

THIS GROWING

*Best* **EST**



**ANNUAL REPORT  
BRITISH COLUMBIA POWER  
CORPORATION, LIMITED**

**1949**

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LIBRARIES

MAR 22 1950

McGILL UNIVERSITY











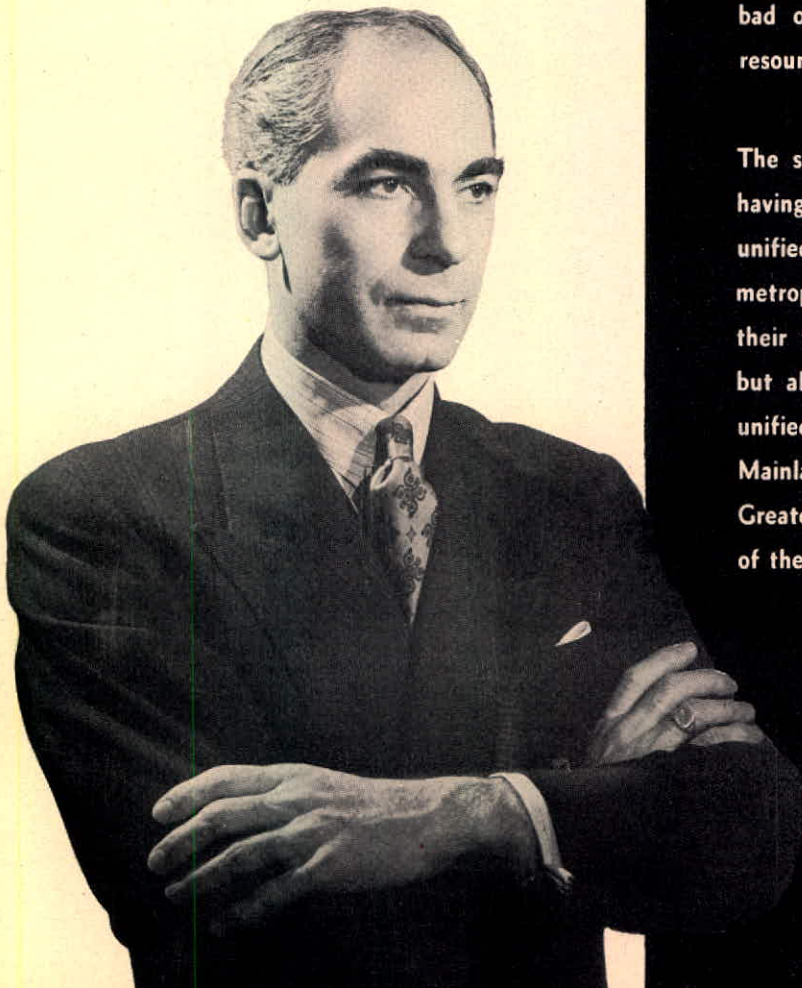
. . . . The completion of two more 62,000 h.p. units at Bridge River during 1949 makes us one of the first North American electrical utilities since the end of the war to achieve a normal surplus position over all requirements. From now on we shall be building generating capacity only for load growth.

This situation is reflected by our delivery under contract of 30,000 kw. of firm power to the north-western United States. Our surplus electrical position thus not only enables us to help out neighboring areas but also to gain badly needed American dollars for the Canadian people.

Most important of all, it has enabled the Company to continue its policy of anticipating and stimulating the growth of the areas it serves.

. . . . 1949 was the second largest construction year in the history of the Company with gross outlay of \$29,900,000. However, it marked the beginning of a downward trend in capital expenditures after sharply rising post-war years culminating in the record-breaking program of 1948.

This downward trend is expected to continue for the next several years.



# 1949



The precedent-shattering severity of the weather of January and February, 1949, and again of this winter, provided a severe test for the physical structure of our services and adversely affected our net earnings position.

At the same time, it showed dramatically the quality of B. C. Electric men and women in all services, who lived up to the high calling of public utility service by meeting uniquely bad operating conditions with sustained effort, resourcefulness and courage.

The shareholders can be proud of the Company having achieved not only the unusual situation of a unified and integrated transit system for the metropolitan areas of Victoria and Vancouver, with their four and seven municipalities respectively, but also the even more unusual situation of one unified transit system for the whole of the Lower Mainland area of British Columbia, stretching from Greater Vancouver on the sea to Hope at the top of the Fraser Valley.

*A. E. Graves*  
President.

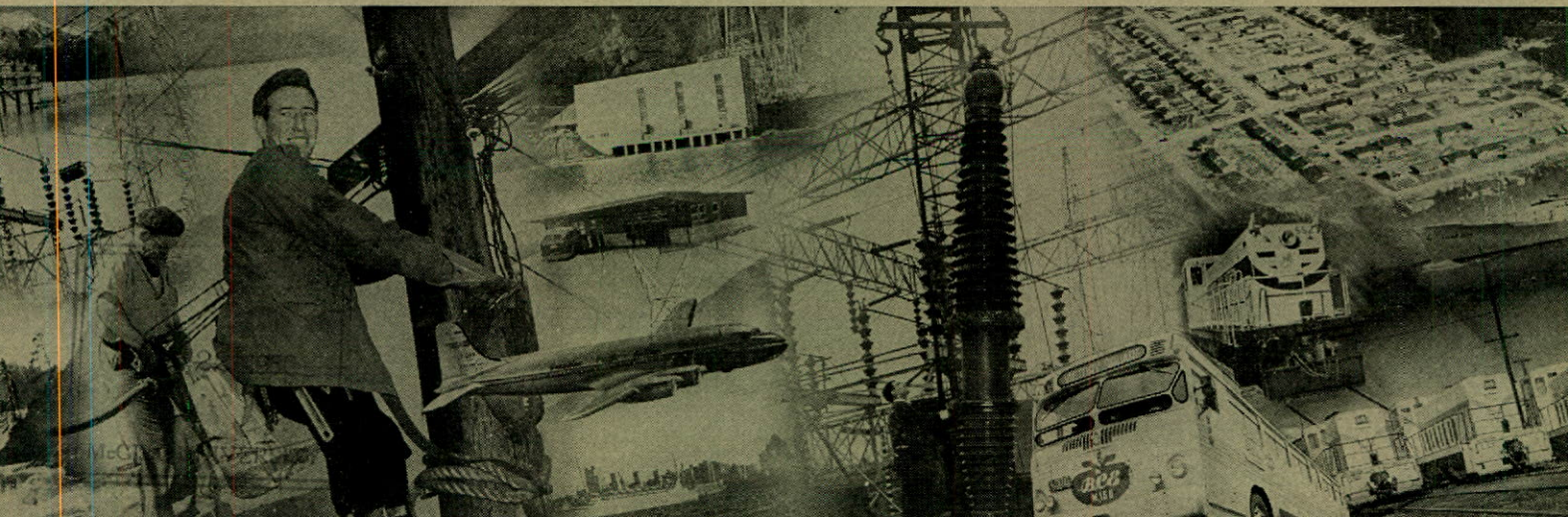


The Annual Meeting is an occasion for shareholders; they are urged to attend. Questions and helpful criticism are most welcome. The Directors are appreciative of the increasing attendance and increasing discussion at annual meetings.



THE BOARD OF DIRECTORS OF BRITISH COLUMBIA POWER CORPORATION, LIMITED PRESENTS ITS REPORT FOR THE YEAR **1949** 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.

THIS GROWING WEST







W. C. MAINWARING



A. BRUCE ROBERTSON

H. N. WALTERS



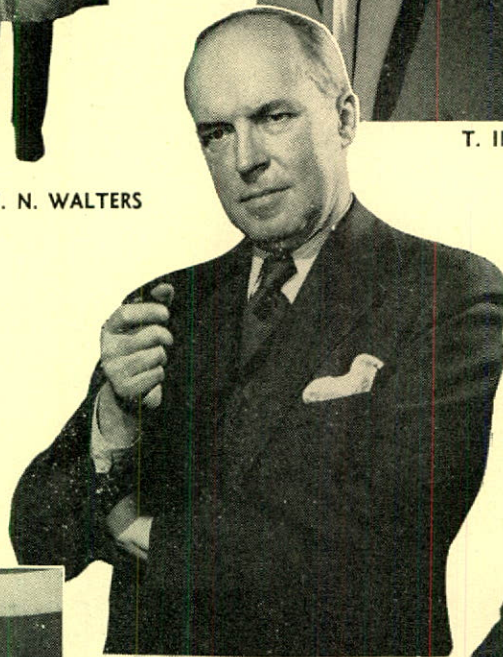
T. INGLEDOW



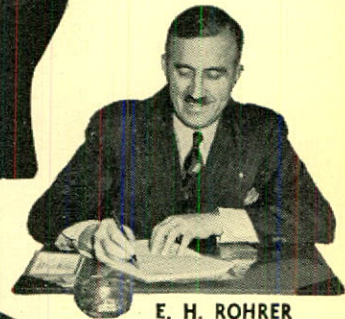
H. L. PURDY



H. J. MERILEES



LORN McLEAN



E. H. ROHRER



E. W. ARNOTT



L. B. JACK



I. W. NEIL

THE B. C. ELECTRIC MANAGEMENT COMMITTEE

Chairman: A. E. GRAUER

E. W. ARNOTT, Vice-President in charge of Vancouver Island Operations. T. INGLEDOW, Vice-President and Chief Engineer. L. B. JACK, Director of Industrial Relations. LORN McLEAN, Vice-President and Chief Financial Officer. W. C. MAINWARING, Vice-President and Assistant to the President. H. J. MERILEES, Manager Public Information Department, and General Manager, B. C. Electric Transportation Services. H. L. PURDY, Director of Research and Administrative Controls. E. H. ROHRER, Manager Gas Division. A. BRUCE ROBERTSON, Vice-President and General Solicitor. H. N. WALTERS, General Sales Manager.



