

Annual Report
CANADA NORTHERN POWER
CORPORATION
LIMITED



Year ended
DECEMBER THIRTY-FIRST
1935

*Approved
1935*

CANADA NORTHERN POWER CORPORATION, LIMITED

Montreal, Que., March 6th, 1936.

TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting the following report of the operations of your Company for the year ended December 31st, 1935, 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 531,463,900 kilowatt hours for 1934 to 577,267,535 kilowatt hours for 1935, a gain of 45,803,635 kilowatt hours during the year. There was also an increase in the number of customers, from 14,622 to 15,734.

Construction Activities While no major construction operations have been undertaken during 1935, several smaller though important projects have been completed. These include the extension of the Company's transmission line system from Blouin Lake Substation through the Townships of Bourlamaque and Senneville to Perron Gold Mines, Limited, in Pascalis Township. Short extensions were also made for the purpose of supplying Stadacona Rouyn Mines, Limited, in Rouyn Township, and Siscoe Extension Gold Mines, Limited. Distribution systems were installed for the purpose of supplying new subdivisions in the Township of Whitney in the Porcupine area, and in Quebec the growing town of Val d'Or in Bourlamaque Township has also been provided with a distribution system.

New Power Customers In addition to the power customers already referred to, namely, Perron Gold Mines, Limited, Siscoe Extension Gold Mines, Lim-

ited, and Stadacona Rouyn Mines, Limited, a number of mining companies which had been using power for mining and lighting purposes only, completed the construction of Mills, which considerably increased the quantity of power utilized. These include Lamaque Gold Mines, Limited, Canadian Malartic Gold Mines, Limited, and Arntfield Gold Mines, Limited.

Franchises During the year two new franchises were secured, one in Ontario when the electors of the Township of Whitney in the Porcupine area approved the granting of a 10-year franchise by a large majority. In Quebec a franchise granting authority to serve the new town of Val d'Or, near Lamaque Gold Mines, was approved, while the franchise under which the Company has been operating in Timmins was renewed for a term of ten years from December 1st, 1936.

Merchandise Department This Department again had a most successful year, total sales amounting to \$176,243.35. This is \$16,601.22 in excess of the amount for 1935.

Sinking Fund During the year your Company retired \$198,000 of its 5% Bonds through the operation of the Sinking Fund, making the total retirement of Bonds through this account, to date, \$636,500.

Dividend Effective as of March 30th, 1935, the Common Stock dividend was increased to the rate of \$1.20 per share per annum, payable quarterly on the 25th of April, July, October and January.

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. It is pointed out to the shareholders that out of every dollar of gross revenue about eleven cents were exacted during the year as taxes payable by your Company, amounting to \$477,955, to say nothing of taxes on bondholders' interest and shareholders' dividends.

Rates The reduction in domestic and commercial rates referred to in last year's report has now been in effect one year, and from time to time, as in the past, if the

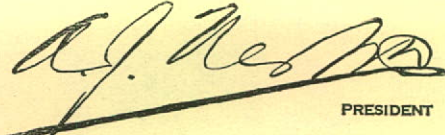
increased use of your service permits, it will be the policy of your Company to still further reduce the price of electricity to your customers.

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-five one hundredths of a cent per kilowatt hour before considering taxes, and after taxes amounting to \$477,955 are deducted, only sixty-seven one hundredths of a cent per kilowatt hour.

Plants and Properties The high standard of efficiency of the various plants and equipment of the Company has been maintained throughout the year, all being in first-class condition.

Employees It affords your Directors pleasure to record their appreciation of the faithful and loyal service rendered by the employees of the Company.

Respectfully submitted on behalf of the Board.



