

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - MARCH 31, 2020 AND 2019-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - MARCH 31, 2020 AND 2019-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - MARCH 31, 2020 AND 2019-UNAUDITED

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

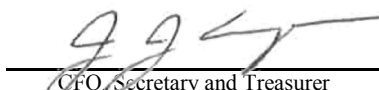
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OFFICER'S CERTIFICATION

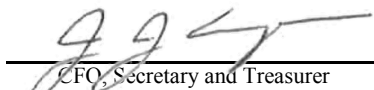
A review of the affairs and activities of Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation (the Companies), during the quarters ended March 31, 2020 and 2019 has been made under my supervision, and in my opinion, the unaudited financial statements for these periods present fairly the financial conditions of the Companies as of March 31, 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.



CFO, 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, 2020 was \$28,007,066



CFO, 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, 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
ASSETS								
ELECTRIC PLANT:								
At original cost	\$ 2,793,333,161	\$ -	\$ 1,393,237,302	\$ 1,400,095,859	\$ 2,785,334,793	\$ -	\$ 1,388,620,296	\$ 1,396,714,497
Less - Accumulated provisions for depreciation	(1,578,098,453)	-	(788,988,001)	(789,110,452)	(1,513,791,958)	-	(759,442,762)	(754,349,196)
	1,215,234,708	-	604,249,301	610,985,407	1,271,542,835	-	629,177,534	642,365,301
Construction in progress	15,616,188	-	8,546,244	7,069,944	14,231,418	-	6,828,047	7,403,371
Total electric plant	1,230,850,896	-	612,795,545	618,055,351	1,285,774,253	-	636,005,581	649,768,672
INVESTMENTS AND OTHER:								
Investment in subsidiary company	-	(3,400,000)	3,400,000	-	-	(3,400,000)	3,400,000	-
Advances to subsidiary-construction	-	(620,282,269)	620,282,269	-	-	(636,622,959)	636,622,959	-
Total investments and other	-	(623,682,269)	623,682,269	-	-	(640,022,959)	640,022,959	-
CURRENT ASSETS:								
Cash and cash equivalents	44,417,851	-	44,411,651	6,200	39,077,034	-	39,070,834	6,200
Accounts receivable	68,983,597	-	68,866,178	117,419	63,777,209	-	63,139,014	638,195
Fuel in storage-at average cost	70,045,586	-	32,470,226	37,575,360	51,084,333	-	21,669,790	29,414,543
Materials and supplies-at average cost	42,102,178	-	26,547,210	15,554,968	41,014,751	-	24,772,178	16,242,573
Property taxes applicable to future years	2,362,500	-	2,362,500	-	2,237,500	-	2,237,500	-
Emission allowances	291,604	-	291,604	-	298,117	-	298,117	-
Income taxes receivable	2,307,853	-	2,307,853	-	4,690,064	-	4,690,064	-
Prepaid expenses and other	1,489,900	-	989,848	500,052	1,300,608	-	797,630	502,978
Total current assets	232,001,069	-	178,247,070	53,753,999	203,479,616	-	156,675,127	46,804,489
REGULATORY ASSETS:								
Unrecognized postemployment benefits	5,201,536	-	2,181,535	3,020,001	4,147,956	-	2,464,412	1,683,544
Pension benefits	31,970,308	-	17,799,287	14,171,021	33,894,325	-	19,235,029	14,659,296
Other	14,450,673	(2,692,103)	17,142,776	-	-	(2,261,446)	2,261,446	-
Total regulatory assets	51,622,517	(2,692,103)	37,123,598	17,191,022	38,042,281	(2,261,446)	23,960,887	16,342,840
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	612,127	-	612,127	-	113,951	-	113,951	-
Income taxes receivable	2,101,572	-	2,101,572	-	4,614,683	-	4,614,683	-
Long-term investments	220,699,513	-	186,971,473	33,728,040	200,364,256	-	165,288,059	35,076,197
Other	1,245,637	-	1,244,653	984	945,812	-	944,828	984
Total deferred charges and other	224,658,849	-	190,929,825	33,729,024	206,038,702	-	170,961,521	35,077,181
TOTAL	\$ 1,739,133,331	\$ (626,374,372)	\$ 1,642,778,307	\$ 722,729,396	\$ 1,733,334,852	\$ (642,284,405)	\$ 1,627,626,075	\$ 747,993,182

