

HOWARD ROSS LIBRARY
OF MANAGEMENT
APR 11 1980
MCGILL UNIVERSITY

CALGARY POWER LTD.

1979 ANNUAL REPORT

CALGARY POWER LTD.

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Shareholders -

99% Canada 31% Alberta

Registered holders of common and preferred shares of the Corporation total 29,070. Some 99% of the shareholders of record are in Canada and hold in excess of 99% of the outstanding shares. About 31% of all shareholders of record are in Alberta.

Shareholders' Meeting

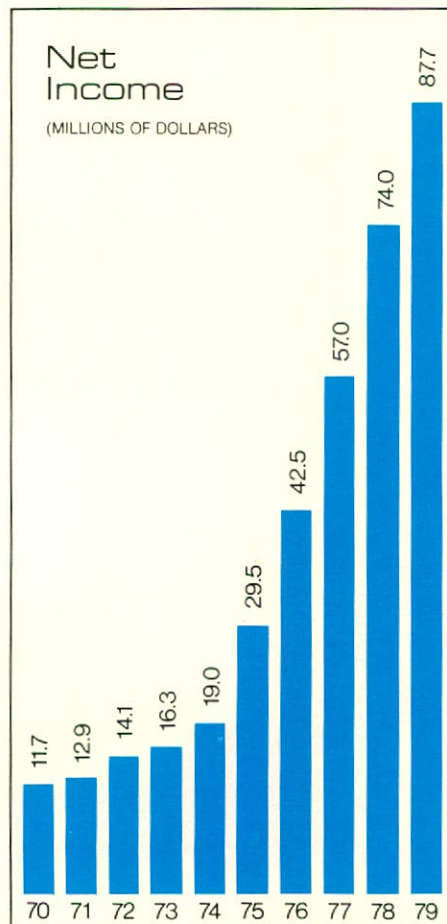
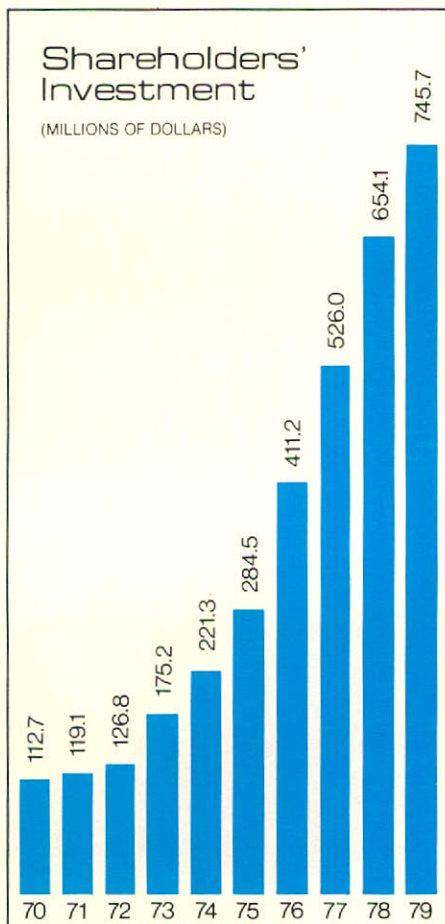
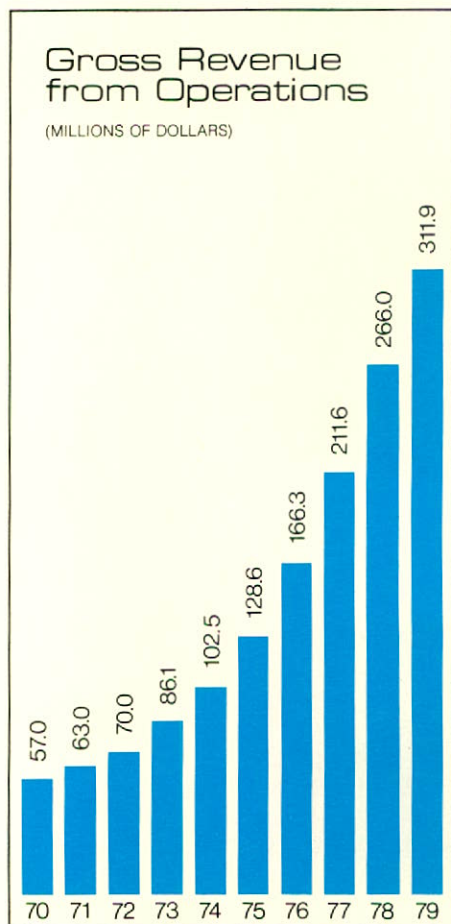
Shareholders are invited to attend the Annual and Special General Meeting to be held on Thursday, May 1, 1980 at 9:30 a.m. at the head office of the Corporation, 110 - 12 Avenue S.W., Calgary, Alberta. If you are unable to attend, please complete and return your proxy to assure representation at the meeting.

Cover

Canal conducting water from Lake Minnewanka to the Cascade Hydro-electric Generating Plant located in the Rocky Mountains west of Calgary also adds to the recreational opportunities in the area.

Financial Results in Brief

	1979	1978
Gross Revenue from Operations	\$ 311,942,000	\$ 266,002,000
Shareholders' Investment.....	\$ 745,700,000	\$ 654,106,000
Net Income	\$ 87,734,000	\$ 74,010,000
Capital Expenditures	\$ 209,051,000	\$ 185,259,000
Total Assets	\$1,470,486,000	\$1,325,847,000
Earnings Per Common Share	\$5.18	\$4.75
Dividends Declared Per Common Share	\$2.50	\$2.30



Report to Shareholders

The results of 1979 operations were very satisfactory. Record highs were reached in energy sales, revenues, investment in facilities, earnings and dividends.

The economic performance of Alberta over the past several years has surpassed that of Canada as a whole by a significant margin. While the principal economic activities in Alberta continue to be in petroleum and agriculture, growth since the mid-1960's has also been greater in the Province than for the rest of Canada in mining, construction and manufacturing. The growth in all of these sectors, coupled with rapid population expansion, has resulted in a warranted feeling of optimism. The pattern of relative prosperity in the Province will likely continue although a slowdown of the economy elsewhere, continued high inflation and high interest rates may result in some levelling in that pattern. The future of a utility company and the area it serves are inextricably linked. As we approach the 1980's, with the Corporation supplying more than 66% of the electric energy requirements in the Province, we look forward to the future with confidence.

During 1979 preliminary regulatory approval was given for two more large scale oil sands projects. Following the federal election, it is imperative that the interested parties, including the Provincial and Federal Governments, reach agreement to permit these projects to proceed. Development of the heavy oil deposits at Cold Lake by Esso

Resources and of oil sands in the Athabasca area by the Alsands Group headed by Shell Canada Limited will not only be important sources for Canada's future petroleum requirements, but will also have a profound effect on the economy.

