# Southern Indiana Gas and Electric Company

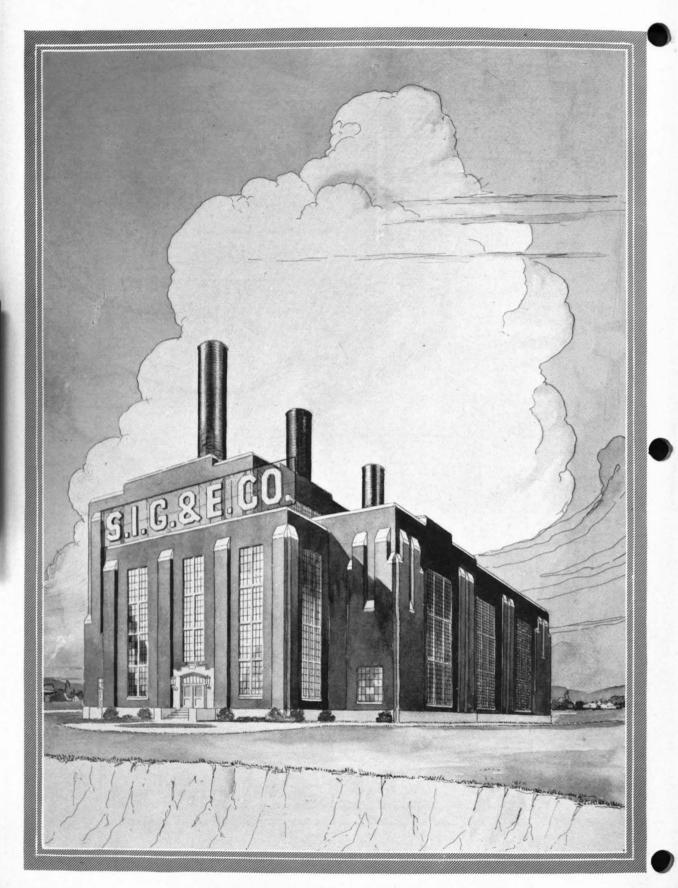
REPORT TO THE STOCKHOLDERS



FOR THE YEAR ENDED DECEMBER 31, 1928

Report to the Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1928



ARCHITECT'S DRAWING OHIO RIVER STATION

## DIRECTORS

4

W. H. BARTHOLD New York, N. Y.
B. C. COBBNew York, N. Y.
C. W. Cook Evansville, Ind.
S. W. Cook Evansville, Ind.
H. E. DREIER Evansville, Ind.
F. J. HAAS Evansville, Ind.
H. C. KLEYMEYER Evansville, Ind.
WM. H. MCCURDY Evansville, Ind.
D. H. ORTMEYER Evansville. Ind.

## OFFICERS

В. С. Совв.	NEW YORK, N. Y.
W. H. BART	HOLDVice-President NEW YORK, N. Y.
F. J. HAAS.	
H. G. KESSL	ERComptroller NEW YORK, N. Y.
C. E. OSWALL	DSecretary EVANSVILLE, IND.
C. B. FROELI	CHTreasurer EVANSVILLE, IND.
C. WIGAND	

TRANSFER AGENTS (For 6%, 6.6% and 7% Preferred Stock) Office of the Company Evansville, Ind.

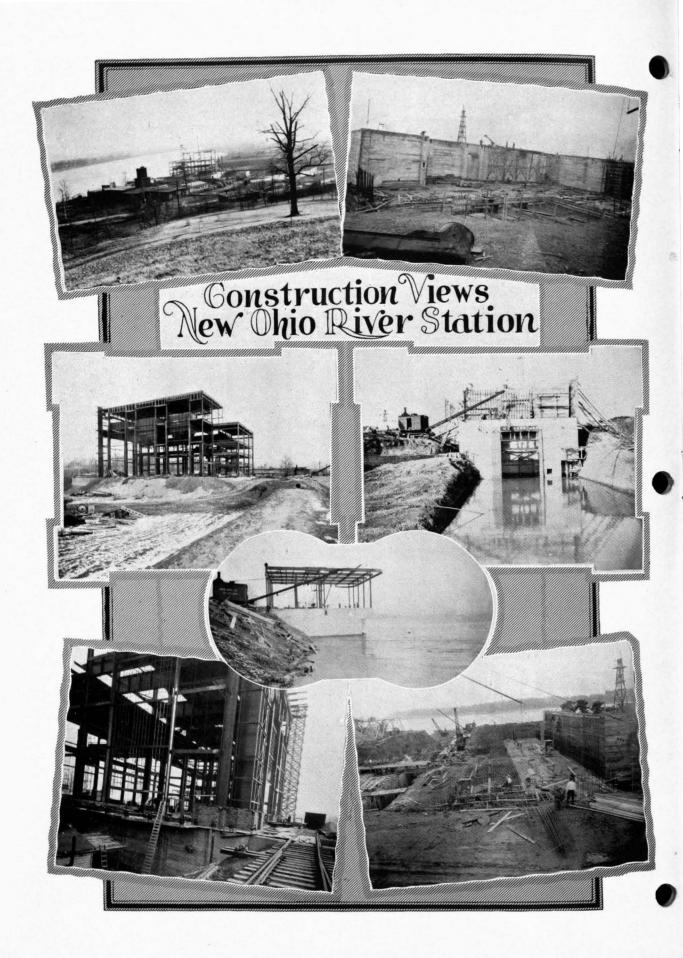
> (For 6% Preferred Stock) Agents of the Company 20 Pine St., New York, N. Y.

