

# SECURITIES AND EXCHANGE COMMISSION

## FORM U-1/A

Application or declaration under the act 1935 [amend]

Filing Date: **1995-07-28**  
SEC Accession No. **0000899652-95-000047**

([HTML Version](#) on [secdatabase.com](http://secdatabase.com))

### FILER

#### **CINERGY CORP**

CIK: **899652** | IRS No.: **311385023** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **U-1/A** | Act: **35** | File No.: **070-08587** | Film No.: **95557121**  
SIC: **4931** Electric & other services combined

Mailing Address  
*139 E FOURTH STREET  
CINCINNATI OH 45202*

Business Address  
*139 E FOURTH ST  
CINCINNATI OH 45202  
5133812000*

As filed with the Securities and Exchange Commission on July 27, 1995

File No. 70-8587

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2 TO FORM U-1 APPLICATION-DECLARATION

UNDER THE

PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

---

CINergy Corp.,  
The Union Light, Heat and Power Co.,  
The West Harrison Gas and Electric Co.,  
Lawrenceburg Gas Co. and  
Miami Power Corp.  
139 East Fourth Street  
Cincinnati, Ohio 45202

PSI Energy, Inc.  
1000 East Main Street  
Plainfield, Indiana 46168

(Names of companies filing this statement and  
addresses of principal executive offices)

---

CINergy Corp.  
(Name of top registered holding company parent)

---

William L. Sheaffer  
Treasurer  
CINergy Corp.  
139 East Fourth Street  
Cincinnati, Ohio 45202  
(Name and address of agent for service)

The Commission is requested to send copies of all notices, orders and  
communications in connection with this Application-Declaration to:

Cheryl M. Foley  
Vice President, General Counsel and Corporate Secretary  
CINergy Corp.

M. Douglas Dunn  
Milbank, Tweed, Hadley & McCloy  
One Chase Manhattan Plaza  
New York, New York 10005

William T. Baker, Jr.  
Reid & Priest  
40 West 57th Street  
New York, New York 10019

The Application-Declaration in this file, as previously amended and restated, is hereby further amended and, as so amended, is hereby restated in its entirety as set forth below, and Exhibits 1.1 through 1.12, 1.18, 1.19, 1.21, 1.23, 1.25, 1.27, 1.28, 1.29, 1.31, 6, 6.1 and 7, previously filed, are hereby withdrawn.

Item 1. Description of Proposed Transactions.

In this Application-Declaration, CINergy Corp. ("CINergy"), a Delaware corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"), and its subsidiary companies PSI Energy, Inc. ("PSI Energy"), The Union Light, Heat and Power Co. ("ULH&P"), The West Harrison Gas and Electric Co. ("West Harrison"), Lawrenceburg Gas Co. ("Lawrenceburg"), and Miami Power Corp. ("Miami") (collectively with CINergy, the "Applicants") seek the following authorizations and order:

(a) authorization

(i) for PSI Energy, ULH&P, Lawrenceburg, West Harrison and Miami to issue notes in connection with short-term borrowings with maturities of 12 months or less from banks and bank trust departments as set forth in Item 1.A.3 herein and through the Utility Money Pool as set forth in Item 1.A.5 herein;

(ii) for CINergy, in connection with borrowings by its subsidiary companies from banks and bank trust departments pursuant to the authorization requested in the preceding clause or applicable rules of the Commission to issue guarantees and letters of credit as set forth in Item 1.A.3.b herein; and

(iii) for PSI Energy to issue commercial paper as set forth in Item 1.A.4 herein; and

(b) an order of the Commission declaring that U.S. Energy Partners ("Energy Partners"), a partnership in which CINergy holds an interest, is not a "subsidiary company" of CINergy within the meaning of Section 2(a)(8) of the Act.

It is proposed that the authority requested in clauses (a)(i), (a)(ii), and (a)(iii) be effective in each case through the earlier of May 31, 1997 or the effective date of any rules adopted by the Commission exempting any such transactions from the approval requirements of the Act.

Description of the Parties

CINergy is a Delaware corporation and a holding company for PSI Energy, The Cincinnati Gas & Electric Company ("CG&E"), and a number of other companies. PSI Energy is engaged in the production, transmission, distribution and sale of electric energy in north central, central, and southern Indiana. It serves a population of approximately 1.9 million in 69 of the 92 counties in Indiana, including the cities of Terre Haute, Kokomo,

Columbus, Lafayette, Bloomington and New Albany. CG&E and its subsidiaries ULH&P, Lawrenceburg and West Harrison are primarily engaged in providing electric and/or gas service in the southwestern portion of Ohio and adjacent areas in Kentucky and Indiana. The area served with electricity, gas, or both covers approximately 3,000 square miles, has an estimated population of approximately 1.8 million, and includes the cities of Cincinnati and Middletown in Ohio, Covington and Newport in Kentucky, and Lawrenceburg in Indiana. Miami is an Indiana corporation and a subsidiary of CG&E. Miami owns a 138 kV transmission line running from the Miami Fort Power Station to a point near Madison, Indiana.

Additional information about the Applicants and their businesses is set forth in the Form U-1 Application-Declaration, as amended, of CINergy in File No. 70-8427, and the exhibits thereto (the "CINergy Merger U-1").

A. Notes, guarantees and commercial paper

1. Borrowing authority

Under the authority requested herein, the maximum principal amount of such short-term notes and/or commercial paper outstanding at any one time for PSI Energy, ULH&P, Lawrenceburg, West Harrison and Miami, when added to notes and/or commercial paper issued pursuant to the exemption set forth in Rule 52, will not exceed the following amounts:

Company	Aggregate amount
PSI Energy	\$400,000,000
ULH&P	35,000,000
West Harrison	200,000
Lawrenceburg	3,000,000
Miami	100,000

2. Use of Proceeds

Proceeds of any such short-term borrowings by PSI Energy, ULH&P, Lawrenceburg, West Harrison and Miami and sales of commercial paper by PSI Energy may be used by each such company (i) for the interim financing of its construction and capital expenditure programs; (ii) for its working capital needs; (iii) for the repayment, redemption or refinancing of its debt and preferred stock; (iv) to meet unexpected contingencies, payment and timing differences, and cash requirements, to cover inter-company balances, and for other lawful general corporate purposes; and (v) to loan to participants in the Utility Money Pool described in Item 1.A.5 below.

3. Notes in connection with bank borrowings

a. Existing bank facilities

PSI Energy has five formal bank facilities which permit borrowings with maturities of 12 months or less. Commitments under these five credit lines aggregate \$102 million, of which \$72.5 million in borrowings were outstanding at December 31, 1994. The agreements embodying these five lines of credit are filed as Exhibits 1.20, 1.22, 1.24, 1.26, and 1.30, and are subject in each case to annual one-year extensions at the request of PSI Energy and with the consent of the respective banks. The five credit lines are unsecured and provide for maturities of up to one year and one day for any borrowings by PSI Energy thereunder, with interest rate options at or below prime rate.

ULH&P has formal bank lines of credit with four banks with

commitments aggregating \$30 million (Exhibits 1.13-1.16 hereto), under which \$14.5 million in borrowings were outstanding as of December 31, 1994.

Lawrenceburg has a formal line of credit with one bank, with a commitment of \$400,000 (Exhibit 1.17 hereto). Lawrenceburg had no borrowings outstanding under this facility at year-end 1994. As of December 31, 1994, West Harrison and Miami had no committed lines of credit.

Certain of the Applicants also have informal arrangements for short-term borrowings with various banks on an "as offered" basis, also known as uncommitted lines of credit. Since interest rates on these borrowings, when and if such borrowings are available, generally are below the prevailing prime rate, it is intended that these informal arrangements will continue to be utilized.

b. Notes in connection with additional bank borrowings; guarantees

To provide flexibility to meet their cash needs, authorization is requested for PSI Energy, ULH&P and Lawrenceburg to issue notes in connection with borrowings from banks pursuant to the existing formal and informal lines of credit described above (and any increases therein that may be negotiated), and for PSI Energy, ULH&P, Lawrenceburg, West Harrison and Miami to issue notes in connection with borrowings from banks and bank trust departments pursuant to new credit facilities (formal or informal) that may be arranged from time to time. All such notes and related CINergy guarantees and letters of credit would be issued on or before May 31, 1997 and would be subject to the limitations on aggregate principal amount set forth in Item 1.A.1.

Authorization is also requested for CINergy to issue guarantees and provide letters of credit in connection with such borrowings and borrowings from banks and bank trust departments by other subsidiary companies of CINergy. Such guarantees would be in an aggregate amount that, when added to any then-outstanding CINergy bank borrowings, commercial paper and letters of credit authorized by the Commission's Order dated January 11, 1995 in File No. 70-8521, Rel. No. 35-26215 (the "January 1995 Order") (in which the Commission authorized CINergy through January 31, 1997 to incur short-term indebtedness through bank borrowings, to issue notes and commercial paper, and to obtain letters of credit, all in an aggregate amount of up to \$375 million), would not exceed \$375 million at any one time. Such letters of credit would be pursuant to and within the limitations of the January 1995 Order.

The promissory notes issued in connection with the proposed borrowings are expected to be in substantially the form filed herewith as Exhibit 2. Each of such notes (a) would be for the principal amount to be borrowed at the time (if a "transactional" note) or for the principal amount outstanding from time to time (if a "grid" note) from the lending bank and be payable to the order of such bank, (b) would be issued on or before May 31, 1997 and would mature on a date no later than one year from the date of issuance, (c) would bear interest at a rate no higher than the effective cost of money for unsecured prime commercial bank loans prevailing on the date of such borrowing, and (d) would be subject to prepayment at the option of borrower, or under certain circumstances with the consent of the lending bank, in whole at any time or in part from time to time, without premium or penalty. Amounts outstanding under formal lines of credit typically would become due immediately upon an event of default, including non-payment, default under other agreements governing indebtedness, bankruptcy, or insolvency. Short-term notes may be issued on either a "grid" note basis or a transactional

basis, under similar terms and conditions. Ordinarily, short-term grid notes are issued to a lending institution before the first borrowing under such note. The holder of the notes maintains the record of borrowings and repayments without the necessity of issuing additional notes. The actual terms of the notes may vary from the terms described above to reflect customary terms or particular lending practices and policies of different lending institutions, but otherwise are expected to be substantially similar.

Compensation arrangements under lines of credit would be on a compensating balance and/or fee basis. In general, fees range from 5 basis points to 20 basis points (and will not exceed 25 basis points) per annum on the commitment, and balance arrangements require average balances of 5% to 10% (and will not exceed 10%) of the amount of the commitment.

For letters of credit obtained by CInergy pursuant to the Commission's order in File No. 70-8521 in support of the bank borrowings described herein, the maximum amount of fees and expenses to be incurred by CInergy would not exceed 1% per year of the face amount of such letters of credit.

Subject to the limitations on aggregate outstanding principal amount set forth in Item 1.A.1 above, authorization is also sought for PSI Energy, ULH&P, Lawrenceburg, West Harrison and Miami to issue notes in connection with borrowings of funds managed by the trust departments of banks if such borrowings would result in an estimated cost of money equal to or less than that available from the sale of commercial paper or other bank borrowings. Each such borrowing would be evidenced by notes payable on demand.

#### 4. Commercial paper

The short-term borrowing needs of PSI Energy have been met in part with the sale of commercial paper through commercial paper dealers (the "Dealers"). At any given time, PSI Energy may be able to issue commercial paper at a lower cost than that applicable to short-term bank borrowings. Accordingly, to provide financing flexibility, PSI Energy requests authority to issue and sell commercial paper, to one or more Dealers, subject to the limitations on aggregate outstanding principal amount stated in Item 1.A.1 above.

There is no affiliation between PSI Energy or any of its subsidiaries, on the one hand, and any Dealer or any of its affiliates, on the other hand. The proceeds from the sale of commercial paper will be added to the seller's treasury funds and will be used for the purposes set forth in Item 1.A.2 above, including, without limitation, for the purpose of loans by the seller through the Utility Money Pool in the manner described in Item 1.A.5 below.

The commercial paper which PSI Energy proposes to issue to Dealers will be in the form of book-entry unsecured promissory notes (in substantially the form filed herewith as Exhibit 3), with varying denominations of no less than \$25,000 each. Such notes will be issued and sold by PSI Energy directly to Dealers at market rates. No commission or fee will be payable in connection with the issuance and sale of the commercial paper. The purchasing Dealer, however, will reoffer such notes at a rate less than the rate to the issuer and, as principal, will reoffer such notes in such a manner as not to constitute a public offering under the Securities Act of 1933. PSI Energy will issue and sell the proposed commercial paper to Dealers at a discount rate not in excess of the maximum discount rate per annum prevailing at the

date of issuance for commercial paper of comparable quality of the particular maturity sold by public utility issuers thereof to Dealers.

PSI Energy also requests authorization to sell commercial paper directly to certain financial institutions. Sales of commercial paper directly to such institutions will be undertaken only if the resulting cost of money is equal to or less than that available from Dealer-placed notes. The terms of any such notes would be similar to those of Dealer-placed notes.

Maturities: The commercial paper issued by PSI Energy will have varying maturities of no more than 270 days from date of issue and will be issued and sold by PSI Energy from time to time through May 31, 1997. No such note will have a maturity date more than 270 days after May 31, 1997. Subject to such limitations, sales of commercial paper (and the bank borrowings described in Item 1.A.3) ordinarily will be structured to mature at such time as excess funds are expected to become available for loans through the money pool described in Item 1.A.5 below. Upon the availability of any such excess funds, external borrowings would be retired and loans refinanced to the extent such funds became available.

#### 5. Utility Money Pool

To coordinate and provide for their short-term cash and working capital requirements, PSI Energy, ULH&P, Lawrenceburg, Miami and West Harrison propose to issue and acquire promissory notes in connection with a money pool (the "Utility Money Pool") to be established with CINergy, CINergy Services, Inc. ("CINergy Services"), a subsidiary service company for the CINergy system, KO Transmission Co., a subsidiary of CG&E formed to acquire an interstate natural gas pipeline to which CG&E is entitled as a result of a settlement with the Columbia gas system, and Tri-State Improvement Co., a subsidiary of CG&E devoted to acquiring and holding property in Ohio, Kentucky and Indiana for substations, electric and gas rights of way, office space and other uses in the utility operations of CG&E and its utility subsidiaries. The proposed terms of the Utility Money Pool are summarized below and are memorialized in a definitive form of agreement filed herewith as Exhibit 5.

Under the proposed terms of the Utility Money Pool, short-term funds would be available from the following sources for short-term loans to participants, including PSI Energy, ULH&P, Lawrenceburg, Miami and West Harrison, from time to time: (1) surplus funds in the treasuries of Utility Money Pool participants other than CINergy, (2) surplus funds in the treasury of CINergy, and (3) proceeds from bank borrowings by Utility Money Pool participants (other than borrowings by PSI Energy of more than 12 months pursuant to the Order of the IURC dated September 9, 1992 in Case No. 39438) or the sale of commercial paper by CINergy, CG&E and PSI Energy for loan to the Utility Money Pool ("External Funds"). Funds would be made available from such sources in such order as CINergy Services, as administrator of the Utility Money Pool, may determine would result in a lower cost of borrowing, consistent with the individual borrowing needs and financial standing of the companies providing funds to the pool. The determination of whether a Utility Money Pool participant at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool would be made by such participant's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such participant's sole discretion.

A separate Non-Utility Money Pool will be established by CINergy

with certain other non-utility subsidiary companies of CINergy. Funds made available by CINergy for loans through the money pools will be made available first for loans through the Utility Money Pool and thereafter for loans through the Non-Utility Money Pool.

Utility Money Pool participants that borrow would borrow pro rata from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of CINergy and other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrower would borrow pro rata from each such fund source in the Utility Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Borrowings from the Utility Money Pool would require authorization by the borrower's chief financial officer or treasurer, or by a designee thereof. No party would be required to effect a borrowing through the Utility Money Pool if it is determined that it could (and had authority to) effect a borrowing at lower cost directly from banks or through the sale of its own commercial paper. No loans through the Utility Money Pool would be made to, and no borrowings through the Utility Money Pool would be made by, CINergy.

**Certain Costs:** The cost of compensating balances and fees paid to banks to maintain credit lines by Utility Money Pool participants lending External Funds to the Utility Money Pool would initially be paid by the participant maintaining such line. A portion of such costs -- or all of such costs in the event a Utility Money Pool participant establishes a line of credit solely for purposes of lending any External Funds obtained thereby into the Utility Money Pool -- would be retroactively allocated every month to the companies borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

**Interest Rate on Loans:** If only Internal Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such Internal Funds would be the CD yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate (or if no such Composite Rate is established for that day, then the applicable rate would be the Composite Rate for the next preceding day for which such Composite Rate was established). The Composite Rate reflects the opportunity cost incurred by the companies in lending such Internal Funds and therefore parallels the lenders' effective cost of capital with respect to such Internal Funds.

