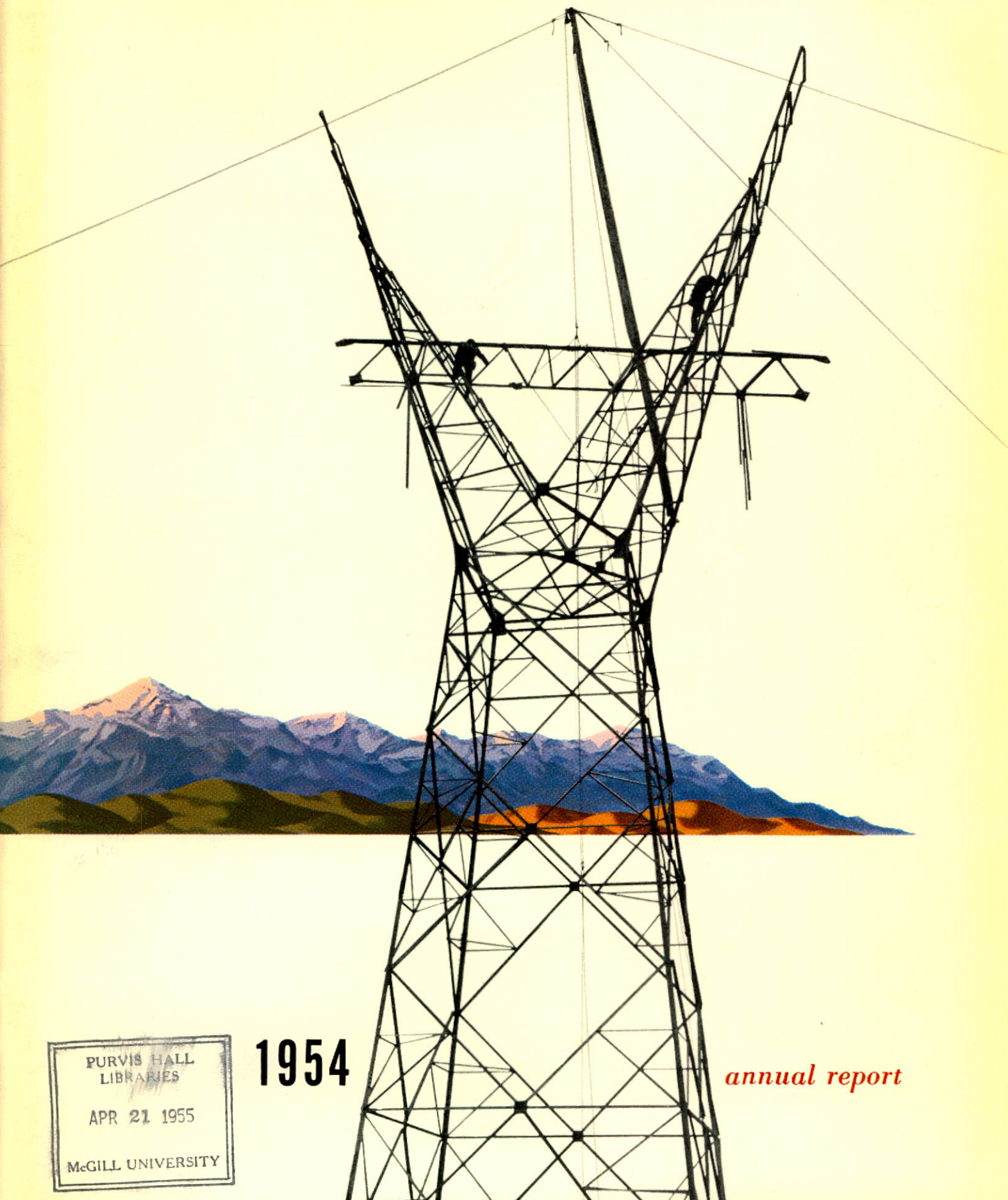


BRITISH COLUMBIA POWER CORPORATION, LIMITED

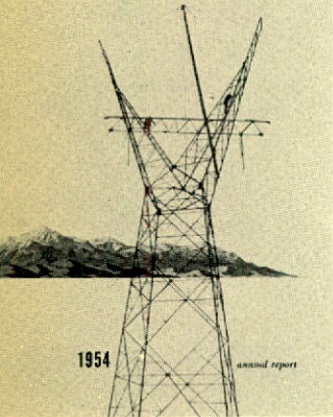


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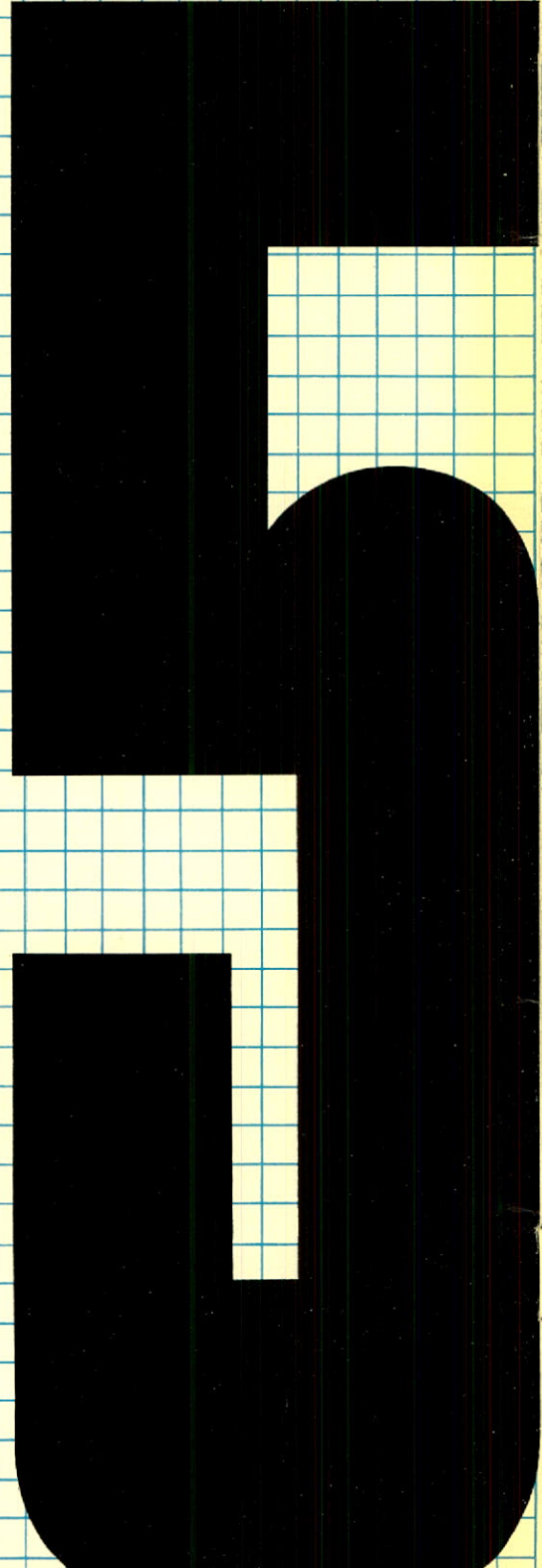
annual report

BRITISH COLUMBIA POWER CORPORATION, LIMITED



the cover

Pictured under construction is one of the 365 steel towers which will carry the 102-mile second Bridge River transmission line from Creekside to Rosedale, B.C. Scheduled for completion in 1956, this line which runs through typical rugged British Columbia mountain country, will carry energy at 345,000 volts. The B.C. Electric Wahleach circuit was the first on this continent built by a utility to operate at this ultra-high voltage, which permits the carrying of more power further with less loss of energy en route.

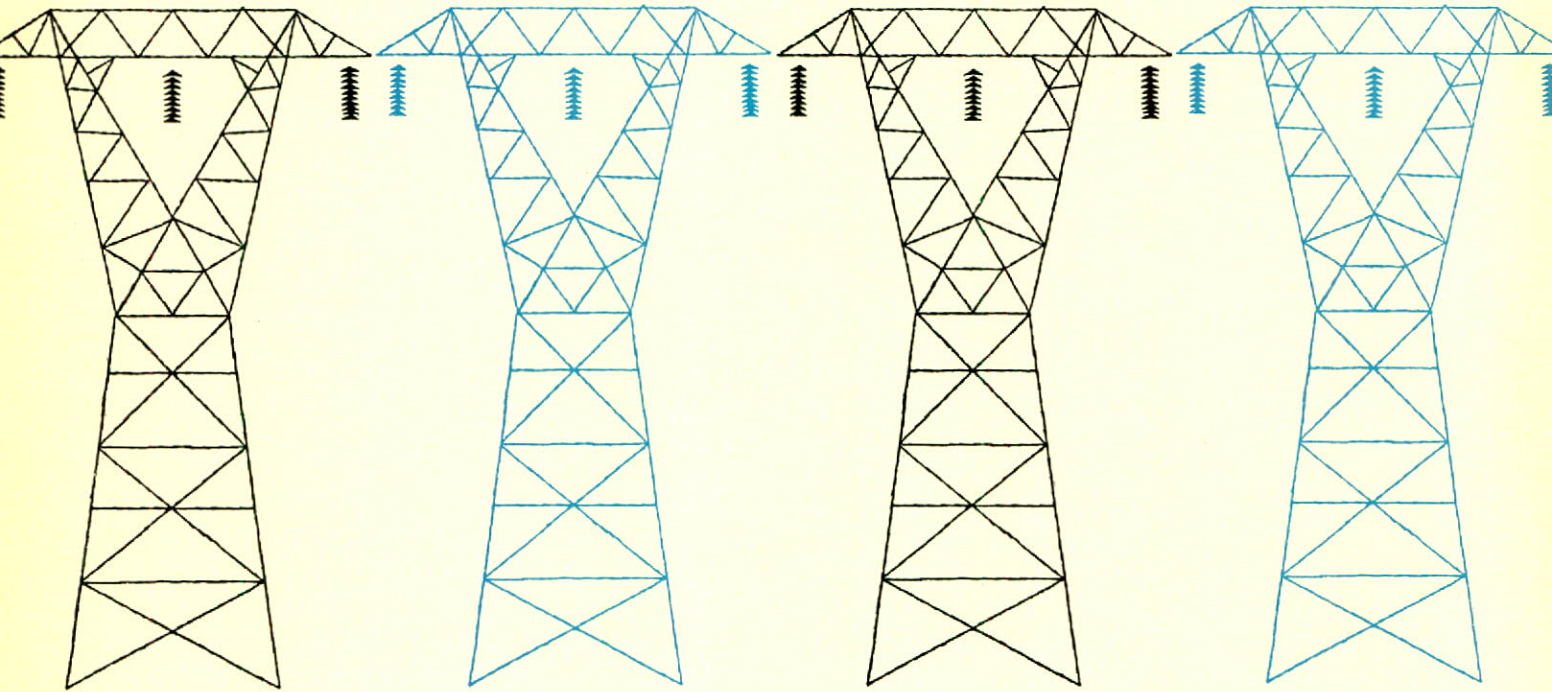




*The Board of Directors of
British Columbia Power Corporation, Limited
presents its report for the year 1954
for the information of
Shareholders, Employees, Customers
and the Community
which has entrusted to free enterprise
the responsibility for carrying on
these essential services
under public regulation.*

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
Manufacture and distribution of gas in Greater Vancouver and Greater Victoria

B. C. ENGINEERING COMPANY LIMITED *(the Engineering Company)*

WHOLLY-OWNED SUBSIDIARY OF THE ELECTRIC COMPANY

Consulting, design and construction engineering in all its branches

BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY LIMITED *(the Railway Company)*

