

Before  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the application of OHIO VALLEY ELECTRIC CORPORATION for authority to issue evidence of indebtedness, in the form of long-term securities, to refinance financing arrangements relating to bonds issued by the Indiana Finance Authority, to provide for credit enhancements, and to enter into interest rate management agreements	Case No. 22-0177-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 4905.40 of the Ohio Revised Code (the “Revised Code”), to issue from time to time, through April 30, 2023, evidence of indebtedness with maturities over twelve (12) months, up to an aggregate principal amount of \$200 million, in connection with the repayment, refinancing, refunding, redemption, repurchase or resale of certain indebtedness of OVEC, as more fully described in this application (this “Application”), and to pay fees, commissions and expenses related to each such repayment, refinancing, refunding, redemption, repurchase or resale. This indebtedness is listed on Exhibit A to this Application and consists of indebtedness of OVEC under financial arrangements relating to bonds issued by the Indiana Finance Authority (the “IFA”) in an aggregate principal amount of \$200 million.

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 d/b/a AES Ohio, 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 CenterPoint Energy, Inc.; and
12. The Toledo Edison Company, a subsidiary of FirstEnergy Corp.

Thirteen companies (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.

Each of the Sponsoring Companies is either a holder of common stock of OVEC or an affiliate of such a holder with one exception. The exception is Energy Harbor LLC (“Energy Harbor”), a subsidiary of Energy Harbor Corp. Energy Harbor was previously a subsidiary of FirstEnergy Corp., the parent company of three holders of OVEC common stock, but that affiliation ended in February 2020.

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.

SECOND: Attached to this Application as Exhibit B are financial statements of OVEC, including a balance sheet and statements of income and retained earnings, as of September 30, 2021.

THIRD: To provide OVEC with necessary capital for the purpose of the repayment, refinancing, refunding, redemption, repurchase or resale of the indebtedness of OVEC listed on Exhibit A to this Application, OVEC proposes, with the consent and approval of the Commission, to issue from time to time, through April 30, 2023, evidence of indebtedness with maturities over twelve (12) months (“Long-term Securities”) in an aggregate principal amount outstanding at any time of up to \$200 million. OVEC would issue such Long-term Securities in the form of financing arrangements with the IFA (or

any statutory successor thereto) in connection with the issuance of revenue bonds by the IFA (“Authority Bonds”).

Furthermore, in connection with the interest rate applicable to one or more of the Authority Bonds, OVEC may enter into interest rate management agreements (“Interest Rate Management Agreements”).

*A. Authority Bonds*

*1. Method of Issuance*

As part of the authority requested by this Application, OVEC proposes to enter into financing arrangements with the IFA and with other parties in connection with the issuance or reissuance of Authority Bonds by the IFA or the repurchase and resale of Authority Bonds. These financing arrangements are described below.<sup>1</sup> The parameters of such financing arrangements are set forth in more detail in Exhibit C to this Application.

a) Authority Financing Arrangements. In the case of the issuance or reissuance of the Authority Bonds, such a financing arrangement will be in the form of a loan agreement (including a promissory note evidencing its obligations under such loan agreement), a conditional or installment sale agreement, or a lease with an option to purchase (each, an “Authority Financing Agreement”) and such Authority Bonds will have maturities on or before December 31, 2030. OVEC’s obligations under any Authority Financing Agreement will include the making of payments sufficient to repay all the principal of, the premium, if any, and the interest on, the Authority Bonds issued in connection with such Authority Financing Agreements.

---

<sup>1</sup> The financing agreements for the Authority Bonds for which OVEC is requesting financing authority (the “IFA Bonds”) provide OVEC, on or after June 1, 2022, with a call option either to redeem those IFA Bonds or to purchase them. An alternative method for the refinancing of the IFA Bonds would be for those IFA Bonds to be purchased and resold, after changing the method for determining the interest rate for one or more of the series of those IFA Bonds, pursuant to the existing provisions in the indentures under which those IFA Bonds were issued. Using that method, the interest rate mode for those IFA Bonds would change, but those IFA Bonds and the related financing arrangements would remain in place. In that case, OVEC would not be issuing new evidence of indebtedness, so a new authorization of the Commission would not be required. Any such change in interest rate mode would be done in compliance with the order of the Commission granted to OVEC under which those IFA Bonds were originally issued and only if such change is anticipated to reduce OVEC’s cost of financing.

