BROAD RIVER POWER COMPANY

Directors

FREDERICK S. BURROUGHS
JOHN M. DALY
RALPH D. JENNISON
DANIEL STARCH

SANFORD J. MAGEE
JOHN I. MANGE
JOSEPH F. McKENNA

Officers

R. D. JENNISON President
N. H. COIT Vice-President
S. J. MAGEE Vice-President
J. F. McKENNA Vice-President
C. A. DOUGHERTY Vice-President and Secretary
J. M. COSTELLO Treasurer

Principal Office

328 MAIN STREET, COLUMBIA, SOUTH CAROLINA

Operating Managers

THE UTILITY MANAGEMENT CORPORATION

412 WASHINGTON STREET, READING, PENNSYLVANIA

This report is not a representation, prospectus or circular with respect to any securities of any corporation and is not transmitted in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued or with any preliminary negotiation of or for such sales.
To the Securityholders of

Broad River Power Company:

There has been so much misinformation on the subject of the public utility industry directed to the attention of the American public during the past few years, that the Board of Directors considers it desirable to call your attention to certain pertinent facts before proceeding to discuss the results of operations for the year 1934.

The books, records, and reports of the Company are prepared and kept in accordance with the high standards set by security exchanges, bankers' associations and various governmental regulatory authorities.

In accordance with the Company's established practice, the accounts for 1934 were examined by Messrs. Haskins & Sells, Certified Public Accountants, who have conducted such examinations for the past eleven years. A copy of the Accountants' Certificate is shown on page 7.

The Company has never practiced writing up the value of property for the purpose of issuing securities against such write-ups. To maintain accurate records it was necessary to have an inventory made of the property owned by the Company. In order that the inventory be of value for accounting purposes, it was also necessary to translate it into dollars. This was done and the result was recorded on the books of the Company. No securities have been issued nor have any dividends been paid as a result of the adjustment, which still remains upon the books of the Company.

There are no bonuses or exorbitant salaries paid to officers. The wage rates and working conditions for employees meet normal standards.

Materials and supplies are purchased in an open competitive market at current quantity prices directly from non-affiliated suppliers. A cooperative centralized purchasing division for the Associated Gas and Electric System gives to all companies, irrespective of size, the full advantages of the resultant lowered prices, and because of prompt deliveries and interchanges between companies, reduces the amount of supplies which otherwise would have to be available. This system of purchasing, which is practiced and of recognized value in well-managed municipalities and in the operation of department stores, 5 and 10 cent stores, and farm cooperatives, will continue to be used by this Company as long as the present advantages continue.

The officers and employees have been engaged for many years in a business-building program. The purpose of the program is to encourage the use of labor-saving devices in the home, commercial establishments, and factories. Public and professional sentiment is slowly crystallizing and lending support to the long years of effort within the industry to improve lighting conditions in the home. The program is based on the ability of the customers to make the capital outlays for merchandise and equipment—not solely on the ability of the customers to pay the monthly
bills for electricity and gas. As a matter of practical application the American householder and small shopowner should recognize the desirability and necessity of devoting a larger share of their annual expenditures to the purchase of appliances as a means of enjoying the benefits of lower unit costs for electricity and gas.

The officers of the Company have continued to apply the accepted and sound principles of business management and operation, although attention to their duties is distracted continuously by certain political representatives and agencies committed to a policy of destroying the investments in the public utility plants owned by the American public, under private management. In this connection we believe it important to consider the difficulties of these officers at the present time. While executives of other major industries are permitted to give their full time and energies to improving the condition of their business, ours are being interfered with in every direction. It is our earnest belief that the industry would be much further along the road to recovery if the officers and operating executives could be free to devote themselves to the solution of the current operating and sales problems.

Considerable misplaced zeal and enthusiasm, of those serving in the political branches of service to the American public, are now being directed toward the destruction of privately-owned utility enterprises, and the building of competitive plants. We believe that the same amount of effort applied to a simplification of its agencies, including Federal bureaus and commissions, would result in something worth while in the form of substantial relief from the present burden of taxes.