A. J. Nesbitt
PRESIDENT

CANADA NORTHERN POWER AND SUBSIDIARIES

Consolidated Balance Sheet

ASSETS	1935	1934
Plant Investment:		
Properties, Plant and Equipment, Franchises, Organization, etc. (at cost), less net adjust- ments arising as a result of consolidation.....	\$33,860,770.87	
Unamortized Bond Discount.....	1,350,000.00	
	\$35,210,770.87	\$35,061,666.02
Cash on Hand and in Banks.....	493,961.20	211,211.46
Investments—		
Marketable Securities (Market Value \$456,- 320.00).....	\$ 437,669.75	
Other Investments at book value, less Reserve..	509,336.25	
	947,006.00	751,078.69
Accounts Receivable, including Accrued Revenue.....	536,272.47	451,794.73
Merchandise and Maintenance Supplies.....	173,399.97	201,990.01
Inventories as shown by book records, valued at cost as certified to by responsible Officers of the Company. Book records ad- justed periodically to agree with Physical Inventories.		
Prepaid and Deferred Charges.....	48,688.19	101,120.00
Bonds of the Corporation purchased in anticipation of Sinking Fund Requirements, Par Value.....	277,500.00	169,311.25

Approved on Behalf of the Board:

A. J. NESBITT
JAS. B. WOODYATT } Directors.

\$37,687,598.70	\$36,948,172.16
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Auditor

We have made an examination of the books of account of Canada Northern Power and Light, Ltd. for the year 1935, 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, 1935, and the information and explanations received by us and as shown by the books of account.

Montreal, 19th February, 1936.

POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

Balance Sheet as at 31st December, 1935

LIABILITIES		1935	1934
TO THE PUBLIC:			
Funded Debt—			
Collateral Trust 5% Sinking Fund Gold Bonds, Series "A", due 1953.....	\$17,000,000.00		
LESS:			
Redeemed and Cancelled by Sinking Fund.....	636,500.00		
	<u>\$16,363,500.00</u>	\$16,363,500.00	\$16,561,500.00
Accounts Payable and Accrued Liabilities.....		172,805.17	197,577.49
Provision for Taxes.....		277,726.56	242,090.11
Dividends of Subsidiaries, Payable in January, 1936.....		27,349.25	22,390.50
Dividend on 7% Cumulative Preferred Shares, payable 15th January, 1936.....		96,250.00	96,250.00
Dividend on Common Shares, payable 25th January, 1936.....		120,000.00	100,000.00
Bond Interest Accrued.....		134,050.00	136,550.00
Customers' Deposits, including interest.....		144,739.75	165,663.67
		<u>\$17,336,420.73</u>	<u>\$17,522,021.77</u>
TO THE PUBLIC SHAREHOLDERS OF SUBSIDIARIES:			
Capital Stock:			
6% Cumulative Convertible Preferred Shares of \$100.00 each (Redeemable at \$110.00 and accrued dividend after 60 days' notice).....		1,309,800.00	1,331,600.00
Common Shares of No Par Value.....		203,167.49	222,391.34
Minority Interest in Earned Surplus.....		9,450.49	15,291.13
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.....		8,963,523.40	8,292,195.37
Bad Debts.....		22,201.67	15,342.21
Miscellaneous.....		213,163.92	167,705.04
Surplus—Acquired Surplus of Subsidiaries.....	\$ 775,723.00		
Earned.....	1,205,352.00		
		<u>1,981,075.00</u>	<u>1,732,829.30</u>
		<u>\$37,687,598.70</u>	<u>\$36,948,172.16</u>

Report

Power Corporation, Limited, and its Subsidiaries for the year ended 31st December, 1935, as required.

The accompanying Statement of Income and Expenditure and Earned Surplus Accounts, set forth correctly the results from operations for the year ended 31st December, 1935, 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, 1935

Gross Earnings from Operations.....		\$4,405,109.47
DEDUCT:		
Operating Expenses.....	\$1,400,656.22	
Directors' Fees.....	14,300.00	
Executive Officers' Salaries.....	28,313.00	
Legal Fees.....	3,292.97	
Provision for Bad Debts.....	4,530.20	1,451,092.39
		<hr/>
Net Operating Profit before Interest, Depreciation and Income Taxes.....		2,954,017.08
Income from Investments.....		13,378.50
		<hr/>
		2,967,395.58
DEDUCT:		
Interest on Bonds, including exchange premium.....	818,676.14	
Interest on Customers' Deposits.....	5,608.71	
Provision for Depreciation.....	720,000.00	
Provision for Income Taxes.....	201,248.11	1,745,532.96
		<hr/>
Net Profit for the year transferred to Earned Surplus Account.....		<u>\$1,221,862.62</u>

Consolidated Statement of Earned Surplus Account For the Year Ended 31st December, 1935

