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BRITISH COLUMBIA POWER CORPORATION, LIMITED



Annual
Report

1953

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The Cover

Put into operation on May 22nd, 1953, Dal Grauer Substation in the downtown area is the sixth major substation added to B.C. Electric's Greater Vancouver system in the postwar years.

BRITISH COLUMBIA POWER CORPORATION, LIMITED



*Annual
Report* 1953

*The Board of Directors of
British Columbia Power Corporation, Limited
presents its report for the year*

1953

*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)

Wholly-owned subsidiary of the Power Corporation.

Generation and transmission of electricity. Manufacture, transmission and distribution of gas in Greater Vancouver and Greater Victoria.

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

Wholly-owned subsidiary of the Electric Company.

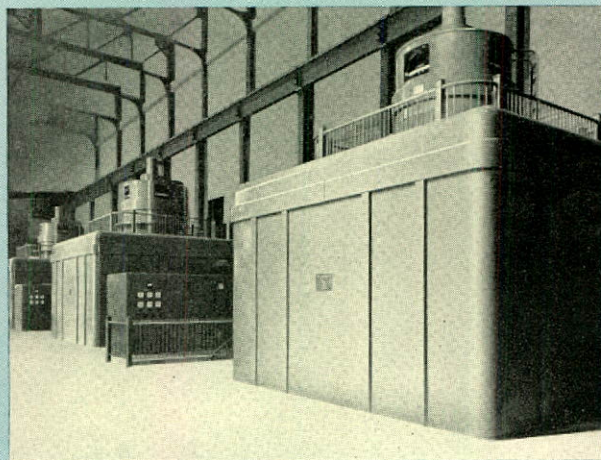
Distribution of electrical energy on the Mainland and on Vancouver Island. Passenger transit operations in Greater Vancouver and Greater Victoria. Interurban rail operation on the Mainland for freight and passengers.

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

Wholly-owned subsidiary of the Railway Company.

Interurban bus operation on the Mainland.

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



Generators, Bridge River plant.



The Year In Brief

The Class "A" and Class "B" shares of the Power Corporation were converted in October into a single class of common shares, on the basis of two new common shares for each Class "A" share and one half of one new common share for each Class "B" share. The current dividend on the new shares is 25¢ a quarter.



Earnings represent \$1.47 a share on the common shares outstanding at the year-end compared with \$1.34 for the previous year on the same share basis. In regulatory terms, 5.1% was earned on net investment (4.9% in 1952) as against the allowed rate of return of 6.5%.



Gross revenues from operations reached \$56 million—up \$3.3 million from 1952; the electric service contributed 86% of the increase.



Demand for electricity, exclusive of export, was 11.8% greater than in 1952. The number of customers increased by over 11,000—there are now more than a quarter of a million electric customers.



Roundly \$25 million—an 8.6% addition to property—was spent on expansion and improvements, about 90% being for the electric service.



Work proceeded on a project to double the capacity of the La Joie storage dam on the Bridge River. An additional unit of 45,000 kw in the Bridge River generating plant is scheduled for completion in 1954.



Construction began on a project at Seton Creek which will re-use Bridge River water—the single 42,000 kw unit is planned for completion in 1956.



Plans were made for the joining of the Mainland and Vancouver Island electric systems by a submarine cable across the Strait of Georgia to be laid in 1956.



Security and share issues of late 1953 and early 1954 provide the new money required to complete the 1954 capital programme.

POPULATION TRENDS IN BRITISH COLUMBIA AND REST OF CANADA *

PERCENT INCREASE
FROM JUNE 1945

■ B. C.
■ REST OF CANADA

30

25

B. C. POPULATION
949,000 IN 1945
1,230,000 IN 1953

20

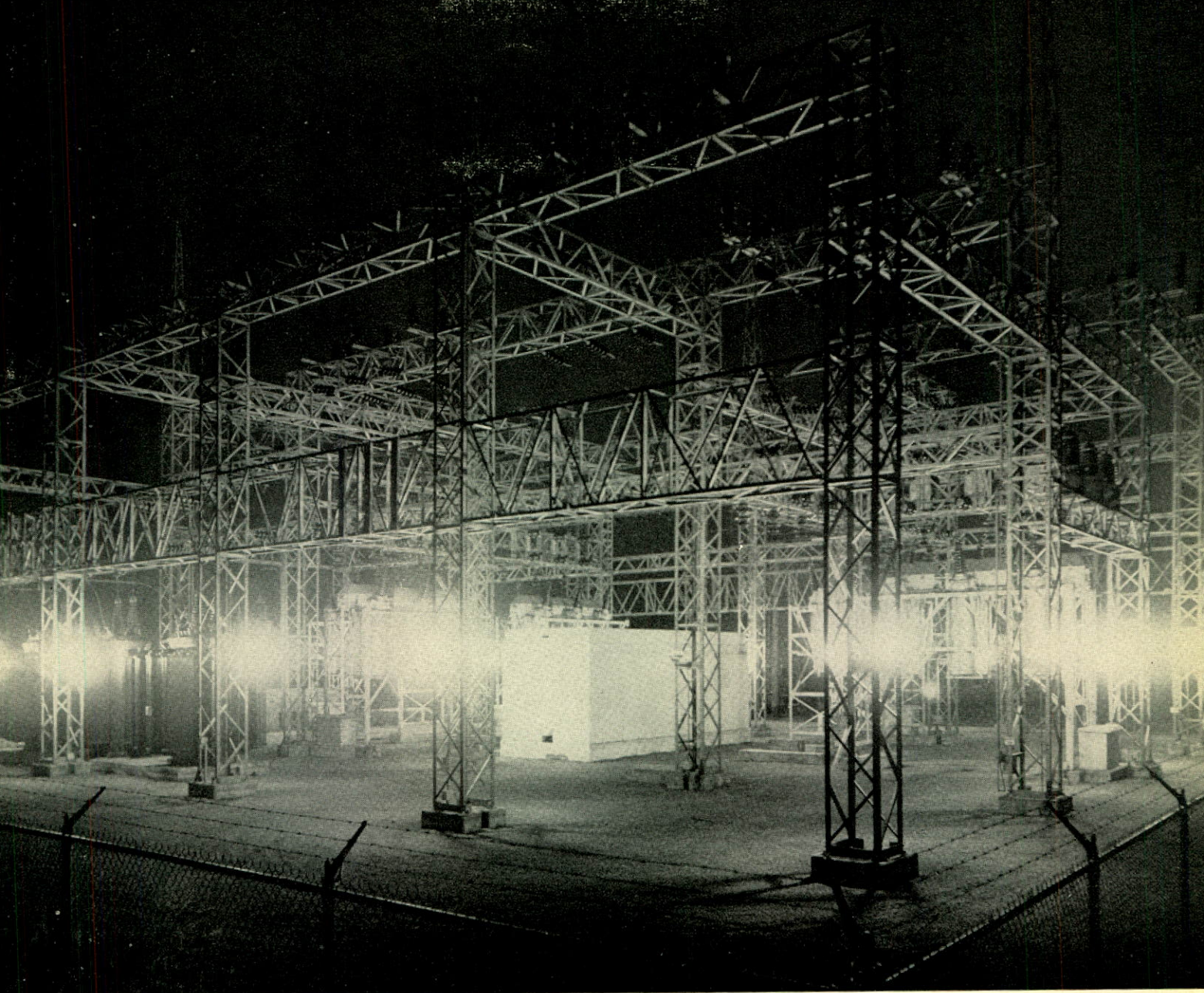
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10

5

JUNE 1946 1947 1948 1949 1950 1951 1952 1953

*excluding Newfoundland.



North Vancouver Substation.

In submitting their report on the activities and financial results of the Company for 1953, the Directors believe that shareholders and employees may take pride in their respective parts in an enterprise which marches in the van of the great developments now taking place in British Columbia. A public utility should not be carried along by the pressure of events or outrun by the demand for its services; its proper goal is to plan, with imagination and sound judgment, construction of facilities which will be adequate—and yet not excessive—for each step in the progress of a growing community. Thus no apology is made for emphasizing, at the outset of this report, the importance of the fact that expenditures on property for 1953 amounted to almost \$25,000,000 (compared with almost \$33,000,000 in

1952) and that the Company's budget for capital expenditures for 1954 exceeds \$33,000,000.

