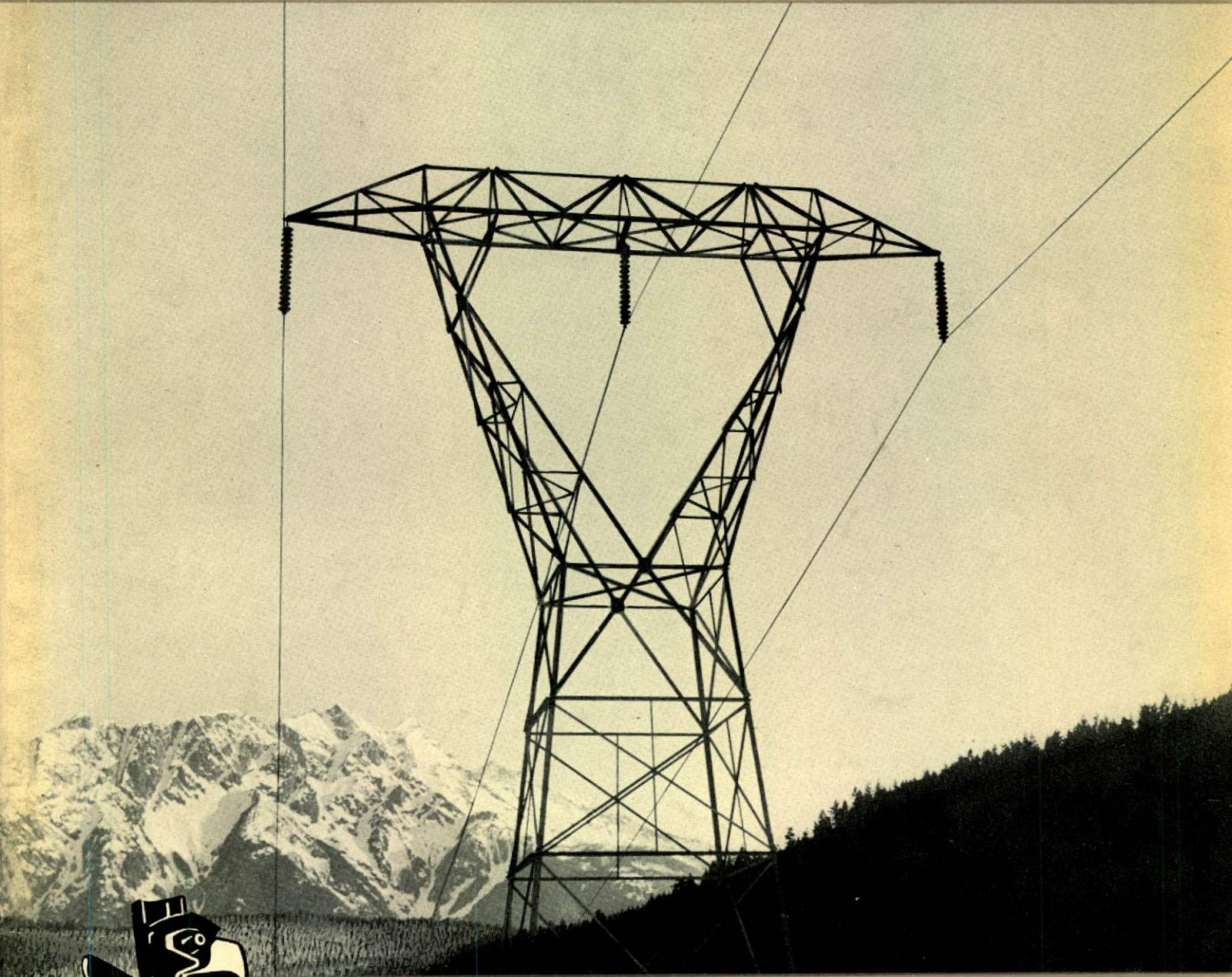


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BRITISH COLUMBIA POWER CORPORATION, LIMITED



BC Electric

Annual Report, 1951

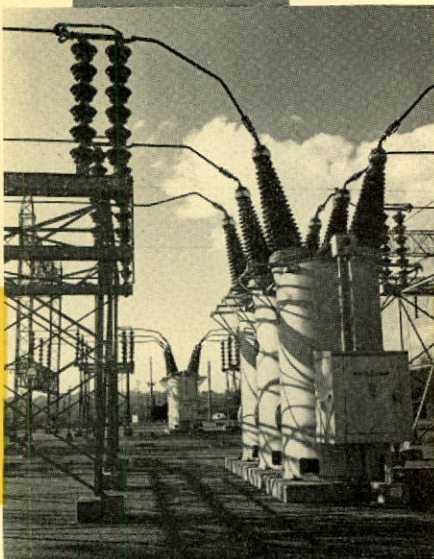
PRINTED IN CANADA

SUNPRINTING 

THE BOARD OF DIRECTORS OF
BRITISH COLUMBIA POWER CORPORATION, LIMITED
PRESENTS ITS REPORT FOR THE YEAR

1951

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. Inter-urban 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 this Report the business in general is referred to, the term "the Company" is used.

The Year in Brief

Inflation affected all elements of cost and necessitated the first general electric rate increases in the Company's history—but average annual consumption by residential customers continued to rise—2,523 k.w.h. in 1951 as compared with 2,299 in 1950.

★ ★ ★ ★ ★

Demand for electricity, exclusive of export, was 10% greater than in 1950.

★ ★ ★ ★ ★

Gross revenue from operations, at \$46.9 million, was 9% higher than in 1950, a 20% increase in electric revenue being the principal factor.

★ ★ ★ ★ ★

Earnings were \$2.19 per "A" share and \$0.19 per "B" share as against \$2.06 and \$0.06 respectively in 1950; as viewed for regulation, earnings of 4.75% on the depreciated rate base were well below the 5.8% allowed rate of return established in 1943.

★ ★ ★ ★ ★

A higher allowed return was applied for in 1951. Decision has not yet been handed down.

★ ★ ★ ★ ★

To continue the property expansion and betterment programme, the Electric Company sold \$6 million of 4³/₄% preferred shares and \$20 million of 3³/₄% first mortgage bonds.

★ ★ ★ ★ ★

Electric Company bonds and preferred shares, payable in Canadian dollars, were issued in exchange for over 75% of the Railway Company's debenture and preference stocks, payable in sterling. Because of the sterling exchange rate, a capital gain of \$5 million resulted.

★ ★ ★ ★ ★

The reconstructed and enlarged Buntzen No. 1 generating station was placed in service, one unit of 50,000 K.W. capacity replacing seven machines of 21,000 K.W. combined capacity. Buntzen commenced service in 1903—the first hydro plant of the Mainland system.

★ ★ ★ ★ ★

\$21.8 million was spent on property additions and improvement; progress on construction projects (notably the 60,000 K.W. Wahleach hydro development scheduled for 1952 completion) was slowed by material shortages and a forest closure.

★ ★ ★ ★ ★

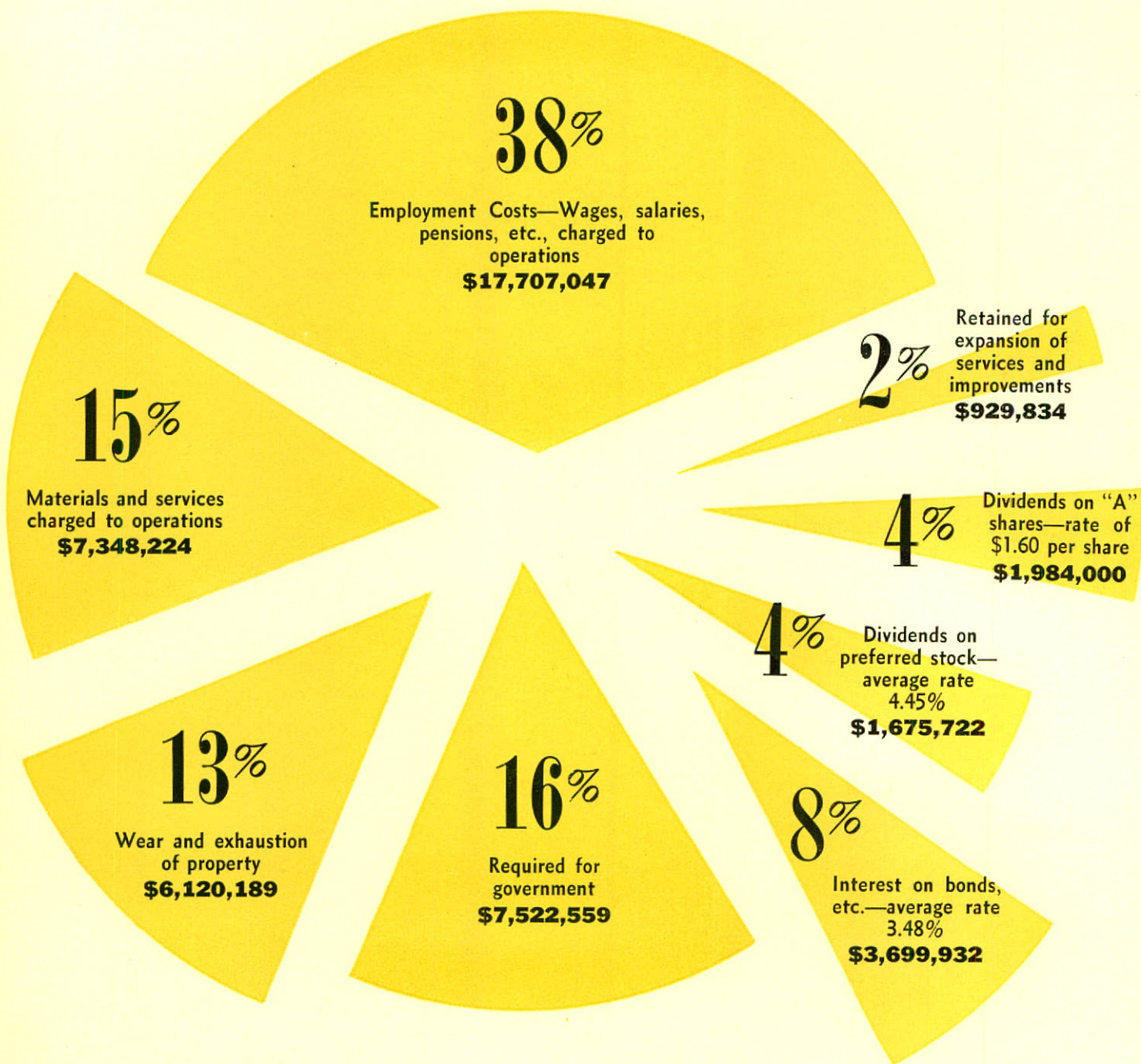
A transit consultant retained by the City of Vancouver reported that service over those lines which had been modernized was equal to any in comparable American cities, superior to most. By the year end only one-fifth of the route miles in Vancouver were served by street car.

