

THE CINCINNATI GAS & ELECTRIC COMPANY

February 10, 1981

Mr. Michael Karlowicz
U. S. Nuclear Regulatory
Commission
Room P415
Washington, D. C. 20555

Dear Mr. Karlowicz:

Per our telephone conversation, I am forwarding to you copies of The Cincinnati Gas & Electric Company, Columbus and Southern Ohio Electric Company, and Dayton Power and Light Company Financial and Statistical Reviews.

These were in-house copies and may be slightly scratched up from the file, but this was the quickest way to get the information to you.

Should you require any additional information, please advise.

Sincerely,

James R. Mosley
James R. Mosley
Supervisor of
Financial Activities

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The Cincinnati Gas & Electric Company

and Subsidiary Companies

Financial and Statistical Review

1969 – 1979

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The data, statements, and statistics contained herein have been assembled for general information purposes and are not intended to induce, or for use in connection with, any sale or purchase of securities. Under no circumstances is this booklet or any part of its contents to be considered a prospectus, or as an offer to sell, or the solicitation of an offer to buy, any securities.

THE CINCINNATI GAS & ELECTRIC COMPANY
139 EAST FOURTH STREET, CINCINNATI, OHIO 45202
TELEPHONE: 513-381-2000

BOARD OF DIRECTORS

<i>Neil A. Armstrong</i> (3)	Chairman, Cardwell International Ltd. — Lebanon, Ohio
<i>William Beckett</i> (1)	Retired President, The Beckett Paper Company — Hamilton, Ohio
<i>Elmer R. Best</i> (2)(3)	Retired President, The Union Central Life Insurance Company — Cincinnati
<i>Oliver W. Birkhead</i> (2)	President and Chief Executive Officer, The Central Bancorporation, Inc. and The Central Trust Company, N.A. — Cincinnati
<i>Sanford M. Brooks</i> (1)	Chairman of the Board and Chief Executive Officer, Xtek, Inc. — Cincinnati
<i>William H. Dickhoner</i> (1)(2)	President and Chief Executive Officer, The Cincinnati Gas & Electric Company
<i>James P. Herring</i>	Retired Chairman of the Board, The Kroger Co. — Cincinnati
<i>Harry Holiday, Jr.</i> (1)	Chief Executive Officer, Armco — Middletown, Ohio
<i>William N. Liggett</i> (2)	Chairman of the Board and Chief Executive Officer, First National Cincinnati Corporation and The First National Bank of Cincinnati
<i>Donald I. Lowry</i>	Group Vice-President, The Procter & Gamble Company — Cincinnati
<i>Jane L. Rees, Ph.D.</i>	Professor and Chair of the Department of Home Economics and Consumer Sciences, Miami University, Oxford, Ohio
<i>Richard S. Rowe</i> (1)(2)	Chairman of the Board and Chief Executive Officer, The Fifth Third Bank, and President, Fifth Third Bancorp — Cincinnati
<i>Richard E. Wagner</i>	Former President, and Consultant, Pepsi-Cola Bottling Company of Cincinnati
<i>B. John Yeager</i> (1)	Chairman of the Board, The Cincinnati Gas & Electric Company

(1) Member of Executive Committee (2) Member of Finance Committee (3) Member of Committee on Audit

EXECUTIVE OFFICERS

<i>William H. Dickhoner</i>	President and Chief Executive Officer
<i>B. John Yeager</i>	Chairman of the Board
<i>Earl A. Borgmann</i>	Senior Vice-President
<i>Donald R. Blum</i>	Secretary
<i>Arthur R. Ehrnschwender</i>	Vice-President — Administrative Services
<i>C. Robert Everman</i>	Treasurer
<i>R. Gregory Graham</i>	Vice-President — Customer Relations
<i>Faul W. Herking</i>	Vice-President — Gas Operations
<i>William J. Moran</i>	General Counsel
<i>Jackson H. Randolph</i>	Vice-President — Rates and Economic Research
<i>Milton L. Van Schoik</i>	Controller
<i>Robert P. Wiwi</i>	Vice-President — Electric Operations
<i>William H. Zimmer, Jr.</i>	Vice-President — Finance

PUBLIC ACCOUNTANTS

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

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

TRUSTEE FOR BONDS AND INTEREST PAYING AGENT

Irving Trust Company
 One Wall Street, New York, N.Y. 10015

PREFERRED SHARES LISTED ON

New York and Cincinnati Stock Exchanges

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 AND SUBSIDIARY COMPANIES

HISTORY — The Cincinnati Gas & Electric Company, which was incorporated April 3, 1837, under the name of The Cincinnati Gas-Light & Coke Company is one of the oldest business institutions in Ohio. It started business on January 14, 1843 as a small gas supplier and entered the electric business in 1894. The present name of "The Cincinnati Gas & Electric Company" was adopted in 1901.

SUBSIDIARIES AND SERVICE AREA — CG&E furnishes gas and electric services in Cincinnati, Ohio and adjoining territory in southwestern Ohio. Subsidiaries of CG&E and their service areas are:

- (1) The Union Light, Heat and Power Company which supplies a portion of northern Kentucky with electricity and gas;
- (2) The West Harrison Gas and Electric Company which provides electric service in and around West Harrison, Indiana;
- (3) Lawrenceburg Gas Company, a distributing company providing gas service in southeastern Indiana;
- (4) Lawrenceburg Gas Transmission Corporation which transports gas from supplier's lines to Lawrenceburg Gas Company and to the Ohio-Indiana border for delivery to CG&E;
- (5) Miami Power Corporation which owns and operates an electric transmission line connecting CG&E's system with that of the Louisville Gas & Electric Company;
- (6) Tri-State Improvement Company which is a real estate development company; and
- (7) YGK Inc. which is a rail and barge terminal company organized to service Zimmer Station.

All subsidiaries of CG&E are included in the consolidated financial statements, charts and statistics in the following pages.

FOR FURTHER INFORMATION, REFERENCE IS MADE TO THE 1979 ANNUAL REPORT OF THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

STATEMENT OF INCOME

(\$000 Omitted)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
OPERATING REVENUES											
Electric	153,012	166,241	187,996	208,098	231,515	273,515	324,510	352,419	450,182	493,323	518,916
Gas	94,280	95,388	106,376	117,937	117,706	142,571	155,358	194,714	239,684	279,353	306,910
Total operating revenues	247,292	261,629	294,372	326,035	349,221	416,086	479,868	547,133	689,866	772,676	825,826
OPERATING EXPENSES											
Gas purchased	56,748	57,893	68,754	75,528	75,471	95,560	116,915	140,583	168,435	199,309	232,055
Fuel used in electric production	21,605	27,982	37,605	44,358	51,970	90,078	116,089	136,982	161,934	194,126	216,279
Other operation	43,436	46,552	47,172	45,613	46,980	54,298	53,381	55,885	81,946	92,896	83,673
Maintenance	14,862	15,629	17,804	18,058	18,867	23,853	25,094	28,674	39,858	43,822	50,337
Provision for depreciation (a)	19,804	21,696	24,651	27,655	32,118	34,836	38,467	41,174	43,921	47,693	49,711
Taxes other than income taxes	20,889	24,388	26,906	29,220	33,115	36,097	39,593	44,971	48,671	55,139	59,941
Income taxes	25,788	20,170	18,443	20,324	20,605	11,351	4,820	8,283	23,059	14,693	(6,708)
Deferred income taxes—net	(758)	(809)	(879)	(719)	(532)	(578)	807	463	396	1,105	150
Investment tax credits—net	1,467	1,419	1,602	3,054	3,081	3,287	7,433	7,690	15,082	17,501	28,000
Total operating expenses	203,841	214,920	242,058	263,091	281,675	348,782	402,599	464,705	583,302	666,284	713,438
OPERATING INCOME	43,451	46,709	52,314	62,944	67,546	67,304	77,269	82,428	106,564	106,392	112,388
OTHER INCOME AND DEDUCTIONS											
Allowance for funds used during construction— All funds	5,078	7,119	7,330	8,966	—	—	—	—	—	—	—
Other funds used during construction	—	—	—	—	4,979	4,501	5,572	6,884	9,290	11,243	19,218
Other income and deductions—net	(271)	(26)	(74)	(89)	297	54	452	19	(2,781)	215	614
Total other income and deductions	4,807	7,093	7,256	8,877	5,276	4,555	6,024	6,903	6,509	11,458	19,832
INCOME BEFORE INTEREST CHARGES	48,258	53,802	59,570	71,821	72,822	71,859	83,293	89,331	113,073	117,850	132,220
INTEREST CHARGES											
Interest on long-term debt	11,877	14,241	19,954	23,844	26,060	30,016	38,320	41,086	46,415	50,133	61,052
Other interest	1,440	2,649	1,910	853	1,054	2,804	1,887	1,952	1,239	1,290	2,977
Amortization of debt discount, premium and expense	(13)	(20)	(18)	(20)	(27)	(35)	(2)	14	39	27	20
Allowance for borrowed funds used during construction—credit	—	—	—	—	(4,434)	(6,438)	(6,650)	(8,118)	(10,735)	(11,332)	(17,577)
Net interest charges	13,304	16,870	21,846	24,677	22,653	26,349	33,555	34,934	36,958	40,118	46,472
NET INCOME	34,954	36,932	37,724	47,144	50,169	45,510	49,738	54,397	76,115	77,732	85,748
Preferred dividends	1,698	3,245	4,953	7,036	7,928	9,774	11,641	15,758	15,924	15,924	15,924
EARNINGS ON COMMON SHARES	33,256	33,687	32,771	40,108	42,241	35,736	38,097	38,639	60,191	61,808	69,824
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (000 omitted)											
	15,502	15,502	16,001	17,000	18,700	18,700	20,233	21,000	21,450	24,253	26,964
EARNINGS PER COMMON SHARE — \$	2.14	2.17	2.04	2.35	2.25	1.91	1.88	1.84	2.80	2.54	2.59

Note:

(a) Effective August 1, 1976 CG&E increased its annual provision for depreciation approximately \$500,000, and in August, 1977 (retroactive to January 1, 1977) approximately \$1.2 million. These increases were authorized by orders of The Public Utilities Commission of Ohio changing depreciation accrual rates applicable to gas and electric plant, respectively.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

FINANCIAL STATISTICS

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Common Share Data											
Cash dividends declared per share -- \$	1.42 1/2	1.51 1/2	1.56	1.58	1.64	1.64	1.64	1.64	1.79	1.90	1.96
Pay out ratio -- %	66.6	69.8	76.5	67.2	72.9	85.9	87.2	89.1	63.9	74.8	75.7
Market price -- \$											
High	32	28 1/2	29 1/2	26 7/8	25 1/2	23 1/4	18 7/8	23 1/2	25 7/8	23 5/8	21 1/8
Low	22 3/4	21	22 1/2	21 5/8	18 3/4	13 1/8	14 3/4	17	20 3/4	19 3/8	16 1/2
Close	24	27 7/8	26 1/8	25 1/4	22 1/4	14 1/2	18 7/8	22 7/8	23 1/8	20	16 5/8
Yield -- % (a)	6.3	5.6	6.0	6.5	7.4	11.3	8.7	7.2	8.0	9.8	11.8
Price earnings ratio -- Times (b)	11.2	12.8	12.8	10.7	9.9	7.6	10.0	12.4	8.3	7.9	6.4
Book value per year end share -- \$	13.74	14.37	15.61	16.36	17.69	17.94	17.75	17.91	19.28	19.84	20.43
Average annual dividend rate on preferred stock -- %	4.24	6.60	6.60	6.89	6.89	7.51	7.51	7.96	7.96	7.96	7.96
Average annual interest rate on long-term debt -- % (c)	4.62	5.43	5.71	5.71	6.06	6.73	7.07	7.24	7.31	7.56	7.83
Capitalization Ratios -- %											
Common equity	39.4	34.0	35.0	34.3	35.5	33.8	34.3	30.8	35.8	37.1	34.7
Preferred shares	7.4	11.4	9.9	14.2	12.3	15.6	14.2	16.4	15.7	14.0	12.5
Long-term debt	53.2	54.6	55.1	51.5	52.2	50.6	51.5	52.8	48.5	48.9	52.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sources of Revenue -- %											
Electric	61.9	63.5	63.9	63.8	66.3	65.7	67.6	64.4	65.3	63.8	62.8
Gas	38.1	36.5	36.1	36.2	33.7	34.3	32.4	35.6	34.7	36.2	37.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Annual Book Depreciation Rate -- % (d)	2.9	2.9	2.9	2.9	3.1	3.1	3.1	3.1	3.3	3.3	3.3
Payroll Statistics											
Average number of employees	4,483	4,614	4,706	4,620	4,555	4,572	4,545	4,399	4,376	4,518	4,689
Total payroll including construction etc. (\$'000 omitted)	42,943	46,737	49,874	51,097	54,137	57,748	61,116	65,271	71,759	79,942	90,554
Average annual wage -- \$	9,579	10,129	10,598	11,060	11,885	12,631	13,447	14,838	16,398	17,694	19,312

Notes:

- (a) Based on year end close price and indicated annual dividend rate at year end.
- (b) Based on year end close price.
- (c) Excludes current portion of first mortgage bonds.
- (d) Based on weighted average depreciable property in service during the year.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

BALANCE SHEET

DECEMBER 31

(\$'000 Omitted)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ASSETS											
PROPERTY, PLANT AND EQUIPMENT,											
at original cost (Detail on page 11)	826,231	927,981	1,053,582	1,156,844	1,263,804	1,387,765	1,514,288	1,620,326	1,760,026	1,957,983	2,213,749
Less—Accumulated provisions for depreciation	222,397	240,086	251,856	272,105	296,757	323,285	350,995	369,144	406,230	447,348	484,906
	603,834	687,895	801,726	884,739	967,047	1,064,480	1,163,293	1,251,182	1,353,796	1,510,635	1,728,843
OTHER PROPERTY AND INVESTMENTS											
Non-utility property	8,028	7,734	8,345	8,436	9,435	10,284	11,020	12,144	6,791	7,322	7,029
Investment in Ohio Valley Electric Corporation, at cost	1,579	1,506	1,434	1,363	1,290	1,219	1,146	1,075	1,002	931	900
Other investments	744	737	744	654	842	1,026	1,068	1,194	1,109	1,127	898
	10,351	9,977	10,523	10,453	11,567	12,529	13,234	14,413	8,902	9,380	8,827
CURRENT ASSETS											
Cash	4,631	3,229	5,079	5,422	7,738	6,476	5,415	6,718	3,981	10,332	6,199
Short-term investments, at cost	—	3,029	—	—	2,674	1,197	2,997	11,979	—	2,966	300
Accounts receivable—net	24,177	23,591	24,927	32,047	28,097	44,445	42,187	70,722	69,153	80,199	81,256
Materials, supplies and fuel, at average cost	12,043	17,642	18,798	23,948	25,833	39,922	43,591	48,278	61,709	59,038	78,333
Prepayments and other	9,330	12,381	14,987	15,650	17,049	20,826	30,116	36,350	37,172	43,366	73,134
	50,181	59,872	63,791	77,067	81,391	112,866	124,306	174,047	172,015	195,901	239,222
OTHER ASSETS											
	1,230	1,536	1,646	1,339	1,274	1,691	3,718	3,276	2,901	3,367	3,943
	665,596	759,280	877,686	973,598	1,061,279	1,191,566	1,304,551	1,442,918	1,537,614	1,719,273	1,980,835
LIABILITIES AND SHAREHOLDERS' EQUITY											
CAPITALIZATION (Detail on page 7)											
Common shareholders' equity	212,998	222,714	265,397	278,109	330,881	335,395	372,723	376,134	456,849	530,815	556,504
Cumulative preferred shares	40,000	75,000	75,000	115,000	115,000	155,000	155,000	200,000	200,000	200,000	200,000
Long-term debt	287,682	357,382	417,212	416,746	487,793	501,936	560,753	644,333	618,876	698,974	846,652
Total capitalization	540,680	655,096	757,609	809,855	933,674	992,331	1,088,476	1,220,467	1,275,725	1,429,789	1,603,156
CURRENT LIABILITIES											
Current portion of bonds	53	53	54	63	63	45,573	54	54	15,054	5,054	58
Notes payable — bank	14,200	4,922	11,138	23,679	7,230	11,530	29,626	22,907	1,850	5,000	25,290
— commercial paper	16,000	—	2,000	19,000	—	8,000	24,250	—	4,000	17,950	51,350
— other	432	394	402	413	456	1,104	947	720	489	499	554
Accounts payable	15,035	16,214	18,579	20,007	19,891	30,981	34,617	46,160	64,237	65,602	75,446
Dividends payable on common shares	5,813	6,046	6,630	6,970	7,667	7,667	8,610	8,610	10,902	13,112	13,347
Accrued taxes	31,832	33,580	35,066	40,239	43,098	44,239	46,414	54,209	67,048	59,467	45,589
Accrued interest on debt	1,646	2,064	2,818	2,890	5,045	6,040	6,867	8,083	7,926	9,471	13,214
Other current and accrued liabilities	5,153	5,385	7,119	7,568	7,821	7,575	8,124	11,371	12,570	14,421	17,075
	90,164	68,758	83,806	120,829	91,271	162,709	159,509	152,114	184,126	190,576	241,923
DEFERRED CREDITS AND OTHER											
Deferred income taxes											
Accelerated amortization	13,400	12,677	11,954	11,231	10,508	9,784	9,061	8,338	7,615	6,791	6,228
Liberalized depreciation	7,000	6,914	6,758	6,762	6,953	7,098	7,815	8,627	9,527	10,342	11,403
Other	—	—	—	—	—	—	12,259	12,638	12,856	13,966	13,618
Investment tax credits	6,249	7,668	9,269	12,324	15,405	18,692	26,125	33,337	46,290	61,538	86,257
Other liabilities and deferred credits	8,103	8,267	8,290	12,597	3,458	952	1,306	7,397	1,475	6,271	18,250
	34,752	35,526	36,271	42,914	36,334	36,526	56,566	70,337	77,763	98,908	135,756
	665,596	759,280	877,686	973,598	1,061,279	1,191,566	1,304,551	1,442,918	1,537,614	1,719,273	1,980,835

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CAPITALIZATION SCHEDULE AT DECEMBER 31
 (\$000 Omitted)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
COMMON SHAREHOLDERS' EQUITY											
Common Shares, par value \$8.50 per share (a)	131,766	131,766	144,500	144,500	158,950	158,950	178,500	178,500	201,450	227,392	231,484
Premium on common shares	—	—	23,783	23,783	51,833	51,833	66,783	66,783	105,258	140,068	144,930
Retained earnings	81,232	91,434	98,854	112,102	123,675	128,743	133,343	137,542	158,901	174,070	190,930
Capital stock expense	—	(486)	(1,740)	(2,276)	(3,577)	(4,131)	(5,903)	(6,691)	(8,760)	(10,715)	(10,840)
Total common shareholders' equity	212,998	222,714	265,397	278,109	330,881	335,395	372,723	376,134	456,849	530,815	556,504
CUMULATIVE PREFERRED SHARES, par value \$100 per share —											
Outstanding —	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
4.34% Series — 270,000 shares	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
9.30% Series — 130,000 shares	—	—	—	—	—	—	—	—	—	—	—
7.44% Series — 350,000 shares	—	—	—	—	—	—	—	—	—	—	—
9.28% Series — 400,000 shares	—	—	—	—	—	—	—	—	—	—	—
9.52% Series — 450,000 shares	—	—	—	—	—	—	—	—	—	—	—
Total cumulative preferred shares	40,000	75,000	75,000	115,000	115,000	155,000	155,000	200,000	200,000	200,000	200,000
Total shareholders' equity	252,998	297,714	340,397	393,109	445,881	490,395	527,723	576,134	656,849	730,815	756,504
LONG-TERM DEBT											
The Cincinnati Gas & Electric Company											
First mortgage bonds —											
2-3/4% series due 1975	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500	45,500
2-7/8% series due 1978	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
3-1/4% series due 1982	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
3-3/4% series due 1983	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
4-1/8% series due 1987	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
5% series due 1990	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
4-3/8% series due 1992	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
5-7/8% series due 1997	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
7-3/8% series due 1999	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
8-5/8% series due 2000	—	—	—	—	—	—	—	—	—	—	—
7-3/8% series due 2001	—	—	—	—	—	—	—	—	—	—	—
8-1/8% series due 2003	—	—	—	—	—	—	—	—	—	—	—
9-15% series due 2004	—	—	—	—	—	—	—	—	—	—	—
9-85% series due 2005	—	—	—	—	—	—	—	—	—	—	—
8-55% series due 2006	—	—	—	—	—	—	—	—	—	—	—
9-1/8% series due 2008	—	—	—	—	—	—	—	—	—	—	—
10% series due 2009	—	—	—	—	—	—	—	—	—	—	—
Notes payable —											
4% — 7-1/2% due through 1985	5,932	5,685	5,369	4,966	4,658	4,339	4,252	3,728	3,302	2,874	2,429
Other long term debt —											
6.70% — 7.20% due 1997 through 2009	266,432	326,185	385,869	385,466	445,158	459,939	519,252	603,728	588,302	662,874	810,429
The Union Light, Heat and Power Company											
First mortgage bonds —											
3% — 9-5/8% due 2008	20,500	30,500	30,500	30,500	40,500	40,500	40,500	40,500	30,500	35,500	35,500
Notes payable	—	—	—	—	—	10	85	44	7	—	—
Other Subsidiary Companies' Debt											
4-1/2% — 8-3/4% due through 1991	750	697	843	780	717	644	620	556	582	481	446
Unamortized premium (discount) — net	287,682	357,382	417,212	416,746	487,793	501,936	560,753	644,333	618,876	698,974	846,652
Total long term debt	540,680	655,096	757,609	809,855	933,674	992,331	1,088,476	1,220,467	1,275,725	1,429,789	1,603,156
Total capitalization	15,502	15,502	17,000	17,000	18,700	18,700	21,000	21,000	23,700	26,752	27,233

Notes: (a) Year end shares (000 omitted)
 (b) In January 1980, CG&E issued 500,000 shares of Cumulative Preferred Stock, 10.20% Series, \$100 Par Value and in February 1980 issued through underwriters, 3,400,000 shares of \$8.50 Par Value Common Stock.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSTRUCTION EXPENDITURES AND PLANT RETIREMENTS
(\$000 Omitted)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	Total	Estimated			
												1980	1981	1982	
CONSTRUCTION EXPENDITURES															
Electric Department															
Production	52,379	84,719	59,591	74,023	83,408	89,975	93,180	108,560	146,907	192,722	985,464	207,852	115,487	170,946	
Transmission	12,560	12,178	13,270	13,232	14,143	16,577	13,932	16,450	19,531	21,358	153,231	19,510	18,861	17,525	
Distribution	23,501	25,216	26,653	29,034	29,344	26,776	19,974	21,471	30,136	37,677	269,782	37,370	35,996	42,852	
General	2,691	6,544	3,881	1,637	1,952	1,479	753	1,008	1,996	3,575	25,516	4,621	3,733	4,033	
Total Electric	91,131	128,657	103,395	117,926	128,847	134,807	127,839	147,489	198,570	255,332	1,433,993	269,353	174,077	235,356	
Gas Department															
Production	21	48	129	92	121	34	288	42	106	391	1,272	395	770	100	
Storage	2,000	184	92	8	2	5	18	22	11	2	2,344	60	—	130	
Transmission	6	8	1	3	9	34	1	3	—	124	189	75	—	—	
Distribution	3,427	9,072	7,048	5,967	5,692	5,710	3,988	4,562	5,956	10,554	67,976	13,517	14,182	15,908	
General	978	655	415	404	303	97	217	531	916	942	5,458	1,961	1,156	1,226	
Total Gas	12,432	9,967	7,685	6,474	6,127	5,880	4,512	5,160	6,989	12,013	77,239	16,008	16,108	17,364	
Common	4,325	2,471	2,047	915	725	873	777	997	784	2,157	16,071	2,242	1,187	1,191	
Other (a)	(230)	615	373	689	879	734	700	585	533	(204)	4,674	—	—	—	
Total Expenditures	107,658	141,710	113,500	126,004	136,578	142,294	133,828	154,231	206,876	269,298	1,531,977	287,603	191,372	253,911	
PLANT RETIREMENTS	6,209	15,496	10,139	17,953	11,806	14,825	26,632	20,042	8,371	13,802	145,275	10,337	10,147	11,243	

Note:

(a) Consists of "non-utility" which is included in "Other Property And investments" on the balance sheet.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

SOURCES OF FUNDS FOR CONSTRUCTION EXPENDITURES

(\$000 Omitted)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	Total 1970 - 1979
SOURCES OF FUNDS											
Operations											
Earnings on common shares	33,687	32,771	40,108	42,241	35,736	38,097	38,639	60,191	61,808	69,824	453,102
Less—Dividends declared on common shares	23,485	25,351	26,860	30,668	30,668	33,497	34,440	38,832	46,639	52,964	343,404
	10,202	7,420	13,248	11,573	5,068	4,600	4,199	21,359	15,169	16,860	109,698
Non-cash provisions deducted in arriving at earnings on common shares											
Depreciation	21,696	24,651	27,655	32,118	34,836	38,467	41,174	43,921	47,693	49,711	361,922
Deferred income taxes—net	(809)	(879)	(719)	(532)	(578)	807	463	396	1,105	150	(596)
Investment tax credits—net	1,419	1,602	3,054	3,081	3,287	7,433	7,213	12,953	15,248	24,719	80,009
Total allowance for funds used during construction	(7,119)	(7,330)	(8,966)	(9,413)	(10,937)	(12,222)	(15,002)	(20,025)	(22,575)	(36,795)	(150,384)
Funds provided by operations	25,389	25,464	34,272	36,827	31,676	39,085	38,047	58,604	56,640	54,645	400,649
Financing											
Common shares	—	36,517	—	42,500	—	34,500	—	61,425	60,752	8,954	204,698
Cumulative preferred shares	35,000	—	40,000	—	40,000	—	45,000	—	—	—	160,000
First mortgage bonds	70,000	60,200	—	70,000	60,000	60,000	75,000	—	85,000	100,000	580,200
Other long-term debt	156	86	9	148	781	124	10,127	110	8	48,109	59,658
Repayment of long-term debt	(493)	(446)	(455)	(476)	(519)	(46,064)	(765)	(10,791)	(15,507)	(5,545)	(81,061)
Increase (decrease) in short-term debt — net	(25,278)	8,216	29,541	(35,449)	12,913	33,974	(31,188)	(17,044)	17,073	53,705	46,463
Funds provided by financing	79,385	104,573	69,095	76,723	113,175	82,534	98,174	33,700	147,326	205,223	1,009,908
Other Sources of Funds — net											
Decrease (increase) in net current assets (excluding short-term debt and temporary investments)	(2,852)	(26)	(5,814)	4,198	(19,973)	(1,509)	(16,958)	24,353	(21,580)	(43,389)	(83,550)
Decrease (increase) in temporary investments	(3,029)	3,029	—	(2,674)	1,477	(1,800)	(8,982)	11,979	(2,966)	2,666	(300)
Other — net	1,646	1,340	6,981	1,517	(714)	11,132	8,545	5,570	4,881	13,358	54,886
Funds provided from other sources	(4,235)	4,343	1,167	3,041	(19,210)	8,453	(17,395)	41,902	(19,665)	(27,365)	(28,964)
Total Funds for Construction from above Sources	100,539	134,380	104,534	116,591	125,641	130,072	118,826	134,206	184,301	232,503	1,381,593
Total Allowance for Funds used during Construction	7,119	7,330	8,966	9,413	10,937	12,222	15,002	20,025	22,575	36,795	150,384
CONSTRUCTION EXPENDITURES	107,658	141,710	113,500	128,004	136,578	142,294	133,828	154,231	206,876	269,298	1,531,977

	Amount	Percent
1970 - 1979		
Internal sources	522,069	34
External sources	1,009,908	66
Total	1,531,977	100

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

TOTAL ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION, INVESTMENT TAX CREDITS,
AND TAX EFFECTS OF ACCELERATED AMORTIZATION AND LIBERALIZED DEPRECIATION

(\$000 Omitted)

	Total Allowance for Funds Used During Construction (a)	Investment Tax Credits — Net of Amortization	Accelerated Amortization — Normalized	Liberalized Depreciation (b)	
				Normalized	Flow Through
<u>Actual</u>					
1969	5,078	1,467	(723)	(35)	2,732
1970	7,119	1,419	(723)	(86)	3,052
1971	7,330	1,602	(723)	(156)	3,875
1972	8,966	3,054	(723)	4	5,637
1973	9,413	3,081	(723)	191	6,430
1974	10,937	3,287	(723)	145	8,017
1975	12,222	7,433	(723)	716	10,232
1976	15,002	7,690	(723)	812	8,722
1977	20,025	15,082	(723)	901	8,807
1978	22,575	17,501	(716)	988	7,944
1979	36,795	28,000	(563)	1,061	7,075
<u>Estimated</u>					
1980	46,293	25,913	(464)	4,590	3,624
1981	20,736	3,264	(464)	27,122	(2,972)
1982	24,456	(16,261)	(464)	21,394	1,808

Notes:

(a) Reflects pre-tax rates of 6½% until May 1, 1969, 7% until January 1, 1970, 7½% until January 1, 1979, 8½% until January 1, 1980, and a net-of-tax rate of 8¼% thereafter.

(b) Effective January 1, 1972 CG&E adopted, for Federal income tax purposes, ADR depreciation and the deduction of costs incurred in the retirement of property. Beginning in 1980, the Public Utilities Commission of Ohio authorized normalization for the tax effects resulting from the use of liberalized depreciation for plant additions from October 1978 forward.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

DETAIL OF PROPERTY AT DECEMBER 31

(\$000 Omitted)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Electric Department											
Production	236,268	278,364	317,467	371,961	426,399	476,150	556,020	551,626	554,993	644,464	679,880
Transmission	91,406	106,557	124,309	131,677	138,455	147,872	156,709	168,813	181,666	194,855	204,489
Distribution	221,698	234,688	255,339	276,607	289,046	309,467	334,196	357,759	387,828	408,889	431,610
General	11,079	12,548	14,827	23,221	25,265	26,281	27,070	27,563	28,235	29,030	30,625
Construction work in progress	80,907	95,597	131,342	137,029	164,882	203,218	210,901	282,129	370,548	439,013	612,959
Acquisition adjustment	—	—	—	—	—	—	1,652	1,652	1,652	1,652	1,652
Total Electric	641,358	727,754	843,284	940,495	1,044,047	1,162,988	1,286,548	1,389,542	1,524,922	1,717,903	1,961,215
Gas Department											
Production	8,513	8,527	8,653	8,626	8,716	8,723	8,854	9,121	9,142	9,159	9,950
Storage	2,872	4,724	4,823	4,841	4,882	4,945	3,096	3,116	3,119	3,157	3,159
Transmission	189	201	201	211	211	211	219	259	230	233	233
Distribution	136,113	144,468	153,381	159,858	163,600	166,961	171,082	175,179	178,445	182,490	187,247
General	5,326	4,152	4,582	4,925	4,926	5,040	5,070	4,883	5,069	6,027	6,404
Construction work in progress	2,630	3,156	2,324	1,752	1,786	3,355	3,286	2,453	2,700	3,493	8,238
Total Gas	155,643	165,228	173,964	180,213	184,121	189,235	191,607	195,011	198,705	204,559	215,291
Common	29,230	34,999	36,334	36,136	35,636	35,542	36,133	35,773	36,399	35,521	37,243
Total	826,231	927,981	1,053,582	1,156,844	1,263,804	1,387,765	1,514,288	1,620,326	1,760,026	1,957,983	2,213,749

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
ELECTRIC DEPARTMENT
OPERATING STATEMENTS
(\$000 Omitted)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Electric Revenues											
Residential	62,215	67,501	74,976	81,155	89,097	100,899	125,887	132,093	161,531	180,476	186,216
Commercial	37,943	41,877	47,824	53,981	61,109	69,758	83,786	91,534	120,399	129,402	135,705
Industrial	38,790	41,822	47,988	53,788	59,870	73,151	83,188	94,748	123,721	136,903	146,490
Other retail	11,024	12,243	13,979	15,425	16,896	20,277	25,626	27,989	36,422	38,392	41,012
Total retail	149,972	163,443	184,767	204,349	226,972	264,085	318,487	346,364	442,073	485,173	509,423
Other utilities	1,699	1,153	1,353	1,592	2,238	6,907	2,967	2,724	3,727	3,920	4,530
Total	151,671	164,596	186,120	205,941	229,210	270,992	321,454	349,088	445,800	489,093	513,953
Other revenues	1,341	1,645	1,876	2,157	2,305	2,523	3,056	3,331	4,382	4,230	4,963
Total	153,012	166,241	187,996	208,098	231,515	273,515	324,510	352,419	450,182	493,323	518,916
Operating Expenses											
Fuel used in electric production	21,605	27,982	37,605	44,358	51,970	90,078	116,089	136,982	161,934	194,126	216,279
Other operation	32,553	33,643	34,073	32,743	34,201	40,984	38,946	40,125	60,658	70,573	61,773
Maintenance	11,492	11,832	14,039	14,109	14,846	18,635	19,488	22,633	32,878	36,482	42,614
Provision for depreciation (a)	16,055	17,720	20,352	23,068	27,382	29,997	33,505	35,574	37,818	41,486	43,358
Taxes other than income taxes	15,428	18,042	20,283	22,069	25,445	28,114	30,812	35,257	37,280	41,681	45,315
Income taxes	21,042	17,929	16,999	17,502	17,825	7,621	7,548	3,952	14,024	3,723	(13,127)
Deferred income taxes - net	(758)	(795)	(849)	(724)	(550)	(504)	60	567	493	1,043	328
Investment tax credits - net	1,399	1,372	1,472	2,816	2,902	3,138	7,047	7,416	14,569	16,893	27,118
Total operating expenses	118,816	127,725	143,974	155,941	174,021	218,063	253,495	282,506	359,654	406,007	423,658
Operating income	34,196	38,516	44,022	52,157	57,494	55,452	71,015	69,913	90,528	87,316	95,258
Source of Electric Revenues											
Residential	40.7%	40.6%	39.9%	39.0%	38.5%	36.9%	38.8%	37.5%	35.9%	36.6%	35.9%
Commercial	24.8	25.2	25.4	25.9	26.4	25.5	25.8	26.0	26.7	26.2	26.2
Industrial	25.3	25.2	25.5	25.9	25.9	26.7	25.6	26.9	27.5	27.8	28.2
All other	9.2	9.0	9.2	9.2	9.2	10.9	9.8	9.6	9.9	9.4	9.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

(a) Beginning in August, 1977, CG&E increased its annual provision for depreciation (retroactive to January 1, 1977) approximately \$1.2 million. This increase was authorized by an order of The Public Utilities Commission of Ohio changing depreciation accrual rates applicable to electric plant.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

ELECTRIC DEPARTMENT

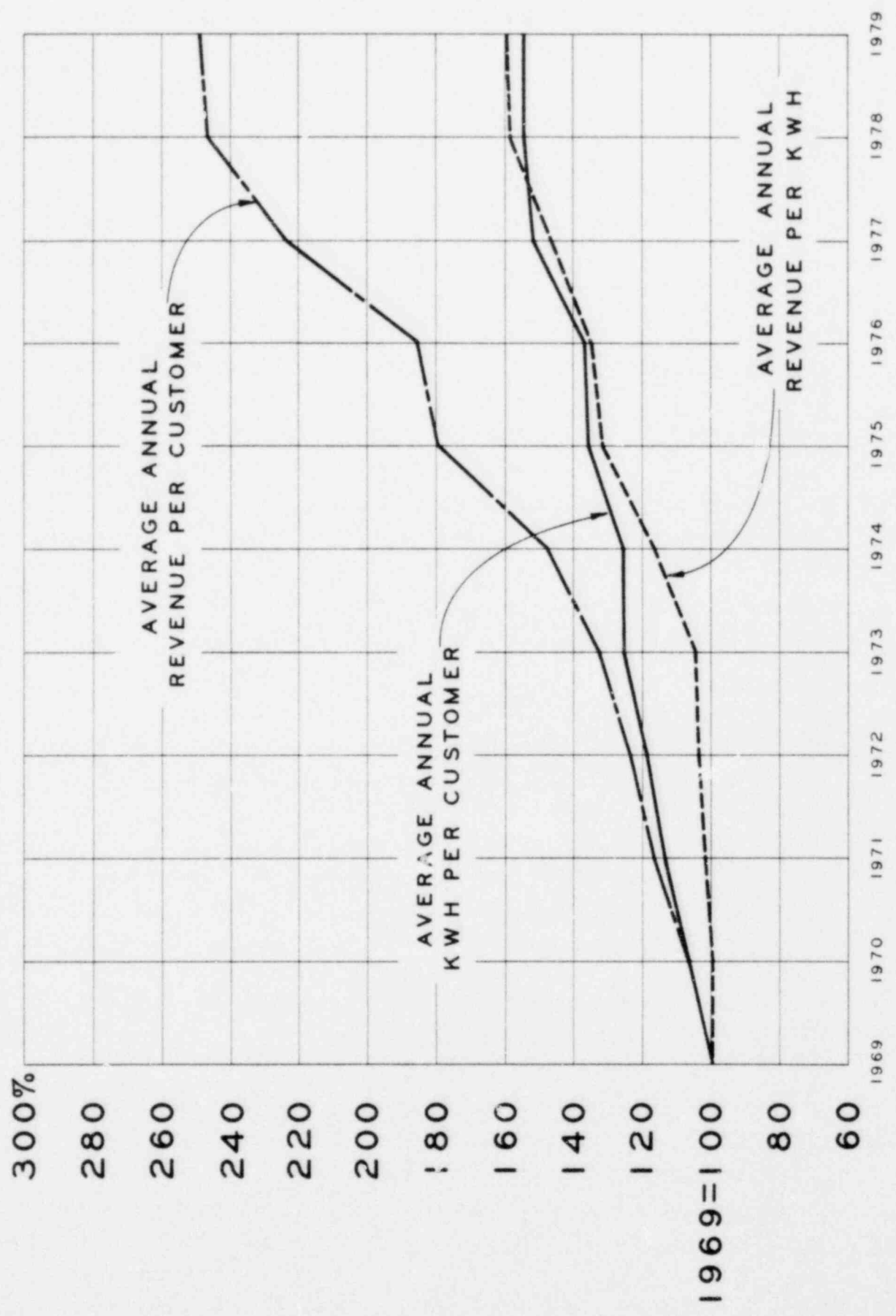
KWH SALES AND NUMBER OF CUSTOMERS

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
												Estimated		
KWH Sales (000,000 Omitted)														
Residential	2,586	2,808	3,042	3,228	3,510	3,574	3,969	4,068	4,569	4,728	4,822	5,035	5,236	5,425
Commercial	1,928	2,124	2,209	2,398	2,632	2,644	2,755	2,873	3,057	3,069	3,182	3,272	3,408	3,509
Industrial	3,642	3,722	3,926	4,118	4,373	4,334	3,938	4,295	4,487	4,517	4,757	4,894	5,226	5,486
Other retail	698	761	800	842	887	923	1,023	1,056	1,148	1,103	1,155	1,225	1,269	1,319
Total retail	8,854	9,415	9,977	10,586	11,402	11,475	11,685	12,292	13,261	13,417	13,916	14,426	15,139	15,739
Other utilities	148	97	110	119	172	396	155	137	164	151	172	131	136	142
Total sales	9,002	9,512	10,087	10,705	11,574	11,871	11,840	12,429	13,425	13,568	14,088	14,557	15,275	15,881
Source of KWH Sales (%)														
Residential	28.7	29.7	30.2	30.1	30.3	30.1	33.5	32.7	34.0	34.8	34.2	34.6	34.3	34.2
Commercial	21.4	22.3	21.9	22.4	22.7	22.3	23.3	23.1	22.8	22.6	22.6	22.5	22.3	22.1
Industrial	40.5	39.1	38.9	38.5	37.8	36.5	33.3	34.6	33.4	33.3	33.8	33.6	34.2	34.5
Other retail	7.8	7.9	7.9	7.9	7.7	7.8	8.6	8.5	8.6	8.2	8.2	8.4	8.3	8.3
Total retail	98.4	99.0	98.9	98.9	98.5	96.7	98.7	98.9	98.8	98.9	98.8	99.1	99.1	99.1
Other utilities	1.6	1.0	1.1	1.1	1.5	3.3	1.3	1.1	1.2	1.1	1.2	0.9	0.9	0.9
Total Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Customers — Year End														
Residential	435,130	441,871	448,914	458,444	468,732	478,970	489,265	497,704	503,314	512,525	523,893	523,100	528,500	533,700
Commercial	45,023	45,272	46,285	47,133	48,057	48,873	49,762	50,531	51,467	51,976	53,084	52,545	53,075	53,606
Industrial	1,831	1,907	1,913	2,007	2,163	2,267	2,349	2,447	2,494	2,568	2,636	2,703	2,763	2,813
Other retail	2,645	2,616	2,677	2,730	2,872	2,961	3,111	3,226	3,269	3,460	3,573	3,575	3,685	3,727
Total retail	484,629	491,666	499,789	510,314	521,824	533,071	544,487	553,908	560,544	570,529	583,186	581,923	588,023	593,846
Other utilities	8	10	8	10	9	8	7	7	7	7	9	6	6	6
Total customers	484,637	491,676	499,797	510,324	521,833	533,079	544,494	553,915	560,551	570,536	583,195	581,929	588,029	593,852
Compound Annual Growth Rate - KWH Sales														
			10 Years (1970 - 1979)		5 Years (1975 - 1979)		3 Years (1980 - 1982)		5 Years (1980 - 1984)					
Residential			6.4%		6.2%		4.0%		3.7%					
Commercial			5.1		3.8		3.3		3.3					
Industrial			2.7		1.9		4.9		5.6					
All other			4.6		1		3.3		3.6					
Total			4.6		3.5		4.1		4.3					

