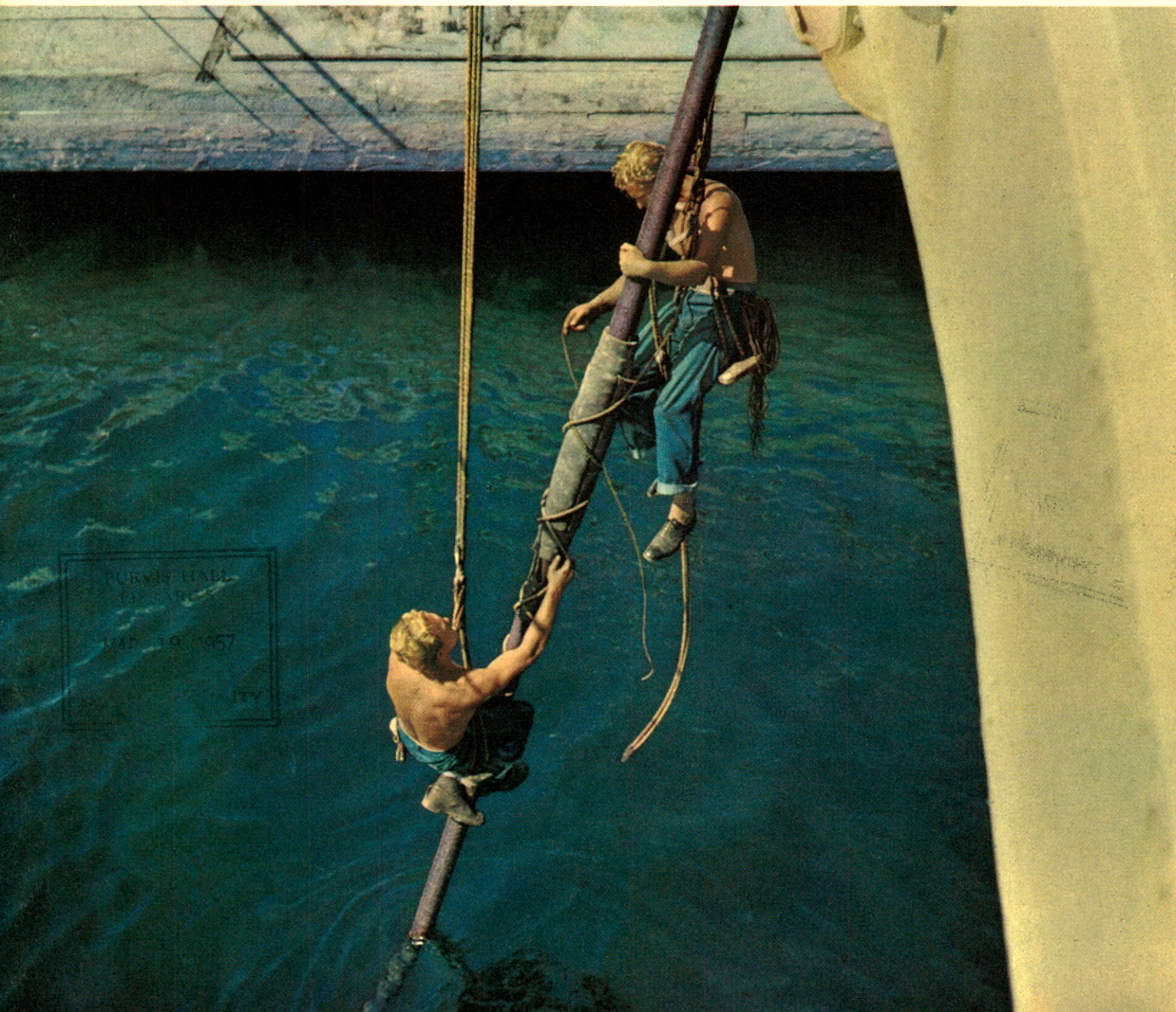


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**BRITISH COLUMBIA POWER CORPORATION, LIMITED**

annual report

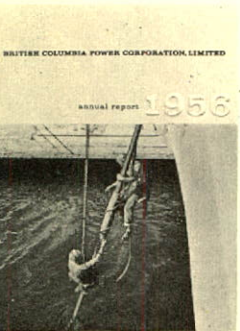
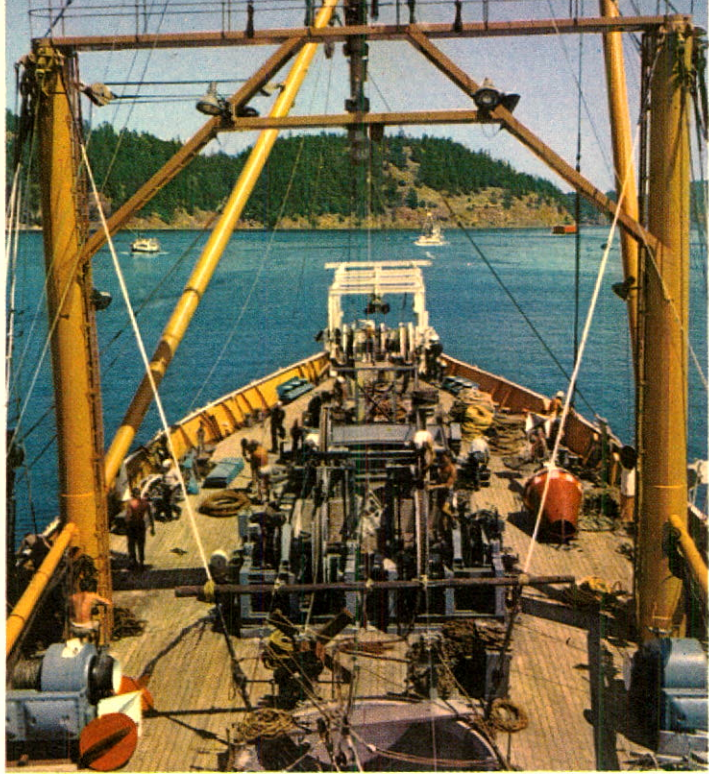
1956



PURVIS HALL  
LIBRARY  
MAY 19 1957  
VICTORIA B.C.



*Forward deck of the 4700-ton British cable ship "Ocean Layer".*



*THE COVER: Shows one section of the history-making submarine cable suspended from the bow of the C.S. "Ocean Layer".*

## SUBMARINE CABLE TO VANCOUVER ISLAND

On 5 September 1956 the power resources of the Mainland and southern Vancouver Island were linked by a unique 46-mile overhead and underwater interconnection which provides low-cost power for continued development on the southern portion of the Island, where hydro sites are exhausted. British Insulated Callender's Cables, Ltd., made and laid 5 submarine cables, which traverse 19½ miles in two sections. The longest underwater crossing required unspliced cable lengths of 17 miles. The circuit operates at 132,000 volts and has a capacity of 120,000 kilowatts. No other cable combines such high capacity and operating voltage and continuous unspliced length.



*Months of careful planning and many trial runs preceded the actual cable-laying, which called for extreme skill in navigation. Great care was also required in transferring the ends of the cables from the "Ocean Layer" to a special barge for transport ashore.*



*Crewmen guide the 4½" cable into place aboard the barge.*



*The Board of Directors of  
British Columbia Power Corporation, Limited  
presents its report for  
the year 1956 for the information  
of Shareholders, Employees, Customers  
and the Community which has  
entrusted to free enterprise  
the responsibility for carrying on  
these 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 operation*

### **BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY LIMITED**

*(the Railway Company)*

Voting stock owned by the Electric Company

*Distribution of electricity*

*Passenger transit operations*

*Rail freight operations*

### **B. C. ENGINEERING COMPANY LIMITED**

*(the Engineering Company)*

Wholly-owned subsidiary of the Power Corporation

*Consulting, design and  
construction engineering*

### **WESTERN DEVELOPMENT AND POWER LIMITED**

*(the Development Company)*

Wholly-owned subsidiary of the Power Corporation

*Investigation of hydro-electric power sites  
Promotion of industrial development*

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

## DIRECTORS

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

## OFFICERS

*Operating responsibilities shown in brackets*

*President* A. E. GRAUER  
*Executive Vice-President* H. L. PURDY  
(*Gas, Transportation, General Sales, Industrial Relations*)  
*Vice-President* E. W. ARNOTT  
(*Vancouver Island operations*)  
*Vice-President* T. INGLEDOW  
(*Executive Engineer, Electrical operations*)  
*Vice-President* W. C. MAINWARING, O.B.E.  
(*Assistant to President*)  
*Vice-President and Treasurer* LORN McLEAN, F.C.A.  
(*Chief Financial Officer*)  
*Vice-President* A. B. ROBERTSON, Q.C.  
(*General Solicitor*)  
*Secretary* G. G. WOODWARD  
*Assistant Secretary* W. B. AFFLECK

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

*Head Office of the Corporation* B.C. Electric Building, 970 Burrard Street, Vancouver 1, B.C.



the  
year  
**1956**  
in  
brief

*Earnings were \$8,706,245 or \$2.34 per share on the Common Shares outstanding at the year-end as compared with \$6,956,095 or \$2.05 per share for 1955. The quarterly dividend rate was increased from 30¢ to 35¢ in the second quarter of the year.*

*Gross revenues from operations were \$68.3 million, up 7.7% from 1955. Operating expenses were \$52.1 million, up 6.7%.*

*Demand for electricity, exclusive of export, was 12.2% greater than in 1955. Average annual consumption per residential customer was 4,097 kwh compared with 3,765 the previous year, an increase of 8.8%.*

*The volume of gas sold increased 17.8% from the previous year. Natural gas was received first on 6 November; conversion of customers' appliances was completed by mid-January 1957.*

*Rail freight revenue showed an increase of 23.1% over 1955.*

*Capital expenditures were \$95.8 million, more than twice those of 1955, the previous high year.*

*The 42,000 kw generating plant at Seton Creek was placed in service in August—this unit re-uses Bridge River water.*

*The Mainland - Vancouver Island submarine cable was placed in service, integrating the two systems and thereby providing for long term load growth on southern Vancouver Island.*

*The transmission line from Cheekye to Powell River was completed; the Powell River and adjacent areas now are connected to the integrated system.*

*The Sechelt Peninsula electric system was purchased from the British Columbia Power Commission. The existing 3,000 kw hydro development in two units at Clowhom is being replaced by a single unit of 30,000 kw, to go into service in 1957.*