VOTING STOCK OWNED BY THE ELECTRIC COMPANY

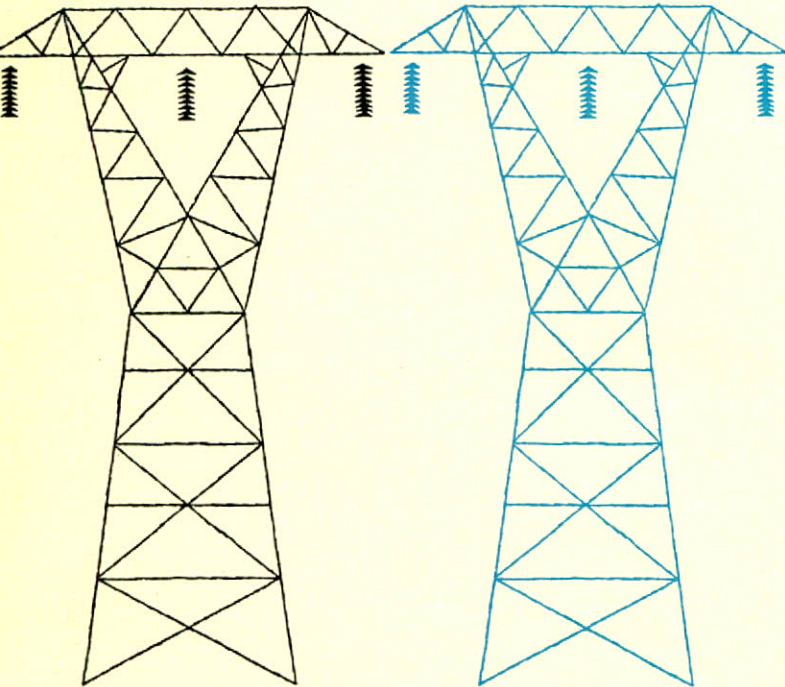
Distribution of electric energy on the Mainland and on Vancouver Island
Passenger transit operations in Greater Vancouver and Greater Victoria
Railway freight operation on the Mainland

B. C. MOTOR TRANSPORTATION LIMITED *(B.C.M.T.)*

WHOLLY-OWNED SUBSIDIARY OF THE RAILWAY COMPANY

Interurban bus operation on the Mainland and to Vancouver Island

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



THE YEAR IN BRIEF

Earnings represent \$1.62 per share on the common shares outstanding at the year-end as compared with \$1.47 per share on the same basis for the previous year. Dividends at the rate of 25¢ a quarter were continued throughout the year.

Gross revenues from operations were \$59.2 million, up \$3.2 million from 1953. Electric revenue was 10% higher than in 1953.

Demand for electricity, exclusive of export, was 15.3% greater than in 1953. Average annual consumption per residential customer was 3,372 kwh, compared with 2,974 for the previous year, up 13.4%.

Capital expenditures were \$34.3 million, about 90% for the electric service.

The fourth 45,000 kw generating unit at Bridge River was placed in service in July.

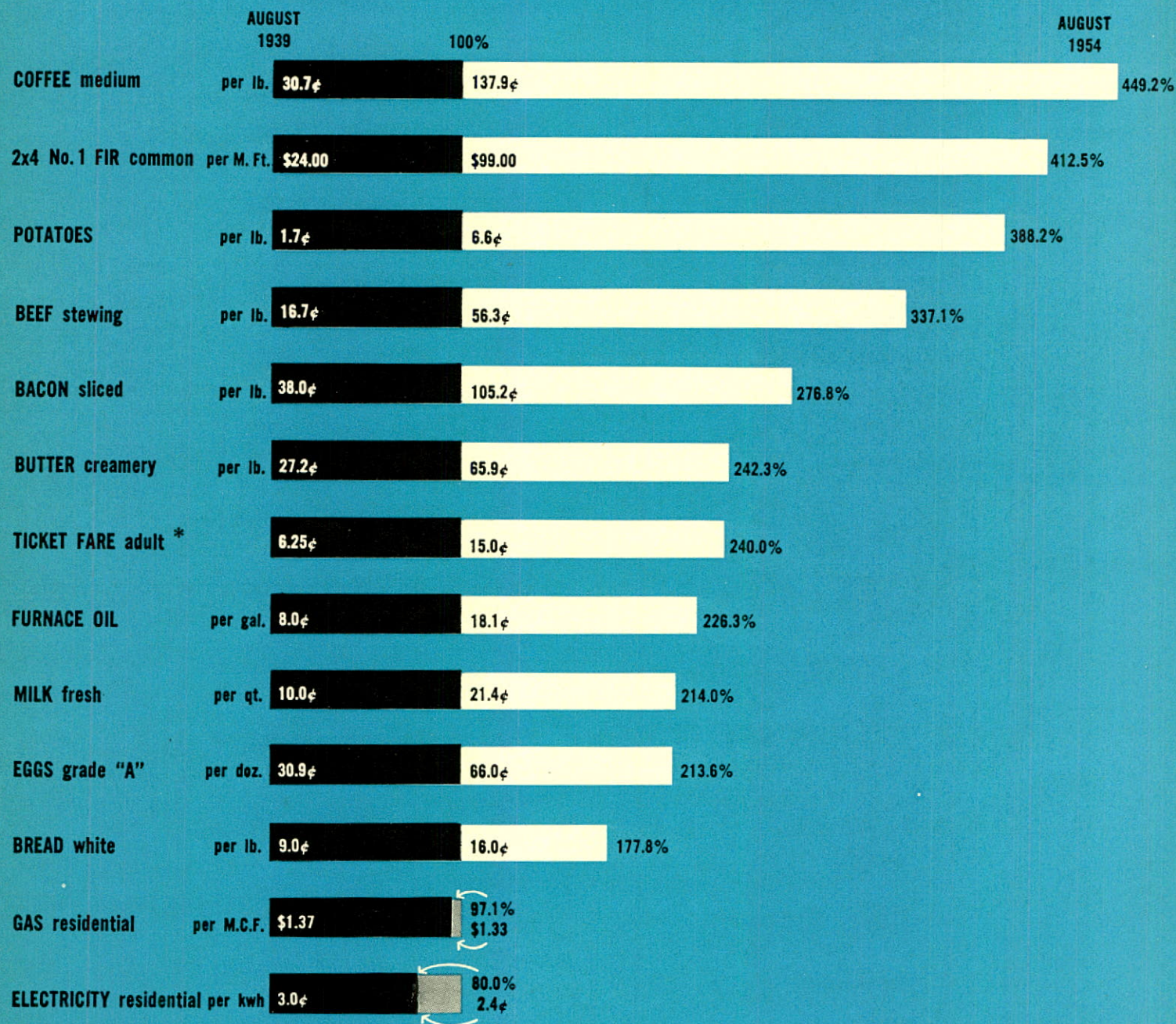
The Ashcroft electric system, previously a separate one, was joined to the Mainland system by a 60 kv transmission line from Lillooet.

Investigations were completed for a power development at Cheakamus, to consist of two generating units of 70,000 kw each—the first scheduled to go into operation in 1957 and the second in 1958.

The Victoria gas plant was converted from a mixed manufactured gas and liquid petroleum operation to a liquid petroleum operation.

The Engineering Company was formed to handle hydro-electric and other heavy engineering projects for the Company and other clients.

AVERAGE RETAIL PRICES OF SOME ITEMS OF EXPENDITURE VANCOUVER



* Reflects fare increase of September 1954,
no longer in effect.

INDICATES DECREASE FROM 1939



OFFICE BUILDING AND BUS DEPOT, NEW WESTMINSTER, B. C.

Economic and physical weather were important elements in the background of the Company's 1954 operations.

Economic conditions in British Columbia were on the whole good; the recession which affected the United States and parts of Canada (and which appeared to have been overtaken and caught up by the end of the year) treated British Columbia gently.

The year was dark and cool. Readings at the Vancouver airport showed (the corresponding official normal figures are given in brackets immediately following the actual figures) that hours of sunshine were 1,663.3 (1,900.9) and that degree days were 5,863 (5,624), and corresponding variations were recorded at the Dominion Observatory in Victoria. An extra stimulus to the volume of electric and gas sales was given by these conditions.

RESULTS OF OPERATIONS

The earnings for the year were \$5,127,357 or \$1.62 per share on the common shares outstanding at the year-end as compared with \$4,595,257 or \$1.47 per share on the same basis for the previous year. Dividends on the common shares at the rate of 25¢ a quarter, the rate instituted in the fourth quarter of 1953, were continued throughout 1954.

The operating income for 1954, on the basis of the Company's accounting to the Public Utilities Commission, represents a return on the investment in the regulated services of approximately 5.5% as opposed to 5.4% for 1953, 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 \$59,243,593, an increase over 1953 of \$3,236,630 or 5.8%, to which the various services contributed as follows:

	1954	Increase or <i>Decrease</i> compared with 1953	
		Amount	%
Electric	\$35,605,683	\$3,221,268	9.9
Gas	4,881,140	291,275	6.3
Transportation:			
Passenger	14,915,932	229,946	1.5
Freight	3,370,127	88,297	2.6
Miscellaneous	470,711	42,330	9.9
	<u>\$59,243,593</u>	<u>\$3,236,630</u>	<u>5.8</u>

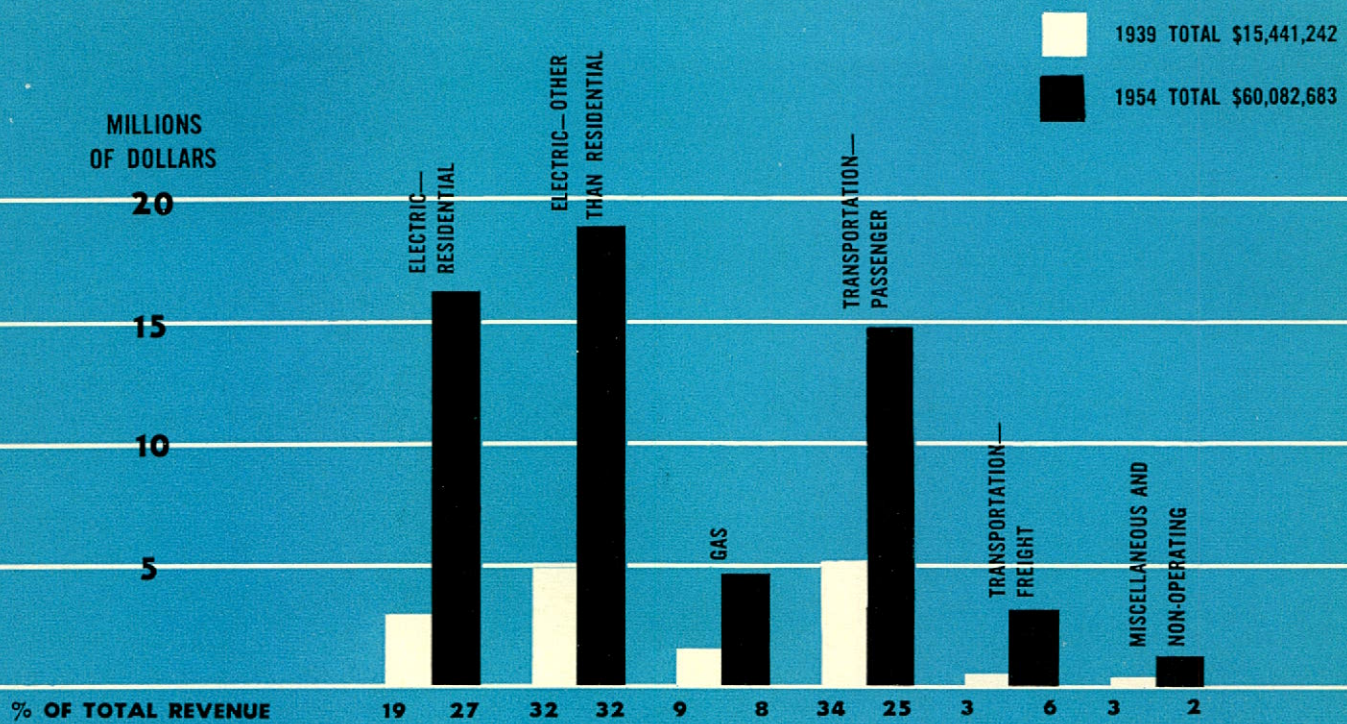
The corresponding figures for the volume of services rendered are as follows:

	1954	Increase or <i>Decrease</i> compared with 1953	
		Amount	%
Kilowatt-hours of electricity sold	2,050,775,449	149,260,278	7.8
Cubic feet of gas sold	4,139,317,000	292,605,000	7.6
Transportation:			
Passengers carried	111,656,285	6,359,878	5.4
Freight tonnage	1,088,537	40,776	3.6

