

CALGARY POWER LTD.

ANNUAL REPORT 1980



Contents

Financial Results in Brief.....	1
Report to Shareholders.....	2
Operations Report.....	5
Financial Report	9
Financial Statements.....	12
10 Year Summary.....	24
The Corporation.....	26
Corporate Information	28

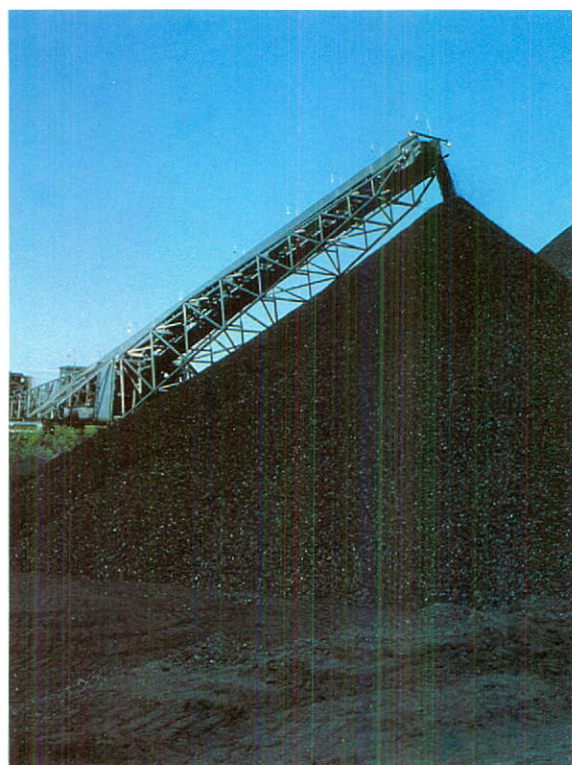
Shareholders -

99% Canada 32% Alberta

Registered holders of common and preferred shares of the Corporation total 37,962. Some 99% of the shareholders of record are in Canada and hold in excess of 99% of the outstanding shares. About 32% of all shareholders of record are in Alberta.

Shareholders' Meeting

Shareholders are invited to attend the annual meeting to be held on Thursday, May 14, 1981 at 9:30 a.m. at the head office of the Corporation, 110 - 12 Avenue S.W., Calgary, Alberta. If you are unable to attend, please complete and return your proxy to assure representation at the meeting.



Cover

Our cover mosaic illustrates the mining of coal and its conversion to kilowatts of electric power.

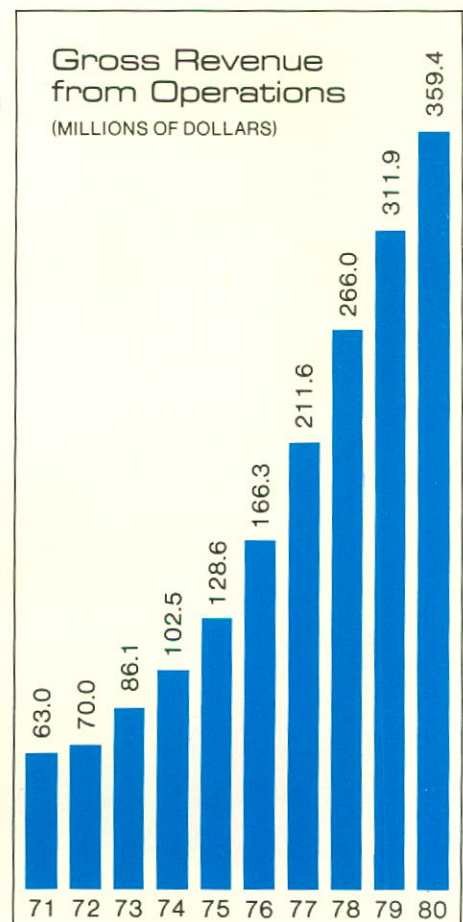
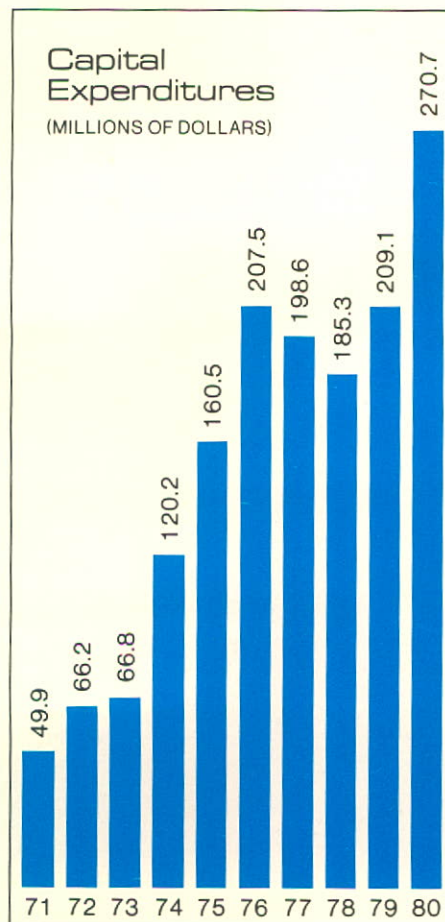
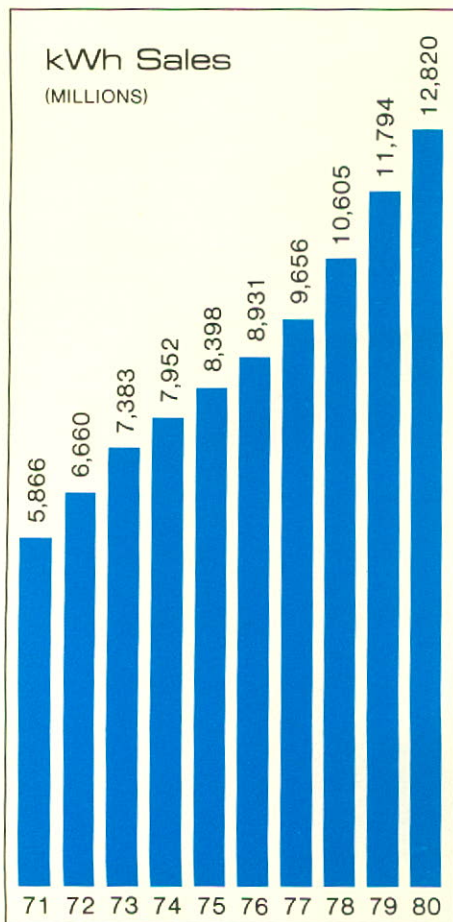
Coal was recognized by your Corporation as the fuel of the future 30 years ago when additional economic hydro-electric sites were becoming scarce. A thermal base was required to meet Alberta's growing need for electric energy. Because natural gas was recognized to have expanded potential as a premium fuel and as a raw material for other industry, your Corporation proceeded to acquire and dedicate coal reserves for future power generation.

To date some 61.4 million tonnes have been provided by the Whitewood and Highvale Mines for the generation of electricity at the Wabamun and Sundance Thermal Stations. Combined reserves under the control of the Corporation at these mines presently exceed 585 million tonnes. Additional coal lands in other regions of the Province have been acquired to secure sources of fuel for the future. As Calgary Power enters its eighth decade of service to Albertans, these low cost coal reserves will continue to protect consumers from the effects of sharply rising fuel costs.

Financial Results in Brief

	1980	1979
Gross Revenue from Operations	\$ 359,415,000	\$ 311,942,000
Shareholders' Investment.....	\$1,048,368,000	\$ 745,700,000
Net Income	\$ 101,312,000	\$ 87,734,000
Capital Expenditures	\$ 270,745,000	\$ 209,051,000
Total Assets	\$1,939,460,000	\$1,470,486,000
Earnings Per Common Share*.....	\$1.76	\$1.73
Dividends Declared Per Common Share*	\$0.9367	\$0.8333

*Adjusted to reflect the subdivision on a three-for-one basis on May 8, 1980.



Report to Shareholders

Your Corporation has entered the 1980s determined to continue meeting the challenges for development available in Canada's fastest growing province — an extension of Calgary Power's long record of achievement both as a supplier of electric service and an opportunity for the Canadian investor.

Over the last year, the takeover attempts and the negative impact on Alberta's economy arising from the highly controversial energy policies have created a difficult environment for Calgary Power. Despite uncertainties created by these external influences coupled with high inflation, a weak Canadian dollar, high interest rates and an increasingly massive federal deficit, your Board of Directors is pleased to report favourable results for 1980. Over the year, the Corporation sold more electricity than at any time in its history, spent a record amount on new plant and attained its highest level of earnings.

In June 1980, your Corporation acquired approximately 40.4% of the Canadian Utilities group of companies in exchange for 5,984,497 common shares and aggregate cash payments of \$126,182,000. Canadian Utilities Limited is a holding company which through a number of subsidiaries produces, transmits, and distributes natural gas and electricity mainly in

Alberta. As a result of this investment our shareholders are participating further in Alberta's strong economy through the electrical and natural gas services of Canadian Utilities.

Earnings

After giving effect to the 3 for 1 subdivision of shares approved at the last annual meeting, earnings per common share were \$1.76 in 1980, representing an increase of 3 cents (1.7%) over 1979. The Corporation's investment in Canadian Utilities produces a modest slackening initially in the projected growth of earnings per share but enhances prospects for growth in the long term.

Calgary Power has a strong base throughout Alberta relative to future provincial growth. With almost 100% Canadian ownership, including a substantial number of Alberta shareholders, and the long term growth potential in the Province, the Corporation is well positioned for the future.

Effective July 1, 1980, quarterly common share dividends were increased from \$0.2167 to \$0.24, raising the annual dividend rate to 96 cents. This 10.8% increase in dividends is consistent with the practice of the Board of Directors to increase dividends periodically as circumstances warrant. Since 1970, the dividend rate has increased by some two and a half times.

