The Cincinnati Gas & Electric Company
and Subsidiary Companies

Annual Report 1979

The Cincinnati Gas & Electric Company
139 East Fourth Street, Cincinnati, Ohio 45202
Telephone 513-381-2000

Shareholders' Inquiries

Communications regarding stock transfer requirements or lost certificates may be directed to either Stock Transfer Agent. All communications regarding a Shareholder's account, dividends and changes of address should be directed to The Cincinnati Gas & Electric Company, Attention: Corporate Department, P.O. Box 960, Cincinnati, Ohio 45201.

SEC Form 10-K to be Available

A copy of CG&E's annual report on SEC Form 10-K will be available, without charge, on or about April 1, 1980 to each holder of common shares upon written request to C. Robert Everman, Treasurer, P.O. Box 960, Cincinnati, Ohio 45201.

Public Accountants:
Arthur Andersen & Co.
105 East Fourth Street,
Cincinnati, Ohio 45202

Trustee for Bonds and Interest Paying Agent:
Irving Trust Company
One Wall Street,
New York, N.Y. 10015

Preferred Shares Listed on:
New York & Cincinnati Stock Exchanges

Common Shares Listed on:
New York, Cincinnati,
Midwest and Pacific Stock Exchanges

Transfer Agents and Registrars for Common Shares:
The First National Bank of Cincinnati
P.O. Box 2058, Cincinnati, Ohio 45201

Manufacturers Hanover Trust Company
Four New York Plaza,
New York, N.Y. 10015

Transfer Agents for Preferred Shares:
The First National Bank of Cincinnati
P.O. Box 2058, Cincinnati, Ohio 45201

Manufacturers Hanover Trust Company
Four New York Plaza,
New York, N.Y. 10015

Registrars for Preferred Shares:
The Central Trust Company, N.A.
Fifth and Main Streets,
Cincinnati, Ohio 45202

Morgan Guaranty Trust Company of New York
30 West Broadway, New York, N.Y. 10015

Administrator of Dividend Reinvestment and Stock Purchase Plan:
The Central Trust Company, N.A.
Corporate Trust
P.O. Box 1198, Cincinnati, Ohio 45201

The Cincinnati Gas & Electric Company

Annual Report 1979

This annual report and the financial statements contained herein are submitted to the shareholders of the Company for their general information and not in connection with any sale, or offer to sell, or solicitation of an offer to buy any securities.

The annual meeting of shareholders of the Company will be held at the office of the Company in Cincinnati, Ohio on April 23, 1980, at 11 A.M.

PROXIES for the annual meeting will be requested from shareholders when notice of meeting, proxy statement and form of proxy are mailed on or about March 26, 1980.

Board of Directors

Neil A. Armstrong (2)
University Professor of Aerospace Engineering,
University of Cincinnati

William Beckett (1)
Retired President, The Beckett Paper Company,
Hamilton, Ohio

Elmer R. Best (2)
Retired President, The Union Central Life Insurance
Company, Cincinnati

Oliver W. Birckhead
President and Chief Executive Officer,
The Central Bancorporation, Inc. and
The Central Trust Company, N.A., Cincinnati

Sanford M. Brooks (1)
Chairman of the Board and Chief Executive Officer,
Xtek, Inc., Cincinnati

William H. Dickhoner (1)
President and Chief Executive Officer, CG&E

James P. Herring
Retired Chairman of the Board,
The Kroger Co., Cincinnati

Harry Holiday, Jr. (1)
Chief Executive Officer,
Armco, Middletown, Ohio

William N. Liggett
Chairman of the Board and Chief Executive Officer,
First National Cincinnati Corporation and
The First National Bank of Cincinnati

Donald I. Lowry
Group Vice-President,
The Procter & Gamble Company, Cincinnati

Jane L. Rees, Ph.D.
Professor and Chair of the Department of Home
Economics and Consumer Sciences, Miami University,
Oxford, Ohio

William S. Rowe (1)
Chairman of the Board and Chief Executive Officer,
The Fifth Third Bank, and President,
Fifth Third Bancorp, Cincinnati

Richard E. Wagner
Former President, and Consultant, Pepsi-Cola
Bottling Company of Cincinnati

B. John Yeager (1)
Chairman of the Board, CG&E

(1) Member of Executive Committee
(2) Member of Committee on Audit

Executive Officers

William H. Dickhoner
President and Chief Executive Officer

B. John Yeager
Chairman of the Board

Earl A. Borgmann
Senior Vice-President

Donald R. Blum
Secretary

Arthur R. Ehrnschwender
Vice-President – Administrative Services

C. Robert Everman
Treasurer

R. Gregory Graham
Vice-President – Customer Relations

Paul W. Herking
Vice-President – Gas Operations

William J. Moran
General Counsel

Jackson H. Randolph
Vice-President – Rates and Economic Research

Milton L. Van Schoik
Controller

Robert P. Wiwi
Vice-President – Electric Operations

William H. Zimmer, Jr.
Vice-President – Finance

The Company (CG&E and its subsidiaries)

The Company primarily is engaged in providing electric and gas service in the southwestern portion of Ohio and adjacent areas in Kentucky and Indiana. The area served with electricity or gas, or both, covers approximately 3,000 square miles with an estimated population of 1.7 million. Among the major communities served are the cities of Cincinnati and Middletown in Ohio, Covington and Newport in Kentucky, and Lawrenceburg in Indiana.

CG&E and its subsidiary companies, The Union Light, Heat and Power Company (Union Light), Miami Power Corporation, The West Harrison Gas and Electric Company, Lawrenceburg Gas Company, and Lawrenceburg Gas Transmission Corporation, operate in contiguous territories. Tri-State Improvement Company is a wholly-owned real estate development company and YGK Inc. is a wholly-owned rail and barge terminal company organized to service Zimmer Nuclear Station. All of the companies are managed by substantially the same officers.

Contents

The Cincinnati Gas & Electric Company
139 East Fourth Street, Cincinnati, Ohio 45202
Telephone 513-381-2000

To Our Shareholders:

Earnings for 1979 were $69.8 million which was an increase of $8.0 million over 1978. Earnings per common share were $2.59 in 1979 as compared with $2.54 in 1978.

We are generally pleased with these results for several reasons. Our area has experienced a general slowdown in business activity and continued double-digit inflation. The Company's rates in 1979, with the exception of The Union Light, Heat and Power Company's operations, were based on 1974 costs and did not reflect the current level of inflated expenses. However, on January 7, 1980, The Public Utilities Commission of Ohio (PUCO) authorized an annual electric rate increase of $35.1 million. (The $35.1 million increase and the increases granted Union Light in April 1979 in both electric and gas rates totaling $5.3 million are discussed under "Rate Matters" in the text of this report.)

The weather played a crucial role in our operations during 1979. A cooler than normal summer resulted in lower than anticipated electric Kwh sales. Although the expected 7.2% increase in Kwh sales failed to materialize, sales did increase 3.8% over 1978. Despite the cooler weather, a new record electric peak load was established. The new record peak was 5% higher than the previous record set in 1977. Electric Kwh sales are expected to increase at an average annual rate of 4.3% during the 1980-1984 period.

Another bright spot in 1979 was the increase in the supply of natural gas. We were able to add new gas customers to our service lines and to supply additional needs of existing customers. Over the next five years, total gas Mcf sales are expected to increase at an average annual rate of 3.6%.

The year was not without its problems. The accident at Three Mile Island further clouded the future of nuclear power. The scheduled commercial operation date of the Wm. H. Zimmer Nuclear Power Station was once again delayed. It is now scheduled for operation in 1981.

Notwithstanding, we still believe that nuclear power is a safe and reliable source of energy. If our country is ever to extricate itself from its dangerous dependence on uncertain and expensive foreign energy sources, nuclear power must be developed as an integral part of the total energy mix.

B. John Yeager
Chairman of the Board

William H. Dickhoner
President and
Chief Executive Officer

In order to be in a position to meet the future energy needs of our service area, we spent $269 million on new property, plant, and equipment during 1979. We carefully monitor changes in sales and load forecasts and, as a result, have deferred the in-service dates of certain generating units. Even with those deferrals, construction expenditures are expected to total $288 million in 1980 and $1,211 million for the five-year period 1980-1984.

Our objective is to provide dependable service at the lowest possible price, consistent with a fair return to the investor. Only by operating from a position of financial strength can this objective be realized. We will continue to press vigorously for adequate rates, and we have informed the PUCO that we will be seeking rate increases on an annual basis for the next several years. Our construction and financing plans for the future hinge on the success of these efforts.

As we close the decade of the 1970's, and review the complex events that were never envisioned when the decade began, we begin the 1980's with renewed confidence in our capabilities as a Company. It was through the efforts of our dedicated employees and management that we successfully met the challenges of the 1970's, including two of the most severe winters in the history of our area, the longest coal strike in our nation's history, natural gas supply problems, environmental roadblocks, and increasingly burdensome regulation. It is with renewed determination and dedication that we face the 1980's.

Sincerely,

W H Dickhoner — B John Yeager

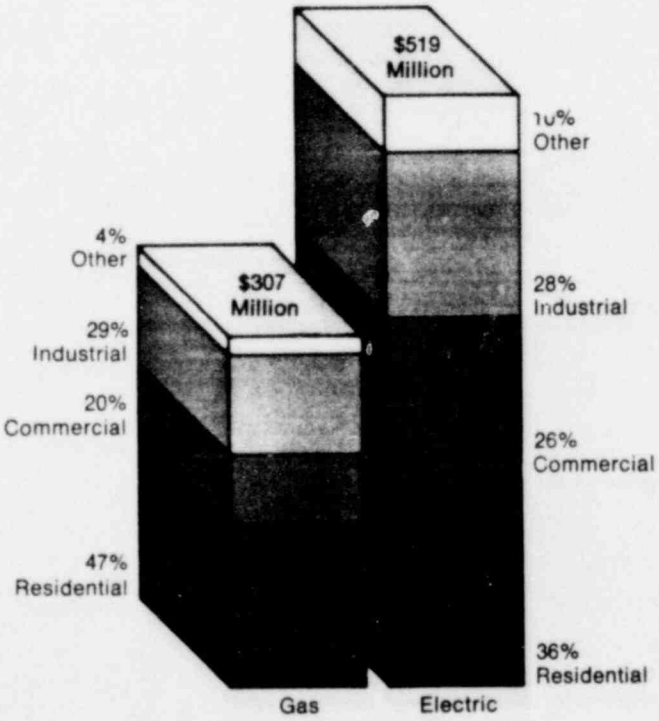
William H. Dickhoner
President and
Chief Executive Officer

B. John Yeager
Chairman of the Board

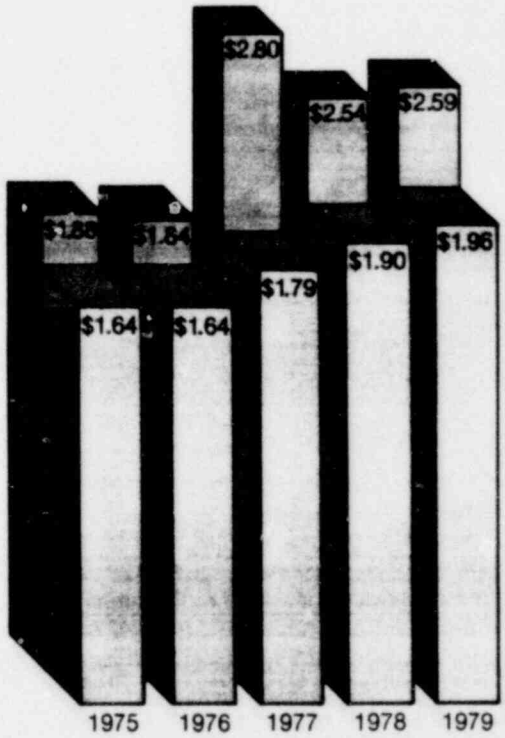
January 23, 1980.

Summary

	1979	1978	% Increase (Decrease)
Earnings on Common Shares (000 omitted)	**$ 69,824**	$ 61,808	13.0
Average Number of Common Shares Outstanding (000 omitted)	**26,964**	24,253	11.2
Earnings per Common Share	**$ 2.59**	$ 2.54	2.0
Year End Annual Dividend Rate	**$ 1.96**	$ 1.96	—
Number of Holders of Common Shares	**69,000**	69,000	—
Electric Sales (million Kwh)			
Residential	**4,822**	4,728	2.0
Commercial	**3,182**	3,069	3.7
Industrial	**4,757**	4,517	5.3
Other Retail	**1,155**	1,103	4.7
Total Retail	**13,916**	13,417	3.7
Other Utilities	**172**	151	14.2
Total	**14,088**	13,568	3.8
Gas Sales (million cu. ft.)			
Residential	**48,213**	50,312	(4.2)
Commercial	**21,837**	22,589	(3.3)
Industrial	**35,929**	32,004	12.3
Other	**4,104**	3,747	9.5
Total	**110,083**	108,652	1.3
Electric Net System Peak Load (thousand Kw)	**2,978**	2,835	5.0
Construction Expenditures (000 omitted)	**$ 269,298**	$ 206,876	30.2
Gross Plant—Year End (000 omitted)	**$2,213,749**	$1,957,983	13.1



Source of Revenue 1979



Earnings and Dividends Per Common Share

Summary of Operations

Electric Sales and Peak Load

Electric kilowatt-hour (Kwh) sales of the Company (CG&E and its subsidiaries) continued their upward trend during 1979, increasing 3.8% over 1978. This was significantly less than the 7.2% increase anticipated for 1979, primarily because cooler than normal weather during the air conditioning season adversely affected sales to residential and commercial customers. The total Kwh sales gain was divided among customer classifications as follows: residential sales increased 2.0%, commercial 3.7%, and industrial 5.3%.

