

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____

Form 1 Approved
 OMB No.1902-0021
 (Expires 12/31/2014)
 Form 1-F Approved
 OMB No.1902-0029
 (Expires 12/31/2014)
 Form 3-Q Approved
 OMB No.1902-0205
 (Expires 05/31/2014)



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

Exact Legal Name of Respondent (Company) Indiana-Kentucky Electric Corporation	Year/Period of Report End of <u>2011/Q4</u>
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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 18th 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).

INDEPENDENT AUDITORS' REPORT

Indiana-Kentucky Electric Corporation
Piketon, Ohio

We have audited the balance sheet – regulatory basis of Indiana-Kentucky Electric Corporation (the “Company”), as of December 31, 2011, and the related statements of income – regulatory basis, retained earnings – regulatory basis, and cash flows – regulatory basis, for the year ended December 31, 2011, included on pages 110 through 123, of the Company’s Federal Energy Regulatory Commission (FERC) 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 expressing an opinion on the effectiveness of the Company’s internal control over financial 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 on page 123.1, these financial statements were prepared in accordance with the accounting 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 regulatory-basis financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of the Company as of December 31, 2011, and the results of its operations and its cash flows for the year ended December 31, 2011, in accordance with the accounting requirements of the Federal Energy 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 Company 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

May 15, 2012

**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>2011/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) 12/31/2011

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) 05/18/2012
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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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	Information on Formula Rates	106(a)(b)	NA
7	Important Changes During the Year	108-109	
8	Comparative Balance Sheet	110-113	
9	Statement of Income for the Year	114-117	
10	Statement of Retained Earnings for the Year	118-119	NONE
11	Statement of Cash Flows	120-121	
12	Notes to Financial Statements	122-123	
13	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
14	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
15	Nuclear Fuel Materials	202-203	NA
16	Electric Plant in Service	204-207	
17	Electric Plant Leased to Others	213	NONE
18	Electric Plant Held for Future Use	214	NONE
19	Construction Work in Progress-Electric	216	
20	Accumulated Provision for Depreciation of Electric Utility Plant	219	
21	Investment of Subsidiary Companies	224-225	NONE
22	Materials and Supplies	227	
23	Allowances	228(ab)-229(ab)	
24	Extraordinary Property Losses	230	NONE
25	Unrecovered Plant and Regulatory Study Costs	230	NONE
26	Transmission Service and Generation Interconnection Study Costs	231	NONE
27	Other Regulatory Assets	232	
28	Miscellaneous Deferred Debits	233	NONE
29	Accumulated Deferred Income Taxes	234	
30	Capital Stock	250-251	
31	Other Paid-in Capital	253	NONE
32	Capital Stock Expense	254	NONE
33	Long-Term Debt	256-257	NONE
34	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
35	Taxes Accrued, Prepaid and Charged During the Year	262-263	
36	Accumulated Deferred Investment Tax Credits	266-267	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) 12/31/2011	Year/Period of Report End of <u>2011/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	Transmission Lines Added During the Year	424-425	NONE
68	Substations	426-427	
69	Transactions with Associated (Affiliated) Companies	429	
70	Footnote Data	450	

Stockholders' Reports Check appropriate box:

- Two copies will be submitted
- No annual report to stockholders is prepared

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) 12/31/2011	Year/Period of Report End of <u>2011/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

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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 twelve entities consisting of ten investor-owned utilities or utility holding companies and two affiliates of generation and transmission rural electric cooperatives. 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, 2011.

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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	Nicholas K. Akins	
2	President	Michael G. Morris	
3	Vice President and Assistant to the President	Scott N. Smith	
4	Vice President - Operations	David E. Jones	
5	Secretary and Treasurer	John D. Brodt	
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FOOTNOTE DATA			

Schedule Page: 104 Line No.: 1 Column: b

Nicholas K. Akins replaced Michael G. Morris as president, effective November 2011.

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.

Schedule Page: 104 Line No.: 5 Column: c

Salaries are none.

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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	Nicholas K. Akins**	1 Riverside Plaza, Columbus, OH 43215
2	Anthony J. Ahern***	6679 Busch Blvd., Columbus, OH 43229
3	Paul Chodak	110 East Wayne St., Ft. Wayne, IN 46802
4	Curtis H. Davis***	800 Cabin Hill Dr., Greensburg, PA 15601
5	William S. Doty	One Vectren Square, Evansville, IN 47708
6	Wayne D. Games	One Vectren Square, Evansville, IN 47708
7	Ronald G. Jochum	One Vectren Square, Evansville, IN 47708
8	Marc E. Lewis	110 East Wayne St., Ft. Wayne, IN 46802
9	Michael G. Morris, President**	1 Riverside Plaza, Columbus, OH 43215
10	Stanley F. Szwed***	76 South Main St., Akron, OH 44308
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FOOTNOTE DATA			

Schedule Page: 105 Line No.: 1 Column: a

Nicholas K. Akins was elected November 2011 to replace Michael G. Morris as president.

Schedule Page: 105 Line No.: 2 Column: a

Anthony J. Ahern was elected April 2011 to replace Curtis H. Davis.

Schedule Page: 105 Line No.: 6 Column: a

Wayne D. Games was elected April 2011 to replace Ronald G. Jochum.

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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 104 or 105 of the Annual Report Form No. 1, 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:	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) 12/31/2011	2011/Q4
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. Not Applicable
2. Not Applicable
3. Not Applicable
4. Not Applicable
5. Not Applicable
6. None
7. Not Applicable
8. All 2010 employees shared a \$1,772,058 bonus that was paid in 2011. Effective September 1, 2011, a general wage increase of approximately 3.07% was given to employees except management and clerical personnel.
9. Not Applicable
10. Not Applicable
11. Not Applicable
12. See Notes to the Financial Statements beginning on page 122.
13. See page 105.
14. Not Applicable

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) 12/31/2011	End of <u>2011/Q4</u>
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	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	679,276,159	670,241,259
3	Construction Work in Progress (107)	200-201	508,781,113	425,901,271
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		1,188,057,272	1,096,142,530
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	563,785,911	550,669,609
6	Net Utility Plant (Enter Total of line 4 less 5)		624,271,361	545,472,921
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)		624,271,361	545,472,921
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
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)		17,733,126	17,218,802
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)		17,733,126	17,218,802
33	CURRENT AND ACCRUED ASSETS			
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)		17,074	19,078
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)		460,077	977,669
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	0
45	Fuel Stock (151)	227	54,282,832	37,326,080
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	13,497,593	10,182,205
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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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)		928,648	1,234,098
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	0
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)		69,187,224	49,740,130
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		0	0
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	39,328,925	14,025,735
73	Prelim. Survey and Investigation Charges (Electric) (183)		91,092	0
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	0	0
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	43,201,072	39,045,943
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		82,621,089	53,071,678
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		793,812,800	665,503,531

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) 12/31/2011	Year/Period of Report end of 2011/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)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		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)	254b	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)		679,026	6,920
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)		57,775,646	26,613,592
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)		12,348,149	18,969,121
35	Total Other Noncurrent Liabilities (lines 26 through 34)		70,802,821	45,589,633
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		39,784,463	24,569,324
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		494,263,276	407,793,735
41	Customer Deposits (235)		1,000	1,000
42	Taxes Accrued (236)	262-263	3,163,375	2,926,021
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 Resubmission	Date of Report (mo, da, yr) 12/31/2011	Year/Period of Report end of 2011/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)		69,381	61,662
48	Miscellaneous Current and Accrued Liabilities (242)		3,940,397	3,541,392
49	Obligations Under Capital Leases-Current (243)		336	336
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)		541,222,228	438,893,470
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		128,807,905	132,206,050
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	0	0
60	Other Regulatory Liabilities (254)	278	49,579,846	45,414,378
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)		178,387,751	177,620,428
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		793,812,800	665,503,531

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
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 column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. 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.

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	328,112,401	290,772,176		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	262,576,684	227,302,430		
5	Maintenance Expenses (402)	320-323	43,288,578	45,071,500		
6	Depreciation Expense (403)	336-337	16,858,414	15,948,013		
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	5,025,078	4,394,187		
15	Income Taxes - Federal (409.1)	262-263				
16	- Other (409.1)	262-263	-271,899	-169,749		
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)		327,476,855	292,546,381		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		635,546	-1,774,205		

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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)		635,546	-1,774,205		
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)		-657,184	1,778,070		
38	Allowance for Other Funds Used During Construction (419.1)					
39	Miscellaneous Nonoperating Income (421)		125,706	13,261		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		-531,478	1,791,331		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		83,560	15,950		
46	Life Insurance (426.2)					
47	Penalties (426.3)		6,906	564		
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)		90,466	16,514		
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)		-621,944	1,774,817		
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)					
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		13,602	612		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)					
70	Net Interest Charges (Total of lines 62 thru 69)		13,602	612		
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) 12/31/2011	Year/Period of Report End of 2011/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	16,858,414	15,948,013
5	Amortization of		
6	Gain (Loss) on Marketable Securities	1,249,037	-1,347,371
7	Income Taxes Receivable	386,538	-444,556
8	Deferred Income Taxes (Net)	-179,767	179,767
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	131,054	1,502,788
11	Net (Increase) Decrease in Inventory	-20,272,140	11,362,630
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	8,781,908	-8,290,284
14	Net (Increase) Decrease in Other Regulatory Assets	-25,303,190	-4,009,475
15	Net Increase (Decrease) in Other Regulatory Liabilities	190,106	193,421
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	28,021,172	10,973,465
19	Prepaid Expenses and Other	305,451	-288,585
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	10,168,583	25,779,813
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-87,998,530	-26,589,954
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)	-87,998,530	-26,589,954
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		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)	-5,333,201	-9,058,509
45	Proceeds from Sales of Investment Securities (a)	3,472,378	6,863,450

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) 12/31/2011	Year/Period of Report End of 2011/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)	-89,859,353	-28,785,013
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	Advances from Parent	79,688,767	3,005,500
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	79,688,767	3,005,500
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)	79,688,767	3,005,500
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-2,003	300
87			
88	Cash and Cash Equivalents at Beginning of Period	20,078	19,778
89			
90	Cash and Cash Equivalents at End of period	18,075	20,078

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FOOTNOTE DATA			

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

Other:

Deferred Revenue	\$ 3,382,627
Other Assets	97,463
Other Liabilities	24,541,082
	<u>\$ 28,021,172</u>

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

Other:

Deferred Revenue	\$ 3,898,452
Other Assets	17,504
Other Liabilities	7,043,677
Other noncurrent assets	13,832
	<u>\$ 10,973,465</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.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

This FERC Form 1 represents the financial statements of Ohio Valley Electric Corporation at December 31, 2011. Ohio Valley Electric Corporation's financial statements have been prepared in conformity with the 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 generally accepted accounting principles. The following areas represent significant differences between the Uniform System of Accounts and generally accepted accounting principles: (1) the presentation of majority-owned subsidiaries, (2) the disclosure of certain significant non-cash transactions, (3) the presentation of current and non-current portions of long-term debt, deferred taxes, and certain other assets and liabilities, (4) the presentation of preliminary survey and investigation charges, and (5) the gross presentation of certain regulatory assets and regulatory liabilities.

