

Annual Report
CANADA NORTHERN POWER
CORPORATION
LIMITED



Year ended
DECEMBER THIRTY-FIRST
1934

CANADA NORTHERN POWER CORPORATION, LIMITED

Montreal, Que., March 9th, 1935.

TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting the following report of the operations of your Company for the year ending December 31st, 1934, which shows that the Company's business continues to progress.

As will be seen by reference to the Comparative Statement of Operations for the past five years, both gross and net earnings continue to show increases notwithstanding rate reductions **and the increasing burden of taxation.**

Power Demand The expansion of the mining industry in the territory served by the Company is reflected in the increased power demand, which rose from 474,553,410 kilowatt hours in 1933 to 531,463,900 kilowatt hours during 1934, a gain of 56,910,490 kilowatt hours during the year. There was also an increase in the number of customers, which rose from 13,530 to 14,622.

Construction Activities During the year, the area served by the Company was extended as a result of the construction of a new 62 mile, 110,000 volt transmission line east from Noranda, including the Township of Bourlamaque, Quebec. In connection with this line two Substations have been built, one in the Township of Cadillac and the second at Blouin Lake, Township of Dubuisson.

Five 12,000 volt branch transmission lines have also been constructed connecting various mines or groups of mines in the area opened up by this trunk line. These lines add approximately 14 $\frac{1}{4}$ miles to the Company's transmission line system. A short feeder was also built to serve Lake Fortune Gold Mining Company's property in Boischatel Township.

In Ontario a 12,000 volt feeder was built to connect the operations of Hollinger Mines at Gold Island, Night Hawk Lake, with the Porcupine system.

Your Company during the year expended over \$800,000 on extensions to its lines.

New Power Customers In addition to O'Brien Gold Mines, Limited, with whom a contract for the supply of power was entered into in November 1933, but whose property in Cadillac Township was connected with the Company's system in May last, the following Companies became customers during the year: Lamaque Gold Mines, Limited, and Sigma Mines, Limited, in Bourlamaque Township, Thompson-Cadillac Gold Mines, Limited, in Cadillac Township, Greene-Stabell Mines, Limited, and Sullivan Consolidated Gold Mines, Limited, in Dubuisson Township, and McWatters Gold Mines, Limited, in Rouyn Township.

A power contract has been signed by Canadian Malartic Gold Mines, Limited, whose property will be connected shortly.

Your Company is keeping closely in touch with the mining developments in and near the territory served, with a view to doing everything possible to help in the development of the mining industry, and is ready at all times to make extensions to serve new properties where such extensions are warranted.

Merchandise Department This Department of your Company's efforts has completed the most successful year in its history, sales totalling \$159,642.13 having been made.

Sinking Fund During the year, your Company retired \$217,000 of its 5% Bonds through the operation of the

Sinking Fund, making the total retirement of Bonds through this account, to date, \$438,500.

Dividend Effective as of March 31st, 1934, the Common Stock dividend was increased to the rate of \$1.00 per share per annum, payable quarterly on April, July, October and January 25th.

Taxation The item of taxation continues to bulk largely in the problem with which your Company has to contend. Each year the amount absorbed under this head increases, making still more apparent the unfair discrimination endured by privately-owned companies and their customers, who are compelled to bear a greater portion of the cost of administering the affairs of the country than do those who are served by publicly-owned institutions.

Rates Continued expansion of the Company's business made it possible during the year for the Company to announce two substantial rate reductions. In February, 1934, the Commercial Lighting rate was reduced, and effective January 1st, 1935, both the Commercial and Domestic rates were again reduced. As the result of these reductions, the Company is now able to offer to its commercial customers a net rate of \$1.35 per month, plus 2.7c per KWH for the first 100 hours use of connected load, plus 9/10c. per KWH for all additional use; and its domestic customers a rate of 54c. per month, plus 2.7c. per KWH for the first 100 KWH per month, plus 9/10c. per KWH for all addi-

tional use, plus taxes, which amount to 11% at the present time.

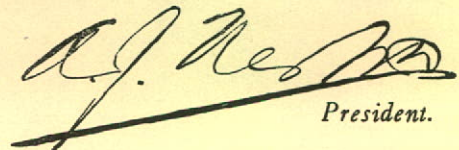
From time to time, as in the past, if the increased use of your service permits, it will be the policy of your Company to still further reduce the price of electricity to your customers.

When the item of taxation is taken into consideration, it will be found that the cost of power supplied by the Company is as low as the cost to the users of power furnished by any organization supplying similar service on the continent, as will be seen by a comparison of the total kilowatt hour output with the gross electric revenue of the Company, which shows that we receive seventy-seven one hundredths of a cent per kilowatt hour, before considering taxes, and after taxes amounting to \$437,045 are deducted, only sixty-nine one hundredths of a cent per kilowatt hour. It is pointed out to the shareholders, that the Company in the past year, paid out more in taxes than in dividends to its Common Shareholders.

