

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

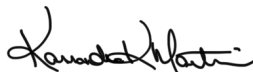
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OFFICER'S CERTIFICATION

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, 2021 and 2020 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, 2021 and 2020, 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.

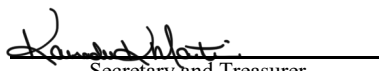


Secretary and Treasurer

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, 2021 was \$32,016,026.



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, 2021 AND 2020-UNAUDITED

	2021				2020			
	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	\$ 2,869,448,804	\$ -	\$ 1,414,980,764	\$ 1,454,468,040	\$ 2,794,440,492	\$ -	\$ 1,393,469,959	\$ 1,400,970,533
Less - Accumulated provisions for depreciation	(1,729,081,025)	-	(872,210,562)	(856,870,463)	(1,608,476,725)	-	(803,326,000)	(805,150,725)
	1,140,367,779	-	542,770,202	597,597,577	1,185,963,767	-	590,143,959	595,819,808
Construction in progress	36,611,701	-	21,247,608	15,364,093	23,164,393	-	12,048,531	11,115,862
Total electric plant	1,176,979,480	-	564,017,810	612,961,670	1,209,128,160	-	602,192,490	606,935,670
<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	-	(544,770,286)	544,770,286	-	-	(613,177,977)	613,177,977	-
Total investments and other	-	(548,170,286)	548,170,286	-	-	(616,577,977)	616,577,977	-
<b>CURRENT ASSETS:</b>								
Cash and cash equivalents	69,104,766	-	69,098,566	6,200	41,113,503	-	41,107,303	6,200
Accounts receivable	33,815,953	-	33,660,193	155,760	27,087,528	-	26,981,667	105,861
Fuel in storage	26,169,780	-	7,852,497	18,317,283	79,441,369	-	36,301,227	43,140,142
Materials and supplies	42,050,430	-	26,937,042	15,113,388	42,539,624	-	26,603,654	15,935,970
Property taxes applicable to future years	813,750	-	813,750	-	787,500	-	787,500	-
Emission allowances	81,844	-	81,844	-	143,947	-	143,947	-
Income taxes receivable	-	-	-	-	2,307,853	-	2,307,853	-
Prepaid expenses and other	5,822,488	-	3,320,859	2,501,629	3,985,333	-	1,822,311	2,163,022
Total current assets	177,859,011	-	141,764,751	36,094,260	197,406,657	-	136,055,462	61,351,195
<b>REGULATORY ASSETS:</b>								
Unrecognized postemployment benefits	6,833,166	-	2,498,432	4,334,734	5,201,536	-	2,181,535	3,020,001
Unrecognized Pension benefits	34,784,688	-	18,599,373	16,185,315	32,170,308	-	17,999,287	14,171,021
Income taxes billable to customers	10,751,917	-	10,751,917	-	-	-	-	-
Other	-	-	-	-	545,772	-	545,772	-
Total regulatory assets	52,369,771	-	31,849,722	20,520,049	37,917,616	-	20,726,594	17,191,022
<b>DEFERRED CHARGES AND OTHER:</b>								
Unamortized debt expense	176,032	-	176,032	-	459,095	-	459,095	-
Income taxes receivable	-	-	-	-	2,101,572	-	2,101,572	-
Long-term investments	295,802,528	-	237,063,871	58,738,657	252,240,748	-	210,941,323	41,299,425
Other	623,586	-	622,602	984	1,245,637	-	1,244,653	984
Total deferred charges and other	296,602,146	-	237,862,505	58,739,641	256,047,052	-	214,746,643	41,300,409
<b>TOTAL</b>	<b>\$ 1,703,810,408</b>	<b>\$ (548,170,286)</b>	<b>\$ 1,523,665,074</b>	<b>\$ 728,315,620</b>	<b>\$ 1,700,499,485</b>	<b>\$ (616,577,977)</b>	<b>\$ 1,590,299,166</b>	<b>\$ 726,778,296</b>

