

Before
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the application of OHIO VALLEY ELECTRIC CORPORATION for authority to issue evidence of short-term indebtedness in the form of one or more revolving credit, term loan or other arrangements	Case No. 18-1657-EL-AIS
--	-------------------------

APPLICATION AND STATEMENT

TO THE HONORABLE

THE PUBLIC UTILITIES COMMISSION OF OHIO:

Ohio Valley Electric Corporation ("OVEC") respectfully requests authority, pursuant to Section 4905.401 of the Ohio Revised Code (the "Revised Code"), to issue, during the period of January 1, 2019 through December 31, 2019, evidence of indebtedness in an aggregate principal amount of up to \$200,000,000 and with maturities of twelve (12) months or less ("Short-term Securities"), as more fully described in this Application and Statement (this "Application").

In support of this Application, OVEC states as follows:

FIRST: OVEC is an Ohio corporation, which owns and operates facilities for the generation, transmission and sale of electric power and energy in the State of Ohio and owns and operates facilities for the transmission of electric power and energy in the Commonwealth of Kentucky. OVEC is a public utility, as defined in the Revised Code. OVEC's wholly-owned subsidiary, Indiana-Kentucky Electric Corporation ("IKEC"), owns and operates facilities for the generation, transmission and sale of electric power and energy in the State of Indiana. The combined electric production capability of the generating stations owned and

operated by OVEC and IKEC (which are known as the Kyger Creek and Clifty Creek Plants) is approximately 2,390 megawatts.

OVEC was organized on October 1, 1952 by the ten (now twelve) participating companies, which are the owners of all of the capital stock of OVEC, to supply, together with the Sponsoring Companies (as defined below), the entire power requirements of the gaseous diffusion plant near Portsmouth, Ohio. This plant was initially owned and operated by the United States Atomic Energy Commission until January 19, 1975. From January 19, 1975 until September 30, 1977, the United States Energy Research and Development Administration succeeded to certain of the functions of the Atomic Energy Commission under the Energy Reorganization Act of 1974. From October 1, 1977 until August 30, 2001, the United States Department of Energy ("DOE") succeeded to the functions of the Energy Research and Development Administration under the Department of Energy Organization Act. Finally, effective August 31, 2001, DOE became no longer entitled to the power generated by OVEC's and IKEC's generating stations, and the Sponsoring Companies instead began to purchase that power.

The following twelve companies currently own all of OVEC's common stock:

1. Allegheny Energy, Inc., a subsidiary of FirstEnergy Corp.;
 2. American Electric Power Company, Inc. ("AEP");
 3. Buckeye Power Generating, LLC, an affiliate of Buckeye Power, Inc.;
 4. Duke Energy Ohio, Inc. (formerly known as The Cincinnati Gas & Electric Company), a subsidiary of Duke Energy Corporation;
 5. The Dayton Power and Light Company, a subsidiary of the AES Corporation;
 6. Kentucky Utilities Company, a subsidiary of PPL Corporation;
 7. Louisville Gas and Electric Company, also a subsidiary of PPL Corporation;
 8. Ohio Edison Company, a subsidiary of FirstEnergy Corp.;
 9. Ohio Power Company, a subsidiary of AEP;
 10. Peninsula Generation Cooperative, a subsidiary of Wolverine Power Supply Cooperative, Inc.;
 11. Southern Indiana Gas and Electric Company, a subsidiary of Vectren Corporation;
- and

12. The Toledo Edison Company, also a subsidiary of FirstEnergy Corp.

All of these participating companies or their affiliates (together, the "Sponsoring Companies") purchase power from OVEC according to the terms of that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 (the "Inter-Company Power Agreement"). As noted in the application filed by OVEC in Case No. 11-5763-EL-AIS in 2011, as part of such amendment and restatement, the term of the Inter-Company Power Agreement was extended from March 13, 2026 to June 30, 2040.

OVEC is engaged in the business of supplying electricity for light, heat or power within the State of Ohio and accordingly is subject to the jurisdiction of this Commission as a public utility within the meaning of Section 4905.02 of the Revised Code. OVEC is also engaged in the business of transmitting electricity within the Commonwealth of Kentucky and delivering it into interstate commerce.

