

ANNUAL REPORT
CANADA NORTHERN POWER
CORPORATION, LIMITED

7

YEAR ENDED DECEMBER 31ST

1928

CANADA NORTHERN POWER CORPORATION, LIMITED



President

A. J. NESBITT, Montreal

Vice-President

JAS. B. WOODYATT, Montreal

Directors

J. H. BLACK.....	Toronto
F. O. BLACKWELL.....	New York
DAN. McLACHLIN.....	Arnprior
MAJ.-GEN. THE HON. S. C. MEWBURN, C.M.G.....	Hamilton
A. J. NESBITT.....	Montreal
P. A. THOMSON.....	Montreal
N. A. TIMMINS.....	Montreal
E. R. WOOD.....	Toronto
JAS. B. WOODYATT.....	Montreal

General Manager

B. V. HARRISON, New Liskeard

Secretary

L. C. HASKELL, Montreal

Treasurer

CHAS. JOHNSTONE, Montreal

Assistant Secretary-Treasurer

H. A. SEYMOUR, New Liskeard

Assistant Secretaries

M. M. COX, Montreal

V. J. NIXON, Montreal

Assistant Treasurer

F. D. LAMONT, Montreal

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Auditors

MESSRS. P. S. ROSS & SONS

HEAD OFFICE..... Montreal

Canada Northern Power Corporation, Limited

TO THE SHAREHOLDERS:

In submitting herewith the Fourth Annual Report of your Company for the year ending December 31st, 1928, your Directors are pleased to again report a satisfactory growth and development in the Company's business, as is shown by the Comparative Statement herewith for the past four years.

Construction Activities: The increasing requirements of the territory served has resulted in a constant increase in the demand for electrical power, which has necessitated improvements and extensions in the Company's facilities calling for large capital expenditures.

The two new 13,500 K.V.A. generating units at the Quinze Power Station, mentioned in our last report, are now completed and in full operation. This brings the installed capacity of this station up to 47,000 H.P. and an ultimate capacity of 67,000 H.P. A new 110,000 volt transmission line has been constructed from the Quinze Station to Boischatel and Rouyn, completing duplicate transmission facilities to the important Rouyn mining area. An up-to-date warehouse and repair shop has been constructed at New Liskeard, with railroad facilities to its door. A new office and store building was erected at Timmins, while another new store was erected at Kirkland Lake.

A lease for the development of power at "The Notch" on the Montreal River has been obtained from the Ontario Government, and preliminary investigations have been under way at this site, where approximately 45,000 H.P. will eventually be developed.

Franchise Renewals: During the year renewals of franchises were obtained from the Municipalities of Cobalt, Haileybury, New Liskeard and Englehart.

Merchandise Sales Activities: Your Company now operates eight retail stores for the sale of electrical appliances. Sales of electrical merchandise through these stores have increased considerably, the total gross sales for the year reaching \$135,239.35. Both from a business standpoint and the accommodation of customers the result of merchandise sales has been quite satisfactory.

In the Canadian Electrical Association 1927/28 Competition, open to the power companies' stores established subsequent to September 1st, 1926, in which entries were made by all the big Canadian power companies, the first prize was won by your store at Haileybury and the second prize by your store at Kirkland Lake, New Liskeard occupying third place, Rouyn fifth place, Cobalt sixth place and Englehart seventh place in the Contest.

New Power Customers: The growth of demand for power has been particularly large in Rouyn and at Kirkland Lake. Among the more recent additions to our customers may be cited The Macassa Mines, Continental Mines, Cambro-Kirkland Mines, Bidgood Consolidated, Murphy Mines, Goodfish Mines in the Kirkland Lake region. Other important new power users are the Mining Corporation, Amulet and Waite-Montgomery Mines in the Rouyn area; the Hilltop Mining Company, Amati Copper Mines and Patterson Copper Mines in the Boston Creek district.

Customer Ownership: The Customer Ownership Campaign, launched in September last, gave very satisfactory results. 3045 shares were subscribed for during the campaign by 1154 customers, and 734 shares were bought by 234 employees of the Company. Much of this stock was, of course, purchased on the deferred payment plan, and as subscribers do not really become shareholders until the stock has been issued to them, the number of stockholders for 1928 shown on our Comparative Statement does not include the subscribers that have not yet completed payments on their stock.

Financing: Last May the existing bond issues were redeemed and replaced by a new \$15,000,000 issue of 5% bonds. This not only resulted in an appre-

ciable saving in interest but also in a much simplified financial structure, which will facilitate future financing and make possible the raising of the large amounts of capital necessary to keep our facilities ahead of our customers' needs with the greatest economy.