Gross revenue increased 17.3% over 1978 and operating income was up 16.4%. Earnings per common share increased from \$4.75 to \$5.18. Regular dividends of \$2.50 were declared on Class A Common Shares. Beginning October 1, 1979 the quarterly dividend was increased from 60¢ to 65¢ per common share. Equivalent dividends were declared on Class B Common Shares, being cash dividends for the first two quarters and stock dividends commencing with the third quarter. The Board of Directors has recommended that the subdivision of common shares on a three-for-one basis be submitted to the shareholders for approval at the forthcoming Annual and Special General Meeting.

The growth of earnings applicable to common shares was in keeping with the increased common shareholders' investment and with the allowable rate of earnings per dollar invested by the common shareholders found as fair by the Public Utilities Board. Approximately half of the earnings on common shares are retained and reinvested to finance expansion of the business. This continuing reinvestment of equity capital enables the Corporation to market preferred shares and debt capital at lower cost.

Capital expenditures were \$209.1 million for construction of new facilities compared to \$185.3 million in 1978 and \$198.6 million in 1977. Such expenditures are expected to be \$325.0 million in 1980 and to increase substantially in subsequent years. The Corporation raised \$123.6 million of additional capital during 1979 from external sources.

It is a continuing concern of the Corporation that transfers to the respective provinces under the Public Utilities Income Tax Transfer Act remain at 95% of federal income taxes paid by investor-owned electric, gas and steam utilities. Every effort is being made by the Corporation and others to ensure that the Federal Government understands the discrimination and increased burden on our consumers that would result from any reduction of this 95% level.

A decision of the Public Utilities Board (Alberta) confirmed as final the interim average rate increase of 7.5% implemented in 1979 and ordered new rates which are expected to yield additional revenue of 5.7% in 1980. To meet the revenue requirement found by the Board as fair for 1980, application has been made for a further rate increase of 1.85% effective April 1, 1980. The Corporation continues to supply its customers at rates that compare favourably with other regions in Canada.

Electric energy sales increased 11.2% over 1978. This particularly large growth reflects the economic health in Alberta although the Corporation continued its campaign to heighten public awareness of the need for, and the benefits to be derived from, prudent energy management.

An extensive capital program to meet the ongoing demand for more power continues unabated. While construction activity winds down at the Sundance Steam Electric Plant with commissioning of its sixth and final generating unit planned for 1980, there is increased activity at the site of the Keephills Steam Electric Plant where generating units 1 and 2 are expected to be completed in 1983 and 1984. Application has been made to build two additional

generating units at the Keephills Plant. Negotiations are also proceeding for joint ownership of the proposed Sheerness Steam Electric Plant.

Planning for expansion of the transmission network continues concurrently with activities related to additional generating facilities. In 1978 applications were made to the Energy Resources Conservation Board for approval of three 500,000 volt lines as the initial step in the development of an extra high voltage transmission system to provide several benefits in Alberta including economies of scale, greater reliability, reduced losses and more efficient use of rights-of-way. Board decisions on these applications are pending after public hearings in various locations extending over a period of several months in 1979.

Dependence upon electric power permeates our whole society and will increase in the future. It is critical in the home, on the farm, in industry, in communication systems, in fact in all aspects of the present way of life. Everyone expects electricity to be instantaneously available, but the capability of an electric utility to provide service necessitates planning for expansion as much as a decade in advance. As government and public involvement becomes more intense and as public resistance to siting of electric facilities continues to increase, timely expansion becomes ever more difficult. Resulting additional costs mean higher electricity rates for consumers. Furthermore, in some cases reliability and the provision of service is being jeopardized.



M. M. Williams

A. W. Howard

Individual landowners and the public generally must be convinced of the need for expanded electric service since in the long term electricity will play an ever increasing role in Canada's future energy supply.

At the annual meeting in May 1979 J. B. Cross, a Director of the Corporation since 1956, did not stand for re-election. His fellow Directors and management wish to record their appreciation for his valuable contribution over the past 23 years. T. S. Dobson, formerly a senior officer of a Canadian chartered bank and currently Chairman of Easton United Securities Ltd., was elected to the Board of Directors at that meeting.

Calgary Power Ltd. is fortunate to possess a high degree of strength in human and natural resources, in technological expertise and in sound financial capability. We wish to express our sincere appreciation to all employees for their efforts and to our customers and shareholders for their continued support.

The foregoing is submitted on behalf of the Board of Directors which approved this annual report and supplementary information as well as the audited financial statements for the year ended December 31, 1979.

A. W. Howard
Chairman of the Board

M. M. Williams
President

February 13, 1980

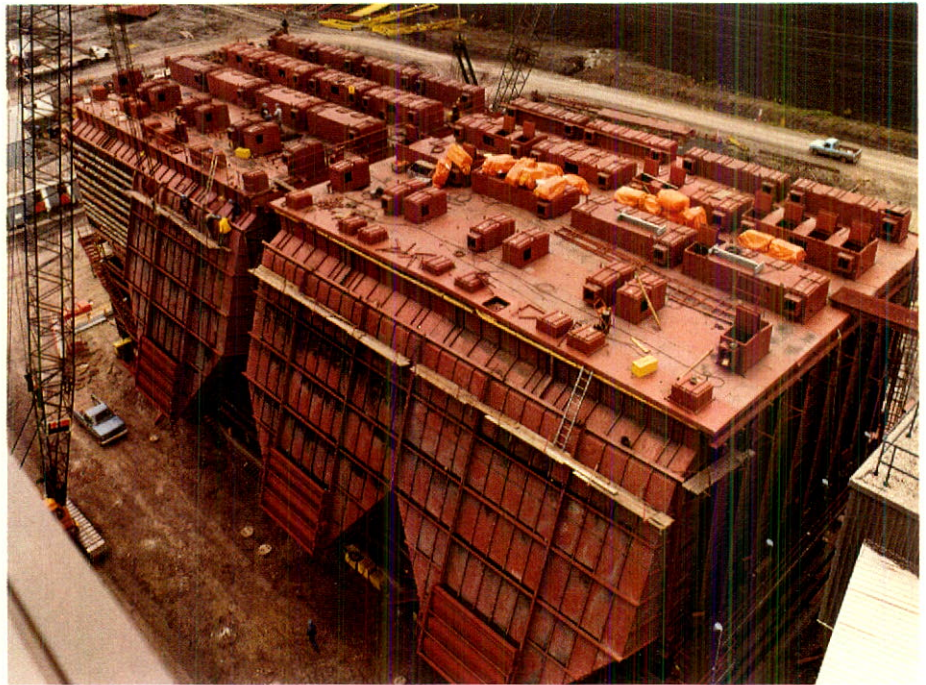
Operations Report

Operations and Customer Services

Peak load during the 1978-1979 winter period was 2,211,000 kilowatts. Electric energy sales increased 11.2% from 10,605 million kilowatt-hours in 1978 to 11,794 million kilowatt-hours. Largest growth took place in the industrial category within which oilfield activity resulted in 48,000 kilowatts of new load and 16.7% greater energy sales. Contracts were negotiated for new industrial loads in excess of 51,000 kilowatts. Commitments have been made by several customers to use electricity to drive large gas compressors. Historically this type of load has been served almost exclusively by gas engines. A number of industrial companies are discussing large power loads, two of which would aggregate 320,000 kilowatts.

