

Check appropriate box:

- An Original Signed Form
- Conformed Copy

Form Approved
OMB No. 1902-0028
(Expires 3/31/2005)



FERC Form No. 2 ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

THE PUBLIC UTILITIES COMMISSION OF OHIO

This report is mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR 260.1. Failure to report may result in criminal fines, civil penalties, another sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

RECEIVED

APR 24 2003

PUCO FISCAL

PUCO

2003 APR 23 PM 4:01

RECEIVED LOCKETING DIV

Exact Legal Name of Respondent (Company)

The Cincinnati Gas & Electric Company

Year of Report

Dec. 31, 2002

Deloitte & Touche LLP
Suite 1900
250 East Fifth St.
Cincinnati, Ohio 45201-5340

Tel: (513) 784-7100
Fax: (513) 784-7204
www.deloitte.com

**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

The Cincinnati Gas & Electric Company
Cincinnati, Ohio

We have audited the balance sheet—regulatory basis of The Cincinnati Gas & Electric Company as of December 31, 2002, and the related statements of income—regulatory basis, retained earnings—regulatory basis, cash flows—regulatory basis and accumulated comprehensive income and hedging activities—regulatory basis for the year ended December 31, 2002, included on pages 110 through 122 of the accompanying Federal Energy Regulatory Commission Form 2. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1(b), these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of The Cincinnati Gas & Electric Company as of December 31, 2002, and the results of its operations and its cash flows for the year ended December 31, 2002, in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors and management of The Cincinnati Gas & Electric Company and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

Cincinnati, Ohio
February 12, 2003

**Deloitte
Touche
Tohmatsu**

GENERAL INFORMATION

I. Purpose

This form is designed to collect financial and operational information from major interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is a nonconfidential public use form.

II. Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260.1 must submit this form.

NOTE: Major means having combined gas transported or stored for a fee exceeding 50 million Dth in each of the 3 previous calendar years.

III. What and Where to Submit

- (a) Submit the electronic medium in accordance with the procedures specified in 18 CFR § 385.2011 and an original and four (4) copies of this form to:

Office of the Secretary
Federal Energy Regulatory Commission
Washington, DC 20426

Retain one copy of this report for your files.

- (b) Submit immediately upon publication, four (4) copies of the latest annual report to stockholders and any *annual* financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426

- (c) For the CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with current standards of reporting which will:
- (i) contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

GENERAL INFORMATION

- (ii) be signed by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States (See 18 CFR 158.10-158.12 for specific qualifications.)

| <u>Schedules</u> | <u>Reference</u> |
|--------------------------------|------------------|
| | <u>Pages</u> |
| Comparative Balance Sheet | 110-113 |
| Statement of Income | 114-116 |
| Statement of Retained Earnings | 118-119 |
| Statement of Cash Flows | 120-121 |
| Notes to Financial Statements | 122 |

Insert the letter or report immediately following the cover sheet of the original and each copy of this form.

- (d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirement free of charge from:

Public Reference and Files Maintenance Branch
Washington, DC 20426
(202) 208-2356

IV. When to Submit

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 2,475 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, Washington, DC 20426 (Attention: Michael Miller, ED-12.4); and to the Office of Information and Regulatory Affairs, Office of the Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

You shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform Systems of Accounts (18 CFR 201)(U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use the current year amounts for statement of income accounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, either
 - (a) Enter the words "Not Applicable" on the particular page(s), or
 - (b) Omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (see VII. below).
- VI. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ().
- VII. When making revisions, resubmit the electronic medium and only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the Identification and Attestation, page 1. Mail dated resubmissions to:
Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426
- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 by 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and the page number supplemented.
- IX. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.

- X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in MMBtu and Dth.
- XII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11) instead of the schedules in the FERC Form 2 if they are in substantially the same format.
- XIII. Report footnotes on pages 551 and 552. Sort data on page 551 by page number. Sort data on page 552 by footnote number. The page number component of the footnote reference is the first page of a schedule whether it is a single page schedule or a multi-page schedule. Even if a footnote appears on a later page of a multi-page schedule the footnote will only reference the first page of the schedule. The first page of a multi-page schedule now becomes a proxy for the entire schedule. For example, Gas Plant in Service ranges across pages 204 through 209. A footnote on page 207 would contain a page reference of 204.

DEFINITIONS

- I. Btu per cubic foot—The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32°F, and under standard gravitational force (980.665 cm. per sec.) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called gross heating value or total heating value).
- II. Commission Authorization—The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the Commission whose authorization was obtained and give date of the authorization.
- III. Dekatherm—A unit of heating value equivalent to 10 therms or 1,000,000 Btu.
- IV. Respondent—The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

EXCERPTS FROM THE LAW

(Natural Gas Act, 15 U.S.C. 717-717w)

"Sec.10(a). Every natural-gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest due and paid, depreciation, amortization, and other reserves, costs of facilities, cost of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, cost of renewal and replacement of such facilities, transportation, delivery, use, and sale of natural gas..."

"Sec. 16. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within which they shall be filed..."

GENERAL PENALTIES

"Sec.21(b). Any person who willfully and knowingly violates any rule, regulation, restriction, condition, or order made or imposed by the Commission under authority of this act, shall, in addition to any other penalties provided by law, be punished upon conviction thereof by a fine of not exceeding \$500 for each and every day during which such offense occurs."

THIS PAGE WAS INTENTIONALLY LEFT BLANK

ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

IDENTIFICATION

| | | | |
|---|--|---|-----------------------------------|
| 01 Exact Legal Name of Respondent Cincinnati Gas & Electric Company, The | | 02 Year of Report Dec. 31, <u>2002</u> | |
| 03 Previous Name and Date of Change (If name changed during year) The Cincinnati Gas & Electric Company | | | |
| 04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 139 EAST FOURTH STREET, CINCINNATI, OHIO 45202 | | | |
| 05 Name of Contact Person BERNARD F. ROBERTS | | 06 Title of Contact Person V. PRES/COMPTR. | |
| 07 Address of Contact Person (Street, City, State, Zip Code) 139 EAST FOURTH STREET, CINCINNATI, OHIO 45202 | | | |
| 08 Telephone of Contact Person, Including Area Code 513-287-2090 | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | 10 Date of Report (Mo, Da, Yr) |

ATTESTATION

The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.

| | | | |
|---|--|------------------------------|--|
| 11 Name BERNARD F. ROBERTS | | 12 Title V. PRES/COMPTR. | |
| 13 Signature <i>Bernard F. Roberts</i> | | 14 Date Signed 11 4/22/03 | |

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

| | | | |
|--|---|---------------------------------------|---------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|--|---|---------------------------------------|---------------------------------|

List of Schedules (Natural Gas Company)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

| Line No. | Title of Schedule (a) | Reference Page No. (b) | Date Revised (c) | Remarks (d) |
|----------|--|---------------------------|---------------------|----------------|
| | GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS | | | |
| 1 | General Information | 101 | | |
| 2 | Control Over Respondent | 102 | | |
| 3 | Corporations Controlled by Respondent | 103 | | |
| 4 | Security Holders and Voting Powers | 107 | | |
| 5 | Important Changes During the Year | 108 | | |
| 6 | Comparative Balance Sheet | 110-113 | | |
| 7 | Statement of Income for the Year | 114-116 | | |
| 8 | Statement of Accumulated Comprehensive Income and Hedging Activities | 117 | | |
| 9 | Statement of Retained Earnings for the Year | 118-119 | | |
| 10 | Statements of Cash Flows | 120-121 | | |
| | BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits) | | | |
| 11 | Notes to Financial Statements | 122 | | |
| | BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits) | | | |
| 12 | Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion | 200-201 | | |
| 13 | Gas Plant in Service | 204-209 | | |
| 14 | Gas Property and Capacity Leased from Others | 212 | | |
| 15 | Gas Property and Capacity Leased to Others | 213 | | N/A |
| 16 | Gas Plant Held for Future Use | 214 | | N/A |
| 17 | Construction Work in Progress-Gas | 216 | | |
| 18 | General Description of Construction Overhead Procedure | 218 | | |
| 19 | Accumulated Provision for Depreciation of Gas Utility Plant | 219 | | |
| 20 | Gas Stored | 220 | | |
| 21 | Investments | 222-223 | | |
| 22 | Investments in Subsidiary Companies | 224-225 | | |
| 23 | Prepayments | 230 | | |
| 24 | Extraordinary Property Losses | 230 | | N/A |
| 25 | Unrecovered Plant and Regulatory Study Costs | 230 | | N/A |
| 26 | Other Regulatory Assets | 232 | | |
| 27 | Miscellaneous Deferred Debits | 233 | | |
| | BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) | | | |
| 28 | Accumulated Deferred Income Taxes | 234-235 | | |
| | BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) | | | |
| 29 | Capital Stock | 250-251 | | |
| 30 | Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock | 252 | | |
| 31 | Other Paid-in Capital | 253 | | |
| 32 | Discount on Capital Stock | 254 | | N/A |
| 33 | Capital Stock Expense | 254 | | |
| 34 | Securities Issued or Assumed and Securities Refunded or Retired During the Year | 255 | | |
| 35 | Long-Term Debt | 256-257 | | |
| 36 | Unamortized Debt Expense, Premium, and Discount on Long-Term Debt | 258-259 | | |
| 37 | Unamortized Loss and Gain on Reacquired Debt | 260 | | |

| | | | |
|--|---|---------------------------------------|---------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|--|---|---------------------------------------|---------------------------------|

List of Schedules (Natural Gas Company) (continued)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

| Line No. | Title of Schedule (a) | Reference Page No. (b) | Date Revised (c) | Remarks (d) |
|----------|--|---------------------------|---------------------|----------------|
| 38 | Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes | 261 | | |
| 39 | Taxes Accrued, Prepaid, and Charged During Year | 262-263 | | |
| 40 | Miscellaneous Current and Accrued Liabilities | 268 | | |
| 41 | Other Deferred Credits | 269 | | |
| 42 | Accumulated Deferred Income Taxes-Other Property | 274-275 | | |
| 43 | Accumulated Deferred Income Taxes-Other | 276-277 | | |
| | INCOME ACCOUNT SUPPORTING SCHEDULES | | | |
| 44 | Other Regulatory Liabilities | 278 | | |
| | INCOME ACCOUNT SUPPORTING SCHEDULES | | | |
| 45 | Gas Operating Revenues | 300-301 | | |
| 46 | Revenues from Transportation of Gas of Others Through Gathering Facilities | 302-303 | | N/A |
| 47 | Revenues from Transportation of Gas of Others Through Transmission Facilities | 304-305 | | N/A |
| 48 | Revenues from Storage Gas of Others | 306-307 | | N/A |
| 49 | Other Gas Revenues | 308 | | |
| 50 | Gas Operation and Maintenance Expenses | 317-325 | | |
| 51 | Exchange and Imbalance Transactions | 328 | | |
| 52 | Gas Used in Utility Operations | 331 | | N/A |
| 53 | Transmission and Compression of Gas by Others | 332 | | N/A |
| 54 | Other Gas Supply Expenses | 334 | | N/A |
| 55 | Miscellaneous General Expenses-Gas | 335 | | |
| 56 | Depreciation, Depletion, and Amortization of Gas Plant | 336-338 | | |
| | COMMON SECTION | | | |
| 57 | Particulars Concerning Certain Income Deduction and Interest Charges Accounts | 340 | | |
| | COMMON SECTION | | | |
| 58 | Regulatory Commission Expenses | 350-351 | | |
| 59 | Distribution of Salaries and Wages | 354-355 | | |
| | GAS PLANT STATISTICAL DATA | | | |
| 60 | Charges for Outside Professional and Other Consultative Services | 357 | | |
| | GAS PLANT STATISTICAL DATA | | | |
| 61 | Compressor Stations | 508-509 | | N/A |
| 62 | Gas Storage Projects | 512-513 | | N/A |
| 63 | Transmission Lines | 514 | | N/A |
| 64 | Transmission System Peak Deliveries | 518 | | N/A |
| 65 | Auxiliary Peaking Facilities | 519 | | |
| 66 | Gas Account-Natural Gas | 520 | | |
| 67 | System Map | 522 | | |
| 68 | Footnote Reference | 551 | | |
| 69 | Footnote Text | 552 | | |
| 70 | Stockholder's Reports (check appropriate box) | | | |
| | <input type="checkbox"/> Four copies will be submitted <input checked="" type="checkbox"/> No annual report to stockholders is prepared | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

General Information

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

BERNARD F. ROBERTS, VICE PRESIDENT & COMPTROLLER
 CINCINNATI GAS & ELECTRIC COMPANY, THE
 139 EAST FOURTH STREET
 CINCINNATI, OH 45202

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

OHIO
 APRIL 3, 1837

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

NOT APPLICABLE

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

STATE OF OHIO - GAS AND ELECTRIC

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) Yes... Enter the date when such independent accountant was initially engaged: 05/21/2002

(2) No

| | | | |
|---|---|---------------------------------------|--|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, <u>2002</u> |
|---|---|---------------------------------------|--|

Control Over Respondent

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.
2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.
3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

| Line No. | Company Name (a) | Type of Control (b) | State of Incorporation (c) | Percent Voting Stock Owned (d) |
|----------|-------------------------|------------------------|-------------------------------|-----------------------------------|
| 1 | CINERGY CORP. (CINERGY) | M | DE | 100.00 |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Corporations Controlled by Respondent

- Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
- If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
- If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
- In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

- See the Uniform System of Accounts for a definition of control.
- Direct control is that which is exercised without interposition of an intermediary.
- Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.
- Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

| Line No. | Name of Company Controlled (a) | Type of Control (b) | Kind of Business (c) | Percent Voting Stock Owned (d) | Footnote Reference (e) |
|----------|---|------------------------|--------------------------|-----------------------------------|---------------------------|
| 1 | The Union Light, Heat and Power Company | D | Public Utility | 100 | Not used |
| 2 | Miami Power Corporation | D | Transmission of Electric | 100 | Not used |
| 3 | Lawrenceburg Gas Company | D | Public Utility | 100 | Not used |
| 4 | KO Transmission Company | D | Transportation of Energy | 100 | Not used |
| 5 | Tri-State Improvement Company | D | Real Estate | 100 | Not used |
| 6 | Cnergy Power Investments, Inc. | D | Inactive | 100 | Not used |
| 7 | CPI Allowance Management, LLC | D | Asset Management | 100 | Not used |
| 8 | CPI Investments, LLC | D | Asset Management | 100 | Not used |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants,

| | | |
|---|--|---|
| 1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing: | 2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy. Total: 89663086 By Proxy: | 3. Give the date and place of such meeting: 5/1/2002 Cincinnati, OH |
|---|--|---|

| Line No. | Name (Title) and Address of Security Holder (a) | VOTING SECURITIES | | | |
|----------|---|---|------------------|---------------------|-----------|
| | | 4. Number of votes as of (date): 12/31/2002 | | | |
| | | Total Votes (b) | Common Stock (c) | Preferred Stock (d) | Other (e) |
| 5 | TOTAL votes of all voting securities | 89,663,086 | 89,663,086 | | |
| 6 | TOTAL number of security holders | 1 | 1 | | |
| 7 | TOTAL votes of security holders listed below | 89,663,086 | 89,663,086 | | |
| 8 | | | | | |
| 9 | Cinergy Corp. | 89,663,086 | 89,663,086 | | |
| 10 | 139 East Fourth Street | | | | |
| 11 | Cincinnati, OH 45202 | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |

Important Changes During the Year

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
 2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
 3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
 4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
 5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.
- Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
 7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
 8. State the estimated annual effect and nature of any important wage scale changes during the year.
 9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
 10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
 11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.

1. None
2. None
3. None
4. None
5. None

6. On September 10, 2002, CG&E borrowed the proceeds from the issuance by the Ohio Air Quality Development Authority of \$84 million principal amount of its State of Ohio Air Quality Development Revenue Refunding Bonds 2002 Series A, due September 1, 2037. The issuance consists of two \$42 million tranches, with the interest rate on one tranche being reset every 35 days by auction and the interest rate on the other tranche being reset every 7 days by auction. Proceeds from the borrowing were used on October 7, 2002 to redeem, at par, two \$42 million Series 1985 A&B Air Quality Development Authority State of Ohio Customized Purchase Revenue Bonds, due December 1, 2015.

On September 23, 2002, CG&E issued \$500 million principal amount of its 5.70 percent Debentures due September 15, 2012. Proceeds from the offering were used to repay short-term indebtedness incurred in connection with general corporate purposes including capital expenditures related to environmental compliance construction, and the repayment at maturity of \$100 million principal amount of CG&E's First Mortgage Bonds, 7 1/4 percent Series.

7. None

8. Employees bargained for by the United Steelworkers of America Locals 12049 and 5541-06.

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Important Changes During the Year | | | |

received a 3 percent wage increase effective May 13, 2002. Employees bargained for by the International Brotherhood of Electrical Workers Local 1347 received a 3 percent wage increase effective April 1, 2002. The manual and technical employees and the clerical employees bargained for by the Utility Workers Union of America received a 3 percent and 2 percent increase, respectively, effective June 3, 2002. Additionally, the clerical employees received a 1 percent lump sum payment of their annualized rate.

Changes due to the above plus changes in supervisory, administrative, and professional employees resulted in an estimated annual wage increase of \$2,104,000.

9. Environmental Commitments and Contingencies

New Source Review and CG&E's Notices of Violation - See Note 11 of the "Notes to Financial Statements" on pages 122-123.

Asbestos Claims Litigation - See Note 11 of the "Notes to Financial Statements" on pages 122-123.

10. None

11. Other Legal Matters

Gas Customer Choice - See Note 11 of the "Notes to Financial Statements" on pages 122-123.

Ohio Deregulation - See "Ohio Deregulation" at Note 13 of the "Notes to Financial Statements" on pages 122-123.

CG&E Gas Rate Case. Case No. 01-1228-GA-AIR. In the third quarter of 2001, CG&E filed a retail gas rate case with the Public Utilities Commission of Ohio (PUCO) seeking to increase base rates for natural gas distribution service and requesting recovery through a tracking mechanism of the costs of an accelerated gas main replacement program with an estimated capital cost of \$716 million over the next 10 years. CG&E entered into a settlement agreement with most of the parties and a hearing on this matter was held in April 2002. An order was issued in May 2002, in which the PUCO approved the settlement agreement and authorized a base rate increase of approximately \$15 million, or 3.3 percent overall, to be effective on May 30, 2002. In addition, the PUCO authorized CG&E to implement the tracking mechanism to recover the costs of the accelerated gas main replacement program, subject to certain rate caps that increase in amount annually through May 2007, through the effective date of new rates in CG&E's next retail gas rate case. The PUCO's order was not appealed. In the fourth quarter of 2002, CG&E filed an application to increase its rates under the tracking mechanism by approximately \$8 million or 2.4 percent. The PUCO is investigating the application and CG&E expects that the increase will become effective in May 2003.

CG&E Gas Hedging Order. Case No. 01-218-GA-GCR. In July 2001, CG&E filed an application with the PUCO requesting approval of its gas procurement-hedging program. This request was subsequently denied. However, in denying CG&E's request for pre-approval of a hedging program, the PUCO order provided clarification that prudently incurred hedging costs are a valid component of CG&E's gas purchasing strategy. As a result, CG&E has hedged approximately 30 percent of its winter 2002/2003 base load requirements. CG&E will seek PUCO approval for its hedging program on an after the fact basis. At this time, we cannot predict the outcome of this request.

PUCO Review of Financial Condition of Ohio Regulated Utilities. In October 2002, as the result of recent financial problems experienced by certain public utility companies and the current state of the economy, the PUCO issued an order initiating a review of the financial condition of the 19 large public utilities (gas, electric, and

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Important Changes During the Year | | | |

telecommunication) serving Ohio customers, including CG&E. The PUCO intends to identify available measures to ensure that the regulated operations of the Ohio public utilities are not adversely impacted by the parent or affiliate companies' unregulated operations. The PUCO requested initial comments and reply comments by November 12, 2002, and November 22, 2002, respectively, regarding how the review should be conducted and on the potential measures the PUCO could take to protect the financial condition of the regulated utilities. CG&E filed comments; however, we cannot predict the outcome of this review at this time.

Federal

Midwest Independent Transmission System Operator, Inc. (Midwest ISO). Historical. As part of the effort to create a competitive wholesale power marketplace, the Federal Energy Regulatory Commission (FERC) approved the formation of the Midwest ISO during 1998. In that same year, Cinergy, including CG&E agreed to join the Midwest ISO in preparation for meeting anticipated changes in the FERC regulations and future deregulation requirements. The Midwest ISO was established as a non-profit organization to maintain functional control over the combined transmission systems of its members.

On December 15, 2001, the Midwest ISO initiated startup of its operations with the provision of a variety of support or stand alone services to its transmission owning members. The Midwest ISO achieved full startup, including implementation of tariff administration, on February 1, 2002. Although the Midwest ISO continues to develop, modify, and enhance its various operating practices, it has assumed functional control of the transmission systems of its member companies, including the Cinergy utilities. This transfer of control was implemented without significant impact on the operations of Cinergy's transmission systems.

Ferc Orders. In December 2001, the FERC approved the proposal of the Midwest ISO to become the first FERC-approved Regional Transmission Organization (RTO) and denied a similar proposal from the Alliance Regional Transmission Organization (Alliance RTO) on the basis that the proposal lacked sufficient scope. The FERC encouraged the former Alliance RTO companies to explore joining the Midwest ISO. Certain former Alliance RTO companies have joined or announced intent to join the Midwest ISO. The remaining former Alliance RTO companies have announced that they will join the PJM Interconnection, LLC (PJM).

In its July 17, 2002 open meeting and subsequent orders, the FERC reaffirmed its expectation that the Midwest ISO and PJM implement a common wholesale market between them by October 1, 2004. FERC also imposed more immediate deadlines upon the Midwest ISO, PJM, and various other parties to establish certain protocols, including the elimination of pancaked transmission rates between the Midwest ISO and PJM, necessary to establish a "virtual" single regional transmission organization among the Midwest ISO and PJM companies. Pancaked transmission rates are multiple transmission charges imposed for a single transaction crossing between multiple transmission providers. As part of the FERC orders, the FERC has opened an investigation, under Section 206 of the Federal Power Act (Section 206), into the justness and reasonableness of the "through and out" transmission rates of the Midwest ISO and PJM. Cinergy, including CG&E, is participating in the Section 206 hearing, along with the other transmission owners who are members, or potential members, of the Midwest ISO or PJM. Pursuant to an order issued in July 2002, the FERC indicated that it plans to issue a decision by July 31, 2003. As part of this proceeding, Cinergy, including CG&E, is advocating the removal of pancaked transmission rates between the Midwest ISO and PJM, including all of the former Alliance RTO companies, as well as lost revenue recovery for transmission owners who are affected by the removal of the pancaked transmission rates. At this time, Cinergy, including CG&E, cannot determine the impact of either the FERC orders or the related Section 206 investigation upon either our financial position or results of operations.

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Important Changes During the Year | | | |

In related activity, the FERC issued an order in December 2001, in response to protests of the Midwest ISO's proposed methodology related to the calculation of its administrative adder fees for the services it provides. Cinergy, including CG&E, and a number of other parties filed protests to the proposed methodology, suggesting, among other things, that the methodology was inconsistent with the transmission owners' prior agreement with the Midwest ISO and selectively allowed only independent transmission companies to choose which unbundled administrative adder services they wished to purchase from the Midwest ISO. A partial settlement was reached in the FERC proceeding, resolving the issues addressed by Cinergy's protest in a manner favorable to Cinergy, including CG&E. Most active parties in the FERC proceeding filed comments in support of the settlement. The only contested issue under the settlement involved an agreed upon deferred accounting and regulatory asset mechanism to be established as a backstop to guard against any under-recovery of assessed administrative fees in retail ratemaking proceedings. The settlement agreement was neither approved nor denied approval by the FERC by December 31, 2002. Cinergy, including CG&E, anticipates that the settlement will need to be renegotiated in early 2003 and resubmitted to the FERC for approval. Cinergy, including CG&E, also anticipates that the Midwest ISO transmission members will reach a similar settlement with the Midwest ISO, and that such agreement will be approved by the FERC without material change.

In late 2001 and early 2002, the FERC issued its Opinion No. 453 and 453-A ordering, among other things, that transmission service for bundled retail customers (i.e., customers who cannot select an alternative energy provider) shall be provided under the Midwest ISO's open access transmission tariff, and that the Midwest ISO's charges for its administrative services shall apply to bundled retail customers. Certain parties have appealed these orders to the U.S. Court of Appeals for the District of Columbia Circuit, challenging the application of the Midwest ISO's tariff, and the Midwest ISO's charges for its administrative services to bundled retail customers. CG&E cannot predict either when the court will issue its opinion in the appeal or the outcome of the appeal.

On November 22, 2002, the FERC issued an order conditionally approving the Midwest ISO's recovery of costs associated with the establishment of financial transmission rights, and the development of energy markets within the Midwest ISO's operating area. The FERC's order suspended the proposed rates and made them effective November 25, 2002, subject to refund, and set for a hearing the issues identified below. The FERC's order expressed the expectation that the Midwest ISO's board of directors will guard against any unreasonable costs being incurred by the Midwest ISO. The Midwest ISO had proposed to assess a withdrawal/exit fee on any transmission owner member who withdraws from the Midwest ISO for its proportionate share of any unrecovered deferred costs. The Midwest ISO transmission owners, including Cinergy, filed a protest with the FERC, challenging the cost allocation and the implementation of an exit fee within the Midwest ISO proposal. The FERC subsequently set these issues for a hearing.

FERC Notice of Proposed Rulemaking (NOPR) on "Remedying Undue Discrimination through Open Access Transmission Service and Standard Electricity Market Design". In July 2002, the FERC issued a NOPR on "Remedying Undue Discrimination through Open Access Transmission Service and Standard Electricity Market Design" that proposed significant changes, intended by FERC, to enhance wholesale competition, enable efficient transmission system development, provide correct pricing signals for investment in transmission and generation facilities, and create more customer options. Market monitoring and market power mitigation proposals are also critical parts of the proposals for standardized power market rules. As part of this process, the FERC proposes to amend its regulations under the Federal Power Act, to modify the pro-forma open access transmission tariff established under the FERC's Order No. 888. FERC proposes to require all public utilities with open access transmission tariffs to file modifications to their tariffs to implement its proposed standardized transmission services and standardized wholesale

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Important Changes During the Year | | | |

electric market design. On November 15, 2002, Cinergy, including CG&E, submitted initial NOPR comments to the FERC as part of this proceeding, generally supporting the FERC's pro-competitive goals but suggesting modifications and sensitivity to some regional differences. Pursuant to FERC's procedural directives, Cinergy, including CG&E, anticipates filing additional comments on this NOPR with the FERC in the first quarter of 2003.

The FERC issued a news release on January 13, 2003, stating its intention to issue an additional document on this NOPR in April 2003. The FERC also indicated that it would seek comments on the new document from interested parties. As a result, it is likely that the original timeline included in the NOPR will be delayed. Cinergy, including CG&E, continues to evaluate this NOPR, but at this time, cannot determine the impact to either its financial position or results of operations.

FERC NOPR on New Standards of Conduct Regulations. In September 2001, the FERC issued a NOPR proposing to promulgate new standards of conduct regulations that would apply, uniformly, to natural gas pipelines and transmitting public utilities. The FERC is proposing to adopt one set of standards of conduct to govern the relationships between regulated transmission providers and all their energy affiliates, broadening the definition of an affiliate covered by the standards of conduct from the more narrow definition in the existing regulations. At this time, we are unable to predict either the outcome of this proceeding or its effect on Cinergy, including CG&E.

Midwest ISO Administrative Services Fees. During 2002, CG&E incurred costs of approximately \$3 million for administrative services provided by the Midwest ISO. These costs are deferred on CG&E's Comparative Balance Sheets as of December 31, 2002. CG&E is authorized to recover these costs through its regulatory transition plan.

Midwest ISO Administrative Services Fees. During 2002, CG&E incurred costs of approximately \$3 million for administrative services provided by the Midwest ISO. These costs are deferred on CG&E's Comparative Balance Sheets as of December 31, 2002. CG&E is authorized to recover these costs through its regulatory transition plan.

Settlement of Operating Agreement Issues and Regulatory Filings to Transfer the CG&E Generating Assets to an Exempt Wholesale Generator. On May 2, 2001, a settlement was reached in the FERC proceeding to terminate the 1994 Operating Agreement, which resolved certain alleged damages issues and provided a procedural framework for development of a successor agreement(s) and pursuing EWG authorization for the CG&E Ohio generating assets from the IURC.

Subsequent thereto, Cinergy, including CG&E, and PSI, were able to negotiate a settlement agreement with the Indiana parties involving a new Joint Generation Dispatch Agreement (JGDA) and Joint Transmission Agreement (JTA) (to supercede the 1994 Operating Agreement), which was filed with the IURC for approval on August 10, 2001. The Indiana settlement was conditioned upon FERC approval of the JGDA and JTA, and was also conditioned upon the IURC making certain EWG findings related to the Ohio generation assets on or before October 15, 2001. By Order dated September 11, 2001, the IURC approved the Indiana settlement agreement in its entirety, and on October 3, 2001, the IURC issued two Orders making the EWG findings necessary for the CG&E generation assets to be transferred to an EWG entity and EWG findings necessary in order for PSI to purchase energy from CPI (the EWG entity) pursuant to the JGDA.

Both the IURC and the FERC settlement agreements were conditioned upon FERC acceptance of the proposed successor agreements. Cinergy, CG&E, and PSI filed the successor agreements with the FERC in October 2001 and in March 2002, the FERC approved the successor agreements. The successor agreements allow Cinergy to jointly dispatch the regulated generating assets of PSI in conjunction with the deregulated generating assets of CG&E. Under these agreements, transfers of power between PSI and CG&E are generally priced at

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Important Changes During the Year | | | |

market rates. The successor agreements were implemented effective in April 2002.

OTHER

Value at Risk (VaR)

Cinergy measures the market risk inherent in the trading portfolio employing VaR analysis and other methodologies, which utilize forward price curves in electric power and natural gas markets to quantify estimates of the magnitude and probability of future value changes related to open contract positions. VaR is a statistical measure used to quantify the potential change in fair value of the trading portfolio over a particular period of time, with a specified likelihood of occurrence, due to market movement. Cinergy, through some of its non-regulated subsidiaries, markets physical natural gas and electricity and trades derivative commodity instruments which are usually settled in cash including: forwards, futures, swaps, and options. Any transaction, whether settled physically or financially, that is included in Cinergy's fair value power and gas accounting results is included in the VaR calculation.

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Important Changes During the Year | | | |

Cinergy's VaR is reported based on a 95 percent confidence interval, utilizing a one-day holding period. This means that on a given day (one-day holding period) there is a 95 percent chance (confidence level) that our trading portfolio will not change more than the stated amount. Cinergy's VaR model uses the variance-covariance statistical modeling technique and historical volatilities and correlations over the past 21-trading day period. During 2002, Cinergy revised the sample horizon used for calculating historical volatility and correlation for power prices from 200 trading days to 21 trading days. This revision was made to be consistent with the calculation methodology used for natural gas and to comply with the common practice in the industry of using a 21-trading day sample period for power. The 2001 VaR information included in the chart below has not been restated to reflect this change. The average VaR for 2001 was calculated using a simple quarterly average. The 2002 average VaR was calculated using an average of trading days over the entire year. The high and low VaR for 2001 were based on quarterly VaR calculations. The high and low VaR for 2002 were based on an entire year of trading day calculations. The market prices used to calculate VaR are obtained from exchanges and over-the-counter markets when available, established pricing models and other factors including market volatility, the time value of money, and location differentials. The VaR for Cinergy's trading portfolio is presented in the table below:

VaR Associated with Energy Trading Contracts

| | <u>2002</u> | | <u>2001</u> | |
|--|------------------------------|---------------------------------------|--------------------|---------------------------------------|
| | <i>(dollars in millions)</i> | | | |
| | <u>Trading VaR</u> | <u>Percentage of Operating Income</u> | <u>Trading VaR</u> | <u>Percentage of Operating Income</u> |
| 95% confidence level, one-day holding period, one-tailed December 31 | \$ 1.6 | 0.2% | \$ 6.0 | 0.6% |
| Average for the twelve months ended December 31 | 2.1 | 0.3 | 7.8 | 0.8 |
| High for the twelve months ended December 31 | 3.7 | 0.5 | 11.9 | 1.3 |
| Low for the twelve months ended December 31 | 0.5 | 0.1 | 4.9 | 0.5 |

Cinergy has historically managed its VaR on a consolidated basis. Therefore, VaR was not calculated on a daily basis during 2002 for CG&E as a standalone entity.

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Important Changes During the Year | | | |

Changes in Fair Value

The changes in fair value of the energy risk management assets and liabilities for CG&E for the years ended December 31, 2002 and 2001 are presented in the table below:

| | <u>Change in Fair Value</u> | |
|--|-----------------------------|--------------|
| | <u>2002</u> | <u>2001</u> |
| | <i>(in millions)</i> | |
| Fair value of contracts outstanding at the beginning of period: | \$ 28 | \$ (40) |
| Inception value of new contracts when entered ⁽¹⁾ | 5 | 18 |
| Changes in fair value attributable to changes in valuation techniques and assumptions ⁽²⁾ | 6 | - |
| Other changes in fair value ⁽³⁾ | 26 | 17 |
| Option premiums paid/(received) | 1 | - |
| Contract reclassifications ⁽⁴⁾ | 18 | - |
| Contracts settled | <u>(42)</u> | <u>33</u> |
| Fair value of contracts outstanding at end of period | <u>\$ 42</u> | <u>\$ 28</u> |

- (1) Represents fair value, recognized in income, attributable to long-term, structured contracts, which is recorded on the date a deal is signed. These contracts are primarily with end-use customers or municipalities that seek to limit their risk to power price volatility. While caps and floors often exist in such contracts, the amount of power supplied can vary from hour to hour to mirror the customers' load volatility.
- (2) Represents changes in fair value recognized in income, caused by changes in assumptions used in calculating fair value or changes in modeling techniques.
- (3) Represents changes in fair value, recognized in income, primarily attributable to fluctuations in price. This amount includes both realized and unrealized gains on energy trading contracts.
- (4) Includes reclassifications of the settlement value of contracts that have been terminated as a result of counterparty non-performance to Other deferred credits. These contracts no longer have price risk and are therefore not considered energy trading contracts.

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Important Changes During the Year | | | |

The following table presents the expected maturity of the energy risk management assets and liabilities as of December 31, 2002 for CG&E:

| Source of Fair Value ⁽¹⁾ | Fair Value of Contracts | | | | Total Fair Value |
|---|-------------------------|-----------|-----------|------------|---------------------|
| | Maturing | | | | |
| | 2003 | 2004-2005 | 2006-2007 | Thereafter | |
| | <i>(in millions)</i> | | | | |
| Prices actively quoted | \$ (3) | \$ (13) | \$ - | \$ - | \$ (16) |
| Prices based on models and other valuation methods | 12 | 23 | 6 | 17 | 58 |
| Total | \$ 9 | \$ 10 | \$ 6 | \$ 17 | \$ 42 |

(1) Active quotes are considered to be available for two years for standard electricity transactions. Non-standard transactions are classified based on the extent, if any, of modeling used in determining fair value. Long-term transactions can have portions in both categories depending on the tenor.

