Southern Indiana Gas and Electric Company

REPORT TO THE STOCKHOLDERS

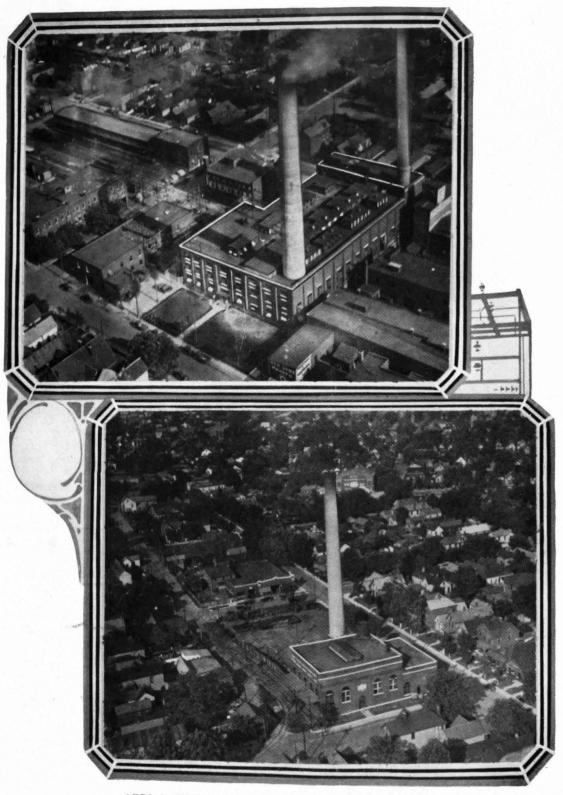


FOR THE YEAR ENDED DECEMBER 31, 1925

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

Report to the Stockholders

FOR THE YEAR ENDED DECEMBER 31, 1925



AERIAL VIEWS ELECTRIC GENERATING STATIONS

Above: Division Street Station, 31,000 H. P. Capacity. Below: Mulberry Street Station, 3,300 H. P. Capacity

DIRECTORS

F. J. HAASEvansville, Ind
S. W. Cook Evansville, Ind H. E. Dreier Evansville, Ind F. J. Haas Evansville, Ind
H. E. Dreier Evansville, Inc. F. J. Haas Evansville, Inc.
H. E. DREIER Evansville, Ind F. J. HAAS Evansville, Ind H. C. KLEYMEYER 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.
F. J. HAAS	Vice-Pres. and Gen'l Mgr.
	EVANSVILLE, IND.

C. WIGAND.........Asst. Sec'y and Asst. Treas. NEW YORK, N. Y.

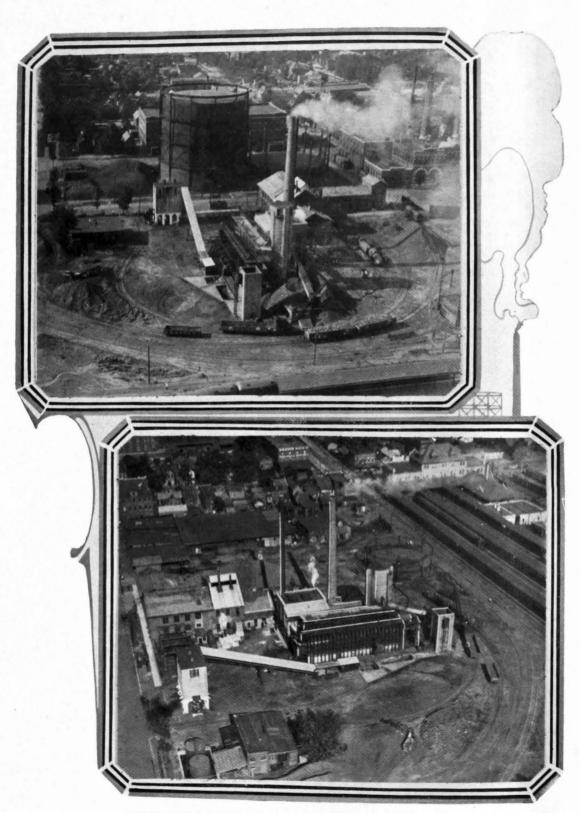
TRANSFER AGENTS

Office of the Company Evansville, Ind. Hodenpyl, Hardy & Co., Incorporated

odenpyl, Hardy & Co., Incorporated New York

REGISTRARS
National City Bank
Evansville, Ind.
Bankers Trust Company
New York

GENERAL OFFICE EVANSVILLE, INDIANA



AERIAL VIEWS OF THE GAS PLANT—EVANSVILLE.
Daily Capacity 4,750,000 Cubic Feet.

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

Evansville, Indiana, March 15, 1926.

