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*Annual Report*

CANADA NORTHERN POWER  
CORPORATION  
LIMITED



*Year ended*  
DECEMBER THIRTY-FIRST  
1936

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# CANADA NORTHERN POWER CORPORATION, LIMITED

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Montreal, Que., March 5th, 1937.

TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting the following report of the operations of your Company for the year ended December 31st, 1936, which shows that the Company's business continues to progress.

As will be seen by reference to the Comparative Statement of operations for the past five years, both gross and net earnings continue to show increases, notwithstanding rate reductions **and the increasing burden of taxation.**

Regular dividends on the 7% Cumulative Preferred Stock and \$1.20 per share on the no par value Common Stock were paid during the year.

**Power Demand** The demand for power during the year shows an increase of 17,485,708 kilowatt hours, the total for the year being 594,753,243 kilowatt hours, while the number of customers served by the Company shows an increase of 1,774, being 17,508 as at December 31st, 1936.

**Construction Activities** During the year the developments in the mining industry in Northern Quebec in the Cadillac, Malartic and Bourlamaque areas rendered necessary a moderate measure of construction work, consisting chiefly of an extension to the Blouin Lake Substation, where three additional 1,000 k.v.a. transformers were installed, and a number of short branch transmission lines to serve the properties of new customers. A line was extended to the properties of Sladen Malartic and East Malartic Mines. The spectacular gold discovery at O'Brien Gold Mines in Cadillac Township resulted in the opening up of several properties in the vicinity, four of which are using electric power, making necessary the construction of short feeders to each of these properties. In the area west of Noranda, developments at the Arntfield and Aldermac properties, together with interesting diamond drill results, attracted attention to that

locality, and three short lines were constructed to serve new customers. In Ontario two short feeders were necessitated by new customers in the Porcupine area.

**New Power Customers** As a result of the progress of the mining industry, new customers were secured in most of the districts served by the Company. In Quebec, contracts were entered into with the following: Bouscadillac Gold Mines, Central Cadillac Gold Mines, Kewagama Gold Mines and Pan Canadian Gold Mines in the Cadillac area; Gale Gold Mines, Limited, in the Siscoe area; Halliwell Gold Mines, Francoeur Gold Mines and Powell-Rouyn Gold Mines in the district west of Noranda, as well as Sladen-Malartic Gold Mines already referred to. In Ontario contracts were signed with DeSantis Gold Mines and for the supply of power to the new operations being conducted by Hollinger Mines in Whitney Township, while in the Kirkland Lake camp operations were renewed on the Ritchie and King Kirkland properties, which had lain dormant for many years.

**Franchises** On May 18th the electors of the Township of Tisdale, in which are situate several of the Porcupine mines, voted by a large majority in favor of a By-law

renewing the Company's franchise for ten years, and on December 7th a By-law extending the franchise of the Company in the Township of Teck, including Kirkland Lake, was carried by a majority of 1,125.

**Merchandise Department** The activities of the Merchandise Department of the Company were again attended with success, total sales amounting to \$185,605.88, as compared with 1935's total of \$176,243.35. The number of retail stores operated by the Company has been increased to ten, a branch having been opened at the rapidly growing town of Val d'Or, Quebec.

**Sinking Fund** During the year your Company retired \$202,000 of its 5% Bonds through the operation of the Sinking Fund, making the total retirement of Bonds through this account, to date, \$838,500.

**Taxation** The item of taxation continues to bulk largely in the problem with which your Company has to contend. Each year the amount absorbed under this head increases, making still more apparent the unfair discrimination endured by privately-owned companies and their customers, who are compelled to bear a greater portion of the cost of administering the affairs of the country than do those who are served by publicly-owned institutions. It is pointed out to the shareholders that out of every dollar of gross revenue more than eleven cents were exacted during the year as taxes payable by your Company, amounting to \$517,429, to say nothing of taxes on bondholders' interest and shareholders' dividends.

