



Fifty-second Annual Report

The Shawinigan Water and Power Company

1949

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Annual Report

For the year ended December 31, 1949

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Highlights

- Firm power peak load 1,355,898 horsepower — 4.3% over 1948.
- Kilowatthours sold approximately the same as last year.
- Gross revenue from power sales increased 4.4%.
- Operating expenses increased 6.6%.
- Sales of electricity to residential, farm, commercial and municipal consumers, increased 15.9%.
- Water storage reserves improved over previous year.
- Earnings per share \$1.43 vs. \$1.58 in 1948.
- Contract entered into for purchase 50,000 hp. firm power from Hydro-Quebec.
- Contract entered into for ultimate sale 100,000 additional hp. to Southern Canada Power Company Limited.
- New transmission line built between Chambly and St. Cesaire.
- New high-voltage Trenché line completed and in service from Trois Rivières to La Tuque.
- Trenché Development construction ahead of original schedule.
- Commitments made for 30,300 additional hp. with new and existing industries.
- Capital expenditures for year \$25,795,000.
- Interim increase in certain rates approved by Provincial Electricity Board effective January 1, 1950.

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The President's Letter

The financial story of 1949 is very much the same as 1948 in that revenue from power sales again increased, but expenses increased in greater proportion. As income from other sources was about the same as in 1948, earnings on the common shares declined to \$1.43 per share, compared with \$1.58 in the previous year.

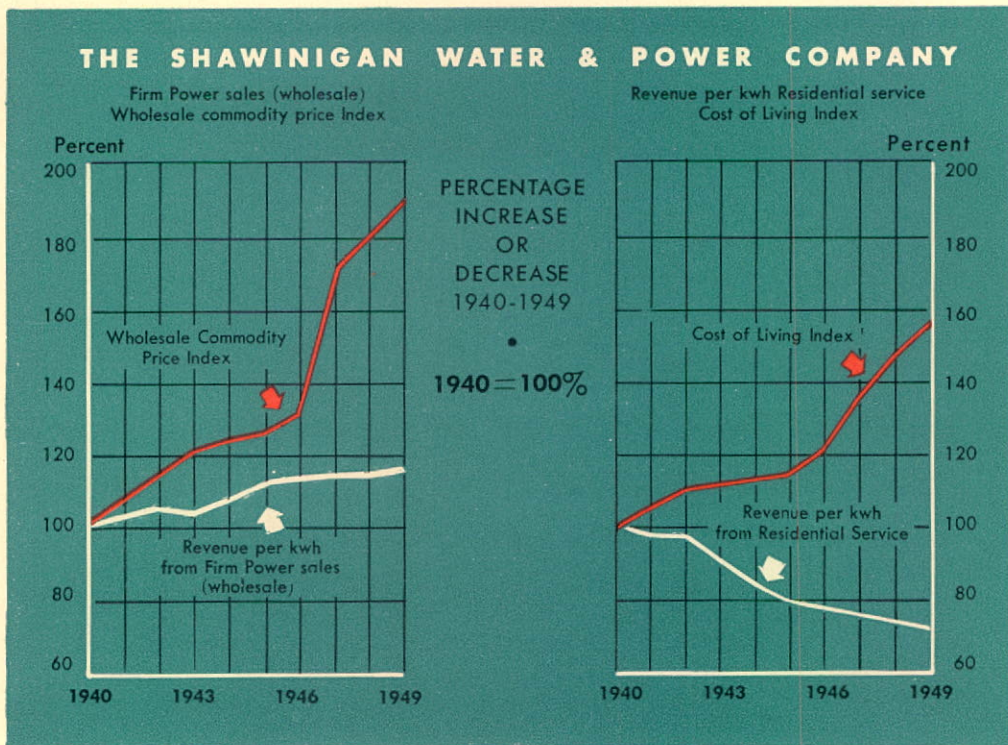
As a result of continuous increases in material prices and wage levels since the war, the margin between selling prices and costs had become inadequate to provide a proper return on the Company's investment in plant and equipment. We therefore made application during the year to the Provincial Electricity Board for an interim adjustment of our residential, farm, commercial and small power rates, and on December 21 the Board issued an interim order allowing part of the increases applied for. We estimate that the adjusted rates will bring us additional gross revenue of some \$500,000 per year. I might add that the adjusted rates still compare favourably with rates of other utilities in the Province for similar service under comparable conditions, and are much lower than those of practically all co-operatives. With respect to contracts for large amounts of power, we are, where practicable, increasing prices on the renewal of such contracts.

Further studies will be made of the Company's capital investment in

THE SHAWINIGAN WATER AND POWER COMPANY

facilities for the production and distribution of electricity, and permanent rates will eventually be established by the Provincial Electricity Board on the basis of a fair and reasonable return on such investment.

As reported last year, we are committed to a large-scale capital expenditure programme to provide power to the unprecedented number of new industries which have located and are proposing to locate in our territory, and to meet increased demands for power from existing customers. In 1949 our expenditure on capital account amounted to \$25,795,000, the greatest



in any single year in our history. Of this amount, \$15,532,000 was spent on the Trenché development, the high-voltage transmission line which will carry power from that development to the Trois Rivières Terminal Station,

THE SHAWINIGAN WATER AND POWER COMPANY

and for necessary additions at the Terminal Station itself. We are also building a new high-voltage line from this Station to Sorel for the purpose of transmitting power to Quebec Iron & Titanium Corporation. The necessary funds are being advanced by that company and will be repaid by us over the duration of the power contract.

There has been a very gratifying increase in the gross revenue from residential, farm, commercial and municipal consumers. The increase over 1948 was 15.9%, and as compared with 1939 it was 148.2%. Apart from this over-all increase, it is interesting to note that the average annual consumption of our residential customers is now 1,352 kwh., or nearly 70% greater than in 1939.

Our revenue from sales of power to large industrial consumers and wholesale customers decreased slightly, principally due to an estimated loss in revenue of \$345,000 caused by a prolonged strike in the asbestos industry and by the curtailment of 10% in deliveries of power to large industrial users which we had to put into effect from the middle of November 1948 to the end of January 1949 to conserve our water resources.

Two important contracts have been entered into during the year; one providing for the purchase of power from Hydro-Quebec and the other covering the sale of power to Southern Canada Power Company Limited. Under the first contract, commencing October 1949 we purchased up to 100,000 hp. of secondary power from Hydro-Quebec, if and when available and if required by us. Beginning in November 1951, we will also take firm power in amount of 10,000 hp., increasing to 50,000 hp. during the next two or three years as required by us. Both the secondary and firm power will be

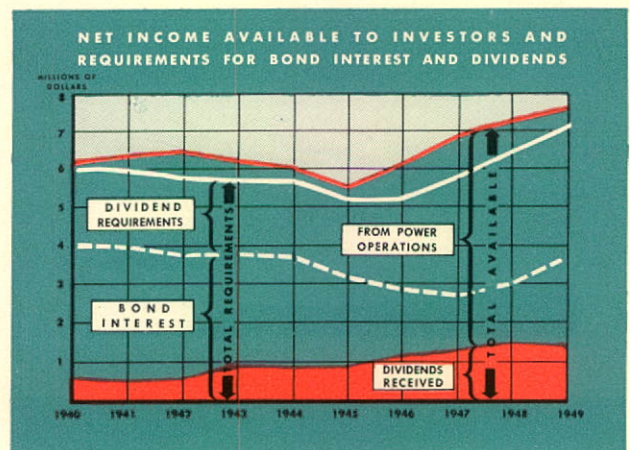
THE SHAWINIGAN WATER AND POWER COMPANY

delivered to us by Hydro-Quebec at Chambly, and will be transmitted to St. Cesaire over a new transmission line which we built and put into operation in October 1949 to connect with the Southern Canada Power Company's system.

Under the second contract we will sell to Southern Canada Power Company Limited, in addition to the 52,500 hp. being taken under previous contracts, such firm power as Southern Canada Power will require for the growth of its system, but not less than 2,700 additional hp. each year, up to a total under all contracts of 155,000 hp. of firm power, plus 27,000 hp. of interruptible or secondary power.

The new lines which have been built as a result of these two contracts will provide a new interconnection between the Beauharnois plant of Hydro-Quebec, the Southern Canada Power Company's and our Company's systems, and will make it possible for us to utilize additional off-peak power available at Beauharnois. This in turn will enable us to conserve our own storage reserves on the St. Maurice River. I am glad to report that at the end of the year these resources had improved considerably over the previous year, although still less than the long-time average.

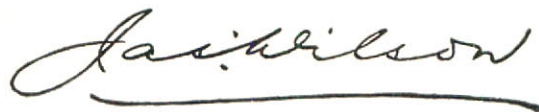
Construction work on the new Trenché development is proceeding well ahead of schedule, and the first unit will be ready to operate not later than July 1951, instead of in November as originally planned. The section



of the new Trenché-Trois Rivières transmission line between La Tuque and Trois Rivières was brought into operation in December 1949. The use of this line prior to the time when power will be available from the Trenché generating station is reducing line losses on existing lines between La Tuque and Trois Rivières, with the effect that some 10,000 hp. has been added to our over-all power capacity. The remaining section of the line from La Tuque to Trenché will be completed in 1950.

While we realize that capital expenditures must be held down to the lowest possible figure, we must also be mindful of the fact that the industrial growth of our Province, and in particular of the territory we serve, depends to a very considerable extent on the ready availability of power in the quantities and at the locations required. This consideration is paramount if our Company is to continue its progress and its very real contribution to the development of the Province of Quebec.

Since the war the rate of increase in our load has been greater than normal, averaging 78,500 hp. per year for 1946-1949 inclusive compared with 28,500 hp. for the last four years before the war. A period in which to consolidate this rapid growth would, I believe, be beneficial both to our Company and to the long-term industrial progress of the territories we serve.

A handwritten signature in cursive script, reading "J. A. Wilson", with a horizontal line underneath.

President

52nd annual report

of the Board of Directors, for the year ended December 31, 1949

The Year's Operations

Total kilowatthours sold amounted to 5,964,221,000 as compared with 5,963,711,000 in 1948. Of this amount, we produced in our plants 4,314,443,000 kwh. which compares with 4,140,680,000 kwh. produced in 1948. The remainder was purchased from other suppliers.

The primary peak load on the Company's system was 1,355,898 horsepower compared with 1,299,745 hp. in 1948. There was a general growth in the power requirements of our industrial customers, but owing to the prolonged strike in the asbestos industry and the curtailment of power deliveries to large industrial customers in January 1949, total sales of primary power to these customers and at wholesale were slightly less than in 1948.

Improved water conditions during the early part of the year permitted us to restore, on February 1, the reduction of 10% in power deliveries to large industrial customers, which had been in effect from November 15, 1948. However, with continued low rainfall during the year, the sale of

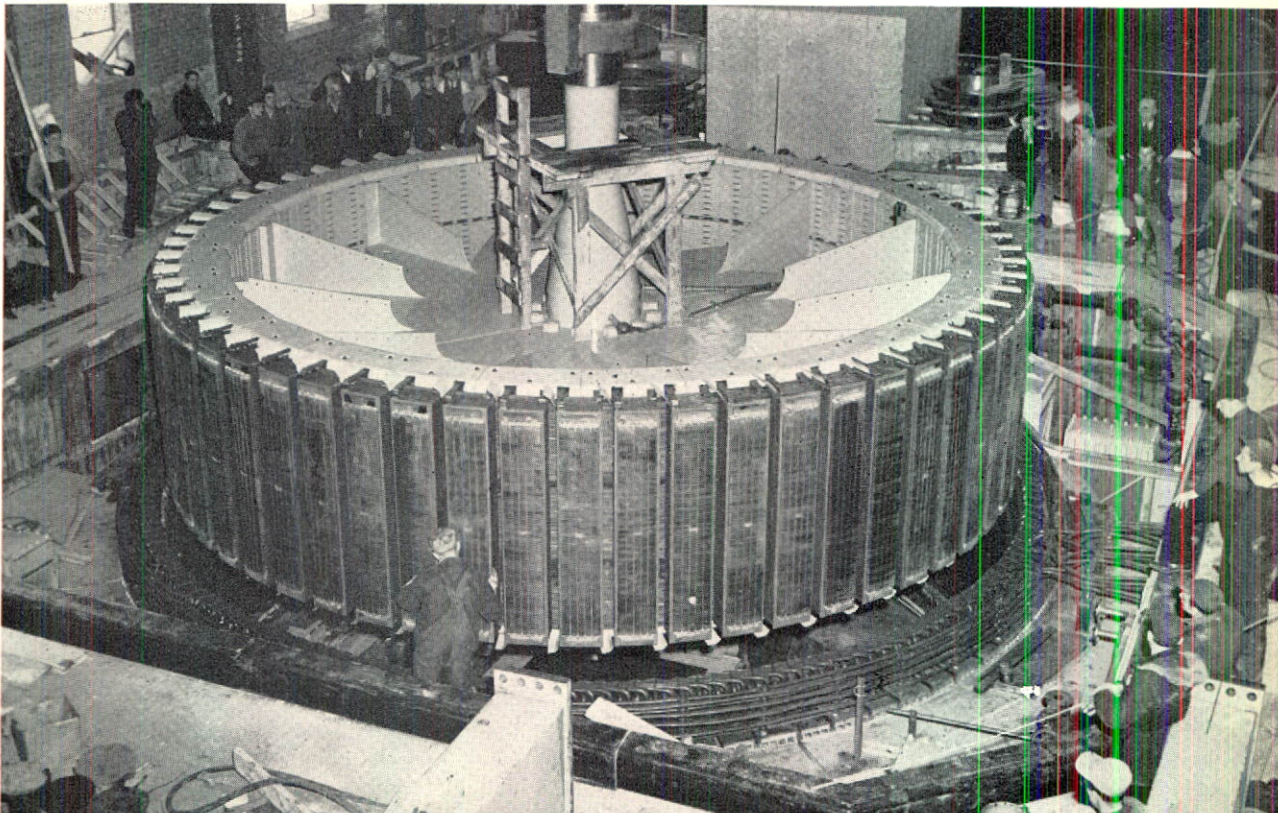
secondary power for the production of steam in electric boilers was restricted in order to conserve our water resources.