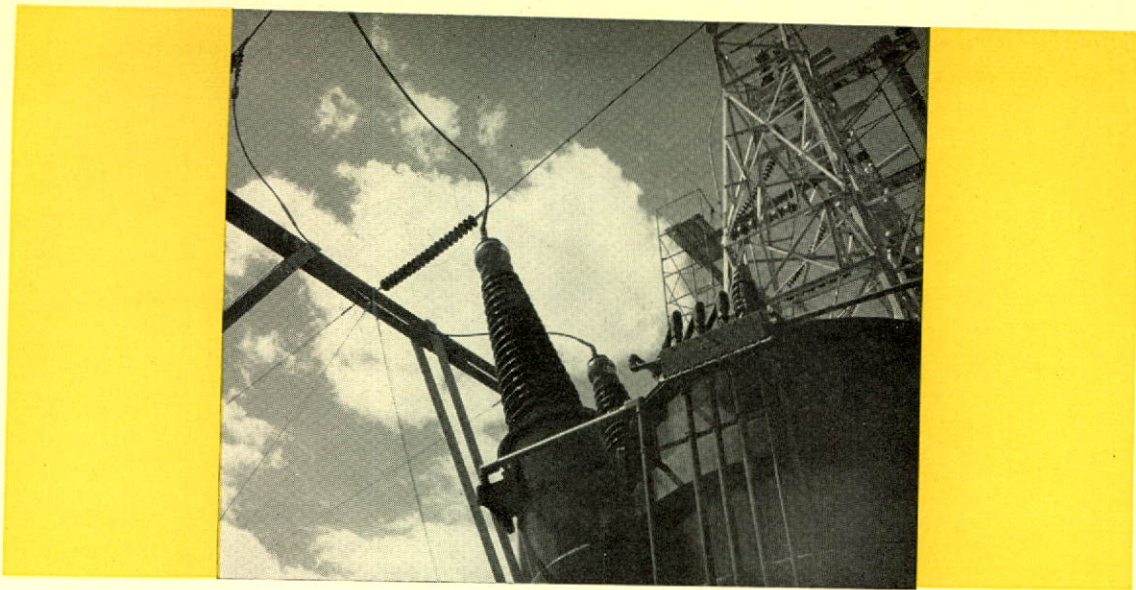
★ ★ ★ ★ ★



A. E. Grauer, President

DISPOSITION OF 1951 REVENUE





Inflation which flared up again following the beginning of the Korean war reached its highest rate of increase during 1951 with indications of levelling off, however, towards the end of the year.

On the cost side of the Company's operations, inflation showed itself in substantially increased wage rates and material costs, both of which, of course, affected costs of construction as well; it showed itself also in the immediate result of Governmental measures designed to curb it, viz. increased rates of taxes on income and increased costs of raising money.

These developments called for prompt measures to protect the Company's net income and thereby to protect its capacity to attract capital to carry on its essential expansion programme in the public service. During the year, electric rates were increased, the first general increase in this service in the history of the Company, and gas rates were increased for the second time since the end of World War II.



RESULTS OF OPERATIONS

The balance of income after providing for preferred dividends of subsidiary companies amounted to \$2,913,834 as compared with \$2,604,405 in 1950. Expressed on a participating basis they represented \$2.19 per "A" share and \$0.19 per "B" share in 1951 as against \$2.06 and \$0.06 respectively in 1950.

Dividends on the "A" shares in 1951 were continued at the annual rate of \$1.60 per share.

The earnings for 1951 as viewed for regulation represent a return of 4.75% on the depreciated rate base as against the allowed rate of return of 5.8%, which was established in 1943. At that time the company was not raising money

—indeed could not have done so under Canadian fiscal and monetary policies of the time — and the rate did not contain the customary element for the attraction of capital. This is reflected in the fact that our 5.8% rate is lower than those of utilities generally both in Canada and the United States. With the termination of the post-war easy money market early in 1951 and with the continuing necessity for raising substantial sums of new money annually, the Company in 1951 applied to the Public Utilities Commission for a rate of return of not less than 7.5%. Public hearings were held in November and December; the Commission's decision has not yet been handed down.

GROSS REVENUES

The gross revenues from operations for the year amounted to \$46,880,250, an increase of \$3,856,228 or 8.96%, to which the various services contributed as follows:

	1951	Increase or <i>Decrease</i> compared with 1950	
		Amount	%
Electric	\$25,333,076	\$4,159,868	19.65
Railway, Trolley Coach and Urban Bus—Passenger	12,190,748	681,522	5.29
Interurban Bus	2,024,046	63,822	3.06
Railway Freight	2,917,864	267,175	10.08
Gas	3,939,599	61,487	1.59
Miscellaneous	474,917	113,042	31.24
Total	<u>\$46,880,250</u>	<u>\$3,856,228</u>	<u>8.96</u>

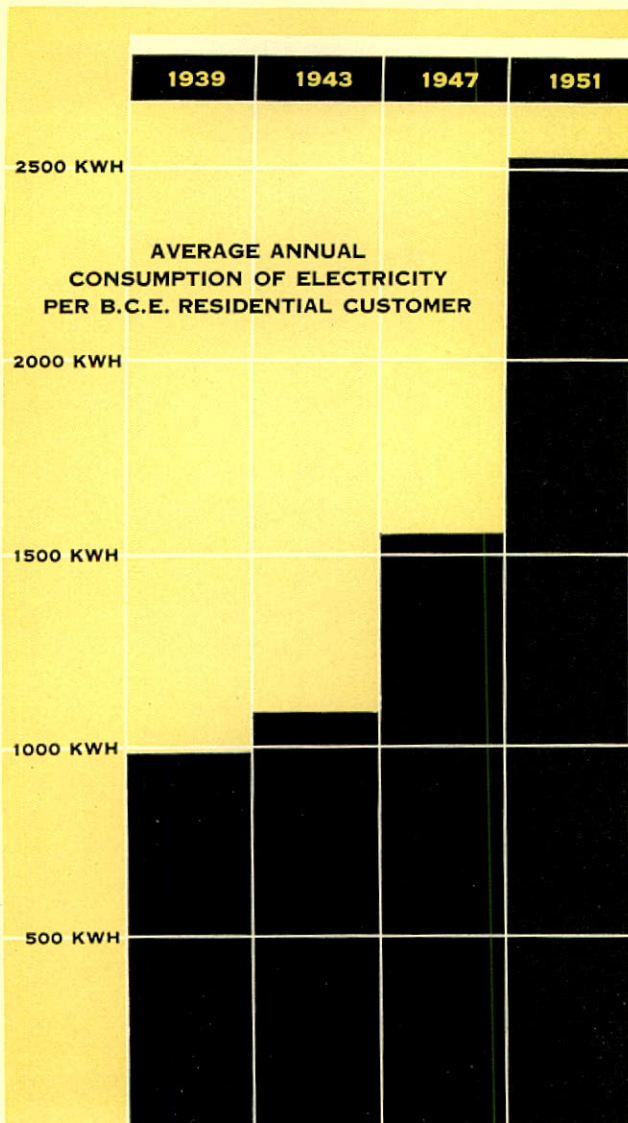
The corresponding figures for the volume of services rendered are as follows:

	1951	Increase or <i>Decrease</i> compared with 1950	
		Amount	%
Kilowatt hours sold	1,512,461,144	119,597,148	8.59
Passengers carried—			
Railway, Trolley Coach and Urban Bus	126,511,810	6,728,769	5.05
Interurban Bus	4,919,047	119,402	2.37
Railway Freight Tonnage	1,126,659	110,795	10.91
Cubic Feet of Gas Sold	3,492,981,000	27,725,000	0.79

In the electric service, the net increase in number of customers over the year was 9,206, or 4.1%, bringing the total to 234,816 at the year-end. Despite increased rates and protracted dry, sunny weather, volume of use has continued to increase: average annual consumption per residential customer, which was 2,299 k.w.h. in 1950, rose to 2,523 in 1951. (The corresponding consumptions in 1939 and 1945 were 985 and 1,225 k.w.h., respectively.) The electric revenues in 1951 include \$961,072 from export

sales as compared with \$1,009,737 in 1950.

In the gas service, the number of customers was virtually unchanged; 61,537 in 1951 as compared with 61,627 in 1950. The Company's gas service is basically a manufactured gas business with some volume of L.P. gas. The likelihood and probable time of the receipt of natural gas from Alberta by the Company are still open questions, and any reference which might be made here could easily be outdated by the time this report is read.



Rates

To meet higher costs, which appeared in waves at different times throughout the year in the form of increases in wages, prices and income taxation, etc., the Company made three applications to the Public Utilities Commission for increases in electric rates and one application for increases in gas rates. The applications called for effective dates designed to match closely the time of impact of the increased costs to which they were related. All four applications were acceded to by the Commission, the third electric rate increase taking effect on 18 January 1952. The first electric increase applied to residential and small industrial rates, the second to commercial and large industrial rates and the third to one step in the residential rate.

The three electric rate increases, taken together, affected all areas and, with minor exceptions, all

classes of electric service provided by the Company; their combined effect will be to increase electric gross revenues by approximately 15% in a full year. The increases in gas rates affected only the Mainland area and will give rise to an increase in gas gross revenues of approximately 6% in a full year.

Rate increases affecting the interurban bus and railway freight operations also became effective during the year.

Upon acquisition during 1951 of the electric systems at Lillooet and North Bend (both in the Fraser River Canyon), and Hope, rates there were brought into line with our rates in comparable areas, which represented a substantial reduction for most consumers. During the year also, service was installed at Boston Bar, which is across the Fraser River from North Bend.

OPERATING EXPENSES

Operating expenses at \$38,698,019 show an increase of \$2,827,950, or 7.88% over 1950.

During 1951 contracts were concluded with all the Unions representing the Company's organized employees. . . . The Street Railwaymen's Union contract was settled in February for a two-year period, with a wage increase provided for in each year. As the result of representations by the Union late in the year which bore on the fact of substantial increases in cost of living during the elapsed portion of the first year of the contract, the Company granted a further increase to take effect in the second year of the contract which terminates on 28 February 1953. A similar settlement was reached with the two Railway Unions which represent certain of the interurban railway operating employees. . . . The Gas Workers' Union agreement and the Office Employees' Association agreement were renewed substantially before their expiry dates with provision for increases at each of three stages of the terms of the new contracts, the contracts terminating on 31 December and 31 October 1953, respectively. . . . The contract covering operating employees of B.C.M.T. was settled on the basis of an 18-month term ending on 30 September 1952, and an across-the-board increase. . . . A Conciliation Board award in respect of the Electric Workers' contract was accepted; this contract expires on 31 July 1952.

The Company's past procedure, in line with general practice, had been to record the cost of vacations as an expense of the year in which the vacations were taken and the operating costs of 1951 include the cost of vacations taken in that year. The fact is that vacations taken in a particular year are earned by employment during the preceding year and, as at any year-end, liability exists for vacations earned which are to be taken in the year following. The best accounting practice recognizes this fact and the Company has done so in 1951 by recording, as a charge to earned surplus, \$840,000 representing liability for vacations to be granted in 1952 but earned by employees in 1951.

Approval of the Department of National Revenue of the Canadian Government was obtained to a revision in the scale and period of write-off of the past service cost of the Company's contributory pension plan; the annual write-off which was \$340,000 previously, was reduced to \$240,000 beginning with 1951. Amortization under the revised schedule is to be completed in 1964.