To The Stockholders:

THE Board of Directors submits the following report covering the operations of your property for the year ended December 31, 1925, together with comparative statement of income and expenses for the two preceding years:

*Gross Earnings:	1925	1924		1923
Electric Department\$	1,327,279.40	\$1,214,619.77	\$1,	,100,778.77
Transportation Department	779,718.84	871,839.65		936,583.43
Gas Department	502,922.45	507,108.55		486,906.92
Steam Heating Department	62,075.88	61,046.76		54,495.01
Total\$	2,671,996.57	\$2,654,614.73	\$2,	,578,764.13
*Operating Expenses and Taxes	1,612,457.85	1,630,064.30	1,	,626,932.40
Gross Income	1,059,538.72	\$1,024,550.43	\$	951,831.73
Interest and Other Fixed Charges	402,464.00	438,530.24		433,418.04
Net Income Available for Dividends and Retirement Reserve\$	657,074.72	\$ 586,020.19	\$	518,413.69
Dividends on Preferred Stock	260,791.58	217,536.57		188,802.91
Balance\$	396,283.14	\$ 368,483.62	\$	329,610.78
Ratio of Operating Expenses To Gross Earnings	50.53%	52.06%		54.71 %
Ratio of Operating Expenses and Taxes to Gross Earnings	60.35 %	61.40%		63.09 %

SERVICE RENDERED

SERVICE rendered by your company in 1925 marks another year of successful operation. The business done by the Electric, Gas and Heating Departments established new high records, exceeding the previous high marks of 1924.

This progress is conspicuously shown in the sale of electricity which reached a new mark for a total of 40,407,938 kilowatt hours, a gain of 3 979,332 over 1924. A new record for maximum daily output was also set on December 22nd when 198,560 kilowatt hours were produced and delivered to the system. This compares with a previous maximum of 190,500 kilowatt hours in 1924. On December 15th another new mark for the maximum peak load at the Division Street and Mulberry Street plants was

⁶ In accordance with the accounting practice adopted by the Public Service Commission of the State of Indiana, sales of gas residuals in 1925 and 1924 were credited to operating expenses of Gas Department instead of being included as heretofore in gross earnings. The 1923 figures have been adjusted accordingly for comparative purposes.

set, the total coincident peak reaching 14,600 kilowatts (over 19,000 horse-power). The former high mark established in 1924 was 13,400 kilowatts.

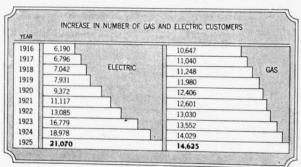
Continued progress in the sale of gas was also made during the year, the high record of 1924 being exceeded. The 1925 total amounted to 371,-286,800 cubic feet.

As an indication of the substantial growth of your Company's business, it is interesting to note the progress made during the past ten year period. During that period the sale of electricity has increased 215% and the sale of gas has increased 75%. This is important as it indicates that electricity is entering an era of wider use and that gas sales, which ten years ago were thought to have reached their peak, are continuing to grow not only in the home but in the industries.

The decrease in the number of passengers carried by the Transportation Department is attributable largely to the use of the privately owned automobile. However, your Company has a well grounded faith in Evansville and its future and has carried forward its railway improvement work which has not only placed the property in excellent physical condition but also has increased the facilities for adequate transportation service. The growth of the city is observable in all quarters, with consequent increased traffic congestion. This creates a situation where citizens are realizing in larger measure that the street car, as contrasted with the privately owned automobile, presents the most convenient and economical means of transportation. A petition for an increase in city fares has been filed with the Indiana Public Service Commission on which a hearing has been held, and it is expected that with the granting of this increase there will be an improvement in the earnings of the Transportation Department.

Your Company continued to increase the number of customers connected to its lines, a total of 2,092 electric customers and 596 gas customers being added during the year.

In the matter of customers served, it is interesting to note what has been accomplished in the past ten years. In 1915 there were 5,428 electric customers—at the close of 1925 the total had reached 21,070, an increase



of 290%. In 1915 there were 10,041 gas customers, while at the close of the past year the number had increased to 14,625, an increase of over 40%. This represents in large measure the increase in homes in Evansville and attests further to the statement made above about the steady development of gas service.

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

Calendar Years	Electric Sales in Kilowatt Hours	Gas Sales in 1000 Cubic Feet	Steam Sales in 1000 Lbs.	Revenue Passengers Carried
1921	24,157,888	317,354.8	67,288.6	13,329,589
1922	28,338,294	323,170.8	75,297.2	13,318,196
1923	34,849,560	354,934.4	81,495.2	13,935,605
1924	36,428,606	370,702.4	92,203.4	12,931,255
1925	40,407,938	371,286.8	92,958.2	12,030,431

ADDITIONS AND IMPROVEMENTS

A TOTAL of \$941,639.47 was expended for improvements and additions to the property in 1925, representing the largest single year's building program carried on by your Company. Of this total, \$516,720.22 was expended in the Electric Department and \$243,746.89 in the Gas Department, the balance being used by the Transportation and Heating Departments and for other general purposes.

