



SASKATCHEWAN POWER CORPORATION
ANNUAL REPORT
1973

Corporate Management

General Manager — Mr. R. R. Keith

Assistant General Manager — Mr. E. B. Campbell

Assistant General Manager — Mr. F. G. Ursel

Secretary & Solicitor — Mr. L. G. Ganne

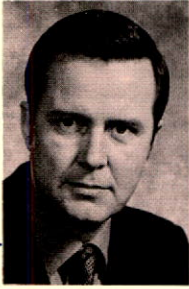
Comptroller — Mr. D. E. Cuddington

Acting Manager, Electric System — Mr. W. R. Wiggins

Manager, Gas System — Mr. W. A. Reed

Director, Management Advisory Services — Mr. H. F. Button

Director of Personnel — Mr. C. S. Edy



Regina, March, 1974

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

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the year ended December 31, 1973, including the financial statements for the year duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Power Corporation Act.

I have the honour to be, Sir,

Your obedient servant,

Minister in Charge of the
Saskatchewan Power Corporation.



Board of Directors

Hon. K. Thorson, Chairman, Regina
Minister of Industry & Commerce

Hon. J. R. Messer, Vice Chairman, Regina,
Minister of Agriculture

*Mr. D. S. Dombowsky, Regina,
formerly Deputy Minister,
Industry & Commerce

Mrs. M. L. Heavin, Tisdale,
Homemaker

Mr. F. M. Hodgkinson, Saskatoon,
Chairman, North-Sask. Electric Ltd.;
Assistant Cabinet Secretary

Mrs. A. N. Hynd, Regina,
Deputy Minister, Consumer Affairs

Mr. A. J. Kuechle, North Battleford,
Principal, Notre Dame School

Mr. C. S. Mitchell, Sturgis,
Vice-President, S.A.R.M.; Reeve, R.M. of
Preeceville; Farmer

Mr. E. W. Norheim, Regina,
Prairie Regional Director of Organization,
Canadian Labour Congress

Mr. K. O. Saddlemeyer, Regina,
Deputy Minister, Industry & Commerce

Mr. L. H. Stevenson, Muscow,
Director, North-Sask. Electric Ltd.;
Chairman, Advisory Committee on Indian
Education; Farmer

* to July, 1973



MR. R. R. KEITH

General Manager's foreword

The consumption of natural gas and electricity in Saskatchewan continues to grow. Seventy-five hundred additional gas customers and 5,800 additional electric customers contributed to this growth in 1973. Additional energy supplies will be required by Saskatchewan consumers in the years ahead as the Province's industrial and mineral production expands and the agricultural economy continues to diversify. Residential consumers will also use additional gas and electricity as housing construction continues.

Electrical consumption rose by 13% in 1973, a somewhat higher rate than the 10% average annual increase over the last five years. The higher than normal rate resulted from a 24% increase in industrial usage. Electrical consumption is expected to continue to grow in the years ahead but at a slower rate of 6 to 7% per year.

The consumption of natural gas is expected to grow at a more moderate rate than electricity. The space heating component of the gas load varies from year to year as a result of weather changes and will only grow as the number and size of premises served increases. Industrial gas consumption, however, will increase as the output of potash, steel, and other processing industries grows. An overall growth in gas consumption averaging 2% per year over the next 5 to 10-year period is expected.

The electrical generating capacity and related transmission facilities presently in service and those planned for the near future are adequate to meet the foreseeable requirements of Saskatchewan consumers until 1979. Undeveloped hydro-electric resources and supplies of lignite coal sufficient to provide the electrical needs of the Province well into the first quarter of the 21st Century have been identified. Nuclear energy is expected to play a significant role in the Provincial energy supply in the long term as it will probably be competitive before Saskatchewan's coal resources are fully developed.

Plans for two new projects which will add 370,000 kilowatts of generating capacity by 1977 were announced during the year. A sixth unit, which will have a capacity of 300,000 kilowatts, is to be added to the Boundary Dam Power Station in 1977, and a new peaking power station with an initial capacity of 70,000 kilowatts is to be added to the Corporation's network near Landis in 1975.

Reserves of natural gas owned by the Corporation in Saskatchewan and Alberta in addition to other reserves presently under contract represent 16 years of supply at the present annual rate of consumption. The cost of gas is rising rapidly and this trend is expected to continue. In an attempt to increase Corporation-owned reserves and minimize the effects of rising gas prices, the Corporation is participating in substantial gas exploration programs in both Saskatchewan and Alberta. The success of these programs has been encouraging to date. The alternative to the discovery of new reserves is for the Corporation to look to increased purchases of pipeline gas at higher cost or ultimately to the production of high cost synthetic gas from lignite coal.

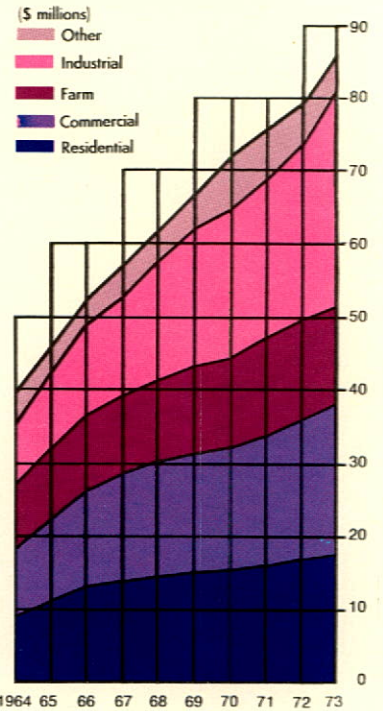
In 1973, the Corporation's net income has taken a significant downward turn for the second year. This downward trend is expected to continue unless rates for service are increased. It is the result of rapid increases in the cost of fuel for thermal generation, wages and fringe benefits, natural gas, and operating materials and supplies as well as a continuing increase in the cost of borrowed funds used for system expansion. These costs are now growing at a rate which cannot be completely offset by economies of scale or improvements in operating efficiency as has been the case in the past.

In view of the decline in net income, no portion of the 1973 amount will be transferred to the Province as has been the practice in recent years. The additional funds thereby retained for use by the Corporation will reduce capital borrowing in 1974.

Highlights

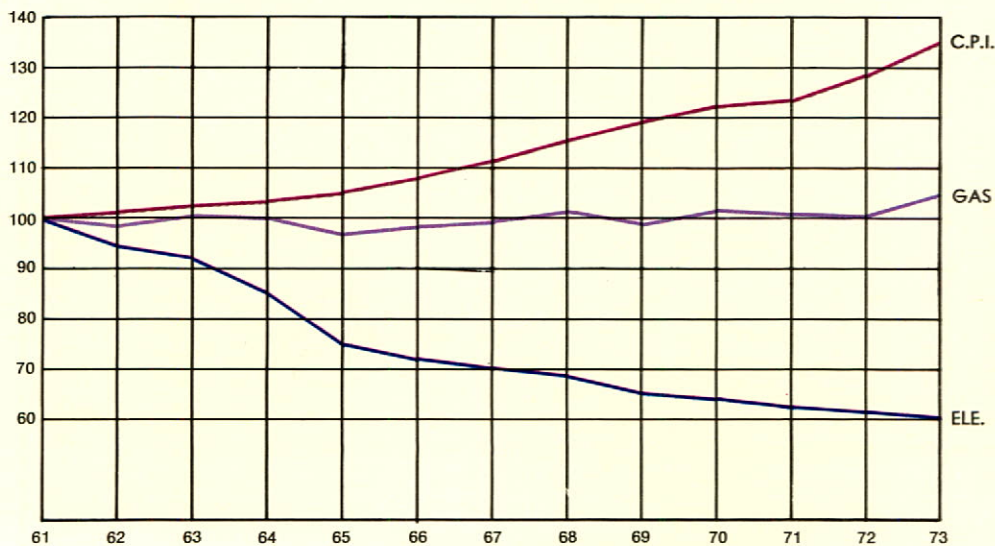
	1973	1972	% Increase
Revenue from sales (\$ millions)	130.9	123.7	5.8
Net Income	17.3	20.9	(17.2)
Energy Sold			
—electricity (billions of kwh)	6.0	5.3	13.2
—gas (billions of cubic feet)	114.0	109.3	4.3
Customers			
—electric	283,280	277,500	2.1
—gas	164,900	157,420	4.8

