

Annual Report
CANADA NORTHERN POWER
CORPORATION
LIMITED



Year ended
DECEMBER THIRTY-FIRST
1945

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OFFICERS

President

A. J. NESBITT, Montreal

Vice-President and General Manager

B. V. HARRISON, Noranda, Que.

Directors

B. V. HARRISON Noranda
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

CANADA NORTHERN POWER CORPORATION, LIMITED

Montreal, P.Q., March 7th, 1946.

TO THE SHAREHOLDERS:

Your Directors herein submit their report on operations for the year ended December 31st, 1945, which shows the position of your Corporation and its remaining subsidiary (Northern Quebec Power Co., Limited) after the sale of the fixed assets of Northern Ontario Power Co., Limited, to the Hydro-Electric Power Commission of Ontario.

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

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 during the year, resulting in a reduction of surplus by \$145,453. This reduction was due to loss on operation on account of the sale to the Hydro-Electric Power Commission of Ontario of the physical assets of Northern Ontario Power Co., Limited, pending the redemption of that Company's 6% Debentures on May 1st, 1945.

Power Demand The demand for power declined slightly during the year, the output of Northern Quebec Power Co., Limited, being 227,306,788 kilowatt hours compared with 247,718,092 kilowatt hours in 1944. The number of customers served by this subsidiary company, however, showed an increase of 564 on December 31st, 1945, the figure on that date being 7,310.

New Power Customers During the last six months of the year contracts were entered into providing for the supply of power to thirteen new mining properties located in Northwestern Quebec.

Construction Activities Transmission lines connecting most of the above properties with the Company's system were required, and this construction work is now nearing completion.

In the Town of Val d'Or, P.Q., three 750 k.v.a. transformers were installed to take care of increased business in the municipality.

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 Continent, whether privately or publicly owned.

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 26th day of March, 1946, at 3 o'clock in the afternoon.

Respectfully submitted on behalf of the Board.

These figures show that we receive an average of 74 one-hundredths of a cent per kilowatt hour, which amount, after deducting taxes totalling \$535,304, is reduced to 51 one-hundredths of a cent per kilowatt hour.

Plants and Properties The properties of the Company have been maintained in excellent condition and are at present at a high standard of efficiency.

Financial On March 31st, 1945, the 6% Preferred Stock of Northern Ontario Power Co., Limited, was redeemed at 110 plus accrued dividend; and on May 1st, 1945, the entire outstanding issue of that Company's 6% Debentures was redeemed at par. On May 1st, 1945, the entire outstanding issue of 5% Sinking Fund Gold Bonds of Canada Northern Power Corporation, Limited, was called for redemption at 101 and accrued interest, payable in U.S. funds. The net cost of the redemption of these issues was charged direct to accumulated surplus.

During the year payments totalling \$14.00 per share were disbursed to the Common Shareholders of Northern Ontario Power Co., Limited, which Company is being voluntarily wound up under the Ontario Companies' Act. The final payment to the Common Shareholders will be made in due course, provision for which payment has been made in this year's Balance Sheet.


PRESIDENT

CANADA NORTHERN POWER CORPORATION, LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet as at December 31, 1945

