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annual report 1960

BRITISH COLUMBIA POWER CORPORATION, LIMITED



Cover picture shows penstocks extending down the mountainside to the Bridge River No. 2 powerhouse, which was brought to full capacity of 248,000 kw in 1960. A commissioning ceremony on 8 September marked completion of the entire hydro-electric development, 130 miles north-east of Vancouver. Pictures on this page and the back cover show some of the components built over a period of 14 years to develop 492,000 kw.



Lajoie Dam



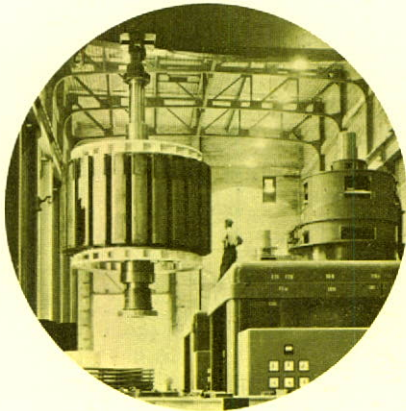
Mission Dam



Tunnel Exit



Penstocks



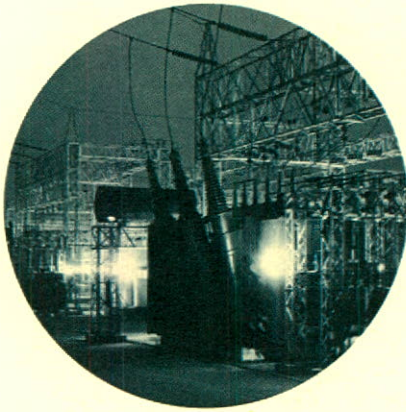
No. 1 Powerhouse



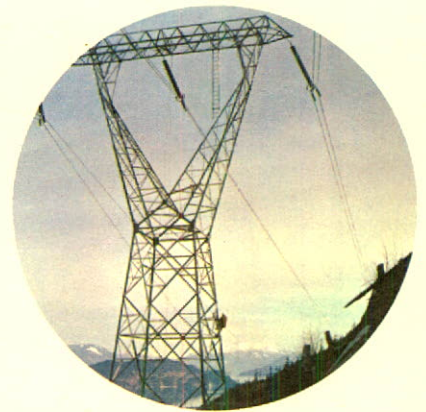
No. 2 Powerhouse



Seton Canal



Receiving Station



Transmission Line

**British Columbia
Power Corporation,
Limited**

(the Power Corporation)

Holding company

No utility operations

**British Columbia
Electric Company
Limited**

(the Electric Company)

Voting shares owned by
the Power Corporation

Generation and transmission
of electricity

Distribution of gas

Interurban passenger
transportation

THE PRINCIPAL COMPANIES AND THE GENERAL NATURE OF THEIR BUSINESS

(Where in the narrative of this Report the business in general is referred to, the term "the Company" is used.)

**British Columbia
Electric Railway
Company Limited**

(the Railway Company)

Voting stock owned by the
Electric Company

Distribution of electricity

Urban passenger transportation

Rail freight operations

The undertaking of the Railway
Company was transferred to
the Electric Company in
January 1961

**Western Development
and Power Limited**

(Western Development)

Wholly-owned subsidiary of
the Power Corporation

New developments

The Board of Directors of British Columbia Power Corporation, Limited presents its report for the year 1960 for the information of Shareholders, Employees, Customers and the Community which has entrusted to free enterprise the responsibility for providing essential services under public regulation.

DIRECTORS

A. B. CHRISTOPHER
G. T. CUNNINGHAM
H. S. FOLEY, LL.D.
SEVERE GODIN
A. E. GRAUER, LL.D., *Chairman of the Board*
C. L. GUNDY
R. H. B. KER
W. EARLE McLAUGHLIN*
W. G. MURRIN, LL.D.
A. DEANE NESBITT, O.B.E.
THE LORD PLOWDEN, K.C.B., K.B.E.
H. L. PURDY
J. L. TRUMBULL, C.B.E.
COL. THE HONOURABLE CLARENCE WALLACE, C.B.E.
J. B. WOODYATT

*Appointed to succeed Sydney G. Dobson who retired 2 February 1961

OFFICERS**

Chairman

A. E. GRAUER, LL.D. (*Chief Executive Officer*)

President

H. L. PURDY (*Chief Operating Officer*)

Senior Vice-President

A. B. ROBERTSON, Q.C. (*New Developments*)

Vice-President

J. J. CARSON (*Gas, Transportation, Industrial Relations and Public Information*)

Vice-President and Treasurer

LORN McLEAN, F.C.A. (*Chief Financial Officer*)

Vice-President

W. C. MEARNS (*Vancouver Island Operations*)

Vice-President

J. H. STEEDE (*Chief Engineer, Electrical Operations*)

Secretary

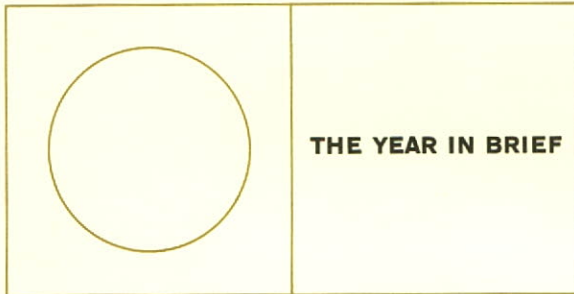
G. G. WOODWARD

Assistant Secretary

W. B. AFFLECK

**Responsibilities shown in brackets

*Bankers: THE ROYAL BANK OF CANADA Transfer Agent: MONTREAL TRUST COMPANY
Fiscal Agent in London, England: THE BRITISH EMPIRE TRUST COMPANY, LIMITED
Registrar: THE ROYAL TRUST COMPANY Auditors: PRICE WATERHOUSE & CO.
Head Office of the Power Corporation: B.C. ELECTRIC BLDG., 970 BURRARD ST., VANCOUVER 1, B.C.*



Earnings were \$11,197,249 or \$2.37 per share on 4,721,361 Common Shares outstanding at the year-end as compared with \$11,271,492 or \$2.48 per share for 1959 on 4,549,756 shares.

The quarterly dividend rate was increased from 35¢ to 40¢ in the last quarter of the year.

Gross revenues from operations rose above the hundred million mark for the first time, to \$103.3 million.

Electric revenue was 6% higher than in 1959 and system demand for electricity was 7% greater.

Gas revenue was up 25% from 1959 while therms of gas sold increased 32%.

In the transportation service the number of passengers carried continued to decline, down 7% from 1959.

Capital expenditures were \$58.6 million, about \$14 million less than in 1959.

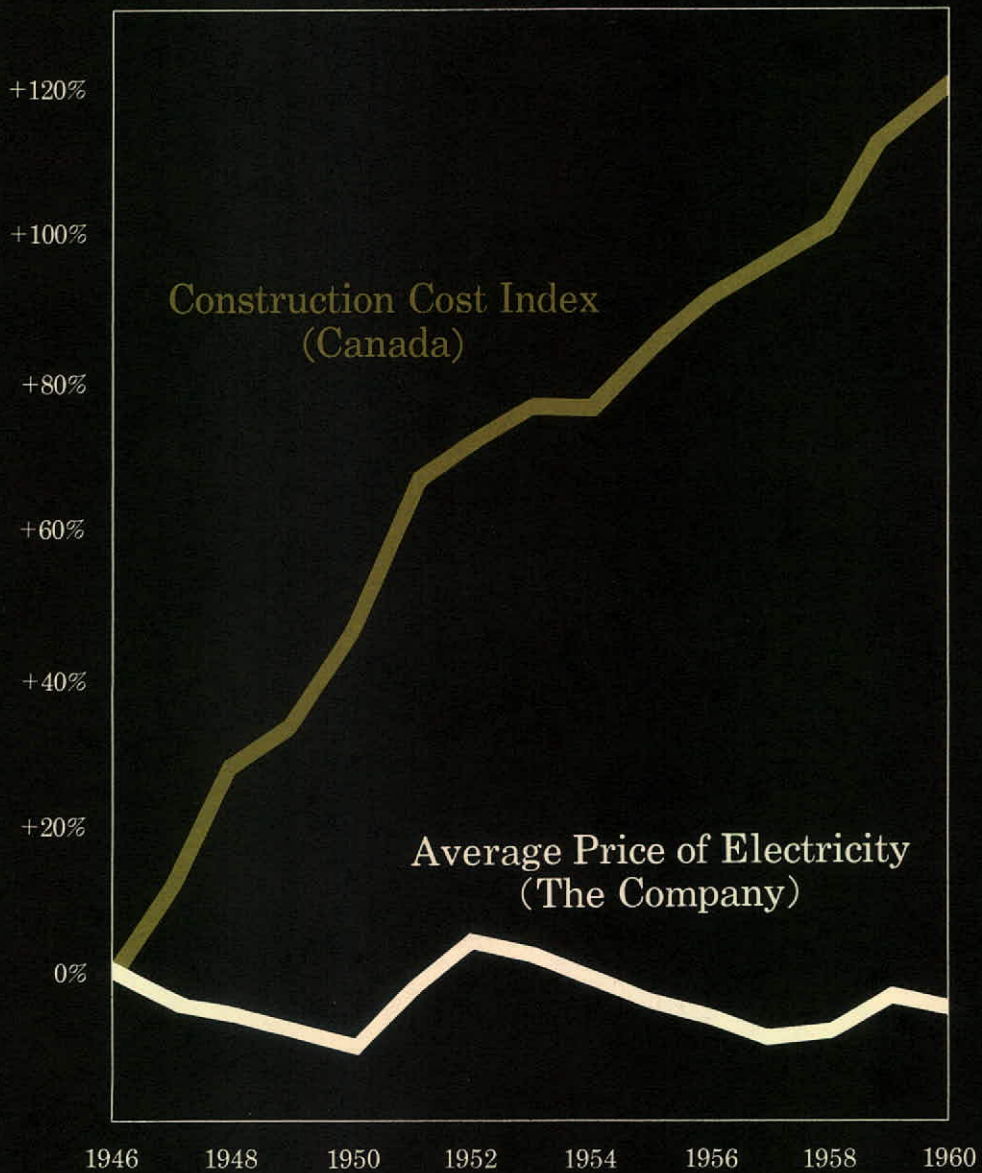
The Bridge River hydro development was completed in 1960 when the final two units were placed in service. The entire development comprises ten units with a total capacity of 492,000 kw.

The engineering subsidiary, B.C. Engineering Company Limited, ceased operations early in 1960. Its functions have been performed since then by International Power and Engineering Consultants Limited in which the Power Corporation has a 50% interest.

The Railway Company, which had been incorporated in England in 1897, was placed in voluntary liquidation in December 1960 and its assets were sold to the Electric Company in January 1961. The First Mortgage Bonds of the Electric Company will now constitute a first charge upon those assets.

The Company's Average Selling Price of Electricity Compared with Construction Costs

Percent change
from 1946



ANNUAL REPORT OF THE DIRECTORS

The results for 1960 were better for the first part of the year than for the latter part, during which they were affected by a decline in economic conditions. This falling off showed itself chiefly in the less than expected increases both in the number of electric and gas customers and in the average use per customer.

