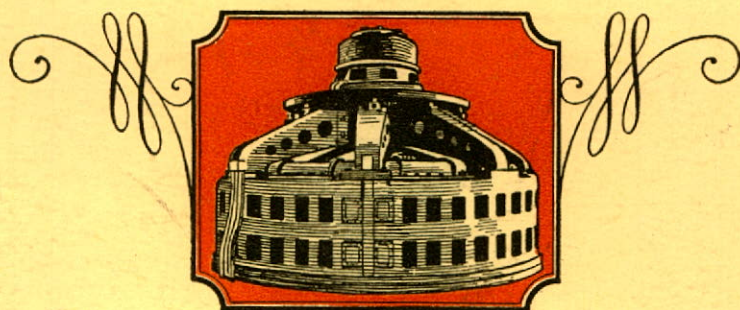


POWER CORPORATION OF CANADA, LIMITED



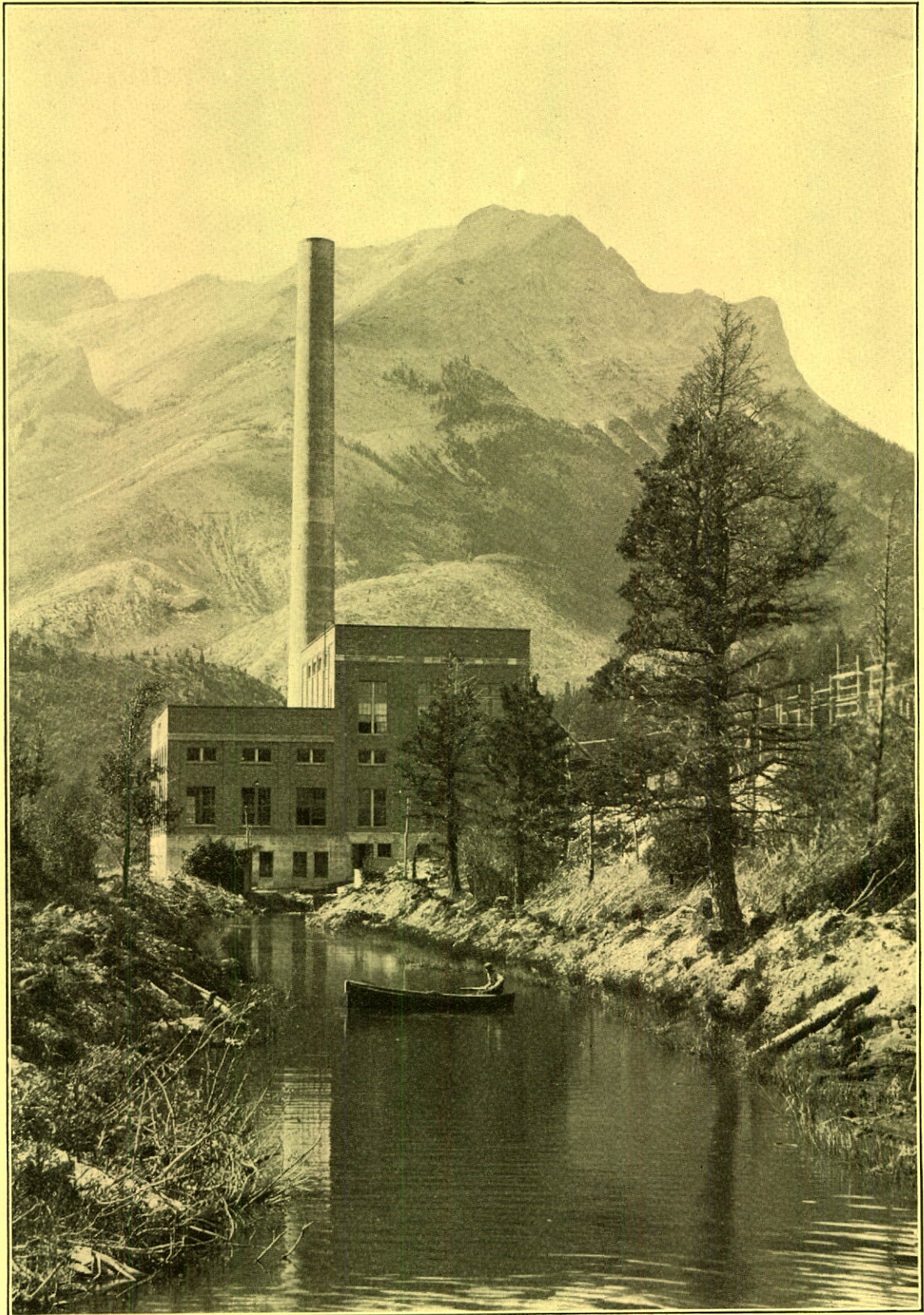
ANNUAL REPORT
FOR THE YEAR ENDING
30th JUNE 1927

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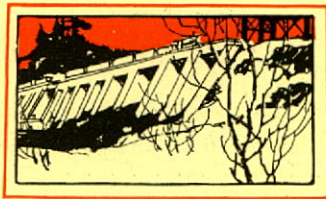
MCGILL UNIVERSITY

*Power Corporation
of Canada, Limited*



*New Steam Plant of East Kootenay Power Company, Limited
Erected at Sentinel, Alberta, by Power Corporation of Canada, Limited*

POWER CORPORATION OF CANADA, LIMITED



ANNUAL REPORT AND
YEAR BOOK

1927

Head Office:
20 ST. NICHOLAS STREET
MONTREAL

Officers

President

A. J. NESBITT, Montreal

Vice-President

J. B. WOODYATT, Montreal

Directors

A. W. McLIMONT	Winnipeg
Col. J. R. MOODIE	Hamilton
A. J. NESBITT	Montreal
J. M. ROBERTSON	Montreal
N. A. TIMMINS	Montreal
P. A. THOMSON	Montreal
J. B. WOODYATT	Montreal

L. C. HASKELL, *Secretary*

C. JOHNSTONE, *Treasurer*

M. M. COX, *Assistant Secretary*

F. D. LAMONT, *Assistant Treasurer*

Fiscal Agents

NESBITT, THOMSON & COMPANY LIMITED

Auditors

P. S. ROSS & SONS

Power Corporation of Canada

Limited

TO THE SHAREHOLDERS:—

Your Board of Directors submits herewith the second annual report of your Company for the year ended June 30, 1927. Earnings have shown a decided improvement as will be seen from the following comparison:

	1927	1926
Gross earnings	\$796,634.93	\$324,476.92
Expenses including interest and reserve for taxes	135,182.86	78,090.69
Net earnings	\$661,452.07	\$246,386.23

During the year \$217,138.55 was paid in dividends on the first preferred stock, leaving a balance of \$545,245.91 to be carried forward to next year.

Your Company at present owns a substantial interest in each of the following companies:

- East Kootenay Power Company, Limited
- Winnipeg Electric Company
- Dominion Power and Transmission Company, Limited
- Canada Northern Power Corporation, Limited
- Ottawa and Hull Power Company, Limited
- Southern Canada Power Company, Limited

Of these Canada Northern Power Corporation, Limited, and Ottawa and Hull Power Company, Limited, are controlled through ownership of a majority of the outstanding common stock.

