







**Highlights of the year's activities**

Electric service in Nova Scotia consolidated under a single large utility, as Nova Scotia Power Commission acquired the majority of ordinary and preferred shares of Nova Scotia Light and Power Company, Limited.

First gas turbine in Nova Scotia completed at Tusket, near Yarmouth.

Construction of second unit at Point Tupper Thermal Generating Station proceeded on schedule.

Labour agreements signed with operating and office workers.

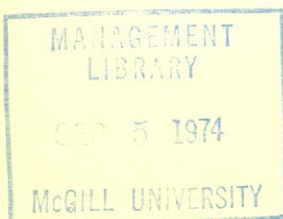
Net generation increased by 30% over previous year.

Domestic and total retail sales increased by more than 12% each.

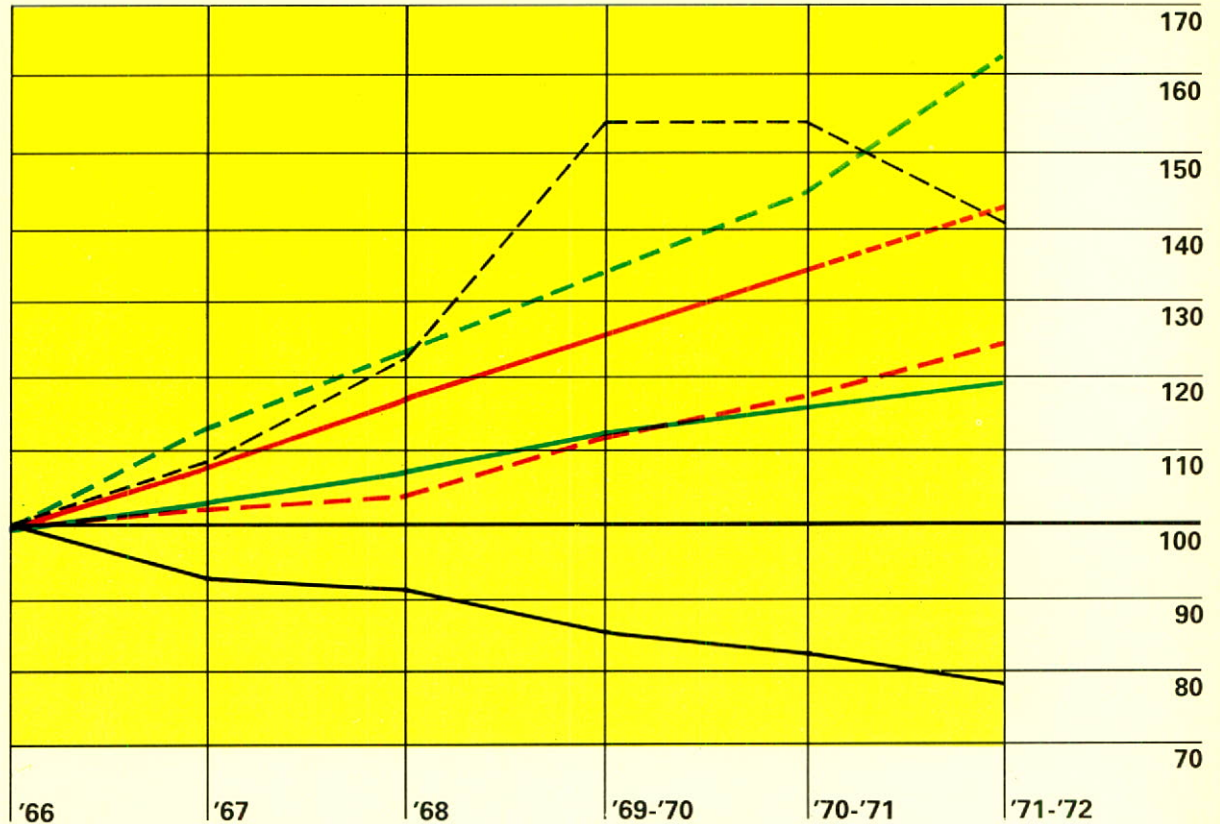
Total assets grew to \$308 million, operating revenues to \$40 million.

Training programs for supervisors, technicians, linemen, operators and managers underway.

Commission's first debenture issue, of \$40,000,000 favourably received by market.



## comparative costs

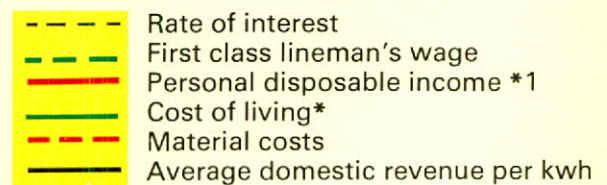


Despite rising costs in all areas of our operation, domestic customers are, on an average, paying less each year per kilowatt hour of electricity they use. As shown in this graph, average revenue per domestic kilowatt hour has been steadily decreasing over the past five years.

The rates of interest — the cost of borrowing the large sums of capital needed by the Commission for construction programs — have abated somewhat in the past year. They still remain, however, substantially above levels of five years ago. Material costs and wages are escalating at a tremendous rate, and show no immediate signs of slowing.

The cost of living, a national index, covers almost all aspects of private buying and provides a good relative scale of rising costs in all sectors. Personal disposable income can be used as an indication of the ability to pay for these higher priced goods and services.

In contrast to all of these indices, power rates in Nova Scotia have remained constant; the Nova Scotia Power Commission has not implemented a rate increase since 1958.



\*Source:  
Statistics Canada

1.  
1971 figures are not yet available, so the 1971-72 figures used are a projection of the increases for the four previous years. "Personal disposable income consists of total personal income less personal direct taxes and other current transfers to government from persons."

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The Gulf Oil Canada refinery at Point Tupper makes excellent use of the port capacity of the Strait of Canso, with super tankers calling at its docks. The refinery supplies oil to the Power Commission thermal plant nearby.



## letter from the general manager

L. F. Kirkpatrick,  
General Manager



To: The Honourable Gerald A. Regan  
and Commissioners of the Nova Scotia  
Power Commission

Gentlemen:

It is my pleasure to submit the 52nd Annual Report of the Nova Scotia Power Commission and its wholly-owned subsidiaries, for the fiscal period ended March 31, 1972.

During the past fiscal year, the consolidation of electric service in Nova Scotia under a single utility was achieved. On December 6th, 1971, the Nova Scotia Power Commission made a formal offer to purchase all ordinary shares of Nova Scotia Light and Power Company, Limited.

On January 27th, 1972, the Power Commission assumed operating control of that Company, through the election of a new Board and President. As at March 31st, 1972, the Commission held 98.8% of the ordinary shares of Nova Scotia Light and Power Company, Limited, and following an offer to preferred shareholders, also held 80.0% of the preferred shares of the Company.

For the fiscal year under review, the operations of the two utilities were completely separate; consequently, the operating and financial statements of Nova Scotia Light & Power Company, Limited have not been consolidated with those of the Nova Scotia Power Commission.

The past year has been extremely active for the Power Commission, with total sales climbing to new highs, and growth continuing to exceed the national average. Construction continued on a second unit at our Point Tupper generating station, scheduled for completion in late 1973; the installation of a 25,000 kilowatt gas turbine, the province's first, was completed at Tusket, near Yarmouth; the extension and strengthening of our province-wide

transmission system continued, with particularly heavy construction activity in Cape Breton; also, a number of high voltage transmission lines in other areas are now being built, accompanied by extensive construction at new and existing substations.

Construction activity will continue at a high level during the coming years and will be accompanied by requirements for large amounts of new capital. A single utility in the province will prove invaluable in the face of these demands as planning can be completely coordinated, and capital requirements more economically met.

The coming fiscal period will be extremely busy for the integrated utilities, as the second unit at Tufts Cove is completed, the installation of Pt. Tupper Number 2 continues, and construction commences on the third unit at Tufts Cove. Associated with these new thermal facilities are numerous large transmission and substation projects. Energy sales are expected to return to a more normal pattern, levelling off at increases in the 8% to 10% range.

The consolidated Statement of Operations in the Financial Report, shows a deficit in the operations of the Commission for the second consecutive year. With the present rate structure, it is inevitable that annual deficits will continue and escalate. The graph of comparative costs on page 2, illustrates the tremendous increases in uncontrollable costs which have been encountered by the Commission. The integration of Nova Scotia Light and Power Company, Limited with the Commission will permit more efficient operation of a province-wide system, and will, over the long term, produce savings for electric consumers in Nova Scotia.

The Power Commission is proud of the fact that it has been able to maintain its rate levels since 1958, while most electric utilities in North America have experienced rate increases in recent years. However, as oil and other fuel and commodity prices continue to increase, it is inevitable that the Commission will be unable to permanently avoid rate increases.

The second major reality facing the Commission as a whole is the growth of electrical requirements. Forecasts indicate the requirement for an additional 700 to 800 megawatts of generating capacity in the next eight years, an increase of approximately 80% over present capacity in the province.

The most important contribution to the future of the utility, as in the past, will come from the 2,100 employees who work to provide electric service to Nova Scotia. It is only through their diligent efforts that we have been able to achieve our success in the past, and we are confident their initiative and loyalty will successfully meet the challenges in the coming years.

