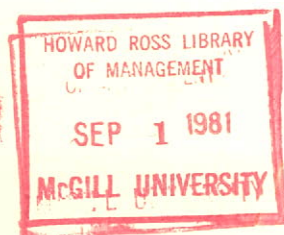


Northern and Central Gas Corporation Limited
Annual Report

1980



Business of the Company

Northern and Central Gas Corporation Limited owns and operates, either directly or through subsidiaries, natural gas distribution facilities in the provinces of Ontario, Quebec and Manitoba. The Ontario operation serves approximately 80 communities in northwestern, northern and eastern Ontario. In Quebec, Le Gaz Provincial du Nord de Québec Ltée serves Noranda, Rouyn and Temiskaming. In Manitoba, Greater Winnipeg Gas Company operates gas distribution facilities in the greater Winnipeg area and adjacent communities.

Northern and Central Gas Corporation Limited is a wholly owned subsidiary of Norcen Energy Resources Limited.

Highlights

Financial (\$000's)	<u>1980</u>	<u>1979</u>
Sales and other revenues Northern and Central Gas	\$344,490	\$302,546
Greater Winnipeg Gas	142,736	129,741
	<u>\$487,226</u>	<u>\$432,287</u>
Income contribution Northern and Central Gas	\$ 9,979	\$ 7,812
Greater Winnipeg Gas	4,944	6,872
	14,923	14,684
Equity in earnings of Gaz Métropolitain, inc.	7,109	7,140
	<u>\$ 22,032</u>	<u>\$ 21,824</u>
Operating		
Customers at year-end	265,704	255,161
Expenditures on property, plant and equipment, net (\$000's)	\$ 33,988	\$ 18,687
Property, plant and equipment (\$000's)	\$267,452	\$242,513

Report to Shareholders

Revenues and Earnings

The income of the Company for 1980 was \$22 million, a marginal increase from \$21.8 million in 1979. In July 1980, the Company reduced its voting interest in Gaz Métropolitain from 72.5% to 49.3%. For this reason Gaz Métropolitain is no longer consolidated in the financial statements of the Company. The Company's portion of the income of Gaz Métropolitain is now shown as a separate item in the consolidated statement of income.

Although gas volumes declined by 3.5% to 172.9 Bcf in 1980, sales and other revenues increased to \$487.2 million in 1980 from \$432.3 million in 1979. The gain was primarily the result of increased rates which were granted to offset higher gas costs. 11,700 new customers were attached in Ontario and Manitoba, an increase of 3,200 over 1979 attachments of 8,500.

Ontario Operations

Contribution to net income increased 28% to almost \$10 million from \$7.8 million in 1979. Residential, commercial and industrial firm sales volumes improved over 1979, however, interruptible sales volumes declined to more than offset the increase in firm sales. Firm sales volumes reflected the attachment of new customers during the year, while the economic climate was responsible for the lower interruptible sales volumes.

In 1980, the Company commenced expansion of its existing distribution system and expansion into previously unserved communities. As a result, 10 new communities were served in 1980 and it is expected that an additional 9 communities will be added in 1981. 8,000 new customers were attached in 1980 compared with 4,300 in 1979. It is expected that over 10,000 new customers will be attached in 1981. Capital expenditures increased from \$10.3 million in 1979 to \$24.7 million in 1980. It is anticipated that capital expenditures for 1981 will be in excess of \$40 million.

Manitoba Operations

Contribution to net income declined to \$4.9 million from \$6.9 million in 1979 due mainly to the 12% warmer weather than that experienced in 1979. Gas sales volumes were 49.3 Bcf compared with 53.8 Bcf in 1979.

Greater Winnipeg extended its distribution system, within its franchised area, to the community of Ile des Chênes. The acquisition of customers on this extension was virtually as expected for the first year.

3,700 new customers were connected in 1980, as Greater Winnipeg continues to acquire over 90% of all new construction. Customer conversions to gas from other fuels increased by 27% over 1979.