In Evansville, as in general throughout the southern Indiana territory, civic, industrial and commercial progress has made noteworthy strides in the past few years. The enlarged capacity of existing industries as well as the development of new ones—the construction of new buildings and of more homes—all have a close relationship to your Company's progress.

The 1925 expenditures made by your Company for additions and improvements are part of a program for a systematic development of facilities that will improve existing service and provide adequately for future growth of the territory. These things are, in many respects, public improvements benefiting all in the communities served. Such improvements are encouraged by and in a large measure made possible through public co-operation, which permits the Company to operate under healthy conditions and at rates which allow returns sufficient to provide the means for such improvements. Thus public interest and co-operation are a benefit.

Of particular interest among the year's improvements was the installation in the Division Street Power Station of a new 10,000 horsepower (7,500 kilowatts) steam turbine generator and auxiliary equipment, the installation of two new boilers with an aggregate capacity of 1,024 horsepower, the installation of new coal handling equipment which makes it possible to handle four times as much coal as in the past.

Important among the improvements in the Gas Department was the construction of a new water gas generating unit of the most modern type together with equipment for condensing and purifying processes, the erection of a 100,000 cubic feet relief holder to replace an old holder of the same capacity, the purchase of additional property adjacent to the present gas works site.

Additions and improvements in the Transportation Department were largely in the replacement of old track with new and improved construction, and the building of double track on some of the principal routes in place of existing single track. These improvements included work on Green River Road, Garvin Street, W. Franklin Street, Barker Avenue and Ross Avenue.

Expenditures were made for the installation of additional street lights in Evansville and Mt. Vernon with the result that 2,394 street lights are now on your Company's lines.

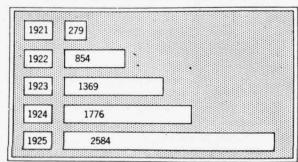
In addition to the above, expenditures were also made in considerable amounts for gas mains, pole and wire lines-meters and other miscellaneous items in the Gas, Electric and Steam Heating departments.

As of December 31st there were 1,235 miles of electric wire lines and 142 miles of gas mains in service.

FINANCIAL

N^O financing was done by your Company last year with the exception of the sale of preferred stock on the Customer Ownership Plan. The sale of 7% preferred stock on this plan was continued in 1925—extending to the people of southern Indiana an opportunity to share in the business of the Company and in financing a part of the cost of the additions and improvements to the property.

FIVE-YEAR GROWTH IN NUMBER OF STOCKHOLDERS



The past year marks the most successful year in the history of this work, which was inaugurated in 1921. A total of 6,279 shares with a par value of \$627,900 were sold and a total of 808 new stockholders were added to the list, representing a 45% increase over the total number at the beginning of the The total of those owning stock on December 31, 1925, was 2,584.

worthy of note that during the year over one-third of the transactions were on the part of present stockholders who purchased additional stock. There is an excellent representation of local citizens in that nearly every trade and occupation is represented and a large part of your Company's regular employes own or are subscribing to stock. In this regard it should be noted that the sales record made during the past year was accomplished largely by the employe organization through which the stock was sold.

On May 1st, the price of the 7% preferred stock was advanced from \$98 to \$100 per share payable in full at the time of subscription or under a convenient partial payment plan.

GROUP INSURANCE FOR EMPLOYES

THE Group Life Insurance Plan, whereby your Company provides its employes in service one year or more with life insurance free of cost, the amounts of the policies varying with the length of service, was continued in 1925. This insurance, containing disability provisions, is for the benefit of employes and their dependents, and is available without physical examination and by virtue of it employes who through physical disability or for other reasons are unable to obtain life insurance elsewhere, can be to this extent, protected. On December 31st, 472 employes were insured for a total of \$581,600.00. Since the Plan was put in effect, November 1, 1923, six employes' beneficiaries and one employe have been paid a total of \$11,400.

PUBLIC RELATIONS

YOUR Company has endeavored to make good service and thereby public satisfaction the keystone of its work. To this end it has sought to do more than provide the highest type of machinery and other equipment that produces and delivers service; but the Company also has closely concerned itself with the human side—the employe organization—so that its employes may have a proper conception of their duties in giving and maintaining satisfactory service to the Company's customers. It is believed that a spirit of courtesy and prompt attention to customers' needs and a realization of what the Company stands for are existent in the daily performance of duties by practically every employe. The general good-will exhibited in the communities served gives testimony to this.

