

Northern and Central Gas Corporation Limited
Annual Report

1982





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 Temiscaming. 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)	1982	1981
Sales and other revenues Northern and Central Gas	\$461,779	\$425,978
Greater Winnipeg Gas	213,816	165,374
	<u>\$675,595</u>	<u>\$591,352</u>
Income contribution Northern and Central Gas	\$ 9,641	\$ 10,330
Greater Winnipeg Gas	8,636	3,966
	<u>18,277</u>	<u>14,296</u>
Dividends from Gaz Métropolitain, inc.	6,858	5,705
	<u>\$ 25,135</u>	<u>\$ 20,001</u>
Operating		
Customers at year-end	287,436	279,505
Expenditures on property, plant and equipment, net (\$000's)	\$ 32,714	\$ 39,615
Property, plant and equipment (\$000's).	\$316,418	\$296,378



Report to Shareholders

Revenues and Earnings

Net income for 1982 increased to \$25.1 million from \$20.0 million in 1981 due mainly to the improved contribution from the Manitoba operations. Dividend income from Gaz Métropolitain, inc. also improved, while the contribution from the Ontario operations declined from 1981.

The higher contribution from Gaz Métropolitain, inc. was due to an increase in the dividend rate on common shares to 14¢ from 10¢ per share, effective from the second quarter of 1982.

Total revenues increased to \$675.6 million from \$591.4 million reflecting increased gas costs passed on to customers and increased rates to recover higher operating and financing costs. Gas volumes sold declined to 4,399 10⁶m³ from 4,793 10⁶m³. The number of customers continued to increase during 1982, reaching 287,436 at the end of the year.

Ontario Operations

Contribution to income declined to \$9.6 million from \$10.3 million in 1981 as a result of lower sales to industrial customers, which was partially offset by a settlement on a contract termination. Industrial firm and interruptible volumes declined substantially in 1982 by 301 10⁶m³ and 166 10⁶m³, respectively, because of reduced industrial production and temporary plant shut-downs brought on by the severe economic recession. Residential and commercial volumes increased to 905 10⁶m³ from 874 10⁶m³ in 1981 due to an increase in the number of customers and 7% colder weather than last year. The number of customers increased to 129,195 at the end of 1982 from 123,658 in 1981.

Customer attachments in 1982 were aided by federal government grants under the Canada Oil Substitution Program (COSP) and the Distribution System Expansion Program (DSEP). In 1982, COSP provided 6,982 of our customers with \$4.7 million in grants to convert from oil to natural gas. DSEP grants provide a direct contribution in aid of construction for main extension and system expansion projects which are cost-effective in displacing oil, but which would not otherwise be financially viable. During 1982, the Company received \$2.9 million under this program.

Capital expenditures, after deducting DSEP grants, were \$24.8 million compared with \$31.9 million in 1981, and are expected to be \$28.9 million in 1983.

Manitoba Operations

Income from operations improved by \$4.7 million to \$8.6 million in 1982 due to colder weather than last year. Gas sales volumes sold to residential and commercial customers increased by 150 10⁶m³ to 1,074 10⁶m³ in 1982 as a result of 17% colder weather than last year. Industrial gas sales volumes declined by 108 10⁶m³ due to the adverse economic conditions. The number of customers increased to 158,241 at the end of 1982 from 155,847 at December 31, 1981. Applications for grants under COSP were received from 3,219 customers.

The gas distribution franchises for Greater Winnipeg Gas, which were to expire on December 31, 1983, have been renewed for a further 25 years.

Capital expenditures in 1982 were \$7.9 million compared with \$7.7 million in 1981 and are estimated to be \$8.4 million for 1983.

Regulation

The regulatory authorities in Ontario and Manitoba approved applications for recovery of higher gas costs which became effective February 1, 1982, August 1, 1982 and September 1, 1982.

In July 1982, Greater Winnipeg Gas received a decision on its main application which granted a 13.14% overall allowed rate of return on a rate base of \$96.5 million and a 15.25% allowed rate of return on common equity based upon a 1981 test year.

Greater Winnipeg Gas will file an application in early 1983 to recover increased costs based upon a 1982 test year.