Any Authority Bonds will be special obligations payable solely out of revenues derived from the payments by OVEC under the related Authority Financing Agreements. In connection with any Authority Bonds, OVEC may enter into one or more guaranty agreements, bond insurance agreements and other similar undertaking guaranteeing repayment of all or any part of the obligations with respect to all or any part of such Authority Bonds and the related Authority Financing Agreements and may give mortgages and other liens and security to secure such obligations. Any Authority Bonds may be issued or reissued as taxable or tax-exempt bonds or once issued may be converted from taxable to tax-exempt bonds.

b) Security. OVEC's obligations with respect to any Authority Financing Agreement or Authority Bonds, or any Credit Enhancement (as defined below) relating to any Authority Financing Agreement or Authority Bonds may be secured by a mortgage, other secured bonds or other debt issued by OVEC. Any such bonds or other debt, or Credit Enhancement, would correspond directly with the related Authority Financing Agreement and Authority Bonds (including in principal amount), and any payments made with respect to the related Authority Bonds would be considered also as payments made with respect to such bonds or other debt. Accordingly, any such bonds or other debt, or Credit Enhancement, would not themselves count against or otherwise reduce the financing authority granted by this Commission to OVEC, separately from the effect of the Authority Bonds and Authority Financing Agreement to which such bonds or other debt or such Credit Enhancement relate.

c) Refunding/Repurchased Bonds. Authority Bonds may be issued to refund outstanding Authority Bonds or outstanding Authority Bonds may have been or will be repurchased and then reissued or resold ("Refunding Bonds"). Refunding Bonds will be sold pursuant to an arrangement with one or more underwriters or bond purchasers.

d) Remarketing Agreements. In order to provide funds to pay the purchase price of any tendered variable rate Authority Bonds, OVEC may enter into one or more remarketing agreements with one or more remarketing agents. Under a remarketing agreement, the remarketing agent would use its best efforts to remarket such tendered variable rate Authority Bonds to other purchasers at a price equal

to the purchase price of such variable rate Authority Bonds, which will be 100% of the par amount of such variable rate Authority Bonds.

*B. General*

*1. Parameters*

OVEC has developed parameters for its issuance of Long-term Securities pursuant to this Application, and those parameters are set forth in Exhibit C to this Application. The parameters are designed to provide a reasonable allowance for potential changes in financial market conditions between the time of the Commission's authorization and the actual issuance by OVEC of Long-term Securities pursuant to this Application. The inclusion of the parameters within this Application would allow OVEC to issue the Long-term Securities on any day when it believes it is prudent to do so, so long as the terms are within the parameters.

*2. Scheduled Amortization*

The scheduled amortization of the principal of any Long-term Securities issued pursuant to this Application will be based on an evaluation of the economic impact on OVEC's power cost and the requirements of the market relevant to such Long-term Securities. In setting the schedule for any principal amortization, OVEC's goal will be to minimize the effect on OVEC's power costs (including by maintaining debt structure diversification to minimize interest expense), while also mitigating OVEC's refinancing risks and meeting the requirements of the bond market.

*3. Restrictive Covenants*

In connection with the sale or entering into of the Authority Financing Agreements, OVEC may agree to restrictive covenants which would prohibit it from, among other things: (i) creating or permitting to exist any liens on its property, with certain stated exceptions; (ii) creating indebtedness except as specified therein; (iii) failing to maintain a specified financial condition; (iv) entering into certain mergers, consolidations and dispositions of assets; (v) permitting certain events to occur in connection with pension plans; and (vi) 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 Authority Bonds after certain specified events, including an ownership change.

4. Credit Enhancement

OVEC may provide certain of the Authority Financing Agreements or Authority Bonds issued or entered into by OVEC to refund or amend the same, some form of credit enhancement such as a letter of credit, bond insurance, surety bond or other insurance (“Credit Enhancement”) if deemed advisable. OVEC would use Credit Enhancement only if it would be anticipated to reduce OVEC’s cost of financing.

