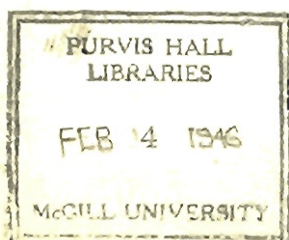


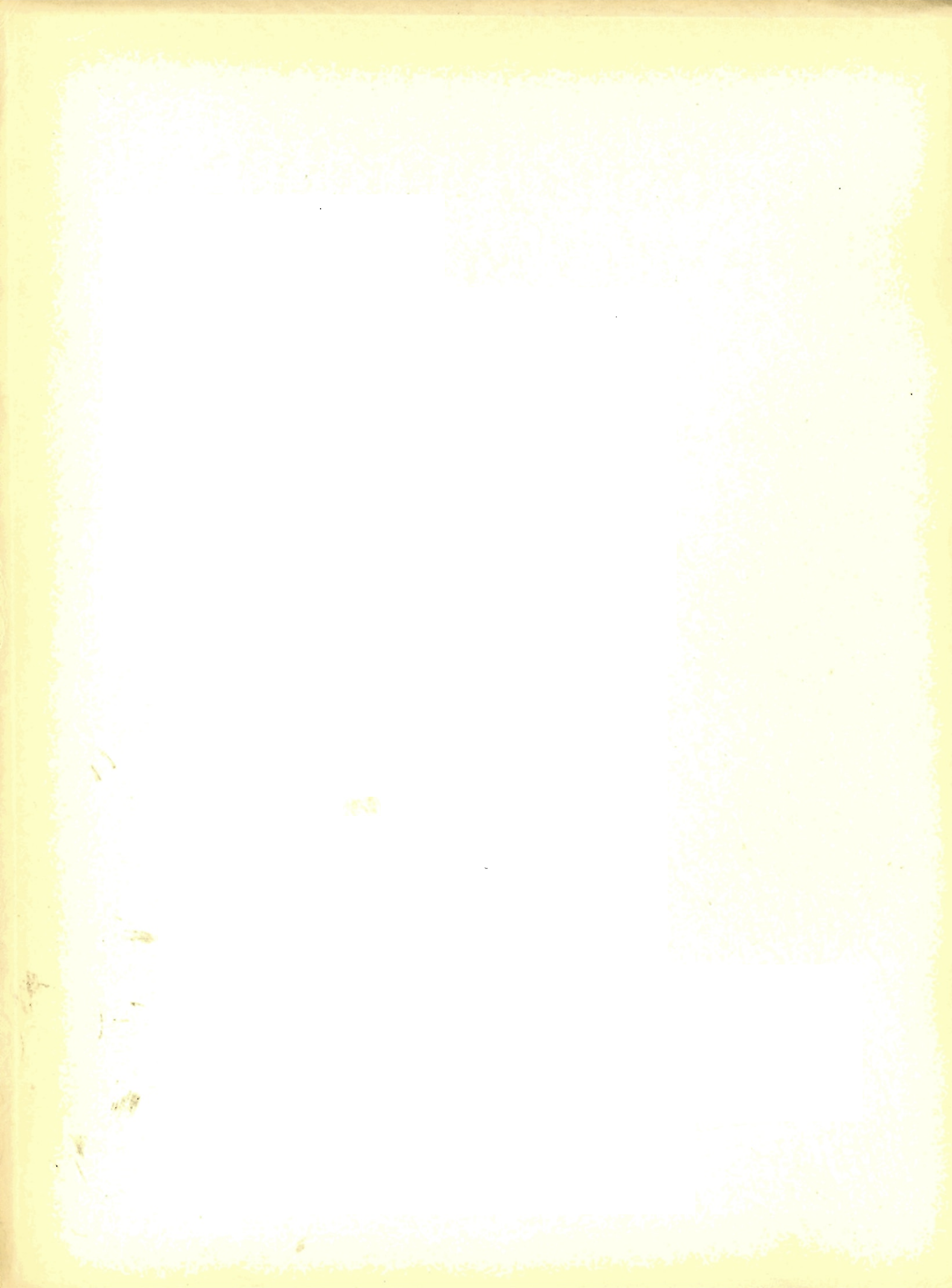
**BRITISH COLUMBIA
POWER CORPORATION
LIMITED**