On December 12, 2017, the Commission authorized OVEC in Case No. 17-2116-EL-AIS (the "Finding and Order"), (A) to issue Short-term Securities up to an aggregate principal amount of \$200,000,000, through December 31, 2018, as described in the application by OVEC for such authority and the supplements filed by OVEC to such application, and (B) to apply the proceeds from such Short-term Securities for the purposes set forth under the Finding and Order, or otherwise pursuant to Section 4905.401 of the Revised Code.

SECOND: Attached hereto as Exhibit A are financial statements, including a balance sheet and statements of income and retained earnings of OVEC, as of June 30, 2018.

THIRD: Under Section 4905.401(A) of the Revised Code, without action by this Commission, OVEC may issue, renew or assume liability for Short-term Securities in an

amount equal to 5.0% of the par value (as that term is used in Section 4905.401) of the other stocks, bonds, notes and other evidences of indebtedness of OVEC at the time outstanding (such amount, the "Statutory Exemption"). At June 30, 2018, based on OVEC's financial statements as of that date, OVEC could have borrowed without approval of this Commission a total of \$70,460,283 in aggregate principal amount in Short-term Securities as the Statutory Exemption under Section 4905.401(A) of the Revised Code, as set out below.

Par value of outstanding securities of OVEC:

Long-term indebtedness:	\$1,314,205,671
Line of credit borrowings long term:	\$85,000,000
Common stock \$100 par value:	\$10,000,000
 Total par value:	 \$1,409,205,671
5% of \$1,409,205,671:	\$70,460,283

FOURTH: OVEC proposes, with the consent and approval of this Commission, from January 1, 2019 through December 31, 2019, to issue Short-term Securities in an aggregate principal amount outstanding at any time of up to \$200,000,000. The authority requested herein is in addition to the authority granted in Case No. 17-2116-EL-AIS, which will expire on December 31, 2018. Under the authority requested by this Application, OVEC may issue Short-term Securities in excess of its Statutory Exemption, but the total outstanding Short-term Securities issued by OVEC will not exceed at any time the aggregate amount of

\$200,000,000, during the applicable period of January 1, 2019 through December 31, 2019.

A. Method of Issuance - Credit Facilities

OVEC will issue these Short-term Securities through borrowings under OVEC's existing revolving credit arrangement (including under any extension of renewal of such revolving credit arrangement) or by entering into one or more new unsecured or secured revolving credit, term loan or other arrangements and borrowing under such new arrangements (such existing revolving credit arrangement and such new revolving credit, term loan or other arrangements are referred to in this Application as "Credit Facilities"). OVEC will enter into any new Credit Facilities pursuant to one or more unsecured or secured revolving credit agreements, credit agreements, term loan agreements, or other appropriate documentation and security agreements or other ancillary agreements as applicable (each, a "Proposed Agreement"). The commitment period under any new Proposed Agreement that is a revolving credit agreement will be for a period of not more than five (5) years.

B. Pricing Parameters

OVEC has developed parameters for the pricing of any Credit Facility. These parameters are set forth in Exhibit B and are designed to provide a reasonable allowance for potential changes in financial market conditions between the time of the Commission's authorization and OVEC's entering into any Credit Facility and the actual issuance of Short-term Securities. The inclusion of the parameters within this Application would allow OVEC to enter into a Credit Facility and issue Short-term Securities when it believes it is prudent to do so, so long as the terms are within these parameters.

C. General

1. Lender Assignments and Participations

A lender under a Proposed Agreement or otherwise with respect to a Credit Facility may desire to assign, or to sell participations in, any or all of its interests under such Proposed Agreement or such Credit Facility (including any of the loans and any other extensions of credit thereunder), to other commercial banks, financial institutions or institutional investors. Such assignee would have the same rights, benefits and obligations under such Proposed Agreement and such Credit Facility as the assigning lender.