The Corporation actively pressed its campaign to increase public awareness of the need for load management, particularly during peak load periods, and for energy conservation. Customers are becoming increasingly aware of the need for energy management. A number of business and residential customers have altered their use of energy while three of the largest industrial customers have selected an off-peak rate option which permits better utilization of the Corporation's generating capacity.

The Corporation continually strives to improve service to its customers. Augmenting its own mobile radio communication system, one of the latest improvements is the



Precipitator under construction at a cost of about \$12 million to collect particulate matter in the exhaust gas from Sundance Unit 6.

development of a communications system whereby customers can reach district service staff after office hours by simply dialing the regular number of the office. Electronic forwarding equipment automatically transfers the call to staff on standby, whether they are in a building that has a telephone or in a truck on another service call. Calls can also be made from the vehicles to another party on the public telephone system.

An automated drafting system has been installed in head office. A computer produces topographical maps of the Corporation's entire service area which when complete will show location and description of thousands of kilometres of distribution and transmission facilities, switching diagrams and customer locations, all of which were previously recorded manually. In addition to the economic benefit from increased productivity there will be a significant improvement in the timeliness of recording alterations and new construction in the rapidly expanding electric system.

Generation and Transmission

Frequent applications to the Energy Resources Conservation Board (Alberta) for approval to construct additional power generating plants and transmission lines reflect the anticipated industrial development in Alberta during the 1980's. Because of the very long lead times required to plan, design, obtain regulatory approvals of, and construct, steam electric generating plants, the Corporation is actively pursuing plans to meet not only current needs, but also the needs of 1987 and beyond.

Completion of the sixth and final generating unit at the Sundance Plant is expected in late 1980 and units 1 and 2 at the Keephills Plant (approximately 64 kilometres west of Edmonton) are scheduled for completion in 1983 and 1984, respectively. Negotiations are proceeding with Alberta Power Limited for joint ownership of units 1 and 2 at the 750,000 kilowatt coal-fired generating station at Sheerness (about 210 kilometres northeast of Calgary) scheduled for completion in 1985 and 1986. An application has been filed with the Energy Resources Conservation Board (Alberta) requesting approval for two additional 375,000 kilowatt units at the Keephills Plant to meet increased electric energy requirements anticipated in the latter part of the 1980's.



Some 40,000 pages of submissions to regulatory agencies and transcripts of public hearings in 1979.

Almost 90% of the electric energy supplied by the Corporation is generated from its coal-fueled steam electric plants. Since the mid-1950's when the first such major plant was built, very substantial coal reserves have been acquired thereby shielding our customers from rapidly escalating fuel cost and from the shortage of alternate fuels such as oil and gas experienced elsewhere. A number of Crown coal leases were added this year on which an active exploration program is being carried out to determine the coal reserves in place. Ten percent of the energy is generated by hydro-electric stations and the Corporation continues to be involved in studies of additional hydro power developments.

Current requirements are being studied for a new system control centre to improve operation of the main transmission grid from one location and to allocate electric load among the various generating units for greater economy.

A specially designed hydraulically adjustable railway flat car, 45 metres long and capable of carrying loads of up to 365 tonnes was acquired. It will be used to transport large heavy generators and transformers expeditiously, thus avoiding lengthy delays caused by the unavailability of similar equipment.

Environment

The Corporation is dedicated to meeting its environmental responsibilities and has spent or committed millions of dollars for this purpose. Mitigative measures are taken to protect or enhance Alberta's natural environment while continuing to construct facilities required to supply the electrical needs of the public. Efforts are being made to obtain better public understanding and acceptance of such measures, particularly regarding trade-offs between higher environmental standards and the cost to consumers.

It is of concern that the cumulative effect of more stringent environmental standards and the pressure for improved aesthetics and social measures are increasingly more expensive from the standpoint of both investment costs and additional operating costs. A portion of each increase in electricity rates is a result of these non-productive expenses.

With the cooperation of the public directly affected, the Corporation has initiated programs to provide recommendations on post-mining land uses, reclamation objectives and relocation of people to accommodate surface coal mining. During 1979 an additional 172 hectares of land were reclaimed, for a

combined total to date of 495 hectares at the Whitewood and Highvale Mines. Reclamation research continued at the site of the deferred Camrose-Riley project. A unique program related to the Keephills project is the ongoing work with the community toward the relocation of the hamlet off the coal field to a site selected by local residents. Although the hamlet will not be physically affected by mining activity until the early 1990's, efforts are currently under way to relocate the community as soon as possible to minimize local apprehension and provide an early base for further development of the community.

A five-year study to evaluate the effect, if any, of thermal discharge from the Wabamun Power Plant on weed growth in the lake has been completed and will be submitted to the Energy Resources Conservation Board (Alberta) early in 1980 for assessment. This scientific investigation indicates that withholding the warm water discharge to the lake will not solve the weed problem that is common to many lakes in the Province. The Corporation will be recommending retention of the existing cooling water system.

Staff

The number of staff positions increased to 2,287 from 2,163 in 1978. This increase reflects expanded business and additional plant and equipment placed in service which must be operated and maintained. The role of women is being expanded in the Corporation's work force and now includes various administrative and professional functions.



Customer seminar on techniques for load management and conservation of energy.

A two-year collective agreement that will expire on December 31, 1980 was reached with the International Brotherhood of Electrical Workers. The Employees' Association collective agreement has now been negotiated for one year expiring December 31, 1980.

The Corporation opened a modern, well equipped, centrally located training facility near Red Deer for the wide variety of in-house training programs offered to field and technical staff. This training centre is expected to make a significant contribution to our present and future employee development needs.

Some 900 employees participated in a public relations course that was designed to emphasize the important role of good public relations in the success of the Corporation.

A productivity improvement program was instigated utilizing the services of a specialized consulting firm. This project is intended to supplement other ongoing training and systems programs, in keeping with the desire to do a better job for the customers and shareholders, as well as improving the quality of work life for employees through more job satisfaction. Work methods are being analyzed, following which assistance is provided by the consulting firm to implement any new procedures that are developed.

Financial Report

Revenue, Expenses and Earnings

Gross revenue from operations was \$311.9 million, \$45.9 million above 1978 revenue. Additional electric load accounted for over two-thirds of the increase and the balance resulted from higher rates.

Operating deductions consisting of operating expenses, fuel and purchased power, depreciation, income and other taxes amounted to \$199.5 million, 17.7% over 1978. Operating expenses increased by \$17.2 million, income taxes by \$7.2 million and depreciation by \$5.6 million, reflecting the underlying growth of customers, load and property investment, coupled with increasing maintenance requirements and continuing inflation.

During the year, allowance for funds used during construction was \$17.5 million as a result of the large construction program.

The Corporation's rate of return on its equity investment in AEC Power Ltd. was established at 16% until the end of 1983 as a result of an arbitration decision dated March 12, 1979.