The completion of the No. 3 Generating Station at Shawinigan Falls, with three generating units having a total capacity of 195,000 hp., enabled us to handle peak loads with greater facility, and because of the higher efficiency of these new units, we were also able to produce more electrical energy from the available riverflow.

Reference was made, in last year's Report, to the contract entered into with Quebec Iron & Titanium Corporation for 160,000 hp. Construction of that company's plant is progressing favourably, and while commercial operations are not anticipated until the middle of 1951, deliveries of power will commence in the latter half of 1950 on a limited scale.

During 1949 several new power contracts were entered into, the largest

Lowering the 275-ton rotor into one of the 65,000 hp. generators in No. 3 powerhouse at Shawinigan Falls.



among them being for 13,000 hp. with The Norton Company which will commence the manufacture of abrasives and grinding wheels at Cap de la Madeleine in 1950. Altogether some 54 new industries located in our territory during the year, many of them resulting directly from the efforts of our Industrial Development Department.

The rapid growth in sales to residential, farm, commercial and municipal consumers which has taken place since the end of the war continued in 1949. At the end of 1939 we had 77,569 such customers; in 1945, 111,667; and by December 31, 1949 the number had reached 164,442. There has also been a marked increase in the average annual consumption of these customers; for instance, in the case of residential customers the average annual consumption in 1949 was 1,352 kwh., compared with 797 kwh. in 1939.

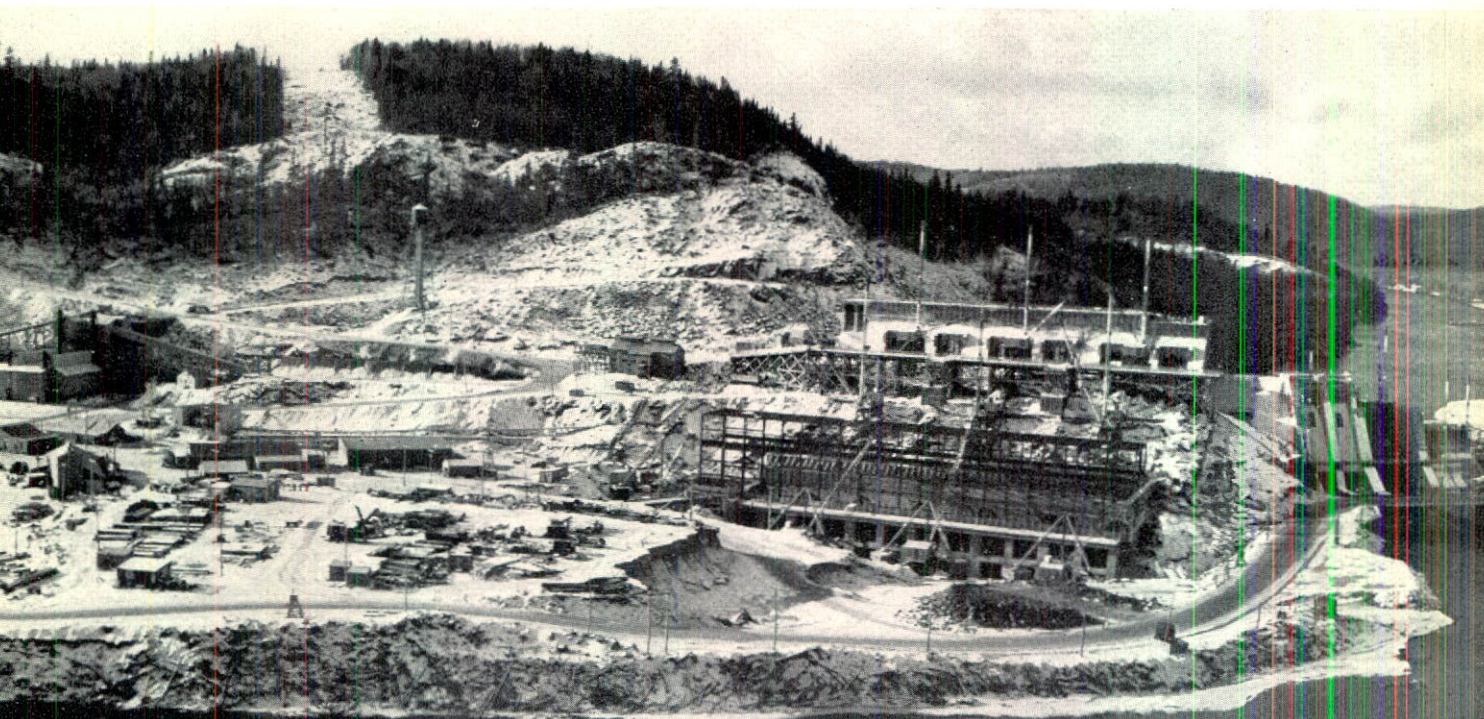
In 1949 we completed 1,210 miles of rural lines and poles were erected over an additional 118 miles, which will be completed early in 1950. During the years since the war we have carried out an extensive rural electrification programme, but as our territory approaches complete electrification it is natural to expect that there will be a gradual reduction in the additional new lines required. Beyond this factor, however, it is becoming increasingly difficult from an economic point of view to justify extensions to many areas because of the high cost of construction and the low number of prospective customers per mile of line.

Construction

Capital expenditures for the year amounted to \$25,795,000, the largest in our history. Of this amount we spent a total of \$15,532,000 on items related to the Trenché development — \$11,666,000 for construction of the generating station and \$3,866,000 for the 220,000-volt line to Trois Rivières Terminal Station and for equipment at the Terminal Station itself. The completion of the new generating station at Shawinigan Falls required \$2,606,000. Our expenditures for rural and urban distribution facilities amounted to \$5,282,000.

Our estimated construction expenditure in 1950 is approximately

The Trenché development in January, 1950.





*The massive structure of the by-pass
seen from the bridge over the channel.*

\$26,000,000, the major part of which will again be for the Trenché development and related transmission lines. In 1951 our capital expenditures will be considerably lower and our present construction programme will be largely completed in that year.

Our wholly-owned subsidiary — The Shawinigan Engineering Company Limited — is carrying out the construction of the Trenché generating station and the transmission line to Trois Rivières. The number of employees engaged in this work reached a maximum of over 2,300 during the year. It is expected that the first of the units at the Trenché development will go into operation well ahead of the original schedule. The new transmission line between Trois Rivières and Trenché has been completed as far as La Tuque, and the remaining section will be completed in 1950. Pending the time when power will be produced at the Trenché generating station, this line is being utilized to transmit power from other generating stations on the St. Maurice River. As a result, we estimate that line losses have been reduced by some 10,000 hp., and to this same extent our power capacity has been increased.



The Year's Financial Results

Following on this page is a simplified statement of what we received from our customers and from other sources during 1949, and what these receipts were spent for. The Statement of Profit and Loss for the year will be found on Page 46.

THE SHAWINIGAN WATER AND POWER COMPANY

	1949	1948
WE RECEIVED:		
From our customers for power and electricity	\$25,880,023	\$24,792,632
From temporary investments, rentals and other sources	1,281,158	1,031,709
Dividends from subsidiary and other companies	1,383,844	1,467,803
Total Receipts	<u>\$28,545,025</u>	<u>\$27,292,144</u>
THESE RECEIPTS WERE EXPENDED FOR:		
Materials and services bought from others	\$ 6,998,585	\$ 6,685,628
*Wages and salaries (<i>including employee benefits</i>)	6,014,809	5,594,605
Taxes and fees payable directly to Federal, Provincial and Municipal Governments	4,313,564	4,279,465
Cost of providing for replacement of plant and equipment (<i>Depreciation</i>)	3,600,000	3,500,000
Paid for use of money invested in plants and equipment:		
Interest to bondholders	\$ 3,694,938	2,981,256
Dividends: Preferred Shares	800,000	800,000
Common Shares	2,613,900	2,613,900
	<u>7,108,838</u>	<u>6,395,156</u>
	28,035,796	26,454,854
BALANCE RETAINED IN THE BUSINESS	509,229	837,290
	<u>\$28,545,025</u>	<u>\$27,292,144</u>

*Not including wages and salaries charged to Capital Account.

Receipts

A. Power and electricity customers

Sales of power and electricity accounted for about 90% of our total revenues, and of this, 59% was derived from power sold to industries, large and small.

Revenues from various industries were as follows:

Pulp and paper companies:

\$8,109,712, a decrease of 2.8%.

Electro-chemical and metallurgical companies:

\$3,915,176, an increase of 9.1%.

Other industries, including asbestos, textiles, wood and metal products and others:

\$3,352,744, an increase of 2.6%.

Another important source of revenue is the sale of power at wholesale to other utility companies and to municipalities for redistribution over their own systems, from which we received \$4,688,940, an increase of 2.5% over 1948. The principal purchasers were Hydro-Quebec, Southern Canada Power and Quebec Power Company.

From sales to residential, farm, and commercial customers and to municipalities for street lighting, pumping and other uses, we received \$5,813,451, an increase of 15.9% over the previous year. Revenue from these sources now amounts to 22.5% of the total we receive from sales of power and electricity as compared with 16.7% in 1939.

B. Temporary investments, rentals and other sources

Income of \$1,281,158 from these sources was \$249,449 higher than in 1948, the increase being largely due to the greater income from temporary investments as compared with the previous year.

C. Dividends from subsidiary and other companies

The total receipts from this source amounted to \$1,383,844—somewhat less than last year due to the sale of our interest in Saguenay Power Company, Limited in July 1948. Dividends received from Shawinigan Chemicals Limited amounted to \$843,825; from Quebec Power Company, \$322,974; and from St. Maurice Power Corporation, \$100,000.

As these dividends are free of Federal Income Tax and Province of Quebec Profits Tax, they constitute an important part of our net income available for shareholders.

TOTAL RECEIPTS
\$28,545,025



DETAILS AND PERCENTAGES
OF TOTAL RECEIPTS

A.

Pulp and paper companies
\$8,109,712—28.41%

A.

Electro-chemical and metallurgical companies
\$3,915,176—13.72%

A.

Other industries
\$3,352,744—11.74%

A.

Wholesale sales to other utilities and municipalities
\$4,688,940—16.43%

A.

Residential, farm, commercial and municipal consumers
\$5,813,451—20.36%

B.

Income from temporary investments, rentals, etc.
\$1,281,158—4.49%

C.

Dividends from subsidiary and other companies
\$1,383,844—4.85%

Expenses

Our total Operating Expenses, before providing for replacement of plant and equipment and for Income and Profits Taxes, increased 6.6% over 1948 because of further increases in wage rates and higher costs of materials and supplies. We are making every effort to keep our expenses as low as possible consistent with the maintenance of efficient service.

A. *Materials and services bought from others*

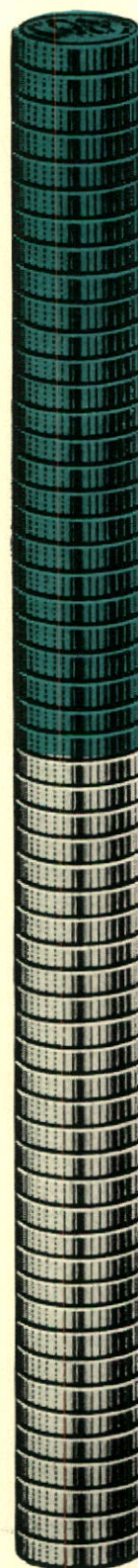
We spent \$6,998,585, or 4.7% more than last year, to buy the many kinds of materials we require to operate and maintain our power plants, substations, transmission and distribution lines and other facilities required to bring electrical service to the eventual user, and for power purchased from other suppliers.

These purchases of power totalled \$4,511,777, the major part of which was for firm power purchased under long-term contracts. We also buy surplus power from other systems, when available under advantageous conditions, and when desirable to conserve our water storage reserves.

B. *Wages and salaries including employee benefits*

We paid wages and salaries to our employees totalling \$6,014,809 including the cost of employee benefits, as compared with \$5,594,605 in 1948. Among these benefits are vacations with pay and the Company's contributions towards retirement annuities, group insurance, sickness and disability, and other benefits.

EXPENSES



DETAILS OF EXPENSES

A.
Materials
and services
\$6,998,585

B.
Wages and salaries
including
employee benefits
\$6,014,809

Expenses (Cont'd)

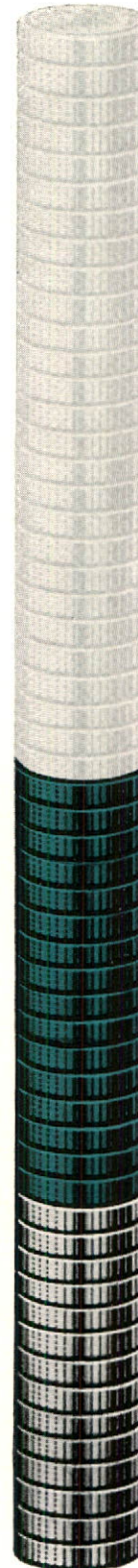
C. Taxes and fees

Provision for taxes and fees of various kinds payable to Federal, Provincial and Municipal Governments amounted to \$4,313,564, equivalent to \$1.98 per share of the Company's common stock. Of this amount, \$2,767,564 was payable to Provincial and Municipal Governments to cover Capital and Profits Taxes, Property Taxes and other taxes and fees, the remainder of \$1,546,000 being provided to pay Income Tax to the Federal Government.

Since 1917, we have paid a total amount of \$22,958,309 to the Provincial Government and to Municipal Governments within Quebec for various taxes and, in addition, an amount of \$11,261,507 for water rentals, a total of \$34,219,816. Since the same date, when Income Tax was first levied by the Federal Government, we have paid for this tax (excluding Excess Profits Tax levied during World War II) an amount of \$14,182,249.