RESULTS OF OPERATIONS

The earnings for the year were \$11,197,249, or \$2.37 per share on the 4,721,361 Common Shares outstanding at the year-end, as compared with \$11,271,492, or \$2.48 per share on the 4,549,756 Common Shares outstanding at the end of 1959. The rate of dividend on the Common Shares was increased from 35¢ to 40¢ a quarter in the last quarter of 1960, making \$1.45 the declaration per share for 1960 as against \$1.40 for the previous year.

GROSS REVENUES

The gross revenues from operations for the year amounted to \$103,297,019, an increase over 1959 of \$6,373,488, or 6.6%, to which the various services contributed as follows:

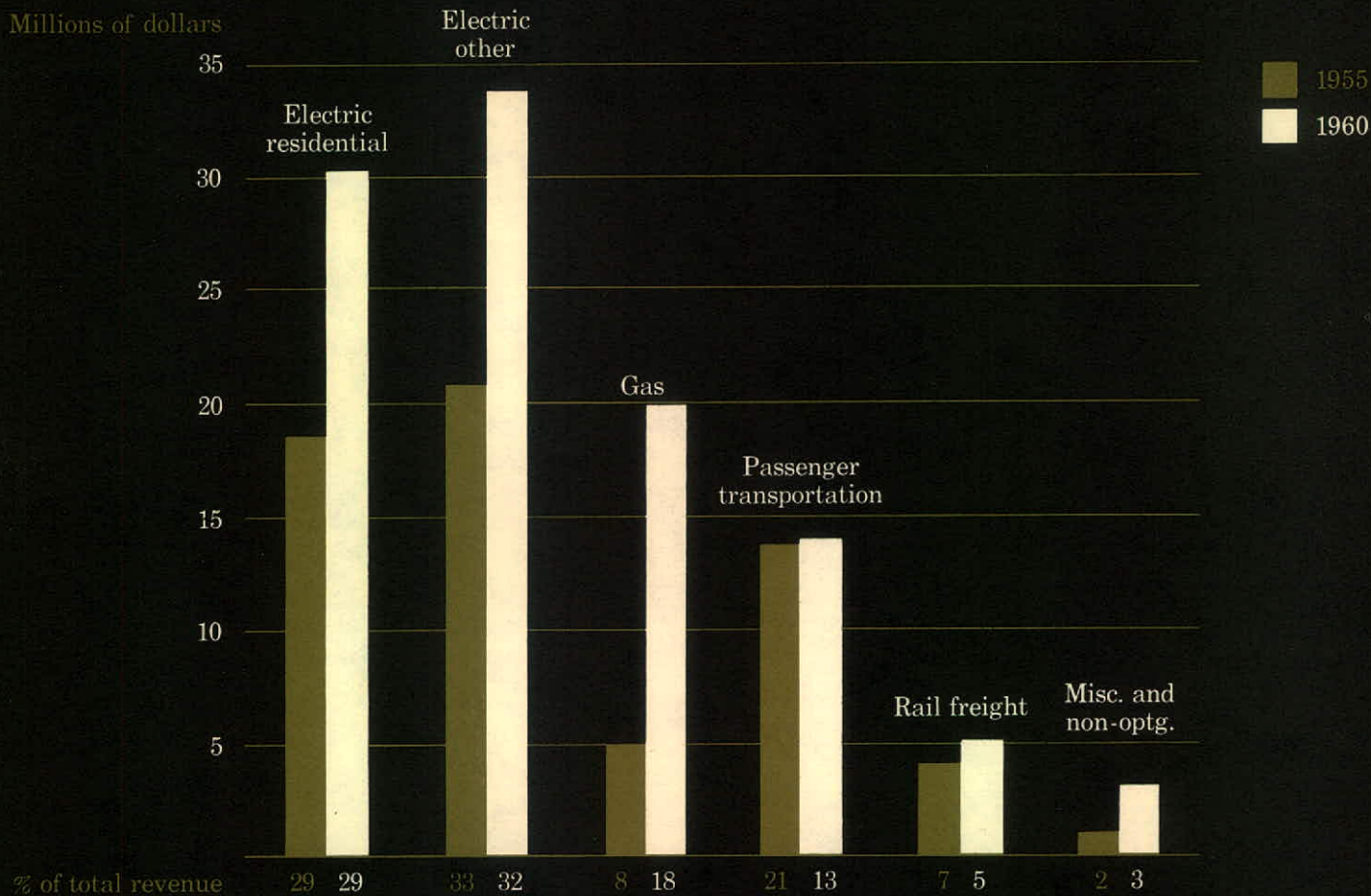
	1960	Increase over or Decrease under 1959	
		Amount	%
Electric:			
Canadian.....	\$ 64,058,918	\$3,671,684	6.1
Export.....	23,816	1,952	7.6
Gas.....	19,283,393	3,897,370	25.3
Passenger transportation.....	14,052,072	685,987	4.7
Rail freight.....	5,043,057	111,180	2.3
Miscellaneous.....	835,763	618,807	42.5
	<u>\$103,297,019</u>	<u>\$6,373,488</u>	<u>6.6</u>

The corresponding figures for the volume of services rendered were as follows:

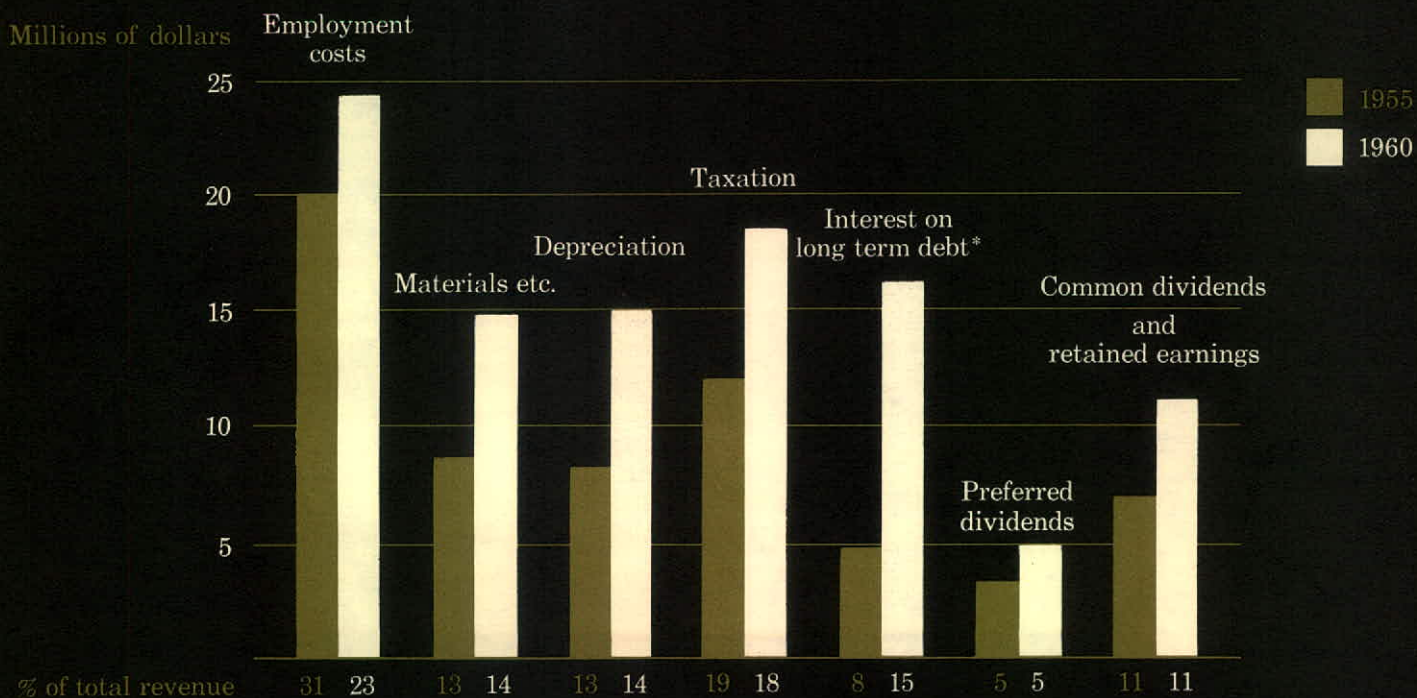
	1960	Increase over or Decrease under 1959	
		Amount	%
Kilowatt-hours of electricity sold:			
Canadian.....	3,525,110,526	227,586,181	6.9
Export.....	1,602,600	125,850	8.5
Therms of gas sold.....	183,275,104	44,952,737	32.5
Passengers carried.....	86,551,187	6,897,207	7.4
Freight tonnage.....	1,455,415	144,461	11.0

In the electric service the net increase in the number of customers for the year was 7,270, bringing the total to 340,508 at the year-end. Average annual consumption per residential account also increased: it was 4,717 kwh in 1959 and rose to 4,816 kwh in 1960, an increase of 2.1%. This scale of increase is

Sources of Revenue 1955 and 1960



Disposition of Revenue 1955 and 1960



* Interest etc. on long term debt, less interest charged to construction

substantially less than that experienced in recent years; an important reason is the effect of the natural gas service of the Company on certain categories of residential use.

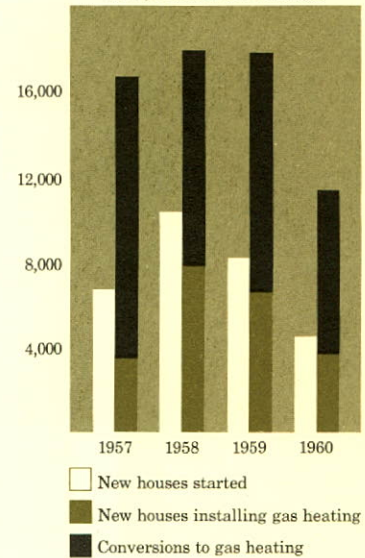
In the gas service the net increase of 10,404 in the number of customers for the year, resulting from an increase on the Mainland less a nominal decrease on Vancouver Island, brought the total to 118,731 at the year-end. The number of residential customers using gas for space heating has increased from less than 2,000 at the end of 1955 (the last year preceding natural gas) to over 70,000 at the end of 1960.

In the passenger transportation service the decline in patronage mentioned in the report for 1959 continued in 1960.

In the rail freight service the lesser scale of increase in gross revenues than in tonnage reflects a higher proportion of lower-rated tonnage.

The decrease in miscellaneous gross revenues has to do largely with the fact that B.C. Engineering Company Limited, as referred to in more detail later, ceased operations as at 1 April 1960.

New Houses Started and Increase in Residential Gas Heating Customers
Mainland Gas Service Area



RATE OF RETURN

In 1952 the Public Utilities Commission of British Columbia fixed 6½% as a fair and reasonable rate of return on the depreciated rate base of the Company. In October 1960 the Supreme Court of Canada handed down its decision on a question put in a stated case. The effect of this decision is in part that, if the Company applied for the approval of rates which would yield no more than a fair and reasonable rate of return and the Commission saw fit to deny the request in part, it would be bound to allow the Company to make up the deficiency by adjusting other rates upwards. The Commission held a public hearing on 16 November 1960 on its intention to revoke its finding as to the rate of return and shortly after gave its decision to do so. This decision should not, in practice, have any effect upon the Company's earnings or outlook; it does not in any way preclude an application for and authorization of increased rates when the situation warrants. It is to be assumed, of course, that, in any application for general rate changes, evidence on what is a fair rate of return at the time may be required.

