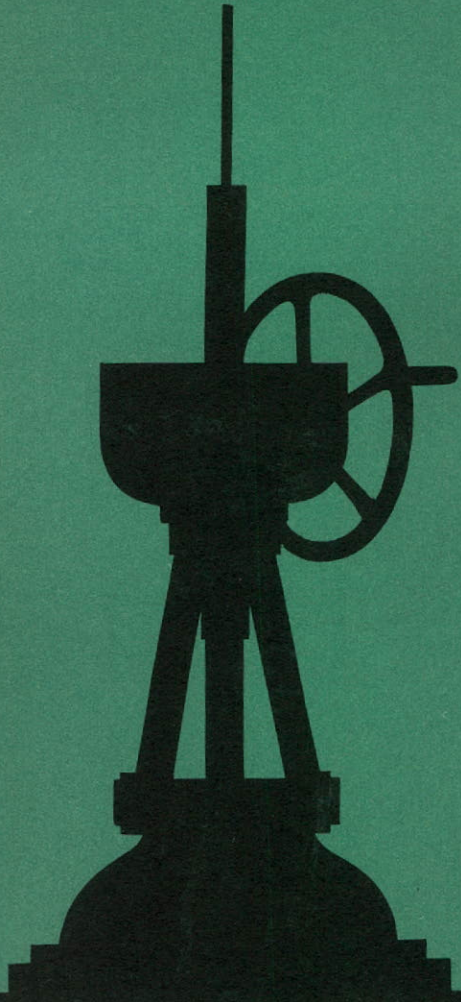


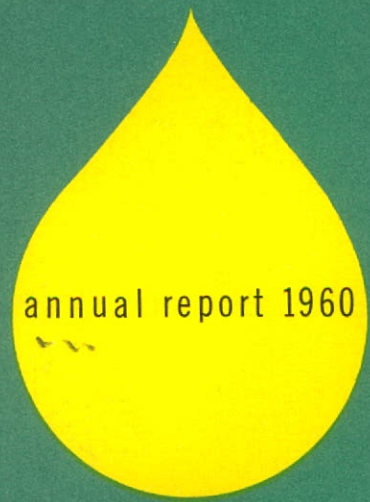
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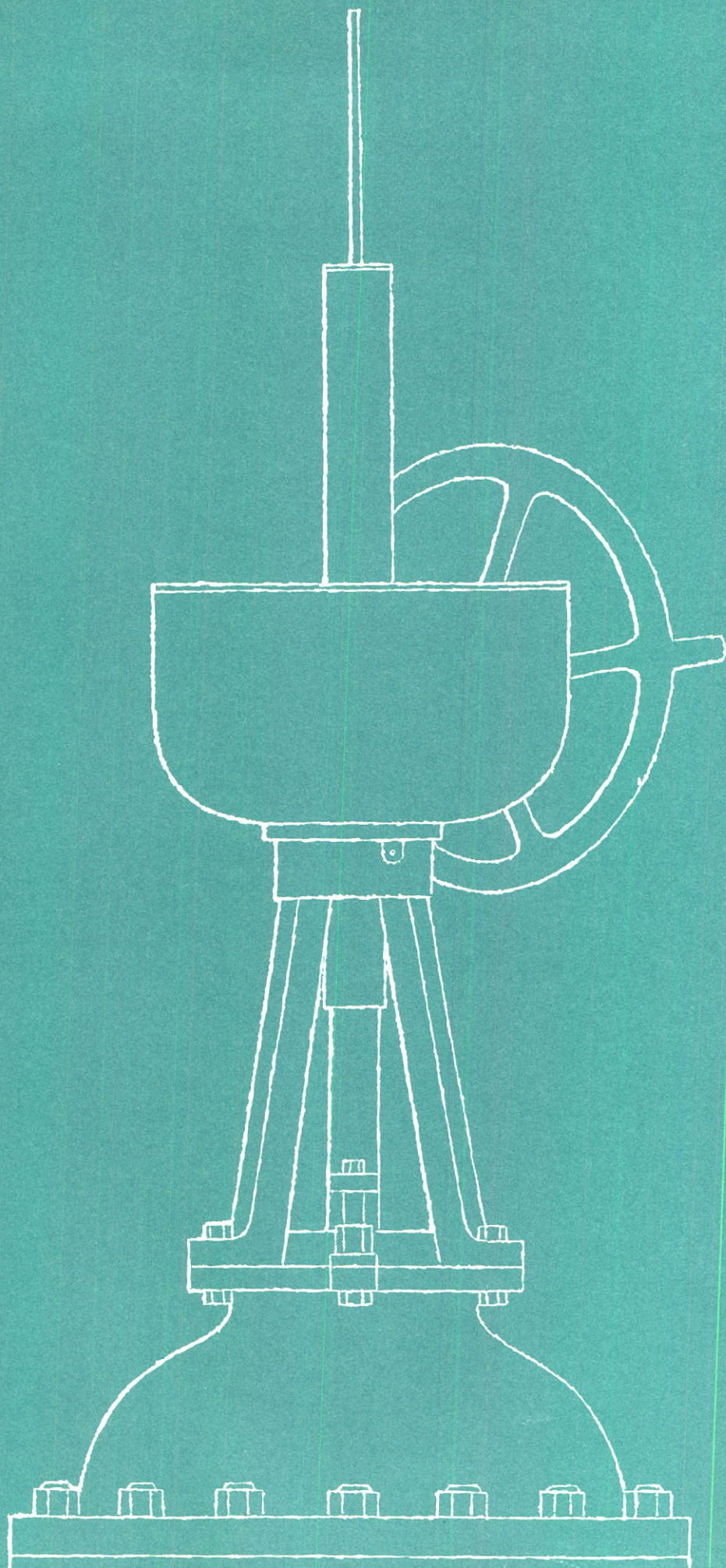
INTERPROVINCIAL PIPE LINE

COMPANY



annual report 1960

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INTERPROVINCIAL

PIPE LINE COMPANY

ANNUAL REPORT

1960

INTERPROVINCIAL

PIPE LINE

COMPANY

Directors

C. E. Carson	J. W. Hamilton
T. S. Johnston	F. C. Lantz
E. D. Loughney	T. F. Moore
W. Harold Rea	R. H. Reid
D. R. Walker	

Officers

<i>President</i>	- - - - -	T. S. Johnston
<i>Vice-President</i>	- - - - -	D. R. Walker
<i>Vice-President</i>	- - - - -	- C. E. Carson
<i>General Manager</i>	- - - - -	R. E. Trammell
<i>Treasurer</i>	- - - - -	J. Blight
<i>Secretary</i>	- - - - -	W. A. Hare