Expenditures on this scale should surprise no one when it is remembered that as to some 90% of their amount they relate to the electric service, and in that service, disregarding power exported, the volume of power generated and purchased rose over the previous year by 9.4% on the Mainland system and by 13% on the Vancouver Island system, and the one-hour peak was up 9.3% on the Mainland system and 8.5% on the Vancouver Island system. By comparison with these percentages the capital expenditures for 1953 represented an addition of 8.6% to the gross property account which totalled \$289,000,000 at the beginning of the year.

By steps described later in this report, arrangements to finance the 1954 capital budget have been completed.

Results of Operations

The earnings for the year represent \$1.47 per share on the common shares outstanding at the year-end which include 150,000 shares sold in December. The current rate of dividend disbursement of 25¢ a quarter, or \$1.00 a year, was instituted in the fourth quarter of 1953. The earnings of the previous year, translated into terms of the common shares which were issued in exchange in 1953 for the Class "A"

and Class "B" shares outstanding during 1952, were equivalent to \$1.34 per common share.

The operating income for 1953 stated in regulatory terms represents a return of 5.1% on the investment as opposed to 4.9% for 1952, both of 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 \$56,006,963, an increase over 1952 of \$3,317,153 or 6.3%, to which the various services contributed as follows:

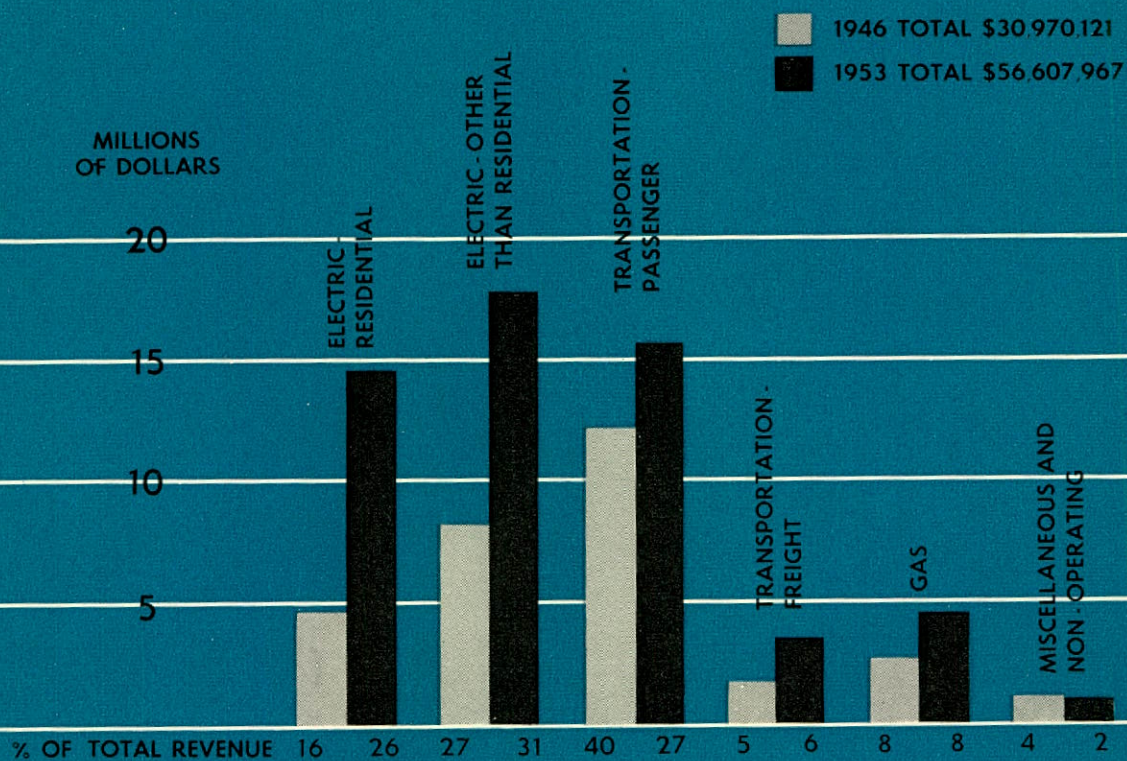
	1953	Increase or <i>Decrease</i> compared with 1952	
		Amount	%
Electric.....	\$32,384,415	\$2,862,339	9.7
Transportation:			
Passenger.....	15,145,878	<i>45,057</i>	<i>0.3</i>
Freight.....	3,458,424	323,441	10.3
Gas.....	4,589,865	259,281	6.0
Miscellaneous.....	428,381	<i>82,851</i>	<i>16.2</i>
	<u>\$56,006,963</u>	<u>\$3,317,153</u>	<u>6.3</u>

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

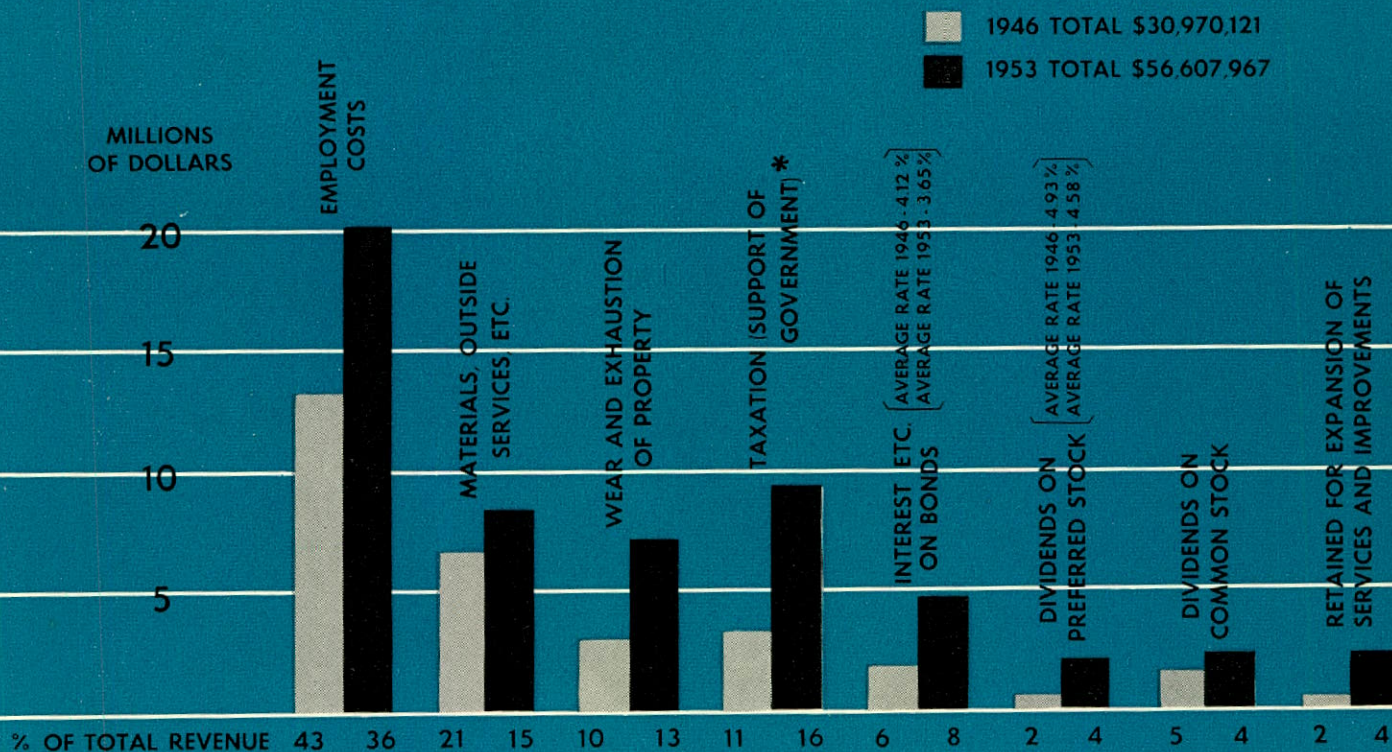
	1953	Increase or <i>Decrease</i> compared with 1952	
		Amount	%
Kilowatt-hours sold.....	1,901,515,171	248,853,799	15.1
Transportation:			
Passengers carried.....	118,016,163	<i>5,906,752</i>	<i>4.8</i>
Freight tonnage.....	1,129,313	2,353	0.2
Cubic feet of gas sold.....	3,846,712,000	198,539,000	5.4

In the electric service, the net increase in the number of customers over the year was 11,202, bringing the total to 254,179 at the year-end. Average annual consumption per residential customer also increased; it was 2,734 kwh in 1952 and rose to 2,974 in 1953.

SOURCES OF REVENUE 1946 AND 1953



DISPOSITION OF REVENUE 1946 AND 1953



*—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 \$2.5 million in 1953.