ELECTRIC REVENUE

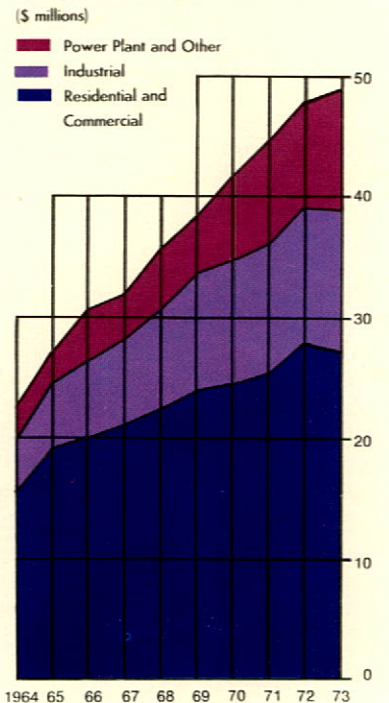


CUSTOMER COST OF ELECTRICITY AND GAS

Compared to the Consumer Price Index



GAS REVENUE



Financial

Total income reached \$133.8 million, an increase of \$7.8 million over 1972. The increase came primarily from a \$5 million increase in the consumption of electricity by industrial customers and \$2.1 million from other electrical customers. Gas revenue, exclusive of power plant consumption, increased by \$0.2 million from the year before.

Increases in expense items were widespread and significant for both the electrical and natural gas operations. The largest individual item was for wages, salaries, and fringe benefits which increased by \$2.8 million from the year before. This was followed closely by the cost of coal, gas and oil for electric generation which increased by \$2.7 million. The cost of gas sold rose by \$0.9 million reflecting higher prices for purchased gas which generally became effective in the latter half of the year and which will have a much greater impact in 1974 and subsequent years.

Corporate net income declined by \$3.6 million to \$17.3 million. Electric net income fell by \$1.6 million to \$9.9 million and Gas net income by \$2.0 million to \$7.4 million.

A large number of gas and electric rates were revised and consolidated during the year. Rate structures involving almost all residential and commercial accounts were simplified to make them more understandable to customers and easier to administer. The revisions did not significantly change the Corporation's revenue.

Rates for 122 large industrial gas customers were increased by an average of 10%.

Funds advanced by the Province for the capital construction program and the repayment of maturing debt totalled \$45.5 million. The average cost of these new funds to the corporation was 8.04%, up from 7.36% in 1972. Approximately \$14.5 million of the advances received in 1973 were held in short term investments at year end for use in financing the 1974 capital program.

During the year, the Corporation paid taxes, rentals, royalties, and grants in lieu of taxes to the various levels of government as follows:

Canada (estimated)	\$2.3 million
Province of Saskatchewan	\$2.3 million
Province of Alberta	\$0.4 million
Urban Municipalities	\$2.3 million
Total	\$7.3 million

Surcharges and taxes on electricity bills resulted in the collection of a further \$3.4 million in Education and Health Tax for the Province and \$2.7 million in surcharges collected for urban municipalities.

Operations

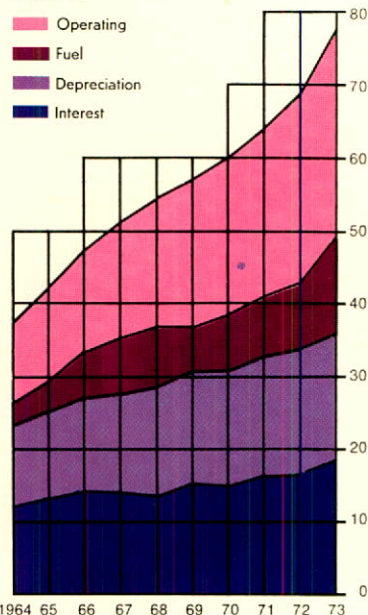
Consumption of electrical energy within the Province rose by 13.3% to 6 billion kilowatt hours. Industrial consumption, led by increases in oil pipeline pumping and potash and steel production, increased by 24%. Residential, farm, and commercial consumption increased by an average of 4.3%. The growth in these latter categories was lower than expected as a result of warm weather in the early part of the year.

The net provincial peak load of 1,211,000 kilowatts occurred on December 31 and surpassed by 73,000 kilowatts the peak of one year ago.

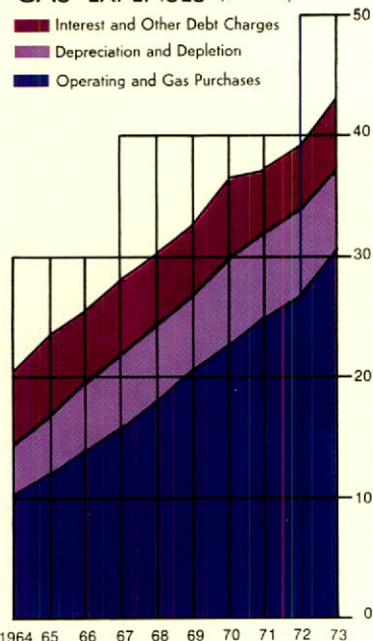
Saskatchewan customers, excluding power plants, used 72.9 billion cubic feet of gas, down slightly from the year before. The consumption of gas by residential and other space heating customers was down 7% as a result of warmer than normal weather in the early part of the year. The total volume delivered to all users, including power plants and Trans-Canada Pipelines Limited, was 114.0 billion cubic feet — an increase of 4.2%.

ELECTRIC EXPENSES

(\$ millions)



GAS EXPENSES (\$ millions)



Lower flows in the Saskatchewan River resulted in a 27% reduction in hydro-electric production from that of 1972 when higher than average flows were experienced. This required increased production at higher cost from thermal stations where natural gas is the main fuel.

The consumption of lignite coal increased 34% to slightly over 3,000,000 tons at the Corporation's two power stations near Estevan.

At year end, the Manitoba and Saskatchewan Coal Company Limited was completing preparations to start coal deliveries January 1, 1974 to the Boundary Dam Power Station under a 15-year contract. A 43-cubic yard dragline was assembled during the summer by the Company at the site of their new mine near the Boundary Dam Power Station.

A one-year purchase of 100,000 kilowatts of firm capacity from Manitoba Hydro terminated on October 31.

Improved monitoring of atmospheric and water discharges from the Corporation's thermal power stations was undertaken during 1973. Necessary instrumentation was acquired and put into service. A study of stack discharge patterns from the Boundary Dam Station was performed by the Canada Department of Energy, Mines, and Resources in co-operation with the Corporation. A computer program developed from this study can be used to predict stack discharge dispersal under various weather conditions and methods of plant operation.

All data processing computer facilities and related equipment were transferred to the Saskatchewan Computer Utility Corporation. It is expected that the Computer operating staff will be transferred to SaskComp early in 1974. The Corporation has entered into an agreement with SaskComp to rent computer time to handle all data processing requirements.

Honorable Kim Thorson officiated at the commissioning ceremony for number five machine at Boundary Dam Power Station.

Gas supply sources

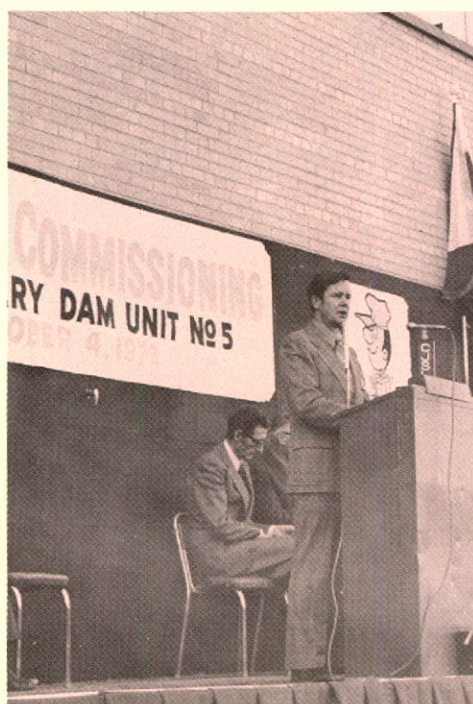
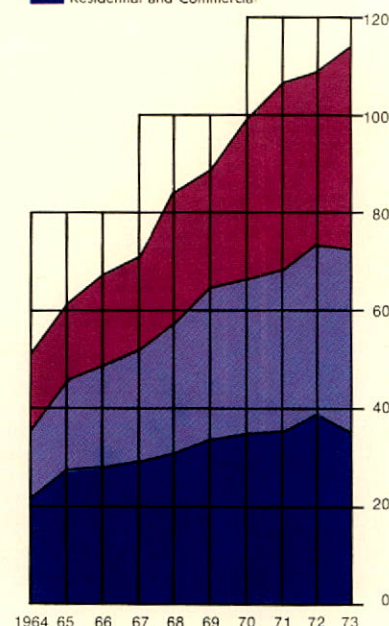
(Billions of cubic feet at 14.65 psia)

	1973	1972	% Increase (Decrease)
Purchased from field suppliers			
—Saskatchewan	48.1	48.5	(0.8)
—Alberta	13.8	10.5	31.4
SPC production			
—Saskatchewan	3.8	3.5	8.6
—Alberta	20.6	22.3	(7.6)
Purchased from TransCanada Pipelines	33.9	31.4	8.0
Total volume delivered	120.2	116.2	3.4
Storage, fuel and other uses	6.2	6.8	(8.8)
Total sold	114.0	109.4	4.2

GAS SOLD

(billion cubic feet @ 14.65 psia)

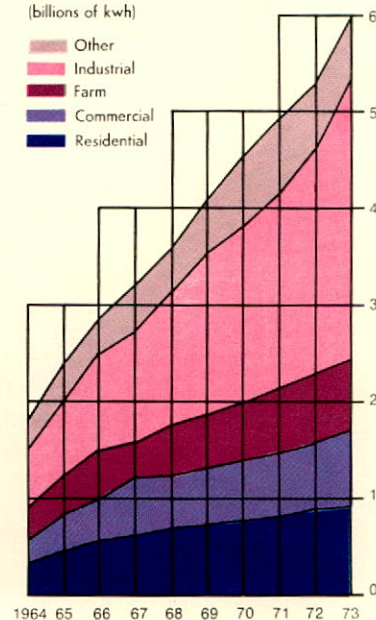
Power Plant and Other
Industrial
Residential and Commercial



ELECTRICITY SOLD

(billions of kwh)

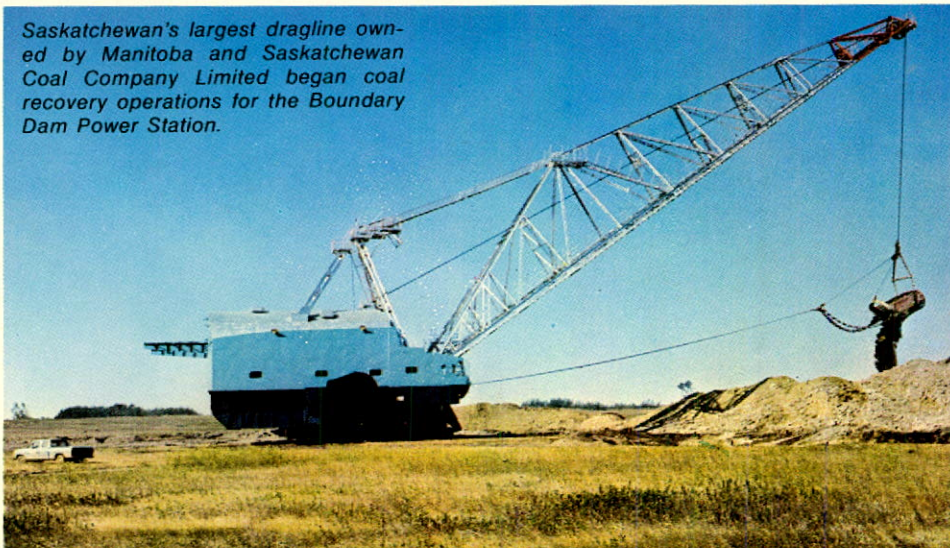
Other
Industrial
Farm
Commercial
Residential



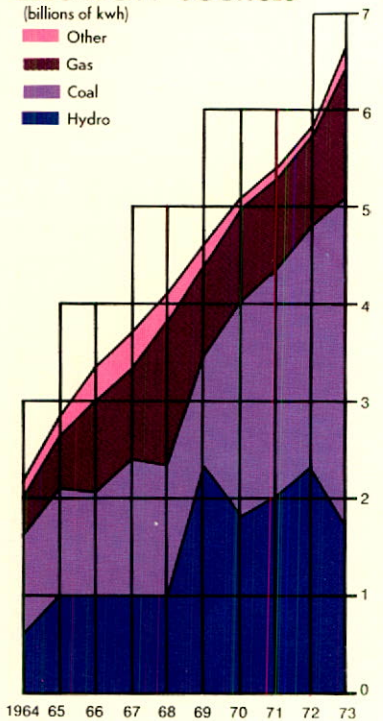
Generation statistics

Power Station	Rated Generating Capacity (Kw)	Gross Kwh (000's)	Increase (Decrease) From 1972
HYDRO			
Squaw Rapids	280,000	1,005,120	(19.2)
Coteau Creek	187,000	733,686	(35.2)
Total	467,000	1,738,806	(26.8)
STEAM			
Boundary Dam	582,000	3,423,820	35.1
Estevan	70,000	158,708	16.6
A. L. Cole	108,000	167,605	17.6
Queen Elizabeth	232,000	1,171,901	66.7
Regina "A"	65,000	96,847	54.2
Total	1,057,000	5,018,881	40.2
INTERNAL COMBUSTION			
Kindersley	29,000	55,645	(15.3)
Swift Current	11,500	27,565	(21.2)
Success	45,000	3,579	119.9
Regina "B"	23,000	1,363	1.4
Total	108,500	88,152	(14.9)
Total Generation	1,632,500	6,845,839	13.0
Less Station Service		309,062	26.3
Net Generated		6,536,777	12.4
Net Purchased		119,998	93.7
Net System Kwh		6,656,775	13.0
Northern Diesel Plants	3,385	2,834	34.9
Northern Purchases		1,012	5.0
Total	1,635,885	6,660,621	13.3
Gross Peak Load (1800 hrs. Dec. 31/73)	1,257,500		7.0
Gross Minimum Load (0700 hrs. July 8/73)	469,900		27.3

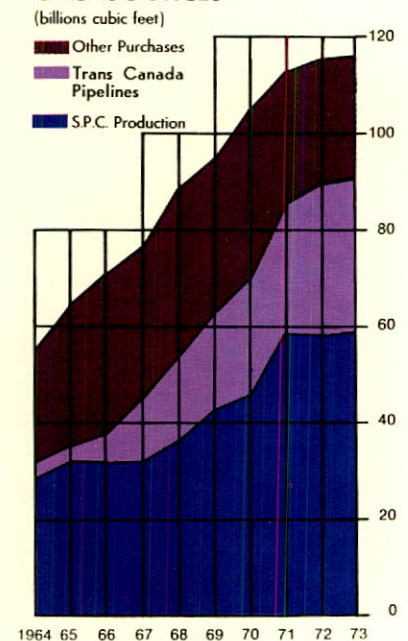
Saskatchewan's largest dragline owned by Manitoba and Saskatchewan Coal Company Limited began coal recovery operations for the Boundary Dam Power Station.