Earnings applicable to common shares were \$64.8 million or \$5.18 per common share. After payment of dividends on common shares aggregating \$31.3 million, the balance of \$33.5 million (\$2.68 per common share) was retained for use in the business.

To permit shareholders to take advantage of the income tax treatment accorded stock dividends,



\$18.4 million walking dragline with 44.5 cubic metre bucket and 99 metre boom leased for the Corporation's coal mining operations.

the Corporation commenced the payment of stock dividends on its Class B Common Shares on October 1, 1979. The value of shares issued as stock dividends is equal to 95% of the average market price of the Class A Common Shares, the same value used for the purchase of Class A Common Shares through the Dividend Reinvestment and Share Purchase Plan. The Class A Common Shares and the Class B Common Shares of the Corporation are inter-convertible at any time on a share-for-share basis.

Capital Program

Expenditures on plant and equipment were \$209.1 million. \$122.2 million was invested in new generating facilities including \$26.3 million to meet environmental requirements and \$86.9 million for expansion of transmission, substation and distribution systems.

Financing

Interest rates during 1979 reached record levels. As a result, the Corporation looked to a number of alternative sources for the capital required to finance the growth of its system.

Through private placements with institutional investors in Canada, the Corporation arranged for the issue of \$74 million of First Preferred Shares with \$20 million of these shares to be issued in early 1980. The proceeds of \$54 million received in 1979 from the issue of preferred shares represented a major portion of the total external financing requirement of \$123.6 million. The balance of

funds was raised by lease of a dragline (\$18.4 million) by additional advances obtained under existing export credit arrangements (\$4.0 million) and by the issue of 305,425 Class A Common Shares under the Corporation's Dividend Reinvestment and Share Purchase Plan as well as by bank loans and the issue of short term notes.

Dividend Reinvestment and Share Purchase Plan

This plan provides an opportunity for holders of Class A Common Shares and preferred shares to purchase additional Class A Common Shares at 95% of average market prices. Participants may also purchase Class A Common Shares at 100% of such average prices with interest on bonds and debentures and proceeds of redeemed preferred shares of the Corporation, as well as with optional cash payments.

Rate Regulation

On August 1, 1979 the Public Utilities Board (Alberta) issued its "Income Tax Inquiry Report No. E79079" as the result of hearings held in late 1977 and early 1978. The Board concluded that the "flow-through" method of calculating the income tax component should have general applicability to all Alberta utilities, except where it may be shown that special circumstances require consideration. The Corporation's present tax accounting is one of the exceptions the Board recognizes may be appropriate, if as at present, virtually all income taxes paid are rebated to customers of the utility. Accordingly, we do not expect a change in the Corporation's method of tax accounting unless the income tax rebate program is reduced.

	Common Shareholders		Preferred Shareholders		Total Reinvested
	% Participating	% Dividends Reinvested	% Participating	% Dividends Reinvested	
1976	7.5	4.0	4.7	1.5	\$ 499,000
1977	11.3	5.1	5.7	3.4	1,776,000
1978	16.1	11.3	7.2	10.9	5,477,000
1979	19.2	24.7	8.8	18.9	12,695,000

Participation in the Dividend Reinvestment and Share Purchase Plan introduced by the Corporation in July, 1976 continues to increase significantly. On January 1, 1980 a total of \$4.4 million was reinvested by 4,427 shareholders.

In a Decision dated January 28, 1980 the Board confirmed as final the increased interim rates which had been in effect since March 1979. Although energy sales in 1979 were higher than previously forecast, resulting in increased electric revenues and operating costs, actual 1979 return on rate base is in keeping with the Board's Decision.

The Board also approved new rates effective February 1, 1980 which are expected to yield additional revenue of 5.7%. These rates will not produce the revenue requirement found as fair by approximately \$4.9 million since the Board used a different method in determining return on rate base and delayed the implementation date of such rates. To produce this revenue requirement the Corporation has applied for a further rate increase of 1.85% effective April 1, 1980.

The Corporation has also applied for clarification of the direction given for determination of allowance for funds used during construction since the Decision appears to deny any return for one-half year on assets in the year in which they are placed in service. It is believed that this interpretation was not intended. If the Decision is not varied, earnings for 1979 would be reduced by \$3.2 million (26¢ per share).

The Board determined a forecast mid-year electric utility rate base of \$1,076.1 million for 1979 and \$1,265.2 million for 1980, and

estimated electric revenue requirement of \$308.0 million for 1979 and \$356.5 million for 1980. In the estimate of revenue requirements an overall cost of capital of 10.55% was determined in 1979 and 10.66% in 1980, including an allowance of 14.50% on common shareholders' equity.

It has been well established that utility earnings must be sufficient to attract necessary capital and rates must be adequate to provide required revenue. However, the relatively low cash flow and the perennial need to seek increasing amounts of capital from external sources are of real concern. The Corporation has sought to improve its cash flow and has strengthened its financial position through a larger component of equity capital and stronger protection of interest and dividend payments, so that it can continue to meet its large financing requirements. The Corporation believes that utilization of forecasts for future years as the basis for proposed rates and the use of interim rates to cover projected costs of service are important features of the rate regulatory process in Alberta. The latest hearings before the Public Utilities Board combined both the rates and earnings phases of the application. As a result, the Board was able to expedite the process so that only two-thirds of the normal hearing time was required.

Financial Statements



Consolidated Balance Sheet

December 31, 1979 and 1978

Assets

	1979 (thousands of dollars)	1978
Property Account:		
Land, buildings, plant and equipment at cost	\$1,664,092	\$1,460,023
Less accumulated depreciation	291,500	250,120
	1,372,592	1,209,903
Investment in AEC Power Ltd.	10,328	10,198
Current Assets:		
Cash	114	92
Short term deposits	—	24,200
Accounts receivable	35,109	31,553
Materials and supplies at average cost	16,674	14,003
Prepaid expenses	907	847
	52,804	70,695
Deferred Charges:		
Financing costs less amortization	34,421	34,837
Other	341	214
	34,762	35,051
	\$1,470,486	\$1,325,847

Auditors' Report

To the Shareholders of
Calgary Power Ltd.