Provision for depreciation charged to operations continues to rise with the increased property in service. Additional "capital cost allowances" taken in 1951 but not charged to the year's operations are mentioned later.

Taxes on income charged to operations in 1951 increased by 65% over 1950; about one-half of the increase resulted from higher tax rates and not from increased taxable income. . . . The increase of 5% in the rate of tax which became effective 1 September 1950, affected the full year of 1951. . . . Imposed retroactively to 1 January 1951, but announced only in April was a Defence Surtax of 20% of Canadian income tax, which represented therefore an addition of 7.6% to the tax rate. The Minister of Finance in announcing the additional tax stated, without confining his reference to public utilities, that some relief from its burden was planned for companies possessing their modest income characteristics; in June the hope raised by the Minister's remarks was removed by his announcement

that he was unable to find a satisfactory formula to provide relief. At this late date, therefore, the burden of the tax fell on the operations with retroactive effect for six months.

Effective 1 January 1952, the rate of Canadian income taxation on corporations has been raised a further 2% to provide part of the funds to finance old age pensions. This brings the combined rate of Canadian and Provincial taxes on corporate income in British Columbia to 52.6%.

The returns for taxes on income of the Power Corporation and its subsidiaries have been assessed to the end of 1949.

NUMBER OF LOCATIONS AT WHICH B.C. ELECTRIC CUSTOMERS MAY PAY THEIR ACCOUNTS				
	1945	1947	1949	1951
150				144
100			114	
50		89		
	41			

CONSTRUCTION PROGRAMME

The net expenditures on property account for the year amounted to \$17,133,905 as compared with \$15,843,601 in 1950. The net expenditures in 1951 comprised gross additions of \$21,825,798 less retirements of \$4,691,893.

The major expenditures in 1951 by projects were as follows:

Electric extensions, Mainland and Vancouver Island, including cost to connect 9,493 additional customers	\$3,297,845
Gas extensions, Mainland and Vancouver Island, including cost to connect 1,137 additional customers	406,160
Lake Buntzen hydro-electric development— reconstruction of No. 1 generating station	2,188,191
Wahleach Lake hydro-electric development— generating facilities and associated transmission line	4,315,743
Substations, associated distribution facilities and local transmission system	4,661,608
Purchase of Hope and Lillooet systems	459,576
Trolley coaches, Vancouver, 55 units	1,390,099
Overhead distribution system for trolley coaches, Vancouver	533,235

The reconstructed and enlarged Buntzen No. 1 generating station was placed in service on 9 November; one unit of 50,000 K.W. capacity replaced seven original machines of a combined capacity of 21,000 K.W.

Work begun in 1950 was continued on the Wahleach Lake development which is scheduled for completion in the autumn of 1952 and which will add 60,000 K.W. of generating capacity to the Mainland system.

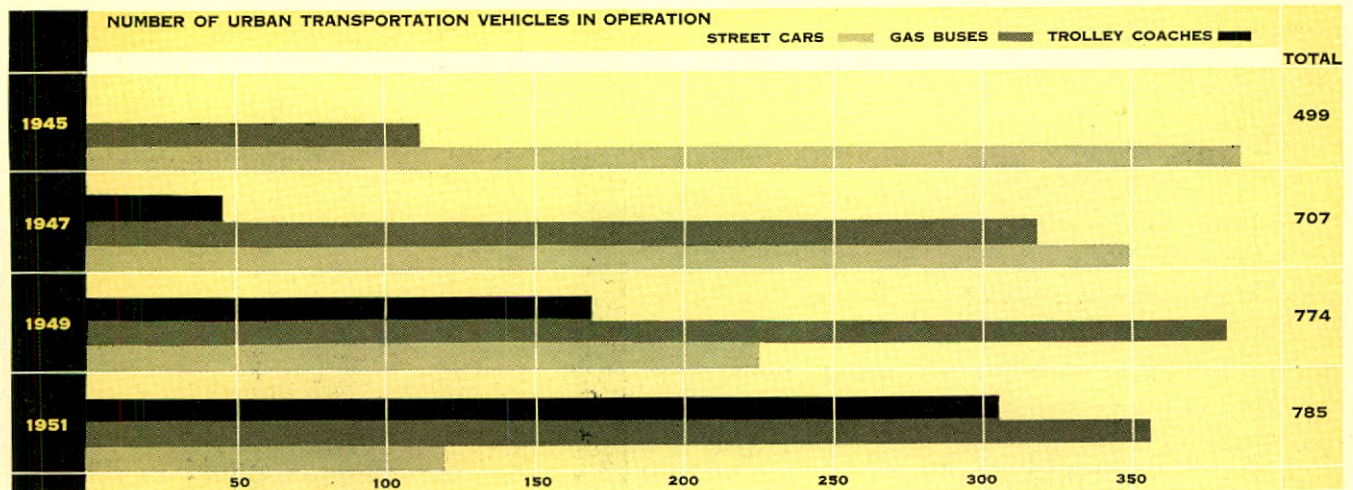
In Vancouver, discontinuance of 5 miles of street car service, net reduction of 4 miles of gasoline bus service, and addition to trolley coach routes of 11 miles, marked the progress for the year toward entirely free-wheeling transportation; by the end of 1951 the proportions of street car, bus and trolley coach route mileages in that city were 20%, 34% and 46% respectively.

Colonel M. D. Mills, an eminent transporta-

tion consultant, was retained during the year by the City of Vancouver to report on the quality of our transit service in the city. In his report he states:

“ . . . the transit service operated by the Company in Vancouver, over those lines which have been modernized, is equal to any transit system now operated in comparable American cities, and . . . it is superior to most. With the completion of the conversion programme . . . , the City of Vancouver will possess a thoroughly adequate transit system.”

Shortages of materials, delayed deliveries and cessation of work at Wahleach during a forest closure imposed to safeguard against the fire hazards of a dry summer slowed the progress of construction and caused several millions of capital expenditure budgeted for 1951 to be deferred to 1952.



POWER SUPPLY

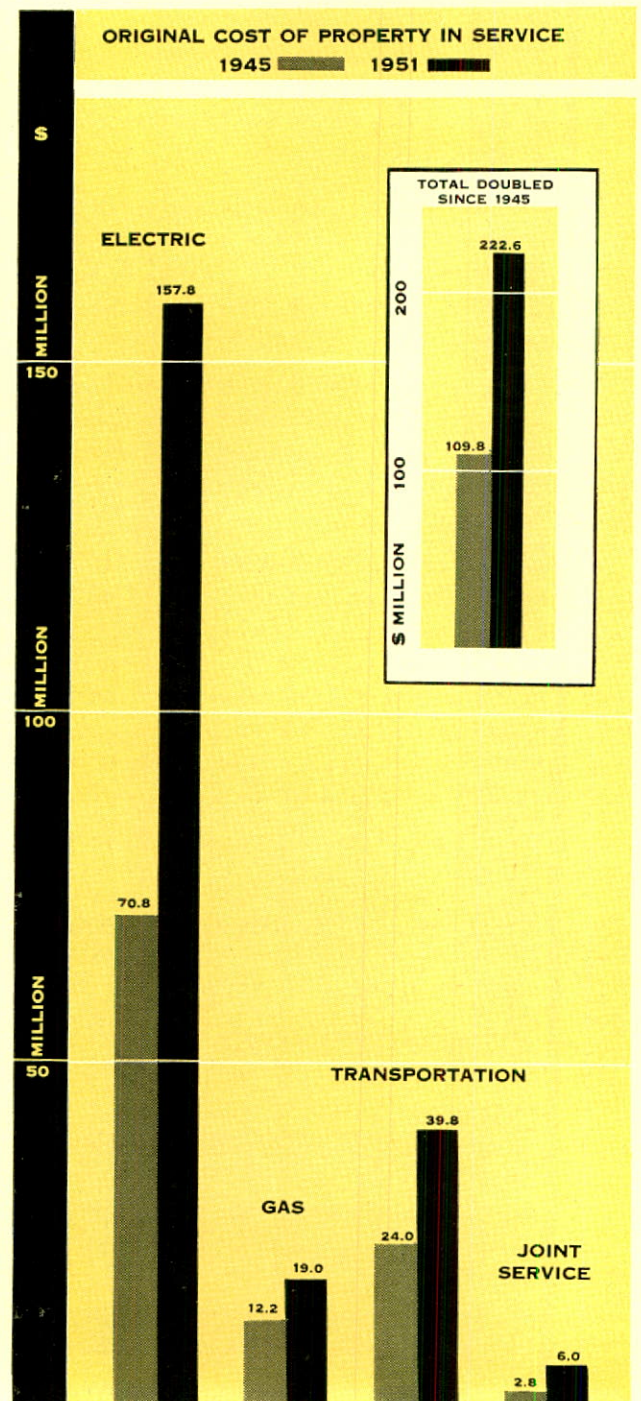
Kilowatt hours generated and purchased, as distinguished from kilowatt hours sold mentioned earlier, were 1,856,980,644 as compared with 1,737,836,460 in 1950, an increase of 6.86%. The one-hour peak load on the Mainland System, exclusive of export, was 343,800 k.w., an increase

of 12.65% over the peak in 1950; if the export power is included, the maximum hourly peak was 403,800 k.w. The Vancouver Island system had an hourly peak load of 51,730 k.w., which represents an increase of 12.5% over 1950.

FINANCING

Two new-money issues were made in 1951, both by the Electric Company. The first was a public issue in February of \$6,000,000 of 4¾% cumulative redeemable preferred shares at par. The second was a private sale in December of \$20,000,000 of 3¾% first mortgage bonds payable in U. S. funds, maturing in 1976 and sold to yield 4%; the proceeds are receivable in instalments over a period ending not later than 3 September 1952, of which the first instalment of 25% was received on 4 December 1951 and the second instalment of 25% was received on 4 March 1952.