Generally accepted accounting principles require that majority-owned subsidiaries be consolidated for financial reporting purposes. FERC requires majority-owned subsidiaries be reported as set forth in the Uniform System of Accounts and published accounting releases, which require majority-owned subsidiaries to be presented on an unconsolidated basis.

Generally accepted accounting principles require that the current and non-current portions of assets and liabilities be appropriately identified and reported as such on the balance sheet. FERC requires that certain items such as deferred taxes, long-term debt, regulatory assets, and regulatory liabilities be reported as set forth in the Uniform System of Accounts and published accounting releases, which does not recognize any segregation between the current and non-current portions of these items for reporting purposes.

Generally accepted accounting principles require that preliminary survey and investigation charges be recorded as a component of construction work in progress. FERC requires that these items be reported as set forth in the Uniform System of Accounts and published accounting releases, which require preliminary survey and investigation charges be recorded as a deferred debit.

Generally accepted accounting principles allow for net presentation of certain regulatory assets and liabilities when the legal right of offset exists. FERC requires that these items be reported as set forth in the Uniform System of Accounts and published accounting releases, which require gross presentation of certain regulatory assets and liabilities.

Ohio Valley Electric Corporation's Notes to Consolidating Financial Statements have been prepared in conformity with generally accepted accounting principles. Accordingly, certain footnotes are not reflective of Ohio Valley Electric Corporation's Financial Statements contained herein.

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Consolidating Financial Statements — The consolidating 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. OVEC is owned by several investor-owned utilities or utility holding companies and two affiliates of generation and transmission rural electric cooperatives. These

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NOTES TO FINANCIAL STATEMENTS (Continued)			

entities or their affiliates comprise the Sponsoring Companies. The Sponsoring Companies purchase power from OVEC according to the terms of the Inter-Company Power Agreement (ICPA), which has a current termination date of June 30, 2040. Approximately 28% of the Companies' employees are covered by a collective bargaining agreement that expires August 31, 2014.

Prior to 2004, OVEC's primary commercial customer was the U.S. Department of Energy (DOE). The contract to provide OVEC-generated power to the DOE was terminated in 2003 and all obligations were settled at that time. Currently, OVEC has an agreement to arrange for the purchase of power ("Arranged Power"), under the direction of the DOE, for resale directly to the DOE. All purchase costs are billable by OVEC to the DOE.

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 June 30, 2040, the date of termination of the ICPA.

The accounting guidance for Regulated Operations 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 in accordance with the guidance for Regulated Operations. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the accompanying consolidating balance sheets 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 Sponsor billings at December 31, 2011 and 2010, were as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)			

	2011		2010	
	OVEC	IKEC	OVEC	IKEC
Regulatory Assets:				
Other assets:				
Asset retirement costs	\$ -	\$ -	\$ -	\$ 1,977,532
Unrecognized postemployment benefits	1,109,542	1,303,143	1,528,979	1,429,789
Pension benefits	28,720,456	22,202,339	13,136,429	10,618,414
Postretirement benefits	-	15,762,985	-	-
Income taxes billable to customers	2,855,684	60,458	-	-
Total regulatory assets	\$32,685,682	\$39,328,925	\$14,665,408	\$14,025,735
Regulatory liabilities:				
Current liabilities:				
Deferred credit — EPA emission allowance proceeds	\$ 238,268	\$ 31,238	\$ 236,579	\$ 29,064
Advance collection of interest	2,704,350	-	2,536,606	-
Total	2,942,618	31,238	2,773,185	29,064
Other liabilities:				
Postretirement benefits	12,782,375	-	27,170,924	5,008,744
Decommissioning and demolition	5,413,889	5,196,676	289,004	-
Investment tax credits	3,393,146	-	3,393,146	-
Net antitrust settlement	673,070	1,150,859	673,070	1,150,859
Deferred tax liability	6,302,915	-	-	-
Income taxes refundable to customers	-	43,201,072	3,981,593	39,225,710
Total	28,565,395	49,548,607	35,507,737	45,385,313
Total regulatory liabilities	\$31,508,013	\$49,579,845	\$38,280,922	\$45,414,377

Regulatory Assets — Regulatory assets consist primarily of postretirement benefits, income taxes billable to customers, asset retirement costs, and pension benefits. Income tax billable to customers is billed to customers in the period when the related deferred tax liabilities are realized. All other regulatory assets are being recovered on a long-term basis.

Regulatory Liabilities — The regulatory liabilities classified as current in the accompanying consolidating balance sheet as of December 31, 2011, consist primarily of interest expense collected from customers in advance of expense recognition. These amounts outstanding will be credited to customer bills during 2012. Other regulatory liabilities consist primarily of income taxes refundable to customers, postretirement benefits, and decommissioning and demolition costs. Income taxes refundable to customers are credited to customer bills in the period when the related deferred tax assets are realized. The Companies' current ratemaking policy recovers postretirement benefits in an amount equal to estimated benefit accrual cost plus amortization of unfunded liabilities, if any. As a result, related regulatory liabilities are being credited to customer bills on a long-term basis. The remaining regulatory liabilities are awaiting credit to customer bills in a future period that is yet to be determined.

In 2003, the DOE terminated the DOE Power Agreement with OVEC, entitling the Sponsoring Companies to 100% of OVEC's generating capacity under the terms of the ICPA. Under the terms of the DOE Power Agreement, OVEC was entitled to receive a "termination payment" from the DOE to recover unbilled costs upon termination of the agreement. The termination payment included unbilled postretirement benefit costs. In 2003, OVEC recorded a settlement payment of \$97 million for the DOE obligation related to postretirement benefit costs. The regulatory liability for postretirement benefits recorded at December 31, 2011 and December 31, 2010 represents amounts

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NOTES TO FINANCIAL STATEMENTS (Continued)			

collected in historical billings in excess of the Generally Accepted Accounting Principles net periodic benefit costs, including the DOE termination payment.

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. All depreciable property will be fully billed and depreciated prior to the expiration of the ICPA. Repairs of property are charged to maintenance expense.

Fuel in Storage, 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, less reserves for obsolescence. Materials and supplies consist primarily of replacement parts necessary to maintain the generating facilities and are valued at average cost.

Long-Term Investments — Long-term investments consist of marketable securities that are held for the purpose of funding postretirement benefits and decommissioning and demolition costs. These securities have been classified as trading securities in accordance with the provisions of Investments — Debt and Equity Securities accounting guidance. Trading securities reflected in Long-Term Investments are carried at fair value with the unrealized gain or loss, reported in Other Income. The cost of securities sold is based on the specific identification cost method. The fair value of most investment securities is determined by reference to currently available market prices. Where quoted market prices are not available, we use the market price of similar types of securities that are traded in the market to estimate fair value. See Fair Value Measurements in Note 11. Due to tax limitations, the amounts held in the postretirement benefits portfolio have not yet been transferred to the Voluntary Employee Beneficiary Association (VEBA) trusts (see Note 9). Long-term investments primarily consist of municipal bonds, money market mutual fund investments, and mutual funds. Net unrealized gains/ (losses) recognized during 2011 and 2010 on securities still held at the balance sheet date were \$5,844,074 and (\$341,250), respectively.

Fair Value Measurements of Assets and Liabilities — The accounting guidance for Fair Value Measurements and Disclosures establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Where observable inputs are available, pricing may be completed using comparable securities, dealer values and general market conditions to determine fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets and other observable inputs for the asset or liability.

OVEC utilizes its trustee's external pricing service in its estimate of the fair value of the underlying investments held in the benefit plan trusts and investment portfolios. The Companies' management reviews and validates the prices utilized by the trustee to determine fair value. Equities and fixed income securities are classified as Level 1 holdings if they are actively traded on exchanges. Certain fixed income securities do not trade on an exchange and

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NOTES TO FINANCIAL STATEMENTS (Continued)			

do not have an official closing price. Pricing vendors calculate bond valuations using financial models and matrices. Fixed income securities are typically classified as Level 2 holdings because their valuation inputs are based on observable market data. Observable inputs used for valuing fixed income securities are benchmark yields, reported trades, broker/dealer quotes, issuer spreads, bids, offers, and economic events. Other securities with model-derived valuation inputs that are observable are also classified as Level 2 investments. Investments with unobservable valuation inputs are classified as Level 3 investments.

Unamortized Debt Expense — Unamortized debt expense relates to loan origination costs incurred to secure financing. These costs are being amortized using the effective yield method over the life of the related loans.

Asset Retirement Obligations and Asset Retirement Costs — 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 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 are primarily related to obligations associated with future asbestos abatement at certain generating stations and certain plant closure costs. As of December 31, 2011 and 2010, the Companies had a regulatory asset of \$0 and \$2 million, respectively, related to asset retirement obligations.

