

THIS FILING IS

Item 1:  An Initial (Original) Submission OR  Resubmission No. \_\_\_\_\_

Form 1 Approved  
OMB No. 1902-0021  
(Expires 7/31/2008)  
Form 1-F Approved  
OMB No. 1902-0029  
(Expires 6/30/2007)  
Form 3-Q Approved  
OMB No. 1902-0205  
(Expires 6/30/2007)



**FERC FINANCIAL REPORT  
FERC FORM No. 1: Annual Report of  
Major Electric Utilities, Licensees  
and Others and Supplemental  
Form 3-Q: Quarterly Financial Report**

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

<b>Exact Legal Name of Respondent (Company)</b> Indiana-Kentucky Electric Corporation	<b>Year/Period of Report</b> End of <u>2006/Q4</u>
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## INDEPENDENT AUDITORS' REPORT

Indiana-Kentucky Electric Corporation  
Piketon, Ohio

We have audited the balance sheet – regulatory basis of the Indiana-Kentucky Electric Corporation (the “Company”) as of December 31, 2006, and the related statements of income-regulatory basis retained earnings – regulatory basis; and cash flows – regulatory basis, for the year ended December 31, 2006, included on pages 110 through 123 of the accompanying Federal Energy Regulatory Commission Form 1. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared in accordance with requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities and proprietary capital of the Indiana-Kentucky Electric Corporation as of December 31, 2006, and the results of its operations and its cash flows for the year ended December 31, 2006 in accordance with the accounting requirements of the Federal Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors and management of the Indiana-Kentucky Electric Corporation and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte + Touche LLP*

April 9, 2007

## INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

### GENERAL INFORMATION

#### I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q) is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

#### II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

- (1) one million megawatt hours of total annual sales,
- (2) 100 megawatt hours of annual sales for resale,
- (3) 500 megawatt hours of annual power exchanges delivered, or
- (4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

#### III. What and Where to Submit

(a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: <http://www.ferc.gov/docs-filing/eforms/form-1/elec-subm-soft.asp>. The software is used to submit the electronic filing to the Commission via the Internet.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

(d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

- a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and
- b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

<u>Reference Schedules</u>	<u>Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

- e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of \_\_\_\_\_ for the year ended on which we have reported separately under date of \_\_\_\_\_, we have also reviewed schedules \_\_\_\_\_ of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

- f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at <http://www.ferc.gov/help/how-to.asp>.

- g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from <http://www.ferc.gov/docs-filing/eforms/form-1/form-1.pdf> and <http://www.ferc.gov/docs-filing/eforms.asp#3Q-gas>.

#### **IV. When to Submit:**

FERC Forms 1 and 3-Q must be filed by the following schedule:



- a) FERC Form 1 for each year ending December 31 must be filed by April 18<sup>th</sup> of the following year (18 CFR § 141.1), and
- b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

**V. Where to Send Comments on Public Reporting Burden.**

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,144 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 150 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

## GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.
- II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.
- VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.
- IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the

termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

#### DEFINITIONS

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

## EXCERPTS FROM THE LAW

### Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

(3) 'Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) 'Person' means an individual or a corporation;

(5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power; .....

(11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special\* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies\*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed..."

#### **General Penalties**

The Commission may assess up to \$1 million per day per violation of its rules and regulations. *See* FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

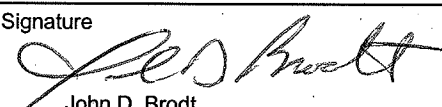
**FERC FORM NO. 1/3-Q:  
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION		
01 Exact Legal Name of Respondent Indiana-Kentucky Electric Corporation		02 Year/Period of Report End of <u>2006/Q4</u>
03 Previous Name and Date of Change (if name changed during year)  //		
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 3932 U.S. Route 23, Piketon, Ohio 45661		
05 Name of Contact Person John D. Brodt		06 Title of Contact Person Secretary and Treasurer
07 Address of Contact Person (Street, City, State, Zip Code) 3932 U.S. Route 23, Piketon, Ohio 45661		
08 Telephone of Contact Person, Including Area Code (740) 289-7200	09 This Report Is (1) <input checked="" type="checkbox"/> An Original      (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 05/18/2007

**ANNUAL CORPORATE OFFICER CERTIFICATION**

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name John D. Brodt	03 Signature  John D. Brodt	04 Date Signed (Mo, Da, Yr) 05/17/2007
02 Title Secretary and Treasurer		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	NONE
4	Officers	104	
5	Directors	105	
6	Important Changes During the Year	108-109	
7	Comparative Balance Sheet	110-113	
8	Statement of Income for the Year	114-117	
9	Statement of Retained Earnings for the Year	118-119	NONE
10	Statement of Cash Flows	120-121	
11	Notes to Financial Statements	122-123	
12	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	NONE
13	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
14	Nuclear Fuel Materials	202-203	NA
15	Electric Plant in Service	204-207	
16	Electric Plant Leased to Others	213	NONE
17	Electric Plant Held for Future Use	214	NONE
18	Construction Work in Progress-Electric	216	
19	Accumulated Provision for Depreciation of Electric Utility Plant	219	
20	Investment of Subsidiary Companies	224-225	NONE
21	Materials and Supplies	227	
22	Allowances	228-229	
23	Extraordinary Property Losses	230	NONE
24	Unrecovered Plant and Regulatory Study Costs	230	NONE
25	Transmission Service and Generation Interconnection Study Costs	231	NONE
26	Other Regulatory Assets	232	
27	Miscellaneous Deferred Debits	233	
28	Accumulated Deferred Income Taxes	234	
29	Capital Stock	250-251	
30	Other Paid-in Capital	253	NONE
31	Capital Stock Expense	254	NONE
32	Long-Term Debt	256-257	NONE
33	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
34	Taxes Accrued, Prepaid and Charged During the Year	262-263	
35	Accumulated Deferred Investment Tax Credits	266-267	NONE
36	Other Deferred Credits	269	

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LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	NONE
38	Accumulated Deferred Income Taxes-Other Property	274-275	NONE
39	Accumulated Deferred Income Taxes-Other	276-277	NONE
40	Other Regulatory Liabilities	278	
41	Electric Operating Revenues	300-301	
42	Sales of Electricity by Rate Schedules	304	NONE
43	Sales for Resale	310-311	
44	Electric Operation and Maintenance Expenses	320-323	
45	Purchased Power	326-327	NONE
46	Transmission of Electricity for Others	328-330	NONE
47	Transmission of Electricity by ISO/RTOs	331	NONE
48	Transmission of Electricity by Others	332	
49	Miscellaneous General Expenses-Electric	335	
50	Depreciation and Amortization of Electric Plant	336-337	
51	Regulatory Commission Expenses	350-351	
52	Research, Development and Demonstration Activities	352-353	
53	Distribution of Salaries and Wages	354-355	
54	Common Utility Plant and Expenses	356	NONE
55	Amounts included in ISO/RTO Settlement Statements	397	NONE
56	Purchase and Sale of Ancillary Services	398	NONE
57	Monthly Transmission System Peak Load	400	
58	Monthly ISO/RTO Transmission System Peak Load	400a	NONE
59	Electric Energy Account	401	
60	Monthly Peaks and Output	401	
61	Steam Electric Generating Plant Statistics	402-403	
62	Hydroelectric Generating Plant Statistics	406-407	NA
63	Pumped Storage Generating Plant Statistics	408-409	NA
64	Generating Plant Statistics Pages	410-411	NA
65	Transmission Line Statistics Pages	422-423	
66	Transmission Lines Added During the Year	424-425	NONE



Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
67	Substations	426-427	
68	Footnote Data	450	
	<p><b>Stockholders' Reports</b> Check appropriate box:</p> <p><input checked="" type="checkbox"/> Four copies will be submitted</p> <p><input type="checkbox"/> No annual report to stockholders is prepared</p>		

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**GENERAL INFORMATION**

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

John D. Brodt, Secretary and Treasurer  
3932 U.S. Route 23  
P.O. Box 468  
Piketon, Ohio 45661

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Incorporated in the State of Indiana under Indiana General Corporation Act on October 1, 1952.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not Applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Major - Electric Utility - Indiana

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1)  Yes...Enter the date when such independent accountant was initially engaged:  
(2)  No

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**CONTROL OVER RESPONDENT**

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the respondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

All of the outstanding stock of Indiana-Kentucky Electric Corporation is owned by Ohio Valley Electric Corporation. Ohio Valley Electric Corporation, in turn, is owned by eleven entities consisting of ten investor-owned utilities or utility holding companies and one affiliate of a generation and transmission rural electric cooperative. American Electric Power Company, Inc., and its subsidiary, Columbus Southern Power Company held 43.47% of Ohio Valley Electric Corporation's capital stock at December 31, 2006.

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**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.  
 2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President	Michael G. Morris	
2	Vice President and Assistant to the President	David L. Hart	
3	Vice President - Operations	David E. Jones	
4	Secretary and Treasurer	John D. Brodt	
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FOOTNOTE DATA			

**Schedule Page: 104 Line No.: 1 Column: c**

Salaries are none.

**Schedule Page: 104 Line No.: 2 Column: c**

Salaries are none.

**Schedule Page: 104 Line No.: 3 Column: c**

Salaries are none.

**Schedule Page: 104 Line No.: 4 Column: c**

Salaries are none.