During the year, an important step was taken towards the winding up of the Railway Company and the merging of its properties and operations with those of the Electric Company. An offer was made to the holders of the Railway Company's debenture and preference stocks (both issues payable in sterling) to exchange their holdings for securities of the Electric Company (payable in Canadian dollars). The effect of the offer was to allow the sterling holders a premium of 5½% on the Canadian dollar equivalent of the principal amount of their holdings. Over 75% of the sterling stock was lodged for exchange, and in the result:



The Electric Company acquired securities of the Railway Company, as follows:

4 $\frac{1}{4}$ % perpetual consolidated debenture stock	£2,153,140
5% cumulative perpetual preference stock	£1,076,679

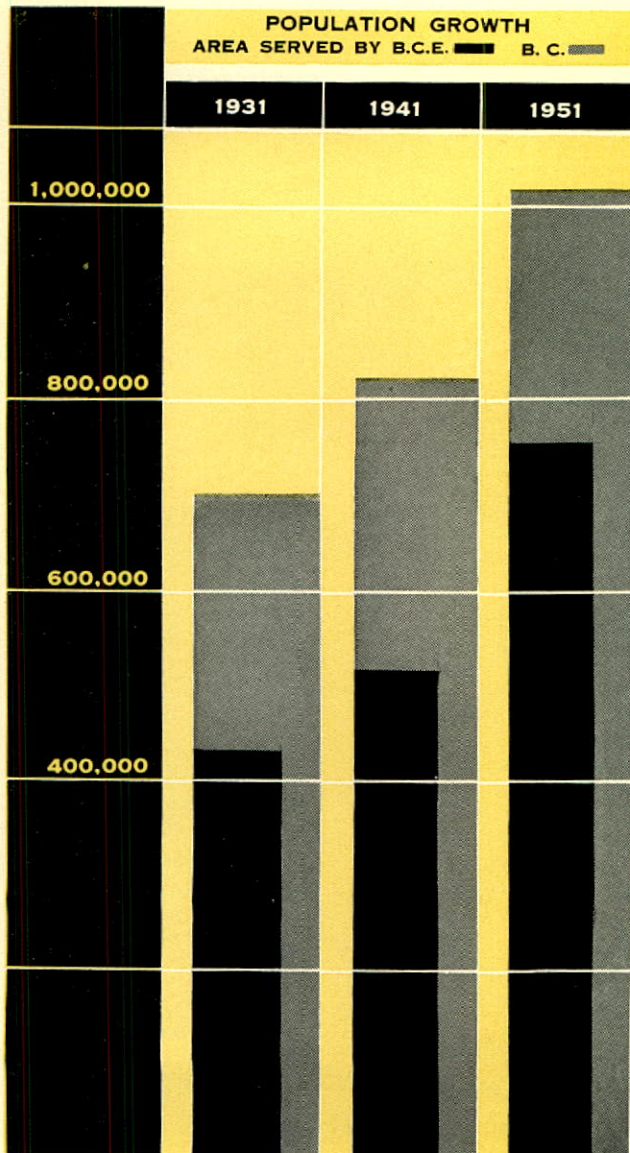
The Electric Company issued its securities in exchange, as follows:

4% first mortgage bonds, Series "F"	\$3,745,800
4 $\frac{3}{4}$ % cumulative redeemable preferred shares	\$6,413,400
and paid \$14,730 in cash to settle fractions.	

As a result of the transaction, by which securities carried at \$4.85 to the £ were acquired at a rate of \$3.15 to the £, and after allowing for the expenses of the transaction, a capital gain of \$4,970,456 arose.

In stating its operating results the Company follows the depreciation policies laid down by the Public Utilities Commission. Present income tax regulations provide for depreciation ("capital cost allowances") on the diminishing balance method, at rates which allow substantially higher provisions on a new plant, such as the Company's, than the straight-line depreciation allowances of the Public Utilities Commission. The Company has reduced its income tax bill by an estimated sum of \$3,700,000 by recording in 1951 the maximum capital cost allowances permitted by the tax regulations. This has been done in order to husband cash resources at a time when money for public issue is both costly and scarce. That part (\$7,600,000) of the capital cost allowances in excess of the allowances permitted by the Public Utilities Commission, less the resulting tax saving, has been recorded as a charge to the capital surplus mentioned in the next preceding paragraph.

During the year, \$1,049,000 principal amount of first mortgage bonds of the Electric Company was retired through the operation of sinking funds.



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

Funds provided—		
Net proceeds of new-money issues of shares and bonds		\$10,588,738
Sales of property		648,743
Release by trustee out of proceeds of bonds issued in 1950		9,423,609
From the year's operations:		
Earnings on Class "A" and Class "B" shares	\$2,913,834	
Add back—charges against operations requiring no current outlay of cash:		
Provision for depreciation	6,120,189	
Bond refunding and issue expense written off	248,829	
		9,282,852
From reduction of income tax liability:		
Over-provision in prior years	\$ 300,000	
Reduction through recording additional capital cost allowances	3,700,000	
Reduction through recording liability for vacations	400,000	
		4,400,000
		<u>\$34,343,942</u>
Funds applied—		
Gross capital expenditures		\$21,825,798
Payments into bond sinking funds, made or provided for		1,322,818
Dividends on Class "A" shares		1,984,000
Exchange of Electric Company's for Railway Company's securities—		
Cash settlement for fractions and expenses of the exchange		534,966
Liability for vacation pay		840,000
Increase in deferred charges (other than refunding and issue expenses), etc.		179,861
		<u>\$26,687,443</u>
Increase in working capital		7,656,499
		<u>\$34,343,942</u>

EMPLOYEES

During the year there retired 22 employees who had had 40 or more years' service. Amongst them was Mr. J. J. R. Dumaresq, for many years Chairman of the Order of Railway Conductors, and Mr. P. H. Buchan, Engineer of City Lines. There also retired during the year the widely-known Mr. E. H. Lytle, Information and Complaint Supervisor, after 39 years' service. The Directors wish to record their appreciation of the long and able service of those mentioned and of the many other employees who retired on pension in 1951. We have 962 retired employees on pension; most of them continue to live where they worked and keep in close touch with the affairs of the Company.

Mr. R. W. Purves succeeded the late Mr. Ernest

Harrison as Financial Officer, Vancouver Island. On the Mainland, Mr. J. E. Allen was appointed Superintendent of B.C.M.T. operations, to replace Brigadier J. M. Rockingham, C.B.E., D.S.O. and Bar, E.D., who has been Commander of the Canadian Army Special Force and whose appointment as Director General of Military Training for Canada has recently been announced.

Since the end of the year, arrangements have been concluded to make group insurance coverage available on a contributory basis to all the Company's employees.

The Company's employees numbered 5,417 at the year-end. To all of them, the Directors desire to express deep appreciation for their loyalty and industry.

DIRECTORS

Death deprived the Board of the wise counsel of Mr. J. H. Gundy, C.B.E., LL.D., who had been a director since the formation of the Power Corporation in 1928.

To fill Mr. Gundy's place for the remainder of the term, Mr. Charles L. Gundy, President of Wood, Gundy & Company, Limited, was appointed.

SHAREHOLDERS

The public holders of shares of the Power Corporation, the Electric Company and the Railway Company number 27,685. Over the years some have moved without notifying us of their changed addresses. The assistance of readers of

this report is enlisted to aid us in finding their present addresses so that their dividends may be sent to them; the names and last-known addresses of these missing shareholders are set forth on page 28.

FINANCIAL STATEMENTS

The Consolidated Balance Sheet and the Consolidated Statement of Income and Earned Surplus of the Power Corporation and subsidiary companies, with the opinion thereon of the auditors, 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 capital surplus appearing in the statements of previous years which amounted to \$6,115,765, and which represented the surpluses of subsidiaries as at the date of the acquisition of their capital stocks by the Power Corporation, has been eliminated and the consolidated property account has been correspondingly reduced.

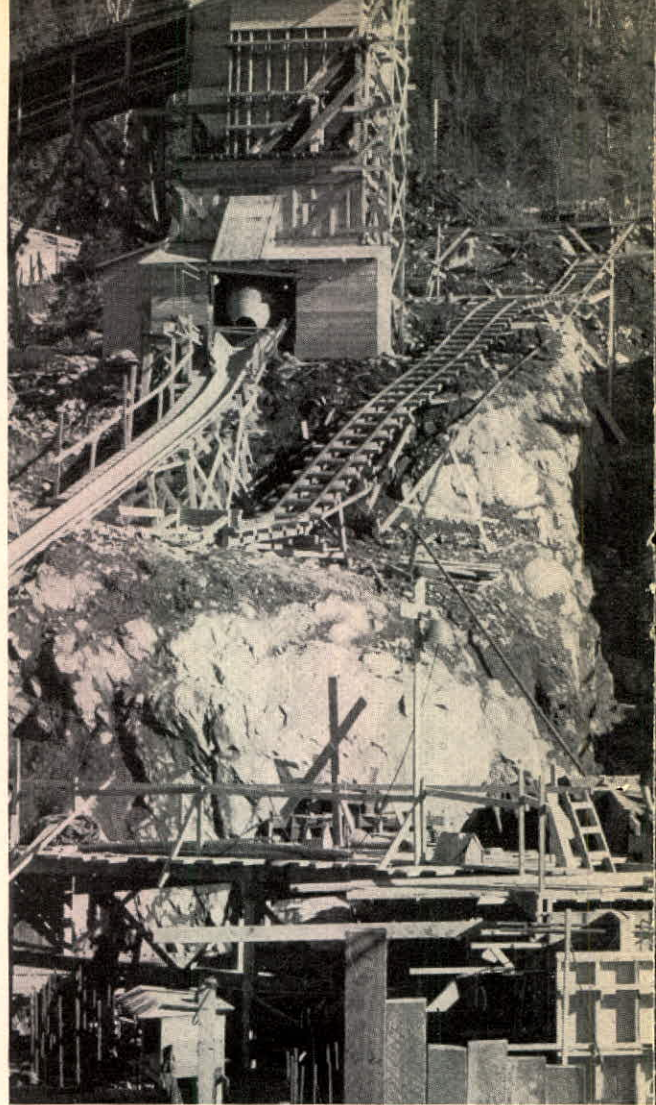
Vancouver, B. C.
27 March 1952.

A. E. GRAUER,
President.

BUSINESS IS MOVING TO B.C.



Kemano, an isolated northern valley, became a by-word in the province in 1951. It is here that the Aluminum Company of Canada Limited is building a mighty powerhouse inside the rugged coastal mountains. This will feed the smelters at the coming city of Kitimat, a short distance away, where one of the world's largest single aluminum producing industries is being planned.



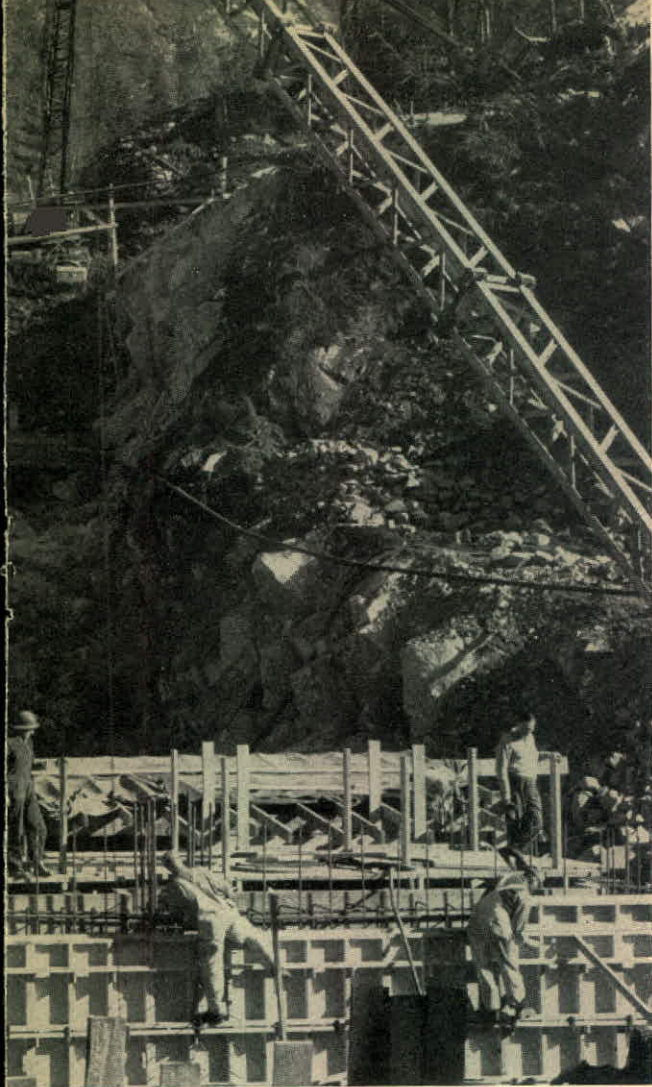
Biggest single B. C. Electric project of 1951 was Wahleach generating station. It will add 100,000 kilowatts of Mainland generating capacity this year—helping to keep