Gross revenues increased 15.2% over 1979 to \$359.4 million and operating deductions were up 13.7% to \$227.0 million.

Capital Requirements

As indicated in previous annual reports, capital expenditures are increasing as your Corporation continues to meet the rapidly growing power needs of a buoyant economy. 1980 capital investment requirements amounted to \$497.9 million, compared to \$209.1 million in 1979. Expenditures on new generation and transmission facilities amounted to \$164.5 million and \$26.5 million respectively. A further \$227.2 million was invested in Canadian Utilities Limited. In addition to funds available from retained earnings, \$450.4 million was raised from external sources. The external funds were obtained principally from the issue of \$139.1 million of \$1.40 Convertible Second Preferred Shares, \$116.6 million of common shares, \$30.8 million of secured debentures, and \$20.0 million of First Preferred Shares. In addition, \$126.2 million was obtained from a term bank loan which was repaid during the year. During the past five years, capital investment requirements totalled \$1,298.4 million, of which \$1,049.9 million was raised from external sources.

Summary of External Financing

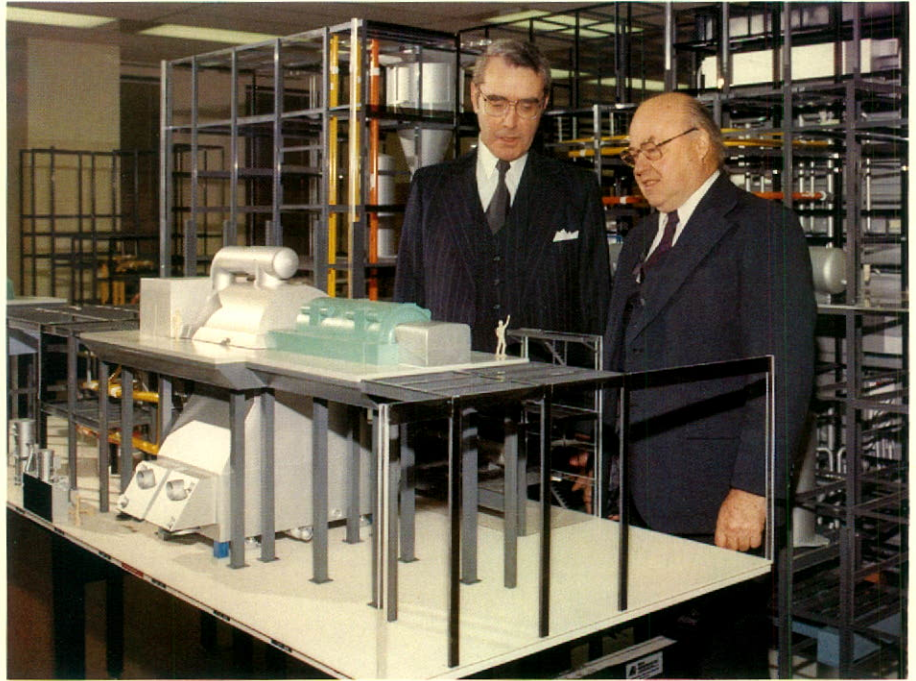
	\$000					Accumulated 5 Year Total
	1976	1977	1978	1979	1980	
Common Share Financing.....	52,124	38,375	63,225	12,695	116,626	283,045
Convertible Preferred Share Financing.....	—	—	—	—	139,069	139,069
Non-Convertible Preferred Share Financing.....	62,000	59,500	43,500	54,000	20,000	239,000
Debt Financing.....	81,466	85,138	20,696	26,798	174,678	388,776
TOTAL.....	<u>195,590</u>	<u>183,013</u>	<u>127,421</u>	<u>93,493</u>	<u>450,373</u>	<u>1,049,890</u>

Federal Policies

Probably at no time in its history has Canada faced greater political and economic turmoil — much of it brought about by federal — provincial confrontations on energy pricing and constitutional reform. Federal budgetary measures and energy policies announced in October, penalize Alberta's oil and gas sector and have an indirect impact on our industry. The resulting indecision and delay on major energy projects undoubtedly will affect future energy sales and planning unfavorably.

Since much of the new load to be supplied over the next few years is committed, short-term growth will likely be unchanged. Taxes and price increases on natural gas in Alberta will encourage the user to re-evaluate electric energy as compared to other energy alternatives. As oil and gas become scarce and expensive, the substitution of electricity becomes more attractive.

The imposition of the natural gas tax by the Federal Government confirms the foresight of the corporate decision made almost 30 years ago to base future thermal generation on coal instead of natural gas. While natural gas was plentiful and cheap and construction of gas-fired plants was less costly at that time, the decision in the 1950s to proceed with the active assembly of coal reserves places your Corporation in a strong position to buffer future increases in energy prices.



M. M. Williams and A. W. Howard inspect a scale model of Keephills Unit # 1.

Load Growth

Energy sales for 1980 increased 8.7% over 1979. The demand for electricity within our service area continues to increase at a rate almost double the national average. Internal and external energy management programs instituted by the Corporation encourage the wise and efficient use of electric energy. Nevertheless, high growth rates in Alberta are likely to continue as the provincial economy remains strong and electricity is substituted for other forms of energy.

To supply customer requirements, the sixth and final unit of the Sundance Thermal Station was completed, on schedule and below budget. Calgary Power now has a total net generating capability of 3,349 megawatts, including 2,480 megawatts from coal-fired generating units.

Construction is well advanced on the first two 400 megawatt units of the Keephills Thermal Station and these units are scheduled for operation in 1983 and 1984. To finalize earlier understandings between Alberta Power Limited and the Corporation, negotiations are proceeding well on the joint ownership agreement to provide equal participation in the 750 megawatts of generating capacity being installed at Sheerness in southeastern Alberta.

Management

To plan and effectively respond to the increasingly complex problems of the 1980s, certain management changes were made. The President, Marshall M. Williams, became Chief Executive Officer and A. W. Howard continued as Chairman of the Board. H. G. Schaefer was designated Senior Vice-President, Financial & Corporate Planning; K. F. McCready, Senior Vice-President, Operations; and W. L. Fraser, Senior Vice-President, Resource Planning.

Takeover Bid

During the summer and early fall your Board of Directors responded to three consecutive attempts by ATCO Ltd. to acquire voting control of your Corporation. The Directors were firmly of the view that firstly, the price offered did not adequately reflect the past record and future prospects of the Corporation, and secondly, such takeover attempts ought to be reviewed by the Public Utilities Board (Alberta) to ensure that the consumer interest would not be adversely affected. The third offer was allowed to lapse when the Alberta Court of Appeal confirmed that the Public Utilities Board had jurisdiction to investigate such

takeover attempts. ATCO Ltd. has received leave to appeal this decision to the Supreme Court of Canada.

A subsequent proposal announced by Calgary-based Nu-West Group Limited to acquire an investment position was terminated in late October following the federal budget.

The utility business has characteristics distinct from most other businesses. It has special obligations to its consumers and is controlled by public regulatory authorities which, among other functions, set rates and conditions of service. Investor-owned electric utilities are generally widely held by the public — significant control blocks are the exception. Calgary Power shares are widely held in Canada by almost 38,000 shareholders, including financial institutions which in turn hold shares both beneficially and on behalf of many clients. The number of Alberta shareholders has grown to 12,016 through continuing efforts to develop participation by residents of the Province.

We take this opportunity to express appreciation to our employees for their efforts and dedication. The continued support and encouragement of our investors has also been appreciated. At times during the past year, outside pressures may have led to some concerns regarding the future of the Corporation. However, our long standing commitment to serve the interests of our consumers and shareholders remains unshaken. For seven decades we have strived to meet this commitment. The decade just past has been one of achievement and progress. We have no doubt that the decade ahead will again afford many challenges and opportunities. Our responsibilities in serving the public are clear. They will continue to be met with confidence and dedication.

The foregoing together with the Operations and Financial Reports is submitted on behalf of the Board of Directors.



A. W. Howard
Chairman of the Board



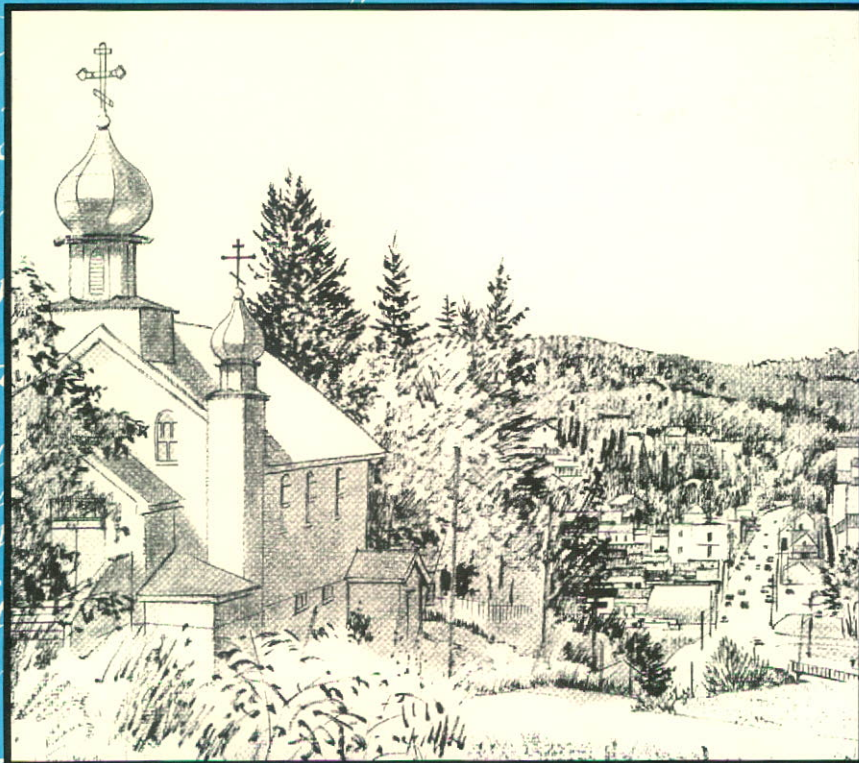
M. M. Williams
President and
Chief Executive Officer

February 18, 1981

(opposite)
Communities located in Calgary Power's broad service area surround a sketch of Athabasca by Canadian artist R. D. Wilson. It is one of a series being used in the establishment of Heritage Scholarship Programs to commemorate the Corporation's 70th year of service.