D. Cost of providing for replacement of plant and equipment

Like every other industrial plant, although perhaps more slowly, our equipment wears out and must be replaced. Transformers, switch gear, meters, transmission lines, all types of miscellaneous electrical equipment, and even generators do not last forever. This year we put aside for this purpose an amount of \$3,600,000 compared with \$3,500,000 last year.



C.
Taxes and fees
\$4,313,564

D.
Provision for
replacement of
plant and equipment
\$3,600,000

Expenses (Cont'd)

E. Paid for use of money invested in plants and equipment

After providing for the above expenses, an amount of \$7,618,067 remained from which to pay a return to investors whose money has made it possible for us to build our plants and purchase our equipment.

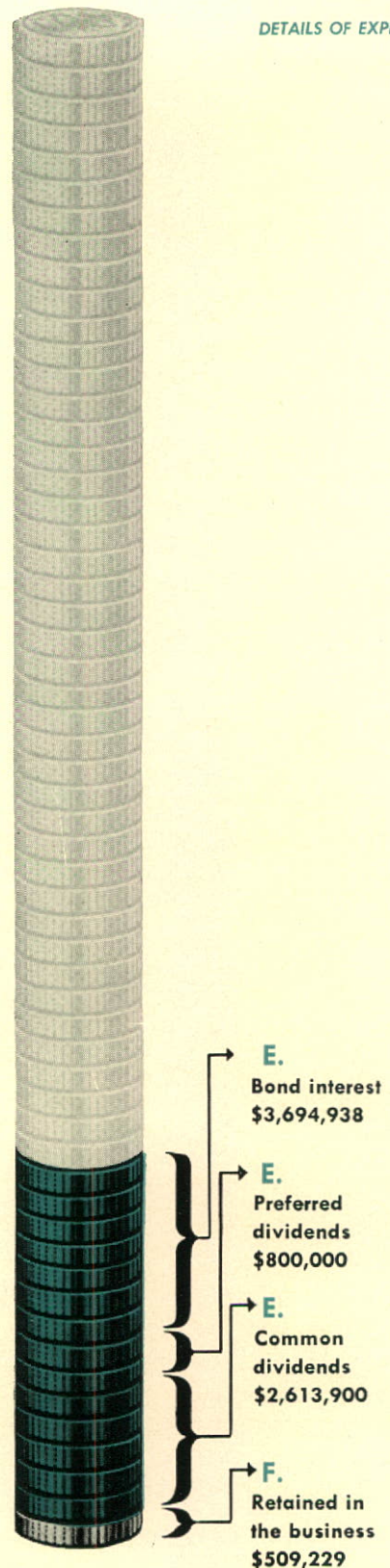
To bondholders we paid interest of \$3,694,938, including \$56,875 for premium on United States funds required to pay interest on the \$25,000,000 of our debt payable in that currency.

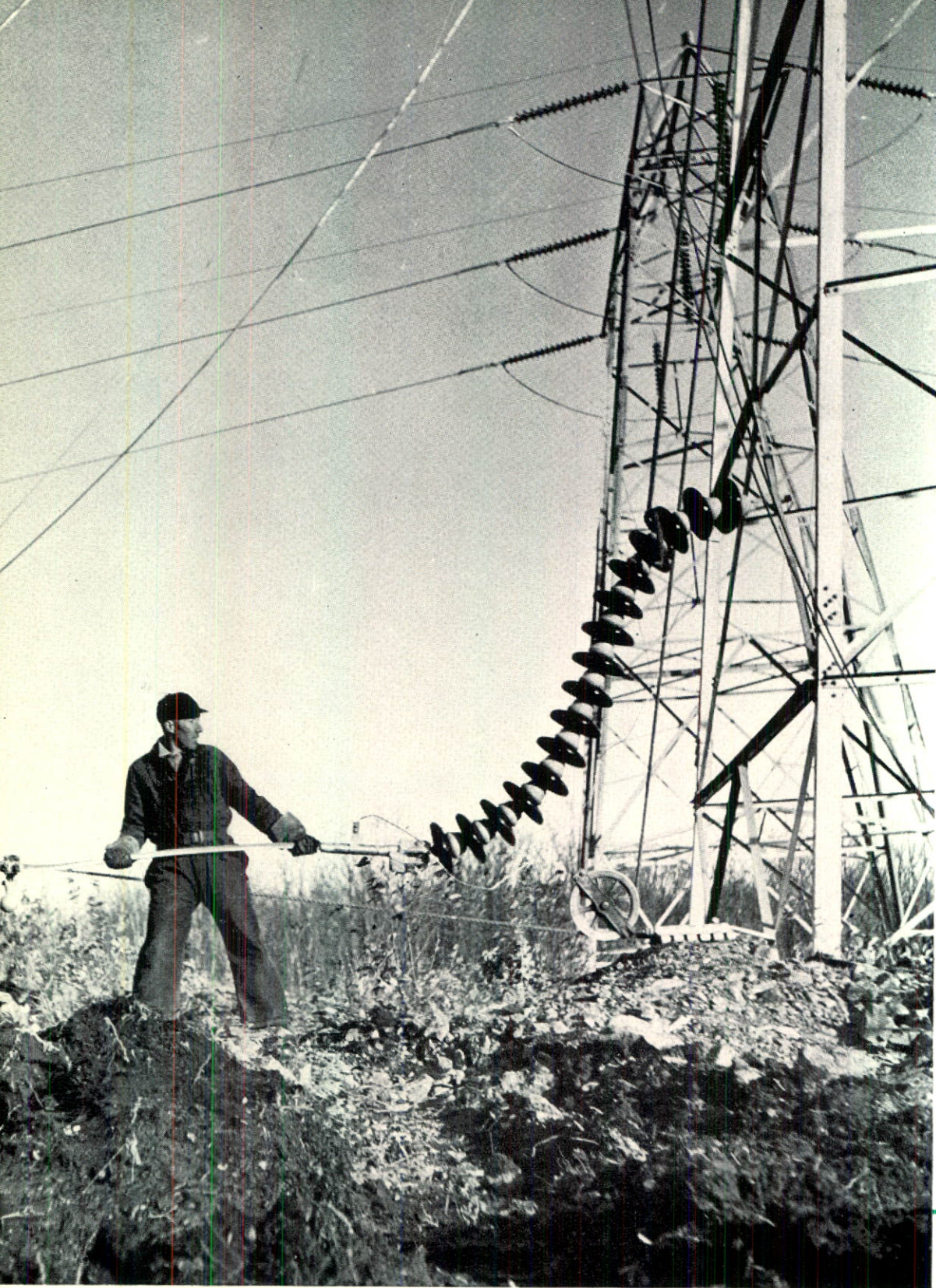
To preferred shareholders we paid dividends of \$800,000, the same amount as last year.

This left earnings of \$3,123,129 for the Common Shares, or \$1.43 per share compared with \$1.58 in 1948. Out of this amount we paid dividends on these shares totalling \$2,613,900, or \$1.20 per share.

F. Retained in the business

After making these payments, the balance, amounting to \$509,229, was retained in the business and will be used for additions to plant and equipment.





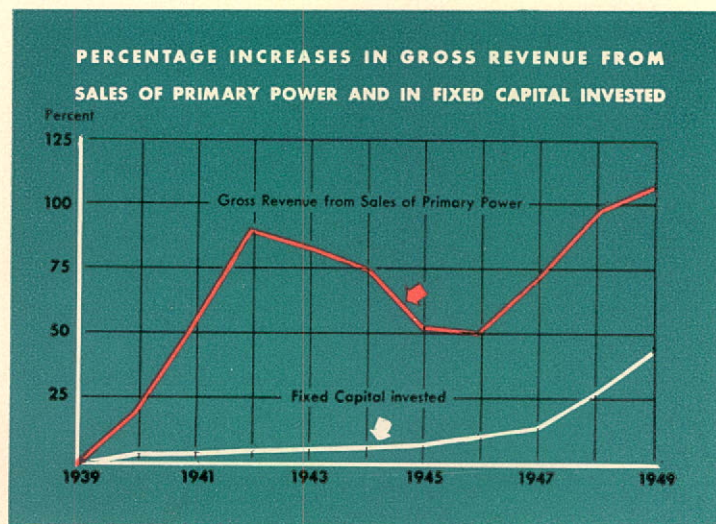
Installing a giant insulator on the new 220,000-volt Trenché transmission line.

Financial Position

The Balance Sheet as at December 31, 1949, is presented on Pages 44 and 45. There are only two changes of significance as compared with the end of the previous year. One is the addition to Fixed Assets of \$24,690,334 as a result of the capital expenditures made during the year, and the other is the consequent reduction in Net Current Assets of \$20,700,759 resulting from investment of cash in Fixed Assets.

During the year we sold our shareholdings of the entire capital stock of St. Maurice Transport Company, which operated an urban transportation system in the cities of Trois Rivières and Cap de la Madeleine.

As a result of the redemption of \$1,654,500 principal amount of outstanding 3% Collateral Trust ten-year bonds of United Securities Limited maturing May 1, 1952, the Company's contingent liability with respect to the guarantee of one-half principal and interest of these bonds has been reduced to one-half of the \$1,697,000 of bonds which remain outstanding. The funds for such redemption were realized from the payment at maturity of \$1,302,000 of The Canadian Light and Power Company 5% Bonds due July 1, 1949, and an interim payment of \$20 per share on 18,756 shares of that company which is now being wound up.



THE SHAWINIGAN WATER AND POWER COMPANY

The following Statement indicates the sources of funds which became available to us during the years 1949 and 1948 and their allocation.

THE
SHAWINIGAN WATER AND POWER
COMPANY

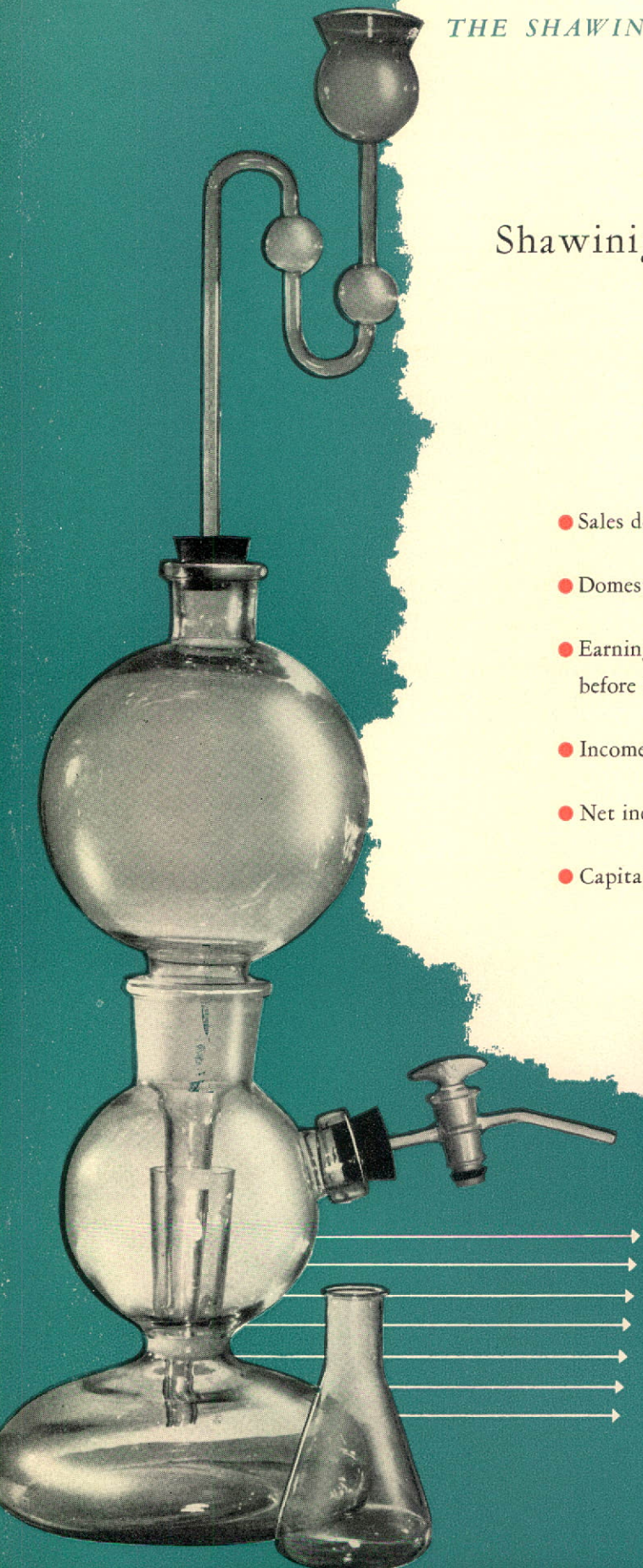
	1949	1948
WORKING CAPITAL, JANUARY 1.....	\$34,487,497	\$21,233,080
SOURCES OF FUNDS:		
Net profit for the year.....	\$3,923,129	4,251,190
Depreciation and amortization.....	3,669,075	3,569,075
Proceeds from sale of 3½% Series "P" Bonds.....	—	24,468,750
Proceeds from sales of securities.....	—	3,582,783
Refunded portion of Excess Profits Tax..	669,685	441,700
Reduction in stores and moveable plant and disposal of fixed assets.....	849,433	—
Advances received re construction of transmission line.....	735,950	—
	<u>9,847,272</u>	<u>36,313,498</u>
TOTAL FUNDS.....	44,334,769	57,546,578
ALLOCATION OF FUNDS:		
Capital expenditures for year.....	25,794,740	16,763,895
Additions to stores and moveable plant..	—	476,416
Financing expenses.....	—	70,827
Bonds redeemed under sinking fund provisions.....	1,130,000	1,129,000
Increase in other assets and miscellaneous items.....	209,391	1,205,043
Dividends — Preferred Shares.....	800,000	800,000
Common Shares.....	2,613,900	2,613,900
	<u>30,548,031</u>	<u>23,059,081</u>
WORKING CAPITAL, DECEMBER 31.....	<u>\$13,786,738</u>	<u>\$34,487,497</u>

Shawinigan Chemicals Limited

Highlights

- Sales decreased 17% as compared with 1948.
- Domestic sales increased, but export sales declined.
- Earnings from manufacturing operations before taxes \$1,021,607.
- Income from other sources \$767,536.
- Net income after taxes \$1,204,143, or \$4.28 per share.
- Capital expenditures for year \$878,000.

