

SILVER JUBILEE

LOWER
ST. LAWRENCE POWER
COMPANY

TWENTY-FIFTH
ANNUAL REPORT

1947

A QUARTER CENTURY OF PROGRESS

1923 — 1947

Directors

Hon. J. A. BRILLANT, L.C., C.B.E.	1922
P.E. GAGNON	1922
T. A. BERNIER	1935
Miss A. DUBE	1935
J. DUCHESNEAU	1939
N. GENDREAU	1942
J. H. LABRIE	1947

Officers

Hon. J. A. BRILLANT, L.C., C.B.E.	<i>President</i>
T. A. BERNIER, C.E.	<i>Vice-President and Chief Engineer</i>
NORMAN GENDREAU	<i>Vice-President and Treasurer</i>
P. E. GAGNON, K. C.	<i>Secretary</i>

LOWER ST. LAWRENCE POWER COMPANY

HEAD OFFICE, RIMOUSKI, P.Q.
CANADA

A QUARTER CENTURY OF PROGRESS

1923-1947

LOWER ST. LAWRENCE POWER COMPANY

HEAD OFFICE, RIMOUSKI, P.Q.
CANADA

To the Shareholders -

Your Directors have pleasure in submitting the Annual Report of the Lower St. Lawrence Power Company for the year ending 31st. December, 1947. We believe that this report is of considerable significance in that it reflects the culmination of the Twenty-Fifth fiscal year of your company's operations. In addition to the customary Balance Sheet and Profit & Loss statement, your Board has therefore prepared a resume of operations and other important statistics in graphic pictorial form emphasizing the salient features of the steady and continuous growth of the area served as well as the increase in your Company's activities concurrent therewith.

New Construction Completed

During the year 1947, your Company completed the construction and development, commenced in 1945, of the second main electric plant on the Metis River, one mile below the present hydro-plant, with an installed capacity of 6,000 horsepower. In addition, a diesel power plant of 3,200 horsepower was completed at Rimouski. The Company's total capacity therefore was increased from 9,600 to 18,800 horsepower during the year.

Continuing the policy of expanding our facilities in the service of communities in the area, 1947 saw the completion of 131.4 miles of rural power lines. Two additional villages (St. Cleophas and Ste. Marguerite, County Matapedia) are now being served, bringing the number of towns and villages served to 73, with a total population estimated at over 130,000 in the province of Quebec and in the Town of Campbellton, New Brunswick. Total customers increased from 12,169 in 1946 to 14,253 in 1947, an increase of 17.1%.

Sales, Revenues and Expenses

Production and sales of electric power surpassed all previous records in 1947. Sales of kilowatt hours totalled 23,728,490 an increase of 7.0% over the previous peak year 1946.

Total revenues in 1947 reached a new peak at \$836,784.31, an increase of 15.2% over 1946. These revenues include electric power sales, store profits and other miscellaneous revenues. Total operating and administrative expenses continued to mount with the increased activities of your Company, totalling \$386,491.59 in 1947 as compared with \$359,075.62 in 1946, an increase of 7.8%. Bond interest was earned 2.4 times after depreciation as compared to an average of 2.2 times in the previous 7 years. Net profit for the year after depreciation, bond interest and corporation taxes amounted to \$103,423.08 as compared to \$93,451.56 in 1946, an increase of 9.5%.

A QUARTER CENTURY OF PROGRESS

1923-1947

In this connection, your Board wishes to point out the importance of the impact of Federal, provincial and municipal taxes in the operating budgets of your Company. In 1947 these taxes amounted to \$119,877.00 or 14.3% of total revenues and equal to 116% of the net profits of the Company. Since 1934, your Company has paid over \$865,000.00 in taxes to Federal, Provincial, and Municipal authorities.

Rates

It is especially significant in this period of constantly rising costs and price inflation since 1935-39 (amounting to a 50% increase in the cost of living as officially measured) that your Company has actually been able to reduce electricity rates in the same period. Thus in 1935 the average domestic power rate per kilowatt hour for a consumer using 30 Kw per month was 10 cents or 25% (needless to say) is unexcelled amongst the commodities entering into the daily life of the inhabitants of the area.

Finances

Your Company's financial position remains strong. Current assets at \$506,878.08 exceed current liabilities of \$237,646.49 by \$269,232.00 at the end of 1947, which figure compares with \$17,957.00 at the end of 1946. During the year, to pay for the construction programme under way, your Company obtained money by the sale of \$1,000,000.00 additional first mortgage bonds to the public, which financing was done at a record low cost to your Company. During the year, your Company retired \$73,000.00 of serial debt, leaving \$3,689,000.00 currently outstanding.

Staff

Your Board wishes to express their appreciation to all employees of the Company for their contribution to the welfare of your Company. Employee relations continued most amicable, and your management enjoyed the utmost cooperation on the part of the Company staff during the year.

Prospects

The area served by your Company is enjoying unparalleled growth due to the expansion taking place on the north shore of St. Lawrence as well as along the Gaspé peninsula. As Risouski is the main transshipment point, this expansion is an important reason for believing that this area will as time goes on add new records in growth in all fields, which should bring increased prosperity to your Company. Operations for the first two months of 1948 continue their favourable trend compared to the same period in 1947 and your directors therefore look forward to the remainder of 1948 with complete confidence.

Submitted on behalf of the Board


President.