ASSETS			LIABILITIES		
	1945	1944		1945	1944
Plant Investment:			To THE PUBLIC:		
Properties, Plant and Equipment, Organization, etc., at cost less net adjustments arising as a result of consolidation.....	\$ 9,269,045.40	\$ 9,202,237.41	Funded Debt—		
Due from The Hydro-Electric Power Commission of Ontario with respect to the sale of the physical Assets of a Subsidiary Company.....		12,537,009.75	Collateral Trust 5% Sinking Fund Gold Bonds Series "A" due 1953—		
Cash in Banks.....	472,638.31	678,426.75	Balance outstanding January 1, 1945.....	\$13,368,500.00	
Investments:			Redeemed as at May 1, 1945.....	<u>13,368,500.00</u>	\$13,368,500.00
Marketable Securities.....	\$318,011.95		Accounts Payable and accrued liabilities.....	47,423.37	200,049.79
(Market Value—\$321,275.00)			Provision for Taxes.....	271,907.67	282,224.94
Other Investments at book value.....	383,615.49		Bond Interest accrued including provision for exchange.....		117,609.97
Net Equity of Investment in Subsidiary Company represented by estimated proceeds on final winding-up.....	134,437.29	836,064.73	Subsidiary Companies' Dividends payable.....		16,147.50
		4,576,506.46	Preferred Dividend payable.....	96,250.00	96,250.00
Accounts Receivable including accrued revenue.....	141,777.87	199,366.15	Common Dividend payable.....	60,000.00	60,000.00
Due from Employees on purchase of Victory Bonds.....	6,216.60	2,737.27	Customers' Deposits including interest.....	106,426.88	64,732.51
Merchandise and Maintenance Supplies:				<u>\$582,007.92</u>	<u>\$14,205,514.71</u>
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.....	63,382.44	27,310.13	To THE PUBLIC SHAREHOLDERS OF SUBSIDIARIES:		
Refundable portion of Excess Profits Tax.....	2,909.78		Capital Stock—		
Prepaid and Deferred Charges.....	50,145.15	40,378.18	6% Cumulative Convertible Preferred Shares \$100.		
			Balance outstanding January 1, 1945.....	\$ 1,076,100.00	
Approved on behalf of the Board:			Redeemed as at March 31, 1945.....	<u>1,076,100.00</u>	1,076,100.00
A. J. NESBITT			Common Shares—No Par Value—Net equity.....		2,141.29
JAS. B. WOODYATT	\$10,842,180.28	\$27,263,972.10	To THE SHAREHOLDERS—CANADA NORTHERN POWER CORPORATION LIMITED:		
} Directors.			Capital Stock—		
			7% Cumulative Preferred Shares of \$100. each (Redeemable at \$110. 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.....	4,116,210.70	3,920,226.25
			Bad Debts.....	10,758.74	9,108.01
			Miscellaneous.....		160,435.52
			Surplus—Balance as at December 31, 1945.....	940,319.39	2,641,401.48
			Capital Deficit—		
			Net loss arising from the sale of the physical Assets of a Subsidiary Company..... (Dr.)	2,458,053.76	2,458,053.76
				<u>\$10,842,180.28</u>	<u>\$27,263,972.10</u>

Auditors' Report to the Shareholders

CANADA NORTHERN POWER CORPORATION LIMITED,
MONTREAL.

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, 1945, and have obtained all the information and explanations which we have required.

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.

Montreal, February 20, 1946.

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, 1945

Gross Earnings from Operations.....		\$1,736,321.81
DEDUCT:		
Operating Expenses.....	\$499,800.43	
Directors' Fees.....	12,925.00	
Executive Officers' Salaries.....	13,004.16	
Legal Fees.....	1,856.80	
Contribution to Pension Fund.....	8,750.00	
Provision for Bad Debts.....	1,761.91	538,098.30
Net Operating Profit before interest, depreciation and income and excess profits taxes.....		1,198,223.51
Income from Investments.....		135,840.48
		\$1,334,063.99
DEDUCT:		
Interest on—Bonds including exchange.....	\$234,104.16	
—Customers' Deposits.....	2,427.06	
—Other.....	2,399.91	
Provision for—Depreciation.....	204,000.00	
—Income and Excess Profits Taxes.....	398,200.56	841,131.69
Net Income for the year transferred to Surplus.....		\$ 492,932.30