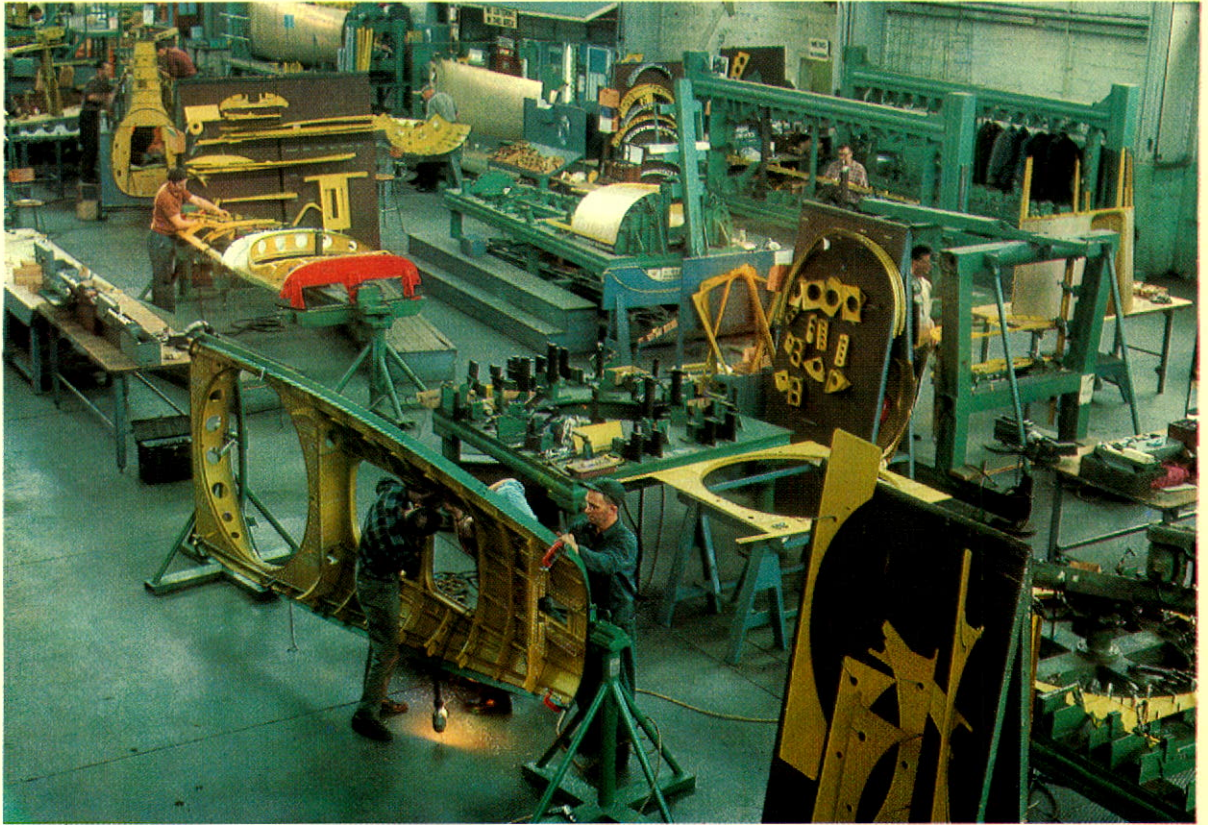
I also welcome this opportunity to express my appreciation to members of the Commission for their hard work and support, and I look forward to the benefit of their continued guidance in the future.



L. F. Kirkpatrick  
General Manager



Electrical energy finds many uses inside this Enamel and Heating Products plant at Amherst.



The Glace Bay heavy water plant is now being rehabilitated by Atomic Energy of Canada Ltd., to help meet the strong requirements for the moderator in Canada.



# operations

The fiscal year 1971-72 witnessed a very high level of construction activity within the operations groups, devoted primarily to the upgrading of our rural distribution systems. The rapid growth of our rural systems within the past ten years, coupled with large increases in domestic power consumption, has led to a heavy load being placed on our distribution system.

In 1970, the Commission began an accelerated program of reconstruction of these facilities, aimed at bringing the standards of reliability up to a consistently high level.

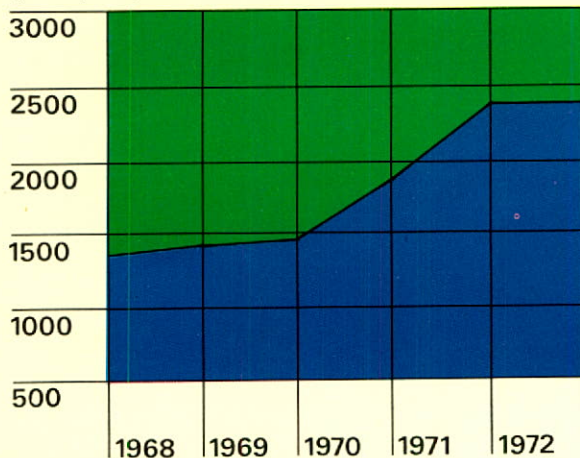
During the past fiscal year, more than \$3,200,000 was expended on reconstruction of existing lines and voltage conversions to improve service to customers. This figure represents expenditures over and

above normal maintenance work which is undertaken on a continuing basis. Approximately 325 miles of line was rebuilt, improving service reliability to some 17,700 customers.

Net generation of electricity for the year exceeded 2.5 billion kilowatt hours, an increase of 30% over 1971 figures. The great bulk of this total was provided by thermal generation in our five thermal plants. However, hydro generation was substantially above the long term average due to heavy precipitation and good storage conditions. This has proven valuable to our production, since fuel and other operating costs at thermal stations have been escalating at an alarming rate.

(Continued following financial report)

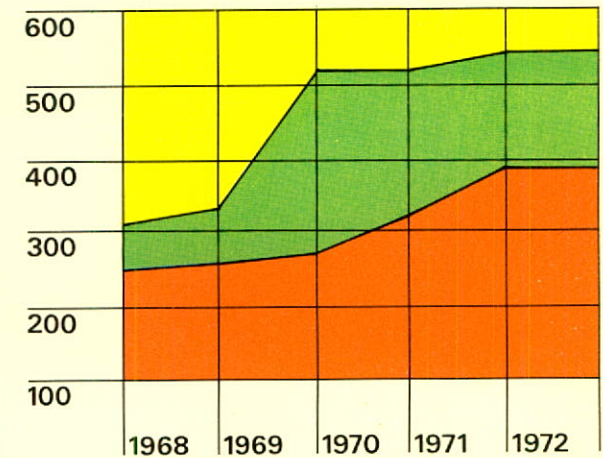
**Kilowatt hours sold**  
( × 1,000,000)



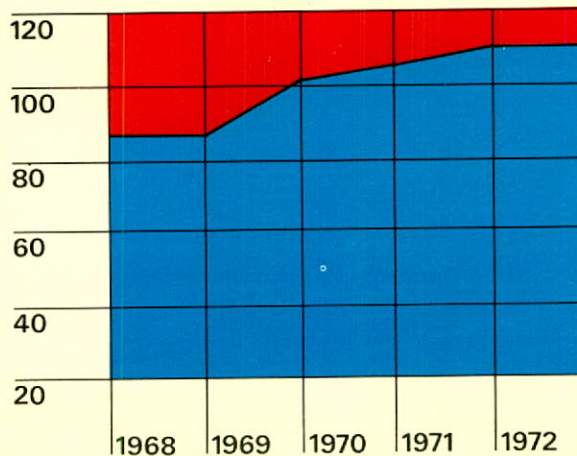
left  
Total deliveries to all customers increased by 29% during the fiscal year.

right  
Total generating capability has reached 538,000 kilowatts with a peak demand of 392,000 kilowatts.

**Reserve capability and firm peak demand**  
( × 1,000 kw)



**Number of customers**  
( × 1,000)



The heavy growth in the number of customers served has been largely the result of the acquisition of other utilities.

**Energy summary kwh**

	1971-72	1970-71	%
Hydro Output	511,340,165	388,023,688	+ 32
Thermal Output	1,975,399,569	1,531,990,179	+ 29
Gas Turbine	16,854,427	0	-
Purchases	90,885,398	125,132,484	- 27
Total Available	2,594,479,559	2,045,146,351	+ 27
Deliveries	2,401,118,072	1,865,332,883	+ 29



The Financial Statements appearing in this report are consolidations of the statements of the Commission and its wholly-owned subsidiaries, Eastern Light & Power Company, Limited and Dominion Utilities Company Limited. The wholly-owned subsidiary, Seaboard Power Corporation Limited was wound up on May 31, 1971 and its assets and liabilities were integrated with those of the Commission.

On December 6, 1971, the Commission made an offer to purchase the ordinary shares of Nova Scotia Light and Power Company, Limited at a price of \$13.00 per share. Subsequently, an offer was also made to purchase for cash or exchange for Nova Scotia Power Commission Debentures, the preference shares of the Company. On March 31, 1972, the Commission had acquired 98.8% of the ordinary shares and 80% of the preference shares at a total cost of \$73,242,214. The utilities operated as completely separate organizations during the previous twelve months and had different fiscal periods; therefore the financial statements of Nova Scotia Light and Power Company, Limited have not been consolidated with those of the Nova Scotia Power Commission at March 31, 1972.

Total revenue for the period was \$40,158,436. This represents an increase of \$6,219,763 over the previous year. Costs totalled \$40,705,798, an increase of \$6,396,118, resulting in a deficit of \$547,362 compared to a deficit of \$371,007 for the previous year. Income received from Nova Scotia Light and Power Company, Limited, during the period, was sufficient to cover the carrying charges incurred by the Commission on its investment in the shares of the Company.

