.29	15,390,210.29
Accrued taxes	9,174,087.08	-	5,503,615.26	3,670,471.82	8,373,481.58	-	4,501,068.44	3,872,413.14
Regulatory liabilities	2,567,908.86	-	2,536,085.26	31,823.60	2,707,506.32	-	2,676,267.99	31,238.33
Accrued interest and other	29,879,290.88	-	24,533,625.35	5,345,665.53	25,371,120.89	-	21,596,028.14	3,775,092.75
Total current liabilities	144,430,048.59	(635,006,838.73)	105,456,946.49	673,979,940.83	162,409,212.52	(534,855,090.82)	117,118,259.73	580,146,043.61
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	-	(15,093,719.02)	14,542,454.98	551,264.04	-	(14,351,862.70)	14,027,052.48	324,810.22
Decommissioning and demolition	15,997,678.11	-	7,694,889.29	8,302,788.82	13,141,651.92	-	6,473,773.81	6,667,878.11
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	37,757,085.47	(15,839,299.53)	-	53,596,385.00	36,074,911.05	(7,126,160.95)	-	43,201,072.00
Total regulatory liabilities	58,971,838.94	(30,933,018.55)	26,303,560.07	63,601,297.42	54,433,638.33	(21,478,023.65)	24,567,042.09	51,344,619.89
OTHER LIABILITIES:								
Pension liability	30,561,325.00	-	17,529,976.00	13,031,349.00	50,922,795.00	-	28,720,456.00	22,202,339.00
Deferred income tax liability	-	(28,029,955.00)	28,029,955.00	-	-	(6,302,915.00)	6,302,915.00	-
Asset retirement obligations	20,961,378.47	-	7,954,542.75	13,006,835.72	19,809,316.04	-	7,461,166.72	12,348,149.32
Postretirement benefits obligation	82,097,623.00	-	46,317,942.00	35,779,681.00	76,918,112.00	-	42,647,948.00	34,270,164.00
Postemployment benefits obligation	2,498,759.00	-	1,132,247.00	1,366,512.00	2,412,685.00	-	1,109,542.00	1,303,143.00
Parent advances for construction	-	(107,345,912.01)	-	107,345,912.01	-	(115,576,908.57)	-	115,576,908.57
Total other liabilities	136,119,085.47	(135,375,867.01)	100,964,662.75	170,530,289.73	150,062,908.04	(121,879,823.57)	86,242,027.72	185,700,703.89
TOTAL	\$ 1,925,361,910.21	\$ (804,715,724.29)	\$ 1,818,566,106.52	\$ 911,511,527.98	\$ 1,850,751,752.13	\$ (681,612,938.04)	\$ 1,711,773,322.78	\$ 820,591,367.39

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 YEAR TO DATE AS OF MARCH 31, 2013 AND 2012-UNAUDITED

	2013				2012			
	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	\$ 2,565,188.83	\$ -	\$ 2,565,188.83	\$ -	\$ 2,967,339.49	\$ -	\$ 2,967,339.49	\$ -
Ohio Valley Electric Corp.	-	(59,210,185.47)	-	59,210,185.47	-	(65,033,556.05)	-	65,033,556.05
Sponsoring Companies	145,456,522.98	-	145,456,522.98	-	145,113,645.52	-	145,113,645.52	-
Other	-	-	-	-	-	-	-	-
Total operating revenues	148,021,711.81	(59,210,185.47)	148,021,711.81	59,210,185.47	148,080,985.01	(65,033,556.05)	148,080,985.01	65,033,556.05
OPERATING EXPENSES:								
Fuel and emission allowances consumed								
in operation	72,144,544.26	-	32,806,972.29	39,337,571.97	66,617,866.53	-	22,594,590.42	44,023,276.11
Purchased power	2,413,138.11	(59,210,185.47)	61,623,323.58	-	2,805,801.40	(65,033,556.05)	67,839,357.45	-
