

# 1974 Annual Report

**SASKTEL**

THE PROVINCE - WIDE PROGRAM  
WHICH CONVERTED  
SASKATCHEWAN'S TELEPHONES  
FROM MANUAL TO AUTOMATIC  
OPERATION WAS COMPLETED  
HERE AT CUMBERLAND HOUSE  
DURING THE COMMUNITY'S  
200TH ANNIVERSARY YEAR  
AND IN THE HUNDREDTH  
ANNIVERSARY YEAR OF THE  
INVENTION OF THE TELEPHONE

SEPTEMBER 18TH 1974

**Saskatchewan Telecommunications**

HON. J. E. BROCKELBANK  
CHAIRMAN

G. D. McCORMICK  
GENERAL MANAGER

**Saskatchewan Telecommunications**

MANAGEMENT  
LIBRARY

MAR 18 1975

MCILL UNIVERSITY





Regina, Saskatchewan,  
February 14, 1975.

To His Honour,  
The Honourable Stephen Worobetz, M.C., M.D.,  
C.R.C.S. (C)  
Lieutenant Governor of the  
Province of Saskatchewan.

Dear Sir:

I have the honour to submit herewith the annual report of Saskatchewan Telecommunications for the year ending December 31, 1974 including the financial statement therefore, duly certified by the Provincial Auditor, and in the form approved by the Treasury Board, all in accordance with the Saskatchewan Telecommunications Act.

I have the honour to be Sir,  
Your obedient servant,



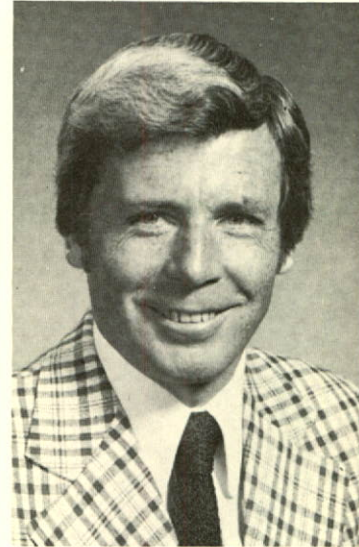
Minister of Telephones and Chairman  
Saskatchewan Telecommunications

## Highlights

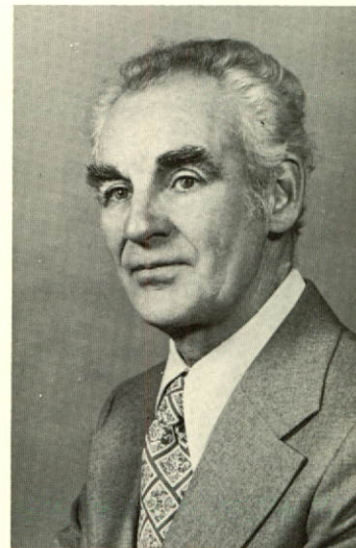
- Dial Conversion Program completed.
- Main routes of two northern microwave systems completed.
- Long distance messages originating in Saskatchewan increased by over 24% for second consecutive year.
- A record number of SASK TEL telephones added.
- Over 740 telephones added in "Unserved Areas".
- Telecommunications property increased in value by \$44.3 million.
- Operating revenues increased by 15.6%: operating expenses by 18.1%.
- Net income amounted to \$17,515,618.
- Dividend appropriated to the Province of Saskatchewan was \$8,750,000.

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Hon. J. E. Brockelbank



G. D. McCormick

**Saskatchewan Telecommunications**  
2350 Albert Street, Regina, Sask. S4P 2Y4





Hon. J. E.  
Brockelbank



Hon. N. E.  
Byers



W. E. Clarke



G. M. Farrell



J. D. Nieman



Mrs. F.  
Peterson



F. Senft



A. A. Voegeli



J. J. West

## Directors

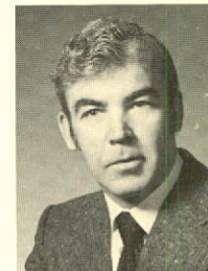
Hon. J. E. Brockelbank — Chairman  
Hon. N. E. Byers — Regina  
W. E. Clarke — Regina  
G. M. Farrell — Saskatoon  
J. D. Nieman — Engelfeld  
Mrs. F. Peterson — Biggar  
F. Senft — Lipton  
A. A. Voegeli — Regina  
J. J. West — Foam Lake



S. F. Lee



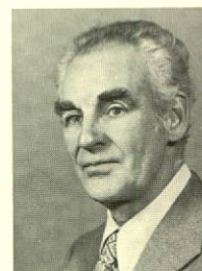
A. G. Thomas



T. A. Howe



N. F. Stepan



G. D.  
McCormick



J. Houston



F. A.  
Degenstein



H. E. Freberg



E. A. McKillop



J. A. Funk

## Officers

General Manager —  
G. D. McCormick  
Assistant General Manager -  
Operations — A. G. Thomas  
General Council and Secretary  
To The Board — T. A. Howe  
A/Comptroller — N. F. Stepan  
General Personnel and Public  
Relations Manager —  
J. Houston  
Chief Engineer — S. F. Lee  
General Commercial Manager —  
F. A. Degenstein  
General Plant Manager —  
H. E. Freberg  
General Traffic Manager —  
E. A. McKillop  
Business Information Systems  
Manager — J. A. Funk



# 1974 Annual Report



## Review of Activities

Nineteen-seventy-four (1974) will be remembered as one of the significant years in SASK TEL's history of major accomplishments. During the year the corporation completed its dial conversion program; put in service two major microwave extensions to serve northern Saskatchewan; and established new records in the number of long distance calls handled and telephones installed.