During 1982, main rate hearings took place on Northern and Central's application seeking a revenue deficiency based upon a 1983 forecast test year. Increased rates have been granted on an interim basis, effective March 1, 1982 and February 11, 1983, which provide additional annual revenues of \$4.5 million and \$10.0 million, respectively. A decision on the main rate case was rendered on March 8, 1983, approving additional annual revenues of \$3.6 million and a rate of return on common equity of 16%. Northern and Central Gas will file an application in June 1983 to recover increased costs based upon a 1984 test year.



Financing

In November 1982, Northern and Central Gas completed an issue of \$30 million 14% Senior Debentures due November 29, 2002 to Canadian financial institutions. The proceeds were used to reduce short-term debt obligations which had been primarily incurred to finance the capital expenditure program.

Outlook

While the 2% colder than normal weather contributed significantly to the improvement in net income from 1981, economic conditions in the past year have been difficult for the Company, its employees and its customers. The deep economic recession temporarily reduced industrial demand for natural gas and necessitated the imposition of wage and price guidelines. With the prospect of a slow and gradual recovery in the economy for 1983, the Company has set the

objectives of increasing customer attachments and improving employee productivity. The Directors join me in thanking the employees of Northern and Central Gas and its subsidiaries for their significant efforts in 1982 and challenging their ingenuity in achieving the 1983 corporate objectives.

On behalf of the Board,

JEAN J. LEROUX,

Chairman of the Board and President.

March 11, 1983.

Summary of Accounting Policies

Year ended December 31, 1982

The Company and its subsidiaries are engaged primarily in regulated gas distribution operations in Manitoba through Greater Winnipeg Gas Company, in Ontario through Northern and Central Gas Corporation Limited and in northwestern Quebec through Le Gaz Provincial du Nord de Québec Ltée all of which are classified as one business segment for financial reporting purposes.

The principal accounting policies followed by the Company and its subsidiaries are summarized here to facilitate a review of the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

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.

Foreign currency translation

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.

Inventories

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.

Properties, plant and equipment

Properties, plant and equipment are carried at cost which includes direct costs, overhead attributable to construction and interest on funds used during construction.

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 3.19% (3.04% in 1981).

Deferred charges

Costs of issuing long-term debt are deferred in the year incurred and amortized against income over the term of the applicable issue.

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.

Income taxes

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 \$5,300,000 in 1982, (\$4,100,000 in 1981), and \$58,800,000 in total to December 31, 1982.



Consolidated Statement of Income

Year ended December 31, 1982
(thousands of dollars)

	<u>1982</u>	<u>1981</u>
Sales and other revenues		
Gas sales	\$645,983	\$562,893
Interest income		
Gaz Métropolitain, inc.	8,324	8,622
Demand note from parent company (note 2)	3,595	3,595
Advances to parent company		3,982
Other revenues	<u>17,693</u>	<u>12,260</u>
	<u>675,595</u>	<u>591,352</u>
Costs and expenses		
Gas purchases	554,747	483,904
Operations and maintenance	53,563	45,490
Depreciation	11,383	9,633
Interest		
Long-term debt	30,024	29,111
Advances from parent company	62	
Other	1,277	2,178
Income taxes	<u>7,712</u>	<u>6,740</u>
	<u>658,768</u>	<u>577,056</u>
Income from operations before undernoted item	16,827	14,296
Settlement on contract termination (net of income taxes of \$1,559,000) (note 8)	<u>1,450</u>	
Income from operations	18,277	14,296
Dividend income from Gaz Métropolitain, inc.	<u>6,858</u>	<u>5,705</u>
Net income	<u>\$ 25,135</u>	<u>\$ 20,001</u>
Dividends on preference shares	<u>\$ 3,671</u>	<u>\$ 3,934</u>
Income applicable to common shares	<u>\$ 21,464</u>	<u>\$ 16,067</u>
Earnings per common share	\$ 1.20	\$ 0.90



Consolidated Balance Sheet

as at December 31, 1982
(thousands of dollars)

Assets

	1982	1981
Current Assets		
Cash and deposits	\$ 3,992	
Accounts receivable and unbilled gas	90,467	\$ 75,769
Inventory of gas in storage and supplies	24,643	22,274
Advances to parent company		1,836
Total current assets	119,102	99,879
Investments (note 2)	218,434	224,442
Properties, plant and equipment (note 3)	316,418	296,378
Other assets	13,939	13,957
	<u>\$667,893</u>	<u>\$634,656</u>