If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds would be equal to the lending company's cost for such External Funds (or, if more than one Utility Money Pool participant had made available External Funds on such day, the applicable interest rate would be a composite rate equal to the weighted average of the cost incurred by the respective Utility Money Pool participants for such External Funds).

In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds would be a composite rate equal to the weighted average of (a) the cost of all Internal Funds contributed by



Utility Money Pool participants (as determined pursuant to the second preceding paragraph above) and (b) the cost of all such External Funds (as determined pursuant to the immediately preceding paragraph above). In circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Investment of Surplus Funds: Funds not required by the Utility Money Pool to make loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) would ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit, (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Allocation of Interest Income and Investment Earnings: The interest income and investment income earned on loans and investments of surplus funds would be allocated among the participants in the Utility Money Pool in accordance with the proportion each participant's contribution of funds bears to the total amount of funds in the Utility Money Pool and the cost of funds provided to the Utility Money Pool by such participant.

Repayment: Each Applicant receiving a loan through the Utility Money Pool would be required to repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event not later than one year after the date of such loan. All loans made through the Utility Money Pool could be prepaid by the borrower without premium or penalty.

Form of Loans to Applicants: Under the authorization requested herein, all loans through the Utility Money Pool would be made on or before May 31, 1997. Each lender would receive one or more promissory notes evidencing any and all loans by such lender. Such notes would be substantially in the form filed as Exhibit 4, would be dated as of the date of the initial borrowing (and in any event not later than May 31, 1997), would mature on demand, or on a date agreed by the parties (but in any case not later than one year after the date of the applicable borrowing), and would be prepayable in whole at any time or in part from time to time, without premium or penalty. Interest would be accrued by each borrower monthly.

Additional provisions: Operation of the Utility and Non-Utility Money Pools, including record keeping and coordination of loans, will be handled by CINErgy Services under the authority of the appropriate officers of the participating companies. CINErgy Services will administer the Utility and Non-Utility Money Pools on an "at cost" basis and will maintain separate records for each money pool. Surplus funds of the Utility Money Pool and the Non-Utility Money Pool may be combined in common short-term investments, but separate records of such funds shall be maintained by CINErgy Services as

administrator of the pools, and interest thereon shall be separately allocated, on a daily basis, to each money pool in accordance with the proportion that the amount of each money pool's surplus funds bears to the total amount of surplus funds available for investment from both money pools.

Within 45 days after the end of each calendar quarter, CINErgy Services, on behalf of the Applicants, will file a certificate with the Commission pursuant to Rule 24 under the Act setting forth (i) each Applicant's maximum principal amount of short-term borrowings outstanding during such quarter, (ii) the average rate for the Utility Money Pool during such period, and (iii) the maximum amount outstanding during such period for each source of outside borrowings.

B. Statement Pursuant to Rule 54

Applicants do not intend at present to use the borrowings proposed herein to finance the acquisition of an exempt wholesale generator ("EWG") or a foreign utility company ("FUCO"). If the Applicants' intention changes, an amended Application-Declaration will be filed requesting authorization for such use.

Under Rule 54, in determining whether to approve the issuance or sale of a security by a registered holding company for purposes other than the acquisition of an EWG or FUCO or other transactions by such registered holding company or its subsidiaries other than with respect to EWGs or FUCOs, the Commission shall not consider the effect of the capitalization or earnings of any subsidiary which is an EWG or FUCO upon the registered holding company system, if the conditions set forth in Rule 53(a), (b) and (c) are satisfied. As set forth below, all applicable conditions set forth in Rule 53(a) are and, assuming the consummation of the transactions proposed herein, will be satisfied, and none of the conditions set forth in Rule 53(b) exists or, as a result thereof, will exist. The following discussion assumes the CINErgy system's existence for the dates and periods in question.

Four CINErgy system companies are EWGs or FUCOs. PSI Argentina, Inc. ("PSI Argentina") and its subsidiary, Costanera Power Corp. ("Costanera"), were determined to be EWGs by the Federal Energy Regulatory Commission ("FERC") in Costanera Power Corp., 61 FERC Par. 61,335 (1992), and PSI Argentina, Inc., 68 FERC Par. 61,286 (1994). E P EDEGEL, Inc. was determined to be an EWG by the FERC in E P EDEGEL, Inc., 68 FERC Par. 61,265 (1994). PSI Energy Argentina ("Energy Argentina") is a FUCO and has filed a Notification of FUCO status on Form U-57. In addition to these investments, CINErgy owns a number of other companies formed to hold investments in FUCOs and/or EWGs (CGE ECK, Inc., PSI T&D International, Inc. and PSI Yacyreta, Inc.), and is seeking authorization in File No. 70-8589 to retain certain other companies (including PSI Power Resource Development, Inc., PSI Power Resource Operations, Inc., PSI International, Inc., and PSI Sunnyside, Inc.) and to form additional companies to facilitate FUCO and EWG investments. Because none of these other companies presently owns any EWG or FUCO, they are not included in the calculations below.

Rule 53(a)(1): The average of CINErgy's pro forma consolidated retained earnings for the four consecutive quarters ended December 31, 1994 was \$929 million, and CINErgy's aggregate investment in EWGs and FUCOs at December 31, 1994 was approximately \$20 million, or approximately 2% of consolidated retained earnings.

Rule 53(a)(2): CINErgy will maintain books and records enabling it

to identify investments in and earnings from each EWG and FUCO in which it directly or indirectly holds an interest. At present, CINEnergy does not hold any interest in a domestic EWG; Rule 53(a)(2)(i) is therefore inapplicable.

In accordance with Rule 53(a)(2)(ii), the books and records and financial statements of each foreign EWG and FUCO which is a "majority-owned subsidiary company" of CINEnergy are kept in conformity with and prepared according to U.S. generally accepted accounting principles ("GAAP"). CINEnergy will provide the Commission access to such books and records and financial statements, or copies thereof, in English, as the Commission may request.

In accordance with Rule 53(a)(2)(iii), for each foreign EWG and FUCO in which CINEnergy directly or indirectly owns 50% or less of the voting securities, CINEnergy will proceed in good faith, to the extent reasonable under the circumstances, to cause each such entity's books and records to be kept in conformity with, and the financial statements of each such entity to be prepared according to, GAAP. If such books and records are maintained, or such financial statements are prepared, according to a comprehensive body of accounting principles other than GAAP, CINEnergy will, upon request of the Commission, describe and quantify each material variation from GAAP in the accounting principles, practices and methods used to maintain such books and records and each material variation from GAAP in the balance sheet line items and net income reported in such financial statements, as the case may be. In addition, CINEnergy will proceed in good faith, to the extent reasonable under the circumstances, to cause access by the Commission to such books and records and financial statements, or copies thereof, as the Commission may request, and in any event will make available to the Commission any such books and records that are available to CINEnergy.

Rule 53(a)(3): At any one time, a maximum of approximately 25 CINEnergy system employees have rendered services to PSI Argentina, Costanera and Energy Argentina. Based on current staffing levels, this represents less than 0.3% of the approximately 8,650 full-time employees of CINEnergy's domestic operating utility subsidiaries. Such services have heretofore been rendered, in part, by employees of PSI Energy in accordance with the Commission's order in PSI Resources, Inc. et al., Holding Co. Act Rel. No. 35-25674, 52 SEC Docket 2533, 2534-35 (Nov. 13, 1992), and by employees of CG&E in accordance with business practices established prior to the formation of the CINEnergy system and the registration of CINEnergy as a holding company under the Act. Pursuant to the Commission's October 21, 1994 Order granting the CINEnergy Merger U-1, CINEnergy Services is authorized to provide services to utility and non-utility associate companies, including those that are EWGs or FUCOs.

Rule 53(a)(4): CINEnergy is simultaneously submitting a copy of this Application-Declaration, and will submit copies of any Rule 24 certificates required hereunder, as well as a copy of Item 9 of CINEnergy's Form U5S and Exhibits H and I thereto, to each of the public service commissions having jurisdiction over the retail rates of CINEnergy's operating utility subsidiaries at the time such documents are filed with the Commission.

Rule 53(b): The provisions of Rule 53(a) are not made inapplicable to the authorizations herein requested by reason of the provisions of Rule 53(b).

Rule 53(b)(1): Neither CINEnergy nor any subsidiary of CINEnergy is the subject of any pending bankruptcy or similar proceeding.

Rule 53(b)(2): CINEnergy's total capital invested in utility

operations as of December 31, 1994 totaled approximately \$5.9 billion, consisting of approximately \$2.8 billion in long-term and \$208 million in short-term debt of CG&E, PSI Energy and the utility subsidiaries of CG&E, \$478 million in preferred stock of CG&E and PSI Energy, and \$2.4 billion in common equity of CG&E, PSI Energy and the utility subsidiaries of CG&E. CINergy's aggregate present investment in EWGs and FUCOs (approximately \$20 million) represents less than 0.4% of CINergy's total capital invested in utility operations. Together with the \$95 million in additional investment authority requested by CINergy in its pending Application-Declaration in File No. 70-8589, CINergy's aggregate investment authority for EWGs and FUCOs (\$115,000,000) would represent less than 2% of CINergy's total capital invested in utility operations. Average consolidated retained earnings for the four quarters ended December 31, 1994 equaled \$929 million, versus \$1,053 million for the four quarters ended December 31, 1993, a difference of approximately \$124 million or 12%.

Rule 53(b)(3): For the 12 months ended December 31, 1994, CINergy had net income of approximately \$175,000 attributable to its direct or indirect investments in EWGs and FUCOs.

Rule 53(c). Inasmuch as Rule 53(c) applies only if an applicant is unable to satisfy the requirements of Rules 53(a) and (b), it is inapplicable here.

C. Energy Partners is not a "subsidiary company" of CINergy

Through its indirect subsidiary CG&E Resource Marketing, Inc., CINergy holds a one-third partnership interest in Energy Partners, a gas marketing partnership with Public Service Electric & Gas Company. Resource Marketing was formed to compete with traditional regulated local distribution companies by offering "merchant service" (i.e., acquiring natural gas and selling it to customers) and to broker gas to industrial and large commercial customers, with the initial aim of recapturing former customers of CG&E's gas utility business.

CINergy's interest in Energy Partners is a minority interest, with the remaining majority interest held by one partner unaffiliated with CINergy. For this and other reasons set forth in the legal memorandum filed herewith (Exhibit 16 hereto), CINergy does not "control" Energy Partners or possess a "controlling influence" over its management or policies, and hereby requests an order by the Commission that Energy Partners is not a "subsidiary company" of CINergy within the meaning of Section 2(a)(8) of the Act.

Item 2. Fees, Commissions and Expenses.

An estimate of the fees and expenses to be paid or incurred by the Applicants in connection with the proposed transactions is set forth below:

	Amount
Holding Company Act filing fee . . . . .	\$ 2,000*
Rating agency fees for commercial paper (annual) . . . . .	10,000
Counsel fees . . . . .	60,000

Miscellaneous and incidental expenses including travel, telephone and postage. . . . .	3,000
Total. . . . .	\$ 75,000

---

\*Actual amount.

Fees with respect to bank borrowings are set forth in Item 1. In addition to the foregoing fees, CINergy Services will provide certain services in connection with the application, consisting primarily of treasury and legal services.

Item 3. Applicable Statutory Provisions.

Sections 2(a)(8), 6, 7, 9(a), 10, 12(b), 12(f) and 13 of the Act and Rules 40, 43, 45, 53, 54 and 80-95 thereunder are or may be applicable to one or more of the proposed transactions. To the extent any other sections of the Act and the Commission's rules thereunder may be applicable to the proposed transactions, the Applicants hereby request appropriate orders thereunder.

Item 4. Regulatory Approval.

PSI Energy, West Harrison, Lawrenceburg and Miami: Under the Indiana Code, IURC authorization is not required for borrowings of 12 months or less by Indiana utility companies and is therefore not required for the borrowings by PSI Energy (including the issuance of commercial paper by PSI Energy), West Harrison, Lawrenceburg and Miami proposed herein. The Indiana Code does not limit the use of such 12-month-or-less borrowings or preclude the use of the proceeds of such borrowings for purposes of making loans through the Utility Money Pool, and IURC authorization is not required for PSI Energy, West Harrison, Lawrenceburg or Miami to lend the proceeds of such 12-month-or-less borrowings through the Utility Money Pool as proposed herein.

ULH&P: Pursuant to an Order issued on October 25, 1994 in FERC Docket No. ES94-43-000 (Exhibit 9 hereto), ULH&P presently has all necessary authority from the FERC to issue up to \$35,000,000 of unsecured promissory notes through December 31, 1996. No additional authorization from the Kentucky Public Service Commission ("KPSC") is required under Kentucky law for the ULH&P borrowings proposed herein.

Additional approvals: Pursuant to the terms of certain settlement agreements, commitments and orders relating to the mergers that resulted in the formation of the CINergy system, CINergy is required to submit certain proposed inter-affiliate agreements subject to the Commission's jurisdiction (including the proposed Utility Money Pool Agreement) to the IURC and the Public Utilities Commission Ohio ("PUCO") for their review (over a period of up to 60 days) before filing such agreements with the Commission. During such review period, the applicable state commission may (among other things) reject, disapprove or find unreasonable the proposed inter-affiliate agreement, as more fully described in Item 3.B of the CINergy Merger U-1.

On April 4, 1995, copies of the Utility Money Pool Agreement were submitted to the IURC and the PUCO. On June 29, 1995, PSI Energy submitted a letter to the IURC Staff (Exhibit 8.1 hereto) in which PSI Energy agreed to provide the IURC with certain information on a periodic basis relating to PSI Energy's participation in the Utility Money Pool to be filed by PSI Energy with the Commission pursuant to Item 1 hereof. On July 19, 1995, the IURC Staff provided PSI Energy with a letter (Exhibit 8.2 hereto) clearing the Utility Money Pool Agreement. On May 4, 1995, the PUCO issued an order in Case No. 95-275-GE-AIS approving the Utility Money Pool Agreement.

Except as described above, no state or federal regulatory authority, other than the Commission under the Act, has jurisdiction over any of the proposed transactions, and no other state or federal authorizations are required for the transactions described herein.

Item 5. Procedure.

It is requested that the Commission issue and publish no later than March 17, 1995, the requisite notice under Rule 23 with respect to the filing of this Application-Declaration, such notice to specify a date not later than April 11, 1995 as the date after which an order granting and permitting this Application-Declaration to become effective may be entered by the Commission and that the Commission enter not later than April 12, 1995, an appropriate order granting and permitting this Application-Declaration to become effective.

No recommended decision by a hearing officer or other responsible officer of the Commission is necessary or required in this matter. The Division of Investment Management of the Commission may assist in the preparation of the Commission's decision in this matter. There should be no thirty-day waiting period between the issuance and the effective date of any order issued by the Commission in this matter, and it is respectfully requested that any such order be made effective immediately upon the entry thereof.

Item 6. Exhibits and Financial Statements.

Exhibit 1.1 - Withdrawn.

Exhibit 1.2 - Withdrawn.

Exhibit 1.3 - Withdrawn.

Exhibit 1.4 - Withdrawn.

Exhibit 1.5 - Withdrawn.

Exhibit 1.6 - Withdrawn.

Exhibit 1.7 - Withdrawn.

Exhibit 1.8 - Withdrawn.