With the conversion to dial service at Cumberland House every telephone exchange in the province is now dial operated. The days of the manual exchange are a thing of the past. The last cut-over took place on September 18, 1974 in Cumberland House and marked the end of the 14-year conversion to dial program.

Although automatic service was already established in SASK TEL's major exchanges, the conversion program, aimed at converting all of the then existing manual exchanges to dial operation, was begun in 1960. Over the fourteen year period following the implementation of the program, SASK TEL has installed 320 automatic exchanges serving more than 1500 communities at a cost of over \$38 million. An even greater amount has been spent on

toll facilities required to connect these communities to the long distance switching system. With the exception of Uranium City, every telephone exchange in the province is now connected to the direct distance dialing network.

Notwithstanding the fact that dial service had been available since 1907 in Saskatoon and 1914 in Regina it was still a major feat to provide this modern convenience to rural subscribers and to subscribers in smaller communities. The scattered nature of the rural population made the task more challenging. Concurrently telephone growth and demand has increased dramatically throughout the province. For many of the smaller communities, the cut-over to dial operation brought with it the added benefit of round-the-clock telephone service. In 1960, when the program started, there were 233,962 telephones in the province. Today the number has risen to 441,227.

The completion of the program fell appropriately in the 100th anniversary year of the invention of the telephone and 92 years after the first telephone made its appearance in Saskatchewan. Saskatchewan is the third province in Canada and one of the largest areas in the world to



have an all-dial telephone system.

The second phase of the three phase telecommunications plan to provide standard telephone service to northern communities in Saskatchewan was under-way before the year-end.

The initial phase, which began in the fall of 1971, was the introduction of SASK TEL HF (high frequency) radio-telephone service to communities in the northern part of the province. Eighteen radio-telephone agencies utilizing a total of four circuits were established. These agencies use single-sideband HF radio sets which give residents in these communities access to the long distance network through the Prince Albert toll centre.

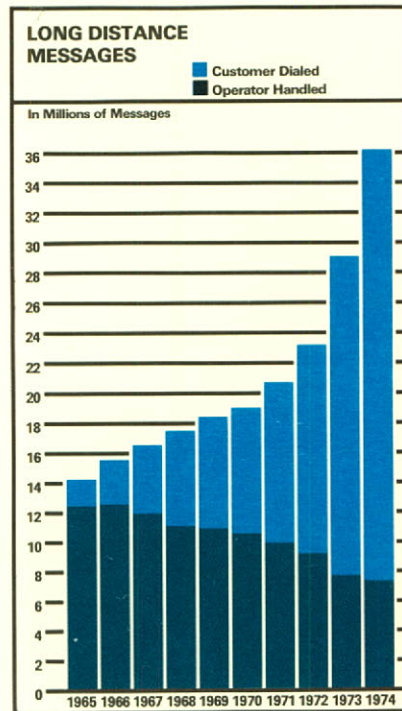
Early in 1973 the construction of two new backbone microwave systems began. The western leg of the system runs from North Battleford through Buffalo Narrows to LaLoche. The other system runs north from Prince Albert through Collins Bay on Wollaston Lake and is now in service to Uranium City, the end of the route.

The completion of the two new systems has cleared the way for the northern community agencies along the routes to be upgraded from HF radio to regular telephone service connecting to the backbone microwave system via microwave radio links.

Fond-du-Lac, Stony Rapids and Black Lake were the first communities to be linked to the 1974 extension of the microwave system. All three communities are located between Collins Bay and Uranium City along the northern leg of the new microwave system. The three were chosen because of the size of each community and their accessibility.

The existing HF radio equipment, now being operated by SASK TEL agents in northern communities, will be replaced with two microwave circuits that are dedicated for use at each agency. However, some HF radio-telephone facilities will remain to handle portable HF equipment (often referred to as "bush sets"). They will continue to operate either through the agency or through the base station at Prince Albert.

When connected to the new microwave system each community will be equipped with a small cordless consol which will permit



A commemorative stamp marked the 100th anniversary of the invention of the telephone by Alexander Graham Bell, Brantford, Ontario, July 26, 1874.



From a relatively simple voice network, telephone systems, aided by electronics, now carry "machine talk", data and pictures.



extension of the circuit to a pay-station booth elsewhere in the community. The new circuits will provide extremely reliable service and will not be subject to atmospheric conditions as HF radio is. The new circuits are of the same type as are used for regular transmission in southern Saskatchewan.

During 1975 similar facilities will be made available to other communities that now have HF radio service and are located along the two backbone microwave routes.

The final phase will be the establishment of local telephone service. These communities will be chosen and scheduled on the basis of their population and accessibility.

The volume of long distance calls has almost doubled since 1970 with 75% of the increase taking place in the last two years. In 1974 Saskatchewan telephone users placed over 36,126,000 long distance calls . . . 7,131,000 more than in 1973. Of these 28,763,000 or 79.6% were calls dialed by customers in 1974 compared with 14,115,000 or 60.9% two years ago. At the year-end customers were dialing 83.4% of the calls being placed.

This dramatic increase in long distance calling has been nation-wide and has created problems in providing immediate long distance service in the normally busy periods during business days. After years of steady growth at about twelve per cent per annum, suddenly the increase doubled, taxing the corporation's ability to maintain the level of service SASK TEL strives to provide.