R E G I S T R A R S The National City Bank Evansville, Ind. (For 6%, 6.6% and 7% Preferred Stock) Bankers Trust Company New York, N. Y. (For 6% Preferred Stock)

> GENERAL OFFICE EVANSVILLE, INDIANA

> > all a le sol

No. 1



Evansville, Indiana, February 25, 1929.

### To the Stockholders:

 $\mathbf{T}^{\mathrm{HE}}$  Board of Directors submits the following report covering the operations of your property for the year ended December 31, 1928, together with comparative statement of earnings, expenses, etc., for the preceding year:

Gross Earnings:	1928	1927
Electric	\$1,738,333.68	\$1,601,276.6
Transportation	. 757,674.74	810,922.7
Gas		563,941.9
Steam Heating	73,468.30	62,249.6
Total	\$3,165,695.98	\$3,038,391.0
Operating Expenses and Taxes:		
Operating Expenses	\$1,371,854.05	\$1,407,288.4
Taxes	445,575.72	332,477.7
Total	\$1,817,429.77	\$1,739,766.2
Gross Income	\$1,348,266.21	\$1,298,624.8
Interest	. 302,824.51	336,202.7
Amortization of Debt Discount and Expense	. 9,809.88	10,893.7
Total	\$ 312,634.39	\$ 347,096.5
Net Income	\$1,035,631.82	\$ 951,528.2
Dividends on Preferred Stock	. 385,397.79	351,792.3
Provision for Retirement Reserve	. 240,000.00	220,698.3
Total	\$ 625,397.79	\$ 572,490.7
Balance	\$ 410,234.03	\$ 379,037.5
Ratio of Operating Expenses to Gross Earnings	43.33%	46.32%
Ratio of Operating Expenses and Taxes to Gross Earnings	57.41%	57.26%

#### SERVICE RENDERED

T HE business done by your Company's electric and gas departments during 1928 was greater than in any previous year. This record is especially gratifying because sales of electricity and gas are the principal sources of your Company's earnings. Sales of electricity for the year totalled 53,-120, 109 kilowatt hours as compared with 48,866,925 kilowatt hours in 1927, an increase of 4,253,184 kilowatt hours, or 8.70%. Accompanying this increase in sales, was a gain of 1,190 electric customers, bringing the total number served up to 26,065 at the end of 1928. Sales of gas totalled 461,194,300 cubic feet in 1928 as compared with 427,246,400 cubic feet in the previous year, an increase of 33,947,900 cubic feet, or 7.95%. This increase in sales which, in percentage, was almost as great as that reported for the Electric Department, was accompanied by a gain of 346 gas customers, the total number of which amounted to 15,600 on December 31, 1928.

Steam heating sales showed a satisfactory growth as a result of new business taken on during the year. Due largely to the increased use of privately owned automobiles, the number of revenue passengers carried by the Transportation Department showed a decrease of 701,317, or 6.29%, as compared with the previous year.