GENERAL

THE outlook for continued prosperous conditions in Evansville and the southern Indiana district throughout 1926 is most encouraging. Industrial activity during the past year has gone forward on a larger scale and gives promise of further progress. Among projects under consideration is the building of a bridge across the Ohio River at Evansville. A large barge line operating between Pittsburgh and New Orleans has secured a rail and river terminal at Evansville and made that city a shipping point. The Government's program of developing the Ohio River reacts to the benefit of Evansville as an important shipping point and as an asset in many other ways. Building activities were generally satisfactory throughout the year.

According to the 1925 City Directory, the population of Evansville is given as 102,000, an increase of 17,000 or 20% over the 1920 government census.

The books of account, securities, cash, etc., of your Company have been verified by Arthur Andersen & Co., certified public accountants, and their certificate of audit is included in this report, together with the statement of income for 1925 and balance sheet as of December 31, 1925.

On behalf of the directors, it is a pleasure to express appreciation of the loyalty and effective work of the entire organization, and of the results obtained in 1925, and to be peak a continuance of this good work.

By Order of the Board of Directors.

B. C. COBB,

President.

BALANCE SHEET—AS OF DECEMBER 31, 1925

ASSETS

\$15,507,494.27	PROPERTY, PLANT AND EQUIPMENT— GENERAL ACCOUNT
	SPECIAL FUNDS AND DEPOSITS: General Reserve Fund—represented by First and Refunding Mortgage 6% Bonds at Cost
82,839.81	Sinking Fund and Other Special Deposits. 640.21
902.00	INVESTMENTS
299,861.06	BOND DISCOUNT AND EXPENSE IN PROCESS OF AMORTIZATION
33,941.83	PREPAID EXPENSES AND DEFERRED CHARGES: Prepaid Insurance \$22,144.72 Unadjusted Accounts 11,797.11
	CURRENT ASSETS:
	Cash and Working Funds \$158,627.10 Accounts Receivable 278,003.63 Due on Subscriptions to 7% Preferred
	Stock
707,002.45	Materials and Supplies

Total

\$16,632,041.42

BALANCE SHEET—AS OF DECEMBER 31, 1925

LIABILITIES

CAPITAL STOCK:	
Preferred—Par Value \$100.00— 6% Cumulative Outstanding	
Subscribed but Unissued	
Common, No Par Value (Outstanding 300,000 shares)	\$ 7,487,100.00
FUNDED DEBT IN HANDS OF PUBLIC: *First Lien and Refunding Mortgage Gold Bonds— Series A, 7½%, due April 1, 1941\$ 786,400.00 Series B, 6%, due October 1, 1947 1,297,100.00 \$2,083,500.00	
October 1, 1947. 1,297,100.00 \$2,083,500.00	
First and Refunding Mortgage 6% Gold Bonds, due January 1, 1929 2,762,600.00 Evansville Gas and Electric Light Com-	
pany—First Mortgage and Refunding 5% Bonds, due June 1, 1932 1,105,000.00 Ten-Year Sinking Fund 7% Gold De-	
benture Bonds, due January 1, 1934 648,400.00	6,599,500.00
DEFERRED LIABILITIES—CONSUMERS' DEPOSITS	74,000.66
CURRENT LIABILITIES:	14,000.00
Accounts Payable \$ 142,128.73 Dividends Payable 87,605.00 Accrued Taxes 306,659.12 Accrued Interest 38,805.59 Unredeemed Tickets 13,699.70	
RESERVES: Retirement Reserve \$1,233,043.08 Other Operating Reserves 92,590.18	1,325,633.26
CONTRIBUTIONS FOR EXTENSIONS	3,591.50
PREMIUM ON CAPITAL STOCK	
SURPLUS	
Total	

^{*} Secured by deposit of \$2,492,800 First and Refunding Mortgage 6% Gold Bonds due January 1, 1929.

INCOME ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1925 and SUMMARY OF SURPLUS ACCOUNT

