REPORT OF
THE
PENN CENTRAL
LIGHT AND POWER
COMPANY
FOR THE FISCAL YEAR
ENDING DECEMBER 31
1927
NOTICE TO THE $5.00 SERIES CUMULATIVE PREFERRED SHAREHOLDERS

The Stockholders of your Company have authorized and created a series of Preferred Stock to be designated as the $2.80 Series. The cumulative dividend rate upon this Series is fixed at $2.80 per share per annum; the redemption price at $52.50 per share, and the amount payable at liquidation $50.00 per share. The $2.80 Series will have all the rights and privileges of the $5.00 Series except the price, yield, liquidation and call value. Dividends will be paid quarterly - January 1st, April 1st, July 1st and October 1st.

By direction of the Board of Directors, the officers are authorized and directed to offer for sale 25,000 shares of the said Series, with the proviso, however, that said additional shares should be offered to the holders of the $5.00 Series Cumulative Preferred for subscription and purchase to the extent of 15% of their holdings of the said $5.00 Series at a price of $45.50 per share. Fractional shares will not be issued. The number of shares to which each shareholder will be entitled to subscribe will be increased by the requisite fraction to make up an even number of shares. Shares not taken up by the shareholders under the stock allotment warrants will be offered to the public at a price not less than $47.00 per share, on terms prescribed by the Board of Directors of your Company.

The warrant rights will be issued to the shareholders of record at the close of business April 2, 1928 or as soon thereafter as is practicable. The right to subscribe or the right to dispose of the privilege of subscribing may be exercised by following the directions appearing on the face of the stock allotment warrant. Holders of the $5.00 Series will have the privilege to exercise their rights under the stock allotment warrant between April 17, 1928 and May 7, 1928. After that date stock allotment warrants will become wholly void and of no value, and the privilege of subscribing evidenced by stock allotment warrants will cease.

The money obtained from the sale of additional Preferred Shares, $2.80 Series, is to be used for additions, improvements and extensions to your Company's system, necessitated by the increasing demand for service on the part of the communities served by it, and for other corporate purposes.

You can exercise your right to subscribe for shares designated under the stock allotment warrants at our Investment Department, Iowa Central Building, Altoona, Ia., or at any of our District Offices.

BY ORDER OF THE BOARD OF DIRECTORS,

J. H. Shearer,
Vice President.

Altoona, Ia.,
April 7, 1928.
Report of
the
PENN CENTRAL LIGHT
AND POWER COMPANY

FOR THE FISCAL
YEAR ENDING
DECEMBER 31, 1927
PENN CENTRAL LIGHT AND POWER COMPANY

DIRECTORS

Samuel Insull  Martin J. Insull
Harry Reid    J. H. Shearer
C. B. Zeigler J. E. Shute
M. A. Miller  B. F. Cleaves

W. H. Wade

OFFICERS

Samuel Insull, Chairman of the Company
Martin J. Insull, Vice-Chairman of the Company
Harry Reid, President
Alan E. Burns, Vice-President
Phillips B. Shaw, Vice-President
Leo. Loeb, Vice-President
J. H. Shearer, Vice-President and General Manager
Willett R. Porter, Special Vice-President
C. B. Zeigler, Treasurer
W. W. Bell, Secretary and Ass't Treasurer
M. A. Miller, Ass't Secretary and Ass't Treas.
R. L. Hook, Assistant Secretary

— 2 —
To the Stockholders of the

Penn Central Light and Power Company:

By the direction of your Board of Directors, I submit to you herewith their report of your company’s operations for the fiscal year ended December 31, 1927.

Samuel Insull,
Chairman.
TO THE STOCKHOLDERS
OF THE
PENN CENTRAL LIGHT AND POWER COMPANY

The Directors submit this Annual Report for the fiscal year ending December 31, 1927.

The earnings and expenses of the Company for the year were as follows:

Gross Earnings ........................................... $5,002,794.58
Operating Expenses, Maintenance and Taxes (including Retirement Appropriation $295,424.73) 2,635,538.02

Gross Income ........................................... $2,367,256.56
Interest on Funded and Unfunded Debt ................ 1,235,618.78

Amortization of Debt Discount and Expense ........ 30,101.36

Net Income for the Year ................................. $1,101,536.42
Dividends Paid and Accrued on Preferred Stock .... 596,066.80

Dividends Paid and Accrued on Common Stock ....... 495,000.00
Balance Carried to Surplus .............................. $ 10,469.62

GROWTH OF BUSINESS

At the end of the year 1927, the total number of customers served by your company and subsidiaries was 50,100. Of these, 47,036 were served with electricity, 2,982 were served with gas, and 82 with steam heat service.