**ANNUAL
REPORT**



1939





BRITISH COLUMBIA POWER CORPORATION
LIMITED

ANNUAL REPORT

For the year ended June 30th
1939

1939

BRITISH COLUMBIA POWER CORPORATION LIMITED

Officers

W. G. MURRIN - - - - - *President*
A. T. GOWARD - - - - - *Vice-President*
E. H. ADAMS - - - - - *Vice-President and Treasurer*
E. ROGERS - - - - - *Secretary*

Directors

E. H. ADAMS	SIR HERBERT HOLT
C. E. CALDER	GEORGE KIDD
JOHN DAVIDSON	H. R. MACMILLAN
S. GODIN, JR.	W. G. MURRIN
A. T. GOWARD	A. J. NESBITT
J. H. GUNDY	AUSTIN C. TAYLOR
ANDREW P. HOLT	P. A. THOMSON

J. B. WOODYATT

THE ROYAL BANK OF CANADA - - - - - *Bankers*
THE ROYAL TRUST COMPANY - - - - - *Registrar*
MONTREAL TRUST COMPANY - - - - - *Transfer Agent*
PRICE, WATERHOUSE & CO. - - - - - *Auditors*

Head Office of the Corporation

B. C. ELECTRIC BUILDING

Vancouver, B. C., Canada

FACTS ABOUT YOUR CORPORATION AND ITS SUBSIDIARIES

(As at June 30th, 1939)

1. It serves a territory of over 1,500 square miles;
2. It renders service to a population of over 400,000, embracing 28 different communities;
3. It has 11 hydro-electric plants and 3 steam plants;
4. It has 81 substations and transformer stations;
5. It has 635 miles of high-tension transmission lines;
6. It has 2,926 miles of low-tension distribution lines;
7. It has 43 city street car and bus routes;
8. It has 4 interurban lines;
9. It employs 3,900 people;
10. It paid out in wages and salaries during the year more than \$5,850,000;
11. It operates 168 miles of street car lines;
12. It operates 162 miles of interurban lines, a total of 330 miles;
13. It operates 422 city and interurban passenger cars;
14. It operates 10 electric locomotives;
15. It operates 170 express freight and service cars;
16. It operates 106 motor buses and 25 motor freight trucks;
17. It operates 392 miles of motor bus and 120 miles of motor freight service;
18. It operated 18,417,886 passenger car and bus miles during the year;
19. The power generated by its power plants during the year totalled 590,108,000 K.W.H.;
20. It operates 11 stores for the sale of electric and gas appliances;
21. It has 3 gas plants, with a total daily capacity of 12,500,000 cubic feet.

BRITISH COLUMBIA POWER CORPORATION LIMITED

NOTICE OF ANNUAL GENERAL
MEETING OF SHAREHOLDERS

Vancouver, B. C., September 6, 1939.

NOTICE IS HEREBY GIVEN to the Holders of the Corporation's Class "B" Shares that the Annual General Meeting of the Shareholders will be held in the Auditorium of the B. C. Electric Building, 602 Granville Street, Vancouver, B. C., on Thursday, the 28th day of September, 1939, at the hour of 11.30 o'clock a.m.

- (1) To receive the Annual Report of the Directors;
- (2) To receive the audited Balance Sheet made up to June 30, 1939, and Statement of Income and Expenditure for the financial period ending on that date;
- (3) To elect Directors for the ensuing year;
- (4) To appoint Auditors for the ensuing year; and
- (5) For the transaction of such other business as may legally come before the meeting.

By Order of the Board of Directors,

ERNEST ROGERS,
Secretary.

NOTE.—By the Charter of the Company only holders of Class "B" Shares are entitled to attend at the Annual General Meeting of Shareholders and accordingly the above notice is given to such Shareholders only.