# Directors

|                            |                           |
|----------------------------|---------------------------|
| E. RONALD CRAMMOND         | R. H. B. KER              |
| G. T. CUNNINGHAM           | W. G. MURRIN              |
| SYDNEY G. DOBSON           | A. J. NESBITT             |
| SEVERE GODIN               | J. G. ROBSON              |
| A. E. GRAUER               | P. A. THOMSON             |
| J. H. GUNDY, C.B.E., LL.D. | J. LYMAN TRUMBULL, C.B.E. |
| ANDREW P. HOLT             | J. B. WOODYATT            |
| NORMAN A. YARROW           |                           |

## Officers

A. E. GRAUER, PRESIDENT; E. W. ARNOTT, VICE-PRESIDENT; T. INGLEDOW, VICE-PRESIDENT; W. C. MAINWARING, O.B.E., VICE-PRESIDENT; LORN McLEAN, VICE-PRESIDENT AND TREASURER; A. B. ROBERTSON, VICE-PRESIDENT; J. A. BRICE, SECRETARY; G. G. WOODWARD, ASSISTANT SECRETARY.

## THE PRINCIPAL COMPANIES AND THE GENERAL NATURE OF THEIR BUSINESS

### BRITISH COLUMBIA POWER CORPORATION, LIMITED

Holding company—no operations.

### BRITISH COLUMBIA ELECTRIC COMPANY LIMITED

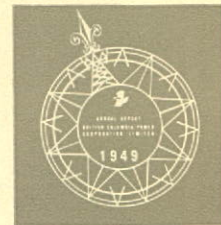
Generation and transmission of electricity. Manufacture, transmission and distribution of gas in Greater Vancouver and Greater Victoria.

### BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY, LIMITED

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

### B. C. MOTOR TRANSPORTATION LIMITED

Interurban stage operations in Lower Mainland.



THE ROYAL BANK OF CANADA - - - Bankers

MONTREAL TRUST COMPANY - Transfer Agent

THE ROYAL TRUST COMPANY - - - Registrar

PRICE, WATERHOUSE & CO. - - - Auditors

Head Office of the Corporation, B. C. ELECTRIC BUILDING, 425 CARRALL STREET, VANCOUVER, BRITISH COLUMBIA, CANADA.



# Disposition of 1949 Revenue

[4]

41%

Employment costs—Wages, salaries,  
pensions, etc., charged to  
operations,  
**\$16,479,280**

2%

Retained for expansion of  
services and improvements,  
**\$607,258**

4%

Dividends on common stock  
—rate of \$1.60 per share,  
**\$1,696,000**

3%

Dividends on preferred stock  
—average rate 4.14%,  
**\$1,100,090**

21%

Materials and services  
charged to operations,  
**\$8,274,367**

7%

Interest on bonds,  
etc.—average  
rate 3.34%,  
**\$2,814,288**

12%

Wear and exhaustion  
of property,  
**\$4,724,453**

10%

Required for  
government,  
**\$4,081,595**



Load control headquarters,  
Vancouver.



Gas holder in New Westminster, B. C.



Penstock being Assembled  
at Bridge River.





TO BE SUBMITTED AT THE ANNUAL GENERAL  
MEETING MARCH 30, 1950.

# *Annual Report*

OF THE DIRECTORS OF BRITISH COLUMBIA POWER CORPORATION  
FOR THE YEAR ENDING DECEMBER 31, 1949

Expenditures on plant were slightly less than those of 1948, which was the greatest year of construction in the history of the B. C. Electric. These expenditures, which in 1948 amounted to \$31,600,000, in 1949 totalled \$29,900,000.

To finance the 1949 programme issues totalling \$26,120,000 were marketed and in each case were promptly oversubscribed.

## *Results of Operations*

The balance of income after providing for preferred dividends of subsidiary companies amounted to \$2,303,258 as compared with \$2,603,485 in 1948. Expressed in terms of the average number of outstanding "A" shares of B. C. Power Corporation, these earnings represented \$2.24 as against \$2.60 per share respectively. As explained later, the 1949 earnings were depressed by approximately \$480,000 as the result of a shortage of water for electrical generation in the early part of the year.

Dividends on the "A" shares during 1949 were continued at the annual rate of \$1.60 per share.

Devaluation of the pound sterling on September 19, 1949 reduced the cost of paying interest and dividends on the securities of a subsidiary company payable in sterling funds; revenues from the sale of power collectible in U.S. funds increased in terms of Canadian dollars as a result of the premium on U.S. exchange effective from the same date.

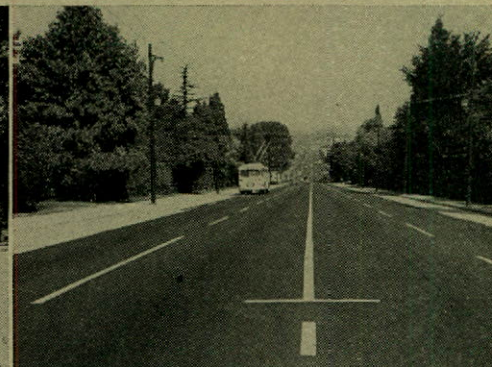
W. C. Mainwaring addresses company pensioners . . .



Street car tracks come up in Vancouver . . .



. . . to make way for new paving and smart trolley coaches.





## Gross Revenues

The gross revenues from operations for the year amounted to \$39,632,303 to which the various services contributed as follows:

|   | 1949                | Increase compared with 1948 |             |
|---|---------------------|-----------------------------|-------------|
|   |                     | Amount                      | %           |
| Electric.....   | \$17,761,498        | \$1,443,297                 | 8.84*       |
| Railway, Trolley Coaches and Urban Buses—Passenger..... | 12,800,452          | 562,731                     | 4.60        |
| Stages, Taxis and Motor Freight.....                    | 2,455,047           | 22,778                      | .94**       |
| Railway Freight.....                                    | 2,335,443           | 139,465                     | 6.35        |
| Gas.....  | 3,758,498           | 262,803                     | 7.52        |
| Miscellaneous.....                                      | 521,365             | 291,176                     | .....       |
| <b>Total.....</b>                                       | <b>\$39,632,303</b> | <b>\$2,722,250</b>          | <b>7.38</b> |

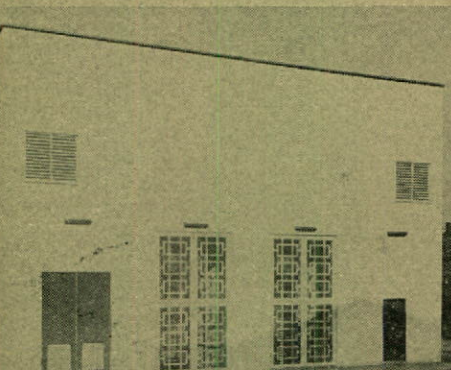
The corresponding figures for the volume of services rendered are as follows:

|   | 1949          | Increase or Decrease compared with 1948 |        |
|---|---------------|---|--------|
|   |               | Amount                                  | %      |
| Kilowatt Hours Sold.....                      | 1,104,798,068 | 153,052,614                             | 16.08* |
| Passengers Carried—                           |               |   |        |
| Railway, Trolley Coaches and Urban Buses..... | 143,306,704   | 7,103,095                               | 4.72   |
| Stages.....                                   | 5,439,707     | 30,801                                  | .56    |
| Railway Freight Tonnage.....                  | 952,784       | 68,584                                  | 6.71   |
| Cubic Feet of Gas Sold.....                   | 3,390,434,000 | 191,228,000                             | 5.98   |

\*Reference is made to a later part of this report in which is described the effect on electrical sales of a water shortage in the early part of 1949.

\*\*So much of the motor freight operations as had not been disposed of previously was disposed of during 1949.

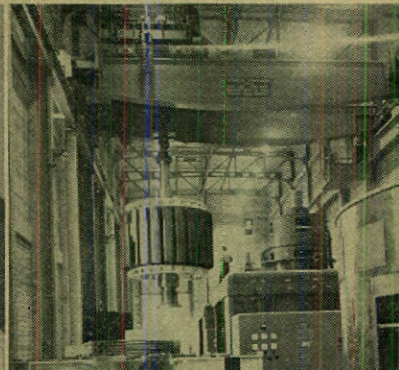
Scotia rectifier station in Vancouver.



Supervisors attending a training course.



Third generator being installed at Bridge River.





In the electric service the number of customers increased over the year by 13,116, or 6%, to 215,960 at the year end. The volume of use also continued to increase: average annual consumption by domestic customers, which was 1,812 k.w.h. in 1948, rose to 1,977 k.w.h. in 1949. A considerable proportion of the new electric customers are in the rural and suburban area of the Fraser Valley; the number of new connections there totalled 4,151 and as a result of the year's programme the number of prospective customers awaiting connection was reduced from 2,182 at the beginning of the year to 815 at the end of the year.

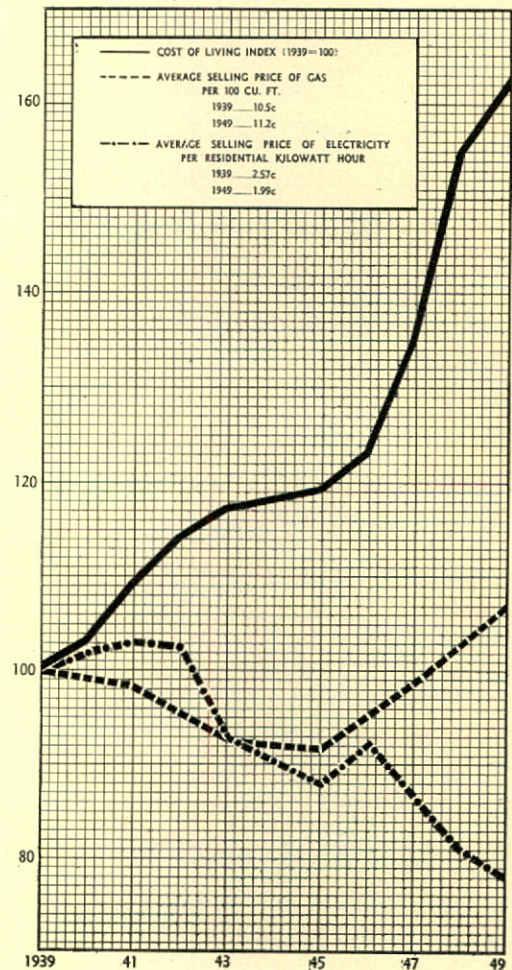
### Rates

Vancouver city transportation fares were revised upward on July 25, 1949; the previous fare structure of 10c cash and 3 tickets for 25c gave way to a straight 10c cash fare. This was done with the interim consent of the Public Utilities Commission, it being understood that a public hearing would be held to review the matter. The public hearing was held on February 9 and 10, 1950. Decision from the Public Utilities Commission is expected in the near future.

