Luzerne County Gas and Electric Corporation

ANNUAL REPORT
TO THE STOCKHOLDERS

For the Fiscal Year Ended
December 31, 1928

MAY 15, 1929
Luzerne County Gas and Electric Corporation

ANNUAL REPORT--1928

DIRECTORS
Wm. W. Bodine                J. B. Klumpp
P. H. Gadsden                A. J. Llewellyn
J. T. Hutchings              M. W. Stroud
F. J. Rutledge

OFFICERS
President ..................... A. J. Llewellyn
Secretary ........................ Johns Hopkins
Treasurer ........................ I. W. Morris


Other Offices: Shickshinny, Nanticoke, Plymouth, Wyoming and Hazleton, Pa.

Transfer Agent: (Preferred Stock) Luzerne County Gas and Electric Corporation, 1401 Arch Street, Philadelphia, Pa.


Date of Annual Meeting: First Tuesday in April.
Luzerne County Gas and Electric Corporation
Office of President

Kingston, Pa., March 21, 1929.

To the Stockholders:

The results for the year 1928 show continued growth and progress and the use of electricity and gas in the territory served offers very attractive possibilities for future development of your Company.

Electric customers at the end of the year were 32,829, an increase of 1,815, or 5.9%. Electric sales of 113,377,317 k.w.h. increased 8,993,892 k.w.h. or 8.6%. Revenue increased 5.2%.

Gas customers were 8,130, an increase of 265, or 3.4%. Gas sales of 183,628,100 cubic feet increased 11,098,700 cubic feet, or 6.4%. Revenue increased 5.5%.

Operating revenue from all sources of $3,084,309 increased $154,009, or 5.3%. Operating expenses of $1,634,941 increased $49,029, or 3.1%. Net income increased $64,412, or 10.5%. Balance applicable to Common Stock and other corporate purposes of $483,524 increased $52,974, or 12.3%.

The above results were accomplished notwithstanding rate reductions made during the year resulting in total savings to gas and electric customers of approximately $100,000 per year. A further reduction has been announced effective April 1, 1929, which will result in additional savings to gas customers of about $94,000 annually.
Financing

Capital expenditures were provided from the funds of the Company and new financing was not necessary.

Facilities

Construction work during the year involved an expenditure of $733,710, representing normal requirements for strengthening the property and more important improvements as follows:

Electric

66,000 volts transmission line from Swoyersville substation to Exeter Borough connecting with systems of Scranton Electric Company and Pennsylvania Power and Light Company.

66,000 volt transmission line from Hunlock plant to Berwick connecting with system of Pennsylvania Power and Light Company.

Plymouth Borough: Distribution substation.

Gas

Hazleton: Haug high-duty condenser.

Condition of Property

The property of your Company is in good physical condition as a result of careful attention to maintenance.

Financial Statements

The earnings statement and balance sheet made a part of this report are in accordance with an audit of accounts.

Conclusions

The Management appreciates the loyalty and untiring efforts of employees which contributed largely to the results for the year. The service to patrons was satisfactory and your Company continues to enjoy the cooperation and confidence of the communities in which it serves.

By Order of the Board of Directors,

A. J. LLEWELLYN, President.
### Comparative Earnings Statement

For Twelve Months Ended December 31st

<table>
<thead>
<tr>
<th></th>
<th>1928</th>
<th>1927</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$3,084,308.89</td>
<td>$2,930,299.56</td>
<td>$154,009.33</td>
</tr>
<tr>
<td>*Operating Expenses, Maintenance and Taxes</td>
<td>1,634,941.35</td>
<td>1,585,912.48</td>
<td>49,028.87</td>
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<tr>
<td>Operating Income</td>
<td>$1,449,367.54</td>
<td>$1,344,387.08</td>
<td>$104,980.46</td>
</tr>
<tr>
<td>Non-Operating Income</td>
<td>26,063.57</td>
<td>27,773.56</td>
<td>1,709.99</td>
</tr>
<tr>
<td>Gross Income</td>
<td>$1,475,431.11</td>
<td>$1,372,160.64</td>
<td>$103,270.47</td>
</tr>
<tr>
<td>Income Deductions</td>
<td>799,759.64</td>
<td>760,901.38</td>
<td>38,858.26</td>
</tr>
<tr>
<td>Net Income</td>
<td>$675,671.47</td>
<td>$611,259.26</td>
<td>$64,412.21</td>
</tr>
<tr>
<td>Dividends on Preferred Stock</td>
<td>192,147.91</td>
<td>180,709.76</td>
<td>11,438.15</td>
</tr>
<tr>
<td>Balance Applicable to Common Stock and Other Corporate Purposes</td>
<td>$483,523.56</td>
<td>$430,549.50</td>
<td>$52,974.06</td>
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</tbody>
</table>

*Included for Renewals and Replacements | $185,058.53 | $209,694.37 | $24,635.84*
ASSETS

Property and Plant ..................................................... $19,538,213.31
(Cost of land, buildings, poles and fixtures, wires, cables, mains, services, meters, transformers, lamps, and all other property and miscellaneous equipment required in operations.)

