

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

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

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

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

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

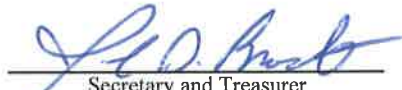
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OFFICER'S CERTIFICATION

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 March 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 March 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 covenents of the current debt agreements.

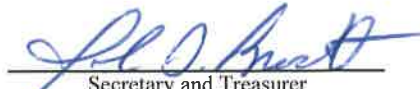


Secretary and Treasurer

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, 2014 was \$17,273,515.31



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, 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	\$ 2,671,999,593.55	\$ -	\$ 1,321,772,814.02	\$ 1,350,226,779.53	\$ 1,985,645,118.13	\$ -	\$ 1,276,438,565.12	\$ 709,206,553.01
Less - Accumulated provisions for depreciation	(1,192,581,208.53)	-	(577,368,597.83)	(615,212,610.70)	(1,124,945,252.11)	-	(540,008,844.41)	(584,936,407.70)
	1,479,418,385.02	-	744,404,216.19	735,014,168.83	860,699,866.02	-	736,429,720.71	124,270,145.31
Construction in progress	33,892,712.43	-	20,440,175.21	13,452,537.22	656,962,880.23	-	36,596,637.65	620,366,242.58
Total electric plant	1,513,311,097.45	-	764,844,391.40	748,466,706.05	1,517,662,746.25	-	773,026,358.36	744,636,387.89
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	-	(100,215,194.58)	100,215,194.58	-	-	(107,345,912.01)	107,345,912.01	-
Total investments and other	-	(103,615,194.58)	103,615,194.58	-	-	(110,745,912.01)	110,745,912.01	-
CURRENT ASSETS:								
Cash and cash equivalents	50,239,523.45	-	50,228,133.43	11,390.02	38,277,526.93	-	38,251,018.30	26,508.63
Accounts receivable	32,433,884.97	-	32,231,050.46	202,834.51	33,171,695.23	-	32,149,155.59	1,022,539.64
Intercompany receivable	-	(621,740,546.39)	621,740,546.39	-	-	(635,006,838.73)	635,006,838.73	-
Fuel in storage-at average cost	35,761,030.60	-	8,824,180.58	26,936,850.02	71,396,355.57	-	25,763,895.16	45,632,460.41
Materials and supplies-at average cost	32,801,547.22	-	19,701,643.99	13,099,903.23	28,349,947.57	-	15,819,102.55	12,530,845.02
Property taxes applicable to future years	2,027,178.76	-	2,027,178.76	-	1,877,580.00	-	1,877,580.00	-
Emission allowances	49,241.01	-	49,241.01	-	84,914.46	-	84,914.46	-
Deferred tax assets	9,980,768.00	-	7,392,140.00	2,588,628.00	18,302,793.00	-	15,008,843.00	3,293,950.00
Income taxes receivable	3,331,535.71	-	3,331,535.71	-	15,832,665.71	-	15,832,665.71	-
Regulatory assets	-	-	-	-	5,513,447.69	-	3,919,100.39	1,594,347.30
Prepaid expenses and other	1,294,911.87	-	731,384.94	563,526.93	1,339,066.87	-	859,579.05	479,487.82
Total current assets	167,919,621.59	(621,740,546.39)	746,257,035.27	43,403,132.71	214,145,993.03	(635,006,838.73)	784,572,692.94	64,580,138.82
REGULATORY ASSETS:								
Unrecognized postemployment benefits	2,078,864.00	-	1,119,681.00	959,183.00	2,498,759.00	-	1,132,247.00	1,366,512.00
Pension benefits	8,542,293.00	-	4,899,859.00	3,642,434.00	30,561,325.00	-	17,529,976.00	13,031,349.00
Postretirement benefits	-	-	-	-	1,028,833.98	(15,093,719.02)	-	16,122,553.00
Income taxes billable to customers	15,828,423.00	-	-	15,828,423.00	-	(15,839,299.53)	15,839,299.53	-
Total regulatory assets	26,449,580.00	-	6,019,540.00	20,430,040.00	34,088,917.98	(30,933,018.55)	34,501,522.53	30,520,414.00
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	12,765,007.52	-	12,765,007.52	-	13,810,802.76	-	13,810,802.76	-
Deferred tax assets	-	(47,678,981.86)	47,678,981.86	-	22,265,884.00	(28,029,955.00)	-	50,295,839.00
Long-term investments	117,780,588.23	-	93,320,936.51	24,459,651.72	123,124,506.05	-	101,645,757.78	21,478,748.27
Special deposits-restricted	-	-	-	-	-	-	-	-
Other	57,822.05	-	57,822.05	-	263,060.14	-	263,060.14	-
Total deferred charges and other	130,603,417.80	(47,678,981.86)	153,822,747.94	24,459,651.72	159,464,252.95	(28,029,955.00)	115,719,620.68	71,774,587.27
TOTAL	\$ 1,838,283,716.84	\$ (773,034,722.83)	\$ 1,774,558,909.19	\$ 836,759,530.48	\$ 1,925,361,910.21	\$ (804,715,724.29)	\$ 1,818,566,106.52	\$ 911,511,527.98