The unceasing demand for power and energy from new and expanding industrial and other customers and the upgrading of existing plant facilities has necessitated large sums of additional capital. Long term borrowings from Northern Canada Power Commission, under the provisions of the Atlantic Provinces Power Development Act, were \$437,874. In addition, the Province of Nova Scotia issued \$15,000,000 of long term bonds for Commission purposes. Subsequent to this loan, the Province advised that future long term borrowings would be the responsibility of the Commission. The Commission's initial public issue was \$40,000,000, U.S., 7¾%, twenty-five year Sinking Fund Debentures, dated March 15, 1972. This issue, which was priced to yield 7.8%, was favourably received by the market. Also \$2,719,050 of Commission Debentures were issued in exchange for preference shares of Nova Scotia Light and Power Company, Limited.

Municipalities served by the Commission received \$635,328, in taxes and grants in lieu of taxes.

The continued pressure of rising costs is of major concern to the Commission. Integration of Nova Scotia Light and Power Company, Limited with the Commission will permit a more efficient system of generating, transmitting and distributing electrical power through economies of scale. Although many modern and proven techniques of efficiency have been employed throughout the organization, operating costs are increasing at a faster rate than revenue as indicated in the comparative Consolidated Statement of Operations. Fuel costs have risen sharply during recent years. Interest costs continue to impose a burden in financing the Commission's large-scale expansion program. These two items currently represent over 52% of operating costs. Significant increases have also occurred during the past year in salaries and wages paid by the Commission.

Operating results and forecasts indicate that we have entered a period of escalating annual deficits. The Commission's rate structures remained unchanged throughout the inflationary period of the 1960's, but it is inevitable that upward revisions must be implemented if the Commission is to maintain a viable financial position.

*Lee & Martin*

*Chartered Accountants*

*Halifax, Sydney,  
Moncton, Fredericton, Saint John*

*1477 South Park Street*

*Halifax, Canada*

*P. O. Box 581*

*Telephone 423-1311*

**Auditors' Report**

May 31, 1972

The Chairman and Commissioners  
Nova Scotia Power Commission

We have examined the consolidated balance sheet of the Nova Scotia Power Commission and its wholly-owned subsidiaries as at March 31, 1972, and the consolidated statements of operations, general reserve, stabilization and equalization of rates, contributed capital, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the Commission and its wholly-owned subsidiary companies as at March 31, 1972, and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Lee & Martin*

Chartered Accountants

**consolidated  
balance  
sheet**

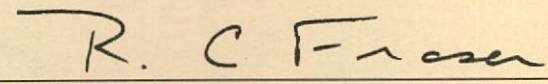
Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

**Assets**

As at March 31	1972	1971
<b>Fixed</b>		
Property, plant and equipment	\$221,394,258	\$200,895,782
Less:		
Accumulated depreciation	63,142,661	57,607,639
	158,251,597	143,288,143
<b>Investments at cost</b>		
Shares of Nova Scotia Light and Power Company, Limited (Note 1)	73,242,214	—
Other	31,059	51,302
	73,273,273	51,302
<b>Current</b>		
Cash	593,348	154,376
Accounts receivable less allowance for doubtful accounts	5,525,278	5,044,255
Finance plan receivable less allowance for doubtful accounts	1,001,874	1,066,312
Inventories - at lower of cost or net realizable value	3,032,473	2,339,451
Prepaid expenses	27,688	110,286
Due from Nova Scotia Light and Power Company, Limited including dividend receivable	1,189,730	—
	11,370,391	8,714,680
<b>Long term capital contribution and mortgages receivable</b> (Note 2)	888,199	—
<b>Deferred charges</b>		
Bond discount less amortization	1,657,884	692,450
Other	56,982	—
	1,714,866	692,450
	<b>\$245,498,326</b>	<b>\$152,746,575</b>

Approved on behalf of the Commission:

  
Gerald A. Regan, Q.C., Chairman

  
R. C. Fraser, C.A., Treasurer and Chief  
Financial Officer

Halifax, N. S.  
May 31, 1972

**consolidated  
balance  
sheet**

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

**Liabilities, Capital and Reserves**

As at March 31	<b>1972</b>	<b>1971</b>
<b>Long term debt</b> (Note 3)	\$187,605,108	\$134,082,741
<b>Current liabilities</b>		
Bank loan	16,082,610	1,855,962
Short term loans, Province of Nova Scotia	19,687,117	—
Accounts payable and accrued charges	5,250,994	3,078,509
Consumers' deposits and accrued interest	382,798	358,277
Accrued interest on long term debt	1,864,444	1,302,948
Current portion of long term debt	4,483,336	2,526,117
	47,751,299	9,121,813
<b>Deferred credit</b> (Note 4)	3,962,803	3,978,164
<b>Capital and reserves</b>		
Contributed capital	2,524,059	1,361,438
Reserves		
General	2,805,905	3,258,251
Stabilization and equalization of rates	649,152	744,168
Contingencies	200,000	200,000
	6,179,116	5,563,857
	<b>\$245,498,326</b>	<b>\$152,746,575</b>

*The accompanying notes are an integral  
part of this financial statement.*

# consolidated statements of reserves

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

## Consolidated Statement of General Reserve

for the year ended March 31	1972	1971
<b>Balance April 1</b>	\$3,258,251	\$3,673,496
<b>Deduct:</b>		
Net loss for the year	547,362	371,007
Transfer to (or from) reserve for stabilization and equalization of rates	(95,016)	44,238
	452,346	415,245
<b>Balance March 31</b>	<b>\$2,805,905</b>	<b>\$3,258,251</b>

## Consolidated Statement of Reserve for Stabilization and Equalization of Rates

for the year ended March 31	1972	1971
<b>Balance April 1</b>	\$ 744,168	\$ 699,930
<b>Transfer (to or) from general reserve</b>	(95,016)	44,238
<b>Balance March 31</b>	<b>\$ 649,152</b>	<b>\$ 744,168</b>

# consolidated statement of contributed capital

for the year ended March 31	1972	1971
<b>Balance April 1</b>	\$1,361,438	\$1,256,206
<b>Contributions</b>	1,167,924	106,680
	2,529,362	1,362,886
<b>Refund to customers</b>	5,303	1,448
<b>Balance March 31</b>	<b>\$2,524,059</b>	<b>\$1,361,438</b>

*The accompanying notes are an integral part of these financial statements.*



## consolidated statement of operations

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

for the year ended March 31	1972	1971
<b>Revenue</b>		
Electric	\$36,690,989	\$30,172,994
Steam	2,566,708	2,740,514
Other	900,739	1,025,165
	<b>40,158,436</b>	<b>33,938,673</b>
<b>Cost of operations</b>		
Power generated and purchased	19,589,547	12,960,440
Operating maintenance and general expenses	4,847,126	6,080,792
Merchandise and water	564,538	712,793
Taxes and grants in lieu of taxes	635,328	648,990
Interest and bond discount (Note 5)	8,700,987	7,912,981
Depreciation	6,368,272	5,993,684
	<b>40,705,798</b>	<b>34,309,680</b>
<b>Loss transferred to general reserve</b>	<b>\$ 547,362</b>	<b>\$ 371,007</b>

## consolidated statement of source and application of funds

for the year ended March 31	1972	1971
<b>Source of funds</b>		
From operations including charges not requiring a disbursement of funds	\$ 6,064,944	\$ 5,654,630
Proceeds from long term borrowings	57,147,456	21,700,041
Contributions in aid of construction	1,162,621	105,643
Other transactions	77,935	1,265,285
Increase in working capital deficit	35,973,775	—
	<b>\$100,426,731</b>	<b>\$ 28,725,599</b>
<b>Application of funds</b>		
Net additions to property, plant and equipment	\$ 21,331,726	\$ 12,495,141
Investment in Nova Scotia Light and Power Company, Limited	73,242,214	—
Repayment of long term debt	4,634,557	2,778,500
Long term capital contributions and mortgages receivable	888,199	—
Other transactions	330,035	271,048
Decrease in working capital deficit	—	13,180,910
	<b>\$100,426,731</b>	<b>\$ 28,725,599</b>

*The accompanying notes are an integral part of these financial statements.*

# notes to the consolidated financial statements

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

for the year ended March 31, 1972

## Note 1

The consolidated statements to March 31, 1972, include the Nova Scotia Power Commission and its wholly-owned subsidiaries, Eastern Light & Power Company Limited and Dominion Utilities Company Limited. The wholly-owned subsidiary, Seaboard Power Corporation Limited, was wound up on May 31, 1971, when the assets and liabilities of that company were integrated with those of the Commission.

The assets of the Nova Scotia Power Commission and its wholly-owned subsidiaries are recorded at historical cost less allowance for depreciation. On consolidation this method of valuing the subsidiaries' net assets produces a purchase discrepancy of \$172,899 compared to the investment made by the Commission. This amount is deducted from fixed assets.

### Schedule of Fixed Assets

Gross fixed assets	\$233,507,058
Less: Government of Canada grants	12,112,800
	<u>221,394,258</u>
Less: Accumulated depreciation	63,142,661
Net fixed assets	<u>\$158,251,597</u>

As at March 31, 1972, the Commission had obtained 98.8% of the ordinary shares of Nova Scotia Light and Power Company, Limited, under our offer to shareholders dated December 6, 1971. Also, at March 31, 1972, the Commission had obtained 80.0% of the preference shares of Nova Scotia Light and Power Company, Limited, under an offer to shareholders dated February 17, 1972. The financial statements reflect the cost to the Commission for these shares.

As the utilities operated as completely separate organizations during most of the fiscal year and had different year ends, the financial statements of Nova Scotia Light and Power Company, Limited have not been consolidated with those of the Nova Scotia Power Commission.

Net income of Nova Scotia Light and Power Company, Limited for the fiscal period ended March 31, 1972, not included in the consolidated accounts, is \$7,598,058, including extraordinary income of \$5,348,912.

