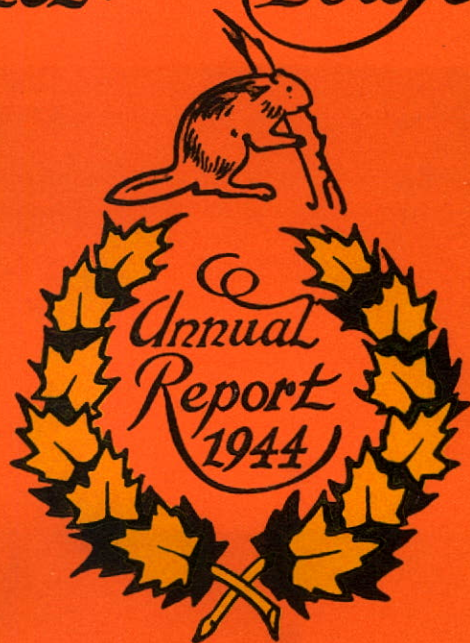


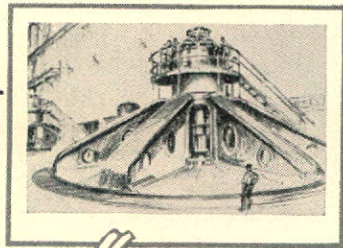
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The Shawinigan Water and Power Co.



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The
SHAWINIGAN 
WATER
AND
POWER
COMPANY



Incorporated by Act of the Legislature of the Province
of Quebec, 15th January, 1898, and Amendments



Annual Report
1944

Rec Mrs J. Simons FEB 23 '45

THE SHAWINIGAN WATER AND POWER COMPANY

DIRECTORS:

JAMES WILSON.....*President*
GORDON W. MACDOUGALL, K.C....*Vice-President and Chairman
of Executive Committee*
HOWARD MURRAY, O.B.E.....*Vice-President*
W. S. HART.....*Vice-President and Treasurer*
LIEUT. COL. L. J. ADJUTOR AMYOT
NORMAN J. DAWES
J. A. ECCLES
BEAUDRY LEMAN
PAUL F. SISE
ARTHUR SURVEYER
H. G. WELSFORD
MORRIS W. WILSON

H. G. BUDDEN.....*Secretary*

EXECUTIVE OFFICERS:

JAMES WILSON.....*President*
R. J. BEAUMONT.....*Vice-President in charge of Distribution*
J. B. CHALLIES.....*Vice-President and Executive Engineer*
P. S. GREGORY.....*Vice-President in charge of Power Sales*
JOHN MORSE.....*Vice-President in charge of Operation*

CONSTRUCTION ENGINEERS:

J. A. McCRORY
R. E. HEARTZ C. R. LINDSEY

Assistant Treasurer *Assistant Secretary*
N. P. WOODS C. W. HEMMING

Chief Accountant
W. BOOTH

OFFICE: Montreal, Canada

THE SHAWINIGAN WATER

Balance Sheet as at

ASSETS

Fixed Assets:

