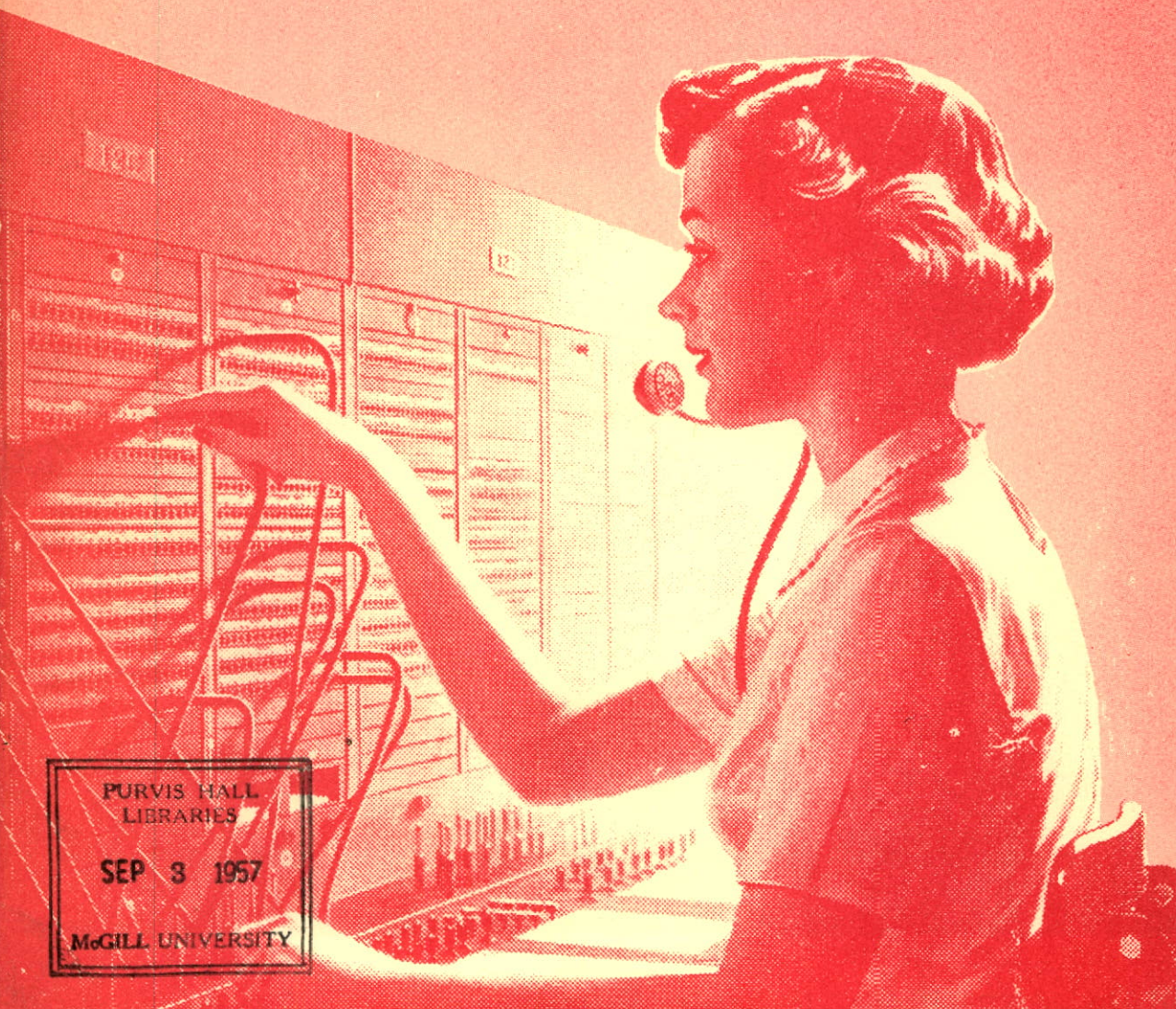


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Saskatchewan Government Telephones

Annual Report 1955



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MCGILL UNIVERSITY



With the removal of insulating tools, fast modern automatic equipment was put to work at many Saskatchewan centers—four for the first time—to give even better service to our subscribers.

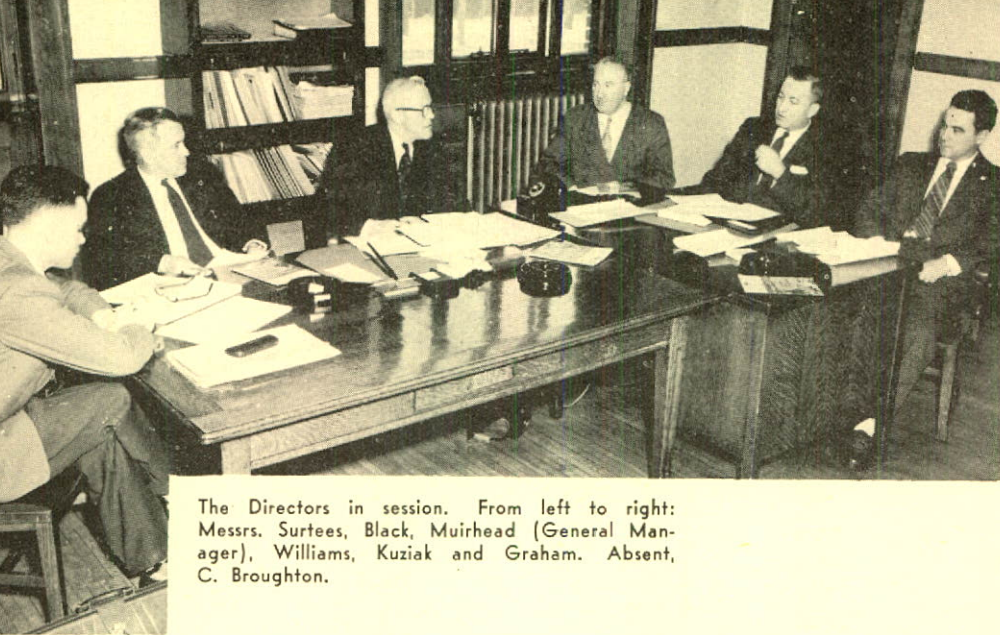
Annual Report



SASKATCHEWAN GOVERNMENT TELEPHONES
2350 ALBERT STREET, REGINA, SASK.

FOR THE YEAR ENDED DECEMBER 31

1955



The Directors in session. From left to right: Messrs. Surtees, Black, Muirhead (General Manager), Williams, Kuziak and Graham. Absent, C. Broughton.

BOARD

HON. A. G. KUZIAK, *Chairman.*

HON. C. C. WILLIAMS.

D. H. F. BLACK, ESQ., *Regina.*

C. BROUGHTON, ESQ., *Froude.*

J. W. W. GRAHAM, ESQ., *Weyburn.*

L. A. SURTEES, ESQ., *Secretary of the Board.*

MANAGEMENT

General Manager—S. R. MUIRHEAD.

Superintendent of Public and Employee Relations—T. D. LEACH.

Chief Engineer—C. W. SPARROW.

General Plant Superintendent—
S. B. MEDHURST.

General Traffic Superintendent—T. J. PRIEST.

General Commercial Superintendent—
G. W. R. CLARKE.

Chief Accountant—F. BAXENDALE.



Minister of Telephones

REGINA, Saskatchewan,
March 7, 1956.

To His Honour,
The Honourable William John Patterson,
Lieutenant Governor of the Province of Saskatchewan.
Sir:

I have the honour to submit herewith the annual report of Saskatchewan Government Telephones for the year ending December 31, 1955, including the financial statement therefor, duly certified by the Provincial Auditor of Utilities and in the form approved by the Treasury Board, all in accordance with The Saskatchewan Government Telephones Act.

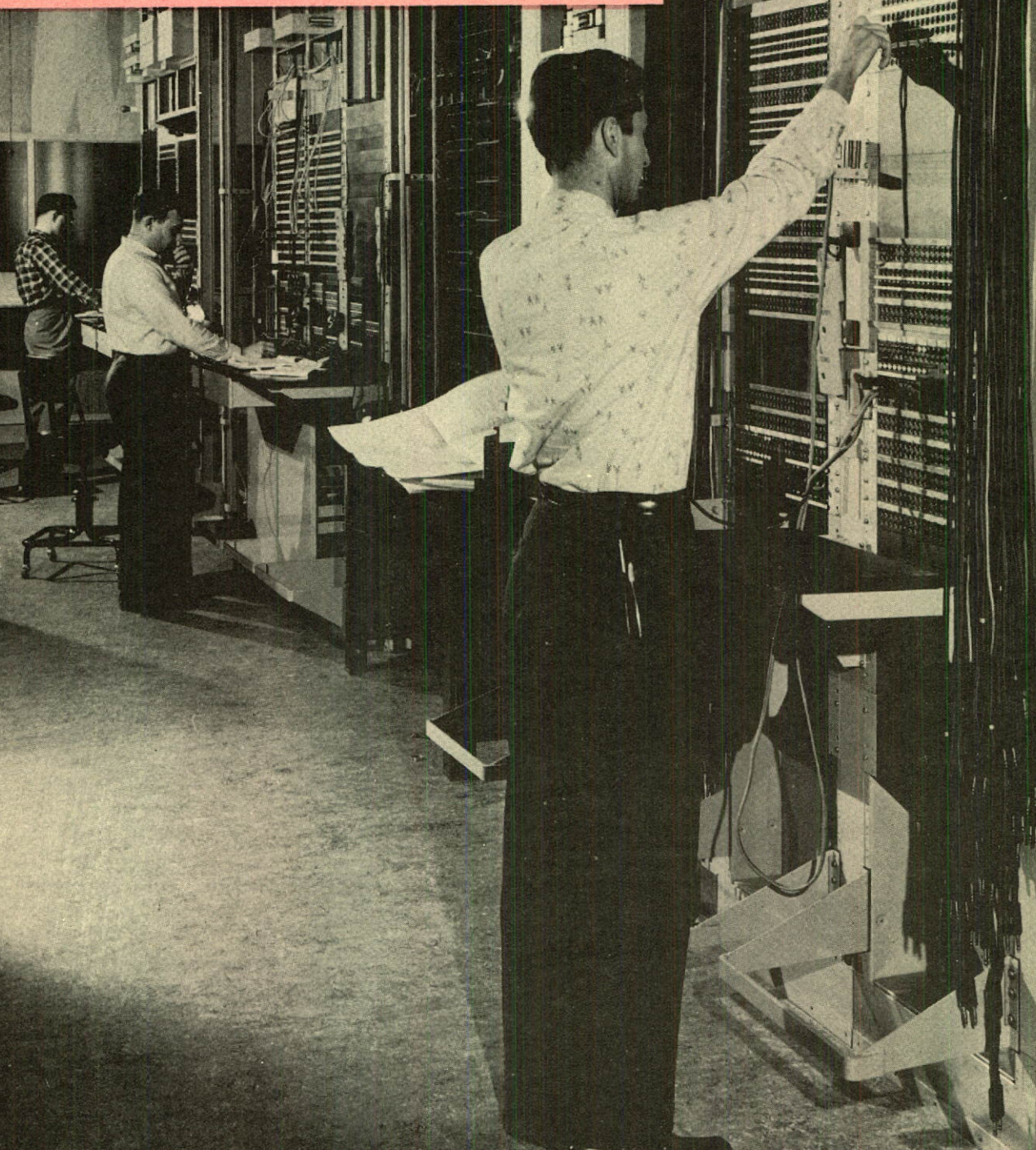
I have the honour to be, Sir,

Your obedient servant,

A. G. Kuziak,
Minister of Telephones,
and
Chairman,
Saskatchewan Government Telephones.

Saskatchewan Golden Jubilee Bear

New and expanded facilities have brought marked improvement in long distance service. Craftsmen keep constant vigil and conduct regular tests to help maintain our high standard.