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Comparative Balance Sheet (Assets and Other Debits)

| Line No. | Title of Account (a) | Reference Page Number (b) | Balance at End of Current Year (in dollars) (c) | Balance at End of Previous Year (in dollars) (d) |
|-----------|--|------------------------------|---|--|
| 1 | UTILITY PLANT | | | |
| 2 | Utility Plant (101-106, 114) | 200-201 | 6,073,225,551 | 5,793,079,260 |
| 3 | Construction Work in Progress (107) | 200-201 | 225,665,301 | 257,055,465 |
| 4 | TOTAL Utility Plant (Total of lines 2 and 3) | 200-201 | 6,298,890,852 | 6,050,134,725 |
| 5 | (Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115) | | 2,503,693,826 | 2,356,986,436 |
| 6 | Net Utility Plant (Total of line 4 less 5) | | 3,795,197,026 | 3,693,148,289 |
| 7 | Nuclear Fuel (120.1 thru 120.4, and 120.6) | | 0 | 0 |
| 8 | (Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5) | | 0 | 0 |
| 9 | Nuclear Fuel (Total of line 7 less 8) | | 0 | 0 |
| 10 | Net Utility Plant (Total of lines 6 and 9) | | 3,795,197,026 | 3,693,148,289 |
| 11 | Utility Plant Adjustments (116) | 122 | 0 | 0 |
| 12 | Gas Stored-Base Gas (117.1) | 220 | 0 | 0 |
| 13 | System Balancing Gas (117.2) | 220 | 0 | 0 |
| 14 | Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3) | 220 | 0 | 0 |
| 15 | Gas Owned to System Gas (117.4) | 220 | 0 | 0 |
| 16 | OTHER PROPERTY AND INVESTMENTS | | | |
| 17 | Nonutility Property (121) | | 3,446,326 | 3,422,975 |
| 18 | (Less) Accum. Provision for Depreciation and Amortization (122) | | 1,582,581 | 1,555,718 |
| 19 | Investments in Associated Companies (123) | 222-223 | 0 | 0 |
| 20 | Investments in Subsidiary Companies (123.1) | 224-225 | 234,069,925 | 222,678,683 |
| 21 | (For Cost of Account 123.1 See Footnote Page 224, line 40) | | | |
| 22 | Noncurrent Portion of Allowances | | 0 | 0 |
| 23 | Other Investments (124) | 222-223 | 1,079,450 | 29,306,449 |
| 24 | Special Funds (125 thru 128) | | 10,000 | 32,243,608 |
| 25 | TOTAL Other Property and Investments (Total of lines 17-20, 22-24) | | 237,023,120 | 286,095,997 |
| 26 | CURRENT AND ACCRUED ASSETS | | | |
| 27 | Cash (131) | | 44,495,716 | 3,730,720 |
| 28 | Special Deposits (132-134) | | 3,071,247 | 3,540,228 |
| 29 | Working Funds (135) | | (4,399,865) | 752,619 |
| 30 | Temporary Cash Investments (136) | 222-223 | 0 | 0 |
| 31 | Notes Receivable (141) | | 0 | 0 |
| 32 | Customer Accounts Receivable (142) | | 5,382,595 | 68,224,816 |
| 33 | Other Accounts Receivable (143) | | 114,795,812 | 270,040,989 |
| 34 | (Less) Accum. Provision for Uncollectible Accounts - Credit (144) | | 5,851,438 | 24,675,380 |
| 35 | Notes Receivable from Associated Companies (145) | | 144,022,269 | 0 |
| 36 | Accounts Receivable from Associated Companies (146) | | 117,563,012 | 25,027,972 |
| 37 | Fuel Stock (151) | | 34,684,122 | 42,843,722 |
| 38 | Fuel Stock Expenses Undistributed (152) | | 0 | 0 |
| 39 | Residuals (Elec) and Extracted Products (Gas) (153) | | 0 | 0 |
| 40 | Plant Materials and Operating Supplies (154) | | 51,621,832 | 49,985,848 |
| 41 | Merchandise (155) | | 0 | 0 |
| 42 | Other Materials and Supplies (156) | | 0 | 0 |
| 43 | Nuclear Materials Held for Sale (157) | | 0 | 0 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Comparative Balance Sheet (Assets and Other Debits)(continued)

| Line No. | Title of Account (a) | Reference Page Number (b) | Balance at End of Current Year (in dollars) (c) | Balance at End of Previous Year (in dollars) (d) |
|----------|---|----------------------------------|---|--|
| 44 | Allowances (158.1 and 158.2) | | 0 | 0 |
| 45 | (Less) Noncurrent Portion of Allowances | | 0 | 0 |
| 46 | Stores Expense Undistributed (163) | | 3,936,307 | 3,560,219 |
| 47 | Gas Stored Underground-Current (164.1) | 220 | 23,408,018 | 30,833,509 |
| 48 | Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3) | 220 | 0 | 0 |
| 49 | Prepayments (165) | 230 | 8,237,658 | 9,993,048 |
| 50 | Advances for Gas (166 thru 167) | | 0 | 0 |
| 51 | Interest and Dividends Receivable (171) | | 0 | 0 |
| 52 | Rents Receivable (172) | | 446,785 | 278,724 |
| 53 | Accrued Utility Revenues (173) | | 0 | 0 |
| 54 | Miscellaneous Current and Accrued Assets (174) | | 0 | 0 |
| 55 | Derivative Instrument Assets (175) | | 122,674,202 | 0 |
| 56 | Derivative Instrument Assets - Hedges (176) | | 0 | 0 |
| 57 | TOTAL Current and Accrued Assets (Total of lines 27 thru 54) | | 664,088,272 | 484,137,034 |
| 58 | DEFERRED DEBITS | | | |
| 59 | Unamortized Debt Expense (181) | | 17,735,222 | 12,756,350 |
| 60 | Extraordinary Property Losses (182.1) | 230 | 0 | 0 |
| 61 | Unrecovered Plant and Regulatory Study Costs (182.2) | 230 | 0 | 0 |
| 62 | Other Regulatory Assets (182.3) | 232 | 668,681,437 | 641,477,786 |
| 63 | Preliminary Survey and Investigation Charges (Electric)(183) | | 140,060 | 140,060 |
| 64 | Preliminary Survey and Investigation Charges (Gas)(183.1 and 183.2) | | 0 | 0 |
| 65 | Clearing Accounts (184) | | 39,097 | 393,090 |
| 66 | Temporary Facilities (185) | | (355,855) | (155,584) |
| 67 | Miscellaneous Deferred Debits (186) | 233 | 43,074,454 | 25,796,478 |
| 68 | Deferred Losses from Disposition of Utility Plant (187) | | 0 | 0 |
| 69 | Research, Development, and Demonstration Expend. (188) | | 0 | 0 |
| 70 | Unamortized Loss on Reacquired Debt (189) | | 6,801,581 | 7,163,781 |
| 71 | Accumulated Deferred Income Taxes (190) | 234-235 | 185,918,860 | 166,461,760 |
| 72 | Unrecovered Purchased Gas Costs (191) | | 1,668,305 | (25,537,977) |
| 73 | TOTAL Deferred Debits (Total of lines 59 thru 72) | | 923,703,161 | 828,495,744 |
| 74 | TOTAL Assets and Other Debits (Total of lines 10-15,25,57,and 73) | | 5,620,011,579 | 5,291,877,064 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Comparative Balance Sheet (Liabilities and Other Credits)

| Line No. | Title of Account (a) | Reference Page Number (b) | Balance at End of Current Year (in dollars) (c) | Balance at End of Previous Year (in dollars) (d) |
|-----------|--|----------------------------------|---|--|
| 1 | PROPRIETARY CAPITAL | | | |
| 2 | Common Stock Issued (201) | 250-251 | 762,136,231 | 762,136,231 |
| 3 | Preferred Stock Issued (204) | 250-251 | 20,484,900 | 20,485,900 |
| 4 | Capital Stock Subscribed (202, 205) | 252 | 0 | 0 |
| 5 | Stock Liability for Conversion (203, 206) | 252 | 0 | 0 |
| 6 | Premium on Capital Stock (207) | 252 | 362,457,437 | 362,457,437 |
| 7 | Other Paid-In Capital (208-211) | 253 | 245,585,338 | 225,540,616 |
| 8 | Installments Received on Capital Stock (212) | 252 | 0 | 0 |
| 9 | (Less) Discount on Capital Stock (213) | 254 | 0 | 0 |
| 10 | (Less) Capital Stock Expense (214) | 254 | 21,750,868 | 21,750,868 |
| 11 | Retained Earnings (215, 215.1, 216) | 118-119 | 311,524,768 | 246,095,380 |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | 176,127,212 | 162,610,626 |
| 13 | (Less) Reacquired Capital Stock (217) | 250-251 | 0 | 0 |
| 14 | Accumulated Other Comprehensive Income (219) | 117 | (25,746,020) | 0 |
| 15 | TOTAL Proprietary Capital (Total of lines 2 thru 14) | | 1,830,818,998 | 1,757,575,322 |
| 16 | LONG TERM DEBT | | | |
| 17 | Bonds (221) | 256-257 | 666,300,000 | 766,300,000 |
| 18 | (Less) Reacquired Bonds (222) | 256-257 | 0 | 0 |
| 19 | Advances from Associated Companies (223) | 256-257 | 0 | 0 |
| 20 | Other Long-Term Debt (224) | 256-257 | 1,062,720,663 | 562,720,663 |
| 21 | Unamortized Premium on Long-Term Debt (225) | 258-259 | 4,458,431 | 4,708,536 |
| 22 | (Less) Unamortized Discount on Long-Term Debt-Dr (226) | 258-259 | 6,318,895 | 6,917,559 |
| 23 | (Less) Current Portion of Long-Term Debt | | 0 | 0 |
| 24 | TOTAL Long-Term Debt (Total of lines 17 thru 23) | | 1,727,160,199 | 1,326,811,640 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases-Noncurrent (227) | | 16,887,894 | 12,618,610 |
| 27 | Accumulated Provision for Property Insurance (228.1) | | 0 | 0 |
| 28 | Accumulated Provision for Injuries and Damages (228.2) | | 4,354,464 | 3,777,144 |
| 29 | Accumulated Provision for Pensions and Benefits (228.3) | | 63,843,848 | 59,970,559 |
| 30 | Accumulated Miscellaneous Operating Provisions (228.4) | | 7,199,132 | 0 |
| 31 | Accumulated Provision for Rate Refunds (229) | | 0 | 0 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Comparative Balance Sheet (Liabilities and Other Credits)(continued)

| Line No. | Title of Account (a) | Reference Page Number (b) | Balance at End of Current Year (in dollars) (c) | Balance at End of Previous Year (in dollars) (d) |
|----------|---|------------------------------|---|--|
| 32 | TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 31) | | 92,285,338 | 76,366,313 |
| 33 | CURRENT AND ACCRUED LIABILITIES | | | |
| 34 | Current Portion of Long-Term Debt | | 0 | 0 |
| 35 | Notes Payable (231) | | 0 | 0 |
| 36 | Accounts Payable (232) | | 187,314,743 | 343,510,449 |
| 37 | Notes Payable to Associated Companies (233) | | 0 | 414,223,887 |
| 38 | Accounts Payable to Associated Companies (234) | | 153,714,455 | 28,675,239 |
| 39 | Customer Deposits (235) | | 10,371,064 | 8,615,663 |
| 40 | Taxes Accrued (236) | 262-263 | 151,555,080 | 103,407,887 |
| 41 | Interest Accrued (237) | | 21,622,577 | 15,905,529 |
| 42 | Dividends Declared (238) | | 0 | 0 |
| 43 | Matured Long-Term Debt (239) | | 0 | 0 |
| 44 | Matured Interest (240) | | 0 | 0 |
| 45 | Tax Collections Payable (241) | | 369,078 | 388,685 |
| 46 | Miscellaneous Current and Accrued Liabilities (242) | 268 | 18,294,854 | 17,622,455 |
| 47 | Obligations Under Capital Leases-Current (243) | | 1,596,903 | 1,077,895 |
| 48 | Derivative Instrument Liabilities (244) | | 80,614,051 | 0 |
| 49 | Derivative Instrument Liabilities - Hedges (245) | | 17,733,957 | 0 |
| 50 | TOTAL Current and Accrued Liabilities (Total of lines 34 thru 49) | | 643,186,762 | 933,427,689 |
| 51 | DEFERRED CREDITS | | | |
| 52 | Customer Advances for Construction (252) | | 4,469,434 | 4,746,305 |
| 53 | Accumulated Deferred Investment Tax Credits (255) | | 81,902,488 | 87,670,813 |
| 54 | Deferred Gains from Disposition of Utility Plant (256) | | 0 | 0 |
| 55 | Other Deferred Credits (253) | 269 | 142,268,209 | 122,691,255 |
| 56 | Other Regulatory Liabilities (254) | 278 | 77,624,115 | 70,039,445 |
| 57 | Unamortized Gain on Reacquired Debt (257) | 260 | 860,793 | 902,277 |
| 58 | Accumulated Deferred Income Taxes (281-283) | | 1,019,435,243 | 911,646,005 |
| 59 | TOTAL Deferred Credits (Total of lines 52 thru 58) | | 1,326,560,282 | 1,197,696,100 |
| 60 | TOTAL Liabilities and Other Credits (Total of lines 15,24,32,50,and 59) | | 5,620,011,579 | 5,291,877,064 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Statement of Income for the Year

- Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,j) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in discount 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
- Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

| Line No. | Title of Account (a) | Reference Page Number (b) | Total Current Year (in dollars) (c) | Total Previous Year (in dollars) (d) |
|----------|--|------------------------------|---|--|
| 1 | UTILITY OPERATING INCOME | | | |
| 2 | Gas Operating Revenues (400) | 300-301 | 4,714,721,746 | 4,496,878,888 |
| 3 | Operating Expenses | | | |
| 4 | Operation Expenses (401) | 317-325 | 3,795,434,596 | 3,560,472,681 |
| 5 | Maintenance Expenses (402) | 317-325 | 86,025,835 | 92,800,407 |
| 6 | Depreciation Expense (403) | 336-338 | 163,234,717 | 156,919,766 |
| 7 | Amortization and Depletion of Utility Plant (404-405) | 336-338 | 15,342,444 | 12,208,687 |
| 8 | Amortization of Utility Plant Acu. Adjustment (406) | 336-338 | 0 | 0 |
| 9 | Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1) | | 5,736 | 0 |
| 10 | Amortization of Conversion Expenses (407.2) | | 0 | 0 |
| 11 | Regulatory Debits (407.3) | | 47,681,549 | 56,637,509 |
| 12 | (Less) Regulatory Credits (407.4) | | 0 | 0 |
| 13 | Taxes Other than Income Taxes (408.1) | 262-263 | 192,833,890 | 170,074,907 |
| 14 | Income Taxes-Federal (409.1) | 262-263 | 24,472,461 | 82,744,399 |
| 15 | Income Taxes-Other (409.1) | 262-263 | 3,898,835 | 9,736,228 |
| 16 | Provision of Deferred Income Taxes (410.1) | 234-235 | 115,853,733 | 29,041,301 |
| 17 | (Less) Provision for Deferred Income Taxes-Credit (411.1) | 234-235 | 9,035,743 | (24,335,012) |
| 18 | Investment Tax Credit Adjustment-Net (411.4) | | (2,437,224) | (2,453,580) |
| 19 | (Less) Gains from Disposition of Utility Plant (411.6) | | 0 | 0 |
| 20 | Losses from Disposition of Utility Plant (411.7) | | 0 | 0 |
| 21 | (Less) Gains from Disposition of Allowances (411.8) | | 13,938,037 | 24,513,062 |
| 22 | Losses from Disposition of Allowances (411.9) | | 0 | 0 |
| 23 | TOTAL Utility Operating Expenses (Total of lines 4 thru 22) | | 4,419,372,792 | 4,168,004,255 |
| 24 | Net Utility Operating Income (Total of lines 2 less 23) (Carry forward to page 116, line 25) | | 295,348,954 | 328,874,633 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Statement of Income for the Year

4. Explain in a footnote if the previous year's figures are different from those reported in prior reports.
5. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.

| Line No. | Elec. Utility Current Year (in dollars) (e) | Elec. Utility Previous Year (in dollars) (f) | Gas Utility Current Year (in dollars) (g) | Gas Utility Previous Year (in dollars) (h) | Other Utility Current Year (in dollars) (i) | Other Utility Previous Year (in dollars) (j) |
|----------|---|--|---|--|---|--|
| 1 | | | | | | |
| 2 | 4,368,563,175 | 4,019,956,902 | 346,158,571 | 476,921,986 | 0 | 0 |
| 3 | | | | | | |
| 4 | 3,550,882,721 | 3,183,354,400 | 244,551,875 | 377,118,281 | 0 | 0 |
| 5 | 79,321,332 | 85,512,469 | 6,704,503 | 7,287,938 | 0 | 0 |
| 6 | 143,482,481 | 138,352,184 | 19,752,236 | 18,567,582 | 0 | 0 |
| 7 | 11,376,563 | 8,899,980 | 3,965,881 | 3,308,707 | 0 | 0 |
| 8 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | 0 | 0 | 5,736 | 0 | 0 | 0 |
| 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 | 47,681,549 | 56,637,509 | 0 | 0 | 0 | 0 |
| 12 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | 156,742,405 | 133,903,122 | 36,091,485 | 36,171,785 | 0 | 0 |
| 14 | 34,201,634 | 66,538,388 | (9,729,173) | 16,206,011 | 0 | 0 |
| 15 | 3,898,835 | 9,736,228 | 0 | 0 | 0 | 0 |
| 16 | 95,703,154 | 41,742,699 | 20,150,579 | (12,701,398) | 0 | 0 |
| 17 | 6,275,243 | (21,034,227) | 2,760,500 | (3,300,785) | 0 | 0 |
| 18 | (2,192,928) | (2,208,041) | (244,296) | (245,539) | 0 | 0 |
| 19 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | 13,938,037 | 24,513,062 | 0 | 0 | 0 | 0 |
| 22 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 | 4,100,884,466 | 3,718,990,103 | 318,488,326 | 449,014,152 | 0 | 0 |
| 24 | 267,678,709 | 300,966,799 | 27,670,245 | 27,907,834 | 0 | 0 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Statement of Income for the Year(continued)

| Line No. | Title of Account (a) | Reference Page Number (b) | Total Current Year (in dollars) (c) | Total Previous Year (in dollars) (d) |
|----------|---|------------------------------|---|--|
| 25 | Net Utility Operating Income (Carried forward from page 114) | | 295,348,954 | 328,874,633 |
| 26 | OTHER INCOME AND DEDUCTIONS | | | |
| 27 | Other Income | | | |
| 28 | Nonutility Operating Income | | | |
| 29 | Revenues form Merchandising, Jobbing and Contract Work (415) | | 2,887,007 | 3,273,792 |
| 30 | (Less) Costs and Expense of Merchandising, Job & Contract Work (416) | | 1,409,454 | 2,283,627 |
| 31 | Revenues from Nonutility Operations (417) | | 88,866,082 | 1,675,597 |
| 32 | (Less) Expenses of Nonutility Operations (417.1) | | 60,784,521 | (592,260) |
| 33 | Nonoperating Rental Income | | 184,151 | 246,054 |
| 34 | Equity in Earnings of Subsidiary Companies (418.1) | 119 | 23,864,203 | 47,584,969 |
| 35 | Interest and Dividend Income (419) | | 7,989,977 | 3,841,932 |
| 36 | Allowance for Other Funds Used During Construction (419.1) | | (437,893) | 2,546,146 |
| 37 | Miscellaneous Nonoperating Income (421) | | 1,595,688,529 | 1,569,171,852 |
| 38 | Gain on Disposition of Property (421.1) | | 67,374 | 43,717 |
| 39 | TOTAL Other Income (Total of lines 29 thru 38) | | 1,656,915,455 | 1,626,692,692 |
| 40 | Other Income Deductions | | | |
| 41 | Loss on Disposition of Property (421.2) | | 424,891 | (10,000) |
| 42 | Miscellaneous Amortization (425) | | 0 | 0 |
| 43 | Miscellaneous Income Deductions (426.1 thru 426.5) | 340 | 1,595,202,639 | 1,509,146,685 |
| 44 | TOTAL Other Income Deductions (Total of lines 41 thru 43) | 340 | 1,595,627,530 | 1,509,136,685 |
| 45 | Taxes Applic. to Other Income and Deductions | | | |
| 46 | Taxes Other than Income Taxes (408.2) | 262-263 | 167,306 | 46,003 |
| 47 | Income Taxes-Federal (409.2) | 262-263 | 15,937,735 | 22,907,421 |
| 48 | Income Taxes-Other (409.2) | 262-263 | (9,590,213) | 0 |
| 49 | Provision for Deferred Income Taxes (410.2) | 234-235 | 1,062,007 | 1,311,118 |
| 50 | (Less) Provision for Deferred Income Taxes-Credit (411.2) | 234-235 | 1,120,254 | (1,836,353) |
| 51 | Investment Tax Credit Adjustments-Net (411.5) | | (3,326,316) | (3,124,893) |
| 52 | (Less) Investment Tax Credits (420) | | 0 | 0 |
| 53 | TOTAL Taxes on Other Income and Deductions (Total of lines 46-52) | | 3,130,265 | 22,976,002 |
| 54 | Net Other Income and Deductions (Total of lines 39, 44, 53) | | 58,157,660 | 94,580,005 |
| 55 | INTEREST CHARGES | | | |
| 56 | Interest on Long-Term Debt (427) | | 88,546,797 | 84,661,996 |
| 57 | Amortization of Debt Disc. and Expense (428) | 258-259 | 1,466,871 | 1,337,067 |
| 58 | Amortization of Loss on Reacquired Debt (428.1) | | 962,078 | 1,206,070 |
| 59 | (Less) Amortization of Premium on Debt-Credit (429) | 258-259 | 250,104 | 250,104 |
| 60 | (Less) Amortization of Gain on Reacquired Debt-Credit (429.1) | | 41,484 | 41,484 |
| 61 | Interest on Debt to Associated Companies (430) | 340 | 6,184,582 | 12,572,012 |
| 62 | Other Interest Expense (431) | 340 | 1,953,650 | 3,617,052 |
| 63 | (Less) Allowance for Borrowed Funds Used During Construction-Credit (432) | | 9,011,622 | 6,301,893 |
| 64 | Net Interest Charges (Total of lines 56 thru 63) | | 89,810,768 | 96,800,716 |
| 65 | Income Before Extraordinary Items (Total of lines 25,54 and 64) | | 263,695,846 | 326,653,922 |
| 66 | EXTRAORDINARY ITEMS | | | |
| 67 | Extraordinary Income (434) | | 0 | 0 |
| 68 | (Less) Extraordinary Deductions (435) | | 0 | 0 |
| 69 | Net Extraordinary Items (Total of line 67 less line 68) | | 0 | 0 |
| 70 | Income Taxes-Federal and Other (409.3) | 262-263 | 0 | 0 |
| 71 | Extraordinary Items after Taxes (Total of line 69 less line 70) | | 0 | 0 |
| 72 | Net Income (Total of lines 65 and 71) | | 263,695,846 | 326,653,922 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Statement of Accumulated Comprehensive Income and Hedging Activities

- Report in columns (b) (c) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
- Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
- For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

| Line No. | Item (a) | Unrealized Gains and Losses on available-for-sale securities (b) | Minimum Pension liability Adjustment (net amount) (c) | Foreign Currency Hedges (d) | Other Adjustments (e) |
|----------|---|---|--|--------------------------------|--------------------------|
| 1 | Balance of Account 219 at Beginning of Preceding Year | | (993,822) | | |
| 2 | Preceding Year Reclassification from Account 219 to Net Income | | | | |
| 3 | Preceding Year Changes in Fair Value | | 133,775 | | 461,480 |
| 4 | Total (lines 2 and 3) | | 133,775 | | 461,480 |
| 5 | Balance of Account 219 at End of Preceding Year / Beginning of Current Year | | (860,047) | | 461,480 |
| 6 | Current Year Reclassifications from Account 219 to Net Income | | | | |
| 7 | Current Year Changes in Fair Value | | (871,607) | | (462,579) |
| 8 | Total (lines 6 and 7) | | (871,607) | | (462,579) |
| 9 | Balance of Account 219 at End of Current Year | | (1,731,654) | | (1,099) |

| | | | |
|---|---|---------------------------------------|--|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, <u>2002</u> |
|---|---|---------------------------------------|--|

Statement of Accumulated Comprehensive Income and Hedging Activities(continued)

| Line No. | Other Cash Flow Hedges [Specify] (f) | Other Cash Flow Hedges [Specify] (g) | Totals for each category of items recorded in Account 219 (h) | Net Income (Carried Forward from Page 116, Line 72) (i) | Total Comprehensive Income (j) |
|----------|---|---|--|--|-----------------------------------|
| 1 | | | (993,822) | | |
| 2 | | | | | |
| 3 | (5,279,708) | | (4,684,453) | | |
| 4 | (5,279,708) | | (4,684,453) | 326,653,922 | 321,969,469 |
| 5 | (5,279,708) | | (5,678,275) | | |
| 6 | | | | | |
| 7 | (5,511,405) | (13,222,154) | (20,067,745) | | |
| 8 | (5,511,405) | (13,222,154) | (20,067,745) | 263,695,846 | 243,628,101 |
| 9 | (10,791,113) | (13,222,154) | (25,748,020) | | |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
|---|---|---------------------------------------|--------------------------------|

FOOTNOTE DATA

Schedule Page: 117 Line No.: 9 Column: f

CG&E has an outstanding interest rate swap agreement that decreased the percentage of floating-rate debt. Under the provisions of the swap, which has a notional amount of \$100 million, CG&E pays a fixed-rate and receives a floating-rate through October 2007. This swap qualifies as a cash flow hedge under the provisions of Statement 133. Changes in fair value of this swap are recorded in Accumulated other comprehensive income, beginning with our adoption of Statement 133 on January 1, 2001.

Schedule Page: 117 Line No.: 9 Column: g

On September 23, 2002, CG&E issued \$500 million principal amount senior unsecured debentures due September 15, 2012, with an interest rate of 5.70 percent. In July 2002, CG&E executed a treasury lock with a notional amount of \$250 million, which was designated as a cash flow hedge of 50 percent of the forecasted interest payments on this debt offering. The treasury lock effectively fixed the benchmark interest rate (i.e., the treasury component of the interest rate, but not the credit spread) for 50 percent of the offering from July 2002 through the issuance date in order to reduce the exposure associated with treasury rate volatility. With the issuance of the debt, the treasury lock was settled. Given the use of hedge accounting, this settlement is reflected in Accumulated other comprehensive income on an after-tax basis in the amount of \$13 million, rather than a charge to net income. This amount will be reclassified to interest on long-term debt over the 10-year life of the related debt as interest is accrued.

Schedule Page: 117 Line No.: 9 Column: h

Pursuant to the FERC order no. 627, Accumulated Other Comprehensive Income was reclassified from account 211 to account 219 in 2002. The amounts for each year were as follows:

| | |
|---------------------|--------------|
| 2000 ending balance | (993,822) |
| 2001 activity | (4,684,453) |
| 2002 activity | (20,067,745) |
| | (25,746,020) |

Schedule Page: 117 Line No.: 9 Column: e

Other Adjustments consist of unrealized gain/(loss) and related tax effects of the Voluntary Employees' Benefit Association (VEBA) trust.

| | | | |
|---|---|--------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 11 | Year of Report Dec. 31, 2002 |
|---|---|--------------------------------------|---------------------------------|

Statement of Retained Earnings for the Year

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.

| Line No. | Item (a) | Contra Primary Account Affected (b) | Current Year Amount (in dollars) (c) | Previous Year Amount (in dollars) (d) |
|----------|---|--|--|---|
| | UNAPPROPRIATED RETAINED EARNINGS | | | |
| 1 | Balance-Beginning of Year | | 246,095,380 | 241,700,031 |
| 2 | Changes (Identify by prescribed retained earnings accounts) | | | |
| 3 | Adjustments to Retained Earnings (Account 439) | | | |
| 4 | TOTAL Credits to Retained Earnings (Account 439) (Total of lines 3.01 thru | 236 | 2,004,985 | 255,648 |
| 5 | TOTAL Debits to Retained Earnings (Account 439) (Total of lines 4.01 thru 4 | | | |
| 6 | Balance Transferred from Income (Acct 433 less Acct 418.1) | | 239,831,643 | 279,068,953 |
| 7 | Appropriations of Retained Earnings (Account 436) | | | |
| 8 | TOTAL Appropriations of Retained Earnings (Account 436) (Total of lines 7.0 | | | |
| 9 | Dividends Declared-Preferred Stock (Account 437) | | | |
| 10 | TOTAL Dividends Declared-Preferred Stock (Account 437) (Total of lines 9.01 | 238 | 845,681 | 845,706 |
| 11 | Dividends Declared-Common Stock (Account 438) | | | |
| 12 | TOTAL Dividends Declared-Common Stock (Account 438) (Total of lines 11.01 t | 238 | 185,909,176 | 286,268,622 |
| 13 | Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings | | 10,347,617 | 12,185,076 |
| 14 | Balance-End of Year (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13) | | 311,524,768 | 246,095,380 |
| | APPROPRIATED RETAINED EARNINGS (Account 215) | | | |
| 16 | TOTAL Appropriated Retained Earnings (Account 215) | | | |
| | APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1) | | | |
| 17 | TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account | | | |
| 18 | TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines | | | |
| 19 | TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1 | | 311,524,768 | 246,095,380 |
| | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1) | | | |
| 20 | Balance-Beginning of Year (Debit or Credit) | | 162,610,626 | 127,210,733 |
| 21 | Equity in Earnings for Year (Credit) (Account 418.1) | | 23,864,203 | 47,584,969 |
| 22 | (Less) Dividends Received (Debit) | | 10,347,617 | 12,185,076 |
| 23 | Other Changes (Explain) | | | |
| 24 | Balance-End of Year | | 176,127,212 | 162,610,626 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Statement of Cash Flows

- Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.
- Under "Other" specify significant amounts and group others.
- Operating Activities-Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.
- Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U.S. of A. General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.

| Line No. | Description (See Instructions for explanation of codes) (a) | Current Year Amount (b) | Previous Year Amount (c) |
|----------|---|----------------------------|-----------------------------|
| 1 | Net Cash Flow from Operating Activities | | |
| 2 | Net Income (Line 72(c) on page 116) | 263,695,846 | 326,653,922 |
| 3 | Noncash Charges (Credits) to Income: | | |
| 4 | Depreciation and Depletion | 163,234,717 | 156,919,766 |
| 5 | Amortization of (Specify) | 17,479,808 | 14,460,236 |
| 6 | Deferred Income Taxes (Net) | 106,759,743 | 56,523,784 |
| 7 | Investment Tax Credit Adjustments (Net) | (5,763,540) | (5,578,473) |
| 8 | Net (Increase) Decrease in Receivables | 68,338,313 | 166,937,144 |
| 9 | Net (Increase) Decrease in Inventory | 13,573,019 | (34,525,502) |
| 10 | Net (Increase) Decrease in Allowances Inventory | | 10,239,913 |
| 11 | Net Increase (Decrease) in Payables and Accrued Expenses | 25,832,082 | (218,940,113) |
| 12 | Net (Increase) Decrease in Other Regulatory Assets | (23,750,874) | (108,390,354) |
| 13 | Net Increase (Decrease) in Other Regulatory Liabilities | | (6,206,553) |
| 14 | (Less) Allowance for Other Funds Used During Construction | (437,893) | 2,546,146 |
| 15 | (Less) Undistributed Earnings from Subsidiary Companies | 13,516,586 | 35,399,893 |
| 16 | Other: | | (15,188,875) |
| 17 | Net Cash Provided by (Used in) Operating Activities | | |
| 18 | (Total of Lines 2 thru 16.?) | 597,788,163 | 304,958,856 |
| 19 | | | |
| 20 | Cash Flows from Investment Activities: | | |
| 21 | Construction and Acquisition of Plant (including land): | | |
| 22 | Gross Additions to Utility Plant (less nuclear fuel) | (245,557,437) | (336,000,604) |
| 23 | Gross Additions to Nuclear Fuel | | |
| 24 | Gross Additions to Common Utility Plant | (35,805,112) | 814,373 |
| 25 | Gross Additions to Nonutility Plant | (23,351) | (75,000) |
| 26 | (Less) Allowance for Other Funds Used During Construction | 437,893 | (2,546,146) |
| 27 | Other: | | |
| 28 | Cash Outflows for Plant (Total of lines 22 thru 27.?) | (281,823,793) | (332,715,085) |
| 29 | | | |
| 30 | Acquisition of Other Noncurrent Assets (d) | | |
| 31 | Proceeds from Disposal of Noncurrent Assets (d) | | |
| 32 | | | |
| 33 | Investments in and Advances to Assoc. and Subsidiary Companies | | |
| 34 | Contributions and Advances from Assoc. and Subsidiary Companies | | |
| 35 | Disposition of Investments in (and Advances to) | | |
| 36 | Associated and Subsidiary Companies | | |
| 37 | | | |
| 38 | Purchase of Investment Securities (a) | | |
| 39 | Proceeds from Sales of Investment Securities (a) | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Statement of Cash Flows (continued)

| Line No. | Description (See Instructions for explanation of codes) (a) | Current Year Amount (b) | Previous Year Amount (c) |
|----------|--|----------------------------|-----------------------------|
| 40 | Loans Made or Purchased | | |
| 41 | Collections on Loans | | |
| 42 | | | |
| 43 | Net (Increase) Decrease in Receivables | | |
| 44 | Net (Increase) Decrease in Inventory | | |
| 45 | Net (Increase) Decrease in Allowances Held for Speculation | | |
| 46 | Net Increase (Decrease) in Payables and Accrued Expenses | | |
| 47 | Other: | 1,566 | |
| 48 | Net Cash Provided by (Used in) Investing Activities | | |
| 49 | (Total of lines 28 thru 47.?) | (281,825,359) | (332,715,085) |
| 50 | | | |
| 51 | Cash Flows from Financing Activities: | | |
| 52 | Proceeds from Issuance of: | | |
| 53 | Long-Term Debt (b) | 580,570,000 | |
| 54 | Preferred Stock | | |
| 55 | Common Stock | | |
| 56 | Other: | | |
| 57 | Net Increase in Short-term Debt (c) | | 293,673,680 |
| 58 | Other: | | 12,100,000 |
| 59 | Cash Provided by Outside Sources (Total of lines 53 thru 58.?) | 580,570,000 | 305,773,680 |
| 60 | | | |
| 61 | Payments for Retirement of: | | |
| 62 | Long-Term Debt (b) | (100,000,000) | |
| 63 | Preferred Stock | (827) | |
| 64 | Common Stock | | |
| 65 | Other: | | |
| 66 | Net Decrease in Short-Term Debt (c) | (574,164,608) | |
| 67 | | | |
| 68 | Dividends on Preferred Stock | (845,681) | (845,706) |
| 69 | Dividends on Common Stock | (185,909,176) | (286,268,622) |
| 70 | Net Cash Provided by (Used in) Financing Activities | | |
| 71 | (Total of lines 59 thru 69) | (280,350,292) | 18,659,352 |
| 72 | | | |
| 73 | Net Increase (Decrease) in Cash and Cash Equivalents | | |
| 74 | (Total of line 18, 49 and 71) | 35,612,512 | (9,096,877) |
| 75 | | | |
| 76 | Cash and Cash Equivalents at Beginning of Year | 4,483,339 | 13,580,216 |
| 77 | | | |
| 78 | Cash and Cash Equivalents at End of Year | 40,095,851 | 4,483,339 |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 120 Line No.: 16 Column: b

| | |
|--|---------------------|
| Accumulated Provisions | 11,649,741 |
| Other Deferred Credits | 3,306,236 |
| Depreciation-Nonutility Property | 26,863 |
| Derivative Instruments Assets | (38,831,813) |
| Derivative Instruments Liabilities | 31,770,945 |
| Special Deposits | 468,981 |
| Prepayments | 1,755,390 |
| Clearing Accounts | 353,993 |
| Temporary Facilities | 200,271 |
| Intangible Assets Associated with Miscellaneous Retirement | (8,793,553) |
| Suspense Accounts | 458,076 |
| Other Work in Progress | 61,888 |
| Miscellaneous Deferred Debits | 2,672,585 |
| Unrecovered Purchased Gas Costs | (27,206,282) |
| Accumulated Other Comprehensive Income | (20,067,745) |
| Non-Current Capital Leases | 4,269,284 |
| Derivative Instrument Liabilities - Hedges | 17,733,957 |
| Customer Advances for Construction | (276,871) |
| Net Utility Plant | 736,651 |
| Investments in Associated Companies | 2,125,344 |
| Debt Expenses | (3,016,958) |
| Deferred Income Taxes | (14,300,497) |
| Donated Capital | 14,366,274 |
| 2002 Stock Options | 2,004,985 |
| | <u>(18,532,255)</u> |

Schedule Page: 120 Line No.: 5 Column: b

| | |
|--|------------------|
| Plant Items | 15,342,444 |
| Amort of Debt Discount, Premium, Exp, Loss on Reacq Debt | <u>2,137,361</u> |
| | 17,479,805 |

Schedule Page: 120 Line No.: 47 Column: b

| | |
|------------------|---------|
| Investment Trust | (1,566) |
|------------------|---------|

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets.
4. Where Account 189, Unamortized Loss on Recquired Debt, and 257, Unamortized Gain on Recquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
7. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
8. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
9. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

NOTES TO FINANCIAL STATEMENTS

In this report Cinergy includes Cinergy Corp. and all of our regulated and non-regulated subsidiaries.

1. Summary of Significant Accounting Policies

(a) Nature of Operations

Cinergy Corp., a Delaware corporation created in October 1994, owns all outstanding common stock of The Cincinnati Gas & Electric Company (CG&E) and PSI Energy, Inc. (PSI), both of which are public utility subsidiaries. As a result of this ownership, Cinergy Corp. is considered a utility holding company. Because Cinergy is a holding company with material utility subsidiaries operating in multiple states, Cinergy is registered with and is subject to regulation by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935, as amended (PUHCA). CG&E, an Ohio corporation, is a combination electric and gas public utility company that provides service in the southwestern portion of Ohio and, through its subsidiaries, in nearby areas of Kentucky and Indiana. CG&E's principal subsidiary, The Union Light, Heat and Power Company (ULH&P), is a Kentucky corporation that provides electric and gas service in northern Kentucky. CG&E's other subsidiaries are insignificant to its results of operations.

In 2001, CG&E began a transition to electric deregulation and customer choice. Currently, the competitive retail electric market in Ohio is in the development stage. CG&E is recovering its Public Utilities Commission of Ohio (PUCO) approved costs and retail electric rates are frozen during this market development period. See Note 13 for a discussion of key elements of Ohio deregulation.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

(b) Presentation

The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of the Federal Energy Regulatory Commission (FERC), which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). This basis of accounting differs from GAAP in that a complete statement of changes in proprietary capital has not been presented and the classification of certain balance sheet accounts does not conform with GAAP. This basis of accounting reflects the accounting and ratemaking treatment authorized by the FERC and the PUCO in **CG&E's** historical rate proceedings. Additionally, GAAP presentation requires consolidation of certain entities that are not consolidated for FERC presentation purposes.

Management makes estimates and assumptions when preparing financial statements. Actual results could differ, as these estimates and assumptions involve judgment. These estimates and assumptions affect various matters, including:

- the reported amounts of assets and liabilities in **CG&E's** Comparative Balance Sheets at the dates of the financial statements;
- the disclosure of contingent assets and liabilities at the dates of the financial statements; and
- the reported amounts of revenues and expenses in **CG&E's** Statements of Income during the reporting periods.

(c) Investments in Subsidiaries

CG&E uses the consolidation method to report investments in its subsidiaries. **CG&E** eliminates all significant intercompany transactions when it consolidates these accounts.

(d) Regulation

CG&E must comply with the rules prescribed by the SEC under the PUHCA. **CG&E** must also comply with the rules prescribed by the FERC and the PUCO.

CG&E uses the same accounting policies and practices for financial reporting purposes as non-regulated companies under GAAP. However, sometimes actions by the FERC and the PUCO result in accounting treatment different from that used by non-regulated companies. When this occurs, **CG&E** applies the provisions of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (Statement 71). In accordance with Statement 71, **CG&E** records regulatory assets and liabilities (expenses deferred for future recovery from customers or obligations to be refunded to customers) on **CG&E's** Comparative Balance Sheets.

Comprehensive electric deregulation legislation was passed in Ohio on July 6, 1999. As required by the legislation, **CG&E** filed its Proposed Transition Plan for approval by the PUCO on December 28, 1999. On August 31, 2000, the PUCO approved a stipulation agreement relating to **CG&E's** transition plan. This plan created a Regulatory Transition Charge (RTC), designed to recover **CG&E's** generation-related regulatory

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

assets and transition costs over a ten-year period which began January 1, 2001. Accordingly, Statement 71 was discontinued for the generation portion of CG&E's business and Statement of Financial Accounting Standards No. 101, *Regulated Enterprises - Accounting for the Discontinuation of Application of FASB Statement No. 71* was applied. The effect of this change on the financial statements was immaterial. Except with respect to the generation-related assets and liabilities, as of December 31, 2002, CG&E continues to meet the criteria of Statement 71. Based on CG&E's current regulatory orders and the regulatory environment in which it currently operates, the recovery of regulatory assets recognized in the accompanying Comparative Balance Sheets as of December 31, 2002, is probable. For a further discussion of Ohio deregulation see Note 13.

CG&E's regulatory assets and liabilities and amounts authorized for recovery through regulatory orders at December 31, 2002, and 2001, are as follows:

| | <u>2002</u> | <u>2001</u> |
|---|----------------------|-------------|
| | <i>(in millions)</i> | |
| Regulatory assets | | |
| Amounts due from customers - income taxes ⁽¹⁾ | \$ 130 | \$ 127 |
| Post-in-service carrying costs and deferred operating expenses ⁽⁴⁾ | 1 | - |
| Deferred merger costs | 1 | 1 |
| RTC recoverable assets ^{(2) (4)} | 537 | 511 |
| Other | - | 2 |
| Total regulatory assets | \$ 669 | \$ 641 |
| Regulatory liabilities | | |
| Amounts due to customers - income taxes ⁽¹⁾ | \$ 78 | \$ 70 |
| Total regulatory liabilities | \$ 78 | \$ 70 |
| Total | \$ 591 | \$ 571 |
| Unamortized costs of reacquiring debt | 7 | 7 |
| Other | 2 | 7 |
| Total net regulatory assets | \$ 600 | \$ 585 |
| Authorized for recovery ⁽³⁾ | \$ 594 | \$ 572 |

- (1) The PUCO oversees the regulated business operations of CG&E and regulates income tax provisions reflected in customer rates. In accordance with the provisions of Statement 71, CG&E has a related net regulatory asset.
- (2) In August 2000, CG&E's deregulation transition plan was approved. Effective January 1, 2001, a RTC went into effect and provides for recovery of all then existing generation-related regulatory assets and various transition costs over a ten-year period. Because a separate charge provides for recovery, these assets were aggregated and are included as a single amount in this presentation. The classification of all transmission and distribution related regulatory assets has remained the same.
- (3) At December 31, 2002, these amounts were being recovered through rates charged to customers over a period ranging from 1 to 50 years.
- (4) Regulatory assets earning a return at December 31, 2002.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

(e) Cash and Cash Equivalents

CG&E defines cash equivalents as investments with maturities of three months or less when acquired, which includes Cash (account 131) and Working Funds (account 135).

During 2002 and 2001, CG&E paid cash for interest of \$82 million and \$95 million (net of amounts capitalized), respectively, and paid cash for income taxes of \$26 million and \$137 million, respectively.

(f) Operating Revenues, Energy Purchases, and Fuel Costs

CG&E records Operating revenues and associated expenses for electric and gas service when it provides the service to customers. Customers are billed throughout the month as both gas and electric meters are read. CG&E recognizes revenues for retail energy sales that have not yet been billed, but where gas or electricity has been consumed. This is termed "unbilled revenue" and is a widely recognized and accepted practice for utilities. In making its estimates of unbilled revenue CG&E uses complex systems that consider various factors, including weather, in our calculation of retail customer consumption at the end of each month. Given the use of these systems and the fact that customers are billed monthly, CG&E believes it is unlikely that materially different results will occur in future periods when revenue is billed. Related receivables are sold under the accounts receivable sales agreement and therefore are not reflected on CG&E's Comparative Balance Sheets. See Note 6 for additional information.

