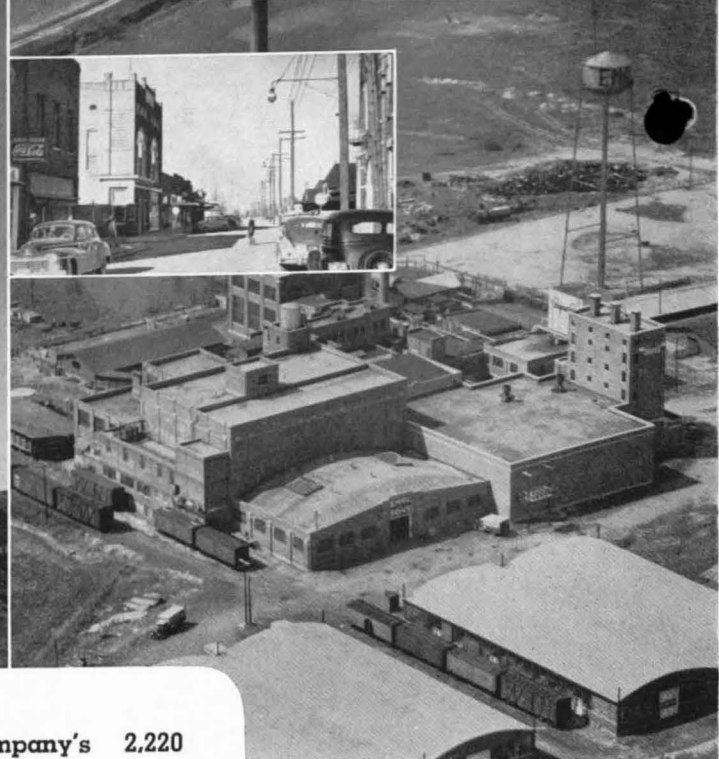


**ANNUAL  
REPORT  
1948**

**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY**



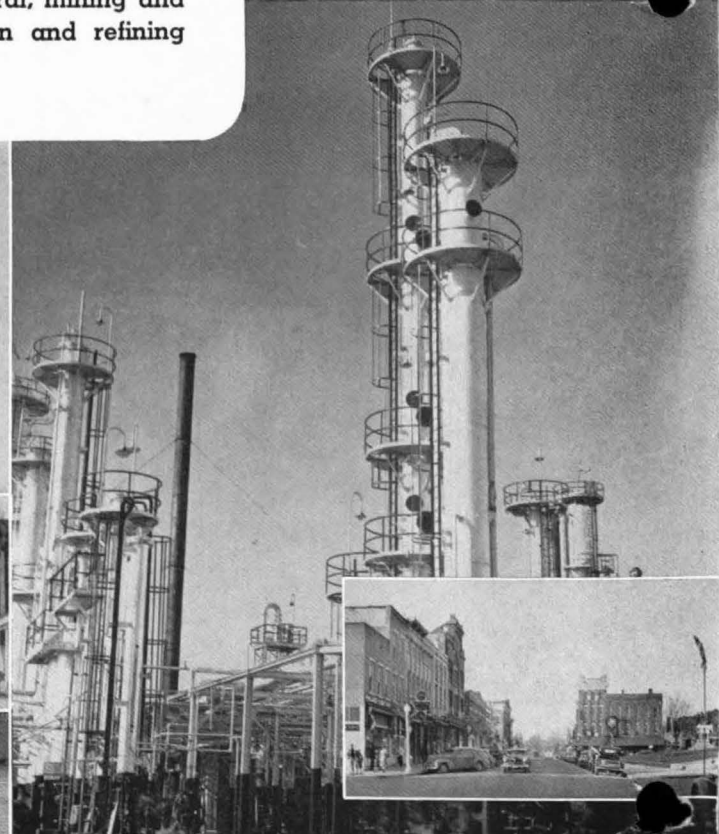
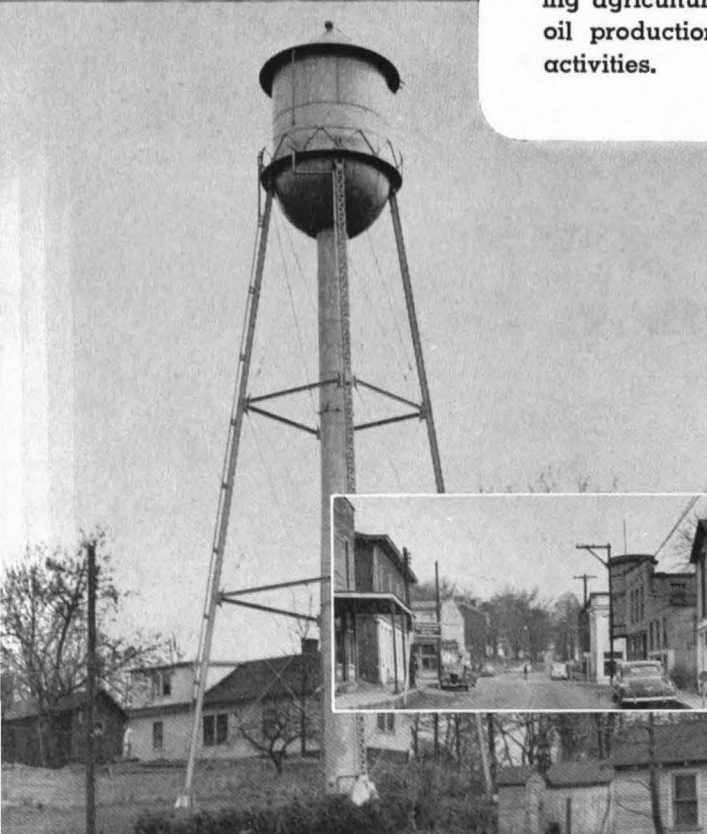
(above) Winslow. Modern coal tippie and washer of Blackfoot mines.

(below) Newburgh. Water supply standpipe for town's water system operated by the Company.

**T**HE Company's 2,220 square mile service area extending out from Evansville, includes many thriving communities which are trading centers for the surrounding agricultural, mining and oil production and refining activities.

(above) Fort Branch. Meat products plant of Emge Packing Company.

(below) Mt. Vernon. Farm Bureau refinery utilizing products of adjacent oil fields.



**COVER PICTURE** — Construction of power plant building extension at Ohio River Station for sixth unit, 20,000 kilowatt turbine generator and boilers, and proposed seventh unit of similar capacity. Present plant in background.

## PRESIDENT'S LETTER



F. B. Culley

To the Stockholders of  
Southern Indiana Gas and Electric Company:

Your Company set new records during 1948 in the volume of electric and gas service rendered our customers, as well as in gross revenues. In view of the national electric power supply situation it is of particular interest that the Company met and supplied new peak demands in full throughout the year.

The continued public need for greater quantities of electricity and new demands for more diversified uses are being met with a long range construction program, begun after the war, and which, with the completion of immediate projects by 1951, will increase electric generating capacity more than 50%.

A stand-by gas plant utilizing propane to supplement the natural gas supply during times of peak demand has been completed since the turn of the year. Expanded markets for gas sales are foreseen when increased supplies of natural gas are assured and restrictions on new space heating installations, established in accordance with orders of the Public Service Commission of Indiana, can be removed.

To implement a progressive program of construction for the serving of this area, new capital is required. Our rates for service must be in keeping with advancing costs of operation, and provide adequate earnings to attract the investment of capital necessary for enlarging service facilities. In November 1948, the Company was authorized to adjust its gas rates to recover the added costs of operating the propane gas plant and the high B.T.U. oil gas equipment. The probable necessity for other rate adjustments, in the light of cost increases, is being thoroughly studied.

While electric use in the average home has doubled in ten years, the average price per kilowatt hour is the cheapest it has ever been, and, contrasted with other living costs, is 22% below pre-war.

Rural electrification in your Company's service area has advanced to a point where essentially all portions

are reached, and some eight out of ten farms are either served now or service is available when desired.

The bus transportation business and properties were sold in July 1948, and the Company no longer operates any service in this field.

As referred to elsewhere in this report, in January 1949, The Commonwealth & Southern Corporation sold its common stock holdings in this Company and concurrently the Company raised \$1,530,000 from the sale of an additional 85,000 shares of new common stock. This stock has now been rather widely distributed among investors, and the Company's stockholder family has increased by several thousand. On behalf of the Company, we welcome these new share owners who will be receiving our Annual Report for the first time.

Following the sale, Walter H. Dreier, Kenneth H. Weyerbacher and Walter G. Koch, residents of this area, were elected to the Board of Directors.

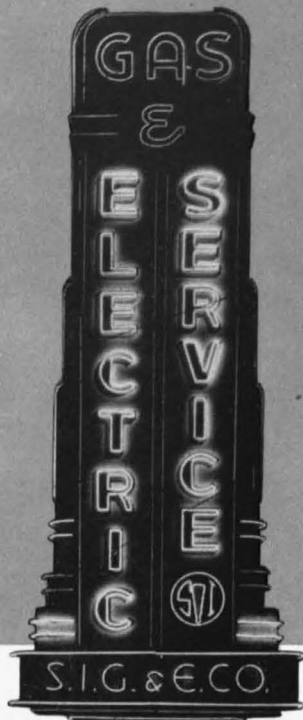
A review of 1948 operations and more detailed figures, including certified financial statements by Arthur Andersen & Co., accountants and auditors, are on pages following. We are proud to acknowledge the importance to 1948 accomplishments of the loyal and effective work of the men and women employed in all departments, and the assistance of the service company, The Commonwealth & Southern Corporation (New York).

A continuation of the growth of this area is anticipated. The Company's present expansion program should materially aid such development and contribute thereby to future earnings.

By order of the Board of Directors.

A handwritten signature in cursive script that reads "F. B. Culley".

President



## HIGHLIGHTS OF 1948

On this page are summarized some of the results and activities of 1948. Statistical details are on pages following.

### GROSS REVENUE UP 12.22%

Gross Revenues excluding transportation revenue totalled \$8,734,100, compared with \$7,782,785 in 1947.

### ELECTRIC SALES UP 18.24%

Sales of electricity for all purposes amounted to 369,691,371 KWH, an increase of 57,028,254 KWH.

### NEW ELECTRIC PEAK DEMANDS MET

A new peak load record of 84,040 kilowatts demand was established on the electric system in December, 1948.

### GAS SALES UP 6.30%

Total gas sales of 2,553,027,400 cu. ft. represent a 6.30% increase.

### 3,631 CUSTOMERS ADDED

At the year end, electric customers totalled 54,559, a gain of 2,699; gas customers totalled 32,614, an increase of 932.

### RURAL ELECTRIFICATION ADVANCED

5,643 farms now served, a gain of 330. Of all farms in the service area, 86% are now served. 105 miles of rural lines built in 1948, for a total of 1,550 miles now in use.

### EXTENSIVE CONSTRUCTION PROGRAM

Construction program begun in 1948 and

continuing through 1951 requires over 15 million dollars, to provide enlarged electric and gas supplies. Will increase Ohio River plant electric generating capacity over 50%, and also provide a propane stand-by plant to supplement natural gas supply.

### SALE OF TRANSPORTATION SYSTEM

The bus transportation system serving Evansville and environs was sold in July 1948.

### NEW CAPITAL RAISED

\$1,000,000 from the sale of First Mortgage Bonds in August 1948. \$1,530,000 from the sale of 85,000 shares of new common stock in January 1949.

### GAS RATE ADJUSTMENT

Adjustment in gas rates effective December 1, 1948, to recover increased costs, in connection with the installation and operation of propane stand-by plant and the manufacture of high B.T.U. oil gas.

### COMMON STOCK EARNINGS

Earnings available for common stock in 1948, excluding operations of transportation property, were \$2.36 per share on 600,000 shares outstanding December 31, 1948, and on the basis of 685,000 common shares now outstanding, were at the rate of \$2.07 per share.

# THE 1948 REVENUE DOLLAR

## WHERE IT CAME FROM:

	1948	% of Total Revenue
Received from Sale of		
Electricity.....	\$6,391,822	67.49
Natural Gas.....	1,962,893	20.72
*Transportation.....	706,861	7.46
Steam Heating, Water and Other Income.....	409,698	4.33
<b>Total.....</b>	<b>\$9,471,274</b>	<b>100.00</b>

\*Through July 23, 1948, when the transportation business was sold.