Head Office

10049 Jasper Avenue - - - - - EDMONTON, ALBERTA

Executive Office

25 Adelaide Street West - - - - - TORONTO, ONTARIO

Transfer Agents

The Royal Trust Company - TORONTO, MONTREAL, HALIFAX
WINNIPEG, EDMONTON, VANCOUVER

Chemical Bank New York Trust Company - - NEW YORK

Registrars

Montreal Trust Company - - TORONTO, MONTREAL, HALIFAX,
WINNIPEG, EDMONTON, VANCOUVER

Bank of Montreal Trust Company - - - - - NEW YORK

PRESIDENT'S LETTER

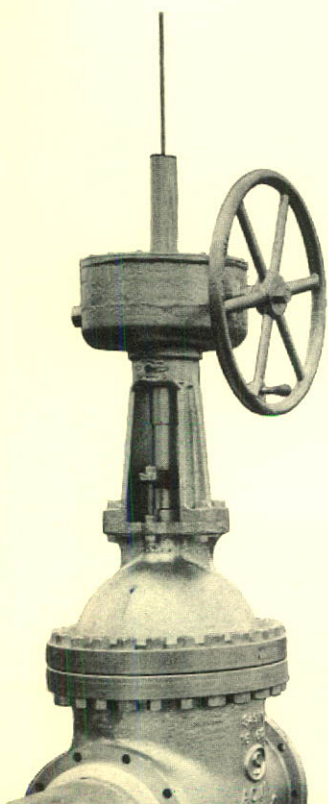
By the end of 1960 Interprovincial Pipe Line Company had completed a decade of full operation, representing a vigorous growth picture that in many respects is unique in business development. Investment in plant and equipment today stands at almost 275 million dollars and throughput reached an all-time high of 127,900,000 barrels as your Company continued to keep pace with the constantly expanding market for Canadian oil. Evidence of the outstanding progress is displayed elsewhere in this report by a ten-year review of operations.

In 1960 net earnings were again in excess of 15 million dollars, but slightly below 1959, even though the quantity of crude transported increased by almost 4%. The level of earnings was influenced by substantial reductions in tariffs in March, 1959 and again in November, 1960. Another factor affecting profits was the marked increase in the receipts of Saskatchewan crude, in lieu of Alberta crude, resulting in shorter pipe line mileage.

In July the early announcement of tariff reductions well in advance of the effective date was favourably received by the public. It was your Company's intention that this step would encourage

greater use of Canadian crude in the Ontario and United States markets at a time when the situation in this respect was uncertain and a national oil policy had not been announced.

Construction in 1960 while modest, was significant in that the addition of horsepower in several areas approaches the full utilization of the present pipe line system. The announcement by the Government in February, 1961 of a national oil policy is of vital interest to Interprovincial's shareholders as well as to the oil industry generally. The policy established firm targets for future Canadian oil production and indicated areas which are expected to provide the markets for this production. Interprovincial is presently supplying transportation to most of these areas. While the achievement of the policy is challenging, the impact of its success on the operations of your Company will be extremely important. At the present time additional construction is not foreseen to meet the target established for 1962, however, as in the past, the Company's long-range planning recognizes the obligation of being prepared to provide adequate transportation facilities to fully implement the goals of Canada's oil policy.



Now that the production of large volumes of Canadian natural gas has been assured through the approval of major gas line projects, economical transportation for the resulting natural gas liquids will have to be provided. The most logical markets appear to be principally the United States Midwest, with Chicago the focal point. The added movement of natural gas liquids falls quite naturally into your Company's expansion program and Interprovincial is prepared to implement plans which have been under consideration for some time. Interprovincial during the year made several announcements regarding its position. The statements were to the effect that your Company was quite ready to provide economical transportation of the products, providing markets were available and the export of the material fell within the spirit of the United States Oil Import Administration regulations. On fulfilment of these conditions the Company would be willing to extend the Lakehead system some 400 miles into the Chicago area. Recently Interprovincial made a statement before

the Oil and Gas Conservation Board of Alberta which specifically set forth pipe line tariffs for the movement of natural gas liquids. It is very probable that 1961 will see promising developments on this important issue.

Following your Company's highly successful Supreme Court withholding tax case in 1959, it is disturbing to report that Parliament in 1960 amended the foreign tax credit provisions of the Income Tax Act. As a result, the action taken in regard to our Income Tax for 1960 is set out in some detail elsewhere in this report.

Through the year Management has been afforded sincere, earnest and commendable support by all the employees. It welcomes this opportunity to assure them that their assistance towards the success achieved in 1960 was highly esteemed.



President

OPERATIONS

Crude oil received for transportation in 1960 totalled 128.5 million barrels, a modest increase of 4%, exceeding 1959 by 5 million barrels. Receipts from Saskatchewan continued to rise—up 13%, while quantities received from Alberta and Manitoba declined 1% and 5% respectively. About 58% of the oil tendered to Interprovincial originated in Alberta as compared to 61% in 1959.

While deliveries in Western Canada increased slightly, crude delivered to the Ontario refineries remained at approximately the same level as in 1959. Deliveries to Mid Western United States increased 7.5%. In August, transportation of Canadian crude to Detroit and Toledo by means of a connection with The Buckeye Pipe Line Company opened a significant new market. By the year end deliveries had reached 14 thousand barrels per day. Tanker movements were resumed from Superior in 1960 and 923 thousand barrels were loaded for processing at Fort William. Late in the year a mixture of Alberta natural gas liquids and crude oil was successfully batched to Michigan and Ontario.