The amount of unbilled revenues for CG&E as of December 31, 2002 and 2001 were \$73 million and \$85 million, respectively.

The expenses associated with these electric and gas services include:

- fuel used to generate electricity;
- electricity purchased from others;
- natural gas purchased from others; and
- transportation costs associated with the purchase of fuel, electricity, and natural gas.

These expenses are shown in CG&E's Statements of Income. Any portion of these costs that are recoverable or refundable to customers in future periods is deferred in CG&E's Comparative Balance Sheets.

Due to deregulation in the state of Ohio, the recovery of fuel costs in retail electric rates has been frozen.

(g) Inventory

CG&E's inventory is accounted for at the lower of cost or market, cost being determined through the weighted-average method.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

(h) Utility Plant

Utility plant includes the utility and non-regulated business property and equipment that is in use, being held for future use, or under construction. CG&E reports Utility plant at its original cost, which includes:

- materials;
- salaries;
- payroll taxes;
- fringe benefits;
- financing costs of funds used during construction (described below in (j) and (k)); and
- other miscellaneous amounts.

CG&E capitalizes costs for Utility plant that are associated with the replacement or the addition of equipment that is considered a property unit. Property units are intended to describe an item or group of items. The cost of normal repairs and maintenance is expensed as incurred. When regulated Utility plant is retired, CG&E charges the original cost plus the cost of retirement, less salvage, to accumulated depreciation. A gain or loss is recorded on the sale of regulated Utility plant if an entire operating unit, as defined by the FERC, is sold. A gain or loss is recorded on non-regulated business property and equipment whenever there is a related sale or retirement. In August 2000, the generation assets of CG&E were released from the first mortgage indenture lien. CG&E's transmission and distribution assets, and any generating assets added after August 2000, remain subject to the lien of the first mortgage bond indenture.

(i) Depreciation

CG&E determines the provisions for depreciation expense using the straight-line method. The depreciation rates are based on periodic studies of the estimated useful lives and the net cost to remove the properties. Inclusion of cost of removal in depreciation rates will be discontinued for all non-regulated property beginning in 2003 as a result of adopting Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* (Statement 143). See (p)(ii) below for additional discussion of this change. CG&E uses composite depreciation rates, which are approved by PUCO. The average depreciation rates for Utility plant, excluding software, for CG&E are 2.9% for both 2002 and 2001.

(j) Allowance for Funds Used During Construction (AFUDC)

CG&E finances construction projects with borrowed funds and equity funds. Regulatory authorities allow CG&E to record the costs of these funds as part of the cost of construction projects. AFUDC is calculated using a methodology authorized by the regulatory authorities. CG&E's borrowed funds component of AFUDC, which is recorded on a pre-tax basis, were \$.8 million for both 2002 and 2001.

With the deregulation of CG&E's generation assets, the AFUDC method is no longer used to capitalize the cost of funds used during generation-related construction at CG&E. See (k) below for a discussion of capitalized interest.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

(k) Capitalized Interest

CG&E capitalizes interest costs for non-regulated construction projects in accordance with Statement of Financial Accounting Standards No. 34, *Capitalization of Interest Cost* (Statement 34). The primary differences from AFUDC are that Statement 34 methodology does not include a component for equity funds and does not emphasize short-term borrowings over long-term borrowings. Capitalized interest costs, which are recorded on a pre-tax basis, were \$8.2 million and \$5.5 million for CG&E for the years ended December 31, 2002 and December 31, 2001, respectively.

(l) Federal and State Income Taxes

Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*, requires an asset and liability approach for financial accounting and reporting of income taxes. The tax effects of differences between the financial reporting and tax basis of accounting are reported in CG&E's Comparative Balance Sheets and are based on currently enacted income tax rates.

Investment tax credits, which have been used to reduce CG&E's federal income taxes payable, have been deferred for financial reporting purposes. These deferred investment tax credits are being amortized over the useful lives of the property to which they are related. For a further discussion of income taxes see Note 10.

(m) Financial Derivatives

CG&E uses derivative financial instruments to manage funding costs and exposure to fluctuations in interest rates.

CG&E accounts for derivatives under Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (Statement 133), which requires all derivatives that are not exempted to be accounted for at fair value. Changes in the derivative's fair value must be recognized currently in earnings unless specific hedge accounting criteria are met. Gains and losses on derivatives that qualify as hedges can (a) offset related fair value changes on the hedged item in the income statement for fair value hedges; or (b) be recorded in other comprehensive income for cash flow hedges. To qualify for hedge accounting, financial instruments must be designated as a hedge (for example, an offset of foreign exchange or interest rate risks) at the inception of the contract and must be effective at reducing the risk associated with the hedged item. Accordingly, changes in the fair values or cash flows of instruments designated as hedges must be highly correlated with changes in the fair values or cash flows of the related hedged items.

CG&E uses interest rate swaps (an agreement by two parties to exchange fixed-interest rate cash flows for floating-interest rate cash flows) and treasury locks (an agreement that fixes the yield or price on a specific treasury security for a specific period, which we sometimes use in connection with the issuance of fixed rate debt). Through December 31, 2000, CG&E utilized the accrual method to account for these interest rate swaps and treasury locks. Accordingly, gains and losses were calculated based on the current period difference between the fixed-rate and the floating-rate interest amounts, using agreed upon notional amounts. These gains

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

and losses were recognized in CG&E's Statements of Income as a component of interest on long-term debt over the life of the agreement. Effective with CG&E's adoption of Statement 133 in the first quarter of 2001, CG&E began accounting for all derivatives (including interest rate swaps and treasury locks) using fair value accounting, and CG&E assesses the effectiveness of any interest rate swaps and/or treasury locks used in hedging activities.

At December 31, 2002, the ineffectiveness of instruments that CG&E has classified as cash flow hedges of variable-rate debt instruments was not material. Reclassification of unrealized gains or losses on cash flow hedges of debt instruments from accumulated other comprehensive income (loss) occurs as interest is accrued on the debt instrument. CG&E currently estimates that on an after-tax basis, \$5 million of unrealized losses will be reclassified as a charge to interest during the twelve-month period ending December 31, 2003. See (p)(iii) below for further discussion of Statement 133.

(n) Energy Marketing and Trading

CG&E markets and trades electricity and coal. CG&E designates transactions as accrual or trading at the time they are originated. Contracts are classified as accrual only when CG&E (a) has the intent and projected ability to fulfill substantially all obligations from company-owned assets, and (b) meets the requirements to consider the contract a normal purchase or sale under Statement 133 (if a derivative), or meets the requirements to consider the contract non-trading under Emerging Issues Task Force (EITF) Issue 98-10, *Accounting for Contracts Involved in Energy Trading and Risk Management Activities* (EITF 98-10) (if not a derivative under Statement 133). Such classification is generally limited to the sale of generation to third parties when it is not required to meet native load requirements (CG&E's end-use customers). All other energy contracts (excluding electric purchase contracts for use in serving our native load requirements) are classified as trading.

CG&E accounts for accrual transactions by recognizing revenues and costs when the underlying commodity is delivered and trading transactions using the fair value method of accounting. Under the fair value method of accounting, unrealized trading transactions are shown at fair value in CG&E's Comparative Balance Sheets as derivative instrument assets/liabilities. In October 2002, the EITF reached a consensus in EITF Issue 02-3, *Accounting for Contracts Involved in Energy Trading and Risk Management Activities* (EITF 02-3), to rescind EITF 98-10. This decision will require that non-derivative contracts currently accounted for at fair value be accounted for on an accrual basis in the future. See (p)(i) below for further discussion.

CG&E reflects unrealized gains and losses, resulting from changes in fair value, on a net basis in Operating revenues. For all power trading, we recognize both revenues and costs on a gross basis in Operating revenues and in Operating expenses, respectively, when transactions are settled. EITF 02-3 will also require realized and unrealized gains and losses on all energy trading derivatives to be presented net in Operating revenues, beginning in 2003. See (p)(i) below for further discussion.

Although CG&E intends to settle accrual contracts with company-owned assets, occasionally CG&E settles these contracts with purchases on the open trading markets. The cost of these purchases could be in excess of the associated revenues. CG&E recognizes the gains or losses on these transactions as delivery occurs. Due to

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

the infrequency of such settlements, both historical and projected, and the fact that physical settlement to the customer still occurs, **CG&E** continues to apply the normal purchases and sales exemption to such physical contracts that constitute derivatives. Open market purchases may occur for the following reasons:

- generating station outages;
- least-cost alternative;
- native load requirements; and
- extreme weather.

CG&E anticipates that some of the electricity obligations, even though considered trading contracts, will ultimately be settled using company-owned generation. The cost of this generation is usually below the market price at which the trading portfolio has been valued. The potential for earnings volatility from period to period is increased due to the risks associated with marketing and trading electricity.

CG&E values contracts in the trading portfolio using end-of-the-period fair values, utilizing the following factors (as applicable):

- closing exchange prices (that is, closing prices for standardized electricity and natural gas products traded on an organized exchange, such as the New York Mercantile Exchange);
- broker-dealer and over-the-counter price quotations; and
- model pricing (which considers time value and historical volatility factors of electricity and natural gas).

(o) Impairment of Long-Lived Assets

CG&E evaluates long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If an impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a provision for an impairment loss if the carrying value is greater than the fair value. Until the assets are disposed of, their estimated fair value is reevaluated when circumstances or events change.

(p) Accounting Changes

(i) Energy Trading

The EITF has been discussing several issues related to the accounting and disclosure of energy trading activities under EITF 98-10. In October 2002, the EITF reached consensus in EITF 02-3, to (a) rescind EITF 98-10, (b) generally preclude the recognition of gains at the inception of new derivatives, and (c) require all realized and unrealized gains and losses on energy trading derivatives to be presented net in the Statements of Income, whether or not settled physically. The consensus to rescind EITF 98-10 will require all energy trading contracts that do not qualify as derivatives to be accounted for on an accrual basis, rather than at fair value. The consensus was immediately effective for all new contracts executed after October 25, 2002, and will require a

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

cumulative effect adjustment to income, net of tax, on January 1, 2003, for all contracts executed on or prior to October 25, 2002. The cumulative effect adjustment, on a net of tax basis, will be a loss of approximately \$8 million, which includes primarily the impact of coal contracts accounted for at fair value. **CG&E** expects the value of these items to be realized when the contracts settle. The general restriction on recognition of inception gains is not expected to have a material impact on **CG&E's** future financial position or results of operations.

The consensus to require all gains and losses on energy trading derivatives to be presented net in the Statements of Income is effective beginning January 1, 2003, and will require restatement for all periods presented. This will result in substantial reductions in reported Operating revenues and Operation expenses. However, Net utility operating income and Net income will not be affected by this change. Pro-forma Operating revenues for **CG&E** for the year ended December 31, 2002, under this requirement would have been \$1.9 billion. While the consensus reached in EITF 02-3, will require gains and losses on energy trading derivatives to be presented net in the Statements of Income prepared in accordance with GAAP, the Statements of Income prepared in accordance with the requirements of the FERC will continue to present energy trading derivatives on a gross basis.

(ii) Asset Retirement Obligations

In July 2001, the FASB issued Statement 143, which requires fair value recognition of legal obligations associated with the retirement or removal of long-lived assets at the time the obligations are incurred. The initial recognition of this liability will be accompanied by a corresponding increase in Utility plant. Subsequent to the initial recognition, the liability will be adjusted for any revisions to the expected cash flows of the retirement obligation (with corresponding adjustments to Utility plant), and for accretion of the liability due to the passage of time (recognized as an Operating expense). Additional depreciation expense will be recorded prospectively for any Utility plant increases. **CG&E** adopted Statement 143 on January 1, 2003. The impact of adoption on **CG&E's** results of operations will be reflected as a cumulative effect adjustment to income, net of tax.

CG&E currently accrues costs of removal on many long-lived assets through depreciation expense if removal of the assets at the end of their useful life is likely. The SEC staff has interpreted Statement 143 to disallow the accrual of cost of removal when no obligation exists under Statement 143, even if removal of the asset is likely. Any amounts currently recorded in accumulated depreciation must be removed through the cumulative effect adjustment on January 1, 2003. However, if accruing cost of removal is allowed for ratemaking purposes and Statement 71 is applicable, accumulated cost of removal will not be reversed upon adoption of Statement 143. Rather, the amount of accrued cost of removal will remain, but will be disclosed in all future periods. **CG&E**, except for its generation assets, expects to continue to accrue costs of removal under Statement 71.

CG&E is finalizing its evaluation of the impact of adopting Statement 143. However, **CG&E** has not determined whether its impact will be material pending (a) resolution of certain legal conclusions and (b) final calculations on the amount of accumulated cost of removal to be reversed upon adoption for **CG&E's** generation assets.

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

(iii) *Derivatives*

During 1998, the FASB issued Statement 133. This standard was effective for **CG&E** beginning in 2001, and requires us to record derivative instruments, which are not exempt under certain provisions of Statement 133, as assets or liabilities, measured at fair value (i.e., mark-to-market). **CG&E's** financial statements reflect the adoption of Statement 133 in the first quarter of 2001. Since many of **CG&E's** derivatives were previously required to use fair value accounting, the effects of implementation were not material.

CG&E's adoption did not reflect the potential impact of applying fair value accounting to selected electricity options and capacity contracts. **CG&E** had not historically accounted for these instruments at fair value because they were intended as either hedges of peak period exposure or sales contracts served with physical generation, neither of which were considered trading activities. At adoption, **CG&E** classified these contracts as normal purchases or sales based on **CG&E's** interpretation of Statement 133 and in the absence of definitive guidance on such contracts. In June 2001, the FASB staff issued guidance on the application of the normal purchases and sales exemption to electricity contracts containing characteristics of options. While many of the criteria in this guidance are consistent with the existing guidance in Statement 133, some criteria were added. **CG&E** adopted the new guidance in the third quarter of 2001, and the effects of implementation for these contracts were not material to **CG&E's** financial position or results of operations. **CG&E** will continue to apply this guidance to any new electricity contracts that meet the definition of a derivative.

In December 2001, the FASB staff revised the current guidance to make the evaluation of whether electricity contracts qualify as normal purchases and sales more qualitative than quantitative. This new guidance uses several factors to distinguish between capacity contracts, which qualify for the normal purchases and sales exemption, and options, which do not. These factors include deal tenor, pricing structure, specification of the source of power, and various other factors. **CG&E** adopted this guidance in the third quarter of 2002, and its impact was not material to **CG&E's** financial position or results of operations.

In October 2001, the FASB staff released final guidance on the applicability of the normal purchases and sales exemption to contracts that contain a minimum quantity (a forward component) and flexibility to take additional quantity at a fixed price (an option component). While this guidance was issued primarily to address optionality in fuel supply contracts, it applies to all derivatives (subject to certain exceptions for capacity contracts in electricity discussed in the previous paragraphs). This guidance concludes that such contracts are not eligible for the normal purchases and sales exemption due to the existence of optionality in the contract. **CG&E** adopted this guidance in the second quarter of 2002, consistent with the transition provisions. **CG&E** has certain contracts that contain fixed-price optionality, primarily coal contracts, which **CG&E** reviewed to determine the impact of this new guidance. Due to a lack of liquidity with respect to coal markets in our region, **CG&E** determined that its coal contracts do not meet the net settlement criteria of Statement 133 and thus do not qualify as derivatives. Given these conclusions, the results of applying this new guidance were not material to **CG&E's** financial position or results of operations.

In May 2002, the FASB issued an exposure draft that would amend Statement 133 to incorporate certain implementation conclusions reached by the FASB staff. **CG&E** does not believe the amendments, as currently

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

drafted, will have a material effect on **CG&E's** financial position or results of operations.

(iv) *Asset Impairment*

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, *Accounting for Impairment of Long-Lived Assets* (Statement 144), which addresses accounting and reporting for the impairment or disposal of long-lived assets. Statement 144 was effective beginning with the first quarter of 2002. The impact of implementation on **CG&E's** financial position or results of operations was not material.

(v) *Exit Activities*

In August 2002, the FASB issued Statement of Financial Accounting Standards No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (Statement 146). Statement 146 addresses accounting and reporting for the recognition of exit costs, including, but not limited to, one-time employee benefit terminations, contract cancellations, and facility consolidations. This statement requires that such costs be recognized only when they meet the definition of a liability under GAAP. However, Statement 146 applies only to exit activities initiated in 2003 and after. All costs recorded through December 31, 2002, are unaffected by this pronouncement. The impact of implementation on **CG&E's** financial position or results of operations is not expected to be material.

(q) **Related Party Transactions**

Cinergy Services, Inc. (Services) provides **CG&E** with a variety of centralized administrative, management, and support services in accordance with agreements approved by the SEC under the PUHCA. The cost of these services are charged on a direct basis, or for general costs which cannot be directly attributed, based on predetermined allocation factors, including the following ratios:

- sales;
- electric peak load;
- number of employees;
- number of customers;
- construction expenditures; and
- other statistical information.

These costs were \$182 million and \$215 million for the years ended December 31, 2002 and 2001, respectively.

Cinergy Power Generation Services, LLC, which began operations on January 1, 2001, supplies electric production-related construction, operation and maintenance services to **CG&E** pursuant to agreements approved by the SEC under the PUHCA. The cost of these services were \$104 million and \$67 million for the years ended December 31, 2002 and 2001, respectively.

ULH&P purchases energy from **CG&E** pursuant to a new contract effective January 1, 2002, which was approved by the FERC and the Kentucky Public Service Commission. This five-year agreement is a negotiated fixed-rate contract with **CG&E** and replaces the previous cost-of-service based contract, which expired on

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

December 31, 2001. ULH&P purchased energy from **CG&E** for resale in the amounts of \$160 million and \$152 million for the years ended December 31, 2002 and 2001, respectively.

CG&E and **PSI** purchase energy from each other under various federal and state approved joint operating agreements. These sales and purchases are reflected in the Statements of Income of **CG&E** and were as follows for the years ended December 31, 2002 and 2001:

| | 2002 | 2001 |
|--------------------|----------------------|-------|
| | <i>(in millions)</i> | |
| CG&E | | |
| Operating revenues | \$ 59 | \$ 90 |
| Operation expenses | 43 | 92 |

To supplement native load requirements for 2002, **CG&E** agreed to purchase peaking power from Cinergy Capital & Trading, Inc., an indirect wholly-owned subsidiary of Cinergy Corp., pursuant to the terms of a wholesale market-based tariff. For the year ended December 31, 2002, payments under this contracts totaled approximately \$27 million. To the extent these payments were deferred for future recovery, the amounts are included on the Comparative Balance Sheets of **CG&E**. The remaining payments are reflected on the Statements of Income for **CG&E**.

CG&E has an agreement with Cinergy Marketing & Trading, LP (Marketing & Trading) to purchase gas for certain gas-fired peaking plants pursuant to the terms of the wholesale market-based agreements. **CG&E** purchased natural gas from Marketing & Trading in the amount of \$9 million and \$12 million for the years ended December 31, 2002 and 2001, respectively. The amounts are reflected in the Statements of Income of **CG&E** as Operating expense.

In December 2001, **CG&E** entered into an agreement with Mirant Americas Energy Marketing, LP (Mirant) in which **CG&E** assigned Mirant the rights to **CG&E**'s gas supply contracts, interstate pipeline transportation contracts and gas in storage, and Mirant agreed to deliver gas to meet **CG&E**'s firm gas requirements, and to pay **CG&E** monthly fees. Mirant assigned this contract and the agreement to Marketing & Trading in November 2002, and **CG&E** consented to such assignment. The agreement will expire in October 2003. Payments under this agreement were approximately \$33 million. These amounts are recorded in the Statements of Income of **CG&E**. No regulatory approvals are required for the assignment of the Mirant/**CG&E** agreement to Marketing & Trading.

CG&E participates in a money pool arrangement by which those companies with surplus cash provide short-term loans to others. For a further discussion on the money pool agreement see Note 5.

2. Common Stock

(a) Changes In Common Stock Outstanding

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

Cinergy Corp. owns all of the common stock of CG&E.

(b) Dividend Restrictions

CG&E cannot pay dividends on its common stock if its preferred stock dividends are in arrears. The amount of common stock dividends that CG&E can pay is also limited by certain capitalization and earnings requirements under CG&E's credit instruments. Currently, these requirements do not impact the ability of CG&E to pay dividends on its common stock.

3. Cumulative Preferred Stock

| Cumulative Preferred Stock | | | | | | December 31 | |
|----------------------------|-------------------|---|--------------|----------------------|-----------------------|-------------|--|
| Par/Stated Value | Authorized Shares | Shares Outstanding at December 31, 2002 | Series | Mandatory Redemption | 2002 | 2001 | |
| | | | | | <i>(in thousands)</i> | | |
| \$ 100 | 6,000,000 | 204,849 | 4% - 4 3/4 % | No | \$ 20,485 | \$ 20,486 | |

Preferred stock redemptions in 2002 were immaterial and there were no preferred stock redemptions in 2001.

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

4. Long-Term Debt

CG&E has the following long-term debt, including amounts due within one year:

| | December 31 | |
|--|-------------------------------|---------------------|
| | 2002 | 2001 |
| | <i>(dollars in thousands)</i> | |
| Long-term Debt | | |
| First Mortgage Bonds: | | |
| 7 ¼ % Series due September 1, 2002 | \$ - | \$ 100,000 |
| 6.45 % Series due February 15, 2004 | 110,000 | 110,000 |
| 7.20 % Series due October 1, 2023 | 265,500 | 265,500 |
| 5.45 % Series due January 1, 2024 (Pollution Control) | 46,700 | 46,700 |
| 5 ½ % Series due January 1, 2024 (Pollution Control) | 48,000 | 48,000 |
| Total First Mortgage Bonds | 470,200 | 570,200 |
| Pollution Control Bonds: | | |
| Series 2002A, Ohio Air Quality Development Revenue Refunding Bonds, due September 1, 2037 | 42,000 | - |
| Series 2002B, Ohio Air Quality Development Revenue Refunding Bonds, due September 1, 2037 | 42,000 | - |
| Series 1985A, County of Boone, KY Bonds, due August 1, 2013 | 16,000 | 16,000 |
| Series 1985A, Ohio Air Quality Development Revenue Refunding Bonds, due December 1, 2015 | - | 42,000 |
| Series 1985B, Ohio Air Quality Development Revenue Refunding Bonds, due December 1, 2015 | - | 42,000 |
| Series 1995A, Ohio Air Quality Development Revenue Refunding Bonds, due September 1, 2030 | 42,000 | 42,000 |
| Series 1995B, Ohio Air Quality Development Revenue Refunding Bonds, due September 1, 2030 | 42,000 | 42,000 |
| Series 2001A, Ohio Air Quality Development Revenue Refunding Bonds, due August 1, 2033 | 12,100 | 12,100 |
| Total Pollution Control Bonds | 196,100 | 196,100 |
| Total Bonds | 666,300 | 766,300 |
| Other Long-term Debt: | | |
| Liquid Asset Notes with Coupon Exchange due October 1, 2007 (Executed interest rate swap set at 6.87% through maturity commencing at October 19, 2000) | 100,000 | 100,000 |
| 6.40 % Debentures due April 1, 2008 | 100,000 | 100,000 |
| 6.90 % Debentures due June 1, 2025 (Redeemable at the option of the holders on June 1, 2005) | 150,000 | 150,000 |
| 8.28 % Junior Subordinated Debentures due July 1, 2025 | 100,000 | 100,000 |
| 6.35 % Debentures due June 15, 2038 (Interest rate resets June 15, 2003) | 100,000 | 100,000 |
| 5.70 % Debentures due September 15, 2012 | 500,000 | - |
| Series 1992A, 6.50 % Collateralized Pollution Control Revenue Refunding Bonds, due November 15, 2022 | 12,721 | 12,721 |
| Total Other Long-term Debt | 1,062,721 | 562,721 |
| Unamortized Premium and Discount - Net | (1,861) | (2,209) |
| Total Long-term Debt | \$ 1,727,160 | \$ 1,326,812 |

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

On September 1, 2002, **CG&E** repaid at maturity \$100 million principal amount of its First Mortgage Bonds, 7¼% Series.

On September 10, 2002, **CG&E** borrowed the proceeds from the issuance by the Ohio Air Quality Development Authority of \$84 million principal amount of its State of Ohio Air Quality Development Revenue Refunding Bonds 2002 Series A, due September 1, 2037. The issuance consists of two \$42 million tranches, with the interest rate on one tranche being reset every 35 days by auction and the interest rate on the other tranche being reset every 7 days by auction. The initial interest rates for the 35-day and 7-day tranches were 1.40 percent and 1.35 percent, respectively. Proceeds from the borrowing were used on October 7, 2002 to redeem, at par, two \$42 million Series 1985 A&B Air Quality Development Authority State of Ohio Customized Purchase Revenue Bonds, due December 1, 2015.

The holders of the newly issued Ohio Air Quality Development Authority bonds have the benefit of a financial guaranty insurance policy that insures the payment of principal of, and interest on, the bonds when due. **CG&E** has entered into an insurance agreement with the bond insurer and has pledged first mortgage bonds to secure its reimbursement obligations under such agreements.

On September 23, 2002, **CG&E** issued \$500 million principal amount of its 5.70 percent Debentures due September 15, 2012. Proceeds from the offering were used to repay short-term indebtedness incurred in connection with general corporate purposes including capital expenditures related to environmental compliance construction, and the repayment at maturity of \$100 million principal amount of **CG&E's** First Mortgage Bonds, 7¼% Series. In July 2002, **CG&E** executed a treasury lock with a notional amount of \$250 million, which was designated as a cash flow hedge of 50 percent of the forecasted interest payments on this debt offering. With the issuance of the debt, the treasury lock was settled. See Note 8(a) for additional information on this treasury lock.

CG&E's long-term debt maturities for the next five years are \$100 million in 2003, \$110 million in 2004, \$150 million in 2005, \$100 million in 2007, and \$1,157 million thereafter. These maturities reflect long-term debt with put provisions of \$100 million and \$150 million in 2003 and 2005, respectively. Callable means the issuer has the right to buy back a given security from the holder at a specified price before maturity. Puttable means the holder has the right to sell a given security back to the issuer at a specified price before maturity.

5. Notes Payable and Other Short-term Obligations

Short-term obligations may include:

- short-term notes;
- commercial paper;
- variable rate pollution control notes; and
- money pool.

Short-term Notes

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

Short-term borrowings mature within one year from the date of issuance. CG&E primarily uses unsecured lines of credit and the sale of commercial paper at the Cinergy Corp. level, for short-term borrowings. A portion of Cinergy Corp.'s revolving lines of credit is used to provide credit support for commercial paper. When revolving lines are reserved for commercial paper or backing letters of credit, they are not available for additional borrowings. The fees CG&E paid to secure short-term borrowings were immaterial during each of the years ended December 31, 2002 and 2001.

At December 31, 2002, Cinergy Corp. had \$494 million remaining unused and available capacity relating to its \$1 billion revolving credit facilities. Cinergy Corp.'s revolving credit facilities include the following:

| <u>Credit Facility</u> | <u>Expiration</u> | <u>Established Lines</u> | <u>Outstanding and Committed</u> <i>(in millions)</i> | <u>Unused and Available</u> |
|---|-------------------|--------------------------|--|-----------------------------|
| 364-day senior revolving Direct borrowing | April 2003 | \$ | \$ - | \$ |
| Commercial Paper support | | | 473 | |
| Total 364-day facility | | 600 | 473 | 127 |
| Three-year senior revolving Direct borrowing | May 2004 | | 25 | |
| Commercial Paper support | | | - | |
| Letter of Credit support | | | 8 | |
| Total Three-year facility | | 400 | 33 | 367 |
| Total Credit Facilities | | \$ 1,000 | \$ 506 | \$ 494 |

In addition to Cinergy Corp.'s revolving credit facilities, CG&E also maintains uncommitted lines of credit. These facilities are not guaranteed sources of capital and represent an informal agreement to lend money, subject to availability, with pricing to be determined at the time of advance. CG&E has established uncommitted lines of \$15 million, all of which remained unused as of December 31, 2002.

Commercial Paper

Cinergy Corp.'s has a \$800 million commercial paper program that is supported by Cinergy Corp.'s \$1 billion revolving credit facilities. The commercial paper program at the Cinergy Corp. level supports, in part, the short-term borrowing needs of CG&E and eliminates its need for a separate commercial paper program.

Money Pool

CG&E participates in a money pool arrangement to better manage cash and working capital requirements. Under this arrangement, Cinergy Corp., Services, PSI, and CG&E and its subsidiaries with surplus short-term

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

funds provide short-term loans to affiliates (other than Cinergy Corp.) participating under this arrangement. This surplus cash may be from internal or external sources. The amounts outstanding under this money pool arrangement are shown as a component of Notes receivable from associated companies and/or Notes payable to associated companies on the Comparative Balance Sheets of **CG&E**. Any money pool borrowings outstanding reduce the unused and available short-term debt regulatory authority of **CG&E**.

The following table summarizes **CG&E's** Notes payable and Notes payable to associated companies.

| | <u>December 31, 2002</u> | | | <u>December 31, 2001</u> | | |
|-------------------|--------------------------|--------------------|--|--------------------------|--------------------|------------------------------|
| | <u>Established Lines</u> | <u>Outstanding</u> | <u>Weighted Average Rate</u> <i>(in millions)</i> | <u>Established Lines</u> | <u>Outstanding</u> | <u>Weighted Average Rate</u> |
| Uncommitted lines | \$ 15 | \$ - | - % | 15 | - | - % |
| Money Pool | | - | - | | 414 | 2.73 |
| Total | | \$ - | | | \$ 414 | |

In its credit facilities, Cinergy Corp. has covenanted to maintain:

- a consolidated net worth of \$2 billion; and
- a ratio of consolidated indebtedness to consolidated total capitalization not in excess of 65 percent.

A breach of these covenants could result in the termination of the credit facilities and the acceleration of the related indebtedness. In addition to breaches of covenants, certain other events that could result in the termination of available credit and acceleration of the related indebtedness include:

- bankruptcy;
- defaults in the payment of other indebtedness; and
- judgments against the company that are not paid or insured.

The latter two events, however, are subject to dollar-based materiality thresholds.

6. Sales of Accounts Receivable

During 2001, **CG&E**, **PSI**, and **ULH&P** had an agreement to sell, on a revolving basis, undivided percentage interests in certain of their accounts receivable and the related collections up to an aggregate maximum of \$350 million. **CG&E** retained servicing responsibilities for its role as a collection agent of the amounts due on the sold receivables. However, the purchaser assumed the risk of collection on the sold receivables without recourse to **CG&E**, **PSI**, and **ULH&P** in the event of a loss. Proceeds from a portion of the sold receivables were held back as a reserve to reduce the purchaser's credit risk. **CG&E**, **PSI**, and **ULH&P** did not retain any

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

ownership interest in the sold receivables, but did retain undivided interests in their remaining balances of accounts receivable. The recorded amounts of the retained interests were measured at net realizable value. The accounts receivable on the Comparative Balance Sheets of CG&E were net of the amounts sold at December 31, 2001.

In February 2002, CG&E, PSI, and ULH&P replaced their previous agreement to sell certain of their accounts receivable and related collections. Cinergy Corp. formed Cinergy Receivables Company, LLC (Cinergy Receivables) to purchase, on a revolving basis, nearly all of the retail accounts receivable and related collections of CG&E, PSI, and ULH&P. Cinergy Corp. does not consolidate Cinergy Receivables since it meets the requirements to be accounted for as a qualifying SPE. The sales of receivables are accounted for under Statement 140.

The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from Cinergy Receivables for a portion of the purchase price (typically approximates 25 percent of the total proceeds). The note is subordinate to senior loans that Cinergy Receivables obtains from commercial paper conduits controlled by unrelated financial institutions. Cinergy Receivables provides credit enhancement related to senior loans in the form of over-collateralization of the purchased receivables. However, the over-collateralization is calculated monthly and does not extend to the entire pool of receivables held by Cinergy Receivables at any point in time. As such, these senior loans do not have recourse to all assets of Cinergy Receivables. These loans provide the cash portion of the proceeds paid to CG&E, PSI, and ULH&P.

This subordinated note is a retained interest (right to receive a specified portion of cash flows from the sold assets) under Statement 140 and is classified within Notes receivable from associated companies in the accompanying Comparative Balance Sheets of CG&E. In addition, Cinergy Corp.'s investment in Cinergy Receivables constitutes a purchased beneficial interest (purchased right to receive specified cash flows, in our case residual cash flows), which is subordinate to the retained interests held by CG&E, PSI, and ULH&P. The carrying values of the retained interests are determined by allocating the carrying value of the receivables between the assets sold and the interests retained based on relative fair value. The key assumptions in estimating fair value are credit losses and selection of discount rates. Because (a) the receivables generally turn in less than two months, (b) credit losses are reasonably predictable due to each company's broad customer base and lack of significant concentration, and (c) the purchased beneficial interest is subordinate to all retained interests and thus would absorb losses first, the allocated basis of the subordinated notes are not materially different than their face value. Interest accrues to CG&E, PSI, and ULH&P on the retained interests using the accretable yield method, which generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. CG&E, PSI, and ULH&P record an impairment charge against the carrying value of the retained interest whenever it is determined that an other-than-temporary impairment has occurred (which is unlikely unless credit losses on the receivables far exceed the anticipated level).

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

The key assumptions used in measuring the retained interest for sales since the inception of the new agreement are as follows (all amounts are averages of the assumptions used in each sale during the period):

CG&E

| | |
|--|--------|
| Anticipated credit loss rate | 0.6 % |
| Discount rate on expected cash flows | 5.0 % |
| Receivables turnover rate ⁽¹⁾ | 13.8 % |

⁽¹⁾ Receivables at each month-end divided by annualized sales for the month.

The hypothetical effect on the fair value of the retained interest assuming both a 10 percent and 20 percent unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history.

CG&E retains servicing responsibilities for its role as a collection agent on the amounts due on the sold receivables. However, Cinergy Receivables assumes the risk of collection on the purchased receivables without recourse to CG&E, PSI, and ULH&P in the event of a loss. While no direct recourse to CG&E, PSI, and ULH&P exists, these entities risk loss in the event collections are not sufficient to allow for full recovery of their retained interests. No servicing asset or liability is recorded since the servicing fee paid to CG&E approximates a market rate.

The following table shows the gross and net receivables sold, retained interest, sales during the period, and cash flows during the period as of December 31, 2002.

CG&E
(in millions)

| | |
|---------------------------------------|----------|
| Receivables sold as of period end | \$ 254 |
| Less: Retained interest | 68 |
| Net receivables sold as of period end | \$ 186 |
| Sales during period | |
| Receivables sold | \$ 1,553 |
| Loss recognized on sale | 16 |
| Cash flows during period | |
| Cash proceeds from sold receivables | \$ 1,530 |
| Collection fees received | 1 |
| Return received on retained interests | 8 |

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

A decline in the long-term senior unsecured credit ratings of CG&E, PSI, or ULH&P below investment grade would result in a termination of the sale program and discontinuance of future sales of receivables, and could prevent Cinergy Receivables from borrowing additional funds from commercial paper conduits.

7. Leases

(a) Operating Leases

CG&E has entered into operating lease agreements for various facilities and properties such as computer, communication and transportation equipment, and office space. CG&E's total rental payments on operating leases for each of the past two years are detailed in the table below. This table also shows future minimum lease payments required for operating leases with remaining non-cancelable lease terms in excess of one year as of December 31, 2002:

| | Actual Payments | | Estimated Minimum Payments | | | | | | Total |
|------|----------------------|-------|----------------------------|------|------|------|------|---------------|-------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | After 2007 | |
| | <i>(in millions)</i> | | | | | | | | |
| CG&E | \$ 28 | \$ 26 | \$ 9 | \$ 7 | \$ 7 | \$ 6 | \$ 5 | \$ 12 | \$ 46 |

(b) Capital Leases

In each of the years 1999 through 2002, CG&E entered into capital lease agreements to fund the purchase of gas and electric meters. The lease terms are for 120 months commencing with the date of purchase and contain various buyout options ranging from 48 to 105 months. It is CG&E's objective to own the meters indefinitely and CG&E plans to exercise the buyout option at month 105. The effective lease rates given the early buyout option at 105 months are 6.71 percent for the 1999 leases, 6.09 percent for the 2000 leases, 6.00 percent for the 2001 leases, and 4.48 percent for the 2002 leases. The meters are depreciated at the same rate as if owned by CG&E. CG&E recorded a capital lease obligation, included in Obligations under capital leases – Noncurrent.

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

CG&E's total minimum lease payments and the present values for these capital lease items are shown below:

| | <u>Total Minimum Lease Payments</u> <i>(in millions)</i> |
|---|---|
| Total minimum lease payments (1) | \$ 23 |
| Less: amount representing interest | <u>(5)</u> |
| Present value of minimum lease payments | \$ 18 |

(1) Annual minimum lease payments are immaterial.

8. Financial Instruments

(a) Financial Derivatives

Cinergy, including CG&E, has entered into financial derivative contracts for the purpose described below.

Interest Rate Risk Management

Cinergy's, including CG&E, current policy of managing exposure to fluctuations in interest rates is to maintain approximately 30 percent of the total amount of outstanding debt in floating interest rate debt instruments. In maintaining this level of exposure, CG&E uses interest rate swaps. Under the swaps, CG&E agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated on an agreed notional amount. CG&E has an outstanding interest rate swap agreement that decreased the percentage of floating-rate debt. Under the provisions of the swap, which has a notional amount of \$100 million, CG&E pays a fixed-rate and receives a floating-rate through October 2007. This swap qualifies as a cash flow hedge under the provisions of Statement 133. As the terms of the swap agreement mirror the terms of the debt agreement that it is hedging, we anticipate that this swap will continue to be effective as a hedge. Changes in fair value of this swap are recorded in Accumulated other comprehensive income, beginning with our adoption of Statement 133 on January 1, 2001. This swap qualifies as a fair value hedge under the provisions of Statement 133. CG&E anticipates that these swaps will continue to be effective as hedges.

Treasury locks are agreements that fix the yield or price on a specified treasury security for a specified period, which we sometimes use in connection with the issuance of fixed-rate debt. On September 23, 2002, CG&E issued \$500 million principal amount senior unsecured debentures due September 15, 2012, with an interest rate of 5.70 percent. In July 2002, CG&E executed a treasury lock with a notional amount of \$250 million, which was designated as a cash flow hedge of 50 percent of the forecasted interest payments on this debt offering. The treasury lock effectively fixed the benchmark interest rate (i.e., the treasury component of the interest rate, but not the credit spread) for 50 percent of the offering from July 2002 through the issuance date in order to reduce

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

the exposure associated with treasury rate volatility. With the issuance of the debt, the treasury lock was settled. Given the use of hedge accounting, this settlement is reflected in Accumulated other comprehensive income on an after-tax basis in the amount of \$13 million, rather than a charge to net income. This amount will be reclassified to Interest on long-term debt over the 10-year life of the related debt as interest is accrued.

See Note 1(m) for additional information on financial derivatives. In the future, we will continually monitor market conditions to evaluate whether to modify our level of exposure to fluctuations in interest rates.

(b) Fair Value of Other Financial Instruments

The estimated fair values of CG&E's other financial instruments were as follows (this information does not claim to be a valuation of the company as a whole):

| | December 31, 2002 | | December 31, 2001 | |
|---|----------------------|------------|-------------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Instruments | | | | |
| | <i>(in millions)</i> | | | |
| First mortgage bonds, pollution control bonds, and other long-term debt | \$ 1,727 | \$ 1,777 | \$ 1,327 | \$ 1,331 |

The following methods and assumptions were used to estimate the fair values of each major class of instruments:

(i) Cash, Special deposits, and Notes payable

Due to the short period to maturity, the carrying amounts reflected on CG&E's Comparative Balance Sheets approximate fair values.

(ii) Long-term debt

The fair values of long-term debt issues were estimated based on the latest quoted market prices or, if not listed on the New York Stock Exchange, on the present value of future cash flows. The discount rates used approximate the incremental borrowing costs for similar instruments.

