

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - SEPTEMBER 30, 2020 AND 2019-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE - SEPTEMBER 30, 2020 AND 2019-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE - SEPTEMBER 30, 2020 AND 2019-UNAUDITED

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

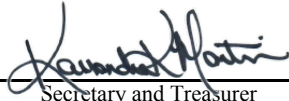
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OFFICER'S CERTIFICATION

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 September 30, 2020 and 2019 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 September 30, 2020 and 2019, 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.

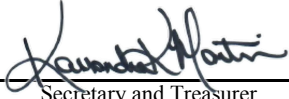


Secretary and Treasurer

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 September 30, 2020 was \$29,365,178



Secretary and Treasurer

OHIO VALLEY ELECTRIC CORPORATION and  
INDIANA-KENTUCKY ELECTRIC CORPORATION

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING BALANCE SHEETS  
AS OF SEPTEMBER 30, 2020 AND 2019-UNAUDITED

	2020				2019			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
<b>ASSETS</b>								
<b>ELECTRIC PLANT:</b>								
At original cost	\$ 2,794,440,492	\$ -	\$ 1,393,469,959	\$ 1,400,970,533	\$ 2,789,032,630	\$ -	\$ 1,388,907,219	\$ 1,400,125,411
Less - Accumulated provisions for depreciation	<u>(1,608,476,725)</u>	<u>-</u>	<u>(803,326,000)</u>	<u>(805,150,725)</u>	<u>(1,545,556,773)</u>	<u>-</u>	<u>(771,533,428)</u>	<u>(774,023,345)</u>
	1,185,963,767	-	590,143,959	595,819,808	1,243,475,857	-	617,373,791	626,102,066
Construction in progress	<u>23,164,393</u>	<u>-</u>	<u>12,048,531</u>	<u>11,115,862</u>	<u>17,070,781</u>	<u>-</u>	<u>10,577,598</u>	<u>6,493,183</u>
Total electric plant	<u>1,209,128,160</u>	<u>-</u>	<u>602,192,490</u>	<u>606,935,670</u>	<u>1,260,546,638</u>	<u>-</u>	<u>627,951,389</u>	<u>632,595,249</u>
<b>INVESTMENTS AND OTHER:</b>								
Investment in subsidiary company	-	(3,400,000)	3,400,000	-	-	(3,400,000)	3,400,000	-
Advances to subsidiary-construction	<u>-</u>	<u>(613,177,977)</u>	<u>613,177,977</u>	<u>-</u>	<u>-</u>	<u>(631,956,470)</u>	<u>631,956,470</u>	<u>-</u>
Total investments and other	<u>-</u>	<u>(616,577,977)</u>	<u>616,577,977</u>	<u>-</u>	<u>-</u>	<u>(635,356,470)</u>	<u>635,356,470</u>	<u>-</u>
<b>CURRENT ASSETS:</b>								
Cash and cash equivalents	41,113,503	-	41,107,303	6,200	32,654,669	-	32,648,469	6,200
Accounts receivable	27,087,528	-	26,981,667	105,861	67,608,022	-	67,028,311	579,711
Fuel in storage-at average cost	79,441,369	-	36,301,227	43,140,142	54,649,199	-	23,093,592	31,555,607
Materials and supplies-at average cost	42,539,624	-	26,603,654	15,935,970	42,864,259	-	26,156,939	16,707,320
Property taxes applicable to future years	787,500	-	787,500	-	37,500	-	37,500	-
Emission allowances	143,947	-	143,947	-	292,123	-	292,123	-
Income taxes receivable	2,307,853	-	2,307,853	-	4,690,064	-	4,690,064	-
Prepaid expenses and other	<u>3,985,333</u>	<u>-</u>	<u>1,822,311</u>	<u>2,163,022</u>	<u>3,097,876</u>	<u>-</u>	<u>1,818,694</u>	<u>1,279,182</u>
Total current assets	<u>197,406,657</u>	<u>-</u>	<u>136,055,462</u>	<u>61,351,195</u>	<u>205,893,712</u>	<u>-</u>	<u>155,765,692</u>	<u>50,128,020</u>
<b>REGULATORY ASSETS:</b>								
Unrecognized postemployment benefits	5,201,536	-	2,181,535	3,020,001	4,147,956	-	2,464,412	1,683,544
Pension benefits	32,170,308	-	17,999,287	14,171,021	33,894,325	-	19,235,029	14,659,296
Other	<u>545,772</u>	<u>-</u>	<u>545,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total regulatory assets	<u>37,917,616</u>	<u>-</u>	<u>20,726,594</u>	<u>17,191,022</u>	<u>38,042,281</u>	<u>-</u>	<u>21,699,441</u>	<u>16,342,840</u>
<b>DEFERRED CHARGES AND OTHER:</b>								
Unamortized debt expense	459,095	-	459,095	-	28,488	-	28,488	-
Income taxes receivable	2,101,572	-	2,101,572	-	4,614,683	-	4,614,683	-
Long-term investments	252,240,748	-	210,941,323	41,299,425	223,265,758	-	186,302,290	36,963,468
Other	<u>1,245,637</u>	<u>-</u>	<u>1,244,653</u>	<u>984</u>	<u>1,773,155</u>	<u>-</u>	<u>1,772,171</u>	<u>984</u>
Total deferred charges and other	<u>256,047,052</u>	<u>-</u>	<u>214,746,643</u>	<u>41,300,409</u>	<u>229,682,084</u>	<u>-</u>	<u>192,717,632</u>	<u>36,964,452</u>
<b>TOTAL</b>	<u>\$ 1,700,499,485</u>	<u>\$ (616,577,977)</u>	<u>\$ 1,590,299,166</u>	<u>\$ 726,778,296</u>	<u>\$ 1,734,164,715</u>	<u>\$ (635,356,470)</u>	<u>\$ 1,633,490,624</u>	<u>\$ 736,030,561</u>

