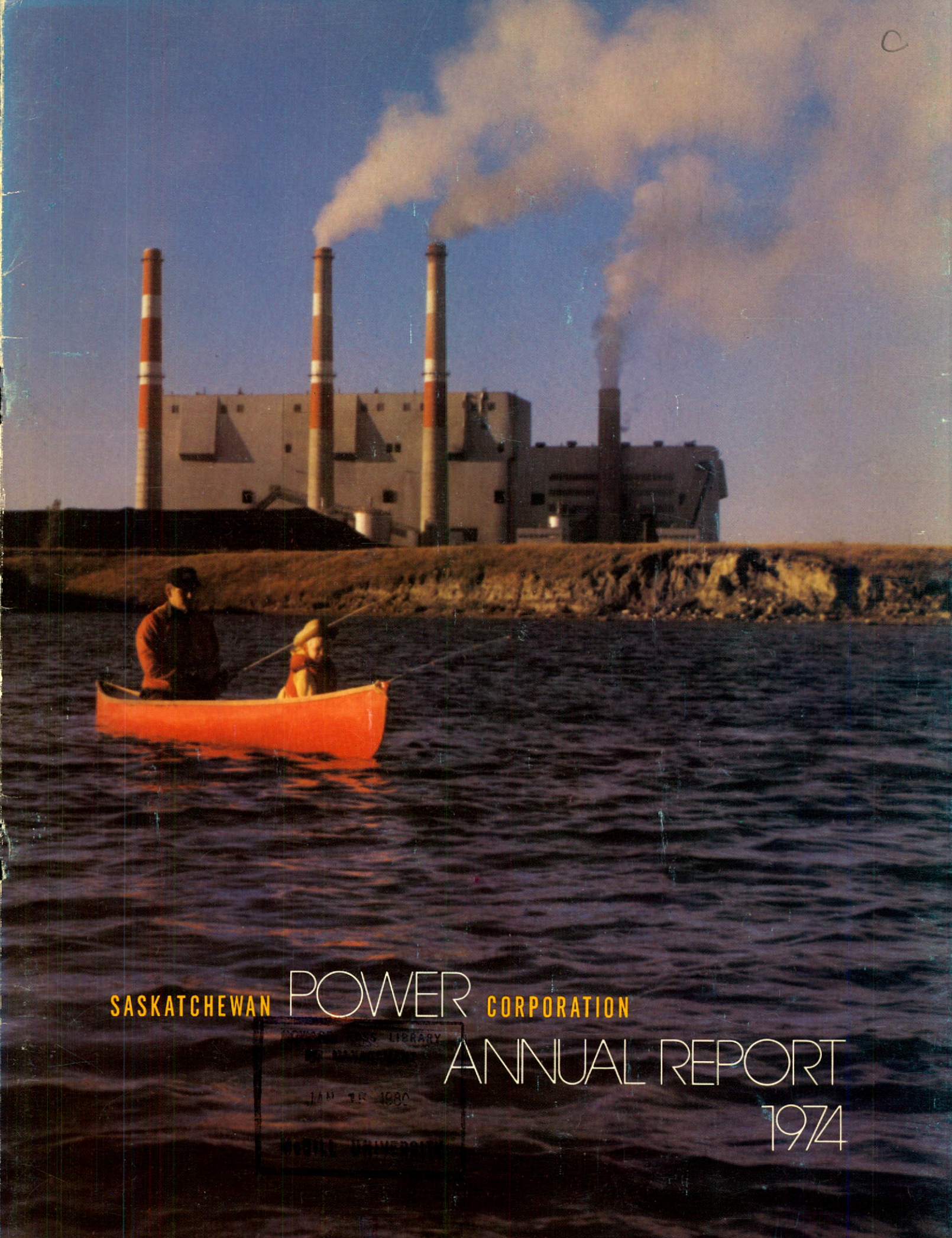
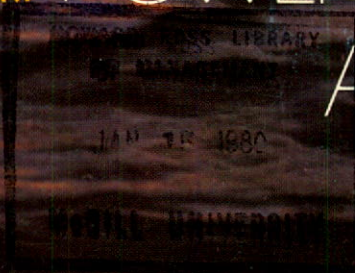


C



SASKATCHEWAN POWER CORPORATION

ANNUAL REPORT  
1974





Saskatchewan Power Corporation,  
2025 Victoria Avenue,  
Regina, Saskatchewan, S4P 0S1

## Corporate Management

General Manager — Mr. R. R. Keith

Deputy General Manager — Mr. E. B. Campbell

Assistant General Manager — Mr. F. G. Ussel

Comptroller — Mr. D. E. Cuddington

Manager, Electric System — Mr. W. R. Wiggins

Manager, Gas System — Mr. W. A. Reed

Director of Personnel — Mr. C. S. Edy

\* Cover: Boundary Dam reservoir.

\* Back cover fold-out: Workmen complete a pipeline extension in Many Islands gas field.



Regina, March, 1975

To His Honour,  
The Honourable Doctor Stephen Worobetz, M.C., M.D., C.R.C.S.(C),  
Lieutenant Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith the Annual Report of the Saskatchewan Power Corporation for the year ended December 31, 1974, including the financial statements for the year duly certified by the Provincial Auditor and in the form approved by the Treasury Board, all in accordance with The Power Corporation Act.

I have the honour to be, Sir,

Your obedient servant,

*Kim Thorson*

Minister in Charge of the  
Saskatchewan Power Corporation.



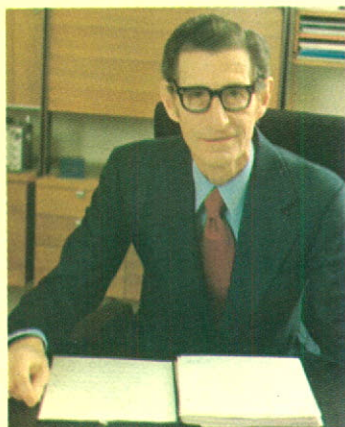
## Board of Directors

Hon. K. Thorson, Chairman, Regina,  
Minister of Industry & Commerce  
Hon. G. T. Snyder, Vice-Chairman, Regina,  
Minister of Labour  
Mrs. M. L. Heavin, Melfort,  
Homemaker  
Mr. F. M. Hodgkinson, Saskatoon,  
Chairman, North-Sask Electric Ltd.;  
Assistant Cabinet Secretary  
Mr. A. J. Kuechle, North Battleford,  
Principal, Notre Dame School  
Mrs. A. N. Hynd, Regina,  
Deputy Minister, Consumer Affairs  
Mr. R. E. Lloyd, Regina,  
Director of the Energy Secretariat,  
Saskatchewan  
Mr. T. B. Morgan, Shaunavon,  
Barrister and Solicitor

Mr. G. A. Simons, Regina,  
National Representative,  
Communications Workers of Canada  
Mr. C. S. Mitchell, Sturgis,  
President, S.A.R.M.; Reeve, R.M.  
of Preeceville; Farmer  
Mr. L. H. Stevenson, Muscow,  
Director, North-Sask Electric Ltd.;  
Chairman, Advisory Committee on  
Indian Education; Farmer  
\*Hon. J. R. Messer, Regina,  
Minister of Agriculture  
\*Mr. E. W. Norheim, Regina,  
Prairie Regional Director of  
Organization, Canadian Labour  
Congress  
\*Mr. K. O. Saddlemyer, Regina,  
formerly Deputy Minister,  
Industry & Commerce

\* to July, 1974





MR. R. R. KEITH

## General Manager's foreword

While revenues from sales of electricity and natural gas were higher in 1974 than in the previous year, net income declined as a result of accelerated inflationary increases in direct costs of materials, supplies, wages and debt charges. Increased prices paid for natural gas supplies, though offset to some degree by customer rate increases, contributed significantly to the overall trend of increased costs experienced during the year.

Electrical consumption is expected to continue to grow in the years ahead at a minimum rate of six to seven per cent, indicating a requirement for additional generating capacity by 1979. The increasing cost of oil and propane could result in additional demands for electricity as users of these fuels seek more economical alternatives. Public concern regarding the environmental impact of new plant construction, as well as lengthening of delivery times for new equipment have made it necessary to advance the lead time for planning and design of new facilities from approximately four to six years. A proposal to construct a new coal-fired power station on the Poplar River near Coronach, Sask., to be in operation by 1979, was recommended during the year. Final authorization is subject to the findings of a public inquiry held in November.

Gas service was extended to 22 communities in 1974. The extension of service to the remaining unserved communities continued to be the subject of close examination. Rising costs of natural gas, combined with the greater distances from existing pipelines to these communities indicate a need to investi-

gate alternative methods of space heating.

The financial outlook for 1975 and for the years ahead can only be viewed with concern if inflationary trends continue. The prices of conventional fossil fuels will, no doubt, continue to rise in response to continued or rising demand for these fuels for energy production and as petrochemical feedstocks.

Abundant supplies of lignite coal, together with undeveloped hydro-electric potential, are available to meet the long-term electrical needs of Saskatchewan consumers. However, the increasing commodity value of the coal resources, together with the added development costs necessary to minimize environmental damage, can only result in higher costs of electric service to the consumer in the future.

The Corporation is endeavoring through an active exploration and acquisition program to add to the long-term reserves of natural gas available for Saskatchewan users. The exploration program, which was expanded in 1974, continued to be encouraging compared to the alternative of purchasing future supplies at rapidly increasing prices. Continuing increases in the cost of gas to the Corporation will inevitably result in higher costs to the consumer.