ELECTRICITY SOURCES



GAS SOURCES



Construction

Gas service was provided during the year to 32 communities, bringing the total number served to 368. This includes a propane distribution system which was installed in the village of Edenwold as an experimental project to investigate the feasibility of using propane as an alternative to natural gas for communities that cannot be economically served from existing pipelines. Over 900 customers were being served at year end in the new communities.

A 90-mile long 230,000-volt transmission line from the Coteau Creek Hydro-Electric Station to Swift Current was nearing completion at year end. The line will operate initially at 138,000 volts. This new high voltage link will improve reliability of service in western Saskatchewan and provide additional capacity to meet load growth being experienced in the Swift Current area.

The 72,000-volt electric transmission line between North Battleford and Ermine was converted to 138,000-volt operation to reinforce electric service in the North Battleford area.

A third 150,000-kilowatt lignite-burning unit was placed in service at the Boundary Dam Power Station. The additional unit, built at a cost of \$31 million, increased station capacity to 582,000 kilowatts, 35% of the system total.

Capital expenditure on new electrical plant and equipment in 1973, with comparative figures for 1972, was as follows:

	1973	1972
	(\$ Millions)	
Generation Facilities	7.1	14.2
Transmission Facilities	6.6	6.4
Distribution Facilities	8.5	6.5
Total	<u>22.2</u>	<u>27.1</u>

Gas capital expenditures:

	1973	1972
	(\$Millions)	
Service to new communities	3.8	3.9
Distribution extensions in communities already served	2.7	1.9
Transmission	0.6	4.6
Production and gathering facilities	—	0.3
System improvement	0.7	0.7
Exploration and development	8.0	1.7
	<u>15.8</u>	<u>13.1</u>

A propane storage tank capable of holding more than 14,000 gallons is positioned on site at Edenwold.



Future energy supply

During 1973, \$8.0 million was spent on the acquisition of gas reserves and on exploration for new reserves.

The \$5.5 million expended on exploration was divided almost equally between the acquisition of gas rights and exploration costs. About one-half of the amount was spent in Saskatchewan and the remainder in Alberta. Much exploration work remains to be done in order to fully test the acquired lands and establish reserve volumes.

A feasibility study on the possible development of a new thermal power station in the south central area of the Province was initiated during the year.

A coal exploration program was continued in areas throughout southern Saskatchewan. The new exploration confirmed the presence of about 900 million tons of economically-recoverable lignite coal on Crown leases held by the Corporation.

An engineering feasibility study of a possible hydro-electric project on the Churchill River was completed. The study identified a site between Wintego and Pita Lakes where a head of 111 feet can be developed to support a 300 megawatt power station capable of producing 1.5 billion kilowatt hours annually. The site is approximately 19 miles upstream from the existing hydro-electric dam at Island Falls owned by the Churchill River Power Company Ltd.

A joint Federal-Provincial study group is undertaking a two-year study into the environmental and sociological effects that the project would, if constructed, have on the natural environment and the people of the area. The Corporation is assisting as one of the participating agencies in the study.

Research and development

The first prototype of an electric storage furnace using sodium sulphate as the heat storage medium was undergoing testing at year end. The project is being assisted by a grant from the National Research Council which could reach \$110,000 over a three-year period. If the project is successful, the heat storage furnace could provide electrical space heating at costs competitive with oil and propane for homes that are remote from natural gas supplies.

Other major activities of the Research and Development Centre include transmission line conductor and tower vibration testing, switching station control, utilization of small hydro-electric plants in northern Saskatchewan, gas odorant measurement techniques, gas cavern washing control, and the development of a computer program to simulate the Corporation's gas transmission system to assist dispatching operations.

In addition, the Centre provided laboratory services to the Electric and Gas Systems for metallurgical testing and materials analysis and also assisted with the development of an environmental monitoring system for the Corporation's thermal power stations.

Boundary Dam control room — the "nerve centre" which monitors the many complex functions of the power station.



Personnel

A two-year agreement was signed on October 25 with the Oil, Chemical and Atomic Workers, International Union, Local 9-649, which represents clerical and natural gas employees. An agreement with the International Brotherhood of Electrical Workers, Local Union 2067, expired on December 31 and negotiations for a new agreement were underway at year end.

The Corporation continued its participation in the Canada Manpower Training-on-the-Job Program. During the year, 16 trainee linemen and 12 trainee plant mechanics were accommodated by the program. Twelve of these trainees secured permanent employment with the Corporation.

Summer employment was provided to 111 university and high school students in conjunction with provincial programs.

More than 400 employees participated in regular trades training courses and over 700 attended courses in first aid, fire fighting and defensive driving during 1973.

Sunset over the Saskatchewan prairie, silhouetting a valve cluster on the natural gas transmission system.



During the year, 20 employees retired on pension. Of these, six elected to take early retirement and three retired early for health reasons.

Long service awards were presented to 173 employees who had achieved 20 years or more of service with the Corporation.

Employee and vehicle accident experience showed a significant improvement over the previous year. Employee "lost time" accidents were reduced by 19% and vehicle accidents by 17%. There were no fatal accidents to employees.

The staff of the Kindersley power station were recognized by the Saskatchewan Safety Council for an outstanding accident-free record. Staff at the station have not experienced a lost time accident since 1956.

The majority of the 30 accidents involving members of the public and Corporation facilities were industrial and farm machinery contacts with powerlines. No members of the public were fatally injured on SPC facilities.

Below: Improved protective equipment for acid handling was provided as a result of a recommendation from the Occupational Health Committee in the head office building.

Bottom right: Mr. Jack Bell, Superintendent of Transmission Line Maintenance, was recognized for 45 years of service — a new record.



FINANCIAL RESULTS 1973

SASKATCHEWAN POWER CORPORATION *and wholly-owned subsidiaries*

Many Islands Pipe Lines (Canada) Limited — transports gas through its interprovincial transmission line from an Alberta Gas Truck Line Ltd. metering station west of the Alberta-Saskatchewan border to the Saskatchewan Power Corporation facilities at Unity, Saskatchewan.

North-Sask Electric Ltd. — operates electric generating plants and distribution systems at various locations in the northern part of the province.

Many Islands Pipe Lines Limited — produces, purchases and transports gas in Alberta for the exclusive use of the Corporation.

Major accounting policies

Consolidation — The consolidated financial statements include the financial position and operating results of the three wholly-owned subsidiaries of the Saskatchewan Power Corporation.

Customer Capital Contributions and Revenue Prepayments — Capital contributions are required from those customers from whom estimated revenue will indefinitely and beyond the estimated life of the facilities required to serve such customers, be no greater than the estimated cost, taking into consideration the capital contribution received, of providing such service. Capital contributions are classified as Contributed Surplus on the Corporation's Balance Sheet.

Non refundable revenue prepayments are required from customers in those instances where estimated revenues to be received from such customers will be deficient for a part of the estimated life of the facilities required to serve such customers. Revenue prepayments are amortized into income over an appropriate period.

Depreciation — Depreciation is calculated on a straight-line estimated service life basis for the various classes of property except for gas production and gathering systems for which the unit-of-production method is used. Estimated service lives of the major assets are as follows:

Electric System	
Generation	
Hydroelectric	50 years
Thermal	30 years
Transmission	
Lines	40 years
Switching stations	30 years
Distribution	
Oil fields	20 years
Rural and urban overhead	30 years
Gas System	
Transmission lines	50 years
Distribution systems	25-40 years

Depletion of Gas and Coal Properties — Depletion of gas and coal properties is calculated using the unit-of-production method based on estimated remaining recoverable gas and coal reserves and the unamortized costs of those reserves.