A QUARTER CENTURY OF PROGRESS
1923 - 1947

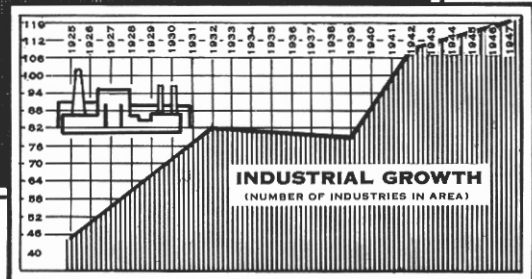
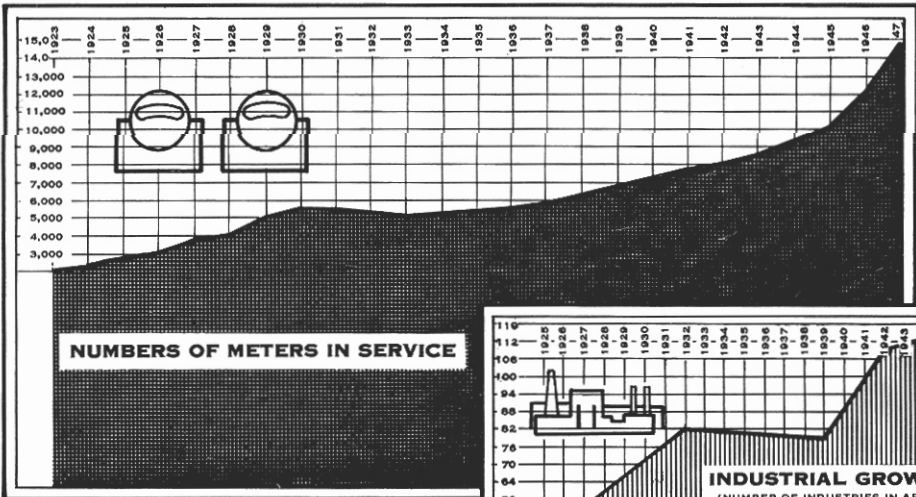
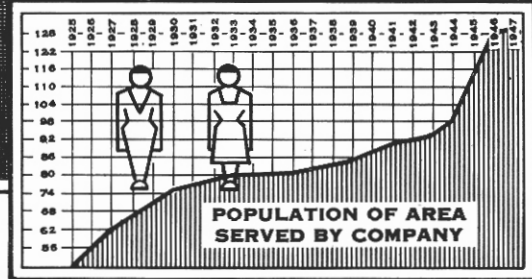
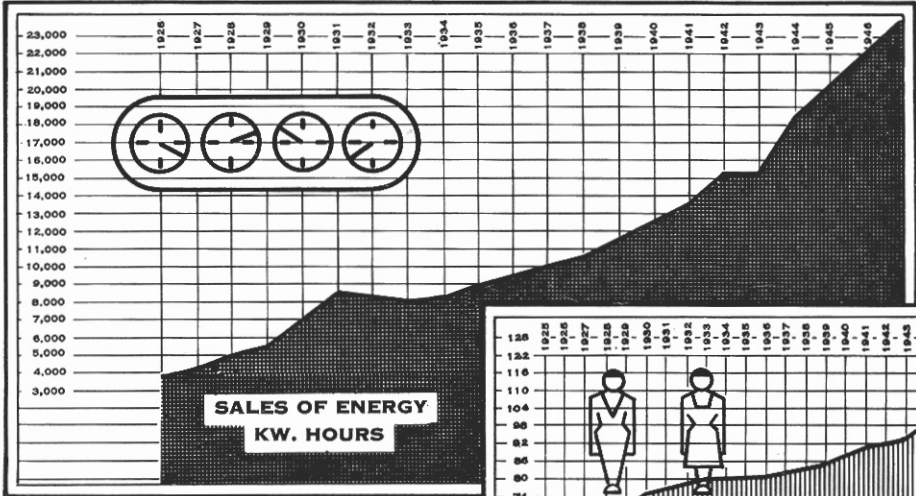


METIS FALLS
(Natural State)

A QUARTER CENTURY OF PROGRESS



A QUARTER CENTURY OF PROGRESS



A QUARTER CENTURY OF PROGRESS

METIS FALLS DAM AND POWER HOUSE



A QUARTER CENTURY OF PROGRESS

1923 - 1947

LOWER ST. LAWRENCE POWER COMPANY

STATEMENT OF PROFIT AND LOSS

FOR THE YEARS ENDED 31ST DECEMBER 1946 AND 1947

	<u>1946</u>	<u>1947</u>
GROSS REVENUE FROM SALE OF POWER	\$ 636,248.26	\$ 725,464.88
PROFIT FROM RETAIL STORES AND ELECTRICAL CONTRACTING	76,513.08	97,374.79
MISCELLANEOUS REVENUE	<u>12,402.01</u>	<u>13,944.64</u>
	725,163.35	836,784.31

OPERATING EXPENSE	314,303.02	339,404.08
TAXES	16,047.10	25,665.64
MISCELLANEOUS INTEREST	1,249.47	4,875.00
PROVISION FOR EXTRAORDINARY EXPENSES	20,000.00	-
CONTRIBUTION TO EMPLOYEES' PENSION FUND	<u>7,476.03</u>	<u>16,546.87</u>
	359,075.62	386,491.59

OPERATING PROFIT	366,087.73	450,292.72

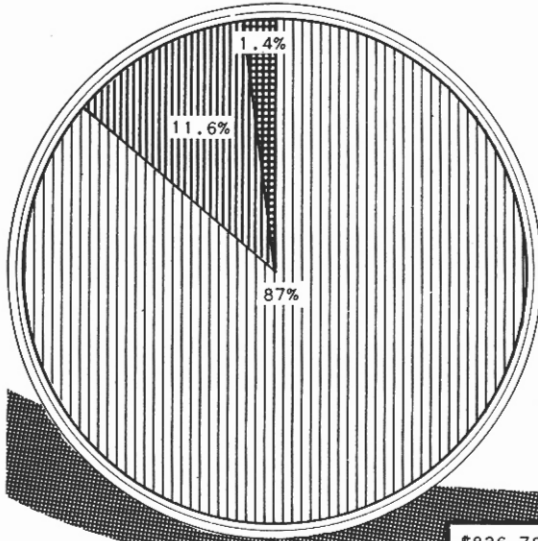
BOND INTEREST	93,531.70	135,324.16
AMORTIZATION OF FINANCING EXPENSES	8,320.95	11,752.11
PROVISION FOR DEPRECIATION	94,769.39	121,910.78
PROVISION FOR INCOME AND EXCESS PROFITS TAXES	<u>76,014.13</u>	<u>77,882.59</u>
	272,636.17	346,869.64