(c) Concentrations of Credit Risk

Credit risk is the exposure to economic loss that would occur as a result of nonperformance by counterparties, pursuant to the terms of their contractual obligations. Specific components of credit risk include counterparty default risk, collateral risk, concentration risk, and settlement risk.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

(i) *Trade Receivables and Physical Power Portfolio*

CG&E's concentration of credit risk with respect to trade accounts receivable from electric and gas retail customers is limited. The large number of customers and diversified customer base of residential, commercial, and industrial customers significantly reduces CG&E's credit risk. Contracts within the physical portfolio of power marketing and trading operations are primarily with the traditional electric cooperatives and municipalities and other investor-owned utilities. At December 31, 2002, CG&E believes the likelihood of significant losses associated with credit risk in its trade accounts receivable or physical power portfolio is remote.

(ii) *Energy Trading Credit Risk*

Cinergy's, including CG&E, extension of credit for energy marketing and trading is governed by a Corporate Credit Policy. Written guidelines document the management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation procedures. Exposures to credit risks are monitored daily by the Corporate Credit Risk function. As of December 31, 2002, approximately 96 percent of Cinergy's, including CG&E, credit exposure related to energy trading and marketing activity was with counterparties rated Investment Grade or the counterparties' obligations were guaranteed by a parent company or other entity rated Investment Grade. No single non-investment grade counterparty accounts for more than one percent of, Cinergy's including CG&E, total credit exposure. Energy commodity prices can be extremely volatile and the market can, at times, lack liquidity. Because of these issues, credit risk is generally greater than with other commodity trading.

In December 2001, Enron Corp. (Enron) filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the Southern District of New York. CG&E decreased its trading activities with Enron in the months prior to its bankruptcy filing. CG&E intends to resolve any contract differences pursuant to the terms of those contracts, business practices, and the applicable provisions of the Bankruptcy Code, as approved by the court. While CG&E cannot predict the resolution of these matters, CG&E does not believe that any exposure relating to those contracts would have a material impact on its financial position or results of operations.

Cinergy, including CG&E, continually reviews and monitors credit exposure to all counterparties and secondary counterparties. If appropriate, Cinergy, including CG&E, may adjust its credit reserves to attempt to compensate for increased credit risk within the industry. Counterparty credit limits may be adjusted on a daily basis in response to changes in a counterparty's financial status or public debt ratings.

(iii) *Financial Derivatives*

Potential exposure to credit risk also exists from CG&E's use of financial derivatives such as interest rate swaps and treasury locks. Because these financial instruments are transacted with highly rated financial institutions, CG&E does not anticipate nonperformance by any of the counterparties.

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

9. Pension and Other Postretirement Benefits

Cinergy, including CG&E, provides benefits to its retirees in the form of pensions and other postretirement benefits.

Cinergy's qualified defined benefit pension plans cover substantially all of its United States (U.S.) employees meeting certain minimum age and service requirements. A final average pay formula determines plan benefits. These plan benefits are based on:

- years of participation;
- age at retirement; and
- the applicable average Social Security wage base or benefit amount.

Cinergy's pension plan funding policy for its U.S. employees is to contribute at least the amount required by the Employee Retirement Income Security Act of 1974, and up to the amount deductible for income tax purposes. The pension plans' assets consist of investments in equity and fixed income securities.

Cinergy provides certain health care and life insurance benefits to its retired U.S. employees and their eligible dependents. These benefits are subject to minimum age and service requirements. The health care benefits include medical coverage, dental coverage, and prescription drugs and are subject to certain limitations, such as deductibles and co-payments. CG&E does not pre-fund its obligations for these postretirement benefits.

In addition, Cinergy sponsors non-qualified pension plans (plans that do not meet the criteria for tax benefits) that cover officers, certain other key employees, and non-employee directors. Cinergy began funding certain of these non-qualified plans through a rabbi trust in 1999. This trust, which consists of equity and fixed income securities, is not restricted to the payment of plan benefits and therefore, not considered plan assets under Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions*. At December 31, 2002 and 2001, trust assets were approximately \$8 million and are reflected in Cinergy's Balance Sheets as Other investments.

In 2002, Cinergy offered voluntary early retirement programs to certain individuals. In accordance with Statement of Financial Accounting Standards No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits* (Statement 88), Cinergy recognized an expense of \$39.1 million in 2002.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

Cinergy's benefit plans' costs for the past two years included the following components:

| | Qualified Pension Benefits | | Non-Qualified Pension Benefits | | Other Postretirement Benefits | |
|---|----------------------------|-------------|--------------------------------|-------------|-------------------------------|-------------|
| | <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> |
| | <i>(in millions)</i> | | | | | |
| Service cost | \$ 27.3 | \$ 27.9 | \$ 2.7 | \$ 2.1 | \$ 3.5 | \$ 3.8 |
| Interest cost | 79.2 | 77.5 | 5.1 | 4.8 | 19.6 | 17.9 |
| Expected return on plans' assets | (86.3) | (81.9) | - | - | (0.3) | - |
| Amortization of transition (asset) obligation | (1.3) | (1.3) | 0.1 | 0.1 | 5.0 | 5.0 |
| Amortization of prior service cost | 6.2 | 4.6 | 0.9 | 1.1 | - | - |
| Recognized actuarial (gain) loss | (5.4) | (3.2) | 0.8 | 0.6 | 1.1 | 0.1 |
| Voluntary early retirement costs (Statement 88) | 38.6 | - | 0.5 | - | - | - |
| Net periodic benefit cost | \$ 58.3 | \$ 23.6 | \$ 10.1 | \$ 8.7 | \$ 28.9 | \$ 26.8 |

The net periodic benefit cost for CG&E was as follows:

| Qualified Pension Benefits | | Non-Qualified Pension Benefits | | Other Postretirement Benefits | |
|----------------------------|-------------|--------------------------------|-------------|-------------------------------|-------------|
| <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> | <u>2002</u> | <u>2001</u> |
| <i>(in millions)</i> | | | | | |
| \$ 5.5 | \$ 1.6 | \$ 1.1 | \$ 1.6 | \$ 6.8 | \$ 6.5 |

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

The following table provides a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ended December 31, 2002, and a statement of the funded status as of December 31 of both years.

| | Qualified Pension Benefits | | Non-Qualified Pension Benefits | | Other Postretirement Benefits | |
|--|----------------------------|----------------|--------------------------------|---------------|-------------------------------|----------------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| <i>(in millions)</i> | | | | | | |
| Change in benefit obligation | | | | | | |
| Benefit obligation at beginning of period | \$ 1,083.5 | \$ 1,064.5 | \$ 70.9 | \$ 67.0 | \$ 270.4 | \$ 247.1 |
| Service cost | 27.3 | 27.9 | 2.7 | 2.1 | 3.5 | 3.8 |
| Interest cost | 79.2 | 77.5 | 5.1 | 4.8 | 19.6 | 17.9 |
| Amendments ⁽¹⁾ | 43.3 | 18.0 | 4.5 | (1.8) | (12.3) | - |
| Actuarial (gain) loss | 156.5 | (43.6) | 20.6 | 4.3 | 80.2 | 17.9 |
| Benefits paid | (74.9) | (60.8) | (6.0) | (5.5) | (18.2) | (16.3) |
| Benefit obligation at end of period | 1,314.9 | 1,083.5 | 97.8 | 70.9 | 343.2 | 270.4 |
| Change in plan assets | | | | | | |
| Fair value of plan assets at beginning of period | 875.4 | 1,043.6 | - | - | - | - |
| Actual return on plan assets | (48.0) | (108.1) | - | - | - | - |
| Employer contribution | 4.0 | 0.7 | 6.0 | 5.5 | 18.2 | 16.3 |
| Benefits paid | (74.9) | (60.8) | (6.0) | (5.5) | (18.2) | (16.3) |
| Fair value of plan assets at end of period | 756.5 | 875.4 | - | - | - | - |
| Funded status | (558.4) | (208.1) | (97.8) | (70.9) | (343.2) | (270.4) |
| Unrecognized prior service cost | 48.4 | 50.0 | 13.5 | 10.2 | - | - |
| Unrecognized net actuarial (gain) loss | 196.2 | (100.1) | 37.6 | 17.7 | 125.5 | 45.7 |
| Unrecognized net transition (asset) obligation | (1.9) | (3.2) | 0.1 | 0.1 | 33.5 | 50.8 |
| Benefit cost at December 31 | \$ (315.7) | \$ (261.4) | \$ (46.6) | \$ (42.9) | \$ (184.2) | \$ (173.9) |
| Amounts recognized in balance sheets | | | | | | |
| Accrued benefit liability | \$ (353.0) | \$ (261.4) | \$ (89.0) | \$ (63.3) | \$ (184.2) | \$ (173.9) |
| Intangible asset | 32.6 | - | 13.6 | 10.3 | - | - |
| Accumulated other comprehensive income (pre-tax) | 4.7 | - | 28.8 | 10.1 | - | - |
| Net recognized at end of period | \$ (315.7) | \$ (261.4) | \$ (46.6) | \$ (42.9) | \$ (184.2) | \$ (173.9) |

(1) For 2002, the amounts of \$43.3 million and \$4.5 million include \$38.6 million and \$0.5 million, respectively of voluntary early retirement expenses in accordance with Statement 88, as previously discussed.

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

The following table provides the weighted-average actuarial assumptions.

| | Qualified Pension Benefits | | Non-Qualified Pension Benefits | | Other Postretirement Benefits | |
|--------------------------------------|----------------------------|--------|--------------------------------|--------|-------------------------------|--------|
| | 2002 | 2001 | 2002 | 2001 | 2002 | 2001 |
| Actuarial assumptions: | | | | | | |
| Discount rate | 6.75 % | 7.50 % | 6.75 % | 7.50 % | 6.75 % | 7.50 % |
| Rate of future compensation increase | 4.00 | 4.00 | 4.00 | 4.00 | N/A | N/A |
| Rate of return on plans' assets | 9.00 | 9.25 | N/A | N/A | N/A | 3.00 |

For measurement purposes, Cinergy assumed a seven percent annual rate of increase in the per capita cost of covered health care benefits for 2002. It was assumed that the rate would decrease gradually to five percent in 2008 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

| | One-Percentage-Point Increase | One-Percentage-Point Decrease |
|---|-------------------------------|-------------------------------|
| | <i>(in millions)</i> | |
| Effect on total of service and interest cost components | \$ 3.4 | \$ (2.9) |
| Effect on postretirement benefit obligation | 44.3 | (38.7) |

During 2002, eligible Cinergy employees were offered the opportunity to make a one-time election, effective January 1, 2003, to either continue to have their pension benefit determined by the current defined benefit pension formula or to have their benefit determined using a cash balance formula. Participants in the cash balance plan may request a lump-sum cash payment based upon termination of their employment which may result in increased cash requirements from pension plan assets.

Since 85 percent of eligible employees chose to continue with the traditional pension formula, Cinergy does not believe the cash balance features will have a material effect on our financial position or results of operations.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

10. Income Taxes

The following table shows the significant components of CG&E's and subsidiaries net deferred income tax liabilities as of December 31:

| | 2002 | 2001 |
|--|-----------------|-----------------|
| <i>(in millions)</i> | | |
| Deferred Income Tax Liability | | |
| Property Utility plant | \$ 803.1 | \$ 708.0 |
| Unamortized costs of reacquiring debt | 2.8 | 3.2 |
| RTC | 213.2 | 206.0 |
| Net energy risk management assets | 1.0 | 8.4 |
| Amounts due from customers-income taxes | 20.1 | 16.0 |
| Other | 10.9 | 8.7 |
| Total Deferred Income Tax Liability | 1,051.1 | 950.3 |
| Deferred Income Tax Asset | | |
| Unamortized investment tax credits | 32.9 | 36.0 |
| Accrued pension and other postretirement benefit costs | 107.5 | 96.6 |
| Other | 28.1 | 38.4 |
| Total Deferred Income Tax Asset | 168.5 | 171.0 |
| Net Deferred Income Tax Liability | \$ 882.6 | \$ 779.3 |

Cinergy, including CG&E, will file a consolidated federal income tax return for the year ended December 31, 2002. The current tax liability is allocated among the members of the Cinergy consolidated group, pursuant to a tax sharing agreement filed with the SEC under the PUHCA.

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

The following table summarizes federal and state income taxes charged (credited) to income for CG&E and subsidiaries:

| | 2002 | 2001 |
|---|----------------------|-----------------|
| | <i>(in millions)</i> | |
| Current Income Taxes | | |
| Federal | \$ 50.6 | \$ 135.1 |
| State | 0.6 | 7.6 |
| Total Current Income Taxes | <u>51.2</u> | <u>142.7</u> |
| Deferred Income Taxes | | |
| Federal | | |
| Depreciation and other utility plant-related items ⁽¹⁾ | 73.6 | 23.3 |
| Pension and other benefit costs | (4.7) | (4.2) |
| Deferred excise taxes | - | 14.5 |
| Unrealized energy risk management transactions | 2.2 | 23.9 |
| Fuel costs | 8.8 | (8.0) |
| Other-net | 8.3 | (4.8) |
| Total Federal Deferred Income Taxes | <u>88.2</u> | <u>44.7</u> |
| State | <u>20.8</u> | <u>5.0</u> |
| Total Deferred Income Taxes | <u>109.0</u> | <u>49.7</u> |
| Investment Tax Credits-Net | <u>(4.9)</u> | <u>(5.9)</u> |
| Total Income Taxes | \$ 155.3 | \$ 186.5 |

(1) The increase in deferred income taxes for depreciation and other property, plant, and equipment-related items includes a change in accounting method for tax purposes related to capitalized costs.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

The following table presents a reconciliation of federal income taxes (which are calculated by multiplying the statutory federal income tax rate by book income before federal income tax) to the federal income tax expense for CG&E and subsidiaries.

| | 2002 | 2001 |
|--|----------------------|-----------------|
| | <i>(in millions)</i> | |
| Statutory federal income tax provision | \$ 139.2 | \$ 175.2 |
| Increases (reductions) in taxes resulting from: | | |
| Amortization of investment tax credits | (4.9) | (5.9) |
| Depreciation and other utility plant-related differences | 1.0 | 2.6 |
| Other-net | (1.4) | 2.0 |
| Federal Income Tax Expense | \$ 133.9 | \$ 173.9 |

11. Commitments and Contingencies

(a) Construction and Other Commitments

CG&E's forecasted construction and other committed expenditures, including capitalized financing costs, for the year 2003 and for the five-year period 2003-2007 (in nominal dollars) are \$284 million and \$1.2 billion, respectively.

This forecast includes an estimate of expenditures in accordance with Cinergy's plans regarding nitrogen oxide (NO_x) emission control standards and other environmental compliance (excluding implementation of the tentative U.S. Environmental Protection Agency (EPA) Agreement), as discussed below.

(b) Ozone Transport Rulemakings

In June 1997, the Ozone Transport Assessment Group, which consisted of 37 states, made a wide range of recommendations to the EPA to address the impact of ozone transport on serious non-attainment areas (geographic areas defined by the EPA as non-compliant with ozone standards) in the Northeast, Midwest, and South. Ozone transport refers to wind-blown movement of ozone and ozone-causing materials across city and state boundaries.

(i) NO_x State Implementation Plan (SIP) Call

In October 1998, the EPA finalized its ozone transport rule, also known as the NO_x SIP Call. It applied to 22 states in the eastern half of the U.S., including the three states in which our electric utilities operate, and proposed a model NO_x emission allowance trading program. This rule recommended that states reduce NO_x emissions primarily from industrial and utility sources to a certain level by May 2003.

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

Ohio, Indiana, a number of other states, and various industry groups (some of which we are a member), filed legal challenges to the NO_x SIP Call with the U.S. Circuit Court of Appeals for the District of Columbia (Court of Appeals). In August 2000, the Court of Appeals extended the deadline for NO_x reductions to May 31, 2004. In June 2001, the Court of Appeals remanded portions of the NO_x SIP Call to the EPA for reconsideration of how growth was factored into the state NO_x budgets. On May 1, 2002, the EPA published, in the Federal Register, a final rule reaffirming its growth factors and state NO_x budgets, with additional explanation. The states of West Virginia and Illinois, along with various industry groups (some of which we are a member), have challenged the growth factors and state NO_x budgets in an action filed in the Court of Appeals. It is unclear when the Court of Appeals will reach a decision in this case, or whether this decision will result in an increase or decrease in the size of the NO_x reduction requirement, or a deferral of the May 31, 2004 compliance deadline.

The states of Indiana and Kentucky developed final NO_x SIP rules in response to the NO_x SIP Call, through cap and trade programs, in June and July of 2001, respectively. On November 8, 2001, the EPA approved Indiana's SIP rules, which became effective December 10, 2001. On April 11, 2002, the EPA proposed direct final approval of Kentucky's rules and they became effective on June 10, 2002. The state of Ohio completed its NO_x SIP rules in response to the NO_x SIP Call on July 8, 2002, with an effective date of July 18, 2002. On January 16, 2003, the EPA proposed a direct final rule to approve Ohio's SIP. The rule will be effective March 17, 2003, assuming no adverse comments are received. Cinergy's current plans for compliance with the EPA's NO_x SIP Call would also satisfy compliance with Indiana's, Kentucky's, and Ohio's SIP rules.

On September 25, 2000, Cinergy announced a plan for its subsidiaries, CG&E and PSI, to invest in pollution control equipment and other methods to reduce NO_x emissions. This plan includes the following:

- complete installation of 9 selective catalytic reduction units at several different generating stations;
- install other pollution control technologies, including new computerized combustion controls, at all generating stations;
- make combustion improvements; and
- utilize the NO_x allowance market to buy or sell NO_x allowances as appropriate.

The current estimate for additional expenditures for this investment is approximately \$275 million and is in addition to the \$578 million already incurred to comply with this program.

(ii) Section 126 Petitions

In February 1998, several northeast states filed petitions seeking the EPA's assistance in reducing ozone in the Eastern U.S. under Section 126 of the Clean Air Act (CAA). The EPA believes that Section 126 petitions allow a state to claim that sources in another state are contributing to its air quality problem and request that the EPA

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

require the upwind sources to reduce their emissions.

In December 1999, the EPA granted four Section 126 petitions relating to NO_x emissions. This ruling affected all of our Ohio and Kentucky facilities, as well as some of our Indiana facilities, and requires us to reduce our NO_x emissions to a certain level by May 2003. In May 2001, the Court of Appeals substantially upheld a challenge to the Section 126 requirements, and remanded portions of the rule to the EPA for reconsideration of how growth was factored into the emission limitations. On August 24, 2001, the Court of Appeals temporarily suspended the Section 126 compliance deadline, pending the EPA's reconsideration of growth factors. On May 1, 2002, the EPA issued a final rule extending the Section 126 rule compliance deadline to May 31, 2004, thus harmonizing the deadline with that for the NO_x SIP Call.

The Section 126 rule will not apply, however, in states with approved SIPs under the NO_x SIP Call, which include the states of Indiana and Kentucky. In addition, the EPA has issued a direct final rule approving Ohio's SIP. As a result of these actions, we anticipate that the Section 126 rule will not affect any of our facilities.

(c) New Source Review (NSR)

The CAA's NSR provisions require that a company obtain a pre-construction permit if it plans to build a new stationary source of pollution or make a major modification to an existing facility, unless the changes are exempt.

On November 3, 1999, the United States sued a number of holding companies and electric utilities, including Cinergy, CG&E, and PSI, in various U.S. District Courts (District Court). The Cinergy, CG&E, and PSI suit alleged violations of the CAA at two of our generating stations relating to NSR and New Source Performance Standards requirements. The suit sought (1) injunctive relief to require installation of pollution control technology on each of the generating units at CG&E's W.C. Beckjord Generating Station (Beckjord Station) and at PSI's Cayuga Generating Station, and (2) civil penalties in amounts of up to \$27,500 per day for each violation. Since that time, two amendments to the complaint have been filed by the United States, alleging additional violations of the CAA, including allegations involving different generating units. In addition, three northeast states and two environmental groups have intervened in the case.

On December 21, 2000, Cinergy, CG&E, and PSI reached an agreement in principle with the parties in the litigation for a negotiated resolution of the CAA claims in the litigation. See (e) below for a discussion of the tentative EPA Agreement, which relates to matters discussed within this note.

On October 4, 2002, the Indiana District Court issued a Revised Case Management Plan in Cinergy's case that sets forth the dates by which various events in the litigation, such as discovery and the filing of dispositive motions, must be completed. Consistent with the plan, on October 9, 2002, the Indiana District Court set the case for trial by jury commencing on October 4, 2004.

At this time, it is not possible to predict whether a final agreement implementing the agreement in principle can be reached. The parties continue to negotiate. If the settlement is not completed, we intend to defend against

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

the allegations vigorously in court. In such an event, it is not possible to determine the likelihood that the plaintiffs would prevail upon their claims or whether resolution of these matters would have a material effect on our financial position or results of operations.

(d) Beckjord Station Notices of Violation (NOV)

On November 30, 1999, the EPA filed an NOV against Cinergy and CG&E, alleging that emissions of particulate matter at the Beckjord Station exceeded the allowable limit. The allegations contained in this NOV were incorporated within the March 1, 2000 amended complaint, as discussed in (c) above. On June 22, 2000, the EPA issued an NOV and a finding of violation (FOV) alleging additional particulate emission violations at Beckjord Station. The NOV/FOV indicated the EPA may issue an administrative compliance order, issue an administrative penalty order, or bring a civil or criminal action.

See (e) below for a discussion of the tentative EPA Agreement, which relates to matters discussed within this note.

(e) EPA Agreement

On December 21, 2000, Cinergy, CG&E, and PSI reached an agreement in principle with the United States, three northeast states, and two environmental groups for a negotiated resolution of CAA claims and other related matters brought against coal-fired power plants owned and operated by Cinergy's operating subsidiaries. The complete resolution of these issues is contingent upon establishing a final agreement with the EPA and other parties. If a final agreement is reached with these parties, it would resolve past claims of alleged NSR violations as well as the Beckjord Station NOV/FOV discussed previously under (c) and (d).

In addition, the intent of the tentative agreement is that we would be allowed to continue on-going activities to maintain reliability and availability without subjecting the plants to future litigation regarding federal NSR permitting requirements.

In return for resolution of claims regarding past maintenance activities, as well as future operational certainty, we have tentatively agreed to:

- shut down or repower with natural gas, nine small coal-fired boilers at three power plants beginning in 2004;
- build four additional sulfur dioxide (SO₂) scrubbers, the first of which must be operational by December 31, 2007;
- upgrade existing particulate control systems;
- phase in the operation of NO_x reduction technology year-round starting in 2004;
- reduce our existing Title IV SO₂ cap by 35 percent in 2013;
- pay a civil penalty of \$8.5 million to the U.S. government; and
- implement \$21.5 million in environmental mitigation projects, including retiring 50,000 tons of SO₂ allowances by 2005.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

The estimated cost for these capital expenditures is expected to be approximately \$700 million through 2013. These capital expenditures are in addition to our previously announced commitment to install NO_x controls as discussed in (b) above, but does include capital costs that Cinergy would expect to spend regardless of the settlement due to new environmental requirements expected in the second half of this decade.

Cinergy, CG&E, and PSI have accrued costs related to certain aspects of the tentative agreement. In reaching the tentative agreement, we did not admit any wrongdoing and remain free to continue our current maintenance practices, as well as implement future projects for improved reliability.

At this time, it is not possible to predict whether a final agreement implementing the agreement in principle can be reached. The parties continue to negotiate. If the settlement is not completed, we intend to defend against the allegations, discussed in (c) and (d) above, vigorously in court. In such an event, it is not possible to determine the likelihood that the plaintiffs would prevail upon their claims or whether resolution of these matters would have a material effect on our financial position or results of operations.

(f) Manufactured Gas Plant (MGP) Sites

Prior to the 1950s, gas was produced at MGP sites through a process that involved the heating of coal and/or oil. The gas produced from this process was sold for residential, commercial, and industrial uses.

CG&E is aware of potential sites where MGP activities have occurred at some time in the past. None of these sites is known to present a risk to the environment. CG&E has begun preliminary site assessments to obtain information about some of these MGP sites.

CG&E has accrued costs for the sites related to investigation, remediation, and groundwater monitoring to the extent such costs are probable and can be reasonably estimated. CG&E does not believe it can provide an estimate of the reasonably possible total remediation costs for any site before a remedial investigation/feasibility study is performed. To the extent remediation is necessary, the timing of the remediation activities impacts the cost of remediation. Therefore, CG&E currently cannot determine the total costs that may be incurred in connection with remediation of all sites, to the extent that remediation is required. Until investigation and remediation activities have been completed on these sites, and the extent of insurance coverage for these costs, if any, is determined, CG&E is unable to reasonably estimate the total costs and impact on CG&E's financial position or results of operations.

(g) Asbestos Claims Litigation

CG&E has been named in lawsuits related to Asbestos at their electric generating stations. In these lawsuits, plaintiffs claim to have been exposed to Asbestos containing products in the course of their work at the CG&E generating stations. The plaintiffs further claim that as the property owner of the generating stations, CG&E should be held liable for their injuries and illnesses based on an alleged duty to warn and protect them from any Asbestos exposure. The impact on CG&E's financial position or results of operations of these cases to date has

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

not been material. At this time, **CG&E** is not able to predict the ultimate outcome of these lawsuits or the impact on **CG&E's** financial position or results of operations.

(h) Gas Customer Choice

In January 2000, Cinergy Investments, Inc. (Investments) sold Cinergy Resources, Inc. (Resources), a former subsidiary, to Licking Rural Electrification, Inc., doing business as The Energy Cooperative (Energy Cooperative). In February 2001, Cinergy, **CG&E**, and Resources were named as defendants in three class action lawsuits brought by customers relating to Energy Cooperative's removal from the Ohio Gas Customer Choice program and the failure to deliver gas to customers.

Subsequently, these class action suits were amended and consolidated into one suit. **CG&E** has been dismissed as a defendant in the consolidated suit. In March 2001, Cinergy, **CG&E**, and Investments were named as defendants in a lawsuit filed by both Energy Cooperative and Resources. This lawsuit concerns any obligations or liabilities Investments may have to Energy Cooperative following its sale of Resources. This lawsuit is pending in the Licking County Common Pleas Court. Trial is anticipated to occur in late 2003 or early 2004. In October 2001, Cinergy, **CG&E**, and Investments initiated litigation against the Energy Cooperative requesting indemnification by the Energy Cooperative for the claims asserted by former customers in the class action litigation. This customer litigation is pending in the Hamilton County Common Pleas Court. A trial date has not been set. Cinergy, **CG&E**, and Investments intend to vigorously defend these lawsuits. At the present time, we cannot predict the outcome of these suits.

(i) CG&E Gas Rate Case

In the third quarter of 2001, **CG&E** filed a retail gas rate case with the PUCO seeking to increase base rates for natural gas distribution service and requesting recovery through a tracking mechanism of the costs of an accelerated gas main replacement program with an estimated capital cost of \$716 million over the next 10 years. **CG&E** entered into a settlement agreement with most of the parties and a hearing on this matter was held in April 2002. An order was issued in May 2002, in which the PUCO approved the settlement agreement and authorized a base rate increase of approximately \$15 million, or 3.3 percent overall, to be effective on May 30, 2002. In addition, the PUCO authorized **CG&E** to implement the tracking mechanism to recover the costs of the accelerated gas main replacement program, subject to certain rate caps that increase in amount annually through May 2007, through the effective date of new rates in **CG&E's** next retail gas rate case. The PUCO's order was not appealed. In the fourth quarter of 2002, **CG&E** filed an application to increase its rates under the tracking mechanism by approximately \$8 million or 2.4 percent. The PUCO is investigating the application and **CG&E** expects that the increase will become effective in May 2003.

12. Jointly-Owned Plant

CG&E, Columbus Southern Power Company, and Dayton Power and Light Company jointly own electric generating units and related transmission facilities. The Statements of Income reflect **CG&E's** portions of all operating costs associated with the jointly-owned facilities.

| | | | |
|--|---|---------------------------------------|--------------------------------|
| Name of Respondent Cincinnati Gas & Electric Company, The | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| Notes to Financial Statements | | | |

As of December 31, 2002, CG&E's investments in jointly-owned plant or facilities were as follows:

| | Ownership Share | Property, Plant, and Equipment <i>(in millions)</i> | Accumulated Depreciation | Construction Work in Progress |
|--|--------------------|--|-----------------------------|-------------------------------------|
| CG&E | | | | |
| Production: | | | | |
| Miami Fort Station (Units 7 and 8) | 64.00% | \$ 288 | \$ 135 | \$ 34 |
| Beckjord Station (Unit 6) | 37.50 | 46 | 30 | - |
| Stuart Station ⁽¹⁾ | 39.00 | 298 | 157 | 67 |
| Conesville Station (Unit 4) ⁽¹⁾ | 40.00 | 77 | 48 | - |
| Zimmer Station | 46.50 | 1,239 | 402 | 23 |
| East Bend Station | 69.00 | 398 | 200 | - |
| Killen Station ⁽¹⁾ | 33.00 | 187 | 110 | 17 |
| Transmission | Various | 85 | 38 | - |

(1) Station is not operated by CG&E.

13. Ohio Deregulation

On July 6, 1999, Ohio Governor Robert Taft signed Amended Substitute Senate Bill No. 3 (Electric Restructuring Bill), beginning the transition to electric deregulation and customer choice for the state of Ohio. The Electric Restructuring Bill created a competitive electric retail service market effective January 1, 2001. The legislation provided for a market development period that began January 1, 2001, and ends no later than December 31, 2005.

On May 8, 2000, CG&E reached a stipulated agreement with the PUCO staff and various other interested parties with respect to its proposal to implement electric customer choice in Ohio effective January 1, 2001. On August 31, 2000, the PUCO approved CG&E's stipulation agreement. The major features of the agreement include:

- Residential customer rates are frozen through December 31, 2005;
- Residential customers received a five-percent reduction in the generation portion of their electric rates, effective January 1, 2001;
- CG&E will provide \$4 million from 2001 to 2005 in support of energy efficiency and weatherization services for low income customers;
- CG&E will provide shopping credits to switching customers;
- The creation of a RTC designed to recover CG&E's regulatory assets and other transition costs over a ten-year period;
- Authority for CG&E to transfer its generation assets to one or more, non-regulated affiliates to provide flexibility to manage its generation asset portfolio in a manner that enhances opportunities in a

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

competitive marketplace;

- Authority for **CG&E** to apply the proceeds of transition cost recovery to costs incurred during the transition period, including implementation costs and purchased power costs that may be incurred by **CG&E** to maintain an operating reserve margin sufficient to provide reliable service to its customers;
- Authority for **CG&E** to adjust the amortization of its regulatory assets and other transition costs to reflect the effects of any shopping incentives provided to customers; and
- **CG&E** will provide standard offer default supplier service (i.e., **CG&E** will be the supplier of last resort, so that no customer will be without an electric supplier).

Subsequent to the PUCO's approval of **CG&E's** stipulation agreement, two parties filed applications for rehearing with the PUCO. In October 2000, the PUCO denied these applications. One of the parties appealed to the Ohio Supreme Court in the fourth quarter of 2000 and **CG&E** subsequently intervened in that case. In April 2002, the Ohio Supreme Court affirmed the PUCO's stipulated agreement with **CG&E** with respect to implementing electric customer choice. The Ohio Supreme Court ruling leaves **CG&E's** transition plan entirely intact.

Under **CG&E's** transition plan, retail customers continue to receive transportation services from **CG&E**, but may purchase electricity from another supplier. Retail customers that purchase electricity from another supplier receive shopping credits from **CG&E**. The shopping credits generally reflect the costs of electric generation included in **CG&E's** frozen rates. However, shopping credits for the first 20 percent of electricity usage in each customer class to switch suppliers are higher than **CG&E's** electric generation costs in order to stimulate the development of the competitive retail electric service market.

CG&E recovers its regulatory assets and other transition costs through a RTC paid by all retail customers. As the RTC is collected from customers, **CG&E** amortizes the deferred balance of regulatory assets and other transition costs. A portion of the RTC collected from customers is recognized currently as a return on the deferred balance of regulatory assets and other transition costs and as reimbursement for the difference in the shopping credits provided to customers and the wholesale revenues from switched generation. The ability of **CG&E** to recover its regulatory assets and other transition costs is dependent on several factors, including, but not limited to, the level of **CG&E's** electric sales, prices in the wholesale power markets, and the amount of customers switching to other electric suppliers.

On January 10, 2003, **CG&E** filed an application with the PUCO for approval of a methodology to establish how market-based rates for non-residential customers will be determined when the market development period ends. In the filing, **CG&E** seeks to establish a market-based standard service offer rate for non-residential customers that do not switch suppliers and a process for establishing the competitively-bid generation service option required by the Electric Restructuring Bill. As of December 31, 2002, more than 20 percent of the load in each of **CG&E's** non-residential customer classes has switched to other electric suppliers. Under its transition plan, **CG&E** may end the market development period for those classes of customers once 20 percent switching has been achieved; however, PUCO approval of the standard service offer rate and competitive bidding process is required before the market development period can be ended. **CG&E** is not requesting to end the market development period for non-residential customers at this time. **CG&E** is unable to predict the

| | | | |
|--|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Cincinnati Gas & Electric Company, The | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| Notes to Financial Statements | | | |

outcome of this proceeding.

In its transition plan, **CG&E** proposed to transfer its generating stations and their related assets and obligations to an Exempt Wholesale Generator (EWG) affiliate, subject to receipt of FERC, SEC, and applicable third-party approvals and consents. To facilitate this transfer, the generation assets of **CG&E**, as of August 2000, were released from the first mortgage indenture lien allowing them to move unencumbered to the EWG affiliate. Generation assets added after August 2000 remain subject to the lien of **CG&E's** first mortgage bond indenture and would require release at some future date prior to being transferred. A FERC order, that was effective April 2002, allowed Cinergy to jointly dispatch the regulated generating assets of PSI in conjunction with the deregulated generating assets of **CG&E**. FERC has also authorized the transfer of the **CG&E** generating assets to a non-regulated affiliate. However, Cinergy has determined that it can realize the benefits of the new joint dispatch agreement without transferring **CG&E's** generation assets to an EWG affiliate, and therefore Cinergy does not plan to transfer **CG&E's** generation assets to a non-regulated affiliate in the foreseeable future.