Annual Report 1955

This report of Saskatchewan Government Telephones for the year 1955 is the 9th report as a Crown Corporation and covers the activities of the System in its 47th year.

Service Improvement

The most outstanding feature of operations in 1955 was the improvement that was achieved in long distance service. During 1955 we added about 14,200 circuit-miles to our network of long distance lines. This is by far the largest amount ever provided in one year. The figure for 1954 was 10,500 circuit-miles. By the end of 1955 the beneficial effects of this large construction program on the quality of service was quite noticeable.

There was also improvement in local service. Estevan, Rosetown and Humboldt were all converted from manual to dial operation with the consequent improvement in service. In addition we opened a dial office in Uranium City. This provides that community with an efficient local telephone service for the first time. No long distance service is provided to Uranium City. As Uranium City is about 400 miles from the nearest point on our system we are involved in some unusual problems of maintenance and operation. Never before have we opened four new dial offices in a single year.

Almost ten thousand telephones were connected to SGT exchanges during 1955 to bring the system's total of telephones in service to over one hundred and twenty thousand.



Local Telephones

During 1955 we increased our telephones in service by 9,830. This compares with 9,340 in 1954. The demand for new telephones was surprisingly high in 1955 and we only reduced the size of our waiting list by 73. On December 31, 1955, we had 2,462 applicants waiting for service.

The comparison with 1954 is interesting. In 1954 we added 9,340 telephones and reduced the waiting list by 640. In 1955 we increased our rate of installation and added 9,830 telephones—490 more than in 1954. The waiting list only came down by 73. Considering the poor crop in 1954, and the difficulty in selling wheat in 1955, it might be expected that this greater rate of installation would produce a very substantial reduction in the waiting list. It did not do so because the demand for telephones in 1955 was considerably greater than in 1954. We will make strenuous efforts to increase still further our rate of installation to get the waiting list materially reduced. On December 31, 1955, the number of local telephones in service was 124,155.

Automatic Exchanges

Assiniboia	North Battleford
Biggar	Prince Albert
Estevan	Qu'Appelle
Humboldt	Regina (2)
Indian Head	Rosetown
Kindersley	Saskatoon (2)
Melfort	Swift Current
Melville	Tisdale
Moose Jaw	Uranium City*
Moosomin	Watrous
Nipawin	Weyburn

Yorkton

Scheduled for Conversion to Automatic

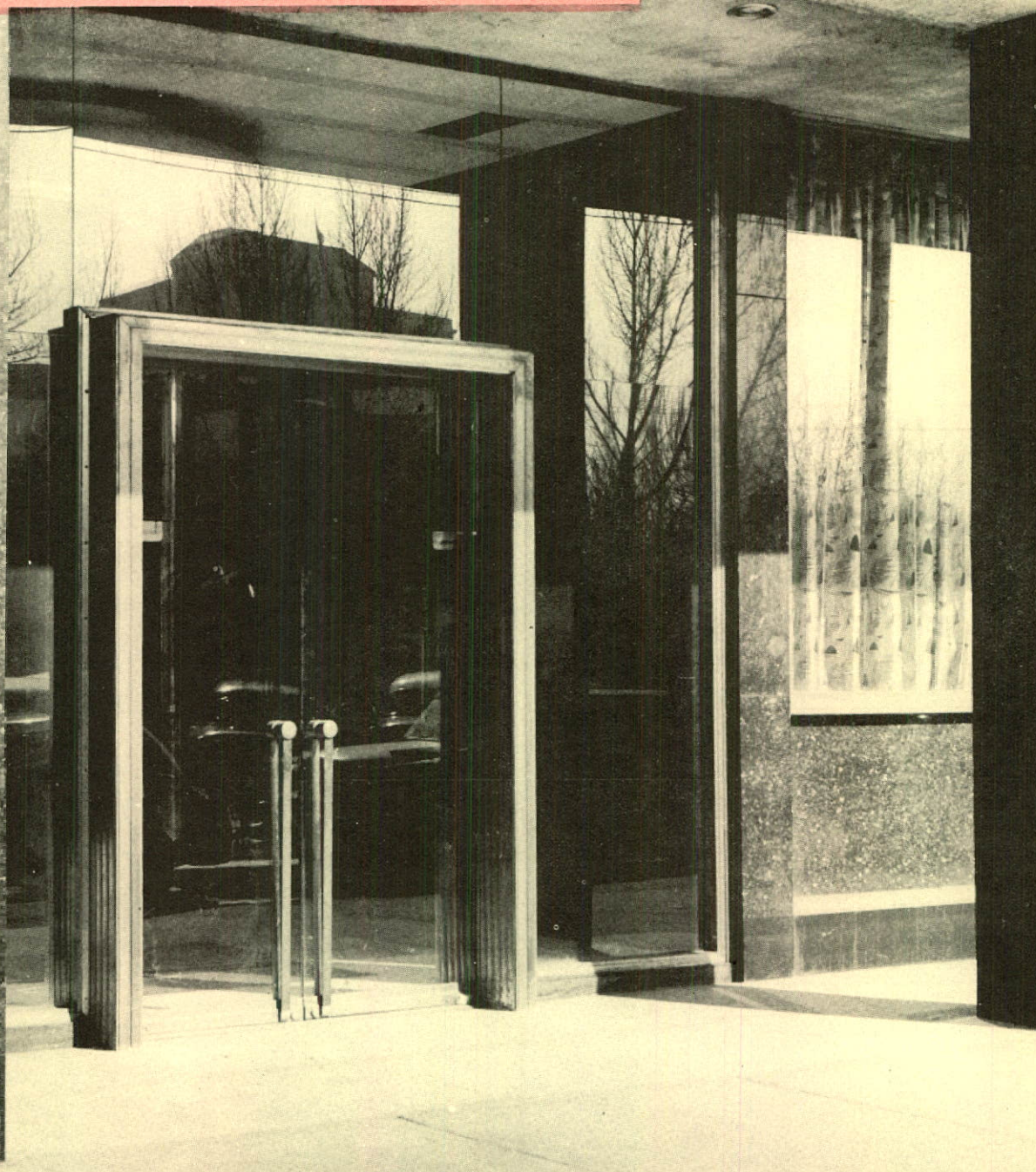
Eston, Kamsack, Shaunavon, Wadena,
Wynyard*