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF MARCH 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	\$ 10,000,000.00	\$ -	\$ 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	1,259,253,237.80	-	1,259,253,237.80	-	1,550,208,928.47	-	1,550,208,928.47	-
Line of credit borrowings-long term	-	-	-	-	20,000,000.00	-	20,000,000.00	-
Retained earnings	7,273,515.31	-	7,273,515.31	-	5,632,008.74	-	5,632,008.74	-
Total capitalization	1,276,526,753.11	(3,400,000.00)	1,276,526,753.11	3,400,000.00	1,585,840,937.21	(3,400,000.00)	1,585,840,937.21	3,400,000.00
CURRENT LIABILITIES:								
Current portion of long-term debt	290,978,289.05	-	290,978,289.05	-	38,593,874.86	-	38,593,874.86	-
Accounts payable	46,835,120.71	-	18,897,184.16	27,937,936.55	39,633,406.54	-	18,769,330.34	20,864,076.20
Intercompany payable	-	(621,740,546.39)	-	621,740,546.39	-	(635,006,838.73)	-	635,006,838.73
Deferred revenue-advances for construction	24,240,732.69	-	18,192,855.08	6,047,877.61	24,581,480.37	-	15,520,415.42	9,061,064.95
Accrued taxes	8,372,613.78	-	4,615,735.46	3,756,878.32	9,174,087.08	-	5,503,615.26	3,670,471.82
Regulatory liabilities	3,981,084.27	-	3,558,354.12	422,730.15	2,567,908.86	-	2,536,085.26	31,823.60
Accrued interest and other	27,351,743.20	-	23,643,087.79	3,708,655.41	29,879,290.88	-	24,533,625.35	5,345,665.53
Total current liabilities	401,759,583.70	(621,740,546.39)	359,885,505.66	663,614,624.43	144,430,048.59	(635,006,838.73)	105,456,946.49	673,979,940.83
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	34,994,595.59	-	32,172,792.68	2,821,802.91	-	(15,093,719.02)	14,542,454.98	551,264.04
Decommissioning and demolition	19,984,816.97	-	9,542,164.99	10,442,651.98	15,997,678.11	-	7,694,889.29	8,302,788.82
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
Total regulatory liabilities	60,196,487.92	-	45,781,173.47	14,415,314.45	58,971,838.94	(30,933,018.55)	26,303,560.07	63,601,297.42
OTHER LIABILITIES:								
Pension liability	8,542,293.00	-	4,899,859.00	3,642,434.00	30,561,325.00	-	17,529,976.00	13,031,349.00
Deferred income tax liability	24,776,225.45	(47,678,981.86)	54,031,560.31	18,423,647.00	-	(28,029,955.00)	28,029,955.00	-
Asset retirement obligations	22,230,108.66	-	8,382,232.64	13,847,876.02	20,961,378.47	-	7,954,542.75	13,006,835.72
Postretirement benefits obligation	42,173,401.00	-	23,932,144.00	18,241,257.00	82,097,623.00	-	46,317,942.00	35,779,681.00
Postemployment benefits obligation	2,078,864.00	-	1,119,681.00	959,183.00	2,498,759.00	-	1,132,247.00	1,366,512.00
Parent advances for construction	-	(100,215,194.58)	-	100,215,194.58	-	(107,345,912.01)	-	107,345,912.01
Total other liabilities	99,800,892.11	(147,894,176.44)	92,365,476.95	155,329,591.60	136,119,085.47	(135,375,867.01)	100,964,662.75	170,530,289.73
TOTAL	\$ 1,838,283,716.84	\$ (773,034,722.83)	\$ 1,774,558,909.19	\$ 836,759,530.48	\$ 1,925,361,910.21	\$ (804,715,724.29)	\$ 1,818,566,106.52	\$ 911,511,527.98