FOURTH: OVEC proposes, with the consent and approval of the Commission, to utilize interest rate management techniques and enter into Interest Rate Management Agreements (as defined above in THIRD). Such authority will allow OVEC sufficient alternatives and flexibility when striving to reduce its effective interest cost and manage interest cost on financings.

A. Interest Rate Management Agreements

The Interest Rate Management Agreements will be products commonly used in today’s capital markets, consisting of “interest rate swaps,” “caps,” “collars,” “floors,” “options,” or hedging products such as “forwards” or “futures,” or similar products, the purpose of which is to manage and minimize interest costs. OVEC expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated principal amount, and may be for underlying fixed or variable obligations of OVEC. OVEC will not agree to any covenant more restrictive than those contained in the underlying obligation.

B. Pricing Parameters

OVEC proposes that the pricing parameters for Interest Rate Management Agreements be governed by the applicable parameters set forth in Exhibit C to this Application. Fees and commissions in connection with any Interest Rate Management Agreement will be in addition.

C. Accounting

OVEC proposes to account for these transactions in accordance with generally accepted

accounting principles.

*D. Commission Authorization*

Since market opportunities for these interest rate management alternatives are transitory, OVEC must be able to execute interest rate management transactions when the opportunity arises to obtain the most competitive pricing. Thus, OVEC seeks approval to enter into any or all of the described transactions within the parameters discussed above prior to the time OVEC reaches agreement with respect to the terms of such transactions.

If OVEC utilizes Interest Rate Management Agreements, OVEC's annual long-term interest charges could change. The authorization of the Interest Rate Management Agreements consistent with the parameters herein in no way relieves OVEC of its responsibility to obtain the best terms available for the product selected and, therefore, it is appropriate and reasonable for this Commission to authorize OVEC to agree to such terms and prices consistent with said parameters.

FIFTH: The entering into of Authority Financing Agreements will be effected in compliance with all applicable indenture, charter and other standards relating to debt and equity securities and capitalization ratios of OVEC.

SIXTH: OVEC, in compliance with Section 4905.40 of the Revised Code, proposes to apply the net proceeds realized from the Authority Financing Agreements, together with any other funds that may become available to OVEC, to repay, refinance, refund, replace, redeem, repurchase or resell the indebtedness of OVEC listed on Exhibit A to this Application.

\* \* \*

WHEREFORE: OVEC requests that this Commission order that, through April 30, 2023 OVEC is authorized:

(1) to enter into Authority Financing Agreements in the manner set forth herein with a maturity or other term of not less than twelve (12) months and not later than December 31, 2030, in the aggregate principal amount with respect to all Authority Financing Agreements outstanding at any time of up to \$200 million, and to apply the proceeds thereof, all as proposed



and described in this Application;

(2) to provide for any of the Authority Financing Agreements or Authority Bonds, to receive some form of Credit Enhancement, if deemed advisable by OVEC; and

(3) to enter into Interest Rate Management Agreements within the parameters proposed and described in this Application.

*[Signature page follows.]*

OVEC prays for all other and further relief necessary and appropriate in the premises.

Respectfully submitted this 10th day of March, 2022.

OHIO VALLEY ELECTRIC CORPORATION

By:



Justin J. Cooper,  
Vice President, Chief Operating Officer and  
Chief Financial Officer

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, Vice President, Chief Operating Officer and Chief Financial Officer 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 10th day of March, 2022.

Tracy L. Robinson  
Notary Public



TRACY L ROBINSON  
Notary Public  
State of Ohio  
My Comm. Expires  
August 22, 2026

**Exhibit A**

**Indebtedness to be Refunded or Refinanced**

<b>Series Name</b>	<b>Issue Maturity Date</b>	<b>Call Option</b>	<b>12/31/21 Balance (\$)</b>
IFA Tax Exempt Bonds 2012-A	June 1, 2032	Call Option to redeem or purchase the bonds on or after June 1, 2022	76,800,000
IFA Tax Exempt Bonds 2012-A	June 1, 2039	Call Option to redeem or purchase the bonds on or after June 1, 2022	123,200,000

**Exhibit B**

**Financial Statements**

[See attached.]