2. Restrictive Covenants

In connection with entering into of any Proposed Agreement for any Credit Facilities, OVEC may agree to restrictive covenants which would prohibit it from, among other things: (A) creating or permitting to exist any liens on its property, with certain stated exceptions; (B) creating indebtedness except as specified therein; (C) failing to maintain a specified financial condition; (D) entering into certain mergers, consolidations and dispositions of assets; (E) permitting certain events to occur in connection with pension plans; and (F) terminating or replacing the Inter-Company Power Agreement among OVEC and the Sponsoring Companies or amending, modifying or waiving certain provisions thereof. In addition, OVEC may be required to prepay such amounts borrowed under the Credit Facilities, after certain specified events, including an ownership change.

3. Credit Enhancement

Any Credit Facility may benefit from some form of security or other credit enhancement, if deemed advisable. OVEC will use credit enhancement only if OVEC anticipates that such use would reduce OVEC's cost of financing.

FIFTH: OVEC, in compliance with Section 4905.401 of the Revised Code, proposes to apply the net proceeds realized from borrowings under the Credit Facilities, together with any other funds that may become available to OVEC, (A) to finance coal, reagent, environmental allowance, material and supply inventories at its Kyger Creek and Clifty Creek Plants and pay its and IKEC's general obligations, (B) to repay, refinance, refund or redeem Short-term Securities and other indebtedness of OVEC, and (C) for other general corporate purposes, including to pay any expenditures incurred in connection with the compliance with environmental regulations of the Ohio, Indiana, and United States Environmental Protection Agencies.

* * *

WHEREFORE: OVEC requests that this Commission order that, from January 1, 2019 through December 31, 2019: OVEC is authorized to issue evidence of indebtedness in an aggregate principal amount outstanding at any time of up to \$200,000,000 as Short-term Securities under one or more Credit Facilities (which may be effected through an extension or renewal of OVEC's existing credit agreement) and subject to the applicable fee and other parameters set forth in this Application.

OVEC prays for all other and further relief necessary and appropriate in the premises. Respectfully submitted this 5th day of November, 2018.

OHIO VALLEY ELECTRIC CORPORATION

By: _____


Justin J. Cooper,
Chief Financial Officer, Secretary & Treasurer

STATE OF OHIO)

) SS:

COUNTY OF PIKE)

Before me, a Notary Public in and for Pike County in the State of Ohio, personally appeared Justin J. Cooper, CFO, Secretary, and Treasurer of Ohio Valley Electric Corporation, OVEC in the foregoing application, and being duly sworn says that the facts and allegations herein contained are true to the best of his knowledge and belief.

Sworn to and subscribed to before me this 5th day of November, 2018.



Gale L. Newman
Notary Public
My Commission expires 4/9/22

Exhibit A

Financial statements as of June 30, 2018

[Please see attached.]

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - JUNE 30, 2018 AND 2017-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - JUNE 30, 2018 AND 2017-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - JUNE 30, 2018 AND 2017-UNAUDITED

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - JUNE 30, 2018 AND 2017-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE - JUNE 30, 2018 AND 2017-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR TO DATE - JUNE 30, 2018 AND 2017 UNAUDITED

OFFICER'S CERTIFICATION

A review of the affairs and activities of Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation (the Companies), during the quarters ended June 30, 2018 and 2017 has been made under my supervision, and in my opinion, the unaudited financial statements for these periods present fairly the financial conditions of the Companies as of June 30, 2018 and 2017, and the results of the operations, thereof, in accordance with generally accepted accounting principles consistently applied throughout the period. To the best of my knowledge and belief, there has been no Potential Default, Default, or Event of Default by the Companies and the Companies are in compliance with the covenants of the current debt agreements.



CFO, Secretary and Treasurer

OHIO VALLEY ELECTRIC CORPORATION and
INDIANA-KENTUCKY ELECTRIC CORPORATION

CONSOLIDATED NET WORTH

The consolidated net worth of Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation for the quarter ending June 30, 2018 was \$22,169,358



CFO, Secretary and Treasurer

OHIO VALLEY ELECTRIC CORPORATION and
INDIANA-KENTUCKY ELECTRIC CORPORATION

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS AS OF JUNE 30, 2018 AND 2017-UNAUDITED