The following table shows deliveries by areas in 1960 as compared with 1959:

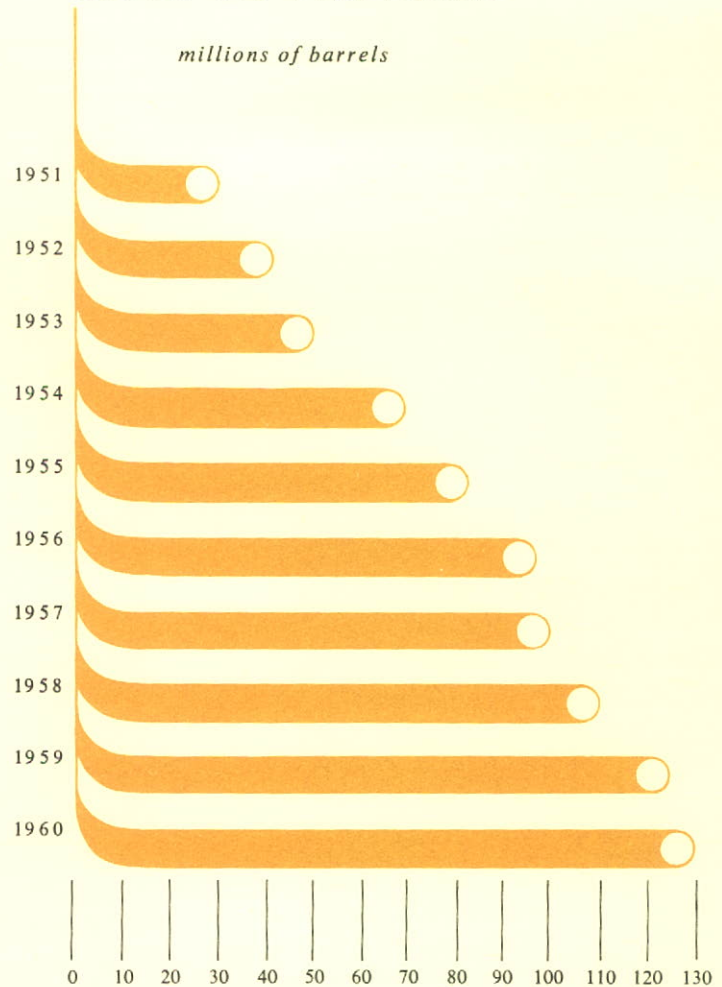
DELIVERIES OF CRUDE OIL
Millions of Barrels

	1960	1959
Western Canada - -	34.2	32.7
United States - - -	23.0	20.3
Superior for Tankers -	0.9	Nil
Ontario - - - - -	69.8	69.9
	<u>127.9</u>	<u>122.9</u>

The marked increase in the receipt of Midale type crude from Saskatchewan as a replacement for Alberta crude com-

CRUDE OIL DELIVERIES

millions of barrels



bined with the static Ontario demand was reflected by the throughput in terms of barrel miles. In 1960 this figure reached 137.5 billion—up 1.4% as compared with an increase of 18.8% in 1959.

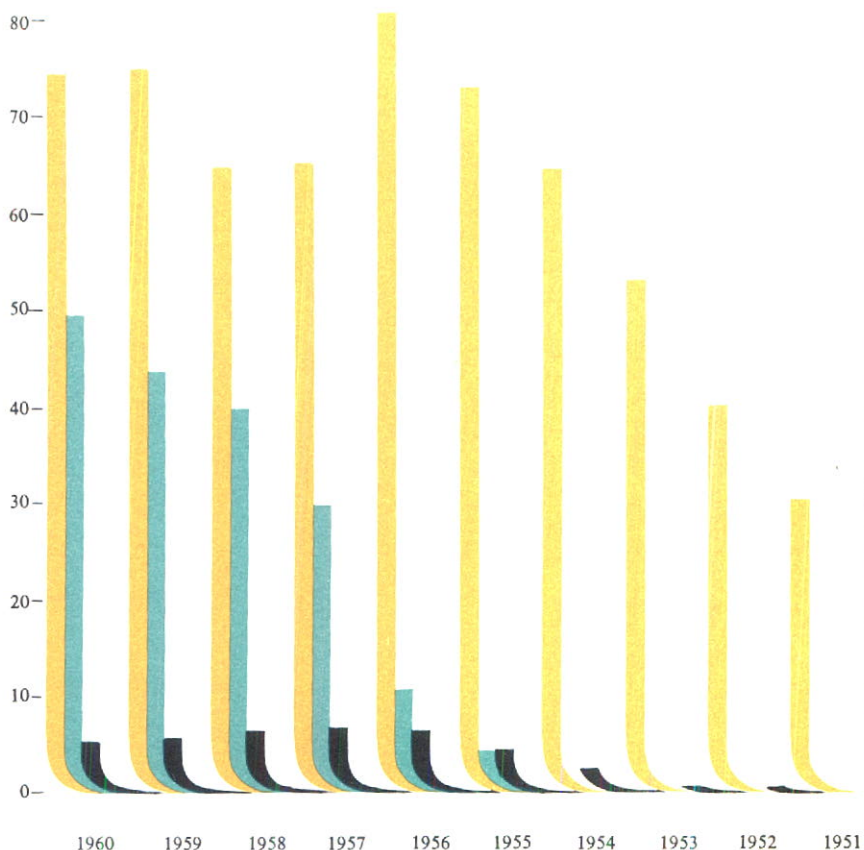
Employees at the year end totalled 585, an increase of just over 1%, even though four new pumping stations were commissioned during the year. Thus the Company's continuing program of automation and installation of labour-saving devices permitted a substantial addition to the pipe line system with only a relatively minor increase in personnel.

CONSTRUCTION

The major portion of the 1960 construction program was the installation of additional pumping facilities in all sections of the system. In keeping with its policy of providing the most economical installation, the Company constructed four remotely controlled electric stations. Those located near Souris and Manitou, Manitoba, are of 7,000 and 6,150 installed H.P. respectively. The stations at Donaldson and Plummer, Minnesota, are smaller with 3,000 and 2,000 installed H.P. A 5,000 H.P. multi-unit electric station was constructed at Kerrobert, Saskatchewan, in an extension to the existing diesel station and an additional 1,750 H.P. electric unit was added to the existing stations at Gould City, Michigan, and Sarnia, Ontario. One 2,000 H.P. diesel unit was added at Superior and Saxon, Wisconsin. The program increased motive power by 30,650 H.P. or 21%. At year end, horsepower in all stations totalled 175,450.

The continued success of positive displacement meters in the Company's program of mechanical measurement of crude oil warranted additional installa-

SOURCE OF CRUDE OIL RECEIPTS *millions of barrels*



tions in 1960 at receiving and delivery points. As a result, all of the crude received at Cromer and a large proportion at Edmonton was measured by meters as well as the deliveries to the refineries at Regina, Saskatchewan, and Bay City, Michigan.