INCOME ACCOUNT

Gas 502,922.48 Steam Heating 62,075.88 Total Gross Earnings \$2,671,996.57 OPERATING EXPENSES AND TAXES 1,612,457.85 Net Earnings \$1,059,538.72 DEDUCT—INTEREST AND OTHER FIXED CHARGES 402,464.00 Net Income Available for Retirement Reserve and Dividends \$657,074.72 SUMMARY OF SURPLUS ACCOUNT \$458,749.10 BALANCE JANUARY 1, 1925 \$458,749.10 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 450,074.72 \$ 908,823.82 \$908,823.82	GROSS EARNINGS:		
Gas 502,922.4f Steam Heating 62,075.88 Total Gross Earnings \$2,671,996.57 OPERATING EXPENSES AND TAXES 1,612,457.8f Net Earnings \$1,059,538.72 DEDUCT—INTEREST AND OTHER FIXED CHARGES 402,464.00 Net Income Available for Retirement Reserve and Dividends \$ 657,074.72 SUMMARY OF SURPLUS ACCOUNT \$ 458,749.10 BALANCE JANUARY 1, 1925 \$ 458,749.10 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$ 457,074.72 Deduct—Provision for Retirement Reserve 207,000.00 450,074.72 Deduct—Sundry Direct Surplus Charges (Net) \$ 908,823.82 Balance \$ 903,967.44 LESS—DIVIDENDS: \$ 903,967.44 On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58	Electric	\$1	,327,279.40
Steam Heating 62,075.88 Total Gross Earnings \$2,671,996.57 OPERATING EXPENSES AND TAXES 1,612,457.85 Net Earnings \$1,059,538.72 DEDUCT—INTEREST AND OTHER FIXED CHARGES 402,464.06 Net Income Available for Retirement Reserve and Dividends \$657,074.72 SUMMARY OF SURPLUS ACCOUNT \$458,749.16 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 450,074.72 Deduct—Provision for Retirement Reserve 207,000.00 450,074.72 Deduct—Sundry Direct Surplus Charges (Net) \$908,823.82 Application of the property of	Railway		779,718.84
Total Gross Earnings	Gas		502,922.45
OPERATING EXPENSES AND TAXES 1,612,457.85 Net Earnings \$1,059,538.72 DEDUCT—INTEREST AND OTHER FIXED CHARGES 402,464.00 Net Income Available for Retirement Reserve and Dividends \$ 657,074.72 SUMMARY OF SURPLUS ACCOUNT \$ 458,749.10 BALANCE JANUARY 1, 1925 \$ 458,749.10 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 450,074.72 \$ 908,823.82 Deduct—Sundry Direct Surplus Charges (Net) \$ 908,823.82 Balance \$ 903,967.44 LESS—DIVIDENDS: \$ 903,967.44 On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58	Steam Heating		62,075.88
Net Earnings	Total Gross Earnings	\$2	2,671,996.57
Net Income Available for Retirement Reserve and Dividends \$657,074.72 SUMMARY OF SURPLUS ACCOUNT BALANCE JANUARY 1, 1925 \$458,749.10 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 Balance \$908,823.82 402,464.00 \$ 657,074.72 \$ 458,749.10 \$ 908,823.82 \$ 908,823.82 \$ 4,856.38 \$ 903,967.44 LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58	OPERATING EXPENSES AND TAXES	1	,612,457.85
Net Income Available for Retirement Reserve and Dividends \$657,074.72 SUMMARY OF SURPLUS ACCOUNT BALANCE JANUARY 1, 1925 \$458,749.10 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 Balance \$908,823.82 \$908,823.82 \$\$908,823.82 \$\$908,823.82 \$\$908,823.82 \$\$908,823.82 \$\$908,967.44 LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58	Net Earnings	\$1	,059,538.72
### SUMMARY OF SURPLUS ACCOUNT BALANCE JANUARY 1, 1925 ### \$458,749.10 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) ### \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 ### \$908,823.82 Deduct—Sundry Direct Surplus Charges (Net) ### \$908,823.82 Balance ### \$903,967.44 LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58	DEDUCT—INTEREST AND OTHER FIXED CHARGES		402,464.00
BALANCE JANUARY 1, 1925 \$ 458,749.10 Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 450,074.72 \$ 908,823.82 \$ 908,823.82 450,074.72 \$ 908,823.82 4,856.38 \$ 903,967.44 LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock \$129,265.58		\$	657,074.72
Net Income Available for Retirement Reserve and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 \$908,823.82 Deduct—Sundry Direct Surplus Charges (Net) \$908,823.82 Balance \$903,967.44 LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58	SUMMARY OF SURPLUS ACCOUNT		
and Dividends—Year Ended December 31, 1925, (as above) \$657,074.72 Deduct—Provision for Retirement Reserve 207,000.00 Belance \$908,823.82 \$908,823.82 \$4,856.38 \$903,967.44 LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58	BALANCE JANUARY 1, 1925	\$	458,749.10
Deduct—Provision for Retirement Reserve	and Dividends—Year Ended December 31.		
Balance \$\\$ 903,967.44\$ LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$\\$ \$131,526.00 On 7% Cumulative Preferred Stock \$\\$ 129,265.58			450,074.72
Balance \$ 903,967.44 LESS—DIVIDENDS: On 6% Cumulative Preferred Stock \$131,526.00 On 7% Cumulative Preferred Stock 129,265.58		\$	908,823.82
On 6% Cumulative Preferred Stock\$131,526.00 On 7% Cumulative Preferred Stock	Deduct—Sundry Direct Surplus Charges (Net)		4,856.38
On 6% Cumulative Preferred Stock\$131,526.00 On 7% Cumulative Preferred Stock	Balance	\$	903,967.44
On 7% Cumulative Preferred Stock 129,265.58	LESS—DIVIDENDS:		
On Common Stock			200 504 50
	On Common Stock		380,791.58
SURPLUS—DECEMBER 31, 1925, PER BALANCE SHEET\$ 523,175.86	SURPLUS—DECEMBER 31, 1925, PER BALANCE SHEET	\$	523,175.86

ARTHUR ANDERSEN & CO. CERTIFIED PUBLIC ACCOUNTANTS

CHICAGO NEW YORK MILWAUKEE WASHINGTON KANSAS CITY

HARRIS TRUST BUILDING CHICAGO

February 27, 1926.

