

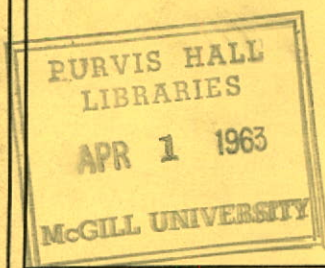
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NORTHERN QUEBEC POWER
COMPANY, LIMITED



1962

Annual Report



NORTHERN QUEBEC POWER COMPANY, LIMITED
355 ST. JAMES STREET, WEST, MONTREAL

DIRECTORS

D. K. BALDWIN	HON. JEAN RAYMOND, Q.C.	ARTHUR SIMARD, Q.C.
A. SCOTT ELLIOT	MAURICE F. STRONG	P. N. THOMSON
W. MUCHA		JAS. B. WOODYATT

OFFICERS

A. SCOTT ELLIOT President	W. MUCHA Vice-President & General Manager
W. G. E. LANNAMAN Vice-President & Secretary-Treasurer	J. D. McNAMARA Asst. Secretary-Treasurer
T. J. RAPPELL Asst. Secretary	

Auditors

TOUCHE, ROSS, BAILEY, & SMART

Transfer Agents & Registrars

MONTREAL TRUST COMPANY

NORTHERN QUEBEC POWER COMPANY, LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting to Shareholders their Report and the Audited Financial Statements of the Company for the fiscal year ended December 31st, 1962, which are to be presented at the Annual General Meeting of Shareholders to be held at 355 St. James St. West, Montreal, on Friday, April 26th, 1963, at 10 a.m.

Gross revenue for the year increased by \$131,000 to \$4,031,000. Tax assessments on the company absorbed \$1,177,993 of which \$629,019 went to Schools, Municipalities and the Provincial Government in Quebec, whilst \$548,974 went to the Federal Government.

These taxes represented a levy of almost \$10 per horsepower on the Company's rated capacity of 120,000 h.p. and reduced the Company's revenue to below a half cent per kilowatt hour output.

The water flow of the Quinze River has been at its lowest level since the early part of the century and the situation was so acute in the closing months of the fiscal year that it became necessary to purchase additional power supplies from the Quebec and Ontario Hydro. The cost of this additional power was \$183,000 in excess of the preceding year.

Electricity charges to domestic consumers served by the Company are amongst the lowest in the Province of Quebec, and are well below the national average in Canada.

The net profit for the year amounted to \$736,517 as compared to \$741,620 in 1961. After allowing for preferred share dividends this represented net earnings equivalent to \$2.59 per common share against \$2.60 in the previous year.

The total number of customers served at December 31st, 1962 was 16,410 — an increase of 275 over the previous year.

On December 28th, 1962 the Premier of Quebec announced that his Government proposed to make an offer of \$33 for each of the Company's common shares, to issue Provincial Bonds in exchange for the Company's preferred shares and to assume responsibility for the outstanding funded debt. The Quebec Hydro Electric Commission made an offer under date of February 22, 1963 to the holders of the Common shares of the Company.

On March 13, 1963 your Board circulated a letter to shareholders giving information which it was considered would help them to formulate their individual decision on the offer.

Your Directors have decided, having regard to the circumstances, to accept the offer in respect to their own shareholdings, and intend to submit their resignation as Directors in compliance with one of the conditions in the offer, if it becomes effective.

The Directors are pleased to place on record their appreciation of the services rendered by all employees of the Company.

On behalf of the Board,

A. SCOTT ELLIOT,

President.

March 22, 1963.

NORTHERN QUEBEC POW

Balance Sheet as at

(with corresponding figures)

ASSETS

CURRENT ASSETS:	<u>1962</u>	<u>1961</u>
Cash	\$ 106,878	\$ 57,507
Receivables less provision for doubtful accounts	264,951	215,627
Marketable Securities at Cost	1,366,344	1,120,898
(Approx. Market Value \$1,372,300)		
Materials and Supplies at Cost	160,237	169,962
Prepaid Charges	119,940	109,247
	<u>2,018,350</u>	<u>1,673,239</u>
 BONDS OF THE COMPANY HELD FOR SINKING FUND.....	 223,000	 175,500
 FIXED ASSETS:		
Power Developments, land, buildings, transmission and distribution systems, equipment, etc., at cost	23,499,292	23,361,011
 UNAMORTIZED DISCOUNT AND EXPENSES OF FUNDED DEBT	 53,956	 65,044

SIGNED ON BEHALF OF THE BOARD:

A. SCOTT ELLIOT, Director

W. MUCHA, Director

\$25,794,598

\$25,274,794

AUDITORS' REPORT TO THE SHAREHOLDERS OF

We have examined the balance sheet of Northern Quebec Power Company, Limited as at December date and have obtained all the information and explanations we have required. Our examination included a general audit as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the audit, the expenditure and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of affairs of the Company at that date, in accordance with generally accepted accounting principles applied on a basis consistent with the practice of the Company.

Montreal, January 12, 1963.