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE AS OF MARCH 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	\$ 3,646,969.95	\$ -	\$ 3,646,969.95	\$ -	\$ 2,565,188.83	\$ -	\$ 2,565,188.83	\$ -
Ohio Valley Electric Corp.	-	(76,825,957.62)	-	76,825,957.62	-	(59,210,185.47)	-	59,210,185.47
Sponsoring Companies	164,322,114.91	-	164,322,114.91	-	145,456,522.98	-	145,456,522.98	-
Other	-	-	-	-	-	-	-	-
Total operating revenues	167,969,084.86	(76,825,957.62)	167,969,084.86	76,825,957.62	148,021,711.81	(59,210,185.47)	148,021,711.81	59,210,185.47
OPERATING EXPENSES:								
Fuel and emission allowances consumed								
In operation	93,568,560.08	-	38,268,607.44	55,299,952.64	72,144,544.26	-	32,806,972.29	39,337,571.97
Purchased power	3,459,710.44	(76,825,957.62)	80,285,668.06	-	2,413,138.11	(59,210,185.47)	61,623,323.58	-
Other operation	22,911,797.75	-	15,050,179.29	7,861,618.46	21,442,717.23	-	12,431,868.08	9,010,849.15
Maintenance	17,519,685.46	-	10,173,564.84	7,346,120.62	17,635,019.26	-	9,158,997.97	8,476,021.29
Depreciation	11,054,831.49	-	5,773,655.61	5,281,175.88	11,349,899.68	-	9,290,367.19	2,059,532.49
Taxes-other than federal income taxes	3,199,061.33	-	1,833,815.24	1,365,246.09	2,777,011.59	-	1,548,746.01	1,228,265.58
Federal income taxes	-	-	-	-	222,528.19	-	222,528.19	-
Total operating expenses	151,713,646.55	(76,825,957.62)	151,385,490.48	77,154,113.69	127,984,858.32	(59,210,185.47)	127,082,803.31	60,112,240.48
OPERATING INCOME	16,255,438.31	-	16,583,594.38	(328,156.07)	20,036,853.49	-	20,938,908.50	(902,055.01)
OTHER INCOME (EXPENSE)	3,944,433.11	-	3,603,099.22	341,333.89	863,482.75	-	(53,747.35)	917,230.10
INCOME BEFORE INTEREST CHARGES	20,199,871.42	-	20,186,693.60	13,177.82	20,900,336.24	-	20,885,161.15	15,175.09
INTEREST CHARGES:								
Amortization of debt expense	1,409,964.80	-	1,409,964.80	-	1,388,668.58	-	1,388,668.58	-
Interest expense	17,994,624.82	-	17,981,447.00	13,177.82	18,923,626.56	-	18,908,451.47	15,175.09
Total interest charges	19,404,589.62	-	19,391,411.80	13,177.82	20,312,295.14	-	20,297,120.05	15,175.09
NET INCOME	\$ 795,281.80	\$ -	\$ 795,281.80	\$ -	\$ 588,041.10	\$ -	\$ 588,041.10	\$ -
RETAINED EARNINGS, JAN. 1	6,478,233.51	-	6,478,233.51	-	5,293,967.64	-	5,293,967.64	-
CASH DIVIDENDS ON COMMON STOCK	-	-	-	-	(250,000.00)	-	(250,000.00)	-
RETAINED EARNINGS, MAR. 31	\$ 7,273,515.31	\$ -	\$ 7,273,515.31	\$ -	\$ 5,632,008.74	\$ -	\$ 5,632,008.74	\$ -