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF MARCH 31, 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
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	1,108,316,985	-	1,108,316,985	-	1,099,660,850	-	1,099,660,850	-
Line of credit borrowings-long term	100,000,000	-	100,000,000	-	85,000,000	-	85,000,000	-
Retained earnings	18,007,066	-	18,007,066	-	14,916,076	-	14,916,076	-
Total capitalization	1,236,324,051	(3,400,000)	1,236,324,051	3,400,000	1,209,576,926	(3,400,000)	1,209,576,926	3,400,000
CURRENT LIABILITIES:								
Current portion of long-term debt	142,068,350	-	142,068,350	-	180,310,616	-	180,310,616	-
Accounts payable	24,030,911	-	11,366,033	12,664,878	41,780,874	-	19,797,194	21,983,680
Accrued taxes	9,854,180	-	5,265,338	4,588,842	10,091,581	-	5,675,995	4,415,586
Regulatory liabilities	10,434,171	-	7,384,783	3,049,388	10,672,065	-	6,317,838	4,354,227
Accrued interest and other	27,810,043	-	21,826,193	5,983,850	23,724,338	-	19,955,395	3,768,943
Total current liabilities	214,197,655	-	187,910,697	26,286,958	266,579,474	-	232,057,038	34,522,436
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	76,936,794	-	57,050,539	19,886,255	65,698,950	-	48,299,725	17,399,225
Advance billing of debt reserve	97,500,000	-	97,500,000	-	67,500,000	-	67,500,000	-
Income taxes refundable to customers	8,658,897	-	8,658,897	-	11,571,428	-	11,571,428	-
Other	-	(2,692,103)	-	2,692,103	3,386,761	(2,261,446)	-	5,648,207
Total regulatory liabilities	183,095,691	(2,692,103)	163,209,436	22,578,358	148,157,139	(2,261,446)	127,371,153	23,047,432
OTHER LIABILITIES:								
Pension liability	31,970,308	-	17,799,287	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	-	(620,282,269)	-	620,282,269	-	(636,622,959)	-	636,622,959
Other liabilities	614,204	-	562,395	51,809	545,753	-	443,225	102,528
Total other liabilities	105,515,934	(620,282,269)	55,334,123	670,464,080	109,021,313	(636,622,959)	58,620,958	687,023,314
TOTAL	\$ 1,739,133,331	\$ (626,374,372)	\$ 1,642,778,307	\$ 722,729,396	\$ 1,733,334,852	\$ (642,284,405)	\$ 1,627,626,075	\$ 747,993,182

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE AS OF MARCH 31, 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
OPERATING REVENUES:								
Sales of electric energy to:								
Department of Energy	\$ 860,308	\$ -	\$ 860,308	\$ -	\$ 1,467,317	\$ -	\$ 1,467,317	\$ -
Ohio Valley Electric Corp.	-	(58,313,291)	-	58,313,291	-	(63,715,045)	-	63,715,045
Sponsoring Companies	135,025,382	-	135,025,382	-	150,162,330	-	150,162,330	-
Other	211,381	-	211,381	-	-	-	-	-
Total operating revenues	136,097,071	(58,313,291)	136,097,071	58,313,291	151,629,647	(63,715,045)	151,629,647	63,715,045
OPERATING EXPENSES:								
Fuel and emission allowances consumed in operation	58,677,001	-	26,598,821	32,078,180	73,979,592	-	34,510,424	39,469,168
Purchased power	860,308	(58,313,291)	59,173,599	-	1,388,787	(63,715,045)	65,103,832	-
Other operation	18,816,930	-	12,096,102	6,720,828	20,164,808	-	13,347,265	6,817,543
Maintenance	17,499,449	-	8,550,510	8,948,939	19,428,563	-	10,505,708	8,922,855
Depreciation	17,899,050	-	8,634,582	9,264,468	22,939,409	-	13,565,750	9,373,659
Taxes-other than federal income taxes	2,876,671	-	1,589,577	1,287,094	2,918,815	-	1,644,922	1,273,893
Federal income taxes	-	-	-	-	-	-	-	-
Total operating expenses	116,629,409	(58,313,291)	116,643,191	58,299,509	140,819,974	(63,715,045)	138,677,901	65,857,118
OPERATING INCOME	19,467,662	-	19,453,880	13,782	10,809,673	-	12,951,746	(2,142,073)
OTHER INCOME (EXPENSE)	79,444	-	91,419	(11,975)	10,310,932	-	8,166,308	2,144,624
INCOME BEFORE INTEREST CHARGES	19,547,106	-	19,545,299	1,807	21,120,605	-	21,118,054	2,551
INTEREST CHARGES:								
Amortization of debt expense	1,178,395	-	1,178,395	-	1,130,631	-	1,130,631	-
Interest expense	17,655,668	-	17,653,861	1,807	19,312,630	-	19,310,079	2,551
Total interest charges	18,834,063	-	18,832,256	1,807	20,443,261	-	20,440,710	2,551
NET INCOME	\$ 713,043	\$ -	\$ 713,043	\$ -	\$ 677,344	\$ -	\$ 677,344	\$ -
RETAINED EARNINGS, JAN. 1	17,294,023	-	17,294,023	-	14,238,732	-	14,238,732	-
CASH DIVIDENDS ON COMMON STOCK	-	-	-	-	-	-	-	-
RETAINED EARNINGS, MAR. 31	\$ 18,007,066	\$ -	\$ 18,007,066	\$ -	\$ 14,916,076	\$ -	\$ 14,916,076	\$ -