The operating income for 1960, on the basis of the Company's accounting to the Public Utilities Commission of British Columbia, represents a return on the investment in the regulated services of approximately 5.5% (preliminary) as against 5.3% in 1959.

OPERATING EXPENSES

Operating expenses at \$72,923,272 show an increase of \$2,178,359, or 3.1%, over 1959.

The cost of gas purchased increased as a result of the increased volume reflected in the second table under "Gross Revenues".

Increases in provision for depreciation and in property taxes followed increased property in service.

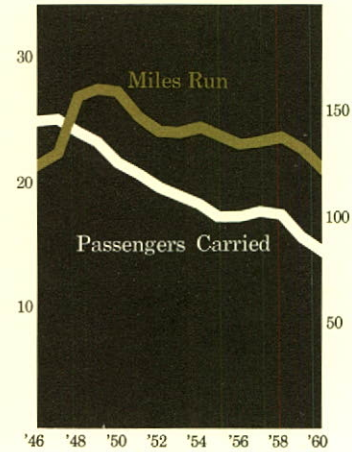
Provision for taxes on income increased because of increased taxable income.

COLLECTIVE AGREEMENTS

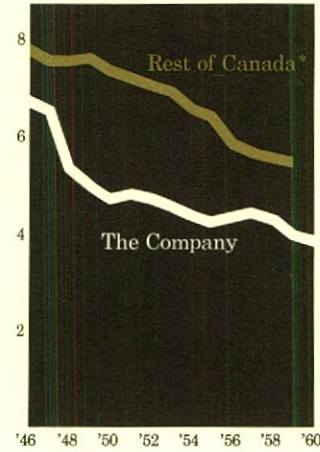
Seven new union agreements were concluded to replace the all but one falling open during the year. The new agreements are for periods varying from 23 to 28 months. The remaining agreement falls open in 1961.

Urban Transportation

Miles Run and Passengers Carried
Millions of miles Millions of passengers



Number of Fares Collected
Per Mile Run



* 1959 is latest year for which statistics are available

THE ENGINEERING COMPANY

B.C. Engineering Company Limited was formed in 1954 as a wholly-owned subsidiary to carry out consulting, design and construction engineering for the Company and others. As of 1 April 1960 it ceased operations, and since then its functions have been performed by International Power and Engineering Consultants Limited, in the common stock of which the Power Corporation and Balfour, Beatty & Co., Limited, of London, England, each has a 50% interest. The new company, while doing most of the Company's design engineering, will have world-wide operations.

CONSTRUCTION PROGRAMME

The net additions to property account for the year amounted to \$47,575,433 as compared with \$65,151,101 in 1959. The net additions in 1960 comprised gross expenditures of \$58,552,937 less retirements of \$10,977,504.

Major expenditures in 1960 by projects or broad classifications included the following:

Electric extensions, Mainland and Vancouver Island.....	\$ 5,487,306
Gas extensions, Mainland and Vancouver Island.....	3,708,236
Major electric generating developments:	
Bridge River No. 2 Plant and associated facilities.....	9,020,347
Burrard Thermal Generating Plant.....	13,686,168
Acquisition of Hat Creek coal deposit.....	1,762,187
Major electric transmission line construction:	
Bridge River to Cheekye — 360 kv line.....	3,282,611
Hill Avenue to Burrard Thermal Generating Plant — 230 kv line.....	577,671
Stratford to Horsey — 132 kv line.....	909,746
Substations, associated distribution facilities and local transmission systems — electric.....	5,768,090
Natural gas mains and associated plant.....	1,064,729
Gas supply line — Huntingdon to Burrard Thermal Generating Plant.....	6,354,754

With the completion of the Mission dam and the commissioning of the final two 62,000 kw hydroelectric units at Bridge River No. 2, the Bridge River development was completed. In its final form the development includes three dams and four generating stations with an installed name plate capacity of 492,000 kw in ten units.

The installation of the first unit of the Burrard Thermal Generating Plant, designed for an ultimate six identical turbo-electrical sets, is well in hand. This unit, like the others, will have a maximum rating of 157,500 kw and a maximum rating for continuous and efficient operation of 150,000 kw. This unit will be extensively tested before being placed in service early in 1962, since it will represent the first unit of its type employed by the Company.

The acquisition of the Hat Creek coal deposit is discussed under the heading "Supply of Energy".

Work continued during 1960 on the 360 kv transmission line between Bridge River and Cheekye Substation. This line is to be completed in 1961 and initially energized at 230 kv. It will constitute a third line from the Bridge River Plant.

The transmission line from Hill Avenue to Burrard Thermal Generating Plant is to be completed in 1961. This line will be available by the beginning of the testing period of the first unit of that plant.

On Vancouver Island work is proceeding on the 132 kv Stratford to Horsey Substation circuit, which is to be in operation in 1961. When this line is completed there will be three 132 kv circuits connecting Stratford (the terminal for the under-water interconnection with the Mainland) to the Company's Vancouver Island service area.

The gas supply line from Huntingdon to serve the Burrard Thermal Generating Plant will be completed in 1962. It will be the permanent means of supply of that plant and will fortify the general gas system; other facilities will be available for the testing period and early commercial operation of the plant.

SUPPLY OF ENERGY

Under the heading "Construction Programme" mention has been made of the Burrard Thermal Generating Plant, which can have an ultimate capacity of 900,000 kw in six equal units, and of which the first unit of 150,000 kw is to go into commercial service early in 1962; additional units can be installed as required in the years following.

As mentioned in last year's report, Peace River Power Development Company Ltd., in the capital of which Western Development has an interest, had met its commitment to the Province of British Columbia by filing by 31 December 1959 with the Comptroller of Water Rights a comprehensive plan for the development of the Peace River for power purposes. Despite qualifications on certain points of this plan, the Comptroller of Water Rights stated in his report, "I find the proposed development entirely feasible from an engineering standpoint". Peace River Power Development Company Ltd. is continuing with its detailed engineering studies.

In last year's report this was said with respect to the Columbia River: "The International Joint Commission has reported to the Governments of the United States and Canada its recommendations concerning 'the principles to be applied in determining the benefits which will result from the co-operative use of storage of waters and electrical interconnection within the Columbia River System, and the apportionment between the countries of such benefits . . .'. On 17 January 1961 the Prime Minister of Canada and the President of the United States signed a treaty respecting the development of the Columbia River and the sharing of its benefits. This treaty to be operative requires favourable action on the part of the Senate of the United States and the Parliament of Canada in accordance with their respective constitutional procedures. It requires also negotiation of a companion agreement between the Governments of Canada and British Columbia. (Concurrence of the latter is essential because, among other things, it controls the issuance of licences for the use of the waters of the river in the Province.)

On 30 December 1960 the Premier of British Columbia announced that the British Columbia Energy Board had been instructed to start immediately a full study of the costs and merits of the Peace and Columbia power proposals.

As part of its long term programme for meeting its electrical requirements, the Company purchased a large coal deposit 140 miles from Vancouver near Hat Creek, British Columbia. Investigations indicate that this deposit is capable of supporting a thermal plant of a capacity of 2,000,000 kw.

The Company, through Western Development, controls Pleasant Valley Gas & Oil Co., which has been endeavouring to establish the existence of an underground reservoir for the storage of natural gas in the

State of Washington. Again, as in 1959, no further physical work for this purpose was done in 1960, but during the year discussions were continued with gas utility and pipe line companies in the United States, looking to the establishment of a mutuality of interests in the potential underground facility.

In January 1960 Magna Pipe Line Company Limited was given a certificate of public convenience and necessity by the Public Utilities Commission to construct an under-water gas pipe line from the Mainland to Vancouver Island. The certificate as amended calls for the line going into operation by 1 September 1963. Upon this happening, a supply of natural gas would become available to the Company for distribution in Greater Victoria.

FINANCING

In March 150,000 Common Shares of the Power Corporation were sold, the issue being confined to residents of British Columbia. It is the fifth such issue that the Power Corporation has made, designed to give British Columbians direct opportunity for ownership in their largest utility company, in line with a policy commenced in 1953.

In March the Directors of the Power Corporation adopted a resolution to provide for the earmarking of 100,000 of its unissued Common Shares for the purpose of granting options on parts thereof to officials of that Company and its subsidiaries at a price per share equal to the market price or issue price (if any) current at the time of the granting of each option. Options were granted to 57 such officials for a total of 74,000 shares. 21,605 shares under option were taken up during the course of the year.

In April an issue of \$30,000,000 principal amount of the Electric Company's First Mortgage Bonds, 6½% Series "O", was sold.

The following table shows the source and application of funds for the year:

Funds Provided

Net proceeds received or to be received from sales in 1960 of bonds and shares.....				\$34,327,640
Sales of property.....				2,987,178
Estimated amount by which taxes on income currently payable have been reduced as a result of claiming for tax purposes capital cost allowances in excess of depreciation recorded.....				8,470,000
Funds arising from operations —				
Earnings on Common Shares.....			\$11,197,249	
Add back — Charges against operations calling for no current outlay of cash:				
Provision for depreciation.....	\$15,074,582			
Discount and expense on long term debt.....	720,880	15,795,462		26,992,711
Decrease in working capital (less net change in miscellaneous other items of \$109,467).....				2,323,378
				<u>\$75,100,907</u>

Funds Applied

Additions to property.....				\$58,552,937
Purchases (net) of securities of other companies.....				475,506
Payments to sinking funds made or provided for.....				5,403,265
Dividends on Common Shares of parent company.....				6,771,728
Increase in loans to customers secured by conditional sales agreements and mortgages.....				1,041,672
Funds provided for expense of winding up and for redemption of securities of British Columbia Electric Railway Company Limited.....				2,855,799
				<u>\$75,100,907</u>

THE RAILWAY COMPANY

During 1951 an important step was taken towards the winding up of the Railway Company and the merging of its properties and operations with those of the Electric Company. An offer was made then to the holders of the Railway Company's perpetual debenture and preference stocks (both issues payable in sterling and redeemable only on a winding up) to exchange securities of the Electric Company (payable in Canadian dollars) for their holdings. Over 75% of the sterling stocks was lodged for exchange and

acquired by the Electric Company, which has since acquired further amounts of these sterling stocks in the market. In subsequent years a series of financial and legal disadvantages to a winding up arose; they have since been removed to the extent that the Directors decided in 1960 that the time had come when it was feasible to proceed with the winding up.

On 2 January 1961, the Railway Company, having been put into voluntary liquidation in the previous month, sold its entire undertaking to the Electric Company and shortly after its debenture and preference stocks held by the public were paid off. For the reason that these stocks held by the public and acquired by the Electric Company since the exchange had been carried at \$4.85 to the £ and the sterling to pay them off was acquired at a cost of approximately \$2.80 per £, a capital gain of some \$2,000,000 arose and is reflected in the accompanying financial statements.

An important result of the acquisition by the Electric Company of the assets of the Railway Company is that the First Mortgage Bonds of the Electric Company will constitute a first charge upon those assets; up to now those bonds have — so far as the assets of the Railway Company are concerned — been a direct charge only on General Mortgage Bonds issued by the Railway Company and held by the Electric Company.

INDUSTRIAL DEVELOPMENT

Last year's report mentioned the difficulties of Western Copper Mills Ltd., in the common shares of which Western Development has an investment. Some of these difficulties were alleviated in 1960 but others were intensified, the latter particularly through a high degree of competition in prices in its industry, especially in the markets of the United States. Western Copper continues to be an important customer for the Company's electric, gas and rail freight services.

