

ANNUAL REPORT

1959

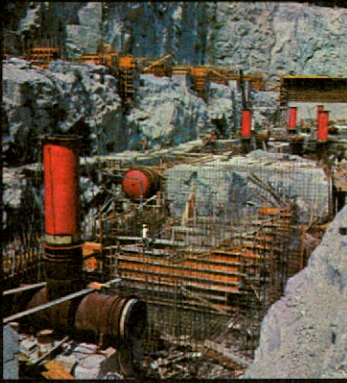
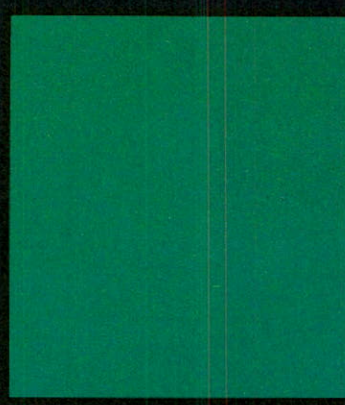
PostStack

BRITISH COLUMBIA POWER CORPORATION, LIMITED

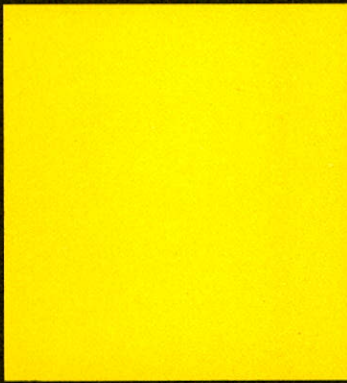


UNIVERSITY OF
LIBRARIES
MAR 11 1960
ELL

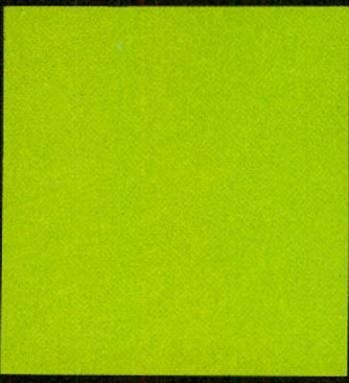
Pictures on the covers and on this page show progress in the construction of the Burrard Thermal Generating Plant.



The Burrard plant, which is designed to burn natural gas, is on tidewater six miles east of Vancouver. The first unit of 157,500 kw will go into service in 1961. The plant's output can be expanded as required to 945,000 kw.



The Board of Directors of British Columbia Power Corporation, Limited presents its report for the year 1959 for the information of Shareholders, Employees, Customers and the Community which has entrusted to free enterprise the responsibility for carrying on essential services under public regulation.



THE PRINCIPAL COMPANIES and the general nature of their business *

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 bus transportation

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

Western Development and Power Limited (*Western Development*)

WHOLLY-OWNED SUBSIDIARY OF THE POWER CORPORATION

Investigation of electric power projects

Promotion of industrial development

B.C. Engineering Company Limited (*the Engineering Company*)

WHOLLY-OWNED SUBSIDIARY OF THE POWER CORPORATION

Consulting, design and construction engineering

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

DIRECTORS

E. RONALD CRAMMOND †
A. B. CHRISTOPHER
G. T. CUNNINGHAM
SYDNEY G. DOBSON
H. S. FOLEY, LL.D.
SEVERE GODIN
A. E. GRAUER, LL.D.
C. L. GUNDY
R. H. B. KER
W. G. MURRIN, LL.D.
A. DEANE NESBITT, O.B.E.
H. L. PURDY
J. L. TRUMBULL, C.B.E.
COL. THE HONOURABLE CLARENCE WALLACE, C.B.E.
J. B. WOODYATT

† *Died January 1960*

OFFICERS *

President

A. E. GRAUER, LL.D.

Executive Vice-President

H. L. PURDY (*Mainland Operations, Sales, General Services, Industrial Relations and Public Relations*)

Vice-President

J. J. CARSON (*Industrial Relations*)

Vice-President

T. INGLEDOW, D.Sc. (*the Engineering Company*)

Vice-President and Treasurer

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

Vice-President

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

Vice-President

A. B. ROBERTSON, Q.C. (*General Counsel*)

Vice-President

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

Secretary

G. G. WOODWARD

Assistant Secretary

W. B. AFFLECK

* *Operating responsibilities shown in brackets*

Bankers: THE ROYAL BANK OF CANADA *Transfer Agent:* MONTREAL TRUST COMPANY *Registrar:* THE ROYAL TRUST COMPANY
Fiscal Agent in London, England: THE BRITISH EMPIRE TRUST COMPANY, LIMITED *Auditors:* PRICE WATERHOUSE & CO.

Head Office of the Power Corporation: B.C. ELECTRIC BUILDING, 970 BURRARD STREET, VANCOUVER 1, B.C.

1959

THE YEAR IN BRIEF

Earnings were \$11,271,492 or \$2.48 per share on the Common Shares outstanding at the year-end; in 1958 earnings were \$8,876,483 or \$1.95 per share on virtually the same number of outstanding shares. Rate increases obtained in 1958 contributed to the improved results.

Dividends at the rate of 35¢ a quarter were continued throughout the year.

System demand for electricity was 9% greater than in 1958. Average annual use per residential customer increased 5% to 4,717 kwh.

Gas revenue in the third full year of natural gas distribution was 48% higher than in 1958 and therms of gas sold increased by 60%. The number of gas customers rose above the hundred thousand mark, to 108,000 at the year-end.

In the transportation service the number of passengers carried was 10% less than in 1958.

Capital expenditures were \$72.4 million, about 83% for the electric service.

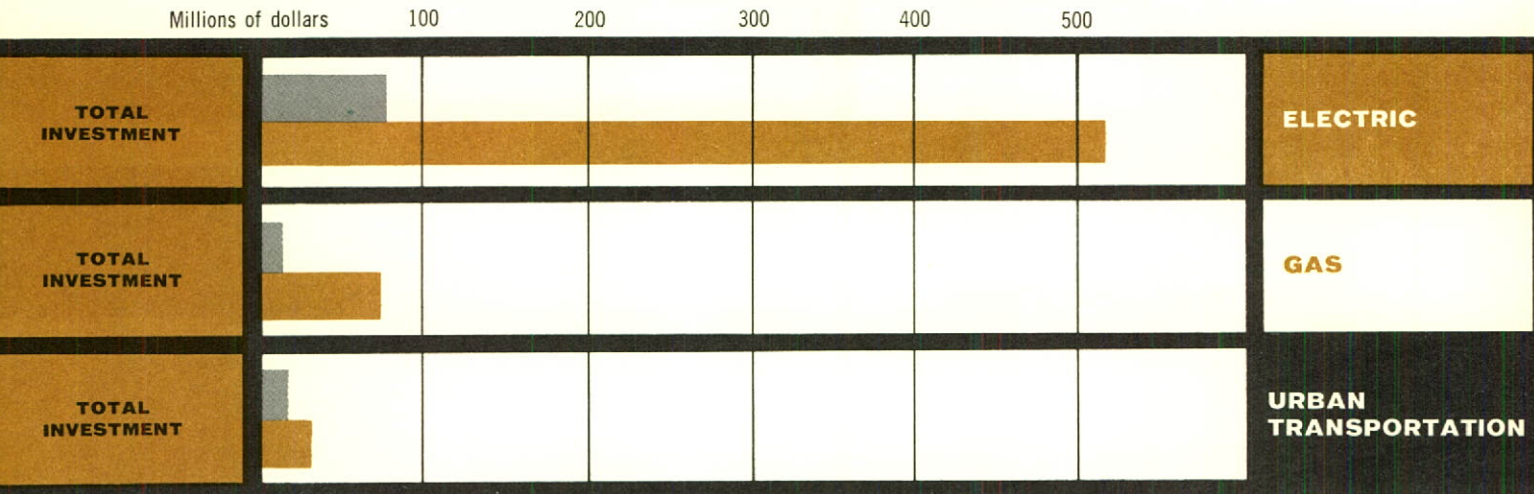
Total electric generating capacity increased 30% to 969,000 kw with the addition of two 62,000 kw units of the Bridge River No. 2 Plant and the 100,000 kw Port Mann Gas Turbine Generating Plant.

Study of additional electric power sources continued.

To finance the continuing growth of the Company, \$30 million of first mortgage bonds and \$40 million of convertible sinking fund debentures were sold in 1959.

POST-WAR GROWTH IN PLANT INVESTMENT

Increase in property in service for the three principal services



31 Dec. 1945
 31 Dec. 1959

ANNUAL REPORT OF THE DIRECTORS

The improved results for 1959 over those for 1958 developed chiefly out of two factors: first, the general improvement in business conditions and, second, the influence of increased rates in the electric and transportation services, which became effective at various dates during 1958 but were in effect throughout 1959.

RESULTS OF OPERATIONS

The earnings for the year were \$11,271,492, or \$2.48 per share on the 4,549,756 Common Shares outstanding at the year-end, as compared with \$8,876,483, or \$1.95 per share on the virtually identical number of Common Shares outstanding at the end of 1958. The rate of dividend on the Common Shares of 35¢ a quarter was continued, making \$1.40 the declaration per share for 1959, the same as that of the previous year.