During each year of the two-year period ending on 30 September 1953 deliveries were made of about 30,000 kw of base power to member companies of the power pool in the northwestern United States. These deliveries have been made under one-year contracts and have brought in gross revenue at a rate approximating \$900,000 annually. Arrangements have recently been made to continue delivering this quantity until 31 August 1955 at a rate approximating \$645,000 annually. In addition, dump energy has been delivered when available and called for and such deliveries of dump energy were substantial in the closing months of 1953. The electric gross revenues in 1953 included \$1,083,743 from export sales; the corresponding figure for 1952 was \$947,466.

The lesser decline in transportation passenger revenue than in passengers carried is accounted for by the fare increases effective on 6 April 1952, which had their influence on the full year 1953.

Not so much for its importance as a revenue producer as for its novelty and convenience, mention is here made of the inauguration on 18 December 1953, in collaboration with Vancouver Island Coach Lines and Black Ball Ferries, of a service by which one can travel, by a combination of bus and steamer across the Strait of Georgia, without interruption between Vancouver and Victoria.

In the freight service, the increased revenues despite virtually unchanged tonnage arose in large part from increased rates awarded to the steam railroads, in the benefit of which we shared.

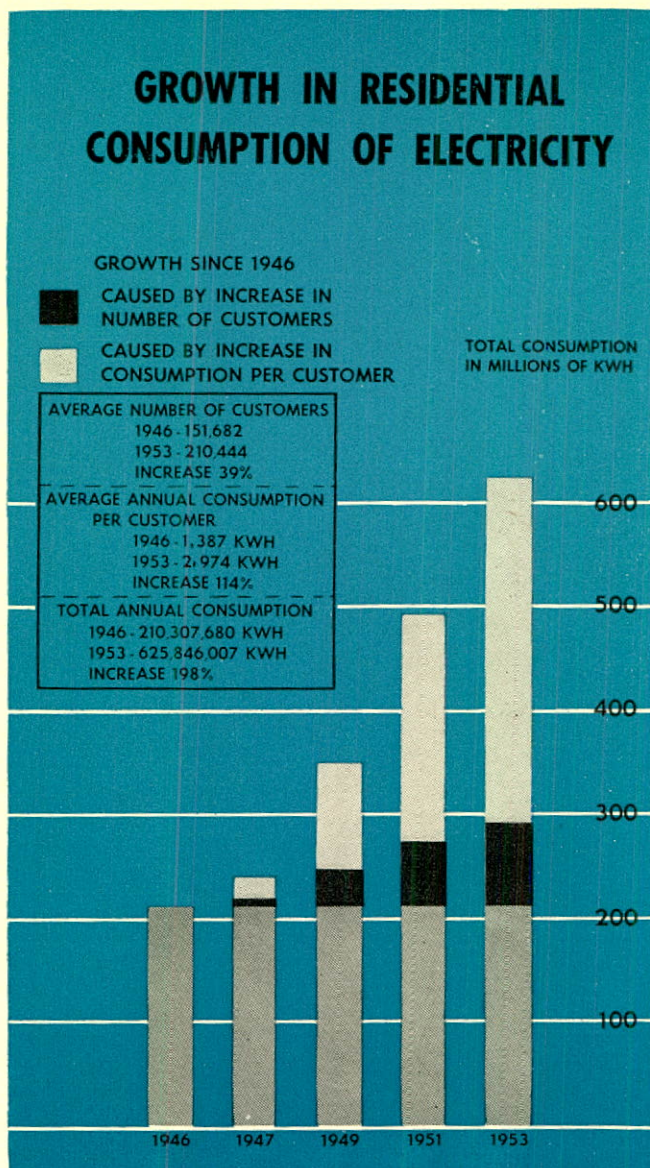
Operating Expenses

Operating expenses at \$45,199,676 show an increase of \$2,043,437 or 4.7% over 1952.

Of the six agreements between the Company and its groups of unionized employees, five fell open during the year and new contracts were negotiated with increased wage-rates in every case. An indication of the development of relative stability in labour matters is shown by the fact that all five of these agreements were for more than one year's duration, the longest being for 27 months.

Further increased operating expenses arose under the headings of pension plans and provision for depreciation.

A general description of the Improved Pension Plan which became effective 1 January 1953 was given in last year's report and is not repeated. The steps being taken to discharge the past service costs of that plan and of earlier plans, now closed, are



described in Note 1 to the attached financial statements and no attempt is made to paraphrase that description here beyond saying that the absorption of past service costs is currently being proceeded with at an accelerated pace.

Of the increased provision for depreciation, approximately \$516,000 is the reflection of increased property in service over the year, and the remainder, or approximately \$210,000, reflects an increased composite rate applied to property in the urban transportation service in Greater Vancouver as a result of further steps in the conversion from street cars to free-wheeling vehicles and the shorter life of the latter.

By and large the weather in 1953 from an operating standpoint was favourable; for example, of the amount budgeted for making good storm damage to transmission and distribution lines, \$111,000 was not expended.

Construction Programme

The net additions to property account for the year amounted to \$21,174,926 as compared with \$27,158,478 in 1952. The net additions in 1953 comprised gross expenditures of \$24,975,661 less retirements of \$3,800,735.

The major expenditures in 1953 by projects or broad classifications included the following:

Electric extensions, Mainland and Vancouver Island, including cost to connect 11,511 additional customers.....	\$5,387,649
Gas extensions, Mainland and Vancouver Island, including cost to connect 2,705 additional customers.....	388,088
Wahleach Lake hydro-electric development.....	295,663
Bridge River hydro-electric development:	
Fourth generating unit.....	1,319,056
La Joie dam, stage 3.....	3,210,015
Seton Creek hydro-electric development.....	555,053
Transmission system.....	1,502,874
Substations, associated distribution facilities, and local transmission system.....	6,504,429
Overhead distribution system for trolley coaches, Vancouver.....	494,620
Combined transportation offices and terminals and sales offices, New Westminster and Fraser Valley.....	310,586

The Wahleach plant, containing a single 60,000 kw unit, was placed in limited service in December 1952; the storage dam was not completed until September 1953. The expenditures recorded in the above tabulation largely concern the completion of the storage dam.

An additional unit of 45,000 kw, similar to the three existing units, is under construction at the Bridge River plant for completion about mid-1954. Work is proceeding on a project to raise the height of the La Joie storage dam on the Bridge River a further 57 feet. This project will continue through 1954 and 1955; when completed it will double the capacity of the reservoir, to serve proposed increased generating facilities at the Bridge River plant.

Construction was begun in December 1953 on a project at Seton Creek where the Bridge River water that passes through our turbines into Seton Lake will be re-used as it flows from Seton Creek into the Fraser River. This project will contain a single unit of 42,000 kw; completion is scheduled for mid-1956.

Despite the year's provision of over \$7.1 million for depreciation, the accumulated provisions increased during the year by only \$3.7 million. The explanation is found in the heavy retirements, which again in 1953 included substantial amounts arising from

the conversion programme in the passenger transportation service. By the year-end, less than 3% of our total urban and interurban passenger route mileage remained to be converted to free-wheeling operation.

New buildings to house our offices in Victoria and Vancouver stand at different degrees of progress. Land has been acquired in each case, that for Vancouver in 1953 and that for Victoria earlier. Plans for Victoria have been completed and construction is to commence in the spring, while the plans for Vancouver, although being worked upon, are some distance from completion.

Supply of Energy

Rated generating capacity on the Mainland system at the year-end was 437,800 kw (equivalent turbine capacity is 605,800 horsepower). The peak one-hour demand on this system over the year if one excludes export was 384,200 kw, and if one includes export was 460,400 kw. Thus the year was one in which, under favourable conditions, the peak somewhat exceeded rated capacity. Mention has been made under the heading of "Construction Programme" of the next units to come into service, namely, the Fourth Unit at Bridge River about mid-1954, and the Seton Creek Station about mid-1956.

PROPERTY IN SERVICE

Increase Since 1946 For The Three Principal Services

ELECTRIC	1946	1953
PROPERTY IN SERVICE	\$75,206,872	\$203,281,993
INVESTMENT PER EMPLOYEE	52,703	134,003
INVESTMENT PER CUSTOMER	409	800

GAS		
PROPERTY IN SERVICE	\$13,004,587	\$20,282,783
INVESTMENT PER EMPLOYEE	22,192	47,279
INVESTMENT PER CUSTOMER	211	321

URBAN TRANSPORTATION		
PROPERTY IN SERVICE	\$15,550,646	\$27,575,050
INVESTMENT PER EMPLOYEE	5,747	12,483
INVESTMENT PER 1000 PASSENGERS	107	251

Property is stated at original cost.