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
ANALYSIS OF RESIDENTIAL ELECTRIC SALES

Year	Residential KWH Sales (000 omitted)	Residential Revenue	Average No. Of Residential Customers	Average Annual KWH Per Customer		Average Annual Revenue Per Customer		Average Annual Revenue Per KWH	
				Number	% of 1969	Amount	% of 1969	Amount	% of 1969
1969	2,585,924	\$ 62,215,114	430,803	6,003	100	\$144.42	100	2.41¢	100
1970	2,807,831	67,500,875	438,321	6,406	107	154.00	107	2.40	100
1971	3,041,726	74,976,282	444,981	6,836	114	168.49	117	2.46	102
1972	3,227,753	81,154,940	453,549	7,117	119	178.93	124	2.51	104
1973	3,510,184	89,097,353	463,423	7,574	126	192.26	133	2.54	105
1974	3,573,776	100,899,213	473,309	7,551	126	213.18	148	2.82	117
1975	3,968,768	125,886,836	484,989	8,183	136	259.57	180	3.17	132
1976	4,067,855	132,092,877	493,031	8,251	137	267.92	186	3.25	135
1977	4,569,260	161,530,867	499,415	9,149	152	323.44	224	3.54	147
1978	4,728,350	180,475,523	506,888	9,328	155	356.05	247	3.82	159
1979	4,822,292	186,216,400	518,331	9,303	155	359.26	249	3.86	160

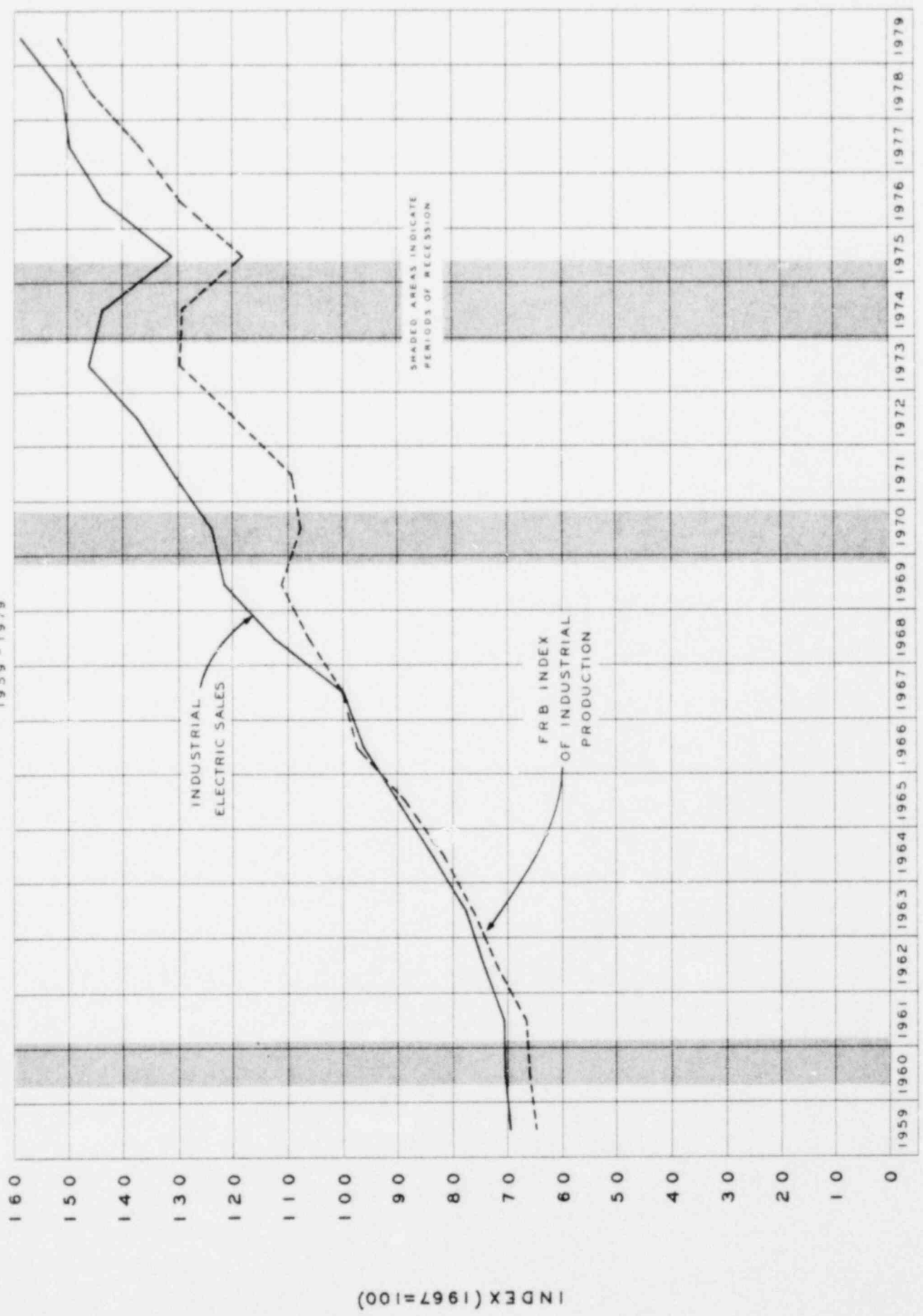
RESIDENTIAL ELECTRIC SALES



THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

INDUSTRIAL ELECTRIC SALES COMPARED TO THE FRB INDEX OF INDUSTRIAL PRODUCTION

1959 - 1979



INDEX (1967=100)

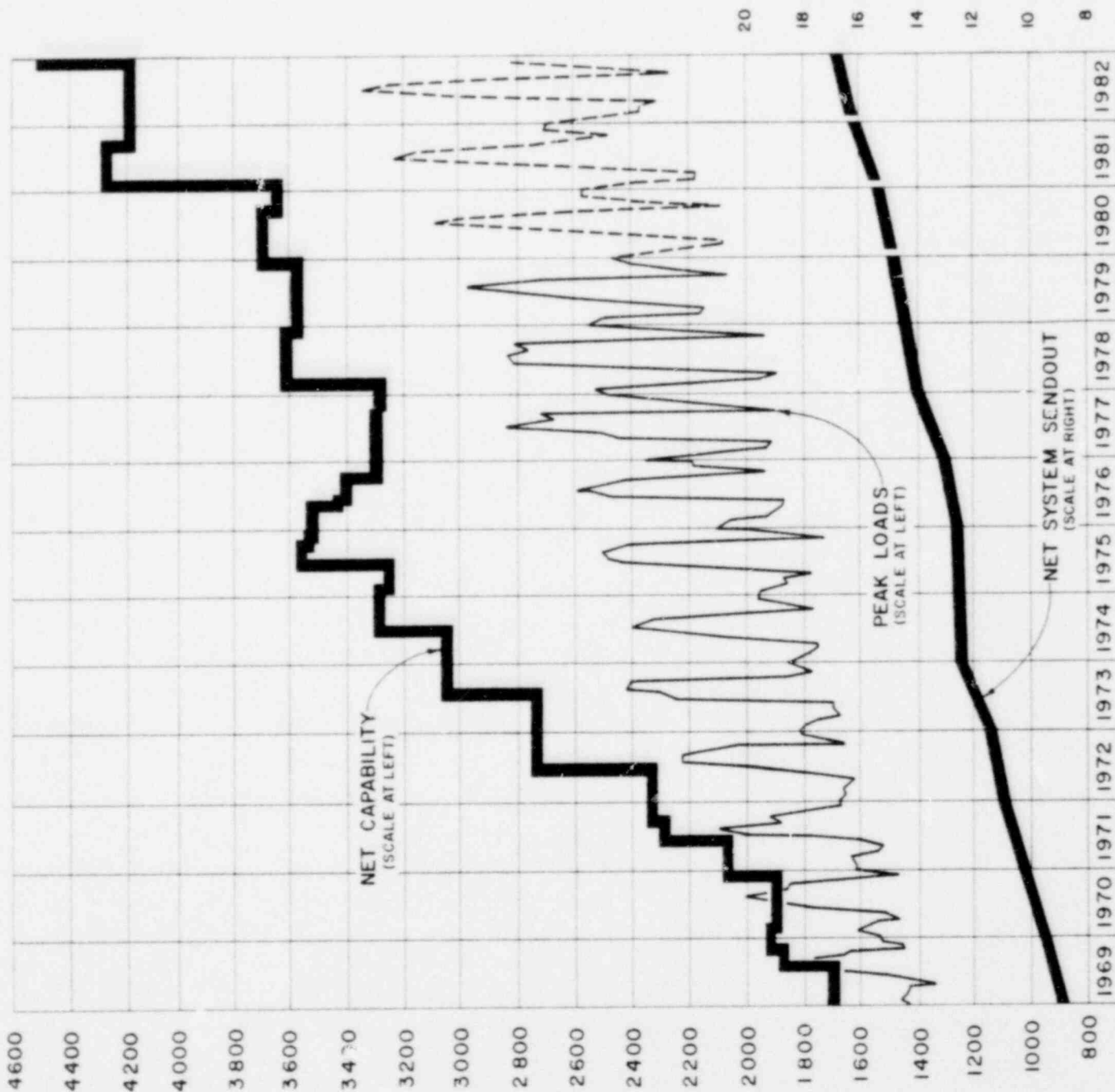
THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
SYSTEM PEAK LOADS AND NET CAPABILITY

Actual	KW Capability - Net At Time of Peak			System Peak Load - Net		Annual KWH Net System Sendout	Load Factor
	Generating Stations	OVEC(a)	Total	Date	KW		
1969	1,719,000	170,000	1,889,000	July 17	1,783,700	9,698 Million	62.1
1970	1,734,000	170,000	1,904,000	July 2	2,010,700	10,314 "	58.6
1971	2,133,000	160,000	2,293,000	June 28	2,092,800	10,870 "	59.3
1972	2,652,000	107,000	2,759,000	July 21	2,243,200	11,589 "	58.8
1973	2,966,000	107,000	3,073,000	August 30	2,439,100	12,430 "	58.2
1974	3,194,000	107,000	3,301,000	July 9	2,401,800	12,482 "	59.3
1975	3,508,000	76,000	3,584,000	August 1	2,511,400	12,772 "	58.1
1976	3,412,000	12,000	3,424,000	July 15	2,598,300	13,319 "	58.4
1977	3,308,000	12,000	3,320,000	July 20	2,841,000	14,385 "	57.8
1978	3,628,000	-	3,628,000	July 21	2,835,000	14,501 "	58.4
1979	3,595,000	-	3,595,000	August 8	2,978,000	15,081 "	57.8
<u>Estimated</u>							
1980	3,588,000	137,000	3,725,000	July	3,083,000	15,569 "	57.5
1981	4,211,000	80,000	4,291,000	July	3,228,000	16,316 "	57.7
1982	4,211,000	-	4,211,000	July	3,344,000	16,952 "	57.9

Notes:

- (a) CG&E's pro-rata share of excess capacity of the Ohio Valley Electric Corporation.
- (b) During 1979, approximately 98% of the electricity generated by units owned by CG&E or in which it has an ownership interest was produced by coal-fired generating units.

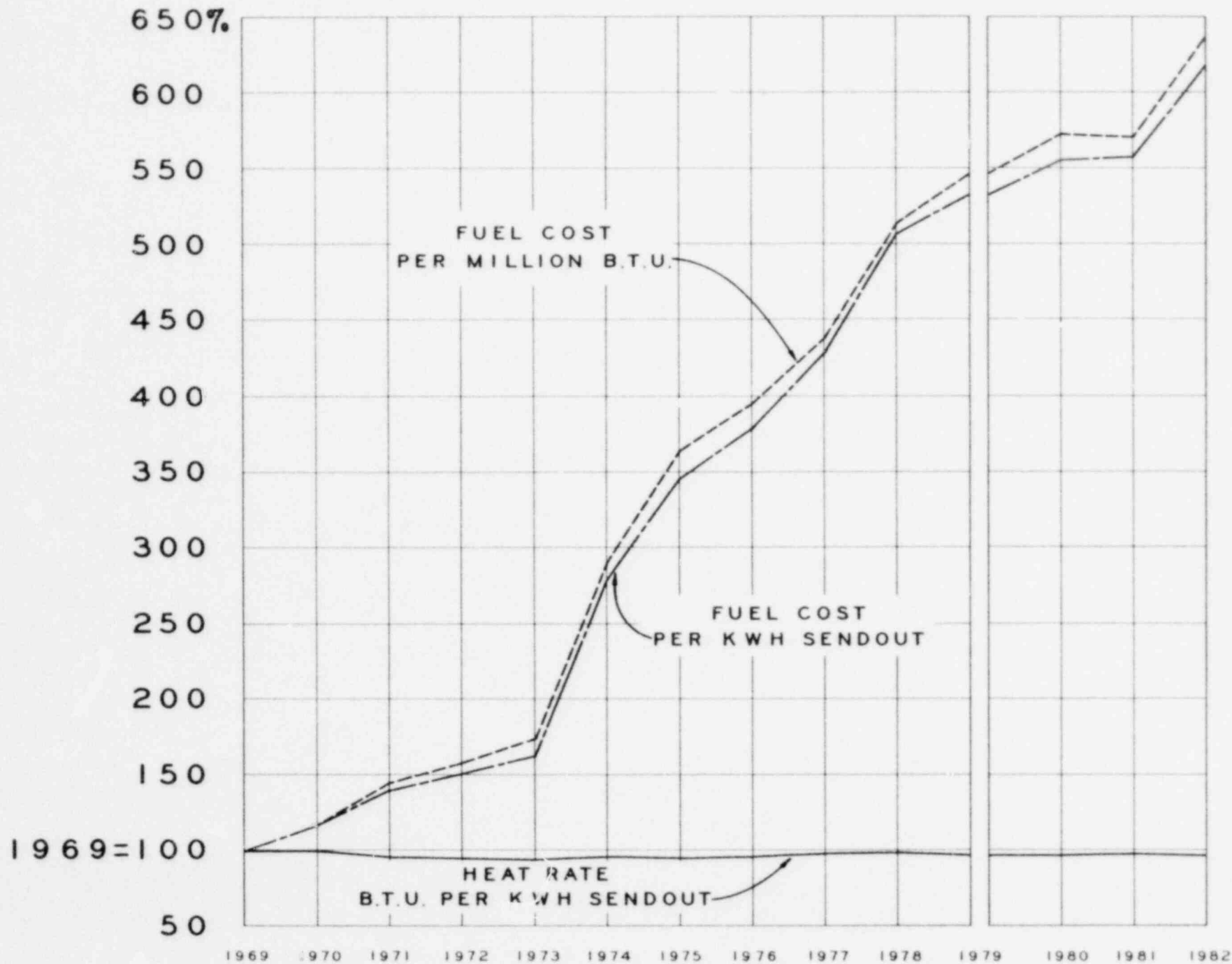
NET SYSTEM SENDOUT - KILOWATT-HOURS IN BILLIONS



NET CAPABILITY AND PEAK LOADS - MEGAWATTS

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
ELECTRIC GENERATION
TRENDS OF FUEL EFFICIENCY DATA

<u>Actual</u>	<u>Heat Rate</u>		<u>Fuel Cost</u>			
	<u>B.T.U. Per KWH Sendout</u>		<u>Per Million B.T.U.</u>		<u>Per KWH Sendout</u>	
	<u>Number</u>	<u>% of 1969</u>	<u>Amount</u>	<u>% of 1969</u>	<u>Amount</u>	<u>% of 1969</u>
1969	10,685	100	25.5¢	100	.273¢	100
1970	10,667	100	29.9	117	.319	117
1971	10,308	96	37.0	145	.382	140
1972	10,178	95	40.3	158	.411	151
1973	10,024	94	44.3	174	.444	163
1974	10,262	96	74.2	291	.761	279
1975	10,183	95	92.7	364	.944	346
1976	10,252	96	100.9	396	1.034	379
1977	10,500	98	111.6	438	1.172	429
1978	10,555	99	131.0	514	1.383	507
1979	10,409	97	139.7	547	1.454	533
<u>Estimated</u>						
1980	10,388	97	146.2	573	1.519	556
1981	10,443	98	145.7	571	1.522	558
1982	10,388	97	162.5	637	1.688	618



THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

GAS DEPARTMENT
OPERATING STATEMENTS

(\$000 Omitted)

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Gas Revenues											
Residential	47,684	47,435	51,528	57,738	54,745	63,567	76,038	94,775	123,082	137,440	143,657
Commercial	17,666	18,454	20,481	23,783	23,256	27,478	32,322	40,381	50,105	58,010	61,166
Industrial	20,923	20,782	25,734	27,805	30,716	40,161	37,369	49,321	56,856	72,756	89,250
Other retail	7,070	7,754	7,586	7,273	7,502	9,950	7,894	8,138	6,608	7,981	9,763
Total retail	93,343	94,425	105,329	116,597	116,219	141,156	153,623	192,613	236,651	276,187	303,836
Other utilities	223	240	284	302	405	313	349	593	658	728	828
Total	93,566	94,665	105,613	116,899	116,624	141,469	153,972	193,206	237,309	276,915	304,664
Other revenues	714	723	763	1,038	1,082	1,102	1,386	1,508	2,375	2,438	2,246
Total	94,280	95,388	106,376	117,937	117,706	142,571	155,358	194,714	239,684	279,353	306,910
Operating Expenses											
Gas purchased	56,748	57,893	68,754	75,528	75,471	95,560	116,915	140,583	168,435	199,309	232,055
Other operation	10,819	12,909	13,099	12,870	12,779	13,314	14,435	15,760	21,288	22,323	21,900
Maintenance	3,365	3,797	3,765	3,949	4,021	5,218	5,606	6,041	6,980	7,340	7,723
Provision for depreciation (a)	3,749	3,976	4,299	4,587	4,736	4,839	4,962	5,600	6,103	6,207	6,353
Taxes other than income taxes	5,459	6,346	6,623	7,151	7,670	7,983	8,781	9,714	11,391	13,458	14,626
Income taxes	4,746	2,241	1,444	2,822	2,780	3,730	(2,728)	4,231	9,035	10,970	6,419
Deferred income taxes - net	-	(14)	(30)	5	18	(74)	747	(104)	(97)	62	(178)
Investment tax credits - net	68	47	130	238	179	149	386	274	513	608	862
Total operating expenses	84,954	87,195	98,084	107,150	107,654	130,719	149,104	182,199	223,648	260,277	289,780
Operating income	9,326	8,193	8,292	10,787	10,052	11,852	6,254	12,515	16,036	19,076	17,130
Source of Gas Revenues											
Residential	50.6%	49.7%	48.4%	48.9%	46.5%	44.8%	48.9%	48.7%	51.4%	49.2%	46.8%
Commercial	18.7	12.4	19.3	20.2	19.8	19.3	20.8	20.7	20.9	20.8	19.9
Industrial	22.2	21.8	24.2	23.6	26.1	28.7	24.1	25.3	23.7	26.0	29.1
All other	8.5	9.1	8.1	7.3	7.6	8.2	6.2	5.3	4.0	4.0	4.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Statistics											
Mcf of gas purchased (000 omitted)	135,779	132,705	137,907	142,026	134,350	134,485	110,216	115,723	100,352	109,753	111,890
Average cost per Mcf - ¢	41.79	43.63	49.86	53.18	56.17	71.06	106.08	121.48	167.84	181.60	207.40

Note:

(a) Effective August 1, 1976 CG&E increased its annual provision for depreciation approximately \$500,000. This increase was authorized by an order of The Public Utilities Commission of Ohio changing depreciation accrual rates applicable to gas plant.

THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

GAS DEPARTMENT

MCF SALES AND NUMBER OF CUSTOMERS

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	Estimated		
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
MCF Sales (000 Omitted)														
Residential	53,550	51,646	53,044	55,182	50,137	50,201	48,527	50,156	48,769	50,312	48,213	45,893	46,493	47,091
Commercial	22,866	23,269	24,463	26,047	24,072	24,114	22,356	22,902	21,236	22,589	21,837	21,888	22,274	22,596
Industrial	42,427	40,185	47,641	47,945	47,474	47,687	31,433	33,823	27,465	32,004	35,929	47,877	49,818	50,868
Other retail	14,861	16,432	13,026	10,345	10,443	11,871	5,673	4,913	2,942	3,228	3,649	6,744	6,666	6,658
Total retail	133,704	131,532	138,174	139,519	132,126	133,873	107,989	111,794	100,414	108,133	109,628	122,402	125,251	127,213
Other utilities	514	524	561	567	695	482	477	623	542	519	455	469	469	469
Total sales	134,218	132,056	138,735	140,086	132,821	134,355	108,466	112,417	100,956	108,652	110,083	122,871	125,720	127,682
Annual Degree Days — Billing	5,321	5,094	4,928	5,362	4,725	5,034	4,712	5,360	5,749	6,145	5,669	5,070(a)	5,070(a)	5,070(a)
Source of MCF Sales (%)														
Residential	39.9	39.2	38.4	39.4	37.9	37.4	44.8	44.8	48.4	46.3	43.9	37.3	37.0	36.9
Commercial	17.0	17.6	17.6	18.6	18.1	17.9	20.6	20.4	21.0	20.8	19.8	17.8	17.7	17.7
Industrial	31.6	30.4	34.3	34.2	34.7	35.5	29.0	30.1	27.2	29.4	32.6	39.0	39.6	39.8
Other retail	11.1	12.4	9.3	7.4	7.8	8.8	5.2	4.3	2.9	3.0	3.3	5.5	5.3	5.2
Total retail	99.6	99.6	99.6	99.6	99.5	99.6	99.6	99.4	99.5	99.5	99.6	99.6	99.6	99.6
Other utilities	.4	.4	.4	.4	.5	.4	.4	.6	.5	.5	.4	.4	.4	.4
Total sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Customers — Year End														
Residential	316,778	320,980	324,995	329,029	332,873	331,919	330,290	329,295	326,701	324,919	325,090	333,553	337,906	342,250
Commercial	32,951	33,513	34,351	34,889	35,174	34,997	34,894	34,512	34,101	33,515	33,515	34,184	34,515	34,846
Industrial	1,157	1,183	1,193	1,231	1,258	1,287	1,314	1,344	1,350	1,409	1,397	1,437	1,447	1,456
Other retail	1,140	1,068	1,121	1,127	1,135	1,125	1,128	1,136	1,122	1,144	1,152	1,144	1,144	1,144
Total retail	352,026	356,744	361,660	366,276	370,440	369,328	367,426	366,287	363,274	360,987	361,189	370,318	375,012	379,698
Other utilities	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total customers	352,027	356,745	361,661	366,277	370,441	369,329	367,427	366,288	363,275	360,988	361,190	370,319	375,013	379,699
Compound Annual Growth Rate - MCF Sales														
			10 Years (1970 - 1979)		5 Years (1975 - 1979)		3 Years (1980 - 1982)		5 Years (1980 - 1984)					
Residential			(1.0)%		(.8)%		(.8)%		- %					
Commercial			(.5)		(2.0)		1.1		1.3					
Industrial			(1.6)		(5.5)		12.3		8.1					
All other			(12.4)		(19.8)		20.2		10.3					
Total			(2.0)		(3.9)		5.1		3.6					

Notes:

- (a) U.S. Weather Bureau normal.
- (b) As a result of improvement in the natural gas supply, both CG&E and its Kentucky subsidiary, The Union Light, Heat and Power Company, obtained permission in 1979 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.

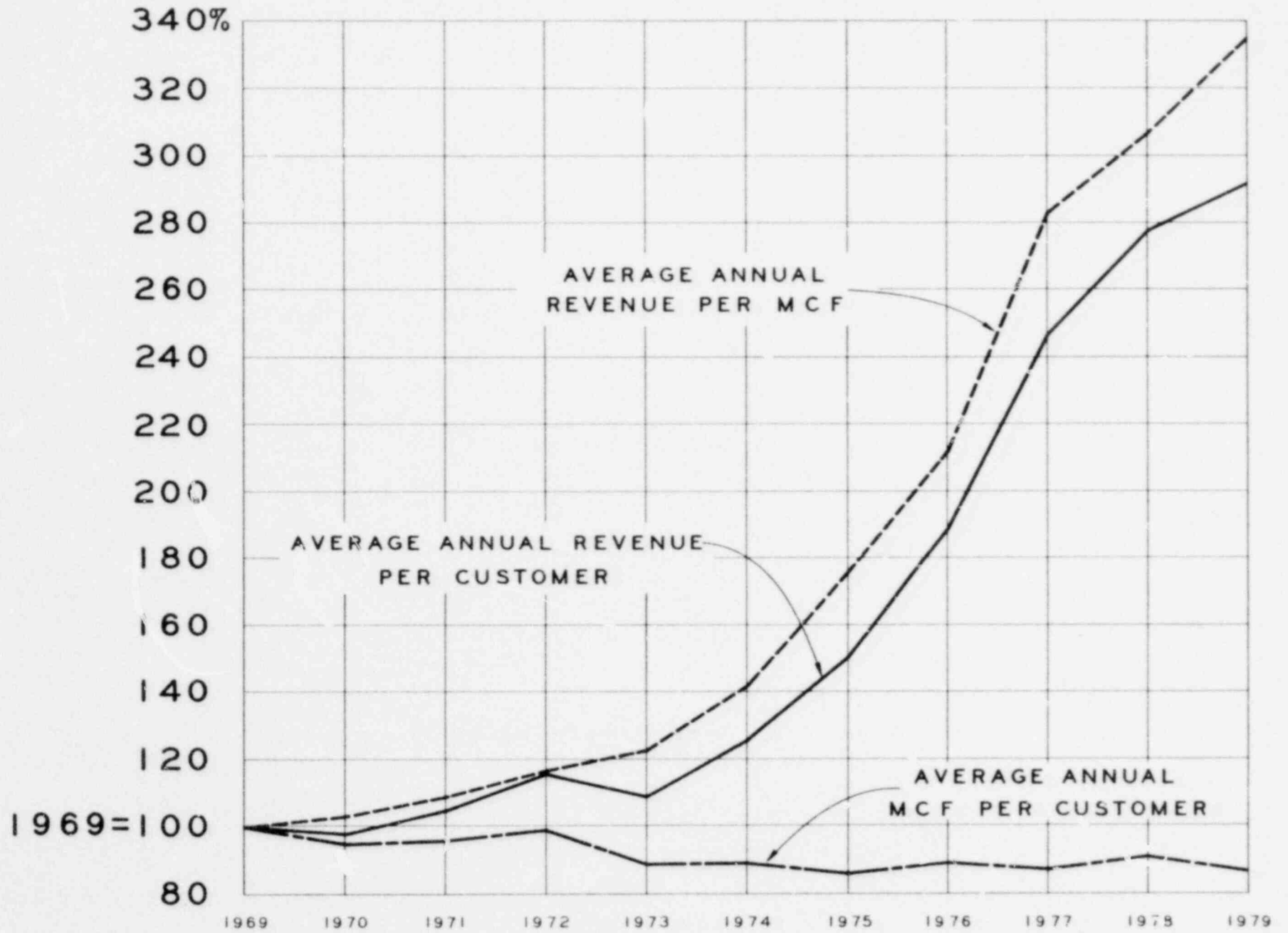
THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
ANALYSIS OF RESIDENTIAL GAS SALES

Year	Residential MCF Sales (000 omitted)	Residential Revenue	Average No. Of Residential Customers	Average Annual MCF Per Customer		Average Annual Revenue Per Customer		Average Annual Revenue Per MCF	
				Number	% of 1969	Amount	% of 1969	Amount	% of 1969
1969	53,550	\$ 47,684,121	313,387	170.9	100	\$152.16	100	89.05¢	100
1970	51,646	47,435,083	317,918	162.5	95	149.21	98	91.85	103
1971	53,044	51,527,946	322,065	164.7	96	159.99	105	97.14	109
1972	55,182	57,735,764	326,441	169.0	99	176.86	116	104.63	117
1973	50,137	54,745,127	330,375	151.8	89	165.71	109	109.19	123
1974	50,201	63,566,624	331,746	151.3	89	191.61	126	126.62	142
1975	48,527	76,037,852	330,376	146.9	86	230.16	151	156.69	176
1976	50,156	94,774,681	329,094	152.4	89	287.99	189	188.96	212
1977	48,769	123,081,796	326,925	149.2	87	376.48	247	252.38	283
1978	50,312	137,439,530	324,675	155.0	91	423.31	278	273.18	307
1979	48,213	143,657,247	323,872	148.9	87	443.56	292	297.97	335

Note:

At December 31, 1979, 89% of the dwelling units on CG&E's gas mains were heated with gas.

RESIDENTIAL GAS SALES



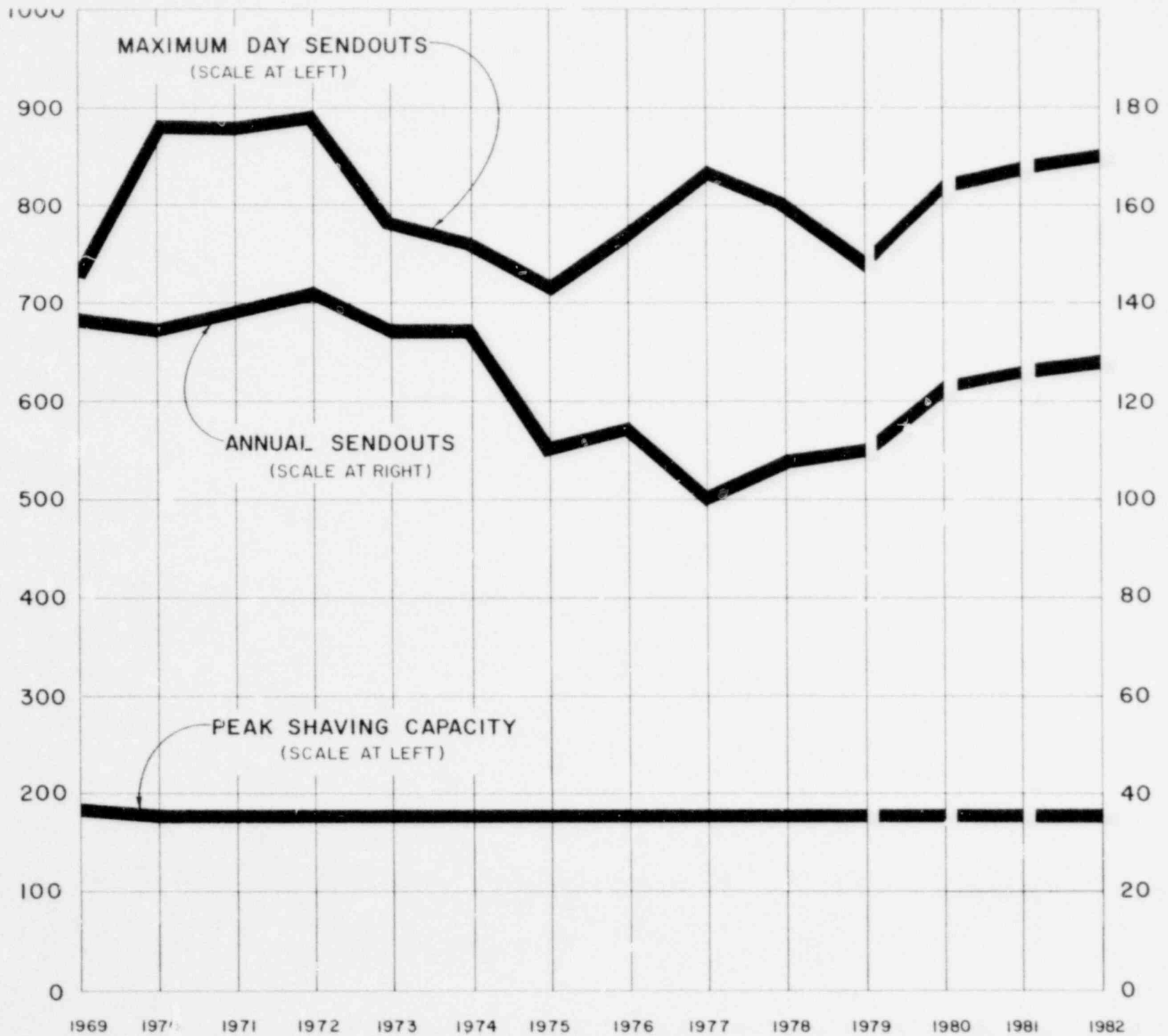
THE CINCINNATI GAS & ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
ANNUAL AND MAXIMUM DAY GAS SENDOUTS

Actual	Annual Sendout—MCF	Calendar Degree Day Deficiencies(a)		Maximum Day Sendout		Peak Shaving Capacity—MCF/Day	Mean Temperature On Maximum Day (°F)	Load Factor
		Annual Total	In Percent Of Normal	Date	MCF			
1969	136,984,656	5,377	106.1	January 13	738,308	188,000	6	50.8
1970	135,135,600	5,037	99.3	January 8	885,511	184,000	-2	41.8
1971	138,568,218	4,819	95.0	February 1	883,653	184,000	6	43.0
1972	142,565,602	5,474	108.0	January 15	899,853	184,000	-5	43.3
1973	134,485,478	4,784	94.4	February 16	780,842	184,000	14	47.2
1974	134,505,104	4,953	97.7	February 4	767,207	184,000	20	48.0
1975	110,215,740	4,713	93.0	December 18	720,182	184,000	16	41.9
1976	115,800,179	5,522	108.9	January 8	769,566	184,000	6	41.1
1977	101,705,220	5,699	112.4	January 16	832,446	184,000	-17	33.5
1978	109,788,975	6,031	119.0	January 9	803,489	184,000	1	37.4
1979	111,917,796	5,670	111.8	February 13	747,081	184,000	13	41.0
<u>Estimated</u>								
1980	124,418,000	5,070	100.0		825,620	184,000	0	41.2
1981	127,319,000	5,070	100.0		839,800	184,000	0	41.5
1982	129,311,000	5,070	100.0		851,550	184,000	0	41.6

Note:

(a) Degree day deficiencies shown are those reported by the U.S. Weather Bureau for its Station located at the Greater Cincinnati Airport in Boone County, Kentucky. The annual normal established by the Weather Bureau for this Station is 5,070 degree days, based on the 30 year period ending with the year 1970.

MAXIMUM DAY SENDOUTS AND PEAK SHAVING CAPACITY
MILLION CUBIC FEET



ANNUAL SENDOUTS - BILLION CUBIC FEET



**STATISTICAL REPORT FOR FINANCIAL ANALYSTS
1969-1979**



POOR ORIGINAL

Comments on Columbus and Southern Ohio Electric Company

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Company Office, Representatives, etc. Inside Back Cover

This report is not intended to induce, or for use in connection with, any sale or purchase of any securities of the Company.

February 15, 1980

HISTORY

Columbus and Southern Ohio Electric Company is an investor-owned electric utility, growing out of the combination of 60 electric utility, transit and steam heating companies.

The original company was the Columbus Electric Light and Power Company incorporated on October 1, 1883. By 1915 the Columbus Railway Power and Light Company owned and operated all private electric systems and mass transportation systems in the city of Columbus. The Nelsonville Electric Company, organized

in 1888, was the first of 24 electric utilities which later became the Southern Ohio Electric Company.

Controlling interests in these companies was acquired by The United Light and Power System by the end of 1926, and they were merged under the present name in 1937. The Company operated as a subsidiary of United Light until 1946 when common shares were sold on the open market and listed on the New York Stock Exchange. In 1949 the Transit operation was incorporated as a wholly owned subsidiary. Transit assets were sold and the subsidiary dissolved in 1973.

SUBSIDIARIES

Simco Inc.

Organized in 1956, Simco owns mining equipment and participates in a joint venture with Peabody Coal Company to mine coal from Company lands near Conesville Station. Net investment in coal mining equipment at December 31, 1979 was \$13,665,400 after depreciation reserves of \$13,336,500.

This company was formed in 1962 to acquire and hold property, principally for possible future industrial sites. Colomet's net investment in these holdings was \$4,339,600 at the end of 1979.

SUMMARY OF GROWTH

	10 years 1969-1979	20 years 1959-1979	10 years 1959-1969	1979	1969	1959
	(compounded annual rate)			(in millions)		
Electric Plant						
Gross	13.0%	9.5%	6.1%	\$1,582.5	\$464.7	\$256.4
Net	13.8	9.3	5.0	\$1,288.2	\$353.1	\$216.4
Kilowatt Hour Sales	5.3	6.5	7.8	9,034	5,394	2,550
Operating Revenues	15.3	10.9	6.7	\$416.8	\$100.4	\$52.4
Common Earnings	12.3	10.0	7.9	\$46.1	\$14.5	\$6.8
Common Equity	13.5	9.8	6.1	\$430.9	\$121.2	\$66.9
Common Shares — Average						
Outstanding(1)	11.3	5.8	0.6	16.3	5.6	5.3
					(in dollars)	
Earnings Per Share(1)	0.9	4.1	7.3	\$2.84	\$2.59	\$1.28

(1) Adjusted to reflect stock splits.