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

OHIO VALLEY ELECTRIC CORPORATION

AND SUBSIDIARY COMPANY

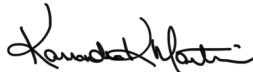
CONSOLIDATING BALANCE SHEETS - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE - SEPTEMBER 30, 2021 AND 2020-UNAUDITED

OFFICER'S CERTIFICATION

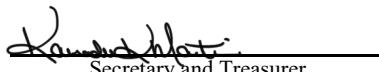
A review of the affairs and activities of Ohio Valley Electric Corporation and its wholly-owned subsidiary, Indiana-Kentucky Electric Corporation (the Companies), during the quarters ended September 30, 2021 and 2020 has been made under my supervision, and in my opinion, the unaudited financial statements for these periods present fairly the financial conditions of the Companies as of September 30, 2021 and 2020, 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.



\_\_\_\_\_  
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 September 30, 2021 was \$32,016,026.



\_\_\_\_\_  
Secretary and Treasurer  
OHIO VALLEY ELECTRIC CORPORATION and  
INDIANA-KENTUCKY ELECTRIC CORPORATION

# OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS  
AS OF SEPTEMBER 30, 2021 AND 2020-UNAUDITED

	2021				2020			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
<b>ASSETS</b>								
ELECTRIC PLANT:								
At original cost	\$ 2,869,448,804	\$ -	\$ 1,414,980,764	\$ 1,454,468,040	\$ 2,794,440,492	\$ -	\$ 1,393,469,959	\$ 1,400,970,533
Less - Accumulated provisions for depreciation	(1,729,081,025)	-	(872,210,562)	(856,870,463)	(1,608,476,725)	-	(803,326,000)	(805,150,725)
	1,140,367,779	-	542,770,202	597,597,577	1,185,963,767	-	590,143,959	595,819,808
Construction in progress	36,611,701	-	21,247,608	15,364,093	23,164,393	-	12,048,531	11,115,862
Total electric plant	1,176,979,480	-	564,017,810	612,961,670	1,209,128,160	-	602,192,490	606,935,670
INVESTMENTS AND OTHER:								
Investment in subsidiary company	-	(3,400,000)	3,400,000	-	-	(3,400,000)	3,400,000	-
Advances to subsidiary-construction	-	(544,770,286)	544,770,286	-	-	(613,177,977)	613,177,977	-
Total investments and other	-	(548,170,286)	548,170,286	-	-	(616,577,977)	616,577,977	-
CURRENT ASSETS:								
Cash and cash equivalents	69,104,766	-	69,098,566	6,200	41,113,503	-	41,107,303	6,200
Accounts receivable	33,815,953	-	33,660,193	155,760	27,087,528	-	26,981,667	105,861
Fuel in storage	26,169,780	-	7,852,497	18,317,283	79,441,369	-	36,301,227	43,140,142
Materials and supplies	42,050,430	-	26,937,042	15,113,388	42,539,624	-	26,603,654	15,935,970
Property taxes applicable to future years	813,750	-	813,750	-	787,500	-	787,500	-
Emission allowances	81,844	-	81,844	-	143,947	-	143,947	-
Income taxes receivable	-	-	-	-	2,307,853	-	2,307,853	-
Prepaid expenses and other	5,822,488	-	3,320,859	2,501,629	3,985,333	-	1,822,311	2,163,022
Total current assets	177,859,011	-	141,764,751	36,094,260	197,406,657	-	136,055,462	61,351,195
REGULATORY ASSETS:								
Unrecognized postemployment benefits	6,833,166	-	2,498,432	4,334,734	5,201,536	-	2,181,535	3,020,001
Unrecognized Pension benefits	34,784,688	-	18,599,373	16,185,315	32,170,308	-	17,999,287	14,171,021
Income taxes billable to customers	10,751,917	-	10,751,917	-	-	-	-	-
Other	-	-	-	-	545,772	-	545,772	-
Total regulatory assets	52,369,771	-	31,849,722	20,520,049	37,917,616	-	20,726,594	17,191,022
DEFERRED CHARGES AND OTHER:								
Unamortized debt expense	176,032	-	176,032	-	459,095	-	459,095	-
Income taxes receivable	-	-	-	-	2,101,572	-	2,101,572	-
Long-term investments	295,802,528	-	237,063,871	58,738,657	252,240,748	-	210,941,323	41,299,425
Other	623,586	-	622,602	984	1,245,637	-	1,244,653	984
Total deferred charges and other	296,602,146	-	237,862,505	58,739,641	256,047,052	-	214,746,643	41,300,409
TOTAL	\$ 1,703,810,408	\$ (548,170,286)	\$ 1,523,665,074	\$ 728,315,620	\$ 1,700,499,485	\$ (616,577,977)	\$ 1,590,299,166	\$ 726,778,296



# OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING BALANCE SHEETS  
AS OF SEPTEMBER 30, 2021 AND 2020-UNAUDITED

	2021				2020			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
<b>CAPITALIZATION AND LIABILITIES</b>								
<b>CAPITALIZATION:</b>								
Common stock, \$100 par value- Authorized, 300,000 shares; outstanding, 100,000 shares in 2021 and 2020	\$ 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 in 2021 and 2020	-	(3,400,000)	-	3,400,000	-	(3,400,000)	-	3,400,000
Long-term debt	998,589,061	-	998,589,061	-	1,127,620,107	-	1,127,620,107	-
Line of credit borrowings	10,000,000	-	10,000,000	-	60,000,000	-	60,000,000	-
Retained earnings	22,016,026	-	22,016,026	-	19,365,178	-	19,365,178	-
<b>Total capitalization</b>	<b>1,040,605,087</b>	<b>(3,400,000)</b>	<b>1,040,605,087</b>	<b>3,400,000</b>	<b>1,216,985,285</b>	<b>(3,400,000)</b>	<b>1,216,985,285</b>	<b>3,400,000</b>
<b>CURRENT LIABILITIES:</b>								
Current portion of long-term debt	130,938,152	-	130,938,152	-	93,858,491	-	93,858,491	-
Accounts payable	25,237,983	-	11,349,907	13,888,076	28,173,705	-	13,825,047	14,348,658
Accrued other taxes	8,730,555	-	3,845,484	4,885,071	8,201,860	-	3,719,897	4,481,963
Regulatory liabilities	60,034,413	-	37,186,130	22,848,283	17,506,386	-	11,481,205	6,025,181
Accrued interest and other	27,784,752	-	22,780,889	5,003,863	27,182,594	-	21,814,115	5,368,479
<b>Total current liabilities</b>	<b>252,725,855</b>	<b>-</b>	<b>206,100,562</b>	<b>46,625,293</b>	<b>174,923,036</b>	<b>-</b>	<b>144,698,755</b>	<b>30,224,281</b>
<b>COMMITMENTS AND CONTINGENCIES</b>								
<b>REGULATORY LIABILITIES:</b>								
Postretirement benefits	66,679,856	-	50,756,856	15,923,000	66,875,385	-	47,911,479	18,963,906
Advance billing of debt reserve	120,000,000	-	120,000,000	-	112,500,000	-	112,500,000	-
Income taxes refundable to customers	-	-	-	-	8,658,897	-	8,658,897	-
Decommissioning, demolition and other	8,940,217	-	4,024,280	4,915,937	14,545,202	-	3,726,543	10,818,659
<b>Total regulatory liabilities</b>	<b>195,620,073</b>	<b>-</b>	<b>174,781,136</b>	<b>20,838,937</b>	<b>202,579,484</b>	<b>-</b>	<b>172,796,919</b>	<b>29,782,565</b>
<b>OTHER LIABILITIES:</b>								
Pension liability	34,784,688	-	18,599,373	16,185,315	32,170,308	-	17,999,287	14,171,021
Deferred income tax liability	19,410,815	-	19,410,815	-	-	-	-	-
Asset retirement obligations	138,933,456	-	54,422,328	84,511,128	63,487,038	-	32,400,636	31,086,402
Postretirement benefits obligation	11,995,106	-	6,353,804	5,641,302	4,242,848	-	2,390,270	1,852,578
Postemployment benefits obligation	6,833,166	-	2,498,432	4,334,734	5,201,536	-	2,181,535	3,020,001
Parent advances	-	(544,770,286)	-	544,770,286	-	(613,177,977)	-	613,177,977
Other non-current liabilities	2,902,162	-	893,537	2,008,625	909,950	-	846,479	63,471
<b>Total other liabilities</b>	<b>214,859,393</b>	<b>(544,770,286)</b>	<b>102,178,289</b>	<b>657,451,390</b>	<b>106,011,680</b>	<b>(613,177,977)</b>	<b>55,818,207</b>	<b>663,371,450</b>
<b>TOTAL</b>	<b>\$ 1,703,810,408</b>	<b>\$ (548,170,286)</b>	<b>\$ 1,523,665,074</b>	<b>\$ 728,315,620</b>	<b>\$ 1,700,499,485</b>	<b>\$ (616,577,977)</b>	<b>\$ 1,590,299,166</b>	<b>\$ 726,778,296</b>

# OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF INCOME AND RETAINED EARNINGS  
YEAR TO DATE AS OF SEPTEMBER 30, 2021 AND 2020-UNAUDITED

	2021				2020			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
REVENUES FROM CONTRACTS WITH CUSTOMERS-Sales of electric energy to:								
Department of Energy	\$ 3,328,041	\$ -	\$ 3,328,041	\$ -	\$ 2,432,781	\$ -	\$ 2,432,781	\$ -
Ohio Valley Electric Corp.	-	(195,178,828)	-	195,178,828	-	(167,139,227)	-	167,139,227
Sponsoring Companies	468,098,269	-	468,098,269	-	386,801,704	-	386,801,704	-
Other	2,680,879	-	2,680,879	-	638,818	-	638,818	-
Total revenues from contracts with customers	474,107,189	(195,178,828)	474,107,189	195,178,828	389,873,303	(167,139,227)	389,873,303	167,139,227
OPERATING EXPENSES:								
Fuel and emission allowances consumed in operation	213,901,506	-	98,448,413	115,453,093	165,915,724	-	79,169,143	86,746,581
Purchased power	3,258,440	(195,178,828)	198,437,268	-	1,835,984	(167,139,227)	168,975,211	-
Other operation	61,975,923	-	40,406,260	21,569,663	49,849,742	-	27,902,379	21,947,363
Maintenance	55,988,760	-	29,112,027	26,876,733	52,497,071	-	27,615,106	24,881,965
Depreciation	81,552,109	-	54,432,118	27,119,991	56,371,928	-	26,712,563	29,659,365
Taxes-other than income taxes	9,111,401	-	5,006,417	4,104,984	8,790,004	-	4,915,251	3,874,753
Total operating expenses	425,788,139	(195,178,828)	425,842,503	195,124,464	335,260,453	(167,139,227)	335,289,653	167,110,027
OPERATING INCOME	48,319,050	-	48,264,686	54,364	54,612,850	-	54,583,650	29,200
OTHER INCOME (EXPENSE)	10,406	-	6,578	3,828	101,234	-	125,929	(24,695)
INCOME BEFORE INTEREST CHARGES	48,329,456	-	48,271,264	58,192	54,714,084	-	54,709,579	4,505
INTEREST CHARGES:								
Amortization of debt expense	3,191,684	-	3,191,684	-	3,236,307	-	3,236,307	-
Interest expense	43,226,052	-	43,167,860	58,192	49,406,622	-	49,402,117	4,505
Total interest charges	46,417,736	-	46,359,544	58,192	52,642,929	-	52,638,424	4,505
NET INCOME	\$ 1,911,720	\$ -	\$ 1,911,720	\$ -	\$ 2,071,155	\$ -	\$ 2,071,155	\$ -
RETAINED EARNINGS-Beginning of year	20,104,306	-	20,104,306	-	17,294,023	-	17,294,023	-
RETAINED EARNINGS, SEPTEMBER 30	\$ 22,016,026	\$ -	\$ 22,016,026	\$ -	\$ 19,365,178	\$ -	\$ 19,365,178	\$ -

## OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

CONSOLIDATING STATEMENTS OF CASH FLOWS  
YEAR TO DATE AS OF SEPTEMBER 30, 2021 AND 2020-UNAUDITED

	2021				2020			
	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation	Consolidated	Eliminations (Deduct)	Ohio Valley Electric Corporation	Indiana- Kentucky Electric Corporation
OPERATING ACTIVITIES:								
Net income	\$ 1,911,720	\$ -	\$ 1,911,720	\$ -	\$ 2,071,155	\$ -	\$ 2,071,155	\$ -
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Depreciation	81,552,109	-	54,432,118	27,119,991	56,371,928	-	26,712,563	29,659,365
Amortization of debt expense	3,191,684	-	3,191,684	-	3,236,307	-	3,236,307	-
(Gain)/loss on marketable securities	-	-	-	-	12,910,783	-	10,515,618	2,395,165
Changes in assets and liabilities:								
Accounts receivable	11,084,595	-	10,964,501	120,094	47,399,161	-	47,130,931	268,230
Fuel in storage	53,158,872	-	23,419,150	29,739,722	(18,089,511)	-	(8,906,945)	(9,182,566)
Material and supplies	(1,622,167)	-	(1,920,261)	298,094	(1,608,561)	-	(1,102,452)	(506,109)
Property taxes applicable to future years	2,441,250	-	2,441,250	-	2,362,500	-	2,362,500	-
Emission allowances	62,061	-	62,061	-	147,734	-	147,734	-
Prepaid expenses and other	(1,790,921)	-	(577,734)	(1,213,187)	(1,167,618)	-	20,028	(1,187,646)
Other regulatory assets	-	-	-	-	(545,772)	-	(545,772)	-
Other noncurrent assets	-	-	-	-	1,470,768	-	1,470,768	-
Accounts payable	(12,670,324)	-	(6,086,439)	(6,583,885)	(6,698,220)	-	(6,149,369)	(548,851)
Accrued taxes	(2,517,433)	-	(3,390,373)	872,940	(2,325,187)	-	(3,099,616)	774,429
Accrued interest and other	1,793,935	-	4,023,606	(2,229,671)	(350,340)	-	1,439,495	(1,789,835)
Decommissioning, demolition and other	8,940,217	-	4,024,280	4,915,937	(172,959)	-	(2,329,987)	2,157,028
Other regulatory liabilities	57,383,172	-	38,152,454	19,230,718	23,041,569	-	21,027,816	2,013,753
Other liabilities	11,501	-	234,330	(222,829)	295,746	-	284,084	11,662
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	202,930,271	-	130,882,347	72,047,924	118,349,483	-	94,284,858	24,064,625
INVESTING ACTIVITIES								
Electric plant additions	(39,457,390)	-	(25,718,179)	(13,739,211)	(22,580,525)	-	(10,884,970)	(11,695,555)
Proceeds from sale of long-term investments	32,863,349	-	18,870,661	13,992,688	186,553,182	-	156,008,794	30,544,388
Purchase of long-term investments	(49,236,672)	-	(28,750,159)	(20,486,513)	(210,965,434)	-	(176,424,023)	(34,541,411)
Changes in short-term intercompany lendings	-	(51,451,319)	51,451,319	-	-	(8,372,047)	8,372,047	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(55,830,713)	(51,451,319)	15,853,642	(20,233,036)	(46,992,777)	(8,372,047)	(22,928,152)	(15,692,578)
FINANCING ACTIVITIES								
Changes in short-term intercompany borrowings	-	51,451,319	-	(51,451,319)	-	8,372,047	-	(8,372,047)
Repayment of Senior 2006 Notes	(24,713,983)	-	(24,713,983)	-	(23,333,029)	-	(23,333,029)	-
Repayment of Senior 2007 Notes	(8,666,654)	-	(8,666,654)	-	(8,174,243)	-	(8,174,243)	-
Repayment of Senior 2008 Notes	(9,515,764)	-	(9,515,764)	-	(8,918,432)	-	(8,918,432)	-
Repayment of Senior 2017 Notes	(33,333,333)	-	(33,333,333)	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	25,000,000	-	25,000,000	-
Payments on line of credit	(50,000,000)	-	(50,000,000)	-	(45,000,000)	-	(45,000,000)	-
Principal payments under capital leases	(556,333)	-	(192,764)	(363,569)	-	-	-	-
Debt issuance and maintenance costs	(2,043,784)	-	(2,043,784)	-	(2,058,670)	-	(2,058,670)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(128,829,851)	51,451,319	(128,466,282)	(51,814,888)	(62,484,374)	8,372,047	(62,484,374)	(8,372,047)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 18,269,707	\$ -	\$ 18,269,707	\$ -	\$ 8,872,332	\$ -	\$ 8,872,332	\$ -
CASH AND CASH EQUIVALENTS-Beginning of year	50,835,059	-	50,828,859	6,200	32,241,171	-	32,234,971	6,200
CASH AND CASH EQUIVALENTS-SEPTEMBER 30	\$ 69,104,766	\$ -	\$ 69,098,566	\$ 6,200	\$ 41,113,503	\$ -	\$ 41,107,303	\$ 6,200