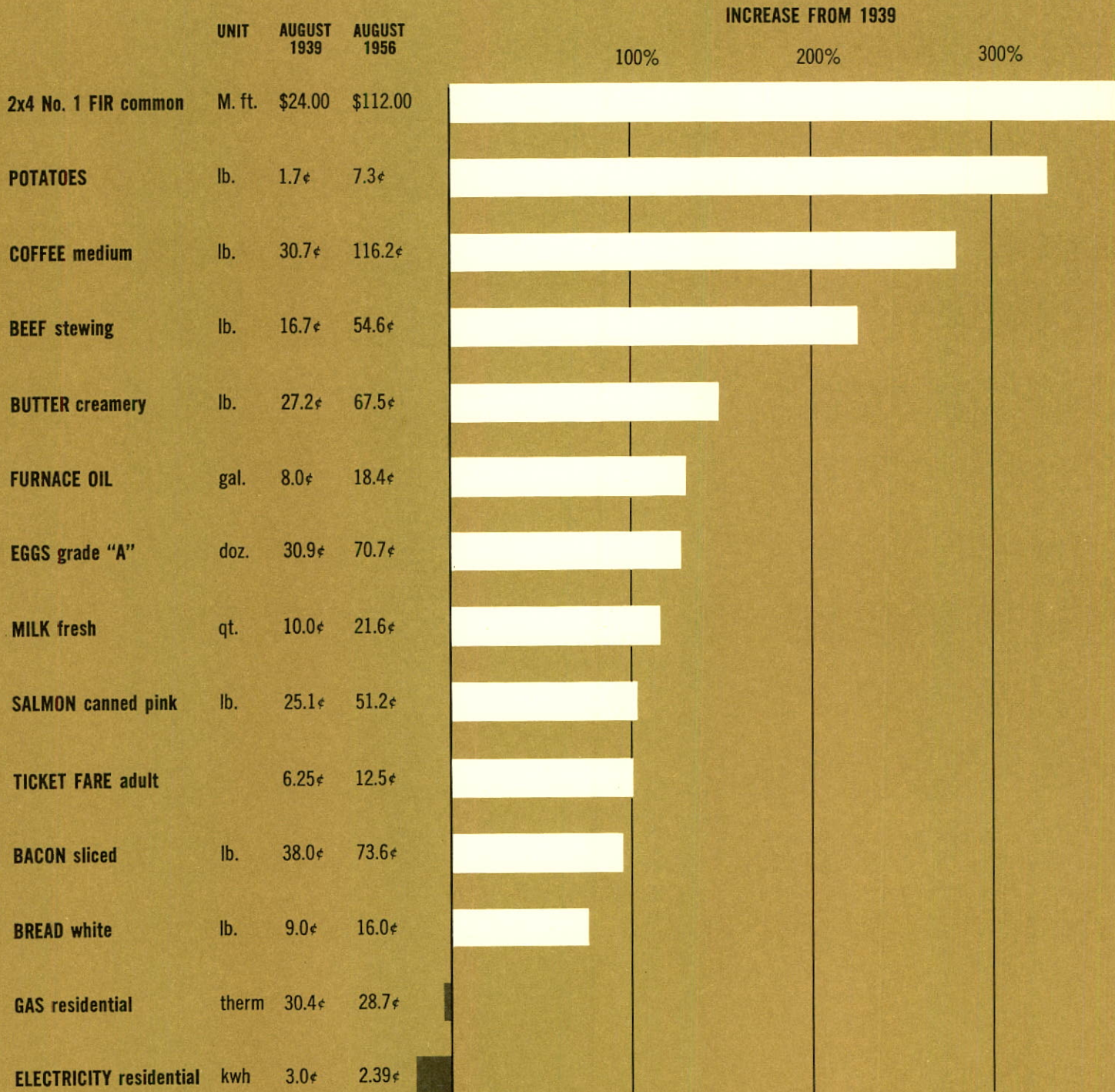
*Construction began on a 22,000 kw generating unit at La Joie dam, to be completed in 1957.*

*Work was commenced on a gas turbine generating plant near Port Mann. This plant, which will have a capacity of 100,000 kw in four units, is scheduled to be in service in 1958.*

*A start was made on the second stage of the Bridge River power development, which by 1960 will add a further 268,000 kw to the hydro capacity of the system.*



# INCREASE IN RETAIL PRICES OF SOME ITEMS OF EXPENDITURE VANCOUVER



 DECREASE FROM 1939



# BRITISH COLUMBIA POWER CORPORATION, LIMITED

## ANNUAL REPORT 1956

*Outstripping the programmes of recent years, a high level of capital expenditure characterized 1956 in Canada—and in British Columbia even more than in the country in general. To meet the increasing demands for utility services which the Company is being and will be called upon to supply, its capital programme for 1956 was stepped up so that it amounted to \$95.8 million, which was well in excess of twice the amount expended in 1955, the previous high year.*

### RESULTS OF OPERATIONS

The earnings for the year were \$8,706,245, or \$2.34 per share on the 3,728,195 Common Shares outstanding at the year-end, as compared with \$6,956,095 in 1955, which represented \$2.05 per share on the 3,401,470 Common Shares outstanding at the end of the earlier year. The rate of dividend on the Common Shares was increased from 30¢ to 35¢ for the second quarter of 1956 and continued at the latter rate for the remainder of the year, bringing that year's declaration to \$1.35 per share as against \$1.15 per share for the previous year.

The operating income for 1956 on the basis of the Company's accounting to the Public Utilities Commission of British Columbia represents a return on the investments in the regulated services of approximately 5.6% as against 5.8% in 1955, which figures may be compared with the allowed rate of return of 6.5%.

### GROSS REVENUES

The gross revenues from operations for the year amounted to \$68,323,799, an increase over 1955 of \$4,881,160 or 7.7%, to which the various services contributed as follows:

	1956	Increase or Decrease compared with 1955	
		Amount	%
Electric:			
Canadian.....	\$43,321,118	\$4,108,789	10.5
Export.....	43,743	441,442	91.0
Gas.....	5,560,920	429,582	8.4
Passenger transportation.....	13,586,298	182,847	1.3
Rail freight.....	5,232,587	982,672	23.1
Miscellaneous.....	579,133	15,594	2.6
	\$68,323,799	\$4,881,160	7.7

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

	1956	Increase or Decrease compared with 1955	
		Amount	%
Kilowatt-hours of electricity sold:			
Canadian.....	2,438,590,431	265,276,401	12.2
Export.....	11,006,374	119,591,645	91.6
Therms of gas sold.....	24,017,039	3,624,363	17.8
Passengers carried.....	104,869,133	307,502	.3
Freight tonnage.....	1,578,127	215,573	15.8

#### TO THE SHAREHOLDERS

*Your Directors appreciate the interest shown by shareholders who are present at the Annual General Meetings and participate in the discussions of the Company's affairs. This year the meeting will be held on Thursday, 28 March, at 10:30 a.m. in the Bay Theatre, 935 Denman St., Vancouver, B.C. and all shareholders who find it possible to attend are urged to do so.*



In the electric service the net increase in the number of customers for the year was 13,359 including those of acquired systems, bringing the total to 293,438 at the year-end. Average annual consumption per residential customer also increased; it was 3,765 kwh in 1955 and rose to 4,097 kwh in 1956, an increase of 8.8%.

The contract for the export of power to a group of utility companies in the northwestern United States expired on 31 August 1955 and was not renewed.

In the gas service the increase in gross revenues reflects for the Mainland the impact of the advent of natural gas, which was first received in November. This reflection is indirect to the extent that many householders, in anticipation of the arrival of natural gas, during the spring, summer and early fall months converted to gas heating and installed automatic gas water heaters, dryers and gas ranges.

In the passenger transportation service gross revenues were somewhat down from the previous year but the number of passengers carried showed a modest increase. This discrepancy was occasioned by the temporary fare increase which ceased to be effective on 13 March 1955. The figure of .3 of 1% of increase in passengers carried as shown in the table obscures the fact that in the urban service on the Mainland the increase was .88 of 1%. This increase while modest stands out strongly in contrast with continued declining trends elsewhere throughout Canada and in the United States. In the urban service on Vancouver Island and in the interurban services declines continued, ranging from 1.3% to 2.9%.

The increase in the gross revenues of the rail freight service is the result of larger volume and higher revenue per car. The notable increase in volume was in westbound traffic. The two out-

standing classifications of increase here were pool cars and pipe.

Rates for natural gas for the Greater Vancouver area were accepted for filing by the Public Utilities Commission in May of 1956 with provision for a public hearing upon them in 1958, when the intervening experience with them should better enable their continuing fairness to be considered.

With the going into service of the Mainland-Vancouver Island submarine cable, residential electric rates in suburban Vancouver Island South were reduced to correspond with the levels applying in the City of Victoria.

Reductions in electric rates were made effective during the year in areas recently entered by the extension to them of Mainland electric rates: in the Sechelt Peninsula they were made to apply on the date of the acquisition of the system; in Westview, Wildwood, Cranberry Lake and Powell River they were put into effect at the time of the completion of the Cheekye-Powell River transmission line; and on Texada Island on completion of the submarine cable which connects it with the transmission line just mentioned.

## OPERATING EXPENSES

Operating expenses at \$52,076,829 show an increase of \$3,287,946 or 6.7% over 1955.

Materials and outside services, etc. contributed heavily to this increase and such higher costs arose under a wide variety of heads.

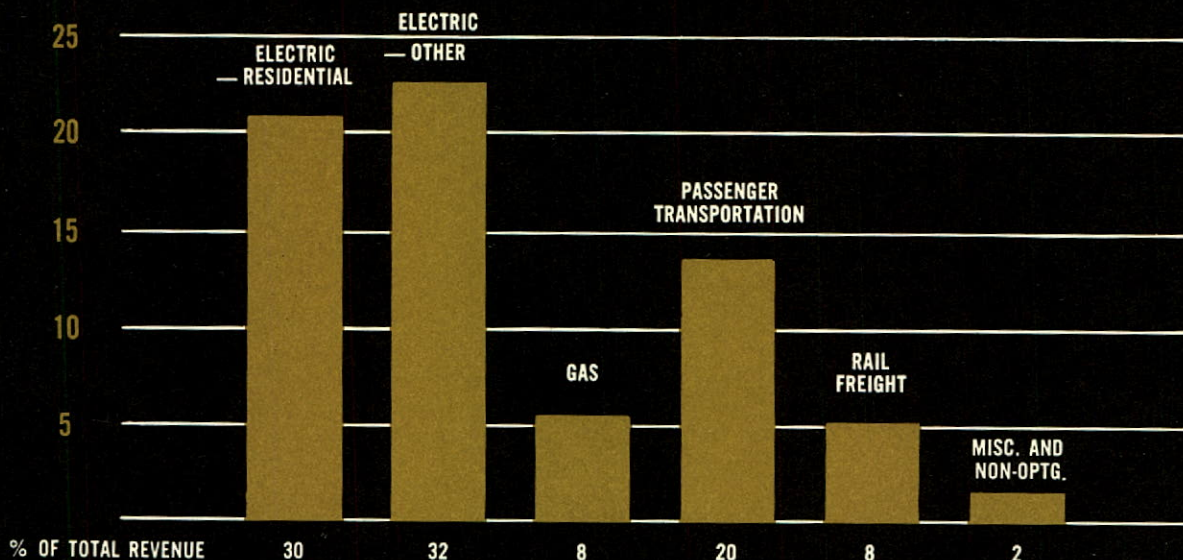
The cost of funded pension plans held steady and, furthermore, it has been actuarially estimated that at the end of 1956 the funding of past service costs had been completed (as has also the amortization of such costs); past service costs for 1956 amounted to \$1,282,448.



