

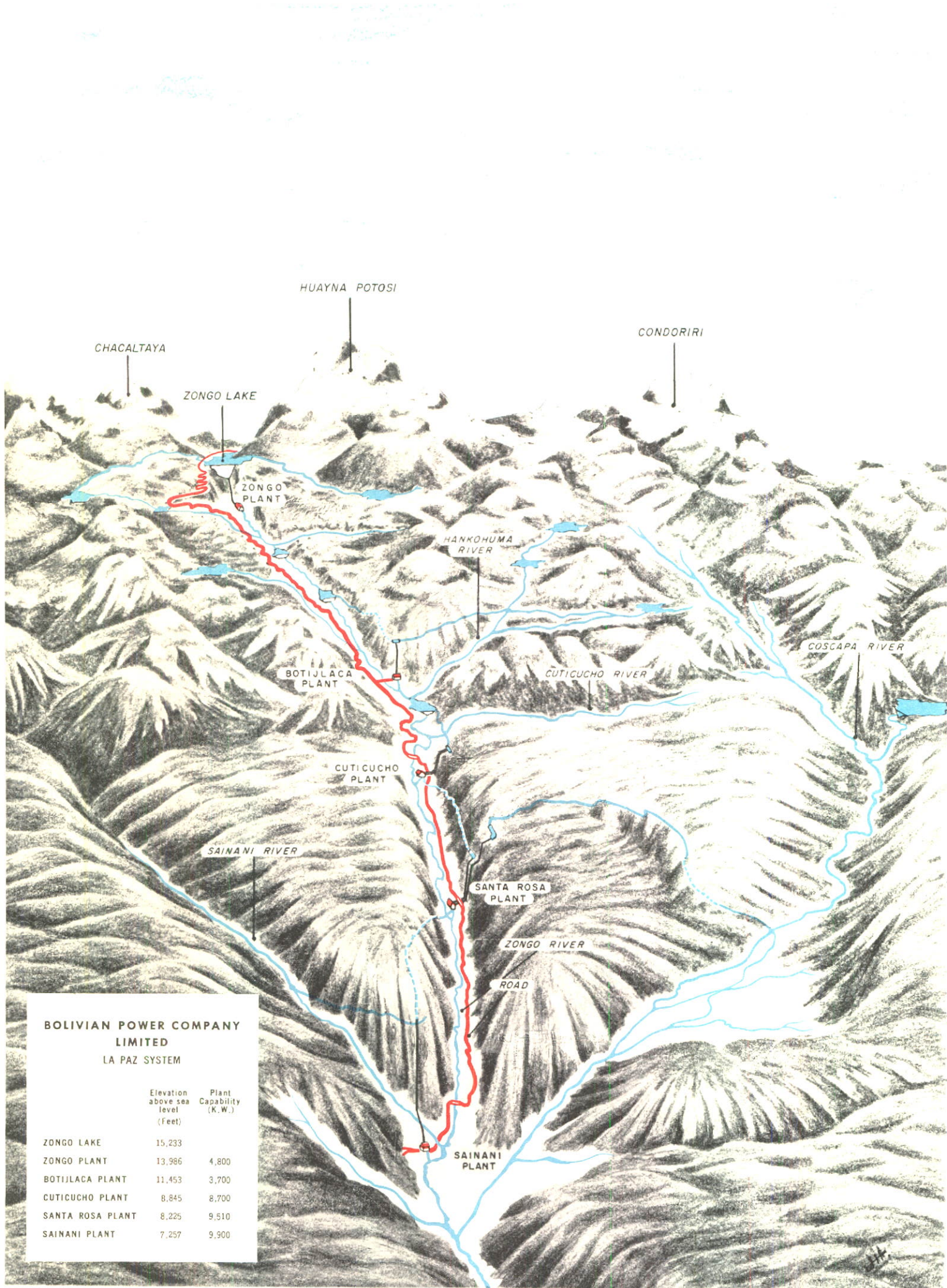
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International Power Company LIMITED



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A N N U A L R E P O R T
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CHACALTAYA

HUAYNA POTOSI

CONDORIRI

ZONGO LAKE

ZONGO PLANT

HANKOHUMA RIVER

BOTIJLACA PLANT

CUTICUCHO RIVER

COSCAPA RIVER

CUTICUCHO PLANT

SAINANI RIVER

SANTA ROSA PLANT

ZONGO RIVER

ROAD

SAINANI PLANT

BOLIVIAN POWER COMPANY LIMITED
LA PAZ SYSTEM

	Elevation above sea level (Feet)	Plant Capability (K.W.)
ZONGO LAKE	15,233	
ZONGO PLANT	13,986	4,800
BOTIJLACA PLANT	11,453	3,700
CUTICUCHO PLANT	8,845	8,700
SANTA ROSA PLANT	8,225	9,510
SAINANI PLANT	7,257	9,900

H.H.

