

Annual Report
CANADA NORTHERN POWER
CORPORATION
LIMITED



Year ended
DECEMBER THIRTY-FIRST
1948

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OFFICERS

President

A. J. NESBITT, Montreal

Vice-President and General Manager

B. V. HARRISON, Noranda, Qué.

Directors

B. V. HARRISON.....	Noranda
L. C. HASKELL.....	Montreal
DAN. MCLACHLIN.....	Arnprior
A. J. NESBITT.....	Montreal
ALFRED H. PARADIS.....	Montreal
JOS. SIMARD.....	Montreal
P. A. THOMSON.....	Montreal
JAS. B. WOODYATT.....	Montreal

Secretary

L. C. HASKELL

Treasurer

T. IRVING

Assistant Secretary

V. J. NIXON

Assistant Treasurer

E. L. JOWETT

Assistant Secretary Treasurer

A. H. HULL

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Auditors

P. S. ROSS & SONS

Transfer Agents and Registrars

MONTREAL TRUST COMPANY, MONTREAL, P.Q., AND TORONTO, ONT.

Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA

CANADA NORTHERN POWER CORPORATION, LIMITED

Montreal, P.Q., March 4th, 1949.

TO THE SHAREHOLDERS:

Your Directors are pleased to present the following report for the year ending December 31st, 1948.

All the outstanding 7% Cumulative Preferred Shares of Canada Northern Power Corporation, Limited were redeemed as of January 15th, 1948, at \$110 per share plus accrued dividend. Dividends amounting to Sixty Cents per share on the No Par Value Common Stock were paid during the fiscal year from the accumulated surplus.

Regular quarterly dividends on the 5% Cumulative Redeemable Preferred Shares of the subsidiary company, Northern Quebec Power Co., Limited, were duly paid. In order to provide cash for construction purposes, no dividend was paid on the No Par Value Common Stock of this subsidiary, all of which is held by your Company.

Power Demand The demand for power increased by 8% during the year, output being 295,824,896 kilowatt hours, compared with 274,144,522 kilowatt hours in 1947. There was an increase of 800 in the number of customers on December 31st, 1948, the figure on that date being 10,329.

New Power Customers There is little to report on the subject of new power customers, as no new mining properties in our territory have been opened up during the past year. A contract was entered into with J. F. Gravely, Limited, for the supply of power to their lumber mill located in Val d'Or, Quebec.

Construction Activities Work on the construction of the extension to the Company's power plant on the Quinze River is well under way. When completed, the installed capacity of this plant will have been increased from 40,000 H.P. to about 84,500 H.P.

To take care of increased power demands in the Town of Val d'Or, the capacity of the

Company's substation is being increased by 1,500 kva. to 3,750 kva.

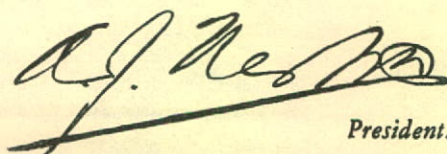
Rates It will be seen by a comparison of the total kilowatt hour output of the Company with its gross electric revenue that the rates for power furnished by your Company, when the item of taxation is taken into consideration, are as low as the cost of power to the customers of any organization furnishing similar service on this Continent, whether privately or publicly owned. These figures show that we receive 68 one-hundredths of a cent per kilowatt hour, which figure after deducting *taxes totalling \$439,952.00* is reduced to 53 one-hundredths of a cent per kilowatt hour.

Plants and Properties The properties of the Company are being maintained in good operative condition, and are at present at a high standard of efficiency.

Employees Your Directors wish to record their appreciation of the loyal and faithful service rendered by the employees of the Company.

The annual General Meeting of the Shareholders of your Company will be held at Room 103, 355 St. James Street West, in the City of Montreal, on Tuesday, the 22nd day of March, 1949, at 3 o'clock in the afternoon.

Respectfully submitted on behalf of the Board.



President.