We wish to emphasize the very real need for active support of securityholders and customers alike to hold within bounds not only the burden of taxation levied on the use of electricity, but also the governmental activities in the utility field to the end that they may be confined to constructive channels. You can assist us in protecting your investment by directing the attention of your family, friends, and governmental representatives to these facts.

RESULTS OF OPERATIONS

The territory served by the Company is dependent to a large extent on cotton agriculture. General business conditions were improved, as compared with 1933, mainly due to the stabilization of the price of cotton. The cotton farmer received approximately 12½ cents per pound for his product, whereas a year ago the price ranged from 6 cents to 7 cents per pound.

Results of operations of the Broad River Power Company, which operates in 64 communities in South Carolina, reflect this general improvement.

Total operating revenues were $2,904,157.54, an increase of $134,623.07, or about 4.8%, as compared with 1933. $37,276.21 of this increase is due to operations of the transportation properties, formerly owned by Columbia Railway, Gas and Electric Company, included since November 1, 1934, at which date this property was acquired. Operating expenses in the transportation operations more than absorbed the operating revenues for the two months.
BROAD RIVER POWER COMPANY

Electric and gas revenues increased about 3.5% as compared with 1933. As a part of the sales program during the period of October, November, and December, 1934, free electricity in excess of their July, 1934 use of the service was offered to all residential customers. Gas at half price, in excess of the amount used in the corresponding months of 1933 was offered to gas residential customers.

The increase in the amount of unit (kwh) sales of electricity of 16% was not proportionately reflected in dollar volume of revenue because the increased sales were largely to electric companies which are in the lower rate classification. During 1934 electric revenue was affected by the textile strike. Sales of electricity to power customers dropped about 50% during the period of the strike.

Gas revenue increased $8,990.98 or 2.5%, which is due largely to increased consumption by domestic customers and by commercial customers using space heating. The increase in gas consumption was 5.8%.

Operating expenses decreased $97,871.24 or 8%, as compared with 1933. The chief factor contributing to this decrease was the lessened amount for regulatory commission expenses. Expenditures in this connection were high during 1932 and 1933, because of a rate case before the South Carolina Public Service Commission. A settlement was made of the rate case and rates were reduced effective as of October 1, 1934, which will result in a savings to customers of over $144,000 annually.

During 1934 taxes increased $47,141.18 over the previous year. They continue to increase each year and for the year 1934 are 36% higher than in 1930, while revenues increased about 2%, as compared with that year. This Company pays over 15 cents to Federal, State, and local taxing agencies of each dollar received for service.

It is interesting to note that through the multiple channels of taxation this Company was required to provide during 1934 an amount equal to 95% of the salaries and wages paid during the year to its officers and employees who give their full time to the business each day, while those who furnished the equity funds for conducting the business are not receiving any return on their investment.

Provision for taxes during 1934 ......................... $436,204
Salaries and wages paid during 1934 .................. 456,362
Preferred stock dividend paid since April 30, 1932..... Nothing
Common stock dividend paid since September 30, 1931 Nothing

Despite the enormous tax burden there are indications that taxes of this Company will continue to increase.

GENERAL

During the year 1934, an extension to our electric service was made to the Town of Eastover, this extension being approximately 20 miles in length and serving 101 customers. Another extension approximately 7 miles in length was made along Monticello Road and added 34 customers.
Because of the Broad River Power Company’s obligation as a result of a decision of the courts, to see that the Columbia Railway, Gas and Electric Company furnishes adequate transportation services to the City of Columbia, South Carolina, and its environs, as long as the former exercised the rights under certain electric light and power franchises, it was deemed desirable that the Broad River Power Company acquire direct title to the property and franchises and charter rights, and to assume the other company’s liabilities, Under the proposed Rayburn-Wheeler holding company legislation, the Federal authorities would have been in conflict with the State authorities on the solution of this situation.