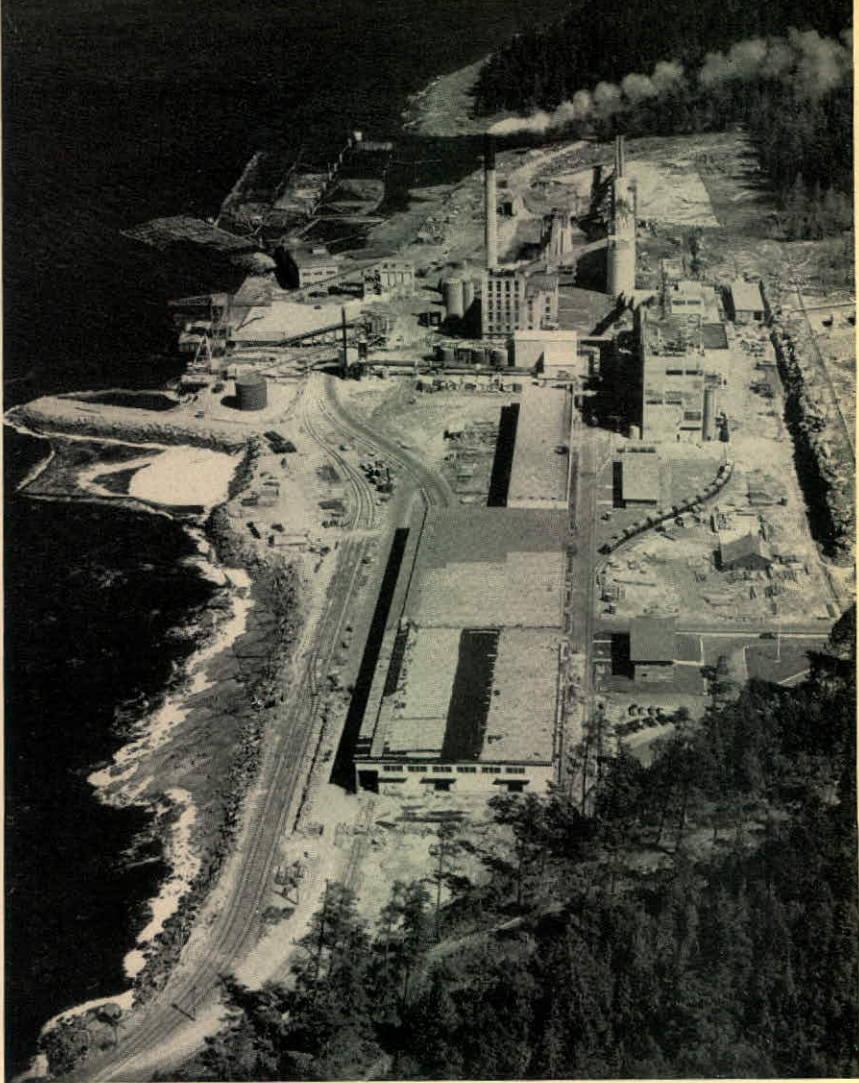
Oil! the magic fluid that has changed the economy of Alberta, will soon be flowing through a pipeline from Edmonton to Vancouver. To prepare for this import, which will mean a new era for the coast, refineries along Burrard Inlet now have expansion and construction plans totalling millions of dollars.



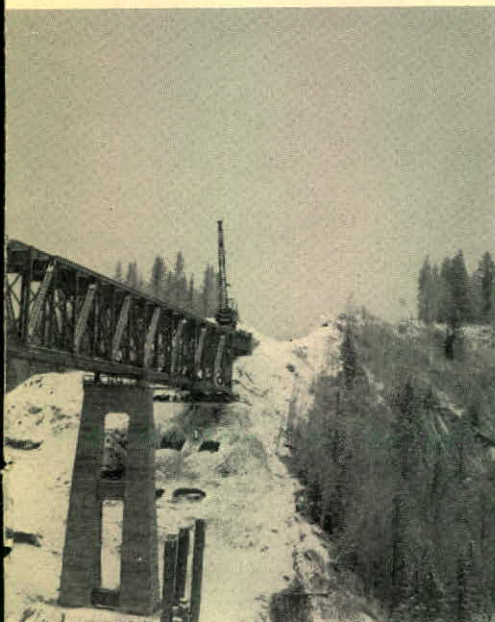
Business turned northward in B. C. with the completion of the new bridge at the P. Canyon, outside Quesnel. Spanning the gorge is the P. Prince George, in the geographical centre of the province. This is a major development in the whole north



...ing station which will add another 80,000 h.p. to the company's B. C. Electric ahead of power requirements in this area.



B. C. has the greatest pulp and paper expansion program of any section in the world, and new mills were opened, and new plans laid during the past year. Huge stands of softwoods, skilled labor and industries have been key factors in this boom. Here is one of the latest mills—MacMillan and Bloedel's Harmac pulp plant—that was hardly completed last year before further expansion was underway.



... of the high-level bridge over the precipitous Cottonwood G.E.'s new trackage that will soon link the coast with the interior, and mean an upsurge in industrialization and settlement in the interior regions.



Eyes of the pulp and textile world were turned on British Columbia this year when Columbia Cellulose Company Limited opened its high alpha pulp mill near Prince Rupert. This modern, efficient mill, shown with log pond in the foreground, is processing B. C. timber into the basic ingredients for textiles, and a host of cellulose products.

*"Business is
moving to B.C."*



*"Business is
moving to B.C."*

A PREDICTION PAYS OFF

History Is Made

The year 1951 will go down in history as the year when business "really" moved to B. C.

Why has British Columbia caught the imagination of people everywhere?

In the past 12 months:

- we established what might soon be the world's largest aluminum operation;
- we embarked on the greatest pulp and paper expansion in the world;
- we found oil and more natural gas;
- we started a petroleum pipeline from Edmonton to the coast;
- we became engaged in the largest construction programme in the history of the west;
- we resumed a large ship building programme;
- we formed the nucleus of one of the greatest cellulose industries on the continent;
- we rushed into the greatest mining development in our history;
- we cut more timber, caught more fish and produced more wealth than anyone thought could be possible;
- we continued a huge hydro-electric power expansion;
- we saw the start of a new industrial empire whose initial investment must be well over one billion dollars.

Eventual plans of the Aluminum Company of Canada Limited with its plant and city at

Kitimat and its vast electric installations at Kemano call for expenditures of more than \$550 million.

Pipeline

The Trans Mountain Oil Pipe Line Company has budgeted \$83 million for its just-started Edmonton-Vancouver pipe line. New and expanded refineries and other installations at Vancouver will call for another \$30 million or more.

The Celanese Corporation of America is another vast concern that made B. C. an important base in 1951. The company opened and announced expansion of its \$27 million high alpha pulp mill near Prince Rupert. In its Celgar development at Castlegar the firm will build an additional kraft mill, a newsprint mill and attendant integrated industries to the tune of \$65 million or more.

The pulp industry has grown so quickly it is difficult to keep track of it. Best estimates today are that around \$325 million are on the books for new plants and expansion of existing ones. Pulp and paper is big now but according to Dr. C. D. Orchard, deputy minister of forests, soon it will surpass the entire existing forest industry which during 1951 provided more than \$525 million in business for the Province.

The first real oil flow in B. C. was brought in by Pacific Petroleum Limited near Fort St. John. While the find hasn't yet been assessed, it has been followed up by natural gas discoveries that may rank large in size. The north country is now alive

with exploration parties representing practically all major oil companies.

Mighty Consolidated Mining & Smelting Company of Canada Limited is embarked on a hydro-electric programme and developments at Trail and other locations which will mean a \$65 million investment. During the year, B.C. opened large asbestos deposits, opened its first large iron ore mine, found and produced more vital tungsten, lead, zinc and other metals in a rush that saw the establishment of a dozen or more new mines and the re-opening of old ones.

Secondary Industry, Too

The size and expenditure of these large projects sometimes diverts the eye from secondary industries that round out the economy more fully. For example, during 1951 there were 1363 new companies incorporated with authorized capital of \$125,660,600. Many were small ones . . . but many are allied to British Columbia's natural resources and are making products formerly entirely imported. They have good chances for great success, they produce jobs and they add to the industrial stature of the community.

British Columbia is plentifully endowed. It has fine harbours, forests, mines and fishing crops. It has one of the largest untapped sources of hydro-electric power left on the continent. It is growing faster than any other area in Canada. Industry knows this now and truly, Business is Moving to B. C.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Income and Earned Surplus
for the Year Ended 31 December 1951*

(with comparative figures for the year ended 31 December 1950)

	1951	1950
Gross revenue from operations	\$46,880,250	\$43,024,022
<i>Deduct—</i>		
Expenses:		
Operation and maintenance, including property taxes	\$26,096,380	\$25,735,364
Legal fees and executive remuneration	192,045	184,943
Directors' fees	23,235	23,450
Provision for accidents	435,814	445,527
Employees' pensions (Note 1)—		
Payments under contributory pension plans:		
In respect of past years' services	240,000	340,000
In respect of current services	398,868	384,668
Payments to pensioners from general funds	224,283	231,431
Provision for depreciation (Note 2)	6,120,189	5,511,589
Provision for taxes on income (Note 7)	4,967,205	3,013,097
	\$38,698,019	\$35,870,069
Operating income	\$ 8,182,231	\$ 7,153,953
<i>Add—</i>		
Income from temporary investments	166,344	235,645
Loss on sale of temporary investments, etc.	74,428	53,234
Profit through redemption of bonds at less than principal amount (1950—loss)	15,341	2,082
Provision for property taxes in respect of prior year, no longer required .....	.....	157,462
	\$ 8,289,488	\$ 7,491,744
<i>Deduct—</i>		
Interest on bond debt	\$ 3,591,873	\$ 3,503,630
<i>Less—</i>		
Interest charged to construction	140,770	189,126
	\$ 3,451,103	\$ 3,314,504
Amortization of bond refunding and issue expenses:		
Applicable to refunded issues	80,208	80,208
Applicable to outstanding issues	168,621	162,092
	\$ 3,699,932	\$ 3,556,804
Net income for the year	\$ 4,589,556	\$ 3,934,940
<i>Deduct—</i>		
Dividends on preference shares and stock of subsidiaries:		
British Columbia Electric Company Limited—		
4% Cumulative preferred shares	\$ 480,000	\$ 480,000
4¾% Cumulative preferred shares	1,064,197	632,600
British Columbia Electric Railway Company, Limited—		
5% Cumulative perpetual preference stock	131,525	217,935
	\$ 1,675,722	\$ 1,330,535
Earnings for the year on Class "A" and Class "B" shares of parent company	\$ 2,913,834	\$ 2,604,405
<i>Add—</i>		
Earned surplus as at beginning of year	4,779,298	4,404,380
Portion of reserves for taxes on income deemed to be in excess of requirements (Note 7)	300,000	.....
	\$ 7,993,132	\$ 7,008,785
<i>Deduct—</i>		
Commission and expenses on issue of 4¾% cumulative preferred shares of		
British Columbia Electric Company Limited	\$ 241,724	\$ 245,487
Provision for vacation pay liability less consequent reduction in taxes on income (Note 6)	440,000	.....
	\$ 681,724	\$ 245,487
	\$ 7,311,408	\$ 6,763,298
<i>Deduct—</i>		
Dividends on Class "A" shares of parent company	1,984,000	1,984,000
Earned surplus as at end of year	\$ 5,327,408	\$ 4,779,298