Power Development	\$ 54,840,495.26	
<small>(Cost of power houses, gatehouses, dams, tunnels, sluice and regulating gates, log chutes, pen-stocks, shop buildings, roads, tracks, bridges and riparian rights at Shawinigan Falls, La Gabelle, Grand'Mere, Rapide Blanc and other plants.)</small>		
Property	25,512,483.99	
<small>(Cost of land for power developments at Shawinigan Falls, La Gabelle, Grand'Mere, Rapide Blanc and other plants, including road and shore protection. It includes the cost of undeveloped water power sites, real estate and dwellings at Shawinigan Falls owned by the Company, dwellings and miscellaneous buildings at other power sites.)</small>		
Machinery	24,449,411.99	
<small>(Cost of water wheels, generators, transformers, switches, cables and other equipment used in the production of power at Shawinigan Falls, La Gabelle, Grand'Mere, Rapide Blanc and other plants.)</small>		
Distribution Systems	48,857,148.33	
<small>(The amount of the Company's investment in equipment required for the delivery of power to the Company's customers, inclusive of towers, transmission lines, distributing lines, right-of-way, terminal stations, sub-stations, transformers and installations of electric steam boilers.)</small>		
Total Fixed Assets		\$153,659,539.57
<u>Mattawin River and Other Storage Dams</u>	4,042,706.40	
Less: Amortization to Date	674,791.59	3,367,914.81
<u>Securities of Subsidiary and Other Companies (Book Value)</u>		17,067,609.35
<u>Deposit with Quebec Government</u>		250,000.00
<small>(\$250,000 Province of Quebec Bonds, deposited with the Quebec Government as provided in Water Power Leases).</small>		
<u>Refundable Portion of Dominion of Canada Excess Profits Tax</u>		1,240,859.75
<u>Stores and Moveable Plant</u>		1,132,006.04
<small>(Cost of spare equipment, also materials, supplies and miscellaneous items carried in stores.)</small>		
<u>Current Assets:</u>		
Cash in Banks and on Hand	1,931,913.39	
Call Loans, Government Bonds and Temporary Investments	5,984,605.00	
Accounts Receivable	2,476,214.84	
Total Current Assets		10,392,733.23
<u>Prepaid Charges</u>		390,001.22
<small>(Insurance, taxes, rentals, etc., paid in advance.)</small>		
Total Assets		\$187,500,663.97

Approved on behalf of the Directors.

ARTHUR SURVEYER }
P. F. SISE } *Directors.*

AND POWER COMPANY

December 31, 1944

LIABILITIES

Capital Stock.....		\$ 67,562,996.75
<small>(Represented by 2,178,250 shares of no par value.)</small>		
<u>Funded Debt:</u>		
First Mortgage and Collateral Trust Sinking Fund Gold Bonds:		
Series "A" 4½% Maturing Oct. 1, 1967.....	\$35,000,000.00	
Less: Redeemed under Sinking Fund provisions.....	836,000.00	
		\$ 34,164,000.00
Series "D" 4½% Maturing Oct. 1, 1970.....	21,000,000.00	
Less: Redeemed under Sinking Fund provisions.....	2,239,000.00	
		18,761,000.00
First Mortgage and Collateral Trust Sinking Fund Bonds:		
Series "F" 4% Maturing April 1, 1961.....	19,375,000.00	
Less: Bonds unsold.....	375,000.00	
	19,000,000.00	
Less: Redeemed under Sinking Fund provisions.....	6,172,000.00	
		12,828,000.00
Series "G" 4% Maturing June 1, 1969.....	26,367,500.00	
Less: Bonds unsold.....	10,621,500.00	
	15,746,000.00	
Less: Redeemed under Sinking Fund provisions.....	1,939,500.00	
		13,806,500.00
Total Funded Debt.....		79,559,500.00
<u>Current Liabilities:</u>		
Accounts Payable (including Provision for Income and Excess Profits Taxes).....	2,108,431.82	
Accrued Bond Interest, and Dividends Payable.....	1,270,705.41	
Total Current Liabilities.....		3,379,137.23
<u>Reserves:</u>		
Contingent and Insurance Reserves.....	1,164,451.38	
<small>(This amount is made up of sums transferred from surplus or earnings to provide for loss or damage to property by fire or other contingencies.)</small>		
Depreciation and Renewal Reserve.....	30,750,042.93	
<small>(Amounts representing provision for depreciation and renewals.)</small>		
Total Reserves.....		31,914,494.31
<u>Surplus:</u>		
Earned Surplus.....	3,843,675.93	
Deferred Surplus.....	1,240,859.75	
<small>(Refundable Portion of Dominion of Canada Excess Profits Tax)</small>		
		5,084,535.68
Total Liabilities.....		<u>\$187,500,663.97</u>

The Company jointly with Montreal Light, Heat & Power Consolidated has guaranteed, as to one-half each, the principal and interest of \$3,351,500 of the 3% Collateral Trust Ten-year Bonds of United Securities Limited maturing May 1, 1952.

Audited and Verified,
as per our Report attached.

SHARP, MILNE & CO.,

Chartered Accountants.