- Exhibit 1.9 - Withdrawn.
- Exhibit 1.10 - Withdrawn.
- Exhibit 1.11 - Withdrawn.
- Exhibit 1.12 - Withdrawn.
- Exhibit 1.13 - Letter agreement between ULH&P and Star Bank and Grid Note (\$7,500,000).
- Exhibit 1.14 - Letter agreement between ULH&P and The Fifth Third Bank and Promissory Note (\$7,500,000).
- Exhibit 1.15 - Letter agreement between ULH&P and Central Trust Company and Amended and Restated Grid Note in favor of PNC Bank, Ohio, National Association (\$7,500,000).
- Exhibit 1.16 - Letter agreement between ULH&P and National City Bank, Kentucky, and Master Promissory Note in favor of First National Bank of Louisville (\$7,500,000).
- Exhibit 1.17 - Letter agreement between The Lawrenceburg Gas Company and Star Bank N.A., Indiana (\$400,000).
- Exhibit 1.18 - Withdrawn.
- Exhibit 1.19 - Withdrawn.
- Exhibit 1.20 - Committed Line of Credit Agreement between PSI Energy and Barclays Bank PLC and Grid Note of same date (\$15,000,000).
- Exhibit 1.21 - Withdrawn.
- Exhibit 1.22 - Letter agreement between PSI Energy and The Chase Manhattan Bank, N.A., Promissory Note, and amendment letters (\$30,000,000).
- Exhibit 1.23 - Withdrawn.
- Exhibit 1.24 - Amended and Restated Revolving Note by PSI Energy in favor of The Fifth Third Bank (\$15,000,000).
- Exhibit 1.25 - Withdrawn.
- Exhibit 1.26 - Letter agreement between PSI Energy and Bank of Montreal and Unsecured Note (\$27,000,000).
- Exhibit 1.27 - Withdrawn.

- Exhibit 1.28 - Withdrawn.
- Exhibit 1.29 - Withdrawn.
- Exhibit 1.30 - Revolving Credit Agreement between PSI Energy and Swiss Bank Corporation, New York Branch, Promissory Note, and Amendment No. 2 (\$15,000,000).
- Exhibit 1.31 - Withdrawn.
- Exhibit 2 - Form of note to evidence borrowings from banks.
- Exhibit 3 - Form of commercial paper note.
- Exhibit 4 - Form of note to be executed by borrowing Applicants to lending Applicants.
- Exhibit 5 - Form of Utility Money Pool Agreement (filed herewith).
- Exhibit 6 - Withdrawn.
- Exhibit 6.1 - Withdrawn.
- Exhibit 7 - Withdrawn.
- Exhibit 8 - Withdrawn.
- Exhibit 8.1 - Letter from PSI Energy to IURC Staff dated June 29, 1995 (filed herewith).
- Exhibit 8.2 - Letter from Robert C. Glazier, Director of Utilities for the IURC, to PSI Energy dated July 19, 1995 (filed herewith).
- Exhibit 9 - FERC Order issued October 25, 1994 (Docket No. ES94-43-000).
- Exhibit 10 - Withdrawn.
- Exhibit 10.1 - Revised preliminary opinion of counsel (filed herewith).
- Exhibit 11 - Final or "past tense" opinion of counsel (to be filed with certificate of notification).
- Exhibit 12 - Proposed notice of proceeding.
- Exhibit 13 - Withdrawn.
- Exhibit 14 - Financial statements of Applicants (filed herewith).



- Exhibit 15 - U.S. Energy Partners General Partnership Agreement Effective as of January 1, 1994 (filed herewith).
- Exhibit 16 - Legal memorandum (filed herewith).
- Exhibit 27 - Financial data schedules (filed with electronic submission only) (filed herewith).

Item 7. Information as to Environmental Effects.

The proposed transactions do not involve major federal action having a significant effect on the human environment. To the best of the Applicants' knowledge no federal agency has prepared or is preparing an environmental impact statement with respect to the proposed transactions.

Item 8. Power of Attorney.

KNOW ALL MEN BY THESE PRESENTS, that each person signing below constitutes J. Wayne Leonard, Jackson H. Randolph and William L. Sheaffer, and each of them, with full power to act without the others, his lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, in any capacity, to sign any further amendment to this Application-Declaration, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission granting unto the attorneys-in-fact and agents, and each of them, full authority to do each act necessary to be done, as fully to all purposes as he might do in person, hereby ratifying all that the attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

S I G N A T U R E

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, as amended, the undersigned companies have duly caused this document to be signed on their behalf by the undersigned thereunto duly authorized.

Dated: July 27, 1995  
CINergy CORP.

By: WILLIAM L. SHEAFER  
William L. Sheaffer  
Treasurer

PSI ENERGY, INC.

By: WILLIAM L. SHEAFER  
William L. Sheaffer  
Treasurer

THE UNION LIGHT, HEAT AND POWER CO.

By: WILLIAM L. SHEAFER  
William L. Sheaffer  
Treasurer

THE WEST HARRISON GAS AND ELECTRIC CO.

By: WILLIAM L. SHEAFER  
William L. Sheaffer  
Treasurer

LAWRENCEBURG GAS CO.

By: WILLIAM L. SHEAFER  
William L. Sheaffer  
Treasurer

MIAMI POWER CORPORATION

By: WILLIAM L. SHEAFER  
William L. Sheaffer  
Treasurer

#### EXHIBIT INDEX

The number in parentheses after each exhibit description refers to the number of the amendment to this Application-Declaration with which that exhibit was filed. Exhibits marked "(0)" were filed with the initial Application-Declaration.

Exhibit Number	Exhibit	Transmission Method
1.1	Withdrawn.	
1.2	Withdrawn.	
1.3	Withdrawn.	
1.4	Withdrawn.	
1.5	Withdrawn.	
1.6	Withdrawn.	

1.7	Withdrawn.	
1.8	Withdrawn.	
1.9	Withdrawn.	
1.10	Withdrawn.	
1.11	Withdrawn.	
1.12	Withdrawn.	
1.13	Letter agreement between ULH&P and Star Bank and Grid Note (\$7,500,000) (1).	Form SE
1.14	Letter agreement between ULH&P and The Fifth Third Bank and Promissory Note (\$7,500,000) (1).	Form SE
1.15	Letter agreement between ULH&P and Central Trust Company and Amended and Restated Grid Note in favor of PNC Bank, Ohio, National Association (\$7,500,000) (1).	Form SE
1.16	Letter agreement between ULH&P and National City Bank, Kentucky, and Master Promissory Note in favor of First National Bank of Louisville (\$7,500,000) (1).	Form SE
1.17	Letter agreement between The Lawrenceburg Gas Company and Star Bank N.A., Indiana (\$400,000) (1).	Form SE
1.18	Withdrawn.	
1.19	Withdrawn.	
1.20	Committed Line of Credit Agreement between PSI Energy and Barclays Bank PLC and Grid Note (\$15,000,000) (1).	Form SE
1.21	Withdrawn.	
1.22	Letter agreement between PSI Energy and The Chase Manhattan Bank, N.A., Promissory Note, and amendment letters (\$30,000,000) (1).	Form SE
1.23	Withdrawn.	
1.24	Amended and Restated Revolving Note by PSI Energy in favor of The Fifth Third Bank (\$15,000,000) (1).	Form SE
1.25	Withdrawn.	

1.26	Letter agreement between PSI Energy and Bank of Montreal and Unsecured Note (\$27,000,000) (1).	Form SE
1.27	Withdrawn.	
1.28	Withdrawn.	
1.29	Withdrawn.	
1.30	Revolving Credit Agreement between PSI Energy and Swiss Bank Corporation, New York Branch, Promissory Note, and Amendment No. 2 (\$15,000,000) (1).	Form SE
1.31	Withdrawn.	
2	Form of note to evidence borrowings from banks (0).	Electronic
3	Form of commercial paper note (0).	Electronic
4	Form of note to be executed by borrowing Applicants to lending Applicants (0).	Electronic
5	Form of Utility Money Pool Agreement (2).	Electronic
6	Withdrawn.	
6.1	Withdrawn.	
7	Withdrawn.	
8	Withdrawn.	
8.1	Letter from PSI Energy to IURC Staff dated June 29, 1995 (2).	Electronic
8.2	Letter from Robert C. Glazier, Director of Utilities for the IURC, to PSI Energy dated July 19, 1995 (2).	Electronic
9	FERC Order issued October 25, 1994 (Docket No. ES94-43-000) (1).	Form SE
10	Withdrawn.	
10.1	Revised preliminary opinion of counsel (2)	Electronic
11	Final or "past tense" opinion of counsel (to be filed with certificate of notification).	--
12	Proposed notice of proceeding (0).	Electronic
13	Withdrawn.	

14	Financial statements of Applicants (2).	Electronic
15	U.S. Energy Partners General Partnership Agreement Effective as of January 1, 1994 (2).	Form SE
16	Legal memorandum (2).	Electronic
27	Financial data schedules (filed with electronic submission only) (2).	Electronic

Utility Money Pool Agreement

This UTILITY MONEY POOL AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 1995 by and among CINergy Corp. ("CINergy"), a Delaware corporation and a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"); CINergy Services, Inc. ("CINergy Services"), a Delaware corporation and a subsidiary service company of CINergy; PSI Energy, Inc. ("PSI Energy"), an Indiana corporation and a utility subsidiary of CINergy; The Cincinnati Gas & Electric Company ("CG&E"), an Ohio corporation and a utility subsidiary of CINergy; The Union Light, Heat and Power Co. ("ULH&P"), a Kentucky corporation and a utility subsidiary of CG&E; The West Harrison Gas and Electric Co. ("West Harrison"), an Indiana corporation and a utility subsidiary of CG&E; Lawrenceburg Gas Co. ("Lawrenceburg"), an Indiana corporation and a utility subsidiary of CG&E; Miami Power Corp. ("Miami"), an Indiana corporation and a utility subsidiary of CG&E; Tri-State Improvement Co. ("Tri-State"), an Ohio corporation and a subsidiary of CG&E; and KO Transmission Co. ("KO"), a Kentucky corporation and a subsidiary of CG&E (each a "party" and collectively, the "parties").

Recitals

The parties from time to time have need to borrow funds on a short-term basis. Some of the parties from time to time have funds available to loan on a short-term basis. The parties desire to establish a pool (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements.

NOW THEREFORE, in consideration of the premises, and the mutual promises set forth herein, the parties hereto agree as follows:

ARTICLE I  
CONTRIBUTIONS AND BORROWINGS

Section 1.1 Contributions to Utility Money Pool. Each party will determine each day, on the basis of cash flow projections and other relevant factors, in such party's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such party's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such party's sole discretion. Each party may withdraw any of its funds at any time upon notice to CINergy Services as administrative agent of the Utility Money Pool.

Section 1.2 Rights to Borrow. Subject to the provisions of Section 1.4(b) of this Agreement, all short-term borrowing needs of the parties, with the exception of CINergy, will be met by funds in the Utility Money Pool to the extent such funds are available. Each party (other than CINergy) shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds and the limitations and conditions set forth herein and in the applicable orders of the Securities and Exchange Commission ("SEC"). Each party (other than CINergy) may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the parties; provided, however, that the aggregate amount of all loans requested by any party hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the SEC and other regulatory authorities, resolutions of such party's shareholders and Board of Directors, such party's governing corporate documents, and agreements binding upon such party. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, CINergy.

Section 1.3 Source of Funds. (a) Funds will be available through the Utility Money Pool from the following sources for use by the parties from time to time: (i) surplus funds in the treasuries of parties other than CINergy, (ii) surplus funds in the treasury of CINergy, and (iii) proceeds from bank borrowings by parties and the sale of commercial paper by CINergy, CG&E and PSI Energy ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as CINergy Services, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the parties providing funds to the Utility Money Pool.

(b) Borrowing parties will borrow pro rata from each lending party in the proportion that the total amount loaned by such lending party bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of CINergy and other Utility Money Pool participants ("Internal Funds") and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrowing party will borrow pro rata from each fund source in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Section 1.4 Authorization. (a) Each loan shall be authorized by the lending party's chief financial officer or treasurer, or by a designee thereof.

(b) All borrowings from the Utility Money Pool shall be authorized by the borrowing party's chief financial officer or treasurer, or by a designee thereof. No party shall be required to effect a borrowing through the Utility Money Pool if such party determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the

sale of its own commercial paper.

Section 1.5 Interest. Each party receiving a loan shall accrue interest monthly on the unpaid principal amount of such loan to the Utility Money Pool from the date of such loan until such principal amount shall be paid in full.

(a) If only Internal Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such Internal Funds shall be the CD yield equivalent of the 30-day Federal Reserve "AA" Industrial Commercial Paper Composite Rate (or, if no such Composite Rate is established for that day, then the applicable rate shall be the Composite Rate for the next preceding day for which such Composite Rate was established).

(b) If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds shall be equal to the lending party's cost for such External Funds (or, if more than one party had made available External Funds on such day, the applicable interest rate shall be a composite rate, equal to the weighted average of the cost incurred by the respective parties for such External Funds).

(c) In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such "blended" funds shall be a composite rate, equal to the weighted average of the (i) cost of all Internal Funds contributed by parties (as determined pursuant to Section 1.5(a) above) and (ii) the cost of all such External Funds (as determined pursuant to Section 1.5(b) above); provided, that in circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a "blend" of such funds, to the extent it is expected that such loans would result in a lower cost of borrowing.

Section 1.6 Certain Costs. The cost of compensating balances and fees paid to banks to maintain credit lines by parties lending External Funds to the Utility Money Pool shall initially be paid by the party maintaining such line. A portion of such costs shall be retroactively allocated every month to the parties borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

Section 1.7 Repayment. Each party receiving a loan hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 365 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.8 Form of Loans to parties. Loans to the parties through the Utility Money Pool will be made pursuant to open-account advances, repayable upon demand and in any event not later than one year after the date



of the advance; provided, that each lending party shall at all times be entitled to receive upon demand one or more promissory notes evidencing any and all loans by such lender. Any such note shall: (a) be substantially in the form filed as Exhibit 4 to the Form U-1 Application-Declaration in File No. 70-8587, (b) be dated as of the date of the initial borrowing, (c) mature on demand or on a date agreed by the parties to the transaction, but in any event not later than one year after the date of the applicable borrowing, and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

## ARTICLE II OPERATION OF UTILITY MONEY POOL

Section 2.1 Operation. Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by CINEnergy Services under the authority of the appropriate officers of the parties. CINEnergy Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all advances, interest charges and accruals and interest and principal payments for purposes hereof, and shall prepare periodic reports thereof for the parties. CINEnergy Services will administer the Utility Money Pool on an "at cost" basis. Separate records shall be kept by CINEnergy Services for the money pool established by this agreement and any other money pool administered by CINEnergy Services.

Section 2.2 Investment of Surplus Funds in the Utility Money Pool. Funds not required to meet Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds; and (viii) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

Section 2.3 Allocation of Interest Income and Investment Earnings. The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the parties in accordance with the proportion each party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool and the cost of any External Funds provided to the Utility Money Pool by such party. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.4 Event of Default. If any party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any party seeking to adjudicate it a bankrupt or insolvent, then the other parties may declare the unpaid principal amount of any loans to such party, and all interest thereon, to be forthwith due and payable and all such amounts shall forthwith become due and payable.

ARTICLE III  
MISCELLANEOUS

Section 3.1 Amendments. No amendment to this Agreement shall be adopted except in a writing executed by the parties.

(a) Prior to filing any amendment to this Agreement with the SEC, the parties will file with the Indiana Utility Regulatory Commission (the "IURC") and the Public Utilities Commission of Ohio (the "PUCO" and, together with the IURC, the "State Commissions") and provide to the Indiana and Ohio Utility Consumer Counselors (and, upon request, to appropriate parties) a copy of such amendment.

(b) In the event that an amendment is finally rejected or disapproved or found to be unreasonable by one or more of the State Commissions prior to filing with the SEC, the amendment will not become effective and the parties will not request SEC approval of the amendment.

(c) In the event that an amendment is rejected or disapproved or found to be unreasonable by one or more of the State Commissions after it has been filed with the SEC but before it has been approved by the SEC, the amendment will be terminated and the parties agree to request withdrawal of the filing.

(d) Notwithstanding paragraphs (b) and (c) above, in the event that an amendment is rejected, disapproved or found to be unreasonable by one or more of the State Commissions before it has been approved by the SEC, the parties shall have the right to request further revisions of the amendment in order to cure or remove the cause of the State Commission's rejection, disapproval or finding of unreasonableness. Upon request by a party, the other parties agree promptly to negotiate in good faith to revise the amendment, and thereafter to file for any necessary regulatory authorization of the renegotiated amendment. If the parties are unable to reach agreement satisfactory to each of them and to each affected State Commission after good faith negotiations, then paragraphs (b) and (c) above, as applicable, will apply.

(e) In the event that each State Commission has previously approved an amendment prior to SEC approval, paragraph (f) below shall not apply.

(f) In the event that an amendment has become effective and is

subsequently rejected, disapproved or found to be unreasonable by one or more of the State Commissions, the parties will make a good faith effort to terminate, amend or modify the amendment in a manner which remedies the State Commission's adverse findings without adverse impact on any of the parties. The parties will request to meet with representatives of the State Commissions and make a good faith attempt to resolve any differences in the affected states regarding the subject amendment. If agreement can be reached to terminate, amend or modify the amendment in a manner satisfactory to the contracting parties and to the representatives of each State Commission, the parties shall file such amended contract with the appropriate state and federal regulatory agencies, seeking all necessary regulatory authorizations. If the parties are unable to reach agreement satisfactory to each of them and to each affected State Commission, after good faith negotiations, then they shall be under no obligation to further amend the amendment.

