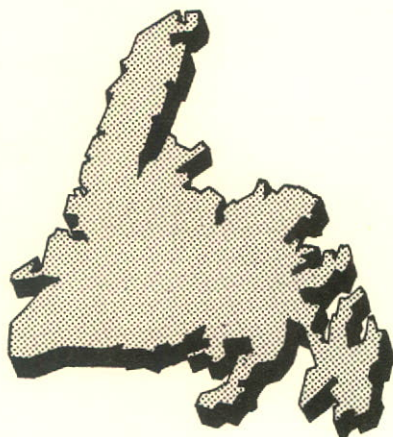


**N E W F O U N D L A N D
L I G H T & P O W E R C O.
L I M I T E D**



1968

A N N U A L R E P O R T

Directors

V. A. AINSWORTH	<i>St. John's, Newfoundland</i>
AARON BAILEY	<i>Port Union, Newfoundland</i>
H. COLLINGWOOD	<i>St. John's, Newfoundland</i>
A. S. GORDON	<i>Montreal, Quebec</i>
A. W. HOWARD	<i>Montreal, Quebec</i>
D. C. HUNT, Q.C.	<i>St. John's, Newfoundland</i>
R. E. INNES	<i>St. John's, Newfoundland</i>
C. F. MALLORY	<i>Montreal, Quebec</i>
B. D. PARSONS	<i>St. John's, Newfoundland</i>
E. A. PRATT	<i>St. John's, Newfoundland</i>
J. E. RORKE	<i>Carbonear, Newfoundland</i>
DENIS STAIRS	<i>Montreal, Quebec</i>

Officers

DENIS STAIRS	<i>Chairman of the Board</i>
AARON BAILEY	<i>President</i>
C. F. MALLORY	<i>Executive Vice-President</i>
D. S. TEMPLETON	<i>General Manager</i>
F. C. PALMER	<i>Comptroller and Assistant Secretary-Treasurer</i>
J. B. O'KEEFE	<i>Secretary</i>
G. J. ADAMS	<i>Treasurer</i>

