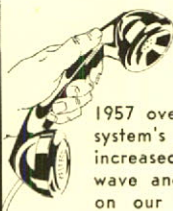


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SASKATCHEWAN GOVERNMENT TELEPHONES



**ANNUAL
REPORT
1957**



Over nine hundred careful, courteous, friendly operators sped business and social calls for our customers over ever-expanding local and long distance facilities. During 1957 over 11,800 telephones were added to the SGT system's local services. Long distance circuits were increased by 25,100 miles with the advent of microwave and by the addition of new carrier equipment on our land lines. Photo by Saskatchewan Photo Services.

Res. - Sask. Gov't Telephones - Mar. 18 '58



ANNUAL REPORT

SASKATCHEWAN GOVERNMENT TELEPHONES

2350 ALBERT STREET
REGINA, SASKATCHEWAN

FOR THE YEAR ENDED DECEMBER 31

- 1957 -



Regina, Saskatchewan,
March 10, 1958.

To His Honour,
The Honourable Frank Lindsay Bastedo,
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, 1957, 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,

E. L. Williams

Minister of Telephones,
and
Chairman,
Saskatchewan Government Telephones.

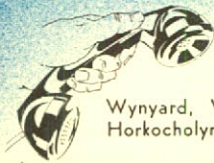
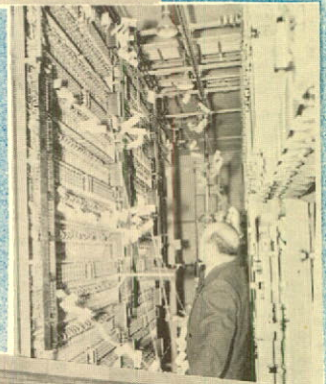
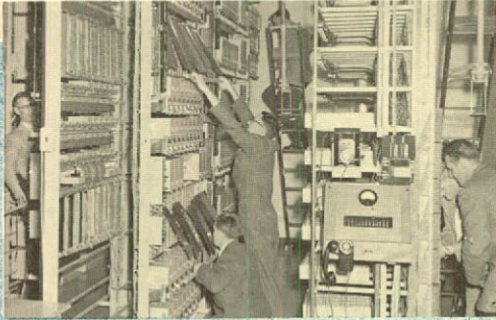


Board

HON. C. C. WILLIAMS, *Chairman.*
HON. R. A. WALKER, *Vice Chairman.*
D. H. F. BLACK, Esq., Regina.
C. BROUGHTON, Esq., Froude.
J. W. W. GRAHAM, Esq., Weyburn.
D. D. TANSLEY, Esq., Regina.
T. A. HOWE, Esq., *Secretary of the Board.*

Management

General Manager—S. R. MUIRHEAD.
Manager of Operations and Engineering—S. B. MEDHURST.
Superintendent of Public and Employee Relations—T. D. LEACH.
Chief Engineer—C. W. SPARROW.
General Plant Superintendent—G. D. McCORMICK.
General Traffic Superintendent—T. J. PRIEST.
General Commercial Superintendent—G. W. R. CLARKE.
Chief Accountant—F. BAXENDALE.



Saskatchewan Government Telephones' widespread expansion program in 1957 has featured the completion of automatic conversion projects at Kamsack (top) and Eston (below). Underway during the year were dial conversion programs at Wynyard, Wadena, Shaunavon and Canora. Kamsack photos by W. Horkocholyn, Eston photos by M. G. Mickleborough and M. A. Cross.



This report of Saskatchewan Government Telephones for the year 1957 is the 11th report as a Crown Corporation and covers the activities of the System in its 49th year.

Service Improvement

During 1957 more facilities, both local and long distance, were added than in any previous year. Some detailed information on this is given in the paragraphs that follow. This record breaking program follows a succession of big construction years. As a result the quality of our service has improved in all its phases.

We brought our waiting list for telephones down from 1,941 to 1,178 giving a reduction of about 39%. Those now waiting represent only 0.8% of the number of telephones in service. Under these circumstances the waiting list is no longer a major problem. However, it still receives careful attention and projects to give relief, at the different points where there is a waiting list, are in various stages of planning or construction.

The added long distance facilities have put us in a position where we are giving good long distance service to most of our customers. There are some outlying areas where long distance service is not as good as we would like and oil development in the southeast part of the province still gives us problems. However, on the whole, our long distance service is now in a satisfactory condition. Action is being taken where difficulty exists.