Consolidated Balance Sheet
(with comparative figures)

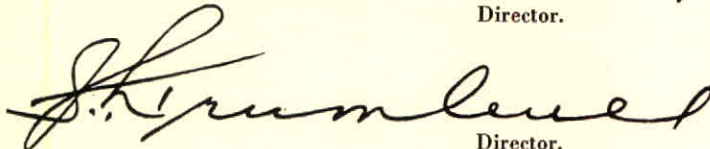
ASSETS

	1951	1950
CURRENT AND WORKING ASSETS:		
Cash on hand and in banks	\$ 589,378	\$ 557,333
Temporary investments—		
Government of Canada Bonds, at cost (quoted market value—\$3,914,000)	3,975,000	
Industrial Acceptance Corporation Limited notes, at cost (since realized for \$2,000,000)	1,995,274	
Working funds advanced to agents, conductors, etc.	179,909	206,410
British Columbia Electric Company Limited First Mortgage Bonds, at cost (quoted market value—\$361,200) purchased for sinking fund and accountable at cost for this purpose	371,850	891,303
Accounts receivable and unbilled revenues, less reserve	5,123,089	4,120,955
Recoverable taxes on income (1951 estimated) (Note 7)	1,042,804	232,941
Inventories of stores, materials and supplies (including construction materials) determined as to quantities by book inventories confirmed annually by physical count or measurement, valued at average cost	5,992,525	5,839,140
Prepaid expenses	157,065	124,695
	<u>\$ 19,426,894</u>	<u>\$ 11,972,777</u>
CONSTRUCTION FUNDS:		
Amounts withdrawable from Trustee for bond-holders upon certification of expenditure on additional property of 150% of amount to be withdrawn—		
Held by Trustee:		
Cash (Government of Canada bonds in 1950)	\$ 17,016	\$ 9,440,625
Receivable by Trustee on issue of Series "G" Bonds (Note 5):		
\$15,000,000 U.S. funds (less \$825,000 bond discount and issue expense)	14,175,000	
	<u>\$ 14,192,016</u>	<u>\$ 9,440,625</u>
DEFERRED CHARGES:		
Advance payments on account of future contributions to pension plans for employees' past services (Note 1)	\$ 1,334,200	\$ 1,043,769
Unamortized portion of payments made under transportation franchise agreements, and other deferred items	482,387	556,307
Unamortized bond refunding and issue expenses—premium and exchange on bonds redeemed, bond refunding and issue expenses and discounts, less amounts written off:		
Applicable to refunded issues	709,217	789,425
Applicable to outstanding issues (Note 5)	4,067,811	3,062,378
	<u>\$ 6,593,615</u>	<u>\$ 5,451,879</u>
PROPERTY ACCOUNT (Notes 2 and 8):		
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.	\$254,707,684	\$243,373,779
Less—		
Reserves for depreciation	\$ 49,982,970	\$ 47,905,931
Additional capital cost allowances (Note 4)	7,600,000	
	<u>\$ 57,582,970</u>	<u>\$ 47,905,931</u>
	<u>\$197,124,714</u>	<u>\$195,467,848</u>
Unfinished construction	7,500,000	1,700,000
	<u>\$204,624,714</u>	<u>\$197,167,848</u>
EMPLOYEE'S PENSION FUND (Note 1):		
Bonds, at cost, and cash in hands of trustee (represented as to \$3,416,704 by securities of or guaranteed by the Government of Canada and as to \$248,209 (1950: \$143,142) by other securities and cash)	3,664,913	3,559,836
	<u>\$248,502,152</u>	<u>\$227,592,965</u>

APPROVED ON BEHALF OF THE BOARD:



Director.



Director.

CORPORATION, LIMITED
 ARY COMPANIES

as at 31 December 1951
 as at 31 December 1950)

LIABILITIES

	1951	1950
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft	\$	\$ 541,174
Notes payable to bank		145,000
Accounts payable	5,063,533	3,748,947
Debenture and bond interest accrued	1,357,570	1,338,185
Dividends declared, since paid	953,337	887,985
Sinking fund payments due within one year	1,307,458	1,033,640
Reserve for accidents	369,469	318,089
Reserve for taxes—		
Taxes on income (Note 7)		2,097,360
Other taxes	306,484	199,853
Current liabilities on construction account	2,850,000	2,100,000
	\$ 12,207,851	\$ 12,410,233
BOND DEBT, less sinking fund payments due within one year:		
Per statement attached	\$119,768,754	\$107,608,985
CAPITAL STOCK OF SUBSIDIARIES HELD BY PUBLIC:		
British Columbia Electric Company Limited—		
4% Cumulative preferred shares of \$100.00 each (redeemable at a premium of 3%)	\$ 12,000,000	\$ 12,000,000
4¾% Cumulative preferred shares of \$100.00 each (redeemable at a premium of 5%), including \$6,000,000 issued in February 1951 and \$6,413,400 issued in June 1951 (Note 3)	26,413,400	14,000,000
	\$ 38,413,400	\$ 26,000,000
British Columbia Electric Railway Company, Limited—		
5% Cumulative perpetual preference stock:		
Issued—£1,440,000 (less £1,076,679 acquired by British Columbia Electric Company Limited in 1951—Note 3), at \$4.85	1,762,107	6,984,000
Minority shareholdings in another subsidiary	3,140	3,140
	\$ 40,178,647	\$ 32,987,140
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ 147,558	\$ 110,908
CAPITAL AND SURPLUS:		
Share capital—		
Authorized:		
1,500,000 Class "A" shares without nominal or par value entitled in each fiscal year to non-cumulative preferential dividends (when and as declared by the Board of Directors) aggregating \$2.00 per share and equal participation with Class "B" shares up to a further \$3.00 per share, redeemable at any time on resolution of Directors at \$100.00 per share		
1,500,000 Class "B" shares without nominal or par value		
Issued:		
1,240,000 Class "A" shares and 1,000,000 Class "B" shares issued for a total cash consideration of	\$ 65,370,000	\$ 65,370,000
General reserve	766,565	766,565
Capital surplus (Note 4)	1,070,456	.....
Earned surplus (per statement attached)	5,327,408	4,779,298
	\$ 72,534,429	\$ 70,915,863
COMMITMENTS (Note 8)		
EMPLOYEES' PENSION FUND RESERVE (per contra)	3,664,913	3,559,836
	\$248,502,152	\$227,592,965

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 1951, and the consolidated statement of income and earned surplus for the year ended on that date, and have obtained all the information and explanations which we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statement of income and earned surplus, 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 1951 and to present fairly the results of their combined operations for the year ended on that date, both statements being prepared on a basis consistent with that of the preceding year.

Vancouver, B. C.,
 March 14, 1952.

PRICE WATERHOUSE & Co.
 Auditors.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Statement of Bond Debt as at 31 December 1951
(with comparative figures as at 31 December 1950)

	1951	1950
British Columbia Electric Company Limited:		
First Mortgage Bonds—		
3¼% Series "A" due 2 January 1967: Issued \$33,000,000, less bonds redeemed	\$ 31,571,000	\$31,944,000
3¼% Series "B" due 1 October 1967: Issued \$10,000,000, less bonds redeemed	9,563,000	9,684,000
3¾% Series "C" due 1 April 1968: Issued \$17,000,000, less bonds redeemed	16,478,000	16,657,000
3¾% Series "D" due 1 February 1969: Issued \$17,000,000, less bonds redeemed	16,662,000	16,835,000
3½% Series "E" due 1 March 1975: Issued \$20,000,000, less bonds redeemed	19,797,000	20,000,000
4% Series "F" due 1 July 1991 (Note 3): Issued	3,745,800	.....
3¾% Series "G" due 1 December 1976, payable in United States funds (Note 5):		
Issued	\$ 5,000,000	
Exchange premium received thereon	179,516	
	\$ 5,179,516	
Sold, to be issued in 1952 (in United States funds)	15,000,000	20,179,516
	\$117,996,316	\$95,120,000
Less—		
Sinking fund payments due within one year, included in current and accrued liabilities	1,307,458	1,033,640
	\$116,688,858	\$94,086,360
 British Columbia Electric Railway Company, Limited:		
4¼% Perpetual consolidated debenture stock—		
Issued—£2,788,170 (less £2,153,140 acquired by British Columbia Electric Company Limited in 1951—Note 3), at \$4.85	3,079,896	13,522,625
	\$119,768,754	\$107,608,985

BRITISH COLUMBIA POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 1951

Note 1—Employees' pension fund:

In each of the years 1943 to 1945 inclusive the companies made annual payments to The Royal Trust Company as trustee for the purpose of establishing a fund on an actuarial basis to provide for pension payments under a non-contributory plan.

The amount of \$3,664,913 recorded in the attached consolidated balance sheet as at 31 December 1951 is the sum of these payments (which were charged to operations in the years paid), together with interest earned on investments made by the trustee, less charges to the fund in respect of payments made to pensioners up to 1 September 1947. As from that date the companies have paid from general funds the pensions of employees who have retired under the non-contributory plan. For the year ended 31 December 1951, such payments aggregated \$224,283.

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.

The amount of \$1,334,200 recorded in the attached consolidated balance sheet as a deferred charge represents payments made to the Annuities Branch and the Standard Life Assurance Company under the contributory retirement plans in respect of employees' past services, during the period from 1 January 1947 to 31 December 1951, aggregating \$2,934,200, less charges to operations at the rate of \$340,000 per annum for the years 1947 to 1950 inclusive, and at the rate of \$240,000 per annum for 1951.

Under the terms of an indenture dated 21 February 1952, The Royal Trust Company has assumed the companies' obligation to pay pensions to employees who have retired under the non-contributory plan, and for this purpose has retained, of the funds in its hands, securities and cash having a total book value as at 31 December 1951 of \$1,645,353, and a total quoted market value as at that date of \$1,553,427. British Columbia Electric Railway Company, Limited has given The Royal Trust Company a covenant of indemnity in respect of any deficiency of these funds in the ultimate settlement of such pensions. The balance of the funds in the hands of the trustee, consisting of securities and cash having a total book value as at 31 December 1951 of \$2,019,560, and a total quoted market value as at that date of \$1,894,462, will be realized and paid on behalf of the companies to the Annuities Branch. In addition to this payment, and the payments already made to the Annuities Branch and the Standard Life Assurance Company as detailed above, the companies will be required to pay sums aggregating approximately \$1,900,000 in order to complete provisions for pensions in respect of employees' past services. It is intended to liquidate this obligation by annual instalments ending in 1964. The total of these instalments, together with the previously mentioned deferred charge of \$1,334,200, are to be charged to operations over the period from 1 January 1952 to 31 December 1964 at the rate of approximately \$240,000 per annum.