Investment per employee for each service is based on direct operating employees plus applicable portion of administrative and general employees.

On Vancouver Island the situation can not be discussed in the same terms. Part of the capacity is in hydro while part is in steam, and beyond this a substantial part of the Island's requirements is met by power purchased from the B.C. Power Commission delivered over an interconnection built by the Company in 1950 between the two systems. It is now planned to join our Mainland and Vancouver Island systems by a submarine cable across the Strait of Georgia. Laying of this cable, to which considerable study has already been given, is planned for the summer of 1956.

The likelihood and probable time of the receipt of natural gas by the Company remain open questions as this report goes to the printer; again as on former occasions the Chairman will discuss the latest developments at the Annual Meeting.

Financing

During the year the proceeds were received of the instalments of Series "H" Bonds sold in 1952 for delivery deferred to 1953.

The proposal to convert the Class "A" and Class "B" shares of the Power Corporation into a single class of common shares, as mentioned in the Chairman's address at the last Annual Meeting, was proceeded with and on 21 August meetings of the respective classes were held at which the proposal was approved. (The terms of conversion were that for each Class "A" share the holder received two new common shares, and for each Class "B" share the holder received one half of one new common share.) The way thus cleared for an issue of common shares, and, in December, 150,000 such shares of the Power Corporation were marketed in British Columbia.

Also in December, \$8,000,000 par value of 5% Preferred Shares of the Electric Company were marketed.

In January 1954, an issue of \$15,000,000 principal amount of First Mortgage Bonds, 4¾% Series "T", of the Electric Company was arranged; on 10 February 1954, the proceeds were received of \$12.4 million principal amount of these bonds delivered on that day, and the further \$2.6 million are to be delivered at dates of which the last shall be not later than 15 December 1954.

By these various measures, coupled with funds to arise from the operations of the business in 1954, arrangements to finance the capital programme of that year have been completed.

On 29 October 1953 the Directors of the Power Corporation adopted a resolution to provide for the ear-marking of 150,000 of its unissued common shares

for the purpose of granting options on parts thereof to officials of that Company and its subsidiaries. On 4 December 1953, options to purchase a total of 135,000 of these shares were granted, exercisable within a period of ten years, to 58 officials throughout the Company. The price per share at which the options were granted was the same as that at which on the same day the Power Corporation had sold 150,000 common shares, as mentioned earlier under this heading.

The conversion of the former Class "A" and Class "B" shares into common shares of a single class necessitated changes in the By-laws of the Power Corporation and these changes will be put before the shareholders for approval at the forthcoming Annual Meeting. Not all the changes proposed are the direct consequence of the conversion, but the opportunity has been taken to tidy up the By-laws in certain other respects.

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

Funds Provided

Net receipts from issues of bonds and shares.....		\$14,484,763
Sales of properties.....		399,884
Release of construction funds held by trustee.....		9,961,020
Reduction of income tax liability—overprovision in prior years now identified.....		300,000
Decrease in sundry deferred charges, etc.....		463,264
Funds arising from operations—		
Earnings on shares of parent company.....	\$4,595,257	
Add back—Charges against operations calling for no current outlay of cash:		
Provision for depreciation.....	\$7,116,162	
Bond discount and refunding expenses written off.....	321,976	
		<u>7,438,138</u>
		12,033,395
		<u>\$37,642,326</u>

Funds Applied

Gross capital expenditures.....	\$24,975,661
Payments into bond sinking funds, made or provided for	1,703,694
Dividends on shares of parent company.....	2,270,500
Increase in working capital.....	8,692,471
	<u>\$37,642,326</u>

Employees

Employees who retired on pension during the year having had 45 or more years of service were four in number and included Mr. J. H. Northrop, Chief Operator at Horne Payne Substation, and Mr. N. W. Silver, interurban motorman, each with 47 years' service. Mr. P. W. Brown, Treasurer of the Railway Company, retired after 28 years' service and his duties were taken over by Mr. W. F. Martin. There also retired during the year Mr. W. H. Dreaper, Vancouver Island Gas Superintendent, after 43 years' service; Mr. R. Hall, Supervisor of Liaison Services and for many years Secretary-Manager of the Electrical Service League of British Columbia, after 41 years' service; and Mr. H. Till, Director of Employee Activities, after 38 years' service. Mr. D. M. Johnstone, who retired from the position of Superintendent of Transmission and Distribution Maintenance after 50 years' service, is being retained as Project Supervisor in charge of construction of a new transmission line.

Mr. H. L. Purdy, Director of Research and Administrative Controls, was appointed a Vice-President; in addition to his other duties he assumed responsibility for the Company's gas operations. Other appointments included those of Mr. R. H. Gram to the new position of Director of Area Development and Mr. D. Davis to Financial Officer, Vancouver Island, succeeding Mr. R. W. Purves, who was transferred to the Mainland to become Personnel Manager.

Employees of the Company numbered 5,086 at the year-end. Retired employees on pension totalled 1,066. The Directors desire to express their appreciation of the loyal and efficient service of those who retired in 1953 and to thank all employees for their valuable assistance during the year.

Community Relations

No attempt is made here to do justice to this subject, but one example is chosen which demonstrates our endeavour to be a good citizen and also an intelligently self-interested operator — that is the B.C. Electric Traffic Safety School Programme. It is directed towards Grade 10 students in high schools since they are, for the most part, just reaching the age when they may hope to qualify for drivers' licences. Our employees who act as instructors give a one-hour lecture in the high school class rooms on traffic accidents and their causes. This is followed

by a one-hour tour by bus (the bus is painted in the accepted safety colours of green and white). During this tour, the driver of the bus draws attention to traffic signals, to detours, to observed traffic violations, and so forth. Most of the Vancouver schools have now been covered and we have received requests to cover those of North Vancouver and Burnaby.

Shareholders

We repeat in this report a listing of registered holders of our shares having funds in unclaimed dividend account and whose present addresses are unknown to us. As the result of publishing such a list in the 1952 report, its extent was reduced by some 30%, which is most encouraging and amply justifies repeating the experiment.

We of course welcome suggestions from shareholders, either at the Annual Meeting or at any time throughout the year. After the last Annual Meeting, we received a letter from a shareholder in a remote part of the country telling us that the notice of the meeting and the form of proxy had not reached him in sufficient time to allow him to return the proxy form and have his vote registered at the meeting. This year, therefore, we are sending out notices and forms of proxy to shareholders abroad two full months before the meeting; to the remaining shareholders elsewhere than in British Columbia just short of a month before the meeting; and to shareholders in British Columbia 15 clear days before the meeting as called for by the By-laws.

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. These statements have been prepared by the management of the Company and have been examined by independent public accountants whose opinion authenticating them is also attached.

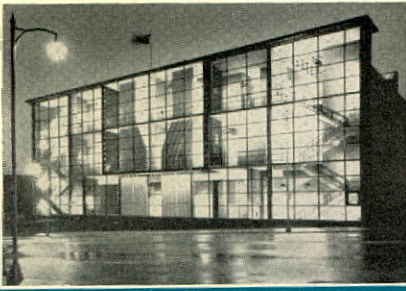
On behalf of the Board of Directors,

Vancouver, B. C.,
1 April 1954.

A. E. GRAUER,
President.

THE FACE OF THE FUTURE

old district — new dimensions



The Dal Grauer Substation, sixth major B. C. Electric substation to be built in the metropolitan area in the postwar years, serves the West End of Vancouver. This district is a striking example of the growth and commercial development of British Columbia, a Province whose population increased 50% between the years 1941 and 1953.

Around the turn of the century, when Vancouver was in its infancy, her leading citizens naturally gravitated to the West End, drawn by the sea-scapes, mountain views and convenience to the commercial district of this beautiful peninsula tapering into world-famous Stanley Park.

Vancouver grew rapidly, and smaller, narrow-shouldered dwellings squeezed between the stately homes. New and more fashionable subdivisions opened, drawing away many of the West Enders. Their many-roomed houses were gradually converted into suites and single rooms, on such a wide scale that the once-elegant West End became a vast "bedroom" to the city, the home of thousands.