We have examined the consolidated balance sheet of Calgary Power Ltd. and the consolidated statements of long term debt and capital stock as at December 31, 1979 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, 1979 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 8, 1980

Clarkson Gordon
Clarkson Gordon
Chartered Accountants

Liabilities

1979 1978
(thousands of dollars)

Shareholders' Equity:

Common shares.....	\$ 229,238	\$ 216,170
Contributed surplus.....	2,169	1,669
Reserve for rate adjustments.....	1,804	1,804
Retained earnings.....	217,294	183,862
Total common shareholders' equity.....	450,505	403,505
Preferred shares.....	295,195	250,601
Total shareholders' equity.....	745,700	654,106
Long Term Debt.....	484,779	474,906

Current Liabilities:

Bank loan and short term notes.....	36,566	6,444
Accounts payable and accrued charges.....	44,940	30,069
Income and other taxes payable.....	8,205	17,592
Dividends payable.....	14,321	12,532
Accrued interest on long term debt.....	8,519	8,750
Consumers' deposits.....	443	418
Current portion of long term debt.....	17,545	22,087
	130,539	97,892

Deferred Credits:

Deferred income taxes.....	42,059	42,039
Customer contributions.....	63,142	52,525
Hydro development contribution.....	4,267	4,379
	109,468	98,943
	\$1,470,486	\$1,325,847

On behalf of the Board:



T. S. Dobson, Director



A. W. Howard, Director

(See accompanying summary of accounting policies and notes)

Consolidated Statement of Income

Years ended December 31, 1979 and 1978

	1979 (thousands of dollars)	1978 (thousands of dollars)
Gross revenue from operations:		
Electric	\$309,043	\$263,578
Water utilities	2,899	2,424
	311,942	266,002
Operating deductions:		
Operating expenses	69,370	55,601
Fuel and purchased power	13,859	11,565
Taxes, other than taxes on income	10,291	9,108
Depreciation	44,731	39,089
Taxes on income	61,280	54,098
	199,531	169,461
Operating income	112,411	96,541
Allowance for funds used during construction by component:		
Debt	6,241	6,421
Preferred equity	3,114	3,147
Common equity	8,149	7,570
Total allowance for funds used during construction	17,504	17,138
Equity in net income of AEC Power Ltd.	1,908	1,543
Income before interest charges	131,823	115,222
Interest charges:		
Interest on first mortgage bonds	17,038	17,098
Interest on other long term debt	27,199	25,729
Other interest (net)	(148)	(1,615)
	44,089	41,212
Net income for the year	87,734	74,010
Dividends on preferred shares adjusted for accruals	22,984	19,077
Earnings applicable to common shares	\$ 64,750	\$ 54,933
Earnings per common share	\$5.18	\$4.75

Consolidated Statement of Retained Earnings

Years ended December 31, 1979 and 1978

	1979 (thousands of dollars)	1978 (thousands of dollars)
Balance at beginning of year	\$183,862	\$155,498
Net income for the year	87,734	74,010
	271,596	229,508
Deduct dividends:		
Preferred shares	23,022	19,135
Common shares	31,280	26,511
	54,302	45,646
Balance at end of year	\$217,294	\$183,862

(See accompanying summary of accounting policies and notes)

Consolidated Statement of Changes in Financial Position

Years ended December 31, 1979 and 1978

	1979	1978
	(thousands of dollars)	
Source of Funds:		
From operations —		
Net income for the year	\$ 87,734	\$ 74,010
Add (deduct) items not involving funds:		
Depreciation	44,731	39,089
Allowance for equity funds used during construction	(11,263)	(10,717)
Equity in net income of AEC Power Ltd.	(1,908)	(1,543)
Other	2,292	2,298
Funds provided from operations	121,586	103,137
Issue of common shares	12,695	63,225
Issue of first preferred shares	54,000	43,500
Issue of long term debt:		
Notes payable — secured	4,015	13,331
Secured debentures	436	—
Other	22,347	7,365
Customer contributions	12,637	13,272
Dividends from AEC Power Ltd.	1,778	1,512
Other	393	198
	<u>\$229,887</u>	<u>\$245,540</u>

Application of Funds:

Capital expenditures —		
Production	\$ 95,930	\$ 76,559
Environmental	26,268	28,114
Transmission, substations, distribution and other	86,853	80,586
	209,051	185,259
Less allowance for equity funds used during construction	11,263	10,717
	197,788	174,542
Dividends on preferred shares	23,022	19,135
Dividends on common shares (excluding stock dividends)	30,907	26,511
Financing costs	687	3,155
Reduction of preferred shares	9,406	7,053
Retirement of long term debt	23,157	13,500
(Increase) decrease in bank loan and short term notes	(30,122)	422
(Decrease) increase in working capital exclusive of changes in bank loan and short term notes and current portion of long term debt.	(24,958)	1,222
	<u>\$229,887</u>	<u>\$245,540</u>

(See accompanying summary of accounting policies and notes)

Statement of Long Term Debt

December 31, 1979 and 1978

Long Term Debt Summary

	1979 (thousands of dollars)	1978 (thousands of dollars)
First mortgage bonds.....	\$203,790	\$207,915
Notes payable — secured	83,033	81,628
Secured debentures.....	150,311	162,000
Notes payable — other	19,765	17,715
Capitalized lease obligations	37,900	20,144
Sundry indebtedness.....	7,525	7,591
	<u>502,324</u>	<u>496,993</u>
Less current portion.....	<u>17,545</u>	<u>22,087</u>
	<u>\$484,779</u>	<u>\$474,906</u>

First Mortgage Bonds

	1979 (thousands of dollars)	1978 (thousands of dollars)
4 % Series due 1979.....	\$ —	\$ 3,165
5 3/4% Series due 1981	9,400	9,400
8 3/4% Series due 1981	11,500	11,500
5 3/4% Series due 1982	8,000	8,000
9 3/4% Series due 1982	20,000	20,000
5 3/4% Series due 1983	9,000	9,000
5 5/6% Series due 1984	7,000	7,000
6 % Series due 1985	8,560	8,560
7 1/2% Series due 1988	12,000	12,000
7 7/8% Series due 1989	5,000	5,000
8 1/2% Series due 1993	25,000	25,000
9 1/8% Series due 1994	30,000	30,000
8 1/2% Series due 2002 (U.S. \$50,000,000).....	58,330	59,290
	<u>\$203,790</u>	<u>\$207,915</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 each year of 1% of the original principal amount of first mortgage bonds previously issued.

Notes Payable - Secured

	1979 (thousands of dollars)	1978 (thousands of dollars)
5 1/2%, 6% and 7% Series due 1980 to 1987 (Payable in sterling — £22,311,000; 1978 — £23,172,000)	\$57,614	\$56,124
6%, 7% and 7 7/8% Series due 1980 to 1984 (Payable in U.S. dollars — \$21,789,000; 1978 — \$21,507,000)	25,419	25,504
	<u>\$83,033</u>	<u>\$81,628</u>

These notes have no authorized limit and are fully secured by first mortgage bonds.

(See accompanying summary of accounting policies and notes)

Secured Debentures

	1979 (thousands of dollars)	1978 (thousands of dollars)
Series A — maturing one to five years at interest rates varying from 8¾% to 11¾%		
Due 1979.....	\$ —	\$ 11,075
Due 1980.....	444	444
Due 1981.....	405	405
Due 1982.....	76	76
Due 1984.....	436	—
	<u>1,361</u>	<u>12,000</u>
Series B — 9¾% due 1990.....	18,800	19,000
Series C — 8 % due 1992.....	23,750	24,000
Series D — 7¾% due 1980.....	7,000	7,000
Series E — 10½% due 2000.....	59,400	60,000
Series F — 10¾% due 2001.....	40,000	40,000
	<u>\$150,311</u>	<u>\$162,000</u>

The 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.

