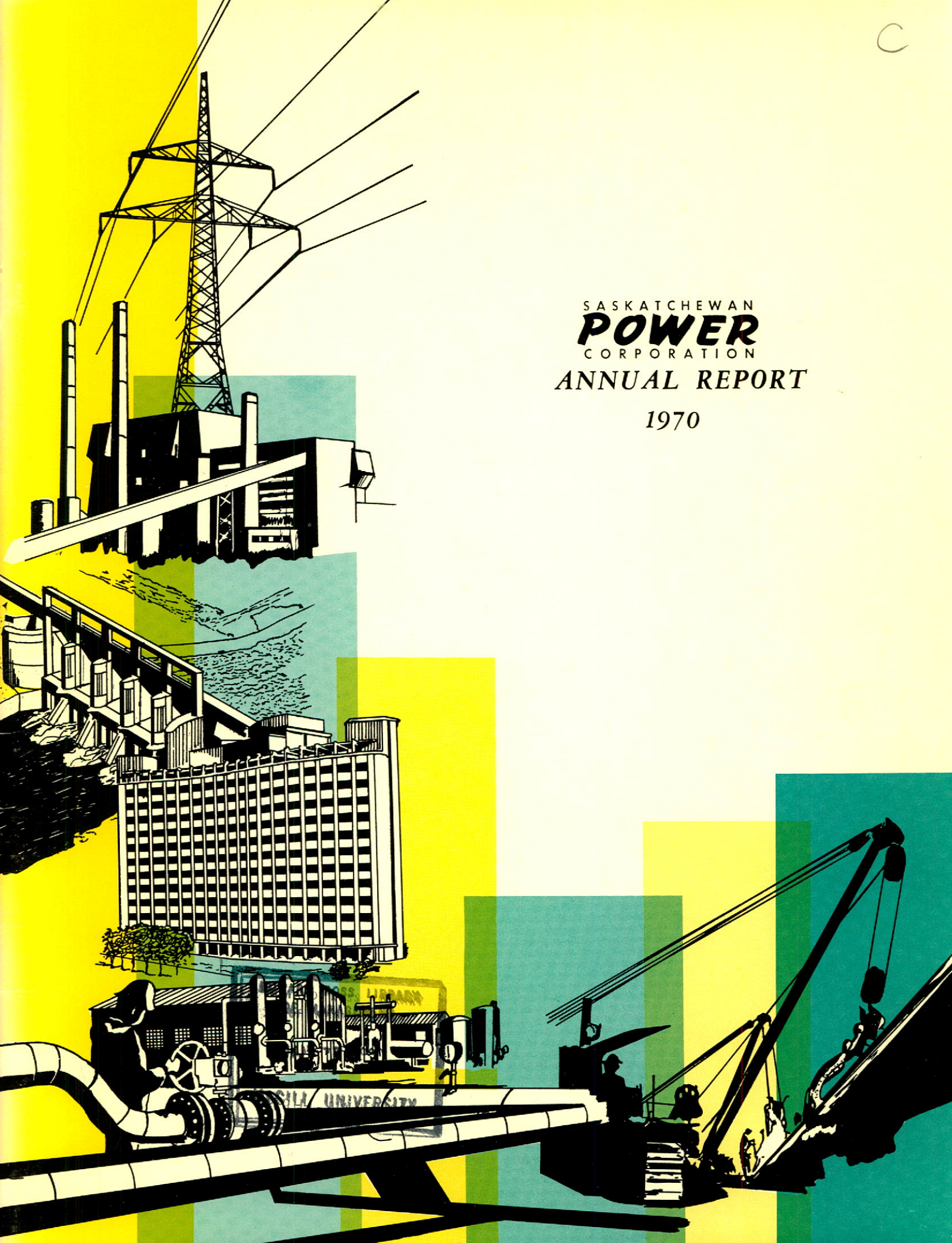


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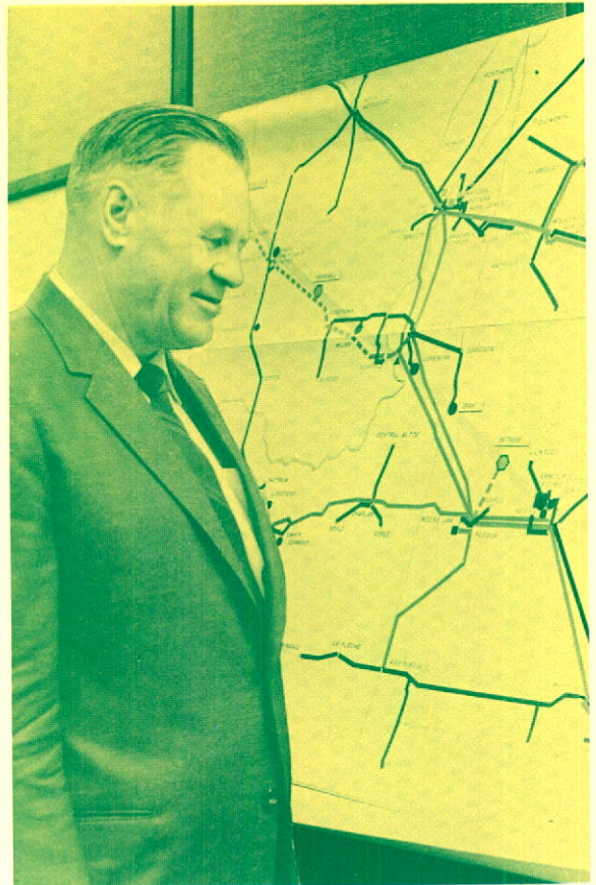
SASKATCHEWAN
POWER
CORPORATION
ANNUAL REPORT
1970





D. S. Dombowsky

Honourable D. G. Steuart
Vice-Chairman



E. T. Murphy

BOARD OF



D. P. Logan
J. M. Longpré
J. E. N. Wiebe
J. E. Nant

W. T. Patton
Honourable G. B. Grant

A. K. MacDonald
L. H. Stevenson
W. W. Spicer



Regina, February, 1971

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

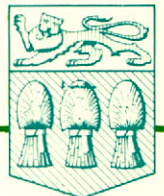
Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the year ended December 31, 1970, including the financial statements for the year duly certified by the Provincial Auditor of Utilities and in the form approved by the Treasury Board, all in accordance with The Power Corporation Act.

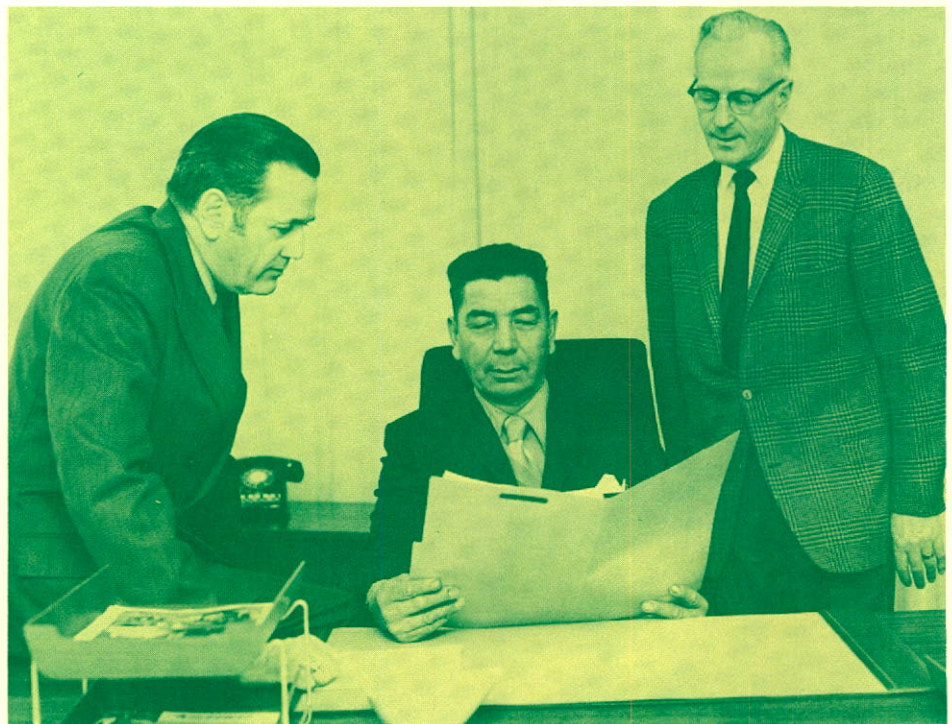
I have the honour to be, Sir,

Your obedient servant,

Minister in Charge of the
Saskatchewan Power Corporation.



DIRECTORS





To The Honourable C. L. B. Estey, *Chairman*,
and Members of the Board of Directors,
Saskatchewan Power Corporation,
Regina, Saskatchewan.

GENTLEMEN:

The summary table of "Highlights" shown hereunder, and the more comprehensive reports which follow, indicate a successful year of operation.

Revenue from energy sales and net income were substantially higher than in 1969. These increases, in part, resulted from exports of power to Manitoba Hydro and increased sales of natural gas to TransCanada PipeLines Limited. Excluding these exports, sales revenues for energy used in Saskatchewan increased by 5.8%. Net income was favourably affected by reductions in the provision for foreign debt servicing costs arising out of the improvement in the Canadian dollar foreign exchange rate.

The production and transmission facilities under construction to ensure future supplies of electricity and natural gas are described in the Electric and Gas System reports which follow. The gas transmission line, connecting the Beacon Hill Field to the Corporation's system at Prince Albert has made substantial quantities of gas available to the system as a whole and to several northern communities which could not be otherwise served.

Gas service was extended to 24 new communities and to one Indian Reserve, adding approximately 1,200 customers. Extensions were also made to 100 rural customers located near existing gas lines.