Today the West End seethes with activity as the dwellings, dingy with years, crumble beneath the sledges of wrecking crews. The quiet streets tremble at the roar of trucks, the snorting of bulldozers, the pounding of air-



hammers and the crackling of debris fires. Out of the smoke and noise rise the shining skeletons of apartment blocks, stores and office buildings. Where battalions of domestics once were needed to service the large homes, electricity now provides a modern standard of living. Converted dwellings where tenants lived in one room lighted by a single bulb have given way to modern suites with automatic ranges, washers, dryers, refrigerators, TV sets and all the other appliances that make for better living.

Many new office buildings, such as the one shown on the opposite page, springing up as the business district expands into the West End demand electricity for elevators, air-conditioning systems, interior and exterior lighting, electric typewriters and accounting machines.





Because the West End is a compact area, the impact of its revolution in concrete and steel is startling. Its growth is typical, however, of much of the area served by the B. C. Electric; the Company's programme of expansion and development of essential utility services to pace this growth has been one of the largest post-war industrial undertakings in Canada.



Ashcroft and Spences Bridge Added to Company's Service Area

On 15 November 1953, the B. C. Electric took over operation of the Ashcroft and Spences Bridge electrical systems, the purchase of which had been negotiated earlier in the year.

Both communities are on the Thompson River. Spences Bridge is 24 miles and Ashcroft 53 miles northeast of Lytton, where the Thompson joins the Fraser. Ashcroft (pictured above) is about 40 miles due east of the Company's Bridge River generating station on Seton Lake.

This extension of territory was logical, as the region containing these two properties is contiguous to communities in the Company's service area along the Fraser River; namely Yale, North Bend and Boston Bar, Lytton and Lillooet. Interconnection by transmission lines when warranted is feasible.

Population of the region is small, there being 440 customers at the time of purchase, and lack of power has handicapped industrial expansion. Three lumber mills have applied for increased energy since the Company took over.

The Ashcroft area contains large cattle ranches, where production could be increased substantially with pasture irrigation. The region is also noted for its potato and tomato crops, and there is a very substantial acreage of bench land along the river which is highly fertile when watered. There are future possibilities of a considerable demand for electricity for pumping. Irrigation could, agricultural authorities say, make this district rival in productivity the famous southern portion of the Okanagan Valley.



BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Income for the Year Ended 31 December 1953
(with comparative figures for the year ended 31 December 1952)

	1953	1952
Gross revenue from operations.....	\$56,006,963	\$52,689,810
<i>Deduct—</i>		
Operating expenses:		
Employment costs—		
Wages and salaries.....	\$17,558,356	\$17,269,900
Pension plans (Note 1).....	1,916,000	987,075
Workmen's compensation and unemployment insurance.....	436,919	433,527
Other welfare and insurance plans.....	430,178	442,217
Directors' fees.....	\$20,341,453	\$19,132,719
Materials, outside services, etc.....	23,580	23,525
Provision for depreciation (Note 3).....	8,442,480	8,191,121
Required for Government—		
Provision for taxes on income.....	\$ 6,351,100	\$ 6,509,920
Property taxes.....	1,954,672	1,800,993
Transportation franchise expense.....	479,732	467,110
Water licence fees.....	286,070	266,049
Other charges.....	204,427	374,678
	9,276,001	9,418,750
Total operating expenses (Note 2).....	\$45,199,676	\$43,156,239
Operating income.....	\$10,807,287	\$ 9,533,571
<i>Add—</i>		
Non-operating income:		
Net return from temporary investments.....	\$ 460,886	\$ 116,140
Profit through redemption of bonds at less than principal amount.....	140,118	108,999
	601,004	225,139
	\$11,408,291	\$ 9,758,710
<i>Deduct—</i>		
Interest on bond debt, less interest charged to construction \$366,968 (\$402,414 in 1952).....	\$ 4,436,913	\$ 3,638,555
Amortization of bond refunding and issue expenses and discounts, applicable to:		
Refunded issues.....	80,208	80,208
Outstanding issues.....	241,768	220,207
	4,758,889	3,938,970
Net income for the year.....	\$ 6,649,402	\$ 5,819,740
<i>Deduct—</i>		
Dividends on preferred shares and stock of subsidiaries owned by the public:		
British Columbia Electric Company Limited.....	\$ 2,003,837	\$ 1,765,637
British Columbia Electric Railway Company, Limited.....	50,308	49,033
	2,054,145	1,814,670
Earnings for the year on Common Shares of parent company (Note 7).....	\$4,595,257	\$ 4,005,070

BRITISH COLUMBIA POWER

AND SUBSID

Consolidated Balance Sheet

(with comparative figures)

	1953	1952
CURRENT AND WORKING ASSETS:		
Cash on hand and in banks.....	\$ 842,042	\$ 505,192
Temporary investments—		
Government of Canada Bonds, at cost (quoted market value \$12,391,000).....	12,383,460	.....
Industrial Acceptance Corporation Limited notes, at cost.....		6,909,208
Funds on deposit with Montreal Trust Company, withdrawable on 10 days' notice.....	3,750,000	.....
Sundry investments	37,206	37,206
Working funds advanced to agents, transit operators, etc.	204,715	249,819
British Columbia Electric Company Limited First Mortgage Bonds, at cost (quoted market value \$1,469,648) purchased for sinking funds and accountable at cost for this purpose.....	1,453,199	986,423
Accounts receivable and unbilled revenues, less provision for doubtful accounts.....	6,285,786	6,015,919
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.....	4,617,582	5,138,958
Prepaid expenses	73,145	153,922
	<u>\$ 29,647,135</u>	<u>\$ 19,996,647</u>
CONSTRUCTION FUNDS:		
Withdrawable from Trustee for bondholders upon certification of expenditure on additional property of 150% of amount to be withdrawn—		
Held by Trustee	\$	\$ 9,961,020
Receivable by Trustee on issue of Series "H" Bonds		4,873,250
	<u>\$</u>	<u>\$ 14,834,270</u>
DEFERRED CHARGES:		
Advance payments on account of future contributions to retirement plans in respect of employees' past services (Note 1A).....	\$ 667,748	\$ 1,044,875
Unamortized portion of payments made under transportation franchise agreements, and other deferred items	298,011	279,691
Unamortized bond refunding and issue expenses and discounts—		
Applicable to refunded issues.....	548,801	629,009
Applicable to outstanding issues.....	4,252,912	4,459,280
	<u>\$ 5,767,472</u>	<u>\$ 6,412,855</u>
PROPERTY ACCOUNT (Note 3):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electric energy and gas, and electric railways, trolley coaches, motor coaches and buses, etc.....	\$296,041,088	\$279,016,162
Unfinished construction	14,500,000	10,350,000
	<u>\$310,541,088</u>	<u>\$289,366,162</u>
<i>Less—</i>		
Accumulated provisions for depreciation.....	\$ 55,022,602	\$ 51,301,432
Additional capital cost allowances.....	11,100,000	11,100,000
	<u>\$ 66,122,602</u>	<u>\$ 62,401,432</u>
	<u>\$244,418,486</u>	<u>\$226,964,730</u>
	<u>\$279,833,093</u>	<u>\$268,208,502</u>

APPROVED ON BEHALF OF THE BOARD:

N. A. Garrow

Director.

Wesley Cameron King

Director.

CORPORATION, LIMITED

DIARY COMPANIES

as at 31 December 1953

as at 31 December 1952)

	1953	1952
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft	\$ 1,255,295	\$ 963,430
Notes payable to bank.....		507,000
Accounts payable	5,087,059	4,867,485
Debenture and bond interest accrued.....	1,414,786	1,413,140
Dividends declared, since paid.....	1,321,265	983,475
Bond sinking fund payments due within one year.....	1,567,003	1,507,160
Provision for accidents.....	446,180	418,847
Taxes payable—		
Taxes on income (Note 5).....	4,022,280	1,849,680
Other taxes	292,067	362,701
Current liabilities on construction account.....	2,950,000	4,940,000
	<u>\$ 18,355,935</u>	<u>\$ 17,812,918</u>
TRUSTEED PENSION PLANS (Note 1B):		
Provision for portion of past service costs, less payments on account.....	\$ 415,000	\$
BOND DEBT (Note 6), less sinking fund payments due within one year—per statement attached.....	<u>\$131,164,213</u>	<u>\$132,867,907</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%) (\$8,000,000 issued in December 1953).....	13,000,000	5,000,000
	<u>\$ 51,413,400</u>	<u>\$ 43,413,400</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.....	3,140	3,140
	<u>\$ 53,178,647</u>	<u>\$ 45,178,647</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION.....	<u>\$ 286,170</u>	<u>\$ 187,572</u>
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital (Note 7)—		
Authorized:		
5,000,000 Common Shares without nominal or par value		
Issued:		
3,130,000 Common Shares (150,000 issued in December 1953) representing a total cash consideration of		
	\$ 67,773,750	\$ 65,370,000
Earnings employed in the business—per statement attached	8,659,378	6,791,458
	<u>\$ 76,433,128</u>	<u>\$ 72,161,458</u>
COMMITMENTS (Note 4)	<u>\$279,833,093</u>	<u>\$268,208,502</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 1953, 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 employed 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 1953 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.