Regulation

The regulatory authorities in Ontario and Manitoba approved rate increases to recover the higher cost of gas which became effective February 1, 1980 and September 1, 1980. In addition, rate increases were approved to recover the new Federal Excise Tax on natural gas which became effective November 1, 1980.

The following table summarizes the rates of return approved by the regulatory authorities, and presently in effect:

	Allowed Rate of Return		
	on Rate Base	on Common Equity	Test Year
Northern and Central Gas	10.47	14.1	1977
Greater Winnipeg Gas	11.62	14.1	1979

Northern and Central Gas has filed an application to increase rates to recover higher financing and operating costs incurred since the last test year. A hearing date has been set for early April, 1981.

Greater Winnipeg Gas will file an application in the spring of 1981 to increase rates to recover higher costs incurred since the last test year.

Gas Supply

Higher levels of exploration activity in the western provinces over the last few years have resulted in the establishment of significant additional gas reserves. With this in mind, the federal government, on October 28, 1980, announced a National Energy Program which provides incentives for users of oil to convert to natural gas and provides funds to utilities to expand into areas where natural gas can replace oil as a heating fuel. These plans have increased public awareness of natural gas, and consequently the demand for natural gas by residential and commercial consumers has increased.

Total contracted gas supply at year-end was 614 Mmcf per day compared with 608 Mmcf per day last year.



Capital Expenditures

Capital expenditures in 1980 were \$34 million compared with \$18.7 million in 1979, and are projected at \$48 million for 1981.

Financing

In July, 1980, the Company issued \$26 million principal amount of 12% subordinated debentures due 2000, exchangeable at any time until 1990 by the holders into 3.25 million common shares of Gaz Métropolitain owned by the Company. Since the debenture holders have the right to vote such common shares, the voting interest of the Company in Gaz Métropolitain was reduced from 72.5% to 49.3%

In December 1980, the Company entered into an agreement in principle to sell to Caisse de dépôt et placement du Québec \$55 million principal amount of 13% subordinated debentures due 1988, exchangeable into the Company's remaining 49.3% voting interest in Gaz Métropolitain. The agreement which is conditional upon receiving various approvals, is expected to close in March 1981.

Gaz Métropolitain, inc.

Contribution to income remained unchanged at \$7.1 million. The Company's equity in Gaz Métropolitain's earnings declined to 49.3% for the last half of 1980 compared to 72.5% for 1979 and the first half of 1980. Gas sales volumes

were 95.6 Bcf compared with 90.7 Bcf in 1979. Capital expenditures in 1980 increased to \$29.4 million from \$25.1 million in 1979, and Gaz Métropolitain has budgeted 1981 capital expenditures of \$64.7 million.

Outlook

As a result of the increase in reserves for natural gas and the National Energy Program, which created incentives to change oil heating to some other form of energy, the gas distribution utilities are experiencing a strong demand for conversion to natural gas. It is expected that these developments will create a positive outlook for growth, particularly in Ontario.

During 1980 the employees of Northern and Central Gas and its subsidiaries continued their loyal and effective service and it is a pleasure to express, on behalf of the Board of Directors, our sincere appreciation of their efforts.

On behalf of the Board,

JEAN J. LEROUX,

Chairman of the Board.

March 12, 1981.

Accounting Policies

Year ended December 31, 1980

The principal accounting policies followed by Northern and Central Gas Corporation Limited and its subsidiaries are summarized here to facilitate a review of the consolidated financial statements.