OPERATIONS REPORT

Nanankaskis Canmore Exshaw Tees Harvie Heights Rose
Seebe Lac Des Arcs Acme Belseker Irricana Kathryn E
Ridsbury Bashaw Tofield Hughenden Riley Sylvan La
Provost Wainwright Strathmore Lacombe Namaka Carselo
Sedgewick Camrose Keoma Bircham DeWinton Rimbe
Longhead Killam Bawlf Cadogan Lethbridge Bassano
ermere Lake Redwater Sherwood Park Daysland Feri
Wa-Me-O Beach Viking Bruce Entrance Samson C
ndre Czar
Olds Banff
Jarvis Beach
atton Mark
misfail Lake
Tudor Idlesle
Magrath Val
ston Coaldale
Highvale
ckysford Lynwood
amel St Albert Boyle Athabasca Wilson Siding Hold
irror Lynwood Gleneris Shouldice Condor Sundre Grassy
Jarvis Bay Edson Hinton Fort Saskatchewan Wrentham
Parkland Turin Iron Springs Wabamun Spruce Grove Falu



Operations

1980 was another year of achievement as human, financial and natural resources combined to meet the continuing challenge of a high rate of growth in the demand for electric energy.

Electric energy sales during the year increased 8.7% to 12,820 million kilowatt-hours. The 1980-81 winter peak demand was 2,334,000 kilowatts as compared to 2,211,000 in 1979-80. The industrial sector again accounted for a large growth component in 1980 with 60,000 kilowatts of new load being added. This results mainly from oil and gas development and processing activity and the use of electric energy as a substitute for the traditional, but now more expensive, oil and natural gas energy.

The Corporation's coal mines in 1980 produced a total of 8.6 million tonnes. Of this amount the Highvale Mine produced 6.5 million tonnes to fuel the Sundance Thermal Station, while the Whitewood Mine north of Lake Wabamun produced 2.1 million tonnes for the Wabamun Thermal Station. As coal will be the main fuel source for Alberta's electric supply in the foreseeable future, the Corporation continued to acquire rights on Crown reserves, successfully securing some 180,000 acres during 1980.

Post-mining land reclamation activities continued at both operating mines. An additional 149 acres of mined area were reclaimed bringing the total to 1,435 acres since the commencement of mining operations.



Powered by electricity, this modern gas compressor station is an example of significant new load opportunities.

Major projects completed in 1980 included the sixth and final coal-fired unit at the Sundance Thermal Station, a 240,000 volt transmission line from Calgary to Lethbridge, and a new major 240,000 volt substation supplying the Fort Saskatchewan area. Total net generating capability of the Calgary Power system is now 3,349 megawatts compared with 1,535 megawatts in 1970.

Calgary Power has supplied the entire electric requirements of the City of Red Deer since 1928 and this year successfully renegotiated a new 10 year electric wholesale supply agreement.

Enquiries regarding acquisition of farmer-owned rural electrification systems continued to be received. Nine REAs were purchased in 1980 for a total of 35 since the policy was adopted in 1974.

In its early years of expansion, the Corporation undertook to purchase and operate water utility systems of several communities in which it was endeavoring to obtain electric service contracts. Attractive municipal financing is now available which makes it beneficial for communities to own their own water systems. Agreements were signed with the Cities of Camrose and Wetaskiwin for the sale of the waterwork systems supplying those communities. A successful conclusion of current negotiations with the Town of Lacombe regarding its water system will result in the Corporation's water utility interests being confined to a limited interest in the Sherwood Park system.

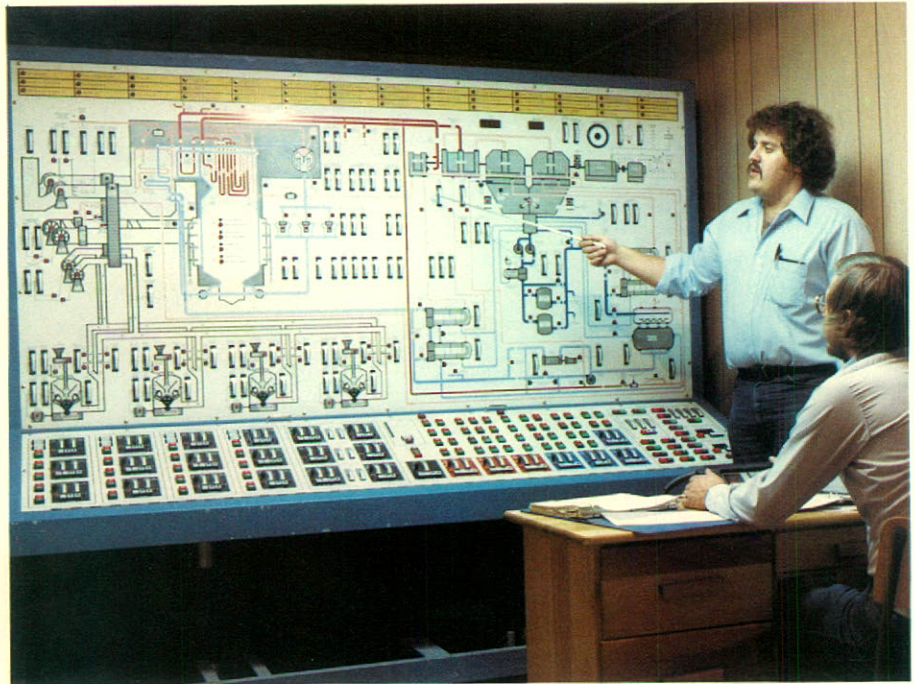
Future Planning

Future success will depend on the ability of Calgary Power to meet the very high growth in electrical consumption which is expected to continue. Therefore, while current and short-term future power requirements are being provided, the planning horizon is being extended into the next decade. Extensive evaluations of system expansion alternatives are currently under way to determine how best to supply the longer term needs. These evaluations will balance the public need for future power requirements with the need for prudent management of all resource inputs, as well as important concerns for social impacts and protection of the environment.

Activity intensified at the Keephills site where the first two 400 megawatt units, scheduled for operation in 1983 and 1984, are now under construction. The Keephills Thermal Station will be supplied with coal from the adjacent Highvale Mine.

Calgary Power initiated plans to re-apply to the Energy Resources Conservation Board to obtain approval to add the third and fourth generating units at the Keephills Thermal Station for operation in the mid to late 1980s. The Corporation's earlier application for these units was deferred in favour of another development elsewhere in the Province.

An interim agreement was signed acquiring a half interest in the Sheerness Thermal Station containing two 375 megawatt generating units scheduled for operation in 1985 and 1986. Discussions are proceeding with the co-owner, Alberta Power Limited, on the development of the detailed agreements covering the joint



Thermal plant operators will be better equipped to handle emergencies following intensive simulator training.

ownership arrangements. Preliminary construction activities have commenced at the site.

The Corporation also responded to an Alberta Government invitation to submit a proposal to develop the hydro-electric potential of the Dunvegan site on the Peace River in northwest Alberta. Using a renewable resource this hydro project would add 1,000 megawatts of generation to the Alberta system. As of year-end, the government was still reviewing the two proposals received.

A high level of interest and direct involvement continues to be maintained in the feasibility studies related to hydro development on the Slave River. These studies, conducted under the auspices of the Alberta Government, are scheduled for completion by mid 1982. The Corporation is also investigating the potential of pumped storage and lowhead hydro developments at other locations in the Province.

Because the generating system must be developed to meet the short term peak winter demand, there are periods at other times in the year when there is surplus energy available. It would be to the consumers' advantage if this surplus energy could be sold. To this end, Calgary Power has taken preliminary steps to develop an application to the National Energy Board (Canada) to export electric energy, as and when available from surplus generation, to markets outside of the Province. Revenues from these export sales would tend to buffer consumers from rate increases brought about by other factors.

Transmission lines are perceived by landowners to have negative social and economic influences. As a result, proposals for new lines often draw strong public reaction. The Corporation continues to refine its consultation programs so that early public involvement can assist in the development of measures to minimize the effects where possible.

Energy Resources Conservation Board approval was received for a higher voltage level of transmission system in Alberta. The new 500,000 volt system, which will be superimposed on the existing 240,000 volt system, will make more efficient use of land required as right of way and result in significant cost savings. Construction will commence in 1981 on two 500,000 volt transmission lines to deliver power from the Keephills Thermal Station to the Edmonton area in 1983.

Proposals for constructing a 500,000 volt transmission line to interconnect with the British Columbia Hydro and Power Authority system in the Crowsnest Pass area by 1983 also received approval. Further progress on this project awaits issuance of permits and licences. An appeal on jurisdiction launched by some affected landowners was rejected by the Supreme Court of Canada.

Staff

Continued business expansion resulted in the addition of 112 new staff positions bringing the total complement to 2,399. Competition intensified in Alberta for the services of professional staff generally and for skilled tradesmen and plant operators. These shortages resulted in increased emphasis on external recruiting and on internal training and development programs.



The reliability of our system is improved and service interruptions minimized by trained personnel working with specialized equipment such as this all-terrain vehicle.