The operating income for 1959, 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 5.2% (preliminary) as against 5.0% in 1958, which figures may be compared with the fair rate of return set by the Commission at 6.5%.

The rate of return in the Mainland gas service improved according to expectation in the third full year of the distribution of natural gas on the strength of increase in volume; it rose from 3.4% in 1958 to 4.3% (preliminary) in 1959.

GROSS REVENUES

The gross revenues from operations for the year amounted to \$96,923,531, an increase over 1958 of \$13,650,168, or 16.4%, to which the various services contributed as follows:

	1959	Increase over 1958	
		Amount	%
Electric:			
Canadian.....	\$60,387,234	\$ 7,191,468	13.5
Export.....	25,768	941	3.8
Gas.....	15,386,023	4,970,251	47.7
Passenger transportation.....	14,738,059	772,568	5.5
Rail freight.....	4,931,877	4,190	.1
Miscellaneous.....	1,454,570	710,750	95.6
	<u>\$96,923,531</u>	<u>\$13,650,168</u>	<u>16.4</u>

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

	1959	Increase over or Decrease under 1958	
		Amount	%
Kilowatt-hours of electricity sold:			
Canadian.....	3,297,524,345	270,584,755	8.9
Export.....	1,476,750	193,100	15.0
Therms of gas sold.....	138,322,367	51,910,007	60.1
Passengers carried.....	93,448,394	10,708,976	10.3
Freight tonnage.....	1,310,954	52,803	4.2

In the electric service the net increase in the number of customers for the year was 13,330, bringing the total to 333,238 at the year-end. Average annual consumption per residential account also increased; it was 4,494 kwh in 1958 and rose to 4,717 kwh in 1959, an increase of 5.0%. The higher percentage of increase in gross revenues than in kilowatt-hours sold in the electric service reflects increased rates in all categories which were effective from July of 1958.

In the gas service the net increase in the number of customers for the year of 16,271, resulting from an increase on the Mainland less a nominal decrease on Vancouver Island, brought the total to 108,327 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

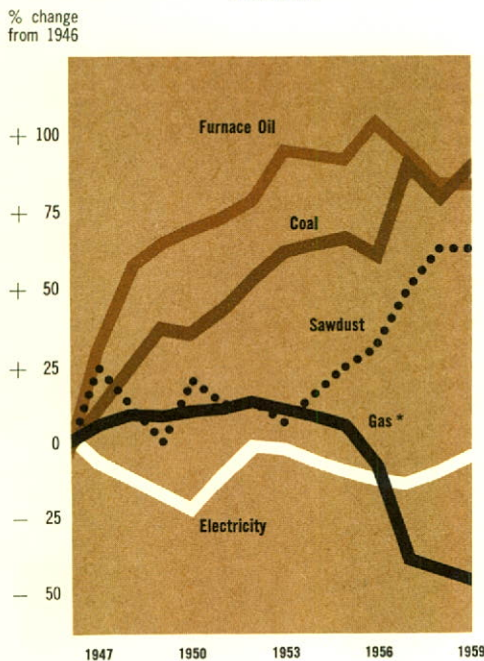
1955 (the last year preceding natural gas) to nearly 59,400 at the end of 1959. The lesser percentage of increase in gross revenues than in therms sold in the gas service arises from a higher proportion of total consumption coming from the various heating categories with their lower rates.

In the passenger transportation service the increase in gross revenues as contrasted with the decrease in riding reflects, among other things, the increase in fares which was effective from November 1958 and the consequent decrease in riding, and the reduced level of riding which, quite apart from changes in fares, has been apparent as a trend throughout the North American continent.

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 increase in miscellaneous gross revenues has to do largely with the increased gross revenues of the Engineering Company resulting from services performed for outside clients.

Trends in Average Prices of Fuels for Residential Use - Vancouver



* System converted to natural gas in November 1956

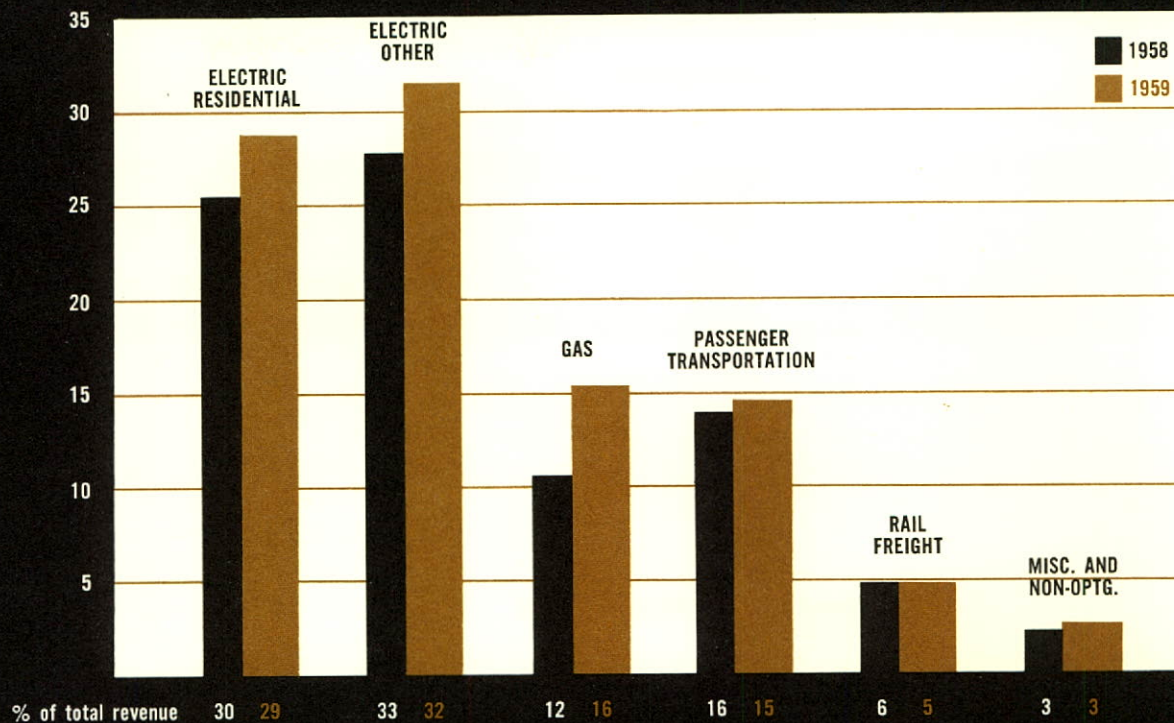
RATES

The report for 1958 mentioned that the increased rates approved by the Public Utilities Commission for the electric and urban transportation services might be affected by proceedings before the Court of Appeal and that the decision of the Court had not been handed down by the time that year's report was closed off. The proceedings concerned questions of procedure; on all questions the Court upheld the Commission and the rates which had been approved by the Commission have stood unchanged.

In the natural gas service, reductions were made early in 1959 in the rates for the commercial and small industrial classifications. These changes and the other changes instituted during 1959 were in the nature of tidying up. Their effect on gross revenues was not great.