CANADA NORTHERN POWER AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS	1948	1947
Plant Investments:		
Properties, Plant and Equipment, Organization, etc., at cost less net adjustment arising as a result of consolidation	\$11,858,696.33	
Dominion of Canada Bonds at cost, including accrued interest, held by Trustee for Bondholders for purposes of financing new construction	2,306,956.30	\$14,165,652.63 \$13,724,415.47
Cash in Banks	272,962.48	434,902.25
Investments:		
Marketable Securities	185,506.23	
(Market Value — \$130,630.00)		
Other Investments at book value which is not in excess of cost	128,500.00	314,006.23 437,602.97
Net Equity of Investment in Subsidiary Company represented by estimated proceeds on final winding-up		134,437.29
Accounts Receivable including accrued revenue	142,699.96	146,356.38
Merchandise and Maintenance Supplies:		
Inventories as shown by book records valued at not more than cost as certified to by responsible officers of the Company. Book records are adjusted periodically to agree with physical inventories	209,522.99	166,931.88
Refundable portion of Excess Profits Tax	2,594.39	4,227.29
Prepaid and Deferred Charges	64,772.09	52,517.12
Bond Issue discount and financial expense, less amounts written off	209,169.64	218,650.00
Due from employees on purchase of Savings Bonds	5,665.76	
Approved on behalf of the Board:		
A. J. NESBITT }		
JAS. B. WOODYATT }	\$15,387,046.17	\$15,320,040.65

CANADA NORTHERN POWER CORPORATION LIMITED,
MONTREAL.

Auditors' Report t

We have made an examination of the books and accounts of Canada Northern Power Corporation Limited and its Su
We report that in our opinion, the accompanying Consolidated Balance Sheet and related consolidated statements of
of the Companies at December 31, 1948 and the results of their operations for the year ended that date according to the best

Montreal, February 17, 1949.

R CORPORATION, LIMITED

RY COMPANY

as at December 31, 1948

LIABILITIES

	1948	1947
TO THE PUBLIC:		
Funded Debt — Subsidiary Company		
First Mortgage Bonds — Authorized \$7,500,000.		
Issued —		
3% Serial Bonds Series "A" maturing		
November 15, 1950-1957	\$1,200,000.00	
3¾% 20 year Bonds Series "A" maturing		
November 15, 1967	4,800,000.00	
4½% General Mortgage Bonds, maturing		
November 15, 1967		
Authorized and Issued	3,000,000.00	
	\$ 9,000,000.00	\$ 9,000,000.00
Accounts Payable and Accrued Liabilities	66,618.64	129,786.79
Bond Interest accrued	43,875.00	43,875.00
Provision for Taxes	183,650.31	255,360.00
Subsidiary Company Preferred Dividend accrued	4,166.67	3,205.13
Common Dividend payable	60,000.00	60,000.00
Customers' Deposits including interest	107,383.70	98,635.49
	<u>\$9,465,694.32</u>	<u>\$9,590,862.41</u>
TO THE PUBLIC SHAREHOLDERS OF SUBSIDIARY COMPANY —		
5% Cumulative Redeemable Preferred Shares of \$100. each		
(Redeemable at \$103.50 upon 30 days' notice)		
Authorized and issued — 10,000 shares of \$100. each	1,000,000.00	1,000,000.00
TO THE SHAREHOLDERS — CANADA NORTHERN POWER CORPORATION LIMITED:		
Capital Stock —		
Common Shares of No Par Value—		
Authorized	500,000 Shares	
Issued	400,000 Shares	
	2,148,796.00	2,148,796.00
Reserves —		
Depreciation	4,714,880.65	4,512,200.37
Bad Debts	17,863.12	16,347.73
Surplus — Balance as at December 31, 1948	495,778.39	509,887.90
Capital Deficit (after crediting prior period adjustment of \$2,087.45) (Dr.)	2,455,966.31	2,458,053.76
	<u>\$15,387,046.17</u>	<u>\$15,320,040.65</u>

the Shareholders

subsidiary for the year ended December 31, 1948 and have obtained all the information and explanations which we have required. Surplus and Income and Expenditure are properly drawn up so as to exhibit a true and correct view of the combined affairs of our information and the explanations given to us and as shown by the books of the Companies.