AREA SERVED

The Company serves approximately 457,000 customers in a 6,200 square mile area of central and southern Ohio. The rate of population growth in the Company's service area has exceeded that of the state over the past decade. Estimates indicate that this trend will continue in the future. Over the past ten years kilowatt hours sales to residential customers increased 78%,

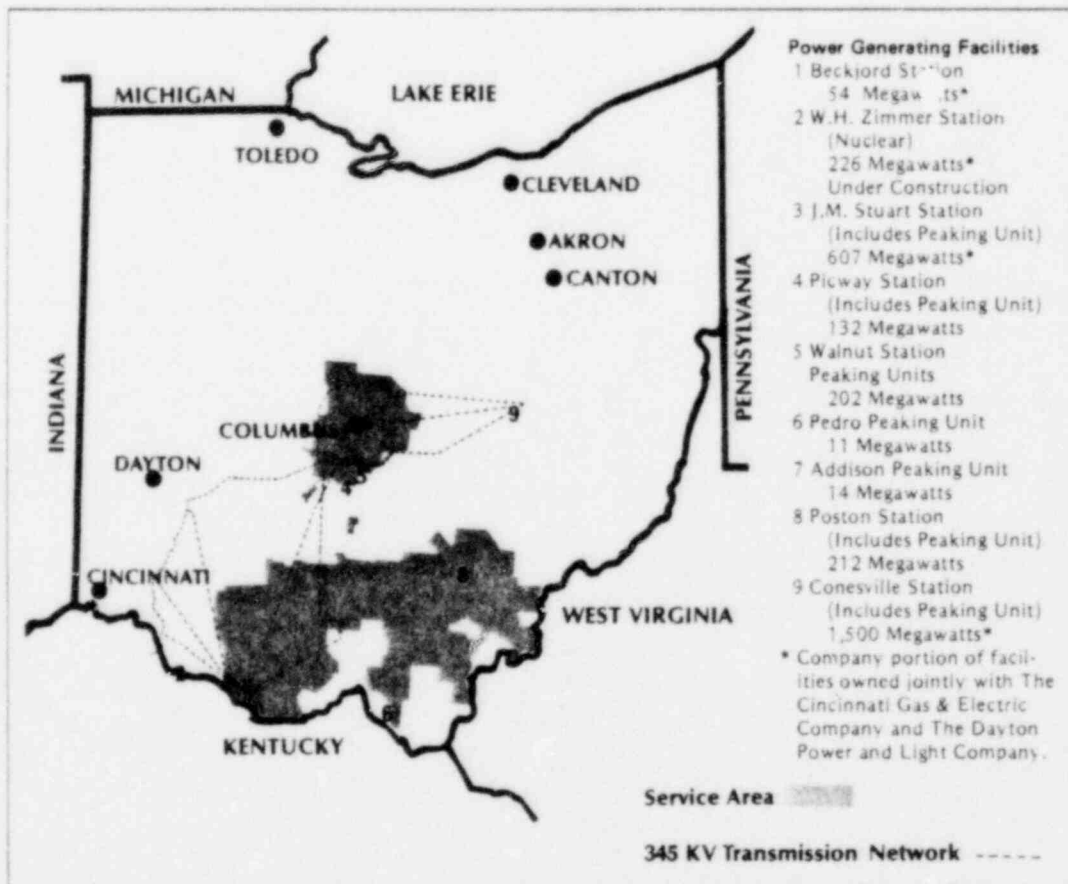
sales to commercial customers 75% and sales to industrial customers 26%. Efforts of the Company's Area Development Department have been an important factor in the continuing business expansion. Interested persons can obtain information and assistance by contacting Mr. W. C. Welch at the Company's general office.

COLUMBUS AREA

About 80% of the Company's kilowatt hour sales and electric operating revenues are derived from the Columbus Area. This includes all of Franklin County and parts of surrounding counties including Delaware to the north. Population of this area is now estimated at 1,002,000 compared to 903,000 per final 1970 census figures. Columbus, the capital city of Ohio, ranks first in area and second in population among the cities in the state. The Columbus metropolitan area is among the most rapidly growing major cities in Ohio. A political, educational, and wholesale and retail distribution center, with a wide diversity of industries, Columbus is characterized by stable economic growth.

SOUTHERN AREA

The Company maintains offices in six cities throughout this rural area, which extends south to the Ohio River. The population of this service area is now estimated to be 371,000, up 31,000 from the 1970 census. Abundant in natural resources, southern Ohio offers excellent industrial sites and fine recreational opportunities and contains a large center of higher education.



REGULATION

REGULATORY JURISDICTION

The Federal Energy Regulatory Commission—generally as to the systems of accounts, reporting and accounting to be followed in annual reports to shareholders and the transmission and sale of electric energy at wholesale.

The Public Utilities Commission of Ohio—generally as to service, issuance of securities, accounts, rates and charges (subject to "home rule" as explained) and certain other matters. Current members of the Commission, appointed by the Governor, are:

	Appointed	Term Expires
William S. Newcomb, Jr.* Chm.	3-01-80	2-01-85
Michael Del Bane	2-07-79	2-01-81
Stephen A. Reilly*	3-01-80	2-01-83

* Subject to confirmation by Senate

HOME RULE IN OHIO

Incorporated municipalities may establish by ordinance the rates of service within the municipality. In the event of any disagreement, the utility can appeal directly to the Commission. Once accepted by the Company, such rates become contract rates for the ordinance period, not to exceed 10 years. These ordinances are generally limited to residential and small light and power service.

CITY OF COLUMBUS

In 1954 the city established the office of Director of Utilities in the Mayor's cabinet. Current Director is Anne C. Meier. She exercises the administrative powers of the city in relation to privately owned public utilities operating within the city. Under the Columbus city charter a referendum vote is mandatory on any ordinance changing rates. In the event of any disagreement, the utility can appeal directly to the Public Utilities Commission of Ohio (PUCO).

In 1975, a Public Utilities Review Commission was created consisting of eleven members appointed by the Mayor of Columbus. Its responsibilities include reviewing utility rates, working with other consumer groups in Ohio to present consumer positions to the PUCO and state legislature and providing a forum for citizens to present their concerns to the City of Columbus on rate matters. Members are appointed for three years with terms of no more than four members expiring each year.

RATE BASE AND RETURN

The Ohio law, effective for all filings on or after January 1, 1976, substitutes "original cost less depreciation reserve" for "reconstruction cost less depreciation" in rate base computation. Under this law the PUCO may permit the applicant to include Construction Work in Progress in the rate base for projects which are 75% complete. This allowance may not exceed 20% of the total valuation not including such allowance. The law requires notice to all affected incorporated municipalities at least 90 days before filing an application. The Company may put the applied for rates into effect nine months after the filing, subject to refund, if the PUCO has not issued an order within this period and if no order is issued by eighteen months after filing, the revenues collected after that date are not subject to refund. The PUCO must still rule on the final rates to be allowed. The law changing the rate base also allows the PUCO, at its discretion, to permit the normalization of income taxes. A Consumers' Counsel to represent residential consumers in rate matters was also established by this law.

A law passed in December, 1975 requires that in order for any electric light company to continue to pass through its acquisition and delivery costs of fuel, such costs shall be reviewed at a hearing by the PUCO once in every six months. At least annually, the PUCO must conduct an audit of fuel-related policies and practices.

RATE CHANGES

Rate changes for the period 1969 through 1979 are summarized below.

<u>Date</u>	<u>Purpose</u>	<u>Estimated Annual Revenue Increase</u> (See Note)
Effective 7 and 10-71	Increase rates for residential and other secondary voltage customers in incorporated municipalities in Franklin County.	<u>\$6,100,000</u>
Effective 9-72	Increase rates system-wide for residential and other secondary voltage customers excluding incorporated municipalities in Franklin County and for all primary voltage customers.	<u>\$6,940,000</u>
Effective 7 and 12-72	Increase rates for residential and other secondary voltage customers in certain incorporated municipalities, excluding the City of Columbus.	<u>\$450,000</u>
Effective 5 and 7-74	Increase wholesale rates to cities of Westerville and Jackson and to the Village of Glouster.	<u>\$409,000</u>
Effective 9-74	Increase rates system-wide for residential and other secondary voltage customers excluding rates subject to ordinance, other than in the City of Columbus, and for all primary voltage customers.	<u>\$27,000,000</u>
Effective 3-75	Emergency interim rate relief granted by the Public Utilities Commission of Ohio authorized the Company to increase rates in certain municipalities to levels fixed by the September, 1974 rate change and to apply a 9% surcharge on substantially all rate schedules.	<u>\$21,000,000</u>
Effective 3-75	Increase wholesale rates to City of Columbus.	<u>\$265,000</u>
Effective 6-75	Increase wholesale rates to cities of Westerville and Jackson and to the Village of Glouster.	<u>\$736,000</u>
Effective 1-76	Increase wholesale rates to City of Columbus.	<u>\$407,000</u>
Effective 9-76	Increase rates system-wide for substantially all rate schedules.	<u>\$23,300,000</u>
Effective 8-77	Increase wholesale rates to cities of Westerville and Jackson and to the Village of Glouster.	<u>\$950,000</u>
Effective 2-78	Increase wholesale rates to City of Columbus.	<u>\$1,550,000</u>
Effective 5-78	Increase rates system-wide for substantially all rate schedules.	<u>\$28,680,000</u>
Effective 3-79	Emergency rate relief granted by the PUCO in the form of an interim surcharge adjustment being the application of a 15.09% surcharge on the monthly charges, excluding fuel cost adjustment, on substantially all rate schedules.	<u>\$38,400,000</u>
Effective 12-79	Increase rates system-wide for substantially all rate schedules. This amount in addition to the emergency granted 3/79.	<u>\$33,620,000</u>

NOTE: The amount is the estimated annual effect on gross revenues based on customers and sales in the year of change except for the emergency increase in March 1975 and the increase in September 1976 which are based on the test year 1974, and the increase in May 1978 which is based on the test year 1977.

The Company now has fuel cost adjustment clauses in substantially all rate schedules.

PLANT AND POWER SUPPLY

Construction Expenditures

Expenditures in 1979 for new plant and facilities, including those to be commonly owned by the Company, The Cincinnati Gas & Electric Company and The Dayton Power and Light Company (CCD companies) are summarized below by type of plant:

<u>Type of Plant</u>	<u>Total</u>	<u>Company</u> (in thousands)	<u>CCD*</u>
Production	\$ 79,729	\$22,682	\$57,047
Transmission	5,251	4,367	884
Distribution	29,676	29,676	—
General	265	265	—
Total	<u>\$114,921</u>	<u>\$56,990</u>	<u>\$57,931</u>

Total investment in plant and facilities at December 31, 1979 amounted to \$1,582,543,000 of which \$465,243,000 was in CCD facilities.

* Company portion.

Ohio Valley Electric Corporation (OVEC)

The Company is one of the sponsors of OVEC which supplies power to the Portsmouth, Ohio project of the Nuclear Regulatory Commission (NRC). Sponsors are entitled to receive and obligated to pay for the right to receive any power not required by NRC. Under the Company's 4.3% ownership participation, maximum commitment would be 99,000 kilowatts of the 2,300,000 kilowatt OVEC capacity. Actual commitment by years is shown under "Energy Supply" on pages 26 and 27.

East Central Area Reliability Coordination Agreement (ECAR)

In January 1967, the Company and 25 other interconnected electric utilities joined in ECAR. Purpose of the agreement is to further augment the reliability of these companies' bulk power supply through study and evaluation of the member companies' planning and operation of their generation and transmission facilities.

ECAR is one of nine regional councils governed by the National Electric Reliability Council (NERC) which was formed voluntarily by the electric utility industry in 1968. NERC serves as an information source and assists the councils in formulating energy policies and programs.

Capability

The Company's net summer generating capability is now 2,732,000 kilowatts.

Capacity under construction or planned for the future is summarized below:

<u>Location</u>	<u>Scheduled Completion</u>	<u>Estimated Net Capability - KW</u>	<u>Company Ownership</u>	
			<u>%</u>	<u>Net Capability - KW</u>
William H. Zimmer - Nuclear - Unit 1 (CCD)	1981	792,000	28½	226,000
Walnut Station Peaking Unit	1984	195,000	100	195,000
Poston - Unit 5	1987	375,000	100	375,000
Walnut Station Peaking Unit	1988	65,000	100	65,000
Poston - Unit 6	1990	375,000	100	375,000
Total				<u>1,236,000</u>

Planned retirements of combined old capacity include 27,000 kilowatts in 1980.

Should the Company be acquired by American Electric Power Company, Inc. (AEP), as discussed elsewhere in this report, all CCD commitments would be honored. However, AEP has submitted alternate plans for consideration of the three companies. One such alternate involves the eventual termination of the common ownership of facilities.

SIGNIFICANT ACCOUNTING POLICIES

This report was prepared on the basis of consolidating results of operations of the Company and all its wholly-owned subsidiaries. Earnings of the subsidiaries as shown on pages 30 and 31 are included in other income. The accumulated excess of subsidiary earnings over dividends paid has been added to investments on the balance sheet. All significant and appropriate inter-company items and transactions have been eliminated. The Company records revenues as billed to its customers on a monthly cycle billing basis. Revenue is not recorded for energy delivered and unbilled at the end of each fiscal period. The Company expenses fuel as it is consumed. For a more complete discussion of accounting policies not described herein, see page 22 of the Company's 1979 Annual Report to Shareholders.

STATUS OF ACQUISITION BY AMERICAN ELECTRIC POWER COMPANY, INC.

On February 13, 1980 the Securities and Exchange Commission (SEC) issued an order giving American Electric Power Company, Inc. permission to make a tender offer to common shareholders of Columbus and Southern Ohio Electric Company for the acquisition of the Company. We cannot determine how soon the acquisition might be consummated. See the 1979 Annual Report for a historical record of this matter.

SHAREHOLDER INFORMATION

The Company sold 197,975 common shares in 1979, increasing the shares outstanding by approximately 1%. The number of shareholders decreased by 1,465 or about 2.7%. The number of shares sold in 1979 reflects the purchases from the Company of authorized but unissued shares of stock by the Dividend Reinvestment Service for Shareholders as well as purchases under the Employees' Thrift Plan.

Type	Number of Shareholders			Percent of Shares Held		
	1979	1978	1974	1979	1978	1974
Individuals	51,390	52,609	28,750	61.8	62.9	64.8
Institutions	2,417	2,663	1,563	38.2	37.1	35.2
	<u>53,807</u>	<u>55,272</u>	<u>30,313</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Size of Holding						
Up to 100 shares	28,650	29,610	17,643	13.5	14.2	16.2
101 to 999 shares	23,591	24,099	11,879	42.1	43.4	43.4
1,000 shares and over	1,566	1,563	791	44.4	42.4	40.4
	<u>53,807</u>	<u>55,272</u>	<u>30,313</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

1979 DETAIL

Type	Individual Accounts		Size of Holdings		Geographic Location			
	No. of Accts.	No. of Shares	Range	% of Accts.	% of Shares	State	% of Accts.	% of Shares
Woman	18,898	3,593,685	1-99	20.2	2.6	Ohio	31.7	27.0
Man	14,757	3,296,602	100	33.2	10.9	Florida	9.4	7.2
Joint Tenants	13,282	2,399,259	101-500	40.8	35.4	California	8.0	7.4
Individual Trustees	3,676	713,144	501-1000	4.2	11.2	New York	7.8	25.7
Custodians (Minors Act)	696	68,511	1001-5000	1.4	8.5	Michigan	6.7	4.5
Guardian et al	81	23,035	5001 & over	.2	31.4	Illinois	4.9	5.1

**MANAGEMENT
BOARD OF DIRECTORS**

<u>Name</u>	<u>Principal Occupation</u>	<u>Became a Director</u>
R. J. Grueser (E)	Chairman of the Board of Directors	1972
J. E. Arthur, MD. (C)	Otolaryngologist, Columbus, Ohio	1978
W. A. Carlile, Jr. (A) (C)	Director of Huntington Bancshares Inc., The Huntington National Bank and Midland Mutual Life Insurance Co.	1974
A. G. Green (A) (E)	Retired Chairman of the Board of Directors and Chief Executive Officer Of the Company	1969
J. F. Kurtz (A) (C) (E)	Director of Midland Mutual Life Insurance Co. Faculty of Accounting, Ohio State University	1962
B. T. Ray (C) (E)	President and Chief Executive Officer of the Company	1976
R. E. Waldo (A)	President of Columbus Mutual Life Insurance Company, Director of BancOhio National Bank and SCOA Industries, Inc.	1977

- (A) Member of the Audit Committee
 (C) Member of the Compensation Committee
 (E) Member of the Executive Committee

ROBERT J. GRUESER
 Chairman of
 the Board of Directors

Mr. Grueser (Jan. 2, 1918) received his education at the University of Cincinnati and Ohio State University. U.S. Navy (1941-44). Employed as Assistant to the President, 1950. Elected Vice President, 1956; Executive Vice President, 1971; Director, 1972; Member of Executive Committee, 1973; Elected President, 1975. Elected Chairman of the Board and Chief Executive Officer, January 1977 and now continues as Chairman of the Board of Directors. Chairman of the Board of Ohio Federal Savings and Loan Association.



BEN T. RAY
 President
 and Chief Executive Officer

Mr. Ray (Sept. 19, 1925) is a graduate of Ohio State University ('49). U.S. Navy (1943-46). Employed 1951. Named Assistant to Vice President, Employee Relations, 1959. Elected Assistant Vice President, Employee Relations, 1965; Vice President, Employee Relations, 1967. Elected Senior Vice President, Corporate Affairs, 1974. Elected Executive Vice President, 1976. Elected Director, 1976. Elected President and Chief Operating Officer, January 1977. Named President and Chief Executive Officer, January 1979. Member of Board of Directors of The Huntington National Bank.



We are committed to provide electric service in response to our customers' needs consistent with sound technology and economic conditions.



JAMES P. FENSTERMAKER
Senior Vice President
Operations

Mr. Fenstermaker (Feb. 11, 1924) is a graduate of Ohio State University ('49). Employed 1948. Named Superintendent Poston Station, 1953; Manager Columbus Division, 1966. Elected Vice President, 1971. Elected Senior Vice President, Operations, 1973.



FRED V. STINE
Senior Vice President
Customer Service

Mr. Stine (Nov. 6, 1926) is a graduate of Ohio State University ('49). U.S. Army (1944-46). Employed 1949. Named Manager, System Engineering, 1965. Elected Assistant Vice President - Generation and Transmission, 1967; Vice President - Generation and Transmission, 1973. Elected Senior Vice President of Customer Service, 1976.



EVAN E. WILLIAMS
Senior Vice President
Administration

Mr. Williams (April 29, 1920) is a graduate of Ohio University ('50). Employed 1941. U.S. Army (1942-46). Appointed Assistant to the Vice President, 1959. Elected Assistant Vice President, Commercial, 1965; Assistant Vice President, Rates and Valuation, 1971; Vice President, Rates and Valuation, 1973; Senior Vice President, Administration, 1977. Director of Dollar Savings.



JOHN P. APEL
Vice President
Environmental

Mr. Apel (May 19, 1932) is a graduate of Ohio State University ('56). Employed 1966. Appointed Manager, Environmental, 1974. Elected Vice President, Environmental, 1976.



RICHARD A. BURGERT
Vice President
Distribution & Service

Mr. Burgert (May 5, 1929) is a graduate of Bliss Electrical School, Tacoma Park, Maryland ('50) and Tri-State University, Angola, Indiana ('52). U.S. Marine Corps (1946-48). Engineer, Pennsylvania Electric Co. (1953-66). Employed 1966. Named Manager, Distribution Operations, 1969; General Manager, Division Operations, 1973. Assistant Vice President, Distribution and Service, 1975. Elected Vice President, Distribution and Service, 1977.



JOHN M. EMERY
Vice President, Treasurer
and Chief Financial Officer

Mr. Emery (Nov. 12, 1920) is a graduate of Western Reserve University ('42). U.S. Navy (1942-45). Auditor, Arthur Andersen & Co. (1945-52). Employed 1952. Named Assistant to the Treasurer, 1962. Elected Assistant Treasurer, 1963; Assistant Vice President, 1968; Treasurer and Assistant Secretary, 1973; Treasurer and Secretary, 1976; Vice President, Treasurer and Chief Financial Officer, 1976. Director of Society Bank.



RAYMOND A. HEIMANN
Vice President, Controller
and Chief Accounting Officer

Mr. Heimann (May 17, 1921) is a graduate of Ohio State University ('43). Employed 1947. Named Manager, Tax and Special Reports, 1958. Elected Assistant Controller, 1967; Controller, 1970; Vice President and Controller and Chief Accounting Officer, 1973.



JOHN H. INSKEEP
Vice President
Purchasing and Stores

Mr. Inskeep (Jan. 9, 1920) is a graduate of Ohio State University ('43). U.S. Navy (1943-46). Employed 1946. Appointed Manager of Purchases, 1960. Elected Assistant Vice President, Electrical Operations, 1964; Vice President, Generation and Transmission, 1967; Vice President, Purchasing and Stores, 1971.



W. ROBERT KELLEY
Vice President
Electric Operations

Mr. Kelley (May 11, 1939) is a graduate of Ohio State University ('62). Employed 1961. Named Manager, System Dispatching, 1974. Elected Vice President, Electric Operations, 1976.



RICHARD M. McMORROW
Vice President
Law and Risk Management

Mr. McMorrow (Aug. 8, 1941) completed his undergraduate education at Northeastern University and Bentley College before earning his Juris Doctorate degree from New England School of Law ('68). U.S. Coast Guard and the Coast Guard Reserve (1964-70). Elected Corporate Secretary, 1976; Vice President, Law and Risk Management, 1979.



PHILIP R. McNAUGHTON
Vice President
Employee Relations

Mr. McNaughton (June 6, 1922) is a graduate of Muskingum College ('49). U.S. Navy (1942-45). Employed 1949. Named Manager, Employee Relations, 1967. Elected Assistant Vice President, Employee Relations, 1974; Vice President, Employee Relations, 1976.



EUGENE D. MEYERS
Vice President
Administrative Services

Mr. Meyers (Nov. 18, 1925) attended Ohio State University and Franklin University. Employed 1946. Named Manager, Administrative Services, 1967. Elected Assistant Vice President, Administrative Services, 1974; Vice President, Administrative Services, 1976.

POOR ORIGINAL



ROBERT E. SISINGER
Vice President
Rates and Corporate Affairs

Mr. Sisinger (Feb. 22, 1927) attended Ohio State University. U.S. Navy (1944-46). Employed 1948. Named Manager, Public Affairs, 1973. Elected Assistant Vice President, Public Affairs, 1974; Vice President, Corporate Affairs, 1976; Vice President, Rates and Corporate Affairs, 1977.



STANLEY P. TOMESEK
Vice President
Corporate Planning

Mr. Tomesek (Nov. 14, 1923) is a graduate of Ohio State University ('49). U.S. Air Force (1943-46). Employed 1948. Named Manager, System Dispatching, 1971. Named Manager, Long Range Planning, 1973. Elected Vice President, System Engineering, 1976; Vice President, Corporate Planning, 1977.



WILLIS C. WELCH
Vice President
Land Management

Mr. Welch (June 20, 1924) is a graduate of Tennessee Polytechnical Institute ('53). U.S. Navy (1943-46). U.S. Army Reserve (1953-65). Employed 1956. Named Manager, Area Development, 1958. Elected Assistant Vice President, Area Development, 1974; Vice President, Land Management, 1976.



QUENTIN E. BOWERS
Assistant Controller
and Assistant Secretary

Mr. Bowers (Nov. 24, 1919) is a graduate of Bowling Green State University ('42). U.S. Navy (1943-46). Formerly Vice President and Controller of Columbus Transit Company. Elected Assistant Controller and Assistant Secretary, 1974.



MARGARET E. MCCAIN
Corporate Secretary
and Assistant Treasurer

Miss McCain (Nov. 18, 1919) is a graduate of Bliss Business College ('42). Employed 1951. Named Executive Secretary to Assistant Vice President of Operations, 1951; Executive Secretary to Vice President of Operations, 1954; Executive Secretary to Executive Vice President, 1961; Executive Secretary to President and Chairman of the Board, 1966; Elected Assistant Secretary of the Company, 1976; Assistant Secretary and Assistant Treasurer, 1977; Corporate Secretary and Assistant Treasurer, 1979.



WAYNE L. PIDOCK
Assistant Treasurer

Mr. Pidock (Dec. 13, 1926) is a graduate of Ohio State University ('51). U.S. Army (1952-53). Employed 1953. Named Manager, Tax and Special Reports, 1972. Elected Assistant Controller, 1974; Assistant Treasurer, 1977.

POOR ORIGINAL

CONSOLIDATED RESULTS OF OPERATION

Year Ended December 31,
(000 omitted)

	<u>1979</u>	<u>1978</u>	<u>1977</u>
OPERATING REVENUES (1) (Details on pages 22 and 23)	\$416,770	\$366,171	\$320,551
OPERATING EXPENSES			
Fuel	137,078	122,584	102,177
Purchased and interchanged power (Net)	(17,856)	8,004	(3,501)
Other operations	69,345	65,854	53,403
Maintenance	37,775	33,668	25,080
Depreciation and amortization (2)	39,843	35,754	30,720
Taxes other than income (Details on pages 24 and 25)	38,193	32,764	29,451
Federal income taxes (3)	22,320	1,161	7,195
Total Operating Expenses	<u>326,698</u>	<u>299,789</u>	<u>244,525</u>
OPERATING INCOME	<u>90,072</u>	<u>66,382</u>	<u>76,026</u>
OTHER INCOME AND DEDUCTIONS			
Subsidiaries and other (Details on pages 24 and 25)	3,511	1,226	240
Allowance for funds used during construction (4)			
All funds prior to January 1, 1977	—	—	—
Equity funds after December 31, 1976	9,825	11,270	10,914
Income tax credit (5)	7,627	2,842	—
Total Other Income and Deductions	<u>20,963</u>	<u>15,338</u>	<u>11,154</u>
INCOME BEFORE INTEREST CHARGES	<u>111,035</u>	<u>81,720</u>	<u>87,180</u>
INTEREST CHARGES			
Long-term debt	51,068	47,092	41,392
Notes payable	8,650	3,753	2,911
Other	416	104	72
Allowance for borrowed funds used during construction (4)			
(after December 31, 1976)	(9,076)	(9,056)	(11,529)
Total Interest Charges	<u>51,058</u>	<u>41,893</u>	<u>32,846</u>
NET INCOME	<u>59,977</u>	<u>39,827</u>	<u>54,334</u>
Dividends on preferred shares	<u>13,890</u>	<u>12,021</u>	<u>10,090</u>
EARNINGS ON COMMON SHARES	46,087	27,806	44,244
Dividends on common shares	34,606	37,334	32,805
RETAINED EARNINGS	<u>\$ 11,481</u>	<u>\$ (9,528)</u>	<u>\$ 11,439</u>
COMMON SHARES OUTSTANDING (In Thousands) (6)	16,251	16,089	14,502
EARNINGS PER SHARE OUTSTANDING (6)	\$2.84	\$1.73	\$3.05
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION			
Per common share outstanding (6)	\$1.16	\$1.26	\$1.55
FEDERAL INCOME TAX EFFECT OF ACCELERATED DEPRECIATION			
Amount (In Thousands)	\$ 9,631	\$ 11,700	\$ 9,926
Per common share outstanding (6)	0.59	0.73	0.68

(1) See page 5 for discussion of nature and amount of rate adjustments.

(2) Depreciation rate studies have been made annually since 1959. The effect of these studies on depreciation expense has been minor. The composite book depreciation rate was 3.28% in 1979, 3.30% in 1978, 3.26% in 1977, 3.28% in 1976 and 3.31% in 1975.

(3) Depreciation deducted for Federal income tax purposes is significantly greater than depreciation provided for financial reporting purposes as a result of using various accelerated depreciation provisions of the tax laws including the Asset Depreciation Range System (ADR). In its 1978 rate order the Public Utilities Commission of Ohio (PUCO) authorized the Company to defer taxes on the additional depreciation resulting from property placed in service after January 1, 1977. Taxes deferred prior to 1962 continue to be credited to income as they become payable. For operations regulated by the Federal Energy Regulatory Commission, beginning in 1975, deferred taxes have been recorded for the additional tax depreciation and the debt portion of Allowance for Funds Used During Construction (AFUDC).

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
<u>\$280,285</u>	<u>\$259,078</u>	<u>\$188,590</u>	<u>\$158,449</u>	<u>\$135,959</u>	<u>\$118,875</u>	<u>\$109,108</u>	<u>\$100,401</u>
85,051	78,960	60,179	33,555	26,755	21,173	16,778	13,018
4,721	9,193	1,628	2,907	3,756	6,485	7,382	5,307
43,150	35,259	31,539	27,833	25,070	22,408	21,524	19,242
24,615	20,090	16,190	14,478	13,505	11,861	10,583	9,869
24,280	22,735	21,185	18,674	16,378	14,828	13,098	12,044
24,301	21,041	19,869	17,445	15,228	13,607	12,498	10,781
7,194	10,994	(3,609)	3,087	3,078	2,027	4,059	8,806
<u>213,312</u>	<u>198,272</u>	<u>146,981</u>	<u>117,979</u>	<u>103,770</u>	<u>92,389</u>	<u>85,922</u>	<u>79,067</u>
<u>66,973</u>	<u>60,806</u>	<u>41,609</u>	<u>40,470</u>	<u>32,189</u>	<u>26,486</u>	<u>23,186</u>	<u>21,334</u>
3,296	2,396	632	1,312	1,093	1,006	1,545	1,458
24,401	14,554	7,976	5,694	5,692	4,133	4,150	2,533
—	—	—	—	—	—	—	—
<u>27,697</u>	<u>16,950</u>	<u>8,608</u>	<u>7,006</u>	<u>6,785</u>	<u>5,139</u>	<u>5,695</u>	<u>3,991</u>
<u>94,670</u>	<u>77,756</u>	<u>50,217</u>	<u>47,476</u>	<u>38,974</u>	<u>31,625</u>	<u>28,881</u>	<u>25,325</u>
37,404	27,493	21,833	16,517	15,514	14,802	12,261	8,266
2,698	7,793	7,248	4,919	2,230	1,765	1,058	1,657
266	48	80	180	99	(59)	35	26
—	—	—	—	—	—	—	—
<u>40,368</u>	<u>35,334</u>	<u>29,161</u>	<u>21,616</u>	<u>17,843</u>	<u>16,508</u>	<u>13,354</u>	<u>9,949</u>
54,302	42,422	21,056	25,860	21,131	15,117	15,527	15,376
7,925	6,419	5,329	3,862	3,658	2,658	1,958	859
46,377	36,003	15,727	21,998	17,473	12,459	13,569	14,517
<u>27,090</u>	<u>20,020</u>	<u>15,092</u>	<u>14,429</u>	<u>12,372</u>	<u>10,682</u>	<u>9,912</u>	<u>9,744</u>
<u>\$ 19,287</u>	<u>\$ 15,983</u>	<u>\$ 635</u>	<u>\$ 7,569</u>	<u>\$ 5,101</u>	<u>\$ 1,777</u>	<u>\$ 3,657</u>	<u>\$ 4,773</u>
12,500	10,000	7,700	7,400	6,600	5,850	5,600	5,600
\$3.71	\$3.60	\$2.04	\$2.97	\$2.65	\$2.13	\$2.42	\$2.59
\$1.95	\$1.46	\$1.04	\$0.77	\$0.86	\$0.71	\$0.74	\$0.45
\$ 7,069	\$ 5,146	\$ 6,152	\$ 5,522	\$ 3,906	\$ 2,637	\$ 2,263	\$ 2,093
0.57	0.51	0.80	0.75	0.59	0.45	0.40	0.37

(4) AFUDC is computed by applying the following rates per annum to the direct expenditures portion of construction work in progress; effective June 1978, the accrual rate was changed to a 7¼% net of tax rate (10.2% gross rate for 1979, 9.3% gross rate for 1978), May 1974 — 8.5%, February 1970 — 7.5%, June 1969 — 7%, 1968 — 6.5%. Beginning January 1, 1977 AFUDC is compounded on a semi-annual basis.

(5) In conjunction with the 1978 PUCO rate order, the Company began allocating certain income tax benefits arising from interest charges from Operating Expenses to Other Income.

(6) Based on monthly average number of common shares outstanding.

CONSOLIDATED BALANCE SHEET

At December 31,
(000 omitted)

ASSETS	<u>1979</u>	<u>1978</u>	<u>1977</u>
ELECTRIC UTILITY PLANT			
At cost (Details on pages 18 and 19)	\$1,582,543	\$1,476,436	\$1,353,974
Less — Accumulated provision for depreciation	294,349	263,936	231,438
	<u>1,288,194</u>	<u>1,212,500</u>	<u>1,122,536</u>
OTHER PROPERTY AND INVESTMENTS			
Coal property and related assets (net)	24,268	25,724	26,034
Transit property and related assets (net)	—	—	—
Other subsidiaries and related assets (net)	4,609	3,906	3,813
Ohio Valley Electric Corporation	430	444	479
Other property and investments	1,351	1,460	1,284
	<u>30,658</u>	<u>31,534</u>	<u>31,610</u>
CURRENT ASSETS			
Cash	5,636	4,584	4,105
Special deposits and funds	5,611	5,037	5,206
Temporary Investments	—	224	—
Accounts receivable	34,299	33,830	25,545
Materials and supplies	15,820	13,128	12,102
Fuel in storage	31,145	27,631	24,452
Federal income tax carryback	—	—	—
Prepayments and others	6,550	4,722	4,542
	<u>99,061</u>	<u>89,156</u>	<u>75,952</u>
DEFERRED CHARGES			
Property taxes, applicable to future period	21,980	21,648	17,908
Other	8,773	5,988	5,610
	<u>30,753</u>	<u>27,636</u>	<u>23,518</u>
	<u>\$1,448,666</u>	<u>\$1,360,826</u>	<u>\$1,253,616</u>
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION (Details on pages 16 and 17) (1)			
Common equity	\$ 430,865	\$ 414,866	\$ 421,583
Cumulative preferred shares (See note 1, page 16)			
No mandatory redemption	98,354	98,354	98,354
Mandatory redemption	60,000	60,000	20,000
Preference shares	—	—	—
Long-term debt	589,774	570,079	539,275
	<u>1,178,993</u>	<u>1,143,299</u>	<u>1,079,217</u>
CURRENT LIABILITIES			
Debt maturing in less than one year			
Notes payable — to banks	9,000	17,500	12,000
— to banks as agents (payable on demand)	21,663	20,932	20,844
— other	20,000	15,000	—
Current maturities of long-term debt	60,054	22,242	9,587
	<u>110,717</u>	<u>75,674</u>	<u>42,431</u>
Accounts payable	28,025	25,401	22,353
Accrued taxes	50,477	39,993	36,639
Other	25,232	31,131	26,572
	<u>214,451</u>	<u>172,199</u>	<u>127,995</u>
DEFERRED CREDITS AND RESERVES			
Investment tax credits	26,466	20,698	26,952
Accumulated deferred income taxes			
Emergency facilities	2,950	3,181	3,413
Accelerated depreciation — note 3, page 14	12,322	7,570	5,132
Other	10,518	10,810	8,973
Operating reserves and other	2,966	3,069	1,939
	<u>55,222</u>	<u>45,328</u>	<u>46,409</u>
	<u>\$1,448,666</u>	<u>\$1,360,826</u>	<u>\$1,253,616</u>

(1) Certain reclassifications have been made to previously reported amounts to conform to 1979 presentations.

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
\$1,196,996	\$1,020,100	\$874,580	\$731,275	\$644,791	\$585,007	\$518,237	\$464,666
<u>205,439</u>	<u>185,529</u>	<u>167,417</u>	<u>148,212</u>	<u>134,559</u>	<u>125,229</u>	<u>113,594</u>	<u>111,545</u>
<u>991,557</u>	<u>834,571</u>	<u>707,163</u>	<u>583,063</u>	<u>510,232</u>	<u>459,778</u>	<u>404,643</u>	<u>353,121</u>
30,102	30,256	27,192	23,853	19,946	17,225	12,862	12,597
—	—	—	—	2,853	3,158	3,074	3,037
3,004	3,021	3,023	3,080	3,115	2,873	2,701	2,371
513	548	565	599	651	685	702	737
<u>1,693</u>	<u>1,908</u>	<u>1,826</u>	<u>2,102</u>	<u>1,360</u>	<u>695</u>	<u>695</u>	<u>748</u>
<u>35,312</u>	<u>35,733</u>	<u>32,606</u>	<u>29,634</u>	<u>27,925</u>	<u>24,636</u>	<u>20,034</u>	<u>19,490</u>
6,254	10,082	9,067	7,648	4,164	5,452	3,535	4,881
3,715	2,551	1,454	1,893	2,066	1,539	1,554	610
3,000	—	—	4,000	—	—	—	—
23,934	19,822	17,353	11,696	12,456	10,590	9,114	8,975
11,735	9,742	9,534	6,924	5,693	5,125	4,575	4,042
19,651	18,083	13,040	11,063	8,650	5,931	5,101	3,528
—	—	2,879	—	—	—	—	—
<u>4,436</u>	<u>3,638</u>	<u>2,777</u>	<u>2,670</u>	<u>2,038</u>	<u>1,716</u>	<u>1,591</u>	<u>1,360</u>
<u>72,725</u>	<u>63,918</u>	<u>56,104</u>	<u>45,894</u>	<u>35,067</u>	<u>30,353</u>	<u>25,470</u>	<u>23,396</u>
15,602	12,715	13,806	12,594	10,739	9,600	9,252	8,144
5,130	3,872	2,336	1,929	1,663	1,088	577	503
<u>20,732</u>	<u>16,587</u>	<u>16,142</u>	<u>14,523</u>	<u>12,402</u>	<u>10,688</u>	<u>9,829</u>	<u>8,647</u>
<u>\$1,120,326</u>	<u>\$ 950,809</u>	<u>\$812,015</u>	<u>\$673,114</u>	<u>\$585,626</u>	<u>\$525,455</u>	<u>\$459,976</u>	<u>\$404,654</u>
\$ 356,453	\$ 267,370	\$192,759	\$192,124	\$161,862	\$141,455	\$124,861	\$121,204
98,354	73,354	73,354	53,354	53,354	37,354	37,354	19,354
20,000	20,000	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>505,068</u>	<u>421,067</u>	<u>307,276</u>	<u>304,297</u>	<u>256,904</u>	<u>237,862</u>	<u>238,179</u>	<u>183,915</u>
<u>979,875</u>	<u>781,791</u>	<u>573,389</u>	<u>549,775</u>	<u>472,120</u>	<u>416,671</u>	<u>400,394</u>	<u>324,473</u>
—	23,571	96,650	27,641	32,251	46,499	5,000	10,336
17,168	12,752	26,762	20,384	16,626	3,565	—	—
—	—	—	—	—	—	—	—
<u>2,297</u>	<u>25,348</u>	<u>30,453</u>	<u>251</u>	<u>376</u>	<u>236</u>	<u>236</u>	<u>18,318</u>
19,465	61,671	153,865	48,276	49,253	50,300	5,236	28,654
27,628	28,060	17,434	12,884	8,518	8,421	6,938	6,715
29,796	29,511	26,974	24,625	21,638	19,297	18,596	17,787
<u>22,369</u>	<u>17,993</u>	<u>14,378</u>	<u>11,254</u>	<u>10,622</u>	<u>9,315</u>	<u>8,082</u>	<u>7,293</u>
<u>99,258</u>	<u>137,235</u>	<u>212,651</u>	<u>97,039</u>	<u>90,031</u>	<u>87,333</u>	<u>38,852</u>	<u>60,449</u>
23,001	14,696	8,158	9,158	7,235	5,469	4,548	3,619
3,644	3,877	4,110	4,344	4,582	4,822	5,063	5,302
5,324	5,514	5,671	5,863	6,033	6,138	6,200	6,240
7,762	6,225	6,626	6,045	5,155	4,608	4,552	4,300
<u>1,462</u>	<u>1,471</u>	<u>1,410</u>	<u>890</u>	<u>470</u>	<u>414</u>	<u>367</u>	<u>271</u>
<u>41,193</u>	<u>31,783</u>	<u>25,975</u>	<u>26,300</u>	<u>23,475</u>	<u>21,451</u>	<u>20,730</u>	<u>19,732</u>
<u>\$1,120,326</u>	<u>\$ 950,809</u>	<u>\$812,015</u>	<u>\$673,114</u>	<u>\$585,626</u>	<u>\$525,455</u>	<u>\$459,976</u>	<u>\$404,654</u>

CONSOLIDATED CAPITALIZATION

At December 31,

(000 omitted)

	<u>1979</u>	<u>1978</u>	<u>1977</u>
COMMON SHAREHOLDERS' EQUITY			
Common shares without par value — NYSE	\$ 40,865	\$ 40,370	\$ 40,021
Premium on capital shares	249,149	245,126	242,664
Earnings retained in the business	140,851	129,370	138,898
Total	<u>\$ 430,865</u>	<u>\$ 414,866</u>	<u>\$ 421,583</u>
CUMULATIVE PREFERRED SHARES (1)			
\$100 Par Value			
Authorized — 1,500,000 shares			
Outstanding			
4 ¼% Series (103,591 shares) (2)	\$ 10,359	\$ 10,359	\$ 10,359
4.65% Series (89,950 shares)	8,995	8,995	8,995
10% Series (180,000 shares) (2)	18,000	18,000	18,000
7.52% Series (160,000 shares)	16,000	16,000	16,000
8.52% Series (200,000 shares)	20,000	20,000	20,000
10.52% Series (200,000 shares) — NYSE (3)	20,000	20,000	20,000
9.50% Series (400,000 shares) (3)	40,000	40,000	—
\$25 Par Value			
Authorized — 5,000,000 shares			
Outstanding			
\$2.42 Series (1,000,000 shares) — NYSE	25,000	25,000	25,000
Total	<u>\$ 158,354</u>	<u>\$ 158,354</u>	<u>\$ 118,354</u>
PREFERENCE SHARES (Authorized — 2,000,000 shares)	—	—	—
LONG-TERM DEBT			
First Mortgage Bonds			
9 1975 — NYSE	\$ —	\$ —	\$ —
8 1976 — NYSE	—	—	—
3 1978	—	—	—
7 1979 — NYSE	—	—	20,000
2.80 1980	—	7,500	7,600
7-5/8 1980 — NYSE	—	50,000	50,000
3-1/4 1981	9,000	9,110	9,110
9-1/4 1982 — NYSE (Includes unamortized discount)	49,957	49,939	49,921
11 1983 — NYSE	30,000	30,000	30,000
3-5/8 1983 — NYSE	7,665	7,775	7,775
3-1/4 1984	7,698	7,763	7,763
9-1/2 1984 — NYSE (Includes unamortized discount)	59,919	59,903	59,886
7-5/8 1985 — NYSE (Includes unamortized discount)	44,863	44,838	44,814
3-3/4 1986 — NYSE	9,480	9,480	9,480
4-1/2 1987 — NYSE	15,789	15,789	15,789
4-1/8 1988	13,860	13,860	13,860
4-3/8 1992	15,827	15,827	15,827
9.45 1996	40,000	40,000	40,000
6-1/4 1997	14,640	14,640	14,640
7 1998	24,750	24,750	24,750
9-1/5 1998	45,000	45,000	—
9 1999	20,000	20,000	20,000
10-1/4 1999	60,000	—	—
8-7/8 2004 (Includes unamortized premium)	35,411	35,428	35,445
9.90 2006 (Includes unamortized premium)	35,078	35,081	35,084
Debentures	<u>\$ 538,937</u>	<u>\$ 536,683</u>	<u>\$ 511,744</u>
7-5/8% 1999	20,866	20,871	20,872
Other long-term debt	29,971(4)	12,525(4)	6,659(4)
Total long-term debt	<u>\$ 589,774</u>	<u>\$ 570,079</u>	<u>\$ 539,275</u>
Total Capitalization	<u>\$1,178,993</u>	<u>\$1,143,299</u>	<u>\$1,079,212</u>
DEBT MATURING IN LESS THAN ONE YEAR (to be refinanced)			
Notes payable			
To banks	\$ 9,000	\$ 17,500	\$ 12,000
To banks as agents (payable on demand)	21,663	20,932	20,844
Other	20,000	15,000	—
Current maturities of long-term debt	60,054	22,242	9,587
	<u>\$ 110,717</u>	<u>\$ 75,674</u>	<u>\$ 42,431</u>
Total Capitalization and debt maturing in less than one year	<u>\$1,289,710</u>	<u>\$1,218,973</u>	<u>\$1,121,643</u>
NUMBER OF COMMON SHARES OUTSTANDING (authorized 24,000,000)	16,346	16,148	16,009
Embedded cost of long-term debt	8.62%	8.16%	7.94%

(1) If acquired by American Electric Power Company, Inc. (see page 7), the Company may redeem its then outstanding preferred shares at the call prices plus accrued dividends to the redemption date.