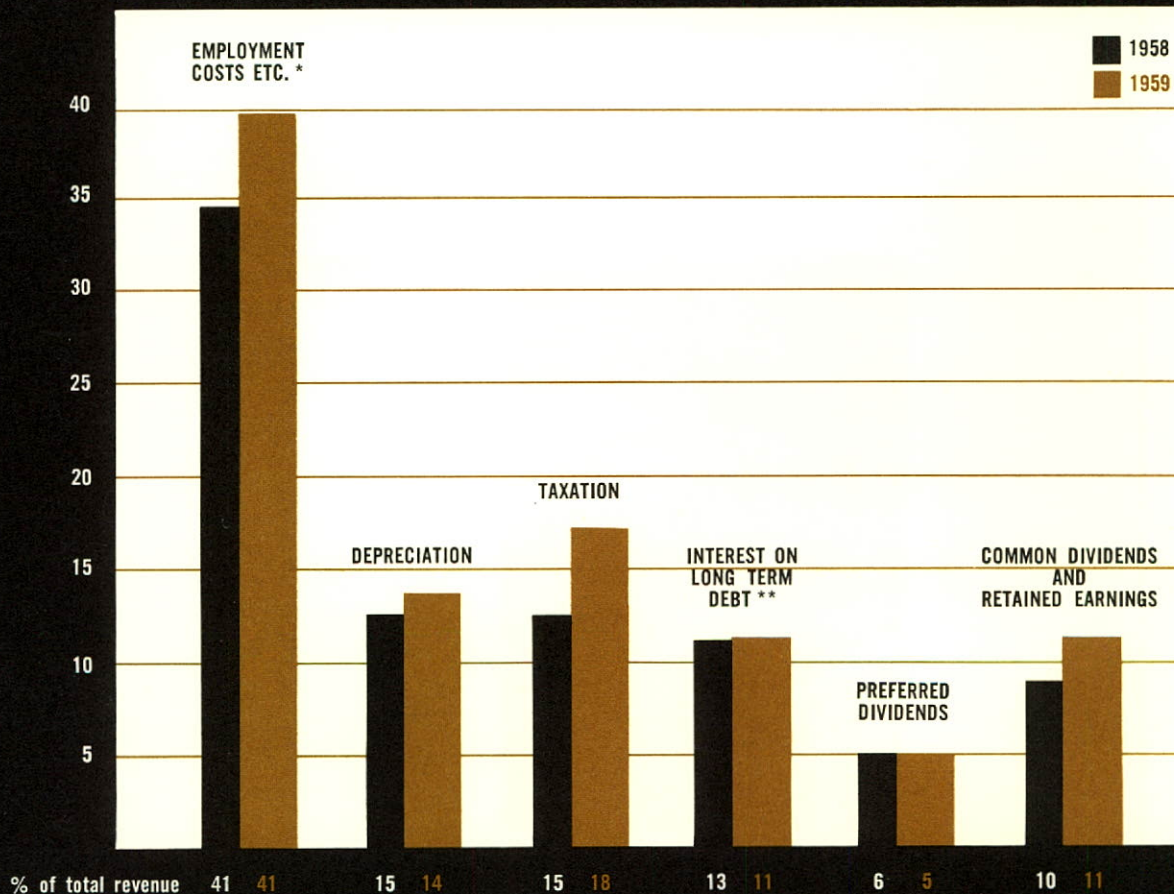
SOURCES OF REVENUE 1958 and 1959

Millions of dollars



DISPOSITION OF REVENUE 1958 and 1959

Millions of dollars



*Employment costs, materials and outside services, etc.

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

OPERATING EXPENSES

Operating expenses at \$70,744,913 show an increase of \$10,950,371, or 18.3%, over 1958.

Salaries and wages were up by \$1,600,000 as a result in large part of the higher rates of pay negotiated for 1959 in collective agreements of 1958.

The cost of gas purchased increased by \$1,900,000, 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; increases in property taxes resulted in part also from higher land assessments and higher tax rates.

Provision for taxes on income increased substantially, in part because of an increase in the rate of tax of three percentage points, but in larger part because of increased taxable income, as reflected in the statement of income.

COLLECTIVE AGREEMENTS

The only collective agreement which came open in 1959 was that with the International Brotherhood of Electrical Workers (Electrical Division); a new agreement was concluded, effective for a two-year period from 1 August 1959.

All other union agreements come open for negotiation during 1960.

CONSTRUCTION PROGRAMME

The net additions to property account for the year amounted to \$65,151,101 as compared with \$79,103,487 in 1958. The net additions in 1959 comprised gross expenditures of \$72,432,595 less retirements of \$7,281,494.

Major expenditures in 1959 by projects or broad classifications included the following:

Electric extensions, Mainland and Vancouver Island, including cost to connect 13,541 new customers.....	\$ 6,440,646
Gas extensions, Mainland and Vancouver Island, including cost to connect 16,321 new customers.....	5,017,427
Major electric generating developments:	
Bridge River No. 2 Plant and associated facilities.....	22,164,398
Port Mann Gas Turbine Generating Plant.....	2,827,048
Burrard Thermal Generating Plant.....	10,629,208
Major electric transmission line construction:	
Bridge River to Cheekye — 360 kv line.....	1,868,104
Cheekye to Horne-Payne — 230 kv line.....	1,042,402
Mainwaring to Murrin No. 2 — 230 kv line.....	1,278,518
Substations, associated distribution facilities and local transmission systems — electric.....	8,957,075
Land and land rights for generating, transmission and substation facilities — electric.....	560,128
Natural gas trunk lines and associated plant.....	4,776,465

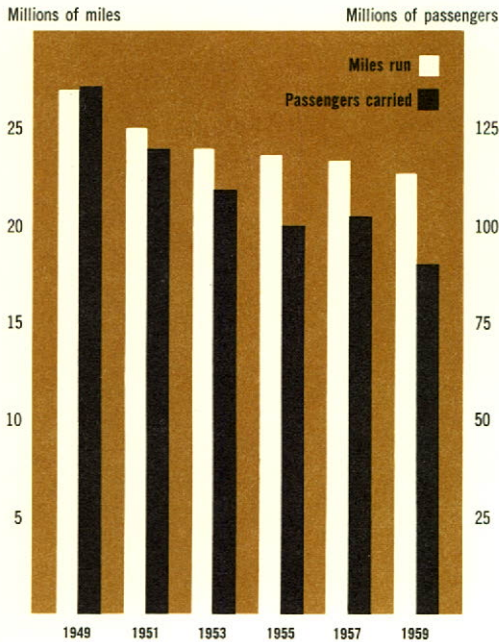
At Bridge River No. 2 Plant the first two of four units of 62,000 kw each were brought into service in the autumn of 1959.

All four units, each of 25,000 kw, of Port Mann Gas Turbine Generating Plant were turned over to operations in 1959.

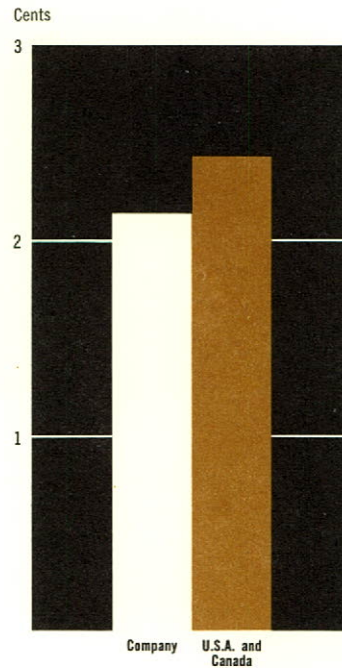
Satisfactory progress was made during the year at the Company's second major thermal installation, Burrard Thermal Generating Plant, and by the end of the year construction of the building frame for four units of the proposed six-unit plant was under way.

The second 230 kv transmission line from Cheekye to Horne-Payne in Greater Vancouver was placed in service in October 1959. The 360 kv line from Bridge River to Cheekye will be completed in 1961 and will be operated initially at 230 kv.

**Revenue Miles Run and Passengers Carried—
Urban Transportation**



**Average Price per KWH of Electricity
for Residential Use**



1958 — latest year for which comparable statistics are available

SUPPLY OF ENERGY

Under the heading "Construction Programme" mention has been made of Bridge River No. 2 Plant, of which the two final units of 62,000 kw each are to be added in 1960. Mention was made also of Burrard Thermal Generating Plant, which can have an ultimate capacity of 945,000 kw in six equal units; the first unit of 157,500 kw is to go into service in 1961. The second unit is planned for operation in 1962, with additional units as required in the years following. The Company has an agreement with Westcoast Transmission Company Limited for the purchase of natural gas, in increasing quantities of up to 96 million cu. ft. a day at an agreed price and up to a further 48 million cu. ft. a day at a price to be agreed upon — a quantity sufficient in the aggregate to operate six units at the Burrard plant. These quantities are quite apart from the gas capacity mentioned on page 27 of this report under the description "Mainland — pipeline contract". It is presently expected that the Burrard plant will meet the growth of load during the period before a further source or sources of hydro power become available.

It appears that the two great rivers which the Company may look to for substantial amounts of additional hydro-electric power are the Peace and

the Columbia. The Fraser remains unavailable because little progress has been made in devising means by which its waters could be used for power purposes while avoiding interference with the salmon runs.

As mentioned in last year's report, Peace River Power Development Company Ltd., in the capital of which Western Development has an interest, was pursuing its studies to determine the feasibility of the generation of power on the Peace River and its transmission to the Lower Mainland. The situation now is that Peace River Power Development Company Ltd. has completed its investigations and has met its commitment to the Province of British Columbia to file with the Comptroller of Water Rights, by 31 December 1959, a comprehensive plan for the development of the Peace River for power purposes. The Comptroller of Water Rights has three months from the date of filing to review this comprehensive plan and to approve it or not.

Peace River Power Development Company Ltd. has announced that the years 1960 and 1961 will be devoted by it largely to completion of detailed engineering plans and that private financing, through its present participants, to put it in funds for this and its other purposes for those years, has been arranged. It has further announced that

public financing to provide the means for the prosecution of large scale construction may be expected late in 1961, subject to the terms and conditions set forth in its comprehensive plan.

The situation with respect to the Columbia River is less clear. 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 . . .". With this report in hand, it appears that the next steps will be the negotiation of a treaty between Canada and the United States covering specific projects and co-operative arrangements in the Columbia River Basin, and the 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 diversion and use of the waters of the River in the Province.) These steps would be followed by ratification of the responsible legislative bodies. At the present time discussions looking to a treaty are going on between representatives of Canada and the United States.

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. No further physical work for this purpose was done in 1959 but during that year discussions were held, which are continuing, with United States gas utility and pipeline companies to explore a mutuality of interests in the potential underground facility near Chehalis.