BRITISH COLUMBIA POWER CORPORATION LIMITED

Owms and controls the following companies:

BRITISH COLUMBIA ELECTRIC RAILWAY COMPANY, LIMITED.
BRITISH COLUMBIA ELECTRIC POWER & GAS COMPANY LIMITED.
VANCOUVER POWER COMPANY, LIMITED.
WESTERN POWER COMPANY OF CANADA, LIMITED.
BRIDGE RIVER POWER COMPANY LIMITED.
BURRARD POWER COMPANY, LIMITED.
VANCOUVER ISLAND POWER COMPANY, LIMITED.
NATIONAL UTILITIES CORPORATION, LIMITED.
THE VANCOUVER, FRASER VALLEY & SOUTHERN RAILWAY COMPANY.
COLUMBIA ESTATE COMPANY, LIMITED.
BRITISH COLUMBIA RAPID TRANSIT COMPANY, LIMITED.
THE VICTORIA ELECTRIC COMPANY LIMITED.
VICTORIA GAS COMPANY, LIMITED.

ANNUAL REPORT

of the Directors of

BRITISH COLUMBIA POWER CORPORATION LIMITED

for the year ended June 30th, 1939

TO THE SHAREHOLDERS:

Your Directors beg to submit the following Report on the results of the operation of your Company and its Subsidiaries for the year ended 30th June, 1939:

INCOME AND EXPENSE STATEMENT

The following is a consolidated statement of the income and expenses of all branches of the business for the current year:

Gross Revenue \$ 15,441,242.30

EXPENSES:

Operation and Maintenance \$ 7,369,697.32
Income and Property Taxes 1,748,790.78
Provision for Depreciation and Renewals 1,927,153.27
..... 11,045,641.37

Net Revenue \$ 4,395,600.93

Deduct—

Bond Interest, Amortization of Bond Discount, and Preference
Dividends 2,341,628.31
..... \$ 2,053,972.62
Dividends on Class "A" Shares for the year 2,000,000.00
.....
Surplus for the year \$ 53,972.62

NET REVENUE FROM OPERATIONS

While the gross revenue shows considerable improvement over last year, principally due to increased power, light and gas revenues, the net revenue available for interest and dividends is slightly less, as, apart from the increased provision for depreciation, the improvement shown in the gross revenues is more than absorbed by the increased cost of operation, maintenance and taxes.

Transportation System—The gross revenue from electric railway passenger traffic shows a slight decrease compared with last year; and, while the number of passengers carried totalled 71,541,392 as compared with last year 71,528,921, it may be pointed out that electric railway and bus passenger miles operated on the Mainland were greater than last year by 330,000 miles. The additional service given is one of the reasons for increased operation expenses.

Freight traffic has also continued to decline, owing to the reduced movement of manufactured wood products by rail. The tons of freight carried were 261,132 compared with 290,306 last year.

Power and Light System—During the year capital expenditures amounting to \$621,400 were made in improving and extending power and light facilities in the areas served. As a result of these expenditures, and through the load-building efforts of our sales organization, 4,029 additional consumers of electrical energy were added in the year under review.

The K.W.H. sales of electrical energy to power and light customers compared as follows:

	1939	1938
Kilowatt Hours	451,614,682	428,635,502

Gas System—Owing to the intensive competition from oil and other fuels, with which gas companies all over the Continent have been faced, it has become increasingly difficult to maintain domestic revenues at the levels of past years. There have been introduced into the domestic field new features in the form of water heating equipment which is made available to consumers under a monthly rental plan, thereby maintaining and increasing the revenue from residential customers. Approximately 2,500 gas water heaters equipped with monel metal tanks, which carry the manufacturer's guarantee of twenty years' service, have been installed under the rental plan.