INTERNATIONAL POWER
COMPANY
LIMITED

•
HEAD OFFICE

MONTREAL, CANADA

•
S Y S T E M C O M P A N I E S

Bolivian Power Company, Limited

Monterey Railway, Light and Power Company*

Compañía de Alumbrado Eléctrico de San Salvador

The Demerara Electric Company Limited

Empresas Eléctricas Venezolanas, Sociedad Anonima

**Not consolidated*

INTERNATIONAL POWER COMPANY LIMITED

BOARD OF DIRECTORS

E. RYCKMAN ALEXANDER	ALASTAIR G. MACKINNON
LEO F. DALEY	LESLIE G. PROCTOR
WILLIAM M. HICKEY	PAUL W. RAYMER
JOHN R. HUGHES	RICHARD JOYCE SMITH
FREDERICK KRUG	MORLEY G. TAYLOR
HON. HERBERT J. SYMINGTON, P.C., C.M.G., Q.C.	

OFFICERS

FREDERICK KRUG, *President*
PAUL W. RAYMER, *Vice-President*
LESLIE G. PROCTOR, *Secretary-Treasurer*
GEORGE L. GILKER, *Assistant Secretary*

OFFICE

244 St. James Street West, Montreal, P.Q.

TRANSFER AGENTS

MONTREAL TRUST COMPANY
511 Place d'Armes, Montreal, P.Q.
15 King Street W., Toronto, Ontario
466 Howe Street, Vancouver, B.C.

REGISTRAR

MONTREAL TRUST COMPANY

ENGINEERING CONSULTANTS
MONTREAL ENGINEERING
COMPANY, LIMITED

PAUL W. RAYMER (1922)	<i>General Manager, International Operations</i>
JOHN KAZAKOFF (1938)	<i>Assistant Manager, International Operations</i>
HUMPHREY G. MICHELL (1939)	<i>Assistant Manager, International Operations</i>

EXECUTIVES
OF
OPERATING COMPANIES

BOLIVIA	BRUCE F. JUNKIN (1947)	<i>General Manager</i>
BRITISH GUIANA	CHARLES A. MACINTYRE (1938)	<i>General Manager</i>
MEXICO	RAMÓN NOBLE (1923)	<i>General Manager</i>
EL SALVADOR	ARTHUR W. CARLSON (1940)	<i>General Manager</i>
VENEZUELA	LAWRENCE M. HOWE (1941)	<i>President</i>
	PERCY B. SPICER (1938)	<i>General Manager, Maracaibo</i>
	ALEXANDER E. WILCOX (1950)	<i>Manager, Barquisimeto</i>

Dates indicate date of first employment
with system companies.

INTERNATIONAL POWER COMPANY LIMITED

R E P O R T O F D I R E C T O R S F O R 1 9 5 8

TO THE SHAREHOLDERS:

Your Directors are pleased to submit their report for the year ended December 31, 1958.

The consolidated net income of International Power Company Limited and its subsidiaries in 1958 was \$8,933,128 compared to \$8,243,905 in 1957. Dividends of \$14.00 per share were paid in 1958, representing four quarterly dividends of \$3.00 per share and an extra \$2.00 per share in June.

Operations during the year were generally normal with proper replacement and maintenance schedules having been carried out.

In December a law was enacted by the Venezuelan Government increasing income tax rates retroactively to January 1, 1958. The effect of this increase in income taxes in Venezuela was to reduce moderately the earnings for the year.

The electric business of the consolidated subsidiaries continued to expand, with gross earnings increasing by 17.7% over 1957. Sales of electricity increased from 558,967,000 kilowatt hours in 1957 to 669,496,000 kwhrs in 1958, a growth rate of 20%. In February 1959, a 12% rate reduction was agreed upon with the municipality of Maracaibo, Venezuela, and it is anticipated that this will further accelerate growth in demand.

Although the capital expenditures initially approved by your Directors for the year 1958 amounted to \$7,580,000, as mentioned in the previous report, the growing demand for electric service necessitated additional appropriations and actual capital expenditures in 1958 by the consolidated operating subsidiaries reached a total of \$9,819,468. Two new hydroelectric generating units, of a combined capacity of 8,000 kw, were completed and placed in service in Bolivia. A 25,000 kw steam electric generating unit was completed in Maracaibo, Venezuela, and a 3,200 kw diesel unit was installed in Barquisimeto, Venezuela. In addition, work proceeded on construction in Maracaibo of a 17,000 kw gas turbine unit

and a 66,000 kw steam electric unit. It was also necessary to repair the boiler and other equipment of a 25,000 kw steam unit at the Maracaibo station, damaged by a furnace explosion.

