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1950

ANNUAL REPORT



Lower St. Lawrence
POWER COMPANY

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Highlights of the Year

- Gross Revenue from Power Sales increased 10.4%
- Kilowatt-hours sold increased from 33,708,278 to 37,568,965 or 11.7%
- 1,086 new meters installed. Total in service at end of year: 19,265; an increase of 5.9% over last year
- Operating expenses increased 6.7%
- Capital expenditures: \$468,855
- Distribution lines constructed: 107 miles
Transmission line constructed: 21 miles
- 242 employees at end of year
- The cost of employee benefits amounted to \$23,172
- New store and office buildings built at Amqui and Cabano — Cost \$71,617

FINANCIAL FACTS

	<u>1950</u>	<u>1949</u>
Sales of Power	\$1,134,774	\$1,027,847
Other Revenue	107,545	100,128
TOTAL	<u>\$1,242,319</u>	<u>\$1,127,975</u>
Total Operating Expenses	709,444	664,757
Taxes	152,872	124,524
Earnings (available for interest charges)	<u>380,003</u>	<u>338,694</u>
Interest	180,594	160,203
NET PROFIT	<u>\$199,409</u>	<u>\$178,491</u>
Earned per Preferred Share*	\$7.98	\$7.14
Earned per Common Share*	\$2.18	\$1.92
Bond Interest Earned:		
Times before depreciation	4.4 times	4.3 times
Times after depreciation	3.3 times	3.1 times
Total Taxes Paid	\$225,967	\$185,042
Total Wages Paid	\$409,464	\$386,282

*Based on Capitalization in effect December 31st, 1950.

The President **REPORTS**

TO THE SHAREHOLDERS OF LOWER ST. LAWRENCE POWER COMPANY

The operations of the Company during 1950, continued to show substantial progress and development. Total business activity in the area served was at a high level and is reflected in the sales of energy, which amounted to \$1,134,774, as compared to \$1,027,846 in 1949. All categories of services showed improvement, with revenue from residential clients increasing 13.4%, commercial 7%, industrial 11%, municipal 12.9%, Town of Campbellton and other utilities 4%.

Power generated at the Company's three plants, together with power purchased, amounted to 47,816,000 kilowatt hours. Kilowatt hours sold amounted to 37,569,000, representing an increase of 11.1% over last year.

The Company served 81 towns and villages at the end of 1950. 1,086 meters were installed, bringing the total to 19,265 at December 31st, 1950, representing an increase of 6% for the year under review.

Capital expenditures on new buildings, equipment, transmission and distribution lines, amounted to \$468,855 of which \$71,617 was devoted to the retail store and office buildings erected at Amqui and Cabano.

The serious fires which ravaged the Cities of Rimouski and Cabano in May 1950 caused some dislocation to the Company's services, and a loss of power revenue, the amount of which is difficult to assess; however, the distribution lines destroyed have been replaced, and due to the gift of \$5,000,000 from the Provincial and Federal Governments, the large majority of residential and commercial establishments were rebuilt by the end of the year.

Late in 1950, we undertook the reorganization of the Company's capital structure to permit the financing necessary to defray the cost of our present construction programme.

The holders of the 6% Preferred Shares (\$800,000) have converted \$500,000 par value of these shares into \$500,000 par value of the new 5% Preferred Shares, and the remaining \$300,000 into 60,000 shares of Common Stock. The authorized number of Common Shares was increased from 20,000 to 80,000, and on completion of the above conversion, the 80,000 shares are now issued and outstanding.

During January 1951, the Company sold an additional 25,000 shares of the new 5% Preferred Stock. The proceeds of this issue, together with other funds now available, are estimated to be sufficient to cover our capital expenditures for 1951.

The year's operations produced total revenue of \$1,242,319. The net profit for the year, after all expenses and provision for taxes on income, totalled \$199,409, an increase of \$20,918 or 11.7% over the previous year.

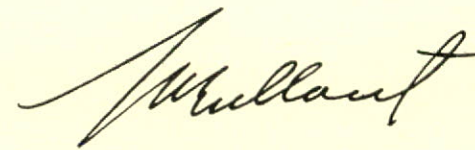
Dividends are cumulative on the new 5% Preferred Shares and annual dividend requirements of \$50,000 are covered four times by the current fiscal year earnings.

The outlook for 1951 is for continued growth and improvement in the Company's operations. The industrial and mining activity on the North Shore is expected to benefit the Company through the attendant growth in the South Shore population and commercial enterprises.

The Company is contemplating the construction of a storage dam on a tributary of the Metis River to provide a storage reservoir with a capacity of approximately 137 square miles feet or 3.82 billion cubic feet. This reservoir will improve the utilization factor of our hydro-electric plants on the Metis River and permit an increase in production of kilowatt hours.