Loading Shawinigan carbide.



Sales and Earnings

A statement of the sales and earnings of our Chemicals Company for 1949 as compared with 1948 is shown below.

SHAWINIGAN CHEMICALS LIMITED

	1949	1948
INCOME FROM SALE OF PRODUCTS	\$13,779,408	\$16,594,329
The cost of making and selling these products was	12,757,801	14,368,704
<i>Note: Included in this cost is an amount of \$822,452 (\$592,440 in 1948) to provide for replacement of plant and equipment (Depreciation).</i>		
	1,021,607	2,225,625
Special appropriation to cover increased cost of replacements	—	250,000
This left earnings on manufacturing operations before Income and Profits Taxes of	1,021,607	1,975,625
Estimated proportion of such taxes payable on these earnings	382,832	860,727
THIS LEFT A PROFIT ON MANUFACTURING OPERATIONS OF	638,775	1,114,898
Income from investments in subsidiary companies, from royalties on patents and from other sources	\$767,536	1,135,780
Estimated proportion of Income and Profits Taxes payable on this income	202,168	286,273
	565,368	849,507
NET INCOME FROM ALL SOURCES THEREFORE WAS	1,204,143	1,964,405
Dividends of \$3.00 per share paid to the parent company for use of money invested in the business, or a total of	843,825	843,825
BALANCE RETAINED IN THE BUSINESS	<u>\$ 360,318</u>	<u>\$ 1,120,580</u>

THE SHAWINIGAN WATER AND POWER COMPANY
SHAWINIGAN CHEMICALS LIMITED

Sales decreased 17% as compared with the previous year. The sales of the Chemicals Company may broadly be broken down into three major areas of distribution, namely: Canada, the United States, and overseas markets including sterling area countries.

Canadian sales increased about 6% as compared with 1948, but sales in the United States decreased 37% and in overseas markets 42%. The increase in Canadian sales was due to a greater demand for the Company's products for a variety of industrial purposes. The reduction in sales in the United States was due in part to a reduction in volume and also to the lower market prices which prevailed for the Company's products. In overseas

Glacial acetic acid on its way to the market.



THE SHAWINIGAN WATER AND POWER COMPANY
SHAWINIGAN CHEMICALS LIMITED

markets, however, the volume of sales was reduced almost entirely as a result of dollar shortages in the sterling area and other countries.

The over-all reduction in sales volume and consequent decreased production resulted in an increase in manufacturing costs and, in addition, these costs were further increased because of higher wage levels and material prices.

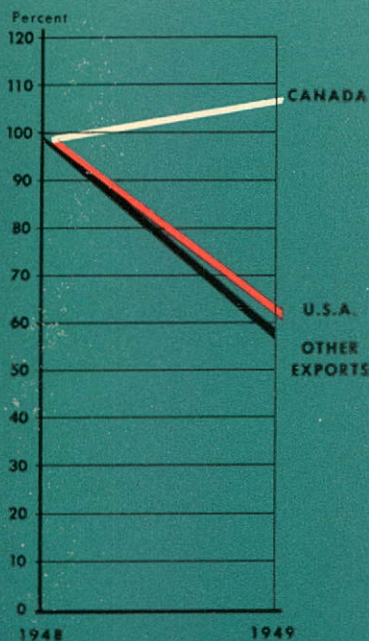
Included in manufacturing and selling costs is an amount of \$822,452 as a reserve to provide for replacement of plant and equipment. The profit on manufacturing operations, after providing an amount of \$382,832 for Income and Profits Taxes thereon, was \$638,775 compared with \$1,114,898 in 1948.

Income of the Chemicals Company from dividends received from subsidiary companies, from royalties, and from other sources, amounted to \$767,536.

Dividends received from Shawinigan Limited (London, England) amounted to \$20,124 after conversion at the exchange rate of \$4.02 which prevailed at the time the dividends were received. Net profits, subject to audit, of Shawinigan Limited for 1949 were £8,096 as compared with £10,756 in 1948.

Dividends paid during the year by Shawinigan Products Corporation, New York City, U.S.A., amounted to \$114,000, United States funds. Net profits (subject to audit) of that Corporation for 1949 were \$330,000 against \$351,836 for 1948. The reduction was mainly due to a lower volume of sales as compared with 1948. Dividends received on its 50% shareholding in Shawinigan Resins Corporation, Springfield, Mass., amounted to \$107,250 compared with \$143,000 in 1948.

PERCENTAGE INCREASE & DECREASE
IN SALES TO CANADIAN, U.S. AND OTHER
EXPORT MARKETS 1948 = 100%



THE SHAWINIGAN WATER AND POWER COMPANY SHAWINIGAN CHEMICALS LIMITED

No dividends were received from Canadian Resins and Chemicals Limited, which the Chemicals Company owns jointly with Union Carbide & Carbon Corporation, New York City, U.S.A. Since the war the Resins Company has carried out a major programme of capital expenditure which is now largely completed. During this same period the Company has had to develop new uses and markets for its products in Canada, and while sales volume is presently increasing, this development has taken a longer period than was anticipated.

After providing an amount of \$202,168 for Income and Profits Taxes on income from sources other than manufacturing operations, Net Income of the Chemicals Company from all sources was \$1,204,143 compared with \$1,964,405 in 1948. Dividends of \$3 per share were paid, or a total amount of \$843,825, the same amount as was paid for 1948. After payment of dividends, an amount of \$360,318 was retained in the business for working capital and plant expansion.

Financial Position

A summary of the Chemicals Company's financial position as compared with that of the previous year is shown below. It will be noted that there has been no major change, except for the addition to property, plant

THE SHAWINIGAN WATER AND POWER COMPANY
SHAWINIGAN CHEMICALS LIMITED

and equipment resulting from capital expenditures made during the year.

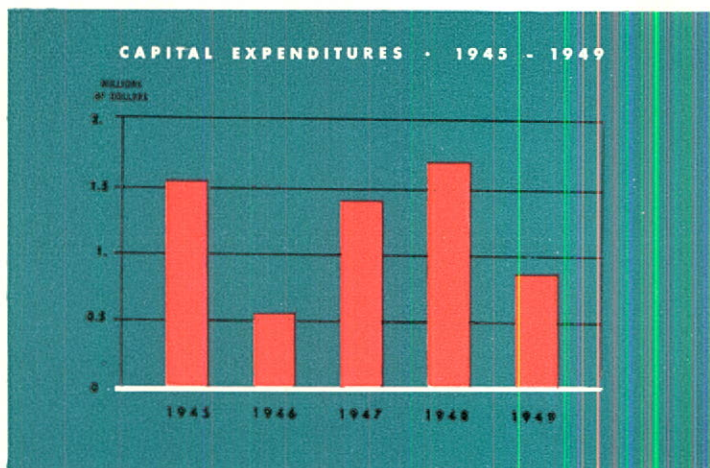
SHAWINIGAN CHEMICALS LIMITED

Financial Position as at December 31, 1949 and 1948

OWNED			OWED		
	1949	1948		1949	1948
Cash, call loan and marketable securities.....	\$3,248,851	\$2,798,574	For materials, services and taxes.....	\$960,025	\$1,606,245
Raw materials, supplies and finished goods.....	2,600,412	3,095,350	Purchase of Government plant.....	346,207	773,808
Due from customers.....	1,608,128	1,815,667	Purchase of patent.....	120,000	150,000
Investments in subsidiary and associated companies	2,455,695	2,455,695	Reserve to provide for replacement of plant and equipment (Depreciation).....	10,861,429	10,170,320
Other assets.....	1,094,823	1,605,379	Contingent and insurance reserves.....	917,361	917,361
Property, plant and equipment.....	17,346,417	16,697,001	TOTAL OWED.....	13,205,022	13,617,734
TOTAL OWNED.....	\$28,354,326	\$28,467,666	Net Worth (total owned less total owed).....	15,149,304	14,849,932
				\$28,354,326	\$28,467,666

Capital Expenditures

As referred to in last year's Report, the capital expenditure programme of the Chemicals Company was approaching completion at the end of 1948. Capital expenditure in 1949 amounted to \$878,000, a large part of which was to complete projects commenced during the previous year. This compares with expenditure of \$1,743,000 in 1948.



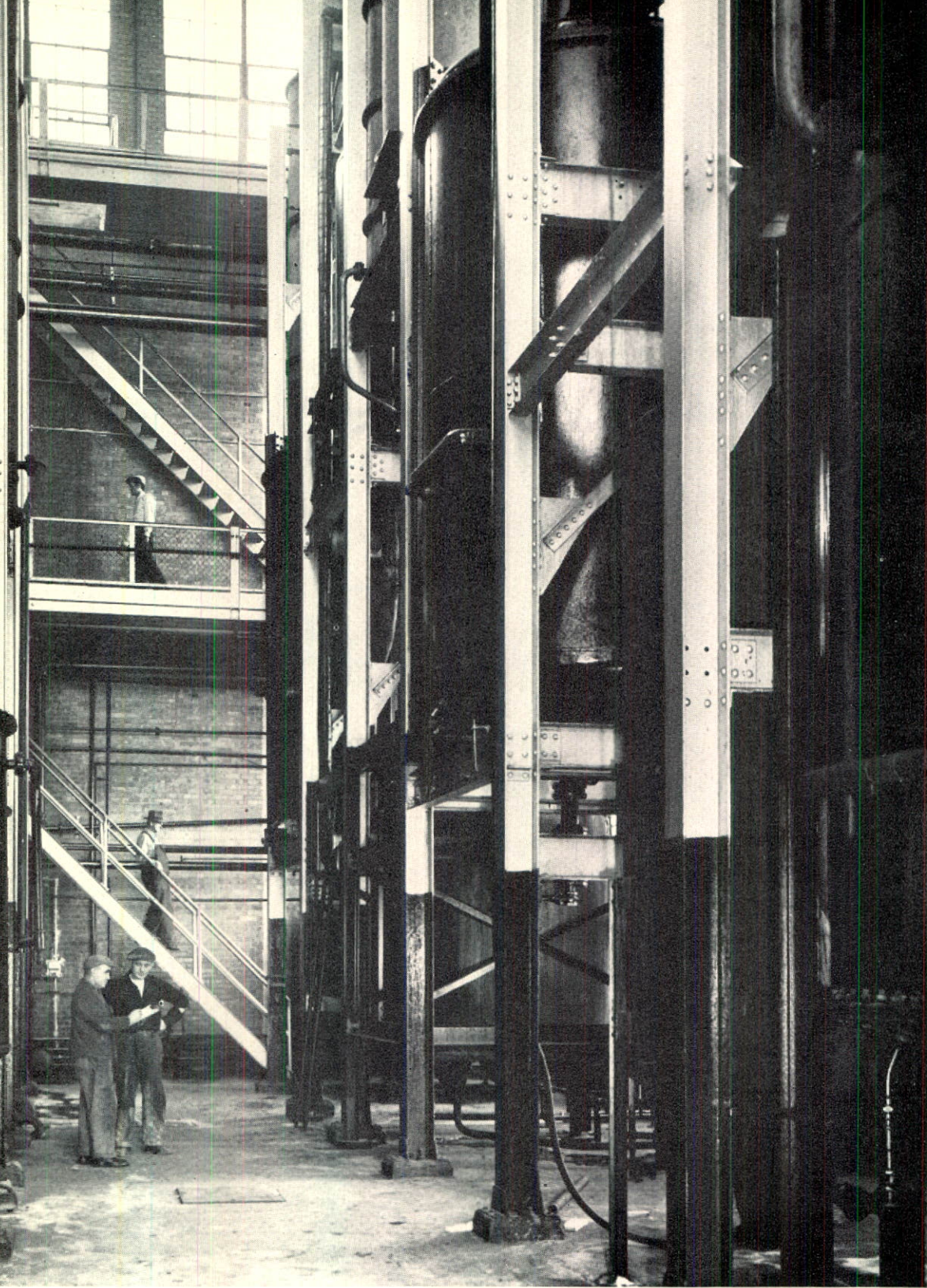
Canadian Resins and Chemicals Limited had also largely completed its capital expenditure programme in 1948, and capital expenditures for 1949 were only \$621,000 as compared with \$1,763,000 in the previous year.

The Outlook

As a result of stringent dollar shortages, many countries, particularly Great Britain and others in the sterling area, have had to reduce purchases from Canada to a minimum. The Chemicals Company, over many years, has supplied to Great Britain a considerable part of its requirements of acetic acid and acetic anhydride, and this business has been greatly curtailed during the year just past. It is impossible to predict at this juncture whether or not it will be possible to regain these markets in the future.

For some time past the Chemicals Company has been directing its research efforts and economic studies towards the development of projects which will be profitable in domestic markets, and good progress is being made along these lines.

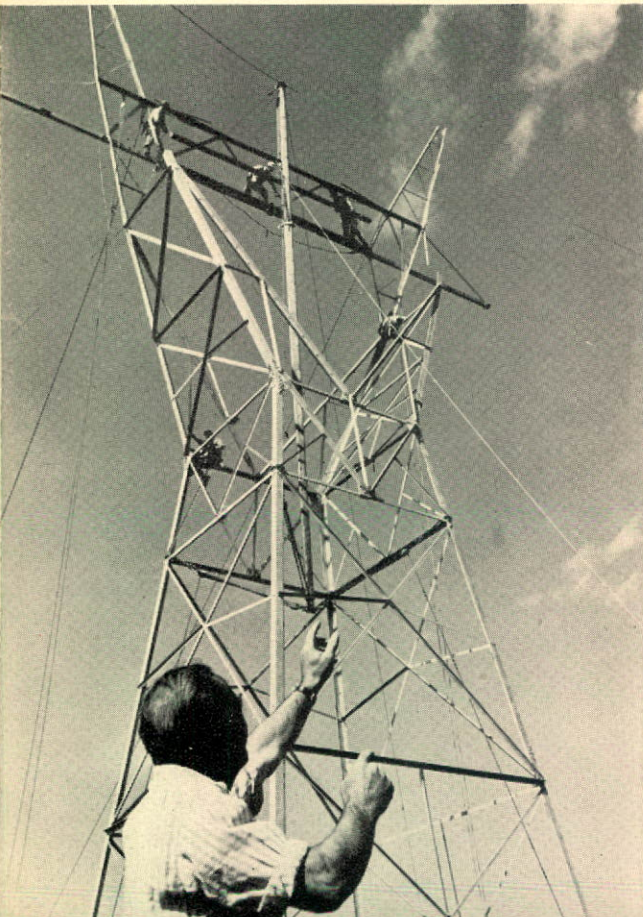
The nature of the chemical industry, in which developments in both production and marketing are numerous and continuous, render it liable to greater variations than most manufacturing industries. We believe, however, that the experience and ability of the Chemicals Company's staff assure its success and progress in the future.