For 1959 your Directors have approved a capital expenditure program of \$15,829,000. In Maracaibo, the generating units contemplated in this program are the 66,000 kw steam electric unit referred to above, which is scheduled for completion in 1960, a second 66,000 kw steam electric unit for completion in 1962, and the 17,000 kw gas turbine unit which is to be completed in 1959. In British Guiana, a 12,500 kw steam electric unit is included in the capital program, subject to the conclusion of negotiations with the British Guiana Government for a modified franchise.

The investment of your subsidiary, Empresas Electricas Venezolanas, Sociedad Anónima, in Financiadora Venezolana de Creditos (Fivecca) is contributing satisfactorily to the company's earnings and it is worthy of note that during the year the rate of dividend on the common stock was increased from a 6% to an 8% rate. Interest on the loan is paid regularly.

Although studies and investigations are continuing for possible acquisition of new businesses, no investment for this purpose was made in 1958.

The continued high rate of growth of business in the operating companies has imposed a heavy burden on the existing staff. In order to maintain a high grade of service to customers, intensified efforts have been made towards the recruitment of experienced personnel and the training of junior staff.

Your Directors appreciate that progress and efficient service are a result of individual effort and teamwork, and wish to express their thanks to the staffs of the operating companies and of Montreal Engineering Company Limited for their contribution to the development of your companies.

For the Board of Directors,

F. KRUG,

President.

MONTREAL, May 1, 1959.

INTERNATIONAL POW

Balance Sheet as at

(With Comparative Figures

A S S E T S

	1958	1957
Shares of Subsidiary Companies, at cost	\$22,052,702.57	\$14,317,860.30
Debtures and other Indebtedness of Subsidiary Companies, at cost	194,523.31	516,754.97
	22,247,225.88	14,834,615.27
Cash	386,165.91	355,917.69
Bank Deposit Receipts	1,525,156.25	1,256,187.50
Accounts Receivable	22,953.40	9,656.85
	1,934,275.56	1,621,762.04
Approved on behalf of the Board:		
A. G. MACKINNON, <i>Director.</i>		
L. G. PROCTOR, <i>Director.</i>		
	\$24,181,501.44	\$16,456,377.31

ER COMPANY LIMITED

31st December 1958

(as at 31st December 1957)

LIABILITIES

	1958	1957
Accounts Payable	\$ 49,257.07	\$ 105,314.57
Income Taxes Payable	1,267.39	1,527.01
	<u>50,524.46</u>	<u>106,841.58</u>
Capital Stock and Surplus:		
Common Shares of No Par Value		
Authorized: 220,000 Shares		
Issued and Fully Paid: 195,700 Shares	3,631,750.00	3,631,750.00
Surplus:		
Tax-Paid Undistributed Income	2,832,654.83	2,832,654.83
Capital Surplus	3,945,994.74	3,993,057.63
Earned Surplus	13,720,577.41	5,892,073.27
	<u>24,130,976.98</u>	<u>16,349,535.73</u>
	<u>\$24,181,501.44</u>	<u>\$16,456,377.31</u>

Audited in accordance with our Report of this date.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

MONTREAL, 24th April 1959.

INTERNATIONAL POWER

Statement of Income and Expenditure

FOR THE YEAR ENDED 31st DECEMBER 1958

(With Comparative Figures for the Year 1957)

	1958	1957
Dividends and Interest (less withholding tax) from Operating Subsidiary Companies and other income	\$2,612,227.32	\$3,131,833.58
<i>Deduct:</i>		
Directors' Fees and Expenses	6,525.36	5,989.10
Executive Salaries	2,500.00	—
Executive Counsel	20,000.00	20,000.00
Other Expenses	48,425.20	51,833.60
Income Taxes	1,267.39	1,527.01
	78,717.95	79,349.71
Net Income for year, transferred to Statement of Earned Surplus .	\$2,533,509.37	\$3,052,483.87

Statement of Earned Surplus

FOR THE YEAR ENDED 31st DECEMBER 1958

Balance at 31st December 1957	\$5,892,073.27
<i>Add:</i> Net Income for year, transferred from Statement of Income and	
Expenditure	2,533,509.37
Stock Dividend received from a subsidiary company out of prior years' accumulated earnings	7,734,794.77
Amount received from a Subsidiary Company on account of arrears of interest .	300,000.00
	16,460,377.41
<i>Deduct:</i> Dividends on Common Stock	2,739,800.00
Balance at 31st December 1958	\$13,720,577.41