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**DIRECTORS**

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Karl G. Boyd	110 East Wayne St., Ft. Wayne, IN 46802
2	John P. Campbell***	800 Cabin Hill Dr., Greensburg, PA 15601
3	William S. Doty	One Vectren Square, Evansville, IN 47708
4	Ronald G. Jochum	One Vectren Square, Evansville, IN 47708
5	Marc E. Lewis	110 East Wayne St., Ft. Wayne, IN 46802
6	Michael G. Morris, President**	1 Riverside Plaza, Columbus, OH 43215
7	Leo C. Rajter ***	800 Cabin Hill Dr., Greensburg, PA 15601
8	Stanley F. Szwed***	76 South Main St., Akron, OH 44308
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Name of Respondent Indiana-Kentucky Electric Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
FOOTNOTE DATA			

**Schedule Page: 105 Line No.: 7 Column: a**

Leo C. Rajter was elected 8/06 to replace John P. Campbell.

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**IMPORTANT CHANGES DURING THE QUARTER/YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK  
SEE PAGE 109 FOR REQUIRED INFORMATION.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
Indiana-Kentucky Electric Corporation			
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. Not Applicable
2. Not Applicable
3. Not Applicable
4. Not Applicable
5. Not Applicable
6. Not Applicable
7. Not Applicable
8. Effective September 1, 2006, a general wage increase of approximately 3.3% was given to employees except management and clerical personnel. All eligible 2005 employees received a 4.5% bonus that was paid in 2006.
9. Not Applicable
10. Not Applicable
11. Not Applicable
12. See Notes to the Financial Statements beginning on page 122.
13. In August 2006 Mr. Leo C. Rajter was elected as a director and member of the executive committee to replace John C. Campbell.
14. Not Applicable

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	619,807,118	614,376,456
3	Construction Work in Progress (107)	200-201	29,296,077	7,738,926
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		649,103,195	622,115,382
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	477,720,507	463,544,666
6	Net Utility Plant (Enter Total of line 4 less 5)		171,382,688	158,570,716
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		171,382,688	158,570,716
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		0	0
33	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		0	0
36	Special Deposits (132-134)		1,000	1,000
37	Working Fund (135)		12,161	10,222
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		0	0
41	Other Accounts Receivable (143)		267,497	1,853,988
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		0	0
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		0	13,773,490
45	Fuel Stock (151)	227	17,106,643	21,442,561
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	7,998,126	7,075,696
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		946,401	948,090
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		0	3,018
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		26,331,828	45,108,065
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)		0	0
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	49,107,695	32,969,561
73	Prelim. Survey and Investigation Charges (Electric) (183)		198,110	168,484
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	155,242	866,445
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	7,424,453	15,550,696
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		56,885,500	49,555,186
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		254,600,016	253,233,967

Name of Respondent Indiana-Kentucky Electric Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Rresubmission	Date of Report (mo, da, yr) 05/18/2007	Year/Period of Report end of 2006/Q4
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	3,400,000	3,400,000
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	0	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	0	0
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		3,400,000	3,400,000
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		0	0
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		0	0
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		16,106,042	18,397,258
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		15,889,151	0
41	Customer Deposits (235)		0	0
42	Taxes Accrued (236)	262-263	1,890,280	438,460
43	Interest Accrued (237)		0	0
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent Indiana-Kentucky Electric Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Rresubmission	Date of Report (mo, da, yr) 05/18/2007	Year/Period of Report end of 2006/Q4
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)** (continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	287,777
48	Miscellaneous Current and Accrued Liabilities (242)		2,829,137	3,170,412
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		36,714,610	22,293,907
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		164,670,866	169,302,822
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	41,239,228	40,510,331
60	Other Regulatory Liabilities (254)	278	8,575,312	17,726,907
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		0	0
64	Accum. Deferred Income Taxes-Other (283)		0	0
65	Total Deferred Credits (lines 56 through 64)		214,485,406	227,540,060
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		254,600,016	253,233,967

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**STATEMENT OF INCOME**

**Quarterly**

1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

**Annual or Quarterly if applicable**

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	245,859,174	215,430,491		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	196,044,804	172,048,202		
5	Maintenance Expenses (402)	320-323	30,643,246	29,733,254		
6	Depreciation Expense (403)	336-337	14,968,552	10,481,138		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337				
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	4,350,689	3,997,988		
15	Income Taxes - Federal (409.1)	262-263				
16	- Other (409.1)	262-263	-173,522	-833,039		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277				
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277				
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		245,833,769	215,427,543		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		25,405	2,948		

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
- 11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
245,859,174	215,430,491					2
						3
196,044,804	172,048,202					4
30,643,246	29,733,254					5
14,968,552	10,481,138					6
						7
						8
						9
						10
						11
						12
						13
4,350,689	3,997,988					14
						15
-173,522	-833,039					16
						17
						18
						19
						20
						21
						22
						23
						24
245,833,769	215,427,543					25
25,405	2,948					26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		25,405	2,948		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		38,980	1,854		
38	Allowance for Other Funds Used During Construction (419.1)					
39	Miscellaneous Nonoperating Income (421)		1,260	1,267		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		40,240	3,121		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340	66,564	7,241		
46	Life Insurance (426.2)					
47	Penalties (426.3)		325	-1,690		
48	Exp. for Certain Civic, Political & Related Activities (426.4)					
49	Other Deductions (426.5)					
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		66,889	5,551		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263				
53	Income Taxes-Federal (409.2)	262-263				
54	Income Taxes-Other (409.2)	262-263				
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277				
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)					
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-26,649	-2,430		
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)					
64	Amortization of Loss on Required Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340				
68	Other Interest Expense (431)	340	-1,244	518		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)					
70	Net Interest Charges (Total of lines 62 thru 69)		-1,244	518		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)					
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)					



Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**STATEMENT OF CASH FLOWS**

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)		
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	14,968,552	10,481,138
5	Amortization of		
6			
7			
8	Deferred Income Taxes (Net)		
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	12,729,778	-562,304
11	Net (Increase) Decrease in Inventory	3,413,488	-11,109,448
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-3,488,118	9,945,455
14	Net (Increase) Decrease in Other Regulatory Assets	2,381,219	-21,454,335
15	Net Increase (Decrease) in Other Regulatory Liabilities	-1,025,351	-10,053,555
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	6,020,781	27,642,240
19	Postretirement Benefit Obligation	-469,001	-547,442
20	Prepays and Other	4,707	-5,620
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	34,536,055	4,336,129
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-27,096,823	-4,336,157
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction		
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-27,096,823	-4,336,157
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies	-7,437,293	
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**STATEMENT OF CASH FLOWS**

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase ) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54			
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-34,534,116	-4,336,157
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)		
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77			
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)		
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	1,939	-28
87			
88	Cash and Cash Equivalents at Beginning of Period	11,222	11,250
89			
90	Cash and Cash Equivalents at End of period	13,161	11,222

Name of Respondent Indiana-Kentucky Electric Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
FOOTNOTE DATA			

**Schedule Page: 120 Line No.: 18 Column: b**

Other:

Deferred Revenue	\$ 2,805,338
Loss on Disposal of Assets	(351,573)
Refundable State Income Taxes	1,657,917
Asset Retirement Obligations	1,197,898
Other Noncurrent Assets	711,201
	<u>\$ 6,020,781</u>

**Schedule Page: 120 Line No.: 18 Column:**

Other:

Deferred Revenue	\$ 906,642
Loss on Disposal of Assets	(871,289)
Deferred Taxes	15,291,740
Refundable State Income Taxes	(2,507,040)
Asset Retirement Obligations	14,964,970
Other Noncurrent Assets	(142,783)
	<u>\$27,642,240</u>

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK  
SEE PAGE 123 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
Indiana-Kentucky Electric Corporation			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

### NOTES TO CONSOLIDATING FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

#### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**—The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of the Federal Energy Regulatory Commission (“FERC”), which is a comprehensive basis of accounting other than generally accepted accounting principles (“GAAP”).

**Consolidating Financial Statements**—The financial statements include the accounts of Ohio Valley Electric Corporation (“OVEC”) and its wholly owned subsidiary, Indiana-Kentucky Electric Corporation (“IKEC”), collectively, “the Companies”. All intercompany transactions have been eliminated in consolidation.

**Organization**—The Companies own two generating stations located in Ohio and Indiana with a combined electric production capability of approximately 2,256 megawatts (“MW”). OVEC is owned by several investor-owned utilities or utility holding companies and an affiliate of a generation and transmission rural electric cooperative. These entities and their affiliates comprise the Sponsoring Companies. The Sponsoring Companies purchase power from OVEC according to the terms of the Inter-Company Power Agreement (“ICPA”). In 2004, an Amended and Restated ICPA was unanimously approved by the Sponsoring Companies and OVEC extending the term of the ICPA for an additional 20 years from March 13, 2006 to March 13, 2026. Approximately 27% of the Companies’ employees are covered by a collective bargaining agreement that expires August 31, 2008.

**Rate Regulation**—The proceeds from the sale of power to the Sponsoring Companies are designed to be sufficient for OVEC to meet its operating expenses and fixed costs, as well as earn a return on equity before federal income taxes. In addition, the proceeds from power sales are designed to cover debt amortization and interest expense associated with financings. The Companies have continued and expect to continue to operate pursuant to the cost plus rate of return recovery provisions at least to March 13, 2026, the date of termination of the Amended and Restated ICPA.

Statement of Financial Accounting Standards (“SFAS”) No. 71, *Accounting for the Effects of Certain Types of Regulation*, provides that rate-regulated utilities account for and report assets and liabilities consistent with the economic effect of the way in which rates are established, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. The Companies follow the accounting and reporting requirements of SFAS No. 71. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the balance sheet and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers.