Principles of consolidation	<p>The consolidated financial statements include the accounts of the Company and all of its subsidiaries except Gaz Métropolitain, inc.</p> <p>The excess of acquisition costs over underlying value of net assets at date of purchase in respect of amalgamated companies are included in "Other assets" and are not being amortized.</p>
Foreign currency translation	<p>Amounts in foreign currency have been translated to Canadian dollars on the following bases: current assets and current liabilities, at the rate of exchange as at the balance sheet date; long-term debt, at the rate of exchange at the date the obligation was incurred.</p>
Inventories	<p>Gas in storage is carried at cost which includes transportation and storage. Supplies are carried at the lowest of historic cost, replacement cost and net realizable value.</p>
Properties, plant and equipment	<p>Properties, plant and equipment are carried at cost which includes direct costs, overhead attributable to construction and interest on funds used during construction.</p> <p>Depreciation is provided on the straight-line method at rates approved by regulatory authorities. The application of such rates is equivalent to a composite rate of approximately 2.80% (2.74% in 1979).</p>
Deferred charges	<p>Costs of issuing long-term debt are deferred in the year incurred and amortized against income over the term of the applicable issue.</p> <p>The Companies defer, in the year incurred, certain expenses which the regulatory authorities require or permit to be recovered from future revenues; such charges are being amortized over various time periods.</p>
Income taxes	<p>The Companies' rates and revenues, established for regulatory purposes, include recovery of only such income taxes as are currently payable. Accordingly, the Companies provide for income taxes on this basis and do not provide for income taxes which may be payable in future years as a result of current differences in timing of deductions, principally in respect of depreciation and amortization, for financial reporting and income tax purposes. Such income taxes not provided and not recovered in revenues amounted to \$3,700,000 in 1980, \$2,000,000 in 1979 and \$49,400,000 in total to December 31, 1980.</p>
Earnings per common share	<p>Earnings per common share have been calculated using the weighted monthly average number of common shares outstanding during the year (17,860,630 in 1980; 17,112,000 in 1979).</p>

Consolidated Statement of Income

Year ended December 31, 1980

(thousands of dollars)

	<u>1980</u>	<u>1979</u> <small>(restated —note 2)</small>
Sales and other revenues		
Gas sales	\$463,829	\$409,418
Interest income		
Gaz Métropolitain, inc.	10,168	11,110
Parent company (note 3)	3,595	3,595
Other revenues	9,634	8,164
	<u>487,226</u>	<u>432,287</u>
Costs and expenses		
Gas purchases	392,253	340,096
Operations and maintenance	39,477	34,255
Depreciation	8,354	7,838
Interest		
Long-term debt	23,315	22,874
Advances from parent company	1,055	1,369
Other	967	540
Income taxes	6,882	10,631
	<u>472,303</u>	<u>417,603</u>
	14,923	14,684
Equity in earnings of Gaz Métropolitain, inc. (note 2)	<u>7,109</u>	<u>7,140</u>
Income before extraordinary items	22,032	21,824
Extraordinary items (note 9)		(1,754)
Consolidated net income	<u>\$ 22,032</u>	<u>\$ 20,070</u>
Dividends on preference shares	<u>\$ 4,117</u>	<u>\$ 4,051</u>
Income applicable to common shares		
Before extraordinary items	<u>\$ 17,915</u>	<u>\$ 17,773</u>
Including extraordinary items	<u>\$ 17,915</u>	<u>\$ 16,019</u>
Earnings per common share		
Before extraordinary items	\$ 1.00	\$ 1.04
Including extraordinary items	\$ 1.00	\$.94

Consolidated Balance Sheet

as at December 31, 1980
(thousands of dollars)

Assets	1980	1979
		(restated —note 2)
Current Assets		
Cash and deposits	\$ 2,238	\$ 1,682
Accounts receivable and unbilled gas	74,424	50,346
Inventory of gas in storage and supplies	16,460	11,595
Total current assets	93,122	63,623
Investments (notes 2 and 3)	229,730	262,112
Properties, plant and equipment (note 4)	267,452	242,513
Other assets	14,653	15,224
	<u>\$604,957</u>	<u>\$583,472</u>
 Liabilities		
Current Liabilities		
Accounts payable and accrued charges	\$ 71,587	\$50,578
Income and other taxes	7,382	1,132
Current maturities on long-term debt	10,438	7,107
	89,407	58,817
Demand bank credits (note 5)	9,428	9,125
Advances from parent company (note 5)	11,200	38,500
Total current liabilities	110,035	106,442
Long-term debt (note 6)	236,801	225,376
Total liabilities	<u>346,836</u>	<u>331,818</u>
 Shareholders' Equity		
Capital Stock (note 7)		
Issued		
First preference shares		
107,720 \$2.60 cumulative, first series (110,920 in 1979)	5,386	5,546
29,393 \$2.70 cumulative, second series (30,393 in 1979)	1,470	1,520
Second preference shares		
1,307,900 7.85% cumulative, series A (1,364,900 in 1979)	32,698	34,123
Third preference shares		
1,765 \$1.06 cumulative, series A (2,058 in 1979)	44	51
149,408 \$1.50 cumulative, series B (163,007 in 1979)	3,735	4,075
460,000 \$1.94 cumulative, series C	11,500	11,500
17,860,630 Common shares	142,583	142,583
Retained earnings (note 8)	60,705	52,256
Total shareholders' equity	<u>258,121</u>	<u>251,654</u>
	<u>\$604,957</u>	<u>\$583,472</u>