Liabilities

Current Liabilities		
Bank indebtedness	\$ 5,122	\$ 1,594
Accounts payable and accrued charges	83,288	76,667
Income and other taxes	10,491	6,650
Current maturities on long-term debt	9,166	17,843
Current liabilities, excluding demand bank credits and advances from parent company	108,067	102,754
Demand bank credits (note 4)	4,925	5,470
Advances from parent company	6,480	
Total current liabilities	119,472	108,224
Long-term debt (note 5)	284,632	268,489
Total liabilities	<u>404,104</u>	<u>376,713</u>

Shareholders' Equity

Capital Stock (note 6)		
Issued		
First preference shares		
100,480 \$2.60 cumulative, first series (101,380 in 1981)	5,024	5,069
28,093 \$2.70 cumulative, second series (28,593 in 1981)	1,405	1,430
Second preference shares		
1,195,900 7.85% cumulative, series A (1,251,900 in 1981)	29,897	31,297
Third preference shares		
1,435 \$1.06 cumulative, series A (1,605 in 1981)	36	40
82,224 \$1.50 cumulative, series B (101,879 in 1981)	2,055	2,547
368,000 \$1.94 cumulative, series C (414,000 in 1981)	9,200	10,350
17,860,630 Common shares	142,583	142,583
Retained earnings (note 7)	73,589	64,627
Total shareholders' equity	<u>263,789</u>	<u>257,943</u>
	<u>\$667,893</u>	<u>\$634,656</u>

Approved by the Board

 Director

 Director



Consolidated Statement of Changes in Financial Position

Year ended December 31, 1982

(thousands of dollars)

	<u>1982</u>	<u>1981</u>
Source of funds		
From operations	\$ 38,274	\$ 31,680
Issue of long-term debt	30,000	55,016
Advances from parent company	6,480	
Investments	5,357	5,412
	<u>80,111</u>	<u>92,108</u>
Application of funds		
Expenditures on properties, plant and equipment, net	32,714	39,615
Advances to parent company		11,200
Reduction in demand bank credits	545	3,958
Retirement of long-term debt	13,857	23,329
Dividends	16,173	16,079
Redemption of preference shares	2,440	3,501
Other	472	1,016
	<u>66,201</u>	<u>98,698</u>
Increase (decrease) in funds position	13,910	(6,590)
Funds position at beginning of year	<u>(2,875)</u>	<u>3,715</u>
Funds position at end of year	<u>\$ 11,035</u>	<u>\$ (2,875)</u>
Summary of funds position		
Current assets	\$119,102	\$ 99,879
Current liabilities, excluding demand bank credits and advances from parent company (note 4)	<u>108,067</u>	<u>102,754</u>
	<u>\$ 11,035</u>	<u>\$ (2,875)</u>

Consolidated Statement of Retained Earnings

Year ended December 31, 1982
(thousands of dollars)

	<u>1982</u>	<u>1981</u>
Balance at beginning of year	\$64,627	\$60,705
Net income	25,135	20,001
	<u>89,762</u>	<u>80,706</u>
Dividends		
First preference shares		
–first series	262	273
–second series	77	78
Second preference shares –series A	2,383	2,487
Third preference shares		
–series A	2	2
–series B	144	202
–series C	803	892
Common shares	<u>12,502</u>	<u>12,145</u>
	<u>16,173</u>	<u>16,079</u>
Balance at end of year	<u>\$73,589</u>	<u>\$64,627</u>

Auditors' Report

*To the Shareholders of
Northern and Central Gas Corporation Limited*

We have examined the consolidated balance sheet of Northern and Central Gas Corporation Limited as at December 31, 1982 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 1, 1983

Thomas Biddell
Chartered Accountants

Notes to Consolidated Financial Statements

Year ended December 31, 1982

(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. Investments

	1982	1981
Investment in Gaz Métropolitain, inc. (GMi)		
Common shares (i)	\$ 78,874	\$ 78,874
Preference shares	19,932	20,731
Debt (ii)	70,833	75,749
	<u>169,639</u>	<u>175,354</u>
Demand note from parent company (iii)	47,300	47,300
Mortgages receivable	1,196	1,192
Notes receivable	299	596
	<u>\$218,434</u>	<u>\$224,442</u>

- (i) The Company has issued two series of exchangeable subordinated debentures, exchangeable into the Company's holding of 10,127,049 GMi common shares (38.6% interest at December 31, 1982). Both issues confer upon the holders the right to vote the shares subject to exchange during the terms of the issues and prior to exercising the exchange right. As a result the Company no longer has a voting interest in GMi. Accordingly, the Company accounts for its investment in GMi by the cost method.