**Rates** Important reductions were made in the Company's Domestic and Commercial rates for power during the past year. Similar rate revisions in favor of mining power customers, effective January 1937, were announced in September last, which will serve to promote the mining industry.

When the item of taxation is taken into consideration, it will be found that the cost of power supplied by the Company is as low as the cost to the users of power furnished by any organization supplying similar service on the continent, as will be seen by a comparison of the total kilowatt hour output with the gross electric revenue of the Company, which shows that we receive seventy-five one hundredths of a cent per kilowatt hour before considering taxes, and after taxes amounting to \$517,429 are deducted, only sixty-seven one hundredths of a cent per kilowatt hour.

**Plants and Properties** The high standard of efficiency of the various plants and equipment of the Company has been maintained throughout the year, all being in first-class condition.

During the year some of the Company's investments were sold, realizing a substantial profit, and advantage was taken of this to assist in writing off unamortized bond discount amounting to \$1,350,000, which reduced the book value of the Plant Investment Account to \$34,082,295.18 as compared with \$35,210,770.87 at the end of the previous year.

**Employees** It affords your Directors pleasure to record their appreciation of the faithful and loyal service rendered by the employees of the Company.

Respectfully submitted on behalf of the Board.



PRESIDENT

# CANADA NORTHERN POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

## *Consolidated Balance Sheet as at 31st December, 1936*

ASSETS		1936	1935	LIABILITIES		1936	1935
Plant Investment:				To THE PUBLIC:			
Properties, Plant and Equipment, Franchises, Organization, etc.				Funded Debt—			
(at Cost) less net adjustments arising as a result of consolidation		\$34,082,295.18	\$35,210,770.87	Collateral Trust 5% Sinking Fund Gold Bonds, Series "A" due 1953 . . . . .	\$17,000,000.00		
Current Assets:				LESS:			
Cash on hand and in Banks . . . . .	\$1,576,825.34		493,961.20	Redeemed and cancelled by Sinking Fund	838,500.00	\$16,161,500.00	\$16,363,500.00
Investments—				Current Liabilities:			
Marketable Securities (Market				Accounts Payable and Accrued Liabilities . . . . .	187,036.85		172,805.17
Value \$2,067,739.55) . . . . .	\$901,183.19			Provision for Taxes . . . . .	303,645.95		277,726.56
Other Investments at book value . . . . .	417,500.00			Subsidiary Company Dividends Payable . . . . .	22,478.25		27,349.25
	1,318,683.19		947,006.00	Preferred Dividend Payable . . . . .	96,250.00		96,250.00
Accounts Receivable, including accrued revenue . . . . .	526,566.01		536,272.47	Common Dividend Payable . . . . .	120,000.00		120,000.00
Merchandise and Maintenance Supplies—				Bond Interest Accrued . . . . .	134,050.00		134,050.00
Inventories as shown by book records, valued				Customers' Deposits including interest . . . . .	160,739.74	1,024,200.79	144,739.75
at cost as certified to by responsible officers						17,185,700.79	\$17,336,420.73
of the Company. Book records adjusted				To THE PUBLIC SHAREHOLDERS OF SUBSIDIARIES:			
periodically to agree with Physical Inven-				Capital Stock:			
tories . . . . .	192,512.59	3,614,587.13	173,399.97	6% Cumulative Convertible Preferred Shares of \$100.00 each			
Prepaid and Deferred Charges . . . . .		52,124.59	48,688.19	(Redeemable at \$110.00 and accrued dividend after 60 days		1,276,700.00	1,309,800.00
Bonds of the Corporation purchased in anticipation of Sinking Fund				notice) . . . . .		204,167.49	203,167.49
Requirements—Par Value . . . . .		75,500.00	277,500.00	Common Shares of No Par Value . . . . .		9,342.22	9,450.49
				Minority Interest in Earned Surplus . . . . .			
Approved on behalf of the Board:				To THE SHAREHOLDERS—CANADA NORTHERN POWER CORPORATION LIMITED:			
A. J. NESBITT	}	Directors.		Capital Stock:			
JAS. B. WOODYATT			<u>\$37,824,506.90</u>	<u>\$37,687,598.70</u>	7% Cumulative Preferred Shares of \$100.00 each (Redeemable		
				at \$110.00 and accrued dividend after 30 days notice).			
				Authorized . . . . .	75,000 shares		
				Issued and fully paid . . . . .	55,000 shares	5,500,000.00	5,500,000.00
				Common Shares of No Par Value:			
				Authorized . . . . .	500,000 shares		
				Issued . . . . .	400,000 shares	2,148,796.00	2,148,796.00
				Reserves:			
				Depreciation . . . . .		9,677,073.02	8,963,523.40
				Bad Debts . . . . .		26,054.91	22,201.67
				Miscellaneous . . . . .		146,043.92	213,163.92
				Surplus—Balance as per attached statement . . . . .		1,650,628.55	1,981,075.00
						<u>\$37,824,506.90</u>	<u>\$37,687,598.70</u>