1976	1975	1974	1973	1972	1971	1970	1969
\$ 35,000	\$ 27,500	\$ 19,250	\$ 19,250	\$ 17,000	\$ 15,500	\$ 14,000	\$ 14,000
193,994	131,698	81,320	81,320	60,877	47,071	33,754	33,754
127,459	108,172	92,189	91,554	83,985	78,884	77,107	73,450
<u>\$356,453</u>	<u>\$267,370</u>	<u>\$192,759</u>	<u>\$192,124</u>	<u>\$161,862</u>	<u>\$141,455</u>	<u>\$124,861</u>	<u>\$121,204</u>
\$ 10,359	\$ 10,359	\$ 10,359	\$ 10,359	\$ 10,359	\$ 10,359	\$ 10,359	\$ 10,359
8,995	8,995	8,995	8,995	8,995	8,995	8,995	8,995
18,000	18,000	18,000	18,000	15,000	18,000	18,000	—
16,000	16,000	16,000	16,000	16,000	—	—	—
20,000	20,000	20,000	—	—	—	—	—
20,000	20,000	—	—	—	—	—	—
—	—	—	—	—	—	—	—
25,000	—	—	—	—	—	—	—
<u>\$118,354</u>	<u>\$ 93,354</u>	<u>\$ 73,354</u>	<u>\$ 53,354</u>	<u>\$ 53,354</u>	<u>\$ 37,354</u>	<u>\$ 37,354</u>	<u>\$ 19,354</u>
\$ —	\$ —	\$ —	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ —
—	—	25,000	25,000	25,000	25,000	25,000	—
7,400	7,500	7,600	7,700	7,800	7,900	8,000	8,100
20,000	20,000	20,000	20,000	20,000	—	—	—
7,700	7,800	7,900	8,000	8,100	8,200	8,300	8,400
50,000	50,000	50,000	50,000	—	—	—	—
9,240	9,245	9,245	9,476	9,536	9,536	9,536	9,636
49,903	49,886	—	—	—	—	—	—
30,000	30,000	—	—	—	—	—	—
7,780	7,820	7,885	8,001	8,154	8,224	8,224	8,321
7,869	7,984	7,989	8,089	8,157	8,187	8,187	8,383
59,870	59,853	—	—	—	—	—	—
—	—	—	—	—	—	—	—
9,554	9,604	9,654	9,764	9,933	10,131	10,213	10,320
15,789	15,789	15,789	15,789	15,789	15,973	15,973	15,973
13,860	13,860	13,860	13,860	13,860	14,000	14,000	14,000
15,827	15,827	15,827	15,827	16,000	16,000	16,000	16,000
40,000	—	—	—	—	—	—	—
14,640	14,640	14,640	14,640	14,640	14,640	14,640	14,640
24,750	24,750	24,750	24,750	25,000	25,000	25,000	25,000
—	—	—	—	—	—	—	—
20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
—	—	—	—	—	—	—	—
35,462	35,479	35,496	—	—	—	—	—
35,087	—	—	—	—	—	—	—
<u>\$474,731</u>	<u>\$400,037</u>	<u>\$285,635</u>	<u>\$280,896</u>	<u>\$231,969</u>	<u>\$212,791</u>	<u>\$213,073</u>	<u>\$158,773</u>
20,872	20,897	21,447	23,308	24,900	25,000	25,000	25,000
9,465(4)	133	194	93	35	71	106	142
<u>\$505,068</u>	<u>\$421,067</u>	<u>\$307,276</u>	<u>\$304,297</u>	<u>\$256,904</u>	<u>\$237,862</u>	<u>\$238,179</u>	<u>\$183,915</u>
<u>\$979,875</u>	<u>\$781,791</u>	<u>\$573,389</u>	<u>\$549,775</u>	<u>\$472,120</u>	<u>\$416,671</u>	<u>\$400,394</u>	<u>\$324,473</u>
\$ —	\$ 23,571	\$ 96,650	\$ 27,641	\$ 32,251	\$ 46,499	\$ 5,000	\$ 10,336
17,168	12,752	26,762	20,384	16,626	3,565	—	—
—	—	—	—	—	—	—	—
2,297	25,348	30,453	251	376	236	236	18,318
<u>\$ 19,465</u>	<u>\$ 61,671</u>	<u>\$153,865</u>	<u>\$ 48,276</u>	<u>\$ 49,253</u>	<u>\$ 50,300</u>	<u>\$ 5,236</u>	<u>\$ 28,654</u>
<u>\$999,340</u>	<u>\$843,462</u>	<u>\$727,254</u>	<u>\$598,051</u>	<u>\$521,373</u>	<u>\$466,971</u>	<u>\$405,630</u>	<u>\$353,127</u>
14,000	11,000	7,700	7,700	6,800	6,200	5,600	5,600
7.95%	7.72%	6.86%	6.50%	6.28%	6.22%	6.21%	5.30%

(2) 4¼% and 10% series currently carry a 59.130% dividend received tax benefit to corporate holders based on a 46% tax rate.
(3) Mandatory redemption provisions apply. (4) Includes Simco term loan. See note 1, page 30.

ELECTRIC PLANT

At December 31,
(000 omitted)

	1979	1978	1977
Plant in Service, at original cost (1)			
Production	\$ 653,219	\$ 630,047	\$ 486,667
Transmission	230,835	221,249	191,016
Distribution	360,179	338,437	313,228
General	40,097	40,478	36,303
Total in service	1,284,330	1,230,211	1,027,214
Construction work in progress — nuclear	220,704	179,155	140,997
— other	74,671	64,425	183,456
Plant held for future use	2,838	2,645	2,198
Acquisition adjustment costs (2)	—	—	109
Total plant	\$1,582,543	\$1,476,436	\$1,353,974
Construction expenditures during the year	\$ 114,921	\$ 125,809	\$ 162,028
Retirements during the year	\$ 8,535	\$ 2,889	\$ 4,787

(1) Includes tentative distribution of completed construction not classified.

(2) 1968 plant acquisition costs apply to City of Wellston distribution system acquired in June 1968 which were amortized over a 10 year period.

CONSOLIDATED STATEMENT OF SOURCES OF FUNDS FOR PROPERTY ADDITIONS

Year Ended December 31,
(000 omitted)

FUNDS PROVIDED FROM INTERNAL SOURCES (1)			
Earnings on common shares	\$ 46,087	\$ 27,806	\$ 44,244
Income tax refund resulting from 1965 write-off of intangibles	—	—	—
Dividends on common shares	(34,606)	(37,334)	(32,805)
Retained earnings	11,481	(9,528)	11,439
Amounts charged to income not requiring cash			
Electric			
Depreciation and amortization	39,843	35,754	30,720
Investment tax credits	5,768	(6,253)	3,951
Allowance for funds used during construction	(18,901)	(20,326)	(22,443)
Miscellaneous — net	5,340	6,339	2,810
Other operations	1,824	2,228	2,318
Other internal — net	(6,729)	(8,035)	2,495
	38,626	179	31,290
FUNDS PROVIDED FROM EXTERNAL SOURCES (1)			
Long-term debt (2)	59,775	44,831	44,488
Preferred shares (2)	—	39,520	—
Common shares (2)	4,528	3,522	53,833
Notes payable — net	(2,769)	20,588	15,676
Other including Simco Inc. Note (3)	20,000	8,105	114
Retirement of long-term debt	(22,532)	(9,685)	(3,445)
	59,002	106,881	110,666
Total Funds Used for Electric Plant and Other Property Additions (1)	\$ 97,628	\$ 107,060	\$ 141,956

(1) Certain reclassifications have been made to previously reported amounts to conform to 1979 presentations.

(2) Net proceeds.

(3) See note 1, page 30.

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
\$ 440,022	\$ 293,950	\$294,394	\$261,913	\$203,368	\$183,513	\$163,885	\$144,619
167,206	144,393	129,780	112,647	101,710	95,713	86,073	75,066
282,839	267,648	253,949	231,583	213,267	194,476	179,623	163,788
31,812	30,858	28,992	25,721	24,914	23,412	23,085	21,831
<u>921,879</u>	<u>736,849</u>	<u>707,115</u>	<u>631,864</u>	<u>543,259</u>	<u>497,114</u>	<u>452,666</u>	<u>405,304</u>
103,708	71,154	43,459	21,501	10,989	6,275	2,021	123
169,022	209,434	120,818	73,890	87,942	78,677	60,876	56,292
2,059	2,116	2,422	3,035	1,397	1,518	1,032	1,086
328	547	766	985	1,204	1,423	1,642	1,861
<u>\$1,196,996</u>	<u>\$1,020,100</u>	<u>\$874,580</u>	<u>\$731,275</u>	<u>\$644,791</u>	<u>\$585,007</u>	<u>\$518,237</u>	<u>\$464,666</u>
\$ 181,813	\$ 150,680	\$145,563	\$ 92,807	\$ 68,196	\$ 71,109	\$ 65,573	\$ 50,296
\$ 4,658	\$ 4,876	\$ 3,545	\$ 4,859	\$ 7,267	\$ 3,696	\$ 11,554	\$ 3,587

\$ 46,377	\$ 36,003	\$ 15,727	\$ 21,998	\$ 17,473	\$ 12,459	\$ 13,569	\$ 14,517
—	—	—	1,297	—	—	—	—
(27,090)	(20,020)	(15,092)	(14,429)	(12,372)	(10,682)	(9,912)	(9,744)
19,287	15,983	635	8,866	5,101	1,777	3,657	4,773
24,280	22,735	21,185	18,674	16,378	14,828	13,098	12,044
8,305	6,538	(1,000)	1,923	1,766	921	929	560
(24,401)	(14,554)	(7,976)	(5,694)	(5,692)	(4,133)	(4,150)	(2,533)
2,580	572	1,323	851	510	463	580	326
2,348	3,384	2,064	1,490	844	1,101	753	642
(9,785)	7,487	(671)	(2,009)	(1,844)	(2,521)	(474)	2,982
<u>22,614</u>	<u>42,145</u>	<u>15,560</u>	<u>24,101</u>	<u>17,063</u>	<u>12,436</u>	<u>14,393</u>	<u>18,794</u>
74,606	138,338	35,098	50,040	20,125	—	55,263	45,273
26,395	19,620	20,120	—	16,169	—	18,063	—
68,710	59,315	—	22,797	15,384	14,904	—	—
(19,155)	(87,088)	75,387	(852)	(1,187)	45,064	(5,336)	(13,848)
11,880	95	354	170	—	—	—	178
(26,034)	(31,131)	(2,669)	(2,903)	(818)	(318)	(18,818)	(700)
<u>136,402</u>	<u>99,149</u>	<u>128,290</u>	<u>69,252</u>	<u>49,673</u>	<u>59,650</u>	<u>49,172</u>	<u>30,903</u>
<u>\$ 159,016</u>	<u>\$ 141,294</u>	<u>\$143,850</u>	<u>\$ 93,353</u>	<u>\$ 66,736</u>	<u>\$ 72,086</u>	<u>\$ 63,565</u>	<u>\$ 49,697</u>

FINANCIAL RATIOS AND DATA

	1979	1978	1977
CAPITALIZATION RATIOS (at year end)			
Consolidated			
Common shareholders' equity	34.8%	34.0%	37.6%
Preferred shares	12.8	13.0	10.5
Long-term debt	47.6	46.8	48.1
Debt maturing in less than one year	4.8	6.2	3.8
	100.0%	100.0%	100.0%
ASSET RATIOS (at year end)			
Bonds to net plant	41.8%	44.3%	45.6%
Total debt to net plant	54.4	53.3	51.8
Depreciation reserve to gross plant	18.6	17.9	17.1
CONSOLIDATED EARNINGS COVERAGE (1)			
Times total interest earned —			
Before Federal income taxes	2.4	1.8	2.4
After Federal income taxes	2.0	1.8	2.2
OPERATING RATIOS (% of operating revenue)			
Fuel	32.9%	33.5%	31.9%
Purchased power	(4.3)	2.2	(1.1)
Other operation	16.6	18.0	16.7
Maintenance	9.0	9.2	7.8
Depreciation and amortization	9.6	9.8	9.6
Taxes other than income taxes	9.2	8.9	9.2
Total operating expenses before Federal income taxes	73.0	81.6	74.0
Total operating expenses after Federal income taxes	78.4	81.9	76.3
Net income (consolidated) before Federal income taxes	19.7	11.2	19.2
Net income (consolidated) after Federal income taxes	14.4	10.9	17.0
Earnings on common shares (consolidated)	11.1	7.6	13.8
RETURN ANALYSIS (book basis)			
Operating income as a % of average net plant in service	9.2%	7.5%	10.0%
Income before interest charges (consolidated)			
as a % of average capitalization (2)	9.6	7.8	9.3
Earnings on common shares as a % of average common equity	10.9	6.6	11.4
COMMON STOCK DATA (per share) (3)			
Price range —			
High	\$26 ¹ / ₈	\$27 ¹ / ₈	\$28 ¹ / ₂
Low	20 ¹ / ₈	20 ¹ / ₂	25 ¹ / ₄
Close	21 ¹ / ₈	21	26 ³ / ₄
Common equity at year end (consolidated)	26.36	25.69	26.33
Dividends declared (4)	2.13	2.32	2.26
Dividends paid (4)	2.71	2.32	2.23
% Payout (dividends declared basis)	75.1%	134.3%	74.1%

(1) Represents income before interest charges (before or after Federal income taxes, Deferred Federal income taxes and investment tax credit adjustments) divided by total interest expense.

(2) Average capitalization includes debt maturing in less than one year.

(3) Common stock is listed on New York Stock Exchange.

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
35.7%	31.7%	26.5%	32.1%	31.0%	30.3%	30.8%	34.3%
11.8	11.1	10.1	8.9	10.2	8.0	9.2	5.5
50.5	49.9	42.2	50.9	49.3	50.9	58.7	52.1
<u>2.0</u>	<u>7.3</u>	<u>21.2</u>	<u>8.1</u>	<u>9.5</u>	<u>10.8</u>	<u>1.3</u>	<u>8.1</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
47.9%	47.9%	40.4%	48.2%	45.5%	46.3%	52.7%	45.0%
52.9	57.8	65.2	60.5	60.0	62.7	60.2	60.2
17.2	18.2	19.1	20.3	20.9	21.4	21.9	24.0
2.5	2.5	1.6	2.3	2.4	2.0	2.5	3.4
2.3	2.2	1.7	2.2	2.2	1.9	2.2	2.5
30.3%	30.5%	31.9%	21.2%	19.7%	17.8%	15.4%	13.0%
1.7	3.5	0.9	1.8	2.8	5.5	6.8	5.3
15.4	13.6	16.7	17.6	18.4	18.9	19.7	19.2
8.8	7.8	8.6	9.1	9.9	10.0	9.7	9.8
8.7	8.8	11.2	11.8	12.0	12.5	12.0	12.0
8.7	8.1	10.5	11.0	11.2	11.4	11.4	10.7
73.5	72.3	79.9	72.5	74.1	76.0	75.0	70.0
76.1	76.5	77.9	74.5	76.3	77.7	78.7	78.8
21.9	20.6	9.3	18.3	17.8	14.4	18.0	24.1
19.4	16.4	11.2	16.3	15.5	12.7	14.2	15.3
16.5	13.9	8.3	13.9	12.9	10.5	12.4	14.5
10.6%	11.1%	8.1%	9.1%	8.2%	7.5%	7.3%	7.5%
10.3	9.9	7.6	8.5	7.9	7.2	7.6	7.6
14.9	15.6	8.2	12.4	11.5	9.4	11.0	12.2
\$28 $\frac{5}{8}$	\$23 $\frac{1}{2}$	\$26 $\frac{1}{8}$	\$29	\$30 $\frac{1}{4}$	\$32 $\frac{1}{2}$	\$32 $\frac{1}{2}$	\$45 $\frac{1}{2}$
21 $\frac{1}{2}$	12 $\frac{5}{8}$	12	22 $\frac{1}{2}$	25 $\frac{7}{8}$	25	22 $\frac{1}{4}$	28 $\frac{1}{2}$
27	23	12 $\frac{1}{4}$	24 $\frac{1}{8}$	28 $\frac{3}{8}$	27 $\frac{1}{2}$	28 $\frac{3}{8}$	29 $\frac{3}{4}$
25.46	24.31	25.03	24.95	23.80	22.82	22.30	21.64
2.12	2.00	1.96	1.93	1.86	1.81	1.77	1.74
2.08	1.98	1.96	1.92	1.84	1.80	1.76	1.72
58.4%	55.6%	96.0%	65.6%	70.8%	85.7%	73.0%	67.1%

(4) Declared quarterly—in 1979 the dividends were declared in March, June, September and November, payable approximately the 10th of the following month. Effective with the November 1979 declaration and for following years, dividends are scheduled to be declared February, May, August and November, payable approximately the 10th of the following month. The quarterly dividend was increased from 55¢ to 58¢ in September 1977.

SALES, REVENUES, AND CUSTOMERS

Year Ended December 31,

	1979	1978	1977
SALES — KWH (000 omitted)			
Residential	3,222,252	3,154,723	3,109,167
Commercial	2,741,795	2,583,709	2,684,415
Industrial (1)	2,130,367	2,041,832	2,045,037
Governmental Authorities	352,441	307,162	312,819
Sales for resale	586,812	538,697	575,946
Total	9,033,667	8,626,123	8,727,384
REVENUES (000 omitted) (2)			
Residential	\$171,952	\$155,342	\$136,271
Commercial	131,773	111,717	100,226
Industrial (1)	80,057	69,802	60,018
Governmental Authorities	12,688	10,016	9,130
Sales for resale	16,514	15,596	11,912
Other revenues	3,786	3,698	2,994
Total	\$416,770	\$366,171	\$320,551
CUSTOMERS AT END OF PERIOD			
Residential	412,016	403,523	398,000
Commercial	41,461	40,708	40,018
Industrial (1)	2,487	2,505	2,563
Governmental Authorities	1,318	1,169	1,130
Sales for resale	6	6	6
Total	457,288	447,911	441,717
RESIDENTIAL SALES			
Average annual KWH use per customer	7,896	7,876	7,883
Average revenue per KWH - cents (2)	5.34	4.92	4.38

(1) The Company's fifteen largest customers, based on 1979 revenues, are listed below by type of business. The figures are for the same customers for all three years.

	Revenues (000)		
	1979	1978	1977
Plastic Tape and Coating	\$ 3,257	\$ 2,793	\$ 2,296
Metal Foundry	3,244	2,530	1,852
Brewery	2,832	2,356	2,011
Telephone Equipment	2,227	1,819	1,664
Automotive Equipment	2,200	1,933	1,631
Paper Containers	2,161	1,939	1,680
Paper	1,991	1,928	1,019
Metal Parts	1,617	1,394	1,229
Aircraft and Missiles	1,387	1,131	1,604
Electric Appliances	1,253	1,208	1,044
Research	1,208	1,090	1,111
Cement Products	1,181	1,099	975
Television Tubes	1,030	942	824
Industrial Abrasives	1,023	824	679
Food Processing	938	704	730
	\$27,549	\$23,690	\$20,349

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
2,859,023	2,818,852	2,661,498	2,593,388	2,348,659	2,175,645	2,020,095	1,806,964
2,527,377	2,436,973	2,327,008	2,308,498	2,066,443	1,907,453	1,758,896	1,563,440
1,965,071	1,896,435	2,005,679	2,068,359	1,928,756	1,781,521	1,731,640	1,688,372
308,688	274,183	267,266	274,758	259,732	210,217	191,877	162,463
473,209	424,886	505,993(3)	291,296	253,276	236,035	226,515	172,933
<u>8,133,368</u>	<u>7,851,329</u>	<u>7,767,444</u>	<u>7,536,299</u>	<u>6,856,866</u>	<u>6,310,871</u>	<u>5,929,023</u>	<u>5,394,172</u>
\$119,146	\$112,124	\$ 79,604	\$ 68,574	\$ 56,968	\$ 51,747	\$ 47,412	\$ 43,388
87,701	80,378	57,498	49,151	41,759	36,415	32,904	29,772
53,191	48,753	37,731	31,961	27,716	24,353	22,712	21,882
8,541	7,749	5,978	5,071	4,648	3,933	3,659	3,276
9,583	7,741	5,806(3)	2,600	2,057	1,818	1,797	1,389
2,123	2,333	1,973	1,092	811	609	624	694
<u>\$280,285</u>	<u>\$259,078</u>	<u>\$188,590</u>	<u>\$158,449</u>	<u>\$135,959</u>	<u>\$118,875</u>	<u>\$109,108</u>	<u>\$100,401</u>
392,472	384,626	379,961	373,054	358,828	346,345	334,198	324,715
39,293	38,558	38,014	37,290	35,928	34,845	33,872	33,038
2,634	2,678	2,699	2,720	2,723	2,732	2,696	2,665
1,085	1,084	1,062	1,066	1,044	1,050	1,051	1,049
<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>6</u>
<u>435,490</u>	<u>426,952</u>	<u>421,742</u>	<u>414,136</u>	<u>398,529</u>	<u>384,978</u>	<u>371,822</u>	<u>361,473</u>
7,362	7,390	7,069	7,079	6,676	6,416	6,146	5,673
4.17	3.98	2.99	2.64	2.51	2.38	2.35	2.40

KWH Sales (000)

<u>1979</u>	<u>1978</u>	<u>1977</u>
109,123	99,907	94,723
103,092	82,446	77,768
93,156	84,440	81,707
64,404	34,979	62,190
61,062	57,150	60,335
70,944	69,389	68,947
41,270	59,539	25,286
50,725	33,382	48,418
41,670	39,180	61,373
37,668	50,299	39,822
32,973	37,136	40,393
35,432	50,592	38,152
32,054	28,729	33,121
32,195	27,412	26,841
27,814	22,219	26,979
<u>833,582</u>	<u>776,799</u>	<u>786,055</u>

(2) See page 5 for discussion of nature and amount of rate adjustments in 1979, 1978, 1977, 1976, 1975, 1974, 1972 and 1971.

(3) Includes non-recurring Fuel Conservation Power sales of 118,397,000 KWH and revenues of \$1,226,000.

DETAIL OF TAXES

Year Ended December 31,
(000 omitted)

	1979	1978	1977
TAXES OTHER THAN INCOME TAXES			
Property	\$ 20,654	\$ 17,852	\$ 15,913
State excise on gross receipts	14,323	12,156	11,077
Payroll	2,755	2,377	2,029
Other	461	379	432
	<u>\$ 38,193</u>	<u>\$ 32,764</u>	<u>\$ 29,451</u>
FEDERAL INCOME TAXES			
Payable	\$ 5,131	\$ 0	\$ 1,287
Increase (decrease) from:			
Investment tax credits —			
Deferred	6,498	(5,673)	4,859
Amortization (over life of property)	(730)	(580)	(908)
Deferred taxes —			
Emergency facilities	(231)	(232)	(231)
Accelerated depreciation	4,752	2,438	(192)
Other	(292)	2,213	1,211
Other — Subsidiaries	(62)	(307)	(172)
Total Federal income tax expense	15,066	(2,141)	5,854
Less: Charged to other income and deductions	(7,254)	(3,302)	(1,341)
Charged to operating expenses	<u>\$ 22,320</u>	<u>\$ 1,161</u>	<u>\$ 7,195</u>
COMPUTATION OF FEDERAL INCOME TAXES			
Federal income tax expense computed at statutory rates	\$ 34,519	\$ 18,089	\$ 28,890
Reduction resulting from:			
Excess of tax over book depreciation	9,524	10,374	8,465
Allowance for funds used during construction	8,694	9,756	10,773
Other items — net	1,235	100	3,798
Total Federal income tax expense	<u>\$ 15,066</u>	<u>\$ (2,141)</u>	<u>\$ 5,854</u>

SUBSIDIARY AND OTHER INCOME AND DEDUCTIONS

(Net of applicable expenses, including Federal income taxes)

Year Ended December 31,
(000 omitted)

Subsidiaries and Other			
Earnings of subsidiaries (Details on pages 30 and 31)	\$ 2,337	\$ 341	\$ (269)
Interest received from subsidiaries	134	47	34
Transit rentals	51	163	48
Coal operations	728	635	809
OVEC dividend	81	29	42
Gain on bond retirements	—	—	—
Miscellaneous	180	11	(424)
	<u>\$ 3,511</u>	<u>\$ 1,226</u>	<u>\$ 240</u>

(1) Includes gain on sale of transit facilities.

(2) Includes \$50,000 tax adjustment credited to retained earnings by Colomet, Inc. (See note 4, page 31).

(3) Includes \$400,000 tax adjustment credited to retained earnings by Simco Inc. (See note 3, page 31).

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year Ended December 31,
(000 omitted)

BEGINNING BALANCE	\$129,370	\$138,898	\$127,459
Add: Earnings on common shares	46,087	27,806	44,244
	<u>175,457</u>	<u>166,704</u>	<u>171,703</u>
Deduct: Cash dividends declared on common shares	34,606	37,334	32,805
ENDING BALANCE	<u>\$140,851</u>	<u>\$129,370</u>	<u>\$138,898</u>

1976	1975	1974	1973	1972	1971	1970	1969
\$ 12,599	\$ 11,723	\$ 12,218	\$ 10,795	\$ 9,597	\$ 8,506	\$ 7,859	\$ 7,094
9,744	7,555	6,091	5,340	4,687	4,258	3,822	2,934
1,701	1,484	1,378	1,186	845	747	719	652
257	279	182	124	99	96	98	101
<u>\$ 24,301</u>	<u>\$ 21,041</u>	<u>\$ 19,869</u>	<u>\$ 17,445</u>	<u>\$ 15,228</u>	<u>\$ 13,607</u>	<u>\$ 12,498</u>	<u>\$ 10,781</u>
\$ (2,449)	\$ 4,095	\$ (3,415)	\$ 1,839	\$ 1,169	\$ 1,411	\$ 3,622	\$ 8,271
8,829	7,026	(686)	2,229	2,009	1,112	1,087	688
(524)	(488)	(314)	(306)	(243)	(191)	(158)	(128)
(233)	(233)	(234)	(238)	(240)	(241)	(239)	(240)
(190)	(157)	(192)	(170)	(105)	(62)	(40)	(60)
1,537	(401)	581	890	547	56	252	245
(276)	1,010	(19)	(160)	(340)	275	58	83
6,694	10,852	(4,279)	4,084	2,797	2,360	4,582	8,859
(500)	(142)	(670)	997	(281)	333	523	53
<u>\$ 7,194</u>	<u>\$ 10,994</u>	<u>\$ (3,609)</u>	<u>\$ 3,087</u>	<u>\$ 3,078</u>	<u>\$ 2,027</u>	<u>\$ 4,059</u>	<u>\$ 8,806</u>
\$ 29,278	\$ 25,572	\$ 8,053	\$ 14,373	\$ 11,485	\$ 8,389	\$ 9,894	\$ 12,796
6,584	4,558	5,659	4,867	3,275	2,287	1,686	1,505
11,712	6,986	3,828	2,733	2,732	1,984	2,042	1,337
4,288	3,176	2,845	2,689	2,681	1,758	1,584	1,095
<u>\$ 6,694</u>	<u>\$ 10,852</u>	<u>\$ (4,279)</u>	<u>\$ 4,084</u>	<u>\$ 2,797</u>	<u>\$ 2,360</u>	<u>\$ 4,582</u>	<u>\$ 8,859</u>
\$ 1,941	\$ 612	\$ (410)	\$ (86)(1)	\$ 208(2)	\$ 452	\$ 850	\$ 1,208(3)
242	469	398	207	207	62	6	(22)
76	98	115	35	35	27	24	20
1,034	1,090	656	576	433	349	386	272
43	43	43	43	43	43	34	34
—	—	—	236	130	27	193	103
(40)	84	(170)	236	37	46	52	(157)
<u>\$ 3,296</u>	<u>\$ 2,396</u>	<u>\$ 632</u>	<u>\$ 1,312</u>	<u>\$ 1,093</u>	<u>\$ 1,006</u>	<u>\$ 1,545</u>	<u>\$ 1,458</u>
\$108,172	\$ 92,189	\$ 91,554	\$ 83,985	\$ 78,884	\$ 77,107	\$ 73,450	\$ 68,677
46,377	36,003	15,727	21,998	17,473	12,459	13,569	14,517
<u>154,549</u>	<u>128,192</u>	<u>107,281</u>	<u>105,983</u>	<u>96,357</u>	<u>89,566</u>	<u>87,019</u>	<u>83,194</u>
27,090	20,020	15,092	14,429	12,372	10,682	9,912	9,744
<u>\$127,459</u>	<u>\$108,172</u>	<u>\$ 92,189</u>	<u>\$ 91,554</u>	<u>\$ 83,985</u>	<u>\$ 78,884</u>	<u>\$ 77,107</u>	<u>\$ 73,450</u>

ENERGY SUPPLY
Year Ended December 31,

	<u>1979</u>	<u>1978</u>	<u>1977</u>
ENERGY SUPPLIED — KWH (000 omitted)			
Generated (net)	10,495,400	9,427,146	9,669,799
Purchased and interchange (net)	(761,855)	(60,913)	(255,783)
Net energy supplied	9,733,545	9,366,233	9,414,016
Losses and Company use	699,878	740,110	686,632
Energy sold	<u>9,033,667</u>	<u>8,626,123</u>	<u>8,727,384</u>
NET GENERATION BY STATION — KWH (000 omitted)			
Conesville No. 1 thru 3, No. 5 and No. 6	5,154,401	4,688,120	3,900,594
Conesville No. 4 (1)	1,031,482	1,081,659	1,615,393
Poston	724,943	517,953	740,698
Picway	356,806	333,965	351,829
Walnut (2)	—	—	—
W. C. Beckjord No. 6 (1)	147,523	186,421	220,490
J. M. Stuart (1)	2,983,776	2,401,346	2,724,292
Peaking units (jet and diesel)	96,469	217,682	116,503
Total	<u>10,495,400</u>	<u>9,427,146</u>	<u>9,669,799</u>
NET GENERATING CAPABILITY — KW Summer			
Conesville No. 1 thru 3, No. 5 and No. 6	1,141,000	1,141,000	797,000
Conesville No. 4 (1)	348,000	348,000	348,000
Poston	204,000	204,000	232,000
Picway	117,000	117,000	153,000
Walnut (2)	—	—	—
W. C. Beckjord No. 6 (1)	54,000	54,000	54,000
J. M. Stuart (1)	604,000	604,000	604,000
Peaking units (jet and diesel)	264,000	264,000	292,000
System — Summer	<u>2,732,000</u>	<u>2,732,000</u>	<u>2,480,000</u>
Winter	<u>2,821,000</u>	<u>2,821,000</u>	<u>2,568,000</u>
CAPACITY AVAILABLE —			
KW from OVEC (see page 6)	55,000	—	—
KW from Others — at time of peak	—	—	—
ONE HOUR SYSTEM PEAK DEMAND — Net KW —			
Summer	1,852,000	1,907,000	1,932,000
Winter	1,775,000	1,736,000	1,683,000
LOAD FACTOR (3)	59.9%	56.0%	55.6%

	Net Capability	Columbus	Cincinnati	Dayton
(1) Commonly owned units —				
Conesville No. 4	800,000KW	43.5%	40.0%	16.5%
W. C. Beckjord No. 6	434,000KW	12.5%	37.5%	50.0%
J. M. Stuart (4 units)	2,325,000KW	26.0%	39.0%	35.0%

(2) Retired from service December 31, 1970.

(3) Represents the ratio of the Average Hourly Net Energy supplied to the Net One Hour System Peak Demand.

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
8,646,860	7,978,044	8,239,739	7,752,038	6,974,467	6,108,690	5,441,317	4,717,827
<u>221,703</u>	<u>505,547</u>	<u>179,821</u>	<u>418,348</u>	<u>524,583</u>	<u>753,502</u>	<u>985,210</u>	<u>1,110,051</u>
8,868,563	8,483,491	8,419,560	8,170,386	7,499,050	6,862,192	6,426,527	5,827,878
<u>735,195</u>	<u>632,162</u>	<u>652,116</u>	<u>634,087</u>	<u>642,184</u>	<u>551,321</u>	<u>497,504</u>	<u>433,706</u>
<u>8,133,368</u>	<u>7,851,329</u>	<u>7,767,444</u>	<u>7,536,299</u>	<u>6,856,866</u>	<u>6,310,871</u>	<u>5,929,023</u>	<u>5,394,172</u>
2,603,783	1,713,000	1,982,195	2,499,198	2,502,651	2,542,543	2,724,215	2,718,602
1,049,283	1,641,967	1,905,923	558,181	—	—	—	—
882,268	935,474	1,034,169	1,087,553	1,061,258	1,102,094	1,289,401	1,134,055
394,624	416,718	516,489	468,031	464,299	511,371	645,820	488,107
—	—	—	—	—	—	158,144	114,180
269,855	216,951	126,488	171,124	281,148	313,809	267,300	172,587
3,280,258	2,948,758	2,468,083	2,813,207	2,421,543	1,393,355	206,870	—
<u>166,789</u>	<u>105,196</u>	<u>206,392</u>	<u>154,744</u>	<u>243,568</u>	<u>245,518</u>	<u>149,567</u>	<u>90,296</u>
<u>8,646,860</u>	<u>7,978,044</u>	<u>8,239,739</u>	<u>7,752,038</u>	<u>6,974,467</u>	<u>6,108,690</u>	<u>5,441,317</u>	<u>4,717,827</u>
797,000	422,000	422,000	422,000	422,000	422,000	422,000	452,000
348,000	348,000	348,000	348,000	—	—	—	—
232,000	232,000	232,000	232,000	232,000	232,000	232,000	232,000
153,000	153,000	153,000	153,000	173,000	173,000	173,000	173,000
—	—	—	—	—	—	65,000	65,000
54,000	54,000	54,000	54,000	54,000	54,000	53,000	54,000
604,000	604,000	608,000	456,000	456,000	304,000	—	—
<u>292,000</u>	<u>292,000</u>	<u>292,000</u>	<u>292,000</u>	<u>292,000</u>	<u>292,000</u>	<u>134,000</u>	<u>134,000</u>
<u>2,480,000</u>	<u>2,105,000</u>	<u>2,109,000</u>	<u>1,957,000</u>	<u>1,629,000</u>	<u>1,477,000</u>	<u>1,072,000</u>	<u>1,110,000</u>
<u>2,568,000</u>	<u>2,193,000</u>	<u>2,193,000</u>	<u>2,041,000</u>	<u>1,715,000</u>	<u>1,563,000</u>	<u>1,239,000</u>	<u>1,159,000</u>
6,000	36,000	51,000	51,000	56,000	76,000	81,000	81,000
—	150,000	—	—	60,000	165,000	200,000	115,000
1,776,000	1,749,000	1,685,000	19,000	1,560,000	1,419,000	1,290,000	1,144,000
1,514,000	1,501,000	1,339,000	1,254,000	1,223,000	1,111,000	1,055,000	977,000
56.8%	55.4%	57.0%	54.3%	54.7%	55.2%	56.9%	58.2%

FUEL STATISTICS
Year Ended December 31,

	<u>1979</u>	<u>1978</u>	<u>1977</u>
TONS OF COAL CONSUMED BY STATION			
Conesville No. 1 thru 3, No. 5 and No. 6	2,556,483	2,318,049	1,983,508
Conesville No. 4 (1)	468,204	528,421	744,450
Poston	430,967	309,082	441,222
Picway	193,721	187,523	202,418
Walnut (2)	—	—	—
W. C. Beckjord No. 6 (1)	72,136	89,956	105,065
J. M. Stuart (1)	<u>1,395,572</u>	<u>1,133,526</u>	<u>1,282,005</u>
System	<u>5,117,083</u>	<u>4,566,557</u>	<u>4,758,668</u>
AVERAGE COST OF COAL PER TON CONSUMED (3)			
Conesville No. 1 thru 3, No. 5 and No. 6	\$24.07	\$23.56	\$19.66
Conesville No. 4 (1)	24.23	23.29	19.55
Poston	20.88	21.25	18.40
Picway	21.31	27.78	19.38
Walnut (2)	—	—	—
W. C. Beckjord No. 6 (1)	26.72	24.49	20.71
J. M. Stuart (1)	30.35	27.68	23.01
System	\$25.45	\$24.59	\$20.44
BTU PER NET KWH GENERATED			
Conesville No. 1 thru 3, No. 5 and No. 6	10,764	10,905	10,846
Conesville No. 4 (1)	9,869	10,504	9,928
Poston	13,362	13,644	13,589
Picway	11,583	12,537	12,615
Walnut (2)	—	—	—
W. C. Beckjord No. 6 (1)	10,496	10,309	10,172
J. M. Stuart (1)	10,132	10,264	10,102
Peaking units (jet and diesel)	14,646	13,795	14,458
System	10,736	10,782	10,786
FUEL COST PER NET KWH GENERATED (mills) (3)			
Conesville No. 1 thru 3, No. 5 and No. 6	12.27	11.89	10.11
Conesville No. 4 (1)	11.17	11.52	9.03
Poston	13.00	13.15	11.16
Picway	12.16	15.82	11.38
Walnut (2)	—	—	—
W. C. Beckjord No. 6 (1)	13.24	11.90	9.94
J. M. Stuart (1)	14.29	13.12	10.87
Peaking units (jet and diesel)	40.92	38.52	34.91
System	13.06	13.00	10.57
FUEL COST PER MILLION BTU's FIRED (cents) (3)			
Conesville No. 1 thru 3, No. 5 and No. 6	114.0	112.7	93.2
Conesville No. 4 (1)	113.2	109.7	91.0
Poston	97.3	96.4	82.1
Picway	105.0	126.2	90.2
Walnut (2)	—	—	—
W. C. Beckjord No. 6 (1)	126.1	115.5	97.8
J. M. Stuart (1)	141.0	127.9	107.6
Peaking units (jet and diesel)	279.4	279.2	241.4
System	121.7	120.6	98.0

(1) See note 1, page 26.