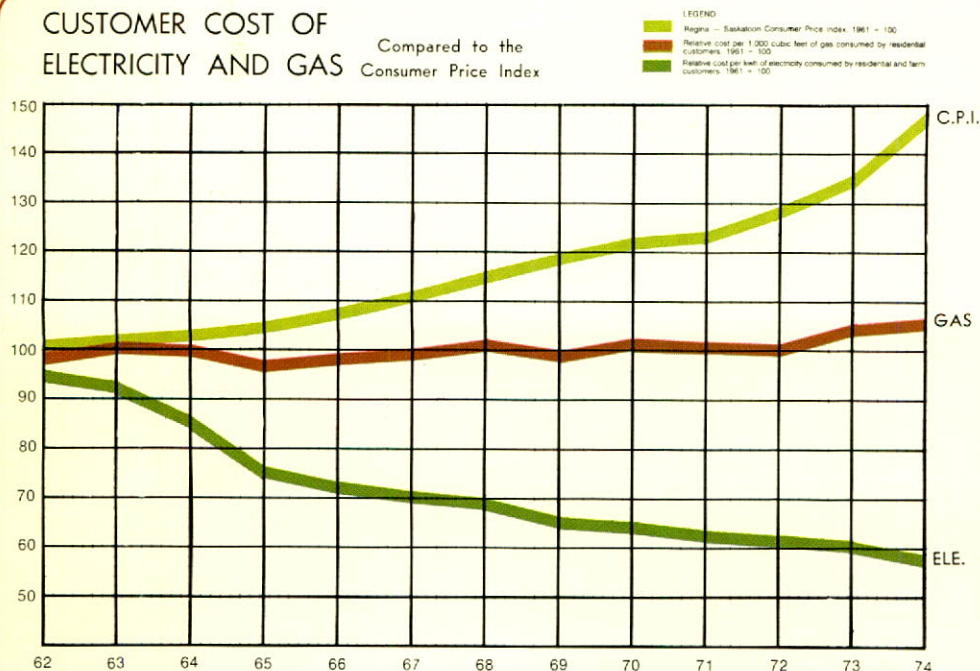
The Corporation has stepped up its public information program emphasizing the wise and efficient use of energy. Through advertisements in newspapers and on radio and television, customers are being encouraged to reduce cost and conserve energy resources by using energy wisely.



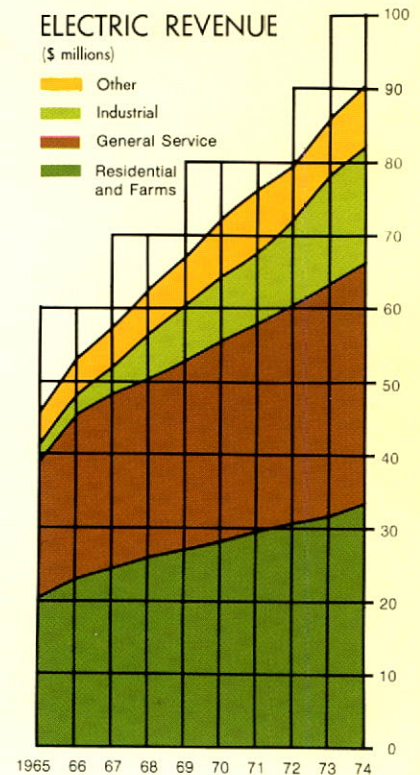
## Highlights

	1974	1973	% Increase
Revenue from sales (\$ millions) . . . . .	141.6	130.9	8.2
Net Income . . . . .	11.7	17.3	(32.4)
Energy Sold			
—electricity (billions of kWh) . . . . .	6.2	6.0	3.7
—gas (billions of cubic feet) . . . . .	114.8	114.0	0.7
Customers			
—electric . . . . .	291,966	283,282	3.1
—gas . . . . .	173,240	164,902	5.1

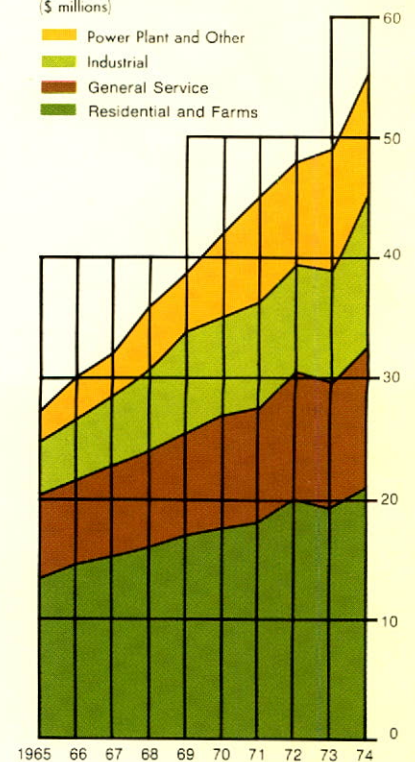
## CUSTOMER COST OF ELECTRICITY AND GAS Compared to the Consumer Price Index



## ELECTRIC REVENUE (\$ millions)



## GAS REVENUE (\$ millions)





## Financial

Total income reached \$145.2 million, an increase of \$11.4 million over 1973. Electric income was up by 4.4 per cent and gas income by 15.4 per cent. The most significant increases resulted from a \$3.5 million increase in gas consumed by industrial customers, and \$1.4 million increase in electricity consumed by residential customers.

Approximately \$1.8 million of the increase in gas income is attributable to rate increases that became effective with November billing. These increases ranged from an average of 11.5 per cent for residential customers to 31.5 per cent for large industrial customers.

Electric income reflects a rate increase of 11 per cent to large industrial customers. A continuing program of consolidation of electric rates affected some 40,000 general service customers but did not significantly affect the Corporation's income from this customer class.

In spite of an overall increase of 8.5 per cent in total income, net income declined by \$5.6 million to \$11.7 million. Electric net income was \$5.5 million, down by \$4.4 million and Gas net income was \$6.2 million, down by \$1.2 million.

Major expense increases were experienced in the cost of gas sold, up by \$5.1 million; salaries, wages, and benefits, up by \$6.8 million; and interest expense, up by \$2.2 million. Changes in the value of foreign currencies, primarily the Swiss franc, accounted for \$1.7 million of the increase in interest expense.

Additional long-term financing was arranged by the Province for the Corporation's capital construction program. Approximately \$24 million was borrowed at an average rate of 9.81 per cent. This cost was up sharply from the 8.04 per cent payable on monies borrowed for the 1973 program.

The Corporation's operations again contributed significantly to the tax revenues of the various levels of

government as follows:

Canada (estimated)	\$ 4.3 million
Province of Saskatchewan	3.5 million
Province of Alberta	0.7 million
Urban Municipalities	2.5 million
<b>TOTAL</b>	<b>\$11.0 million</b>

In addition, \$3.5 million in Education and Health Tax on electricity sold was collected for Saskatchewan and \$3.0 million was collected as surcharge on electric revenues for urban municipalities.

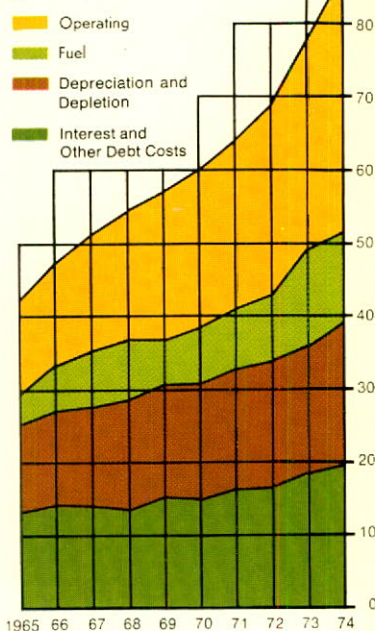
## Operations

Consumption of electrical energy in the Province was 6.2 billion kilowatt-hours, an increase of 3.7 per cent over 1973. Increases by most customer categories were partially offset by reduced requirements of the oil industry, particularly for pipeline pumping. Consumption by urban residential and by farm customers increased 9.4 per cent over 1973. The increased world demand for potash and the consequent increase in production levels resulted in an increase of 21 per cent in the consumption of electricity by the nine potash mines served with electricity by the Corporation.

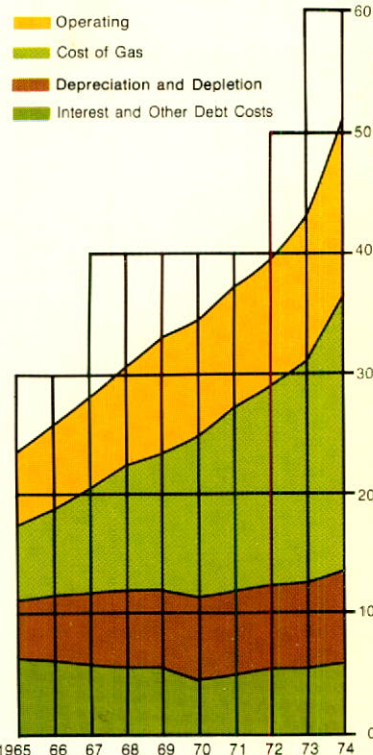
The net provincial peak demand on the Electric System reached 1,242,000 kilowatts on January 8, 1974 and was 2.6 per cent higher than the peak demand recorded in 1973. The small change is attributable to the warmer than normal weather in the late months of 1974, when the peak demand would normally have occurred.

Saskatchewan natural gas customers, excluding Corporation-owned power plants, used 80.9 billion cubic feet of gas, up 11 per cent from 1973. The consumption of gas by residential and other space heating customers was up by six per cent, mainly the result

**ELECTRIC EXPENSES**  
(\$ millions)



**GAS EXPENSES** (\$ millions)





of colder than normal weather in the early part of 1974. Industrial consumption increased by 16 per cent, largely because of increased production in the potash industry.

The total volume delivered to all users, including power plants and TransCanada PipeLines Ltd., was essentially unchanged from last year at 114.8 billion cubic feet. Gas used in thermal power stations for the production of electricity decreased sharply by 7.5 billion cubic feet or 43 per cent. This was made possible by an increase in hydro-electric production as a result of high flows on the Saskatchewan River system and by increased use of coal at the Queen Elizabeth Power Station.