Western Development also holds investments in Van-Tor Oils and Explorations Limited and Peace River Power Development Company Ltd. The investments of Western Development are included in the balance sheet under the heading "Investments". A further amount of \$1,000,000 has been set aside as a provision against any losses which may result from these investments viewed solely as investments, i.e., without regard to their contribution to the development, present and future, of the business of the Company; the additional amount appropriated has been provided out of the capital gain which arose in the winding up of the Railway Company.

During the year, the disposal of Western Development's holdings of shares of Van-Tor Oils and Explorations Limited was completed.

DIRECTORATE

The loss of Mr. Edgar Ronald Crammond of London, England, through his death in January 1960 was recorded in last year's report. His place was taken by Lord Plowden, Chairman of the Board of British Aluminium Co. Ltd. In February 1961, Mr. Sydney G. Dobson retired and his place was taken by Mr. W. Earle McLaughlin, President of The Royal Bank of Canada.

SENIOR MANAGEMENT

Mr. A. E. Grauer, President, vacated this position to take the newly created office of Chairman. As Chairman he is the chief executive officer with general control over the entire business and all the affairs of the Company, and the chief policy-making officer.

Mr. H. L. Purdy, formerly Executive Vice-President, was appointed President. As President he is the chief operating officer of the Company with direct responsibility for its business operations.

Mr. A. B. Robertson, formerly Vice-President and General Counsel, was appointed to the new position of Senior Vice-President, to be responsible for new developments and special assignments.

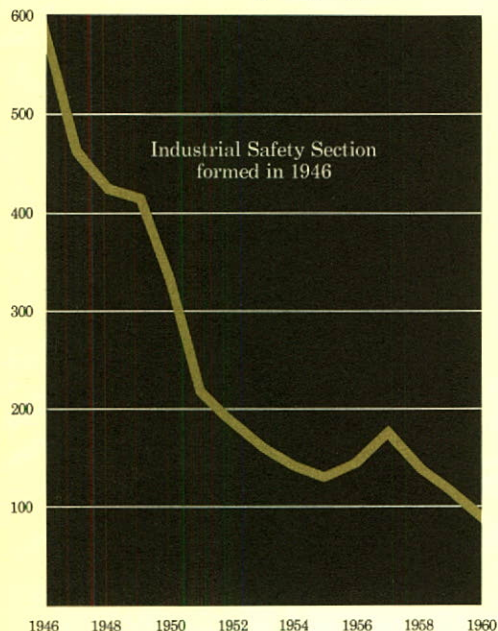
Mr. T. Ingledow resigned as a Vice-President and as President of B.C. Engineering Company Limited, upon becoming President of International Power and Engineering Consultants Limited.

Mr. J. J. Carson, Vice-President in charge of Industrial Relations, was appointed Vice-President and Assistant to the President, having responsibility for the following divisions: Gas, Industrial Relations, Public Information and Transportation.

Mr. C. R. Brookbank was appointed Director of the Industrial Relations Division.

Mr. O. E. Zwanzig resigned as General Sales Manager to take a post elsewhere.

Number of Lost-time Injuries Sustained by Employees



TO THE SHAREHOLDERS

Your directors appreciate the interest shown by shareholders who are present at the Annual General Meetings and participate in the discussion of the Company's affairs. This year the meeting will be held on Wednesday, 29 March, at 10:30 a.m. in the Bay Theatre, 935 Denman Street, Vancouver, B.C. and all shareholders who find it possible to attend are urged to do so.

A Marketing Division was formed to comprise the functions of the General Sales Division and the industrial development functions (apart from investments) of Western Development. Mr. E. D. Sutcliffe was appointed General Manager of the Marketing Division.

For the reflection of other important changes in position that occurred during the year reference is made to the particulars of "Divisional Organization" which appear at page 28 and on the inside back cover of this report.

EMPLOYEES

Of the employees retiring on pension during the year, nine had over 40 years of service and four of these had over 45 years of service. The four are: Mr. William Lohead, Operator First Class, with service of 48 years and 8 months; Mr. William L. Underhill, Load Dispatcher, with service of 47 years and 3 months; Mr. S. D. Irvine, Stationery and Printing Supervisor, with service of 47 years; and Mr. James F. Miller, formerly Assistant Passenger Agent, Marpole, with service of 45 years and 1 month.

Arrangements have been completed for improving benefits available under the Trusteed Pension Plan. One improvement calls for an increase in the pension formula from 1½% to 1⅔% of average earnings; as a result, pension earned in respect of service subsequent to the effective date will be increased by one-ninth. Another improvement provides that, if an employee covered by the plan becomes disabled from sickness or accident and is unable to work at any occupation, he will be provided with a pension for the remainder of his life.

It is a pleasure to commend the employees for their energetic and effective efforts throughout the year.

FINANCIAL STATEMENTS

The Consolidated Balance Sheet, the Consolidated Statement of Income and the Consolidated Statement of Earnings Employed in the Business of the Power Corporation and subsidiary companies are attached. Since the present report is to be sent also to the preferred shareholders of the Electric Company, there are included corresponding statements for that company and its subsidiary companies. The statements have been examined by the shareholders' auditors, whose reports upon them are attached.

PROSPECTS

This annual report is necessarily closed off about a month before the time of the annual meeting at which it is to be presented to the shareholders. Again, as on former occasions, the Chairman will, at the annual meeting, discuss intervening developments, the economic situation and prospects. The previous practice will be followed, also, of having his address printed and copies sent to all common shareholders and to those preferred shareholders who are resident in British Columbia, as well as to others who apply for them.

On behalf of the Board of Directors,

Vancouver, B.C.
28 February 1961.

A. E. GRAUER,
Chairman.



Bridge River water is put to work three times, turning turbines in four plants in its 49-mile journey from Lake Downton through Lake Carpenter, Seton Lake and Seton Canal.

BRIDGE RIVER NOW COMPLETELY HARNESSSED

High in the mountain wilderness 130 miles north-east of Vancouver, creative engineering and 14 years' construction work have harnessed in full the once-wild waters of the Bridge River.

Completion of the project, the largest in the Company's history, was marked on 8 September 1960, when Geoffrey M. Downton, the pioneer surveyor who first recognized the power potential of the area in 1912, officially placed the final unit of the No. 2 powerhouse in operation.

Today, two great storage dams hold back the river and ten generating units utilize its waters to generate 492,000 kilowatts.

The first generating unit was brought "on line" in October 1948, climaxing two years of intensive engineering and construction to meet sharply-increased power requirements in the post-war years.

During 1949 and the decade of the 50's other units were added in rapid succession as Bridge River provided the bulk of new energy to meet the unprecedented growth in population and industry.

Construction itself gave great impetus to the expanding economy of the Lower Mainland. Orders were placed in Vancouver for transmission towers

- 1 LAJOIE DAM
- 2 LAJOIE POWERHOUSE
- 3 MISSION DAM
- 4 NO. 2 POWERHOUSE
- 5 NO. 1 POWERHOUSE
- 6 DAM AND FISH LADDER
- 7 SETON CANAL
- 8 SETON POWERHOUSE



Geoffrey M. Downton, with A. E. Grauer and J. H. Steede, starts the generator in a completion ceremony in No. 2 plant.

and turbines of a size never before made in British Columbia. Other firms in B.C. provided concrete, building materials, transportation, road construction and many other goods and services. At peak periods as many as 1,500 men were employed directly on the project, which required some 12.3 million man-hours of labour to complete.

The illustration on page 13 shows the system of dams, tunnels and penstocks which control the water, dropping it progressively through three levels to generate electricity at four sites.

Water gathered in Lake Downton turns a single turbine at LaJoie Generating Station as it descends into Lake Carpenter. Thirty-two miles downstream, it enters two tunnels, flows 2½ miles through Mission Mountain, then drops through penstocks to the powerhouses on Seton Lake. The head of water at this stage is 1,200 feet — more than seven times the height of Niagara Falls. After turning eight generating units in the No. 1 and No. 2 powerhouses, the water flows into Seton Lake. Twelve miles

away, at the far end of the lake, the water enters a concrete power canal and flows 2½ miles to the Seton Generating Station, spinning yet another turbine before discharging into the Fraser River.

LaJoie and Mission dams are two of the largest man-made structures in Canada. The reservoirs they create are capable of storing 1,324,000 acre-feet of water: enough to generate, without supplementary run-off, 1.74 billion kilowatt-hours of electricity. The high head of the water entering the powerhouses at Seton Lake and the fact that water is used three times to generate electricity accounts for this low ratio of stored water to kilowatt-hours.

A number of engineering "firsts" were achieved in harnessing the river. Fourteen years ago the high-power turbines designed to handle the high pressures and water conditions of the 1,200-foot head were the first of their type in North America and the largest in the world in power output.

The flexible penstock couplings and valves at the lower



end of the penstocks were ingeniously adapted from a design used for pressure pipe of a much smaller size.

Meantime two transmission lines were built over mountains and through valleys to the Lower Mainland, their tower sites varying in elevation from six inches above sea level to 2,100 feet. For some towers, anchor bolts were jack-hammered nine feet into solid rock. For others, the foundation grill-work was buried nine feet in muskeg. The first line completed was of 230,000 volts; the second — following an entirely different route — was of 360,000 volts, a high voltage which the Company pioneered for utility purposes in North America.

At this writing, a third transmission line is being built. It will follow a largely separate right-of-way, extending south-west over mountain and muskeg country to the new Cheekye substation near Squamish, at the head of Howe Sound. It will provide further assurance that Bridge River's flood of energy will continue to flow uninterrupted to the homes and industries of the Lower Mainland.



Far left: LaJoie powerhouse, at base of dam, uses Bridge River water initially as it descends into Lake Carpenter.

Centre: Powerhouses on Seton Lake use water a second time, receiving it via the tunnels piercing Mission Mountain.

Right: Water flows through 2½-mile canal to Seton powerhouse, where it then discharges into the Fraser River.