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING BALANCE SHEETS  
AS OF SEPTEMBER 30, 2020 AND 2019-UNAUDITED

	2020				2019			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
<b>CAPITALIZATION AND LIABILITIES</b>								
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	1,127,620,107	-	1,127,620,107	-	1,043,939,372	-	1,043,939,372	-
Line of credit borrowings-long term	60,000,000	-	60,000,000	-	80,000,000	-	80,000,000	-
Retained earnings	19,365,178	-	19,365,178	-	16,606,594	-	16,606,594	-
Total capitalization	1,216,985,285	(3,400,000)	1,216,985,285	3,400,000	1,150,545,966	(3,400,000)	1,150,545,966	3,400,000
CURRENT LIABILITIES:								
Current portion of long-term debt	93,858,491	-	93,858,491	-	231,998,032	-	231,998,032	-
Accounts payable	28,173,705	-	13,825,047	14,348,658	29,499,066	-	13,793,223	15,705,843
Accrued taxes	8,201,860	-	3,719,897	4,481,963	8,357,499	-	4,287,613	4,069,886
Regulatory liabilities	17,506,386	-	11,481,205	6,025,181	11,064,248	-	8,303,946	2,760,302
Accrued interest and other	27,182,594	-	21,814,115	5,368,479	23,475,547	-	20,119,590	3,355,957
Total current liabilities	174,923,036	-	144,698,755	30,224,281	304,394,392	-	278,502,404	25,891,988
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	66,875,385	-	47,911,479	18,963,906	67,530,024	-	50,706,147	16,823,877
Advance billing of debt reserve	112,500,000	-	112,500,000	-	82,500,000	-	82,500,000	-
Income taxes refundable to customers	8,658,897	-	8,658,897	-	11,571,428	-	11,571,428	-
Other	14,545,202	-	3,726,543	10,818,659	8,324,815	-	789,336	7,535,479
Total regulatory liabilities	202,579,484	-	172,796,919	29,782,565	169,926,267	-	145,566,911	24,359,356
OTHER LIABILITIES:								
Pension liability	32,170,308	-	17,999,287	14,171,021	33,894,325	-	19,235,029	14,659,296
Asset retirement obligations	63,487,038	-	32,400,636	31,086,402	60,246,682	-	30,769,526	29,477,156
Postretirement benefits obligation	4,242,848	-	2,390,270	1,852,578	10,186,597	-	5,708,766	4,477,831
Postemployment benefits obligation	5,201,536	-	2,181,535	3,020,001	4,147,956	-	2,464,412	1,683,544
Parent advances for construction	-	(613,177,977)	-	613,177,977	-	(631,956,470)	-	631,956,470
Other liabilities	909,950	-	846,479	63,471	822,530	-	697,610	124,920
Total other liabilities	106,011,680	(613,177,977)	55,818,207	663,371,450	109,298,090	(631,956,470)	58,875,343	682,379,217
TOTAL	\$ 1,700,499,485	\$ (616,577,977)	\$ 1,590,299,166	\$ 726,778,296	\$ 1,734,164,715	\$ (635,356,470)	\$ 1,633,490,624	\$ 736,030,561

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE AS OF SEPTEMBER 30, 2020 AND 2019-UNAUDITED