Plants and Properties Constant attention to the maintenance of the plants and properties of the Company has resulted in the achievement of a high state of efficiency. The equipment is in excellent condition and water storage reserves are most satisfactory.

Employees It is a pleasure to place on record the faithful service and cooperation of the employees of the Company.

Respectfully submitted on Behalf of the Board.


President.

CANADA NORTHERN POWER AND SUB

Consolidated Annual Statement,

ASSETS	1934	1933
Plant Investment:		
Properties, Plant and Equipment, Franchises, Organization, etc. (at cost), less net adjust- ments arising as a result of consolidation	\$33,758,454.50	
Unamortized Bond Discount and Expense	1,303,211.52	
	\$35,061,666.02	\$34,247,885.10
Cash on Hand and in Banks	211,211.46	576,377.48
Call Loans	300,000.00
Investments at Cost, less Reserve	751,078.69	303,400.00
Accounts Receivable, including Accrued Revenue	451,794.73	364,874.04
Merchandise and Maintenance Supplies:		
Book Stocks, valued at Cost as certified to by responsible officers of the Company. Physical Inventories were taken periodically throughout the year	201,990.01	228,453.24
Prepaid and Deferred Expenses	101,120.00	150,544.19
Bonds of the Corporation purchased in anticipation of Sinking Fund Requirements, at Cost	169,311.25	114,453.75
Approved on behalf of the Board: A. J. NESBITT JAS. B. WOODYATT } Directors.		
	\$36,948,172.16	\$36,285,987.80

Auditor

We have made an examination of the books of account of Canada Northern Power and Light Co. for the year 1934, and have obtained all the information and explanations which we have required. In our opinion, the attached Consolidated Balance Sheet and relative Statement of Profit and Loss show the combined financial position of the Companies at 31st December, 1934, and the information and explanations received by us, and as shown by the books.

Montreal, February 21st, 1935.

ER CORPORATION, LIMITED

SUBSIDIARIES

Year Ended December 31st, 1934

LIABILITIES		1934	1933
TO THE PUBLIC:			
Funded Debt.—			
Collateral Trust 5% Sinking Fund Gold Bonds, Series "A", due 1953.....	\$17,000,000.00		
LESS:			
Redeemed & Cancelled by Sinking Fund.	438,500.00		
	<u> </u>	\$16,561,500.00	\$16,778,500.00
Accounts Payable and Accrued Liabilities.....		197,577.49	104,925.03
Provision for Taxes.....		242,090.11	308,628.78
Dividends of Subsidiaries, payable in January 1935.....		22,390.50	24,783.50
Dividend on 6% Cumulative Preferred Shares, payable 16th January 1935.....		96,250.00	96,250.00
Dividend on Common Shares, payable 25th January 1935.....		100,000.00	120,000.00
Bond Interest Accrued.....		136,550.00	138,629.17
Customers' Deposits, including Interest.....		165,663.67	131,010.72
		<u> </u>	<u> </u>
		\$17,522,021.77	\$17,702,727.20
TO THE PUBLIC SHAREHOLDERS OF SUBSIDIARIES:			
Capital Stock:			
6% Cumulative Convertible Preferred Shares of \$100.00 each (Redeemable at 110% and accrued dividend after 60 days' notice).....		1,331,600.00	1,466,000.00
Common Shares of No Par Value.....		222,391.34	257,003.50
Minority Interest in Earned Surplus.....		15,291.13	17,406.10
TO THE SHAREHOLDERS—CANADA NORTHERN POWER CORPORATION, LIMITED:			
Capital Stock:			
7% Cumulative Preferred Shares of \$100.00 each (Redeemable at \$110.00 and accrued dividend after 60 days' notice).			
Authorized.....	75,000 shares		
Issued and Fully Paid.....	55,000 shares	5,500,000.00	5,500,000.00
Common Shares of No Par Value—			
Authorized.....	500,000 shares		
Issued.....	400,000 shares	2,148,796.00	2,148,796.00
Reserves:			
Depreciation.....		8,292,195.37	7,594,681.72
Miscellaneous.....		183,047.25	121,516.60
Surplus—Acquired Surplus of Subsidiaries.....	\$775,723.00		
Earned.....	957,106.30		
		<u> </u>	<u> </u>
		1,732,829.30	1,477,856.68
		<u> </u>	<u> </u>
		\$36,948,172.16	\$36,285,987.80

er's Report

ower Corporation, Limited, and its Subsidiaries for the year ended 31st December, required. Statements of Income and Expenditure and Earned Surplus Accounts, set forth correctly the results from operations for the year ended 31st December, 1934, according to the Companies.