There were two principal causes for the increase exceeding forecasts. First, both real and inflated growth in the economy went beyond everyone's expectations. Second, crises and uncertainties tend to generate long distance usage. There have been several unexpected events such as the energy crisis, air and rail work stoppages, fare increases, and a postal strike that together have caused people to seek less expensive, instant and more reliable means of communication.

A considerable amount of planning and installation time (at least two years) to prepare for growth is required for any equipment extension. Plans are now underway to right the situation as extensions to buildings and equipment, scheduled on earlier growth patterns, are speeded up. Delays in the construction industry and in deliveries by equipment suppliers are, in part, responsible for the position in which most telephone companies find themselves to-day.

At the year end, telephone users in all exchanges, except Uranium

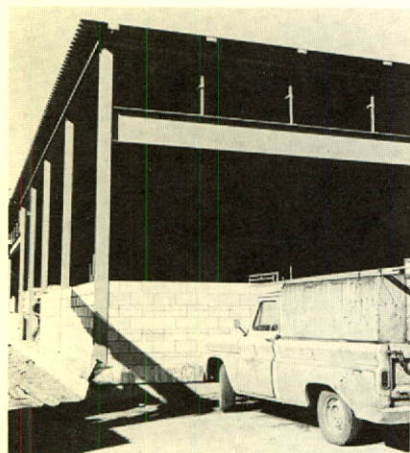
City, were able to dial their own long distance calls. Because of the revived activity at Uranium City which includes an expanded housing development, the limited-capacity local switching equipment has to be replaced. With the completion of this project, designed to meet local needs, Uranium City will be added to the direct distance dialing network, presently scheduled for 1976.

At the year end there were 390,973 telephones operated by SASK TEL and 50,254 rural company owned phones switched by the corporation. The number of telephones in Saskatchewan per 100 population rose from 45.9 to 48.5 in the year. As with long distance calls, the number of telephones SASK TEL added to the system in 1974 far exceeded the gains of prior years. The 24,458 telephones added, represent an increase of 6.7% compared with 6.3% (21,854) in 1973. The work involved in attaining this volume required 125,643 installations and 101,185 take-outs.

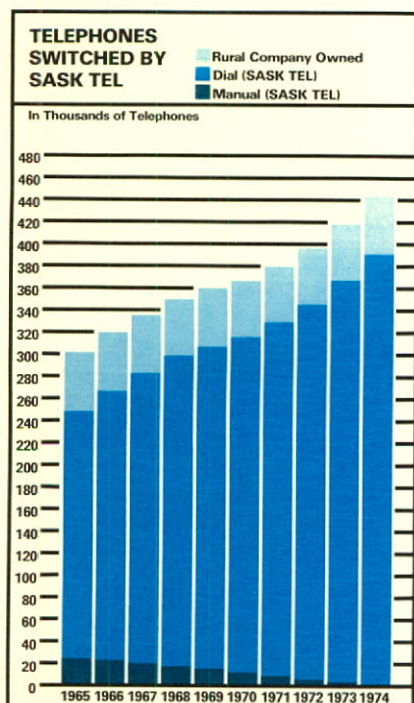
Of the total increase, 743 telephones were added as part of SASK TEL's Unserved Area Program. This program along with buried cable projects, has reduced the number of SASK TEL subscribers being served by multi-party lines from 5.9 per line five years ago to 3.9 last year. During the same period rural companies reduced their "linefill" from 7.2 subscribers per line to 5.8. These concurrent programs have substantially raised the quality of service being provided for rural telephone users.

Over \$54 million was spent on construction projects to extend and improve SASK TEL's wide range of telecommunications services. This is an increase of \$18 million over the 1973 level of spending. A large portion of the construction budget was expended on services to the north and on major projects in Regina, Saskatoon, Moose Jaw and Prince Albert to increase switching capabilities at these points and for their serving areas.

SASK TEL's first electronic switching system went into service in July at Saskatoon. Installation of the Saskatoon switch alone took over six months. Initially 8400 lines were installed with the growth capacity of the system being over 15,000 lines. Similar switches are to be installed at toll centers throughout the province.



*SASK TEL's buildings are expanding to provide room for equipment to meet the unprecedented demand for telecommunications service.*





Although less equipment space per subscriber is needed than in step-by-step switching systems, each of these installations requires building renovations or extensions to accommodate the new system and the associated co-ordinating equipment and power services. Work is well on the way at the four locations mentioned. When the new equipment is installed it should alleviate some of the pressures brought about by the unexpectedly high long distance calling rate. The investment in the completed project at Saskatoon was approximately \$2.6 million. The other installations will be in the same order of magnitude.



*Paystations became mobile when SASK TEL introduced its special events trailer at the 1974 Provincial Exhibition.*



*New terminals for computer communications, with built-in storage capacity for retaining information for computer pick-up, are offered by member companies of the Trans Canada Telephone System.*

Computer controlled electronic switching systems such as these have the capacity to meet local calling needs and will, in the future, be able to provide subscribers with a wide range of customer-calling features such as speed calling, call forwarding, call waiting and three-way conference calling. Electronic switching systems capable

of routing large volumes of calls through central exchanges are in the forefront of new switching technology.

Community dial offices, which converted telephone service from manual to automatic in 23 communities, were installed in 16 locations during the year. While these represented the wind-up of the dial conversion program new community dial offices will be established at other points, particularly in the north.