During 1974, water flows on the South Saskatchewan River exceeded the long-term average flows by 40 per cent and on the North Saskatchewan exceeded the long-term average by 70 per cent. The high water flows permitted an increase in hydro generation of 17 per cent above the average generation over the past five years and 40 per cent above 1973 when water flows were below normal. In 1974, hydro generation accounted for 35 per cent of the total electrical production.

The consumption of Saskatchewan lignite coal at the Boundary Dam and Estevan stations increased slightly to 3.1 million tons. At the Queen Elizabeth Power Station 105 thousand tons of sub-bituminous coal from Alberta were burned and an additional 75 thousand tons were added to the coal stockpile.

The use of Boundary Dam fly ash in concrete products established a record during the year with sales of 15,854 tons. In addition to sales in Saskatchewan, regular shipments were made to customers in Manitoba, Alberta, North Dakota and Montana.

The number of customers served by the Corporation continued to grow. The total number of natural gas customers

increased by 8,338 to 173,240. Gas service was extended to 22 new communities in which over 600 new customers were receiving service at year end. The other new customers were served from existing gas distribution systems. The number of electric customers increased by 8,684 to a new total of 291,966. Of these, 7,906 were added in communities already receiving electrical service and 778 were previously served by other utilities.

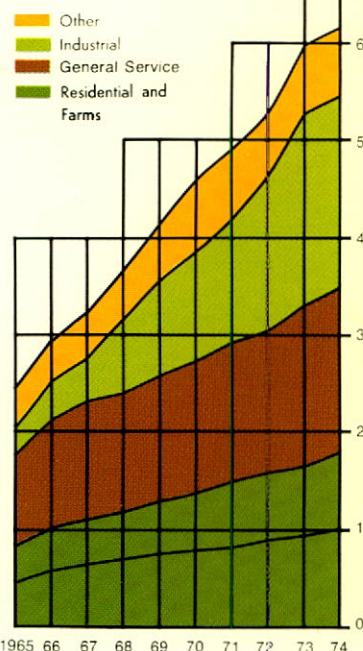
In May, the Corporation purchased the Uranium City Power Company Limited and assigned the operation of the distribution system to the Corporation's subsidiary, North-Sask Electric Ltd. Rates for electricity were reduced to the standard rates for similar sized communities in southern Saskatchewan. In November, the Corporation acquired the electrical distribution systems of the communities of Northgate, Torquay and Carievale on the International border. The 25 customers involved had previously received service from a United States electric utility.

In addition, North-Sask Electric Ltd. started construction of power plants and distribution systems in the previously unserved northern communities of Kinoosao and Sturgeon Landing. The projects were the result of a co-operative program by the Department of Northern Saskatchewan, the Federal Department of Indian Affairs and Northern Development, North-Sask Electric Ltd., and the Saskatchewan Power Corporation. The new systems will be operational early in 1975.

A specially-equipped monitoring van was built during the year, and used to monitor stack emissions, ambient air conditions and water quality in the vicinity of all power plants on the Corporation's system. In 1975, this program along with that of recording ambient conditions at the sites of proposed generating stations, will be continued and extended to the Gas System's compressor and town border stations.

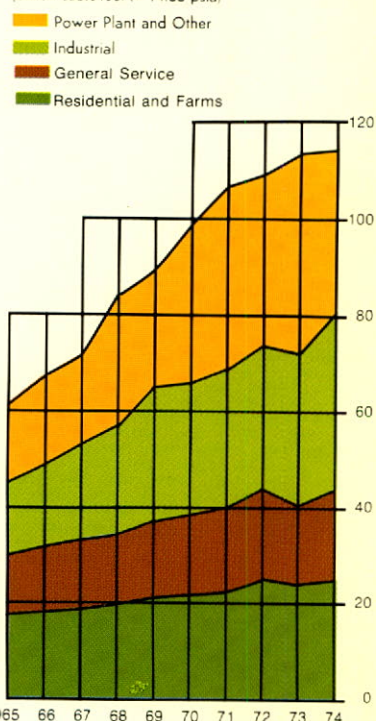
## ELECTRICITY SOLD

billions of kwh



## GAS SOLD

(billion cubic feet @ 14.65 psia)





Adverse weather conditions early in 1974 affected the electrical distribution system, particularly in rural areas. Severe icing conditions in the spring caused extensive outages in the Saskatoon, Yorkton, Prince Albert, Swift Current areas. A heavy snow storm in May in the Shaunavon-Val Marie area put some communities and farm customers out of power for up to 100 hours. The storm damaged over 60 miles of powerlines. Winds reaching 50 miles per hour and ice up to six inches thick on conductors left many broken conductors, poles and crossarms. The residents of the area were particularly helpful in restoring service by providing tractors, snow plows and food service for Corporation crews.

During the summer months severe lightning storms resulted in an exceptional amount of damage to rural transformers. The damage was almost 60 per cent higher than normal.

In July, winds of 85 miles per hour destroyed 28 structures on the Estevan to Weyburn 72,000-volt transmission line. Torrential rains accompanying the wind storm caused flooding in the Estevan Control Centre and many communication and control facilities were out of service for several hours.

## Gas supply sources

(Billions of cubic feet at 14.65 psia)

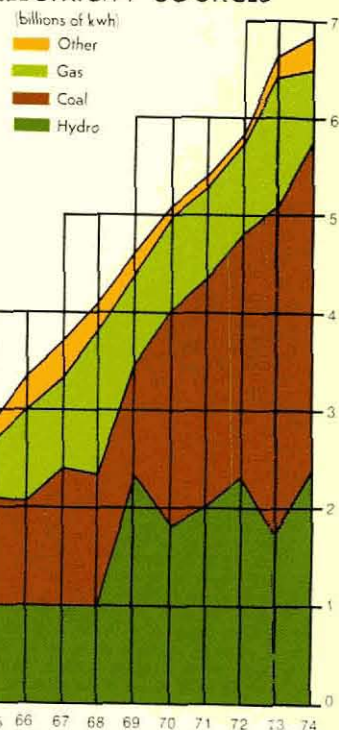
	1974	1973	% Increase (Decrease)
<b>Alberta Sources</b>			
TransCanada PipeLines ..	39.4	33.9	16.0
Field Suppliers .....	11.2	13.8	(18.4)
SPC Production .....	23.9	20.6	16.1
Total (Alberta) .....	<u>74.5</u>	<u>68.3</u>	<u>9.1</u>
 <b>Saskatchewan Sources</b>			
Field Suppliers .....	45.6	48.1	(5.3)
SPC Production .....	4.1	3.8	7.5
Total (Saskatchewan) ..	<u>49.7</u>	<u>51.9</u>	<u>(4.4)</u>
Total Volume Delivered .....	124.2	120.2	3.3
Storage, fuel and other uses ..	9.4	6.2	49.9
Total Sold .....	<u>114.8</u>	<u>114.0</u>	<u>.7</u>



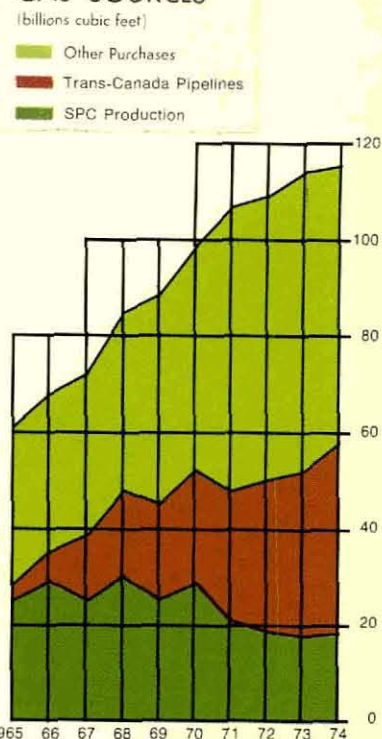
## Generation statistics

	Rated Generating Capacity (kW)	1974 Generation kWh x 10 <sup>3</sup>	Generation % Increase or (Decrease) over 1973
<b>HYDRO</b>			
Squaw Rapids .....	280,000	1,363,120	35.6
Coteau Creek .....	187,000	1,074,014	46.4
Total .....	467,000	2,437,134	40.2
<b>STEAM</b>			
Boundary Dam .....	582,000	3,305,060	(3.5)
Estevan .....	70,000	254,829	60.6
A. L. Cole .....	108,000	38,435	(77.1)
Queen Elizabeth .....	232,000	773,497	(34.0)
Regina "A" .....	65,000	22,822	(76.4)
Total .....	1,057,000	4,394,643	(12.4)
<b>INTERNAL COMBUSTION</b>			
Kindersley .....	29,000	21,383	(61.6)
Swift Current .....	11,500	5,310	(80.7)
Success .....	45,000	448	(87.5)
Regina "B" .....	23,000	317	(76.7)
Total .....	108,500	27,458	(68.9)
<b>Total Generation</b> .....	<b>1,632,500</b>	<b>6,859,235</b>	<b>0.2</b>
Less Station Service .....		329,721	6.7
<b>Net Generated</b> .....		<b>6,529,514</b>	<b>0.1</b>
<b>Net Purchased</b> .....		<b>343,996</b>	<b>186.7</b>
<b>Net System kWh</b> .....		<b>6,873,510</b>	<b>3.3</b>
Northern Diesel Plants .....	4,550	3,805	34.3
Northern Purchases .....		5,581	451.5
Total .....	1,637,050	6,882,896	
Gross Peak Load .....	1,290,900		
(1800 hours Jan. 8/74)			
Gross Minimum Load .....	501,000		
(0500 hours June 23/74)			

## ELECTRICITY SOURCES



## GAS SOURCES





## Construction

Natural gas production and gathering facilities were constructed at a cost of \$1.9 million to tie in additional natural gas sources to the system and to maintain production from older fields. These facilities included 21 new gas wells drilled in the Hatton-Many Islands field.