COMPANY LIMITED

Statement of Capital Surplus

FOR THE YEAR ENDED 31st DECEMBER 1958

Balance at 31st December 1957		\$3,993,057.63
<i>Deduct:</i>		
Adjustment of Exchange provision made in prior years, required to convert U.S. Dollar balances at 31st December 1958 . . .	\$34,221.86	
Exchange loss applicable to Capital	12,841.03	
	<u>47,062.89</u>	
Balance at 31st December 1958		<u>\$3,945,994.74</u>

Statement of Tax-Paid Undistributed Income

FOR THE YEAR ENDED 31st DECEMBER 1958

Balance at 31st December 1958 (no change during the year)	<u>\$2,832,654.83</u>
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INTERNATIONAL POW

AND SUBSIDIARIES

Consolidated Balance Sheet

(With Comparative Figures)

ASSETS

	1958	1957
CAPITAL ASSETS		
Lands, Buildings and Plants; Franchises, Contracts, Goodwill, etc. (Note 2)	\$74,833,791.46	\$65,636,555.96
INVESTMENT IN SUBSIDIARY COMPANIES NOT CONSOLIDATED, AT COST		
Shares	402,889.20	402,841.70
Debentures and Other Indebtedness	183,115.44	187,986.10
	586,004.64	590,827.80
OTHER INVESTMENTS IN SHARES AND NOTES RECEIVABLE.	2,372,537.30	2,369,553.05
CURRENT ASSETS		
Cash	1,408,868.86	1,520,806.64
Bank Deposit Receipts.	7,217,681.45	6,906,187.50
Accounts Receivable, less Reserve.	3,420,337.02	2,695,292.38
Materials and Supplies as certified by responsible officials and valued at cost.	2,015,889.89	1,746,585.13
	14,062,777.22	12,868,871.65
DEFERRED CHARGES		
Prepaid and Other Deferred Charges	234,719.75	155,132.57
	\$92,089,830.37	\$81,620,941.03
	\$92,089,830.37	\$81,620,941.03

Approved on behalf of the Board:
A. G. MACKINNON, *Director*.
L. G. PROCTOR, *Director*.

ER COMPANY LIMITED

RY COMPANIES

Balance Sheet as at 31st December 1958

(as at 31st December 1957)

LIABILITIES

	1958	1957
CURRENT LIABILITIES		
Bank Loan	\$ 36,566.20	\$ 54,049.34
Accounts Payable	3,084,937.06	878,510.32
Consumers' Deposits, including interest thereon.	617,461.10	556,007.61
Income Taxes Payable.	2,453,352.42	1,626,357.43
	<u>6,192,316.78</u>	<u>3,114,924.70</u>
MINORITY INTEREST in Capital Stock and Surplus of Subsidiary Companies	996,168.87	909,564.47
	<u>996,168.87</u>	<u>909,564.47</u>
RESERVES		
Depreciation and Renewals.	16,456,125.94	15,101,700.69
Reserve for Contingencies (Note 5)	878,537.44	1,087,548.62
Exchange	2,012,478.72	2,088,088.86
Other	391,459.91	368,528.25
	<u>19,738,602.01</u>	<u>18,645,866.42</u>
CAPITAL RESERVE (Note 2).	6,572,493.97	6,466,819.60
	<u>6,572,493.97</u>	<u>6,466,819.60</u>
CAPITAL STOCK AND SURPLUS		
Common Shares of No Par Value		
Authorized: 220,000 shares		
Issued and Fully Paid: 195,700 shares	3,631,750.00	3,631,750.00
Surplus (Note 3)		
Tax-Paid Undistributed Income.	2,832,654.83	2,832,654.83
Capital Surplus	10,513,158.93	10,560,221.82
Earned Surplus	38,923,725.26	33,049,753.99
Earned Surplus Segregated for Legal Reserve	2,688,959.72	2,409,385.20
	<u>58,590,248.74</u>	<u>52,483,765.84</u>
	<u>\$92,089,830.37</u>	<u>\$81,620,941.03</u>

The accompanying notes to the consolidated financial statements should be read in conjunction with the above consolidated balance sheet.

Audited in accordance with our report of this date.

MONTREAL, 24th April 1959.

CREAK, CUSHING & HODGSON,
Chartered Accountants.