Although the summer was cooler than normal, a new record system electric peak load of 2,978 megawatts was established on August 8, 1979. This peak was 5% higher than our previous record peak load of 2,841 megawatts, established on July 20, 1977.

Increased availability of natural gas, conservation, changing socio-economic factors, and price elasticity have made the accurate forecasting of long-range electric sales and peak demands increasingly difficult. Our revised forecasts indicate a 4.3% average annual increase in electric Kwh sales and a 4.0% average annual increase in electric peak demand during the 1980-1984 period.

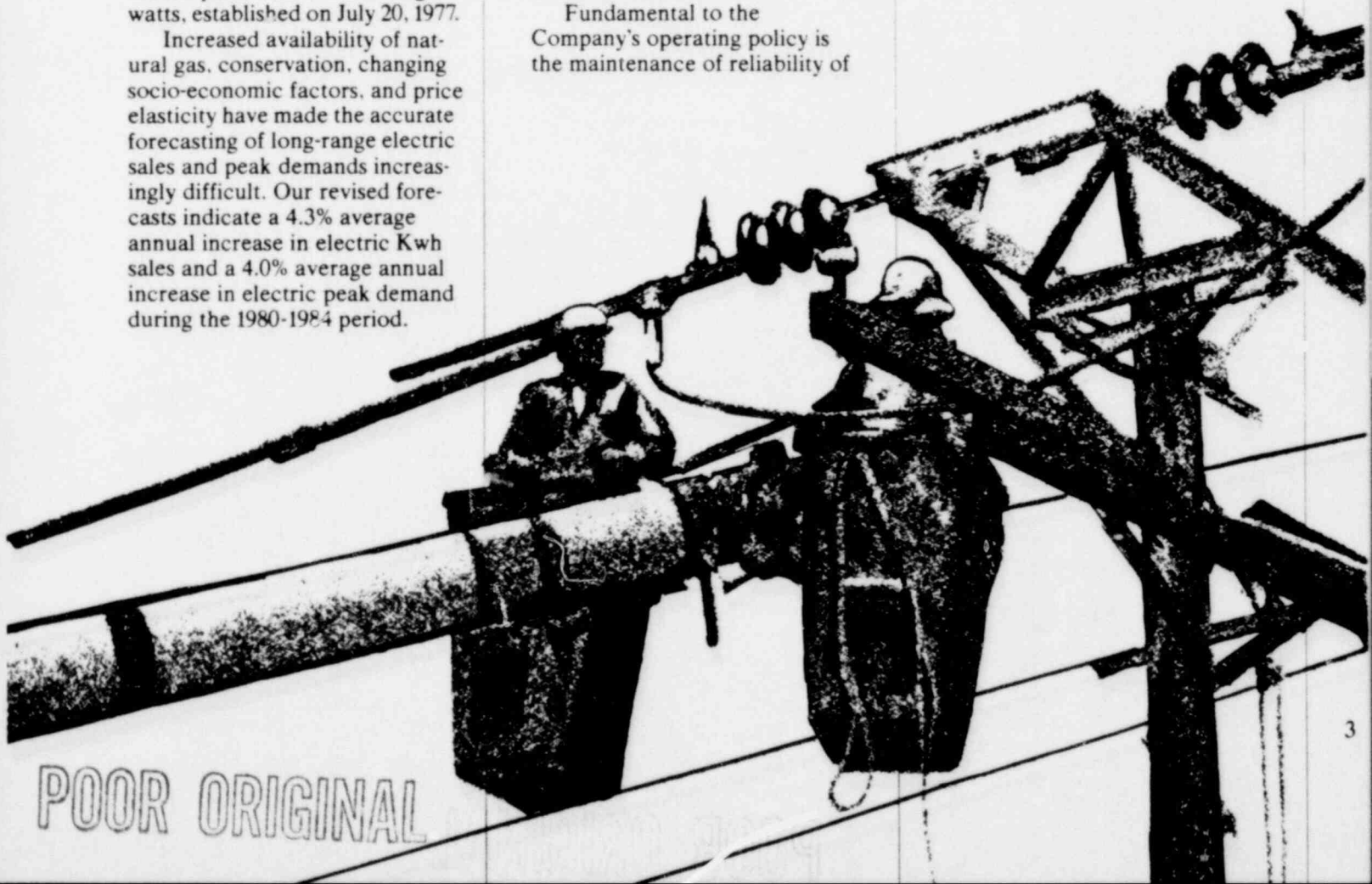
Electric Operations and Fuel Supply

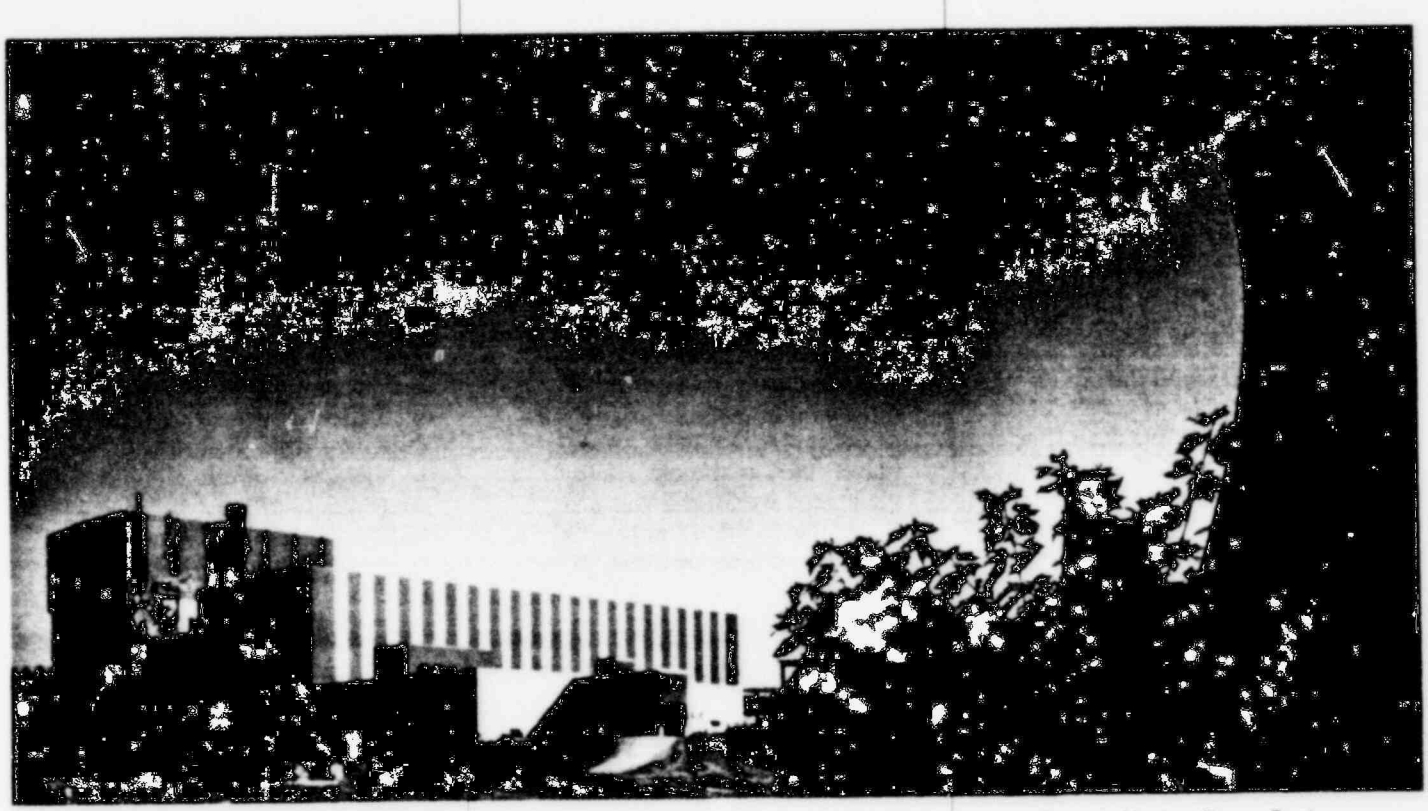
CG&E generates most of its electricity from coal, the nation's most abundant fuel, and will remain a predominantly coal-burning company for many years to come. During 1979, approximately 98% of the electricity generated by CG&E was produced by coal-fired generating units. Even after the Wm. H. Zimmer Nuclear Unit 1 (Zimmer Unit 1) is placed in service, coal will be used to generate more than 90% of CG&E's electricity.

Most of our coal is purchased under several long-term contracts which expire between 1984 and 1995. The coal delivered under these contracts is primarily from mines located in Kentucky, Ohio, and West Virginia. We are fortunate to have adequate supplies of coal in close proximity to our service area.

Fundamental to the Company's operating policy is the maintenance of reliability of service. To that end, our construction program is designed to maintain a minimum generating reserve margin of 20% of peak load. Generating reserve levels may vary from year to year, due to changes in economic and weather conditions, and because additional generating capacity must be added in sizable blocks to obtain economies of scale. At the time of the 1979 peak load, CG&E's installed summer net generating capability was 3,595 megawatts. This provided a reserve of 21% over the 2,978 megawatt peak load.

We do not plan to add any new generating capacity until 1981. However, CG&E has





The Zimmer Nuclear Power Station is expected to be ready for commercial operation in 1981.

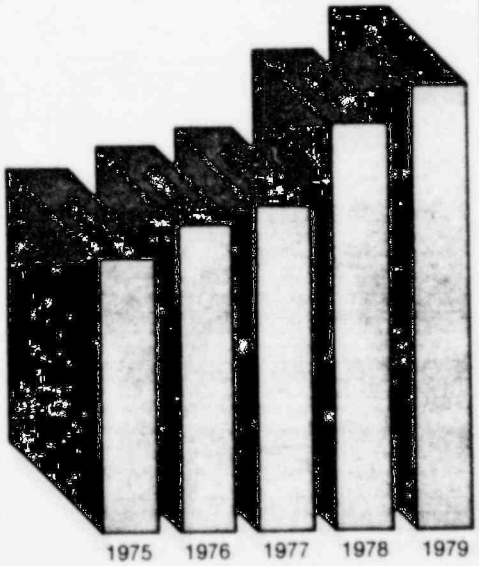
committed to purchase varying amounts of power through September 30, 1981 from Ohio Valley Electric Corporation. This will enable CG&E to have an estimated reserve of 21% in excess of its projected 1980 summer peak of 3,083 megawatts.

In our 1978 Annual Report to Shareholders, we informed you that Zimmer Unit 1 was scheduled for commercial operation in 1980. However, as a result of the March 1979 accident at the Three Mile Island Nuclear Station (operated by another utility) and additional engineering and refitting work to comply with additional Nuclear Regulatory Commission (NRC) construction criteria, the commercial operation date of Zimmer Unit 1 will be delayed to the spring of 1981.

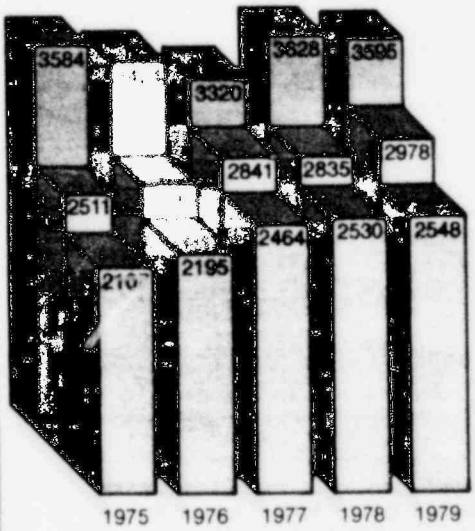
An operating license, which must be obtained from the NRC before loading nuclear fuel and placing Zimmer Unit 1 in service, was applied for in 1975. Hearings on that application are being held, although the NRC has put into effect a *de facto* moratorium on the further issuance of construction permits and operating licenses. If the operating license is not issued by the time the Unit is ready for loading of nuclear fuel (currently scheduled for the fall of 1980), construction costs (presently estimated at $850 million) will increase, and the presently scheduled in-service date will be delayed further. CG&E owns 40% of Zimmer Unit 1.

Last summer, about 115 tons of nuclear fuel were delivered to Zimmer Station. This is the total amount required for the initial fuel load. The fuel is being stored on site until the operating license is received from the NRC, at which time the fuel will be loaded into the reactor.