AN ACT

to incorporate the "Victoria Gas Company"

...AS, an Association, under the name of the "Victoria Gas Company," has been formed for the purpose of furnishing Gas for the use of the Town and Inhabitants of Vancouver Island; and, whereas, the said Association have formed a Joint Stock Company, with limited liability, under the provisions of the Vancouver Island Companies Act, 1860; and it is expedient to confer upon the said Company the powers and privileges hereinafter contained, by the Governor, on behalf of the Colony of Vancouver Island, with the consent and advice of the Council and Assembly of the said Colony, His Majesty's Dependencies,

per thousand cubic feet of gas, and shall be sold at a price not exceeding £1.00 per thousand cubic feet. The Company shall, subject to the provisions hereinafter contained, at their own expense, lay down and maintain a main pipe for the purpose of conveying gas into and through the walls or floors of any house, shop, establishment or premises, and any person requiring the same, a pipe with stop cock, and furnish a gas meter for accurately measuring the gas consumed by the person requiring the same, the price of such pipe, stop cock, and gas meter, not exceeding the sum of £1.00, and shall, during the term of years hereby granted, grant and supply gas by means of a gas meter in any premises that it shall be necessary

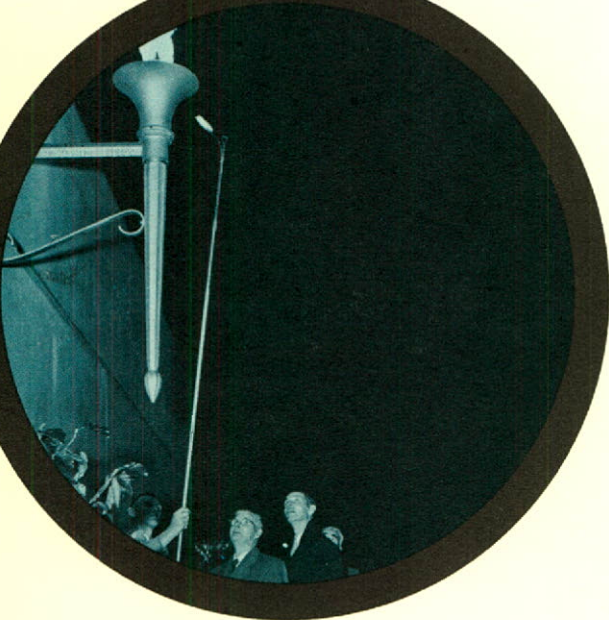
CENTENNIAL OF VICTORIA GAS COMPANY

In the year 1860 the Legislature of the Colony of Vancouver Island passed an Act, part of which is reproduced at the left, permitting Victoria Gas Company Limited to make and distribute manufactured gas in the Island capital.

The little company expanded as the city grew and subsequently it became one of the B.C. Electric group of companies. Today, this subsidiary is the oldest provincially-incorporated company in existence in the province of British Columbia.

The second picture at the left shows Mr. Sandy Smith, 89, retired long-service employee of the Gas Division, lighting a torch at Victoria headquarters to mark the centennial.

Now, as mentioned under "Supply of Energy", there is the prospect that a new milestone will be marked on Vancouver Island with the advent of natural gas in 1963.



NEW VANCOUVER-VICTORIA BUS SERVICE

On 15 June 1960, Vancouver and Victoria were linked with a fast new bus service which has been well patronized from the start. Operated jointly by the Company's inter-city bus system, Pacific Stage Lines, and another firm, Vancouver Island Coach Lines, the new service crosses Georgia Strait between Tsawwassen and Swartz Bay via ships of the British Columbia Toll Authority Ferry System. At left, one of six new vehicles is seen leaving a ferry.



BRITISH COLUMBIA POWER CORPORATION, LIMITED
and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 1960

(with corresponding figures for the year ended 31 December 1959)

(see notes attached)

	1960	1959
Gross revenue from operations.....	\$103,297,019	\$96,923,531
<i>Deduct —</i>		
Employment costs, materials and outside services, etc. (Notes 1 and 2).....	39,074,589	39,799,535
Provision for depreciation (Note 5 (a)).....	15,074,582	13,740,647
Required for government:		
Provision for taxes on income.....	\$12,370,469	\$11,487,056
Property taxes.....	5,127,181	4,529,981
Other charges.....	1,276,451	1,187,694
Total operating expenses.....	72,923,272	70,744,913
Operating income.....	30,373,747	26,178,618
<i>Add —</i>		
Non-operating income:		
Return from temporary and other investments, etc.....	1,582,495	1,135,574
Profit through redemption of bonds and debentures at less than principal amount.....	592,493	289,719
Interest charged to construction.....	3,136,528	4,616,587
	35,685,263	32,220,498
<i>Deduct —</i>		
Interest on long term debt.....	18,789,818	15,178,062
Amortization of discount and expense on long term debt.....	720,880	705,055
Minority interest in earnings of a subsidiary company.....	—	65,029
Net income for the year.....	16,174,565	16,272,352
<i>Deduct —</i>		
Dividends on shares owned by the public in subsidiary companies:		
British Columbia Electric Company Limited.....	4,952,136	4,952,136
British Columbia Electric Railway Company Limited.....	25,180	48,724
Earnings for the year on Common Shares of parent company (Note 5 (b)):		
Amount.....	\$ 11,197,249	\$11,271,492
Per share on 4,721,361 shares (1959 — 4,549,756 shares) outstanding at year-end.....	\$2.37	\$2.48

BRITISH COLUMBIA POWER CORPORATION,

CONSOLIDATED BALANCE SHEET

(with corresponding figures
(see notes

	1960	1959
CURRENT AND WORKING ASSETS:		
Cash.....	\$ 1,145,222	\$ 754,076
Temporary investments (Note 3).....	24,023,254	30,220,775
Accounts receivable and unbilled revenues.....	14,271,143	13,487,441
Funds receivable on issue of balance of Series B debentures.....	—	2,643,250
Funds withdrawable from Trustee for bondholders —		
Held by Trustee.....	9,100,900	—
Receivable by Trustee on issue of balance of Series "O" bonds (1959 — Series "N").....	500,000	850,000
Sundry investments.....	—	520,985
Materials and supplies at average cost.....	5,562,894	6,716,643
Prepaid expenses.....	292,222	240,285
	<u>54,895,635</u>	<u>55,433,455</u>
MORTGAGES AND OTHER DEFERRED ACCOUNTS RECEIVABLE.....	<u>2,095,170</u>	<u>1,053,498</u>
INVESTMENTS (Note 4).....	<u>2,471,433</u>	<u>2,995,927</u>
DEFERRED CHARGES:		
Unamortized transportation franchise payments, etc.....	202,608	227,992
Unamortized discount and expense on long term debt.....	12,879,544	12,792,612
	<u>13,082,152</u>	<u>13,020,604</u>
PROPERTY ACCOUNT (Note 5):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electricity and gas, trolley coaches, motor buses, freight railway and rolling stock, etc.....	716,401,958	657,826,525
Unfinished construction.....	45,000,000	56,000,000
	<u>761,401,958</u>	<u>713,826,525</u>
<i>Less —</i>		
Accumulated depreciation.....	102,542,453	95,447,080
	<u>658,859,505</u>	<u>618,379,445</u>
	<u>\$731,403,895</u>	<u>\$690,882,929</u>

**TO THE SHAREHOLDERS,
BRITISH COLUMBIA POWER CORPORATION, LIMITED:**

We have examined the consolidated balance sheet of British Columbia Power Corporation, Limited and subsidiary companies as at 31 December 1960, and the consolidated statements of income and of earnings employed in the business for the year ended on that date, and have obtained all the information and explanations we have required. 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.

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 related consolidated statements of income

and of earnings employed in the business, supplemented by the notes thereto,

(1) are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at 31 December 1960 and the results of their combined operations for the year ended on that date; and (2) have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, save for the change in accounting method, in which we concur, explained in Note 5 (b) to the financial statements.

Vancouver, B.C.
15 February 1961.

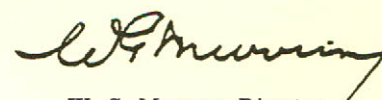
PRICE WATERHOUSE & CO.
Chartered Accountants
Auditors.

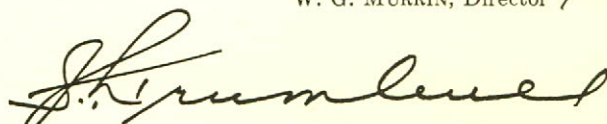
AS AT 31 DECEMBER 1960

(as at 31 December 1959)
attached)

	1960	1959
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft.....	\$ 1,269,906	\$ 945,291
Accounts payable.....	15,602,841	15,885,120
Taxes payable —		
On income.....	3,146,467	2,994,206
Other.....	1,921,205	1,456,895
Interest accrued on long term debt.....	6,118,600	5,693,874
Dividends declared, since paid.....	3,127,923	2,856,022
Sinking fund payments due within one year (Note 8).....	4,839,213	4,348,328
Provision for costs of accidents.....	348,618	300,012
	<u>36,374,773</u>	<u>34,479,748</u>
DEFERRED CREDIT:		
Estimated amount of deferred taxes on income, arising from claiming capital cost allowances in excess of depreciation recorded.....	44,456,009	35,986,009
LONG TERM DEBT (Note 8).....	<u>394,123,914</u>	<u>372,607,075</u>
SHARES OF SUBSIDIARY COMPANIES OWNED BY THE PUBLIC (Note 9).....	<u>104,448,405</u>	<u>106,544,459</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION.....	<u>1,241,945</u>	<u>973,118</u>
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital (Note 6) —		
Authorized:		
10,000,000 Common Shares without nominal or par value		
Issued:		
4,721,361 Common Shares (171,605 issued in 1960) representing a total cash consideration of.....	120,893,850	115,745,061
Capital surplus (Note 10).....	986,204	—
Earnings employed in the business — per statement attached.....	28,878,795	24,547,459
	<u>150,758,849</u>	<u>140,292,520</u>
	<u>\$731,403,895</u>	<u>\$690,882,929</u>
PENSION PLANS (Note 1)		
COMMITMENTS (Notes 4 and 11)		

APPROVED ON BEHALF OF THE BOARD:


W. G. MURRIN, Director


J. L. TRUMBULL, Director

BRITISH COLUMBIA POWER CORPORATION, LIMITED
and subsidiary companies

**CONSOLIDATED STATEMENT OF EARNINGS EMPLOYED IN THE BUSINESS
FOR THE YEAR ENDED 31 DECEMBER 1960**

(with corresponding figures for the year ended 31 December 1959)
(see notes attached)

	1960	1959
Earnings employed in the business as at the beginning of the year....	\$24,547,459	\$20,365,212
Capital surplus merged therein.....	—	505,515
Amount transferred from capital surplus (Note 10).....	1,000,000	—
	25,547,459	20,870,727
<i>Deduct —</i>		
Interest in earnings employed in the business of a former subsidiary.....	\$ 80,848	\$ —
Provision against possible loss on investments (Note 4).....	1,000,000	1,000,000
Fees to increase authorized share capital.....	—	225,303
Expenses on issue of Common Shares of parent company and of British Columbia Electric Company Limited.....	13,337	—
	1,094,185	1,225,303
	24,453,274	19,645,424
<i>Add —</i>		
Earnings on Common Shares of parent company per consolidated statement of income.....	11,197,249	11,271,492
	35,650,523	30,916,916
<i>Deduct —</i>		
Dividends on Common Shares of parent company.....	6,771,728	6,369,457
Earnings employed in the business as at the end of the year.....	\$28,878,795	\$24,547,459

NOTES TO 1960 FINANCIAL STATEMENTS

Note 1 — Pension plans:

The companies support a number of contributory pension plans. Provision for pensions in respect of employees' services prior to the respective dates of commencement of the several plans had, according to actuarial estimate, been completed in 1956.

There is also a previous non-contributory plan, under which a number of retired employees are being paid pensions from a fund, actuarially determined, by The Royal Trust Company. The Trustee has been given a covenant of indemnity to make good any deficiency in this fund, if one should develop, in the ultimate settlement of such pensions.

Certain employees of the companies whose periods of employment commenced before any contributory plan came into force have not elected to acquire rights under any such plan. Approximately 250 of these employees will, if they retire at 65 years of age or over and after 25 years of service, be entitled to pensions. No provision has been made in the attached accounts in this respect, as it is the intention of the companies to continue to pay such pensions from general funds over the years during which the pensions are payable; \$7,808 was paid on this score in 1960 to 12 pensioners.