To the Stockholders of

Southern Indiana Gas and Electric Company:

We have audited the books and records of the SOUTHERN INDIANA GAS AND ELECTRIC COMPANY for the year ended December 31, 1925, and we hereby CERTIFY that, in our opinion, the attached Balance Sheet, and Income and Surplus Accounts correctly reflect the financial condition of the Company at December 31, 1925, and the results from operations for the year ended that date.

(Signed) ARTHUR ANDERSEN & CO.



VIEWS SHOWING SOME OF THE CONSTRUCTION WORK OF 1925

BUSINESS AND PROPERTIES

SOUTHERN Indiana Gas and Electric Company supplies electric light and power, steam heating, transportation and gas service in Evansville. Electricity is also supplied to nine other communities, and interurban transportation service is supplied between Evansville and communities to the north as far as Princeton and Patoka. The population of the territory served by the Company is estimated to be in excess of 120,000.

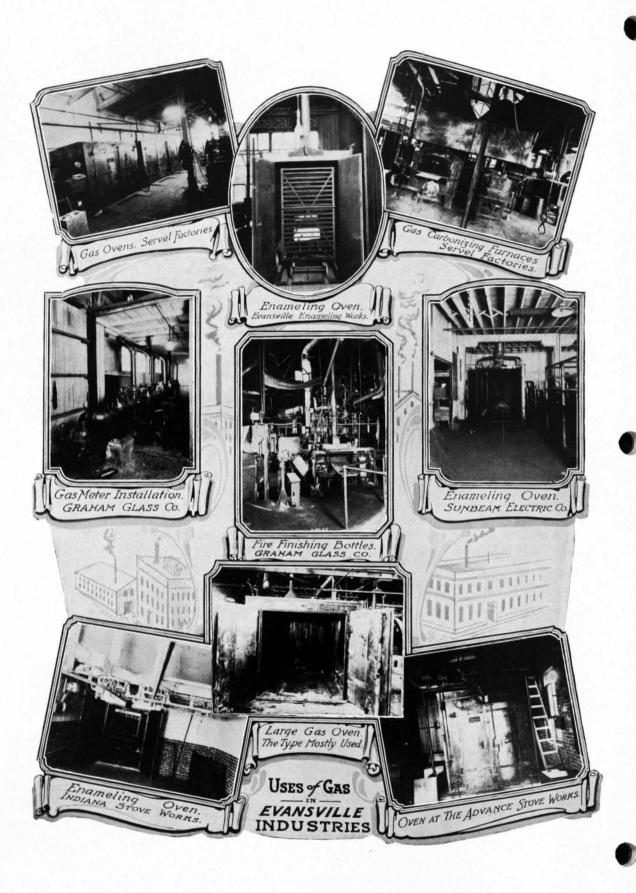
At the close of the year 1925, a total of 21,070 electric customers, 14,625 gas customers and 218 steam heating customers were directly supplied from the lines and mains of the company. More than 18,000 homes are supplied with gas or electricity or both, and the greater part of the industries in the Company's territory use the Company's services. Steam heating service is extended to the downtown or business section of Evansville, supplying a large number of stores and commercial buildings.

Electricity is generated and distributed from the company's two central steam generating stations in Evansville, with an aggregate installed capacity of 34,300 horsepower, over 90% of which is installed in the Division Street Station. The Mulberry Street Station is operated for supplying both electric light and power and steam heating service. Steam is distributed from this station through $2\frac{1}{2}$ miles of mains. The capacity of the Division Street Station was enlarged during 1925 by the addition of a 10,000 horsepower (7,500 kilowatts) steam turbine generator and two large high efficiency boilers, together with coal handling equipment. Electricity is distributed to the customers of the Company through a transmission and distribution system aggregating 1,235 miles of wire lines.

Gas service is supplied from the Evansville station, which has a daily generating capacity of 4,750,000 cubic feet, both coal and water gas generating equipment being in operation. The plant was enlarged by the addition of a water gas unit and a 100,000 cubic foot relief holder in 1925. The total gas storage capacity is 1,600,000 cubic feet. The gas distribution system aggregates 142 miles of mains.