The Corporation has filed interventions with the National Energy Board in respect to applications made by TransCanada PipeLines Limited for increases in rates and transportation charges. The Corporation has also filed an appeal with the Alberta Public Utilities Board in respect to an increase in transportation rates by Alberta Gas Trunk Lines Ltd.

A new electrical agreement was signed with the City of Moose Jaw, replacing the agreement entered into when the local power plant and distribution system were purchased in 1960.

North-Sask Electric Ltd., the wholly-owned subsidiary established to serve isolated northern communities, completed its first full year of operations. In 1970, it made electric service available to the communities of Pinehouse and Black Lake, and assumed responsibility for the operation of existing facilities at Pelican Narrows and Stoney Rapids.

Early in the year, E. B. Campbell was appointed Assistant General Manager. He had previously been Manager of the Electric System. F. G. Ursel was appointed Manager of the Electric System, replacing Mr. Campbell.

Mr. D. B. Furlong resigned as General Manager in May, after serving in that capacity since 1965. Recognition is given to the service and guidance provided by him during his period of office.

Messrs. S. L. Buckwold, E. W. Bowman, and D. S. MacDonald retired from the Board of Directors after serving for six years. Their guidance and direction were sincerely appreciated. Messrs. D. S. Dombowsky and W. W. Spicer of Regina, D. B. Logan of Yorkton, and A. K. MacDonald of Saskatoon, joined the Board in 1970.

My sincere thanks go to all members of the Board for their direction and support during my term as Acting General Manager, and more recently as General Manager. I also wish to thank the management and staff of the Corporation for their cooperation and help during a challenging and productive year.

Respectfully submitted,


General Manager.

HIGHLIGHTS

	1970	1969
Revenue from Sales (\$ millions)	111.7	102.8
Net Income (\$ millions)	20.8	16.2
—transferred to Provincial Treasury	10.4	8.1
Energy Sold		
—electricity (billions of kwh)	4.6	4.1
—gas (billions of cubic feet)	99.3	88.7
Customers (meters in service)		
—electric	271,000	269,200
—gas	145,500	142,364

ELECTRIC SYSTEM

INCOME STATEMENT

	\$ Millions	
REVENUE	1970	1969
Electricity sales	72.4	67.0
Other income5	.6
	<u>72.9</u>	<u>67.6</u>
EXPENSES		
Fuel and power purchased	7.5	6.0
Operating expense	21.7	20.5
Depreciation	16.0	15.6
Interest and other debt costs	15.0	15.5
	<u>60.2</u>	<u>57.6</u>
NET INCOME	<u>12.7</u>	<u>10.0</u>

RESULTS AND OPERATIONS

Provincial energy sales during 1970 reached 4.5 billion kilowatt hours, 8% higher than in 1969. This compares with average annual provincial growth of 13.4% during the preceding two years. Including export sales to Manitoba, the overall growth in sales in 1970 was 10.8%.

Industrial usage was 10.5% higher than in 1969, somewhat less than the growth rate of previous years. Consumption by residential, farm and commercial customers increased by 5% compared to an increase of 9% in the previous year.

On December 21st, the provincial peak load reached one million kilowatts for the first time in the history of the Corporation. Including the firm power supplied to Manitoba, a total load of 1.1 million kilowatts was recorded on that date.

The distribution system at Prince Albert National Park was purchased from the federal government. This ended the contract for bulk power supply to the Park and added 470 individual customers to the system.

The total gain in customers in 1970 was 1,800. At year end, 271,000 customers were receiving service, including 1,175 supplied by North-Sask Electric Ltd.

Service was extended to 315 oil wells during 1970, bringing the total wells served to 5,475. This compares with 425 additional wells served in 1969 and 243 in 1968. Oil pipeline pumping capacity increased from 44,500 horsepower in 1969 to 55,000 horsepower in 1970.

The last of the established potash mines was provided with permanent service in late summer, bringing the number of potash mines served to nine.

River flows during 1970 were substantially below those of 1969, with the result that hydro generation produced about 500 million kilowatt hours less than in the previous year. This necessitated increased use of thermal stations, resulting in additional fuel consumption.

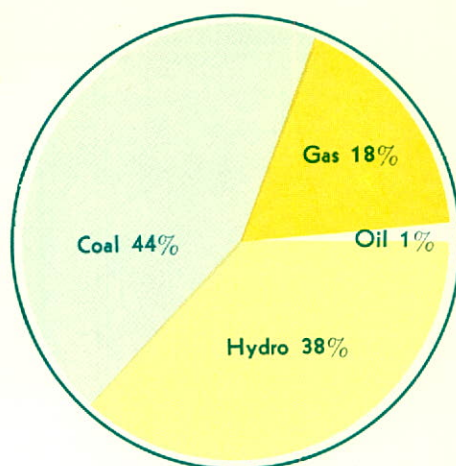
Several severe weather disturbances caused some service interruptions. A windstorm of near tornado proportions caused damage to the 138,000-volt and 72,000-volt transmission lines between Boundary Dam and Tantallon, and a second windstorm damaged the 138,000-volt lines between Regina and Moose Jaw. High incidence of lightning storms caused above normal disruption to service in some areas, particularly in the Northwest around North Battleford.

Ice jams diverted river flows and caused some damage to the pumphouse at the Queen Elizabeth Station in Saskatoon. A diversion dike was built in the river to prevent future recurrence of this condition.

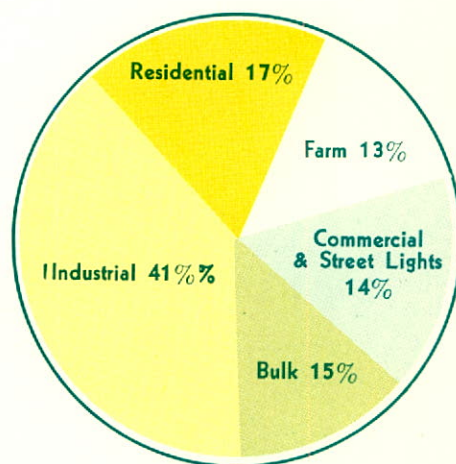
Following tests begun in 1965, the Squaw Rapids hydroelectric station was placed on remote control from the dispatch centre at Saskatoon.

GENERATION STATISTICS

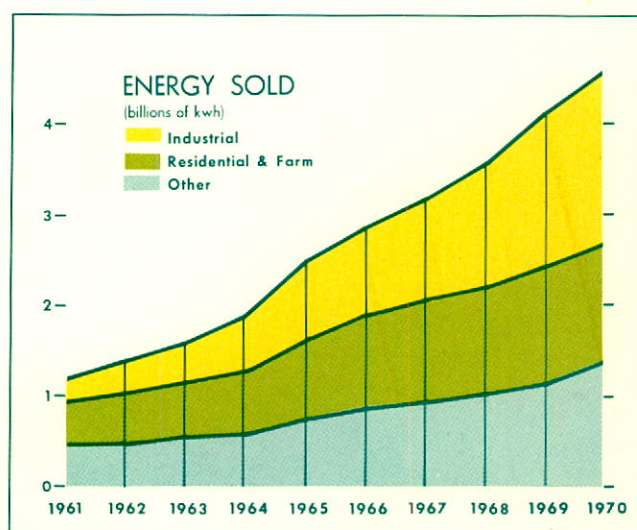
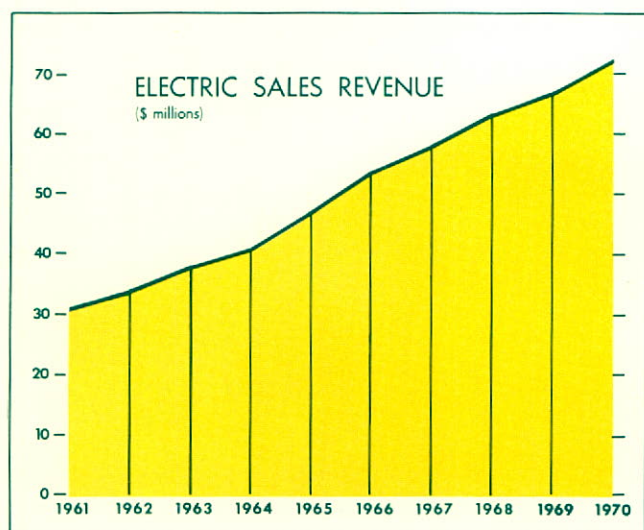
Power Station	Rated Generating Capacity (Kw)	Kwh (000's)	% Increase or Decrease Over 1969
HYDRO			
Squaw Rapids	280,000	1,047,300	—15
Coteau Creek	187,000	823,500	—27
Total	467,000	1,870,800	—20
STEAM			
Boundary Dam	432,000	2,012,500	118
Estevan	70,000	305,500	2
A. L. Cole	108,000	88,400	95
Queen Elizabeth	132,000	597,800	5
Regina "A"	65,000	193,300	—38
Total	807,000	3,197,500	49
INTERNAL COMBUSTION			
Kindersley	29,000	181,600	40
Swift Current	14,500	73,300	—13
Success	45,000	8,700	112
Regina "B"	23,000	3,100	—41
Total	111,500	266,700	19
TOTAL			
GENERATION	1,385,500	5,335,000	13
Less Station Service		221,800	53
NET GENERATED		5,113,100	11
NET PURCHASED		6,300	—86
NET SYSTEM KWH ..		5,119,500	11
Gross Peak Load			
(Dec 21— includes 100 Mw export)	1,143,000		21
Minimum Load			
(May 10)	344,000		11
Northern Diesel Plants	3,080	4,300	
Northern Purchases		700	
Total Northern		5,000	



ENERGY SOURCES 1970



ENERGY SOLD 1970



CAPITAL PROGRAM

Expenditures on new plant and equipment were as follows:

	\$ Millions	
	1970	1969
Generation facilities	11.8	14.9
Transmission facilities	7.3	4.5
Distribution facilities		
—Customer extensions	3.7	4.4
—System improvement	1.3	1.0
	24.1	24.8

Premier W. Ross Thatcher officially commissioned the 300,000-kilowatt extension to the Boundary Dam Power Station on June 13, 1970. The first of two 150,000-kilowatt units of the extension was in service for the 1969 peak load season and the second unit for the same peak period in 1970.