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING BALANCE SHEETS  
AS OF SEPTEMBER 30, 2021 AND 2020-UNAUDITED

	2021				2020			
	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>								
<b>CAPITALIZATION:</b>								
Common stock, \$100 par value- Authorized, 300,000 shares; outstanding, 100,000 shares in 2021 and 2020	\$ 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 in 2021 and 2020	-	(3,400,000)	-	3,400,000	-	(3,400,000)	-	3,400,000
Long-term debt	998,589,061	-	998,589,061	-	1,127,620,107	-	1,127,620,107	-
Line of credit borrowings	10,000,000	-	10,000,000	-	60,000,000	-	60,000,000	-
Retained earnings	22,016,026	-	22,016,026	-	19,365,178	-	19,365,178	-
<b>Total capitalization</b>	<b>1,040,605,087</b>	<b>(3,400,000)</b>	<b>1,040,605,087</b>	<b>3,400,000</b>	<b>1,216,985,285</b>	<b>(3,400,000)</b>	<b>1,216,985,285</b>	<b>3,400,000</b>
<b>CURRENT LIABILITIES:</b>								
Current portion of long-term debt	130,938,152	-	130,938,152	-	93,858,491	-	93,858,491	-
Accounts payable	25,237,983	-	11,349,907	13,888,076	28,173,705	-	13,825,047	14,348,658
Accrued other taxes	8,730,555	-	3,845,484	4,885,071	8,201,860	-	3,719,897	4,481,963
Regulatory liabilities	60,034,413	-	37,186,130	22,848,283	17,506,386	-	11,481,205	6,025,181
Accrued interest and other	27,784,752	-	22,780,889	5,003,863	27,182,594	-	21,814,115	5,368,479
<b>Total current liabilities</b>	<b>252,725,855</b>	<b>-</b>	<b>206,100,562</b>	<b>46,625,293</b>	<b>174,923,036</b>	<b>-</b>	<b>144,698,755</b>	<b>30,224,281</b>
<b>COMMITMENTS AND CONTINGENCIES</b>								
<b>REGULATORY LIABILITIES:</b>								
Postretirement benefits	66,679,856	-	50,756,856	15,923,000	66,875,385	-	47,911,479	18,963,906
Advance billing of debt reserve	120,000,000	-	120,000,000	-	112,500,000	-	112,500,000	-
Income taxes refundable to customers	-	-	-	-	8,658,897	-	8,658,897	-
Decommissioning, demolition and other	8,940,217	-	4,024,280	4,915,937	14,545,202	-	3,726,543	10,818,659
<b>Total regulatory liabilities</b>	<b>195,620,073</b>	<b>-</b>	<b>174,781,136</b>	<b>20,838,937</b>	<b>202,579,484</b>	<b>-</b>	<b>172,796,919</b>	<b>29,782,565</b>
<b>OTHER LIABILITIES:</b>								
Pension liability	34,784,688	-	18,599,373	16,185,315	32,170,308	-	17,999,287	14,171,021
Deferred income tax liability	19,410,815	-	19,410,815	-	-	-	-	-
Asset retirement obligations	138,933,456	-	54,422,328	84,511,128	63,487,038	-	32,400,636	31,086,402
Postretirement benefits obligation	11,995,106	-	6,353,804	5,641,302	4,242,848	-	2,390,270	1,852,578
Postemployment benefits obligation	6,833,166	-	2,498,432	4,334,734	5,201,536	-	2,181,535	3,020,001
Parent advances	-	(544,770,286)	-	544,770,286	-	(613,177,977)	-	613,177,977
Other non-current liabilities	2,902,162	-	893,537	2,008,625	909,950	-	846,479	63,471
<b>Total other liabilities</b>	<b>214,859,393</b>	<b>(544,770,286)</b>	<b>102,178,289</b>	<b>657,451,390</b>	<b>106,011,680</b>	<b>(613,177,977)</b>	<b>55,818,207</b>	<b>663,371,450</b>
<b>TOTAL</b>	<b>\$ 1,703,810,408</b>	<b>\$ (548,170,286)</b>	<b>\$ 1,523,665,074</b>	<b>\$ 728,315,620</b>	<b>\$ 1,700,499,485</b>	<b>\$ (616,577,977)</b>	<b>\$ 1,590,299,166</b>	<b>\$ 726,778,296</b>

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE AS OF SEPTEMBER 30, 2021 AND 2020-UNAUDITED