Notes Payable - Other

	1979 (thousands of dollars)	1978 (thousands of dollars)
1980.....	\$ —	\$ 3,480
1981.....	2,485	2,485
1982.....	3,625	3,625
1983.....	4,505	4,505
1984.....	3,620	3,620
1985.....	5,530	—
	<u>\$19,765</u>	<u>\$17,715</u>

These notes, 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 prevailing prime bank interest rate or the five year bank term deposit rate (15% at December 31, 1979) and mature December 31, in 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.

Capitalized Lease Obligations

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 \$710,000 at December 31, 1979 (1978 — Nil). The future minimum payments under the capitalized leases and the present value of future minimum rentals are as follows:

	1979 (thousands of dollars)	1978 (thousands of dollars)
1979.....	\$ —	\$ 1,965
1980.....	3,753	1,861
1981.....	3,753	1,861
1982.....	3,753	1,861
1983.....	3,753	1,861
1984.....	3,753	—
Later years.....	64,028	24,375
	<u>82,793</u>	<u>33,784</u>
Less amount representing interest.....	44,893	13,640
	<u>37,900</u>	<u>20,144</u>
Less current portion.....	788	695
	<u>\$37,112</u>	<u>\$19,449</u>

(See accompanying summary of accounting policies and notes).

Annual Requirements

The annual requirements for sinking fund, capitalized lease obligations and for repayment of maturing issues of long term debt for each of the following years is:

Year ended December 31	Annual Requirement (thousands of dollars)	
	Sinking Fund and Capitalized Lease Obligations	Maturing Issues
1980	\$2,627	\$14,918
1981	5,568	39,936
1982	5,878	49,496
1983	5,942	30,618
1984	6,012	26,723

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

Statement of Capital Stock

December 31, 1979 and 1978

(a) Authorized capital

During the year the Corporation was continued under the Canada Business Corporation Act. The Articles of Continuance reorganized its authorized capital from a total of 20,000,000 Class A and Class B common shares of no par value to an unlimited number of such common shares without nominal or par value and from 3,000,000 cumulative redeemable first preferred shares and 5,000,000 cumulative redeemable second preferred shares of par values of \$100 and \$25 respectively to an unlimited number of cumulative redeemable first preferred shares and cumulative redeemable second preferred shares without nominal or par value.

(b) Issued and outstanding

Common Shares

	Shares issued and outstanding		Amount	
	1979	1978	1979 (thousands of dollars)	1978
Class A shares	12,158,159	11,730,650	\$220,447	\$205,680
Class B shares	484,844	598,240	8,791	10,490
	<u>12,643,003</u>	<u>12,328,890</u>	<u>\$229,238</u>	<u>\$216,170</u>
Issued during the year				
For cash	—	1,540,000	\$ —	\$ 57,750
For cash under the Dividend Reinvestment and Share Purchase Plan	305,425	150,619	12,695	5,475
Stock dividends under Class B shares	8,688	—	373	—
	<u>314,113</u>	<u>1,690,619</u>	<u>\$ 13,068</u>	<u>\$ 63,225</u>

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.

(See accompanying summary of accounting policies and notes)

Preferred Shares

		Annual requirement	Shares issued and outstanding		Amount	
			1979	1978	1979 (thousands of dollars)	1978
Cumulative redeemable first preferred shares						
NO PURCHASE OR SINKING FUND						
4 % Series	—	—	36,069	38,853	\$ 3,607	\$ 3,885
4½ % Series	—	—	20,493	23,014	2,049	2,302
5 % Series	—	—	28,939	32,913	2,894	3,291
5.40 % Series	—	—	140	140	14	14
			<u>85,641</u>	<u>94,920</u>	<u>8,564</u>	<u>9,492</u>
PURCHASE FUND						
7 % Series	\$300,000		128,972	132,077	12,897	13,208
7½ % Series	\$500,000		226,349	231,009	22,635	23,101
8¾ % Series	9,000 shares		329,991	330,000	32,999	33,000
7.44 % Series (1977)	9,000 shares		291,000	300,000	29,100	30,000
7.30 % Series	12,000 shares		388,000	400,000	38,800	40,000
7.44 % Series (1979)	9,000 shares		300,000	—	30,000	—
7.70 % Series	7,800 shares		240,000	—	24,000	—
			<u>1,904,312</u>	<u>1,393,086</u>	<u>190,431</u>	<u>139,309</u>
SINKING FUND						
10 % Series	12,000 shares		234,000	255,000	23,400	25,500
9.80 % Series	8,000 shares		150,000	164,000	15,000	16,400
9¾ % Series	12,000 shares		258,000	279,000	25,800	27,900
			<u>642,000</u>	<u>698,000</u>	<u>64,200</u>	<u>69,800</u>
			<u>2,631,953</u>	<u>2,186,006</u>	<u>263,195</u>	<u>218,601</u>
Cumulative redeemable second preferred shares						
PURCHASE FUND						
\$2.36 Series	36,000 shares		<u>1,280,000</u>	<u>1,280,000</u>	<u>32,000</u>	<u>32,000</u>
					<u>\$295,195</u>	<u>\$250,601</u>

During 1979, 300,000 7.44% first preferred shares and 240,000 7.70% first preferred shares were issued for cash of \$30,000,000 and \$24,000,000 respectively. Subsequent to the year end an additional 20,000 7.70% first preferred shares were issued on January 30, 1980 and 115,000 8.64% first preferred shares were issued on February 5, 1980 for cash of \$2,000,000 and \$11,500,000 respectively. A further 65,000 8.64% first preferred shares will be issued for cash of \$6,500,000 on April 1, 1980.

During 1979 28,774 first preferred shares were purchased for cancellation to meet purchase fund requirements attached to certain series and 9,279 first preferred shares of certain other series were also purchased. The excess of the subscription price of the shares purchased over the cost thereof amounted to \$500,000 and is included in contributed surplus.

During 1979 9,000 shares of the 10% Series, 6,000 shares of the 9.80% Series and 9,000 shares of the 9¾% Series were called under the optional sinking fund provisions in addition to the mandatory sinking funds.

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.

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 7.70% and 8.64% series which are non-voting unless the Corporation fails to pay certain dividends.

(See accompanying summary of accounting policies and notes)

Summary of Accounting Policies

The financial statements of the Corporation have been prepared by management in accordance with generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations which have been made in the light of information available up to February 8, 1980. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the following 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. and Farm Electric Services Ltd. and its inactive subsidiaries, The Alberta Southern Coal Company Ltd. and The Calgary Water Power Company, Limited.

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.

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 based on current depreciation studies which resulted in overall composite rates for 1979 of 3.51% (1978 — 3.57%). Details of the Corporation's assets are as follows:

	Depreciation Rates (1979)	1979 (thousands of dollars)	1978 (thousands of dollars)
Hydro production	2.20%	\$ 142,532	\$ 140,031
Thermal production including coal mines	3.28%-3.70%	594,374	560,643
Environmental control	4.10%	149,329	148,077
Transmission lines, substations and distribution systems	3.10%-4.00%	469,918	408,244
Other	various	66,648	61,179
Property under construction		241,291	141,849
		<u>1,664,092</u>	<u>1,460,023</u>
Less accumulated depreciation		<u>291,500</u>	<u>250,120</u>
		<u>\$1,372,592</u>	<u>\$1,209,903</u>

Allowance for Funds Used During Construction

The Corporation capitalizes an allowance for funds used during construction at its before tax cost of capital presently 10.55% (10.78% in 1978) as determined by the Public Utilities Board (Alberta). (See Note 2).