The load on the Company's system is growing rapidly and the directors are actively examining various alternatives for increasing the power supply.

Submitted on behalf of the Board,



President

STATEMENT OF

Surplus

FOR THE YEAR ENDED 31st DECEMBER 1950

BALANCE — 31st DECEMBER 1949		\$891,653
Dividends on preferred shares	\$80,000	
Amount written off investments	<u>42,689</u>	<u>122,689</u>
		768,964
Net profit for the year		<u>199,409</u>
BALANCE — 31st DECEMBER 1950		<u><u>\$968,373</u></u>

AUDITORS' REPORT

We have made an examination of the books and accounts of Lower St. Lawrence Power Company for the year ended 31st December 1950 and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the attached balance sheet and accompanying statements of profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 31st December 1950 and of the results of the operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

McDONALD, CURRIE & CO.

Chartered Accountants.

MONTREAL, 30 January 1951.

The Year's Financial Results

LOWER ST. LAWRENCE POWER COMPANY

Following on this page is a simplified comparative statement of what we received from all sources, and how these receipts were spent.

WE RECEIVED FROM:	1950	%	1949	%
Sales of power	\$1,134,774	91.4	\$1,027,847	91.2
Net profit from our retail stores	63,887	5.1	62,909	5.5
Other sources	43,658	3.5	37,219	3.3
TOTAL RECEIPTS	<u>\$1,242,319</u>	<u>100.0%</u>	<u>\$1,127,975</u>	<u>100.0%</u>
THESE RECEIPTS WERE EXPENDED FOR:				
Materials and services bought from others	\$123,640	9.9	\$136,191	12.1
*Wages and salaries	300,157	24.2	268,051	23.7
Taxes and fees payable directly to Federal, Provincial and Municipal Governments	225,967	18.2	185,042	16.4
Interest to bondholders	180,594	14.6	170,154	15.2
Provision for depreciation	189,380	15.2	167,616	14.9
Pension fund and other employee benefits	23,172	1.9	22,430	1.9
Dividends paid on the preferred stock	80,000	6.4	—	—
	<u>\$1,122,910</u>	<u>90.4</u>	<u>\$949,484</u>	<u>84.2</u>
BALANCE RETAINED IN THE BUSINESS	<u>119,409</u>	<u>9.6</u>	<u>178,491</u>	<u>15.8</u>
	<u>\$1,242,319</u>	<u>100.0%</u>	<u>\$1,127,975</u>	<u>100.0%</u>

*Not including wages and salaries charged to capital account.

COMPARATIVE STATEMENT OF

Profit & Loss

FOR THE YEARS ENDED 31st DECEMBER 1950 and 1949

	<u>1950</u>	<u>1949</u>
Gross revenue from sale of power	\$1,134,774	\$1,027,847
Profit from retail stores and electrical contracting	63,887	62,909
Miscellaneous revenue	43,658	37,219
	<u>1,242,319</u>	<u>1,127,975</u>
Operating expense	458,403	432,670
Taxes	46,203	40,016
Miscellaneous interest	733	9,951
Contribution to employees' pension fund	14,725	14,504
	<u>520,064</u>	<u>497,141</u>
Operating profit	722,255	630,834
Bond interest	166,690	147,402
Amortization of financing expense	13,904	12,801
Provision for depreciation	189,380	167,616
Provision for income taxes	152,872	124,524
	<u>522,846</u>	<u>452,343</u>
Net profit for the year	<u>\$199,409</u>	<u>\$178,491</u>

**LOWER ST. LAWRENCE
POWER COMPANY
RIMOUSKI, QUE.**

FIXED ASSETS:

Land, water power sites, generating plant, transmission and distribution systems, etc. — at cost

CURRENT ASSETS:

Cash
Accounts receivable, less reserve for doubtful accounts
Refundable portion of excess profits tax
Inventory of merchandise and stores, based on records verified by physical count during the year —
Merchandise for sale
Maintenance and construction stores
Prepaid expenses

TOTAL CURRENT ASSETS

SINKING FUND FOR FIRST MORTGAGE

Cash on deposit with trustee

MISCELLANEOUS INVESTMENTS — at cost

FINANCING EXPENSE LESS AMOUNTS PAID

Notes:

- (1) 8,000 6% non-cumulative redeemable preferred shares each have been converted into 25,000 5% non-cumulative fund redeemable preferred shares of \$20 each common shares without nominal or par value. The authorized number of preferred shares increased to 8,000 as confirmed by Supplementary Letters of Conversion dated December 1950.
- (2) The company is guarantor of \$80,000 3% first mortgage due 1951 to 1958 issued by The Mitis Company.