FINANCING

In March, an issue of \$30,000,000 principal amount of the Electric Company's First Mortgage Bonds, 5½% Series "N", was sold, with delivery of \$850,000 delayed until 1960.

In November, an issue of \$40,000,000 principal amount of the Electric Company's Convertible Sinking Fund Debentures, 6% Series B, was sold, with deliveries of \$2,725,000 delayed until 1960. These Debentures may be converted into Common Shares of the Power Corporation up to 3 November 1969.

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

Funds Provided

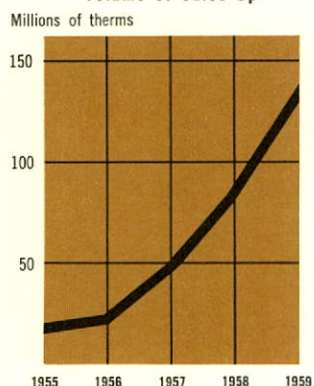
Net proceeds received or to be received from sales of bonds, debentures and shares.....			\$ 67,073,635
Sales of property.....			2,450,569
Estimated amount by which taxes on income currently payable have been reduced as a result of claiming for tax purposes capital cost allowances in excess of depreciation recorded.....			7,680,000
Funds arising from operations —			
Earnings on Common Shares.....		\$11,271,492	
Add back — Charges against operations calling for no current outlay of cash:			
Provision for depreciation.....	\$13,740,647		
Discount and expense on long term debt.....	705,055	14,445,702	25,717,194
			<u>\$102,921,398</u>

Funds Applied

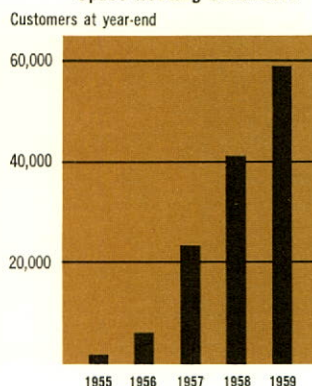
Additions to property.....			\$ 72,432,595
Purchases (net) of securities of other companies.....			898,178
Payments to sinking funds made or provided for.....			4,629,884
Dividends on Common Shares of parent company.....			6,369,457
Increase in working capital (less net change in miscellaneous other items of \$267,550)....			18,591,284
			<u>\$102,921,398</u>

Gas Service Continues to Grow Rapidly in the Lower Mainland Area

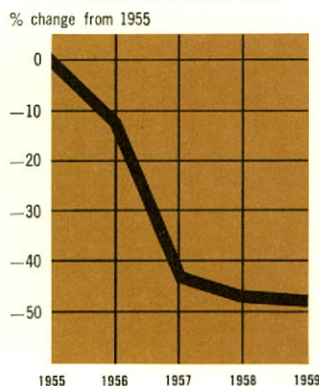
Volume of Sales Up



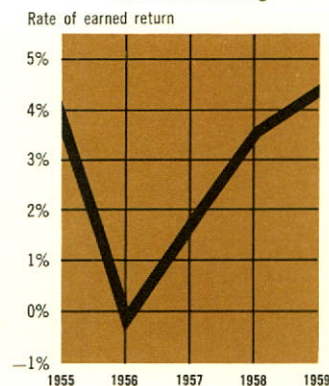
Increasing Number of Space Heating Customers



Average Residential Price Down



Return on Investment Rising



Natural gas introduced November 1956

INDUSTRIAL DEVELOPMENT

The reports of the last two years have referred to the land assembly programme of Western Development. This programme is designed to place property in the hands of industrial users who will be customers for the rail freight and other services of the Company. During 1959 a substantial transaction was completed by the sale of about 2,200 acres in Langley to Grosvenor-Laing (B.C.) Limited and the transfer to that company of further acreage purchased for its account. The combined area exceeds 3,000 acres, on which Grovesnor-Laing is planning an industrial estate named Langley Park Estate. This sale, for which the full price was collected during the year, gave rise to the greater part of the total of \$2,450,569 described in the table under "Financing" as "Sales of property".

In the reports of the last two years the investment by Western Development in the common shares of Western Copper Mills Ltd. has been dealt with; Western Copper has proved to be an important customer for the Company's electric, gas and rail freight services and this factor brought the investment within the purposes laid down for Western Development. During 1959, Western Copper underwent a substantial re-organization (in which Western Development and other principal shareholders participated with additional capital) to give it the working capital and direction needed for a thorough test of its possibilities.

Western Development also holds investments in Van-Tor Oils and Explorations Limited and, as already mentioned, in Peace River Power Development Company Ltd. The investments of Western Development are reflected in the balance

sheet under the heading "Investments". As indicated in Note 4 of the notes to the financial statements, an 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 Power Corporation and subsidiary companies.

DIRECTORATE

Mr. James Goodfellow Robson died on the eve of the last annual general meeting. He had been a director since 1948. In his address to the annual meeting the Chairman spoke highly of Mr. Robson as a director and as a philanthropic member of the community. Mr. Arthur Bell Christopher was appointed to fill the vacancy on the Board.

Mr. Edgar Ronald Crammond, of London, England, a director since 1946, died in January 1960. Mr. Crammond's special contribution came from his intimate knowledge of London's financial market in which the Company has had historically and continues to have a vital interest.

SENIOR MANAGEMENT

In March 1959 Mr. A. Bruce Robertson, Vice-President and General Solicitor, was freed from his administrative duties and became Vice-President and General Counsel, and Mr. D. M. M. Goldie succeeded him as General Solicitor in charge of the Legal Division.

On 1 December 1959 a General Services Division was announced with Mr. G. Arnold Johnson as General Manager. This Division is to comprise a number of functions previously administered

under a variety of auspices; they are Purchasing, Stores, Office Services, Security, Buildings Operation and Maintenance, and Service Vehicles. The announcement of this organizational change stated: "The Company has now reached a size where it is considered that these activities can effectively be grouped in a new Division."

On 1 December 1959 also, Mr. J. R. P. Powell, previously Executive Assistant to the Director of Budgeting and Control, succeeded Mr. Johnson as Executive Assistant to the Executive Vice-President; Mr. J. T. Turner assumed the new position of Assistant Director, Budgeting and Control (the position of Executive Assistant in this department was eliminated), and Mr. P. J. Schrodt, previously Superintendent of Transportation Maintenance, succeeded Mr. Turner as Manager, Transportation Maintenance.

Mr. E. H. Rohrer, General Manager of the Gas Division, retired on 31 December 1959 after years of good service; he was succeeded by Mr. P. W. Barchard, whose former position of Assistant General Manager was not filled.

EMPLOYEES

Of the employees retiring on pension during the year, eleven had service of 40 years or more and, of them, six had more than 45 years' service. The six are: Mr. D. M. Johnstone, Project Engineer — Transmission Construction, Engineering Company, with service of 56 years and 4 months (this length of service has been unequalled in the Company's history); Mr. Wilbur S. Gosbee, Superintendent of Shops, Electrical Division, with service of 47 years and 11 months; Mr. Leslie F. S. Parker, Sub-foreman Serviceman, Electrical Division, with service of 46 years and 7 months; Mr. Alexander Davidson, Shop and Material Clerk, Transportation Division, with service of 46 years and 3 months; Mr. William D. Quaggan,

Office Representative, General Sales Division, with service of 46 years and 1 month; and Mr. John McLean, Conductor District 1, Transportation Division, with service of 46 years.

The operations of the Company grow in scope and complexity and the Board wishes to record its appreciation of the effective work of the employees in handling them.

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 prepared by the management of the Company and have been examined by the shareholders' auditors, whose reports upon them are attached.

PROSPECTS

This annual report is necessarily closed off more than 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 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,

A. E. GRAUER,
President.

Vancouver, B.C.,
1 March 1960.

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 Thursday, 31 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.

G R O W T H I N T H E 5 0 ' S

The decade of the 50's saw substantial growth in the general economy of the area served by the Company, enabling great increase in sales of electricity and gas.

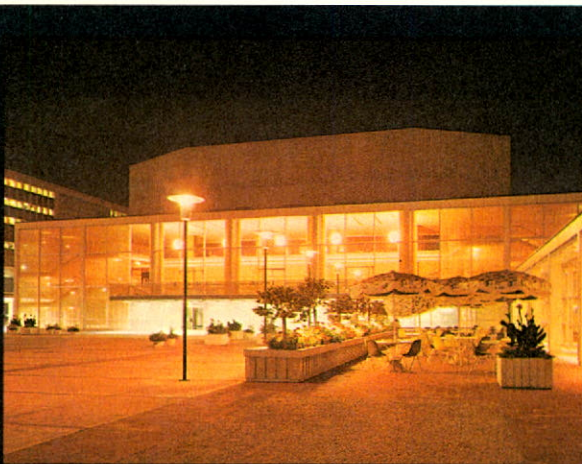
In 1959, this market consumed 3.3 billion kilowatt hours of electricity: three times the amount used in 1949.

