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FIFTY - THIRD



ANNUAL REPORT

The Shawinigan Water and Power Company

1950



Rapide Blanc — from a painting by R. W. Pilot, M.B.E., R.C.A.

Our staff and the public...

It is customary in the annual report of a business organization to refer to what are known as the "public relations" and the "employee relations" of the organization. We believe that we could, with some confidence and a certain measure of pride, simply make the statement that our relations with the public and with our employees are on a sound and satisfactory basis. We should like, however, to express this thought in a somewhat different way.

The Shawinigan concept of public relations is simple and straightforward. We believe that our policy of striving to provide the best possible service at the lowest possible cost, dealing fairly and courteously with those we serve, is in the best interest of the public, the investor, and the employee. In short, we believe this is the essence of good public relations.

A business organization, regardless of the excellence of its plant and material resources, is essentially a group of people. We believe that our business will succeed only if all of us, management and employees alike, have confidence in each other and feel ourselves partners in a worthwhile enterprise, and if we have a strong sense of responsibility toward the public we serve. These things we feel we have in the Shawinigan organization.

The year of substantial progress described in the present report has been made possible by the combined efforts of the loyal and hard-working body of Shawinigan employees, and we are indeed pleased to take this opportunity of expressing to every member of the Shawinigan family, our sincere appreciation of a job well done.


President.

THE SHAWINIGAN WATER AND POWER COMPANY



FINANCIAL STATEMENTS 1950

Herein is presented Comparative Balance Sheet of The Shawinigan Water and Power Company as at December 31, 1950 and 1949, together with comparative Statements of Profit and Loss Account and Earned Surplus Account for the years ended December 31, 1950 and 1949, and the report of the Company's auditors.

The report of the Directors will be submitted to the shareholders at the Annual General Meeting, to be held in Montreal on Wednesday, March 14, 1951. Copies of the report will subsequently be mailed to all shareholders.

THE SHAWINIGAN WATER

Comparative Balance Sheet as at

ASSETS

Fixed Assets:		1950	1949
Power Developments.....	\$78,117,219		\$70,616,839
Properties.....	27,577,379		28,176,422
Machinery.....	36,909,829		33,715,435
Transmission Lines and Distribution System.....	89,398,361		79,478,276
Total Fixed Assets (at cost of construction or acquisition).....		\$232,002,788	211,986,972
<u>Mattawin River and Other Storage Dams (at cost).....</u>	4,073,658		
Less: Amortization to Date.....	1,087,348	2,986,310	3,055,386
<u>Securities of Subsidiary and Other Companies (at cost, less net adjustments).....</u>		15,150,090	15,077,934
<u>Deposit with Quebec Government.....</u>		250,000	250,000
<small>(\$250,000 Province of Quebec Bonds, deposited with the Quebec Government as provided in the emphyteutic lease dated June 22, 1928.)</small>			
<u>Refundable Portion of Dominion of Canada Excess Profits Tax.....</u>		294,035	421,307
<u>Stores and Moveable Plant (at cost).....</u>		2,856,622	3,178,348
 <u>Current Assets:</u>			
Cash in Banks and on Hand.....	2,532,159		2,941,500
Call Loans.....	4,420,000		510,000
Temporary Investments (at cost, less reserve).....	15,728,617		12,344,569
<small>(Government Bonds and other investments, market value \$15,731,235.)</small>			
Accounts and Bills Receivable.....	3,686,218		3,398,195
Prepaid Charges.....	817,274		764,928
Total Current Assets.....		27,184,268	19,959,192
<u>Unamortized Bond Premium, Discount and Expense.....</u>		3,497,326	5,417,110
Total Assets.....		\$284,221,439	\$259,346,249

AUDITORS' REPORT

We have audited the books and accounts of The Shawinigan Water and Power Company for the year ended December 31, 1950. In connection therewith we examined or rested 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, 1950, 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.

Montreal, January 29, 1951.

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

AND POWER COMPANY

December 31, 1950 and 1949

LIABILITIES

	1950	1949
<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
Series "B" 4½%, 100,000 Shares of \$50 par value.....	5,000,000	—
<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.....	\$92,562,997	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
Series "J" 3½% maturing February 1, 1970.....	9,164,000	
Less: Redeemed under Sinking Fund Provisions..	121,500	9,042,500
Series "L" 3% maturing March 1, 1961.....	12,828,000	
Less: Redeemed under Sinking Fund Provisions..	472,000	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..	1,765,000	8,971,000
Series "O" 3¼% maturing April 1, 1972.....	13,806,500	
Less: Redeemed under Sinking Fund Provisions..	225,000	13,626,000
Series "P" 3½% maturing October 1, 1973.....	25,000,000	
Less: Redeemed under Sinking Fund Provisions..	1,254,000	23,746,000
Series "Q" 3% maturing March 1, 1975.....	15,000,000	—
Total Funded Debt.....	124,291,000	110,543,500
(Principal and Interest payable in Canadian Funds with the exception of Series "M" and "Q" payable in United States Funds.)		
<u>Deferred Liability.....</u>	2,067,950	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)	4,492,907	3,478,099
Accrued Bond Interest, and Dividends Payable.....	2,141,171	1,929,427
Total Current Liabilities.....	6,634,078	5,407,526
<u>Reserves:</u>		
Contingent and Insurance Reserves.....	1,160,032	1,160,032
Depreciation and Renewal Reserve.....	48,289,507	45,926,630
Total Reserves.....	49,449,539	47,086,662
<u>Surplus:</u>		
Earned Surplus.....	8,921,840	7,588,307
Deferred Surplus.....	294,035	421,307
(Refundable Portion of Dominion of Canada Excess Profits Tax.)		
	9,215,875	8,009,614
Total Liabilities.....	\$284,221,439	\$259,346,249

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, J. A. ECCLES }
P. F. SISE } Directors.