Investments .......................................................... 347,728.05
(Cost of miscellaneous temporary investments.)

Sinking Funds ........................................................ 60,448.91
(Payments to trustees as required under mortgage provisions for the purpose of retiring bonds.)

Cash ............................................................... 178,390.20
(Cash in banks and depositories for the purpose of paying salaries, expenses, taxes, dividends and miscellaneous obligations.)

Accounts Receivable ................................................ 511,350.91
(Amount of money due and currently outstanding from customers for gas and electric service, appliances, etc.)

Materials and Supplies ........................................... 243,885.42
(Cost of materials and supplies carried in stock, including coal, oil, pipe, wire, cable and poles and various miscellaneous items.)

Prepaid Accounts ................................................... 23,125.82
(Insurance premiums and miscellaneous other expenses paid in advance.)

Deferred Accounts ................................................... 86,048.86
(Various charges which are handled through this account pending other disposition.)

Unamortized Debt Discount and Expense ....................... 439,364.49
(Difference between face value and amount received for bonds sold which will be absorbed through expenses.)

Total Assets .......................................................... $21,428,555.97
LIABILITIES

Capital Stock:
- Common Stock, no par—176,694 shares ........................................ $ 4,417,350.00
- First Preferred Stock, $7 Cumulative, no par—27,511 shares ............... 2,616,585.21

Funded Debt:
- Luzerne County Gas and Electric Corporation—
  - First and Refunding Mortgage Gold Bonds, 6%
    - Series, due September 1, 1954 ........................................ $5,891,000.00
  - Twenty-Year Sinking Fund Convertible 7% Gold
    - Bonds, due July 1, 1944 ........................................ 2,971,000.00
- Luzerne County Gas and Electric Company—
  - First and Refunding Improvement Mortgage 5%
    - Gold Bonds, due October 1, 1948 ................................. 3,477,000.00
- Hazleton Gas Light Company—
  - First Mortgage 5% Gold Bonds, due April 1, 1932 ........................ 23,000.00

Total Funded Debt .......................................................... $12,362,000.00

Accounts Payable ....................................................... 227,393.91
(Amount owed for current expenses, such as materials and supplies, unpaid wages and other items.)

Accrued Accounts .......................................................... 352,916.18
(Amounts accrued but not due for taxes, interest on long term debt, etc.)

Reserve for Renewals and Replacements .................................. 862,210.39
(Balance of amount set aside from year to year for the purpose of renewing and replacing property retired from service from time to time.)

Other Reserves ............................................................. 139,846.31
(To cover probable cost of injuries and damages, and for replacement of automotive and other miscellaneous equipment.)

Surplus ................................................................. 450,253.97
(Earnings accumulated during the years of operations which have been invested in the property or otherwise for the benefit of the business and the stockholders.)

Total Liabilities .......................................................... $21,428,555.97
## STATISTICS

<table>
<thead>
<tr>
<th>Gas Operations:</th>
<th>1928</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>8,130</td>
<td>7,865</td>
</tr>
<tr>
<td>Sales—Cubic feet</td>
<td>183,628,100</td>
<td>172,529,400</td>
</tr>
<tr>
<td>Generating Capacity—Cubic feet</td>
<td>3,300,000</td>
<td>3,300,000</td>
</tr>
<tr>
<td>Maximum Daily Output—Cubic feet</td>
<td>733,400</td>
<td>733,900</td>
</tr>
<tr>
<td>Number of Holders</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Capacity of Holders—Cubic feet</td>
<td>564,000</td>
<td>564,000</td>
</tr>
<tr>
<td>Miles of Mains</td>
<td>125</td>
<td>120</td>
</tr>
<tr>
<td>Population Served</td>
<td>121,000</td>
<td>121,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Electric Operations:</th>
<th>1928</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>32,829</td>
<td>31,014</td>
</tr>
<tr>
<td>Sales—Kilowatt hours</td>
<td>113,377,317</td>
<td>104,383,425</td>
</tr>
<tr>
<td>Generating Capacity—Kilowatts</td>
<td>49,000</td>
<td>49,000</td>
</tr>
<tr>
<td>Electricity Generated—Kilowatt hours</td>
<td>126,036,194</td>
<td>116,746,061</td>
</tr>
<tr>
<td>Electricity Purchased—Kilowatt hours</td>
<td>946,170</td>
<td>473,713</td>
</tr>
<tr>
<td>Population Served</td>
<td>168,000</td>
<td>168,000</td>
</tr>
</tbody>
</table>