The first issue of \$26,000,000 principal amount of 12% exchangeable subordinated debentures due in 2000 are exchangeable until July 1990 at the option of the holders into 3,250,000 common shares of GMi.

The second issue of \$55,016,000 of 13% exchangeable subordinated debentures redeemable in 1988 are exchangeable at any time during the period into 6,877,049 common shares of GMi. The Company has the option to pay the redemption price in cash or by tendering the common shares of GMi subject to the exchange right.

- (ii) Excludes current maturities of \$5,401,000 in 1982 (\$5,195,000 in 1981) 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.

3. Properties, plant and equipment

	1982			1981
	Cost	Accumulated depreciation	Net	Net
Gas storage	\$ 18,094	\$ 4,559	\$ 13,535	\$ 13,944
Gas distribution	324,429	62,396	262,033	245,964
Rental equipment	32,232	16,318	15,914	15,937
General and other plant	34,442	9,506	24,936	20,533
	<u>\$409,197</u>	<u>\$92,779</u>	<u>\$316,418</u>	<u>\$296,378</u>

4. Demand Bank Credits

	<u>1982</u>	<u>1981</u>
Bank loans-unsecured.	\$ 4,925	\$ 5,470

While demand bank credits 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.

5. Long-term debt

	Due within one year	<u>1982</u>	<u>1981</u>
5¾%-11¾% first mortgage bonds, 1982-1998	\$8,357	\$124,270	\$136,501
9½%-14% senior debentures, 1991-2002		65,908	37,820
6% subordinated notes, 1987	480	2,055	2,457
5¾%-11¼% debentures, 1982-1991	329	20,592	28,110
12%-13% exchangeable subordinated debentures, 1988-2000 (note 2)		81,016	81,016
Non-interest bearing note, 1982			454
	<u>\$9,166</u>	<u>293,841</u>	<u>286,358</u>
Deduct			
Long-term debt held for sinking fund purposes		43	26
Current maturities on long-term debt		9,166	17,843
		<u>9,209</u>	<u>17,869</u>
		<u>\$284,632</u>	<u>\$268,489</u>

Securities issued in U.S. funds mature between 1987 and 1993 and are included above at their Canadian dollar equivalent (\$65,459,000 in 1982 and \$70,182,000 in 1981) 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 \$11,909,000 at December 31, 1982 (\$10,299,000 at December 31, 1981).

Long-term debt maturities and sinking fund requirements for each of the four years subsequent to 1982 are as follows:

1984	\$16,608,000	1986	\$15,938,000
1985	\$15,073,000	1987	\$14,619,000

Of the long-term debt \$76,234,000 represents amounts owing to the Company by GMi as a result of financings arranged in prior years by the Company for GMi (note 2).

6. Capital Stock

Authorized	
528,781	First preference shares \$50 each par value, issuable in series
3,795,900	Second preference shares \$25 each par value, issuable in series
451,659	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

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:

900	First preference shares, first series
500	First preference shares, second series
56,000	Second preference shares
170	Third preference shares, series A
19,655	Third preference shares, series B
46,000	Third preference shares, series C

7. Dividend restrictions

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

8. Settlement on contract termination

During 1982 the Company and a customer negotiated a settlement of \$3,009,000 related to the early termination of a gas purchase contract by the customer.

9. 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.

10. Other information

Remuneration of directors and senior officers paid by the Company was \$1,028,515 (\$736,661 in 1981).