# SOURCES OF 1956 REVENUE

MILLIONS OF DOLLARS

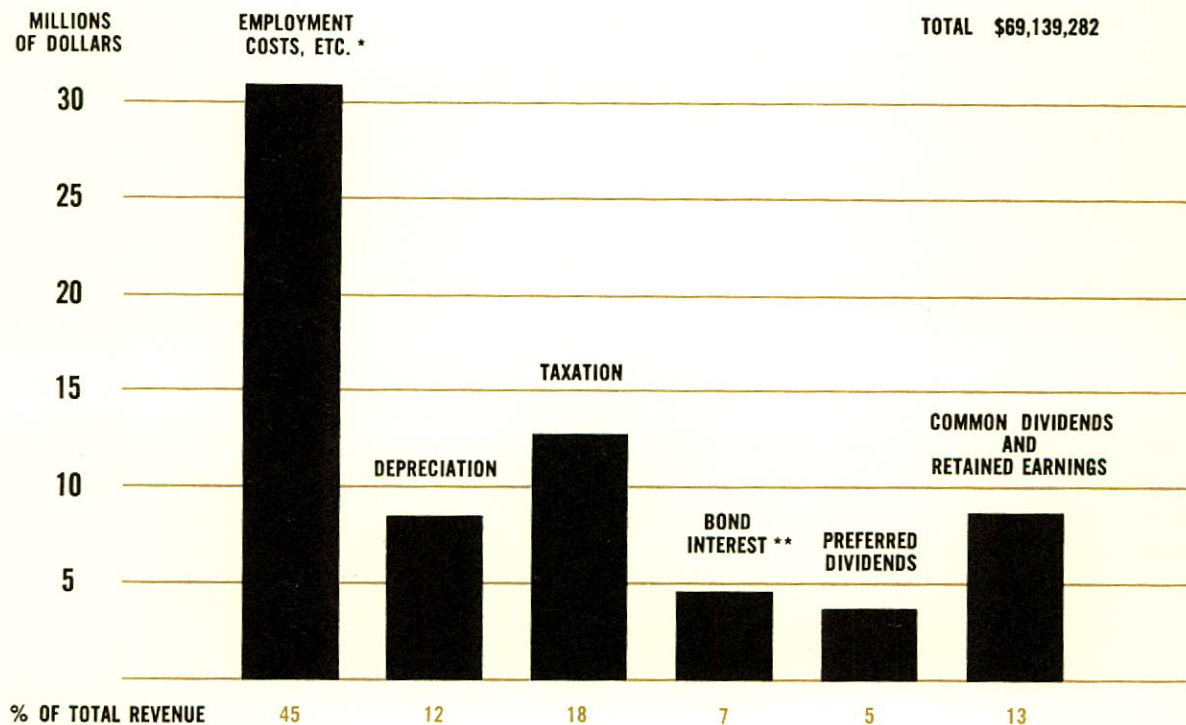
TOTAL \$69,139,282



# DISPOSITION OF 1956 REVENUE

MILLIONS OF DOLLARS

TOTAL \$69,139,282



\* Employment costs, materials and outside services, etc.

\*\* Bond interest, etc., less interest charged to construction.



## COLLECTIVE AGREEMENTS

All collective agreements except that with the International Brotherhood of Electrical Workers (Electric Division) fell open during 1956 and new agreements were negotiated. The names of the other unions and the effective dates and durations of the respective agreements are as follows:

B.C. Electric Office Employees' Association (1 February 1956 for two years)

International Brotherhood of Electrical Workers (Gas Division) (1 March 1956 for 26 months)

Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America (1 June 1956 for two years)

Brotherhood of Locomotive Engineers and Order of Railway Conductors and Brakemen (1 November 1956 for two years)

The scale of settlements with unions during 1956 was up more sharply than usual paralleling the upward trend experienced by industry in British Columbia.

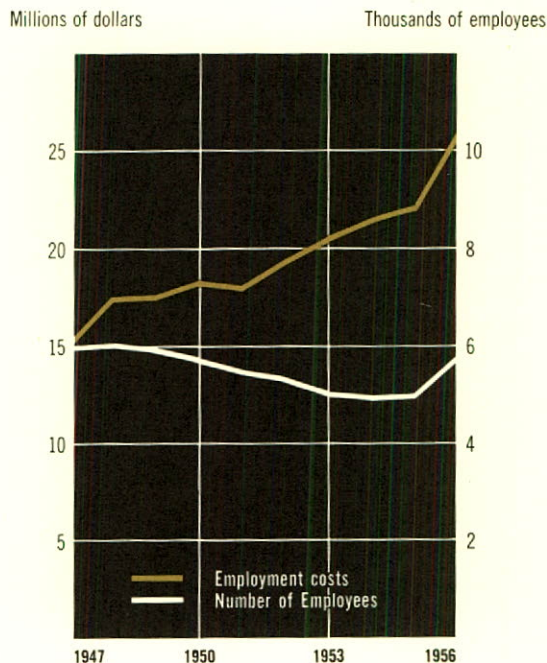
## CONSTRUCTION PROGRAMME

The net additions to property account for the year amounted to \$90,485,043 as compared with \$35,652,247 in 1955. The net additions in 1956 comprised gross expenditures of \$95,783,752 less retirements of \$5,298,709.

The major expenditures in 1956 by projects or broad classifications included the following:

Electric extensions, Mainland and Vancouver Island, including cost to connect 16,129 new services .....	\$ 7,736,432
Gas extensions, Mainland and Vancouver Island, including cost to connect 6,707 new services .....	2,751,509
Major generating developments:	
Seton Creek plant .....	1,655,773
Cheakamus plant .....	10,086,963
La Joie plant .....	1,322,404
Gas turbine plant .....	1,257,517
Clowhom plant .....	1,250,576
Bridge River terminal facilities .....	1,210,329
Clowhom-Sechelt—acquisition of generating, transmission and distribution facilities .....	2,429,704
Major electric transmission line construction:	
Bridge River to Creekside .....	2,530,598
Creekside to Rosedale .....	2,487,656
Cheekye to Powell River .....	4,076,690
Submarine cable—Mainland to Vancouver Island .....	5,733,708
Substations, associated distribution facilities and local transmission systems .....	20,846,015
Land and land rights for generating, transmission and substation facilities .....	2,355,579
Natural gas trunk line and associated plant .....	9,657,829
New gas distribution centre .....	1,219,583
New head office building—Vancouver .....	7,302,047

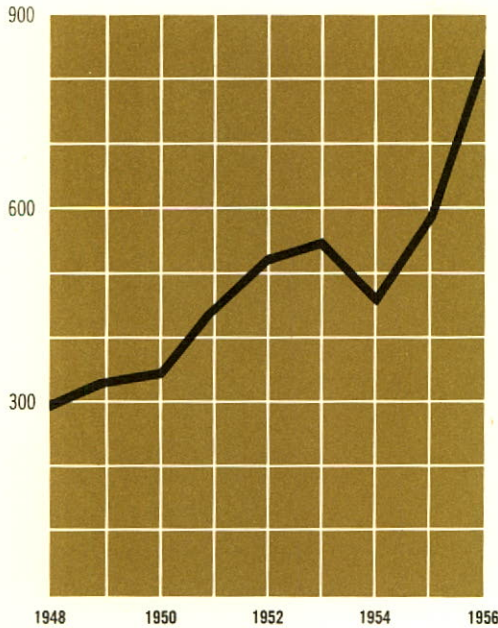
## Employment Costs and Number of Employees





### Construction in British Columbia

Millions of dollars



The Seton Creek generating plant, a single unit of 42,000 kw, was placed in service in August 1956.

Work continued in 1956 on the Cheakamus development. This project includes a  $6\frac{3}{4}$ -mile tunnel to carry the water from the Cheakamus River to the generating station on the Squamish River. At the year-end approximately  $5\frac{1}{2}$  miles of this tunnel had been completed and work was well under way on the diversion dam and the excavation for the station. It is expected that the two units of 70,000 kw each will be in operation in the autumn of 1957.

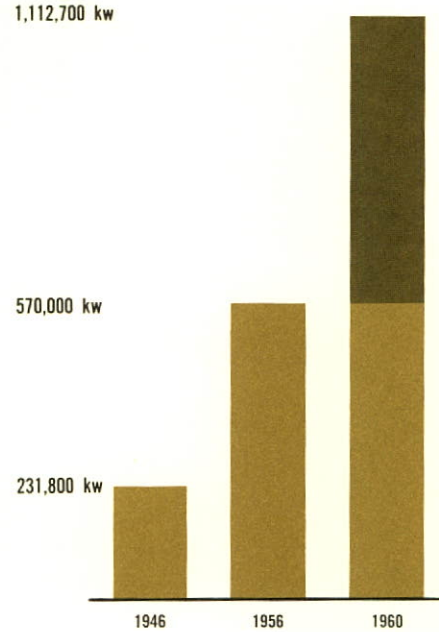
At La Joie dam, construction was commenced in 1956 looking to the installation of a 22,000 kw generating unit. This unit will make use at the dam site of water being released to the Bridge River plant; it is scheduled for completion in the autumn of 1957.

The gas turbine plant, in the vicinity of Port Mann, will have a capacity of approximately 100,000 kw in four units to be placed in service in 1958. The plant is planned to provide a useful supplement to the hydro system in critical water years or in the event of unforeseen plant troubles. It will burn either oil or natural gas.

Construction of the final stage of the Bridge River development was commenced late in 1956. This

### Electric Generating Capacity

Projected to 1960



project, to be known as Bridge River No. 2, will add 268,000 kw to the hydro capacity of the system including a further 20,000 kw at Bridge River No. 1. Three of the four 62,000 kw units are scheduled for service in 1959, with the fourth unit following in 1960. A large storage dam will be constructed in the vicinity of the existing diversion dam and a second tunnel through Mission Mountain will carry the water to a new powerhouse to be located on the shore of Seton Lake approximately a half-mile west of the present powerhouse.

During the year the Sechelt Peninsula system of the British Columbia Power Commission was purchased with the required legislative approval. This system included a 3,000 kw hydro development in two units at Clowhom Falls, and work is under way to replace this plant by a single unit of 30,000 kw. The new plant is scheduled for operation in the autumn of 1957. As a part of the arrangement whereby the Company acquired the Sechelt Peninsula system from the British Columbia Power Commission, the sale was concluded to the Commission of that section of Railway Company transmission line extending from Nanaimo to Stratford Substation near Duncan on Vancouver Island. As this transaction was not effective until 2 January 1957, it is not reflected in the attached financial statements.



Work is continuing on the second transmission line from Bridge River to Vancouver. The section from Creekside to Rosedale, by a temporary connection with the first line at Creekside, was placed in service in January 1957. The further section between Bridge River and Creekside, which was originally scheduled to be completed in 1956, was deferred for completion later in 1957, when the entire line will be converted from 230 kv to 345 kv operation.

The completion of the Cheekye to Powell River transmission line and the completion of the submarine cable from the Mainland to Vancouver Island were mentioned earlier in this report.

The natural gas programme is dealt with later under the head of "Supply of Energy".