Anticipating continued business expansion and attendant staff growth, Calgary Power initiated a program of property acquisition adjacent to its head office. A new office facility will be available by 1983 to relieve existing congestion, to centralize staff and to accommodate the addition of new staff.

Staff productivity improvement programs initiated last year were continued. New procedures and improved work methods are making positive contributions to overall objectives in the areas of customer service and minimization of staff additions.

A two-year collective agreement with the International Brotherhood of Electrical Workers and a one-year agreement with the Calgary Power Employees' Association expired on December 31, 1980. Negotiations were continuing at year end to replace these agreements.

In observation of our 70th anniversary, an undergraduate

scholarship program was launched for employees' children. The six university and four technical/ community college scholarships are intended to encourage post-secondary education and recognize high scholastic achievement.

Calgary Power operates a highly "people oriented business" and its success depends to a large extent on the ability to recruit and train capable staff to carry out the responsibilities of supplying electric services to more than half the people of Alberta. A number of programs designed for employee orientation, education and job improvement are in effect. A high measure of success has been attained in this area, which doubtless accounts for the degree of enthusiasm and dedication displayed by the people in the organization.

(opposite)

An R. D. Wilson sketch of Okotoks, one of the progressive communities served by Calgary Power.

FINANCIAL REPORT

Clareholm Aldersyde Blackie Mazeppa High River Little I
Alix Windfall Milk River Baintree Bow Island
Millicent Patricia Royalties Crossfield Turner Valley Couri
tecourt Flatbush Woodhouse Lac La Biche Gramin
ney Gleichen Arrowwood Thorsby Noblesford Monarch Si
Kirkaldy Cluny Duchess Tilley Kikino Champion Rain
ple Springs Cranford Pincher Creek Kipp Picture B
Coleman Crystal Springs Bellevue Hillcrest Diamond C
wley Burmish Lethbridge Blairmore Burns Ghost La
Langdon Cochrane Pigeon Lake
Skeleton Lake Fabian Jar
Waiparous T Jamieson I
Dalemead Burdett Jumping Poun
ly Bragg Cre Doreenlee Lya
ocket Nordege well Night
Meeting Cree Insign Sangu
ley Connemar Parkland La
ty Water Valley Diasbury Carstairs Cremona Dogpo
Conquerville Madden Okotoks Burdett Scandia Nar
Wetaskiwin Sylvan Lake Texthurst Westerosc Benar
Plamondon Rocky Mountain House Usona Athambra G
Carmichael Finlayson Bessie



Financial

Gross revenue from operations was \$359.4 million, \$47.5 million above 1979. Additional electric load accounted for approximately 60% of the increase and the balance resulted from higher rates.

Operating deductions amounted to \$227.0 million, \$27.4 million above 1979. These deductions consisted of operating expenses, fuel and purchased power, and depreciation as well as income and other taxes. Operating expenses increased by \$13.6 million; income taxes, by \$5.9 million; and depreciation, by \$5.9 million.

Your Corporation's 1980 capital expenditure program of \$270.7 million is a good indication of the continued increasing demand for electric power in the Province. Capital expenditures in 1981 are projected at \$393 million.

Earnings

Earnings applicable to common shares increased 14.5% to \$74.2 million in 1980 compared to \$64.8 million in 1979. Earnings per share were \$1.76 versus \$1.73. As previously indicated, the Corporation's investment in Canadian Utilities Limited produces a modest reduction in the projected growth rate of earnings per share. This short-term moderation was predicted; however, the longer term outlook is bright due to our enhanced participation in natural gas, petrochemical and electricity developments in Alberta.



The Sundance Thermal Plant, completed in 1980 at a total cost of some \$695 million.

Investment Subsidiary

Due to Public Utilities Board (Alberta) concerns that investments by the Corporation might affect the cost of electrical service delivered to our customers, the decision was made to reorganize the corporate structure and establish a non-utility subsidiary. In addition to dividing utility and non-utility activities, this action will better facilitate the Corporation's pursuit of additional investment opportunities. The initial portfolio for the non-utility subsidiary will include the 40.4% interest in Canadian Utilities Limited and the 33⅓% interest in AEC Power Ltd., a joint venture with Alberta Energy Company Ltd. to supply the steam and electric power requirements for the Syncrude oilsands development.

Financing

An important event during the year was the upgrading of Calgary Power's credit rating to A++. This was due in large part to the Corporation's financial stability and future prospects. Other contributing factors include expanding reserves of coal, forecasts of growth in demand for electricity above the national average and relatively low electric rates.

Perhaps the most significant indications of investor confidence were the success of the Calgary Power Convertible Second Preferred

Share Issue and the continued strong participation in the Dividend Reinvestment and Share Purchase Plan. In excess of 96% of the \$1.40 Convertible Second Preferred Share Issue was subscribed, raising \$139.1 million. These funds were largely used to retire the term bank loan related to the 40.4% acquisition of Canadian Utilities Limited.

Dividend Reinvestment and Share Purchase Plan

The Dividend Reinvestment and Share Purchase Plan, initiated by Calgary Power in 1976 as the first such opportunity in Canada, is now of

proven value. In 1980, 17.8% of common shareholders and 9.7% of preferred shareholders reinvested a total of \$18.1 million. The cumulative contribution since the plan was initiated is \$38.6 million.

Income Tax Rebate

In September, 1978 the Federal Government announced its intention to eliminate transfers under the Public Utilities Income Tax Transfer Act by repealing the Act. The purpose of the Act had been to remove the discriminatory tax burden on consumers of investor-owned utilities. In Alberta, monies received from the Federal Government together with 100% of the provincial income tax are returned to consumers as a reduction of utility bills.

Following representations to the Federal Government which were supported by the utility industry and many other interested parties, including customers, consumer organizations and municipalities, legislation was tabled in the House of Commons to only reduce the transfers from 95% to 50%. Although encouraged that the Federal Government appeared to recognize that the rebate program should not be terminated, the Corporation continued to express its concerns about the economic and discriminatory implications of the proposed rebate reduction. We are pleased to report that the Federal Government announced on February 5, 1981 that it would leave the 95% rebate program intact.

Management's Responsibility for Financial Reporting

The accompanying financial statements and related information included in this annual report have been prepared by the Corporation. Management has the primary responsibility for the integrity of the financial information included in this report and to see that such information fairly reflects the financial position of the Corporation and its operating results. These statements have been prepared in conformity with generally accepted accounting principles and reflect management's best estimates and judgments.

Management depends upon the Corporation's system of internal accounting controls to meet its responsibility for reliable and accurate financial statements. The system is designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded and executed in accordance with management's authorization.

The financial statements have been examined by Clarkson Gordon, the Corporation's auditors. Their role is to render an independent professional opinion, as described in their report, on the fairness of management's financial statements. In addition, the Corporation maintains an internal audit staff which reviews internal accounting controls, conducts special audits, and is available to assist the independent accountants in performing their audit function.

Consolidated Balance Sheet

December 31, 1980 and 1979

1980 1979
(thousands of dollars)

Assets

Property Account:

Land, buildings, plant and equipment	\$1,929,169	\$1,664,092
Less accumulated depreciation	339,066	291,500
	<u>1,590,103</u>	<u>1,372,592</u>

Investments:

AEC Power Ltd.	10,328	10,328
Canadian Utilities Limited	229,010	—
	<u>239,338</u>	<u>10,328</u>

Current Assets:

Cash	115	114
Accounts receivable	42,009	35,109
Materials and supplies at average cost	26,672	16,674
Prepaid expenses	1,227	907
	<u>70,023</u>	<u>52,804</u>

Deferred Charges:

Financing costs less amortization	38,938	34,421
Other	1,058	341
	<u>39,996</u>	<u>34,762</u>

On behalf of the Board:

A. W. Howard

A. W. HOWARD, Director

R. F. Phillips

R. F. PHILLIPS, Director

\$1,939,460 **\$1,470,486**

1980
(thousands of dollars)

1979

Liabilities

Shareholders' Equity:

Common shares	\$ 348,529	\$ 229,238
Contributed surplus	3,586	2,169
Reserve for rate adjustments	1,604	1,804
Retained earnings	252,308	217,294
Total common shareholders' equity	606,027	450,505
Preferred shares	442,341	295,195
Total shareholders' equity	1,048,368	745,700

Long Term Debt	489,653	484,779
----------------------	---------	---------

Current Liabilities:

Bank loan and short term notes	89,282	36,566
Accounts payable and accrued liabilities	56,855	44,940
Income and other taxes payable	—	8,205
Dividends payable	18,883	14,321
Accrued interest on long term debt	9,538	8,519
Consumer deposits	509	443
Current portion of long term debt	48,274	17,545
	223,341	130,539

Deferred Credits:

Deferred income taxes	98,632	42,059
Customer contributions	75,310	63,142
Hydro development contribution	4,156	4,267
	178,098	109,468

\$1,939,460 \$1,470,486

(See accompanying summary of accounting policies and notes)

Consolidated Statement of Income

Years ended December 31, 1980 and 1979

	1980 (thousands of dollars)	1979 (thousands of dollars)
Gross revenue from operations:		
Electric	\$356,039	\$309,043
Water utilities	3,376	2,899
	<u>359,415</u>	<u>311,942</u>
Operating deductions:		
Operating expenses	82,935	69,370
Fuel and purchased power	14,556	13,859
Taxes, other than taxes on income	11,672	10,291
Depreciation	50,627	44,731
Taxes on income	67,172	61,280
	<u>226,962</u>	<u>199,531</u>
Operating income	<u>132,453</u>	<u>112,411</u>
Allowance for funds used during construction by component:		
Debt	7,870	6,241
Preferred equity	3,487	3,114
Common equity	9,512	8,149
Total allowance for funds used during construction	<u>20,869</u>	<u>17,504</u>
Equity income from investments	<u>8,872</u>	<u>1,908</u>
Income before interest charges	<u>162,194</u>	<u>131,823</u>
Interest charges:		
First mortgage bonds	16,762	17,038
Other long term debt	39,675	27,199
Other — net	4,445	(148)
	<u>60,882</u>	<u>44,089</u>
Net income for the year	<u>101,312</u>	<u>87,734</u>
Dividends on preferred shares adjusted for accruals	<u>27,120</u>	<u>22,984</u>
Earnings applicable to common shares	<u>\$ 74,192</u>	<u>\$ 64,750</u>
Earnings per common share	<u>\$1.76</u>	<u>\$1.73</u>
Fully diluted earnings per common share	<u>\$1.75</u>	<u>\$1.73</u>