Comparative figures showing service rendered during the past five years are as follows:

Electric Sales in Kilowatt Hours	Gas Sales in Cubic Feet	Steam Sales in Pounds	Revenue Passengers Carried
36,428,606	370,702,400	92,203,400	12,931,255
40,407,938	371,286,800	92,958,200	12,030,431
44,619,940	401,117,200	110,116,100	11,568,005
48,866,925	427,246,400	93,282,600	11,151,361
53,120,109	461,194,300	111,138,400	10,450,044
	in Kilowatt Hours 36,428,606 40,407,938 44,619,940 48,866,925	in in Cubic Feet 36,428,606 370,702,400 40,407,938 371,286,800 44,619,940 401,117,200 48,866,925 427,246,400	in in in   Kilowatt Hours Cubic Feet Pounds   36,428,606 370,702,400 92,203,400   40,407,938 371,286,800 92,958,200   44,619,940 401,117,200 110,116,100   48,866,925 427,246,400 93,282,600

Comparative figures showing the number of electric, gas and steam heating customers for the last five years are as follows:

Calendar Years	Electric Customers	Gas Customers	Heating Customers
1924	18,978	14,029	283
1925	21,070	14,625	313
1926	23,267	14,928	347
1927	24,875	15,254	358
1928	26,065	15,600	387

### NEW BUSINESS ACTIVITIES

THE increased sales of electricity and gas in 1928 were due, in part, to systematic efforts of your Company's "New Business Department" to develop a greater and more varied use of electricity and gas. Sales of appliances were substantially in excess of those in previous years and owing to the new uses being found for electricity and gas (especially refrigeration), the average consumption per residential consumer should continue to grow at a very satisfactory rate.

Contracts for new power business obtained by your Company in 1928 amounted to nearly twice the horse-power connected to the system in 1927. The full effect of this additional load was not completely realized during 1928 because many of the larger installations of motors were not made until the latter part of the year. Service rendered by six private power plants was entirely replaced by the purchase of power from your Company. Other new power customers include the Graham-Paige Bodies Corporation, Francisco Coal Company, Globe-Bosse World Furniture Company, Ingle Coal Company, Electric Shovel Coal Corporation, Chicago & Eastern Illinois Railway Shops, Phoenix Flour Mill and Crescent Stove Works.

The use of electricity and gas for industrial and commercial processes is being increased and the greater utilization of these services offers broadening and diversified sources of income for your Company.

### ADDITIONS AND IMPROVEMENTS

IN order to provide additional facilities for the increasing demands for service, your Company expended \$1,236,459.24 in 1928 for additions and improvements to its property. Approximately 75% of these expenditures were for the Electric Department; 10% for the Gas Department; 8% for the Transportation Department; and 7% for the Heating Department and for general purposes.

The larger expenditures were made in connection with the following described additions and improvements:

#### Electric Department

Construction work on a new steam electric generating station of the most modern design, located on a twenty-six acre site on the Ohio River at Evansville. The first unit of this plant will have a generating capacity of 12,500 kilowatts or approximately 16,650 horsepower. Construction work on this project was begun in June 1928 and according to present expectations, the plant will be completed and in service during the latter part of 1929, provided no unforeseen developments prevent;

Construction of a substation and two new 12,500 volt lines to connect the new electric generating station with your Company's Division Street station (which will continue to be the main distribution plant);

Construction of a 33,000 volt high tension line extending from the Ohio River substation at Evansville to Arthur, Indiana, a distance of about 48 miles;

Construction of pole and wire lines and the installation of transformers, meters, etc., to further improve the service and to take care of new business obtained during the year;

#### Gas Department

Installation of a 10 foot carbureted water gas set in the Evansville gas plant, capacity of which was thereby increased to 2,500,000 cubic feet of gas per day;

Construction of gas mains and services and the installation of meters to improve the service and to take care of new business obtained during the year;

## Steam Heating Department

Installation of 2,650 feet of 12 inch high pressure steam main extending from the Division Street electric station to connect with the steam heating system at Eighth and Main Streets, Evansville, to provide for the heating requirement of the Chicago & Eastern Illinois Railway passenger station and freight depot, etc;

## Transportation Department

Renewal of a portion of the street railway tracks with heavier rail.

The capital expenditures made by your Company during the five-year period dating from January 1, 1924 to January 1, 1929, totalled \$3,961,-761.09. Practically all of the additions and improvements are of a permanent character and the results should be favorably reflected in the cost of upkeep for many years to come.

## FINANCIAL

**N**<sup>O</sup> public financing was done by your Company during 1928 except through the sale of preferred stock on the Customer Ownership Plan. A total of \$408,200 in par value of 6% preferred stock was sold in this manner at \$100 per share and accrued dividend. During the year a total of \$149,000 in par value of outstanding preferred stocks was acquired; namely, \$91,000 of 7% preferred stock and \$58,000 of 6.6% preferred stock. At the close of 1928, your Company had 3,321 stockholders, practically all of whom reside in the territory served.

