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# ANNUAL REPORT

*The Shawinigan Water and Power Company*

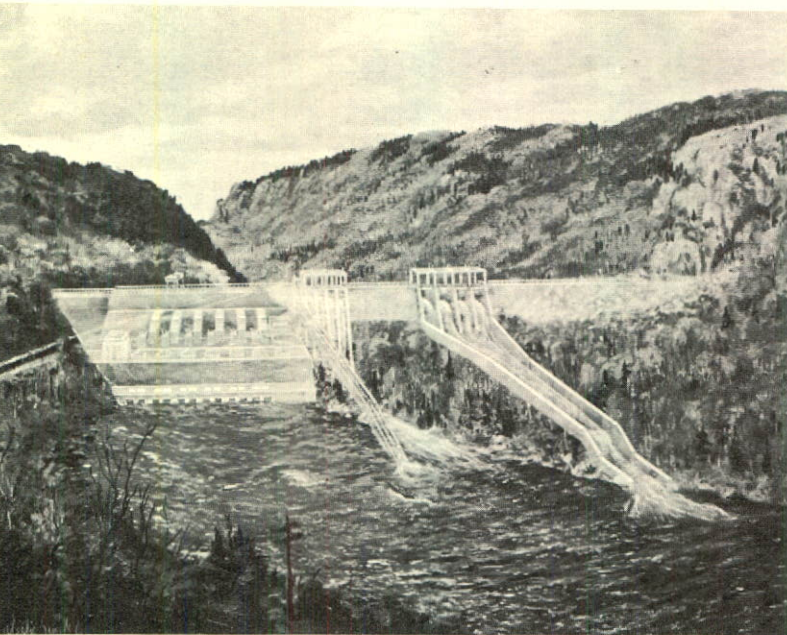
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**THE COVER PICTURE** is reproduced from H. Leslie Smith's painting of *Rapide Beaumont* on the Upper St. Maurice River. This is the site of the Company's 246,200 kilowatt Beaumont Development now under construction. The dam and powerhouse are shown in phantom form as they will appear when the project is completed.

The powerhouse is of the semi-outdoor type, with the roof-level just above the generators. Over each of the six generators, and over the repair bay, will be an opening in the roof covered by a sliding weatherproof cover. Installation of turbines, generators and transformers, and their dismantling for maintenance or repair, are carried out by means of a 250-ton travelling gantry crane. This design eliminates the high superstructure and housing required for the conventional overhead crane, thereby effecting a substantial saving in construction cost and time.

When completed, the dam will raise the water level 110 feet, necessitating the relocation of 9 miles of the Canadian National Railways' line on the opposite side of the river. By dredging the river-bed below the dam, a further 15 feet of operating head will be provided, bringing the total head at which the plant will operate to 125 ft.

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■ Si vous le préférez, nous nous ferons un plaisir de vous envoyer la version française de ce rapport sur demande:-

*Service des Relations extérieures et de la Publicité  
The Shawinigan Water and Power Company  
600 ouest, rue Dorchester, Montréal, P.Q.*

# THE PRESIDENT'S LETTER

Throughout the year there was a high degree of business activity in most parts of Canada. The Province of Quebec, including the large part of it which our Company serves, shared in the general prosperity.

The demand for electricity on our Company's system increased to an even greater extent than business in general. Contributing factors were the establishment of new industries, substantial expansion of existing industries, new housing developments, and the greater use of electricity by all categories of consumers.

Revenues and earnings increased markedly in relation to the investment in plant and equipment as a result of operating all generating facilities at their maximum capacity without the normal margin of reserve. Revised estimates of load growth made early in the year, based upon the rapidly accelerating rate of 1955 which continued unabated into 1956, emphasized that new sources of power must be sought without delay.

Accordingly, it was decided in March to start immediately upon the construction of a new 246,200-kilowatt power development which is scheduled to begin operation in the fall of 1958.

This development, the seventh on the St. Maurice River, is located 10 miles upstream from La Tuque, at a site formerly known as Rapide Sans Nom and renamed Rapide Beaumont in the summer of 1956 by the Provincial authorities in honour of Mr. R. J. Beaumont, Chairman of the Board of our Company.

To provide part of the funds needed for the construction of this development and other capital expenditures, we issued and sold in October \$15,000,000 twenty-year 4 $\frac{3}{4}$ % First Mortgage Bonds. This rate of interest is the highest that the Company has had to pay on its First Mortgage Bonds since 1930, and reflects the general condition of the money market.

Interest rates have again increased since this financing was carried out. The proceeds, together with funds on hand and which will become available from earnings, are estimated to be sufficient for our capital requirements until the latter part of 1957.

Earnings of our chemical subsidiary, Shawinigan Chemicals Limited, were about 30 per cent lower than in 1955. This was due to several factors, including higher wage levels, increased expenditures for research, generally higher prices for raw materials and supplies, and the omission of dividends by the associated company — Canadian Resins and Chemicals Limited.

Due to the reduced earnings of Shawinigan Chemicals Limited and in view of the extensive programme of capital expenditure in which it is engaged, dividends paid to our Company for the year totalled \$3.00 per share, or \$843,825, compared with \$4.00 per share, or \$1,125,100 in 1955. To provide funds for its capital expenditure programme, the Chemicals Company issued and sold \$5,000,000 4 $\frac{3}{4}$ % Sinking Fund Debentures of which \$4,000,000 were taken up late in 1956, the balance to be delivered and paid for in the spring of 1957.

Our wholly-owned engineering subsidiary, The Shawinigan Engineering Company, Limited, has been extremely busy throughout the year. It is currently engaged in the design and construction of the Beaumont Development for our Company, and on a number of other important projects for other organizations in Quebec, New Brunswick, Newfoundland, India and elsewhere. The Engineering Company paid a dividend of \$200,000 for the year, compared with \$100,000 in 1955.

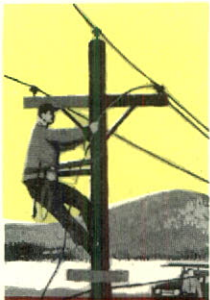
The year 1956 was a very satisfactory one for our Company and the outlook for 1957 is encouraging. While today's higher cost of money may have some retarding effect on the growth of the general economy, we expect further increase in the use of electricity by our customers, which include many large industries of a basic nature as well as a highly diversified group of smaller industries, and more than 228,000 residential, farm and commercial consumers.



*President.*



*Construction of the Chaudière terminal station, shown above, which was completed in 1956, is part of a long-term programme of strengthening the Company's transmission network serving areas south of the St. Lawrence River.*



# Highlights

## THE SHAWINIGAN WATER AND POWER COMPANY

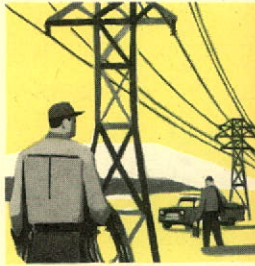
- Total kilowatthours sold, 9,898,421,250, up 7.2 per cent.
- Primary power peak load, 1,600,800 kilowatts vs. 1,500,000 kilowatts in 1955.
- Revenue from sales of electricity up 13.1 per cent.
- Earnings from power operations, \$3.53 per Common Share vs. \$2.71 in 1955.
- Total Net Earnings, \$4.25 per Common Share vs. \$3.48 in 1955.
- Dividends paid per Common Share, \$1.80 vs. \$1.60 in 1955.
- Capital expenditures for new construction, \$23,767,000.
- 8,942 new customers connected.
- Construction of the 246,200 kilowatt Beaumont Development started.

## SHAWINIGAN CHEMICALS LIMITED

- Total dollar sales, including wholly-owned subsidiaries, up 8.9 per cent.
- Net profit from manufacturing operations down 29.4 per cent.
- Total Net Earnings down 30.8 per cent.
- Dividends paid, \$3.00 per share vs. \$4.00 in 1955.
- Capital expenditures for the year, \$6,174,000 including net investments of \$1,440,450 in associated companies.
- New carbide furnace and sulphuric acid plant completed and in operation.
- B.A.-Shawinigan Limited increasing capacity by 50 per cent — completion scheduled for spring of 1957.
- Shawinigan Resins Corporation to start production of 'Gelvatol' in new plant at Springfield, Massachusetts in January 1957. New resin plant at Trenton, Michigan scheduled to begin operation in late spring of 1957.
- Hedon Chemicals Limited commenced production of vinyl acetate in new plant at Hull, England.



# *The Shawinigan Water and Power Company*



## 59<sup>th</sup> annual report

OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 1956

To the Shareholders:

In the following report the financial statements and the operating figures of The Shawinigan Water and Power Company and its wholly-owned subsidiary, St. Maurice Power Corporation, have been consolidated.

### **FINANCIAL RESULTS**

Total revenue was \$57,675,121 as against \$51,200,542 in 1955, an increase of 12.6 per cent. Revenue from sales of electricity totalled \$54,165,954, an increase of 13.1 per cent over 1955. From sales of primary power to industry the increase in revenue was 14 per cent; to other utilities 21.8 per cent, and to residential, farm, commercial, and municipal consumers 11.7 per cent. Other revenue attributable to power operations was up 22.9 per cent. Dividends

received from subsidiary and other companies were down 6.5 per cent, due in large part to the reduction in dividends received from Shawinigan Chemicals Limited, which was partly offset by increases in dividends received from other sources.

Operating expenses, excluding Depreciation, were 13.3 per cent higher. The amount paid for the greater quantity of power purchased totalled \$7,291,722, as compared with \$5,447,143 in 1955, an increase of 33.8 per cent. The amount paid to employees for their services, including benefits, was \$10,752,915, an increase of 7.5 per cent. The Provision for Depreciation of \$7,066,000 compares with \$6,765,000 in 1955.

No addition was made to the Water Storage Equalization Reserve during the year. Run-off on the St. Maurice River

watershed was somewhat better than average during the summer and fall, but it was considered advisable to conserve water to provide for future heavy firm power demands.

The provision for Income and Profits Taxes totalled \$7,730,000 as against \$6,443,000 in 1955, the increase resulting entirely from higher taxable income.

After providing for dividends on the Preferred Shares, net earnings for the year on the 2,428,797 Common Shares outstanding on December 31 totalled \$10,330,083 or \$4.25 per share. This compares with \$3.48 per share on the 2,422,164 shares outstanding at the end of 1955. Quarterly dividends totalling \$1.80 per share were paid during the year on the Common Shares.

