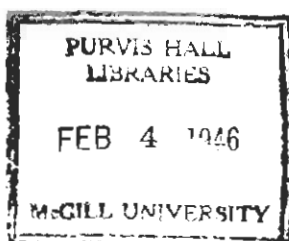


BRITISH COLUMBIA
POWER CORPORATION
LIMITED

ANNUAL
REPORT



1941



BRITISH COLUMBIA POWER CORPORATION,
LIMITED

ANNUAL REPORT

For the year ending December 31
1941

FACTS ABOUT YOUR CORPORATION AND ITS SUBSIDIARIES

(As at December 31, 1941)

1. It serves a territory of over 1,500 square miles;
2. It renders service to a population of over 475,000, embracing 32 Municipalities and 10 Provincial Districts;
3. It has 11 hydro-electric plants and 3 steam electric plants;
4. It has 94 substations and transformer stations;
5. It has 636 miles of high-tension transmission lines;
6. It has 3,079 miles of low-tension distribution lines;
7. It has 52 city street car and bus routes;
8. It has 4 interurban lines;
9. It has more than 4,000 employees;
10. It paid out in wages and salaries during the year more than \$6,750,000;
11. It operates 167 miles of street car lines;
12. It operates 161 miles of interurban lines, a total of 328 miles;
13. It operates 425 city and interurban passenger cars;
14. It operates 11 electric locomotives;
15. It operates 131 express, freight and service cars;
16. It operates 111 motor buses and 25 motor freight trucks;
17. It operates 407 route miles of motor bus and 120 route miles of motor freight service;
18. It operated 19,290,108 passenger car and bus miles during the year;
19. It generated by its power plants 675,528,935 K.W.H. during the year;
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 12,250,000 cubic feet.

BRITISH COLUMBIA POWER CORPORATION, LIMITED

NOTICE OF ANNUAL GENERAL
MEETING OF SHAREHOLDERS

Vancouver, Canada, April 7, 1942.

NOTICE IS HEREBY GIVEN to the Holders of the Corporation's Class "B" Shares that the Annual General Meeting of Shareholders will be held in the Auditorium of the B. C. Electric Building, 602 Granville Street, Vancouver, B. C., on Thursday, the 30th day of April, 1942, at the hour of 11.30 o'clock a.m.

1. To receive the Annual Report of the Directors;
2. To receive the Consolidated Balance Sheet as at December 31, 1941, the Consolidated Income Account for the financial period ending on that date and the report of the Auditors;
3. To elect Directors for the ensuing year;
4. To appoint Auditors for the ensuing year;
5. For the transaction of such other business as may properly come before the meeting without notice.

By Order of the Board,

J. A. BRICE,
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.

ANNUAL REPORT
of the Directors of
**BRITISH COLUMBIA POWER
 CORPORATION, LIMITED**

for the year ending December 31, 1941

To be submitted at the Annual General Meeting, April 30, 1942

TO THE SHAREHOLDERS:

Your Directors beg to submit the following Report on the financial position of your Company and its Subsidiaries as at December 31, 1941, and the results of their combined operations for the year ending on that date.

RESULTS OF OPERATIONS

The following is a condensed consolidated statement of the revenues and expenses of all departments of the business for the year ending December 31, 1941:

| | | |
|--|-----------------|------------------|
| Gross Revenue | | \$ 18,701,685.40 |
| <i>Deduct—</i> | | |
| Expenses of Operation and Maintenance, etc..... | \$ 8,667,970.18 | |
| Provision for Depreciation and Renewals | 2,549,751.21 | |
| Property Taxes | 841,779.20 | |
| Provision for Taxes on Income..... | 2,379,400.00 | |
| | 14,438,900.59 | |
| Operating Income | | \$ 4,262,784.81 |
| <i>Add—</i> Income from Investments..... | \$ 37,976.34 | |
| <i>Less—</i> Loss on Sale of Investments..... | 10,596.25 | |
| | 27,380.09 | |
| | | \$ 4,290,164.90 |
| <i>Deduct—</i> Bond Interest, Amortization of Bond Refunding Expense and Preference Dividends..... | | 2,217,405.54 |
| | | \$ 2,072,759.36 |
| <i>Deduct—</i> Dividends on Class "A" Shares for the year..... | | 2,000,000.00 |
| Surplus for the year..... | | \$ 72,759.36 |

