

Annual Report
CANADA NORTHERN POWER
CORPORATION
LIMITED



Year ended
DECEMBER THIRTY-FIRST
1943

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CANADA NORTHERN POWER CORPORATION, LIMITED

Montreal, Que., March 10th, 1944.

TO THE SHAREHOLDERS:

Your Directors herein submit their report on the operations of your Company for the year ended December 31st, 1943.

The comparative statement of operations covering the past five years shows that war conditions continued to restrict gold mining operations and consequently reduced power consumption during the year.

Regular dividends on the 7% Cumulative Preferred Stock and dividends amounting to 60 cents per share on the no par value Common Stock were paid.

Power Demand The power demand during 1943 was 568,162,306 kilowatt hours as compared with 630,134,621 kilowatt hours during 1942. The number of customers, which had declined from 23,344 on December 31st, 1942, to 22,882 in July, 1943, gradually increased to 23,249 as at December 31st, 1943.

Construction Activities Transmission lines were extended to deliver power for the production of base metals, required for war purposes, at the properties of Indian Molybdenum, Limited, and the Lacombe Mine, in Northern Quebec, and the property of Kam-Kotia Porcupine Mines, Limited, in Northern Ontario. Extensions of the distribution system at the Town of Malartic were made to furnish service to former residents of the settlement at Roc d'Or.

New Power Customers There is little to report on the subject of new power customers.

Manpower conditions resulting from the war have made the opening up of new properties, except for the production of war metals, impossible until the cessation of hostilities. However, contracts were entered into with Dome Exploration (Quebec), Limited, for the supply of power to the Indian Molybdenum property in Preissac Township, Quebec, and with Canadian Splint & Lumber Corporation for the power requirements of their match splint mill situated between New Liskeard and Haileybury, Ontario.

Merchandise Department Despite difficulty in securing supplies, resulting from war conditions, sales of electrical appliances showed an increase from \$89,140 to \$108,890 during 1943.

Taxation While your Directors are convinced that all who are connected with the Company—our customers, shareholders and employees—realize that high taxes are inevitable in order to furnish the funds necessary for the prosecution of Canada's war effort, they believe it to be their duty to call attention to the discrimination imposed by the practice of exempting from taxation publicly operated utilities, thereby placing a greater burden on those industries which pay Dominion income taxes.

The following table, showing the amounts paid under the head of taxes in proportion to the business of the Company, for the past ten years, illustrates the heavy burden imposed by the item of taxation:

Year	Taxes	Gross Earnings	Percentage
1934	\$437,045	\$4,166,303	10.4%
1935	477,955	4,418,488	10.8%
1936	517,429	4,572,817	11.3%
1937	538,543	4,985,680	10.8%
1938	546,607	5,146,006	10.6%
1939	543,891	5,265,054	10.3%
1940	693,066	5,020,464	13.8%
1941	807,785	4,994,176	16.2%
1942	772,270	4,540,196	17.0%
1943	714,965	4,233,229	16.9%

The above figures do not include several miscellaneous taxes, among which are tax on gasoline, licenses for automobiles and trucks, meter inspection taxes, tax on telephone bills, sales tax (Federal and Municipal), tax on meals, tax on railway fares, customs duties, nor the 8% Federal and the 2% Provincial (Quebec) tax, amounting to \$54,715, on electric light bills.

Rates The rates for power furnished by your Company, when the item of taxation is taken into consideration, are as low as the cost of power to the customers of any organization furnishing similar service on this Continent, whether privately or publicly owned, as will be seen by a comparison of the total kilowatt hour output of the Company with its gross electric revenue. These figures show that we receive seventy-four one-hundredths of a cent per kilowatt

hour, which figure after deducting taxes totalling \$714,965 is reduced to sixty-two one-hundredths of a cent per kilowatt hour.

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

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

It is with deep regret that we report the death, on April 11th, 1943, of Mr. F. O. Blackwell, who was a member of the Board of Directors since the incorporation of the Company.

The Annual General Meeting of the Shareholders of your Company will be held at Room 103, 355 St. James Street West, in the City of Montreal, on Tuesday, the 28th day of March, 1944, at 3 o'clock in the afternoon.

Respectfully submitted on behalf of the Board.