The 1800 route miles of cable which was buried during the year and new microwave links, in addition to providing better transmission, more reliability and lower maintenance costs, put the major portion of SASK TEL's toll distribution systems "out of sight". At the year end only 485 route miles of open wire assigned to long distance service remained in the province.

In mid August, Saskatoon was added to the Dataroute computer communications network. This service first introduced in Canada in 1973, provides better transmission facilities to customers at lower rates than similar previous service offerings.

Dataroute is the name given to the Trans-Canada Telephone System's digital data network. It is designed for firms and other organizations that have to transmit computer data, or that need to access a computer in a distant location by means of telecommunications. The system's sophisticated technology greatly increases the number of data messages that can be transmitted over the communications circuits. The Dataroute rate schedule provides substantial savings for its users when compared to traditional methods of transmission.

Under conventional transmission, signals are amplified and the amplifications sometimes cause problems unnoticeable in voice communications but noticeable to computers in data transmissions. The Dataroute uses digital technology to totally regenerate signals and this greatly increases the accuracy of transmission.

Other data services which SASK TEL will be capable of providing through its association with the other telephone companies in the Trans-Canada Telephone System have been announced for the future.

These include Datapac (package switching) and a series of new terminals of varying speeds to accommodate the particular needs of a wide range of customers.

"Circle Check", a new practice in SASK TEL's overall safety program, aimed at reducing vehicle accidents, was instituted during the year. It is designed to avoid accidents which might be caused by vans or trucks backing or driving into children or obstacles not present when the employee left the vehicle to perform assignments.

A new training center was opened in Regina to provide improved facilities for employee training in the increasingly complex world of telecommunications. Training courses were conducted throughout the year to up-grade the skills of corporation personnel. Financial assistance was continued for employees who took "off-hours" courses in recognized educational institutions.

The extra efforts put forth by SASK TEL's staff during this year of unprecedented demand and growth are appreciated by the corporation. Employees continued their support of the activities of a wide range of community organizations. Their contributions to the various United Appeals and provincial campaigns increased by more than 7% in 1974 over the previous year.

Negotiations were concluded early in the year resulting in an agreement with the Communication Workers of Canada to cover the period from September 30th 1973 to December 31st 1974. Negotiations, begun in the fall, for a contract covering 1975 were nearing conclusion at the year-end.

*"Circle Check" is only one of SASK TEL's safety practises to protect employees and the public alike from injury.*





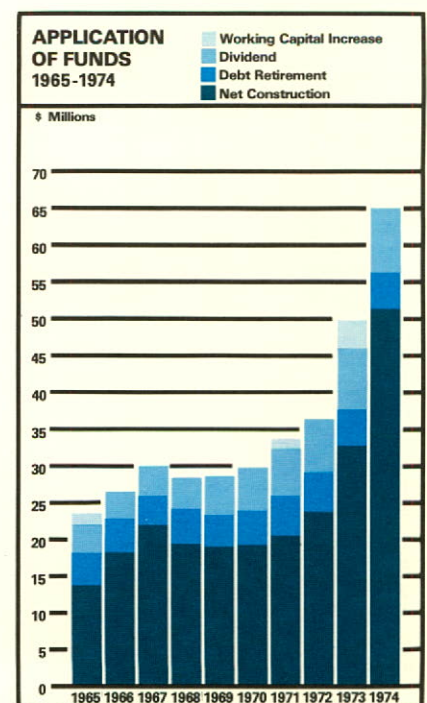
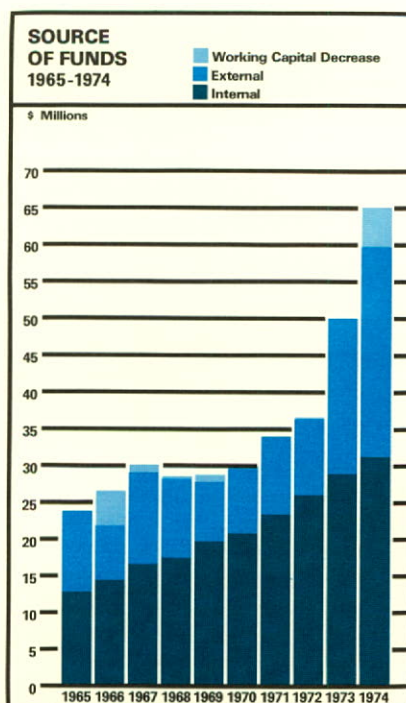
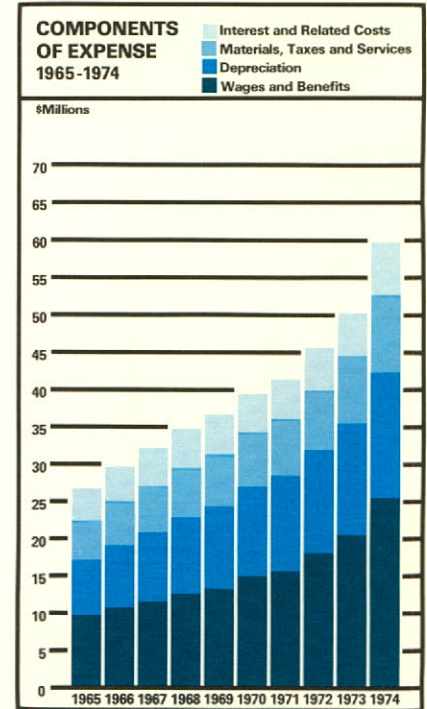
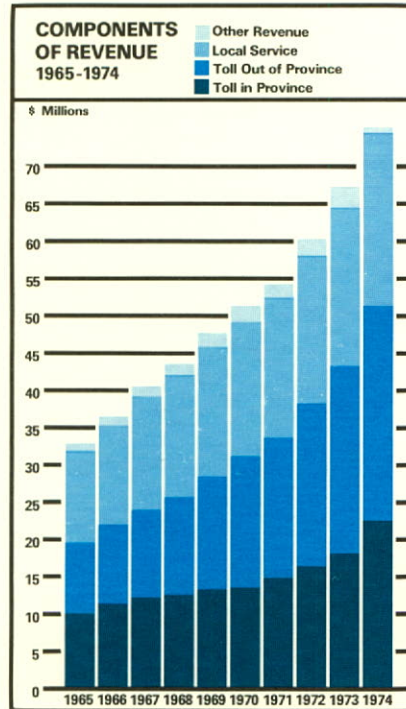
# Financial

Total operating revenues for the year were \$76.6 million, an increase of 15.6% over 1973. Local service revenues of \$23.2 million increased 9.3% caused by the record increase of telephones in service. Toll revenues of \$51.2 million account for 66.8% of the total operating revenues and are up 18.7%. The toll increase is a result of the growth in long distance messages.

Operating expenses of \$52.2 million are up \$8 million, 18.1% over 1973. The increase is a reflection of accelerated customer demands, increased depreciation and maintenance on growing telecommunications facilities and the impact of inflation. Salaries and employee benefits charged to operations account for 48.5% of the total and amount to \$25.3 million, up \$5 million, 24.6% over 1973. The increase reflects the added staff required to meet the increased workload as well as increases in wage levels. Depreciation which accounts for 32% of the total operating expenses is up \$1.7 million as a result of the growth in telecommunications property. Interest and related costs of \$7.4 million are up \$1.4 million, 23.2% over 1973 reflecting the cost of additional advances received from the Province of Saskatchewan. Net income of \$17.5 million is up 7.2%. An amount of \$8.7 million, representing one-half of the year's net income was appropriated as a dividend to the Province of Saskatchewan. The balance was used in the year's capital program.

SASK TEL's operations, before the dividend, provided \$31 million of the funds required for the \$64.8 million capital program. These internally generated funds were supplemented by way of long term advances from the Province of \$24.4 million. The advances were provided through a twenty-five year bond issue at an average yearly cost of 10.1%. A further \$4.2 million was borrowed through intermediate financing provided by bank notes payable.

The Statement of Changes in Financial Position indicates that construction expenditures accounted for \$54.1 million, up 50.3% over 1973. Advances of \$2.1 million were retired. \$1.8 million was provided from investments held in the sinking fund and the balance by a direct payment. The advance repayment and sinking fund installments amounted to \$4.9 million. The large decrease in working capital of \$5.3 million reflects short term investments used in the 1974 capital program.





# Saskatchewan Telecommunications

## Statement of Income

For the Year Ended December 31

	<u>1974</u>	<u>1973</u>
OPERATING REVENUES		
Local Service .....	\$ 23,194,724	\$ 21,218,815
Toll Service .....	51,171,304	43,112,414
Other Revenues (Note 1) .....	2,200,171	1,905,870
TOTAL OPERATING REVENUES .....	<u>\$ 76,566,199</u>	<u>\$ 66,237,099</u>
OPERATING EXPENSES		
Maintenance .....	\$ 12,609,651	\$ 10,434,424
Depreciation .....	16,538,365	14,789,706
Traffic .....	6,418,347	5,540,597
Commercial and Marketing .....	5,521,307	4,370,003
General Administration .....	5,314,697	4,047,468
Grants in Lieu of Taxes .....	730,915	688,625
Other Expenses (Note 2) .....	5,030,328	4,304,064
TOTAL OPERATING EXPENSES .....	<u>\$ 52,163,610</u>	<u>\$ 44,174,887</u>
NET OPERATING REVENUE .....	\$ 24,402,589	\$ 22,062,212
OTHER INCOME .....	<u>540,791</u>	<u>301,043</u>
	<u>\$ 24,943,380</u>	<u>\$ 22,363,255</u>
INTEREST AND RELATED COSTS (Note 3) .....	<u>7,427,762</u>	<u>6,026,989</u>
NET INCOME FOR THE YEAR .....	<u>\$ 17,515,618</u>	<u>\$ 16,336,266</u>

The accompanying notes are an integral part of the financial statements.

## Auditor's Report

I have examined the statement of financial position of Saskatchewan Telecommunications as at December 31, 1974 and the statements of income, changes in financial position and retained earnings for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of Saskatchewan Telecommunications as at December 31, 1974 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan  
February 4, 1975.

W. G. Lutz, C.A.,  
Provincial Auditor.



## Saskatchewan Telecommunications

### Statement of Changes in Financial Position

For the Year Ended December 31

	<u>1974</u>	<u>1973</u>
<b>SOURCE OF FUNDS</b>		
Operations		
Net Income for the Year .....	\$ 17,515,618	\$ 16,336,266
Add: Depreciation and Other Items not requiring Current Funds .....	<u>13,442,182</u>	<u>12,214,018</u>
	30,957,800	28,550,284
Net Change in Bank Notes Payable .....	4,200,000	(7,000,000)
Advances from the Province of Saskatchewan (Net) .....	<u>24,375,000</u>	<u>28,231,500</u>
	<u>\$ 59,532,800</u>	<u>\$ 49,781,784</u>
<b>APPLICATION OF FUNDS</b>		
Construction Expenditures		
Gross .....	\$ 54,084,611	\$ 35,987,888
Less: Net Salvage Value of Plant Retired, Capital Contributions and Other Items not requiring Current Funds .....	<u>2,875,151</u>	<u>3,379,266</u>
	51,209,460	32,608,622
Sinking Fund Installments and Advance Repayments .....	4,880,743	4,885,603
Dividend — Province of Saskatchewan .....	<u>8,750,000</u>	<u>8,150,000</u>
	<u>\$ 64,840,203</u>	<u>\$ 45,644,225</u>
(Decrease) Increase in Working Capital .....	<u>\$ (5,307,403)</u>	<u>\$ 4,137,559</u>

### Statement of Retained Earnings

For the Year Ended December 31

	<u>1974</u>	<u>1973</u>
Balance at Beginning of Year .....	\$ 65,309,134	\$ 57,122,868
Add: Net Income for the Year .....	<u>17,515,618</u>	<u>16,336,266</u>
	82,824,752	73,459,134
Less: Dividend — Province of Saskatchewan .....	<u>8,750,000</u>	<u>8,150,000</u>
Balance at End of Year .....	<u>\$ 74,074,752</u>	<u>\$ 65,309,134</u>



# Saskatchewan Telecommunications

## Statement of Financial Position

as at December 31

### ASSETS

	1974	1973
TELECOMMUNICATIONS PROPERTY		
Land, Buildings and Equipment (Note 4) . . . . .	\$ 331,487,591	\$ 287,177,633
Less: Accumulated Depreciation . . . . .	100,193,596	91,229,787
	<u>\$ 231,293,995</u>	<u>\$ 195,947,846</u>
INVESTMENT — TELESAT CANADA (Note 5) . . . . .	<u>\$ 999,000</u>	<u>\$ 999,000</u>
CURRENT ASSETS		
Cash and Investments . . . . .	\$ 74,884	\$ 5,728,899
Accounts Receivable . . . . .	11,729,012	9,237,150
Prepayments . . . . .	1,284,976	716,130
	<u>\$ 13,088,872</u>	<u>\$ 15,682,179</u>
DEFERRED CHARGES		
Unamortized Discount on Advances . . . . .	<u>\$ 1,686,025</u>	<u>\$ 1,177,333</u>
	<u>\$ 247,067,892</u>	<u>\$ 213,806,358</u>

The accompanying notes are an integral part of the financial statements.



## LIABILITIES

	<u>1974</u>	<u>1973</u>
LONG TERM LIABILITIES AND RETAINED EARNINGS		
Advances from the Province of Saskatchewan (Note 9)	\$ 182,153,967	\$ 159,302,584
Less: Equity in Sinking Funds (Note 9) .....	<u>34,722,897</u>	<u>29,878,370</u>
	\$ 147,431,070	\$ 129,424,214
Retained Earnings .....	<u>74,074,752</u>	<u>65,309,134</u>
	<u>\$ 221,505,822</u>	<u>\$ 194,733,348</u>
 BANK NOTES PAYABLE (Note 6) .....	<u>\$ 4,200,000</u>	<u>\$ —</u>
 CURRENT LIABILITIES		
Accounts Payable .....	\$ 6,659,291	\$ 4,856,310
Interest Accrued on Advances .....	<u>2,606,190</u>	<u>2,381,421</u>
Dividend — Province of Saskatchewan .....	8,750,000	8,150,000
Service Billed in Advance .....	<u>921,501</u>	<u>835,155</u>
	<u>\$ 18,936,982</u>	<u>\$ 16,222,886</u>
 DEFERRED CREDITS		
Unamortized Gain on Retirement of Advances before Maturity (Note 7) .....	<u>\$ 2,425,088</u>	<u>\$ 2,850,124</u>
	<u>\$ 247,067,892</u>	<u>\$ 213,806,358</u>



# Saskatchewan Telecommunications

## Notes to Financial Statements

### NOTE 1 — OTHER REVENUES

Other Revenues comprise the following:

	1974	1973
Directory Advertising .....	\$ 1,354,675	\$ 1,239,309
Rural Company Connecting Fees .....	459,364	446,793
Rent and Other .....	678,195	472,429
Uncollectible Operating Revenues .....	(292,063)	(252,661)
	<u>\$ 2,200,171</u>	<u>\$ 1,905,870</u>

### NOTE 2 — OTHER EXPENSES

Other Expenses comprise the following:

	1974	1973
Pensions and Other Employee Benefits .....	\$ 3,029,077	\$ 2,384,704
Operating Rents .....	682,217	644,356
Other .....	1,319,034	1,275,004
	<u>\$ 5,030,328</u>	<u>\$ 4,304,064</u>

### NOTE 3 — INTEREST AND RELATED COSTS

Interest and Related Costs comprise the following:

	1974	1973
Interest on Advances .....	\$ 10,265,229	\$ 8,607,303
Amortization of Discount .....	116,308	108,698
Bank Notes and Other Interest .....	454,026	202,964
	<u>10,835,563</u>	<u>8,918,965</u>
Less: Sinking Fund Earnings .....	1,990,323	1,944,041
Gain on Debt Retirement .....	547,114	558,956
Interest Charged Construction .....	870,364	388,979
	<u>\$ 7,427,762</u>	<u>\$ 6,026,989</u>

In 1973 Interest Charged Construction was classified as Other Income.  
The 1973 and prior years figures have been restated for comparative purposes.