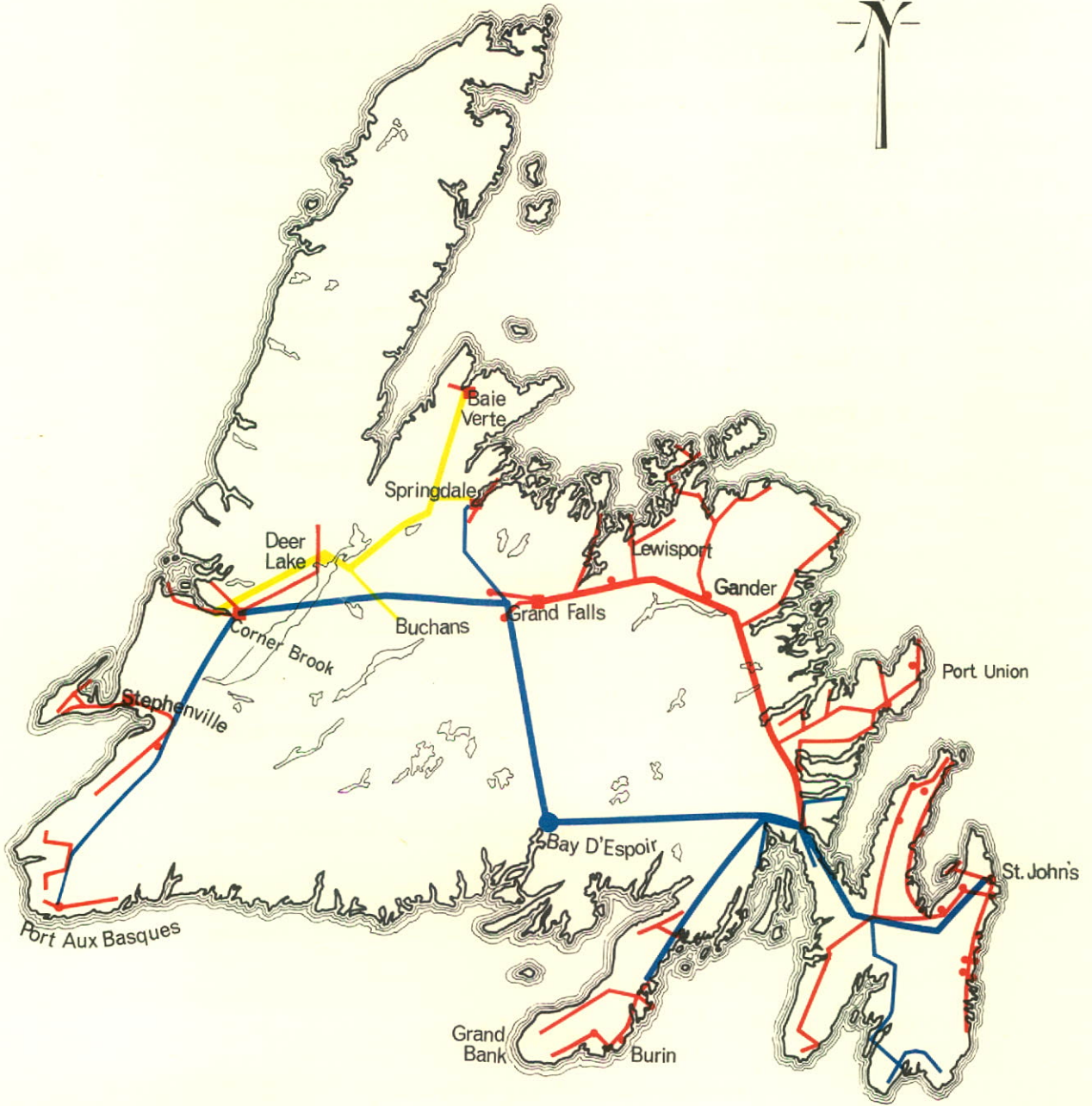
Head Office

Kenmount Road, St. John's, Newfoundland

Transfer Agent and Registrar

MONTREAL TRUST COMPANY

St. John's, Halifax, Montreal, Toronto and Vancouver



Newfoundland Light & Power Co.
Newfoundland & Labrador Power Commission
Bowater Power Co.
Power Plants
Transmission Lines



SCALE

Directors' Report to the Shareholders

Your Directors submit herewith the audited financial statements of the Company for the year ended December 31, 1968.

The present Newfoundland Light & Power Co. Limited was formed in September, 1966, when all the utility companies supplying electricity to the public in Newfoundland were amalgamated into one province-wide undertaking. Its component companies differed materially one from another. Electricity was cheap in the cities but in the country its cost was high. Accounting procedures, employee relations, local taxation, pension arrangements, rate structures and methods of general administration had to be made uniform and the entire enterprise integrated into a single harmonious whole.

The most difficult problem was the revision of the rate structures. This was carried out in two steps. On the authority of the Board of Commissioners of Public Utilities of Newfoundland a schedule of interim rates was made effective commencing in the summer of 1967. For the time being the price of electricity was graded, being lowest in the cities, somewhat higher in the towns and highest in the rural areas. The introduction of the interim rates cost the Company, in loss of revenue, approximately \$465,000 in 1967 and \$1,500,000 in 1968, against which there were some savings in operating expenses.

In its order approving the interim rates, the Board had instructed the Company to prepare a study of a schedule of uniform rates that would be the same to all customers regardless of

whether they lived in city, town or country. In the summer of 1968 the Company applied to the Board for approval of a final schedule of rates, submitting with its application studies of both graded rates and uniform rates, based in each case on the actual revenue produced by the interim rates, the savings in the cost of power supplied by the Newfoundland and Labrador Power Commission and the actual cost of operating the amalgamated company. The Board, after thorough investigation of the studies and after hearing all interested parties at public hearings, ordered the introduction of a revised schedule of rates and charges uniformly applicable to all customers supplied from the Company's interconnected transmission and distribution systems, wherever they might live, effective from December 1, 1968.

In its order approving the new rates, the Board ruled that an annual return of between 7¼% and 8% on the Company's rate base will be considered reasonable. The rate base at any time is closely equivalent to the amount of equity capital invested in the business by the preferred and common shareholders plus the sum of the long-term debt and bank loans.