The problem, aggravated by political attacks on the utilities and unfair governmental competition, of meeting the maturity of the Columbia Railway, Gas and Electric Company First Mortgage 5% Bonds on July 1, 1936, which will amount to $1,449,500, is such that it appears to be impossible for the Company to accumulate the necessary funds for the retirement of this issue. Under date of December 4, 1934, the Company mailed a letter to holders of these bonds offering $1,100 principal amount of Broad River Power Company First and Refunding Mortgage Bonds due 1954, for $1,000 principal amount of the Columbia Railway, Gas and Electric Company 5% Bonds due July 1, 1936.

On November 1, 1934, the Company’s Ten Year 6 1/2% Bonds matured. A portion of the bonds was liquidated through an exchange for First Mortgage 5% Bonds due 1954, of the Company at the rate of $1,200 principal amount for each $1,000 principal amount of Ten-Year 6 1/2% Bonds. An affiliated company accepted a note in payment for the bonds of this issue, which it held, and $197,100 in cash was deposited with the Trustee for the remaining outstanding bonds. This is a concrete illustration of the benefit of a holding company operation, as only its willingness to subordinate its own bond holdings made it possible to liquidate this maturity in the absence of any market, and at a time when it was otherwise impossible for the Company to accumulate the necessary funds.

Although current results of operations show an improvement over 1933, the Company’s Directors deemed it advisable to continue to defer payment of dividends, on account of the approaching bond maturity and the general uncertainty prevailing with respect to the future of the utility industry. The unpaid 7% cumulative preferred stock dividends in arrears amounts to $711,293.33, applicable to the period from April 30, 1932, to December 31, 1934.

-The statement of income and statistics for the years ended December 31, 1934, and 1933, statement of corporate surplus for the year ended December 31, 1934, and balance sheet at December 31, 1934, are shown on the following pages.

For the Board of Directors,

R. D. JENNISON,
President.
Accountants' Certificate

Broad River Power Company:

We have made an examination of the balance sheet of Broad River Power Company (incorporated in South Carolina) as of December 31, 1934, and of the related statements of income and surplus for the year 1934. In connection therewith, we made a review of the accounting methods, examined or tested, in a manner and to the extent which we considered appropriate in view of the Company's system of internal accounting control, accounting records of the Company and other supporting evidence, and made a general review of the operating and income accounts for the year. We previously made a similar examination for the year 1933.

It is the accounting policy of the Company to make provision for retirements, renewals and replacements of fixed capital in amounts which when added to maintenance expenditures equal fixed percentages of gross operating revenues, less power and gas (if any) purchased. Provision is made at the rate of $40,000 per annum for the railway properties, taken over by the Company from its subsidiary, Columbia Railway, Gas and Electric Company as of November 1, 1934.

In our opinion, subject to the foregoing, the accompanying balance sheet (with notations thereon) and related statements of income and surplus fairly present, in accordance with accepted principles of accounting consistently followed by the Company, its financial condition as of December 31, 1934, and the results of its operations for the year.

Haskins & Sells.

Charlotte
April 2, 1935
# BROAD RIVER POWER COMPANY

## BALANCE SHEET

December 31, 1934

### ASSETS

- **Fixed capital-Plant, property, etc., stated at valuation made as of December 31, 1932, based on estimated reproduction cost (including going value and other intangibles) December 31, 1930, (excepting railway department, based on estimated reproduction cost, June 30, 1931), plus subsequent additions at cost, less retirements** $31,364,707.33

- **Investments (including dormant subsidiaries at $3.00)** 10,316.96

- **Deposits for matured bonds and bond interest** $67,481.50

- **Less: Unpresented matured bonds and coupons** 67,481.50

- **Deposits with trustees for sinking funds, etc.** 11,917.96

- **Cash (including working funds)** 22,577.08

- **Notes receivable** 2,400.00

- **Accounts receivable:**
  - **Consumers** $239,234.39
  - **Appliances (instalment accounts)** 85,621.65
  - **Miscellaneous** 9,964.08