Consolidated Statement of Retained Earnings

Years ended December 31, 1980 and 1979

	1980 (thousands of dollars)	1979 (thousands of dollars)
Balance at beginning of year	\$217,294	\$183,862
Net income for the year	101,312	87,734
	<u>318,606</u>	<u>271,596</u>
Deduct dividends:		
Preferred shares	27,120	23,022
Common shares	39,178	31,280
	<u>66,298</u>	<u>54,302</u>
Balance at end of year	<u>\$252,308</u>	<u>\$217,294</u>

(See accompanying summary of accounting policies and notes)

Consolidated Statement of Changes in Financial Position

Years ended December 31, 1980 and 1979

	1980 (thousands of dollars)	1979 (thousands of dollars)
Source of Funds:		
From operations —		
Net income for the year	\$101,312	\$ 87,734
Add (deduct) items not involving funds:		
Depreciation	50,627	44,731
Deferred income taxes	56,573	—
Allowance for equity funds used during construction	(12,999)	(11,263)
Equity income net of dividends received	(1,840)	(130)
Other	3,198	2,292
Funds provided from operations	196,871	123,364
Financing of investment in Canadian Utilities Limited:		
Issue of common shares	98,488	—
Issue of term bank loan	126,182	—
Issue of common shares	20,803	13,068
Less common shares issued on conversion of second preferred shares and as stock dividends	(2,665)	(373)
Issue of first preferred shares	20,000	54,000
Issue of second convertible preferred shares	139,069	—
Issue of long term debt:		
Notes payable — secured	2,294	4,015
Secured debentures	30,820	436
Other	15,382	22,347
Increase in bank loan and short term notes	52,716	30,122
Customer contributions	14,664	12,637
Other	500	393
	\$715,124	\$260,009
Application of Funds:		
Capital expenditures —		
Production	\$145,439	\$ 95,930
Environmental	19,056	26,268
Transmission, substations, distribution and other	106,250	86,853
	270,745	209,051
Less allowance for equity funds used during construction	12,999	11,263
	257,746	197,788
Investment in Canadian Utilities Limited	227,170	—
Dividends on preferred shares	27,120	23,022
Cash dividends on common shares	37,773	30,907
Financing costs	1,208	687
Cancellation of preferred shares	10,663	9,406
Retirement of long term debt and term bank loan	145,582	23,157
Increase (decrease) in working capital exclusive of changes in bank loan and short term notes and current portion of long term debt	7,862	(24,958)
	\$715,124	\$260,009

(See accompanying summary of accounting policies and notes)

Summary of Accounting Policies

Regulation

The Corporation is engaged in the production and sale of electric energy in the Province of Alberta and is regulated by the Energy Resources Conservation Board pursuant to The Hydro and Electric Energy Act, (Alberta) and the Public Utilities Board pursuant to Part II of The Public Utilities Board Act, (Alberta). The Corporation and its hydro operations are also subject to The Provincial Water Power Regulations (Alberta). These Acts and Regulations cover such matters as rates, construction, operations and accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries Kanelk Transmission Company Limited, Western Fly Ash Ltd., Farm Electric Services Ltd., The Alberta Southern Coal Company Ltd., The Calgary Water Power Company, Limited and 230190 Alberta Ltd.

Kanelk Transmission Company Limited owns transmission facilities extending from the Corporation's hydro-electric plants on the Kananaskis River through British Columbia to the Crowsnest Pass in southern Alberta. Western Fly Ash Ltd. processes and distributes fly ash gathered at the Corporation's steam electric plants. Farm Electric Services Ltd. is a non-profit organization which organizes, constructs, operates and maintains, at cost, electric distribution systems owned by rural electrification co-operative associations.

Investments

The investment in AEC Power Ltd. represents one third of the outstanding common shares (consisting of 50% of the voting shares). The investment in Canadian Utilities Limited represents approximately 40.4% of the outstanding common shares. The Corporation accounts for these investments by the equity method.

Financing Costs

Costs of financing are amortized by charges to expense as follows:

- | | |
|---------------|---|
| Debt issues | — over the lesser of the remainder of the original life or the estimated average life of the respective issues. |
| Equity issues | — over the lesser of 30 years or the estimated average life of the issue. |

Gains or losses realized on the purchase of Corporation debt for sinking fund purposes are amortized over the remaining life of the issue.

These policies are in accordance with the method of determining the Corporation's cost of capital for regulatory purposes.

Translation of Foreign Currency

Long term debt payable in foreign currencies are translated at the rate of exchange prevailing at the year end. The resulting adjustment is being amortized over the remaining life of the debt which is in accordance with the method used in determining the Corporation's cost of capital for regulatory purposes.

Unrealized foreign exchange losses of \$2,410,000 were amortized to income in 1980 (\$1,565,000 in 1979) and at December 31, 1980 \$20,984,000 (\$16,887,000 at December 31, 1979) was deferred and included in financing costs on the balance sheet.

Taxes on Income

The Corporation follows the tax allocation basis of accounting. Prior to 1973 deferred taxes were recorded in the accounts as a result of the Corporation claiming for tax purposes depreciation and other items in amounts greater than those charged in the accounts. Under the Public Utilities Income Tax Transfer Act (Canada) and enabling legislation passed by the Province of Alberta, 95% of the federal and 100% of the provincial corporation income taxes paid by the Corporation attributable to its electric utility operations are rebated to its customers. Commencing in 1973, in accordance with a decision of the Public Utilities Board (Alberta), the Corporation ceased claiming depreciation and other items which would have resulted in any additional deferral of income taxes and the resulting rebates were returned to the customers.

In its decision of January 28, 1980 the Public Utilities Board determined that any change in the legislation which would reduce the rebates to customers would require the Corporation to seek direction from the Board. A change from 95% to 50% was proposed by the federal government and rebates to Alberta were reduced after March 31, 1980. While this proposed reduction was subsequently withdrawn (on February 5, 1981), the Corporation in the meantime had advised the Public Utilities Board of its intention to discontinue the payment of federal taxes, to adopt procedures which would result in the deferral of such taxes for 1980 and requested direction from the Board. Proceedings were initiated on December 30, 1980 to enquire into the practices which should now be followed by the Corporation with respect to income taxes.

As a result of the above, the Corporation has claimed in 1980 for tax purposes, depreciation and other items in amounts greater than those charged in the accounts resulting in the deferral of income taxes of \$56,573,000.

Customer Contributions

Contributions received from customers related to new service connections are credited to deferred revenue and are amortized to income over the expected terms of the revenue deficiencies. The composite rate of amortization is approximately 3% per annum.

Hydro Development Contribution

In 1972 the Bighorn Storage and Power Development Project was completed and a contribution of \$5,075,000 was received from the Province of Alberta towards the cost of construction. This amount is being amortized as a reduction of the related depreciation expense.

Notes to Consolidated Financial Statements

December 31, 1980

1. Property Account

The land, buildings, plant and equipment are carried at cost. The Corporation provides for depreciation on a straight-line basis using various rates as set by the Public Utilities Board (Alberta) based on depreciation studies prepared by the Corporation which result in an overall composite rate for 1980 of 3.50% (1979 — 3.51%). Details of the Corporation's assets are as follows:

	Depreciation Rates	1980 (thousands of dollars)	1979 (thousands of dollars)
Hydro production.....	2.20%	\$ 158,064	\$ 142,532
Thermal production including coal mines.....	3.28% - 3.70%	771,145	594,374
Environmental control	4.10%	151,982	149,329
Transmission lines, substations and distribution systems.....	3.10% - 4.00%	559,380	469,918
Other.....	various	77,837	66,648
Property under construction		210,761	241,291
		<u>1,929,169</u>	<u>1,664,092</u>
Less accumulated depreciation.....		<u>339,066</u>	<u>291,500</u>
		<u>\$1,590,103</u>	<u>\$1,372,592</u>

The Corporation capitalizes an allowance for funds used during construction at its cost of capital presently 10.66% (10.55% in 1979) as determined by the Public Utilities Board (Alberta).

2. Investment in Canadian Utilities Limited

Pursuant to an offer dated May 21, 1980, the Corporation acquired approximately 40.4% of the common shares of Canadian Utilities Limited for an aggregate consideration of \$227,170,000. The purchase of this investment was financed through the issue of 5,984,497 Class A common shares and a payment of \$126,182,000. The excess of the purchase price over the assigned values of the identifiable assets and liabilities amounted to \$100,008,000 which is being amortized over a period of 40 years.

3. Shareholders' Equity

(i) Authorized capital

The Corporation was continued under the Canada Business Corporation Act in 1979. The authorized capital consists of an unlimited number of Class A common shares, Class B common shares, cumulative redeemable first preferred shares and cumulative redeemable second preferred shares, all without nominal or par value.

On May 8, 1980, the Class A and Class B common shares of the Corporation were subdivided on a basis of three common shares for each common share then issued and outstanding. All common share data have been adjusted to reflect this subdivision.

(ii) Common Shares

The Class A and Class B common shares are interconvertible at any time on a share-for-share basis and carry one vote per share.