### CAPITAL EXPENDITURES

Capital expenditures for new construction during the year totalled \$23,767,000 compared with \$14,994,000 in 1955. The largest item was \$9,680,000 for construction work at the Beaumont Development. Other

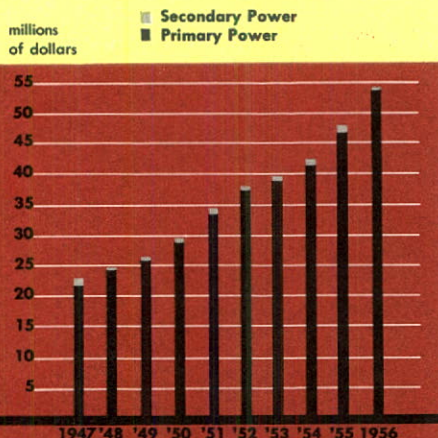
major items of expenditure were \$6,512,000 for new substations and improvements and additions to the distribution system; \$3,152,000 for the completion of the terminal stations at Chaudière and Kingsey Station and the 230,000 volt transmission line between them; \$1,026,000 for expansion of the Quebec Terminal Station to take delivery of power from Hydro-Quebec's Bersimis development. The remainder was spent for various additions and extensions to plant throughout the system.

### FINANCIAL POSITION

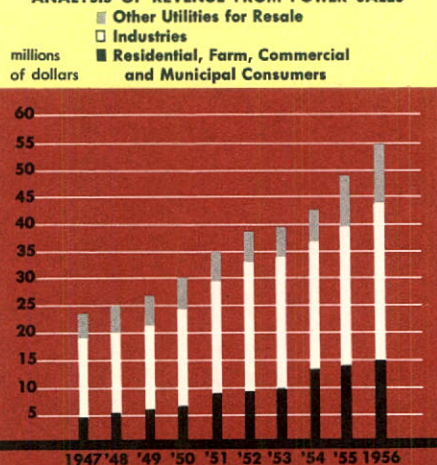
The Consolidated Balance Sheet, with comparative figures for 1955 appears on pages 22 and 23. Working capital at December 31, 1956 totalled \$20,477,109 compared with \$17,924,813 at the end of 1955. A statement of sources and allocation of funds appears on page 7.

In October we issued and sold \$15,000,000 Series "R" 4¾% First Mortgage and Collateral Trust Sinking Fund Bonds due October 1, 1976, the proceeds of which

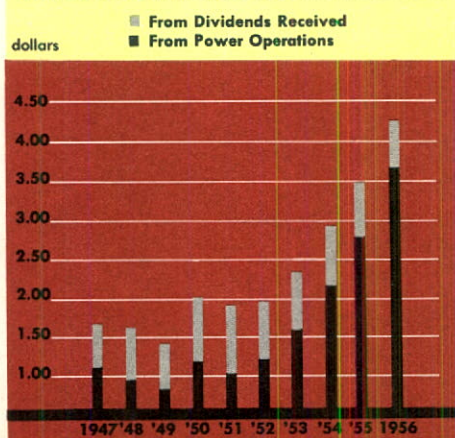
REVENUE FROM POWER SALES



ANALYSIS OF REVENUE FROM POWER SALES



NET EARNINGS PER COMMON SHARE FROM POWER OPERATIONS AND FROM DIVIDENDS





STATEMENT OF SOURCES AND ALLOCATION OF FUNDS, 1956 AND 1955

	1956	1955
WORKING CAPITAL, JANUARY 1 .....	\$17,924,813	<u>\$11,101,453</u>
 SOURCES OF FUNDS:		
Net Earnings for the year .....	11,355,083	9,451,984
Add — Charges to Earnings not requiring cash outlay:		
Depreciation (\$7,066,000) Amortization (\$84,092) .....	7,150,092	6,834,843
Provision for future Income Taxes .....	1,448,000	1,151,000
Water Storage Equalization Reserve .....	—	310,000
	<u>19,953,175</u>	<u>17,747,827</u>
Sale of Series "R" 4¾% Bonds .....	14,662,500	—
Sale of Common Shares .....	210,598	10,311,682
Disposal of Fixed Assets, and miscellaneous items .....	530,592	275,624
TOTAL FUNDS .....	<u>53,281,678</u>	<u>39,436,586</u>
 ALLOCATION OF FUNDS:		
Expenditures for new construction .....	23,767,000	14,994,000
Investments in and advances to subsidiary and other companies .....	1,873,114	109,151
Redemption of Funded Debt .....	1,770,500	1,514,000
Dividends to Shareholders .....	5,393,955	4,894,622
	<u>32,804,569</u>	<u>21,511,773</u>
WORKING CAPITAL, DECEMBER 31 .....	<u>\$20,477,109</u>	<u>\$17,924,813</u>

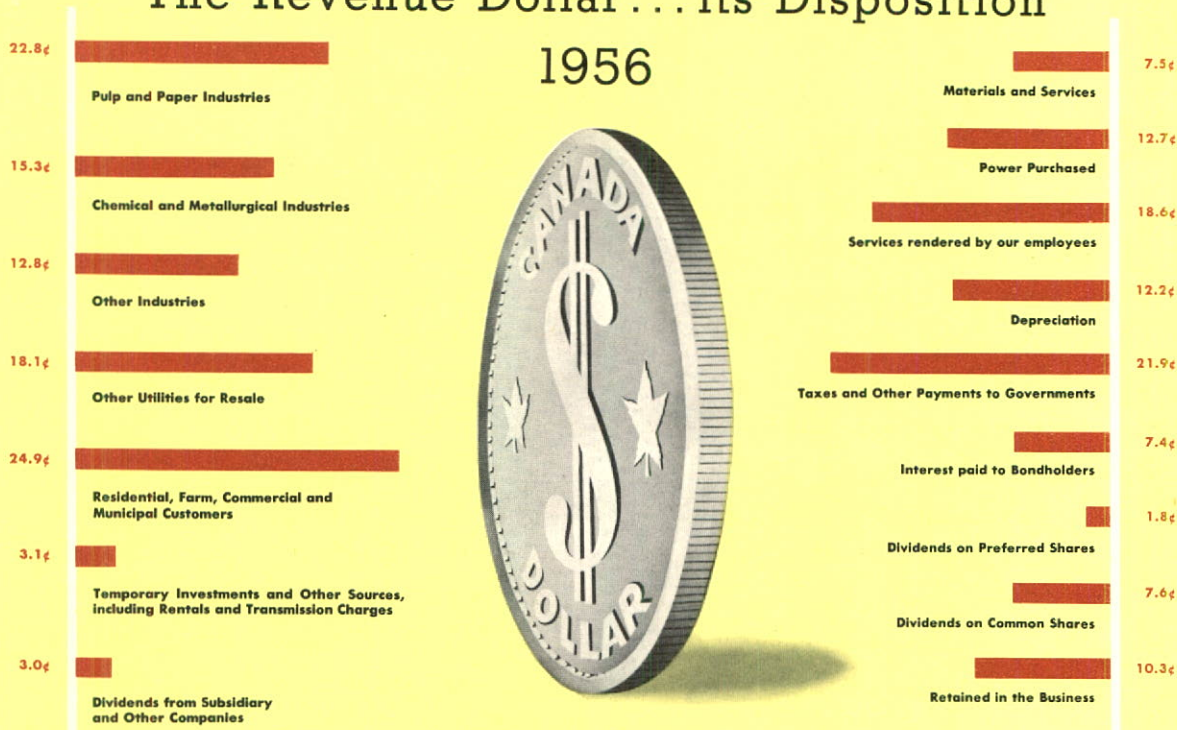
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17.9  
2.6

were added to our working capital. There was an increase of \$13,229,500 in the total outstanding Funded Debt, representing the new bonds issued less bonds redeemed

through Sinking Fund operations. During the year a total of 6,633 Common Shares were issued to employees under the 1953 Employee Stock Purchase Plan, final pay-

# The Revenue Dollar... its Disposition

## 1956



ments having been made in June. At the beginning of December, as mentioned elsewhere in this report, the offering of a new Employee Stock Purchase Plan resulted in subscriptions for a total of 34,942 Common Shares of the Company. These shares are being paid for by monthly instalments commencing in January 1957 and will be issued when fully paid for.

The accumulated total of Earnings Retained and Invested in the Business as at December 31, was \$27,446,365, compared with \$21,687,369 at the end of 1955.

### OPERATIONS

To meet our customers' requirements we have had to operate all our gener-

ating stations at maximum capacity, and have also had to purchase an increased amount of power from other sources.

A further step in our long-term planning of the high voltage transmission system was the completion of the new terminal stations at Chaudière and Kingsey Station, and the 230,000-volt transmission line between them, which has greatly strengthened our transmission system in the area south of the St. Lawrence River.

Although the run-off on the St. Maurice River during the spring break-up was below normal and the total water available in the St. Maurice storage reservoirs was less than the long-term average, water conditions improved greatly during the last half of the year. Above average rainfall during the

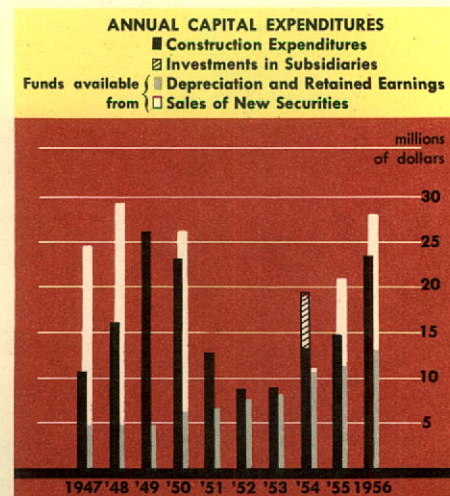
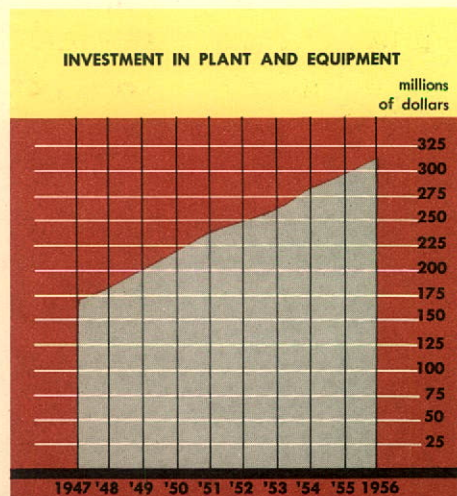
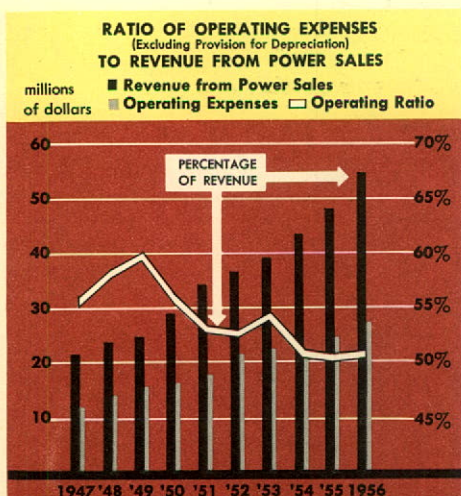
summer and fall resulted in a marked improvement in run-off and also made possible considerable replenishment of the reservoirs. At the end of the year total available water in storage was about 20 per cent above the long-term average.