A 3,000-horsepower natural gas compressor unit was installed at the Hatton Compressor Station raising the total installed capacity at that station to 17,500 horsepower. A 600-horsepower gas compressor was installed at St. Louis Compressor Station to increase the amount of gas available to meet load growth in the Melfort, Tisdale, Nipawin and Hudson Bay areas.

Work continued on the construction of a gas turbine electric peaking plant near Landis. A 70,000-kilowatt gas turbine unit will be available for operation in 1975. Two underground caverns are being solution-mined in the saltbeds at a depth of 4,300 feet for storage of the natural gas fuel for the station. The caverns will have a usable storage capacity of 1.5 billion cubic feet of natural gas, enough to operate the station at full load for 30 days. The new station will provide security of energy supply for customers in the North Battleford-Kerrobert areas and will be used to meet short duration peak demands on the electric system. Cost of the Landis plant and caverns is estimated at \$9.1 million.

Construction of the sixth and final unit at the Boundary Dam Power Station started in June and will be completed in 1977. The 300-megawatt unit, estimated to cost \$70.2 million, will be the largest generating unit on the Corporation's system. At year end, foundation work for the building was completed.

The Corporation has ordered two 90-cubic-yard electrically-operated draglines and has purchased one used 10-cubic-yard dragline to supplement the coal stripping capacity available in the Province at present. Increased use of coal for electric generation and the increasing depth of the remaining coal reserves necessitated this action.

Capital expenditure on new plant and equipment in 1974, with comparative figures for 1973, was as follows:

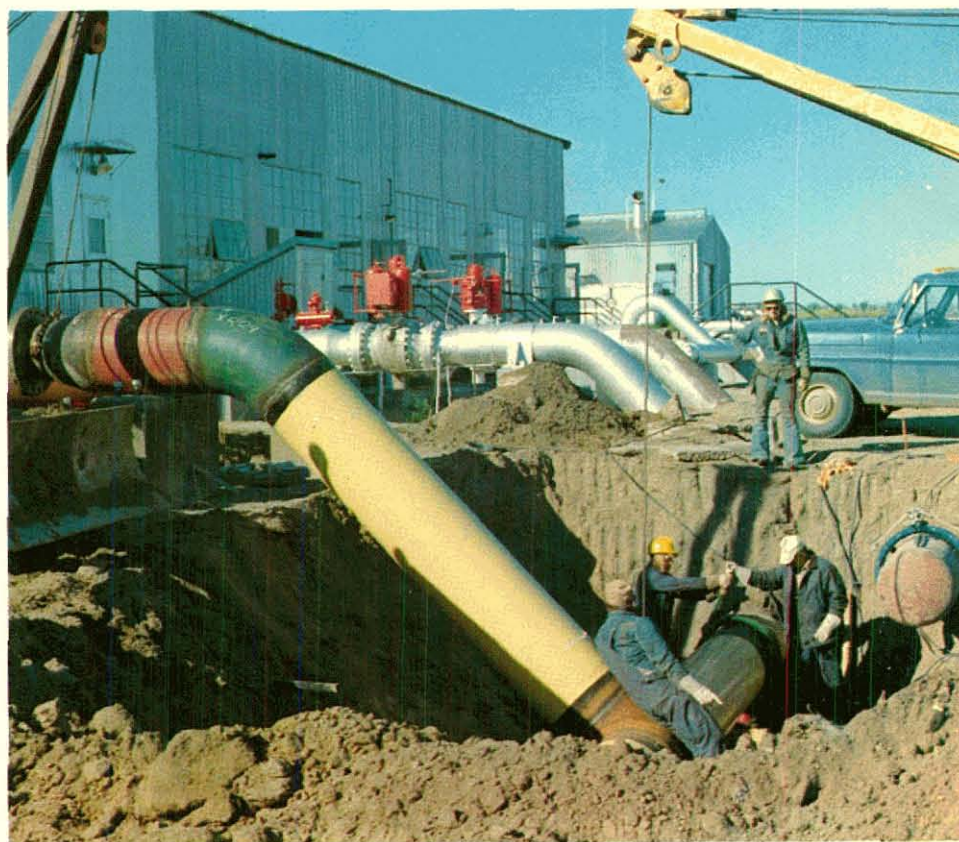
Electric capital expenditures:

	1974	1973
	(\$ Millions)	
Generation Facilities .....	13.9	7.1
Transmission Facilities .....	3.7	6.6
Distribution Facilities .....	12.4	8.5
Total .....	<u>30.0</u>	<u>22.2</u>

Gas capital expenditures:

	1974	1973
	(\$ Millions)	
Service to new communities .....	3.4	3.8
Distribution extensions in communities already served .....	3.8	2.7
Additional transmission capacity .....	1.3	.6
Gas exploration and development .....	14.1	8.0
Production and gathering facilities .....	1.9	—
System improvement .....	.8	.7
Total .....	<u>25.3</u>	<u>15.8</u>

*New section of gas line being installed at Hatton Compressor Station to connect new compressor unit to existing line.*







*Power crews conduct maintenance work on a new design of transmission lines.*



## Future energy supply

Against the background of the world, and more particularly, the North American energy situation, energy supplies for the Province were a matter of major concern to the Corporation.

The Gas exploration and development program was expanded from \$8.0 million in 1973 to \$14.1 million in 1974. About one half of this amount was spent in Saskatchewan and the remainder in Alberta. During the year, 130 exploratory wells were drilled by the Corporation or in partnership with others. Exploration to date has confirmed new reserves of approximately 800 billion cubic feet of which approximately 380 Bcf are owned outright by the Corporation and the remaining 420 Bcf are available for purchase by the Corporation.

There is further exploration to be undertaken on lands on which exploration rights have been acquired during the past three years. It is expected that the additional exploration will result in the confirmation of further reserves on these properties.

The coal exploration program, commenced in 1971, resulted in the establishment of economically recoverable lignite coal reserves between Fife Lake and Coronach in the south-central area of the Province sufficient to support a generating station of at least 1200 megawatts. A recommendation was made to the government that one 300-megawatt unit be installed at a new power station, to be known as the Poplar River Power Station. During November, the Corporation participated in public hearings on the project held in the community of Coronach by a board of inquiry appointed by the Government of Saskatchewan. The report of the board of inquiry including its recommendation to the government is expected to be completed early in 1975.

The Churchill River Study Group financed jointly by the Federal, Saskatchewan and Manitoba Governments continued its study of the effects

of a proposed hydro-electric development at Wintego Lake on the Churchill River. The report of this study is expected to be available in mid-1975.

Updating of construction cost estimates of three potential hydro-electric sites on the Saskatchewan River, between the junction of the North and South Saskatchewan Rivers, and Nipawin was completed.

Consultation with neighboring utilities continued during the year. Major items considered were the planning of future generation and the optimum use of electrical interconnections.

## Research and development

The Corporation has expanded its research and development activities in the fields of energy conversion and storage, waste heat utilization and the development of new sources of energy.

The construction of an engineering prototype of an off-peak electric furnace for home heating was completed. The development project, if successful, has the potential of providing an economical method of utilizing electricity produced during low load periods for home heating.

The Corporation has made arrangements to obtain an experimental model of a small wind turbine developed by the National Research Council. The unit will be installed and tested under Saskatchewan conditions.

A study was started on the manufacture of substitute natural gas from lignite coal. The study will evaluate research being done elsewhere to establish whether a major experimental program should be conducted in Saskatchewan.

In co-operation with the University of Saskatchewan, experiments have been undertaken on the utilization of waste heat from gas turbine exhaust gases for agricultural purposes.



## Personnel

A revised Collective Bargaining Agreement was reached on February 18, 1974, with the International Brotherhood of Electrical Workers, Local Union 2067. The contract, which covered a majority of the employees in the Electric System, was for a one-year term commencing January 1, 1974. The settlement included a 15-per-cent general wage increase plus a number of classification adjustments and revisions to general terms of the agreement. A cost of living clause based on changes in the Regina-Saskatoon consumer price index was also included in the settlement.

During the year, a cost of living clause was added to the Agreement with the Oil, Chemical and Atomic Workers International Union, Local 9-649. As a result of this revision, employees of the Gas System and a majority of the Corporation's clerical employees received cost of living adjustments of 12¢ per hour effective August 1 and an additional 10¢ per hour effective October 1, 1974.

Changes in hours of work for employees who are members of the OCAW Union became effective October 1. Hours of work for those on a 40-hour week were reduced to 37½ hours, and for office employees on a 36¼-hour week were reduced to 35 hours.

The public safety program continued through the use of advertising on radio, television and in newspapers, as well as through speaking engagements by Corporation staff.

During the year, there were 23 accidents involving members of the public and Corporation electrical facilities. Most of these were industrial machinery and farm accidents involving contact with powerlines. In addition, there were 105 accidents where gas lines were contacted by excavating machinery.

Approximately 1,670 employees participated in the safety training program which included occupational health committee seminars, first aid courses, defensive driving courses and fire fighting courses held throughout the province.