	1980 (shares)	1979 (shares)	1980 (thousands of dollars)	1979 (thousands of dollars)
Issued and outstanding:				
Class A shares.....	43,721,014	36,474,477	\$336,884	\$220,447
Class B shares.....	1,511,247	1,454,532	11,645	8,791
	<u>45,232,261</u>	<u>37,929,009</u>	<u>\$348,529</u>	<u>\$229,238</u>
Issued during the year:				
For Canadian Utilities Limited common shares net of issue costs of \$2,500,000	5,984,497	—	\$ 98,488	\$ —
For cash under the Dividend Reinvestment and Share Purchase Plan ..	1,162,503	916,275	18,138	12,695
As stock dividends on Class B shares	89,927	26,064	1,405	373
On conversion of \$1.40 Convertible Second Preferred Shares.....	66,325	—	1,260	—
	<u>7,303,252</u>	<u>942,339</u>	<u>\$119,291</u>	<u>\$ 13,068</u>

(iii) Preferred Shares

	Annual requirement	1980 (shares)	1979 (shares)	1980 (thousands of dollars)	1979 (thousands of dollars)
Issued and outstanding:					
FIRST PREFERRED SHARES					
No Purchase or Sinking Fund					
4 % Series	—	33,557	36,069	\$ 3,356	\$ 3,607
4½ % Series	—	17,982	20,493	1,798	2,049
5 % Series	—	25,133	28,939	2,513	2,894
5.40 % Series	—	135	140	14	14
		<u>76,807</u>	<u>85,641</u>	<u>7,681</u>	<u>8,564</u>
Purchase Fund					
7 % Series	\$300,000	125,187	128,972	12,519	12,897
7½ % Series	\$500,000	220,347	226,349	22,035	22,635
8¾ % Series	9,000 shares	320,994	329,991	32,099	32,999
7.44 % Series (1977)	9,000 shares	282,000	291,000	28,200	29,100
7.30 % Series	12,000 shares	376,000	388,000	37,600	38,800
7.44 % Series (1979)	9,000 shares	291,000	300,000	29,100	30,000
7.70 % Series	7,800 shares	252,200	240,000	25,220	24,000
8.64 % Series	5,400 shares	180,000	—	18,000	—
		<u>2,047,728</u>	<u>1,904,312</u>	<u>204,773</u>	<u>190,431</u>
Sinking Fund					
10 % Series	12,000 shares	222,000	234,000	22,200	23,400
9.80 % Series	8,000 shares	141,946	150,000	14,194	15,000
9¾ % Series	12,000 shares	245,858	258,000	24,586	25,800
		<u>609,804</u>	<u>642,000</u>	<u>60,980</u>	<u>64,200</u>
		<u>2,734,339</u>	<u>2,631,953</u>	<u>273,434</u>	<u>263,195</u>
SECOND PREFERRED SHARES					
Purchase Fund					
\$2.36 Series	36,000 shares	1,243,931	1,280,000	31,098	32,000
\$1.40 Series (convertible)	219,583 shares*	7,253,107	—	137,809	—
		<u>8,497,038</u>	<u>1,280,000</u>	<u>168,907</u>	<u>32,000</u>
		<u>11,231,377</u>	<u>3,911,953</u>	<u>\$442,341</u>	<u>\$295,195</u>
Changes During the Year:					
Issued for cash		7,519,432	540,000	\$159,069	\$ 54,000
Cancelled through					
Purchase funds		(92,653)	(28,774)	(6,560)	(2,878)
Sinking funds		(32,196)	(32,000)	(3,220)	(3,200)
Optional sinking funds		—	(24,000)	—	(2,400)
Other purchases		(8,834)	(9,279)	(883)	(928)
Converted into common shares		(66,325)	—	(1,260)	—
		<u>7,319,424</u>	<u>445,947</u>	<u>\$147,146</u>	<u>\$ 44,594</u>

*Commencing in 1986.

The excess of the subscription price of the preferred shares cancelled over their purchase cost is \$1,417,000 (\$500,000 in 1979) and is included in contributed surplus.

Each series of preferred shares is cumulative and redeemable at the option of the Corporation at the subscription price together with a premium not in excess of the annual dividend applicable to such series except that certain series may not be redeemed before designated dates. The \$1.40 Series is convertible any time prior to October 1, 1985 on the basis of one Class A Common Share for each \$1.40 Convertible Second Preferred Share.

Each annual purchase fund is non-cumulative. Each annual mandatory sinking fund is cumulative and the Corporation may call additional shares through the operation of a non-cumulative optional sinking fund.

All preferred shares carry one vote per share except the \$1.40 Series which are entitled to one vote for each full \$100 of subscription price and the 7.70% and 8.64% Series which are non-voting unless the Corporation fails to pay certain dividends.

(iv) Reserve for Rate Adjustments

In accordance with submissions by the Corporation to the Public Utilities Board (Alberta), reassessments, if any, related to the determination of resource income for tax purposes and rate hearing costs (net of income taxes) as directed will be charged to this reserve. During 1980 rate hearing costs of \$200,000 (none in 1979) have been charged to this reserve.

4. Long Term Debt

	1980 (thousands of dollars)	1979
First mortgage bonds	\$204,750	\$203,790
Notes payable — secured	84,565	83,033
Secured debentures	172,237	150,311
Notes payable — other	22,765	19,765
Capitalized lease obligations	37,112	37,900
Other	16,498	7,525
	<u>537,927</u>	<u>502,324</u>
Less current portion	48,274	17,545
	<u>\$489,653</u>	<u>\$484,779</u>

First Mortgage Bonds

5¾% Series due 1981	\$ 9,400	\$ 9,400
8¾% Series due 1981	11,100	11,500
5¾% Series due 1982	8,000	8,000
9¾% Series due 1982	20,000	20,000
5¾% Series due 1983	9,000	9,000
5⅝% Series due 1984	7,000	7,000
6 % Series due 1985	8,560	8,560
7½% Series due 1988	12,000	12,000
7⅞% Series due 1989	5,000	5,000
8½% Series due 1993	25,000	25,000
9⅞% Series due 1994	30,000	30,000
8½% Series due 2002 (U.S. \$50,000,000)	59,690	58,330
	<u>\$204,750</u>	<u>\$203,790</u>

	1980 (thousands of dollars)	1979
Notes Payable — Secured		
5½%, 6% and 7% Series due 1981 to 1987 (Payable in sterling — £20,210,000; 1979 — £22,311,000)	\$ 57,735	\$ 57,614
6%, 7%, 7⅞% and 8½% Series due 1981 to 1985 (Payable in U.S. dollars — \$22,474,000; 1979 — \$21,789,000)	26,830	25,419
	<u>\$ 84,565</u>	<u>\$ 83,033</u>
Secured Debentures		
Series A — maturing in one to five years at interest rates varying from 8¾% to 13¾%		
Due 1980	\$ —	\$ 444
Due 1981	405	405
Due 1982	76	76
Due 1984	436	436
Due 1985	10,820	—
	<u>11,737</u>	<u>1,361</u>
Series B — 9⅜% due 1990	18,600	18,800
Series C — 8 % due 1992	23,500	23,750
Series D — 7¾% due 1980	—	7,000
Series E — 10½% due 2000	58,800	59,400
Series F — 10¾% due 2001	39,600	40,000
Series G — 13¾% due 1985	20,000	—
	<u>\$172,237</u>	<u>\$150,311</u>
Note Payable — Other		
1981	\$ —	\$ 2,485
1982	3,625	3,625
1983	4,505	4,505
1984	3,620	3,620
1985	5,530	5,530
1986	5,485	—
	<u>\$ 22,765</u>	<u>\$ 19,765</u>

The first mortgage bonds are secured by a first and specific mortgage and charge upon certain of the Corporation's lands, buildings, plant and equipment and by a first floating charge upon all other assets situated in the Province of Alberta. The Trust Deed securing the issues provides for a sinking fund for the retirement of first mortgage bonds payable on September 1 of each year of 1% of the original principal amount of first mortgage bonds previously issued.

The notes payable-secured have no authorized limit and are secured by first mortgage bonds.

The secured debentures are secured by a floating charge on the property and assets of the Corporation subject to the first and specific mortgage and charge and first floating charge securing the first mortgage bonds. The Trust Indenture provides for sinking funds for the retirement of Series B, C, E and F at varying rates.

The notes payable-other, which are unsecured and have no authorized limit, bear interest determined at June 30 and December 31 of each year, at the greater of the five year bank term deposit rate or the prevailing prime bank interest rate (18.25% at December 31, 1980) and mature December 31 each year. These amounts are payable to rural electrification co-operative associations through their agent Farm Electric Services Ltd. and represent a portion of funds contributed by members of these associations which have been invested with the approval of the Alberta Director of Co-operative Activities.

The Corporation leases, with options to purchase, draglines costing \$38,576,000. The cost of this equipment is included in the property account under thermal production and the related liability is included in long term debt to reflect the effective acquisition and financing of the equipment. Accumulated amortization amounted to \$2,102,000 at December 31, 1980 (1979 - \$710,000). The future minimum payments under the capitalized leases are \$3,753,000 per year for the next five years and \$60,275,000 in later years. The imputed interest included in these future minimum rentals at the interest rates of 6.4% and 9.4% implicit in the leases is \$41,928,000 (\$44,893,000 in 1979).

The annual requirements for sinking funds, capitalized lease obligations and for the repayment of maturing issues of long term debt for the five years subsequent to December 31, 1980 are as follows:

	<u>Sinking Fund Requirements</u>	<u>Capitalized Lease Obligations</u> (thousands of dollars)	<u>Maturing Issues of Long Term Debt</u>
First year	\$4,713	\$ 844	\$42,717
Second year	4,974	904	55,163
Third year	4,974	969	31,814
Fourth year	4,974	1,038	28,296
Fifth year	4,974	1,112	52,297

Sinking fund requirements have been reduced by bonds purchased and cancelled to meet annual requirements. The requirements shown for maturing issues of long term debt will be reduced to the extent of purchases of these issues for sinking fund purposes.