In the Greater Victoria area increased transportation fares became effective on October 23, 1949. The previous structure had been 10c cash, tickets 4 for 30c and a weekly pass at

\$1.35; the revised fares are 10c cash, tickets 3 for 25c and a weekly pass at \$1.75.

Rate increases granted by the Board of Transport Commissioners for Canada to the railways under its jurisdiction were effective from October 11, 1949; they have increased our railway freight earnings by approximately \$5,000 a month.



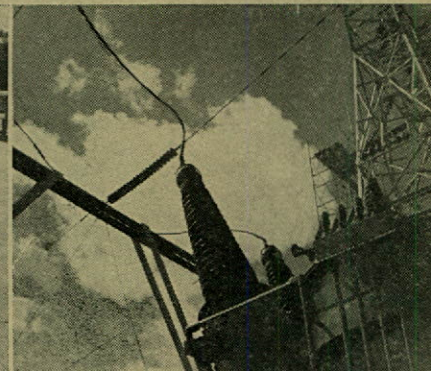
950 entries in Employees' Salmon Derby.



Open house at Oakridge Transit Centre.



Transformer at Horne-Payne substation.





## Operating Expenses

Operating expenses at \$33,559,695 show an increase of \$1,965,613, or 6.22% over 1948.

All but one of the wage agreements which had been in effect throughout 1948 became open during 1949. The increased rates of pay and other benefits which were agreed to increased costs in 1949 over 1948 by approximately \$475,000. Material prices followed a mixed pattern: in the transportation service costs of replacement parts for equipment increased sharply following the devaluation of the Canadian dollar in terms of the U.S. dollar; on the other hand, prices of coal and oil for electrical steam plant operations and gas manufacture were reduced substantially.

Increased provision has been made for accidents. Training and safety campaigns have reduced the number of accidents but the higher prices of the times are reflected in the amounts awarded by the courts in settlement of claims.

Provision for depreciation is up considerably over the previous year reflecting increased property in service and also the replacement of long-lived street cars by relatively short-lived buses and trolley coaches.

Increased provision for taxes on income results largely from an increase of 3% in the rate of Federal tax.

The returns for taxes on income of the B.C. Power Corporation and its subsidiaries have been reviewed by the tax authorities for the years down to and including 1945. All matters affecting the taxes of those years—with only one exception of any importance, which is still under consideration—have been agreed between the companies and the tax authorities. No credit is taken in the attached financial statements for a favourable outcome of the undecided matter. The consolidated statement of income and earned surplus reflects the adjustments resulting from the review.

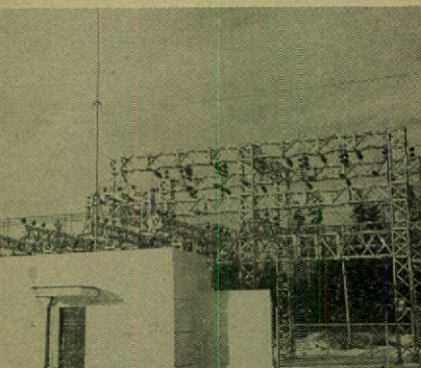
## Construction Programme

The net additions to the property account for the year totalled \$26,743,381 as compared with \$29,306,243 in 1948. The net additions in 1949 comprised gross additions of \$29,953,553 less retirements of \$3,210,172, chiefly in

the transportation service upon conversion to free wheeling operation.

The major expenditures of 1949 by projects were as follows:

Balfour substation in Fraser Valley.



Operator on duty at Bridge River generating station.



Employees' riding club.





|  |             |
|--|-------------|
| Electric extensions, Mainland and Vancouver Island, to connect 13,265 additional customers ..... | \$5,025,000 |
| Gas extensions, Mainland and Vancouver Island, to connect 1,168 additional customers .....       | 580,000     |
| Bridge River hydro-electric development.....   | 9,762,000   |
| Ruskin hydro-electric development, unit 3.....   | 1,049,000   |
| Substation and local transmission system, Greater Vancouver and Fraser Valley .....              | 4,116,000   |
| Transmission line, Nanaimo to Victoria.....  | 2,581,000   |
| Coke oven plant, Vancouver—rebuild 12 existing and construct 12 new ovens .....                  | 523,000     |
| Trolley coaches, Vancouver, 86 units.....  | 2,309,000   |
| Buses, Mainland, 41 units.....   | 911,000     |
| Overhead distribution system for trolley coaches .....   | 946,000     |

The second and third units at Bridge River of 45,000 kilowatts each were placed in operation on May 7 and December 7, 1949, respectively. On July 8 export of power to certain public utilities in the northwestern United States was begun under a contract running to September 30, 1951 and calling for delivery of 30,000 kilowatts of power plus dump energy as needed and if available.

The work at the Vancouver coke oven gas plant, consisting of the construction of twelve new ovens and the rebuilding of twelve existing ovens, was completed and these ovens were put into operation in August.

The 132 k.v. double circuit transmission line from Victoria to Nanaimo is being constructed for the receipt of power from the system of the

B. C. Power Commission to meet load growth in our South Vancouver Island area. The programme calls for the completion of the interconnection by September, 1950.

A further substantial instalment of the conversion in Vancouver from street car to bus and bus to trolley coach operation took place during the year. By the end of 1949 a total of 74 miles of route were operated by either bus or trolley coach at which time the proportions of street car, bus and trolley coach route mileages were 35%, 35% and 30% respectively.

The budget for 1950 calls for gross expenditure on plant of approximately \$23 millions of which \$17 millions is in the electric service, \$8 million in the gas service and \$5.5 millions in the transportation service.

## Power Supply

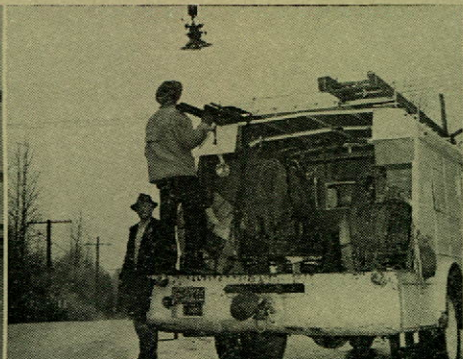
The total energy generated and purchased amounted to 1,420,000,000 k.w.h., an increase of 11% over 1948. The rates of increase in the

Lower Mainland system and in the Vancouver Island South system were substantially the same.

Employee bowler . . .



Radio equipped service trucks speed line repairs.



Company pensioners picnic in Stanley Park, Vancouver.





The one-hour peak load for the Lower Mainland system, exclusive of export, was 279,000 k.w. on December 19, an increase of 11.1% over the maximum hour in 1948; on January 13, 1950, as a result of extremely cold weather, a maximum hourly peak of 291,300 k.w. was recorded. The one-hour peak in 1939 was 117,000 k.w., in 1945 was 181,000 k.w., and in 1949 was 279,000 k.w.

In last year's report we recounted our difficulties in the early part of 1949 caused by shortage of water for electrical generation. It was explained that some forty consecutive cold and virtually rainless days in what is custo-

marily the rainy season brought the water in the Lower Mainland reservoirs down to critical levels. Voluntary curtailment of use was appealed for and obtained, but when a further period passed without rain larger measures of curtailment were progressively imposed. Rain and warm weather brought an end to the critical period and restrictions were removed on February 25, 1949. The harm to the company's earnings was not confined to the period of curtailment because further periods ensued before consumption of electrical energy by customers returned to former levels. The loss in gross revenue is estimated at \$600,000 and the loss in net earnings at \$480,000.

## *Financing*

To finance the construction programme three public issues were made in 1949. The first two were made by British Columbia Electric Company Limited and the third by British Columbia Power Corporation, Limited. The first was an issue on February 10 of \$3,000,000 par value of 4 $\frac{3}{4}$ % cumulative redeemable preferred shares netting the issuing company \$2,880,000. The second was an issue on February 22 of \$17,000,000 principal amount of first mortgage bonds 3 $\frac{3}{4}$ % Series "D", the proceeds of which amounted to \$16,235,000. The third was an issue on November 16 of 240,000 Class "A" shares of the Power Corporation sold to the

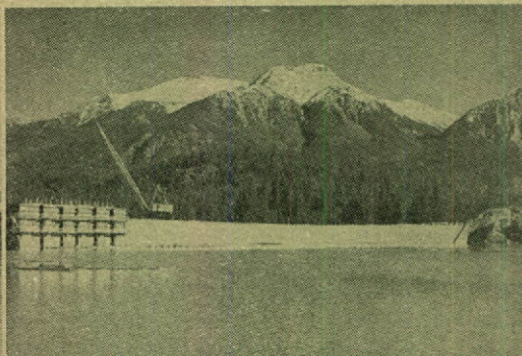
public at \$27.50 per share and netting the company \$6,120,000. With the bonds it is not possible to measure the extent of local participation since the greater part of British Columbia's share is indirect through subscriptions of insurance companies placed from Eastern head offices. However, of the preferred issue 65% was subscribed for in British Columbia and of the "A" share issue 45%. Of the combined issues \$263,250 was reserved for employees and subscribed for by them.

During the year \$647,500 principal amount of first mortgage bonds was redeemed through the operation of the sinking funds.

Modern trolley coaches at Oakridge Transit Centre.



Lajoie storage dam; Bridge River project.



Victoria garage staff volunteers repair Veterans' Hospital bus.