	2018				2017			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
ASSETS								
ELECTRIC PLANT:								
At original cost	\$ 2,782,826,177	\$ -	\$ 1,386,357,895	\$ 1,396,468,282	\$ 2,743,107,837	\$ -	\$ 1,361,062,407	\$ 1,382,045,430
Less - Accumulated provisions for depreciation	(1,471,088,081)	-	(736,311,091)	(734,776,990)	(1,381,268,638)	-	(685,120,453)	(696,148,185)
	1,311,738,096	-	650,046,804	661,691,292	1,361,839,199	-	675,941,954	685,897,245
Construction in progress	10,374,296	-	6,200,879	4,173,417	13,680,732	-	6,683,868	6,996,864
Total electric plant	1,322,112,392	-	656,247,683	665,864,709	1,375,519,931	-	682,625,822	692,894,109
INVESTMENTS AND OTHER:								
Investment in subsidiary company	-	(3,400,000)	3,400,000	-	-	(3,400,000)	3,400,000	-
Advances to subsidiary-construction	-	(654,880,550)	654,880,550	-	-	(677,912,881)	677,912,881	-
Total investments and other	-	(658,280,550)	658,280,550	-	-	(681,312,881)	681,312,881	-
CURRENT ASSETS:								
Cash and cash equivalents	47,580,882	-	47,574,682	6,200	60,713,057	-	60,706,857	6,200
Accounts receivable	43,868,306	-	43,520,435	347,871	25,069,058	-	25,040,235	28,823
Fuel in storage-at average cost	29,534,096	-	13,825,158	15,708,938	56,844,363	-	32,182,285	24,662,078
Materials and supplies-at average cost	39,614,395	-	23,452,273	16,162,122	37,076,532	-	22,087,599	14,988,933
Property taxes applicable to future years	1,337,500	-	1,337,500	-	1,292,500	-	1,292,500	-
Emission allowances	331,660	-	331,660	-	698,763	-	698,763	-
Income taxes receivable	-	-	-	-	3,118,299	-	3,118,299	-
Prepaid expenses and other	1,855,814	-	1,017,009	838,805	2,007,441	-	976,318	1,031,123
Total current assets	164,122,653	-	131,058,717	33,063,936	186,820,013	-	146,102,856	40,717,157
REGULATORY ASSETS:								
Unrecognized post-employment benefits	3,865,985	-	2,569,375	1,296,610	4,273,382	-	2,502,691	1,770,691
Pension benefits	37,249,847	-	21,172,813	16,077,034	37,128,152	-	20,658,104	16,470,048
Asset retirement costs	-	(3,616,398)	3,616,398	-	-	-	-	-
Income taxes billable to customers	-	-	-	-	-	-	-	-
Total regulatory assets	41,115,832	(3,616,398)	27,358,586	17,373,644	41,401,534	-	23,160,795	18,240,739
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	242,146	-	242,146	-	413,073	-	413,073	-
Deferred tax asset:	9,294,909	-	9,294,909	-	2,700,000	-	2,700,000	-
Long-term investments	171,361,743	-	138,316,115	33,045,628	124,891,093	-	96,155,285	28,735,808
Other	1,534	-	550	984	1,534	-	550	984
Total deferred charges and other	180,900,332	-	147,853,720	33,046,612	128,005,700	-	99,268,908	28,736,792
TOTAL	\$ 1,708,251,209	\$ (661,896,948)	\$ 1,620,799,256	\$ 749,348,901	\$ 1,731,747,178	\$ (681,312,881)	\$ 1,632,471,262	\$ 780,588,797

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS
AS OF JUNE 30, 2018 AND 2017-UNAUDITED