5. Pension Plan

The Corporation has a retirement pension fund covering substantially all employees. Based on actuarial advice an unfunded past service obligation of approximately \$7,469,000 at December 31, 1978 is being funded and charged to operations in annual amounts of \$943,000.

6. Rates for Service

Proceedings were initiated on December 30, 1980 by the Public Utilities Board (Alberta) to inquire into the practices which the Corporation is to follow with respect to accounting for income taxes and to fix rates, tolls or charges having regard to the findings resulting from the Board's inquiry into the Corporation's income tax practices and to any other factors the Board deems relevant. Hearings are expected to commence in early 1981 (See "Taxes on Income" under "Summary of Accounting Policies").

7. Related Party Transactions

The Corporation owns approximately 40.4% of the outstanding common shares of Canadian Utilities Limited. In the normal course of its business the Corporation enters into numerous transactions with this company and its subsidiaries for the transmission, supply and purchase of energy substantially at prices and terms subject to regulation by the Public Utilities Board (Alberta). The amounts involved in these transactions are not material.

On March 31, 1980 the Corporation signed an interim agreement with Alberta Power Limited (a subsidiary of Canadian Utilities Limited) for the joint ownership of units 1 and 2 at the 750,000 kilowatt coal-fired generating station to be built near Sheerness, Alberta. These units are scheduled for completion in 1985 and 1986 and are estimated to cost approximately one billion dollars.

Auditors' Report

Clarkson Gordon

Chartered Accountants

1300 Iveagh House
Calgary, Canada T2P 0Z2
(403) 268-4100

AUDITORS' REPORT

To the Shareholders of
Calgary Power Ltd.

We have examined the consolidated balance sheet of Calgary Power Ltd. as at December 31, 1980 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Canada
February 16, 1981

Clarkson Gordon

Chartered Accountants

Consolidated 10 Year Summary

	1980	1979	1978
Financial Record (thousands of dollars except for share amounts)			
Gross revenue from operations			
Electric	356,039	309,043	263,578
Water utility revenue	3,376	2,899	2,424
	359,415	311,942	266,002
Operating deductions	226,962	199,531	169,461
Operating income	132,453	112,411	96,541
Equity income from investments	8,872	1,908	1,543
Allowance for funds used during construction	20,869	17,504	17,138
Income before interest charges	162,194	131,823	115,222
Interest charges	60,882	44,089	41,212
Net income before extraordinary item	101,312	87,734	74,010
Gain on sale of property	—	—	—
Net income for the year	101,312	87,734	74,010
Average shareholders' investment (1)	897,034	699,903	590,031
Net income as a % of average shareholders' investment	11.3	12.5	12.5
Per Common share (3)			
Book value (year end)	13.40	11.88	10.91
Earnings	1.76	1.73	1.58
Dividends declared937	.833	.767
Capital expenditures	270,745	209,051	185,259
Total assets	1,939,460	1,470,486	1,325,847
Capitalization			
Long term debt	489,653	484,779	474,906
Preferred shares	442,341	295,195	250,601
Common shareholders' equity (1)	606,027	450,505	403,505
Total capitalization	1,538,021	1,230,479	1,129,012
Capitalization ratio %			
Long term debt	31.8	39.4	42.1
Preferred shares	28.8	24.0	22.2
Common shareholders' equity (1)	39.4	36.6	35.7
	100.0	100.0	100.0
Interest coverage — times earned before income tax			
First mortgage bonds	11.05	9.75	8.49
All fixed charges	3.77	4.38	4.11
Statistical Record			
kWh Sales (millions)			
Residential, general service and small industry	2,148	1,952	1,767
Industry	4,539	4,165	3,637
Cities and towns under wholesale contracts	5,359	4,915	4,502
Farms	774	762	699
	12,820	11,794	10,605
Customers			
Served directly	253,335	241,615	227,947
Served indirectly through wholesale contracts	271,134	257,365	226,289
Generating capability (net MW)			
Hydro	800	800	800
Thermal	2,549	2,197	2,197
	3,349	2,997	2,997
Sources of primary energy (millions of kWh)			
Hydro	1,692	1,408	1,824
Thermal			
Gas	—	17	5
Coal	13,729	12,627	10,240
Purchases & (Exchanges)	(1,435)	(1,204)	(502)
	13,986	12,848	11,567

(1) Includes reserve for rate adjustments.

(2) 1974 includes a non-recurring gain on sale of property of \$.096 per share.

(3) Adjusted to reflect the subdivision on a 3 for 1 basis on May 8, 1980.

1977	1976	1975	1974	1973	1972	1971
209,999 1,650	164,965 1,289	127,494 1,112	101,402 1,047	85,150 973	69,173 853	62,238 764
211,649 134,510	166,254 107,540	128,606 84,044	102,449 69,691	86,123 56,639	70,026 45,210	63,002 40,872
77,139 1,343 15,928	58,714 824 15,161	44,562 — 11,692	32,758 — 4,142	29,484 — 3,760	24,816 — 3,718	22,130 — 2,051
94,410 37,415	74,699 32,153	56,254 26,793	36,900 19,572	33,244 16,940	28,534 14,395	24,181 11,300
56,995 —	42,546 —	29,461 —	17,328 1,628	16,304 —	14,139 —	12,881 —
56,995	42,546	29,461	18,956	16,304	14,139	12,881
468,571	347,850	252,928	198,288	151,004	122,926	115,911
12.2	12.2	11.6	9.6	10.8	11.5	11.1
9.77 1.43 .683	8.96 1.26 .633	7.98 1.13 .533	7.27 .89(2) .417	7.00 .87 .367	6.50 .79 .333	6.04 .73 .333
198,574 1,172,309	207,520 959,278	160,519 759,615	120,209 601,564	66,836 492,335	66,245 438,976	49,895 377,313
458,300 214,154 311,802	386,619 159,038 252,147	322,971 106,087 178,427	255,197 87,557 133,785	213,723 58,023 117,210	221,228 18,045 108,730	172,483 18,046 101,030
984,256	797,804	607,485	476,539	388,956	348,003	291,559
46.6 21.7 31.7	48.5 19.9 31.6	53.2 17.4 29.4	53.5 18.4 28.1	55.0 14.9 30.1	63.5 5.2 31.3	59.2 6.2 34.6
100.0	100.0	100.0	100.0	100.0	100.0	100.0
8.41 3.52	6.33 2.99	4.99 2.66	4.02 2.63	4.24 2.54	3.63 2.36	3.83 2.63
1,540 3,320 4,156 640	1,397 3,076 3,852 606	1,256 2,929 3,640 573	1,112 3,030 3,270 540	1,001 2,982 2,914 486	887 2,569 2,741 463	786 2,169 2,482 429
9,656	8,931	8,398	7,952	7,383	6,660	5,866
212,709 215,589	198,558 202,684	184,740 190,978	171,977 182,601	164,136 159,960	153,118 152,509	146,193 144,833
800 1,845	800 1,493	800 1,141	800 1,141	800 1,141	800 855	680 860
2,645	2,293	1,941	1,941	1,941	1,655	1,540
1,518	1,731	1,415	1,715	1,513	1,559	1,194
9 9,833 (701)	239 7,547 294	337 6,953 487	309 6,737 (130)	449 5,636 591	356 5,368 147	296 5,031 52
10,659	9,811	9,192	8,631	8,189	7,430	6,573

A statistical summary providing additional financial information is available upon request to:
The Treasurer,
Calgary Power Ltd., Box 1900,
Calgary, Alberta T2P 2M1

The Corporation

Primary business.....	Generation and distribution of electricity
Net generating capability.....	3,349,000 kilowatts
Number of common and preferred shareholders.....	37,580 Canadian and 382 other
Percentage of Common and Preferred Shares held.....	99% Canadian and 1% other

Calgary Power Ltd., the largest investor-owned electric utility in Canada, provides electric service to one of the country's most prosperous and rapidly developing areas. Incorporated under the laws of Canada and Canadian owned throughout its history, the Corporation has been engaged since 1911 in the production and distribution of electricity in the Province of Alberta.