THE SHAWINIGAN WATER AND POWER COMPANY

COMPARATIVE STATEMENT OF PROFIT AND LOSS ACCOUNT

For the years ended December 31, 1950 and 1949

	1950	1949
Revenue from Power Sales.....	\$29,270,366	\$25,880,023
Other Revenue, including Income from Temporary Investments and Rentals.....	1,513,450	1,281,158
Dividends from Subsidiary and Other Companies.....	1,955,946	1,383,844
Total Revenue.....	32,739,762	28,545,025
Deduct:		
Operating Expenses.....	3,227,140	3,124,126
Power Purchased.....	5,014,990	4,511,777
Maintenance and Repairs.....	2,103,526	2,157,985
Taxes, other than Income and Profits Taxes.....	1,875,765	1,810,941
General Expenses.....	3,553,552	3,219,506
Water Storage Rentals.....	672,219	654,623
Total Operating Expenses.....	16,447,192	15,478,958
Net Profit before Bond Interest, Depreciation and Income and Profits Taxes.....	16,292,570	13,066,067
Deduct:		
Interest paid and accrued on Bonds (including U.S. Exchange \$81,561).....	4,016,269	3,694,938
Net Profit before Depreciation and Income and Profits Taxes.....	12,276,301	9,371,129
Deduct:		
Provision for—Depreciation.....	4,300,000	3,600,000
Income and Profits Taxes.....	2,668,000	1,848,000
Total Depreciation and Income and Profits Taxes.....	6,968,000	5,448,000
Net Profit transferred to Earned Surplus Account.....	\$5,308,301	\$3,923,129

COMPARATIVE STATEMENT OF EARNED SURPLUS ACCOUNT

For the years ended December 31, 1950 and 1949

	1950	1949
Surplus carried forward from previous year.....	\$7,588,307	\$6,780,064
Refunded Portion of Excess Profits Tax.....	127,271	669,685
Preferred Stock Premium, less Expenses.....	49,257	—
Profit on Securities Sold.....	297,804	—
Net Profit transferred from Profit and Loss Account.....	5,308,301	3,923,129
	<u>13,370,940</u>	<u>11,372,878</u>
Deduct:		
Amortization of Bond Premium, Discount and Expense.....	230,768	298,301
One tenth of additional cost for past service, Employees' Retirement Income Plan (fifth annual payment).....	72,370	72,370
Dividends on Preferred Shares.....	987,500	800,000
Dividends on Common Shares.....	3,158,462	2,613,900
	<u>4,449,100</u>	<u>3,784,571</u>
Earned Surplus as per Balance Sheet.....	\$8,921,840	\$7,588,307

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

Chartered Accountants.

THE SHAWINIGAN WATER AND POWER COMPANY



ÉTATS FINANCIERS 1950

On trouvera à l'intérieur le bilan comparatif de The Shawinigan Water and Power Company au 31 décembre, 1950 et 1949, avec les états comparatifs de Profits et Pertes et le compte Surplus accumulé pour les exercices terminés le 31 décembre, 1950 et 1949, ainsi que le rapport des vérificateurs de la compagnie.

Le rapport du conseil d'administration sera communiqué aux actionnaires à l'assemblée générale annuelle qui aura lieu à Montréal, mercredi le 14 mars 1951. Des exemplaires du rapport seront subséquemment adressés par la poste aux actionnaires.

THE SHAWINIGAN WATER

Bilan Comparatif au

	ACTIF		1950	1949
<u>Immobilisations:</u>				
Aménagements.....	\$78,117,219			\$70,616,839
Immeubles.....	27,577,379			28,176,422
Outillage.....	36,909,829			33,715,435
Lignes de transmission et réseau de distribution.....	<u>89,398,361</u>			<u>79,478,276</u>
Total des Immobilisations (au prix coûtant de construction ou d'achat)..		\$232,002,788		211,986,972
<u>Barrages-réservoirs de la rivière Mattawin et autres (au prix coûtant)..</u>	4,073,658			
Moins: amortissement à date.....	<u>1,087,348</u>	2,986,310		3,055,386
<u>Portefeuille-titres, filiale set autres sociétés (au coûtant, moins ajustements nets).....</u>		15,150,090		15,077,934
<u>Dépôt au Gouvernement de Québec.....</u>		250,000		250,000
<small>(\$250,000 d'obligations de la Province de Québec en dépôt au Gouvernement provincial, conformément au bail emphytéotique, daté du 22 juin 1928.)</small>				
<u>Partie remboursable de l'impôt fédéral sur les excédents de bénéfices.....</u>		294,035		421,307
<u>Magasins et matériel (au prix coûtant).....</u>		2,856,622		3,178,348
<u>Disponibilités:</u>				
Espèces en caisse et en banque.....	2,532,159			2,941,500
Obligations d'État et prêts à vue.....	4,420,000			510,000
Placements temporaires (au coûtant, moins réserves).....	15,728,617			12,344,569
<small>(Obligations d'État et autres placements, valeur marchande \$15,731,235.)</small>				
Comptes et effets à recevoir.....	3,686,218			3,398,195
Sommes payées d'avance.....	<u>817,274</u>			<u>764,928</u>
Total des disponibilités.....		27,184,268		19,959,192
<u>Prime, escompte et dépenses non amorties sur obligations.....</u>		3,497,326		5,417,110
Total de l'actif.....		<u>\$284,221,439</u>		<u>\$259,346,249</u>

RAPPORT DES VÉRIFICATEURS

Nous avons vérifié les livres et comptes de The Shawinigan Water and Power Company pour l'exercice terminé le 31 décembre 1950. A cette occasion, nous avons fait l'inspection des registres et autres pièces justificatives, au complet ou au moyen de sondages, et nous avons procédé à une revue générale des méthodes de comptabilité de la compagnie.

Les matériaux en magasin, l'outillage, la caisse et les comptes à recevoir ont fait l'objet de vérifications périodiques de la part de votre propre service de vérification qui nous a fourni des certificats à cet effet.

Nous avons obtenu toutes les informations et explications demandées et nous estimons, d'après notre examen, que le bilan ci-dessus ainsi que les comptes de Profits et Pertes et de Surplus s'y rapportant exposent fidèlement la situation financière de The Shawinigan Water and Power Company au 31 décembre 1950, ainsi que les résultats d'exploitation pour l'exercice terminé à cette date, suivant les renseignements que nous avons obtenus, les explications qui nous ont été données et les écritures portées aux livres et états de la compagnie.

(Signé) SHARP, MILNE & CO.,
Comptables agréés.

Montréal, le 29 janvier 1951.

AND POWER COMPANY

31 décembre 1950 et 1949

PASSIF

	1950	1949
<u>Capital-actions:</u>		
<u>Actions privilégiées cumulatives:</u>		
Autorisées: 600,000 actions de \$50.00 au pair.....	\$30,000,000	
Émises—Série "A" 4%, 400,000 actions de \$50.00 au pair.....	\$20,000,000	\$ 20,000,000
Série "B" 4½%, 100,000 actions de \$50.00 au pair.....	5,000,000	—
<u>Actions ordinaires:</u>		
Autorisées—2,600,000 actions sans valeur au pair		
Émises —2,178,250 actions sans valeur au pair.....	67,562,997	67,562,997
Total du capital-actions.....	\$ 92,562,997	87,562,997
<u>Dettes Obligataires:</u>		
<u>Obligations amortissables comportant première hypothèque et nantissement en fiducie:</u>		
Série "H" 3½% échéance le 1er janvier 1970.....	18,761,000	
Moins: Titres rachetés (fonds d'amortissement)..	1,431,000	17,330,000
Série "J" 3½% échéance le 1er février 1970.....	9,164,000	
Moins: Titres rachetés (fonds d'amortissement)..	121,500	9,042,500
Série "L" 3% échéance le 1er mars 1961.....	12,828,000	
Moins: Titres rachetés (fonds d'amortissement)..	472,000	12,356,000
Série "M" 3% échéance le 15 avril 1971.....	25,000,000	25,000,000
Série "N" 3% échéance le 15 mai 1971.....	10,000,000	
Moins: Titres rachetés (fonds d'amortissement)..	1,765,000	8,235,000
Série "O" 3¼% échéance le 1er avril 1972.....	13,806,500	
Moins: Titres rachetés (fonds d'amortissement)..	225,000	13,581,500
Série "P" 3½% échéance le 1er octobre 1973.....	25,000,000	
Moins: Titres rachetés (fonds d'amortissement)..	1,254,000	23,746,000
Série "Q" 3% échéance le 1er mars 1975.....	15,000,000	—
Total de la dette obligataire.....	124,291,000	110,543,500
(Principal et intérêts payables en fonds canadiens, sauf pour les séries "M" et "Q" payables en fonds américains.)		
<u>Passif différé.....</u>	2,067,950	735,950
(Avances reçues sur le coût d'une ligne de transmission en construction, remboursables par versements au cours des années subséquentes.)		
<u>Exigibilités:</u>		
Comptes à payer (y compris provision pour impôts sur le revenu et sur les bénéfices).....	4,492,907	3,478,099
Intérêts courus sur les obligations et dividendes à payer.....	2,141,171	1,929,427
Total des exigibilités.....	6,634,078	5,407,526
<u>Réserves:</u>		
Fonds de prévoyance et fonds d'assurance.....	1,160,032	1,160,032
Fonds d'amortissement et de renouvellement des installations.....	48,289,507	45,926,630
Total des réserves.....	49,449,539	47,086,662
<u>Surplus:</u>		
Surplus accumulé.....	8,921,840	7,588,307
Surplus différé.....	294,035	421,307
(Partie remboursable de l'impôt fédéral sur les excédents de bénéfices.)		
Total du surplus.....	9,215,875	8,009,614
Total du passif.....	<u>\$284,221,439</u>	<u>\$259,346,249</u>

La compagnie, conjointement avec Montreal Light, Heat & Power Consolidated (à qui a succédé la Commission Hydro-électrique de Québec), a garanti, chacun pour sa moitié, le principal et les intérêts des obligations, nanties en fiducie, 3%, dix ans, de United Securities Limited, au montant de \$1,697,000 échéant le 1er mai 1952.

Approuvé pour le Conseil d'Administration, J. A. ECCLES }
P. F. SISE } administrateurs.

THE SHAWINIGAN WATER AND POWER COMPANY

ÉTAT COMPARATIF DES PROFITS ET PERTES

Pour les exercices terminés le 31 décembre 1950 et 1949

	1950	1949
Recettes provenant des ventes d'énergie.....	\$29,270,366	\$25,880,023
Autres recettes, y compris le revenu de placements temporaires et de loyers.....	1,513,450	1,281,158
Dividendes des compagnies filiales et autres.....	1,955,946	1,383,844
Recettes totales.....	32,739,762	28,545,025
Moins:		
Frais d'exploitation.....	3,227,140	3,124,126
Achats d'énergie.....	5,014,990	4,511,777
Entretien et réparations.....	2,103,526	2,157,985
Taxes, autres que les impôts sur le revenu et sur les bénéfices.....	1,875,765	1,810,941
Frais d'administration.....	3,553,552	3,219,506
Loyers d'emmagasinage des eaux.....	672,219	654,623
Total des frais d'exploitation.....	16,447,192	15,478,958
Bénéfices nets, avant défalcation des intérêts sur obligations, de la dépréciation et des impôts sur le revenu et sur les bénéfices.....	16,292,570	13,066,067
Moins:		
Intérêts payés et courus sur obligations (y compris la prime sur le change américain \$81,561).....	4,016,269	3,694,938
Bénéfices nets avant défalcation de la dépréciation et des impôts sur le revenu et sur les bénéfices.....	12,276,301	9,371,129
Moins:		
Provisions pour—Dépréciation.....	4,300,000	3,600,000
Impôts sur le revenu et sur les bénéfices.....	2,668,000	1,848,000
Total de la dépréciation et des impôts sur le revenu et sur les bénéfices...	6,968,000	5,448,000
Bénéfices nets transportés au compte Surplus accumulé.....	\$5,308,301	\$3,923,129

ÉTAT COMPARATIF DU COMPTE SURPLUS ACCUMULÉ

Pour les exercices terminés le 31 décembre 1950 et 1949

	1950	1949
Report de surplus à la fin de l'exercice précédent, après ajustements.....	\$7,588,307	\$6,780,064
Partie remboursée de l'impôt sur les excédents de bénéfices.....	127,271	669,685
Prime sur actions privilégiées, frais déduits.....	49,257	—
Bénéfices de la vente de titres.....	297,804	—
Bénéfices nets transportés du compte Profits et Pertes.....	5,308,301	3,923,129
	13,370,940	11,372,878
Moins:		
Amortissement de prime, escompte et dépenses sur obligations.....	230,768	298,301
Un dixième du coût additionnel, pour services passés des employés en vertu du Plan de Revenu à la Retraite (cinquième versement annuel).....	72,370	72,370
Dividendes sur actions privilégiées.....	987,500	800,000
Dividendes sur actions ordinaires.....	3,158,462	2,613,900
	4,449,100	3,784,571
Surplus accumulé ressortant au bilan.....	\$8,921,840	\$7,588,307

Vérifié, conformément à notre rapport ci-joint,
(Signé) SHARP, MILNE & CO.,

Comptables agréés.

Montréal, le 29 janvier 1951.

FIFTY - T H I R D

A N N U A L R E P O R T

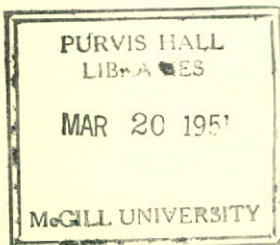


The Shawinigan Water and Power Company

1950

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The Year In Brief

FINANCIAL RESULTS

Revenues

Gross revenues of \$32,739,762 were 14.7% higher than in 1949 and the highest in the Company's history. Revenue from power sales increased 13.1%, while dividends received from subsidiary and other companies, amounting to \$1,955,946, were 41.3% higher than in the previous year. This was due primarily to the payment of an extra dividend of \$2.00 per share by Shawinigan Chemicals Limited.