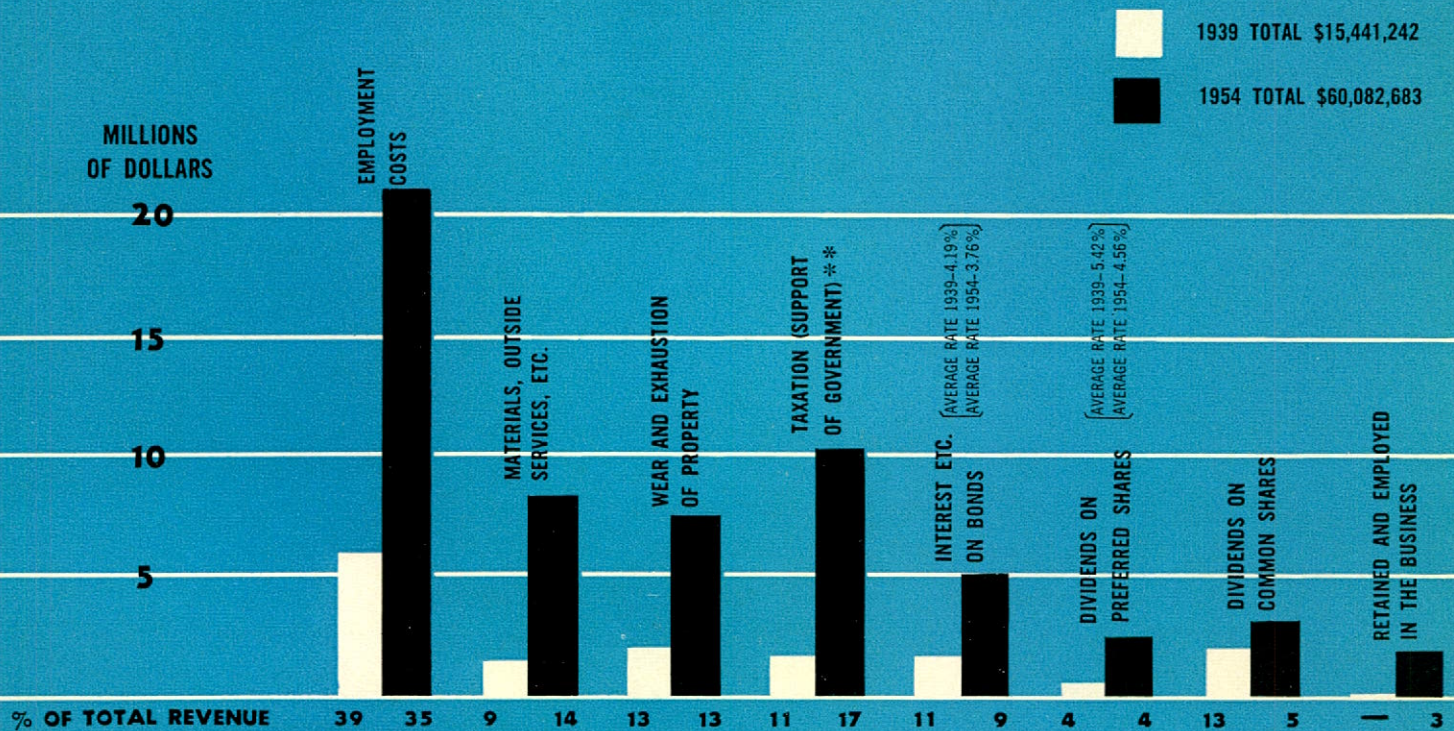
In the electric service the net increase in the number of customers over the year was 11,514, bringing the total to 265,693 at the year-end. Average annual consumption per residential customer also increased significantly; it was 2,974 kwh in 1953 and rose to 3,372 in 1954.

The electric gross revenues for 1954 include \$658,657 from export sales; the corresponding figure for 1953 was \$1,083,743. The export revenues for 1954 include only a nominal amount for sales of dump energy because of good water conditions in Washington and Oregon, which sales in 1953 were \$302,432.

SOURCES OF REVENUE 1939* AND 1954



DISPOSITION OF REVENUE 1939* AND 1954



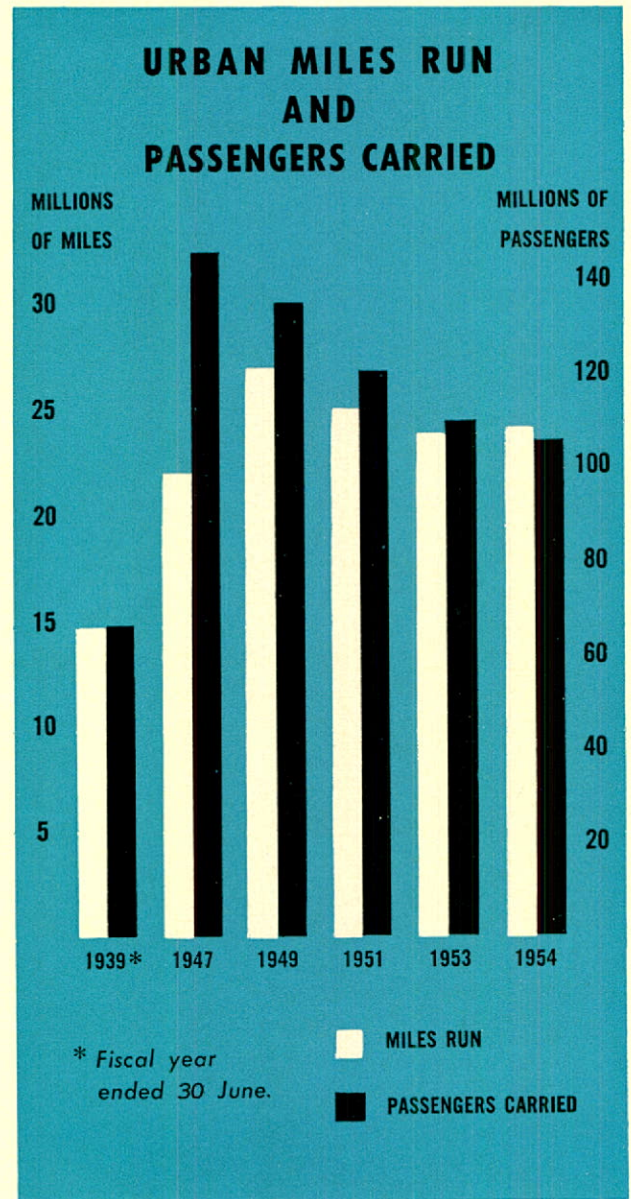
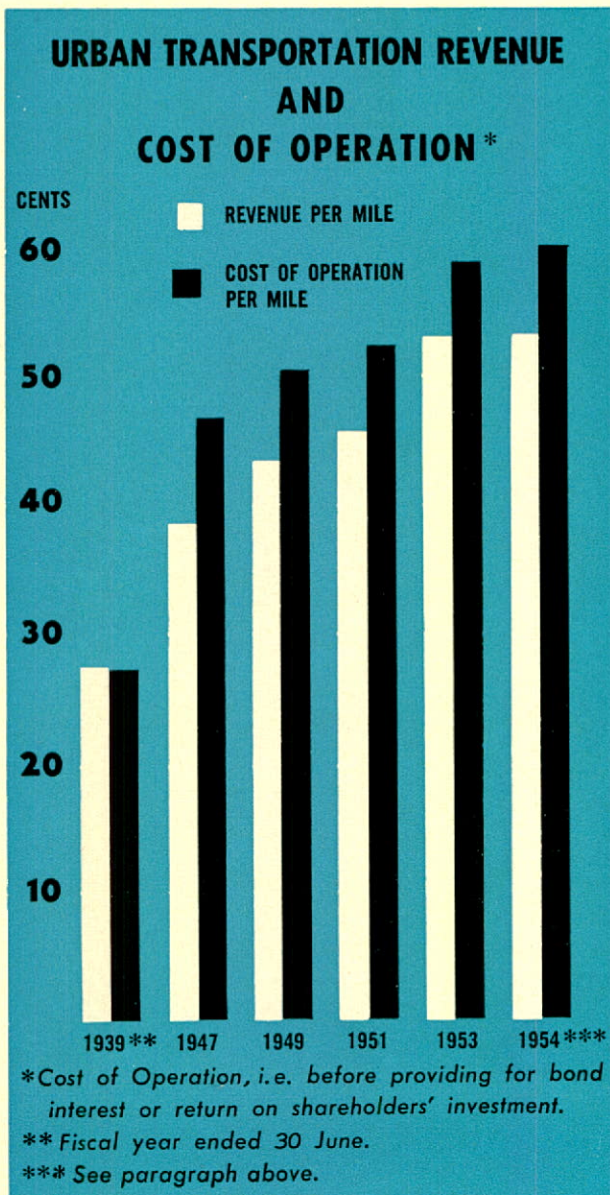
* Fiscal year ended 30 June.

** 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 amounted to about \$3.5 million in 1954.

Transportation passenger revenues for the year benefited by an amount roughly estimated at \$285,000 from fare increases in the urban services on the Lower Mainland approved by the Public Utilities Commission with effect from 7 September 1954. On 11 March 1955, the Court of Appeal allowed an appeal by municipalities against this decision on a point of law, and on 13 March the Company reverted to the fares that were previously in effect.

OPERATING EXPENSES

Operating expenses at \$47,217,255 showed an increase of \$2,017,579 or 4.5% over 1953.



The increased cost of wages and salaries shown in the financial statements resulted from higher rates established in collective agreements and from merit rating increases to members of the Office Employees' Association. Of the three new agreements negotiated during the year, one was for 26 months and the others were for two years.

A decrease in the cost of Workmen's Compensation is the result of substantially reduced assessments which recognize the Company's good safety record, to which reference is made again later in this report.

The increased provision for depreciation is the result of increased property in service and the increase in provision for taxes on income is the result of higher taxable income, as reflected in the income statement. (For the distinction between the depreciation charged to operations and the capital cost allowances claimed for tax purposes, and for the distinction between the provision for taxes on income charged to current operations and the taxes currently payable, reference should be made to Note 6 to the financial statements.)

THE ENGINEERING COMPANY

The Engineering Company was incorporated in September and commenced business as at 1 October 1954. It took over the services of some 50 employees of British Columbia International Engineering Company Limited; the General Manager of that company became its General Manager. Progressively during the last quarter of the year, more than 100 employees in the Engineering Division of the Electric Company were engaged by the Engineering Company. The Engineering Division of the Electric Company has been disbanded and its remaining staff and its remaining duties (chiefly distribution engineering) have been transferred to the Electrical Division.

The Engineering Company is equipped with the skills and experience to handle hydro-electric and other heavy engineering projects and will undertake all such work for the Company; it will also offer its services in the same fields for other clients anywhere in the world.

CONSTRUCTION PROGRAMME

The net additions to property account for the year amounted to \$30,427,757 as compared with \$21,174,926 in 1953. The net additions in 1954 comprised gross expenditures of \$34,349,312 less retirements of \$3,921,555.

The major expenditures in 1954 by projects or broad classifications included the following:

Electric extensions, Mainland and Vancouver Island, including cost to connect 11,872 new services	\$6,042,527
Gas extensions, Mainland and Vancouver Island, including cost to connect 779 new services	404,260
Bridge River hydro-electric development:	
Fourth generating unit	1,688,972
La Joie storage dam, stage 3	3,660,068
Seton Creek hydro-electric development	2,771,994
Creekside to Rosedale 345 kv transmission line	6,648,492
Lillooet to Ashcroft 60 kv transmission line	705,481
Substations, associated distribution facilities and local transmission systems	6,590,455
Overhead distribution system for trolley coaches, Vancouver	742,366
Trolley coaches, Vancouver, 16 units	449,184
Combined transportation depots and sales offices, Fraser Valley	246,808
New office building, Victoria	519,057

The fourth generating unit of 45,000 kw at Bridge River was put into service in July.