	2021				2020			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
<b>REVENUES FROM CONTRACTS WITH CUSTOMERS-Sales of electric energy to:</b>								
Department of Energy	\$ 3,328,041	\$ -	\$ 3,328,041	\$ -	\$ 2,432,781	\$ -	\$ 2,432,781	\$ -
Ohio Valley Electric Corp.	-	(195,178,828)	-	195,178,828	-	(167,139,227)	-	167,139,227
Sponsoring Companies	468,098,269	-	468,098,269	-	386,801,704	-	386,801,704	-
Other	2,680,879	-	2,680,879	-	638,818	-	638,818	-
<b>Total revenues from contracts with customers</b>	<b>474,107,189</b>	<b>(195,178,828)</b>	<b>474,107,189</b>	<b>195,178,828</b>	<b>389,873,303</b>	<b>(167,139,227)</b>	<b>389,873,303</b>	<b>167,139,227</b>
<b>OPERATING EXPENSES:</b>								
Fuel and emission allowances consumed in operation	213,901,506	-	98,448,413	115,453,093	165,915,724	-	79,169,143	86,746,581
Purchased power	3,258,440	(195,178,828)	198,437,268	-	1,835,984	(167,139,227)	168,975,211	-
Other operation	61,975,923	-	40,406,260	21,569,663	49,849,742	-	27,902,379	21,947,363
Maintenance	55,988,760	-	29,112,027	26,876,733	52,497,071	-	27,615,106	24,881,965
Depreciation	81,552,109	-	54,432,118	27,119,991	56,371,928	-	26,712,563	29,659,365
Taxes-other than income taxes	9,111,401	-	5,006,417	4,104,984	8,790,004	-	4,915,251	3,874,753
<b>Total operating expenses</b>	<b>425,788,139</b>	<b>(195,178,828)</b>	<b>425,842,503</b>	<b>195,124,464</b>	<b>335,260,453</b>	<b>(167,139,227)</b>	<b>335,289,653</b>	<b>167,110,027</b>
<b>OPERATING INCOME</b>	<b>48,319,050</b>	<b>-</b>	<b>48,264,686</b>	<b>54,364</b>	<b>54,612,850</b>	<b>-</b>	<b>54,583,650</b>	<b>29,200</b>
<b>OTHER INCOME (EXPENSE)</b>	<b>10,406</b>	<b>-</b>	<b>6,578</b>	<b>3,828</b>	<b>101,234</b>	<b>-</b>	<b>125,929</b>	<b>(24,695)</b>
<b>INCOME BEFORE INTEREST CHARGES</b>	<b>48,329,456</b>	<b>-</b>	<b>48,271,264</b>	<b>58,192</b>	<b>54,714,084</b>	<b>-</b>	<b>54,709,579</b>	<b>4,505</b>
<b>INTEREST CHARGES:</b>								
Amortization of debt expense	3,191,684	-	3,191,684	-	3,236,307	-	3,236,307	-
Interest expense	43,226,052	-	43,167,860	58,192	49,406,622	-	49,402,117	4,505
<b>Total interest charges</b>	<b>46,417,736</b>	<b>-</b>	<b>46,359,544</b>	<b>58,192</b>	<b>52,642,929</b>	<b>-</b>	<b>52,638,424</b>	<b>4,505</b>
<b>NET INCOME</b>	<b>\$ 1,911,720</b>	<b>\$ -</b>	<b>\$ 1,911,720</b>	<b>\$ -</b>	<b>\$ 2,071,155</b>	<b>\$ -</b>	<b>\$ 2,071,155</b>	<b>\$ -</b>
<b>RETAINED EARNINGS-Beginning of year</b>	<b>20,104,306</b>	<b>-</b>	<b>20,104,306</b>	<b>-</b>	<b>17,294,023</b>	<b>-</b>	<b>17,294,023</b>	<b>-</b>
<b>RETAINED EARNINGS, SEPTEMBER 30</b>	<b>\$ 22,016,026</b>	<b>\$ -</b>	<b>\$ 22,016,026</b>	<b>\$ -</b>	<b>\$ 19,365,178</b>	<b>\$ -</b>	<b>\$ 19,365,178</b>	<b>\$ -</b>

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE AS OF SEPTEMBER 30, 2021 AND 2020-UNAUDITED