The new head office building in Vancouver is to be ready for occupancy in the early spring of 1957.

The retirements of property include the present head office building, which was sold during 1956 for delivery when the move to the new building takes place. The present building has been the headquarters of the Company for 45 years.

## **SUPPLY OF ENERGY**

Mention has been made of the various generating units to be brought into service from now until 1960. Engineering investigations are proceeding with various hydro-electric sites that might be developed for use thereafter.

Natural gas was received at the Company's station, 46 miles from Vancouver, at the international boundary on 6 November and conversion of customers' appliances to fit them to use natural rather than manufactured gas was started immediately. By the year-end, appliances in 22 of the 26 sections into which the Greater Vancouver gas distribution area had been divided had been converted. Conversion was completed by mid-January.

Service of natural gas to three municipalities in the Fraser Valley commenced in November. An appeal of three other Fraser Valley municipalities to the Supreme Court of Canada against the decision of the Public Utilities Commission to give approval to the distribution of natural gas by the Company in the 15 municipalities of the Valley was heard in December and on 22 January 1957 the Court dismissed the appeal.

The costs of conversion incurred in 1956, reduced by the income tax benefit which will result from claiming them as expenses for tax purposes for that year, have been charged against capital surplus as shown in the notes to the attached financial statements. The remainder of such costs to arise in 1957 will be treated in the same way, as will the deficiency of depreciation previously accumulated in respect of manufactured gas plant made obsolete by the advent of natural gas.

The Company's contracts for its supply of natural gas provide, among other charges, for a demand charge, which makes it advantageous for the Company to minimize its peak demands. With this in view the Company entered into negotiations with Van-Tor Oils and Explorations Limited, which was in a position to provide the Company with majority control of the shares of Pleasant Valley Gas & Oil Co.; the latter company holds storage rights on some 4,700 acres of land in an area—about 30 miles from Vancouver at Birch Bay, in the State of Washington—beneath which it hopes to prove that one or more strata suitable for the storage of gas exist. The arrangement, as concluded, was that the Company would advance to Van-Tor \$1,500,000 at 5% interest secured by a charge on all that company's assets, would purchase 500,000 shares of Van-Tor for \$337,500 and would receive 51% of the shares of Pleasant Valley. Of the funds advanced to Van-Tor, \$200,000 was paid by it to Pleasant Valley for shares and will be available towards proving the possibilities of Pleasant Valley's storage area and, if the area is proven, developing it.

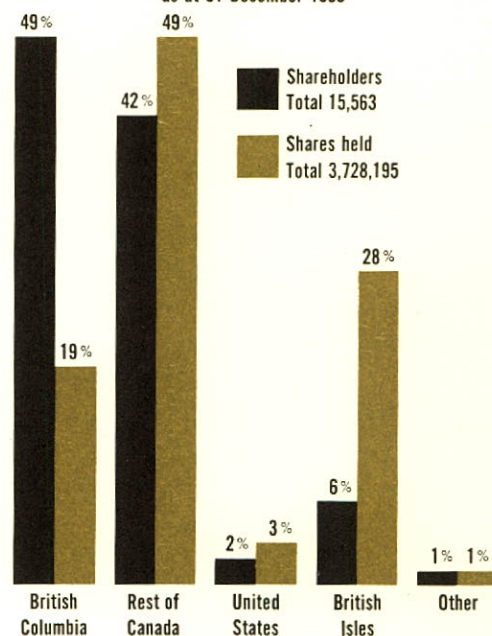


## FINANCING

1956 was characterized by increasing cost of senior financing.

In February the Electric Company sold \$30,000,000 of First Mortgage Bonds, 4¼% Series "K", to yield to the public the coupon rate. In March the Power Corporation sold 150,000 Common Shares on which it had given dealers an option, the full amount of which was exercised; the shares were sold for net proceeds of \$35.25 per share. In September the Power Corporation gave dealers an option on up to 200,000 Common Shares; almost overnight the general market declined, with the result that the option was exercised to the extent of only 166,325 shares, for net proceeds of \$44.25 per share. In November the Electric Company sold \$12,000,000 of 5% Cumulative Redeemable Preferred Shares at a price to yield to the public 5.43%.

Geographic Distribution of  
COMMON SHAREHOLDINGS  
as at 31 December 1956



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

### Funds Provided

Net receipts from issues of bonds and shares.....				\$ 52,560,889
Sales of property.....				1,771,095
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.....				5,280,000
Provision for taxes on income of prior years estimated to be in excess of requirements.....				611,147
Funds arising from operations—				
Earnings on common shares.....	\$8,706,245			
Add back—Charges against operations calling for no current outlay of cash:				
Provision for depreciation.....	\$8,402,477			
Bond refunding and issue expenses and discounts written off.....	396,025	8,798,502		17,504,747
Decrease in net current assets (plus net change in miscellaneous other items of \$227,353).....				27,958,238
				<u>\$105,686,116</u>

### Funds Applied

Additions to property.....				\$ 95,783,752
Purchase of securities of other companies.....				1,837,500
Payments to bond sinking funds made or provided for.....				2,402,958
Dividends on common shares of parent company.....				4,922,300
Conversion of customers' gas appliances and associated costs.....	\$1,353,606			
Less—Resulting reduction in taxes on income.....	614,000			739,606
				<u>\$105,686,116</u>



Pursuant to an agreement made on 31 January 1957, the Electric Company sold \$40,000,000 principal amount of First Mortgage Bonds, 5% Series "L". \$20,350,000 were issued on 21 February 1957 and the remaining bonds are to be delivered and taken up by 7 January 1958. A yield to the public of 5½% on the Series "L" Bonds, when compared with one of 4¼% on the Series "K" Bonds sold in February 1956, exemplifies the increasing cost of money to which reference has been made at the outset of this section.

## EMPLOYEES

During the year, Mr. John J. Carson joined the Company as Director of Industrial Relations, replacing Mr. L. B. Jack, who became Director of the new Department of Budgeting and Control. Mr. J. C. Ingram joined the Company as Director of Industrial Development. Mr. Otto E. Zwanzig became General Sales Manager in succession to Mr. Howard N. Walters, who retired after 30 years' service. In recognition of Mr. Walters' distinguished service the new north shore substation was named the Walters Substation. Mr. H. W. Smith moved over to the Engineering Company as its Assistant General Manager. In the Vancouver Island Division, Mr. M. C. Trueman was named Operations Manager. Mr. E. D. Sutcliffe, formerly Executive Assistant to the General Manager of Transportation, became Executive Assistant to Mr. W. C. Mainwaring, President of the Development Company. Since the turn of the year, Mr. John Davis has been appointed Director of Research and Planning. Since the year-end also, Dr. John A. Nelson, Associate Professor of Public Health and Assistant Dean of Medicine at the University of British Columbia, joined the Company as its first full-time Director of Medical Services.

In a year of substantial expansion and numerous important developments it is to be expected that a number of new positions would be created and considerable numbers of changes in position would occur. It would be invidious to mention some and not others and, therefore, for information as to senior positions and their incumbents, reference

is made to the particulars of "Departmental Organization" which appear at page 28 and the inside back cover of this report.

Of the employees retiring on pension during the year, 16 had service of 40 years or more, of whom three had more than 45 years' service; the three were Mr. Melvin C. Huff, Ticket Clerk in the Financial Division, with service of 46 years and 6 months; Mr. Leslie Clay, Supervisor of General Drafting, Electrical Division, with service of 45 years and 8 months; and Mr. B. H. N. Porter, Ticket Office Supervisor, Financial Subdivision, Victoria, with service of 45 years and 1 month.

The directors take pleasure in placing in print their appreciation of the loyal and effective efforts of the employees during the past 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 this report is to be sent also to the preferred shareholders of the Electric Company, there are included corresponding statements for that company and its subsidiaries. The statements have been prepared by the management of the Company and have been examined by the shareholders' auditors, whose opinion authenticating them is also attached.

## PROSPECTS

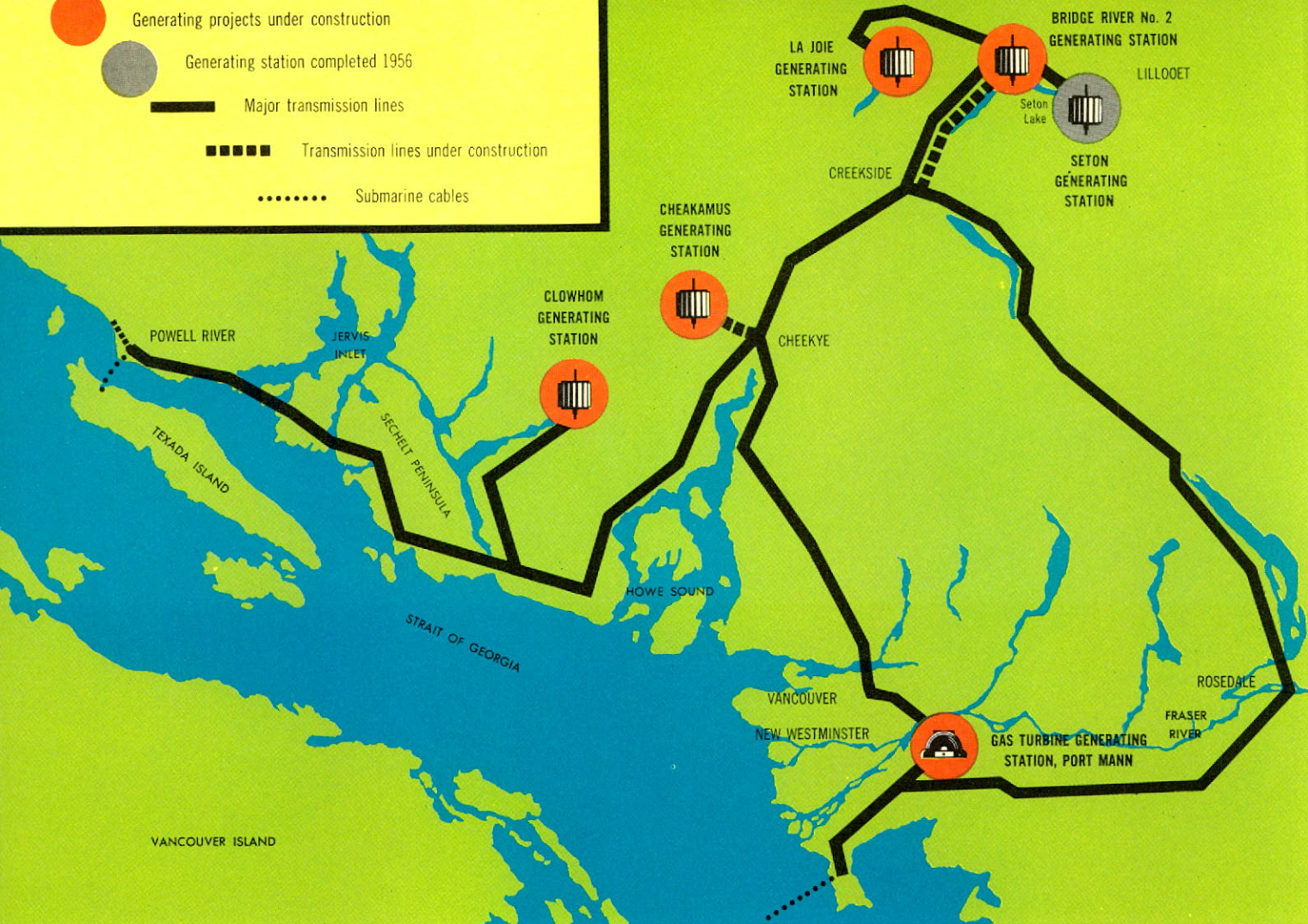
This report is necessarily closed off more than a month before the time of the annual meeting at which it to be presented to the shareholders. Again, as on former occasions, the Chairman will discuss the latest developments at the annual meeting and the previous practice will be followed of having his address printed and copies sent to all who apply for them.