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion

| Line No. | Item (a) | Total (b) |
|----------|--|---------------|
| 1 | UTILITY PLANT | |
| 2 | In Service | |
| 3 | Plant in Service (Classified) | 5,556,061,073 |
| 4 | Property Under Capital Leases | 20,384,139 |
| 5 | Plant Purchased or Sold | |
| 6 | Completed Construction not Classified | 495,030,519 |
| 7 | Experimental Plant Unclassified | |
| 8 | TOTAL Utility Plant (Total of lines 3 thru 7) | 6,071,475,731 |
| 9 | Leased to Others | |
| 10 | Held for Future Use | 1,749,820 |
| 11 | Construction Work in Progress | 225,665,301 |
| 12 | Acquisition Adjustments | |
| 13 | TOTAL Utility Plant (Total of lines 8 thru 12) | 6,298,890,852 |
| 14 | Accumulated Provisions for Depreciation, Amortization, & Depletion | 2,503,693,826 |
| 15 | Net Utility Plant (Total of lines 13 and 14) | 3,795,197,026 |
| 16 | DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | |
| 17 | In Service: | |
| 18 | Depreciation | 2,433,048,149 |
| 19 | Amortization and Depletion of Producing Natural Gas Land and Land Rights | |
| 20 | Amortization of Underground Storage Land and Land Rights | |
| 21 | Amortization of Other Utility Plant | 70,645,677 |
| 22 | TOTAL In Service (Total of lines 18 thru 21) | 2,503,693,826 |
| 23 | Leased to Others | |
| 24 | Depreciation | |
| 25 | Amortization and Depletion | |
| 26 | TOTAL Leased to Others (Total of lines 24 and 25) | |
| 27 | Held for Future Use | |
| 28 | Depreciation | |
| 29 | Amortization | |
| 30 | TOTAL Held for Future Use (Total of lines 28 and 29) | |
| 31 | Abandonment of Leases (Natural Gas) | |
| 32 | Amortization of Plant Acquisition Adjustment | |
| 33 | TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32) | 2,503,693,826 |

| | | | |
|---|---|--------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 11 | Year of Report Dec. 31, 2002 |
|---|---|--------------------------------------|---------------------------------|

Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)

| Line No. | Electric (c) | Gas (d) | Other (specify) (e) | Common (f) |
|----------|---------------|-------------|---------------------|-------------|
| 1 | | | | |
| 2 | | | | |
| 3 | 4,724,405,439 | 633,523,263 | | 198,132,371 |
| 4 | 10,400,742 | 9,983,397 | | |
| 5 | | | | |
| 6 | 365,795,208 | 110,108,908 | | 19,126,403 |
| 7 | | | | |
| 8 | 5,100,601,389 | 753,615,568 | | 217,258,774 |
| 9 | | | | |
| 10 | 1,749,820 | | | |
| 11 | 194,014,688 | 12,765,659 | | 18,884,954 |
| 12 | | | | |
| 13 | 5,296,365,897 | 766,381,227 | | 236,143,728 |
| 14 | 2,188,680,117 | 242,687,226 | | 72,326,483 |
| 15 | 3,107,685,780 | 523,694,001 | | 163,817,245 |
| 16 | | | | |
| 17 | | | | |
| 18 | 2,179,079,617 | 238,445,936 | | 15,522,596 |
| 19 | | | | |
| 20 | | | | |
| 21 | 9,600,500 | 4,241,290 | | 56,803,887 |
| 22 | 2,188,680,117 | 242,687,226 | | 72,326,483 |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | 2,188,680,117 | 242,687,226 | | 72,326,483 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Plant in Service (Accounts 101, 102, 103, and 106)

- Report below the original cost of gas plant in service according to the prescribed accounts.
- In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.
- Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
- Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d).

| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|--|--|------------------|
| 1 | INTANGIBLE PLANT | | |
| 2 | 301 Organization | | |
| 3 | 302 Franchises and Consents | | |
| 4 | 303 Miscellaneous Intangible Plant | 2,300,337 | 134,661 |
| 5 | TOTAL Intangible Plant (Enter Total of lines 2 thru 4) | 2,300,337 | 134,661 |
| 6 | PRODUCTION PLANT | | |
| 7 | Natural Gas Production and Gathering Plant | | |
| 8 | 325.1 Producing Lands | | |
| 9 | 325.2 Producing Leaseholds | | |
| 10 | 325.3 Gas Rights | | |
| 11 | 325.4 Rights-of-Way | | |
| 12 | 325.5 Other Land and Land Rights | | |
| 13 | 326 Gas Well Structures | | |
| 14 | 327 Field Compressor Station Structures | | |
| 15 | 328 Field Measuring and Regulating Station Equipment | | |
| 16 | 329 Other Structures | | |
| 17 | 330 Producing Gas Wells-Well Construction | | |
| 18 | 331 Producing Gas Wells-Well Equipment | | |
| 19 | 332 Field Lines | | |
| 20 | 333 Field Compressor Station Equipment | | |
| 21 | 334 Field Measuring and Regulating Station Equipment | | |
| 22 | 335 Drilling and Cleaning Equipment | | |
| 23 | 336 Purification Equipment | | |
| 24 | 337 Other Equipment | | |
| 25 | 338 Unsuccessful Exploration and Development Costs | | |
| 26 | TOTAL Production and Gathering Plant (Enter Total of lines 8 | | |
| 27 | PRODUCTS EXTRACTION PLANT | | |
| 28 | 340 Land and Land Rights | | |
| 29 | 341 Structures and Improvements | | |
| 30 | 342 Extraction and Refining Equipment | | |
| 31 | 343 Pipe Lines | | |
| 32 | 344 Extracted Products Storage Equipment | | |
| 33 | 345 Compressor Equipment | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account

classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of

| Line No. | Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) |
|----------|--------------------|--------------------|------------------|----------------------------------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | 2,434,998 |
| 5 | | | | 2,434,998 |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|---|-------------------------------------|------------------|
| 34 | 346 Gas Measuring and Regulating Equipment | | |
| 35 | 347 Other Equipment | | |
| 36 | TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35) | | |
| 37 | TOTAL Natural Gas Production Plant (Enter Total of lines 26 and | | |
| 38 | Manufactured Gas Production Plant (Submit Supplementary | 8,334,356 | 387,425 |
| 39 | TOTAL Production Plant (Enter Total of lines 37 and 38) | 8,334,356 | 387,425 |
| 40 | NATURAL GAS STORAGE AND PROCESSING PLANT | | |
| 41 | Underground Storage Plant | | |
| 42 | 350.1 Land | | |
| 43 | 350.2 Rights-of-Way | | |
| 44 | 351 Structures and Improvements | | |
| 45 | 352 Wells | | |
| 46 | 352.1 Storage Leaseholds and Rights | | |
| 47 | 352.2 Reservoirs | | |
| 48 | 352.3 Non-recoverable Natural Gas | | |
| 49 | 353 Lines | | |
| 50 | 354 Compressor Station Equipment | | |
| 51 | 355 Other Equipment | | |
| 52 | 356 Purification Equipment | | |
| 53 | 357 Other Equipment | | |
| 54 | TOTAL Underground Storage Plant (Enter Total of lines 42 thru | | |
| 55 | Other Storage Plant | | |
| 56 | 360 Land and Land Rights | | |
| 57 | 361 Structures and Improvements | | |
| 58 | 362 Gas Holders | | |
| 59 | 363 Purification Equipment | | |
| 60 | 363.1 Liquefaction Equipment | | |
| 61 | 363.2 Vaporizing Equipment | | |
| 62 | 363.3 Compressor Equipment | | |
| 63 | 363.4 Measuring and Regulating Equipment | | |
| 64 | 363.5 Other Equipment | | |
| 65 | TOTAL Other Storage Plant (Enter Total of lines 56 thru 64) | | |
| 66 | Base Load Liquefied Natural Gas Terminating and Processing Plant | | |
| 67 | 364.1 Land and Land Rights | | |
| 68 | 364.2 Structures and Improvements | | |
| 69 | 364.3 LNG Processing Terminal Equipment | | |
| 70 | 364.4 LNG Transportation Equipment | | |
| 71 | 364.5 Measuring and Regulating Equipment | | |
| 72 | 364.6 Compressor Station Equipment | | |
| 73 | 364.7 Communications Equipment | | |
| 74 | 364.8 Other Equipment | | |
| 75 | TOTAL Base Load Liquefied Nat'l Gas, Terminating and | | |
| 76 | TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, | | |
| 77 | TRANSMISSION PLAN | | |
| 78 | 365.1 Land and Land Rights | | |
| 79 | 365.2 Rights-of-Way | | |
| 80 | 366 Structures and Improvements | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

| Line No. | Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) |
|----------|--------------------|--------------------|------------------|----------------------------------|
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | 1,263 | | 60,821 | 8,781,339 |
| 39 | 1,263 | | 60,821 | 8,781,339 |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | | | | |
| 46 | | | | |
| 47 | | | | |
| 48 | | | | |
| 49 | | | | |
| 50 | | | | |
| 51 | | | | |
| 52 | | | | |
| 53 | | | | |
| 54 | | | | |
| 55 | | | | |
| 56 | | | | |
| 57 | | | | |
| 58 | | | | |
| 59 | | | | |
| 60 | | | | |
| 61 | | | | |
| 62 | | | | |
| 63 | | | | |
| 64 | | | | |
| 65 | | | | |
| 66 | | | | |
| 67 | | | | |
| 68 | | | | |
| 69 | | | | |
| 70 | | | | |
| 71 | | | | |
| 72 | | | | |
| 73 | | | | |
| 74 | | | | |
| 75 | | | | |
| 76 | | | | |
| 77 | | | | |
| 78 | | | | |
| 79 | | | | |
| 80 | | | | |

| Name of Respondent The Cincinnati Gas & Electric Company | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|--|---|------------------|---------------------------------------|---------------------------------|
| Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued) | | | | | |
| Line No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) | | |
| 81 | 367 Mains | | | | |
| 82 | 368 Compressor Station Equipment | | | | |
| 83 | 369 Measuring and Regulating Station Equipment | | | | |
| 84 | 370 Communication Equipment | | | | |
| 85 | 371 Other Equipment | | | | |
| 86 | TOTAL Transmission Plant (Enter Totals of lines 78 thru 85) | | | | |
| 87 | DISTRIBUTION PLANT | | | | |
| 88 | 374 Land and Land Rights | 2,533,265 | | | |
| 89 | 375 Structures and Improvements | 811,403 | | | |
| 90 | 376 Mains | 398,213,008 | | | 48,784,788 |
| 91 | 377 Compressor Station Equipment | | | | |
| 92 | 378 Measuring and Regulating Station Equipment-General | 15,091,907 | | | 820,191 |
| 93 | 379 Measuring and Regulating Station Equipment-City Gate | 263,232 | | | |
| 94 | 380 Services | 185,526,686 | | | 10,722,557 |
| 95 | 381 Meters | 30,550,656 | | | 1,264,411 |
| 96 | 382 Meter Installations | 19,048,200 | | | 715,710 |
| 97 | 383 House Regulators | 10,082,616 | | | 1,013,254 |
| 98 | 384 House Regulator Installations | 7,740,592 | | | 812,239 |
| 99 | 385 Industrial Measuring and Regulating Station Equipment | 2,996,502 | | | 5,556 |
| 100 | 386 Other Property on Customers' Premises | | | | |
| 101 | 387 Other Equipment | 922,280 | | | 115 |
| 102 | TOTAL Distribution Plant (Enter Total of lines 88 thru 101) | 673,780,347 | | | 64,138,821 |
| 103 | GENERAL PLANT | | | | |
| 104 | 389 Land and Land Rights | 46,782 | | | |
| 105 | 390 Structures and Improvements | 275,377 | | | (20,696) |
| 106 | 391 Office Furniture and Equipment | 1,261,338 | | | (5,955) |
| 107 | 392 Transportation Equipment | 3,061,933 | | | |
| 108 | 393 Stores Equipment | | | | |
| 109 | 394 Tools, Shop, and Garage Equipment | 6,244,363 | | | 163,676 |
| 110 | 395 Laboratory Equipment | 348,061 | | | |
| 111 | 396 Power Operated Equipment | 573,636 | | | |
| 112 | 397 Communication Equipment | 118,432 | | | |
| 113 | 398 Miscellaneous Equipment | | | | |
| 114 | Subtotal (Enter Total of lines 104 thru 113) | 11,929,922 | | | 137,025 |
| 115 | 399 Other Tangible Property | | | | |
| 116 | TOTAL General Plant (Enter Total of lines 114 and 115) | 11,929,922 | | | 137,025 |
| 117 | TOTAL (Accounts 101 and 106) | 696,344,962 | | | 64,797,932 |
| 118 | Gas Plant Purchased (See Instruction 8) | | | | |
| 119 | (Less) Gas Plant Sold (See Instruction 8) | | | | |
| 120 | Experimental Gas Plant Unclassified | | | | |
| 121 | TOTAL Gas Plant in Service (Enter Total of lines 117 thru 120) | 696,344,962 | | | 64,797,932 |

| | | | |
|---|---|---------------------------------------|--|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, <u>2002</u> |
|---|---|---------------------------------------|--|

Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)

| Line No. | Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) |
|----------|--------------------|--------------------|------------------|----------------------------------|
| 81 | | | | |
| 82 | | | | |
| 83 | | | | |
| 84 | | | | |
| 85 | | | | |
| 86 | | | | |
| 87 | | | | |
| 88 | | | | 2,533,265 |
| 89 | | | 2,340 | 813,743 |
| 90 | 3,800,302 | | (4,331,117) | 438,866,377 |
| 91 | | | | |
| 92 | 86,677 | | 19,545 | 15,844,966 |
| 93 | | | | 263,232 |
| 94 | 2,228,692 | | 4,340,331 | 198,360,882 |
| 95 | | | | 31,815,067 |
| 96 | | | | 19,763,910 |
| 97 | | | | 11,095,870 |
| 98 | | | | 8,552,831 |
| 99 | | | | 3,002,058 |
| 100 | | | | |
| 101 | | | | 922,395 |
| 102 | 6,115,671 | | 31,099 | 731,834,596 |
| 103 | | | | |
| 104 | | | | 46,782 |
| 105 | | (13,079) | 20,061 | 261,663 |
| 106 | 9,271 | | 129,228 | 1,375,340 |
| 107 | 1,061,252 | | | 2,000,681 |
| 108 | | | | |
| 109 | 543,247 | | 120 | 5,864,912 |
| 110 | 15,297 | | | 332,764 |
| 111 | 9,575 | | | 564,061 |
| 112 | | | | 118,432 |
| 113 | | | | |
| 114 | 1,638,642 | (13,079) | 149,409 | 10,564,635 |
| 115 | | | | |
| 116 | 1,638,642 | (13,079) | 149,409 | 10,564,635 |
| 117 | 7,755,576 | (13,079) | 241,329 | 753,615,568 |
| 118 | | | | |
| 119 | | | | |
| 120 | | | | |
| 121 | 7,755,576 | (13,079) | 241,329 | 753,615,568 |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 204 Line No.: 38 Column: g

| | |
|---------------------------------------|-----------------|
| 304 Land and Land Rights | \$ 436,719 |
| 305 Structures and Improvements | 3,799,963 |
| 311 Liquefied Petroleum Gas Equipment | 4,514,562 |
| 320 Other Equipment | <u>30,095</u> |
| Total Production Plant | \$8,781,339 |

Schedule Page: 204 Line No.: 115 Column: e

Represents reclassifications between utility departments and primary plant accounts.

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Property and Capacity Leased from Others

- Report below the information called for concerning gas property and capacity leased from others for gas operations.
- For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).

| Line No. | Name of Lessor (a) | * | Description of Lease (c) | Lease Payments for Current Year (d) |
|----------|-----------------------|---|-----------------------------|--|
| 1 | 1999 Fleet Capital | | Meters | 461,587 |
| 2 | 2000 Fleet Capital | | Meters | 722,231 |
| 3 | 2001 Fleet Capital | | Meters | 710,965 |
| 4 | 2002 Fleet Capital | | Meters | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | Total | | | 1,894,783 |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 212 Line No.: 4 Column: a
ACQUISITIONS OCCUR AT THE END OF DECEMBER ON AN ANNUAL BASIS, THEREFORE THERE ARE NO LEASE PAYMENTS FOR 2002.

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Construction Work in Progress-Gas (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

| Line No. | Description of Project (a) | Construction Work in Progress-Gas (Account 107) (b) | Estimated Additional Cost of Project (c) |
|----------|---|---|---|
| 1 | HAM 125-153 | 1,373,167 | 390,669 |
| 2 | 00-3616-0/GJH LINE A LOOP R/W ACQUISITION | 3,007,901 | 494,357 |
| 3 | | | |
| 4 | PROJECTS UNDER \$1,000,000 | 8,384,591 | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | Total | 12,765,659 | 885,026 |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |

General Description of Construction Overhead Procedure

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

1. CONSTRUCTION OVERHEAD COSTS INCLUDE ENGINEERING AND SUPERVISORY SALARIES, ADMINISTRATIVE AND GENERAL SALARIES AND ASSOCIATED PAYROLL TAXES AND BENEFITS AND EMPLOYEE EXPENSES.

SALARIES, ASSOCIATED PAYROLL TAXES AND BENEFITS RELATED TO ENGINEERING, SUPERVISION, AND ADMINISTRATIVE AND GENERAL FUNCTIONS ARE GENERALLY CHARGED TO THE APPROPRIATE EXPENSE ACCOUNTS. HOWEVER, IN SOME INSTANCES THE EMPLOYEES CONCERNED DEVOTE PART OF THEIR TIME TO CONSTRUCTION ACTIVITIES. IN THESE CASES, A PORTION OF THE EMPLOYEES' SALARIES AND ASSOCIATED PAYROLL TAXES AND BENEFITS ARE CHARGED TO A BLANKET WORK ORDER AND FROM THERE TRANSFERRED TO SPECIFIC WORK ORDERS USING VARIOUS LOADING RATES APPLIED AGAINST DIRECT CONSTRUCTION COSTS. THE AMOUNTS TRANSFERRED AND THE LOADING RATES USED ARE BASED ON (1) A DEVOTED STUDY AND (2) AN ANALYSIS OF THE BLANKET WORK ORDER CHARGED WITH THESE EXPENSES.

EXCEPTIONS ARE MADE TO THIS GENERAL PRACTICE IN THE CASE OF CERTAIN MAJOR CONSTRUCTION PROJECTS WHERE ENGINEERING, SUPERVISORY, AND CLERICAL EMPLOYEES DEVOTE ALL OR SUBSTANTIALLY ALL OF THEIR TIME TO SUCH PROJECTS. IN THESE INSTANCES, THE SALARIES AND RELATED EXPENSES ARE CHARGED DIRECTLY TO THE PROPER CONSTRUCTION WORK ORDERS. CERTAIN ENGINEERING AND SUPERVISION COSTS (INCLUDING OUTSIDE SERVICES) WHICH CAN BE ESTABLISHED AS DIRECTLY CHARGEABLE TO SPECIFIC PROJECTS ARE SO CHARGED. REMAINING AMOUNTS OF OVERHEAD ARE DETERMINED BASED ON THE ABOVE-MENTIONED STUDY.

2. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) IS APPLIED TO THE TOTAL CONSTRUCTION EXPENDITURES, LESS CERTAIN EXCLUSIONS, ON JOBS UNDER CONSTRUCTION. EFFECTIVE JULY 1, 1982, THE RESPONDENT ADOPTED THE PRACTICE OF UPDATING THE AFUDC RATE MONTHLY, AS AUTHORIZED BY THE FEDERAL ENERGY REGULATORY COMMISSION IN A LETTER DATED MAY 27, 1982. THE AVERAGE AFUDC RATE FOR 2002 WAS 3.94%. THE MONTHLY RATE DOES NOT INCLUDE A REDUCTION FOR THE INCOME TAX EFFECT ON THE COST OF DEBT.

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

General Description of Construction Overhead Procedure (continued)

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.

1. Components of Formula (Derived from actual book balances and actual cost rates):

| Line No. | Title (a) | Amount (b) | Capitalization Ratio (percent) (c) | Cost Rate Percentage (d) |
|----------|---|---------------|---------------------------------------|-----------------------------|
| (1) | Average Short-Term Debt | S | | |
| (2) | Short-Term Interest | | | s |
| (3) | Long-Term Debt | D | | d |
| (4) | Preferred Stock | P | | p |
| (5) | Common Equity | C | | c |
| (6) | Total Capitalization | | | |
| (7) | Average Construction Work In Progress Balance | W | | |

2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$

3. Rate for Other Funds $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$

4. Weighted Average Rate Actually Used for the Year:

- a. Rate for Borrowed Funds -
- b. Rate for Other Funds -

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

| Line No. | Item (a) | Total (c+d+e) (b) | Gas Plant In Service (c) | Gas Plant Held for Future Use (d) | Gas Plant Leased to Others (e) |
|--|--|-------------------------|--------------------------------|---|--------------------------------------|
| Section A. BALANCES AND CHANGES DURING YEAR | | | | | |
| 1 | Balance Beginning of Year | 227,348,146 | 227,348,146 | | |
| 2 | Depreciation Provisions for Year, Charged to | | | | |
| 3 | (403) Depreciation Expense | 19,234,118 | 19,234,118 | | |
| 4 | (413) Expense of Gas Plant Leased to Others | | | | |
| 5 | Transportation Expenses - Clearing | 94,778 | 94,778 | | |
| 6 | Other Clearing Accounts | | | | |
| 7 | Other Clearing (Specify) (footnote details): | | | | |
| 8 | TOTAL Deprec. Prov. for Year (Total of lines 3 thru 7) | 19,328,896 | 19,328,896 | | |
| 9 | Net Charges for Plant Retired: | | | | |
| 10 | Book Cost of Plant Retired | (7,159,650) | | | |
| 11 | Cost of Removal | (1,104,332) | (1,104,332) | | |
| 12 | Salvage (Credit) | (113,194) | (113,194) | | |
| 13 | TOTAL Net Chrgs for Plant Ret. (Total of lines 10 thru 12) | (8,150,788) | (8,150,788) | | |
| 14 | Other Debit or Credit Items (Describe) (footnote details): | (80,318) | | | |
| 15 | Balance End of Year (Total of lines 1,8,13,14) | 238,445,936 | 238,445,936 | | |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 219 Line No.: 10 Column: c

Difference between this amount and the Total Plant Retired on pages 204-207 was charged to Account 111

Schedule Page: 219 Line No.: 14 Column: c

| | |
|------------------------------------|-----------------|
| Transfers | (46,426) |
| Gain on Sale of Property | (33,892) |
| Other Debit or Credit Items | (80,318) |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.
2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.
3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

| Line No. | Description (a) | (Account 117.1) (b) | (Account 117.2) (c) | Noncurrent (Account 117.3) (d) | (Account 117.4) (e) | Current (Account 164.1) (f) | LNG (Account 164.2) (g) | LNG (Account 164.3) (h) | Total (i) |
|----------|------------------------------|------------------------|------------------------|-----------------------------------|------------------------|--------------------------------|----------------------------|----------------------------|--------------|
| 1 | Balance at Beginning of Year | | | | | 30,833,509 | | | 30,833,509 |
| 2 | Gas Delivered to Storage | | | | | 22,797,051 | | | 22,797,051 |
| 3 | Gas Withdrawn from Storage | | | | | 30,222,542 | | | 30,222,542 |
| 4 | Other Debits and Credits | | | | | | | | |
| 5 | Balance at End of Year | | | | | 23,408,018 | | | 23,408,018 |
| 6 | Dth | | | | | 6,785,899 | | | 6,785,899 |
| 7 | Amount Per Dth | | | | | 3.4495 | | | 3.4495 |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 220 Line No.: 5 Column: f

Inventory Method

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Investments (Account 123, 124, and 136)

- Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
- Provide a subheading for each account and list thereunder the information called for:
 - Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
 - Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

| Line No. | Description of Investment | * | Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) | Purchases or Additions During the Year |
|----------|---|-----|---|--|
| | (a) | (b) | (c) | (d) |
| 1 | 123 NONE | * | | |
| 2 | | | | |
| 3 | 124 OHIO VALLEY ELECTRIC CORP | | 900,000 | |
| 4 | DATE ACQUIRED: 11/18/52 | | | |
| 5 | DATE OF MATURITY | | | |
| 6 | CAPITAL STOCK | | | |
| 7 | | | | |
| 8 | 124 CIP CORP. | | 15,000 | |
| 9 | DATE ACQUIRED: 04/25/67 | | | |
| 10 | DATE OF MATURITY | | | |
| 11 | CAPITAL STOCK | | | |
| 12 | | | | |
| 13 | 124 NORTH RHINE LIMITED PARTNERSHIP II | | 60,384 | |
| 14 | DATE ACQUIRED: 01/01/92 | | | |
| 15 | DATE OF MATURITY | | | |
| 16 | | | | |
| 17 | 124 BLUE CHIP OPPORTUNITY FUND | | 102,500 | |
| 18 | DATE ACQUIRED: 10/08/92 | | | |
| 19 | DATE OF MATURITY | | | |
| 20 | | | | |
| 21 | 124 ENERGY RISK MANAGEMENT ASSETS & LIABILITIES - NET | | 28,228,565 | |
| 22 | DATE ACQUIRED | | | |
| 23 | DATE OF MATURITY | | | |
| 24 | 124 VOLUNTARY EMPLOYEES' BENEFICIARY ASSOC. TRUST | | | 1,566 |
| 25 | DATE ACQUIRED 1/8/02 | | | |
| 26 | DATE OF MATURITY | | | |
| 27 | | | | |
| 28 | 124 TOTAL | | 29,306,449 | 1,566 |
| 29 | | | | |
| 30 | 136 TEMPORARY CASH INVESTMENTS | | | |
| 31 | DATE ACQUIRE | | | |
| 32 | DATE OF MATURITY | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Investments (Account 123, 124, and 136) (continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

| Line No. | Sales or Other Dispositions During Year (e) | Principal Amount or No. of Shares at End of Year (f) | Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g) | Revenues for Year (h) | Gain or Loss from Investment Disposed of (i) |
|----------|--|---|---|--------------------------|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | 9,000 | 900,000 | 198,000 | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | 6,000 | 15,000 | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | 60,384 | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | 102,500 | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | 1,566 | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | 28,228,565 | 15,000 | 1,079,450 | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | | | | | |

| | | | |
|---------------------------------------|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 222 Line No.: 21 Column: e

Pursuant to the FERC order no. 627, Energy Risk Management Assets and Liabilities were reclassified from account 124 to accounts 175 and 244, respectively.

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Investments in Subsidiary Companies (Account 123.1)

- Report below investments in Account 123.1, Investments in Subsidiary Companies.
- Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
(a) Investment in Securities-List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
- Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

| Line No. | Description of Investment (a) | Date Acquired (b) | Date of Maturity (c) | Amount of Investment at Beginning of Year (d) |
|----------|--|----------------------|-------------------------|--|
| 1 | LAWRENCEBURG GAS COMPANY | 01/09/1964 | | |
| 2 | INVESTMENT AT COST | | | 1,177,102 |
| 3 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | | | 7,098,137 |
| 4 | ADVANCES-OPEN ACCOUNT | | | 74,475 |
| 5 | | | | |
| 6 | MIAMI POWER CORPORATION | 09/30/1945 | | |
| 7 | INVESTMENT AT COST | | | 40,980 |
| 8 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | | | (32,064) |
| 9 | ADVANCES-OPEN ACCOUNT | | | 4,688 |
| 10 | | | | |
| 11 | THE UNION LIGHT, HEAT AND POWER COMPANY | 09/30/1945 | | |
| 12 | INVESTMENT AT COST | | | 27,397,284 |
| 13 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | | | 142,541,325 |
| 14 | ADVANCES-OPEN ACCOUNT | | | 2,264,497 |
| 15 | | | | |
| 16 | TRI-STATE IMPROVEMENT COMPANY | 01/14/1964 | | |
| 17 | INVESTMENT AT COST | | | 25,000 |
| 18 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | | | 3,813,216 |
| 19 | ADVANCES-OPEN ACCOUNT/4TH & WALNUT | | | 38,643,368 |
| 20 | | | | |
| 21 | KO TRANSMISSION COMPANY | 04/11/1994 | | |
| 22 | INVESTMENT AT COST | | | 10 |
| 23 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | | | 255,129 |
| 24 | ADVANCES-OPEN ACCOUNT | | | 543,889 |
| 25 | | | | |
| 26 | CPI ALLOWANCE MANAGEMENT | 12/14/2001 | | |
| 27 | INVESTMENT AT COST | | | |
| 28 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | | | 439,648 |
| 29 | ADVANCES- OPEN ACCOUNT | | | |
| 30 | | | | |
| 31 | CPI INVESTMENTS LLC | 12/14/2001 | | |
| 32 | INVESTMENT AT COST | | | |
| 33 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | | | 8,152,342 |
| 34 | ADVANCES - OPEN ACCOUNT | | | (9,760,343) |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | TOTAL Cost of Account 123.1 \$ | 58,285,806 | TOTAL | 222,678,683 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Investments in Subsidiary Companies (Account 123.1) (continued)

4. Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).
8. Report on Line 40, column (a) the total cost of Account 123.1.

| Line No. | Equity in Subsidiary Earnings for Year (e) | Revenues for Year (f) | Amount of Investment at End of Year (g) | Gain or Loss from Investment Disposed of (h) |
|----------|---|--------------------------|--|---|
| 1 | | | | |
| 2 | | | 1,177,102 | |
| 3 | 581,136 | 398,416 | 7,280,857 | |
| 4 | | (119,060) | 193,535 | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | 40,980 | |
| 8 | 10,832 | 4,500 | (25,732) | |
| 9 | | (588) | 5,276 | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | 27,397,284 | |
| 13 | 12,149,942 | 9,669,701 | 145,021,566 | |
| 14 | | (2,480,129) | 4,744,626 | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | 25,000 | |
| 18 | 940,873 | 25,000 | 4,729,089 | |
| 19 | | (171,718) | 38,815,086 | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | 10 | |
| 23 | 371,307 | 250,000 | 376,436 | |
| 24 | | (37,672) | 581,561 | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | (4,730,931) | | (4,291,283) | |
| 29 | | (5,036,471) | 5,036,471 | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | 14,541,044 | | 22,693,386 | |
| 34 | | 9,970,982 | (19,731,325) | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | 23,864,203 | 12,472,961 | 234,069,925 | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

| Line No. | Nature of Payment (a) | Balance at End of Year (in dollars) (b) |
|----------|------------------------------|---|
| 1 | Prepaid Insurance | 1,671,001 |
| 2 | Prepaid Rents | |
| 3 | Prepaid Taxes | 373,298 |
| 4 | Prepaid Interest | |
| 5 | Miscellaneous Prepayments | 6,193,359 |
| 6 | TOTAL | 8,237,658 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Other Regulatory Assets (Account 182.3)

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

| Line No. | Description and Purpose of Other Regulatory Assets (a) | Balance at Beginning of Year (b) | Debits (c) | Written off During Year Account Charged (d) | Written off During Year Amount (e) | Balance at End of Year (f) |
|----------|---|---|--------------------|--|---|-----------------------------------|
| 1 | AMOUNTS DUE FROM CUSTOMERS-INCOME TAXES | 126,919,427 | 5,743,564 | VARIOUS | 2,290,787 | 130,372,204 |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | DEFERRED MERGER COSTS | 900,319 | 2,789,975 | VARIOUS | 2,930,776 | 759,518 |
| 5 | OTHER | 2,757,295 | 5,436,106 | VARIOUS | 8,354,592 | (161,191) |
| 6 | REGULATORY TRANSITION CHARGES | 510,900,745 | 109,084,458 | 407 | 83,253,021 | 536,732,182 |
| 7 | ACCELERATED GAS MAIN REPLACEMENT PROGRAM POST-IN SERVICE CARRYING COSTS | | 1,033,553 | VARIOUS | 54,829 | 978,724 |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | Total | 641,477,786 | 124,087,656 | | 96,884,005 | 668,681,437 |

| | | | |
|---------------------------------------|--|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 232 Line No.: 5 Column: a

| | |
|---------------------------------------|----------------|
| DEFERRED PIP UNCOLLECTIBLE - GAS | (1,782,920) |
| POSTRETIREMENT HEALTH CARE - ELECTRIC | 1,443,359 |
| LATTICE TOWERS | (4,680,914) |
| BAD DEBT TO BE RECOVERED | 4,235,077 |
| 2001 GAS RATE CASE | <u>624,207</u> |
| | (161,191) |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Miscellaneous Deferred Debits (Account 186)

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$250,000) may be grouped by classes.

| Line No. | Description of Miscellaneous Deferred Debits (a) | Balance at Beginning of Year (b) | Debits (c) | Credits Account Charged (d) | Credits Amount (e) | Balance at End of Year (f) |
|----------|---|---|--------------------|---------------------------------------|------------------------------|-----------------------------------|
| 1 | LIFE INSURANCE/POLICY LOANS | 3,550,052 | 1,199,728 | 131 | 864,661 | 3,885,119 |
| 2 | INTANGIBLE ASSET - FAS 87 | | | | | |
| 3 | QUALIFIED PENSION | 42,599 | 8,785,923 | 219, 253 | 2,370 | 8,826,152 |
| 4 | MISC. DEFERRED DEBITS | 8,248,272 | 53,148,849 | VARIOUS | 43,869,761 | 17,527,360 |
| 5 | ACCUM. EXPENSES-SECURITIES | 190,635 | 23,054,382 | VARIOUS | 23,011,049 | 233,968 |
| 6 | MISC. DEFERRED DEBIT- | | | | | |
| 7 | TRANSITION MGT. | 1,086,549 | 15,688,472 | VARIOUS | 15,934,292 | 840,729 |
| 8 | MISC. DEFERRED DEBIT-OHIO | | | | | |
| 9 | EXCISE TAX | 12,616,482 | | 131 | 855,356 | 11,761,126 |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | Miscellaneous Work in Progress | 61,899 | | | | |
| 40 | Total | 25,796,478 | 101,877,354 | | 84,537,489 | 43,074,454 |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
|---|---|---------------------------------------|--------------------------------|

FOOTNOTE DATA

Schedule Page: 233 Line No.: 4 Column: f

| | |
|--|-------------------|
| Deferred Costs - East Bend | \$ 837,039 |
| Decontamination & Decommissioning Fund | 84,545 |
| Dayton Power & Light Co. | 1,651,509 |
| Split Dollar Insurance | 589,662 |
| Deferred Costs - Merchant Plants | 283,398 |
| PC Lease Clearing Account | 554,810 |
| Other | <u>13,526,397</u> |
| | |
| Total | \$ 17,527,360 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Accumulated Deferred Income Taxes (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. At lines 4 and 6, add rows as necessary to report all data. Number the additional rows in sequence 4.01, 4.02, etc. and 6.01, 6.02, etc.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Changes During Year | Changes During Year |
|----------|---|---|---|--|
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
| 1 | Account 190 | | | |
| 2 | Electric | 113,340,084 | 4,724,449 | 3,380,314 |
| 3 | Gas | 26,799,516 | 1,445,250 | 2,329,528 |
| 4 | Other | 26,372,160 | | |
| 5 | Total (Total of lines 2 thru 4) | 166,461,760 | 6,169,699 | 5,709,842 |
| 6 | Other (Specify) | | | |
| 7 | TOTAL Account 190 (Total of lines 5 thru 6.7) | 166,461,760 | 6,169,699 | 5,709,842 |
| 8 | Classification of TOTAL | | | |
| 9 | Federal Income Tax | 164,144,460 | 4,933,086 | 5,110,212 |
| 10 | State Income Tax | 2,317,300 | 1,236,613 | 599,630 |
| 11 | Local Income Tax | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Accumulated Deferred Income Taxes (Account 190) (continued)

4. If more space is needed, use separate pages as required.
5. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under "Other."

| Line No. | Changes During Year | Changes During Year | Adjustments | Adjustments | Adjustments | Adjustments | Balance at End of Year |
|----------|--------------------------------------|---------------------------------------|------------------------------|-------------------------|-------------------------------|--------------------------|------------------------|
| | Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | Debits Account No. (g) | Debits Amount (h) | Credits Account No. (i) | Credits Amount (j) | |
| 1 | | | | | | | |
| 2 | | | | | 182,190 | 5,396,603 | 117,392,552 |
| 3 | | | | | 282,254 | 1,547,512 | 29,231,306 |
| 4 | 1,171,450 | 1,120,361 | | | 283,284 | 13,023,931 | 39,295,002 |
| 5 | 1,171,450 | 1,120,361 | | | | 19,968,046 | 185,918,860 |
| 6 | | | | | | | |
| 7 | 1,171,450 | 1,120,361 | | | | 19,968,046 | 185,918,860 |
| 8 | | | | | | | |
| 9 | 922,963 | 1,004,111 | | | | 16,577,500 | 180,980,234 |
| 10 | 248,487 | 116,250 | | | | 3,390,546 | 4,938,626 |
| 11 | | | | | | | |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 234 Line No.: 4 Column: b

| | Beginning Balance | 410.2 | 411.2 | Adjustment | Ending Balance |
|-----------------------------------|----------------------|------------------|------------------|-------------------|-------------------|
| Plant Acquisition Adjustment | 6,766 | - | - | - | 6,766 |
| Supplemental Pension Plan | 12,110,305 | - | - | - | 12,110,305 |
| ITC - Non-Utility | 10,624,692 | 1,332,267 | - | - | 9,292,425 |
| Other Deductions/Additions | 2,512,753 | (160,817) | 1,120,361 | 12,582,419 | 16,376,350 |
| PUCO Unallowable Elec. Production | 608,931 | - | - | - | 608,931 |
| Add. Minimum Pension Liability | 458,713 | - | - | 441,512 | 900,225 |
| Total Other | 26,322,160 | 1,171,450 | 1,120,361 | 13,023,931 | 39,295,002 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Capital Stock (Accounts 201 and 204)

- Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
- Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
- Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

| Line No. | Class and Series of Stock and Name of Stock Exchange (a) | Number of Shares Authorized by Charter (b) | Par or Stated Value per Share (c) | Call Price at End of Year (d) |
|----------|---|---|--|--------------------------------------|
| 1 | COMMON STOCK | 120,000,000 | 8.50 | |
| 2 | | | | |
| 3 | TOTAL COMMON STOCK (ACCOUNT 201) | 120,000,000 | | |
| 4 | | | | |
| 5 | PREFERRED STOCK | 6,000,000 | 100.00 | |
| 6 | | | | |
| 7 | PREFERRED STOCK- 4% SERIES CUMULATIVE | | 100.00 | 108.00 |
| 8 | PREFERRED STOCK- 4% SERIES CUMULATIVE | | 100.00 | 101.00 |
| 9 | | | | |
| 10 | TOTAL PREFERRED STOCK (ACCOUNT 204) | 6,000,000 | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

Capital Stock (Accounts 201 and 204)

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
 5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.
 6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

| Line No. | Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e) | Outstanding per Bal. Sheet Amount (f) | Held by Respondent As Reacquired Stock (Acct 217) Shares (g) | Held by Respondent As Reacquired Stock (Acct 217) Cost (h) | Held by Respondent In Sinking and Other Funds Shares (i) | Held by Respondent In Sinking and Other Funds Amount (j) |
|----------|---|---------------------------------------|--|--|--|--|
| 1 | 89,663,086 | 762,136,231 | | | | |
| 2 | | | | | | |
| 3 | 89,663,086 | 762,136,231 | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | 169,834 | 16,983,400 | | | | |
| 8 | 35,015 | 3,501,500 | | | | |
| 9 | | | | | | |
| 10 | 204,849 | 20,484,900 | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 250 Line No.: 1 Column: b
 THE RESPONDENT'S COMMON STOCK IS NOT LISTED ON A NATIONAL STOCK EXCHANGE.

Schedule Page: 250 Line No.: 5 Column: b
 CUMULATIVE PREFERRED STOCK (PAR VALUE = \$100)

| | | |
|--------------------------------------|---------------|------------------|
| Shares outstanding | Series 4% | 169,834 |
| | Series 4 3/4% | 35,015 |
| Shares retired | Series 4% | 100,166 |
| | Series 4 3/4% | 94,985 |
| Shares authorized but not yet issued | | <u>5,600,000</u> |
| Total Cumulative Preferred Stock | | 6,000,000 |

Schedule Page: 250 Line No.: 8 Column: a
 THE 4-3/4% SERIES CUMULATIVE PREFERRED STOCK IS NOT LISTED ON A NATIONAL STOCK EXCHANGE.

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Received on (Accts 202, 203, 205, 206, 207, and 212)

- Show for each of the above accounts the amounts applying to each class and series of capital stock.
- For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
- Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of year.
- For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

| Line No. | Name of Account and Description of Item (a) | * | Number of Shares (c) | Amount (d) |
|----------|--|-----|----------------------|------------|
| | | (b) | | |
| 1 | ACCOUNT 202 - NONE | | | |
| 2 | ACCOUNT 203 - NONE | | | |
| 3 | ACCOUNT 205 - NONE | | | |
| 4 | ACCOUNT 206 - NONE | | | |
| 5 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$15.875 PER SHARE ISSUED SEPT | | 1,498,154 | 23,783,195 |
| 6 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$16.500 PER SHARE ISSUED JAN | | 1,700,000 | 28,050,000 |
| 7 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$6.500 PER SHARE ISSUED MAY | | 2,300,000 | 14,950,000 |
| 8 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$14.250 PER SHARE ISSUED NOV | | 2,700,000 | 38,475,000 |
| 9 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$11.250 PER SHARE ISSUED NOV | | 2,800,000 | 31,500,000 |
| 10 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$7.625 PER SHARE ISSUED FEB | | 3,400,000 | 25,925,000 |
| 11 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$6.750 PER SHARE ISSUED FEB | | 2,000,000 | 13,500,000 |
| 12 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$6.750 PER SHARE ISSUED FEB | | 3,000,000 | 20,250,000 |
| 13 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$9.625 PER SHARE ISSUED AUG | | 2,000,000 | 19,250,000 |
| 14 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$18.000 PER SHARE ISSUED AUG | | 3,000,000 | 54,000,000 |
| 15 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$23.125 PER SHARE ISSUED AUG | | 3,266,150 | 75,529,719 |
| 16 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$13.134 PER SHARE (AVG) ISSUE | | 251,996 | 3,309,821 |
| 17 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$10.100 PER SHARE (AVG) ISSUE | | 481,403 | 4,862,268 |
| 18 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$8.050 PER SHARE (AVG) ISSUE | | 841,124 | 6,771,356 |
| 19 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$6.651 PER SHARE (AVG) ISSUE | | 991,939 | 6,597,493 |
| 20 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$8.163 PER SHARE (AVG) ISSUE | | 994,006 | 8,114,329 |
| 21 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$8.550 PER SHARE (AVG) ISSUE | | 1,577,034 | 13,498,315 |
| 22 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$3.562 PER SHARE (AVG) ISSUE | | 991,722 | 3,532,391 |
| 23 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$8.015 PER SHARE (AVG) ISSUE | | 895,596 | 7,178,449 |
| 24 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$16.906 PER SHARE (AVG) ISSUE | | 1,005,455 | 16,998,521 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Received on (Accts 202, 203, 205, 206, 207, and 212)

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of year.
4. For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

| Line No. | Name of Account and Description of Item (a) | * (b) | Number of Shares (c) | Amount (d) |
|----------|--|-------|----------------------|--------------------|
| 25 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$17.813 PER SHARE (AVG) ISSUE | | 979,220 | 17,443,120 |
| 26 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$17.525 PER SHARE (AVG) ISSUE | | 1,067,941 | 18,715,704 |
| 27 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$18.980 PER SHARE (AVG) ISSUE | | 1,070,155 | 20,311,745 |
| 28 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$21.814 PER SHARE (AVG) ISSUE | | 1,033,993 | 22,555,699 |
| 29 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$24.781 PER SHARE (AVG) ISSUE | | 1,114,436 | 27,616,507 |
| 30 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$17.993 PER SHARE (AVG) ISSUE | | 1,700,208 | 30,091,531 |
| 31 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$17.791 PER SHARE (AVG) ISSUE | | 1,673,058 | 29,764,742 |
| 32 | 207-PREMIUM ON CAPITAL STOCK-COMMON \$14.455 PER SHARE (AVG) ISSUE | | 1,601,003 | 23,142,413 |
| 33 | 207-PREMIUM ON CAPITAL STOCK-COMMON REDUCTION IN PAID-IN-CAPITAL | | | (242,211,887) |
| 34 | | | | |
| 35 | ACCOUNT 212 | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | Total | | 45,934,593 | 362,457,437 |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 252 Line No.: 16 Column: a

BEGINNING IN 1978, SHARES WERE ISSUED AT VARIOUS TIMES AND AT VARIOUS AMOUNTS THROUGHOUT THE YEAR. THEY WERE ISSUED TO THE PARTICIPANTS OF THE RESPONDENT'S DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN (ESOP), EMPLOYEE INCENTIVE THRIFT PLAN, EMPLOYEE DEFERRED COMPENSATION AND INVESTMENT PLAN, AND THE SAVINGS INCENTIVE PLAN (SIP) WHICH REPLACED THE EMPLOYEE INCENTIVE THRIFT PLAN.

Schedule Page: 252 Line No.: 33 Column: d

THE DEDUCTION REPRESENTS A REDUCTION IN PAID-IN-CAPITAL RESULTING FROM A THREE FOR TWO STOCK SPLIT IN THE FORM OF STOCK PAID ON DECEMBER 2, 1992 TO SHAREHOLDERS OF RECORD AS OF NOVEMBER 2, 1992 AND FRACTIONAL SHARES TOTTALLING 4,438 SHARES WERE RETIRED FOR CASH. SHARES ISSUED IN 1992 - LINE 31, COLUMN B REFLECTS THE THREE FOR TWO STOCK SPLIT.