## Exhibit C

### Long-term Securities Pricing Parameters

<b>Aggregate Principal Amount:</b>	Up to \$200 million in the aggregate.
<b>Purpose:</b>	The repayment, refinancing, refunding, redemption, repurchase or resale of indebtedness of OVEC listed in <u>Exhibit A</u> to the Application to which this <u>Exhibit C</u> is attached, and to pay fees, commissions and expenses related to each such repayment, refinancing, refunding, redemption, repurchase or resale.
<b>Structure:</b>	Long-term Securities in the form of financing arrangements with the IFA (or any statutory successor thereto) in connection with the issuance, reissuance, remarketing or resale of revenue bonds or refunding bonds by such Authority.
<b>Stated Maturity:</b>	Longer than 12 months and not later than December 31, 2030.
<b>Interest Rate:</b>	<i>Fixed rate:</i> Not more than 3.0% above the yield to maturity of US Treasury obligations of comparable maturity at the time of pricing.
<b>Default Interest:</b>	Any overdue payment until paid, and all obligations during the continuance of an event of default, will bear interest at a maximum rate equal to the sum of the rate otherwise applicable at such time plus up to an additional 2.0% per annum.
<b>Interest Rate / Fee Adjustments:</b>	The interest rate on any variable rate Long-term Security may be subject to adjustment to take into account changes in reserve or capital adequacy requirements or other requirements of law which add to the cost of a holder with respect to any Long-term Security in purchasing or holding the Long-term Security or reduce its return thereon or, in the case of foreign holders, withholding taxes.
<b>Up Front, Arrangement or Similar Fees:</b>	Up-front, arrangement or similar fees not to exceed in the aggregate [2.0%] of the total principal amount of the Authority Bonds being issued, reissued, repurchased or sold.
<b>Interest Rate Conversion:</b>	All or a portion of any Authority Bonds may be issued initially with an interest rate that fluctuates on a weekly, monthly or other basis, as determined from time to time by OVEC. OVEC will have the option to convert any variable rate Authority Bonds to other interest rate modes, including a fixed rate of interest.
<b>Scheduled Amortization:</b>	The scheduled principal amortization of any Authority Bonds and Authority Financing Agreements will be agreed at the time of pricing.
<b>OID/Initial Offering or Sales Price:</b>	<i>Discount on issuance proceeds:</i> Not to exceed 5.0% of the principal amount.

*Initial offering or sales price:* Not less than 95.0% of the principal amount.

**Redemption/Repurchase:** Specific redemption or repurchase provisions, including redemption or repurchase premiums, will be agreed at the time of pricing. Variable rate Authority Bonds may be subject to tender by the holders thereof for redemption or repurchase upon a change in interest rate or a conversion of the interest rate mode for such bonds.

**Fees for Interest Rate Hedging:** Fees and commissions in connection with any Interest Rate Management Agreement relating to any Authority Bonds will not exceed 2.0% of the amount of the underlying obligation involved.

**Remarketing Agent Fees for Variable Rate Authority Bonds:** Any fees of a remarketing agent for variable rate Authority Bonds will not exceed 25 bps of the principal amount of the variable rate Authority Bonds to be remarketed or refunded.

**This foregoing document was electronically filed with the Public Utilities  
Commission of Ohio Docketing Information System on**

**3/10/2022 4:01:20 PM**

**in**

**Case No(s). 22-0177-EL-AIS**

Summary: Application In the Matter of the application of OHIO VALLEY ELECTRIC CORPORATION for authority to issue evidence of indebtedness, in the form of long-term securities, to refinance financing arrangements relating to bonds issued by the Indiana Finance Authority, to provide for credit enhancements, and to enter into interest rate management agreements electronically filed by Mr. Justin J Cooper on behalf of Ohio Valley Electric Corporation