## Note 2

### Long Term Capital Contribution and Mortgages Receivable

The major portion of this account represents capital contributions due over nineteen years from an industrial customer for the construction of a substation and transmission line.

# notes to the consolidated financial statements

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

for the year ended March 31, 1972

## Note 3

### Long term debt

#### Notes - Province of Nova Scotia

Balance March 31, 1971	\$ 69,723,072	
Advances during the year	15,000,000	
	<u>84,723,072</u>	
Payments during the year	757,064	
Balance March 31, 1972		\$ 83,966,008

#### Notes - Northern Canada Power Commission

Balance March 31, 1971	62,184,890	
Advances during the year	437,874	
	<u>62,622,764</u>	
Payments during the year	748,322	
Balance March 31, 1972		61,874,442

### Bonds and debentures

#### Nova Scotia Power Commission

Sinking fund debentures		
5 5/8% Series "A", 20 year, March 1, 1992	194,800	
6 1/4% Series "B", 20 year, March 1, 1992	2,008,200	
7% Series "C", 20 year, March 1, 1992	516,050	
7 3/4% Series "D", 25 year, March 15, 1997		
-payable in U.S. Funds	40,000,000	
	<u>42,719,050</u>	

#### Canada Electric Company Limited

General mortgage sinking fund bonds		
4% Series "A", November 1, 1972	407,500	
4 1/2% Series "B", November 1, 1972	422,500	
	<u>830,000</u>	

#### Pictou County Power Board

Sinking fund bonds		
3 1/2% May 1, 1974	200,000	
5 1/2% June 1, 1979	300,000	
	<u>500,000</u>	

#### Eastern Light & Power Company Limited

5 3/4% 1st mortgage sinking fund bonds series "A", 1985	2,375,000	
4% general mortgage sinking fund bonds, due October 1, 1972	244,500	

#### Caledonia Power and Water Board

Serial debentures		
5 1/4% July 1, 1972	10,000	
5 3/4% July 1, 1982	100,000	
6% October 1, 1976	16,000	
	<u>2,745,500</u>	

(continued on next page)

# notes to the consolidated financial statements

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

for the year ended March 31, 1972

(continued from previous page)

## Seaboard Power Corporation Limited

First mortgage serial bonds

5 1/2% Series "B", June 15, 1975 500,000

4 1/2% Series "C", June 1, 1977 672,000

5 3/4% Series "D", February 15, 1979 787,500

1,959,500

48,754,050

194,594,500

## Less:

### Current liability portion of long term debt-

### Principal and sinking fund installments

Notes-

Province of Nova Scotia 1,426,425

Northern Canada Power Commission 794,472

Bonds-

Canada Electric Company Limited 788,410

Pictou County Power Board 10,000

Seaboard Power Corporation Limited 349,500

Eastern Light & Power Company Limited 281,900

Debentures -

Nova Scotia Power Commission

Series "A" 2,338

Series "B" 24,098

Series "C" 6,193

Series "D" 800,000

4,483,336

## Sinking funds

Sinking fund investment

Province of Nova Scotia

Balance March 31, 1971 1,614,608

Installments and income for year 615,900

2,230,508

Sinking fund investment

Canada Electric Company Limited

Balance March 31, 1971 30,997

Installments and income for year 10,593

41,590

Sinking fund investment

Pictou County Power Board

Balance March 31, 1971 195,367

Installments and income for year 21,974

217,341

Sinking fund investment

Eastern Light & Power Company Limited

Balance March 31, 1971 15,532

Income for year 1,085

16,617

2,506,056

6,989,392

## Long term debt

\$187,605,108

# notes to the consolidated financial statements

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

for the year ended March 31, 1972

## Note 4

### Deferred credit

This account includes \$3,685,257 which is the remaining balance of funds received from the Government of Canada under the Atlantic Provinces Power Development Act. This assistance program has been terminated, and the funds are being allocated to assist the Commission to meet contractual commitments to certain industrial users, which commitments were entered into while the assistance program was in effect. Also included under this item is \$200,000 as a provision for non-insured losses which may occur in the future.

## Note 5

### Interest

Net interest expense - ordinary		\$9,117,666
Interest on investment, Nova Scotia Light and Power Company, Limited		774,951
		<u>9,892,617</u>
<b>Less:</b>		
Recovery from Nova Scotia Light and Power Company, Limited		
Dividend	\$620,925	
Intercompany charge	150,000	
	<u>\$770,925</u>	
Interest charged to construction	416,679	
Interest deferred	4,026	1,191,630
<b>Interest charged to operations</b>		<b><u>\$8,700,987</u></b>

## Note 6

### Long term debt maturing in five years

Long term debt maturities and sinking fund requirements for each of the next five years ending March 31:	1973	\$4,483,300
	1974	\$3,533,400
	1975	\$3,688,900
	1976	\$3,727,000
	1977	\$3,716,800

## Note 7

### Commitments

The Commission is constructing a thermal generating station at Point Tupper, Nova Scotia, estimated to cost \$30,000,000. Included in property, plant and equipment at March 31, 1972, is \$6,011,780 representing total cost to that date. Commitments outstanding on this project at March 31, 1972, totalled \$20,619,000.

# notes to the consolidated financial statements

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

for the year ended March 31, 1972

## Note 8

### Vacation pay and life insurance liability

The Commission records vacation pay benefits to employees as vacations are taken during the year. At March 31, 1972, the accrued vacation pay liability, not recorded in the books, was estimated at \$138,000.

At March 31, 1972, the Commission was also liable for approximately \$124,000 which represents accrued vacations and life insurance liability payable to Commission employees formerly employed by utilities acquired by the Commission. This amount was not recorded in the accounts. This liability becomes due on termination of employment from the Commission in the case of vacation pay and upon death in the case of life insurance.

## Note 9

### Remuneration of commissioners and officers

Remuneration of commissioners and officers for the year ended March 31, 1972, totalled \$83,000.

## Note 10

### Depreciation

Since December 1, 1963, the Commission has been depreciating fixed assets on the straight line method, based on useful life. The lives for the main categories of properties and plant in service are summarized below:

Plant Classification	Useful life, in years
Production	
Diesel	20
Thermal	28½
Hydro	40
Transmission and substation	33
Distribution and general property	26

## Note 11

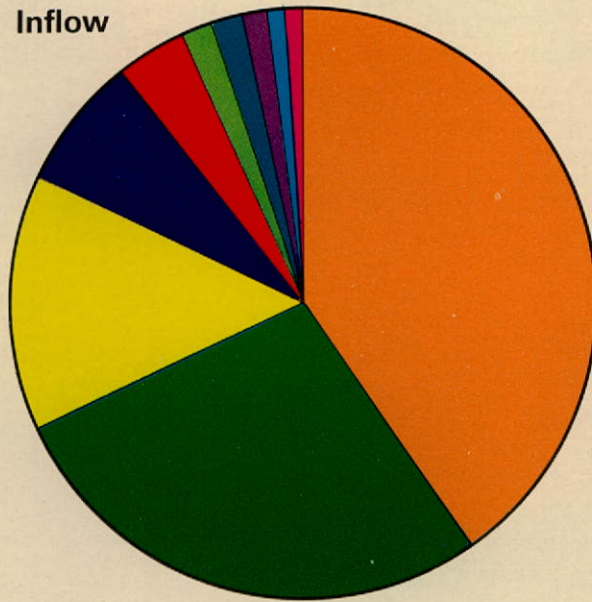
### Leasehold obligations

The Commission occupies office and commercial space at Scotia Square, Halifax, Nova Scotia. Execution of a long term lease is presently pending under which a minimum annual rent of \$213,722 is effective from March 1, 1971, subject to increments in respect to increases in municipal taxes and maintenance costs.

