

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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PSI RESOURCES INC

CIK: **829966** | IRS No.: **943023969** | State of Incorporation: **IN** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-09941** | Film No.: **94527751**
SIC: **4911** Electric services

Business Address
1000 EAST MAIN ST
PLAINFIELD IN 46168
3178399611

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-9941

PSI RESOURCES, INC.
(Exact name of registrant as specified in its charter)

INDIANA 35-1724168
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1000 East Main Street
Plainfield, Indiana 46168
(Address of principal executive offices)

Telephone number: (317) 839-9611

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes X No

(APPLICABLE ONLY TO CORPORATE ISSUERS:)

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date.

Common Stock - without par value; \$.01 stated value - 57,261,229 shares
outstanding at April 30, 1994.

PSI RESOURCES, INC.

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PART II. OTHER INFORMATION

<TABLE>

PSI RESOURCES, INC.
 CONSOLIDATED BALANCE SHEETS
 ASSETS

<CAPTION>

	March 31 1994 (unaudited)	December 31 1993
	(thousands)	
<S>	<C>	<C>
Electric Utility Plant - original cost		
In service	\$3 480 081	\$3 449 127
Accumulated depreciation	1 482 751	1 455 871
	1 997 330	1 993 256
Construction work in progress	265 769	243 802
Total electric utility plant	2 263 099	2 237 058
 Current Assets		
Cash and temporary cash investments	3 461	6 551
Restricted deposits	40 003	49 111
Accounts receivable	43 470	27 894
Income tax refunds	9 300	28 900
Fossil fuel - at average cost	69 390	45 315
Materials and supplies - at average cost	35 659	36 411
Other	2 715	2 940
	203 998	197 122
 Other Assets		
Regulatory assets	147 676	118 809
Unamortized costs of reacquiring debt	38 890	39 504
Unamortized debt expense	9 435	9 332
Other	74 265	62 183
	270 266	229 828
	\$2 737 363	\$2 664 008

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

<TABLE>

PSI RESOURCES, INC.
 CAPITALIZATION AND LIABILITIES

<CAPTION>

	March 31 1994 (unaudited)	December 31 1993
	(thousands)	
<S>	<C>	<C>
Common Stock Equity		
Common stock - without par value; \$.01 stated value; authorized shares - 100,000,000; outstanding shares - 57,239,912 at March 31, 1994 and 57,039,501 at December 31, 1993.	\$ 562	\$ 559
Paid-in capital	256 657	250 574
Accumulated earnings subsequent to November 30, 1986 quasi-reorganization	463 040	451 291
Total common stock equity	720 259	702 424
Cumulative Preferred Stock of Subsidiary - Not Subject to Mandatory Redemption		
	187 979	187 989
Long-term Debt		
Total capitalization.	865 187	816 152
	1 773 425	1 706 565
Current Liabilities		
Long-term debt due within one year.	160	160
Notes payable	233 256	146 701
Accounts payable.	113 394	145 748
Refund due to customers	47 348	81 832
Litigation settlement	80 000	80 000
Advance under accounts receivable purchase agreement	-	49 940
Accrued taxes	58 422	37 283
Accrued interest and customers' deposits.	15 491	25 831
	548 071	567 495
Other Liabilities		
Deferred income taxes	299 509	285 667
Unamortized investment tax credits.	63 656	64 721
Other	52 702	39 560
	415 867	389 948
	\$2 737 363	\$2 664 008