Financial and Operating Summary–1978-1982

Consolidated Results

Financial Statistics (\$000's)	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
Sales and other revenues					
Gas sales	\$645,983	\$562,893	\$463,829	\$409,418	\$364,381
Other revenues	31,062 ⁽¹⁾	28,459	23,397	22,869	22,095
	<u>677,045</u>	<u>591,352</u>	<u>487,226</u>	<u>432,287</u>	<u>386,476</u>
Costs and expenses					
Gas purchases	554,747	483,904	392,253	340,096	304,521
Operations and maintenance	53,563	45,490	39,477	34,255	30,012
Depreciation	11,383	9,633	8,354	7,838	7,562
Interest	31,363	31,289	25,337	24,783	24,189
Income taxes	7,712	6,740	6,882	10,631	7,688
	<u>658,768</u>	<u>577,056</u>	<u>472,303</u>	<u>417,603</u>	<u>373,972</u>
Income from operations	<u>\$ 18,277</u>	<u>\$ 14,296</u>	<u>\$ 14,923</u>	<u>\$ 14,684</u>	<u>\$ 12,504</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$167,264	\$123,440	\$106,260	\$ 93,623	\$ 84,596
Commercial	153,693	116,421	98,561	83,216	73,630
Industrial-firm	197,444	192,464	154,240	132,137	127,213
-interruptible	127,582	130,568	104,768	100,442	78,942
	<u>\$645,983</u>	<u>\$562,893</u>	<u>\$463,829</u>	<u>\$409,418</u>	<u>\$364,381</u>
Volumes (10 ⁶ m ³)					
Residential	994	885	935	976	953
Commercial	985	913	956	957	928
Industrial-firm	1,423	1,722	1,719	1,689	1,816
-interruptible	997	1,273	1,288	1,455	1,219
	<u>4,399</u>	<u>4,793</u>	<u>4,898</u>	<u>5,077</u>	<u>4,916</u>
Customers at year-end					
Residential	259,202	252,192	239,619	230,697	223,828
Commercial	27,686	26,746	25,510	23,876	22,643
Industrial	548	567	575	588	564
	<u>287,436</u>	<u>279,505</u>	<u>265,704</u>	<u>255,161</u>	<u>247,035</u>
Capital expenditures (\$000's)	\$ 32,714	\$ 39,615	\$ 33,988	\$ 18,687	\$ 14,029
Kilometres of pipe at end of period	7,039	6,859	6,653	6,402	6,231

⁽¹⁾ Includes settlement on contract termination of \$1,450,000.

Financial and Operating Summary—1978-1982

Northern and Central Gas

Financial Statistics (\$000's)	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
Sales and other revenues					
Gas sales	\$441,533	\$402,384	\$325,656	\$283,886	\$254,131
Other revenues	21,696 ⁽¹⁾	23,594	18,834	18,660	18,799
	<u>463,229</u>	<u>425,978</u>	<u>344,490</u>	<u>302,546</u>	<u>272,930</u>
Costs and expenses					
Gas purchases	393,339	357,011	284,866	246,531	221,025
Operations and maintenance	28,849	24,039	20,783	18,123	16,288
Depreciation	7,360	5,990	4,904	4,657	4,488
Interest	26,029	25,492	20,472	20,528	19,945
Income taxes	(1,989)	3,116	3,486	4,895	3,524
	<u>453,588</u>	<u>415,648</u>	<u>334,511</u>	<u>294,734</u>	<u>265,270</u>
Income from operations	<u>\$ 9,641</u>	<u>\$ 10,330</u>	<u>\$ 9,979</u>	<u>\$ 7,812</u>	<u>\$ 7,660</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$ 75,270	\$ 58,211	\$ 48,282	\$ 39,532	\$ 36,891
Commercial	80,497	63,907	52,072	42,032	37,868
Industrial—firm	192,968	189,015	151,198	129,216	124,467
—interruptible	92,798	91,251	74,104	73,106	54,905
	<u>\$441,533</u>	<u>\$402,384</u>	<u>\$325,656</u>	<u>\$283,886</u>	<u>\$254,131</u>
Volumes (10 ⁶ m ³)					
Residential	410	386	398	375	383
Commercial	495	488	497	467	467
Industrial—firm	1,393	1,694	1,688	1,653	1,779
—interruptible	729	895	918	1,058	841
	<u>3,027</u>	<u>3,463</u>	<u>3,501</u>	<u>3,553</u>	<u>3,470</u>
Customers at year-end					
Residential	114,185	109,391	102,518	96,571	94,033
Commercial	14,685	13,929	13,039	12,103	11,556
Industrial	325	338	340	349	323
	<u>129,195</u>	<u>123,658</u>	<u>115,897</u>	<u>109,023</u>	<u>105,912</u>
Capital expenditures (\$000's)	\$ 24,796	\$ 31,948	\$ 24,732	\$ 10,275	\$ 7,516
Kilometres of pipe at end of period	4,379	4,220	4,033	3,819	3,766

⁽¹⁾ Includes settlement on contract termination of \$1,450,000.