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE AS OF MARCH 31, 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
CASH FROM OPERATIONS								
Net income	\$ 713,043	\$ -	\$ 713,043	\$ -	\$ 677,344	\$ -	\$ 677,344	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	17,899,050	-	8,634,582	9,264,468	22,939,409	-	13,565,750	9,373,659
Amortization of debt expense and discount	1,178,395	-	1,178,395	-	1,133,392	-	1,133,392	-
Deferred taxes	-	-	-	-	-	-	-	-
(Gain)/loss on marketable securities	32,595,483	-	24,707,149	7,888,334	(9,093,677)	-	(7,199,184)	(1,894,493)
Changes in assets and liabilities:								
Accounts receivable	5,503,092	-	5,246,420	256,672	501,687	-	376,533	125,154
Fuel in storage	(8,693,728)	-	(5,075,944)	(3,617,784)	(17,610,147)	-	(4,555,767)	(13,054,380)
Material and supplies	(1,171,115)	-	(1,046,008)	(125,107)	(380,108)	-	(361,009)	(19,099)
Property taxes applicable to subsequent years	787,500	-	787,500	-	825,000	-	825,000	-
Emission allowances	77	-	77	-	238	-	238	-
Refundable income taxes	-	-	-	-	-	-	-	-
Prepaid expenses and other	1,327,815	-	852,491	475,324	875,297	-	447,262	428,035
Other regulatory assets	(16,942,776)	-	(16,942,776)	-	6,460,243	-	6,460,243	-
Other noncurrent assets	1,470,768	-	1,470,768	-	299,825	-	299,825	-
Accounts payable	(10,841,014)	-	(8,608,383)	(2,232,631)	467,487	-	(2,297,060)	2,764,547
Accrued taxes	(672,867)	-	(1,554,175)	881,308	(634,184)	-	(1,501,484)	867,300
Accrued interest and other	277,109	-	1,451,573	(1,174,464)	3,061,147	-	3,925,162	(864,015)
Decommissioning and demolition	(12,026,058)	-	(6,056,530)	(5,969,528)	2,829,385	-	-	2,829,385
Other regulatory liabilities	11,030,763	-	11,070,454	(39,691)	12,554,166	-	12,634,869	(80,703)
Other noncurrent liabilities	(200,000)	-	(200,000)	-	63,245	-	46,331	16,914
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	22,235,537	-	16,628,636	5,606,901	24,969,749	-	24,477,445	492,304
INVESTING ACTIVITIES								
Electric plant additions	(5,830,383)	-	(3,410,044)	(2,420,339)	(12,558,140)	-	(9,636,903)	(2,921,237)
Proceeds from sale of long-term investments	9,285,337	-	7,866,321	1,419,016	8,911,354	-	7,721,655	1,189,699
Purchase of long-term investments	(21,841,054)	-	(18,503,231)	(3,337,823)	(18,910,400)	-	(16,785,808)	(2,124,592)
Changes in short-term intercompany lendings	-	(1,267,755)	1,267,755	-	-	3,363,826	(3,363,826)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(18,386,100)	(1,267,755)	(12,779,199)	(4,339,146)	(22,557,186)	3,363,826	(22,064,882)	(3,856,130)
FINANCING ACTIVITIES								
Changes in short-term intercompany lendings	-	1,267,755	-	(1,267,755)	-	(3,363,826)	-	3,363,826
Repayment of Senior 2006 Notes	(11,498,825)	-	(11,498,825)	-	(10,856,324)	-	(10,856,324)	-
Repayment of Senior 2007 Notes	-	-	-	-	-	-	-	-
Repayment of Senior 2008 Notes	-	-	-	-	-	-	-	-
Reissuance of 2009 Bonds	-	-	-	-	-	-	-	-
Issuance of 2019A Bonds	-	-	-	-	-	-	-	-
Repayment of 2009E Bonds	-	-	-	-	-	-	-	-
Proceeds from line of credit	20,000,000	-	20,000,000	-	-	-	-	-
Payments on line of credit	-	-	-	-	-	-	-	-
Loan maintenance costs	(173,932)	-	(173,932)	-	(2,761)	-	(2,761)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	8,327,243	1,267,755	8,327,243	(1,267,755)	(10,859,085)	(3,363,826)	(10,859,085)	3,363,826
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 12,176,680	\$ -	\$ 12,176,680	\$ -	\$ (8,446,522)	\$ -	\$ (8,446,522)	\$ -
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, MAR. 31	\$ 44,417,851	\$ -	\$ 44,411,651	\$ 6,200	\$ 39,077,034	\$ -	\$ 39,070,834	\$ 6,200