	2018				2017			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
CAPITALIZATION AND LIABILITIES								
CAPITALIZATION:								
Common stock, \$100 par value- Authorized, 300,000 shares; outstanding, 100,000 shares	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
Common stock, without par value, stated at \$200 per share- Authorized, 100,000 shares; outstanding, 17,000 shares	-	(3,400,000)	-	3,400,000	-	(3,400,000)	-	3,400,000
Long-term debt	1,236,152,723	-	1,236,152,723	-	1,120,738,375	-	1,120,738,375	-
Line of credit borrowings-long term	85,000,000	-	85,000,000	-	85,000,000	-	85,000,000	-
Retained earnings	12,169,358	-	12,169,358	-	9,256,486	-	9,256,486	-
Total capitalization	1,343,322,081	(3,400,000)	1,343,322,081	3,400,000	1,224,994,861	(3,400,000)	1,224,994,861	3,400,000
CURRENT LIABILITIES:								
Current portion of long-term debt	78,052,948	-	78,052,948	-	249,961,254	-	249,961,254	-
Accounts payable	25,962,375	-	14,350,779	11,611,596	29,996,483	-	12,988,620	17,007,863
Accrued taxes	8,690,132	-	5,193,231	3,496,901	8,327,554	-	4,736,577	3,590,977
Regulatory liabilities	5,413,837	-	4,668,795	745,042	11,449,631	-	6,054,310	5,395,321
Accrued interest and other	18,720,386	-	15,628,346	3,092,040	20,425,567	-	16,766,587	3,658,980
Total current liabilities	136,839,678	-	117,894,099	18,945,579	320,160,489	-	290,507,348	29,653,141
COMMITMENTS AND CONTINGENCIES								
REGULATORY LIABILITIES:								
Postretirement benefits	54,828,009	-	40,886,464	13,941,545	35,149,788	-	30,064,074	5,085,714
Decommissioning and demolition	1,536,390	(3,616,398)	-	5,152,788	16,644,622	-	7,309,563	9,335,059
Advance billing of debt reserve	44,000,000	-	44,000,000	-	15,000,000	-	15,000,000	-
Income taxes refundable to customers	11,571,428	-	11,571,428	-	5,433,716	-	5,433,716	-
Total regulatory liabilities	111,935,827	(3,616,398)	96,457,892	19,094,333	72,228,126	-	57,807,353	14,420,773
OTHER LIABILITIES:								
Pension liability	37,249,847	-	21,172,813	16,077,034	37,128,152	-	20,658,104	16,470,048
Asset retirement obligations	57,170,620	-	29,218,810	27,951,810	33,044,921	-	13,813,296	19,231,625
Postretirement benefits obligation	17,196,685	-	9,658,850	7,537,835	39,218,090	-	21,536,990	17,681,100
Postemployment benefits obligation	3,865,985	-	2,569,375	1,296,610	4,273,382	-	2,502,691	1,770,691
Parent advances for construction	-	(654,880,550)	-	654,880,550	-	(677,912,881)	-	677,912,881
Other liabilities	670,486	-	505,336	165,150	699,157	-	650,619	48,538
Total other liabilities	116,153,623	(654,880,550)	63,125,184	707,908,989	114,363,702	(677,912,881)	59,161,700	733,114,883
TOTAL	\$ 1,708,251,209	\$ (661,896,948)	\$ 1,620,799,256	\$ 749,348,901	\$ 1,731,747,178	\$ (681,312,881)	\$ 1,632,471,262	\$ 780,588,797

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS
YEAR TO DATE AS OF MARCH 31, 2018 AND 2017-UNAUDITED