(2) Retired from service December 31, 1970.

(3) Includes coal handling costs.

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
1,197,287	949,856	1,071,805	1,244,277	1,228,758	1,224,374	1,264,999	1,275,071
480,654	771,272	920,084	199,042	—	—	—	—
508,098	564,140	645,556	630,277	653,790	655,575	749,543	631,311
235,925	259,618	353,597	301,547	275,315	308,655	389,287	281,738
—	—	—	—	—	—	136,935	92,926
122,024	102,876	62,671	79,492	128,444	135,986	113,436	64,532
<u>1,458,925</u>	<u>1,341,374</u>	<u>1,134,898</u>	<u>1,163,166</u>	<u>938,623</u>	<u>565,104</u>	<u>76,336</u>	<u>—</u>
<u>4,002,913</u>	<u>3,989,136</u>	<u>4,188,611</u>	<u>3,617,801</u>	<u>3,224,930</u>	<u>2,889,694</u>	<u>2,730,536</u>	<u>2,345,578</u>
\$19.64	\$17.85	€11.55	\$ 8.34	\$7.02	\$5.75	\$5.07	\$4.57
19.65	18.12	11.50	8.83	—	—	—	—
17.56	17.70	11.25	7.81	6.42	5.45	5.17	5.04
18.73	18.43	12.01	8.68	8.21	7.37	7.16	7.43
—	—	—	—	—	—	7.19	7.71
19.00	17.30	11.88	8.48	7.79	7.44	5.77	5.48
21.14	21.00	17.01	9.19	8.30	8.05	7.81	—
\$19.85	\$18.96	\$13.02	\$8.57	\$7.40	\$6.38	\$5.61	\$5.19
10,944	11,395	11,244	10,460	10,425	10,439	10,373	10,509
9,822	9,798	10,009	9,982	—	—	—	—
13,009	12,930	13,205	12,666	13,468	13,234	13,124	12,702
13,135	13,750	14,054	13,739	13,244	13,664	13,610	13,350
—	—	—	—	—	—	19,373	18,864
9,880	9,989	9,924	9,932	9,679	9,430	9,396	9,542
9,710	9,645	9,585	9,116	9,029	9,183	9,792	—
13,815	14,575	14,752	15,605	14,788	14,676	14,731	14,257
10,665	10,726	10,964	10,535	10,733	11,052	11,731	11,574
10.17	9.96	6.35	4.17	3.46	2.78	2.36	2.15
9.16	8.60	5.64	4.37	—	—	—	—
10.23	10.78	7.20	4.60	3.99	3.28	3.02	2.84
11.40	11.65	8.40	5.71	4.73	4.51	4.36	4.35
—	—	—	—	—	—	6.39	6.45
8.62	8.24	5.95	3.95	3.57	3.25	2.47	2.05
9.43	9.58	7.87	3.81	3.24	3.31	2.97	—
29.70	26.62	23.63	14.12	11.53	10.41	8.95	8.23
9.84	9.90	7.34	4.33	3.84	3.47	3.09	2.76
92.9	87.4	56.5	39.9	33.2	26.6	22.8	20.5
93.3	87.7	56.4	43.8	—	—	—	—
78.6	83.4	54.5	36.3	29.7	24.8	23.0	22.3
86.8	84.7	59.7	41.6	35.7	32.0	32.1	32.6
—	—	—	—	—	—	33.0	34.2
87.2	82.5	60.0	39.6	36.9	34.4	26.3	24.7
97.1	99.3	83.1	42.0	37.1	36.6	35.2	—
213.8	182.6	160.2	90.5	78.0	71.0	60.8	57.7
95.2	92.3	66.9	41.8	36.2	31.5	26.4	23.9

WHOLLY OWNED SUBSIDIARIES

(000 omitted)

	<u>1979</u>	<u>1978</u>	<u>1977</u>
SIMCO INC.			
Tons of coal sold by Simco-Peabody	866	1,008	1,163
Revenue	<u>\$4,631</u>	<u>\$2,835</u>	<u>\$1,250</u>
Less:			
Expenses other than Federal income tax	2,054	2,963	2,815
Federal income tax	<u>599</u>	<u>(478)</u>	<u>(1,300)</u>
Net income (loss) before interest charges (1)	<u>\$1,978</u>	<u>\$ 350</u>	<u>\$ (265)</u>
Capital stock (2)	\$9,000	\$9,000	\$9,000
Capital Surplus	249	249	249
Earnings retained in the business (2)	972	1,604	1,871
Debt owed to parent (2)	—	—	—
Debt owed by parent (2)	—	—	1,236
Debt guaranteed by parent (1)	3,750	5,417	7,083
COLOMET, INC.			
Revenue	\$ 766	\$ 258	\$ 252
Less:			
Expenses other than Federal income tax	310	240	167
Federal income tax	<u>97</u>	<u>27</u>	<u>89</u>
Net income (loss)	<u>\$ 359</u>	<u>\$ (9)</u>	<u>\$ (4)</u>
Capital stock (2)	\$1,500	\$1,500	\$1,500
Capital surplus	30	30	33
Earnings retained in the business (2)	993	634	643
Debt owed to parent (2)	1,800	1,500	1,500
COLUMBUS TRANSIT COMPANY (5)			
Revenue			
Less:			
Expenses other than Federal income tax			
Federal income tax			
Net income			
Capital stock (2)			
Earnings retained in the business (2)			
Debt owed to others (2)			
MIDWAY RAILROAD COMPANY (7)			
Revenue			
Less:			
Expenses other than Federal income tax			
Federal income tax			
Net income			
Capital stock (2)			
Earnings retained in the business (2)			
Debt owed by parent (2)			
TOTAL SUBSIDIARIES —			
Net income before interest charges (1)	\$2,337	\$ 341	\$ (269)
Debt owed to parent (2)	1,800	1,500	1,500
Debt owed by parent (2)	—	—	1,236
Debt owed to others (2)	247	277	—
Debt guaranteed by parent (1)	3,750	5,417	7,083

(1) In July, 1976, Simco borrowed \$10,000,000 from Continental Illinois National Bank and Trust Company of Chicago (Continental) at an interest rate of 125% of Continental's prime rate as from time to time in effect. On January 1, 1978 the rate changed to prime plus 1.25%. The Company has guaranteed this note, which is payable quarterly through June, 1982, by Simco. Interest on this note is included under "Interest Charges" in the Consolidated Results of Operations.

(2) At year end.

<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
<u>1,438</u>	<u>1,470</u>	<u>1,424</u>	<u>1,516</u>	<u>1,450</u>	<u>1,134</u>	<u>1,397</u>	<u>1,254</u>
\$ 4,803	\$ 3,706	\$ 1,791	\$ 1,210	\$1,440	\$1,088	\$1,566	\$1,130
3,535	3,612	3,015	2,253	1,651	991	710	583
(416)	(519)	(726)	(65)	(294)	14	236	172
<u>\$ 1,684</u>	<u>\$ 613</u>	<u>\$ (498)</u>	<u>\$ (978)</u>	<u>\$ 83</u>	<u>\$ 83</u>	<u>\$ 620</u>	<u>\$ 375</u>
\$ 9,000	\$ 9,000	\$ 7,000	\$ 5,000	\$4,000	\$2,500	\$2,500	\$2,500
249	249	249	249	249	249	249	249
2,312	1,514	901	1,399	2,377	2,294	2,511	3,091(3)
—	11,000	11,350	9,500	5,700	4,600	300	—
688	756	502	—	—	—	—	250
9,583	—	—	—	—	—	—	—
\$ 415	\$ 122	\$ 291	\$ 198	\$ 79	\$ 58	\$ 50	\$ 268
144	123	124	133	105	86	70	45
14	—	79	30	(13)	(14)	—	117
<u>\$ 257</u>	<u>\$ (1)</u>	<u>\$ 88</u>	<u>\$ 35</u>	<u>\$ (13)</u>	<u>\$ (14)</u>	<u>\$ (20)</u>	<u>\$ 106</u>
\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$1,500	\$1,500	\$1,500	\$1,500
30	30	30	30	30	30	30	30
648	390	391	302	268(4)	231	245	265
800	1,000	1,000	1,220	1,120	890	675	315
			\$ 4,152(6)	\$7,695	\$7,893	\$7,386	\$6,956
			3,461	7,586	7,258	6,991	6,636
			(220)	(41)	230	142	58
			<u>\$ 911</u>	<u>\$ 150</u>	<u>\$ 405</u>	<u>\$ 253</u>	<u>\$ 262</u>
			\$ —	\$ 855	\$ 855	\$ 855	\$ 855
			—	1,748	2,048	1,958	1,916
			—	520	1,210	1,605	1,691
			\$ 2	\$ —	\$ 21	\$ 67	\$ 237
			56	93	57	67	92
			—	(31)	(14)	3	80
			<u>\$ (54)</u>	<u>\$ (62)</u>	<u>\$ (22)</u>	<u>\$ (3)</u>	<u>\$ 65</u>
			\$ —	\$ 397	\$ 397	\$ 397	\$ 397
			—	(13)	49	71	75
			—	210	240	240	200
\$ 1,941	\$ 612	\$ (410)	\$ (86)	\$ 158	\$ 452	\$ 850	\$ 808
800	12,000	12,350	10,720	6,820	5,490	975	315
688	756	502	—	210	240	240	450
—	—	—	—	520	1,210	1,605	1,691
9,583	—	—	—	—	—	—	—

(3) Includes \$400,000 adjustment due to settlement of Federal income taxes applicable to prior years.

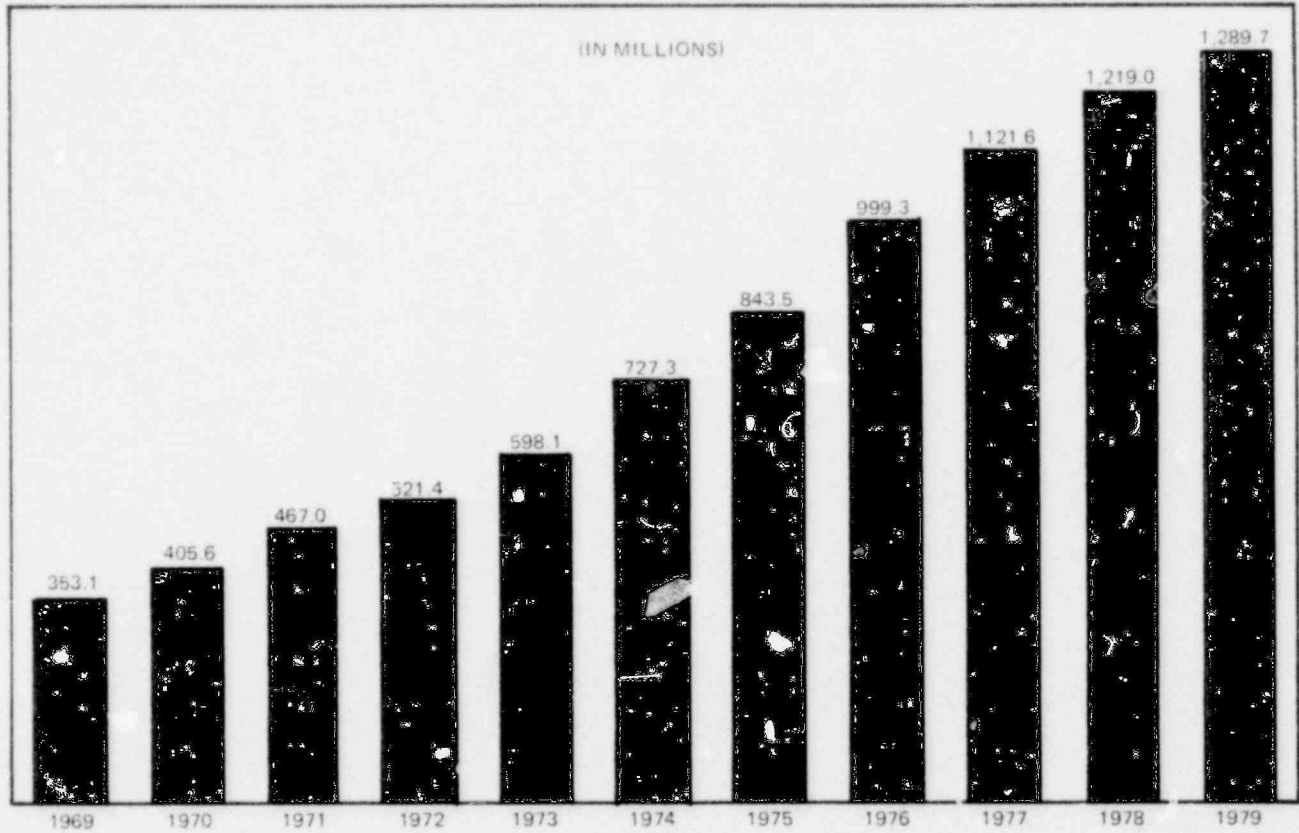
(4) Includes \$50,000 adjustment due to settlement of Federal income taxes applicable to prior years.

(5) Columbus Transit Company was dissolved December 31, 1973.

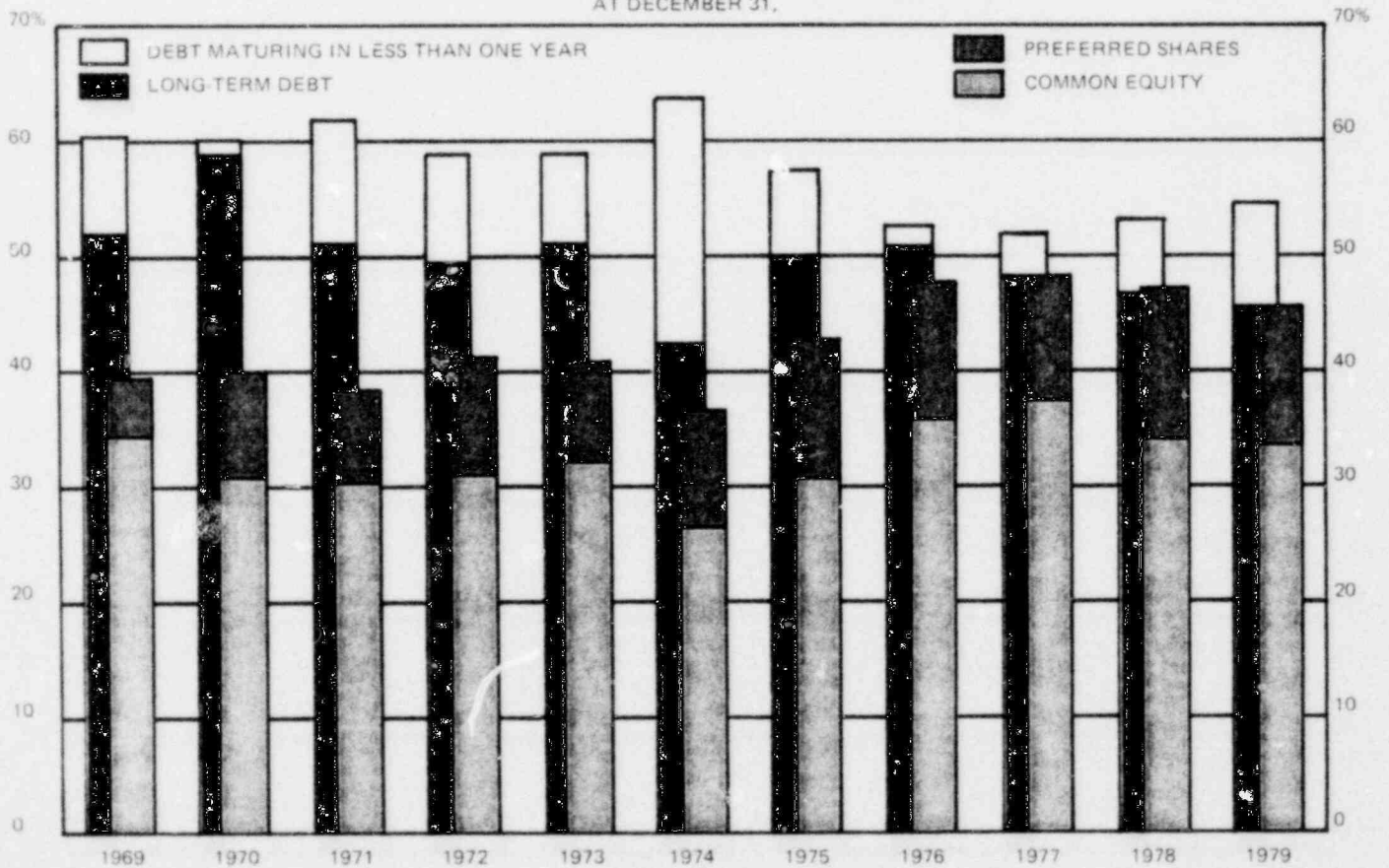
(6) Includes gain on the sale of transit facilities.

(7) Midway Railroad Company was dissolved December 28, 1973.

CONSOLIDATED CAPITALIZATION
(INCLUDING DEBT MATURING IN LESS THAN ONE YEAR)
AT DECEMBER 31,

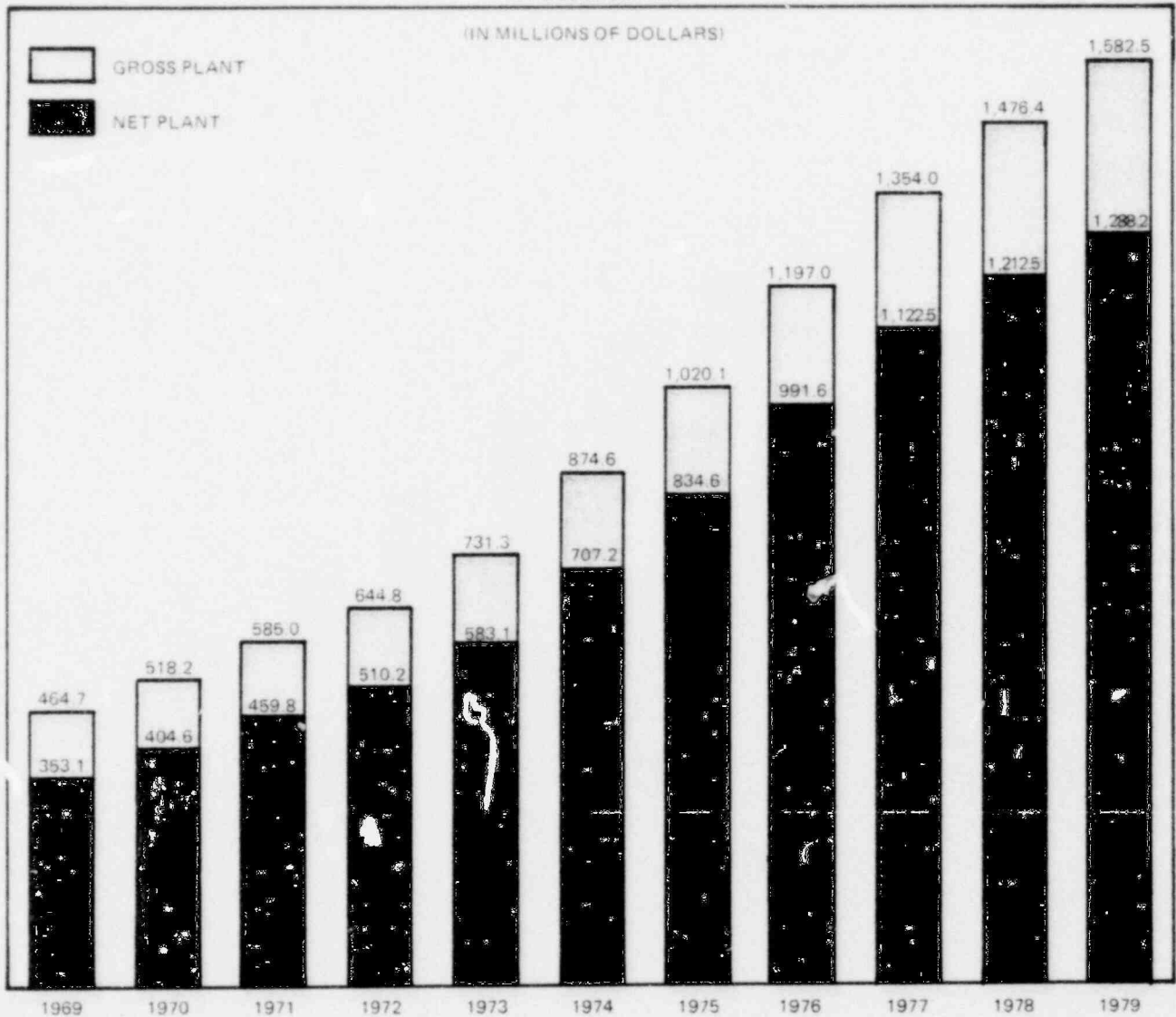


PERCENT OF CONSOLIDATED CAPITALIZATION
AT DECEMBER 31,

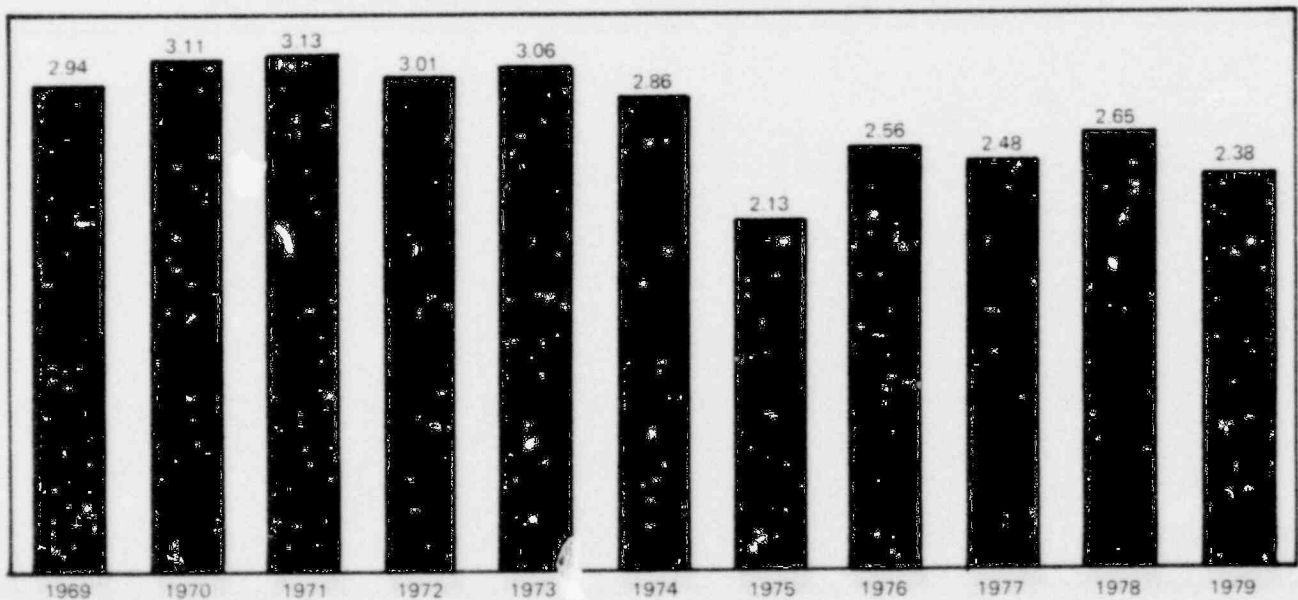


GROSS AND NET PLANT

AT DECEMBER 31.

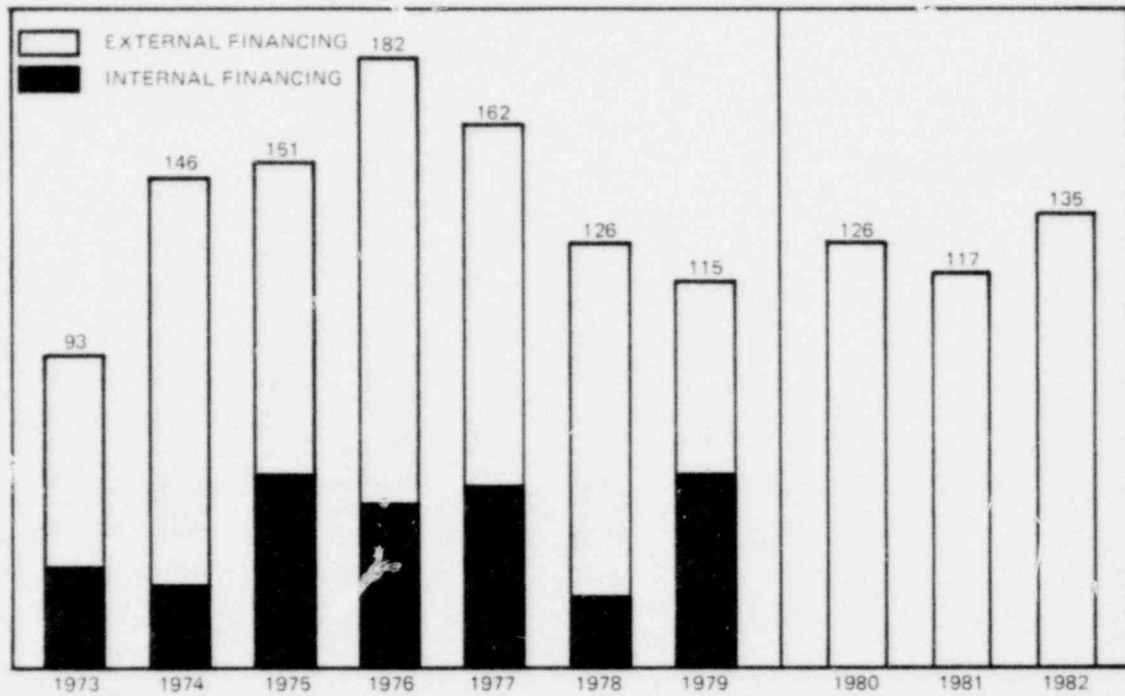


NET PLANT IN SERVICE AT YEAR END PER DOLLAR OF REVENUE



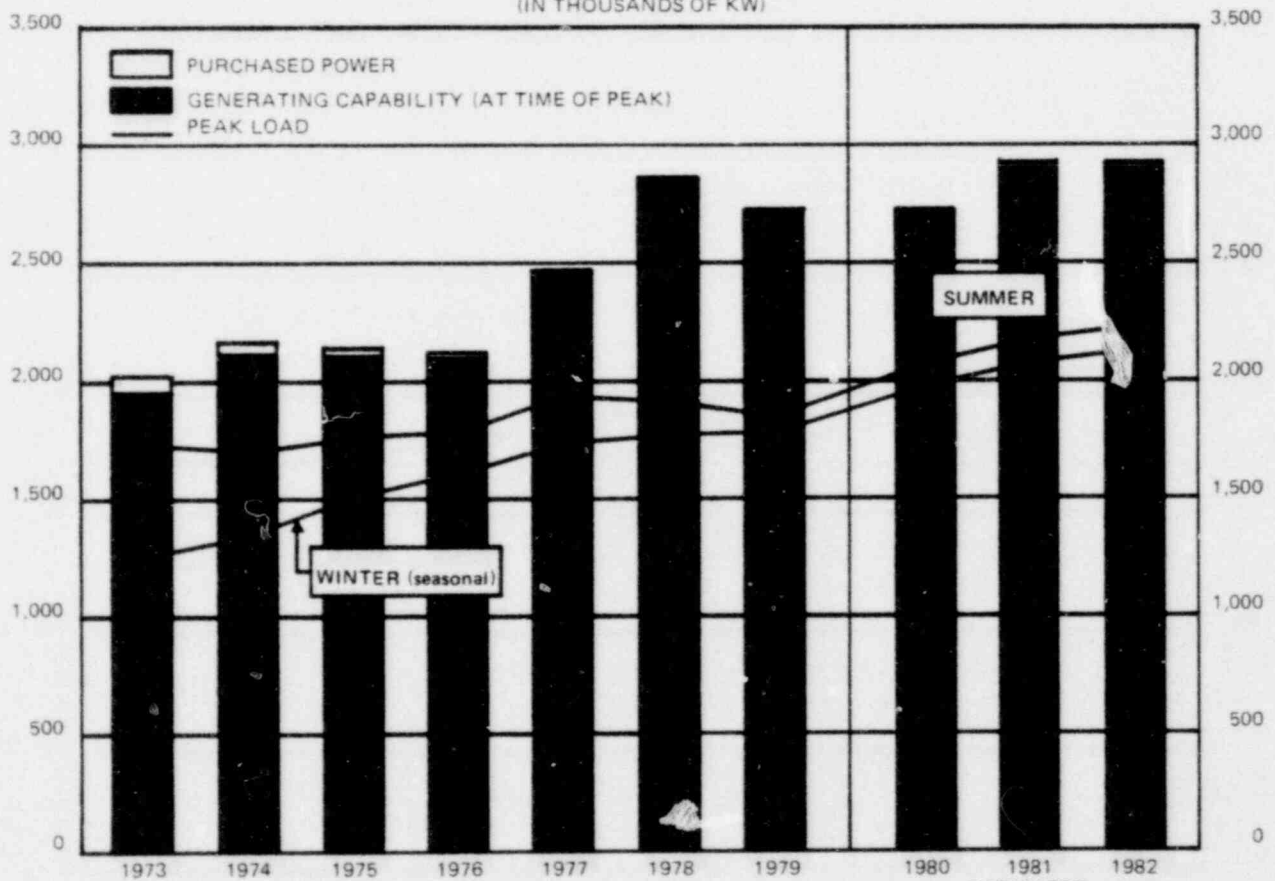
CONSTRUCTION EXPENDITURES

SOURCE OF FUNDS
(MILLIONS OF DOLLARS)



SYSTEM CAPABILITY AND PEAK LOAD

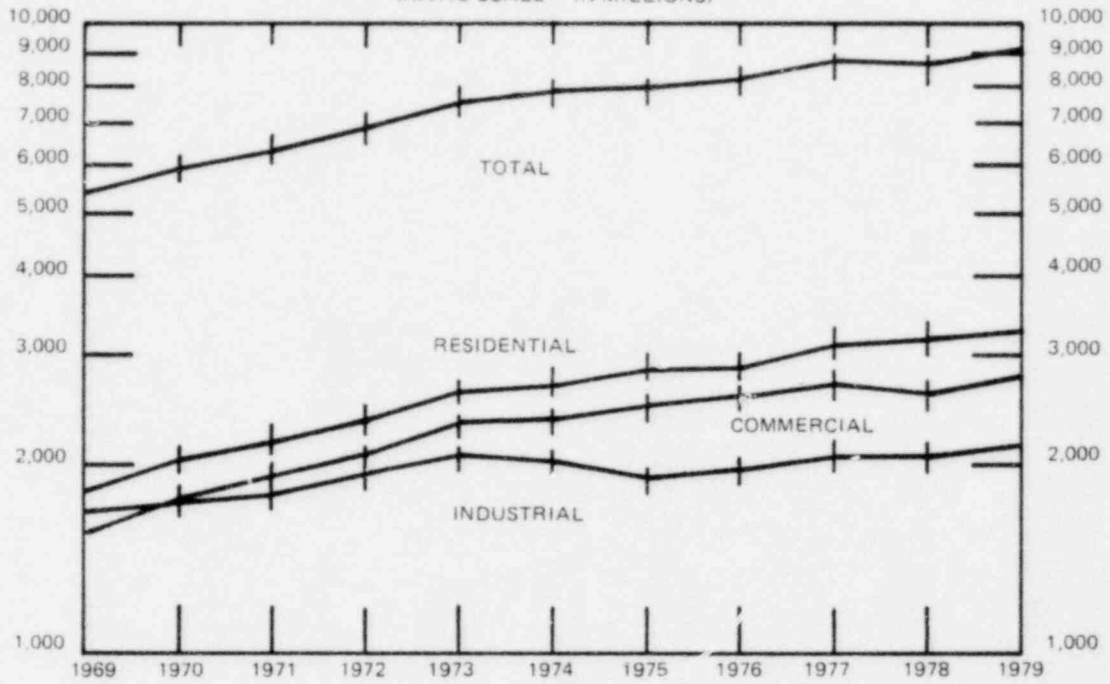
(IN THOUSANDS OF KW)



	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL CAPABILITY:	2,008	2,160	2,141	2,111	2,480	2,858	2,732	2,732	2,931	2,931
PEAK LOAD:										
SUMMER	1,719	1,685	1,749	1,776	1,932	1,907	1,852	2,061	2,178	2,225
WINTER										
CALENDAR YR.	1,254	1,339	1,501	1,514	1,683	1,736	1,775	1,890	1,969	2,072
SEASONAL	1,254	1,342	1,501	1,611	1,736	1,775	1,775	1,969	2,072	2,130

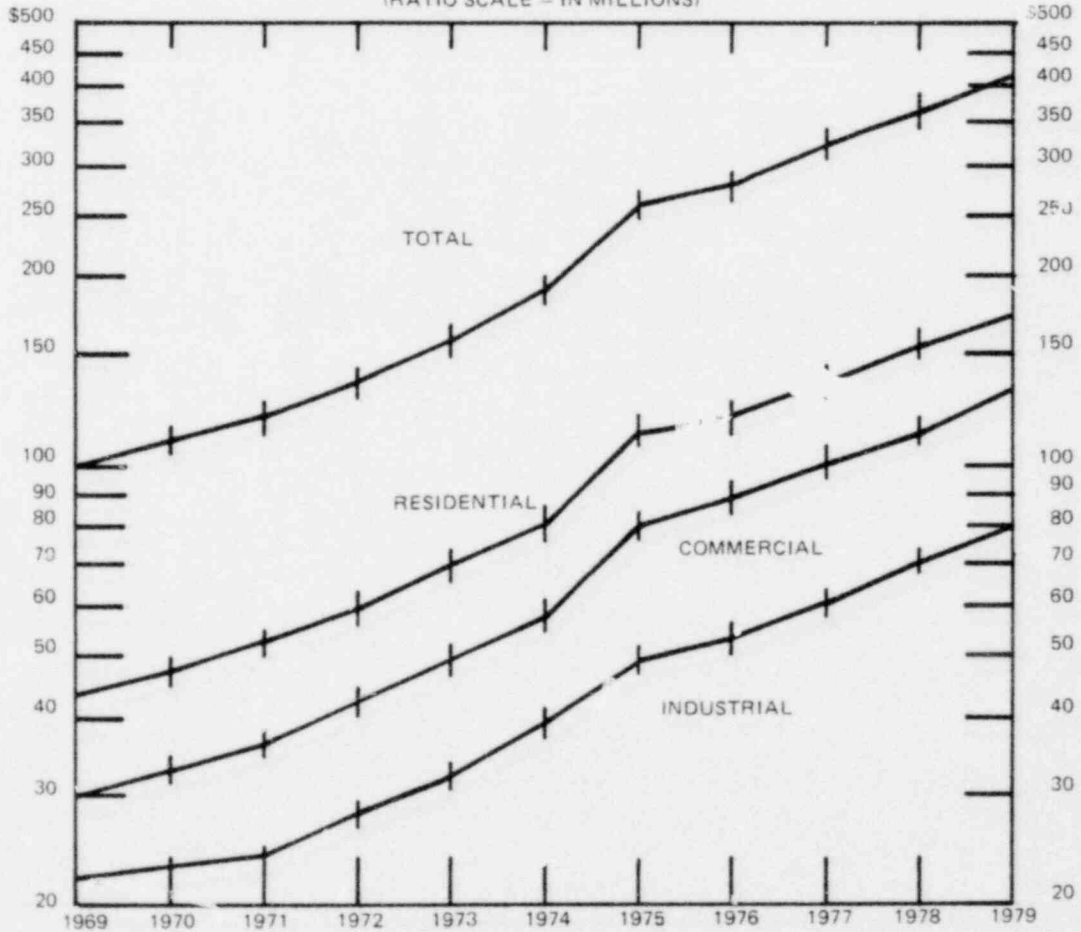
KWH SALES

(RATIO SCALE - IN MILLIONS)



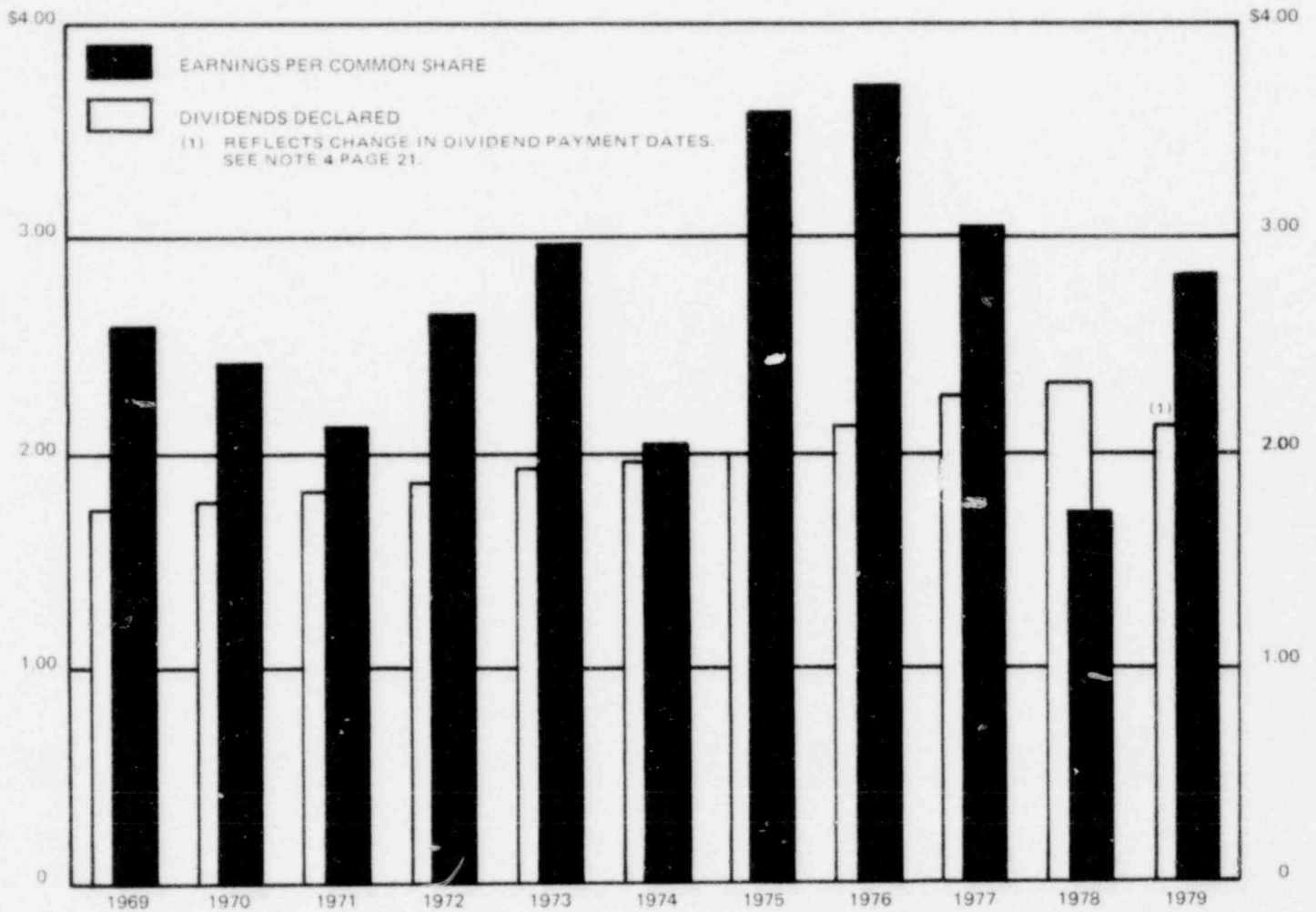
REVENUES

(RATIO SCALE - IN MILLIONS)