Total kilowatthours sold in 1956 were 9,898,421,250, an increase of 7.2 per cent over the amount sold in 1955. Total sales to industries accounted for 65.2 per cent of all electricity sold. Sales of secondary energy were 62.2 per cent lower and totalled 281,611,000 kilowatthours. Sales to other distributing utilities, including municipally owned distribution systems, were 16.7 per cent higher.

Our distribution business has grown very rapidly over the past few years and is assuming an increasingly important role in the Company's business. In 1956, the amount of electricity sold to customers served by the distribution system was 11.5 per cent greater than in 1955. The rate of increase has been highest in areas adjacent to larger centres of population, for example in the Ste. Thérèse-Île Jésus

district, north of Montreal, where the load has doubled over a three-year period. This general growth has necessitated the raising of transmission and distribution voltages, increasing the capacities of existing installations throughout the whole territory served, and the construction of new transmission lines and substations. In the Beauharnois area the continuing growth of load and development of the St. Lawrence Seaway has made necessary the construction of a new 44,000-volt transmission system to supply the area south of the Beauharnois canal.

Throughout the system the use of electricity by residential and farm customers is increasing steadily, partly as the result of our sales promotion work carried out in co-operation with electrical appliance dealers, and through the efforts of our staff of Rural Advisors. The average annual consumption of electricity by residential customers in 1956 reached 2,685 kilowatt-hours, which compares with 2,380 kilowatt-hours in 1955, and 1,558 in 1951. This average is still comparatively low, but the



steadily increasing use of electrical service indicates that we can expect considerable further growth in the consumption of electricity by both residential and farm customers. In this regard the Company fully recognizes that adequate wiring in customers' premises is essential and we are making every effort to promote it both in

older houses and in new construction.

During 1956, 8,942 new customers were connected to our system bringing the total of customers served at the end of the year to 231,759 in 612 municipalities.

### MAINTENANCE

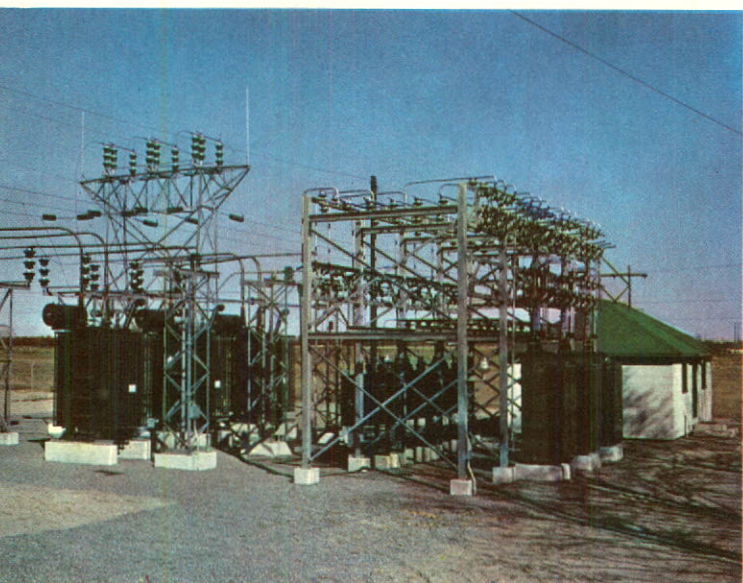
Expenditures for maintenance during the year totalled \$4,165,577 compared with \$4,025,185 in 1955.

*The Shawinigan booth at the Trois-Rivières Exhibition, one of the many annual fairs in which the Company participates.*

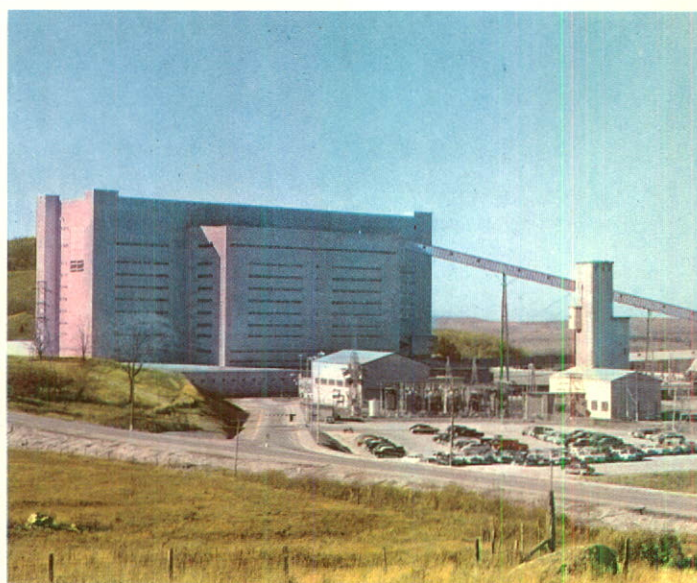


### ENGINEERING AND CONSTRUCTION

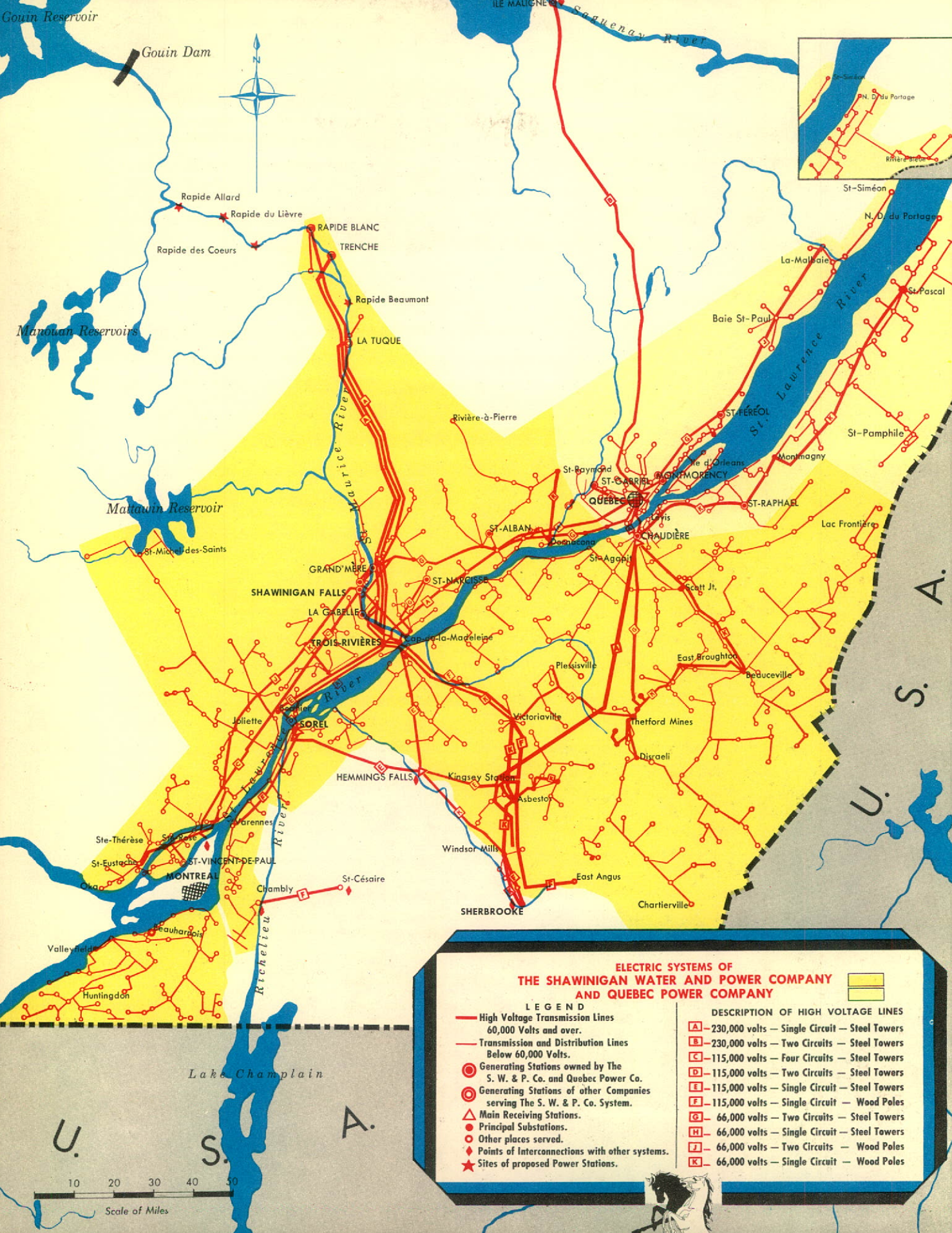
The most important construction project in which the Company is engaged at present is the new 246,200 kilowatt Beaumont power development on the St. Maurice River, near La Tuque. Work was started in March 1956 and at the end of the year 1,294 men were employed on this project. This development requires the relocation of 9 miles of the Canadian



*The new distribution substation at Arthabaska near Victoriaville.*



*The new mill and fibre processing plant of the Canadian Johns Manville Company Limited at its asbestos mine at Asbestos, P.Q.*



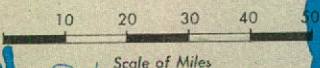
**ELECTRIC SYSTEMS OF THE SHAWINIGAN WATER AND POWER COMPANY AND QUEBEC POWER COMPANY**

**LEGEND**

- High Voltage Transmission Lines 60,000 Volts and over.
- Transmission and Distribution Lines Below 60,000 Volts.
- Generating Stations owned by The S. W. & P. Co. and Quebec Power Co.
- Generating Stations of other Companies serving The S. W. & P. Co. System.
- △ Main Receiving Stations.
- Principal Substations.
- ◇ Other places served.
- Points of Interconnections with other systems.
- ★ Sites of proposed Power Stations.