To bring about uniformity between town and country, it was necessary to increase the rates in the cities to make up for the reductions in the rural areas. Such increase in a sense constituted a break with tradition because this was the first time the price of electricity in St. John's or Corner Brook had ever been raised.

As regards the general level of the new rates, a comparison with prices in effect elsewhere indicates that a family living in a village in Newfoundland and using an electric range and water heater now pays less money for its electricity than any family using the same amount of electricity in any village or town or city on the Atlantic seaboard of Canada or the U.S.A.

The fact that the Company is able to deliver electricity into the homes of the people of Newfoundland at a price that compares so favourably results largely from the ability of the Newfoundland and Labrador Power Commission and the Company to work closely together, forming what has proved to be a most effective combination. The Commission generates electricity at low cost in its large hydro plant at Bay d'Espoir and transmits it at high voltage to a number of convenient points, from which it is carried on through the Company's lower voltage lines and widespread distribution systems to the ultimate consumers. The Company is operating only its low cost generating stations and apart from a new standby plant on the Burin Peninsula and the extension of the standby plant at Port Aux Basques, is providing no additional generating capacity. There is no duplication of facilities or waste of effort.

The other changes that had to be made in the Company's operations, including the introduction of modern computer methods into the accounting and billing departments, have also for the most part been completed.

When major changes are being made in a business, comparisons between the results ob-

tained in successive years can be misleading. In this case due weight must be given to the fact that the earnings in 1968 were derived under conditions that were materially different from those prevailing in 1967, and the conditions in 1969 will be different from those in 1968.

Compared with 1967, the quantity of electricity sold to the Company's customers increased by 20.9% but the gross revenue, held down by the rate reductions, increased by only 6.1%. Operating expenses were up by 7.7%, depreciation by 8.3%, and interest on long-term debt and bank loans by 13.1%. Taxes on income amounted to \$1,223,131 as against \$1,524,764 reported for 1967. For tax purposes, in 1968 all general and administrative expenses were treated as revenue deductions, whereas in 1967 any such expenses that were attributable to capital expenditures were charged to capital account; also higher rates of depreciation were claimed in 1968 on transportation equipment and certain other assets. If the 1968 procedures had been used the income tax for 1967 would have been \$1,306,270. These changes with respect to income tax were finally approved by the department of national revenue on April 8, 1969.

After all charges the earnings available for the common shares amounted to 89.5 cents per share, of which 50 cents was paid out in dividends and 39.5 cents retained in the business. The corresponding figures reported in 1967 were 87.5 cents, 45 cents and 42.5 cents respectively, but if the income tax in 1967 had been computed in the same way as in 1968, they

would have been 96.4 cents, 45 cents and 51.4 cents. The financial statements included in this report have been restated to give effect to these changes retroactive to Sept. 1966.

To enable the shareholders to follow the Company's future progress more closely, unaudited statements of earnings and expenses will henceforth be issued at the end of each quarter.

In 1968 the Company generated 443,721,000 kilowatt-hours in its own power plants, and purchased 264,987,000 kilowatt-hours from the Newfoundland and Labrador Power Commission and 114,799,000 from The Bowater Power Company. After losses in transmission and distribution and some non-recurring sales to the Commission's customers, 724,550,000 kilowatt-hours were sold to the Company's customers. The rate of increase over sales in the preceding year was 20.9% which compares with the Canadian national average for the same period of 7.6%. The large increase was due in part to a greater use of electric heat, to the connection of a number of industries which formerly operated their own plants by diesel power, and to the connection of new industries.

Capital expenditures in 1968 amounted to \$7,900,511 of which \$5,599,141 was for additions and improvements to the Company's transmission and distribution systems; \$1,214,268 for a 14,000 KW gas turbine generating plant to provide standby service for the Burin Peninsula; \$302,466 for substation plant required for taking delivery of power from the Power Commis-

sion; and \$623,882 for the new office building being erected in St. John's which was commenced in July and was ready for occupation in March at a total estimated cost of \$960,000.