Due to the extensive periodic overhaul which has been taking place at the Vancouver plant the costs of gas manufacture show considerable increases over last year, as it was necessary to use the more expensive water gas plant for gas production during the period of repairs at the coal gas plant. It was considered advisable to convert the older Glover-West installation to the more modern type of plant in use at the Carrall Street Vancouver plant. This changeover is now completed and in operation, enabling reconditioning to take place at the main generating plant under, it is anticipated, more favourable production costs. It is expected the overhaul work will be entirely completed by June, 1940, and we shall then have added generating plant which will have increased our gas production facilities by 1,200,000 cubic feet per day.

EXPENSES

The expenses of operation and maintenance show an increase over last year of \$343,000, of which \$119,000 was in part due to the additional cost of gas production, owing to the extraordinary repairs being carried out at the main Carrall Street plant.

The operation of the Vancouver Island steam plant to overcome water shortage conditions, the costs of operating additional railway passenger and feeder bus services, and heavier expenditures on track maintenance, as well as the additional provision for accidents, are other items accounting for the increase in expenses.

Because of plant additions the provision for depreciation and renewals shows an increase of \$58,165 over last year.

Taxes—The percentage of gross revenue absorbed by direct taxes amounts in the current year to 11.3%. It has been necessary to increase the provision for taxes by \$43,250 over the amount provided last year. The total taxes for the year, including sales, gasoline, water rentals and other taxes estimated to be not less than \$550,000, amounted to \$2,298,790, which is more than the interest and fixed dividends payable on the entire bonded debt of the Corporation and the preferred stocks of its subsidiaries. In other words, the various Governmental taxing authorities (Federal, Provincial and Municipal), while having no investment in the undertaking and having no responsibility for the provision and satisfactory operation of the various services being rendered, receive a greater share of the net revenue of the undertaking than the bondholders and preferred stockholders who have taken the risk of providing the finances which make such services possible. The Corporation and its subsidiaries pay more in taxes than all the municipal and government-owned electric railways and electric

power undertakings in Canada put together, according to the Dominion Bureau of Statistics.

PLANT ADDITIONS AND EXTENSION OF FACILITIES

The expenditures on plant additions and the extension of facilities to meet service requirements necessitated capital outlays amounting to approximately \$1,850,000. The largest item of expenditure was in connection with power and light service extensions and improvement of electrical service facilities amounting to \$621,400. The installation of the second 47,000 horse-power unit at Ruskin power house called for the further expenditure of \$363,900, which practically completes this unit. Additional bus equipment and improvements to railway rolling stock, as well as the purchase of one of the new "P. C. C." type street cars, and improved railway substation equipment, involved expenditures amounting to \$362,500.

The extension of gas services, and the cost of installing the new-type chamber oven plant at Keefer Street, Vancouver, accounted for additional capital outlays amounting to \$179,000.

In the reorganization of plant facilities certain plant, consisting principally of motor-buses, the vertical retorts at the Keefer Street gas plant, and the old horizontal gas plant in Vancouver, which had become obsolete, was written off to depreciation account, involving credits to plant account of \$541,000.00.

REFUNDING—WESTERN POWER BONDS

The principal and interest on the bonds of this Company were payable in three currencies, at the option of the holder, and owing to the uncertainty with regard to the future movements of foreign exchange, it was decided to call them for redemption on 29th June, 1939, and to replace them with an issue of B. C. Power Corporation collateral trust bonds bearing interest at $4\frac{1}{4}\%$, payable in Canadian funds. This transaction was completed with benefit to the general capital structure and at some saving in annual interest charges.

PUBLIC UTILITIES COMMISSION

During the last Session of the British Columbia Legislature an Act was passed for the purpose of adjudicating on the rates, charges and conditions of services being rendered by all utilities coming within the jurisdiction of the Act. A Board, consisting

of the Chairman, Dr. W. A. Carrothers, D.F.C., Ph.D., and two Commissioners, L. W. Patmore, LL.B., K.C., and Major J. C. MacDonald, B.A., B.E., was appointed by the Government to administer the Act. The newly appointed Board has already determined on an appraisal of plant and property preliminary to an examination of the rates being charged for the various services being rendered by our subsidiary companies. It is expected that, owing to the comprehensive nature of the studies to be made embracing all departments, some time must elapse before the findings of the Commission are made available.