Other operation	21,442,717.23	-	12,431,868.08	9,010,849.15	21,306,330.40	-	13,536,407.86	7,769,922.54
Maintenance	17,635,019.26	-	9,158,997.97	8,476,021.29	27,826,395.13	-	16,973,324.05	10,853,071.08
Depreciation	11,349,899.68	-	9,290,367.19	2,059,532.49	10,854,284.80	-	8,362,289.54	2,491,995.26
Taxes-other than federal income taxes	2,777,011.59	-	1,548,746.01	1,228,265.58	2,843,981.51	-	1,625,466.40	1,218,515.11
Federal income taxes	222,528.19	-	222,528.19	-	223,846.09	-	223,846.09	-
Total operating expenses	127,984,858.32	(59,210,185.47)	127,082,803.31	60,112,240.48	132,478,505.86	(65,033,556.05)	131,155,281.81	66,356,780.10
OPERATING INCOME	20,036,853.49	-	20,938,908.50	(902,055.01)	15,602,479.15	-	16,925,703.20	(1,323,224.05)
OTHER INCOME (EXPENSE)	863,482.75	-	(53,747.35)	917,230.10	3,250,423.21	-	1,915,704.94	1,334,718.27
INCOME BEFORE INTEREST CHARGES	20,900,336.24	-	20,885,161.15	15,175.09	18,852,902.36	-	18,841,408.14	11,494.22
INTEREST CHARGES:								
Amortization of debt expense	1,388,668.58	-	1,388,668.58	-	380,491.95	-	380,491.95	-
Interest expense	18,923,626.56	-	18,908,451.47	15,175.09	17,929,435.37	-	17,917,941.15	11,494.22
Total interest charges	20,312,295.14	-	20,297,120.05	15,175.09	18,309,927.32	-	18,298,433.10	11,494.22
NET INCOME	\$ 588,041.10	\$ -	\$ 588,041.10	\$ -	\$ 542,975.04	\$ -	\$ 542,975.04	\$ -
RETAINED EARNINGS, JAN. 1	5,293,967.64	-	5,293,967.64	-	4,037,278.02	-	4,037,278.02	-
CASH DIVIDENDS ON COMMON STOCK	(250,000.00)	-	(250,000.00)	-	(250,000.00)	-	(250,000.00)	-
RETAINED EARNINGS, MAR. 31	\$ 5,632,008.74	\$ -	\$ 5,632,008.74	\$ -	\$ 4,330,253.06	\$ -	\$ 4,330,253.06	\$ -

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE AS OF MARCH 31, 2013 AND 2012-UNAUDITED

	2013				2012			
	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	\$ 588,041.10	\$ -	\$ 588,041.10	\$ -	\$ 542,975.04	\$ -	\$ 542,975.04	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	17,766,388.48	-	9,290,367.19	8,476,021.29	10,854,284.80	-	8,362,289.54	2,491,995.26
Amortization of debt expense and discount	1,394,318.48	-	1,394,318.48	-	380,491.95	-	380,491.95	-
Deferred taxes	(888,561.53)	-	(888,561.53)	-	(4,210,018.03)	-	(4,270,476.03)	60,458.00
Gain on marketable securities	(831,449.13)	-	87,605.97	(919,055.10)	(3,272,875.11)	-	(1,906,350.11)	(1,366,525.00)
Changes in assets and liabilities:								
Accounts receivable	3,783,027.28	-	4,231,121.39	(448,094.11)	12,409,584.30	-	12,170,616.09	238,968.21
Fuel in storage	8,153,740.34	-	2,303,558.45	5,850,181.89	(27,062,520.59)	-	(12,487,005.70)	(14,575,514.89)
Material and supplies	(885,529.64)	-	(329,300.84)	(556,228.80)	(1,163,625.23)	-	(435,064.17)	(728,561.06)
Property taxes applicable to subsequent years	625,860.00	-	625,860.00	-	630,480.00	-	630,480.00	-
Emission allowances	1,734.60	-	1,734.60	-	(742.41)	-	(742.41)	-
Refundable income taxes	-	-	-	-	(7,947,658.88)	-	(8,005,677.88)	58,019.00