On January 1, 1929 your Company's issue of First and Refunding Mortgage 6% Gold Bonds became due and the \$2,652,000 in principal amount outstanding were paid. Pending a more permanent form of financing, funds were advanced by the Commonwealth Power Corporation to retire the maturing bonds and to provide for a large portion of the other 1928 financial requirements of your Company.

The completion of the new steam electric generating station and further additions to the property, including some contiguous electric distribution systems which the Company contemplates acquiring, make it desirable that the Company's authorized amounts of preferred and common stock be increased and that the issues of preferred stock bear such rates of dividends as the Directors may authorize at the time of issuance. To that end, your officers contemplate asking the stockholders at the next annual meeting to authorize the necessary amendments to the Articles of Incorporation.

#### GENERAL

A LTHOUGH local industrial conditions were more or less irregular during a portion of 1928, the year generally was a favorable one for business. Your Company contributed its part to this desirable situation due to its construction program, which involved the employment of many workers and large expenditures for wages and materials. With a continua-

tion of industrial progress in the territory served, your Company should have an excellent year in 1929.

Effective October 1, 1928, a contract (subject to termination upon sixty days' notice by either party) was entered into with the Allied Power & Light Corporation for general supervision of the operation of the property of the Company under the direction and control of your Board of Directors. Effective January 1, 1929, a contract (subject to termination upon ten days' notice by either party) was entered into with Stevens & Wood, Incorporated, widely known engineers and constructors, for such engineering and construction work as can be done more economically and to better advantage than by your Company with its regular force of employees.

The books and accounts, securities, cash, etc., of your Company have been examined and verified by Arthur Andersen & Co., certified public accountants, and their certificate of audit is included in this report, together with statement of income for the year 1928 and a balance sheet as of December 31, 1928.

On behalf of the Directors, it is a pleasure to express appreciation for the good work accomplished by the officers and employees during the past year.

By order of the Board of Directors.

B. C. Cobb, President.

## BALANCE SHEET—DECEMBER 31, 1928

## ASSETS

PROPERTY, PLANT AND EQUIPMENT— GENERAL ACCOUNT		\$17,667,942.68
ADVANCES FOR CONSTRUCTION— Stevens & Wood, Incorporated		50,000.00
SPECIAL FUNDS AND DEPOSITS: Sinking Funds and other Special Deposits	h	5,349.79
BOND DISCOUNT AND EXPENSE IN PROCESS OF AMORTIZATION		165,960.63
PREPAID ACCOUNTS AND DEFERRED CHARGES		32,906.65
CURRENT ASSETS: Cash and Working Funds\$ Notes Receivable Accounts Receivable Due on Subscriptions to Preferred Stock Materials and Supplies	$193,312.66 \\ 2,295.26 \\ 229,090.79 \\ 32,631.54 \\ 237,378.31$	<b>694,7</b> 08.56

Total

\$18,616,868.31

## BALANCE SHEET—DECEMBER 31, 1928

LIABILITIES	
CAPITAL STOCK:	
Preferred—par value of shares \$100.00—	
6% Cumulative— Outstanding \$2,805,600,00	
Outstanding \$2,805,600.00 Subscribed but Unis-	
sued 40,900.00 \$2,846,500.00	
6.6% Cumulative—	
Outstanding\$ 778,700.00	
Subscribed but Unis-	
sued	
7% Cumulative—	
Outstanding\$2,500,500.00	
Subscribed but Unis- sued	
sued 6,300.00 2,506,800.00	
Common, No Par Value,	
300,000 Shares Out-	
standing	\$ 9,139,400.00
FUNDED DEBT: First Lien and Refunding Mortgage 6% Gold Bonds, Series B, due October 1, 1947	
ing 5% Bonds, due June 1, 1932 1,060,000.00	2,337,700.00
DEFERRED LIABILITIES—CUSTOMERS' DEPOSITS	93,774.38
DUE TO COMMONWEALTH POWER CORPORATION	3,803,316.93
CURRENT LIABILITIES:	0,000,020,000
Accounts Payable\$ 123,775.53 Dividends Payable\$ 111,464.40	
Accrued Taxes (Federal Income Taxes	
Subject to Review by Treasury De- partment) 569,480.82	
Accrued Interest 23,582.17	
Unredeemed Tickets	843,691.02
RESERVES:	
Retirement Reserve	
Other Operating Reserves	1,732,964.00
PREMIUM ON PREFERRED STOCK	32,890.00
CONTRIBUTIONS FOR EXTENSIONS.	
SURPLUS	
Total	\$18,616,868.31