THE SHAWINIGAN WATER AND POWER COMPANY

COMPARATIVE STATEMENT OF PROFIT AND LOSS ACCOUNT

For the years ended December 31, 1944 and 1943

	1944	1943
Revenue from Power Sales	\$22,081,965.61	\$23,088,890.22
Other Revenue, including Income from Investments in Subsidiary and other Companies and Rentals	1,191,424.89	1,242,822.57
Gross Revenue	<u>23,273,390.50</u>	<u>24,331,712.79</u>
Deduct:		
Operating Expenses	1,872,595.40	1,703,597.70
Power Purchased	4,353,608.99	4,284,067.96
Maintenance and Repairs	2,794,114.69	1,425,055.56
Taxes, other than Income and Excess Profits Taxes	865,449.74	836,384.05
General Expenses	2,064,224.55	2,024,498.70
Water Storage Rentals	549,508.40	548,725.85
Total Operating Expenses	<u>12,499,501.77</u>	<u>10,822,329.82</u>
Operating Profit	10,773,888.73	13,509,382.97
Deduct:		
Interest paid and accrued on Bonds (including U.S. Exchange \$261,790.87)	3,723,805.58	3,789,896.74
Net Income before Depreciation and Income and Excess Profits Taxes	<u>7,050,083.15</u>	<u>9,719,486.23</u>
Deduct:		
Provision for—Depreciation	3,000,000.00	3,000,000.00
Income and Excess Profits Taxes	1,725,796.23	4,352,100.80
(Of which amount \$129,473.86 is refundable under Dominion of Canada Excess Profits Tax Act)		
Total Depreciation and Income and Excess Profits Taxes	<u>4,725,796.23</u>	<u>7,352,100.80</u>
Net Income transferred to Surplus Account	<u>\$ 2,324,286.92</u>	<u>\$ 2,367,385.43</u>

COMPARATIVE STATEMENT OF SURPLUS ACCOUNT

For the years ended December 31, 1944 and 1943

	1944	1943
Surplus carried forward from previous year, less adjustments	\$3,479,814.01	\$3,098,576.21
Net Income transferred from Profit and Loss Account	2,324,286.92	2,367,385.43
Dividends for the year	<u>5,804,100.93</u>	<u>5,465,961.64</u>
Earned Surplus as per Balance Sheet	<u>\$3,843,675.93</u>	<u>\$3,505,536.64</u>

Audited and Verified,
as per our Report attached.

SHARP, MILNE & CO.,
Chartered Accountants.

SHARP, MILNE & CO.,
CHARTERED ACCOUNTANTS

ALDRED BUILDING
507 Place d'Armes

Montreal, January 12th, 1945.

*The Shawinigan Water and Power Company,
Montreal, Que.*

We have audited the books and accounts of The Shawinigan Water and Power Company for the year ended December 31st, 1944. In connection therewith we examined or tested the accounting records and other supporting evidence and made a general review of the accounting methods of the Company.

Stores, Moveable Plant, Cash Funds and Customers' Accounts have been verified periodically by your Internal Audit Department which has furnished us with certificates to that effect.

We have received all the information and explanations we have required, and in our opinion, based on our examination, the attached Balance Sheet and related Statements of Profit and Loss and Surplus set forth correctly the financial position of The Shawinigan Water and Power Company as at December 31st, 1944, and the result of operations for the year ended on that date, according to the best of our information, the explanations given to us and as shown by the books and records of the Company.

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

FORTY-SEVENTH ANNUAL REPORT

of the

Board of Directors

of

The Shawinigan Water and Power Company

For the year ended December 31, 1944

Submitted to the Shareholders of the Company at the Annual
Meeting held on February 21, 1945

Your Directors submit the Annual Report of the Company for the year ended December 31, 1944, together with Balance Sheet, Profit and Loss Statement and Surplus Account.

Balance Sheet

The Balance Sheet discloses a strong financial position. Current Assets amount to \$10,392,733. Current Liabilities, including accrued bond interest and provision for exchange and dividends declared but

not paid, amount to \$3,379,137, a surplus of Current Assets over Current Liabilities of \$7,013,596.

The portion of Excess Profits Taxes refundable by the Dominion Government now amounts to \$1,240,860.