The construction of the third and last stage of the La Joie dam was continued during the year; it had the effect of providing 30% more storage than was available at the end of 1953. Completion is planned for late 1955.

Construction for a 42,000 kw generating unit at Seton Creek is well advanced and its completion is scheduled for 1956.

At the time of closing construction for the winter months, work on the 345 kv transmission line from Creekside to Rosedale had advanced to the point where clearing and the installation of tower footings were nearly complete and some 24% of the towers had been erected; about 80% of total project cost (including purchase of tower sections and conductor) had been met by the year-end.

The Ashcroft electric system, which was purchased in 1953, was at that time an isolated operation. It has now been joined to the Mainland system by a 60 kv line originating at Lillooet. To build more load to be served by this line the Company is investigating an experimental irrigation system to explore the economic feasibility of pumping water from the Thompson River to the higher benches.

It is expected that the new office building in Victoria will be ready for occupancy during the summer of 1955.

How the amounts totalling \$11,100,000 described in the Consolidated Balance Sheets as at 31 December 1953 as "Additional capital cost allowances" have been treated in the corresponding statements as at 31 December 1954 is described in Note 4C to the financial statements.

SUPPLY OF ENERGY

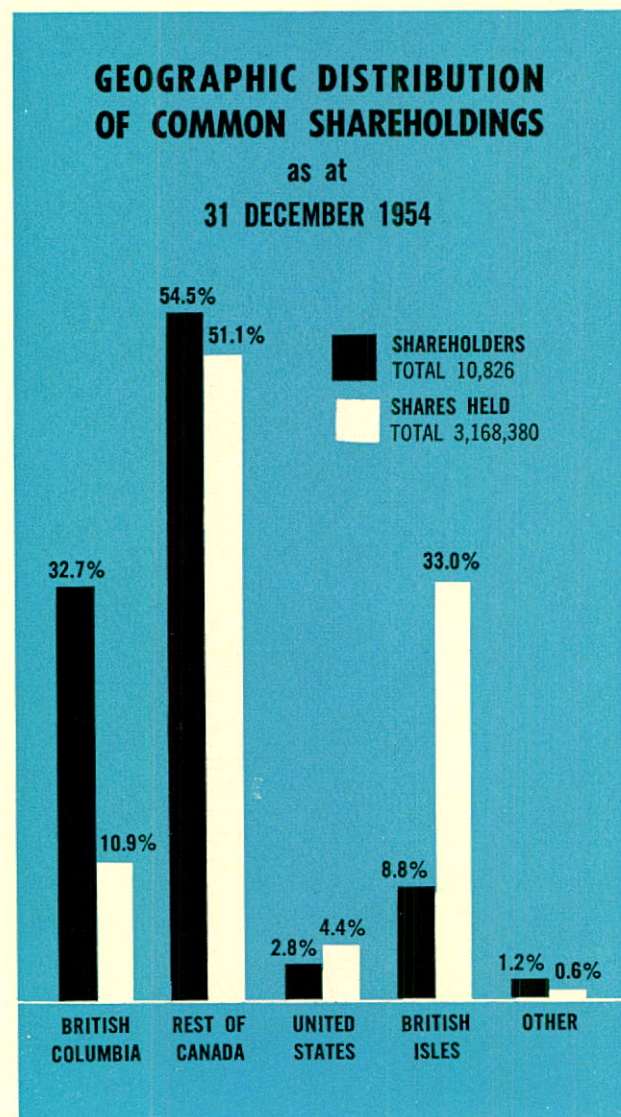
Rated generating capacity on the Mainland system at the year-end was 482,800 kw (equivalent turbine capacity is 667,800 horsepower). The peak one-hour demand on this system during the year if one excludes export was 432,500 kw, and if one includes export was 459,500 kw. The next unit to come into service, that at Seton Creek in 1956, has been mentioned. Satisfactory preliminary investigations for a development at Cheakamus, some 60 transmission miles from Vancouver, were completed in 1954 and a contract to drive a seven-mile tunnel was let just before the year-end. This development will comprise two units, each of 70,000 kw, the first to go into operation in 1957 and the second in 1958; it will give the Mainland system the protection of further diversification by bringing to bear the run-off characteristics of a new watershed.

Last year's report mentioned the plan for a 132 kv interconnection between the Mainland and Vancouver Island systems through a submarine cable

across the Strait of Georgia. Under-water surveys and selection of routes have been completed and a contract has been let for the manufacture and laying of the cable, which is to be placed in service in 1956.

The Victoria gas plant was converted from a mixed manufactured gas and liquid petroleum operation to a liquid petroleum operation; B.T.U. content was raised from 525 to 600 per cubic foot, which required adjustment of 17,307 gas appliances.

The matter of developments in the field of natural gas as they affect the Company is alluded to under the last heading in this report, "Prospects".



FINANCING

In January an issue of \$15,000,000 principal amount of First Mortgage Bonds, 4¾% Series "I", of the Electric Company was arranged; in February the proceeds were received of \$12.4 million principal amount of these bonds, and the proceeds of the remaining \$2.6 million were, by agreement, received later in the year.

In October the Electric Company marketed \$15,000,000 par value of its 4½% Cumulative Redeemable Preferred Shares.

Of the Power Corporation's 135,000 common shares on which on 4 December 1953 it gave options to purchase to 58 officials throughout the Company, 38,380 were purchased during 1954.

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

Funds Provided

Net receipts from issues of bonds and shares	\$29,345,937
Sales of properties	500,130
Deferred credit (See Note 6 to financial statements)	3,680,000
Funds arising from operations—	
Earnings on common shares	\$5,127,357
Add back—Charges against operations calling for no current outlay of cash:	
Provision for depreciation	\$7,476,867
Pension costs paid in advance in prior years	667,748
Bond refunding and issue expenses and discounts written off	340,000
	8,484,615
	13,611,972
	\$47,138,039

Funds Applied

Gross capital expenditures	\$34,349,312
Redemption of bonds, made or provided for	1,915,775
Dividends on common shares of parent company	3,154,776
Increase in working capital (less decrease in miscellaneous items of \$298,254)	7,718,176
	\$47,138,039

EMPLOYEES

Employees who retired on pension during the year having had 45 or more years of service were three in number — Mr. Peter Mortensen, Chief Operator at Newell Substation, with 49 years' service and Mr. Joseph Crookall and Mr. Richard Gardner, transit operators, with service of 47 and 46 years respectively. Mr. Ivor Neil, at the time of his retirement General Manager of Transportation of the Railway Company and Vice-President of B.C.M.T., was a pioneer of interurban bus transportation and had been engaged in it for many years before he joined the Company in 1925, on the Company entering that field. Upon Mr. Neil's retirement, Mr. H. L. Purdy took over responsibility for Transportation in addition to Gas, and at the

same time vacated his duties as Director of Research and Administrative Control. Mr. Sigurdur Sigmondson was appointed General Manager of Transportation, and Mr. R. M. Bibbs Acting Director of Research and Administrative Control. Subsequently, Mr. Purdy was named Executive Vice-President and to his responsibilities were added those for Industrial Relations and Sales. Mr. Thomas Ingledow, formerly Vice-President and Chief Engineer, became Vice-President and Executive Engineer, and Mr. J. H. Steede, who had been executive assistant to Mr. Ingledow, was appointed Chief Engineer of the Electrical Division under the direction of Mr. Ingledow. The creation of the Engineering Company has been mentioned; Mr.

Grauer is its Chairman, Mr. Ingledow its President and Mr. W. G. Huber its General Manager.

For the second consecutive year the Gas Division was awarded by the American Gas Association an Accident Prevention Award Certificate. These awards are given for a reduction of at least 25% in the rate of frequency of accidents. The Transportation Division in respect of its Greater Vancouver operations received a Special Citation Certificate from the American Transit Association for achieving the greatest improvement in traffic and passenger safety among transit companies in North America serving urban areas of comparable population.

At the outset of this report the weather for the year was characterized in general terms; in the last half of January more than 36 inches of snow fell in the Vancouver area, and up to twice that depth in outlying areas. In the urban areas the flow of traffic was seriously disrupted and in some outlying areas actually ceased for a time. At the height of the crisis in the Fraser Valley, a farmer phoned to the Company in New Westminster to say that his infant had pneumonia, that sulfa drugs were required and that his home was completely isolated by the storm. Two employees of the Company picked up the drugs and set forth on the interurban railway with a powerful snow-plow and handed over the drugs to the father, who had been able to fight his way out through the snow drifts to the track.

The following quotation is from an editorial entitled "To the Heroes of the Storm" which appeared in the Vancouver Sun of 26 January:

"All hail to the energy and endurance of several thousand men who've kept the Vancouver area functioning remarkably well despite ten days of endless snow.

"To city and B.C. Electric workmen whose ploughs and shovels, sand and salt, have kept main thoroughfares reasonably passable when most citizens were hard-put to keep the family walks open.

"To the patient, harried trolley coach, bus and taxi drivers who've kept the working population on their jobs with a minimum of inconvenience despite vast overloading by motorists who've left their cars home, treacherous roads and schedules knocked all askew."

The directors wish to record their appreciation of the long and able service of those who retired on pension and of the loyalty and industry of the employees throughout a busy and eventful year.

DIRECTORATE

Mr. A. J. Nesbitt found it necessary for reasons of health to resign his directorship and died shortly after; he had been a director since the Power Corporation was formed in 1928. Mr. A. Deane Nesbitt, President of Nesbitt, Thomson and Company, Limited, was appointed to fill the vacancy. Major Andrew P. Holt likewise found it necessary to resign because of ill health; he too had been a member of the Board since the formation of the Power Corporation. Col. The Honourable Clarence Wallace, C.B.E., was appointed to fill the vacancy.

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 public accountants, 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 is to be presented to the shareholders. Thus, in times of quick change or potential change, the Company's prospects at the time of the annual meeting cannot be discussed fully in the annual report. Again, as on former occasions, the President 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,
Vancouver, B.C.,
24 March 1955.

A. E. GRAUER,
President.

PROSPECTS BRIGHTEN FOR INTRODUCTION OF NATURAL GAS TO B.C. ELECTRIC SERVICE AREA

The Company has arranged for supplies of gas following pipeline agreement

Efforts which have been made for three years to market British Columbia natural gas in the United States, which would bring this fuel to B.C. Electric customers en route, moved forward again in December 1954.

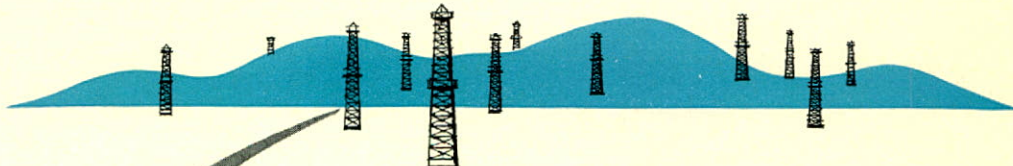
An agreement was reached by the Pacific Northwest Pipeline Corporation Ltd., of Houston, Texas; the El Paso Natural Gas Company, of El Paso, Texas; and the Westcoast Transmission Company Ltd., of Alberta. This agreement calls for the construction of a \$400 million pipeline system serving large portions of British Columbia and western United States and providing a market for large quantities of natural gas from the Peace River fields in B.C. and Alberta.

Approval of the plan must be secured from the U.S. Federal Power Commission, but officials of the pipeline companies have predicted that initial gas deliveries may be expected by late 1957.