Gas consumption in 1959 totalled nearly 140 million therms: about nine times the amount used in 1949, or nearly three times as much as in 1957, the first full year in which the Company distributed natural gas in the Lower Mainland portion of the market.

During the decade, population in the total market area increased from 724,000 to about 1,028,000; gross value of manufacturing production climbed from \$670 million to an estimated \$1.3 billion; and average weekly salaries and wages in industry advanced from about \$40 to \$78.



59 apartment buildings, including the two above, began using gas for heating and other purposes in 1959. In all, 165 large-volume customers were connected in 1959, including the new medical building seen below.



The Queen Elizabeth Theatre, with seating capacity of 3,000, is one of many cultural and sports facilities built during the decade.



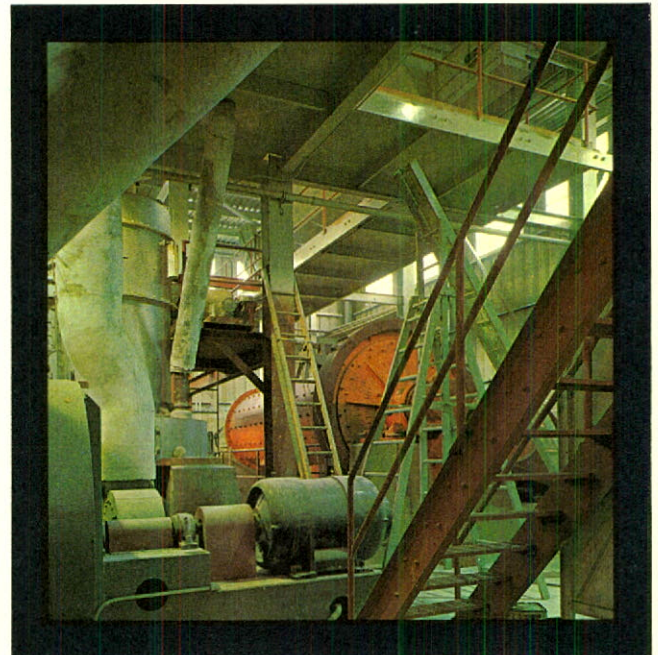
The increased purchasing power in the area, together with intensive advertising and promotion, resulted in the sale of many labour-saving appliances for the home and a general improvement in home lighting.

Average residential use of electricity rose from 1,977 kwh in 1949 to 4,717 kwh in 1959, while total annual residential consumption increased nearly four times to 1.3 billion kwh.

After arrival of natural gas in the Lower Mainland in November 1956, the new fuel rapidly won customers with its attractive qualities and competitive rates. In this area, households using manufactured gas at the start of the decade numbered about 45,000 and fewer than 800 used



Population expansion was reflected in the rapid growth of new schools and houses. Of some 7,300 houses built in the Greater Vancouver gas area in 1959, 90% were equipped with gas furnaces, 81% with gas water heaters. By 31 December 1959, 80% of all Lower Mainland homes were within economic reach of the Company's extended gas mains.



Western Gypsum Products Ltd., above, became the Company's largest firm gas customer in 1959. Largest interruptible account is Lafarge Cement of North America Ltd. Other large industrial customers signed up since 1956 use gas to process bricks, chemicals, sugar, beverages, metals, roofing material and other products.

gas for space heating. By 31 December 1959, nearly 87,000 households were using natural gas, and of them 59,100 used the fuel for heating.

New industries were established in the Company's service area during the decade, turning out a wide range of products such as chemicals, cement, steel pipe, copper tubing, aluminum cables and shapes, corrugated paper, gypsum products and frozen foods. Western Development assisted many firms in finding suitable sites.

New industrial and commercial enterprises, coupled with expansion of existing firms, resulted in an increase of 185% in sale of electricity and an increase of 1,200% in sale of gas to customers in these categories.



Higher intensity of lighting used in commercial establishments and on streets and highways in the area is exemplified by the new supermarket seen above, and the approach to the new Deas Island Tunnel, below. Electricity used for street and highway lighting more than doubled in the decade.

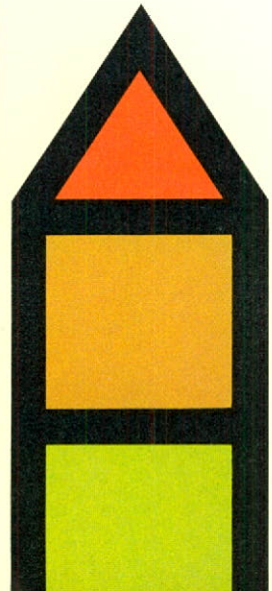


Four oil refineries have been built or re-built in the Vancouver area since 1953, when Trans Mountain Oil Pipe Line Company completed its 24-inch line from Alberta to the west coast.





The area served by the Company also grew in importance in foreign trade during the decade. Imports and exports through all B.C. customs points more than doubled in value. In 1958, the latest year for which total figures are available, exports totalled \$760 million, of which 75% passed through customs points in the Company's service area. Total B.C. imports for the same year were \$440 million, and about 90% of these were handled through customs points served by the Company. Evidence of the increased trade tempo is seen in the picture above. Groups of buildings in the foreground are primarily warehouses and distributing plants built in recent years in the eastern section of Vancouver.



BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 1959
(with corresponding figures for the year ended 31 December 1958)
(see notes attached)

	1959	1958	
Gross revenue from operations.....	\$96,923,531	\$83,273,363	
<i>Deduct—</i>			
Employment costs, materials and outside services, etc. (Notes 1 and 2).....	39,799,535	34,438,222	
Provision for depreciation (Note 5).....	13,740,647	12,776,621	
Required for government:			
Provision for taxes on income.....	\$11,487,056	\$ 7,338,355	
Property taxes.....	4,529,981	4,129,457	
Other charges.....	1,187,694	17,204,731	1,111,887
Total operating expenses.....	70,744,913	59,794,542	
Operating income.....	26,178,618	23,478,821	
<i>Add —</i>			
Non-operating income:			
Return from temporary and other investments, etc.....	1,135,574	1,113,082	
Profit through redemption of bonds and debentures at less than principal amount.....	289,719	1,425,293	347,487
Interest charged to construction.....		4,616,587	2,898,903
		32,220,498	27,838,293
<i>Deduct—</i>			
Interest on long term debt.....	15,178,062	13,292,422	
Amortization of discount and expense on long term debt.....	705,055	655,280	
Minority interest in earnings of a subsidiary company.....	65,029	15,948,146	12,648
Net income for the year.....	16,272,352	13,877,943	
<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.....	48,724	5,000,860	49,324
Earnings for the year on Common Shares of parent company:			
Amount.....	\$11,271,492	\$ 8,876,483	
Per share on 4,549,756 shares (1958 — 4,549,431 shares) outstanding at year-end.....	\$2.48	\$1.95	

BRITISH COLUMBIA POWER CORPORATION, LIMITED

CONSOLIDATED BALANCE SHEET (with corresponding figures (see notes

	1959	1958
CURRENT AND WORKING ASSETS:		
Cash.....	\$ 754,076	\$ 2,388,112
Temporary investments (Note 3).....	30,220,775	11,813,555
Accounts receivable and unbilled revenues.....	14,540,939	13,148,783
Funds receivable on issue of balance of Series B debentures.....	2,643,250	—
Funds withdrawable from Trustee for bondholders —		
Receivable by Trustee on issue of balance of Series "N" bonds.....	850,000	—
Held by Trustee.....	—	71,660
Sundry investments.....	520,985	452,147
Materials and supplies at average cost.....	6,716,643	8,348,604
Prepaid expenses.....	240,285	353,655
	56,486,953	36,576,516
INVESTMENTS (Note 4):		
Shares, at cost (quoted market value \$915,447).....	1,665,505	1,222,749
Shares and debentures having no quoted market value, at cost.....	2,330,422	1,875,000
	3,995,927	3,097,749
<i>Less —</i>		
Provision for possible loss.....	1,000,000	—
	2,995,927	3,097,749
DEFERRED CHARGES:		
Unamortized transportation franchise payments, etc.....	227,992	266,382
Unamortized discount and expense on long term debt.....	12,792,612	10,787,587
	13,020,604	11,053,969
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.....	657,826,525	573,675,424
Unfinished construction.....	56,000,000	75,000,000
	713,826,525	648,675,424
<i>Less —</i>		
Accumulated depreciation.....	95,447,080	86,485,185
	618,379,445	562,190,239
	\$690,882,929	\$612,918,473

**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 1959, 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 1959 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.

Vancouver, B.C.
15 February 1960.

PRICE WATERHOUSE & CO.
Chartered Accountants
Auditors.