The construction of three large tanks at Clearbrook overcame an imbalance which developed in the system. The new tanks will make possible greater utilization of the pipe line into Superior. As a result of the increased demand for Midale crude in the Toronto area, an additional 150,000 barrel tank was erected at the Sarnia station.

With the completion of the 1960 construction program, the capacity of the system is considered adequate to meet the anticipated throughputs in 1962. Accordingly, no major construction is presently contemplated in 1961.

The capacity of the various sections of the system for 1961 is set forth in the following tabulation:

438	Edmonton-Regina	328,500 bbls. per day	144.0
150	Regina-Cromer	331,900 bbls. per day	49.5
150	Cromer-Gretna	428,000 bbls. per day	64.2
160	Gretna-Clearbrook	434,000 bbls. per day	69.3
166	Clearbrook-Superior	376,000 bbls. per day	62.4
645	Superior-Sarnia	333,500 bbls. per day	215.0
156	Sarnia-Toronto	121,000 bbls. per day	19.9

TARIFFS

During 1960 the problem of expanding the markets for Canadian crude was of vital interest to the public and the oil industry. Early in July, to assist the producers in Western Canada and to significantly encourage the use of Cana-

dian crude, your Company announced substantial reductions in all established tariffs would be effective November 1.

The revisions in the principal tariffs, in cents per barrel, are tabulated below:

	TO		FROM	
			Edmonton	Cromer
	New	Old	New	Old
Regina, Saskatchewan	20	23½	—	—
Gretna, Manitoba	29½	36	10½	12
Superior, Wisconsin	37	44	22	28
Trenton, Michigan	55	61	43½	48
Toledo, Ohio	55	61	43½	48
Sarnia, Ontario	50	56	38½	43
Toronto, Ontario	54	60	42½	47

The tariffs to Trenton, Michigan and Toledo, Ohio are joint rates issued July 1, in conjunction with The Buckeye Pipe Line Company, for the transportation of Canadian crude via Port Huron, Michigan to these new and important markets.

The rates in the above table apply to light gravity crude petroleum only. At the same time, the additional charges made for transporting various medium gravity crudes were reduced from 25% to 15% and from 10% to 5%.

Looking to the future, the revised tariffs made provision for the transportation of natural gas liquids by broadening the definition of crude petroleum and changing the vapour pressure limitation.

The full effect of the tariff reductions is not reflected in 1960 earnings as the reductions were applicable only to crude oil received into the system after November 1, 1960.



FINANCIAL

The Consolidated Financial Statements forming part of this report include the accounts of Interprovincial Pipe Line Company and its wholly owned United States subsidiary, Lakehead Pipe Line Company, Inc.

EARNINGS

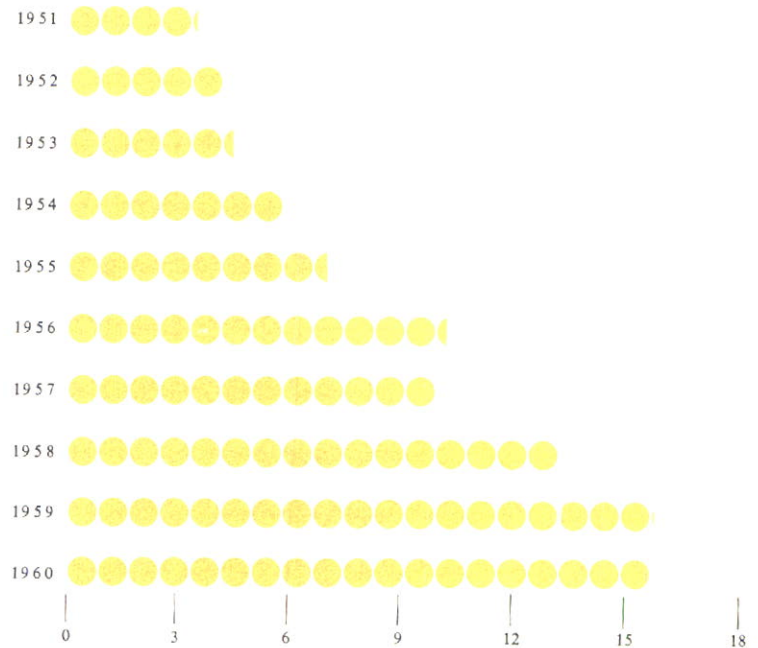
Consolidated Net Income for the year was \$15,480,343, representing earnings of \$3.05 per share. Comparable figures for 1959 were \$15,604,321 and \$3.08 per share.

During 1960, Parliament amended the foreign tax credit provisions of the Income Tax Act. The Company takes the position that the amendments do not affect its right to a foreign tax credit for the 15% United States tax withheld at source upon interest payments from its United States subsidiary. Nevertheless, it has been considered prudent to include an additional income tax provision of \$363,000 in the accounts to provide for the full amount which may be disputed or disallowed. Further explanation of this question appears in the Notes to Financial Statements under the heading "Provision for Taxes on Income".

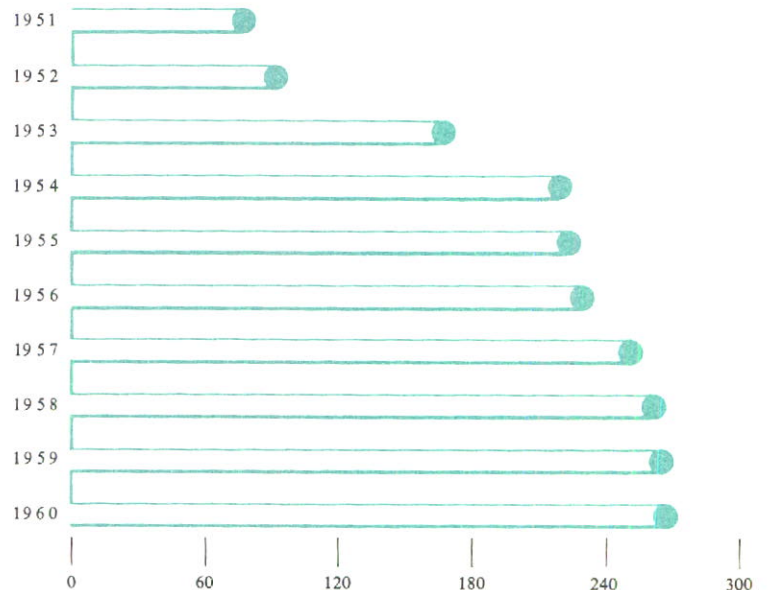
DIVIDENDS

Regular quarterly dividends were paid at the rate of 55¢ per share in March and June and 60¢ per share in September and December, as well as an extra dividend of 50¢ per share in December, a total for the year of \$2.80 per share. In 1959 dividends of \$2.25 per share were paid which included a special dividend of 25¢ per share in December. Part of the extra dividend in 1960 and the special dividend in 1959 were from moneys refunded by the Department of National Revenue on the successful appeal of our withholding tax case.