## HOW IT WAS SPENT:

	1948	Cents Per Revenue Dollar
A. Wages and Salaries, including cost of pensions and employee insurance (not including \$356,436 charged to construction and other accounts).....	\$1,802,975	19.04
B. Purchase of Natural Gas.....	864,322	9.13
C. Coal Consumed.....	1,248,051	13.18
D. Materials, Supplies and Other Expenses.....	730,154	7.71
E. Depreciation and Amortization of Plant.....	870,326	9.19
F. Taxes — Federal, State and Local.....	1,866,042	19.70
G. Interest and Other Income Deductions.....	237,902	2.51
H. Preferred Stock Dividends.....	412,296	4.35
I. Common Stock Dividends.....	825,000	8.71
J. Balance Retained for Future Needs.....	614,206	6.48
<b>Total.....</b>	<b>\$9,471,274</b>	<b>100.00</b>

(Includes transportation business through July 23, 1948)

**WAGES AND SALARIES  
INCLUDING PENSIONS AND  
INSURANCE  
19.04%**



**PURCHASE OF  
NATURAL GAS  
9.13%**



**COAL USED  
13.18%**



**MATERIALS, SUPPLIES AND  
OTHER EXPENSES  
7.71%**



**BALANCE RETAINED  
FOR FUTURE NEEDS 6.48%**



**COMMON  
STOCK DIVIDENDS  
8.71%**



**PREFERRED  
STOCK DIVIDENDS  
4.35%**



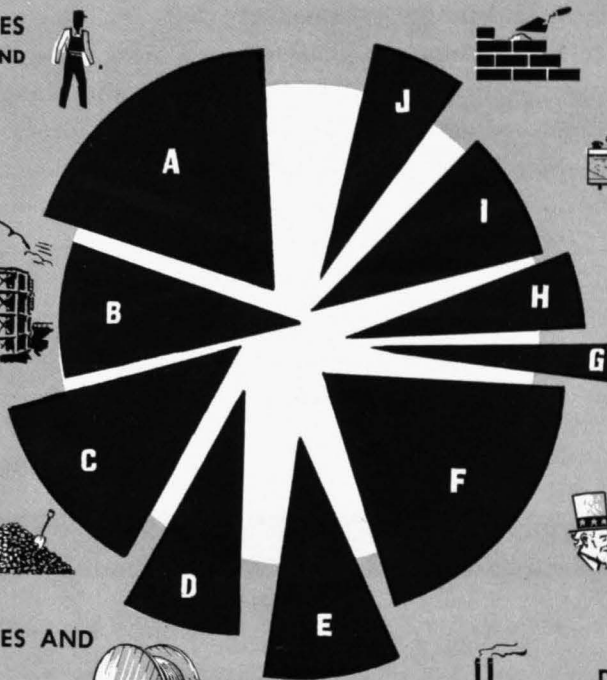
**INTEREST AND OTHER  
INCOME DEDUCTIONS  
2.51%**



**TAXES — FEDERAL  
STATE AND LOCAL  
19.70%**



**DEPRECIATION AND AMORTIZATION  
OF PLANT 9.19%**



## ABOUT YOUR COMPANY

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY in its history is deep-rooted in the traditions and progress of this region.

From the founding days of the first gas light company in 1852, through the years to 1882 when the wonders of the newly invented electric light brought its uncertain but hopeful gleam to Evansville, and up to now, the Company or its predecessors have been associated in the growth and development of Southern Indiana.

In all this, there has been and continues to be a living demonstration of American principles of enterprise that create new values of public usefulness, new standards of living, new opportunities for work, wages and improved family life, and reward the thrift and faith that lead to the investments which bring into being these assets of service to the people.

From the beginning, the Company grew out of investments by those who believed enough to venture their capital to build the means of putting these little-known developments to work for their fellow citizens.

These properties have been built by the savings of thousands of people, great numbers from here at home, and by the funds of other

thousands through insurance companies, banks and institutions. The growth of investment has opened the way to growth of the means to serve more people and in greater measure.

From the days in 1912 when the present Company was organized, it has grown from a system with a few thousand kilowatts of generating capacity to today's modern, efficient system exceeding 80,000 kilowatts — with greater capacity under construction. From early coal gas manufacture, the company has progressed to the larger usefulness and economy of natural gas. From a handful of customers, the company today has an aggregate of over 87,000 electric and gas customers.



In 1912, rural electrification was unknown. Today, the company's electric lines reach 1,550 miles into and past the cross-roads village and down the far road to bring light and cheer and many handed electric helpers to 5,643 farms, brightening farm life and making farming more secure. Farms and rural villages now have the advantages of "big city" electricity and the appliances to use it for better living.

In like manner, the Company has been a partner in industrial progress, its products becoming tools of production that make for jobs that send local products around the world.

The Company looks on its history as a record of progress, but, in a greater sense, as history on which to build for greater public good.

**No. 6 WIRE**  
Up since 1939  
102%



## LOW ELECTRIC PRICES and CONTINUED EXPANSION vs. RISING COSTS

**35 FT. POLE**  
Up since 1939  
134%



This Company, in common with many others throughout the nation, faces a problem of meeting public demands for expanding production and service facilities in the face of a sharp rise in its "cost of living."

Coal prices are at a new peak: 129% above 1939. Wages are at new high levels. Taxes give promise of still further increases. These are the major items, but almost all others — such as wire, poles, meters, transformers, trucks are bought at much higher prices.

**AUTOMOTIVE EQUIPMENT**  
Up since 1939  
over 50%

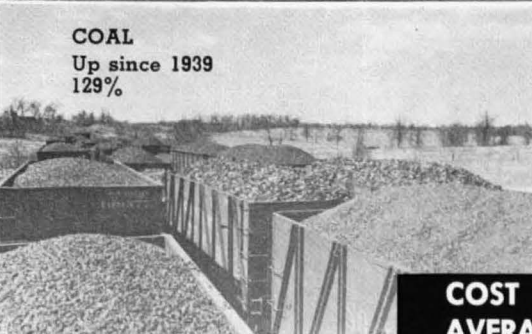


The Company has a history of rate reductions as conditions warranted, and of rate schedules which provide "the more used, the lower the price." Under these rate schedules, the average price of electricity for home use in 1948 dropped below 3c per kilowatt hour, a figure substantially below pre-war levels.

This can be attributed to the fact that for the past few years, the use of electricity has increased tremendously, so much so that it has been necessary to utilize generating capacity fully, without normal reserves.

Wartime restrictions and postwar shortages of materials prevented the construction of additional facilities necessary to maintain the usual reserve capacity. Consequently, our building program is geared to provide for both the anticipated growth in the use of electricity in the area and the re-establishment of an adequate power reserve.

**COAL**  
Up since 1939  
129%



Adjustments in the price of electricity may be necessary to produce earnings adequate to meet these and future added costs, to finance property additions, and to protect the many elements of service to the public.

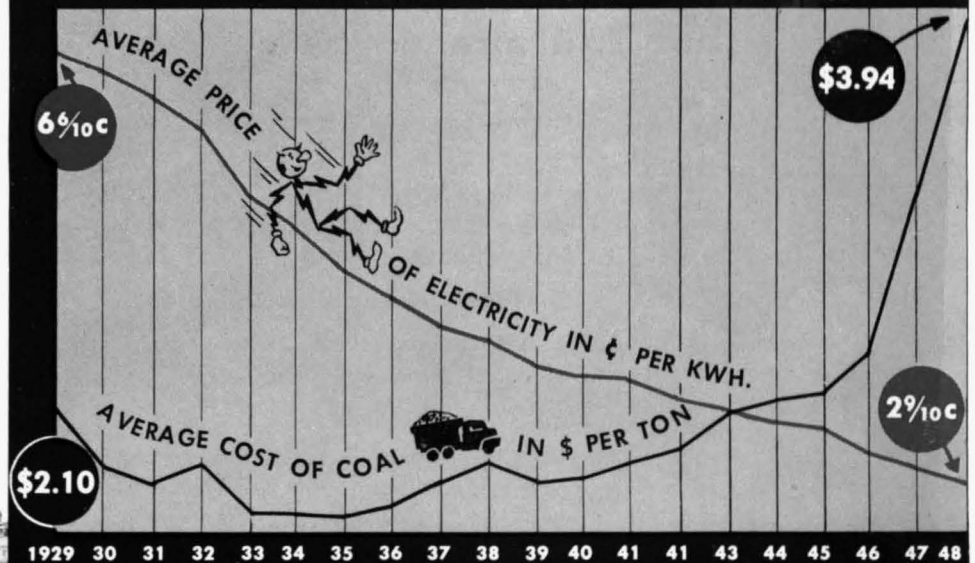
**WAGE RATES**  
(Average)  
Up since 1939  
100%