Approved by the Board

 Director
 Director

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1980

(thousands of dollars)

	<u>1980</u>	<u>1979</u> (restated —note 2)
Source of funds		
From operations	\$29,619	\$29,434
Issue of preference shares		11,500
Issue of long-term debt	26,000	
Reduction in income tax from application of a subsidiary's prior years' losses		1,325
Increase in advances from parent company		18,500
Increase in demand bank credits	303	
Investments	<u>35,229</u>	
	<u>91,151</u>	<u>60,759</u>
Application of funds		
Expenditures on properties, plant and equipment, net	33,988	18,687
Investments		10,278
Reduction in demand bank credits		2,575
Reduction in advances from parent company	27,300	
Retirement of long-term debt	14,574	10,841
Dividends—common shares	9,466	10,308
—preference shares	4,117	4,051
Redemption of preference shares	1,591	2,226
Other	<u>1,206</u>	<u>(843)</u>
	<u>92,242</u>	<u>58,123</u>
Increase (decrease) in funds	(1,091)	2,636
Funds at beginning of year	<u>4,806</u>	<u>2,170</u>
Funds at end of year	<u>\$ 3,715</u>	<u>\$ 4,806</u>
Summary of funds		
Current assets	\$93,122	\$63,623
Current liabilities, less demand bank credits and advances from parent company (note 5)	<u>89,407</u>	<u>58,817</u>
	<u>\$ 3,715</u>	<u>\$ 4,806</u>

Notes to Consolidated Financial Statements

Year ended December 31, 1980

(Tabular amounts are in thousands of dollars)

- 1. Accounting policies** The summary of the principal accounting policies presented elsewhere is an integral part of these consolidated financial statements.
- 2. Investment in Gaz Métropolitain, inc. ("GMi")** On July 3, 1980, the Company sold \$26 million principal amount of 12% exchangeable subordinated debentures due 2000. The debenture holders have the right to exchange the debentures at any time until 1990 into 3.25 million common shares of GMi owned by the Company and have the right to vote such common shares during the exchange period and prior to exercising their right of exchange. As a result of this financing, the voting interest of the Company in GMi was reduced from 72.5% to 49.3%.
- Effective July 3, 1980, the Company discontinued the inclusion of the accounts of GMi in its consolidated financial statements and adopted the equity method of accounting for its 49.3% common share interest and the cost method of accounting for the 3.25 million common shares subject to the exchange rights. Accordingly, the assets and liabilities of GMi have not been included in the consolidated balance sheet of the Company as at December 31, 1980. The Company's equity in the earnings of GMi for the year ended December 31, 1980 has been shown separately in the consolidated statement of income. The dividends attributable to the common shares subject to the exchange rights and preference share dividends have been included in the equity in earnings of GMi.
- The consolidated financial statements of the Company for the year ended December 31, 1979 have been restated to conform with the 1980 presentation. Such restatement had no effect on consolidated net income or shareholders' equity.
- On December 5, 1980, the Company and Caisse de dépôt et placement du Québec ("Caisse") entered into an agreement in principle whereby the Company would sell to the Caisse \$55,016,392 principal amount of 13% exchangeable subordinated debentures due 1988. Caisse would have the right to exchange the debentures at any time during the period into 6,877,049 common shares of GMi owned by the Company and have the right to vote such common shares during the exchange period and prior to exercising their right of exchange. On the redemption of the debentures, the Company has the option of paying the redemption price either in cash or by tendering the 6,877,049 common shares of GMi subject to the exchange right. The agreement, which is conditional upon the receipt of various approvals, is expected to close no later than March 31, 1981. On the completion of this financing, the Company will no longer have a voting interest in GMi.