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<TABLE>

PSI RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

<CAPTION>

	Quarter Ended March 31		Twelve Months Ended March 31	
	1994	1993	1994	1993
	(thousands)		(thousands)	
<S>	<C>	<C>	<C>	<C>
Operating Revenues.	\$303 375	\$289 954	\$1 101 788	\$1 098 101
Operating Expenses				
Operation				
Fuel.	107 537	104 619	388 845	399 099
Purchased and exchanged power	14 660	2 719	36 214	10 549
Other operation	51 385	50 354	222 462	199 351
Maintenance	20 060	20 053	84 027	86 019
Depreciation.	33 432	30 280	129 973	118 750
Post-in-service deferred depreciation	(2 280)	(387)	(6 962)	(387)
Taxes				
Federal and state income.	19 228	20 146	54 311	68 477
State, local, and other	12 825	11 582	47 024	42 710
	256 847	239 366	955 894	924 568
Operating Income.	46 528	50 588	145 894	173 533
Other Income and Expense - Net				
Allowance for equity funds used during construction.	3 072	2 092	12 153	5 026
Post-in-service carrying costs.	2 201	762	7 444	762
Other - net	(2 599)	(2 050)	6 841	(1 726)
	2 674	804	26 438	4 062
Income Before Interest and Other Charges.	49 202	51 392	172 332	177 595
Interest and Other Charges				
Interest on long-term debt.	16 524	16 775	68 695	64 201
Other interest.	2 463	1 825	6 112	8 747
Allowance for borrowed funds used during construction.	(2 534)	(2 110)	(9 578)	(6 560)
Preferred dividend requirement of				

subsidiary.	3 296	2 301	13 820	7 343
	19 749	18 791	79 049	73 731
Net Income	\$ 29 453	\$ 32 601	\$ 93 283	\$ 103 864
Average Common Shares Outstanding	56 106	55 416	55 782	55 176
Earnings Per Share.	\$.52	\$.59	\$1.66	\$1.89
Dividends Declared Per Share.	\$.31	\$.28	\$1.18	\$1.06

The accompanying notes are an integral part of these consolidated financial statements.

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<TABLE>

PSI RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY
(unaudited)

<CAPTION>

	Common Stock	Paid-in Capital (thousands)	Accumulated Earnings
<S>	<C>	<C>	<C>
Quarter Ended March 31, 1994			
Balance January 1, 1994	\$559	\$250 574	\$451 291
Net income.			29 453
Issuance of common stock.	3	6 103	
Costs of retiring preferred stock of subsidiary		(6)	
Dividends on common stock (See page 5 for per share amount)			(17 704)
Other		(14)	
Balance March 31, 1994.	\$562	\$256 657	\$463 040
Quarter Ended March 31, 1993			
Balance January 1, 1993	\$553	\$242 558	\$418 703
Net income.			32 601
Issuance of common stock.	2	3 921	
Dividends on common stock (See page 5 for per share amount)			(15 517)
Other		(3 181)	
Balance March 31, 1993.	\$555	\$243 298	\$435 787
Twelve Months Ended March 31, 1994			
Balance April 1, 1993	\$555	\$243 298	\$435 787
Net income.			93 283
Issuance of common stock.	7	15 372	
Costs of issuing and retiring preferred stock of subsidiary		(1 887)	
Dividends on common stock (See page 5 for per share amount)			(66 106)
Other		(126)	76
Balance March 31, 1994.	\$562	\$256 657	\$463 040
Twelve Months Ended March 31, 1993			
Balance April 1, 1992	\$548	\$234 797	\$390 421
Net income.			103 864
Issuance of common stock.	7	11 700	
Costs of retiring preferred stock of subsidiary		(18)	
Dividends on common stock (See page 5 for per share amount)			(58 459)
Other		(3 181)	(39)
Balance March 31, 1993.	\$555	\$243 298	\$435 787

The accompanying notes are an integral part of these consolidated financial statements.

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<TABLE>

PSI RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

<CAPTION>

	Quarter Ended March 31		Twelve Months Ended March 31	
<S>	1994	1993	1994	1993
	(thousands)		(thousands)	
	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES				
Net income.	\$ 29 453	\$ 32 601	\$ 93 283	\$ 103 864
Items providing (using) cash currently:				
Depreciation.	33 432	30 280	129 973	118 750
Deferred income taxes and investment tax				