P. S. Ross & Sons,
Chartered Accountants.

CANADA NORTHERN POWER CORPORATION, LIMITED

Consolidated Statement of Income and Expenditure Account

For the Year Ended 31st December, 1934

Gross Earnings from Operations.....		\$4,146,964.69
DEDUCT:		
Operating Expenses.....	\$1,255,741.88	
Directors' Fees, etc.....	24,612.50	
Provision for Bad Debts.....	4,807.43	1,285,161.81
		<hr/>
Net Operating Profit before Interest, Depreciation and Income Taxes.....		2,861,802.88
Income from Investments.....		19,338.84
		<hr/>
		\$2,881,141.72
DEDUCT:		
Interest on bonds, including exchange premium.....	835,655.39	
Interest on Customers' Deposits.....	5,230.05	
Provision for Depreciation.....	720,000.00	
Provision for Income Taxes.....	173,218.24	
		<hr/>
		1,734,103.68
		<hr/>
Net Profit for the Year transferred to Earned Surplus Account.....		<u>\$1,147,038.04</u>

Consolidated Statement of Earned Surplus Account

For the Year Ended 31st December, 1934

Balance at Credit of Earned Surplus 31st December 1933.....		\$ 702,133.68
DEDUCT:		
Adjustment of Income Taxes of Prior Years.....		14,037.89
		<hr/>
		\$ 688,095.79
ADD:		
Net Profit for the year transferred from Consolidated Income and Expenditure Account.....	\$1,147,038.04	
Decrease in Minority Shareholders' Interest in Surplus.....	2,114.97	1,149,153.01
		<hr/>
		\$1,837,248.80
DEDUCT:		
Dividends on—		
Capital Stock of Subsidiaries held by the Public—		
Preferred.....	\$84,492.00	
Common.....	10,650.50	
		<hr/>
		95,142.50
6% Cumulative Preferred Stock.....	385,000.00	
Common Stock.....	400,000.00	
		<hr/>
		880,142.50
		<hr/>
Balance at Credit of Earned Surplus 31st December 1934.....		<u>\$ 957,106.30</u>

Examined and Certified in accordance with our attached Report.

P. S. Ross & Sons,
Chartered Accountants.

Montreal, 21st February 1935.

CANADA NORTHERN POWER CORPORATION, LIMITED

Consolidated Operating Statement

For Years Ending December 31st

	1930	1931	1932	1933	1934
Electric Revenue.....	\$2,984,347	\$3,218,832	\$3,423,978	\$3,660,495	\$4,114,792
xMiscellaneous Revenue.....	197,157	123,132	32,794	29,789	51,511
Gross Earnings.....	\$3,181,504	\$3,341,964	\$3,456,772	\$3,690,284	\$4,166,303
Purchased Power.....	253,961
Operation.....	584,043	595,689	590,060	594,845	637,981
Maintenance.....	132,709	131,171	112,440	110,160	124,586
Taxes.....	304,275	335,000	365,191	394,467	437,045
Net Earnings.....	\$1,021,027 2,160,477	\$1,061,860 2,280,104	\$1,067,691 2,389,081	\$1,099,472 2,590,812	\$1,453,573 2,712,730
Bad Debts.....	7,940	9,031	4,141	4,282	4,807
Interest.....	810,769	902,302	960,189	934,561	840,885
	\$ 818,709	\$ 911,333	\$ 964,330	\$ 938,843	\$ 845,692
Surplus for Year.....	1,341,768	1,368,771	1,424,751	1,651,969	1,867,038
Surplus brought forward.....	A 1,331,900	A 1,355,021	A 1,337,393	A 1,375,174	A 1,463,818
	\$2,673,668	\$2,723,792	\$2,762,144	\$3,027,143	\$3,330,856
Preferred Dividends Paid.....	475,750	474,582	472,960	472,960	469,492
Common Dividends Paid.....	236,914	311,589	311,241	356,196	410,650
Minority Interest, adjustment of Surplus.....	646	B 1,974	B 128	131	B 2,115
Transferred to Depreciation Reserve.....	600,000	600,000	600,000	720,000	720,000
	\$1,313,310	\$1,384,197	\$1,384,073	\$1,549,287	\$1,598,027
Surplus Carried Forward.....	\$1,360,358	\$1,339,595	\$1,378,071	\$1,477,856	\$1,732,829
Customers Connected.....	10,377	11,407	12,516	13,530	14,622
Shareholders.....	3,346	3,791	3,710	4,130	3,725
Kilowatt Hours Output.....	367,130,780	418,226,810	441,150,290	474,553,410	531,463,900

A—Adjusted for prior year charges.

B—Reduction of Minority Interest equity in Surplus.

x—Miscellaneous Revenue includes compressed air gross earnings, pulp and merchandise net profits and earnings from investments, etc.

OFFICERS

President

A. J. NESBITT, Montreal

Vice-President

JAS. B. WOODYATT, Montreal

Vice-President and General Manager

B. V. HARRISON, New Liskeard

Directors

J. H. BLACK.....Toronto
F. O. BLACKWELL.....New York
B. V. HARRISON.....New Liskeard
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
Jas. B. WOODYATT.....Montreal

Secretary

L. C. HASKELL

Treasurer

CHAS. JOHNSTONE

Assistant Secretary

V. J. NIXON

Assistant Treasurer

T. IRVING

Assistant Secretary-Treasurer

H. A. SEYMOUR

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Auditors

P. S. ROSS & SONS

Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA