







# CANADIAN INTERNATIONAL POWER COMPANY LIMITED

## BOARD OF DIRECTORS

- \*Frederic J. Ahern,  
New York, Vice-President, The United Corporation
- E. Ryckman Alexander,  
Montreal, Vice-Chairman of the Board,  
Gaz Métropolitain Inc.
- \*Eric H. Campbell,  
Montreal, President,  
Canadian International Power Company Limited
- Leo F. Daley,  
Boston, Consultant,  
Harris, Upham & Co. Incorporated
- William R. Eakin,  
Montreal, President, McLean Kennedy, Limited
- Alan S. Gordon,  
Montreal, Consultant,  
Merrill Lynch, Royal Securities Limited
- \*William M. Hickey,  
New York, President, The United Corporation
- John R. Hughes,  
Montreal, Director,  
Maritime Electric Company, Limited
- \*Alejandro J. Lara,  
Caracas, Venezuela, President,  
Fiveca, S.A. and Banco Royal Venezolano, S.A.
- \*Paul W. Raymer,  
Sarasota, Florida, Consultant,  
Canadian International Power Company Limited
- Harold W. Smith,  
Waterbury, Connecticut, President,  
First Federal Savings  
and Loan Association of Waterbury
- Richard Joyce Smith,  
New York, Partner, Whitman & Ransom, Attorneys  
at Law, Trustee, New York, New Haven and Hartford  
Railroad Company, In Reorganization

\*Members of the Executive Committee

## OFFICERS

- William M. Hickey (1943),  
Chairman of the Board, Chairman of the  
Executive Committee
- Frederic J. Ahern (1951),  
Vice-Chairman of the Board
- Eric H. Campbell (1936),  
President
- Alan B. Creaghan (1965),  
Vice-President — Law and Secretary
- Alfred E. Houghton (1958),  
Vice-President — Engineering
- David C. Mitchell (1953),  
Vice-President
- Jean van Tongelen (1964),  
Vice-President
- Henning J. Porsaa (1957),  
Assistant Treasurer
- James P. Ferguson (1973),  
Controller

## SENIOR PERSONNEL

- Franklin P. Krug (1955),  
Manager — Administration
- P. Declan O'Sullivan (1958),  
Executive Assistant
- James J. Dealy (1970),  
Manager — Corporate Development
- Harold M. Pohoresky (1973),  
Assistant Legal Counsel
- J. Stewart Walford (1973),  
Internal Auditor

*(Dates indicate year of first employment  
with associated companies)*

## OFFICE

2020 University Street  
Montreal, Quebec, Canada H3A 2A5

## REGISTRARS

Montreal Trust Company  
The Chase Manhattan Bank  
1 Chase Manhattan Plaza  
New York, N.Y.

## AUDITORS

Arthur Young, Clarkson, Gordon & Co.

## EXECUTIVES OF OPERATING COMPANIES

### Venezuela:

Jean van Tongelen (1964),  
President, Venezuela Operating Companies

Dr. Felix Otamendi O. (1963),  
Vice-President and General Manager  
Barquisimeto and Carora Companies

### Bolivia:

Bruce F. Junkin (1947),  
President

David C. Mitchell (1953),  
Executive Vice-President and General Manager

### El Salvador:

Manuel Cano G. (1936),  
President and General Manager

### Barbados:

John H. Nelson (1955),  
Managing Director

### Bermuda:

John Kazakoff (1938),  
President and General Manager

## TRANSFER AGENTS

Montreal Trust Company  
1695 Hollis Street  
Halifax, Nova Scotia,  
Place Ville Marie, Montreal, Quebec  
15 King Street West  
Toronto, Ontario,  
Notre Dame at Albert Street  
Winnipeg, Manitoba,  
8th Avenue at 3rd Street  
Calgary, Alberta,  
466 Howe Street  
Vancouver, British Columbia.

First National City Bank  
55 Wall Street, New York, N.Y.

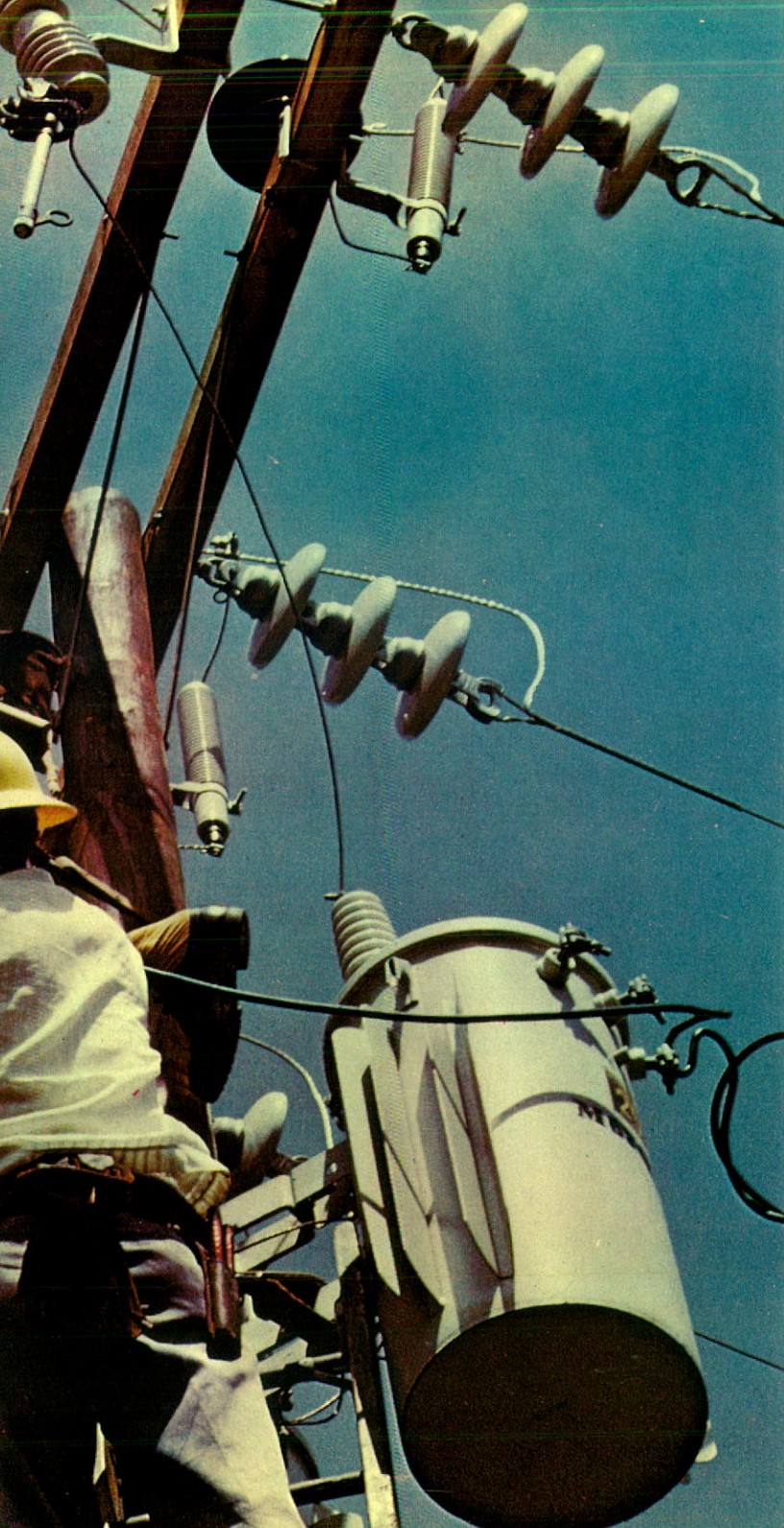


## CANADIAN INTERNATIONAL POWER COMPANY LIMITED AND SUBSIDIARIES

<b>International Power Company Limited</b> La Electricidad de Perijá, C.A. Empresa de Luz y Fuerza Eléctrica de Oruro Compañía Territorial Mexi-Cana, S.A. Hemisphere Investments Limited	Canada Venezuela Bolivia Mexico Bermuda
<b>C I Power Services Limited</b> Consultores Occidentales, S.A.	Canada Venezuela
<b>Inversiones Indesven, S.A.</b> Procesamiento Electrónico de Datos, S.A. Metalúrgica Eléctro-Industrial, C.A.	Venezuela Venezuela Venezuela
<b>C.A. Energía Eléctrica de Venezuela</b>	Venezuela
<b>C.A. Energía Eléctrica de Barquisimeto</b> C.A. Planta Eléctrica de Carora	Venezuela Venezuela
<b>Compañía Boliviana de Energía Eléctrica, S.A.</b> — Bolivian Power Company Limited	Bolivia
<b>Compañía de Alumbrado Eléctrico de San Salvador</b>	El Salvador
<b>The Barbados Light and Power Company Limited</b>	Barbados
<b>Monterey Railway, Light and Power Company</b>	Canada







## 1973 HIGHLIGHTS

	1973	1972
Consolidated Net Income	<b>\$15,534,000</b>	\$15,087,000*
Preferred Stock Dividends	<b>\$ 310,000</b>	\$ 322,000
Earnings Per Common Share	<b>\$ 2.62</b>	\$ 2.54*
Common Stock Dividends	<b>\$ 6,040,000</b>	\$ 5,518,000
Capital and Replacement Expenditures	<b>\$24,207,000</b>	\$18,884,000
Installed and Purchased Generating Capacity (kilowatts)	<b>815,000</b>	759,000
Peak Demand (kilowatts)	<b>531,000</b>	503,000
Electric Sales in megawatt-hours	<b>2,609,000</b>	2,357,000
Number of Electricity Customers	<b>502,000</b>	478,000

## TEN-YEAR RECORD

(at December 31)

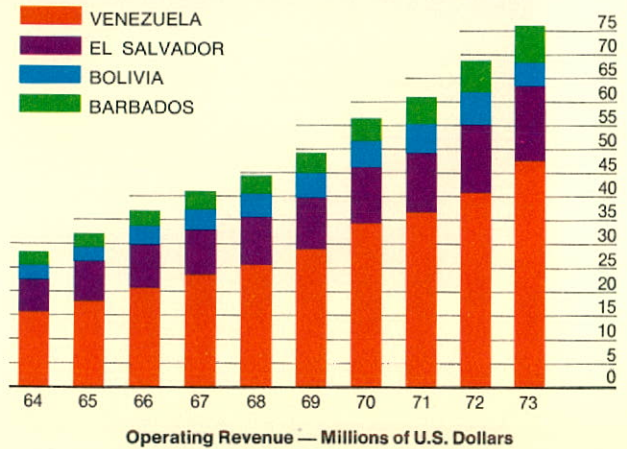
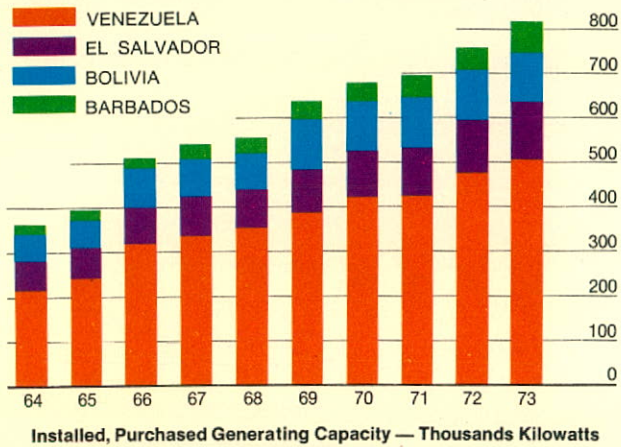
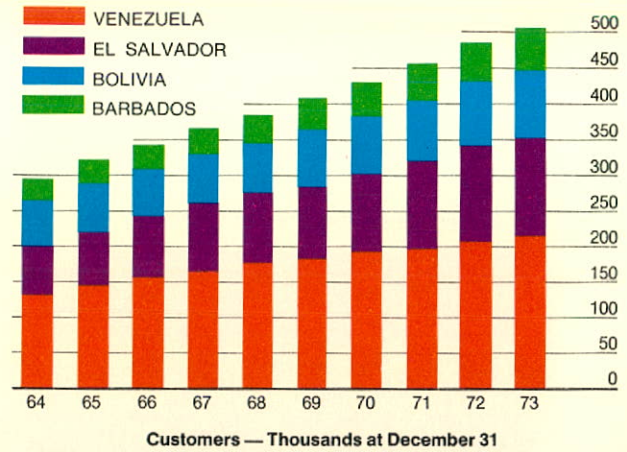
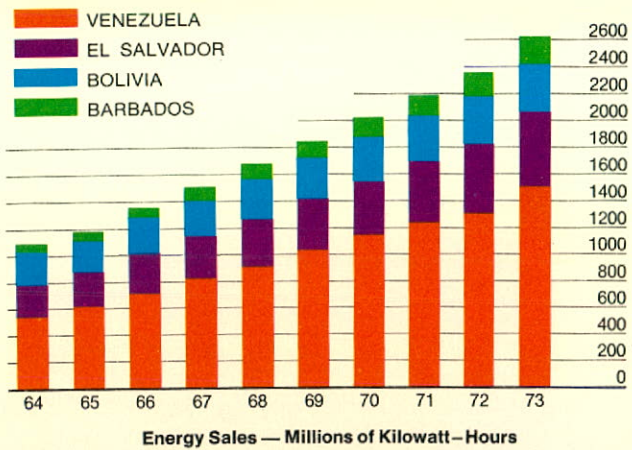
	1973	1963
Cash and Bank Deposit Receipts	<b>\$27,921,000</b>	\$18,963,000
Preferred Stock Outstanding	<b>\$ 5,506,000</b>	\$21,456,000
Consolidated Operating Revenue	<b>\$75,776,000</b>	\$25,700,000
Earnings — for Common Stock	<b>\$15,224,000</b>	\$ 8,276,000
— per Share	<b>\$ 2.62</b>	\$ 1.45**

\*Prior period adjustments see financial note No. 8.

\*\*As restated for 5-4 stock split in 1968 and 2-1 stock split in 1972.

All figures in this Report are in U.S. Dollars unless otherwise noted.







## TO THE SHAREHOLDERS:

In 1973 C I Power succeeded in registering a modest increase over the record 1972 earnings highs. This was accomplished in spite of four months of cool weather conditions in Western Venezuela, the effects of the oil shortage on the Barbados company, and the decline in the Bolivia company's net earnings due to the 1972 currency devaluation. The Board of Directors voted the eighth dividend increase on the Common Stock in the past nine years.

At the time of the 1972 Annual Report, as noted therein, representatives of the Company were in the process of discussing a proposal for joint Government-Company ownership of the Barquisimeto and Carora companies. Since January 1974, intensive but cordial discussions have been held. As of this date, no final agreement has been reached.

Consolidated earnings on the Common Stock for 1973 were \$15,224,000 or \$2.62 per share, compared with restated 1972 earnings of \$14,765,000 or \$2.54 per share.

Operating Revenues in 1973 amounted to \$75,776,000, an increase of 10.8 per cent over 1972. Kilowatt-hour sales in 1973 totalled 2,609,371,000, compared with 2,357,002,000 in 1972, an increase of 10.7 per cent.

At year end, the combined systems served 502,000 customers, compared with 478,000 in the previous year. Capital expenditures in 1973 totalled \$24,207,000 and a capital budget of \$23,479,000 has been approved by the Board of Directors for 1974. Cash and bank deposit receipts, as of December 31, 1973, amounted to \$27,921,000.

### Dividend Increase and Reinvestment Plan

In September 1973, the Board of Directors voted an increase in the regular quarterly dividend on the Common Stock to 27¢ per share from 25¢ per share. This action on the Common Stock increases the yearly dividend from U.S. \$1.00 per share to U.S. \$1.08 per share. Together with the September 1972 dividend increase, this amounts to a 20 per cent higher rate of return to the shareholder in the past two years.

At the same meeting, the Board also voted to adopt an Automatic Dividend Reinvestment Plan for C I Power shareholders. This plan, administered by the Montreal Trust Company, gives shareholders who wish to acquire additional C I Power stock with their dividends, a convenient and economical way to do so. Further, the Board has arranged for any Canadian shareholder who so wishes to receive his dividend cheque in equivalent Canadian dollars, rather than in U.S. currency. Canadian shareholders who do not wish their dividend in Canadian currency should so inform the Montreal Trust Company.

Since its introduction, a considerable number of shareholders have made use of the Automatic Dividend Reinvestment Plan, which was described in detail in a letter sent to all shareholders on November 8, 1973.

### Diversified Investments

In line with its policy of attempting to expand investments in diversified areas, particularly in Canada, the Company in 1973 purchased 287,100 shares of the Common Stock and 19,000 shares of the \$1.50 Cumulative Redeemable Convertible Second Preference Shares, Series B, of Northern and Central Gas Corporation Limited. Northern and Central is primarily a gas distributing company, serving Winnipeg, parts of Ontario and the Montreal area. Its subsidiary, Canadian Industrial Gas and Oil Limited, in which it holds a 62 per cent equity, is principally engaged in oil and gas exploration and production in Western Canada and in exploration for oil and gas in the Canadian Arctic and the North and Adriatic Seas.

### U.S. Interest Equalization Tax

The U.S. Internal Revenue Service has ruled that the Company is a less developed country corporation for purposes of the Interest Equalization Tax for the calendar year 1974 and that, accordingly no Interest Equalization Tax will be imposed for any acquisition of stock of the Company made during 1974, and on or before March 31, 1975.

It is anticipated that the Interest Equalization Tax law will be allowed to expire on June 30, 1974, and, meanwhile, the United States has reduced the tax to zero.



### The Ten Year Record

The effect of modernizing electric public utility companies in developing countries and of supplying sufficient power to meet their growth needs is well exemplified by the Company's ten year record of accomplishments.

Earnings for the Common Stock from 1963 to 1973 rose 84 per cent; cash and bank deposit receipts in the ten year period increased by \$8,958,000, despite redemption and purchases of Preferred Shares for cancellation totalling \$22,492,000. Cash dividends on both Preferred and Common Stock during the ten years totalled \$47,751,000.

During the same period, expenditures on new and expanded facilities amounted to \$165,190,000. Such expenditures have made it possible to support progress in rural as well as urban areas and to help develop the basic infrastructure necessary for solid economic growth.

### Executive Changes

The Board of Directors reports with deep regret the death on January 3, 1974, of H. Robert Mullan, Vice-President — Finance and Treasurer. Mr. Mullan, a veteran of the Canadian Navy, joined the C I Power group in 1949 as an accountant for the Maracaibo company, returning to Montreal in 1956 where his combined knowledge of company financial operations and of Latin America and the Caribbean ensured his rapid rise to a leading position in Executive Management. A resolution honouring his memory was adopted by the Board at its February 1974 meeting.

At the same meeting, Alan S. Gordon and Harold W. Smith were appointed to the Board. They replaced the Honourable Robert C. Hill who resigned to become U.S. Assistant Secretary of Defense for International Security Affairs and has recently been appointed U.S. Ambassador to Argentina, and R. J. Shirley, who resigned as Executive Vice-President of C I Power.



Maracaibo Offices

Mr. Gordon, formerly Chairman of Merrill Lynch, Royal Securities Limited, presently serves as Consultant to Merrill Lynch, Royal Securities Limited, Vice-President of Ottawa Valley Power Company, Canelco Services Limited, and as a director of Calgary Power Ltd., Combustion Engineering - Superheater Ltd., Maritime Electric Company Limited, Newfoundland Light & Power Co. Limited, and other Canadian corporations.

Mr. Smith serves as President of the First Federal Savings and Loan Association of Waterbury, Connecticut, and a director of Colonial Bancorp Inc., The United Corporation, Southern New England Telephone Company, Heminway Corporation and the United Investors Corporation of Connecticut.

James P. Ferguson, C.A., formerly of Arthur Young, Clarkson, Gordon & Co., has been appointed to the office of Company Controller.

### The Venezuela Companies

On December 9, 1973, Carlos Andres Perez of the Acción Democrática party was elected President of Venezuela, thereby replacing the Copei political party in power. The series of increases in oil prices and taxes in 1973 and more dramatically in early 1974, have increased the Venezuelan Government oil revenues to unprecedented highs. Oil revenues in 1973 are estimated to have reached the equivalent of \$2.5 billion and oil revenues of \$7.1 billion are forecast for 1974. It is planned to channel these additional petroleum revenues into various priority areas of the economy, including further exploration and development of petroleum resources, petrochemical plant construction, expansion of steel production capacity, and agricultural development.

Three years ago, as noted in the 1971 Annual Report, the Company established a committee of leading Venezuelan businessmen, including our director, Alejandro J. Lara. This committee engaged in a series



of negotiations with representatives of the Venezuelan Government on the subject of making a substantial participation in our Venezuelan properties available to an agency of the Government. As noted in last year's report, these discussions had developed a proposal for Government-Company ownership of the Barquisimeto and Carora companies.

Since the beginning of 1974, these negotiations were carried on intensively, with a view to reaching a conclusion in regard



Maracaibo Office Building

to the Barquisimeto and Carora companies before President Caldera and his party would leave office on March 12, 1974.

Because of the intricacies of the matter, it was not possible to reach agreement. However, we understand that just prior to leaving office, the outgoing Government presented a bill to the new Congress proposing the acquisition by the Government of all foreign ownership in electric utilities in the Country.

The newly elected Government of President Carlos Andres Perez has not yet announced its policy in this matter, and we are not in a position to predict the outcome of this legislation. Nevertheless, the new Government, it is believed, would be interested to some degree, in the orderly Venezuelanization of the utilities in the Country. It is the intention of the Company to commence negotiations with the new Government at the first opportunity.

The year 1973 was a memorable one for the Maracaibo company. In October the company celebrated its 85th anniversary with a variety of events, including an employee gala at the Military Club. The Maracaibo company is the second oldest electric public utility in South America.

October also marked the official opening of the General Rafael Urdaneta Gas Turbine Generating Plant. The company was honoured on this occasion by the presence of leading officials of State and Church, including the Minister of the Interior and the Vice-Minister of Development of Venezuela, the Governor of Zulia and the Archbishop of Maracaibo. The

Plant now has three 30,000 kW gas turbine generating units in operation.

Negotiations on renewal for a statutory maximum five-year period of the Municipal franchise of the Barquisimeto company were concluded on satisfactory terms in July 1973.

The company's appeal of the Maracaibo City Council's unilateral increase in the tax rate on gross sales to 12 per cent, in spite of a city contract fixing the tax at a much lower rate is, as previously reported, still before the Venezuelan Supreme Court.

Procedatos, the company's Maracaibo data processing subsidiary, succeeded in increasing its outside business by 36%.

All four Venezuelan electric companies reported kilowatt-hour sales increases: Maracaibo 12.4%; Barquisimeto 15.0%; Perija 8.8%; Carora 27.3%.

MEICA, the company-controlled line hardware operation, reported a 41 per cent sales increase.

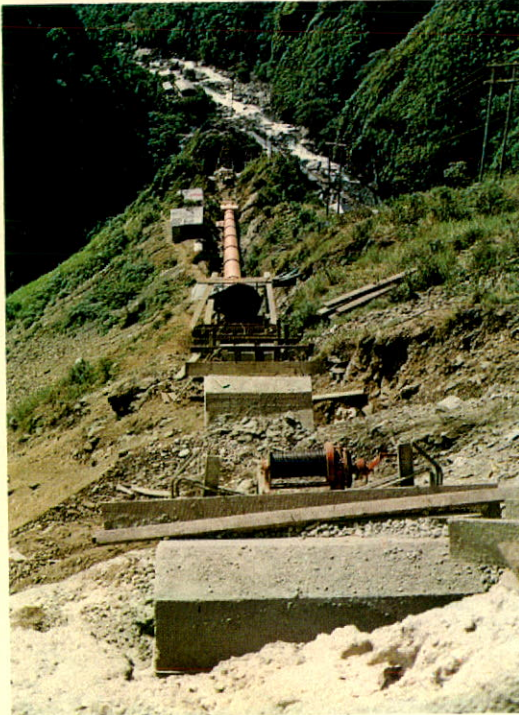


Urdaneta Plant



### The Bolivia Company

Increased demand and higher prices for Bolivia's main exports, tin, cotton, and particularly petroleum, had a favourable effect on the Country's economy in 1973. A total of seven major oil companies each contracted for 2½ million acres of land for petroleum exploration. With continued world-wide energy shortages, Bolivia, thanks to its oil resources, is expected to enjoy continued economic gains.



Cahua Penstock, Bolivia

The company's sales in 1973 were virtually unchanged from those of the previous year. Operating revenues and net earnings, however, showed appreciable declines in terms of U.S. dollars, resulting from the currency devaluation of October 1972. Company management has maintained continuous contact with the regulatory authorities to raise electrical rates to a satisfactory level. Under Bolivian law, the company is entitled to a rate of return of 9 per cent on its rate base, yet the return in 1973 was only about 3 per cent. The company will continue its efforts to secure needed rate relief.

Due to the leveling of load growth and lowered earnings, the company cut back on its construction program for 1973. As a result, completion of the new 26,000 kW Cahua Plant was delayed. This latest of the company's eight hydro-electric plants in Zongo Valley, however, will be ready for commissioning in mid 1974. The construction difficulties of building a plant like this in the high Andes are exemplified by such requirements as a 2.8 mile tunnel through solid rock and 4½ miles of road extension, using steel and pre-stressed concrete bridges to cross deep ravines.

As stated in previous reports, the management of the Bolivian company has offered the Government the opportunity to participate in the company's ownership on mutually acceptable terms. Although conversations continue concerning such participation, it is not possible at this time to report any substantive progress.

### The Salvador Company

The El Salvador economy continued to prosper in 1973, encouraged by the political stability of President Colonel Arturo



El Salvador Irrigation Pump

Armando Molina's administration. The Government is instituting new measures designed to attract both local and foreign investors for the purpose of creating more employment for Salvadorean nationals. Apart from new manufacturing activity, this is resulting in housing and hotel building start-ups, as well as a more intensive development of the tourist industry.



The severe 1972 drought, which continued through the first three months of 1973, caused a cutback in hydro-electric generation. Yet, by cooperating with the Government in spreading industrial operations over a seven-day week, the company was able to prevent electric power shortages suffered by most of the other countries in the drought area. Operations are now completely back to normal.

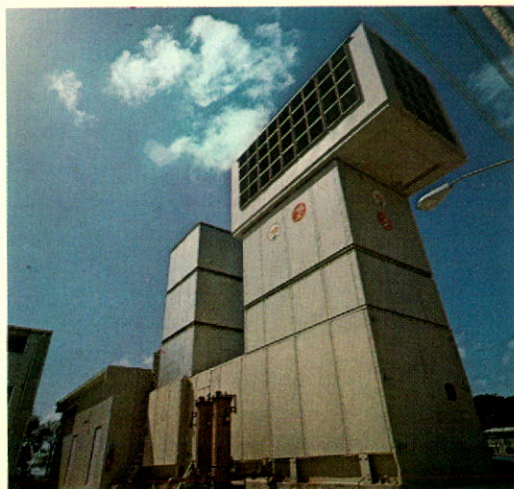
In 1973, the number of customers reached approximately 140,000. Kilowatt-hour sales increased 11.4 per cent and revenues 10 per cent over the previous year. In line with its policy of extending the benefits of electric service to all economic levels, 3,815 marginal and rural customers were added to the Salvador company's distribution system in 1973, at a cost of \$220,000.

#### The Barbados Company

In December 1973 the Barbados company, for the first time in 16 years, applied to the Public Utilities Board for an increase in basic rates. During 1973 equipment had been ordered and financial arrangements were in the final stages of negotiation for the large steam generating plant to be installed at Spring Garden. In November, however, Barbados felt the effects of the world energy crisis. Oil allocations were reduced to 88 per cent of the supplies in the first nine months of 1973, requiring cutbacks in electricity production. Since then, the curtailment has been restored to 92 per cent. As a result, sales and earnings dropped to a point where the company's ability to furnish sufficient security for the steam plant equipment loans was placed in jeopardy.

The eventual easing of the energy problem and the Island's return to its normal growth pattern will confirm the need for the company's move from diesel to the more economical steam generation. The company is pleased, therefore, to report that, following public hearings by the Public Utilities Board, a rate increase of 30.2 per cent was granted by that body effective March 1, 1974.

The steam turbine plant will consist of two 20,000 kW units to be installed for commissioning in late 1975 and early 1976, respectively.



*Barbados Gas Turbine Plant*

In spite of the oil shortage cutback during the final quarter of 1973, kilowatt-hour sales for the year rose 11.1 per cent above the previous year. Although sales will continue to be affected by oil shortages during 1974, the company believes that with the easing of the fuel situation a 10 per cent increase each year in electricity usage can be forecast for 1975 and 1976.

#### The Mexico Company

Highlights of 1973 for the Mexico company were the payments of further substantial amounts of dividends in arrears on the 5% Preference Stock and the further strengthening of the company's portfolio of investments.

Since 1967, the company has paid annual dividends on the 5% Preference Stock. In that year, dividend arrears totalled Cdn. \$1,325,000 or Cdn. \$265 per share. During 1972 the arrears were reduced to \$925,000 or \$185 per share. In 1973 they were again reduced, this time to \$500,000 or \$100 per share. On February 6, 1974, the Board of Directors declared an additional dividend which now has reduced the arrears to Cdn. \$375,000 or \$75 per share. Over 88 per cent of the Preference Stock is owned by C I Power.

In December 1972 the company purchased \$1,300,000 of 8 $\frac{1}{8}$ % Government of Mexico Bonds due in 1997. Further purchases in 1973 raised the company's total investment in these bonds to \$2,025,000 (principal amount) at a cost of \$1,985,828. The company's position in Plásticos y Troquelados Hurtado, S.A., a small plastics manufacturing company, was sold at its acquisition cost.

Net income for 1973 amounted to \$416,148, compared with \$701,156 in 1972. The 1972 net income included a non-recurring profit of \$495,000 from the sale of Cia. Industrial de Novedades Plásticas y Metálicas, S.A.



### C I Power Home Offices Opening

Delay in the installation of elevators postponed the Company's move to its new headquarters offices in the recently completed high rise building at 2020 University Street to November 19, 1973. The Official Opening took place on December 17, attended by leaders in the financial and business communities of Montreal.

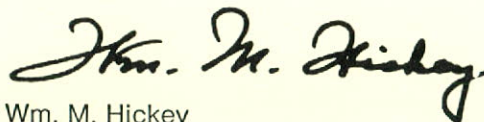
### C I Power Services

In the later pages of this report, we picture some of the projects and a few of the members of the C I Power Services engineering staff. This operating subsidiary of C I Power, in addition to serving the Company's utilities, is engaged in several outside projects which hopefully will lead to even wider applications of the exceptional talents of these highly trained professionals.

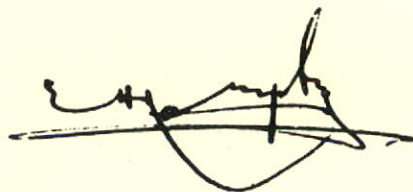
No C I Power Report would be complete without some recognition of the accomplishments of our C I Power companies in popularizing Reddy-Kilowatt, especially among their countries' youth. So the Report concludes with a few photographs of Reddy-Kilowatt Club members in action.

Nor would a report tell the whole story of a year's accomplishments without complimenting the people of the C I Power group on their good work.

For the Board of Directors,



Wm. M. Hickey  
*Chairman*



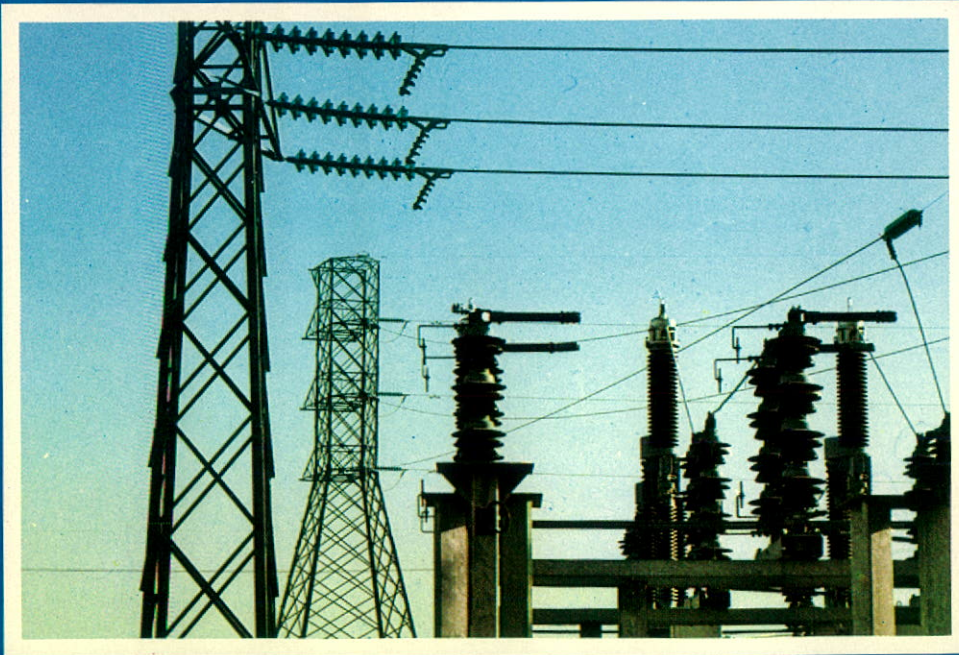
Eric H. Campbell  
*President*

Montreal, Canada  
March 22, 1974



# C I POWER SERVICES LIMITED

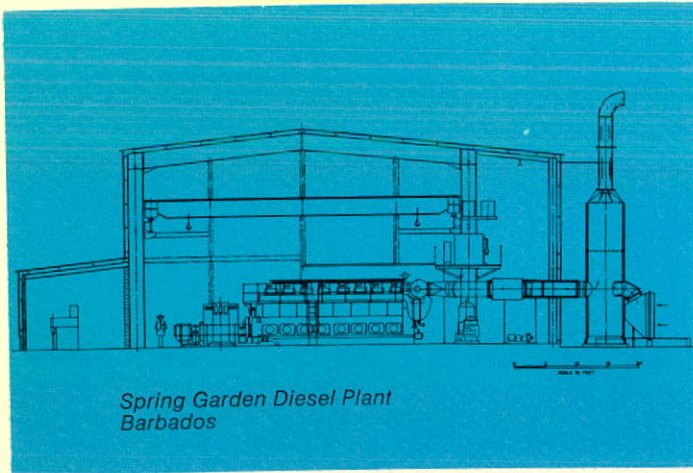
Managing, Engineering  
and Purchasing Services  
for Electric Public Utilities  
and Allied Fields



**HEAD OFFICE**  
2020 University Street  
Montreal, Quebec  
Canada H3A 2A5

**AFFILIATED COMPANY**  
CONSULTORES  
OCCIDENTALES, S.A.  
Apartado 1342  
Maracaibo  
Venezuela





*Spring Garden Diesel Plant  
Barbados*

During 1973 C I Power Services, the management, engineering and purchasing subsidiary of Canadian International Power Company, further expanded its outside consultant activities as well as supplying its services to the Corporation's electric utility properties in Central and South America and the Caribbean. Presently C I Power Services is working with the government-owned electric utilities of Ecuador and Guatemala. Continuing service contracts are presently being negotiated.

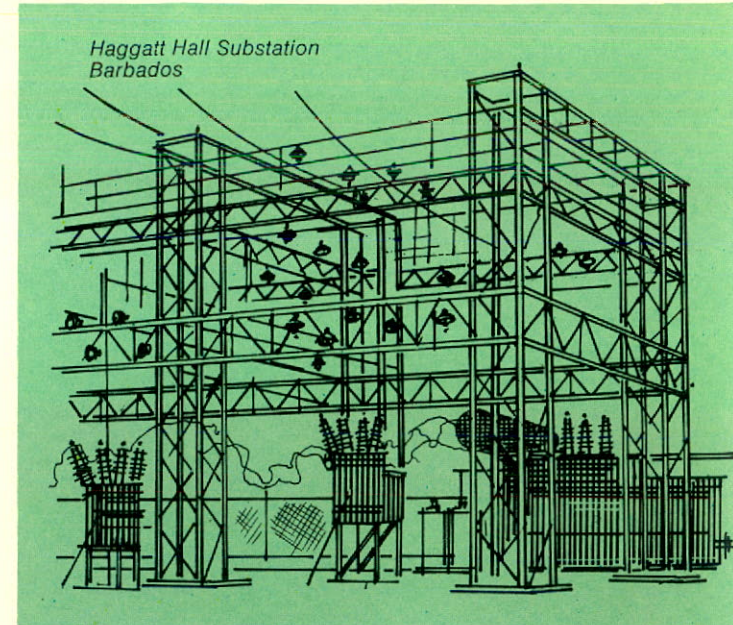
Also in 1973 the Venezuelan subsidiary of C I Power Services, Consultores Occidentales, S.A. (COSA), in addition to finalizing its engineering work on the new Urdaneta gas turbine plant in Maracaibo, Venezuela, completed the COSA designed

Control Center for the new petrochemical installation's oil refinery in the same area. Construction was also started in early 1974 for the COSA designed 150 bed hospital in Maracaibo.

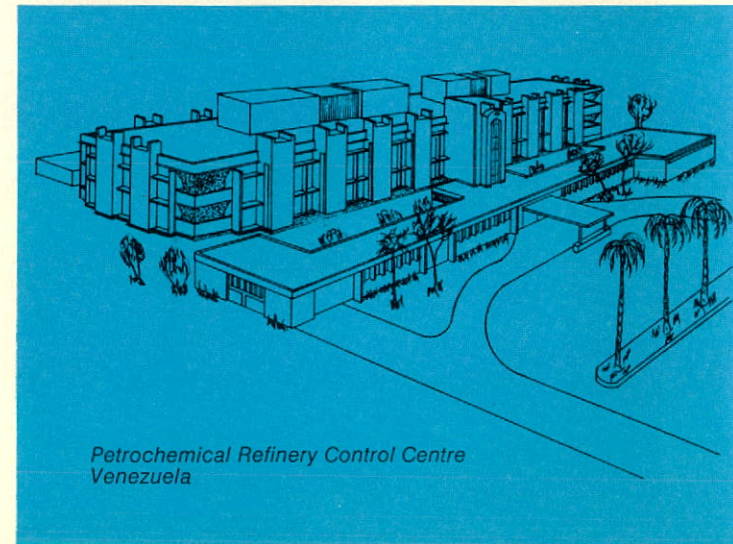
The success of staff participation in the ownership of COSA since its formation as a C I Power Services subsidiary in 1972 has encouraged management to develop a similar participation plan for C I Power Services Limited. Such staff participation in ownership ensures the recruitment and job continuity of the highest type of young and ambitious engineers.

The multiple accomplishments of C I Power Services and the high calibre of its staff give the company an exceptionally versatile capability in engineering, operation and management of electric utilities and allied industries, particularly in developing nations. C I Power Services Limited is staffed by a combination of engineers and technical experts in various specialties, and non-technical professionals (lawyers, accountants, economists, etc.), many of whom have lived and worked in various Latin American countries and can discuss projects with local nationals in fluent Spanish.

Through its affiliation with the Canadian International Power group, C I Power Services can call upon the engineering, operating and management personnel of the group's member companies to assist on specific projects. They are equipped to undertake work in all phases of electric utility design, operation, management, finance, construction, purchasing, rates, evaluation, research, etc. In addition, the facilities of the member companies are available for on the job training of client personnel.

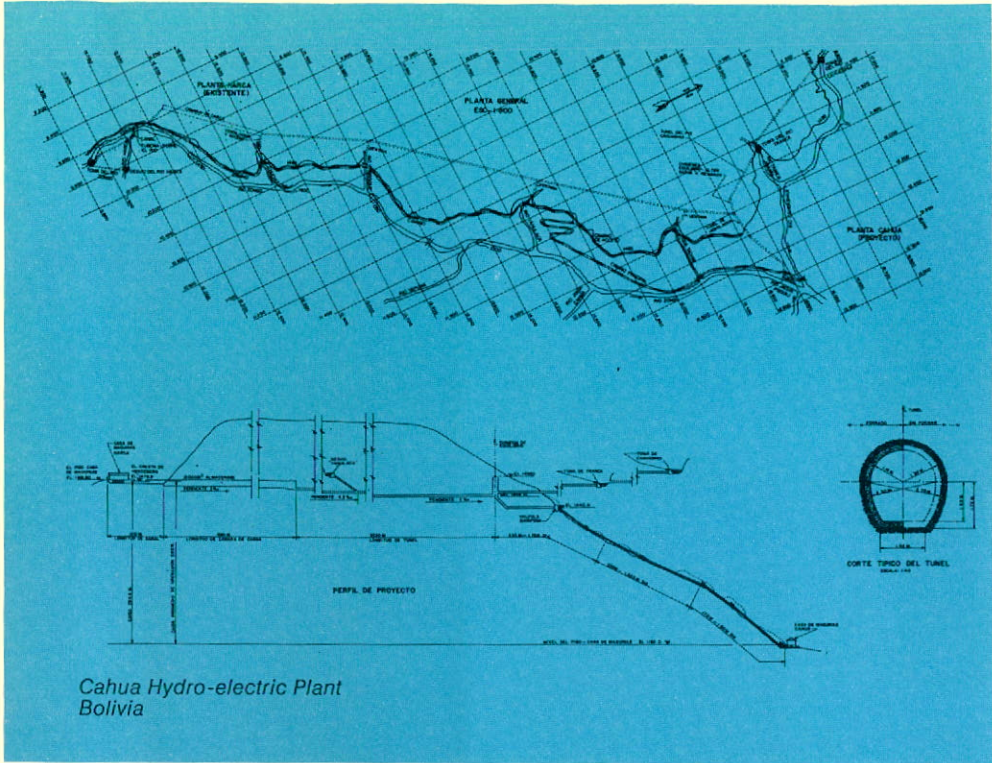


*Haggatt Hall Substation  
Barbados*

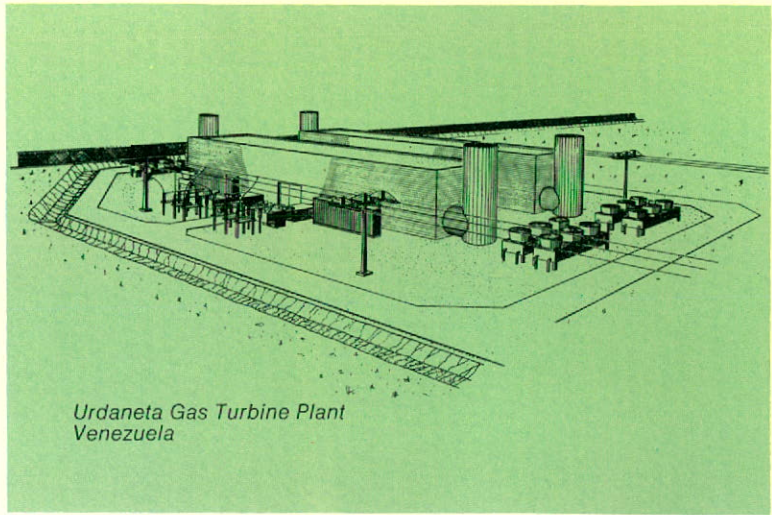


*Petrochemical Refinery Control Centre  
Venezuela*

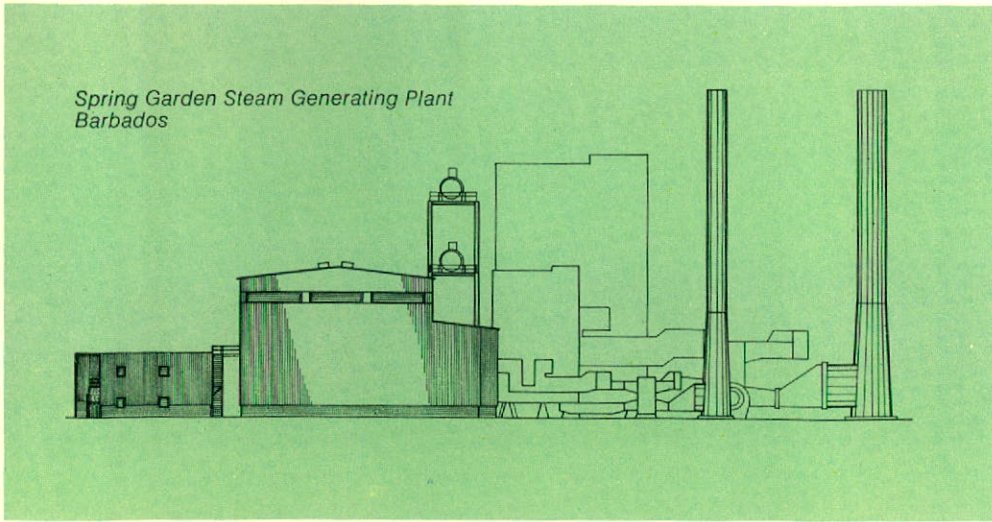




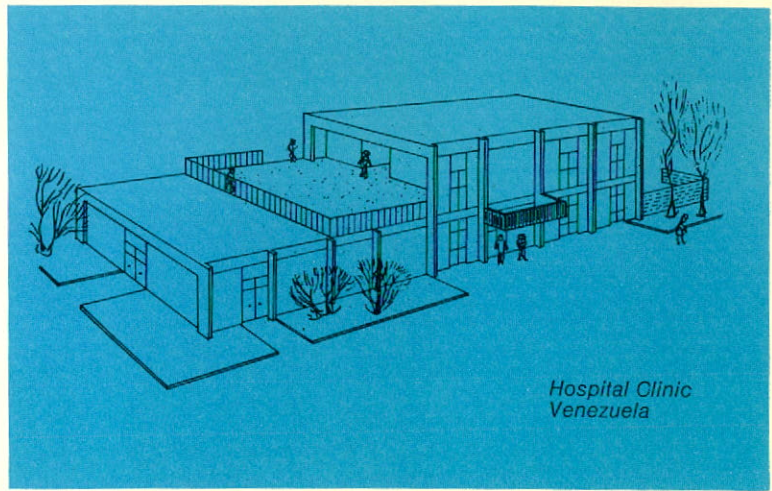
Cahua Hydro-electric Plant  
Bolivia



Urdaneta Gas Turbine Plant  
Venezuela



Spring Garden Steam Generating Plant  
Barbados

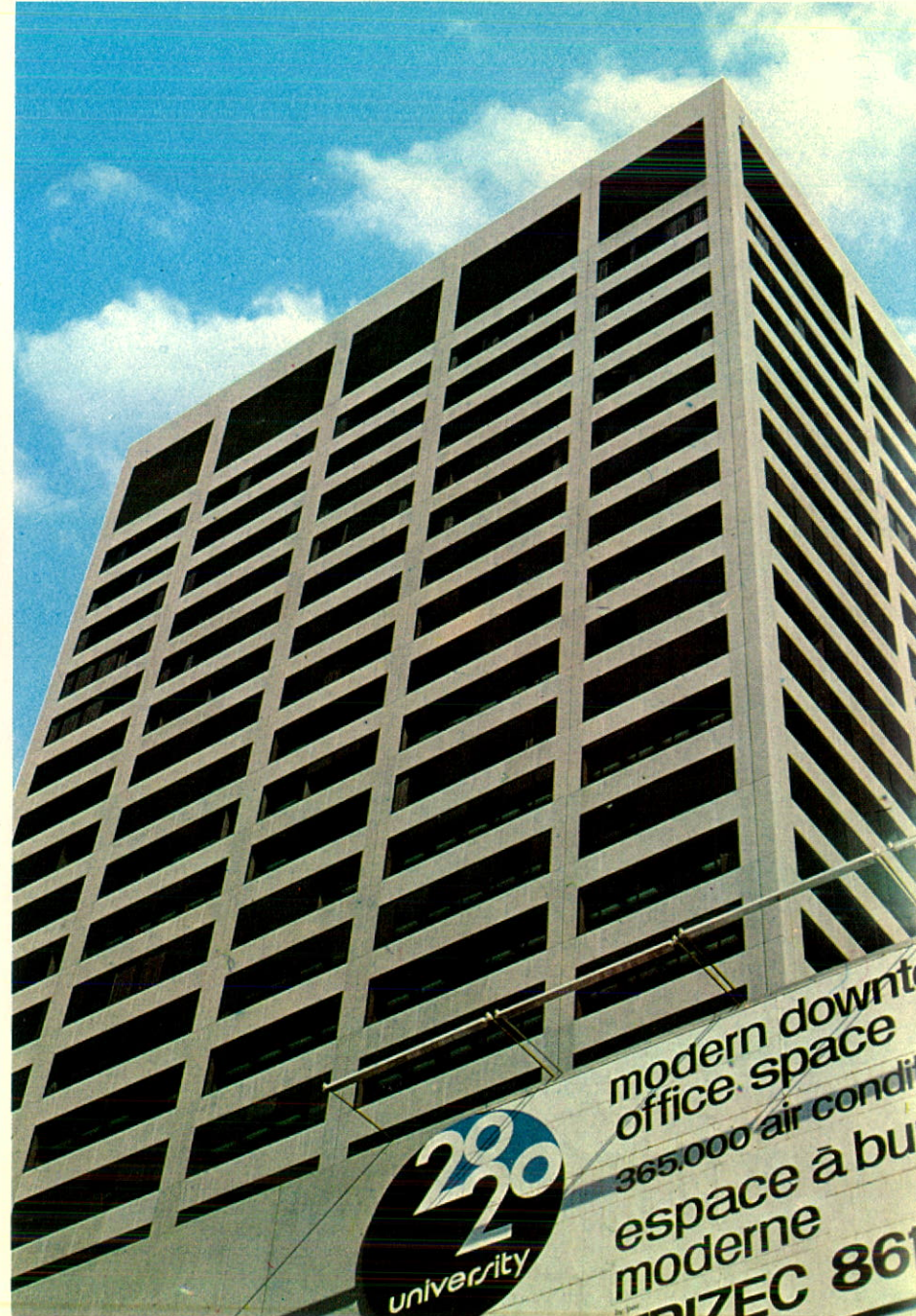


Hospital Clinic  
Venezuela

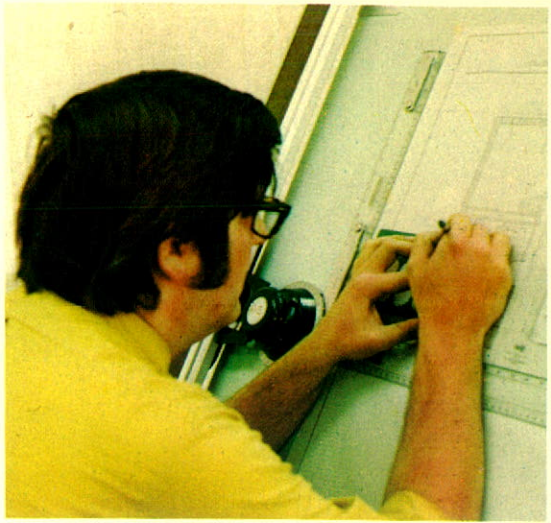




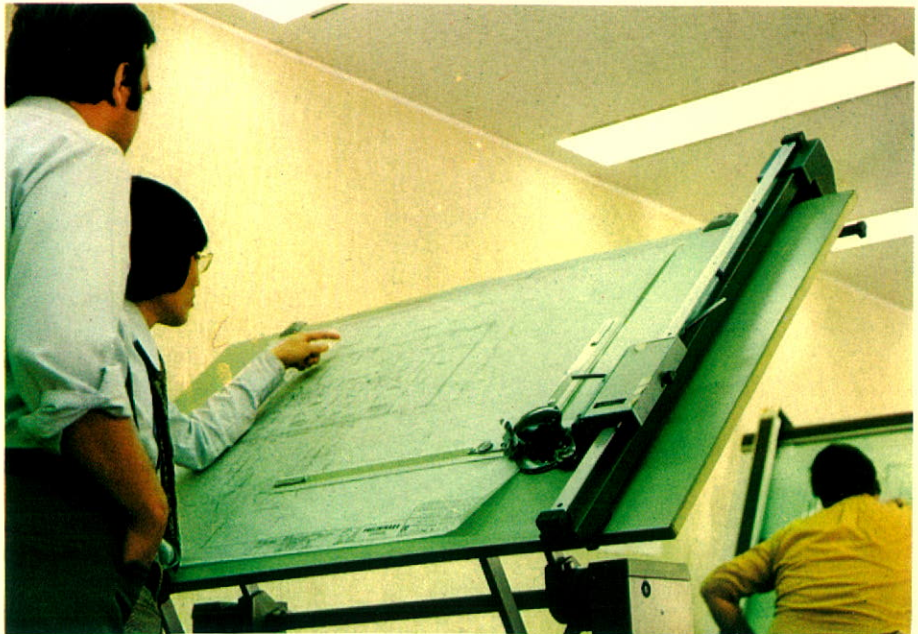
C I POWER SERVICES ENGINEERS ENJOY THE SPACIOUS FACILITIES OF THE CORPORATION'S NEW HEAD OFFICE IN MONTREAL'S LATEST HIGH RISE BUILDING AT 2020 UNIVERSITY STREET







*As these pictures show, the C I Power Services engineering group is truly International. It includes mechanical, civil, electrical and industrial engineers from eighteen countries.*





## CI POWER SERVICES LIMITED

### BOARD OF DIRECTORS

E. Ryckman Alexander  
Eric H. Campbell  
Alan B. Creaghan  
William R. Eakin  
Alfred E. Houghton  
John R. Hughes  
Franklin P. Krug