	OVEC	IKEC	Consolidated
Balance — January 1, 2010	\$11,615,532	\$17,823,525	\$ 29,439,057
Accretion	734,522	1,390,503	2,125,025
Liabilities settled	(319,522)	(244,907)	(564,429)
Revision in cash flow estimates	-	-	-
Balance — December 31, 2010	12,030,532	18,969,121	30,999,653
Accretion	892,408	1,238,063	2,130,471
Liabilities settled	(193,972)	(144,403)	(338,375)
Revision in cash flow estimates	(5,267,801)	(7,714,632)	(12,982,433)
Balance — December 31, 2011	<u>\$ 7,461,167</u>	<u>\$12,348,149</u>	<u>\$ 19,809,316</u>

The revised estimated costs are recorded in the accompanying balance sheets. The asset retirement obligations originally assumed a decommissioning and demolition date consistent with the ICPA expiring in 2026. As the ICPA was extended an additional 14 years to 2040, the cash flow estimates were revised to reflect the new decommissioning and demolition date, which results in a decreased obligation as of December 31, 2011.

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 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 consolidating financial statements herein.

Income Taxes — The Companies use the liability method of accounting for income taxes. Under the liability

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NOTES TO FINANCIAL STATEMENTS (Continued)			

method, the Companies provide deferred income taxes for all temporary differences between the book and tax basis of assets and liabilities which will result in a future tax consequence.

The Companies account for uncertain tax positions in accordance with the accounting guidance for Income Taxes.

Use of Estimates — The preparation of consolidating 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 consolidating 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 2011 and 2010 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 Department of Energy's power requirements, contract barging services, railcar services, and minor transactions for services and materials. The Companies have Power Agreements with Louisville Gas and Electric Company, Duke Energy Ohio, Inc., 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, Duke Energy Ohio, Inc., 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.

At December 31, 2011 and 2010, balances due from or to the Sponsoring Companies are as follows:

	2011	2010
Accounts receivable	<u>\$36,650,231</u>	<u>\$40,855,687</u>

American Electric Power Company, Inc. and subsidiary company owned 43.47% of the common stock of OVEC as of December 31, 2011. The following is a summary of the principal services received from the American Electric Power Service Corporation as authorized by the Companies' Boards of Directors:

	2011	2010
General services	\$ 3,656,595	\$2,836,519
Specific projects	<u>9,612,272</u>	<u>3,192,761</u>
Total	<u>\$13,268,867</u>	<u>\$6,029,280</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

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NOTES TO FINANCIAL STATEMENTS (Continued)			

the year 2012 through 2017. Pricing for coal under these contracts is subject to contract provisions and adjustments. The Companies currently have 100% of their 2012 coal requirements under long-term agreements of one year or greater. These contracts are based on rates in effect at the time of purchase.

4. INVENTORIES

Inventories — At December 31, 2011 and 2010, consist of the following:

	2011	2010
Fuel in storage	\$71,696,998	\$62,837,327
Materials and supplies	27,805,915	22,952,901
Emission allowances	<u>28,519</u>	<u>641,329</u>
Total inventories	<u>\$99,531,432</u>	<u>\$86,431,557</u>

5. ELECTRIC PLANT

Electric plant at December 31, 2011 and 2010, consists of the following:

	2011		2010	
	OVEC	IKEC	OVEC	IKEC
Intangible	\$ 18,924	\$ 7,640	\$ 18,924	\$ 7,640
Steam production plant	1,043,776,208	651,467,757	559,656,045	642,675,575
Transmission plant	47,694,088	26,749,317	47,260,731	26,506,605
General plant	<u>11,471,559</u>	<u>1,051,445</u>	<u>10,820,819</u>	<u>1,051,439</u>
	1,102,960,779	679,276,159	617,756,519	670,241,259
Less accumulated depreciation	<u>477,412,407</u>	<u>563,785,911</u>	<u>439,834,555</u>	<u>550,669,609</u>
	625,548,372	115,490,248	177,921,964	119,571,650
Construction in progress	<u>175,204,670</u>	<u>508,872,205</u>	<u>585,892,874</u>	<u>425,901,271</u>
Total electric plant	<u>\$ 800,753,042</u>	<u>\$624,362,453</u>	<u>\$763,814,838</u>	<u>\$545,472,921</u>

All property additions and replacements are fully depreciated on the date the property is placed in service, unless the addition or replacement relates to a financed project. The majority of financed projects placed in service over the past 5 years have been recorded to steam production plant with depreciable lives ranging from 32 to 45 years. However, as the Companies' policy is to bill in accordance with the principal billings of the debt agreements, all financed projects are being depreciated in line with principal payments on outstanding debt.

6. BORROWING ARRANGEMENTS AND NOTES

OVEC has an unsecured bank revolving line of credit agreement with a borrowing limit of \$225 million as of December 31, 2011 and 2010. The \$225 million line of credit was renewed in June 2010 and has an expiration date

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of June 18, 2013. At December 31, 2011 and 2010, OVEC had borrowed \$100 million and \$105 million, respectively, under this line of credit. Interest expense related to line of credit borrowings was \$2,216,871 in 2011 and \$2,011,926 in 2010. During 2011 and 2010, OVEC incurred annual commitment fees of \$573,958 and \$451,351, respectively, based on the borrowing limits of the line of credit.

7. LONG-TERM DEBT

The following amounts were outstanding at December 31, 2011 and 2010:

	Interest Rate	2011	2010
Senior 2006 Notes due February 15, 2026	5.80 %	\$ 306,042,656	\$ 383,920,928
Senior 2006 Notes-extended due June 15, 2040	6.40	62,035,673	-
Senior 2007 Notes:			
Tranche A due February 15, 2026	5.90	138,983,105	176,976,681
Tranche A extended due June 15, 2040	6.50	31,003,872	-
Tranche B due February 15, 2026	5.90	35,001,279	44,570,011
Tranche B extended due June 15, 2040	6.50	7,808,021	-
Tranche C due February 15, 2026	5.90	35,279,980	44,924,312
Tranche C extended due June 15, 2040	6.50	7,870,192	-
Senior 2008 Notes:			
Tranche A due February 15, 2026	5.92	43,362,126	45,274,425
Tranche B due February 15, 2026	6.71	86,898,218	137,172,957
Tranche B extended due June 15, 2040	6.91	44,765,728	-
Tranche C due February 15, 2026	6.71	88,408,080	139,383,412
Tranche C extended due June 15, 2040	6.91	45,543,556	-
Series 2009 Notes and Bonds:			
2009A due February 15, 2013	2.05	100,000,000	100,000,000
2009A due February 1, 2026	0.31	25,000,000	25,000,000
2009B due February 1, 2026	0.32	25,000,000	25,000,000
2009C due February 1, 2026	0.32	25,000,000	25,000,000
2009D due February 1, 2026	0.32	25,000,000	25,000,000
2009E due October 1, 2019	5.63	100,000,000	100,000,000
Series 2010 Bonds:			
2010A due June 29, 2014	1.52	50,000,000	-
2010B due June 29, 2016	1.52	50,000,000	-
Total debt		1,333,002,486	1,272,222,726
Current portion of long-term debt		135,797,658	139,966,242
Total long-term debt		\$1,197,204,828	\$1,132,256,484

During 2009, OVEC issued \$100 million variable rate unsecured senior notes (2009A Notes) in private placement, a series of four variable rate tax exempt pollution control bonds (2009A, B, C, and D Bonds), and fixed rate tax exempt pollution control bonds (2009E Bonds). The 2009A, B, C, and D Bonds, in the amount of \$25 million each, were issued in August 2009. In October 2009, the non-amortizing 2009E Bonds were issued in the amount of \$100 million. The 2009A Notes and 2009A, B, C, and D Bonds are non-amortizing issues and pay interest at variable rates. The rates listed above reflect the interest rate in effect at December 31, 2011.

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The 2009 Series A, B, C and D tax exempt pollution control bonds are secured by an irrevocable transferable direct-pay letter of credit, expiring August 12, 2013, issued for the benefit of the owners of the bonds. The interest rate on the bonds are adjusted weekly, and bondholders may require repurchase of the bonds at the time of such interest rate adjustments. OVEC has entered into an agreement to provide for the remarketing of the bonds if such repurchase is required. The 2009A Series Bonds are current, as they are callable at any time.

All of the OVEC amortizing senior notes have maturities scheduled for February 15, 2026, except those extended to 2040, as noted in the previous table. The \$100 million non-amortizing senior note will mature on February 15, 2013, with the principal amount due on that date. The tax exempt variable rate pollution control bonds all mature on February 1, 2026, with the aggregate \$100 million principal amount due on that date. The tax exempt fixed rate pollution control bonds mature on October 1, 2019, with an amount of \$100 million principal due on that date. In December 2010, OVEC established a borrowing facility under which OVEC borrowed, in 2011, \$100 million variable rate bonds due February 1, 2040. In June 2011, the \$100 million variable rate bonds were issued as two \$50 million pollution control revenue bonds (Series 2010A and 2010B) in a short-term bank arrangement for three years and five years, respectively.

The annual maturities of long-term debt as of December 31, 2011, are as follows:

2012	\$ 35,797,658
2013	138,009,114
2014	90,357,739
2015	42,852,093
2016	95,401,265
2017-2040	<u>930,584,617</u>
Total	<u>\$1,333,002,486</u>

8. INCOME TAXES

OVEC and IKEC file a consolidated federal income tax return. The effective tax rate varied from the statutory federal income tax rate due to differences between the book and tax treatment of various transactions as follows:

	2011	2010
Income tax expense at 35% statutory rate	\$1,232,599	\$1,032,999
State income taxes net of federal benefit	(181,531)	(106,060)
Temporary differences flowed through to customer bills	(228,753)	(225,190)
Permanent differences and other	<u>29,293</u>	<u>74,867</u>
Income tax provision	<u>\$ 851,608</u>	<u>\$ 776,616</u>
Effective tax rate	<u>24.2 %</u>	<u>26.3 %</u>

Components of the income tax provision were as follows:

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	2011	2010
Current income tax expense	\$ 5,004,517	\$(13,471,404)
Deferred income tax expense	<u>(4,152,909)</u>	<u>14,248,020</u>
Total income tax provision	<u>\$ 851,608</u>	<u>\$ 776,616</u>

OVEC and IKEC record deferred tax assets and liabilities based on differences between book and tax basis 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 consolidating balance sheets consist primarily of the net deferred taxes on depreciation, postretirement benefits obligation, asset retirement obligations, regulatory assets and regulatory liabilities.