NET PROFIT FOR THE YEAR, TRANSFERRED TO SURPLUS	<u>\$ 93,451.56</u>	<u>\$ 103,423.08</u>




STATEMENT OF SURPLUS

BALANCE - 31ST DECEMBER 1946	\$ 484,022.29
NET PROFIT FOR THE YEAR, TRANSFERRED FROM PROFIT AND LOSS	<u>103,423.08</u>
BALANCE - 31ST DECEMBER 1947	<u>\$ 587,445.37</u>










A QUARTER CENTURY OF PROGRESS

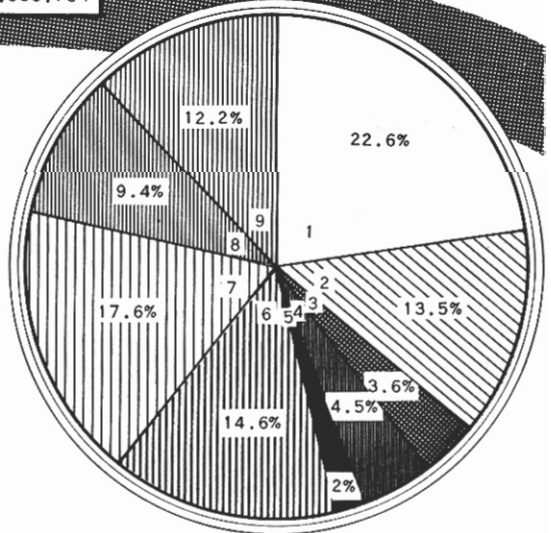


SOURCE OF REVENUES

-  SALE OF ENERGY
-  NET PROFIT FROM STORES
-  OTHER REVENUES

\$836,784

- SALARIES  1
- OPERATING EXPENSES  2
- MAINTENANCE  3
- MUNICIPAL & OTHER TAXES  4
- PENSION FUND  5
- DEPRECIATION  6
- BOND INTEREST & FINANCING COSTS  7
- INCOME TAX (FEDERAL-PROVINCIAL)  8
- NET PROFIT  9



DISTRIBUTION OF REVENUES

A QUARTER CENTURY OF PROGRESS 1923 - 1947

COMMUNITIES SERVED

RIMOUSKI COUNTY

RIMOUSKI
SACRE-COEUR
BIC
SAINTE-CECILE DU BIC
SAINT VALERIEN
SAINT YVES
POINTE AU PERE
SAINT-ANACLET
SAINTE-LUCE
LUCEVILLE
SAINT-DONAT
SAINTE-BLANDINE
SAINT-NARCISSE
MACPES
SAINT-GABRIEL
LES HAUTEURS
SAINT-FABIEN
SAINT-SIMON
SAINT-MATHIEU

MATANE COUNTY

MONT-JOLI
SAINTE-FLAVIE
SAINT-JOSEPH DE LEPAGE
SAINT-OCTAVE DE METIS
SAINTE-ANGELE
GRAND-REMOUS
GRAND METIS
PRICEVILLE
SAINT-ANTOINE DE PADOUE
MATANE
PETITE MATANE
SAINTE-FELICITE
BAIE-DES-SABLES
LES BOULES
SAINT-ULRIC
METIS BEACH
SAINT-LUC

BONAVENTURE COUNTY

MATAPEDIA

MATAPEDIA COUNTY

AMQUI
SAINT-MOISE
SAINT-DAMASE
SAYABEC
VAL-BRILLANT
SAINT-LEON LE GRAND
SAINT-ZENON
LAC-AU-SAUMON
CAUSAPSCAL
SAINTE-FLORENCE
SAINT-CLEOPHAS
SAINTE-MARGUERITE

RIVIERE DU LOUP COUNTY

TROIS-PISTOLES
CACOUNA
SAINTE-FRANCOISE
TOBIN
SAINT-ELOI STATION
ISLE-VERTE
SAINT-ARSENE
SAINT-EPIPHANE
SAINT-HUBERT
SAINT-MEDARD
SAINT-MODESTE
SAINT-ELOI
SAINT-CLEMENT
SAINT-JEAN-DE-DIEU
SAINT-CYPRIEN
SAINT-PAUL DE LA CROIX