A condensed balance sheet of GMi is as follows:

	December 31,	
	1980	1979
Current assets	\$ 75,702	\$ 57,874
Property, plant and equipment	245,572	224,876
Other assets	23,180	22,079
	<u>\$344,454</u>	<u>\$304,829</u>
Due to Northern and Central Gas	\$ 7,366	\$ 36,633
Other current liabilities	46,188	41,395
Long-term debt — Northern and Central Gas	80,564	84,979
— other	99,802	34,035
	<u>233,920</u>	<u>197,042</u>
Shareholders' equity	110,534	107,787
	<u>\$344,454</u>	<u>\$304,829</u>

The Company's equity in the retained earnings of GMi of \$27,802,000 is \$13,697,000.

2. Investment in Gaz Métropolitain, inc. ("GMi") (Cont'd)

Summarized operating results for GMi are as follows:

	Year ended December 31,	
	1980	1979
Gross revenues	\$309,521	\$254,706
Costs and expenses	299,458	245,369
Income	<u>\$ 10,063</u>	<u>\$ 9,337</u>
The Company's equity in earnings including preference dividends	<u>\$ 7,109</u>	<u>\$ 7,140</u>
Common dividends received	<u>\$ 3,038</u>	<u>\$ 3,650</u>

3. Investments

	1980	1979
Investment in GMi (note 2)		
Common shares (i) — voting, at equity	\$ 53,667	\$ 76,446
— non-voting, at cost	25,207	
Preference shares (i)	21,530	22,345
Debt (ii)	80,564	84,979
Advances (ii)		30,000
	<u>180,968</u>	<u>213,770</u>
Demand note from parent company (iii)	47,300	47,300
Mortgages receivable	1,462	1,042
	<u>\$229,730</u>	<u>\$262,112</u>

(i) Includes \$23,779,000 excess of cost of investment over the underlying book value at date of acquisition which is not being amortized.

(ii) Excludes current maturities of \$4,795,000 in 1980 (\$4,336,000 in 1979) and other current amounts which are included in accounts receivable.

(iii) The subordinated demand note from parent company, Norcen Energy Resources Limited, bears interest at 7.6% per annum and is subject to minimum annual repayments of \$4,148,000 commencing in 1988.

4. Properties, plant and equipment

	1980			1979
	Cost	Accumulated depreciation	Net	Net
Gas storage	\$ 17,892	\$ 3,613	\$ 14,279	\$ 14,485
Gas distribution	271,722	51,298	220,424	200,909
Rental equipment	28,286	13,795	14,491	13,101
General and other plant	25,255	6,997	18,258	14,018
	<u>\$343,155</u>	<u>\$ 75,703</u>	<u>\$267,452</u>	<u>\$242,513</u>

5. Demand bank credits

	1980	1979
Commercial paper		\$ 5,000
Bank loans—unsecured	\$ 9,428	4,125
	<u>\$ 9,428</u>	<u>\$ 9,125</u>

While demand bank credits and advances from parent company are by their terms due within one year and therefore classified as current liabilities, the Company has in the past retired and anticipates in the future retiring such obligations through the issue of long-term capital.

6. Long-term debt

	Due within one year	1980	1979
5¾%-11¾% first mortgage bonds, 1981-1998	\$ 9,949	\$147,912	\$155,964
9¾% senior debentures, 1991		39,746	40,100
6% subordinated notes, 1987	464	2,929	3,284
5¾%-12% debentures, 1982-2000	25	56,311	32,901
Non-interest bearing note, 1982		454	454
	<u>\$10,438</u>	<u>247,352</u>	<u>232,703</u>
Deduct			
Long-term debt held for sinking fund purposes		113	220
Current maturities on long-term debt		10,438	7,107
		<u>10,551</u>	<u>7,327</u>
		<u>\$236,801</u>	<u>\$225,376</u>

Securities issued in U.S. funds maturing between 1987 and 1993 are included above at their Canadian dollar equivalent (\$75,149,000 in 1980 and \$79,374,000 in 1979) at respective dates of issue except for current maturities which are translated at year-end rates. Repayment of such issues in their entirety at rates of exchange prevailing at year-end would result in additional obligations of \$11,299,000 at December 31, 1980 (\$10,285,000 at December 31, 1979).