To the extent that the Companies have not reflected credits in customer billings for deferred tax assets, they have recorded a regulatory liability representing income taxes refundable to customers under the applicable agreements among the parties. The liability was \$40,284,930 at December 31, 2011 and \$43,207,303 at December 31, 2010.

Deferred income tax assets (liabilities) consisted of the following at December 31, 2011 and 2010:

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	2011	2010
Deferred tax assets:		
Deferred revenue — advances for construction	\$ 10,967,289	\$ 5,054,015
AMT credit carryforwards	2,574,572	983,893
Postretirement benefit obligation	27,328,379	11,358,448
Pension liability	16,511,400	8,439,542
Postemployment benefit obligation	851,254	1,051,181
Asset retirement obligations	6,989,207	11,213,983
Miscellaneous accruals	2,833,433	2,696,520
Regulatory liability — postretirement benefits	-	11,432,686
Regulatory liability — investment tax credits	1,197,184	1,205,506
Regulatory liability — net antitrust settlement	643,527	648,000
Regulatory liability — asset retirement costs	3,743,665	-
Regulatory liability — income taxes refundable to customers	<u>14,613,570</u>	<u>17,025,284</u>
Total deferred tax assets	<u>88,253,480</u>	<u>71,109,058</u>
Deferred tax liabilities:		
Prepaid expenses	(587,327)	(594,319)
Electric plant	(19,226,351)	(14,586,719)
Unrealized gain/loss on marketable securities	(3,453,921)	(1,751,211)
Regulatory asset — postretirement benefits	(1,051,631)	-
Regulatory asset — pension benefits	(17,966,797)	(8,439,542)
Regulatory asset — unrecognized postemployment benefits	(851,254)	(1,051,181)
Regulatory asset — asset retirement costs	<u>-</u>	<u>(800,423)</u>
Total deferred tax liabilities	<u>(43,137,281)</u>	<u>(27,223,395)</u>
Deferred income tax assets (liabilities)	<u>\$ 45,116,199</u>	<u>\$ 43,885,663</u>
Current deferred income taxes	\$ 13,213,395	\$ 7,141,504
Non-current deferred income taxes	31,902,804	36,744,159

The accounting guidance for Income Taxes addresses the determination of whether the tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Companies may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Companies have not identified any uncertain tax positions as of December 31, 2011 and 2010, and accordingly, no liabilities for uncertain tax positions have been recognized.

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (the PPAC Act). The PPAC Act is a comprehensive health care reform bill that includes revenue-raising provisions of nearly \$400 billion over 10 years through tax increases on high-income individuals, excise taxes on high-cost group health plans and new fees on selected health-care-related industries. In addition, on March 30, 2010, President Obama signed into law the reconciliation measure, which modifies certain provisions of the PPAC Act.

An employer offering retiree prescription drug coverage that is at least as valuable as Medicare Part D coverage is

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currently entitled to a federal retiree drug subsidy. Employers can currently claim a deduction for the entire cost of providing the prescription drug coverage even though a portion of the cost is offset by the subsidy they receive. However, the PPAC Act repealed the current rule permitting a deduction of the portion of the drug coverage expense that is offset by the Medicare Part D subsidy. This provision of the PPAC Act as modified by the reconciliation measure is effective for taxable years beginning after December 31, 2012.

During 2011, the passage of the PPAC Act resulted in a reduction of the postemployment benefits deferred tax asset of approximately \$150,000 and a reduction to the related regulatory liability (income taxes refundable to customers) of approximately \$150,000.

The Companies file income tax returns with the Internal Revenue Service and the states of Ohio, Indiana and the Commonwealth of Kentucky. The Companies are no longer subject to federal tax examinations for tax years 2007 and earlier. The Companies are currently under audit by the Internal Revenue Service for the tax year ending December 31, 2009. The Companies are no longer subject to state of Indiana tax examinations for tax years 2007 and earlier. The Companies are no longer subject to Ohio and the Commonwealth of Kentucky examinations for tax years 2006 and earlier.

9. PENSION PLAN, OTHER POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

The Companies have a noncontributory qualified defined benefit pension plan (the Pension 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 Pension Plan after five years of service with the Companies.

Funding for the Pension 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 consolidating financial statements. The allocated amounts represent approximately a 56% and 44% split for OVEC and IKEC, respectively, as of December 31, 2011 and 2010. The Pension Plan's assets as of December 31, 2011 consist of investments in equity and debt securities.

In addition to the Pension Plan, the Companies provide certain health care and life insurance benefits (Other Postretirement 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. In January 2011, the Companies established an IRC Section 401(h) account under the Pension Plan.

All of the trust funds' investments for the pension and postemployment benefit plans are diversified and managed in compliance with all laws and regulations. Management regularly reviews the actual asset allocation and periodically rebalances the investments to targeted allocation when appropriate. The investments are reported at fair value under the Fair Value Measurements and Disclosures accounting guidance.

All benefit plan assets are invested in accordance with each plan's investment policy. The investment policy outlines the investment objectives, strategies and target asset allocations by plan. Benefit plan assets are reviewed on a formal basis each quarter by the OVEC/IKEC Qualified Plan Trust Committee.

The investment philosophies for the benefit plans support the allocation of assets to minimize risks and optimize net

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returns.

Investment strategies include:

- Maintaining a long-term investment horizon.
- Diversifying assets to help control volatility of returns at acceptable levels.
- Managing fees, transaction costs and tax liabilities to maximize investment earnings.
- Using active management of investments where appropriate risk/return opportunities exist.
- Keeping portfolio structure style-neutral to limit volatility compared to applicable benchmarks.

The target asset allocation for each portfolio is as follows:

Pension Plan Assets	Target
Domestic equity	15.0 %
International and global equity	15.0
Fixed income	70.0

VEBA Plan Assets	Target
Domestic equity	20.0 %
International and global equity	20.0
Fixed income	57.0
Cash	3.0

Each benefit plan contains various investment limitations. These limitations are described in the investment policy statement and detailed in customized investment guidelines or documented by mutual fund prospectus. These investment guidelines require appropriate portfolio diversification and define security concentration limits. Each investment manager's portfolio is compared to an appropriate diversified benchmark index.

Equity investment limitations:

- No security in excess of 5% of all equities.
- Cash equivalents must be less than 10% of each investment manager's equity portfolio.
- Individual securities must be less than 15% of each manager's equity portfolio.
- No investment in excess of 5% of an outstanding class of any company.
- No securities may be bought or sold on margin or other use of leverage.
- As otherwise defined by fund prospectus.

Fixed Income Limitations — As of December 31, 2011, the Pension Plan fixed income allocation consists of managed accounts comprised of U.S. Government, corporate and municipal obligations. The VEBA benefit plans' fixed income allocation is comprised of a variety of fixed income managed accounts and mutual funds. Investment limitations for these fixed income funds are defined by manager prospectus.

Cash Limitations — Cash and cash equivalents are held in each trust to provide liquidity and meet short-term cash needs. Cash equivalent funds are used to provide diversification and preserve principal. The underlying holdings in the cash funds are investment grade money market instruments including money market mutual funds, certificates of deposit, treasury bills and other types of investment grade short-term debt securities. The cash funds are valued each business day and provide daily liquidity. Projected Pension Plan and Other Postretirement Benefits obligations and

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funded status as of December 31, 2011 and 2010 are as follows:

	Pension Plan		Other Postretirement Benefits	
	2011	2010	2011	2010
Change in projected benefit obligation:				
Projected benefit obligation — beginning of year	\$150,799,587	\$182,464,568	\$123,680,352	\$113,332,841
Service cost	5,235,212	4,881,471	4,318,132	3,792,611
Interest cost	7,862,149	10,516,131	6,727,007	6,749,106
Plan participants' contributions	-	-	846,824	752,175
Benefits paid	(3,142,434)	(8,633,587)	(4,937,587)	(4,415,967)
Net actuarial loss	31,589,560	22,453,315	40,723,781	3,447,584
Medicare subsidy	-	-	507,614	22,002
Settlement	-	(60,789,221)	-	-
Expenses paid from assets	(49,916)	(93,090)	-	-
Projected benefit obligation — end of year	<u>192,294,158</u>	<u>150,799,587</u>	<u>171,866,123</u>	<u>123,680,352</u>
Change in fair value of plan assets:				
Fair value of plan assets — beginning of year	127,044,744	174,632,863	92,356,147	81,894,142
Actual return on plan assets	11,418,969	15,602,779	288,095	9,362,005
Expenses paid from assets	(49,916)	(93,090)	-	-
Employer contributions	6,100,000	6,325,000	5,891,110	4,741,790
Plan participants' contributions	-	-	846,824	752,175
Medicare subsidy	-	-	503,422	22,002
Settlement	-	(60,789,221)	-	-
Benefits paid	(3,142,434)	(8,633,587)	(4,937,587)	(4,415,967)
Fair value of plan assets — end of year	<u>141,371,363</u>	<u>127,044,744</u>	<u>94,948,011</u>	<u>92,356,147</u>
(Underfunded) status — end of year	<u>\$ (50,922,795)</u>	<u>\$ (23,754,843)</u>	<u>\$ (76,918,112)</u>	<u>\$ (31,324,205)</u>

See Footnote 1 for information regarding regulatory assets related to the pension plan and other postretirement benefits plan.

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' employer contributions for Other Postretirement Benefits in the above table are net of subsidies received of \$503,422 and \$22,002 for 2011 and 2010, respectively. The Companies have accounted for the subsidy as a reduction of the benefit obligation detailed in the above table. The benefit obligation was reduced by approximately \$0.5 million and \$13.6 million as of December 31, 2011 and 2010, respectively. Refer to the Income Taxes footnote (Note 8) for changes in the tax law surrounding the new health care bill.