Vancouver, B. C.,
8 March 1954.

PRICE WATERHOUSE & CO.
Chartered Accountants
Auditors.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings Employed in the Business
For the Year Ended 31 December 1953

(with comparative figures for the year ended 31 December 1952)

	1953	1952
As at the beginning of the year.....	\$ 6,791,458	\$ 5,327,408
<i>Add—</i>		
Earnings on Common Shares of parent company (Note 7)—per Consolidated Statement of Income for the year ended 31 December 1953	\$ 4,595,257	\$ 4,005,070
Provisions for taxes on income of prior years, now estimated to be in excess of requirements (Note 5).....	300,000	.....
	4,895,257	4,005,070
	\$11,686,715	\$ 9,332,478
<i>Deduct—</i>		
Expenses relating to changes in share capital of parent company (Note 7)—		
Conversion of Class "A" and Class "B" Shares into Common Shares.....	\$ 64,238	.....
Fees to increase authorized share capital.....	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.....	639,745	\$ 557,020
	756,837	557,020
	\$10,929,878	\$ 8,775,458
<i>Deduct—</i>		
Dividends on Common Shares of parent company (Note 7).....	2,270,500	1,984,000
As at the end of the year.....	\$ 8,659,378	\$ 6,791,458

Statement of Bond Debt as at 31 December 1953
(with comparative figures as at 31 December 1952)

	1953	1952
British Columbia Electric Company Limited (Note 6):		
First Mortgage Bonds—		
3¼% Series "A" due 2 January 1967:		
Issued \$33,000,000, less bonds redeemed.....	\$ 30,704,000	\$ 31,146,000
3¼% Series "B" due 1 October 1967:		
Issued \$10,000,000, less bonds redeemed.....	9,303,000	9,435,000
3¾% Series "C" due 1 April 1968:		
Issued \$17,000,000, less bonds redeemed.....	16,068,000	16,281,000
3¾% Series "D" due 1 February 1969:		
Issued \$17,000,000, less bonds redeemed.....	16,266,000	16,472,000
3½% Series "E" due 1 March 1975:		
Issued \$20,000,000, less bonds redeemed.....	19,319,000	19,566,000
4% Series "F" due 1 July 1991:		
Issued \$3,745,800, less bonds redeemed.....	3,660,000	3,705,000
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	19,484,320	19,690,171
4¾% Series "H" due 1 December 1977:		
Issued \$15,000,000, less bonds redeemed.....	14,847,000	15,000,000
	\$129,651,320	\$131,295,171
<i>Less—</i>		
Sinking fund payments due within one year, included in current and accrued liabilities.....	1,567,003	1,507,160
	\$128,084,317	\$129,788,011
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
	\$131,164,213	\$132,867,907

BRITISH COLUMBIA POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 1953

Note 1—Pension plans:

The charges to operations of \$1,916,000 for employees' pension costs for the year ended 31 December 1953 (and the comparative charges of \$987,075 for the year ended 31 December 1952) comprise the following elements:—

	1953	1952
Contributory retirement plans (see A below)—		
Provisions based on:		
Employees' past services	\$ 623,000	\$ 415,000
Employees' current services.....	434,000	543,600
Trusted contributory pension plans (see B below)—		
Provisions based on:		
Employees' past services	690,000	.....
Employees' current services.....	169,000	.....
Payments to pensioners from general funds in 1952 (see C below).....	.....	28,475
	\$1,916,000	\$ 987,075

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. In order to make the plans self-supporting in the early years, the companies made payments under these contracts in respect of employees' past services (services prior to 1 October 1946) which, over the years from 1946 to 1953 inclusive, exceeded amounts written off to operations by \$667,748, and this amount is carried forward in the attached consolidated balance sheet as a deferred charge. It is expected that further payments aggregating approximately \$1,200,000 will be required in respect of the past service costs under these plans and this amount, together with the deferred charge of \$667,748, will be written off to operations of future years. The amount of \$623,000 charged to operations for the year ended 31 December 1953 has been based on amortization by equal annual instalments ending in 1956 of the aggregate of the deferred charge as at 31 December 1952 and the estimated payments required subsequent to that date; the previous year's charge of \$415,000 was based on amortization by equal annual instalments ending in 1958.

B. Trusted contributory pension plans—

New trusted pension plans have been established under agreements effective from the beginning of 1953. To carry out these plans the companies are setting up trust funds, to be maintained by Montreal Trust Company, to which they are contributing sums as required from time to time.

The new plans include benefits to employees which are not in the contributory retirement plans referred to in A above. Some of these benefits will derive from services rendered before 1 January 1953, and the additional past service cost to the companies arising therefrom has been calculated actuarially at an amount of approximately \$2,750,000. The amount of \$690,000 charged to operations for the year ended 31 December 1953 in respect of the past service cost of the new plans has been based on amortization of such cost by equal annual instalments ending in 1956.

C. Pensioners retired under non-contributory plan—

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

Note 2—Legal fees and executive remuneration:

The operating expenses include legal fees and executive remuneration paid or accrued of \$288,075 in 1953 (\$213,343 in 1952).

Note 3—Property account:

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 a portion of administrative and general expenses (calculated in recent years at 4% of the direct expenditures on property account).

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 1953 to approximately \$281,000,000; to this should be added 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 \$290,000,000 before deducting accumulated provisions for 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 recorded in the accounts have been calculated, on the basis of rates fixed by the Commission, on sums based on the gross property valuation made by the Commission. The accumulated provisions presently established for the purposes of the Commission, together with accumulated provisions applicable to properties not valued by the Commission, amounted at 31 December 1953 to approximately \$52,000,000.

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.

In 1951 and 1952 the companies recorded \$11,100,000 of additional capital cost allowances (depreciation) permitted to them by the regulations under the Income Tax Act, over and above the normal depreciation provided on the basis described earlier in this note. These additional allowances have been established in accounts separate from the accumulated provisions for depreciation, as shown in the accompanying consolidated balance sheet.

Note 4—Commitments:

The capital expenditure programme contemplated for 1954 amounts to \$33,200,000. Purchase commitments of the companies for capital projects and inventories aggregated approximately \$21,600,000 as at 31 December 1953.

Note 5—Taxes on income:

The returns for taxes on income of the companies have been assessed up to and including the year 1949. The returns for the years 1950 and 1951 have been reviewed, although not finally assessed, by the taxation authorities. On the basis of favourable decisions communicated by the taxation authorities, the taxes on income payable by the companies have been adjusted to the estimated maximum requirements as at 31 December 1953. The portions of the taxes previously accrued to 31 December 1952, now considered to be in excess of the estimated maximum requirements as at that date, amounting to \$300,000, have been transferred to the consolidated earnings employed in the business.

*Note 6—British Columbia Electric Company Limited
4¾% Series "I" Bonds:*

By agreement made on 11 January 1954 British Columbia Electric Company Limited sold \$15,000,000 principal amount of First Mortgage Bonds 4¾%, Series "I". \$12,400,000 were issued on 10 February 1954, and the remaining bonds are to be delivered and taken up by 15 December 1954.

Note 7—Share capital:

Under an arrangement confirmed by the issue of supplementary letters patent dated 16 October 1953, the following changes were made in the share capital of British Columbia Power Corporation, Limited (the Corporation):—

1. The 1,240,000 issued Class "A" shares of the Corporation were converted, on a basis of 1 into 2, into 2,480,000 fully paid and non-assessable Common Shares without nominal or par value.
2. The 1,000,000 issued Class "B" shares of the Corporation were converted, on a basis of 2 into 1, into 500,000 fully paid and non-assessable Common Shares without nominal or par value.

3. The 260,000 unissued Class "A" shares and 500,000 unissued Class "B" shares were converted, on a share for share basis, into 760,000 Common Shares without nominal or par value.
4. The authorized capital of the Corporation was increased by a further 1,260,000 Common Shares without nominal or par value.