Some of the huge stills in one of the plants at the Chemicals Company.

Directors and Officers

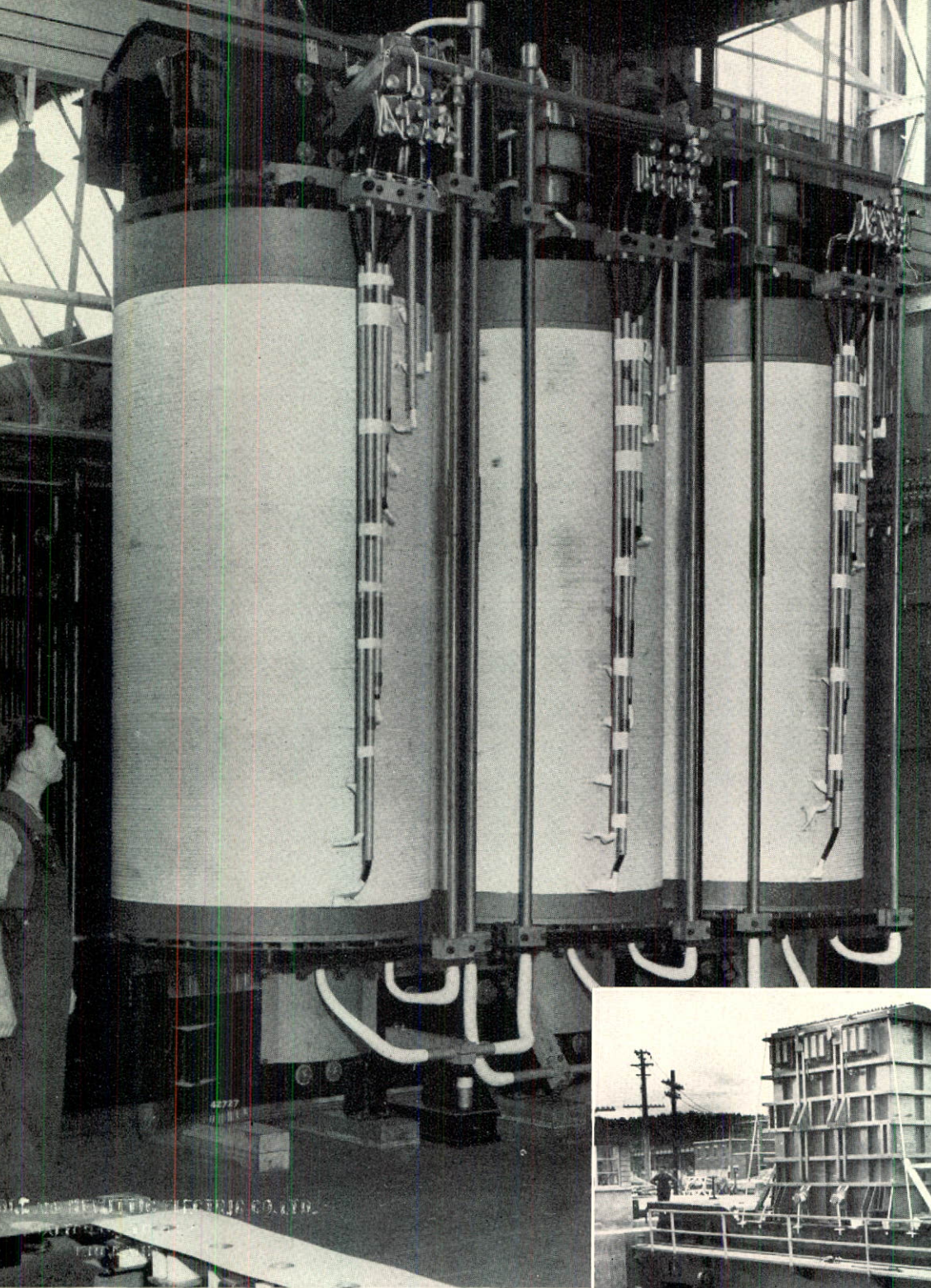
During the year, Messrs. V. G. Bartram and J. B. Challies became members of the Board of Directors. Mr. Bartram has been associated with the Shawinigan Companies for thirty-four years and since 1940 has been President of Shawinigan Chemicals Limited. Mr. Challies joined the Shawinigan Company in 1924 and since 1940 has been Vice-President and Executive Engineer. Mr. J. A. Fuller was appointed Executive Vice-President; Mr. E. D. Gray-Donald, formerly Chief Engineer of Quebec Power Company, Vice-President and Chief Engineer; and Mr. G. Campbell, Assistant Vice-President and Director of Purchasing.



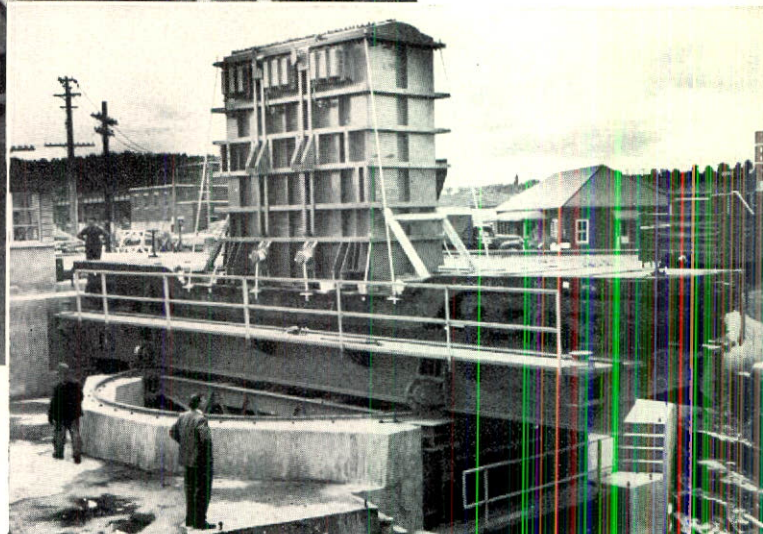
The Future

As a result of the effects of inflation upon our operating costs, it became necessary for us to apply for some increase in our rates for electrical services, and the Provincial Electricity Board has authorized certain interim adjustments which will considerably improve our revenues. It is now intended to proceed with a more complete study of the values of our properties devoted to the

Erecting a high-voltage transmission tower — its size is shown by the men working high on the steel structure.



The core of one of the huge 60,000 kva. transformers at No. 3 powerhouse, Shawinigan Falls — a view taken at the plant in England where it was specially built for the Company.



The completed transformer, weighing more than 120 tons, arrives at Shawinigan Falls.

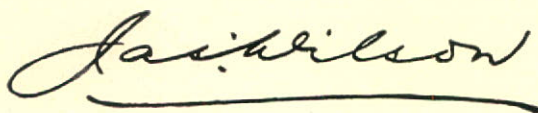
public service, with a view to establishing a fair and reasonable return thereon.

Subsequent to the issuance of the Electricity Board's order relative to the adjustments in rates, we proceeded with the financing necessary to complete our present capital expenditure programme, and early in 1950 we sold \$15,000,000 3% Bonds in the United States market and \$5,000,000 4½% Preferred Shares in Canada. The total proceeds of these issues, amounting to some \$21,750,000 in Canadian funds, are estimated to be sufficient to cover our capital expenditures for the years 1950 and 1951, including completion of the Trenché development.

During the four-year period since the close of the war, our Company has made capital expenditures of \$57,740,000, and for 1950 and 1951 expenditures are estimated at \$38,160,000, a total of nearly \$96,000,000. The benefits of this programme naturally cannot be realized in full until some time after the expenditures are made. We believe, therefore, that upon completion of our major programme in 1951, increased power sales coupled with higher prices for industrial power and adjustments in other rates, should result in an improvement in the net return on the large investment we have made in plant and equipment.

Subsequent pages of this Report have been devoted to a description of one of the most important areas in our territory and our part as a Company in its development. This area is the St. Maurice Valley, where we produce 96.5% of all the power we generate, and sell 59.4% of all the power we sell.

On behalf of the Board of Directors,

A handwritten signature in cursive script, reading "J. A. Wilson". The signature is written in dark ink and is positioned above a horizontal line that serves as a separator.

President



Advertising THE

The Company carries on an advertising programme throughout the year in local newspapers published in the towns and cities of the territory it serves as well as in trade and other magazines.

- We remind consumers of the many advantages of reliable electrical services.
- We try to keep customers informed of the latest developments in electrical equipment for use in homes, farms, industries and commercial establishments.
- We campaign for adequate wiring, so that users may enjoy the maximum of safety and convenience.

These advertisements feature REDDY KILOWATT, a symbolic figure representing electricity, which is now in use by a great many electrical utilities throughout North America and abroad.

On this page we have reproduced some typical advertisements used during 1949.

Next?

Tireless Reddy Kilowatt (that's me, folks) is always on the job for you. I'm your low-cost dependable electrical servant and I do one task after the other, all day long—and all night, too, if you need me! Whenever you have things to do, in your home, office, factory or farm, remember to do them the quick, economical electrical way. Yes, folks—I'm Reddy—all you do is flick the switch!

ENGINEERING • CONSTRUCTION • TRANSPORTATION
The **Shawinigan**
WATER AND POWER CO.
ELECTRIC POWER • CHEMICALS

No OVERTIME PAY for ME!

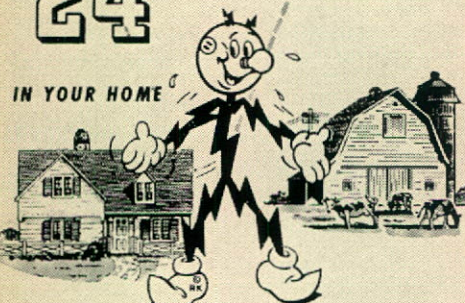
In fact, folks, the more you let me do for you the cheaper I'll work for you! That's the Reddy Kilowatt way, folks—to supply you with more and more wonderful electrical power for more and more jobs in your home, office, factory or farm, all for only a few pennies a day, even though my operating costs have gone up steadily over these last years! I'm there anytime you want me, friends, I'm Reddy—all you do is flick the switch!

ENGINEERING • CONSTRUCTION • TRANSPORTATION
The **Shawinigan**
WATER AND POWER CO.
ELECTRIC POWER • CHEMICALS

COMPANY AND ITS SERVICES

24 Hours a day...

IN YOUR HOME



OR ON YOUR FARM

• Folks, let me help you to better farming and better living. I'll make all those tough, boring, time- and money-wasting jobs easy and economical and give you more pleasure hours for yourself. Yes, folks—I'm your lowly-paid, hard working, dependable 24-hour-a-day electric servant. Remember, I'm Reddy—all you do is flick the switch!



I get little pay* for a big job, folks!

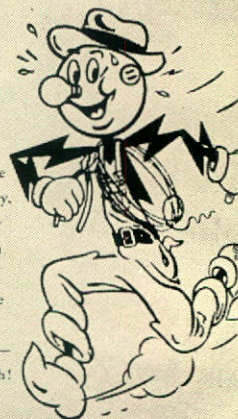
• Yes, friends—I'm your low-paid electrical servant. For only a few pennies a day I do all the jobs, large and small, that need doing in your home, office, factory or farm! Remember, folks—electricity (that's me!) is on hand to serve you in hundreds of ways whenever you need it, night and day, every day of the year. Look for me in your nearest electrical outlet. I'm Reddy—all you do is flick the switch!



Every Second of Every Day—

FOR ONLY A FEW PENNIES A DAY!

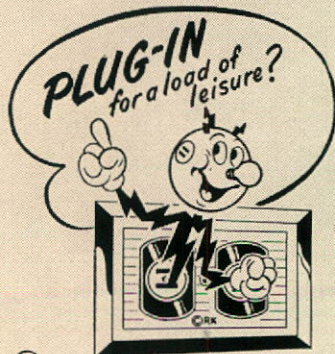
Yes, folks—I'm on hand with useful, time-saving electrical power every second of every day. I'm ready at any time to do anything you want done in your home, office, factory, or farm—all for only a few pennies a day, even though my operating costs have gone up steadily over these past years! Whenever you want me, folks, I'm Reddy—all you do is flick the switch!



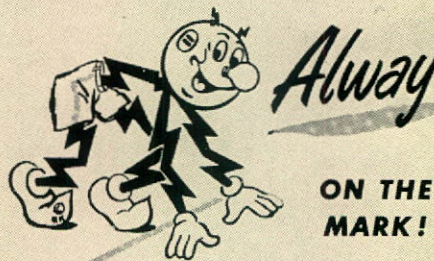
All this

For only a few cents a day, folks!

If your home is a brighter, better place to live in today, folks, you can thank electricity. Just think: I cook your food, wash your clothes, heat your water, clean your home, brighten your nights, lengthen your day, bring you music and entertainment, and do all your time-consuming, tiresome household chores—all for only a few pennies a day! I'm your low paid electrical servant, folks. Night and day I'm Reddy—all you do is flick the switch!