Profit and Loss Statement

Revenues from Power Sales stand at \$22,081,966; they are lower than those of the previous year on account of a lessened demand for power by various war industries, and because of rate reductions put into effect by the Public Service Board in November 1943 and July 1944. These reductions applied particularly to rates payable by domestic, commercial and other users of comparatively small amounts of power.

Other revenue of \$1,191,425 is derived in large part from the Company's holdings of shares or securities of wholly owned Subsidiaries and of other controlled or associated Companies.

The amount appropriated for Depreciation remains unchanged at \$3,000,000.

Provision has been made for Income and Excess Profits Taxes in an amount of \$1,725,796 (of which \$129,474 is refundable under the provisions of the Dominion of Canada Excess Profits Tax Act.)

Net Income transferred to Surplus Account is \$2,324,287.

Dividends were paid quarterly at the rate of 90 cents per share per annum.

Capital Expenditures

Capital expenditures aggregating \$1,432,000 have been made during the year, principally in connection with new equipment in stations and sub-stations, and for additions to transmission and distribution systems.

Operations

The generating plants have been operated at a high level. Water conditions have been satisfactory and, in the opinion of the Company's engineers, water now in storage should provide adequate reserves to meet anticipated requirements in 1945. Following a complete inspection by The Shawinigan Engineering Company Limited, important repairs have been made to various physical structures, including dams, power houses and other units. Some of these repairs had been postponed since the beginning of the war on account of shortages in labour and materials. The work is now well on the way to completion.

Power Produced and Purchased

Electric power produced and purchased during the year amounted to 6,910,209,000 kilowatt hours. The firm power peak load on the system was 1,373,378 horse-power.

Power Sales

Delivery of power to wartime industries has continued on a large scale, but a curtailment in the production of aluminum has brought about the cancellation of certain contracts. New contracts covering 16,000 horse-power were entered into with various long established

industries, and 33,300 horse-power were sold under short term contracts to industries engaged in the production of war materials. Contracts which expired during the year covering 49,325 horse-power were renewed.

Retail Distribution

There has been a general and normal expansion in the sale of power for use in houses, shops and small industrial plants as well as for street lighting and general service in rural areas.

As of December 31, 1944 the number of domestic, commercial and small power users was 105,000. The number of communities served was 490.

Rural Distribution

As Government restrictions on the purchase of essential materials are removed extensions to the Company's distribution system in rural areas will be resumed. The construction of over 300 miles of rural lines was undertaken during the year, a large part of which has already been completed.

New Industries

A number of small industries have been established in the territories served by your Company, and every effort is being made to promote and encourage further development along these lines.

Distribution of Shares

The 2,178,250 issued shares of the Company are now registered in the names of 17,124 shareholders of whom 10,347 are residents of

the Province of Quebec, holding 1,242,530 shares or 57.1% of the total. Shares held in all Provinces of Canada including Quebec amount to 1,564,276 or 71.9% of the total.

Arrangements have been completed for the opening of a Stock Transfer Agency in the City of New York. Shares of the Company can now be transferred in Montreal, Toronto and New York.

Shawinigan Chemicals Limited

There has been a decrease in the demand for certain chemical products used for war purposes. The Company's plants have however been operated at nearly full capacity and, in addition to meeting all war demands, important sales have been made for civilian consumption.

This Company's Research Department has been active throughout the year. Important improvements to plant have resulted, and new and valuable chemical processes have been developed and put to industrial use.

From its net earnings during the past year Shawinigan Chemicals Limited has paid a dividend of \$1.00 per share amounting to \$281,275. This amount has been included in your Company's Profit and Loss Statement under the heading of "Other Revenue." A dividend of a similar amount was paid in the year 1943.

Staff and Employees

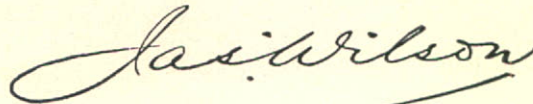
Your Directors desire to record their appreciation of the loyal and efficient service rendered by all employees of the Company during

the past year, including employees of Shawinigan Chemicals Limited and of other associated Companies.

Financial allowances are being continued to certain classifications of employees and members of the staff now serving in the Armed Forces and other War Services. Three hundred and forty-eight men and women have enlisted in all War services; twelve have given their lives; thirty-six have been invalided out of the Services and three have been reported missing.