- **Deferred debit items:**
  - **Unamortized debt discount and expense** $1,136,762.59
  - **Prepayments** 13,612.23
  - **Balances in closed banks** 5,279.26
  - **Miscellaneous unadjusted debits** 15,821.41

**Total** $33,057,612.71
BROAD RIVER POWER COMPANY

BALANCE SHEET

December 31, 1934

LIABILITIES

Capital stock:
- Preferred capital stock (7% cumulative), par value $100 per share, 100,000 shares authorized, 38,105 shares issued and outstanding: $3,810,500.00
- Common stock, par value $100 per share, 100,080 shares authorized, 43,294 shares issued and outstanding: 4,329,400.00

$8,139,900.00

Funded debt (less bonds in sinking fund and in treasury) (details on page 11)

11,487,200.00

Notes and accounts payable to parent company, Southeastern Electric and Gas Company

1,698,336.05

Notes payable

2,219.48

Accounts payable

112,646.49

Taxes accrued

44,308.35

Interest accrued

189,896.28

Miscellaneous accruals

4,128.05

Consumers’ service and line deposits

71,724.46

Reserves and miscellaneous unadjusted credits:
- Retirements, renewals, and replacements of fixed capital (including adjustments arising through revaluation of fixed capital): $1,054,495.84
- Doubtful accounts receivable: 22,613.00
- Additional Federal income taxes for prior years, subject to final determination: 65,467.18
- Balances in closed banks: 4,538.33
- Other reserves and miscellaneous unadjusted credits: 17,690.54

1,164,804.89

Contributions for extensions (non-refundable)

37,271.57

Capital surplus (arising through revaluation of fixed capital and related retirement reserve)

8,724,897.37

Corporate surplus (details on page 10)

1,380,279.72

Total

$33,057,612.71

Notations:

Unpaid cumulative dividends on preferred stock amounted to approximately $711,300 at December 31, 1934.

The Company has a contingent liability on account of notes and accounts receivable discounted or sold aggregating approximately $27,500 and for possible additional Federal income taxes for prior years in connection with returns in which the Company was consolidated with other companies in the Associated Gas and Electric System.
BROAD RIVER POWER COMPANY

STATEMENT OF INCOME
For the years ended December 31, 1934, and 1933

<table>
<thead>
<tr>
<th></th>
<th>1934</th>
<th>1933</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td>$2,504,398.90</td>
<td>$2,416,043.02</td>
</tr>
<tr>
<td>Gas</td>
<td>362,482.43</td>
<td>353,491.45</td>
</tr>
<tr>
<td>Transportation</td>
<td>37,276.21</td>
<td>—</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$2,904,157.54</td>
<td>$2,769,534.47</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1934</th>
<th>1933</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$1,112,702.02</td>
<td>$1,210,573.26</td>
</tr>
<tr>
<td>Maintenance</td>
<td>123,025.01</td>
<td>99,654.99</td>
</tr>
<tr>
<td>Provision for retirements, renewals and replacements of fixed capital</td>
<td>228,250.47</td>
<td>221,421.24</td>
</tr>
<tr>
<td>Provision for taxes</td>
<td>436,204.15</td>
<td>389,062.97</td>
</tr>
<tr>
<td>Total operating expenses and taxes</td>
<td>$1,900,181.65</td>
<td>$1,920,712.46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1934</th>
<th>1933</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$1,003,975.89</td>
<td>$848,822.01</td>
</tr>
<tr>
<td>Other income</td>
<td>16,652.34</td>
<td>5,512.81</td>
</tr>
<tr>
<td>Gross income</td>
<td>$1,020,628.23</td>
<td>$854,334.82</td>
</tr>
</tbody>
</table>

Deductions from income:

<table>
<thead>
<tr>
<th></th>
<th>1934</th>
<th>1933</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on funded debt</td>
<td>$625,514.11</td>
<td>$650,197.59</td>
</tr>
<tr>
<td>Interest on unfunded debt</td>
<td>86,576.41</td>
<td>104,643.08</td>
</tr>
<tr>
<td>Amortization of debt discount and expense</td>
<td>63,675.82</td>
<td>63,670.95</td>
</tr>
<tr>
<td>Less: Interest charged to construction (credit)</td>
<td>4,829.23</td>
<td>2,114.84</td>
</tr>
<tr>
<td>Total deductions from income</td>
<td>$770,937.11</td>
<td>$816,396.78</td>
</tr>
</tbody>
</table>

Net income | $249,691.12 | $37,938.04 |

* Includes operations of transportation properties of Columbia Railway, Gas and Electric Company from November 1, 1934, the date of acquisition.