Gas and Coal Exploration Costs — The Corporation and its subsidiary Many Islands Pipe Lines Limited follow the full cost method of accounting for the acquisition cost of gas and coal in place and exploration and development costs. All costs are capitalized and form part of plant in service. The annually determined depletion rates reflect additions to accumulated costs and estimated remaining recoverable reserves.

Foreign Exchange on Long-Term Debt — All long-term liabilities payable in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at each year end. Translation gains or losses are amortized to income over the remaining term of each obligation and the recorded liability is decreased or increased accordingly.

Amortization of Debt Costs and Gains — Unamortized debt discounts and expenses applicable to advances received from the Province of Saskatchewan are charged to income in equal annual amounts over the period of the maturity of the debt.

From time to time the Province of Saskatchewan cancels, before the maturity thereof, Province of Saskatchewan debentures held as investments in sinking funds for the repayment of such debentures. Advances from the Province to the Corporation which were initially financed by the cancelled securities are repaid and the difference between the book value and par value of the cancelled debentures is amortized into income on a yield basis over the remaining term of the debentures cancelled.

Superannuation — The Corporation's financial obligations for the superannuation of its employees are legislated in Sections 35 and 36 of the Power Corporation Superannuation Act. The Corporation meets its employee pension obligations on a current basis by paying into the Power Corporation Superannuation Fund and the Canada Pension Plan an amount equal to 6% of wages and salaries as defined for pension purposes.

Consolidated income and retained income

YEAR ENDED DECEMBER 31

	1973 (000's)	1972 (000's)
INCOME		
Electricity sales	\$ 86,198	\$ 79,136
Gas sales	44,724	44,528
Other (Note 1)	2,834	2,264
	<u>133,756</u>	<u>125,928</u>
 OPERATING EXPENSES		
Cost of electricity produced and purchased (Note 2)	20,628	15,646
Cost of gas sold (Note 3)	14,530	13,633
Other operating, maintenance and administration	32,015	29,444
Depreciation and depletion (Note 4)	25,483	24,398
	<u>92,656</u>	<u>83,121</u>
Net income before interest expense	<u>41,100</u>	<u>42,807</u>
 INTEREST EXPENSE		
Long-term debt (Note 7)	24,676	23,234
Other	534	227
Capitalized	(1,431)	(1,558)
	<u>23,779</u>	<u>21,903</u>
NET INCOME	<u>17,321</u>	<u>20,904</u>
 Retained income, at beginning of year as restated (Note 1)	131,569	131,565
Income transferred to the Province of Saskatchewan	—	(20,900)
RETAINED INCOME, at end of year	<u>\$148,890</u>	<u>\$131,569</u>

See major accounting policies and notes on pages 11, 16 and 17.

Consolidated source and application of funds

YEAR ENDED DECEMBER 31

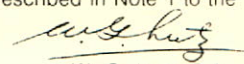
SOURCE OF FUNDS	1973 (000's)	1972 (000's)
Net Income	\$17,321	\$ 20,904
Add Transactions not requiring funds:		
Depreciation and depletion	25,483	24,398
Other	(621)	(806)
Funds from operations	42,183	44,496
Contributed surplus and revenue prepayments	3,065	1,877
Advances from the Province of Saskatchewan	44,490	27,714
	<u>89,738</u>	<u>74,087</u>
 APPLICATION OF FUNDS		
Repayment of long-term debt	21,249	27,168
Expenditures on plant and equipment	38,779	40,534
Income transferred to the Province of Saskatchewan	—	20,900
Net change in other items	(297)	16
	<u>59,731</u>	<u>88,618</u>
 INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$30,007</u>	<u>\$(14,531)</u>

Auditor's report

I have examined the consolidated balance sheet of Saskatchewan Power Corporation and its wholly-owned subsidiaries as at December 31, 1973, and the consolidated statements of income and retained income and source and application of funds 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 consolidated financial statements present fairly the financial position of Saskatchewan Power Corporation and its wholly-owned subsidiaries as at December 31, 1973, 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, after giving retroactive effect to the change in the method of accounting for Customer Capital Contributions as described in Note 1 to the financial statements, on a basis consistent with that of the preceding year.

Regina, Saskatchewan
February 1, 1974.


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

Consolidated balance sheet

ASSETS

	1973 (000's)	1972 (000's)
CURRENT ASSETS		
Short-term investments	\$ 14,496	\$ —
Accounts receivable — Customers	10,244	9,718
— Unbilled sales	11,601	11,493
— Other	1,985	1,756
Operating and construction inventories at cost	5,884	4,823
Gas in storage at cost	735	830
Prepaid expenses	731	525
	<u>45,676</u>	<u>29,145</u>
OTHER ASSETS	<u>1,872</u>	<u>1,943</u>
 UTILITY PLANT		
Plant in service at cost (Note 6)	844,927	789,094
Less: Accumulated depreciation and depletion	<u>245,511</u>	<u>220,620</u>
	599,416	568,474
Construction work in progress	<u>12,702</u>	<u>30,411</u>
	<u>612,118</u>	<u>598,885</u>
	<u>\$659,666</u>	<u>\$629,973</u>

See major accounting policies and notes on pages 11, 16 and 17.

AT DECEMBER 31

LIABILITIES AND PROVINCE'S EQUITY

	1973 (000's)	1972 (000's)
CURRENT LIABILITIES		
Bank loan	\$ 4,883	\$ 5,791
Income payable to the Province of Saskatchewan	—	10,500
Long-term debt due within one year	17,666	21,369
Interest accrued	9,539	8,978
Accounts payable	12,691	11,617
	<u>44,779</u>	<u>58,255</u>
CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS (Note 5)		
CUSTOMER DEPOSITS	<u>4,047</u>	<u>3,821</u>
DEFERRED INCOME ITEMS		
Unamortized debt costs and gains (Note 8)	6,677	5,602
Unamortized revenue prepayments (Note 1)	7,424	6,308
	<u>14,101</u>	<u>11,910</u>
LONG-TERM DEBT (Note 9)	490,898	466,937
Less: Sinking funds (Note 9)	90,391	88,516
	<u>400,507</u>	<u>378,421</u>
PROVINCE'S EQUITY		
Contributed surplus (Note 1)	47,342	45,997
Retained income	148,890	131,569
	<u>196,232</u>	<u>177,566</u>
	<u>\$659,666</u>	<u>\$629,973</u>

See major accounting policies and notes on pages 11, 16 and 17.

Notes to the financial statements

1. Customer Capital Contributions

Prior to 1973 the Corporation classified financial contributions required from some of its customers as Contributions in Aid of Construction. These contributions have now been reclassified as Contributed Surplus or Revenue Prepayments in accordance with the stated Accounting Policy for Customer Capital Contributions and Revenue Prepayments. This change in accounting policy increased Other Income by \$965,000 during 1973 and \$933,000 during 1972 and required a retroactive adjustment to Retained Income in the amount of \$13,505,000 and the setting up of Contributed Surplus Account in the amount of \$45,997,000 at December 31, 1972.

2. Depreciation and depletion expense applicable to production assets amounting to \$7,773,000 (\$6,943,000 in 1972) is included under Depreciation and Depletion heading.

3. The cost of gas sold includes the cost of produced and purchased gas exclusive of depreciation on production equipment and depletion expense applicable to Corporation-owned gas reserves amounting to \$1,381,000 (\$1,513,000 in 1972) which is included under the Depreciation and Depletion heading and less gas costs amounting to \$3,929,000 (\$2,947,000 in 1972) allocated to fuel expense for the generation of electricity.

4. Depreciation and Depletion (000's)

	1973	1972
Depreciation	\$24,450	\$23,280
Depletion	1,185	1,263
Capitalized	(152)	(145)
	<u>\$25,483</u>	<u>\$24,398</u>

5. Contingent Liabilities and Subsequent Events

At December 31, 1973, the Corporation was committed in the amount of approximately \$51.6 million (\$10.4 million in 1972) for materials, equipment and services on contracts not completed at year end.

6. Utility Plant in Service (000's)

Electric

	Cost		Depreciation & Depletion	
	1973	1972	1973	1972
Generation	\$284,451	\$252,000	\$ 62,812	\$ 54,569
Transmission	104,561	100,594	28,016	25,177
Distribution	198,356	189,852	64,931	58,952
	<u>587,368</u>	<u>542,446</u>	<u>155,759</u>	<u>138,698</u>

Gas

Production	33,032	31,185	15,908	14,527
Gathering, Treatment & Compression	30,039	29,560	14,824	13,445
Transmission & Storage	90,416	85,887	20,914	18,707
Distribution	70,144	67,502	21,816	19,922
	<u>223,631</u>	<u>214,134</u>	<u>73,462</u>	<u>66,601</u>

General Plant	33,928	32,514	16,290	15,321
	<u>\$844,927</u>	<u>\$789,094</u>	<u>\$245,511</u>	<u>\$220,620</u>

7. Interest on Long-Term Debt (000's)

	1973	1972
Interest paid and accrued	\$30,943	\$30,305
Amortization of debt costs and gains:		
Debt discount and expense ..	708	722
Gain on early repayment of debt	(1,300)	(833)
Provision for foreign exchange	513	(236)
	<u>30,864</u>	<u>29,958</u>
Less: Sinking fund earnings	6,188	6,724
	<u>\$24,676</u>	<u>\$23,234</u>

8. Unamortized Debt Costs and Gains (000's)

	1973	1972
Unamortized gains arising from the early repayment of long-term debt	\$11,995	\$10,766
Less unamortized debt discounts and expenses applicable to advances received from the Province of Saskatchewan	5,318	5,164
	<u>\$ 6,677</u>	<u>\$ 5,602</u>

During the year, advances from the Province totalling \$18,231,224 were repaid prior to their normal due dates following the cancellation of Province of Saskatchewan debentures held as investments in sinking funds. The difference between the sinking fund book value and the par value of the debentures cancelled amounted to \$2,529,506. This difference together with unamortized amounts from previous debenture cancellations is being amortized into income over the remaining term of the debentures cancelled. The credit to interest on long-term debt costs in 1973 was \$1,300,000 (\$833,000 in 1972).

9. Long-Term Debt

Advances from Province of Saskatchewan

Year Received	Year Repayable	Interest Rate	Face Amount In Foreign Currency (1)	Debt Recorded	Equity in Sinking Fund
1947	1974-77	2 $\frac{5}{8}$		156	—
1954	1974	3 $\frac{1}{4}$	3,604	3,626	2,774
1964	1974	5 - 5 $\frac{1}{2}$		1,018(2)	1,223
1955	1975	3 $\frac{1}{4}$ - 3 $\frac{1}{2}$		10,520	7,629
1960	1975	2 - 4 $\frac{1}{2}$	40,000*	12,836	6,882
1965	1975	5 - 5 $\frac{1}{2}$		1,160(2)	1,676
1956	1976	3 $\frac{3}{4}$ - 4 $\frac{1}{2}$	8,730	11,700	6,454
1966	1976	5 - 5 $\frac{1}{2}$		1,961(2)	413
1957	1977	4 $\frac{3}{4}$ - 5 $\frac{1}{4}$	21,690	27,967	13,167
1961	1977	4 $\frac{3}{4}$	4,355	4,356	1,856
1967	1977	5 - 6		2,509(2)	278
1968	1978	5 $\frac{1}{2}$ - 6 $\frac{1}{2}$		4,069(2)	428
1959	1979	5 - 5 $\frac{3}{4}$		9,650	3,469
1961	1979	5 $\frac{3}{4}$		4,978	1,400
1960	1980	5 - 6		14,634	2,910
1961	1981	5 - 5 $\frac{1}{2}$		8,534	2,032
1962	1982	5 $\frac{1}{8}$ - 5 $\frac{1}{2}$		24,690	2,546
1963	1982	5 $\frac{1}{4}$		9,703	749
1958	1983	4 $\frac{1}{8}$	11,820	12,035	5,046
1963	1983	5 - 5 $\frac{1}{4}$	18,355	21,637	3,689
1959	1984	4 $\frac{3}{4}$ - 5	19,591	19,880	7,115
1964	1984	5 $\frac{1}{4}$ - 5 $\frac{1}{2}$		3,429	212
1964	1985	5 $\frac{1}{2}$		7,516	507
1965	1985	5 $\frac{1}{2}$		2,140	—
1966	1986	5 $\frac{7}{8}$ - 6 $\frac{1}{4}$		13,820	506
1966-67	1986-87	5 $\frac{1}{4}$ - 5 $\frac{1}{2}$		13,033(3)	3,232
1967	1987	6		7,895	281
1967-68	1987-88	5 $\frac{1}{4}$ - 6 $\frac{1}{2}$		9,752(3)	1,985
1968	1988	7 $\frac{1}{4}$		12,979	542
1968-69	1988-89	6 $\frac{1}{2}$ - 7 $\frac{1}{4}$		27,908(3)	4,418
1969	1989	7 $\frac{5}{8}$	13,050	13,953	89
1969-70	1989-90	7 $\frac{1}{4}$ - 8 $\frac{1}{2}$		32,907(3)	3,884
1965	1990	4 $\frac{7}{8}$	3,625	3,931	395
1970	1990	8 $\frac{3}{4}$		15,000	967
1970-71	1990-91	6 $\frac{3}{4}$ - 8 $\frac{1}{4}$		33,062(3)	2,706
1961	1991	5 $\frac{3}{4}$		3,000	1,264
1971-72	1991-92	6 $\frac{3}{4}$ - 7 $\frac{1}{2}$		27,613(3)	1,318
1972-73	1992-93	7 - 7 $\frac{1}{2}$		23,189(3)	348
1973	1993	7 $\frac{1}{2}$		2,281(3)	—
1964	1994	5 $\frac{1}{2}$		4,151	316
1973	1998	7 $\frac{3}{4}$ - 8 $\frac{1}{4}$		40,000	—
				<u>\$505,178</u>	<u>\$94,706</u>

Other Long-Term Debt

City of Regina — Balance outstanding on purchase price for the City's electrical system with interest at 5 $\frac{1}{2}$ % and final payment due in 1983.	\$ 6,809	
City of Weyburn — Balance outstanding on purchase price for the City's electrical system with interest at 5 $\frac{1}{2}$ % and final payment due in 1979.	840	
Royal Bank of Canada Mortgages — 6% first mortgages	52	
	<u>512,879</u>	<u>94,706</u>
Amounts due within one year	21,981	4,315
	<u>\$490,898</u>	<u>\$90,391</u>

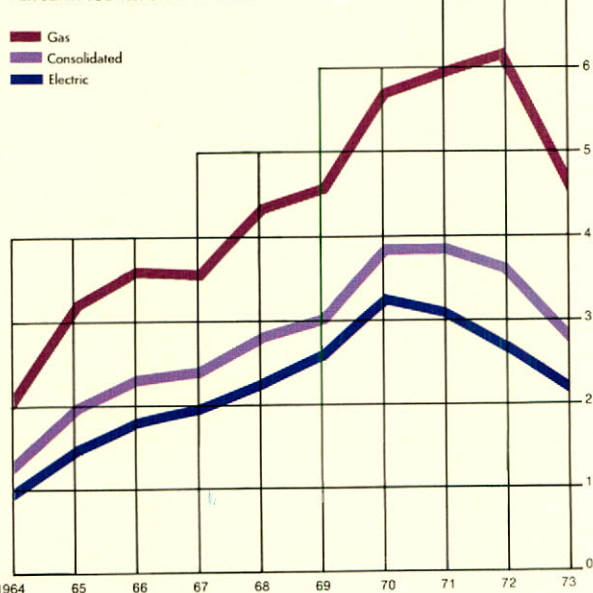
(1) United States dollar except the item (*) which is Swiss francs.