The income tax authorities have given their general approval to the charges made to operations for the years 1947 to 1950 inclusive, and to the revised arrangements affecting 1951 and subsequent years, subject to their final review of the actuarial estimates concerned.

The companies have also made payments currently to the Annuities Branch and the Standard Life Assurance Company in respect of services rendered by employees subsequent to 1 October 1946. The amounts paid or provided in this respect for the years ended 31 December 1950 and 1951 were respectively \$384,668 and \$398,868.

Note 2—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 date of acquisition. The original cost of the properties to the companies includes interest during construction in respect of large long term construction projects, a portion of administrative and general expenses (calculated in recent years at 4% of the direct expenditures on capital account), and discount of \$728,671 on bonds issued in

1930. The amount of \$6,115,765, representing the surpluses of subsidiaries as at the date of the acquisition of their capital stocks by the Corporation on 19 May 1928, and formerly recorded in the property account on the consolidated balance sheet and per contra stated as capital surplus, has been eliminated from both accounts as at 31 December 1951, and, for purposes of effective comparison of the two years, has also been eliminated from the same accounts as at 31 December 1950 in the accompanying statements.

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, including unfinished construction, amounted at 31 December 1951 to approximately \$233,000,000; 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 \$8,000,000, making a total of approximately \$241,000,000 (\$226,000,000, as at 31 December 1950) before deducting provision 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.

The reserves for depreciation were found adequate for rate-making purposes by the Commission as at 30 June 1939 and subsequent to that date the provisions for depreciation recorded in the accounts have been calculated, at rates fixed by the Public Utilities Commission, on sums based on the gross property valuation made by the Commission. The reserves presently established for the purposes of the Commission (which have been reduced by adjustments in respect of financing costs otherwise provided for in the company's accounts), together with reserves applicable to properties not valued by the Commission, amounted at 31 December 1951 to approximately \$47,000,000 (\$47,000,000 as at 31 December 1950). For the year 1951, the companies have recorded the maximum capital cost allowances permitted to them by the regulations under the Income Tax Act. The excess of such allowances over the depreciation provided during the year on the basis described earlier in this paragraph, has been charged to capital surplus account (see Notes 4 and 7), and has been established in an account separate from the depreciation reserves, as shown in the accompanying balance sheet.

Note 3—British Columbia Electric Railway Company, Limited debenture and preference stocks:

In June 1951 the Corporation's sole direct subsidiary, British Columbia Electric Company Limited, offered to acquire from the holders all or any part of the 4¼% perpetual consolidated debenture stock and the 5% cumulative perpetual preference stock of British Columbia Electric Railway Company, Limited, in exchange for securities of British Columbia Electric Company Limited, at the rate of \$3.15 for each £1 of debenture or preference stock. The results of the offers are summarized in Table I at the end of these notes.

The securities of British Columbia Electric Company Limited issued in exchange for the foregoing stocks acquired by it were as follows:—

4% First mortgage bonds, Series "F"	\$3,745,800
4¾% Cumulative redeemable preferred shares of \$100.00 each	6,413,400
and in addition \$14,730 was paid in cash to settle fractions.	

The capital surplus arising from this transaction is referred to in Note 4 below.

Note 4—Capital surplus:

The amount of \$6,115,765, representing the surpluses of subsidiaries as at the date of the acquisition of their capital stocks by the Corporation on 19 May 1928, and formerly recorded in the property account on the consolidated balance sheet and per contra stated as capital surplus, has, as mentioned in Note 2, been eliminated from both accounts.

The capital surplus of \$1,070,456 as at 31 December 1951 is made up as shown in Table II at the end of these notes.

Note 5—British Columbia Electric Company Limited 3¾% Series "G" bonds:

By agreement made on 7 November 1951, British Columbia Electric Company Limited sold \$20,000,000 (payable in United States funds) principal amount of first mortgage bonds, 3¾%, Series "G". \$5,000,000 principal amount of these bonds were issued on 4 December 1951 and are recorded as a liability at the Canadian dollar equivalent, on the date of issue, of \$5,179,516. Under the aforementioned agreement, and stated cumulatively, the remaining bonds are to be delivered and taken up as follows:—

- (a) To the extent of not less than \$5,000,000 on or before 4 March 1952 (on which date \$5,000,000 were actually issued);
- (b) To the extent of not less than \$10,000,000 on or before 3 June 1952;
- (c) To the extent of \$15,000,000 on or before 3 September 1952.

The \$15,000,000 bonds sold but unissued as at 31 December 1951 have been taken up in the accompanying accounts as at that date, and are included in the statement of bond debt, at an assumed par of exchange, and per contra as an account receivable by the Trustee for the bondholders (less \$825,000 estimated bond discount and expenses which have been charged to unamortized bond refunding and issue expenses).

In respect of the bonds delivered after 4 December 1951, British Columbia Electric Company Limited is to pay a standby charge, in United States funds, at the rate of 1% per annum of the principal amount thereof, calculated from 4 December 1951 to the respective dates of delivery.

Note 6—Vacation pay:

Provision has been made in the attached accounts for the companies' liabilities to their employees in respect of vacation pay accrued as at 31 December 1951 estimated at \$840,000. This provision has been charged to earned surplus account, after deducting the consequent reduction in liability for taxes on income estimated at \$400,000, making a net charge to earned surplus of \$440,000.

Note 7—Taxes on income:

The returns for taxes on income of all companies have been assessed up to and including the year 1949, and an amount of \$300,000 (\$25,181 in respect of the Corporation and \$274,819 in respect of its subsidiaries) deemed to be in excess of requirements has been transferred from the reserves for taxes on income to earned surplus.

For the year 1951 provision has been made and charged to operations in the sum of \$4,967,205. The additional capital cost allowances of \$7,600,000 charged to capital surplus (see Notes 2 and 4), and the provision for vacation pay liability of \$840,000 charged to earned surplus (see Note 6) are expected to yield savings of taxes on income estimated at \$3,700,000 and \$400,000 respectively. The total saving of \$4,100,000 would reduce the companies' assessments for the year 1951 to an estimated total of \$867,205. As the companies paid instalments during the year at the approximate rate required by the gross provision charged to operations, they have made over-payments on the basis now adopted, and the accompanying balance sheet reflects a substantial figure of taxes on income expected to be recovered.

Note 8—Commitments:

As at 31 December 1951, contracts and commitments of the companies for capital projects and inventories aggregated approximately \$11,000,000.

Table I (see Note 3)

Par values or principal amounts

	<i>Stock originally issued</i>	<i>Stock acquired by British Columbia Electric Company Limited</i>	<i>Balance of stock in the hands of the public as at 31 December 1951</i>
4¼% perpetual consolidated debenture stock.....	£2,788,170	£2,153,140	£635,030
5% cumulative perpetual preference stock.....	1,440,000	1,076,679	363,321

Table II (see Note 4)

Surplus arising from the acquisition of debenture and preference stocks of British Columbia Electric Railway Company, Limited (heretofore carried in the accounts at the rate of \$4.85 to the £) for a consideration at the rate of \$3.15 for each £1 of stock, after providing for expenses, stamp duty, etc. (Note 3).....	\$4,970,456
<i>Deduct—</i>	
Estimated excess of maximum capital cost allowances for 1951 over the normal annual provision charged to operations for the year	\$7,600,000
<i>Less—</i>	
Estimated saving of taxes on income	3,700,000
	3,900,000
Capital surplus as at 31 December 1951	\$1,070,456

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

AND SUBSIDIARY COMPANIES

*Consolidated Statement of Income and Earned Surplus
for the Year Ended 31 December 1951*

(with comparative figures for the year ended 31 December 1950)

	1951	1950
Net income for the year (per consolidated statement of income and earned surplus of British Columbia Power Corporation, Limited and subsidiary companies)	\$ 4,589,556	\$ 3,934,940
<i>Add back—</i>		
Expenses of British Columbia Power Corporation, Limited:		
Bond refunding and issue expenses written off	60,432	60,432
Net income for the year of British Columbia Electric Company Limited and subsidiary companies	\$ 4,649,988	\$ 3,995,372
<i>Deduct—</i>		
Dividends on preference stock of subsidiary:		
British Columbia Electric Railway Company, Limited—5% Cumulative perpetual preference stock	131,525	217,935
Balance of income	\$ 4,518,463	\$ 3,777,437
<i>Add—</i>		
Earned surplus as at beginning of year	4,540,497	4,165,147
Portion of reserve for taxes on income deemed to be in excess of requirements (Note 7)	274,819	.....
	<u>\$ 9,333,779</u>	<u>\$ 7,942,584</u>
<i>Deduct—</i>		
Commission and expenses on issue of 4¾% Cumulative preferred shares	\$ 241,724	\$ 245,487
Provision for vacation pay liability less consequent reduction in taxes on income (Note 6)	440,000	.....
	<u>\$ 681,724</u>	<u>\$ 245,487</u>
	<u>\$ 8,652,055</u>	<u>\$ 7,697,097</u>
<i>Deduct—</i>		
Dividends:		
4% Cumulative preferred shares	\$ 480,000	\$ 480,000
4¾% Cumulative preferred shares	1,064,197	632,600
Class "A" and "B" shares (all owned by British Columbia Power Corporation, Limited)	2,044,000	2,044,000
	<u>\$ 3,588,197</u>	<u>\$ 3,156,600</u>
Earned surplus as at end of year	<u>\$ 5,063,858</u>	<u>\$ 4,540,497</u>

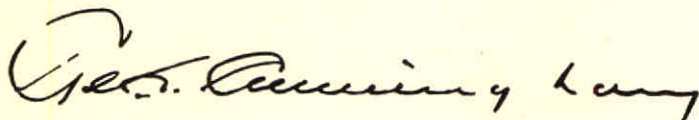
NOTE: As British Columbia Power Corporation, Limited is purely a holding company and carries on no operations, the only difference between the consolidated net income of British Columbia Electric Company Limited and subsidiaries, and that of British Columbia Power Corporation, Limited and subsidiaries, is represented by the amortization of bond refunding and issue expense of British Columbia Power Corporation, Limited.