Conforming with the practice established in the last annual report, a brief description will be given of each of the companies:

East Kootenay Power Company, Limited, reported a satisfactory year gross earnings, being almost 10 per cent greater than in the preceding year. The present year shows continued improvement and your Directors have confidence in the future of this company. The auxiliary steam station mentioned in the last report was completed in July of this year and has proved entirely satisfactory. The present installation is one unit of 6,700 horse-power, but the plant has been constructed of sufficient size so that

an additional unit of the same size may be added whenever it is required. The total installed capacity is now 22,000 horse-power in hydro-electric generating equipment and 6,700 horse-power in steam-driven generating equipment.

In 1926 the earnings of Winnipeg Electric Company continued the record of improvement that this company has been showing in recent years, and results so far in 1927 indicate that this year will not be an exception. As mentioned in our last report Manitoba Power Company, Limited, a subsidiary of Winnipeg Electric Company, secured the contract to supply all the power required by the Manitoba Paper Company, Limited, for its new plant then being constructed near Fort Alexander. This plant was completed and one newsprint machine placed in operation towards

POWER CORPORATION OF CANADA, LIMITED

the end of 1926; a second machine, bringing the capacity of the plant up to between 200 and 250 tons per day, commenced operating in July of this year. Manitoba Power Company, Limited, also secured two other valuable contracts during the year: one with the City of Winnipeg Hydro-Electric System calls for the ultimate delivery of 30,000 horse-power. The initial amount to be taken September 1, 1928, is from 6,500 to 10,000 horse-power, increasing each year until the maximum is reached. From then the amounts decrease each year until the expiration of the contract in 1937 or 1939 at the option of the city. It is confidently expected that the demands of the Company's other customers will more than offset the loss due to the termination of this contract. The other contract provides for a supply of power to be delivered to Central Manitoba Mines, Limited, at that company's Kitchener claim in the Central Manitoba mining district. The construction of the transmission line required has been largely financed by the mining company and the contract stipulates that the power company may supply other customers from the substation at the end of the line. The present and prospective demands of these new customers, combined with the steadily growing demands of the Winnipeg Electric Company, necessitated the installation of a fourth unit in the Great Falls plant, which now has an installed capacity of 112,000 horse-power.

Conditions in Hamilton and the surrounding territory served by Dominion Power and Transmission Company, Limited, showed considerable improvement in 1926 and the outlook for the present year is also very encouraging. The company has recently spent large sums for new equipment, including 16 busses and 24 street cars; a new transmission line between

DeCew Falls and Hamilton has been completed and new shops and car barns are now under construction. On March 21, the company took over the Hamilton Bus Lines, Limited, which operated between Hamilton and St. Catharines, competing for part of the way with one of the company's interurban lines. Operations of the cars and busses have now been consolidated and considerable saving effected. In November of last year the company offered 5,000 shares of its preferred stock on the customer-ownership plan. It was originally intended that the sale should last for twelve days, but the offering was so well received by the public that subscriptions for over eight thousand shares were received on the first day.

The mines of Canada and their value to the country as a whole is being appreciated more and more each year and not the least of these mines are those served by the subsidiaries of Canada Northern Power Corporation, Limited. The territory served includes the gold mining areas of Porcupine and Kirkland Lake; the silver mining areas of Cobalt, Gowganda and South Lorrain; and the copper-gold area of Rouyn. The power requirements of the mines are increasing steadily, and in order to provide an adequate supply two additional 10,000 horse-power units are now being installed in the Quinze plant and a transmission line is being constructed from Rouyn to Kirkland Lake. A transmission line from the Indian Chutes generating plant to Kirkland Lake was completed early this summer. At the present time there is 78,000 horse-power available in the territory and this will be increased to 98,000 horse-power upon completion of the extensions to the Quinze plant, early next year. The company also has 20,000 horse-power as yet undeveloped.

POWER CORPORATION OF CANADA, LIMITED

Ottawa and Hull Power Company, Limited, and its subsidiary, Ottawa River Power Company, Limited, own three hydro-electric plants on the Ottawa River. Two of these plants are situated at the Chaudière Falls, in the city of Hull, and the third is at Grand Calumet Falls, about fifty miles above Ottawa. The present installed capacity of these plants is about 60,000 horse-power which can readily be increased to about 110,000 horse-power. The companies serve the growing cities of Ottawa and Hull and have enjoyed a steady increase in load. In June of this year the load was about seventeen per cent greater than it was at the same time last year.

In May of this year your Directors received an offer of forty dollars a share for the common stock of Ottawa-Montreal Power Company, Limited, that was in your company's treasury. The offer was accepted by your Directors and the Directors of the Company also accepted the offer for their stock provided that the minority shareholders be given the privilege of selling their shares at the same price. This was done and control of the company passed to the purchaser on June 15th.

The steady growth that has been one of the outstanding features in the operations of Southern Canada Power Company, Limited, during recent years was continued

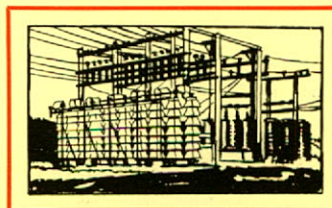
in 1926. The company now has 366 miles of distribution lines and 400 miles of high-tension transmission lines, with which it serves ninety-six municipalities in the prosperous part of the Province of Quebec, known as the Eastern Townships. Over 22,000 customers are connected to the lines as compared with 19,655 in July, 1926. The installed capacity of the company's hydro-electric plants is about 58,000 horse-power and, in addition, the company controls water-power sites, as yet undeveloped, having a potential capacity of over 100,000 horse-power.

Your company has continued to render valuable assistance to many of the operating companies in which it is interested and in many cases the value of these services is being shown in a very tangible manner. Your engineering department has supervised the design and construction of many extensions to plant and equipment which have been most satisfactory.

The books and accounts of the company have been audited by Messrs. P. S. Ross & Sons, Chartered Accountants, whose certificate is attached.

Respectfully submitted on behalf of the Board,


President



POWER CORPORATION

Annual Statement, Year

REVENUE ACCOUNT

Gross Earnings		\$ 796,634.93
Expenses	\$ 70,189.75	
Interest	48,011.87	
Balance	678,433.31	
	<u>\$796,634.93</u>	<u>\$796,634.93</u>

ASSETS

	June 30, 1927	June 30, 1926
Cash on hand and in Bank	\$ 57,610.74	\$ 24,395.16
Accounts Receivable	738,272.89	27,387.18
Accrued Revenue from Investments	67,809.23	11,858.53
Investments—Bonds	1,110,824.83	808,341.69
Bank Stocks	599,829.30	214,734.34
Preferred Stocks	635,158.27	183,055.25
Common Stocks	1,151,023.52	1,160,967.76
Advances to Subsidiaries	1,180,202.07	450,000.00
Common Stocks of Affiliated Companies	5,832,397.01	3,110,485.72
Miscellaneous Assets	10,595.39	8,739.70
	<u>\$11,383,723.25</u>	<u>\$5,999,965.33</u>

Signed on behalf of the Board (A. J. NESBITT, *Director*
J. B. WOODYATT, *Director*)

OF CANADA, LIMITED

ar ending June 30th

PROFIT AND LOSS ACCOUNT

Balance at Credit July 1, 1926		\$ 100,932.39
Earnings for year ended June 30, 1927		678,433.31
Reserve for Federal Income Tax	\$ 16,981.24	
Dividend on 6% Cumulative Preferred Stock	217,138.55	
Balance	545,245.91	
		<u>\$779,365.70</u> <u>\$779,365.70</u>

LIABILITIES

	June 30, 1927	June 30, 1926
<i>To Public</i>		
Bank and other Loans	\$ 1,086,966.10	\$ 312,500.00
Accounts Payable	270,732.47	32,157.96
Dividends Payable July 15, 1927, on 6% Cum. Pref. Stock	75,000.00	37,500.00
Accrued Liabilities	29,182.96	16,874.98
	<u>\$1,461,881.53</u>	<u>\$399,032.94</u>
<i>To Shareholders</i>		
Capital Stock—First Cumulative 6% Preferred Authorized 50,000 Shares \$100 each—Issued 50,000 Shares	\$ 5,000,000.00	\$ 2,500,000.00
Capital Stock—Non-Cumulative 6% Participating Preferred, Authorized 100,000 Shares \$50 each—Issued 50,000 Shares	2,500,000.00	2,500,000.00
Capital Stock—Common No Par Value—Authorized 250,000 Shares— Issued 160,000 Shares	1,875,000.00	500,000.00
Miscellaneous Reserve	1,595.81	
Profit and Loss	545,245.91	100,932.39
	<u>\$11,383,723.25</u>	<u>\$5,999,965.33</u>

THE PRESIDENT AND SHAREHOLDERS,
POWER CORPORATION OF CANADA, LIMITED

We have examined the books and accounts of the Power Corporation of Canada, Limited, and certify that the foregoing Balance Sheet and relative Profit and Loss Account exhibits a true and correct view of the state of the Corporation's affairs at that date and the results from the operations thereof, according to the information and explanations given to us and as shown by the books of the Company. We have received all the information and explanations required by us.

MONTREAL, August 16th, 1927

P. S. ROSS & SONS,
Chartered Accountants

POWER CORPORATION OF CANADA, LIMITED

STATEMENT OF EARNINGS

For the year ended June 30th

1 1

	1926	1927
Gross Revenue	\$324,477	\$796,635
Expenses	52,611	68,299
Interest	8,132	48,012
Taxes	17,348	18,872
	<hr/>	<hr/>
	\$78,091	\$135,183
Net Earnings	246,386	661,452
Surplus brought forward . . . . .	.....	100,932
	<hr/>	<hr/>
	\$246,386	\$762,384
Dividends Paid	145,454	217,139
	<hr/>	<hr/>
Surplus carried forward	<u>\$100,932</u>	<u>\$545,245</u>

POWER CORPORATION OF CANADA, LIMITED

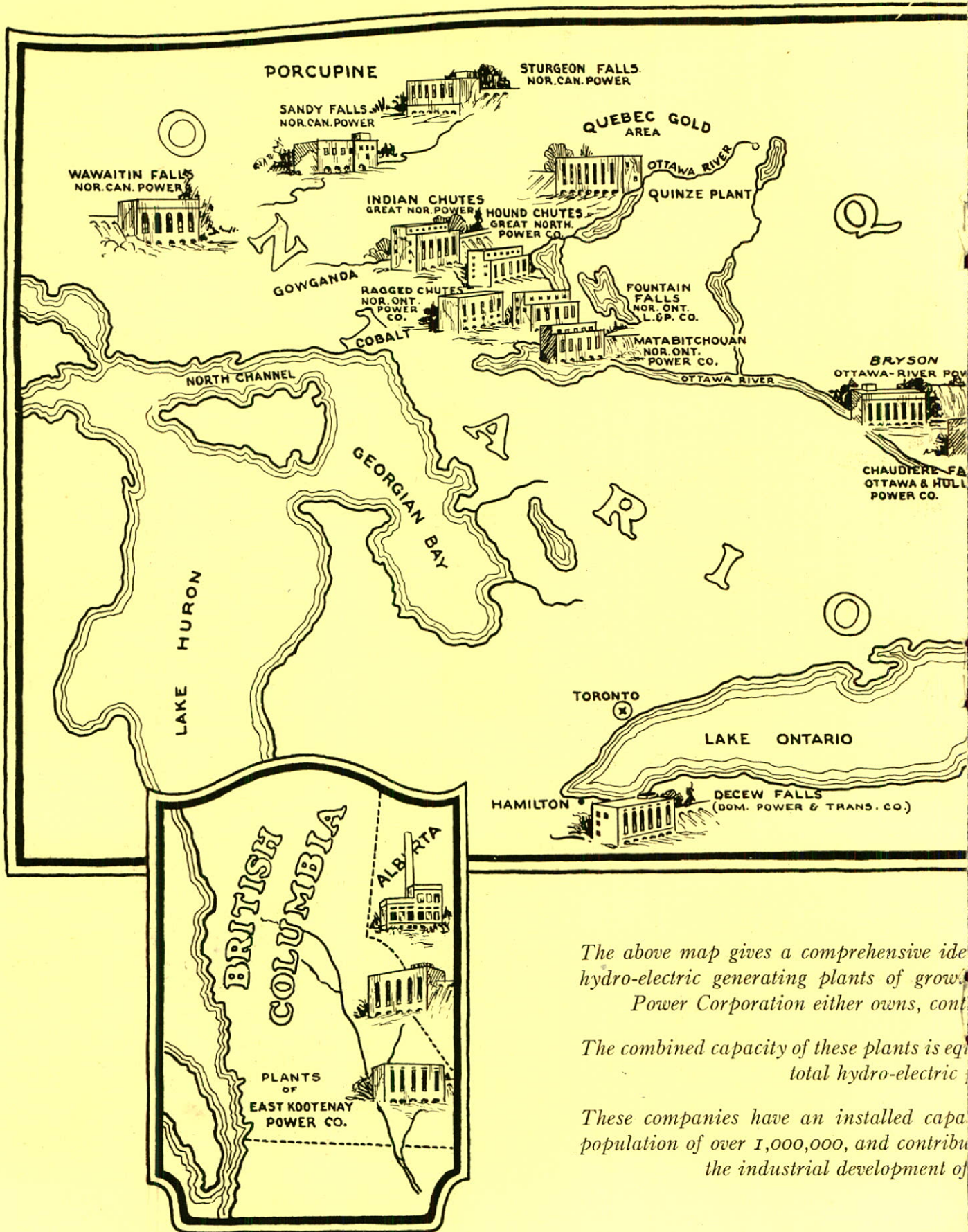
STATEMENT OF OPERATIONS

For the year ended June 30th, 1927

1 1

The following condensed statement of the operations of the utility companies which Power Corporation of Canada, Limited, controls, or is substantially interested in, is indicative of the magnitude of its operations:

	1926	1927
(1) Combined gross earnings for the fiscal period	\$12,974,984.90	\$14,681,610.14
(2) Net earnings for the same period available for Reserves and Common Dividends	1,891,703.65	2,072,651.83
(3) Total k.w. hours generated during 1926	850,000,000	1,153,262,000
(4) Total plant capacity (horse-power).	400,000	436,600
(5) Projects under development		48,000
(6) Undeveloped power sites		263,000
(7) Total ultimate capacity of plants		747,600
(8) Power Corporation of Canada, Limited, owns 33.67 per cent of the outstanding Common Stock of these utilities.		