AS AT 31 DECEMBER 1959

as at 31 December 1958)
attached)

CURRENT AND ACCRUED LIABILITIES:	1959	1958
Bank overdraft.....	\$ 945,291	\$ —
Notes payable.....	125,750	104,250
Accounts payable.....	15,759,370	19,564,025
Taxes payable —		
On income.....	2,994,206	501,945
Other.....	1,456,895	1,379,577
Interest accrued on long term debt.....	5,693,874	4,838,314
Dividends declared, since paid.....	2,856,022	2,856,271
Sinking fund payments due within one year (Note 7).....	4,348,328	3,892,863
Provision for costs of accidents.....	300,012	290,900
	<u>34,479,748</u>	<u>33,428,145</u>
DEFERRED CREDIT:		
Estimated amount of deferred taxes on income, arising from claiming capital cost allowances in excess of depreciation recorded.....	35,986,009	28,306,009
	<u>372,607,075</u>	<u>307,236,959</u>
LONG TERM DEBT (Note 7).....	372,607,075	307,236,959
SHARES OF SUBSIDIARY COMPANIES OWNED BY THE PUBLIC (Note 8).....	106,544,459	106,482,540
CONTRIBUTIONS IN AID OF CONSTRUCTION.....	973,118	858,050
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital (Note 6) —		
Authorized:		
10,000,000 Common Shares without nominal or par value		
Issued:		
4,549,756 Common Shares (325 issued in 1959) representing a total cash consideration of....	115,745,061	115,736,043
Capital surplus (merged in 1959 with earnings employed in the business).....	—	505,515
Earnings employed in the business — per statement attached.....	24,547,459	20,365,212
	<u>140,292,520</u>	<u>136,606,770</u>
	<u>\$690,882,929</u>	<u>\$612,918,473</u>
PENSION PLANS (Note 1)		
COMMITMENTS (Notes 4 and 9)		

APPROVED ON BEHALF OF THE BOARD:


R. H. B. KER, Director.


C. WALLACE, Director.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS EMPLOYED IN THE BUSINESS
FOR THE YEAR ENDED 31 DECEMBER 1959
(with corresponding figures for the year ended 31 December 1958)
(see notes attached)

	1959	1958
Earnings employed in the business as at the beginning of the year.....	\$20,365,212	\$18,172,376
Capital surplus merged therein.....	505,515	—
	<u>20,870,727</u>	<u>18,172,376</u>
<i>Add —</i>		
Earnings on Common Shares of parent company per consolidated statement of income.....	11,271,492	8,876,483
	<u>32,142,219</u>	<u>27,048,859</u>
<i>Deduct —</i>		
Provision for possible loss on investments (Note 4).....	1,000,000	—
	<u>31,142,219</u>	<u>27,048,859</u>
<i>Deduct —</i>		
Fees to increase authorized share capital.....	225,303	—
Commission and expenses on issue of Common Shares of parent company and of British Columbia Electric Company Limited.....	—	459,703
	<u>30,916,916</u>	<u>26,589,156</u>
<i>Deduct —</i>		
Dividends on Common Shares of parent company.....	6,369,457	6,223,944
	<u>24,547,459</u>	<u>20,365,212</u>
Earnings employed in the business as at the end of the year.....	<u>\$24,547,459</u>	<u>\$20,365,212</u>

BRITISH COLUMBIA POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

NOTES TO 1959 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, held 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 260 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; \$6,500 was paid on this score in 1959 to 9 pensioners.

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

Legal fees and executive remuneration paid or accrued during the year amounted to \$436,798* (\$466,423 in 1958), and directors' fees amounted to \$29,793 (\$28,100 in 1958).

*British Columbia Electric Company Limited and subsidiary companies — \$357,918 (\$451,943 in 1958).

Note 3 — Temporary investments:

Government of Canada bonds, at cost (quoted market value \$3,488,450)	\$ 3,476,375
Government of Canada Treasury bills, at cost (market value \$3,457,685)	3,458,770
General Motors Acceptance Corporation of Canada Limited notes, at cost	2,950,315
Industrial Acceptance Corporation Limited notes, at cost	2,947,746
Traders Finance Corporation Limited notes, at cost	1,468,572
Imperial Investment Corporation Limited note, at cost	969,349
Funds on deposit with —	
The Royal Trust Company	7,500,000
Montreal Trust Company	3,000,000
	25,771,127
British Columbia Electric Company Limited First Mortgage Bonds and Sinking Fund Debentures, at cost, purchased for sinking funds (quoted market value \$3,566,734; if and when tendered for sinking fund purposes these bonds and debentures will discharge a liability carried at \$4,275,606)	3,794,648
Total for British Columbia Electric Company Limited and subsidiary companies	29,565,775
Funds of other subsidiary companies of British Columbia Power Corporation, Limited on deposit with —	
The Royal Trust Company	90,000
Montreal Trust Company	565,000
	\$30,220,775

Note 4 — Investments:

The amount of \$3,995,927 represents 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. Contingent obligations on this account amounted to \$956,500 as at 31 December 1959.

A provision of \$1,000,000 has been made from earnings employed in the business towards any loss that may result from any of these investments as such.

Note 5 — Property account:

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 1959 to approximately \$634,000,000; to this should be added unfinished construction of \$56,000,000 and the book value of properties outside the purview of the Public Utilities Act and not so valued, amounting to some \$13,000,000 (\$11,000,000*), making a total of approximately \$703,000,000 (\$701,000,000*) before deducting accumulated depreciation.

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 \$88,000,000 established for the purpose of the Commission, together with \$3,500,000 (\$3,300,000*) applicable to properties not valued by the Commission, totalled \$91,500,000 (\$91,300,000*) at 31 December 1959.

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.

*British Columbia Electric Company Limited and subsidiary companies.

Note 6 — Share capital and options:

As at 31 December 1959 options to purchase 10,105 Common Shares, a balance of those granted in previous years to a number of officials of British Columbia Power Corporation, Limited and subsidiary companies, remained exercisable on or before varying dates up to 20 September 1966.

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.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 — Long term debt:

Details of the outstanding long term debt (amounts issued less sinking fund redemptions) as at 31 December 1959 and 1958 were as follows:

Bond Debt —

British Columbia Electric Company Limited:	1959	1958
First Mortgage Bonds —		
3¼% Series "A" due 2 January 1967	\$ 27,799,000	\$ 28,336,000
3¼% Series "B" due 1 October 1967	8,422,000	8,587,000
3¾% Series "C" due 1 April 1968	14,634,000	14,905,000
3¾% Series "D" due 1 February 1969	14,882,000	15,146,000
3½% Series "E" due 1 March 1975	17,697,000	18,009,000
4% Series "F" due 1 July 1991	3,354,000	3,415,000
3¾% Series "G" due 1 December 1976, \$18,117,000 (1958 — \$18,402,000) payable in United States funds, carried at exchange rates prevailing on dates of issue	18,016,507	18,299,926
4¾% Series "H" due 1 December 1977	13,767,000	13,979,000
4¾% Series "I" due 1 February 1979	14,168,000	14,355,000
3¾% Series "J" due 1 June 1980	14,291,000	14,489,000
4¼% Series "K" due 1 February 1981	28,995,000	29,350,000
5% Series "L" due 1 February 1982	39,150,000	39,579,000
5½% Series "M" due 2 January 1988	49,500,000	50,000,000
5½% Series "N" due 1 March 1989:		
Issued in 1959	\$29,150,000	
Sold in 1959, issued 15 January 1960	850,000	
	30,000,000	—

British Columbia Electric Railway Company Limited:

4¼% Perpetual Consolidated Debenture Stock —		
Issued — £2,788,170 (less £2,153,140 owned by British Columbia Electric Company Limited), carried at \$4.85	3,079,896	3,079,896
	<u>297,755,403</u>	<u>271,529,822</u>

Debenture Debt —

British Columbia Electric Company Limited:	1959	1958
Sinking Fund Debentures —		
5¾% Series A due 1 April 1977	39,200,000	39,600,000
Convertible Sinking Fund Debentures (Note 6) —		
6% Series B due 1 November 1984:		
Issued in 1959	37,275,000	
Sold in 1959, to be issued by 1 March 1960	2,725,000	
	40,000,000	—
	<u>79,200,000</u>	<u>39,600,000</u>
	<u>376,955,403</u>	<u>311,129,822</u>
<i>Less —</i>		
Sinking fund payments due within one year, included in current and accrued liabilities	4,348,328	3,892,863
	<u>\$372,607,075</u>	<u>\$307,236,959</u>

Note 8 — Shares of subsidiary companies owned by the public:

Shares of subsidiary companies owned by the public as at 31 December 1959 and 1958 consisted of the following:

British Columbia Electric Company Limited:	1959	1958
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 —		
Issued — £1,440,000 (less £1,076,679 owned by British Columbia Electric Company Limited), carried at \$4.85	1,762,107	1,762,107
Minority interest in subsidiary companies of British Columbia Power Corporation, Limited other than British Columbia Electric Company Limited and its subsidiary companies	368,952	307,033
	<u>\$106,544,459</u>	<u>\$106,482,540</u>

Note 9 — Purchase commitments:

Purchase commitments of the companies for capital projects and materials and supplies aggregated approximately \$49,000,000 as at 31 December 1959.