We honour the memories of those who have made the supreme sacrifice in the service of their Country, and extend to their relatives this expression of our heartfelt sympathy.

Submitted on behalf of the Board of Directors.

A handwritten signature in cursive script, appearing to read "J. Wilson". The signature is written in dark ink and is positioned above a horizontal line.

President.

SHAWINIGAN CHEMICALS LIMITED

OFFICERS

JAMES WILSON
Chairman of the Board

V. G. BARTRAM
President

W. S. HART
First Vice-President

H. S. REID
Vice-President in charge of Manufacturing

H. W. MATHESON
Vice-President in charge of Research and Patents

J. A. FULLER
Secretary and Treasurer

SHAWINIGAN LIMITED, LONDON, ENGLAND

H. E. MUSSETT
Chairman and Managing Director

SHAWINIGAN PRODUCTS CORPORATION
NEW YORK, N.Y.

L. F. LOUTREL
President

SHAWINIGAN CHEMICALS LIMITED

The operations of Shawinigan Chemicals Limited have been considerably increased since the outbreak of war, both by extensions to previously existing plants and by construction of new plants to manufacture products required for war purposes.

Among the products manufactured by the Company are the following:

Calcium Carbide:	Used to produce acetylene gas for use in various chemical industries, oxy-acetylene welding and lighting.
Acetic Anhydride:	Employed in the manufacture of cellulose acetate for the production of artificial silk, plastics, synthetic chemicals, and explosives.
Acetone:	Used as a solvent in the manufacture of explosives, cellulose acetate and lacquers.
Acetylene Black:	Used as an electrolyte absorbent in dry-cell batteries and the manufacture of conductive rubber.
Dibutyl Phthalate:	Employed as a plasticizer for synthetic resins, lacquers and explosives.
Burnt Lime & Hydrated Lime:	Used as a causticizing agent.
Acetic Acid:	Used in the manufacture of cellulose acetate for the production of artificial silk, plastics, metal acetates, acetic esters, in the textile industry, in the coagulation of rubber latex and for use in the pickling industry.
Stainless Steels and Alloys:	Employed in various process industries, including paper and chemical industries, in all of which resistance to heat, corrosion and erosion is an important factor.
Various solvents and other products	Included among these products are ethyl acetate, butyl acetate, and amylacetate used as solvents for lacquers, and vinyl acetate and vinyl acetate resins used in the manufacture of coatings, adhesives and plastic products.
Vinyl chloride resins:	The Company has an interest in Canadian Resins & Chemicals Limited, which has a plant at Shawinigan Falls for the manufacture of polyvinyl acetate-chloride copolymer resins.



As at December 31st, 1944
Three Hundred and forty-eight Employees of
The Shawinigan Water and Power Company
and Subsidiary Companies
of whom 16 were Women and 332 Men
had enlisted in
His Majesty's Armed Forces



— Killed on Active Service —

1/2dr. Gordon S. Beall + Sgt. Gerald J. Butler + 1/0 Thomas W. Cooper
Sgt. J. W. M. Gilbert + Capt. William Roy Godwin + Sgt. Anthony J. Maher
2/lt. Alexander R. Millard + 1/sgt. Roy F. Moore + 1/sgt. Maurice Renault
1/sgt. Charles H. Tourville + Sgt. Fernand Dézina + 1/0 Colin H. Wheatley

— Missing —

Sgt. Gaston Dufour + 1/sgt. Raymond E. Fuller + 1/0 Patrick E. Kittle

— Prisoners of War —

1/0 R. C. C. Hodgson (Germany) + Cpl. Kenneth C. Addie (Japan)

— Decorated —

1/lt. Hector Boudreau, D. f. C. + 1/2dr. Alexander Stockdale, D. f. C.
1/lt. Gilbert R. Hiam, B. E. M. + Capt. Geoffrey K. Wright, M. C.

— Lost at Sea on Special War Work —

Lucien St. Hilaire + Armand Vallée

**THE SHAWINIGAN
WATER and POWER
COMPANY**

**Annual Report of Directors
and
General Statement**

December 31, 1944