	2020				2019			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
<b>OPERATING REVENUES:</b>								
Sales of electric energy to:								
Department of Energy	\$ 2,432,781	\$ -	\$ 2,432,781	\$ -	\$ 3,648,005	\$ -	\$ 3,648,005	\$ -
Ohio Valley Electric Corp.	-	(167,139,227)	-	167,139,227	-	(194,418,005)	-	194,418,005
Sponsoring Companies	386,801,704	-	386,801,704	-	450,556,097	-	450,556,097	-
Other	638,818	-	638,818	-	-	-	-	-
<b>Total operating revenues</b>	<b>389,873,303</b>	<b>(167,139,227)</b>	<b>389,873,303</b>	<b>167,139,227</b>	<b>454,204,102</b>	<b>(194,418,005)</b>	<b>454,204,102</b>	<b>194,418,005</b>
<b>OPERATING EXPENSES:</b>								
Fuel and emission allowances consumed								
in operation	165,915,724	-	79,169,143	86,746,581	200,830,997	-	94,289,824	106,541,173
Purchased power	1,835,984	(167,139,227)	168,975,211	-	3,380,392	(194,418,005)	197,798,397	-
Other operation	49,849,742	-	27,902,379	21,947,363	66,502,800	-	44,686,311	21,816,489
Maintenance	52,497,071	-	27,615,106	24,881,965	66,666,757	-	32,916,084	33,750,673
Depreciation	56,371,928	-	26,712,563	29,659,365	59,704,623	-	28,325,404	31,379,219
Taxes-other than federal income taxes	8,790,004	-	4,915,251	3,874,753	9,217,705	-	5,630,555	3,587,150
Federal income taxes	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>335,260,453</b>	<b>(167,139,227)</b>	<b>335,289,653</b>	<b>167,110,027</b>	<b>406,303,274</b>	<b>(194,418,005)</b>	<b>403,646,575</b>	<b>197,074,704</b>
<b>OPERATING INCOME</b>	<b>54,612,850</b>	<b>-</b>	<b>54,583,650</b>	<b>29,200</b>	<b>47,900,828</b>	<b>-</b>	<b>50,557,527</b>	<b>(2,656,699)</b>
<b>OTHER INCOME (EXPENSE)</b>	<b>101,234</b>	<b>-</b>	<b>125,929</b>	<b>(24,695)</b>	<b>15,739,290</b>	<b>-</b>	<b>13,074,857</b>	<b>2,664,433</b>
<b>INCOME BEFORE INTEREST CHARGES</b>	<b>54,714,084</b>	<b>-</b>	<b>54,709,579</b>	<b>4,505</b>	<b>63,640,118</b>	<b>-</b>	<b>63,632,384</b>	<b>7,734</b>
<b>INTEREST CHARGES:</b>								
Amortization of debt expense	3,236,307	-	3,236,307	-	3,004,529	-	3,004,529	-
Interest expense	49,406,622	-	49,402,117	4,505	58,267,727	-	58,259,993	7,734
<b>Total interest charges</b>	<b>52,642,929</b>	<b>-</b>	<b>52,638,424</b>	<b>4,505</b>	<b>61,272,256</b>	<b>-</b>	<b>61,264,522</b>	<b>7,734</b>
<b>NET INCOME</b>	<b>\$ 2,071,155</b>	<b>\$ -</b>	<b>\$ 2,071,155</b>	<b>\$ -</b>	<b>\$ 2,367,862</b>	<b>\$ -</b>	<b>\$ 2,367,862</b>	<b>\$ -</b>
RETAINED EARNINGS, JAN. 1	17,294,023	-	17,294,023	-	14,238,732	-	14,238,732	-
CASH DIVIDENDS ON COMMON STOCK	-	-	-	-	-	-	-	-
<b>RETAINED EARNINGS, SEP. 30</b>	<b>\$ 19,365,178</b>	<b>\$ -</b>	<b>\$ 19,365,178</b>	<b>\$ -</b>	<b>\$ 16,606,594</b>	<b>\$ -</b>	<b>\$ 16,606,594</b>	<b>\$ -</b>

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE AS OF SEPTEMBER 30, 2020 AND 2019-UNAUDITED