Long-term debt maturities and sinking fund requirements for each of the four years subsequent to 1981 are as follows:

1982	\$22,335,000	1984	\$17,010,000
1983	\$14,048,000	1985	\$13,798,000

Of the \$247,352,000 of long-term debt of the gas utilities, \$85,359,000 represents amounts owing to the Company by GMi as a result of financings arranged in prior years by the Company for GMi (note 3).

7. Capital stock

Authorized	
537,321	First preference shares \$50 each par value, issuable in series
3,907,900	Second preference shares \$25 each par value, issuable in series
974,398	Third preference shares \$25 each par value, issuable in series
2,500,000	Junior preference shares \$25 each par value, issuable in series
34,622,139	Common shares without par value

7. Capital stock (Cont'd)

First preference shares, first and second series, (currently redeemable at the Company's option at \$51.00 and \$50.50 per share respectively) do not presently have voting rights.

Second preference shares, series A, (redeemable commencing after December 15, 1982 at an initial price of \$26.00 per share, declining annually to \$25.00 per share after December 15, 1987) do not presently have voting rights.

Third preference shares, series A, series B and series C, (redeemable at the Company's option at \$27.50 per share, \$26.50 per share and \$25.00 per share respectively) have voting rights.

The following shares were redeemed during the year:

3,200	First preference shares, first series
1,000	First preference shares, second series
57,000	Second preference shares
293	Third preference shares, series A
13,599	Third preference shares, series B

8. Dividend restrictions

The indentures and agreements relating to the Company's long-term debt obligations contain various covenants limiting the payment of dividends.

9. Extraordinary items

	<u>1979</u>
Reduction in income taxes from application of a subsidiary's prior years' losses	\$ 1,325
Adjustment of carried value of investment in GMi as a result of its issue of treasury shares	<u>(3,079)</u>
	<u><u>\$(1,754)</u></u>

10. Regulation

Rates and revenues are established following public hearings before the respective provincial and federal regulatory authorities. From time to time the authorities grant the Companies provisional rate increases which may be subject to refund to customers depending upon the decision of the authorities following a full public hearing. The Company believes no refunds will be required.

11. Other information

Remuneration of directors and senior officers paid by the Company was \$548,000 (\$551,000 in 1979).

Financial and Operating Summary – 1976-1980

Consolidated Results

Financial Statistics (\$000's)	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Sales and other revenues					
Gas sales	\$463,829	\$409,418	\$364,381	\$298,301	\$253,527
Other revenues	23,397	22,869	22,095	21,094	22,529
	<u>487,226</u>	<u>432,287</u>	<u>386,476</u>	<u>319,395</u>	<u>276,056</u>
Costs and expenses					
Gas purchases	392,253	340,096	304,521	246,963	208,975
Operations and maintenance	39,477	34,255	30,012	27,753	25,312
Depreciation	8,354	7,838	7,562	7,567	7,554
Interest	25,337	24,783	24,189	24,346	24,644
Income taxes	6,882	10,631	7,688	2,795	832
	<u>472,303</u>	<u>417,603</u>	<u>373,972</u>	<u>309,424</u>	<u>267,317</u>
Income from continuing operations	<u>\$ 14,923</u>	<u>\$ 14,684</u>	<u>\$ 12,504</u>	<u>\$ 9,971</u>	<u>\$ 8,739</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$106,260	\$ 93,623	\$ 84,596	\$ 68,281	\$ 61,965
Commercial	98,561	83,216	73,630	52,223	49,121
Industrial — firm	154,240	132,137	127,213	112,410	93,530
— interruptible	104,768	100,442	78,942	65,387	48,911
	<u>\$463,829</u>	<u>\$409,418</u>	<u>\$364,381</u>	<u>\$298,301</u>	<u>\$253,527</u>
Volumes (MMcf)					
Residential	33,004	34,440	33,648	31,726	33,327
Commercial	33,768	33,793	32,770	27,845	32,189
Industrial — firm	60,668	59,637	64,086	67,185	67,022
— interruptible	45,474	51,344	43,027	42,491	37,019
	<u>172,914</u>	<u>179,214</u>	<u>173,531</u>	<u>169,247</u>	<u>169,557</u>
Customers at year-end					
Residential	239,619	230,697	223,828	220,070	213,721
Commercial	25,510	23,876	22,643	21,735	20,428
Industrial	575	588	564	623	595
	<u>265,704</u>	<u>255,161</u>	<u>247,035</u>	<u>242,428</u>	<u>234,744</u>
Capital expenditures (\$000's)	\$33,988	\$18,687	\$14,029	\$11,362	\$ 9,751
Miles of pipe at end of period	4,134	3,978	3,872	3,849	3,795