Yes, folks—let me do your work for you the electrical way! Take time off for yourself and watch Reddy Kilowatt get those chores done in a flash—cooking, cleaning, washing, baking and everything, all for only a few pennies a day, even though my operating costs have gone up steadily over these last years! Relax, folks... I'm Reddy—all you do is flick the switch!



Always

ON THE MARK!

Whenever you want it, for whatever purpose you want it I'm always ready to bring vital, economical electric power into your home, office, factory or farm—for only a few pennies a day, even though my operating costs have gone up steadily over these last years! That's why they call me Reddy Kilowatt—your dependable electric servant. Yes, folks, I'm Reddy—all you do is flick the switch!



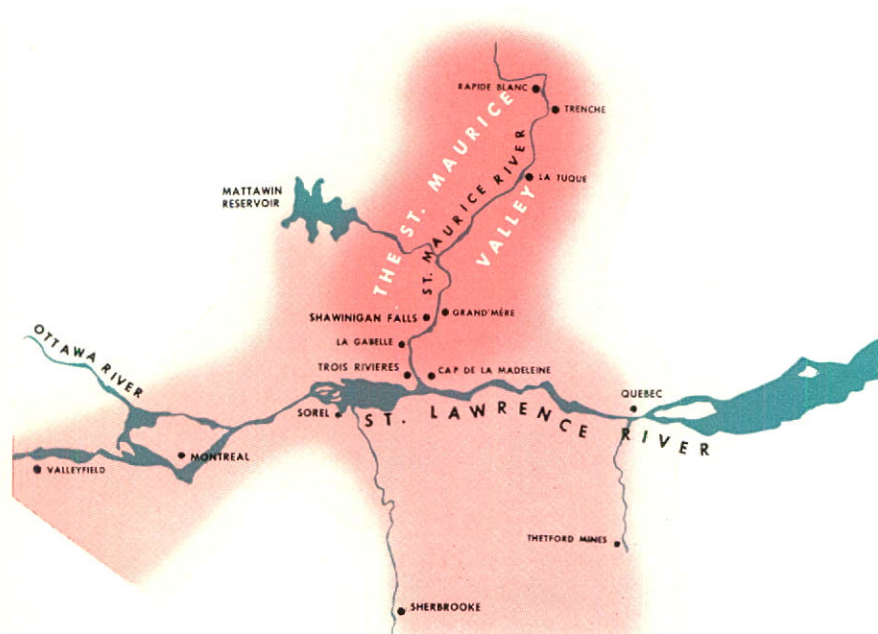
The Communities We Serve

To the people who live in 551 municipalities scattered over 16,000 square miles of the Province of Quebec, Shawinigan means electricity — the source of light and power which make modern living possible for them.

On both sides of the St. Lawrence, from the United States border in the southwest to Quebec City in the northeast, those municipalities include bustling cities, big towns and small towns, villages and hamlets, mining areas and holiday resorts, and wide stretches of farm lands.

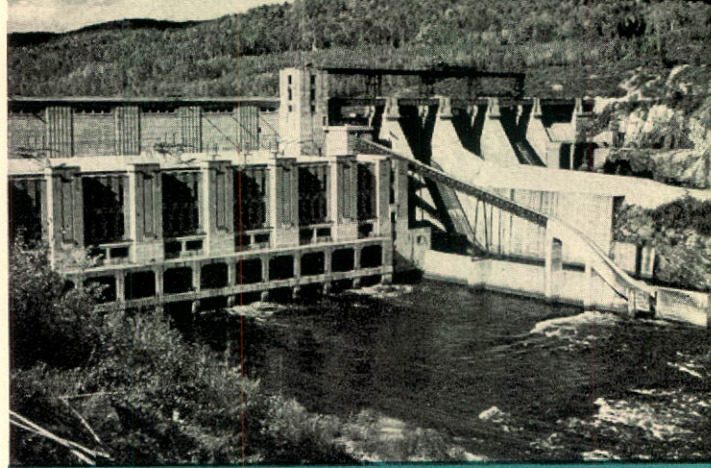
These are the communities we serve.

Their interests vary greatly. Some of them are industrial centres, with great factories. Some are distributing points, serving surrounding areas. Some are agricultural localities. Some are combinations of the three.





Part of the City of Trois Rivières.



Rapide Blanc development; 136 miles upstream from Trois Rivières.

But all contain homes and industries and commercial undertakings which need electricity.

Our Company provides help to these communities in many ways. We have, for instance, a corps of agronomists to advise farmers on advanced agriculture; special technicians to show customers how to make most effective use of the power we sell; district offices to supply service; a whole department to help industries establish themselves or expand their operations; a Research Department to work on new technical processes which may lead to the establishment of large new industries; continual patrol of power lines to minimize disruptions of service.

The benefits of Shawinigan service are easy to see in the prosperity and the good life of these communities.

The vast area of our territory divides itself naturally into districts, each with its own characteristics and resources. This year, let us consider the first of these districts — the St. Maurice Valley.

The St. Maurice Valley

The St. Maurice River, cutting its way 240 miles from the Gouin Reservoir to Trois Rivières, is today the heart of the Shawinigan system and an outstanding illustration of the benefits of adequate supplies of low-cost hydro-electric power.

Just 50 years ago there was little life in its broad valley, sloping to the St. Lawrence from the Laurentian plateau. Trois Rivières was a small town, Grand'Mère was little more than a settlement. St. Jacques des Piles was a stopping place at the edge of the forest, and La Tuque was

an isolated trading post. Shawinigan Falls didn't exist at all.

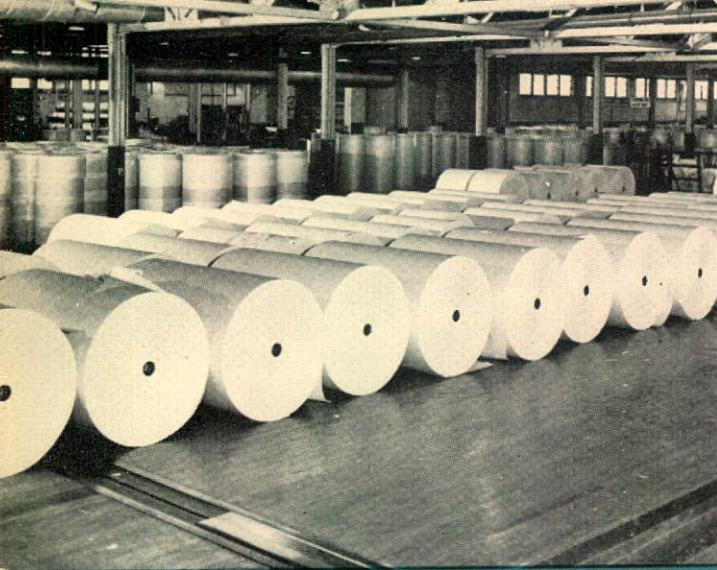
Then, the Shawinigan Company installed its first power plant at Shawinigan Falls, and things began to hum. The Valley has never looked back. Low-cost electric power attracted industries, which gradually expanded into great enterprises. They, in turn, attracted good workers in thousands, and families grew up in the newly-founded cities. Today, the products of the St. Maurice Valley's industries are known and used around the world. The

Power developments at Shawinigan Falls in 1903 — installed capacity 10,000 hp.



Shawinigan Falls powerhouses in 1950 — installed capacity 489,900 hp.





Newsprint in one of the St. Maurice Valley mills awaiting shipment.



A corner of the market in Trois Rivières.

gross value of industrial production in Trois Rivières, Cap de la Madeleine, Shawinigan Falls, Grand'Mère and La Tuque is nearly \$175 million a year, where 50 years ago it was almost nothing. And the wages and salaries paid by those industries now total well over \$25 million a year. Electricity has powered that industrial progress.

Five of the big power stations of the Shawinigan system, including the St. Maurice Power Corporation's plant at La Tuque, sit astride the St. Maurice now. The Shawinigan Falls development alone has grown from its original 10,000 hp. of 50 years ago to 489,900 hp. A few miles below it the whirling turbines of La

Gabelle feed 172,000 hp. into the system, and a few miles above it, Grand'Mère's nine generators produce 201,000 hp. Still farther upstream La Tuque yields 222,500 hp. and Rapide Blanc, 200,000 hp.

The consumption of electricity by the communities in the Valley is equivalent to approximately 60 per cent of all the power at present available on the Shawinigan system.

Employees act as instructors in Shawinigan's course on electricity for young farmers.



THE SHAWINIGAN WATER AND POWER COMPANY

The biggest single industry in the St. Maurice Valley is pulp and paper. In fact, the seven giant mills there represent the world's greatest concentration of pulp and paper production, and manufacture about 20 per cent of all the newsprint used in the United States.

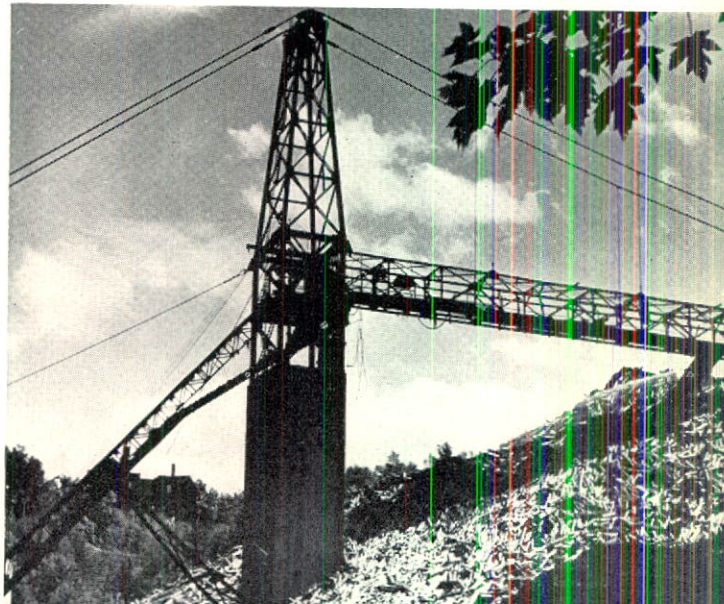
Three of those mills, one of them as large as any in the world, are in the city of Trois Rivières and another is in the adjoining city of Cap de la Madeleine. In these two cities, also, is a wide variety of other industry, producing such goods as silks and cottons, shoes and gloves, paper products and metal foils, abrasives and wire cloth, machinery and foundry castings, metal and wood products. There is a grain elevator, and an excellent coal-dock; the harbour accommodates both large ocean-going ships and inland vessels.

As a tiny settlement centuries ago, Trois Rivières was a trading centre supplying and buying from the explorers and the trappers along the St. Lawrence and in the hinterland. It is still the chief distributing point in those areas; its railway yards, its focal position in the highway system and its ferry service make it the principal marketing centre for a large section of the Province on both sides of the St. Lawrence and both banks of the St. Maurice. The combined population of Trois Rivières and Cap de la Madeleine is about 65,000; it has grown steadily hand-in-hand with the availability of power and the establishment of industry.

Twenty miles up the St. Maurice is the thriving city of Shawinigan Falls, a community of 36,000 people — the birthplace of the Shawinigan system and now the



A prosperous farm near La Gabelle.



Raw material for making newsprint. Part of the log-pile at one of the St. Maurice Valley paper mills.



The swimming pool at Trois Rivières is well patronized by the youth of the community.



A busy street in Shawinigan Falls.

site of the biggest single power development.

Here is the largest carbide plant in the British Commonwealth, and one of the biggest chemical plants — the property of our wholly-owned subsidiary, Shawinigan Chemicals Limited. Producing industrial chemicals from limestone, coal and low-cost hydro-electric power as basic ingredients, the Company finds markets all over the world; Shawinigan Chemicals' products and their derivatives have made the city internationally known.

Adjoining those plants are the buildings of the associated company, Canadian Resins and Chemicals Limited, producing

'Vinylite' plastics for domestic and foreign markets. Another great chemical industry in the city makes 'Cellophane', cellulose sponges, polythene sheeting and tubing, chlorine, 'Aridex', caustic soda and various related products.

Two big plants house the aluminum industry in Shawinigan Falls. One produces aluminum ingots in electric furnaces;



Electricity keeps the farm working in spite of darkness. Adequate lighting also offers protection against fire and prowlers.