Consolidated Balance Sheet
(with comparative figures)

ASSETS

	1951	1950
CURRENT AND WORKING ASSETS:		
Cash on hand and in bank	\$ 589,378	\$ 557,333
Temporary investments—		
Government of Canada bonds, at cost (quoted market value—\$3,914,000)	3,975,000	
Industrial Acceptance Corporation Limited notes, at cost (since realized for \$2,000,000)	1,995,274	
Working funds advanced to agents, conductors, etc.	179,909	206,410
British Columbia Electric Company Limited First Mortgage Bonds, at cost (quoted market value—\$361,200), purchased for sinking fund and accountable at cost for this purpose	371,850	891,303
Accounts receivable and unbilled revenues, less reserve	5,123,089	4,120,955
Recoverable taxes on income (1951 estimated) (Note 7)	1,042,804	232,941
Inventories of stores, materials and supplies (including construction materials) determined as to quantities by book inventories confirmed annually by physical count or measurement, valued at average cost	5,992,525	5,839,140
Prepaid expenses	153,256	124,695
	<u>\$ 19,423,085</u>	<u>\$ 11,972,777</u>
CONSTRUCTION FUNDS:		
Amounts withdrawable from Trustee for bondholders upon certification of expenditure on additional property of 150% of amount to be withdrawn—		
Held by Trustee:		
Cash (Government of Canada Bonds in 1950)	\$ 17,016	\$ 9,440,625
Receivable by Trustee on issue of Series "C" Bonds (Note 5):		
\$15,000,000 U.S. funds (less \$825,000 bond discount and issue expense)	14,175,000	
	<u>\$ 14,192,016</u>	<u>\$ 9,440,625</u>
DEFERRED CHARGES:		
Advance payments on account of future contributions to pension plans for employees' past services (Note 1)	\$ 1,334,200	\$ 1,043,769
Unamortized portion of payments made under transportation franchise agreements, and other deferred items	482,387	556,307
Unamortized bond refunding and issue expenses—premium and exchange on bonds redeemed, bond refunding and issue expenses and discounts, less amounts written off—		
Applicable to refunded issues	161,503	181,279
Applicable to outstanding issues (Note 5)	4,067,811	3,062,378
	<u>\$ 6,045,901</u>	<u>\$ 4,843,733</u>
PROPERTY ACCOUNT (Notes 2 and 8):		
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.	\$254,707,684	\$243,373,779
Less—		
Reserve for depreciation	49,982,970	47,905,931
Additional capital cost allowances (Note 4)	7,600,000	
	<u>\$ 57,582,970</u>	<u>\$ 47,905,931</u>
	<u>\$197,124,714</u>	<u>\$195,467,848</u>
Unfinished construction	7,500,000	1,700,000
	<u>\$204,624,714</u>	<u>\$197,167,848</u>
EMPLOYEES' PENSION FUND (Note 1):		
Bonds, at cost, and cash in hands of trustee (represented as to \$3,416,704 by securities of or guaranteed by the Government of Canada and as to \$248,209 (1950: \$143,142) by other securities and cash)	3,664,913	3,559,836
	<u>\$247,950,629</u>	<u>\$226,984,819</u>

APPROVED ON BEHALF OF THE BOARD:


Director.


Director.

The statement of bond debt and the explanatory notes, which supplement the accompanying consolidated balance sheet and related consolidated statement of income and earned surplus of British Columbia Power Corporation, Limited and subsidiary companies as at 31 December 1951, supplement equally and should be read in conjunction with the corresponding statements of British Columbia Electric Company Limited and subsidiary companies.

TRIC COMPANY LIMITED
 Columbia Power Corporation, Limited)

LIABILITIES

as at 31 December 1951

as at 31 December 1950)

LIABILITIES

	1951	1950
CURRENT AND ACCRUED LIABILITIES:		
Bank overdraft	\$	\$ 541,174
Notes payable to bank		145,000
Accounts payable	5,063,188	3,739,227
Debenture and bond interest accrued	1,357,570	1,338,185
Dividends declared, since paid	457,337	391,985
Amount owing to parent company, British Columbia Power Corporation, Limited	1,058,372	1,011,555
Sinking fund payments due within one year	1,307,458	1,033,640
Reserve for accidents	369,469	318,089
Reserve for taxes—		
Taxes on income (Note 7)		2,072,180
Other taxes	306,484	199,853
Current liabilities on construction account	2,850,000	2,100,000
	<u>\$ 12,769,878</u>	<u>\$ 12,890,888</u>
BOND DEBT, less sinking fund payments due within one year:		
Per statement attached	\$119,768,754	\$107,608,985
CAPITAL STOCK OF SUBSIDIARIES HELD BY PUBLIC:		
British Columbia Electric Railway Company, Limited—		
5% Cumulative perpetual preference stock:		
Issued £1,440,000 (less £1,076,679 acquired by British Columbia Electric Company Limited		
in 1951—Note 3), at \$4.85	\$ 1,762,107	\$ 6,984,000
Minority shareholdings in another subsidiary	3,140	3,140
	<u>\$ 1,765,247</u>	<u>\$ 6,987,140</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION	\$ 147,558	\$ 110,908
CAPITAL AND SURPLUS:		
Share capital—		
Authorized:		
600,000 preferred shares of \$100.00 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 preferred shares of \$100.00 (redeemable at a premium of 3%)—120,000 shares	\$12,000,000	\$ 12,000,000
4¾% Cumulative preferred shares of \$100.00 (redeemable at a premium of 5%)—264,134 shares		
(including 60,000 shares issued in February 1951 and 64,134 in June 1951)	26,413,400	14,000,000
1,240,000 Class "A" shares of no par value and		
1,000,000 Class "B" shares of no par value	64,520,000	64,520,000
	<u>\$102,933,400</u>	<u>\$ 90,520,000</u>
General reserve	766,565	766,565
Capital surplus (Note 4)	1,070,456	
Earned surplus (per statement attached)	5,063,858	4,540,497
	<u>\$109,834,279</u>	<u>\$ 95,827,062</u>
COMMITMENTS (Note 8)		
EMPLOYEES' PENSION FUND RESERVE (per contra)	\$ 3,664,913	\$ 3,559,836
	<u>\$247,950,629</u>	<u>\$226,984,819</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 1951, and the consolidated statement of income and earned surplus for the year ended on that date, and have obtained all the information and explanations which we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statement of income and earned surplus, 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 1951 and to present fairly the results of their combined operations for the year ended on that date, both statements being prepared on a basis consistent with that of the preceding year.

Vancouver, B. C.,
 March 14, 1952.

PRICE WATERHOUSE & Co.,
 Auditors.

STATISTICS OF COMBINED COMPANIES

	1939 (1)		1947		1948		1949		1950		1951	
	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		31.82		36.91		39.63		43.02		46.88	
Other revenue, including income from investments.....	.04		.43		.12		.15		.18		.11	
Total revenue.....	15.44		32.25		37.03		39.78		43.20		46.99	
Disposition of revenue												
—employment costs (wages, salaries, pensions, etc.).....	5.95	39	14.72	46	16.89	46	17.00	43	18.02	42	17.71	38
—materials and services.....	1.42	9	6.89	21	7.49	20	7.40	18	6.70	15	7.35	15
—required for government (2).....	1.75	11	3.37	11	3.81	10	4.43	11	5.48	13	7.52 (3)	16
—wear and exhaustion of property.....	1.93	13	3.02	9	3.41	9	4.73	12	5.51	13	6.12 (3)	13
—interest and other costs on bonds and debentures.....	1.69	11	1.56	5	2.03	6	2.81	7	3.56	8	3.70	8
—dividends on preferred stock.....	.65	4	.71	2	.80	2	1.10	3	1.33	3	1.68	4
—dividends on "A" shares.....	2.00	13	1.60	5	1.60	4	1.70	4	1.98	5	1.98	4
—retained and invested in the business.....	.05		.38	1	1.00	3	.61	2	.62	1	.93	2
Operating income.....	4.35		3.82		5.31		6.07		7.31		8.18	
Operating income as a percentage of gross revenue from operations.....	28.26		11.99		14.40		15.32		16.99		17.45	
(1) Fiscal year ended 30 June.												
(2) Excludes sales taxes and custom duties 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 1951.												
(3) Before additional capital cost allowance and resultant income tax reduction.												

STATISTICS OF COMBINED COMPANIES

	1939	1943	1947	1949	1950	1951
ELECTRIC						
Generating capacity (rated K.W. in thousands) (1)	208.8	208.8	220.8	340.8	381.0	416.0
Peak one-hour demand (k.w. in thousands)	138.9	182.8	257.6	(2) 361.3	(2) 403.2	(2) 455.5
Meters on line at year end (in thousands)	143.4	161.1	193.9	219.8	230.0	238.8
Kilowatt hours sold (in millions)	453.2	595.3	815.9	1,104.8	1,392.9	1,512.5
Proportionate sales by class of customer—						
Residential	25.5%	23.3%	29.8%	31.8%	31.5%	32.6%
Other systems— domestic (largely residential)	5.9%	4.4%	5.2%	6.0%	4.3%	4.0%
Commercial and street lighting	23.0%	17.4%	21.3%	18.2%	17.4%	17.4%
Industrial	45.6%	54.9%	43.7%	35.9%	33.1%	33.6%
Other systems—export .....	..... %	..... %	..... %	8.1%	13.7%	12.4%
Average annual consumption per residential customer (in kilowatt-hours)	985	1,051	1,548	1,977	2,299	2,523
Average selling price per residential kilowatt- hour (in cents)	2.57	2.40	2.23	1.99	1.88	2.19
(1) Excluding electricity available from other systems, and furthermore with favourable conditions rated capacity can be and has been exceeded on occasion.						
(2) Including exported at time of peak demand, 39.0 thousands of k.w. in 1949, 53.0 thousands of k.w. in 1950 and 60.0 thousands of k.w. in 1951.						
GAS						
Manufacturing cap. (cu. ft. per day in millions)	10.2	11.5	16.1	20.1	21.4	24.8
Peak one-day output (cubic feet in millions)	6.4	10.5	14.1	15.0	18.2	15.9
Meters on line at year end (in thousands)	52.2	58.9	63.8	67.3	68.5	69.4
Gas sold (cubic feet in millions)	1,407	2,279	2,933	3,386	3,521	3,493
TRANSPORTATION						
Vehicles in operation at year end—						
Urban—street cars	349	352	348	225	165	118
gas buses	56	88	317	381	380	356
trolley coaches .....	.....	.....	42	168	256	311
total	405	440	707	774	801	785
Interurban rail passenger cars	69	69	69	69	59	54
Interurban buses	36	40	107	105	101	95
Revenue miles run—urban (in millions)	14.8	18.6	22.4	27.0	26.8	25.1
Passengers carried (in millions)—						
Urban	67.4	121.5	145.8	135.1	126.1	120.5
Interurban rail	5.3	10.1	9.9	8.2	7.1	6.0
Interurban bus	1.2	2.1	5.6	5.4	5.0	4.9
Passenger revenue per mile—urban (in cents)	27.7	39.6	38.7	43.3	44.7	45.6
Rail freight (tons in thousands)	307	890	724	953	1,016	1,127
NUMBER OF EMPLOYEES AT YEAR END	3,784	4,625	6,000	5,977	5,744	5,417

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 St., Vancouver 1, B. C.

BRITISH COLUMBIA POWER CORPORATION, LIMITED CLASS "A" SHAREHOLDERS

Mrs. Mary Harriett Archibald, Sudbury, Ontario	William J. B. Fergus, M.D., Headingley, Leeds, England	Robert Frederick Burt, Cedric Henry Tamplin and Mrs. E. M. Orr, London, England
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HEAD OFFICE OF THE CORPORATION:

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ELECTRICITY
does so much ...
costs so little ...