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Other Paid-In Capital (Accounts 208-211)

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation.

(b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

| Line No. | Item (a) | Amount (b) |
|----------|--|--------------------|
| 1 | | |
| 2 | Balance: Beginning of Year | 234,422,216 |
| 3 | Contribution From Parent For Reallocation of Taxes | 14,366,274 |
| 4 | | |
| 5 | | |
| 6 | Subtotal Balance: End of Year | 248,788,490 |
| 7 | | |
| 8 | Reduction in Par of Stated Value of Capital Stock (Account 209) | |
| 9 | | |
| 10 | Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210) | |
| 11 | Balance: Beginning of Year | 147,512 |
| 12 | Preferred Stock Repurchase | 173 |
| 13 | | |
| 14 | | |
| 15 | Subtotal Balance: End of Year | 147,685 |
| 16 | | |
| 17 | | |
| 18 | Miscellaneous Paid-in Capital (Account 211) | |
| 19 | Balance: Beginning of Year | (9,029,112) |
| 20 | Other Comprehensive Income - Minimum Pension Liability | 860,047 |
| 21 | Other Comprehensive Income - Investment Trust | (461,480) |
| 22 | Other Comprehensive Income - Cash Flow Hedges | 5,279,708 |
| 23 | | |
| 24 | | |
| 25 | Subtotal Balance: End of Year | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | Total | 245,585,338 |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 253 Line No.: 25 Column: b

The ending balance in account 211 includes only Paid In Capital. Pursuant to the FERC order no. 627, Accumulated Other Comprehensive Income was reclassified from account 211 to account 219 in 2002.

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.
 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|--------------|----------------------------------|-------------------------------|
| 1 | NONE | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| TOTAL | | |

CAPITAL STOCK EXPENSE (ACCOUNT 214)

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.
 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|--------------|----------------------------------|-------------------------------|
| 16 | Common Stock - \$8.50 Par Value | 21,750,868 |
| 17 | Preferred Stock - Multiple Issue | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| TOTAL | | 21,750,868 |

| | | | |
|--|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| Securities Issued or Assumed and Securities Refunded or Retired During the Year | | | |

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

The following securities were redeemed:

Type of redemption: Maturity
Series: 7.250% First Mortgage Bonds
Issued: September 10, 1992
Due: September 1, 2002
Principal: \$100,000,000

Type of Redemption: Open Market Purchase
Series: 1985A + 1985B Ohio Air Quality Development Authority
Issued: December 1, 1985
Due: December 1, 2015
Principal: \$84,000,000
Redemption Price: \$84,000,000 (excludes accrued interest)
Unamortized Discount: \$277,132
Unamortized Expenses: \$322,794

The following securities were issued:

Series: 2002A&B Air Quality Development Revenue Refunding Bonds
Issued: September 10, 2002
Due: September 1, 2037
Principal: \$84,000,000
Unamortized Expenses: \$2,461,335

Series: 5.70% Debentures
Issued: September 23, 2002
Due: September 15, 2012
Principle: \$500,000,000
Unamortized Discount: \$180,000
Unamortized Expenses: \$26,206,287

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Long-Term Debt (Accounts 221, 222, 223, and 224)

- Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.
- For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
- For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
- For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

| Line No. | Class and Series of Obligation and Name of Stock Exchange (a) | Nominal Date of Issue (b) | Date of Maturity (c) | Outstanding (Total amount outstanding without reduction for amts held by respondent) (d) |
|----------|--|----------------------------------|-----------------------------|---|
| 1 | 221 7-1/4% SERIES DUE IN 2002 | 09/01/1992 | 09/01/2002 | |
| 2 | 221 7.20% SERIES DUE IN 2023 | 10/01/1993 | 10/01/2023 | 265,500,000 |
| 3 | 221 5.45% SERIES A DUE IN 2024 (POLLUTION CONTROL) | 01/06/1994 | 01/01/2024 | 21,400,000 |
| 4 | 221 5.45% SERIES B DUE IN 2024 (POLLUTION CONTROL) | 01/06/1994 | 01/01/2024 | 25,300,000 |
| 5 | 221 5-1/2% SERIES C DUE IN 2024 (POLLUTION CONTROL) | 01/06/1994 | 01/01/2024 | 48,000,000 |
| 6 | 221 6.45% SERIES DUE IN 2004 | 02/07/1994 | 02/15/2004 | 110,000,000 |
| 7 | 221 COUNTY OF BOONE, KENTUCKY SERIES 1985A | 03/01/1985 | 08/01/2013 | 16,000,000 |
| 8 | 221 OHIO AIR QUALITY DEVELOPMENT 1985 SERIES A | 12/01/1985 | 12/01/2015 | |
| 9 | 221 OHIO AIR QUALITY DEVELOPMENT 1985 SERIES B | 12/01/1985 | 12/01/2015 | |
| 10 | 221 OHIO AIR QUALITY DEVELOPMENT 1995 SERIES A | 09/01/1995 | 09/01/2030 | 42,000,000 |
| 11 | 221 OHIO AIR QUALITY DEVELOPMENT 1995 SERIES B | 09/01/1995 | 09/01/2030 | 42,000,000 |
| 12 | 221 OHIO AIR QUALITY DEVELOPMENT 2001 SERIES A | 08/01/2001 | 08/01/2033 | 12,100,000 |
| 13 | 221 OHIO AIR QUALITY DEVELOPMENT 2002 SERIES A | 09/10/2002 | 09/01/2037 | 42,000,000 |
| 14 | 221 OHIO AIR QUALITY DEVELOPMENT 2002 SERIES B | 09/10/2002 | 09/01/2037 | 42,000,000 |
| 15 | | | | |
| 16 | SUBTOTAL ACCOUNT 221 | | | 666,300,000 |
| 17 | | | | |
| 18 | 222 NONE | | | |
| 19 | | | | |
| 20 | 223 NONE | | | |
| 21 | | | | |
| 22 | 224 6.90% UNSECURED DEBENTURES DUE IN 2025 | 06/01/1995 | 06/01/2025 | 150,000,000 |
| 23 | 224 8.28% JR SB UNSECURED DEBENTURES DUE IN 2025 | 07/01/1995 | 07/01/2025 | 100,000,000 |
| 24 | 224 LANCES, 6.5% DUE IN 2007 | 10/01/1997 | 10/01/2007 | 100,000,000 |
| 25 | 224 BOONE COUNTY, 6.5% SERIES-LOAN OBLIGATION DP&L | 11/15/1992 | 11/15/2022 | 12,720,663 |
| 26 | 224 6.4 % UNSECURED DEBENTURES DUE IN 2008 | 04/01/1998 | 04/01/2008 | 100,000,000 |
| 27 | 224 REPS 6.35% UNSECURED DEBENTURES DUE IN 2038 | 06/15/1998 | 06/15/2038 | 100,000,000 |
| 28 | 224 5.70% DEBENTURES DUE IN 2012 | 09/23/2002 | 09/15/2012 | 500,000,000 |
| 29 | | | | |
| 30 | SUBTOTAL ACCOUNT 224 | | | 1,062,720,663 |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | TOTAL | | | 1,729,020,663 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Long-Term Debt (Accounts 221, 222, 223, and 224)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

| Line No. | Interest for Year Rate (in %) (e) | Interest for Year Amount (f) | Held by Respondent Reacquired Bonds (Acct 222) (g) | Held by Respondent Sinking and Other Funds (h) | Redemption Price per \$100 at End of Year (i) |
|----------|--|------------------------------------|---|--|--|
| 1 | 7.250 | 4,833,333 | | | 103.54 |
| 2 | 7.200 | 19,116,000 | | | 102.00 |
| 3 | 5.450 | 1,166,300 | | | 102.00 |
| 4 | 5.450 | 1,378,850 | | | 102.00 |
| 5 | 5.500 | 2,640,000 | | | |
| 6 | 6.450 | 7,095,000 | | | 100.00 |
| 7 | | 377,385 | | | 101.00 |
| 8 | | 848,075 | | | 101.00 |
| 9 | | 526,679 | | | 100.00 |
| 10 | | 934,711 | | | 100.00 |
| 11 | | 920,004 | | | |
| 12 | 3.700 | 447,700 | | | |
| 13 | | 205,567 | | | 100.00 |
| 14 | | 214,258 | | | 100.00 |
| 15 | | | | | |
| 16 | | 40,703,862 | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | 6.900 | 10,350,000 | | | 100.00 |
| 23 | 8.280 | 8,280,000 | | | 15.00 |
| 24 | 6.500 | 6,766,436 | | | 102.00 |
| 25 | 6.500 | 826,843 | | | 15.00 |
| 26 | 6.400 | 6,400,000 | | | 10.00 |
| 27 | 6.350 | 6,350,000 | | | |
| 28 | 5.700 | 8,869,656 | | | 25.00 |
| 29 | | | | | |
| 30 | | 47,842,935 | | | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | | 88,546,797 | | | |

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

| Line No. | Designation of Long-Term Debt (a) | Principal Amount of Debt Issued (b) | Total Expense Premium or Discount (c) | Amortization Period | |
|----------|--|--|--|---------------------|----------------|
| | | | | Date From (d) | Date To (e) |
| 1 | UNAMORTIZED EXPENSE - 7-1/4% SERIES DUE 9/1/02 | 100,000,000 | 118,386 | 09/01/1992 | 09/01/2002 |
| 2 | UNAMORTIZED EXPENSE - 7.20% SERIES DUE 10/1/23 | 300,000,000 | 238,306 | 10/01/1993 | 10/01/2023 |
| 3 | UNAMORTIZED EXPENSE - 5.45% SERIES A DUE 1/1/24 | 21,400,000 | 402,093 | 01/06/1994 | 01/01/2024 |
| 4 | UNAMORTIZED EXPENSE - 5.45% SERIES B DUE 1/1/24 | 25,300,000 | 452,087 | 01/06/1994 | 01/01/2024 |
| 5 | UNAMORTIZED EXPENSE - 5-1/2% SERIES C DUE 1/1/24 | 48,000,000 | 691,825 | 01/06/1994 | 01/01/2024 |
| 6 | UNAMORTIZED EXPENSE - 6.45% SERIES DUE 2/15/04 | 110,000,000 | 84,280 | 02/07/1994 | 02/15/2004 |
| 7 | UNAMORTIZED EXPENSE - 6.90% UNSECURED DEB. DUE 6/1/25 | 150,000,000 | 4,839,412 | 06/01/1995 | 06/01/2025 |
| 8 | UNAMORTIZED EXPENSE - 8.28% JR SB UNSEC. DEB. DUE 7/1/25 | 100,000,000 | 5,809,477 | 07/01/1995 | 07/01/2025 |
| 9 | UNAMORTIZED EXPENSE - COUNTY OF BOONE, KY SERIES 1985A | 16,000,000 | 171,542 | 03/01/1985 | 08/01/2013 |
| 10 | UNAMORTIZED EXPENSE - OHIO AIR QUALITY DEV. 1985 SERIES A | 42,000,000 | 282,377 | 12/01/1985 | 12/01/2015 |
| 11 | UNAMORTIZED EXPENSE - OHIO AIR QUALITY DEV. 1985 SERIES B | 42,000,000 | 282,735 | 12/01/1985 | 12/01/2015 |
| 12 | UNAMORTIZED EXPENSE - OHIO AIR QUALITY DEV. 1995 SERIES A | 42,000,000 | 272,300 | 09/01/1995 | 09/01/2030 |
| 13 | UNAMORTIZED EXPENSE - OHIO AIR QUALITY DEV. 1995 SERIES B | 42,000,000 | 272,300 | 09/01/1995 | 09/01/2030 |
| 14 | UNAMORTIZED EXPENSE - LANCES - 6.5% DUE 10/1/07 | 100,000,000 | 1,406,243 | 10/01/1997 | 10/01/2007 |
| 15 | UNAMORTIZED EXPENSE - 6.4% UNSECURED DEB. DUE 4/1/2008 | 100,000,000 | 690,340 | 04/01/1998 | 04/01/2008 |
| 16 | UNAMORTIZED EXPENSE - REPS - 6.35% UNSEC. DEB. DUE 6/15/38 | 100,000,000 | 796,711 | 06/15/1998 | 06/15/2038 |
| 17 | UNAMORTIZED EXPENSE - CO. OF BOONE, KY SER. 1985A-LOC | 16,000,000 | 49,172 | 09/01/2000 | 09/01/2003 |
| 18 | UNAMORTIZED EXPENSE - OAQD 1995 SERIES A-LOC | 42,000,000 | 128,373 | 09/01/2000 | 09/01/2003 |
| 19 | UNAMORTIZED EXPENSE - OAQD 1995 SERIES B-LOC | 42,000,000 | 128,373 | 09/01/2000 | 09/01/2003 |
| 20 | UNAMORTIZED EXPENSE - OHIO AIR QUALITY DEVELOPMENT 2001 | 12,100,000 | 330,285 | 08/01/2001 | 08/01/2033 |
| 21 | UNAMORTIZED EXPENSE - 5.70% DEB. DUE 9/15/12 | 500,000,000 | 26,206,287 | 09/23/2002 | 09/15/2012 |
| 22 | UNAMORTIZED EXPENSE - OAQD 2002 SERIES A | 42,000,000 | 421,702 | 09/10/2002 | 09/01/2037 |
| 23 | UNAMORTIZED INSURANCE EXPENSE - OAQD 2002 SERIES A | 42,000,000 | 807,465 | 09/10/2002 | 09/01/2037 |
| 24 | UNAMORTIZED EXPENSE - OAQD 2002 SERIES B | 42,000,000 | 421,702 | 09/10/2002 | 09/01/2037 |
| 25 | UNAMORTIZED INSURANCE EXPENSE - OAQD 2002 SERIES B | 42,000,000 | 807,465 | 09/10/2002 | 09/01/2037 |
| 26 | | | | | |
| 27 | TOTAL ACCOUNT 181 | | 46,143,238 | | |
| 28 | | | | | |
| 29 | UNAMORTIZED PREMIUM ON LTD - LANCES - 6.5% DUE 10/1/07 | 100,000,000 | (1,412,165) | 10/01/1997 | 10/01/2007 |
| 30 | UNAMORTIZED PREMIUM ON LTD - REPS - 6.35%DUE 6/15/38 | 100,000,000 | (4,260,000) | 06/15/1998 | 06/15/2038 |
| 31 | | | | | |
| 32 | TOTAL ACCOUNT 225 | | (5,672,165) | | |
| 33 | | | | | |
| 34 | UNAMORTIZED DISCOUNT ON LTD - 7-1/4% SERIES DUE 9/1/02 | 100,000,000 | 1,414,000 | 09/01/1992 | 09/01/2002 |
| 35 | UNAMORTIZED DISCOUNT ON LTD - 7.20% SERIES DUE 10/1/23 | 300,000,000 | 3,000,000 | 10/01/1993 | 10/01/2023 |
| 36 | UNAMORTIZED DISCOUNT ON LTD - 5.45% SERIES A DUE 1/1/24 | 21,400,000 | 205,440 | 01/06/1994 | 01/01/2024 |
| 37 | UNAMORTIZED DISCOUNT ON LTD - 5.45% SERIES B DUE 1/1/24 | 25,300,000 | 242,880 | 01/06/1994 | 01/01/2024 |
| 38 | UNAMORTIZED DISCOUNT ON LTD - 5-1/2% SERIES C DUE 1/1/24 | 48,000,000 | 460,800 | 01/06/1994 | 01/01/2024 |
| 39 | UNAMORTIZED DISCOUNT ON LTD - 6.45% DUE 2/15/04 | 110,000,000 | 915,200 | 02/07/1994 | 02/15/2004 |
| 40 | UNAMORTIZED DISCOUNT ON LTD - 6.9% UNSEC. DEB. DUE 2025 | 150,000,000 | 975,000 | 06/01/1995 | 06/01/2025 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

| Line No. | Balance at Beginning of Year (f) | Debits During Year (g) | Credits During Year (h) | Balance at End of Year (i) |
|----------|-------------------------------------|---------------------------|----------------------------|-------------------------------|
| 1 | 7,896 | | 7,896 | |
| 2 | 164,430 | | 7,560 | 156,870 |
| 3 | 294,624 | | 13,392 | 281,232 |
| 4 | 331,584 | | 15,072 | 316,512 |
| 5 | 507,418 | | 23,064 | 484,354 |
| 6 | 17,927 | | 8,436 | 9,491 |
| 7 | 3,695,712 | | 157,824 | 3,537,888 |
| 8 | 4,485,774 | | 190,884 | 4,294,890 |
| 9 | 130,243 | | 11,244 | 118,999 |
| 10 | 170,674 | | 170,674 | |
| 11 | 170,507 | | 170,507 | |
| 12 | 156,176 | | 5,448 | 150,728 |
| 13 | 164,088 | | 5,724 | 158,364 |
| 14 | 818,754 | | 142,392 | 676,362 |
| 15 | 455,850 | 3,000 | 75,936 | 382,914 |
| 16 | 689,990 | | 43,440 | 646,550 |
| 17 | 27,300 | | 16,380 | 10,920 |
| 18 | 71,300 | | 42,780 | 28,520 |
| 19 | 71,300 | | 42,780 | 28,520 |
| 20 | 324,803 | 75,262 | 11,779 | 388,286 |
| 21 | | 3,730,408 | 104,346 | 3,626,062 |
| 22 | | 423,202 | 3,874 | 419,328 |
| 23 | | 807,465 | 7,913 | 799,552 |
| 24 | | 423,202 | 3,874 | 419,328 |
| 25 | | 807,465 | 7,913 | 799,552 |
| 26 | | | | |
| 27 | 12,756,350 | 6,270,004 | 1,291,132 | 17,735,222 |
| 28 | | | | |
| 29 | (825,723) | 143,604 | | (682,119) |
| 30 | (3,882,813) | 106,501 | | (3,776,312) |
| 31 | | | | |
| 32 | (4,708,536) | 250,105 | | (4,458,431) |
| 33 | | | | |
| 34 | 94,264 | | 94,264 | |
| 35 | 1,913,913 | | 87,996 | 1,825,917 |
| 36 | 150,744 | | 6,852 | 143,892 |
| 37 | 178,200 | | 8,100 | 170,100 |
| 38 | 337,920 | | 15,360 | 322,560 |
| 39 | 194,489 | | 91,524 | 102,965 |
| 40 | 760,948 | | 32,496 | 728,452 |
| 1 | 2,467,500 | | 105,000 | 2,362,500 |
| 2 | 62,967 | | 5,436 | 57,531 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226) (continued)

| Line No. | Designation of Long-Term Debt | Principal Amount of Debt Issued | Total Expense Premium or Discount | Amortization Period | Amortization Period |
|----------|--|---------------------------------|-----------------------------------|---------------------|---------------------|
| | (a) | (b) | (c) | Date From (d) | Date To (e) |
| 1 | UNAMORTIZED DISCOUNT ON LTD - 8.28% JR SB DEB. DUE 2025 | 100,000,000 | 3,150,000 | 07/01/1995 | 07/01/2025 |
| 2 | UNAMORTIZED DISCOUNT ON LTD - CO. OF BOONE, KY SER. 1985 A | 16,000,000 | 156,000 | 03/01/1985 | 08/01/2013 |
| 3 | UNAMORTIZED DISCOUNT ON LTD - OAQD 1985 SERIES A | 42,000,000 | 315,000 | 12/01/1985 | 12/01/2015 |
| 4 | UNAMORTIZED DISCOUNT ON LTD - OAQD 1985 SERIES B | 42,000,000 | 315,000 | 12/01/1985 | 12/01/2015 |
| 5 | UNAMORTIZED DISCOUNT ON LTD - BOONE COUNTY - 6.50% SERIES | 12,720,663 | 130,387 | 11/15/1992 | 11/15/2022 |
| 6 | UNAMORTIZED DISCOUNT ON LTD - OAQD 1995 SERIES A | 42,000,000 | 149,265 | 09/01/1995 | 09/01/2030 |
| 7 | UNAMORTIZED DISCOUNT ON LTD - OAQD 1995 SERIES B | 42,000,000 | 149,265 | 09/01/1995 | 09/01/2030 |
| 8 | UNAMORTIZED DISCOUNT ON LTD - 6.4% SERIES DUE 4/1/08 | 100,000,000 | 206,000 | 04/01/1998 | 04/01/2008 |
| 9 | UNAMORTIZED DISCOUNT ON LTD - 5.70% SERIES DUE 9/15/02 | 500,000,000 | 180,000 | 09/23/2002 | 09/15/2012 |
| 10 | | | | | |
| 11 | TOTAL ACCOUNT 226 | | 11,964,237 | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226) (continued)

| Line No. | Balance at Beginning of Year (f) | Debits During Year (g) | Credits During Year (h) | Balance at End of Year (i) |
|----------|-------------------------------------|---------------------------|----------------------------|-------------------------------|
| 3 | 146,793 | | 146,793 | |
| 4 | 146,125 | | 146,125 | |
| 5 | 90,681 | | 4,344 | 86,337 |
| 6 | 122,120 | | 4,260 | 117,860 |
| 7 | 122,120 | | 4,260 | 117,860 |
| 8 | 128,775 | | 20,604 | 108,171 |
| 9 | | 180,000 | 5,250 | 174,750 |
| 10 | | | | |
| 11 | 6,917,559 | 180,000 | 778,664 | 6,318,895 |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 258 Line No.: 10 Column: c

The unamortized debt expense and discount on this redeemed bond are recorded as a liability and amortized over the remaining life of the bond.

Schedule Page: 258 Line No.: 11 Column: c

The unamortized debt expense and discount on this redeemed bond are recorded as a liability and amortized over the remaining life of the bond.

Schedule Page: 258.1 Line No.: 3 Column: c

The unamortized debt expense and discount on this redeemed bond are recorded as a liability and amortized over the remaining life of the bond.

Schedule Page: 258.1 Line No.: 4 Column: c

The unamortized debt expense and discount on this redeemed bond are recorded as a liability and amortized over the remaining life of the bond.

Unamortized Loss and Gain on Reacquired Debt (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

| Line No. | Designation of Long-Term Debt (a) | Date Reacquired (b) | Principal of Debt Reacquired (c) | Net Gain or Loss (d) | Balance at Beginning of Year (e) | Balance at End of Year (f) |
|----------|--|------------------------|-------------------------------------|-------------------------|-------------------------------------|-------------------------------|
| 1 | FIRST MORTGAGE BONDS - VARIOUS RATES | 10/15/1992 | 270,000,000 | (16,924,454) | 2,307,817 | 1,909,345 |
| 2 | FIRST MORTGAGE BONDS - 9.15%, 9.25%, 8.75% | 11/01/1993 | 280,000,000 | (9,595,948) | 1,114,176 | 835,632 |
| 3 | FIRST MORTGAGE BONDS- VARIOUS RATES | 02/15/1994 | 94,700,000 | (2,678,302) | 460,980 | 399,516 |
| 4 | | | | | | |
| 5 | FIRST MORTGAGE BONDS - 9.70%, 10-1/8% | 11/11/1995 | 200,000,000 | (3,724,487) | 968,952 | 914,808 |
| 6 | POLLUTION CONTROL BONDS - 10-1/8% DATED DECEMBER 1, 1985 DUE DECEMBER 1, 2015 | 11/11/1995 | 84,000,000 | (3,554,482) | 873,577 | 810,805 |
| 7 | FIRST MORTGAGE BONDS - 10.20%, DATED DECEMBER 1, 1990 DUE DECEMBER 1, 2020 | 10/30/1995 | 4,000,000 | (1,950,399) | 519,830 | 492,350 |
| 8 | | 12/01/1995 | 9,500,000 | | | |
| 9 | | 01/16/1996 | 5,000,000 | | | |
| 10 | | 02/15/1996 | 131,500,000 | | | |
| 11 | FIRST MORTGAGE BONDS - 8.95% SERIES | 03/03/1997 | 100,000,000 | (1,480,555) | 421,999 | 400,855 |
| 12 | FIRST MORTGAGE BONDS - 8-1/8% SERIES | 04/07/1997 | 60,000,000 | (321,760) | 30,020 | 11,060 |
| 13 | | | | | | |
| 14 | FIRST MORTGAGE BONDS - 8-1/2% | 03/30/1998 | 100,000,000 | (987,703) | 295,120 | 280,840 |
| 15 | FIRST MORTGAGE BONDS - 7.20% | 07/14/1999 | 34,500,000 | (316,026) | 99,963 | 95,367 |
| 16 | | 07/27/1999 | | | | |
| 17 | ZIMMER CAPITAL LEASE | 11/30/2001 | 9,267,301 | (71,347) | 71,347 | 62,468 |
| 18 | OAQD BONDS 1985 A SERIES | 10/01/2002 | 42,000,000 | (300,358) | | 294,655 |
| 19 | OAQD BONDS 1985 B SERIES | 10/01/2002 | 42,000,000 | (299,568) | | 293,880 |
| 20 | | | | | | |
| 21 | TOTAL ACCOUNT 189 | | 1,466,467,301 | (42,205,389) | 7,163,781 | 6,801,581 |
| 22 | | | | | | |
| 23 | FIRST MORTGAGE BONDS - 7.20% | 07/14/1999 | 34,500,000 | 1,006,250 | (902,277) | (860,793) |
| 24 | | 07/27/1999 | | | | |
| 25 | | | | | | |
| 26 | TOTAL ACCOUNT 257 | | 34,500,000 | 1,006,250 | (902,277) | (860,793) |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

| Line No. | Details (a) | Amount (b) |
|----------|--|---------------|
| 1 | Net Income for the Year (Page 116) | 263,695,846 |
| 2 | Reconciling Items for the Year | |
| 3 | | |
| 4 | Taxable Income Not Reported on Books | |
| 5 | | 5,175,555 |
| 6 | | |
| 7 | | |
| 8 | TOTAL | 5,175,555 |
| 9 | Deductions Recorded on Books Not Deducted for Return | |
| 10 | | 200,260,498 |
| 11 | | |
| 12 | | |
| 13 | TOTAL | 200,260,498 |
| 14 | Income Recorded on Books Not Included in Return | |
| 15 | | 25,179,023 |
| 16 | | |
| 17 | | |
| 18 | TOTAL | 25,179,023 |
| 19 | Deductions on Return Not Charged Against Book Income | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | TOTAL | 162,017,153 |
| 27 | Federal Tax Net Income | 281,935,723 |
| 28 | Show Computation of Tax: | |
| 29 | | |
| 30 | Tax @ 35% of \$281,935,723 | 98,677,503 |
| 31 | Plus: Adjust of Prior Year Accruals - FIT | (62,479,749) |
| 32 | Plus: Service Company Taxes Allocated | 263,726 |
| 33 | Plus: PACE Adjustment | 3,244,230 |
| 34 | Plus: Other | 704,486 |
| 35 | Tax of Respondent | 40,410,196 |
| | | |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 261 Line No.: 5 Column: b

Taxable Income Not Reported on Books:

| | |
|--------------------------------------|----------------|
| Contributions in Aid of Construction | 3,513,111 |
| Rate Order Lattice Towers | 1,478,184 |
| Other | <u>184,260</u> |
| Total | 5,175,555 |

Schedule Page: 261 Line No.: 10 Column: b

Deductions Recorded on Books Not Deducted For Returns:

| | |
|---|-------------------|
| Federal Income Tax Expenses | 121,362,815 |
| State Income Tax Expenses | 14,352,206 |
| State Income Tax Deducted | (28,818,019) |
| Tax Interest Capitalized | 8,007,664 |
| Amortization of Systems Costs Capitalized | 2,567,701 |
| Offsite Gas Storage Costs | 2,850,000 |
| Section 481 Adjustment | 6,765,155 |
| RTC Amortization | 44,061,678 |
| Reg Asset - OH & Muni Amortization | 2,141,688 |
| Benefits Adjustment | 6,240,150 |
| Anthem Investment - Grantor Trust | 6,437,844 |
| Other | <u>14,291,616</u> |
| Total | 200,260,498 |

Schedule Page: 261 Line No.: 15 Column: b

Income Recorded on Books Not Included in Returns:

| | |
|--|-------------------|
| Allowance for Funds Used During Construction | 1,314,819 |
| Equity in Earnings of Subsidiary Companies | <u>23,864,204</u> |
| Total | 25,179,023 |

Schedule Page: 261 Line No.: 20 Column: b

Deductions Recorded on Return Not Charged Against Book Income:

| | |
|--|----------------|
| Depreciation | 35,612,543 |
| Uncollectible Accounts Booked in excess of deductible | 14,770,473 |
| Unrecovered Fuel Costs | 27,206,282 |
| Gain on Sale of Lattice Towers | 1,478,184 |
| Fair Value Adjustment | 5,706,588 |
| Customer Choice | 12,896,967 |
| Purchased Power | 56,468,868 |
| Interest Capitalization | 7,235,228 |
| Other | <u>642,020</u> |
| Total | 162,017,153 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

| Line No. | Kind of Tax (See Instruction 5) (a) | Balance at Beg. of Year | Balance at Beg. of Year |
|--------------|---|----------------------------|----------------------------|
| | | Taxes Accrued (b) | Prepaid Taxes (c) |
| 1 | | | |
| 2 | FEDERAL TAXES: | | |
| 3 | INCOME | 555,587 | |
| 4 | FEDERAL INSURANCE CONTRIBUTION | 55,443 | |
| 5 | UNEMPLOYMENT | | |
| 6 | HIGHWAY AND FUEL TAXES | | 181,439 |
| 7 | HIGHWAY AND FUEL TAXES | (37,286) | |
| 8 | SUPERFUND | 744,640 | |
| 9 | | | |
| 10 | STATE TAXES: | | |
| 11 | INCOME | 7,235,280 | |
| 12 | UNEMPLOYMENT | | |
| 13 | EXCISE | | |
| 14 | SALES AND USE | 144,280 | |
| 15 | TOTAL | 8,697,944 | 181,439 |
| 16 | | | |
| 17 | HIGHWAY AND FUEL TAXES | | 380,537 |
| 18 | HIGHWAY AND FUEL TAXES | (565) | |
| 19 | PROPERTY | 132,866 | |
| 20 | PUBLIC UTILITIES COMMISSION | | |
| 21 | DEPARTMENT OF DEVELOPMENT | 107,371 | |
| 22 | CONSUMERS COUNCIL | | |
| 23 | FRANCHISE | (800) | |
| 24 | LICENSE | | |
| 25 | GROSS INCOME | (94,244) | |
| 26 | EXCISE | 10,483,623 | |
| 27 | | | |
| 28 | OTHER TAXES: | | |
| 29 | LOCAL PROPERTY | 83,770,560 | |
| 30 | CITY OF CINCINNATI INCOME | (25,455) | |
| 31 | | | |
| 32 | CINCINNATI FRANCHISE | 336,587 | |
| 33 | ALLOCATION OF SERVICE COMPANY TAX | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| TOTAL | | 103,407,887 | 561,976 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.

| Line No. | Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjustments (f) | Balance at End of Year Taxes Accrued (Account 236) (g) | Balance at End of Year Prepaid Taxes (Included in Acct 165) (h) |
|--------------|----------------------------------|-------------------------------|-----------------------|---|--|
| 1 | | | | | |
| 2 | | | | | |
| 3 | 40,410,196 | 23,100,000 | 17,910,792 | 35,776,575 | |
| 4 | 6,432,663 | 6,431,847 | | 56,259 | |
| 5 | 86,445 | 86,445 | | | |
| 6 | | | | | 181,439 |
| 7 | 12,558 | 40,142 | | (64,870) | |
| 8 | (744,640) | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | (5,691,378) | 3,965,786 | 11,777,809 | 9,355,925 | |
| 12 | 13,938 | 13,938 | | | |
| 13 | | 500 | | | 500 |
| 14 | 496,202 | 539,138 | | 101,344 | |
| 15 | 41,015,984 | 34,177,796 | 29,688,601 | 45,225,233 | 181,939 |
| 16 | | | | | |
| 17 | | (189,179) | | | 191,358 |
| 18 | 2,151 | 8,035 | | (6,449) | |
| 19 | 748,453 | 591,432 | | 289,887 | |
| 20 | | | | | |
| 21 | | | | 107,371 | |
| 22 | | | | | |
| 23 | 50 | 50 | | (800) | |
| 24 | 275 | 275 | | | |
| 25 | | | | (94,244) | |
| 26 | 96,814,864 | 95,256,668 | | 12,041,819 | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | 82,743,551 | 72,816,813 | | 93,697,298 | |
| 30 | | | | (25,455) | |
| 31 | | | | | |
| 32 | 1,370,923 | 1,387,090 | | 320,420 | |
| 33 | (215,724) | (215,724) | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| TOTAL | 222,480,527 | 203,833,256 | 29,688,601 | 151,555,080 | 373,297 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

| Line No. | Electric (Account 408.1, 409.1) (l) | Gas (Account 408.1, 409.1) (j) | Other Utility Dept. (Account 408.1, 409.1) (k) | Other Income and Deductions (Account 408.2, 409.2) (l) |
|--------------|--|---|---|--|
| 1 | | | | |
| 2 | | | | |
| 3 | 34,201,634 | (9,729,173) | | 15,937,735 |
| 4 | 8,967,103 | 1,985,853 | | 138,183 |
| 5 | 118,651 | 26,273 | | 1,828 |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | 3,898,835 | | | (9,590,213) |
| 12 | 19,129 | 4,234 | | 295 |
| 13 | | | | |
| 14 | | | | |
| 15 | 47,205,352 | (7,712,813) | | 6,487,828 |
| 16 | | | | |
| 17 | | | | |
| 18 | 1,407 | 744 | | |
| 19 | 271,500 | 274,101 | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | 50 | | | |
| 24 | | 275 | | |
| 25 | | | | |
| 26 | 72,054,436 | 24,760,428 | | |
| 27 | | | | |
| 28 | | | | |
| 29 | 74,118,040 | 9,076,467 | | 27,000 |
| 30 | | | | |
| 31 | | | | |
| 32 | 1,370,923 | | | |
| 33 | (178,834) | (36,890) | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| TOTAL | 194,842,874 | 26,362,312 | | 6,514,828 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)
(continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (l) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

| Line No. | Extraordinary Items (Account 409.3) (m) | Other Utility Opn. Income (Account 408.1, 409.1) (n) | Adjustment to Ret. Earnings (Account 439) (o) | Other (p) |
|--------------|---|--|--|----------------------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | (4,658,476) |
| 5 | | | | (60,307) |
| 6 | | | | |
| 7 | | | | 12,558 |
| 8 | | | | (744,640) |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | (9,720) |
| 13 | | | | |
| 14 | | | | 496,202 |
| 15 | | | | (4,964,383) |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | 202,852 |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | (477,956) |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| TOTAL | | | | (5,239,487) |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 262 Line No.: 3 Column: f

Detail of Federal Adjustments:

| | |
|-------------------------------------|----------------------|
| Prior Period Adjustments | \$ (1,773,184) |
| Service Company Allocations | (229,494) |
| Stock Option Adjustments | (1,678,247) |
| Consolidated Tax Allocation | 26,360,147 |
| Federal Impact of State Rate Change | (9,590,213) |
| FAS 109 | 3,517,231 |
| Other | <u>1,304,552</u> |
| Total | \$ 17,910,792 |

Schedule Page: 262 Line No.: 11 Column: f

Detail of State Adjustments:

| | |
|--------------------------|----------------------|
| Prior Period Adjustments | \$ 1,992,761 |
| State Tax Allocation | 22,035 |
| Stock Option Adjustments | (326,738) |
| State Rate Change | 9,590,213 |
| Other | <u>499,538</u> |
| Total | \$ 11,777,809 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Miscellaneous Current and Accrued Liabilities (Account 242)

- Describe and report the amount of other current and accrued liabilities at the end of year.
- Minor items (less than \$250,000) may be grouped under appropriate title.

| Line No. | Item (a) | Balance at End of Year (b) |
|----------|--|-------------------------------|
| 1 | Accrued Employee Benefits | 11,443,522 |
| 2 | | |
| 3 | Medical and Dental Claims Reserve | 2,170,030 |
| 4 | | |
| 5 | Miscellaneous Reserves For Litigation | 3,575,000 |
| 6 | | |
| 7 | Miscellaneous Billings From Joint Owners | 975,300 |
| 8 | | |
| 9 | Miscellaneous Accrued Liabilities | 131,002 |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | |
| 41 | | |
| 42 | | |
| 43 | | |
| 44 | | |
| 45 | Total | 18,294,854 |
| | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Other Deferred Credits (Account 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$250,000) may be grouped by classes.

| Line No. | Description of Other Deferred Credits (a) | Balance at Beginning of Year (b) | Debit Contra Account (c) | Debit Amount (d) | Credits (e) | Balance at End of Year (f) |
|----------|---|----------------------------------|--------------------------|------------------|-------------|----------------------------|
| 1 | UNCLAIMED FUNDS SUBJECT TO | | | | | |
| | ESCHEAT LAWS | (80) | 232 | 147,055 | 123 | (147,012) |
| 2 | ADVANCE PAYMENTS | 447,652 | 131 | 22,214,175 | 21,779,375 | 12,852 |
| 3 | GAS REFUNDS AND/OR | | | | | |
| | RECONCILIATION ADJUSTMENTS DUE CUSTOMERS | (958,824) | 191 | 5,424,558 | 11,645,253 | 5,261,871 |
| 4 | SUPPLEMENTAL RETIREMENT PLAN | 10,674,987 | 232 | 1,747,680 | 748,742 | 9,676,049 |
| 5 | OUTSTANDING CHECKS-PREFERRED | | | | | |
| | DIVIDENDS | 5,045 | | | | 5,045 |
| 6 | OUTSTANDING CHECKS-COMMON | | | | | |
| | DIVIDENDS | 31,877 | | | | 31,877 |
| 7 | ENERGY GIFT CERTIFICATES | 10,600 | 142 | 5,550 | | 5,050 |
| 8 | OHIO EXCISE TAX-FERC JURISDICTION | 1 | | | | 1 |
| 9 | EMPLOYEE POST-RETIREMENT BENEFIT | | | | | |
| | COSTS-DP&L | 4,599,847 | 135 | 160,109 | 33 | 4,439,771 |
| 10 | ACCRUED POST-RETIREMENT | | | | | |
| | BENEFITS-LIFE INS (NET) | (2,315,711) | 926 | 57,313 | 2,373,024 | |
| 11 | OUTSTANDING CUSTOMER REFUNDS | 290,316 | 131 | 318,403 | 28,087 | |
| 12 | ACCRUED PENSION COST | 89,973,681 | 926 | 499,953 | 6,171,908 | 95,645,636 |
| 13 | ENVIRONMENTAL LIABILITY | 7,199,132 | 228.4 | 7,199,132 | | |
| 14 | AMOUNTS DUE | | | | | |
| | SHAREHOLDERS-FRACTIONAL SHARES RETIRED | (65,423) | | | | (65,423) |
| 15 | ACCRUED POST-RETIREMENT | | | | | |
| | BENEFITS-HEALTH CARE (NET) | (3,829,586) | 926 | 2,514,105 | 348,441 | (5,995,250) |
| 16 | POST-RETIREMENT BENEFITS-SFAS 112 (NET) | (130,767) | | | | (130,767) |
| 17 | PREFERRED STOCK | | | | | |
| | REDEMPTION-SHARES | 230,836 | | | | 230,836 |
| 18 | MRP EXCESS PLAN | 235,608 | 186 | 78,985 | 370,696 | 527,319 |
| 19 | SUPPLEMENTAL PENSION-EXCESS PLAN | 403,418 | | | 38,827 | 442,245 |
| 20 | CUSTOMER CHOICE PROGRAM-DEPOSIT | 60,000 | 143 | 60,000 | 840,000 | 840,000 |
| 21 | ADD MIN LIAB-UNFUNDED | | | | | |
| | SUPPLEMENTAL RETIREMENT | 1,217,929 | | | 166,977 | 1,384,906 |
| 22 | DEFERRED EMISSION | 426,125 | 158 | 1,524,990 | 1,078,865 | (20,000) |
| 23 | MIAMI UNIVERSITY ADVANCED | | | | | |
| | PAYMENT | 111,345 | 417 | 47,719 | | 63,626 |
| 24 | SHARESAVER V EMPLOYEE | | | | | |
| | CONTRIBUTION | | 143 | 100 | | (100) |
| 25 | OTHER DEFERRED CREDITS-CCI | | | | | |
| | TOWERS | 4,187,874 | 921 | 1,478,183 | | 2,709,691 |
| 26 | MISC. DEFERRED CREDITS | 891,837 | VARIOUS | 2,911,657 | 18,709,226 | 16,689,406 |
| 27 | SHARESAVER VI EMPLOYEE | | | | | |
| | CONTRIBUTION | 490,221 | 232 | 176,147 | 686,508 | 1,000,582 |
| 28 | INTEREST RATE SWAP ON LANCE DEBT | 8,503,315 | 219 | 21,563,931 | 13,060,616 | |
| 29 | PENSION COST ADJUSTMENT - FAS87 | | | | | |
| | QUALIFIED PLANS | | | | 9,659,998 | 9,659,998 |
| 30 | | | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Other Deferred Credits (Account 253) (continued)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$250,000) may be grouped by classes.

| Line No. | Description of Other Deferred Credits (a) | Balance at Beginning of Year (b) | Debit Contra Account (c) | Debit Amount (d) | Credits (e) | Balance at End of Year (f) |
|----------|---|----------------------------------|--------------------------|------------------|-------------|----------------------------|
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | Total | 122,691,255 | | 68,129,745 | 87,706,699 | 142,268,209 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Accumulated Deferred Income Taxes-Other Property (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
2. For Other, include deferrals relating to other income and deductions.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
|----------|---|-------------------------------------|---|--|
| 1 | Account 282 | | | |
| 2 | Electric | 581,912,363 | 86,627,082 | 7,249,543 |
| 3 | Gas | 82,123,747 | 9,335,053 | 2,011,705 |
| 4 | Other (Define) | (357,290) | | |
| 5 | Total (Enter Total of lines 2 thru 4) | 663,678,820 | 95,962,135 | 9,261,248 |
| 6 | Other (Specify) | 9,818,135 | | |
| 7 | TOTAL Account 282 (Enter Total of lines 5 thr | 673,496,955 | 95,962,135 | 9,261,248 |
| 8 | Classification of TOTAL | | | |
| 9 | Federal Income Tax | 670,168,775 | 77,272,357 | 6,448,060 |
| 10 | State Income Tax | 3,328,180 | 18,689,778 | 2,813,188 |
| 11 | Local Income Tax | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02 and 6.01, 6.02, etc. Use separate pages as required.

| Line No. | Changes during Year Amounts Debited to Account 410.2 (e) | Changes during Year Amounts Credited to Account 411.2 (f) | Adjustments Debits Acct. No. (g) | Adjustments Debits Amount (h) | Adjustments Credits Account No. (i) | Adjustments Credits Amount (j) | Balance at End of Year (k) |
|----------|--|---|----------------------------------|-------------------------------|-------------------------------------|--------------------------------|----------------------------|
| 1 | | | | | | | |
| 2 | | | Various | 1,438,321 | | | 662,728,223 |
| 3 | | | Various | 534,143 | | | 89,981,238 |
| 4 | | | | | | | (357,290) |
| 5 | | | | 1,972,464 | | | 752,352,171 |
| 6 | (60,683) | (107) | | | | | 752,352,171 |
| 7 | (60,683) | (107) | | 1,972,464 | | | 762,109,730 |
| 8 | | | | | | | |
| 9 | (60,683) | (107) | | 1,558,745 | | | 742,491,241 |
| 10 | | | | 413,719 | | | 19,618,489 |
| 11 | | | | | | | |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 274 Line No.: 5 Column: b

(A) BEGINNING JULY 1, 1982, IN ACCORDANCE WITH FERC ORDER NO. 144, THE RESPONDENT BEGAN DEFERRING, IN ACCOUNT 282, THE FEDERAL AND STATE INCOME TAX EFFECTS OF ALL PROPERTY RELATED BOOK/TAX TIMING DEFERENCE TRANSACTIONS SUBJECT TO FERC JURISDICTION.