EARNINGS *millions of dollars*



INVESTMENT *plant & equipment/millions of dollars*



REVENUE AND EXPENSES

Deliveries of crude oil increased 4% in 1960 while barrel miles only increased 1.4%. However, operating revenue of \$53,380,511 is down \$839,853—2% less than 1959. The lower revenue resulted principally from the tariff reductions made in March 1959 which were effective throughout 1960 and, to a lesser extent from the second decrease in transportation rates, on November 1, 1960.

Operating expenses of \$8,259,449 reflect an increase of 4% from the previous year. The slightly higher costs result from increases in salaries and wages, and several non-recurring charges. In 1960, taxes other than income taxes were \$2,792,076, an increase of \$246,410 or 10%, primarily the result of higher tax rates on property and the assessment of new facilities constructed in 1959. The continuing reduction of long term funded debt reduced interest payments of \$4,549,355 by 6%.

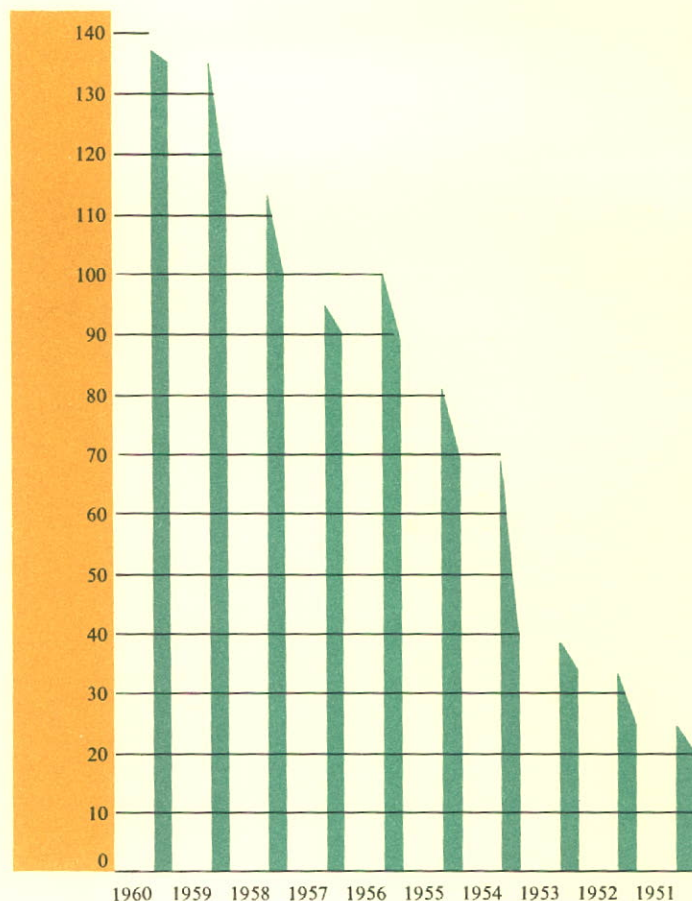
CAPITAL EXPENDITURES AND FIXED ASSETS

A total of \$5,440,482 was expended for construction of four remotely controlled electrical pumping stations and expansion of other facilities. At the year end investment in fixed assets compared with 1959 as follows:

	1960	1959
Land - - \$	607,859	\$ 618,077
Rights-of-way - -	3,223,101	3,216,973
Crude oil pipe line -	202,652,178	202,639,992
Buildings, tanks and equipment	63,425,557	61,722,668
Incomplete construction	4,651,091	1,428,089
	<u>\$274,559,786</u>	<u>\$269,625,799</u>