Most of the problems relating to nuclear power are questions regarding its safety and the storage of spent fuel. These problems continue to exist only as a result of political indecision since, technically, solutions do



Cost of Coal
(per ton)



System Capability and Peak Load
(Megawatts)

exist. In view of the uncertain oil supply, it is essential that the United States move forward with the development of nuclear power. In Europe and Japan, nuclear plants are being completed in half the time required in the United States and at a lower cost.

Gas Sales

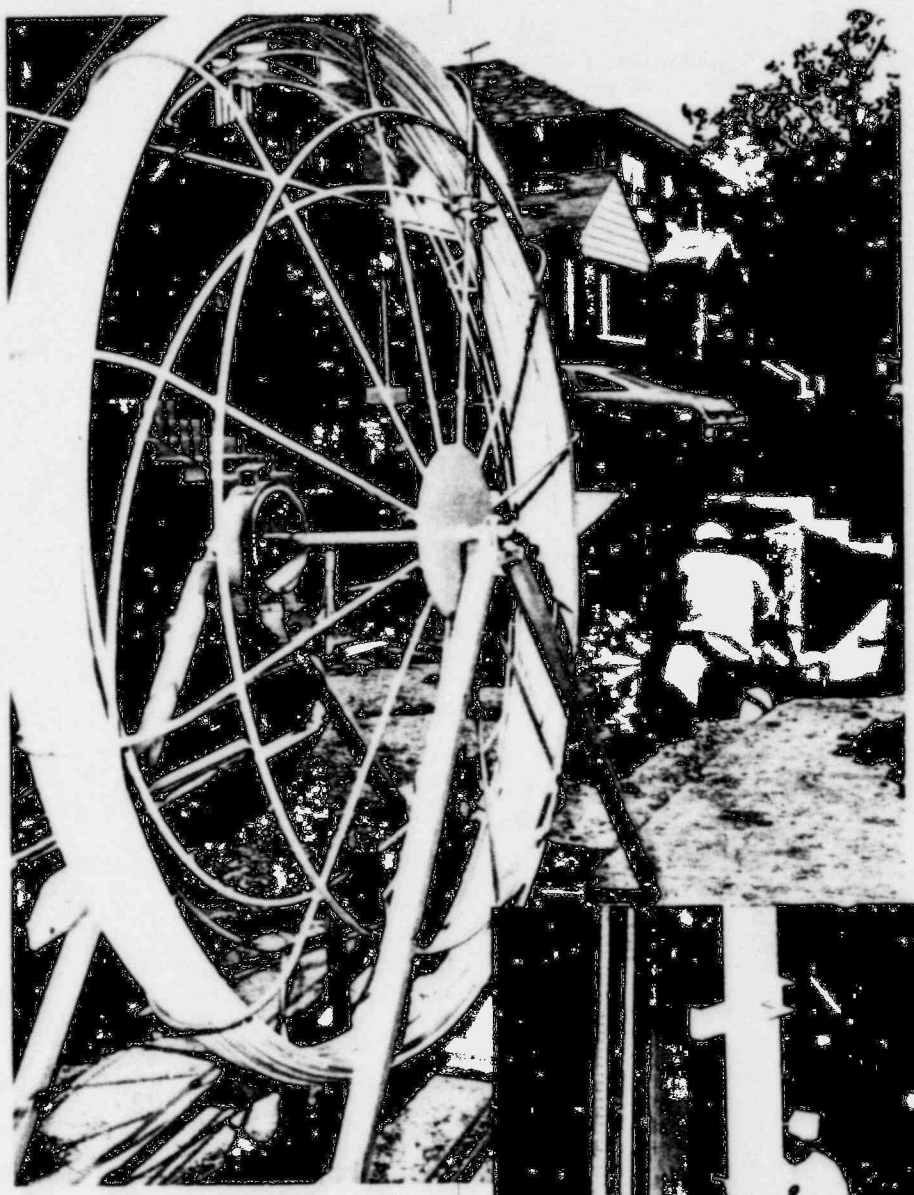
An increase in the availability of natural gas from our suppliers in 1979 was reflected in an increase of total gas Mcf sales, up 1.3% over 1978. Milder weather during the heating season decreased residential sales by 4.2%, and commercial sales were down 3.3%. However, industrial sales were 12.3% higher than the previous year.

Gas Operations and Supply

The improvement in the natural gas supply was principally due to the passage of the National Energy Act which permitted an increase in the price of natural gas at the wellhead. This increase in price made it financially attractive for drillers to drill new wells, especially in more difficult terrain where the conditions increase costs and make the risk of failure greater. Important new gas finds in Mexico, Canada, and Alaska should alleviate the serious gas shortages of the past decade. Understandably, the price will go up, far above the old federally-regulated, unrealistically low levels which created the shortage of supplies in the first place.

Both CG&E and its Kentucky subsidiary, The Union Light, Heat and Power Company (Union Light), obtained permission from their respective state regulatory commissions to accept new gas customers and to serve the additional requirements of existing customers, except new boiler loads in excess of 300,000 cubic feet per day. Both CG&E and Union Light had discontinued adding gas customers in 1973 due to the shortage in the supply of natural gas. As of the end of 1979, 1,800 new gas customers had been added to our service lines. To accelerate new "hook-ups," we are supplementing our work force by using local contractors wherever possible. As a result of being permitted to add new gas customers and to serve the additional requirements of existing customers, the Company expects total gas Mcf sales to increase 3.6% annually over the 1980-1984 period.

CG&E is continuing to receive gas as a result of six contracts negotiated with Ohio producers. CG&E obtained approximately 2.2 million Mcf from this source during 1979.



Plastic tubing liner is inserted in existing gas lines as part of CG&E's ongoing program to maintain service at low cost. The tubing, transported on portable reels, is lightweight, tough and requires fewer joints.

Fuel rod bundles were inspected before being lowered in the Zimmer Station spent-fuel pool located in the reactor building for temporary storage.

In August 1977, CG&E began participating in a joint venture exploring for supplies of natural gas in the Texas-Louisiana onshore areas. Because of increased gas supplies, CG&E canceled the joint Exploration and Development Agreement effective August 1, 1979, but will participate in any development wells in the five prospects where oil and/or gas were found.

Rate Matters

On January 7, 1980, The Public Utilities Commission of Ohio (PUCO) issued an order authorizing CG&E an annual increase in electric revenues of $35.1 million. The new rates will become effective February 15, 1980. Although the PUCO approved an increase of only 43% of our $80.6 million request, there were some decisions by the PUCO which were favorable. The PUCO allowed 50% of our investment in Zimmer Unit 1 in the rate base (Ohio's rate base law permits the PUCO, at its discretion, to include in the rate base construction work in progress on projects at least 75% completed, but only in an aggregate amount up to 20% of the remainder of the rate base). The PUCO found that the proper rate of return was 10.24% based on capital structure as of June 30, 1979 and determined that a return of 14.39% on common equity was fair and reasonable.

Our requests to normalize the tax effect of the interest portion of Allowance for Funds Used During Construction and to normalize for the tax effects resulting from the use of liberalized depreciation on an additions forward basis were approved (these changes will not increase reported earnings but will improve our internal cash generation in 1980 and in subsequent years).

In April 1979, the new Energy Regulatory Commission of Kentucky (ERC of Ky.), a reorganization of the Public Service Commission of Kentucky, issued an order authorizing Union Light an annual increase in electric and gas revenues totaling $5.3 million. Union Light had filed an application in October 1978, requesting a total annual increase in revenue of $7.8 million.

Union Light has pending an application filed in November 1979 with the ERC of Ky. requesting an annual increase in electric revenues of $5.5 million. The requested increase represents the pass through of a proposed increase in wholesale rates from CG&E presently pending before the Federal Energy Regulatory Commission. Union Light requested that the new rates be placed in effect simultaneously with the wholesale rate increase from CG&E, expected to become effective February 19, 1980, subject to refund.

Gas and electric rates in our service area have been consistently below the average of major metropolitan areas for years. A comparison is given in the accompanying table published by the U.S. Department of Labor, Bureau of Labor Statistics.

Gas Rates

1. Honolulu	$112.92
2. New York	52.70
3. Boston	48.78
4. Portland	45.41
5. Seattle	44.25
6. Miami	43.74
7. Washington	42.93
8. Buffalo	41.34
9. Philadelphia	40.68
10. Baltimore	38.51
Average	**38.10**
11. Northeastern Pennsylvania	37.91
12. St. Louis	37.70
13. Milwaukee	36.14
14. Chicago	35.58
15. Atlanta	34.51
16. Detroit	33.85
17. Houston	33.38
18. Denver	32.74
19. Cincinnati	**31.75**
20. Pittsburgh	31.25
21. San Diego	30.94
22. Minneapolis	30.91
23. Cleveland	29.74
24. Dallas	26.36
25. San Francisco	25.12
26. Los Angeles—Long Beach	25.02
27. Kansas City	23.23
28. Anchorage	19.39

Figures reflect the average price paid by residential customers for 10,000 cubic feet of gas in November 1979.

Electric Rates

1. New York	$ 42.29
2. Honolulu	30.85
3. Boston	30.39
4. Philadelphia	29.52
5. Cleveland	29.24
6. San Diego	28.84
7. Washington	28.08
8. Baltimore	28.08
9. Los Angeles—Long Beach	28.01
10. Detroit	27.66
11. Pittsburgh	27.29
12. Miami	27.08
13. Chicago	26.35
14. Denver	26.05
Average	**25.33**
15. Kansas City	25.19
16. Buffalo	24.58
17. St. Louis	24.31
18. Minneapolis	23.75
19. Houston	23.42
20. Northeastern Pennsylvania	23.27
21. Atlanta	22.79
22. Cincinnati	**22.37**
23. Dallas	21.67
24. Anchorage	21.17
25. Milwaukee	21.00
26. San Francisco	19.29
27. Portland	17.26
28. Seattle	9.45

Figures reflect the average price paid for 500 Kilowatt hours use of electricity in November 1979.

Construction

During 1979, CG&E and its subsidiaries invested $269 million for both new facilities and the replacement and upgrading of existing facilities. Of this amount, $255 million were for electric facilities, $12 million for gas facilities, and the remaining $2 million for common facilities used in both electric and gas operations. These expenditures were necessary to meet the demands for energy by existing customers and the anticipated requirements for the future.

Construction expenditures for 1980 are expected to be $288 million. Over the next five years (1980-1984) construction expenditures are expected to total $1,211 million, primarily for electric generating and transmission facilities ($879 million). An estimated $87 million will be spent for gas facilities.

The amounts for the electric facilities reflect deferrals of one year in the scheduled commercial operation dates of certain electric generating units. These estimates also reflect a proposed change in ownership of the East Bend and Killen Generating Stations, both of which are under construction. Under the proposed change, CG&E would own 69% of East Bend Station and 33% of Killen Station as opposed to its present 51% share of each Station. The two Stations will be commonly owned by CG&E and The Dayton Power and Light Company (DPL), with CG&E responsible for the construction and operation of East Bend Station and DPL responsible for the construction and operation of Killen Station.

The 1980-1984 construction expenditures include an estimated $220 million for pollution control facilities such as electrostatic precipitators, cooling

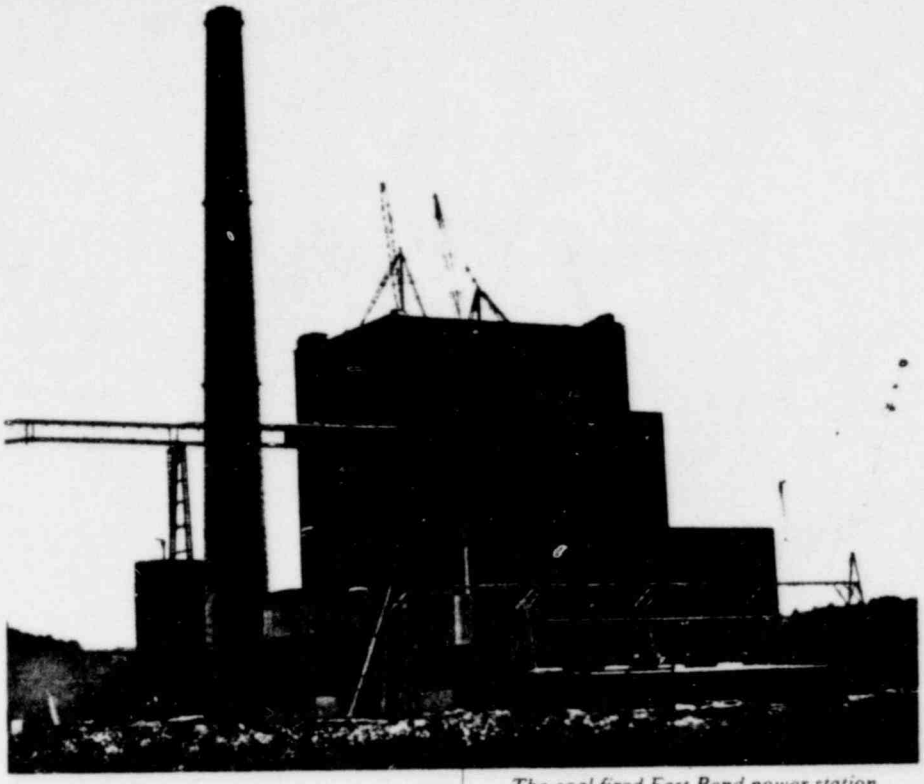
Board members donned hard hats to tour East Bend Station in July. Left to right: Neil A. Armstrong, Harry Holiday, Jr., William H. Dickhoner, Donald I. Lowry, James P. Herring, and Earl A. Borgmann.