credits - net	7 939	(380)	81 154	10 081
Allowance for equity funds used during construction.	(3 072)	(2 092)	(12 153)	(5 026)
Regulatory assets - excluding demand-side management costs.	(10 508)	(6 843)	(33 574)	(13 559)
Changes in current assets and current liabilities				
Restricted deposits	(69)	(68)	(70)	(244)
Accounts receivable	(15 576)	(2 317)	629	(14 906)
Income tax refunds.	19 600	-	(9 300)	-
Fossil fuel and materials and supplies.	(23 323)	22 937	12 142	18 534
Accounts payable.	(32 354)	3 337	21 465	(7 838)
Refund due to customers	(34 484)	-	(91 786)	2 063
Advance under accounts receivable purchase agreement.	(49 940)	-	-	-
Accrued taxes and interest.	10 891	9 472	(7 035)	8 448
Other items - net	(7 786)	(8 088)	(11 648)	(15 955)
Net cash provided by (used in) operating activities.	(75 797)	78 839	173 080	204 212
FINANCING ACTIVITIES				
Issuance of common stock.	6 106	3 923	15 379	11 707
Issuance of preferred stock of subsidiary	-	96 850	59 475	96 850
Issuance of long-term debt.	49 068	78 688	212 084	284 136
Funds on deposit from issuance of long-term debt.	9 177	(60 372)	38 207	(48 806)
Retirement of preferred stock of subsidiary	(4)	-	(60 111)	-
Redemption of long-term debt.	-	-	(207 880)	(90 000)
Change in short-term debt	86 555	(105 652)	194 674	(45 718)
Dividends on common stock	(17 704)	(15 517)	(66 106)	(58 459)
Net cash provided by (used in) financing activities.	133 198	(2 080)	185 722	149 710
INVESTING ACTIVITIES				
Utility plant additions	(57 112)	(76 548)	(342 171)	(316 950)
Allowance for equity funds used during construction.	3 072	2 092	12 153	5 026
Demand-side management costs.	(6 419)	(4 324)	(32 831)	(19 455)
Equity investments in Argentine utilities	(32)	(191)	(47)	(20 476)
Net cash provided by (used in) investing activities.	(60 491)	(78 971)	(362 896)	(351 855)
Net increase (decrease) in cash and temporary cash investments.	(3 090)	(2 212)	(4 094)	2 067
Cash and temporary cash investments at beginning of period	6 551	9 767	7 555	5 488
Cash and temporary cash investments at end of period	\$ 3 461	\$ 7 555	\$ 3 461	\$ 7 555

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

PSI RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. These Consolidated Financial Statements reflect all adjustments (which include only normal, recurring adjustments) necessary in the opinion of PSI Resources, Inc. (Resources) for a fair presentation of the interim results. These statements should be read in conjunction with Resources' 1993 Annual Report on Form 10-K, as amended (1993 Form 10-K) (Commission File Number 1-9941). Certain amounts in the 1993 Consolidated Financial Statements have been reclassified to conform to the 1994 presentation.
2. In February 1994, PSI Energy, Inc. (Energy), Resources' principal subsidiary, issued \$50 million, 7 1/8% first mortgage bonds, Series AAA, due February 1, 2024. These bonds are not redeemable prior to February 1, 2004, and are redeemable thereafter at the option of Energy. The proceeds from this debt issuance were used to reduce short-term debt incurred to finance construction.
3. As disclosed in the 1993 Form 10-K, Resources, Energy, and The Cincinnati Gas & Electric Company (CG&E) entered into an Agreement and Plan of Reorganization dated as of December 11, 1992, which was subsequently amended and restated on July 2, 1993, and as of September 10, 1993 (as amended and restated, the "Merger Agreement"). Under the Merger Agreement, Resources will be merged with and into a newly formed corporation named CINergy Corp. (CINergy) and a subsidiary of CINergy will

be merged with and into CG&E (collectively referred to as the "Mergers"). In August 1993, the Federal Energy Regulatory Commission (FERC) conditionally approved the Mergers. Certain parties petitioned for rehearing of the FERC's conditional approval. Given the issues raised on the requests for rehearing and the lack of certainty in the record regarding state regulatory powers, on January 12, 1994, the FERC issued an order withdrawing its prior conditional approval of the Mergers and initiating a 60-day, FERC-sponsored settlement procedure.

In connection with the 60-day, FERC-sponsored settlement procedure and other collaborative discussions, Resources, Energy, CINergy, the Indiana Utility Consumer Counselor, the Citizens Action Coalition of Indiana, Inc., and industrial customer representatives reached a global settlement agreement on merger-related issues. This agreement was filed with the Indiana Utility Regulatory Commission (IURC) on March 2, 1994, and was approved by the IURC in its entirety on March 29, 1994. On March 4, 1994, CG&E, the Public Utilities Commission of Ohio, and the Ohio Office of Consumers Counsel reached an agreement substantially similar to the Indiana agreement. Both settlement agreements were filed with the FERC on March 4, 1994. Additional settlements were also filed with the FERC involving other parties that had intervened in the FERC Mergers approval proceeding.