**DESCRIPTION OF HIGH VOLTAGE LINES**

- A — 230,000 volts — Single Circuit — Steel Towers
- B — 230,000 volts — Two Circuits — Steel Towers
- C — 115,000 volts — Four Circuits — Steel Towers
- D — 115,000 volts — Two Circuits — Steel Towers
- E — 115,000 volts — Single Circuit — Steel Towers
- F — 115,000 volts — Single Circuit — Wood Poles
- G — 66,000 volts — Two Circuits — Steel Towers
- H — 66,000 volts — Single Circuit — Steel Towers
- J — 66,000 volts — Two Circuits — Wood Poles
- K — 66,000 volts — Single Circuit — Wood Poles



National Railways' Transcontinental line, which at this point runs along the west bank of the St. Maurice River. Good progress has been made both with the power development and the re-location of the railway, including construction of a new railway bridge across the river. Other construction projects carried out during the year were the completion of the terminal stations at Chaudière and Kingsey Station and the 230,000-volt transmission line connecting them; additions to the Quebec terminal station; construction of a transmission line connecting that station to Hydro-Quebec's terminal at Charlesbourg; and various additions and extensions to the transmission and distribution systems.

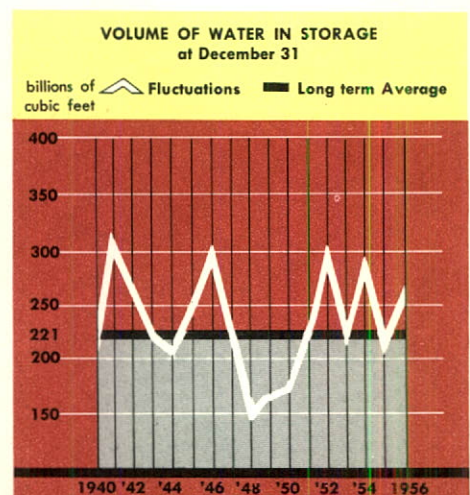
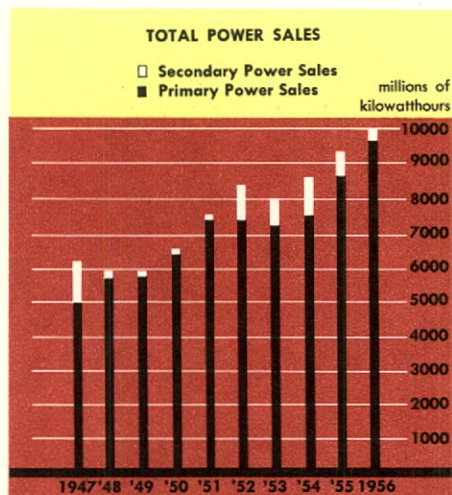
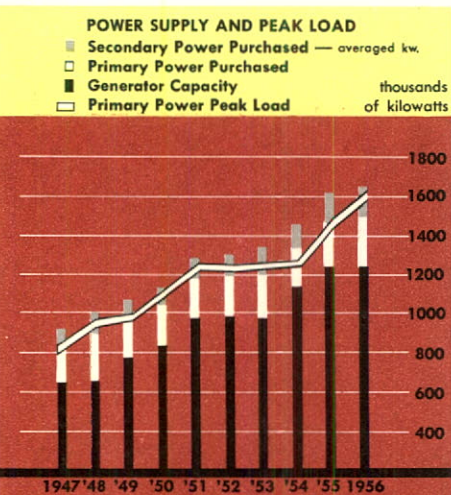
This work is being carried out by our wholly-owned subsidiary, The Shawinigan Engineering Company, Limited, which is also doing a large volume of business for other organizations. Amongst such outside projects are: the design of the Beechwood hydro-electric power development on the St. John River, and several high voltage

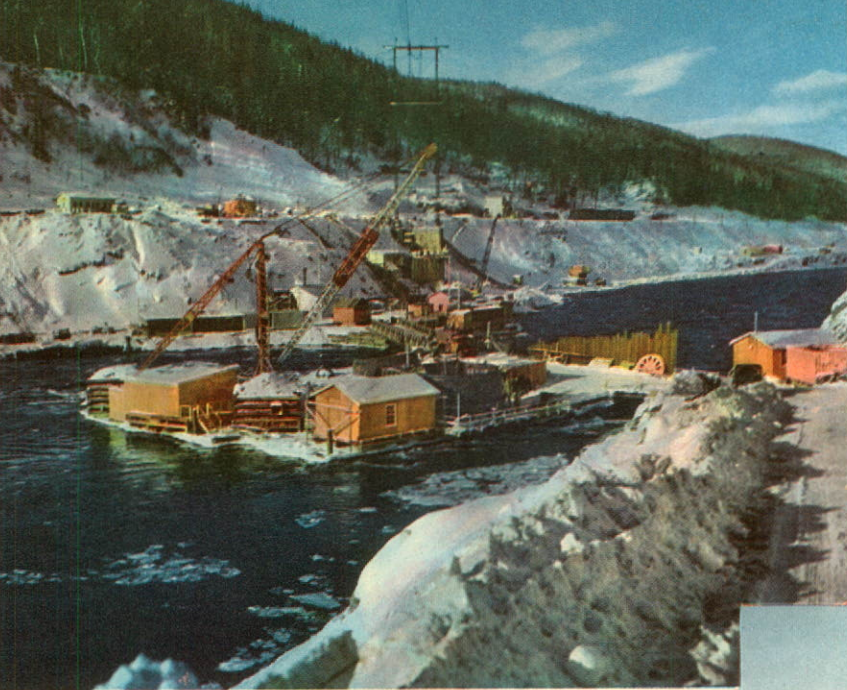
substations and the general planning of the high voltage transmission system, all for the New Brunswick Electric Power Commission; design and construction of a power plant at Corner Brook, Newfoundland, for the Bowater Power Company Limited; and the design and supervision of construction, in collaboration with Atomic Energy of Canada Limited, of an experimental reactor being supplied to the Government of India under the Colombo Plan. Design and consulting work has also been carried out for a number of other Canadian companies.

## EMPLOYEES

At the end of 1956, 2,419 regular employees were working with The Shawinigan Water and Power Company. Subsidiary and associated companies in the Shawinigan group employed a further 4,211, making a total of 6,630.

In December, a new Employee Stock Purchase Plan was put into effect whereby regular employees of the Company and its wholly-owned subsidiaries, with two years





*Excavation of the by-pass, a channel 1,500 feet long, 120 feet wide and 100 feet deep cut through bedrock, through which the river will be diverted during construction of the dam and powerhouse.*

*Work in progress on the foundations of the new railway bridge, upstream from the Beaumont Development.*

or more of continuous service were given the opportunity of purchasing a limited number of Common Shares of the Company by means of monthly instalments. The response was gratifying and subscriptions totalled 34,942 shares.

A change was made, effective January 1, 1957, in the contributory Group Life Insurance Plan, which has been in force for many years for all the Shawinigan companies. Under the amended plan, the insurance is provided as soon as an employee is engaged for regular work, instead of after three months' service, and the amount of insurance for every male employee has been established at twice the amount of his basic annual salary. In addition, premiums for the reduced amount of insurance carried by all pensioners, present and future, will be



paid entirely by the Company.

During the year long service awards were made to 215 employees of the Shawinigan companies. Of these, four had completed 45 years of service; twenty-four, 40 years; twenty-five, 35 years; one hundred and thirty-one, 30 years; and thirty, 25 years of service.



## Shawinigan Chemicals Limited

Business of our wholly-owned subsidiary, Shawinigan Chemicals Limited, followed the general pattern of the Canadian chemical manufacturing industry in 1956 with increased sales volume at a lower margin of profit. The Company manufactures calcium carbide, a wide range of organic chemicals derived from carbide, and high grade stainless steel castings. It has a number of subsidiary and associated companies in Canada, the United States and the United Kingdom, engaged in the manufacture and sale of chemical products.

The policy of expansion and diversification of manufacture which has been pursued for some years was continued in 1956. At Shawinigan Falls, a large modern carbide furnace, replacing a smaller and less efficient one, was placed in operation in September, increasing the overall production capacity of the plant by about 12 per cent. Additions to the vinyl acetate plant were completed in July.

Development of a new plant site of 55 acres in Shawinigan East was continued and a sulphuric acid plant, construction of which was begun in 1955, was placed in operation in October. A chlorine-caustic soda plant is now under construction at this site.

All Shawinigan Chemicals' plants were operated at a high level of capacity and total dollar sales reached an all-time record. Higher wage levels, however, coupled with increased prices for raw materials and higher appropriations for research adversely affected the earnings from manufacturing operations.

The results obtained by subsidiary and associated companies of Shawinigan Chemicals Limited are reported more fully later in this report.

### FINANCIAL RESULTS

The financial statements on pages 15 and 16 represent consolidated accounts of Shawinigan Chemicals Limited and its wholly-owned subsidiaries, Shawinigan Products Corporation, New York City, and Shawinigan Limited, London, England. Comparative figures for 1955 have been similarly consolidated.

Dividends paid for the year totalled \$3.00 per share and amounted to \$843,825. In view of the extensive current programme of capital expenditures of Shawinigan Chemicals Limited and the necessity of conserving cash resources, the extra dividend of \$1.00 per share, which had been paid for some years, was omitted.



# Shawinigan Chemicals Limited



Earnings of associated companies have been included only to the extent of dividends received from them during the year. The Chemicals company's share of the undistributed earnings for the year of these companies amounted to approximately \$875,000, compared with \$1,143,000 in 1955.