Summary of Planned Future Generation

Plant or Unit (a)	Energy Source	Location	Approximate Total Kw Capability	Owned by CG&E %	Owned by CG&E Kw	Scheduled Year of Operation	Estimated Cost to CG&E (Millions of Dollars)
Wm. H. Zimmer Nuclear Power Station (Unit 1)	Nuclear	25 miles upstream from Cincinnati on Ohio River	792,000	40	316,800	1981	$ 332
East Bend Generating Station (Units 1 and 2) (b)	Coal	In Kentucky, 40 miles downstream from Cincinnati on Ohio River	600,000 600,000	69 69	414,000 414,000	1981 1985	571
Killen Generating Station (Units 1 and 2) (b)	Coal	80 miles upstream from Cincinnati on Ohio River	600,000 600,000	33 33	198,000 198,000	1982 1985	297
Totals			3,192,000		1,540,800		$1,200

(a) All units will be commonly owned by CG&E and The Dayton Power and Light Company (DPL), except Zimmer Unit 1 which will be owned by CG&E, Columbus and Southern Ohio Electric Company, and DPL. DPL is responsible for construction and operation of Killen Station. CG&E is responsible for construction and operation of all other units.

(b) Reflects a proposed change in ownership of the East Bend and Killen Generating Stations (see "Construction").



The coal fired East Bend power station located in Boone County, Kentucky is now about 75% complete.

towers, fly-ash handling and disposal systems, waste water disposal systems, and sulfur dioxide removal equipment. The cost of these pollution control facilities represents 18% of the total 1980-1984 construction expenditures. The installation of pollution control equipment adds to the construction cost of generating facilities, and its operation consumes electricity which otherwise would be available for our customers. Ultimately, it is the customer who pays the increased capital and operating costs of pollution control equipment through higher prices.

Financing

In March 1979, CG&E sold at competitive bidding $100 million of 30-year first mortgage bonds at an interest rate of 10%. The proceeds from the sale were used to repay short-term indebtedness incurred in connection with CG&E's construction program and for additional construction.

In an effort to minimize the cost of compliance with environmental regulations, CG&E obtained a loan of $48 million from the County of Boone, Kentucky, in October 1979. The loan was obtained in connection with the County's issuance of $48 million of Pollution Control Revenue Bonds (Bonds) to finance certain pollution control facilities at the East Bend Generating Station. The Bonds have an average life of 28 years, 5 months and an annual cost of money to CG&E of 7.27%.

Approximately $2.2 million of common equity (121,850 shares of previously unissued CG&E common stock) was raised through the Dividend Reinvestment and Stock Purchase Plan. This Plan provides for the automatic reinvestment of dividends in additional common stock. The Plan also provides for optional cash payments by participants of no less than $100 nor more than $3,000 per quarter for the purchase of additional shares. At December 31, 1979, approximately 5,100 shareholders were enrolled in the Plan.

Additional equity capital of $6.7 million was provided in 1979 by the issuance of 359,553 shares of CG&E common stock through the Employee Incentive Thrift Plan and the Employee Stock Ownership Plan. These Plans allow eligible employees to become owners of CG&E common stock, thereby adding further incentive for employees to strive for the success of the Company.

Standard and Poor's rating agency downrated all of CG&E's outstanding issues of first mortgage bonds from double A to double A-, and downrated all of CG&E's outstanding series of preferred stock from single A to single A-. Moody's, another rating agency, lowered its rating on all series of CG&E's preferred stock from double A to single A. Both agencies expressed concern regarding a weakness in earnings protection measures, the need for improved internal generation of funds, and the increase in construction expenditures. The reduced ratings will result in higher costs to CG&E on future debt and preferred stock issues. However, as discussed in "Rate Matters," we have taken steps to increase the internal generation of funds. The $35.1 million annual electric increase authorized in January 1980 will provide some of the needed rate relief.

On January 4, 1980, CG&E sold through underwriters, 500,000 shares of 10.20% series $100 par value Cumulative Preferred Stock. As of the date of this Report, CG&E plans to offer through underwriters, 3,400,000 shares of new common stock late in January 1980, subject to market conditions. Proceeds from the sale of the preferred stock were used to repay short-term indebtedness incurred in connection with the construction of new facilities and the proceeds from the proposed sale of common stock will be used to repay additional short-term indebtedness and for additional construction.

Present plans are to obtain the balance of the 1980 external capital requirements from the sale of first mortgage bonds, the issuance of pollution control bonds, and the issuance of common shares through the Plans mentioned above. Any additional requirements will be obtained through the issuance of short-term indebtedness.

Environmental Matters

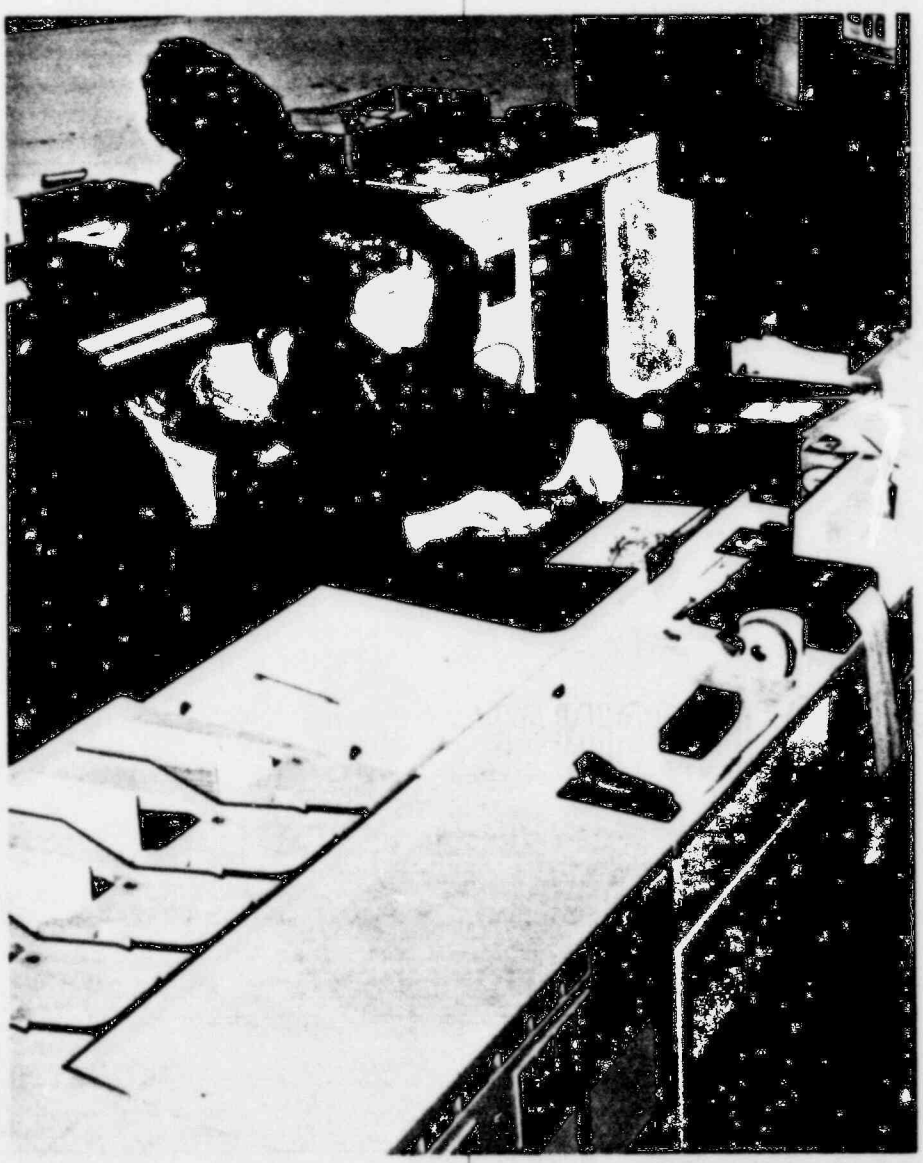
Unreasonable environmental regulation continues to be a primary problem for the industry and CG&E. Adverse rulings on various pending actions would result in substantial additional cost to CG&E.

A Precipitator Upgrading Program, which began in 1971, has been completed with the installation of a new precipitator on Beckjord Unit 6. All of the coal-burning units operated by CG&E now are equipped with electrostatic precipitators designed to meet particulate emission requirements of applicable regulations.

CG&E has notified the Federal Environmental Protection Agency (Federal EPA) that the electric generating units operated by it are in compliance with the sulfur dioxide emission regulations contained in its plan for Ohio. This plan is enforceable by the Federal EPA without reference to the Ohio Environmental Protection Agency (Ohio EPA).

The Ohio EPA has adopted regulations (subject to approval by the Federal EPA) relating to emissions of sulfur dioxide, which are generally less restrictive than the emission limitations contained in the federal plan.

The Federal EPA, in September 1979, issued a proposed finding that the use by Ohio utilities of low sulfur coal to comply with sulfur dioxide emission limitations would not result in significant unemployment in Ohio. This action stemmed from proceedings instituted in 1978 by the Federal EPA under Section 125 of the Clean Air Act. The exclusive use of coal mined in Ohio will not permit CG&E to comply with the Federal EPA sulfur dioxide regulations for Ohio without the addition of costly sulfur dioxide control equipment.



Highly sophisticated cash handling equipment was installed in the Company's 4th and Main office building.

Litigation

The Supreme Court of Ohio has determined that an excise tax on coal used for the generation of electric power, as imposed by a 1977 Ohio law, discriminates against interstate commerce in violation of the United States Constitution. The tax imposed a graduated rate, with the highest rate applicable to coal with the lowest sulfur content. CG&E and other electric utilities contested the tax as discriminating against the use of low sulfur coal from interstate sources.

Both state and federal courts approved the settlement agreement reached between Union Light and the plaintiffs in the class action suits resulting from a fire in 1977 at the Beverly Hills Supper Club. The settlement protects Union Light and its insurers from liability arising from all claims of the class and claims of other defendants arising out of those class claims. The agreement called for a total settlement of $5,750,000 of which Union Light paid $500,000, with the remainder coming from its insurers. The basis of the actions against Union Light was alleged negligence in supplying electrical energy to the Club. The decision to make an out-of-court settlement was made by the insurers. Union Light accepted the decision, but did so without any implication of negligence by it or any of its employees.

Elected officials who serve communities within CG&E's service area were addressed by President William H. Dickhoner concerning details of CG&E's growing operations.

Organizational Changes

It is with regret that we report the death of William J. Whittaker in January 1980. Mr. Whittaker was serving in his ninth year as a member of CG&E's Board of Directors. The service of Mr. Whittaker as an outstanding business executive and civic leader will be greatly missed by CG&E and the community.

At the April 1979 organization meeting of the Board of Directors, following the Annual Meeting of Shareholders, Earl A. Borgmann was elected Senior Vice-President and Jackson H. Randolph was elected Vice-President of Rates and Economic Research. Mr. Borgmann formerly served as Vice-President of Engineering Services and Electric Production, and Mr. Randolph formerly served as Manager of the Rate and Economic Research Department.

On September 1, Miles J. Doan retired as Senior Vice-President and Director concluding 30 years of valuable service. The Board of Directors, at its meeting on September 20, elected Dr. Jane L. Rees to fill the vacancy created by the retirement of Mr. Doan. Dr. Rees heads the Department of Home Economics and Consumer Sciences at Miami University, Oxford, Ohio.

William H. Zimmer, Jr., formerly Vice-President and Treasurer, relinquished the title of Treasurer effective September 1 to assume primary responsibility for all financial matters of CG&E. C. Robert Everman, formerly Assistant Secretary and Assistant Treasurer, was elected Treasurer and Assistant Secretary.

Employee Relations

CG&E and its subsidiaries employ about 4,700 full-time employees. The average length of service for an employee is almost 15 years, and about 35% of our employees have been with the Company for 20 years or longer.

New three-year contracts were negotiated with the International Brotherhood of Electrical Workers (IBEW), representing about 1,650 electrical workers, and with the United Steelworkers of America (USWA), representing about 500 employees in gas operations. In addition to increased benefits, the IBEW agreement provides a 7% wage increase each year and the USWA contract provides for a 7½%, 7%, and 6½% increase for the first, second, and third years, respectively. Both contracts provide for cost-of-living adjustments depending upon increases in the Consumer Price Index. Changes in work rules, designed to increase productivity, were also agreed upon during the negotiations.