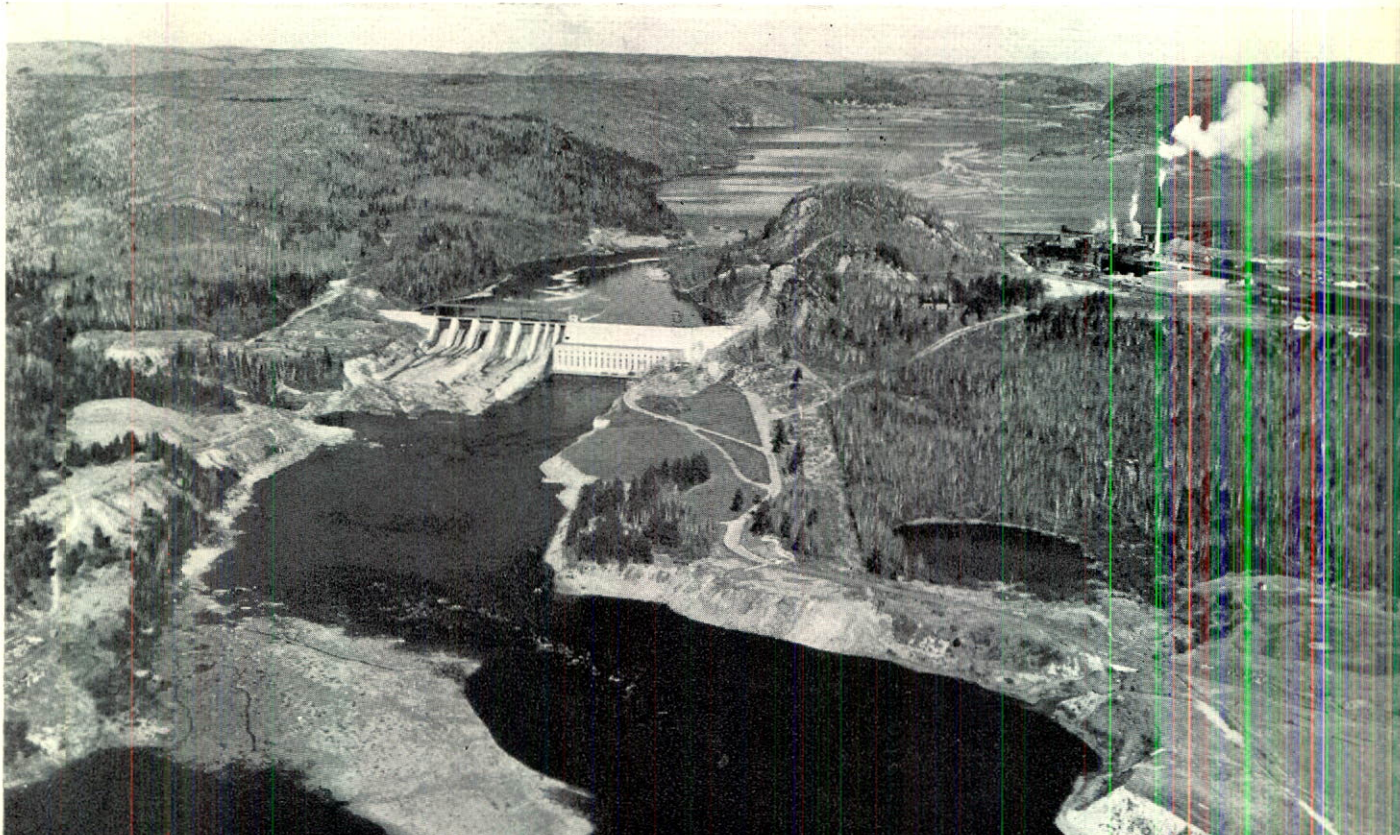
THE SHAWINIGAN WATER AND POWER COMPANY

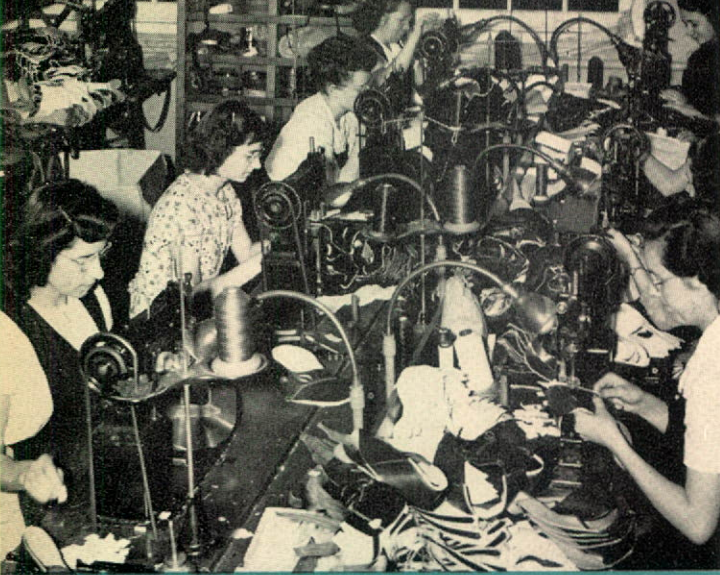
the other draws and fabricates aluminum wire, in forms ranging from rivets and clothes-lines to high-voltage electric power conductor, much of which is used in our own transmission lines.

A landmark in the city is the gigantic log-pile at the newsprint mill, which is one of the largest in Canada and one of the oldest. And among other leading industries are a large cotton spinning mill, an abrasives plant, a clothing factory, an iron foundry, and a stainless steel plant which is a division of Shawinigan Chemicals Limited.

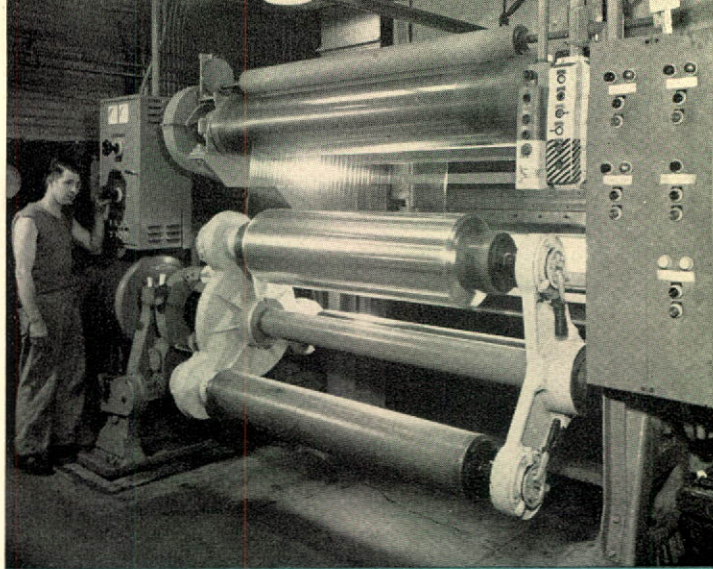
Seven miles still farther up the St. Maurice stands the city of Grand'Mère, with its population of 12,000 and its big newsprint mill, the oldest on the river. The city is named for a great rock, shaped like the profile of an old woman; it now stands in a city park, having been moved there from the head of the falls nearby when the present big power plant was being built. Besides the newsprint plant, Grand'Mère numbers among its chief industries a cotton factory, shoe and glove plants, a weaving mill and a knitting mill. Branch lines of both Canadian

La Tuque from the air, showing the powerhouse and pulp mill and, between them, the rock which gave the town its name.





Many hands at work in a shoe factory.



"Cellophane" emerging from the machine to be wound on a roller.

Pacific Railway Company and Canadian National Railways serve Shawinigan Falls and Grand'Mère.

Upstream are villages like St. Jacques des Piles — a lumbering centre — and hamlets like St. Roch de Mékinac and Rivière aux Rats until, 73 miles above Grand'Mère, a great mound of rock stands out, shaped like a toque. Nestling below it is the town named for it — La Tuque, with a present population of 8,000.

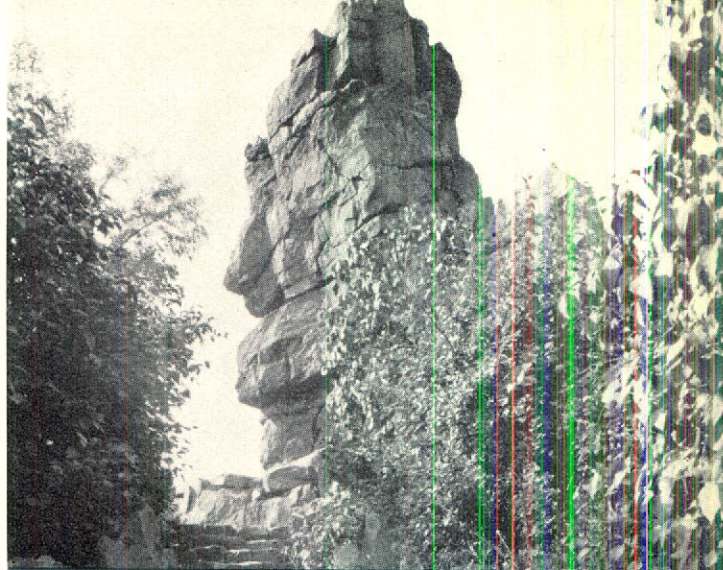
For many years La Tuque was only a trading post and a lumbering depot, and it still is the headquarters of lumbering operations — and of lumberjacks — in the upper St. Maurice Valley. But its big generating station has made it a manu-

facturing centre as well. A great pulp mill manufactures bleached kraft pulp and allied products; a furniture factory makes goods which are shipped far and wide; other plants turn out nylon stockings, knitted goods, birchwood veneer and plywood. The city is a railway centre, too, on the northernmost transcontinental line of the Canadian National Railways.

Farther still up the river are smaller settlements and one sizable town, the construction townsite of Trenche, where our latest power development is being built; the temporary population there numbers about 2,000. About six miles farther upstream is Rapide Blanc, a model community devoted entirely to the opera-



One of the Company's stores.



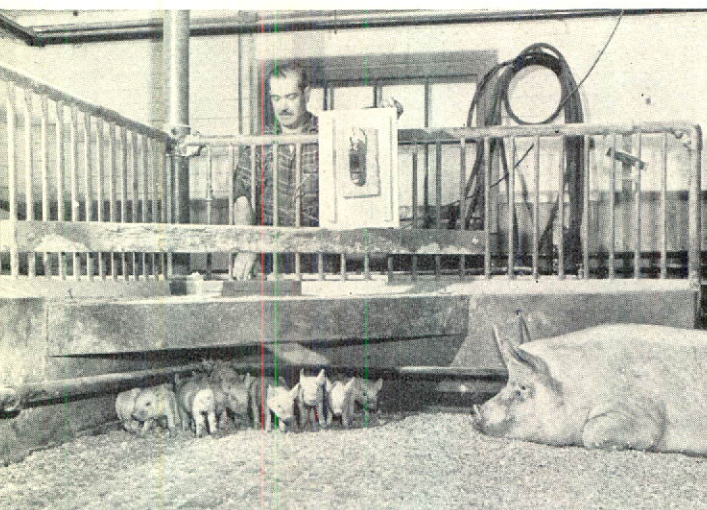
The rock at Grand'Mère which gave the city its name.

tion and maintenance of our generating station there. From that point north along the river course, the settlements are almost entirely lumbering depots.

On both sides of the lower St. Maurice, though away from the river itself, are smaller communities, many of them with their own industries and surrounded by fine farm lands and woodlands — integral components of the St. Maurice Valley's

economy. Farmers find a ready market for their produce in the industrial centres; rural electrification during the past few years has made them more prosperous through increased production, and their lives easier with the convenience of labour-saving household appliances and machines.

As a result of the development of its resources, the St. Maurice Valley is today one of the most prosperous sections of Canada. It has gained that status within the past half-century, its cities and towns coming into being, or growing from tiny hamlets, as the result of the economic nourishment provided by the development of low-cost hydro-electric power. That power has attracted workers, who



Electricity in the barn helps to keep this sow's family warm.

have built the cities, towns and villages.

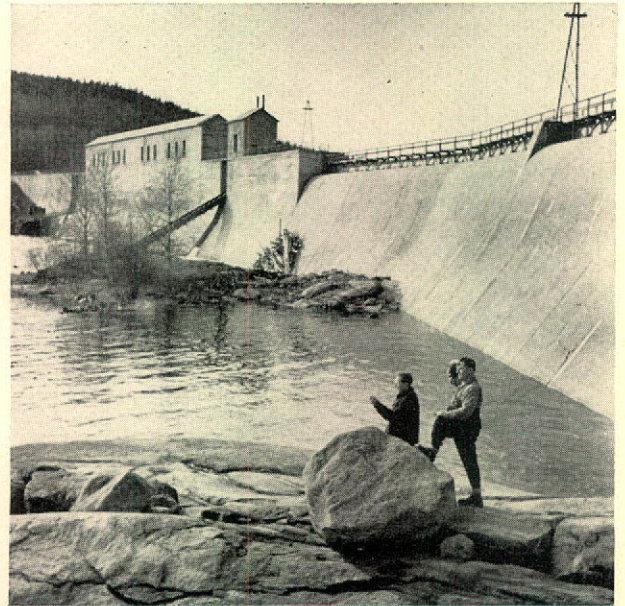
Now these communities of the St. Maurice have a total population of close to 165,000, where 50 years ago there was but a fraction of this number. They have fine homes on fine streets; they have excellent schools, modern hospitals, beautiful churches and good hotels. They have splendid parks, auditoriums, play-

grounds and stadiums. They have good stores, filled with the best of products.

Much of this prosperity has come about through the development of the power from the waters of the St. Maurice River, the vision of businessmen in the establishment of new industries, and the energy and efficiency of the St. Maurice Valley's people in building up those industries for their individual and mutual good.



Rapide du Lièvre on the wild upper St. Maurice River, one of Shawinigan's undeveloped power sites.



The Gouin Dam at the headwaters of the St. Maurice. It has created a lake of over 500 square miles — the principal storage reservoir of the river.

THE SHAWINIGAN WATER

Comparative Balance Sheet as at

ASSETS

Fixed Assets:	1949	1948
Power Development <small>(Cost of power houses, gatehouses, dams, tunnels, sluice and regulating gates, log chutes, penstocks, shop buildings, roads, tracks, bridges and riparian rights at Shawinigan Falls, La Gabelle, Grand'Mere, Rapide Blanc, Trenché and other plants.)</small>	\$70,616,839	\$ 63,419,342
Properties <small>(Cost of land for power developments at Shawinigan Falls, La Gabelle, Grand'Mere, Rapide Blanc, Trenché and other plants, including road and shore protection, together with 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>	28,176,422	25,964,455
Machinery <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, Trenché and other plants.)</small>	33,715,435	29,023,668
Distribution Systems <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, distribution lines, right-of-way, terminal stations, sub-stations, transformers and installations of electric steam boilers.)</small>	79,478,276	68,889,173
Total Fixed Assets (at cost of construction or acquisition)	\$211,986,972	187,296,638
Mattawin River and Other Storage Dams (at cost)	4,073,658	
Less: Amortization to Date	1,018,272	
	3,055,386	3,128,907
Securities of Subsidiary and Other Companies (at cost, less net adjustments)	15,077,934	14,790,991
Deposit with Quebec Government <small>(\$250,000 Province of Quebec Bonds, deposited with the Quebec Government as provided in the emphyteutic lease dated June 22, 1928.)</small>	250,000	250,000
Refundable Portion of Dominion of Canada Excess Profits Tax	421,307	1,091,074
Stores and Moveable Plant (at cost) <small>(Cost of spare equipment, also materials, supplies and miscellaneous items carried in stores.)</small>	3,178,348	3,733,578
Funds Deposited with Trustee, to be withdrawn against Additional Property under Terms of the Trust Deed	—	8,500,000
<u>Current Assets:</u>		
Cash in Banks and on Hand	2,941,500	3,766,635
Call Loans	510,000	1,510,000
Temporary Investments (at cost, less reserve) <small>(Government Bonds and other investments, market value \$12,413,970.)</small>	12,344,569	22,522,885
Accounts and Bills Receivable	3,398,195	3,231,527
Total Current Assets	19,194,264	31,031,047
Prepaid Charges <small>(Insurance, taxes, rentals, etc., paid in advance.)</small>	764,928	780,045
Unamortized Bond Premium, Discount and Expense	5,417,110	5,842,486
Total Assets	\$259,346,249	\$256,444,766

AUDITORS' REPORT

We have audited the books and accounts of The Shawinigan Water and Power Company for the year ended December 31, 1949. 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 above 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 31, 1949, 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.