BARREL MILES *billions*

one barrel mile equals one barrel of oil transported one mile

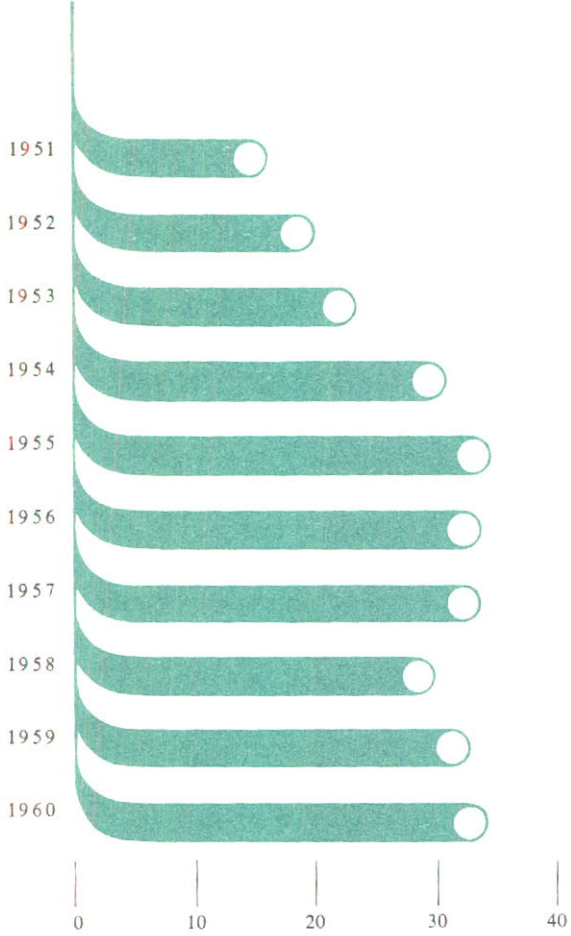


CRUDE OIL DELIVERIES

millions of barrels



WESTERN CANADA

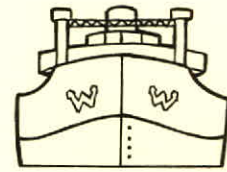
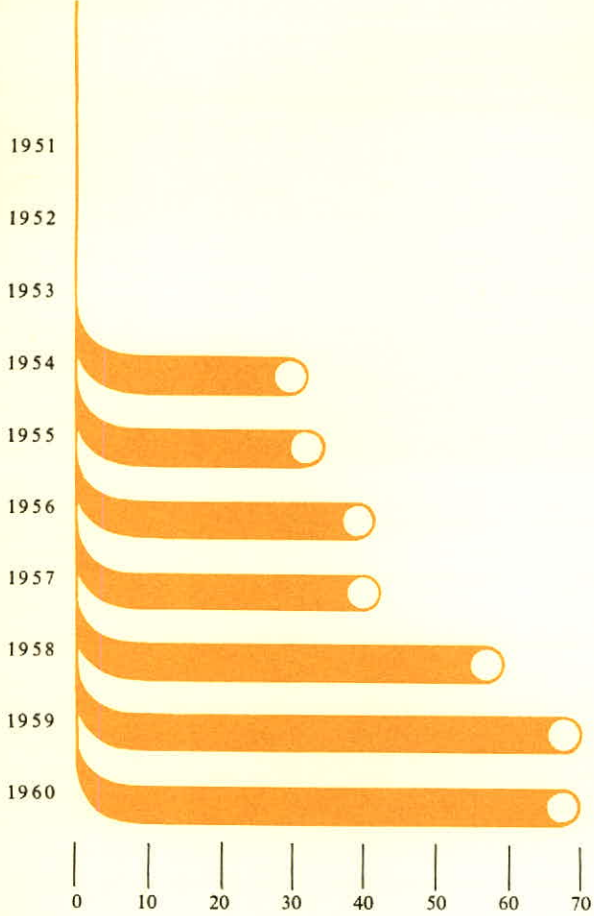


UNITED STATES

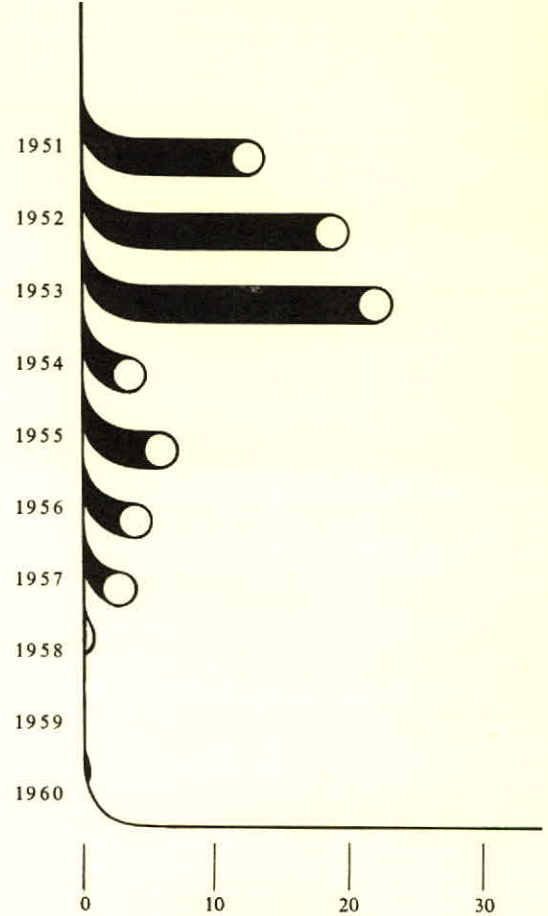




ONTARIO



FOR TANKERS



INTERPROVINCIAL

PIPE LINE

COMPANY

and subsidiary companies

SOURCE AND DISPOSITION OF FUNDS

SOURCE:	1960	1959
Net income - - - - -	\$15,480,343	\$15,604,321
Depreciation - - - - -	8,745,991	8,684,365
Deferred income taxes - - - - -	1,149,000	1,633,000
Capital stock issued - - - - -	159,432	166,375
Refund of disputed income taxes paid in prior years - - - - -	—	2,047,595
Other transactions (net) - - - - -	182,441	192,913
	<u>\$25,717,207</u>	<u>\$28,328,569</u>
 DISPOSITION:		
Additions to carrier system - - - - -	\$ 5,440,482	\$ 2,667,141
Bond sinking fund requirements - - - - -	7,168,840	6,552,309
Dividends - - - - -	14,183,925	11,388,747
	<u>\$26,793,247</u>	<u>\$20,608,197</u>
Increase (Decrease) in Working Capital for year - - - - -	(1,076,040)	7,720,372
Working Capital January 1 - - - - -	7,996,783	276,411
Working Capital December 31 - - - - -	<u>\$ 6,920,743</u>	<u>\$ 7,996,783</u>

CAPITAL STOCK

A further 5,030 shares of capital stock were issued for cash during 1960 under the terms of the employees' Incentive Stock Option Plan. At the end of the year outstanding capital stock was held as follows:

	Shareholders	Shares
Canada - - - - -	9,959	4,222,257
United States - - - - -	1,706	782,480
Other Countries - - - - -	169	63,606
Total - - - - -	<u>11,834</u>	<u>5,068,343</u>

STATEMENT OF CONSOLIDATED INCOME *(Expressed in Canadian currency)*

	For the years ended December 31	
	1960	1959
INCOME:		
Operating revenue - - - - -	\$53,380,511	\$54,220,364
Income from government and other marketable securities - - - - -	783,269	547,157
Profit on company bonds purchased for sinking fund - - - - -	514,623	665,138
Interest on income tax refund - - - - -	—	306,848
Profit on foreign exchange - - - - -	317,657	297,134
Sundry income - - - - -	166,154	61,039
	<u>55,162,214</u>	<u>56,097,680</u>
CHARGES:		
Operating expenses, other than below - - - - -	8,259,449	7,978,014
Taxes, other than income taxes - - - - -	2,792,076	2,545,666
Provision for depreciation - - - - -	8,745,991	8,684,365
Interest on long term debts - - - - -	4,549,355	4,851,314
	<u>24,346,871</u>	<u>24,059,359</u>
BALANCE BEFORE INCOME TAXES - - - - -	30,815,343	32,038,321
PROVISION FOR TAXES ON INCOME:		
Canada - - - - -	9,495,000	9,209,000
United States - - - - -	5,840,000	7,225,000
	<u>15,335,000</u>	<u>16,434,000</u>
NET INCOME FOR THE YEAR - - - - -	<u>\$15,480,343</u>	<u>\$15,604,321</u>

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

(Expressed in Canadian currency)

	For the years ended December 31	
	1960	1959
BALANCE AT JANUARY 1 - - - - -	\$32,949,859	\$25,853,285
Add—Net income for the year - - - - -	15,480,343	15,604,321
—Provision for disputed income taxes no longer required - - - - -	—	2,881,000
	<u>48,430,202</u>	<u>44,338,606</u>
Deduct—Dividends - - - - -	14,183,925	11,388,747
BALANCE AT DECEMBER 31 - - - - -	<u>\$34,246,277</u>	<u>\$32,949,859</u>

The accompanying notes are part of the financial statements.