**TAXES**  
Now  
19.70c  
per Revenue  
Dollar

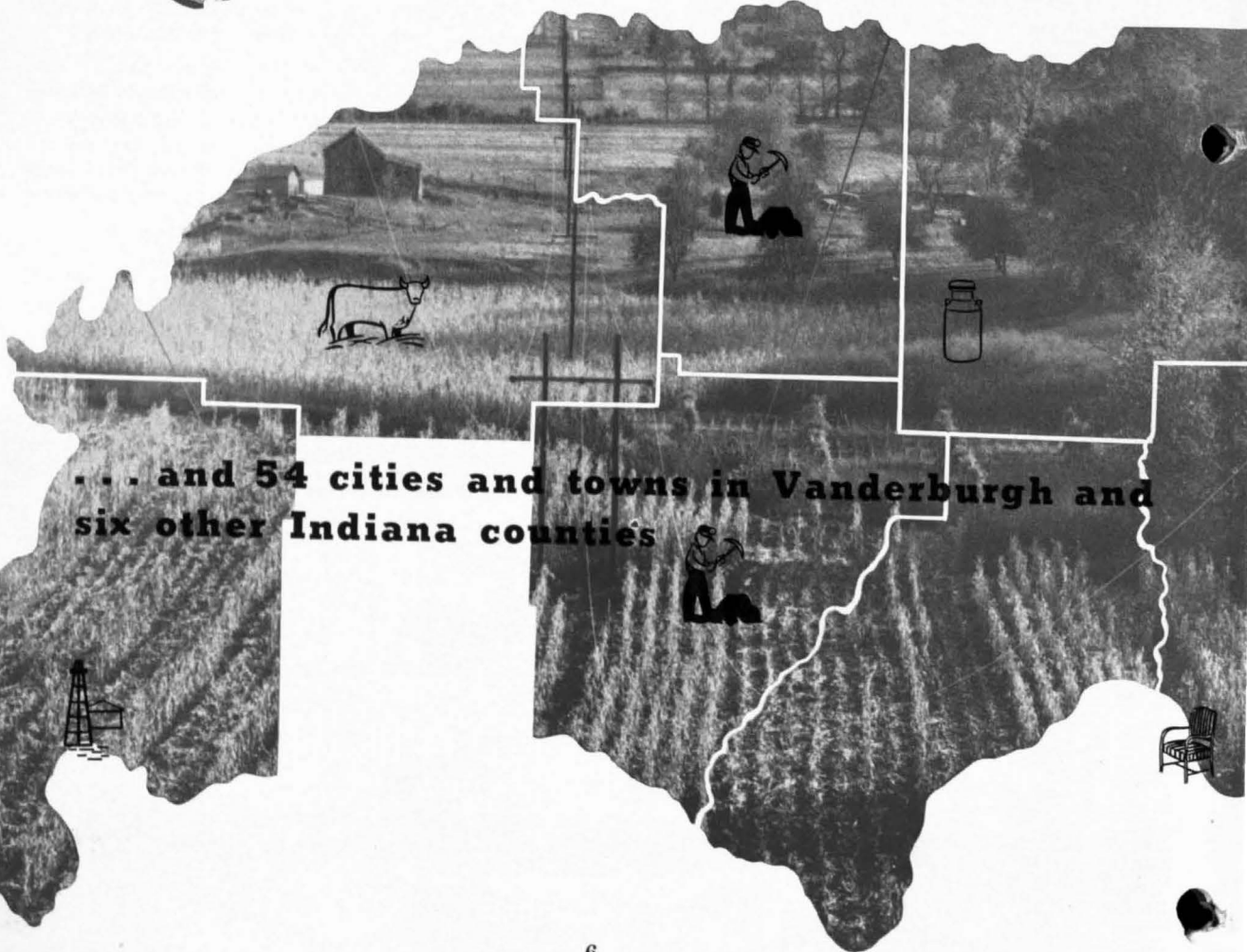


**COST OF COAL TO MAKE ELECTRICITY — UP 88%**  
**AVERAGE PRICE OF HOME ELECTRICITY — DOWN 26%**



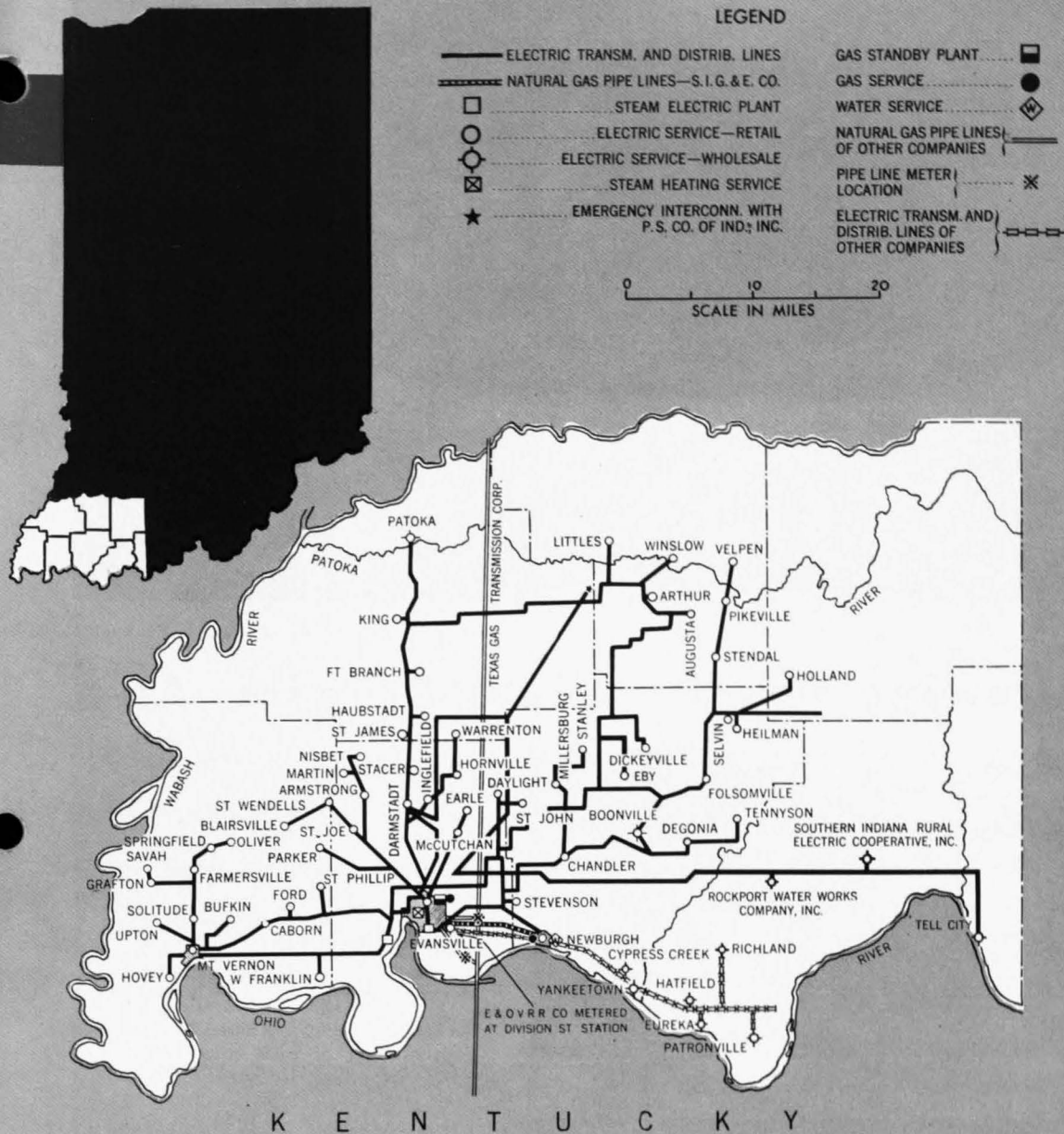
# TERRITORY SERVED BY YOUR COMPANY

**the industrial city of Evansville located wholly in Vanderburgh County**



**... and 54 cities and towns in Vanderburgh and six other Indiana counties**





**... a total of 2220 square miles  
containing a population of nearly 190,000**

Electric service is supplied directly to Evansville and 54 other cities and towns, in addition to an extensive rural territory. Electricity is also supplied at wholesale to six other municipalities and distributing agencies with some 10,680 customers.

Natural gas service is supplied in Evansville and Newburgh.

Steam heating service in the Evansville downtown business area supplies principally stores and office buildings. Water service is supplied in Newburgh.



Ohio River Generating Station, Evansville

## A Growing Company in a Growing Area



Modern lighting is a valuable sales asset



The territory your Company serves comprises:

- ... shopping center for half-a-million people
- a well established, and constantly growing industrial city, together with thriving smaller communities, oil producing, mining and rich agricultural areas
- ... world's largest refrigerator manufacturing center
- a stabilized economy based on diversified manufacture of such other varied commodities as autos, furniture, food, textiles, farm machinery, cigars, structural steel
- 165 manufacturing plants in Evansville alone
- ... Names known to the nation are among the customers of this Company, including: American Fork and Hoe, Bernardin Bottle Cap, Briggs, Bucyrus-Erie, Chrysler, Faultless Caster, Hoosier Cardinal, Igleheart (General Foods), International Harvester, International

At left: Thousands of new homes expand markets for service

Servel, Inc., one of the Company's many industrial customers

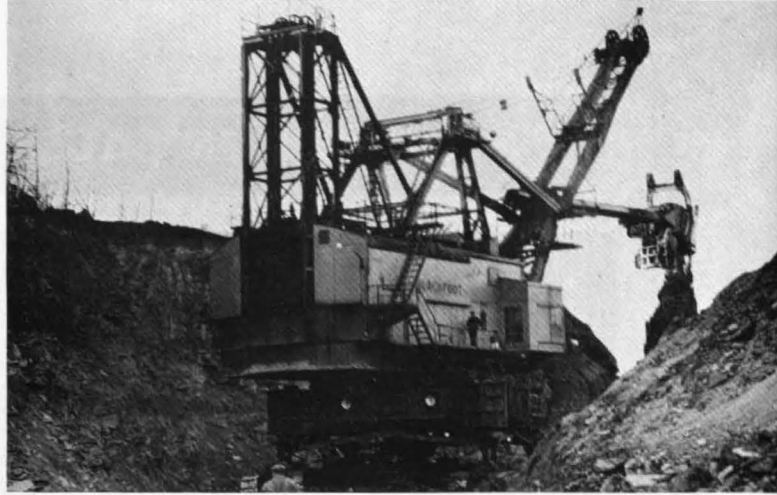


Steel, Serval, Seeger and Swift. Among the Company's coal mining customers are Ayrshire, Blackfoot, Ingle, Sunlight and Tecumseh.

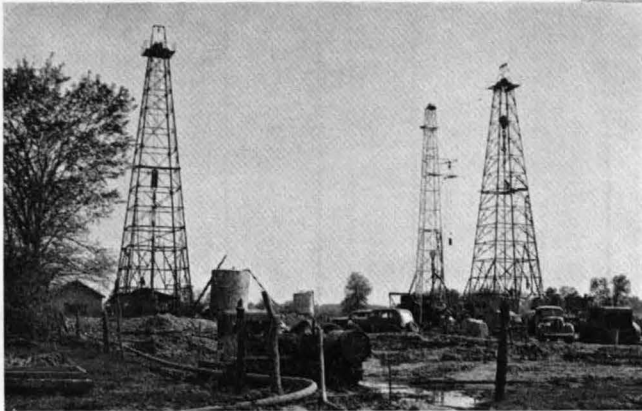
- weekly average payroll in Evansville industry — \$1,500,000
- retail and wholesale sales in Evansville amounting to over \$155 million and \$146 million respectively (1947 — latest available figures)

The Company's industrial business is well-balanced by substantial sources of revenue from residential and farm service.

Over 9,300 building permits in Evansville area in 1948 — 3,744 new dwelling units constructed since 1940



Electric stripper shovel used in coal mining — one of the world's largest and a Company customer.

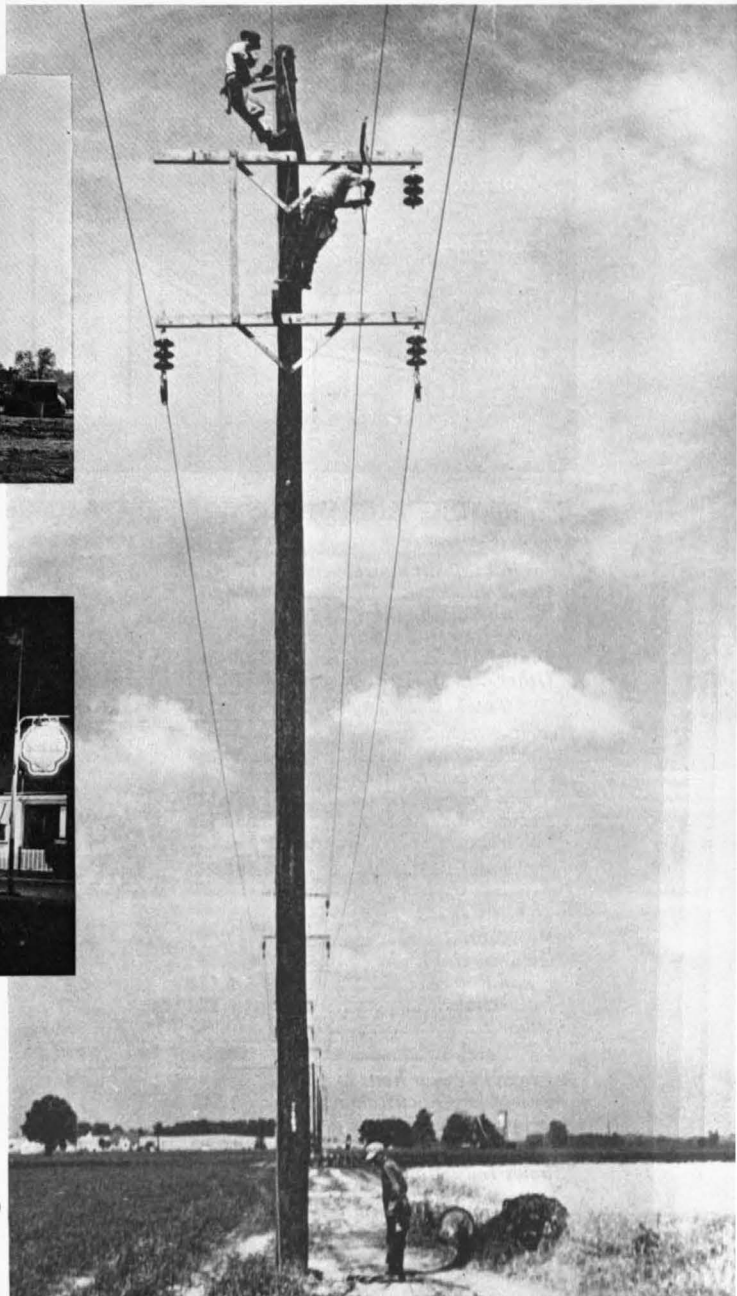


Expansion of proved oil fields promotes increased use of Company service for pumping and refining.