In accordance with a wage reopener provision for the third and final year of the existing Independent Utilities Union (IUU) Agreement, the 1,200 clerical and technical employees represented by the IUU received a wage adjustment and changes

The annual lobby Christmas train display attracted more than 215,000 school children and visitors during the 1979 season. More than 4 million persons have visited the exhibit since 1946.

in benefits comparable to the other unions.

In the opinion of management, all provisions of the contracts meet guidelines established by the Council on Wage and Price Stability.

Public Affairs

The Company has reorganized and strengthened its exterior communications program. We are providing our customers and their elected governmental representatives with usable and beneficial information about increasingly complex energy issues.

The Company has been actively involved in disseminating information regarding the Federal weatherization program and the various government assistance programs that are available to qualified customers during the heating season.

In order to improve our service to customers and assist Company personnel in providing complete, accurate, and timely answers to customers' questions, an Energy Assistance Information Center was established within the Public Affairs Department.

The Company has also made known to the customers that programs such as the Budget Billing Plan, Extended Payment Plans, and Third Party Notice Plan are available as part of the Company's ongoing program of helping needy customers with the payment of their utility bills.

Top management teams meet regularly with government officials, community leaders, local and regional media editors, consumer groups, and representatives of industrial and commercial customers. Our Speakers Bureau provides informational programs on energy issues, nuclear power, energy conservation, and a variety of general topics. The Bureau scheduled more than 10 programs a week during 1979. In order to keep the public informed through news media, the Media Services Division is available, at virtually all hours around the clock, to press and broadcast journalists. Independent surveys of customer attitudes provide keys to subjects on which there is need for more information about our operations.

Area Development

New and expanded industrial plant activity in our service area announced during 1979 will create approximately 6,000 new jobs at a capital investment of over $789 million. Eighteen new firms located here and 70 local expansions got under way.

Among major projects announced was Miller Brewing Company's new $412 million brewery to be constructed at Trenton, Ohio. The new facility will employ 1,500 initially, with an estimated annual payroll of $30 million. General Motors scheduled a $100 million expansion at its Norwood, Ohio, assembly plant, and Ford Motor Company started a $93 million expansion of its Sharonville, Ohio, automatic transmission plant.

The Greater Cincinnati area continues to attract international companies. Four of them have plants under construction: Toyota is building a $10 million training and distribution center at Blue Ash, Ohio; GKN Windsor has started construction of a $10 million facility to manufacture machine tools at Erlanger, Kentucky; Didier-Taylor Refractories Corporation, a subsidiary of Didier-Werke AG, has purchased and is expanding a refractories operation in Newtown, Ohio; and American Tente Casters, Inc. is investing $1 million in a manufacturing plant in Florence, Kentucky.

Cincinnati's downtown renewal program continues to progress. A new major hotel and two office buildings are under construction. The volume of inquiries received by the Company's Area Development Division in the fourth quarter of 1979 indicates good prospects for continued growth of the area in 1980.

The Miller Brewing Company purchased a 1087 acre tract in Trenton, Ohio. The company plans to build the largest brewery ever built at one time in the United States on the property. Governor James A. Rhodes welcomed Miller executives at the ground breaking.

Management's Discussion and Analysis of Consolidated Statement of Income

The decrease in earnings per common share for the year 1978 compared to 1977 was due to several factors, including the following: depressed electric Kwh sales due to mild weather during the second and third quarters of 1978 and conservation by commercial and industrial customers during and subsequent to the coal miners strike; an increase in the number of common shares outstanding; and general inflation, which caused increases in labor and material costs. In addition, CG&E was not permitted to recoup all of the cost of power purchased to conserve coal supplies during the coal miners strike.

Operating Revenues

Increases in gas and electric operating revenues in 1978 and 1979 were primarily due to the operation of fuel charge adjustment clauses reflecting changes in the cost of fuel used for electric production, to the operation of escalation clauses reflecting changes in the cost of gas purchased, and to increases in total sales volumes.

Operating Expenses

Increases in gas purchased expense resulted from increases in average cost per Mcf purchased and to increases in quantities purchased. Increases in fuel used in electric production in 1978 and 1979 resulted from increased fuel prices, increased electric generation, and in 1978 from burning of more expensive oil to help stretch diminishing coal supplies during the coal miners strike.

Other operation expense increased in 1978 due to a number of factors including significant purchases of electricity, wage increases, and the general effects of inflation. The decrease in other operation expense in 1979 resulted primarily from a decrease in purchases of electricity.

The increases in maintenance costs largely were attributable to increased maintenance on electric generating units.

Taxes other than income taxes increased in 1978 because of higher excise taxes resulting from increased revenues.

Income taxes decreased primarily as a result of decreases in taxable income and to a reduction in the Federal income tax rate for 1979.

Other Income and Deductions—net

The increase in other income and deductions—net in 1978 primarily resulted from the premium paid for the redemption in September 1977 of Union Light's $10 million principal amount of First Mortgage Bonds, 9⅝% Series Due June 1, 2000, and from a loss in 1977 on the sale of non-utility property which had been held for future industrial development.

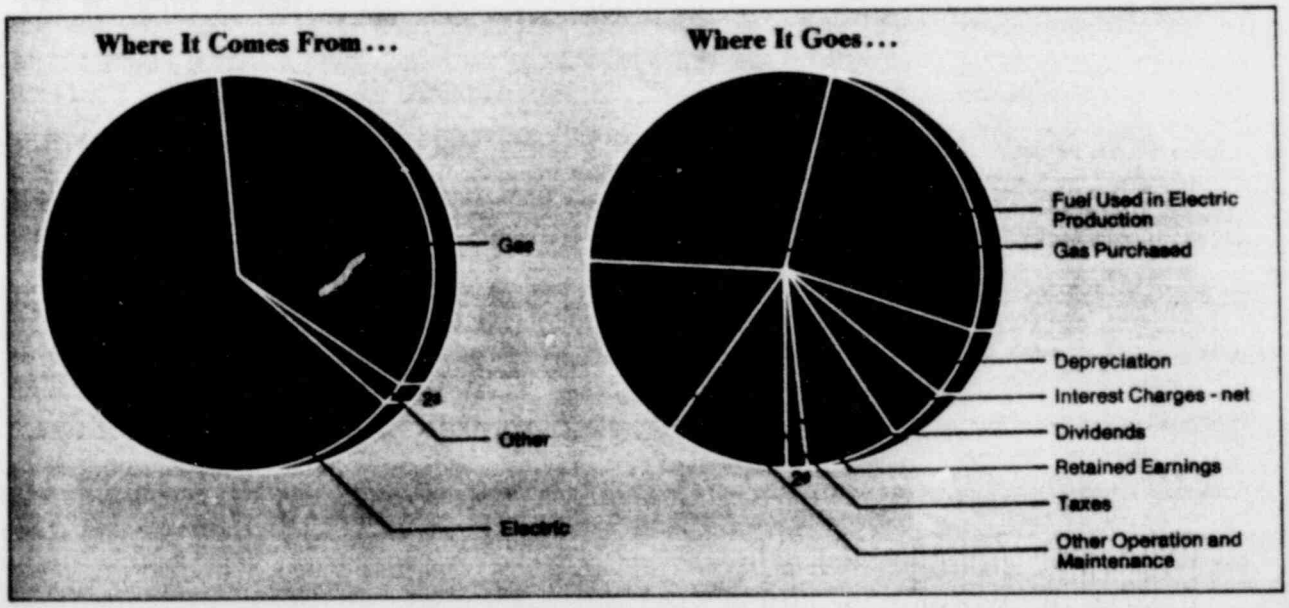
Allowance for Funds Used During Construction

The allowance for funds used during construction increased due to higher levels of construction work in progress and to an increase in the allowance for funds rate from 7½% to 8½% effective January 1, 1979.

Interest Charges

Interest on long-term debt increased due to the issuance of additional securities to finance a portion of the construction program. The increase in other interest in 1979 occurred due to greater amounts of short-term borrowings at higher interest rates.

The Revenue Dollar



Consolidated Statement of Income

for the years ended December 31.

	(Thousands of Dollars)				
	1979	1978	1977	1976	1975
OPERATING REVENUES					
Electric	**$518,916**	$493,323	$450,182	$352,419	$324,510
Gas	**306,910**	279,353	239,684	194,714	155,358
Total operating revenues	**825,826**	772,676	689,866	547,133	479,868
OPERATING EXPENSES					
Gas purchased	**232,055**	199,309	168,435	140,583	116,915
Fuel used in electric production	**216,279**	194,126	161,934	136,982	116,089
Other operation	**83,673**	92,896	81,946	55,885	53,381
Maintenance	**50,337**	43,822	39,858	28,674	25,094
Provision for depreciation	**49,711**	47,693	43,921	41,174	38,467
Taxes other than income taxes (Schedule on page 19)	**59,941**	55,139	48,671	44,971	39,593
Income taxes (Schedule on page 19)	**21,442**	33,299	38,537	16,436	13,060
Total operating expenses	**713,438**	666,284	583,302	464,705	402,599
OPERATING INCOME	**112,388**	106,392	106,564	82,428	77,269
OTHER INCOME AND DEDUCTIONS					
Allowance for other funds used during construction (Note 1)	**19,218**	11,243	9,290	6,884	5,572
Other income and deductions—net	**614**	215	(2,781)	19	452
Total other income and deductions	**19,832**	11,458	6,509	6,903	6,024
INCOME BEFORE INTEREST CHARGES	**132,220**	117,850	113,073	89,331	83,293
INTEREST CHARGES					
Interest on long-term debt	**61,052**	50,133	46,415	41,086	38,320
Other interest	**2,977**	1,290	1,239	1,952	1,887
Amortization of debt discount, premium and expense	**20**	27	39	14	(2)
Allowance for borrowed funds used during construction—credit (Note 1)	**(17,577)**	(11,332)	(10,735)	(8,118)	(6,650)
Net interest charges	**46,472**	40,118	36,958	34,934	33,555
NET INCOME	**85,748**	77,732	76,115	54,397	49,738
Preferred dividends	**15,924**	15,924	15,924	15,758	11,641
EARNINGS ON COMMON SHARES	**$ 69,824**	$ 61,808	$ 60,191	$ 38,639	$ 38,097
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (000 omitted)	**26,964**	24,253	21,450	21,000	20,233
EARNINGS PER COMMON SHARE	**$ 2.59**	$ 2.54	$ 2.80	$ 1.84	$ 1.88
DIVIDENDS DECLARED PER COMMON SHARE	**$ 1.96**	$ 1.90	$ 1.79	$ 1.64	$ 1.64

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

The Cincinnati Gas & Electric Company
And Subsidiary Companies

Consolidated Statement of Sources of Funds for Construction Expenditures

for the years ended December 31,

	(Thousands of Dollars)				
	1979	1978	1977	1976	1975
SOURCES OF FUNDS					
Operations					
Earnings on common shares	**$ 69,824**	$ 61,808	$ 60,191	$ 38,639	$ 38,097
Less—Dividends declared on common shares	**52,964**	46,639	38,832	34,440	33,497
	16,860	15,169	21,359	4,199	4,600
Non-cash provisions deducted in arriving at earnings on common shares					
Depreciation	**49,711**	47,693	43,921	41,174	38,467
Deferred income taxes—net	**150**	1,105	396	463	807
Investment tax credits—net	**24,719**	15,248	12,953	7,213	7,433
Total allowance for funds used during construction	**(36,795)**	(22,575)	(20,025)	(15,002)	(12,222)
Funds provided by operations	**54,645**	56,640	58,604	38,047	39,085
Financing					
Common shares					
Public offering	**—**	55,300	61,425	—	34,500
Dividend Reinvestment and Stock Purchase Plan	**2,210**	707	—	—	—
Employee Incentive Thrift Plan	**3,885**	2,163	—	—	—
Employee Stock Ownership Plan	**2,859**	2,582	—	—	—
Cumulative preferred shares	**—**	—	—	45,000	—
First mortgage bonds	**100,000**	85,000	—	75,000	60,000
Other long-term debt	**48,109**	8	110	10,127	124
Repayment of long-term debt	**(5,545)**	(15,507)	(10,791)	(765)	(46,064)
Increase (decrease) in short-term debt—net	**53,705**	17,073	(17,044)	(31,188)	33,974
Funds provided by financing	**205,223**	147,326	33,700	98,174	82,534
Other Sources of Funds—net					
Decrease (increase) in net current assets (excluding short-term debt and temporary investments)	**(43,389)**	(21,580)	24,353	(16,958)	(1,509)
Decrease (increase) in temporary investments	**2,666**	(2,966)	11,979	(8,982)	(1,800)
Refunds from gas suppliers received (distributed)—net	**12,100**	4,470	(6,331)	6,120	437
Other—net	**1,258**	411	11,901	2,425	11,325
Funds provided from other sources	**(27,365)**	(19,665)	41,902	(17,395)	8,453
Total Funds for Construction from above Sources	**232,503**	184,301	134,206	118,826	130,072
Total Allowance for Funds used during Construction	**36,795**	22,575	20,025	15,002	12,222
CONSTRUCTION EXPENDITURES	**$269,298**	$206,876	$154,231	$133,828	$142,294