During the year 1927, 86.36 percent of the gross earnings were derived from sales of electricity, 2.85 percent from the sale of gas, .61 percent from the sale of steam for heating purposes, 3.35 percent from transportation, 4.58 percent
from the sale of electric and gas labor saving devices, and 2.25 percent from all other sources. As an indication of diversity of the company sales of electricity, of its major product, during the year 1927, 28.31 percent was sold for residential use, 14.96 percent for commercial lighting, 42.83 percent for commercial power, 2.19 percent for municipal street lighting, 11.62 percent for other utilities, and .09 percent for miscellaneous purposes.

CHANGES IN CORPORATE STRUCTURE

During the year your company acquired, with the consent of the Public Service Commission of Pennsylvania, the properties of the following companies: The Raystown Water Power Company, The Penn Water Power Company, The Williamsburg Electric Company, Cove Electric Company, Newton Electric Company, Bakerton Light, Heat and Power Company, Jackson Light, Heat and Power Company, Nanty Glo Light, Heat and Power Company, and Morrison Cove Light and Power Company. The purchase of these companies vested in the Penn Central Light and Power Company all physical properties of companies which were previously operated as a part of the Penn Central Light and Power Company system. In January 1928 this company also purchased the property of the Marklesburg Light and Power Company.

EXTENT OF OPERATIONS

The Penn Central Light and Power Company and its subsidiaries at December 31, 1927, served 133 communities with electric light and power service, 4 with gas service, 4 with transportation service and one with steam heat. The total population served was 207,755, of which 161,755 were served directly by the company and 46,000 were served indirectly by power sold wholesale through non-affiliated companies.

ADDITIONS TO CAPACITY

The company made no additions to electric generating capacity during the year 1927. However, 9.47 miles of
high tension transmission line were constructed during the year, making the total miles of transmission line in operation at December 31, 1927, 492.18 miles. There was also constructed and placed in operation during the year 1927 298.74 miles of distribution lines, bringing the total miles in service at December 31, 1927, to 2,883.91 miles. It is interesting to note that of the total extensions of the distribution system made during the year, approximately 150 miles consisted of extensions into rural territory.

During the year 1927 the company completed the installation of a new water gas plant at Lewistown, Pa., which has a daily capacity of 500,000 cubic feet.

EMPLOYEES’ LIFE INSURANCE

Your Company presented as a Christmas gift to all of its employees who were on the pay roll prior to June 30, 1927, a year’s paid-up life insurance policy in the Canada Life Assurance Company. Under the terms of these policies employees were eligible without physical examination for additional insurance at very low cost and over seventy-five per cent. of them availed themselves of this privilege. The employees approved this act of your Company.

FINANCIAL STATEMENTS

The Penn Central Light and Power Company sold during the year 13,649 shares of its cumulative preferred stock of the $5.00 dividend series, the proceeds from the sale of which has been used for financing extension of facilities to care for the increasing demand for service. The company at December 31, 1927, had 7,028 preferred stockholders, an increase of 906 over that at the end of the previous year.

The company also during the year 1927 issued and sold $24,000,000.00 par value of First Mortgage 4½% Bonds, the proceeds of which were used to provide funds for the retirement of all funded debt of the company, thereby materially reducing interest charges.
AUDITOR'S CERTIFICATE

Appended hereto will be found consolidated statement of earnings for the fiscal year ended December 31, 1927, and consolidated balance sheet as at December 31, 1927, furnished by Messrs. Arthur Young & Company, certified public accountants, accompanied by their certificate of audit of the company's books and records.

By order of the Board of Directors,

HARRY REID,
President.
CERTIFICATE OF AUDITORS

We have examined the books and records of the Penn Central Light and Power Company and Subsidiaries for the year ended December 31, 1927, and have prepared therefrom the accompanying consolidated balance sheet as at December 31, 1927, and the accompanying consolidated statement of earnings for the year ended that date.

We hereby certify that, in our opinion, these statements correctly set forth respectively the true consolidated financial position of the Company as at December 31, 1927, and its earnings for the year ended that date.

ARTHUR YOUNG & CO.