*Community Dial Office.

Long Distance

The number of long distance calls originating in Saskatchewan in 1955 was 7,656,444. This is 322,808 more than the number for 1954, giving an increase of 4.4%. The large number of long distance circuits added during the year improved the quality of service in spite of this increase in business.

Two-five numbering was introduced behind these doors when the first step was taken at Regina toward Saskatchewan's participation in the nation-wide numbering plan.



Microwave

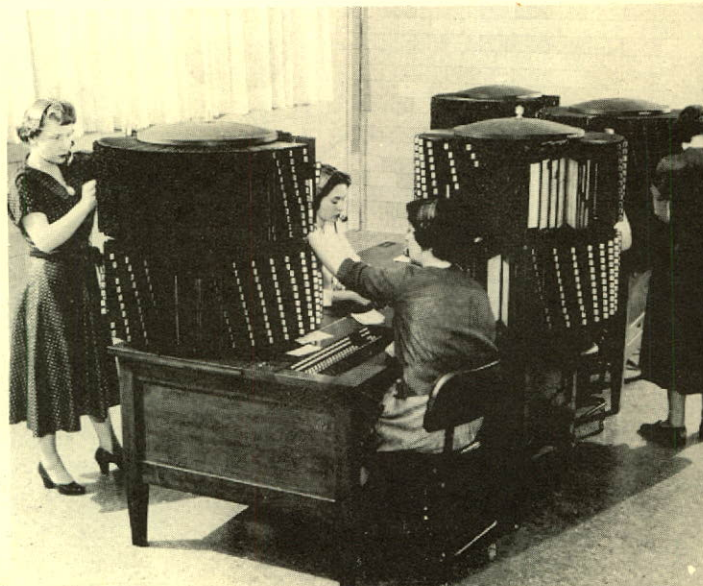
The most interesting new project commenced in 1955 was our portion of a transcontinental radio relay microwave system. This is being built by the combined efforts of the member companies of the Trans-Canada Telephone System. Each builds and owns the portion in its own territory. This microwave system will provide a large number of long distance circuits and will also allow the transmission of television programs. Once the microwave system is completed additional long distance circuits can be created over it very readily so it is a very important addition to Canada's communication facilities.

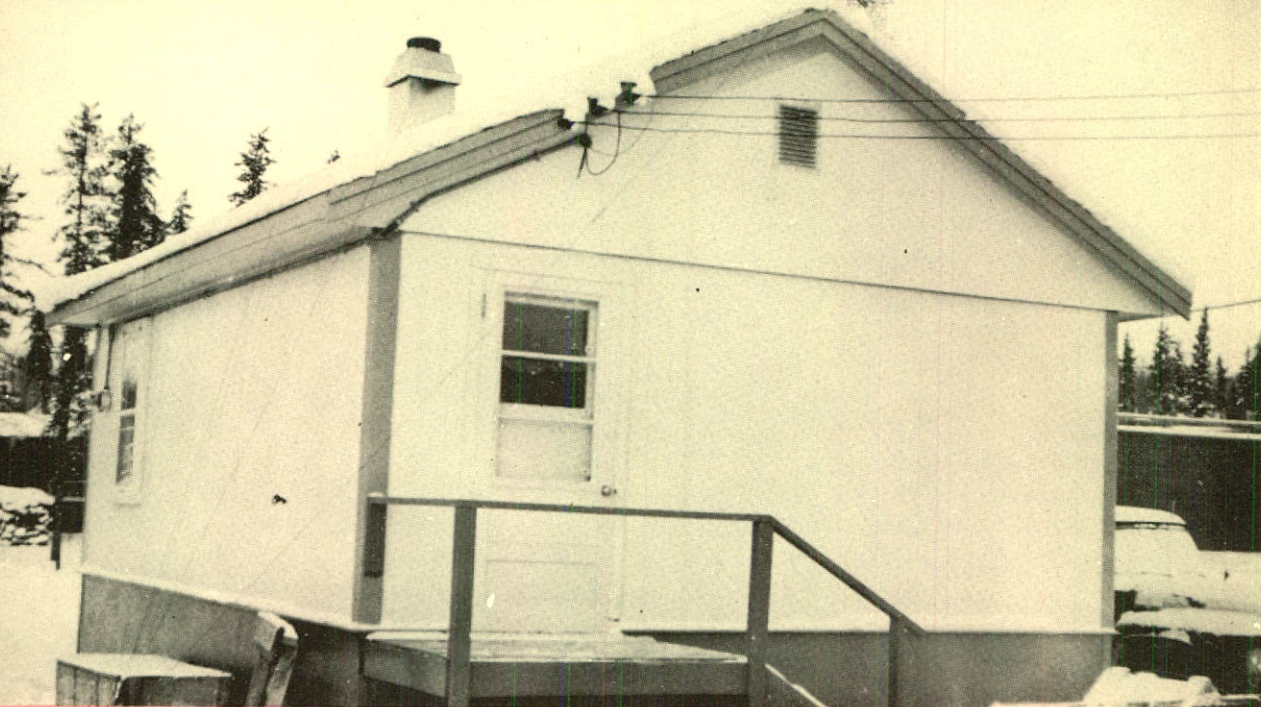
Path testing has been completed and sites for towers and buildings have been obtained. A start has been made on the buildings needed to house the equipment. The erection of towers and installation of equipment will proceed rapidly in 1956. The system will be working into Regina from the east early in 1957 with Saskatoon being connected up a few months later.