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

Consolidated Balance Sheet

December 31, 1979 and 1978

	(Thousands of Dollars) 1979	1978
ASSETS		
PROPERTY, PLANT AND EQUIPMENT, at original cost (Notes 2 and 7)		
In service—		
Electric	**$1,370,612**	$1,292,302
Gas	**211,841**	202,456
Common	**36,331**	34,969
	1,618,784	1,529,727
Less—Accumulated provisions for depreciation	**484,906**	447,348
Net property, plant and equipment in service	**1,133,878**	1,082,379
Construction work in progress	**594,965**	428,256
	1,728,843	1,510,635
OTHER PROPERTY AND INVESTMENTS	**8,827**	9,380
CURRENT ASSETS		
Cash (Note 6)	**6,199**	10,332
Short-term investments, at cost	**300**	2,966
Construction funds (pollution control) held in escrow	**21,475**	—
Accounts receivable, less accumulated provision of $2,307,000 in 1979 and $2,046,000 in 1978 for doubtful accounts	**81,256**	80,199
Materials, supplies and fuel, at average cost—		
Fuel for use in electric production	**51,696**	36,026
Other	**26,637**	23,012
Taxes applicable to subsequent year	**28,739**	27,906
Prepayments	**22,632**	14,974
Other	**288**	486
	239,222	195,901
OTHER ASSETS	**3,943**	3,357
	$1,980,835	$1,719,273
LIABILITIES AND SHAREHOLDERS' EQUITY		
CAPITALIZATION (Schedules on pages 17 and 18)		
Common shareholders' equity	**$ 556,504**	$ 530,815
Cumulative preferred shares (Note 4)	**200,000**	200,000
Long-term debt (Note 2)	**846,652**	698,974
	1,603,156	1,429,789
CURRENT LIABILITIES		
Current portion of bonds	**58**	5,054
Notes payable (Note 6)—bank	**25,290**	5,000
—commercial paper	**51,350**	17,950
—other	**554**	499
Accounts payable	**75,446**	65,602
Dividends payable on common shares	**13,347**	13,112
Dividends payable on preferred shares	**3,981**	3,981
Accrued taxes	**45,589**	59,467
Accrued interest on debt	**13,214**	9,471
Other current and accrued liabilities	**13,094**	10,440
	241,923	190,576
DEFERRED CREDITS AND OTHER		
Deferred income taxes	**31,249**	31,099
Investment tax credits	**86,257**	61,538
Other liabilities and deferred credits	**18,250**	6,271
	135,756	98,908
	$1,980,835	$1,719,273

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

Consolidated Statement of Changes in Shareholders' Equity

for the years ended December 31.

	(Thousands of Dollars)				
	1979	1978	1977	1976	1975
COMMON SHARES					
Balance, beginning of year	**$227,392**	$201,450	$178,500	$178,500	$158,950
$8.50 par value of 481,403, 3,051,996, 2,700,000 and 2,300,000 shares sold in 1979, 1978, 1977 and 1975, respectively	**4,092**	25,942	22,950	—	19,550
Balance, end of year	**$231,484**	$227,392	$201,450	$178,500	$178,500
PREMIUM ON COMMON SHARES					
Balance, beginning of year	**$140,068**	$105,258	$ 66,783	$ 66,783	$ 51,833
Premium on sale of common shares	**4,862**	34,810	38,475	—	14,950
Balance, end of year	**$144,930**	$140,068	$105,258	$ 66,783	$ 66,783
RETAINED EARNINGS					
Balance, beginning of year	**$174,070**	$158,901	$137,542	$133,343	$128,743
Net income	**85,748**	77,732	76,115	54,397	49,738
Cash dividends declared on capital shares—					
Cumulative preferred (See page 17 for rates)	**(15,924)**	(15,924)	(15,924)	(15,758)	(11,641)
Common (See page 13 for rates)	**(52,964)**	(46,639)	(38,832)	(34,440)	(33,497)
Balance, end of year	**$190,930**	$174,070	$158,901	$137,542	$133,343
CAPITAL STOCK EXPENSE					
Balance, beginning of year	**$ 10,715**	$ 8,760	$ 6,691	$ 5,903	$ 4,131
Common stock expense	**125**	1,955	2,069	—	1,772
Preferred stock expense	**—**	—	—	788	—
Balance, end of year	**$ 10,840**	$ 10,715	$ 8,760	$ 6,691	$ 5,903
CUMULATIVE PREFERRED SHARES					
Balance, beginning of year	**$200,000**	$200,000	$200,000	$155,000	$155,000
Sale of 450,000 shares in 1976	**—**	—	—	45,000	—
Balance, end of year	**$200,000**	$200,000	$200,000	$200,000	$155,000

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

Schedule of Shareholders' Equity

December 31, 1979 and 1978

	(Thousands of Dollars) 1979	1978
COMMON SHAREHOLDERS' EQUITY		
Common shares, par value $8.50 per share (Note 3)—		
Authorized—40,000,000 shares		
Outstanding—27,233,399 and 26,751,996 shares, respectively	**$231,484**	$227,392
Premium on common shares	**144,930**	140,068
Retained earnings	**190,930**	174,070
Capital stock expense	**(10,840)**	(10,715)
Total common shareholders' equity	**$556,504**	$530,815
CUMULATIVE PREFERRED SHARES, par value $100 per share (Note 4)—		
Authorized—3,000,000 shares		
Outstanding—		
4% series—270,000 shares (redeemable, upon call, at $108)	**$ 27,000**	$ 27,000
4¾% series—130,000 shares (redeemable, upon call, at $101)	**13,000**	13,000
9.30% series—350,000 shares (redeemable, upon call, prior to July 1, 1980 at $110; reduced amounts thereafter)	**35,000**	35,000
7.44% series—400,000 shares (redeemable, upon call, prior to April 1, 1982 at $105; reduced amounts thereafter)	**40,[illegible]**	40,000
9.28% series—400,000 shares (redeemable, upon call, prior to July 1, 1984 at $106; reduced amounts thereafter)	**40,000**	40,000
9.52% series—450,000 shares (redeemable, upon call, prior to January 1, 1981 at $109.52; reduced amounts thereafter)	**45,000**	45,000
Total cumulative preferred shares	**$200,000**	$200,000

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

Schedule of Long-Term Debt

December 31, 1979 and 1978

	(Thousands of Dollars) 1979	1978
The Cincinnati Gas & Electric Company		
First mortgage bonds—		
3¼ % series due 1982	$ 20,000	$ 20,000
3¾ % series due 1983	20,000	20,000
4⅛ % series due 1987	25,000	25,000
5 % series due 1990	30,000	30,000
4⅜ % series due 1992	25,000	25,000
5⅞ % series due 1997	30,000	30,000
7⅜ % series due 1999	50,000	50,000
8⅝ % series due 2000	60,000	60,000
7⅜ % series due 2001	60,000	60,000
8⅛ % series due 2003	60,000	60,000
9.15% series due 2004	60,000	60,000
9.85% series due 2005	60,000	60,000
8.55% series due 2006	75,000	75,000
9⅛ % series due 2008	75,000	75,000
10 % series due 2009	100,000	—
	750,000	650,000
Notes payable—		
4% due through 1985	2,303	2,699
6%-7½% due through 1984	126	175
Other long-term debt—		
6.70% due 1997 through 2006	10,000	10,000
7.10% due 2004	10,500	—
7.20% due 2005 through 2009	37,500	—
	810,429	662,874
The Union Light, Heat and Power Company		
First mortgage bonds—		
3 % series due 1979	—	5,000
3⅜% series due 1981	1,400	1,400
3½% series due 1984	1,500	1,500
5 % series due 1989	6,100	6,100
4⅜% series due 1993	6,500	6,500
8 % series due 2003	10,000	10,000
9½% series due 2008	10,000	10,000
	35,500	40,500
Less 3% series due 1979	—	5,000
	35,500	35,500
Other Subsidiary Companies' Debt		
5¼%-8¾% due through 1991	446	481
Unamortized premium and discount (net)	277	119
Total long-term debt	$846,652	$698,974

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

Schedule of Taxes

for the years ended December 31,

	(Thousands of Dollars)				
	1979	1978	1977	1976	1975
TAXES OTHER THAN INCOME TAXES					
Property	**$28,396**	$26,702	$25,946	$25,454	$22,555
State Public Utility Excise	**25,904**	23,608	18,529	15,982	13,742
Payroll	**3,850**	3,283	2,711	2,516	2,293
Other	**1,791**	1,546	1,485	1,019	1,003
	$59,941	$55,139	$48,671	$44,971	$39,593
INCOME TAXES					
Included in operating expenses—					
Currently payable	**$(6,708)**	$14,693	$23,059	$ 8,283	$ 4,820
Deferred—					
Accelerated amortization	**(563)**	(716)	(723)	(723)	(723)
Liberalized depreciation—net	**1,061**	988	901	812	716
Other	**(348)**	833	218	374	814
Investment tax credits—net	**28,000**	17,501	15,082	7,690	7,433
Total	**21,442**	33,299	38,537	16,436	13,060
Included in other income and deductions—net	**442**	38	(96)	46	263
Total provision	**$21,884**	$33,337	$38,441	$16,482	$13,323
Analysis of provision					
Federal income taxes	**$21,269**	$32,804	$37,939	$16,172	$13,012
State income taxes	**615**	533	502	310	311
	$21,884	$33,337	$38,441	$16,482	$13,323
COMPUTATION OF FEDERAL INCOME TAX PROVISION					
Tax at statutory Federal income tax rate applied to pre-tax income	**$49,228**	$53,057	$54,746	$33,873	$30,120
Reductions in Federal income taxes resulting from—					
Allowance for funds used during construction which does not constitute taxable income	**(16,926)**	(10,836)	(9,612)	(7,201)	(5,867)
Excess of tax depreciation over book depreciation	**(5,885)**	(7,077)	(8,198)	(8,008)	(9,253)
Cost of removal for property retired	**(1,190)**	(866)	(609)	(714)	(979)
Amortization of investment tax credits	**(1,503)**	(1,386)	(840)	(968)	(783)
Other—net	**(2,455)**	(88)	2,452	(810)	(226)
Federal income tax provision	**$21,269**	$32,804	$37,939	$16,172	$13,012

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

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies:

CG&E and its subsidiaries follow the Uniform Systems of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). The more significant accounting policies are summarized below:

Principles of Consolidation. All subsidiaries of CG&E are included in the consolidated statements. Intercompany items and transactions have been eliminated.

Utility Plant. Property, plant and equipment is stated at the original cost of construction, which includes payroll and related costs such as taxes, pensions and other fringe benefits, general and administrative costs, and an allowance for funds used during construction.

Revenues and Fuel. Revenues are included in income as billed to customers on a cycle basis. The companies charge to expense the cost of fuel used to generate electricity as it is consumed and the cost of gas as it is purchased.

Depreciation and Maintenance. The companies determine their provision for depreciation using the straight-line method and by the application of rates to various classes of property, plant and equipment. The rates are based on periodic studies of the estimated service lives of the properties. The percentages of the annual provisions for depreciation to the weighted average of depreciable property during the five years ended December 31, 1979, were equivalent to:

	1979	1978	1977	1976	1975
Electric	**3.4**	3.4	3.4	3.2	3.2
Gas	**2.9**	2.9	2.9	2.7	2.5
Common	**2.2**	2.3	2.6	2.7	2.7

Changes in depreciation accrual rates, as authorized by The Public Utilities Commission of Ohio (PUCO), were made effective August 1, 1976 (applicable to CG&E's gas and common plant) and as of January 1, 1977 (applicable to CG&E's electric plant). The changes resulted in annual increases of approximately $500,000 and $1,200,000, respectively, in depreciation expense.

All expenditures for maintenance and repairs of units of property, including renewals of minor items, are charged to the appropriate maintenance expense accounts. A betterment or replacement of a unit of property is accounted for as an addition and retirement of property, plant and equipment. At the time of such a retirement, the accumulated provision for depreciation is charged with the original cost of the property retired and also for the net cost of removal.

Income Taxes. CG&E and its subsidiaries use liberalized depreciation methods (including ADR depreciation and cost of removal deductions) for Federal income tax purposes. In conformity with an order of PUCO effective January 1, 1962, CG&E does not provide for income tax deferrals resulting from the use of liberalized depreciation. Based on a decision of the Supreme Court of Ohio, CG&E will be allowed to collect through future rates the income taxes payable in the future as a result of currently using liberalized depreciation income tax deductions. CG&E and its subsidiaries do provide for deferred taxes arising from use of liberalized depreciation for operations regulated by utility commissions other than PUCO. Income taxes deferred in prior years from the use of five-year emergency facility amortization certificates are being credited to income over the estimated remaining useful lives of such facilities. Investment tax credits are deferred and amortized over the estimated useful lives of the applicable properties.

Retirement Income Plan. The companies have a trusteed non-contributory retirement income plan which provides monthly income to employees at retirement (normal retirement age is 65). Total assets of the pension fund are sufficient to meet the actuarial estimate of vested benefits under the plan. Pension costs accrued and funded were $5,310,000 in 1979, $4,600,000 in 1978, $4,250,000 in 1977, $3,400,000 in 1976, and $2,980,000 in 1975. At December 31, 1979, the estimated actuarial liability of the plan was $149 million and the estimated market value of assets in the pension fund totaled $136 million.