Work was started on the third 150,000-kilowatt unit at Boundary Dam with completion scheduled for 1973, at which time the capacity of the station will total 582,000 kilowatts.

Construction of a 100,000-kilowatt extension to the Queen Elizabeth Power Station continued on schedule with commissioning planned for the fall of 1971, at which time the capacity of the station will reach 232,000 kilowatts.

The most important transmission project involved increasing the capacity of one circuit on the existing steel tower line between Boundary Dam and Regina and increasing its voltage from 138,000 volts to 230,000 volts. This project was completed in August and provided the transmission capacity to transport the additional power available from Boundary Dam.

A 150-mile 72,000-volt transmission line was built to connect La Ronge to the provincial grid at Prince Albert. This line provides service to North-Sask Electric Ltd. customers at La Ronge and replaces diesel power generation at that point.

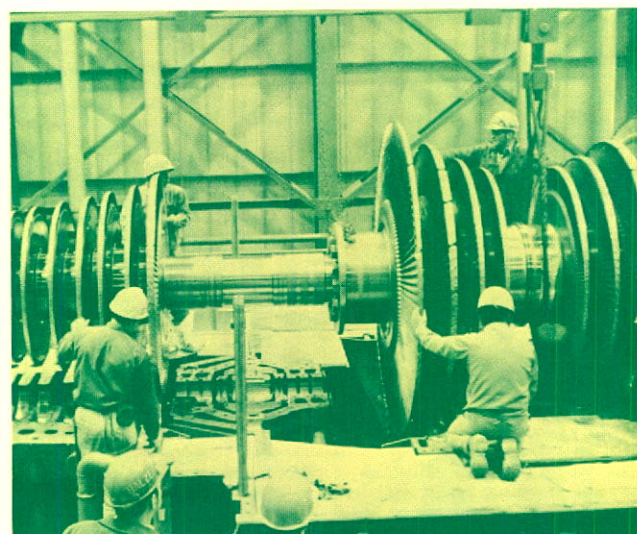
THE PAST AND THE FUTURE

During the past ten years, the system experienced exceptional growth rates. Peak demands increased from 333,600 kilowatts in 1960 to 1,000,000 kilowatts in 1970, and sales increased from 1 billion kilowatt hours to 4.6 billion kilowatt hours. This involved an average annual increase of 12.1% in demand and 16.5% in energy sales. During the decade the number of customers increased by 95,000.

Present plans for future generating capacity include the 100,000-kilowatt unit at the Queen Elizabeth Station in 1971, a one-year 100,000-kilowatt purchase from Manitoba in 1972, and an additional 150,000-kilowatt unit at Boundary Dam in 1973.

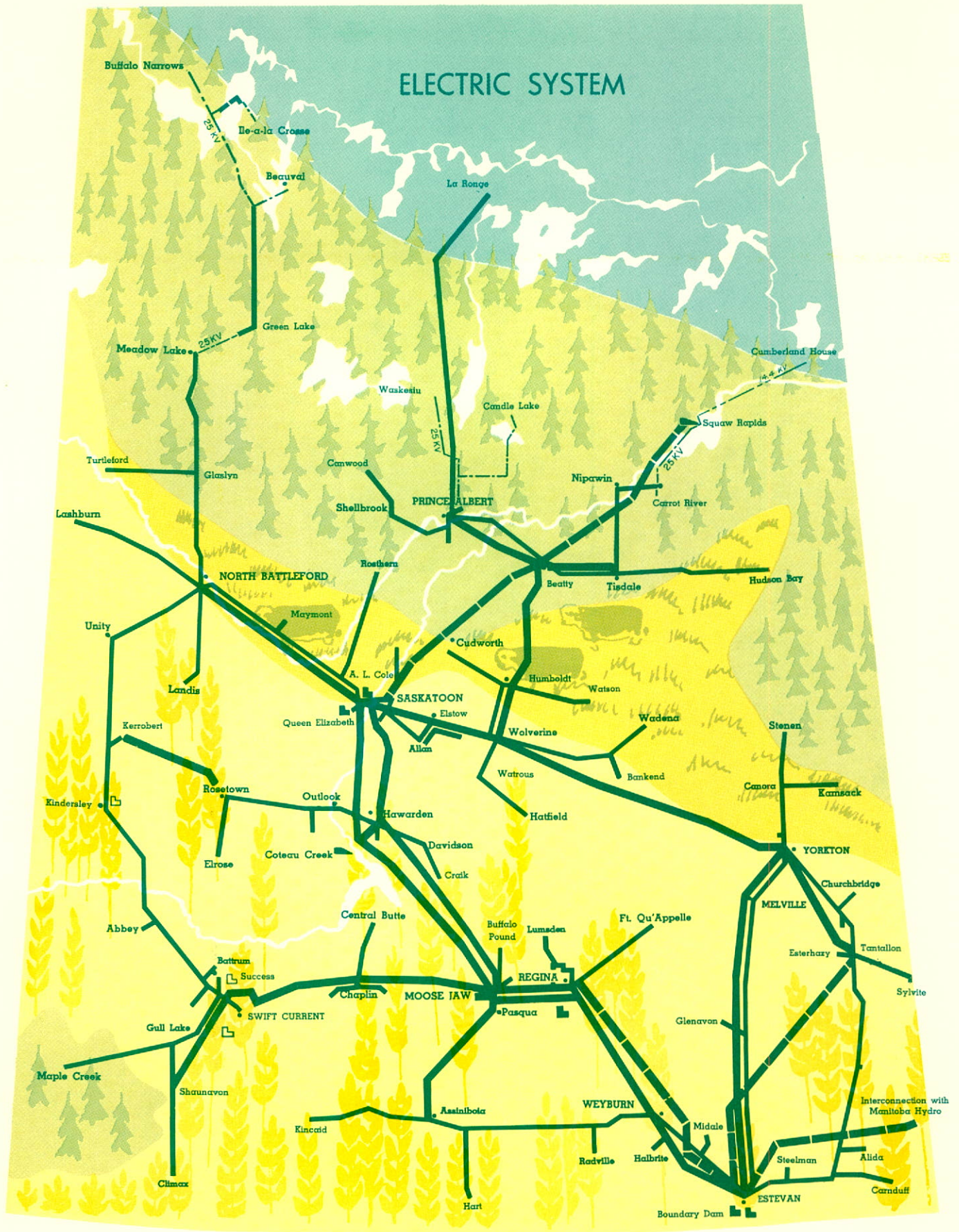
During 1970, arrangements were completed with Manitoba for a second 230,000-volt intersystem connection via a transmission line from Yorkton, Saskatchewan, to Roblin, Manitoba. This project is scheduled for completion in 1972.

Work has started on transmission facilities to add 127,500 horsepower of oil pipeline pumping loads during the next two years. The facilities to supply these loads will be completed as part of the 1971 construction program.






The 20-ton turbine shaft for the Queen Elizabeth Power Station extension being lowered into position.

ELECTRIC SYSTEM



-  HYDROELECTRIC STATIONS
-  STEAM STATIONS
-  INTERNAL COMBUSTION STATIONS

-  TRANSMISSION LINES 72 KV 2729 MILES
-  TRANSMISSION LINES 138 KV 1393 MILES
-  TRANSMISSION LINES 230 KV 512 MILES

GAS SYSTEM

1970 RESULTS

Revenue \$42.9 million

Expenses \$34.8 million

Net Income .. \$ 8.1 million

OPERATIONS

Sales — Gas sales growth in 1970:

—Volume up 12% to 99.3 billion cubic feet

—Revenue up 9% to \$42.3 million.

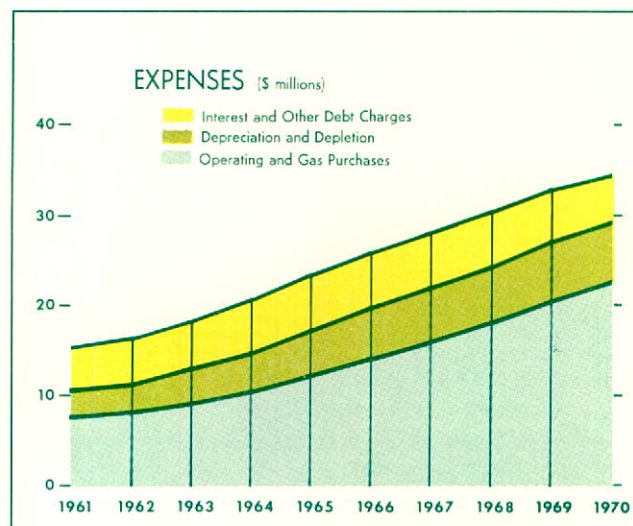
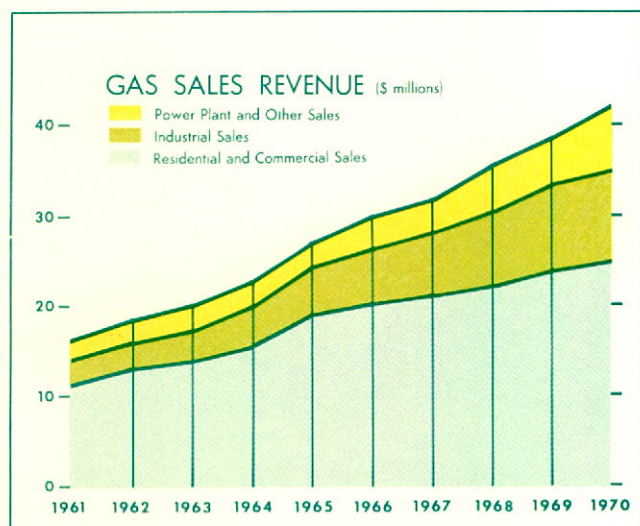
Residential and commercial consumption increased by 2%, reflecting a similar increase in the number of customers served. Consumption by industrial customers also increased by 2%. The volume of gas used for the generation of electricity remained at the same level as in 1969.