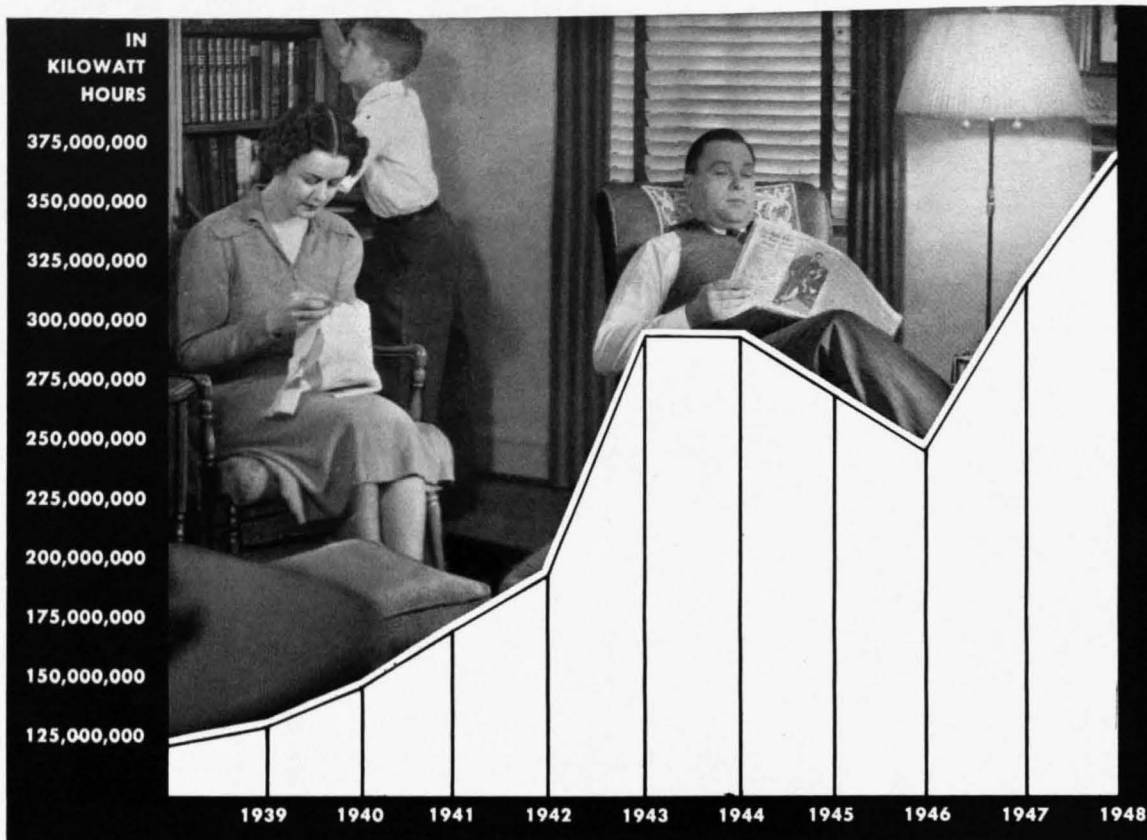


Electricity and gas stimulate round-the-clock sales in many lines of business.

Construction on 69,000 volt transmission line to supply new area shown at right.



# GROWTH IN SALES OF ELECTRICITY



## OPERATING AND STATISTICAL DATA

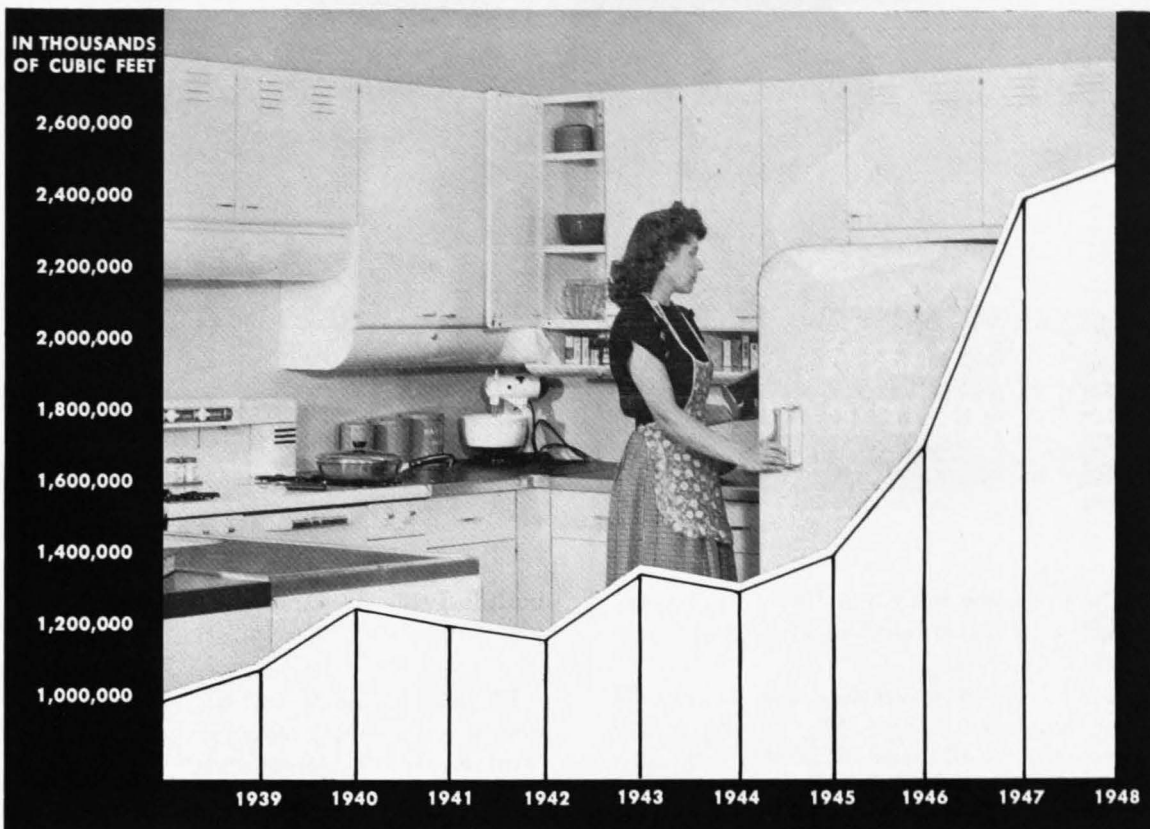
ELECTRIC:	1948	1947	Increase	Per Cent
<i>Sales in kilowatt hours —</i>				
<i>Residential.....</i>	72,051,672	61,470,022	10,581,650	17.21
<i>Commercial Light and Power.....</i>	72,581,100	64,363,253	8,217,847	12.77
<i>Industrial.....</i>	198,880,567	176,308,076	22,572,491	12.80
<i>Other.....</i>	26,178,032	10,521,766	15,656,266	148.80
<i>Total.....</i>	<u>369,691,371</u>	<u>312,663,117</u>	<u>57,028,254</u>	<u>18.24</u>
<i>Revenue from Sales —</i>				
<i>Residential.....</i>	\$ 2,086,765	\$ 1,866,168	\$ 220,597	11.82
<i>Commercial Light and Power.....</i>	1,629,176	1,460,071	169,105	11.58
<i>Industrial.....</i>	2,380,478	1,982,772	397,706	20.06
<i>Other.....</i>	295,403	165,923	129,480	78.04
<i>Total.....</i>	<u>\$ 6,391,822</u>	<u>\$ 5,474,934</u>	<u>\$ 916,888</u>	<u>16.75</u>
<i>Customers Served at end of Year —</i>				
<i>Residential.....</i>	47,690	45,407	2,283	5.03
<i>Commercial Light and Power.....</i>	6,726	6,313	413	6.54
<i>Industrial.....</i>	128	127	1	.79
<i>Other.....</i>	15	13	2	15.38
<i>Total.....</i>	<u>54,559</u>	<u>51,860</u>	<u>2,699</u>	<u>5.20</u>
<i>Average kilowatt hour use by residential customers...</i>	1,545	1,393	152	10.92
<i>Average residential rate per kilowatt hour in cents.....</i>	2.90	3.04	.14*	4.61*

\*Shows reduction

## PRINCIPAL SOURCES OF INDUSTRIAL ELECTRIC REVENUE FOR 1948

Automobile and Automobile Equipment.....	\$ 150,072
Coal Mining.....	466,408
Electric and Gas Refrigeration Mfrs....	795,517
Foodstuffs and Tobacco.....	245,028
Ice and Refrigeration.....	63,839
Iron and Steel Manufacturing.....	45,678
Lumber and Wood Products.....	65,946
Machinery Apparatus and Metal Products..	278,500
Oil — Oil Refining.....	50,755
All Other.....	218,894
<b>Total.....</b>	<b>\$2,380,478</b>

# GROWTH IN SALES OF NATURAL GAS



## OPERATING AND STATISTICAL DATA

GAS:	1948	1947	Increase	Per Cent
<i>Sales in thousands of cubic feet —</i>				
Domestic.....	700,169.8	714,412.4	14,242.6*	1.99*
Space Heating.....	827,612.3	793,885.0	33,727.3	4.25*
Commercial and Industrial.....	1,020,743.0	887,124.4	133,618.6	15.06
Other.....	4,502.3	6,300.0	1,797.7*	28.53*
<b>Total.....</b>	<b>2,553,027.4</b>	<b>2,401,721.8</b>	<b>151,305.6</b>	<b>6.30</b>
<i>Revenue from Sales —</i>				
Domestic.....	\$ 810,569	\$ 812,896	\$ 2,327*	.29*
Space Heating.....	536,301	501,911	34,390	6.85
Commercial and Industrial.....	613,610	547,626	65,984	12.05
Other.....	2,413	3,332	919*	27.58*
<b>Total.....</b>	<b>\$1,962,893</b>	<b>\$1,865,765</b>	<b>\$97,128</b>	<b>5.21</b>
<i>Customers served at end of Year —</i>				
Domestic.....	26,601	25,817	784	3.04
Space Heating.....	4,487	4,343	144	3.32
Commercial and Industrial.....	1,526	1,522	4	.26
<b>Total.....</b>	<b>32,614</b>	<b>31,682</b>	<b>932</b>	<b>2.94</b>

\*Shows reduction, due to reclassification of customers.

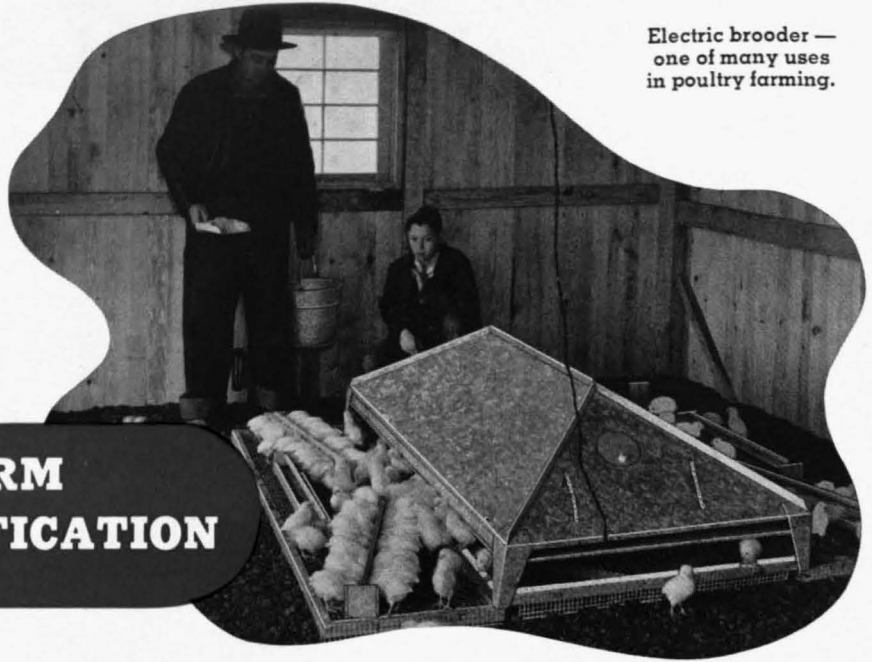
### PRINCIPAL SOURCES OF INDUSTRIAL GAS REVENUE FOR 1948

Automobiles and Automobile Equipment....	\$ 28,029
Ceramic Products.....	61,948
Machinery, Apparatus and Metal Products.....	36,455
Electric and Gas Refrigerator Mfrs.....	219,600
<b>Total.....</b>	<b>\$346,032</b>



Electric brooder —  
one of many uses  
in poultry farming.