Financial and Operating Summary – 1976-1980

Northern and Central Gas(1)

Financial Statistics (\$000's)	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Sales and other revenues					
Gas sales	\$325,656	\$283,886	\$254,131	\$211,533	\$180,768
Other revenues	<u>18,834</u>	<u>18,660</u>	<u>18,799</u>	<u>17,869</u>	<u>19,537</u>
	<u>344,490</u>	<u>302,546</u>	<u>272,930</u>	<u>229,402</u>	<u>200,305</u>
Costs and expenses					
Gas purchases	284,866	246,531	221,025	183,000	154,258
Operations and maintenance	20,783	18,123	16,288	15,271	13,743
Depreciation	4,904	4,657	4,488	4,471	4,515
Interest	20,472	20,528	19,945	20,375	20,581
Income taxes	<u>3,486</u>	<u>4,895</u>	<u>3,524</u>	<u>56</u>	<u>40</u>
	<u>334,511</u>	<u>294,734</u>	<u>265,270</u>	<u>223,173</u>	<u>193,137</u>
Income from continuing operations	<u>\$ 9,979</u>	<u>\$ 7,812</u>	<u>\$ 7,660</u>	<u>\$ 6,229</u>	<u>\$ 7,168</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$ 48,282	\$ 39,532	\$ 36,891	\$ 29,728	\$ 28,839
Commercial	52,072	42,032	37,868	24,072	21,543
Industrial — firm	151,198	129,216	124,467	110,119	91,522
— interruptible	<u>74,104</u>	<u>73,106</u>	<u>54,905</u>	<u>47,614</u>	<u>38,864</u>
	<u>\$325,656</u>	<u>\$283,886</u>	<u>\$254,131</u>	<u>\$211,533</u>	<u>\$180,768</u>
Volumes (MMcf)					
Residential	14,034	13,216	13,531	12,979	14,371
Commercial	17,556	16,479	16,500	12,849	13,471
Industrial — firm	59,584	58,380	62,806	65,926	65,678
— interruptible	<u>32,423</u>	<u>37,343</u>	<u>29,671</u>	<u>29,976</u>	<u>27,822</u>
	<u>123,597</u>	<u>125,418</u>	<u>122,508</u>	<u>121,730</u>	<u>121,342</u>
Customers at year-end					
Residential	102,518	96,571	94,033	94,931	92,881
Commercial	13,039	12,103	11,556	11,102	10,329
Industrial	<u>340</u>	<u>349</u>	<u>323</u>	<u>381</u>	<u>396</u>
	<u>115,897</u>	<u>109,023</u>	<u>105,912</u>	<u>106,414</u>	<u>103,606</u>
Capital expenditures (\$000's)	\$24,732	\$10,275	\$ 7,516	\$ 5,727	\$ 5,887
Miles of pipe at end of period	2,506	2,373	2,340	2,352	2,339

(1) Figures in 1977 and prior include Gaz du Québec, Inc.