Sales to TransCanada PipeLines Limited under the current gas exchange agreement accounted for the balance of the overall increase in sales volume.

Expenses — Total expenses of \$34.8 million were 5% higher than in 1969. The most significant increase occurred in expenditures on gas purchases, reflecting the larger volumes required by increased sales and the higher average price paid for purchased gas.

INCOME STATEMENT

	\$ Millions	
	1970	1969
REVENUE		
Gas sales	42.3	38.8
Other income	0.6	0.5
	<u>42.9</u>	<u>39.3</u>
EXPENSES		
Gas purchases	11.3	10.0
Operating expense	11.7	11.0
Depreciation and depletion	6.9	6.3
Interest and other debt costs	4.9	5.8
	<u>34.8</u>	<u>33.1</u>
NET INCOME	<u>8.1</u>	<u>6.2</u>



CONSTRUCTION PROGRAM

	\$ Millions	
	1970	1969
Service to new communities	2.4	.5
Distribution extensions to communities already served	1.2	1.6
Additional transmission capacity	7.9	1.2
New production and gathering facilities	.6	.1
System improvement3	.2
	<u>12.4</u>	<u>3.6</u>

The largest project associated with increasing transmission capacity was the construction of a 180-mile, 12-inch pipe line from the Beacon Hill gas field near Pierceland to Prince Albert.

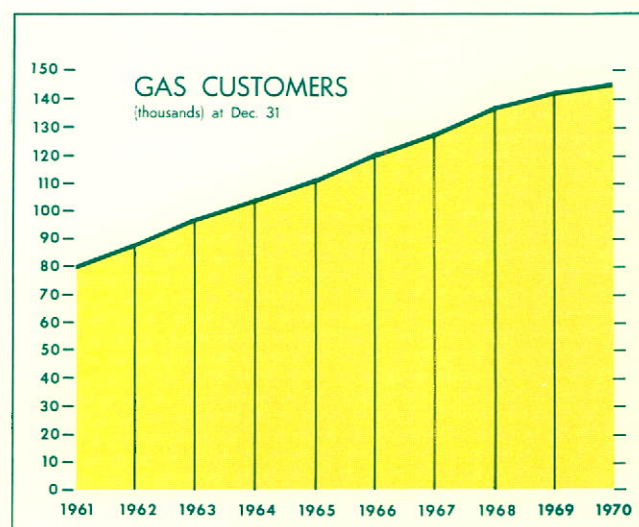
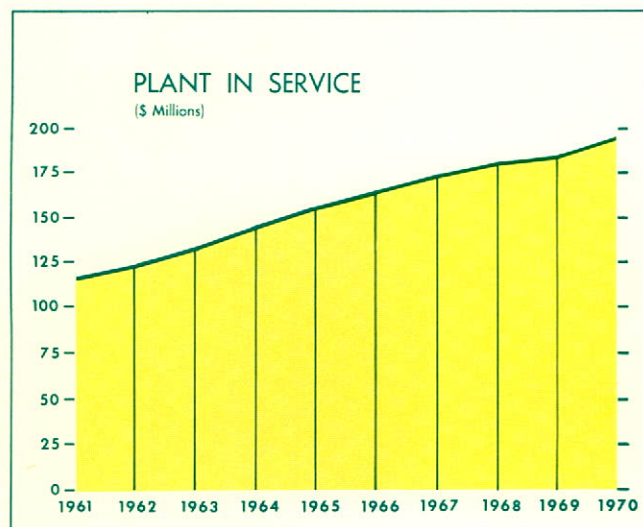
In total, 3,100 customers were added to the system in 1970. This included 1,244 customers in 24 new communities and one Indian Reserve. Extensions were also made to 100 rural customers located near existing gas lines.

Compression facilities were modified by the addition of a new 2,200-horsepower compressor station at Rosetown, and the relocation of a 1,100-horsepower turbine compressor from Saskatoon to the Success compressor station. The new compressor station at Rosetown raised the total system compressor station capacity to 38,100 horsepower.

The capital program in 1970 increased total investment in the Gas System to \$196 million.



Laying pipe across frozen muskeg on the line from Beacon Hill to Prince Albert.



GAS SUPPLY

GAS SUPPLY SOURCES

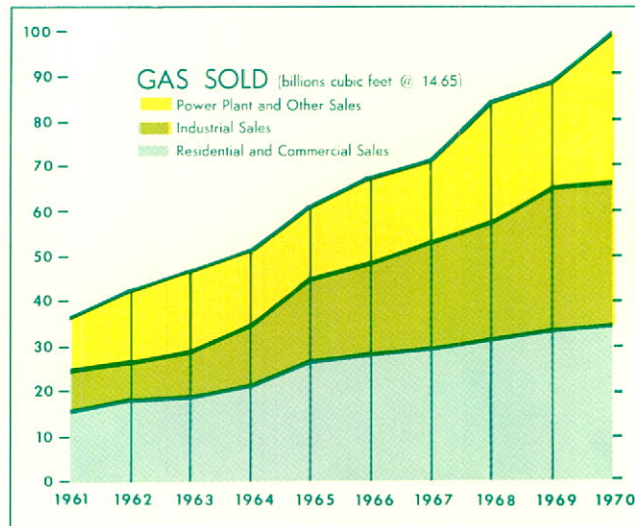
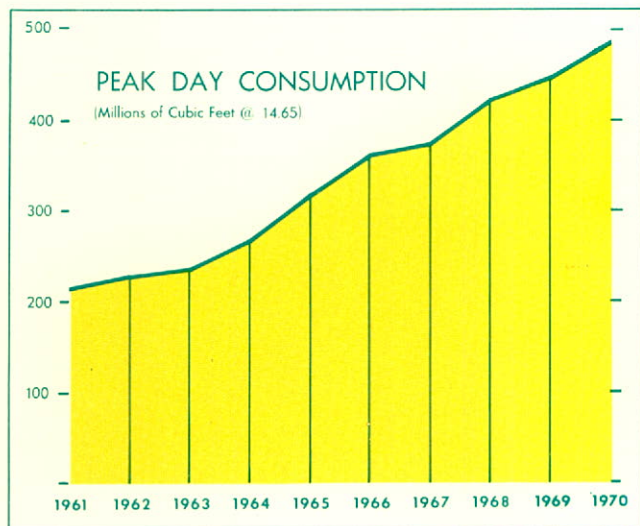
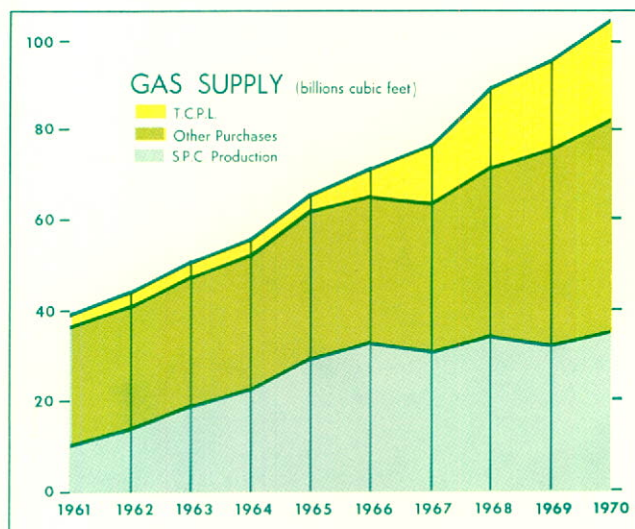
(Billions of Cubic Feet @ 14.65 psia)

	1970	1969
Purchased from field suppliers	46.9	43.3
SPC production	35.3	32.1
Purchased from TransCanada PipeLines Limited	23.4	19.8
Total volume delivered	105.6	95.2
Storage, fuel and other uses	6.3	6.5
Total sold	99.3	88.7