Amalgamations: The Northern Ontario Light & Power Company, Limited, and the Northern Canada Power, Limited, were amalgamated into the Northern Ontario Power Company, Limited, and the name of the Quinze Power Company, Limited, was changed to Northern Quebec Power Company, Limited. The telephone department of the Porcupine Power & Telephone Company, Limited, was sold to the Northern Telephone Company and the remaining assets were transferred to the Northern Ontario Power Company, Limited, so that now the Northern Quebec Power Company, Limited, operates in Quebec and the Northern Ontario Power Company, Limited, operates in Ontario, while your Company is a holding company for both of these enterprises.

Pulp Operations: The Company's ground-wood pulp mill, located between Haileybury and New Liskeard, is operating steadily and is proving a boon to the settlers in the immediate vicinity, from whom pulpwood is bought.

Taxation: It is necessary and proper to bring to the attention of the shareholders the increasing burden of taxation to which your Company must submit. Practically 10% of the revenue collected from your customers is returned to the public through the various Governmental authorities, and while all connected with this Company—our customers, shareholders and others—should

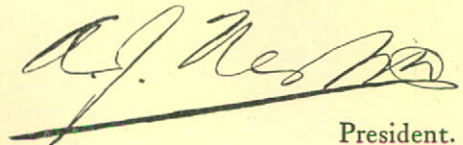
willingly pay their share of the cost of administration of the country, nevertheless the large amounts returned to the Governments are a heavy burden on your Company and must be collected from our customers for the service supplied.

Rates: The attention of our shareholders is directed to the very low rates which your Company receives for the service supplied, and which is without doubt an important factor in assisting in the upbuilding, growth and prosperity of the great mining industry which your Company serves. It is to be noted that the gross electric revenue is less than eighty-five one hundredths of a cent (.85c) per kilowatt hour, which after taxes is reduced to about three-quarters of a cent (.75c) per kilowatt hour. This figure compares more than favourably with the revenue received from any similar undertaking on the Continent, and it should be a source of pride to all our shareholders to know that your Company is thus able to do its part toward the development of the territory served. From time to time our rates are criticised, but the criticism is not substantiated by the facts, and it is with pleasure that the facts are drawn to the attention of our shareholders, that they may be in a position to refute unfair and unjust criticism.

Plants and Properties: The plants and properties of your Company have been kept in excellent condition during the present year.

Employees: The Directors wish to avail themselves of this opportunity to express their deep appreciation of the loyal and efficient service rendered by the staff, so many of whom now hold stock in the Company.

Respectfully submitted,



A. J. Nesbitt

President.

CANADA NORTHERN POWER

AND SUBS

*Consolidated Annual
Year Ending December 31st, 1928*

ASSETS

	Dec. 31, 1928	Dec. 31, 1927
Plant Investment.....	\$31,179,728.12	\$28,360,533.92
Cash on Hand and at Call.....	74,636.70	422,318.53
Victory Bonds and Other Marketable Securities.....		15,500.00
Accounts Receivable.....	376,534.68	311,524.65
Materials and Supplies.....	259,660.36	182,998.85
Prepaid Accounts.....		42,635.80
Deferred Charges.....	53,806.17	
Cash on Deposit for Redemption of Bonds.....		102,307.56
	<u>\$31,944,366.03</u>	<u>\$29,437,819.33</u>

Revenue Account

For Year Ending December 31st, 1928.

Gross Earnings.....		\$3,088,529.28
Expenses.....	889,791.83	
Interest.....	787,034.35	
Bad Debts Written Off.....	1,485.35	
Balance.....	1,410,217.75	
	<u>\$3,088,529.28</u>	<u>\$3,088,529.28</u>

R CORPORATION, LIMITED

DIARIES

Annual Statement

December 31st, 1928

LIABILITIES

To PUBLIC:

	Dec. 31, 1928	Dec. 31, 1927
Funded Debt.....	\$15,000,000.00	\$14,627,000.00
Notes Payable.....	1,091,503.88	
Accounts Payable.....	198,472.97	593,023.25
Common Dividends of Subsidiaries Payable January 1929..	3,059.50	8,369.25
Preferred Dividends Payable January 1929.....	139,870.25	143,771.00
Customers Deposits with Interest Accrued.....	122,232.01	132,082.45
Bond Interest Accrued.....	125,000.00	211,730.00
Income Tax Reserve.....	77,145.82	72,892.99
	<u>\$16,757,284.43</u>	<u>\$15,788,868.94</u>