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 1959
(with corresponding figures for the year ended 31 December 1958)

	1959	1958
Net income for the year of British Columbia Power Corporation, Limited and subsidiary companies (per their Consolidated Statement of Income).....	\$16,272,352	\$13,877,943
<i>Deduct —</i>		
Net income of British Columbia Power Corporation, Limited and its subsidiary companies other than British Columbia Electric Company Limited and subsidiary companies.....	157,101	144,781
Net income for the year of British Columbia Electric Company Limited and subsidiary companies.....	16,115,251	13,733,162
<i>Add —</i>		
Earnings employed in the business:		
As at the beginning of the year.....	\$20,025,011	\$17,755,436
Capital surplus merged therein.....	505,515	—
	20,530,526	17,755,436
	36,645,777	31,488,598
<i>Deduct —</i>		
Expenses on issue of Common Shares.....	—	11,544
Fees to increase authorized share capital of British Columbia Power Corporation, Limited.....	225,303	—
Commission on issue of Common Shares of British Columbia Power Corporation, Limited.....	—	307,583
	225,303	319,127
	36,420,474	31,169,471
<i>Deduct —</i>		
Dividends:		
British Columbia Electric Railway Company Limited —		
Cumulative Perpetual Preference Stock.....	48,724	49,324
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).....	7,231,515	6,143,000
	12,232,375	11,144,460
Earnings employed in the business as at the end of the year.....	\$24,188,099	\$20,025,011

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED

(the principal direct subsidiary of British Columbia Power Corporation, Limited)

CONSOLIDATED BALANCE SHEET

(with corresponding figures

	1959	1958
CURRENT AND WORKING ASSETS:		
Cash.....	\$ 744,410	\$ 2,083,970
Temporary investments (Note 3).....	29,565,775	11,813,555
Accounts receivable and unbilled revenues.....	14,163,993	12,822,047
Funds receivable on issue of balance of Series B debentures.....	2,643,250	—
Funds withdrawable from Trustee for bondholders —		
Receivable by Trustee on issue of balance of Series "N" bonds.....	850,000	—
Held by Trustee.....	—	71,660
Sundry investments.....	520,985	452,147
Materials and supplies at average cost.....	6,716,643	8,348,604
Prepaid expenses.....	232,321	350,934
	<u>55,437,377</u>	<u>35,942,917</u>
 DEFERRED CHARGES:		
Unamortized transportation franchise payments, etc.....	227,992	258,579
Unamortized discount and expense on long term debt.....	12,728,354	10,662,897
	<u>12,956,346</u>	<u>10,921,476</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.....	656,031,146	570,520,152
Unfinished construction.....	56,000,000	75,000,000
	<u>712,031,146</u>	<u>645,520,152</u>
<i>Less —</i>		
Accumulated depreciation.....	95,271,374	86,373,786
	<u>616,759,772</u>	<u>559,146,366</u>
	<u>\$685,153,495</u>	<u>\$606,010,759</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 1959, 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 1959 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.

Vancouver, B.C.
15 February 1960.

PRICE WATERHOUSE & CO.
*Chartered Accountants
Auditors.*

AS AT 31 DECEMBER 1959

(as at 31 December 1958)

	1959	1958
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft.....	\$ 1,052,277	\$ —
Accounts payable.....	15,423,455	18,986,868
Taxes payable —		
On income.....	2,635,350	397,617
Other.....	1,456,807	1,379,561
Interest accrued on long term debt.....	5,693,874	4,838,314
Dividends declared, since paid.....	1,263,607	1,263,970
Amount owing to parent company, British Columbia Power Corporation, Limited, and its other subsidiary companies.....	6,568,682	5,369,210
Sinking fund payments due within one year (Note 7).....	4,348,328	3,892,863
Provision for costs of accidents.....	300,012	290,900
	<u>38,742,392</u>	<u>36,419,303</u>
DEFERRED CREDIT:		
Estimated amount of deferred taxes on income, arising from claiming capital cost allowances in excess of depreciation recorded.....	35,986,009	28,306,009
LONG TERM DEBT (Note 7).....	<u>372,607,075</u>	<u>307,236,959</u>
SHARES OF SUBSIDIARY COMPANIES OWNED BY THE PUBLIC:		
British Columbia Electric Railway Company Limited —		
5% Cumulative Perpetual Preference Stock (Note 8).....	1,762,107	1,762,107
Minority interest in another subsidiary company.....	—	3,110
	<u>1,762,107</u>	<u>1,765,217</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION.....	<u>973,118</u>	<u>858,050</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		
Issued and paid up:		
Cumulative Redeemable Preferred Shares (Note 8).....	104,413,400	104,413,400
3,708,586 Common Shares of no par value.....	106,481,295	106,481,295
	<u>210,894,695</u>	<u>210,894,695</u>
Capital surplus (merged in 1959 with earnings employed in the business).....	—	505,515
Earnings employed in the business — per statement attached.....	24,188,099	20,025,011
	<u>235,082,794</u>	<u>231,425,221</u>
	<u>\$685,153,495</u>	<u>\$606,010,759</u>
PENSION PLANS (Note 1)		
COMMITMENTS (Note 9)		

APPROVED ON BEHALF OF THE BOARD:


R. H. B. KER, Director.


C. WALLACE, Director.

The explanatory notes which supplement the accompanying 1959 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 the first paragraph of Note 6, however, relate exclusively to the financial statements of British Columbia Power Corporation, Limited and subsidiary companies.

FINANCIAL STATISTICS
(in millions of dollars unless otherwise stated)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
SOURCES OF REVENUE										
From operations										
Electric — residential.....	8.3	10.8	13.1	14.5	16.5	18.7	20.9	22.9	25.4	28.8
Electric — other.....	12.9	14.5	16.4	17.9	19.1	21.0	22.5	25.0	27.8	31.6
Gas.....	3.9	4.0	4.3	4.6	4.9	5.1	5.5	7.1	10.4	15.4
Passenger transportation.....	14.9	14.2	15.2	15.1	14.9	13.8	13.6	13.9	14.0	14.7
Rail freight.....	2.6	2.9	3.2	3.5	3.3	4.2	5.2	5.0	4.9	4.9
Miscellaneous.....	.4	.5	.5	.4	.5	.6	.6	.7	.8	1.5
Gross revenue from operations.....	43.0	46.9	52.7	56.0	59.2	63.4	68.3	74.6	83.3	96.9
Non-operating income.....	.2	.1	.2	.6	.9	.6	.8	1.5	1.4	1.4
DISPOSITION OF REVENUE										
Employment costs, materials and outside services, etc....	24.7	25.0	27.4	28.8	29.4	28.7	30.8	31.9	34.4	39.8
Wear and exhaustion of property (1).....	5.5	6.1	6.4	7.1	7.5	8.2	8.4	10.0	12.8	13.7
Taxation (1) (2).....	5.5	7.6	9.4	9.3	10.3	11.9	12.8	12.7	12.6	17.2
Interest and other costs on long term debt.....	3.8	3.8	4.3	5.1	5.7	6.1	7.4	10.5	13.9	15.9
Interest charged to construction (deduct).....	.2	.1	.4	.4	.5	1.2	2.7	2.8	2.9	4.6
Dividends on preferred shares.....	1.3	1.7	1.8	2.1	2.6	3.3	3.7	4.2	5.0	5.0
Dividends on common shares.....	2.0	2.0	2.0	2.3	3.1	3.8	4.9	5.6	6.2	6.4
Retained and employed in the business.....	.6	.9	2.0	2.3	2.0	3.2	3.8	4.0	2.7	4.9
OPERATING INCOME										
Amount.....	7.3	8.2	9.5	10.8	12.0	14.6	16.3	20.0	23.5	26.2
As a percentage of gross revenue from operations.....	17.0	17.5	18.1	19.3	20.3	23.1	23.8	26.7	28.2	27.0
COMMON SHARES										
Shares outstanding at year-end (in thousands) (3).....	2,980	2,980	2,980	3,130	3,168	3,401	3,728	4,116	4,549	4,550
Earnings, per share outstanding at year-end (in dollars) (3) (4).....	.87	.98	1.34	1.47	1.62	2.05	2.34	2.33	1.95	2.48
Dividends per share (in dollars) (5).....	.80	.80	.80	.85	1.00	1.15	1.35	1.40	1.40	1.40
(1) For all years except 1950 and 1953, before additional capital cost allowances and resultant income tax deferment.										
(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 \$7.4 million in 1959.										
(3) For years prior to 1953, adjusted to reflect conversion in 1953 of Class "A" and Class "B" Shares into Common Shares.										
(4) Based on the earnings reported year by year in the consolidated statements of income.										
(5) Prior to share conversion in 1953, per one-half of one Class "A" Share.										