At the beginning of the year the Company had outstanding long-term debt of \$30,738,880 and bank loans of \$6,280,000 against property totalling \$88,627,478. In January, 1968, \$3,000,000 First Mortgage 7¾% 20-year bonds were sold and in the course of the year \$410,320 of long-term debt was retired. At the end of the year the long-term debt stood at \$33,696,060, and bank loans at \$7,600,000, against property which stands on the Company's books at \$97,422,828 but which would cost much more if bought at present prices.

Unfortunately the financial situation has continued to deteriorate and the market for long-term utility bonds at the end of the year had almost ceased to exist. Unless the Government of Canada can act with a high order of courage and ability, it would seem that a period of progressively rising prices is in prospect bringing with it the same distress that can be so clearly seen in other countries where inflation has been allowed to get out of control.

On July 1, Mr. V. A. Ainsworth, the General Manager of the old Newfoundland Light and Power Company Limited since 1953 and of the amalgamated company since its inception in September, 1966, having reached the age of retirement, retired from active service and was appointed a director of the Company. In his fifteen years of service he contributed a great

deal to the old company. He was instrumental in building up a competent staff and in establishing sound employee relations in an atmosphere of mutual trust, and he gave invaluable help to the successful unification of the present organization. The Assistant General Manager, Mr. D. S. Templeton, was appointed General Manager in his stead.

The management and employees of the Company had a difficult but rewarding year. They have welded the amalgamated companies into a single united undertaking, serving the public

efficiently and well. They have earned our heartfelt thanks.

Looking ahead, after two years of readjustment and consolidation it is now safe to say the business has been placed on a firm foundation. The amount of new money required in the next few years will be moderate so there is no danger of being crippled by the present breakdown in the market for long-term capital. The Company's sales are growing, and from now onwards its net earnings should likewise grow in reasonable proportion.

Submitted on behalf of the board,

D. STAIRS,
Chairman

A. BAILEY,
President

April 25, 1969

NEWFOUNDLAND LIGHT

(Incorporated under the

BALANCE SHEET AS

	Assets	<u>1968</u>	<u>1967</u>
FIXED ASSETS			
	Utility property, plant and equipment at values approved by the Board of Commissioners of Public Utilities of the Province of Newfoundland as at June 30, 1966 with subsequent additions at cost	\$97,422,828	\$88,627,478
DEFERRED CHARGES (Note 1)			
	Unamortized debt discount and expense	800,566	769,086
	Unamortized capital stock issue expense	94,232	99,649
	Amalgamation costs	219,127	219,127
	Frequency conversion costs	414,526	390,491
	Rate hearing costs, computer installation costs and other deferred charges.....	289,198	124,106
		<u>1,817,649</u>	<u>1,602,459</u>
	SPECIAL REFUNDABLE TAX	<u>108,211</u>	<u>125,654</u>
CURRENT ASSETS			
	Cash	124,775	238,834
	Accounts receivable	2,707,019	2,560,554
	Income taxes recoverable	189,769	—
	Bonds purchased for sinking fund at cost	—	28,285
	Inventories of materials and supplies at average cost	1,080,723	1,215,791
	Prepaid expenses	79,934	71,039
		<u>4,182,220</u>	<u>4,114,503</u>
		<u>\$103,530,908</u>	<u>\$94,470,094</u>

The accompanying notes to financial statements

Approved on behalf of the Board:

D. STAIRS, Director

C. F. MALLORY, Director

& POWER CO. LIMITED

(laws of Newfoundland)