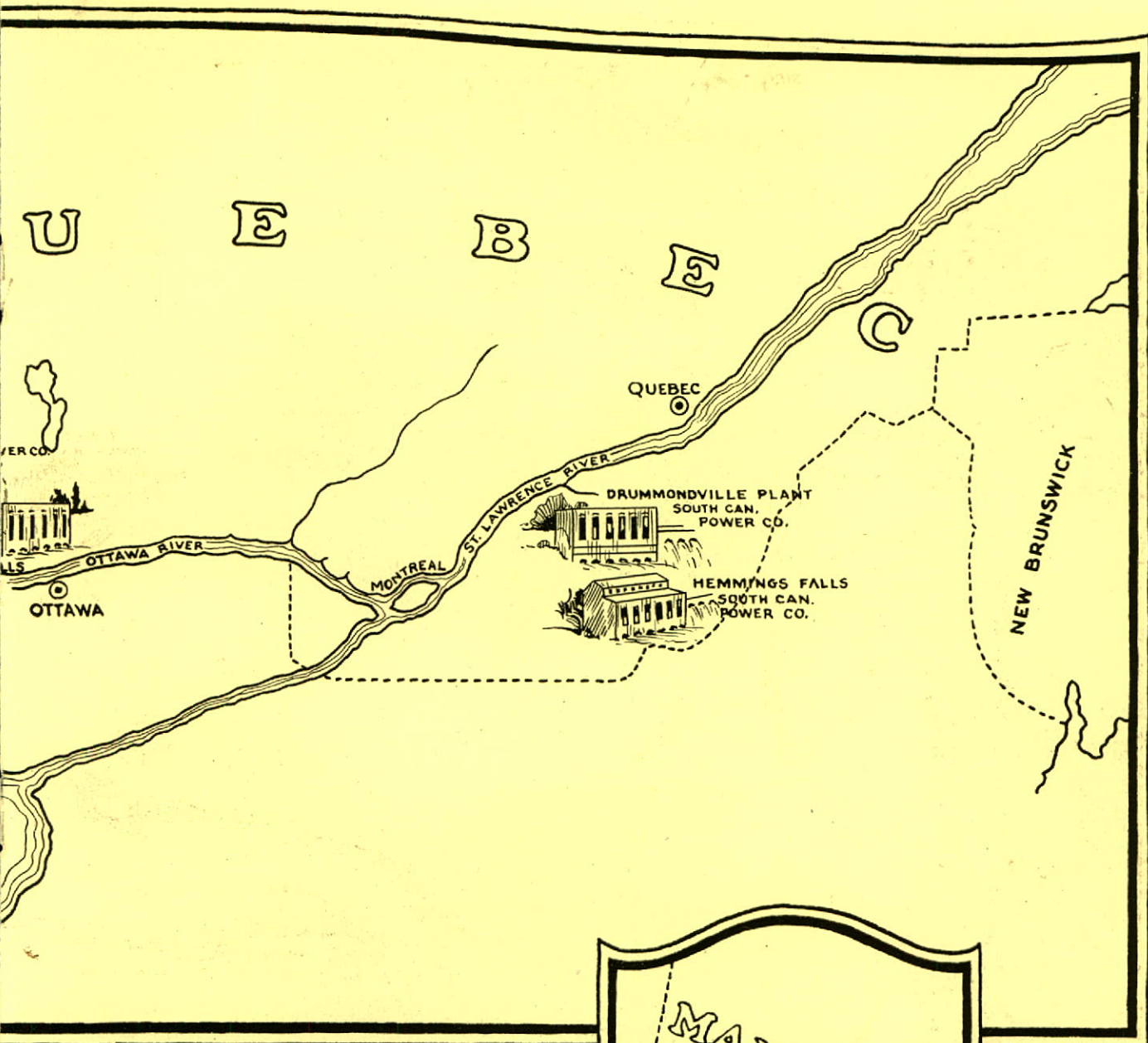


The above map gives a comprehensive idea of the hydro-electric generating plants of growth in Ontario.

Power Corporation either owns, controls or operates.

The combined capacity of these plants is equivalent to the total hydro-electric capacity of the United States.

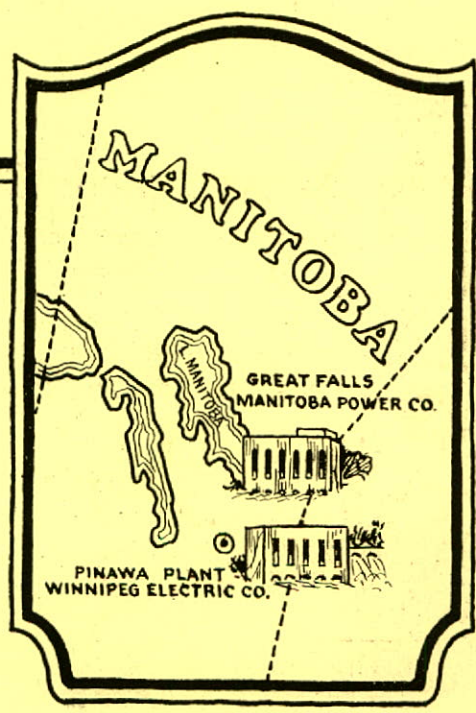
These companies have an installed capacity of over 1,000,000 horsepower, and contribute to the industrial development of Ontario.



a of the scope of operations of the various
 ag and prosperous companies which the
 rols, or has a substantial interest in.

ial to approximately one-tenth of Canada's
 power development.

city of about 436,600 h.-p. They serve a
 te to the general prosperity by facilitating
 the various localities served.



POWER CORPORATION OF CANADA, LIMITED



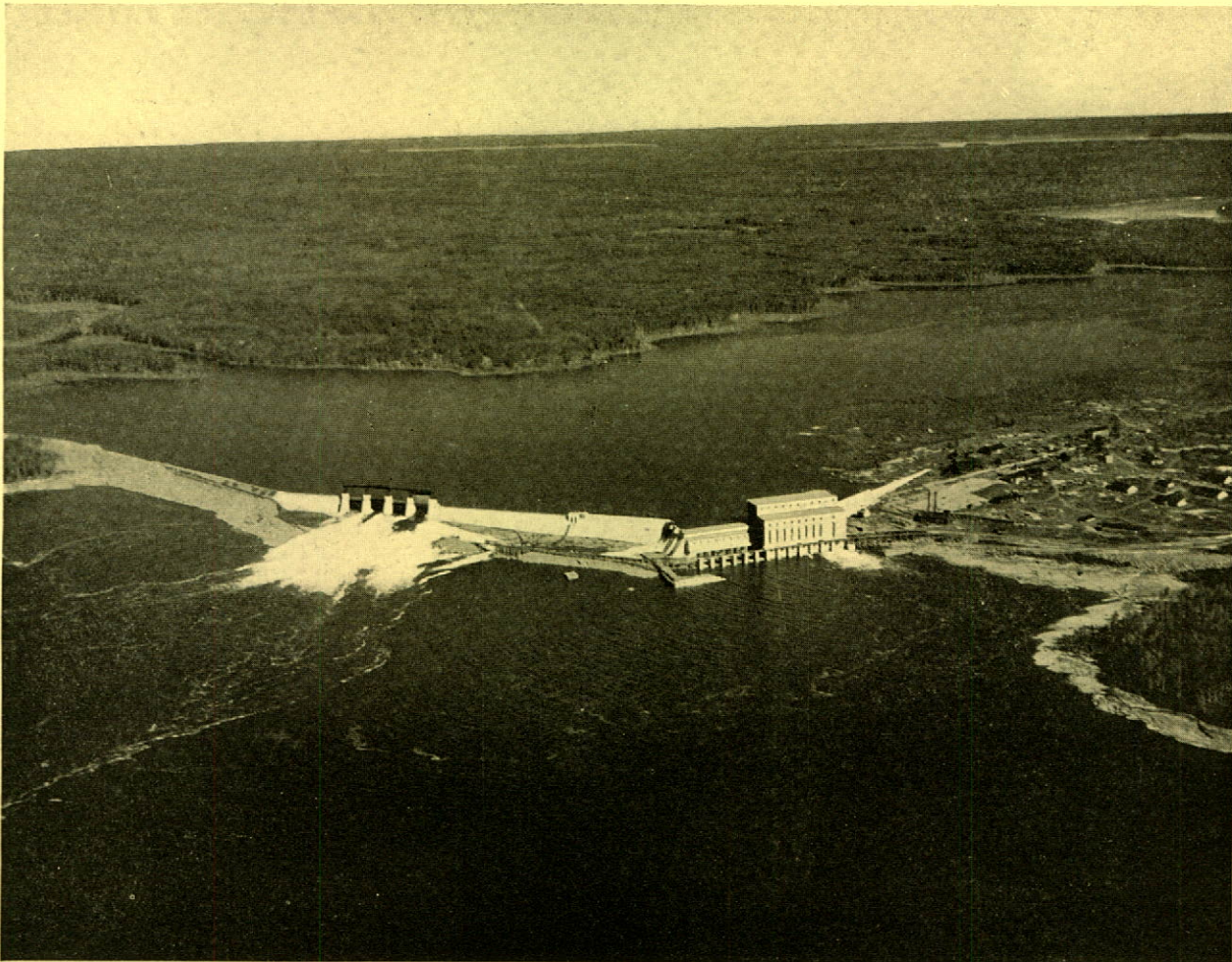
*Dam—Elko Plant
East Kootenay Power Company, Limited*

East Kootenay Power Company, Limited

*Consolidated Statement of Financial Condition
as at March 31st, 1926, and 1927*

ASSETS			LIABILITIES		
	1926	1927		1926	1926
Properties	\$3,978,354.23	\$3,505,236.22	Capital Stock—		
Common Stock of Company held in trust for Employees	24,000.00	24,000.00	Pfd. Shares . . .	\$750,000.00	\$ 750,000.00
Current Assets . . .	93,085.90	140,267.93	Ordinary Shares .	150,000.00	150,000.00
Deferred Charges . .	16,668.35	26,830.47	Funded Debt	2,261,000.00	2,281,000.00
			Notes	270,000.00	250,000.00
			Current Liabilities .	493,763.32	121,945.31
			Reserves	175,450.00	135,000.00
			Surplus	11,895.16	8,389.31
	<u>\$4,112,108.48</u>	<u>\$3,696,334.62</u>		<u>\$4,112,108.48</u>	<u>\$3,696,334.62</u>

POWER CORPORATION OF CANADA, LIMITED



*Great Falls Development
Manitoba Power Company, Limited*

Manitoba Power Company, Limited

*Consolidated Statement of Financial Condition
as at December 31st, 1925, and 1926*

ASSETS			LIABILITIES		
	1926	1925		1926	1925
Properties	\$11,494,498.27	\$8,896,337.06	Capital Stock	\$ 1,551,881.45	\$1,551,881.45
Investment in subsidiary	354,978.77	352,006.38	Funded Debt 7% 1941	10,000,000.00	7,500,000.00
Current Assets	455,062.26	72,638.82	Current Liabilities	714,797.63	166,733.36
Unadjusted Debits	15,294.35	19,900.56	Accrued Liabilities	16,464.50	100,686.29
			Reserves	14,000.00	.....
			Surplus	22,690.07	21,581.72
	<u>\$12,319,833.65</u>	<u>\$9,340,882.82</u>		<u>\$12,319,833.65</u>	<u>\$9,340,882.82</u>