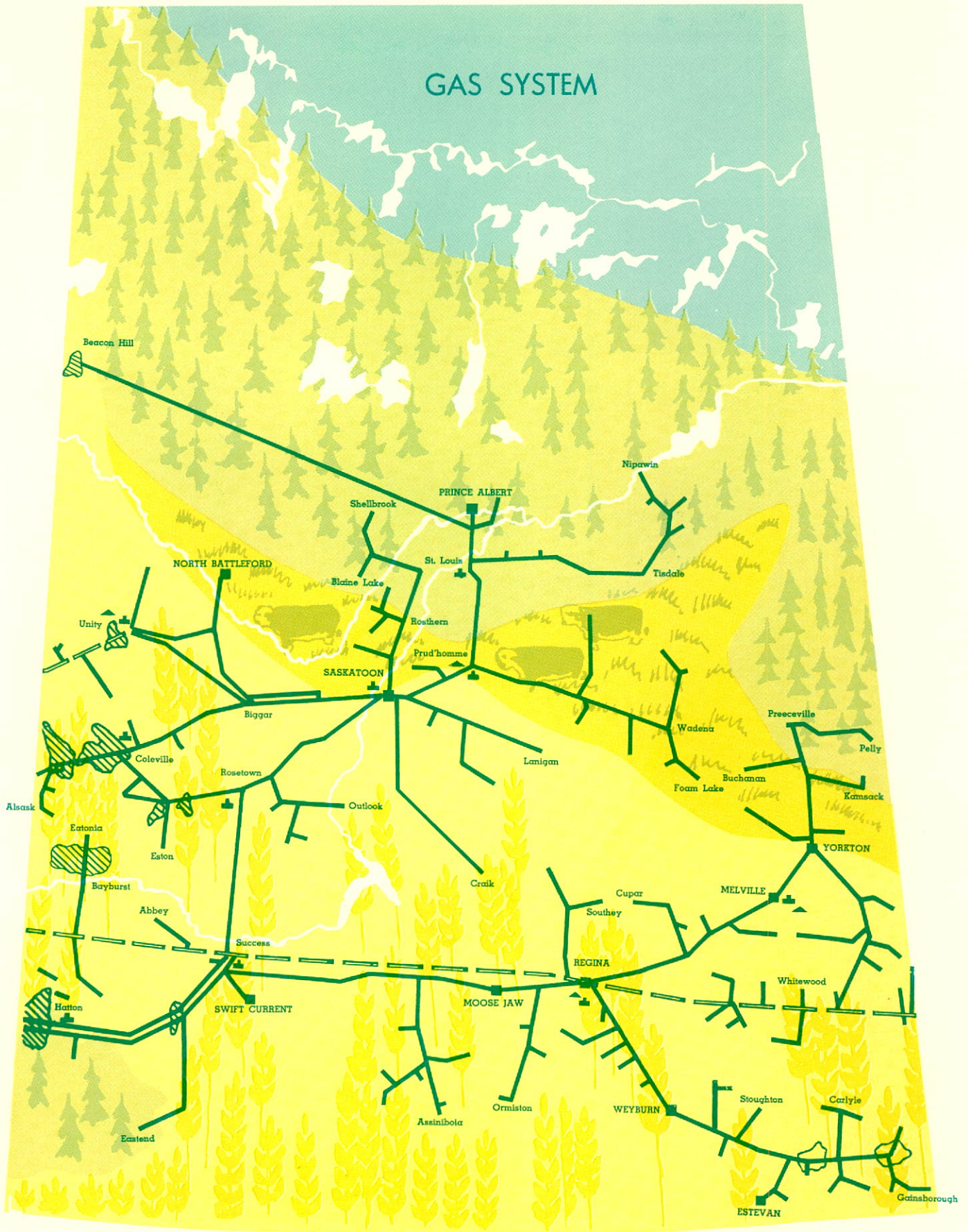
Gas volume delivered to the system was 11% higher than in 1969, and the peak day requirement of 487 million cubic feet was 9% greater. All supply sources increased production to meet the additional volume requirements.

Additional gas supplies in Saskatchewan were tied into the Corporation's system in 1970. The Beacon Hill field added 200 billion cubic feet of reserves. Development in the Brock East area and West Bayhurst area added 80 billion cubic feet. In the Corporation-owned Medicine Hat field, 18 wells were drilled in order to maintain production from this source.

The Corporation is devoting considerable effort to secure additional long-term gas supplies. The widespread Milk River gas formation is under investigation in the Hatton and Medicine Hat area and 27 test wells have been tied into the system to evaluate its potential. Geological information on some areas of Saskatchewan is being evaluated and other potential sources of supply are being studied.



GAS SYSTEM



— TRANSMISSION LINES 3811 MILES
 - - - TRANS-CANADA PIPELINE

■ 10 COMPRESSOR STATIONS
 ▲ 4 UNDERGROUND STORAGE CAVERNS

🌲 NATURAL GAS FIELD
 ☁️ FLARE GAS SUPPLY SOURCE

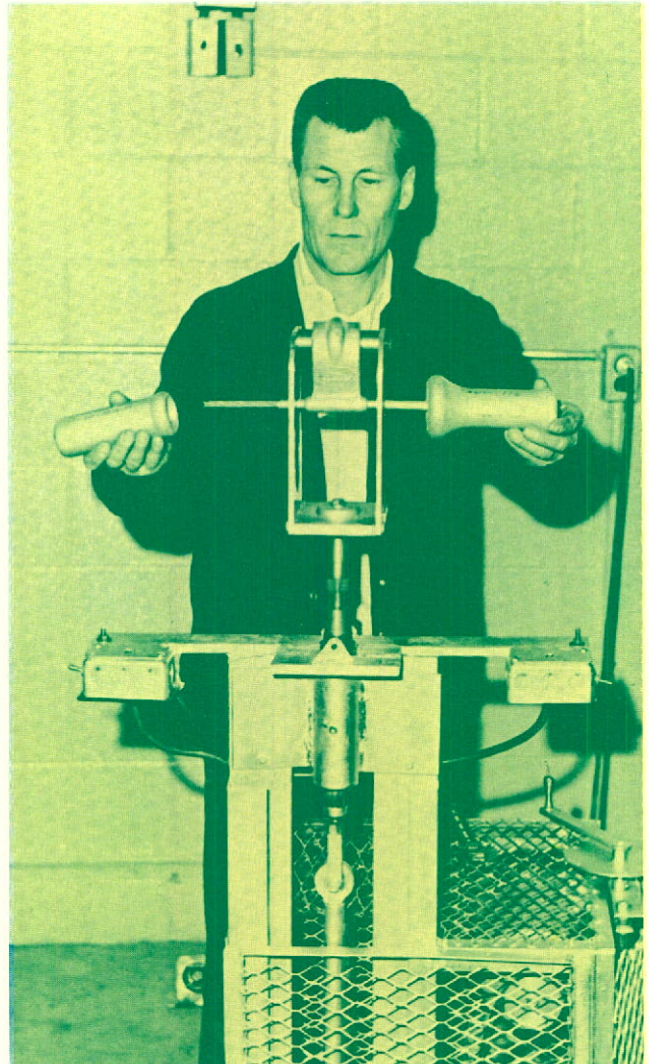
GENERAL ADMINISTRATION

Staff Training — Continuing recognition of the need for, and importance of, staff training was reflected in the introduction of several new training programs in 1970. These, in combination with existing programs, were designed to increase and broaden the skills of employees in the areas of job performance, supervision, and customer relations.

Labour Relations — Negotiations with the Oil, Chemical and Atomic Workers International Union concluded with the signing of an agreement February 25, 1970, for the term October 1, 1969 to September 30, 1971. Contract negotiations with the International Brotherhood of Electrical Workers began early in November, 1970, and at year-end were nearing conclusion.

Anti-dumping Tribunal — The Corporation presented a brief to a tribunal established under the Anti-dumping Act to enquire into complaints by Canadian manufacturers alleging the dumping of power transformers on the Canadian market by offshore manufacturers. The tribunal decision removed assessment of dumping duties from a large transformer purchased from overseas by the Corporation, but may result in assessment of dumping duty on future purchases.

Safety — The 1970 lost-time accident experience, while not as favourable as in 1969, was consistent with the average of preceding years. There were no fatalities during the year. Vehicle accident frequency decreased.



One of the Research and Development projects involved studying the effects of vibration on high-voltage lines. Shown is a vibration damper, broken under test in a "brute force" shaker.

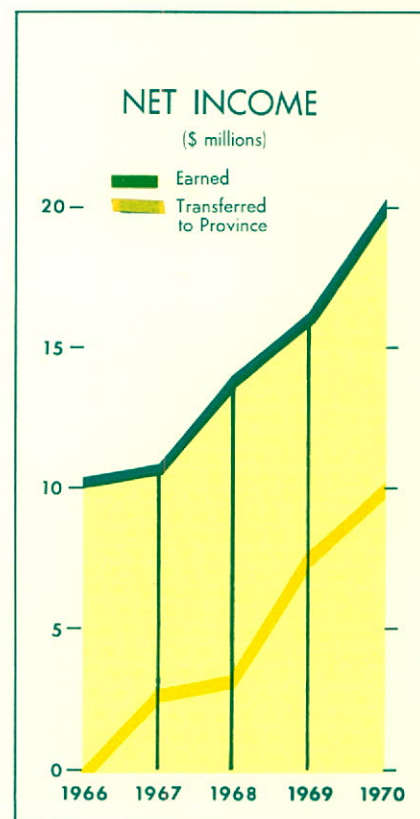
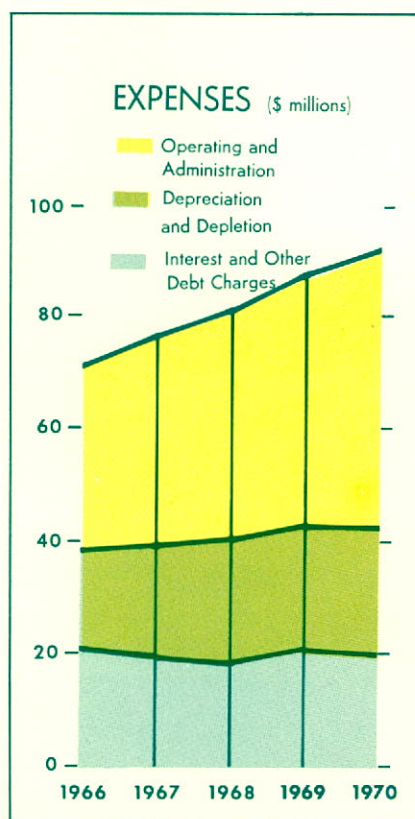
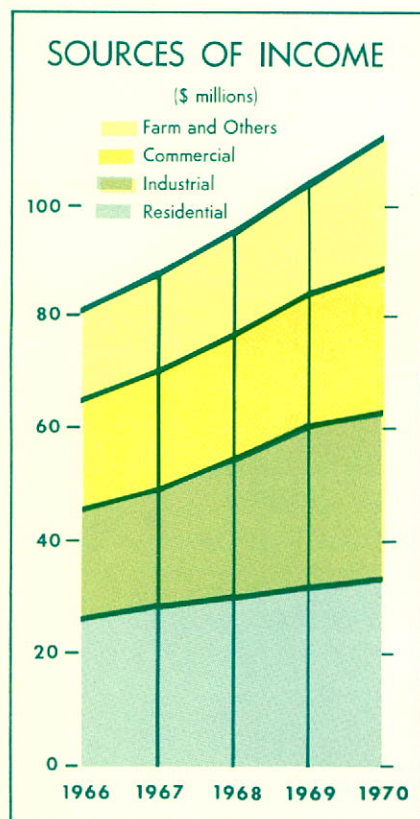
FINANCIAL

Income and Expenses — Sales and other income increased by \$8.7 million or 9% over 1969. While sales to all customer classifications exceeded those of the previous year, the largest increases occurred in the electrical industrial sector, power exports to Manitoba and in gas sales to TransCanada PipeLines Limited, under an exchange agreement.