Investment in AEC Power Ltd.

The investment represents one third of the outstanding common shares (consisting of 50% of the voting shares). AEC Power Ltd. owns and operates the utilities plant which supplies electricity and steam on a cost of service basis to the Syncrude Project for production of synthetic crude oil from the Alberta oil sands. The Corporation accounts for its investment on 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 \$1,565,000 were amortized to income in 1979 (\$1,233,000 in 1978) and at December 31, 1979 \$16,887,000 (\$16,764,000 at December 31, 1978) was deferred and included in financing costs on the balance sheet.

Taxes on Income

The Corporation has followed the tax allocation basis of accounting. Prior to 1973 deferred income 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.

In 1973 in accordance with a decision of the Public Utilities Board (Alberta) the Corporation ceased claiming for tax purposes depreciation and other expenses which would result in any additional deferral of income taxes with respect to its regulated utility operations.

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.

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

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

Notes to Consolidated Financial Statements

December 31, 1979

1. 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 as directed will be charged to this reserve.

2. Rates for Service

The Public Utilities Board (Alberta) in its decision dated January 28, 1980 confirmed the interim rates which have been in effect since March 1979 as final and ordered new final rates effective February 1, 1980 which are expected to yield additional revenue of 5.7%. The Corporation is applying to the Board for clarification of the direction given in determining the allowance for funds used during construction since the Order appears to deny any return for one-half a year on assets in the year in which they are placed in service. If the Board does not vary the Order, earnings for 1979 would be reduced by \$3,218,000 (26¢ per share).

3. Pension Plan

The Corporation has a retirement pension fund covering substantially all employees. Based on actuarial advice an unfunded past service obligation of approximately \$9,443,000 at December 31, 1977 is being funded and charged to operations in annual amounts of \$1,382,000.

	1979	1978	1977
Financial Record (thousands of dollars except for share amounts)			
Gross revenue from operations			
Electric	\$ 309,043	263,578	209,999
Water utility revenue	2,899	2,424	1,650
	311,942	266,002	211,649
Operating deductions	199,531	169,461	134,510
Operating income	112,411	96,541	77,139
Equity in net income of AEC Power Ltd.	1,908	1,543	1,343
Allowance for funds used during construction	17,504	17,138	15,928
Income before interest charges	131,823	115,222	94,410
Interest charges	44,089	41,212	37,415
Net income before extraordinary item	87,734	74,010	56,995
Gain on sale of property	—	—	—
Net income for the year	87,734	74,010	56,995
Average shareholders' investment (1)	699,903	590,031	468,571
Net income as a % of average shareholders' investment	12.5	12.5	12.2
Per common share			
Book value (year end)	35.63	32.73	29.31
Earnings	5.18	4.75	4.28
Dividends declared	2.50	2.30	2.05
Capital expenditures	209,051	185,259	198,574
Total assets	1,470,486	1,325,847	1,172,309
Capitalization (3)			
Long term debt	484,779	474,906	458,300
Preferred shares	295,195	250,601	214,154
Common shareholders' equity (1)	450,505	403,505	311,802
Total capitalization	1,230,479	1,129,012	984,256
Capitalization ratio % (3)			
Long term debt	39.4	42.1	46.6
Preferred shares	24.0	22.2	21.7
Common shareholders' equity (1)	36.6	35.7	31.7
	100.0	100.0	100.0
Interest coverage — times earned before income tax			
First mortgage bonds	9.75	8.49	8.41
All fixed charges	4.38	4.11	3.52
Statistical Record			
kWh Sales (millions)			
Residential, general service and small industry	1,952	1,767	1,540
Industry	4,165	3,637	3,320
Cities and towns under wholesale contracts	4,915	4,502	4,156
Farms	762	699	640
	11,794	10,605	9,656
Customers			
Served directly	241,615	227,947	212,709
Served indirectly through wholesale contracts	257,365	226,289	215,589
Generating capability (net MW)			
Hydro	800	800	800
Thermal	2,197	2,197	1,845
	2,997	2,997	2,645
Sources of primary energy (millions of kWh)			
Hydro	1,408	1,824	1,518
Thermal			
Gas	17	5	9
Coal	12,627	10,240	9,833
Purchases & (Exchanges)	(1,204)	(502)	(701)
	12,848	11,567	10,659

Note: (1) Includes reserves for rate adjustments.

(2) 1974 includes a non-recurring gain on sale of property of 29¢ per share.

(3) Excludes current portion of long term debt.

Year Summary

1976	1975	1974	1973	1972	1971	1970
164,965 1,289	127,494 1,112	101,402 1,047	85,150 973	69,173 853	62,238 764	56,200 648
166,254	128,606	102,449	86,123	70,026	63,002	56,848
107,540 58,714 824 15,161	84,044 44,562 — 11,692	69,691 32,758 — 4,142	56,639 29,484 — 3,760	45,210 24,816 — 3,718	40,872 22,130 — 2,051	39,174 17,674 — 4,256
74,699	56,254	36,900	33,244	28,534	24,181	21,930
32,153	26,793	19,572	16,940	14,395	11,300	10,244
42,546 —	29,461 —	17,328 1,628	16,304 —	14,139 —	12,881 —	11,686 —
42,546	29,461	18,956	16,304	14,139	12,881	11,686
347,850	252,928	198,288	151,004	122,926	115,911	109,806
12.2	11.6	9.6	10.8	11.5	11.1	10.6
26.87 3.78 1.90	23.95 3.40 1.60	21.80 2.68(2) 1.25	21.01 2.62 1.10	19.49 2.38 1.00	18.11 2.18 1.00	16.33 1.97 .85
207,520 959,278	160,519 759,615	120,209 601,564	66,836 492,335	66,245 438,976	49,895 377,313	49,945 339,558
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	161,017 27,000 85,745
797,804	607,485	476,539	388,956	348,003	291,559	273,762
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	58.8 9.9 31.3
100.0	100.0	100.0	100.0	100.0	100.0	100.0
6.33 2.99	4.99 2.66	4.02 2.63	4.24 2.54	3.63 2.36	3.83 2.63	3.90 2.87
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	703 1,884 2,336 385
8,931	8,398	7,952	7,383	6,660	5,866	5,308
198,558 202,684	184,740 190,978	171,977 182,601	164,136 159,960	153,118 152,509	146,193 144,833	139,925 137,004
800 1,493	800 1,141	800 1,141	800 1,141	800 855	680 860	680 860
2,293	1,941	1,941	1,941	1,655	1,540	1,540
1,731	1,415	1,715	1,513	1,559	1,194	1,211
239 7,547 294	337 6,953 487	309 6,737 (130)	449 5,636 591	356 5,368 147	296 5,031 52	478 3,870 434
9,811	9,192	8,631	8,189	7,430	6,573	5,993

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
Service area.....	194,000 square kilometres in the Province of Alberta and over 66% of Alberta's electric energy requirements
Net generating capability.....	2,997,000 kilowatts
Number of common and preferred shareholders.....	28,746 Canadian and 324 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 in the production and distribution of electricity in the Province of Alberta since 1911. It supplies a diversified load within its service area of some 194,000 square kilometres from the international boundary on the south to approximately 185 kilometres north of Edmonton. Over 66% of Alberta's electric energy requirements and over half of the population of the province are supplied by the Corporation.