The revenue from all sources shows an increase of approximately ten per cent as compared with the previous twelve months, and has been brought about principally as a result of increased industrial activity and additional employment in shipbuilding and other war industries. The increases in revenue are unlikely to be sustained on a peace-time basis, and in the case of freight revenue are obviously abnormal, due to the almost entire absence of cargo vessels which has necessitated moving substantial quantities of lumber products across Canada by rail.

While the Company has had the facilities and equipment to take care of increased demands for service of all kinds, the problem of taking care of further increasing loads on these facilities in the face of prior demands for war purposes is receiving the earnest attention of your Board. Every effort has been made to obtain additional rolling stock, cars or buses, and electrical equipment to meet increasing demands, and we have reasonable assurances that, taking into account the necessities of war, our requirements will, at least in part, be fulfilled.

Although the gross revenue from all services shows a substantial increase, this increase has been largely offset by increased labour and maintenance costs, and by the very substantial increase in taxation. In addition your Directors have considered it prudent, in view of wartime conditions, to establish a Contingent Reserve by the appropriation of an amount of \$150,000. As a result of these increased expenditures the available operating income is slightly less than it was a year ago.

Transportation System—

| | | |
|-------------------------------|------------|----------------|
| Passengers carried—1941 | 83,996,509 | |
| Passengers carried—1940 | 76,411,790 | Increase 9.93% |

The foregoing figures show the extent to which travel increased in the period. Since the close of the year the speeding up of war industry, and increased travel as the result of some curtailment in the use of automobiles, has increased the strain on our available rolling stock. Orders have been placed for additional equipment, subject to the approval of the authorities, and it is hoped that some measure of relief may be obtained, which, with the co-operation of the authorities and the travelling public in the matter of reduced stops, staggered hours of employment and other remedies, will tend to reduce congestion on the cars.

Electric railway freight traffic continues to show substantial gains over previous years. The tonnage for 1941 was 723,000 tons as compared with 487,000 tons in

1940. Export lumber through Atlantic ports destined for the United Kingdom increased by 60,000 tons. Domestic and United States lumber and shingles increased by 140,000 tons, and other commodities to and from Eastern Canada increased by 36,000 tons.

Light and Power System—

| | K.W.H. Sales | Meter Installations | Motor Load in H.P. |
|------------|--------------|---------------------|--------------------|
| 1941 | 535,707,430 | 153,824 | 232,401 |
| 1940 | 498,974,839 | 147,497 | 206,981 |

The foregoing figures show an increase in the sales of domestic, commercial and industrial energy of 7.36% over 1940. The growth in motor load of 12.28% over 1940 is due principally to increased industrial activity resulting from ship construction or war orders.

In the domestic field there has been much activity in home building which has resulted in the addition of 6,300 domestic consumers.

Due to the additional use and extension of labor-saving electrical devices in the farming areas there has been an increase in consumption, and a substantial number of new customers have been added to our lines, principally in the Fraser Valley.

*Gas System—*The comparative sales of gas were as follows:

| | Cubic Feet |
|---------------------|---------------|
| Gas sold—1941 | 1,576,040,000 |
| Gas sold—1940 | 1,444,700,000 |

The quantity of gas sold shows an increase of 9.09% over the previous year, partly as a result of the introduction of gas for domestic purposes in new homes and partly on account of the use of gas for industrial purposes, mainly in shipbuilding.

EXPENSES

Taxes for the year amounted to \$3,221,179, being an increase of \$449,014 over the previous year. This constitutes the major factor in our increasing expenses, and it is anticipated that the burden of taxes on income because of war requirements will become increasingly heavy. It may be pointed out that, while the amount of taxes absorbs 17.22% of the entire gross income, the provision of \$2,379,400 for income

and excess profits taxes is a contribution to Canada's war effort which your Company is proud to be able to make.