Kamsack and Eston were converted to dial operation during 1957 for both local and rural subscribers.

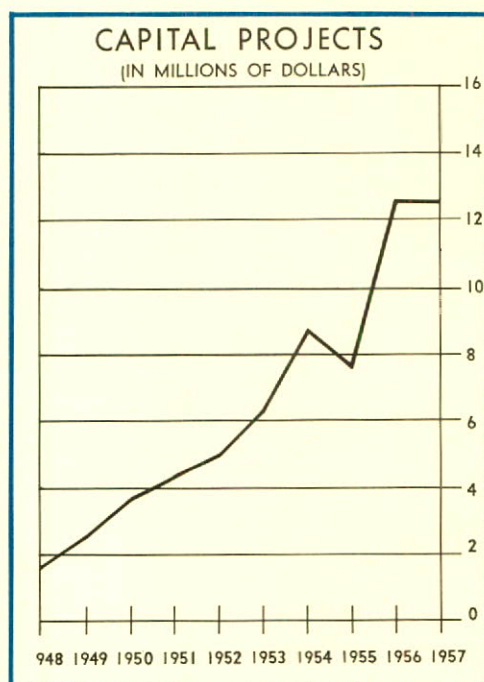
Local Telephones

In 1957 we increased our telephones in service by 11,834 as compared to 11,406 in 1956. This is a new record for growth in a single year. On December 31, 1957 the number of local telephones in service was 147,395. This new record for growth was set in a year when agriculture was encountering difficulties and when business in general had lost some of its buoyancy. The high demand for telephones still continued at the end of the year.

The numbering schemes at Moose Jaw, Melfort and Prince Albert were changed to the one involving two letters and five numbers. This was a preparatory step to the introduction of distance dialling on a large scale, by our operators in 1958.

Long Distance

The number of long distance calls originating in Saskatchewan in 1957 was 8,504,381. This is 104,961 more than the number for 1956 giving an increase of 1.25%. This is much smaller than the 9.7% increase obtained in 1956. The smaller increase in 1957 is brought about mainly by the difficulties encountered by agriculture and the lessened acceleration of business in general.

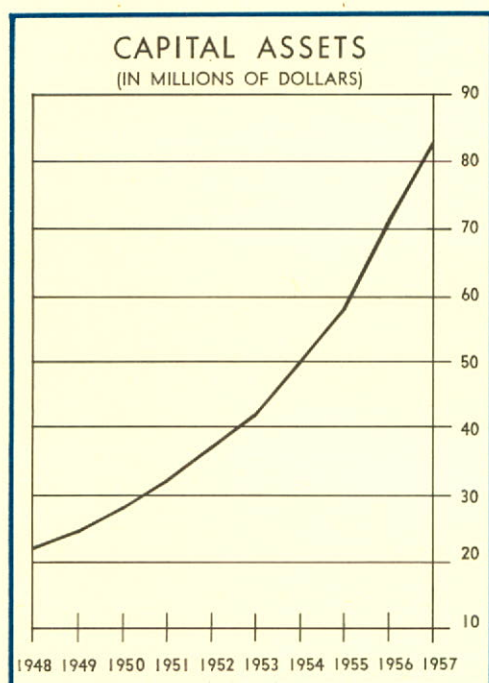


We completed a large construction program for long distance facilities in 1957. We added about 25,100 circuit-miles to our network of long distance lines. This compares with 23,900 circuit-miles in 1956 and is the largest amount ever added in a single year. These new facilities made it possible to improve service as mentioned above.

Microwave

The most outstanding event in our 1957 program was the completion of Saskatchewan's portion of the transcontinental microwave system. This was put into service from Winnipeg to Regina on April 28, 1957, from Regina to Saskatoon on June 16, 1957 and from Regina to points in Alberta on November 24, 1957. The whole project will be completed in about June of 1958 when it will reach the Pacific coast.

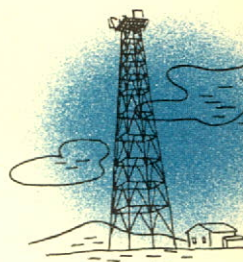
The installation of this microwave system is an event of great importance for Canada's communications industry. Already it has provided large numbers of much needed long distance circuit; it will provide many more in the future and will do so economically. The microwave system will allow live television programs to be transmitted right across Canada; in fact most of Canada is covered at the present time.