DECEMBER 31, 1968

	Shareholders' Equity and Liabilities	
	<u>1968</u>	<u>1967</u> (Restated)
SHAREHOLDERS' EQUITY		
Capital stock (Note 2)	\$11,523,390	\$11,523,390
Contributed surplus — premiums received on capital stock	1,400,374	1,400,374
Excess of appraised value of fixed assets over net book value at dates of appraisal (Note 3)	1,237,932	1,237,932
Hydro production equalization reserve (deficit) (Note 4)	80,521	(67,320)
Earnings retained and invested in the business	12,150,899	11,139,763
	<u>26,393,116</u>	<u>25,234,139</u>
LONG TERM DEBT (Note 5)	33,302,060	30,738,880
ACCUMULATED PROVISION FOR DEPRECIATION (Note 1)	24,123,526	22,287,806
CONTRIBUTIONS IN AID OF CONSTRUCTION	1,286,529	1,063,801
CONTRIBUTIONS — RURAL ELECTRIFICATION SYSTEM (Note 6)	2,874,681	922,022
DEFERRED INCOME TAXES (Note 7)	4,822,167	4,732,100
CURRENT LIABILITIES		
Bank loans	7,600,000	6,280,000
Accounts payable and accrued charges	2,014,916	2,212,283
Interest accrued on long term debt	359,764	258,080
Current installments on long term debt	394,000	367,500
Income taxes payable	—	13,334
Dividends payable	360,149	360,149
	<u>10,728,829</u>	<u>9,491,346</u>
	<u>\$103,530,908</u>	<u>\$94,470,094</u>

ments are an integral part of this statement.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

Statement of Income

For the year ended December 31, 1968

	<u>1968</u>	<u>1967</u> (Restated)
OPERATING REVENUE	\$16,157,389	\$15,220,295
OPERATING REVENUE DEDUCTIONS		
Operating expenses	7,422,962	6,888,485
Provision for depreciation (Note 1)	2,551,998	2,355,749
	<u>9,974,960</u>	<u>9,244,234</u>
OPERATING INCOME	<u>6,182,429</u>	<u>5,976,061</u>
INCOME DEDUCTIONS		
Interest on long term debt	1,927,638	1,760,131
Other interest	335,013	240,569
Interest charged to construction	(58,395)	(38,128)
Amortization of deferred charges (Note 1)	88,474	83,939
	<u>2,292,730</u>	<u>2,046,511</u>
INCOME BEFORE INCOME TAXES	<u>3,889,699</u>	<u>3,929,550</u>
PROVISION FOR INCOME TAXES (Note 7)		
Current	1,133,065	1,094,394
Deferred	90,066	211,876
	<u>1,223,131</u>	<u>1,306,270</u>
INCOME BEFORE TRANSFER TO OR FROM HYDRO PRODUCTION EQUALIZATION RESERVE	2,666,568	2,623,280
TRANSFER (TO) OR FROM HYDRO PRODUCTION EQUALIZATION RESERVE (Note 4)	(147,841)	67,320
NET INCOME	<u>\$ 2,518,727</u>	<u>\$ 2,690,600</u>

Statement of Retained Earnings

For the year ended December 31, 1968

	<u>1968</u>	<u>1967</u> (Restated)
BALANCE AT BEGINNING OF YEAR		
As previously reported	\$10,880,209	\$ 9,944,691
Prior years' adjustments (Note 7)	259,554	41,060
As restated	<u>11,139,763</u>	<u>9,985,751</u>
NET INCOME FOR THE YEAR	2,518,727	2,690,600
DISCOUNT ON BONDS REDEEMED AND OTHER ITEMS	35,209	21,996
	<u>13,693,699</u>	<u>12,698,347</u>
INCOME TAX ADJUSTMENTS AFFECTING PRIOR YEARS	—	7,594
APPRAISAL ADJUSTMENT	—	69,500
DIVIDENDS		
Preference shares	306,608	307,108
Common shares	1,236,192	1,174,382
	<u>1,542,800</u>	<u>1,558,584</u>
BALANCE AT END OF YEAR	<u>\$12,150,899</u>	<u>\$11,139,763</u>

The accompanying notes to financial statements are an integral part of these statements.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