PRESIDENT

CANADA NORTHERN POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet as at December 31, 1943

ASSETS			LIABILITIES		
	1943	1942		1943	1942
Plant Investment:			TO THE PUBLIC:		
Properties, Plant and Equipment, Organization, etc., at cost less net adjustments arising as a result of consolidation	\$35,275,092.01	\$35,241,290.27	Funded Debt:—		
Cash in Banks	777,875.80	1,026,759.26	Collateral Trust 5% Sinking Fund Gold Bonds Series "A," due 1953	\$17,000,000.00	
Call Loans	650,000.00		Less:		
Investments:			Redeemed and cancelled to date by Sinking Fund	\$3,255,500.00	
Marketable Securities—			Accounts Payable and Accrued Liabilities	167,225.12	\$13,744,500.00
(Market Value—\$1,612,442.00)	\$1,678,822.22		Provision for Taxes	330,516.08	\$14,030,000.00
Bonds of the Corporation held by Subsidiary Company at cost	1,085,861.30		Bond Interest accrued including provision for exchange	116,285.85	178,471.08
Other Investments at book value	384,084.24	3,148,767.76	Subsidiary Companies' Dividends payable	17,126.38	337,773.80
Accounts Receivable including accrued revenue	310,858.10	2,742,274.42	Preferred Dividend payable	96,250.00	125,267.82
Due from Employees on purchase of Victory Bonds	11,444.94	367,766.21	Common Dividend payable	60,000.00	17,649.88
Merchandise and Maintenance Supplies—			Customers' Deposits including interest	206,733.59	96,250.00
Inventories as shown by book records, valued at not more than cost as certified to by responsible officers of the Company. Book records are adjusted periodically to agree with physical inventories	196,722.09	2,422,274.42			60,000.00
Bonds of the Corporation purchased in anticipation of Sinking Fund requirements—Par Value	\$5,095,668.69	\$4,410,025.40			204,409.90
Prepaid and Deferred Charges	66,634.46	78,081.35			\$14,738,637.02
			TO THE PUBLIC SHAREHOLDERS OF SUBSIDIARIES:		\$15,049,822.48
			Capital Stock:		
			6% Cumulative Convertible Preferred Shares of \$100.00 each—		
			(Redeemable at \$110.00 and accrued dividend after 60 days notice)	1,107,200.00	1,141,900.00
			Common Shares of No Par Value	196,329.99	196,329.99
			Minority Shareholders' Interest in Surplus of Subsidiaries	1,294.10	2,347.38
			TO THE SHAREHOLDERS—CANADA NORTHERN POWER CORPORATION, LIMITED:		
			Capital Stock:		
			7% Cumulative Preferred Shares of \$100.00 each (Redeemable at \$110.00 and accrued dividend after 30 days notice).		
			Authorized	75,000 shares	
			Issued	55,000 shares	5,500,000.00
			Common Shares of No Par Value:		
			Authorized	500,000 shares	
			Issued	400,000 shares	2,148,796.00
			Reserves:		
			Depreciation	13,995,239.03	13,254,134.00
			Bad Debts	43,064.05	37,745.40
			Miscellaneous	173,579.08	160,204.97
			Surplus—Balance as at December 31, 1943	2,698,755.89	2,714,616.80
				<u>\$40,602,895.16</u>	<u>\$40,205,897.02</u>

Approved on behalf of the Board:

A. J. NESBITT }
JAS. B. WOODYATT } Directors.

\$40,602,895.16 \$40,205,897.02

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Canada Northern Power Corporation Limited and its Subsidiaries for the year ended December 31, 1943, and have obtained all of the information and explanations which we have required. We report that, in our opinion, the above Consolidated Balance Sheet and related Consolidated Statements of Surplus and of Income and Expenditure are properly drawn up so as to exhibit a true and correct view of the combined affairs of the Companies at December 31, 1943, and the results of their operations for the year ended that date according to the best of our information and the explanations given to us and as shown by the books of the Companies.

Montreal, February 21, 1944.

P. S. Ross & Sons,
Chartered Accountants.

CANADA NORTHERN POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Statement of Income and Expenditure
For the Year Ended December 31, 1943

Gross Earnings from Operations.....		\$4,171,010.39
DEDUCT:		
Operating Expenses.....	\$1,594,235.09	
Directors' Fees.....	14,125.00	
Executive Officers' Salaries.....	29,227.00	
Legal Fees.....	4,997.26	
Contributions to Pension Fund.....	26,850.00	
Provision for Bad Debts.....	4,926.23	
		1,674,360.58
Net Operating Profit before interest, depreciation and income and excess profits taxes.....		2,496,649.81
Income from Investments.....		62,219.14
		2,558,868.95
DEDUCT:		
Interest on—Bonds including exchange—net.....	697,546.10	
—Customers' Deposits.....	6,952.74	
Provision for—Depreciation.....	732,000.00	
—Income and Excess Profits Taxes.....	455,855.80	
		1,892,354.64
Net Income for the year transferred to Surplus.....		\$ 666,514.31