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

Funds provided—

|  |              |              |
|--|--------------|--------------|
| Issues of bonds and shares.....  | \$26,120,000 |              |
| <i>Less</i> —Discount, commissions and expenses.....                                   | 1,072,969    |              |
|  |              | \$25,047,031 |
| Funds released by Trustee—balance of proceeds of 1948 bond financing .....             |              | 411,194      |
| Sales of properties and miscellaneous investments .....                                |              | 713,717      |
| Funds arising from operations:   |              |              |
| Earnings on Class "A" shares.....  | \$ 2,303,258 |              |
| <i>Add back</i> —Charges against operations requiring no current outlay of cash—       |              |              |
| Provision for depreciation.....  | 4,724,453    |              |
| Bond refunding expense written off.....  | 212,686      |              |
| Increase in General and Accident Reserves.....   | 53,209       |              |
|  |              | \$ 7,293,606 |
| Reduction in reserve for taxes on income.....  | 600,000      |              |
| Current portion of recoverable excess profits taxes transferred to current assets..... | 900,000      |              |
|  |              | 8,793,606    |
|  |              | \$34,965,548 |

Funds applied—

|  |              |
|--|--------------|
| Gross capital expenditures.....  | \$29,953,553 |
| Decrease in accounts payable covering construction work.....                     | 2,100,000    |
| Payments into bond sinking funds, made or provided for.....                      | 839,399      |
| Dividends on Class "A" shares.....   | 1,696,000    |
| Increase in—   |              |
| Deferred charges, etc.....   | 229,880      |
| Working capital (other than in accounts payable covering construction work)..... | 146,716      |
|  | \$34,965,548 |

To restore working capital and towards financing the 1950 programme, an issue of \$6,000,000 par value of 4<sup>3</sup>/<sub>4</sub>% cumulative redeemable preferred shares of British Columbia Electric Company Limited was sold on Feb-

ruary 9, 1950. It is expected that the balance of the year's capital requirements will be obtained by an issue of first mortgage bonds by the same company.

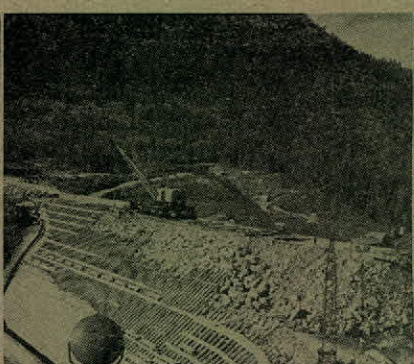
Cooking school conducted by Home Service Department.



Employees' softball team.



Lajoie storage dam under construction.



Oakridge parts department.





## *Franchises*

On October 27, 1949, by an 80% majority, the voters of New Westminster granted us a new twenty-year exclusive franchise from January 1, 1950. Under the terms of this franchise—as with those which we have with each of the following municipal corporations for a term of twenty years from the date noted in brackets after the name of such corporation, namely, City and District of North Vancouver (October 1, 1946), City of Vancouver (January 1, 1947), Township of Richmond (January 20,

1947), City of Victoria (November 1, 1947), District of Oak Bay (November 1, 1947) and Township of Esquimalt (November 1, 1947)—the City has the right at the expiration of the fifth, tenth, fifteenth or twentieth year of the franchise, upon giving one year's notice, to purchase the vehicles and other property used in the municipality to give service under the agreement at its fair value, such value to be agreed upon between the parties or, in the event of failure to agree, to be settled by arbitration.

## *Simplification of Corporate Structure*

In 1947 British Columbia Electric Company Limited, for financing purposes, acquired the properties of its six subsidiary generating companies and leased them back to them for purposes of operation. At the time this step was

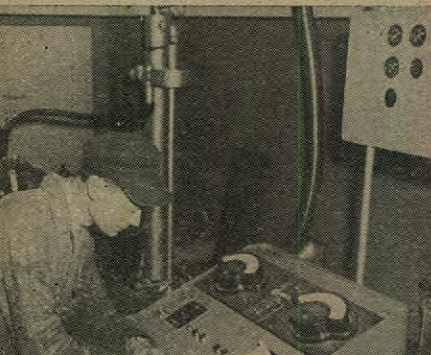
taken it was the intention that at some appropriate time the Electric Company would take over and thereafter operate the undertakings of those subsidiaries. This intention was carried out in 1949.

## *Consolidation into Basic Services and Areas*

During 1949 and since, further steps have been taken in disposing of fringe services and services in fringe areas and, conversely, in filling gaps in our basic areas of the Lower Mainland

and Vancouver Island South. Since no one transaction entailed a great expenditure or receipt, the disposals and acquisitions or extensions are merely tabulated below.

Modern garage equipment keeps transit fleet rolling . . .



New bus depot and office building at White Rock, B. C.



Transit employees' golf tournament.





## *Disposals*

Taxi operation in Victoria, Vancouver Island.

Water service in Cumberland, Vancouver Island.

Remainder of trucking operation on the Mainland.

Transportation operation at Nanaimo, Vancouver Island.

## *Acquisitions or Extensions*

Electrical service was extended to Bowen Island from the Lower Mainland system by a submarine circuit some 16,000 feet in length.

That part of the transportation system in Greater Victoria, which had been owned and operated by Vancouver Island Coach Lines Limited, was taken over.

The electrical system at Lytton was acquired; this town is on the route of a prospective additional transmission line from the Bridge River generating station.

The electrical distribution system in Squamish was acquired; this town is on the route of the present transmission line from Bridge River.

A stage line was acquired connecting Chilliwack with Hope in the Lower Mainland.

# *Collective Bargaining*

During 1949 negotiations were carried on with the union representing employees in the electrical service and the three unions representing employees in the transportation service. Contracts in all cases were successfully concluded for two-year terms.

The main basis of settlement for employees in the transportation service was the provision,

by stages completed on February 16, 1950, of a 40-hour week without reduction in take home pay.

New agreements for two year terms have been concluded since the year end with the unions representing the gas workers and with the Office Employees Association, thus completing negotiations for the current round.

## *Personnel*

During the year Mr. T. M. Moran, Vice-President, resigned; Mr. James Kerr, Supervisor of Electrical Meter Shop, retired after 44 years' service and was succeeded by Mr. Noel

Clark; Mr. Asger Vilstrup, Superintendent of Generating Plants and Substations, retired after 38 years' service and his functions were taken over by Mr. C. Arnott, appointed Super-

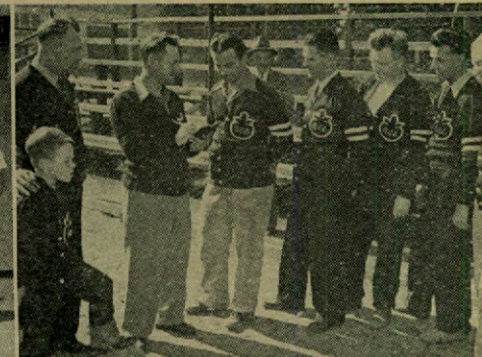
Employee blood donor.



Employees' Tennis Club.



Employee soccer champions.





visor of Generating Plants, and Mr. T. Hadwin, appointed Superintendent of Substations. On Vancouver Island Mr. T. R. Myers, Supervisor of Publicity, retired after 41 years' service. Mr. P. W. Barchard was appointed Assistant Gas Manager and Mr. F. A. Lazenby was placed in charge of the newly-created Hydraulic Department responsible for carrying out engineering for future hydro-electric projects.

The Directors wish to record their appreciation of the long and able service of those mentioned as having retired and of the many other employees who retired on pension during the year.

The year has again been a strenuous one and the Directors desire to record their recognition of the effective endeavours of the employees in meeting the problems of 1949.

## *Organization*

In March, 1949 the Department of Rates and Research, under the direction of Mr. H. L. Purdy, received expanded functions and its name was changed to Department of Research and Administrative Controls. The Department now has, in addition to its previous functions, responsibility for administering the inter-divisional aspects of various control media, such as

capital and operating budgets, company practices and procedures and organizational design.

The Security Department was enlarged and placed under the direction of Mr. P. A. Hoare. This department's duties have to do with the protection of companies' properties and revenues.

## *Financial Statements*

The Consolidated Balance Sheet and Statement of Income and Earned Surplus of British Columbia Power Corporation, Limited and subsidiary companies, with the opinion thereon of the auditors, is attached. Since the present report is to be issued also to the preferred shareholders of British Columbia Electric Company Limited there are included corresponding statements for that company and its subsidiaries. This year the statements are presented for the first time in comparative form with the figures for 1948 and 1949 in adjoining columns. This is done to assist the reader in making comparisons.

Repeating the procedure initiated the year before, there were invited to the Annual Meeting held on March 31, 1949, in addition to the "B" shareholders, the "A" shareholders and also the preferred shareholders of the Electric

Company resident in the area. This was done in order that all shareholders who could conveniently attend could do so and could have their questions answered by the President. The same procedure will be followed at the forthcoming annual meeting. The numbers attending are becoming too great to be accommodated in space available in Vancouver hotels at the hour of the meeting. The forthcoming meeting will therefore be held in the Bay Theatre at the corner of Denman and Barclay Streets in Vancouver.

The annual meeting is an occasion for shareholders; they are urged to attend. Questions and helpful criticism are most welcome. The Directors are appreciative of the increasing attendance and increasing discussion at annual meetings.



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

*Consolidated Statement of Income and Earned Surplus  
for the Year Ended December 31, 1949*

(with comparative figures for the year ended December 31, 1948)

|  | 1949         | 1948         |
|--|--------------|--------------|
| Gross revenue from operations.....   | \$39,632,303 | \$36,910,053 |
| <i>Deduct—</i>   |              |              |
| Expenses (Note 2):   |              |              |
| Operation and maintenance, including property taxes.....   | \$24,995,176 | \$24,679,848 |
| Legal fees and executive remuneration.....   | 176,978      | 166,713      |
| Directors' fees.....   | 22,150       | 23,327       |
| Provision for accidents.....   | 447,090      | 340,054      |
| Employees' pensions (Note 1)—  |              |              |
| Payments under contributory pension plan:  |              |              |
| In respect of past years' services.....  | 340,000      | 340,000      |
| In respect of current services.....  | 363,000      | 440,626      |
| Payments to pensioners from general funds.....   | 241,868      | 243,339      |
| Provision for depreciation.....  | 4,724,453    | 3,407,925    |
| Provision for taxes on income.....   | 2,248,980    | 1,952,250    |
|  | \$33,559,695 | \$31,594,082 |
| Operating income.....  | \$ 6,072,608 | \$ 5,315,971 |
| <i>Add—</i>  |              |              |
| Income from investments.....   | 88,420       | 106,588      |
| Profit on disposal of trucking operation, temporary investments, etc. (net).....   | 22,823       | 15,223       |
| Profit on bonds redeemed at less than principal amount.....  | 33,785       | .....        |
|  | \$ 6,217,636 | \$ 5,437,782 |
| <i>Deduct—</i>   |              |              |
| Interest on bond debt.....   | \$ 2,945,175 | \$ 2,326,542 |
| <i>Less—</i>   |              |              |
| Interest charged to construction (Note 2).....   | 343,573      | 461,844      |
|  | \$ 2,601,602 | \$ 1,864,698 |
| Bond discount and refunding and issue expenses written off:  |              |              |
| Applicable to refunded issues.....   | 80,210       | 80,240       |
| Applicable to outstanding issues.....  | 132,476      | 88,479       |
|  | \$ 2,814,288 | \$ 2,033,417 |
| Net income for the year.....   | \$ 3,403,348 | \$ 3,404,365 |
| <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.....   | 363,500      | 30,000       |
| British Columbia Electric Railway Company, Limited—  |              |              |
| 5% Cumulative perpetual preference stock.....  | 256,590      | 290,880      |
|  | \$ 1,100,090 | \$ 800,880   |
| Balance of income.....   | \$ 2,303,258 | \$ 2,603,485 |
| <i>Add—</i>  |              |              |
| Earned surplus as at beginning of year.....  | 2,418,331    | 1,639,985    |
| Portion of excess profits tax recovered.....   | .....        | 19,861       |
| Portion of reserve for taxes on income deemed to be in excess of estimated requirements.....   | 600,000      | .....        |
| Estimated recoverable portion of excess profits tax transferred from deferred surplus (\$1,264,500), less adjustment (estimated at \$114,500) consequent upon revision of taxes on income of prior years (Note 4)..... | 1,150,000    | .....        |
|  | \$ 6,471,589 | \$ 4,263,331 |
| <i>Deduct—</i>   |              |              |
| Commission and expenses on issue of 4¾% Cumulative preferred shares of British Columbia Electric Company Limited.....  | \$ 131,504   | \$ 245,000   |
| Expenses of issue of Class "A" shares of parent company and related financing expenses of British Columbia Electric Company Limited.....   | 38,576       | .....        |
| Loss on sale, by subsidiaries, of Class "A" and Class "B" shares of parent company.....  | 201,129      | .....        |
|  | \$ 371,209   | \$ 245,000   |
| <i>Deduct—</i>   |              |              |
| Dividends on Class "A" shares of parent company.....   | \$ 6,100,380 | \$ 4,018,331 |
|  | 1,696,000    | 1,600,000    |
| Earned surplus as at end of year.....  | \$ 4,404,380 | \$ 2,418,331 |



## BRITISH COLUMBIA POWER

AND SUBSID

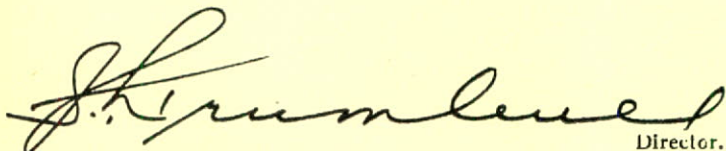
## Consolidated Balance Sheet

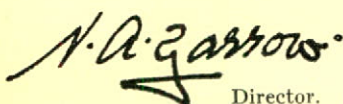
(with comparative figures)

## ASSETS

| CURRENT AND WORKING ASSETS:  | 1949                 | 1948                 |
|--|----------------------|----------------------|
| Cash on hand and in banks .....  | \$ 320,115           | \$ 959,994           |
| Dominion of Canada bonds at cost .....   |                      | 67,375               |
| Working funds advanced to agents, conductors, etc. ....  | 178,734              | 183,627              |
| Accounts receivable, less reserve .....  | 3,518,995            | 3,518,078            |
| Estimated recoverable portion of excess profits tax due within one year .....  | 900,000              |                      |
| 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 .....       | 5,861,231            | 5,857,755            |
| Prepaid expenses .....   | 134,878              | 82,547               |
|  | <u>\$ 10,913,953</u> | <u>\$ 10,669,376</u> |
| <br>RECOVERABLE TAXES DUE AFTER ONE YEAR, ETC.:  |                      |                      |
| Estimated recoverable portion of excess profits tax due after one year .....   | \$ 250,000           | \$ 1,264,500         |
| Shares of British Columbia Power Corporation, Limited held by subsidiary companies (quoted market value [1948] \$453,357) .....  |                      | 666,540              |
| Construction funds—  |                      |                      |
| Cash held by trustee for bondholders, since withdrawn .....  |                      | 411,194              |
|  | <u>\$ 250,000</u>    | <u>\$ 2,342,234</u>  |
| <br>DEFERRED CHARGES:  |                      |                      |
| Advance payments on account of future contributions to pension plan for employees' past services (Note 1) .....  | \$ 832,681           | \$ 515,931           |
| Unamortized portion of payments made under transportation franchise agreements, and other deferred items .....   | 320,606              | 459,875              |
| Unamortized bond refunding and issue expense—  |                      |                      |
| Premium and exchange on bonds redeemed, bond refunding and issue expenses and discounts, less amounts written off:   |                      |                      |
| Applicable to refunded issues .....  | 869,633              | 949,842              |
| Applicable to outstanding issues .....   | 2,444,678            | 1,674,266            |
|  | <u>\$ 4,467,598</u>  | <u>\$ 3,599,914</u>  |
| <br>PROPERTY ACCOUNT (NOTES 2, 3, AND 5):  |                      |                      |
| 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. ....                         | \$229,745,943        | \$199,002,562        |
| Less—  |                      |                      |
| Reserve for depreciation .....   | 46,598,343           | 44,888,155           |
|  | <u>\$183,147,600</u> | <u>\$154,114,407</u> |
| Unfinished construction .....  | 5,600,000            | 9,600,000            |
|  | <u>\$188,747,600</u> | <u>\$163,714,407</u> |
| <br>EMPLOYEES' PENSION FUND (NOTE 1):  |                      |                      |
| Bonds and cash in hands of trustee (represented as to \$3,353,056 [1948: \$3,196,331] by securities of or guaranteed by the Dominion of Canada and as to \$103,260 [1948: \$160,199] by other securities and cash) ..... | \$ 3,456,316         | \$ 3,356,530         |

APPROVED ON BEHALF OF THE BOARD:

  
Director.

  
Director.

The above consolidated balance sheet and related consolidated statement of income and earned surplus, supplemented by the notes appended thereto, are submitted with our report to the shareholders dated March 1, 1950.

PRICE, WATERHOUSE & Co.,  
Auditors.

\$207,835,467      \$183,682,461



## CORPORATION, LIMITED

LARY COMPANIES

as at December 31, 1949

as at December 31, 1948)

## LIABILITIES

| CURRENT AND ACCRUED LIABILITIES:   | 1949                  | 1948                  |
|--|-----------------------|-----------------------|
| Bank overdraft .....   | \$ 563,805            | \$ .....              |
| Accounts payable .....   | 3,969,570             | 4,466,326             |
| Debenture and bond interest accrued .....  | 1,119,313             | 890,382               |
| Dividends declared, since paid .....   | 821,550               | 695,440               |
| Sinking fund payments due within one year .....  | 805,874               | 613,975               |
| Reserve for taxes on income and other taxes (Note 4) .....   | 2,087,348             | 2,603,476             |
| Current liabilities on construction account .....  | 2,400,000             | 4,500,000             |
|  | <u>\$ 11,767,460</u>  | <u>\$ 13,769,599</u>  |
| <b>BOND DEBT:</b>  |                       |                       |
| British Columbia Electric Company Limited—   |                       |                       |
| 3¼% First mortgage bonds:  |                       |                       |
| Series "A" due January 2, 1967—  |                       |                       |
| Issued (less redeemed to 1948, \$330,000; to 1949, \$699,500) .....  | \$ 32,300,500         | \$ 32,670,000         |
| Series "B" due October 1, 1967—  |                       |                       |
| Issued (less redeemed to 1948, \$100,000; to 1949, \$207,000) .....  | 9,793,000             | 9,900,000             |
| 3¾% First mortgage bonds:  |                       |                       |
| Series "C" due April 1, 1968—  |                       |                       |
| Issued (less redeemed to 1948, nil; to 1949, \$171,000) .....  | 16,829,000            | 17,000,000            |
| Series "D" due February 1, 1969—   |                       |                       |
| Issued .....   | 17,000,000            | .....                 |
|  | <u>\$ 75,922,500</u>  | <u>\$ 59,570,000</u>  |
| <i>Less—</i>   |                       |                       |
| Sinking fund payments due within one year, included in current and accrued liabilities .....   | 805,874               | 613,975               |
|  | <u>\$ 75,116,626</u>  | <u>\$ 58,956,025</u>  |
| British Columbia Electric Railway Company, Limited—  |                       |                       |
| 4¼% Perpetual consolidated debenture stock:  |                       |                       |
| Issued—£2,788,170 at \$4.85 .....  | 13,522,625            | 13,522,625            |
|  | <u>\$ 88,639,251</u>  | <u>\$ 72,478,650</u>  |
| <b>CAPITAL STOCK OF SUBSIDIARIES HELD BY PUBLIC:</b>   |                       |                       |
| 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, including \$3,000,000 issued February 10, 1949, (redeemable at a premium of 5%) .....  | 8,000,000             | 5,000,000             |
|  | <u>\$ 20,000,000</u>  | <u>\$ 17,000,000</u>  |
| British Columbia Electric Railway Company, Limited—  |                       |                       |
| 5% Cumulative perpetual preference stock—£1,440,000 at \$4.85 .....  | 6,984,000             | 6,984,000             |
| Minority shareholders of other subsidiaries .....  | 3,140                 | 3,446                 |
|  | <u>\$ 26,987,140</u>  | <u>\$ 23,987,446</u>  |
| <b>RESERVES:</b>   |                       |                       |
| General and accident .....   | \$ 1,095,155          | \$ 1,041,640          |
| Employees' pension fund (per contra) .....   | 3,456,316             | 3,356,530             |
|  | <u>\$ 4,551,471</u>   | <u>\$ 4,398,170</u>   |
| <b>CAPITAL AND SURPLUS:</b>  |                       |                       |
| 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 (including 240,000 shares issued November 16, 1949) and 1,000,000 Class "B" shares issued for a total cash consideration of .....   | \$ 65,370,000         | \$ 59,250,000         |
| Capital surplus—   |                       |                       |
| Surpluses of subsidiaries as at May 19, 1928, the date of acquisition of their capital stocks by the Corporation (Note 3) .....  | 6,115,765             | 6,115,765             |
| Deferred surplus—  |                       |                       |
| Estimated recoverable portion of excess profits tax (per contra) .....   | .....                 | 1,264,500             |
| Earned surplus (per statement attached) .....  | 4,404,380             | 2,418,331             |
|  | <u>\$ 75,890,145</u>  | <u>\$ 69,048,596</u>  |
| <b>COMMITMENTS (NOTE 5)</b>  | <u>\$ 207,835,467</u> | <u>\$ 183,682,461</u> |



## BRITISH COLUMBIA POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

## NOTES TO FINANCIAL STATEMENTS

*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 non-contributory fund on an actuarial basis to provide for pension payments. The amount of \$3,456,316 recorded in the attached consolidated balance sheet as at December 31, 1949, is the sum of these payments, together with interest earned on investments made by the Trustee, less charges to the fund in respect of payments to pensioners. Such payments ceased to be charged to the fund on September 1, 1947, as from which date the companies have paid from general funds the pensions of employees who have retired under the non-contributory plan; it is their intention to continue this procedure. The income tax authorities have indicated that they will allow such payments as current expenses for tax purposes.

No payments have been made to the Royal Trust Company since 1945. As of October 1, 1946, the companies entered into contracts with the Dominion Government Annuities Branch and the Standard Life Assurance Company, of Edinburgh, for basic and supplementary contributory retirement plans respectively.

It is the present intention of the companies to complete the plan for providing pensions in respect of employees' services in past years by:—

- (1) Transfer or payment to the Annuities Branch and the Standard Life Assurance Company at dates as yet unspecified of sums equivalent to the funds in the hands of the Royal Trust Company, and
- (2) Payment to the Annuities Branch and the Standard Life Assurance Company of amounts equivalent to seven annual payments of \$340,000 commencing in 1947.

The income tax authorities have indicated that they will allow the last-mentioned series of payments as deductions from taxable income. In order to make the plan self-supporting in the early years, it has been necessary for the companies to make payments from 1947 to 1949 considerably in excess of the annual instalments of \$340,000 approved for income tax purposes and charged to operating account. The excess payments to date, amounting to \$832,681, have been carried forward in the attached balance sheet as a deferred charge and the payments in later years will be reduced commensurately.

In addition the companies have made payments currently in respect of services rendered by employees subsequent to October 1, 1946. The amounts paid or provided in this respect for the years ended December 31, 1948 and 1949 were respectively \$440,626 and \$363,000.

*Note (2)—Property Account:*

In accordance with the practice of earlier periods when the companies were undertaking large, long-term construction projects, interest on the unfinished construction of such projects has been capitalized (at a rate for 1948 and 1949 of 3¼%, commensurate with the cost of interest on new-money bond financing) with corresponding reduction of the charges against earnings for the years ended December 31, 1948 and 1949.

Similarly, in accordance with their established practice, the companies have allocated a portion of their administrative and general expenses as overhead chargeable to construction account. Included in administrative and general expenses are the salaries and related expenses of the companies' head office engineering staffs, draftsmen, etc., of which, except for minor charges, no portion is charged direct to construction account. In recognition of the additional administrative and supervisory expenditures resulting from the accelerated construction programme in the post-war years, the method of computing the

portion of administrative and general expenses, which might fairly and reasonably during such programme be charged to construction, was reviewed in 1947 and the portion to be capitalized was established at an amount equivalent to 4% of the direct expenditure on capital account. This same percentage rate was applied in 1948 and 1949.

*Note (3)—Property Account:*

The properties are included at original cost to the companies (which includes discount on bonds of \$728,671 charged to construction accounts) 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; in addition there is recorded in the property account on the consolidated balance sheet and per contra stated as capital surplus, an amount of \$6,115,765 which represents the surpluses of subsidiaries as at the date of the acquisition of their capital stocks by British Columbia Power Corporation, Limited on May 19, 1928.

A valuation for rate-making purposes was made by the Public Utilities Commission of British Columbia as at June 30, 1939, and this, when brought up to date, including unfinished construction, amounted at December 31, 1949 to approximately \$202,000,000; 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 \$5,000,000, making a total of approximately \$207,000,000 (\$180,000,000 as at December 31, 1948) before deducting provision for depreciation. The existing reserves for depreciation were found adequate for rate-making purposes by the Commission as at June 30, 1939, and such reserves when brought up to date (as well as the reserves applicable to properties not valued by such Commission) amounted at December 31, 1949 to approximately \$47,000,000 (\$45,000,000 as at December 31, 1948). The foregoing amounts represent the valuation 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. Subsequent to June 30, 1939, the provisions for depreciation recorded in the accounts have been based on the gross property valuation made by the Public Utilities Commission, calculated at rates fixed by the Commission.

An appraisal of the properties made by Stone & Webster Engineering Corporation of Boston, Massachusetts, as of December 31, 1936, showed a total replacement cost as at that date (after a deduction for existing physical depreciation) of \$131,802,312. This total included an amount of \$15,000,000 for going concern value. The balance in the property account as at December 31, 1936, after deducting the reserve for depreciation, was \$113,739,799.

*Note (4)—Taxes on Income:*

The Corporation's returns for income and excess profits taxes have been assessed up to and including the year 1939, and those of its subsidiary companies up to and including years varying from 1940 to 1943. The returns for the subsequent years have been reviewed, although not finally assessed, by the taxation authorities up to and including the year 1945. On the basis of the results indicated by such review, and of the revisions in the standard profits recently awarded to three of the companies, the reserves for taxes on income have been adjusted to the estimated maximum requirements as at December 31, 1949. The portions of such reserves deemed to be in excess of the estimated maximum requirements, together with the portions of the revised excess profits taxes now estimated to be recoverable, have been transferred to earned surplus account.

*Note (5)—Commitments:*

As at December 31, 1949 the companies had contracts and commitments for construction and other capital expenditures which aggregated approximately \$7,000,000.



## AUDITORS' REPORT TO THE SHAREHOLDERS

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 December 31, 1949, 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 such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

As in past years, there is included in the property account on the consolidated balance sheet and per contra stated as capital surplus, an amount of \$6,115,765, which represents the surpluses of subsidiaries as at the date of acquisition of their capital stocks by British Columbia Power Corporation, Limited on May 19, 1928.

Subject to the question of the accounting treatment accorded the surpluses of subsidiaries as at the date of their acquisition, referred to in the foregoing paragraph, we report that, 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, supplemented by the notes appended thereto, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1949, and the related consolidated statement of income and earned surplus presents 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.

PRICE, WATERHOUSE & Co.,  
*Auditors.*

Vancouver, B. C.,  
March 1, 1950.

BRITISH COLUMBIA ELECTRIC COMPANY LIMITED  
AND SUBSIDIARY COMPANIES

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 December 31, 1949, 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 required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances.

As in past years, there is included in the property account on the consolidated balance sheet and per contra stated as capital surplus, an amount of \$6,115,765, which represents the surpluses of subsidiaries as at the date of acquisition of their capital stocks by British Columbia Power Corporation Limited on May 19, 1928.

Subject to the question of the accounting treatment accorded the surpluses of subsidiaries as at the date of their acquisition, referred to in the foregoing paragraph, we report that, 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, supplemented by the notes appended thereto, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1949, and the related consolidated statement of income and earned surplus presents 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.

PRICE, WATERHOUSE & Co.,  
*Auditors.*

Vancouver, B. C.,  
March 1, 1950.



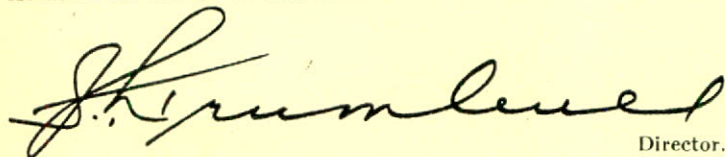
## Consolidated Balance Sheet

(with comparative figures)

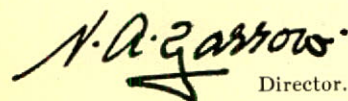
## ASSETS

| CURRENT AND WORKING ASSETS:   | 1949                 | 1948                 |
|---|----------------------|----------------------|
| Cash on hand and in banks.....  | \$ 320,115           | \$ 959,994           |
| Dominion of Canada bonds at cost.....   |                      | 67,375               |
| Working funds advanced to agents, conductors, etc.....  | 178,734              | 183,627              |
| Accounts receivable, less reserve.....  | 3,518,995            | 3,518,078            |
| Estimated recoverable portion of excess profits tax due within one year.....  | 879,000              |                      |
| 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.....       | 5,861,231            | 5,857,755            |
| Prepaid expenses.....   | 184,878              | 82,547               |
|   | <u>\$ 10,892,953</u> | <u>\$ 10,669,376</u> |
| <br>RECOVERABLE TAXES DUE AFTER ONE YEAR, ETC.:   |                      |                      |
| Estimated recoverable portion of excess profits tax due after one year.....   | \$ 250,000           | \$ 1,232,000         |
| Shares of British Columbia Power Corporation, Limited held by subsidiary companies (quoted market value [1948] \$453,357).....  |                      | 666,540              |
| Construction funds—   |                      |                      |
| Cash held by trustee for bondholders, since withdrawn.....  |                      | 411,194              |
|   | <u>\$ 250,000</u>    | <u>\$ 2,309,734</u>  |
| <br>DEFERRED CHARGES:   |                      |                      |
| Advance payments on account of future contributions to pension plan for employees' past services (Note 1).....  | \$ 832,681           | \$ 515,931           |
| Unamortized portion of payments made under transportation franchise agreements, and other deferred items.....   | 320,606              | 459,875              |
| Unamortized bond refunding and issue expense—   |                      |                      |
| Premium and exchange on bonds redeemed, bond refunding and issue expenses and discounts, less amounts written off:  |                      |                      |
| Applicable to refunded issues.....  | 201,055              | 220,830              |
| Applicable to outstanding issues.....   | 2,444,678            | 1,674,266            |
|   | <u>\$ 3,799,020</u>  | <u>\$ 2,870,902</u>  |
| <br>PROPERTY ACCOUNT (NOTES 2, 3, AND 5):   |                      |                      |
| 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.....                         | \$228,745,943        | \$199,002,562        |
| <br>Less—   |                      |                      |
| Reserve for depreciation.....   | 46,598,343           | 44,888,155           |
|   | <u>\$183,147,600</u> | <u>\$154,114,407</u> |
| Unfinished construction.....  | 5,600,000            | 9,600,000            |
|   | <u>\$188,747,600</u> | <u>\$163,714,407</u> |
| <br>EMPLOYEES' PENSION FUND (NOTE 1):   |                      |                      |
| Bonds and cash in hands of trustee (represented as to \$3,353,056 [1948: \$3,196,331] by securities of or guaranteed by the Dominion of Canada and as to \$103,260 [1948: \$160,199] by other securities and cash)..... | \$ 3,456,316         | \$ 3,356,530         |

APPROVED ON BEHALF OF THE BOARD:



Director.



Director.

The above consolidated balance sheet and related consolidated statement of income and earned surplus are submitted with our report to the shareholders dated March 1, 1950. The explanatory notes supplementing the accompanying consolidated balance sheet and related consolidated statement of earned surplus of British Columbia Power Corporation, Limited and subsidiary companies as at December 31, 1949, apply equally to the relevant items in the above consolidated balance sheet and related consolidated statement of income and earned surplus.

PRICE, WATERHOUSE & Co.,  
Auditors.

|                      |                      |
|----------------------|----------------------|
| <u>\$207,145,889</u> | <u>\$182,920,949</u> |
|----------------------|----------------------|



## TRIC COMPANY LIMITED

IARY COMPANIES

as at December 31, 1949

as at December 31, 1948)

## LIABILITIES

| CURRENT AND ACCRUED LIABILITIES:  | 1949                  | 1948                  |
|---|-----------------------|-----------------------|
| Bank overdraft .....  | \$ 563,805            | \$ .....              |
| Accounts payable .....  | 3,960,366             | 4,455,965             |
| Debenture and bond interest accrued .....   | 1,119,313             | 890,382               |
| Dividends declared, since paid .....  | 325,550               | 295,440               |
| Amount owing to parent company, British Columbia Power Corporation, Limited .....   | 982,713               | 827,870               |
| Sinking fund payments due within one year .....   | 805,874               | 613,975               |
| Reserve for taxes on income and other taxes (Note 4) .....  | 2,009,494             | 2,339,622             |
| Current liabilities on construction account .....   | 2,400,000             | 4,500,000             |
|   | <u>\$ 12,167,115</u>  | <u>\$ 13,923,254</u>  |
| <b>BOND DEBT:</b>   |                       |                       |
| British Columbia Electric Company Limited—  |                       |                       |
| 3¼% First mortgage bonds:   |                       |                       |
| Series "A" due January 2, 1967—   |                       |                       |
| Issued (less redeemed to 1948, \$330,000; to 1949, \$699,500) .....   | \$ 32,300,500         | \$ 32,670,000         |
| Series "B" due October 1, 1967—   |                       |                       |
| Issued (less redeemed to 1948, \$100,000; to 1949, \$207,000) .....   | 9,793,000             | 9,900,000             |
| 3¾% First mortgage bonds:   |                       |                       |
| Series "C" due April 1, 1968—   |                       |                       |
| Issued (less redeemed to 1948, nil; to 1949, \$171,000) .....   | 16,829,000            | 17,000,000            |
| Series "D" due February 1, 1969—  |                       |                       |
| Issued .....  | 17,000,000            | .....                 |
|   | <u>\$ 75,922,500</u>  | <u>\$ 59,570,000</u>  |
| <i>Less—</i>  |                       |                       |
| Sinking fund payments due within one year, included in current and accrued liabilities .....  | 805,874               | 613,975               |
|   | <u>\$ 75,116,626</u>  | <u>\$ 58,956,025</u>  |
| British Columbia Electric Railway Company, Limited—   |                       |                       |
| 4¼% Perpetual consolidated debenture stock:   |                       |                       |
| Issued—£2,788,170 at \$4.85 .....   | 13,522,625            | 13,522,625            |
|   | <u>\$ 88,639,251</u>  | <u>\$ 72,478,650</u>  |
| <b>CAPITAL STOCK OF SUBSIDIARIES HELD BY PUBLIC:</b>  |                       |                       |
| British Columbia Electric Railway Company, Limited—   |                       |                       |
| 5% Cumulative perpetual preference stock—£1,440,000 at \$4.85 .....   | \$ 6,984,000          | \$ 6,984,000          |
| Minority shareholders of other subsidiaries .....   | 3,140                 | 3,446                 |
|   | <u>\$ 6,987,140</u>   | <u>\$ 6,987,446</u>   |
| <b>RESERVES:</b>  |                       |                       |
| General and accident .....  | \$ 1,095,155          | \$ 1,041,640          |
| Employees' pension fund (per contra) .....  | 3,456,316             | 3,356,530             |
|   | <u>\$ 4,551,471</u>   | <u>\$ 4,398,170</u>   |
| <b>CAPITAL AND SURPLUS:</b>   |                       |                       |
| Share capital—  |                       |                       |
| Authorized:   |                       |                       |
| 400,000 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 each (redeemable at a premium of 5%)—   |                       |                       |
| 80,000 shares (including 30,000 shares issued in January, 1949) .....   | 8,000,000             | 5,000,000             |
| 1,240,000 Class "A" shares (including 240,000 shares issued in November, 1949) of no par value and  |                       |                       |
| 1,000,000 Class "B" shares of no par value .....  | 64,520,000            | 58,400,000            |
|   | <u>\$ 84,520,000</u>  | <u>\$ 75,400,000</u>  |
| Capital surplus—  |                       |                       |
| Surpluses of subsidiaries as at May 19, 1928, the date of acquisition of their capital stocks by British Columbia Power Corporation, Limited (Note 3) ..... | 6,115,765             | 6,115,765             |
| Deferred surplus—   |                       |                       |
| Estimated recoverable portion of excess profits tax (per contra) .....  |                       | 1,232,000             |
| Earned surplus (per statement attached) .....   | 4,135,147             | 2,385,664             |
|   | <u>\$ 94,800,912</u>  | <u>\$ 85,133,429</u>  |
| COMMITMENTS (NOTE 5)  | <u>\$ 207,145,889</u> | <u>\$ 182,920,949</u> |



# 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 December 31, 1949*

(with comparative figures for the year ended December 31, 1948)

|   | 1949               | 1948               |
|---|--------------------|--------------------|
| Net income for the year (per consolidated statement of income and earned surplus of British Columbia Power Corporation, Limited and subsidiary companies).....  | \$3,403,348        | \$3,404,365        |
| <br><i>Add back—</i>  |                    |                    |
| Expenses of British Columbia Power Corporation, Limited:  |                    |                    |
| Bond discount and refunding and issue expenses written off.....   | 60,434             | 60,464             |
| Net income for the year of British Columbia Electric Company Limited and subsidiary companies.....  | <u>\$3,463,782</u> | <u>\$3,464,829</u> |
| <br><i>Deduct—</i>  |                    |                    |
| Dividends on preference stock of subsidiary:  |                    |                    |
| British Columbia Electric Railway Company, Limited—5% cumulative perpetual preference stock.....  | 256,590            | 290,880            |
| Balance of income.....  | <u>\$3,207,192</u> | <u>\$3,173,949</u> |
| <br><i>Add—</i>   |                    |                    |
| Earned surplus as at beginning of year.....   | 2,385,664          | 1,610,854          |
| Portion of excess profits tax recovered.....  |                    | 19,861             |
| Portion of reserve for taxes on income deemed to be in excess of estimated maximum requirements.....  | 414,000            |                    |
| Estimated recoverable portion of excess profits tax transferred from deferred surplus (\$1,232,000) less adjustment consequent upon revision of taxes on income of prior years (estimated at \$103,000) (Note 4)..... | 1,129,000          |                    |
|   | <u>\$7,135,856</u> | <u>\$4,804,664</u> |
| <br><i>Deduct—</i>  |                    |                    |
| Commission and expenses on issue of 4¾% Cumulative preferred shares and provision for expenses of issue.....  | \$ 131,504         | \$ 245,000         |
| Expenses of issue of Class "A" shares of the company and related expenses.....  | 38,576             |                    |
| Loss on sale of Class "A" and Class "B" shares of British Columbia Power Corporation, Limited.....  | 201,129            |                    |
|   | <u>\$ 371,209</u>  | <u>\$ 245,000</u>  |
|   | <u>\$6,764,647</u> | <u>\$4,559,664</u> |
| <br><i>Deduct—</i>  |                    |                    |
| Dividends:  |                    |                    |
| 4% Cumulative preferred shares.....   | \$ 480,000         | \$ 480,000         |
| 4¾% Cumulative preferred shares.....  | 363,500            | 30,000             |
| Class "A" and "B" shares (all owned by British Columbia Power Corporation, Limited).....  | 1,756,000          | 1,664,000          |
|   | <u>\$2,599,500</u> | <u>\$2,174,000</u> |
| Earned surplus as at end of year.....   | <u>\$4,165,147</u> | <u>\$2,385,664</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 discount and refunding and issue expense of British Columbia Power Corporation, Limited.



## STATISTICS OF COMBINED COMPANIES

|   | 1940                      |                          | 1945                      |                          | 1946                      |                          | 1947                      |                          | 1948                      |                          | 1949                      |                          |
|---|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
|   | Millions<br>of<br>dollars | % of<br>total<br>revenue | Millions<br>of<br>dollars | % of<br>total<br>revenue | Millions<br>of<br>dollars | % of<br>total<br>revenue | Millions<br>of<br>dollars | % of<br>total<br>revenue | Millions<br>of<br>dollars | % of<br>total<br>revenue | Millions<br>of<br>dollars | % of<br>total<br>revenue |
| Gross revenue from operations.....  | 16.91                     |                          | 26.79                     |                          | 30.34                     |                          | 31.82                     |                          | 36.91                     |                          | 39.63                     |                          |
| Other revenue, including income from<br>investments .....                 | .04                       |                          | .17                       |                          | .63                       |                          | .43                       |                          | .12                       |                          | .15                       |                          |
| Total revenue .....   | 16.95                     |                          | 26.96                     |                          | 30.97                     |                          | 32.25                     |                          | 37.03                     |                          | 39.78                     |                          |
| Disposition of revenue  |                           |                          |                           |                          |                           |                          |                           |                          |                           |                          |                           |                          |
| —employment costs (wages, sal-<br>aries, pensions, etc.).....             | 6.01                      | 36                       | 11.17                     | 41                       | 13.24                     | 43                       | 14.34                     | 44                       | 16.39                     | 44                       | 16.48                     | 41                       |
| —materials and services .....   | 1.57                      | 9                        | 5.08                      | 19                       | 6.69                      | 22                       | 7.27                      | 23                       | 8.18                      | 22                       | 8.27                      | 21                       |
| —required for government .....  | 2.77                      | 16                       | 3.67*                     | 14                       | 3.55                      | 11                       | 3.37                      | 11                       | 3.62                      | 10                       | 4.08                      | 10                       |
| —wear and exhaustion of property  | 2.31                      | 14                       | 2.91                      | 11                       | 3.02                      | 10                       | 3.02                      | 9                        | 3.41                      | 9                        | 4.73                      | 12                       |
| —interest and other costs on bonds<br>and debentures .....                | 1.61                      | 9                        | 1.70                      | 6                        | 1.89                      | 6                        | 1.56                      | 5                        | 2.03                      | 6                        | 2.81                      | 7                        |
| —dividends on preferred stock .....                                       | .62                       | 4                        | .62                       | 2                        | .59                       | 2                        | .71                       | 2                        | .80                       | 2                        | 1.10                      | 3                        |
| —dividends on common stock .....  | 2.00                      | 12                       | 1.60                      | 6                        | 1.60                      | 5                        | 1.60                      | 5                        | 1.60                      | 4                        | 1.70                      | 4                        |
| —retained and invested in the<br>business .....                           | .06                       |                          | .21*                      | 1                        | .39                       | 1                        | .38                       | 1                        | 1.00                      | 3                        | .61                       | 2                        |
| Operating income .....  | 4.25                      |                          | 3.96*                     |                          | 3.84                      |                          | 3.82                      |                          | 5.31                      |                          | 6.07                      |                          |
| Operating income as a percentage of<br>gross revenue from operations..... | 25.15                     |                          | 14.78                     |                          | 12.65                     |                          | 11.99                     |                          | 14.40                     |                          | 15.32                     |                          |

(\*—after adjusting for refundable portion of excess profits tax).

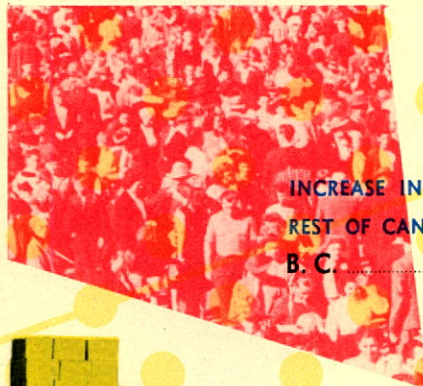


## STATISTICS OF COMBINED COMPANIES

|   | 1939  | 1941  | 1943  | 1945  | 1947  | 1949      |
|---|-------|-------|-------|-------|-------|-----------|
| <b>ELECTRIC</b>   |       |       |       |       |       |           |
| (1) Generating capacity (rated k.w. in thousands)   | 208.8 | 208.8 | 208.8 | 220.8 | 220.8 | 340.8     |
| Peak one-hour demand (k.w. in thousands)  | 138.9 | 169.4 | 182.8 | 227.9 | 257.6 | (2) 361.3 |
| Meters on line at year end (in thousands)   | 143.4 | 153.8 | 161.1 | 175.3 | 193.9 | 219.8     |
| Kilowatt-hours sold (in millions)   | 453.2 | 484.7 | 595.3 | 671.7 | 815.9 | 1,104.8   |
| Proportionate sales by class of customer—   |       |       |       |       |       |           |
| Residential   | 25.5% | 25.9% | 23.3% | 25.9% | 29.8% | 31.8%     |
| Other systems—domestic (largely residential)  | 5.9%  | 6.8%  | 4.4%  | 4.6%  | 5.2%  | 6.0%      |
| Commercial and street lighting  | 23.0% | 21.2% | 17.4% | 19.7% | 21.3% | 18.2%     |
| Industrial  | 45.6% | 46.1% | 54.9% | 49.8% | 43.7% | 35.9%     |
| Other systems—export  | —%    | —%    | —%    | —%    | —%    | 8.1%      |
| (1) Excluding electricity available from other systems, and furthermore with favourable conditions rated capacity can be and has been exceeded on occasion. |       |       |       |       |       |           |
| (2) Including 39.0 thousands of k.w. exported.  |       |       |       |       |       |           |
| <b>GAS</b>  |       |       |       |       |       |           |
| Manufacturing cap. (cu. ft. per day in millions)  | 10.2  | 10.2  | 11.5  | 11.5  | 16.1  | 20.1      |
| Peak one-day output (cubic feet in millions)  | 6.4   | 8.1   | 10.5  | 10.6  | 14.1  | 15.0      |
| Meters on line at year end (in thousands)   | 52    | 55    | 59    | 61    | 64    | 67        |
| Gas sold (cubic feet in millions)   | 1,407 | 1,576 | 2,279 | 2,495 | 2,933 | 3,386     |
| <b>TRANSPORTATION</b>   |       |       |       |       |       |           |
| Vehicles in operation at year end—  |       |       |       |       |       |           |
| Urban—street cars   | 349   | 352   | 352   | 386   | 348   | 225       |
| gas buses   | 56    | 64    | 88    | 113   | 317   | 381       |
| trolley coaches   | —     | —     | —     | —     | 42    | 168       |
| total   | 405   | 416   | 440   | 499   | 707   | 774       |
| Interurban rail passenger cars  | 69    | 69    | 69    | 69    | 69    | 69        |
| Interurban stage buses  | 36    | 39    | 40    | 71    | 107   | 105       |
| Passengers carried (in millions)—   |       |       |       |       |       |           |
| Urban   | 67.4  | 78.1  | 121.5 | 133.0 | 146.5 | 135.1     |
| Interurban rail   | 5.3   | 5.9   | 10.1  | 11.4  | 9.9   | 8.2       |
| Interurban stages   | 1.2   | 1.7   | 2.1   | 3.2   | 5.6   | 5.4       |

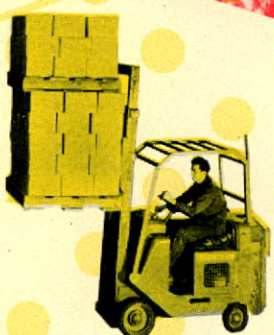


# THIS GROWING WEST



**INCREASE IN POPULATION 1939-49**

|                      |       |
|----------------------|-------|
| REST OF CANADA ..... | 15.4% |
| B. C. ....           | 40.6% |



**CASH INCOME FROM SALE OF FARM PRODUCTS**

|                  |               |
|------------------|---------------|
| B. C. 1938 ..... | \$31,900,000  |
| B. C. 1948 ..... | \$101,200,000 |



**NUMBER OF HOUSES BUILT IN 1948 PER 1,000 POPULATION**

|                      |      |
|----------------------|------|
| REST OF CANADA ..... | 5.54 |
| B. C. ....           | 9.92 |

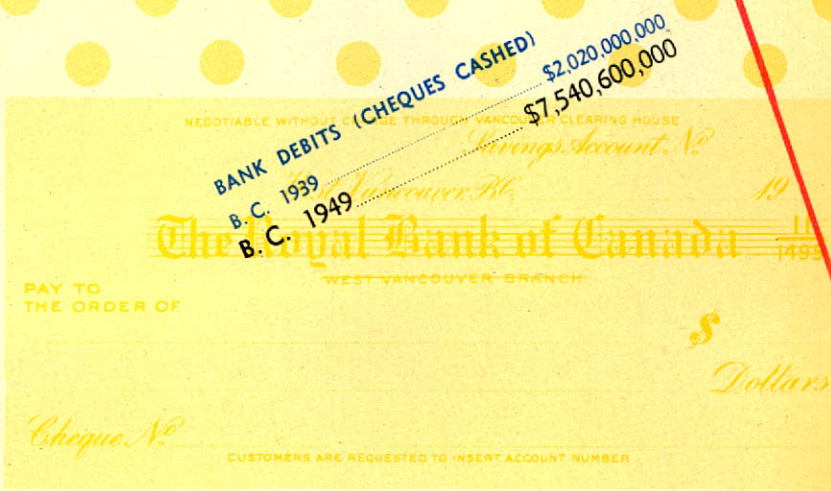
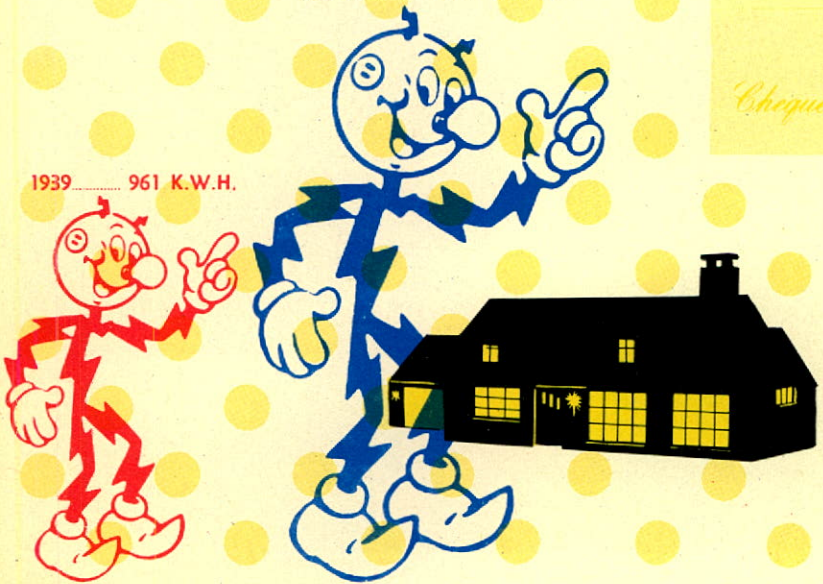
**GROSS VALUE OF MANUFACTURED PRODUCTION**

|                         |               |
|-------------------------|---------------|
| B. C. 1939 .....        | \$247,950,000 |
| B. C. 1949 (est.) ..... | \$960,000,000 |

**AVERAGE ANNUAL RESIDENTIAL USE OF ELECTRICITY**

(B. C. Electric system)  
1949 ..... 1977 K.W.H.

1939 ..... 961 K.W.H.



**NO. OF ELECTRICAL CUSTOMERS (B. C. Electric system)**

|            |         |            |         |
|------------|---------|------------|---------|
| 1939 ..... | 136,770 | 1949 ..... | 215,960 |
|------------|---------|------------|---------|