Financial and Operating Summary—1978-1982

Greater Winnipeg Gas

Financial Statistics (\$000's)	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
Sales and other revenues					
Gas sales	\$204,450	\$160,509	\$138,173	\$125,532	\$110,250
Other revenues	9,366	4,865	4,563	4,209	3,296
	<u>213,816</u>	<u>165,374</u>	<u>142,736</u>	<u>129,741</u>	<u>113,546</u>
Costs and expenses					
Gas purchases	161,408	126,893	107,387	93,565	83,496
Operations and maintenance	24,714	21,451	18,694	16,132	13,724
Depreciation	4,023	3,643	3,450	3,181	3,074
Interest	5,334	5,797	4,865	4,255	4,244
Income taxes	9,701	3,624	3,396	5,736	4,164
	<u>205,180</u>	<u>161,408</u>	<u>137,792</u>	<u>122,869</u>	<u>108,702</u>
Income from operations	<u>\$ 8,636</u>	<u>\$ 3,966</u>	<u>\$ 4,944</u>	<u>\$ 6,872</u>	<u>\$ 4,844</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$ 91,994	\$ 65,229	\$ 57,978	\$ 54,091	\$ 47,705
Commercial	73,196	52,514	46,489	41,184	35,762
Industrial—firm	4,476	3,449	3,042	2,921	2,746
—interruptible	34,784	39,317	30,664	27,336	24,037
	<u>\$204,450</u>	<u>\$160,509</u>	<u>\$138,173</u>	<u>\$125,532</u>	<u>\$110,250</u>
Volumes (10 ⁶ m ³)					
Residential	584	499	537	601	570
Commercial	490	425	459	490	461
Industrial—firm	30	28	31	36	37
—interruptible	268	378	370	397	378
	<u>1,372</u>	<u>1,330</u>	<u>1,397</u>	<u>1,524</u>	<u>1,446</u>
Customers at year-end					
Residential	145,017	142,801	137,101	134,126	129,795
Commercial	13,001	12,817	12,471	11,773	11,087
Industrial	223	229	235	239	241
	<u>158,241</u>	<u>155,847</u>	<u>149,807</u>	<u>146,138</u>	<u>141,123</u>
Capital expenditures (\$000's)	\$ 7,918	\$ 7,667	\$ 9,256	\$ 8,412	\$ 6,513
Kilometres of pipe at end of period	2,660	2,639	2,620	2,583	2,465



Directors and Officers

Officers

Jean J. Leroux	<i>Chairman of the Board and President</i>
Austin P. Rathke	<i>Senior Vice-President, Manitoba</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

Harold E. Andrews	<i>Toronto</i>
Donald D. Barkwell	<i>Calgary</i>
*Edward G. Battle	<i>Toronto</i>
Edmund C. Bovey, C.M.	<i>Toronto</i>
**Michael H. Cochrane	<i>Toronto</i>
**Preston R. Cook	<i>Thunder Bay</i>
Leslie L. Hartford	<i>Toronto</i>
*Frederick A. M. Huycke, Q.C.	<i>Toronto</i>
**J. Conrad Lavigne, C.M.	<i>Timmins</i>
*Jean J. Leroux	<i>Toronto</i>
Marcel Masse	<i>Outremont</i>
Austin P. Rathke	<i>Winnipeg</i>
Richard Rohmer, Q.C.	<i>Toronto</i>

*Executive Committee

**Audit Committee

Head Office

245 Yorkland Boulevard
Willowdale, Ontario M2J 1R1

PRINCIPAL SUBSIDIARY COMPANIES:

Manitoba

Greater Winnipeg Gas Company
265 Notre Dame Avenue
Winnipeg R3B 1N9

Quebec

Le Gaz Provincial du Nord de Québec Ltée
401 Richard Street
Rouyn J9X 4L4