INTERPROVINCIAL

PIPE LINE

COMPANY



and subsidiary companies

ASSETS

	As at December 31	
	1960	1959
CURRENT ASSETS:		
Cash - - - - -	\$ 402,799	\$ 463,220
Deposits with bondholders' trustees and banks for interest and sinking fund payments - - - - -	911,594	1,341,080
Government and other marketable securities, at lower of cost or market, plus accrued interest - - - - -	11,915,861	16,097,229
Accounts receivable—		
Transportation charges - - - - -	2,996,168	3,139,499
Claims and other accounts receivable - - - - -	294,385	146,885
Inventories—		
Crude oil (from pipe line allowance), at quoted market price - - -	520,822	433,883
Materials and supplies, at cost - - - - -	999,280	944,164
Prepaid expenses - - - - -	251,585	262,162
	<u>18,292,494</u>	<u>22,828,122</u>
OTHER ASSETS AND DEFERRED CHARGES:		
Mortgages receivable - - - - -	53,945	59,930
Unamortized premium and expense on long term debts (net) - - -	248,583	331,673
Operating oil supply - - - - -	147,021	158,849
Other - - - - -	40,087	64,483
	<u>489,636</u>	<u>614,935</u>
FIXED ASSETS:		
Carrier system and other physical properties, at cost - - - - -	274,559,786	269,625,799
Less—Accumulated depreciation - - - - -	59,235,944	50,960,341
	<u>215,323,842</u>	<u>218,665,458</u>
	<u>\$234,105,972</u>	<u>\$242,108,515</u>

CONSOLIDATED BALANCE SHEET (Expressed in Canadian currency)

LIABILITIES

	As at December 31	
	1960	1959
CURRENT LIABILITIES:		
Accounts payable - - - - -	\$ 840,491	\$ 556,821
Bond interest payable - - - - -	1,552,715	1,623,689
Accrued income and other taxes - - - - -	8,978,545	11,485,473
Bond sinking fund payments due within one year - - - - -	—	1,165,356
	<u>11,371,751</u>	<u>14,831,339</u>
LONG TERM DEBTS - - - - -	<u>123,757,528</u>	<u>130,926,368</u>
PROVISION FOR EMPLOYEE RETIREMENT BENEFITS - - - - -	<u>144,659</u>	<u>123,624</u>
DEFERRED INCOME TAXES - - - - -	<u>19,861,000</u>	<u>18,712,000</u>
CAPITAL STOCK AND RETAINED EARNINGS:		
Capital stock—		
Authorized—\$200,000,000 divided into 40,000,000 shares, par value \$5 each		
Issued—1960—5,068,343		
1959—5,063,313 - - - - -	25,341,715	25,316,565
Premium on shares - - - - -	19,383,042	19,248,760
Retained earnings, per statement attached - - - - -	34,246,277	32,949,859
	<u>78,971,034</u>	<u>77,515,184</u>
SIGNED ON BEHALF OF THE BOARD:		
	Director	
	Director	
<i>The accompanying notes are part of the financial statements.</i>	<u>\$234,105,972</u>	<u>\$242,108,515</u>

11.4
222.7

INTERPROVINCIAL

PIPE LINE

COMPANY

and subsidiary companies

NOTES TO FINANCIAL STATEMENTS

LONG TERM DEBTS:

Long term debts of \$123,757,528 at December 31, 1960 comprise First Mortgage and Collateral Trust Bonds of Interprovincial Pipe Line Company, authorized with no fixed limitation, issued and outstanding as follows:

	Series A 3½% due January 1 1970	Series B 3½% due January 1 1970	Series C 4% due April 1 1973	Series D 3⅝% due April 1 1974	
	(Canadian dollars)		(United States dollars)		
Issued - - - - -	\$37,000,000	35,000,000	60,000,000	30,000,000	
Redeemed - - - - -	12,550,000	10,112,000	8,499,000	3,164,000	
Bonds outstanding - - - - -	24,450,000	24,888,000	51,501,000	26,836,000	
<i>Less—</i>					
Bonds purchased and held for sinking fund - - - - -	—	1,774,000	2,379,000	1,086,000	
Amount due after 1961 - - - - -	\$24,450,000	23,114,000	49,122,000	25,750,000	
Amount due after 1961 in terms of Canadian dollars at historical rates of exchange - - - - -	\$24,450,000	25,540,970	48,519,488	25,247,070	123,757,528

The Company provided for 1961 sinking fund requirements in 1960 by the purchase of its bonds at a discount of \$514,623. Bond sinking fund requirements for 1962 to 1965 are as follows:

	Series A (Canadian dollars)	Series B	Series C	Series D
		(United States dollars)		
1962 - - - - -	\$1,838,000	1,750,000	2,500,000	1,168,000
1963 - - - - -	2,056,000	1,944,000	2,666,000	1,250,000
1964 - - - - -	2,056,000	1,944,000	2,833,000	1,332,000
1965 - - - - -	2,312,000	2,188,000	3,000,000	1,416,000

PROVISION FOR TAXES ON INCOME:

Note and bond interest paid by the United States subsidiary to the Company is subject to a 15% withholding tax which the Company has claimed as a foreign tax credit for Canadian income tax purposes. In prior years Canadian income tax authorities disallowed the deduction but in 1959 the Company's appeal against this treatment was upheld by the Supreme Court of Canada. During 1960 the relative provisions of the Income

Tax Act were amended to disallow such foreign tax credits. In view of the Supreme Court decision it is not believed that the amendments effectively alter the Company's position but it was considered prudent to provide additional income taxes of \$363,000 in 1960 to cover the full amount of United States withholding tax which might be disallowed.