Long distance circuits derived from this microwave system have made a vital contribution to the service improvement we have achieved in 1957. It has worked extremely well; the circuits we get from it are remarkably trouble-free and of high quality.

Rural Telephones

Complete information is not available at this time as rural lines are not owned by Saskatchewan Government Telephones. There were



50,316 rural stations connected to the System's exchanges on December 31, 1957. This figure is down 284 from the 1956 figure. The decrease is brought about by the trend towards larger farms and by the increasing tendency for farmers to live in urban communities.

There are certain rural and independent companies that do not connect to System exchanges and they would serve approximately 8,200 subscribers. Thus there would be a total of about 58,500 subscribers in the province served by rural and independent companies.

Revenue and Expenditure

Total operating revenue for 1957 was \$15,307,141 as against \$13,997,871 for 1956. Net income for 1957, after interest, was \$1,888,568 compared with \$2,765,636 for 1956. Net income decreased for the following reasons:

(1) Long distance business did not increase as much as has been usual. If the 1957 increase had been the same as in 1956 the net income would have been substantially greater.

(2) During 1957 we made grants in lieu of taxes on our buildings and property to the different municipal governments in Saskatchewan.

(3) We have made a heavy investment in the transcontinental microwave system and this is a long term project. It will not produce profits for a while yet.

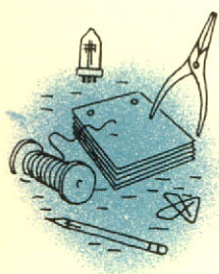
(4) Many items of cost, including wages, continue to go up.

(5) Some items of cost are now being charged to maintenance which were previously charged to depreciation. This was done to bring our accounting system into line with that followed by other major telephone companies in Canada. This was highly desirable because of certain problems in the Trans-Canada Telephone System concerning revenue distribution and other matters.

During 1957 the amount spent on capital projects was \$12,088,478 and the amount for renewals and reconstruction was \$951,092. The corresponding figures for 1956 were \$12,166,561 and \$939,834. This, of course, is over and above the cost of maintenance and operation.

Plans for 1958

The total amount we propose to spend on construction and reconstruction in 1958 is somewhat less than in 1957. The completion of the transcontinental microwave system in 1957 allows us to do this and still undertake a big program.



The most important single project we will be working on in 1958 will be the introduction of distance dialling on a large scale in Saskatchewan. Preparatory work has been going on for some time. Changes to our numbering scheme in different dial offices have been made with this in view. Necessary rearrangements and additions to our long distance plant are being carried out; some of this work has already been completed.

The installation of crossbar equipment at Saskatoon will be finished early in 1958 and will allow distance dialling between Saskatoon, Prince Albert and Melfort. This small distance dialling network will be absorbed into the larger network later in the year.

The installation of crossbar equipment in Regina will start early in 1958. This equipment is scheduled to go into service in November of 1958 when Regina will become Western Canada's regional centre for distance dialling. At that time a number of points in Saskatchewan will be connected to the distance dialling network which is steadily expanding throughout Canada and the United States. The dialling of the long distance calls will be done by the operators and not by the customers. It will be some time yet before direct distance dialling is introduced in Saskatchewan.

The year 1958 will see progress in the extension of dial service throughout Saskatchewan. Wadena, Wynyard and Shaunavon will all be converted to dial operation during the summer. A start will be made on the work of bringing dial service to Canora but it cannot be finished this year.

We also have a large construction program for increasing our long distance and local facilities at many points scattered all over the province. These added long distance facilities (including the distance dialling project) will bring even more improvement to the speed and quality of our long distance service. The extra local facilities will continue the reduction in our waiting list for telephones. By the end of 1958 it will be reduced to a point where it will not be of much consequence.



Our Employees

The preceding paragraphs tell something about the things we are doing. Things can only be done by people and of course, it is the men and women of Saskatchewan Government Telephones who made these achievements possible. As usual the program was big and the effort required was demanding. The distance dialling project alone is a huge one and places very heavy burdens on many sections of our staff. Saskatchewan Government Telephones has been well served by its people and it is a pleasure to record our thanks for their skill, energy and devotion to duty.

