

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - DECEMBER 31, 2014 AND 2013-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - DECEMBER 31, 2014 AND 2013-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - DECEMBER 31, 2014 AND 2013-UNAUDITED

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

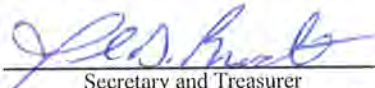
CONSOLIDATING BALANCE SHEETS - DECEMBER 31, 2014 AND 2013-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - DECEMBER 31, 2014 AND 2013-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - DECEMBER 31, 2014 AND 2013-UNAUDITED

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 December 31, 2014 and 2013 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 December 31, 2014 and 2013, 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.

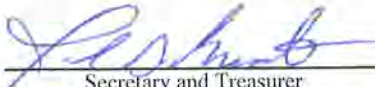


Secretary and Treasurer

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 December 31, 2014 was \$17,031,723



Secretary and Treasurer

OHIO VALLEY ELECTRIC CORPORATION and
INDIANA-KENTUCKY ELECTRIC CORPORATION

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 31, 2014 AND 2013-UNAUDITED

	2014				2013			
	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	\$ 2,700,499,572	\$ -	\$ 1,336,493,416	\$ 1,364,006,156	\$ 2,671,807,219	\$ -	\$ 1,321,634,790	\$ 1,350,172,429
Less - Accumulated provisions for depreciation	(1,239,604,293)	-	(606,788,820)	(632,815,473)	(1,182,491,224)	-	(572,037,909)	(610,453,315)
	1,460,895,279	-	729,704,596	731,190,683	1,489,315,995	-	749,596,881	739,719,114
Construction in progress	15,033,608	-	7,972,068	7,061,540	30,583,795	-	18,720,964	11,862,831
Total electric plant	1,475,928,887	-	737,676,664	738,252,223	1,519,899,790	-	768,317,845	751,581,945
INVESTMENTS AND OTHER:								
Investment in subsidiary company	-	(3,400,000)	3,400,000	-	-	(3,400,000)	3,400,000	-
Advances to subsidiary-construction	-	(97,342,785)	97,342,785	-	-	(101,172,665)	101,172,665	-
Total investments and other	-	(100,742,785)	100,742,785	-	-	(104,572,665)	104,572,665	-
CURRENT ASSETS:								
Cash and cash equivalents	43,453,966	-	43,447,766	6,200	70,757,710	-	70,747,210	10,500
Accounts receivable	37,591,107	-	37,217,832	373,275	35,332,653	-	35,182,441	150,212
Intercompany receivable	-	(622,039,752)	622,039,752	-	-	(627,244,145)	627,244,145	-
Fuel in storage-at average cost	44,335,429	-	10,209,308	34,126,121	43,020,394	-	13,876,408	29,143,986
Materials and supplies-at average cost	34,274,127	-	20,709,823	13,564,304	32,564,435	-	19,257,952	13,306,483
Property taxes applicable to future years	2,780,000	-	2,780,000	-	2,702,905	-	2,702,905	-
Emission allowances	-	-	-	-	62,428	-	62,428	-
Deferred tax assets	9,980,768	-	7,392,140	2,588,628	9,980,768	-	7,392,140	2,588,628
Income taxes receivable	3,331,536	-	3,331,536	-	3,331,536	-	3,331,536	-
Regulatory assets	-	-	-	-	371,297	-	371,297	-
Prepaid expenses and other	2,208,613	-	1,322,148	1,086,465	2,244,414	-	1,132,681	1,111,733
Total current assets	177,955,546	(622,039,752)	748,250,305	51,744,993	200,368,540	(627,244,145)	781,301,143	46,311,542
REGULATORY ASSETS:								
Unrecognized postemployment benefits	1,437,151	-	383,615	1,053,536	2,078,864	-	1,119,681	959,183
Pension benefits	32,475,646	-	18,186,362	14,289,284	8,542,293	-	4,899,859	3,642,434
Postretirement benefits	-	-	-	-	-	-	-	-
Income taxes billable to customers	-	(15,828,423)	-	15,828,423	-	(15,828,423)	-	15,828,423
Total regulatory assets	33,912,797	(15,828,423)	18,569,977	31,171,243	10,621,157	(15,828,423)	6,019,540	20,430,040
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	12,258,005	-	12,258,005	-	13,401,209	-	13,401,209	-
Deferred tax assets	-	(58,348,733)	58,348,733	-	19,432,479	(18,423,647)	37,856,126	-
Long-term investments	122,502,773	-	97,268,237	25,234,536	117,106,668	-	93,118,127	23,988,541
Other	120,877	-	120,877	-	488,407	-	488,407	-
Total deferred charges and other	134,881,655	(58,348,733)	167,995,852	25,234,536	150,428,763	(18,423,647)	144,863,869	23,988,541
TOTAL	\$ 1,822,678,885	\$ (796,959,693)	\$ 1,773,235,583	\$ 846,402,995	\$ 1,881,318,250	\$ (766,068,880)	\$ 1,805,075,062	\$ 842,312,068