TEMISCOUATA COUNTY

CABANO
SAINTE-ROSE DU DEGELIS
NOTRE-DAME DU LAC
SAINT-LOUIS DU HA! HA!
SAINT-HONORE

WHOLESALE

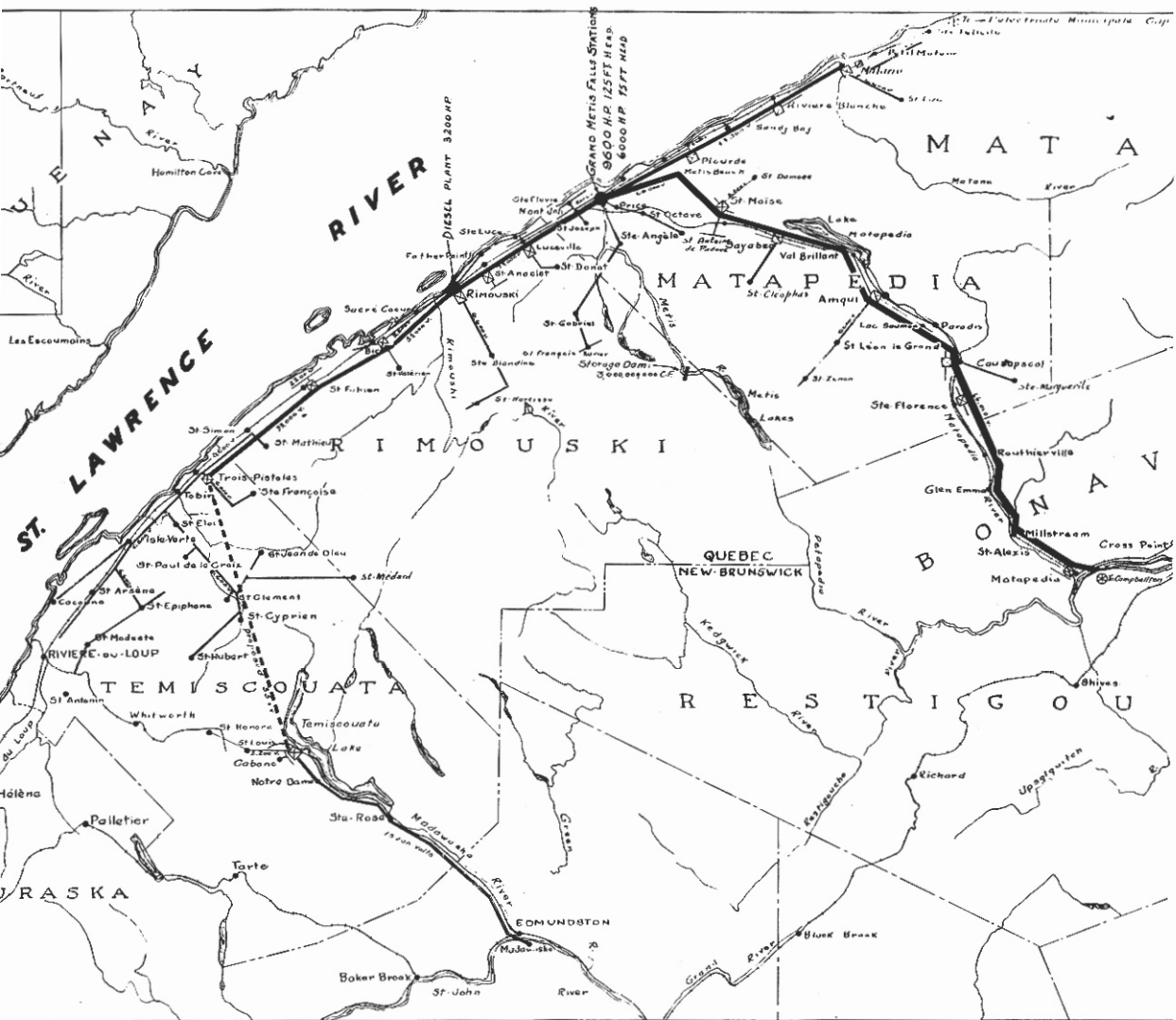
L'ELECTRICITE MUNICIPALE
CAP CHAT AND SAINTE-ANNE DES MONTS

NEW BRUNSWICK

CAMPBELLTON

A QUARTER CENTURY OF PROGRESS

1923 1947



PLAN OF TRANSMISSION SYSTEM

LOWER ST. LAWRENCE POWER COMPANY
Comparative Balance Sheet as at December 31, 1947 and 1946

A S S E T S		1947	1946	L I A B I L I T I E S		1947	1946
FIXED ASSETS :				FUNDED DEBT :			
Land, water power sites, generating plants, buildings, transmission and distribution systems, motor vehicles etc. at cost		\$5,588,058.60	\$4,878,098.12	Authorized -			
				First Mortgage Bonds	\$5,000,000.00		\$5,000,000.00
				General Mortgage Bonds	950,000.00		950,000.00
CURRENT ASSETS :				Issued and outstanding -			
Cash	\$195,285.79		28,299.44	First Mortgage Bonds -			
Accounts receivable less reserve for bad debts	96,146.36		37,218.08	3% serial bonds due 1948 to 1953 Series "A"	180,000.00		210,000.00
Inventory of merchandise and stores, based on inventory records verified by physical count during the year by employees of the company and valued at cost				3% sinking fund bonds due 1965 Series "B"	1,594,000.00		1,602,000.00
Merchandise for Sale	\$67,290.55			3% sinking fund bonds due 1965 Series "C"	1,000,000.00	\$2,774,000.00	
Maintenance & Construction stores	20,937.36	88,227.91	121,667.34	General Mortgage Bonds -			
Advances to The Mitis Company Limited for purchase of line material, maintenance stores and electric appliances	116,230.80			4% bonds due 1948 to 1952 Series "A"	175,000.00		210,000.00
Prepaid expense	10,987.22		15,468.88	4% bonds due 1953 to 1960 Series "A"	290,000.00		290,000.00
Total Current Assets		506,878.08	202,653.73	4% bonds due 1961 Series "B"	450,000.00	915,000.00	450,000.00
SINKING FUND FOR FIRST MORTGAGE BONDS :				Total Funded Debt		\$3,689,000.00	2,762,000.00
Cash on deposit with trustee	320.00		210.00	NOTES DUE DECEMBER 1948			175,000.00
First mortgage bonds purchased for sinking fund	4,963.80	5,283.80		CAPITAL STOCK :			
INVESTMENTS AND ADVANCES :				Authorized and issued -			
Investment in and advances to La Compagnie de Distribution Electrique de Temiscouata Limitee, an affiliated company	20,558.24		18,545.67	8,000 6% non-cumulative redeemable preferred shares of \$100. each	800,000.00		800,000.00
Investment in Quebec Telephone Corporation - at cost				20,000 common shares without nominal or par value	30,000.00		30,000.00
3,305 Class A shares				Total Capital Stock		830,000.00	830,000.00
19,681 Class B shares	110,624.66		110,624.66	RESERVE FOR DEPRECIATION		1,010,343.66	894,554.34
Miscellaneous at cost	5,200.00		5,200.00	CONTRIBUTIONS FOR EXTENSIONS		27,035.79	16,381.74
Refundable portion of excess profits tax	3,601.61		3,601.61	CURRENT LIABILITIES :			
Total Investments and Advances		139,984.51	137,971.94	(Exclusive of \$65,000 funded debt maturing serially)			
FINANCING EXPENSE LESS AMOUNTS WRITTEN OFF				Accounts payable and accrued expense	132,082.24		104,226.05
		141,266.32	127,721.67	Accrued bond interest	36,029.16		25,761.42
		\$6,381,471.31	\$5,346,655.46	Reserve for income and excess profits taxes	69,535.09		34,709.62
				Reserve for extraordinary non-recurring expenses	-		20,000.00
				Total Current Liabilities		237,646.49	184,697.09
				SURPLUS - As per attached statement		587,445.37	484,022.29
						\$6,381,471.31	\$5,346,655.46

