

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

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

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

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

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

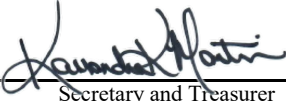
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OFFICER'S CERTIFICATION

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 December 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 December 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.



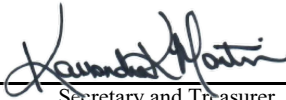
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Secretary and Treasurer

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, 2020 was \$30,104,306



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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, 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	\$ 2,797,490,743	\$ -	\$ 1,394,480,224	\$ 1,403,010,519	\$ 2,793,490,793	\$ -	\$ 1,393,385,892	\$ 1,400,104,901
Less - Accumulated provisions for depreciation	(1,624,196,900)	-	(811,848,681)	(812,348,219)	(1,563,780,062)	-	(782,253,926)	(781,526,136)
	1,173,293,843	-	582,631,543	590,662,300	1,229,710,731	-	611,131,966	618,578,765
Construction in progress	18,727,452	-	7,855,453	10,871,999	13,208,832	-	6,888,117	6,320,715
Total electric plant	1,192,021,295	-	590,486,996	601,534,299	1,242,919,563	-	618,020,083	624,899,480
<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	-	(595,692,348)	595,692,348	-	-	(621,550,024)	621,550,024	-
Total investments and other	-	(599,092,348)	599,092,348	-	-	(624,950,024)	624,950,024	-
<b>CURRENT ASSETS:</b>								
Cash and cash equivalents	50,835,059	-	50,828,859	6,200	32,241,171	-	32,234,971	6,200
Accounts receivable	44,558,847	-	44,282,993	275,854	74,486,689	-	74,112,598	374,091
Fuel in storage-at average cost	79,328,652	-	31,271,647	48,057,005	61,351,858	-	27,394,282	33,957,576
Materials and supplies-at average cost	40,428,263	-	25,016,781	15,411,482	40,931,063	-	25,501,202	15,429,861
Property taxes applicable to future years	3,255,000	-	3,255,000	-	3,150,000	-	3,150,000	-
Emission allowances	143,905	-	143,905	-	291,681	-	291,681	-
Income taxes receivable	2,307,853	-	2,307,853	-	2,307,853	-	2,307,853	-
Prepaid expenses and other	3,847,581	-	2,559,139	1,288,442	2,817,715	-	1,842,339	975,376
Total current assets	224,705,160	-	159,666,177	65,038,983	217,578,030	-	166,834,926	50,743,104
<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
Pension benefits	34,784,688	-	18,599,373	16,185,315	32,170,308	-	17,999,287	14,171,021
Other	-	-	-	-	-	-	-	-
Total regulatory assets	41,617,854	-	21,097,805	20,520,049	37,371,844	-	20,180,822	17,191,022
<b>DEFERRED CHARGES AND OTHER:</b>								
Unamortized debt expense	382,580	-	382,580	-	688,643	-	688,643	-
Income taxes receivable	2,101,572	-	2,101,572	-	2,307,341	-	2,307,341	-
Long-term investments	274,816,093	-	225,754,099	49,061,994	240,739,279	-	201,041,712	39,697,567
Other	623,584	-	622,600	984	2,510,636	-	2,509,652	984
Total deferred charges and other	277,923,829	-	228,860,851	49,062,978	246,245,899	-	206,547,348	39,698,551
<b>TOTAL</b>	<b>\$ 1,736,268,138</b>	<b>\$ (599,092,348)</b>	<b>\$ 1,599,204,177</b>	<b>\$ 736,156,309</b>	<b>\$ 1,744,115,336</b>	<b>\$ (624,950,024)</b>	<b>\$ 1,636,533,203</b>	<b>\$ 732,532,157</b>