Initial comments regarding the settlements were filed with the FERC on April 12, 1994, and reply comments were filed on April 21, 1994. American Electric Power, Dayton Power and Light Company, Indiana Municipal Power Agency, and the American Forest and Paper Association opposed acceptance of the settlements without a hearing on grounds previously raised in their various pleadings filed with the FERC. In both their initial and reply comments, the FERC staff recommended acceptance of the settlements and approval of the Mergers without further hearing.

CG&E also filed with the FERC a unilateral offer of settlement addressing all issues raised in the Kentucky Public Service Commission's (KPSC) application for rehearing with the FERC. On March 15, 1994, CG&E filed an application with the KPSC seeking approval of the indirect acquisition of control of CG&E's Kentucky subsidiary, The Union Light, Heat and Power Company. A public hearing was held on May 10, 1994, and the KPSC is expected to complete action on the application by mid-May.

4. The following pro forma condensed consolidated financial information combines the historical Consolidated Statements of Income and Consolidated Balance Sheets of Resources and CG&E after giving effect to the Mergers. The unaudited Pro Forma Condensed Consolidated Statements of Income for the three months and twelve months ended March 31, 1994, give effect to the Mergers as if the Mergers had occurred at April 1, 1993. The unaudited Pro Forma Condensed Consolidated Balance Sheet at March 31, 1994, gives effect to the Mergers as if the Mergers had occurred at March 31, 1994. These statements are prepared on the basis of accounting for the Mergers as a pooling of interests and are based on the assumptions set forth in the notes thereto. In addition, the following pro forma condensed consolidated financial information should be read in conjunction with the historical consolidated financial statements and related notes thereto of Resources and CG&E. The following information is not necessarily indicative of the operating results or financial position that would have occurred had the Mergers been consummated at the beginning of the periods, or on the date, for which the Mergers are being given effect, nor is it necessarily indicative of future operating results or financial position.

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<TABLE>

PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(in millions, except per share amounts)

<CAPTION>

	Three Months Ended March 31, 1994			Twelve Months Ended March 31, 1994		
	Historical Resources	CG&E	Pro Forma CINergy	Historical Resources	CG&E	Pro Forma CINergy
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenues	\$303	\$562	\$865	\$1 102	\$1 821	\$2 923

Operating expenses	256	456	712	956	1 485	2 441
Operating income	47	106	153	146	336	482
Other income and expense - net	2	10	12	26	(180) *	(154)
Interest charges - net	17	40	57	65	157	222
Preferred dividend requirement of subsidiaries	3	6	9	14	25	39
Net income (loss)	\$ 29	\$ 70	\$ 99	\$ 93	\$ (26)	\$ 67
Average common shares outstanding 1/	56	88	139/146	56	88	138/145
Earnings (Loss) per common share 1/	\$.52	\$.79	\$.71/.68	\$1.66	\$ (.29)	\$.49/.46
Dividends declared per common share 1/	\$.31	\$.43	\$.40/.38	\$1.18	\$1.69	\$1.55/1.48

* Reflects write-off of a portion of Wm. H. Zimmer Generating Station (\$223 million net of tax).

See Notes to Pro Forma Condensed Consolidated Financial Information.

</TABLE>

<TABLE>

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
at March 31, 1994
(unaudited)

<CAPTION>

(in millions)

<S>	Historical Resources <C>	CG&E <C>	Pro Forma CINergy <C>
ASSETS			
Utility plant - original cost			
In service	\$3 480	\$5 219	\$8 699
Accumulated depreciation	1 483	1 506	2 989
	1 997	3 713	5 710
Construction work in progress	266	69	335
Total utility plant	2 263	3 782	6 045
Current assets	204	632	836
Other assets	270	782	1 052
Total assets	\$2 737	\$5 196	\$7 933
CAPITALIZATION AND LIABILITIES			
Common stock 2/	\$ 1	\$ 752	\$ 1
Paid-in capital 2/	256	322	1 330
Retained earnings	463	488	951
Total common stock equity	720	1 562	2 282
Cumulative preferred stock of subsidiaries	188	290	478
Long-term debt	865	1 837	2 702
Total capitalization	1 773	3 689	5 462
Current liabilities	548	466	1 014
Deferred income taxes	300	742	1 042
Other liabilities	116	299	415
Total capitalization and liabilities	\$2 737	\$5 196	\$7 933