As a result of the award of an Arbitration Board held under Provincial jurisdiction in May last, affecting mainly our transportation employees, it became necessary to adjust the wages of all our employees. This increase, together with a subsequent cost-of-living bonus which was part of the Arbitration Board's award, and which together amount to the annual sum of \$750,000, has added \$420,000 in increased costs of operation for the portion of the year affected by these increases.

The increased volume of business in all departments and the more extensive use of existing facilities have naturally added to the general costs of operation and maintenance.

PLANT ADDITIONS AND EXTENSIONS

Expenditures during the year on this account amounted to \$1,080,851, of which the greater part was made necessary by the additional demand on our Power, Light and Gas services for war industry, which demand is reflected in our increased gross revenues.

The only major plant addition at present under construction is the installation of a third steam turbo generator unit of 8,000 K.W. capacity in the Brentwood plant, required to supplement the power supply of our Victoria system. The estimated cost of installing this additional unit is \$725,000, and preliminary expenditures incurred this year amounted to \$11,710. The completion of this installation is awaiting delivery from England of the necessary equipment, which was ordered late in 1940.

PUBLIC UTILITIES COMMISSION

The appraisal of the plant and property of our Subsidiary Companies by the Public Utilities Commission under the Public Utilities Act of British Columbia, which has been going on for the past two and one-half years, is in its final stages. The reports of the Commission's engineering and accounting experts have been filed with the Commission, and notification of final public hearings on these reports, to be held early in 1942, has been given by the Commission.

DIRECTORS

It is with extreme regret that your Directors record the death during the year of Sir Herbert S. Holt, whose sound judgment and great business ability had been available to the Company since its inception. The vacancy on the Board has been filled by the appointment of Mr. Morris W. Wilson, President of The Royal Bank of Canada.

GENERAL

It is also with sorrow that the Directors record the death during the year of Mr. Ernest Rogers, Secretary of the Company and Assistant to the President, who for many years had rendered loyal and valuable service.

STAFF

Your Directors desire to record their appreciation of the loyalty and efficiency of the staff and employees throughout the entire organization.

AUDITORS

The Report of the Auditors, Messrs. Price, Waterhouse & Co., is appended to the Consolidated Balance Sheet submitted herewith.

Respectfully submitted on behalf of the Board,



President.

March 26, 1942.

ASSETS

CURRENT AND WORKING ASSETS:

| | | |
|---|---------------------|-----------------|
| Cash at Banks and on hand..... | \$ 1,463,460.22 | |
| Accounts Receivable less Reserve..... | 1,854,701.83 | |
| Insurance unexpired and prepaid items | 295,735.83 | |
| Employees' Housing Loans, Mortgages, etc..... | 67,370.17 | |
| Stores, Materials and Supplies, determined as to quantities by book inventories confirmed annually by physical count or measurement, valued at average cost | 1,883,298.07 | |
| | <u>5,564,566.12</u> | \$ 5,564,566.12 |

INVESTMENTS:

| | | |
|---|-------------------|------------|
| Corporation's shares purchased by Subsidiaries for re-sale to customers and employees | \$ 666,539.77 | |
| (Market value December 31, 1941—\$334,852.37) | | |
| City of Vancouver 3% Instalment Debentures, at cost..... | 94,176.00 | |
| | <u>760,715.77</u> | 760,715.77 |

BOND REFUNDING EXPENSE:

| | | |
|--|--|--------------|
| Premium and exchange on bonds redeemed, bond conversion expenses and discount—less amounts written off | | 1,257,424.45 |
|--|--|--------------|

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..... | \$ 146,436,529.98 | |
| Less Provision for Depreciation and Renewals..... | 31,608,871.33 | |
| | <u>114,827,658.65</u> | 114,827,658.65 |

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.

\$ 122,410,364.99

Approved on behalf of the Board:


Director.


Director.