The Companies’ regulatory assets, liabilities, and amounts authorized for recovery through regulatory orders at December 31, 2006 and 2005, were as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)

	2006		2005	
	OVEC	IKEC	OVEC	IKEC
<b>Regulatory assets:</b>				
Asset retirement costs	\$ 3,316,838	\$ 14,360,218	\$ 3,713,857	\$ 14,964,970
Unrecognized pension benefits			1,881,715	1,706,727
Unrecognized postemployment benefits	1,869,278	1,353,537	1,868,626	1,423,277
Deferred depreciation	<u>22,264,835</u>	<u>14,874,586</u>	<u>17,360,585</u>	<u>14,874,586</u>
<b>Total regulatory assets</b>	<b><u>\$ 27,450,951</u></b>	<b><u>\$ 30,588,341</u></b>	<b><u>\$ 24,824,783</u></b>	<b><u>\$ 32,969,560</u></b>
<b>Regulatory liabilities:</b>				
Postretirement benefits	\$ 15,279,174	\$ -	\$ 17,051,220	\$ -
Investment tax credits	3,393,146		3,393,146	
Net antitrust settlement	673,070	1,150,859	673,070	1,150,859
Income taxes refundable to customers	36,515,896	7,424,453	29,799,669	15,550,696
Deferred credit—EPA emission allowance proceeds			2,070,044	1,025,351
Advance collection of interest	<u>1,060,828</u>			
<b>Total regulatory liabilities</b>	<b><u>\$ 56,922,114</u></b>	<b><u>\$ 8,575,312</u></b>	<b><u>\$ 52,987,149</u></b>	<b><u>\$ 17,726,906</u></b>

**Cash and Cash Equivalents**—For purposes of these statements, the Companies consider temporary cash investments to be cash equivalents since they are readily convertible into cash and have original maturities of less than three months.

**Electric Plant**—Property additions and replacements are charged to utility plant accounts. Depreciation expense is recorded at the time property additions and replacements are billed to customers or at the date the property is placed in service if the in-service date occurs subsequent to the customer billing. Customer billings for construction in progress are recorded as deferred revenue-advances for construction. These amounts are closed to revenue at the time the related property is placed in service. Deferred depreciation, depreciation expense, and accumulated depreciation are recorded when financed property additions and replacements are recovered over a period of years through customer debt retirement billing. Repairs of property are charged to maintenance expense.

**Fuel in Storage, Reagents, Emission Allowances, and Materials and Supplies**—The Companies maintain coal, reagent, and oil inventories for use in the generation of electricity and emission allowance inventories for regulatory compliance purposes due to the generation of electricity. These inventories are valued at average cost. Materials and supplies consist primarily of replacement parts necessary to maintain the generating facilities and are valued at average cost.

**Unamortized Debt Expense**—Unamortized debt expense relates to loan origination costs incurred to secure financing (see Note 4). These costs are being amortized over the life of the related loans.

**Asset Retirement Obligations and Accrued Cost of Removal**—The Companies recognize the fair value of legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred and

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NOTES TO FINANCIAL STATEMENTS (Continued)			

can be reasonably estimated. The initial recognition of this liability is accompanied by a corresponding increase in depreciable electric plant. Subsequent to the initial recognition, the liability is adjusted for any revisions to the expected value of the retirement obligation (with corresponding adjustments to electric plant) and for accretion of the liability due to the passage of time.

These asset retirement obligations primarily related to obligations associated with future asbestos abatement at certain generating stations and certain plant closure costs. As of December 31, 2006 and 2005, the Companies had a regulatory asset of \$17.7 million and \$18.7 million, respectively, related to asset retirement obligations.

The Companies do not recognize liabilities for asset retirement obligations for which the fair value cannot be reasonably estimated. The Companies have asset retirement obligations associated with transmission assets and river structures at certain generating stations. However, the retirement date for these assets cannot be determined; therefore, the fair value of the associated liability currently cannot be estimated and no amounts are recognized in the financial statements herein.

*Use of Estimates*—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. RELATED-PARTY TRANSACTIONS

Transactions with the Sponsoring Companies during 2006 and 2005 included the sale of all generated power to them, the purchase of Arranged Power from them and other utility systems in order to meet the DOE's power requirements, contract barging services, railcar services, and minor transactions for services and materials. The Companies had a Lease Agreement with Louisville Gas and Electric Company that terminated in March 2006 and a Facility Agreement with The Cincinnati Gas & Electric Company that terminated in September 2006. The Companies have Power Agreements with Louisville Gas and Electric Company, The Cincinnati Gas & Electric Company, The Dayton Power and Light Company, Kentucky Utilities Company, Ohio Edison Company, and American Electric Power Service Corporation as agent for the American Electric Power System Companies; and Transmission Service Agreements with Louisville Gas and Electric Company, The Cincinnati Gas & Electric Company, The Dayton Power and Light Company, The Toledo Edison Company, Ohio Edison Company, Kentucky Utilities Company, and American Electric Power Service Corporation as agent for the American Electric Power System Companies.

In September 2006, the Companies sold two transformers and associated equipment to The Cincinnati Gas & Electric Company for a total maximum purchase price of \$3 million, which subject to the terms of the asset purchase agreement is payable in equal annual installments over 10 years.

At December 31, 2006 and 2005, balances due from or to the Sponsoring Companies are as follows:

	2006	2005
Accounts receivable	\$20,395,954	\$28,752,000
Accounts payable		79,261

American Electric Power Company, Inc. and a subsidiary company owned 43.47% of the common stock of OVEC as of December 31, 2006. The following is a summary of the principal services received from the American Electric

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Power Service Corporation as authorized by the Companies' Boards of Directors:

	2006	2005
General services	\$1,827,629	\$2,461,511
Specific projects	<u>7,081,180</u>	<u>4,748,139</u>
Total	<u>\$8,908,809</u>	<u>\$7,209,650</u>

General services consist of regular recurring operation and maintenance services. Specific projects primarily represent nonrecurring plant construction projects and engineering studies, which are approved by the Companies' Boards of Directors. The services are provided in accordance with the service agreement dated December 15, 1956, between the Companies and the American Electric Power Service Corporation.

### 3. COAL SUPPLY

The Companies have coal supply agreements with certain nonaffiliated companies that expire at various dates from the year 2007 through 2017. Pricing for coal under these contracts is subject to contract provisions and adjustments. The Companies currently have approximately 94% of their coal requirements under long-term agreements of one year or greater.

### 4. BORROWING ARRANGEMENTS AND SENIOR NOTES

OVEC has an unsecured bank revolving line of credit agreement with a borrowing limit of \$200 million as of December 31, 2006. The \$200 million line of credit has an expiration date of August 4, 2010. At December 31, 2006 and 2005, OVEC had borrowed \$50 million and \$80 million, respectively, under this line of credit. Interest expense related to line of credit borrowings was \$2,265,749 in 2006 and \$1,777,767 in 2005. During 2006 and 2005, OVEC incurred annual commitment fees of \$313,500 and \$166,542, respectively, based on the borrowing limits of the line of credit.

In February 2006, OVEC issued \$445 million unsecured senior notes ("2006 Notes") in a private placement. The 2006 Notes bear an annual fixed interest rate of 5.80% payable semiannually on February 15 and August 15 of each year, until maturity on February 15, 2026. OVEC used the proceeds from this issuance to redeem the 2001 Notes (as described below), the variable rate unsecured term loan, and to repay \$70 million of line of credit borrowings. At December 31, 2006, OVEC had \$439 million outstanding related to the 2006 Notes. Interest expense related to the 2006 Notes was \$24.2 million in 2006.

At December 31, 2005, OVEC had \$305 million in secured senior notes ("2001 Notes") outstanding. The 2001 Notes bore an annual fixed interest rate of 5.94% payable semiannually on February 12 and August 12 of each year. The 2001 Notes matured on February 12, 2006, and the Company redeemed these notes upon maturity with the proceeds from the 2006 Notes. The 2001 Notes had been secured by a collateral assignment of the right of OVEC to receive certain payments from the Sponsoring Companies pursuant to the ICPA and insured by a financial guarantee insurance policy.

Debt maturities on the 2006 Notes at December 31, 2006, are as follows:



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NOTES TO FINANCIAL STATEMENTS (Continued)			

Years Ending	
December 31	
2007	\$ 12,603,856
2008	13,345,480
2009	14,130,741
2010	14,962,207
2011	15,842,599
2012-2026	<u>368,078,328</u>
Total	<u>\$ 438,963,211</u>

## 5. INCOME TAXES

OVEC and IKEC file a consolidated federal income tax return. OVEC and IKEC record deferred tax assets and liabilities based on differences between book and tax bases of assets and liabilities measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets and liabilities are adjusted for changes in tax rates. The deferred tax assets recorded in the accompanying balance sheets consist primarily of the net deferred taxes on depreciation differences, postretirement benefits obligation, regulatory assets, regulatory liabilities, and net operating loss carryforwards.

To the extent that OVEC has not reflected credits in customer billings for deferred tax assets, the Companies have recorded a regulatory liability representing income taxes refundable to customers under the applicable agreements among the parties. This liability was \$43,940,348 at December 31, 2006, and \$45,350,365 at December 31, 2005.

A reconciliation of the federal statutory rate to taxes on income for the years ended December 31, 2006 and 2005, is as follows:

	2006	2005
Tax expense at statutory rate	\$1,814,718	\$1,093,652
Temporary differences flowed through to customer bills	(694,950)	95,715
Permanent differences	<u>39,382</u>	<u>(28,733)</u>
Federal income tax expense	<u>\$1,159,150</u>	<u>\$1,160,634</u>
Effective tax rate	22.1 %	37.1 %

Federal income tax expense for the years ended December 31, 2006 and 2005, consists of the following:

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Indiana-Kentucky Electric Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 05/18/2007	2006/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

	2006	2005
Federal income tax currently payable (refundable)	\$ -	\$ -
Deferred income taxes:		
Depreciation and other plant-related items	7,222,504	12,485,193
Postretirement benefit expense	(333,835)	803,604
NOL carryover	(3,478,939)	(12,492,732)
D&D Liability	(952,875)	
Other—net	(1,297,705)	364,569
Total federal income tax expense	<u>\$ 1,159,150</u>	<u>\$ 1,160,634</u>

For federal income tax purposes, OVEC has alternative minimum tax credit carryforwards of approximately \$1.5 million, which are not limited by expiration dates, and net operating tax loss carryforwards of approximately \$69.3 million, which begin to expire in 2025. Management periodically assesses the need for a valuation allowance on deferred tax assets. As of December 31, 2006 and 2005, management believes that realization of the Companies' deferred tax assets is more likely than not.