Expenses

Further increases in the cost of materials and supplies and higher wage levels caused an increase of 6.3% in operating expenses.

Net Profit

Total net profit from all sources, after bond interest and preferred dividends, was \$1.98 per common share which compares with \$1.43 per share in 1949. Profit derived from power operations amounted to \$1.08 per share, the remaining 90 cents representing dividends received from our subsidiaries and from other companies.

Dividends

In addition to the regular common dividend of \$1.20 per share, a special dividend of 25 cents per share was paid in December. This represented the passing on to shareholders of the extra dividend received from Shawinigan Chemicals Limited.

THE YEAR'S OPERATIONS

Power Sales

Total kilowatt-hours sold amounted to 6,566,539,000, an increase of 10.1% over 1949. The firm power peak load reached 1,537,936 horsepower, an increase of 13.4%.

This was due principally to additional power consumption by existing industrial customers and to the power loads of new industries which started production during the year. There was also a marked growth in the amount of electricity supplied to residential, farm, commercial and municipal consumers. New commitments for firm power during the year totalled 78,000 horsepower.

New Power Facilities

The first of the five 65,000 horsepower units at the new Trenché development was brought into operation during November, the second in December and the third early in 1951. The output of these three units was of material assistance in supplying our customers' requirements during the winter season when demand was greatest. The two remaining units to complete the initial installation will be in operation by the middle of the year.

Water Resources

Precipitation in the St. Maurice valley was slightly above average and riverflow conditions were satisfactory. Storage reserves at the end of the year, although slightly below the long-term average, were greater than at the end of 1949, notwithstanding the withdrawal of some 11 billion cubic feet of water to fill the new "pond" created by the Trenché development.

CONSTRUCTION

Total capital expenditures for the year amounted to \$22,780,000, which compares with \$25,795,000 in 1949. The major part of this amount was spent for construction of the Trenché development and transmission facilities related to it. Considerable sums of money were also spent for additions to the distribution system.

FINANCING

To provide the funds needed to complete our current capital expenditure programme, in March, \$5,000,000 4½% Series "B" Preferred Shares were sold in Canada, and in April, \$15,000,000 Series "Q" 3% Bonds were advantageously disposed of by private sale in the United States.

53rd ANNUAL REPORT

OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 1950

The Year's Operations

Total sales of power during the year amounted to 6,566,539,000 kilowatt-hours as compared with 5,964,221,000 kilowatt-hours in 1949, of which our own generating plants produced 4,686,168,000 kilowatt-hours as compared with 4,314,443,000 kilowatt-hours in the previous year.

The firm power peak load on the system reached 1,537,936 horsepower as compared with 1,355,898 horsepower in 1949. Industrial activity was at a high level, particularly during the latter part of the year, and the requirements of the pulp and paper, chemical and metallurgical industries were greater than at any time in the past. In addition, there was an increase of 11.6% in the amount of power consumed by residential, farm, commercial and municipal customers.

Throughout the year efforts to attract new industries to our territory were continued successfully by the Industrial Development and Research Departments.

The bringing into production of the first 65,000 horsepower unit at the new Trenché development in the middle of November, some seven months ahead of the original schedule, and of the second unit in December, greatly facilitated the handling of the heavy peak loads which occur during the winter months. This new generating station, which will have a total initial capacity of 325,000 horsepower, is expected to be in full production by July 1951, and will augment greatly our ability to satisfy demands for power which may be made upon us.

During the year we completed the 220,000 volt transmission line from the Trenché generating station to La Tuque, and another of the same voltage from the Trois Rivières Terminal Station to Sorel, including the

The Shawinigan Water and Power Company

new crossing over the St. Lawrence River at Sorel, which has a span of 3,950 feet. The transmission line to Sorel was built to serve the Quebec Iron and Titanium Corporation's plant, the initial operation of which commenced during the fall; this plant will require approximately 160,000 horsepower when in full production.

New commitments for firm power during the year, which include revisions of existing contracts as well as contracts with new industries and others, amounted to 78,000 horsepower. In addition to these contracts we have agreed to supply 120,000 horsepower to the Aluminum Company of Canada Limited at Shawinigan Falls up to December 31, 1951.

Our rural electrification programme was continued and 417 miles of new rural lines were completed and placed in operation. At the end of the year, 172,853 residential, farm, commercial and municipal consumers were receiving Shawinigan service, an increase of 8,411 for the year. The increasing use of electricity by such customers is illustrated by the increase in the annual average consumption of each residential customer from 1,352 kilowatt-hours in 1949 to 1,453 kilowatt-hours in 1950.

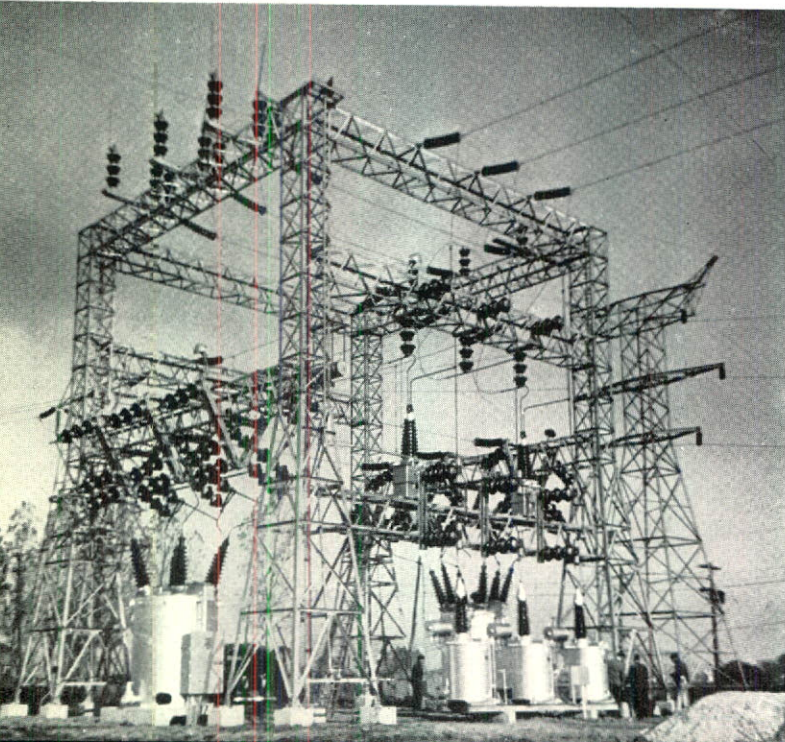
Market development work was continued throughout our territory. This work includes bringing to the attention of residential, farm and commercial customers new ways in which electricity can be of service to them, keeping them informed regarding new and improved electrical appliances and machines, and also advising them as to better and more economical use of electrical services.