### *Auditor's Report*

We have made an examination of the books of account of Canada Northern Power Corporation Limited, and its Subsidiaries for the year ended 31st December, 1936, and have obtained all the information and explanations which we have required. In our opinion the attached Consolidated Balance Sheet and relative Consolidated Statements of Income and Expenditure and Surplus, set forth correctly the combined financial position of the Companies at 31st December 1936, and the results from operations for the year ended 31st December, 1936, according to the information and explanations received by us and as shown by the books of the Companies.

Montreal, 22nd February, 1937.

P. S. ROSS & SONS,  
Chartered Accountants.

# CANADA NORTHERN POWER CORPORATION, LIMITED

## *Consolidated Statement of Income and Expenditure* For the Year Ended 31st December, 1936

Gross Earnings from Operations.....		\$4,533,943.03
DEDUCT:		
Operating Expenses.....	\$1,478,322.64	
Directors' Fees.....	13,800.00	
Executive Officers' Salaries.....	28,461.00	
Legal Fees.....	5,297.90	
Provision for Bad Debts.....	4,575.07	1,530,456.61
Net Operating Profit before interest, depreciation and income taxes.....		3,003,486.42
Income from Investments.....		38,874.27
		\$3,042,360.69
DEDUCT:		
Interest on Bonds, including exchange premium.....	810,567.62	
Interest on Customers' Deposits.....	5,317.28	
Provision for Depreciation.....	720,000.00	
Provision for Income Taxes.....	242,021.54	1,777,906.44
Net Income for the year transferred to Surplus Account.....		\$1,264,454.25

## *Consolidated Statement of Surplus* For the Year Ended 31st December, 1936

Balance at Credit—31st December 1935:		
Earned Surplus Account.....	\$1,205,352.00	
Acquired Surplus of Subsidiaries.....	775,723.00	1,981,075.00
Adjustments affecting previous financial periods (net credit).....		85,687.01
		\$2,066,762.01
ADD:		
Net Income for the year transferred from Consolidated Income and Expenditure Account.....		1,264,454.25
Profits from Sale of Securities.....		625,244.29
		\$3,956,460.55
DEDUCT:		
Dividends on—		
Capital Stock of Subsidiaries held by the Public—		
Preferred.....	\$77,520.00	
Common.....	13,312.00	90,832.00
7% Preferred Stock.....	385,000.00	
Common Stock.....	480,000.00	955,832.00
DEDUCT: Unamortized Bond Discount.....		\$3,000,628.55
Balance at Credit—31st December 1936.....		\$1,650,628.55

Examined and certified in accordance with our attached Report.

P. S. Ross & Sons,  
Chartered Accountants.

Montreal, 22nd February, 1937.