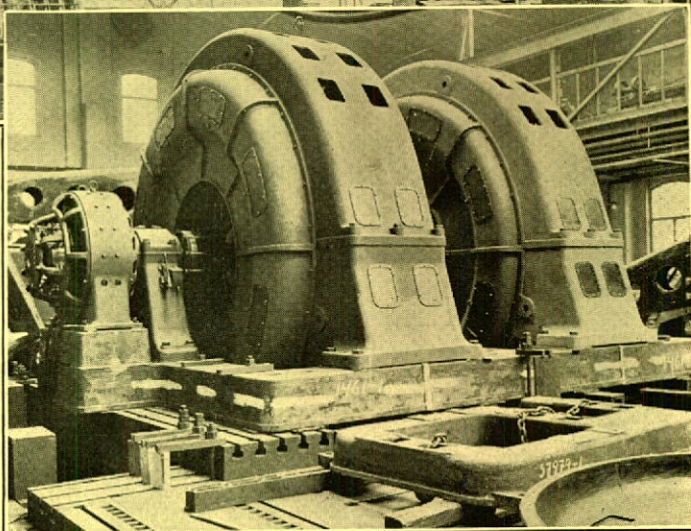
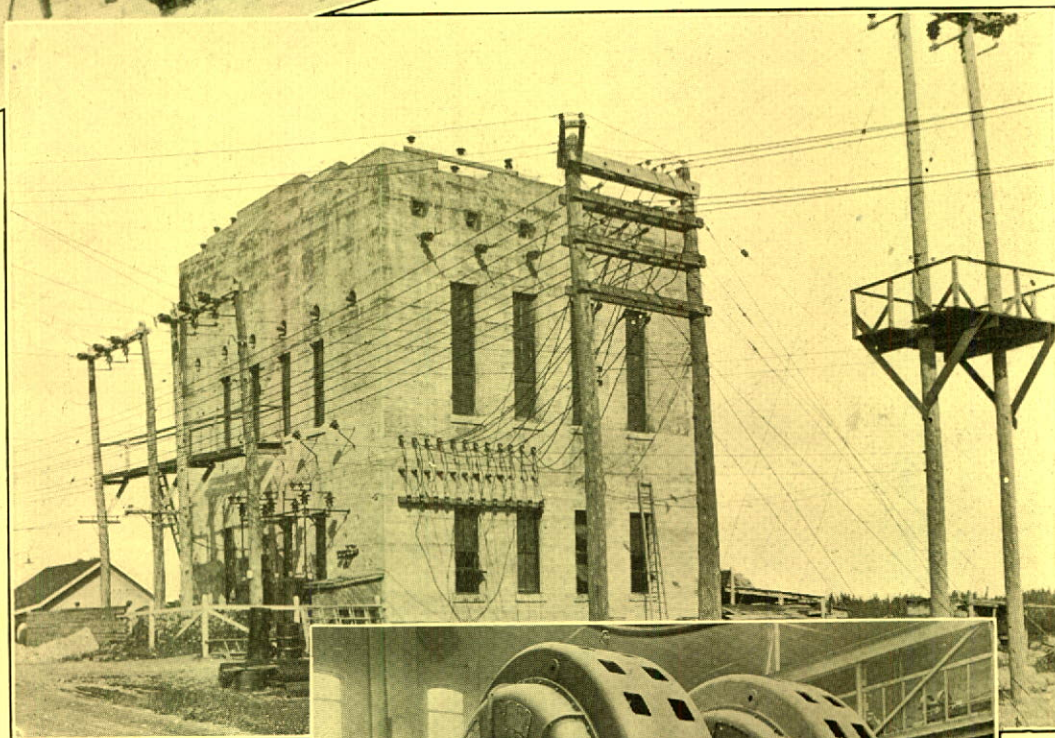
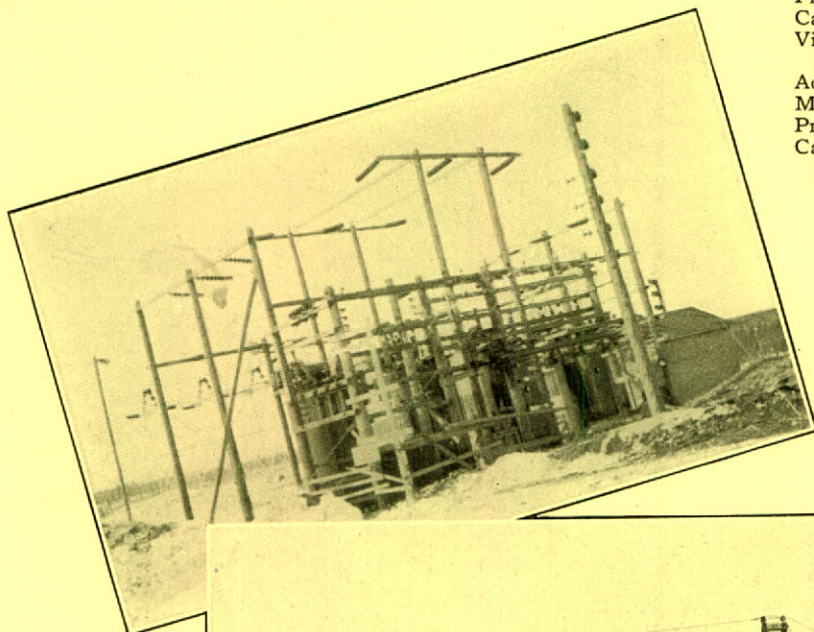
POWER CORPORATION OF CANADA, LIMITED

CANADA NORTHERN POW

Consolidated Statement of Financial Condi

	ASSETS	
	1926	1925
Properties	\$26,707,295.64	\$11,586,239.47
Cash	1,278,456.74	146,250.04
Victory Bonds and other Marketable Securities	435,500.00	.....
Accounts Receivable	277,551.60	87,277.40
Materials and Supplies	156,499.31	51,686.84
Prepaid Accounts	32,150.16	21,787.72
Cash on Deposit for Re- demption of Bonds	73,605.17	653,897.38

\$28,961,058.62 \$12,547,138.85



TOP.—Substation supplying Rouyn and Noranda.

CENTRE.—Kirkland Lake Substation, now being enlarged to receive new frequency changer set.

BOTTOM.—Frequency changer set being installed in Kirkland Lake Substation.

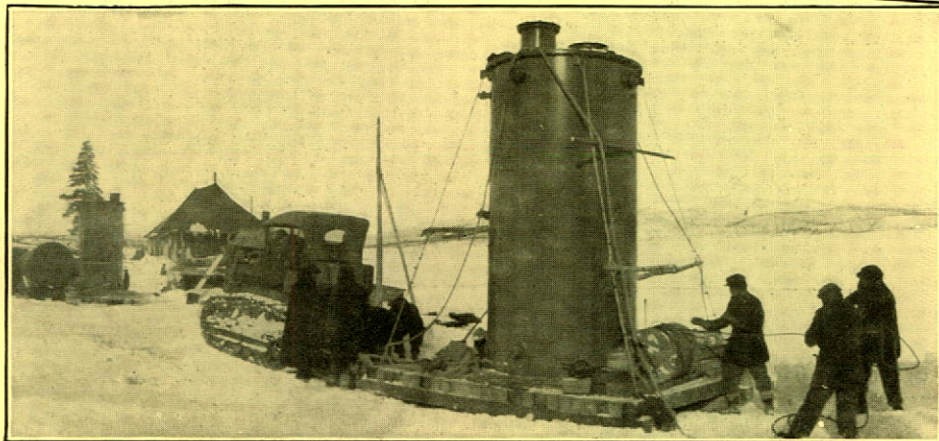
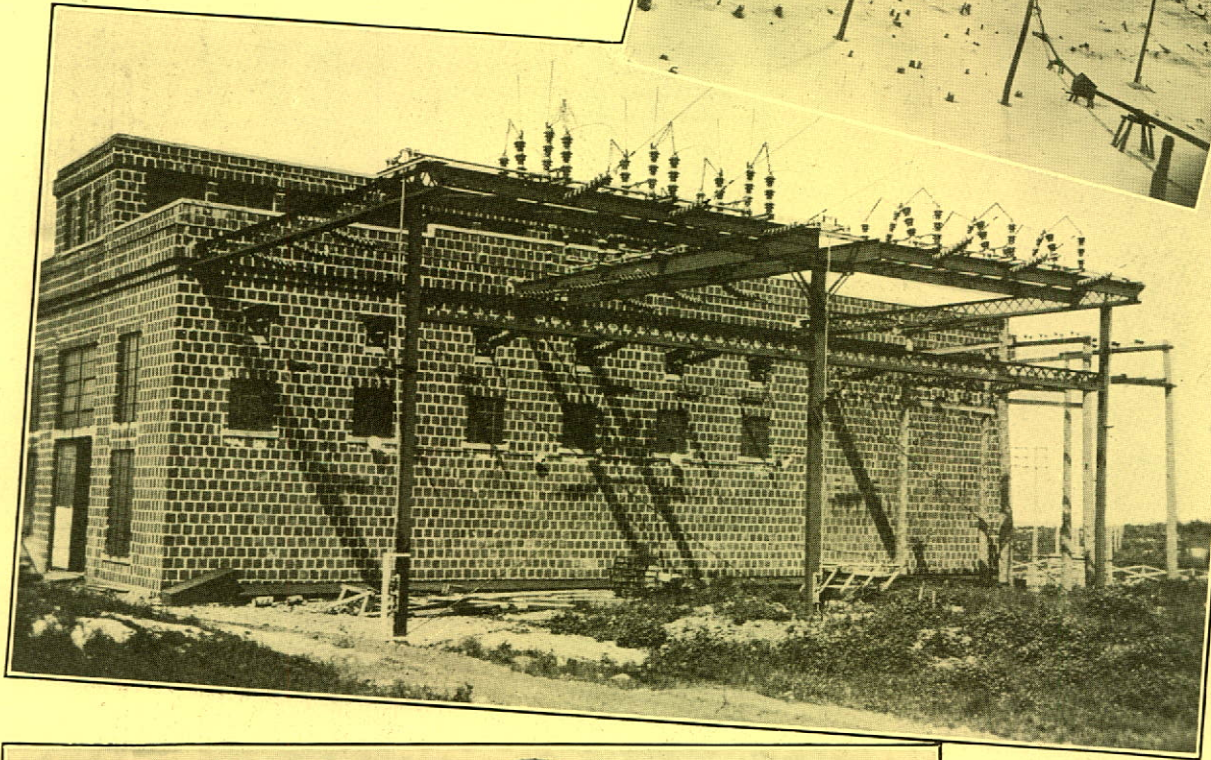
POWER CORPORATION OF CANADA, LIMITED