### OFFICERS

Eric H. Campbell (1936),  
Chairman of the Board and Chief Executive Officer  
Alfred E. Houghton (1958),  
President  
Victor N. Tomaschuk (1957),  
Chief Mechanical Engineer  
L. Karl Hinds (1966),  
Chief Engineer — Operations and Administration  
Allan J. MacDonald (1966),  
Chief Electrical Engineer  
Bernard V. King (1970),  
Chief Civil Engineer  
James P. Ferguson (1973),  
Treasurer  
Lucie Mattiucci (1962),  
Secretary  
Harold M. Pohoresky (1973),  
Assistant Secretary

### SENIOR PERSONNEL

Gunther Lutz (1959),  
Operations Co-ordinator  
C. D. G. Pearson (1960),  
Manager, Industrial Engineering  
Michael F. Howden (1963),  
Purchasing Agent  
M. Charles Moseley (1969),  
Manager, New Business Development  
Andrew M. Ottolenghi (1974),  
Manager, Rates and Evaluation

### CONSULTORES

#### OCCIDENTALES, S.A.

Paul J. Smyth (1959),  
President  
Jean Marc Rieffel (1960),  
Director — Engineering  
Edgar A. Arrieta (1970),  
Director — Construction

*(Dates indicate year of first employment with associated companies)*



# CANADIAN INTERNATIONAL POWER COMPANY LIMITED FINANCIAL STATEMENTS 1973

## AUDITORS' REPORT

To the Shareholders of  
Canadian International Power Company Limited:

We have examined the consolidated balance sheet of Canadian International Power Company Limited and subsidiary companies as at December 31, 1973 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Canadian International Power Company Limited, and those subsidiary companies of which we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of other public accountants with respect to their examination of the financial statements of the subsidiaries located in El Salvador and Barbados, whose financial statements are summarized in note 1.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and, subject to such adjustment, if any, as may result from the outcome of the matter described in note 10, the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the change in accounting described in note 4.

*Arthur Young, Clarkson, Gordon & Co.*

Montreal, Canada  
March 15, 1974

*Chartered Accountants*

The Annual General Meeting of Shareholders of Canadian International Power Company Limited will be held on Friday, May 17, 1974, at 10:30 a.m. (Eastern Daylight Saving Time), in the Salon Lachine of the Hotel Bonaventure, Main Lobby, One Place Bonaventure, Montreal, Quebec, Canada.



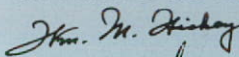
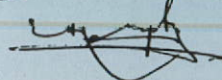
# CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1973

(expressed in United States currency)

## ASSETS

	1973	1972
<i>Property plant and equipment (note 4):</i>		
Production .....	\$152,917,000	\$141,940,000
Transmission and distribution .....	143,724,000	135,436,000
Other .....	17,626,000	16,683,000
	<u>314,267,000</u>	<u>294,059,000</u>
Less accumulated depreciation .....	59,744,000	54,098,000
Net property, plant and equipment .....	<u>254,523,000</u>	<u>239,961,000</u>
<i>Investments and other assets (note 5) .....</i>	<u>12,311,000</u>	<u>10,553,000</u>
 <i>Current assets:</i>		
Cash .....	5,135,000	3,605,000
Bank term deposits payable in U.S. dollars held in London, Bermuda, Montreal and New York .....	22,267,000	22,320,000
Other term deposits .....	519,000	302,000
Accounts receivable .....	15,280,000	15,477,000
Materials and supplies, at cost .....	7,371,000	6,627,000
Prepaid expenses .....	491,000	518,000
Total current assets .....	<u>51,063,000</u>	<u>48,849,000</u>
<i>Deferred charges (note 2) .....</i>	<u>1,317,000</u>	<u>1,012,000</u>
	<u>\$319,214,000</u>	<u>\$300,375,000</u>

On behalf of the Board:

 Director  
 Director

See accompanying notes



## SHAREHOLDERS' EQUITY AND LIABILITIES

	1973	1972
<i>Shareholders' equity:</i>		
Capital stock (note 6)		
Preferred stock .....	\$ 5,506,000	\$ 5,648,000
Common stock .....	17,646,000	17,646,000
	<u>23,152,000</u>	<u>23,294,000</u>
Appraisal increment to property, plant and equipment (note 4) .....	64,158,000	64,220,000
Retained earnings (notes 8, 9 and 13) .....	148,960,000	139,734,000
Total shareholders' equity .....	<u>236,270,000</u>	<u>227,248,000</u>
<i>Minority interest in subsidiary companies</i> .....	11,707,000	11,395,000
<i>Long-term debt (note 7)</i> .....	<u>36,037,000</u>	<u>33,287,000</u>
<i>Current liabilities:</i>		
Bank loans .....	6,042,000	8,018,000
Accounts payable .....	7,674,000	6,657,000
Customers' deposits, including interest thereon .....	1,525,000	1,351,000
Income taxes payable .....	4,361,000	4,736,000
Dividends payable .....	1,568,000	1,452,000
Long-term debt, due within one year .....	11,257,000	3,641,000
Total current liabilities .....	<u>32,427,000</u>	<u>25,855,000</u>
<i>Provision for contingencies</i> .....	641,000	641,000
<i>Customers' contributions for line extensions</i> .....	2,132,000	1,949,000
	<u>\$319,214,000</u>	<u>\$300,375,000</u>

See accompanying notes



# CONSOLIDATED STATEMENT OF RETAINED EARNINGS

year ended December 31, 1973

(expressed in United States currency)

	1973	1972
Balance at beginning of year		
As previously reported .....	\$139,960,000	\$130,541,000
Prior period adjustments (notes 4 and 8) .....	226,000	84,000
As restated .....	<u>139,734,000</u>	<u>130,457,000</u>
Add:		
Net income .....	15,534,000	15,087,000
Discount less expenses on preferred shares purchased (note 6) .....	42,000	30,000
	<u>155,310,000</u>	<u>145,574,000</u>
Dividends paid:		
Preferred shares (per share — Cdn. \$1.04, U.S. \$1.04 in 1973 and Cdn. \$1.04, U.S. \$1.05 in 1972) .....	310,000	322,000
Common shares (per share — \$1.04 in 1973 and \$0.95 in 1972) .....	6,040,000	5,518,000
	<u>6,350,000</u>	<u>5,840,000</u>
Balance at end of year (notes 9 and 13) .....	<u><u>\$148,960,000</u></u>	<u><u>\$139,734,000</u></u>

See accompanying notes



# CONSOLIDATED STATEMENT OF INCOME

year ended December 31, 1973  
(expressed in United States currency)

	<b>1973</b>	<b>1972</b>
Operating revenue .....	\$ 75,776,000	\$ 68,395,000
Operating revenue deductions:		
Operating and maintenance expenses .....	40,325,000	35,598,000
Taxes (notes 9 and 10)		
Income .....	7,628,000	7,257,000
Other .....	2,202,000	1,797,000
Provision for depreciation (note 4) .....	8,777,000	8,248,000
	<u>58,932,000</u>	<u>52,900,000</u>
Operating income .....	16,844,000	15,495,000
Investment income .....	2,758,000	2,909,000
Gross income .....	<u>19,602,000</u>	<u>18,404,000</u>
Income deductions:		
Interest expense – long-term debt .....	3,133,000	2,881,000
– other .....	914,000	689,000
Interest charged to construction – credit .....	(1,083,000)	(1,244,000)
Minority interest .....	1,104,000	991,000
	<u>4,068,000</u>	<u>3,317,000</u>
Net income .....	<u>\$ 15,534,000</u>	<u>\$ 15,087,000</u>
Earnings per common share (note 6) .....	\$2.62	\$2.54

See accompanying notes



# CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

year ended December 31, 1973  
(expressed in United States currency)

	1973	1972
<i>Source of funds:</i>		
Current operations		
Net income .....	\$ 15,534,000	\$ 15,087,000
Charges against income not involving the use of funds in the current period:		
Depreciation .....	8,777,000	8,248,000
Provision for losses on investments .....	108,000	—
Minority interest .....	1,104,000	991,000
Working capital provided from operations .....	25,523,000	24,326,000
Additional borrowings — long-term debt .....	11,446,000	6,435,000
Disposals of investments and other assets .....	2,673,000	5,110,000
Shares of subsidiaries sold to minority shareholders .....	470,000	—
Customers' contributions for line extensions .....	183,000	221,000
	<u>40,295,000</u>	<u>36,092,000</u>
<i>Application of funds:</i>		
Additions to property, plant and equipment .....	24,207,000	18,884,000
Less proceeds from disposals .....	868,000	95,000
	<u>23,339,000</u>	<u>18,789,000</u>
Dividends paid .....	6,350,000	5,840,000
Repayment of long-term debt .....	8,696,000	4,191,000
Decrease in provision for contingencies .....	—	1,626,000
Deferred charges and other-net .....	305,000	3,000
Additions to investments and other assets .....	4,539,000	1,834,000
Dividends paid by subsidiaries to minority shareholders .....	929,000	563,000
Purchase for cancellation of 5.2% preferred shares .....	100,000	69,000
Shares of subsidiary companies purchased from minority shareholders .....	395,000	108,000
	<u>44,653,000</u>	<u>33,023,000</u>
Increase (decrease) in working capital .....	(4,358,000)	3,069,000
Working capital, beginning of year .....	22,994,000	19,925,000
Working capital, end of year .....	<u>\$ 18,636,000</u>	<u>\$ 22,994,000</u>