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 31, 2014 AND 2013-UNAUDITED

	2014				2013			
	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	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
Common stock, without par value, stated at \$200 per share- Authorized, 100,000 shares; outstanding, 17,000 shares	-	(3,400,000)	-	3,400,000	-	(3,400,000)	-	3,400,000
Long-term debt	1,274,895,961	-	1,274,895,961	-	1,267,873,554	-	1,267,873,554	-
Line of credit borrowings-long term	20,000,000	-	20,000,000	-	30,000,000	-	30,000,000	-
Retained earnings	7,031,723	-	7,031,723	-	6,478,234	-	6,478,234	-
Total capitalization	1,311,927,684	(3,400,000)	1,311,927,684	3,400,000	1,314,351,788	(3,400,000)	1,314,351,788	3,400,000
CURRENT LIABILITIES:								
Current portion of long-term debt	243,000,194	-	243,000,194	-	290,496,381	-	290,496,381	-
Accounts payable	52,647,518	-	23,624,168	29,023,350	50,131,367	-	23,555,511	26,575,856
Intercompany payable	-	(622,039,752)	-	622,039,752	-	(627,244,145)	-	627,244,145
Deferred revenue-advances for construction	11,374,950	-	6,766,578	4,608,372	23,158,632	-	17,916,384	5,242,248
Accrued taxes	9,426,944	-	6,138,155	3,288,789	9,062,814	-	6,019,821	3,042,993
Regulatory liabilities	2,338,910	-	2,306,489	32,421	4,247,576	-	3,824,846	422,730
Accrued interest and other	23,614,552	-	19,230,725	4,383,827	28,145,464	-	22,825,004	5,320,460
Total current liabilities	342,403,068	(622,039,752)	301,066,309	863,376,511	405,242,234	(627,244,145)	364,637,947	667,848,432
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	33,650,545	-	31,344,479	2,306,066	32,619,457	-	29,361,372	3,258,085
Decommissioning and demolition	21,419,696	-	10,202,160	11,217,536	19,140,730	-	9,169,189	9,971,541
Investment tax credits	3,393,146	-	3,393,146	-	3,393,146	-	3,393,146	-
Net antitrust settlement	1,823,930	-	673,070	1,150,860	1,823,930	-	673,070	1,150,860
Income taxes refundable to customers	4,446,934	(58,348,733)	62,795,667	-	28,380,282	(15,828,423)	44,208,705	-
Total regulatory liabilities	64,734,251	(58,348,733)	108,408,522	14,674,462	85,357,545	(15,828,423)	86,805,482	14,380,486
OTHER LIABILITIES:								
Pension liability	32,475,646	-	18,186,362	14,289,284	8,542,293	-	4,899,859	3,642,434
Deferred income tax liability	2,595,224	(15,828,423)	-	18,423,647	-	(18,423,647)	-	18,423,647
Asset retirement obligations	22,230,109	-	8,382,233	13,847,876	22,230,109	-	8,382,233	13,847,876
Postretirement benefits obligation	44,875,752	-	24,880,858	19,994,894	42,173,401	-	23,932,144	18,241,257
Postemployment benefits obligation	1,437,151	-	383,615	1,053,536	2,078,864	-	1,119,681	959,183
Parent advances for construction	-	(97,342,785)	-	97,342,785	-	(101,172,665)	-	101,172,665
Other non-current liabilities	-	-	-	-	1,342,016	-	945,928	396,088
Total other liabilities	103,613,882	(113,171,208)	51,833,068	164,952,022	76,366,683	(119,596,312)	39,279,845	156,683,150
TOTAL	\$ 1,822,678,885	\$ (796,959,693)	\$ 1,773,235,583	\$ 846,402,995	\$ 1,881,318,250	\$ (766,068,880)	\$ 1,805,075,062	\$ 842,312,068