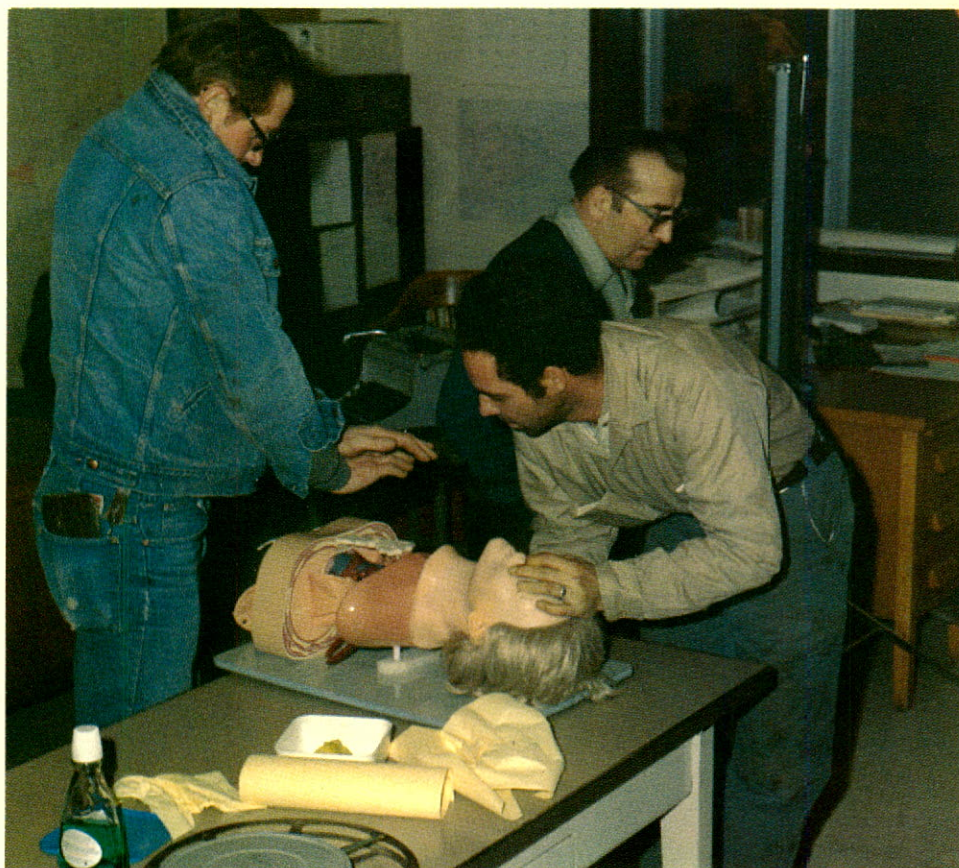
There were 84 "lost time" accidents in 1974, compared to 69 the previous year. Employee accidents included one fatality.

The employee training and development program during 1974 included courses, seminars and workshops attended by over 800 employees. Also, as part of the training program, 175 new employees were hired for training in various trades including operating and maintenance positions in power plants. Following classroom instruction, the employees in this program will undergo on-the-job training at several plants.

Summer employment was provided for 116 high school and university students.

During 1974, 24 employees retired from the Corporation. In addition, 107 employees were honored on reaching their 20th, 25th, 30th or 35th anniversary of service with the Corporation.

*Employees taking part in safety training.*





## FINANCIAL RESULTS 1974

### SASKATCHEWAN POWER CORPORATION *and wholly-owned subsidiaries*

*Many Islands Pipe Lines Limited — gathers, produces and purchases gas in Alberta for the exclusive use of the Corporation.*

*Many Islands Pipe Lines (Canada) Limited — transports gas through its interprovincial transmission line from an Alberta Gas Trunk Line Ltd. metering station west of the Alberta-Saskatchewan border to the Saskatchewan Power Corporation facilities at Unity, Saskatchewan.*

*North-Sask Electric Ltd. — operates electric generating plants and distribution systems at various locations in the northern part of the province.*



## Major accounting policies

**Consolidation** — The consolidated financial statements include the financial position and operating results of the three wholly-owned subsidiaries of the Saskatchewan Power Corporation.

**Customer Capital Contribution and Revenue Prepayments** — Capital contributions are required from those customers from whom estimated revenue will indefinitely and beyond the estimated life of the facilities required to serve such customers, be no greater than the estimated cost, taking into consideration the capital contribution received, of providing such service. Capital contributions are classified as Contributed Surplus on the Corporation's Balance Sheet.

Non refundable revenue prepayments are required from customers in those instances where estimated revenues to be received from such customers will be deficient for a part of the estimated life of the facilities required to serve such customers. Revenue prepayments are amortized into income over an appropriate period.

**Depreciation** — Depreciation is calculated on a straight-line estimated service life basis for the various classes of property except for gas production and gathering systems for which the unit-of-production method is used. Estimated service lives of the major assets are as follows:

Electric System	
Generation	
Hydro-electric .....	50 years
Thermal .....	30 years
Transmission	
Lines .....	40 years
Switching stations .....	30 years
Distribution	
Oil fields .....	20 years
Rural and urban overhead .....	30 years
Gas System	
Transmission lines .....	50 years
Distribution systems .....	25-40 years

**Depletion of Gas and Coal Properties** — Depletion of gas and coal properties is calculated using the unit-of-production method based on estimated remaining recoverable gas and coal reserves and the unamortized costs of these reserves.

**Gas and Coal Exploration Costs** — The Corporation and its subsidiary Many Islands Pipe Lines Limited follow the full cost method of accounting for the acquisition cost of gas and coal in place and exploration and development costs. All costs are capitalized and form part of the plant in service. The annually determined depletion rates reflect additions to accumulated costs and estimated remaining recoverable reserves.

**Foreign Exchange on Long-Term Debt** — All long-term liabilities payable in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at each year end. Translation gains or losses are amortized to income over the remaining term of each obligation and the recorded liability is decreased or increased accordingly.

**Amortization of Debt Costs and Gains** — Unamortized debt discounts and expenses applicable to advances received from the Province of Saskatchewan are charged to income in equal annual amounts over the period to the maturity of the debt.

From time to time the Province of Saskatchewan cancels, before the maturity thereof, Province of Saskatchewan debentures held as investments in sinking funds for the repayment of such debentures. Advances from the Province to the Corporation which were initially financed by the cancelled securities are repaid and the difference between the book value and par value of the cancelled debentures is amortized into income on a yield basis over the remaining term of the debentures cancelled.

**Superannuation** — The Corporation's financial obligations for the superannuation of its employees are legislated in Sections 35 and 36 of the Power Corporation Superannuation Act. The Corporation meets its employee pension obligations on a current basis by paying into the Power Corporation Superannuation Fund and the Canada Pension Plan an amount equal to 6% of wages and salaries as defined for pension purposes.



## Consolidated income and retained income

YEAR ENDED DECEMBER 31

	1974 (000's)	1973 (000's)
<b>INCOME</b>		
Electricity sales .....	\$ 90,003	\$ 86,206
Gas sales .....	51,626	44,724
Other .....	3,535	2,834
	<u>145,164</u>	<u>133,764</u>
 <b>OPERATING EXPENSES</b>		
Cost of electricity produced and purchased (Note 1) .....	21,488	20,628
Cost of gas sold (Note 2) .....	19,657	14,530
Other operating, maintenance and administration .....	39,390	32,015
Depreciation and depletion (Note 3) .....	26,957	25,483
	<u>107,492</u>	<u>92,656</u>
Net income before interest expense .....	<u>37,672</u>	<u>41,108</u>
 <b>INTEREST EXPENSE</b>		
Long-term debt (Note 4) .....	26,848	24,676
Other .....	604	534
Capitalized .....	(1,516)	(1,431)
	<u>25,936</u>	<u>23,779</u>
<b>NET INCOME</b> .....	11,736	17,329
 Retained income at beginning of year as restated (Note 6) .....	148,933	131,604
<b>RETAINED INCOME</b> at end of year .....	<u>\$160,669</u>	<u>\$148,933</u>

See major accounting policies and notes on pages 13, 18, and 19.



# Statement of changes in financial position


YEAR ENDED DECEMBER 31

	1974 (000's)	1973 (000's)
<b>SOURCE OF FUNDS</b>		
Net Income .....	\$ 11,736	\$17,329
Add Transactions not requiring cash:		
Depreciation and depletion .....	26,957	25,483
Other .....	920	(621)
	<u>39,613</u>	<u>42,191</u>
Contributed surplus and revenue prepayments .....	3,237	3,065
Advances from the Province of Saskatchewan .....	23,517	44,490
Net change in other items .....	707	297
	<u>67,074</u>	<u>90,043</u>
 <b>APPLICATION OF FUNDS</b>		
Repayment of long-term debt .....	31,362	21,249
Expenditures on plant and equipment .....	56,675	38,779
	<u>88,037</u>	<u>60,028</u>
 <b>INCREASE (DECREASE) IN WORKING CAPITAL .....</b>	<u><u>\$ (20,963)</u></u>	<u><u>\$30,015</u></u>

I have examined the consolidated balance sheet of Saskatchewan Power Corporation and its wholly-owned subsidiaries as at December 31, 1974, and the consolidated statements of income and retained income and changes in financial position for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of Saskatchewan Power Corporation and its wholly-owned subsidiaries as at December 31, 1974, and the results of their operations and changes in 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.

Regina, Saskatchewan  
February 11, 1975

  
W. G. Lutz, C.A.,  
Provincial Auditor.



## Consolidated balance sheet

ASSETS		
	1974 (000's)	1973 (000's)
<b>CURRENT ASSETS</b>		
Short-term investments .....	\$ 4,000	\$ 14,496
Accounts receivable — Customers .....	10,750	10,244
— Unbilled sales .....	10,759	11,644
— Other .....	1,824	1,985
Operating and construction inventories at cost .....	9,472	5,884
Gas in storage at cost .....	1,277	735
Prepaid expenses .....	756	731
	<u>38,838</u>	<u>45,719</u>
 <b>OTHER ASSETS</b> .....	 <u>2,391</u>	 <u>1,872</u>
 <b>UTILITY PLANT</b>		
Plant in service at cost (Note 5) .....	871,560	844,927
Less: Accumulated depreciation and depletion .....	269,661	245,511
	<u>601,899</u>	<u>599,416</u>
Construction work in progress .....	38,859	12,702
	<u>640,758</u>	<u>612,118</u>
	<u><u>\$681,987</u></u>	<u><u>\$659,709</u></u>

See major accounting policies and notes on pages 13, 18, and 19.