Expenses for the year reached \$92 million, a 4.8% increase over 1969. Net interest and other debt costs decreased by \$1.3 million, as a result of increased sinking fund earnings and lower foreign exchange costs experienced during the year. Operating expenses increased by 8.4% for the year.

Net income reached a new high of \$20.8 million, an increase of \$4.6 million over the previous year. \$10.4 million of this amount is being transferred to the Province of Saskatchewan.

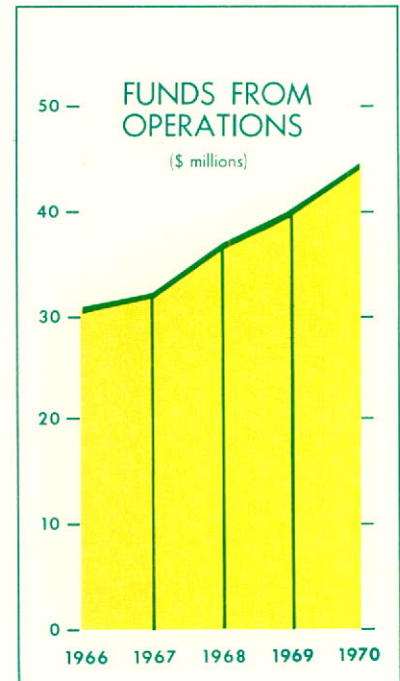
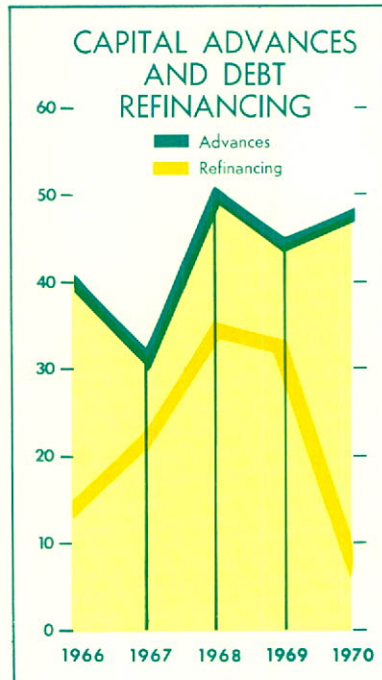
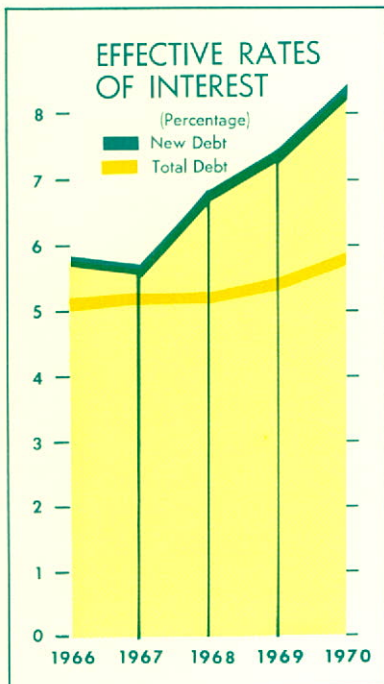
Financing — The Corporation received \$47.9 million in long-term advances from the Province of Saskatchewan to finance the year's construction program and to re-finance prior years' advances. The average interest rate on the new advances received was 8.43% as compared to an average rate of 7.54% on advances received in 1969.



Taxes and Other Payments to Governments — During the year the Corporation paid taxes, rentals and royalties to the various levels of government as shown below:

	\$ Millions
Canada (estimated)	2.0
Province of Saskatchewan	2.1
Province of Alberta6
Urban Municipalities	2.1
	<hr/>
	6.8
	<hr/>

Surcharges and taxes on electricity bills resulted in the collection of a further \$5.0 million on behalf of municipal and provincial governments. This included \$2.8 million in Education and Health tax collected on behalf of the provincial government and \$2.2 million of surcharges collected on behalf of urban municipalities.



Auditor's Report

I have examined the consolidated balance sheet of the Saskatchewan Power Corporation and its wholly-owned subsidiaries as at December 31, 1970 and the consolidated statements of income, 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, read in conjunction with notes numbered 1 to 11 appended thereto, present fairly the financial position of the Saskatchewan Power Corporation and its wholly-owned subsidiaries as at December 31, 1970 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.

Regina, Saskatchewan,
February 19, 1971

R. C. Hodsmen
R. C. Hodsmen, F.C.A.,
Provincial Auditor.

SASKATCHEWAN POWER CORPORATION *and wholly-owned subsidiaries*

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31

	1970 (000's)	1969 (000's)
INCOME		
Electricity and gas sales	\$111,692	\$102,846
Other	1,083	1,124
	<u>112,775</u>	<u>103,970</u>
EXPENSES		
Production and purchase of electricity and gas (Note 2)	23,324	19,853
Transmission and distribution (Note 2)	16,463	15,572
Other operating and administration (Note 2)	9,409	9,156
Depreciation and depletion (Notes 3 and 4)	22,904	21,937
Interest and other debt costs (Note 5)	19,900	21,260
	<u>92,000</u>	<u>87,778</u>
NET INCOME FOR THE YEAR	<u>\$ 20,775</u>	<u>\$ 16,192</u>

CONSOLIDATED STATEMENT OF RETAINED INCOME

FOR THE YEAR ENDED DECEMBER 31

	1970 (000's)	1969 (000's)
RETAINED INCOME — January 1	\$ 86,843	\$ 78,751
Net income for the year	20,775	16,192
	<u>107,618</u>	<u>94,943</u>
Income transferred to the Province of Saskatchewan	10,400	8,100
RETAINED INCOME — December 31	<u>\$ 97,218</u>	<u>\$ 86,843</u>

See notes on page 18

SASKATCHEWAN POWER CORPORATION *and wholly-owned subsidiaries*

CONSOLIDATED BALANCE SHEET

ASSETS

	1970 (000's)	1969 (000's)
UTILITY PLANT		
Plant in service at cost — (Note 6)	\$733,869	\$695,260
Less: Accumulated depreciation and depletion	175,891	159,942
	<hr/>	<hr/>
	557,978	535,318
Construction work in progress	14,040	22,844
	<hr/>	<hr/>
	572,018	558,162
	<hr/>	<hr/>
 CURRENT ASSETS		
Accounts receivable — Customers	9,325	8,113
— Unbilled revenue	10,479	9,568
— Other	920	1,032
Operating and construction inventories at cost	4,388	4,073
Gas in storage at cost	760	790
Prepaid expenses	615	295
	<hr/>	<hr/>
	26,487	23,871
	<hr/>	<hr/>
 OTHER ASSETS	1,456	1,131
	<hr/>	<hr/>
	 \$599,961	 \$583,164
	<hr/>	<hr/>

AS AT DECEMBER 31

LIABILITIES

	1970 (000's)	1969 (000's)
LONG-TERM DEBT (see schedule and Notes 7 & 8)	\$474,828	\$530,849
Less: Sinking funds — (see schedule)	94,109	158,179
	<u>380,719</u>	<u>372,670</u>
RETAINED INCOME	97,218	86,843
CONTRIBUTIONS IN AID OF CONSTRUCTION (Note 10)	61,624	60,012
	<u> </u>	<u> </u>
CURRENT LIABILITIES		
Bank loan	3,807	10,915
Income payable to the Province of Saskatchewan	10,400	8,100
Long-term debt — current portion	22,025	23,932
Interest accrued	8,547	9,677
Accounts payable	11,331	11,955
	<u>56,110</u>	<u>64,579</u>
CUSTOMER DEPOSITS	3,544	3,468
	<u> </u>	<u> </u>
DEFERRED CREDITS		
Unamortized debt costs and gains (Note 7)	746	(6,954)
Prepayment of gas sales	—	2,546
	<u>746</u>	<u>(4,408)</u>
	<u>\$599,961</u>	<u>\$583,164</u>

See notes on page 18

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31

SOURCE OF FUNDS	1970 (000's)	1969 (000's)
Net Income	\$ 20,775	\$ 16,192
Add: Transactions not requiring funds	23,565	23,783
Funds from operations	44,340	39,975
Contributions in aid of construction.....	1,612	1,760
Prepayment of gas sales	(2,546)	2,546
Advances from the Province of Saskatchewan	47,870	45,016
Net change in other items	1,658	5,670
	<u>92,934</u>	<u>94,967</u>
APPLICATION OF FUNDS		
Repayment of long-term debt	34,637	48,494
Expenditures on plant and equipment	36,812	28,487
Income transferred to the Province of Saskatchewan	10,400	8,100
	<u>81,849</u>	<u>85,081</u>
INCREASE IN WORKING CAPITAL	<u>\$ 11,085</u>	<u>\$ 9,886</u>

NOTES TO FINANCIAL STATEMENTS

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

Many Islands Pipe Lines Limited produces, gathers and transmits gas from the Many Islands fields in Alberta for the exclusive use of the Corporation.

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

2. Capitalized Expenses — A total of \$2,175,994 (\$1,791,404 in 1969) representing administrative, engineering, and supervisory costs capitalized has been eliminated in the determination of these expenses. The basis for determining the amount was unchanged from 1969.

3. Depletion — Depletion of gas rights is calculated using the unit-of-production method. The total depletion for 1970 was \$1,430,443 compared to \$1,282,752 in 1969.