	2018				2017			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
OPERATING REVENUES:								
Sales of electric energy to:								
Department of Energy	\$ 4,087,834	\$ -	\$ 4,087,834	\$ -	\$ 4,158,024	\$ -	\$ 4,158,024	\$ -
Ohio Valley Electric Corp	-	(129,283,491)	-	129,283,491	-	(135,035,677)	-	135,035,677
Sponsoring Companies	299,717,307	-	299,717,307	-	296,644,320	-	296,644,320	-
Other	-	-	-	-	-	-	-	-
Total operating revenues	303,805,141	(129,283,491)	303,805,141	129,283,491	300,802,344	(135,035,677)	300,802,344	135,035,677
OPERATING EXPENSES:								
Fuel and emission allowances consumed								
In operation	137,827,299	-	61,733,533	76,093,766	142,629,134	-	60,936,559	81,692,575
Purchased power	3,869,723	(129,283,491)	133,153,214	-	3,764,583	(135,035,677)	138,800,260	-
Other operation	40,276,840	-	24,823,115	15,453,725	43,257,305	-	27,968,671	15,288,634
Maintenance	43,862,627	-	22,567,470	21,295,157	42,661,539	-	23,297,725	19,363,814
Depreciation	28,177,103	-	14,418,286	13,758,817	32,165,812	-	14,300,698	17,865,114
Taxes-other than federal income taxes	6,080,480	-	3,457,581	2,622,899	5,995,499	-	3,373,134	2,622,365
Federal income taxes	-	-	-	-	-	-	-	-
Total operating expenses	260,094,072	(129,283,491)	260,153,199	129,224,364	270,473,872	(135,035,677)	268,677,047	136,832,502
OPERATING INCOME	43,711,069	-	43,651,942	59,127	30,328,472	-	32,125,297	(1,796,825)
OTHER INCOME (EXPENSE)	(832,795)	-	(779,110)	(53,685)	6,037,067	-	4,235,949	1,801,118
INCOME BEFORE INTEREST CHARGES	42,878,274	-	42,872,832	5,442	36,365,539	-	36,361,246	4,293
INTEREST CHARGES:								
Amortization of debt expense	2,076,244	-	2,076,244	-	1,564,905	-	1,564,905	-
Interest expense	38,974,923	-	38,969,481	5,442	34,349,610	-	34,345,317	4,293
Total interest charges	41,051,167	-	41,045,725	5,442	35,914,515	-	35,910,222	4,293
NET INCOME	\$ 1,827,107	\$ -	\$ 1,827,107	\$ -	\$ 451,024	\$ -	\$ 451,024	\$ -
RETAINED EARNINGS, JAN 1	10,342,251	-	10,342,251	-	8,805,462	-	8,805,462	-
CASH DIVIDENDS ON COMMON STOCK	-	-	-	-	-	-	-	-
RETAINED EARNINGS, JUN 30	\$ 12,169,358	\$ -	\$ 12,169,358	\$ -	\$ 9,256,486	\$ -	\$ 9,256,486	\$ -

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS YEAR TO DATE AS OF JUNE 30, 2018 AND 2017-UNAUDITED