#### 6. PENSION PLAN AND OTHER POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

The Companies have a noncontributory qualified defined benefit pension plan (the "Plan") covering substantially all of their employees. The benefits are based on years of service and each employee's highest consecutive 36-month compensation period. Employees are vested in the Plan after five years of service with the Companies.

Funding for the Plan is based on actuarially determined contributions, the maximum of which is generally the amount deductible for income tax purposes and the minimum being that required by the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The full cost of the pension benefits and related obligations has been allocated to OVEC and IKEC in the accompanying financial statements. The allocated amounts represent approximately a 53% and 47% split and a 52% and 48% split for OVEC and IKEC, respectively, as of December 31, 2006 and 2005. The Plan's assets consist of investments in equity and debt securities.

In addition to the Plan, the Companies provide certain health care and life insurance benefits for retired employees. Substantially all of the Companies' employees become eligible for these benefits if they reach retirement age while working for the Companies. These and similar benefits for active employees are provided through employer funding and insurance policies. In December 2004, the Companies established Voluntary Employee Beneficiary Association ("VEBA") trusts. The main objectives of the VEBA trusts are to maintain the purchasing power of the current assets and all future contributions, to have the ability to pay all benefits and expense obligations when due, to achieve a "funding cushion" to maximize return within prudent levels of risk and to control the cost of administering the Plan and managing investments. The investment horizon for the Plan and VEBA trusts is greater than five years and the strategic asset allocation is based on a long-term perspective. The Plan portfolio's target asset allocation is 40% equity securities and 60% debt securities. The VEBA trusts' assets have been invested in debt securities until the Companies finalize their evaluation of their target asset allocation, which is anticipated to be completed during 2007.

The asset allocation for the Plan and VEBA trusts at December 31, 2006 and 2005, by asset category was as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Asset Category	Pension Plan		VEBA Trusts	
	2006	2005	2006	2005
Equity securities	27 %	20 %	0 %	0 %
Debt securities	73	80	100	100

The following is an estimate of retired employee benefit payments, at December 31, 2006, which reflect future service:

Years Ending December 31,	Pension Plan	Other Postretirement Benefits
2007	\$ 7,447,811	\$ 3,193,506
2008	7,690,306	3,685,604
2009	8,120,483	4,112,442
2010	8,557,213	4,647,009
2011	8,917,755	5,009,928
Five years thereafter	51,499,346	29,802,781

The Companies expect to contribute \$3,200,000 and \$6,200,000 in 2007 to the pension and other postretirement benefit plans, respectively.

Employer contributions, employee contributions, and distributions to participants for 2006 and 2005 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2006	2005	2006	2005
Employer contributions	\$6,867,974	\$4,493,338	\$5,239,633	\$7,591,963
Employee contributions			530,415	453,541
Distributions to participants	7,162,445	6,934,735	3,070,048	3,245,504

The following table sets forth the amounts recognized in the accompanying balance sheet as of December 31, 2006 and 2005, utilizing actuarial measurement dates of December 31, 2006 and 2005:

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NOTES TO FINANCIAL STATEMENTS (Continued)			

	Pension		Other	
	Benefits		Postretirement	
	2006	2005	2006	2005
Benefit obligation	\$ 161,065,647	\$163,765,042	\$102,541,624	\$108,462,473
Fair value of plan assets	<u>169,811,906</u>	<u>158,420,609</u>	<u>55,395,876</u>	<u>50,634,645</u>
Funded status	8,746,259	(5,344,433)	(47,145,748)	(57,827,828)
Unrecognized net (gain) loss	(11,609,405)	(2,044,592)	10,772,174	24,558,892
Unrecognized prior service cost	<u>2,863,146</u>	<u>3,800,583</u>	<u>(2,659,000)</u>	<u>(3,038,000)</u>
Accrued benefit cost recognized in the balance sheet	<u>\$ -</u>	<u>\$ (3,588,442)</u>	<u>\$ (39,032,574)</u>	<u>\$ (36,306,936)</u>

The accumulated benefit obligation for the Plan was \$136,908,944 and \$137,138,860 at December 31, 2006 and 2005, respectively.

The Companies record the expected cost of postretirement benefits over the service period during which such benefits are earned.

Pension expense is recognized as amounts are contributed to the Plan and billed to customers. The accumulated difference between recorded pension expense and the yearly net periodic pension expense as calculated under SFAS No. 87 *Employers' Accounting for Pensions*, is billable as a cost of operations under the ICPA and Amended and Restated ICPA when contributed to the pension fund. This accumulated difference has been recorded as a regulatory asset in the accompanying balance sheets.

	Pension		Other	
	Benefits		Postretirement	
	2006	2005	2006	2005
Service cost	\$ 4,356,085	\$ 3,889,253	\$ 3,472,018	\$ 3,419,901
Interest cost	8,851,977	8,647,757	6,109,287	6,548,515
Expected return on plan assets	(10,865,967)	(10,489,963)	(2,407,019)	(3,011,049)
Amortization of transition (asset) obligation				
Amortization of prior service cost	937,437	940,437	(379,000)	(379,000)
Recognized actuarial loss			1,169,985	1,854,463
Benefit cost	<u>\$ 3,279,532</u>	<u>\$ 2,987,484</u>	<u>\$ 7,965,271</u>	<u>\$ 8,432,830</u>
Pension and other postretirement benefits expense recognized in statement of income and retained earnings and billed to Sponsoring Companies under the ICPA	<u>\$ 6,867,974</u>	<u>\$ 4,493,338</u>	<u>\$ 3,070,048</u>	<u>\$ 3,245,504</u>

The weighted-average assumptions used to determine benefit obligations for the years ended December 31, 2006 and 2005, were as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)

	Pension Benefits		Other Postretirement Benefits	
	2006	2005	2006	2005
	Discount rate	5.90 %	5.60 %	5.90 %
Rate of compensation increase	4.00	4.00	4.00	4.00

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2006 and 2005, were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2006	2005	2006	2005
	Discount rate	5.60 %	6.00 %	5.75 %
Expected long-term return on plan assets	7.00	7.00	5.00	7.00
Rate of compensation increase	4.00	4.00	4.00	4.00

In selecting the expected long-term rate of return on assets, the Companies considered the average rate of earnings expected on the funds invested or to be invested to provide for plan benefits. This included considering the trusts' assets allocation as well as the target asset allocations for the future, and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year.

The Companies follow SFAS No. 112, *Employers' Accounting for Postemployment Benefits*, and accrue the estimated cost of benefits provided to former or inactive employees after employment but before retirement. Such benefits include, but are not limited to, salary continuations, supplemental unemployment, severance, disability (including workers' compensation), job training, counseling, and continuation of benefits, such as health care and life insurance coverage. The cost of such benefits and related obligations has been allocated to OVEC and IKEC in the accompanying financial statements. The allocated amounts represent approximately a 58% and 42% split between OVEC and IKEC, respectively, as of December 31, 2006, and approximately a 57% and 43% split between OVEC and IKEC, respectively, as of December 31, 2005. The liability is offset with a corresponding regulatory asset and represents unrecognized postemployment benefits billable in the future to customers. The accrued cost of such benefits was \$3,222,815 and \$3,291,903 at December 31, 2006 and 2005, respectively.

On December 8, 2003, the President of the United States of America signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). The Act introduced a prescription drug benefit to retirees as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a prescription drug benefit that is actuarially equivalent to the benefit provided by Medicare. The Companies believe that the coverage for prescription drugs is at least actuarially equivalent to the benefits provided by Medicare for most current retirees because the benefits for that group substantially exceed the benefits provided by Medicare, thereby allowing the Companies to qualify for the subsidy. The Companies have accounted for the subsidy as a reduction of Accumulated Postretirement Benefit Obligation ("APBO"). The APBO was reduced by approximately \$4.1 million and will be amortized as an actuarial gain over future periods, thus reducing future benefit costs. The impact on the Companies' 2005 and 2006 net periodic benefit costs was not material. The accounting treatment for the subsidy is consistent with Financial Accounting Standards Board ("FASB") Staff Position No. 106-2, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*.

The Companies have a trustee-defined contribution supplemental pension and savings plan that includes 401(k)

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NOTES TO FINANCIAL STATEMENTS (Continued)			

features and is available to employees who have met eligibility requirements. The Companies' contributions to the savings plan are made in amounts equal to 50% of the employee-participants' contributions up to 6% of regular compensation. Benefits to participating employees are based solely upon amounts contributed to the participants' accounts and investment earnings. By its nature, the plan is fully funded at all times. The employer contributions for 2006 and 2005 were \$1,182,408 and \$1,145,672, respectively.

## 7. ENVIRONMENTAL MATTERS

Title IV of the 1990 Clean Air Act Amendments required the Companies to reduce sulfur dioxide ("SO<sub>2</sub>") emissions in two phases: Phase I in 1995 and Phase II in 2000. The Companies selected a fuel switching strategy to comply with the emission reduction requirements. The Companies also purchased additional SO<sub>2</sub> allowances. The cost of these purchased allowances was inventoried and included on an average cost basis in the cost of fuel consumed when used. The cost of unused allowances at December 31, 2006 and 2005, was \$34,062,986 and \$27,516,449, respectively.