See accompanying notes



	<b>1973</b>	<b>1972</b>
Changes in components of working capital:		
<i>Increase (decrease) in current assets</i>		
Cash .....	\$ 1,530,000	\$ 251,000
Bank term deposits payable in U.S. dollars .....	(53,000)	2,630,000
Other term deposits .....	217,000	(342,000)
Accounts receivable .....	(197,000)	1,659,000
Materials and supplies, at cost .....	744,000	(210,000)
Prepaid expenses .....	(27,000)	49,000
	<u>2,214,000</u>	<u>4,037,000</u>
<i>Increase (decrease) in current liabilities</i>		
Bank loans .....	(1,976,000)	(292,000)
Accounts payable .....	1,017,000	1,193,000
Customers' deposits, including interest thereon .....	174,000	44,000
Income taxes payable .....	(375,000)	574,000
Dividends payable .....	116,000	145,000
Long-term debt, due within one year .....	7,616,000	(696,000)
	<u>6,572,000</u>	<u>968,000</u>
Increase (decrease) in working capital .....	<u>\$ (4,358,000)</u>	<u>\$ 3,069,000</u>

See accompanying notes



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1973

### 1. Principles of consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

A summary of assets, liabilities, operating revenue and net income of the companies by location is as follows (in thousands of U.S. dollars):

	Venezuela	Bolivia	El Salvador	Barbados	Mexico	Bermuda	Canada	Total
Property, plant and equipment	\$202,102	\$59,051	\$24,285	\$28,552	\$ 75	\$ 2	\$ 200	\$314,267
Less accumulated depreciation	34,059	11,934	6,788	6,880	18	—	65	59,744
	168,043	47,117	17,497	21,672	57	2	135	254,523
Investments and other assets and deferred charges .....	3,206	49	132	(504)	6,948	61	3,736	13,628
Current assets .....	15,983	2,633	3,676	3,235	1,897	21,506	2,133	51,063
	187,232	49,799	21,305	24,403	8,902	21,569	6,004	319,214
Current liabilities .....	23,281	1,830	1,955	2,593	143	1	2,624	32,427
Long-term debt .....	22,509	6,666	—	6,862	—	—	—	36,037
Provision for contingencies and customers' contributions for line extensions .....	—	310	—	2,132	331	—	—	2,773
Minority interest .....	4,822	224	2,256	3,277	1,070	4	54	11,707
	50,612	9,030	4,211	14,864	1,544	5	2,678	82,944
NET ASSETS (note 4) .....	\$136,620	\$40,769	\$17,094	\$ 9,539	\$7,358	\$21,564	\$3,326	\$236,270
	*131,768	39,533	16,245	9,162	7,555	21,151	1,834	227,248
OPERATING REVENUE .....	\$ 47,730	\$ 4,970	\$15,556	\$ 7,471	\$—	\$ —	\$ 49	\$ 75,776
	*40,726	6,953	14,077	6,398	241	—	—	68,395
NET INCOME .....	\$ 10,416	\$ 1,432	\$ 1,644	\$ 868	\$ 329	\$ 1,585	\$ (740)	\$ 15,534
	*9,429	2,796	865	787	790	1,197	(777)	15,087
PERCENT OF NET INCOME ..	67%	9%	11%	6%	2%	10%	(5%)	100%
	*63%	18%	6%	5%	5%	8%	(5%)	100%

\*Comparative figures for 1972

### 2. Translation of foreign currencies

All amounts in currencies other than U.S. dollars have been translated as follows:

Assets and liabilities, except for property, plant and equipment — at the rates of exchange prevailing at the year-end.

Property, plant and equipment

Venezuela and Barbados — at the rates of exchange prevailing at the dates the appraisal increments were recorded. Subsequent additions have been translated at the rates prevailing at acquisition dates, and the second Venezuelan appraisal referred to in note 4, at the rate of exchange at January 1, 1972.

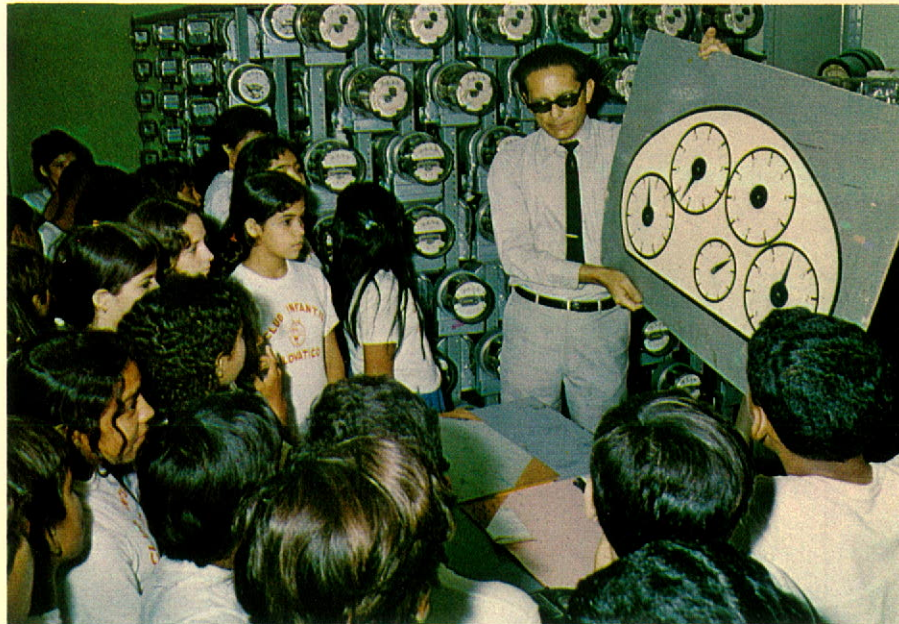
Bolivia, El Salvador and Mexico — at the rates of exchange prevailing at acquisition dates.

Provisions for depreciation — at the same rates as those used for the translation of the related assets.

Revenue and revenue deductions — at average rates of exchange during the year.

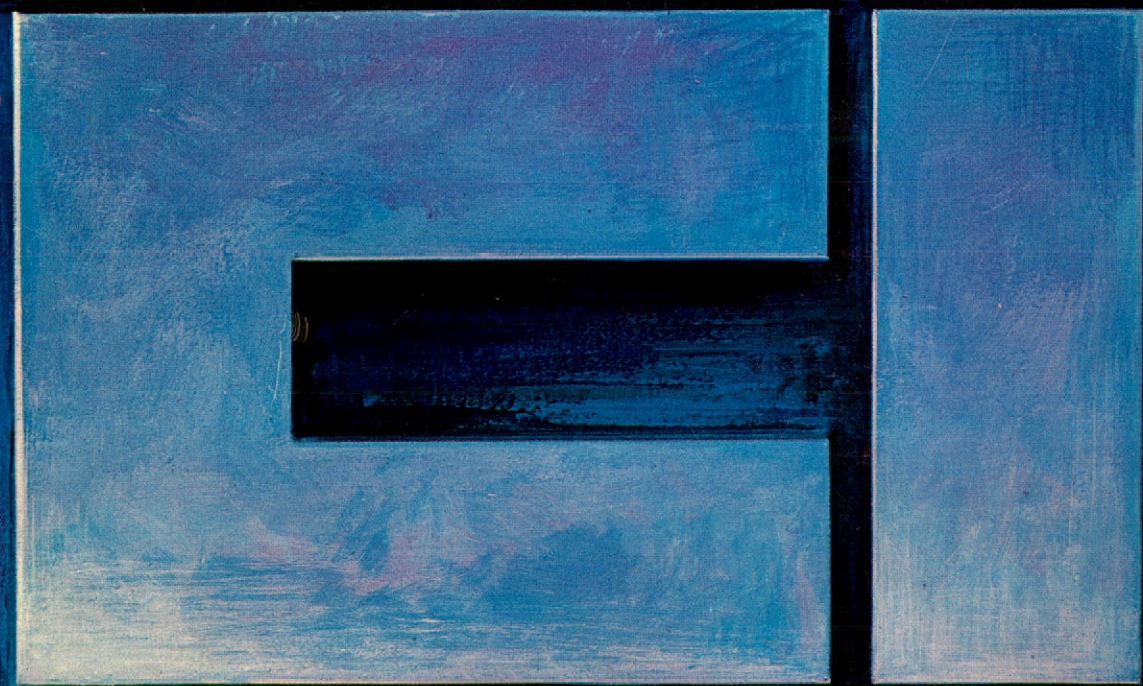
The unrealized loss on translation of foreign currencies has been included on the balance sheet in deferred charges.





From sports events to plant tours to employee-school student talks, C I POWER makes Reddy-Kilowatt an important symbol of the virtues of electric power to children of the countries its operating companies serve.





E

POWER

*R. Bolt*