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE AS OF MARCH 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	\$ 795,281.80	\$ -	\$ 795,281.80	\$ -	\$ 588,041.10	\$ -	\$ 588,041.10	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	11,054,831.49	-	5,773,655.61	5,281,175.88	17,766,388.48	-	9,290,367.19	8,476,021.29
Amortization of debt expense and discount	1,409,964.80	-	1,409,964.80	-	1,394,318.48	-	1,394,318.48	-
Deferred taxes	-	-	-	-	(888,561.53)	-	(888,561.53)	-
Gain on marketable securities	(3,959,784.19)	-	(3,583,136.08)	(376,648.11)	(831,449.13)	-	87,605.97	(919,055.10)
Changes in assets and liabilities:								
Accounts receivable	2,898,768.75	-	2,951,391.07	(52,622.32)	3,783,027.28	-	4,231,121.39	(448,094.11)
Fuel in storage	7,259,363.52	-	5,052,227.37	2,207,136.15	8,153,740.34	-	2,303,558.45	5,850,181.89
Material and supplies	(237,112.88)	-	(443,692.39)	206,579.51	(885,529.64)	-	(329,300.84)	(556,228.80)
Property taxes applicable to subsequent years	675,726.24	-	675,726.24	-	625,860.00	-	625,860.00	-
Emission allowances	13,187.40	-	13,187.40	-	1,734.60	-	1,734.60	-
Refundable income taxes	-	-	-	-	-	-	-	-
Prepaid expenses and other	949,501.69	-	401,296.00	548,205.69	829,076.82	-	309,752.31	519,324.51
Other regulatory assets	371,296.82	-	371,296.82	-	2,763,909.47	-	1,306,366.80	1,457,542.67
Other noncurrent assets	430,584.94	-	430,584.94	-	(161,852.30)	-	(159,953.46)	(1,898.84)
Accounts payable	(4,638,262.57)	-	(5,604,255.26)	965,992.69	(14,283,591.05)	-	(11,331,577.86)	(2,952,013.19)
Deferred revenue	1,082,100.77	-	276,471.17	805,629.60	5,192,100.31	-	3,263,138.22	1,928,962.09
Accrued taxes	(690,200.71)	-	(1,404,086.18)	713,885.47	522,979.18	-	(127,988.92)	650,968.10
Accrued interest and other	(793,720.41)	-	818,083.97	(1,611,804.38)	4,056,716.74	-	4,335,571.24	(278,854.50)
Other regulatory liabilities	2,952,733.66	-	2,917,904.59	34,829.07	2,044,475.47	-	481,500.80	1,562,974.67
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>19,574,261.12</u>	<u>-</u>	<u>10,851,901.87</u>	<u>8,722,359.25</u>	<u>30,671,384.62</u>	<u>-</u>	<u>15,381,553.94</u>	<u>15,289,830.68</u>
INVESTING ACTIVITIES								
Electric plant additions	(4,466,139.10)	-	(2,300,201.94)	(2,165,937.16)	(19,662,811.51)	-	(4,505,505.56)	(15,157,305.95)
Sale (Purchase) of marketable securities	3,285,863.02	-	3,380,326.07	(94,463.05)	55,997,407.67	-	56,090,063.49	(92,655.82)
Advances to subsidiary company	-	(6,461,069.02)	6,461,069.02	-	-	(36,072.91)	36,072.91	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,180,276.08)</u>	<u>(6,461,069.02)</u>	<u>7,541,193.15</u>	<u>(2,260,400.21)</u>	<u>36,334,596.16</u>	<u>(36,072.91)</u>	<u>51,620,630.84</u>	<u>(15,249,961.77)</u>
FINANCING ACTIVITIES								
Advances from parent company	-	6,461,069.02	-	(6,461,069.02)	-	36,072.91	-	(36,072.91)
Repayment of Senior 2006 Notes	(8,144,058.82)	-	(8,144,058.82)	-	(7,689,087.17)	-	(7,689,087.17)	-
Repayment of Senior 2007 Notes	-	-	-	-	-	-	-	-
Repayment of Senior 2008 Notes	-	-	-	-	-	-	-	-
Issuance of 2012 Bonds	-	-	-	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-	-	-	-
Payments on line of credit	(30,000,000.00)	-	(30,000,000.00)	-	(40,000,000.00)	-	(40,000,000.00)	-
Loan origination costs	(768,113.01)	-	(768,113.01)	-	(713,684.57)	-	(713,684.57)	-
Dividends-common stock	-	-	-	-	(250,000.00)	-	(250,000.00)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(38,912,171.83)</u>	<u>6,461,069.02</u>	<u>(38,912,171.83)</u>	<u>(6,461,069.02)</u>	<u>(48,652,771.74)</u>	<u>36,072.91</u>	<u>(48,652,771.74)</u>	<u>(36,072.91)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (20,518,186.79)</u>	<u>\$ -</u>	<u>\$ (20,519,076.81)</u>	<u>\$ 890.02</u>	<u>\$ 18,353,209.04</u>	<u>\$ -</u>	<u>\$ 18,349,413.04</u>	<u>\$ 3,796.00</u>
CASH AND CASH EQUIVALENTS, JAN. 1	<u>70,757,710.24</u>	<u>-</u>	<u>70,747,210.24</u>	<u>10,500.00</u>	<u>19,924,317.89</u>	<u>-</u>	<u>19,901,605.26</u>	<u>22,712.63</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(20,518,186.79)</u>	<u>-</u>	<u>(20,519,076.81)</u>	<u>890.02</u>	<u>18,353,209.04</u>	<u>-</u>	<u>18,349,413.04</u>	<u>3,796.00</u>
CASH AND CASH EQUIVALENTS, MAR. 31	<u>\$ 50,239,523.45</u>	<u>\$ -</u>	<u>\$ 50,228,133.43</u>	<u>\$ 11,390.02</u>	<u>\$ 38,277,526.93</u>	<u>\$ -</u>	<u>\$ 38,251,018.30</u>	<u>\$ 26,508.63</u>