AT DECEMBER 31

# LIABILITIES AND PROVINCE'S EQUITY

	1974 (000's)	1973 (000's)
<b>CURRENT LIABILITIES</b>		
Bank loan .....	\$ 6,975	\$ 4,883
Long-term debt due within one year .....	24,852	17,666
Interest accrued .....	9,817	9,539
Accounts payable .....	17,217	12,691
	<u>58,861</u>	<u>44,779</u>
 <b>CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS (Note 7)</b>		
<b>CUSTOMER DEPOSITS</b> .....	<u>4,283</u>	<u>4,047</u>
 <b>DEFERRED INCOME ITEMS</b>		
Unamortized debt costs and gains (Note 8) .....	5,338	6,677
Unamortized revenue prepayments .....	8,252	7,424
	<u>13,590</u>	<u>14,101</u>
 <b>LONG-TERM DEBT (Note 9)</b> .....	488,182	490,898
Less: Sinking funds (Note 9) .....	92,650	90,391
	<u>395,532</u>	<u>400,507</u>
 <b>PROVINCE'S EQUITY</b>		
Contributed surplus .....	49,052	47,342
Retained income .....	160,669	148,933
	<u>209,721</u>	<u>196,275</u>
	<u>\$681,987</u>	<u>\$659,709</u>

See major accounting policies and notes on pages 13, 18, and 19.



## Notes to the financial statements

1. Depreciation and depletion expense applicable to production assets amounting to \$8,372,000 (\$7,773,000 in 1973) is included under Depreciation and Depletion heading.

2. The cost of gas sold includes the cost of produced and purchased gas exclusive of depreciation on production equipment and depletion expense applicable to Corporation-owned gas reserves amounting to \$1,597,000 (\$1,381,000 in 1973) which is included under Depreciation and Depletion heading and less gas costs amounting to \$3,024,000 (\$3,914,000 in 1973) allocated to fuel expense for the generation of electricity.

### 3. Depreciation and Depletion (000's)

	1974	1973
Depreciation .....	\$25,759	\$24,450
Depletion .....	1,344	1,185
Capitalized .....	(146)	(152)
	<u>\$26,957</u>	<u>\$25,483</u>

### 4. Interest on Long-Term Debt (000's)

	1974	1973
Interest paid and accrued .....	\$31,793	\$30,943
Amortization of debt costs and gains:		
Debt discount and expense ..	696	708
Gain on early repayment of debt .....	(1,535)	(1,300)
Provision for foreign exchange ..	2,213	513
	<u>33,167</u>	<u>30,864</u>
Less: Sinking fund earnings .....	6,319	6,188
	<u>\$26,848</u>	<u>\$24,676</u>

### 5. Utility Plant in Service (000's)

	Cost		Depreciation & Depletion	
	1974	1973	1974	1973
Electric				
Generation .....	\$285,414	\$284,451	\$ 71,169	\$ 62,812
Transmission .....	108,144	104,561	31,043	28,016
Distribution .....	209,495	198,356	70,678	64,931
	<u>603,053</u>	<u>587,368</u>	<u>172,890</u>	<u>155,759</u>
Gas				
Production .....	33,651	33,032	17,505	15,908
Gathering, Treatment & Compression .....	32,270	30,039	16,249	14,824
Transmission & Storage .....	90,662	90,416	23,232	20,914
Distribution .....	77,805	70,144	23,844	21,816
	<u>234,388</u>	<u>223,631</u>	<u>80,830</u>	<u>73,462</u>
General Plant .....	34,119	33,928	15,941	16,290
	<u>\$871,560</u>	<u>\$844,927</u>	<u>\$269,661</u>	<u>\$245,511</u>

6. North-Sask Electric Ltd., a subsidiary company, adjusted its accounts to recognize unbilled sales of electricity. This change in accounting policy required a retroactive adjustment to Retained Income in the amount of \$44,000.

### 7. Contingent Liabilities and Subsequent Events

At December 31, 1974, the Corporation was committed in the amount of approximately \$79.9 million (\$51.6 million in 1973) for materials, equipment and services on contracts not completed at year end.

### 8. Unamortized Debt Costs and Gains (000's)

	1974	1973
Unamortized gains arising from the early repayment of long-term debt .....	\$10,460	\$11,995
Less unamortized debt discounts and expenses applicable to advances received from the Province of Saskatchewan	<u>5,122</u>	<u>5,318</u>
	<u>\$ 5,338</u>	<u>\$ 6,677</u>

During previous years, advances from the Province were repaid prior to their normal due dates following the cancellation of Province of Saskatchewan debentures held as investments in sinking funds. The difference between the sinking fund book value and the par value of debentures cancelled is being amortized into net income over the remaining term of the debentures cancelled. The credit to interest on long-term debt costs in 1974 is \$1,535,000 (\$1,300,000 in 1973).



## 9. Long-Term Debt (000's)

### Advances from Province of Saskatchewan

Year Received	Year Repayable	Interest Rate	Face Amount In Foreign Currency (1)	Debt Recorded	Equity in Sinking Fund
1947	1975-77	2 $\frac{5}{8}$		118	—
1955	1975	3 $\frac{1}{4}$ -3 $\frac{1}{2}$		10,520	8,762
1960	1975	2 -4 $\frac{1}{2}$	40,000*	15,892	7,704
1965	1975	5 -5 $\frac{1}{2}$		1,096(2)	1,773
1956	1976	3 $\frac{3}{4}$ -4 $\frac{1}{2}$	8,730	11,578	7,617
1966	1976	5 -5 $\frac{1}{2}$		1,839(2)	508
1957	1977	4 $\frac{3}{4}$ -5 $\frac{1}{4}$	21,690	27,776	15,503
1961	1977	4 $\frac{3}{4}$	4,355	4,335	2,144
1967	1977	5 -6		2,378(2)	375
1968	1978	5 $\frac{1}{2}$ -6 $\frac{1}{2}$		3,959(2)	596
1959	1979	5 -5 $\frac{3}{4}$		9,650	4,167
1961	1979	5 $\frac{3}{4}$		4,978	1,746
1960	1980	5 -6		14,634	4,053
1961	1981	5 -5 $\frac{1}{2}$		8,534	2,509
1962	1982	5 $\frac{1}{8}$ -5 $\frac{1}{2}$		24,690	3,888
1963	1982	5 $\frac{1}{4}$		9,703	1,275
1958	1983	4 $\frac{1}{8}$	11,820	11,995	6,091
1963	1983	5 -5 $\frac{1}{4}$	18,355	21,470	4,743
1959	1984	4 $\frac{3}{4}$ -5	19,591	19,826	8,588
1964	1984	5 $\frac{1}{4}$ -5 $\frac{1}{2}$		3,429	292
1964	1985	5 $\frac{1}{2}$		7,516	888
1965	1985	5 $\frac{1}{2}$		2,140	—
1966	1986	5 $\frac{1}{8}$ -6 $\frac{1}{4}$		13,820	1,005
1966-67	1986-87	5 $\frac{1}{4}$ -5 $\frac{1}{2}$		13,033(3)	3,651
1967	1987	6		7,895	622
1967-68	1987-88	5 $\frac{1}{4}$ -6 $\frac{1}{2}$		9,752(3)	2,269
1968	1988	7 $\frac{1}{4}$		12,979	1,039
1968-69	1988-89	6 $\frac{1}{2}$ -7 $\frac{1}{4}$		27,908(3)	5,146
1969	1989	7 $\frac{5}{8}$	13,050	13,887	578
1969-70	1989-90	7 $\frac{1}{4}$ -8 $\frac{1}{2}$		32,907(3)	4,618
1965	1990	4 $\frac{7}{8}$	3,625	3,908	574
1970	1990	8 $\frac{3}{4}$		15,000	1,347
1970-71	1990-91	6 $\frac{3}{4}$ -8 $\frac{1}{4}$		33,062(3)	3,408
1961	1991	5 $\frac{3}{4}$		3,000	1,473
1971-72	1991-92	6 $\frac{3}{4}$ -7 $\frac{1}{2}$		27,613(3)	1,847
1972-73	1992-93	7 -7 $\frac{1}{2}$		23,189(3)	715
1973-74	1993-94	7 $\frac{1}{2}$		6,297(3)	95
1964	1994	5 $\frac{1}{2}$		4,151	428
1973	1998	7 $\frac{3}{4}$ -8 $\frac{1}{4}$		40,000	561
1974	1999	10		20,000	—
				<u>\$526,457</u>	<u>\$112,598</u>

### Other Long-Term Debt

City of Regina — Balance outstanding on purchase price for the City's electrical system with interest at 5 $\frac{1}{2}$ % and final payment due in 1983. ....	\$ 5,771	
City of Weyburn — Balance outstanding on purchase price for the City's electrical system with interest at 5 $\frac{1}{2}$ % and final payment due in 1979. ....	718	
Royal Bank of Canada Mortgages — 6% first mortgages .....	36	
	<u>532,982</u>	<u>112,598</u>
Amounts due within one year .....	<u>44,800</u>	<u>19,948</u>
	<u>\$488,182</u>	<u>\$ 92,650</u>

(1) United States dollars except the item (\*) which is in Swiss Francs.

(2) Advances totalling \$9,272,000 are subject to redemption on demand.

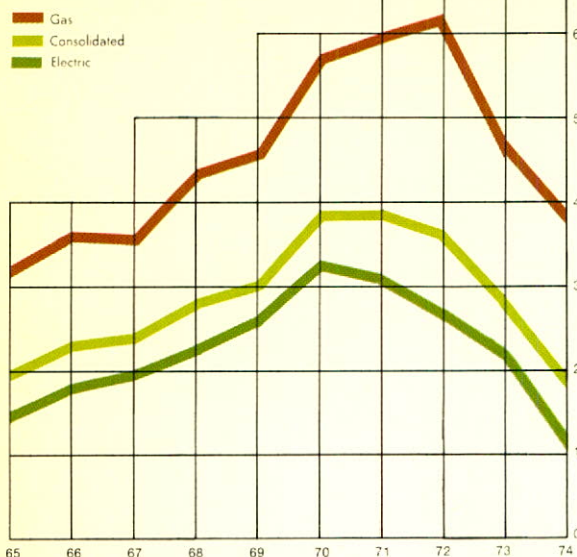
(3) Advances totalling \$173,761,000, original term of 20 years, subject to redemption on six months notice.