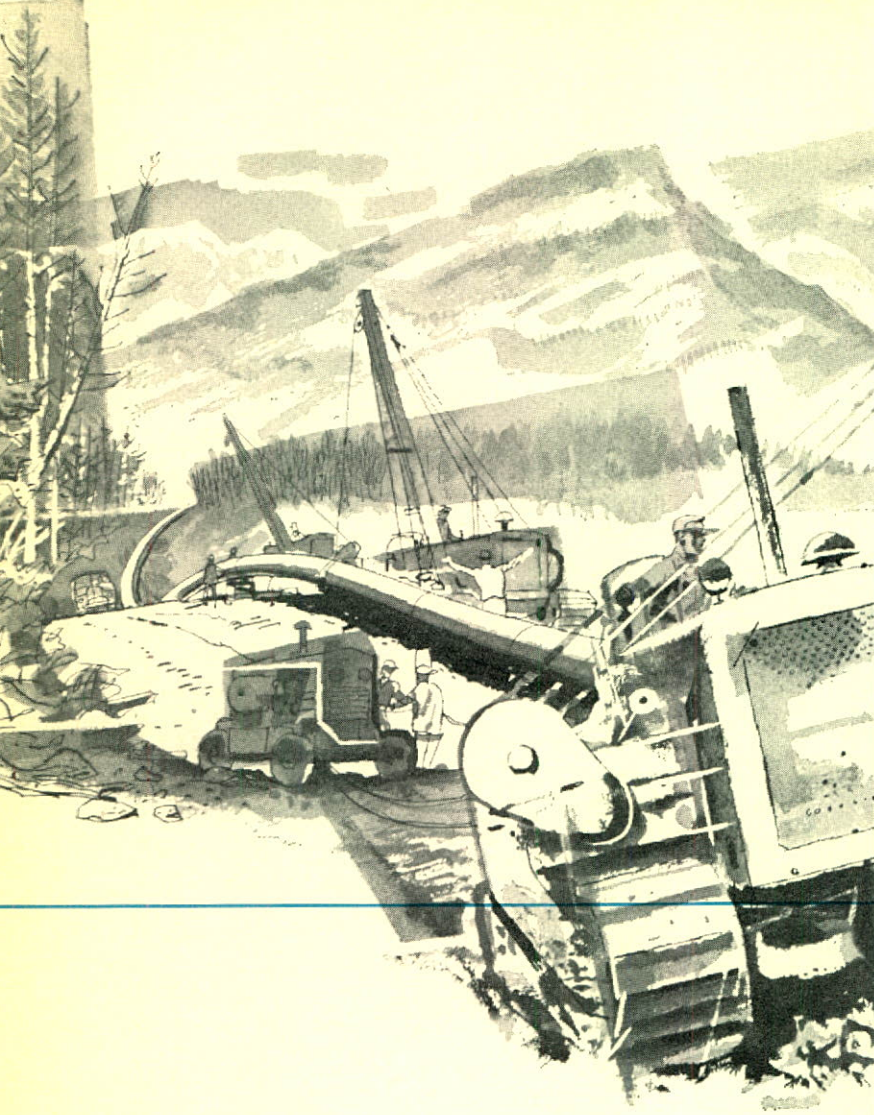
The signing of the pipeline agreement has been widely acclaimed as one of the most significant developments in British Columbia's economic history. It is expected to provide natural gas to



NATURAL GAS

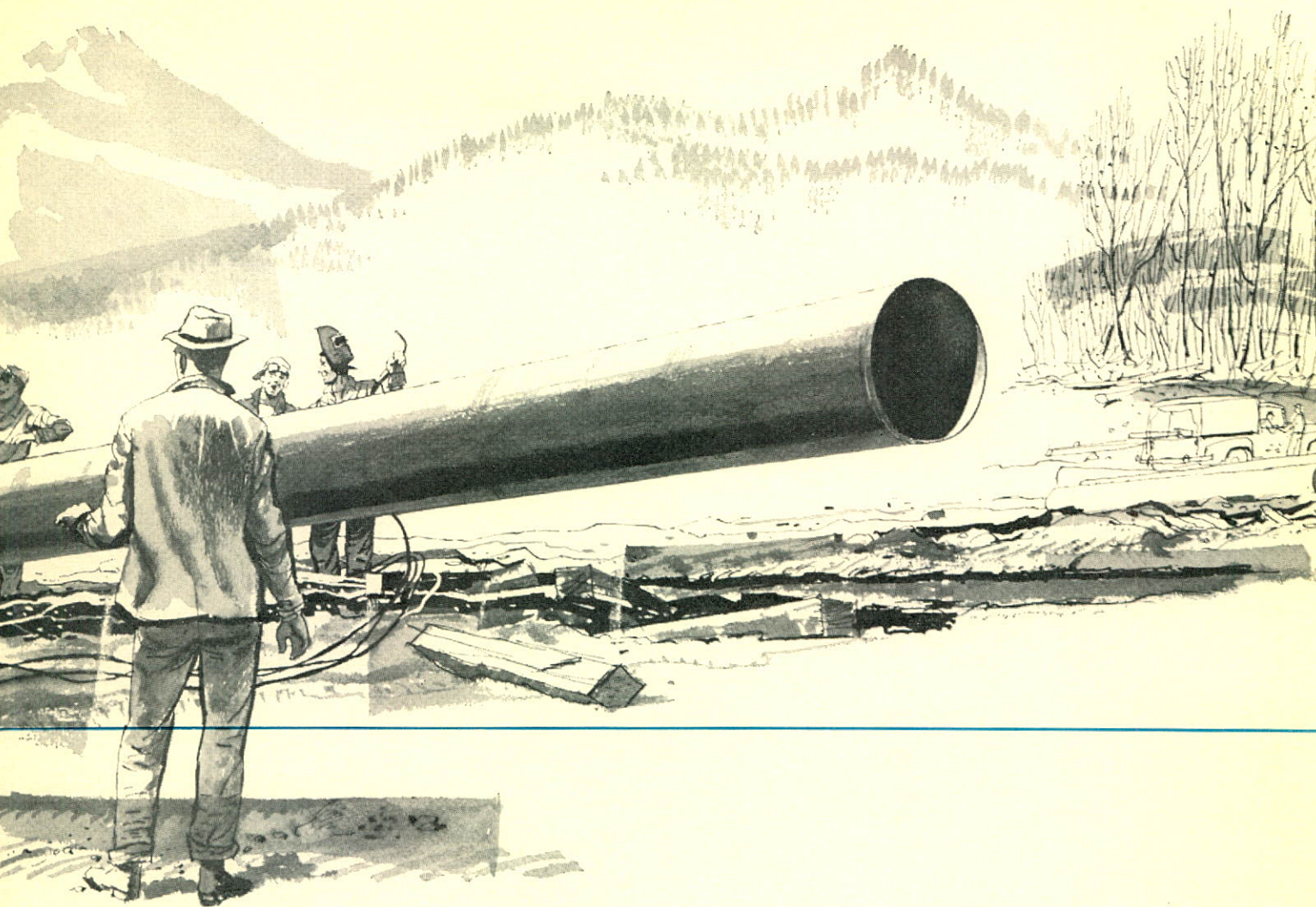


many of the populated centres of the Province, which will therefore be in a better position to attract industry. The construction of the 650-mile 30-inch pipeline to the border and the attendant distribution systems will in themselves provide a healthy surge of employment and payrolls; probably, however, sizeable activity will not be underway before 1956. The sale of 375,000,000 cu. ft. of gas daily which is expected to be realized within a few years will be a very substantial source of new wealth for Canada's two western provinces. Government revenues will be bolstered by very substantial royalty payments.



PROPOSED NATURAL GAS PIPELINE





Following the successful negotiations between the pipeline companies, an agreement was signed between B. C. Electric and Westcoast Transmission Company Ltd. in March 1955, providing for delivery of gas to the Company for distribution in the Lower Mainland of the Province.

The agreement is favourable to the areas served by the Company as it arranges for a large volume of gas initially and makes provision for additional substantial supplies, as further proven reserves are acquired by Westcoast in the Peace River area, before any increase in sales to the United States.

The agreement will be helpful also in securing an early completion of the pipeline. By contractually assuring Westcoast of a reliable Lower Mainland market for gas, it will assist them in arranging their financing.

B. C. Electric plans for distribution of the new fuel have been worked out and will be put into action immediately the necessary approvals from the Federal Power Commission clear the way for Westcoast to commence their pipeline. The pricing terms of the agreement with Westcoast are favourable so that natural gas will be competitive with other available sources of energy despite the very considerable cost of constructing the pipeline and building, extending and adapting distribution systems. Accordingly, it is expected that a large volume of domestic, commercial and industrial gas sales will be developed.

By the time the pipeline reaches the coast, distribution systems will be ready in various municipalities in the B. C. Electric service area where manufactured gas is not now available. Plans will be completed for the task of converting existing distribution systems and changing appliances to use natural gas efficiently. The capital outlays by the Company for these purposes are estimated at approximately \$18,000,000 over a five-year period dating from the approval of the Federal Power Commission.

B. C. Electric is negotiating for two additional advantages for its service area. One is a supply of gas from the United States pipeline between the time it reaches the border and the time when Westcoast is ready to commence delivery. The other is an emergency supply from the United States line if at any time there is an interruption in Westcoast's service.

The Company is also actively exploring the possibilities of a submarine pipeline to Vancouver Island for the distribution of natural gas there.

Political, industrial and labour leaders are in unanimous agreement that the building of the proposed pipeline will prove an important factor in strengthening the whole provincial economy, and at the same time stimulate the opening up of areas of British Columbia where valuable stores of natural resources remain undeveloped.

SUBMARINE CABLE TO VANCOUVER ISLAND

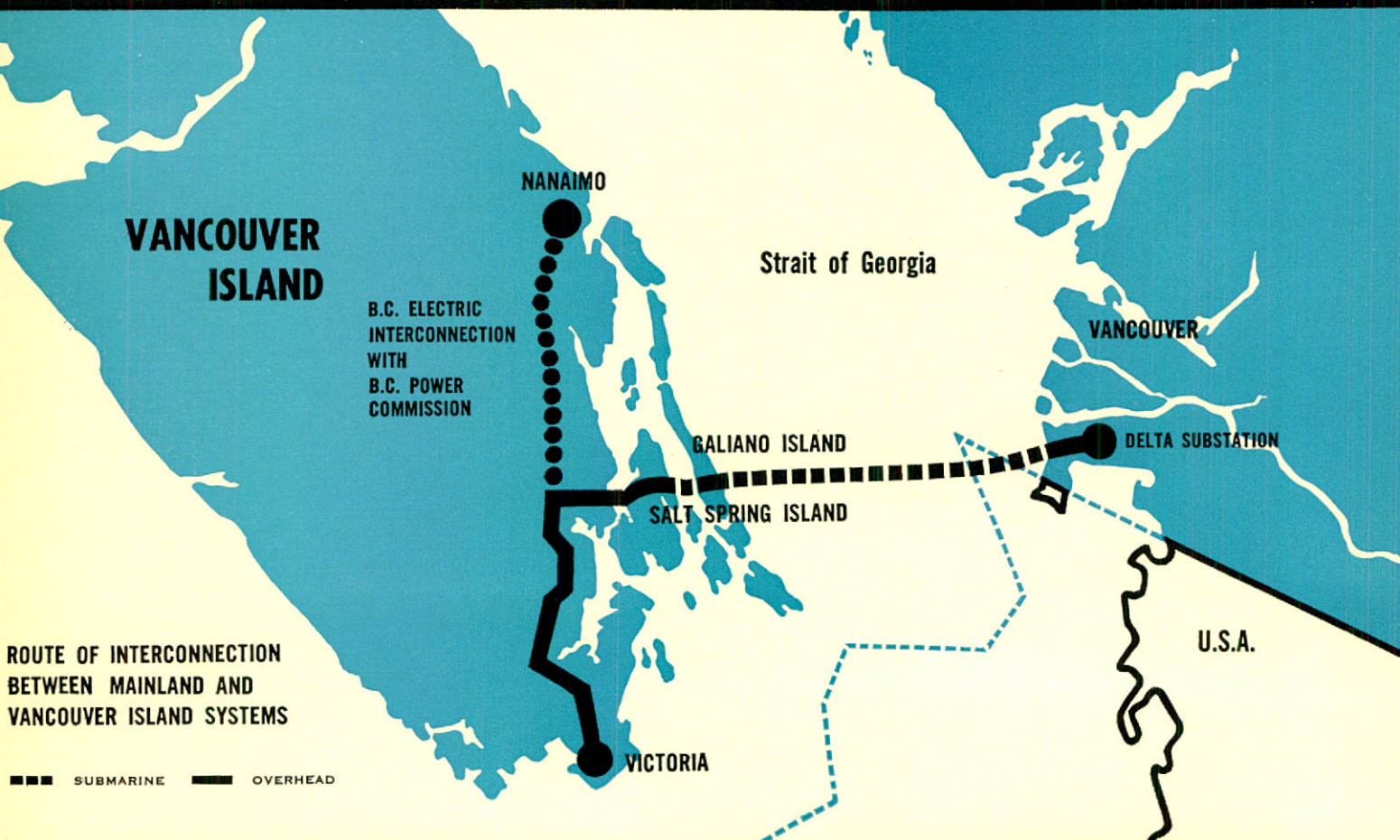
UNIQUE ENGINEERING PROJECT TO STIMULATE DEVELOPMENT

Vancouver Island, separated from the British Columbia Mainland by the island-dotted Strait of Georgia, has shared bountifully in the Province's postwar industrial development. While demand for electric energy has grown rapidly, the Island is limited in potential hydro-electric sites.