## CAPITAL EXPENDITURES

Expenditures for new construction totaled \$4,733,000, compared with \$1,098,000 in 1955. Included were the construction of the new carbide furnace at Shawinigan Falls; completion of additions to the vinyl acetate plant; construction of the sulphuric acid plant; initial construction work on the chlorine-caustic soda plant; development work on the new plant site, and other smaller projects. In addition, payments were made of \$140,000 due in respect of

the Company's 50 per cent share of the capital stock of Hedon Chemicals Limited, Hull, England, and \$1,500,450 for additional shares of Shawinigan Resins Corporation, Springfield, Massachusetts.

## FINANCIAL POSITION

A condensed consolidated Balance Sheet of Shawinigan Chemicals Limited and its wholly-owned subsidiaries, as at December 31, 1956 appears on page 16. Shawinigan Chemicals Limited's share of the Net Worth of its associated companies exceeded the book value of its investment in these companies by approximately \$3,755,000, compared with \$3,129,000 in 1955.

In order to provide funds needed for capital expenditures, the Chemicals Company issued and sold privately in October \$5,000,000 4 $\frac{3}{4}$ % Sinking Fund Debentures

## SHAWINIGAN CHEMICALS LIMITED AND WHOLLY-OWNED SUBSIDIARIES Consolidated Statement of Sales and Earnings

	1956	1955
INCOME FROM SALE OF PRODUCTS .....	\$31,757,320	\$29,148,448
Cost of making and selling these products .....	29,717,383	26,110,922
<i>NOTE: Included in this cost is an amount of \$1,411,900 (\$1,094,953 in 1955) to provide for replacement of plant and equipment (Depreciation).</i>		
Earnings from manufacturing operations before Income and Profits Taxes .....	2,039,937	3,037,526
Estimated proportion of such taxes payable on profits from manufacturing operations .....	906,056	1,432,168
NET PROFIT FROM MANUFACTURING OPERATIONS .....	<u>1,133,881</u>	<u>1,605,358</u>
Income from investments in associated companies .....	\$290,981	516,804
Income from royalties on patents and other sources .....	331,014	406,286
	<u>621,995</u>	<u>923,090</u>
Estimated proportion of Income and Profits Taxes payable on this income .....	197,302	275,715
NET INCOME FROM OTHER SOURCES .....	424,693	647,375
NET INCOME FROM ALL SOURCES .....	<u>1,558,574</u>	<u>2,252,733</u>
Dividends paid to the parent company for use of money invested in the business .....	843,825	1,125,100
BALANCE RETAINED IN THE BUSINESS .....	<u>\$ 714,749</u>	<u>\$1,127,633</u>



# Shawinigan Chemicals Limited

SHAWINIGAN CHEMICALS LIMITED AND WHOLLY-OWNED SUBSIDIARIES  
Consolidated Financial Position as at December 31, 1956 and 1955

OWNED		OWED	
	1956	1955	
Cash and marketable securities . . . . .	\$2,847,832	\$3,432,602	For materials, services and taxes . . . . .
Raw materials, supplies and finished goods . . . . .	4,916,614	4,084,082	Funded debt . . . . .
Due from customers . . . . .	3,825,256	4,121,302	4,000,000
Investments in associated companies . . . . .	11,557,256	10,116,619	6,508,169
Other Assets . . . . .	355,593	253,369	
Property, Plant and Equipment \$28,300,138		24,190,921	<b>NET WORTH</b>
Less-Provision for replacement of plant and equipment (Depreciation) 18,089,305		17,205,524	Total owned less total owed 27,205,215
	10,210,833	6,985,397	
	<u>\$33,713,384</u>	<u>\$28,993,371</u>	<u>\$33,713,384</u>
			<u>\$28,993,371</u>

due October 15, 1971. Of these, \$4,000,000 were taken up and paid for in 1956, and the remaining \$1,000,000 will be taken up and paid for in April 1957.

## WHOLLY-OWNED SUBSIDIARIES OF SHAWINIGAN CHEMICALS LIMITED

**Shawinigan Products Corporation**, New York City, acts as sales agent in the United States for products of Shawinigan Chemicals Limited and its own associated company, Midwest Carbide Corporation, which has plants at Keokuk, Iowa, and Pryor, Oklahoma. Shawinigan Products Corporation had a satisfactory year and paid dividends to Shawinigan Chemicals Limited totalling \$179,000 U.S. funds. This figure is not comparable with the dividend figure of \$344,000 paid in 1955, because Shawinigan Products Corporation's 50 per cent interest in Shawinigan Resins Corporation was transferred in December 1955 to Shawinigan Chemicals Limited, and dividends were paid by Shawinigan Resins Corporation to the latter company in 1956.

**Shawinigan Limited**, London, England, acts as sales agent for Shawinigan Chemicals Limited in the United Kingdom and European markets. Net profit for the year (subject to audit) totalled £26,361, as against £34,086 in 1955. Dividends received by Shawinigan Chemicals from this company during the year totalled \$67,347 when converted at prevailing rates of exchange, compared with \$69,330 in 1955.

## ASSOCIATED COMPANIES OF SHAWINIGAN CHEMICALS LIMITED

### IN CANADA

**Canadian Resins and Chemicals Limited**, which is jointly owned by Shawinigan Chemicals Limited and Union Carbide Canada Limited, operates plants at Shawinigan Falls, manufacturing polyvinyl chloride resins and 'Vinylite' plastics, and a converting plant at Ste. Thérèse, Quebec, where 'Vinylite' film is printed and embossed.

Although the volume of domestic sales continued to expand substantially during

1956, profit margins were reduced owing to substantial reductions in market prices of products of the vinyl industry throughout North America. The company's operations were also adversely affected by a strike of seven weeks' duration at the Shawinigan Falls plants which was settled in November.

Capital expenditures for the year totalled \$1,293,000, primarily for increased facilities for the production of basic chemicals and resins.

In view of the lower earnings for the year no dividends were paid for 1956.

**B.A.-Shawinigan Limited** is jointly owned by Shawinigan Chemicals Limited and The British American Oil Company Limited, and owns and operates a plant in Montreal East, manufacturing phenol, acetone and derivatives of acetone, the most important of which is isopropanol. Results achieved in 1956 were considerably better than in 1955 due to an improvement in the market for the company's products. The outlook for

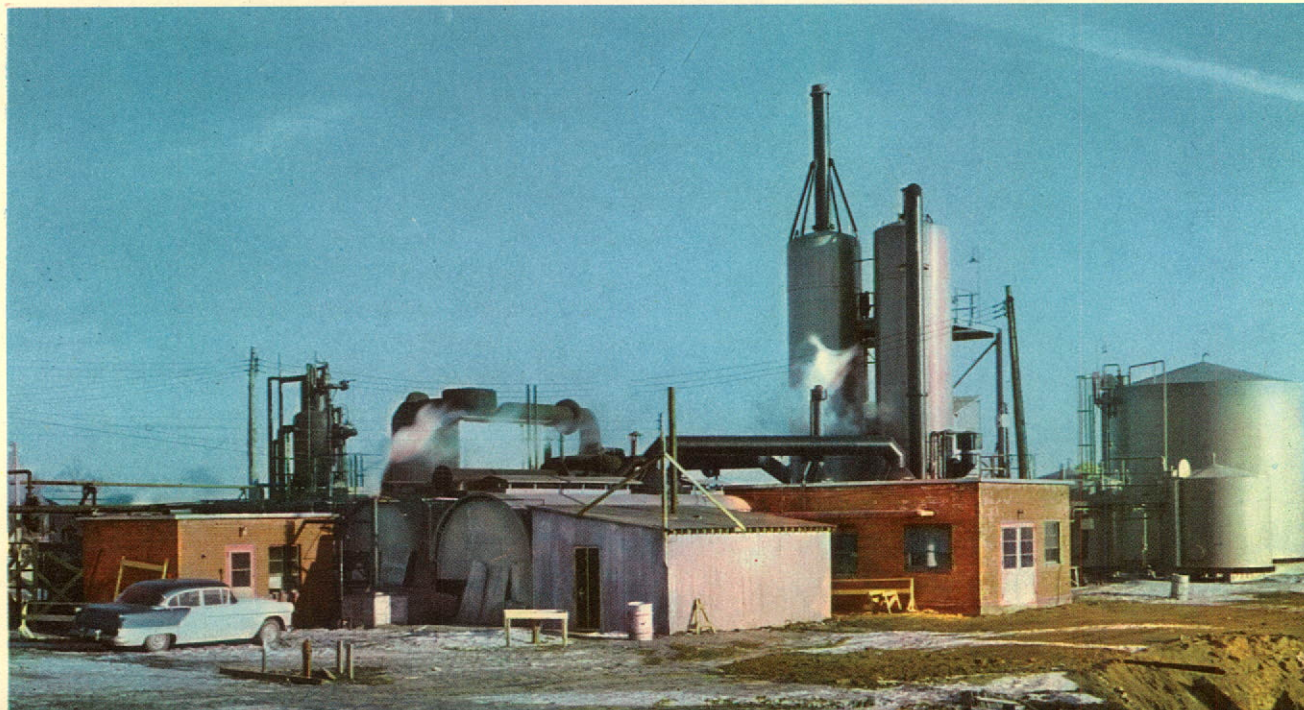
1957 is promising, and the plant is now being enlarged to increase its production capacity by 50 per cent. It is expected that the new facilities will be completed in the spring.

**St. Maurice Chemicals Limited**, which is jointly owned by Shawinigan Chemicals Limited and Heyden Newport Chemical Corporation, New York, owns and operates a plant at Varennes, Quebec, producing formaldehyde and pentaerythritol. The plant was operated at a higher level of capacity than in 1955 with increased output of both products. Intensive promotion work is being carried on and it is expected that sales in 1957 will show further expansion.

## IN THE UNITED STATES

**Shawinigan Resins Corporation** of Springfield, Massachusetts, jointly owned by Shawinigan Chemicals Limited and Monsanto Chemical Company, manufactures Shawinigan polyvinyl resins and other organic chemicals. One of its principal products is

*The new sulphuric acid plant of Shawinigan Chemicals Limited at Shawinigan Falls, which came into operation in the fall of 1956.*





the polyvinyl resin 'Butvar', which is used in the manufacture of safety glass. Sales of this product were well maintained except for a brief period during the automobile manufacturers' changeover to new models. Good progress was made during the year with construction of the new plant at Trenton, Michigan, for the production of this resin, and additional facilities at the Springfield plant for the manufacture of the polyvinyl alcohol 'Gelvatol' are scheduled to come into production early in 1957.

To provide funds for these and other capital expenditures, during the year the Company issued and sold privately \$5,000,000 4½% Debentures due November 1, 1976. In addition, the Company sold 8,574 new Common Shares to its two parent companies, the proceeds amounting to \$3,000,900.

Dividends paid by Shawinigan Resins Corporation to Shawinigan Chemicals Limited during the year totalled \$298,310 U.S. funds.

## IN THE UNITED KINGDOM

*Hedon Chemicals Limited*, formed in 1955 and owned jointly by Shawinigan Chemicals Limited and The Distillers Company Limited, Edinburgh, Scotland, completed construction of its plant near Hull, England, in the fall of 1956. The plant is now producing vinyl acetate which is being marketed in the United Kingdom.

## ROYALTIES ON PATENTS

Gross income from this source was slightly lower, amounting to \$207,003 compared with \$225,690 in 1955.

## RESEARCH

All the Company's research departments have been very active during the year and several applications for patents covering new products and processes have been made. It is expected that some of these will eventually produce royalty income. During the year the Company took over the Research Department of The Shawinigan Water and Power Company at Shawinigan Falls, and has continued work in the pilot plant on a process for producing metallic titanium. The present demand in Canada for this metal is not yet sufficient to justify the construction of a commercial plant, but the research work on the process is being continued.

## CHANGES OF DIRECTORS AND OFFICERS

In March 1956, Mr. V. G. Bartram, who had been President of Shawinigan Chemicals Limited since 1940, was elected Chairman of the Board. Dr. R. S. Jane, who had been Executive Vice-President since 1953, was elected President, and Dr. H. S. Sutherland, Vice-President, Sales, was appointed Executive Vice-President and General Manager. Mr. C. K. Lockwood, Vice-President, Stainless Steels and Alloys was appointed Vice-President, Sales, and Mr. H. D. Ross, Assistant Vice-President, was appointed Vice-President and Assistant General Manager. At the same time Mr. P. W. Wright, Secretary-Treasurer, and Mr. J. S. Whyte, Vice-President, Engineering, were elected Directors. In September, Mr. Wright relinquished the position of Treasurer and remains Secretary of the Company, and Mr. G. A. Donald was appointed Treasurer.



## CONCLUSION

Substantial progress was made during 1956 in the many fields of endeavour in which the Company and its subsidiary and associated companies are engaged.

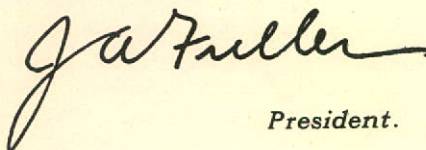
Prospects are encouraging both for our power operations and for the business of our chemical subsidiary and its associated companies. Despite reduced earnings from the chemical business in 1956, improved results are expected from our continuing policy of diversifying and enlarging of manufacturing operations.

Every utility company must plan, well in advance, the development of its system to

meet anticipated demands for service. Our long-range programme of system planning will require substantial capital expenditures, but we are confident that by adequately meeting the growing need for electricity in industry, commerce, agriculture and the home, we shall share in the prosperity which seems assured for the Province of Quebec.

Finally, I would like to express the sincere thanks of the Directors to all employees for their loyal and conscientious work, which contributed so greatly to our progress during 1956.

On behalf of the Board of Directors,



*President.*



# The Shawinigan Water and Power Company

## DIRECTORS

LT.-COL. L. J. A. AMYOT	*S. G. DOBSON	W. F. MAINGUY
V. G. BARTRAM	RAYMOND DUPUIS, Q.C.	*ARTHUR SURVEYER
*R. J. BEAUMONT	*J. A. ECCLES	H. G. WELSFORD
*N. J. DAWES	*J. A. FULLER	N. P. WOODS
AUGUSTE DESILETS, Q.C.	W. F. MACKLAIER, Q.C.	

\*Members of Executive Committee

## OFFICERS

R. J. BEAUMONT, *Chairman of the Board*  
 J. A. FULLER, *President and Chairman of the Executive Committee*  
 W. F. MAINGUY, *Executive Vice-President*

A. C. ABBOTT, <i>Vice-President, Distribution</i>	E. D. GRAY-DONALD, <i>Vice-President, Personnel and Public Relations</i>
H. B. ABBOTT-SMITH, <i>Vice-President, Power Sales</i>	W. R. WAY, <i>Vice-President, Generation and Transmission, and Chief Engineer</i>
N. P. WOODS, <i>Vice-President, Finance, and Treasurer</i>	
—	
R. R. MERIFIELD, <i>Secretary</i>	A. TIMON, <i>Comptroller</i>
—	
L. E. BOISSONNAULT, <i>Assistant Vice-President, Finance</i>	GORDON D. HULME, <i>Assistant Vice-President</i>
T. P. DALTON, <i>Assistant Vice-President</i>	L. MCGILLIS, <i>Assistant Vice-President</i>
FRANÇOIS ROY, <i>Assistant Vice-President</i>	

HEAD OFFICE: Montreal, Canada

**Registrars:—**

Preferred Shares  
 The Royal Trust Company  
 Montreal, Toronto, Halifax,  
 Winnipeg, Edmonton, Vancouver

Common Shares  
 National Trust Company Limited  
 Montreal Toronto  
 Bankers Trust Company  
 New York City

**Bankers:—** The Royal Bank of Canada  
Banque Canadienne Nationale

**Transfer Agents:—**

Preferred Shares  
 The Montreal Trust Company  
 Montreal, Toronto, Halifax,  
 Winnipeg, Edmonton, Vancouver

Common Shares  
 The Royal Trust Company  
 Montreal Toronto  
 Bank of Montreal Trust Company  
 New York City

**Auditors:—** Sharp, Milne & Co.,  
Chartered Accountants, Montreal

*The Company's Preferred and Common Shares are listed or traded on the Exchanges shown below:*

**Preferred Shares:—** Montreal Stock Exchange; Toronto Stock Exchange.

**Common Shares:—** Montreal Stock Exchange; Toronto Stock Exchange; American Stock Exchange, New York City; London Stock Exchange, London, England; Paris Bourse, Paris, France; Amsterdam Stock Exchange, Amsterdam, Holland; Brussels Bourse, Brussels, Belgium.

# Shawinigan Chemicals Limited



## DIRECTORS

V. G. BARTRAM	R. S. JANE	H. D. ROSS
P. W. BLAYLOCK	C. K. LOCKWOOD	H. S. SUTHERLAND
J. A. FULLER	L. F. LOUTREL	J. S. WHYTE
J. H. GIBBS	W. F. MAINGUY	P. W. WRIGHT

## OFFICERS

V. G. BARTRAM, *Chairman of the Board*

R. S. JANE, *President*

H. S. SUTHERLAND, *Executive Vice-President and General Manager*

P. W. BLAYLOCK, <i>Vice-President, Research and Development</i>	C. K. LOCKWOOD, <i>Vice-President, Sales</i>
J. A. FULLER, <i>Vice-President</i>	H. D. ROSS, <i>Vice-President and Assistant General Manager</i>
J. H. GIBBS, <i>Vice-President, Manufacture</i>	J. S. WHYTE, <i>Vice-President, Engineering</i>
A. H. ANDERSEN, <i>Assistant Vice-President</i>	G. BENSON, <i>Assistant Vice-President</i>
P. W. WRIGHT, <i>Secretary</i>	G. A. DONALD, <i>Treasurer</i>

HEAD OFFICE: Montreal, Canada

WORKS: Shawinigan Falls, Que.

## SHAWINIGAN, LIMITED, LONDON, ENGLAND

R. H. COLLIS, *Chairman of the Board*

F. G. PENTECOST, *Deputy Chairman*

A. W. SCOTT, *Managing Director*

## SHAWINIGAN PRODUCTS CORPORATION, NEW YORK CITY, N.Y.

C. M. SCHWAB, *President*

WALTER BENDER, *Vice-President*

F. X. LEE, *Secretary-Treasurer*

# The Shawinigan Engineering Company Limited



## OFFICERS

R. E. HEARTZ, *President*

E. V. LEIPOLDT, *Vice-President and Consulting Engineer*

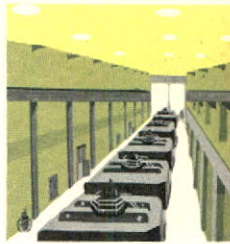
G. R. RINFRET, *Vice-President, Engineering*

J. A. BURKE, *Vice-President, Construction*

N. P. WOODS, *Treasurer*

R. R. MERIFIELD, *Secretary*

HEAD OFFICE: Montreal, Canada



# The Shawinigan Water

and ST. MAURICE

## CONSOLIDATED BALANCE SHEET With Corresponding Figures

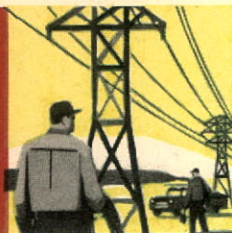
<b>ASSETS</b>		<b>1956</b>	<b>1955</b>
<b><u>Current Assets</u></b>			
Cash in Banks and on Hand . . . . .	\$ 1,908,409		\$ 3,317,230
Temporary Investments — at cost, less reserve . . . . . <small>(Market Value \$20,850,835)</small>	20,844,739		14,734,290
Accounts Receivable, less provision for doubtful accounts . . . . .	5,954,257		5,801,940
Materials and Supplies . . . . .	2,726,800		2,282,019
Prepaid Charges . . . . .	<u>1,240,205</u>		<u>1,331,889</u>
		\$32,674,410	27,467,368
<b><u>Investments in and Advances to Subsidiary and Other Companies</u></b>			
Investments in Subsidiary Companies at cost, less net adjustments . . . . .	14,829,787		14,829,787
Advances to Subsidiary Companies . . . . .	2,173,312		335,000
Investments in Other Companies at cost, less net adjustments . . . . .	<u>1,249,022</u>		<u>1,214,220</u>
		18,252,121	16,379,007
<b><u>Fixed Assets</u></b>			
Property, Plant and Equipment, at cost of construction or acquisition (including \$1,829,765 excess cost of net assets of subsidiary company consolidated) . . . . .		320,136,060	298,383,633
<b><u>Mattawin River and Other Storage Dams (at cost)</u></b> . . . . .	4,162,368		4,162,368
Less: Amortization to date . . . . .	<u>1,543,807</u>		<u>1,473,965</u>
		2,618,561	2,688,403
<b><u>Unamortized Bond Premium, Discount and Expense</u></b> . . . . .		3,263,534	3,186,882
		<u>\$376,944,686</u>	<u>\$348,105,293</u>