(4) Sinking fund installments and debt repayments for the next five years are as follows: (000's)

1975 - \$24,852; 1976 - \$19,600; 1977 - \$23,800; 1978 - \$18,100; 1979 - \$18,900.

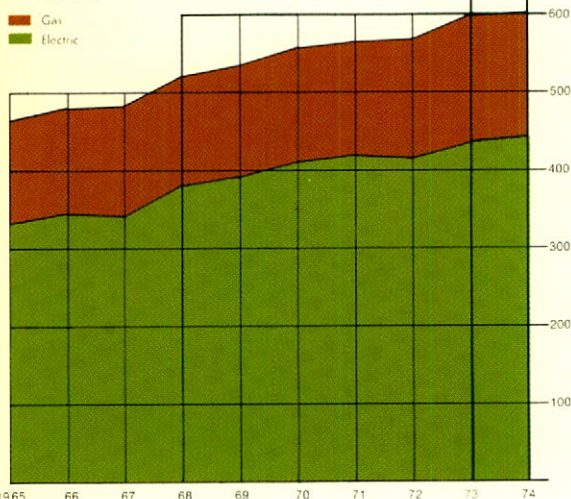


# PERCENTAGE RETURN ON NET PLANT IN SERVICE



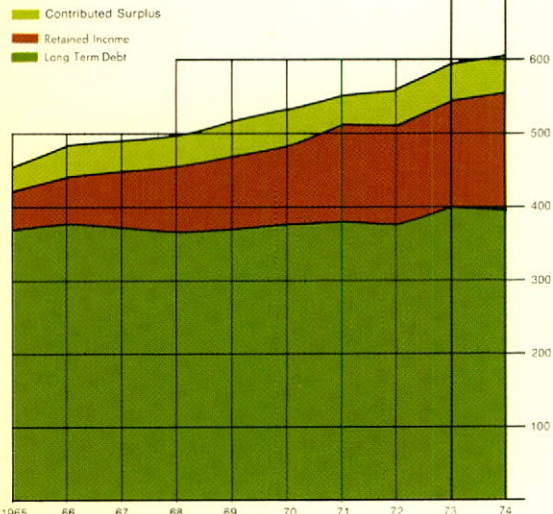
## NET PLANT IN SERVICE

\$ millions



## CAPITAL STRUCTURE

\$ millions



## CONSOLIDATED INCOME

### ELECTRIC SYSTEM

Sales (1) .....  
Other .....

Cost of electricity .....  
Maintenance and administrative expenses .....  
Depreciation and depletion .....  
Interest and other debt costs — net .....

Net income .....

### GAS SYSTEM

Sales (1) .....  
Other .....

Cost of gas .....  
Maintenance and administrative expenses .....  
Depreciation and depletion .....  
Interest and other debt costs — net .....

Net income .....

### Consolidated Net Income

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

### SOURCE OF FUNDS

Funds from operations .....  
Contributed surplus and revenue prepayments .....  
Long-term debt .....  
Other .....

### APPLICATION OF FUNDS

Repayment of long-term debt .....  
Expenditures on plant and equipment .....  
Income transferred to the Province of Saskatchewan .....

Increase (decrease) in working capital .....

## CONSOLIDATED BALANCE SHEET

### ASSETS

Plant in service — cost .....  
Accumulated depreciation and depletion .....  
Work in progress .....  
Current and other assets .....

### LIABILITIES

Long-term debt — net .....  
Retained income (2) .....  
Contributed surplus .....  
Current and other .....

PERCENTAGE EQUITY .....



## Financial statistics (000's)

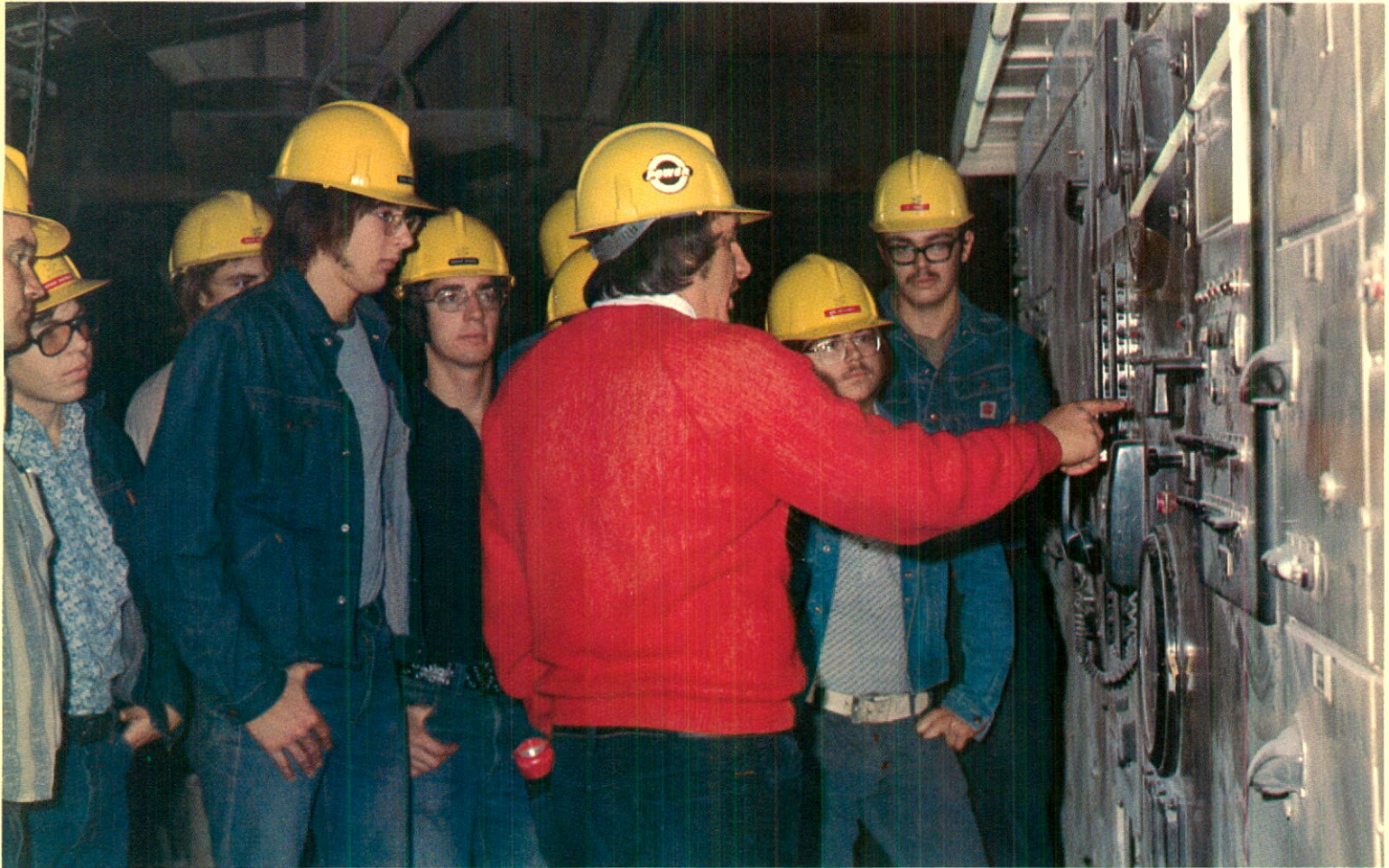
1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
\$ 90,127	\$ 86,329	\$ 79,246	\$ 76,169	\$ 72,387	\$ 67,020	\$ 62,538	\$ 57,336	\$ 52,866	\$ 46,145
1,714	1,559	1,242	1,177	1,136	1,069	1,035	1,282	1,239	1,238
91,841	87,888	80,488	77,346	73,523	68,089	63,573	58,618	54,105	47,383
22,299	21,443	16,253	13,934	13,173	11,173	12,962	11,313	9,340	6,946
24,778	20,088	18,896	17,493	16,100	15,377	12,994	12,426	10,970	9,764
19,350	18,334	17,123	16,537	15,970	15,590	15,252	13,897	13,159	12,223
19,857	18,065	16,700	16,103	14,614	15,493	13,549	14,050	14,225	13,384
86,284	77,930	68,972	64,067	59,857	57,633	54,757	51,686	47,694	42,317
5,557	9,958	11,516	13,279	13,666	10,456	8,816	6,932	6,411	5,066
55,352	49,345	47,972	45,223	42,306	38,760	36,140	32,077	30,081	27,285
1,821	1,275	1,022	999	809	894	731	1,076	929	780
57,173	50,620	48,994	46,222	43,115	39,654	36,871	33,153	31,010	28,065
22,696	18,459	16,579	15,524	13,152	11,613	10,319	8,600	6,873	5,434
14,612	11,927	10,549	9,922	9,773	9,352	8,322	7,771	7,442	7,057
7,607	7,149	7,275	6,844	6,933	6,347	6,246	5,866	5,671	4,902
6,079	5,714	5,203	5,117	4,796	5,767	5,883	5,941	6,101	6,441
50,994	43,249	39,606	37,407	34,654	33,079	30,770	28,178	26,087	23,834
6,179	7,371	9,388	8,815	8,461	6,575	6,101	4,975	4,923	4,231
11,736	17,329	20,904	22,094	22,127	17,031	14,917	11,907	11,334	9,297
39,613	42,191	44,496	44,610	44,645	40,247	37,415	32,669	31,302	27,081
3,237	3,065	1,877	1,732	1,307	1,488	1,712	2,496	1,716	1,742
23,517	44,490	27,714	28,624	47,870	45,016	50,603	32,938	41,105	49,954
707	297	(16)	(194)	(2,795)	8,216	911	9,923	1,060	6,548
67,074	90,043	74,071	74,772	91,027	94,967	90,641	78,026	75,183	85,325
31,362	21,249	27,168	25,336	32,730	48,494	59,573	42,904	35,477	49,954
56,675	38,779	40,534	34,392	36,812	28,487	38,639	43,480	42,338	49,172
—	—	20,900	—	10,400	8,100	3,500	3,000	—	—
88,037	60,028	88,602	59,728	79,942	85,081	101,712	89,384	77,815	99,126
(20,963)	30,015	(14,531)	15,044	11,085	9,886	(11,071)	(11,358)	(2,632)	(13,801)
871,560	844,927	789,094	765,367	733,869	695,260	662,392	600,571	582,829	551,663
(269,661)	(245,511)	(220,620)	(197,467)	(175,891)	(159,942)	(140,570)	(118,650)	(102,170)	(87,276)
38,859	12,702	30,411	14,979	14,040	22,844	30,225	53,839	31,384	24,148
41,229	47,591	31,088	28,554	27,943	25,002	34,202	34,126	33,193	31,854
681,987	659,709	629,973	611,433	599,961	583,164	586,249	569,886	545,236	520,389
395,532	400,507	378,421	383,034	380,239	372,670	370,056	377,761	384,290	377,284
160,669	148,933	131,569	131,565	109,471	97,754	88,823	77,406	61,079	49,745
49,052	47,342	45,997	45,181	44,390	43,755	42,659	41,278	39,907	38,586
76,734	62,927	73,986	51,653	65,861	68,985	84,711	73,441	59,960	54,774
\$681,987	\$659,709	\$629,973	\$611,433	\$599,961	\$583,164	\$586,249	\$569,886	\$545,236	\$520,389
33.3	31.9	30.8	30.4	27.7	26.3	24.8	22.6	19.5	17.8