Note: The Company is guarantor of \$110,000.00 3% first mortgage serial bonds due 1948 to 1958 issued by The Mitis Company Limited.

AUDITORS REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of the Lower St. Lawrence Power Company for the year ended 31st. December 1947 and we have obtained all the information and explanations which we have required.

In our opinion, the above balance sheet and attached statement of profit and loss are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs and the results of the operations for the year, according to the best of our information and the explanations given to us and as shown by the books of the company.

Montreal, 20th February 1948.

MCDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS

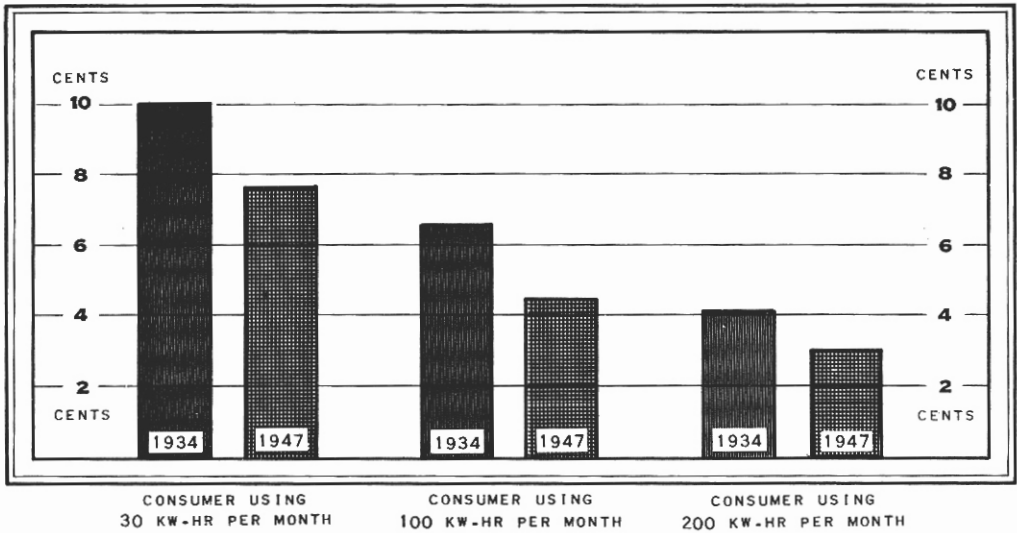
APPROVED ON BEHALF OF THE BOARD:

T. A. BERNIER DIRECTORS
N. GENDREAU

A QUARTER CENTURY OF PROGRESS

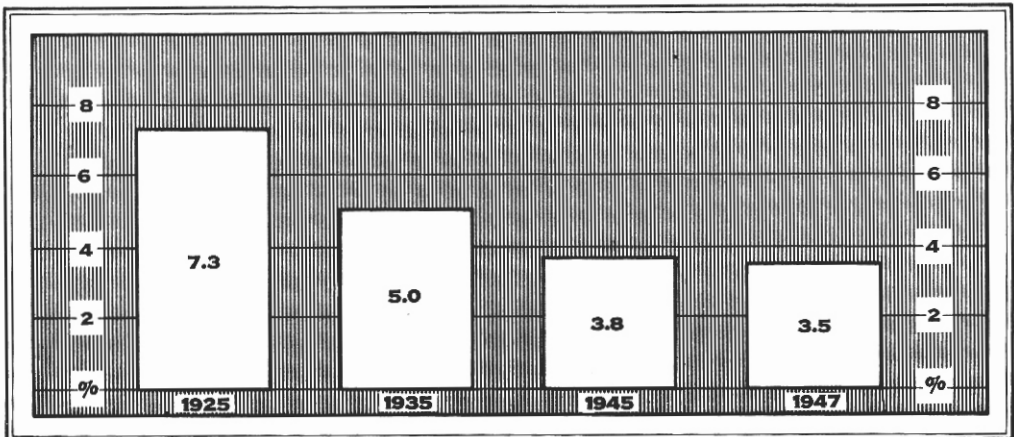
CONSUMER'S COST OF POWER

COST PER KW-HR



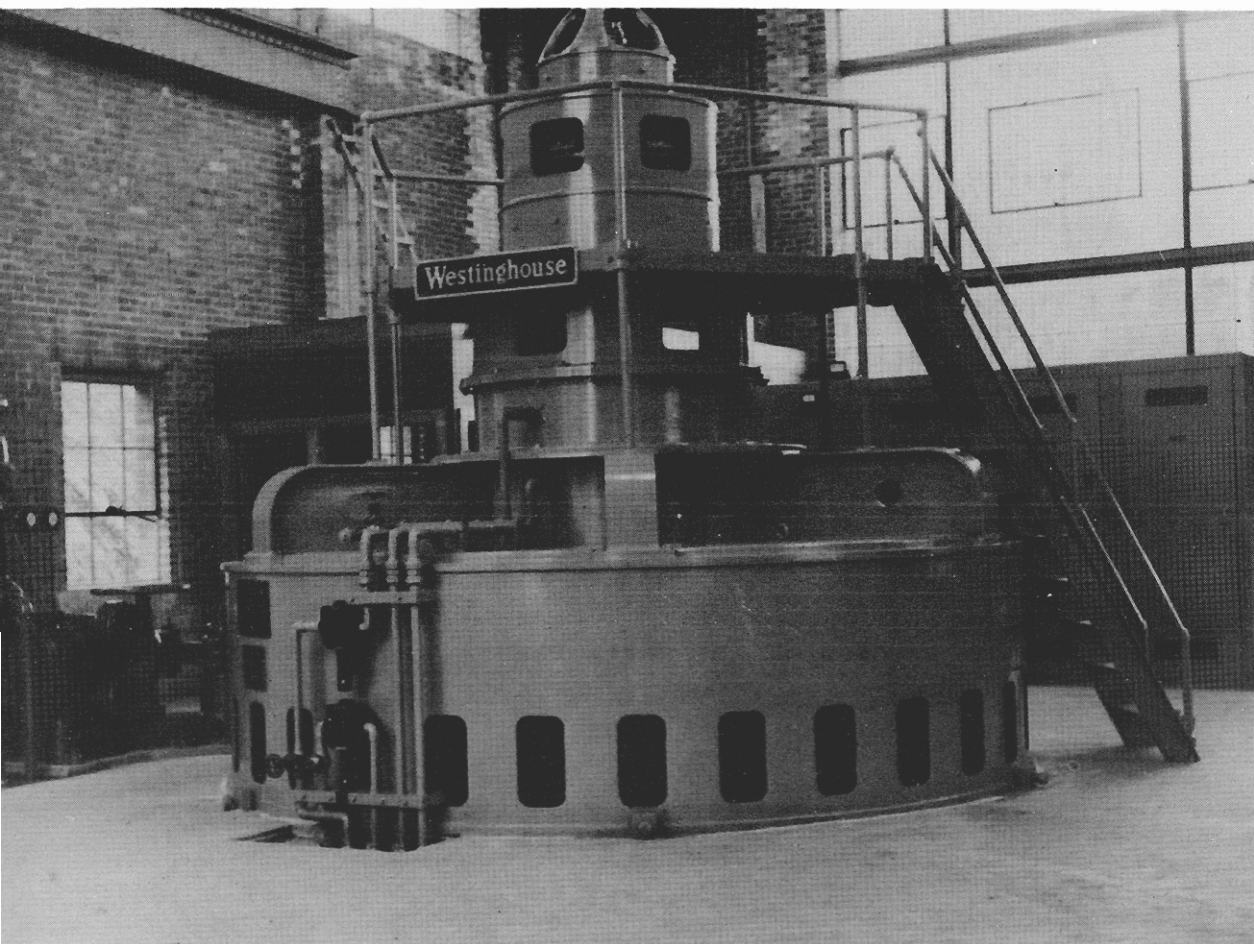
COST OF DEBT SERVICE

AVERAGE PERCENTAGE INTEREST ON FUNDED DEBT
AT 31ST DECEMBER



A QUARTER CENTURY OF PROGRESS

1923 - 1947



NEW 6000 KVA. GENERATOR - LOWER METIS POWER HOUSE

A QUARTER CENTURY OF PROGRESS

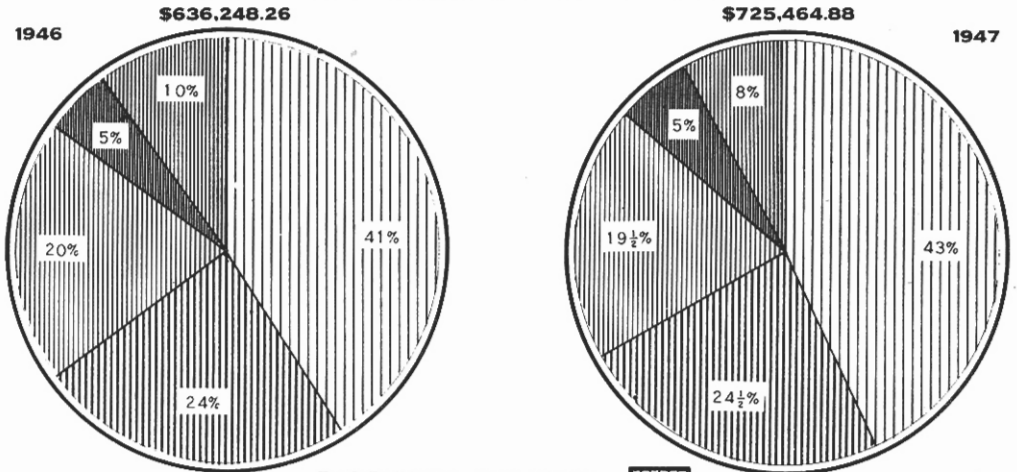
1923 - 1947

AN AREA AND AN INDUSTRY GROW TOGETHER

1923		1947
48,000	POPULATION	130,000
24	TOWNS AND COMMUNITIES	73
2,100	METERS IN SERVICES	14,734
-	EMPLOYEES	249
-	SALARIES & WAGES	\$340,774
2,700	INSTALLED HORSE POWER	18,800
21%	PERCENT OF POWER USED	81%
157	TRANSMISSION LINE MILEAGE	773
3,800,000	SALE OF ENERGY-KILOWATT HOURS	23,728,490
\$55,200	ANNUAL GROSS REVENUE	\$836,784
\$1,100,000	TOTAL ASSETS	\$6,383,200
-	TAXES PAID TO GOVERNMENTS	\$119,877