Consolidated Statement of Surplus
For the Year Ended December 31, 1943

Balance at credit—January 1, 1943.....		\$2,714,616.80
ADD:		
Miscellaneous adjustments pertaining to previous financial periods—net.....		11,539.30
		\$2,726,156.10
ADD:		
Net Income for the year transferred from Consolidated Statement of Income and Expenditure.....	\$ 666,514.31	
Profits from sale of securities—net.....	\$ 7,755.64	
Discount on bonds purchased for sinking fund purposes.....	406.10	
	\$ 8,161.74	
LESS:		
Transfer to Reserve for Investments.....	8,161.74	
		666,514.31
		\$3,392,670.41
DEDUCT:		
Dividends on—		
Capital Stock of Subsidiaries held by the Public—		
Preferred.....	\$66,789 00	
Common.....	2,125.52	
		68,914.52
7% Cumulative Preferred Stock.....	385,000.00	
Common Stock.....	240,000.00	
		693,914.52
Balance at credit—December 31, 1943.....		\$2,698,755.89

This is the statement referred to in our accompanying Report dated February 21, 1944.

P. S. Ross & Sons,
Chartered Accountants.

CANADA NORTHERN POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Operating Statement

For Years Ending December 31st

	1939	1940	1941	1942	1943
Electric Revenue.....	\$5,166,160	\$4,921,871	\$4,889,766	\$4,403,934	\$4,070,001
(B) Miscellaneous Revenue.....	98,894	98,593	104,410	136,262	163,228
Gross Revenue.....	5,265,054	5,020,464	4,994,176	4,540,196	4,233,229
Purchased Power.....	1,119,379	1,075,276	1,046,425	683,844	545,471
Operation.....	717,607	715,213	729,160	725,678	726,474
Maintenance.....	128,792	123,440	122,380	113,542	111,530
Taxes (Excluding Income and Profits).....	287,334	290,978	285,316	273,541	259,109
Total Operation, Maintenance and Taxes.....	2,253,112	2,204,907	2,183,281	1,796,605	1,642,584
Net Earnings.....	3,011,942	2,815,557	2,810,895	2,743,591	2,590,645
Bad Debts.....	5,164	4,925	4,891	5,140	4,926
Interest.....	802,231	827,538	772,182	708,094	704,499
Depreciation.....	725,000	733,000	720,000	732,000	732,000
Employees' Pension Fund.....	25,000	25,000	26,850
Bond Redemption Expense.....	11,701	5,537
Total Deductions.....	1,544,096	1,571,000	1,522,073	1,470,234	1,468,275
Net Earnings after Deductions...	1,467,846	1,244,557	1,288,822	1,273,357	1,122,370
Income and Excess Profits Taxes.	256,557	402,088	522,469	498,729	455,856
Surplus for Year.....	1,211,289	842,469	766,353	774,628	666,514
(A) Surplus brought forward.....	2,379,501	2,624,073	2,613,074	2,636,300	2,726,156
	3,590,790	3,466,542	3,379,427	3,410,928	3,392,670
Preferred Dividends Paid.....	457,126	457,126	456,958	454,168	451,789
Common Dividends Paid.....	490,394	436,700	323,502	242,143	242,125
	947,520	893,826	780,460	696,311	693,914
Surplus Carried Forward.....	<u>\$2,643,270</u>	<u>\$2,572,716</u>	<u>\$2,598,967</u>	<u>\$2,714,617</u>	<u>\$2,698,756</u>
Sinking Fund Instalments Paid...	\$ 255,350	\$ 279,375	\$ 291,775	\$ 304,825	\$ 318,500
Customers Connected.....	25,209	25,882	25,935	23,344	23,249
Shareholders.....	3,998	4,031	4,064	4,012	4,075
Kilowatt Hour Output.....	<u>749,904,042</u>	<u>742,829,599</u>	<u>731,328,765</u>	<u>630,134,621</u>	<u>568,162,306</u>

(A) Adjusted for prior year charges.

(B) Miscellaneous Revenue includes compressed air gross earnings, 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

B. V. HARRISON New Liskeard
L. C. HASKELL Montreal
DAN. McLACHLIN Arnprior
A. J. NESBITT Montreal
ALFRED H. PARADIS Montreal
JOS. SIMARD Montreal
P. A. THOMSON Montreal
JAS. B. WOODYATT Montreal

Secretary

L. C. HASKELL

Treasurer

T. IRVING

Assistant Secretary

V. J. NIXON

Assistant Treasurer

E. L. JOWETT

Assistant Secretary-Treasurer

H. A. SEYMOUR

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Auditors

P. S. ROSS & SONS

Transfer Agents and Registrars

MONTREAL TRUST COMPANY, MONTREAL, P.Q. AND TORONTO, ONT.

Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA