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING BALANCE SHEETS  
AS OF DECEMBER 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
<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	1,109,833,026	-	1,109,833,026	-	1,119,568,409	-	1,119,568,409	-
Line of credit borrowings-long term	60,000,000	-	60,000,000	-	80,000,000	-	80,000,000	-
Retained earnings	20,104,306	-	20,104,306	-	17,294,023	-	17,294,023	-
<b>Total capitalization</b>	<b>1,199,937,332</b>	<b>(3,400,000)</b>	<b>1,199,937,332</b>	<b>3,400,000</b>	<b>1,226,862,432</b>	<b>(3,400,000)</b>	<b>1,226,862,432</b>	<b>3,400,000</b>
CURRENT LIABILITIES:								
Current portion of long-term debt	94,982,570	-	94,982,570	-	141,387,803	-	141,387,803	-
Accounts payable	37,498,464	-	15,620,753	21,877,711	34,871,926	-	19,974,417	14,897,509
Accrued taxes	15,657,413	-	11,645,282	4,012,131	10,527,047	-	6,819,513	3,707,534
Regulatory liabilities	20,718,952	-	11,483,854	9,235,098	7,677,404	-	5,063,780	2,613,624
Accrued interest and other	26,431,305	-	18,834,202	7,597,103	27,532,934	-	20,374,620	7,158,314
<b>Total current liabilities</b>	<b>195,288,704</b>	<b>-</b>	<b>152,566,661</b>	<b>42,722,043</b>	<b>221,997,114</b>	<b>-</b>	<b>193,620,133</b>	<b>28,376,981</b>
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	64,415,536	-	47,578,883	16,836,653	76,162,798	-	55,801,088	20,361,710
Advance billing of debt reserve	120,000,000	-	120,000,000	-	90,000,000	-	90,000,000	-
Income taxes refundable to customers	8,658,897	-	8,658,897	-	8,658,897	-	8,658,897	-
Decommissioning, demolition and other	27,977,010	-	9,950,952	18,026,058	14,718,161	-	6,056,530	8,661,631
<b>Total regulatory liabilities</b>	<b>221,051,443</b>	<b>-</b>	<b>186,188,732</b>	<b>34,862,711</b>	<b>189,539,856</b>	<b>-</b>	<b>160,516,515</b>	<b>29,023,341</b>
OTHER LIABILITIES:								
Pension liability	34,784,688	-	18,599,373	16,185,315	32,170,308	-	17,999,287	14,171,021
Asset retirement obligations	63,487,038	-	32,400,636	31,086,402	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 for construction	-	(595,692,348)	-	595,692,348	-	(621,550,024)	-	621,550,024
Other liabilities	2,890,661	-	659,207	2,231,454	614,204	-	562,395	51,809
<b>Total other liabilities</b>	<b>119,990,659</b>	<b>(595,692,348)</b>	<b>60,511,452</b>	<b>655,171,555</b>	<b>105,715,934</b>	<b>(621,550,024)</b>	<b>55,534,123</b>	<b>671,731,835</b>
<b>TOTAL</b>	<b>\$ 1,736,268,138</b>	<b>\$ (599,092,348)</b>	<b>\$ 1,599,204,177</b>	<b>\$ 736,156,309</b>	<b>\$ 1,744,115,336</b>	<b>\$ (624,950,024)</b>	<b>\$ 1,636,533,203</b>	<b>\$ 732,532,157</b>