To bring the benefits of the Mainland's plentiful power supply to Vancouver Island, the lower portion of which is served by the B.C. Electric, the Company is going ahead with a submarine circuit. This will be a unique engineering feat in several respects. It will be the world's highest capacity undersea circuit of its length, carrying 120,000 kva at 132,000 volts.

The total length of the new circuit will be 46 miles, 19 of which are under the sea. The longest single underwater stretch will be 16 miles. For the first time, submarine cables of this capacity are being made in this continuous length, without splices.

This cable link, which will connect with an existing transmission line between Nanaimo and Victoria, will be completed in mid-1956. It will solve immediate power problems on Vancouver Island and set a pattern for future circuits. Acclaimed as "the most significant electrical development in this Province", it surmounts what has previously been an insoluble problem in the distribution of the benefits of electricity.



BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Income for the Year Ended 31 December 1954
(with corresponding figures for the year ended 31 December 1953)

	1954	1953
Gross revenue from operations	\$59,243,593	\$56,006,963
<i>Deduct—</i>		
Employment costs:		
Wages and salaries	\$18,218,699	\$17,558,356
Pension plans (Note 1)	2,012,848	1,916,000
Workmen's compensation and unemployment insurance	296,012	436,919
Other welfare and insurance plans	500,985	430,178
	\$21,028,544	\$20,341,453
Directors' fees	27,185	23,580
Materials, outside services, etc.	8,335,774	8,442,480
Provision for depreciation (Note 4C)	7,476,867	7,116,162
Required for Government:		
Provision for taxes on income (Note 6)	\$ 7,212,381	\$ 6,351,100
Property taxes	2,165,170	1,954,672
Transportation franchise expense	490,631	479,732
Water licence fees	327,882	286,070
Other charges	152,821	204,427
	10,348,885	9,276,001
Total operating expenses (Note 2)	\$47,217,255	\$45,199,676
Operating income	\$12,026,338	\$10,807,287
<i>Add—</i>		
Non-operating income:		
Net return from temporary investments	\$ 690,349	\$ 460,886
Profit through redemption of bonds at less than principal amount	148,741	140,118
	839,090	601,004
	\$12,865,428	\$11,408,291
<i>Deduct—</i>		
Interest on bond debt, less interest charged to construction \$541,376 (\$366,968 in 1953)	\$ 4,813,801	\$ 4,436,913
Amortization of bond refunding and issue expenses and discounts, applicable to:		
Refunded issues	80,208	80,208
Outstanding issues	259,792	241,768
	5,153,801	4,758,889
Net income for the year	\$ 7,711,627	\$ 6,649,402
<i>Deduct—</i>		
Dividends on preferred shares and stock of subsidiaries owned by the public:		
British Columbia Electric Company Limited	\$ 2,534,637	\$ 2,003,837
British Columbia Electric Railway Company Limited	49,633	50,308
	2,584,270	2,054,145
Earnings for the year on Common Shares of parent company:		
Amount	\$ 5,127,357	\$ 4,595,257
Per share outstanding at the year-end	\$1.62	\$1.47

**BRITISH COLUMBIA POWER
AND SUBSIDIARIES**

Consolidated Balance Sheet

(with corresponding figures for 1953)

	1954	1953
CURRENT AND WORKING ASSETS:		
Cash on hand and in banks	\$ 1,473,088	\$ 842,042
Temporary investments (Note 3)	21,214,459	16,133,460
Sundry investments	37,206	37,206
Working funds advanced to agents, transit operators, etc.	212,898	204,715
British Columbia Electric Company Limited First Mortgage Bonds, at cost (quoted market value \$1,302,656) purchased for sinking funds and accountable at cost for this purpose	1,289,869	1,453,199
Accounts receivable and unbilled revenues, less provision for doubtful accounts	6,525,309	6,285,786
Inventories of materials and supplies (including construction materials) determined as to quantities by book inventories confirmed annually by physical count or measurement, valued at average cost	4,656,916	4,617,582
Prepaid expenses	151,562	73,145
	<u>\$ 35,561,307</u>	<u>\$ 29,647,135</u>
 DEFERRED CHARGES:		
Advance payments on account of future contributions to retirement plans in respect of employees' past services	\$	\$ 667,748
Unamortized portion of payments made under transportation franchise agreements, and other deferred items	263,330	298,011
Unamortized bond refunding and issue expenses and discounts—		
Applicable to refunded issues	468,593	548,801
Applicable to outstanding issues	4,556,808	4,252,912
	<u>\$ 5,288,731</u>	<u>\$ 5,767,472</u>
 PROPERTY ACCOUNT (Note 4):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electric energy and gas, and electric railways, trolley coaches, motor buses, etc.	\$324,968,845	\$296,041,088
Unfinished construction	16,000,000	14,500,000
	<u>\$340,968,845</u>	<u>\$310,541,088</u>
<i>Less—</i>		
Accumulated provisions for depreciation (Note 4C)	\$ 66,784,099	\$ 55,022,602
Additional capital cost allowances (Note 4C) .....	.....	11,100,000
	<u>\$ 66,784,099</u>	<u>\$ 66,122,602</u>
	<u>\$274,184,746</u>	<u>\$244,418,486</u>
	<u>\$315,034,784</u>	<u>\$279,833,093</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 1954, and the consolidated statements of earnings employed in the business and of income 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 earnings em-

ployed in the business and of income, 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 1954 and the results of their combined operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies, the statements having been prepared on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & Co.
Chartered Accountants
Auditors.

Vancouver, B.C.,
21 March 1955.

CORPORATION, LIMITED

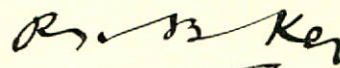
RY COMPANIES


as at 31 December 1954

as at 31 December 1953)

	1954	1953
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft	\$ 5,105,707	\$ 1,255,295
Accounts payable	3,102,000	5,087,059
Current liabilities on construction account		2,950,000
Taxes payable—		
Taxes on income (Note 6)	2,210,936	4,022,280
Other taxes	671,133	292,067
Debt and bond interest accrued	1,691,828	1,414,786
Dividends declared, since paid	1,562,033	1,321,265
Bond sinking fund payments due within one year	1,778,970	1,567,003
Provision for accidents	546,070	446,180
Provision for portion of contributions to trustee pension plans		415,000
	<u>\$ 16,668,677</u>	<u>\$ 18,770,935</u>
DEFERRED CREDIT (Note 6)	\$ 5,438,000	\$
BOND DEBT, less sinking fund payments due within one year—per statement attached	<u>\$144,248,438</u>	<u>\$131,164,213</u>
SHARES OF SUBSIDIARIES OWNED BY PUBLIC:		
British Columbia Electric Company Limited—		
4% Cumulative Redeemable Preferred Shares of \$100 each (redeemable at a premium of 3%)	\$ 12,000,000	\$ 12,000,000
4¾% Cumulative Redeemable Preferred Shares of \$100 each (redeemable at a premium of 5%	26,413,400	26,413,400
5% Cumulative Redeemable Preferred Shares of \$50 each (redeemable at a premium of 4%)	13,000,000	13,000,000
4½% Cumulative Redeemable Preferred Shares of \$50 each (redeemable at a premium of 4%) (issued in October 1954)	15,000,000	.....
	<u>\$ 66,413,400</u>	<u>\$ 51,413,400</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 shareholdings in another subsidiary	3,110	3,140
	<u>\$ 68,178,617</u>	<u>\$ 53,178,647</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ 343,718	\$ 286,170
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital (Note 7A)—		
Authorized:		
5,000,000 Common Shares without nominal or par value		
Issued:		
3,168,380 Common Shares (38,380 issued in 1954) representing a total cash consideration of	\$ 68,388,790	\$ 67,773,750
Capital surplus (Note 4C)	1,842,000	.....
Earnings employed in the business—per statement attached	9,926,544	8,659,378
	<u>\$ 80,157,334</u>	<u>\$ 76,433,128</u>
COMMITMENTS (Note 5)	<u>\$315,034,784</u>	<u>\$279,833,093</u>

APPROVED ON BEHALF OF THE BOARD:

 Director.

 Director.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Earnings Employed in the Business
for the Year Ended 31 December 1954*

(with corresponding figures for the year ended 31 December 1953)

	1954	1953
As at the beginning of the year	\$ 8,659,378	\$ 6,791,458
<i>Add—</i>		
Earnings on Common Shares of parent company per Consolidated Statement of Income	\$ 5,127,357	\$ 4,595,257
Provisions for taxes on income of prior years, estimated to be in excess of requirements .....	.....	300,000
	5,127,357	4,895,257
<i>Deduct—</i>		
Expenses relating to changes in 1953 in share capital of parent company:		
Conversion of Class "A" and Class "B" Shares into Common Shares	\$ 91,276	\$ 64,238
Fees to increase authorized share capital	31,500	25,500
Issue of additional Common Shares .....	.....	27,354
Commission and expenses on issue of Cumulative Redeemable Preferred Shares of British Columbia Electric Company Limited	582,639	639,745
	705,415	756,837
	\$13,081,320	\$10,929,878
<i>Deduct—</i>		
Dividends on Common Shares of parent company	3,154,776	2,270,500
As at the end of the year	\$ 9,926,544	\$ 8,659,378

Statement of Bond Debt as at 31 December 1954
(with corresponding figures as at 31 December 1953)

	1954	1953
British Columbia Electric Company Limited:		
First Mortgage Bonds—		
3¼% Series "A" due 2 January 1967:		
Issued \$33,000,000, less bonds redeemed	\$ 30,241,000	\$ 30,704,000
3¼% Series "B" due 1 October 1967:		
Issued \$10,000,000, less bonds redeemed	9,177,000	9,303,000
3¾% Series "C" due 1 April 1968:		
Issued \$17,000,000, less bonds redeemed	15,842,000	16,068,000
3¾% Series "D" due 1 February 1969:		
Issued \$17,000,000, less bonds redeemed	16,048,000	16,266,000
3½% Series "E" due 1 March 1975:		
Issued \$20,000,000, less bonds redeemed	19,059,000	19,319,000
4% Series "F" due 1 July 1991:		
Issued \$3,745,800, less bonds redeemed	3,614,000	3,660,000
3¾% Series "G" due 1 December 1976, payable in United States funds:		
Issued U.S. \$20,000,000, carried at exchange rates prevailing on dates of issue, less bonds redeemed	19,270,512	19,484,320
4¾% Series "H" due 1 December 1977:		
Issued \$15,000,000, less bonds redeemed	14,696,000	14,847,000
4¾% Series "I" due 1 February 1979:		
Issued	15,000,000	.....
	\$142,947,512	\$129,651,320
<i>Less—</i>		
Sinking fund payments due within one year, included in current and accrued liabilities	1,778,970	1,567,003
	\$141,168,542	\$128,084,317
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
	\$144,248,438	\$131,164,213

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Notes to 1954 Financial Statements

Note 1—Pension plans:

The charges to operations of \$2,012,848 for employees' pension costs for the year ended 31 December 1954 (and the corresponding charges of \$1,916,000 for the year ended 31 December 1953) comprise the following elements:

	1954	1953
Contributory retirement plans (See A below)—		
Provisions based on:		
Employees' past services	\$ 667,748	\$ 623,000
Employees' current services	302,400	434,000
Trusteed contributory pension plans (See B below)—		
Provisions based on:		
Employees' past services	690,000	690,000
Employees' current services	352,700	169,000
	\$2,012,848	\$1,916,000

A. Contributory retirement plans—

As of 1 October 1946 the companies entered into contracts with the Canadian Government Annuities Branch, and the Standard Life Assurance Company, of Edinburgh, for basic and supplementary contributory retirement plans respectively. Since that date the companies have been making payments under these contracts in respect of employees' current services and past services (services prior to 1 October 1946). Further payments presently estimated at approximately \$1,200,000 will be required in respect of the past services under these plans, and the companies intend to write off these payments to operations in the years in which the payments are made.