ER CORPORATION, LIMITED

on as at December 31st, 1925 and 1926

LIABILITIES

	1926	1925
Funded Debt	\$14,826,500.00	\$ 5,605,900.00
Accounts Payable	378,343.70	80,701.27
Com. Dividends of Subsidiaries	9,601.25	8,093.25
Pref. Dividends of Subsidiaries	153,728.50	70,000.00
Customers' Deposits	148,425.94	56,727.97
Bond Interest Matured	8,378.74	.....
Bond Interest Accrued	218,765.00	52,404.50
Income Tax Reserve	71,859.84	15,914.64
Capital Stock Preferred	2,338,000.00	.....
Capital Stock Common	1,181,075.00	809,600.00
Minority Interest in Surplus of Subsidiaries	59,900.06	14,928.14
Capital Stock Preferred	4,670,200.00	4,000,000.00
Capital Stock Common	404,710.00	250,000.00
Reserves Depreciation	3,591,941.90	1,482,941.21
Reserves Miscellaneous	205,214.95	.....
Surplus	694,413.74	99,927.87
	<u>\$28,961,058.62</u>	<u>\$12,547,138.85</u>

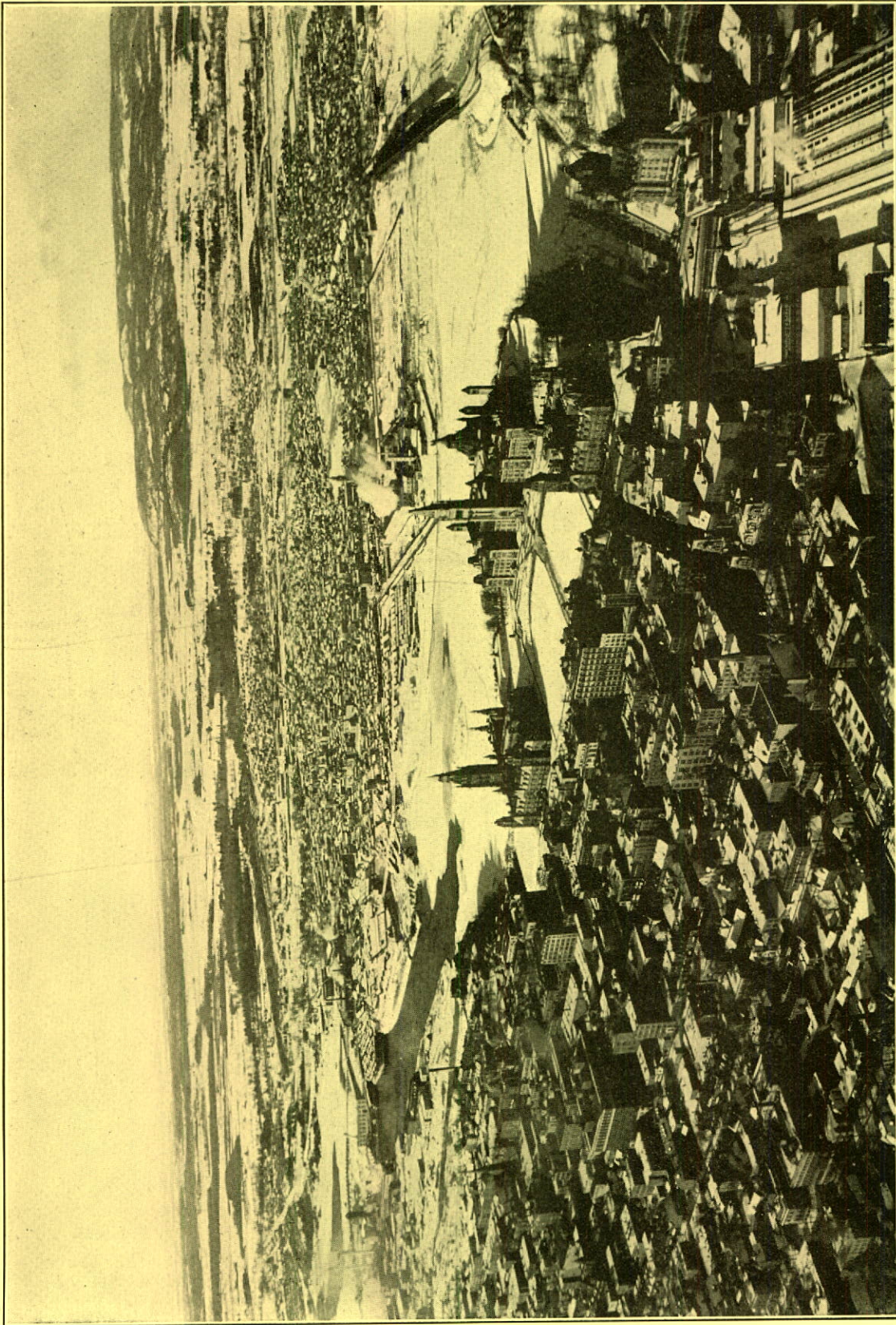


TOP.—High tension, distribution and compressed air lines serving Cobalt area.

CENTRE.—Substation supplying Timmins mining area.

BOTTOM.—Transporting equipment under difficulties to Gowganda.