Note 2 — Legal fees, executive remuneration, and directors' fees:

Legal fees and executive remuneration paid or accrued during the year amounted to \$468,923* (\$436,798 in 1959), and directors' fees amounted to \$29,382 (\$29,793 in 1959).

*British Columbia Electric Company Limited and subsidiary companies — \$439,165 (\$357,918 in 1959).

Note 3 — Temporary investments:

Government of Canada bonds, at cost (quoted market value \$9,980,000).....	\$ 9,876,850
Government of Canada Treasury bills, at cost (market value \$3,040,018).....	3,040,693
General Motors Acceptance Corporation of Canada Limited notes, at cost.....	988,295
Industrial Acceptance Corporation Limited notes, at cost.....	3,200,233
Traders Finance Corporation Limited note, at cost.....	991,274
Imperial Investment Corporation Limited note, at cost.....	991,274
United Dominions Corporation (Canada) Limited note, at cost.....	490,027
Funds on deposit with Montreal Trust Company.....	500,000
	20,078,646
British Columbia Electric Company Limited First Mortgage Bonds and Sinking Fund Debentures, at cost, purchased for sinking funds (quoted market value \$3,909,361; if and when tendered for sinking fund purposes these bonds and debentures will discharge a liability carried at \$4,358,561).....	3,944,608
	\$24,023,254

BRITISH COLUMBIA POWER CORPORATION, LIMITED
and subsidiary companies

NOTES TO 1960 FINANCIAL STATEMENTS

(continued)

Note 4 - Investments:

	1960	1959
Shares, at cost (quoted market value \$244,471; sale of shares restricted under option).....	\$1,444,511	\$1,665,505
Shares and debentures having no quoted market value, at cost.....	<u>3,026,922</u>	<u>2,330,422</u>
	4,471,433	3,995,927
Less — Provision against possible loss.....	<u>2,000,000</u>	<u>1,000,000</u>
	<u>\$2,471,433</u>	<u>\$2,995,927</u>

The amount of \$4,471,433 represents principally investments in Van-Tor Oils and Explorations Limited, Western Copper Mills Ltd., and Peace River Power Development Company Ltd. These investments were made for purposes of the development, present and future, of the business of British Columbia Power Corporation, Limited and subsidiary companies. Provision has been made from earnings employed in the business, against any loss that may result from any of these investments as such, in an amount of \$2,000,000 (of which \$1,000,000 has been provided in 1960, an equivalent sum having been transferred for that purpose from capital surplus to earnings employed in the business).

Contingent obligations on this account amounted to \$2,227,000 as at 31 December 1960.

Note 5 - Property account:

(a) The properties are included in the accompanying consolidated balance sheet at cost to the consolidation.

A valuation of the properties for rate-making purposes was made by the Public Utilities Commission of British Columbia as at 30 June 1939, and this, when brought up to date to reflect subsequent additions and retirements, computed on the same basis, amounted at 31 December 1960 to approximately \$698,000,000; to this should be added unfinished construction of \$45,000,000 and the book value of properties outside the purview of the Public Utilities Act and not so valued, amounting to some \$9,000,000, making in all approximately \$752,000,000 (for British Columbia Electric Company Limited and subsidiaries the last two figures are \$8,000,000 and \$751,000,000).

The accumulated depreciation was found adequate for rate-making purposes by the Public Utilities Commission as at 30 June 1939 and since that date the provisions for depreciation charged to operations have been calculated on the basis of annual percentages and property valuations approved by the Commission. Stated approximately, the accumulated depreciation of \$96,400,000 established for the purpose of the Commission, together with \$1,600,000 applicable to properties not valued by the Commission, totalled \$98,000,000 at 31 December 1960.

The valuations by the Commission are established for rate-making purposes and neither they nor the amounts at which the properties are carried in the consolidated balance sheet purport to represent either present realizable value or replacement value.

(b) It has been the practice of the companies to charge an appropriate portion of administrative and general expenses to property account, and from 1947 through 1959 amounts equal to 4% (a rate supported by periodic studies) of the direct expenditures on property were so charged. The detailed study completed in 1960 disclosed that the portion chargeable to property account had become substantially greater than 4% of the direct expenditures. It was therefore decided to change the manner of allocating such expenses to property account from one based on a percentage to one of direct allocation. Had the 4% rate been continued in 1960, the amount of administrative and general expenses allocated to property account would have been less by approximately \$1,700,000, and the earnings for the year (after allowing for income taxes) approximately \$850,000 less than shown in the accompanying financial statements.

Note 6 - Share capital:

(a) The \$40,000,000 principal amount of Convertible Sinking Fund Debentures, 6% Series B, of British Columbia Electric Company Limited are convertible on or before 3 November 1969 at the holder's option into Common Shares of British Columbia Power Corporation, Limited as follows:

On or before 2 November 1963 — 27 Common Shares for each \$1,000 of Debentures

Thereafter and on or before 1 November 1966 — 25 Common Shares for each \$1,000 of Debentures

Thereafter and on or before 3 November 1969 — 23 Common Shares for each \$1,000 of Debentures

British Columbia Power Corporation, Limited has covenanted to reserve 1,080,000 of its unissued Common Shares, which is the maximum number that may be required to be issued on the conversion of these Debentures.

(b) British Columbia Electric Company Limited has covenanted to reserve sufficient (1,360,000) of its unissued Common Shares to enable it to issue to its parent company, British Columbia Power Corporation, Limited 34 such shares for each \$1,000 principal amount of Convertible Sinking Fund Debentures, 6% Series B, which the parent company has covenanted to deliver to it after such Debentures have been surrendered for conversion into Common Shares of British Columbia Power Corporation, Limited as referred to in Note 6 (a).

(c) On 31 March 1960, the Directors earmarked a further 100,000 of the unissued Common Shares of British Columbia Power Corporation, Limited for the purpose of granting options to officials of the companies, such options to be granted at a price per share substantially equal to the market price or issue price (if any) of the Common Shares current at the time of the grant of the option. Options, exercisable on or before varying dates up to 29 December 1970, were granted for 74,000 shares, leaving options for 26,000 shares available for granting as at 31 December 1960. Of these options for 74,000 shares granted, and options for 10,105 shares granted but not taken up prior to 31 December 1959, options for 21,605 shares were taken up and options for 8,500 shares were surrendered and cancelled during the year, leaving options for 54,000 shares granted but not taken up as at 31 December 1960.

Note 7 - Winding up of British Columbia Electric Railway Company Limited:

In December 1960 measures were taken to wind up the principal subsidiary of British Columbia Electric Company Limited, namely British Columbia Electric Railway Company Limited, and merge its undertaking with that of its parent company. British Columbia Electric Railway Company Limited went into voluntary liquidation, and entered into an indenture for the sale of its undertaking to British Columbia Electric Company Limited, which purchased sterling funds for the discharge in January 1961 by the Liquidators of British Columbia Electric Railway Company Limited of the balances of its debenture and preference stocks in the hands of the public. Such discharge, with sterling bought at rates substantially lower than the rate of \$4.85 to the £ at which these stocks in the hands of the public had heretofore been carried in the accounts, resulted in a capital surplus, which (as the principal measures that gave rise to it, including the purchase of the necessary sterling funds, had been settled prior to 31 December 1960) has been recorded in the accompanying financial statements as described in Note 10.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
and subsidiary companies

NOTES TO 1960 FINANCIAL STATEMENTS

(continued)

Note 8 – Long term debt:

Bond Debt —

	1960	1959
British Columbia Electric Company Limited:		
First Mortgage Bonds —		
3¼% Series "A" due 2 January 1967.....	\$ 27,230,000	\$ 27,799,000
3¼% Series "B" due 1 October 1967.....	8,245,000	8,422,000
3¾% Series "C" due 1 April 1968.....	14,338,000	14,634,000
3¾% Series "D" due 1 February 1969.....	14,590,000	14,882,000
3½% Series "E" due 1 March 1975.....	17,339,000	17,697,000
4% Series "F" due 1 July 1991.....	3,281,000	3,354,000
3¾% Series "G" due 1 December 1976, \$17,825,000 (1959 — \$18,117,000) payable in United States funds, carried at exchange rates prevailing on dates of issue.....	17,726,127	18,016,507
4¾% Series "H" due 1 December 1977.....	13,533,000	13,767,000
4¾% Series "I" due 1 February 1979.....	13,962,000	14,168,000
3¾% Series "J" due 1 June 1980.....	14,062,000	14,291,000
4¼% Series "K" due 1 February 1981.....	28,593,000	28,995,000
5% Series "L" due 1 February 1982.....	38,658,000	39,150,000
5½% Series "M" due 2 January 1988.....	48,926,000	49,500,000
5½% Series "N" due 1 March 1989.....	29,680,000	30,000,000
6½% Series "O" due 1 April 1990, sold in 1960 of which \$500,000 issued 31 January 1961.....	30,000,000	—
British Columbia Electric Railway Company Limited:		
4¼% Perpetual Consolidated Debenture Stock (Note 7) —		
Issued — £2,788,170 (less £2,326,440 owned by British Columbia Electric Company Limited).....	£461,730	
Deduct — Sterling funds held at bank for redemption.....	461,730	
(1959: Issued — £2,788,170 (less £2,153,140 owned by British Columbia Electric Company Limited), carried at \$4.85).....		3,079,896
	<u>320,163,127</u>	<u>297,755,403</u>

Debenture Debt —

British Columbia Electric Company Limited:		
Sinking Fund Debentures, 5¾% Series A due 1 April 1977.....	38,800,000	39,200,000
Convertible Sinking Fund Debentures, 6% Series B due 1 November 1984 (Note 6 (a)).....	40,000,000	40,000,000
	<u>78,800,000</u>	<u>79,200,000</u>
	398,963,127	376,955,403
Less — Sinking fund payments due within one year, included in current and accrued liabilities.....	4,839,213	4,348,328
	<u>\$394,123,914</u>	<u>\$372,607,075</u>

Note 9 – Shares of subsidiary companies owned by the public:

	1960	1959
British Columbia Electric Company Limited:		
Cumulative Redeemable Preferred Shares —		
4% shares of \$100 each (redeemable at a premium of 3%) — 120,000 shares.....	\$ 12,000,000	\$ 12,000,000
4¼% shares of \$50 each (redeemable at a premium of 4%) — 220,000 shares.....	11,000,000	11,000,000
4½% shares of \$50 each (redeemable at a premium of 4%) — 300,000 shares.....	15,000,000	15,000,000
4¾% shares of \$100 each (redeemable at a premium of 5%) — 264,134 shares.....	26,413,400	26,413,400
5% shares of \$50 each (redeemable at a premium of 4%) — 500,000 shares.....	25,000,000	25,000,000
5½% shares of \$50 each (redeemable at a premium of 4%) — 300,000 shares.....	15,000,000	15,000,000
	<u>104,413,400</u>	<u>104,413,400</u>
British Columbia Electric Railway Company Limited:		
5% Cumulative Perpetual Preference Stock (Note 7) —		
Issued — £1,440,000 (less £1,178,699 owned by British Columbia Electric Company Limited).....	£261,301	
Deduct — Sterling funds held at banks for redemption.....	261,301	
(1959: Issued — £1,440,000 (less £1,076,679 owned by British Columbia Electric Company Limited), carried at \$4.85).....		1,762,107
Minority interest in subsidiary company (companies in 1959) of British Columbia Power Corporation, Limited other than British Columbia Electric Company Limited and its subsidiary companies.....	35,005	368,952
	<u>\$104,448,405</u>	<u>\$106,544,459</u>

Note 10 – Capital surplus:

The capital surplus as at 31 December 1960 was made up as follows:		
Surplus arising from measures taken to wind up British Columbia Electric Railway Company Limited (less provision of \$200,000 for winding up expenses, registration fees, etc.) (Note 7).....		\$1,986,204
Deduct — Amount transferred to earnings employed in the business (Note 4).....		1,000,000
		<u>\$ 986,204</u>

Note 11 – Purchase commitments:

Purchase commitments of the companies for capital projects and materials and supplies aggregated approximately \$37,000,000 as at 31 December 1960.