(g) Nothing in this Section 3.1 is intended to amend, modify or alter the authority of the SEC under the Act.

Section 3.2 Legal Responsibility. Nothing herein contained shall render any party liable for the obligations of any other party hereunder and the rights, obligations and liabilities of the parties are several in accordance with their respective obligations, and not joint.

Section 3.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Ohio.

Section 3.4 Certain Conditions. This Agreement is conditioned upon the following:

(a) CG&E and CINEnergy will not seek to overturn, reverse, set aside, change or enjoin, whether through appeal or the initiation or maintenance of any action in any forum, a decision or order of the PUCO which pertains to recovery, disallowance, allowance, deferral, or ratemaking treatment of any expense, charge, cost, or allocation incurred or accrued by CG&E in or as a result of a contract, agreement, arrangement, or transaction with any affiliate, associate, holding, mutual service or subsidiary company on the basis that such expense, charge, cost, or allocation has itself been filed with or approved by the SEC, or was incurred pursuant to a contract, arrangement, agreement, or allocation method which was filed with or approved by the SEC.

(b) PSI Energy and CINEnergy will not seek to overturn, reverse, set aside, change or enjoin, whether through appeal or the initiation or maintenance of any action in any forum, a decision or order of the IURC which pertains to recovery, disallowance, allowance, deferral, or ratemaking treatment of any expense, charge, cost, or allocation incurred or accrued by PSI Energy in or as a result of a contract, agreement, arrangement, or transaction with any affiliate, associate, holding, mutual service or subsidiary company on the basis that such expense, charge, cost, or allocation has itself been filed with or approved by the SEC, or was incurred pursuant to a contract, arrangement, agreement, or allocation method which was filed with

or approved by the SEC.

(c) CG&E will continue not to issue short-term debt without authorization from the PUCO.

IN WITNESS WHEREOF, the undersigned companies have duly caused this document to be signed on their behalf on the date first written above by the undersigned thereunto duly authorized.

CINergy CORP.

By \_\_\_\_\_

Name:

Title:

CINergy SERVICES, INC.

By \_\_\_\_\_

Name:

Title:

PSI ENERGY, INC.

By \_\_\_\_\_

Name:

Title:

THE CINCINNATI GAS & ELECTRIC  
COMPANY

By \_\_\_\_\_

Name:

Title:

THE UNION LIGHT, HEAT AND POWER CO.

By \_\_\_\_\_

Name:

Title:

THE WEST HARRISON GAS AND ELECTRIC CO.

By \_\_\_\_\_

Name:

Title:

LAWRENCEBURG GAS CO.

By \_\_\_\_\_

Name:

Title:

MIAMI POWER CORP.

By \_\_\_\_\_

Name:

Title:

TRI-STATE IMPROVEMENT CO.

By \_\_\_\_\_

Name:

Title:

KO TRANSMISSION CO.

By \_\_\_\_\_

Name:

Title:

File No. 70-8587

Exhibit 8.1

PSI Energy  
Legal Department  
1000 East Main Street  
Plainfield, Indiana 46168

VIA HAND DELIVERY

June 29, 1995

Mr. Robert C. Glazier  
Indiana Utility Regulatory Commission  
302 West Washington Street, Room E306  
Indiana Government Center South  
Indianapolis, Indiana 46204

Re: PSI Energy, Inc. and CINErgy Corp.  
Affiliate Guidelines  
Utility Money Pool Agreement  
SEC Form U-1; SEC File No. 70-8587

Dear Bob:

Reference is made to our telephone conference call of June 27, 1995 concerning the above-referenced matter.

This correspondence will confirm the agreement of PSI Energy, Inc. ("PSI") and CINErgy Corp. ("CINErgy") as follows:

(1) PSI will provide the Indiana Utility Regulatory Commission ("IURC") with a copy of each report which CINErgy Services, Inc. files with the Securities and Exchange Commission ("SEC") pursuant to Item 1.D of the Form U-1 which PSI and the other Applicants filed with the SEC concerning the proposed Utility Money Pool Agreement ("Agreement"); such reports will be filed with the SEC on a quarterly basis within 45 days after the end of the calendar quarter and will set forth (i) each Applicant's maximum principal amount of short-term borrowings outstanding, (ii) the average rate of the money pool over the period, and (iii) the maximum amount outstanding during the period for each source of outside borrowings; PSI will provide the IURC with a copy of each such report when it is filed with the SEC.

(2) Representatives of PSI, CINErgy and CINErgy Services, Inc. will meet with representatives of the IURC Staff following the filing with the SEC of

the first report under Paragraph (1) above and discuss the information set forth in such report and the accounting for transactions under the Agreement; PSI understands that following such meeting the IURC Staff may require PSI to submit to the IURC Staff additional information concerning such transactions beyond the information set forth in such report.

It is my understanding that the agreements in the two immediately preceding paragraphs resolve any concerns or questions that the IURC Staff may have with respect to the Agreement submitted by PSI for IURC Staff review pursuant to Section IV(B) of PSI's Affiliate Guidelines (see Section 5 of PSI's Retail Electric Tariff). If my understanding is correct, then please confirm in writing that the IURC Staff clears the Agreement for filing by PSI with the IURC and the SEC.

Please contact me if you should have any comments or questions concerning this matter.

Sincerely,

/s/Ronald J. Brothers



File No. 70-8587

Exhibit 8.2

July 19, 1995

Ronald J. Brothers  
Associate General Counsel  
PSI Energy  
1000 East Main Street  
Plainfield, IN 46168

RE: PSI Energy, Inc. - Affiliate Guidelines - Utility Money Pool Agreement

Dear Ron:

The Commission's staff has completed its review of the affiliate contract entitled "Utility Money Pool Agreement" provided to the staff on April 4, 1995 by PSI Energy and the agreement is now cleared for filing with the IURC and the SEC in accordance with PSI's Affiliate Guidelines (see section 5 of PSI's Retail Electric Tariff). The staff has cleared this contract for filing based on PSI's answers to questions posed by the commission's staff. In clearing this contract the staff is specifically relying on agreements made by PSI and CINergy in a letter to me dated June 29, 1995 signed by yourself.

We apologize for the length of time it took the staff to review this contract and clear it for filing. Future contracts will be handled more efficiently.

Very truly yours,

/s/Robert C. Glazier  
Director of Utilities

RCG/lc

cc: Randy Clemens, General Counsel  
Bob Pauley, Chief Economist  
Jerry Webb, Chief Engineer  
Mike Gallagher, Chief Accountant  
Karen McKinney, Assistant Chief Economist

File 70-8587  
Exhibit 10.1

Milbank, Tweed, Hadley & McCloy  
1 Chase Manhattan Plaza  
New York, NY 10005

July 27, 1995

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: Form U-1 Application-Declaration

Dear Sirs:

We refer to the Form U-1 Application-Declaration, as amended and restated by Amendment No. 2 thereto (the "Amended and Restated Application-Declaration"), filed by CINErgy Corp. ("CINErgy"), a Delaware corporation and a registered public utility holding company under the Public Utility Holding Company Act of 1935, as amended (the "Act"), and its subsidiary companies PSI Energy, Inc. ("PSI Energy"), The Union Light, Heat and Power Co. ("ULH&P"), The West Harrison Gas and Electric Co. ("West Harrison"), Lawrenceburg Gas Co. ("Lawrenceburg"), and Miami Power Corp. ("Miami"). Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Application-Declaration.

The Amended and Restated Application-Declaration requests: (a) authorization (i) for PSI Energy, ULH&P, Lawrenceburg, West Harrison and Miami to issue notes in connection with short-term borrowings with maturities of 12 months or less from banks and bank trust departments as set forth in Item 1.A.3 of the Amended and Restated Application-Declaration and through a Utility Money Pool as set forth in Item 1.A.5 of the Amended and Restated Application-Declaration, (ii) for CINErgy, in connection with borrowings by its subsidiary companies from banks and bank trust departments pursuant to the authorization requested in the preceding clause or applicable rules of the Commission, to issue guarantees and letters of credit as set forth in Item 1.A.3.b of the Amended and Restated Application-Declaration, and (iii) for PSI Energy to issue commercial paper as set forth in Item 1.A.4 of the Amended and Restated Application-Declaration; and (b) an order of the Commission declaring that U.S. Energy Partners ("Energy Partners"), a partnership in which CINErgy holds an interest, is not a "subsidiary company" of CINErgy within the meaning of Section 2(a)(8) of the Act (collectively, the "Transactions"). We have

acted as special counsel for CINErgy in connection with the Transactions and, as such counsel, we are familiar with the corporate proceedings taken and to be taken by CINErgy in connection with the Transactions as described in the Amended and Restated Application-Declaration.

We have examined originals, or copies certified to our satisfaction, of such corporate records of CINErgy, certificates of public officials, certificates of officers and representatives of CINErgy, and other documents as we have deemed it necessary to require as a basis for the opinions hereinafter expressed. In such examination we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies. As to various questions of fact material to such opinions we have, when relevant facts were not independently established, relied upon certificates by officers of CINErgy and other appropriate persons and statements contained in the Amended and Restated Application-Declaration.

The opinions expressed below in respect of the Transactions described in the Amended and Restated Application-Declaration are subject to the following assumptions or conditions:

a. The Transactions shall have been duly authorized and approved to the extent required by state law by the Board of Directors of CINErgy, PSI Energy, ULH&P, Lawrenceburg, West Harrison and Miami.

b. The Securities and Exchange Commission shall have duly entered an appropriate order or orders granting the Amended and Restated Application-Declaration and permitting the Amended and Restated Application-Declaration to become effective with respect to the Transactions.

c. The Transactions shall have been accomplished in accordance with all approvals, authorizations, consents, certificates and orders of any applicable state commission or regulatory authority required for the consummation of the Transactions, and all such required approvals, authorizations, consents, certificates and orders shall have been obtained and remain in effect.

d. The commercial paper and other notes proposed to be issued by PSI Energy to non-associate companies, and the notes proposed to be issued by borrowing Applicants to lending Applicants, shall be substantially in the forms attached as exhibits to the Amended and Restated Application-Declaration and shall be properly completed and executed and, where required, countersigned.

e. The rates of interest on the commercial paper and notes that are the subject of the Amended and Restated Application-Declaration shall not exceed the interest rates permitted by applicable state and federal law.

f. Borrowings will not exceed those levels permitted from time to time by the borrowing Applicant's Articles or Certificate of Incorporation or other governing corporate documents and debt instruments and agreements to

which the borrowing Applicant is a party or by which its property is bound, and applicable laws and orders of governmental and regulatory authorities with jurisdiction over such borrowing Applicant.

g. No act or event other than as described herein shall have occurred subsequent to the date hereof which would change the opinions expressed above.

h. The consummation of the Transactions shall be conducted under our supervision, and all legal matters incident thereto shall be satisfactory to us, including the receipt in satisfactory form of such opinions of other counsel, qualified to practice in jurisdictions pertaining to such transactions in which we are not admitted to practice, as we may deem appropriate.

Based upon the foregoing, and having regard to legal considerations which we deem relevant, we are of the opinion that, in the event that the proposed Transactions are consummated in accordance with the Amended and Restated Application-Declaration, as it may be amended, and subject to the assumptions and conditions set forth above:

1. CINergy will be validly organized and duly existing under the laws of the State of Delaware. PSI Energy, Lawrenceburg, West Harrison and Miami will be validly organized and duly existing under the laws of the State of Indiana. ULH&P will be validly organized and duly existing under the laws of the Commonwealth of Kentucky.

2. All state laws applicable to the proposed Transactions will have been complied with.

3. The lending Applicants will legally acquire any promissory notes of the borrowing Applicants issued in connection with the proposed Transactions.

4. The commercial paper and notes proposed to be issued by Applicants to non-associate companies, and the notes proposed to be issued by Applicants to other Applicants, will be valid and binding obligations of the issuing Applicant, enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5. The consummation of the proposed Transactions will not violate the legal rights of the holders of any securities issued by any Applicant.

We hereby consent to the use of this opinion as an exhibit to the Amended and Restated Application-Declaration. The opinions set forth herein are issued and expressed as of the date hereof. We do not assume or undertake any responsibility to advise you of changes in either fact or law which may

come to our attention after the date hereof.

Very truly yours,

Milbank, Tweed, Hadley & McCloy

MDD/RBW

FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM U-1

FILE NO. 70-8587

CINERGY CORP.  
CONSOLIDATED

AS OF DECEMBER 31, 1994

(Unaudited)

Pages 1 through 6

<TABLE>  
<CAPTION>

CINERGY CORP.  
PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments	Pro Forma
	(in thousands, except per share amounts)	(in thousands, except per share amounts)	(in thousands, except per share amounts)
<S>	<C>	<C>	<C>
<b>OPERATING REVENUES</b>			
Electric . . . . .	\$ 2 481 779	\$	\$ 2 481 779
Gas . . . . .	442 398		442 398
	2 924 177		2 924 177
<b>OPERATING EXPENSES</b>			
Fuel used in electric production . . . . .	725 985		725 985
Gas purchased . . . . .	248 293		248 293
Purchased and exchanged power . . . . .	62 332		62 332
Other operation . . . . .	563 650		563 650
Maintenance . . . . .	200 959		200 959
Depreciation . . . . .	294 395		294 395
Post-in-service deferred operating expenses - net . . . . .	(5 998)		(5 998)
Phase-in deferred depreciation . . . . .	(2 161)		(2 161)
Income taxes . . . . .	152 181	(4 814)	147 367
Taxes other than income taxes . . . . .	244 051		244 051
	2 483 687	(4 814)	2 478 873
<b>OPERATING INCOME . . . . .</b>	<b>440 490</b>	<b>4 814</b>	<b>445 304</b>
<b>OTHER INCOME AND EXPENSES - NET</b>			
Allowance for equity funds used during construction . . . . .	6 201		6 201
Post-in-service carrying costs . . . . .	9 780		9 780
Phase-in deferred return . . . . .	15 351		15 351
Income taxes . . . . .	10 609		10 609
Other - net . . . . .	(28 444)		(28 444)

INCOME BEFORE INTEREST AND OTHER CHARGES. . . . .	453 987	4 814	458 801
INTEREST AND OTHER CHARGES			
Interest on long-term debt. . . . .	219 248		219 248
Other interest. . . . .	20 370	13 753	34 123
Allowance for borrowed funds used during construction . . . . .	(12 332)		(12 332)
Preferred dividend requirements of subsidiaries . . . . .	35 559		35 559
	262 845	13 753	276 598
NET INCOME . . . . .	\$ 191 142	\$ (8 939)	\$ 182 203
AVERAGE COMMON SHARES OUTSTANDING. . .	147 426		147 426
EARNINGS PER COMMON SHARE. . . . .	\$1.30		\$1.24
DIVIDENDS DECLARED PER COMMON SHARE. .	\$1.50		

</TABLE>

<TABLE>  
<CAPTION>

CINERGY CORP.  
PRO FORMA CONSOLIDATED BALANCE SHEET  
AT DECEMBER 31, 1994

ASSETS

Pro Forma  
Actual Adjustments Pro Forma  
(dollars in thousands)

<S>	<C>	<C>	<C>
UTILITY PLANT - ORIGINAL COST			
In service			
Electric . . . . .	\$8 292 625	\$	\$8 292 625
Gas. . . . .	645 602		645 602
Common . . . . .	185 718		185 718
	9 123 945		9 123 945
Accumulated depreciation . . . . .	3 163 802		3 163 802
	5 960 143		5 960 143
Construction work in progress. . . . .	238 750		238 750
Total utility plant. . . . .	6 198 893		6 198 893
CURRENT ASSETS			
Cash and temporary cash investments. . . .	71 880	220 278	292 158
Restricted deposits. . . . .	11 288		11 288
Accounts receivable less accumulated provision of \$9,716,000 for doubtful accounts . . . . .	299 509		299 509
Materials, supplies, and fuel - at average cost			
Fuel for use in electric production. . .	156 028		156 028
Gas stored for current use . . . . .	31 284		31 284
Other materials and supplies . . . . .	92 880		92 880
Property taxes applicable to subsequent year. . . . .	112 420		112 420
Prepayments and other. . . . .	36 416		36 416
	811 705	220 278	1 031 983
OTHER ASSETS			
Regulatory assets			
Post-in-service carrying costs and deferred operating expenses. . . . .	185 280		185 280
Phase-in deferred return and depreciation . . . . .	100 943		100 943
Deferred demand-side management costs. .	104 127		104 127
Amounts due from customers - income taxes . . . . .	408 514		408 514
Deferred merger costs. . . . .	49 658		49 658
Unamortized costs of reacquiring debt. .	70 424		70 424
Other. . . . .	86 017		86 017
Other. . . . .	134 281		134 281
	1 139 244		1 139 244
	\$8 149 842	\$220 278	\$8 370 120

</TABLE>

<TABLE>  
<CAPTION>

CINERGY CORP.