On behalf of the Board of Directors,

A. E. GRAUER,  
President.

Vancouver, B.C.,  
22 February 1957.

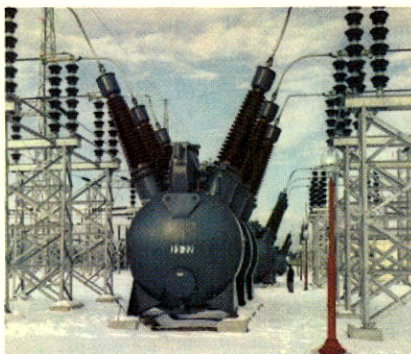




## NEW GENERATING PROJECTS

Four hydro generating stations and a gas turbine plant are now under construction and will add 557,000 kw to the system by 1960. The Cheakamus development, designed as the world's largest remotely-controlled hydro-electric station, will go "on the line" with 140,000 kw in 1957. Also coming into operation in 1957 are a 22,000 kw generator at La Joie dam and a 30,000 kw unit at Clowhom Falls. Meantime, work continues on the second stage at Bridge River, which will produce another 268,000 kw, and on the 100,000 kw gas turbine plant at Port Mann.

## SUBSTATION CONSTRUCTION



To distribute the additional power which is required in ever-increasing amounts, and to provide greater security of service, 8 substations were built and energized during 1956. Most of them, like Ingledow seen here, were major installations.



# NATURAL GAS

*New fuel introduced to the*



*The trunk pipeline carries natural gas 36 miles from Huntingdon, near the United States border, to the "city gate" on the south bank of the Fraser River near New Westminster.*

Natural gas from the U.S.A. entered the Company's system on 6 November 1956. In preparation, a trunk pipeline was completed to a "city gate" comprising pressure regulating and liquid petroleum storage facilities. A new gas distribution building was also erected and hundreds of miles of gas mains were installed. The Company will import American gas until Canadian gas is received from the Peace River district of British Columbia and Alberta, probably in late 1957.

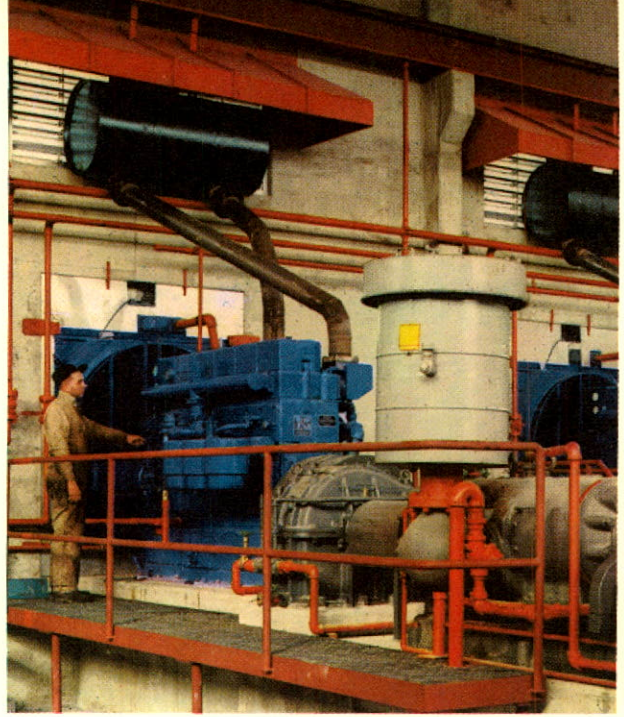


*Over 120,000 customers' appliances were adjusted to use natural gas instead of manufactured gas.*



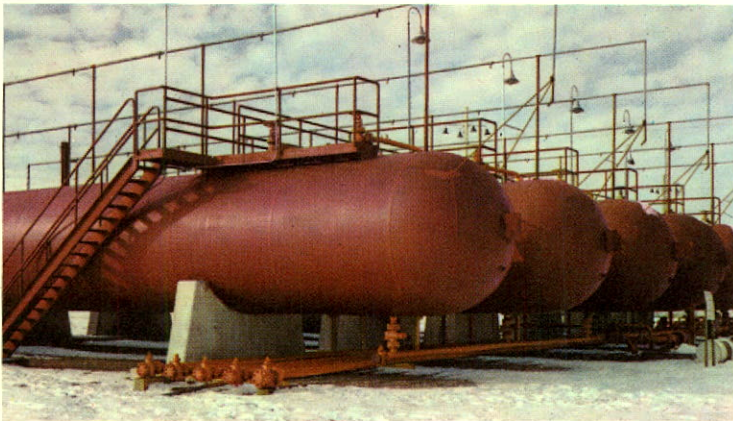
*Company's Mainland service area*

*Seen here are compressors for the liquid petroleum peak-shaving plant at the "city gate," which regulates the flow of gas into the distribution mains.*



*This modern building was erected in Burnaby as operations centre for the Company's expanded gas distribution system facilities.*

Indicative of the interest in natural gas, during 1956 more than 6,000 automatic central heating gas furnaces were installed in homes in Greater Vancouver and New Westminster and over 1,100 new industrial and commercial gas heating accounts were added, even though the new fuel was first introduced late in the year. Altogether, 6,707 new gas services were connected on the Mainland and Vancouver Island during 1956.



*These tanks, which are located at the "city gate", can store 150,000 gallons of liquid petroleum gas, which is used to supplement the natural gas supply at times of peak demand.*

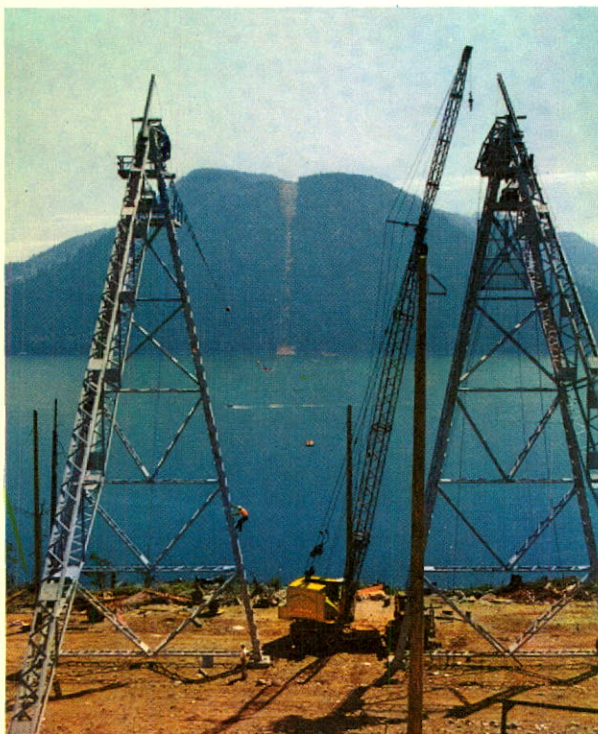




*Electric power and water turned parched sageland into fertile and productive farmland.*

## **RIVERLAND IRRIGATED FARMS**

In the portion of B.C.'s dry belt served by the Company there are 25,000 acres of irrigable land. Low-cost electric power to pump water can bring new land into production and can increase yields on existing farms. To help lead the way, Riverland Irrigated Farms Limited, a subsidiary of the Electric Company, is making good progress in a demonstration to show what can be done by irrigation and improved farm practices. In 1956, 160 acres of arid sagebrush land near Lillooet were developed for intensive production of forage crops. Additional acreage will be seeded in 1957.



## **POWELL RIVER LINE**

Powell River district and a large section of the lower coastal region now share the Company's Lower Mainland power supply, following completion of the 132 kv transmission line from Cheekye Substation. Traversing 100 miles of rugged coastal terrain, the new circuit includes one of the world's longest overhead spans—a 10,100 ft. crossing of Jervis Inlet—seen in picture at left. Texada Island was also provided with service by means of a 12 kv submarine cable.



**BRITISH COLUMBIA POWER CORPORATION, LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 1956**  
(with corresponding figures for the year ended 31 December 1955)

	1956		1955	
Gross revenue from operations.....		\$68,323,799		\$63,442,639
<i>Deduct—</i>				
Employment costs, materials and outside services, etc. (Notes 1 and 2).....		\$30,837,061		\$28,711,913
Provision for depreciation (Note 5C).....		8,402,477		8,151,735
Required for government:				
Provision for taxes on income (Note 7).....	\$9,318,400		\$8,692,988	
Property taxes.....	2,568,430		2,301,579	
Other charges.....	950,461	12,837,291	930,668	11,925,235
Total operating expenses.....		\$52,076,829		\$48,788,883
Operating income.....		\$16,246,970		\$14,653,756
<i>Add—</i>				
Non-operating income:				
Net return from temporary and other investments.....	\$ 783,892		\$ 548,632	
Profit through redemption of bonds at less, in the net, than principal amount.....	31,591	815,483	29,472	578,104
Interest charged to construction (Note 5A).....		2,747,403		1,177,426
		\$19,809,856		\$16,409,286
<i>Deduct—</i>				
Interest on bond debt.....	\$7,039,969		\$5,763,976	
Amortization of bond discount and expense:				
Refunded issues.....	80,208		80,208	
Outstanding issues.....	315,817	7,435,994	275,657	6,119,841
Net income for the year.....		\$12,373,862		\$10,289,445
<i>Deduct—</i>				
Dividends on shares of subsidiaries owned by the public:				
British Columbia Electric Company Limited.....	\$3,618,336		\$3,282,936	
British Columbia Electric Railway Company Limited.....	49,281	3,667,617	50,414	3,333,350
Earnings for the year on Common Shares of parent company:				
Amount.....		\$ 8,706,245		\$ 6,956,095
Per share outstanding at year-end.....		\$2.34		\$2.05



**BRITISH COLUMBIA POWER CORPORATION, LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED BALANCE SHEET**

CURRENT AND WORKING ASSETS:	1956	1955
Cash.....	\$ 2,090,119	\$ 677,116
Temporary investments (Note 3).....	16,867,208	31,143,201
Funds withdrawable from Trustee for bondholders.....	1,000,000	—
Sundry investments.....	275,987	160,951
Accounts receivable and unbilled revenues.....	9,425,169	7,803,895
Materials and supplies at average cost.....	8,517,309	4,598,591
Prepaid expenses.....	87,843	86,084
	<u>\$ 38,263,635</u>	<u>\$ 44,469,838</u>
 INVESTMENTS (Note 4).....	 <u>\$ 1,837,500</u>	 <u>\$ —</u>
 DEFERRED CHARGES:		
Unamortized transportation franchise payments, etc.....	\$ 356,395	\$ 250,827
Unamortized bond discount and expense —		
Refunded issues.....	308,178	388,386
Outstanding issues.....	5,321,700	4,848,627
	<u>\$ 5,986,273</u>	<u>\$ 5,487,840</u>
 PROPERTY ACCOUNT (Note 5):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electric energy and gas, trolley coaches, motor buses, freight railway and rolling stock, etc.....	\$413,106,135	\$341,621,092
Unfinished construction.....	54,000,000	35,000,000
	<u>\$467,106,135</u>	<u>\$376,621,092</u>
Less—		
Accumulated depreciation (Note 5C).....	73,457,351	68,582,488
	<u>\$393,648,784</u>	<u>\$308,038,604</u>
	<u>\$439,736,192</u>	<u>\$357,996,282</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 1956, 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, the accompanying consolidated balance sheet and related consolidated statements of income and of earnings employed in the business, supplemented by the

notes appended thereto, 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 1956 and the results of their combined operations for the year ended on that date, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year, according to the best of our information and the explanations given to us and as shown by the books of the companies.