Studies were made during the year of the advisability of dismantling the Company's original No. 1 Generating Station at Shawinigan Falls, which could be utilized only during periods of high water in the spring and fall. As the saving in maintenance and operating expenses exceeded any benefit which could be derived from occasional and intermittent operation of the plant, it was dismantled.

Construction

Capital expenditures for the year totalled \$22,780,000 which was somewhat lower than in 1949. Of this we spent a total of \$16,746,000 in connection with the new Trenché development; \$12,210,000 was needed for construction of the dam and generating station and \$4,536,000 for the transmission lines, the requisite additional terminal facilities and the new river crossing at Sorel. Extensions to our rural and urban distribution system required expenditures of \$4,022,000. With the completion of the Trenché development, our estimated expenditures for 1951 will be considerably lower.

While work on the Trenché development was the largest item of construction carried on during the year, the usual and necessary extensions and improvements to transmission and distribution facilities were continued. This involved the construction of new lines and sub-stations and the strengthening and enlargement of others, as well as the provision of more adequate office and service buildings.



The new Terminal Station at St. Cesaire.

The Year's Financial Results

The year 1950 was a good year for our Company and was considerably better than we had anticipated at the beginning of the year. Revenue from power sales and income from other sources increased substantially, the latter due primarily to the payment by our wholly-owned subsidiary, Shawinigan Chemicals Limited, of an extra dividend of \$2.00 per share, which added \$562,550 to the income received from that source.

Revenue from sales of power to large industrial and wholesale customers was 11.6% greater, resulting from the very high level of business activity and the coming into operation of new industrial plants. Revenue from sales of electricity to residential, farm, commercial, municipal and small power consumers increased 16.2% over the previous year. This increase resulted primarily from the larger number and increased consumption of customers in these categories and in part from the adjustment in rates which was put into effect January 1, 1950.

Operating expenses, which include the cost of power purchased, increased 6.3%. This was occasioned in part by the higher prices we have had to pay for materials and supplies and also by a higher level of wage rates which went into effect during the year.

The plant of Quebec Iron and Titanium Corporation at Sorel. The stock-pile of ore is in the foreground: a ship is unloading ore at the Company's dock.

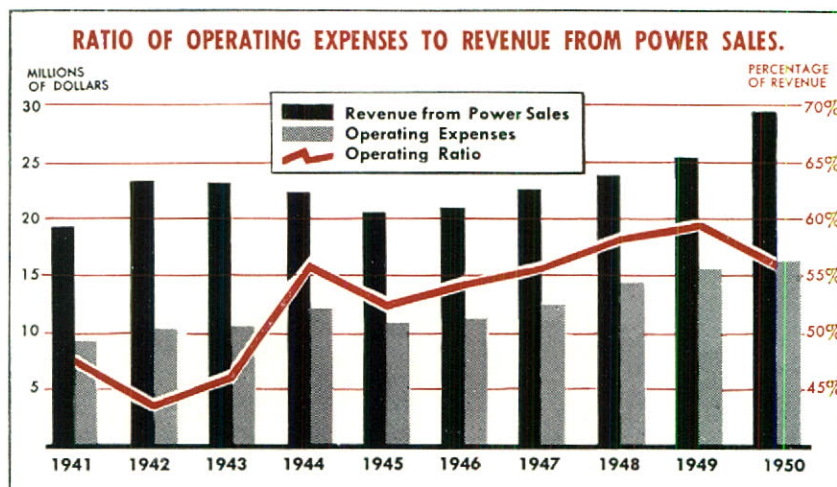


The Shawinigan Water and Power Company

Revenues

The simplified statement of revenues and expenditures on this and the following page shows percentage increases as compared with 1949.

WE RECEIVED:	1950	1949	Increase
FROM OUR CUSTOMERS FOR POWER AND ELECTRICITY:			
INDUSTRIES—Pulp and Paper	\$ 8,725,622	\$ 8,109,712	7.6%
Electrochemical and Metallurgical ...	4,511,061	3,915,176	15.2%
Other Industries	4,124,654	3,352,744	23.0%
TOTAL FROM INDUSTRIES	17,361,337	15,377,632	12.9%
OTHER UTILITIES FOR RESALE	5,118,546	4,688,940	9.2%
RETAIL SALES—to residential, farm, commercial and municipal customers	6,790,483	5,813,451	16.8%
TOTAL REVENUES FROM POWER SALES	29,270,366	25,880,023	13.1%
FROM TEMPORARY INVESTMENTS, RENTALS AND OTHER SOURCES	1,513,450	1,281,158	18.1%
DIVIDENDS FROM SUBSIDIARY AND OTHER COMPANIES ..	1,955,946	1,383,844	41.3%
TOTAL REVENUES	<u>\$32,739,762</u>	<u>\$28,545,025</u>	14.7%



The Shawinigan Water and Power Company

Expenditures

	1950	1949	Increase
FOR MATERIALS AND SERVICES BOUGHT FROM OTHERS			
This includes all materials and equipment needed for the operation and maintenance of generating stations and transmission and distribution system, buildings, vehicles and other equipment. It also includes an amount of \$5,014,990 for power purchased which was 11.1 % higher than in 1949.	\$7,496,869	\$6,998,585	7.1 %
FOR SERVICES RENDERED BY OUR EMPLOYEES			
This amount includes employee benefits such as vacations with pay, and the Company's contributions to pensions, group life insurance and other benefits.	6,402,339	6,014,809	6.4 %
FOR TAXES AND FEES			
Income tax payable to the Federal Government for the year amounted to \$2,249,000. Various taxes and fees payable to Provincial and Municipal authorities including profits taxes, water rentals, royalties and other levies totalled \$2,966,984, an increase of 7.2 %. The total of taxes and fees paid by the company during the year was equivalent to \$2.39 per common share.	5,215,984	4,313,564	20.9 %
FOR THE COST OF PROVIDING FOR REPLACEMENT OF PLANT AND EQUIPMENT			
The increase in the amount provided for this purpose was due to increased investment in plant and equipment utilized to supply electrical services to our customers.	4,300,000	3,600,000	19.4 %
FOR THE USE OF MONEY INVESTED IN OUR BUSINESS			
The amount paid as interest to bondholders increased from \$3,694,938 to \$4,016,269, as a result of the increase of \$13,747,500 in total outstanding Funded Debt. Preferred dividends totalled \$987,500 as against \$800,000 in 1949 resulting from the sale of \$5,000,000 of new Preferred Shares in March, 1950. There remained a total of \$4,320,801, or \$1.98 per share available for the common shareholders out of which regular dividends totalling \$2,613,900 were paid during the year, at the rate of \$1.20 per share. In addition, a special dividend of 25 cents per share totalling \$544,562 was paid out of the extra dividend received from Shawinigan Chemicals Limited amounting to \$562,550.	8,162,231	7,108,838	14.8 %
TOTAL EXPENDITURES	31,577,423	28,035,796	
RETAINED IN THE BUSINESS			
After making all these payments, the remaining sum was retained in the business for future needs.	1,162,339	509,229	
	\$32,739,762	\$28,545,025	

Financial Position

The Balance Sheet as at December 31, 1950, with comparative figures for 1949 is presented on pages 30 and 31. There are several important changes as compared with the previous year.

