Luzerne County
Gas & Electric Corporation

ANNUAL REPORT TO THE STOCKHOLDERS

For the Fiscal Year
Ended December 31, 1927
Luzerne County
Gas & Electric Corporation
ANNUAL REPORT--1927

DIRECTORS
Wm. W. Bodine
P. H. Gadsden
J. T. Hutchings
Paul Thompson

OFFICERS
President .................................................. M. W. Stroud
Vice-President and Manager ......................... A. J. Llewellyn
Secretary .................................................. G. W. Curran
Treasurer .................................................. I. W. Morris

Other Offices: Shickshinny, Nanticoke, Plymouth, Wyoming and Hazleton, Pa.
Transfer Agent: (Preferred Stock) Company's Office, 1401 Arch Street, Philadelphia, Pa.
Date of Annual Meeting: First Tuesday in April of each year at Philadelphia, Pa.
To the Stockholders:

General

The operating results of your Company for the year 1927 were very satisfactory, notwithstanding the effect of unseasonable weather conditions and the reduced anthracite coal production during the latter part of the year. Anthracite coal mining is the basic industry in the territory served, on which many other lines of business depend.

Customers, Earnings and Sales

Gas customers at the end of the year were 7,888, an increase of 401 during the year. Electric customers were 31,092, an increase of 1,765. Gas sales were 172,529,400 cubic feet, an increase of 7,341,100, or 4.4%. Electric sales were 104,383,425 K. W. H., an increase of 11,768,943, or 12.7%. Gross earnings were $2,958,073, an increase of $272,642, or 9.2%.

Facilities

Construction work during the year involved an expenditure of $627,723, including the following more important improvements:

Installation of tar dehydrator, storage tank and duplex boiler feed pump at Nanticoke Gas Works.

Tar storage tank and rearranging feed water to boilers at Hazleton Gas Works.

Rebuilding and improving of certain sections of the gas and electric distribution systems and arranging for extensions and other miscellaneous improvements.

During the year a contract was consummated with the Pennsylvania Power and Light Company covering the interchange of electric power to protect the service of both companies and provide and meet the requirements on a more economical basis for both companies by maximum use of plant investment.
Condition of Property

Special attention has been given to maintaining the property in good physical condition to insure regularity in service and economy in operation.

Financial

Your Company continued the policy of selling preferred stock to its customers and during the year 627 shares of $7 First Preferred Stock were sold, proceeds of which were used for improvement purposes. There are at present 2,500 preferred stockholders. Decrease in dividends on preferred stock as shown by the earnings statement, is due to the Second Preferred Stock of your Company having been converted into Common Stock.

Financial Statements and Audit of Accounts

The earnings statement and balance sheet, which are in accordance with an audit of the accounts, are made a part of this report and indicate a very satisfactory condition.

Conclusions

There is every reason to feel that the business of your Company will continue to grow and the outlook for the year 1928 is very encouraging. The cordial relations existing between your Company and the public are very helpful and there is a spirit of co-operation which assures the continuance of this situation.

The Management desires to express its appreciation to the Company's employees for their loyalty and untiring efforts, which contributed so largely to the results for the year.

By order of the Board of Directors.

A. J. LLEWELLYN,
Vice-President and Manager.
<table>
<thead>
<tr>
<th></th>
<th>Year Ended Dec. 31, 1927</th>
<th>Year Ended Dec. 31, 1926</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Earnings</td>
<td>$2,958,073.12</td>
<td>$2,685,431.31</td>
<td>$272,641.81</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>1,585,912.48</td>
<td>1,413,758.93</td>
<td>172,153.55</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>$1,372,160.64</td>
<td>$1,271,672.38</td>
<td>$100,488.26</td>
</tr>
<tr>
<td>Income Deductions</td>
<td>760,901.38</td>
<td>738,294.94</td>
<td>22,606.44</td>
</tr>
<tr>
<td>Net Income</td>
<td>$611,259.26</td>
<td>$533,377.44</td>
<td>$77,881.82</td>
</tr>
<tr>
<td>Dividends on Preferred Stock</td>
<td>180,709.76</td>
<td>266,243.20</td>
<td>* 85,533.44</td>
</tr>
<tr>
<td>Balance Available for Dividends on Common Stock and Other Corporate Purposes</td>
<td>$430,549.50</td>
<td>$267,134.24</td>
<td>$163,415.26</td>
</tr>
</tbody>
</table>

*Decrease*
A statement of what the Company owns on the one hand,

**ASSETS**

**Plant and Equipment, Including Real Estate**  $18,964,652.81

(This represents the Company's cost of land, buildings, equipment, poles and fixtures, wires, cables, gas mains, gas and electric services, gas and electric meters, transformers, lamps, transportation equipment, shop equipment, storeroom equipment, office equipment, and all other property and miscellaneous equipment used in connection with the production, transmission, distribution, and utilization of gas and electric energy.)

**Other Current Assets**  $347,728.05

(This represents current funds invested temporarily which will be sold from time to time as cash is required for construction and other Corporate purposes.)

**Unamortized Debt, Discount and Expense**  $461,324.19

(This represents the difference between par and the amount received for bonds which will be absorbed in expenses over the life of the securities.)

**Sundry Deferred Accounts**  $68,724.52

(This represents charges which were not disposed of at the end of the year.)

**Advance Accounts**  $1,050.44

(This represents insurance and rentals paid in advance.)

**Accounts Receivable**  $487,410.31

(This represents the amount of money due to the Company and currently outstanding from its customers for gas and electric service, merchandise, etc.)

**Materials and Supplies**  $283,151.12

(This amount represents the cost of all materials and supplies carried in stock, including gas in holders, coal, oil, wires, cable, gas pipes, poles, and thousand of miscellaneous items, to insure prompt and continuous service to gas and electric service.)

**Cash on Hand, In Banks and with Fiscal Agents**  $708,007.82

(This represents cash in banks and depositories for the purpose of paying wages, materials, supplies, interest, dividends, and miscellaneous obligations.)

**Total Assets**  $21,322,049.26
DECEMBER 31, 1927

and what its obligations are on the other hand

LIABILITIES

Capital Liabilities:

1st Preferred Stock—$7 (27,490 shares, No Par) ........................................... $ 2,614,485.21

Capital Stock:

Common Stock (176,694 shares, No Par) .................................................. 4,417,350.00

Total Capital Stock .................................................................................. $ 7,031,835.21

Funded Debt:

Luzerne County Gas & Electric Corporation—
1st and Ref. Mortgage Gold Bonds, 6% series, due September 1, 1954 ........................................... $ 5,953,500.00
20-yr. Sinking Fund Conv. Gold 7% Bonds, due July 1, 1944 2,971,000.00

Luzerne County Gas & Electric Company—
1st & Ref. Impt. Mortgage 5% Gold Bonds, due Oct. 1, 1948 3,477,000.00

Hazleton Gas Light Company—
5% First Mortgage Bonds, due October 1, 1932 23,000.00

Total Funded Debt .................................................................................. $12,424,500.00

Total Capital Liabilities ........................................................................ $19,456,335.21

Capital Stock Subscribed ........................................................................ 1,434.00

(Accounts Payable represents amount of Preferred Capital Stock Subscriptions on deferred payment plan.)

Accounts Payable ................................................................................... 236,449.21

(Accounts Payable represents amounts due creditors for merchandise, fuel and repair parts and miscellaneous accounts, consumers' deposits, gas main and electric line deposits and for other current indebtedness.)

Accrued Accounts ..................................................................................... 354,188.34

(Accounts Payable represents interest accrued but not due on Company's indebtedness, insurance, and taxes accrued but not due, etc.)

Reserve for Retirements ........................................................................... 804,055.42

(Property is retired from service from time to time for various causes and must be replaced and it is necessary to set aside out of earnings yearly an amount to be used as a reserve out of which such replacements can be made. This amount represents the balance remaining at this time, against which such retirements will be charged when made.)

Other Reserves ......................................................................................... 46,247.98

(This amount represents amount set aside out of earnings, to provide reserve for various purposes when same occur.)

Profit and Loss ......................................................................................... 423,339.10

(This is the amount of earnings accumulated during the years of the company's operations which have been invested in or used for the benefit of the business.)

Total Liabilities ...................................................................................... $21,822,049.26
### STATISTICS

#### Gas Operations

<table>
<thead>
<tr>
<th></th>
<th>1927</th>
<th>1926</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>7,888</td>
<td>7,487</td>
</tr>
<tr>
<td>Sales—Cubic feet</td>
<td>172,529,400</td>
<td>165,188,300</td>
</tr>
<tr>
<td>Generating Capacity—Cubic feet</td>
<td>2,710,000</td>
<td>2,710,000</td>
</tr>
<tr>
<td>Maximum daily output—Cubic feet</td>
<td>733,900</td>
<td>690,200</td>
</tr>
<tr>
<td>Number of Holders</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Capacity—Cubic feet</td>
<td>564,000</td>
<td>564,000</td>
</tr>
<tr>
<td>Miles of Main</td>
<td>120</td>
<td>116</td>
</tr>
<tr>
<td>Population Served</td>
<td>121,000</td>
<td>107,000</td>
</tr>
</tbody>
</table>

#### Electrical Operations

<table>
<thead>
<tr>
<th></th>
<th>1927</th>
<th>1926</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>31,092</td>
<td>29,327</td>
</tr>
<tr>
<td>Sales—Kilowatt hours</td>
<td>104,383,425</td>
<td>92,614,482</td>
</tr>
<tr>
<td>Generating Capacity—Kilowatts</td>
<td>58,000</td>
<td>58,000</td>
</tr>
<tr>
<td>Electricity Generated—Kilowatt hours</td>
<td>116,746,061</td>
<td>103,291,294</td>
</tr>
<tr>
<td>Electricity Purchased—Kilowatt hours</td>
<td>473,713</td>
<td>374,150</td>
</tr>
<tr>
<td>Population Served</td>
<td>168,000</td>
<td>163,000</td>
</tr>
</tbody>
</table>