Approved on behalf of the Board:

J. A. BRILLANT }
N. GENDREAU } Director

Comparative Balance Sheet

LOWER ST. LAWRENCE
POWER COMPANY
RIMOUSKI, QUE.

SETS

AS AT 31st DECEMBER 1950 and 1949

LIABILITIES

	<u>1950</u>	<u>1949</u>		<u>1950</u>	<u>1949</u>
ants, buildings, motor vehicles,	\$7,098,989	\$6,659,988	FUNDED DEBT:		
			First mortgage bonds	\$3,638,000	
			General mortgage bonds	810,000	\$4,448,000
			(for details of funded debt see attached statement)		\$4,531,000
			CAPITAL STOCK AND SURPLUS:		
			Capital stock — 31st December 1950		
			(see note 1)		
			Authorized —		
			75,000 5% cumulative sinking fund redeemable		
			preferred shares of \$20 each	\$1,500,000	
			80,000 common shares without nominal or par value		
			Issued and fully paid —		
			25,000 preferred shares	500,000	
			80,000 common shares	330,000	
				830,000	
	735,265	837,600	Capital stock — 31st December 1949		
			(see note 1)		
			Authorized, issued and fully paid —		
			8,000 6% non-cumulative redeemable preferred		
			shares of \$100 each		800,000
			20,000 common shares without nominal or par value		30,000
			Surplus — as per attached statement	968,373	891,653
			RESERVE FOR DEPRECIATION	1,453,835	1,302,608
			CONTRIBUTIONS FOR EXTENSIONS	48,044	39,745
			CURRENT LIABILITIES:		
			(exclusive of \$65,000 funded debt maturing serially)		
			Accounts payable and accrued expenses	112,781	
			Accrued bond interest	46,578	
			Income taxes	104,355	
			TOTAL CURRENT LIABILITIES	263,714	186,230
	<u>\$8,011,966</u>	<u>\$7,781,236</u>		<u>\$8,011,966</u>	<u>\$7,781,236</u>

Funded Debt

DETAILS OF FUNDED DEBT, 31st DECEMBER 1950 and 1949

	Issued	Outstanding	
		1950	1949
FIRST MORTGAGE BONDS:			
Authorized amount	\$5,000,000		
Series "A" 3½% serial bonds due 1946 to 1953	\$240,000	\$90,000	\$120,000
Series "B" 3¾% sinking fund bonds due 1965	1,610,000	1,567,500	1,576,500
Series "C" 3¼% sinking fund bonds due 1965	1,000,000	985,500	989,500
Series "D" 3¾% sinking fund bonds due 1965	1,000,000	995,000	1,000,000
	<u>\$3,850,000</u>	<u>\$3,638,000</u>	<u>\$3,686,000</u>
GENERAL MORTGAGE BONDS:			
Authorized amount	\$950,000		
Series "A" 4% bonds due 1947 to 1952	\$210,000	\$70,000	\$105,000
Series "A" 4½% bonds due 1953 to 1960	290,000	290,000	290,000
Series "B" 4% bonds due 1961	450,000	450,000	450,000
	<u>\$950,000</u>	<u>\$810,000</u>	<u>\$845,000</u>



**SALES
OF
ENERGY**

**KILOWATT
HOURS
SOLD**

SERVICES

RESIDENTIAL			
\$ 526,302.53	46.4%	10,707,763	28.5%
COMMERCIAL			
270,155.96	23.8%	7,524,077	20.0%
INDUSTRIAL			
193,159.33	17.0%	7,345,852	19.6%
MUNICIPAL			
36,452.95	3.2%	1,282,648	3.4%
TOWN OF CAMPBELLTON			
75,796.20	6.7%	8,917,200	23.7%
OTHER UTILITIES			
32,907.01	2.9%	1,791,425	4.8%
<u>\$1,134,773.98</u>	<u>100%</u>	<u>37,568,965</u>	<u>100%</u>

SOURCES AND APPLICATION OF FUNDS

LOWER ST. LAWRENCE POWER COMPANY, RIMOUSKI, QUE.

The following Statement indicates the sources of funds which became available to us during the years 1950 and 1949 and their allocation.