2-5 Numbering Introduced

Our new Twelfth Avenue Building in Regina was completed in 1955 together with the extensive equipment changes involved. In March of 1955 the new toll board and 8,000 lines of equipment were put into service in this new building. The work of transferring equipment from the old to the new building went on continuously until November, when the final phase of transfer activity was completed. The numbering system for subscribers, involving two letters and five figures, was put into effect in Regina at that time. This scheme will be gradually extended throughout the province in preparation for connecting points in Saskatchewan into the toll dialling network now growing throughout North America. The com-

Fast efficient information services are maintained to provide subscribers with information relating to new and changed numbers. Records are kept both by subscriber name, alphabetically, and by address.





Northern Saskatchewan was not forgotten. A community dial office was established at Uranium City to bring fast and reliable automatic telephone service to the residents of that northern mining community.



Constant attention is paid to long distance calls, which, for some reason, cannot be completed immediately. Special operators see that these calls are tried at regular intervals for quickest completion.



Weather taxed the ingenuity and skill of the telephone man to maintain service. Within hours after the May storms which brought down over 1,000 poles, alternative circuits were established.



pletion of the work associated with this new building marks the end of a big, complex job from which many benefits will accrue.

Large new buildings are nearly finished in both Saskatoon and Moose Jaw. In fact both are so near to completion that we are using some of the new space already. This much needed new building space will help us greatly in meeting the needs for telephone service in both these cities.

Storm Damage

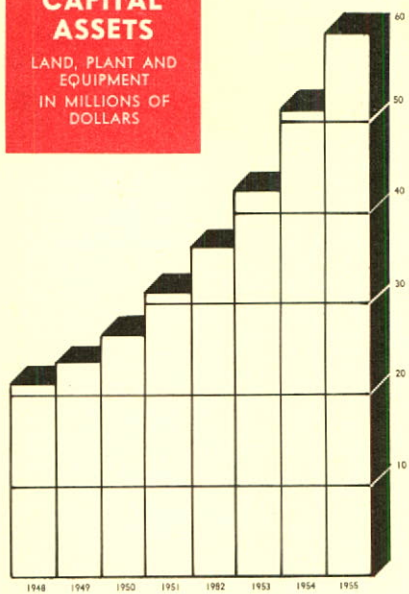
During April and May of 1955 we experienced sleet storms of unusual intensity which caused us considerable damage. In April there was damage worth mentioning in the Moose Jaw-Tompkins and the Crestwynd-Gravelbourg-Vanguard areas. On May 3, 1955, one of the worst sleet storms we ever encountered struck Saskatoon and the surrounding area. We had about 1,000 poles broken as well as damage of other sorts. Less extensive damage was experienced in other parts of the province. Construction crews had to be taken off their normal work to assist in restoring service with the consequent dislocation of a big construction program.

Rural Telephones

Complete information is not available at this time as rural lines are not owned by Saskatchewan Government Telephones. However, rural stations connected to the System's exchanges increased by 183 during 1955 and totalled 50,262 at the end of the year. There are certain rural and independent companies that do not connect to System exchanges and they would serve approximately 10,500 subscribers. Thus there would be a total of about 60,700 subscribers in the province served by rural and independent companies.

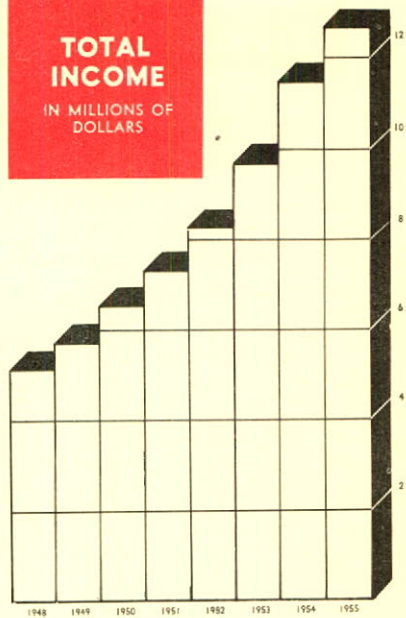
CAPITAL ASSETS

LAND, PLANT AND
EQUIPMENT
IN MILLIONS OF
DOLLARS



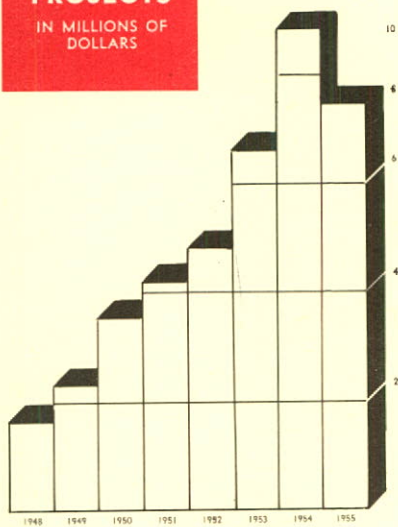
TOTAL INCOME

IN MILLIONS OF
DOLLARS



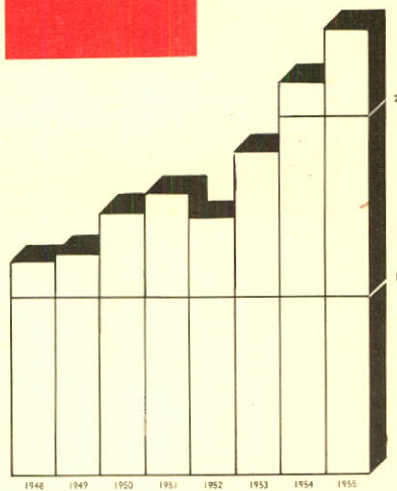
CAPITAL PROJECTS

IN MILLIONS OF
DOLLARS



SURPLUS

IN MILLIONS OF
DOLLARS



Revenue and Expenditure

Total operating revenue for 1955 was \$12,450,422.33 as against \$11,448,175.68 for 1954. Profit for 1955, after interest, was \$2,491,196.80 compared with \$2,192,226.65 for 1954.