The accumulated benefit obligation for the Pension Plan was \$154,437,821 and \$121,427,105 at December 31, 2011

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and 2010, respectively.

Components of Net Periodic Benefit Cost — The Companies record the expected cost of Other Postretirement Benefits over the service period during which such benefits are earned.

Pension expense is recognized as amounts are contributed to the Pension Plan and billed to customers. The accumulated difference between recorded pension expense and the yearly net periodic pension expense, as calculated under the accounting guidance for Compensation — Retirement Benefits, is billable as a cost of operations under the ICPA when contributed to the pension fund. This accumulated difference has been recorded as a regulatory asset in the accompanying consolidating balance sheets.

	Pension Plan		Other Postretirement Benefits	
	2011	2010	2011	2010
Service cost	\$ 5,235,212	\$ 4,881,471	\$ 4,318,132	\$ 3,792,611
Interest cost	7,862,149	10,516,131	6,727,007	6,749,106
Expected return on plan assets	(7,693,957)	(10,382,188)	(5,282,524)	(4,702,519)
Amortization of prior service cost	189,437	190,437	(379,000)	(379,000)
Recognized actuarial loss	-	-	(133,988)	(248,323)
Net periodic benefit cost	5,592,841	5,205,851	5,249,627	5,211,875
Settlement expense	-	7,896,655	-	-
Total benefit cost	<u>\$ 5,592,841</u>	<u>\$ 13,102,506</u>	<u>\$ 5,249,627</u>	<u>\$ 5,211,875</u>
Pension and other postretirement benefits expense recognized in the consolidating statement of income and retained earnings and billed to Sponsoring Companies under the ICPA	<u>\$ 6,100,000</u>	<u>\$ 6,325,000</u>	<u>\$ 4,908,485</u>	<u>\$ 4,915,000</u>

The following table presents the classification of Pension Plan assets within the fair value hierarchy at December 31, 2011 and 2010:

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	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2011			
Domestic equity	\$21,716,581	\$ -	\$ -
International and global equity	14,047,289	6,902,062	-
Cash and cash equivalents	5,302,174	-	-
U.S. Treasury Security	-	<u>93,403,257</u>	-
Total fair value	<u>\$41,066,044</u>	<u>\$100,305,319</u>	<u>\$ -</u>
2010			
Domestic equity	\$18,415,260	\$ -	\$ -
International and global equity	19,491,321	-	-
Cash and cash equivalents	12,702,017	-	-
U.S. Treasury Security	-	<u>76,436,146</u>	-
Total fair value	<u>\$50,608,598</u>	<u>\$ 76,436,146</u>	<u>\$ -</u>

The following table presents the classification of VEBA assets within the fair value hierarchy at December 31, 2011 and 2010:

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	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2011			
Domestic equity	\$19,752,467	\$ -	\$ -
International and global equity	31,865,804	-	-
Fixed income mutual funds	37,880,252	-	-
Cash and cash equivalents	<u>5,449,488</u>	<u>-</u>	<u>-</u>
Total fair value	<u>\$94,948,011</u>	<u>\$ -</u>	<u>\$ -</u>
2010			
Domestic equity	\$20,332,914	\$ -	\$ -
International and global equity	19,281,036	-	-
Fixed income mutual funds	50,194,485	-	-
Cash and cash equivalents	<u>2,547,712</u>	<u>-</u>	<u>-</u>
Total fair value	<u>\$92,356,147</u>	<u>\$ -</u>	<u>\$ -</u>

Pension Plan and Other Postretirement Benefit Assumptions — Actuarial assumptions used to determine benefit obligations at December 31, 2011 and 2010, were as follows:

	Pension Plan		Other Postretirement Benefits	
	2011	2010	2011	2010
Discount rate	4.40 %	5.50 %	4.40 %	5.50 %
Rate of compensation increase	4.00	4.00	4.00	4.00

Actuarial assumptions used to determine net periodic benefit cost for the years ended December 31, 2011 and 2010, were as follows:

	Pension Plan		Other Postretirement Benefits	
	2011	2010	2011	2010
Discount rate	5.50 %	5.90 %	5.50 %	6.00 %
Expected long-term return on plan assets	6.00	6.00	5.60	5.60
Rate of compensation increase	4.00	4.00	N/A	N/A

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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 Pension Plan and VEBA trusts' asset allocation, as well as the target asset allocations for the future, and the expected returns likely to be earned over the life of the Pension Plan and the VEBAs.

Assumed health care cost trend rates at December 31, 2011 and 2010, were as follows:

	2011	2010
Health care trend rate assumed for next year — participants under 65	8.50 %	9.00 %
Health care trend rate assumed for next year — participants over 65	8.50	9.00
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) — participants under 65	5.00	5.00
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) — participants over 65	5.00	5.00
Year that the rate reaches the ultimate trend rate	2019	2019

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on total service and interest cost	\$ 2,058,960	\$ (1,597,143)
Effect on postretirement benefit obligation	31,971,731	(24,755,070)

Pension Plan and Other Postretirement Benefit Assets — The asset allocation for the Pension Plan and VEBA trusts at December 31, 2011 and 2010, by asset category was as follows:

Asset category:	Pension Plan		VEBA Trusts	
	2011	2010	2011	2010
Equity securities	30 %	30 %	41 %	43 %
Debt securities	70	70	59	57

Pension Plan and Other Postretirement Benefit Contributions — The Companies expect to contribute \$5,500,000 to their Pension Plan and \$6,764,577 to their Other Postretirement Benefits plan in 2012.

Estimated Future Benefit Payments — The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

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Years Ending December 31	Pension Plan	Other Postretirement Benefits	
		With Medicare Subsidy	Without Medicare Subsidy
2012	\$ 3,661,239	\$ 4,331,365	\$ 4,869,422
2013	4,173,033	4,603,110	4,603,110
2014	4,805,605	5,016,874	5,016,874
2015	5,555,671	5,424,186	5,424,186
2016	6,451,081	5,967,916	5,967,916
Five years thereafter	46,852,798	37,853,074	37,853,074

Postemployment Benefits — The Companies follow the accounting guidance in Compensation — Non-Retirement 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 consolidating financial statements. The allocated amounts represent approximately a 46% and 54% split between OVEC and IKEC, respectively, as of December 31, 2011, and approximately a 52% and 48% split between OVEC and IKEC, respectively, as of December 31, 2010. 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 \$2,412,685 and \$2,958,768 at December 31, 2011 and 2010, respectively.

Defined Contribution Plan — The Companies have a trustee-defined contribution supplemental pension and savings plan that includes 401(k) features and is available to employees who have met eligibility requirements. The Companies' contributions to the savings plan equal 100% of the first 1% and 50% of the next 5% of employee-participants' contributions. 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 2011 and 2010 were \$1,804,270 and \$1,744,254, respectively.

10. ENVIRONMENTAL MATTERS

The Title IV Acid Rain provisions of the 1990 Clean Air Act Amendments (CAAA) required the Companies to reduce sulfur dioxide (SO₂) 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 SO₂ allowances. The cost of these purchased allowances has been inventoried and included on an average cost basis in the cost of fuel consumed when used. The cost of unused allowances at December 31, 2011 and 2010, was \$28,519 and \$641,329, respectively.

Title IV of the 1990 CAAA also required the Companies to comply with a nitrogen oxides (NO_x) 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_x State Implementation Plan (SIP) Call regulations that required further significant NO_x emission reductions for coal-burning power plants during the ozone control period. The Companies installed selective catalytic reduction (SCR) systems on ten of their eleven units to comply

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with these rules. The total capital cost of the ten SCR systems was approximately \$355 million.

On March 10, 2005, the United States Environmental Protection Agency (U.S. EPA) issued the Clean Air Interstate Rule (CAIR) that required further significant reductions of SO₂ and NO_x emissions from coal-burning power plants. On March 15, 2005, the U.S. EPA also issued the Clean Air Mercury Rule (CAMR) that required significant mercury emission reductions for coal-burning power plants. These emission reductions were required in two phases: 2009 and 2015 for NO_x; 2010 and 2015 for SO₂; and 2010 and 2018 for mercury. Ohio and Indiana subsequently finalized their respective versions of CAIR and CAMR. In response, the Companies determined that it would be necessary to install flue gas desulfurization (FGD) systems at both plants to comply with these new rules. Following completion of the necessary engineering and permitting, construction was started on the new FGD systems.

In February 2008, the D.C. Circuit Court of Appeals issued a decision which vacated the federal CAMR and remanded the rule to the U.S. EPA with a determination that the rule be rewritten under the maximum achievable control technologies (MACT) provision of Section 112(d) of the Clean Air Act (CAA). A group of electric utilities and the U.S. EPA requested a rehearing of the decision, which was denied by the Court. Following those denials, both the group of electric utilities and the U.S. EPA requested that the U.S. Supreme Court hear the case. However, in February 2009, the U.S. EPA withdrew its request and the group of utilities' request was denied. These actions left the original court decision in place, which vacated the federal CAMR and remanded the rule to the U.S. EPA, with a determination that the rule be rewritten under the MACT provision of Section 112(d) of the CAA. The U.S. EPA has subsequently written a replacement rule for the regulation of coal-fired utility emissions of mercury and other hazardous air pollutants. This replacement rule was published in the Federal Register on February 16, 2012, and it is referred to as the Mercury and Air Toxics Standards (or MATS) rule. The rule will become final 60 days after the February 16, 2012 publication date, and OVEC-IKEC must be in compliance by April 15, 2015 (absent qualifying for and securing a one-year extension from the state regulatory agencies).