(2) Advances totalling \$10,716,700 are subject to redemption on demand.

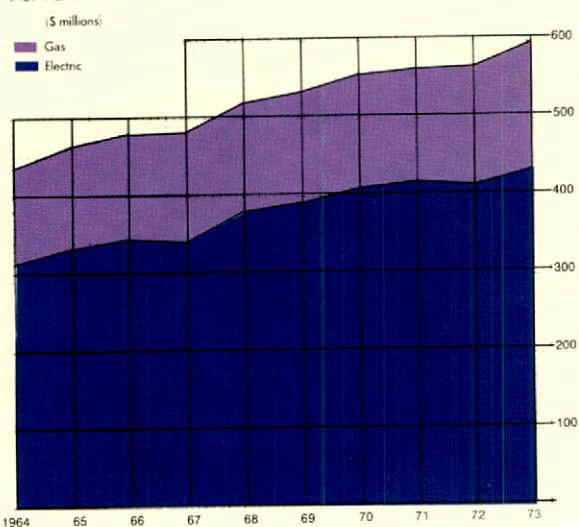
(3) Advances totalling \$169,745,000, original term of 20 years, subject to redemption on six months notice.

(4) Sinking fund installments and debt repayments for the next five years are as follows: (000's)
1974 - \$17,666; 1975 - \$19,000; 1976 - \$19,000; 1977 - \$22,000; 1978 - \$18,800.

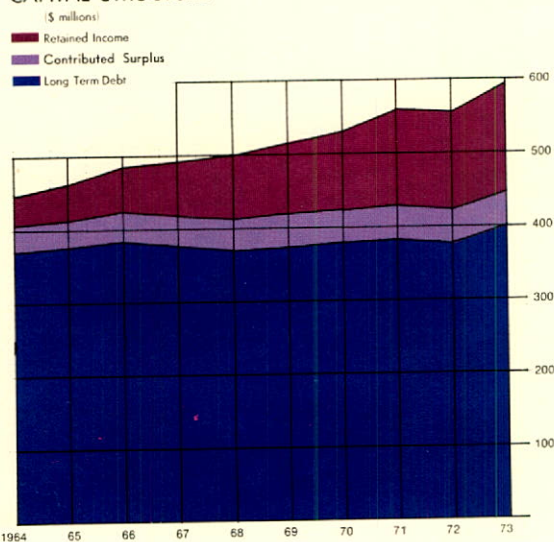
PERCENTAGE RETURN ON NET PLANT IN SERVICE



NET PLANT IN SERVICE



CAPITAL STRUCTURE



CONSOLIDATED INCOME

ELECTRIC SYSTEM

Sales (1)
Other

Cost of electricity
Maintenance and administrative expenses
Depreciation and depletion
Interest and other debt costs — net

Net income

GAS SYSTEM

Sales (1)
Other

Cost of gas
Maintenance and administrative expenses
Depreciation and depletion
Interest and other debt costs — net

Net income

Consolidated Net Income

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

SOURCE OF FUNDS

Funds from operations
Contributed surplus and revenue prepayments
Long-term debt
Other

APPLICATION OF FUNDS

Repayment of long-term debt
Expenditures on plant and equipment
Income transferred to the Province of Saskatchewan

Increase (decrease) in working capital

CONSOLIDATED BALANCE SHEET

ASSETS

Plant in service — cost
Accumulated depreciation and depletion
Work in progress
Current and other assets

LIABILITIES

Long-term debt — net
Retained income (2)
Contributed surplus
Current and other

PERCENTAGE EQUITY

Financial statistics (000's)

1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
\$ 86,321	\$ 79,246	\$ 76,169	\$ 72,387	\$ 67,020	\$ 62,538	\$ 57,336	\$ 52,866	\$ 46,145	\$ 39,778
1,559	1,242	1,177	1,136	1,069	1,035	1,282	1,239	1,238	1,138
87,880	80,488	77,346	73,523	68,089	63,573	58,618	54,105	47,383	40,916
21,443	16,253	13,934	13,173	11,173	12,962	11,313	9,340	6,946	5,723
20,088	18,896	17,493	16,100	15,377	12,994	12,426	10,970	9,764	8,567
18,334	17,123	16,537	15,970	15,590	15,252	13,897	13,159	12,223	10,963
18,065	16,700	16,103	14,614	15,493	13,549	14,050	14,225	13,384	12,512
77,930	68,972	64,067	59,857	57,633	54,757	51,686	47,694	42,317	37,765
9,950	11,516	13,279	13,666	10,456	8,816	6,932	6,411	5,066	3,151
49,345	47,972	45,223	42,306	38,760	36,140	32,077	30,081	27,285	23,019
1,275	1,022	999	809	894	731	1,076	929	780	686
50,620	48,994	46,222	43,115	39,654	36,871	33,153	31,010	28,065	23,705
18,459	16,579	15,524	13,152	11,613	10,319	8,600	6,873	5,434	4,822
11,927	10,549	9,922	9,773	9,352	8,322	7,771	7,442	7,057	5,957
7,149	7,275	6,844	6,933	6,347	6,246	5,866	5,671	4,902	4,261
5,714	5,203	5,117	4,796	5,767	5,883	5,941	6,101	6,441	5,981
43,249	39,606	37,407	34,654	33,079	30,770	28,178	26,087	23,834	21,021
7,371	9,388	8,815	8,461	6,575	6,101	4,975	4,923	4,231	2,684
17,321	20,904	22,094	22,127	17,031	14,917	11,907	11,334	9,297	5,835
42,183	44,496	44,610	44,645	40,247	37,415	32,669	31,302	27,081	21,612
3,065	1,877	1,732	1,307	1,488	1,712	2,496	1,716	1,742	2,159
44,490	27,714	28,624	47,870	45,016	50,603	32,938	41,105	49,954	38,305
297	(16)	(194)	(2,795)	8,216	911	9,923	1,060	6,548	52
90,035	74,071	74,772	91,027	94,967	90,641	78,026	75,183	85,325	62,128
21,249	27,168	25,336	32,730	48,494	59,573	42,904	35,477	49,954	20,362
38,779	40,534	34,392	36,812	28,487	38,639	43,480	42,338	49,172	37,890
—	20,900	—	10,400	8,100	3,500	3,000	—	—	—
60,028	88,602	59,728	79,942	85,081	101,712	89,384	77,815	99,126	58,252
30,007	(14,531)	15,044	11,085	9,886	(11,071)	(11,358)	(2,632)	(13,801)	3,876
844,927	789,094	765,367	733,869	695,260	662,392	600,571	582,829	551,663	510,945
(245,511)	(220,620)	(197,467)	(175,891)	(159,942)	(140,570)	(118,650)	(102,170)	(87,276)	(75,178)
12,702	30,411	14,979	14,040	22,844	30,225	53,839	31,384	24,148	20,720
47,548	31,088	28,554	27,943	25,002	34,202	34,126	33,193	31,854	33,755
659,666	629,973	611,433	599,961	583,164	586,249	569,886	545,236	520,389	490,242
400,507	378,421	383,034	380,239	372,670	370,056	377,761	384,290	377,284	371,195
148,890	131,569	131,565	109,471	97,754	88,823	77,406	61,079	49,745	40,448
47,342	45,997	45,181	44,390	43,755	42,659	41,278	39,907	38,586	37,364
62,927	73,986	51,653	65,861	68,985	84,711	73,441	59,960	54,774	41,235
\$ 659,666	\$ 629,973	\$ 611,433	\$ 599,961	\$ 583,164	\$ 586,249	\$ 569,886	\$ 545,236	\$ 520,389	\$ 490,242
31.9	30.8	30.4	27.7	26.3	24.8	22.6	19.5	17.8	16.6

(1) Intersystem usage of gas and electricity is included in system sales. This usage is eliminated on the statement of Consolidated Income and Retained Income.