Balance at Credit—31st December, 1934.....		\$ 957,106.30
DEDUCT:		
Adjustment of Income Taxes of Prior Years.....		18,220.56
		<hr/>
		938,885.74
ADD:		
Net Profit for the year transferred from Consolidated Income and Expenditure Account.....	\$1,221,862.62	
Decrease in Minority Shareholders' Interest in Surplus.....	5,840.64	1,227,703.26
		<hr/>
		\$2,166,589.00
DEDUCT:		
Dividends on—		
Capital Stock of Subsidiaries held by the Public—		
Preferred.....	\$78,592.50	
Common.....	17,644.50	
		<hr/>
		96,237.00
7% Cumulative Preferred Stock.....	385,000.00	
Common Stock.....	480,000.00	961,237.00
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Balance at Credit—31st December, 1935.....		<u>\$1,205,352.00</u>

Examined and certified in accordance with our attached Report.

P. S. ROSS & SONS,
Chartered Accountants.

Montreal, 19th February, 1936.

CANADA NORTHERN POWER CORPORATION, LIMITED

Consolidated Operating Statement

For Years Ending December 31st

	1931	1932	1933	1934	1935
Electric Revenue.....	\$3,218,832	\$3,423,978	\$3,660,495	\$4,114,792	\$4,350,665
xMiscellaneous Revenue.....	123,132	32,794	29,789	51,511	67,823
Gross Earnings.....	<u>\$3,341,964</u>	<u>\$3,456,772</u>	<u>\$3,690,284</u>	<u>\$4,166,303</u>	<u>\$4,418,488</u>
Purchased Power.....	.....	.....	.....	253,961	428,916
Operation.....	595,689	590,060	594,845	637,981	635,760
Maintenance.....	131,171	112,440	110,160	124,586	105,179
Taxes.....	335,000	365,191	394,467	437,045	477,955
Net Earnings.....	<u>\$1,061,860</u>	<u>\$1,067,691</u>	<u>\$1,099,472</u>	<u>\$1,453,573</u>	<u>\$1,647,810</u>
Bad Debts.....	9,031	4,141	4,282	4,807	4,530
Interest.....	902,302	960,189	934,561	840,885	824,285
	<u>\$ 911,333</u>	<u>\$ 964,330</u>	<u>\$ 938,843</u>	<u>\$ 845,692</u>	<u>\$ 828,815</u>
Surplus for Year.....	1,368,771	1,424,751	1,651,969	1,867,038	1,941,863
Surplus brought forward.....	A 1,355,021	A 1,337,393	A 1,375,174	A 1,463,818	A 1,714,609
	<u>\$2,723,792</u>	<u>\$2,762,144</u>	<u>\$3,027,143</u>	<u>\$3,330,856</u>	<u>\$3,656,472</u>
Preferred Dividends Paid.....	474,582	472,960	472,960	469,492	463,592
Common Dividends Paid.....	311,589	311,241	356,196	410,650	497,645
Minority Interest, adjustment of Surplus.....	B 1,974	B 128	131	B 2,115	B 5,840
Transferred to Depreciation Reserve.....	600,000	600,000	720,000	720,000	720,000
	<u>\$1,384,197</u>	<u>\$1,384,073</u>	<u>\$1,549,287</u>	<u>\$1,598,027</u>	<u>\$1,675,397</u>
Surplus Carried Forward.....	<u><u>\$1,339,595</u></u>	<u><u>\$1,378,071</u></u>	<u><u>\$1,477,856</u></u>	<u><u>\$1,732,829</u></u>	<u><u>\$1,981,075</u></u>
Sinking Fund Instalments Paid.....	.....	.....	\$ 170,000	\$ 181,075	\$ 191,925
Customers Connected.....	11,407	12,516	13,530	14,622	15,734
Shareholders.....	3,791	3,710	4,130	3,725	3,715
Kilowatt Hours Output.....	<u>418,226,810</u>	<u>441,150,290</u>	<u>474,553,410</u>	<u>531,463,900</u>	<u>577,267,535</u>

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
A. J. NESBITT.....Montreal
HON. J. L. RALSTON, K.C., P.C.....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

*Deceased January 23rd, 1936.