New York, March 2, 1928.
PENN CENTRAL LIGHT AND POWER COMPANY
AND SUBSIDIARIES

INCOME ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1927

GROSS EARNINGS .................................................. $5,002,794.58

OPERATING EXPENSES, MAINTENANCE AND TAXES (including Retirement Appropriation $295,424.73) .......... 2,635,538.02

GROSS INCOME .................................................... $2,367,256.56

DEDUCTIONS FROM GROSS INCOME:

Bond and Other Interest Charges ........................................... $1,235,618.78
Amortization of Debt Discount and Expense ........................................... 30,101.36

NET INCOME FOR THE YEAR ........................................... $1,101,536.42

SURPLUS ACCOUNT

SURPLUS, JANUARY 1, 1927 ............................................. $245,186.71

NET INCOME FOR THE YEAR, AS ABOVE ................................ $1,101,536.42

LESS: DIVIDENDS PAID AND ACCRUED—

Preferred Stock .................................................. $596,066.80
Common Stock .................................................. 495,000.00

1,091,066.80

10,469.62

255,656.33

62,533.28

SURPLUS, DECEMBER 31, 1927 ............................................. $318,189.61

C. B. ZEIGLER, Treasurer.
### PENN CENTRAL LIGHT AND CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1927

#### ASSETS

**Plant and Property at Reproduction Cost**
New per Appraisals, plus additions at Cost $39,128,069.19

**Current Assets:**
- Cash $380,663.42
- Accounts Receivable 596,769.86
- Notes Receivable 3,435.60
- Accrued Interest Receivable 31,706.12
- Accounts Receivable from Preferred Stock Subscriptions 41,663.98
- Inventories 589,104.33
- Prepayments 49,366.76

**Due from Affiliated Companies** 1,692,710.07

**Miscellaneous Assets:**
Investments in Securities of Companies not Controlled 88,297.55

**Deferred Debts:**
Unamortized Debt Discount and Expense $3,975,284.29
Miscellaneous Deferred Debts 13,720.27

**Cost of Preferred Stock Sales** 3,989,004.56

**Total Assets** $45,222,112.52

#### CAPITAL AND LIABILITIES

**Capital Stock:**
- Preferred Stock $5 Cumulative (liquidation value of $75 per share)
  - Authorized—150,000 shares of no par value
  - Issued—125,369 shares issued for $8,900,077.50
- Preferred Stock $2.80 Cumulative (liquidation value of $50 per share)
  - Authorized—150,000 shares of no par value
  - Issued—none
- Common Stock
  - Authorized—156,000 shares of no par value
  - Issued—156,000 shares with equity of $8,241,203.91

**Capital Stock Subscribed:**
- Preferred Stock $5 Cumulative—983 shares

**Funded Debt:**
- First Mortgage 4½% Gold Bonds, due November 1, 1977 $24,000,000.00
- Lewistown & Reedsville Electric Railway Company—First Mortgage 6% Gold Bonds, due July 1, 1929 89,500.00

**Total Funded Debt** 24,089,500.00

**Current Liabilities:**
- Accounts Payable $115,547.84
- Consumers' and Line Extension Deposits 102,046.87

**Accrued Liabilities:**
- Taxes Accrued $278,507.66
- Interest Accrued 180,000.00
- Miscellaneous Accrued Liabilities 20,711.20

**Due to Affiliated Companies** 479,222.86

**Reserves:**
- Retirement Reserve $2,592,894.62
- Injuries and Damages Reserve 2,692.27
- Contingency Reserve 29,276.00
- Uncollectible Accounts Reserve 26,479.14
- Miscellaneous Reserves 3,959.32

**Total Reserves** 2,655,301.35

**Earned Surplus** 318,189.61

**Total Capital and Liabilities** $45,222,112.52

C. B. ZEIGLER, Treasurer.
### PENN CENTRAL LIGHT AND POWER COMPANY AND SUBSIDIARIES

**Statement of Securities at December 31, 1927**

<table>
<thead>
<tr>
<th>Funded Debt</th>
<th>Outstanding in Hands of Public</th>
<th>Maturity</th>
<th>Rate</th>
<th>Date Payable</th>
<th>Where Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>PENN CENTRAL LIGHT AND POWER Co.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Mortgage Bonds</td>
<td>$24,000,000.00</td>
<td>Nov. 1, 1977</td>
<td>4½%</td>
<td>May and Nov. 1st.</td>
<td>Seaboard National Bank, New York, N. Y., Pennsylvania Co. for Ins. on Lives, etc., Phila., Pa., First Trust and Savings Bank, Chicago, Ill.</td>
</tr>
<tr>
<td>LEWISTOWN &amp; REEDSVILLE ELEC. RAILWAY Co.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Mortgage Bonds</td>
<td>89,500.00</td>
<td>July 1, 1929</td>
<td>6%</td>
<td>Jan. and July 1st.</td>
<td>Integrity Trust Co., Phila., Pa.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,089,500.00</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Capital Stock                         |                               |          |      |              |                                                                                |
| PENN CENTRAL LIGHT AND POWER Co.      |                               |          |      |              |                                                                                |
| **Total**                             | **125,369**                   | **$8,900,077.50** |      |              |                                                                                |
GROSS EARNINGS