Approved on behalf of the Directors,

AUGUSTE DESILETS, *Director.*

H. G. WELSFORD, *Director.*





AS AT DECEMBER 31, 1956  
as at December 31, 1955

**LIABILITIES**

<u>Current Liabilities</u>	1956	1955
Accounts Payable (including Provision for Income and Profits Taxes).....	\$9,462,683	\$6,959,020
Accrued Interest on Funded Debt.....	1,385,409	1,237,311
Dividends Payable.....	<u>1,349,209</u>	<u>1,346,224</u>
	\$12,197,301	9,542,555
<u>Deferred Liabilities</u> .....	2,648,018	2,684,864
(Advances received on account of cost of transmission lines, less instalments repaid)		
<u>Funded Debt</u> (Note 1).....	142,390,500	129,161,000
<u>Deferred Credit</u> (Note 2).....	5,907,700	4,459,700
(Accumulated tax reductions applicable to future years)		
<u>Reserves and Provisions</u>		
Provision for Depreciation.....	80,702,438	75,128,039
Water Storage Equalization Reserve.....	1,492,000	1,492,000
Contingent Reserve.....	<u>500,000</u>	<u>500,000</u>
	82,694,438	77,120,039
	245,837,957	222,968,158

**CAPITAL AND RETAINED EARNINGS**

<u>Cumulative Redeemable Preferred Shares</u>		
Authorized - 600,000 Shares of \$50 par value	<u>\$30,000,000</u>	
Issued - Series "A" 4% 400,000 Shares.....	20,000,000	20,000,000
Series "B" 4½% 100,000 Shares.....	5,000,000	5,000,000
<u>Common Shares</u>		
Authorized - 2,600,000 Shares without nominal or par value (Note 3)		
Issued - 2,428,797 Shares (1955 - 2,422,164).....	78,660,364	78,449,766
<u>Earnings Retained and Invested in the Business</u> .....	27,446,365	21,687,369
	<u>131,106,729</u>	<u>125,137,135</u>
	<u>\$376,944,686</u>	<u>\$348,105,293</u>



# The Shawinigan Water

and ST. MAURICE

## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1956  
With Corresponding Figures for the year ended December 31, 1955

	1956	1955
Revenue from Power Sales.....	\$54,165,954	\$47,898,994
Revenue from Temporary Investments and from other sources, including Rentals and Transmission Charges.....	1,764,856	1,435,431
Dividends from Subsidiary and Other Companies.....	1,744,311	1,866,117
Total Revenue.....	<u>57,675,121</u>	<u>51,200,542</u>
<i>Deduct:</i>		
Operating, Maintenance and General Expenses.....	15,046,717	14,067,876
Power Purchased.....	7,291,722	5,447,143
Taxes, other than Income and Profits Taxes.....	3,458,762	3,166,650
Water Storage Rentals.....	1,426,977	1,342,717
Provision for Depreciation.....	7,066,000	6,765,000
Total Operating Expenses.....	<u>34,290,178</u>	<u>30,789,386</u>
	23,384,943	20,411,156
<i>Deduct:</i>		
Interest on Funded Debt.....	4,299,860	4,206,172
	19,085,083	16,204,984
<i>Deduct:</i>		
Provision for Water Storage Equalization Reserve, less Income and Profits Taxes applicable.....	—	310,000
	19,085,083	15,894,984
<i>Deduct:</i>		
Provision for Income and Profits Taxes (Note 4).....	7,730,000	6,443,000
Net Earnings for the year.....	<u>\$11,355,083</u>	<u>\$9,451,984</u>



CONSOLIDATED STATEMENT  
OF EARNINGS RETAINED AND  
INVESTED IN THE BUSINESS

FOR THE YEAR ENDED DECEMBER 31, 1956  
With Corresponding Figures for the year ended December 31, 1955

	1956	1955
Balance at beginning of year.....	\$21,687,369	\$17,725,037
<i>Add:</i>		
Profits arising from the sale of property and from other transactions	91,453	6,076
Net Earnings for the year.....	<u>11,355,083</u>	<u>9,451,984</u>
	<u>33,133,905</u>	<u>27,183,097</u>
<i>Deduct:</i>		
Amortization of Bond Premium, Discount and Expense.....	293,585	294,300
Common Stock Issue Expenses.....	—	251,319
Additional cost for past service, Employees' Retirement Income Plan (final payment).....	—	55,487
Dividends on Preferred Shares.....	1,025,000	1,025,000
Dividends on Common Shares.....	<u>4,368,955</u>	<u>3,869,622</u>
	<u>5,687,540</u>	<u>5,495,728</u>
Balance at end of year.....	<u><u>\$27,446,365</u></u>	<u><u>\$21,687,369</u></u>

# NOTES TO FINANCIAL STATEMENTS

## 1. Funded Debt

### The Shawinigan Water and Power Company

<u>First Mortgage and Collateral Trust Sinking Fund Bonds:</u>	1956	1955
Series "H" 3½% maturing January 1, 1970.....	\$15,371,000	\$15,668,000
Series "J" 3½% maturing February 1, 1970.....	8,329,000	8,440,500
Series "L" 3% maturing March 1, 1961.....	11,758,500	12,103,000
Series "M" 3% maturing April 15, 1971.....	25,000,000	25,000,000
Series "N" 3% maturing May 15, 1971.....	6,812,000	7,071,500
Series "O" 3¼% maturing April 1, 1972.....	12,449,500	12,530,000
Series "P" 3½% maturing October 1, 1973.....	21,783,000	22,018,000
Series "Q" 3% maturing March 1, 1975.....	15,000,000	15,000,000
Series "R" 4¾% maturing October 1, 1976.....	14,850,000	—
	131,353,000	117,831,000

### St. Maurice Power Corporation

<u>First Mortgage, Sinking Fund Bonds:</u>		
Series "A" 3¼% maturing April 1, 1970.....	11,037,500	11,330,000
(Principal and Interest payable in lawful money of Canada with the exception of Series "M" and "Q" payable in lawful money of the United States of America.)	\$142,390,500	\$129,161,000

## 2. Deferred Credit—Accumulated tax reductions applicable to future years

Capital cost allowances claimed for income tax purposes for the years 1952-1956 exceed by \$15,264,000 the depreciation recorded in the accounts, and tax reductions of \$5,907,700 have resulted. These accumulated tax reductions are being carried as a deferred credit to be used in future periods when capital cost allowances deductible for tax purposes are less than the depreciation recorded in the accounts. (See Note 4.)

## 3. Common Shares

Under the Employee Stock Purchase Plan - 1956, a total of 34,942 Common Shares are reserved for issue on completion of instalment payments.

## 4. Income and Profits Taxes

The Income and Profits Taxes payable in respect of the year amount to \$6,398,000. The difference of \$1,332,000 between this figure and the taxes charged against earnings results from claiming for tax purposes an amount greater by \$3,495,000 than the depreciation recorded in the accounts. (See Note 2.)

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Consolidated Balance Sheet of The Shawinigan Water and Power Company and St. Maurice Power Corporation as at December 31, 1956, and the Consolidated Statements of Earnings and Earnings Retained and Invested in the Business for the year ended that date and have obtained all the information and explanations we have required. Our examination 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.

In our opinion, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Earnings and Earnings Retained and Invested in the Business, supplemented by the notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Companies as at December 31, 1956, 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.

(Signed) SHARP, MILNE & CO.,  
Chartered Accountants.

Montreal, January 28, 1957.

# The Shawinigan Water and Power Company

and ST. MAURICE POWER CORPORATION

## CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1947-1956  
(In Thousands of Dollars)

	1956	1955	1954	1953*	1952*	1951*	1950*	1949*	1948*	1947*
Revenue from Power Sales.....	\$54,166	\$47,899	\$42,413	\$38,801	\$37,557	\$34,651	\$29,270	\$25,880	\$24,792	\$22,671
Revenue from Temporary Investments and from other sources, including Rentals and Transmission Charges.....	1,765	1,435	1,291	1,256	738	897	1,514	1,281	1,032	749
Dividends from Subsidiary and Other Companies.....	1,744	1,866	1,756	1,745	1,665	1,921	1,956	1,384	1,468	1,303
<b>Total Revenue.....</b>	<u>57,675</u>	<u>51,200</u>	<u>45,460</u>	<u>41,802</u>	<u>39,960</u>	<u>37,469</u>	<u>32,740</u>	<u>28,545</u>	<u>27,292</u>	<u>24,723</u>
<b>Deduct:</b>										
Operating, Maintenance and General Expenses.....	15,047	14,068	12,960	12,363	11,791	10,310	8,885	8,501	7,834	7,062
Power Purchased.....	7,291	5,447	4,256	5,088	4,653	5,173	5,015	4,512	4,446	3,557
Taxes, other than Income and Profits Taxes.....	3,459	3,166	3,030	2,679	2,580	2,204	1,876	1,811	1,612	1,353
Water Storage Rentals.....	1,427	1,343	1,234	1,053	1,012	978	672	655	628	668
Provision for Depreciation.....	7,066	6,765	7,096	6,590	6,142	5,600	4,300	3,600	3,500	3,250
<b>Total Operating Expenses.....</b>	<u>34,290</u>	<u>30,789</u>	<u>28,576</u>	<u>27,773</u>	<u>26,178</u>	<u>24,265</u>	<u>20,748</u>	<u>19,079</u>	<u>18,020</u>	<u>15,890</u>
<b>Deduct:</b>										
Interest on Funded Debt.....	23,385	20,411	16,884	14,029	13,782	13,204	11,992	9,466	9,272	8,833
	4,300	4,206	4,222	3,904	3,938	4,067	4,016	3,695	2,981	2,842
	19,085	16,205	12,662	10,125	9,844	9,137	7,976	5,771	6,291	5,991
	—	310	294	364	524	—	—	—	—	—
	19,085	15,895	12,368	9,761	9,320	9,137	7,976	5,771	6,291	5,991
<b>Deduct:</b>										
Provision for Water Storage Equalization Reserve, less Income and Profits Taxes applicable.....	7,730	6,443	4,954	3,808	4,126	4,091	2,668	1,848	2,040	2,043
	<u>\$11,355</u>	<u>\$9,452</u>	<u>\$7,414</u>	<u>\$5,953</u>	<u>\$5,194</u>	<u>\$5,046</u>	<u>\$5,308</u>	<u>\$3,923</u>	<u>\$4,251</u>	<u>\$3,948</u>
<b>Net Earnings for the year.....</b>										
	\$22.71	\$18.90	\$14.82	\$11.90	\$10.38	\$10.09	\$10.61	\$9.80	\$10.62	\$9.87
<b>Earnings and Dividends:</b>										
Preferred Shares, \$50 Par Value:										
Earned per Share.....	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00†
Dividends per Share:	2.25	2.25	2.25	2.25	2.25	2.25	1.87½†	—	—	—
Series "A" 4% (400,000 shares).....										
Series "B" 4½% (100,000 shares).....										
<b>Common Shares without nominal or par value:</b>										
Earned per Share.....	\$4.25	\$3.48	\$2.91	\$2.26	\$1.91	\$1.84	\$1.98	\$1.43	\$1.58	\$1.62
Dividends declared per Share.....	1.80	1.60	1.45	1.45	1.45	1.45	1.45	1.20	1.20	1.20

†For ten months only.  
‡For six months only.