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED
(the principal direct subsidiary of British Columbia Power Corporation, Limited) and subsidiary companies

**CONSOLIDATED STATEMENT OF INCOME AND EARNINGS EMPLOYED
IN THE BUSINESS FOR THE YEAR ENDED 31 DECEMBER 1960**

(with corresponding figures for the year ended 31 December 1959)
(see notes attached)

	1960	1959
Net income for the year of British Columbia Power Corporation, Limited and subsidiary companies (per their Consolidated Statement of Income).....	\$16,174,565	\$16,272,352
<i>Add back —</i>		
Net expenses (income in 1959) of British Columbia Power Corporation, Limited and its subsidiary companies other than British Columbia Electric Company Limited and subsidiary companies.....	49,440	157,101
Net income for the year of British Columbia Electric Company Limited and subsidiary companies.....	16,224,005	16,115,251
<i>Add —</i>		
Earnings employed in the business as at the beginning of the year.....	\$24,188,099	\$20,025,011
Capital surplus merged therein.....	—	505,515
Amount transferred from capital surplus (Note 10).....	1,000,000	—
	25,188,099	20,530,526
	41,412,104	36,645,777
<i>Deduct —</i>		
Expenses on issue of Common Shares.....	2,302	—
Fees to increase authorized share capital of British Columbia Power Corporation, Limited.....	—	225,303
	2,302	225,303
	41,409,802	36,420,474
<i>Deduct —</i>		
Dividends:		
British Columbia Electric Railway Company Limited —		
Cumulative Perpetual Preference Stock.....	25,180	48,724
British Columbia Electric Company Limited —		
Cumulative Redeemable Preferred Shares.....	4,952,136	4,952,136
Common Shares (all owned by British Columbia Power Corporation, Limited).....	7,790,000	7,231,515
	12,767,316	12,232,375
Earnings employed in the business as at the end of the year.....	<u>\$28,642,486</u>	<u>\$24,188,099</u>

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED

CONSOLIDATED BALANCE SHEET

(with corresponding figures)

	1960	1959
CURRENT AND WORKING ASSETS:		
Cash.....	\$ 1,094,268	\$ 744,410
Temporary investments (Note 3).....	24,023,254	29,565,775
Accounts receivable and unbilled revenues.....	14,070,508	13,110,495
Funds receivable on issue of balance of Series B debentures.....	—	2,643,250
Funds withdrawable from Trustee for bondholders —		
Held by Trustee.....	9,100,900	—
Receivable by Trustee on issue of balance of Series "O" bonds (1959 — Series "N").....	500,000	850,000
Sundry investments.....	—	520,985
Materials and supplies at average cost.....	5,562,894	6,716,643
Prepaid expenses.....	292,222	232,321
	<u>54,644,046</u>	<u>54,383,879</u>
MORTGAGES AND OTHER DEFERRED ACCOUNTS RECEIVABLE.....	<u>2,095,170</u>	<u>1,053,498</u>
DEFERRED CHARGES:		
Unamortized transportation franchise payments, etc.....	202,608	227,992
Unamortized discount and expense on long term debt.....	12,833,797	12,728,354
	<u>13,036,405</u>	<u>12,956,346</u>
PROPERTY ACCOUNT (Note 5):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electricity and gas, trolley coaches, motor buses, freight railway and rolling stock, etc.....	715,205,789	656,031,146
Unfinished construction.....	45,000,000	56,000,000
	<u>760,205,789</u>	<u>712,031,146</u>
Less —		
Accumulated depreciation.....	102,542,453	95,271,374
	<u>657,663,336</u>	<u>616,759,772</u>
	<u>\$727,438,957</u>	<u>\$685,153,495</u>

**TO THE SHAREHOLDERS,
BRITISH COLUMBIA ELECTRIC COMPANY LIMITED:**

We have examined the consolidated balance sheet of British Columbia Electric Company Limited and subsidiary companies as at 31 December 1960, and the consolidated statement of income and earnings employed in the business for the year ended on that date, and have obtained all the information and explanations we have required. 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.

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 related consolidated statement of income

and earnings employed in the business, supplemented by the notes thereto,

- (1) are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at 31 December 1960 and the results of their combined operations for the year ended on that date; and
- (2) have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, save for the change in accounting method, in which we concur, explained in Note 5 (b) to the financial statements.

Vancouver, B.C.
15 February 1961.

PRICE WATERHOUSE & Co.
Chartered Accountants
Auditors.

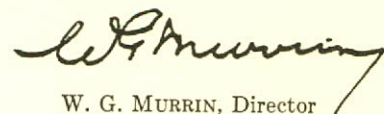
AS AT 31 DECEMBER 1960

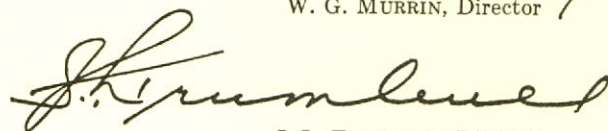
as at 31 December 1959)

	1960	1959
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft.....	\$ 1,370,125	\$ 1,052,277
Accounts payable.....	15,420,793	15,423,455
Taxes payable —		
On income.....	3,144,649	2,635,350
Other.....	1,921,205	1,456,807
Interest accrued on long term debt.....	6,118,600	5,693,874
Dividends declared, since paid.....	1,239,378	1,263,607
Amount owing to parent company, British Columbia Power Corporation, Limited, and its other subsidiary companies.....	8,187,373	6,568,682
Sinking fund payments due within one year (Note 8).....	4,839,213	4,348,328
Provision for costs of accidents.....	348,618	300,012
	<u>42,589,954</u>	<u>38,742,392</u>
DEFERRED CREDIT:		
Estimated amount of deferred taxes on income, arising from claiming capital cost allowances in excess of depreciation recorded.....	44,456,009	35,986,009
LONG TERM DEBT (Note 8).....	<u>394,123,914</u>	<u>372,607,075</u>
SHARES OF SUBSIDIARY COMPANY OWNED BY THE PUBLIC:		
British Columbia Electric Railway Company Limited —		
5% Cumulative Perpetual Preference Stock (Note 9).....	—	1,762,107
CONTRIBUTIONS IN AID OF CONSTRUCTION.....	<u>1,241,945</u>	<u>973,118</u>
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital —		
Authorized:		
510,000 Preferred Shares of \$100 each		
1,980,000 Preferred Shares of \$50 each		
6,000,000 Common Shares of no par value (Note 6 (b))		
Issued and paid up:		
Cumulative Redeemable Preferred Shares (Note 9).....	104,413,400	104,413,400
3,858,711 Common Shares of no par value (150,125 issued in 1960).....	110,985,045	106,481,295
	<u>215,398,445</u>	<u>210,894,695</u>
Capital surplus (Note 10).....	986,204	—
Earnings employed in the business — per statement attached.....	28,642,486	24,188,099
	<u>245,027,135</u>	<u>235,082,794</u>
	<u>\$727,438,957</u>	<u>\$685,153,495</u>
PENSION PLANS (Note 1)		
COMMITMENTS (Note 11)		

APPROVED ON BEHALF OF THE BOARD:

The explanatory notes which supplement the accompanying 1960 financial statements of British Columbia Power Corporation, Limited and subsidiary companies, also supplement and should, as applicable, be read in conjunction with the financial statements of British Columbia Electric Company Limited and subsidiary companies. Note 4 and Note 6 (c), however, relate exclusively to the consolidated balance sheet of British Columbia Power Corporation, Limited and subsidiary companies.


W. G. MURRIN, Director

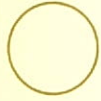

J. L. TRUMBULL, Director

FINANCIAL STATISTICS
(in millions of dollars unless otherwise stated)

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
SOURCES OF REVENUE										
From operations										
Electric — residential.....	10.8	13.1	14.5	16.5	18.7	20.9	22.9	25.4	28.8	30.3
Electric — other.....	14.5	16.4	17.9	19.1	21.0	22.5	25.0	27.8	31.6	33.8
Gas.....	4.0	4.3	4.6	4.9	5.1	5.5	7.1	10.4	15.4	19.3
Passenger transportation.....	14.2	15.2	15.1	14.9	13.8	13.6	13.9	14.0	14.7	14.1
Rail freight.....	2.9	3.2	3.5	3.3	4.2	5.2	5.0	4.9	4.9	5.0
Miscellaneous.....	.5	.5	.4	.5	.6	.6	.7	.8	1.5	.8
Gross revenue from operations.....	46.9	52.7	56.0	59.2	63.4	68.3	74.6	83.3	96.9	103.3
Non-operating income.....	.1	.2	.6	.9	.6	.8	1.5	1.4	1.4	2.2
DISPOSITION OF REVENUE										
Employment costs, materials and outside services, etc.....	25.0	27.4	28.8	29.4	28.7	30.8	31.9	34.4	39.8	39.1
Provision for depreciation (1).....	6.1	6.4	7.1	7.5	8.2	8.4	10.0	12.8	13.7	15.1
Taxation (1) (2).....	7.6	9.4	9.3	10.3	11.9	12.8	12.7	12.6	17.2	18.7
Interest and other costs on long term debt.....	3.8	4.3	5.1	5.7	6.1	7.4	10.5	13.9	15.9	19.5
Interest charged to construction (deduct).....	.1	.4	.4	.5	1.2	2.7	2.8	2.9	4.6	3.1
Dividends on preferred shares.....	1.7	1.8	2.1	2.6	3.3	3.7	4.2	5.0	5.0	5.0
Dividends on common shares.....	2.0	2.0	2.3	3.1	3.8	4.9	5.6	6.2	6.4	6.8
Retained and employed in the business.....	.9	2.0	2.3	2.0	3.2	3.8	4.0	2.7	4.9	4.4
<p>(1) For all years except 1953, before additional capital cost allowances and resultant income tax deferment.</p> <p>(2) Excludes sales taxes and customs duty on material purchased, as well as sales tax on electricity and gas sold (collected from customers on behalf of government). These approximated \$6.2 million in 1960.</p>										
OPERATING INCOME										
Amount.....	8.2	9.5	10.8	12.0	14.6	16.3	20.0	23.5	26.2	30.4
As a percentage of gross revenue from operations.....	17.5	18.1	19.3	20.3	23.1	23.8	26.7	28.2	27.0	29.4
COMMON SHARES										
Shares outstanding at year-end (in thousands) (3)....	2,980	2,980	3,130	3,168	3,401	3,728	4,116	4,549	4,550	4,721
Earnings per share outstanding at year-end (in dollars) (3) (4).....	.98	1.34	1.47	1.62	2.05	2.34	2.33	1.95	2.48	2.37
Dividends per share (in dollars) (5).....	.80	.80	.85	1.00	1.15	1.35	1.40	1.40	1.40	1.45
<p>(3) For years prior to 1953, adjusted to reflect conversion in 1953 of Class "A" and Class "B" Shares into Common Shares.</p> <p>(4) Based on the earnings reported year by year in the consolidated statements of income.</p> <p>(5) Prior to share conversion in 1953, per one-half of one Class "A" Share.</p>										