## INCOME ACCOUNT AND SUMMARY OF SURPLUS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1928

## INCOME ACCOUNT

GROSS EARNINGS: Electric Transportation Gas Steam Heating	757,674.74 596,219.26	
Total Gross Earnings		\$3,165,695.98
OPERATING EXPENSES AND TAXES: Operating Expenses Taxes	\$1,371,854.05 445,575.72	1,817,429.77
Net Earnings		\$1,348,266.21
DEDUCT: Interest Charges—Net Amortization of Debt Discount and Ex- pense, etc.		312,634.39
Net Income Available for Retirement Reserve and Dividends		\$1,035,631.82
SUMMARY OF SURPLUS	ACCOUNT	
SURPLUS BALANCE JANUARY 1, 1928 Net Income Available for Retirement Re- serve and Dividends for the Year Ended December 31, 1928, as above Less—Provision for Retirement Reserve	\$1,035,631.82	\$ 573,867.89 795,631.82
Total		\$1,369,499.71
DEDUCT—SURPLUS CHARGES: Premium on Preferred Stock Reacquired Premium on Bonds Retired Unamortized Discount and Expense on Bonds Retired, etc	1,520.50	10,627.96
Balance		\$1,358,871.75
DEDUCT—DIVIDENDS: On 6% Cumulative Preferred Stock On 6.6% Cumulative Preferred Stock On 7% Cumulative Preferred Stock On Common Stock	52,924.45 177 419 61	760,397.79
SURPLUS BALANCE DECEMBER 31, 1928		\$ 598,473.96

## ARTHUR ANDERSEN & CO. CERTIFIED PUBLIC ACCOUNTANTS

CHICAGO NEW YORK MILWAUKEE WASHINGTON KANSAS CITY LOS ANGELES SAN FRANCISCO

HARRIS TRUST BUILDING 111 WEST MONROE STREET CHICAGO

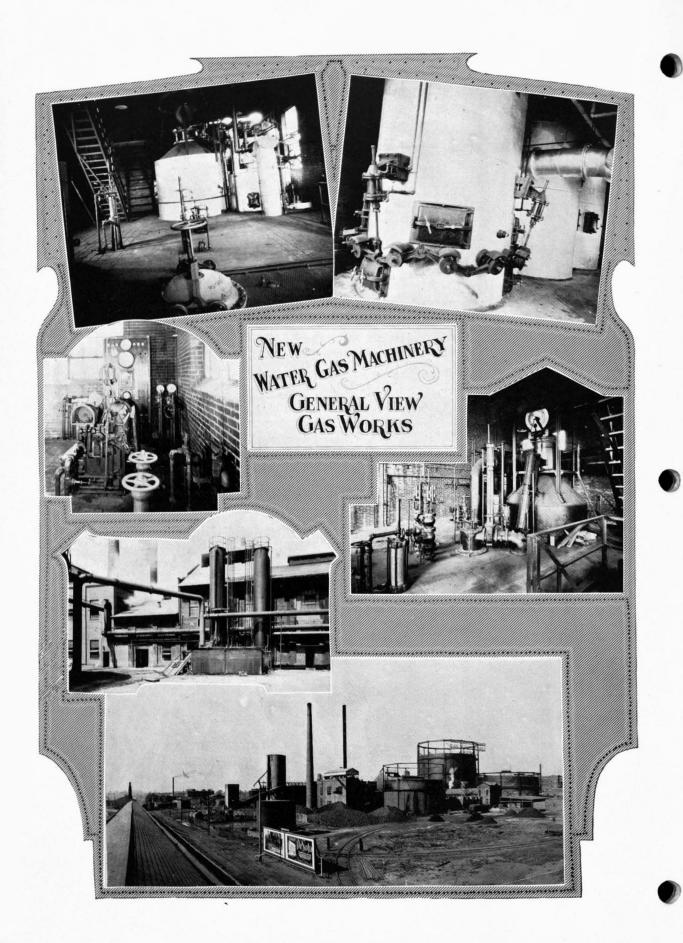
February 13, 1929.