Notes to Pro Forma Condensed Consolidated Financial Information

1/ The Pro Forma Condensed Consolidated Statements of Income reflect the conversion of each share of Resources'

common stock outstanding into (a) .909 share and (b) 1.023 shares of CINergy common stock and each share of CG&E's common stock outstanding into one share of CINergy common stock. The actual Resources conversion ratio may be lower than 1.023 or higher than .909 depending upon closing sales prices of CG&E's common stock during a period prior to the consummation of the Mergers. Pro forma dividends declared per common share reflect the historical dividends declared by Resources and CG&E, divided by the pro forma average number of CINergy common stock shares outstanding.

- 2/ The pro forma "Common stock" and "Paid-in capital" amounts reflected in the Pro Forma Condensed Consolidated Balance Sheet are based on the conversion of each share of Resources' common stock outstanding into 1.023 shares of CINergy common stock (\$.01 par value) and each share of CG&E's common stock outstanding into one share of CINergy common stock (\$.01 par value). Any Resources conversion ratio lower than 1.023 would result in a reallocation of amounts between "Common stock" and "Paid-in capital". However, any such reallocation would have no effect on "Total common stock equity".
- 3/ Intercompany transactions (including purchased and exchanged power transactions) between Resources and CG&E during the periods presented were not material and accordingly no pro forma adjustments were made to eliminate such transactions.
- 4/ Transaction costs, estimated to be approximately \$47 million, are being deferred by Resources and CG&E. Resources' portion of the costs are being deferred for post-Mergers recovery through customers' rates. In a settlement agreement filed with the Public Utilities Commission of Ohio, CG&E has agreed to, among other things, amortize its portion of merger-related transaction costs over a period ending by January 1, 1999. CG&E will be permitted to retain all of its non-fuel savings from the Mergers until 1999.

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PSI RESOURCES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Merger Agreement with The Cincinnati Gas & Electric Company

As disclosed in PSI Resources, Inc.'s (Resources) 1993 Annual Report on Form 10-K, as amended (1993 Form 10-K), Resources, PSI Energy, Inc. (Energy), Resources' principal subsidiary, and The Cincinnati Gas & Electric Company (CG&E) entered into an Agreement and Plan of Reorganization dated as of December 11, 1992, which was subsequently amended and restated on July 2, 1993, and as of September 10, 1993 (as amended and restated, the "Merger Agreement"). Under the Merger Agreement, Resources will be merged with and into a newly formed corporation named CINergy Corp. (CINergy) and a subsidiary of CINergy will be merged with and into CG&E (collectively referred to as the "Mergers"). In August 1993, the Federal Energy Regulatory Commission (FERC) conditionally approved the Mergers. Certain parties petitioned for rehearing of the FERC's conditional approval. Given the issues raised on the requests for rehearing and the lack of certainty in the record regarding state regulatory powers, on January 12, 1994, the FERC issued an order withdrawing its prior conditional approval of the Mergers and initiating a 60-day, FERC-sponsored settlement procedure.

In connection with the 60-day, FERC-sponsored settlement procedure and other collaborative discussions, Resources, Energy, CINergy, the Indiana Utility Consumer Counselor, the Citizens Action Coalition of Indiana, Inc., and industrial customer representatives reached a global settlement agreement on merger-related issues. This agreement was filed with the Indiana Utility Regulatory Commission (IURC) on March 2, 1994, and was approved by the IURC in its entirety on March 29, 1994. On March 4, 1994, CG&E, the Public Utilities Commission of Ohio, and the Ohio Office of Consumers Counsel reached an agreement substantially similar to the Indiana agreement. Both settlement agreements were filed with the FERC on March 4, 1994. Additional settlements were also filed with the FERC involving other parties that had intervened in the FERC Mergers approval proceeding.