	<u>1950</u>	<u>1949</u>
WORKING CAPITAL — 1ST JANUARY	\$651,370	— \$184,522
Source of funds:		
Net profit for the year	199,409	178,491
Depreciation and amortization	203,284	180,417
Proceeds from sale of investments	72,800	—
Proceeds from sale of 3 $\frac{3}{4}$ % Series "D" bonds	—	1,000,000
	<hr/>	<hr/>
	\$1,126,863	\$1,174,386

Application of funds:		
Capital expenditures	468,855	402,577
Bonds redeemed and sinking fund deposits	85,024	79,751
Purchase of investments	14,463	6,106
Financing expense	6,970	34,582
Dividends on preferred shares	80,000	—
	<hr/>	<hr/>
	655,312	523,016

WORKING CAPITAL — 31ST DECEMBER	<hr/> <hr/> \$471,551	<hr/> <hr/> \$651,370

The sale of bonds, during 1949, resulted in a considerable increase in working capital.
The funds available will be used for future capital expenditures.

STATISTICS 1950 - 1941

LOWER ST. LAWRENCE POWER COMPANY RIMOUSKI, QUE.

	POST-WAR YEARS					WAR YEARS				
	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941
<i>Financial Position</i>										
Total Assets	\$8,011,966	\$7,781,236	\$6,919,449	\$6,381,471	\$5,346,655	\$4,542,481	\$2,888,832	\$2,647,066	\$2,486,339	\$2,438,933
Total Liabilities	6,213,593	6,059,583	5,340,287	4,964,026	4,032,633	3,396,087	1,795,997	1,607,919	1,470,745	1,455,891
Total Capital Invested	1,798,373	1,721,653	1,579,162	1,417,445	1,314,022	1,146,394	1,092,835	1,039,147	1,015,594	983,042
<i>Operating Results</i>										
Gross Revenue	\$1,242,319	\$1,127,975	\$1,003,707	\$ 836,784	\$ 725,163	\$ 607,155	\$ 524,928	\$ 448,272	\$ 414,854	\$ 387,267
Total Operating Expense	520,064	497,141	430,118	386,492	359,075	257,213	222,029	247,944	208,083	185,209
Operating Profit	722,255	630,834	573,589	450,292	366,088	349,942	302,899	200,328	206,771	202,058
Interest and Financing Expense	180,594	160,203	146,929	147,076	101,853	97,419	77,052	76,594	69,003	69,887
Depreciation	189,380	167,616	158,856	121,910	94,769	86,136	75,279	70,148	81,076	81,100
Income Taxes	152,872	124,524	106,088	77,883	76,014	81,158	60,892	23,260	27,180	24,503
NET PROFIT	\$ 199,409	\$ 178,491	\$ 161,716	\$ 103,423	\$ 93,452	\$ 85,229	\$ 89,676	\$ 30,326	\$ 29,512	\$ 26,568
<i>Statistical Facts</i>										
Earned per Preferred Share*	\$7.98	\$7.14	\$6.47	\$4.01	\$3.74	\$3.41	\$3.58	\$1.21	\$1.18	\$1.06
Earned per Common Share*	\$2.18	\$1.92	\$1.69	\$0.98	\$0.85	\$0.75	\$0.81	\$0.07	\$0.05	\$0.02
Times Interest Earned:										
Before depreciation	4.4 times	4.3 times	4.2 times	3.3 times	3.9 times	3.8 times	3.9 times	2.8 times	3.2 times	3.1 times
After depreciation	3.3 times	3.1 times	3.1 times	2.4 times	2.9 times	2.9 times	3.0 times	1.9 times	2.0 times	1.9 times
Meters in Service	19,265	18,179	16,327	14,734	12,578	11,075	9,829	8,774	8,327	7,957
Miles of Line	1,083	955	915	773	642	566	506	462	462	462
Towns and Villages served	81	79	77	73	70	58	53	50	50	49
Kilowatt-hours sold (000)	37,569	33,708	29,759	23,728	21,938	20,121	18,586	15,422	15,325	13,434

*For comparative purposes calculations in all years are based on capitalization as at 31st December, 1950.

DIRECTORS
AND *Officers*

LOWER ST. LAWRENCE POWER COMPANY
RIMOUSKI, QUE.

DIRECTORS

Honourable JULES A. BRILLANT, M.L.C., C.B.E.
PAUL EMILE GAGNON, K.C. THOMAS A. BERNIER, C.E.
Miss ALBERTINE DUBE CAROL BRILLANT
NORMAN GENDREAU HENRI LABRIE

OFFICERS

Honourable JULES A. BRILLANT, M.L.C., C.B.E. President
THOMAS A. BERNIER, C.E. Vice-President and Chief Engineer
NORMAN GENDREAU Vice-President and Treasurer
PAUL EMILE GAGNON, K.C. Secretary

BANKERS

NATIONAL CANADIAN BANK

TRUSTEES

ADMINISTRATION AND TRUST COMPANY