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE AS OF DECEMBER 31, 2014 AND 2013-UNAUDITED

	2014				2013			
	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	\$ 11,758,385	\$ -	\$ 11,758,385	\$ -	\$ 9,281,567	\$ -	\$ 9,281,567	\$ -
Ohio Valley Electric Corp.	-	(286,755,186)	-	286,755,186	-	(295,773,821)	-	295,773,821
Sponsoring Companies	644,415,791	-	644,415,791	-	666,367,706	-	666,367,706	-
Total operating revenues	656,174,176	(286,755,186)	656,174,176	286,755,186	675,649,273	(295,773,821)	675,649,273	295,773,821
OPERATING EXPENSES:								
Fuel and emission allowances consumed in operation	315,460,920	-	137,369,808	178,091,112	311,899,995	-	130,714,171	181,185,824
Purchased power	11,180,650	(286,755,186)	297,935,836	-	8,763,157	(295,773,821)	304,536,978	-
Other operation	92,885,913	-	57,822,672	35,063,241	98,197,470	-	57,928,070	40,269,400
Maintenance	90,766,180	-	47,928,339	42,837,841	83,396,811	-	43,022,047	40,374,764
Depreciation	65,179,764	-	39,394,849	25,784,915	80,172,750	-	48,133,617	32,039,133
Taxes-other than federal income taxes	11,412,226	-	5,684,299	5,727,927	11,421,154	-	6,472,514	4,948,640
Federal income taxes	1,014,127	-	1,014,127	-	890,377	-	890,377	-
Total operating expenses	587,899,780	(286,755,186)	587,149,950	287,505,036	594,741,714	(295,773,821)	591,697,774	298,817,761
OPERATING INCOME	68,274,396	-	69,024,246	(749,850)	80,907,559	-	83,951,499	(3,043,940)
OTHER INCOME (EXPENSE)	9,888,500	-	9,092,288	796,212	530,109	-	(2,570,416)	3,100,525
INCOME BEFORE INTEREST CHARGES	78,162,896	-	78,116,534	46,362	81,437,668	-	81,381,083	56,585
INTEREST CHARGES:								
Amortization of debt expense	5,075,785	-	5,075,785	-	5,166,736	-	5,166,736	-
Interest expense	72,533,622	-	72,487,260	46,362	74,086,666	-	74,030,081	56,585
Total interest charges	77,609,407	-	77,563,045	46,362	79,253,402	-	79,196,817	56,585
NET INCOME	\$ 553,489	\$ -	\$ 553,489	\$ -	\$ 2,184,266	\$ -	\$ 2,184,266	\$ -
RETAINED EARNINGS, JAN. 1	6,478,234	-	6,478,234	-	5,293,968	-	5,293,968	-
CASH DIVIDENDS ON COMMON STOCK	-	-	-	-	(1,000,000)	-	(1,000,000)	-
RETAINED EARNINGS, DEC. 31	\$ 7,031,723	\$ -	\$ 7,031,723	\$ -	\$ 6,478,234	\$ -	\$ 6,478,234	\$ -

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE AS OF DECEMBER 31, 2014 AND 2013-UNAUDITED