First is the increase of \$20,015,816 in Fixed Assets resulting from capital expenditures made during the year.

Second is an increase of \$13,747,500 in our Funded Debt and of \$5,000,000 in the amount of Preferred Shares outstanding. In order to provide the funds needed for capital expenditures, we sold in March, 1950, \$5,000,000 Series "B" 4½% \$50 par value Cumulative Redeemable Preferred Shares by public offering in Canada at a price to the Company of \$50.625 per Share. In April, we sold \$15,000,000 Series "Q" 3% Bonds privately in the United States at a price to the Company of \$102.22 U.S. Funds. The premiums, including premium on exchange, received from the sale of these Bonds and Preferred Shares, were used to reduce the item of Unamortized Bond Premium, Discount and Expense.

Third, total funds which became available from our own resources and from the proceeds of these sales exceeded total capital expenditures for the year, and consequently, Net Current Assets were \$5,998,524 higher than at the end of 1949.

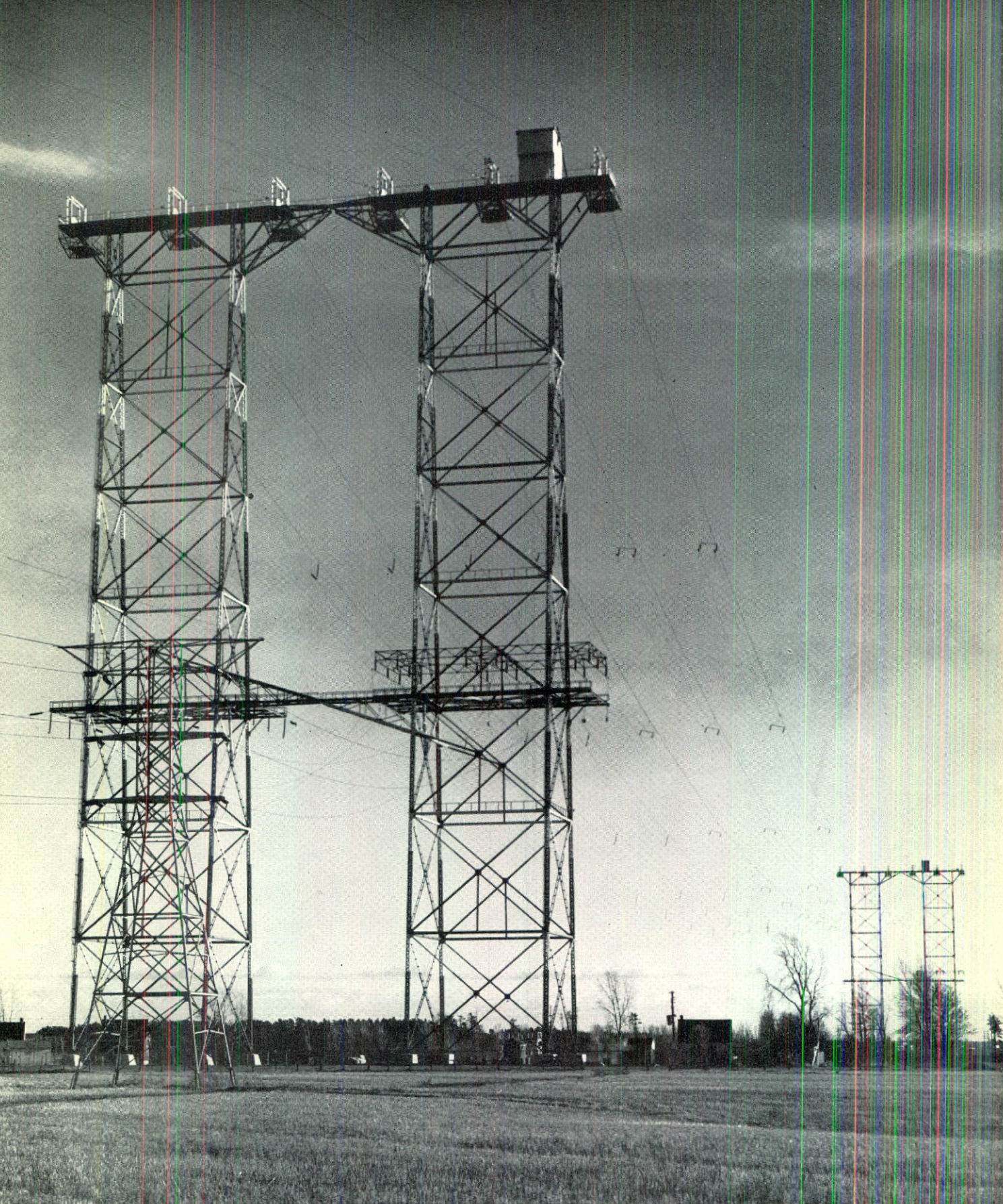
At the end of the year an amount of \$297,804 was transferred from Securities of Subsidiary and Other Companies to Surplus Account. This amount is made up of profits realized to date on the sale of our shareholdings of St. Maurice Transport Company and The Shawinigan Falls Terminal Railway Company, and of certain other investments.