## FARM ELECTRIFICATION



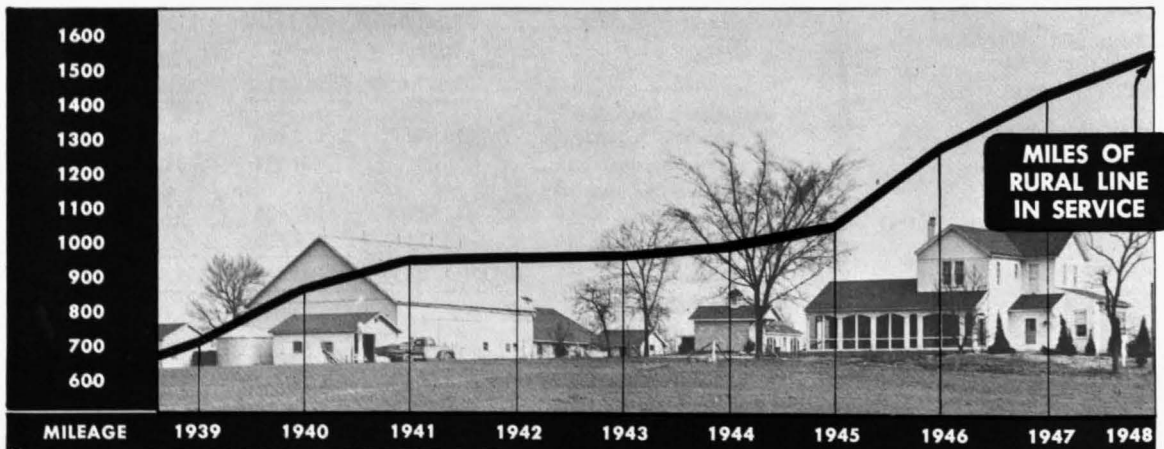
The Company has carried on a progressive program of farm electrification for many years.

A total of 5,643 farms is now served, 330 being connected during 1948. This total represents 86% of all farms in the territory, with service being available to a large part of the balance from existing lines. In addition, 445 non-farm customers, including rural stores, filling stations and similar commercial enterprises, were connected to these lines.

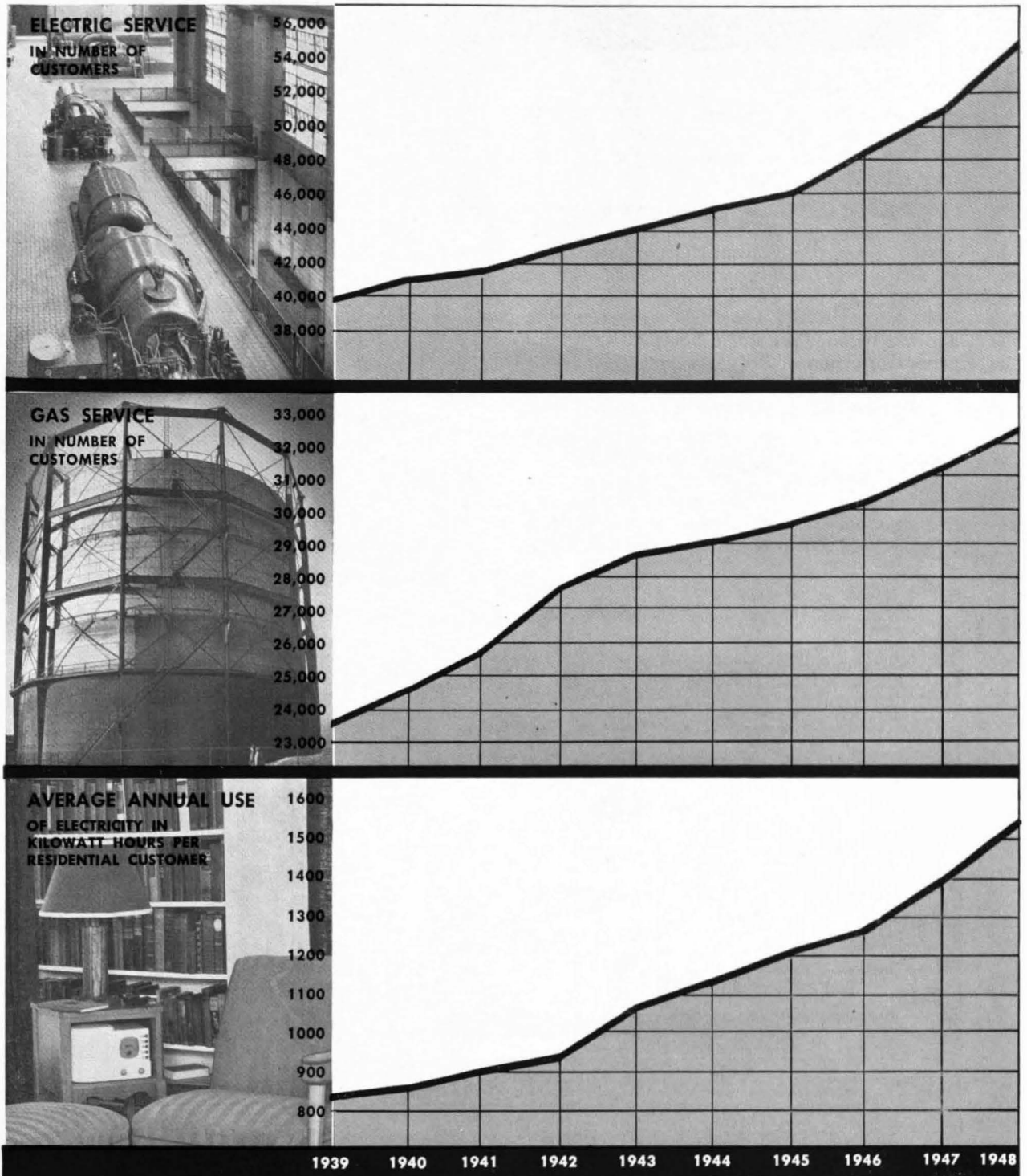
Rural lines in service at the end of the year totalled 1,550 miles, of which 105 miles were

built in 1948. The company has virtually completed the electrification of the rural areas in its territory.

Electric service is available to farms at the Company's uniform rates. The future of the farm market has great possibilities for expansion through the continued development of new ways to apply electricity to farm operations of all types. The Company cooperates with farmers and other customers in ways of making more extensive use of electricity in the varied farming, dairying, poultry raising and similar pursuits found in this region.



# 10 YEARS OF PROGRESS



## ADDITIONS TO PROPERTY

Construction to provide greater capacity and increased supplies of electricity and gas was the Company's outstanding job in 1948, and continues in 1949.

A total of \$3,849,741 was expended in 1948 for property additions and improvements (exclusive of the Transportation system sold in July, 1948). Of this total, \$3,237,024 or 84.08% was for the Electric Department; \$386,193 or 10.03% for the Gas Department, and the balance for steam heating, water and general purposes. Property retirements for the year amounted to \$202,274 (exclusive of the Transportation system sold in July, 1948).

Principal work was on the construction of an extension to the Ohio River Station for the installation of a sixth steam-turbine generator unit, of 20,000 kilowatts rated capacity, and two boilers. Completion of the turbine is scheduled for the summer of 1949. Engi-

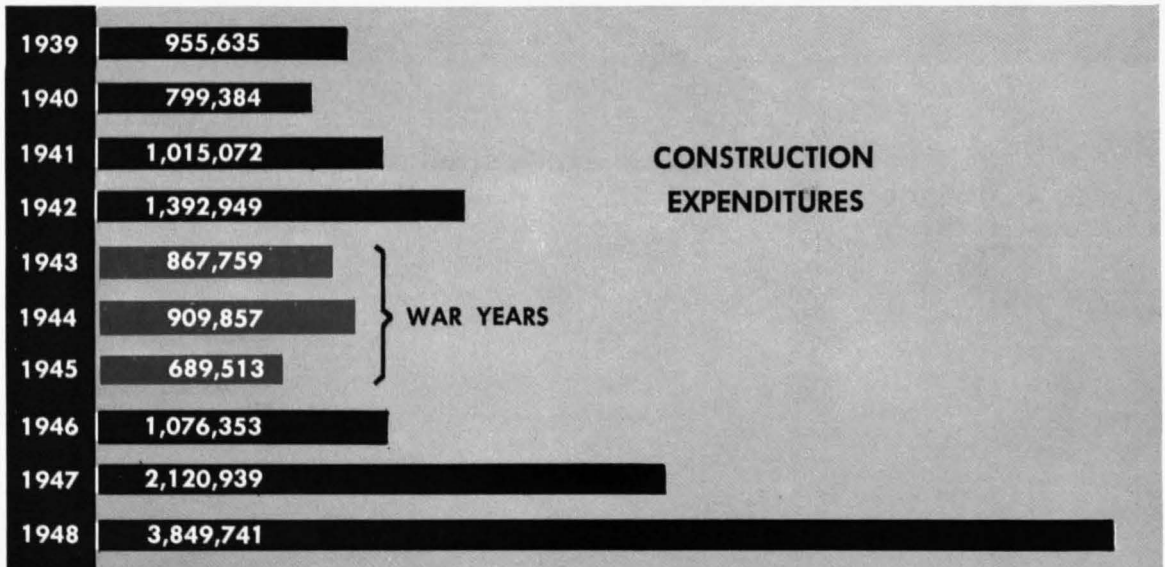


neering work is also under-way on a seventh unit of like capacity for installation in 1951. When completed, this will increase the station rated capacity to 112,500 kilowatts.

Construction of a stand-by propane gas plant to supplement natural gas supply during peak demands was also underway, and has now been completed.

Construction was continued on the 69,000 volt power supply network of lines and substations to provide greater capacity for Evansville and surrounding areas, and portions were completed and placed in operation. The 69,000 volt, 45-mile line to Tell City was completed, together with numerous other transmission and distribution facilities for industrial and general customers.

Pictures of construction work are on the following pages.



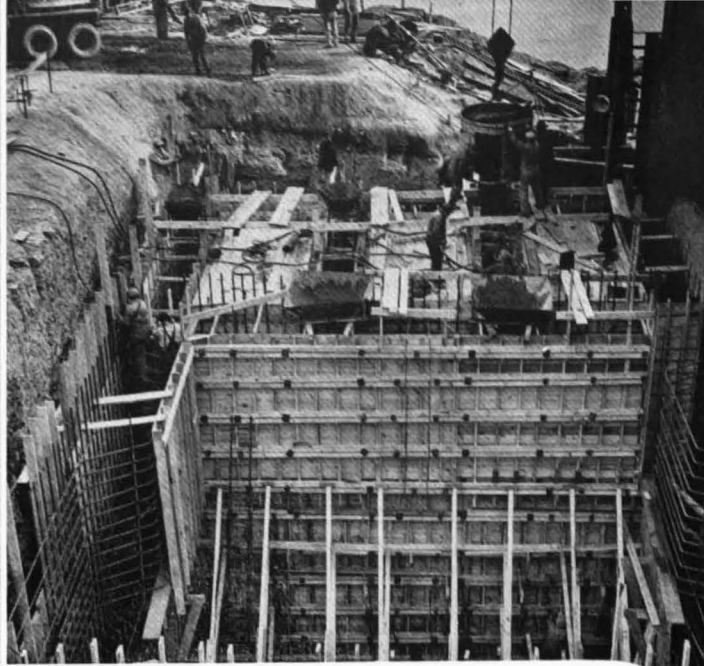
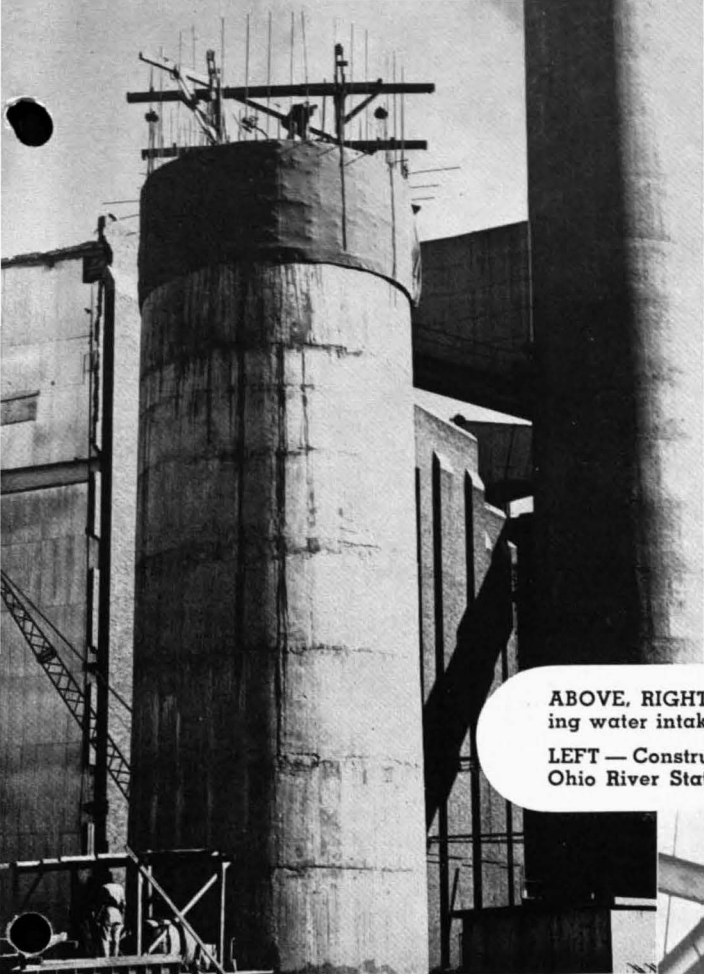
**\$13,677,202 TOTAL EXPENDITURES FOR 10 YEAR PERIOD\***