B. Trusteed contributory pension plans—

The trusteed pension plans were created under agreements effective from the beginning of 1953. The companies have established and are contributing to trust funds held by Montreal Trust Company.

These plans include certain benefits to employees that are not available under the contributory retirement plans referred to in A above. Some of these benefits will derive from past services (services rendered before 1 January 1953) and the additional cost to the companies arising therefrom has been estimated at approximately \$2,750,000, of which at 31 December 1954 there remained \$1,370,000 to be paid and amortized.

C. Non-contributory pension plan—

Pensions to a number of former employees who retired under the previous trusteed non-contributory pension plan, formerly paid in part from general funds, are now being paid entirely from funds retained by The Royal Trust Com-

pany, the trustee of that plan, to which British Columbia Electric Railway Company Limited has given a covenant of indemnity in respect of any deficiency of these funds in the ultimate settlement of such pensions.

359 employees of the companies who may possibly have pension rights under the non-contributory plan have not elected to acquire rights instead under the contributory retirement plans or the trusteed contributory pension plans. The formula for computation of pensions under the non-contributory plan is not guaranteed; it is not possible, therefore, to place an estimated figure on the companies' liability, if any, to pay pensions under the non-contributory plan to the 359 employees in question.

Note 2—Legal fees and executive remuneration:

The operating expenses include legal fees and executive remuneration paid or accrued of \$353,430 (\$288,075 in 1953).

Note 3—Temporary investments:

As at 31 December 1954 these consisted of—

Government of Canada Treasury Bills, at cost	\$ 4,213,184
Industrial Acceptance Corporation Limited notes, at cost	4,908,073
Canadian Acceptance Corporation Limited notes, at cost	493,202
Canada Permanent Mortgage Corporation 3¼% bonds, at cost	100,000
Funds on deposit with—	
Montreal Trust Company	8,000,000
The Royal Trust Company	3,000,000
Canada Permanent Mortgage Corporation	500,000
	\$21,214,459

Note 4—Property account:

A. Cost of properties—

The properties are included in the attached 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.

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 1954 to approximately \$298,000,000; to this should be added unfinished construction of \$16,000,000, and the book value of properties outside the purview of the Public Utilities Act and not so valued, amounting to some \$8,000,000, making a total of approximately \$322,000,000 before deducting accumulated provisions for 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 provisions for depreciation were 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 provisions for depreciation established for the purposes of the Commission, together with accumulated provisions applicable to properties not valued by the Commission, amounted at 31 December 1954 to approximately \$56,000,000, as compared with accumulated provisions of \$66,784,099 recorded in the companies' accounts and shown in the accompanying consolidated balance sheet. The latter figure includes an amount of \$7,500,000 which has been added as at 31 December 1954, as explained below, and which is not at present reflected in the figure established for the purposes of the Commission.

A review has been made of the adequacy of the accumulated provisions for depreciation in respect of the assets of certain large operational units whose replacement by more modern types of plant or equipment has just reached or is close to completion. The principal items are the Victoria manufactured gas plant, which has recently been replaced by a liquid petroleum gas plant, and the Vancouver street railway system, whose conversion to free-wheeling equipment is expected to be completed in 1955. The depreciation accumulated in past years in respect of these assets has been insufficient to provide against their retirement for reasons of obsolescence (with replacement by modern units of a different type) rather than through the exhaustion of their physical life.

The additional amount required to provide for retirement of the undepreciated balance of the cost of the old operational units in question is estimated at \$7,500,000, and a portion equivalent to this amount has been transferred to the accumulated provisions for depreciation from the \$11,100,000 additional capital cost allowances that were recorded and claimed for tax purposes in 1951 and 1952. Of the remaining \$3,600,000 of the additional capital cost allowances, the portion representing the estimated tax deferment obtained therefrom in 1951 and 1952, amounting to \$1,758,000, has been transferred, with effect from 31 December 1954, to Deferred Credit account (see Note 6), and \$1,842,000 has been restored, with effect from 31 December 1954, to Capital Surplus (against which the 1951 and 1952 additional capital cost allowances were in large measure charged).

Note 5—Commitments:

The property programme contemplated for 1955 amounts to \$38,500,000. Purchase commitments of the companies for

capital projects and inventories aggregated approximately \$24,300,000 as at 31 December 1954.

Note 6—Taxes on income:

The returns for income taxes of all the companies have been assessed up to and including the year 1951. The returns for the year 1952 have been reviewed, although not finally assessed, by the taxation authorities. The provisions made for that year and for 1953 and 1954 are considered adequate.

For the year 1954 the companies propose to claim for tax purposes capital cost allowances in an amount which exceeds by \$8,000,000 the depreciation of \$7,476,867 (provided on the basis of rates approved by the Public Utilities Commission) charged to operating expenses in the accompanying consolidated statement of income. From these additional capital cost allowances of \$8,000,000 arises an estimated tax deferment of \$3,680,000, which would reduce the companies' assessments for the year 1954 to an estimated total of \$3,532,381. Operations for the year have been charged with an amount of \$7,212,381 as provision for taxes on income calculated on the basis of the normal depreciation recorded in the accounts for the year, and the estimated tax deferment of \$3,680,000 for 1954 has been transferred, together with the amount of \$1,758,000 mentioned in Note 4C, to Deferred Credit account. The aggregate of \$5,438,000 in this account will be available for reduction of operating expenses in such future years as capital cost allowances that may be claimed for tax purposes fall below the normal depreciation chargeable.

Note 7—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. Such options are to be granted at a price per share substantially equal to the market price or issue price (if any) of the Common Shares current at the time of the grant of the option. On 4 December 1953, options, exercisable within a period of ten years, to purchase a total of 135,000 of these shares were granted to 58 officials throughout the companies. The price per share at which these options were granted was the same as that realized by the Corporation on the public issue of 150,000 shares on the same day. Of the optioned shares 38,380 were taken up during 1954.

B. British Columbia Electric Company Limited—

The following amendments to the Company's Memorandum of Association were made in 1954:

- (1) The Class A Shares and the Class B Shares were renamed Common Shares and the previously issued 1,390,000 Class A Shares and 1,000,000 Class B Shares of no par value thus became 2,390,000 Common Shares of no par value.
- (2) The authorized Preferred Share capital was increased and subdivided from 470,000 Preferred Shares of \$100 each and 260,000 Preferred Shares of \$50 each to 620,000 Preferred Shares of \$100 each and 560,000 Preferred Shares of \$50 each.

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED
 (the sole 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 1954*

(with corresponding figures for the year ended 31 December 1953)

	1954	1953
Net income for the year of British Columbia Power Corporation, Limited and subsidiary companies (per their Consolidated Statement of Income)	\$ 7,711,627	\$ 6,649,402
<i>Add back—</i>		
Net expenses of British Columbia Power Corporation, Limited	127,722	61,345
Net income for the year of British Columbia Electric Company Limited and subsidiary companies	\$ 7,839,349	\$ 6,710,747
<i>Deduct—</i>		
Dividends on preference stock of subsidiary owned by the public: British Columbia Electric Railway Company Limited— 5% Cumulative Perpetual Preference Stock	49,633	50,308
Balance of income	\$ 7,789,716	\$ 6,660,439
<i>Add—</i>		
Earnings employed in the business as at the beginning of the year	\$ 8,394,430	\$ 6,525,165
Provisions for taxes on income of prior years, estimated to be in excess of requirements .....	.....	300,000
	8,394,430	6,825,165
	\$16,184,146	\$13,485,604
<i>Deduct—</i>		
Commission and expenses on issue of Cumulative Redeemable Preferred Shares	\$ 582,639	\$ 639,745
Financing expenses of British Columbia Power Corporation, Limited, relating to changes in 1953 in share capital of that company, incurred in the interest of the group of companies:		
Conversion of Class "A" and Class "B" Shares into Common Shares	91,276	64,238
Fees to increase authorized share capital	31,500	25,500
Issue of additional Common Shares .....	.....	27,354
	705,415	756,837
	\$15,478,731	\$12,728,767
<i>Deduct—</i>		
Dividends:		
Cumulative Redeemable Preferred Shares—		
4%	\$ 480,000	\$ 480,000
4¾%	1,254,637	1,254,637
5%	650,000	269,200
4½%	150,000	.....
Common Shares (all owned by British Columbia Power Corporation, Limited)	3,217,500	2,330,500
	5,752,137	4,334,337
Earnings employed in the business as at the end of the year	\$ 9,726,594	\$ 8,394,430

BRITISH COLUMBIA ELEC
(the sole direct subsidiary of British
AND SUBSIDIA

Consolidated Balance Sheet
(with corresponding figures

	1954	1953
CURRENT AND WORKING ASSETS:		
Cash on hand and in banks	\$ 1,442,758	\$ 842,042
Temporary investments (Note 3)	21,214,459	16,133,460
Sundry investments	37,206	37,206
Working funds advanced to agents, transit operators, etc.	212,898	204,715
British Columbia Electric Company Limited First Mortgage Bonds, at cost (quoted market value \$1,302,656) purchased for sinking funds and accountable at cost for this purpose	1,289,869	1,453,199
Accounts receivable and unbilled revenues, less provision for doubtful accounts	6,525,309	6,285,786
Inventories of materials and supplies (including construction materials) determined as to quantities by book inventories confirmed annually by physical count or measurement, valued at average cost	4,656,916	4,617,582
Prepaid expenses	151,562	73,145
	<u>\$ 35,530,977</u>	<u>\$ 29,647,135</u>
 DEFERRED CHARGES:		
Advance payments on account of future contributions to retirement plans in respect of employees' past services	\$	\$ 667,748
Unamortized portion of payments made under transportation franchise agreements, and other deferred items	263,330	298,011
Unamortized bond refunding and issue expenses and discounts—		
Applicable to refunded issue	102,175	121,951
Applicable to outstanding issues	4,556,808	4,252,912
	<u>\$ 4,922,313</u>	<u>\$ 5,340,622</u>
 PROPERTY ACCOUNT (Note 4):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electric energy and gas, and electric railways, trolley coaches, motor buses, etc.	\$324,968,845	\$296,041,088
Unfinished construction	16,000,000	14,500,000
	<u>\$340,968,845</u>	<u>\$310,541,088</u>
<i>Less—</i>		
Accumulated provisions for depreciation (Note 4C)	\$ 66,784,099	\$ 55,022,602
Additional capital cost allowances (Note 4C) .....	.....	11,100,000
	<u>\$ 66,784,099</u>	<u>\$ 66,122,602</u>
	<u>\$274,184,746</u>	<u>\$244,418,486</u>
	<u>\$314,638,036</u>	<u>\$279,406,243</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 1954, 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 1954 and the results of their combined operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies, the statements having been prepared on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.
Chartered Accountants
Auditors.

Vancouver, B.C.,
21 March 1955.