P. S. Ross & Sons,
Chartered Accountants.

CANADA NORTHERN POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANY

Consolidated Statement of Income and Expenditure
For the Year Ended December 31, 1948

Gross Earnings from Operations			\$2,043,737.03
DEDUCT:			
Operating Expenses	\$922,119.23		
Directors' Fees	9,825.00		
Executive Officers' Salaries.....	17,872.00		
Legal Fees	3,581.22		
Contribution to Pension Fund	16,650.00		
Provision for Bad Debts	2,001.88		
		972,049.33	
Net Operating Profit before interest, depreciation and income taxes			1,071,687.70
Income from Investments			64,215.19
			1,135,902.89
DEDUCT:			
Interest — On Bonds of Subsidiary Company —			
First Mortgage Bonds	\$216,000.00		
General Mortgage Bonds	\$135,000.00		
Less:			
Charged to construction	77,439.81	57,560.19	273,560.19
Interest — on Consumers' Deposits.....			3,456.42
Amortization of Bond Discount and Expense			11,063.02
Provision for — Depreciation			275,335.00
— Income Taxes			224,220.00
			787,634.63
Net Income for the year transferred to Surplus			\$ 348,268.26

Consolidated Statement of Surplus
For the Year Ended December 31, 1948

Balance at Credit, January 1, 1948			\$ 509,887.90
ADD:			
Net Income for the year transferred from Statement of Income and Expenditure	\$348,268.26		
Credit adjustments applicable to prior periods	7,000.13		
		355,268.39	
			865,156.29
DEDUCT:			
Dividends on —			
Capital Stock of Subsidiary held by the Public — Preferred shares	49,999.54		
Common Stock	240,000.00		
		289,999.54	
			575,156.75
DEDUCT ALSO —			
Net Loss on investments			79,378.36
Balance at Credit, December 31, 1948			\$ 495,778.39

CANADA NORTHERN POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANY

Consolidated Operating Statement

For Years Ending December 31st

	See Note (C)				
	1944	1945	1946	1947	1948
Electric Revenue	\$3,844,008	\$1,688,778	\$1,932,776	\$2,012,613	\$2,043,737
(B) Miscellaneous Revenue	178,207	183,384	77,911	70,082	64,215
Gross Revenue	<u>4,022,215</u>	<u>1,872,162</u>	<u>2,010,687</u>	<u>2,082,695</u>	<u>2,107,952</u>
Purchased Power	362,773	89,790	153,930	297,019	316,714
Operation	729,495	266,465	266,798	313,626	347,611
Maintenance	106,665	34,228	50,295	59,560	76,795
Taxes (Excluding Income and Profits)	244,036	137,103	161,364	170,898	212,277
Total Operation, Maintenance and Taxes	1,442,969	527,586	632,387	841,103	953,397
Net Earnings	2,579,246	1,344,576	1,378,300	1,241,592	1,154,555
Bad Debts	4,108	1,762	1,933	2,013	2,002
Interest	709,491	238,931	2,809	24,923	277,017
Depreciation	688,000	204,000	204,000	204,000	275,335
Employees' Pension Fund	26,000	8,750	11,700	13,750	16,650
Net Loss on Sale of Merchandise and Power Stores	62,902				
Amortization of Bond Discount				1,350	11,063
Total Deductions	1,490,501	453,443	220,442	246,036	582,067
Net Earnings after Deductions	1,088,745	891,133	1,157,858	995,556	572,488
Income and Excess Profits Taxes	455,201	398,201	499,480	353,030	224,220
Surplus for Year	633,544	492,932	658,378	642,526	348,268
(A) Surplus brought forward	2,699,644	2,632,178	940,319	973,584	516,888
Preferred Dividends Paid	3,333,188	3,125,110	1,598,697	1,616,110	865,156
Common Dividends Paid	450,965	398,285	385,000	404,090	50,000
Net Adjustment re Financing	240,822	240,100	240,113	240,102	240,000
Net Loss on Investments		1,546,406		462,030	
Surplus Carried Forward	<u>691,787</u>	<u>2,184,791</u>	<u>625,113</u>	<u>1,106,222</u>	<u>369,378</u>
	<u>\$2,641,401</u>	<u>\$ 940,319</u>	<u>\$ 973,584</u>	<u>\$ 509,888</u>	<u>\$ 495,778</u>
Customers Connected	24,148	7,310	8,643	9,529	10,329
Shareholders	4,187	3,921	3,855	2,986	1,595
Kilowatt Hour Output	<u>546,581,153</u>	<u>227,306,788</u>	<u>248,064,944</u>	<u>274,144,524</u>	<u>295,824,896</u>

(A) Adjusted for prior year charges.

(B) Miscellaneous Revenue includes compressed air gross earnings, merchandise net profits and earnings from investments, etc.

(C) After sale of physical assets of Northern Ontario Power Co., Ltd.