Title IV of the 1990 Clean Air Act Amendments also required the Companies to comply with a NO<sub>x</sub> emission rate limit of 0.84 lb/mmBtu in 2000. The Companies installed overfire air systems on all eleven units at the plants to comply with this limit. The total capital cost of the eleven overfire air systems was approximately \$8.2 million.

During 2002 and 2003, Ohio and Indiana finalized respective NO<sub>x</sub> State Implementation Plan ("SIP") Call regulations that required further significant NO<sub>x</sub> emission reductions for coal-burning power plants during the ozone control period (May through September). The Companies installed selective catalytic reduction ("SCR") systems on ten of its eleven units to comply with these rules. The total capital cost of the ten SCRs was approximately \$355 million.

On March 10, 2005, the U.S. EPA signed the Clean Air Interstate Rule ("CAIR") that will require significant further reductions of SO<sub>2</sub> and NO<sub>x</sub> emissions from coal-burning power plants. On March 15, 2005, the U.S. EPA also signed the Clean Air Mercury Rule ("CAMR") that will require significant mercury emission reductions for coal-burning power plants. These emission reductions will be required in two phases: 2009 and 2015 for NO<sub>x</sub>; 2010 and 2015 for SO<sub>2</sub>; and 2010 and 2018 for mercury. Ohio and Indiana are currently in the process of finalizing their respective versions of CAIR and CAMR, and the Companies are continuing the necessary engineering and permitting required to install the necessary additional emissions control equipment to comply with the new rules. It currently is anticipated that flue gas desulfurization systems will be installed at both plants to reduce SO<sub>2</sub> and mercury emissions from all eleven units. The cost of the flue gas desulfurization systems and the associated landfills is estimated not to exceed \$1.15 billion.

## 8. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosure of the fair value of certain financial instruments. For purposes of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value may be based on quoted market prices for the same or similar financial instruments or on valuation techniques such as the present value of estimated future cash flows using a discount rate commensurate with the risks involved.

The estimates of fair value under SFAS No. 107 require the application of broad assumptions and estimates. Accordingly, any actual exchange of such financial instruments could occur at values significantly different from

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NOTES TO FINANCIAL STATEMENTS (Continued)			

the amounts disclosed. As cash and cash equivalents, current receivables, current payables, and line of credit borrowings are all short term in nature, their carrying amounts approximate fair value. Since the unsecured term loan bears interest at a variable rate, its carrying amount also approximates fair value. The fair values of the 2006 Notes and 2001 Notes were estimated using discounted cash flow analyses based on current incremental borrowing rates for similar types of borrowing arrangements.

The fair values and recorded values of the 2006 Notes and 2001 Notes as of December 31, 2006 and 2005, are as follows:

	2006	2005
<b>2006 Notes</b>		
Fair value	\$438,963,211	\$ -
Recorded value	438,963,211	
<b>2001 Notes</b>		
Fair value	\$ -	\$305,061,000
Recorded value		305,000,000

## 9. OPERATING LEASES

OVEC has entered into operating leases to secure railcars for the transportation of coal in connection with the fuel switching modifications at the OVEC and IKEC generating stations. OVEC has railcar lease agreements that extend as far as December 31, 2025, with options to exit the leases under certain conditions.

Future minimum lease payments for operating leases at December 31, 2006, are as follows:

Years Ending December 31	
2007	\$ 4,767,379
2008	4,789,219
2009	4,782,979
2010	4,814,179
2011	3,365,326
Thereafter	<u>32,466,237</u>
<b>Total future minimum lease payments</b>	<b><u>\$54,985,319</u></b>

The annual lease cost incurred was \$4,739,450 and \$2,786,182 for 2006 and 2005, respectively.

## 10. COMMITMENTS AND CONTINGENCIES

The Companies are party in or may be affected by various matters under litigation. Management believes that the ultimate outcome of these matters will not have a significant adverse effect on either the Companies' future results of operation or financial position.

## 11. NEW ACCOUNTING STANDARDS

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As required, in 2007 the Companies will adopt SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* ("SFAS No. 158"). SFAS No. 158 requires companies to recognize the over-funded and under-funded status of defined benefit pension and other postretirement plans as assets or liabilities on their balance sheets and to recognize changes in that funded status, in the year in which changes occur. Upon adoption of SFAS No. 158 on January 1, 2007, the Companies will recognize prepaid expense in the amount of \$4,871,823 relating to the over-funded status of the pension plan with a corresponding increase in regulatory liabilities. The Companies will also record an increase in the postretirement benefits obligation in the amount of \$8,113,174 with a corresponding decrease in the regulatory liability for postretirement benefits. The Companies anticipate that the adoption of SFAS No. 158 will have no impact on earnings or stockholders' equity.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 addresses the accounting and disclosure of uncertain tax positions. The Companies will adopt FIN 48 in 2007. The Companies are evaluating the impact, if any, that FIN 48 will have on the financial statements.

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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (f) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	619,807,118	619,807,118
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	619,807,118	619,807,118
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	29,296,077	29,296,077
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	649,103,195	649,103,195
14	Accum Prov for Depr, Amort, & Depl	477,720,507	477,720,507
15	Net Utility Plant (13 less 14)	171,382,688	171,382,688
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	477,720,507	477,720,507
19	Amort & Depl of Producing Nat Gas Land/Land Right		
20	Amort of Underground Storage Land/Land Rights		
21	Amort of Other Utility Plant		
22	Total In Service (18 thru 21)	477,720,507	477,720,507
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	Total Leased to Others (24 & 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	Total Held for Future Use (28 & 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort of Plant Acquisition Adj		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	477,720,507	477,720,507

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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
					4
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**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)**

- Report below the original cost of electric plant in service according to the prescribed accounts.
- In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization	7,640	
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	7,640	
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights	673,317	198,876
9	(311) Structures and Improvements	71,847,770	3,128,047
10	(312) Boiler Plant Equipment	420,007,925	1,613,795
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units	53,468,850	1,250,278
13	(315) Accessory Electric Equipment	30,610,898	12,377
14	(316) Misc. Power Plant Equipment	12,512,013	926,809
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	589,120,773	7,130,182
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	589,120,773	7,130,182

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			7,640	2
				3
				4
			7,640	5
				6
				7
			872,193	8
862,861			74,112,956	9
215,566			421,406,154	10
				11
319,663			54,399,465	12
5,856			30,617,419	13
258,850			13,179,972	14
				15
1,662,796			594,588,159	16
				17
				18
				19
				20
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1,662,796			594,588,159	46

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**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)**

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights	176,939	
49	(352) Structures and Improvements	734,090	
50	(353) Station Equipment	18,382,834	26,224
51	(354) Towers and Fixtures	2,483,460	
52	(355) Poles and Fixtures		
53	(356) Overhead Conductors and Devices	2,320,331	
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices		
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	24,097,654	26,224
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights		
61	(361) Structures and Improvements		
62	(362) Station Equipment		
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures		
65	(365) Overhead Conductors and Devices		
66	(366) Underground Conduit		
67	(367) Underground Conductors and Devices		
68	(368) Line Transformers		
69	(369) Services		
70	(370) Meters		
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems		
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)		
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	4,946	
87	(390) Structures and Improvements	14,633	
88	(391) Office Furniture and Equipment	2,516	6,584
89	(392) Transportation Equipment		
90	(393) Stores Equipment	396	
91	(394) Tools, Shop and Garage Equipment		
92	(395) Laboratory Equipment	910	
93	(396) Power Operated Equipment	629	
94	(397) Communication Equipment	1,126,359	16,697
95	(398) Miscellaneous Equipment		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	1,150,389	23,281
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	1,150,389	23,281
100	TOTAL (Accounts 101 and 106)	614,376,456	7,179,687
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	614,376,456	7,179,687

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
			176,939		48
			734,090		49
81,802			18,327,256		50
			2,483,460		51
					52
			2,320,331		53
					54
					55
					56
					57
81,802			24,042,076		58
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					85
			4,946		86
			14,633		87
			9,100		88
					89
			396		90
					91
			910		92
			629		93
4,427			1,138,629		94
					95
4,427			1,169,243		96
					97
					98
4,427			1,169,243		99
1,749,025			619,807,118		100
					101
					102
					103
1,749,025			619,807,118		104

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**CONSTRUCTION WORK IN PROGRESS -- ELECTRIC (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	Flyash Unloader	102,890
2	6 Voltage Regulators	212,365
3	Microwave System	212,618
4	Sidewall Headers	345,613
5	Primary Furnace Sidewall Tubing	345,613
6	Ammonia Slip Monitors	427,230
7	Secondary Superheater	659,758
8	3 Gas Circuit Breakers	693,092
9	Indoor Fire Header	763,721
10	Reverse Osmosis System	1,163,657
11	Boiler Reheater Tubing	1,271,267
12	Flue Gas Desulfurization Landfill	1,362,988
13	Transformer	2,440,258
14	Flue Gas Desulfurization Project	19,213,008
15	Other Projects less than \$100,000	81,999
16		
17		
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42		
43	<b>TOTAL</b>	<b>29,296,077</b>

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)**

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	463,544,666	463,544,666		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	14,968,552	14,968,552		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	14,968,552	14,968,552		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	1,745,666	1,745,666		
13	Cost of Removal	474,188	474,188		
14	Salvage (Credit)	122,616	122,616		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	2,097,238	2,097,238		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17	Change in RWIP, Deferred Depreciation	1,304,527	1,304,527		
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	477,720,507	477,720,507		

**Section B. Balances at End of Year According to Functional Classification**

20	Steam Production	458,395,795	458,395,795		
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission	18,425,777	18,425,777		
26	Distribution				
27	Regional Transmission and Market Operation				
28	General	898,935	898,935		
29	TOTAL (Enter Total of lines 20 thru 28)	477,720,507	477,720,507		



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**MATERIALS AND SUPPLIES**

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.