**During the same period, \$2,483,820 of property was retired from service\*\***

\*Exclusive of Transportation Property

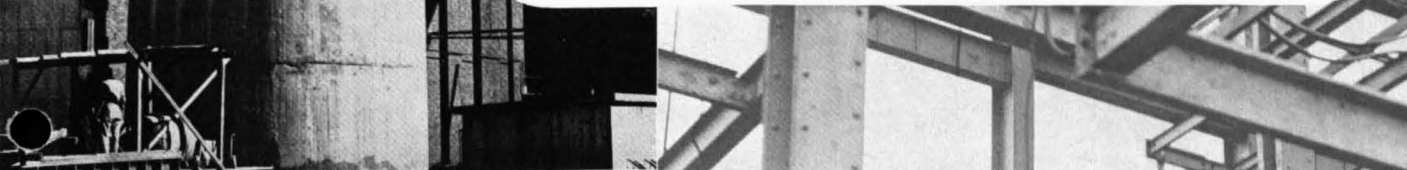
\*\*Exclusive of Transportation Property and Reclassification Adjustments





**ABOVE, RIGHT** — Foundation construction on screen house for condensing water intake, Nos. 6 and 7 units, Ohio River Station.

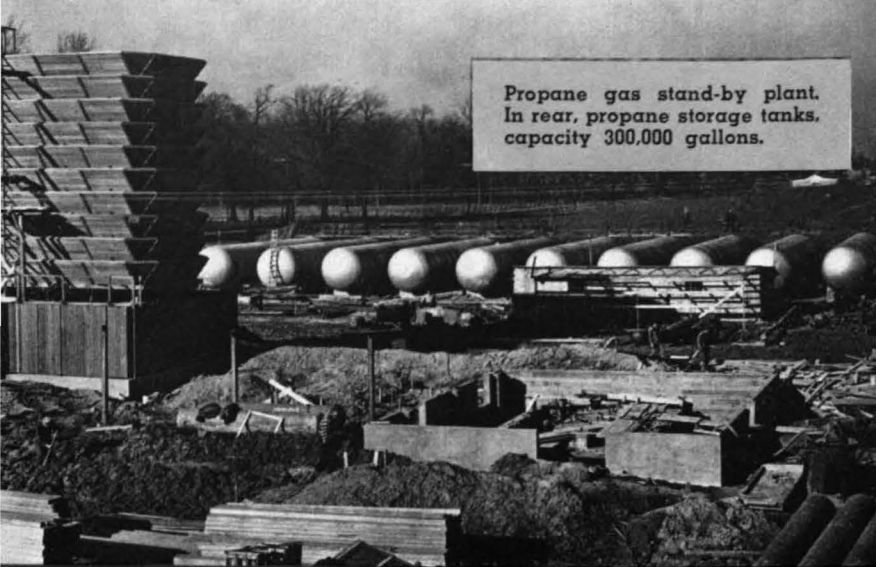
**LEFT** — Construction of third stack, 250 ft. high, for Nos. 6 and 7 units, Ohio River Station.



**RIGHT** — Steel structural erection for boiler room extension, Ohio River Station.

**BELOW, LEFT** — 30,000 kilovolt-ampere transformer being installed at the Ohio River Station, as part of the 69,000 volt power supply network.





Propane gas stand-by plant. In rear, propane storage tanks, capacity 300,000 gallons.



## MEN AT WORK...bringing more Light, Heat and Power to Home



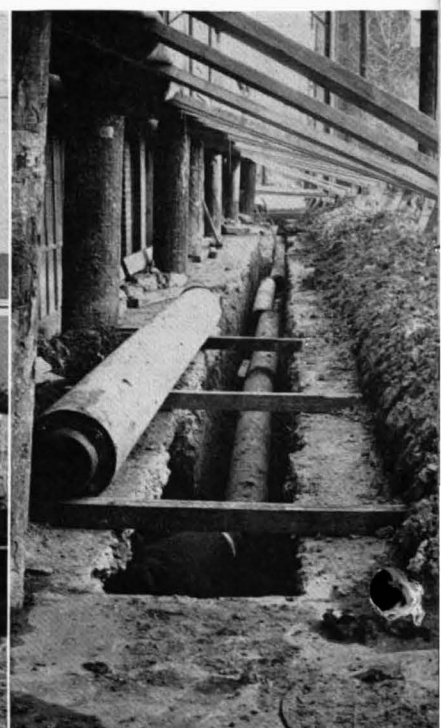
ABOVE — Rehydration equipment at Evansville "gates" where Texas Gas Transmission Corporation natural gas line connects with Company system.

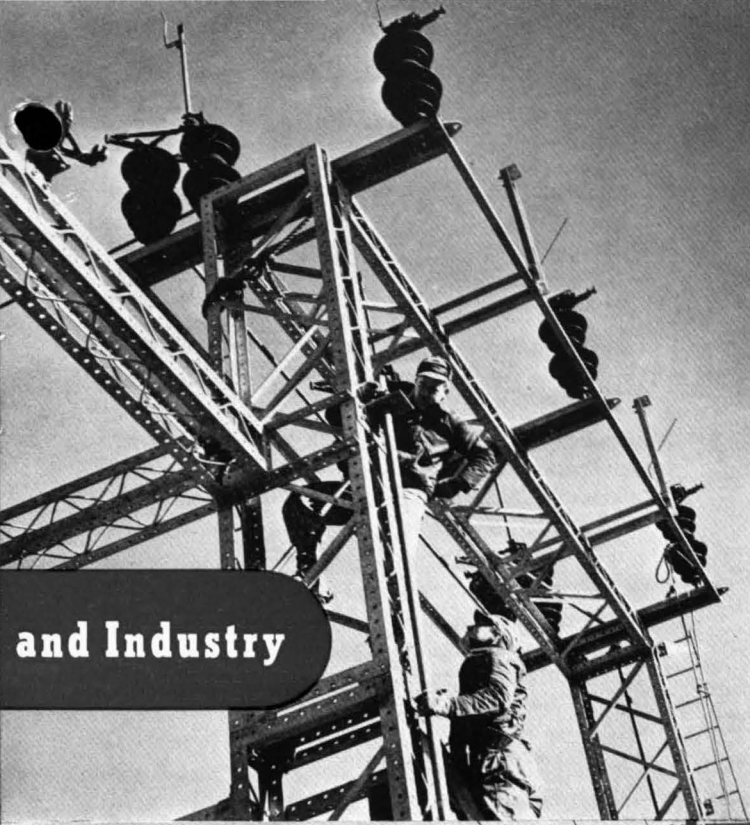
LEFT — Construction of electric substation to expand service to Servel, Inc. and east-side area.

BELOW — Construction of steam heating line to serve downtown establishment, Evansville.



Trenching for laying of underground gas distribution line.





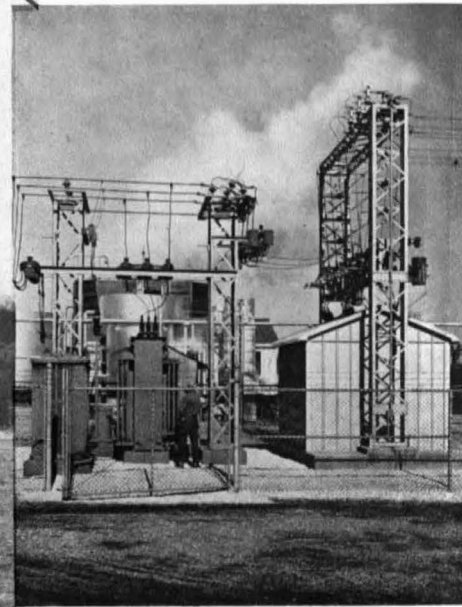
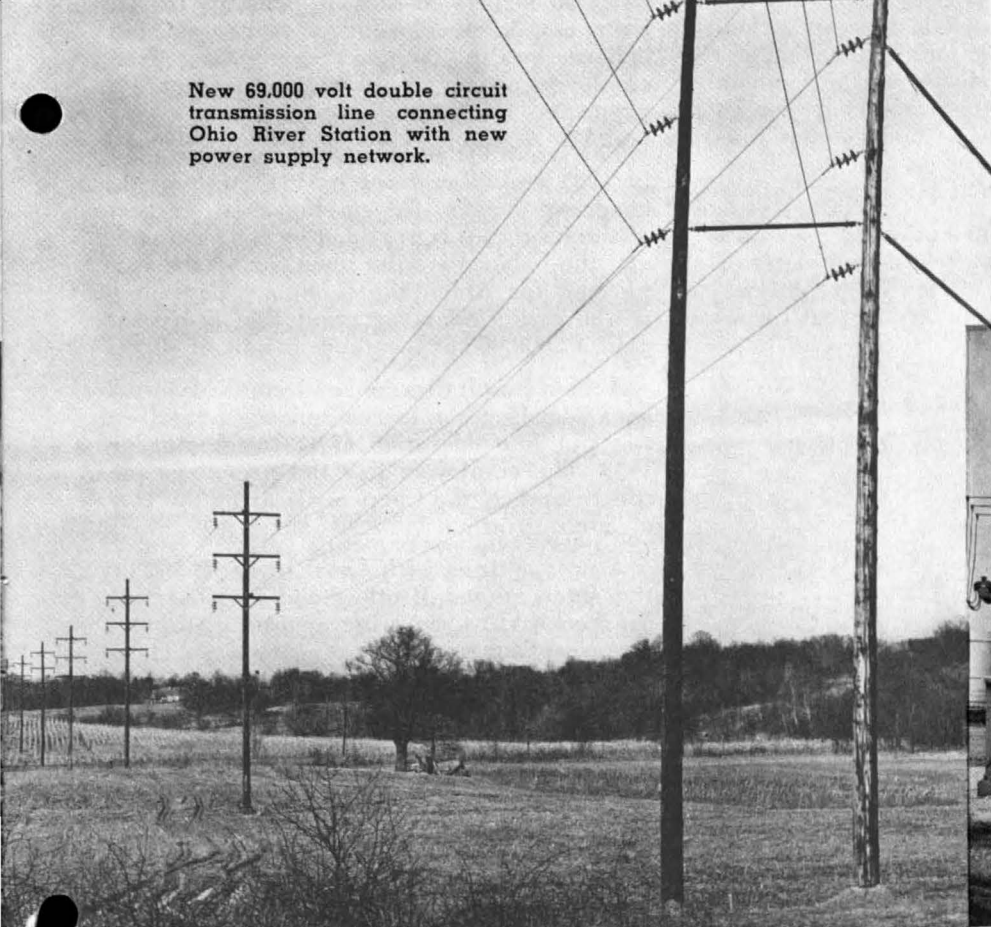
# and Industry

New 69,000 volt double circuit transmission line connecting Ohio River Station with new power supply network.