	2014				2013			
	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	\$ 553,489	\$ -	\$ 553,489	\$ -	\$ 2,184,266	\$ -	\$ 2,184,266	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	65,179,764	-	39,394,849	25,784,915	80,172,750	-	48,133,617	32,039,133
Amortization of debt expense and discount	5,075,785	-	5,075,785	-	5,166,736	-	5,166,736	-
Deferred taxes	(1,905,645)	-	(1,905,645)	-	890,065	-	890,065	-
Gain on marketable securities	(9,897,734)	-	(9,038,328)	(859,406)	4,331,444	-	6,666,978	(2,335,534)
Changes in assets and liabilities:								
Accounts receivable	(2,258,454)	-	(2,035,391)	(223,063)	1,620,172	-	1,197,836	422,336
Fuel in storage	(1,315,035)	-	3,667,100	(4,982,135)	36,329,701	-	14,191,045	22,338,656
Material and supplies	(1,709,692)	-	(1,451,871)	(257,821)	(5,100,017)	-	(3,768,150)	(1,331,867)
Property taxes applicable to subsequent years	(77,095)	-	(77,095)	-	(199,465)	-	(199,465)	-
Emission allowances	62,428	-	62,428	-	24,221	-	24,221	-
Refundable income taxes	-	-	-	-	12,501,130	-	12,501,130	-
Prepaid expenses and other	35,801	-	10,533	25,268	(76,270)	-	36,650	(112,920)
Other regulatory assets	371,297	-	371,297	-	46,467,540	-	17,496,853	28,970,687
Other noncurrent assets	367,530	-	367,530	-	(385,300)	-	(385,300)	-
Accounts payable	2,516,151	-	68,657	2,447,494	(829,201)	-	(8,544,363)	7,715,162
Accrued taxes	364,130	-	118,334	245,796	411,706	-	388,217	23,489
Accrued interest and other	(4,530,912)	-	(3,594,279)	(936,633)	2,322,890	-	2,626,950	(304,060)
Other liabilities	1,360,335	-	2,786	1,357,549	(59,752,402)	-	(33,654,863)	(26,097,539)
Other regulatory liabilities	(10,382,294)	-	(9,652,085)	(730,209)	28,162,184	-	23,722,585	4,439,599
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	43,809,849	-	21,938,094	21,871,755	154,442,150	-	88,675,008	65,767,142
INVESTING ACTIVITIES								
Electric plant additions	(21,208,851)	-	(8,753,668)	(12,455,193)	(87,262,647)	-	(36,641,276)	(50,621,371)
Sale (Purchase) of marketable securities	4,501,629	-	4,888,218	(386,589)	56,852,352	-	58,038,322	(1,185,970)
Advances to subsidiary company	-	(9,034,273)	9,034,273	-	-	(13,972,014)	13,972,014	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(16,707,222)	(9,034,273)	5,168,823	(12,841,782)	(30,410,295)	(13,972,014)	35,369,060	(51,807,341)
FINANCING ACTIVITIES								
Advances from parent company	-	9,034,273	-	(9,034,273)	-	13,972,014	-	(13,972,014)
Repayment of Senior 2006 Notes	(16,525,607)	-	(16,525,607)	-	(15,602,589)	-	(15,602,589)	-
Repayment of Senior 2007 Notes	(11,680,666)	-	(11,680,666)	-	(11,017,149)	-	(11,017,149)	-
Repayment of Senior 2008 Notes	(12,290,107)	-	(12,290,107)	-	(11,519,566)	-	(11,519,366)	-
Proceeds from line of credit	40,000,000	-	40,000,000	-	10,000,000	-	10,000,000	-
Payments on line of credit	(50,000,000)	-	(50,000,000)	-	(40,000,000)	-	(40,000,000)	-
Loan origination costs	(3,909,981)	-	(3,909,981)	-	(4,059,559)	-	(4,059,559)	-
Dividends-common stock	-	-	-	-	(1,000,000)	-	(1,000,000)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(54,406,361)	9,034,273	(54,406,361)	(9,034,273)	(73,198,463)	13,972,014	(73,198,463)	(13,972,014)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (27,303,744)	\$ -	\$ (27,299,444)	\$ (4,300)	\$ 50,833,392	\$ -	\$ 50,845,605	\$ (12,213)
CASH AND CASH EQUIVALENTS, JAN 1	70,757,710	-	70,747,210	10,500	19,924,318	-	19,901,605	22,713
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,303,744)	-	(27,299,444)	(4,300)	50,833,392	-	50,845,605	(12,213)
CASH AND CASH EQUIVALENTS, DEC. 31	\$ 43,453,966	\$ -	\$ 43,447,766	\$ 6,200	\$ 70,757,710	\$ -	\$ 70,747,210	\$ 10,500