The transportation property includes on a single track basis, 70 miles of line, 38 miles of which are in the city of Evansville. The Company has recently purchased new motor bus equipment which will be operated in Evansville as a co-ordinated part of the city transportation service.

The Company's business is well diversified in widely distributed lines of activity. Approximately 50% of the gross earnings, as indicated by 1925 operations, are derived from the sale of electricity; 29% from transportation service; 2% from the heating service and 19% from the sale of gas. The electric revenue is derived from diversified sources, the greater part—62%—being derived from the sale of electricity for residential, commercial and municipal lighting purposes. This source of business is substantial and generally uniform under varying conditions. The balance is derived from the sale of power for industrial purposes. In this connection and as indicated by the chart on Page 19, the sale of power is not confined to nor dependent upon any one class of industry.



BUSINESS DEVELOPMENT

THE Company carries on systematic activities for development of the business in all departments.

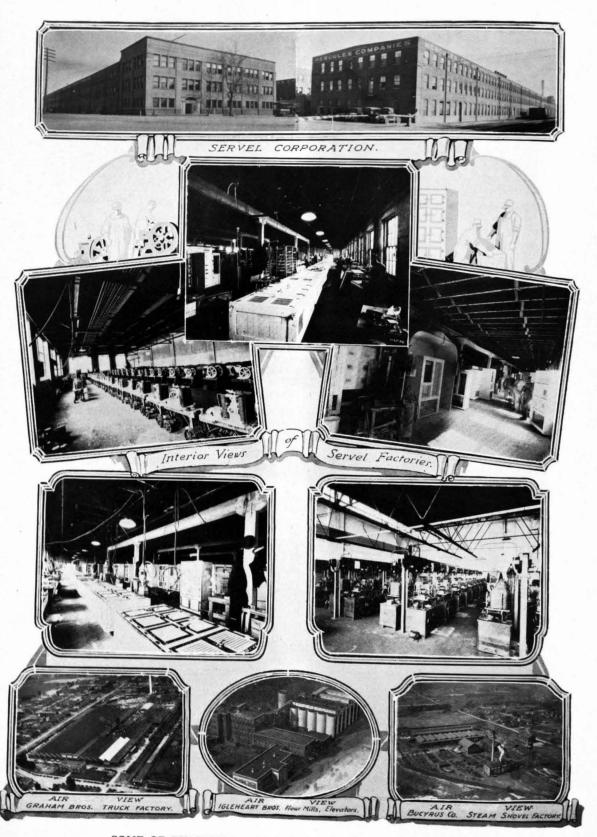
There is a growing recognition of the fact that proper and well directed use of gas and electricity is a valuable asset. For example, in the industrial field there has been a remarkable development in the use of both gas and electricity for many heating processes, such as in the making of steel and brass and in baking, annealing, japanning, tempering, etc. In the commercial field, a parallel situation exists, for merchants find the liberal use of electric light in windows and stores a good investment. In order that customers may profit from the best practical application of electricity and gas to their needs, this Company provides, free of charge, the services of competent engineers for such purposes.

At the present time the Company is conducting research work and making practical tests in a new field in which there is nation-wide interest—that of gas for house heating. Results obtained from this research work will determine the course to be pursued.

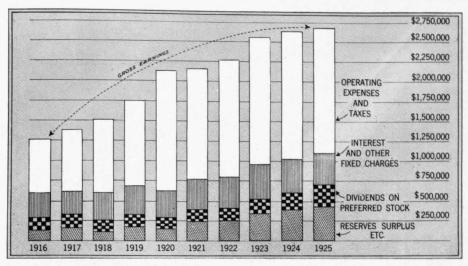
TERRITORY SERVED

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 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".



SOME OF EVANSVILLE'S NATIONALLY KNOWN INDUSTRIES



TEN-YEAR RECORD OF EARNINGS AND DISTRIBUTION THEREOF

		Operating Expen	ses .	Interest and Other		Dividends on Preferred
Year	Gross Earnings	and Taxes	Gross Income	Fixed Charges	Net Income	Stock
1916	1,267,335.16	667,906.96	599,428.20	310,573.37	288,854.83	141,600.00
1917	1,390,658.84	764,486.92	626,171.92	312,487.30	313,684.62	151,200.00
1918	1.509,711.15	918,426,47	591,284.68	351.259.76	240,024.92	151,371.62
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	1,384,058.15	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	1,630,064.30	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		657,074.72	260,791.58