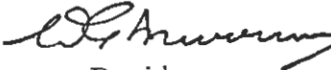
STAFF

The Directors wish to record their appreciation of the loyal and efficient service being rendered by the employees of all departments.

AUDIT OF ACCOUNTS

The balance sheet and accounts submitted herewith have been certified by Messrs. Price, Waterhouse & Co., Chartered Accountants.

Respectfully submitted on behalf of the Board,


President.

BRITISH COLUMBIA POWER CORPORATION LIMITED
AND SUBSIDIARIES

Consolidated Balance Sheet as at June 30, 1939

ASSETS

CURRENT AND WORKING ASSETS:

Cash at Banks and on hand	\$ 54,308.30	
Accounts Receivable less Reserve	1,615,327.55	
Insurance Unexpired and Prepaid Items	191,051.88	
Employees' Housing Loans, Mortgages, etc.	124,370.39	
Stores, Materials and Supplies, determined as to quantities by book inventories confirmed by periodical counts or measurements, valued at average cost	1,509,538.88	
	<u>3,494,597.00</u>	

INVESTMENTS:

Corporation's Shares purchased by Subsidiaries for re-sale to customers and employees	\$ 793,470.10	
Sundry Investments	2,843.00	
	<u>796,313.10</u>	
(Market Value June 30, 1939, \$561,351.00)	\$ 796,313.10	
City of Vancouver 3% Instalment Debentures, at cost	157,788.00	
	<u>954,101.10</u>	

BOND REFUNDING EXPENSE:

Premium and exchange on bonds redeemed, bond conversion expenses and discount—balance	1,435,725.06	
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PROPERTY ACCOUNT:

Book values which represent the cost of acquisition, and the cost of subsequent additions, including discount on bonds of \$728,670.56, which is charged to Construction Accounts of Subsidiaries	\$ 143,994,011.68	
Less Provision for Depreciation and Renewals	27,847,568.18	
	<u>116,146,443.50</u>	

NOTE: An appraisal of the properties of the British Columbia Power Corporation Limited and its subsidiaries, made by Stone & Webster Engineering Corporation of Boston, Massachusetts, as of December 31, 1936, shows a total replacement cost as at that date (after a deduction for existing physical depreciation) of \$131,802,312. This foregoing total includes an amount of \$15,000,000 for going concern value.

The balance in the Property Account as at December 31, 1936, after deducting the reserve for Depreciation was \$113,739,799.32.

Approved on behalf of the Board:

\$ 122,030,866.66


Director.


Director.

LIABILITIES

CURRENT AND ACCRUED LIABILITIES:

Accounts Payable	\$ 1,375,156.88	
Reserve for Income and other Taxes	1,294,915.33	
Debenture and Bond Interest accrued	323,344.54	
Dividends declared, since paid	749,600.00	
	<u>3,743,016.75</u>	
BOND DEBT (as per statement attached)		38,497,624.50

CAPITAL STOCKS OF SUBSIDIARIES HELD BY PUBLIC:

<i>British Columbia Electric Railway Co. Ltd.—</i>		
5% Cumulative Perpetual Preference Stock	\$ 6,984,000.00	
<i>British Columbia Electric Power & Gas Co. Ltd.—</i>		
6% Cumulative Preference Shares	5,000,000.00	
The Company has the right to redeem these 6% Preference Shares with a premium of 5% subject to the sanction of the Supreme Court of British Columbia.		
Minority Shareholders of Subsidiaries	3,446.25	
	<u>11,987,446.25</u>	

RESERVES:

General and Accident	1,319,630.96	
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CAPITAL:

<i>Authorized—</i>		
1,500,000 Class "A" Shares without nominal or par value entitled to non-cumulative preferential dividends aggregating \$2.00 per share and equal participation with Class "B" Shares up to a further \$3.00 per share, redeemable at any time on resolution of Directors at \$100.00 per share.		
1,500,000 Class "B" Shares without nominal or par value.		
<i>Issued—</i>		
1,000,000 Class "A" Shares and		
1,000,000 Class "B" Shares issued for a total cash consideration of	\$ 59,250,000.00	