2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	21,442,561	17,106,643	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)	6,727,965	7,679,172	Electric
8	Transmission Plant (Estimated)	347,731	318,954	Electric
9	Distribution Plant (Estimated)			
10	Regional Transmission and Market Operation Plant (Estimated)			
11	Assigned to - Other (provide details in footnote)			
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	7,075,696	7,998,126	
13	Merchandise (Account 155)			
14	Other Materials and Supplies (Account 156)			
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
16	Stores Expense Undistributed (Account 163)			
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	28,518,257	25,104,769	

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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Allowances (Accounts 158.1 and 158.2)

- Report below the particulars (details) called for concerning allowances.
- Report all acquisitions of allowances at cost.
- Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
- Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
- Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	Allowances Inventory (Account 158.1) (a)	Current Year		2007	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	5,931.00			
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	53,524.00		53,196.00	
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9	SO2 transfers from OVEC	16,883.00	18,535,241		
10					
11					
12					
13					
14					
15	Total	16,883.00	18,535,241		
16					
17	Relinquished During Year:				
18	Charges to Account 509	68,519.00	18,535,241		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	7,819.00		53,196.00	
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year	146.00			
37	Add: Withheld by EPA	730.00		730.00	
38	Deduct: Returned by EPA				
39	Cost of Sales	730.00			
40	Balance-End of Year	146.00		730.00	
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)	730.00	646,962		
45	Gains				
46	Losses				

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transfersors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2008		2009		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
						5,931.00		1
								2
								3
53,196.00		53,196.00		960,944.00		1,174,056.00		4
								5
								6
								7
								8
						16,883.00	18,535,241	9
								10
								11
								12
								13
								14
						16,883.00	18,535,241	15
								16
								17
						68,519.00	18,535,241	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
53,196.00		53,196.00		960,944.00		1,128,351.00		29
								30
								31
								32
								33
								34
								35
						146.00		36
730.00		730.00		26,936.00		29,856.00		37
								38
					724.00	1,454.00		39
730.00		730.00		26,212.00		28,548.00		40
								41
								42
					728.00	200,984	1,458.00	847,946
								45
								46

**OTHER REGULATORY ASSETS (Account 182.3)**

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$50,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	Unrecognized Pension Expense					
2	per SFAS 87	1,706,727		253	1,706,727	
3						
4	Unrecognized Postemployment Benefit Exp.					
5	per SFAS 112	1,423,277		253	69,740	1,353,537
6						
7	Deferred Postretirement Benefit					
8	per SFAS 106		18,722,823	182-30,254	203,470	18,519,353
9						
10	Deferred Depreciation	14,874,587				14,874,587
11						
12	Asset Retirement Costs	14,964,970	1,197,898	557	1,802,650	14,360,218
13						
14						
15						
16						
17						
18						
19						
20						
21						
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41						
42						
43						
44	<b>TOTAL</b>	32,969,561	19,920,721		3,782,587	49,107,695

**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Damage to Generator	269,721		401-20	269,721	
2						
3	U3 Right Main Stop Valve Studs	27,985		401-20	27,985	
4						
5	U5 HP Turbine Repairs	383,920		401-20	383,920	
6						
7	Transformer Repairs	24,386		401-20	24,386	
8						
9	Water Pump Gaskets	11,306		401-20	11,306	
10						
11	Deferred Revenue	146,629	3,368			149,997
12						
13	Circuit Breaker Maintenance		5,245			5,245
14						
15						
16						
17						
18						
19						
20						
21						
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43						
44						
45						
46						
47	Misc. Work in Progress	2,498				
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	<b>TOTAL</b>	<b>866,445</b>				<b>155,242</b>

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Beginning of Year (b)	Balance at End of Year (c)
1	Electric		
2	Future FIT Benefits, per SFAS 109	15,550,696	7,424,453
3			
4			
5			
6			
7	Other		
8	TOTAL Electric (Enter Total of lines 2 thru 7)	15,550,696	7,424,453
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15)		
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	15,550,696	7,424,453

Notes

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**CAPITAL STOCKS (Account 201 and 204)**

- Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
- Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common	100,000	200.00	
2				
3				
4				
5	Preferred-None authorized, issued or			
6	outstanding			
7				
8				
9				
10				
11				
12				
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Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
  4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
  5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
- Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
17,000	3,400,000					1
						2
						3
						4
						5
						6
						7
						8
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	
2		
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15		
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	
28	Show Computation of Tax:	
29		
30		
31		
32		
33	A consolidated federal income tax return is filed with the parent	
34	company, Ohio Valley Electric Corporation.	
35		
36		
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44		

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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	FEDERAL:					
2	FICA	227,677		1,761,248	1,822,148	
3	Unemployment	12,587		23,861	23,319	
4	Excise Tax			9,268	9,268	
5	Heavy Vehicle Tax			26	26	
6	SUBTOTAL	240,264		1,794,403	1,854,761	
7						
8	INDIANA					
9	Unemployment	17,307		32,066	31,321	
10	SUBTOTAL	17,307		32,066	31,321	
11						
12						
13	Income Tax					
14	--2002	-4,525			-4,525	
15	--2003	-131,182			-131,182	
16	--2004	-1,695,733		1	-1,695,732	
17	--2005	-675,600		-173,523		
18	SUBTOTAL	-2,507,040		-173,522	-1,831,439	
19						
20						
21	Property:					
22	--2005	2,687,929		187,187	2,875,116	
23	--2006			2,541,445		
24	SUBTOTAL	2,687,929		2,728,632	2,875,116	
25						
26	KENTUCKY VEHICLE USE					
27	--2006			54	54	
28						
29	KENTUCKY SALES & USE					
30	--2005					
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	438,460		4,381,633	2,929,813	

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
166,777		1,569,738			191,510	2
13,129		23,257			604	3
					9,268	4
					26	5
179,906		1,592,995			201,408	6
						7
						8
18,052		29,008			3,058	9
18,052		29,008			3,058	10
						11
						12
						13
						14
						15
		1				16
-849,123		-173,523				17
-849,123		-173,522				18
						19
						20
						21
		187,187				22
2,541,445		2,541,445				23
2,541,445		2,728,632				24
						25
						26
		54				27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
1,890,280		4,177,167			204,466	41

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
Indiana-Kentucky Electric Corporation			
FOOTNOTE DATA			

**Schedule Page: 262 Line No.: 2 Column: 1**

Apportioned to Accounts 107, 108, 142, and 143 through overhead rates applied to labor charged to work orders and Account 401 on basis of payroll distribution.

**Schedule Page: 262 Line No.: 3 Column: 1**

Apportioned to Accounts 107, 108, 142, and 143 through overhead rates applied to labor charged to work orders and Account 401 on basis of payroll distribution.

**Schedule Page: 262 Line No.: 4 Column: 1**

Charged to Account 401.

**Schedule Page: 262 Line No.: 5 Column: 1**

Charged to Account 401.

**Schedule Page: 262 Line No.: 9 Column: 1**

Apportioned to Accounts 107, 108, 142, and 143 through overhead rates applied to labor charged to work orders and Account 401 on basis of payroll distribution.

**OTHER DEFERRED CREDITS (Account 253)**

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1						
2	Pension Plan Obligation in					
3	Excess of Assets, per SFAS 87	1,706,727	182-30	1,706,727		
4						
5	Postemployment Benefit					
6	Obligations, per SFAS 112	1,423,277	182-30	69,740		1,353,537
7						
8	Postretirement Benefit					
9	Obligations, per SFAS 106	17,415,357			1,307,466	18,722,823
10						
11	Asset Retirement Obligations	19,964,970			1,197,898	21,162,868
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
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35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	<b>TOTAL</b>	40,510,331		1,776,467	2,505,364	41,239,228

**OTHER REGULATORY LIABILITIES (Account 254)**

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$50,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Antitrust Settlements Pending					
2	Final Disposition	1,150,860				1,150,860
3						
4	Federal Income Tax Benefits					
5	per SFAS 109	15,550,696	190-30	8,126,244		7,424,452
6						
7	Def. Cr.- SO2 Allowances	1,025,351	234-00	1,025,351		
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
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28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	<b>TOTAL</b>	17,726,907		9,151,595		8,575,312

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**ELECTRIC OPERATING REVENUES (Account 400)**

- The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales		
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)		
5	Large (or Ind.) (See Instr. 4)		
6	(444) Public Street and Highway Lighting		
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers		
11	(447) Sales for Resale	245,845,852	215,363,519
12	TOTAL Sales of Electricity	245,845,852	215,363,519
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	245,845,852	215,363,519
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues		
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	13,322	66,972
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues		
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	13,322	66,972
27	TOTAL Electric Operating Revenues	245,859,174	215,430,491

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**ELECTRIC OPERATING REVENUES (Account 400)**

5. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
6. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
7. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
8. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
9,080,303	8,933,087	1	1	11
9,080,303	8,933,087	1	1	12
				13
9,080,303	8,933,087	1	1	14

Line 12, column (b) includes \$ 0 of unbilled revenues.  
 Line 12, column (d) includes 0 MWH relating to unbilled revenues





Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**SALES FOR RESALE (Account 447) (Continued)**

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
					1
					2
					3
9,080,303	79,634,698	166,211,154		245,845,852	4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
9,080,303	79,634,698	166,211,154	0	245,845,852	
<b>9,080,303</b>	<b>79,634,698</b>	<b>166,211,154</b>	<b>0</b>	<b>245,845,852</b>	

Name of Respondent Indiana-Kentucky Electric Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
FOOTNOTE DATA			

**Schedule Page: 310 Line No.: 4 Column: a**

All power generated by Indiana-Kentucky Electric Corporation is purchased by Ohio Valley Electric Corporation, the Parent Company, under the Power Agreement between the two companies dated July 10, 1953.