NORTHERN QUEBEC POWER COMPANY, LIMITED

December 31, 1962

(as at December 31, 1961)

LIABILITIES

CURRENT LIABILITIES:	1962	1961
Accounts payable.....	\$ 512,222	\$ 339,463
Accrued Interest on Funded Debt.....	41,211	43,160
Provision for Taxes.....	379,997	442,867
Dividends payable.....	113,907	124,599
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	1,047,337	950,089
 FUNDED DEBT:		
3 $\frac{3}{4}$ % first mortgage bonds, Series A, due Nov. 15, 1967..	\$2,581,000	
5 $\frac{1}{8}$ % first mortgage bonds, Series B, due March 1, 1974.	1,119,000	
4 $\frac{1}{2}$ % General Mortgage bonds due Nov. 15, 1967.....	1,968,000	
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	5,668,000	5,841,000
 DEFERRED CREDIT:		
Tax reductions applicable to future years.....	507,015	486,490
 RESERVE FOR DEPRECIATION.....		
	12,392,127	11,907,848

CAPITAL AND SURPLUS:

CUMULATIVE REDEEMABLE FIRST PREFERRED SINKING FUND SHARES OF \$50 PAR VALUE		
issuable in series:—Authorized: 80,000 shares		
Issued: 50,000 shares 5 $\frac{1}{2}$ % first series.....	\$2,500,000	
Redeemed: 4,500.....	225,000	
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Outstanding: 45,500.....	2,275,000	2,304,750
 SIX PERCENT SECOND PREFERRED SHARES OF \$100 PAR VALUE		
Authorized: 20,000 shares - Issued: 10,000 shares.....	1,000,000	1,000,000
 COMMON SHARES OF NO PAR VALUE		
Authorized and issued: 212,500 shares.....	637,500	637,500
 CAPITAL SURPLUS Relating to redemption of Preferred Shares.....		
	225,000	195,250
 EARNED SURPLUS.....		
	2,042,619	1,951,867
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	6,180,119	5,841,000
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	\$25,794,598	\$25,274,794
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NORTHERN QUEBEC POWER COMPANY, LIMITED

December 31, 1962 and the related statement of income and expenditure and earned surplus for the year ended on that date have been examined by the auditor on a general review of the accounting procedures and such tests of accounting records and other supporting evidence as he considered necessary.

The financial statements are shown by the books of the company, the accompanying balance sheet and related statement of income and expenditure and earned surplus of the affairs of the company as at December 31, 1962 and the results of its operations for the year ended on that date are shown on the preceding year.

TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

NORTHERN QUEBEC POWER COMPANY, LIMITED

Statement of Income, Expenditure and Earned Surplus

For the Year Ended December 31, 1962

Revenue from Operations.....		\$3,979,477
DEDUCT:		
Operating, Maintenance and General Expenses.....	\$1,305,399	
Executive Officers' Salaries.....	37,970	
Directors' Fees.....	11,000	
Taxes, other than Income and Profits Taxes.....	484,358	
Provision for Depreciation.....	524,455	
Interest on Funded Debt.....	238,036	
	2,601,218	
		1,378,259
ADD:		
Investment Revenue.....		51,893
		1,430,152
DEDUCT:		
Provision for Income and Profits Taxes (including \$20,525 for future years)		693,635
NET PROFIT FOR THE YEAR.....		736,517
ADD:		
Discount/Premiums on Bonds purchased for Sinking Fund.....		6,235
Earned Surplus at December 31, 1961.....		1,951,867
		2,694,619
DEDUCT:		
Amortization of Discount and Expenses of Funded Debt.....	\$ 11,088	
Cost of First Preferred Shares purchased for Redemption.....	30,446	
Dividend on 5½% Preferred Shares.....	125,466	
Dividend on 6% Preferred Shares.....	60,000	
Dividend on Common Shares.....	425,000	
	652,000	
EARNED SURPLUS AT DECEMBER 31, 1962.....		\$2,042,619

NORTHERN QUEBEC POWER COMPANY, LIMITED

Comparative Statistics 1958-1962

For Years Ended December 31

	1962	1961	1960	1959	1958
Electric Revenue	\$3,969,108	\$3,857,474	\$3,735,080	\$3,560,237	\$3,473,331
Other Revenue	62,262	42,237	41,596	48,593	45,314
Gross Revenue	4,031,370	3,899,711	3,776,676	3,608,830	3,518,645
Purchased Power	475,317	292,808	285,912	280,635	275,428
Operation	668,916	612,516	594,429	581,972	596,666
Maintenance	172,773	208,126	182,669	145,657	123,883
Taxes (Excluding Income Taxes)	484,358	493,886	477,038	453,546	445,640
Contribution to Pension Fund	28,595	27,825	27,665	27,600	28,380
	1,829,959	1,635,161	1,567,713	1,489,410	1,469,997
Earnings from Operations	2,201,411	2,264,550	2,208,963	2,119,420	2,048,648
Bad Debts	3,968	3,857	3,736	3,560	3,473
Interest	242,836	253,713	278,525	315,044	330,187
Depreciation	524,455	521,750	519,417	515,403	506,831
Income Taxes	693,635	743,610	669,480	611,260	558,916
	1,464,894	1,522,930	1,471,158	1,445,267	1,399,407
NET PROFIT FOR THE YEAR	736,517	741,620	737,805	674,153	649,241
Discount/Premiums on Bonds Redeemed	6,235	4,963	103,678	51,761	5,520
Surplus Brought Forward	1,951,867	1,842,547	1,590,583	1,411,410	1,323,307
	2,694,619	2,589,130	2,432,066	2,137,324	1,978,068
Amortization of Bond Discount	11,088	11,088	11,088	11,088	11,088
Cost of Preferred Shares Redeemed	30,446	34,609	28,025	5,239	24,592
Preferred Dividends	185,466	187,816	189,156	190,414	190,978
Common Dividends	425,000	403,750	361,250	340,000	340,000
	652,000	637,263	589,519	546,741	566,658
Surplus Carried Forward	\$2,042,619	\$1,951,867	\$1,842,547	\$1,590,583	\$1,411,410
Customers Connected	16,410	16,135	15,889	15,574	15,099
Kilowatt Hour Output	563,952,986	555,945,900	544,640,950	519,608,195	509,059,051