INTERNATIONAL POWER

AND SUBSIDIARY

Consolidated Statement of Income and Expenditure

FOR THE YEAR ENDED 31st DECEMBER 1958

(With Comparative Figures for Year 1957)

	1958	1957
Gross Earnings of Operating Subsidiary Companies, less Exchange Loss	\$21,328,300.42	\$18,113,516.64
<i>Deduct:</i> Operating Expenses	8,230,325.99	6,794,629.37
Income Taxes	2,492,982.10	1,674,926.09
	10,723,308.09	8,469,555.46
<i>NOTE:</i> The total amount paid during the year by subsidiary companies consolidated herein and by subsidiary companies not consolidated, was for Legal Fees \$43,782.35 for the year 1958 and \$46,973.46 for the year 1957; Executive Salaries \$224,288.93 for the year 1958 and \$220,274.03 for the year 1957.		
Net Earnings of Operating Subsidiary Companies	10,604,992.33	9,643,961.18
<i>Add:</i>		
Investment Income — Net	282,281.36	271,864.95
	10,887,273.69	9,915,826.13
<i>Deduct:</i>		
Dividends on Common Stock of Subsidiary Companies in hands of the public	36,792.90	36,793.67
Provision for Depreciation and Renewals	1,873,421.03	1,624,205.68
Minority Interest in Surplus for year of Subsidiary Companies	88,495.51	79,435.05
	1,998,709.44	1,740,434.40
Net Income of Subsidiary Companies after deduction of Minority Interest	8,888,564.25	8,175,391.73
<i>Add:</i>		
Other Income, International Power Company Limited: Income from Investment in Monterey Railway, Light & Power Company, not consolidated, etc.	123,282.15	147,862.65
<i>Less:</i>		
Expenses and taxes (including Directors' Fees and Expenses \$6,525.36 for the year 1958 and \$5,989.10 for the year 1957 and Executive Counsel \$20,000.00 for the years 1958 and 1957 and Executive Salaries \$2,500.00 for the year 1958)	78,717.95	79,349.71
	44,564.20	68,512.94
Net Income for year (Note 6) transferred to Consolidated Statement of Earned Surplus	\$ 8,933,128.45	\$ 8,243,904.67

The accompanying notes to the consolidated financial statements should be read in conjunction with the above statement of income and expenditure.

COMPANY LIMITED

COMPANIES

Consolidated Statement of Earned Surplus

FOR THE YEAR ENDED 31st DECEMBER 1958

Balance at 31st December 1957		\$33,049,753.99
<i>Less:</i>		
Adjustment arising from variation in exchange conversion rates	\$35,617.60	
Adjustment of income taxes applicable to prior years, in the accounts of subsidiary companies	4,165.06	
		<u>39,782.66</u>
		33,009,971.33
<i>Add:</i>		
Net Income for year after payment of dividends on common stocks of subsidiary companies in hands of the public and provision for Minority Interest in Surplus for year of Subsidiary Companies		8,933,128.45
		<u>41,943,099.78</u>
<i>Deduct:</i>		
Amount segregated as Legal Reserve for the year 1958		279,574.52
		<u>41,663,525.26</u>
Dividends on Common Stock		<u>2,739,800.00</u>
Balance at 31st December 1958		<u><u>\$38,923,725.26</u></u>

The accompanying notes to the consolidated financial statements should be read in conjunction with the above statement of earned surplus.

**INTERNATIONAL POWER
AND SUBSIDIARY**

Consolidated Statement of Capital Surplus

FOR THE YEAR ENDED 31st DECEMBER 1958

Balance at 31st December 1957		\$10,560,221.82
<i>Deduct:</i>		
Adjustment of exchange provision made in prior years, required to convert U.S. dollar balances at 31st December 1958 in accounts of International Power Company Limited	\$34,221.86	
Exchange loss applicable to Capital	12,841.03	47,062.89
Balance at 31st December 1958		\$10,513,158.93

**Consolidated Statement of Earned Surplus
Segregated for Legal Reserve**

FOR THE YEAR ENDED 31st DECEMBER 1958

Balance at 31st December 1957		\$2,409,385.20
Amount segregated for the year 1958		279,574.52
Balance at 31st December 1958		\$2,688,959.72

NOTE: The accompanying notes to the consolidated financial statements should be read in conjunction with the above statement of capital surplus and with the above statement of earned surplus segregated for legal reserve.

Notes to Consolidated Financial Statements

AS AT 31st DECEMBER 1958

1. FOREIGN EXCHANGE

The following bases have been used in converting foreign currencies in the consolidated financial statements:—

The foreign currency accounts of the Venezuela and Salvador companies have been converted to United States dollars at the prevailing current rates of exchange at 31st December 1958.

The foreign currency accounts of the Demerara Company have been converted to Canadian dollars at the prevailing current rate of exchange at 31st December 1958.

