

*Annual Report*  
CANADA NORTHERN POWER  
CORPORATION  
LIMITED



*Year ended*  
DECEMBER THIRTY-FIRST  
1944

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# CANADA NORTHERN POWER CORPORATION, LIMITED

Montreal, P.Q., April 9th, 1945.

## TO THE SHAREHOLDERS:

Your Directors herein submit their report on the operations of your Company for the year ended December 31st, 1944.

The comparative statement of operations covering the past five years shows that the difficulties experienced by the mining industry as a result of war conditions have been accentuated during the past year, and that these handicaps have caused a further curtailment of the use of power in the area served by your Company.

In accordance with the announcement made in the press recently, the fixed properties of the Northern Ontario Power Company, Limited, a subsidiary of your Company, were purchased by the Hydro-Electric Power Commission of Ontario as of November 30th, 1944, for the sum of \$12,500,000 par value of Bonds of the said Commission.

As a consequence of the above sale, your Directors have deemed it advisable to call for redemption on May 1st, 1945, all of the outstanding 5% 25-Year Collateral Trust Sinking Fund Gold Bonds, Series "A", of Canada Northern Power Corporation, Limited.

We will continue to operate your subsidiary company, Northern Quebec Power Company, Limited, which supplies power to the mines and municipalities in Northwestern Quebec, where we anticipate continued expansion as the labour situation improves and mining equipment becomes available.

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

**Power Demand** The demand for power declined slightly during the year, output being 546,581,153 kilowatt hours compared with 568,162,306 kilowatt hours in 1943. There was an increase of 899 in the number of customers on December 31st, 1944, the figure on that date being 24,148.

**Construction Activities** Comparatively little work was undertaken in the construction field beyond the building of two short extensions to the distribution system at the Town of Rouyn, and the commencement of operations on the erection of a 12,000 volt line five miles in length from the Quinze generating plant in Northern Quebec to the Village of Angliers. As a result of forest fires in July last, the Village of Pascalis, which was situated about ten miles east of the Bourlamaque area in Northern Quebec, was burned out, and your Company installed a distribution system at Perron, Quebec, to accommodate those who had lost their buildings at Pascalis.

**New Power Customers** War conditions have prevented the opening up of mining operations at the many properties that have been explored by diamond drill, consequently the only new power customer to report is Northern Brick Company of

Rouyn, Quebec, which operates a brick yard on the outskirts of that town.

**Merchandise Department** Sales of electrical appliances were maintained in spite of the difficulty of obtaining supplies, sales during the year being \$96,440.12 as compared with \$108,890.00 in 1943.

**Taxation** The necessity for extremely heavy taxation to finance war expenditures continues to furnish a major problem for your Company, particularly when contrasted with the experience of publicly owned utilities with regard to taxation.

The extent to which this item of expenditure affects your Company will be more readily realized by a perusal of the following figures which show the growth of the volume of taxes paid during the past ten years:

Year	Taxes	Gross Revenue	Percentage
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%
1944	699,237	4,022,215	17.3%

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 on electric light bills.

**Rates** It will be seen by a comparison of the total kilowatt hour output of the Company with its gross electric revenue that 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

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 24th day of April, 1945, at 3 o'clock in the afternoon.

Respectfully submitted on behalf of the Board.

Continent, whether privately or publicly owned. These figures show that we receive seventy-four one-hundredths of a cent per kilowatt hour, which figure, after deducting taxes totalling \$699,237, is reduced to sixty-one 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.

**Employees** Your Directors are pleased to place on record their appreciation of the faithful and loyal service rendered by the employees of the Company.



PRESIDENT

# CANADA NORTHERN POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

## *Consolidated Balance Sheet as at December 31, 1944*

ASSETS			LIABILITIES		
	1944	1943		1944	1943
Plant Investment:			To the Public:		
Properties, Plant and Equipment, Organization, etc., at cost less net adjustments arising as a result of consolidation	\$ 9,202,237.41	\$35,275,092.01	Funded Debt:—		
Due from The Hydro-Electric Power Commission of Ontario:			Collateral Trust 5% Sinking Fund Gold Bonds Series "A" due 1953	\$17,000,000.00	
(a) With respect to the sale of the physical Assets of a Subsidiary Company for which such Company will receive \$12,500,000.00 principal amount of The Hydro-Electric Power Commission of Ontario Bonds	\$12,500,000.00		LESS: Redeemed and cancelled to date by Sinking Fund	3,631,500.00	\$13,368,500.00
(b) With respect to adjustments for taxes, rates, rentals, customers' accounts, stores, revenues and expenditures for which such Company will receive cash	37,009.75	12,537,009.75	Accounts Payable and accrued liabilities	200,049.79	167,225.12
			Provision for Taxes	282,224.94	330,516.08
Cash in Banks	678,426.75	777,875.80	Bond Interest accrued including provision for exchange	117,609.97	116,285.85
Call Loans		650,000.00	Subsidiary Companies' Dividends payable	16,147.50	17,126.38
Investments:			Preferred Dividend payable	96,250.00	96,250.00
Marketable Securities (Market Value \$3,421,410.00)	\$3,486,619.82		Common Dividend payable	60,000.00	60,000.00
Bonds of the Corporation held by Subsidiary Company at cost	705,802.40		Customers' Deposits including interest	64,732.51	837,014.71
Other Investments at book value	384,084.24	4,576,506.46			206,733.59
Accounts Receivable including accrued revenue	199,366.15	310,858.10	To the Public Shareholders of Subsidiaries:		\$14,205,514.71
Due from Employees on purchases of Victory Bonds	2,737.27	11,444.94	Capital Stock:—		\$14,738,637.02
Merchandise and Maintenance Supplies:			6% Cumulative Convertible Preferred Shares of \$100.00 each	1,076,100.00	1,107,200.00
Inventories as shown by book records valued at not more than cost as certified to by responsible officers of the Company			(NOTE—These shares have been called for redemption at \$110.00 per share and accrued dividend on March 31, 1945.)		
Book records are adjusted periodically to agree with physical inventories	27,310.13	196,722.09	Common Shares—No Par Value—Net equity	60,443.89	1,136,543.89
Bonds of the Corporation purchased in anticipation of Sinking Fund requirements—Par Value		165,500.00	To the Shareholders—Canada Northern Power Corporation Limited:		
Prepaid and Deferred Charges	40,378.18	66,634.46	Capital Stock:—		
			7% Cumulative Preferred Shares of \$100.00 each (Redeemable at \$110.00 and accrued dividends after 30 days' notice)		
			Authorized	75,000 shares	
			Issued	55,000 shares	5,500,000.00
			Common Shares of No Par Value:		5,500,000.00
			Authorized	500,000 shares	
			Issued	400,000 shares	2,148,796.00
			Reserves:		
			Depreciation	3,920,226.25	13,995,239.03
			Bad Debts	9,108.01	43,064.05
			Miscellaneous	160,435.52	173,579.08
			Surplus—Balance as at December 31, 1944	2,641,401.48	2,698,755.89
			Capital Deficit:		
			Net loss arising from the sale of the physical Assets of a Subsidiary Company, less Reserves applied thereto, and after deducting excess of book value of such Subsidiary Company's capital stock over cost of acquisition of same by Canada Northern Power Corporation, Limited	(Dr.) 2,458,053.70	
Approved on behalf of the Board:				\$27,263,972.10	\$40,602,895.16
A. J. NESBITT		\$27,263,972.10			
JAS. B. WOODYATT } Directors.		\$40,602,895.16			

CANADA NORTHERN POWER CORPORATION LIMITED,  
MONTREAL.

### 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, 1944, and have obtained all the information and explanations which we have required.

Pursuant to an agreement dated December 18, 1944, entered into between Northern Ontario Power Company Ltd. (one of the subsidiaries) and The Hydro-Electric Power Commission of Ontario, the physical assets of the subsidiary company have been sold as of November 30, 1944. The attached consolidated statements have been compiled on the basis to give effect to the terms of this agreement and adjustments relating to same to December 31, 1944, assuming that the sale will be duly consummated between the parties in accordance with the terms and conditions pertaining thereto.

Subject to the foregoing we report that in our opinion the accompanying 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 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 after giving effect to the aforementioned agreement and adjustments relating thereto.

P. S. ROSS & SONS,  
Chartered Accountants.

Montreal, March 24, 1945.

CANADA NORTHERN POWER CORPORATION, LIMITED  
AND SUBSIDIARY COMPANIES

*Consolidated Statement of Income and Expenditure*  
*For the Year Ended December 31, 1944*

Gross Earnings from Operations.....		\$3,928,206.64
DEDUCT:		
Operating Expenses.....	\$1,380,045.95	
Directors' Fees.....	13,775.00	
Executive Officers' Salaries.....	27,652.00	
Legal Fees.....	21,495.82	
Contributions to Pension Fund.....	26,000.00	
Provision for Bad Debts.....	4,108.60	1,473,077.37
Net Operating Profit before interest, depreciation and income and excess profits taxes.....		2,455,129.27
Income from Investments.....		94,008.68
		\$2,549,137.95
DEDUCT:		
Interest on—Bonds including exchange—Net.....	702,947.32	
—Customers' Deposits.....	6,543.86	
Provision for—Depreciation.....	688,000.00	
—Income and Excess Profits Taxes.....	455,200.80	
Net loss on sale of Merchandise and Power Stores.....	62,901.69	1,915,593.67
Net Income for the year transferred to Surplus Account.....		\$ 633,544.28

*Consolidated Statement of Surplus*  
*For the Year Ended December 31, 1944*

Balance at credit, January 1, 1944.....		\$2,698,755.89
ADD:		
Miscellaneous adjustments pertaining to previous financial periods—net.....		888.75
		\$2,699,644.64
ADD:		
Net Income for the year transferred from Consolidated Statement of Income and Expenditure.....	\$633,544.28	
Profits from sale of securities—net.....	\$138,499.99	
LESS:		
Premium on bonds purchased for sinking fund purposes.....	\$ 5,430.90	
Transfer to Reserve for Investments....	133,069.09	
	138,499.99	633,544.28
		\$3,333,188.92
DEDUCT:		
Dividends on—		
Capital Stock of Subsidiaries held by Public—		
Preferred.....	65,965.50	
Common.....	821.94	
	66,787.44	
7% Cumulative Preferred Stock.....	385,000.00	
Common Stock.....	240,000.00	
	691,787.44	691,787.44
Balance at credit, December 31, 1944.....		\$2,641,401.48

This is the statement referred to in our accompanying report dated March 24, 1945.

P. S. ROSS & SONS,  
Chartered Accountants.

CANADA NORTHERN POWER CORPORATION, LIMITED  
AND SUBSIDIARY COMPANIES

*Consolidated Operating Statement*

*For Years Ending December 31st*

	1940	1941	1942	1943	1944
Electric Revenue.....	\$4,921,871	\$4,889,766	\$4,403,934	\$4,070,001	\$3,844,008
(B) Miscellaneous Revenue.....	98,593	104,410	136,262	163,228	178,207
Gross Revenue.....	5,020,464	4,994,176	4,540,196	4,233,229	4,022,215
Purchased Power.....	1,075,276	1,046,425	683,844	545,471	362,773
Operation.....	715,213	729,160	725,678	726,474	729,495
Maintenance.....	123,440	122,380	113,542	111,530	106,665
Taxes (Excluding Income and Profits).....	290,978	285,316	273,541	259,109	244,036
Total Operation, Maintenance and Taxes.....	2,204,907	2,183,281	1,796,605	1,642,584	1,442,969
Net Earnings.....	2,815,557	2,810,895	2,743,591	2,590,645	2,579,246
Bad Debts.....	4,925	4,891	5,140	4,926	4,108
Interest.....	827,538	772,182	708,094	704,499	709,491
Depreciation.....	733,000	720,000	732,000	732,000	688,000
Employees' Pension Fund.....	.....	25,000	25,000	26,850	26,000
Bond Redemption Expense.....	5,537	.....	.....	.....	.....
Net Loss on Sale of Merchandise and Power Stores.....	.....	.....	.....	.....	62,902
Total Deductions.....	1,571,000	1,522,073	1,470,234	1,468,275	1,490,501
Net Earnings after Deductions...	1,244,557	1,288,822	1,273,357	1,122,370	1,088,745
Income and Excess Profits Taxes..	402,088	522,469	498,729	455,856	455,201
Surplus for Year.....	842,469	766,353	774,628	666,514	633,544
(A) Surplus brought forward.....	2,624,073	2,613,074	2,636,300	2,726,156	2,699,644
	3,466,542	3,379,427	3,410,928	3,392,670	3,333,188
Preferred Dividends Paid.....	457,126	456,958	454,168	451,789	450,965
Common Dividends Paid.....	436,700	323,502	242,143	242,125	240,822
	893,826	780,460	696,311	693,914	691,787
Surplus Carried Forward.....	\$2,572,716	\$2,598,967	\$2,714,617	\$2,698,756	\$2,641,401
Sinking Fund Instalments Paid...	\$ 279,375	\$ 291,775	\$ 304,825	\$ 318,500	.....
Customers Connected.....	25,882	25,935	23,344	23,249	24,148
Shareholders.....	4,031	4,064	4,012	4,075	4,187
Kilowatt Hour Output.....	742,829,599	731,328,765	630,134,621	568,162,306	546,581,153

(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*

A. H. HULL

### *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