POWER CORPORATION OF CANADA, LIMITED



AERIAL VIEW OF THE CITIES OF OTTAWA AND HULL
The greater part of which territory is served with power generated by the Ottawa and Hull Power Co., Limited, or its subsidiary, the Ottawa River Power Co., Limited

POWER CORPORATION OF CANADA, LIMITED



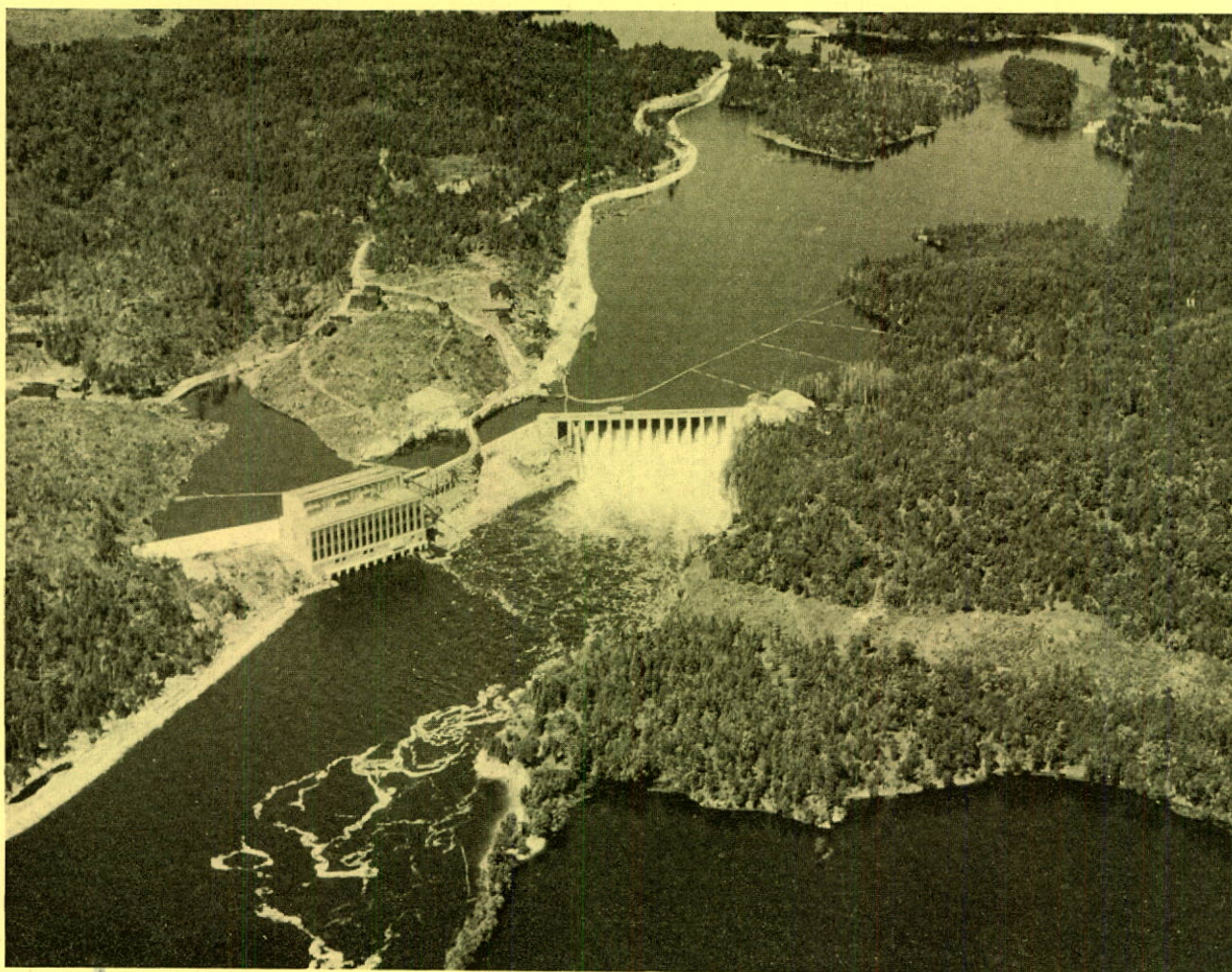
*Chaudière Falls Plant
Ottawa and Hull Power Company, Limited*

Ottawa and Hull Power Company, Limited

*Consolidated Statement of Financial Condition
as at October 31st, 1926*

ASSETS		LIABILITIES	
Properties	\$4,434,844.68	Capital Stock, Preferred	\$1,500,000.00
Current Assets	136,997.44	Capital Stock, Common	125,000.00
Investment in and advances to sub- sidiary	370,000.00	Funded Debt	2,500,000.00
Deferred Charges	9,240.91	Accrued Bond Interest and Divi- dends	55,000.00
		Current Liabilities	8,250.56
		Reserves	629,553.02
		Surplus	133,279.45
	<u>\$4,951,083.03</u>		<u>\$4,951,083.03</u>

POWER CORPORATION OF CANADA, LIMITED



*Bryson Development
Ottawa River Power Company, Limited*

Ottawa River Power Company, Limited

*Consolidated Statement of Financial Condition
as at October 31st, 1926*

ASSETS		LIABILITIES	
Properties	\$4,934,739.60	Capital Stock	\$ 450,000.00
Current Assets	70,705.57	Funded Debt	4,000,000.00
Prepaid Accounts	2,755.08	Notes	350,000.00
		Current Liabilities	167,500.82
		Reserves	39,000.00
		Surplus	1,699.43
	<u>\$5,008,200.25</u>		<u>\$5,008,200.25</u>

POWER CORPORATION OF CANADA, LIMITED



*Aerial View of enlarged Drummondville Power House
Southern Canada Power Company, Limited*

Southern Canada Power Company, Limited

*Consolidated Statement of Financial Condition
as at September 30th, 1925, and 1926*

	ASSETS			LIABILITIES	
	1926	1925		1926	1925
Properties . . .	\$16,983,591.79	\$15,328,000.83	Capital Stock—		
Current Assets . . .	1,317,853.87	407,000.35	Preferred . . .	\$ 4,865,100.00	\$ 3,840,100.00
Investments . . .	40,282.50	14,783.50	Common . . .	4,971,925.24	4,171,925.24
Mortgages			Common, Sub-		
Receivable . . .	12,059.62	12,085.34	sidiaries . . .	13,200.00	16,300.00
Special Deposits . . .	93,173.36	.....	Funded Debt . . .	7,100,555.66	5,507,023.74
			Current		
			Liabilities . . .	197,495.35	1,244,953.87
			Reserves . . .	895,941.68	770,763.87
			Surplus	166,364.71	117,776.59
	<u>\$18,446,961.14</u>	<u>\$15,761,870.02</u>		<u>\$18,446,961.14</u>	<u>\$15,761,870.02</u>

POWER CORPORATION OF CANADA, LIMITED



Quinze Plant, Canada Northern Power Corporation, Limited
Presently being enlarged to provide for increasing power requirements of mining properties in Northern Quebec and Ontario

PRINTED IN CANADA
ON CANADIAN-MADE PAPER BY
THE RONALDS COMPANY
LIMITED, MONTREAL