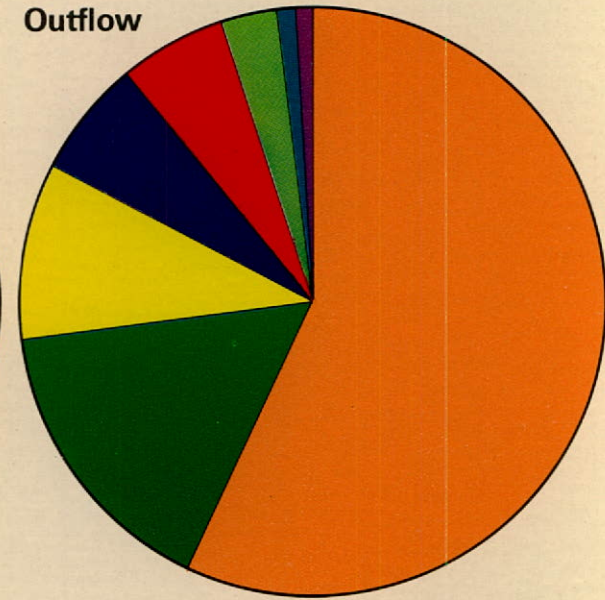
# inflow and outflow of funds

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

**Inflow**



**Outflow**



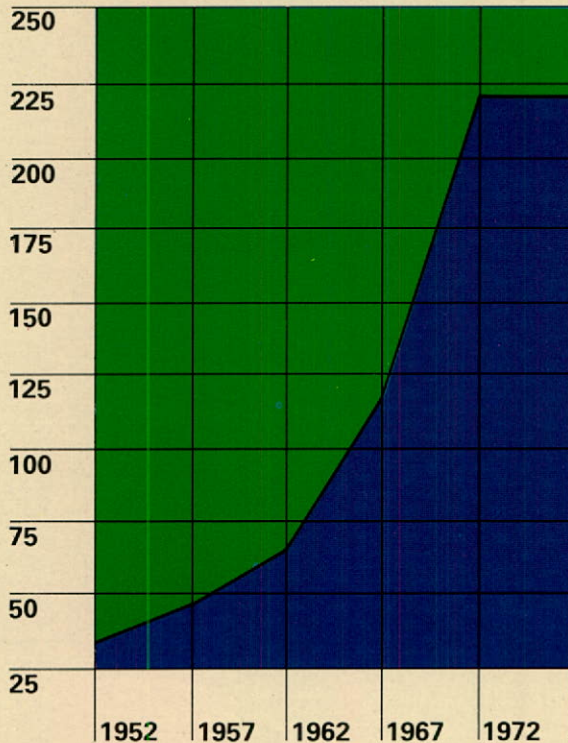
<span style="color: #E67E22;">●</span> Capital debt borrowing - net	\$ 52,513,000
40.71%	
<span style="color: #2E8B57;">●</span> Increase in working capital deficit	35,974,000
27.89%	
<span style="color: #FFD700;">●</span> Wholesale power revenue	17,842,000
13.83%	
<span style="color: #191970;">●</span> Domestic power revenue	9,772,000
7.58%	
<span style="color: #DC143C;">●</span> Commercial power revenue	5,715,000
4.43%	
<span style="color: #3CB371;">●</span> Steam sales revenue	2,567,000
1.99%	
<span style="color: #4682B4;">●</span> Industrial power revenue	2,442,000
1.89%	
<span style="color: #483D8B;">●</span> Street lighting power revenue	919,000
0.71%	
<span style="color: #4169E1;">●</span> Miscellaneous revenue and other	646,000
0.50%	
<span style="color: #DC143C;">●</span> Merchandise and water revenue	607,000
0.47%	
<b>\$128,997,000</b>	

<span style="color: #E67E22;">●</span> Investment in Nova Scotia Light and Power Company, Limited	\$ 73,242,000
56.78%	
<span style="color: #2E8B57;">●</span> Net additions to fixed assets	21,332,000
16.54%	
<span style="color: #FFD700;">●</span> Fuel	12,482,000
9.68%	
<span style="color: #191970;">●</span> Interest	8,657,000
6.71%	
<span style="color: #DC143C;">●</span> Operating salaries and wages	7,809,000
6.05%	
<span style="color: #3CB371;">●</span> Other materials and services	4,287,000
3.32%	
<span style="color: #4682B4;">●</span> Taxes and grants in lieu of taxes	635,000
0.49%	
<span style="color: #483D8B;">●</span> Purchased power	553,000
0.43%	
<b>\$128,997,000</b>	

# investment in fixed assets and operating revenues

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

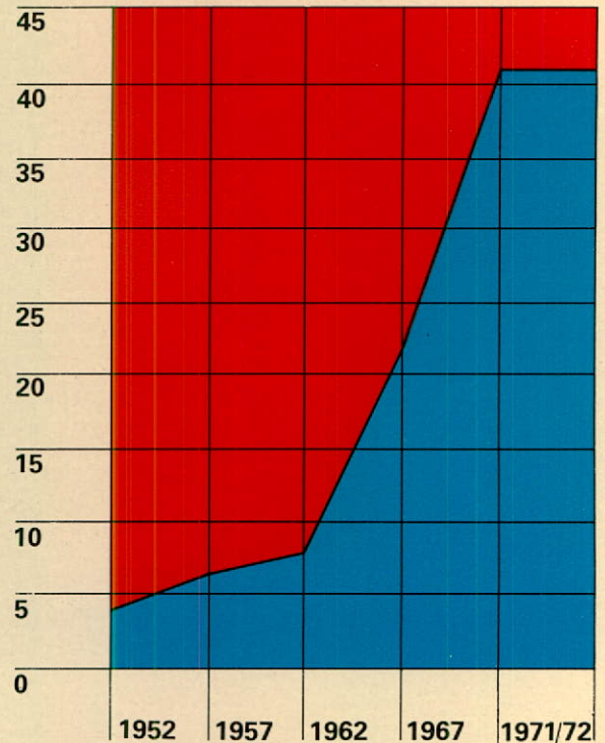
**Investment in fixed assets**



(in millions of dollars)

The tremendous growth of the Nova Scotia Power Commission, through acquisition of other utilities, and through the construction of new facilities is graphically demonstrated in this graph. The Commission's investment in fixed assets has increased by more than 300% in the past ten years, and over sixfold in the past two decades.

**Operating revenues**



(in millions of dollars)

Operating revenues have increased greatly over the years, as demonstrated in the accompanying chart. However, operating costs are now outstripping revenues, in spite of the concerted efforts of the Commission to hold all costs and expenses to a minimum.



# statement of operating and physical statistics

Nova Scotia Power Commission  
and subsidiary companies,  
excluding Nova Scotia Light  
and Power Company, Limited

for the year ended March 31, 1972, with  
comparative figures for 1962

	NSPC and Subsidiaries 1972	NSPC 1962
Total revenue	\$ 40,158,436	\$ 7,284,893
Total assets	\$308,640,987	\$ 81,376,942
Funded debt	\$187,605,108	\$ 56,433,139
Percentage of funded debt to total assets	60.78	69.35
Fixed assets	\$221,394,258	\$ 66,483,568
Accumulated depreciation	\$ 63,142,661	\$ 20,210,058
General and special reserves	\$ 3,655,057	\$ 581,148
Number of customers		
Electric - Wholesale	69	41
Retail	105,966	36,010
Street lighting	3,990	321
Water - Retail	3,031	—
Kilowatt hours delivered	2,401,000,000	606,000,000
Generating Stations		
Hydro	20	21
Steam	4	1
Diesel	2	2
Gas turbines	1	—
Turbines in service		
Hydro	39	38
Steam	17	4
Diesel	4	4
Gas turbines	1	—
Net kilowatt generating capability		
Hydro turbines	104,000	98,957
Steam turbines	408,000	60,000
Diesel units	1,000	906
Gas turbines	25,000	—
Miles of line		
Transmission 36 KV and over	1,509	935
Transmission and distribution below 36 KV	5,165	4,094
Submarine cable	17	11
Kilowatt hour capacity of created storage basins	191,000,000	195,000,000



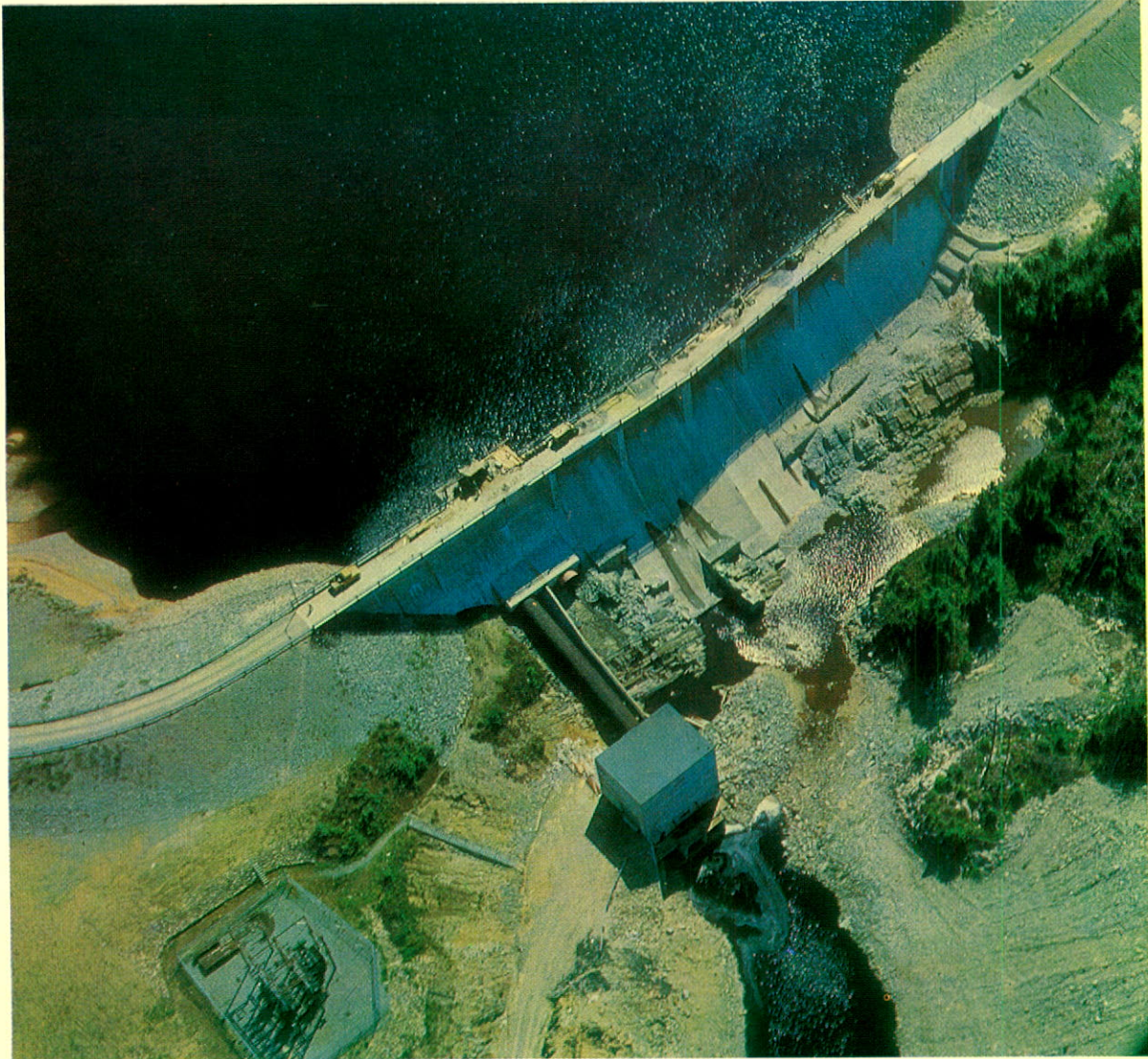
Total deliveries to customers exceeded 2.4 billion kilowatt hours, an increase of 29% over the previous year. The major portion of this increase occurred within the Wholesale "A" classification, a category which includes large industrial customers and other utilities within the Maritime Power Pool. Since the Nova Scotia Power Commission and its subsidiary, Nova Scotia Light and Power Company, Limited, operated as separate organizations during the fiscal year under review, sales to and purchases from the latter are treated in the same manner as those to and from the New Brunswick Electric Power Commission.