(B) BEGINNING IN 1986, THE RESPONDENT BEGAN DEFERRING IN ACCOUNT 282 THE FEDERAL AND STATE INCOME TAX EFFECT OF ALL BOOK/TAX TIMING DIFFERENCES RELATING TO INTEREST INCOME CAPITALIZED IN ACCORDANCE WITH FERC ACCOUNTING RELEASE NO. 13.

(C) PURSUANT TO AN AGREEMENT REACHED IN FEDERAL ENERGY REGULATORY COMMISSION AUDITS FOR THE YEARS 1982 THRU 1985, THE RESPONDENT AGREED TO TRANSFER THE BALANCE AS OF DECEMBER 31, 1985 FOR CERTAIN PROPERTY RELATED ITEMS, (PAYROLL TAXES CAPITALIZED & ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION) FROM ACCOUNT 283 - "ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY" AND TO CONTINUE TO REFLECT SUCH ACTIVITY IN ACCOUNT 282.

BEGINNING IN 1993, THE RESPONDENT BEGAN TO DEFER IN ACCOUNT 282, THE FEDERAL AND STATE INCOME TAX EFFECT OF ALL BOOK/TAX TIMING DIFFERENCES RELATING TO PENSION COSTS CAPITALIZED AND POST RETIREMENT BENEFITS CAPITALIZED.

BEGINNING IN 1993, THE RESPONDENT BEGAN TO DEFER IN ACCOUNT 282, THE FEDERAL AND STATE INCOME TAX EFFECT OF FAS #109 WITH OFFSETTING ENTRIES TO REGULATORY ASSET AND REGULATORY LIABILITY ACCOUNTS.

BEGINNING IN JANUARY 1987, IN ACCORDANCE WITH THE TAX REFORM ACT OF 1986, THE RESPONDENT INCLUDED IN NON-UTILITY TAXABLE INCOME AND TAX DEPRECIABLE PLANT AMOUNTS RECEIVED AS CONTRIBUTIONS IN AID OF CONSTRUCTION, AND INCLUDED IN GAS TAXABLE INCOME AND GAS DEPRECIABLE PLANT AMOUNTS RECEIVED AS CUSTOMER ADVANCES FOR CONSTRUCTION. BEGINNING IN JUNE, 1988, THE RESPONDENT BEGAN INCLUDING IN GAS AND ELECTRIC TAXABLE INCOME AND TAX DEPRECIABLE PLANT AMOUNTS RECEIVED AS CONTRIBUTIONS IN AID OF CONSTRUCTION FOR GAS AND ELECTRIC OPERATIONS. THESE AMOUNTS WERE PREVIOUSLY RECOGNIZED IN NON-UTILITY OPERATIONS. NONE OF THE ABOVE AMOUNTS ARE RECOGNIZED AS INCOME FOR FINANCIAL REPORTING PURPOSES. THE RESPONDENT DEFERRED, IN ACCT. 282, THE FEDERAL AND STATE INCOME TAX EFFECT OF THIS TIMING DIFFERENCE.

Schedule Page: 274 Line No.: 4 Column: k

| | |
|--------------------------------------|--------------|
| Contributions in AID of Construction | \$ (357,290) |
| Total | \$ (357,290) |

Schedule Page: 274 Line No.: 6 Column: k

| | |
|---------------------|--------------|
| FAS 109 Adjustment | \$ 9,597,994 |
| Section 174 Expense | 213,070 |
| Other | (53,505) |
| Total | \$ 9,757,559 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|--|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo., Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|--|---------------------------------|

Accumulated Deferred Income Taxes-Other (Account 283)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
- For Other, include deferrals relating to other income and deductions.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
|----------|---|-------------------------------------|---|--|
| 1 | Account 283 | | | |
| 2 | Electric | 146,962,860 | 4,433,675 | (4,359,394) |
| 3 | Gas | 92,482,237 | 9,387,201 | (1,580,738) |
| 4 | Other (Define) | 1,280,047 | | |
| 5 | Total (Total of lines 2 thru 4) | 238,149,050 | 13,820,876 | (5,940,132) |
| 6 | Other (Specify) | | | |
| 7 | TOTAL Account 283 (Total of lines 5 thru 6) | 238,149,050 | 13,820,876 | (5,940,132) |
| 8 | Classification of TOTAL | | | |
| 9 | Federal Income Tax | 240,589,778 | 11,701,968 | (4,586,249) |
| 10 | State Income Tax | (2,440,728) | 2,118,908 | (1,353,883) |
| 11 | Local Income Tax | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Accumulated Deferred Income Taxes-Other (Account 283) (continued)

3. Provide in a footnote explanations for pages 276 and 277. Include amounts relating to insignificant items listed under Other.
 4. Add additional rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02, and 6.01, 6.02, etc. Use separate pages as required.

| Line No. | Changes during Year Amounts Debited to Account 410.2 (e) | Changes during Year Amounts Credited to Account 411.2 (f) | Adjustments Debits Acct. No. (g) | Adjustments Debits Amount (h) | Adjustments Credits Account No. (i) | Adjustments Credits Amount (j) | Balance at End of Year (k) |
|----------|--|---|----------------------------------|-------------------------------|-------------------------------------|--------------------------------|----------------------------|
| 1 | | | | | | | |
| 2 | | | | | Various | 390,694 | 155,365,235 |
| 3 | | | | | Various | 145,091 | 103,305,085 |
| 4 | 48,760 | | | | | | (1,344,807) |
| 5 | (48,760) | | | | | 535,785 | 257,325,513 |
| 6 | | | | | | | |
| 7 | (48,760) | | | | | 535,785 | 257,325,513 |
| 8 | | | | | | | |
| 9 | 26,256 | | | | | 423,406 | 256,480,845 |
| 10 | (75,016) | | | | | 112,379 | 844,668 |
| 11 | | | | | | | |

| | | | |
|---|---|---------------------------------------|--------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 276 Line No.: 4 Column: e

Loss on Reacquired Debt (48,760)

Schedule Page: 276 Line No.: 4 Column: b

Loss on Reacquired Debt (22,665)

Non-Utility - Other (1,273,382)

Total (1,296,047)

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Other Regulatory Liabilities (Account 254)

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.

| Line No. | Description and Purpose of Other Regulatory Liabilities (a) | Balance at Beginning of Year (b) | DEBITS Account Credited (c) | DEBITS Amount (d) | Credits (e) | Balance at End of Year (f) |
|----------|---|----------------------------------|-----------------------------|-------------------|-------------|----------------------------|
| 1 | SFAS NO. 109 | 70,039,445 | | | 7,584,670 | 77,624,115 |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | Total | 70,039,445 | | 0 | 7,584,670 | 77,624,115 |

| | | | |
|---|---|---|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo., Da., Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---|---------------------------------|

Gas Operating Revenues

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

| Line No. | Title of Account (a) | Revenues for Transition Costs and Take-or-Pay | Revenues for Transition Costs and Take-or-Pay | Revenues for GRI and ACA | Revenues for GRI and ACA |
|----------|--|--|--|-----------------------------------|------------------------------------|
| | | Amount for Current Year (b) | Amount for Previous Year (c) | Amount for Current Year (d) | Amount for Previous Year (e) |
| 1 | 480-484 Sales | | 2,143,387 | | |
| 2 | 485 Intracompany Transfers | | | | |
| 3 | 487 Forfeited Discounts | | | | |
| 4 | 488 Miscellaneous Service Revenues | | | | |
| 5 | 489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities | | | | |
| 6 | 489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities | | | | |
| 7 | 489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities | | | | |
| 8 | 489.4 Revenues from Storing Gas of Others | | | | |
| 9 | 490 Sales of Prod. Ext. from Natural Gas | | | | |
| 10 | 491 Revenues from Natural Gas Proc. by Others | | | | |
| 11 | 492 Incidental Gasoline and Oil Sales | | | | |
| 12 | 493 Rent from Gas Property | | | | |
| 13 | 494 Interdepartmental Rents | | | | |
| 14 | 495 Other Gas Revenues | | | | |
| 15 | Subtotal: | | 2,143,387 | | |
| 16 | 496 (Less) Provision for Rate Refunds | | | | |
| 17 | TOTAL: | | 2,143,387 | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Operating Revenues

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.
 5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.
 6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

| Line No. | Other Revenues | Other Revenues | Total Operating Revenues | Total Operating Revenues | Dekatherm of Natural Gas | Dekatherm of Natural Gas |
|----------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| | Amount for Current Year (f) | Amount for Previous Year (g) | Amount for Current Year (h) | Amount for Previous Year (i) | Amount for Current Year (j) | Amount for Previous Year (k) |
| 1 | 302,129,419 | 434,349,773 | 302,129,419 | 436,493,160 | 46,075,106 | 47,944,500 |
| 2 | | | | | | |
| 3 | 203,655 | 3,871,378 | 203,655 | 3,871,378 | | |
| 4 | 146,992 | 93,113 | 146,992 | 93,113 | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | 41,507,252 | 34,395,618 | 41,507,252 | 34,395,618 | 32,655,396 | 29,690,246 |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | 2,021,523 | 2,032,580 | 2,021,523 | 2,032,580 | | |
| 13 | | | | | | |
| 14 | 149,730 | 36,137 | 149,730 | 36,137 | | |
| 15 | 346,158,571 | 474,778,599 | 346,158,571 | 476,921,986 | | |
| 16 | | | | | | |
| 17 | 346,158,571 | 474,778,599 | 346,158,571 | 476,921,986 | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Other Gas Revenues (Account 495)

1. For transactions with annual revenues of \$250,000 or more, describe, for each transaction, commissions on sales of distributions of gas of others, compensation for minor or incidental services provided for others, penalties, profit or loss on sales of material and supplies, sales of steam, water, or electricity, miscellaneous royalties, revenues from dehydration, other processing of gas of others, and gains on settlements of imbalance receivables. Separately report revenues from cash-out penalties.

| Line No. | Description of Transaction (a) | Revenues (In dollars) (b) |
|----------|-----------------------------------|---------------------------------|
| 1 | ITEMS UNDER THE THRESHOLD | 149,729 |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | Total | 149,729 |

| Name of Respondent The Cincinnati Gas & Electric Company | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---|---------------------------------------|---------------------------------|
| Gas Operation and Maintenance Expenses | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| 1 | 1. PRODUCTION EXPENSES | | | |
| 2 | A. Manufactured Gas Production | | | |
| 3 | Manufactured Gas Production (Submit Supplemental Statement) | 282,453 | 1,763,856 | |
| 4 | B. Natural Gas Production | | | |
| 5 | B1. Natural Gas Production and Gathering | | | |
| 6 | Operation | | | |
| 7 | 750 Operation Supervision and Engineering | 0 | 0 | |
| 8 | 751 Production Maps and Records | 0 | 0 | |
| 9 | 752 Gas Well Expenses | 0 | 0 | |
| 10 | 753 Field Lines Expenses | 0 | 0 | |
| 11 | 754 Field Compressor Station Expenses | 0 | 0 | |
| 12 | 755 Field Compressor Station Fuel and Power | 0 | 0 | |
| 13 | 756 Field Measuring and Regulating Station Expenses | 0 | 0 | |
| 14 | 757 Purification Expenses | 0 | 0 | |
| 15 | 758 Gas Well Royalties | 0 | 0 | |
| 16 | 759 Other Expenses | 0 | 0 | |
| 17 | 760 Rents | 0 | 0 | |
| 18 | TOTAL Operation (Total of lines 7 thru 17) | 0 | 0 | |
| 19 | Maintenance | | | |
| 20 | 761 Maintenance Supervision and Engineering | 0 | 0 | |
| 21 | 762 Maintenance of Structures and Improvements | 0 | 0 | |
| 22 | 763 Maintenance of Producing Gas Wells | 0 | 0 | |
| 23 | 764 Maintenance of Field Lines | 0 | 0 | |
| 24 | 765 Maintenance of Field Compressor Station Equipment | 0 | 0 | |
| 25 | 766 Maintenance of Field Measuring and Regulating Station Equipment | 0 | 0 | |
| 26 | 767 Maintenance of Purification Equipment | 0 | 0 | |
| 27 | 768 Maintenance of Drilling and Cleaning Equipment | 0 | 0 | |
| 28 | 769 Maintenance of Other Equipment | 0 | 0 | |
| 29 | TOTAL Maintenance (Total of lines 20 thru 28) | 0 | 0 | |
| 30 | TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29) | 0 | 0 | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Operation and Maintenance Expenses(continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 31 | B2. Products Extraction | | |
| 32 | Operation | | |
| 33 | 770 Operation Supervision and Engineering | 0 | 0 |
| 34 | 771 Operation Labor | 0 | 0 |
| 35 | 772 Gas Shrinkage | 0 | 0 |
| 36 | 773 Fuel | 0 | 0 |
| 37 | 774 Power | 0 | 0 |
| 38 | 775 Materials | 0 | 0 |
| 39 | 776 Operation Supplies and Expenses | 0 | 0 |
| 40 | 777 Gas Processed by Others | 0 | 0 |
| 41 | 778 Royalties on Products Extracted | 0 | 0 |
| 42 | 779 Marketing Expenses | 0 | 0 |
| 43 | 780 Products Purchased for Resale | 0 | 0 |
| 44 | 781 Variation in Products Inventory | 0 | 0 |
| 45 | (Less) 782 Extracted Products Used by the Utility-Credit | 0 | 0 |
| 46 | 783 Rents | 0 | 0 |
| 47 | TOTAL Operation (Total of lines 33 thru 46) | 0 | 0 |
| 48 | Maintenance | | |
| 49 | 784 Maintenance Supervision and Engineering | 0 | 0 |
| 50 | 785 Maintenance of Structures and Improvements | 0 | 0 |
| 51 | 786 Maintenance of Extraction and Refining Equipment | 0 | 0 |
| 52 | 787 Maintenance of Pipe Lines | 0 | 0 |
| 53 | 788 Maintenance of Extracted Products Storage Equipment | 0 | 0 |
| 54 | 789 Maintenance of Compressor Equipment | 0 | 0 |
| 55 | 790 Maintenance of Gas Measuring and Regulating Equipment | 0 | 0 |
| 56 | 791 Maintenance of Other Equipment | 0 | 0 |
| 57 | TOTAL Maintenance (Total of lines 49 thru 56) | 0 | 0 |
| 58 | TOTAL Products Extraction (Total of lines 47 and 57) | 0 | 0 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Operation and Maintenance Expenses(continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 59 | C. Exploration and Development | | |
| 60 | Operation | | |
| 61 | 795 Delay Rentals | 0 | 0 |
| 62 | 796 Nonproductive Well Drilling | 0 | 0 |
| 63 | 797 Abandoned Leases | 0 | 0 |
| 64 | 798 Other Exploration | 0 | 0 |
| 65 | TOTAL Exploration and Development (Total of lines 61 thru 64) | 0 | 0 |
| 66 | D. Other Gas Supply Expenses | | |
| 67 | Operation | | |
| 68 | 800 Natural Gas Well Head Purchases | 0 | 0 |
| 69 | 800.1 Natural Gas Well Head Purchases, Intracompany Transfers | 0 | 0 |
| 70 | 801 Natural Gas Field Line Purchases | 207,171,802 | 291,371,154 |
| 71 | 802 Natural Gas Gasoline Plant Outlet Purchases | 0 | 0 |
| 72 | 803 Natural Gas Transmission Line Purchases | 0 | 0 |
| 73 | 804 Natural Gas City Gate Purchases | 0 | 12,137 |
| 74 | 804.1 Liquefied Natural Gas Purchases | 0 | 0 |
| 75 | 805 Other Gas Purchases | 0 | 0 |
| 76 | (Less) 805.1 Purchases Gas Cost Adjustments | 28,170,749 | (29,597,809) |
| 77 | TOTAL Purchased Gas (Total of lines 68 thru 76) | 179,001,053 | 320,981,100 |
| 78 | 806 Exchange Gas | 1,264,630 | (1,784,437) |
| 79 | Purchased Gas Expenses | | |
| 80 | 807.1 Well Expense-Purchased Gas | 0 | 0 |
| 81 | 807.2 Operation of Purchased Gas Measuring Stations | 565,222 | 558,363 |
| 82 | 807.3 Maintenance of Purchased Gas Measuring Stations | 198,427 | 186,329 |
| 83 | 807.4 Purchased Gas Calculations Expenses | 130 | 2 |
| 84 | 807.5 Other Purchased Gas Expenses | 534,220 | 604,132 |
| 85 | TOTAL Purchased Gas Expenses (Total of lines 80 thru 84) | 1,297,999 | 1,348,826 |

| Name of Respondent The Cincinnati Gas & Electric Company | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---|---------------------------------|---------------------------------------|---------------------------------|
| Gas Operation and Maintenance Expenses(continued) | | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | | |
| 86 | 808.1 Gas Withdrawn from Storage-Debit | 0 | 0 | | |
| 87 | (Less) 808.2 Gas Delivered to Storage-Credit | 0 | 0 | | |
| 88 | 809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit | 0 | 0 | | |
| 89 | (Less) 809.2 Deliveries of Natural Gas for Processing-Credit | 0 | 0 | | |
| 90 | Gas used in Utility Operation-Credit | | | | |
| 91 | 810 Gas Used for Compressor Station Fuel-Credit | 0 | 0 | | |
| 92 | 811 Gas Used for Products Extraction-Credit | 0 | 0 | | |
| 93 | 812 Gas Used for Other Utility Operations-Credit | 0 | 0 | | |
| 94 | TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93) | 0 | 0 | | |
| 95 | 813 Other Gas Supply Expenses | 0 | 0 | | |
| 96 | TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95) | 181,563,682 | 320,545,489 | | |
| 97 | TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96) | 181,846,135 | 322,309,345 | | |
| 98 | 2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES | | | | |
| 99 | A. Underground Storage Expenses | | | | |
| 100 | Operation | | | | |
| 101 | 814 Operation Supervision and Engineering | 0 | 0 | | |
| 102 | 815 Maps and Records | 0 | 0 | | |
| 103 | 816 Wells Expenses | 0 | 0 | | |
| 104 | 817 Lines Expense | 0 | 0 | | |
| 105 | 818 Compressor Station Expenses | 0 | 0 | | |
| 106 | 819 Compressor Station Fuel and Power | 0 | 0 | | |
| 107 | 820 Measuring and Regulating Station Expenses | 0 | 0 | | |
| 108 | 821 Purification Expenses | 0 | 0 | | |
| 109 | 822 Exploration and Development | 0 | 0 | | |
| 110 | 823 Gas Losses | 0 | 0 | | |
| 111 | 824 Other Expenses | 0 | 0 | | |
| 112 | 825 Storage Well Royalties | 0 | 0 | | |
| 113 | 826 Rents | 0 | 0 | | |
| 114 | TOTAL Operation (Total of lines of 101 thru 113) | 0 | 0 | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Operation and Maintenance Expenses(continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 115 | Maintenance | | |
| 116 | 830 Maintenance Supervision and Engineering | 0 | 0 |
| 117 | 831 Maintenance of Structures and Improvements | 0 | 0 |
| 118 | 832 Maintenance of Reservoirs and Wells | 0 | 0 |
| 119 | 833 Maintenance of Lines | 0 | 0 |
| 120 | 834 Maintenance of Compressor Station Equipment | 0 | 0 |
| 121 | 835 Maintenance of Measuring and Regulating Station Equipment | 0 | 0 |
| 122 | 836 Maintenance of Purification Equipment | 0 | 0 |
| 123 | 837 Maintenance of Other Equipment | 0 | 0 |
| 124 | TOTAL Maintenance (Total of lines 116 thru 123) | 0 | 0 |
| 125 | TOTAL Underground Storage Expenses (Total of lines 114 and 124) | 0 | 0 |
| 126 | B. Other Storage Expenses | | |
| 127 | Operation | | |
| 128 | 840 Operation Supervision and Engineering | 0 | 0 |
| 129 | 841 Operation Labor and Expenses | 0 | 0 |
| 130 | 842 Rents | 0 | 0 |
| 131 | 842.1 Fuel | 0 | 0 |
| 132 | 842.2 Power | 0 | 0 |
| 133 | 842.3 Gas Losses | 0 | 0 |
| 134 | TOTAL Operation (Total of lines 128 thru 133) | 0 | 0 |
| 135 | Maintenance | | |
| 136 | 843.1 Maintenance Supervision and Engineering | 0 | 0 |
| 137 | 843.2 Maintenance of Structures | 0 | 0 |
| 138 | 843.3 Maintenance of Gas Holders | 0 | 0 |
| 139 | 843.4 Maintenance of Purification Equipment | 0 | 0 |
| 140 | 843.5 Maintenance of Liquefaction Equipment | 0 | 0 |
| 141 | 843.6 Maintenance of Vaporizing Equipment | 0 | 0 |
| 142 | 843.7 Maintenance of Compressor Equipment | 0 | 0 |
| 143 | 843.8 Maintenance of Measuring and Regulating Equipment | 0 | 0 |
| 144 | 843.9 Maintenance of Other Equipment | 0 | 0 |
| 145 | TOTAL Maintenance (Total of lines 136 thru 144) | 0 | 0 |
| 146 | TOTAL Other Storage Expenses (Total of lines 134 and 145) | 0 | 0 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Operation and Maintenance Expenses(continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 147 | C. Liquefied Natural Gas Terminating and Processing Expenses | | |
| 148 | Operation | | |
| 149 | 844.1 Operation Supervision and Engineering | 0 | 0 |
| 150 | 844.2 LNG Processing Terminal Labor and Expenses | 0 | 0 |
| 151 | 844.3 Liquefaction Processing Labor and Expenses | 0 | 0 |
| 152 | 844.4 Liquefaction Transportation Labor and Expenses | 0 | 0 |
| 153 | 844.5 Measuring and Regulating Labor and Expenses | 0 | 0 |
| 154 | 844.6 Compressor Station Labor and Expenses | 0 | 0 |
| 155 | 844.7 Communication System Expenses | 0 | 0 |
| 156 | 844.8 System Control and Load Dispatching | 0 | 0 |
| 157 | 845.1 Fuel | 0 | 0 |
| 158 | 845.2 Power | 0 | 0 |
| 159 | 845.3 Rents | 0 | 0 |
| 160 | 845.4 Demurrage Charges | 0 | 0 |
| 161 | (less) 845.5 Wharfage Receipts-Credit | 0 | 0 |
| 162 | 845.6 Processing Liquefied or Vaporized Gas by Others | 0 | 0 |
| 163 | 846.1 Gas Losses | 0 | 0 |
| 164 | 846.2 Other Expenses | 0 | 0 |
| 165 | TOTAL Operation (Total of lines 149 thru 164) | 0 | 0 |
| 166 | Maintenance | | |
| 167 | 847.1 Maintenance Supervision and Engineering | 0 | 0 |
| 168 | 847.2 Maintenance of Structures and Improvements | 0 | 0 |
| 169 | 847.3 Maintenance of LNG Processing Terminal Equipment | 0 | 0 |
| 170 | 847.4 Maintenance of LNG Transportation Equipment | 0 | 0 |
| 171 | 847.5 Maintenance of Measuring and Regulating Equipment | 0 | 0 |
| 172 | 847.6 Maintenance of Compressor Station Equipment | 0 | 0 |
| 173 | 847.7 Maintenance of Communication Equipment | 0 | 0 |
| 174 | 847.8 Maintenance of Other Equipment | 0 | 0 |
| 175 | TOTAL Maintenance (Total of lines 167 thru 174) | 0 | 0 |
| 176 | TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 and 175) | 0 | 0 |
| 177 | TOTAL Natural Gas Storage (Total of lines 125, 146, and 176) | 0 | 0 |

| Name of Respondent The Cincinnati Gas & Electric Company | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---|---------------------------------|---------------------------------------|---------------------------------|
| Gas Operation and Maintenance Expenses(continued) | | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | | |
| 178 | 3. TRANSMISSION EXPENSES | | | | |
| 179 | Operation | | | | |
| 180 | 850 Operation Supervision and Engineering | 0 | 0 | | |
| 181 | 851 System Control and Load Dispatching | 0 | 0 | | |
| 182 | 852 Communication System Expenses | 0 | 0 | | |
| 183 | 853 Compressor Station Labor and Expenses | 0 | 0 | | |
| 184 | 854 Gas for Compressor Station Fuel | 0 | 0 | | |
| 185 | 855 Other Fuel and Power for Compressor Stations | 0 | 0 | | |
| 186 | 856 Mains Expenses | 0 | 0 | | |
| 187 | 857 Measuring and Regulating Station Expenses | 0 | 0 | | |
| 188 | 858 Transmission and Compression of Gas by Others | 0 | 0 | | |
| 189 | 859 Other Expenses | 777 | 0 | | |
| 190 | 860 Rents | 0 | 0 | | |
| 191 | TOTAL Operation (Total of lines 180 thru 190) | 777 | 0 | | |
| 192 | Maintenance | | | | |
| 193 | 861 Maintenance Supervision and Engineering | 0 | 0 | | |
| 194 | 862 Maintenance of Structures and Improvements | 0 | 0 | | |
| 195 | 863 Maintenance of Mains | 0 | 0 | | |
| 196 | 864 Maintenance of Compressor Station Equipment | 0 | 0 | | |
| 197 | 865 Maintenance of Measuring and Regulating Station Equipment | 0 | 0 | | |
| 198 | 866 Maintenance of Communication Equipment | 0 | 0 | | |
| 199 | 867 Maintenance of Other Equipment | 0 | 0 | | |
| 200 | TOTAL Maintenance (Total of lines 193 thru 199) | 0 | 0 | | |
| 201 | TOTAL Transmission Expenses (Total of lines 191 and 200) | 777 | 0 | | |
| 202 | 4. DISTRIBUTION EXPENSES | | | | |
| 203 | Operation | | | | |
| 204 | 870 Operation Supervision and Engineering | 563,760 | 615,320 | | |
| 205 | 871 Distribution Load Dispatching | 447,123 | 426,089 | | |
| 206 | 872 Compressor Station Labor and Expenses | 0 | 0 | | |
| 207 | 873 Compressor Station Fuel and Power | 0 | 0 | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Operation and Maintenance Expenses(continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 208 | 874 Mains and Services Expenses | 3,488,941 | 3,660,201 |
| 209 | 875 Measuring and Regulating Station Expenses-General | 165,311 | 153,158 |
| 210 | 876 Measuring and Regulating Station Expenses-Industrial | 86,059 | 98,791 |
| 211 | 877 Measuring and Regulating Station Expenses-City Gas Check Station | 0 | 0 |
| 212 | 878 Meter and House Regulator Expenses | (214,431) | 395,631 |
| 213 | 879 Customer Installations Expenses | 8,593,824 | 1,165,035 |
| 214 | 880 Other Expenses | 3,620,585 | 3,637,064 |
| 215 | 881 Rents | 34,176 | 34,176 |
| 216 | TOTAL Operation (Total of lines 204 thru 215) | 16,785,348 | 10,185,465 |
| 217 | Maintenance | | |
| 218 | 885 Maintenance Supervision and Engineering | 515,377 | 553,082 |
| 219 | 886 Maintenance of Structures and Improvements | 0 | 0 |
| 220 | 887 Maintenance of Mains | 4,342,424 | 4,361,600 |
| 221 | 888 Maintenance of Compressor Station Equipment | 0 | 0 |
| 222 | 889 Maintenance of Measuring and Regulating Station Equipment-General | 220,732 | 182,979 |
| 223 | 890 Maintenance of Meas. and Reg. Station Equipment-Industrial | 2,423 | 780 |
| 224 | 891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station | 0 | 0 |
| 225 | 892 Maintenance of Services | 447,671 | 520,905 |
| 226 | 893 Maintenance of Meters and House Regulators | 376,004 | 480,922 |
| 227 | 894 Maintenance of Other Equipment | 55,336 | 97,070 |
| 228 | TOTAL Maintenance (Total of lines 218 thru 227) | 5,959,967 | 6,197,338 |
| 229 | TOTAL Distribution Expenses (Total of lines 216 and 228) | 22,745,315 | 16,382,803 |
| 230 | 5. CUSTOMER ACCOUNTS EXPENSES | | |
| 231 | Operation | | |
| 232 | 901 Supervision | 460,493 | 410,425 |
| 233 | 902 Meter Reading Expenses | 2,689,843 | 2,683,578 |
| 234 | 903 Customer Records and Collection Expenses | 8,035,183 | 8,270,390 |

| Name of Respondent The Cincinnati Gas & Electric Company | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---|---------------------------------------|---------------------------------|
| Gas Operation and Maintenance Expenses(continued) | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| 235 | 904 Uncollectible Accounts | 88,273 | 2,089,575 | |
| 236 | 905 Miscellaneous Customer Accounts Expenses | 40,640 | 16,252 | |
| 237 | TOTAL Customer Accounts Expenses (Total of lines 232 thru 236) | 11,314,432 | 13,470,220 | |
| 238 | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | | |
| 239 | Operation | | | |
| 240 | 907 Supervision | 292,777 | 273,698 | |
| 241 | 908 Customer Assistance Expenses | 2,072,965 | 649,520 | |
| 242 | 909 Informational and Instructional Expenses | 29,505 | 39,398 | |
| 243 | 910 Miscellaneous Customer Service and Informational Expenses | 0 | 0 | |
| 244 | TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243) | 2,395,247 | 962,616 | |
| 245 | 7. SALES EXPENSES | | | |
| 246 | Operation | | | |
| 247 | 911 Supervision | 365,468 | 2,148,519 | |
| 248 | 912 Demonstrating and Selling Expenses | 356,137 | 591,376 | |
| 249 | 913 Advertising Expenses | 391 | 3,153 | |
| 250 | 916 Miscellaneous Sales Expenses | 0 | 0 | |
| 251 | TOTAL Sales Expenses (Total of lines 247 thru 250) | 721,996 | 2,743,048 | |
| 252 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | | | |
| 253 | Operation | | | |
| 254 | 920 Administrative and General Salaries | 11,696,338 | 8,705,096 | |
| 255 | 921 Office Supplies and Expenses | 2,968,852 | 2,921,937 | |
| 256 | (Less) 922 Administrative Expenses Transferred-Credit | 0 | 0 | |
| 257 | 923 Outside Services Employed | 2,068,063 | 1,908,974 | |
| 258 | 924 Property Insurance | 48,042 | 30,723 | |
| 259 | 925 Injuries and Damages | 1,595,400 | 1,766,889 | |
| 260 | 926 Employee Pensions and Benefits | 7,355,702 | 7,730,700 | |
| 261 | 927 Franchise Requirements | 0 | 0 | |
| 262 | 928 Regulatory Commission Expenses | 1,003,693 | 789,154 | |
| 263 | (Less) 929 Duplicate Charges-Credit | 743,406 | 627,119 | |
| 264 | 930.1 General Advertising Expenses | 0 | 0 | |
| 265 | 930.2 Miscellaneous General Expenses | 2,894,258 | 498,471 | |
| 266 | 931 Rents | 2,639,139 | 3,755,931 | |
| 267 | TOTAL Operation (Total of lines 254 thru 266) | 31,526,081 | 27,480,756 | |
| 268 | Maintenance | | | |
| 269 | 932 Maintenance of General Plant | 706,395 | 1,057,431 | |
| 270 | TOTAL Administrative and General Expenses (Total of lines 267 and 269) | 32,232,476 | 28,538,187 | |
| 271 | TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270) | 251,256,378 | 384,406,219 | |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 317 Line No.: 3 Column: b

| <u>OPERATION</u> | <u>2001</u> | <u>2002</u> |
|---------------------------------------|------------------------|----------------------|
| 710 SUPERVISION & ENGINEERING | 0 | 0 |
| 711 STEAM EXPENSE | 22,152 | 34,346 |
| 712 OTHER POWER EXPENSE | 12,422 | 19,631 |
| 717 LIQUIFIED PETROLEUM GAS EXPENSE | 513,768 | 494,621 |
| 728 LIQUIFIED PETROLEUM GAS | 796,284 | (909,784) |
| 735 MISCELLANEOUS PRODUCTION EXPENSES | 82,582 | 127,719 |
| 736 RENTS | <u>303,479</u> | <u>477,779</u> |
| TOTAL OPERATION | <u>\$1,730,687</u> | <u>\$244,312</u> |
| <u>MAINTENANCE</u> | | |
| 740 SUPERVISION & ENGINEERING | 0 | 0 |
| 741 STRUCTURES & IMPROVEMENTS | 0 | 0 |
| 742 PRODUCTION EQUIPMENT | <u>33,169</u> | <u>38,141</u> |
| TOTAL MAINTENANCE | <u>\$33,169</u> | <u>\$38,141</u> |
| TOTAL MANUFACTURED GAS PRODUCTION | <u>\$1,763,856</u> | <u>\$282,453</u> |

Schedule Page: 317 Line No.: 3 Column: c

Footnote Linked. See note on 317, Row: 27, col/item: b

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Exchange and Imbalance Transactions

1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amount of imbalances associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchanges. If respondent does not have separate zones, provide totals by rate schedule. Minor exchange transactions (less than 100,000 Dth) may be grouped.

| Line No. | Zone/Rate Schedule (a) | Gas Received from Others | Gas Received from Others | Gas Delivered to Others | Gas Delivered to Others |
|-----------|--|--------------------------|--------------------------|-------------------------|-------------------------|
| | | Amount (b) | Dth (c) | Amount (d) | Dth (e) |
| 1 | Texas Gas Transmission Corp., Zone 4 NNS | 1,264,632 | 6,876 | 1,264,632 | 6,876 |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | Total | 1,264,632 | 6,876 | 1,264,632 | 6,876 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Miscellaneous General Expenses (Account 930.2)

- Provide the information requested below on miscellaneous general expenses.
- For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.

| Line No. | Description (a) | Amount (in dollars) (b) |
|----------|---|-------------------------------|
| 1 | Industry association dues. | 183,908 |
| 2 | Experimental and general research expenses. | |
| | a. Gas Research Institute (GRI) | |
| | b. Other | |
| 3 | Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent | |
| 4 | 2002 Voluntary Early Retirement Program Costs | 2,663,515 |
| 5 | Other | (288,540) |
| 6 | Items Under the Threshold (11) | 335,375 |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | Total | 2,894,258 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)

- Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
- Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

Section A. Summary of Depreciation, Depletion, and Amortization Charges

| Line No. | Functional Classification (a) | Depreciation Expense (Account 403) (b) | Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c) | Amortization of Underground Storage Land and Land Rights (Account 404.2) (d) |
|----------|--|--|--|--|
| 1 | Intangible plant | | | |
| 2 | Production plant, manufactured gas | | | |
| 3 | Production and gathering plant, natural gas | 187,260 | | |
| 4 | Products extraction plant | | | |
| 5 | Underground gas storage plant | | | |
| 6 | Other storage plant | | | |
| 7 | Base load LNG terminating and processing plant | | | |
| 8 | Transmission plant | | | |
| 9 | Distribution plant | 19,027,104 | | |
| 10 | General plant | 19,754 | | |
| 11 | Common plant-gas | 518,118 | | |
| 12 | TOTAL | 19,752,236 | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

| Line No. | Amortization of Other Limited-term Gas Plant (Account 404.3) (e) | Amortization of Other Gas Plant (Account 405) (f) | Total (b to f) (g) | Functional Classification (a) |
|----------|---|--|-----------------------|--|
| 1 | 351,035 | | 351,035 | Intangible plant |
| 2 | | | | Production plant, manufactured gas |
| 3 | | | 187,260 | Production and gathering plant, natural gas |
| 4 | | | | Products extraction plant |
| 5 | | | | Underground gas storage plant |
| 6 | | | | Other storage plant |
| 7 | | | | Base load LNG terminaling and processing plant |
| 8 | | | | Transmission plant |
| 9 | | | 19,027,104 | Distribution plant |
| 10 | 355,809 | | 375,563 | General plant |
| 11 | 2,324,137 | 934,900 | 3,777,155 | Common plant-gas |
| 12 | 3,030,981 | 934,900 | 23,718,117 | TOTAL |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