	2020				2019			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
<b>CASH FROM OPERATIONS</b>								
Net income	\$ 2,071,155	\$ -	\$ 2,071,155	\$ -	\$ 2,367,862	\$ -	\$ 2,367,862	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	56,371,928	-	26,712,563	29,659,365	59,704,623	-	28,325,404	31,379,219
Amortization of debt expense and discount	3,236,307	-	3,236,307	-	3,004,529	-	3,004,529	-
Deferred taxes	-	-	-	-	-	-	-	-
(Gain)/loss on marketable securities	12,910,783	-	10,515,618	2,395,165	(15,460,801)	-	(12,773,024)	(2,687,777)
Changes in assets and liabilities:								
Accounts receivable	47,399,161	-	47,130,931	268,230	(3,329,126)	-	(3,512,764)	183,638
Fuel in storage	(18,089,511)	-	(8,906,945)	(9,182,566)	(21,175,013)	-	(5,979,569)	(15,195,444)
Material and supplies	(1,608,561)	-	(1,102,452)	(506,109)	(2,229,616)	-	(1,745,770)	(483,846)
Property taxes applicable to subsequent years	2,362,500	-	2,362,500	-	3,025,000	-	3,025,000	-
Emission allowances	147,734	-	147,734	-	6,232	-	6,232	-
Refundable income taxes	-	-	-	-	-	-	-	-
Prepaid expenses and other	(1,167,618)	-	20,028	(1,187,646)	(921,971)	-	(573,802)	(348,169)
Other regulatory assets	(545,772)	-	(545,772)	-	8,721,689	-	8,721,689	-
Other noncurrent assets	1,470,768	-	1,470,768	-	(527,518)	-	(527,518)	-
Accounts payable	(6,698,220)	-	(6,149,369)	(548,851)	(11,814,321)	-	(8,301,031)	(3,513,290)
Accrued taxes	(2,325,187)	-	(3,099,616)	774,429	(2,368,266)	-	(2,889,866)	521,600
Accrued interest and other	(350,340)	-	1,439,495	(1,789,835)	2,812,355	-	4,089,356	(1,277,001)
Decommissioning and demolition	(172,959)	-	(2,329,987)	2,157,028	5,505,993	-	789,336	4,716,657
Other regulatory liabilities	23,041,569	-	21,027,816	2,013,753	29,777,423	-	32,027,399	(2,249,976)
Other noncurrent liabilities	295,746	-	284,084	11,662	340,022	-	300,716	39,306
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>118,349,483</b>	<b>-</b>	<b>94,284,858</b>	<b>24,064,625</b>	<b>57,439,096</b>	<b>-</b>	<b>46,354,179</b>	<b>11,084,917</b>
<b>INVESTING ACTIVITIES</b>								
Electric plant additions	(22,580,525)	-	(10,884,970)	(11,695,555)	(24,095,739)	-	(16,342,365)	(7,753,374)
Proceeds from sale of long-term investments	186,553,182	-	156,008,794	30,544,388	-	-	-	-
Purchase of long-term investments	(210,965,434)	-	(176,424,023)	(34,541,411)	(26,533,424)	-	(24,504,544)	(2,028,880)
Changes in short-term intercompany lendings	-	(8,372,047)	8,372,047	-	-	(1,302,663)	1,302,663	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(46,992,777)</b>	<b>(8,372,047)</b>	<b>(22,928,152)</b>	<b>(15,692,578)</b>	<b>(50,629,163)</b>	<b>(1,302,663)</b>	<b>(39,544,246)</b>	<b>(9,782,254)</b>
<b>FINANCING ACTIVITIES</b>								
Changes in short-term intercompany lendings	-	8,372,047	-	(8,372,047)	-	1,302,663	-	(1,302,663)
Repayment of Senior 2006 Notes	(23,333,029)	-	(23,333,029)	-	(22,029,278)	-	(22,029,278)	-
Repayment of Senior 2007 Notes	(8,174,243)	-	(8,174,243)	-	(7,709,825)	-	(7,709,825)	-
Repayment of Senior 2008 Notes	(8,918,432)	-	(8,918,432)	-	(8,358,674)	-	(8,358,674)	-
Reissuance of 2009 Bonds	-	-	-	-	25,000,000	-	25,000,000	-
Issuance of 2019A Bonds	-	-	-	-	-	-	-	-
Repayment of 2009E Bonds	-	-	-	-	-	-	-	-
Proceeds from line of credit	25,000,000	-	25,000,000	-	10,000,000	-	10,000,000	-
Payments on line of credit	(45,000,000)	-	(45,000,000)	-	(15,000,000)	-	(15,000,000)	-
Loan maintenance costs	(2,058,670)	-	(2,058,670)	-	(3,581,043)	-	(3,581,043)	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(62,484,374)</b>	<b>8,372,047</b>	<b>(62,484,374)</b>	<b>(8,372,047)</b>	<b>(21,678,820)</b>	<b>1,302,663</b>	<b>(21,678,820)</b>	<b>(1,302,663)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 8,872,332</b>	<b>\$ -</b>	<b>\$ 8,872,332</b>	<b>\$ -</b>	<b>\$ (14,868,887)</b>	<b>\$ -</b>	<b>\$ (14,868,887)</b>	<b>\$ -</b>
CASH AND CASH EQUIVALENTS, JAN. 1	32,241,171	-	32,234,971	6,200	47,523,556	-	47,517,356	6,200
CASH AND CASH EQUIVALENTS, SEP. 30	\$ 41,113,503	\$ -	\$ 41,107,303	\$ 6,200	\$ 32,654,669	\$ -	\$ 32,648,469	\$ 6,200