4. Depreciation — Depreciation has been calculated using the unit-of-production method for certain gas assets, such as gathering systems, whose lives are directly related to gas reserves. For all other assets, depreciation has been calculated using the straight-line method based on the estimated useful life of the asset. Estimated useful lives of the major assets are as follows:

Electric System

Generation

Hydroelectric	50 years
Thermal power	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 system	25 - 40 years

The total depreciation provision for 1970 was \$21,613,863 of which \$140,766 was capitalized. Corresponding figures for 1969 were \$20,816,748 and \$162,100 respectively.

It is the Corporation's policy to review periodically the remaining useful lives of the plant in service. A change was made in 1970 in the remaining useful lives of some gas assets, resulting in a net increase in depreciation expense of \$117,709.

5. Interest and Other Debt Costs

	1970 (000's)	1969 (000's)
Interest on long-term debt	\$29,860	\$28,755
Other interest	860	1,351
Amortization of debt costs and gains		
Debt discount and expense	775	794
Gain on early repayment of advances — see Note 7	(92)	—
Gain on early repayment to National Industries Inc. — see Note 7	(60)	—
Provision for foreign exchange on repayment of principal ..	—	613
	<u>31,343</u>	<u>31,513</u>
Less: Interest capitalized	1,733	1,862
Sinking fund earnings	9,710	8,391
	<u>11,443</u>	<u>10,253</u>
	<u>\$19,900</u>	<u>\$21,260</u>

6. Utility Plant in Service

	1970 (000's)	
	Cost	Deprec. & Depletion
Electric		
Generation	\$239,732	\$ 40,857
Transmission	89,154	20,066
Distribution	177,713	48,694
	<u>506,599</u>	<u>109,617</u>
Gas		
Production, gathering and treatment	45,590	18,170
Compression and transmission	85,589	17,789
Distribution and storage ..	65,017	17,045
	<u>196,196</u>	<u>53,004</u>
General	31,074	13,270
Total	<u>\$733,869</u>	<u>\$175,891</u>

7. Unamortized Debt Costs and Gains — During the year, \$91.56 million of Province of Saskatchewan debentures, held as sinking fund investments to repay monies borrowed for the Corporation, were cancelled. The Corporation's liability for advances from the Province was reduced by a like amount. The difference between the sinking fund book value and the par value of these securities accrues as a gain to the Corporation. This gain of \$6.5 million is being amortized into income over the remaining term of the securities as a component of net interest expense. The amount credited to interest and other debt costs in 1970 was \$91,544.

Unamortized debt discount and expenses applicable to advances received from the Province of Saskatchewan are charged to income in equal annual amounts over the period to the maturity of the debt. The amounts charged to interest and other debt costs in 1970 and 1969 were \$775,073 and \$794,947 respectively.

The eight remaining annual payments to National Industries Inc., which had a recorded value of \$4,862,742, were settled during the year for \$3,883,515. The gain of \$979,227 is being amortized into income over the term of the payments. The amount credited to interest and other debt costs in 1970 was \$59,840.

8. Debt Payable in Foreign Currency — Advances repayable in United States dollars total \$143,558,000 at par value. The recorded liability in Canadian currency is \$149,245,932, which is equivalent to an exchange rate of 96.19.

An advance of 40,000,000 Swiss francs, repayable in 1975, is recorded at \$9,430,617 Canadian dollars which is equivalent to an exchange rate of 4.24.

The December 31, 1970 exchange rates were 98.83 and 4.25 respectively. Accordingly, no provision was made in 1970 for future foreign exchange payable. A provision of \$613,288 was made for 1969.

9. Commitments — At December 31, 1970, the Corporation was committed in the amount of approximately \$22.2 million for turbines, steam generators and other construction contracts not completed at year end.

10. Contributions in Aid of Construction — Contributions in aid of construction to December 31, 1970, totalled \$61,623,963 of which approximately \$470,000 was subject to refund.

11. Superannuation — The Corporation continued its policy of making regular payments to the Power Corporation Superannuation Fund which will fully meet its obligations as presently determined.

SCHEDULE OF LONG-TERM DEBT

AS AT DECEMBER 31, 1970

ADVANCES FROM PROVINCE OF SASKATCHEWAN⁽⁵⁾

(Amounts in Thousands)

Year Received	Year Repayable	Interest Rate	Face Amount In Foreign Currency (1)	Debt Recorded	Equity In Sinking Fund
1947	1971-77	2 $\frac{5}{8}$	—	\$ 262	\$ —
1961	1971	5	—	2,222 (2)	1,737
1954	1972	3 $\frac{1}{4}$	—	3,925	2,072
1962	1972	5	—	1,224 (2)	1,294
1953	1973	3 $\frac{1}{2}$	—	1,872	1,227
1953	1973	4	4,533	4,772	2,090
1963	1973	5-5 $\frac{1}{2}$	—	1,067(2)	949
1954	1974	3 $\frac{1}{4}$	5,084	5,293	2,967
1964	1974	5-5 $\frac{1}{2}$	—	1,344 (2)	987
1955	1975	3 $\frac{1}{4}$	—	4,520	2,416
1955	1975	3 $\frac{1}{2}$	—	4,218	2,446
1955	1975	3 $\frac{1}{2}$	—	5,030	2,395
1960	1975	4 $\frac{1}{2}$	40,000*	9,431	3,957
1960	1975	2	—	2,000	767
1965	1975	5-5 $\frac{1}{4}$ -5 $\frac{1}{2}$	—	1,592 (2)	1,351
1956	1976	3 $\frac{3}{4}$	12,682	13,075	5,833
1956	1976	4 $\frac{1}{2}$	—	3,738	1,474
1966	1976	5-5 $\frac{1}{2}$	—	2,322 (2)	165
1957	1977	4 $\frac{3}{4}$	—	2,325	1,320
1957	1977	4 $\frac{3}{4}$	11,060	11,342	4,580
1961	1977	4 $\frac{3}{4}$	5,000	5,000	1,710
1957	1977	5	18,878	19,412	7,512
1957	1977	5	—	3,249	718
1957	1977	5 $\frac{1}{4}$	—	1,622	554
1967	1977	5-5 $\frac{1}{2}$ -6-6 $\frac{1}{2}$	—	2,863 (2)	5
1968	1978	5 $\frac{1}{2}$ -6 $\frac{1}{2}$	—	4,365 (2)	3
1959	1979	5	—	5,307	1,174
1959	1979	5	—	7,000	2,771
1961	1979	5 $\frac{3}{4}$	—	6,461	1,701
1959	1979	5 $\frac{3}{4}$	—	62	—
1960	1980	5	—	2,222	661
1960	1980	5 $\frac{1}{4}$	—	5,275	657
1960	1980	5 $\frac{1}{2}$	—	5,078	685
1960	1980	6	—	5,375	1,009
1960	1980	5	—	563	—
1961	1981	5 $\frac{1}{4}$	—	778	145
1961	1981	5 $\frac{1}{2}$	—	8,271	2,021
1961	1981	5	—	1,265	—
1962	1982	5 $\frac{1}{4}$	—	8,782	763
1963	1982	5 $\frac{1}{4}$	—	11,425	649
1962	1982	5 $\frac{1}{2}$	—	7,659	852
1962	1982	5 $\frac{1}{2}$	—	11,097	1,040
1962	1982	5 $\frac{1}{8}$	—	1,923	—
1958	1983	4 $\frac{1}{8}$	18,775	19,079	7,056
1963	1983	5	22,030	23,845	3,820
1963	1983	5 $\frac{1}{4}$	—	2,024	—
1959	1984	4 $\frac{3}{4}$	14,806	15,024	4,329
1959	1984	5	11,820	11,999	3,901
1964	1984	5 $\frac{1}{2}$	—	1,745	222
1964	1984	5 $\frac{1}{4}$	—	1,960	—

SASKATCHEWAN POWER CORPORATION *and wholly-owned subsidiaries*

ADVANCES FROM PROVINCE OF SASKATCHEWAN—Continued

Year Received	Year Repayable	Interest Rate	Face Amount In Foreign Currency (1)	Debt Recorded	Equity In Sinking Fund
1964	1985	5½%	—	\$ 4,169	\$ 330
1964	1985	5½%	—	5,175	560
1965	1985	5½%	—	2,140	—
1966	1986	6¼%	—	13,652	849
1966-7	1986	5½%	—	13,033 (3)	1,760
1966	1986	5⅞%	—	2,400	—
1967-8	1987	5⅞%	—	9,752 (3)	954
1967	1987	6	—	9,212	395
1968	1988	7¼%	—	14,436	445
1968-9	1988	6.5 - 7.3	—	27,908 (3)	1,752
1969	1989	7.3 - 8.5	—	32,907 (3)	987
1969	1989	7⅝%	14,550	15,683	56
1965	1990	4⅞%	4,340	4,721	376
1961	1991	5¾%	—	4,000	1,400
1964	1994	5½%	—	4,504	260
1970	1990	8.0 - 8.3	—	24,455 (3)	—
1970	1990	8¾%	—	15,000	—
				<hr/> 485,451	<hr/> 94,109

OTHER LONG-TERM DEBT

City of Regina

This is the present value on the basis of a 5½% interest rate, of estimated payments yet to be made to the City for its electrical system. Final payment expected to be made in 1983.

10,152 —

City of Weyburn

This is the outstanding portion of the \$2,000,000 purchase price for the City's electrical system. Semi-annual payments, with interest at 5½%, will retire the liability in 1979.

1,167 —

Royal Bank of Canada Mortgages

6% first mortgages on houses in Estevan.

83 —

11,402

496,853

Long-Term Debt Current Portion.

22,025 (4)

\$ 474,828

\$ 94,109

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

(2) Advances subject to redemption on demand.

(3) Advances subject to redemption on six months' notice with an original term of 20 years.

(4) Sinking fund instalments and debt repayment (Saskatchewan Savings Bonds redemptions before maturity are estimated) for the next five years are as follows: (000's)
1971—\$22,025; 1972—\$20,078; 1973—\$21,243; 1974—\$20,935; 1975—\$24,625.

(5) See Notes to Financial Statements—Note No. 7.

STATISTICAL INFORMATION

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
OPERATIONS—ELECTRIC SYSTEM										
Customers.....	271,000	269,200	267,500	263,000	258,577	251,361	206,053	201,613	197,816	193,242
Electricity sold (millions of kwh).....	4,600	4,120	3,637	3,202	2,918	2,462	1,860	1,641	1,393	1,193
Average yearly residential consumption (kwh).....	4,861	4,750	4,420	4,258	4,108	3,830	3,306	3,092	2,921	2,830
Average yearly farm consumption (kwh)....	8,845	8,250	7,124	6,813	6,268	5,997	5,117	4,637	4,247	3,761
Rated generating capacity (kw)										
Hydro.....	467,000	467,000	467,000	280,000	281,000	201,000	201,000	134,000		
Steam.....	807,000	682,000	532,000	537,000	537,000	537,000	452,000	444,000	499,000	499,000
Internal combustion.....	111,500	111,500	113,000	96,100	62,150	62,150	41,150	41,150	41,150	47,550
Total.....	1,385,500	1,260,500	1,112,000	913,100	880,150	800,150	694,150	619,150	540,150	546,550
Seasonal gross system peak load (kw).....	1,066,000	956,000	918,000	862,000	756,500	696,100	539,500	471,000	424,700	370,000
Pole miles of line excluding urban distribution system										
72 kv and higher.....	4,634	4,488	4,488	4,395	4,182	3,870	3,610	3,360	3,120	2,950
Under 72 kv.....	71,632	71,353	70,948	70,327	69,852	69,420	68,580	67,700	66,330	65,230
OPERATIONS—GAS SYSTEM (Gas volumes at 14.65 psia)										
Customers.....	145,498	142,364	137,534	129,932	122,019	113,584	105,252	97,000	88,446	80,551
Gas sold (Thousands of Mcf).....	99,309	88,697	84,485	71,562	67,835	61,519	51,646	46,768	42,450	37,275
Average yearly residential consumption (Mcf).....	188	188	180	183	182	189	167	162	171	164
Degree days deficiency (Regina).....	11,483	11,170	10,254	10,888	11,380	11,573	10,635	9,851	10,235	10,357
*Maximum daily consumption (Mcf).....	487,240	447,030	421,980	370,670	360,880	318,540	266,880	233,100	227,800	215,029
Miles of pipeline in service										
Gathering.....	455	444	443	412	410	400	350	290	240	210
Transmission and laterals.....	3,811	3,417	3,354	3,101	2,787	2,550	2,400	2,250	2,100	1,860
Distribution.....	2,217	2,107	2,012	1,896	1,769	1,649	1,549	1,439	1,339	1,189
AVERAGE MONTHLY EMPLOYEES.....	2,464	2,461	2,597	2,701	2,779	2,789	2,787	2,858	2,758	2,625

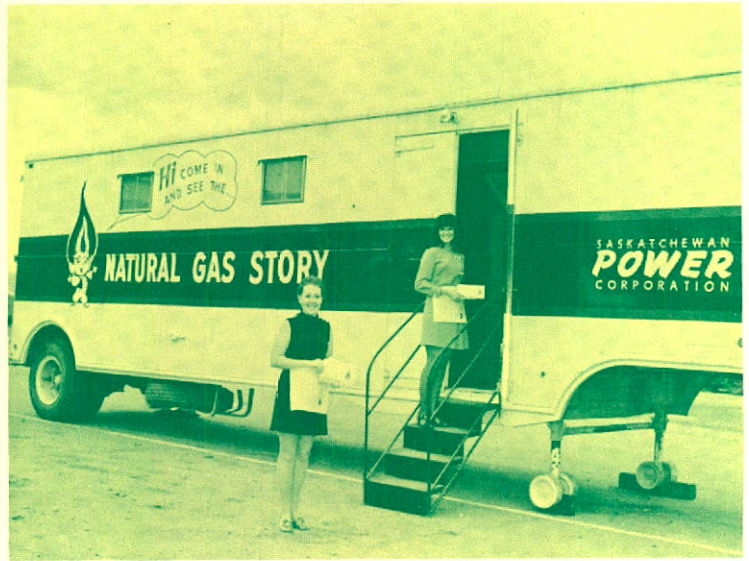
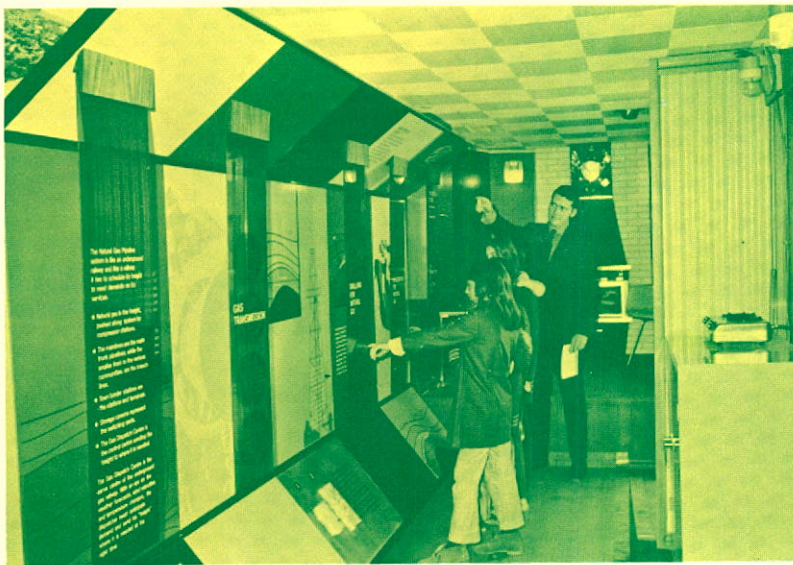
*Previous to 1967, these figures are maximum daily production.

	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
FINANCIAL (000's)										
INCOME—ELECTRIC SYSTEM										
Sales (1).....	\$ 72,387	\$ 67,020	\$ 62,425	\$ 57,223	\$ 52,866	\$ 46,145	\$ 39,778	\$ 36,893	\$ 33,106	\$ 30,263
Other.....	541	608	583	736	754	825	793	1,156	1,020	1,094
	72,928	67,628	63,008	57,959	53,620	46,970	40,571	38,049	34,126	31,357
Operating, maintenance and administrative expenses.....	29,273	26,550	25,843	23,626	20,310	16,710	14,290	14,726	14,278	13,472
Depreciation.....	15,970	15,590	15,252	13,897	13,159	12,223	10,963	9,322	9,010	8,568
Interest and other debt costs—net.....	14,984	15,493	13,549	14,050	14,225	13,384	12,512	10,572	8,948	8,631
	60,227	57,633	54,644	51,573	47,694	42,317	37,765	34,620	32,236	30,671
Net income.....	12,701	9,995	8,364	6,386	5,926	4,653	2,806	3,429	1,890	686
INCOME—GAS SYSTEM										
Sales (2).....	42,306	38,760	36,140	32,077	30,081	27,285	23,019	20,278	18,668	16,354
Other.....	542	516	327	614	462	297	279	349	216	267
	42,848	39,276	36,467	32,691	30,543	27,582	23,298	20,627	18,884	16,621
Operating, maintenance and administrative expenses.....	22,925	20,965	18,641	16,371	14,315	12,491	10,779	9,422	8,546	7,854
Depreciation and depletion.....	6,933	6,347	6,246	5,866	5,671	4,902	4,261	3,747	3,046	2,694
Interest and other debt costs—net.....	4,916	5,767	5,883	5,941	6,101	6,441	5,981	5,433	5,293	4,961
	34,774	33,079	30,770	28,178	26,087	23,834	21,021	18,602	16,885	15,509
Net income.....	8,074	6,197	5,697	4,513	4,456	3,748	2,277	2,025	1,999	1,112
Consolidated net income.....	\$ 20,775	\$ 16,192	\$ 14,061	\$ 10,899	\$ 10,382	\$ 8,401	\$ 5,083	\$ 5,454	\$ 3,889	\$ 1,798
Income transferred to Prov. of Sask.....	\$ 10,400	\$ 8,100	\$ 3,500	\$ 3,000	—	—	—	—	—	—
Plant in Service at Cost										
Electric.....	506,599	479,555	449,050	400,351	390,857	369,756	340,714	302,538	248,971	236,669
Gas.....	196,196	184,003	180,347	173,254	165,214	155,178	144,338	133,789	124,124	115,280
General.....	31,074	31,702	32,995	26,966	26,758	26,729	25,893	22,724	12,998	10,150
Net Long-Term Debt.....	402,744	396,602	399,223	407,110	415,950	408,938	392,093	375,148	347,471	320,998
Retained income (2).....	\$ 97,218	\$ 86,843	\$ 78,751	\$ 68,190	\$ 52,871	\$ 42,489	\$ 34,088	\$ 29,005	\$ 23,551	\$ 19,661
Percentage return on net plant in service.....	3.7	3.0	2.7	2.3	2.2	1.8	1.2	1.4	1.2	0.6
Equity percentage (3).....	19.5	18.0	16.5	14.3	11.3	9.4	8.0	7.2	6.3	5.8

(1) Intersystem usage of gas and electricity is included herein as system revenue. This usage is eliminated on the Consolidated Statement of Income.

(2) Retained income was adjusted in 1967 and 1961 for items affecting prior years' earnings. The 1967 adjustment was \$7,420,000 for unbilled revenue and sinking fund earnings, while the 1961 adjustment was \$204,000 for the accrual of vacation pay.

(3) Retained income as a percentage of long-term debt and retained income.



The Corporation told its story of continued growth and progress in a variety of ways during the year under review. A colourful travelling display van was used to tell the story of natural gas. Thousands of visitors attended the official commissioning of units three and four at Boundary Dam power station and thousands more visited generating facilities at Coteau Creek, Squaw Rapids and Queen Elizabeth power stations.



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