OPERATING STATISTICS

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
ELECTRIC										
Generating capacity at year-end (rated kw in thousands) (1).....	381	416	476	480	525	525	570	715	745	969
Peak one-hour demand (kw in thousands).....	405	456	468	522	527	566	645	668	755	807
Customers at year-end (in thousands).....	226	235	243	254	266	280	293	306	320	333
Electricity sold (kwh in millions).....	1,393	1,512	1,653	1,902	2,051	2,304	2,426	2,801	3,028	3,299
Proportionate sales by class of customer (percentages)										
Residential.....	32	33	33	33	36	38	41	40	40	40
Other systems (largely residential).....	4	4	3	2	3	2	3	3	2	2
Commercial, industrial, etc.....	50	51	52	50	53	54	55	57	58	58
Export.....	14	12	12	15	8	6	1	.....	.....	.....
Residential service										
Average annual kwh use per customer.....	2,299	2,523	2,734	2,974	3,372	3,765	4,097	4,373	4,494	4,717
Average price per kwh (in cents).....	1.9	2.2	2.4	2.3	2.2	2.1	2.1	2.1	2.1	2.2
(1) Excluding electricity available from other systems, and furthermore with favourable conditions rated capacity can be and has been exceeded on occasion.										
GAS										
One-day capacity at year-end (therms in thousands)										
Mainland — pipeline contract (2).....	.....	.....	.....	.....	.....	.....	320	575	575	1,000
— plant.....	80	94	96	96	96	101	72	160	190	320
Greater Victoria — plant.....	19	20	29	29	18	18	18	27	27	27
Peak one-day demand (therms in thousands)										
Mainland system.....	69	61	58	58	74	85	156	294	559	818
Greater Victoria system.....	13	11	9	9	12	13	14	14	13	15
Customers at year-end (in thousands).....	62	62	63	63	61	60	62	75	92	108
Gas sold (therms in millions).....	16	16	17	18	19	20	24	51	86	138
(2) For the purpose of this table, quantities per pipeline contract converted to therms on basis of 100 cu. ft. to one therm.										
TRANSPORTATION										
Vehicles at year-end										
Urban — street cars.....	165	118	85	57	51	.....	.....	.....	.....	.....
— buses.....	380	356	347	343	338	327	323	340	348	341
— trolley coaches.....	256	311	311	311	327	327	349	351	351	351
total.....	801	785	743	711	716	654	672	691	699	692
Interurban rail passenger cars.....	59	54	54	32	21	17	11	11	.....	.....
Interurban buses.....	101	95	95	88	85	74	70	69	70	67
Revenue miles run — urban (in millions).....	26.8	25.1	24.1	24.0	24.3	23.7	23.2	23.3	23.6	22.8
Passengers carried (in millions)										
Urban.....	126.1	120.5	114.1	109.8	106.1	100.0	100.4	102.7	100.8	90.7
Interurban rail.....	7.1	6.0	5.3	4.0	1.7	1.1	1.1	.9	.1	.....
Interurban bus.....	5.0	4.9	4.5	4.3	3.9	3.4	3.4	3.3	3.2	2.7
Passenger revenue per mile — urban (in cents).....	44.7	45.6	51.5	52.7	53.0	50.2	49.9	51.2	50.9	56.8
Rail freight (tons in thousands).....	1,016	1,127	1,127	1,129	1,089	1,363	1,578	1,365	1,258	1,311
NUMBER OF EMPLOYEES AT YEAR-END	5,744	5,417	5,324	5,086	4,955	5,028	5,815	6,051	5,897	5,790

B.C. ENGINEERING COMPANY LIMITED

A. E. GRAUER *Chairman*

T. INGLEDOW *President*
 H. W. SMITH *General Manager*
 R. M. BIBBS *Assistant General Manager*
 D. A. ADAMS *Comptroller*
 R. E. CLAY *Budget and Control Manager*

J. S. DON *Personnel Manager*
 R. C. HAUSCH *Contracts and Procurement Manager*
 K. F. KANGAS *Director, Design Division*
 J. E. MACDONALD *Director, Construction Division*
 V. W. RUSKIN *Director, Planning Division*

R. E. WILKINS *Assistant to President*

B.C. ELECTRIC

H. J. MERILEES *General Executive Assistant*

J. R. P. POWELL *Executive Assistant to
 Executive Vice-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)*
 H. W. J. PECK *Assistant to the Vice-President*
 C. ARNOTT *Superintendent, Generating Stations*
 E. G. BEGG *Office Manager*
 N. S. CLARK *Superintendent,
 Electric Meter Department*
 T. COLLINS *Superintendent, Transmission and
 Distribution Maintenance*
 N. E. DAWSON *Superintendent, Shops*
 A. J. DUNCAN *Assistant Superintendent,
 Distribution Engineering*
 C. T. EYFORD *Superintendent,
 Distribution Engineering*
 W. D. GILL *Superintendent, Substations*
 T. F. HADWIN *District Manager, Bridge River*
 G. J. HENRIKSON *Assistant Superintendent,
 Distribution Engineering*
 S. C. IRVING *Superintendent, Burrard Thermal
 Generating Station*
 W. F. JARRETT *Operations Manager, Coastal Area*
 J. F. MILES *Project Engineer*
 H. E. SLADEN *Assistant Superintendent,
 Distribution Engineering*

GENERAL SALES DIVISION

O. E. ZWANZIG *General Sales Manager*
 R. G. SCOTT *Assistant General Sales Manager*
 H. A. ELLIOTT *Industrial Sales Manager*
 F. NOSWORTHY *Coastal Area Sales Manager*
 K. A. SHORE *Fraser Valley Sales Manager*
 J. H. TAYLOR *Metropolitan Sales Manager*

GAS DIVISION

P. W. BARCHARD *General Manager*
 M. H. ALLAN *Distribution Engineer*
 J. GEMMELL *Construction Superintendent*
 L. J. C. JARVIS *Gas Plant Manager*
 J. KIRKHOPE *Gas Supply Manager*
 H. T. LIBBY *Manager, Gas Engineering and
 Development*
 A. J. MACDONALD *Distribution Manager,
 Fraser Valley Area*
 D. W. MINION *Distribution Manager,
 Metropolitan Area*
 W. A. SMITH *Customer Services Superintendent*
 G. S. STOREY *Distribution Engineer,
 Fraser Valley 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 *General Superintendent, City Lines*
 W. W. McAULAY *Assistant to the General Manager*
 W. J. MARSHALL *Freight Traffic Manager*
 D. J. MARTIN *General Superintendent,
 New Westminster*
 P. J. SCHRODT *Transportation Maintenance Manager*

RESEARCH AND PLANNING DEPARTMENT

J. DAVIS *Director of Research and Planning*
 R. J. BURNS *General Economist*
 C. A. MANSON *Rate Engineer*
 J. A. POLSON *Planning Engineer*

BUDGETING AND CONTROL DEPARTMENT

L. B. JACK *Director of Budgeting and Control*
 J. T. TURNER *Assistant Director*

RIVERLAND IRRIGATED FARMS

R. H. GRAM *General Manager*

ORGANIZATION

WESTERN DEVELOPMENT AND POWER LIMITED

A. E. GRAUER *Chairman and President*

E. D. SUTCLIFFE *General Manager*

W. A. DOW *Industrial Analyst*

J. C. INGRAM *Director of Industrial Development*

R. H. GRAM *Area Development Manager*

B.C. ELECTRIC

GENERAL SERVICES DIVISION

G. A. JOHNSON *General Manager*
E. L. DUN *Superintendent, Buildings Operation and Maintenance*
G. L. HASZARD *General Purchasing Agent*
P. A. HOARE *Security Officer*
S. H. JAGGER *Administrative Assistant to General Manager*
D. O. MACKAY *Office Services Manager and Service Vehicle Manager*
J. S. PURVES *Stores Manager*

LEGAL DIVISION

D. M. M. GOLDIE *General Solicitor*
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*

FINANCIAL DIVISION

W. F. MARTIN *Executive Assistant to Chief Financial Officer*
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*

INDUSTRIAL RELATIONS DIVISION

C. R. BROOKBANK *Co-ordinator of Training and Development*
R. H. ELFSTROM *Supervisor, Industrial Safety*
M. H. FOX *Labour Relations Manager*
DR. A. J. NELSON *Director of Medical Services*
R. W. PURVES *Personnel Manager*

PUBLIC INFORMATION DEPARTMENT

P. C. WOODWARD *Manager*
E. F. CAMPBELL *Director of Advertising*
T. F. DAGGS *Administrative Assistant to Manager*
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

M. C. TRUEMAN *Operations Manager*
D. DAVIS *Financial Officer*
G. BARCLAY *General Superintendent, Electrical Department*
C. A. BURGESS *Cost Accountant*
W. D. BURTON *Transmission and Distribution Maintenance Superintendent*
B. CLARKE *Transportation Maintenance Superintendent*
M. H. COLLINS *Public Information Manager*
K. EASTON *Pay and Cashier 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*
D. A. M. PATTERSON *Solicitor*
K. L. ROACH *Gas Superintendent*
A. W. J. SMITH *Sales Manager*
A. M. URQUHART *Superintendent, Transmission and Distribution Engineering*
E. B. WILLIAMS *Purchasing and Stores Manager*



1959

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