The foreign currency accounts of Bolivian Power Company Limited have been converted to United States dollars at the prevailing current rate of exchange at 31st December 1958 with the following exception:

Income and expenditure accounts originating in Bolivian currency have been converted into United States dollars at the average monthly rates prevailing during the year ended 31st December 1958.

2. CAPITAL ASSETS

Properties are valued at cost to subsidiary companies, converted to dollars in accordance with the exchange bases mentioned in Note 1 with the exception of Bolivian Power Company Limited which have been valued at the dollar cost at date of acquisition.

The intangibles definitely ascertainable in the books of the subsidiary companies or from contracts for the sale or purchase of property included in capital assets, amount to \$3,051,080.00. Adjustments arising on consolidation are included in the capital reserve as shown on the consolidated balance sheet.

3. SURPLUS ACCOUNTS

In the balance sheet of International Power Company Limited, capital profits less capital losses are included in the capital surplus account. In the consolidated balance sheet, capital profits and capital losses of subsidiary companies have not been so segregated and are included in consolidated earned surplus account.

4. CONTINGENT LIABILITY

The uncalled portions of capital stocks in which a subsidiary company has invested funds, amounted to \$361,223.00 U.S. Funds at 31st December 1958.

5. RESERVE FOR CONTINGENCIES

The reserve for contingencies of a subsidiary company, amounting to \$208,653.00 at 31st December 1957, was applied against the expense due to a boiler explosion during the year. The balance of such expense, amounting to \$298,457.00 was included in operating expenses.

6. INCOME TAXES

Income taxes, other than income taxes of Operating Subsidiary Companies, amounted to \$14,389.48 for 1958 and \$2,074.37 for 1957.

Creak, Cushing & Hodgson
Chartered Accountants

*215 St. James Street West,
 Montreal 1.*

To the Shareholders,
 International Power Company Limited,
 Montreal.

We have examined the Balance Sheet of International Power Company Limited as at 31st December 1958 and the Statements of Income and Expenditure and Surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The aggregate profits for the year of the Subsidiary Companies, as shown by their audited accounts, have been brought into the Statement of Income and Expenditure only to the extent of dividends and interest received from the Subsidiary Companies.

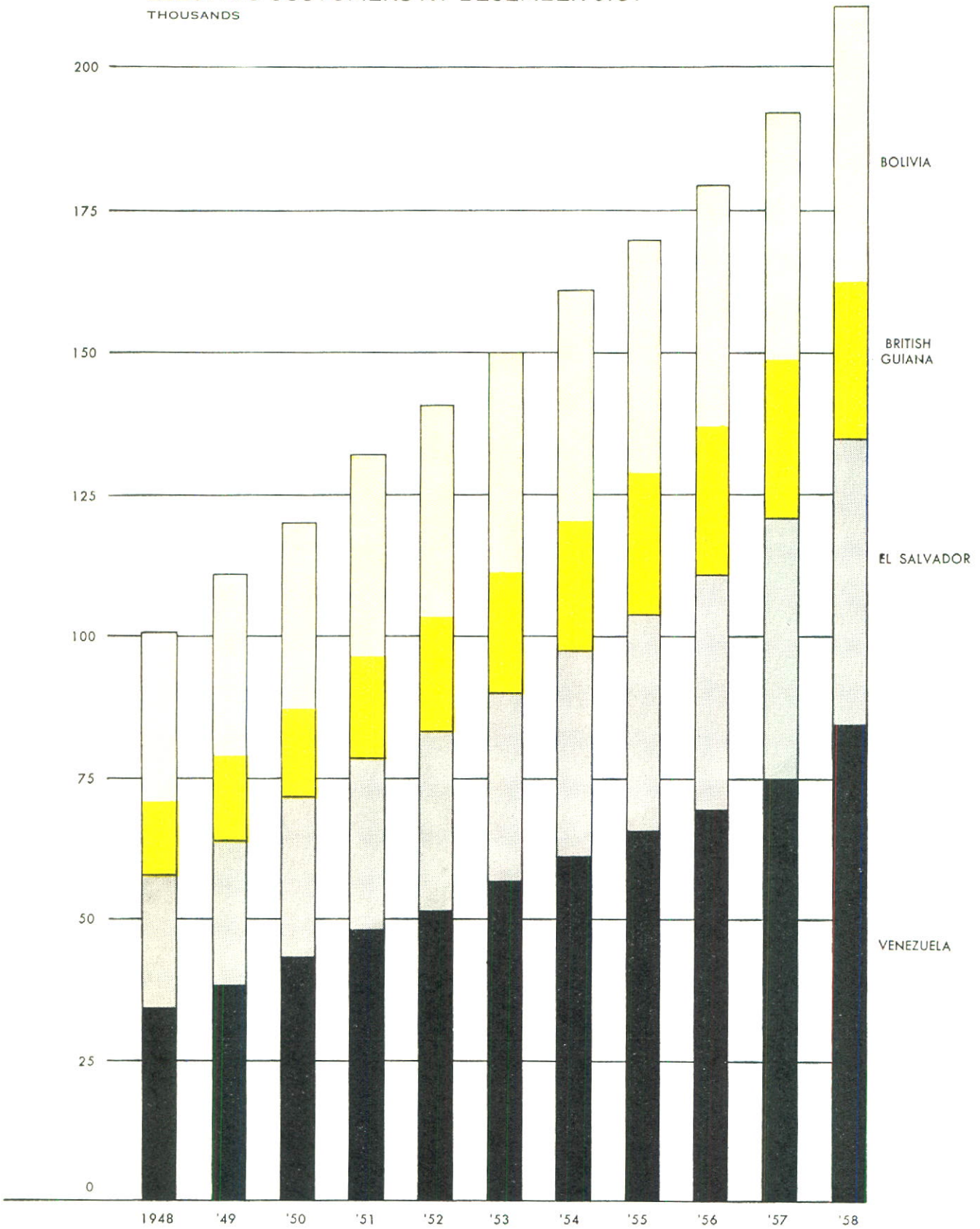
We have also examined the consolidated Balance Sheet of International Power Company Limited and Subsidiary Companies as at 31st December 1958 and the consolidated Statements of Income and Expenditure and Surplus for the year ended on that date. In the course of our examination, we accepted after conversion into dollars as set out in Note 1, the Subsidiary Companies' Financial Statements as examined and reported on by other public accountants. In the consolidated statements (a) the net income shown by the audited accounts of Monterey Railway, Light and Power Company, not consolidated, is reflected in Other Income to the extent of the interest received by International Power Company Limited from such Subsidiary Company and (b) the profit shown by the audited accounts of Empresa de Luz y Fuerza Electrica de Oruro, S. A. not consolidated, has not been brought into the consolidated accounts.