ABOVE, LEFT — Erection of electric substation to provide increased service to International Harvester Co.

ABOVE — Construction of underground high voltage electric distribution cable to increase supply to Ser-vel, Inc.

BELOW — Newly construct- ed electric substation controlling two-way power supply to Farm Bureau Re- finery, Mt. Vernon, Indiana.



## GENERAL

In last year's annual report, reference was made to an order of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, requiring The Commonwealth & Southern Corporation (Delaware), owner of all of the outstanding common stock of this Company, to sever its relations with the Company.

In order to facilitate the sale by Commonwealth of its common stock holdings, and the sale of additional shares by the Company, the 400,000 shares of common stock outstanding were changed into 600,000 shares by stockholders action in November, 1948, without any change in the amount of capital represented thereby. Under subsequent authorizations of the Securities and Exchange Commission, Commonwealth in January, 1949, sold the 600,000 shares of the Company's common stock to an underwriting group. Concurrently, there was also sold by the company an additional 85,000 shares of its common stock to obtain funds to pay in part for its construction program. The underwriters purchased the 685,000 shares at \$18 per share, for resale to the public at \$19.50 per share.

With the public distribution of the stock formerly owned by The Commonwealth & Southern Corporation (Delaware), the Company is no longer a subsidiary of that corpo-

ration. However, the Company continues to avail itself of the facilities of the service company, The Commonwealth & Southern Corporation (New York), providing experienced and necessary engineering, financial and other operating and technical services and assistance.

At the close of 1948, there were 2,481 holders of the Company's preferred stock. Over 61% reside in Indiana.

In August, 1948, an issue of \$1,000,000 principal amount of First Mortgage Bonds, 3% Series of 1948 due 1978, was sold at 99.80 at a money cost of 3.01%.

The number of men and women employed in the service of our customers at the year end totalled 553. This is a decrease from 1947 due to the sale of the Transportation system. The total includes 123 on construction work. In addition, many others are given employment through contractors and others working on Company projects.

The Company's pension plan has been in effect since 1944 to provide pensions for retiring employees. The entire cost of such plan is borne by the Company. Seventy-six retired employees are now receiving regular pension payments.

The group life insurance plan was installed in 1923 and liberalized in 1947 to provide greater protection for employees. A portion of the insurance is provided by the Company and the balance is subscribed for by the employees, for which the Company pays part of the cost. Under the group life insurance plan, \$2,000,000 of insurance is now in effect.

A new hospitalization and surgical insurance plan for employees and their families was put into operation at the beginning of 1949. The employees pay the premiums for this insurance, the Company bearing the cost of administration.

A new contract with Local Union B-702 of the International Brotherhood of Electrical Workers (AFL), covering operating employees, except supervisory, professional and clerical workers, was made for a 10-month period from October 1, 1948.

The Company continues to cooperate with dealers in its territory in promoting the sale of electric and gas merchandise. For the convenience of customers and development of the business, the Company also maintains a merchandise sales program in its stores. Sales



"SIGECO NEWS"—The Company's monthly magazine provides a forum for news about employee activities and interests, company operations and general events related to the business.

for 1948 declined somewhat in the latter months. Experienced Company representatives also work with industrial and commercial customers for the application of electricity and gas to their business and operations.

In an effort to increase the supply of natural gas for its customers, the Company has intervened before the Federal Power Commission in support of actions taken by its pipe line supplier, Texas Gas Transmission Corporation, for the allocation of additional gas from the "Big Inch" and "Little Big Inch" pipe lines, and for authority to construct a new gas pipe line from Texas and Louisiana to Ohio, with a lateral pipe line branching from this main line to Evansville, to increase the local supply.

Restrictions on connecting additional gas installations for space heating, first effected in December, 1946, in accordance with orders of the Public Service Commission of Indiana, are being continued pending additional gas supplies. Shortages of gas from the pipe line supplier for various periods during the past year, generally due to extreme cold weather along the supplier's pipe line system, necessitated various degrees of curtailment of gas supply to industrial and commercial customers over a total of 18 days.

F. B. Culley, formerly Executive Vice-President, was elected President on June 18, 1948, succeeding J. A. Brown, resigned. C. E. Oswald, former Secretary, was elected Vice-President on June 18, 1948 and on September 21, 1948 was also elected Comptroller to succeed G. H. Bourne, resigned. On the latter date, G. R. Woehler, former Assistant Secretary and Assistant Treasurer, was elected Secretary, succeeding Mr. Oswald.

Three directors were elected in January, 1949, succeeding Justin R. Whiting, Mr. Bourne and Mr. Brown. They are Walter H. Dreier, Executive Vice-President, Union Federal Savings and Loan Association, Evansville; Kenneth H. Weyerbacher, President, Boonville National Bank, and Walter G. Koch, Senior Vice-President, International Steel Company, Evansville.

Two new vice-presidents were also elected: A. B. Brown, Vice-President and Operating Manager and C. K. Graham, Vice-President and Commercial Manager. Both have been in the organization many years.



Company representative operating an electric motor analyzer to check motor performance for customer, and improve service.



Mobile two-way telephone equipment on trucks and cars keeps service and operating forces in constant contact with headquarters, speeds up service, helps meet emergencies.



Trained electric and gas service men are available to customers for making adjustments and improving operation of equipment.

# SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

## BALANCE SHEETS AT

### ASSETS

	December 31	
	1948	1947
<b>UTILITY PLANT:</b>		
At original cost, including intangibles of \$12,401 —		
Electric . . . . .	\$21,181,084	\$18,083,675
Gas . . . . .	3,943,303	3,562,671
Transportation (property sold in July 1948) . . . . .	—	989,521
Heating, water and common . . . . .	1,280,029	1,123,150
Cost in addition to original cost (plant acquisition adjustments), less reserve for amortization . . . . .	863,401	949,801
	<u>\$27,267,817</u>	<u>\$24,708,818</u>
<b>INVESTMENTS:</b>		
Capital stock of service company, at cost . . . . .	\$ 16,200	\$ 15,300
<b>CURRENT ASSETS:</b>		
Cash . . . . .	\$ 608,063	\$ 708,217
U. S. Government securities at cost or current redemption value . . . . .	719,806	1,762,457
Receivables, less reserve of \$11,463 and \$9,544, respectively . . . . .	784,345	686,060
Materials and supplies, at average cost . . . . .	1,359,702	1,013,297
Prepayments . . . . .	68,991	65,799
	<u>\$ 3,540,907</u>	<u>\$ 4,235,830</u>
<b>DEFERRED DEBITS:</b>		
Debt discount and expense in process of amortization . . . . .	\$ 39,345	\$ 24,378
Expenditures on leased office space in process of amortization, etc. . . . .	72,916	63,571
	<u>\$ 112,261</u>	<u>\$ 87,949</u>
	<u>\$30,937,185</u>	<u>\$29,047,897</u>

**NOTES:**

(1) In January 1949 the company received \$1,530,000 from the sale of 85,000 additional shares of its common stock.

# DECEMBER 31, 1948 AND 1947

## LIABILITIES

	December 31	
	<u>1948</u>	<u>1947</u>
CAPITALIZATION:		
Capital stock and surplus —		
Common stock (without par value) — authorized 1,500,000 shares in 1948 and 500,000 shares in 1947 — issued and outstanding 600,000 shares in 1948 and 400,000 shares in 1947 (Note 1)	\$ 4,500,000	\$ 3,335,644
Earned surplus, of which \$917,150 is not available at December 31, 1948 for payment of cash dividends on common stock	1,496,998	2,094,412
	<u>\$ 5,996,998</u>	<u>\$ 5,430,056</u>
Preferred stock (\$100 par value), cumulative — authorized 400,000 shares — 4.8% preferred authorized, issued and outstanding 85,895 shares	8,589,500	8,589,500
Total capital stock and surplus	<u>\$14,586,498</u>	<u>\$14,019,556</u>
Long-term debt —		
First mortgage bonds —		
3.35% Series of 1936, due October 1, 1961	\$ 6,700,000	\$ 6,700,000
3½% Series of 1937, due October 1, 1961	800,000	800,000
3% Series of 1948, due July 1, 1978	1,000,000	—
Total long-term debt	<u>\$ 8,500,000</u>	<u>\$ 7,500,000</u>
Total capitalization	<u>\$23,086,498</u>	<u>\$21,519,556</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 630,920	\$ 451,895
Accrued taxes —		
General	612,412	600,297
Federal income (see note to statement of income)	1,321,779	1,319,968
Accrued interest	98,791	92,152
Dividends declared on preferred stock	103,074	103,074
Miscellaneous	79,584	125,428
	<u>\$ 2,846,560</u>	<u>\$ 2,692,814</u>
DEFERRED CREDITS:		
Customers' advances for construction, etc.	\$ 147,019	\$ 117,111
RESERVES:		
Reserves for depreciation —		
Electric	\$ 3,530,319	\$ 3,015,323
Gas	781,532	704,382
Transportation	—	446,348
Heating, water and common	332,076	319,655
	<u>\$ 4,643,927</u>	<u>\$ 4,485,708</u>
Other, including contributions in aid of construction	213,181	232,708
	<u>\$ 4,857,108</u>	<u>\$ 4,718,416</u>
	<u>\$30,937,185</u>	<u>\$29,047,897</u>

(2) The company contemplates making capital expenditures for property additions during 1949 in an estimated amount of \$6,000,000. In connection with such contemplated construction program, the company has made substantial commitments for the purchase of construction materials.

# SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

## STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1948 AND 1947  
AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1948

	Year Ended December 31	
	1948	1947
<b>GROSS REVENUE:</b>		
Electric . . . . .	\$ 6,453,012	\$ 5,531,274
Gas . . . . .	1,988,288	1,886,957
Transportation (property sold in July 1948) . . . . .	737,174	1,289,104
Heating and water . . . . .	144,779	138,362
Nonoperating . . . . .	148,021	226,192
Total gross revenue . . . . .	<u>\$ 9,471,274</u>	<u>\$ 9,071,889</u>
<b>OPERATING EXPENSES AND TAXES:</b>		
Operation —		
Purchased gas . . . . .	\$ 864,322	\$ 827,119
Cost of fuel used . . . . .	1,248,051	827,969
Other operation expenses . . . . .	1,793,115	1,942,281
Total operation . . . . .	<u>\$ 3,905,488</u>	<u>\$ 3,597,369</u>
Maintenance . . . . .	740,014	715,618
Provision for depreciation . . . . .	783,926	773,493
Provision for amortization of plant acquisition adjustments . . . . .	86,400	86,400
General taxes . . . . .	816,261	813,040
Provision for estimated Federal income taxes (see Note) . . . . .	1,049,781	1,056,176
Total operating expenses and taxes . . . . .	<u>\$ 7,381,870</u>	<u>\$ 7,042,096</u>
Gross income . . . . .	<u>\$ 2,089,404</u>	<u>\$ 2,029,793</u>
<b>INCOME DEDUCTIONS:</b>		
Interest on long-term debt . . . . .	\$ 263,950	\$ 252,450
Interest charged to construction — credit* . . . . .	51,917*	5,844*
Miscellaneous income deductions . . . . .	25,869	25,930
Total income deductions . . . . .	<u>\$ 237,902</u>	<u>\$ 272,536</u>
Net income . . . . .	<u>\$ 1,851,502</u>	<u>\$ 1,757,257</u>
<b>DIVIDENDS ON 4.8% PREFERRED STOCK</b> . . . . .	<u>412,296</u>	<u>412,296</u>
Net income after dividends on preferred stock . . . . .	<u>\$ 1,439,206</u>	<u>\$ 1,344,961</u>
<b>DIVIDENDS ON COMMON STOCK</b> . . . . .	<u>825,000</u>	<u>800,000</u>
Balance to surplus . . . . .	<u>\$ 614,206</u>	<u>\$ 544,961</u>
<b>ADD OR DEDUCT*:</b>		
Earned surplus December 31, 1947 . . . . .	2,094,412	
Transfer to increase stated value of common capital stock . . . . .	1,164,356*	
Loss on sale of transportation (bus) property in July 1948 . . . . .	47,264*	
<b>EARNED SURPLUS DECEMBER 31, 1948</b> (See balance sheet) . . . . .	<u>\$ 1,496,998</u>	

**NOTE:**

In connection with the sale of its transportation property, the company expects to claim a loss in 1948 of approximately \$725,000 net when the tax return is filed. The provision for Federal income taxes for 1948 has been made without giving effect to this loss since the reduction in taxes therefrom is not presently determinable.