Statement of Source and Application of Funds

For the year ended December 31, 1968

	<u>1968</u>	<u>1967</u> (Restated)
SOURCE OF FUNDS		
From operations		
Net income for the year	\$2,518,727	\$2,690,600
Non cash charges and credits		
Depreciation	2,551,998	2,355,749
Amortization of deferred charges	88,474	83,939
Deferred income taxes	90,066	211,876
Transfer to or (from) hydro production equalization reserve	147,841	(67,320)
	<u>2,878,379</u>	<u>2,584,244</u>
	5,397,106	5,274,844
Adjustment of prior years taxes	—	16,519
Discount on bonds purchased	34,849	21,995
Contributions in aid of construction	309,575	233,120
Proceeds of bond issue	2,932,500	—
Increase in bank loans	1,320,000	3,655,000
Miscellaneous	17,806	11,889
	<u>10,011,836</u>	<u>9,213,367</u>
APPLICATION OF FUNDS		
Utility property, plant and equipment	7,900,511	5,910,891
Less: Salvage value of plant retired	254,693	260,727
	<u>7,645,818</u>	<u>5,650,164</u>
Increase in deferred charges	236,164	390,491
Dividends		
Preference shares	306,608	307,108
Common shares	1,236,192	1,174,382
Reduction in long term debt	436,820	398,050
	<u>9,861,602</u>	<u>7,920,195</u>
INCREASE IN WORKING CAPITAL (Note 9)	150,234	1,293,172
WORKING CAPITAL AT BEGINNING OF YEAR	903,157	(390,015)
WORKING CAPITAL AT END OF YEAR	<u>\$1,053,391</u>	<u>\$ 903,157</u>

The accompanying notes to financial statements are an integral part of this statement.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

Notes to Financial Statements

Note 1 — Amortization of deferred charges and provision for depreciation —

Deferred charges are being amortized as follows:

Debt discount and expense — over the life of the applicable issues.

Capital stock issue expenses — over a 25 year period to 1990.

Amalgamation costs — over a 10 year period commencing 1969.

Frequency conversion — over a 10 year period commencing 1969.

Rate hearing costs, computer installation costs and other deferred charges — over varying periods within 6 years.

Depreciation is provided in the accounts at rates approved by the Board of Commissioners of Public Utilities of the Province of Newfoundland.

Note 2 — Capital Stock —

Authorized:

1,000,000 cumulative redeemable preference shares of a par value of \$10.00 each, issuable in series.

3,500,000 common shares without nominal or par value.

Issued:

200,000	5½% cumulative redeemable preference shares Series A: redeemable at the option of the company at a premium of 5% of the par value thereof	\$ 2,000,000
350,000	5¼% cumulative redeemable preference shares Series B: redeemable at the option of the company at a premium of 5% of the par value thereof	3,500,000
21,430	6% cumulative redeemable preference shares Series C: redeemable at the option of the company at a premium of 6% of the par value thereof	214,300
571,430	preference shares	5,714,300
2,472,384	common shares	5,809,090
		<u>11,523,390</u>

Note 3 — Appraisal Surplus —

As at December 31, 1968, the balance of excess of appraised value of fixed assets over net book value at dates of appraisal is as follows:

<u>Predecessor Company</u>	<u>Effective Date of Appraisal</u>	<u>Name of Appraiser</u>	<u>Net Appraisal Value of Assets Appraised</u>	<u>Net Appraisal Surplus or (Deficit)</u>
Newfoundland Light and Power Company, Limited	December 31, 1948	Montreal Engineering Company, Limited	\$ 6,303,310	\$ 876,623
Limited Towns Electric Company, Limited	December 31, 1961	Power Corporation of Canada Limited	16,227,349	(3,722)
The Union Electric Light and Power Company, Limited	December 31, 1949	Power Corporation of Canada Limited		
	June 30, 1966	Montreal Engineering Company, Limited	2,364,000	259,162
The Public Service Electric Company, Limited	December 31, 1965	A. W. Finlayson, Eng.	160,911	(26,445)
The West Coast Power Company, Limited	June 30, 1966	A. W. Finlayson, Eng.	3,627,256	132,314
				<u>1,237,932</u>

Note 4 — Hydro Production Equalization Reserve —

The power required annually to supply its customers, in excess of that generated by its own plants, is purchased by the Company. The annual output of its hydro plants varies with the natural stream-flow which in turn varies with precipitation. Regardless of the amount of their annual output, the total cost of power generated each year in the Company's hydro plants does not vary significantly. The total annual cost of power generated and purchased will thus vary depending on the precipitation. Accordingly, in 1967, by Order of the Board of Commissioners of Public Utilities of the Province of Newfoundland, the Company set up a reserve designed to equalize such variations in power cost. Transfers to or from this reserve, net of income tax, are based on the difference between the actual output of the hydro plants adjusted for normal storage variations and the output which would have occurred in a year of average natural stream-flow, the data for which has been provided from an engineering study by the Company's consultants, Montreal Engineering Company, Limited.