In our opinion, based on our examination as set out herein, the accompanying Balance Sheet of International Power Company Limited as at 31st December 1958 and the related Statements of Income and Expenditure and Surplus, and the corresponding consolidated Financial Statements when read in conjunction with the accompanying notes, are properly drawn up in conformity with generally accepted accounting principles and are on a basis consistent with that of the preceding year, and exhibit a true and correct view of the affairs of the Company and its Subsidiary Companies according to the best of our information and the explanations given to us and as shown by the books of the Company and the audited Financial Statements of the Subsidiary Companies.

Creak, Cushing & Hodgson
 CHARTERED ACCOUNTANTS.

MONTREAL, 24th April 1959.

CONSOLIDATED OPERATING COMPANIES
ELECTRIC CUSTOMERS AT DECEMBER 31ST
THOUSANDS



700

CONSOLIDATED OPERATING COMPANIES
ELECTRIC ENERGY SALES
MILLIONS OF KILOWATT HOURS

600

500

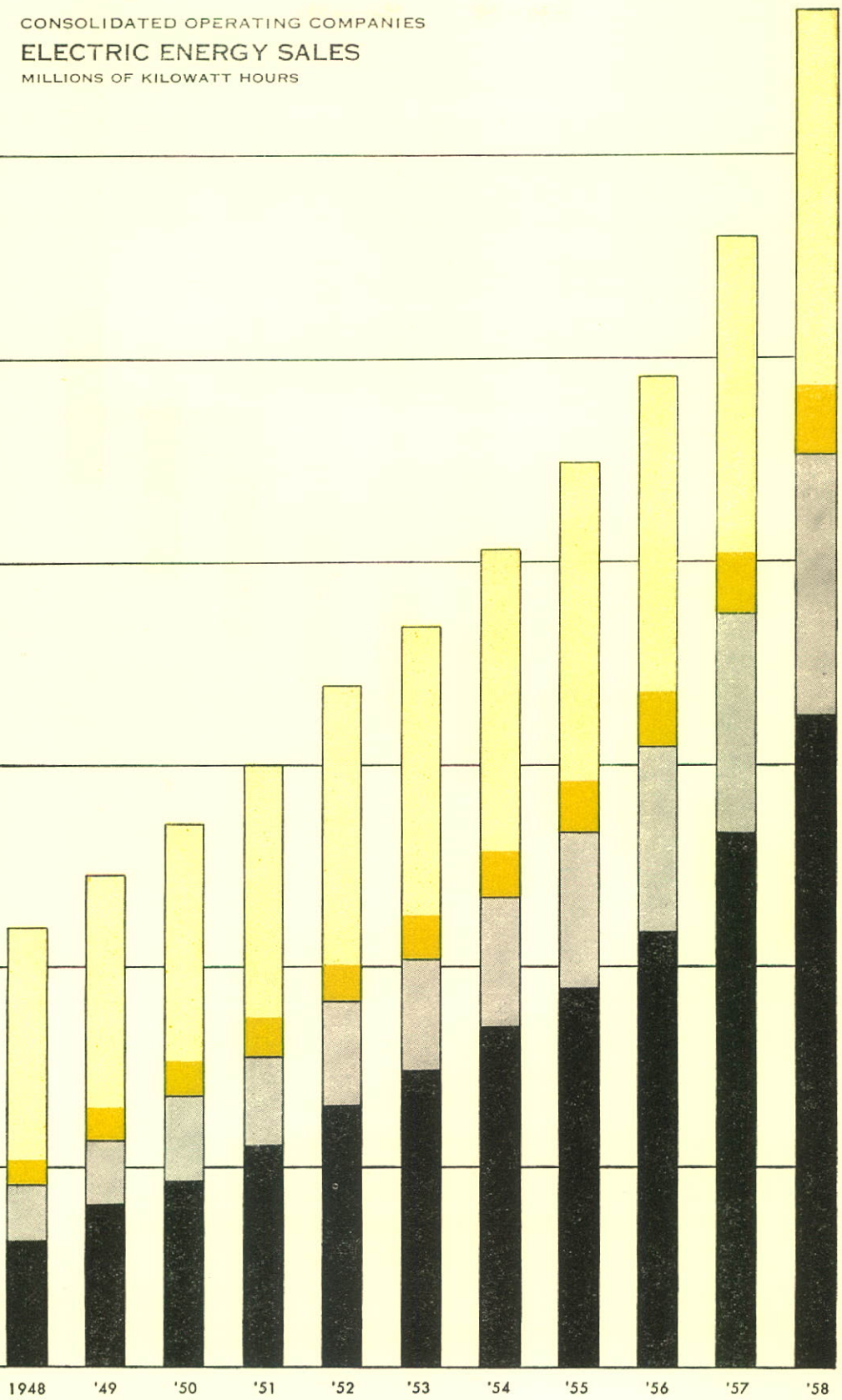
400

300

200

100

0



BOLIVIA

BRITISH
GUIANA

EL SALVADOR

VENEZUELA

OPERATING COMPANIES DATA

(CONSOLIDATED COMPANIES ONLY — MEXICO EXCLUDED)

OPERATING STATISTICS

	1953	1954	1955	1956	1957	1958
Generating Capacity at December 31st: (Installed Kilowatts)						