The above changes in the issued and authorized capital of the Corporation may be summarized as follows:—

	Share capital before changes		Share capital after changes
	Class "A" Shares	Class "B" Shares	Common Shares
Issued:			
Sub-paragraph 1 above	1,240,000		2,480,000
Sub-paragraph 2 above		1,000,000	500,000
			2,980,000
Unissued:			
Sub-paragraph 3 above	260,000	500,000	760,000
Sub-paragraph 4 above			1,260,000
			2,020,000
Total authorized	1,500,000	1,500,000	5,000,000

On 4 December 1953, the Corporation issued 150,000 Common Shares for a total cash consideration of \$2,403,750, so that at 31 December 1953 there were issued and outstanding a total of 3,130,000 Common Shares. For an equal cash consideration the Corporation purchased on 4 December 1953 150,000 Class "A" shares of British Columbia Electric Company 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 mentioned in the preceding paragraph.

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 1953*
 (with comparative figures for the year ended 31 December 1952)

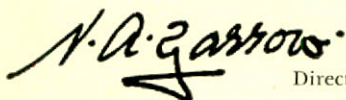
	1953	1952
Net income for the year of British Columbia Power Corporation, Limited and subsidiary companies (per their Consolidated Statement of Income).....	\$ 6,649,402	\$ 5,819,740
<i>Add back—</i>		
Net expenses of British Columbia Power Corporation, Limited.....	61,345	57,257
Net income for the year of British Columbia Electric Company Limited and subsidiary companies	\$ 6,710,747	\$ 5,876,997
<i>Deduct—</i>		
Dividends on preference stock of subsidiary owned by the public: British Columbia Electric Railway Company, Limited—5% Cumulative Perpetual Preference Stock.....	50,308	49,033
Balance of income.....	\$ 6,660,439	\$ 5,827,964
<i>Add—</i>		
Earnings employed in the business as at the beginning of the year.....	\$ 6,525,165	\$ 5,063,858
Provisions for taxes on income of prior years, now estimated to be in excess of requirements (Note 5).....	300,000	.....
	6,825,165	5,063,858
	\$13,485,604	\$10,891,822
<i>Deduct—</i>		
Commission and expenses on issue of Cumulative Redeemable Preferred Shares	\$ 639,745	\$ 557,020
Financing expenses of British Columbia Power Corporation, Limited and related expenses incurred, in the interest of the group of companies, for the following purposes (Note 7):		
Conversion of Class "A" and Class "B" Shares into Common Shares	64,238	.....
Fees to increase authorized share capital.....	25,500	.....
Issue of additional Common Shares.....	27,354	.....
	756,837	557,020
	\$12,728,767	\$10,334,802
<i>Deduct—</i>		
Dividends:		
Cumulative Redeemable Preferred Shares—		
4%	\$ 480,000	\$ 480,000
4¾%	1,254,637	1,254,637
5%	269,200	31,000
Class "A" and Class "B" Shares (all owned by British Columbia Power Corporation, Limited)	2,330,500	2,044,000
	4,334,337	3,809,637
Earnings employed in the business as at the end of the year.....	\$ 8,394,430	\$ 6,525,165

BRITISH COLUMBIA ELECTRIC COMPANY
(the sole direct subsidiary of British Columbia Power Corporation, Limited)
AND SUBSIDIARIES

Consolidated Balance Sheet
(with comparative figures)

	1953	1952
CURRENT AND WORKING ASSETS:		
Cash on hand and in banks.....	\$ 842,042	\$ 505,192
Temporary investments—		
Government of Canada Bonds, at cost (quoted market value \$12,391,000).....	12,383,460	.....
Industrial Acceptance Corporation Limited notes, at cost.....	.....	6,909,208
Funds on deposit with Montreal Trust Company, withdrawable on 10 days' notice.....	3,750,000	.....
Sundry investments.....	37,206	37,206
Working funds advanced to agents, transit operators, etc.	204,715	249,819
British Columbia Electric Company Limited First Mortgage Bonds, at cost (quoted market value \$1,469,648) purchased for sinking funds and accountable at cost for this purpose.....	1,453,199	986,423
Accounts receivable and unbilled revenues, less provision for doubtful accounts.....	6,285,786	6,015,919
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.....	4,617,582	5,138,958
Prepaid expenses.....	73,145	153,922
	<u>\$ 29,647,135</u>	<u>\$ 19,996,647</u>
CONSTRUCTION FUNDS:		
Withdrawable from Trustee for bondholders upon certification of expenditure on additional property of 150% of amount to be withdrawn—		
Held by Trustee.....	\$	\$ 9,961,020
Receivable by Trustee on issue of Series "H" Bonds .....	.....	4,873,250
	<u>\$</u>	<u>\$ 14,834,270</u>
DEFERRED CHARGES:		
Advance payments on account of future contributions to retirement plans in respect of employees' past services (Note 1A).....	\$ 667,748	\$ 1,044,875
Unamortized portion of payments made under transportation franchise agreements, and other deferred items	298,011	279,691
Unamortized bond refunding and issue expenses and discounts—		
Applicable to refunded issue.....	121,951	141,727
Applicable to outstanding issues.....	4,252,912	4,459,280
	<u>\$ 5,340,622</u>	<u>\$ 5,925,573</u>
PROPERTY ACCOUNT (Note 3):		
Lands, franchises, water rights, plants for the generation, transmission and distribution of electric energy and gas, and electric railways, trolley coaches, motor coaches and buses, etc.....	\$296,041,088	\$279,016,162
Unfinished construction.....	14,500,000	10,350,000
	<u>\$310,541,088</u>	<u>\$289,366,162</u>
<i>Less—</i>		
Accumulated provisions for depreciation.....	\$ 55,022,602	\$ 51,301,432
Additional capital cost allowances.....	11,100,000	11,100,000
	<u>\$ 66,122,602</u>	<u>\$ 62,401,432</u>
	<u>\$244,418,486</u>	<u>\$226,964,730</u>
	<u>\$279,406,243</u>	<u>\$267,721,220</u>

APPROVED ON BEHALF OF THE BOARD:


Director.


Director.

The statement of bond debt and the explanatory notes, which supplement the accompanying consolidated financial statements of British Columbia Power Corporation, Limited and subsidiary companies as at 31 December 1953, supplement equally and should be read in conjunction with the consolidated financial statements of British Columbia Electric Company Limited and subsidiary companies.

TRIC COMPANY LIMITED
Columbia Power Corporation, Limited)

IARY COMPANIES

as at 31 December 1953
as at 31 December 1952)

	1953	1952
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft.....	\$ 1,255,575	\$ 963,430
Notes payable to bank.....		507,000
Accounts payable.....		4,853,995
Debenture and bond interest accrued.....	5,073,781	1,413,140
Dividends declared, since paid.....	1,414,786	487,475
Amount owing to parent company, British Columbia Power Corporation, Limited.....	538,765	1,140,601
Bond sinking fund payments due within one year.....	1,485,870	1,507,160
Provision for accidents.....	1,567,003	418,847
Taxes payable—		
Taxes on income (Note 5).....	446,180	4,020,006
Other taxes.....	292,067	1,847,580
Current liabilities on construction account.....	2,950,000	362,701
	<u>\$ 19,044,033</u>	<u>\$ 18,441,929</u>
TRUSTEED PENSION PLANS (Note 1B):		
Provision for portion of past service costs, less payments on account.....	\$ 415,000	\$
BOND DEBT (Note 6), less sinking fund payments due within one year—per statement attached.....		
	<u>\$131,164,213</u>	<u>\$132,867,907</u>
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.....	3,140	3,140
	<u>\$ 1,765,247</u>	<u>\$ 1,765,247</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION.....		
	<u>\$ 286,170</u>	<u>\$ 187,572</u>
CAPITAL AND EARNINGS EMPLOYED IN THE BUSINESS:		
Share capital—		
Authorized:		
470,000 Preferred Shares of \$100 each		
260,000 Preferred Shares of \$50 each		
Note: By amendment to the Company's Memorandum of Association effective 17 November 1953, the authorized preferred share capital was changed to the above from 550,000 shares of \$100 each and 100,000 shares of \$50 each.		
1,500,000 Class "A" Shares of no par value		
1,500,000 Class "B" 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 (160,000 shares issued in December 1953).....	13,000,000	5,000,000
1,390,000 Class "A" Shares of no par value (150,000 shares issued in December 1953—Note 7) and		
1,000,000 Class "B" Shares of no par value.....	66,923,750	64,520,000
	<u>\$118,337,150</u>	<u>\$107,933,400</u>
Earnings employed in the business—per statement attached	8,394,430	6,525,165
	<u>\$126,731,580</u>	<u>\$114,458,565</u>
COMMITMENTS (Note 4)		
	<u>\$279,406,243</u>	<u>\$267,721,220</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 1953, 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 1953 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.