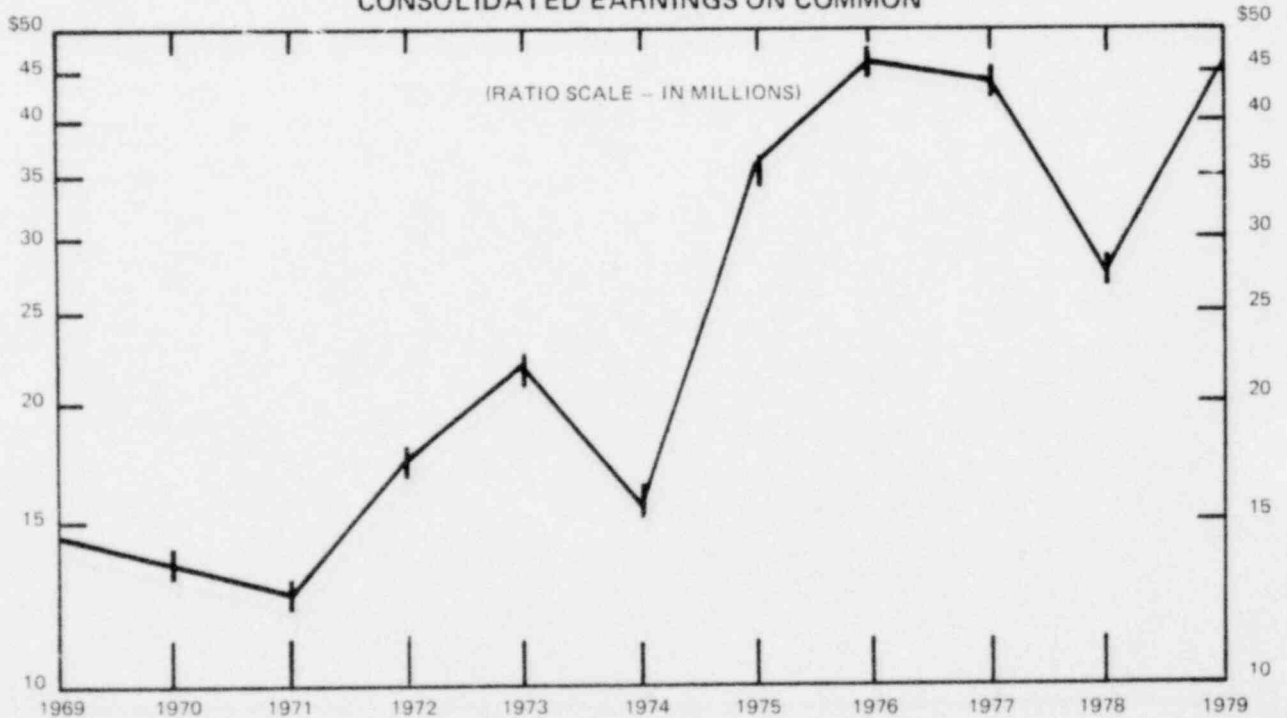


CONSOLIDATED EARNINGS AND DIVIDENDS PER COMMON SHARE

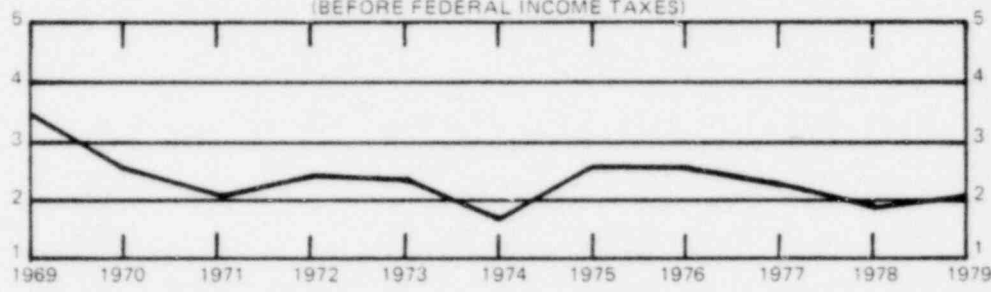
(EARNINGS BASED ON AVERAGE SHARES OUTSTANDING)



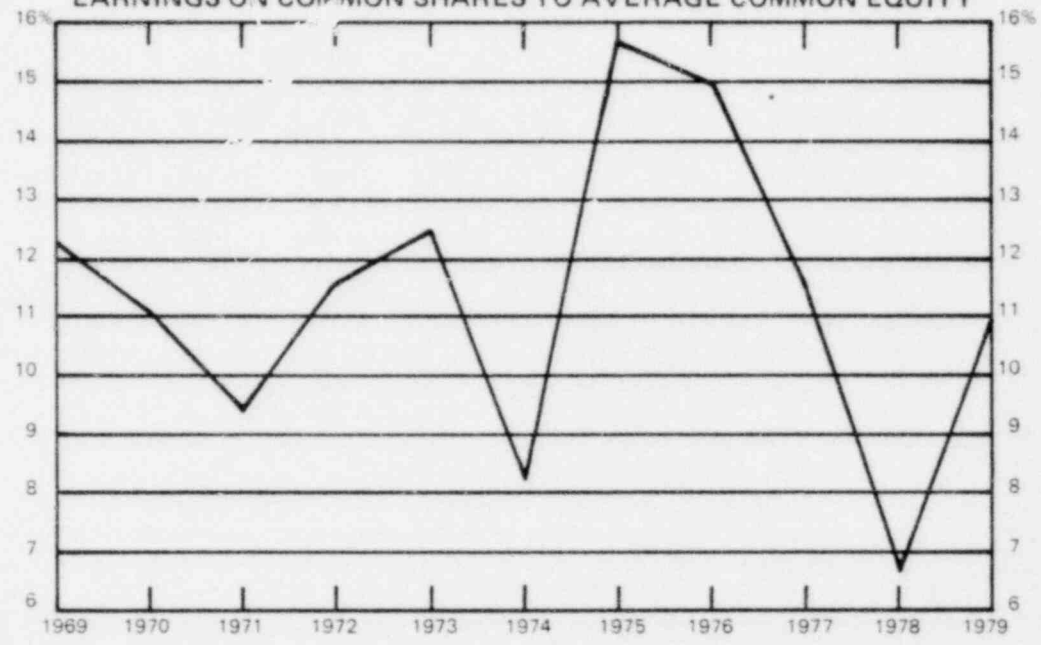
CONSOLIDATED EARNINGS ON COMMON



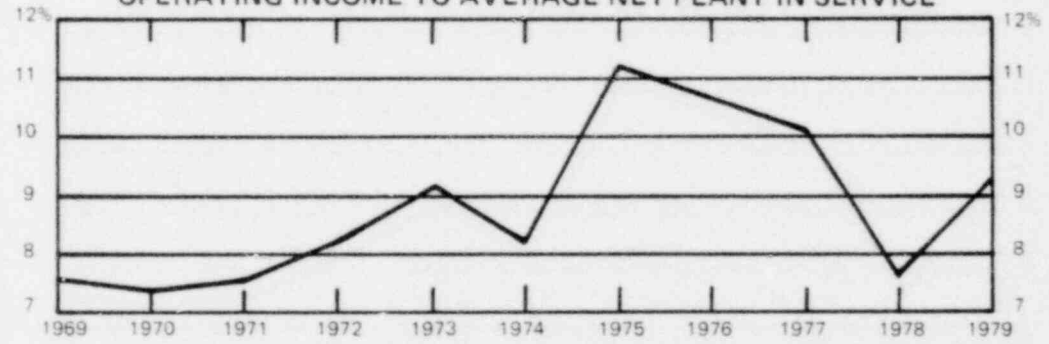
EARNINGS COVERAGE AND RATE OF RETURN
TIMES TOTAL INTEREST EARNED
 (BEFORE FEDERAL INCOME TAXES)



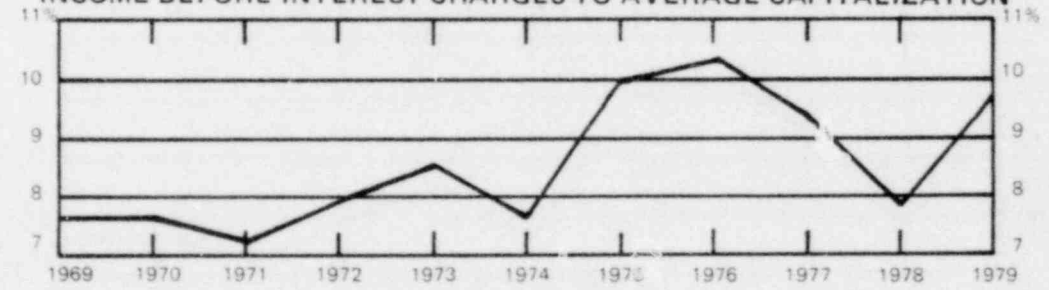
EARNINGS ON COMMON SHARES TO AVERAGE COMMON EQUITY



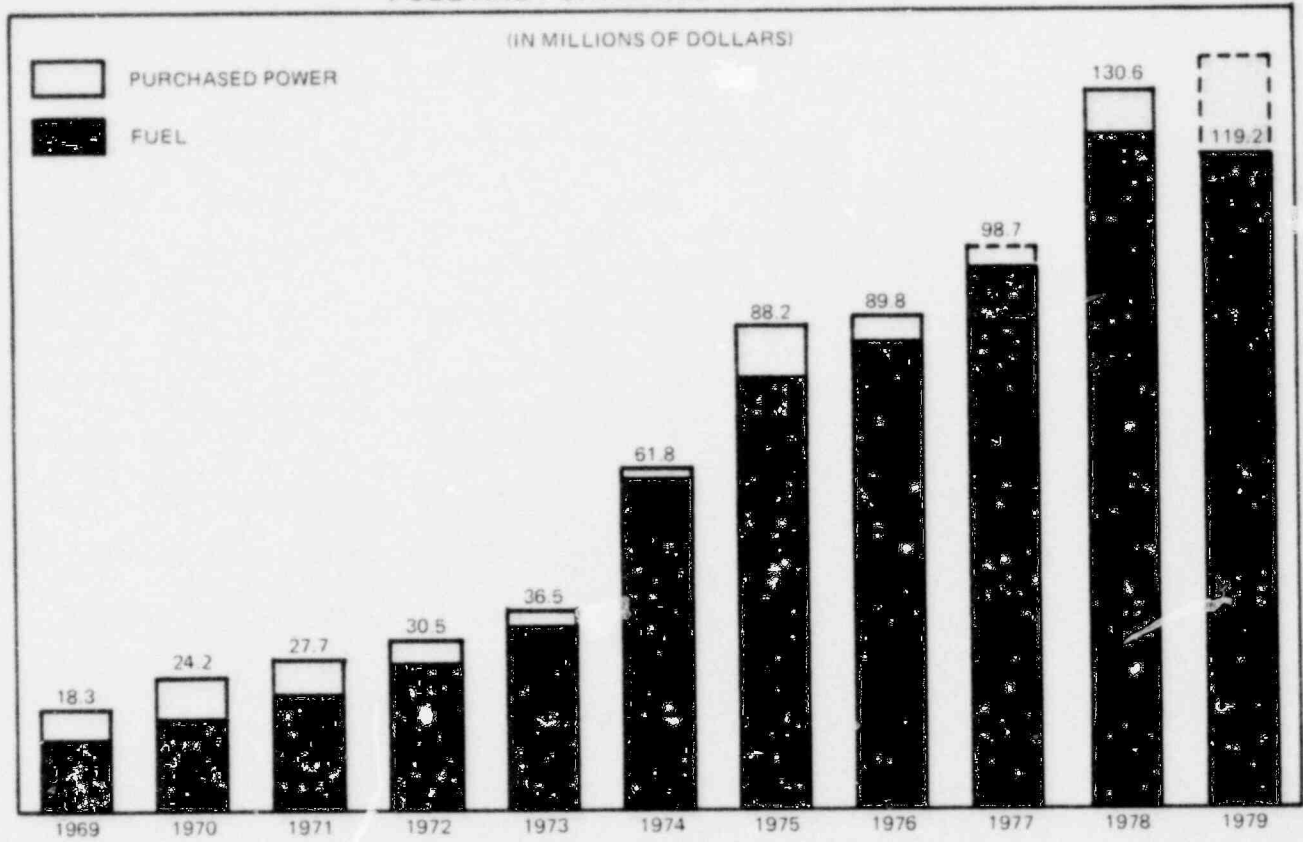
OPERATING INCOME TO AVERAGE NET PLANT IN SERVICE



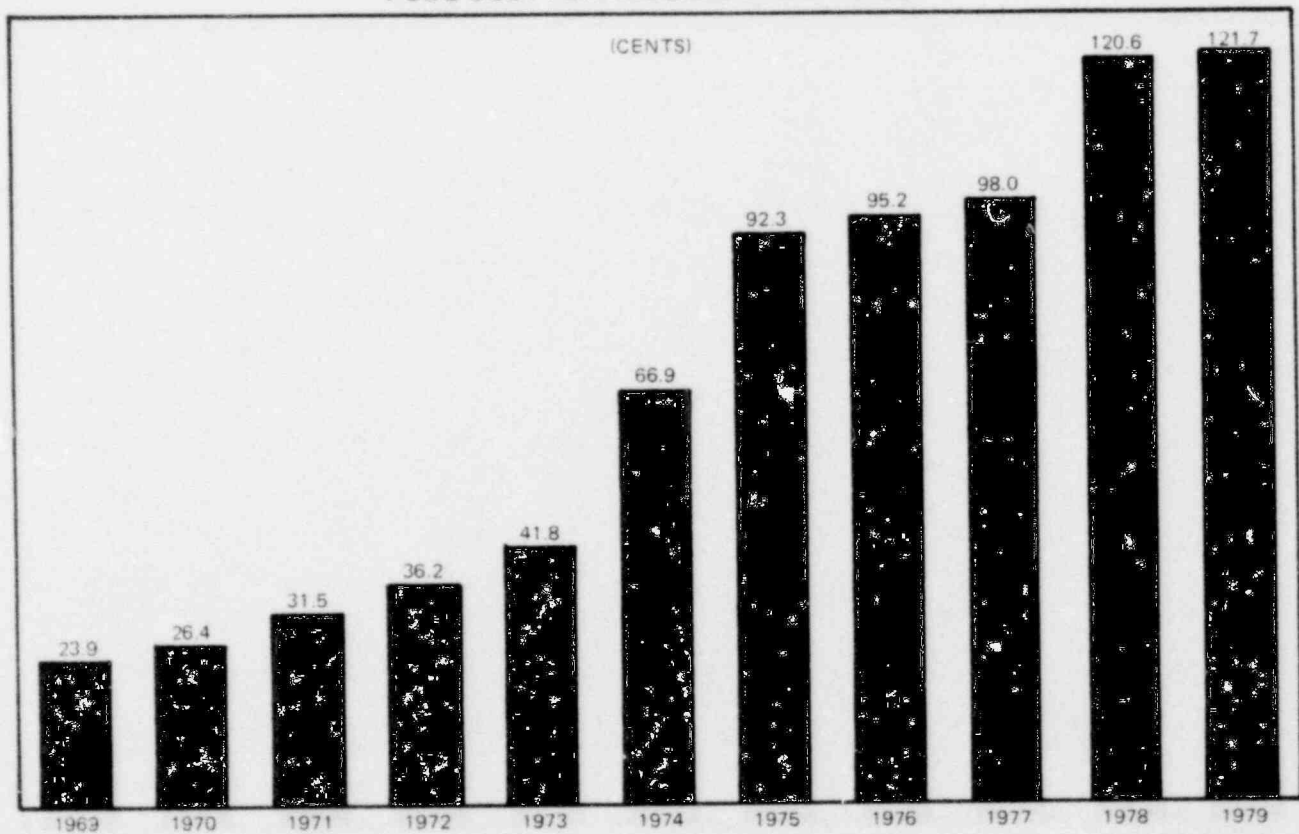
INCOME BEFORE INTEREST CHARGES TO AVERAGE CAPITALIZATION



FUEL AND PURCHASED POWER (NET)

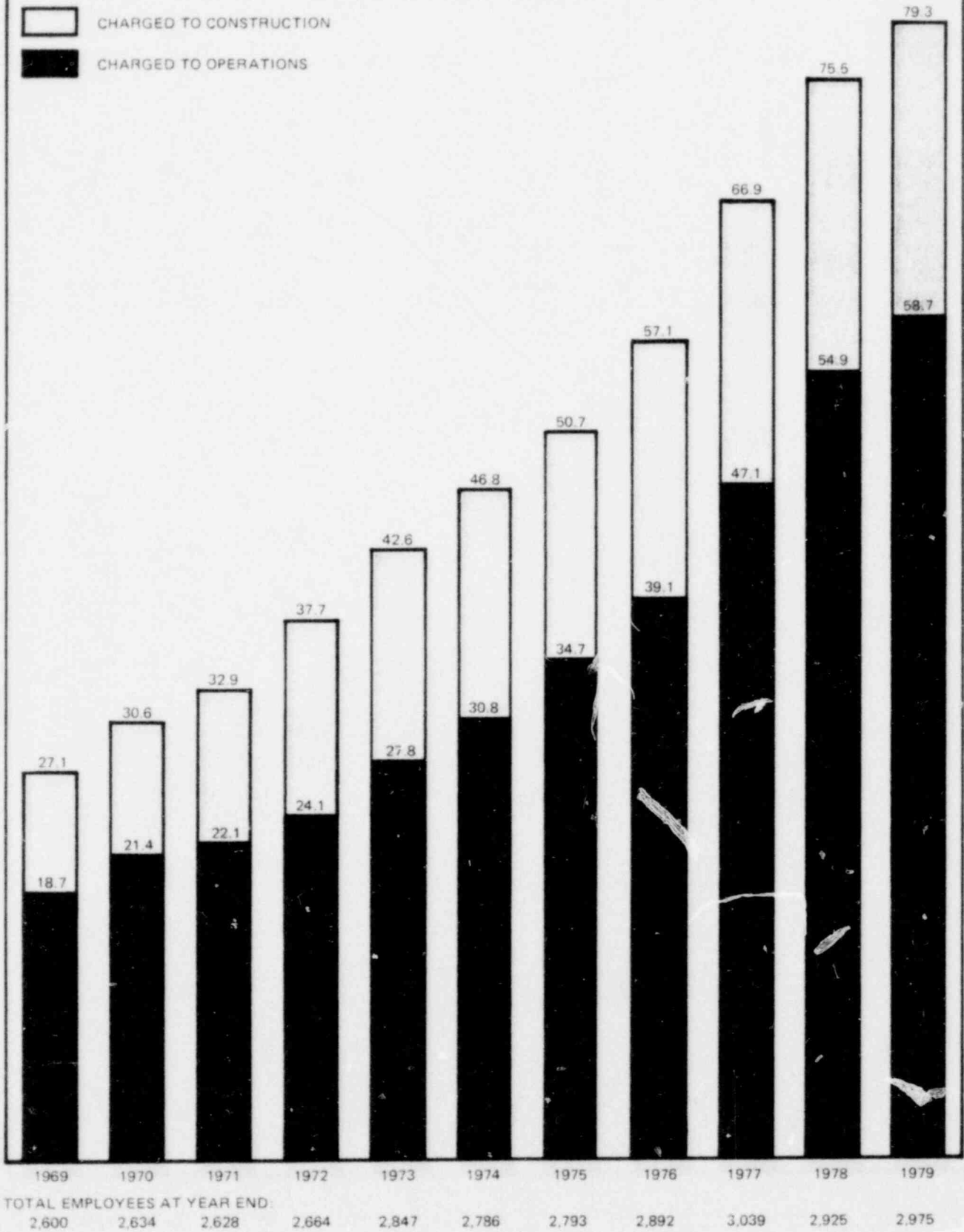


FUEL COST PER MILLION BTU'S FIRED



GROSS PAYROLL INCLUDING FRINGE BENEFITS

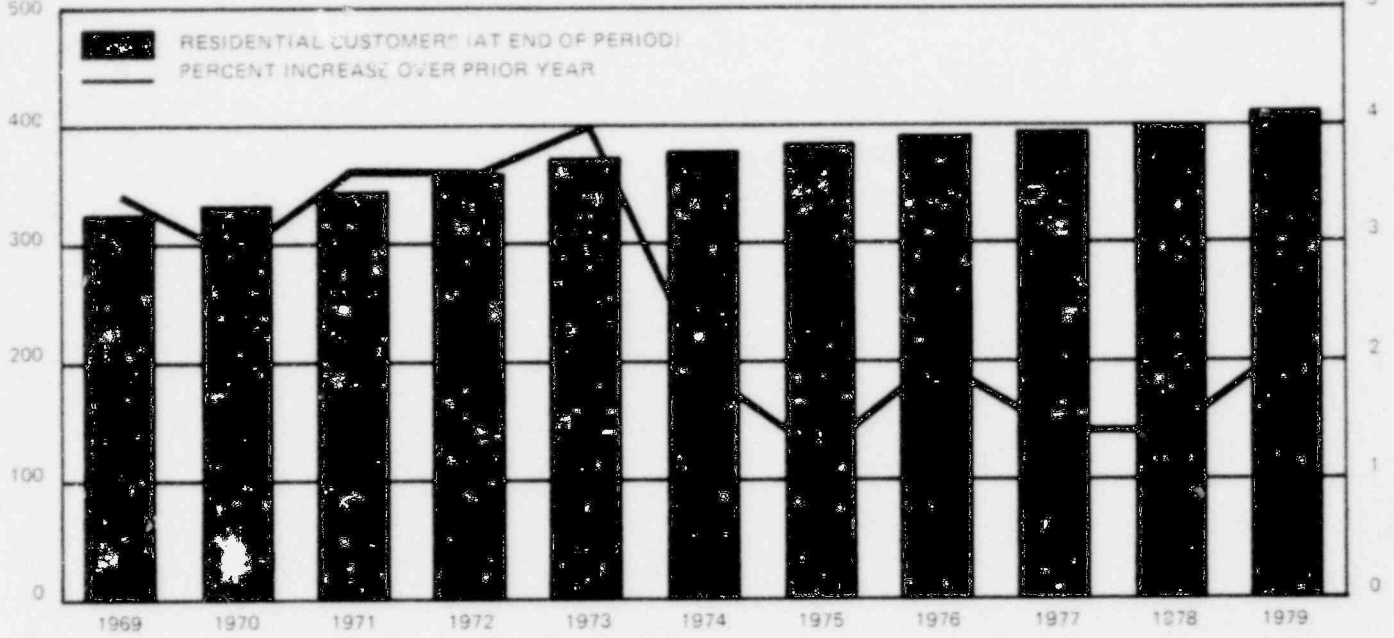
(IN MILLIONS OF DOLLARS)



RESIDENTIAL CUSTOMERS AND PERCENT INCREASE OVER PRIOR YEAR

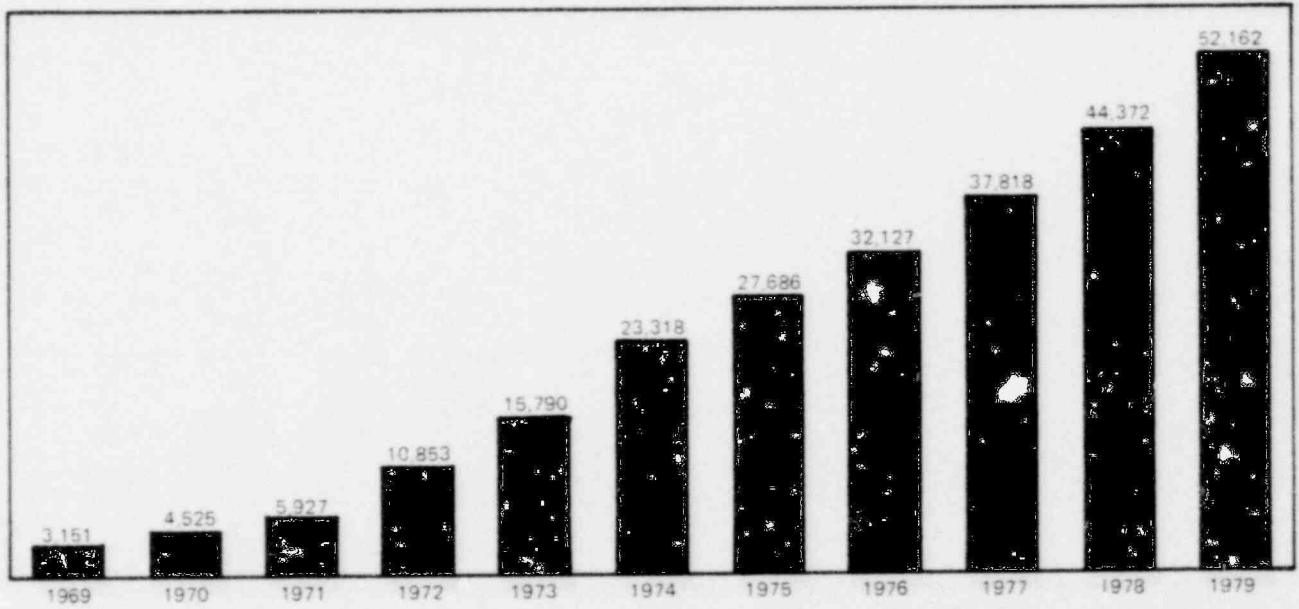
CUSTOMERS
(IN THOUSANDS)

PERCENT
5

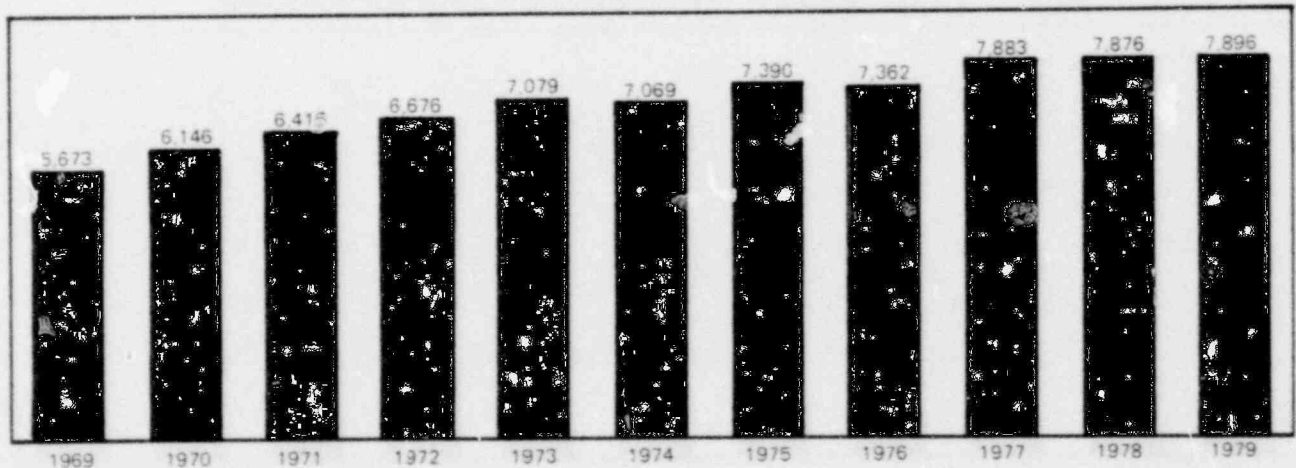


ELECTRICALLY HEATED HOMES

AT DECEMBER 31,



AVERAGE ANNUAL KWH USAGE PER RESIDENTIAL CUSTOMER



The Company welcomes inquiries from stockholders and financial analysts. The information contained in this report is intended to answer as many questions as possible regarding the Company's past history. In addition, a Uniform Forecast is prepared at least annually and updated for significant changes during the year. The Uniform Forecast, Annual and Quarterly Reports to Shareholders and other information can be obtained from the sources indicated below.

GENERAL OFFICE

215 North Front Street

Columbus, Ohio 43215

J. M. Emery, Vice President and Treasurer
Phone 614-464-7650

W. L. Pidock, Assistant Treasurer
Phone 614-464-7569

NEW YORK REPRESENTATIVE

John F. Falvey & Associates

74 Trinity Place

New York, New York 10006

212-233-5080

TRANSFER AGENTS

REGISTRARS

COMMON SHARES AND CUMULATIVE PREFERRED SHARES EXCEPT 4¼% SERIES

The Huntington National Bank
Columbus, Ohio

BancOhio National Bank
Columbus, Ohio

Citibank, N.A.
New York, New York

Manufacturers Hanover Trust Company
New York, New York

CUMULATIVE PREFERRED SHARES, 4¼% SERIES

The Huntington National Bank
Columbus, Ohio

BancOhio National Bank
Columbus, Ohio

TRUSTEES

FIRST MORTGAGE BONDS, ALL SERIES
Citibank, N.A.
New York, New York

DEBENTURES
Irving Trust Company
New York, New York

GENERAL COUNSEL

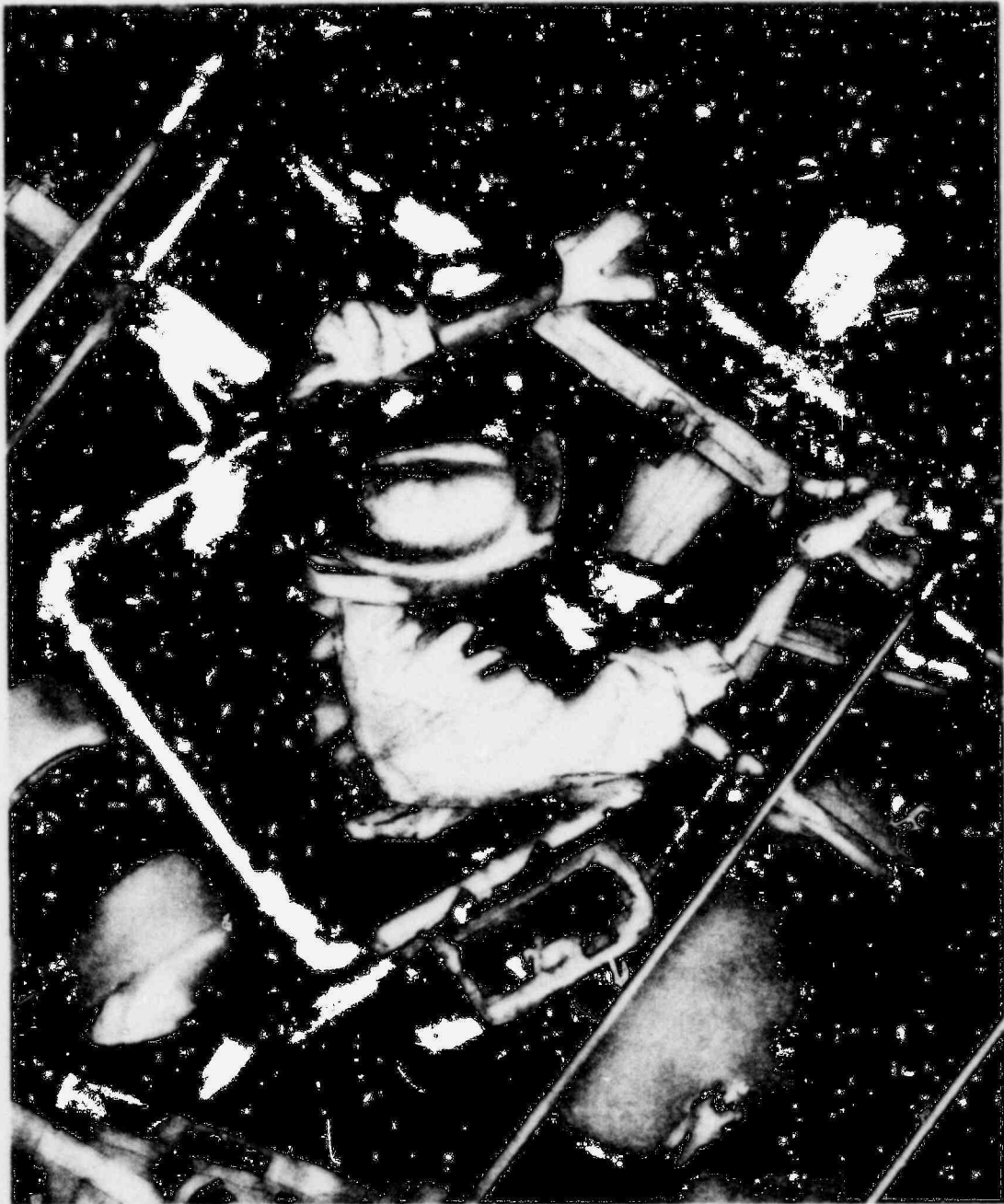
Porter, Wright, Morris & Arthur
Columbus, Ohio

AUDITORS

Arthur Andersen & Co.
Columbus, Ohio

THE DAYTON POWER AND LIGHT COMPANY

dupl - 800404 0350



1979
Financial and Operating
Statistics

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Electric System Capability and Annual System Peak	7	Tax Status of 1979 Common Stock Dividends	2

Inquiries concerning this report should be directed to:

Paul R. Anderson

Treasurer

Telephone (513) 224-6360

Thomas R. Van Oss

Supervisor — Financial Activities

Telephone (513) 224-6267

This booklet has been prepared for the information of security holders and other interested persons and not in connection with any sale or offer for sale of, or solicitation of any offer to buy, any securities.

SUMMARY OF GROWTH

	Compound Annual Growth Rates		
	1 Year	5 Years	10 Years
	1978-1979	1974-1979	1969-1979
	%	%	%
Electric:			
Total Operating Revenues	10.1	13.5	14.3
KWH Sales	0.5	4.0	4.9
Installed Capability (net)	(2.0)	2.6	7.5
Peak Load (net)			
—Summer	(0.1)	3.1	4.4
—Winter	1.3	5.8	6.3
Total Customers	1.5	1.1	1.9
Gas:			
Total Operating Revenues	2.9	16.4	12.1
Cost of Gas for Resale	6.0	19.3	14.7
MCF Sales	(3.7)	(3.3)	(1.8)
Total Customers	0.0	(0.5)	0.2
Financial:			
Total Operating Revenues	7.7	14.2	13.5
Total Operating Expenses	7.1	15.4	14.6
Other Income and Deductions	42.9	29.4	24.9
Total Interest Charges	17.3	12.7	14.8
Net Income	29.4	15.7	10.3
Earnings on Common Stock	28.5	14.7	8.3
Earnings Per Share	16.2	1.2	(1.3)
Dividends Paid Per Share	3.6	0.7	0.9

COMPANY CAPSULE

The Dayton Power and Light Company (Company) is an investor-owned public utility incorporated under the laws of Ohio in 1911. Located in west central Ohio, it produces and distributes electric energy to over 415,000 retail customers in a 24-county area and to 14 municipalities on a wholesale basis. In addition, it furnishes gas service to over 260,000 customers in 16 counties and provides steam service in downtown Dayton. The Company serves an estimated population of 1.3 million. Principal industries served include electrical machinery, automotive and other transportation equipment, non-electrical machinery, agriculture, paper, rubber and plastic products. During 1979, approximately 69% and 30% of the Company's operating revenues were derived from the sale of electric energy and gas, respectively, with the balance attributable to steam.

The Company's principal executive and business office is located at Courthouse Plaza Southwest, Dayton, Ohio 45401 — telephone (513) 224-6000.

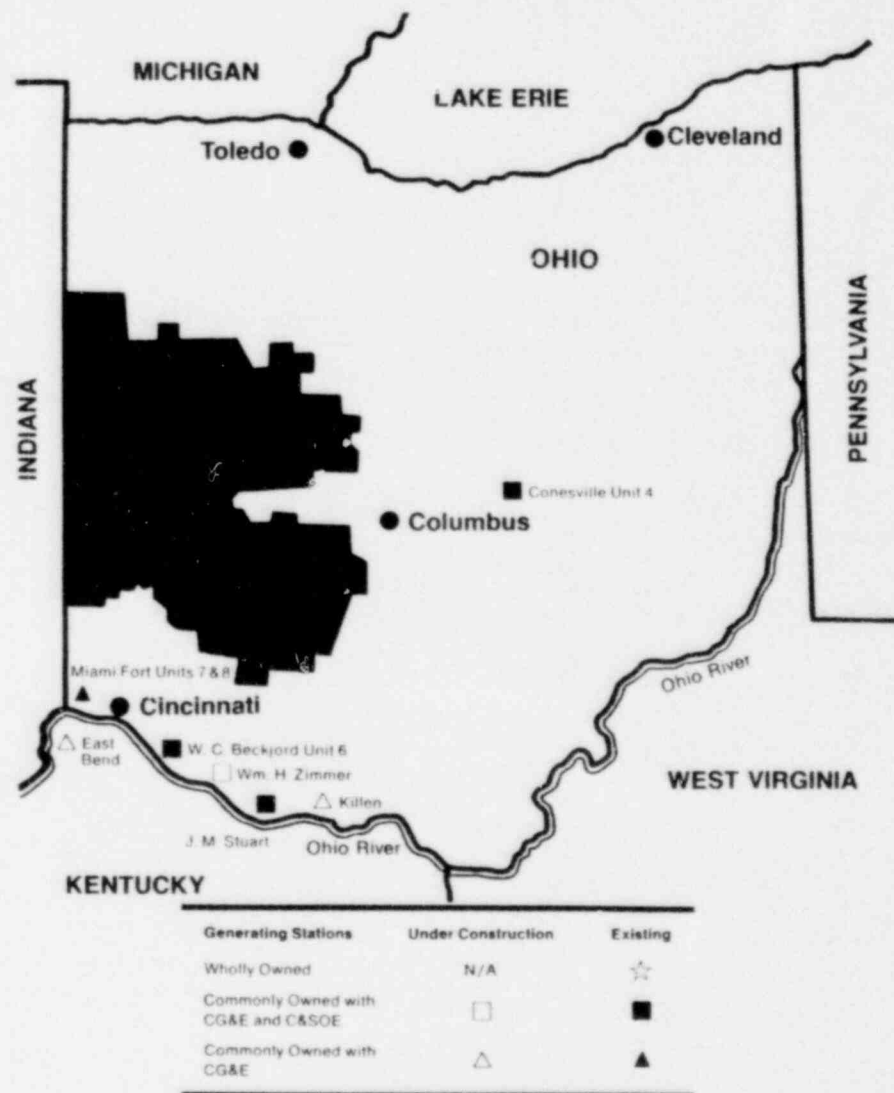
Federal Income Tax Status of Common Stock Dividends Paid in 1979

The Company estimates that 69.8% of the total common stock dividends paid in 1979 is non-taxable to shareholders for Federal income tax purposes and is a return of capital. The shareholder's cost or other basis of the shares on which the dividends were paid should be reduced by this amount. Shareholders may want to consider the effect of the non-taxable portion of their dividends in preparing any state or local tax returns.