Consolidated Statement of Surplus

For the Year Ended December 31, 1945

Balance at credit, January 1, 1945.....		\$2,641,401.48
DEDUCT:		
Miscellaneous adjustments pertaining to previous financial periods... ..	\$ 9,223.54	
Premium and Expense relating to redemption of—		
Collateral Trust Bonds as at May 1, 1945.....	1,615,348.74	
Preferred Shares of Subsidiary Company as at March 31, 1945.....	127,495.67	1,752,067.95
		\$ 889,333.53
ADD:		
Net Income for the year transferred from Consolidated Statement of Income and Expenditure.....	\$492,932.30	
Profit from sale of securities.....	\$36,649.29	
LESS: Premium on bonds purchased for sinking fund purposes.....	646.25	36,003.04
Amounts transferred from Investment Reserve.....	160,435.52	689,370.86
		\$1,578,704.39
DEDUCT:		
Dividends on—		
Capital Stock of Subsidiaries held by Public.....	\$ 13,385.00	
7% Cumulative Preferred Stock.....	385,000.00	
Common Stock.....	240,000.00	638,385.00
Balance at credit, December 31, 1945.....		\$ 940,319.39

This is the statement referred to in our accompanying Report dated February 20, 1946.

P. S. Ross & Sons,
Chartered Accountants.

CANADA NORTHERN POWER CORPORATION, LIMITED
AND SUBSIDIARY COMPANIES

Consolidated Operating Statement

For Years Ending December 31st

	1941	1942	1943	1944	See Note (C) 1945
Electric Revenue.....	\$4,889,766	\$4,403,934	\$4,070,001	\$3,844,008	\$1,688,778
(B) Miscellaneous Revenue.....	104,410	136,262	163,228	178,207	183,384
Gross Revenue.....	4,994,176	4,540,196	4,233,229	4,022,215	1,872,162
Purchased Power.....	1,046,425	683,844	545,471	362,773	89,790
Operation.....	729,160	725,678	726,474	729,495	267,701
Maintenance.....	122,380	113,542	111,530	106,665	32,992
Taxes (Excluding Income and Profits).....	285,316	273,541	259,109	244,036	137,103
Total Operation, Maintenance and Taxes.....	2,183,281	1,796,605	1,642,584	1,442,969	527,586
Net Earnings.....	2,810,895	2,743,591	2,590,645	2,579,246	1,344,576
Bad Debts.....	4,891	5,140	4,926	4,108	1,762
Interest.....	772,182	708,094	704,499	709,491	238,931
Depreciation.....	720,000	732,000	732,000	688,000	204,000
Employees' Pension Fund.....	25,000	25,000	26,850	26,000	8,750
Net Loss on Sale of Merchandise and Power Stores.....				62,902	
Total Deductions.....	1,522,073	1,470,234	1,468,275	1,490,501	453,443
Net Earnings after Deductions...	1,288,822	1,273,357	1,122,370	1,088,745	891,133
Income and Excess Profits Taxes.....	522,469	498,729	455,856	455,201	398,201
Surplus for Year.....	766,353	774,628	666,514	633,544	492,932
(A) Surplus brought forward.....	2,613,074	2,636,300	2,726,156	2,699,644	2,632,178
	3,379,427	3,410,928	3,392,670	3,333,188	3,125,110
Preferred Dividends Paid.....	456,958	454,168	451,789	450,965	398,385
Common Dividends Paid.....	323,502	242,143	242,125	240,822	240,000
Net Adjustment re Redemption of Canada Northern Power Bonds and Preferred Stock of Subsidiary.....					1,546,406
	780,460	696,311	693,914	691,787	2,184,791
Surplus Carried Forward.....	<u>\$2,598,967</u>	<u>\$2,714,617</u>	<u>\$2,698,756</u>	<u>\$2,641,401</u>	<u>\$ 940,319</u>
Sinking Fund Instalments Paid...	<u>\$ 291,775</u>	<u>\$ 304,825</u>	<u>\$ 318,500</u>		
Customers Connected.....	25,935	23,344	23,249	24,148	7,310
Shareholders.....	4,064	4,012	4,075	4,187	3,921
Kilowatt Hour Output.....	<u>731,328,765</u>	<u>630,134,621</u>	<u>568,162,306</u>	<u>546,581,153</u>	<u>227,306,788</u>

(A) Adjusted for prior year charges.

(B) Miscellaneous Revenue includes compressed air gross earnings, merchandise net profits and earnings from investments, etc.

(C) After sale of physical assets of Northern Ontario Power Co., Ltd.