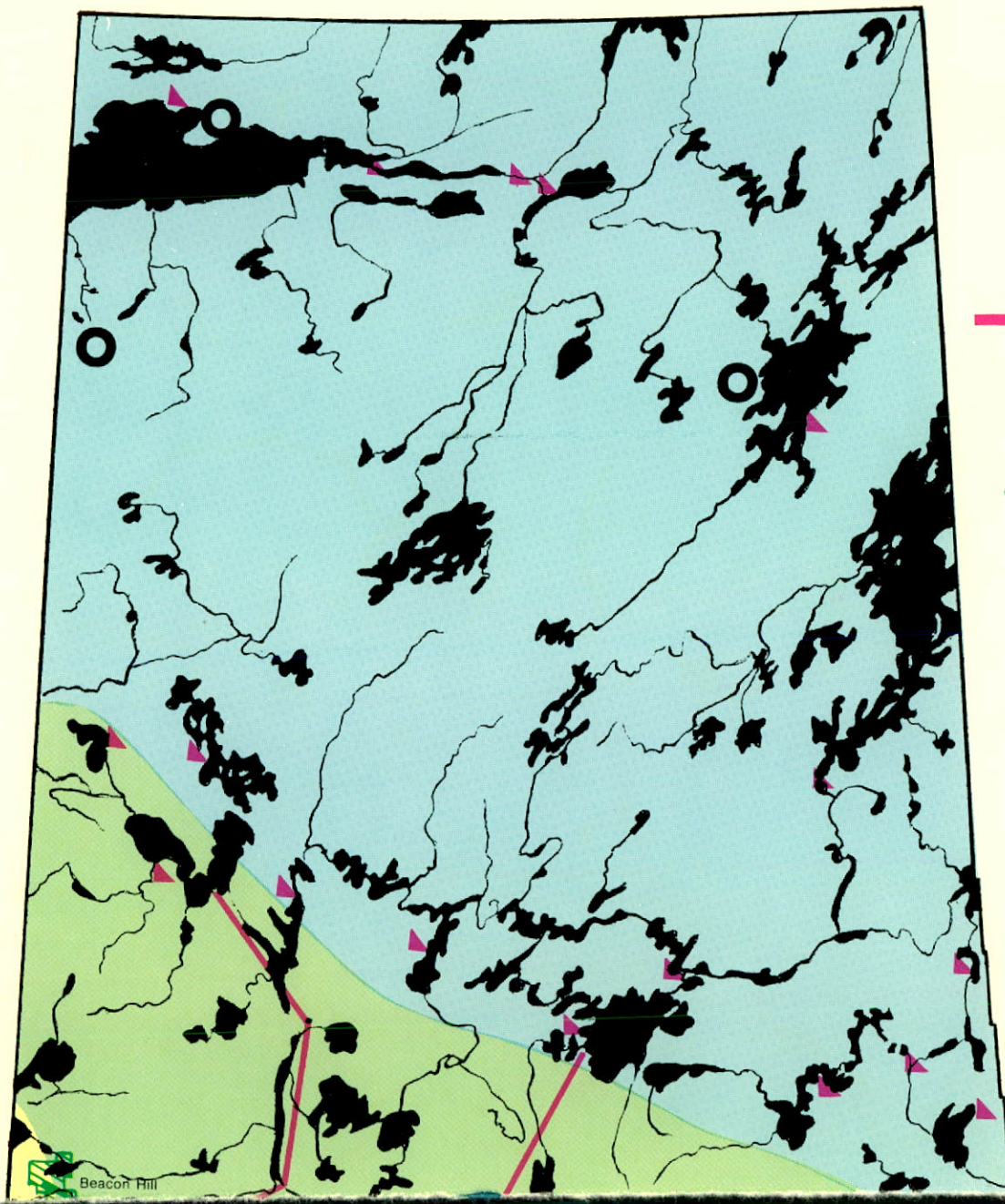
(2) In 1967, retained income was increased by \$7,420,000 recording unbilled sales and an adjustment to sinking funds.

(3) Statistics have been retroactively adjusted in accordance with an accounting policy change for Customer Capital Contributions and Revenue Prepayments.










Record of progress

	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
OPERATIONS—ELECTRIC SYSTEM										
Customers at December 31	283,282	277,508	274,400	271,000	269,200	267,500	263,900	258,577	251,361	206,053
Electricity sold (millions of kwh)	5,989	5,289	4,913	4,614	4,120	3,637	3,202	2,918	2,462	1,860
Average yearly residential consumption (kwh)	5,387	5,315	5,010	4,861	4,750	4,420	4,258	4,108	3,830	3,306
Average yearly farm consumption (kwh) ..	11,019	10,421	9,950	8,845	8,250	7,124	6,813	6,268	5,997	5,117
Rated generating capacity (kw)										
Hydro	467,000	467,000	467,000	467,000	467,000	467,000	280,000	281,000	201,000	201,000
Steam	1,057,000	907,000	807,000	807,000	682,000	532,000	537,000	537,000	537,000	452,000
Internal combustion	111,885	111,500	111,500	111,500	111,500	113,000	96,100	62,150	62,150	41,150
Total	<u>1,635,885</u>	<u>1,485,500</u>	<u>1,385,500</u>	<u>1,385,500</u>	<u>1,260,500</u>	<u>1,112,000</u>	<u>913,100</u>	<u>880,150</u>	<u>800,150</u>	<u>694,150</u>
Seasonal gross system peak load (kw) ..	1,290,900	1,175,000	1,089,000	1,066,000	956,000	918,000	862,000	756,500	696,100	539,500
Pole miles of line excluding urban distribution system										
72 kv and higher	5,068	4,920	4,864	4,634	4,488	4,488	4,395	4,182	3,870	3,610
Under 73 kv	72,802	72,271	71,965	71,632	71,353	70,948	70,327	69,852	69,420	68,580
OPERATIONS—GAS SYSTEM (Gas volumes at 14.65 psia)										
Customers at December 31	164,902	157,416	150,658	145,498	142,364	137,534	129,932	122,019	113,584	105,252
Gas sold (Thousands of Mcf)	113,998	109,356	107,187	99,309	88,697	84,485	71,562	67,835	61,519	51,646
Average yearly residential consumption (Mcf)	179	197	185	188	188	180	183	182	189	167
Degree days deficiency (Regina)	10,012	11,543	10,936	11,483	11,170	10,254	10,888	11,380	11,573	10,635
*Maximum daily consumption (Mcf)	543,410	539,240	522,440	487,240	447,030	421,980	370,670	360,880	318,540	266,880
Miles of pipeline in service										
Gathering	480	480	458	455	444	443	412	410	400	350
Transmission and laterals	4,691	4,486	4,052	3,811	3,417	3,354	3,101	2,787	2,550	2,400
Distribution	2,691	2,527	2,336	2,217	2,107	2,012	1,896	1,769	1,649	1,549
AVERAGE MONTHLY EMPLOYEES	2,524	2,453	2,420	2,464	2,461	2,597	2,701	2,779	2,789	2,787

*Previous to 1967, these figures are maximum daily production.



LEGEND

-  Electric System
-  Power Stations
-  North-Sask Electric
-  Gas System
-  Compressor Stations
-  Gas Storage
-  Gas Fields
-  Coal Deposits
-  Uranium Deposits