CORPORATION, LIMITED

SIDIARIES

as. at December 31, 1941

LIABILITIES

CURRENT AND ACCRUED LIABILITIES:

| | | |
|---|-----------------|-----------------|
| Accounts Payable | \$ 1,463,423.86 | |
| Reserve for Taxes on Income and other Taxes..... | 2,068,195.40 | |
| (After a prepayment of \$460,000 on 1941 Taxes on Income) | | |
| Debenture and Bond Interest accrued..... | 503,179.87 | |
| Dividends declared, since paid..... | 735,920.00 | |
| | | \$ 4,770,719.13 |

BOND DEBT (as per statement attached) 37,607,624.50

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 | 11,987,446.25 |

RESERVES:

General, Contingent and Accident..... 1,510,297.33

CAPITAL:

Authorized—

1,500,000 Class "A" Shares without nominal or par value entitled in each fiscal year 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.

Issued—

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:

Balance as at January 1, 1941 \$1,095,753.83

Add—

Balance transferred from Consolidated Income Account..... 72,759.36

1,168,513.19

66,534,277.78

\$ 122,410,364.99

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 December 31, 1941, 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 December 31, 1941, 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.
March 17, 1942.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARIES

Consolidated Income Account for the year ending December 31, 1941

Gross Revenue from Operations.....\$ 18,701,685.40

Deduct—

Expenses:

| | | |
|--|-----------------|---------------|
| Operation and Maintenance, including Property Taxes..... | \$ 9,123,658.70 | |
| Legal Fees and Executive Remuneration..... | 95,090.68 | |
| Directors' Fees | 21,000.00 | |
| Provision for Accidents | 120,000.00 | |
| Provision for Contingencies..... | 150,000.00 | |
| Provision for Depreciation and Renewals..... | 2,549,751.21 | |
| Provision for Taxes on Income..... | 2,379,400.00 | |
| | | 14,438,900.59 |

Operating Income\$ 4,262,784.81

Add—

Income from Investments.....\$ 37,976.34

Less—

| | | |
|----------------------------------|-----------|-----------|
| Loss on Sale of Investments..... | 10,596.25 | |
| | | 27,380.09 |

\$ 4,290,164.90

Deduct—

| | | |
|---|-----------------|--------------|
| Interest on Bond Debt..... | \$ 1,520,555.00 | |
| Bond Refunding Expense written off..... | 75,010.54 | |
| | | 1,595,565.54 |

\$ 2,694,599.36

Deduct—

Dividends on Preference Stocks of Subsidiaries:

| | | |
|---|---------------|------------|
| 5% Cumulative Perpetual Preference Stock..... | \$ 321,840.00 | |
| 6% Cumulative Preference Shares..... | 300,000.00 | |
| | | 621,840.00 |

\$ 2,072,759.36

Deduct—

Dividends on Class "A" Shares for the year ending December 31, 1941..... 2,000,000.00

Balance transferred to Earned Surplus Account.....\$ 72,759.36

BRITISH COLUMBIA POWER CORPORATION, LIMITED
AND SUBSIDIARIES

Bond Debt as at December 31, 1941

BRITISH COLUMBIA POWER CORPORATION LTD.:

First Refunding and Collateral Trust Serial Bonds $3\frac{1}{2}\%$,
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 $4\frac{1}{4}\%$,
maturing March 1, 1960—

Authorized and Issued:

| | | |
|-------------------|----|------------------|
| 1939 Series | \$ | 4,500,000.00 |
| <i>Less—</i> | | |
| Redeemed | | 90,000.00 |
| | | \$ 4,410,000.00 |
| Series "A" | | 10,800,000.00 |
| | | 15,210,000.00 |
| | | \$ 16,810,000.00 |

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..... | | \$ 37,607,624.50 |

BRITISH COLUMBIA POWER CORPORATION, LIMITED

Owns 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 AND SOUTHERN RAILWAY COMPANY
COLUMBIA ESTATE COMPANY, LIMITED
BRITISH COLUMBIA RAPID TRANSIT COMPANY, LIMITED
THE VICTORIA ELECTRIC COMPANY LIMITED
VICTORIA GAS COMPANY, LIMITED
B. C. MOTOR TRANSPORTATION, LIMITED