# CANADA NORTHERN POWER CORPORATION, LIMITED

## *Consolidated Operating Statement*

*For Years Ending December 31st*

	1932	1933	1934	1935	1936
Electric Revenue.....	\$3,423,978	\$3,660,495	\$4,114,792	\$4,350,665	\$4,494,937
x Miscellaneous Revenue.....	32,794	29,789	51,511	67,823	77,880
Gross Earnings.....	\$3,456,772	\$3,690,284	\$4,166,303	\$4,418,488	\$4,572,817
Purchased Power.....			253,961	428,916	480,179
Operation.....	590,060	594,845	637,981	635,760	656,641
Maintenance.....	112,440	110,160	124,586	105,179	113,654
Taxes.....	365,191	394,467	437,045	477,955	517,429
Net Earnings.....	\$1,067,691	\$1,099,472	\$1,453,573	\$1,647,810	\$1,767,903
Bad Debts.....	4,141	4,282	4,807	4,530	4,575
Interest.....	960,189	934,561	840,885	824,285	815,885
Surplus for Year.....	\$ 964,330	\$ 938,843	\$ 845,692	\$ 828,815	\$ 820,460
(A) Surplus brought forward.....	1,424,751	1,651,969	1,867,038	1,941,863	1,984,454
	1,337,393	1,375,174	1,463,818	1,714,609	(c) 1,342,006
	\$2,762,144	\$3,027,143	\$3,330,856	\$3,656,472	\$3,326,460
Preferred Dividends Paid.....	472,960	472,960	469,492	463,592	462,520
Common Dividends Paid.....	311,241	356,196	410,650	497,645	493,312
(B) Minority Interest, adjustment of Surplus.....	128	131	2,115	5,840	.....
Transferred to Depreciation Re- serve.....	600,000	720,000	720,000	720,000	720,000
	\$1,384,073	\$1,549,287	\$1,598,027	\$1,675,397	\$1,675,832
Surplus Carried Forward.....	\$1,378,071	\$1,477,856	\$1,732,829	\$1,981,075	\$1,650,628
Sinking Fund Instalments Paid....		\$ 170,000	\$ 181,075	\$ 191,925	\$ 201,825
Customers Connected.....	12,516	13,530	14,622	15,734	17,508
Shareholders.....	3,710	4,130	3,725	3,715	4,013
Kilowatt Hours Output.....	441,150,290	474,553,410	531,463,900	577,267,535	594,753,243

(A)—Adjusted for prior year charges.

(B)—Reduction of Minority Interest equity in Surplus.

(C)—Adjustment after addition of Profit on Sale of Securities and deduction of Bond Discount.

x—Miscellaneous Revenue includes compressed air gross earnings, pulp and merchandise net profits and earnings from investments, etc.

## OFFICERS

### *President*

A. J. NESBITT, Montreal

### *Vice-President*

JAS. B. WOODYATT, Montreal

### *Vice-President and General Manager*

B. V. HARRISON, New Liskeard

### *Directors*

F. O. BLACKWELL.....New York  
B. V. HARRISON.....New Liskeard  
DAN. McLACHLIN.....Arnprior  
A. J. NESBITT.....Montreal  
HON. J. L. RALSTON, K.C., P.C.....Montreal  
JOS. SIMARD.....Montreal  
P. A. THOMSON.....Montreal  
JAS. B. WOODYATT.....Montreal

### *Secretary*

L. C. HASKELL

### *Treasurer*

CHAS. JOHNSTONE

### *Assistant Secretary*

V. J. NIXON

### *Assistant Treasurer*

T. IRVING

### *Assistant Secretary-Treasurer*

H. A. SEYMOUR

### *Fiscal Agents*

NESBITT, THOMSON & COMPANY, LIMITED

### *Auditors*

P. S. ROSS & SONS

### *Head Office*

355 ST. JAMES STREET WEST  
MONTREAL  
CANADA