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>2,196,502</td>
</tr>
<tr>
<td>1921</td>
<td>2,253,898</td>
</tr>
<tr>
<td>1922</td>
<td>2,515,065</td>
</tr>
<tr>
<td>1923</td>
<td>3,542,577</td>
</tr>
<tr>
<td>1924</td>
<td>3,954,968</td>
</tr>
<tr>
<td>1925</td>
<td>4,438,241</td>
</tr>
<tr>
<td>1926</td>
<td>4,899,433</td>
</tr>
<tr>
<td>1927</td>
<td>5,002,794</td>
</tr>
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</table>

ELECTRICAL OUTPUT

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of KW-HRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>94,165,758</td>
</tr>
<tr>
<td>1921</td>
<td>89,137,390</td>
</tr>
<tr>
<td>1922</td>
<td>105,798,484</td>
</tr>
<tr>
<td>1923</td>
<td>149,026,348</td>
</tr>
<tr>
<td>1924</td>
<td>166,206,543</td>
</tr>
<tr>
<td>1925</td>
<td>208,994,394</td>
</tr>
<tr>
<td>1926</td>
<td>239,367,269</td>
</tr>
<tr>
<td>1927</td>
<td>226,892,235</td>
</tr>
</tbody>
</table>
THOUSANDS OF ELECTRIC CONSUMERS

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>24,149</td>
</tr>
<tr>
<td>1921</td>
<td>25,894</td>
</tr>
<tr>
<td>1922</td>
<td>28,297</td>
</tr>
<tr>
<td>1923</td>
<td>31,286</td>
</tr>
<tr>
<td>1924</td>
<td>37,255</td>
</tr>
<tr>
<td>1925</td>
<td>41,102</td>
</tr>
<tr>
<td>1926</td>
<td>43,477</td>
</tr>
<tr>
<td>1927</td>
<td>47,036</td>
</tr>
</tbody>
</table>

THOUSANDS OF POWER PLANT CAPACITY

<table>
<thead>
<tr>
<th>Year</th>
<th>Kilowatts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>33,000</td>
</tr>
<tr>
<td>1921</td>
<td>33,000</td>
</tr>
<tr>
<td>1922</td>
<td>33,000</td>
</tr>
<tr>
<td>1923</td>
<td>33,000</td>
</tr>
<tr>
<td>1924</td>
<td>57,000</td>
</tr>
<tr>
<td>1925</td>
<td>58,200</td>
</tr>
<tr>
<td>1926</td>
<td>96,875</td>
</tr>
<tr>
<td>1927</td>
<td>96,875</td>
</tr>
</tbody>
</table>
General Office Building of Penn Central Light and Power Company at Altoona, Pennsylvania.

Interior View of Altoona Merchandise Store.
Two Views of Saxton Station of Penn Central Light and Power Company.
Aerial View of Warrior Ridge Hydro Plant of Penn Central Light and Power Company.

Aerial View of Raystown Station of Penn Central Light and Power Company.

Outside View of Williamsburg Station of Penn Central Light and Power Company.
ELECTRIC UTILITY COMPANIES TO WHOM POWER IS SOLD AT WHOLESALe, OR WITH WHOM POWER IS INTERCHANGED

December 31, 1927.

<table>
<thead>
<tr>
<th>NAME OF COMPANY</th>
<th>CLASS OF SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Lick Electric Light, Heat &amp; Power Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Brown Township Light and Power Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Colver Electric Company</td>
<td>Interchange</td>
</tr>
<tr>
<td>Cresson Electric Light Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Gallitzin Electric Light Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Hastings Electrical Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Hill Electric Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Home Electric Light and Steam Heating Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Keystone Power Corporation (2 points of Service)</td>
<td>Interchange</td>
</tr>
<tr>
<td>Lilly Light, Heat &amp; Power Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Marklesburg Light and Power Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Penn Public Service Corporation</td>
<td>Interchange</td>
</tr>
<tr>
<td>Portage Light and Power Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Potomac Edison Company</td>
<td>Interchange</td>
</tr>
<tr>
<td>Shippensburg Gas and Electric Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Spring Run Electric Light and Power Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Bedford Light, Heat and Power Company</td>
<td>Wholesale</td>
</tr>
<tr>
<td>*Everett Light, Heat and Power Company</td>
<td>Wholesale</td>
</tr>
</tbody>
</table>

* Completed in February, 1928.