CAPITAL SURPLUS:

Surpluses of Subsidiaries as at May 19, 1928, the date of the acquisition of their Capital Stocks by the Corporation	6,115,764.59	
EARNED SURPLUS (as per statement attached)	1,117,383.61	
	<u>66,483,148.20</u>	
		<u>\$ 122,030,866.66</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of the British Columbia Power Corporation Limited and its Subsidiary Companies for the year ending June 30, 1939, and have obtained all the information and explanations which we have required and we report that, in our opinion, the above Consolidated Balance Sheet at June 30, 1939, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Corporation and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

VANCOUVER, B. C.,
August 10, 1939.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BRITISH COLUMBIA POWER CORPORATION LIMITED
AND SUBSIDIARIES

*Consolidated Statement of Profit and Loss and Earned Surplus Account
for the Year Ending June 30, 1939*

Gross Revenue from Operations.....	\$ 15,395,710.12	
Income from Investments.....	45,532.18	
		\$ 15,441,242.30
<i>Deduct—</i>		
Expenses including Municipal Taxes.....	\$ 7,943,982.21	
Legal Fees and Executive Remuneration.....	85,240.00	
Directors' Fees	21,000.00	
Provision for Accidents.....	125,000.00	
Provision for Depreciation and Renewals.....	1,927,153.27	
Provision for Income Taxes.....	943,265.89	
		11,045,641.37
		\$ 4,395,600.93
<i>Deduct—</i>		
Interest on Bond Debt.....	\$ 1,631,573.89	
Bond Discount and Conversion Expense written off.....	60,854.42	
		1,692,428.31
Net Profit for the year.....		\$ 2,703,172.62
<i>Deduct—</i>		
Dividends on Preference Stocks of Subsidiaries:		
5% Cumulative Perpetual Preference Stock.....	\$ 349,200.00	
6% Cumulative Preference Shares.....	300,000.00	
		649,200.00
		\$ 2,053,972.62
<i>Deduct—</i>		
Dividends on Class "A" Shares for the year ending June 30, 1939.....		2,000,000.00
		\$ 53,972.62
<i>Add—</i>		
Earned Surplus—balance at June 30, 1938.....	\$ 1,205,907.86	
<i>Deduct—</i>		
Adjustments in respect of depreciation for prior years.....	142,496.87	
		1,063,410.99
Earned Surplus—balance at June 30, 1939.....		\$ 1,117,383.61

BRITISH COLUMBIA POWER CORPORATION LIMITED
AND SUBSIDIARIES

Bond Debt as at June 30, 1939

BRITISH COLUMBIA POWER CORPORATION LTD.:

First Refunding and Collateral Trust Serial Bonds 3%,
Series "A"—

Authorized and Issued:

Maturing March 1, 1940	\$400,000.00	
" March 1, 1941	400,000.00	
		\$ 800,000.00

First Refunding and Collateral Trust Serial Bonds 3½%,
Series "A"—

Authorized and Issued:

Maturing March 1, 1942.....	\$400,000.00	
" March 1, 1943.....	400,000.00	
" March 1, 1944.....	400,000.00	
" March 1, 1945.....	400,000.00	
		1,600,000.00

First Refunding and Collateral Trust Bonds 4¼%,
Series "A"—

Authorized and Issued:

Maturing March 1, 1960	15,300,000.00	
		\$ 17,700,000.00

BRITISH COLUMBIA ELECTRIC RAILWAY Co. LTD.:

4¼% Perpetual Consolidated Debenture Stock.....	£2,788,170 0 0	
	@ \$4.85	13,522,624.50

VANCOUVER POWER Co. LTD.:

4¼% Perpetual Guaranteed Debenture Stock—

Authorized £1,917,350, of which issued	£1,500,000 0 0	
	@ \$4.85	7,275,000.00

As per Consolidated Balance Sheet		\$ 38,497,624.50
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