BALANCE SHEET

ASSETS



CAPITAL ASSETS

Land and Buildings	\$ 9,223,897
Telephone Plant and Equipment	67,044,005
Construction in Progress	3,780,446
TOTAL CAPITAL ASSETS	\$80,048,348

SINKING FUNDS

Equity in Government of Saskatchewan Sinking Funds	4,611,782
--	-----------

CURRENT ASSETS

Cash on Hand and in Banks	\$ 1,662,784
Material and supplies (at cost)	3,288,457
Accounts Receivable (less reserve)	1,391,903
TOTAL CURRENT ASSETS	6,343,144

DEFERRED CHARGES

Prepayments (Insurance, Directories, etc.)	\$ 187,303
Unamortized Discount and Expense on Government Advances	1,201,568
Other Deferred Charges	245,496
TOTAL DEFERRED CHARGES	1,634,367

TOTAL ASSETS

\$92,637,641

AUDITOR'S REPORT

Pursuant to the provisions of the Saskatchewan Government Telephone 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, 1957. 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.

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.

LIABILITIES

CAPITAL LIABILITIES AND SURPLUS

Liability for Advances made by the Government of Saskatchewan	54,024,753	
Surplus—Accumulated Appropriations for Capital Expenditures	18,489,190	
TOTAL CAPITAL LIABILITIES AND SURPLUS		\$72,513,943

CURRENT AND ACCRUED LIABILITIES

Interest Accrued on Government Advances	\$ 365,070	
Accounts Payable	154,488	
Dividend—Government of Saskatchewan	1,828,257	
Service Billed in Advance	272,917	
TOTAL CURRENT AND ACCRUED LIABILITIES		2,620,732

RESERVES AND DEFERRED CREDITS

Reserve for Depreciation of Buildings, Plant and Equipment	\$17,329,795	
Reserve for Fire Losses	10,000	
Provision for Exchange on Bonds Payable in New York	140,500	
Other Deferred Credits	22,671	
TOTAL RESERVES AND DEFERRED CREDITS		17,502,966

TOTAL LIABILITIES\$92,637,641

Provision has been made for depreciation of buildings, plant and equipment in accordance with regulations made by the Lieutenant Governor in Council pursuant to Section 34 of the Saskatchewan Government Telephones Act. Full provision has been made for interest on capital advances.

I report that, in my opinion, the accompanying Balance Sheet and 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, 1957, 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 of the Corporation.

Regina, Saskatchewan,
March 3, 1958.

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

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1957



OPERATING REVENUES

Local Services	\$ 6,220,035
Rural Companies Connecting Fees	336,817
Toll Service	8,628,009
Miscellaneous	141,438

\$15,326,299

Less: Provision for Uncollectible Accounts	19,158
--	--------

TOTAL OPERATING REVENUES

\$15,307,141

OPERATING EXPENSES

Maintenance	\$ 2,749,311
Traffic	3,842,480
Commercial	1,281,182
Depreciation	2,679,423
General Administration	386,135
Superannuation and Workmen's Compensation Expense	315,710
Insurance	39,357
Other Operating Expenses	278,361
Rural Organization and Inspection	75,125

TOTAL OPERATING EXPENSES

11,647,084

NET OPERATING REVENUE

\$ 3,660,057

OTHER INCOME

Interest and Miscellaneous	\$ 201,813	
Sinking Fund Interest	210,684	412,497

\$ 4,072,554

FIXED CHARGES

Grants in Lieu of Taxes	\$ 174,428	
Interest and Exchange on Government Advances	1,915,504	
Amortization of Discount on Government Advances Outstanding	116,272	
Other Fixed Charges	— 22,218	2,183,986

NET INCOME FOR YEAR

\$ 1,888,568

SURPLUS

Balance as at December 31, 1956	\$18,489,190
Net Income for Year	1,888,568

Accumulated Surplus \$20,377,758

Less: Proportion of Debt Discount and Expense on Government Advances Retired	\$ 60,311	
Amount Allocated as Dividend—Government of Saskatchewan	1,828,257	1,888,568