During 1955 the amount spent on capital projects was \$7,514,329.39 and the amount for renewals and reconstruction was \$1,136,573.82. The corresponding figures for 1954 were \$8,931,583.63 and \$1,417,561.80 respectively. This, of course, is over and above the cost of maintenance and operation.

The amount of money spent on capital projects in 1955 was less than in 1954. In spite of this we achieved a greater increase in working plant as is shown by the increased number of telephones put into service and the larger addition to our network of long distance lines. We are reaping some of the benefits of money spent in 1954 on long term projects such as buildings.

Plans for 1956

We are planning the largest construction program in our history for 1956. The chief reason for this is the large expenditure required to build the microwave system. This, of course, will be an important factor in further improving our long distance service, although we will not get the benefits until 1957. In addition we have a big program for creating long distance circuits, through ordinary means, and also for installing a large number of local telephones. The expenditure on buildings will be considerably less than in the last two years; this is due to the completion of several major building projects. The quality of long distance service will continue to improve and the waiting list for telephones will be substantially reduced.

Staff

The accomplishments outlined above could only have been achieved through the efforts of a competent, well trained staff. As has been the case for many years the program has been big and a strenuous effort has been required to complete it. The completion of some building projects has improved working conditions and overcome some of the overcrowding that existed. There will be further improvement along these lines. It is with pleasure that we record our thanks to the staff of Saskatchewan Government Telephones for their skill, energy and devotion to duty.

BALANCE SHEET

SASKATCHEWAN

ASSETS

CAPITAL ASSETS		
Land and Buildings	\$ 5,151,385	
Telephone Plant and Equipment	45,369,365	
Construction in Progress	6,200,510	
	<hr/>	
	\$56,721,260	
Equity in Government of Saskatchewan Sinking Funds	2,187,336	
	<hr/>	
TOTAL CAPITAL ASSETS		\$58,908,596
CURRENT ASSETS		
Cash on Hand and in Bank	\$ 3,223,476	
Short Term Investments	500,000	
Material and Supplies (at cost)	2,360,506	
Accounts Receivable (less Reserve)	1,341,359	
	<hr/>	
TOTAL CURRENT ASSETS		7,425,341
DEFERRED CHARGES		
Prepayments (Insurance, Directories, etc.)	\$ 135,934	
Unamortized Discount and Expense on Government Advances	1,034,052	
	<hr/>	
TOTAL DEFERRED CHARGES		1,169,986
		<hr/>
TOTAL ASSETS		<u>\$67,503,923</u>

AUDITOR'S REPORT

Pursuant to the provisions of The Saskatchewan Government Telephones Act, an examination of the accounts and records of the Saskatchewan Government Telephones has been made under my direction for the fiscal year ended December 31, 1955. All the information and explanations required by me have been obtained. The examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as was considered necessary in the circumstances.

Sinking Fund Investments have been verified by examination. Securities held for Rural Telephone Companies in connection with the investment of Special Levy Funds have been verified by examination and are shown in a separate statement.

Provision has been made for depreciation of buildings, plant and equipment in accordance with rates set by the Corporation and approved by the Lieutenant Governor in Council. Full provision has been made for interest on capital advances.

LIABILITIES

CAPITAL LIABILITIES AND SURPLUS		
Liability for Advances made by the Government of Saskatchewan	\$37,053,055	
Surplus—Accumulated appropriations for Capital Expenditures	15,835,034	
TOTAL CAPITAL LIABILITIES AND SURPLUS		\$52,888,089
CURRENT AND ACCRUED LIABILITIES		
Interest Accrued on Government Advances	\$ 233,789	
Accounts Payable	150,757	
Service Billed in Advance	228,101	
TOTAL CURRENT AND ACCRUED LIABILITIES		612,647
RESERVES AND DEFERRED CREDITS		
Reserve for Depreciation of Buildings, Plant and Equipment	\$13,744,710	
Reserve for Fire Losses	10,000	
Reserve for Obsolescence and Depreciation of Materials and Supplies Inventory	100,000	
Provision for Exchange on Bonds Payable in New York	140,500	
Other Deferred Credits	7,977	
TOTAL RESERVES AND DEFERRED CREDITS		14,003,187
TOTAL LIABILITIES		<u>\$67,503,923</u>

I report that, in my opinion, the above Balance Sheet and accompanying Statement of Income are properly drawn up so as to show a true and correct view of the state of the financial affairs of the Saskatchewan Government Telephones as at December 31, 1955 and the results of its operations for the year ended on that date, according to the best of my information and the explanations given to me and as shown by the books of account.

Regina, Saskatchewan,
February 28, 1956.

C. H. SMITH, F.C.A.,
Provincial Auditor of Utilities.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1955

SASKATCHEWAN

OPERATING REVENUES

Local Service	\$ 5,044,692
Connecting Fees—Rural Companies	331,218
Toll Service	6,970,667
Miscellaneous	119,428

\$12,466,005
15,582

Less: Provision for Uncollectible Accounts

TOTAL OPERATING REVENUES

\$12,450,423

OPERATING EXPENSES

Maintenance	\$ 1,469,616
Traffic	3,153,396
Commercial	1,278,573
Depreciation	1,928,697
General Administration	296,384
Superannuation Fund Expense	184,538
Insurance	32,287
Other Operating Expenses	368,367
Rural Organization and Inspection	90,526

TOTAL OPERATING EXPENSES

8,802,384

NET OPERATING REVENUES

\$ 3,648,039

OTHER INCOME

Interest, Discount and Miscellaneous	\$ 87,653	
Sinking Fund Interest and Accruals	61,157	148,810

\$ 3,796,849

FIXED CHARGES

Interest and Exchange on Government Advances	1,305,652
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NET INCOME FOR YEAR (Appropriated for Capital Expenditure)

\$ 2,491,197

SURPLUS

Balance as at December 31, 1954	\$13,343,837
Add: Appropriation for Current Year	2,491,197

Accumulated Surplus Appropriated for Capital Expenditure

\$15,835,034

SCHEDULE OF CAPITAL ASSETS

AS AT DECEMBER 31, 1955

	December 31, 1954	Increase for year ended December 31, 1955	December 31, 1955
Land	\$ 516,772	\$ 6,105	\$ 522,877
Right of Way	5,364	318	5,682
Buildings	1,815,473	2,807,352	4,622,825
Exchange Plant	25,848,128	4,268,967	30,117,095
Toll Plant	12,325,364	1,744,250	14,069,614
Construction in Progress	7,867,967	-1,667,457	6,200,510
Office Furniture and Fixtures	167,333	68,863	236,196
Mechanical Office Equipment	108,464	17,880	126,344
Tools in Use	340,732	27,999	368,731
Vehicles	429,924	21,462	451,386
Sinking Fund	1,405,146	782,190	2,187,336
	<hr/>	<hr/>	<hr/>
TOTAL CAPITAL ASSETS	<u>\$50,830,667</u>	<u>\$ 8,077,929</u>	<u>\$58,908,596</u>

NOTE TO BALANCE SHEET:

The Liability to the Government of Saskatchewan for Advances for Capital Expenditure has been increased to include items of debt discount and expense on debentures issued by the Government of Saskatchewan for the purpose of making advances to the Saskatchewan Government Telephones. The unamortized discount and expense is shown under the heading of Deferred Charges. These items have not been shown on the Balance Sheets of previous years.

SASKATCHEWAN GO

A DEPARTMENT OF GOVERNMENT (YEAR END)

	1910	1916	1921	1926	1931
Number of Telephones					
System Owned	3,412**	15,677	30,570	32,852	39,768
Rural Company Owned (Connecting to System)	2,298	9,196	42,627	41,389	39,303
TOTAL	5,710	24,873	73,197	74,241	79,071
Percent Dial (System)	0%	48%	54%	57%	63%
Number of System Offices					
Exchanges	20**	104	283	304	313
Toll Stations	100**	213	155	153	177
TOTAL	120**	317	438	457	490
Long Distance Messages*					
Origin in Saskatchewan	281,851***	1,179,169	2,597,404	3,082,086	3,000,025
Increase over previous Fiscal year		31.6%	17.2%	15.7%	- 13.9%
Finance					
Capital Assets—(Land, Plant and Equipment)		\$ 5,457,832	\$10,446,562	\$11,325,903	\$15,191,874
Total Revenue*		\$ 779,650	\$ 1,964,494	\$ 2,341,829	\$ 2,826,227
Total Expense*		\$ 779,650	\$ 1,964,494	\$ 2,341,829	\$ 2,713,919
Surplus*					\$ 112,308
Employees					
Men					
Women					
TOTAL					
Total Payroll*					

* For the year

** As at February 28th, 1910, by purchase

*** For year ending February 28, 1911

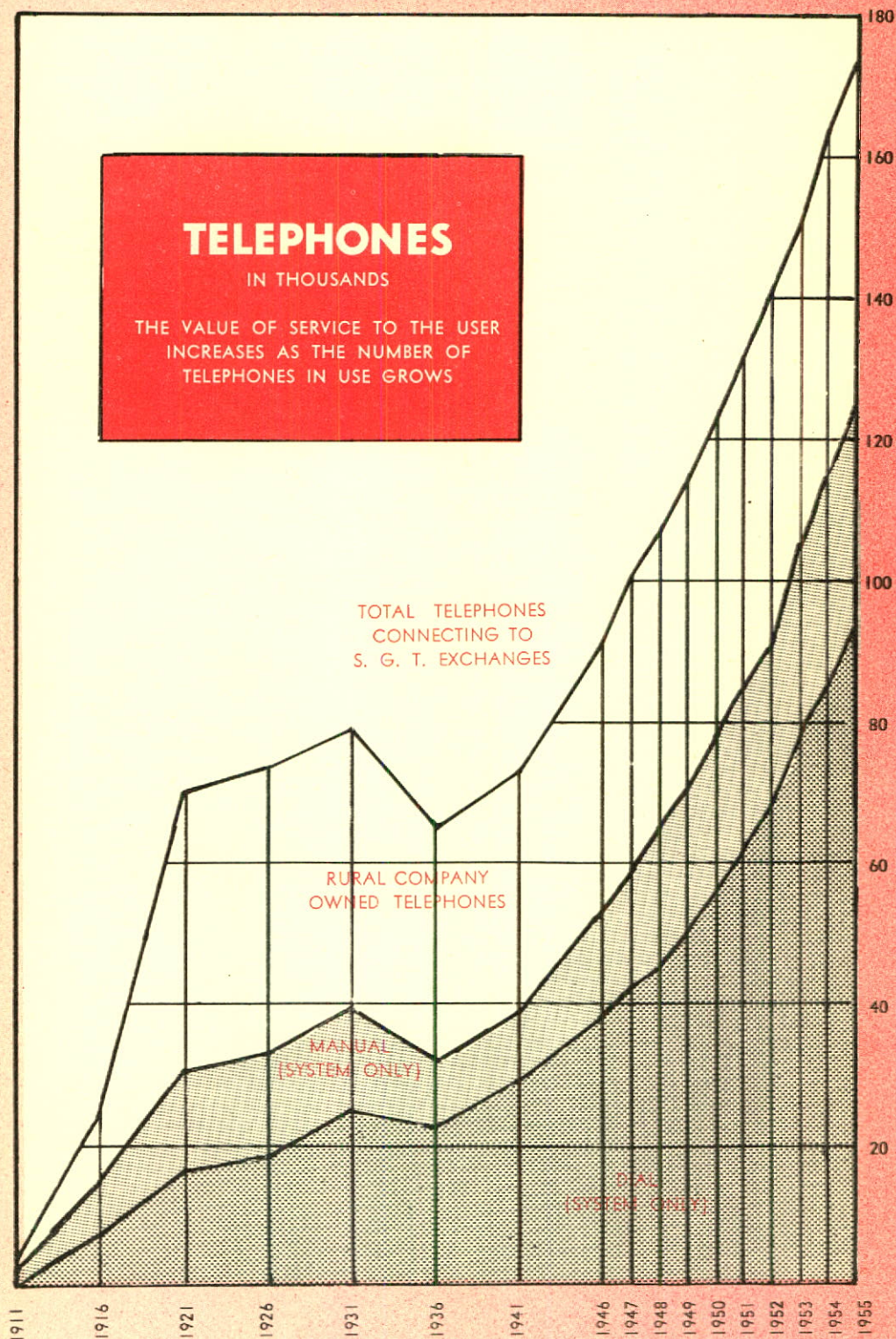
VERNMENT TELEPHONES

APRIL 30th)			A CROWN CORPORATION (YEAR END DECEMBER 31st)				
1936	1941	1946	1951	1952	1953	1954	1955
32,811 31,371	39,276 33,555	52,346 39,278	85,455 46,039	94,125 47,391	104,985 48,716	114,325 50,079	124,155 50,262
64,182 71%	72,831 74%	91,624 72%	131,494 73%	141,516 74%	153,701 75%	164,404 75.4%	174,417 77.6%
314 202 516	316 237 553	330 230 560	352 199 551	354 194 548	355 185 540	357 176 533	360 171 531
1,934,361 - 10.0%	2,433,287 5.3%	4,122,878 13.1%	6,226,042 9.4%	6,925,316 11.2%	7,492,701 8.2%	7,333,636 -2.1%	7,656,444 4.4%
\$15,414,978 \$ 2,032,483 \$ 2,049,832 \$ -17,349	\$15,829,784 \$ 2,640,096 \$ 2,472,235 \$ 167,861	\$17,414,225 \$ 4,109,297 \$ 3,208,075 \$ 901,222	\$31,226,388 \$ 7,395,313 \$ 5,830,899 \$ 1,564,414	\$36,143,910 \$ 8,375,104 \$ 6,877,985 \$ 1,497,119	\$42,535,853 \$ 9,697,057 \$ 7,850,543 \$ 1,846,514	\$51,467,437 \$11,532,008 \$ 9,339,781 \$ 2,192,227	\$59,081,766 \$12,614,815 \$10,123,618 \$ 2,491,197
		367 637 1004	539 997 1536	577 1033 1610	606 1154 1760	671 1119 1790	725 1105 1830
		\$ 1,496,626	\$ 3,482,310	\$ 4,162,803	\$ 4,684,404	\$ 5,263,768	\$ 5,524,859

TELEPHONES

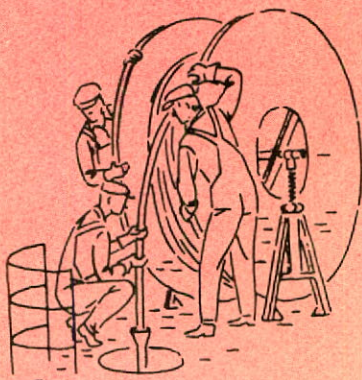
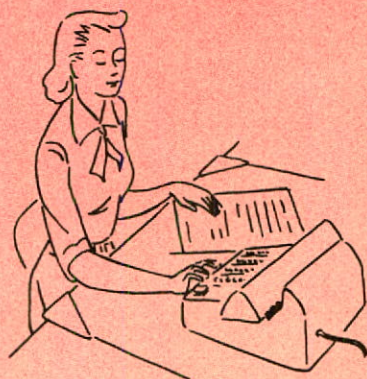
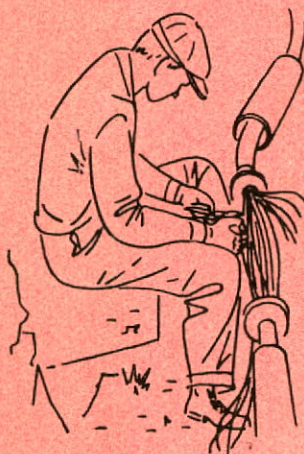
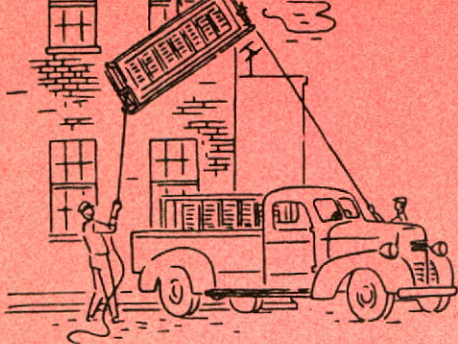
IN THOUSANDS

THE VALUE OF SERVICE TO THE USER
INCREASES AS THE NUMBER OF
TELEPHONES IN USE GROWS





With the latest equipment at their finger tips, alert, resourceful, pleasant operators provide fast and dependable service round the clock.



EST. 1908