OPERATING STATISTICS

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
ELECTRIC										
Generating capacity at year-end (rated kw in thousands) ⁽¹⁾	416	476	480	525	525	570	715	745	969	1,093
System peak one-hour demand (kw in thousands).....	396	408	445	500	566	645	668	754	804	817
Customers at year-end (in thousands).....	235	243	254	266	280	293	306	320	333	341
Electricity sold (kwh in millions)	1,512	1,653	1,902	2,051	2,304	2,426	2,801	3,028	3,299	3,527
Proportionate sales by class of customer (percentages)										
Residential.....	33	33	33	36	38	41	40	40	40	39
Other systems (largely residential).....	4	3	2	3	2	3	3	2	2	3
Commercial, industrial, etc.....	51	52	50	53	54	55	57	58	58	58
Export ⁽²⁾	12	12	15	8	6	1	.....	.....	.....	.....
Residential service										
Average annual kwh use per customer.....	2,523	2,734	2,974	3,372	3,765	4,097	4,373	4,494	4,717	4,816
Average revenue per kwh (in cents).....	2.2	2.4	2.3	2.2	2.1	2.1	2.1	2.1	2.2	2.2
⁽¹⁾ Excludes electricity available from other systems. Rated capacity has been exceeded on occasion.										
⁽²⁾ Less than 1/2 of 1% 1957 through 1960.										
GAS										
One-day capacity at year-end (therms in thousands)										
Mainland — firm pipeline contracts ⁽³⁾	320	575	575	1,000	1,540
— plant.....	94	96	96	96	101	72	160	190	320	320
Greater Victoria — plant.....	20	29	29	18	18	18	27	27	27	27
Peak one-day demand (therms in thousands)										
Mainland system — including interruptible.....	61	58	58	74	85	156	294	559	818	934
— excluding interruptible.....	61	58	58	74	85	150	231	469	690	703
Greater Victoria system.....	11	9	9	12	13	14	14	13	15	16
Customers at year-end (in thousands).....	62	63	63	61	60	62	75	92	108	119
Gas sold (therms in millions).....	16	17	18	19	20	24	51	86	138	183
Average revenue per therm (in cents).....	25.2	26.2	26.1	25.6	25.2	23.2	13.8	12.0	11.1	10.5
⁽³⁾ For the purpose of this table, quantities converted to therms on basis of 100 cu. ft. to one therm.										
TRANSPORTATION										
Vehicles at year-end										
Urban — street cars.....	118	85	57	51	.....	.....	.....	.....	.....	.....
— buses.....	356	347	343	338	327	323	340	348	341	342
— trolley coaches.....	311	311	311	327	327	349	351	351	351	327
total.....	785	743	711	716	654	672	691	699	692	669
Interurban rail passenger cars.....	54	54	32	21	17	11	11	.....	.....	.....
Interurban buses.....	95	95	88	85	74	70	69	70	67	68
Passengers carried (in millions)										
Urban.....	120.5	114.1	109.8	106.1	100.0	100.4	102.7	100.8	90.7	84.0
Interurban rail.....	6.0	5.3	4.0	1.7	1.1	1.1	.9	.1	.....	.....
Interurban bus.....	4.9	4.5	4.3	3.9	3.4	3.4	3.3	3.2	2.7	2.6
Revenue miles run — urban (in millions).....	25.1	24.1	24.0	24.3	23.7	23.2	23.3	23.6	22.8	21.9
Passenger revenue per mile — urban (in cents).....	45.6	51.5	52.7	53.0	50.2	49.9	51.2	50.9	56.8	54.7
Rail freight (tons in thousands).....	1,127	1,127	1,129	1,089	1,363	1,578	1,365	1,258	1,311	1,455
EMPLOYEES AT YEAR-END ⁽⁴⁾	5,417	5,324	5,086	4,791	4,826	5,394	5,549	5,462	5,401	5,191
⁽⁴⁾ To provide comparability, excludes employees of B.C. Engineering Company Limited, which was formed in 1954 and ceased operations early in 1960.										



DIVISIONAL ORGANIZATION

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED

H. J. MERILEES *General Executive Assistant*

J. R. P. POWELL *Executive Assistant to President*

ELECTRICAL DIVISION

G. F. GREEN *Assistant Chief Engineer (Technical Services)*

F. A. LAZENBY *Assistant Chief Engineer (Executive)*

W. F. MILES *Assistant Chief Engineer (Operations)*

R. M. BIBBS *Manager, Administration*

E. G. BEGG *Office Manager*

N. S. CLARK *Superintendent, Electric Meter Department*

T. COLLINS *Superintendent, Generating Stations*

N. E. DAWSON *Superintendent, Shops*

A. J. DUNCAN *Assistant Superintendent, Distribution Engineering*

C. T. EYFORD *Superintendent, Distribution Engineering*

W. D. GILL *Superintendent, Transmission and
Distribution Maintenance*

T. F. HADWIN *District Manager, Bridge River*

G. J. HENRIKSON *Assistant Superintendent,
Distribution Engineering*

S. C. IRVING *Superintendent, Burrard Thermal Generating Plant*

W. F. JARRETT *Superintendent, Substations*

J. F. MILES *Project Engineer*

H. W. J. PECK *Assistant to Vice-President and Chief Engineer*

H. E. SLADEN *Assistant Superintendent, Distribution Engineering*

J. E. UNDERHILL *Project Engineer*

MARKETING DIVISION

E. D. SUTCLIFFE *General Manager*

J. C. INGRAM *General Development Manager*

R. G. SCOTT *General Sales Manager*

W. A. DOW *Industrial Development Manager*

H. A. ELLIOTT *Industrial Sales Manager*

R. H. GRAM *Area Development Manager*

G. HARGREAVES *Director, Technical Services*

J. C. McADAM *Director, Marketing Research*

F. NOSWORTHY *Coastal Area Sales Manager*

K. A. SHORE *Fraser Valley Sales Manager*

J. F. SKELTON *Director, Sales Promotion*

J. H. TAYLOR *Metropolitan Sales Manager*

GAS DIVISION

P. W. BARCHARD *General Manager*

L. J. C. JARVIS *Plant Manager*

J. KIRKHOPE *Supply Manager*

H. T. LIBBY *Assistant to General Manager*

A. J. MACDONALD *Distribution Manager, Fraser Valley Area*

D. W. MINION *Distribution Manager, Metropolitan Area*

TRANSPORTATION DIVISION

S. SIGMUNDSON *General Manager*

J. E. ALLAN *Manager, Pacific Stage Lines*

C. DOBELL *Director, Safety and Training*

H. C. GIVINS *Transportation Maintenance Engineer*

J. F. INTIHAR *Operations Manager, Metropolitan Transit Lines*

R. R. JOHNSTON *General Freight Agent, Sales and Services*

W. W. McAULAY *Assistant to General Manager*

D. J. MARTIN *Railway Manager*

S. B. PEACH *Freight Traffic Manager*

P. J. SCHRODT *Transportation Maintenance Manager*

W. A. VANCE *General Freight Agent, Rates and Divisions*

INDUSTRIAL RELATIONS DIVISION

C. R. BROOKBANK *Director*

R. H. ELFSTROM *Manager, Accident and Fire Prevention*

M. H. FOX *Labour Relations Manager*

A. R. KLUCKNER *Co-ordinator of Training and Development*

DR. A. J. NELSON *Director of Medical Services*

R. W. PURVES *Personnel Manager*

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W. H. Q. CAMERON *Solicitor (Mainland)*

R. R. DODD *Senior Solicitor*

R. W. GROSS *Senior Solicitor*

B. S. LOWE *Senior Solicitor*

B. J. McCONNELL *Senior Solicitor*

J. H. MATTHEWS *Claims Manager*

P. E. PAULSON *Manager, Land Department*

A. J. THOMPSON *Senior Solicitor*

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T. CHAMBERS *Comptroller*
G. J. KINLEN *Treasurer*
F. A. ADAMS *Billing Services Supervisor*
L. E. BEARD *General Accounting Manager*
G. F. BLYTH *Insurance and Credit Manager*
L. C. COLTON *Revenue Accountant*
G. EWING *Budget Accountant*
E. S. GARDINER *Data Processing Manager*
L. E. F. GRAHAM *Plant Records and Property Tax Manager*
D. R. HUNDLEBY *Pay Manager*
J. S. LANG *Internal Auditor*
L. J. LASCELLES *Staff Accountant*
L. B. THOM *Unit Bookkeeping Supervisor*
J. M. TODD *Cashier Manager*

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R. J. BURNS *General Economist*
R. C. HAUSCH *System Cost Engineer*
C. A. MANSON *Rate Engineer*
J. A. POLSON *Planning Engineer*

GENERAL SERVICES DIVISION

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E. L. DUN *Superintendent, Buildings Operation and Maintenance*
G. L. HASZARD *General Purchasing Agent*
P. A. HOARE *Security Officer*
S. H. JAGGER *Manager, Methods and Procedures*
D. O. MACKAY *Office Services and Vehicles Manager*
J. S. PURVES *Stores Manager*
F. J. N. SPOKE *Technical Assistant*

BUDGETING AND CONTROL DIVISION

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J. T. TURNER *Assistant Director*

PUBLIC INFORMATION DIVISION

P. C. WOODWARD *Manager*
E. F. CAMPBELL *Assistant Manager*
T. F. DAGGS *Administrative Assistant*
E. F. FOX *Director of Public Information, Regional Offices*
N. A. MCKELVIE *Supervisor, Publications and Weekly News*
J. C. SEXTON *Supervisor, Metropolitan Press Section*

VANCOUVER ISLAND DIVISION

D. A. M. PATTERSON *Executive Assistant to
Vice-President, Solicitor*
M. C. TRUEMAN *Operations Manager*
D. DAVIS *Financial Officer*
G. BARCLAY *General Superintendent, Electrical Department*
C. A. BURGESS *Cost Accountant*
W. D. BURTON *Sales Engineer*
M. H. COLLINS *Public Information Manager*
H. R. HALLS *Transportation Manager*
E. G. HART *Buildings and Structures Superintendent*
R. H. LUND *Personnel Manager*
J. A. McARTHUR *Customers' Accounts Manager*
K. K. NISHIKAWARA *Electrical Stations Superintendent*
K. L. ROACH *Gas Superintendent*
G. J. ROPER *Assistant to Operations Manager*
A. W. J. SMITH *Sales Manager*
A. M. URQUHART *Superintendent, Transmission and
Distribution Engineering*
E. B. WILLIAMS *Purchasing and Stores Manager*

WESTERN DEVELOPMENT AND POWER LIMITED

A. E. GRAUER *Chairman*
A. B. ROBERTSON *President*

E. D. SUTCLIFFE *General Manager*

*Our aim is to serve our customers well, and at the lowest rates consistent
with a high standard of service;
to deal frankly and fairly with our customers and employees;
to conduct our business with courtesy and efficiency;
to be good citizens and assist in the development of the communities we serve.*

BRITISH COLUMBIA POWER CORPORATION, LIMITED

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