Sales of power within the Power Pool totalled 236 million kilowatt hours, while purchases amounted to 89 million kwh. In effect, the Power Commission was thus able to utilize its present reserves to good advantage in the net sale of 147 million kilowatt hours.

Other large increases in sales within the industrial group included deliveries to Nova Scotia Forest Industries (the expansion to the former Nova Scotia Pulp Company), the Canadian General Electric heavy water plant, Scott Maritimes Pulp, Canso Chemicals, and Gulf Oil, Point Tupper.

Healthy increases were also experienced in both domestic and total retail classes, with each growing by more than 12%, compared with a national average of 7 to 8%.

The Sissiboo power plant, near Weymouth, on the province's western shore, incorporates the largest concrete dam in Nova Scotia.



## engineering and thermal production

Nova Scotia is in the unenviable position of having little or no hydro power potential left to develop. The province consequently is very heavily reliant on the operation of thermal plants for the major part of its power supply. The successful and economic operation of these thermal stations is, therefore, extremely important to the economy of the province and to the development and expansion of our industrial base.

All thermal stations performed well during 1971-72, with an overall increase of 30% in production from the five thermal plants which the Commission operates. The most dramatic results were realized at Point Tupper, where station production grew by 70%. In total, almost 2 billion kilowatt hours, or approximately four-fifths of the Commission's total generation, was produced in the five thermal stations, at Glace Bay, Maccan, Point Tupper, Trenton and Tusket.

The heat rate of the stations (which is a measure of the efficiency of energy conversion from fuel to electricity) was again improved during the year, with the most significant gain occurring at the Glace Bay Generating Station. This achievement has enabled us to restrain, to some extent, increases in production costs.

The installation of the province's first gas turbine unit, at Tusket, was completed during the year, with commissioning in November. Its performance has lived up to our expectations, with a total of 16.9 million kilowatt hours being generated during the fiscal year. The unit, which was installed to provide peaking capacity in the south-western part of the province, has proven to be a model installation of such turbines. Although close to the main highway, it is sited so as to be invisible from the roadway, and natural and mechanical silencing make it inaudible to passers-by.

In December of 1971, an 11 day labour strike hampered the operation of our thermal plants, but production was maintained by supervisory personnel without serious effect to the system.

A training course for operator trainees was instituted in March, 1972. This class of 22 men will provide for the staffing of the extension to the Point Tupper plant, on completion in 1973, and fill vacancies in other stations resulting from normal staff attrition.

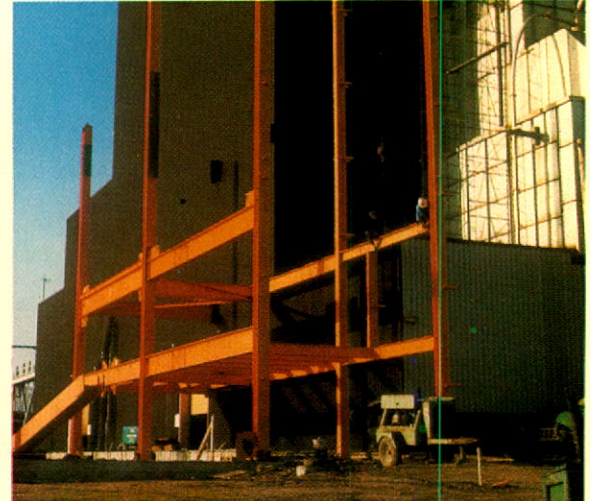
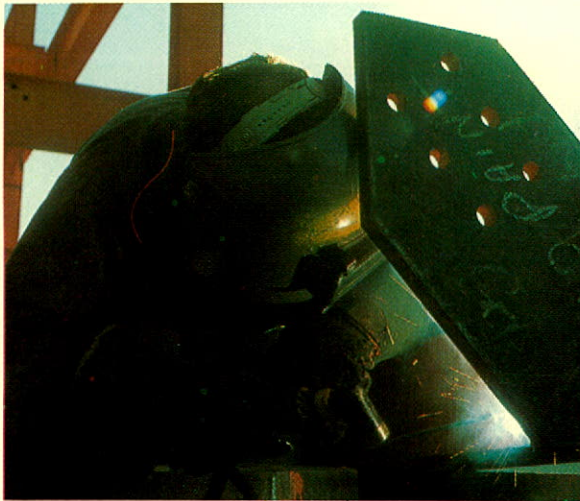
The year under review saw an upswing in the level of capital expenditures, with the Engineering Division being involved in projects totalling almost \$14 million. The Point Tupper No. 2 project accounted for some \$4 million of this total.

The very strong upward pressure of construction costs has continued, following the negotiation of new labour contracts and general material cost increases. The Commission, in response, has made every effort to offset this pressure through the standardization of design of structures and equipment, and the use of new and improved construction techniques and materials. This, coupled with the unremitting efforts of all departments, permitted the completion of the year's capital program within budget limitations.

The extension of our transmission system throughout the province continued with the completion of the 81 mile line from Trenton to Port Hastings and Point Tupper. Work is progressing well on the further extension of this line to the Sydney area, scheduled for completion late in 1972. High voltage service to several industrial customers was completed, along with numerous lesser transmission projects designed to improve security and continuity of service to customers. In addition, survey work and land acquisition for a new transmission link from the central substation at Onslow to New Brunswick are well underway.

The construction of the 150,000 kilowatt extension to the Point Tupper Generating Station has progressed well. During the fiscal

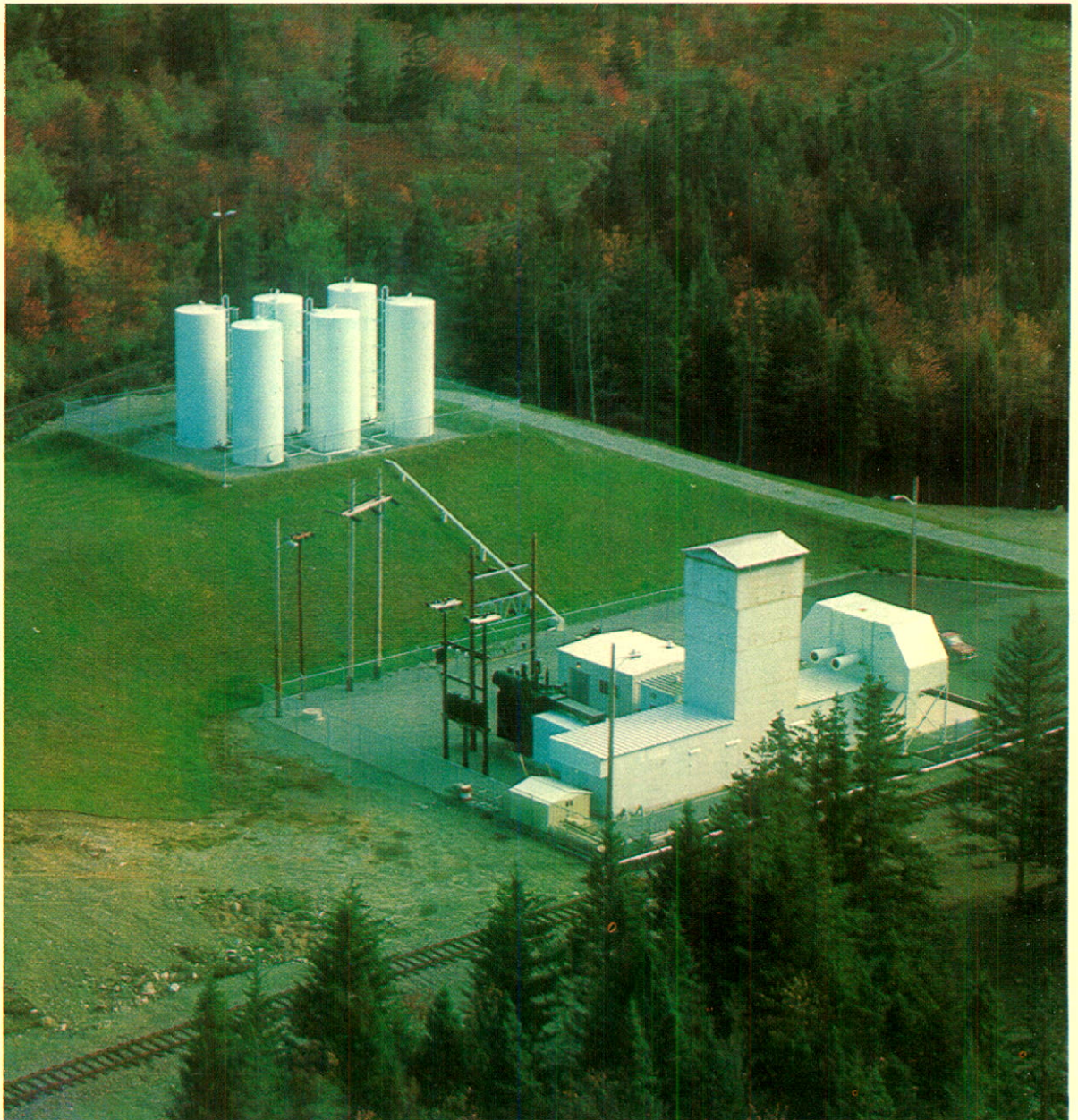
Construction of the 150,000 kilowatt extension to the Point Tupper Generating Station proceeded on schedule throughout the fiscal year. The \$30 million unit will be completed in 1973.



year, contracts for site preparation and initial civil work were completed on the \$30 million addition. Structural steel erection began in November, 1971, and was 80% complete by March 31, 1972. In the latter month, work began on closing-in the extension, a contract was awarded for roofing, and tenders received for stack construction. Work at the site was maintained on schedule, with the continuation of satisfactory labour relations.