Prepaid expenses and other	829,076.82	-	309,752.31	519,324.51	646,137.34	-	195,378.57	450,758.77
Other regulatory assets	2,763,909.47	-	1,306,366.80	1,457,542.67	-	-	-	-
Other noncurrent assets	(161,852.30)	-	(159,953.46)	(1,898.84)	(77,366.60)	-	(77,297.48)	(69.12)
Accounts payable	(14,283,591.05)	-	(11,331,577.86)	(2,952,013.19)	(35,143,478.84)	-	(16,900,652.07)	(18,242,826.77)
Deferred revenue	5,192,100.31	-	3,263,138.22	1,928,962.09	15,066,127.11	-	11,535,080.01	3,531,047.10
Accrued taxes	522,979.18	-	(127,988.92)	650,968.10	(438,490.88)	-	(1,147,529.54)	709,038.66
Accrued interest and other	4,056,716.74	-	4,335,571.24	(278,854.50)	2,461,221.96	-	2,695,907.87	(234,685.91)
Other regulatory liabilities	2,044,475.47	-	481,500.80	1,562,974.67	3,834,224.10	-	2,038,212.01	1,796,012.09
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	30,671,384.62	-	15,381,553.94	15,289,830.68	(32,491,249.97)	-	(6,679,364.31)	(25,811,885.66)
INVESTING ACTIVITIES								
Electric plant additions	(19,662,811.51)	-	(4,505,505.56)	(15,157,305.95)	(22,749,397.91)	-	(9,444,398.86)	(13,304,999.05)
Purchase of marketable securities	55,997,407.67	-	56,090,063.49	(92,655.82)	(1,512,465.95)	-	(1,413,663.58)	(98,802.37)
Advances to subsidiary company	-	(36,072.91)	36,072.91	-	-	39,219,981.58	(39,219,981.58)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	36,334,596.16	(36,072.91)	51,620,630.84	(15,249,961.77)	(24,261,863.86)	39,219,981.58	(50,078,044.02)	(13,403,801.42)
FINANCING ACTIVITIES								
Advances from parent company	-	36,072.91	-	(36,072.91)	-	(39,219,981.58)	-	39,219,981.58
Repayment of Senior 2006 Notes	(7,689,087.17)	-	(7,689,087.17)	-	(7,259,545.46)	-	(7,259,545.46)	-
Repayment of Senior 2007 Notes	-	-	-	-	-	-	-	-
Repayment of Senior 2008 Notes	-	-	-	-	-	-	-	-
Issuance of 2010 Bonds	-	-	-	-	-	-	-	-
Issuance of 2012 Bonds	-	-	-	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	80,000,000.00	-	80,000,000.00	-
Payments on line of credit	(40,000,000.00)	-	(40,000,000.00)	-	-	-	-	-
Loan origination costs	(713,684.57)	-	(713,684.57)	-	(50,510.55)	-	(50,510.55)	-
Dividends-common stock	(250,000.00)	-	(250,000.00)	-	(250,000.00)	-	(250,000.00)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(48,652,771.74)	36,072.91	(48,652,771.74)	(36,072.91)	72,439,943.99	(39,219,981.58)	72,439,943.99	39,219,981.58
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 18,353,209.04	\$ -	\$ 18,349,413.04	\$ 3,796.00	\$ 15,686,830.16	\$ -	\$ 15,682,535.66	\$ 4,294.50
CASH AND CASH EQUIVALENTS, JAN. 1	19,924,317.89	-	19,901,605.26	22,712.63	4,752,222.40	-	4,734,147.77	18,074.63
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,353,209.04	-	18,349,413.04	3,796.00	15,686,830.16	-	15,682,535.66	4,294.50
CASH AND CASH EQUIVALENTS, MAR. 31	\$ 38,277,526.93	\$ -	\$ 38,251,018.30	\$ 26,508.63	\$ 20,439,052.56	\$ -	\$ 20,416,683.43	\$ 22,369.13