To PUBLIC SHAREHOLDERS OF SUBSIDIARIES:

Capital Stock—		
Preferred.....	\$1,655,400.00	\$1,875,700.00
Common.....	345,842.50	1,010,605.00
Minority Interest in Surplus.....	25,064.00	54,523.54
	<u>\$2,026,306.50</u>	<u>\$2,940,828.54</u>

To SHAREHOLDERS—CANADA NORTHERN POWER CORPORATION LIMITED:

Capital Stock—		
Preferred (7% Cum. \$100 each) Authorized 75,000 Shs. Issued 51,549 Shs.....	\$5,154,900.00	\$5,000,000.00
Common (No Par Value) Authorized and Issued 75,000 Shares.....	1,848,796.00	598,616.00
Paid in by Subscribers to Capital Stock—Preferred.....	83,311.17	
Reserves:		
Depreciation.....	\$4,734,400.23	\$4,047,247.24
Miscellaneous.....	148,907.42	272,263.78
Profit and Loss.....	1,190,460.28	789,994.83
	<u>\$31,944,366.03</u>	<u>\$29,437,819.33</u>

Canada Northern Power Corporation, Limited

and Subsidiaries

Profit and Loss Account

For Year Ending December 31st, 1928.

Balance, at Credit 31st December 1927.....		\$789,994.83
DEDUCT—Prior Year Adjustments.....		1,842.66
		\$788,152.17
ADD—Minority Interest Adjustment in Previous Surplus.....		29,462.54
		\$817,614.71
Earnings for Year ending Dec. 31, 1928.....		1,410,217.75
Dividends on Preferred Stocks.....	456,827.25	
Dividends on Common Stocks of Subsidiaries.....	21,774.75	
Minority Interest in Annual Surplus of Subsidiaries.....	3.00	
Depreciation Reserve.....	558,767.18	
Balance.....	1,190,460.28	
		\$2,227,832.46
		\$2,227,832.46

Approved on behalf of the Board: A. J. NESBITT
 JAS. B. WOODYATT } Directors.

Auditors' Report

We have audited the accounts of Canada Northern Power Corporation, Limited, for the year ended 31st December, 1928, and we certify that, in our opinion, the attached Statement of Assets and Liabilities and relative Profit and Loss Account shows the true position of the Company at 31st December, 1928, according to the best of our information, the explanations given to us, and as shown by the books of account examined by us.

We have received all the information and explanations we have required.

P. S. ROSS & SONS,

MONTREAL, 26th FEBRUARY, 1929.

Chartered Accountants.

