

SOUTH CENTRAL POWER COMPANY (OHIO 65 FAIRFIELD)

Balance Sheets

December 31, 2016 and 2015

	2016	2015
ASSETS		
Utility Plant:		
In service:		
Transmission plant	\$ 27,000,811	\$ 26,086,829
Distribution plant	376,929,650	358,658,514
General plant	32,455,270	29,845,189
Intangible plant	1,130,205	-
	<u>437,515,936</u>	<u>414,590,532</u>
Construction work in progress	9,365,653	8,228,627
	<u>446,881,589</u>	<u>422,819,159</u>
Less: accumulated provision for depreciation	(144,884,259)	(139,538,304)
	<u>301,997,330</u>	<u>283,280,855</u>
Investments and Fund Accounts:		
Patronage capital from associated organizations	118,898,028	119,233,185
Investments in and advances to associated organizations	15,263,871	14,914,248
Long-term investments	128,795	239,522
	<u>134,290,694</u>	<u>134,386,955</u>
Current Assets:		
Cash and cash equivalents	5,388,482	7,153,435
Accounts receivable, less allowance for losses in collection of \$573,000 in 2016 and \$512,000 in 2015	32,871,116	29,868,564
Inventories	7,260,682	6,893,790
Prepaid insurance and other expenses	343,510	351,846
Total current assets	<u>45,863,790</u>	<u>44,267,635</u>
Deferred Debits	6,439,146	7,304,429
TOTAL ASSETS	<u>\$ 488,590,960</u>	<u>\$ 469,239,874</u>
EQUITIES AND LIABILITIES		
Member and Patron Equities:		
Patronage capital	\$ 259,129,536	\$ 253,767,319
Other equities	13,207,139	13,207,139
Total member and patron equities	<u>272,336,675</u>	<u>266,974,458</u>
Long-Term Debt, net of current maturities	146,799,612	141,657,279
Current Liabilities:		
Current maturities of long-term debt	9,529,871	9,038,976
Note payable - line of credit	18,000,000	15,000,000
Trade accounts payable	21,794,592	18,154,936
Consumer deposits	1,499,826	1,589,826
Accrued salaries, wages and related items	4,248,626	4,051,923
Accrued property and miscellaneous taxes	7,862,141	7,502,701
Other accrued expenses	1,001,756	1,487,623
Total current liabilities	<u>63,936,812</u>	<u>56,825,985</u>
Long-Term Liabilities:		
Regulatory liability	5,238,835	3,472,479
Deferred credits	279,026	309,673
Total long-term liabilities	<u>5,517,861</u>	<u>3,782,152</u>
Total liabilities	<u>216,254,285</u>	<u>202,265,416</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$ 488,590,960</u>	<u>\$ 469,239,874</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH CENTRAL POWER COMPANY
(OHIO 65 FAIRFIELD)**
Statements of Revenues and Expenses
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues	\$ 282,136,522	\$ 273,879,035
Operating Expenses:		
Cost of power	197,389,177	191,961,504
Transmission	660,255	599,911
Distribution:		
Operation	4,242,917	4,098,978
Maintenance	23,723,133	24,028,075
Consumer accounts	5,585,979	5,645,859
Consumer service and information	2,887,044	2,633,493
Administrative and general	11,084,352	9,799,054
Depreciation	13,534,482	12,926,549
Kilowatt hour taxes	9,630,963	9,836,374
Total operating expenses	268,738,302	261,529,797
Operating Margins before Fixed Charges	13,398,220	12,349,238
Fixed Charges - Interest on Debt	7,384,832	7,402,673
Operating margins after fixed charges	6,013,388	4,946,565
Other Operating Income:		
Generation and transmission capital credits	6,379,453	15,197,961
Other capital credits and patronage dividends	1,530,527	1,591,003
Net operating margins	13,923,368	21,735,529
Non-Operating Income:		
Other	219,876	274,691
Interest	280,653	269,177
Net Margins	\$ 14,423,897	\$ 22,279,397

The accompanying notes are an integral part of the financial statements.

SOUTH CENTRAL POWER COMPANY (OHIO 65 FAIRFIELD)

Statements of Changes in Member and Patron Equities For the Years Ended December 31, 2016 and 2015

	Patronage Capital	Other Equities	Total Member and Patron Equities
Balance at December 31, 2014	\$ 238,458,314	\$ 13,207,139	\$ 251,665,453
Net margins	22,279,397	-	22,279,397
Retirement of Patronage Capital	(6,970,392)	-	(6,970,392)
Balance at December 31, 2015	253,767,319	13,207,139	266,974,458
Net margins	14,423,897	-	14,423,897
Retirement of Patronage Capital	(9,061,680)	-	(9,061,680)
Balance at December 31, 2016	\$ 259,129,536	\$ 13,207,139	\$ 272,336,675

The accompanying notes are an integral part of the financial statements.