In July 2008, the D.C. Circuit Court of Appeals issued a decision that vacated the federal CAIR and remanded the rule to the U.S. EPA. In September 2008, the U.S. EPA, a group of electric utilities and other parties filed petitions for a rehearing. In December 2008, the D.C. Circuit Court of Appeals granted the U.S. EPA's petition and remanded the rule to the U.S. EPA without vacatur, allowing the federal CAIR to remain in effect while a new rule was developed and promulgated. Following the remand, the U.S. EPA promulgated a replacement rule to CAIR. This new rule is called the Cross-State Air Pollution Rule (CSAPR) and was issued on July 6, 2011. It was scheduled to go into effect on January 1, 2012; however, on December 30, 2011, the D.C. Circuit Court issued an indefinite "stay" of the CSAPR until the Court considers the numerous state, trade association and industry petitions filed to have the rule either stayed or reviewed. The Court also instructed the U.S. EPA to keep CAIR in place while they consider the numerous petitions. Should this rule ultimately be upheld, it will require even further significant reductions of SO₂ and NO_x emissions from coal-burning power plants in designated states primarily east of the Mississippi River. The emissions reductions mandated by the U.S. EPA under CSAPR are more stringent than those under CAIR. Further, the initial phase of reductions were originally scheduled to be achieved beginning January 1, 2012, with a second phase of reductions that were to begin January 1, 2014.

Since the issuance of the CSAPR stay, the D.C. Circuit Court issued an order defining the briefing schedule and then issued a separate order setting the date of April 13, 2012, for oral arguments. Management cannot predict the outcome of the Court's actions or their impact on the Companies' financial position, income from operations, or cash flows.

In December 2008, the Boards of Directors of the Companies authorized a delay in construction of the FGD at the Clifty Creek plant of at least 18 months due to economic uncertainty in the capital markets.

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In March 2009, the Boards of Directors also authorized a delay in the tie-in of the FGD systems of all five generating units at the Kyger Creek plant pending an investigation into the structural integrity of the internal components of two newly constructed jet bubbling reactors (JBRs), which are major components of the FGD system. Extensive studies were conducted relating to this design issue, which affected the FGD construction projects at both the Kyger Creek and Clifty Creek plants, and as a result, the Boards of Directors authorized a complete redesign and replacement of the JBR internal components to resolve this structural integrity issue.

In December 2010, the Boards of Directors authorized the completion of the FGD construction projects at the Kyger Creek and Clifty Creek plants with the redesign and replacement of the JBR internal components. The Kyger Creek plant FGD system is expected to be fully operational by the end of the second quarter of 2012 and the Clifty Creek plant FGD system is expected to be fully operational by the end of the second quarter of 2013. One of the two FGD systems at Kyger Creek began successful operations in November 2011. The second FGD at Kyger Creek began operating in the first quarter of 2012.

Additional SO₂ and NO_x allowances were purchased to operate the Kyger Creek and Clifty Creek generating units to comply with the reinstated CAIR environmental emission rules during the 2011 compliance period. Additional SO₂ and NO_x allowances will be purchased to operate Clifty Creek in 2012. Management does not anticipate the need to purchase additional allowances for Kyger Creek in 2012.

Once all four FGD systems are fully operational, OVEC expects to have adequate SO₂ allowances available without having to rely on market purchases if the CSAPR are upheld in their current form; however, additional NO_x controls may be necessary for Clifty Creek Unit 6 beyond 2014. In addition, management expects that with the SCRs and FGD systems fully functional, that OVEC will also be able to meet the emissions requirements outlined in the MATS rule by the 2015 compliance deadline.

The total cost to complete the new Kyger Creek and Clifty Creek FGD systems and the associated landfills is currently estimated not to exceed \$1.35 billion, including the amounts expended to date and included in construction in progress in the accompanying balance sheets.

On November 6, 2009, the Companies received a Section 114 Information Request from the U.S. EPA. The stated purpose of the information request was for the U.S. EPA to obtain the necessary information to determine if the Kyger Creek and Clifty Creek plants have been operating in compliance with the federal CAA. Attorneys for the Companies subsequently contacted the U.S. EPA and established a schedule for submission of the requested information. Based on this schedule, all requested information was submitted to the U.S. EPA by March 8, 2010.

OVEC-IKEC received a letter dated December 21, 2011 from the U.S. EPA requesting follow-up information. Specifically, the U.S. EPA asked for an update on the status of the FGD scrubber projects at both plants, as well as additional information on any other new emissions controls that either have been installed or are planned for installation since the last submittal filed by the Companies on March 8, 2010. This information was prepared and filed with the U.S. EPA in January 2012. As of this date, OVEC has had no further contact with the U.S. EPA related to either the original data submittal or the supplemental data filing made earlier this year.

11. FAIR VALUE MEASUREMENTS

The accounting guidance for Financial Instruments requires disclosure of the fair value of certain financial instruments. The estimates of fair value under this guidance require the application of broad assumptions and estimates. Accordingly, any actual exchange of such financial instruments could occur at values significantly different from the amounts disclosed. As cash and cash equivalents, current receivables, current payables, and line

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NOTES TO FINANCIAL STATEMENTS (Continued)			

of credit borrowings are all short term in nature, their carrying amounts approximate fair value.

As of December 31, 2011 and 2010, the Companies held certain assets that are required to be measured at fair value on a recurring basis. These consist of investments recorded within special deposits and long-term investments. The investments consist of money market mutual funds, equity mutual funds and fixed income municipal securities. Changes in the observed trading prices and liquidity of money market funds are monitored as additional support for determining fair value, and unrealized gains and losses are recorded in earnings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Companies believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Long-Term Investments — Assets measured at fair value on a recurring basis at December 31, 2011 and 2010, were as follows:

	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2011			
Equity mutual funds	\$17,515,143	\$ -	\$ -
Fixed income municipal securities	-	86,556,577	-
Cash and cash equivalents	<u>2,105,486</u>	<u>-</u>	<u>-</u>
Total fair value	<u>\$19,620,629</u>	<u>\$86,556,577</u>	<u>\$ -</u>
2010			
Equity mutual funds	\$18,550,343	\$ -	\$ -
Fixed income municipal securities	-	66,827,187	-
Cash and cash equivalents	<u>1,977,635</u>	<u>-</u>	<u>-</u>
Total fair value	<u>\$20,527,978</u>	<u>\$66,827,187</u>	<u>\$ -</u>

Long-Term Debt — The fair values of the senior notes and fixed rate bonds were estimated using discounted cash flow analyses based on current incremental borrowing rates for similar types of borrowing arrangements. These fair values are not reflected in the balance sheet.

The fair values and recorded values of the senior notes, fixed and variable rate bonds as of December 31, 2011 and 2010, are as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)

	2011		2010	
	Fair Value	Recorded Value	Fair Value	Recorded Value
Senior 2006 Notes	\$ 346,562,704	\$ 306,042,656	\$ 399,815,254	\$ 383,920,928
2006 Notes Extended	71,775,275	62,035,673	N/A	N/A
Senior 2007 Notes	238,414,890	209,264,364	280,247,003	266,471,004
2007 Notes Extended	54,417,306	46,682,085	N/A	N/A
Senior 2008 Notes	259,006,749	218,668,424	361,514,174	321,830,794
2008 Notes Extended	109,748,707	90,309,284	N/A	N/A
Senior 2009A Notes	98,520,000	100,000,000	100,100,000	100,000,000
2009A Bonds	25,000,000	25,000,000	25,000,000	25,000,000
2009B Bonds	25,000,000	25,000,000	25,000,000	25,000,000
2009C Bonds	25,000,000	25,000,000	25,000,000	25,000,000
2009D Bonds	25,000,000	25,000,000	25,000,000	25,000,000
2009E Bonds	110,750,000	100,000,000	102,650,000	100,000,000
2010A&B Bonds	100,000,000	100,000,000	-	-
Total	\$1,489,195,631	\$1,333,002,486	\$1,344,326,431	\$1,272,222,726

12. 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 the IKEC generating stations. OVEC has railcar lease agreements that extend to as long as December 31, 2025, with options to exit the leases under certain conditions. The amount in property under capital leases is \$1,605,439 with accumulated depreciation of \$141,434 and \$26,036 as of December 31, 2011 and 2010, respectively. OVEC also has various other operating leases with other property and equipment.

Future minimum lease payments for capital and operating leases at December 31, 2011, are as follows:

Years Ending December 31	Operating	Capital
2012	\$ 3,304,075	\$ 369,521
2013	3,247,470	362,696
2014	3,265,748	354,323
2015	3,072,279	209,825
2016	2,293,032	55,121
Thereafter	16,597,980	546,617
Total future minimum lease payments	\$31,780,584	1,898,103
Less estimated interest element		535,962
Estimated present value of future minimum lease payments		\$1,362,141

The annual operating lease cost incurred was \$3,435,766 and \$4,785,133 for 2011 and 2010, respectively, and the annual capital lease cost incurred was \$138,376 and \$19,600 for 2011 and 2010, respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

13. COMMITMENTS AND CONTINGENCIES

The Companies are party to 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.

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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 (h) 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)	678,528,667	678,528,667
4	Property Under Capital Leases	747,492	747,492
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	679,276,159	679,276,159
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	508,781,113	508,781,113
12	Acquisition Adjustments		
13	Total Utility Plant (8 thru 12)	1,188,057,272	1,188,057,272
14	Accum Prov for Depr, Amort, & Depl	563,785,911	563,785,911
15	Net Utility Plant (13 less 14)	624,271,361	624,271,361
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	563,785,911	563,785,911
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)	563,785,911	563,785,911
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)	563,785,911	563,785,911

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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
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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	1,129,193	
9	(311) Structures and Improvements	85,976,708	1,686,737
10	(312) Boiler Plant Equipment	448,885,226	6,060,174
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units	60,752,004	2,544,391
13	(315) Accessory Electric Equipment	30,902,323	245,639
14	(316) Misc. Power Plant Equipment	15,030,121	964,949
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	642,675,575	11,501,890
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)	642,675,575	11,501,890

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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
			1,129,193	8
163,497			87,499,948	9
1,731,966			453,213,434	10
				11
230,146			63,066,249	12
124,091			31,023,871	13
460,002			15,535,068	14
				15
2,709,702			651,467,763	16
				17
				18
				19
				20
				21
				22
				23
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2,709,702			651,467,763	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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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	750,806	
50	(353) Station Equipment	20,775,069	285,155
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)	26,506,605	285,155
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	62,445	
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	967,480	
95	(398) Miscellaneous Equipment		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	1,051,439	
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)	1,051,439	
100	TOTAL (Accounts 101 and 106)	670,241,259	11,787,045
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)	670,241,259	11,787,045