It is appropriate for shareholders to use this percentage for Federal income tax purposes, although it is subject to final determination by the Internal Revenue Service at a later date. Shareholders will be notified if such future determination results in a significant change.

Dividends paid in 1979 on preferred stock are fully taxable as dividend income.

SERVICE AREA MAP



RATE REGULATION

The Company is a public utility subject to regulation by The Public Utilities Commission of Ohio (PUCO) of its retail sales of electricity, gas and steam. The Company's rates to these customers are also subject to regulation by municipal corporations. Appeals from municipal rate regulation can be taken to PUCO if the rates fixed by the municipality are not acceptable. The electric rates to municipal corporations and others who distribute electric energy to ultimate consumers are subject to regulation by The Federal Energy Regulatory Commission.

Under Ohio law, rates for utilities are determined on depreciated original cost. This law includes a test period for rate making which begins six months prior to the date that the application is filed and ends six months subsequent to that date. The law also permits PUCO, in its discretion, to allow utilities to normalize the tax effects of the use of liberalized depreciation for determining income taxes and 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 rate base, excluding construction work in progress. Rate increases requested under the law are permitted to go into effect, subject to refund, nine months after the date of filing if PUCO has not acted. If rates in any municipality are to be included in a rate increase application, the utility must notify the municipality of its intention to file and of the proposed rates not less than 90 days before filing. The Ohio Consumers' Counsel is authorized to participate in proceedings before PUCO on behalf of residential consumers.

Rate Increases Granted in 1979				
Increase Granted	Application Filed	Date of Order	Additional Annual Revenue	Increase
			(\$ millions)	%
Electric, Retail	5/19/78	3/9/79	40.5*	12
Steam	1/9/79	8/29/79	1.8	25

*Includes \$30 million of emergency increase collected since June 14, 1978.

COST ADJUSTMENT CLAUSES

Ohio law requires the use of a uniform fuel adjustment clause by the Ohio electric utilities and semi-annual hearings by PUCO to review fuel adjustment charges. The clause permits the flowthrough of fuel costs, including the fuel portion of purchased power costs, to electric customers. Fuel charges are subject to an annual audit, and the Company is required to submit monthly and annual reports on fuel costs and revenues. A law recently passed by both houses of the Ohio Legislature will eliminate monthly fuel cost adjustments and instead provide for semi-annual adjustments and full recovery of all allowable fuel costs.

Ohio law now also requires the use of a uniform fuel adjustment clause for the Ohio gas utilities. As the result of an order of PUCO, the Company, effective in December 1979, implemented a revised purchase gas adjustment clause and began expensing gas costs as recovered through revenue. The portion of gas costs recoverable in future periods is deferred. This revised clause provides for quarterly determination of gas recovery rates including adjustments to eliminate deferred balances of purchased gas costs. The clause is subject to an annual audit as well as hearings by the PUCO to review the charges and the Company is required to submit monthly and quarterly reports.

Commissioners	Party	Age	Term Expires	Background
William S. Newcomb, Jr.* (Chairman)	Rep.	35	2/1/85	PUCO Legal Director, Ohio E.P.A. Legal Advisor, V.P. and Legal Counsel — Galbreath Mortgage Company
Michael Del Bane	Dem.	62	2/1/81	State Representative of Ohio House of Representatives, Chairman of State Government Committee
Stephen A. Reilly*	Rep.	32	2/1/83	Administration Director, Ohio Department of Administrative Services, Ohio E.P.A. Legal Advisor, Franklin County Assistant Prosecutor

*Subject to Senate confirmation.

ELECTRIC CUSTOMERS, SALES AND REVENUES

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
CUSTOMERS, at year-end											
Residential — electric heating ..	70,880	64,597	57,983	46,818	42,100	38,143	30,552	22,013	17,930	14,598	11,078
Residential — other	303,034	303,604	306,931	313,421	313,436	314,392	316,934	317,086	311,761	306,464	295,640
Total residential	373,914	368,201	364,914	360,239	355,536	352,535	347,486	339,099	329,691	321,062	306,718
Commercial	35,092	34,883	34,895	34,747	34,464	34,730	35,017	34,434	33,807	33,343	32,303
Industrial	2,532	2,552	2,600	2,556	2,550	2,297	2,151	2,062	1,971	2,064	1,970
Public authorities	4,991	4,930	5,036	5,042	4,968	4,879	4,641	4,397	4,350	4,262	4,081
Other	17	17	16	16	16	18	16	14	14	15	18
Total customers	416,546	410,583	407,461	402,600	397,534	394,459	389,311	380,006	369,833	360,746	345,090
KILOWATT HOUR SALES (000,000)											
Residential — electric heating ..	1,456	1,389	1,193	963	844	739	555	450	359	291	222
Residential — other	2,179	2,223	2,288	2,248	2,293	2,229	2,301	2,138	2,080	1,988	1,805
Total residential	3,635	3,612	3,481	3,211	3,137	2,968	2,856	2,648	2,439	2,279	2,027
Commercial	1,988	1,928	1,841	1,737	1,675	1,604	1,618	1,518	1,405	1,321	1,142
Industrial	3,113	3,090	3,050	2,848	2,483	2,630	2,798	2,533	2,310	2,240	2,233
Public authorities	951	940	932	924	884	833	850	808	766	703	654
Other	543	607	647	501	413	368	260	256	247	339	259
Total electric sales	10,230	10,177	9,951	9,221	8,592	8,403	8,382	7,763	7,167	6,882	6,315
OPERATING REVENUES (\$000)											
Residential — electric heating ..	55,059	48,142	36,377	27,223	23,520	16,758	9,410	7,338	5,941	4,460	3,205
Residential — other	110,268	101,702	88,658	84,610	85,196	70,946	54,652	51,500	49,537	45,864	40,564
Total residential	165,327	149,844	125,035	111,833	108,716	87,704	64,062	58,838	55,478	50,324	43,769
Commercial	79,022	70,212	63,477	56,808	54,432	44,674	33,401	30,971	29,348	26,736	22,556
Industrial	100,256	90,967	77,825	66,774	59,403	52,101	37,736	33,101	31,014	27,988	25,227
Public authorities	34,417	31,232	27,266	24,753	23,434	18,844	14,197	13,151	12,616	11,117	9,715
Other	19,530	19,890	17,703	13,503	10,708	7,972	4,622	4,681	4,495	5,097	3,760
Total operating revenues	398,552	362,145	311,306	273,671	256,693	211,295	154,018	140,742	132,951	121,262	105,027

DELIVERIES TO INDUSTRIAL AND COMMERCIAL ELECTRIC CUSTOMERS

Major Standard Industrial Classifications	Total Sales — MWH		% of Total	Variation 1979 to 1978	
	1979	1978		MWH	%
Electrical and Electronic Equipment	527,260	590,520	10.3	(63,260)	(10.7)
Transportation Equipment	518,583	520,579	10.2	(1,996)	(0.4)
Machinery Except Electrical	418,711	433,322	8.2	(14,611)	(3.4)
Food Stores	265,810	266,912	5.2	(1,102)	(0.4)
Rubber and Miscellaneous Plastic Products	257,637	252,484	5.0	5,153	2.0
Stone, Clay, Glass and Concrete Products	253,998	242,498	5.0	11,500	4.6
Food and Kindred Products	234,551	209,368	4.6	25,183	12.0
Paper and Allied Products	232,169	206,363	4.6	25,806	12.5
Real Estate	216,260	212,146	4.2	4,114	1.9
Eating and Drinking Places	214,119	208,109	4.2	6,010	2.9
Health Services	180,859	176,630	3.5	4,229	2.4
Primary Metal Industries	162,511	159,343	3.2	3,168	2.0
Fabricated Metal Products	156,262	145,299	3.1	10,963	7.5
General Merchandise Stores	124,805	127,176	2.4	(2,371)	(1.9)
Printing and Publishing	120,939	124,824	2.4	(3,885)	(3.1)
Chemical and Allied Products	114,975	104,165	2.3	10,810	10.4
Automotive Dealers and Service Stations	79,722	84,720	1.6	(4,998)	(5.9)
Membership Organizations	74,287	71,422	1.5	2,865	4.0
Miscellaneous Retail	58,212	56,981	1.1	1,231	2.2
Hotels and Other Lodging Places	56,664	59,488	1.1	(2,824)	(4.7)
Sub-Total	4,268,334	4,252,349	83.7	15,985	0.4
All Other Industrial and Commercial	832,542	766,264	16.3	66,278	8.6
TOTAL INDUSTRIAL AND COMMERCIAL	5,100,876	5,018,613	100.0	82,263	1.6

Ten Largest Electric Customers Listed in Alphabetical Order

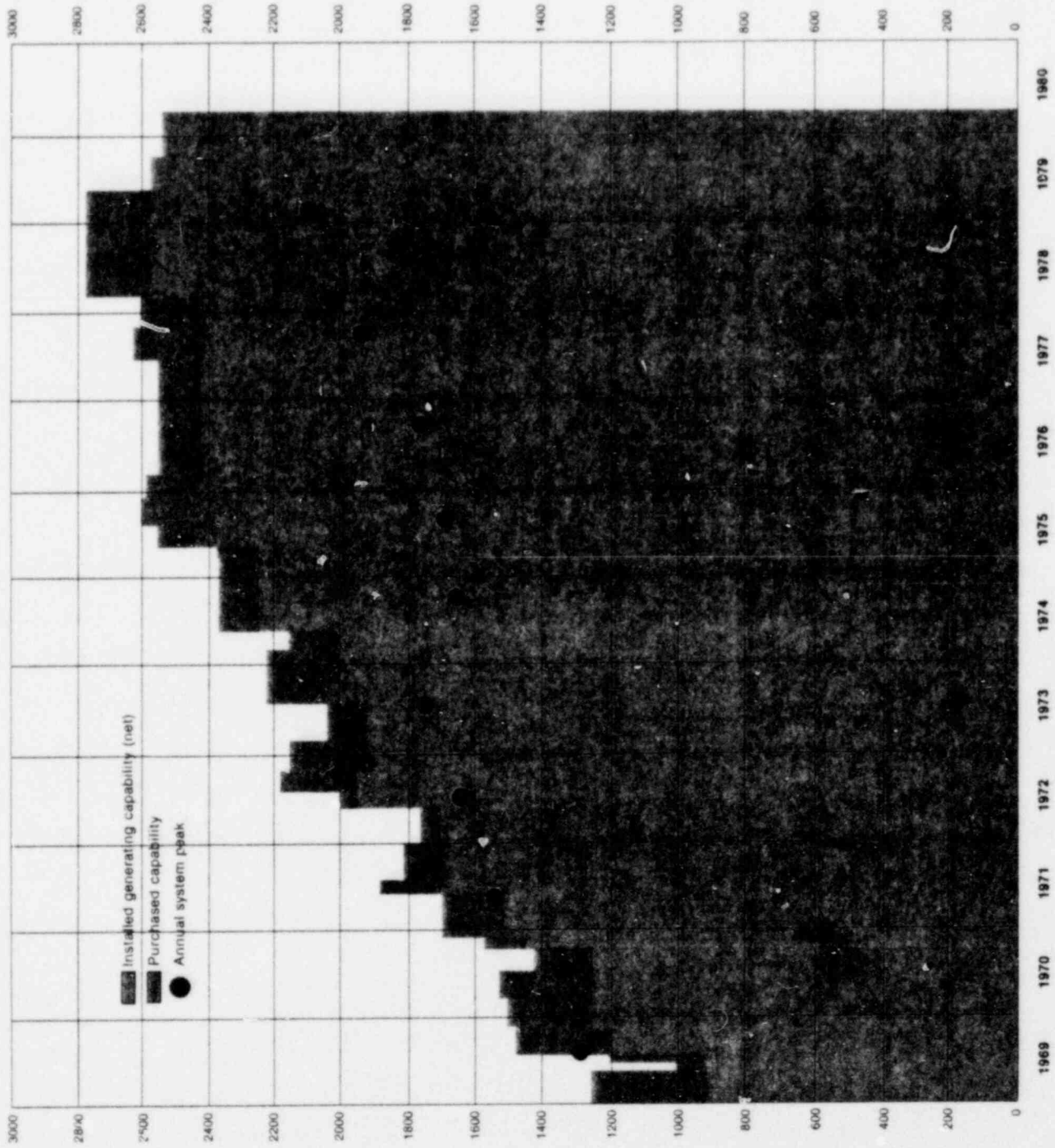
Bergstrom Paper Company	Delco Machine Division GMC
Cargill, Inc.	Delco Products Division GMC
Corning Glass Company	Inland Manufacturing Division GMC
Dayton Tire and Rubber Company	National Cash Register Corp.
Delco Air Conditioning Division GMC	Southwestern Portland Cement Co.

ELECTRIC STATISTICS

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Electric Capability											
Installed generating capability (net)—MW											
At year-end	2,537	2,588	2,408	2,408	2,412	2,232	2,046	1,914	1,717	1,515	1,234
Purchased capability—MW											
At year-end	—	200	200	157	174	158	158	214	67	157	273
Total capability (net)—MW											
At year-end	2,537	2,788	2,608	2,565	2,586	2,390	2,204	2,128	1,784	1,672	1,507
System Peak Load (net)—MW											
For the year — Summer	1,938	1,940	1,954	1,793	1,705	1,666	1,763	1,628	1,501	1,374	1,255
Winter	2,105	2,078	1,992	1,788	1,705	1,586	1,490	1,430	1,332	1,255	1,141
Annual Load Factor—%	59.6	59.4	60.1	63.2	61.8	62.4	59.2	58.9	58.5	60.3	61.3
Fuel Data											
Coal consumed (thousands of tons)	4,582	4,358	4,296	4,006	3,880	3,638	3,548	3,241	2,995	2,508	2,139
Cost per ton—\$	32.04	29.12	23.48	21.96	21.99	19.88	10.42	9.50	9.86	9.15	7.30
Cost per million BTU—\$	1.43	1.31	1.07	.99	1.02	.93	.46	.41	.43	.39	.30
Heat rate—BTU per KWH*	10,335	10,455	10,315	10,106	10,090	10,320	10,004	9,953	10,099	10,434	10,411
Electric Output (millions of KWH)											
Generation											
Coal fired units	10,144	9,448	9,277	8,941	8,383	7,908	8,176	7,569	6,963	5,699	5,022
Other units	218	235	178	214	118	126	48	171	162	170	44
Power purchases	633	1,171	1,165	988	805	1,060	1,003	767	691	1,631	1,727
Interchanged power (net)	101	135	92	(76)	(55)	33	(63)	(38)	(59)	(59)	23
Company use and line losses	(866)	(812)	(761)	(846)	(659)	(724)	(782)	(706)	(590)	(559)	(501)
Total	10,230	10,177	9,951	9,221	8,592	8,403	8,382	7,763	7,167	6,882	6,315

*Includes test generation.

ELECTRIC SYSTEM CAPABILITY and ANNUAL SYSTEM PEAK (MW)



GAS CUSTOMERS, SALES AND REVENUES

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
CUSTOMERS, at year-end											
Residential — with space heating	237,920	237,669	239,433	240,437	240,435	241,030	242,817	243,916	238,915	233,824	229,873
Residential — other	3,908	3,932	3,946	4,044	4,504	4,578	4,656	3,985	4,564	5,000	5,446
Total residential	241,828	241,601	243,379	244,481	244,939	245,608	247,473	247,901	243,479	238,824	235,319
Commercial	18,161	18,416	18,882	19,356	19,661	20,314	21,041	21,376	21,250	21,077	20,765
Industrial	1,411	1,421	1,430	1,435	1,452	1,447	1,316	1,224	1,158	1,178	1,117
Public authorities	1,196	1,203	1,180	1,212	1,236	1,298	1,339	1,151	1,136	1,087	1,074
Total customers	262,596	262,641	264,871	266,484	267,288	268,667	271,169	271,652	267,023	262,166	258,275
MCF SALES (000)											
Residential	34,362	36,058	34,743	36,089	35,748	37,360	37,440	42,022	40,853	40,844	41,908
Commercial	9,298	9,259	8,183	9,978	9,664	11,848	12,385	13,740	13,083	12,774	12,700
Industrial	16,450	17,274	12,431	18,260	17,507	22,239	23,124	24,792	19,427	17,783	17,944
Public authorities	3,245	3,175	2,210	3,146	2,951	3,585	3,956	4,198	3,996	3,415	3,185
Total gas sales	63,355	65,766	57,567	67,473	65,870	75,032	76,905	84,752	77,359	74,816	75,737
OPERATING REVENUES (\$000)											
Residential	97,692	95,506	80,689	67,373	55,780	44,582	39,793	42,830	39,798	34,034	33,284
Commercial	24,232	22,889	18,072	17,284	13,562	12,270	11,180	12,032	10,908	9,302	8,886
Industrial	40,823	39,805	24,879	28,123	21,698	19,694	16,932	17,363	13,580	10,984	10,589
Public authorities	8,062	7,333	4,590	5,072	3,805	3,404	3,191	3,266	2,951	2,252	1,973
Other	1,010	1,389	1,160	712	572	457	600	434	389	241	229
Total operating revenues	171,819	166,922	129,390	118,564	95,417	80,407	71,696	75,515	67,626	56,813	54,961

DELIVERIES TO INDUSTRIAL AND COMMERCIAL GAS CUSTOMERS

Major Standard Industrial Classifications	Total Sales — MCF		% of Total	Variation 1979 to 1978	
	1979	1978	1979	MWH	%
Food and Kindred Products	2,468,537	1,815,254	9.6	653,283	36.0
Real Estate	2,332,222	2,508,160	9.1	(175,938)	(7.0)
Electrical and Electronic Equipment	2,245,461	3,868,983	8.7	(1,623,522)	(42.0)
Transportation Equipment	1,993,116	1,964,502	7.7	28,614	1.5
Machinery, Except Electrical	1,784,767	2,093,891	6.9	(309,124)	(14.8)
Primary Metal Industries	1,588,830	1,497,822	6.2	91,008	6.1
Rubber and Miscellaneous Plastic Products	1,483,465	1,533,860	5.7	(50,395)	(3.3)
Paper and Allied Products	1,307,429	1,053,377	5.1	254,052	24.1
Fabricated Metal Products	1,076,982	1,008,506	4.2	68,476	6.8
Stone, Clay, Glass and Concrete Products	897,563	915,753	3.5	(18,190)	(2.0)
Membership Organizations	874,193	864,735	3.4	9,458	1.1
Health Services	822,404	734,001	3.2	88,403	12.0
Printing and Publishing	712,519	783,253	2.8	(70,734)	(9.0)
Personal Services	697,092	692,174	2.7	4,918	0.7
Eating and Drinking Places	619,100	655,530	2.4	(36,430)	(5.6)
Automotive Dealers and Service Stations	381,058	404,657	1.5	(23,599)	(5.8)
Educational Services	358,774	296,893	1.4	61,881	20.8
Food Stores	304,977	320,159	1.2	(15,182)	(4.7)
Hotels and Other Lodging Places	296,566	307,667	1.1	(11,101)	(3.6)
Chemicals	272,245	264,046	1.1	8,199	3.1
Sub-Total	22,517,300	23,583,223	87.5	(1,065,923)	(4.5)
All Other Industrial and Commercial	3,231,245	2,950,119	12.5	281,126	9.5
TOTAL INDUSTRIAL AND COMMERCIAL	25,748,545	26,533,342	100.0	(784,797)	(3.0)

Ten Largest Gas Customers Listed in Alphabetical Order

Cargill, Inc.	Delco Moraine Div. GMC
Corning Glass Co.	Delco Products Div. GMC
Dayton Press, Inc.	Inland Manufacturing Div. GMC
Dayton Tire and Rubber Co.	Miamisburg Box Board Div. Interstate Folding Box Co.
Delco Air Conditioning Div. GMC	Stolle Corp.

GAS STATISTICS

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Residential Statistics (per customer average)											
Sales—MCF	142.2	148.8	142.7	147.8	146.0	151.9	151.1	171.5	170.0	172.7	180.2
Degree days (annual)	6,017	6,326	5,936	6,034	5,380	5,502	5,122	6,035	5,596	5,785	5,908
Revenue—\$	404.38	394.14	331.36	275.92	227.78	181.37	160.64	174.79	165.58	143.93	143.12
Rate per MCF—\$	2.84	2.65	2.32	1.87	1.56	1.19	1.06	1.02	.97	.83	.79
Peak Day Information											
System peak day load — MCF...	488,024	504,170	534,453	478,917	462,246	488,127	545,401	639,628	607,895	635,286	508,098
Average temperature	2°	2°	-15°	0°	15°	18°	6°	-9°	2°	-4°	10°
Load factor—%	37.6	36.7	30.1	39.1	38.7	43.9	39.0	36.9	35.8	33.3	41.7
Average Cost of Purchased Gas											
—\$ per MCF	2.14	1.90	1.78	1.27	1.09	.74	.61	.55	.54	.48	.45
Gas Output (thousands of MCF)											
Purchased											
Columbia Gas Transmission Corporation											
	62,242	62,781	54,134	64,515	61,152	76,658	77,493	86,227	79,267	76,938	77,140
Columbia LNG Corporation ..											
	4,611	4,549	4,066	3,120	3,012	1,478	—	—	—	—	—
Other											
	133	135	127	759	1,142	146	151	171	161	157	161
Liquified petroleum gas											
	—	40	441	83	32	8	28	38	31	220	22
Company use and unaccounted for											
	(3,631)	(1,739)	(1,201)	(1,004)	532	(3,258)	(767)	(1,684)	(2,100)	(2,499)	(1,586)
Total											
	63,355	65,766	57,567	67,473	65,870	75,032	76,905	84,752	77,359	74,816	75,737

ELECTRIC AND GAS OPERATING REVENUE STATISTICS

	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>
ELECTRIC											
Revenue per KWH — ¢											
Residential — electric heating	3.78	3.47	3.05	2.83	2.79	2.27	1.70	1.63	1.66	1.54	1.44
Residential — other	5.06	4.58	3.87	3.76	3.72	3.18	2.38	2.34	2.38	2.31	2.25
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Total residential	4.55	4.15	3.59	3.48	3.47	2.96	2.24	2.22	2.28	2.21	2.16
Commercial	3.99	3.64	3.45	3.27	3.25	2.79	2.07	2.04	2.09	2.02	1.98
Industrial	3.27	2.94	2.55	2.34	2.39	1.98	1.35	1.31	1.34	1.25	1.13
Public authorities	3.62	3.32	2.93	2.68	2.65	2.26	1.67	1.63	1.65	1.58	1.49
Other	2.87	2.75	2.34	2.16	2.03	1.67	1.17	1.16	1.24	1.14	1.08
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TOTAL	3.86	3.53	3.10	2.94	2.96	2.49	1.82	1.79	1.84	1.74	1.65
<hr/>											
GAS											
Revenue per MCF — \$											
Residential-with space heating	2.84	2.65	2.32	1.86	1.56	1.19	1.06	1.02	0.97	0.83	0.79
Residential — other	3.75	3.63	3.43	2.75	2.46	1.80	1.67	1.48	1.42	1.26	1.12
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Total residential	2.84	2.65	2.32	1.87	1.56	1.19	1.06	1.02	0.97	0.83	0.79
Commercial	2.61	2.47	2.21	1.73	1.40	1.04	0.90	0.88	0.83	0.73	0.70
Industrial	2.48	2.30	2.00	1.54	1.24	0.89	0.73	0.70	0.70	0.62	0.59
Public authorities	2.48	2.31	2.08	1.61	1.29	0.95	0.81	0.78	0.74	0.66	0.62
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TOTAL	2.70	2.54	2.25	1.75	1.44	1.07	0.92	0.89	0.87	0.76	0.72

SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements include the accounts of the Company and its wholly-owned subsidiary which owns the Company's corporate headquarters facility. The unconsolidated subsidiaries, which are accounted for on the equity basis, are not significant.

Revenues

The Company records revenues as billed to its customers and does not recognize any unbilled portion which exists at the end of an accounting period. Changes in levels of fuel and gas costs are reflected in revenues through cost adjustment clauses.

Purchased Gas and Fuel Costs

Prior to December 1979, gas for resale included the cost of deliveries from principal suppliers through the 19th of each month; the cost for the period from the 20th to the end of the month was not recorded until the following month.

As a result of an order by The Public Utilities Commission of Ohio (PUCO), the Company, effective in December 1979, implemented a revised purchased gas adjustment clause and began expensing gas costs as recovered through revenue. The portion of gas costs recoverable in future periods is deferred.

The cost of fuel used to produce electricity and steam at generating stations is expensed as consumed on a calendar month basis.

Pensions

Trusteed non-contributory retirement plans provide for monthly retirement income to employees, with a normal retirement age of 65. Contributions provide for the normal cost and the amortization of unfunded prior service costs over twenty years.

Maintenance

All expenditures for maintenance and repairs of units of property, including renewals of minor items, are charged to the appropriate maintenance expense accounts.

Depreciation

The Company provides for depreciation for financial reporting purposes on the straight-line method using rates based on periodic studies.

Income Taxes

Under various provisions of the income tax laws, the Company has elected the use of liberalized depreciation, which currently is greater than depreciation provided for financial statement purposes. The Company also deducts for income tax purposes all costs incurred in removing property from service. Pursuant to rate orders issued by the PUCO, the Federal income tax effect resulting from the difference between liberalized tax depreciation and straight-line (guideline lives) tax depreciation for 1976 and subsequent property additions has been normalized.

Deferred Federal income taxes are also provided for timing differences related to current State property and excise taxes, bond reacquisition costs, accelerated amortization of environmental control facilities and several insignificant items.

The income taxes — credits classified under Other Income and Deductions result principally from the Federal income tax deductions related to interest expense arising from investments in construction work in progress.

The Company follows flow-through accounting for all other income tax timing differences.

Investment tax credits are deferred and amortized over the lives of the related property.

Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC) represents the estimated portion of interest and equity costs of capital funds applicable to construction. These costs are transferred from the income statement to construction work in progress and are capitalized in the same manner as labor and material costs, because under established regulatory rate practices a utility is permitted to include a fair return on, and the recovery of, these capital costs through their inclusion in the rate base and the provision for depreciation.

As the result of a requirement of the Federal Energy Regulatory Commission, the Company changed its AFC rate from a simple-interest rate to a semi-annually compounded rate as of January 1, 1977. The requirement also revised the financial reporting of AFC in that the portion of the AFC attributable to borrowed funds is now credited to Interest Charges with the equity funds portion of AFC reported in Other Income and Deductions. The Company has not reclassified AFC into its borrowed and equity funds components for periods prior to January 1, 1977.

Property and Plant

Construction costs include overheads for payroll-related costs and administrative and general expenses as well as the estimated cost of funds used during construction. The replacement of a unit of property is accounted for as an addition and retirement. At the time of retirement of a unit of property, the accumulated provision for depreciation is charged with the book value thereof together with the cost of removal and credited with the salvage value.

Accumulated deferred income taxes related to liberalized depreciation and amortization have been deducted from property and plant investment since, for ratemaking purposes, these deferred taxes reduce the rate base on which the Company is entitled to earn a return.

Reclassifications

Certain reclassifications have been made in the prior years' amounts to make them comparable to the classifications of such items in 1979.

STATEMENT OF SOURCES OF FUNDS INVESTED IN PLANT AND FACILITIES
(Thousands)

SOURCES OF FUNDS	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Internally Generated	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Funds from operations:											
Net income	61,536	47,551	40,225	43,429	41,168	29,666	27,015	27,099	24,898	22,352	23,025
Principal non-cash provisions —											
Depreciation and amortization	32,448	30,594	27,621	27,007	25,460	23,609	21,680	20,123	18,922	16,520	14,647
Deferred Federal income taxes (net)	5,865	3,226	5,821	637	1,728	990	569	357	443	789	—
Deferred investment tax credits (net)	3,621	8,547	9,953	5,210	4,278	—	—	—	—	—	—
Allowance for funds used during construction											
All funds (prior to 1977)	—	—	—	(12,133)	(8,909)	(7,458)	(5,256)	(4,296)	(3,584)	(4,705)	(3,905)
Equity funds (after 1976)	(24,908)	(16,058)	(12,236)	—	—	—	—	—	—	—	—
Funds from operations	78,562	73,860	71,384	64,150	63,725	46,807	44,008	43,283	40,679	34,956	33,767
Dividends paid on common stock	(40,485)	(35,216)	(30,496)	(28,242)	(24,199)	(20,670)	(19,830)	(18,087)	(17,276)	(15,081)	(14,823)
Dividends paid on preferred stock	(14,297)	(10,777)	(8,497)	(8,497)	(8,394)	(5,857)	(4,681)	(3,528)	(3,187)	(1,989)	(1,690)
Funds retained in the business	23,780	27,867	32,391	27,411	31,132	20,280	19,497	21,668	20,216	17,886	17,254
Funds from other sources — net:											
Decrease (increase) in working capital —											
Accounts receivable	(2,349)	(4,754)	(2,508)	(12,338)	(1,480)	(7,697)	20	(5,706)	1,297	(1,027)	(1,658)
Federal income tax refund receivable	1,470	10,989	(12,459)	—	2,950	(2,950)	—	—	—	—	—
Fuel stock	(17,323)	2,106	(13,484)	1,496	(1,147)	(11,136)	(274)	92	(1,407)	(4,136)	(455)
Prepayments	(700)	(8,373)	1,763	(1,968)	(1,737)	(3,844)	(313)	190	(921)	(720)	5
Other current assets	(2,308)	(3,058)	614	(1,795)	862	(1,487)	(200)	2,017	(1,351)	2,882	(2,459)
Accounts payable	6,146	6,646	9,136	2,402	3,372	5,761	896	310	1,670	700	395
Other current liabilities	12,713	12,964	(2,949)	1,295	11,684	2,599	80	2,643	5,090	4,924	7,981
Other	(4,451)	(3,911)	(1,523)	4,134	(3,976)	(614)	84	(253)	(858)	(2,009)	(6,946)
Funds from other sources	(6,802)	12,609	(21,410)	(6,774)	10,528	(19,368)	293	(707)	3,520	614	(3,137)
Internally generated funds	16,978	40,476	10,981	20,637	41,660	912	19,790	20,961	23,736	18,500	14,117
External Financing — net proceeds:											
Long-term debt	129,886	59,841	70,904	50,111	45,965	46,096	39,624	—	44,431	35,136	29,693
Preferred stock	44,727	39,759	—	(13)	2,489	21,880	24,636	—	19,679	—	14,990
Common stock	7,351	48,317	54,162	37,628	25,325	20,082	1,944	30,025	1,965	23,987	967
Short-term debt (net)	—	(4,500)	4,500	(5,500)	(2,096)	(2,322)	(13,900)	10,700	(24,550)	(10,200)	18,750
Construction funds —											
disbursed by trustee	5,564	3,891	1,326	—	—	—	—	—	—	—	—
Temporary cash investments (net)	(8,038)	(8,786)	13,969	(13,969)	—	—	—	—	—	—	—
Reduction in long-term debt and preferred stock	(3,430)	(24,639)	(49,364)	(749)	(29,310)	—	—	—	—	—	—
Funds from financing	176,060	113,883	95,497	67,508	42,373	63,736	52,304	40,725	41,525	48,923	64,400
Invested in plant and facilities, excluding allowance for funds used during construction	193,038	154,359	106,478	88,145	84,033	86,648	72,094	61,686	65,261	67,423	78,517
Allowance for funds used during construction											
All funds (prior to 1977)	—	—	—	12,133	8,909	7,458	5,256	4,296	3,584	4,705	3,905
Equity funds (after 1976)	24,908	16,058	12,236	—	—	—	—	—	—	—	—
TOTAL INVESTED IN PLANT AND FACILITIES	217,946	170,417	118,714	100,278	92,942	94,106	77,350	65,982	68,845	72,128	82,422

**RESULTS OF OPERATIONS
AND
EARNINGS REINVESTED IN THE BUSINESS**

(Thousands)

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING REVENUES											
Electric	398,552	362,145	311,306	273,671	256,693	211,295	154,018	140,742	132,951	121,262	105,027
Gas	171,819	166,922	129,390	118,564	95,417	80,407	71,696	75,925	67,626	56,813	54,961
Steam	6,861	6,746	5,828	5,627	5,465	4,855	3,312	3,219	3,034	2,597	2,617
Total operating revenues	577,232	535,813	446,524	397,862	357,575	296,557	229,026	219,886	203,611	180,672	162,605
OPERATING EXPENSES											
Operation											
Fuel used in production	162,559	140,461	111,643	98,925	93,263	83,021	40,722	34,246	32,820	25,574	17,113
Electricity purchased for resale	16,874	32,549	28,105	15,410	10,975	13,378	7,690	6,064	4,059	8,528	9,817
Gas for resale	135,648	127,999	104,811	87,171	71,417	56,035	47,485	47,363	42,088	36,359	34,298
Wages	36,957	32,972	29,060	26,054	23,600	22,581	21,884	21,232	20,028	18,675	16,501
Benefits	8,420	6,588	6,464	6,476	5,885	4,470	4,688	4,469	3,677	2,892	2,698
Materials and other	19,246	20,290	17,551	11,324	9,658	6,949	6,305	7,180	6,459	5,981	6,436
Maintenance											
Wages	14,619	12,314	10,172	9,064	8,335	7,524	6,545	6,001	5,875	4,327	4,225
Materials and other	21,497	20,063	11,326	8,604	7,868	6,690	4,829	4,253	4,337	3,326	2,704
Provision for depreciation and amortization	30,183	28,580	26,399	25,595	24,303	22,192	20,508	18,874	17,418	15,055	12,905
Taxes other than income taxes											
Property	21,435	19,827	19,212	17,858	16,593	15,664	14,801	13,711	13,024	11,047	9,432
State public utility excise and other	20,474	16,489	14,983	13,855	11,188	8,745	8,371	7,661	6,825	5,855	4,764
Payroll	3,176	2,515	2,048	1,899	1,660	1,558	1,393	1,095	935	855	794
Income taxes	17,239	8,846	169	11,310	10,905	1,884	2,778	6,550	7,865	8,007	9,911
Deferred investment tax credits (net)	3,646	8,506	9,965	5,213	4,225	—	—	—	—	—	—
Total operating expenses	511,973	477,999	391,908	338,758	299,875	250,681	187,999	178,699	165,410	146,981	131,598
OPERATING INCOME	65,259	57,814	54,616	59,104	57,700	45,876	41,027	41,187	38,201	33,691	31,007

**RESULTS OF OPERATIONS
AND
EARNINGS REINVESTED IN THE BUSINESS (Continued)**

(Thousands)

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME	65,259	57,814	54,616	59,104	57,700	45,876	41,027	41,187	38,201	33,691	31,007
OTHER INCOME AND DEDUCTIONS											
Allowance for funds used during construction											
All funds (prior to 1977)	—	—	—	12,133	8,909	7,458	5,256	4,296	3,584	4,705	3,905
Equity funds (after 1976)	24,908	16,058	12,236	—	—	—	—	—	—	—	—
Income taxes — credits	7,442	5,065	4,858	2,949	2,152	2,242	1,633	1,508	1,386	1,838	—
Other (net)	1,383	2,479	542	558	538	(393)	(652)	(768)	(1,222)	(1,224)	(259)
Total other income and deductions	33,733	23,602	17,636	15,640	11,599	9,307	6,237	5,036	3,748	5,319	3,646
INCOME BEFORE INTEREST CHARGES	98,992	81,416	72,252	74,744	69,299	55,183	47,264	46,223	41,949	39,010	34,653
INTEREST CHARGES											
First mortgage bonds	42,995	37,036	34,889	30,267	27,256	22,012	18,104	18,040	15,744	12,970	9,099
Bank loans and commercial paper	590	318	330	438	399	1,064	1,726	984	1,145	3,632	2,482
Other	2,758	2,148	1,302	610	476	441	119	100	162	56	47
Allowance for borrowed funds used during construction — credit	(8,887)	(5,637)	(4,494)	—	—	—	—	—	—	—	—
Net interest charges	37,456	33,865	32,027	31,315	28,131	25,517	20,249	19,124	17,051	16,658	11,628
NET INCOME	61,536	47,551	40,225	43,429	41,168	29,666	27,015	27,099	24,898	22,352	23,025
Preferred dividends	14,297	10,777	8,497	8,497	8,394	5,857	4,681	3,528	3,187	1,989	1,690
EARNINGS ON COMMON STOCK	47,239	36,774	31,728	34,932	32,774	23,809	22,334	23,571	21,711	20,363	21,335
EARNINGS REINVESTED IN THE BUSINESS											
Balance at beginning of year	116,153	111,595	113,363	106,673	98,098	94,959	92,359	86,875	82,440	77,158	70,710
Total	163,392	151,169	145,091	141,605	130,872	118,768	114,693	110,446	104,151	97,521	92,045
Add — Other	—	—	—	—	—	—	96	—	—	—	—
Deduct — Cash dividends on common stock	40,485	35,216	30,496	28,242	24,199	20,670	19,830	18,087	17,276	15,381	14,823
Other	—	—	—	—	—	—	—	—	—	—	64
Balance at end of year	122,907	116,153	114,595	113,363	106,673	98,098	94,959	92,359	86,875	82,440	77,158
EARNINGS PER SHARE OF COMMON STOCK	2.01	1.73	1.70	2.05	2.24	1.89	1.87	2.15	2.07	2.15	2.28
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (000)	23,556	21,253	18,638	17,070	14,633	12,608	11,945	10,982	10,500	9,472	9,378
RATE OF RETURN ON AVERAGE COMMON EQUITY	10.8	9.3	9.1	11.2	12.3	10.2	10.1	12.0	11.9	13.2	14.6

OPERATING REVENUE RATIOS

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
	%	%	%	%	%	%	%	%	%	%	%
OPERATING REVENUES											
Electric	69.0	67.6	69.7	68.8	71.8	71.3	67.3	64.0	65.3	67.1	64.6
Gas	29.8	31.1	29.0	29.8	26.7	27.1	31.3	34.5	33.2	31.5	33.8
Steam	1.2	1.3	1.3	1.4	1.5	1.6	1.4	1.5	1.5	1.4	1.6
Total operating revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
OPERATING EXPENSES											
Operation											
Fuel used in production	28.2	26.2	25.0	24.9	26.1	28.0	17.8	15.6	16.1	14.2	10.5
Electricity purchased for resale	2.9	6.1	6.3	3.9	3.1	4.5	3.4	2.8	2.0	4.7	6.0
Gas for resale	23.5	23.9	23.5	21.9	20.0	18.9	20.7	21.5	20.7	20.1	21.1
Wages	6.4	6.1	6.5	6.5	6.6	7.6	9.5	9.7	9.8	10.3	10.1
Benefits	1.5	1.2	1.5	1.6	1.6	1.5	2.0	2.0	1.8	1.6	1.7
Materials and other	3.3	3.8	3.9	2.8	2.7	2.3	2.7	3.3	3.2	3.3	4.0
Maintenance											
Wages	2.5	2.3	2.3	2.3	2.3	2.5	2.9	2.7	2.9	2.7	2.6
Materials and other	3.7	3.7	2.5	2.2	2.2	2.3	2.1	1.9	2.1	1.8	1.7
Provision for depreciation and amortization	5.2	5.3	5.9	6.4	6.8	7.5	9.0	8.6	8.6	8.4	7.9
Taxes other than income taxes											
Property	3.7	3.7	4.3	4.5	4.6	5.3	6.5	6.2	6.4	6.1	5.8
State public utility excise and other	3.6	3.1	3.4	3.5	3.1	3.0	3.7	3.5	3.3	3.2	2.9
Payroll	6	5	5	5	5	5	6	5	5	5	5
Income taxes	3.0	1.7	—	2.8	3.1	6	1.2	3.0	3.8	4.4	6.1
Deferred investment tax credits (net)	6	1.6	2.2	1.3	1.2	—	—	—	—	—	—
Total operating expenses	88.7	89.2	87.8	85.1	83.9	84.5	82.1	81.3	81.2	81.3	80.9
OPERATING INCOME	11.3	10.8	12.2	14.9	16.1	15.5	17.9	18.7	18.8	18.7	19.1
OTHER INCOME AND DEDUCTIONS*	5.8	4.4	4.0	3.9	3.3	3.1	2.7	2.3	1.8	2.9	2.2
INCOME BEFORE INTEREST CHARGES	17.1	15.2	16.2	18.8	19.4	18.6	20.6	21.0	20.6	21.6	21.3
INTEREST CHARGES*	6.4	6.3	7.2	7.9	7.9	8.6	8.8	8.7	8.4	9.2	7.1
NET INCOME	10.7	8.9	9.0	10.9	11.5	10.0	11.8	12.3	12.2	12.4	14.2
Preferred dividends	2.5	2.0	1.9	2.1	2.3	2.0	2.1	1.6	1.5	1.1	1.1
EARNINGS ON COMMON STOCK	8.2	6.9	7.1	8.8	9.2	8.0	9.7	10.7	10.7	11.3	13.1

*See Significant Accounting Policies — Allowance for Funds Used During Construction.