Financial and Operating Summary – 1976-1980

Greater Winnipeg Gas

Financial Statistics (\$000's)	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Sales and other revenues					
Gas sales	\$138,173	\$125,532	\$110,250	\$ 86,768	\$ 72,759
Other revenues	4,563	4,209	3,296	3,225	2,992
	<u>142,736</u>	<u>129,741</u>	<u>113,546</u>	<u>89,993</u>	<u>75,751</u>
Costs and expenses					
Gas purchases	107,387	93,565	83,496	63,963	54,717
Operations and maintenance	18,694	16,132	13,724	12,482	11,569
Depreciation	3,450	3,181	3,074	3,096	3,039
Interest	4,865	4,255	4,244	3,971	4,063
Income taxes	3,396	5,736	4,164	2,739	792
	<u>137,792</u>	<u>122,869</u>	<u>108,702</u>	<u>86,251</u>	<u>74,180</u>
Income from continuing operations	<u>\$ 4,944</u>	<u>\$ 6,872</u>	<u>\$ 4,844</u>	<u>\$ 3,742</u>	<u>\$ 1,571</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$ 57,978	\$ 54,091	\$ 47,705	\$ 38,553	\$ 33,126
Commercial	46,489	41,184	35,762	28,151	27,578
Industrial — firm	3,042	2,921	2,746	2,291	2,008
— interruptible	30,664	27,336	24,037	17,773	10,047
	<u>\$138,173</u>	<u>\$125,532</u>	<u>\$110,250</u>	<u>\$ 86,768</u>	<u>\$ 72,759</u>
Volumes (MMcf)					
Residential	18,970	21,224	20,117	18,747	18,956
Commercial	16,212	17,314	16,270	14,996	18,718
Industrial — firm	1,084	1,257	1,280	1,259	1,344
— interruptible	13,051	14,001	13,356	12,515	9,197
	<u>49,317</u>	<u>53,796</u>	<u>51,023</u>	<u>47,517</u>	<u>48,215</u>
Customers at year-end					
Residential	137,101	134,126	129,795	125,139	120,840
Commercial	12,471	11,773	11,087	10,633	10,099
Industrial	235	239	241	242	199
	<u>149,807</u>	<u>146,138</u>	<u>141,123</u>	<u>136,014</u>	<u>131,138</u>
Capital expenditures (\$000's)	\$ 9,256	\$ 8,412	\$ 6,513	\$ 5,635	\$ 3,864
Miles of pipe at end of period	1,628	1,605	1,532	1,497	1,456

Directors and Officers

Officers

Jean J. Leroux	<i>Chairman of the Board</i>
D. Stewart McIntosh	<i>President</i>
Austin P. Rathke	<i>Senior Vice-President, Manitoba</i>
Jacques Beauchamp	<i>Senior Vice-President, Quebec</i>
Harold E. Andrews	<i>Vice-President, Finance and Regulatory Affairs</i>
Leslie L. Hartford	<i>Vice-President, Operations</i>
Robert T. Rhodes	<i>Vice-President, Gas Supply and Planning</i>
Olga Boychuk	<i>Secretary</i>
Ronald W. Wasenda	<i>Treasurer</i>
William T. Kilbourne	<i>Assistant Secretary</i>
Peter F. Scully	<i>Assistant Secretary</i>
Alick S. G. Duguid	<i>Assistant Treasurer</i>

Board of Directors

Donald D. Barkwell	<i>Calgary</i>
*Edward G. Battle	<i>Toronto</i>
Jacques Beauchamp	<i>Montreal</i>
Edmund C. Bovey	<i>Toronto</i>
**Preston R. Cook	<i>Thunder Bay</i>
*Frederick A. M. Huycke, Q.C.	<i>Toronto</i>
**George E. Knowles	<i>Kapuskasing</i>
*Jean J. Leroux	<i>Toronto</i>
**D. Stewart McIntosh	<i>Toronto</i>
Austin P. Rathke	<i>Winnipeg</i>
*Executive Committee	
**Audit Committee	

Head Office

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