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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
			750,806	49
42,443			21,017,781	50
			2,483,460	51
				52
			2,320,331	53
				54
				55
				56
				57
42,443			26,749,317	58
				59
				60
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				65
				66
				67
				68
				69
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				81
				82
				83
				84
				85
			4,946	86
			14,633	87
			62,445	88
				89
			396	90
				91
			910	92
			629	93
			967,480	94
				95
			1,051,439	96
				97
				98
			1,051,439	99
2,752,145			679,276,159	100
				101
				102
				103
2,752,145			679,276,159	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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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 \$1,000,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	Flue Gas Desulfurization Project	467,028,466
2	Flue Gas Desulfurization Landfill Project	18,253,442
3	Out of Period Estimate	8,264,201
4	Two Aux. Transformers	6,319,793
5	Unit #5 Primary Furnance Sidewall	2,717,238
6	SO3 Mitigation Process	936,990
7	Unit #5 Slope Tubes	879,944
8	Traveling Screens (4E, 3W)	552,261
9	Unit #4 Retube & Header	528,481
10	DCS Upgrade	454,341
11	Manlift Station #5 Coal	408,494
12	Unit #2 Sidewall & Header - Material	355,093
13	Line Protection	274,995
14	Unit #2 Slope Floor & Screen	267,877
15	Unit #45 Motor Control Centers	256,680
16	Unit #5 Two Clinker Grinders	183,023
17	Unit #6 Sidewall Tubes - Material	150,963
18	Traps, Tuners, and Transformers	136,087
19	Unit #2 Motor Control Center	128,340
20	Unit #4 Slope Floor & Screen - Material	100,684
21		
22	Projects Less Than \$100,000	583,720
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
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42		
43	TOTAL	508,781,113

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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	550,669,609	550,669,609		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	16,858,415	16,858,415		
4	(403.1) Depreciation Expense for Asset Retirement Costs	1,218,606	1,218,606		
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)	18,077,021	18,077,021		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	1,252,144	1,252,144		
13	Cost of Removal	237,173	237,173		
14	Salvage (Credit)	73,046	73,046		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	1,416,271	1,416,271		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17	Change in RWIP, Deferred Depreciation	-3,544,448	-3,544,448		
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	563,785,911	563,785,911		

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

20	Steam Production	540,711,563	540,711,563		
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission	22,201,659	22,201,659		
26	Distribution				
27	Regional Transmission and Market Operation				
28	General	872,689	872,689		
29	TOTAL (Enter Total of lines 20 thru 28)	563,785,911	563,785,911		

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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)	37,326,080	54,282,832	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)	9,877,317	13,188,243	Electric
8	Transmission Plant (Estimated)	304,888	309,350	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)	10,182,205	13,497,593	
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)			Electric
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	47,508,285	67,780,425	

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. 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.
4. 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).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year		2012	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	5,000.00			
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	25,196.00		25,196.00	
5	Returned by EPA	92.00		92.00	
6					
7					
8	Purchases/Transfers:				
9	SO2 Transfers from OVEC	46,799.00	455,945		
10					
11					
12					
13					
14					
15	Total	46,799.00	455,945		
16					
17	Relinquished During Year:				
18	Charges to Account 509	74,086.00	455,945		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	3,001.00		25,288.00	
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				
37	Add: Withheld by EPA	733.00		773.00	
38	Deduct: Returned by EPA				
39	Cost of Sales	733.00			
40	Balance-End of Year			773.00	
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)	733.00	27,551		
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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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.

2013		2014		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
						5,000.00		1
								2
								3
25,196.00		25,196.00		377,940.00		478,724.00		4
92.00		92.00		1,380.00		1,748.00		5
								6
								7
								8
						46,799.00	455,945	9
								10
								11
								12
								13
								14
						46,799.00	455,945	15
								16
								17
						74,086.00	455,945	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
25,288.00		25,288.00		379,320.00		458,185.00		29
								30
								31
								32
								33
								34
								35
								36
773.00		773.00		19,003.00		22,055.00		37
								38
						733.00		39
773.00		773.00		19,003.00		21,322.00		40
								41
								42
								43
				728.00	1,513	1,461.00	29,064	44
								45
								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) 12/31/2011	Year/Period of Report End of 2011/Q4
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Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. 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.
4. 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).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year		2012	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	2,496.00			
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	9,313.00		9,313.00	
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9	Transferred from OVEC	5,834.00	31,827		
10					
11					
12					
13					
14					
15	Total	5,834.00	31,827		
16					
17	Relinquished During Year:				
18	Charges to Account 509	15,656.00	31,827		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	1,987.00		9,313.00	
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				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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.

2013		2014		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
						2,496.00		1
								2
								3
	9,313.00		9,313.00		9,313.00		46,565.00	4
								5
								6
								7
								8
						5,834.00	31,827	9
								10
								11
								12
								13
								14
						5,834.00	31,827	15
								16
								17
						15,656.00	31,827	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
	9,313.00		9,313.00		9,313.00		39,239.00	29
								30
								31
								32
								33
								34
								35
								36
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								44
								45
								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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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 \$100,000 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	10,618,414	11,583,925			22,202,339
3						
4	Unrecognized Postemployment Benefit Exp.					
5	per SFAS 112	1,429,789		228-30	126,646	1,303,143
6						
7	Asset Retirement Costs	1,977,532	3,255,434	403-15	5,232,966	
8						
9	Other Postretirement Benefits		15,762,985			15,762,985
10						
11	Income Taxes Billable to Sponsors		60,458			60,458
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL	14,025,735	30,662,802		5,359,612	39,328,925

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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CAPITAL STOCKS (Account 201 and 204)

1. 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.

2. 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				
13				
14				
15				
16				
17				
18				
19				
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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) 12/31/2011	Year/Period of Report End of 2011/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.
Shares (e)	Amount (f)	AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
		Shares (g)	Cost (h)	Shares (i)	Amount (j)	
17,000	3,400,000					1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
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						24
						25
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						27
						28
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						39
						40
						41
						42

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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		
37		
38		
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42		
43		
44		

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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	201,759		2,034,400	2,022,294	
3	Unemployment	14,071		42,811	30,079	
4	SUBTOTAL	215,830		2,077,211	2,052,373	
5						
6	INDIANA:					
7	Unemployment	12,353		18,173	20,819	
8	SUBTOTAL	12,353		18,173	20,819	
9						
10	Income Tax					
11	2008	-34,113			-34,113	
12	2009	-294,556		-148,830	-443,386	
13	2010	328,669		-328,669		
14	2011			60,458		
15	SUBTOTAL			-417,041	-477,499	
16						
17	Property Tax					
18	2010	2,697,838		154,702	2,852,540	
19	2011			2,852,542		
20	SUBTOTAL	2,697,838		3,007,244	2,852,540	
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	2,926,021		4,685,587	4,448,233	

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) 12/31/2011	Year/Period of Report End of <u>2011/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 than 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
213,865		1,822,433			211,967	2
26,803		30,419			12,392	3
240,668		1,852,852			224,359	4
						5
						6
9,707		15,705			2,468	7
9,707		15,705			2,468	8
						9
						10
					58,019	11
		-58,019			-148,830	12
		-213,880			-114,789	13
60,458					60,458	14
60,458		-271,899			-145,142	15
						16
						17
		303,978			-149,276	18
2,852,542		2,852,542				19
2,852,542		3,156,520			-149,276	20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
3,163,375		4,753,178			-67,591	41

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) 12/31/2011	Year/Period of Report 2011/Q4
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 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 basis of payroll distribution.

Schedule Page: 262 Line No.: 7 Column: 1

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

Schedule Page: 262 Line No.: 11 Column: 1

Charged to Account 143.

Schedule Page: 262 Line No.: 12 Column: 1

Charged to Accounts 143 and 926.

Schedule Page: 262 Line No.: 13 Column: 1

Charged to Account 254.

Schedule Page: 262 Line No.: 14 Column: 1

Charged to Account 182.

Schedule Page: 262 Line No.: 20 Column: 1

Charged to Account 143.

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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 \$100,000 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	39,225,710	236-21	240,225	4,215,587	43,201,072
6						
7	Def. Cr.- SO2 Allowances	29,064			2,174	31,238
8						
9	Def. Cr.- Other Postretirement Benefits	5,008,744	234-00	5,008,744		
10						
11	Demolition & Decommission		406-16	14,961	5,211,637	5,196,676
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	45,414,378		5,263,930	9,429,398	49,579,846

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) 12/31/2011	Year/Period of Report End of 2011/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.
- Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

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	328,112,401	290,772,176
12	TOTAL Sales of Electricity	328,112,401	290,772,176
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	328,112,401	290,772,176
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		
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		
27	TOTAL Electric Operating Revenues	328,112,401	290,772,176

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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ELECTRIC OPERATING REVENUES (Account 400)

6. 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.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. 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
7,906,146	7,853,431	1	1	11
7,906,146	7,853,431	1	1	12
				13
7,906,146	7,853,431	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) 12/31/2011	Year/Period of Report End of 2011/Q4
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SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows: RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.

SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.

LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1						
2						
3						
4	Ohio Valley Electric Corporation	OS	FPC 1-B	NA	NA	NA
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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
7,906,146	97,738,336	230,374,065		328,112,401	4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
7,906,146	97,738,336	230,374,065	0	328,112,401	
7,906,146	97,738,336	230,374,065	0	328,112,401	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Indiana-Kentucky Electric Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	12/31/2011	2011/Q4
FOOTNOTE DATA			

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

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 company basis.