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 1920's 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 589 cities, towns, villages and hamlets, as well as farms and other customers in the surrounding rural areas. At the end of 1979 the Corporation served 241,615 customers directly and an

additional 257,365 customers indirectly through wholesale power contracts.

The Corporation now owns and operates 13 hydro-electric plants and two steam electric plants with a total net generating capability of almost 3 million kilowatts. An additional 350,000 kilowatts is being added at the Sundance Plant and preliminary work has commenced on a third steam electric plant known as Keephills. The existing generating capability is made up of 800,000 kilowatts of hydro and 2,197,000 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 7.8 million tonnes in 1979.

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 46,500 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.

Water utility systems in three communities are owned and operated by the Corporation and a fourth system is operated on behalf of the county. Gross revenue from water utility operations amounts to less than 1% of total revenue.

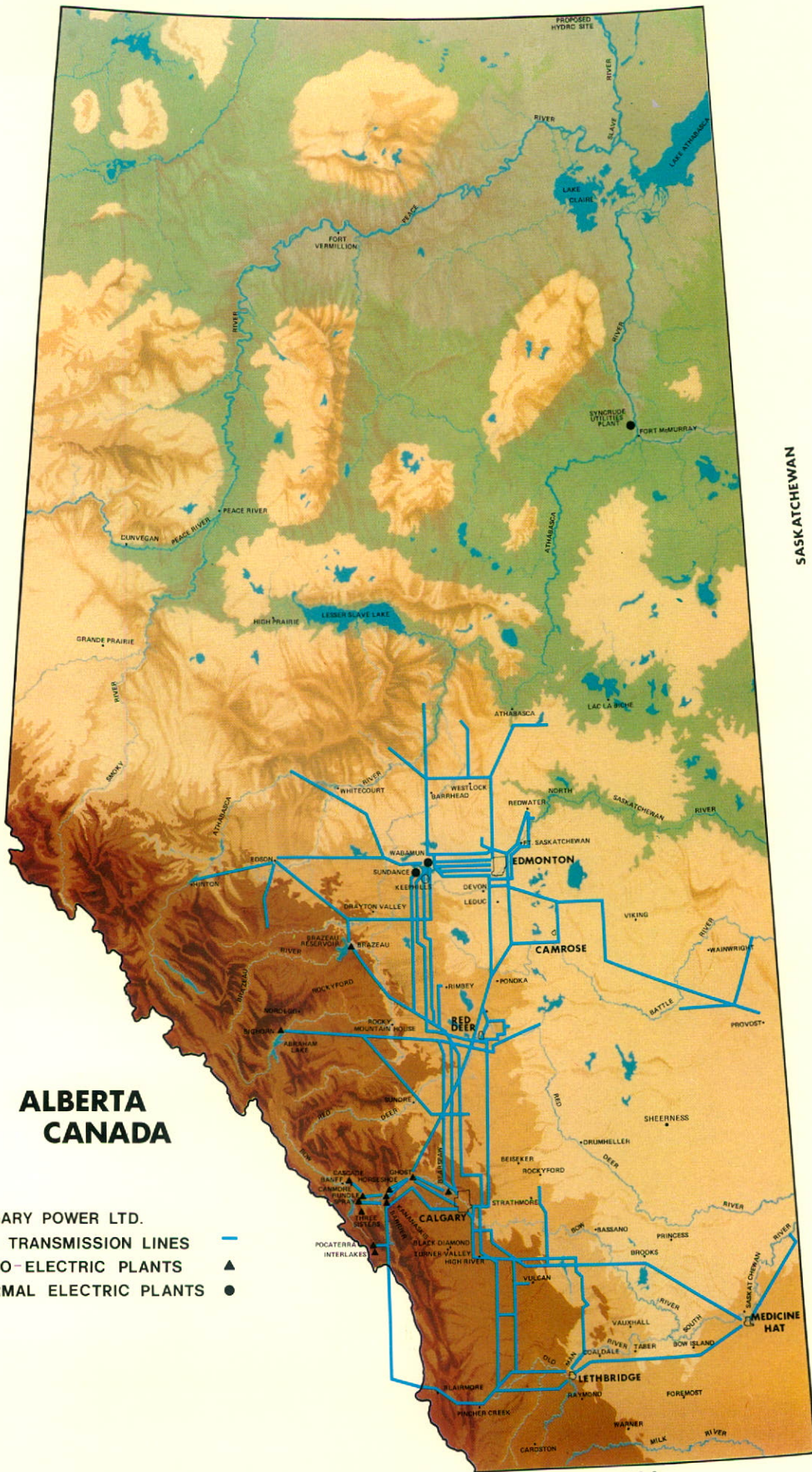
At the end of 1979 staff positions including Farm Electric Services Ltd. totalled 2,287. In addition the Corporation provided employment during the summer for 131 university, technical and high school students.

BRITISH COLUMBIA

SASKATCHEWAN

ALBERTA CANADA

CALGARY POWER LTD.
MAIN TRANSMISSION LINES —
HYDRO-ELECTRIC PLANTS ▲
THERMAL ELECTRIC PLANTS ●



U.S.A.

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Calgary, Alberta
Partner, Jones, Black
& Company

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

Town of Mount Royal, Quebec
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*

Calgary, Alberta
Corporate Consultant

W. J. SMITH

Montreal, Quebec
Group Vice-President, Montreal
Engineering Company, Limited

M. M. WILLIAMS

Calgary, Alberta
President

Officers

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M. M. WILLIAMS

President

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Vice-President, Plant
Engineering and Construction

W. L. FRASER

Vice-President, Engineering
and Planning

K. F. McCREADY

Vice-President, Administration

H. G. SCHAEFER

Vice-President, Finance

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

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Director of Consumer Services

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J. A. CLOW

Director of Technical Services

G. A. HADLINGTON

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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

*Member of Audit Committee

†Member of Compensation Committee

Corporate Information

Head Office

110 - 12th Avenue South West, Calgary, Alberta

Postal Address:

Box 1900, Calgary, Alberta T2P 2M1

Solicitors

JONES, BLACK & COMPANY, Calgary

DUNCAN & CRAIG, Edmonton

Auditors

CLARKSON GORDON, Chartered Accountants, Calgary

Transfer Agents and Registrars

For Preferred Shares:

CROWN TRUST COMPANY, Vancouver, Calgary, 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



**CALGARY
POWER**