Vancouver, B.C.  
22 February 1957.

PRICE WATERHOUSE & Co.  
Chartered Accountants  
Auditors.



**AS AT 31 DECEMBER 1956** (with corresponding figures as at 31 December 1955)

CURRENT AND ACCRUED LIABILITIES:	1956	1955
Notes payable.....	\$ 10,000,000	\$ —
Accounts payable.....	23,589,320	12,593,695
Income and other taxes payable (Note 7).....	2,381,120	3,095,883
Bond and debenture interest accrued.....	2,225,389	1,720,656
Dividends declared, since paid.....	2,304,566	1,930,120
Bond sinking fund payments due within one year.....	2,372,855	1,996,757
Provision for accidents.....	517,453	528,910
	<u>\$ 43,390,703</u>	<u>\$ 21,866,021</u>
DEFERRED CREDIT:		
Estimated amount of deferred taxes on income, arising from claiming capital cost allow- ances in excess of depreciation recorded.....	\$ 15,836,009	\$ 10,438,000
BOND DEBT (Note 8)—per Schedule A attached.....	\$184,809,088	\$157,212,046
SHARES OF SUBSIDIARIES OWNED BY THE PUBLIC—per Schedule B attached.....	\$ 91,446,642	\$ 79,179,867
CONTRIBUTIONS IN AID OF CONSTRUCTION.....	\$ 472,850	\$ 406,704
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital (Note 9A)—		
Authorized:		
5,000,000 Common Shares without nominal or par value		
Issued:		
3,728,195 Common Shares (326,725 issued in 1956) representing a total cash consideration of.....	\$ 87,315,543	\$ 74,494,057
Capital surplus (Note 10).....	1,204,432	1,842,000
Earnings employed in the business—per statement attached.....	15,260,925	12,557,587
	<u>\$103,780,900</u>	<u>\$ 88,893,644</u>
	<u>\$439,736,192</u>	<u>\$357,996,282</u>
PENSION PLANS (Note 1)		
COMMITMENTS (Note 6)		

APPROVED ON BEHALF OF THE BOARD:

  
Director.

  
Director.



**BRITISH COLUMBIA POWER CORPORATION, LIMITED  
AND SUBSIDIARY COMPANIES**

**BOND DEBT AS AT 31 DECEMBER 1956**

**SCHEDULE A**

(with corresponding figures as at 31 December 1955)

British Columbia Electric Company Limited:	1956	1955
First Mortgage Bonds (Note 8)—		
3¼% Series "A" due 2 January 1967: Issued \$33,000,000, less bonds redeemed.....	\$ 29,355,000	\$ 29,803,000
3¼% Series "B" due 1 October 1967: Issued \$10,000,000, less bonds redeemed.....	8,897,000	9,044,000
3¾% Series "C" due 1 April 1968: Issued \$17,000,000, less bonds redeemed.....	15,407,000	15,628,000
3¾% Series "D" due 1 February 1969: Issued \$17,000,000, less bonds redeemed.....	15,629,000	15,842,000
3½% Series "E" due 1 March 1975: Issued \$20,000,000, less bonds redeemed.....	18,573,000	18,820,000
4% Series "F" due 1 July 1991: Issued \$3,745,800, less bonds redeemed.....	3,522,000	3,569,000
3¾% Series "G" due 1 December 1976, payable in United States funds: Issued U.S. \$20,000,000 less bonds redeemed \$1,079,000, carried at exchange rates prevailing on dates of issue.....	18,816,047	19,047,755
4¾% Series "H" due 1 December 1977: Issued \$15,000,000, less bonds redeemed.....	14,356,000	14,696,000
4¾% Series "I" due 1 February 1979: Issued \$15,000,000, less bonds redeemed.....	14,700,000	14,853,000
3¾% Series "J" due 1 June 1980: Issued \$15,000,000, less bonds redeemed.....	14,847,000	15,000,000
4¼% Series "K" due 1 February 1981: Issued.....	30,000,000	—
	<u>\$184,102,047</u>	<u>\$156,302,755</u>
Less—		
Sinking fund payments made to Trustee for redemption of Series "H" bonds.....	\$ —	\$ 173,848
Sinking fund payments due within one year, included in current and accrued liabilities.....	2,372,855	1,996,757
	<u>\$ 2,372,855</u>	<u>\$ 2,170,605</u>
	<u>\$181,729,192</u>	<u>\$154,132,150</u>
 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), at \$4.85.....	3,079,896	3,079,896
	<u>\$184,809,088</u>	<u>\$157,212,046</u>

**SHARES OF SUBSIDIARIES OWNED BY THE PUBLIC  
AS AT 31 DECEMBER 1956**

**SCHEDULE B**

(with corresponding figures as at 31 December 1955)

British Columbia Electric Company Limited:	1956	1955
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 (240,000 issued in 1956).....	25,000,000	13,000,000
	<u>\$89,413,400</u>	<u>\$77,413,400</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), at \$4.85.....	1,762,107	1,762,107
Minority interest in other subsidiaries.....	271,135	4,360
	<u>\$91,446,642</u>	<u>\$79,179,867</u>



## CONSOLIDATED STATEMENT OF EARNINGS EMPLOYED IN THE BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 1956 (with corresponding figures for the year ended 31 December 1955)

	1956		1955	
As at the beginning of the year.....		\$12,557,587		\$ 9,926,544
<i>Add—</i>				
Earnings on Common Shares of parent company per Consolidated Statement of Income.....	\$8,706,245		\$6,956,095	
Excess provisions for prior years' taxes on income (Note 7).....	391,100	9,097,345	—	6,956,095
		<u>\$21,654,932</u>		<u>\$16,882,639</u>
<i>Deduct—</i>				
Expenses on issue of Common Shares of parent company.....	\$ 28,498		\$ 27,169	
Fees to increase authorized share capital of British Columbia Electric Company Limited.....	22,500		—	
Commission and expenses on issue of Cumulative Redeemable Preferred Shares of British Columbia Electric Company Limited.....	1,420,709	1,471,707	536,894	564,063
		<u>\$20,183,225</u>		<u>\$16,318,576</u>
<i>Deduct—</i>				
Dividends on Common Shares of parent company.....		4,922,300		3,760,989
As at the end of the year.....		<u>\$15,260,925</u>		<u>\$12,557,587</u>

## 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 1956 (with corresponding figures for the year ended 31 December 1955)

	1956		1955	
Net income for the year of British Columbia Power Corporation, Limited and subsidiary companies (per their Consolidated State- ment of Income).....		\$12,373,862		\$10,289,445
<i>Add back—</i>				
Net expenses of British Columbia Power Corporation, Limited and other direct subsidiaries of that company.....		75,202		75,442
Net income for the year of British Columbia Electric Company Limited and subsidiary companies.....		<u>\$12,449,064</u>		<u>\$10,364,887</u>
<i>Add—</i>				
Earnings employed in the business as at the beginning of of the year.....		12,282,067		9,726,594
Excess provisions for prior years' taxes on income (Note 7).....		394,078		—
		<u>\$25,125,209</u>		<u>\$20,091,481</u>
<i>Deduct—</i>				
Fees to increase authorized share capital.....	\$ 22,500		\$ —	
Commission and expenses on issue of Cumulative Redeemable Preferred Shares.....	1,420,709		536,894	
Expenses on issue of Common Shares of British Columbia Power Corporation, Limited incurred in the interest of the group of companies.....	28,498	1,471,707	27,169	564,063
		<u>\$23,653,502</u>		<u>\$19,527,418</u>
<i>Deduct Dividends—</i>				
British Columbia Electric Railway Company Limited: Cumulative Perpetual Preference Stock.....	\$ 49,281		\$ 50,414	
British Columbia Electric Company Limited: Cumulative Redeemable Preferred Shares.....	3,618,337		3,282,937	
Common Shares (all owned by British Columbia Power Corporation, Limited).....	5,003,000	8,670,618	3,912,000	7,245,351
Earnings employed in the business as at the end of the year.....		<u>\$14,982,884</u>		<u>\$12,282,067</u>



# BRITISH COLUMBIA ELECTRIC COMPANY LIMITED

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

## AND SUBSIDIARY COMPANIES

## CONSOLIDATED BALANCE SHEET

CURRENT AND WORKING ASSETS:	1956	1955
Cash.....	\$ 1,941,101	\$ 630,224
Temporary investments (Note 3).....	16,767,893	31,143,201
Funds withdrawable from Trustee for bondholders.....	1,000,000	—
Sundry investments.....	275,987	160,951
Accounts receivable and unbilled revenues.....	9,369,938	7,803,895
Materials and supplies at average cost.....	8,517,309	4,598,591
Prepaid expenses.....	81,212	86,084
	<u>\$ 37,953,440</u>	<u>\$ 44,422,946</u>
DEFERRED CHARGES:		
Unamortized transportation franchise payments, etc.....	\$ 355,445	\$ 250,827
Unamortized bond discount and expense—		
Refunded issue.....	62,623	82,400
Outstanding issues.....	5,321,700	4,848,627
	<u>\$ 5,739,768</u>	<u>\$ 5,181,854</u>
PROPERTY ACCOUNT (Note 5):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electric energy and gas, trolley coaches, motor buses, freight railway and rolling stock, etc.....	\$412,770,829	\$341,621,092
Unfinished construction.....	54,000,000	35,000,000
	<u>\$466,770,829</u>	<u>\$376,621,092</u>
Less—		
Accumulated depreciation (Note 5C).....	73,419,887	68,582,488
	<u>\$393,350,942</u>	<u>\$308,038,604</u>
	<u>\$437,044,150</u>	<u>\$357,643,404</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 1956, 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, the accompanying consolidated balance sheet and related consolidated statement of income and earnings employed in the business, supplemented by the

notes appended thereto, 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 1956 and the results of their combined operations for the year ended on that date, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year, according to the best of our information and the explanations given to us and as shown by the books of the companies.