Canada Northern Power Corporation Limited

Consolidated Operating Statement

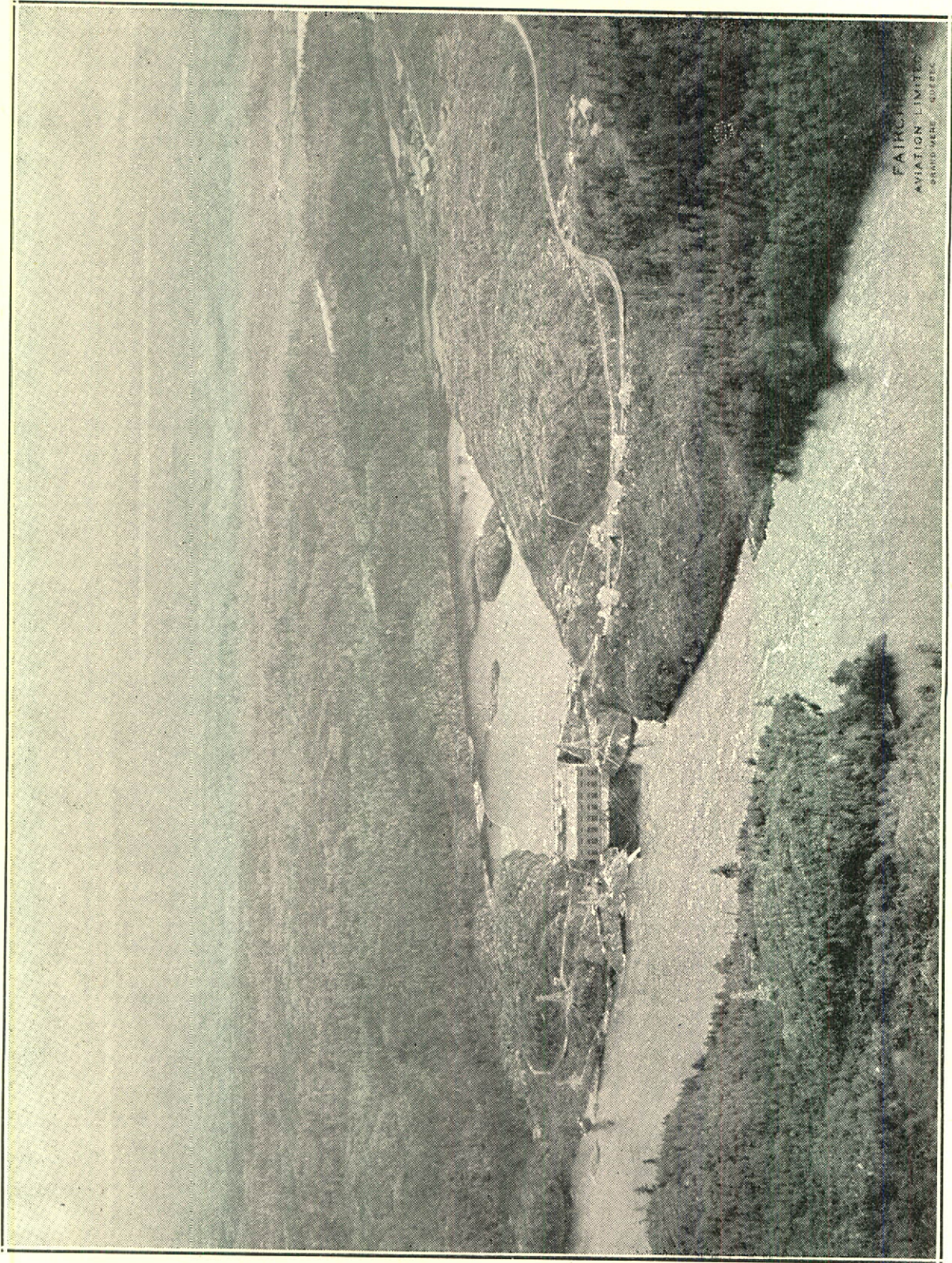
For Years Ending December 31st.

	1925	1926	1927	1928
Electric Revenue.....	\$1,031,079	\$2,213,484	\$2,552,222	\$2,894,420
*Miscellaneous Revenue.....	4,772	348,701	260,292	194,109
Gross Earnings.....	\$1,035,851	\$2,562,185	\$2,812,514	\$3,088,529
Operation.....	212,499	518,797	453,974	474,044
Maintenance (incl. in Operation 1925-1926)			139,749	134,171
Taxes.....	135,189	227,641	257,090	281,576
	\$ 347,688	\$ 746,439	\$ 850,813	\$ 889,791
Net Earnings.....	668,163	1,815,746	1,961,701	2,198,737
Bad Debts.....		105	2,174	1,485
Discounts, etc., on Securities.....	189,407			
Interest.....	290,027	823,355	898,337	787,034
	\$ 479,434	\$ 823,461	\$ 900,511	\$ 788,519
Surplus for Year.....	208,728	992,284	1,061,190	1,410,217
Surplus brought forward.....	1,052,858	A 655,780	B 705,660	B 817,614
	\$1,261,587	\$1,648,065	\$1,766,850	\$2,227,832
Preferred Dividends Paid.....	267,006	449,309	465,512	456,827
Common Dividends Paid.....	30,360	79,238	34,494	21,774
Minority Interest in Surplus.....	14,928	104	850	3
Transferred to Depreciation Reserve....	274,364	425,000	476,000	558,767
Settlement of Law Suit.....	575,000			
	\$1,161,659	\$ 953,651	\$ 976,856	\$1,037,372
Surplus Carried Forward.....	99,927	694,413	789,994	1,190,460
Customers Connected.....		7,510	8,742	9,524
Shareholders.....		1,691	2,054	2,229
Kilowatt Hours Output.....		220,043,590	303,415,945	343,930,010

A—Includes Surplus of additional Companies acquired during the year 1926.

B—Adjusted.

*—Miscellaneous Revenue includes compressed air and telephone gross earnings, pulp and merchandise net profits and earnings from investments, etc. (Telephone Department sold February 28, 1928).



FAIRCHILD
AVIATION LIMITED
CHICAGO, ILL. U.S.A.

The Quinze Power Station, where two new 13,500 K.V.A. Generating Units have been installed, bringing the capacity of the Plant to 47,000 H.P.