A QUARTER CENTURY OF PROGRESS

REVENUE FROM SALES OF ENERGY



RESIDENTIAL AND FARM



COMMERCIAL



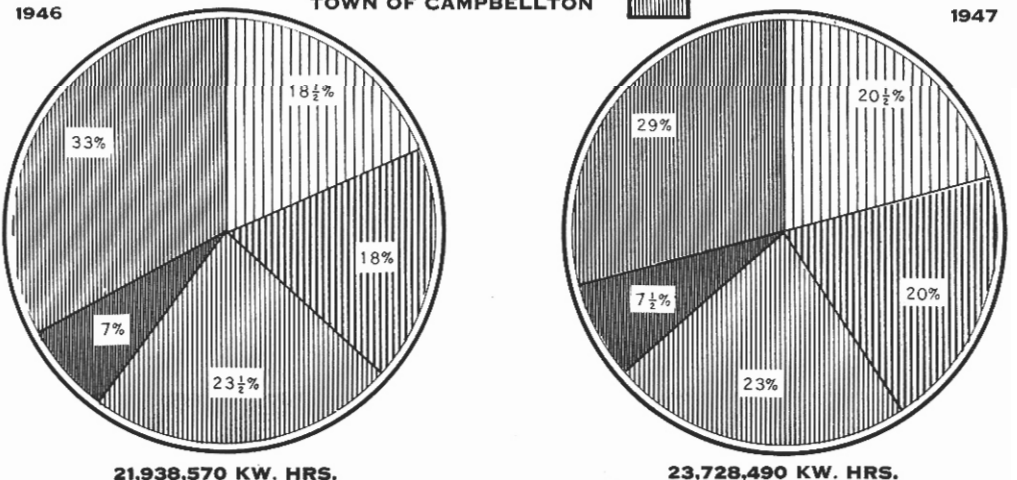
INDUSTRIAL



MUNICIPAL



TOWN OF CAMPBELLTON



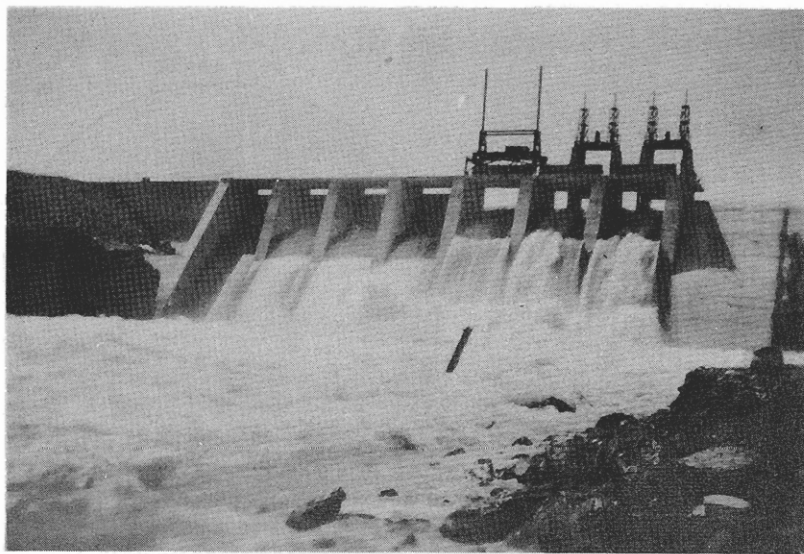
21,938,570 KW. HRS.

23,728,490 KW. HRS.