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) 12/31/2011	End of <u>2011/Q4</u>
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	1. POWER PRODUCTION EXPENSES				
2	A. Steam Power Generation				
3	Operation				
4	(500) Operation Supervision and Engineering	2,233,373		1,840,931	
5	(501) Fuel	225,368,337		189,851,316	
6	(502) Steam Expenses	6,635,419		6,713,873	
7	(503) Steam from Other Sources				
8	(Less) (504) Steam Transferred-Cr.				
9	(505) Electric Expenses	3,095,565		3,158,003	
10	(506) Miscellaneous Steam Power Expenses	10,343,719		9,361,475	
11	(507) Rents				
12	(509) Allowances	487,773		2,124,764	
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	248,164,186		213,050,362	
14	Maintenance				
15	(510) Maintenance Supervision and Engineering	1,146,894		789,794	
16	(511) Maintenance of Structures	2,745,483		3,020,758	
17	(512) Maintenance of Boiler Plant	30,305,720		32,070,258	
18	(513) Maintenance of Electric Plant	7,436,304		7,601,457	
19	(514) Maintenance of Miscellaneous Steam Plant	1,370,693		1,283,267	
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	43,005,094		44,765,534	
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	291,169,280		257,815,896	
22	B. Nuclear Power Generation				
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	TOTAL Operation (Enter Total of lines 24 thru 32)				
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	TOTAL Maintenance (Enter Total of lines 35 thru 39)				
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)				
42	C. Hydraulic Power Generation				
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	TOTAL Operation (Enter Total of Lines 44 thru 49)				
51	C. Hydraulic Power Generation (Continued)				
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	TOTAL Maintenance (Enter Total of lines 53 thru 57)				
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)				

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) 12/31/2011	Year/Period of Report End of 2011/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)
113	3. REGIONAL MARKET EXPENSES		
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 Exps (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
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	5. CUSTOMER ACCOUNTS EXPENSES		
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) 12/31/2011	Year/Period of Report End of 2011/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	426,004	262,936
182	(921) Office Supplies and Expenses	27,575	21,629
183	(Less) (922) Administrative Expenses Transferred-Credit		
184	(923) Outside Services Employed	1,371,812	1,515,114
185	(924) Property Insurance	921,786	910,442
186	(925) Injuries and Damages	647,381	656,076
187	(926) Employee Pensions and Benefits	10,670,223	10,598,359
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses		
190	(929) (Less) Duplicate Charges-Cr.		-886
191	(930.1) General Advertising Expenses		
192	(930.2) Miscellaneous General Expenses	7,697	5,586
193	(931) Rents		
194	TOTAL Operation (Enter Total of lines 181 thru 193)	14,072,478	13,971,028
195	Maintenance		
196	(935) Maintenance of General Plant		
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	14,072,478	13,971,028
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	305,865,262	272,373,930

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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 Stkhdrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000	7,697
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46	TOTAL	7,697

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) 12/31/2011	Year/Period of Report End of 2011/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	16,858,414				16,858,414
12	TOTAL	16,858,414				16,858,414

B. Basis for Amortization Charges

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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							
13							
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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) 12/31/2011	Year/Period of Report End of <u>2011/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:

- | | | |
|--|--|---|
| <p>A. Electric R, D & D Performed Internally:</p> <p>(1) Generation</p> <p>a. hydroelectric</p> <p> i. Recreation fish and wildlife</p> <p> ii Other hydroelectric</p> <p>b. Fossil-fuel steam</p> <p>c. Internal combustion or gas turbine</p> <p>d. Nuclear</p> <p>e. Unconventional generation</p> <p>f. Siting and heat rejection</p> <p>(2) Transmission</p> | <p>a. Overhead</p> <p>b. Underground</p> <p>(3) Distribution</p> <p>(4) Regional Transmission and Market Operation</p> <p>(5) Environment (other than equipment)</p> <p>(6) Other (Classify and include items in excess of \$50,000.)</p> <p>(7) Total Cost Incurred</p> | <p>B. Electric, R, D & D Performed Externally:</p> <p>(1) Research Support to the electrical Research Council or the Electric Power Research Institute</p> |
|--|--|---|

Line No.	Classification (a)	Description (b)
1	A - (5)	Ohio River Ecological Research Program
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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) 12/31/2011	Year/Period of Report End of 2011/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 \$50,000 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 \$50,000 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)		
		506-130	39,000		1
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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) 12/31/2011	Year/Period of Report End of <u>2011/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)	27,486,870		27,486,870
66	Utility Plant			
67	Construction (By Utility Departments)			
68	Electric Plant	279,182		279,182
69	Gas Plant			
70	Other (provide details in footnote):			
71	TOTAL Construction (Total of lines 68 thru 70)	279,182		279,182
72	Plant Removal (By Utility Departments)			
73	Electric Plant	25,565		25,565
74	Gas Plant			
75	Other (provide details in footnote):			
76	TOTAL Plant Removal (Total of lines 73 thru 75)	25,565		25,565
77	Other Accounts (Specify, provide details in footnote):	161		161
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94				
95	TOTAL Other Accounts	161		161
96	TOTAL SALARIES AND WAGES	27,791,778		27,791,778

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) 12/31/2011	Year/Period of Report 2011/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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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	132	20	1700			2,256		13	
2	February	120	24	2300			2,256		16	
3	March	94	9	100			2,256			
4	Total for Quarter 1	346					6,768		29	
5	April	103	4	1600			2,256			
6	May	90	23	2100			2,256			
7	June	94	9	1100			2,256			
8	Total for Quarter 2	287					6,768			
9	July	96	8	800			2,256			
10	August	84	25	900			2,256			
11	September	87	19	1400			2,256			
12	Total for Quarter 3	267					6,768			
13	October	104	31	1100			2,256			
14	November	106	22	1100			2,256			
15	December	113	27	1200			2,256			
16	Total for Quarter 4	323					6,768			
17	Total Year to Date/Year	1,223					27,072		29	

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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 company 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) 12/31/2011	Year/Period of Report End of <u>2011/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	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	
3	Steam	7,948,272	23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	7,906,146
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	42,126
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	7,948,272
9	Net Generation (Enter Total of lines 3 through 8)	7,948,272			
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	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	7,948,272			

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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 in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

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	848,484	843,987	1,251	17	1100
30	February	756,092	752,085	1,249	5	200
31	March	691,215	687,551	1,235	4	1000
32	April	633,905	630,545	1,240	7	1100
33	May	638,166	634,784	1,203	12	1300
34	June	690,945	687,283	1,214	15	900
35	July	690,888	687,226	1,204	2	1000
36	August	666,940	663,405	1,200	30	1900
37	September	602,727	599,533	1,206	8	1100
38	October	580,559	577,482	1,210	6	1300
39	November	562,175	559,196	1,022	17	1700
40	December	586,176	583,069	1,036	27	1200
41	TOTAL	7,948,272	7,906,146			

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) 12/31/2011	Year/Period of Report End of <u>2011/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 of 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)	1251	0
7	Plant Hours Connected to Load	8790	0
8	Net Continuous Plant Capability (Megawatts)	1284	0
9	When Not Limited by Condenser Water	0	0
10	When Limited by Condenser Water	1284	0
11	Average Number of Employees	367	0
12	Net Generation, Exclusive of Plant Use - KWh	7948272000	0
13	Cost of Plant: Land and Land Rights	1129193	0
14	Structures and Improvements	87499948	0
15	Equipment Costs	562838622	0
16	Asset Retirement Costs	0	0
17	Total Cost	651467763	0
18	Cost per KW of Installed Capacity (line 17/5) Including	499.7605	0
19	Production Expenses: Oper, Supv, & Engr	2233373	0
20	Fuel	225368336	0
21	Coolants and Water (Nuclear Plants Only)	0	0
22	Steam Expenses	6635419	0
23	Steam From Other Sources	0	0
24	Steam Transferred (Cr)	0	0
25	Electric Expenses	3095565	0
26	Misc Steam (or Nuclear) Power Expenses	10343720	0
27	Rents	0	0
28	Allowances	487773	0
29	Maintehance Supervision and Engineering	1146894	0
30	Maintenance of Structures	2745483	0
31	Maintenance of Boiler (or reactor) Plant	30305720	0
32	Maintenance of Electric Plant	7436304	0
33	Maintenance of Misc Steam (or Nuclear) Plant	1370693	0
34	Total Production Expenses	291169280	0
35	Expenses per Net KWh	0.0366	0.0000
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	COAL	OIL
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	TONS	GALLONS
38	Quantity (Units) of Fuel Burned	4170643	342376
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	9921	136000
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	51.476	3.129
41	Average Cost of Fuel per Unit Burned	51.745	2.948
42	Average Cost of Fuel Burned per Million BTU	255.883	21.677
43	Average Cost of Fuel Burned per KWh Net Gen	0.029	0.000
44	Average BTU per KWh Net Generation	10617.000	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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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
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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

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) 12/31/2011	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 402 Line No.: 43 Column: b1
Includes both coal and oil.

Schedule Page: 402 Line No.: 44 Column: b1
Includes both coal and oil.

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) 12/31/2011	Year/Period of Report End of 2011/Q4
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TRANSMISSION LINE STATISTICS

- 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.
- 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.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- 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.
- 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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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.		65,275	65,275					5
aluminum								6
								7
								8
1.75 in.		151,149	151,149					9
aluminum								10
								11
								12
795,000 cm		16,982	16,982					13
ACSR								14
								15
								16
556,000 cm								17
ACSR								18
								19
								20
1.75 in.								21
aluminum								22
								23
								24
				340,020	283,484		623,504	25
								26
								27
								28
								29
								30
								31
								32
								33
								34
								35
	167,186	4,803,791	4,970,977	340,020	283,484		623,504	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) 12/31/2011	Year/Period of Report 2011/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.

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) 12/31/2011	Year/Period of Report End of <u>2011/Q4</u>
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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					
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35					
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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) 12/31/2011	Year/Period of Report End of 2011/Q4
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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
575	2		None			2
						3
						4
			None			5
						6
						7
						8
						9
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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) 12/31/2011	Year/Period of Report End of 2011/Q4
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TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

1. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
2. The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
1	Non-power Goods or Services Provided by Affiliated			
2	Use and Maintenance of Railcars	American Electric Power	401-10	3,867,604
3	Operation, Maint., and Engineering	American Electric Power	107, 401-10, 401-20	5,843,134
4	Coal Transportation-Barging	American Electric Power	401-10	36,699,352
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Non-power Goods or Services Provided for Affiliate			
21				
22				
23				
24				
25				
26				
27				
28				
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