**REPORT OF  
INDEPENDENT  
ACCOUNTANTS  
AND AUDITORS**

**ARTHUR ANDERSEN & Co.**

*Accountants and Auditors*

506 OLIVE STREET  
ST. LOUIS 1

*To the Board of Directors,*

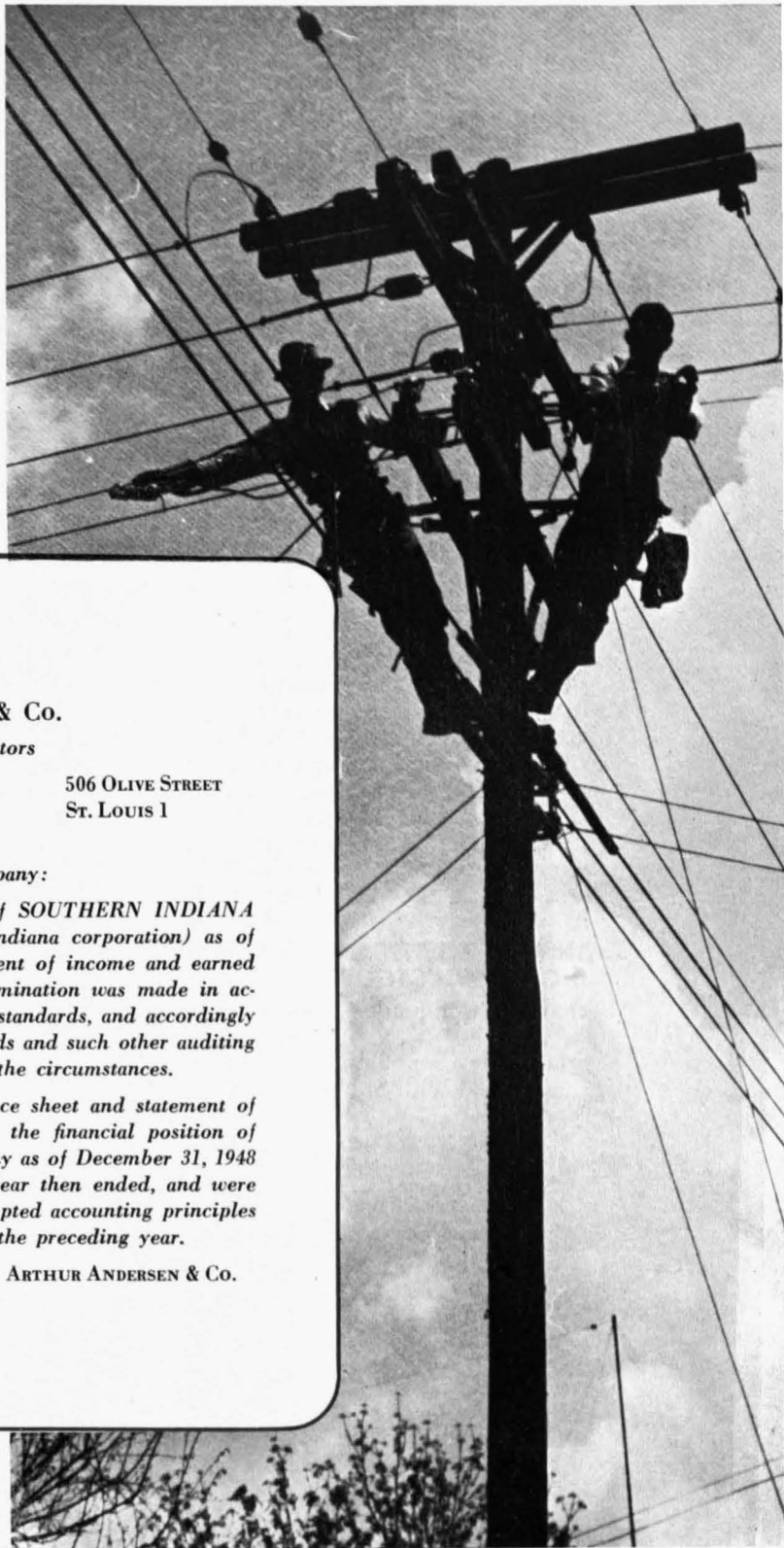
*Southern Indiana Gas and Electric Company:*

*We have examined the balance sheet of SOUTHERN INDIANA GAS AND ELECTRIC COMPANY (an Indiana corporation) as of December 31, 1948 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.*

*In our opinion, the accompanying balance sheet and statement of income and earned surplus present fairly the financial position of Southern Indiana Gas and Electric Company as of December 31, 1948 and the results of its operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.*

**ARTHUR ANDERSEN & Co.**

*St. Louis, Missouri,  
January 22, 1949.*





**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY  
PRINCIPAL OFFICES—HULMAN BUILDING  
20-24 N. W. FOURTH ST., EVANSVILLE 3, INDIANA**

**DIRECTORS** (as of March 1, 1949)

W. H. BARTHOLD.....Peoria  
 W. E. BLAKELEY.....New York  
 F. B. CULLEY.....Evansville  
 WALTER H. DREIER.....Evansville  
 C. B. ENLOW.....Evansville  
 C. B. FROELICH.....Evansville  
 H. C. KLEYMEYER.....Evansville  
 WALTER G. KOCH.....Evansville  
 EDMUND F. ORTMEYER.....  
 .....Evansville  
 C. E. OSWALD.....Evansville  
 KENNETH H. WEYERBACHER....  
 .....Boonville

**TRANSFER AGENTS FOR PREFERRED  
AND COMMON STOCKS**

Office of the Company.....Evansville 3, Ind.  
 Agents of the Company.....  
 .....120 Wall St., New York 5, N. Y.

**OFFICERS** (as of March 1, 1949)

F. B. CULLEY.....*President*  
 C. E. OSWALD.....*Vice-Pres. and Comptroller*  
 A. B. BROWN.....*Vice-Pres. and Operating Mgr.*  
 C. K. GRAHAM...*Vice-Pres. and Commercial Mgr.*  
 G. R. WOehler.....*Secretary and Asst. Treas.*  
 C. B. FROELICH.....*Treasurer and Asst. Secy.*

**REGISTRARS FOR PREFERRED AND  
COMMON STOCKS**

The National City Bank of Evansville....  
 .....Evansville 9, Ind.  
 Bankers Trust Company.....  
 .....New York 15, N. Y.

*This Report and accompanying financial statements are submitted for information of stockholders, and are not intended for use in connection with any sale or purchase of, or any offer or solicitation of offers to buy or sell, any securities.*



# T

HIS COMPANY and its resources are dedicated to the service of the people and communities of Southern Indiana, a service area of 2,220 square miles.

The people of this area have a common and mutual interest in the ability of the Company to live up to these aims and make of them living realities. For if the Company is successful it means good service is being supplied—and the quality and dependability of that service contributes in many ways to the better living standards of all the people; to the backing of jobs in factory, mine, office and store; to community improvement.

To be a successful Company and turn these aims into public benefits, it must be a healthy business, earning, through fair rates, a "living wage" that makes the service possible—that pays the costs of producing and delivering the many kinds of services at all hours, pays the wages of its own workers, buys the coal and gas and thousands of kinds of materials and supplies, pays the taxes, provides for wear and replacement of property, and pays in turn, a fair "wage" on the invested savings and funds of those thousands whose investment makes all this possible.

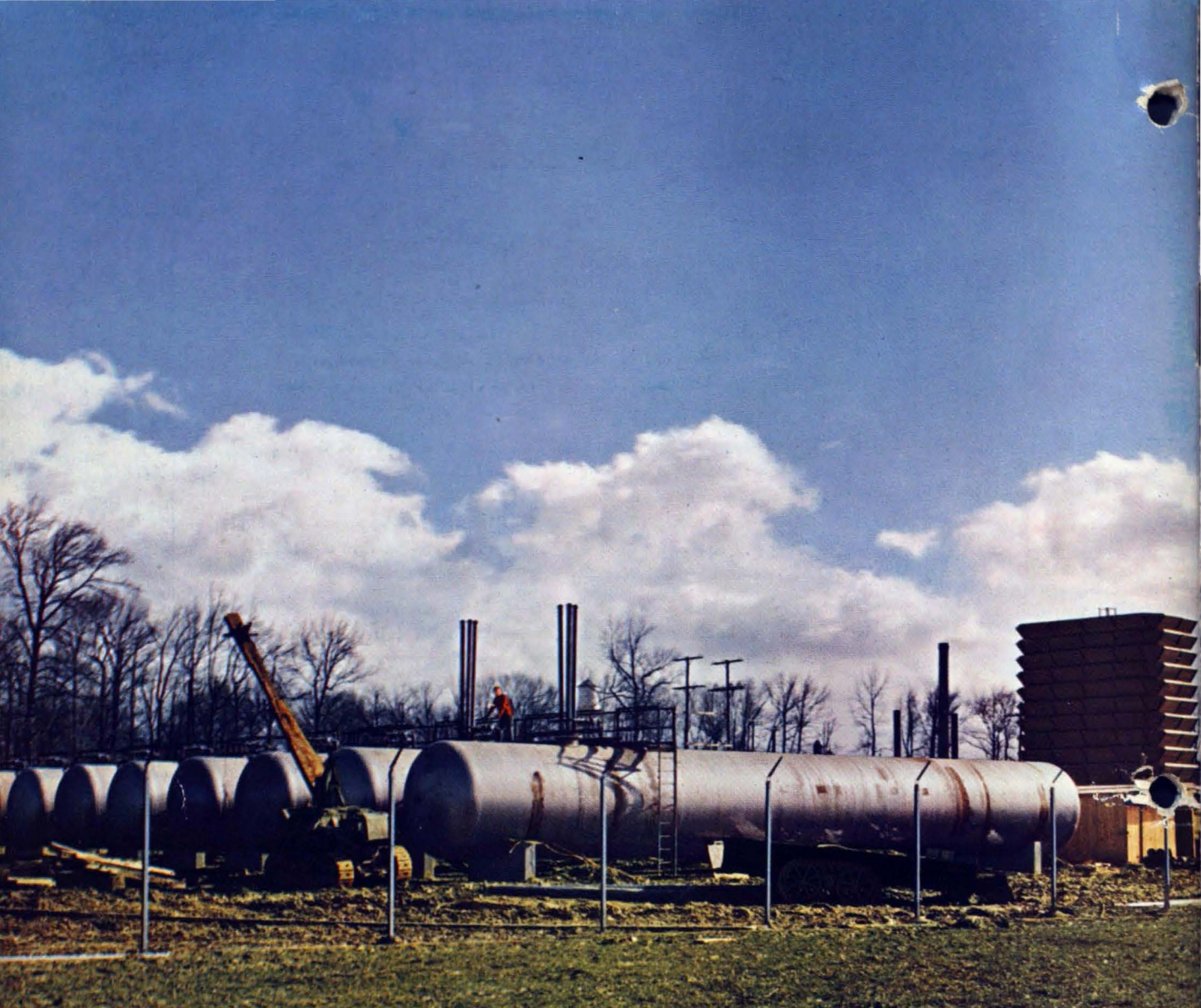
This Company represents a living for over 2,000 men and women, employees and their families. They are citizens and taxpayers. So too the Company is a taxpayer, one of the largest in the community. Company taxes help pay for schools, streets, police and fire protection and the costs of government.

The Company, through its men and women, is active and useful in hundreds of directions, in civic affairs that contribute to the welfare and betterment of the communities and people served.

To these goals of successful service, that live in the progress of the business and the community together, we dedicate the day's work.

#### BACK COVER PICTURE—

Construction of stand-by gas plant at Evansville, utilizing propane, a liquefied petroleum gas, to supplement the Company's natural gas supply during peak periods.



**BRINGING  
BETTER SERVICE  
TO MORE PEOPLE**