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE AS OF DECEMBER 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
<b>OPERATING REVENUES:</b>								
Sales of electric energy to:								
Department of Energy	\$ 3,265,537	\$ -	\$ 3,265,537	\$ -	\$ 4,641,167	\$ -	\$ 4,641,167	\$ -
Ohio Valley Electric Corp.	-	(236,501,982)	-	236,501,982	-	(264,778,887)	-	264,778,887
Sponsoring Companies	547,668,086	-	547,668,086	-	606,993,408	-	606,993,408	-
Other	784,078	-	784,078	-	3,033,066	-	3,033,066	-
Total operating revenues	551,717,701	(236,501,982)	551,717,701	236,501,982	614,667,641	(264,778,887)	614,667,641	264,778,887
<b>OPERATING EXPENSES:</b>								
Fuel and emission allowances consumed								
in operation	231,316,036	-	110,147,933	121,168,103	274,843,402	-	127,719,827	147,123,575
Purchased power	2,545,280	(236,501,982)	239,047,262	-	3,735,333	(264,778,887)	268,514,220	-
Other operation	73,452,698	-	43,762,099	29,690,599	91,611,162	-	61,042,171	30,568,991
Maintenance	78,628,228	-	38,396,319	40,231,909	87,208,116	-	43,366,916	43,841,200
Depreciation	82,237,657	-	42,549,296	39,688,361	88,825,066	-	46,368,548	42,456,518
Taxes-other than federal income taxes	12,203,087	-	6,524,669	5,678,418	11,330,963	-	5,907,154	5,423,809
Federal income taxes	-	-	-	-	(2,912,531)	-	(2,912,531)	-
Total operating expenses	480,382,986	(236,501,982)	480,427,578	236,457,390	554,641,511	(264,778,887)	550,006,305	269,414,093
OPERATING INCOME	71,334,715	-	71,290,123	44,592	60,026,130	-	64,661,336	(4,635,206)
OTHER INCOME (EXPENSE)	86,805	-	125,816	(39,011)	24,280,007	-	19,634,827	4,645,180
INCOME BEFORE INTEREST CHARGES	71,421,520	-	71,415,939	5,581	84,306,137	-	84,296,163	9,974
<b>INTEREST CHARGES:</b>								
Amortization of debt expense	4,288,807	-	4,288,807	-	4,204,163	-	4,204,163	-
Interest expense	64,322,430	-	64,316,849	5,581	77,046,683	-	77,036,709	9,974
Total interest charges	68,611,237	-	68,605,656	5,581	81,250,846	-	81,240,872	9,974
NET INCOME	\$ 2,810,283	\$ -	\$ 2,810,283	\$ -	\$ 3,055,291	\$ -	\$ 3,055,291	\$ -
RETAINED EARNINGS, JAN. 1	17,294,023	-	17,294,023	-	14,238,732	-	14,238,732	-
CASH DIVIDENDS ON COMMON STOCK	-	-	-	-	-	-	-	-
RETAINED EARNINGS, DEC. 31	\$ 20,104,306	\$ -	\$ 20,104,306	\$ -	\$ 17,294,023	\$ -	\$ 17,294,023	\$ -

**OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY**

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE AS OF DECEMBER 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
<b>CASH FROM OPERATIONS</b>								
Net income	\$ 2,810,283	\$ -	\$ 2,810,283	\$ -	\$ 3,055,291	\$ -	\$ 3,055,291	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	82,237,657	-	42,549,296	39,688,361	88,825,066	-	46,368,548	42,456,518
Amortization of debt expense and discount	4,288,807	-	4,288,807	-	4,204,163	-	4,204,163	-
Deferred taxes	-	-	-	-	-	-	-	-
(Gain)/loss on marketable securities	2,267,215	-	5,143,264	(2,876,049)	(16,672,791)	-	(13,702,160)	(2,970,631)
Changes in assets and liabilities:								
Accounts receivable	29,927,842	-	29,829,605	98,237	(10,207,793)	-	(10,597,051)	389,258
Fuel in storage	(17,976,794)	-	(3,877,365)	(14,099,429)	(27,877,672)	-	(10,280,259)	(17,597,413)
Material and supplies	502,800	-	484,421	18,379	(296,420)	-	(1,090,033)	793,613
Property taxes applicable to subsequent years	(105,000)	-	(105,000)	-	(87,500)	-	(87,500)	-
Emission allowances	147,776	-	147,776	-	6,674	-	6,674	-
Refundable income taxes	-	-	-	-	2,382,211	-	2,382,211	-
Prepaid expenses and other	(1,029,866)	-	(716,800)	(313,066)	(641,810)	-	(597,447)	(44,363)
Other regulatory assets	(4,246,010)	-	(916,983)	(3,329,027)	10,240,308	-	10,240,308	-
Other noncurrent assets	2,092,821	-	2,092,821	-	194,160	-	1,042,342	(848,182)
Accounts payable	2,626,539	-	(4,353,663)	6,980,202	(5,360,967)	-	(1,255,385)	(4,105,582)
Accrued taxes	5,130,366	-	4,825,769	304,597	(198,718)	-	(357,966)	159,248
Accrued interest and other	(842,387)	-	(1,316,833)	474,446	6,869,743	-	4,344,387	2,525,356
Decommissioning and demolition	13,258,849	-	3,894,422	9,364,427	11,899,339	-	6,056,530	5,842,809
Other regulatory liabilities	31,294,286	-	28,197,869	3,096,417	15,662,796	-	22,018,208	(6,355,412)
Other noncurrent liabilities	14,274,725	-	4,977,329	9,297,396	(3,242,134)	-	(3,040,504)	(201,630)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>166,659,909</b>	<b>-</b>	<b>117,955,018</b>	<b>48,704,891</b>	<b>78,753,946</b>	<b>-</b>	<b>58,710,357</b>	<b>20,043,589</b>
<b>INVESTING ACTIVITIES</b>								
Electric plant additions	(31,339,389)	-	(15,016,209)	(16,323,180)	(12,474,714)	-	(8,711,089)	(3,763,625)
Proceeds from sale of long-term investments	198,124,747	-	162,754,201	35,370,546	55,360,283	-	46,877,215	8,483,068
Purchase of long-term investments	(234,468,778)	-	(192,609,854)	(41,858,924)	(98,155,238)	-	(85,192,045)	(12,963,193)
Changes in short-term intercompany lendings	-	(25,857,676)	25,857,676	-	-	(11,709,109)	11,709,109	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(67,683,420)</b>	<b>(25,857,676)</b>	<b>(19,014,186)</b>	<b>(22,811,558)</b>	<b>(55,269,669)</b>	<b>(11,709,109)</b>	<b>(35,316,810)</b>	<b>(8,243,750)</b>
<b>FINANCING ACTIVITIES</b>								
Changes in short-term intercompany lendings	-	25,857,676	-	(25,857,676)	-	11,709,109	-	(11,709,109)
Repayment of Senior 2006 Notes	(23,333,029)	-	(23,333,029)	-	(22,029,278)	-	(22,029,278)	-
Repayment of Senior 2007 Notes	(16,591,089)	-	(16,591,089)	-	(15,648,462)	-	(15,648,462)	-
Repayment of Senior 2008 Notes	(18,130,679)	-	(18,130,679)	-	(16,992,682)	-	(16,992,682)	-
Reissuance of 2009 Bonds	-	-	-	-	25,000,000	-	25,000,000	-
Issuance of 2019A Bonds	-	-	-	-	100,000,000	-	100,000,000	-
Repayment of 2009E Bonds	-	-	-	-	(100,000,000)	-	(100,000,000)	-
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)	-
Principal payments under capital leases	(259,242)	-	(223,585)	(35,657)	(246,860)	-	(156,130)	(90,730)
Loan maintenance costs	(2,068,562)	-	(2,068,562)	-	(3,849,380)	-	(3,849,380)	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(80,382,601)</b>	<b>25,857,676</b>	<b>(80,346,944)</b>	<b>(25,893,333)</b>	<b>(38,766,662)</b>	<b>11,709,109</b>	<b>(38,675,932)</b>	<b>(11,799,839)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 18,593,888</b>	<b>\$ -</b>	<b>\$ 18,593,888</b>	<b>\$ -</b>	<b>\$ (15,282,385)</b>	<b>\$ -</b>	<b>\$ (15,282,385)</b>	<b>\$ -</b>
<b>CASH AND CASH EQUIVALENTS, JAN. 1</b>	<b>32,241,171</b>	<b>-</b>	<b>32,234,971</b>	<b>6,200</b>	<b>47,523,556</b>	<b>-</b>	<b>47,517,356</b>	<b>6,200</b>
<b>CASH AND CASH EQUIVALENTS, DEC. 31</b>	<b>\$ 50,835,059</b>	<b>\$ -</b>	<b>\$ 50,828,859</b>	<b>\$ 6,200</b>	<b>\$ 32,241,171</b>	<b>\$ -</b>	<b>\$ 32,234,971</b>	<b>\$ 6,200</b>