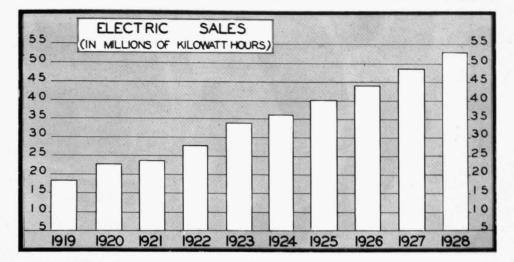
### To the Stockholders of

Southern Indiana Gas and Electric Company:

We have examined the books and accounts of the SOUTHERN INDIANA GAS AND ELECTRIC COMPANY for the year ended December 31, 1928, and, after giving effect as of December 31, 1928 to the retirement of bonds maturing January 1, 1929 for which deposits had been made with the Trustee, we certify that, in our opinion, the accompanying balance sheet and income and surplus accounts correctly present the financial position of the company at December 31, 1928 and the results of operations for the year ended that date.

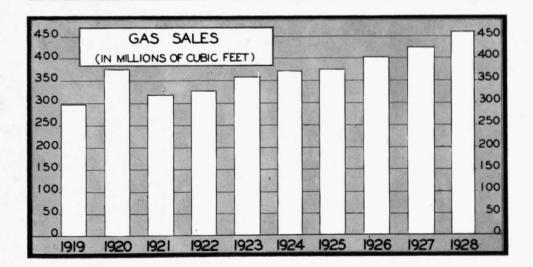
(Signed) ARTHUR ANDERSEN & CO.

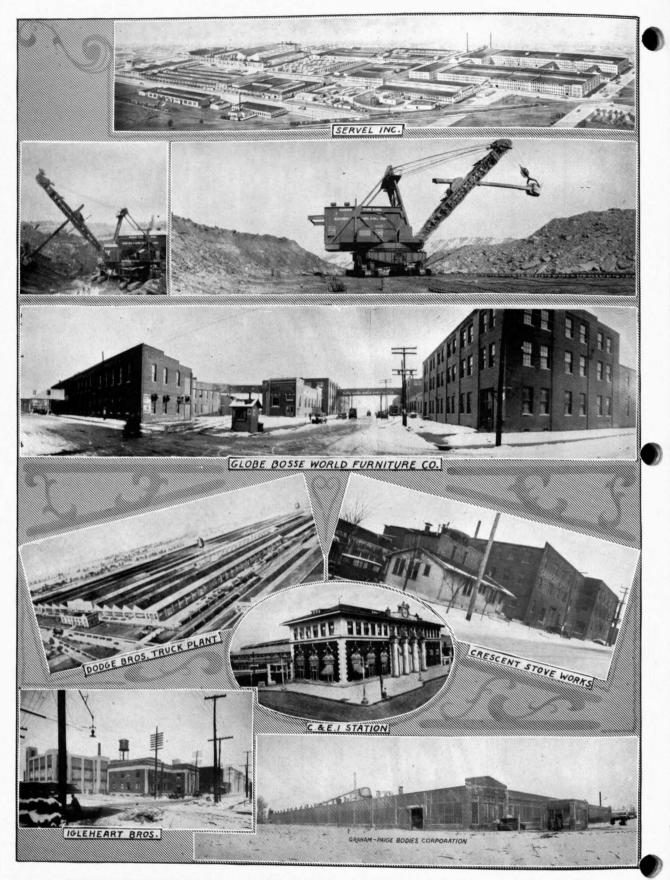




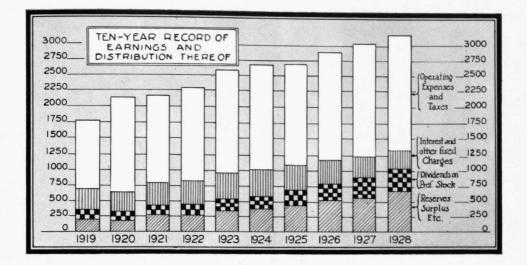


	Electric Sale Kilowatt He			Gas Sales in Cubic Feet	
1919		18,619,530	1919	299,642,500	
1920		23,224,529	1920		
1921		24,157,888	1921	317,354,800	
1922		28,338,294	1922		
1923		34,849,560	1923		
1924		36,428,606	1924		
1925		40,407,938	1925		
1926		44,619,940	1926		
1927		48,866,925	1927		
1928		53,120,109	1928		