Allowance for Funds Used During Construction. The applicable regulatory uniform systems of accounts define "allowance for funds used during construction" (AFC) as including "the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used". This amount of AFC constitutes an actual cost of construction and, under established regulatory rate practices, a return on and recovery of such costs heretofore has been permitted in determining the rates charged for utility services. The companies used an accrual rate for AFC of 7½% for 1975 through 1978 and 8½% for 1979. The rate does not include a reduction for the income tax effect on the cost of debt.

Beginning in 1977, in compliance with Order No. 561 of FERC, AFC is reported in terms of its debt and other funds' components and the combined rate is less than the maximum rate allowed under the procedure specified by that Order. The years prior to 1977 have been reclassifed in accordance with Order No. 561.

(2) Assets Subject to Lien:

Under the terms of the respective mortgage indentures securing first mortgage bonds issued by CG&E and its subsidiaries, substantially all property is subject to a direct first mortgage lien, except that a portion of CG&E's headquarters property is pledged as collateral for a purchase-money 4% note payable in installments through 1985.

(3) Common Stock:

CG&E issued authorized but previously unissued shares of Common Stock pursuant to three plans as follows:

	Shares Issued		Shares Reserved for Issuance at
	1979	1978	**December 31, 1979**
Dividend Reinvestment and Stock Purchase Plan	**121,850**	33,855	244,295
Employee Incentive Thrift Plan	**208,315**	102,802	488,883
Employee Stock Ownership Plan	**151,238**	115,339	33,423
	481,403	251,996	766,601

Reference is made to "Financing" herein for information concerning the proposed sale of additional common stock on or about January 29, 1980.

(4) Sale of New Cumulative Preferred Stock (Redeemable Preferred Stock):

On January 4, 1980, CG&E offered through Underwriters 500,000 shares of Cumulative Preferred Stock, 10.20% Series $100 Par Value. The proceeds from the sale were used to repay a portion of CG&E's short-term indebtedness incurred in connection with its construction program.

The Cumulative Preferred Stock, 10.20% Series is subject to mandatory redemption in an amount sufficient to retire on each January 1, beginning in 1985, 15,000 shares at $100 per share plus accrued dividends, and CG&E will have the noncumulative option to redeem up to 15,000 additional shares in each year. CG&E will have the option to satisfy the mandatory redemption requirement in whole or in part by crediting shares of the Cumulative Preferred Stock, 10.20% Series acquired by CG&E. To the extent CG&E does not satisfy its mandatory sinking fund obligation in any year such obligation must be satisfied in the succeeding year or years. If CG&E is in arrears in the redemption of the Cumulative Preferred Stock, 10.20% Series pursuant to the mandatory sinking fund requirement, CG&E shall not purchase or otherwise acquire for value, or pay dividends on, Common Stock.

(5) Rates:

Reference is made to "Rate Matters" herein with respect to electric and gas rate increases.

(6) Compensating Bank Balances and Notes Payable:

Substantially all of the cash balances of CG&E and its subsidiaries are maintained to compensate the respective banks for banking services and to obtain lines of credit; however, no specific amounts have been designated as compensating balances and CG&E and its subsidiaries have the right of withdrawal of such funds. Unused lines of credit under agreements in effect at December 31, 1979, totaled $14.0 million. The maximum amount of outstanding short-term notes payable, including commercial paper, authorized by CG&E's Board of Directors and approved by PUCO to be incurred at any time in 1980 is $100 million and, in addition, FERC authorized Union Light to issue a maximum of $10 million of short-term notes payable in 1980.

Certain information relating to short-term notes payable to banks and commercial paper of CG&E and its subsidiaries is set forth below:

	1979	1978
	(thousands, except percents)	
Amount outstanding at December 31	**$76,640**	$22,950
Weighted average annual interest rate	**14.22%**	10.38%
Average daily total outstanding during period	**$24,326**	$14,646
Weighted average annual interest rate	**11.98%**	8.39%
Maximum amount outstanding during period	**$76,640**	$66,175

(7) Commitments:

The companies estimate that their construction programs will require expenditures of approximately $1.2 billion during the period 1980 through 1984. Substantial commitments have been made by the companies in connection with these programs, including the construction of several electric generating units and related transmission lines

on a common ownership basis with Columbus and Southern Ohio Electric Company and/or The Dayton Power and Light Company. Reference is made to "Environmental Matters" and "Construction" herein for further information.

CG&E owns 9% of the common stock of Ohio Valley Electric Corporation (OVEC) which has a long-term contract to supply power to the Department of Energy (DOE). The proceeds from the sales of power by OVEC are to be sufficient to meet all of its costs, including amortization of debt capital. As of December 31, 1979, debt capital of approximately $24 million remains to be amortized over a period ending 1981. CG&E and other sponsoring utilities are entitled to receive, and are obligated to pay for the right to receive, any available power from OVEC's facilities not required by DOE; CG&E's portion of available OVEC capacity is 9%.

(8) Quarterly Financial Data (Thousands):

Quarter Ended	Total Operating Revenues	Operating Income	Net Income	Earnings on Common Shares	Average Number of Common Shares Outstanding	Earnings per Common Share
March 31, 1978	$254,210	$ 35,037	$28,891	$24,910	23,700	$1.05
June 30, 1978	170,599	28,503	20,933	16,952	23,714	.71
September 30, 1978	159,277	21,026	13,329	9,348	23,799	.39
December 31, 1978	188,590	21,826	14,579	10,598	25,800	.41
	$772,676	$106,392	$77,732	$61,808		(a)
March 31, 1979	$265,396	$ 41,509	$35,218	$31,237	26,796	$1.16
June 30, 1979	179,237	24,909	18,345	14,364	26,868	.53
September 30, 1979	168,758	25,697	19,008	15,027	26,996	.55
December 31, 1979	212,435	20,273	13,177	9,196	27,197	.33
	$825,826	$112,388	$85,748	$69,824		(a)

(a) Total does not equal annual earnings per share due to change in shares outstanding.

(9) Financial Information By Business Segments (Thousands of Dollars):

	Operating Revenues	Operating Income	Income Taxes	Provision for Depreciation	Construction Expenditures (a)
Year Ended December 31, 1977					
Electric	$450,182	$ 90,528	$29,086	$37,818	$148,137
Gas	239,684	16,036	9,451	6,103	5,509
Total	$689,866	$106,564	$38,537	$43,921	$153,646
Year Ended December 31, 1978					
Electric	$493,323	$ 87,316	$21,659	$41,486	$199,065
Gas	279,353	19,076	11,640	6,207	7,278
Total	$772,676	$106,392	$33,299	$47,693	$206,343
Year Ended December 31, 1979					
Electric	$518,916	$ 95,258	$14,319	$43,358	$256,771
Gas	306,910	17,130	7,123	6,353	12,731
Total	$825,826	$112,388	$21,442	$49,711	$269,502

(a) Excludes construction expenditures for non-utility plant of $585,000 in 1977, $533,000 in 1978, and $(204,000) in 1979.

	December 31, 1979			December 31, 1978		
	Electric	Gas	Total	Electric	Gas	Total
Property, Plant and Equipment, net	$1,580,541	$148,302	$1,728,843	$1,368,364	$142,271	$1,510,635
Other Corporate Assets			251,992			208,638
Total Assets			$1,980,835			$1,719,273

(10) Supplemental Information Concerning the Effects of Inflation (Unaudited):

The estimates of the effects of inflation on the operations of CG&E and its subsidiaries at December 31, 1979, set forth below, are prepared on the basis prescribed by the Financial Accounting Standards Board in Statement

of Financial Accounting Standards No. 33, "Financial Reporting and Changing Prices". The effects of inflation are not recognized for income tax or rate-making purposes. This data is not intended as a substitute for earnings reported on a historical cost basis. Explanations of relevant information are set forth below.

Statement of Income Adjusted for Changing Prices
For the Year Ended December 31, 1979

	Conventional Historical Cost	Constant Dollar Average 1979 Dollars	Current Cost Average 1979 Dollars
		(Thousands of Dollars)	
Total operating revenues	$825,826	$825,826	$825,826
Gas purchased	232,055	232,055	232,055
Fuel used in electric production	216,279	216,279	216,279
Provision for depreciation	49,711	93,931	106,890
Other operating expenses	193,951	193,951	193,951
Income taxes	21,442	21,442	21,442
Total other income and deductions	(19,832)	(19,832)	(19,832)
Net interest charges	46,472	46,472	46,472
	740,078	784,298	797,257
Net income	85,748	41,528	28,569
Preferred dividends	15,924	15,924	15,924
Earnings on common shares	$ 69,824	$ 25,604(a)	$ 12,645
Increase in specific prices (current cost) of property, plant and equipment held during the year(b)			$318,083
Reduction to net recoverable cost		$(156,496)	(82,362)
Effect of increase in general price level			(379,258)
Excess of increase in general price level over increase in specific prices, after reduction to net recoverable cost			(143,537)
Gain from decline in purchasing power of net amounts owed		133,212	133,212
Net		$(23,284)	$(10,325)

(a) Including the reduction to net recoverable cost, the earnings on common shares on a constant dollar basis would have been $(130,892,000) for 1979.
(b) At December 31, 1979, current cost of property, plant and equipment, net of accumulated depreciation, was $3,318,439,000 while historical cost was $1,728,843,000.

Five-Year Comparison of Selected Supplementary
Financial Data Adjusted for Effects of Changing Prices

	Years Ended December 31				
	1979	1978	1977	1976	1975
		(Thousands of Average 1979 Dollars)			
Total operating revenues	**$825,826**	$859,671	$826,319	$697,635	$647,167
Constant dollar information					
Earnings on common shares	**$ 25,604**				
Earnings per common share	**$ .95**				
Net assets at year end at net recoverable cost	**$526,934**				
Current cost information					
Earnings on common shares	**$ 12,645**				
Earnings per common share	**$ .47**				
Excess of increase in general price level over increase in specific prices, after reduction to net recoverable cost	**$143,537**				
Net assets at year end at net recoverable cost	**$526,934**				
General information					
Gain from decline in purchasing power of net amounts owed	**$133,212**				
Cash dividends declared per common share	**$ 1.96**	$ 2.11	$ 2.14	$ 2.09	$ 2.21
Market price per common share at year end	**$ 15.74**	$ 21.43	$ 27.01	$ 28.53	$ 24.67
Average consumer price index (1979 projected)	**217.4**	195.4	181.5	170.5	161.2

General. Constant dollar data was determined by converting the historical cost of property, plant and equipment into dollars of the same general purchasing power using the Consumer Price Index for All Urban Consumers.

The current cost data reflects the cost of currently replacing existing property, plant and equipment. The current cost of property, plant and equipment was measured by applying the Handy-Whitman Index of Public Utility Construction Costs to plant accounts by vintage years. This method shows the effect of inflation on specific plant assets.

The difference between current cost and the constant dollar data results from specific prices of plant assets increasing at a rate different than the rate of general inflation.

As prescribed in Statement of Financial Accounting Standards No. 33, items in the income statement, other than depreciation expense, were not adjusted. Fuel used in electric production and gas purchased were not adjusted because the effect on earnings on common shares was not material. The related inventories were considered to be monetary assets for purposes of this disclosure.

Property, Plant and Equipment. Estimated property, plant and equipment, primarily consisting of plant in service and construction work in progress, was determined using the indices specified above applied to the historical cost of plant and restated to average 1979 dollars. The adjusted cost data for property, plant and equipment is not indicative of the current value of existing property, plant and equipment nor of the Company's future capital requirements. The actual replacement of existing property, plant and equipment will take place over many years and not necessarily in the same manner as the presently existing assets.

Accumulated Depreciation. The accumulated provisions for depreciation under both of the methods described above were developed by applying the same percentage relationship that existed between gross plant and accumulated provision for depreciation on a historical cost basis at December 31, 1979 to the respective adjusted cost data.

Depreciation Expense. Depreciation expense for both methods was determined by applying the rates used for computing historical depreciation to the respective adjusted cost data.

Writedown of Property, Plant and Equipment to Net Recoverable Cost. The rate regulatory process limits the Company to the recovery of the historical cost of property, plant and equipment. Therefore, the value of the property, plant and equipment under both methods must be reduced to the net recoverable cost which is historical cost adjusted to average 1979 dollars.

Gain from the Decline in Purchasing Power of Net Amounts Owed. The Company, by holding monetary assets such as cash, receivables, and inventory, loses purchasing power during periods of inflation because these items can purchase less at a future date. Alternatively, by holding monetary liabilities, primarily long-term debt, the Company benefits because the payment in the future will be made with dollars having less purchasing power. The Company has significant amounts of long-term debt outstanding which will be paid back in dollars having less purchasing power and therefore, for purposes of these calculations, has a net monetary gain.