### NOTE 4 — TELECOMMUNICATIONS PROPERTY

Telecommunications Property is recorded at cost and comprise the following:

	1974	1973
In Service .....	\$304,968,592	\$274,173,221
Under Construction .....	21,554,879	9,446,683
Materials and Supplies .....	4,964,120	3,557,729
	<u>\$331,487,591</u>	<u>\$287,177,633</u>

In 1973 Materials and Supplies were classified as a current asset.  
The 1973 and prior years figures have been restated for comparative purposes.

### NOTE 5 — INVESTMENT — TELESAT CANADA

This investment represents 99,900 common shares, no par value, of Telesat Canada at an issue price of \$10 per share.

### NOTE 6 — BANK NOTES PAYABLE

Bank notes payable represent intermediate capital financing under a \$15 million bank line of credit. The notes bear interest at the prime bank rate.

### NOTE 7 — UNAMORTIZED GAIN ON RETIREMENT OF ADVANCES BEFORE MATURITY

Under a modified Sinking Fund policy, advances may be retired prior to maturity through cancellation of the Province of Saskatchewan bonds held in the Sinking Fund. Any gain is amortized over the remaining life of the advances. An amount of \$547,114 was amortized and credited to income in 1974 (\$558,956 in 1973).

### NOTE 8 — SUPERANNUATION FUND OBLIGATIONS

An actuarial evaluation of the SASK TEL Superannuation Fund indicated an unfunded liability as at July 31, 1972, of approximately \$13 million. In order that this liability may be funded by 1990 the employer's rate of contribution to the fund was increased. The amount provided for this purpose and included with Pension and Other Employee Benefits was \$1,284,190 in 1974 (\$1,048,035 in 1973).



NOTE 9 — ADVANCES FROM THE PROVINCE OF SASKATCHEWAN

Percent	Due Date	1974		1973	
		Original Advance	Advance	Sinking Fund Equity	Advance
3.250	June 1, 1974	\$ — (a)	\$ —	\$ —	\$ 2,093,857
3.500	Jan. 3, 1975	4,000,000	1,972,800	1,712,797	1,972,800
3.250	May 15, 1975	3,000,000	1,422,000	1,164,983	1,422,000
3.500	Oct. 1, 1975	1,000,000	471,400	386,139	471,400
3.750	Jan. 2, 1976	6,250,000 (a)	2,910,000	1,941,239	2,910,000
4.500	Nov. 1, 1976	2,000,000	945,500	597,493	945,500
4.750	April 1, 1977	7,000,000	3,288,500	1,726,336	3,288,500
3.500	July 1, 1977	209,766 (b)	37,383	—	49,213
5.250	Oct. 15, 1977	4,500,000	2,512,286	1,466,499	2,512,286
5.250	June 1, 1978	5,000,000	4,038,000	1,312,307	4,038,000
5.000	Sept. 30, 1979	3,000,000	2,118,300	947,840	2,118,300
6.000	Oct. 1, 1979	7,500,000	6,366,000	4,019,483	6,366,000
5.250	Oct. 16, 1981	7,000,000	3,534,563	388,871	3,534,563
5.500	Nov. 15, 1982	5,000,000	3,224,833	634,872	3,224,833
5.000	Sept. 1, 1983	10,800,000	8,983,000	6,189,848	8,983,000
4.750	Jan. 2, 1984	5,000,000 (a)	2,805,200	1,223,967	2,805,200
5.500	Jan. 15, 1984	8,000,000	5,877,600	1,168,694	5,877,600
5.500	July 15, 1985	5,000,000	3,284,750	250,123	3,284,750
5.500	Dec. 1, 1985	9,000,000	6,346,800	956,450	6,346,800
5.650	1986	7,401,000 (c)	7,401,000	2,073,484	7,401,000
5.698	1987	2,682,000 (c)	2,682,000	714,640	2,682,000
6.000	March 1, 1987	5,000,000	3,947,333	310,776	3,947,333
6.549	1988	2,000,000 (c)	2,000,000	368,818	2,000,000
7.541	1989	10,100,000 (c)	10,100,000	1,549,583	10,100,000
4.875	Oct. 1, 1990	10,000,000 (a)	7,250,000	1,148,598	7,250,000
8.093	1990	9,806,000 (c)	9,806,000	1,010,673	9,806,000
7.125	1991	9,461,000 (c)	9,461,000	632,934	9,461,000
7.528	1992	15,093,000 (c)	15,093,000	465,103	15,093,000
7.689	1993	8,644,000 (c)	8,644,000	129,660	8,644,000
7.750	Feb. 15, 1998	5,000,000	5,000,000	57,672	5,000,000
8.250	Dec. 3, 1998	15,000,000	15,000,000	173,015	15,000,000
10.000	Dec. 2, 1999	25,000,000 (d)	25,000,000	—	—
		\$ 218,446,766	\$ 181,523,248	\$ 34,722,897	\$ 158,628,935
					\$ 29,878,370
Provision for Exchange Premium on Advances					
Repayable in United States Dollars (e)			630,719	—	673,649
			\$ 182,153,967	\$ 34,722,897	\$ 159,302,584
					\$ 29,878,370

(a) Advances repayable in United States dollars amount to \$12,965,200 as at December 31, 1974.

(b) Treasury bills serially maturing through to 1977.

(c) Advances totalling \$65,187,000 received through the Canada Pension Plan under 20 year terms, are subject to redemption on six months notice.

(d) Subject to prior redemption on December 2, 1994 or any interest date thereafter.