SOME NEW CUSTOMERS AND OTHERS WHO HAVE INCREASED POWER REQUIREMENTS



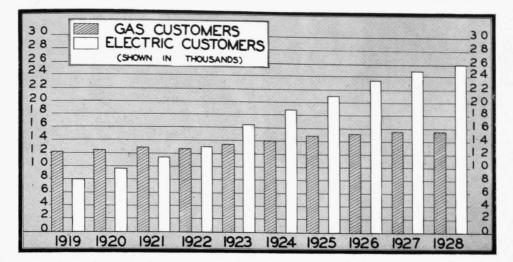
TEN YEAR RECORD OF EARNINGS AND DISTRIBUTION THEREOF

Year	Gross Earnings	Operating Expenses and Taxes	Gross Income	Interest and Othe Fixed Charges	r Net Income	Dividends on Preferred Stock
1919	1,753,505.26	1,084,692.83	668,812.43	353,492.56	315,319.87	151,638.00
1920	2,129,749.81	1,508,239.00	621,510.81	336,129,40	285,381.41	151,638.00
1921	2,157,051.88		772,993.73	377.095.51	395,898.22	153,796.39
1922	2,280,038.13	1,494,182.58	785,855.55	378,992.42	406.863.13	164.297.02
1923	2,578,764.13	1,626,932.40	951,831.73	433,418.04	518,413.69	188,802.91
1924	2.654.614.73		1.024,550.43	438,530.24	586,020,19	217,536.57
1925	2,671,996.57	1,612,457.85	1,059,538.72	402,464.00	657.074.72	260,791.58
1926	2.883.251.41	1,695,397.18	1,187,854.23	395,553.62	792,300.61	308,262.25
1927	3.038.391.01	1,739,766.20	1,298,624.81	347,096.52	951,528.29	351,792.39
1928	3,165,695.98	1,817,429.77	1,348,266.21		1,035,631.82	385,397.79

	SOURCES O	FELECTRIC REV Residential	ENUE 1928 Commercial	City
66%	Lighting	33%	28%	5%
	0 0			
and the second	Miscellaneous 1			
10%	Food Products, D Agricultural Im	airy Products, Ice Plant plements and Electric I	ts, Refrig Manf	
7%	Furniture, Wood wo	rking and Coal Mines		
7%	Machine Shops, I Foundries, Polterie	ron & Steel Construction ( and Brick Mfg. and Ste	companies, cam Shovel Mfg	
3%	Other Public Util	ity Companics		



A DIVERSIFIED SOURCE OF INCOME IS DERIVED FROM INDUSTRIES PRO-DUCING WIDE VARIETY OF PRODUCTS --- MANY NATIONALLY KNOWN

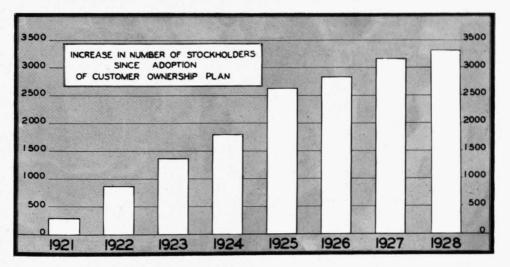


### TEN YEAR RECORD OF GROWTH IN NUMBER OF GAS AND ELECTRIC CUSTOMERS

Gas

Electric

Number of		Gas	Electric
Stockholders		1919	
		1920	
	1921	192112,601	
	1922	1922	
	1923	1923	
	1924	192414,029	
2,584	1925	192514,625	
	1926	192614,928	
3,133	1927	192715,254	
	1928	192815,600	



19

Increase in

## BUSINESS AND PROPERTIES

**E** LECTRIC light and power, steam heating, transportation and gas service are supplied by the Southern Indiana Gas and Electric Company to Evansville; with electric service extended to ten other communities in southern Indiana within a radius of fifty miles and with an aggregate population of more than 125,000. Interurban transportation service is supplied between Evansville and communities to the north as far as Princeton and Patoka, a distance of 33 miles.

Electric customers totaled 26,065, gas customers 15,600. and steam heating customers 387, at the close of the year 1928, all of which were supplied directly from the lines and mains of the company. Approximately 21,000 homes are supplied with gas and electricity or both and the greater part of the industries in the territory of the company use its services. A majority of the stores, office and commercial buildings, in the downtown or business section of Evansville, are supplied with the company's steam heating service. The steam heating system comprises nearly three miles of main, with steam provided principally from Mulberry Street Station, with auxiliary high pressure steam being supplied from Division Street Station.