Long range studies forecast a load increase of some 500 megawatts by 1980, and planning efforts are in large measure devoted to the determination of the combination of generation and transmission facilities which will ensure that growth requirements are met. Meeting this challenge — almost doubling our present facilities within the next eight years — will involve the Commission in very heavy construction programs and, consequently, large capital requirements. Expenditures on capital projects for the 1972-73 fiscal year alone are budgeted at more than \$47 million.

Nova Scotia's first gas turbine has been installed at Tusket, near Yarmouth. The 25,000 kilowatt unit is used to provide peaking power for the area.



During the fiscal year under review, three major labour agreements were negotiated and concluded. Following an 11-day strike in December, a two-year agreement was reached with the Commission's major operating union, System Council U-29, International Brotherhood of Electrical Workers. This agreement, which expires May 31, 1973, provides, in addition to other benefits, a 20% wage increase over the two-year period. Some 600 regular employees are covered by the agreement with the System Council.

Agreements were also reached during the year with two locals of the Canadian Brotherhood of Railway, Transport and General Workers: Local 507, covering workers at the Glace Bay Generating Station, and Local 610, representing office workers in Sydney.

The operation of Labour-Management committees continued to prove successful, resolving many problems of mutual concern and eliminating possible costly labour problems at an early stage. Grievances reaching the Zone and Plant Manager level were minimal during the year.

At March 31, 1972, the number of regular employees on the staff of the Power Commission and its subsidiary companies, (excluding Nova Scotia Light and Power Company, Limited) stood at 1,139, representing only a 5.2% increase over the previous year. Following the purchase of the majority of the shares of NSLP, early in 1972, a freeze was placed on most hiring, to ensure full utilization of all existing personnel in the integration of the two organizations.

The Commission places high priority on the provision of training and re-training so that each employee achieves and retains a high level of understanding of the organization and of his respective duties and responsibilities. During the fiscal year, this policy was actively carried on throughout all levels of the Commission.

Management and supervisory development programs, begun in 1968, were continued and technical courses and seminars, catering to individual and departmental requirements

were undertaken. In addition, three technically oriented training programs were continued or commenced.

In co-operation with the Nova Scotia Department of Labour, the Commission has some 75 apprentices enrolled in various stages of a lineman training program, which will provide qualified linemen for the utility.

Through the on-the-job program of the federal Department of Manpower, the Commission enrolled 22 new apprentices in a twelve-month Auxiliary Plant Operators course. Following their training, the majority of these operators will be used to staff the extension to the Point Tupper thermal plant, with the remainder replacing normal staff attrition in other thermal stations.

Five people were enrolled during the year in a technicians' apprenticeship scheme, also through the federal manpower department. Upon graduation, the technicians will be utilized in regular employment in the engineering and operation divisions.

Employee safety continues to receive a great deal of attention, and although we showed only a slight decrease in the frequency of accidents, we did experience a reduction in the severity of injuries, resulting in much less time lost from work. During the year, a full safety course for supervisors was introduced, and this, combined with established programs, should contribute to a steady improvement in the Commission's safety record.

Employee relations and activities continued at a high level, and individual participation in Commission sponsored functions and employee organized and directed social and athletic events has been enthusiastic.

## staff services

Advisory Services, a major group within the Staff Services Division, has been experiencing a continually increasing demand during the year for consultation, reviews, problem analyses and the application of Operation Research, Industrial Engineering, and System Analysis techniques within the organizational structure of the Commission. The department, as an advisory group, is in a unique and valuable position to assist the Commission in the overall development of the most efficient and economical systems and procedures.

Particular effort has been devoted to assisting the Controller's Department in a review of financial recording and reporting. The object of this review is to develop recommendations for improved functional efficiencies, to facilitate the preparation of accurate and current reports on demand and to provide for automatic periodic financial reports.

During the year, Advisory Services undertook studies at the Trenton Generating Station to improve the system of recording fuel cost and consumption. The Department also developed recommendations that will aid Plant personnel at Point Tupper and Glace Bay to effectively design the stores areas in these plants.

The Engineering Department at Head Office, with the assistance of Advisory Services, has implemented a new system of microfilms, drawings and documents for purposes of better security.

As a result of the constantly changing operations of the Commission, Advisory Services has provided services for functional re-organization and re-allocation of space, maintenance of the Scotia Square premises, and has developed standards for furnishings and accessories.

A major task for the group during the year was an extensive analysis of regulation and rate structures of similar utilities throughout North America and a relative comparison to circumstances governing the Commission's activities.

Transportation services added a fully equipped ambulance to its fleet of vehicles during the year and has permanently stationed it at the Point Tupper #2

construction site. In addition to being available to a large concentration of Commission employees, it enlarged the pool of ambulances which has been developed by the Town of Port Hawkesbury and other major industries in the area.

A new turbine powered helicopter was also added to the service, and with its speed and versatility, provides great advantages in the maintenance and restoration of power service to customers in all locations.

The number of negotiated power contracts was at a low level in comparison to recent years. However, the results of those under active consideration will have considerable impact.

Prominent among those in negotiation was Atomic Energy of Canada, Limited, in relation to the re-construction of the heavy water plant at Glace Bay.

Security considerations required surveillance of all Commission properties and facilities and, together with plant guards, the Security Officer initiated several investigations of thefts and acts of vandalism. Improvements continued to be implemented in the application of security systems and reporting procedures.

### **Marketing and public relations**

The dynamic programs of the Marketing Section have continued to produce growth in all sectors, much above the national averages. Domestic and total retail sales grew by more than 12% during the past year.

Programs to develop electric heating applications in residential and commercial buildings have resulted in an increase of more than 37% in the residential and commercial "all electric" installations during the year. Among the factors leading to this tremendous growth have been advertising, the preparation and distribution of promotional literature, such as "The Inside Story" and the efforts of our field marketing representatives.

Marketing and promotional activities in the public view were accomplished through joint sponsorship of major festivals and



The employees' photo contest has proven to be a very popular event. These two photographs were among the year's winning entries.



## staff services

documentaries such as the "Festival of Roses" Parade on New Year's Day, 1972, and the "Here Comes the Sun" documentary.

Particular efforts were made to support communities in their observations of holiday and birthday celebrations. The Commission's parade float, "The All-Electric Pad", appeared in 20 parades throughout the province, being viewed by thousands of Nova Scotians.

Dealers' programs continue to receive the support and encouragement of the Marketing Section through the established "Live Better Electrically" campaign and special merchandising displays tailored to the requirements of individual appliance dealers and electrical contractors.

The Home Services' comprehensive program was again well received by patrons and more than 8,500 persons attended the "Twice as Nice with Rice" cooking schools which were held in 15 centres throughout the province. The "Bridal Shower" gift promotion proved to have a wide public appeal and more than 3,000 brides received gift packages containing manufacturers' packaged items, sheets of household hints, suggested menus and advice on the selection and care of household appliances and information on electric heating. School and dealer demonstrations were designed with the aid of marketing personnel and were warmly received in Pictou, Inverness, Antigonish, Cape Breton and Halifax Counties.

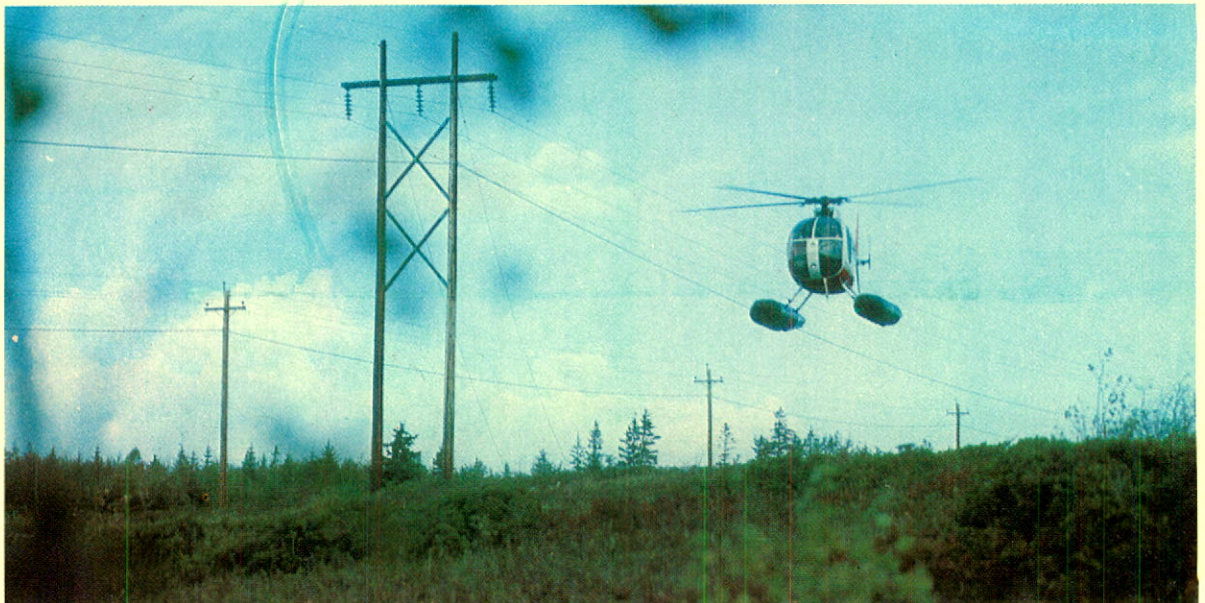
Several particularly attractive brochures were prepared and distributed on personal request and through payment centres, which included advice on kitchen planning, "Meals from the Oven", "Festive Fare" and the dishes demonstrated during the cooking schools.