UNDISTRIBUTED SURPLUS—APPROPRIATED FOR CAPITAL EXPENDITURE

\$18,489,190

SCHEDULE OF CAPITAL ASSETS

AS AT DECEMBER 31, 1957

	December 31, 1956	Increase For year ended December 31, 1957	December 31, 1957
Land	\$ 535,879	\$ 102,866	\$ 638,745
Right of Way	5,682	28	5,710
Buildings	6,776,722	1,802,720	8,579,442
Exchange Plant	36,263,756	13,886,522	50,150,278
Toll Plant	15,152,126	148,911	15,301,037
Construction in Progress	8,231,645	— 4,451,199	3,780,446
Office Furniture and Fixtures	290,624	47,412	338,036
Mechanical Office Equipment	152,305	34,247	186,552
Tools in Use	423,042	171,498	594,540
Vehicles	503,617	— 30,055	473,562
TOTAL CAPITAL ASSETS	<u>\$68,335,398</u>	<u>\$11,712,950</u>	<u>\$80,048,348</u>

STATISTICS SASKATCHEWAN GO

1910-1957

A DEPARTMENT OF GOVERNMENT (YEAR END)

	1910	1916	1926	1931	1936
Number of Telephones					
System Owned	3,412**	15,677	32,852	39,768	32,811
Rural Company Owned (Connecting to System)	2,298	9,196	41,389	39,303	31,371
TOTAL	5,710	24,873	74,241	79,071	64,182
Percent Dial (System)	0%	48%	57%	63%	71%
Number of System Offices					
Exchanges	20**	104	304	313	314
Toll Stations	100**	213	153	177	202
TOTAL	120**	317	457	490	516
Long Distance Messages*					
Origin in Saskatchewan	281,851***	1,179,169	3,082,086	3,000,025	1,934,361
Increase over previous Fiscal year		31.6%	15.7%	13.9%	- 10.0%
Finance					
Capital Assets—(Land, Plant and Equipment)		\$ 5,457,832	\$11,325,903	\$15,191,874	\$15,414,978
Total Revenue*		\$ 779,650	\$ 2,341,829	\$ 2,826,227	\$ 2,032,483
Total Expense*		\$ 779,650	\$ 2,341,829	\$ 2,713,919	\$ 2,049,832
Net Income*				\$ 112,308	\$ -17,349
Employees					
Men					
Women					
TOTAL					
Total Payroll*					

* For the year

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

*** For year ending February 28, 1911

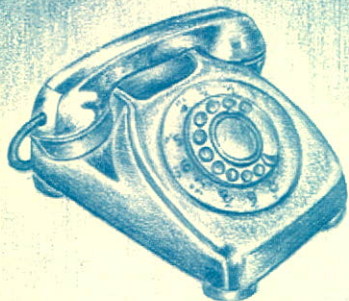


VERNMENT TELEPHONES

APRIL 30th)		A CROWN CORPORATION SINCE 1946. (YEAR END DECEMBER 31st)					
1941	1946	1951	1953	1954	1955	1956	1957
39,276 33,555 72,831 74%	52,346 39,278 91,624 72%	85,455 46,039 131,494 73%	104,985 48,716 153,701 75%	114,325 50,079 164,404 75.4%	124,155 50,262 174,417 77.6%	135,561 50,600 186,161 78.2%	147,395 50,316 197,711 78.9%
316 237 553	330 230 560	352 199 551	355 185 540	357 176 533	360 171 531	363 162 525	362 153 515
2,433,287 5.3%	4,122,878 13.1%	6,226,042 9.4%	7,492,701 8.2%	7,333,636 -2.1%	7,656,444 4.4%	8,399,420 9.7%	8,504,381 1.2%
\$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	\$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	\$71,248,327 \$14,277,869 \$11,512,233 \$2,765,636	\$83,336,805 \$15,738,796 \$13,850,228 \$ 1,888,568
	367 637 1004	539 997 1536	606 1154 1760	671 1119 1790	725 1105 1830	747 1153 1900	833 1220 2053
	\$ 1,496,626	\$ 3,482,310	\$ 4,684,404	\$ 5,263,768	\$ 5,524,859	\$ 6,079,561	\$ 6,763,601