Present generating capacity of the two central steam electric generating stations in Evansville, from which electricity is distributed to the entire territory, amounts to an aggregate installed capacity of 32,800 horse power. Division Street has 93% of this capacity. An increase of 50% in electric generating capacity will be available on the completion of the first unit of the New Ohio River Station now under construction, and which will be placed in operation during 1929. Electricity is distributed to the customers of the company thru a transmission and distribution system aggregating 1,534 miles of wire lines.

The gas distribution system in Evansville consists of 159 miles of mains. Daily generating capacity of the plant is in excess of 6,000,000 cubic feet, both coal and water gas generating equipment being in operation. Storage capacity of the gas holders is 1,650,000 cubic feet.

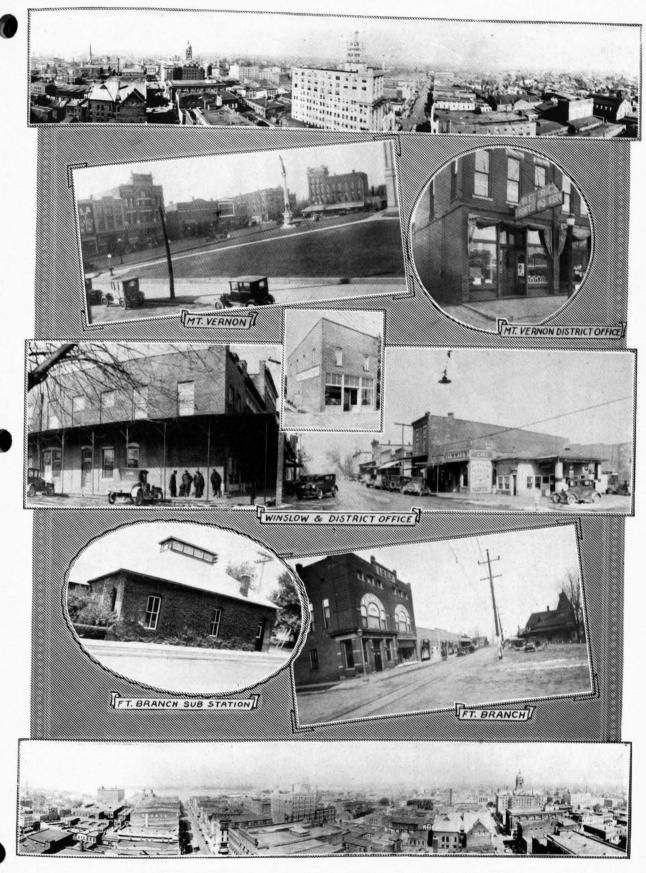
The transportation property includes on a single track basis 74 miles of line, 42 miles of which are in the city of Evansville. Motor buses supplement city and interurban electric railway service.

Business of the company is well diversified in widely distributed lines of activity. More than 55% of the gross earnings, as indicated by 1928 operations, are derived from the sale of electricity; 24% from transportation service, 2% from heating service, and 19% from the sale of gas. The electric revenue is derived from diversified sources, the greater part—66%—being derived from the sale of electricity for residential, commercial and municipal lighting purposes. The source of the business is substantial and generally uniform under varying conditions. Sale of power for industrial purposes constitutes the other source of electric revenue. In this connection and as indicated by the chart on page 17 the sale of power is not confined to nor dependent upon any one class of industry.

#### TERRITORY SERVED

The territory served by Southern Indiana Gas and Electric Company is a favorable one for carrying on a growing public utility business. The regions surrounding the communities served by the Company constitute actively farmed sections. This feature contributes in a substantial measure to the progress of the communities which are the shopping and business centers for their respective districts. Industrial activities cover a broad field and include production of furniture, food products, motor cars and automotive accessories, farm implements, electric and gas refrigerators, iron and steel products, brick and coal.

Evansville is well situated with respect to rail and water transportation and enjoys direct transportation facilities extending to Chicago, St. Louis, Louisville, Indianapolis and to the south. With its property maintained at a high standard and with adequate facilities made available, the Company should play an important part in the industrial development of southern Indiana as a part of the general progress of the mid-west, referred to as the "Nation's Workshop."



VIEWS OF EVANSVILLE AND SEVERAL OTHER COMMUNITIES SERVED