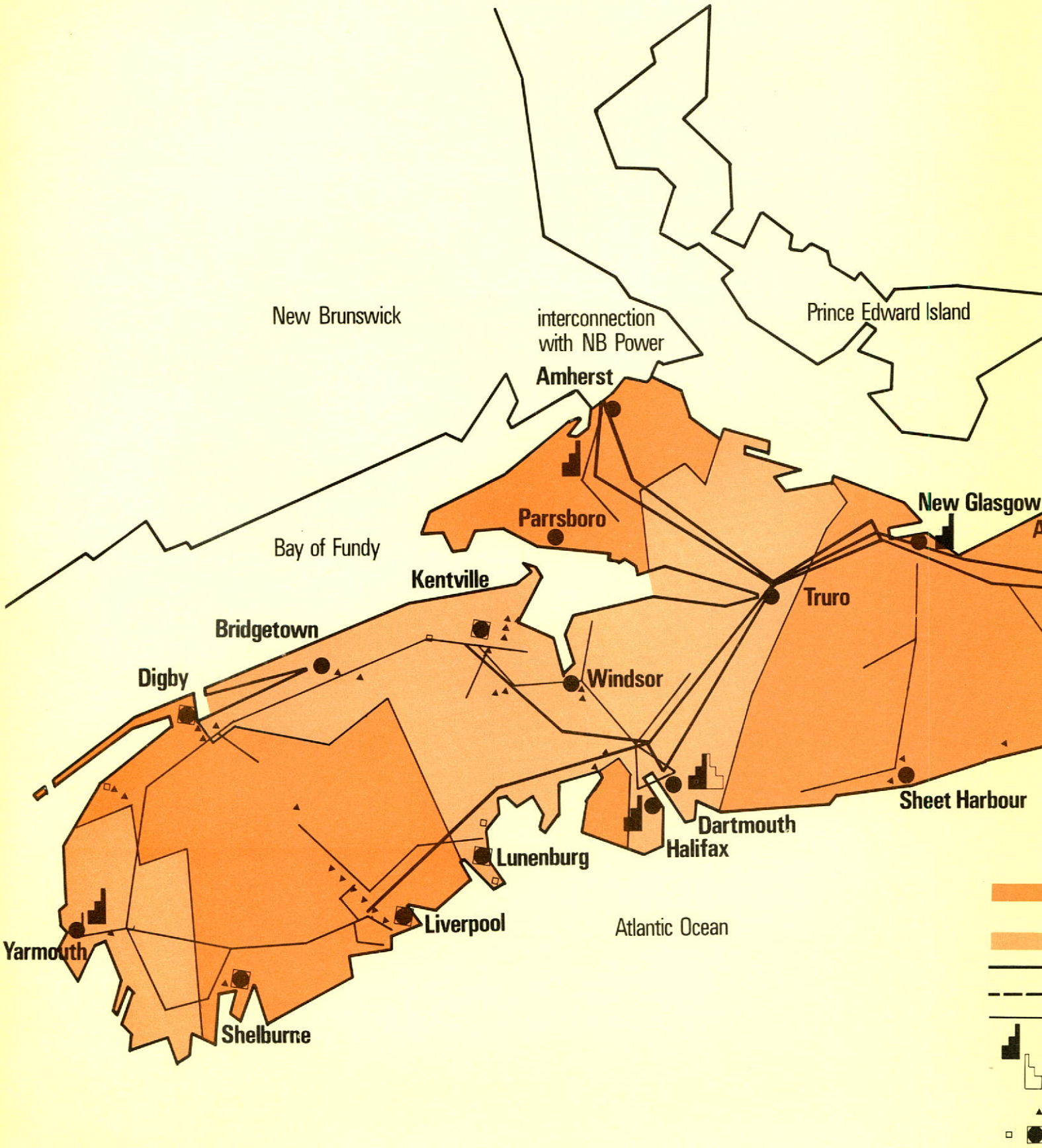
Appliance sales, home heating installations, and home improvement programs received public encouragement through the popular mediums such as radio and television, billboards, and the very successful advice folders which accompany the bi-monthly billing.

The Public Relations section continued the programs initiated in previous years and completed a study of a new design for generating plant and sub-station identification. Special press releases were restricted to a minimum, although special effort was expended in relation to the unofficial commissioning of the new gas turbine generating plant at Tusket, in Yarmouth County.

During the last third of the fiscal year, the major activities of the section were centred around the purchase of the ordinary and preferred shares of the Nova Scotia Light and Power Company, Limited. The provision of information to all media, and the maintenance of internal communication, was of prime concern to the section during the labor strike in December, 1971.

The Commission's new helicopter has proven very valuable in regular line patrol.





New Brunswick

interconnection  
with NB Power

Prince Edward Island

Amherst

Parrsboro

New Glasgow

Bay of Fundy

Kentville

Truro

Bridgetown

Windsor

Digby

Sheet Harbour

Dartmouth  
Halifax

Lunenburg

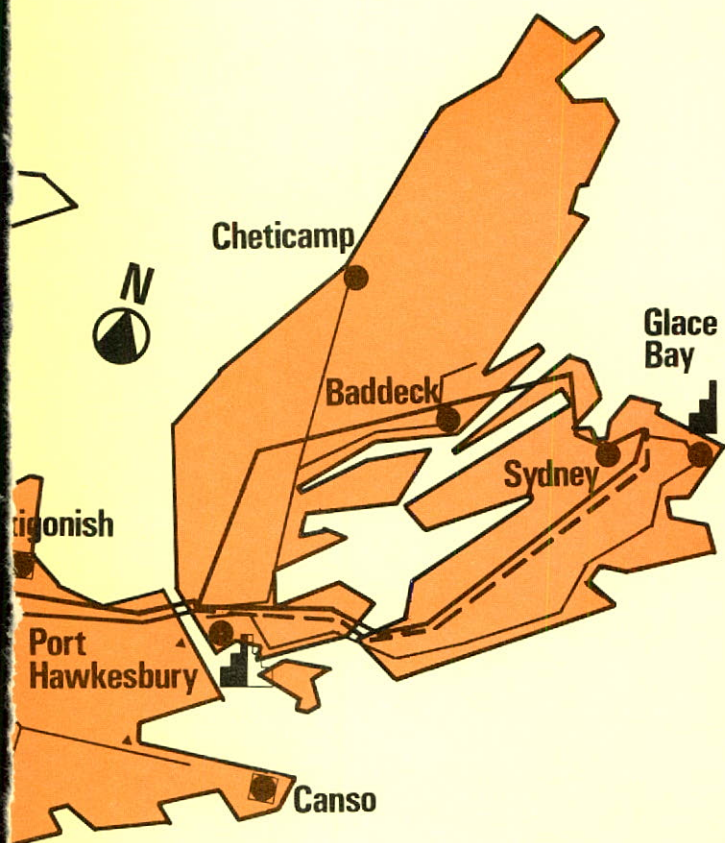
Atlantic Ocean

Liverpool

Yarmouth

Shelburne





**Areas served by Nova Scotia Power Commission & subsidiaries (excluding Nova Scotia Light & Power)**

**Areas served by Nova Scotia Light & Power**

**138,000 volt transmission line**

**138,000 volt transmission line under construction**

**69,000 volt transmission line**

**Thermal Plant**

**Thermal Plant under construction**

**Hydro Plant**

**Municipal Utilities**

## **Chairman**

Honourable Gerald A. Regan, Q.C.



## **Commissioners**

S. Bruce Chandler

H. W. L. Doane, B.Sc., D.Eng., P.Eng.

Roderick J. MacSween, L.L.D.

Ronald G. Smith

Donald F. Stewart

## **Executive Staff**

L. F. Kirkpatrick, D.S.O., B.E., P.Eng.  
General Manager

A. G. Mahon, B.Sc., P.Eng.  
Executive Assistant to the General Manager

W. R. Bailly, B.Comm.  
Director of Personnel

R. C. Fraser, B. Com., C.A.  
Treasurer and Chief Financial Officer

G. D. Mader, B.Sc., B.E., P.Eng.  
Director of Engineering

L. B. Murphy, B.Sc., B.E., P.Eng.  
Director of Operations

J. A. Parker, B.Sc., P.Eng.  
Director of Staff Services

A. D. Waller  
Secretary

People tell the real story of the Nova Scotia Power Commission: the hundreds of employees who work in all kinds of jobs to provide the lifeline of electricity for thousands of requirements.