	2018				2017			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
CASH FROM OPERATIONS								
Net income	\$ 1,827,107	\$ -	\$ 1,827,107	\$ -	\$ 451,024	\$ -	\$ 451,024	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation and amortization	28,177,103	-	14,418,286	13,758,817	32,165,812	-	14,300,698	17,865,114
Amortization of debt expense and discount	2,076,244	-	2,076,244	-	1,564,905	-	1,564,905	-
Deferred taxes	-	-	-	-	-	-	-	-
(Gain)/loss on marketable securities	1,424,514	-	1,153,546	270,968	(5,984,034)	-	(4,154,371)	(1,829,663)
Changes in assets and liabilities:								
Accounts receivable	(3,133,969)	-	(3,152,333)	18,364	12,374,456	-	12,367,046	7,410
Fuel in storage	4,283,015	-	(4,074,848)	8,357,863	19,543,491	-	4,985,760	14,557,731
Material and supplies	(1,169,118)	-	(1,144,904)	(24,214)	(2,219,390)	-	(1,127,993)	(1,091,397)
Property taxes applicable to subsequent years	1,575,000	-	1,575,000	-	1,530,000	-	1,530,000	-
Emission allowances	24,192	-	24,192	-	174,157	-	174,157	-
Refundable income taxes	-	-	-	-	-	-	-	-
Prepaid expenses and other	196,164	-	93,694	102,470	(9,069)	-	60,608	(69,677)
Other regulatory assets	885,038	-	885,038	-	-	-	-	-
Other noncurrent assets	-	-	-	-	77,103	-	77,103	-
Accounts payable	(5,369,047)	-	(188,406)	(5,180,641)	(3,645,969)	-	(2,658,023)	(987,946)
Accrued taxes	(2,109,018)	-	(2,047,267)	(61,751)	(1,531,373)	-	(1,664,531)	133,158
Accrued interest and other	(6,964,454)	-	(4,796,461)	(2,167,993)	(4,964,305)	-	(3,084,741)	(1,879,564)
Decommissioning and demolition	1,329,506	-	-	1,329,506	-	-	-	-
Other regulatory liabilities	15,836,550	-	15,563,865	272,685	20,139,525	-	19,822,501	317,024
Other noncurrent liabilities	68,134	-	-	68,134	62,931	-	62,931	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	38,956,961	-	22,212,753	16,744,208	69,729,264	-	42,707,074	27,022,190
INVESTING ACTIVITIES								
Electric plant additions	(6,275,261)	-	(3,903,603)	(2,371,658)	(6,876,987)	-	(2,883,118)	(3,993,869)
Sale (Purchase) of marketable securities	(18,512,297)	-	(16,227,541)	(2,284,756)	95,317	-	84,059	11,258
Advances to subsidiary company	-	(12,087,794)	12,087,794	-	-	(23,039,579)	23,039,579	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(24,787,558)	(12,087,794)	(8,043,350)	(4,656,414)	(6,781,670)	(23,039,579)	20,240,520	(3,982,611)
FINANCING ACTIVITIES								
Advances from parent company	-	12,087,794	-	(12,087,794)	-	23,039,579	-	(23,039,579)
Repayment of Senior 2006 Notes	(10,249,741)	-	(10,249,741)	-	(9,677,067)	-	(9,677,067)	-
Repayment of Senior 2007 Notes	(7,271,806)	-	(7,271,806)	-	(6,858,685)	-	(6,858,685)	-
Repayment of Senior 2008 Notes	(7,834,123)	-	(7,834,123)	-	(7,342,561)	-	(7,342,561)	-
Redemption of 2009 Bonds	-	-	-	-	(25,000,000)	-	(25,000,000)	-
Proceeds from line of credit	-	-	-	-	-	-	-	-
Payments on line of credit	-	-	-	-	-	-	-	-
Loan maintenance costs	(210,941)	-	(210,941)	-	(1,166,952)	-	(1,166,952)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(25,566,611)	12,087,794	(25,566,611)	(12,087,794)	(50,045,265)	23,039,579	(50,045,265)	(23,039,579)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (11,397,208)	\$ -	\$ (11,397,208)	\$ -	\$ 12,902,329	\$ -	\$ 12,902,329	\$ -
CASH AND CASH EQUIVALENTS, JAN 1	58,978,090	-	58,971,890	6,200	47,810,728	-	47,804,528	6,200
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,397,208)	-	(11,397,208)	-	12,902,329	-	12,902,329	-
CASH AND CASH EQUIVALENTS, JUN 30	\$ 47,580,882	\$ -	\$ 47,574,682	\$ 6,200	\$ 60,713,057	\$ -	\$ 60,706,857	\$ 6,200

Exhibit B

Credit Facility / Short-term Securities Pricing Parameters

Principal Amount:	Up to \$200 million in the aggregate.
Maturity:	12 months or less
Commitment Fees:	Not more than 1.50% per annum on unused portion of any Credit Facility.
Interest Rate:	<p>Based on one of the following benchmarks plus a margin:</p> <ul style="list-style-type: none">• Not to exceed LIBOR plus 250 bps.• Not to exceed the then offered rate for certificates of deposit by a selected U.S. major money center bank plus 250 bps.• Not to exceed the then prime rate of a selected U.S. major money center bank plus 150 bps. <p>If a pricing option based on one or more of these benchmarks is not available to OVEC absent other considerations (such as the need to pay or prepay such loan), the interest rate applicable to a loan under any Credit Facility will not exceed the lowest of the pricing options, as expected by OVEC, based on those benchmarks that are available.</p>
Default Interest:	Not to exceed an additional 200 bps per annum.
Other Fees and Commission:	Not to exceed 2.0% of Credit Facility.
Interest Rate / Fee Adjustments:	The interest rate or other fee payable under any Credit Facility may be subject to adjustment to take into account changes in reserve or capital adequacy requirements or other requirements of law which add to a lender's cost in making or maintaining the loan or other extension of credit or reduce its return thereon or, in the case of foreign banks, withholding taxes.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/5/2018 2:27:19 PM

in

Case No(s). 18-1657-EL-AIS

Summary: Application of Ohio Valley Electric Corporation for authority to issue evidence of short-term indebtedness in the form of one or more revolving credit, term loan or other arrangements electronically filed by Ms. Shalini O Soopramanien on behalf of Ohio Valley Electric Corporation