Section B. Factors Used in Estimating Depreciation Charges

| Line No. | Functional Classification (a) | Plant Bases (in thousands) (b) | Applied Depreciation or Amortization Rates (percent) (c) |
|----------|--|--------------------------------------|---|
| 1 | Production and Gathering Plant | | |
| 2 | Offshore (footnote details) | | |
| 3 | Onshore (footnote details) | 8,349 | 2.26 |
| 4 | Underground Gas Storage Plant (footnote details) | | |
| 5 | Transmission Plant | | |
| 6 | Offshore (footnote details) | | |
| 7 | Onshore (footnote details) | | |
| 8 | General Plant (footnote details) | 7,966 | 4.60 |
| 9 | Distribution | 731,477 | 2.65 |
| 10 | Intangible Plant - Software | 2,435 | 10.95 |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | TOTAL | 750,227 | 2.87 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Particulars Concerning Certain Income Deductions and Interest Charges Accounts

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

- (a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.
- (b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.
- (c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.
- (d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

| Line No. | Item (a) | Amount (b) |
|----------|---|---------------|
| 1 | ACCOUNT 425-MISCELLANEOUS AMORTIZATION - NONE | |
| 2 | TOTAL ACCOUNT 425 | |
| 3 | | |
| 4 | ACCOUNT 426.1-DONATIONS: | |
| 5 | CINERGY FOUNDATION | 1,690,480 |
| 6 | ITEMS UNDER THE THRESHOLD | 145,830 |
| 7 | | |
| 8 | ACCOUNT 426.2-LIFE INSURANCE COSTS | (385,658) |
| 9 | | |
| 10 | ACCOUNT 426.3-PENALTIES: | |
| 11 | ITEMS UNDER THE THRESHOLD | 6,319 |
| 12 | | |
| 13 | ACCOUNT 426.4-EXPENDITURES FOR CERTAIN CIVIC, POLITICAL & RELATED ACTIVITIES: | |
| 14 | POLITICAL LOBBYING | 628,782 |
| 15 | | |
| 16 | ACCOUNT 426.5-OTHER DEDUCTIONS: | |
| 17 | ACCOUNTS RECEIVABLE SALE-FEES | 3,289,321 |
| 18 | SUPPLEMENTAL RETIREMENT PLAN | 1,191,557 |
| 19 | BANK RECONCILIATION ADJUSTMENT | 1,065,285 |
| 20 | FAIR VALUE ADJUSTMENT | 1,586,589,462 |
| 21 | INEFFECTIVENESS-TREASURY LOCK | 294,000 |
| 22 | KENTUCKY INCOME TAX PAYMENT | 450,000 |
| 23 | ITEMS UNDER THE THRESHOLD | 237,261 |
| 24 | TOTAL ACCOUNT 426 | 1,595,202,639 |
| 25 | | |
| 26 | ACCOUNT 430-INTEREST ON DEBT TO ASSOCIATED COMPANIES: | |
| 27 | UNION LIGHT HEAT & POWER COMPANY (1.7%) | 160,254 |
| 28 | CINERGY SERVICES (1.7%) | 749,571 |
| 29 | PSI ENERGY, INC. (2.5%) | 1,091,662 |
| 30 | CINERGY CORP. (2.4%) | 4,183,095 |
| 31 | TOTAL ACCOUNT 430 | 6,184,582 |
| 32 | | |
| 33 | ACCOUNT 431-OTHER INTEREST EXPENSE: | |
| 34 | INTEREST-BANK NOTES AT VARIOUS RATES | 28,583 |
| 35 | INTEREST-CUSTOMER SERVICE DEPOSITS AT 5% ANNUM | 419,565 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Particulars Concerning Certain Income Deductions and Interest Charges Accounts (continued)

| Line No. | Item (a) | Amount (b) |
|----------|---------------------------------|------------|
| 1 | INTEREST-POLICY LOANS | 954,563 |
| 2 | INTEREST-OTHER | 224,735 |
| 3 | INTEREST-CAPITAL LEASE | 817,639 |
| 4 | INTEREST-ASSIGNED FROM SERVICES | (491,435) |
| 5 | TOTAL ACCOUNT 431 | 1,953,650 |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Regulatory Commission Expenses (Account 928)

- Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
- In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

| Line No. | Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.) (a) | Assessed by Regulatory Commission (b) | Expenses of Utility (c) | Total Expenses to Date (d) | Deferred in Account 182.3 at Beginning of Year (e) |
|----------|--|--|--------------------------------------|---|--|
| 1 | Regulatory Commission Fees | | | | |
| 2 | Gas Related | | | | |
| 3 | Public Utilities Commission of Ohio (PUCO) | 548,557 | | 548,557 | |
| 4 | Ohio Consumers' Counsel | 166,786 | | 166,786 | |
| 5 | PUCO - Division of Forecasting | 51,752 | | 51,752 | |
| 6 | PUCO - Pipeline Safety Fund | 15,514 | | 15,514 | |
| 7 | Electric Related | | | | |
| 8 | Public Utilities Commission of Ohio | 1,922,419 | | 1,922,419 | |
| 9 | Ohio Consumers' Counsel | 584,501 | | 584,501 | |
| 10 | PUCO - Division of Forecasting | 110,909 | | 110,909 | |
| 11 | | | | | |
| 12 | Out-of-Pocket Costs in Connection with | | | | |
| 13 | Gas Cost Recovery Rule 28 Hearings | | 114,638 | 114,638 | |
| 14 | | | | | |
| 15 | Annual Assessment Pursuant to | | | | |
| 16 | FERC Order No. 472 | 1,312,712 | | 1,312,712 | |
| 17 | | | | | |
| 18 | Public Utilities Commission of Ohio | | | | |
| 19 | Case No. 01-1228-GA-AIR | | | | |
| 20 | Request for Rate Increase-Gas | | 106,447 | 106,447 | 620,825 |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | Total | 4,713,150 | 221,085 | 4,934,235 | 620,825 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Regulatory Commission Expenses (Account 928)

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA).
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than \$250,000) may be grouped.

| Line No. | Expenses Incurred During Year Charged Currently To Department (f) | Expenses Incurred During Year Charged Currently To Account No. (g) | Expenses Incurred During Year Charged Currently To Amount (h) | Expenses Incurred During Year Deferred to Account 182.3 (i) | Amortized During Year Contra Account (j) | Amortized During Year Amount (k) | Deferred in Account 182.3 End of Year (l) |
|----------|--|---|--|--|---|-------------------------------------|---|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | Gas | 928 | 548,557 | | | | |
| 4 | Gas | 928 | 166,786 | | | | |
| 5 | Gas | 928 | 51,752 | | | | |
| 6 | Gas | 928 | 15,514 | | | | |
| 7 | | | | | | | |
| 8 | Electric | 928 | 1,922,419 | | | | |
| 9 | Electric | 928 | 584,501 | | | | |
| 10 | Electric | 928 | 110,909 | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | Gas | 928 | 114,638 | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | Electric | 928 | 1,312,712 | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | Gas | 928 | 106,447 | 109,829 | | 106,447 | 624,207 |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | 4,934,235 | 109,829 | | 106,447 | 624,207 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Distribution of Salaries and Wages

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d) |
|----------|---|------------------------------------|--|--------------|
| 1 | Electric | | | |
| 2 | Operation | | | |
| 3 | Production | 34,980,681 | | 34,980,681 |
| 4 | Transmission | 2,920,344 | | 2,920,344 |
| 5 | Distribution | 9,360,701 | | 9,360,701 |
| 6 | Customer Accounts | 13,274,440 | | 13,274,440 |
| 7 | Customer Service and Informational | 559,060 | | 559,060 |
| 8 | Sales | 2,094,128 | | 2,094,128 |
| 9 | Administrative and General | 26,635,466 | | 26,635,466 |
| 10 | TOTAL Operation (Total of lines 3 thru 9) | 89,824,820 | | 89,824,820 |
| 11 | Maintenance | | | |
| 12 | Production | 17,349,839 | | 17,349,839 |
| 13 | Transmission | 1,498,915 | | 1,498,915 |
| 14 | Distribution | 10,183,997 | | 10,183,997 |
| 15 | Administrative and General | 1,370,484 | | 1,370,484 |
| 16 | TOTAL Maintenance (Total of lines 12 thru 15) | 30,403,235 | | 30,403,235 |
| 17 | Total Operation and Maintenance | | | |
| 18 | Production (Total of lines 3 and 12) | 52,330,520 | | 52,330,520 |
| 19 | Transmission (Total of lines 4 and 13) | 4,419,259 | | 4,419,259 |
| 20 | Distribution (Total of lines 5 and 14) | 19,544,698 | | 19,544,698 |
| 21 | Customer Accounts (line 6) | 13,274,440 | | 13,274,440 |
| 22 | Customer Service and Informational (line 7) | 559,060 | | 559,060 |
| 23 | Sales (line 8) | 2,094,128 | | 2,094,128 |
| 24 | Administrative and General (Total of lines 9 and 15) | 28,005,950 | | 28,005,950 |
| 25 | TOTAL Operation and Maintenance (Total of lines 18 thru 24) | 120,228,055 | | 120,228,055 |
| 26 | Gas | | | |
| 27 | Operation | | | |
| 28 | Production - Manufactured Gas | 371,915 | | 371,915 |
| 29 | Production - Natural Gas(Including Exploration and Development) | | | |
| 30 | Other Gas Supply | 900,236 | | 900,236 |
| 31 | Storage, LNG Terminating and Processing | | | |
| 32 | Transmission | | | |
| 33 | Distribution | 8,265,724 | | 8,265,724 |
| 34 | Customer Accounts | 6,674,844 | | 6,674,844 |
| 35 | Customer Service and Informational | 521,494 | | 521,494 |
| 36 | Sales | 568,992 | | 568,992 |
| 37 | Administrative and General | 5,369,907 | | 5,369,907 |
| 38 | TOTAL Operation (Total of lines 28 thru 37) | 22,673,112 | | 22,673,112 |
| 39 | Maintenance | | | |
| 40 | Production - Manufactured Gas | 27,406 | | 27,406 |
| 41 | Production - Natural Gas(Including Exploration and Development) | | | |
| 42 | Other Gas Supply | | | |
| 43 | Storage, LNG Terminating and Processing | | | |
| 44 | Transmission | | | |
| 45 | Distribution | 3,315,982 | | 3,315,982 |

Distribution of Salaries and Wages (continued)

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d) |
|----------|--|--|--|------------------|
| 46 | Administrative and General | 276,413 | | 276,413 |
| 47 | TOTAL Maintenance (Total of lines 40 thru 46) | 3,619,801 | | 3,619,801 |
| 48 | Gas (Continued) | | | |
| 49 | Total Operation and Maintenance | | | |
| 50 | Production - Manufactured Gas (Total of lines 28 and 40) | 399,321 | | 399,321 |
| 51 | Production - Natural Gas (Including Expl. and Dev.)(ll. 29 and 41) | | | |
| 52 | Other Gas Supply (Total of lines 30 and 42) | 900,236 | | 900,236 |
| 53 | Storage, LNG Terminating and Processing (Total of ll. 31 and 43) | | | |
| 54 | Transmission (Total of lines 32 and 44) | | | |
| 55 | Distribution (Total of lines 33 and 45) | 11,581,706 | | 11,581,706 |
| 56 | Customer Accounts (Total of line 34) | 6,674,844 | | 6,674,844 |
| 57 | Customer Service and Informational (Total of line 35) | 521,494 | | 521,494 |
| 58 | Sales (Total of line 36) | 568,992 | | 568,992 |
| 59 | Administrative and General (Total of lines 37 and 46) | 5,646,320 | | 5,646,320 |
| 60 | Total Operation and Maintenance (Total of lines 50 thru 59) | 26,292,913 | | 26,292,913 |
| 61 | Other Utility Departments | | | |
| 62 | Operation and Maintenance | | | |
| 63 | TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62) | 146,520,968 | | 146,520,968 |
| 64 | Utility Plant | | | |
| 65 | Construction (By Utility Departments) | | | |
| 66 | Electric Plant | 21,507,643 | 1,707,165 | 23,214,808 |
| 67 | Gas Plant | 5,201,827 | 1,707,165 | 6,908,992 |
| 68 | Other | | | |
| 69 | TOTAL Construction (Total of lines 66 thru 68) | 26,709,470 | 3,414,330 | 30,123,800 |
| 70 | Plant Removal (By Utility Departments) | | | |
| 71 | Electric Plant | 1,886,226 | 76,487 | 1,962,713 |
| 72 | Gas Plant | 346,545 | 76,487 | 423,032 |
| 73 | Other | | | |
| 74 | TOTAL Plant Removal (Total of lines 71 thru 73) | 2,232,771 | 152,974 | 2,385,745 |
| 75 | Other Accounts (Specify) (footnote details) | 6,547,113 | 3,149,592 | 9,696,705 |
| 76 | TOTAL Other Accounts | | | 9,696,705 |
| 77 | TOTAL SALARIES AND WAGES | 182,010,322 | 6,716,896 | 188,727,218 |

| | | | |
|---------------------------------------|--|---------------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| The Cincinnati Gas & Electric Company | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) / / | Dec 31, 2002 |
| FOOTNOTE DATA | | | |

Schedule Page: 354 Line No.: 76 Column: b

Other Accounts

| | |
|--|--------------------|
| Merchandising, Jobbing, and Contract Work (Acct 415,416,417) | \$ 915,040 |
| Miscellaneous Deferred Debits (Acct 186) | 3,972,156 |
| Miscellaneous | <u>1,659,917</u> |
| Total Other Accounts | <u>\$6,547,113</u> |

Schedule Page: 354 Line No.: 76 Column: c

| | |
|--|--------------------|
| Line 25-Total Operation and Maintenance Allocation | \$1,574,796 |
| Line 60-Total Operation and Maintenance Allocation | <u>1,574,796</u> |
| Total Allocation | <u>\$3,149,592</u> |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Charges for Outside Professional and Other Consultative Services

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.

- (a) Name of person or organization rendering services.
- (b) Total charges for the year.

2. Designate associated companies with an asterisk in column (b).

| Line No. | Description (a) | * (b) | Amount (in dollars) (c) |
|----------|---|----------|-------------------------------|
| 1 | Accenture, LLP - Consulting Services | | 5,281,078 |
| 2 | Arthur Andersen, LLP - Auditing & Consulting Services | | 278,427 |
| 3 | B2B Technologies, Inc. - IT Consulting | | 251,659 |
| 4 | Deloitte & Touche, LLP - Auditing & Consulting Services | | 773,450 |
| 5 | EMS - Engineering Consulting | | 1,170,000 |
| 6 | Energy Management & SVCS Corp - Engineering Services | | 764,948 |
| 7 | Ernst & Young, LLP - Tax Consulting | | 384,214 |
| 8 | Hewitt Assoc, LLC - Benefits Consulting | | 1,387,275 |
| 9 | Hogan & Hartson - Legal Services | | 408,845 |
| 10 | PRICEWATERHOUSECOOPERS, LLC - Financial Consulting | | 859,840 |
| 11 | Risk Management Alternatives - Risk Management Consulting | | 1,417,543 |
| 12 | Skadden Arps Slate Meagher - Legal Services | | 1,595,837 |
| 13 | Technology & Bus. Integrators - IT Consulting | | 419,969 |
| 14 | Technology Partners - Legal Services | | 362,734 |
| 15 | Vorys Sater Seymour & Pease - Legal Services | | 322,459 |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Auxiliary Peaking Facilities

- Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
- For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
- For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

| Line No. | Location of Facility (a) | Type of Facility (b) | Maximum Daily Delivery Capacity of Facility Dth (c) | Cost of Facility (in dollars) (d) | Was Facility Operated on Day of Highest Transmission Peak Delivery? |
|----------|------------------------------|---------------------------------|--|--------------------------------------|---|
| 1 | Eastern Ave (OH) | Liq. Petroleum Gas Installation | 74,055 | 5,254,035 | Yes |
| 2 | Dicks Creek (OH) | Liq. Petroleum Gas Installation | 56,192 | 3,094,974 | Yes |
| 3 | Erlanger (KY) Owned by ULH&P | Liq. Petroleum Gas Installation | 36,087 | 3,873,625 | Yes |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Account - Natural Gas

- The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
- Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
- Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
- If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
- Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
- Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
- Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

| Line No. | Item (a) | Ref. Page No. (b) | Amount of Dth (c) |
|----------|-------------|----------------------|----------------------|
|----------|-------------|----------------------|----------------------|

01 Name of System:

| | | | |
|----|--|-----|------------|
| 2 | GAS RECEIVED | | |
| 3 | Gas Purchases (Accounts 800-805) | | 48,299,522 |
| 4 | Gas of Others Received for Gathering (Account 489.1) | 303 | |
| 5 | Gas of Others Received for Transmission (Account 489.2) | 305 | |
| 6 | Gas of Others Received for Distribution (Account 489.3) | 301 | 32,564,085 |
| 7 | Gas of Others Received for Contract Storage (Account 489.4) | 307 | |
| 8 | Exchanged Gas Received from Others (Account 806) | 328 | 6,876 |
| 9 | Gas Received as Imbalances (Account 806) | 328 | |
| 10 | Receipts of Respondent's Gas Transported by Others (Account 858) | 332 | |
| 11 | Other Gas Withdrawn from Storage (Explain) | | |
| 12 | Gas Received from Shippers as Compressor Station Fuel | | |
| 13 | Gas Received from Shippers as Lost and Unaccounted for | | |
| 14 | Other Receipts (Specify) (footnote details) PRODUCTION | | 9,077 |
| 15 | Total Receipts (Total of lines 3 thru 14) | | 80,879,560 |
| 16 | GAS DELIVERED | | |
| 17 | Gas Sales (Accounts 480-484) | | 46,075,106 |
| 18 | Deliveries of Gas Gathered for Others (Account 489.1) | 303 | |
| 19 | Deliveries of Gas Transported for Others (Account 489.2) | 305 | |
| 20 | Deliveries of Gas Distributed for Others (Account 489.3) | 301 | 32,655,396 |
| 21 | Deliveries of Contract Storage Gas (Account 489.4) | 307 | |
| 22 | Exchange Gas Delivered to Others (Account 806) | 328 | 6,876 |
| 23 | Gas Delivered as Imbalances (Account 806) | 328 | |
| 24 | Deliveries of Gas to Others for Transportation (Account 858) | 332 | |
| 25 | Other Gas Delivered to Storage (Explain) | | |
| 26 | Gas Used for Compressor Station Fuel | 509 | |
| 27 | Other Deliveries (Specify) (footnote details) COMPANY USE | | 135,189 |
| 28 | Total Deliveries (Total of lines 17 thru 27) | | 78,872,567 |
| 29 | GAS UNACCOUNTED FOR | | |
| 30 | Production System Losses | | |
| 31 | Gathering System Losses | | |
| 32 | Transmission System Losses | | |
| 33 | Distribution System Losses | | |
| 34 | Storage System Losses | | |
| 35 | Other Losses (Specify) UNACCOUNTED FOR | | 2,006,993 |
| 36 | Total Unaccounted For (Total of lines 30 thru 35) | | 2,006,993 |

| | | | |
|---|---|---------------------------------------|---------------------------------|
| Name of Respondent The Cincinnati Gas & Electric Company | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec. 31, 2002 |
|---|---|---------------------------------------|---------------------------------|

Gas Account - Natural Gas (continued)

| Line No. | Item (a) | Ref. Page No. (b) | Amount of Dth (c) |
|----------|---|----------------------|--------------------------|
| 37 | Total Deliveries & Unaccounted For (Total of lines 28 and 36) | | 80,879,560 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

| | | | |
|---------------------------------------|---|---------------------------------------|--------------------------------|
| Name of Respondent | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) / / | Year of Report Dec 31, 2002 |
| The Cincinnati Gas & Electric Company | | | |
| System Maps | | | |

1. Furnish five copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.
2. Indicate the following information on the maps:
 - (a) Transmission lines.
 - (b) Incremental facilities.
 - (c) Location of gathering areas.
 - (d) Location of zones and rate areas.
 - (e) Location of storage fields.
 - (f) Location of natural gas fields.
 - (g) Location of compressor stations.
 - (h) Normal direction of gas flow (indicated by arrows).
 - (i) Size of pipe.
 - (j) Location of products extraction plants, stabilization plants, purification plants, recycling areas, etc.
 - (k) Principal communities receiving service through the respondent's pipeline.
3. In addition, show on each map: graphic scale of the map; date of the facts the map purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.
4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

INDEX

| | |
|--|---------|
| Accrued and prepaid taxes | 262-263 |
| Accumulated provision for depreciation of | |
| gas utility plant | 219 |
| utility plant (summary) | 200-201 |
| Advance to associated companies | 222 |
| Associated companies | |
| advances from | 256 |
| advances to | 222-223 |
| control over respondent | 102 |
| corporations controlled by respondent | 103 |
| investment in | 222-223 |
| service contracts charges | 357 |
| Attestation 1 | |
| Balance Sheet, comparative | 110-113 |
| Bonds | 256-257 |
| Capital Stock | 250-251 |
| discount | 254 |
| expense | 254 |
| premiums | 252 |
| reacquired | 251 |
| subscribed | 252 |
| Cash flows, statement of | 120-121 |
| Changes -- important during the year | 108 |
| Compressor Stations | 508-509 |
| Construction | |
| overhead procedures, general description of | 218 |
| work in progress -- other utility departments | 200-201 |
| Contracts, service charges | 357 |
| Control | |
| corporations controlled by respondent | 103 |
| over respondent | 102 |
| security holders and voting powers | 107 |
| CPA Certification, this report form | i |
| Current and accrued | |
| liabilities, miscellaneous | 268 |
| Deferred | |
| credits, other | 269 |
| debits, miscellaneous | 233 |
| income taxes, accumulated | 234-235 |
| income taxes, accumulated-other property | 274-275 |
| income taxes, accumulated-other | 276-277 |
| regulatory expenses | 350-351 |
| Definitions, this report form | iv |
| Depletion | |
| amortization and depreciation of gas plant | 336-338 |
| and amortization of producing natural gas land and land rights | 336-338 |
| Depreciation | |
| gas plant | 336-338 |
| gas plant in service | 219 |
| Discount on Capital Stock | 254 |
| Dividend appropriations | 118-119 |
| Earnings, retained | 118-119 |
| Exchange and imbalance transactions | 328 |
| Expenses, gas operation and maintenance | 320-325 |
| Extraordinary property losses | 230 |
| Filing Requirements, this report form | i-iii |
| Footnote Data 551-552 | |
| Gas account -- natural | 520 |
| Gas | |
| exchanged, natural | 328 |
| received | 328 |
| stored underground | 220 |

| | |
|---|--------------|
| used in utility operations, credit | 331 |
| plant in service | 204-209 |
| Gathering revenues | 302-303 |
| General description of construction overhead procedures | 218 |
| General information | 101 |
| Income | |
| deductions -- details | 256-259, 340 |
| statement of, for year | 114-116 |
| Installments received on capital stock | 252 |
| Interest | |
| on debt to associated companies | 340 |
| on long-term from investment, advances, etc. | 256-257 |
| Instructions for filing the FERC Form No. 2 | i-iii |
| Investment | |
| in associated companies | 222-223 |
| other 222-223 | |
| subsidiary companies | 224-225 |
| securities disposed of during year | 222-223 |
| temporary cash | 222-223 |
| Law, excerpts applicable to this report form | iv |
| List of Schedules, this report form | 2-3 |
| Legal proceedings during year | 108 |
| Long-term debt | 256-257 |
| assumed during year | 255 |
| retained during year | 255 |
| Management and engineering contracts | 357 |
| Map, system | 522 |
| Miscellaneous general expense | 335 |
| Notes | |
| Payable, advances from associated companies | 256-257 |
| to balance sheet | 122 |
| to financial statement | 122 |
| to statement of income for the year | 122 |
| Operating | |
| expenses -- gas | 317-325 |
| revenues -- gas | 300-301 |
| Other | |
| donations received from stockholders | 253 |
| gains on resale or cancellation of reacquired capital stock | 253 |
| miscellaneous paid-in capital | 253 |
| other supplies expense | 334 |
| paid-in capital | 253 |
| reduction in par or stated value of capital stock | 253 |
| regulatory assets | 232 |
| regulatory liabilities | 278 |
| Peak deliveries, transmission system, | 518 |
| Peaking facilities, auxiliary | 519 |
| Plant -- gas | |
| construction work in progress | 216 |
| held for future use | 214 |
| leased from others | 212 |
| leased to others | 213 |
| Plant --Utility | |
| accumulated provisions (summary) | 200-201 |
| leased to others, income from | 213 |
| Premium on capital stock | 252 |
| Prepaid taxed | 262-263 |
| Prepayments | 230 |
| Professional services, charges for | 357 |
| Property losses, extraordinary | 230 |
| Reacquired | |
| capital stock | 250-251 |
| long-term debt | 256-257 |
| Receivers' certificate | 256-257 |
| Reconciliation of reported net income with taxable income from Federal income taxes | 261 |

| | |
|--|---------------------|
| Regulatory commission expenses | 350-351 |
| Regulatory commission expenses -- deferred | 232 |
| Retained earnings | |
| appropriated | 118-119 |
| statement of | 118-119 |
| unappropriated | 118-119 |
| Revenues | |
| from storing gas of others | 306-307 |
| from transportation of gas through gathering facilities | 302-303 |
| from transportation of gas through transmission facilities | 304-305 |
| gas operating | 300 |
| Salaries and wages, distribution of | 354-355 |
| Sales | 300-301 |
| Securities | |
| disposed of during year | 222-223 |
| holders and voting powers | 107 |
| investment in associated companies | 222-223 |
| investment, others | 222-223 |
| issued or assumed during year | 255 |
| refunded or retired during year | 255 |
| registered on a national exchange | 250-251, 256-257 |
| Stock liability for conversion | 252 |
| Storage | |
| of natural gas, underground | 512-513 |
| revenues | 306-307 |
| Taxes | |
| accrued and prepaid | 262-263 |
| charged during the year | 262-263 |
| on income, deferred -- accumulated | 222-223, 234-235 |
| reconciliation of net income for | 261 |
| Transmission | |
| and compression of gas by others | 332 |
| lines | 514 |
| revenues | 304-305 |
| system peak deliveries | 518 |
| Unamortized | |
| debt discount and expense | 258-259 |
| loss and gain on reacquired debt | 260 |
| premium on debt | 258-259 |
| Underground | |
| storage of natural gas, expense, operating data, plant | 512-513 |
| Unrecovered plant and regulatory study costs | 230 |

THIS PAGE WAS INTENTIONALLY LEFT BLANK

GAS & ELECTRIC
INTRASTATE
ANNUAL REPORT

OF

The Cincinnati Gas & Electric Company
(Exact legal name of respondent)

If name was changed during year, show also the
previous name and date of change.

139 East Fourth Street, Cincinnati, OH 45202.
(Address of principal business office at end of year)

TO THE
PUBLIC UTILITIES COMMISSION OF OHIO



FOR THE
YEAR ENDED DECEMBER 31, 2002

Name, title, address and telephone number (including area code) of the person to be contacted concerning this report.

Bernard F. Roberts, Vice President and Comptroller

139 East Fourth Street, Cincinnati, OH 45202; 513/287-2090

STATEMENT OF INTRASTATE GROSS EARNINGS
FOR OHIO AT CLOSE OF YEAR

("Intrastate means from one point in Ohio to another point in Ohio,
or wholly within Ohio.")

(For the uses and purposes designated in Revised Code Section 4905.10,
assessment for maintaining the
Public Utilities Commission of Ohio.)
2002

| Item | Total | Amount | |
|--|----------------------|----------------------|----------------------|
| | | Interstate | Intrastate |
| Electric Operating Revenues - Sales | 4,309,189,265 | 2,684,654,874 | 1,624,534,391 |
| Gains from Disposition of Electric Utility Property * | - SEE BELOW *- | | |
| Revenue from Electric Plant Leased to Others | 5,827,072 | 363,480 | 5,463,592 |
| Other Utility Operations Income - Electric | 53,546,838 | 564,439 | 52,982,399 |
| Gas Operating Revenues - Sales | 343,636,671 | - | 343,636,671 |
| Gains from Disposition of Gas Utility Property * | - SEE BELOW *- | | |
| Revenue from Gas Plant Leased to Others | 2,021,523 | 1,700,947 | 320,576 |
| Other Utility Oper. Income - Gas | 500,377 | - | 500,377 |
| Revenues from Merch., Jobbing & Contract Work | 2,887,007 | - | 2,887,007 |
| Revenue from Nonutility Operations | - SEE BELOW **- | | |
| Nonoperating Rental Income ** | 184,151 | - | 184,151 |
| Equity in Earnings of Subsidiary Companies ** | 23,864,203 | 23,864,203 | - |
| Interest & Dividend Income ** | 7,989,977 | 30,862 | 7,959,115 |
| Misc. Nonoperating Revenue ⁽¹⁾ ** | 1,595,688,529 | 1,592,296,050 | 3,392,479 |
| Gains from Disposition of Property - Gas & Electric * | 67,374 | - | 67,374 |
| Extraordinary Income | | | |
| TOTAL GROSS EARNINGS | 6,345,402,987 | 4,303,474,855 | 2,041,928,132 |
| Earnings or Receipts from Sales to Other Public Utilities for Resale | 658,919,150 | 237,143,318 | 421,775,832 |
| NET GROSS EARNINGS | 5,686,483,837 | 4,066,331,537 | 1,620,152,300 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

⁽¹⁾ Due to a change in accounting resulting from FERC Order 827, the interstate column includes gains recorded in accounts 421530 and 421630 related to derivative instruments not designated as fair value or cash flow hedges. These gains are not netted against corresponding losses for the above presentation.

| ELECTRIC | | | | |
|---|---|--|--|--|
| ACCOUNT 182.55 PIP CUSTOMER DEFERRED ACCOUNTS RECEIVABLE | | | | |
| Month (A) | Beginning Balance PIP Greater Than 12 Months Old (B) | Transfers From A/C 142.XX (C) | Recoveries Through Tariff Rider (D) | Ending Balance PIP Greater Than 12 Months Old (E)=(B+C-D) |
| January | | | | 0 |
| February | | | | 0 |
| March | | | | 0 |
| April | | | | 0 |
| May | | | | 0 |
| June | | | | 0 |
| July | | | | 0 |
| August | | | | 0 |
| September | | | | 0 |
| October | | | | 0 |
| November | | | | 0 |
| December | | | | 0 |
| TOTAL | 0 | 0 | 0 | 0 |

NOTE: THIS SCHEDULE IS TO BE FILLED OUT BY COMPANIES THAT CURRENTLY HAVE PIP TARIFF RIDERS IN EFFECT.

NOTE: EFFECTIVE IN 2001, THE OHIO DEPARTMENT OF DEVELOPMENT ASSUMED LIABILITIES FOR PAST DUE PIP RECEIVABLES. BALANCES ARE NO LONGER TRANSFERRED TO THE PIP DEFERRAL ACCOUNT.

| ELECTRIC | | | | | |
|--|---|-------------------------------------|-------------------------------------|-----------------------------------|---|
| ACCOUNT 142.66 PIP CUSTOMER ACCOUNTS RECEIVABLE | | | | | |
| Month (A) | Beginning Balance PIP Greater Than 12 Months Old (B) | Transfers From A/C 142 (C) | Transfers From A/C 144 (D) | Transfers To A/C 182 (E) | Ending Balance PIP Less Than 12 Months Old (F)=(B+C+D-E) |
| January | 11,531,050 | 1,168,957 | | | 12,700,007 |
| February | 12,700,007 | 551,533 | | | 13,251,540 |
| March | 13,251,540 | 910,005 | | | 14,161,545 |
| April | 14,161,545 | 668,641 | | | 14,830,186 |
| May | 14,830,186 | 517,369 | | | 15,347,555 |
| June | 15,347,555 | 784,718 | | | 16,132,273 |
| July | 16,132,273 | 969,682 | | | 17,101,955 |
| August | 17,101,955 | 976,894 | | | 18,078,849 |
| September | 18,078,849 | 762,039 | | | 18,840,888 |
| October | 18,840,888 | 122,326 | | | 18,963,214 |
| November | 18,963,214 | 579,686 | | | 19,542,910 |
| December | 19,542,910 | 877,539 | | | 20,420,449 |
| TOTAL | 11,531,050 | 8,889,399 | | | 20,420,449 |

NOTE: THIS SCHEDULE IS TO BE FILLED OUT BY COMPANIES THAT CURRENTLY HAVE PIP TARIFF RIDERS IN EFFECT.

| GAS | | | | |
|---|---|--|--|--|
| ACCOUNT 182.54 PIP CUSTOMER DEFERRED ACCOUNTS RECEIVABLE | | | | |
| Month (A) | Beginning Balance PIP Greater Than 12 Months Old (B) | Transfers From A/C 142.65 (C) | Recoveries Through Tariff Rider (D) | Ending Balance PIP Greater Than 12 Months Old (E)=(B+C-D) |
| January | -6,050,858 | 277,282 | -450,242 | -5,323,334 |
| February | -5,323,334 | 95,000 | -290,582 | -4,937,752 |
| March | -4,937,752 | 1,004,039 | -284,229 | -3,649,484 |
| April | -3,649,484 | 878,388 | -199,061 | -2,572,035 |
| May | -2,572,035 | 664,856 | -93,991 | -1,813,188 |
| June | -1,813,188 | 312,713 | -65,726 | -1,434,749 |
| July | -1,434,749 | -63,832 | -43,992 | -1,454,589 |
| August | -1,454,589 | -112,509 | -39,798 | -1,527,300 |
| September | -1,527,300 | -262,872 | -42,420 | -1,747,752 |
| October | -1,747,752 | -282,792 | -59,603 | -1,970,941 |
| November | -1,970,941 | -264,878 | -168,463 | -2,067,356 |
| December | -2,067,356 | -39,067 | -323,503 | -1,782,920 |
| TOTAL | -6,050,858 | 2,206,328 | -2,061,610 | -1,782,920 |

NOTE: THIS SCHEDULE IS TO BE FILLED OUT BY COMPANIES THAT CURRENTLY HAVE PIP TARIFF RIDERS IN EFFECT.

1. What time period are PIP Accounts Receivable balances aged prior to transfer to the PIP Deferred account?

ANSWER: ANY BALANCES OVER 60 DAYS OLD ARE TRANSFERRED TO THE DEFERRAL, LESS ANY CASH PAYMENTS APPLIED.

2. Do the transfers include pre-PIP balances?

ANSWER: YES

3. What account do you record aged PIP in?

ANSWER: 182.54

| GAS | | | | | |
|--|---|-------------------------------------|-------------------------------------|--------------------------------------|---|
| ACCOUNT 142.65 PIP CUSTOMER ACCOUNTS RECEIVABLE | | | | | |
| Month (A) | Beginning Balance PIP Greater Than 12 Months Old (B) | Transfers From A/C 142 (C) | Transfers From A/C 144 (D) | Transfers To A/C 182.54 (E) | Ending Balance PIP Less Than 12 Months Old (F)=(B+C+D-E) |
| January | 1,678,926 | 1,352,879 | | 277,282 | 2,754,523 |
| February | 2,754,523 | 422,856 | | 95,000 | 3,082,379 |
| March | 3,082,379 | 760,968 | | 1,004,039 | 2,839,308 |
| April | 2,839,308 | 372,863 | | 878,388 | 2,333,783 |
| May | 2,333,783 | -123,906 | | 664,856 | 1,545,021 |
| June | 1,545,021 | -109,653 | | 312,713 | 1,122,655 |
| July | 1,122,655 | -335,496 | | -63,832 | 850,991 |
| August | 850,991 | -348,485 | | -112,509 | 615,015 |
| September | 615,015 | -324,900 | | -262,872 | 552,987 |
| October | 552,987 | -328,607 | | -282,792 | 507,172 |
| November | 507,172 | 225,076 | | -264,878 | 997,126 |
| December | 997,126 | 1,086,342 | | -39,067 | 2,122,535 |
| TOTAL | 1,678,926 | 2,649,937 | | 2,206,328 | 2,122,535 |

NOTE: THIS SCHEDULE IS TO BE FILLED OUT BY COMPANIES THAT CURRENTLY HAVE PIP TARIFF RIDERS IN EFFECT.

COMPANY CONTACTS

IN ORDER TO ENSURE THAT PUCO CORRESPONDENCE IS DIRECTED TO THE APPROPRIATE PERSON AT THE CORRECT ADDRESS, PLEASE COMPLETE THE FOLLOWING.

**Name, Title, Address, and Phone Number of the Company's Contact Persons
To Receive Entries and Orders from the Docketing Division**

John P. Steffen
Name
Vice President, Rates
Title
139 East Fourth Street, Cincinnati, OH 45202
Address
513/287-2560
Phone Number (Including Area Code)
Jack.Steffen@Cinergy.COM
E-Mail Address

**Name, Title, Address, and Phone Number of Person to whom Invoice
Should be directed**

Bernard F. Roberts
Name
Vice President and Comptroller
Title
139 East Fourth Street, Cincinnati, OH 45202
Address
513/287-2090
Phone Number (Including Area Code)

Name and Address of the President

Gregory C. Ficke
Name
President
139 East Fourth Street, Cincinnati, OH 45202
Address

OATH

State of **OHIO**
County of **HAMILTON**

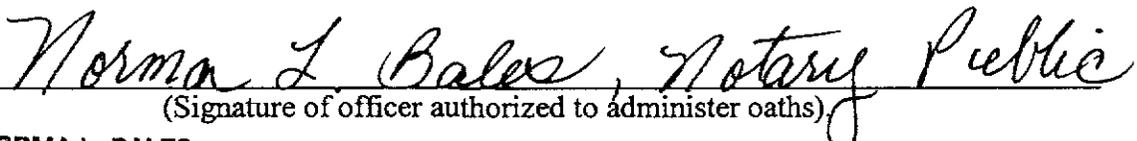
WE, THE UNDERSIGNED Gregory C. Ficke, President, and Bernard F. Roberts, Vice President & Comptroller, of The Cincinnati Gas & Electric Company

on our oath do severally say that the foregoing return has been prepared, under our direction, from the original books, papers, and records of said Company; that we have carefully examined the same, and declare the same to be a complete and correct statement of the intrastate gross earnings of said Company in respect to each and every matter and thing therein set forth; and we further say that no deductions were made before stating the amounts herein set forth, and that the accounts and figures contained in the foregoing return embrace all of the intrastate gross earnings of said Company during the period for which said return is made, to the best of our knowledge, information, and belief.



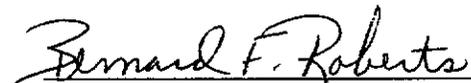
President

Subscribed and Sworn to before me, this 22nd day of April 2003 .



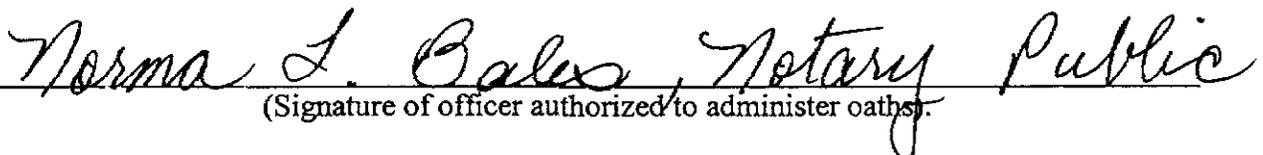
(Signature of officer authorized to administer oaths)

NORMA L. BALES
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 03-17-08



Vice President & Comptroller

Subscribed and Sworn to before me, this 22nd day of April 2003 .



(Signature of officer authorized to administer oaths)

NORMA L. BALES
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 03-17-08