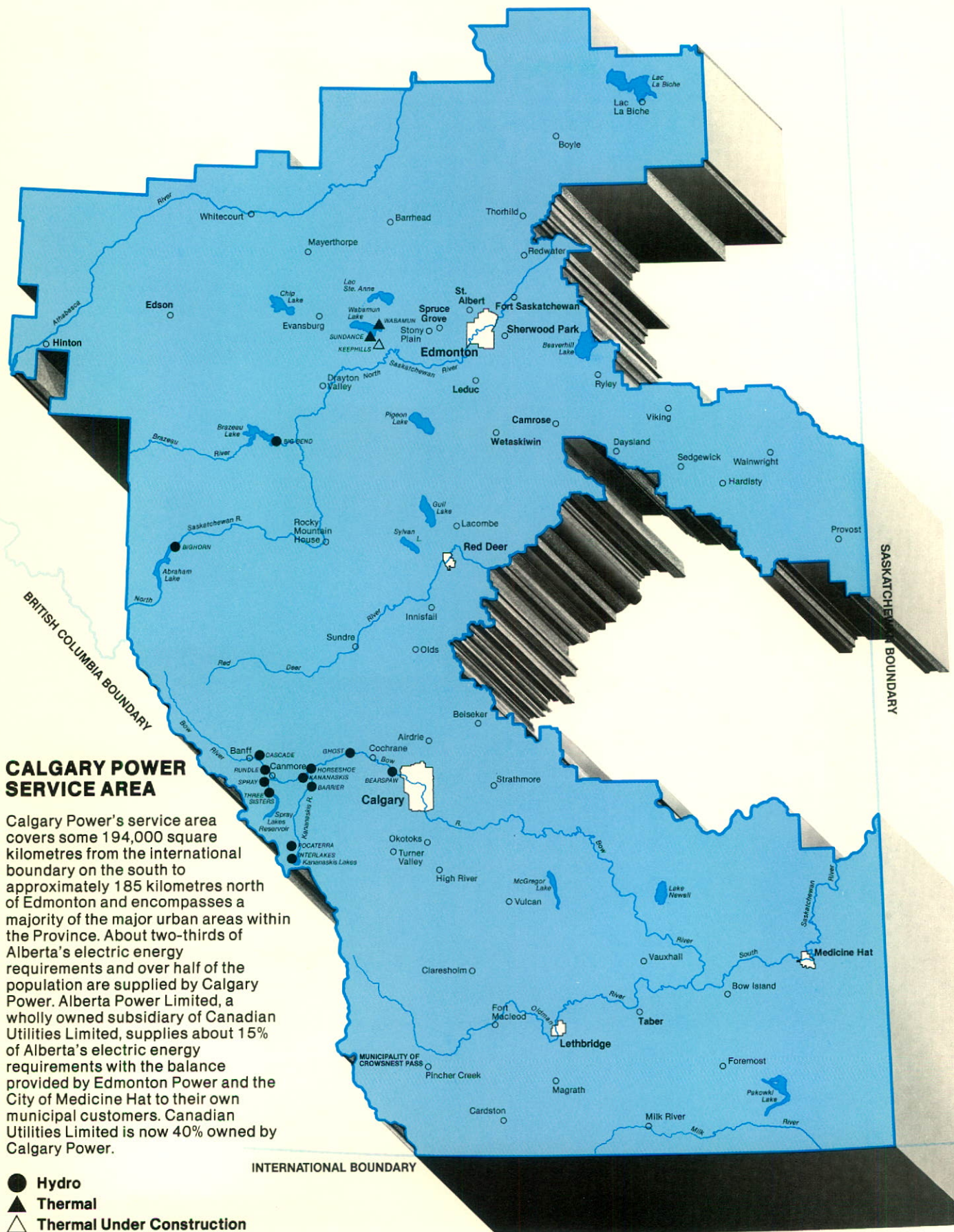
In 1911 the Corporation completed its first generating plant, the Horseshoe Falls Hydro-electric Plant with a capacity of 13,900 kilowatts, to serve the City of Calgary and the Canada Cement Plant at Exshaw. Some communities had no electric power and others were supplied with high cost electricity from small isolated plants that operated only during specified hours. In the mid 1920s the Corporation began an expansion program to provide central station service 24 hours a day to these communities. The expansion program has continued over the years and the Corporation now supplies some 590 cities, towns, villages and hamlets, as well as farms and other customers in the surrounding rural areas. At the end of 1980 the Corporation served 253,335 customers directly and an additional 271,134 customers indirectly through wholesale power contracts.

The Corporation owns and operates 13 hydro-electric plants and two steam electric plants with a total net generating capability of 3,349,000 kilowatts. Construction is in progress at the Keephills Thermal Station, a new power development south of Lake Wabamum. This plant will initially have two generating units each having a nominal rating of 400,000 kilowatts. The existing generating capability is made up of 800,000 kilowatts of hydro and 2,549,000 kilowatts of thermal generation. Operations of the hydro and thermal plants are combined to achieve minimum overall cost of energy. The large coal-fueled steam electric units supply the base or continuous load, while the hydro-electric plants are operated mainly to supply the peak load and the balance of the energy requirements. The Corporation has mined its own coal to meet most of its fuel requirements since 1962 when oil and gas, valuable feedstock for chemical processing, were rapidly becoming premium fuels which would soon become too expensive and scarce for power generation. The Corporation owns and operates two large coal mines for its primary fuel supply and mined about 8.6 million tonnes in 1980.

The power system is highly automated. 13 hydro-electric plants comprising 26 unattended generating units are operated remotely from a control centre 72 kilometres west of Calgary. The control centre handles load dispatching for all the generating plants, directs the operation of the main transmission system and has remote control of the majority of switching points.

The Corporation owns approximately 51,000 kilometres of transmission and distribution lines. For efficiency and reliability the system is interconnected with all other major power plants in Alberta and with the system of British Columbia Hydro and Power Authority. Through the interconnection with B.C. Hydro the Corporation is also indirectly connected with the power pool of electric utilities operating in the northwestern United States.

At the end of 1980 staff positions including Farm Electric Services Ltd. totalled 2,399. In addition the Corporation provided employment during the summer for 130 university, technical and high school students.



Directors

R. G. BLACK, Q.C.*
Calgary, Alberta
Barrister and Solicitor

T. S. DOBSON*†
Calgary, Alberta
Chairman
Easton United Securities Ltd.

D. D. DUNCAN, Q.C.
Winterburn, Alberta
Partner, Duncan & Craig

A. S. GORDON
Westmount, Quebec
Consultant, Merrill Lynch,
Royal Securities Limited

A. W. HOWARD*
Calgary, Alberta
Chairman of the Board

J. W. MADILL†
Calgary, Alberta
General Manager
Alberta Wheat Pool

W. J. MCCARTHY
Toronto, Ontario
Senior Vice-President
Sun Life Assurance Company of Canada

H. J. S. PEARSON†
Edmonton, Alberta
Chairman of the Board and
Chief Executive Officer
Century Sales & Service Limited

R. F. PHILLIPS, F.C.A.*
Calgary, Alberta
Corporation Director and
Corporate Consultant

W. J. SMITH
Montreal, Quebec
Group Vice-President, Montreal
Engineering Company, Limited

M. M. WILLIAMS
Calgary, Alberta
President and
Chief Executive Officer

* Member of Audit Committee
† Member of Compensation Committee

Officers

A. W. HOWARD
Chairman of the Board

M. M. WILLIAMS
President and
Chief Executive Officer

W. L. FRASER
Senior Vice-President
Resource Planning

K. F. MCCREADY
Senior Vice-President, Operations

H. G. SCHAEFER
Senior Vice-President
Financial and Corporate Planning

T. E. CARDELL
Vice-President, Plant
Engineering and Construction

E. W. SMITH
Vice-President, Operations
and Customer Services

F. A. R. MCKINNON
Treasurer and Director
of Finance

J. W. NEWBY
Secretary

R. L. MCCRIMMON
Assistant Secretary

F. V. KAY
Assistant Treasurer

W. A. VERES
Assistant Treasurer

Officials

E. J. BARRY
Assistant Vice-President, Planning

D. G. BACON
Director of Consumer Services

R. E. BERGEN
Director of Management Systems

M. J. CHOREL
Director of Generation Planning

J. A. CLOW
Director of Technical Services

G. A. HADLINGTON
Director of Generation Projects
Management

M. J. HALPEN
Director of Administrative Services

W. NIEBOER
Director of System Planning

D. B. PORTER
Director of Budgets and Administration
Planning

W. SAPONJA
Director of Power Production

A. H. WAKELYN
Director of Accounting

Corporate Information

Head Office

110 - 12th Avenue South West,
Calgary, Alberta

Postal Address:
Box 1900, Calgary, Alberta T2P 2M1

Auditors

CLARKSON GORDON,
Chartered Accountants, Calgary

Transfer Agents and Registrars

For Preferred Shares:
CROWN TRUST COMPANY,
Vancouver, Calgary, Edmonton,
Winnipeg, Toronto, Montreal
Montreal Trust Company, Regina, as
Agent of Crown Trust Company

For Common Shares:
MONTREAL TRUST COMPANY,
Vancouver, Calgary, Edmonton, Regina,
Winnipeg, Toronto, Montreal

Trustees and Registrars

For First Mortgage Bonds:
MONTREAL TRUST COMPANY,
Vancouver, Calgary, Toronto, Montreal

For Debenture Issues:
THE ROYAL TRUST COMPANY,
Vancouver, Calgary, Toronto, Montreal

**For Dividend Reinvestment and Share
Purchase Plan; and Stock Dividend
Accumulation Plan:**
MONTREAL TRUST COMPANY,
Calgary

Directors and Senior Vice-Presidents



A. S. Gordon and M. M. Williams.



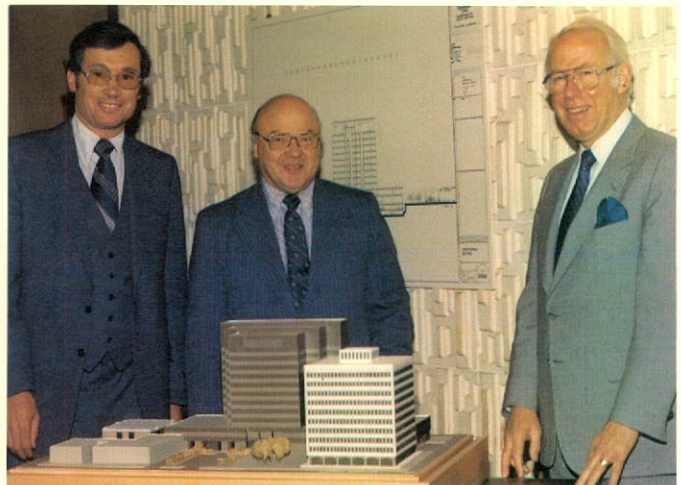
(l-r) R. G. Black, H. G. Schaefer and W. J. McCarthy.



(Standing l-r) T. S. Dobson, H. J. S. Pearson with W. L. Fraser visit system Trouble Headquarters.



(Standing l-r) W. J. Smith, D. D. Duncan with K. F. McCready review computer room procedures.



(l-r) J. W. Madill, A. W. Howard and R. F. Phillips view a model of the new Calgary office building.



**CALGARY
POWER**