Specific Prices of Property, Plant and Equipment Held During the Year. Specific prices of property, plant and equipment held during the year increased less than the general price level because the value of the property, plant and equipment held by the Company increased at a lower rate than the rate of general inflation.

Auditors' Report

To the Shareholders of The Cincinnati Gas & Electric Company:

We have examined the consolidated balance sheet and schedules of shareholders' equity and long-term debt of THE CINCINNATI GAS & ELECTRIC COMPANY (an Ohio corporation) and its subsidiary companies as of December 31, 1978, and December 31, 1979, and the related consolidated statements of income, changes in shareholders' equity, and sources of funds for construction expenditures and schedule of taxes for each of the five years in the period ended December 31, 1979. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements and schedules referred to above present fairly the financial position of The Cincinnati Gas & Electric Company and its subsidiary companies as of December 31, 1978, and December 31, 1979, and the results of their operations and their sources of funds for construction expenditures for each of the five years in the period ended December 31, 1979, in conformity with generally accepted accounting principles applied on a consistent basis.

Arthur Andersen & Co.

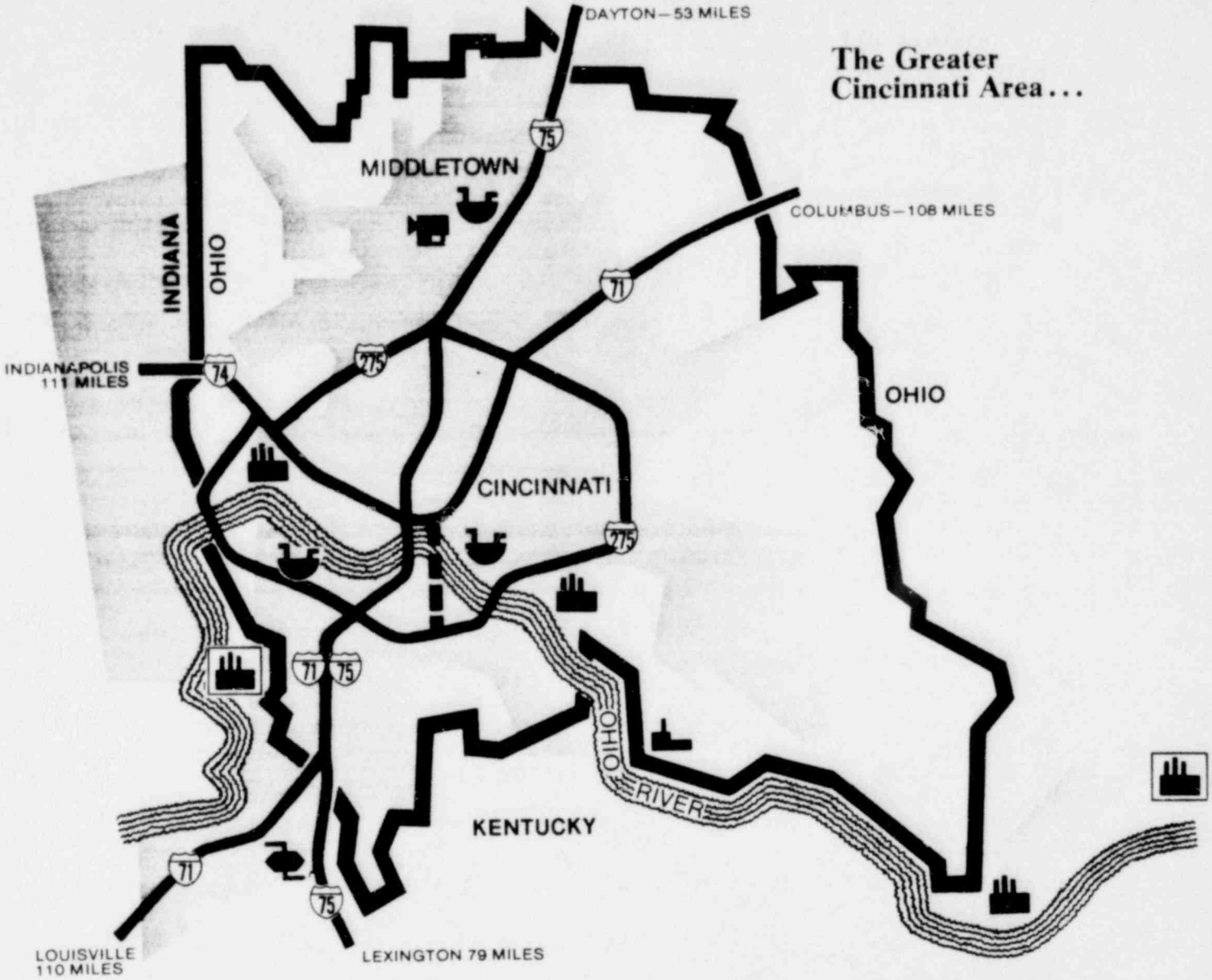
Cincinnati, Ohio,
January 23, 1980.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sale Prices of CG&E's Common Stock (Stock Symbol—CIN)				
1978—High	23⅝	22⅝	23⅝	22
—Low	20¾	20	21⅛	19⅜
1979—High	21⅛	20¾	20½	19
—Low	19½	18	18	16½
Dividends Paid per Common Share in				
1978	$.46	$.46	$.46	$.49
1979	$.49	$.49	$.49	$.49

Consolidated Statistics: 1969-1979		1979	1978
GENERAL	Earnings on common shares ($000 omitted)	**69,824**	61,808
	Average number of common shares outstanding (000 omitted)	**26,964**	24,253
	Earnings per common share ($)	**2.59**	2.54
	Cash dividends declared per common share ($)	**1.96**	1.90
	Pay out ratio (%)	**75.7**	74.8
	Construction expenditures ($000 omitted)	**269,298**	206,876
	Plant retirements ($000 omitted)	**13,802**	8,371
	Operating income—before income taxes ($000 omitted)		
	Electric	**109,577**	108,975
	Gas	**24,253**	30,716
	Property, Plant and Equipment, net ($000 omitted)		
	Electric	**1,580,541**	1,368,364
	Gas	**148,302**	142,271
ELECTRIC DEPARTMENT	Electric revenues ($000 omitted)		
	Residential	**186,216**	180,476
	Commercial	**135,705**	129,402
	Industrial	**146,490**	136,903
	All other	**50,505**	46,542
	Total revenue	**518,916**	493,323
	Electric sales (million kwh)		
	Residential	**4,822**	4,728
	Commercial	**3,182**	3,069
	Industrial	**4,757**	4,517
	All other	**1,327**	1,254
	Total sales	**14,088**	13,568
	Number of customers December 31	**583,195**	570,536
	Average annual sales per residential customer (kwh)	**9,303**	9,328
	Electricity generated—net (million kwh)	**14,879**	14,196
	Electricity purchased and interchanged—net (million kwh)	**240**	332
	Total available (million kwh)	**15,119**	14,528
	KW capability at 12/31—net (thousand kw)	**3,880**	3,800
	System peak load—net (thousand kw)	**2,978**	2,835
	Fuel cost per kwh generated (cents)	**1.454**	1.383
	Btu per kwh sendout	**10,409**	10,555
	Load factor—electric	**57.8**	58.4
GAS DEPARTMENT	Gas revenues ($000 omitted)		
	Residential	**143,657**	137,440
	Commercial	**61,166**	58,010
	Industrial	**89,250**	72,756
	All other	**12,837**	11,147
	Total revenue	**306,910**	279,353
	Gas sales (million cu. ft.)		
	Residential	**48,213**	50,312
	Commercial	**21,837**	22,589
	Industrial	**35,929**	32,004
	All other	**4,104**	3,747
	Total sales	**110,083**	108,652
	Annual degree days—billing	**5,669**	6,145
	Number of customers December 31	**361,190**	360,988
	Average annual sales per residential customer (thousand cu. ft.)	**149**	155
	Gas purchased (million cu. ft.)	**111,890**	109,753
	Gas produced (million cu. ft.)	**28**	36
	Total available (million cu. ft.)	**111,918**	109,789
	System maximum day sendout (million cu. ft.)	**747**	803
	Average cost per Mcf purchased (cents)	**207.4**	181.6
	Mean temperature on maximum day (°F)	**13**	1
	Load factor—gas	**41.0**	37.4

1977	1976	1975	1974	1973	1972	1971	1970	1969
60,191	38,639	38,097	35,736	42,241	40,108	32,771	33,687	33,256
21,450	21,000	20,233	18,700	18,700	17,000	16,001	15,502	15,502
2.80	1.84	1.88	1.91	2.25	2.35	2.04	2.17	2.14
1.79	1.64	1.64	1.64	1.64	1.58	1.56	1.51½	1.42½
63.9	89.1	87.2	85.9	72.9	67.2	76.5	69.8	66.6
154,231	133,828	142,294	136,578	126,004	113,500	141,710	107,658	87,883
20,042	26,632	14,825	11,806	17,953	10,139	15,496	6,209	8,224
119,614	81,848	85,670	65,707	77,671	71,751	61,644	57,022	55,879
25,487	17,016	4,659	15,657	13,029	13,852	9,836	10,467	14,140
1,212,423	1,109,285	1,019,472	919,400	822,495	740,155	660,030	552,326	477,552
141,373	141,897	143,821	145,080	144,552	144,584	141,696	135,569	126,282
161,531	132,093	125,887	100,899	89,097	81,155	74,976	67,501	62,215
120,399	91,534	83,786	69,758	61,109	53,981	47,824	41,877	37,943
123,721	94,748	83,188	73,151	59,870	53,788	47,988	41,822	38,790
44,531	34,044	31,649	29,707	21,439	19,174	17,208	15,041	14,064
450,182	352,419	324,510	273,515	231,515	208,098	187,996	166,241	153,012
4,569	4,068	3,969	3,574	3,510	3,228	3,042	2,808	2,586
3,057	2,873	2,755	2,644	2,632	2,398	2,209	2,124	1,928
4,487	4,295	3,938	4,334	4,373	4,118	3,926	3,722	3,642
1,312	1,193	1,178	1,319	1,059	961	910	858	846
13,425	12,429	11,840	11,871	11,574	10,705	10,087	9,512	9,002
560,551	553,915	544,494	533,079	521,833	510,324	499,797	491,676	484,637
9,149	8,251	8,183	7,551	7,574	7,117	6,836	6,406	6,003
13,848	13,247	12,352	11,886	11,830	10,936	9,899	8,814	7,971
586	189	476	899	684	685	1,001	1,520	1,796
14,434	13,436	12,828	12,785	12,514	11,621	10,900	10,334	9,767
3,480	3,492	3,739	3,482	3,254	2,934	2,461	2,146	1,957
2,841	2,598	2,511	2,402	2,439	2,243	2,093	2,011	1,784
1.172	1.034	.944	.761	.444	.411	.382	.319	.273
10,500	10,252	10,183	10,262	10,024	10,178	10,308	10,667	10,685
57.8	58.4	58.1	59.3	58.2	58.8	59.3	58.6	62.1
123,082	94,775	76,038	63,567	54,745	57,736	51,528	47,435	47,684
50,105	40,381	32,322	27,478	23,256	23,783	20,481	18,454	17,666
56,856	49,321	37,369	40,161	30,716	27,805	25,734	20,782	20,923
9,641	10,237	9,629	11,365	8,989	8,613	8,633	8,717	8,007
239,684	194,714	155,358	142,571	117,706	117,937	106,376	95,388	94,280
48,769	50,156	48,527	50,201	50,137	55,182	53,044	51,646	53,550
21,238	22,902	22,356	24,114	24,072	26,047	24,463	23,269	22,866
27,465	33,823	31,433	47,687	47,474	47,945	47,641	40,185	42,427
3,484	5,536	6,150	12,353	11,138	10,912	13,587	16,956	15,375
100,956	112,417	108,466	134,355	132,821	140,086	138,735	132,056	134,218
5,749	5,360	4,712	5,034	4,725	5,362	4,928	5,094	5,321
363,275	366,288	367,427	369,329	370,441	366,277	361,661	356,745	352,027
149	152	147	151	152	169	165	163	171
100,352	115,723	110,216	134,485	134,350	142,026	137,907	132,705	135,779
1,353	77	—	20	135	540	661	2,431	1,206
101,705	115,800	110,216	134,505	134,485	142,566	138,568	135,136	136,985
832	770	720	767	781	900	884	886	738
167.8	121.5	106.1	71.1	56.2	53.2	49.9	43.6	41.8
−17	6	16	20	14	−5	6	−2	6
33.5	41.1	41.9	48.0	47.2	43.3	43.0	41.8	50.8

The Greater Cincinnati Area...



Legend

- Gas Service Area
- Electric Service Area
- Interstate Highway
- Gas Storage Cavern
- Gas Aquifer
- Gas Turbine Generating Plant
- Fossil Fueled Power Plant
- Planned Fossil Fueled Power Plant
- Planned Nuclear Power Plant

The Greater Cincinnati Area served by CG&E and its subsidiary companies covers approximately 3,000 square miles of Southwestern Ohio, Northern Kentucky and Southeastern Indiana with an estimated population of 1.7 million.