Sources and Allocation of Funds

The following statement indicates the sources of funds which became available during 1950 and 1949 and the allocation of these funds:

	1950	1949
WORKING CAPITAL, JANUARY 1.....	\$14,551,666	\$34,487,497
Prepaid Charges included in Current Assets in 1950 Balance Sheet, restated for 1949.....	—	764,928
		<u>35,252,425</u>
SOURCES OF FUNDS:		
Net Profit for the year.....	\$ 5,308,301	3,923,129
Depreciation and Amortization.....	4,369,075	3,669,075
Proceeds from sale of 3% Series "Q" Bonds.....	16,866,300	—
Proceeds from sale of 4½% Preferred Shares.....	5,062,500	—
Refunded portion of Excess Profits Tax..	127,271	669,685
Reduction in Stores and Moveable Plant and disposal of Fixed Assets.....	1,149,203	849,433
Advances received re construction of trans- mission line.....	1,332,000	735,950
Miscellaneous items.....	153,278	—
	<u>34,367,928</u>	<u>9,847,272</u>
TOTAL FUNDS.....	48,919,594	<u>45,099,697</u>
ALLOCATION OF FUNDS:		
Capital expenditures for year.....	22,780,415	25,794,740
Financing expenses.....	190,527	—
Bonds redeemed under sinking fund pro- visions.....	1,252,500	1,130,000
Increase in other assets and miscellaneous items.....	—	209,391
Dividends—Preferred Shares.....	987,500	800,000
Common Shares.....	3,158,462	2,613,900
	<u>28,369,404</u>	<u>30,548,031</u>
WORKING CAPITAL, DECEMBER 31.....	<u>\$20,550,190</u>	<u>\$14,551,666</u>

This working capital will be available for completion of the Trenché development and other capital expenditures in progress or to be undertaken in 1951.



The twin transmission line crossing over the St. Lawrence River at Sorel, Quebec. That on the left carries a single 220,000-volt circuit and the other, two circuits of 110,000 volts each.

The Year's Financial Results

A statement of the sales and earnings of our Chemicals Company for 1950 as compared with 1949 is shown below.

SHAWINIGAN CHEMICALS LIMITED

	1950	1949
INCOME FROM SALE OF PRODUCTS.....	\$16,797,577	\$13,779,408
The cost of making and selling these products was....	14,672,643	12,757,801
<i>Note: Included in this cost is an amount of \$1,000,000</i> <i>(\$822,452 in 1949) to provide for replacement of</i> <i>plant and equipment (Depreciation).</i>		
	<hr/>	<hr/>
Special appropriation to cover increased cost of replace- ments.....	2,124,934 350,000	1,021,607 —
This left earnings on manufacturing operations before Income and Profits Taxes of.....	1,774,934	1,021,607
Estimated proportion of such taxes payable on manu- facturing operations.....	871,142	382,832
THIS LEFT A PROFIT ON MANUFACTURING OPERATIONS OF....	903,792	638,775
Income from investments in subsidiary companies, from royalties on patents and from other sources.....	\$1,541,860	767,536
Estimated proportion of Income and Profits Taxes payable on this income.	178,858	202,168
	<hr/>	<hr/>
NET INCOME FROM ALL SOURCES THEREFORE WAS.....	1,363,002 2,266,794	565,368 1,204,143
Dividends paid to the parent company for use of money invested in the business.....	1,406,375	843,825
BALANCE RETAINED IN THE BUSINESS.....	<u>\$860,419</u>	<u>\$360,318</u>

Sales and Earnings from Manufacturing Operations

Sales increased 21.9% as compared with the previous year. Canadian sales were 20.3% higher; United States sales 123.5% higher; and sales in overseas markets 25.2% lower.

The increase in domestic sales reflects the continued growth and activity of Canadian business. In the United States, the business recession which occurred in the latter part of 1949 was of brief duration, and during 1950 shortages developed in certain classes of chemical products. The Chemicals Company was able to supply some of these products, although not in quantities equal to the demand. In overseas markets, the further decline was due in part to continued dollar shortages and in part to increased production in the United Kingdom of acetic acid and anhydride, which formerly constituted the bulk of the Chemicals Company's exports to that market.

The larger volume of production resulting from increased sales, together with increased efficiency in operations, brought about a reduction in unit manufacturing costs of most products despite further

increases in wages and prices of raw materials.

Included in manufacturing and selling costs is an amount of \$1,000,000, which has been set aside as a reserve for replacement of plant and equipment. This is the maximum allowable amount under the Income Tax Act of 1949, but, in view of today's greatly increased replacement costs, an additional amount of \$350,000 was appropriated to Contingent Reserve. After this appropriation and after providing for Income and Profits Taxes, the profit on manufacturing operations was \$903,792, as compared with \$638,775 in 1949.

Income From Other Sources

The Chemicals Company also obtained a substantially increased income by way of dividends from subsidiary and affiliated companies, from royalties, and from other sources.

The principal subsidiary and affiliated companies are:

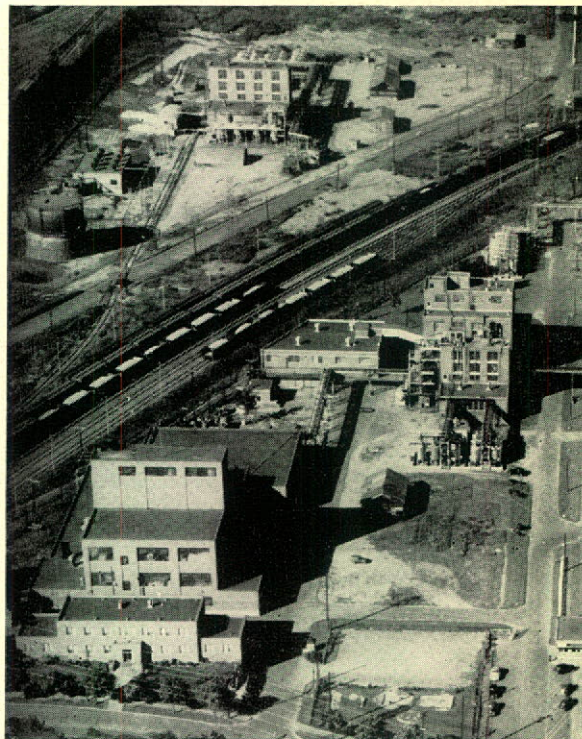
Shawinigan Limited (London, England), a wholly-owned subsidiary which buys and resells, in the United Kingdom and European

Shawinigan Chemicals Limited

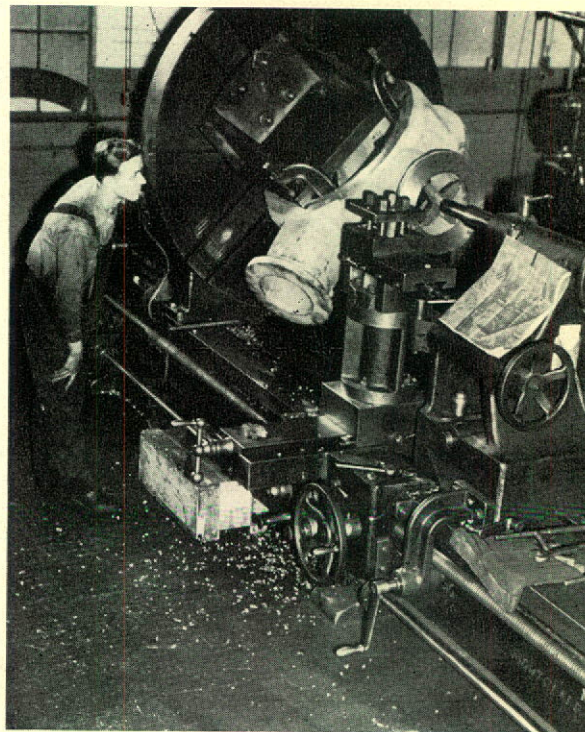
markets, products manufactured by the parent company and also certain products of United Kingdom manufacture. Its net profit (subject to audit) for 1950 was £17,741 compared with £11,071 in 1949. Dividends received in 1950 by the Chemicals Company amounted to \$38,068 after conversion at prevailing rates of exchange at the time the dividends were received.