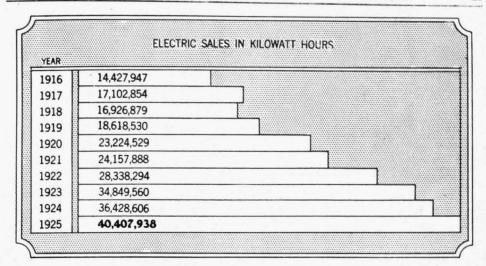
SOURCES OF ELECTRIC REVENUE-1925

		RESIDENTIAL	COMMERCIAL	CITY
62%	LIGHTING	297	28 %	5.3
13%	Miscellaneo	us Power Users	10	
9%		cts, Motor Car and Allied Industries rel and Farm Implement Manufacturers		
6%	Furniture, W	ood-working and Coal Mines		
5%	Machine Sho Foundries, B	ops, Iron & Steel Construction Compani crick and Electric Refrigerating Mfg.	es,	
5 %	Other Public	: Utility Companies		



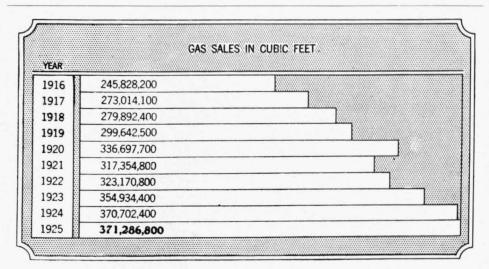


AERIAL VIEWS OF EVANSVILLE



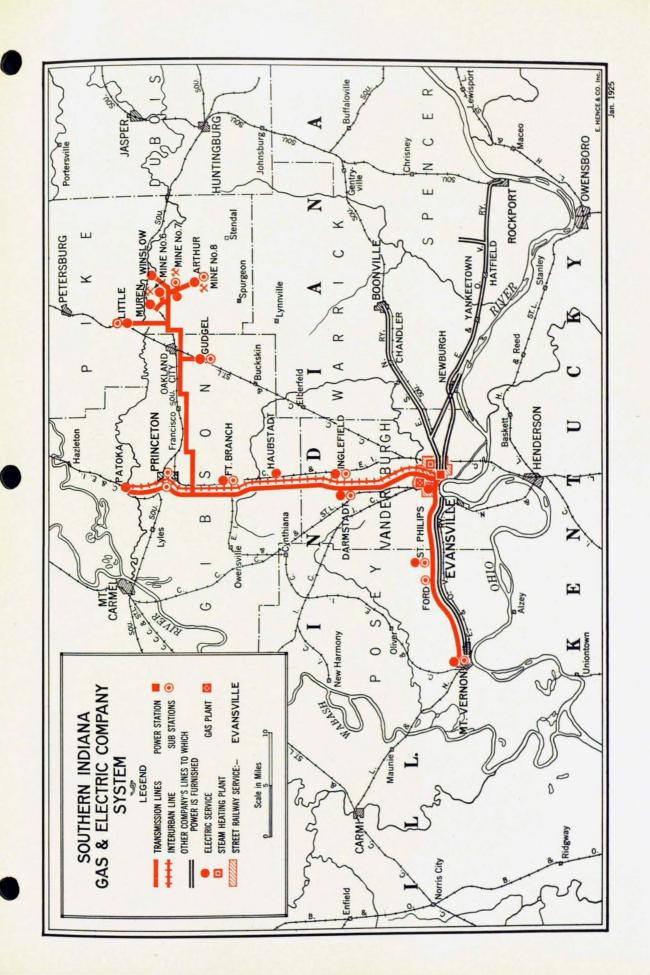
TEN-YEAR RECORD OF BUSINESS PROGRESS

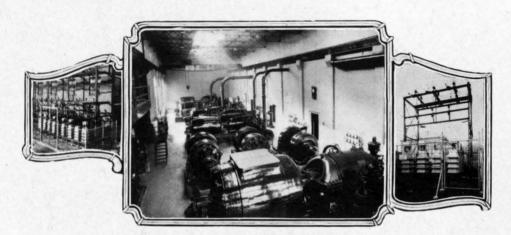
Electr	ic Sales in	Gas Sales in Cubic		Customers	
Kilow	vatt Hours		Feet	Electric	Gas
1916	14,427,947	1916	245,828,200	6,190	10,647
1917	17,102,854	1917	273,014,100	6,796	11,040
1918	16,926,879	1918	279,892,400	7,042	11,248
1919	18,618,530	1919	299,642,500	7,931	11,980
1920	23,224,529	1920	336,697,700	9,372	12,406
1921	24,157,888	1921	317,354,800	11,117	12,601
1922	28,338,294	1922	323,170,800	13,085	13,030
1923	34,849,560	1923	354 934,400	16,779	13,552
1924	36,428,606	1924	370,702,400	18,978	14,029
1925	40,407,938	1925	371,286,800	21,070	14,625





EVANSVILLE'S FINE SCHOOLS REFLECT A SUBSTANTIAL AND PROGRESSIVE COMMUNITY





TURBINE ROOM DIVISION STREET STATION