- (1) Intersystem usage of gas and electricity is included in system sales. This usage is eliminated on the statement of Consolidated Income and Retained Income.
- (2) In 1967, retained income was increased by \$7,420,000 recording unbilled sales and an adjustment to sinking funds.
- (3) Statistics retroactively adjusted in accordance with an accounting policy change in 1973 for Customer Capital Contributions and Revenue Prepayments.





*Environmental testing program includes water checks in vicinity of power plants.*



*Training of power station recruits involves introductory study of power plant operation.*



## Record of progress

	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
<b>OPERATIONS — ELECTRIC SYSTEM</b>										
Customers at December 31 .....	291,966	283,282	277,508	274,400	271,000	269,200	267,500	263,900	258,577	251,361
Electricity sold (millions of kWh) .....	6,192	5,990	5,289	4,913	4,618	4,159	3,704	3,255	2,974	2,470
Average yearly residential consumption (kWh) .....	5,749	5,387	5,315	5,010	4,861	4,750	4,420	4,258	4,108	3,830
Average yearly farm consumption (kWh) .....	11,969	11,019	10,421	9,950	8,845	8,250	7,124	6,813	6,268	5,997
Rated generating capacity (kW)										
Hydro .....	467,000	467,000	467,000	467,000	467,000	467,000	467,000	280,000	281,000	201,000
Steam .....	1,057,000	1,057,000	907,000	807,000	807,000	682,000	532,000	537,000	537,000	537,000
Internal combustion .....	113,050	111,885	111,500	111,500	111,500	111,500	113,000	96,100	62,150	62,150
Total .....	<u>1,637,050</u>	<u>1,635,885</u>	<u>1,485,500</u>	<u>1,385,500</u>	<u>1,385,500</u>	<u>1,260,500</u>	<u>1,112,000</u>	<u>913,100</u>	<u>880,150</u>	<u>800,150</u>
Seasonal gross system peak load (kW) ..	1,289,600	1,290,900	1,175,000	1,089,000	1,066,000	956,000	918,000	862,000	756,500	696,100
Pole miles of line excluding urban distribution system										
72 kV and higher .....	5,113	5,068	4,920	4,864	4,634	4,488	4,488	4,395	4,182	3,870
Under 72 kV .....	73,606	72,802	72,271	71,965	71,632	71,353	70,948	70,327	69,852	69,420
<b>OPERATIONS — GAS SYSTEM (Gas volumes at 14.65 psia)</b>										
Customers at December 31 .....	173,240	164,902	157,416	150,658	145,498	142,364	137,534	129,932	122,019	113,584
Gas sold (Thousands of Mcf) .....	114,837	113,998	109,356	107,187	99,309	88,697	84,485	71,562	67,835	61,519
Average yearly residential consumption (Mcf) .....	183	179	197	185	188	188	180	183	182	189
Degree days deficiency (Regina) .....	10,980	10,012	11,543	10,936	11,483	11,170	10,254	10,888	11,380	11,573
*Maximum daily consumption (Mcf) ....	522,930	543,410	539,240	522,440	487,240	447,030	421,980	370,670	360,880	318,540
Miles of pipeline in service										
Gathering .....	507	480	480	458	455	444	443	412	410	400
Transmission and laterals .....	4,892	4,691	4,420	4,052	3,811	3,417	3,354	3,101	2,787	2,550
Distribution .....	2,847	2,691	2,527	2,336	2,217	2,107	2,012	1,896	1,769	1,649
<b>AVERAGE MONTHLY EMPLOYEES .....</b>	<b>2,625</b>	<b>2,519</b>	<b>2,453</b>	<b>2,420</b>	<b>2,464</b>	<b>2,461</b>	<b>2,597</b>	<b>2,701</b>	<b>2,779</b>	<b>2,789</b>

\*Previous to 1967, these figures are maximum daily production.





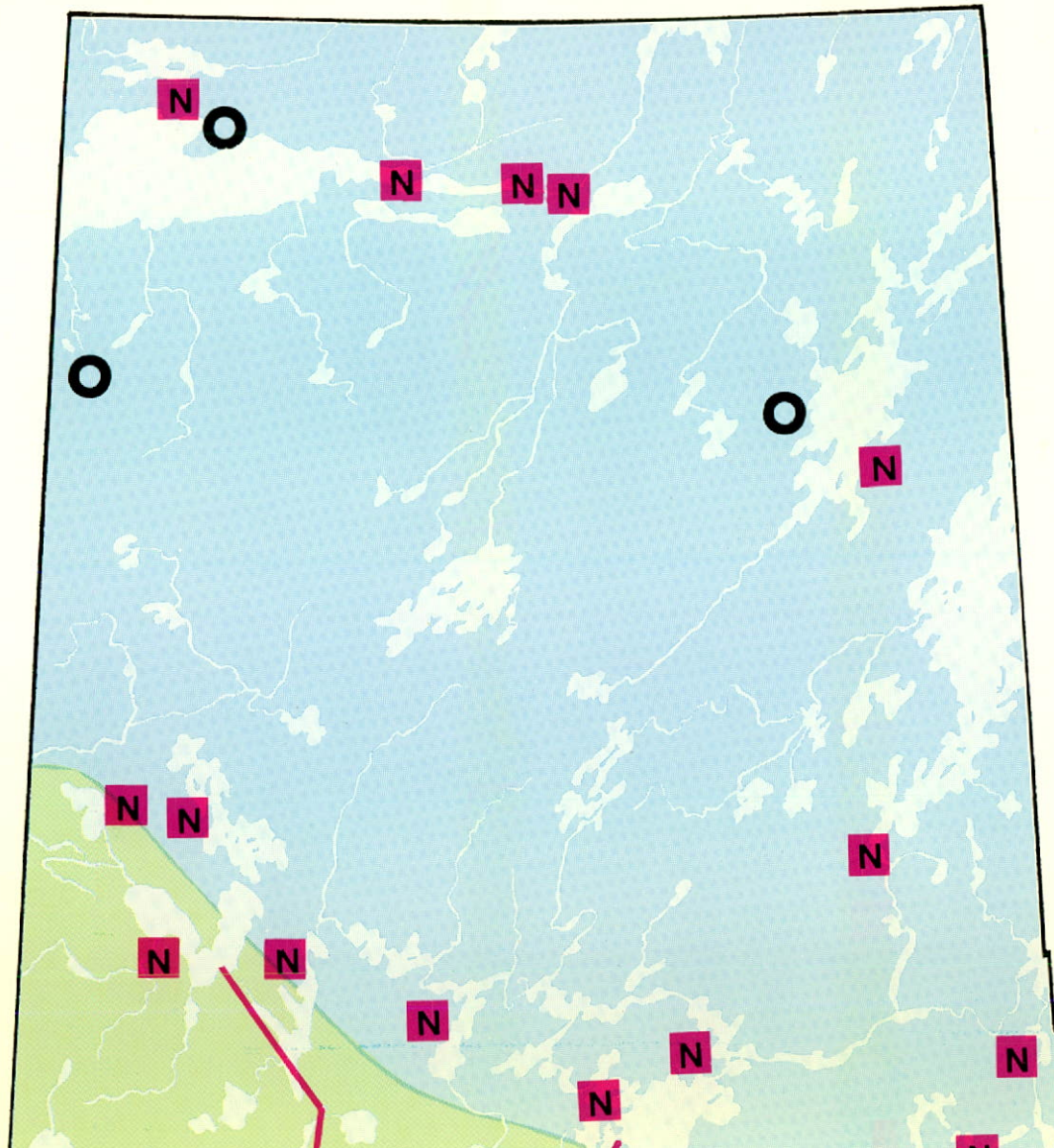






# SASKATCHEWAN

## ELECTRIC AND GAS SYSTEMS



### LEGEND

- Electric System
- E** Thermal Power
- H** Hydro Power
- N** North-Sask. Electric
- Gas System
- G** Gas Compressor Stations
- G** Gas Storage and Compressor
- G** Gas Fields
- Coal Deposits
- Uranium Deposits



ALBERTA

MANITOBA