Vancouver, B. C.,
8 March 1954.

PRICE WATERHOUSE & Co.
Chartered Accountants
Auditors.

STATISTICS OF COMBINED COMPANIES

	1939 (1)		1949		1950		1951		1952		1953	
	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		39.63		43.02		46.88		52.69		56.01	
Non-operating income.....	.04		.15		.18		.11		.22		.60	
Total revenue.....	15.44		39.78		43.20		46.99		52.91		56.61	
Disposition of revenue												
employment costs (wages, salaries, pensions, etc.).....	5.95	39	17.00	43	18.02	42	17.71	38	19.13	36	20.34	36
materials and services.....	1.42	9	7.40	18	6.70	15	7.33	15	8.22	16	8.47	15
taxation (support of government) (2) (3).....	1.75	11	4.43	11	5.48	13	7.54	16	9.42	18	9.27	16
wear and exhaustion of property (3).....	1.93	13	4.73	12	5.51	13	6.12	13	6.39	12	7.12	13
interest and other costs on bonds and debentures.....	1.69	11	2.81	7	3.56	8	3.70	8	3.94	7	4.76	8
dividends on preferred stock.....	.65	4	1.10	3	1.33	3	1.68	4	1.81	3	2.05	4
dividends on common stock (4).....	2.00	13	1.70	4	1.98	5	1.98	4	1.98	4	2.27	4
retained and employed in the business .....	.05	....	.61	2	.62	1	.93	2	2.02	4	2.33	4
Operating income.....	4.35		6.07		7.31		8.18		9.53		10.81	
Operating income as a percentage of gross revenue from operations.....	28.26		15.32		16.99		17.45		18.09		19.30	
(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 \$2.5 million in 1953.												
(3) For 1951 and 1952, before additional capital cost allowances and resultant income tax reduction.												
(4) On "A" shares prior to last quarter of 1953.												

STATISTICS OF COMBINED COMPANIES

	1939	1947	1949	1951	1952	1953
ELECTRIC						
Generating capacity (rated kw in thousands) (1)						
Mainland system.....	193.6	193.6	313.6	377.8	437.8	437.8
Vancouver Island system.....	30.2	38.2	38.2	38.2	38.2	42.2
Peak one-hour demand (kw in thousands)						
Mainland system (including export).....	117.0	219.0	318.0	403.8	411.6	460.4
Mainland system (excluding export).....	117.0	219.0	279.0	343.8	351.6	384.2
Vancouver Island system.....	21.9	38.6	43.3	51.7	56.4	61.2
Meters on line at year-end (in thousands).....	143.4	193.9	219.8	238.8	245.6	256.2
Kilowatt-hours sold (in millions).....	453.2	815.9	1,104.8	1,512.5	1,652.7	1,901.5
Proportionate sales by class of customer						
Residential	25.5%	29.8%	31.8%	32.6%	33.5%	32.9%
Other systems—						
domestic (largely residential).....	5.9%	5.2%	6.0%	4.0%	2.5%	2.4%
Commercial and street lighting.....	23.0%	21.3%	18.2%	17.4%	17.6%	16.6%
Industrial.....	45.6%	43.7%	35.9%	33.6%	34.4%	33.6%
Other systems—export.....	—	—	8.1%	12.4%	12.0%	14.5%
Average annual consumption per residential customer (in kilowatt-hours).....	985	1,548	1,977	2,523	2,734	2,974
Average selling price per residential kilowatt-hour (in cents).....	2.57	2.23	1.99	2.19	2.37	2.32
(1) Excluding electricity available from other systems, and furthermore with favourable conditions rated capacity can be and has been exceeded on occasion.						
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	5.5
Peak one-day output (cubic feet in millions)						
Greater Vancouver.....	5.6	12.4	12.7	13.5	13.0	12.9
Greater Victoria.....	0.8	1.7	2.3	2.4	2.1	1.7
Meters on line at year-end (in thousands).....	52.2	63.8	67.3	69.4	69.9	69.1
Gas sold (cubic feet in millions).....	1,407	2,933	3,386	3,493	3,648	3,847
TRANSPORTATION						
Vehicles in operation at year-end						
Urban—street cars	349	348	225	118	85	57
gas buses	56	317	381	356	347	343
trolley coaches	—	42	168	311	311	311
total	405	707	774	785	743	711
Interurban rail passenger cars.....	69	69	69	54	54	32
Interurban buses.....	36	107	105	95	95	88
Revenue miles run—urban (in millions).....	14.8	22.4	27.0	25.1	24.1	24.0
Passengers carried (in millions)						
Urban	67.4	145.8	135.1	120.5	114.1	109.8
Interurban rail.....	5.3	9.9	8.2	6.0	5.3	4.0
Interurban bus.....	1.2	5.6	5.4	4.9	4.5	4.3
Passenger revenue per mile—urban (in cents).....	27.7	38.7	43.3	45.6	51.5	52.7
Rail freight (tons in thousands).....	307	724	953	1,127	1,127	1,129
NUMBER OF EMPLOYEES AT YEAR-END.....	3,784	6,000	5,977	5,417	5,324	5,086

LIST OF SHAREHOLDERS HAVING FUNDS IN UNCLAIMED DIVIDEND ACCOUNT

The following shareholders, whose present addresses are unknown to the Company, have money representing unclaimed dividends due them. If you can supply any information about any of them would you please write to the Montreal Trust Company, 466 Howe Street, Vancouver 1, B. C.

BRITISH COLUMBIA POWER CORPORATION, LIMITED COMMON (FORMERLY CLASS "A") SHAREHOLDERS

Marie Augustine Blake, Marylebone, London, England	Elizabeth Jane Dawson, Miami, Florida	Miss Gladys S. Roberts, Winnipeg, Man.
Paul Marie Gustave Boigues, Paris, France	W. Perley Gale, Fredericton, N. B.	Miss Beatrice Robinson, Winnipeg, Man.
Abraham Cohen, Montreal, P. Q.	E. F. Knox, Toronto, Ontario	Sydney A. Silvera, Montreal, P. Q.
Mrs. Helen Margaret Corcoran, Montreal, P. Q.	Honore Desire Pin, Seine, France	Sherman Stauffer, Olds, Alberta
Sydney Edward Davies, Philip S. Davies, Wallasey, England	Miss Sarah Pitcher, Hastings-on-Hudson, New York	

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED 4% PREFERRED SHAREHOLDERS

Mrs. Mary Grace Cooke, Sooke, B. C.	Mrs. Alice Hicks, Vancouver, B. C.
Keith M. Goldsmith, Edmonton, Alberta	Mrs. Annie McKay, Toronto, Ontario

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED 4¾% PREFERRED SHAREHOLDERS

Mrs. Jean M. Dickson, Vancouver, B. C.	Mrs. Hazel McKinnon, Ottawa, Ontario	Miss Meme Beatrice Marcoux, Ottawa, Ontario
Mrs. Frances H. Girroir, Ottawa, Ontario	William John Mahood, Hope, B. C.	

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED 5% PREFERRED SHAREHOLDERS

Morgan Joseph Cavanagh,
Port Alice, B. C.

DIRECTORS

E. Ronald Crammond
G. T. Cunningham
Sydney G. Dobson
Sévère Godin
A. E. Grauer

C. L. Gundy
Andrew P. Holt
R. H. B. Ker
W. G. Murrin
A. J. Nesbitt

J. G. Robson
P. A. Thomson
J. L. Trumbull, C.B.E.
J. B. Woodyatt
Norman A. Yarrow

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E. W. Arnott	Vice-President
T. Ingledow	Vice-President
W. C. Mainwaring, O.B.E.	Vice-President
Lorn McLean, F.C.A.	Vice-Pres. & Treasurer
H. L. Purdy	Vice-President
A. B. Robertson, Q.C.	Vice-President
J. A. Brice	Secretary
G. G. Woodward	Assistant Secretary

The Royal Bank of Canada

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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

Business is Moving to B. C.

British Columbia's population increased 50% in the 1941 - 1953 period. The highest rate of growth among other Canadian provinces was 29%. Markets being created here are attracting industries which in turn sustain and encourage further population growth. Increases in both population and industrial activity are supported by low-cost hydro-electric power, which is plentiful in British Columbia.



B.C. Electric