Vancouver, B.C.  
22 February 1957.


PRICE WATERHOUSE & Co.  
Chartered Accountants  
Auditors.



**AS AT 31 DECEMBER 1956** (with corresponding figures as at 31 December 1955)

CURRENT AND ACCRUED LIABILITIES:	1956	1955
Notes payable.....	\$ 10,000,000	\$ —
Accounts payable.....	23,452,398	12,588,012
Income and other taxes payable (Note 7).....	2,351,278	3,091,259
Bond and debenture interest accrued.....	2,225,389	1,720,656
Dividends declared, since paid.....	999,698	909,679
Amount owing to parent company, British Columbia Power Corporation, Limited, and its other subsidiaries.....	9,045,518	3,140,516
Bond sinking fund payments due within one year.....	2,372,855	1,996,757
Provision for accidents.....	517,453	528,910
	<u>\$ 50,964,589</u>	<u>\$ 23,975,789</u>
 DEFERRED CREDIT:		
Estimated amount of deferred taxes on income, arising from claiming capital cost allowances in excess of depreciation recorded.....	\$ 15,836,009	\$ 10,438,000
BOND DEBT (Note 8)—per Schedule A attached.....	<u>\$184,809,088</u>	<u>\$157,212,046</u>
 SHARES OF SUBSIDIARIES OWNED BY THE PUBLIC:		
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), at \$4.85.....	\$ 1,762,107	\$ 1,762,107
Minority interest in other subsidiaries.....	4,360	4,360
	<u>\$ 1,766,467</u>	<u>\$ 1,766,467</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION.....	<u>\$ 472,850</u>	<u>\$ 406,704</u>
 CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital (Note 9B)— 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—per Schedule B attached.....	\$ 89,413,400	\$ 77,413,400
2,745,690 Common Shares of no par value (176,250 issued in 1956).....	77,594,431	72,306,931
	<u>\$167,007,831</u>	<u>\$149,720,331</u>
Capital surplus (Note 10).....	1,204,432	1,842,000
Earnings employed in the business—per statement attached.....	14,982,884	12,282,067
	<u>\$183,195,147</u>	<u>\$163,844,398</u>
	<u>\$437,044,150</u>	<u>\$357,643,404</u>
 PENSION PLANS (Note 1)		
COMMITMENTS (Note 6)		

APPROVED ON BEHALF OF THE BOARD:

  
Director.

  
Director.

Schedules A (Bond Debt) and B (portion giving details of Preferred Shares of British Columbia Electric Company Limited) and the explanatory notes (with the exception of Notes 4 and 9A), which supplement the accompanying 1956 financial statements of British Columbia Power Corporation, Limited and subsidiary companies, also supplement and should be read in conjunction with the financial statements of British Columbia Electric Company Limited and subsidiary companies.



# BRITISH COLUMBIA POWER CORPORATION, LIMITED AND SUBSIDIARY COMPANIES

## NOTES TO 1956 FINANCIAL STATEMENTS

### Note 1—Pension plans:

Employment costs for the years ended 31 December 1956 and 1955 include the following charges in respect of pension plans:

	1956	1955
Contributory retirement plans (see A below)—		
Provisions based on:		
Employees' past services....	\$ 592,448	\$ 592,447
Employees' current services	275,451	324,313
Trusted contributory pension plans (see B below)—		
Provisions based on:		
Employees' past services....	690,000	690,000
Employees' current services	448,159	375,888
	<u>\$2,006,058</u>	<u>\$1,982,648</u>

The pension plan arrangements of the companies are as follows:

A. Contributory retirement plans, commenced in 1946, under contracts with the Canadian Government Annuities Branch, and the Standard Life Assurance Company, of Edinburgh, for basic and supplementary retirement plans respectively.

B. Trusted contributory pension plans, commenced in 1953, supported by trust funds established with Montreal Trust Company.

The companies have been making payments under the plans referred to in A and B above in respect of employees' current services and past services (services prior to the commencement of the respective plans). It has been actuarially estimated that the past services requirements were completed by the end of 1956.

C. 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 of that plan, to which British Columbia Electric Railway Company Limited has given a covenant of indemnity to make good any deficiency of this fund, if one should develop, in the ultimate settlement of such pensions.

D. 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 350 of these employees will, if they retire at 65 years of age or over and after 25 years of service, be entitled to be paid pensions under the non-contributory plan, but no provision has been made in the attached accounts in this respect as it is the intention of the companies to pay such pensions from general funds over the years during which the pensions are payable.

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

Legal fees and executive remuneration paid or accrued during the year amounted to \$499,708 (\$410,672 in 1955), and directors' fees amounted to \$30,300 (\$26,426 in 1955).

### Note 3—Temporary investments:

Government of Canada bonds, at market value which is less than cost.....	\$14,592,000
British Columbia Electric Company Limited First Mortgage Bonds, at cost, purchased for sinking funds and accountable at cost for this purpose (quoted market value \$1,953,927).....	2,175,893
	\$16,767,893
Government of Canada Treasury Bills, at cost (quoted market value \$99,398).....	99,315
	\$16,867,208

### Note 4—Investments:

Van-Tor Oils and Explorations Limited — 5% general mortgage debentures, at cost....	\$1,500,000
Shares of capital stock, at cost (quoted market value \$730,000) .....	337,500
	\$1,837,500

### Note 5—Property account:

#### A. Cost of properties—

The properties are included in the accompanying consolidated balance sheet at original cost to the companies plus the excess of the cost of acquiring the shares of subsidiary companies over the net book values of such shares at dates of acquisition. The original cost of the properties to the companies includes interest during construction, and that part of administrative and general expenses considered to be properly chargeable to property account. Comparability of the amounts of interest charged to unfinished construction for the years 1956 and 1955 is affected by the change in rate (approved by the Public Utilities Commission of British Columbia) as from 1 May 1955, from that commensurate with interest on new money bond financing (3¾% used for several years prior to 1 May 1955) to 6½%, equivalent to the fair rate of return allowed to the companies by the Commission.

#### B. Valuation by the Public Utilities Commission—

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, amounted at 31 December 1956 to approximately \$387,000,000; to this should be added unfinished construction of \$54,000,000, 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 a total of approximately \$450,000,000 before deducting accumulated depreciation.



The valuations determined 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.

*C. 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 rates and property valuations approved by the Commission. The accumulated depreciation established for the purposes of the Commission, together with that applicable to properties not valued by the Commission, amounted at 31 December 1956 to approximately \$63,000,000, as compared with accumulated depreciation of \$73,457,351 recorded in the companies' accounts and shown in the accompanying consolidated balance sheet. Of an amount of \$7,500,000 which was added as at 31 December 1954 to the companies' accumulated depreciation, against insufficiency of provision for the assets of certain large operational units retired because of obsolescence rather than exhaustion of their physical life, approximately \$6,600,000 has not yet been reflected in the accumulated depreciation established for the purposes of the Commission.

*Note 6—Commitments:*

Purchase commitments of the companies for capital projects and materials and supplies aggregated approximately \$58,000,000 as at 31 December 1956.

*Note 7—Taxes on income:*

The returns for income taxes of all the companies have been assessed up to and including 1953; as a result of assessments recently made, portions of the taxes previously accrued in respect of 1953 and prior years, now found to be in excess of requirements for those years, have been transferred, as applicable, to earnings employed in the business, capital surplus, and deferred credit.

The provisions made for 1954, 1955 and 1956 are considered adequate.

*Note 8—British Columbia Electric Company Limited 5% Series "L" Bonds:*

Pursuant to an agreement made on 31 January 1957 British Columbia Electric Company Limited sold \$40,000,000 principal amount of First Mortgage Bonds 5% Series "L". \$20,350,000 were issued on 21 February 1957 and the remaining bonds are to be delivered and taken up by 7 January 1958.

*Note 9—Share capital:*

*A. British Columbia Power Corporation, Limited—*

On 29 October 1953, by resolution of the Directors, 150,000 of the unissued Common Shares of the Corporation

were earmarked for the purpose of granting options to officials of the Corporation and its subsidiaries at a price per share substantially equal to the market price or issue price (if any) of the shares current at the time of the grant of the option. At 31 December 1956 options for 150,000 shares had been granted of which 131,870 shares had been taken up.

*B. British Columbia Electric Company Limited—*

On 12 September 1956 British Columbia Electric Company Limited granted to its parent company, British Columbia Power Corporation, Limited, the right to subscribe for not more than 295,000 Common Shares at \$30 per share. This right had not been exercised up to 22 February 1957. It is intended that, to the extent that such right is exercised, the proceeds therefrom will be applied in reduction of the indebtedness of the company to British Columbia Power Corporation, Limited.

*Note 10—Capital surplus:*

The transactions in capital surplus account in 1956 were as follows:

Balance as at 31 December 1955		\$1,842,000
<i>Add—</i>		
Further reduction in taxes on income, determined by recent assessments, arising from capital cost allowances claimed in 1951 and 1952, and charged against capital surplus.....		102,038
		<u>\$1,944,038</u>
<i>Deduct—</i>		
Expenditures on conversion of customers' gas appliances from manufactured gas to natural gas, and associated costs.....	\$1,353,606	
<i>Less—</i>		
Estimated reduction in taxes on income resulting therefrom .....	614,000	739,606
Balance as at 31 December 1956		<u><u>\$1,204,432</u></u>

Additional gas conversion costs estimated at \$200,000 were incurred in January 1957 and these costs, less the resulting reduction in taxes on income, will be charged against capital surplus in 1957. It is also intended to charge against capital surplus the insufficiency of depreciation in respect of the manufactured gas plant rendered obsolete by the conversion, amounting to approximately \$1,300,000, less the estimated reduction of \$600,000 in taxes on income.