PRO FORMA CONSOLIDATED BALANCE SHEET  
AT DECEMBER 31, 1994

CAPITALIZATION AND LIABILITIES

	Actual	Pro Forma Adjustments	Pro Forma
	(dollars in thousands)	(dollars in thousands)	(dollars in thousands)
<S>	<C>	<C>	<C>
<b>COMMON STOCK EQUITY</b>			
Common stock - \$.01 par value; authorized shares - 600,000,000; outstanding shares - 155,198,038 . . . . .	\$ 1 552	\$	\$ 1 552
Paid-in capital . . . . .	1 535 658		1 535 658
Retained earnings . . . . .	877 061	(8 939)	868 122
Total common stock equity . . . . .	2 414 271	(8 939)	2 405 332
<b>CUMULATIVE PREFERRED STOCK OF SUBSIDIARIES</b>			
Not subject to mandatory redemption . . . . .	267 929		267 929
Subject to mandatory redemption . . . . .	210 000		210 000
<b>LONG-TERM DEBT</b> . . . . .	2 715 269		2 715 269
Total capitalization . . . . .	5 607 469	(8 939)	5 598 530
<b>CURRENT LIABILITIES</b>			
Long-term debt due within one year . . . . .	60 400		60 400
Notes payable . . . . .	228 900	229 217	458 117
Accounts payable . . . . .	266 467		266 467
Refund due to customers . . . . .	15 482		15 482
Litigation settlement . . . . .	80 000		80 000
Accrued taxes . . . . .	258 041		258 041
Accrued interest . . . . .	58 504		58 504
Other . . . . .	36 610		36 610
	1 004 404	229 217	1 233 621
<b>OTHER LIABILITIES</b>			
Deferred income taxes . . . . .	1 071 104		1 071 104
Unamortized investment tax credits . . . . .	195 878		195 878
Accrued pension and other postretirement benefit costs . . . . .	133 578		133 578
Other . . . . .	137 409		137 409
	1 537 969		1 537 969
	\$8 149 842	\$220 278	\$8 370 120

</TABLE>

<TABLE>  
<CAPTION>

CINERGY CORP.  
PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments	Pro Forma
	(in thousands)	(in thousands)	(in thousands)
<S>	<C>	<C>	<C>
BALANCE DECEMBER 31, 1993 . . . . .	\$ 907 802	\$	\$ 907 802
Net income . . . . .	191 142	(8 939)	182 203
Dividends on common stock . . . . .	(221 362)		(221 362)
Other . . . . .	(521)		(521)
BALANCE DECEMBER 31, 1994 . . . . .	\$ 877 061	\$(8 939)	\$ 868 122

</TABLE>

CINERGY CORP.

Pro Forma Consolidated Journal Entries to Give Effect to the  
Borrowing of Up to \$438,300,000 from Banks

Entry No. 1

Cash and temporary cash investments . . \$229,217,000  
Notes payable . . . . . \$229,217,000

To record the issuance of notes payable net of \$229,217,000 of notes  
outstanding at December 31, 1994.

Entry No. 2



Other interest . . . . . \$13,753,020  
 Cash and temporary cash investments . . . . . \$13,753,020

To record interest on \$229,217,000 of notes payable at 6%.

Entry No. 3

Cash and temporary cash investments . . . \$4,813,557  
 Income taxes . . . . . \$4,813,557

To record the reduction in income taxes due to increased other interest costs  
 (\$13,753,020 at an assumed tax rate of 35%).

FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C.

FORM U-1

FILE NO. 70-8587

CINERGY CORP.

AS OF DECEMBER 31, 1994

(Unaudited)

Pages 1 through 5

<TABLE>  
 <CAPTION>

CINERGY CORP.  
 PRO FORMA STATEMENT OF INCOME  
 TWELVE MONTHS ENDED DECEMBER 31, 1994

<u>&lt;S&gt;</u>	<u>&lt;C&gt;</u>	Actual	Pro Forma Adjustments*	Pro Forma
		(in thousands, except per share amounts)		
		<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>
<b>OPERATING EXPENSES</b>				
Other operation . . . . .	\$	643	\$	\$ 643
Income taxes . . . . .		(925)		(925)
Taxes other than income taxes . . . . .		(10)		(10)
		(292)		(292)
<b>OPERATING INCOME . . . . .</b>		<b>292</b>		<b>292</b>
<b>OTHER INCOME AND EXPENSES - NET</b>				
Equity in earnings of subsidiaries . . . . .	196	300		196 300
Income taxes . . . . .	2	219		2 219
Other - net . . . . .	(5)	100)		(5 100)
	193	419		193 419
<b>INCOME BEFORE INTEREST . . . . .</b>		<b>193 711</b>		<b>193 711</b>
<b>INTEREST . . . . .</b>		<b>2 569</b>		<b>2 569</b>
<b>NET INCOME . . . . .</b>	<b>\$</b>	<b>\$191 142</b>	<b>\$</b>	<b>\$191 142</b>

\* No adjustments are applicable.

</TABLE>

<TABLE>  
<CAPTION>

CINERGY CORP.  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

ASSETS

	Actual	Pro Forma Adjustments*	Pro Forma
	(dollars in thousands)		
<S>	<C>	<C>	<C>
<b>CURRENT ASSETS</b>			
Cash and temporary cash investments . . . .	\$ 11 430	\$	\$ 11 430
Accounts receivable . . . . .	55 145		55 145
	66 575		66 525
<b>OTHER ASSETS</b>			
Investment in subsidiaries . . . . .	2 424 196		2 424 196
Other . . . . .	160		160
	2 424 356		2 424 356
	\$2 490 931	\$	\$2 490 931

CAPITALIZATION AND LIABILITIES

<b>COMMON STOCK EQUITY</b>			
Common stock - \$.01 par value; authorized shares - 600,000,000; outstanding shares - 155,198,038 . . . .	\$ 1 552	\$	\$ 1 552
Paid-in capital . . . . .	1 535 658		1 535 658
Retained earnings . . . . .	877 061		877 061
Total common stock equity . . . . .	2 414 271		2 414 271
<b>CURRENT LIABILITIES</b>			
Notes payable . . . . .	75 000		75 000
Accounts payable . . . . .	1 000		1 000
Accrued interest . . . . .	917		917
	76 917		76 917
<b>OTHER LIABILITIES</b>			
Deferred income taxes . . . . .	(258)		(258)
Other . . . . .	1		1
	(257)		(257)
	\$2 490 931	\$	\$2 490 931

\* No adjustments are applicable.

</TABLE>

<TABLE>  
<CAPTION>

CINERGY CORP.  
PRO FORMA STATEMENT OF CHANGES IN RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments*	Pro Forma
	(in thousands)		
<S>	<C>	<C>	<C>
BALANCE DECEMBER 31, 1993 . . . . .	\$ 907 802	\$	\$ 907 802
Net income . . . . .	191 142		191 142
Dividends on common stock . . . . .	(221 362)		(221 362)
Other . . . . .	(521)		(521)
BALANCE DECEMBER 31, 1994 . . . . .	\$ 877 061	\$	\$ 877 061

\* No adjustments are applicable.

</TABLE>

CINERGY CORP.

Pro Forma Journal Entries\*

\* No adjustments are applicable.

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM U-1  
FILE NO. 70-8587PSI ENERGY, INC.  
CONSOLIDATED

AS OF DECEMBER 31, 1994

(Unaudited)

Pages 1 through 6

<TABLE>  
<CAPTION>PSI ENERGY, INC.  
PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
TWELVE MONTHS ENDED DECEMBER 31, 1994

<u>&lt;S&gt;</u>	Actual <C>	Pro Forma Adjustments <C>	Pro Forma <C>	(in thousands)
OPERATING REVENUES . . . . .	\$1 126 504	\$	\$1 126 504	
OPERATING EXPENSES				
Fuel . . . . .	400 515		400 515	
Purchased and exchanged power . . . . .	41 400		41 400	
Other operation . . . . .	213 122		213 122	
Maintenance . . . . .	94 149		94 149	
Depreciation . . . . .	137 719		137 719	
Post-in-service deferred depreciation	(9 288)		(9 288)	
Income taxes . . . . .	50 366	(4 335)	46 031	
Taxes other than income taxes . . . . .	46 335		46 335	
	974 318	(4 335)	969 983	
OPERATING INCOME . . . . .	152 186	4 335	156 521	
OTHER INCOME AND EXPENSES - NET				
Allowance for equity funds used				
during construction . . . . .	4 230		4 230	
Post-in-service carrying costs . . . . .	9 780		9 780	
Income taxes . . . . .	(1 312)		(1 312)	
Other - net . . . . .	(7 893)		(7 893)	
	4 805		4 805	
INCOME BEFORE INTEREST . . . . .	156 991	4 335	161 326	
INTEREST				
Interest on long-term debt . . . . .	68 862		68 862	
Other interest . . . . .	15 292	12 385	27 677	
Allowance for borrowed funds used				
during construction . . . . .	(9 355)		(9 355)	
	74 799	12 385	87 184	
NET INCOME . . . . .	82 192	(8 050)	74 142	
PREFERRED DIVIDEND REQUIREMENT . . . . .	13 182			13 182
INCOME APPLICABLE TO COMMON STOCK . . . . .	\$ 69 010	\$ (8 050)	\$ 60 960	

</TABLE>

<TABLE>  
<CAPTION>

PSI ENERGY, INC.  
PRO FORMA CONSOLIDATED BALANCE SHEET  
AT DECEMBER 31, 1994

ASSETS

<S>	Actual	Pro Forma	
		Adjustments	Pro Forma
<C>	<C>	<C>	<C>
ELECTRIC UTILITY PLANT - ORIGINAL COST			
In service . . . . .	\$3 789 785	\$	\$3 789 785
Accumulated depreciation . . . . .	1 550 297		1 550 297
	2 239 488		2 239 488
Construction work in progress . . . . .	163 761		163 761
Total electric utility plant . . . . .	2 403 249		2 403 249
CURRENT ASSETS			
Cash and temporary cash investments . . . . .	6 341	198 377	204 718
Restricted deposits . . . . .	11 190		11 190
Accounts receivable less accumulated provision of \$440,000 for doubtful accounts . . . . .	36 061		36 061
Materials, supplies, and fuel - at average cost			
Fuel . . . . .	113 861		113 861
Other materials and supplies . . . . .	29 363		29 363
Prepayments and other . . . . .	4 758		4 758
	201 574	198 377	399 951
OTHER ASSETS			
Regulatory assets			
Post-in-service carrying costs and deferred depreciation . . . . .	30 142		30 142
Deferred demand-side management costs . . . . .	94 125		94 125
Amounts due from customers - income taxes . . . . .	27 134		27 134
Deferred merger costs . . . . .	37 645		37 645
Unamortized costs of reacquiring debt . . . . .	36 998		36 998
Other . . . . .	30 030		30 030
Other . . . . .	84 027		84 027
	340 101		340 101
	\$2 944 924	\$198 377	\$3 143 301

</TABLE>

<TABLE>  
<CAPTION>

PSI ENERGY, INC.  
PRO FORMA CONSOLIDATED BALANCE SHEET  
AT DECEMBER 31, 1994

CAPITALIZATION AND LIABILITIES

<S>	Actual	Pro Forma	
		Adjustments	Pro Forma
<C>	<C>	<C>	<C>
COMMON STOCK EQUITY			
Common stock - without par value; \$.01 stated value; authorized shares - 60,000,000; outstanding shares - 53,913,701 . . . . .	\$ 539	\$	\$ 539
Paid-in capital . . . . .	389 309		389 309
Accumulated earnings subsequent to November 30, 1986 quasi-reorganization . . . . .	493 103	(8 050)	485 053
Total common stock equity . . . . .	882 951	(8 050)	874 901
CUMULATIVE PREFERRED STOCK - NOT SUBJECT TO MANDATORY REDEMPTION . . . . .	187 929		187 929
LONG-TERM DEBT . . . . .	877 512		877 512
Total capitalization . . . . .	1 948 392	(8 050)	1 940 342

CURRENT LIABILITIES			
Long-term debt due within one year . . . . .	60 400		60 400
Notes payable . . . . .	193 573	206 427	400 000
Accounts payable . . . . .	142 775		142 775
Refund due to customers . . . . .	15 482		15 482
Litigation settlement . . . . .	80 000		80 000
Accrued taxes . . . . .	30 784		30 784
Accrued interest . . . . .	25 685		25 685
Other . . . . .	3 202		3 202
	551 901	206 427	758 328
OTHER LIABILITIES			
Deferred income taxes . . . . .	324 738		324 738
Unamortized investment tax credits . . . . .	60 461		60 461
Accrued pension and other postretirement benefit costs . . . . .	31 324		31 324
Other . . . . .	28 108		28 108
	444 631		444 631
	\$2 944 924	\$198 377	\$3 143 301

</TABLE>

<TABLE>  
<CAPTION>

PSI ENERGY, INC.  
PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments (in thousands)	Pro Forma
<S>	<C>	<C>	<C>
BALANCE DECEMBER 31, 1993 . . . . .	\$483 242	\$	\$483 242
Net income . . . . .	82 192	(8 050)	74 142
Dividends on preferred stock . . . . .	(13 182)		(13 182)
Dividends on common stock . . . . .	(59 142)		(59 142)
Other . . . . .	(7)		(7)
BALANCE DECEMBER 31, 1994 . . . . .	\$493 103	\$ (8 050)	\$485 053

PSI ENERGY, INC.

Pro Forma Consolidated Journal Entries to Give Effect to the  
Borrowing of Up to \$400 Million from Banks

Entry No. 1

Cash and temporary cash investments . . . \$206,427,000  
Notes payable . . . . . \$206,427,000

To record the issuance of notes payable net of \$193,573,000 notes outstanding as of December 31, 1994.

Entry No. 2

Other interest . . . . . \$12,385,620  
Cash and temporary cash investments . . . . . \$12,385,620

To record interest on \$206,427,000 of notes payable at 6%.

Entry No. 3

Cash and temporary cash investments . . . \$4,334,967  
Income taxes . . . . . \$4,334,967

To record the reduction in income taxes due to increased other interest costs (\$12,385,620 at an assumed tax rate of 35%).