Hydro	38,916	40,346	48,706	58,330	58,250	66,250
Diesel	15,865	18,365	18,365	18,365	20,135	23,235
Steam	60,750	65,750	90,750	90,750	90,750	115,750
	<u>115,531</u>	<u>124,461</u>	<u>157,821</u>	<u>167,445</u>	<u>169,135</u>	<u>205,235</u>
Purchased Kilowatts (under contracts)	1,640	17,000	19,142	21,706	26,866	31,495
	<u>117,171</u>	<u>141,461</u>	<u>176,963</u>	<u>189,151</u>	<u>196,001</u>	<u>236,730</u>
Kilowatt hours sold (thousands)	369,341	404,998	448,206	491,480	558,967	669,496
Operating Employees at December 31st	1,418	1,395	1,398	1,451	1,500	1,775
Number of electric customers served at December 31st	150,406	160,554	170,731	179,596	192,706	210,581

FINANCIAL STATISTICS

(0 0 0 ' S)

Gross Earnings	\$ 12,499	13,475	14,065	15,476	18,113	21,328
Operating Expenses and Taxes	\$ 5,180	5,801	6,404	7,154	8,469	10,723
Net Earnings before Depreciation	\$ 7,319	7,674	7,661	8,322	9,644	10,605
Provision for Depreciation	\$ 1,230	1,320	1,484	1,538	1,624	1,873
Capital and Replacement Expenditures for Property, Plant and Equipment	\$ 3,578	6,056	5,453	7,021	7,523	9,819
Fixed Capital Account — Property, Plant and Equipment	\$ 41,426	47,281	52,371	58,354	65,636	74,834

MARACAIBO, VENEZUELA - THE CHANGING SCENE

OLD MARKET PLACE



NEW SHOPPING DISTRICT