STATEMENT OF CORPORATE SURPLUS
For the year ended December 31, 1934

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1, 1934</td>
<td>$847,281.36</td>
</tr>
</tbody>
</table>

Surplus credits:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the year, as above</td>
<td>249,691.12</td>
</tr>
<tr>
<td>Advance to Columbia Railway, Gas and Electric Company written off in 1931 and recovered through acquisition of that Company’s assets on October 31, 1934</td>
<td>245,637.37</td>
</tr>
<tr>
<td>Discount on reacquired bonds, less unamortized debt discount and expense applicable thereto</td>
<td>34,877.37</td>
</tr>
<tr>
<td>Refund on Federal income taxes</td>
<td>2,792.50</td>
</tr>
<tr>
<td>Balance, December 31, 1934</td>
<td>$1,380,279.72</td>
</tr>
</tbody>
</table>
## BROAD RIVER POWER COMPANY

### STATEMENT OF FUNDED DEBT
**December 31, 1934**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Authorized</th>
<th>Outstanding</th>
<th>Interest dates</th>
<th>Interest Trustees payable at (see references)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First and refunding mortgage 5% bonds, series A, due September 1, 1954</td>
<td>$8,000,700</td>
<td>M&amp;S 1</td>
<td>1</td>
<td>1-3</td>
</tr>
<tr>
<td>Columbia Gas Light Company thirty-year 5% coupon bonds, due July 1, 1936 ($225,000 in treasury)</td>
<td>$300,000†</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Columbia Railway, Gas and Electric Company first mortgage 5% sinking fund bonds, due July 1, 1936 ($1,271,000 in treasury)</td>
<td>7,500,000†</td>
<td>1,449,500</td>
<td>J&amp;J 1</td>
<td>2</td>
</tr>
<tr>
<td>The Parr Shoals Power Company first mortgage 5% sinking fund bonds, due April 1, 1952 ($102,000 in treasury and $861,000 in sinking fund)</td>
<td>3,000,000‡</td>
<td>2,037,000</td>
<td>A&amp;O 1</td>
<td>2</td>
</tr>
<tr>
<td>Total funded debt</td>
<td>$11,487,200</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Additional bonds issuable upon compliance with mortgage and statutory requirements.
† Any additional bonds which may be issued are required to be pledged under the mortgage of Broad River Power Company.
§ Pledged with Trustee under mortgage securing Columbia Railway, Gas and Electric Company first mortgage 5% sinking fund bonds, due July 1, 1936.
¶ Pledged with Trustee under mortgage securing Broad River Power Company first and refunding mortgage 5% bonds, series A, due September 1, 1954.
† Closed mortgage.

### COMPARATIVE STATISTICS
For the years ended December 31, 1934, and 1933

#### ELECTRIC DEPARTMENT:
- **Electricity sold-units (kwh):**
  - Residential: 7,471,398
  - Other: 182,960,827
- **Number of customers:**
  - Residential: 6,347
  - Other: 11,757
- **Miles of transmission lines:**
  - K.w. generating capacity-steam: 72,500
  - K.w. generating capacity-hydro: 24,705

#### GAS DEPARTMENT:
- **Gas sold-cubic feet:**
  - Residential: 194,194,400
  - Other: 54,263,100
- **Number of customers:**
  - Residential: 6,227
  - Other: 5,985
- **Miles of gas mains:**
  - 141
- **Daily manufacturing capacity-cubic feet:**
  - 1,896,000

[111]