	2021				2020			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana-Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana-Kentucky Electric Corporation
OPERATING ACTIVITIES:								
Net income	\$ 1,911,720	\$ -	\$ 1,911,720	\$ -	\$ 2,071,155	\$ -	\$ 2,071,155	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation	81,552,109	-	54,432,118	27,119,991	56,371,928	-	26,712,563	29,659,365
Amortization of debt expense	3,191,684	-	3,191,684	-	3,236,307	-	3,236,307	-
(Gain)/loss on marketable securities	-	-	-	-	12,910,783	-	10,515,618	2,395,165
Changes in assets and liabilities:								
Accounts receivable	11,084,595	-	10,964,501	120,094	47,399,161	-	47,130,931	268,230
Fuel in storage	53,158,872	-	23,419,150	29,739,722	(18,089,511)	-	(8,906,945)	(9,182,566)
Material and supplies	(1,622,167)	-	(1,920,261)	298,094	(1,608,561)	-	(1,102,452)	(506,109)
Property taxes applicable to future years	2,441,250	-	2,441,250	-	2,362,500	-	2,362,500	-
Emission allowances	62,061	-	62,061	-	147,734	-	147,734	-
Prepaid expenses and other	(1,790,921)	-	(577,734)	(1,213,187)	(1,167,618)	-	20,028	(1,187,646)
Other regulatory assets	-	-	-	-	(545,772)	-	(545,772)	-
Other noncurrent assets	-	-	-	-	1,470,768	-	1,470,768	-
Accounts payable	(12,670,324)	-	(6,086,439)	(6,583,885)	(6,698,220)	-	(6,149,369)	(548,851)
Accrued taxes	(2,517,433)	-	(3,390,373)	872,940	(2,325,187)	-	(3,099,616)	774,429
Accrued interest and other	1,793,935	-	4,023,606	(2,229,671)	(350,340)	-	1,439,495	(1,789,835)
Decommissioning, demolition and other	8,940,217	-	4,024,280	4,915,937	(172,959)	-	(2,329,987)	2,157,028
Other regulatory liabilities	57,383,172	-	38,152,454	19,230,718	23,041,569	-	21,027,816	2,013,753
Other liabilities	11,501	-	234,330	(222,829)	295,746	-	284,084	11,662
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	202,930,271	-	130,882,347	72,047,924	118,349,483	-	94,284,858	24,064,625
INVESTING ACTIVITIES								
Electric plant additions	(39,457,390)	-	(25,718,179)	(13,739,211)	(22,580,525)	-	(10,884,970)	(11,695,555)
Proceeds from sale of long-term investments	32,863,349	-	18,870,661	13,992,688	186,553,182	-	156,008,794	30,544,388
Purchase of long-term investments	(49,236,672)	-	(28,750,159)	(20,486,513)	(210,965,434)	-	(176,424,023)	(34,541,411)
Changes in short-term intercompany lendings	-	(51,451,319)	51,451,319	-	-	(8,372,047)	8,372,047	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(55,830,713)	(51,451,319)	15,853,642	(20,233,036)	(46,992,777)	(8,372,047)	(22,928,152)	(15,692,578)
FINANCING ACTIVITIES								
Changes in short-term intercompany borrowings	-	51,451,319	-	(51,451,319)	-	8,372,047	-	(8,372,047)
Repayment of Senior 2006 Notes	(24,713,983)	-	(24,713,983)	-	(23,333,029)	-	(23,333,029)	-
Repayment of Senior 2007 Notes	(8,666,654)	-	(8,666,654)	-	(8,174,243)	-	(8,174,243)	-
Repayment of Senior 2008 Notes	(9,515,764)	-	(9,515,764)	-	(8,918,432)	-	(8,918,432)	-
Repayment of Senior 2017 Notes	(33,333,333)	-	(33,333,333)	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	25,000,000	-	25,000,000	-
Payments on line of credit	(50,000,000)	-	(50,000,000)	-	(45,000,000)	-	(45,000,000)	-
Principal payments under capital leases	(556,333)	-	(192,764)	(363,569)	-	-	-	-
Debt issuance and maintenance costs	(2,043,784)	-	(2,043,784)	-	(2,058,670)	-	(2,058,670)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(128,829,851)	51,451,319	(128,466,282)	(51,814,888)	(62,484,374)	8,372,047	(62,484,374)	(8,372,047)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 18,269,707	\$ -	\$ 18,269,707	\$ -	\$ 8,872,332	\$ -	\$ 8,872,332	\$ -
CASH AND CASH EQUIVALENTS-Beginning of year	50,835,059	-	50,828,859	6,200	32,241,171	-	32,234,971	6,200
CASH AND CASH EQUIVALENTS-SEPTEMBER 30	\$ 69,104,766	\$ -	\$ 69,098,566	\$ 6,200	\$ 41,113,503	\$ -	\$ 41,107,303	\$ 6,200