AND POWER COMPANY

December 31, 1949 and 1948

LIABILITIES

	1949	1948
<u>Capital Stock:</u>		
<u>Cumulative Redeemable Preferred:</u>		
Authorized—600,000 Shares of \$50 par value	\$30,000,000	
Issued—Series "A" 4%, 400,000 Shares of \$50 par value	\$20,000,000	\$20,000,000
<u>Common:</u>		
Authorized—2,600,000 Shares of no par value		
Issued —2,178,250 Shares of no par value	67,562,997	67,562,997
Total Capital Stock	\$87,562,997	87,562,997
<u>Funded Debt:</u>		
<u>First Mortgage and Collateral Trust Sinking Fund Bonds:</u>		
Series "H" 3½% maturing January 1, 1970	18,761,000	
Less: Redeemed under Sinking Fund Provisions	1,431,000	
	17,330,000	17,567,000
Series "J" 3½% maturing February 1, 1970	9,164,000	
Less: Redeemed under Sinking Fund Provisions	121,500	
	9,042,500	9,101,000
Series "L" 3% maturing March 1, 1961	12,828,000	12,828,000
Series "M" 3% maturing April 15, 1971	25,000,000	25,000,000
Series "N" 3% maturing May 15, 1971	10,000,000	
Less: Redeemed under Sinking Fund Provisions	1,029,000	
	8,971,000	9,371,000
Series "O" 3¼% maturing April 1, 1972	13,806,500	
Less: Redeemed under Sinking Fund Provisions	180,500	
	13,626,000	13,806,500
Series "P" 3½% maturing October 1, 1973	25,000,000	
Less: Redeemed under Sinking Fund Provisions	1,254,000	
	23,746,000	24,000,000
Total Funded Debt	110,543,500	111,673,500
(Principal and Interest payable in Canadian Funds with the exception of Series "M" payable in United States Funds.)		
<u>Deferred Liability:</u>	735,950	—
(Advances received on account of cost of transmission line under construction, repayable in instalments in subsequent years.)		
<u>Current Liabilities:</u>		
Accounts Payable (including Provision for Income and Profits Taxes)	3,478,099	3,108,081
Accrued Bond Interest, and Dividends Payable	1,929,427	1,935,469
Total Current Liabilities	5,407,526	5,043,550
<u>Reserves:</u>		
Contingent and Insurance Reserves	1,160,032	1,160,032
(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.)		
Depreciation and Renewal Reserve	45,926,630	43,136,833
(Amounts representing provision for depreciation and renewals.)		
Total Reserves	47,086,662	44,296,865
<u>Surplus:</u>		
Earned Surplus	7,588,307	6,776,780
Deferred Surplus	421,307	1,091,074
(Refundable Portion of Dominion of Canada Excess Profits Tax.)		
	8,009,614	7,867,854
Total Liabilities	\$259,346,249	\$256,444,766

The Company jointly with Montreal Light, Heat & Power Consolidated (now succeeded by Quebec Hydro-Electric Commission) has guaranteed, as to one half each, the principal and interest of \$1,697,000 of the 3% Collateral Trust Ten-year Bonds of United Securities Limited maturing May 1, 1952.

Approved on behalf of the Directors, NORMAN J. DAWES }
S. G. DOBSON } Directors.

THE SHAWINIGAN WATER AND POWER COMPANY

Comparative Statement of Profit and Loss Account For the Years ended December 31, 1940-1949

	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
Revenue from Power Sales.....	\$15,765,141	\$19,111,277	\$23,291,283	\$23,088,890	\$22,081,965	\$20,805,955	\$21,168,786	\$22,670,756	\$24,792,632	\$25,880,023
Other Revenue, including Income from Temporary Investments and Rentals.....	705,135	405,057	298,633	282,142	330,690	245,289	399,135	748,990	1,031,709	1,281,158
Dividends from Subsidiary and Other Companies.....	597,439	547,949	588,397	960,681	860,735	934,955	1,178,294	1,303,181	1,467,803	1,383,844
Total Revenue.....	17,064,715	20,064,283	24,178,313	24,331,713	23,273,390	21,986,199	22,746,215	24,722,927	27,292,144	28,545,025
Deduct:										
Operating Expenses.....	1,302,468	1,470,186	1,580,349	1,703,598	1,872,595	1,868,763	2,086,954	2,581,455	2,757,125	3,124,126
Power Purchased.....	2,339,693	3,485,991	4,252,495	4,284,068	4,353,609	3,465,720	3,593,803	3,556,985	4,446,236	4,511,777
Maintenance and Repairs.....	871,821	1,127,915	1,194,900	1,425,055	2,794,115	2,042,721	1,729,420	1,729,082	1,899,033	2,157,985
Taxes, other than Income and Profits Taxes.....	1,040,799	1,093,939	921,936	836,384	865,450	913,599	1,245,363	1,353,410	1,611,706	1,810,941
General Expenses.....	1,480,218	1,550,008	1,737,503	2,024,499	2,064,224	2,058,854	2,324,690	2,750,473	3,177,839	3,219,506
Water Storage Rentals.....	500,736	481,407	530,921	548,726	549,308	575,005	616,200	668,169	627,759	654,623
Total Operating Expenses.....	7,535,735	9,209,446	10,218,104	10,822,330	12,499,501	10,924,662	11,596,430	12,639,574	14,519,698	15,478,958
Net Profit before Bond Interest, Depreciation and Income and Profits Taxes.....	9,528,980	10,854,837	13,960,209	13,509,383	10,773,889	11,061,537	11,149,785	12,083,353	12,772,446	13,066,067
Deduct:										
Interest paid and accrued on Bonds (including U.S. Exchange).....	4,124,038	4,018,574	3,836,244	3,789,897	3,723,806	3,163,562	2,958,659	2,842,045	2,981,256	3,694,938
Net Profit before Depreciation and Income and Profits Taxes.....	5,404,942	6,836,263	10,123,965	9,719,486	7,050,083	7,897,975	8,191,126	9,241,308	9,791,190	9,371,129
Deduct:										
Provision for—										
Depreciation.....	2,000,000	2,400,000	2,900,000	3,000,000	3,000,000	3,000,000	3,150,000	3,250,000	3,500,000	3,600,000
Income and Profits Taxes.....	1,340,000	2,116,000	4,691,099 [⊕]	4,352,101 [⊕]	1,725,796 [⊕]	2,592,000 [⊕]	1,849,000	2,043,000	2,040,000	1,848,000
Total Depreciation and Income and Profits Taxes.....	3,340,000	4,516,000	7,591,099	7,352,101	4,725,796	5,592,000	4,999,000	5,293,000	5,540,000	5,448,000
Net Profit.....	\$ 2,064,942	\$ 2,320,263	\$ 2,532,866	\$ 2,367,385	\$ 2,324,287	\$ 2,305,975	\$ 3,192,126	\$ 3,948,308	\$ 4,251,190	\$ 3,923,129

⊕ Including Refundable Portion of Dominion of Canada Excess Profits Tax.

Earnings and Dividends:
 4% Preferred Shares, \$50 Par Value:
 Earned per Share..... \$9.80
 Dividends for the Year..... 1.00*

*For six months only.

Common Shares, No Par Value:
 Earned per Share..... \$1.58
 Dividends for the Year..... 1.20

\$9.80
2.00

\$1.58
1.20

THE SHAWINIGAN WATER AND POWER COMPANY

COMPARATIVE STATEMENT OF PROFIT AND LOSS ACCOUNT

For the years ended December 31, 1949 and 1948

	1949	1948
Revenue from Power Sales	\$25,880,023	\$24,792,632
Other Revenue, including Income from Temporary Investments and Rentals	1,281,158	1,031,709
Dividends from Subsidiary and Other Companies	1,383,844	1,467,803
Total Revenue	28,545,025	27,292,144
Deduct:		
Operating Expenses	3,124,126	2,757,125
Power Purchased	4,511,777	4,446,236
Maintenance and Repairs	2,157,985	1,899,033
Taxes, other than Income and Profits Taxes	1,810,941	1,611,706
General Expenses	3,219,506	3,177,839
Water Storage Rentals	654,623	627,759
Total Operating Expenses	15,478,958	14,519,698
Net Profit before Bond Interest, Depreciation and Income and Profits Taxes	13,066,067	12,772,446
Deduct:		
Interest paid and accrued on Bonds (including U.S. Exchange \$56,875)	3,694,938	2,981,256
Net Profit before Depreciation and Income and Profits Taxes	9,371,129	9,791,190
Deduct:		
Provision for—Depreciation	3,600,000	3,500,000
Income and Profits Taxes	1,848,000	2,040,000
Total Depreciation and Income and Profits Taxes	5,448,000	5,540,000
Net Profit transferred to Earned Surplus Account	\$3,923,129	\$4,251,190

COMPARATIVE STATEMENT OF EARNED SURPLUS ACCOUNT

For the years ended December 31, 1949 and 1948

	1949	1948
Surplus carried forward from previous year, after adjustments	\$ 6,780,064	\$ 5,165,492
Refunded Portion of Excess Profits Tax	669,685	441,700
Profit on Securities Sold	—	647,718
Net Profit transferred from Profit and Loss Account	3,923,129	4,251,190
	11,372,878	10,506,100
Deduct:		
Amortization of Bond Premium, Discount and Expense	298,301	243,050
One tenth of additional cost for past service, Employees' Retirement Income Plan (fourth annual payment)	72,370	72,370
Dividends on Preferred Shares	800,000	800,000
Dividends on Common Shares	2,613,900	2,613,900
	3,784,571	3,729,320
Earned Surplus as per Balance Sheet	\$7,588,307	\$6,776,780

Audited and Verified,
per our Report attached,
(Signed) SHARP, MILNE & CO.,

Chartered Accountants.

Montreal, January 21, 1950.

THE SHAWINIGAN WATER AND POWER COMPANY

DIRECTORS

LT.-COL. L. J. A. AMYOT	*S. G. DOBSON	W. B. SCOTT, K.C.
V. G. BARTRAM	J. A. ECCLES	*P. F. SISE
R. J. BEAUMONT	J. A. FULLER	ARTHUR SURVEYER
J. B. CHALLIES	*BEAUDRY LEMAN	H. G. WELSFORD
*N. J. DAWES		*JAMES WILSON, O.B.E.

**Member of Executive Committee*

OFFICERS

JAMES WILSON, O.B.E., *President and Chairman of Executive Committee*

J. A. FULLER, *Executive Vice-President*

R. J. BEAUMONT, *Vice-President*

J. B. CHALLIES, *Vice-President and Executive Engineer*

E. D. GRAY-DONALD, *Vice-President and Chief Engineer*

P. S. GREGORY, *Vice-President, Power Sales*

W. F. MAINGUY, *Vice-President, Distribution*

JOHN MORSE, *Vice-President, Generation and Transmission*

N. P. WOODS, *Treasurer*

C. W. HEMMING, *Assistant Treasurer and Comptroller*

J. L. T. MARTIN, *Secretary*

W. S. HUNTER, *Assistant Secretary*

M. BALLS, *Assistant Vice-President*

A. L. J. BARIBEAU, *Assistant Vice-President*

GEO. CAMPBELL, *Assistant Vice-President and Director of Purchasing*

HEAD OFFICE: Montreal, Canada

Transfer Agents:

The Royal Trust Company
Montreal, Que. Toronto, Ont.

Bank of Montreal Trust Company
New York City U.S.A.

Bankers:

The Royal Bank of Canada
National Canadian Bank

Registrars:

National Trust Company Limited
Montreal, Que. Toronto, Ont.

Bankers Trust Company
New York City, U.S.A.

Auditors:

Sharp, Milne & Co.
Chartered Accountants, Montreal, Que.

THE SHAWINIGAN ENGINEERING COMPANY LIMITED

OFFICERS

JAMES WILSON, O.B.E., *Chairman of the Board*

J. A. McCRORY, *President*

E. V. LEIPOLDT, *Vice-President*

R. E. HEARTZ, *Vice-President and Chief Engineer*

C. R. LINDSEY, *Vice-President*

N. P. WOODS, *Treasurer*

J. L. T. MARTIN, *Secretary*

HEAD OFFICE: *Montreal, Canada*

SHAWINIGAN CHEMICALS LIMITED

DIRECTORS

V. G. BARTRAM

L. F. LOUTREL

C. M. CARMICHAEL

W. F. MACKLAIER, K.C.

J. A. FULLER

H. S. REID

P. S. GREGORY

H. S. SUTHERLAND

R. S. JANE

JAMES WILSON, O.B.E.

OFFICERS

JAMES WILSON, O.B.E., *Chairman of the Board*

V. G. BARTRAM, *President*

H. S. REID, *Vice-President*

J. A. FULLER, *Vice-President*

R. S. JANE, *Vice-President,
Research and Patents*

C. M. CARMICHAEL, *Vice-President,
Stainless Steel and Alloys*

H. S. SUTHERLAND, *Vice-President, Sales*

P. W. WRIGHT, *Secretary-Treasurer*

HEAD OFFICE: *Montreal, Canada*

WORKS: *Shawinigan Falls, Que.*

SHAWINIGAN LIMITED, LONDON, ENGLAND

A. W. SCOTT, *Managing Director*

SHAWINIGAN PRODUCTS CORPORATION, NEW YORK, N.Y.

L. F. LOUTREL, *President*