# FINANCIAL STATISTICS OF COMBINED COMPANIES

(in millions of dollars)

	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
<b>SOURCES OF REVENUE</b>										
From operations										
Electric—residential.....	5.4	6.3	7.0	8.3	10.8	13.1	14.5	16.5	18.7	20.9
Electric—other than residential.....	9.2	10.0	10.7	12.9	14.5	16.4	17.9	19.1	21.0	22.5
Gas.....	3.0	3.5	3.8	3.9	4.0	4.3	4.6	4.9	5.1	5.5
Passenger transportation.....	12.0	14.5	15.2	14.9	14.2	15.2	15.1	14.9	13.8	13.6
Rail freight.....	1.7	2.2	2.3	2.6	2.9	3.2	3.5	3.3	4.2	5.2
Miscellaneous.....	.5	.4	.6	.4	.5	.5	.4	.5	.6	.6
Gross revenue from operations.....	31.8	36.9	39.6	43.0	46.9	52.7	56.0	59.2	63.4	68.3
Non-operating income.....	.4	.1	.2	.2	.1	.2	.6	.9	.6	.8
<b>DISPOSITION OF REVENUE</b>										
Employment costs, materials and outside services, etc.	21.6	24.4	24.4	24.7	25.0	27.4	28.8	29.4	28.7	30.8
Taxation (support of government) (1) (2).....	3.4	3.8	4.4	5.5	7.6	9.4	9.3	10.3	11.9	12.8
Wear and exhaustion of property (2).....	3.0	3.4	4.7	5.5	6.1	6.4	7.1	7.5	8.2	8.4
Interest and other costs on bond debt.....	1.7	2.5	3.2	3.8	3.8	4.3	5.1	5.7	6.1	7.4
Interest charged to construction (deduct).....	.2	.5	.3	.2	.1	.4	.4	.5	1.2	2.7
Dividends on preferred shares.....	.7	.8	1.1	1.3	1.7	1.8	2.1	2.6	3.3	3.7
Dividends on common shares.....	1.6	1.6	1.7	2.0	2.0	2.0	2.3	3.1	3.8	4.9
Retained and employed in the business.....	.4	1.0	.6	.6	.9	2.0	2.3	2.0	3.2	3.8
<b>OPERATING INCOME</b>										
Amount.....	3.8	5.3	6.1	7.3	8.2	9.5	10.8	12.0	14.6	16.3
As a percentage of gross revenue from operations....	12.0	14.4	15.3	17.0	17.5	18.1	19.3	20.3	23.1	23.8
<p>(1) Excludes sales taxes and customs duty on materials purchased, as well as sales tax on electricity and gas sold (collected from customers on behalf of government). These approximated \$8 million in 1956.</p> <p>(2) For 1951, 1952, 1954, 1955 and 1956, before additional capital cost allowances and resultant income tax deferment.</p>										



# OPERATING STATISTICS OF COMBINED COMPANIES

	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
<b>ELECTRIC</b>										
Generating capacity at year-end (rated kw in thousands) <sup>(1)</sup> .....	232	277	352	381	416	476	480	525	525	570
Peak one-hour demand (kw in thousands).....	258	291	361	405	456	468	522	527	566	645
Meters on line at year-end (in thousands).....	194	207	220	230	239	246	256	268	284	299
Electricity sold (kwh in millions).....	816	952	1,105	1,393	1,512	1,653	1,902	2,051	2,304	2,450
Proportionate sales by class of customer (percentages)										
Residential.....	30	32	32	32	33	33	33	36	38	41
Other systems (largely residential).....	5	3	6	4	4	3	2	3	2	3
Commercial and street lighting.....	21	21	18	17	17	18	17	17	17	17
Industrial.....	44	42	36	33	34	34	34	36	37	38
Export.....	.....	2	8	14	12	12	14	8	6	1
Residential service										
Average annual kwh use per customer.....	1,548	1,812	1,977	2,299	2,523	2,734	2,974	3,372	3,765	4,097
Average price per kwh (in cents).....	2.2	2.1	2.0	1.9	2.2	2.4	2.3	2.2	2.1	2.1
<small>(1) Excluding electricity available from other systems, and furthermore with favourable conditions rated capacity can be and has been exceeded on occasion.</small>										
<b>GAS</b>										
System one-day capacity at year-end (therms in thousands)										
Mainland—pipeline contract.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	320.0
—plant.....	62.6	80.6	78.3	80.4	93.9	96.4	96.4	96.4	100.9	72.0
Greater Victoria—plant.....	9.9	12.2	12.2	18.9	20.3	28.9	28.9	18.0	18.0	18.0
Peak one-day output (therms in thousands)										
Mainland system.....	55.8	53.3	57.2	68.9	60.7	58.4	58.2	74.3	84.7	155.7
Greater Victoria system.....	7.8	8.6	10.2	13.1	10.7	9.4	9.2	12.1	13.2	13.7
Meters on line at year-end (in thousands).....	64	66	67	68	69	70	69	67	66	69
Gas sold (therms in millions).....	13.2	14.4	15.2	15.8	15.7	16.6	17.7	19.1	20.4	24.0
<b>TRANSPORTATION</b>										
Vehicles at year-end										
Urban—street cars.....	348	327	225	165	118	85	57	51	.....	.....
—gas buses.....	317	350	381	380	356	347	343	338	327	323
—trolley coaches.....	42	82	168	256	311	311	311	327	327	349
total.....	707	759	774	801	785	743	711	716	654	672
Interurban rail passenger cars.....	69	69	69	59	54	54	32	21	17	11
Interurban buses.....	107	106	105	101	95	95	88	85	74	70
Revenue miles run—urban (in millions).....	22.4	26.1	27.0	26.8	25.1	24.1	24.0	24.3	23.7	23.2
Passengers carried (in millions)										
Urban.....	145.8	139.9	135.1	126.1	120.5	114.1	109.8	106.1	100.0	100.4
Interurban rail.....	9.9	9.6	8.2	7.1	6.0	5.3	4.0	1.7	1.1	1.1
Interurban bus.....	5.6	5.5	5.4	5.0	4.9	4.5	4.3	3.9	3.4	3.4
Passenger revenue per mile—urban (in cents).....	38.7	41.9	43.3	44.7	45.6	51.5	52.7	53.0	50.2	49.9
Rail freight (tons in thousands).....	724	1,021	953	1,016	1,127	1,127	1,129	1,089	1,363	1,578
<b>NUMBER OF EMPLOYEES AT YEAR-END</b>	6,000	6,087	5,977	5,744	5,417	5,324	5,086	4,955	5,028	5,805



# DEPARTMENTAL

## B. C. ELECTRIC

R. M. BIBBS *Executive Assistant to Vice-President and Executive Engineer and to President of B.C. Engineering Company Ltd.*

JOHN DAVIS *Director of Research and Planning*

G. A. JOHNSON *Executive Assistant to Executive Vice-President*

### BUDGETING AND CONTROL DEPARTMENT

L. B. JACK *Director of Budgeting and Control*

J. R. P. POWELL *Executive Assistant to Director of Budgeting and Control*

### ELECTRICAL DIVISION

J. H. STEEDE *Chief Engineer*

G. F. GREEN *Executive Assistant to Chief Engineer*

C. ARNOTT *Superintendent of Generating Stations*

E. G. BEGG *Office Manager*

N. S. CLARK *Supervisor Meter Shop*

T. COLLINS *Superintendent of Transmission and Distribution Maintenance*

E. L. DUN *Superintendent Building Operation and Maintenance*

A. J. DUNCAN *Assistant Superintendent Distribution Engineering*

C. T. EYFORD *Superintendent of Distribution Engineering*

J. P. FRASER *Assistant Chief Engineer (Executive)*

W. D. GILL *Superintendent of Substations*

W. GOSBEE *Superintendent of Shops*

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

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

W. F. JARRETT *Operations Manager, Coastal Area*

N. S. KENT *Assistant to Assistant Chief Engineer (Operations)*

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

D. D. LYTLE *Protection Field Supervisor*

H. M. MATHER *Communication and Testing Supervisor*

J. F. MILES *Project Engineer*

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

H. W. J. PECK *Staff Engineer*

### GAS DIVISION

E. H. ROHRER *General Manager*

P. W. BARCHARD *Assistant General Manager*

J. S. BARTON *Distribution Engineer*

J. GEMMELL *Mechanical Superintendent*

L. J. C. JARVIS *Gas Plant Manager*

J. KIRKHOPE *Gas Supply Manager*

H. T. LIBBY *Distribution Manager*

D. W. MINION *Gas Development Engineer*

A. J. MACDONALD *Distribution Manager, 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 *Superintendent, Transportation Maintenance*

J. T. TURNER *Transportation Maintenance Manager*

### GENERAL SALES DIVISION

O. E. ZWANZIG *General Sales Manager*

C. A. MANSON *Assistant General Sales Manager*

A. P. CROKER *Fraser Valley Sales Manager*

H. A. ELLIOTT *Industrial Sales Manager*

F. NOSWORTHY *Coastal Area Sales Manager*

R. G. SCOTT *Director of Sales Engineering and Promotion*

J. H. TAYLOR *Metropolitan Sales Manager*

### LEGAL DIVISION

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

D. M. M. GOLDIE *Senior Solicitor*

R. W. GROSS *Senior Solicitor*

B. S. LOWE *Senior Solicitor*

J. H. MATTHEWS *Claims Manager*

P. E. PAULSON *Manager Land Department*



# ORGANIZATION

## FINANCIAL DIVISION

W. F. MARTIN *Executive Assistant to Chief Financial Officer*  
T. CHAMBERS *Comptroller*  
L. E. BEARD *General Accounting Manager*  
G. F. BLYTH *Cashier Manager*  
N. J. FLACK *Budget Accountant*  
E. S. GARDINER *Office Services Manager*  
L. E. F. GRAHAM *Plant Accountant*  
G. L. HASZARD *General Purchasing Agent*  
S. H. JAGGER *Assistant General Purchasing Agent*  
V. D. JONES *Customers' Accounts Manager*  
J. S. LANG *Internal Auditor*  
L. J. LASCELLES *Staff Accountant*  
J. C. MAYRS *Credit Manager*  
J. S. PURVES *Stores Manager*  
J. M. TODD *Pay and Insurance Manager*

## INDUSTRIAL RELATIONS SUB-DIVISION

J. J. CARSON *Director*  
R. H. ELFSTROM *Supervisor Industrial Safety*  
M. H. FOX *Labour Relations Manager*  
P. A. HOARE *Security Officer*  
DR. A. J. NELSON *Director of Medical Services*  
R. W. PURVES *Personnel Manager*

## RIVERLAND IRRIGATED FARMS LIMITED

I. W. NEIL *President*  
R. H. GRAM *Vice-President*  
R. G. GARRY *Superintendent*

## PUBLIC INFORMATION DEPARTMENT

H. J. MERILEES *Manager*  
E. F. CAMPBELL *Director of Advertising*  
T. F. DAGGS *Administrative Assistant to Manager*  
E. F. FOX *Director of Publicity*  
N. A. McKELVIE *Assistant Director of Publicity*  
P. C. WOODWARD *Special Representative*

## VANCOUVER ISLAND DIVISION

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

## B.C. ENGINEERING COMPANY LIMITED

A. E. GRAUER *Chairman*

T. INGLEDOW *President*  
W. G. HUBER *General Manager*  
H. W. SMITH *Assistant General Manager*  
F. B. BEARDSLEY *Director, Financial Division*

K. F. KANGAS *Director, Design Division*  
J. E. MACDONALD *Director, Construction Division*  
V. W. RUSKIN *Director, Planning Division*  
N. A. WARDLE *Director, Production Division*

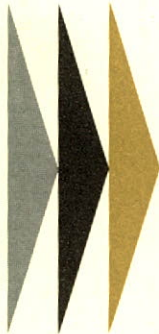
## WESTERN DEVELOPMENT AND POWER LIMITED

A. E. GRAUER *Chairman*

W. C. MAINWARING *President*  
E. D. SUTCLIFFE *Executive Assistant to the President*  
W. A. DOW *Industrial Analyst*

R. H. GRAM *Area Development Manager*  
J. C. INGRAM *Director of Industrial Development*  
W. C. MEARNS *Director of Special Studies*





## 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