Note 5 — Long Term Debt —

First mortgage sinking fund bonds:

3½% Series A, due 1970	\$ 1,500,000
5 % Series B, due 1972	2,323,500
4 % Series C, due 1975	1,340,000
5½% Series D, due 1978	2,287,000
5¾% Series E, due 1984	3,000,000
5½% Series G, due 1972	460,000
4¾% Series H, due 1981	852,500
5¾% Series I, due 1982	1,758,500
5¾% Series J, due 1983	1,137,500
7 % Series K, due 1985	1,855,000
6½% Series L, due 1986	939,000

5% Series M, due 1990 (U.S. \$2,432,000)	2,626,560
4¼% Series N, due 1974	805,000
5½% Series O, due 1977	245,000
6¼% Series P, due 1981	275,000
5 % Series Q, due 1972	179,500
7 % Series R, due 1986	4,925,000
7¾% Series S, due 1988	2,953,000
	<u>29,462,060</u>
General mortgage sinking fund bonds:	
4½% Series B, due 1974	2,154,000
5½% Series C, due 1978	1,800,000
	<u>3,954,000</u>
Obligation re purchase of property:	
Payable in nine annual installments of \$12,000 each and \$172,000 in 1978	280,000
	<u>33,696,060</u>
Less: Current installments	394,000
	<u>\$33,302,060</u>

The trust deeds securing the first mortgage and general mortgage bonds contain conditions precedent which if not met restrict the payment of dividends. At December 31, 1968 these conditions had been met.

The first mortgage and general mortgage sinking fund bonds are redeemable as provided in the respective trust deeds.

Note 6 — Contributions — Rural Electrification System —

Under agreements with the Province of Newfoundland, the Company acquired the title to certain rural systems constructed under the Provincial Rural Electrification Plan. Under similar agreements with the Government of Canada the Company acquired title to certain systems constructed by that Government. To facilitate the accounting for the eventual retirement of these properties the original cost and accumulated depreciation computed at Company rates to the date of transfer have been added to the property accounts. The amount of \$3,014,386, being the excess of the depreciated value over the consideration, has been credited to an account titled "Contributions—rural electrification system". This account is reduced by the annual charge for depreciation provided on the contributed portion of the cost of the assets transferred.

The Province holds an option to reacquire at any time the property it so transferred.

Note 7 — Income Taxes —

Certain general overhead expenses which are capitalized in the Company's accounts are now being claimed for income tax purposes in the year incurred. As a result of this change the current income tax provision is approximately \$241,000 less than the provision that would otherwise have been charged against income in the 1968 fiscal year. The balance of retained earnings at December 31, 1967 has been restated from the amount previously reported to give retroactive effect to this change and other reductions in income taxes payable, totalling \$259,554. Of this amount \$218,494 is applicable to 1967 and has been reflected as a reduction in income tax expense for that year; the balance of \$41,060 is applicable to the 1966 fiscal period and has been added to retained earnings at January 1, 1967.

Prior to 1967, the Company provided deferred income taxes on the capital cost allowances claimed in excess of the depreciation provided in its accounts. Effective January 1, 1967 the Company ceased this practice to conform with an order of The Board of Commissioners of Public Utilities of the Province of Newfoundland which recognizes only the taxes actually payable after claiming maximum capital cost allowances, in setting consumer rates. Also, commencing in 1967, the Company provided for deferred income taxes on certain items claimed for income tax purposes which have been deferred in the accounts.

This accounting treatment does not follow the tax allocation basis under which the income tax provision is based on earnings reported in the accounts. If the tax allocation basis had been followed the provision for deferred income taxes for the year would have increased by \$804,000 (\$641,000 in 1967) with a corresponding decrease in net earnings. The cumulative amount to December 31, 1968 by which deferred income taxes would have been so increased and the retained earnings decreased, is approximately \$2,072,000.