TRIC COMPANY LIMITED

(Columbia Power Corporation, Limited)

RY COMPANIES

as at 31 December 1954

as at 31 December 1953)

	1954	1953
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft	\$	\$ 1,255,575
Accounts payable	5,093,175	5,073,781
Current liabilities on construction account	3,102,000	2,950,000
Taxes payable—		
Taxes on income (Note 6)	2,156,980	4,020,006
Other taxes	671,133	292,067
Debenture and bond interest accrued	1,691,828	1,414,786
Dividends declared, since paid	770,025	538,765
Amount owing to parent company, British Columbia Power Corporation, Limited	1,517,307	1,485,870
Bond sinking fund payments due within one year	1,778,970	1,567,003
Provision for accidents	546,070	446,180
Provision for portion of contributions to trustee pension plans .....	.....	415,000
	<u>\$ 17,327,488</u>	<u>\$ 19,459,033</u>
DEFERRED CREDIT (Note 6)	\$ 5,438,000	\$
BOND DEBT, less sinking fund payments due within one year—per statement attached	\$144,248,438	\$131,164,213
SHARES OF SUBSIDIARIES OWNED BY 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 shareholdings in another subsidiary	3,110	3,140
	<u>\$ 1,765,217</u>	<u>\$ 1,765,247</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ 343,718	\$ 286,170
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital (Note 7B)—		
Authorized:		
620,000 Preferred Shares of \$100 each		
560,000 Preferred Shares of \$50 each		
3,000,000 Common Shares of no par value		
Issued and paid up:		
4% Cumulative Redeemable Preferred Shares of \$100 each (redeemable at a premium		
of 3%)—120,000 shares	\$ 12,000,000	\$ 12,000,000
4¾% Cumulative Redeemable Preferred Shares of \$100 each (redeemable at a premium		
of 5%)—264,134 shares	26,413,400	26,413,400
5% Cumulative Redeemable Preferred Shares of \$50 each (redeemable at a premium		
of 4%)—260,000 shares	13,000,000	13,000,000
4½% Cumulative Redeemable Preferred Shares of \$50 each (redeemable at a premium		
of 4%)—300,000 shares (issued in October 1954)	15,000,000	.....
2,410,315 Common Shares of no par value (20,315 issued in December 1954)	67,533,181	66,923,750
	<u>\$133,946,581</u>	<u>\$118,337,150</u>
Capital surplus (Note 4C)	1,842,000	.....
Earnings employed in the business—per statement attached	9,726,594	8,394,430
	<u>\$145,515,175</u>	<u>\$126,731,580</u>
COMMITMENTS (Note 5)		
	<u>\$314,638,036</u>	<u>\$279,406,243</u>

APPROVED ON BEHALF OF THE BOARD:

R. S. Ker

Director.

W. G. Murray

Director.

The statement of bond debt and the explanatory notes, which supplement the accompanying financial statements of British Columbia Power Corporation, Limited and subsidiary companies as at 31 December 1954, supplement equally and should be read in conjunction with the financial statements of British Columbia Electric Company Limited and subsidiary companies.

STATISTICS OF COMBINED COMPANIES

	1939 (1)		1950		1951		1952		1953		1954	
	Millions of dollars	% of total	Millions of dollars	% of total	Millions of dollars	% of total	Millions of dollars	% of total	Millions of dollars	% of total	Millions of dollars	% of total
REVENUE AND ITS DISPOSITION												
Gross revenue from operations	15.40		43.02		46.88		52.69		56.01		59.24	
Non-operating income .....	.04		.18		.11		.22		.60		.84	
Total revenue	15.44		43.20		46.99		52.91		56.61		60.08	
Disposition of revenue												
Employment costs (wages, salaries, pensions, etc.)	5.95	39	18.02	42	17.71	38	19.13	36	20.34	36	21.03	35
Materials and services, etc.	1.42	9	6.70	15	7.33	15	8.22	16	8.47	15	8.36	14
Taxation (support of government) (2)(3)	1.75	11	5.48	13	7.54	16	9.42	18	9.27	16	10.35	17
Wear and exhaustion of property (3)	1.93	13	5.51	13	6.12	13	6.39	12	7.12	13	7.47	13
Interest and other costs on bonds and debentures	1.69	11	3.56	8	3.70	8	3.94	7	4.76	8	5.15	9
Dividends on preferred shares .....	.65	4	1.33	3	1.68	4	1.81	3	2.05	4	2.59	4
Dividends on common shares	2.00	13	1.98	5	1.98	4	1.98	4	2.27	4	3.15	5
Retained and employed in the business .....	.05		.62	1	.93	2	2.02	4	2.33	4	1.98	3
Operating income												
Amount	4.35		7.31		8.18		9.53		10.81		12.03	
As a percentage of gross revenue from operations		28.3		17.0		17.5		18.1		19.3		20.3
(1) Fiscal year ended 30 June.												
(2) 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 amounted to about \$3.5 million in 1954.												
(3) For 1951, 1952 and 1954, before additional capital cost allowances and resultant income tax deferment.												

STATISTICS OF COMBINED COMPANIES

	1939	1947	1949	1951	1953	1954
ELECTRIC						
Generating capacity (rated kw in thousands) ⁽¹⁾						
Mainland system	193.6	193.6	313.6	377.8	437.8	482.8
Vancouver Island system	30.2	38.2	38.2	38.2	42.2	42.2
Peak one-hour demand (kw in thousands)						
Mainland system (including export)	117.0	219.0	318.0	403.8	460.4	459.5
Mainland system (excluding export)	117.0	219.0	279.0	343.8	384.2	432.5
Vancouver Island system	21.9	38.6	43.3	51.7	61.2	67.4
Meters on line at year-end (in thousands)	143.4	193.9	219.8	238.8	256.2	268.4
Electricity sold (kwh in millions)	453.2	815.9	1,104.8	1,512.5	1,901.5	2,050.8
Proportionate sales by class of customer (percentages)						
Residential	25.5	29.8	31.8	32.6	32.9	36.1
Other systems—domestic (largely residential)	5.9	5.2	6.0	4.0	2.4	2.6
Commercial and street lighting	23.0	21.3	18.2	17.4	16.6	17.0
Industrial	45.6	43.7	35.9	33.6	33.6	35.7
Other systems—export .....	.....	.....	8.1	12.4	14.5	8.6
Residential service						
Average annual kwh use per customer	985	1,548	1,977	2,523	2,974	3,372
Average price per kwh (in cents)	2.57	2.23	1.99	2.19	2.32	2.22
<small>(1) Excluding electricity available from other systems, and furthermore with favourable conditions rated capacity can be and has been exceeded on occasion.</small>						
GAS						
Manufacturing capacity (cu. ft. per day in millions)						
Greater Vancouver	9.1	13.9	17.4	20.3	20.5	20.5
Greater Victoria	1.1	2.2	2.7	4.5	5.5	3.0
Peak one-day output (cu. ft. in millions)						
Greater Vancouver	5.6	12.4	12.7	13.5	12.9	16.5
Greater Victoria	0.8	1.7	2.3	2.4	1.7	2.3
Meters on line at year-end (in thousands) ⁽²⁾	52.2	63.8	67.3	69.4	69.1	66.9
Gas sold (cu. ft. in millions)	1,407	2,933	3,386	3,493	3,847	4,139
<small>(2) Prepayment gas service rate closed to new accounts early in 1953. Subsequent decrease in number of gas meters on line represents principally reduction in prepay meters.</small>						
TRANSPORTATION						
Vehicles in operation at year-end						
Urban—street cars	349	348	225	118	57	51
gas buses	56	317	381	356	343	338
trolley coaches .....	.....	42	168	311	311	327
total	405	707	774	785	711	716
Interurban rail passenger cars	69	69	69	54	32	21
Interurban buses	36	107	105	95	88	85
Revenue miles run—urban (in millions)	14.8	22.4	27.0	25.1	24.0	24.3
Passengers carried (in millions)						
Urban	67.4	145.8	135.1	120.5	109.8	106.1
Interurban rail	5.3	9.9	8.2	6.0	4.0	1.7
Interurban bus	1.2	5.6	5.4	4.9	4.3	3.9
Passenger revenue per mile—urban (in cents) ⁽³⁾	27.7	38.7	43.3	45.6	52.7	53.0
Rail freight (tons in thousands)	307	724	953	1,127	1,129	1,089
<small>(3) 1954—see first paragraph on page 8.</small>						
NUMBER OF EMPLOYEES AT YEAR-END	3,784	6,000	5,977	5,417	5,086	4,955

DEPARTMENTAL ORGANIZATION

- R. M. BIBBS *Acting Director, Research and Administrative Control*
H. W. J. PECK *Staff Engineer to Executive Engineer and President of B.C. Engineering Company Ltd.*
J. R. P. POWELL *Executive Assistant to Executive Vice-President*

ELECTRICAL DIVISION

- J. H. STEEDE *Chief Engineer*
C. ARNOTT *Superintendent of Generating Stations*
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 *Distribution Engineer*
C. T. EYFORD *Superintendent of Distribution Engineering*
J. P. FRASER *Assistant Chief Engineer—Operations and Maintenance*
W. D. GILL *Supervisor of Planning*
W. GOSBEE *Superintendent of Shops*
T. F. HADWIN *Superintendent of Substations*
R. C. HAUSCH *Office Manager*
G. J. HENRIKSON *Staff Engineer*
N. S. KENT *Communication and Testing Supervisor*
F. A. LAZENBY *Hydraulic Engineer*
D. D. LYTLE *Protection Field Supervisor*
J. F. MILES *Staff Engineer*
W. F. MILES *Operating Engineer*
H. E. SLADEN *Distribution Engineer*
H. W. SMITH *Assistant Chief Engineer—Engineering*

GAS DIVISION

- E. H. ROHRER *Manager*
P. W. BARCHARD *Assistant Manager*
L. J. C. JARVIS *Plant Superintendent*
H. T. LIBBY *Distribution Superintendent*
A. J. MACDONALD *Technical Assistant to Distribution Superintendent*

TRANSPORTATION DIVISION

- S. SIGMUNDSON *General Manager*
E. D. SUTCLIFFE *Executive Assistant*
J. E. ALLAN *Superintendent B.C.M.T. Operations*
C. DOBELL *Director Safety and Training*
H. C. GIVINS *Transportation Maintenance Engineer*
J. F. INTIHAR *General Superintendent City Lines*
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

- H. N. WALTERS *General Sales Manager*
C. A. MANSON *Commercial and Industrial Sales Manager*
J. H. TAYLOR *Residential Sales Manager*
A. P. CROKER *District Offices Manager*
R. H. GRAM *Director Area Development*

FINANCIAL DIVISION

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

LEGAL DIVISION

- W. H. Q. CAMERON *Solicitor*
R. W. GROSS *Assistant Solicitor*
J. H. MATTHEWS *Claims Manager*

INDUSTRIAL RELATIONS DEPARTMENT

- L. B. JACK *Director*
R. W. PURVES *Personnel Manager*
M. H. FOX *Supervisor Salary Standards and Employee Services*
R. H. ELFSTROM *Supervisor Industrial Safety*
W. C. GRIFFITHS *Chief Fire Prevention Officer*
P. A. HOARE *Security Officer*

PUBLIC INFORMATION DEPARTMENT

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

VANCOUVER ISLAND DIVISION

- R. B. MATHEWS *Executive Assistant to Vice-President*
W. C. MEARNS *Operations Manager*
D. DAVIS *Financial Officer*
G. BARCLAY *Light and Power Superintendent*
C. A. BURGESS *Cost Accountant*
B. CLARKE *Mechanical Superintendent*
M. H. COLLINS *Manager Public Information*
K. EASTON *Pay and Cashier Manager*
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*
M. C. TRUEMAN *Assistant to Operations Manager*
E. B. WILLIAMS *Purchasing and Stores Manager*

B.C. ENGINEERING COMPANY LIMITED

A. E. GRAUER *Chairman*

- T. INGLEDOW *President*
W. C. HUBER *General Manager*
F. B. BEARDSLEY *Comptroller*
K. F. KANGAS *Chief Design Engineer*

- N. E. LANE *Civil Engineering Superintendent*
J. E. MACDONALD *Superintendent of Construction*
R. J. TEMOIN *Mechanical Engineering Superintendent*
F. O. WOLLASTON *Electrical Engineering Superintendent*

DIRECTORS

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

OFFICERS

OPERATING RESPONSIBILITIES SHOWN IN BRACKETS

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

THE ROYAL BANK OF CANADA *Bankers*

MONTREAL TRUST COMPANY *Transfer Agent*

THE ROYAL TRUST COMPANY *Registrar*

PRICE WATERHOUSE & CO. *Auditors*

HEAD OFFICE OF THE CORPORATION

B. C. ELECTRIC BUILDING, 425 CARRALL STREET, VANCOUVER 4, BRITISH COLUMBIA, CANADA

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.*