FINANCIAL STATEMENTS

## THE UNION LIGHT, HEAT AND POWER COMPANY

AS OF DECEMBER 31, 1994  
(Unaudited)

Pages 1 through 6

</TABLE>  
<TABLE>  
<CAPTION>

THE UNION LIGHT, HEAT AND POWER COMPANY  
PRO FORMA STATEMENT OF INCOME  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual <C>	Pro Forma Adjustments <C>	Pro Forma <C>	(in
<S> thousands)				
OPERATING REVENUES				
Electric. . . . .	\$177 564	\$	\$177 564	
Gas . . . . .	71 971		71 971	
	249 535		249 535	
OPERATING EXPENSES				
Electricity purchased from parent company for resale. . . . .	134 887		134 887	
Gas purchased . . . . .	40 508		40 508	
Other operation . . . . .	32 289		32 289	
Maintenance . . . . .	5 473		5 473	
Depreciation. . . . .	10 644		10 644	
Income taxes. . . . .	5 342	(431)	4 911	
Taxes other than income taxes . . . . .	4 002		4 002	
	233 145	(431)	232 714	
OPERATING INCOME . . . . .	16 390	431	16 821	
OTHER INCOME AND EXPENSES - NET				
Allowance for equity funds used during construction . . . . .	78		78	
Other - net . . . . .	292		292	
	370		370	
INCOME BEFORE INTEREST . . . . .	16 760	431	17 191	
INTEREST				
Interest on long-term debt. . . . .	8 161		8 161	
Other interest. . . . .	395	1 230	1 625	
Allowance for borrowed funds used during construction . . . . .	(183)		(183)	
	8 373	1 230	9 603	
NET INCOME . . . . .	\$ 8 387	\$ (799)	\$ 7 588	

</TABLE>

<TABLE>  
<CAPTION>

THE UNION LIGHT, HEAT AND POWER COMPANY  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

ASSETS

Pro Forma  
Actual Adjustments Pro Forma  
(dollars in thousands)

<S>	<C>	<C>	<C>
UTILITY PLANT - ORIGINAL COST			
In service			
Electric . . . . .	\$179 098	\$	\$179 098
Gas . . . . .	134 103		134 103
Common . . . . .	19 122		19 122
	332 323		332 323
Accumulated depreciation . . . . .	104 113		104 113
	228 210		228 210
Construction work in progress . . . . .	8 638		8 638
Total utility plant . . . . .	236 848		236 848
CURRENT ASSETS			
Cash and temporary cash investments . . . . .	1 071	19 701	20 772
Accounts receivable less accumulated provision of \$457,429 for doubtful accounts . . . . .	33 892		33 892
Materials, supplies, and fuel - at average cost			
Gas stored for current use . . . . .	6 216		6 216
Other materials and supplies . . . . .	1 406		1 406
Property taxes applicable to subsequent year . . . . .	2 200		2 200
Prepayments and other . . . . .	593		593
	45 378	19 701	65 079
OTHER ASSETS			
Deferred merger costs . . . . .	1 785		1 785
Other . . . . .	3 117		3 117
	4 902		4 902
	\$287 128	\$19 701	\$306 829

</TABLE>

<TABLE>  
<CAPTION>

THE UNION LIGHT, HEAT AND POWER COMPANY  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

CAPITALIZATION AND LIABILITIES

<S>	Actual (dollars in thousands)	Pro Forma Adjustments	Pro Forma
COMMON STOCK EQUITY	<C>	<C>	<C>
Common stock - \$15.00 par value; authorized shares - 1,000,000; outstanding shares - 585,333 . . . . .			
	\$ 8 780	\$	\$ 8 780
Paid-in capital . . . . .	18 839		18 839
Retained earnings . . . . .	74 203	(799)	73 404
Total common stock equity . . . . .	101 822	(799)	101 023
LONG-TERM DEBT . . . . .	89 238		89 238
Total capitalization . . . . .	191 060	(799)	190 261
CURRENT LIABILITIES			
Notes payable . . . . .	14 500	20 500	35 000
Accounts payable . . . . .	21 655		21 655
Accrued taxes . . . . .	2 876		2 876
Accrued interest . . . . .	2 123		2 123
Other . . . . .	4 123		4 123
	45 277	20 500	65 777
OTHER LIABILITIES			
Deferred income taxes . . . . .	23 226		23 226
Unamortized investment tax credits . . . . .	5 364		5 364
Accrued pension and other postretirement benefit costs . . . . .	10 356		10 356
Income taxes refundable through rates . . . . .	4 282		4 282
Other . . . . .	7 563		7 563
	50 791		50 791
	\$287 128	\$19 701	\$306 829

</TABLE>

<TABLE>  
<CAPTION>

THE UNION LIGHT, HEAT AND POWER COMPANY  
PRO FORMA STATEMENT OF CHANGES IN RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments (in thousands)	Pro Forma
<S>	<C>	<C>	<C>
BALANCE DECEMBER 31, 1993 . . . . .	\$69 327	\$	\$69 327
Net income. . . . .	8 387	(799)	7 588
Dividends on common stock . . . . .	(3 511)		(3 511)
BALANCE DECEMBER 31, 1994 . . . . .	\$74 203	\$(799)	\$73 404

</TABLE>

THE UNION LIGHT, HEAT AND POWER COMPANY

Pro Forma Journal Entries to Give Effect to the Borrowing  
of Up to \$35 Million from Banks

Entry No. 1

Cash and temporary cash investments. . . \$20,500,000  
Notes payable . . . . . \$20,500,000

To record the issuance of notes payable net of \$14,500,000 of notes  
outstanding at December 31, 1994.

Entry No. 2

Other interest . . . . . \$1,230,000  
Cash and temporary cash investments . . . . . \$1,230,000

To record interest on \$20,500,000 of notes payable at 6%.

Entry No. 3

Cash and temporary cash investments . . \$430,500  
Income taxes . . . . . \$430,500

To record the reduction in income taxes due to increased other interest costs  
(\$1,230,000 at an assumed tax rate of 35%).

FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM U-1

FILE NO. 70-8587

THE WEST HARRISON GAS AND ELECTRIC COMPANY



(Unaudited)

Pages 1 through 6

<TABLE>  
<CAPTION>

THE WEST HARRISON GAS AND ELECTRIC COMPANY  
PRO FORMA STATEMENT OF INCOME  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments	Pro Forma
	(in thousands)		
<S>	<C>	<C>	<C>
ELECTRIC OPERATING REVENUES. . . . .	\$483	\$	\$483
OPERATING EXPENSES			
Electricity purchased from parent company for resale. . . . .	344		344
Other operation . . . . .	68		68
Maintenance . . . . .	14		14
Depreciation. . . . .	17		17
Income taxes. . . . .	9	(3)	6
Taxes other than income taxes . . . . .	13		13
	465	(3)	462
OPERATING INCOME . . . . .	18	3	21
INTEREST . . . . .	5	10	15
NET INCOME . . . . .	\$ 13	\$ (7)	\$ 6

&lt;/TABLE&gt;

<TABLE>  
<CAPTION>

THE WEST HARRISON GAS AND ELECTRIC COMPANY  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

## ASSETS

	Actual	Pro Forma Adjustments	Pro Forma
	(dollars in thousands)		
<S>	<C>	<C>	<C>
ELECTRIC UTILITY PLANT - ORIGINAL COST			
In service . . . . .	\$528	\$	\$528
Accumulated depreciation . . . . .	160		160
Total electric utility plant . . . . .	368		368
CURRENT ASSETS			
Cash . . . . .	21	158	179
Accounts receivable. . . . .	79		79
	100	158	258
OTHER ASSETS			
Amounts due from customers - income taxes . . . . .	13		13
	\$481	\$158	\$639

&lt;/TABLE&gt;

<TABLE>  
<CAPTION>

THE WEST HARRISON GAS AND ELECTRIC COMPANY  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

CAPITALIZATION AND LIABILITIES

	Actual	Pro Forma Adjustments	Pro Forma
	(dollars in thousands)		
<S>	<C>	<C>	<C>
<b>COMMON STOCK EQUITY</b>			
Common stock - \$10.00 par value; authorized shares - 10,000; outstanding shares - 2,000 . . . . .	\$ 20	\$	\$ 20
Retained earnings . . . . .	248	(7)	241
Total capitalization . . . . .	268	(7)	261
<b>CURRENT LIABILITIES</b>			
Notes payable . . . . .		165	165
Accounts payable to associated companies - net . . . . .	109		109
Other . . . . .	8		8
	117	165	282
<b>OTHER LIABILITIES</b>			
Deferred income taxes . . . . .	67		67
Unamortized investment tax credits . . . . .	15		15
Accrued pension and other postretirement benefit costs . . . . .	11		11
Other . . . . .	3		3
	96		96
	\$481	\$158	\$639

</TABLE>

<TABLE>  
<CAPTION>

THE WEST HARRISON GAS AND ELECTRIC COMPANY  
PRO FORMA STATEMENT OF CHANGES IN RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments	Pro Forma
	(in thousands)		
<S>	<C>	<C>	<C>
BALANCE DECEMBER 31, 1993 . . . . .	\$235	\$	\$235
Net income . . . . .	13	(7)	6
BALANCE DECEMBER 31, 1994 . . . . .	\$248	\$(7)	\$241

</TABLE>

THE WEST HARRISON GAS AND ELECTRIC COMPANY

Pro Forma Journal Entries to Give Effect to the Borrowing  
of Up to \$200,000 from Banks

Entry No. 1

Cash . . . . . \$165,000  
Notes payable . . . . . \$165,000

To record the issuance of notes payable net of \$35,000 of inter-company loans  
and open-account balances as of December 31, 1994.

Entry No. 2

Other interest . . . . . \$9,900  
Cash . . . . . \$9,900

To record interest on \$165,000 of notes payable at 6%.

Entry No. 3

Cash . . . . . \$3,465  
Income taxes . . . . . \$3,465

To record the reduction in income taxes due to increased other interest costs  
(\$9,900 at an assumed tax rate of 35%).

FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM U-1

FILE NO. 70-8587

LAWRENCEBURG GAS COMPANY

AS OF DECEMBER 31, 1994

(Unaudited)

Pages 1 through 6

<TABLE>  
<CAPTION>

LAWRENCEBURG GAS COMPANY  
PRO FORMA STATEMENT OF INCOME  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments (in thousands)	Pro Forma	
<S>	<C>	<C>	<C>	
OPERATING REVENUES . . . . .	\$7 077	\$	\$7 077	
OPERATING EXPENSES				
Gas purchased . . . . .	3 969		3 969	
Other operation . . . . .	1 574		1 574	
Maintenance . . . . .	121		121	
Depreciation . . . . .	370		370	
Income taxes . . . . .	219	(43)	176	
Taxes other than income taxes . . . . .	276		276	
	6 529	(43)	6 486	
OPERATING INCOME . . . . .	548	43	591	
OTHER INCOME AND EXPENSES - NET. . . . .	(10)		(10)	
INCOME BEFORE INTEREST . . . . .	538	43	581	
INTEREST . . . . .	178		122	300
NET INCOME . . . . .	\$ 360	\$(79)	\$ 281	

</TABLE>

<TABLE>  
<CAPTION>

LAWRENCEBURG GAS COMPANY  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

ASSETS

	Actual	Pro Forma Adjustments	Pro Forma	
<S>	<C>	<C>	<C>	
UTILITY PLANT - ORIGINAL COST				

In service . . . . .	\$13 108	\$	\$13 108
Accumulated depreciation . . . . .	3 283		3 283
	9 825		9 825
Construction work in progress . . . . .	270		270
Total utility plant . . . . .	10 095		10 095
CURRENT ASSETS			
Cash . . . . .	110	1 946	2 056
Accounts receivable . . . . .	1 138		1 138
Gas stored for current use . . . . .	15		15
Prepayments . . . . .	23		23
	1 286	1 946	3 232
OTHER ASSETS . . . . .	524		524
	\$11 905	\$1 946	\$13 851

</TABLE>  
<TABLE>  
<CAPTION>

LAWRENCEBURG GAS COMPANY  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

CAPITALIZATION AND LIABILITIES

	Actual	Pro Forma Adjustments	Pro Forma
	(dollars in thousands)		
<S>	<C>	<C>	<C>
COMMON STOCK EQUITY			
Common stock - without par value; \$50.00 stated value; authorized shares - 11,000; outstanding shares - 10,768 . . . . .	\$ 539	\$	\$ 539
Retained earnings . . . . .	4 497	(79)	4 418
Total common stock equity . . . . .	5 036	(79)	4 957
LONG-TERM DEBT . . . . .	1 200		1 200
Total capitalization . . . . .	6 236	(79)	6 157
CURRENT LIABILITIES			
Notes payable . . . . .		2 025	2 025
Accounts payable . . . . .	455		455
Accounts payable to associated companies - net . . . . .	1 544		1 544
Accrued taxes . . . . .	315		315
Accrued interest . . . . .	32		32
Accrued employee benefits . . . . .	51		51
Other . . . . .	81		81
	2 478	2 025	4 503
OTHER LIABILITIES			
Deferred income taxes . . . . .	635		635
Unamortized investment tax credits . . . . .	247		247
Accrued pension and other postretirement benefit costs . . . . .	400		400
Income taxes refundable through rates . . . . .	126		126
Accrued environmental costs . . . . .	750		750
Refunds from gas suppliers received . . . . .	682		682
Other . . . . .	351		351
	3 191		3 191
	\$11 905	\$1 946	\$13 851

</TABLE>  
<TABLE>  
<CAPTION>

LAWRENCEBURG GAS COMPANY  
PRO FORMA STATEMENT OF CHANGES IN RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 1994

	Actual	Pro Forma Adjustments	Pro Forma
	(in thousands)		
<S>	<C>	<C>	<C>
BALANCE DECEMBER 31, 1993 . . . . .	\$4 137	\$	\$4 137
Net income . . . . .	360	(79)	281

LAWRENCEBURG GAS COMPANY  
Pro Forma Journal Entries to Give Effect to the Borrowing  
of Up to \$3 Million from Banks

Entry No. 1

Cash . . . . . \$2,025,000  
Notes payable. . . . . \$2,025,000

To record the issuance of notes payable net of \$975,000 of inter-company loans  
and open-account balances as of December 31, 1994.

Entry No. 2

Interest . . . . . \$121,500  
Cash . . . . . \$121,500

To record interest on \$2,025,000 of notes payable at 6%.

Entry No. 3

Cash . . . . . \$42,525  
Income taxes . . . . . \$42,525

To record the reduction in income taxes due to increased interest costs  
(\$121,500 at an assumed tax rate of 35%).

FINANCIAL STATEMENTS

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM U-1

FILE NO. 70-8587

MIAMI POWER CORPORATION

AS OF DECEMBER 31, 1994

(Unaudited)

Pages 1 through 5

<TABLE>  
<CAPTION>

MIAMI POWER CORPORATION  
PRO FORMA STATEMENT OF INCOME (LOSS)  
TWELVE MONTHS ENDED DECEMBER 31, 1994

Actual      Pro Forma  
Adjustments      Pro Forma

<S>	(in thousands)		
	<C>	<C>	<C>
ELECTRIC OPERATING REVENUES . . . . .	\$45	\$	\$45
OPERATING EXPENSES			
Other operation . . . . .	34		34
Maintenance . . . . .	2		2
Depreciation . . . . .	1		1
Income taxes . . . . .	1	(2)	(1)
Taxes other than income taxes . . . . .	5		5
	43	(2)	41
OPERATING INCOME . . . . .	2	2	4
INTEREST . . . . .	6		6
NET INCOME (LOSS) . . . . .	\$ 2	\$ (4)	\$ (2)

MIAMI POWER CORPORATION  
PRO FORMA BALANCE SHEET  
AT DECEMBER 31, 1994

<S>	Pro Forma		
	Actual	Adjustments	Pro Forma
	(dollars in thousands)		
	<C>	<C>	<C>
ASSETS			
ELECTRIC UTILITY PLANT - ORIGINAL COST			
In service . . . . .	\$563	\$	\$563
Accumulated depreciation . . . . .	552		552
Total electric utility plant . . . . .	11		11
CURRENT ASSETS			
Cash . . . . .	30	96	126
Accounts receivable from associated companies - net . . . . .	1		1
	31	96	127
OTHER ASSETS			
Accumulated deferred income taxes - net . . . . .	33		33
	\$ 75	\$ 96	\$171
CAPITALIZATION AND LIABILITIES			
COMMON STOCK EQUITY			
Common stock - without par value; \$1 stated value; authorized shares - 10,000; outstanding shares - 1,000 . . . . .	\$ 1	\$	\$ 1
Retained earnings . . . . .	34	(4)	30
Total capitalization . . . . .	35	(4)	31
CURRENT LIABILITIES			
Notes payable . . . . .		100	100
Accrued taxes . . . . .	3		3
	3	100	103
OTHER LIABILITIES			
Unamortized investment tax credits . . . . .	1		1
Income taxes refundable through rates . . . . .	32		32
Accrued pension and other postretirement benefit costs . . . . .	4		4
	37		37
	\$ 75	\$ 96	\$171

</TABLE>

<TABLE>  
<CAPTION>

MIAMI POWER CORPORATION  
PRO FORMA STATEMENT OF CHANGES IN RETAINED EARNINGS  
TWELVE MONTHS ENDED DECEMBER 31, 1994

<S>	Pro Forma		
	Actual	Adjustments	Pro Forma
	(in thousands)		
	<C>	<C>	<C>
BALANCE DECEMBER 31, 1993 . . . . .	\$35	\$	\$35
Net income (loss) . . . . .	2	(4)	(2)
Dividends on common stock . . . . .	(3)		(3)
BALANCE DECEMBER 31, 1994 . . . . .	\$34	\$ (4)	\$30

</TABLE>

MIAMI POWER CORPORATION

Pro Forma Journal Entries to Give Effect to the Borrowing  
of Up to \$100 Thousand from Banks

Entry No. 1

Cash . . . . . \$100,000  
Notes payable. . . . . \$100,000

To record the issuance of notes payable.

Entry No. 2

Interest . . . . . \$6,000  
Cash . . . . . \$6,000

To record interest on \$100,000 of notes payable at 6%.