Note 8 — Retirement of Employees —

The Company has no guaranteed or funded pension or retirement benefit plan for its employees. However, the present practice of the Company is to pay a retirement income supplement to officers and employees charging the cost thereof to current operations and the Company has advised them of the basis upon which such payments may be made.

Note 9 — Source and Application of Funds —

In the preparation of the statement of source and application of funds the Company's bank loan has been considered to be a non-current liability.

Auditors' Report

To the Shareholders of
Newfoundland Light & Power Co. Limited.

We have examined the accompanying balance sheet of Newfoundland Light & Power Co. Limited as at December 31, 1968 and the statements of income, retained earnings, and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the calculations and measurements supplied by the company in arriving at the transfer to the hydro production equalization reserve referred to in Note 4.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for income taxes as set forth in Note 7 to the financial statements, on a basis consistent with that of the preceding year.

St. John's, Newfoundland
March 14, 1969

JOHN R. PARSONS & COMPANY
Chartered Accountants

Montreal, P.Q.
March 14, 1969

RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants

NEWFOUNDLAND LIGHT & POWER CO. LIMITED AND PREDECESSOR COMPANIES

Ten - Year Summary

	1968	1967 (Restated)	1966 (Restated)	1965	1964	1963	1962	1961	1960	1959
INCOME AND EXPENDITURE (thousands of dollars)										
Gross revenue	\$16,157	\$15,220	\$13,766	\$12,453	\$11,063	\$10,148	\$ 9,444	\$ 8,687	\$ 8,126	\$ 7,477
Operating expenses	7,423	6,888	5,850	4,961	4,047	3,546	3,368	3,277	2,783	2,767
Interest	2,204	1,963	1,737	1,610	1,675	1,541	1,501	1,445	1,357	1,093
Depreciation	2,552	2,356	2,198	2,070	1,925	1,801	1,677	1,550	1,461	1,354
Income taxes	1,223*	1,306*	1,777	1,740	1,534	1,441	1,272	1,082	1,123	1,008
Balance after preferred dividends	2,212*	2,384*	1,816	1,725	1,529	1,536	1,324	1,083	1,116	1,076
Dividends on common shares	1,236	1,174	1,236	889	669	579	541	593	575	549
Retained in the business	976*	1,210*	580	836	860	957	783	490	541	527
Number of shares at year end	2,472	2,472	2,472	2,419	2,403	2,352	2,305	2,297	2,285	2,285
Earnings per common share (\$)	0.895*	0.964*	0.735	0.713	0.636	0.653	0.574	0.472	0.510	0.471

BALANCE SHEET DATA

	1968	1967 (Restated)	1966 (Restated)	1965	1964	1963	1962	1961	1960	1959
BALANCE SHEET DATA (thousands of dollars)										
Property, plant & equipment	97,423	88,627	83,941	79,767	74,400	69,084	64,607	60,464	57,758	54,301
Accumulated depreciation ..	24,124	22,288	20,706	19,310	18,284	14,001	12,803	11,022	9,842	8,519
First mortgage bonds	29,462	26,815	28,386	25,262	22,837	20,672	20,930	21,155	20,033	18,246
Other long term debt & bank loan	11,834	10,571	7,300	8,386	11,303	12,835	11,046	9,802	10,151	10,636
Preferred stock	5,714	5,714	5,714	5,714	4,220	4,227	4,227	4,229	4,233	4,236
Common equity	20,679	19,520	18,509	17,177	16,172	15,287	13,922	13,052	12,387	11,984

OPERATING STATISTICS

Kilowatt-hours produced and purchased (in thousands) .	823,508	735,929	601,379	535,399	490,942	448,620	416,437	392,776		
Number of customers	96,354	90,407	88,951	84,455	80,428	77,451	74,146	70,475		

The above figures have been adjusted to permit direct comparison up to the end of 1966. By Order of the Board of Commissioners of Public Utilities, the Company's accounting procedures were changed as from January 1, 1967 as shown in notes 4 and 7 to the financial statements. For this reason the figures marked with asterisks (*) are not comparable with the corresponding figures prior to 1967.