POWER CONSUMPTION KW. HOURS

A QUARTER CENTURY OF PROGRESS

1923 1947



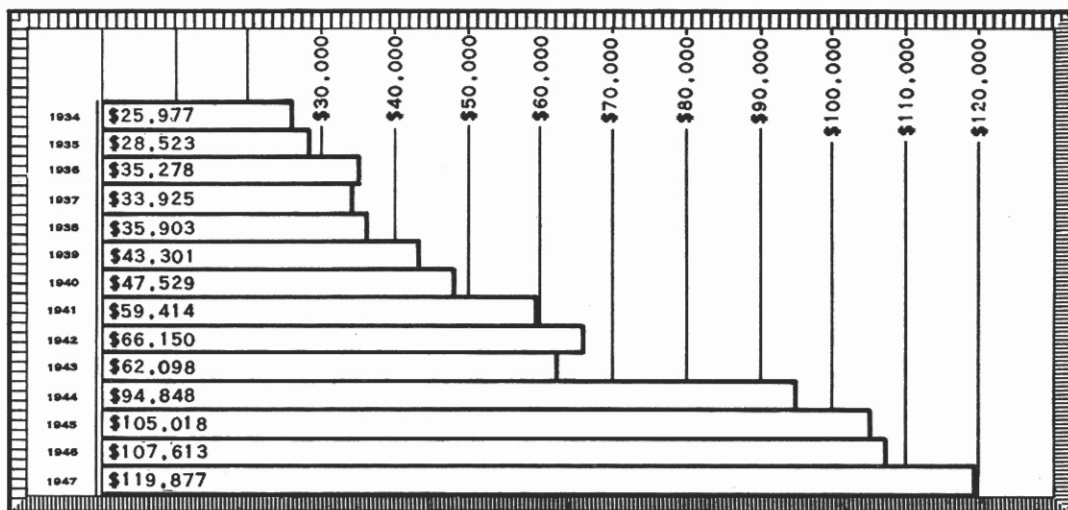
LOOKING UP RIVER—NEW DAM— LOWER METIS

LOOKING DOWN RIVER—NEW DAM— LOWER METIS



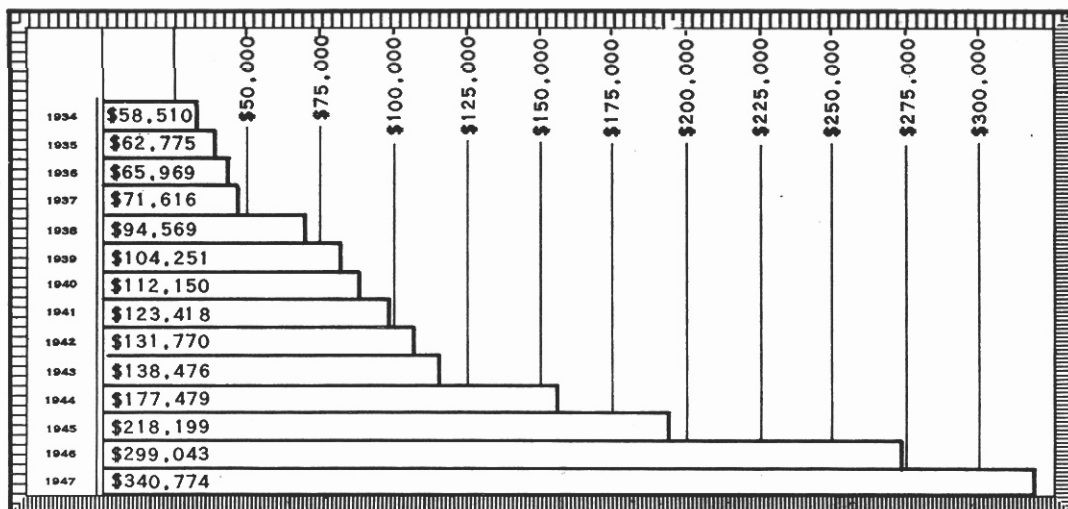
A QUARTER CENTURY OF PROGRESS

TAXES



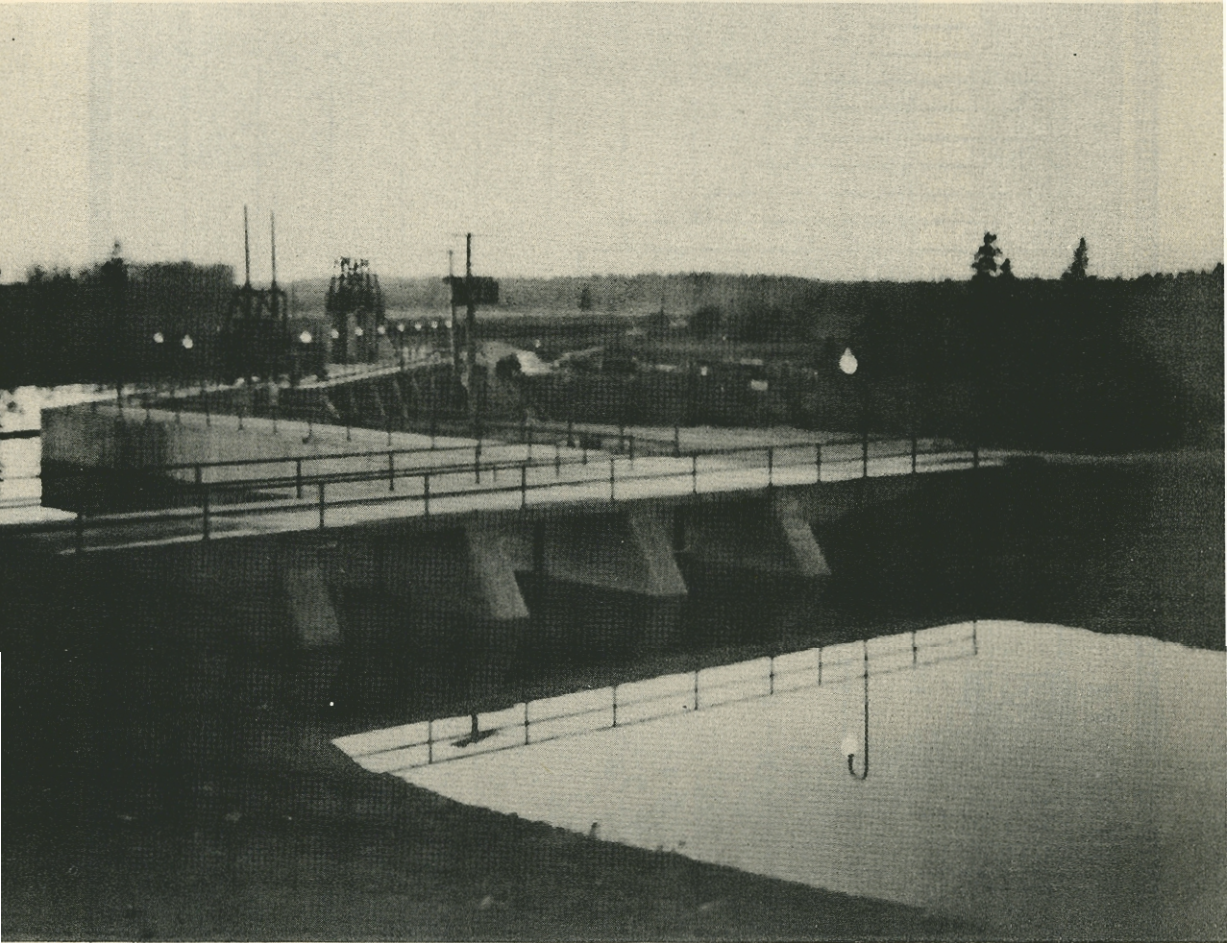
\$865,454 PAID IN TAXES, 1934-1947

WAGES



\$1,998,999 PAID IN WAGES, 1934-1947

A QUARTER CENTURY OF PROGRESS



LOWER METIS DAM AND INTAKE