TELEPHONES IN USE

1911 — 1957



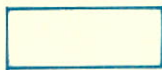
S.G.T. OWNED
DIAL
TELEPHONES



S.G.T. OWNED
MANUAL
TELEPHONES

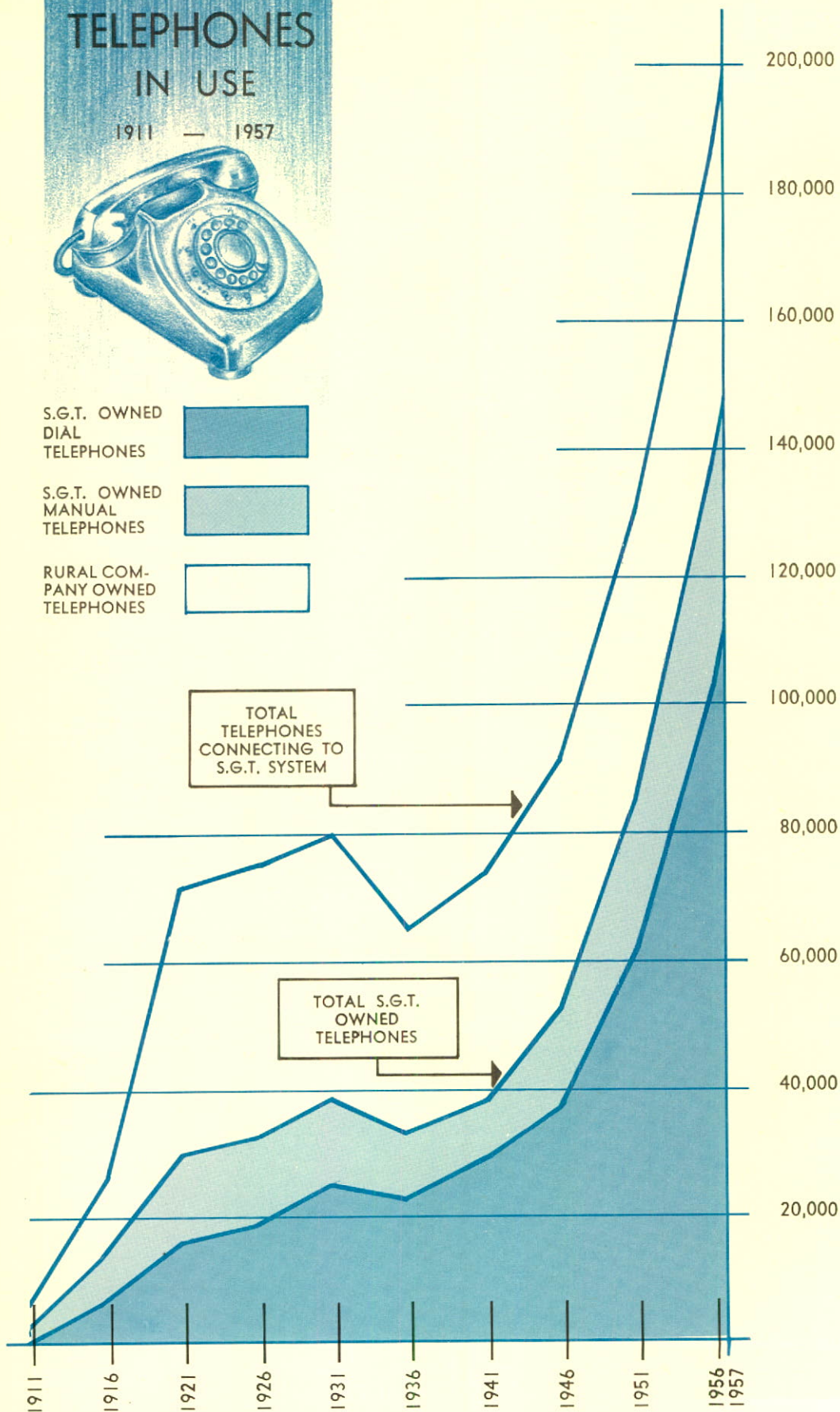


RURAL COM-
PANY OWNED
TELEPHONES



TOTAL
TELEPHONES
CONNECTING TO
S.G.T. SYSTEM

TOTAL S.G.T.
OWNED
TELEPHONES





Long distance facilities were greatly increased with the introduction of microwave,—nationally a joint undertaking of the member companies of the Trans-Canada Telephone System. In television operating centres in Regina (above) and Saskatoon, the video transmission of network programs, also carried by microwave, is monitored to insure the highest picture quality before the signals are delivered to the connected television stations for public telecast. Photo by Saskatchewan Photo Services.



EST. 1908



REGINA: PRINTED BY LAWRENCE W. AMON, PRINTER TO
THE QUEEN'S MOST EXCELLENT MAJESTY. 1956.