Entry No. 3

Cash . . . . . \$2,100  
Income taxes . . . . . \$2,100

To record the reduction in income taxes due to increased interest costs  
(\$6,000 at an assumed tax rate of 35%).

Memorandum

Re: CINergy Corp. et al. (File No. 70-8587) --  
Request for order under Section 2(a)(8)  
with respect to U.S. Energy Partners

This memorandum is submitted to the Securities and Exchange Commission (the "Commission") in support of the request of CINergy Corp. ("CINergy") for an order declaring that U.S. Energy Partners ("Energy Partners") is not a "subsidiary company" of CINergy within the meaning of the Public Utility Holding Company Act of 1935, as amended (the "Act").

Statutory Standards

Section 2(a)(8)(A) of the Act defines the term "subsidiary company" to include "any company 10 per centum or more of the outstanding voting securities of which are directly or indirectly owned, controlled, or held with power to vote, by such holding company (or by a company that is a subsidiary company of such holding company by virtue of this clause or clause (B)), unless the Commission . . . by order declares such company not to be a subsidiary company of such holding company."

Under Section 2(a)(8), "the Commission, upon application, shall by order declare that a company is not a subsidiary company of a specified holding company under clause (A) if the Commission finds that (i) the applicant is not controlled, directly or indirectly, by such holding company (either alone or pursuant to an arrangement or understanding with one or more other persons) either through one or more intermediary persons or by any means or device whatsoever, (ii) the applicant is not an intermediary company through which such control of another company is exercised, and (iii) the management or policies of the applicant are not subject to a controlling influence, directly or indirectly, by such holding company (either alone or pursuant to an arrangement or understanding with one or more other persons) so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that the applicant be subject to the obligations, duties, and liabilities, imposed in this title upon subsidiary companies of holding companies."

As established below, CInergy does not "control" Energy Partners or possess a "controlling influence" over its management or policies within the meaning of the Act, and it is neither necessary nor appropriate in the public interest or for the protection of investors or consumers that Energy Partners be subject to the obligations, duties, and liabilities, imposed by the Act



upon subsidiary companies of holding companies./1/

## Analysis

Energy Partners is a Delaware general partnership consisting of two partners, Public Service Gas Marketing Company ("PSGMC"), an indirect subsidiary of Public Service Electric & Gas Company, which holds a two-thirds interest in the partnership, and CG&E Resource Marketing, Inc., an indirect subsidiary of CINergy, which holds a one-third interest in the partnership. Management and control of the partnership are governed by the terms of an agreement, the U.S. Energy Partners General Partnership Agreement dated as of January 1, 1994 (the "Partnership Agreement"), a copy of which is filed as Exhibit 15 to the Application-Declaration of CINergy in File No. 70-8587./2/

Although the Partnership Agreement establishes a general partnership, the Partnership Agreement provides that "[e]xcept through its representative on the Management Committee, the Partners shall take no part in the management or control of the Partnership's business" and shall not "transact any business in the Partnership's name or have the power to execute documents for, or otherwise bind, the Partnership."/3/ Under the Partnership Agreement, "ultimate control and management oversight" of the partnership are "vested in the Management Committee,"/4/ which is given "exclusive authority" over the "major policies" of the partnership and is intended to "function in a manner comparable to that of a Board of Directors of a corporation."/5/ Day- to-day management is the responsibility of a Manager appointed by the Management Committee./6/

Although CINergy is entitled to representation on the Management Committee,/7/ the members of the Management Committee do not have one vote or equal votes, but rather vote in accordance with their corresponding partnership interests/8/ -- two-thirds of which are held by PSGMC. In addition, the chairman of the Management Committee, who presides over Management Committee meetings, is designated by the partner with the largest interest -- i.e., by PSGMC./9/ In general, Management Committee decisions require only a "Majority Vote" -- i.e., the vote of PSGMC's representative -- including decisions regarding the appointment and dismissal of the Manager, agreements with the Manager and the scope of the Manager's authority to act on behalf of the partnership, approval of annual budgets and business plans, requests for capital contributions and credit support, financing agreements (including pledging of partnership assets), partnership tax policies, selection of accountants and depositories, limits on financial exposure for the partnership under contractual undertakings, and timing and amounts of distributions to partners. /10/ The only decisions requiring a vote of more than two-thirds of the partnership interests -- and therefore the only decisions requiring CINergy's concurrence -- are extraordinary transactions such as mergers, sale of substantial assets, liquidation or dissolution, and removal of a partner (which require more than two-thirds approval) and certain changes in ownership interests and the scope or general nature of the partnership's business (which require unanimous approval)/11/.

As a result of PSGMC's two-thirds partnership interest and its control

over Management Committee decisions, it is evident that partnership decisions are effectively controlled by PSGMC, and not by CINergy. Although the partnership is in the form of a general partnership, CINergy's rights are more akin to those of a limited partner or minority shareholder than a general partner. Moreover, the Partnership Agreement contains an automatic "cutback" provision, under which CINergy's voting interest will automatically be reduced to less than 10 percent in the event that Energy Partners becomes subject to regulation as a subsidiary company of CINergy under the Act./12/

The Commission's past decisions confirm that CINergy does not directly or indirectly control Energy Partners or possess a controlling influence over its management or policies within the meaning of the Act, and that Energy Partners should not be treated as a subsidiary of CINergy.

In Canton Electric Light and Power Co., 12 SEC 36 (1942), a registered holding company held 34.64 percent of a utility's outstanding voting securities and, under state law, had a blocking position with respect to certain major corporate action, including the mortgage of property, merger, consolidation, dissolution and amendment of its charter. The remaining voting interest was held by a dominant stockholder, which held 64.73 percent of the utility's voting equity, and four other parties, each of which held less than 1 percent of the voting equity. In view of the 64.73 percent holder's "dominant" interest, the Commission granted an order declaring that the utility company was not a subsidiary of the registered holding company.

Other Commission decisions are to similar effect. In Panhandle Eastern Pipe Line Co., 9 SEC 370 (1941), the applicant was held not to be a subsidiary company of Missouri-Kansas Pipe Line Co. ("Mo-Kan"), even though Mo-Kan owned 42 percent of the applicant's common stock, on the ground that another party held a dominant 50.1 percent interest./13/ In Allied Chemical & Dye Corp., 5 SEC 151 (1939), American Light & Traction Co. ("AL&T") was held not to be a subsidiary company of Allied Chemical even though Allied Chemical held 43.8 percent of the preferred stock and 4.3 percent of the common stock (representing in the aggregate approximately 10.7 percent of the total voting power of AL&T) and held a blocking position over AL&T charter amendments, on the grounds that more than 51 percent of the voting power of AL&T was held by another company, United Light & Power Corp. See also Filtration Sciences Corp., 44 SEC Docket 340 (Aug. 3, 1989) (order by the Division of Investment Management under Section 2(a)(7), on delegated authority, finding that a company was not a holding company even though it owned 14.06 percent of the voting securities of a company that generated and sold electric power, on the grounds that the applicant's minority voting interest was overshadowed by the interest of a holder with 82.78 percent of the voting power and therefore did not control or exert a controlling influence), citing Beebe Island Corp., Rel. No. 2239 (Aug. 15, 1940) (electric generating company not a subsidiary of a 22.19 percent holder and a 14.06 percent holder, where a third party held 60.92 percent of the company's total voting securities).

These cases compel the conclusion that Energy Partners is not a subsidiary of CINergy. Among other things, CINergy holds an even smaller interest in Energy Partners than the registered holding companies held in

Canton and Panhandle Eastern. In addition, Canton, Allied, Filtration Sciences and Beebee Island concerned interests in utility companies and therefore implicated consumer interests and other core concerns of the Act that are not implicated by Energy Partners, which is not a utility company./14/

## Conclusion

For the reasons set forth herein, it is respectfully submitted that CINErgy is entitled to an order pursuant to Section 2(a)(8) of the Act declaring that Energy Partners is not a subsidiary company of CINErgy. In particular, CINErgy's minority interest, its limited rights under the Partnership Agreement, and the existence of an unaffiliated dominant partner all indicate that Energy Partners is not controlled, directly or indirectly, by CINErgy, and that the management and policies of Energy Partners are not subject to a controlling influence, directly or indirectly, by CINErgy so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers to subject Energy Partners to the obligations, duties and liabilities imposed by the Act on subsidiary companies of holding companies.

July 27, 1995

Respectfully submitted,

M. Douglas Dunn  
Rodrigo J. Howard  
Milbank, Tweed, Hadley & McCloy  
1 Chase Manhattan Plaza  
New York, New York 10005

Cheryl M. Foley  
George Dwight II  
CINErgy Corp.  
139 East Fourth Street  
Cincinnati, Ohio 45202

## ENDNOTES

/1/ Because Energy Partners is not an "intermediary company", the provisions of Section 2(a)(8)(ii) are inapplicable on their face and are not further addressed herein.

/2/ The Partnership Agreement contemplated that a third party, Northeast Gas Marketers, Inc. ("NGMI"), a subsidiary of Long Island Lighting Company, would participate as a partner of Energy Partners, contingent upon receipt of any necessary approval from the New York Public Service Commission on acceptable

terms. By letter dated July 5, 1994, in view of the inability to obtain such regulatory approval, NGMI officially terminated its participation as a potential partner.

/3/ Partnership Agreement Section 8.6.

/4/ Partnership Agreement Section 3.5.

/5/ Partnership Agreement Section 8.1.1.

/6/ Partnership Agreement Section 8.1.2.

/7/ Under Section 8.2.1. of the Partnership Agreement, "[t]he members of the Management Committee shall consist of one representative of each Partner."

/8/ See Partnership Agreement Section 8.2.4, which provides that, with certain exceptions, "the Management Committee shall act upon the affirmative Majority Vote of the Partner's Percentages". "Majority Vote" in turn is defined in Section 2.16 of the Partnership Agreement to mean 60 percent when, as is the case here, the total number of partner is three or less. Since PSGMC holds a two-thirds partnership interest, it holds sufficient voting power to take Management Committee action, without CINergy's concurrence.

/9/ Indeed, PSGMC is explicitly given the right to designate the initial chairman. Partnership Agreement Section 8.2.2.

/10/ Partnership Agreement Section 8.2.5(i).

/11/ Section 8.2.5(ii) provides that "the approval of the Management Committee by a vote of greater than two thirds (2 3rds) of the Partners' Percentages shall be necessary before any of the following actions can be taken on behalf of the Partnership:

1. The sale, transfer, lease, licenses or other disposition of all or a substantially part of the business or assets of the Partnership;
2. The merger or consolidation with any other person or entity;
3. The liquidation of dissolution of the Partnership; or
4. The removal or expulsion of any Partner for cause."

Section 8.2.5(iii) provides that "the approval of the Management Committee by the unanimous vote of the Partners' Percentages shall be necessary before any of the following actions can be taken on behalf of the Partnership:

1. Any change in the respective percentage of ownership interests of the Partners, including any modification, alteration, or amendment to division of profits and losses among Partners, other than in accordance with Section 4 of this Agreement; or
2. Any substantial alteration in the scope of business or the general nature of the business conducted by the Partnership."

/12/ Partnership Agreement Section 11.7.3 provides that "If at any time a registered public utility holding company, or any subsidiary or Affiliate company thereof (each a "Regulated Entity") shall directly or indirectly own, control or hold the power to vote, ten percent (10 percent) or more of the outstanding voting securities (as defined in [the Act]) of the Partnership, and the Partnership does not qualify for an exemption from regulation under [the Act], whether pursuant to SEC Rule 16 or otherwise, the vote of such Regulated Entity in the direction and management of the affairs of the Partnership, including any vote on the Management Committee pursuant to Section 8, shall be automatically reduced, and the other Partners' vote proportionately increased, to the level necessary to ensure that neither the Partnership nor any Partner (including any parent, subsidiary, or affiliate company thereof) is or becomes subject to regulation under [the Act] as a result of such ownership or control. Notwithstanding the foregoing, including without limitation Section 11.7.2, any such adjustment in voting shall not reduce or otherwise affect a Partner's interest in the assets or the Partnership, or its right to receive its Partner's Percentage of the income, gains, losses and deductions of the Partnership."

/13/ The remaining shares were held by a large number of small holders.

/14/ Because it is not a utility company, Energy Partners is not subject to the sort of abusive inter-affiliate transactions that has led the Commission to impose subsidiary status on minority-held companies in the past. Contrast, e.g., Koppers United Co., et al., Holding Company Act Rel. No. 3812 (1942) (23.87 percent voting interest made utility company a subsidiary where there was no other single holder of 5 percent and applicant had substantial transactions with the utility).

<TABLE> <S> <C>

<ARTICLE> OPUR1

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
BALANCE SHEETS AND STATEMENTS OF INCOME AND IS QUALIFIED IN ITS  
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000899652

<NAME> CINERGY CORP.

<SUBSIDIARY>

<NUMBER> 0

<NAME> CINERGY CORP. (CONSOLIDATED)

<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	12-MOS
<FISCAL-YEAR-END>	DEC-31-1994	DEC-31-1994
<PERIOD-START>	JAN-01-1994	JAN-01-1994
<PERIOD-END>	DEC-31-1994	DEC-31-1994
<BOOK-VALUE>	PER-BOOK	PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>	6,198,893	6,198,893
<OTHER-PROPERTY-AND-INVEST>	0	0
<TOTAL-CURRENT-ASSETS>	811,705	1,031,983
<TOTAL-DEFERRED-CHARGES>	1,004,963	1,004,963
<OTHER-ASSETS>	134,281	134,281
<TOTAL-ASSETS>	8,149,842	8,370,120
<COMMON>	1,552	1,552
<CAPITAL-SURPLUS-PAID-IN>	1,535,658	1,535,658
<RETAINED-EARNINGS>	877,061	868,122
<TOTAL-COMMON-STOCKHOLDERS-EQ>	2,414,271	2,405,332
<PREFERRED-MANDATORY>	210,000	210,000
<PREFERRED>	267,929	267,929
<LONG-TERM-DEBT-NET>	2,715,269	2,715,269
<SHORT-TERM-NOTES>	228,900	458,117
<LONG-TERM-NOTES-PAYABLE>	0	0
<COMMERCIAL-PAPER-OBLIGATIONS>	0	0
<LONG-TERM-DEBT-CURRENT-PORT>	60,400	60,400
<PREFERRED-STOCK-CURRENT>	0	0
<CAPITAL-LEASE-OBLIGATIONS>	0	0
<LEASES-CURRENT>	0	0
<OTHER-ITEMS-CAPITAL-AND-LIAB>	2,253,073	2,253,073
<TOT-CAPITALIZATION-AND-LIAB>	8,149,842	8,370,120
<GROSS-OPERATING-REVENUE>	2,924,177	2,924,177
<INCOME-TAX-EXPENSE>	152,181	147,367
<OTHER-OPERATING-EXPENSES>	2,331,506	2,331,506
<TOTAL-OPERATING-EXPENSES>	2,483,687	2,478,873
<OPERATING-INCOME-LOSS>	440,490	445,304
<OTHER-INCOME-NET>	13,497	13,497

<INCOME-BEFORE-INTEREST-EXPEN>	453,987	458,801
<TOTAL-INTEREST-EXPENSE>	227,286	241,039
<NET-INCOME>	226,701	217,762
<PREFERRED-STOCK-DIVIDENDS>	35,559	35,559
<EARNINGS-AVAILABLE-FOR-COMM>	191,142	182,203
<COMMON-STOCK-DIVIDENDS>	0	0
<TOTAL-INTEREST-ON-BONDS>	219,248	219,248
<CASH-FLOW-OPERATIONS>	0	0
<EPS-PRIMARY>	1.30	1.24
<EPS-DILUTED>	1.30	1.24

<TABLE> <S> <C>

<ARTICLE> OPUR1

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
BALANCE SHEETS AND STATEMENTS OF INCOME AND IS QUALIFIED IN ITS  
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000899652

<NAME> CINERGY CORP.

<SUBSIDIARY>

<NUMBER> 1

<NAME> CINERGY CORP.