Initial comments regarding the settlements were filed with the FERC on April 12, 1994, and reply comments were filed on April 21, 1994. American Electric Power, Dayton Power and Light Company, Indiana Municipal Power Agency, and the American Forest and Paper Association opposed acceptance of the settlements without a hearing on grounds previously raised in their various pleadings filed with the FERC. In both their initial and reply comments, the FERC staff recommended acceptance of the settlements and approval of the Mergers without further hearing.

CG&E also filed with the FERC a unilateral offer of settlement addressing all issues raised in the Kentucky Public Service Commission's (KPSC) application for rehearing with the FERC. On March 15, 1994, CG&E filed an application with the KPSC seeking approval of the indirect acquisition of control of CG&E's Kentucky subsidiary, The Union Light, Heat and Power Company. A public hearing was held on May 10, 1994, and the KPSC is expected to complete action on the application by mid-May.

CAPITAL RESOURCES

In February 1994, Energy issued \$50 million of long-term debt (see Note 2 on page 8).

RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 1994

Kilowatt-hour Sales

Kilowatt-hour (kwh) sales for the quarter ended March 31, 1994, increased 12% when compared to the same period last year. This increase was primarily attributable to increased sales for resale. Non-firm power sales increased as a result of increased power sales to other utilities. In addition, increased firm power sales were primarily driven by the colder weather conditions experienced in the first quarter of 1994. Also contributing to increased kwh sales were increased retail sales. Sales to domestic and commercial customers increased as a result of the colder weather conditions and the increased number of both domestic and commercial customers in Energy's service territory. Increased industrial sales occurred due to growth primarily in the primary metals and transportation equipment sectors.

Revenues

Total operating revenues increased \$13 million (5%) in the first quarter as compared to the same period last year. This increase primarily reflects the changes in kwh sales, as previously discussed. Partially offsetting the increase in revenues due to kwh sales were Energy's lower average realization arising from the increased levels of kwh usage, the 1.5% retail rate reduction as a result of the IURC's December 1993 order, which resolved the outstanding issues related to the appeals of the IURC's April 1990 order and June 1987 order, and decreased activities in Resources' subsidiary, Wholesale Power Services, Inc.

An analysis of operating revenues is shown below:

	Quarter Ended March 31 (millions)
Operating revenues - March 31, 1993	\$290
Increase (Decrease) due to change in:	
Price per kwh	
Retail	(9)
Sales for resale	
Firm power obligations	(1)
Non-firm power transactions	2
Total change in price per kwh	(8)
Kwh sales	
Retail	12
Sales for resale	
Firm power obligations	4
Non-firm power transactions	8
Total change in kwh sales	24
Other	(3)
Operating revenues - March 31, 1994	\$303

Operating Expenses

Fuel

Fuel costs, Energy's largest operating expense, increased \$3 million (3%) for

the quarter as compared to the same period last year.

An analysis of fuel costs is shown below:

	Quarter Ended March 31 (millions)
Fuel expense - March 31, 1993	\$105
Increase (Decrease) due to change in:	
Price of fuel	(1)
Kwh generation	4
Fuel expense - March 31, 1994	\$108

Purchased and Exchanged Power

Purchased and exchanged power for the quarter increased \$12 million as compared to the same period last year. Increased third party power sales to other utilities through Energy's system contributed to this increase.

Depreciation

Primarily as a result of additions to electric utility plant, depreciation expense for the quarter ended March 31, 1994, increased \$3 million (10%) as compared to the same period last year.

RESULTS OF OPERATIONS FOR THE TWELVE MONTHS ENDED MARCH 31, 1994

Kilowatt-hour Sales

Kwh sales for the twelve months ended March 31, 1994, increased 7% as compared to the same period last year. This increase was primarily the result of increased retail sales. Sales to domestic and commercial customers increased as a result of the more normal weather experienced during the second and third quarters of 1993 and the colder weather experienced in the first quarter of 1994, in addition to the increased number of both domestic and commercial customers in Energy's service territory. Industrial kwh sales also increased, reflecting growth primarily in the primary metals and transportation equipment sectors. In addition, firm power sales for resale increased primarily as a result of the weather conditions previously discussed.