\*Not consolidated.

# The Shawinigan Water and Power Company

## and ST. MAURICE POWER CORPORATION COMPARATIVE CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1947-1956  
(In Thousands of Dollars)

	1956	1955	1954	1953*	1952*	1951*	1950*	1949*	1948*	1947*
<b>ASSETS</b>										
Current Assets.....	\$32,674	\$27,467	\$18,852	\$24,241	\$23,609	\$24,281	\$29,517	\$22,535	\$34,866	\$29,268
Investments in and Advances to Subsidiary and Other Companies.....	18,252	16,379	16,270	14,844	14,899	14,944	15,150	15,078	14,791	16,825
Refundable Portion of Dominion of Canada Excess Profits Tax.....	—	—	—	—	—	—	294	421	1,091	1,533
Funds deposited with Trustee.....	—	—	—	—	—	—	—	—	8,500	—
Fixed Assets.....	320,136	298,384	284,960	260,697	253,249	245,493	233,388	213,307	188,626	171,977
Mattawin River and Other Storage Dams, less Amortization to date.....	2,619	2,688	2,758	2,790	2,848	2,917	2,986	3,056	3,129	3,194
Unamortized Bond Premium, Discount and Expense....	3,264	3,187	3,481	2,819	3,043	3,267	3,497	5,417	5,842	5,483
	<u>\$376,945</u>	<u>\$348,105</u>	<u>\$326,321</u>	<u>\$305,391</u>	<u>\$297,648</u>	<u>\$290,902</u>	<u>\$284,832</u>	<u>\$259,814</u>	<u>\$256,845</u>	<u>\$228,280</u>
<b>LIABILITIES</b>										
Current Liabilities.....	\$12,197	\$9,542	\$7,751	\$7,026	\$6,563	\$7,099	\$6,634	\$5,408	\$5,044	\$4,729
Deferred Liabilities.....	2,648	2,685	2,838	3,352	3,929	3,350	2,068	736	—	—
Funded Debt.....	142,391	129,161	130,675	120,297	121,640	122,987	124,291	110,543	111,673	87,802
Deferred Credit — Accumulated Tax Reductions.....	5,908	4,460	3,310	—	—	—	—	—	—	—
Provision for Depreciation.....	80,702	75,128	69,202	69,699	61,696	53,482	48,900	46,395	43,537	40,321
Water Storage Equalization Reserve.....	1,492	1,492	1,182	888	524	—	—	—	—	—
Contingent Reserve†.....	500	500	500	500	500	1,645	1,160	1,160	1,160	1,160
	<u>245,838</u>	<u>222,968</u>	<u>215,458</u>	<u>201,762</u>	<u>194,852</u>	<u>188,563</u>	<u>183,053</u>	<u>164,242</u>	<u>161,414</u>	<u>134,012</u>
<b>CAPITAL AND RETAINED EARNINGS</b>										
Cumulative Redeemable Preferred Shares.....	25,000	25,000	25,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000
Common Shares without nominal or par value.....	78,660	78,450	68,138	67,563	67,563	67,563	67,563	67,563	67,563	67,563
Earnings Retained and Invested in the Business.....	27,447	21,687	17,725	11,066	10,233	9,776	8,922	7,588	6,777	5,172
Deferred Surplus.....	—	—	—	—	—	—	294	421	1,091	1,533
	<u>\$376,945</u>	<u>\$348,105</u>	<u>\$326,321</u>	<u>\$305,391</u>	<u>\$297,648</u>	<u>\$290,902</u>	<u>\$284,832</u>	<u>\$259,814</u>	<u>\$256,845</u>	<u>\$228,280</u>
*Not Consolidated.										

†Figures for 1951 and prior years include Insurance Reserve of \$1,000,000 transferred to Earned Surplus Account (Retained Earnings) in 1952.

In 1955, the form of the Company's Balance Sheet was changed, and certain items were eliminated and included under other headings. Figures for previous years have been similarly restated. This, together with the consolidation of the accounts with those of St. Maurice Power Corporation in 1954, 1955 and 1956, accounts for the difference between the figures shown above and those published in previous Annual Reports.

# The Shawinigan Water and Power Company

and ST. MAURICE POWER CORPORATION

## OPERATING STATISTICS

FOR THE YEARS 1947 TO 1956 INCLUSIVE

	1956	1955	1954	1953*	1952*	1951*	1950*	1949*	1948*	1947*
Installed turbine capacity—horsepower.....	1,721,200	1,721,200	1,562,700	1,340,200	1,340,200	1,340,200	1,149,200	1,077,700	947,700	882,850
Installed generator capacity—kilowatts.....	1,289,300	1,289,300	1,175,000	995,000	995,000	995,000	854,400	798,450	698,450	648,530
Peak Load, firm power—kilowatts.....	1,600,800	1,500,000	1,319,100	1,249,700	1,249,000	1,253,700	1,147,300	1,011,500	969,610	859,290
Peak Load, total—kilowatts.....	1,610,700	1,507,700	1,491,600	1,403,400	1,349,100	1,316,800	1,152,800	1,027,152	1,001,280	1,024,640
Kilowatthours generated (thousands).....	7,966,932	7,929,428	7,425,949	6,161,834	6,662,338	5,730,077	4,686,167	4,314,443	4,140,680	4,654,506
Kilowatthours purchased (thousands).....	3,039,334	2,322,583	1,876,910	2,633,543	2,441,973	2,679,738	2,607,406	2,350,847	2,511,302	2,231,984
Total.....	11,006,266	10,252,011	9,302,859	8,795,377	9,104,311	8,409,815	7,293,573	6,665,290	6,651,982	6,886,490
<b>Kilowatthours sold:</b>										
Firm power (thousands).....	9,616,810	8,489,091	7,356,269	7,021,238	7,277,090	7,233,098	6,243,449	5,714,786	5,713,804	4,904,895
Secondary power (thousands).....	281,611	745,579	1,056,528	832,131	880,833	305,323	323,090	249,434	249,906	1,355,886
Total.....	9,898,421	9,234,670	8,412,797	7,853,369	8,157,923	7,538,421	6,566,539	5,964,220	5,963,710	6,260,781
Water in storage at year end—billions of cubic feet.....	263.7	207.6	291.9	210.9	309.9	229.2	172.0	165.6	132.9	233.8
<b>Number of customers served:</b>										
Residential.....	162,305	154,156	146,791	139,293	130,818	124,204	116,796	110,601	103,317	94,674
Farm.....	42,433	42,480	42,235	41,359	41,188	40,329	38,578	37,376	32,229	27,045
Commercial.....	23,386	22,635	22,121	20,840	19,621	18,427	17,479	16,465	14,820	13,516
Municipal services.....	81	73	67	65	57	57	49	48	41	37
Industrial.....	3,542	3,460	3,415	3,390	3,288	3,223	3,196	3,194	3,163	3,025
Other utilities for resale (including municipal systems).....	12	13	13	14	15	15	14	15	15	15
Total.....	231,759	222,817	214,642	204,961	194,987	186,255	176,112	167,699	153,585	138,312
Number of municipalities served.....	612	612	612	591	591	590	580	567	551	539
Average annual consumption per residential customer—kilowatthours.....	2,685	2,380	2,163	1,900	1,721	1,558	1,453	1,352	1,233	1,106
Average annual consumption per farm customer—kilowatthours.....	1,631	1,453	1,301	1,126	989	858	770	693	636	614
<b>Wages and salaries paid, including benefits:</b>										
Charged to operation.....	\$10,752,915	\$10,000,322	\$9,140,860	\$8,909,510	\$8,499,857	\$7,229,687	\$6,402,339	\$6,014,809	\$5,594,605	\$4,898,763
Charged to construction.....	899,641	740,531	797,047	634,835	597,402	592,532	592,691	908,745	1,017,918	974,950
Other.....	282,014	270,519	263,768	499,973	510,640	478,121	457,644	582,600	583,714	397,069
Total.....	\$11,934,570	\$11,011,372	\$10,201,675	\$10,044,318	\$9,607,899	\$8,300,340	\$7,452,674	\$7,506,154	\$7,196,237	\$6,270,782

\*Not consolidated

## Regular Employees of Shawinigan and its Subsidiary and Associated Companies

The Shawinigan Water and Power Company.....	2,419	2,337	2,284	2,297	2,260	2,260	2,190	2,314	2,360	2,223
Shawinigan Chemicals Limited.....	1,667	1,431	1,445	1,529	1,532	1,235	1,226	1,266	1,549	1,615
The Shawinigan Engineering Company, Limited.....	446	283	254	251	272	255	241	258	242	195
Canadian Resins and Chemicals Limited.....	571	547	470	446	397	387	334	305	296	258
Quebec Power Company.....	739	718	693	676	673	686	716	700	697	681
The Quebec Railway, Light & Power Company.....	495	512	510	508	492	508	740	763	722	716
Miscellaneous companies.....	293	297	233	194	135	110	102	199	209	186
Total.....	6,630	6,125	5,889	5,901	5,761	5,441	5,549	5,805	6,075	5,874