**Schedule Page: 310 Line No.: 4 Column: b**

Power sold pursuant to a Power Agreement between Ohio Valley Electric Corporation (OVEC) and Indiana-Kentucky Electric Corporation (IKEC), which provides that all power generated by IKEC, and energy associated therewith, less transmission losses, shall be delivered to OVEC.

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**ELECTRIC OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	<b>1. POWER PRODUCTION EXPENSES</b>		
2	<b>A. Steam Power Generation</b>		
3	Operation		
4	(500) Operation Supervision and Engineering	1,337,646	1,219,369
5	(501) Fuel	145,938,620	133,349,469
6	(502) Steam Expenses	6,047,009	6,023,554
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	2,834,026	2,637,615
10	(506) Miscellaneous Steam Power Expenses	7,399,527	7,342,261
11	(507) Rents		250
12	(509) Allowances	18,535,241	10,472,113
13	<b>TOTAL Operation (Enter Total of Lines 4 thru 12)</b>	<b>182,092,069</b>	<b>161,044,631</b>
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	588,401	590,553
16	(511) Maintenance of Structures	2,967,464	2,162,165
17	(512) Maintenance of Boiler Plant	19,505,638	19,865,856
18	(513) Maintenance of Electric Plant	6,259,578	6,077,864
19	(514) Maintenance of Miscellaneous Steam Plant	880,577	780,996
20	<b>TOTAL Maintenance (Enter Total of Lines 15 thru 19)</b>	<b>30,201,658</b>	<b>29,477,434</b>
21	<b>TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 &amp; 20)</b>	<b>212,293,727</b>	<b>190,522,065</b>
22	<b>B. Nuclear Power Generation</b>		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	<b>TOTAL Operation (Enter Total of lines 24 thru 32)</b>		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	<b>TOTAL Maintenance (Enter Total of lines 35 thru 39)</b>		
41	<b>TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 &amp; 40)</b>		
42	<b>C. Hydraulic Power Generation</b>		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	<b>TOTAL Operation (Enter Total of Lines 44 thru 49)</b>		
51	<b>C. Hydraulic Power Generation (Continued)</b>		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	<b>TOTAL Maintenance (Enter Total of lines 53 thru 57)</b>		
59	<b>TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 &amp; 58)</b>		

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**ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel		
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses		
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)		
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures		
71	(553) Maintenance of Generating and Electric Plant		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)		
75	E. Other Power Supply Expenses		
76	(555) Purchased Power		
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses	1,802,650	
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	1,802,650	
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	214,096,377	190,522,065
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering	81	
84	(561) Load Dispatching		
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System		
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services		
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	152,649	175,282
94	(563) Overhead Lines Expenses	57,279	177,865
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others		
97	(566) Miscellaneous Transmission Expenses	27,134	28,076
98	(567) Rents		
99	TOTAL Operation (Enter Total of lines 83 thru 98)	237,143	381,223
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		
102	(569) Maintenance of Structures	249,519	13,188
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment	137,525	193,704
108	(571) Maintenance of Overhead Lines	28,561	25,969
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant	25,983	22,959
111	TOTAL Maintenance (Total of lines 101 thru 110)	441,588	255,820
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	678,731	637,043

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**ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	<b>3. REGIONAL MARKET EXPENSES</b>		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	<b>4. DISTRIBUTION EXPENSES</b>		
133	Operation		
134	(580) Operation Supervision and Engineering		
135	(581) Load Dispatching		
136	(582) Station Expenses		
137	(583) Overhead Line Expenses		
138	(584) Underground Line Expenses		
139	(585) Street Lighting and Signal System Expenses		
140	(586) Meter Expenses		
141	(587) Customer Installations Expenses		
142	(588) Miscellaneous Expenses		
143	(589) Rents		
144	TOTAL Operation (Enter Total of lines 134 thru 143)		
145	Maintenance		
146	(590) Maintenance Supervision and Engineering		
147	(591) Maintenance of Structures		
148	(592) Maintenance of Station Equipment		
149	(593) Maintenance of Overhead Lines		
150	(594) Maintenance of Underground Lines		
151	(595) Maintenance of Line Transformers		
152	(596) Maintenance of Street Lighting and Signal Systems		
153	(597) Maintenance of Meters		
154	(598) Maintenance of Miscellaneous Distribution Plant		
155	TOTAL Maintenance (Total of lines 146 thru 154)		
156	TOTAL Distribution Expenses (Total of lines 144 and 155)		
157	<b>5. CUSTOMER ACCOUNTS EXPENSES</b>		
158	Operation		
159	(901) Supervision		
160	(902) Meter Reading Expenses		
161	(903) Customer Records and Collection Expenses		
162	(904) Uncollectible Accounts		
163	(905) Miscellaneous Customer Accounts Expenses		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)		

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision		
168	(908) Customer Assistance Expenses		
169	(909) Informational and Instructional Expenses		
170	(910) Miscellaneous Customer Service and Informational Expenses		
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)		
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision		
175	(912) Demonstrating and Selling Expenses		
176	(913) Advertising Expenses		
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)		
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	74,611	78,720
182	(921) Office Supplies and Expenses	1,878	1,884
183	(Less) (922) Administrative Expenses Transferred-Credit		
184	(923) Outside Services Employed	1,471,782	1,383,368
185	(924) Property Insurance	1,819,802	774,430
186	(925) Injuries and Damages	648,940	665,775
187	(926) Employee Pensions and Benefits	8,316,171	7,287,830
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	-420,204	430,294
190	(929) (Less) Duplicate Charges-Cr.	-17	
191	(930.1) General Advertising Expenses		
192	(930.2) Miscellaneous General Expenses	-55	47
193	(931) Rents		
194	TOTAL Operation (Enter Total of lines 181 thru 193)	11,912,942	10,622,348
195	Maintenance		
196	(935) Maintenance of General Plant		
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	11,912,942	10,622,348
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	226,688,050	201,781,456

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	
2	Nuclear Power Research Expenses	
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000	-55
6		
7		
8		
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46	TOTAL	-55



Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)**  
(Except amortization of acquisition adjustments)

- Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403); (c) Depreciation Expense for Asset Retirement Costs (Account 403.1); (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).
- Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
- Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.  
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.  
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.  
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
- If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

**A. Summary of Depreciation and Amortization Charges**

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant					
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant					
7	Transmission Plant					
8	Distribution Plant					
9	Regional Transmission and Market Operation					
10	General Plant					
11	Common Plant-Electric	14,968,552				14,968,552
12	TOTAL	14,968,552				14,968,552

**B. Basis for Amortization Charges**

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)**

**C. Factors Used in Estimating Depreciation Charges**

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12							
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Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**REGULATORY COMMISSION EXPENSES**

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	FERC Order No. 582				
2	Assessment for maintenance of the				
3	Federal Energy Regulatory Commission.				
4	Credit based on Amended Filing dated				
5	December 16, 2005	-420,204		-420,204	
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43					
44					
45					
46	TOTAL	-420,204		-420,204	

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR				Line No.
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	
Department (f)	Account No. (g)	Amount (h)					
							1
							2
							3
							4
Electric	928	-420,204					5
							6
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		-420,204					46

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES**

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).

2. Indicate in column (a) the applicable classification, as shown below:

**Classifications:**

**A. Electric R, D & D Performed Internally:**

- (1) Generation
  - a. hydroelectric
    - i. Recreation fish and wildlife
    - ii Other hydroelectric
  - b. Fossil-fuel steam
  - c. Internal combustion or gas turbine
  - d. Nuclear
  - e. Unconventional generation
  - f. Siting and heat rejection
- (2) Transmission

- a. Overhead
- b. Underground
- (3) Distribution
- (4) Regional Transmission and Market Operation
- (5) Environment (other than equipment)
- (6) Other (Classify and include items in excess of \$5,000.)
- (7) Total Cost Incurred

**B. Electric, R, D & D Performed Externally:**

- (1) Research Support to the electrical Research Council or the Electric Power Research Institute

Line No.	Classification (a)	Description (b)
1	A - (5)	Ohio River Ecological Research Program
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3		
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Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)**

- (2) Research Support to Edison Electric Institute
- (3) Research Support to Nuclear Power Groups
- (4) Research Support to Others (Classify)
- (5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$5,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$5,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.

4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)

5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.

6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."