(e) This provision represents amounts incurred or provided for exchange premium on advances repayable in United States dollars. The respective portion of the provision will be applied towards any exchange premium incurred at time of maturity or partial cancellation of advances and the balance will be credited or amortized to income over the remaining life of the advance. In 1974, \$42,930 of exchange premium was transferred to the Unamortized Gain on Retirement of Advances before Maturity account. Based on foreign exchange rates prevailing as at December 31, 1974, the provision is \$753,000 in excess of requirements.

(f) During 1974 installment payments into the Sinking Fund amounted to \$4,584,352 (\$4,379,692 in 1973). Repayment of Advances, net of Sinking Fund equity and gains amounted to \$296,391 (\$505,911 in 1973). The estimated amounts required for Sinking Fund installments and Advance repayments (net of Sinking Fund Equity) over the next five years are as follows:

	Sinking Fund Payments	Advance Repayments (Net)	Total
1975	\$ 4,694,000	\$ 316,000	\$ 5,010,000
1976	4,454,000	627,000	5,081,000
1977	4,207,000	827,000	5,034,000
1978	3,637,000	1,697,000	5,334,000
1979	3,487,000	359,000	3,846,000

# Ten-Year Record of Progress

at December 31	1974	1973	1972	1971
<b>TELEPHONES</b>				
SASK TEL Owned .....	390,973	366,515	344,661	328,126
Percent Dial .....	100%	99.5%	98.9%	97.7%
Connected* .....	125,643	123,372	110,233	100,608
Net Increase* .....	24,458	21,854	16,535	13,145
Rural Company Owned				
(Switched by SASK TEL) .....	50,254	50,648	50,616	50,723
Percent Dial .....	100%	98.3%	95.1%	89.6%
Telephones Per 100 People .....	48.5	45.9	43.1	40.9
<hr/>				
NUMBER OF EXCHANGES .....	330	332	337	345
NUMBER OF TOLL OFFICES .....	24	26	26	18
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<b>LONG DISTANCE MESSAGES</b>				
(Origin — Saskatchewan)* .....	36,126,000	28,995,000	23,170,000	20,653,000
<hr/>				
<b>FINANCE</b>				
Operating Revenues* .....	\$ 76,566,199	\$ 66,237,099	\$ 59,777,132	\$ 53,884,880
Operating Expenses* .....	\$ 52,163,610	\$ 44,174,887	\$ 39,635,747	\$ 35,752,963
Interest and Related Costs* .....	\$ 7,427,762	\$ 6,026,989	\$ 5,835,596	\$ 5,505,684
Net Income* .....	\$ 17,515,618	\$ 16,366,266	\$ 14,435,399	\$ 12,723,294
Dividend — Province of				
Saskatchewan* .....	\$ 8,750,000	\$ 8,150,000	\$ 7,200,000	\$ 6,350,000
Telecommunications Property .....	\$ 331,487,591	\$ 287,177,633	\$ 261,328,677	\$ 246,288,759
Advances from Province of				
Saskatchewan .....	\$ 182,153,967	\$ 159,302,584	\$ 137,711,793	\$ 139,143,595
Debt as a Percent of				
Year-End Capital .....	67.2%	66.5%	66.9%	69.6%
<hr/>				
<b>EMPLOYEES AND PAYROLL</b>				
Number of Employees .....	2,974	2,695	2,556	2,449
Salaries and Wages Earned* .....	\$ 29,325,379	\$ 23,339,187	\$ 20,395,198	\$ 17,896,384

\*For the Year Ended December 31



1970	1969	1968	1967	1966	1965
314,981 96.6% 94,527 8,098	306,883 95.5% 96,581 9,874	297,009 94.4% 94,817 14,987	282,022 92.5% 91,802 16,257	265,765 91.6% 87,162 17,889	247,876 90.4% 83,251 17,587
51,062 85.8% 39.3	51,583 80.6% 37.6	52,357 76.8% 36.4	52,815 68.0% 35.1	53,231 63.3% 33.6	52,787 58.0% 31.9
359 21	370 42	376 49	387 56	386 57	382 74
18,896,000	18,272,000	17,351,000	16,443,000	15,448,000	14,182,000
\$ 50,546,121 \$ 33,820,673 \$ 5,365,990 \$ 11,718,116	\$ 47,094,799 \$ 30,891,950 \$ 5,660,914 \$ 10,775,878	\$ 43,265,574 \$ 29,101,025 \$ 5,613,778 \$ 8,592,856	\$ 40,137,356 \$ 26,741,176 \$ 5,262,000 \$ 8,321,528	\$ 36,112,256 \$ 24,659,665 \$ 4,783,559 \$ 6,831,255	\$ 32,554,096 \$ 22,131,105 \$ 4,407,887 \$ 6,182,595
\$ 5,850,000 \$ 232,741,675	\$ 5,400,000 \$ 220,636,953	\$ 4,300,000 \$ 205,544,551	\$ 4,150,000 \$ 191,985,667	\$ 3,800,000 \$ 175,342,767	\$ 3,932,595 \$ 160,279,994
\$ 132,101,625  71.9%	\$ 147,831,422  74.8%	\$ 137,579,814  77.4%	\$ 136,877,940  79.1%	\$ 129,043,807  80.6%	\$ 122,835,266  82.4%
2,434 \$ 16,351,550	2,435 \$ 15,348,911	2,447 \$ 14,398,026	2,447 \$ 13,401,193	2,412 \$ 12,408,576	2,310 \$ 11,432,628