<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	12-MOS
<FISCAL-YEAR-END>	DEC-31-1994	DEC-31-1994
<PERIOD-START>	JAN-01-1994	JAN-01-1994
<PERIOD-END>	DEC-31-1994	DEC-31-1994
<BOOK-VALUE>	PER-BOOK	PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>	0	0
<OTHER-PROPERTY-AND-INVEST>	2,424,196	2,424,196
<TOTAL-CURRENT-ASSETS>	66,575	66,575
<TOTAL-DEFERRED-CHARGES>	0	0
<OTHER-ASSETS>	160	160
<TOTAL-ASSETS>	2,490,931	2,490,931
<COMMON>	1,552	1,552
<CAPITAL-SURPLUS-PAID-IN>	1,535,658	1,535,658
<RETAINED-EARNINGS>	877,061	877,061
<TOTAL-COMMON-STOCKHOLDERS-EQ>	2,414,271	2,414,271
<PREFERRED-MANDATORY>	0	0
<PREFERRED>	0	0
<LONG-TERM-DEBT-NET>	0	0
<SHORT-TERM-NOTES>	75,000	75,000
<LONG-TERM-NOTES-PAYABLE>	0	0
<COMMERCIAL-PAPER-OBLIGATIONS>	0	0
<LONG-TERM-DEBT-CURRENT-PORT>	0	0
<PREFERRED-STOCK-CURRENT>	0	0
<CAPITAL-LEASE-OBLIGATIONS>	0	0
<LEASES-CURRENT>	0	0
<OTHER-ITEMS-CAPITAL-AND-LIAB>	1,660	1,660
<TOT-CAPITALIZATION-AND-LIAB>	2,490,931	2,490,931
<GROSS-OPERATING-REVENUE>	0	0
<INCOME-TAX-EXPENSE>	(925)	(925)
<OTHER-OPERATING-EXPENSES>	633	633
<TOTAL-OPERATING-EXPENSES>	(292)	(292)
<OPERATING-INCOME-LOSS>	292	292
<OTHER-INCOME-NET>	193,419	193,419



<INCOME-BEFORE-INTEREST-EXPEN>	193,711	193,711
<TOTAL-INTEREST-EXPENSE>	2,569	2,569
<NET-INCOME>	191,142	191,142
<PREFERRED-STOCK-DIVIDENDS>	0	0
<EARNINGS-AVAILABLE-FOR-COMM>	191,142	191,142
<COMMON-STOCK-DIVIDENDS>	0	0
<TOTAL-INTEREST-ON-BONDS>	0	0
<CASH-FLOW-OPERATIONS>	0	0
<EPS-PRIMARY>	0.00	0.00
<EPS-DILUTED>	0.00	0.00

<TABLE> <S> <C>

<ARTICLE> OPUR1

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEETS AND STATEMENTS OF INCOME AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000899652

<NAME> CINERGY CORP.

<SUBSIDIARY>

<NUMBER> 3

<NAME> PSI ENERGY, INC. (CONSOLIDATED)

<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	12-MOS
<FISCAL-YEAR-END>	DEC-31-1994	DEC-31-1994
<PERIOD-START>	JAN-01-1994	JAN-01-1994
<PERIOD-END>	DEC-31-1994	DEC-31-1994
<BOOK-VALUE>	PER-BOOK	PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>	2,403,249	2,403,249
<OTHER-PROPERTY-AND-INVEST>	0	0
<TOTAL-CURRENT-ASSETS>	201,574	399,951
<TOTAL-DEFERRED-CHARGES>	256,074	256,074
<OTHER-ASSETS>	84,027	84,027
<TOTAL-ASSETS>	2,944,924	3,143,301
<COMMON>	539	539
<CAPITAL-SURPLUS-PAID-IN>	389,309	389,309
<RETAINED-EARNINGS>	493,103	485,053
<TOTAL-COMMON-STOCKHOLDERS-EQ>	882,951	874,901
<PREFERRED-MANDATORY>	0	0
<PREFERRED>	187,929	187,929
<LONG-TERM-DEBT-NET>	877,512	877,512
<SHORT-TERM-NOTES>	193,573	400,000
<LONG-TERM-NOTES-PAYABLE>	0	0
<COMMERCIAL-PAPER-OBLIGATIONS>	0	0
<LONG-TERM-DEBT-CURRENT-PORT>	60,400	60,400
<PREFERRED-STOCK-CURRENT>	0	0
<CAPITAL-LEASE-OBLIGATIONS>	0	0
<LEASES-CURRENT>	0	0
<OTHER-ITEMS-CAPITAL-AND-LIAB>	742,559	742,559
<TOT-CAPITALIZATION-AND-LIAB>	2,944,924	3,143,301
<GROSS-OPERATING-REVENUE>	1,126,504	1,126,504
<INCOME-TAX-EXPENSE>	50,366	46,031
<OTHER-OPERATING-EXPENSES>	923,952	923,952
<TOTAL-OPERATING-EXPENSES>	974,318	969,983
<OPERATING-INCOME-LOSS>	152,186	156,521
<OTHER-INCOME-NET>	4,805	4,805

<INCOME-BEFORE-INTEREST-EXPEN>	156,991	161,326
<TOTAL-INTEREST-EXPENSE>	74,799	87,184
<NET-INCOME>	82,192	74,142
<PREFERRED-STOCK-DIVIDENDS>	13,182	13,182
<EARNINGS-AVAILABLE-FOR-COMM>	69,010	60,960
<COMMON-STOCK-DIVIDENDS>	0	0
<TOTAL-INTEREST-ON-BONDS>	68,862	68,862
<CASH-FLOW-OPERATIONS>	0	0
<EPS-PRIMARY>	0.00	0.00
<EPS-DILUTED>	0.00	0.00

<TABLE> <S> <C>

<ARTICLE> OPUR1

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEETS AND STATEMENTS OF INCOME AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000899652

<NAME> CINERGY CORP.

<SUBSIDIARY>

<NUMBER> 7

<NAME> THE UNION LIGHT, HEAT AND POWER CO.

<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	12-MOS
<FISCAL-YEAR-END>	DEC-31-1994	DEC-31-1994
<PERIOD-START>	JAN-01-1994	JAN-01-1994
<PERIOD-END>	DEC-31-1994	DEC-31-1994
<BOOK-VALUE>	PER-BOOK	PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>	236,848	236,848
<OTHER-PROPERTY-AND-INVEST>	0	0
<TOTAL-CURRENT-ASSETS>	45,378	65,079
<TOTAL-DEFERRED-CHARGES>	1,785	1,785
<OTHER-ASSETS>	3,117	3,117
<TOTAL-ASSETS>	287,128	306,829
<COMMON>	8,780	8,780
<CAPITAL-SURPLUS-PAID-IN>	18,839	18,839
<RETAINED-EARNINGS>	74,203	73,404
<TOTAL-COMMON-STOCKHOLDERS-EQ>	101,822	101,023
<PREFERRED-MANDATORY>	0	0
<PREFERRED>	0	0
<LONG-TERM-DEBT-NET>	89,238	89,238
<SHORT-TERM-NOTES>	14,500	35,000
<LONG-TERM-NOTES-PAYABLE>	0	0
<COMMERCIAL-PAPER-OBLIGATIONS>	0	0
<LONG-TERM-DEBT-CURRENT-PORT>	0	0
<PREFERRED-STOCK-CURRENT>	0	0
<CAPITAL-LEASE-OBLIGATIONS>	0	0
<LEASES-CURRENT>	0	0
<OTHER-ITEMS-CAPITAL-AND-LIAB>	81,568	81,568
<TOT-CAPITALIZATION-AND-LIAB>	287,128	306,829
<GROSS-OPERATING-REVENUE>	249,535	249,535
<INCOME-TAX-EXPENSE>	5,342	4,911
<OTHER-OPERATING-EXPENSES>	227,803	227,803
<TOTAL-OPERATING-EXPENSES>	233,145	232,714
<OPERATING-INCOME-LOSS>	16,390	16,821
<OTHER-INCOME-NET>	370	370

<INCOME-BEFORE-INTEREST-EXPEN>	16,760	17,191
<TOTAL-INTEREST-EXPENSE>	8,373	9,603
<NET-INCOME>	8,387	7,588
<PREFERRED-STOCK-DIVIDENDS>	0	0
<EARNINGS-AVAILABLE-FOR-COMM>	8,387	7,588
<COMMON-STOCK-DIVIDENDS>	0	0
<TOTAL-INTEREST-ON-BONDS>	0	0
<CASH-FLOW-OPERATIONS>	0	0
<EPS-PRIMARY>	0.00	0.00
<EPS-DILUTED>	0.00	0.00

<TABLE> <S> <C>

<ARTICLE> OPUR1

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
BALANCE SHEETS AND STATEMENTS OF INCOME AND IS QUALIFIED IN ITS  
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000899652

<NAME> CINERGY CORP.

<SUBSIDIARY>

<NUMBER> 8

<NAME> THE WEST HARRISON GAS AND ELECTRIC CO.

<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	12-MOS
<FISCAL-YEAR-END>	DEC-31-1994	DEC-31-1994
<PERIOD-START>	JAN-01-1994	JAN-01-1994
<PERIOD-END>	DEC-31-1994	DEC-31-1994
<BOOK-VALUE>	PER-BOOK	PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>	368	368
<OTHER-PROPERTY-AND-INVEST>	0	0
<TOTAL-CURRENT-ASSETS>	100	258
<TOTAL-DEFERRED-CHARGES>	0	0
<OTHER-ASSETS>	13	13
<TOTAL-ASSETS>	481	639
<COMMON>	20	20
<CAPITAL-SURPLUS-PAID-IN>	0	0
<RETAINED-EARNINGS>	248	241
<TOTAL-COMMON-STOCKHOLDERS-EQ>	268	261
<PREFERRED-MANDATORY>	0	0
<PREFERRED>	0	0
<LONG-TERM-DEBT-NET>	0	0
<SHORT-TERM-NOTES>	0	165
<LONG-TERM-NOTES-PAYABLE>	0	0
<COMMERCIAL-PAPER-OBLIGATIONS>	0	0
<LONG-TERM-DEBT-CURRENT-PORT>	0	0
<PREFERRED-STOCK-CURRENT>	0	0
<CAPITAL-LEASE-OBLIGATIONS>	0	0
<LEASES-CURRENT>	0	0
<OTHER-ITEMS-CAPITAL-AND-LIAB>	213	213
<TOT-CAPITALIZATION-AND-LIAB>	481	639
<GROSS-OPERATING-REVENUE>	483	483
<INCOME-TAX-EXPENSE>	9	6
<OTHER-OPERATING-EXPENSES>	456	456
<TOTAL-OPERATING-EXPENSES>	465	462
<OPERATING-INCOME-LOSS>	18	21
<OTHER-INCOME-NET>	0	0

<INCOME-BEFORE-INTEREST-EXPEN>	18	21
<TOTAL-INTEREST-EXPENSE>	5	15
<NET-INCOME>	13	6
<PREFERRED-STOCK-DIVIDENDS>	0	0
<EARNINGS-AVAILABLE-FOR-COMM>	13	6
<COMMON-STOCK-DIVIDENDS>	0	0
<TOTAL-INTEREST-ON-BONDS>	0	0
<CASH-FLOW-OPERATIONS>	0	0
<EPS-PRIMARY>	0.00	0.00
<EPS-DILUTED>	0.00	0.00

<TABLE> <S> <C>

<ARTICLE> OPUR1

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
BALANCE SHEETS AND STATEMENTS OF INCOME AND IS QUALIFIED IN ITS  
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000899652

<NAME> CINERGY CORP.

<SUBSIDIARY>

<NUMBER> 9

<NAME> LAWRENCEBURG GAS CO.

<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	12-MOS
<FISCAL-YEAR-END>	DEC-31-1994	DEC-31-1994
<PERIOD-START>	JAN-01-1994	JAN-01-1994
<PERIOD-END>	DEC-31-1994	DEC-31-1994
<BOOK-VALUE>	PER-BOOK	PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>	10,095	10,095
<OTHER-PROPERTY-AND-INVEST>	0	0
<TOTAL-CURRENT-ASSETS>	1,286	3,232
<TOTAL-DEFERRED-CHARGES>	0	0
<OTHER-ASSETS>	524	524
<TOTAL-ASSETS>	11,905	13,851
<COMMON>	539	539
<CAPITAL-SURPLUS-PAID-IN>	0	0
<RETAINED-EARNINGS>	4,497	4,418
<TOTAL-COMMON-STOCKHOLDERS-EQ>	5,036	4,957
<PREFERRED-MANDATORY>	0	0
<PREFERRED>	0	0
<LONG-TERM-DEBT-NET>	1,200	1,200
<SHORT-TERM-NOTES>	0	2,025
<LONG-TERM-NOTES-PAYABLE>	0	0
<COMMERCIAL-PAPER-OBLIGATIONS>	0	0
<LONG-TERM-DEBT-CURRENT-PORT>	0	0
<PREFERRED-STOCK-CURRENT>	0	0
<CAPITAL-LEASE-OBLIGATIONS>	0	0
<LEASES-CURRENT>	0	0
<OTHER-ITEMS-CAPITAL-AND-LIAB>	5,669	5,669
<TOT-CAPITALIZATION-AND-LIAB>	11,905	13,851
<GROSS-OPERATING-REVENUE>	7,077	7,077
<INCOME-TAX-EXPENSE>	219	176
<OTHER-OPERATING-EXPENSES>	6,310	6,310
<TOTAL-OPERATING-EXPENSES>	6,529	6,486
<OPERATING-INCOME-LOSS>	548	591
<OTHER-INCOME-NET>	(10)	(10)



<INCOME-BEFORE-INTEREST-EXPEN>	538	581
<TOTAL-INTEREST-EXPENSE>	178	300
<NET-INCOME>	360	281
<PREFERRED-STOCK-DIVIDENDS>	0	0
<EARNINGS-AVAILABLE-FOR-COMM>	360	281
<COMMON-STOCK-DIVIDENDS>	0	0
<TOTAL-INTEREST-ON-BONDS>	0	0
<CASH-FLOW-OPERATIONS>	0	0
<EPS-PRIMARY>	0.00	0.00
<EPS-DILUTED>	0.00	0.00

<TABLE> <S> <C>

<ARTICLE> OPUR1

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
BALANCE SHEETS AND STATEMENTS OF INCOME AND IS QUALIFIED IN ITS  
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

</LEGEND>

<CIK> 0000899652

<NAME> CINERGY CORP.

<SUBSIDIARY>

<NUMBER> 10

<NAME> MIAMI POWER CORP.

<MULTIPLIER> 1,000

<S>	<C>	<C>
<PERIOD-TYPE>	YEAR	12-MOS
<FISCAL-YEAR-END>	DEC-31-1994	DEC-31-1994
<PERIOD-START>	JAN-01-1994	JAN-01-1994
<PERIOD-END>	DEC-31-1994	DEC-31-1994
<BOOK-VALUE>	PER-BOOK	PRO-FORMA
<TOTAL-NET-UTILITY-PLANT>	11	11
<OTHER-PROPERTY-AND-INVEST>	0	0
<TOTAL-CURRENT-ASSETS>	31	127
<TOTAL-DEFERRED-CHARGES>	0	0
<OTHER-ASSETS>	33	33
<TOTAL-ASSETS>	75	171
<COMMON>	1	1
<CAPITAL-SURPLUS-PAID-IN>	0	0
<RETAINED-EARNINGS>	34	30
<TOTAL-COMMON-STOCKHOLDERS-EQ>	35	31
<PREFERRED-MANDATORY>	0	0
<PREFERRED>	0	0
<LONG-TERM-DEBT-NET>	0	0
<SHORT-TERM-NOTES>	0	100
<LONG-TERM-NOTES-PAYABLE>	0	0
<COMMERCIAL-PAPER-OBLIGATIONS>	0	0
<LONG-TERM-DEBT-CURRENT-PORT>	0	0
<PREFERRED-STOCK-CURRENT>	0	0
<CAPITAL-LEASE-OBLIGATIONS>	0	0
<LEASES-CURRENT>	0	0
<OTHER-ITEMS-CAPITAL-AND-LIAB>	40	40
<TOT-CAPITALIZATION-AND-LIAB>	75	171
<GROSS-OPERATING-REVENUE>	45	45
<INCOME-TAX-EXPENSE>	1	(1)
<OTHER-OPERATING-EXPENSES>	42	42
<TOTAL-OPERATING-EXPENSES>	43	41
<OPERATING-INCOME-LOSS>	2	4
<OTHER-INCOME-NET>	0	0

<INCOME-BEFORE-INTEREST-EXPEN>	2	4
<TOTAL-INTEREST-EXPENSE>	0	6
<NET-INCOME>	2	(2)
<PREFERRED-STOCK-DIVIDENDS>	0	0
<EARNINGS-AVAILABLE-FOR-COMM>	2	(2)
<COMMON-STOCK-DIVIDENDS>	0	0
<TOTAL-INTEREST-ON-BONDS>	0	0
<CASH-FLOW-OPERATIONS>	0	0
<EPS-PRIMARY>	0.00	0.00
<EPS-DILUTED>	0.00	0.00