TAX INFORMATION (Thousands)

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income tax expense											
Federal income tax at statutory rate applied to pre-tax income	34,490	28,722	21,840	27,361	25,990	14,068	13,517	15,428	15,060	14,032	17,391
Decreases in tax from —											
Allowance for funds used during construction which does not constitute taxable income	15,545	10,414	8,030	5,824	4,276	3,580	2,523	2,062	1,720	2,315	2,062
Excess of tax depreciation and amortization over book depreciation and amortization (flow-through)	4,341	5,689	8,340	8,070	8,980	8,088	7,732	6,216	5,536	3,894	3,675
Investment tax credits	418	351	195	149	65	2,519	1,922	2,029	1,259	1,665	1,805
Other (net)	743	(19)	(1)	(256)	(309)	239	195	79	66	(11)	(62)
Total tax expense	13,443	12,287	5,276	13,574	12,978	(358)	1,145	5,042	6,479	6,169	9,911
Effective tax rate (1)	17.93	20.53	11.60	23.81	23.97	—	4.07	15.69	20.65	21.63	30.09
Components of income tax expense											
Total tax currently payable (refundable)	2,646	(719)	(11,083)	7,727	7,000	(1,348)	576	4,685	6,036	5,380	8,943
Deferred taxes —											
Unrecovered gas costs	645	—	—	—	—	—	—	—	—	—	—
Bond reacquisition	(129)	(129)	3,536	—	—	—	—	—	—	—	—
Liberalized depreciation and amortization	4,023	2,922	698	704	435	410	—	—	—	—	—
Other	1,326	433	1,587	(67)	1,265	580	569	357	443	789	968
Deferred investment tax credits (net)	3,621	8,547	9,953	5,210	4,278	—	—	—	—	—	—
Other deferred items	1,311	1,233	585	—	—	—	—	—	—	—	—
Total tax expense	13,443	12,287	5,276	13,574	12,978	(358)	1,145	5,042	6,479	6,169	9,911
Classification of income tax expense											
Operating Expenses—											
Income taxes	17,239	8,846	169	11,310	10,905	1,884	2,778	6,550	7,865	8,007	9,911
Deferred investment tax credits (net)	3,646	8,506	9,965	5,213	4,225	—	—	—	—	—	—
Other Income and Deductions—											
Income taxes—credits	(7,442)	(5,065)	(4,858)	(2,949)	(2,152)	(2,242)	(1,633)	(1,508)	(1,386)	(1,838)	—
Total tax expense	13,443	12,287	5,276	13,574	12,978	(358)	1,145	5,042	6,479	6,169	9,911
(1) Ratio of total tax expense to pre-tax income.											
Taxes other than income taxes											
Property	21,435	19,827	19,212	17,858	16,593	15,664	14,801	13,711	13,024	11,047	9,432
State public utility excise	19,698	15,754	14,258	13,350	10,751	8,489	8,194	7,515	6,672	5,676	4,568
Payroll	3,176	2,515	2,048	1,899	1,660	1,558	1,393	1,095	935	855	794
Other	776	735	725	505	437	256	177	146	153	179	196
Total	45,085	38,831	36,243	33,612	29,441	25,967	24,565	22,467	20,784	17,757	14,990

BALANCE SHEETS

(Thousands)

ASSETS	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property and Plant, at original cost											
Electric	970,292	900,360	821,241	797,366	766,634	701,593	640,875	592,484	541,458	491,162	423,252
Gas	105,854	104,393	102,593	101,344	101,993	100,992	100,147	98,352	95,071	91,350	86,964
Steam	11,902	10,205	10,207	10,131	10,041	10,017	9,935	10,631	10,553	10,413	10,245
Total property and plant in service	1,088,048	1,014,958	934,041	908,841	878,668	812,602	750,957	701,467	647,082	592,925	520,461
Less-Accumulated provision for depreciation and amortization ...	320,507	298,524	274,300	251,940	231,887	210,989	198,934	182,575	165,689	151,258	136,300
-Accumulated deferred income taxes related to liberalized depreciation and amortization ...	9,189	5,176	2,247	1,549	845	410	—	—	—	—	—
Construction work in progress	506,916	370,756	287,294	198,699	139,848	118,524	99,308	77,403	68,872	58,643	67,460
Acquisition adjustments, being amortized	3,991	4,237	4,484	4,731	4,347	4,574	5,179	5,614	6,352	7,183	1,136
Total property and plant	1,269,259	1,086,251	949,272	858,782	790,131	724,301	656,510	601,909	556,617	507,493	452,757
Unexpended Construction Funds Held by Trustee	5,230	9,852	12,780	—	—	—	—	—	—	—	—
Current Assets											
Cash	5,462	5,323	3,928	4,613	3,705	4,842	4,928	4,908	6,431	5,190	8,350
Temporary cash investments, at cost	16,824	8,786	—	13,969	—	—	—	—	—	—	—
Accounts receivable, less provision for uncollectible accounts	47,866	45,517	40,763	38,255	25,917	24,437	16,740	16,760	11,054	12,351	11,324
Federal income tax refund receivable	—	1,470	12,459	—	—	2,950	—	—	—	—	—
Fuel stock, at average cost	49,653	32,330	34,436	20,952	22,448	21,301	10,165	9,891	9,983	8,576	4,440
Materials and supplies, at average cost	11,596	9,908	8,108	8,093	7,142	7,005	5,428	5,246	5,742	5,632	5,353
Prepayments	19,612	18,912	10,539	12,302	10,334	8,597	4,753	4,440	4,549	3,628	2,908
Other	594	113	251	195	259	121	125	127	125	125	126
Total current assets	151,607	122,359	110,484	98,379	69,805	69,253	42,139	41,372	37,884	35,502	32,501
Other Assets											
State and local taxes applicable to subsequent years	32,308	29,915	26,441	23,890	22,913	20,892	19,261	17,995	17,103	15,815	13,976
Unamortized loss on reacquired debt	6,843	7,104	7,366	—	—	—	—	—	—	—	—
Unamortized debt expense	5,061	3,542	3,564	3,217	2,922	2,554	2,123	1,820	1,700	1,296	949
Leased construction equipment	1,952	2,400	2,441	2,608	2,920	1,699	—	—	—	—	—
Unrecovered gas costs	1,401	—	—	—	—	—	—	—	—	—	—
Deferred charges and other	7,147	9,030	6,359	5,233	6,441	3,873	4,290	4,524	4,861	4,512	3,999
Total other assets	54,712	51,991	46,171	34,948	35,196	29,018	25,674	24,348	23,664	21,623	18,924
Total	1,480,808	1,270,453	1,118,707	992,109	895,132	822,572	724,323	667,629	618,165	564,618	504,182

BALANCE SHEETS (Continued)
(Thousands)

CAPITALIZATION AND LIABILITIES	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Capitalization	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Common shareholders' equity	443,266	429,434	379,800	324,406	280,101	246,212	223,611	219,431	183,924	177,845	148,575
Preferred stock											
Without mandatory redemption provisions	82,851	82,851	82,851	82,851	82,851	82,851	82,851	57,851	57,851	37,851	37,851
With mandatory redemption provisions	107,500	63,750	25,000	25,000	25,000	22,500	—	—	—	—	—
Long-term debt	667,403	538,418	480,623	460,979	410,966	365,091	347,321	307,340	307,358	262,492	226,982
Total capitalization	1,301,020	1,114,453	968,274	893,236	798,918	716,654	653,783	584,622	549,133	478,188	413,408
Current Liabilities											
First mortgage bonds—											
2½% Series Due 1975	—	—	—	—	—	28,850	—	—	—	—	—
3 % Series Due 1978	—	—	8,000	—	—	—	—	—	—	—	—
3 % Series A Due 1978	—	—	15,000	—	—	—	—	—	—	—	—
Preferred stock sinking fund requirements	1,250	1,250	—	—	—	—	—	—	—	—	—
Notes payable—commercial paper	—	—	4,500	—	2,009	7,500	10,500	8,000	4,500	13,000	17,500
Notes payable—banks and other	2,420	1,928	1,329	551	4,240	678	—	16,400	9,200	25,250	30,950
Accounts payable	46,251	40,105	33,459	24,323	21,921	18,549	12,788	11,892	11,582	9,912	9,212
Accrued taxes	47,187	46,121	39,899	40,393	41,339	33,148	31,510	30,174	28,864	24,971	21,130
Accrued interest	10,636	7,754	7,187	7,803	7,279	5,465	4,299	3,884	3,800	2,483	2,178
Refunds due customers	11,304	3,909	524	2,808	1,682	51	431	1,716	261	154	—
Other	8,699	7,329	4,011	3,566	2,975	2,927	2,752	3,138	3,345	3,571	2,947
Total current liabilities	127,747	108,396	113,909	79,444	81,436	97,168	62,280	75,204	61,552	79,341	83,917
Deferred Credits and Other											
Federal income tax effect of state and local taxes applicable to subsequent years	14,778	14,320	12,692	8,800	8,630	8,211	7,632	7,063	6,706	6,401	5,948
Income taxes other than those related to liberalized depreciation and amortization	4,049	3,603	3,784	660	1,137	—	—	—	—	—	—
Investment tax credits	31,610	27,989	19,442	9,488	4,278	—	—	—	—	—	—
Other	1,604	1,692	606	481	733	539	628	740	774	688	909
Total deferred credits and other	52,041	47,604	36,524	19,429	14,778	8,750	8,260	7,803	7,480	7,089	6,857
	1,480,808	1,270,453	1,118,707	992,109	895,132	822,572	724,323	667,629	618,165	564,618	504,182

COMMON SHARES ISSUED AND OUTSTANDING

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Number of Common Shares											
Outstanding at the beginning of the year	23,356,046	20,415,991	17,642,682	15,431,486	13,765,911	11,988,699	11,901,264	10,540,372	10,450,409	9,403,489	9,365,262
Public sales	—	2,500,000	2,500,000	2,000,000	1,500,000	1,700,000	—	1,300,000	—	1,000,000	—
Employee plans	118,684	178,404	110,152	90,876	137,728	77,212	87,435	60,892	89,963	46,920	38,227
Automatic Dividend Reinvestment and Stock Purchase Plan	360,732	261,651	163,157	120,320	27,847	—	—	—	—	—	—
Outstanding at the end of the year	23,835,462	23,356,046	20,415,991	17,642,682	15,431,486	13,765,911	11,988,699	11,901,264	10,540,372	10,450,409	9,403,489

CAPITALIZATION

(Thousands)

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Common Shareholders' Equity	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Common stock, \$7 par value	166,848	163,432	142,912	123,499	108,020	96,361	83,921	83,309	73,782	73,153	65,824
Other paid-in capital	153,511	149,739	122,293	87,544	65,408	51,753	44,731	43,763	23,267	22,252	5,593
Earnings reinvested in the business	122,907	116,153	114,595	113,363	106,673	98,098	94,959	92,359	86,875	82,440	77,158
Total common shareholders' equity	443,266	429,434	379,800	324,406	280,101	246,212	223,611	219,431	183,924	177,845	148,575
Preferred Stock, Cumulative, \$100 Par Value											
Without mandatory redemption provisions											
3.75 % A	9,328	9,328	9,328	9,328	9,328	9,328	9,328	9,328	9,328	9,328	9,328
3.75 % B	6,940	6,940	6,940	6,940	6,940	6,940	6,940	6,940	6,940	6,940	6,940
3.90 % C	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583	6,583
7.48 % D (NYSE)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
7.70 % E (NYSE)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	—	—
7.375% F (NYSE)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	—	—	—	—
	82,851	82,851	82,851	82,851	82,851	82,851	82,851	57,851	57,851	37,851	37,851
With mandatory redemption provisions (Exclusive of sinking fund payments due within one year)											
12.50% G (NYSE)	22,500	23,750	25,000	25,000	25,000	22,500	—	—	—	—	—
8% % H	40,000	40,000	—	—	—	—	—	—	—	—	—
9% % I	45,000	—	—	—	—	—	—	—	—	—	—
	107,500	63,750	25,000	25,000	25,000	22,500	—	—	—	—	—

(NYSE) New York Stock Exchange.

CAPITALIZATION (Continued)

(Thousands)

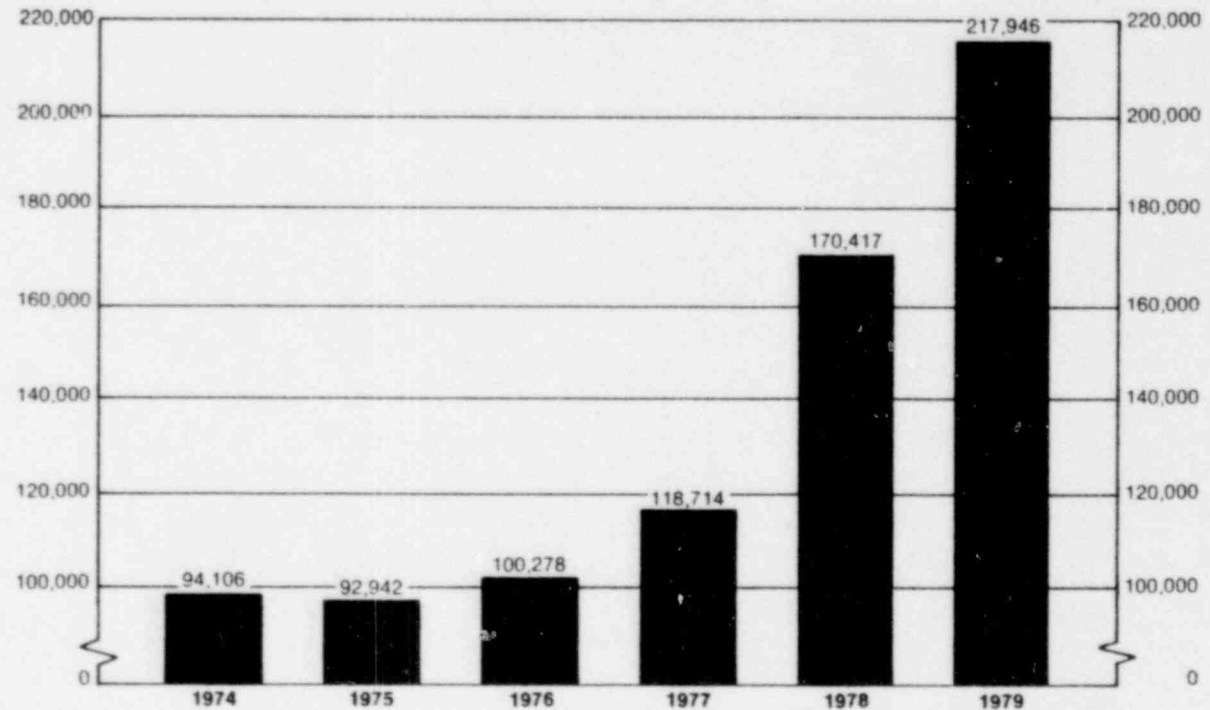
	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Long-term Debt											
First mortgage bonds											
2% % Series Due 1975 (NYSE) ..	—	—	—	—	—	—	28,850	28,850	28,850	28,850	28,850
3 % Series Due 1978 (NYSE) ..	—	—	—	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
3 % Series A Due 1978 (NYSE) ..	—	—	—	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
10% % Series Due 1981 (NYSE) ..	45,000	45,000	45,000	45,000	45,000	45,000	—	—	—	—	—
3% % Series Due 1982 (NYSE) ..	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
3 % Series Due 1984 (NYSE) ..	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
4.45 % Series Due 1993 (P)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
5% % Series Due 1997	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
6% % Series Due 1998	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
8.95 % Series Due 1998 (P)	20,000	20,000	—	—	—	—	—	—	—	—	—
8% % Series Due 1999	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
10% % Series Due 1999 (P)	30,000	—	—	—	—	—	—	—	—	—	—
9% % Series Due 2000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	—
8% % Series Due 2001 (NYSE) ..	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	—	—
8 % Series Due 2003 (NYSE) ..	40,000	40,000	40,000	40,000	40,000	40,000	40,000	—	—	—	—
9% % Series Due 2003 (P)	50,000	35,000	—	—	—	—	—	—	—	—	—
10.70% Series Due 2005 (NYSE) ..	3,175	3,175	3,175 *	45,000	45,000	—	—	—	—	—	—
8% % Series Due 2006 (NYSE) ..	50,000	50,000	50,000	50,000	—	—	—	—	—	—	—
6.35 % Series Due 2007 (Pollution Control) (P)	14,200	14,200	14,200	—	—	—	—	—	—	—	—
8% % Series Due 2007 (NYSE) ..	60,000	60,000	60,000	—	—	—	—	—	—	—	—
12% % Series Due 2009 (NYSE) ..	57,000	—	—	—	—	—	—	—	—	—	—
	624,375	522,375	467,375	458,000	408,000	363,000	346,850	306,850	306,850	261,850	226,850
Unamortized debt discount and premium (net)	(176)	295	311	789	434	453	471	490	508	642	132
Notes payable—due through 1984 ..	95	130	166	202	144	247	—	—	—	—	—
10% Mortgage note payable— due in installments through 2012 ..	8,871	8,911	8,946	—	—	—	—	—	—	—	—
Guarantee of pollution control obligations—7% and 7% Series A due 1999 through 2009 ..	26,390	—	—	—	—	—	—	—	—	—	—
Capital lease obligations	7,848	6,707	3,825	1,988	2,388	1,211	—	—	—	—	—
Total long-term debt	667,403	538,418	480,623	460,979	410,966	365,011	347,321	307,340	307,358	262,492	226,982
Total capitalization	1,301,020	1,114,453	968,274	893,236	798,918	716,654	653,783	584,622	549,133	478,188	413,408
Capitalization Ratios: %											
Common shareholders' equity	34.1	38.5	39.2	36.3	35.1	34.4	34.2	37.5	33.5	37.2	35.9
Preferred stock	14.6	13.2	11.1	12.1	13.5	14.7	12.7	9.9	10.5	7.9	9.2
Long-term debt	51.3	48.3	49.7	51.6	51.4	50.9	53.1	52.6	56.0	54.9	54.9
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* \$41,825,000 redeemed through a tender offer in 1977.

(NYSE) New York Stock Exchange.

(P) Private placement.

CONSTRUCTION COSTS
1974 - 1979
(Thousands of Dollars)



	1974		1975		1976		1977		1978 (d)		1979	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Electric												
Production	60,865	64.7	60,030	64.6	64,056	63.9	90,943	76.6	134,817	79.1	180,971	83.0
Transmission	10,921	11.6	10,798	11.6	10,217	10.2	7,775	6.6	11,632	6.9	11,865	5.5
Distribution	17,730	18.8	14,405	15.5	14,988	14.9	14,222	12.0	15,529	9.1	17,156	7.9
General	1,245	1.3	4,805(a)	5.2	9,662(a)	9.6	3,843(a)	3.2	5,123	3.0	4,665	2.1
Total	90,761	96.4	90,038	96.9	98,923	98.6	116,783	98.4	167,101	98.1	214,657	98.5
Gas	1,329	1.4	1,291	1.4	1,185	1.2	1,310	1.1	2,247	1.3	2,043	.9
Steam	115	.1	102	.1	74	.1	382	.3	665	.4	1,246	.6
Sub-total (b)	92,205	97.9	91,431	98.4	100,182	99.9	118,481	99.8	170,013	99.8	217,946	100.0
Other (c)	1,901	2.1	1,511	1.6	96	.1	233	.2	404	.2	—	—
Total	94,106	100.0	92,942	100.0	100,278	100.0	118,714	100.0	170,417	100.0	217,946	100.0

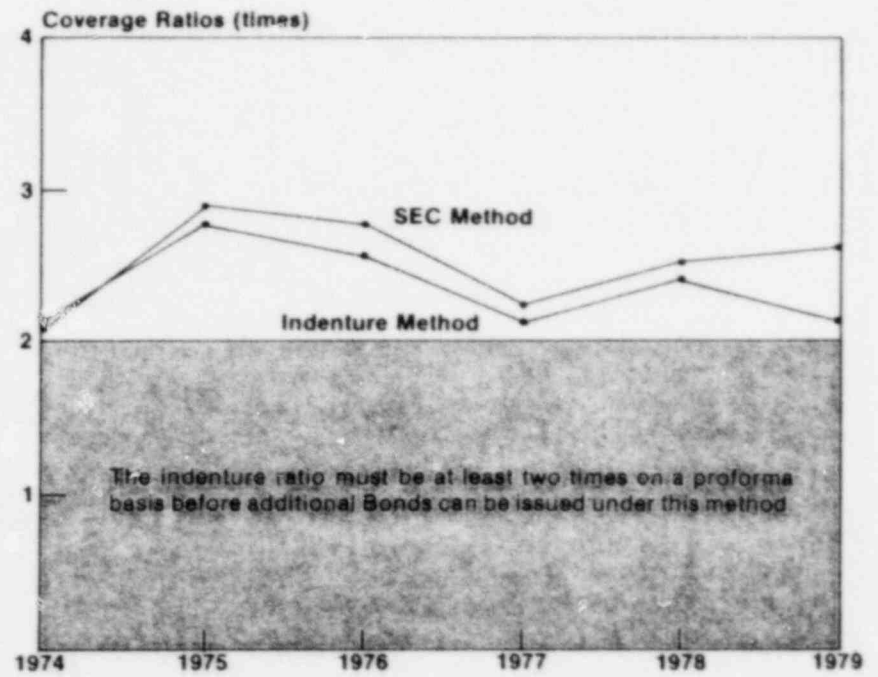
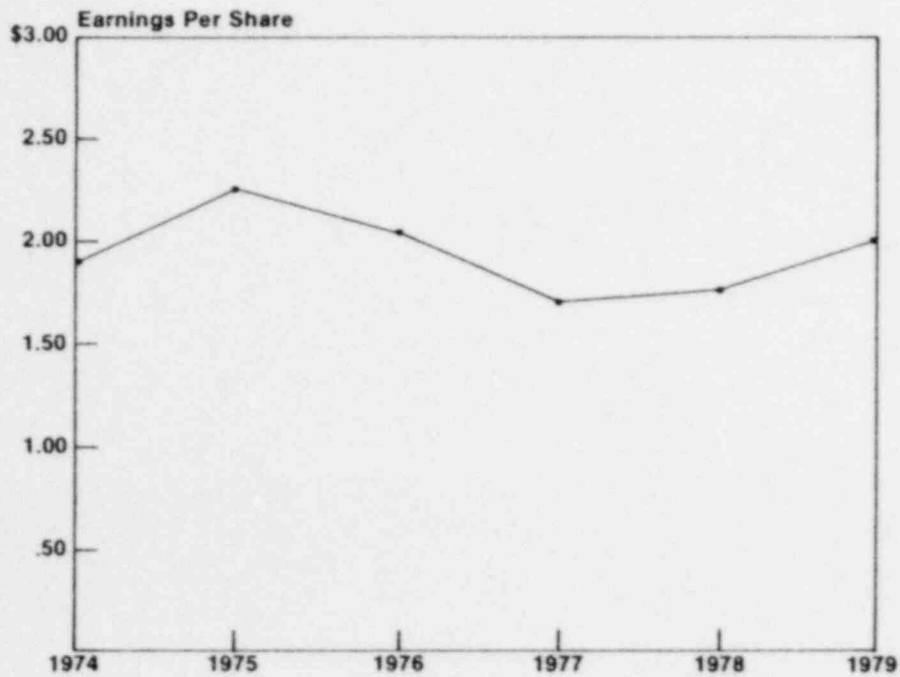
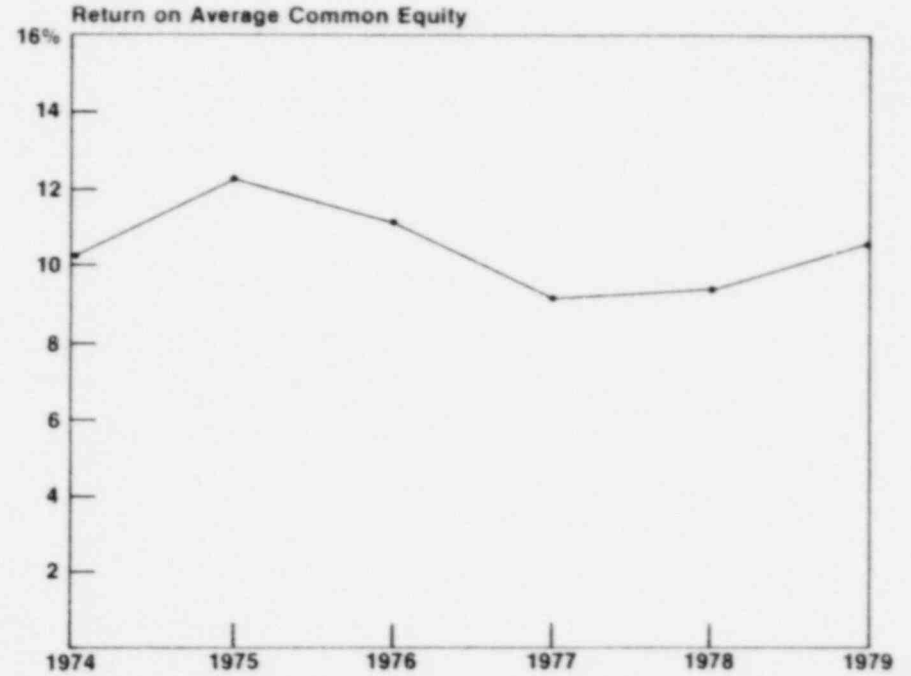
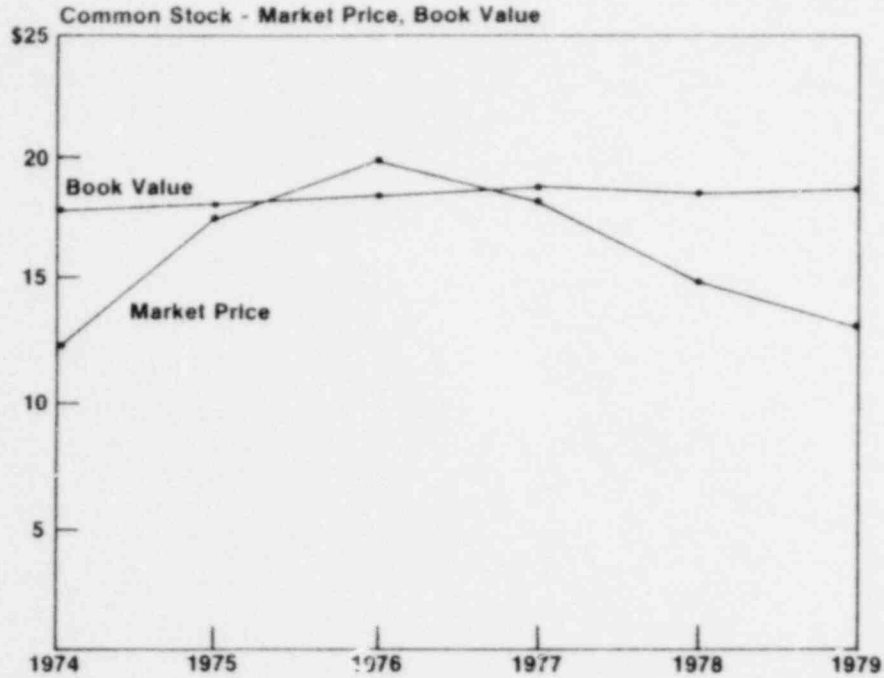
(a) includes \$4.1 million in 1975, \$8.2 million in 1976 and \$0.2 million in 1977 for the Company's wholly-owned subsidiary, DP&L Community Urban Redevelopment Corp., which owns the Company's corporate headquarters.

(b) Includes allowance for funds used during construction.

(c) Cost of non-utility property leased or acquired.

(d) Certain capitalized leases previously shown in "other" have been reclassified and distributed to their respective construction accounts.

FINANCIAL RATIOS



FINANCIAL STATISTICS

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
COMMON STOCK DATA											
Earnings per share (a)	\$ 2.01	1.73	1.70	2.05	2.24	1.89	1.87	2.15	2.07	2.15	2.28
Earnings on common stock (thousands)	\$ 47,239	36,774	31,728	34,932	32,774	23,809	22,334	23,571	21,711	20,363	21,335
Dividends paid (per share)	\$ 1.72	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.645	1.60	1.58
Dividends paid (thousands)	\$ 40,485	35,216	30,496	28,242	24,199	20,670	19,830	18,087	17,275	15,081	14,823
Dividend payout ratio	% 85.7	95.8	96.1	80.8	73.8	86.8	88.8	76.7	79.6	74.1	69.5
Market price per share											
High	\$ 17 $\frac{1}{2}$	18 $\frac{3}{4}$	22 $\frac{3}{8}$	20	18 $\frac{1}{8}$	21 $\frac{3}{8}$	25	26 $\frac{3}{4}$	27 $\frac{5}{8}$	26 $\frac{1}{2}$	37 $\frac{1}{4}$
Low	\$ 13 $\frac{1}{8}$	14 $\frac{5}{8}$	18	17	12	10 $\frac{5}{8}$	17 $\frac{3}{4}$	21 $\frac{1}{4}$	22 $\frac{5}{8}$	20 $\frac{3}{4}$	23 $\frac{1}{2}$
Year-end	\$ 14 $\frac{1}{2}$	14 $\frac{5}{8}$	18 $\frac{1}{8}$	19 $\frac{7}{8}$	17 $\frac{3}{4}$	12 $\frac{1}{4}$	19	23	24 $\frac{7}{8}$	25	24 $\frac{1}{2}$
Price-earnings ratio (year-end) (times) ..	7.2	8.5	10.7	9.7	7.9	6.5	10.2	10.7	12.0	11.6	10.7
Dividend yield (year-end)	% 12.0	11.4	9.2	8.4	9.4	13.6	8.7	7.2	6.6	6.4	6.4
Book value per share (on shares outstanding at year-end)											
Market to book ratio	\$ 18.60	18.39	18.60	18.39	18.15	17.89	18.65	18.44	17.45	17.02	15.80
	% 78.0	79.5	97.4	108.1	97.8	68.5	101.9	124.7	142.6	146.9	155.1
RATE OF RETURN											
Net operating income to net plant	% 8.8	8.4	8.3	9.1	9.2	8.0	7.6	8.2	8.2	8.1	8.8
Average common equity	% 10.8	9.3	9.1	11.2	12.3	10.2	10.1	12.0	11.9	13.2	14.6
COVERAGE RATIOS (times)											
Indenture method (before taxes)	2.06	2.38	2.12	2.55	2.79	2.15	2.57	3.13	2.96	3.23	4.11
S.E.C. methods:											
Fixed charges (before taxes)	2.58	2.49	2.22	2.78	2.88	2.12	2.36	2.64	2.79	2.66	3.71
Fixed charges plus preferred	1.89	1.86	1.76	2.07	2.08	1.74	1.91	2.18	2.27	2.32	3.10
FUNDS GENERATED INTERNALLY											
	% 8.8	26.2	10.3	23.4	49.6	1.1	27.5	34.0	36.4	27.4	18.0
EMBEDDED COST											
First mortgage bonds	% 8.26	7.68	7.28	7.47	7.31	6.58	6.12	5.88	5.88	5.49	4.87
Preferred stock	% 7.79	8.08	7.88	7.88	7.88	7.77	6.48	6.10	6.10	5.25	5.25
EMPLOYEE DATA											
Employees (year-end)	3,742	3,464	3,190	3,146	3,146	3,115	3,174	3,253	3,349	3,319	3,314
Average annual wage	\$ 19,225	17,858	16,015	15,064	13,983	13,350	12,496	11,540	10,952	10,285	9,220

(a) Based on average shares outstanding.

COMMON SHAREHOLDERS
Classification of Shareholders and Shareholdings

Type of Shareholder	SHAREHOLDERS				SHARES HELD			
	NOVEMBER 9, 1979		NOVEMBER 17, 1969		NOVEMBER 9, 1979		NOVEMBER 17, 1969	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
					(000)		(000)	
Women	23,538	33.2	9,305	38.2	5,146,971	21.7	1,650,773	17.6
Men	18,548	26.1	6,507	27.1	4,550,584	19.2	1,236,648	13.2
Joint Accounts	20,109	28.3	4,783	19.7	4,677,998	19.7	724,378	7.7
Estates and Trusts	6,819	9.6	2,032	8.4	1,435,986	6.1	296,107	3.1
Security Dealers and Nominees	1,037	1.5	825	3.4	7,209,097	30.3	3,030,335	32.2
Institutions	226	.3	206	.8	132,496	.6	147,293	1.6
Others	692	1.0	581	2.4	579,302	2.4	2,317,955	24.6
Totals	70,969	100.0	24,339	100.0	23,732,434	100.0	9,403,489	100.0
Size of Holdings (Shares)								
1-99	14,994	21.1	10,345	42.5	558,188	2.4	401,345	4.2
100-199	25,201	35.5	6,706	27.6	2,732,165	11.5	832,818	8.9
200-499	21,697	30.6	5,060	20.8	5,717,384	24.1	1,490,746	15.9
500-999	6,018	8.5	1,313	5.4	3,580,689	15.1	854,952	9.1
1,000-1,999	2,310	3.3	514	2.1	2,705,171	11.4	668,725	7.1
2,000-4,999	588	.8	215	.9	1,573,270	6.6	654,550	7.0
5,000-9,999	99	.1	82	.3	626,516	2.6	566,059	6.0
10,000 and over	62	.1	104	.4	6,239,051	26.3	3,934,294	41.8
Totals	70,969	100.0	24,339	100.0	23,732,434	100.0	9,403,489	100.0
Geographical Distribution								
Ohio	26,375	37.2	11,725	48.2	7,843,754	33.0	2,673,351	28.4
Florida	6,237	8.8	902	3.7	1,643,378	6.9	201,565	2.1
California	4,925	6.9	1,011	4.1	1,294,323	5.5	389,831	4.2
New York	4,150	5.9	1,771	7.3	5,145,659	21.7	2,005,955	21.3
Illinois	3,527	4.9	802	3.3	964,542	4.1	260,369	2.8
Remaining States	25,775	36.3	8,128	33.4	6,840,778	28.8	3,872,418	41.2
Totals	70,969	100.0	24,339	100.0	23,732,434	100.0	9,403,489	100.0

The Board of Directors and Its Committees

Stephen T. Bow (A, B)

Senior Vice President
Metropolitan Life Insurance Co.
Dayton, Ohio

Robert G. Chollar (B*, E)

Chairman of the Board and President
Charles F. Kettering Foundation
Dayton, Ohio

Charity E. Earley (B, D)

Member, Trustee or Director
Various community organizations
Dayton, Ohio

Peter H. Forster

Group Vice President—Energy Resources
The Dayton Power and Light Company
Dayton, Ohio

Robert E. Frazer (F*)**

President and Chief Executive Officer
The Dayton Power and Light Company
Dayton, Ohio

Jane G. Haley (D, E)

President
C.H. Gosiger Machinery Company
Dayton, Ohio

Robert J. Kegerreis (D*, F)

President
Wright State University
Dayton, Ohio

Robert A. Kerr (A, E)

President
Winters National Corporation
Dayton, Ohio

Robert B. Killen (A, D, F)

Chairman of the Board
The Dayton Power and Light Company
Dayton, Ohio

James W. McSwiney (C, E*, F)

Chairman of the Board and Chief Executive Officer
Mead Corporation
Dayton, Ohio

David B. Meeker (C*, F)

President and Chief Executive Officer
Hobart Corporation
Troy, Ohio

James R. Thomas (A, B, C)

President
The Dayton Tire & Rubber Company
Dayton, Ohio

John F. Torley (A*, C, F)

Chairman, Executive Committee
Dayton Malleable Inc.
Dayton, Ohio

1980 Committee Assignments

A. Energy Resources and Forecasts
B. Audit Review
C. Compensation and Management Review
D. Community and External Relations

E. Finance

F. Executive

* Denotes Committee Chairman

** Ex officio member of all committees

Officers

Robert E. Frazer (51, 5)

President and Chief Executive Officer

Paul R. Anderson (37, 1)

Treasurer

John R. Dill (54, 22)

Comptroller

Pauline M. Easter (53, 33)

Secretary

Peter H. Forster (37, 6)

Group Vice President—Energy Resources

Carl R. Morey (45, 23)

Vice President—Energy Production

John R. Newlin (59, 31)

Vice President and General Counsel

Howard R. Palmer (60, 32)

Vice President—Environmental Management

James E. Clark (57, 24)

Assistant Vice President—Computer Services

Donald A. Nill (42, 21)

Assistant Secretary, Manager Investor Relations

Charles W. Shoup (49, 27)

Assistant Vice President—Customer Business Operations

Richard L. Stump (49, 28)

Assistant Vice President—Customer Service Operations

(Denotes age/years of service)

Transfer Agents and Registrars

Common Stock

Transfer Agents

Citibank, N.A., Corporate Trust Department,
111 Wall Street, New York, New York 10015

Winters National Bank and Trust Co.,
Corporate Trust Department, Winters Bank Tower,
Dayton, Ohio 45401

Also dividend paying agent

Registrars

Manufacturers Hanover Trust Company, Corporate
Trust Department, 4 New York Plaza, New York,
New York 10015

The Third National Bank and Trust Company of
Dayton, Ohio, Corporate Trust Department,
34 North Main Street, Dayton, Ohio 45401

**Shareholders' Agent for Automatic Dividend
Reinvestment and Stock Purchase Plan**

Winters National Bank and Trust Co., Corporate
Trust Department, Winters Bank Tower, Dayton,
Ohio 45401

Preferred Stock

Transfer Agents

Irving Trust Company, Corporate Trust Department,
One Wall Street, New York, New York 10015

Winters National Bank and Trust Co., Corporate
Trust Department, Winters Bank Tower, Dayton,
Ohio 45401

Also dividend paying agent

Registrars

Chemical Bank, Corporate Trust Department,
20 Pine Street, New York, New York 10015

The Third National Bank and Trust Company of
Dayton, Ohio, Corporate Trust Department,
34 North Main Street, Dayton, Ohio 45401

First Mortgage Bonds

Trustee

Irving Trust Company, Corporate Trust Department,
One Wall Street, New York, New York 10015

Also interest paying agent

Co-Paying Agent

Morgan Guaranty Trust Company of New York,
Corporate Trust Department, 23 Wall Street,
New York, New York 10015

The New York Stock Exchange is the only national securities exchange on which any of The Dayton Power and Light Company's First Mortgage Bonds and Preferred and Common Stocks are listed. The trading symbol of the Company's Common Stock is DPL.