7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
149,025		923.3	149,025		1
					2
					3
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Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	12,691,699		
4	Transmission	187,647		
5	Regional Market			
6	Distribution			
7	Customer Accounts			
8	Customer Service and Informational			
9	Sales			
10	Administrative and General	74,612		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	12,953,958		
12	Maintenance			
13	Production	10,721,466		
14	Transmission	133,235		
15	Regional Market			
16	Distribution			
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	10,854,701		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)	23,413,165		
21	Transmission (Enter Total of lines 4 and 14)	320,882		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)			
24	Customer Accounts (Transcribe from line 7)			
25	Customer Service and Informational (Transcribe from line 8)			
26	Sales (Transcribe from line 9)			
27	Administrative and General (Enter Total of lines 10 and 17)	74,612		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	23,808,659		23,808,659
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission			
36	Distribution			
37	Customer Accounts			
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)			
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Distribution			
49	Administrative and General			
50	TOTAL Maint. (Enter Total of lines 43 thru 49)			
51	Total Operation and Maintenance			
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)			
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,			
54	Other Gas Supply (Enter Total of lines 33 and 45)			
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru			
56	Transmission (Lines 35 and 47)			
57	Distribution (Lines 36 and 48)			
58	Customer Accounts (Line 37)			
59	Customer Service and Informational (Line 38)			
60	Sales (Line 39)			
61	Administrative and General (Lines 40 and 49)			
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)			
63	Other Utility Departments			
64	Operation and Maintenance			
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	23,808,659		23,808,659
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	290,911		290,911
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	290,911		290,911
72	Plant Removal (By Utility Departments)			
73	Electric Plant	92,929		92,929
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	92,929		92,929
77	Other Accounts (Specify, provide details in footnote):	49,291		49,291
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	49,291		49,291
96	TOTAL SALARIES AND WAGES	24,241,790		24,241,790



Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Indiana-Kentucky Electric Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 05/18/2007	2006/Q4
FOOTNOTE DATA			

**Schedule Page: 354 Line No.: 77 Column: b**

Account 186.10

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**MONTHLY TRANSMISSION SYSTEM PEAK LOAD**

- (1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
- (2) Report on Column (b) by month the transmission system's peak load.
- (3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
- (4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

**NAME OF SYSTEM:**

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	103	2	700			2,256			
2	February	92	3	100			2,256			
3	March	98	12	900			2,256			
4	Total for Quarter 1	293					6,768			
5	April	89	14	500			2,256		463	
6	May	87	31	900			2,256		463	
7	June	83	2	1100			2,256		463	
8	Total for Quarter 2	259					6,768		1,389	
9	July	81	21	1900			2,256		469	
10	August	80	28	1000			2,256		469	
11	September	88	12	1500			2,256		469	
12	Total for Quarter 3	249					6,768		1,407	
13	October	109	27	1700			2,256		469	
14	November	105	15	1400			2,256		469	
15	December	89	25	1600			2,256		469	
16	Total for Quarter 4	303					6,768		1,407	
17	Total Year to Date/Year	1,104					27,072		4,203	

Name of Respondent Indiana-Kentucky Electric Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
FOOTNOTE DATA			

**Schedule Page: 400 Line No.: 1 Column: b**

Transmission data includes both Ohio Valley Electric Corporation and its wholly owned subsidiary, Indiana-Kentucky Electric Corporation. This information is not tracked on an individual basis.

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**ELECTRIC ENERGY ACCOUNT**

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	<b>SOURCES OF ENERGY</b>		21	<b>DISPOSITION OF ENERGY</b>	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	
3	Steam	9,128,636	23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	9,080,303
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	
7	Other		27	Total Energy Losses	48,333
8	Less Energy for Pumping		28	<b>TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)</b>	<b>9,128,636</b>
9	Net Generation (Enter Total of lines 3 through 8)	9,128,636			
10	Purchases				
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	<b>TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)</b>	<b>9,128,636</b>			

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of 2006/Q4
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**MONTHLY PEAKS AND OUTPUT**

- (1) Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
- (2) Report on line 2 by month the system's output in Megawatt hours for each month.
- (3) Report on line 3 by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
- (4) Report on line 4 by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
- (5) Report on lines 5 and 6 the specified information for each monthly peak load reported on line 4.

**NAME OF SYSTEM:**

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	811,125	806,744	1,318	9	1600
30	February	771,362	767,185	1,318	25	0900
31	March	839,635	835,162	1,309	4	2000
32	April	828,738	824,369	1,278	1	0900
33	May	848,955	844,445	1,264	23	1300
34	June	676,326	672,767	1,205	1	1000
35	July	648,566	645,139	1,180	14	1300
36	August	784,368	780,225	1,211	7	1000
37	September	576,433	573,430	1,215	15	1500
38	October	790,329	786,204	1,270	28	0600
39	November	719,400	715,638	1,276	1	1800
40	December	833,399	828,995	1,297	8	2000
41	TOTAL	9,128,636	9,080,303			

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)**

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a term basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: <i>CLIFTY CREEK</i> (b)	Plant Name: (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)	STEAM	
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	CONVENTIONAL	
3	Year Originally Constructed	1955	
4	Year Last Unit was Installed	1955	
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	1303.56	0.00
6	Net Peak Demand on Plant - MW (60 minutes)	1318	0
7	Plant Hours Connected to Load	8760	0
8	Net Continuous Plant Capability (Megawatts)	1284	0
9	When Not Limited by Condenser Water	0	0
10	When Limited by Condenser Water	0	0
11	Average Number of Employees	376	0
12	Net Generation, Exclusive of Plant Use - KWh	9128636	0
13	Cost of Plant: Land and Land Rights	872193	0
14	Structures and Improvements	74112955	0
15	Equipment Costs	519603005	0
16	Asset Retirement Costs	0	0
17	Total Cost	594588153	0
18	Cost per KW of Installed Capacity (line 17/5) Including	456.1264	0.0000
19	Production Expenses: Oper, Supv, & Engr	1337646	0
20	Fuel	145938620	0
21	Coolants and Water (Nuclear Plants Only)	0	0
22	Steam Expenses	6047009	0
23	Steam From Other Sources	0	0
24	Steam Transferred (Cr)	0	0
25	Electric Expenses	2834026	0
26	Misc Steam (or Nuclear) Power Expenses	7399527	0
27	Rents	0	0
28	Allowances	18535241	0
29	Maintenance Supervision and Engineering	588401	0
30	Maintenance of Structures	2967464	0
31	Maintenance of Boiler (or reactor) Plant	19505638	0
32	Maintenance of Electric Plant	6259578	0
33	Maintenance of Misc Steam (or Nuclear) Plant	880577	0
34	Total Production Expenses	212293727	0
35	Expenses per Net KWh	23.2558	0.0000
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	COAL	
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	TONS	
38	Quantity (Units) of Fuel Burned	4683640	0 0 0 0 0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	9791	0 0 0 0 0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	29.542	0.000 0.000 0.000 0.000 0.000
41	Average Cost of Fuel per Unit Burned	30.147	0.000 0.000 0.000 0.000 0.000
42	Average Cost of Fuel Burned per Million BTU	1.812	0.000 0.000 0.000 0.000 0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.016	0.000 0.000 0.000 0.000 0.000
44	Average BTU per KWh Net Generation	10047.000	0.000 0.000 0.000 0.000 0.000

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)(Continued)

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: (d)	Plant Name: (e)	Plant Name: (f)	Line No.
			1
			2
			3
			4
0.00	0.00	0.00	5
0	0	0	6
0	0	0	7
0	0	0	8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
0	0	0	13
0	0	0	14
0	0	0	15
0	0	0	16
0	0	0	17
0.0000	0.0000	0.0000	18
0	0	0	19
0	0	0	20
0	0	0	21
0	0	0	22
0	0	0	23
0	0	0	24
0	0	0	25
0	0	0	26
0	0	0	27
0	0	0	28
0	0	0	29
0	0	0	30
0	0	0	31
0	0	0	32
0	0	0	33
0	0	0	34
0.0000	0.0000	0.0000	35
			36
			37
0	0	0	38
0	0	0	39
0.000	0.000	0.000	40
0.000	0.000	0.000	41
0.000	0.000	0.000	42
0.000	0.000	0.000	43
0.000	0.000	0.000	44

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**TRANSMISSION LINE STATISTICS**

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
1	Clifty Creek	Dearborn	345.00	330.00	Steel Tower	42.20		2
2								
3								
4	Clifty Creek	Ind.-Ky State Line						
5		(Pierce)	345.00	330.00	Steel Tower	0.20		2
6								
7								
8	Dearborn	Ind.-Ky State Line						
9		(Pierce)	345.00	330.00	Steel Tower	0.50		1
10								
11								
12	Clifty Creek	Junction Miami Ft.-						
13		Louisville Line	138.00	132.00	Steel Tower	0.30		2
14								
15								
16	Clifty Creek	Ind.-Ky State Line						
17		(Carrollton)	138.00	132.00	Steel Tower	1.50		1
18								
19								
20	Dearborn	Ind.-Ky State Line						
21		(Buffington-CG&E)	345.00	330.00	Steel Tower		0.50	1
22								
23								
24	Expenses Applicable							
25	To all Lines							
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36					TOTAL	44.70	0.50	9



Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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**TRANSMISSION LINE STATISTICS (Continued)**

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
1.75 in.	167,186	4,570,385	4,737,571					1
								2
								3
								4
1.75 in. aluminum		65,275	65,275					5
								6
								7
								8
1.75 in. aluminum		151,149	151,149					9
								10
								11
								12
795,000 cm ACSR		16,982	16,982					13
								14
								15
								16
556,000 cm ACSR								17
								18
								19
								20
1.75 in. aluminum								21
								22
								23
								24
				237,143	441,588		678,731	25
								26
								27
								28
								29
								30
								31
								32
								33
								34
								35
	167,186	4,803,791	4,970,977	237,143	441,588		678,731	36

Name of Respondent Indiana-Kentucky Electric Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report 2006/Q4
FOOTNOTE DATA			

**Schedule Page: 422 Line No.: 20 Column: a**

The pole miles and cost of the transmission line are included in the Dearborn to Indiana-Kentucky State Line (Pierce) information. One circuit of this double circuit transmission line is interconnected in Kentucky at the Buffington Substation owned by Cincinnati Gas & Electric Company.

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**SUBSTATIONS**

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Clifty Creek - Madison, IN	Transmission	15.50	345.00	
2		Partially Attended	345.00	138.00	13.80
3					
4					
5	Dearborn - Lawrenceburg, IN	Transmission			
6		Unattended	345.00		
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20	* MVa changed to KV				
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					

Name of Respondent Indiana-Kentucky Electric Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 05/18/2007	Year/Period of Report End of <u>2006/Q4</u>
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
1440	18	2	None			1
250	2		None			2
						3
						4
			None			5
						6
						7
						8
						9
						10
						11
						12
						13
						14
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						17
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						19
						20
						21
						22
						23
						24
						25
						26
						27
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