DEFERRED INCOME TAXES:

The companies' policy is to provide for depreciation of Fixed Assets on the straight line method at annual rates which will amortize the cost of depreciable properties over their estimated service lives. Under Canadian and United States income tax regulations more depreciation may be deducted for tax purposes than the provision recorded on the books of the companies. The companies are taking advantage of the maximum deductions permitted for tax purposes and as a result income taxes payable in respect of 1960 will amount to \$14,186,000 whereas \$15,335,000 was charged to income. The difference of \$1,149,000 is applicable to future years when amounts deductible for tax purposes will be less than the depreciation recorded in the accounts and is accordingly carried on the Consolidated Balance Sheet, together with similar amounts in respect of prior years, under the heading Deferred Income Taxes.

INCENTIVE STOCK OPTION PLAN:

Under the Company's Incentive Stock Option Plan, options on 47,750 shares have been granted to December 31, 1960 at the market price on the date of option. During 1960 options on 5,030 shares were exercised which, together with options for 23,481 shares exercised in prior years, leaves a balance of 19,239 shares under option at the year-end.

FOREIGN EXCHANGE:

The accounts of the United States subsidiary company and United States dollar balances of Interprovincial have been expressed in Canadian dollars on the following bases:

Current assets and liabilities, at the rate of exchange on December 31, 1960;

Fixed assets, deferred charges, long term debts and deferred income taxes, at historical rates of exchange, and accumulated depreciation, on the basis of equivalent Canadian dollar cost of the related fixed assets;

Income and expenses, except depreciation and amortization of expense on long term debts, at month-end rates of exchange.

Profits and losses arising from the foregoing methods are shown on the Statement of Consolidated Income as Profit on Foreign Exchange.

SALARIES OF EXECUTIVE OFFICERS, COUNSEL FEES AND DIRECTORS' FEES:

The total amount deducted on the statement of Consolidated Income in respect of salaries and other remuneration paid or payable to counsel, solicitors and executive officers, including a salaried director, was \$118,417 in 1960. In addition fees paid to certain non-salaried directors amounted to \$3,300 for the year.

TEN YEAR REVIEW

	1960	1959
FINANCIAL (In thousands of dollars)		
Gross Income - - - - -	\$ 55,162	56,097
Charges - - - - -	\$ 24,347	24,059
Income Taxes - - - - -	\$ 15,335	16,434
Net income - - - - -	\$ 15,480	15,604
Net income per share - - - - -	\$ 3.05	3.08
Dividends paid - - - - -	\$ 14,184	11,389
Dividends paid per share - - - - -	\$ 2.80	2.25
Working capital - - - - -	\$ 6,921	7,997
Capital additions to carrier system - - - - -	\$ 5,440	2,667
Investment in carrier system (cost) - - - - -	\$274,560	269,626
Investment in carrier system (net) - - - - -	\$215,324	218,665
Long term debts - - - - -	\$123,758	130,926
Number of shares outstanding - - - - -	5,068,343	5,063,313
Number of shareholders - - - - -	11,834	11,901
OPERATING		
RECEIPTS OF CRUDE OIL (In thousands of barrels)		
Alberta - - - - -	74,823	75,411
Saskatchewan and Manitoba - - - - -	53,681	48,165
Total - - - - -	<u>128,504</u>	<u>123,576</u>
DELIVERIES OF CRUDE OIL (In thousands of barrels)		
Western Canada - - - - -	34,236	32,705
United States - - - - -	23,018	20,353
Tanker loadings for Ontario - - - - -	923	—
Ontario - - - - -	69,729	69,864
TOTAL - - - - -	<u>127,906</u>	<u>122,922</u>
BARREL MILES (millions) - - - - -	137,483	135,569

INTERPROVINCIAL PIPE LINE COMPANY *and subsidiary companies*

1958	1957	1956	1955	1954	1953	1952	1951
49,910	41,930	42,569	34,402	29,583	18,945	19,193	14,456
23,970	22,370	22,745	20,433	17,981	11,084	10,206	7,516
12,844	9,596	9,650	6,938	5,550	3,427	4,879	3,587
13,096	9,964	10,174	7,031	6,052	4,434	4,108	3,353
2.59	1.97	2.01	1.40	1.20	.88	1.14 (1)	.93 (1)
9,103	7,075	5,548	3,528	2,268	756	977	—
1.80	1.40	1.10	.70	.45	.15	.30	—
276	1,329	15,780	14,296	7,418	17,971	10,148	18,679
11,200	22,853	9,580	2,872	50,617	81,166	12,336	11,882
267,270	256,966	234,561	226,561	223,936	173,578	92,466	80,168
224,700	222,573	207,684	206,786	210,883	165,993	87,805	78,032
137,479	143,716	149,154	154,281	157,627	130,735	73,943	92,668
5,057,813	5,056,533	5,050,343	5,039,832	5,039,832	5,039,832	3,526,280 (2)	201,620 (2)
12,129	11,966	10,969	8,699	8,002	7,177	1,895	18
65,088	66,063	81,565	72,899	64,706	53,593	41,773	30,628
45,488	35,408	16,719	8,049	2,089	629	47	—
<u>110,576</u>	<u>101,471</u>	<u>98,284</u>	<u>80,948</u>	<u>66,795</u>	<u>54,222</u>	<u>41,820</u>	<u>30,628</u>
29,512	33,751	33,733	34,306	30,137	23,045	19,760	15,614
21,327	20,664	16,868	5,270	1,638	2,550	1,106	473
1,748	4,119	5,662	7,044	2,943	22,558	20,349	14,011
56,912	41,362	40,479	33,948	31,324	—	—	—
<u>109,499</u>	<u>99,896</u>	<u>96,742</u>	<u>80,568</u>	<u>66,042</u>	<u>48,153</u>	<u>41,215</u>	<u>30,098</u>
113,997	94,994	100,486	81,041	69,946	38,398	33,652	24,258

(1) Adjusted on the basis that all Convertible Debentures exchanged for equivalent shares.
(2) Adjusted to reflect ten for one stock split in 1953.

AUDITORS' REPORT

To the Shareholders of

INTERPROVINCIAL PIPE LINE COMPANY :

We have examined the consolidated balance sheet of Interprovincial Pipe Line Company and subsidiary companies as at December 31, 1960 and the statements of consolidated income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination was made in conformity with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1960 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.

Chartered Accountants.

EDMONTON, February 9, 1961.



PRINTED IN CANADA