Revenues

Total operating revenues for the twelve months ended March 31, 1994, remained relatively unchanged when compared to the same period last year, showing less than a 1% increase. The increase in revenues driven by the increase in kwh sales previously discussed was substantially offset by the \$31 million refund resulting from the settlement of the IURC's April 1990 order, Energy's lower average realization arising from the increased levels of kwh usage, the effects of lower fuel costs, and decreased activities in Resources' subsidiary, Wholesale Power Services, Inc.

An analysis of operating revenues is shown below:

	Twelve Months Ended March 31 (millions)
Operating revenues - March 31, 1993	\$1 098
Increase (Decrease) due to change in:	
Price per kwh	

Retail	(68)
Sales for resale	
Firm power obligations	(4)
Non-firm power transactions	9
Total change in price per kwh	(63)
Kwh sales	
Retail	67
Sales for resale	
Firm power obligations	8
Non-firm power transactions	-
Total change in kwh sales	75
Other	(8)
Operating revenues - March 31, 1994	\$1 102

Operating Expenses

Fuel

Fuel costs decreased \$10 million (3%) for the twelve months ended March 31, 1994, as compared to the same period last year.

An analysis of fuel costs is shown below:

	Twelve Months Ended March 31 (millions)
Fuel expense - March 31, 1993	\$399
Increase (Decrease) due to change in:	
Price of fuel	(17)
Kwh generation	7
Fuel expense - March 31, 1994	\$389

Purchased and Exchanged Power

Purchased and exchanged power for the twelve months ended March 31, 1994, as compared to the same period last year, increased \$26 million. This increase reflects increased purchases of power to meet Energy's own load and to sell to other utilities.

Other Operation and Maintenance

Increased other operation and maintenance expenses of \$21 million (7%) for the twelve months ended March 31, 1994, as compared to the same period last year, were attributable to approximately \$24 million of costs incurred by Resources associated with IPALCO Enterprises, Inc.'s failed hostile takeover attempt. These costs were partially offset by the decreased activities in Resources' subsidiary, Wholesale Power Services, Inc.

Depreciation Expense

Depreciation expense for the twelve months ended March 31, 1994, increased \$11 million (9%) as compared to the same period last year. This increase was primarily the result of additions to electric utility plant.

Other Income and Expense - Net

Other income and expense increased \$22 million in the twelve months ended March 31, 1994, as compared to the same period last year. Contributing to this increase was the IURC's December 1993 order, which resulted in a reduction of the loss previously recognized for the IURC's June 1987 order. The increase was also due, in part, to the implementation of the January 1993 IURC order authorizing the accrual of post-in-service carrying costs. In addition, the equity component of the allowance for funds used during construction increased partially as a result of increased construction.

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PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a. None.
- b. The following reports on Form 8-K were filed during the first quarter of 1994:

Date of Report

Items Filed

January 12, 1994

Item 5 - Other Events.
(On January 12, 1994, the Federal Energy Regulatory Commission issued an order withdrawing its prior conditional approval of PSI Resources, Inc.'s merger with The Cincinnati Gas & Electric Company and initiating a 60-day, FERC-sponsored settlement procedure.)

March 28, 1994

Item 7 - Financial Statements and Exhibits.
(The Cincinnati Gas & Electric Company's Annual Report on Form 10-K for the year ended December 31, 1993, and Consent of Independent Public Accountants.)

SIGNATURES

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although PSI Resources, Inc. (Resources) believes that the disclosures are adequate to make the information presented not misleading. In the opinion of Resources, these statements reflect all adjustments (which include only normal, recurring adjustments) necessary to reflect the results of operations for the respective periods. The unaudited statements are subject to such adjustments as the annual audit by independent public accountants may disclose to be necessary.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by an officer and the principal accounting officer on its behalf by the undersigned thereunto duly authorized.

PSI RESOURCES, INC.
Registrant

Date: May 12, 1994

/s/ J. Wayne Leonard
(J. Wayne Leonard)
Senior Vice President and
Chief Financial Officer

Date: May 12, 1994

/s/ Charles J. Winger
(Charles J. Winger)
Comptroller and Principal
Accounting Officer