Shawinigan Products Corporation (New York City, U.S.A.), a wholly-owned subsidiary which likewise buys and resells products manufactured by the parent company and also calcium carbide and synthetic resin products manufactured in the United States. Its net profit (subject to audit) for 1950 was \$877,000 against \$374,561 in 1949. The greater part of this increase arose from dividends received on its 50% shareholding in Shawinigan Resins Corporation, Springfield, Mass., which amounted to \$572,000 compared with \$107,250 in 1949. Dividends paid by Shawinigan Products Corporation during the year amounted to \$514,000 U.S. Funds which compares with \$114,000 in 1949.

Canadian Resins and Chemicals Limited, owned jointly with Union Carbide and Carbon Corporation,



Air view of Canadian Resins and Chemicals Limited.



Machining a large stainless steel casting at the Chemicals Company's stainless steel plant.

Shawinigan Chemicals Limited

New York City, U.S.A., which manufactures and sells 'Vycanac' resins and 'Vinylite' plastics and produces dioctyl phthalate plasticizer for its own use and for sale. The Resins Company, as a result of its past efforts in developing new uses and markets for its products, enjoyed a very successful year, and, with its present capital expenditure programme largely completed, its Directors initiated the payment of dividends. The amount received by the Chemicals Company from this source was \$493,920.

Royalty income on the Chemicals Company's patents amounted to \$452,337 compared with \$548,077 in 1949. The major patents from which these royalties are derived expire in 1954 and 1956.

After deducting \$178,858 for estimated Income and Profits Taxes applicable to the total income of \$1,541,860 from sources other than

manufacturing operations, there remained a net income from these sources of \$1,363,002.

Net Earnings

Net earnings of the Chemicals Company from manufacturing operations and other sources therefore totalled \$2,266,794 which compares with \$1,204,143 in the previous year.

Dividends

From these earnings the Chemicals Company paid a regular dividend of \$3.00 per share for the year, the same amount as in 1948 and 1949, and in addition, an extra dividend of \$2.00 per share during the last quarter, or a total amount for the year of \$1,406,375. After payment of these dividends, there remained an amount of \$860,419 which was retained in the business and will be available for further plant additions.

Plants of Shawinigan Chemicals Limited and Canadian Resins and Chemicals Limited at Shawinigan Falls.



Capital Expenditures

The Chemicals Company was not engaged in any large capital expenditure programme during the year, and such expenditures amounted to \$597,000 as compared

with \$878,000 in 1949.

Capital expenditures of Canadian Resins and Chemicals Limited totalled \$94,000 against \$621,000 in the previous year.

Financial Position

A summary of the Chemicals Company's financial position is shown below. Capital expenditures for the year were relatively small,

and there has therefore been no noteworthy change in its financial position except for a further improvement in Net Current Assets.

SHAWINIGAN CHEMICALS LIMITED

Financial Position as at December 31, 1950 and 1949

OWNED			OWED		
	1950	1949		1950	1949
Cash, call loan and marketable securities	\$5,327,200	\$3,248,851	For materials, services and taxes	\$1,456,718	\$960,025
Raw materials, supplies and finished goods	2,278,130	2,600,412	Purchase of Government plant	148,159	346,207
Due from customers	1,869,628	1,608,128	Purchase of patent	90,000	120,000
Investments in subsidiary and associated companies	2,455,695	2,455,695	Reserve to provide for replacement of plant and equipment (Depreciation)	11,502,530	10,861,429
Other assets	937,481	1,094,823	Contingent and insurance reserves	1,267,361	917,361
Property, plant and equipment	17,547,285	17,346,417	TOTAL OWED	14,464,768	13,205,022
TOTAL OWNED	<u>\$30,415,419</u>	<u>\$28,354,326</u>	Net Worth (total owned less total owed)	15,950,651	15,149,304
				<u>\$30,415,419</u>	<u>\$28,354,326</u>

The Outlook

Under present circumstances it seems reasonable to expect that the sales volume of the Chemicals Company will continue at least at present levels for some time to come. Additions are presently in progress to its Vinyl Acetate and Acetylene Black plants to meet demands in excess of existing capacity, which will result in an increased sales volume of these products.

Furthermore, as a result of research work and economic studies, several new developments are under active consideration, and it is prob-

able that a decision to proceed with one or more of them will be made during the present year.

The recent rapid expansion in the Canadian economy is being accompanied by a greatly accelerated growth of Canadian chemical industry, and it can be expected that the Chemicals Company and the Resins Company will benefit from the increased demand for existing products, as well as supplying such new products as they are in a favourable position to manufacture.

Stacking cases of Shawinigan Acetylene Black in the Shipping Department.



Directors and Officers

At the end of the year, Mr. James Wilson, who had completed forty years of service with the Company, was forced through ill health to tender his resignation as President. He had held this office for eleven difficult but successful years, including the period of the Second World War. For his service to the nation he was awarded the O.B.E. in 1948, and his contribution to the Province of Quebec was recognized the following year, when Laval University conferred upon him the degree of Doctor of Laws.

The high esteem in which Mr. Wilson was held is epitomized in the following extract from an editorial in a Montreal newspaper:

“The regrets expressed by the directorate in acceptance of Mr. Wilson’s resignation will be shared wholeheartedly not only by the Shawinigan family and the business world of the city, province and country, but by a host of widely-separated individuals whose lives have been touched and bettered through contact with his rare qualities of mind and spirit.”

Mr. R. J. Beaumont, Vice-President, was appointed Chairman of the Board; Mr. J. A. Fuller, Executive Vice-President, was appointed President to succeed Mr. Wilson; Mr. J. B. Challies, Vice-President and Executive Engineer, was appointed Senior Vice-President. In April, 1950, Mr. N. P. Woods, Treasurer, was appointed Vice-President and Treasurer.

The Future

The accelerated demand for power which occurred in the latter part of 1950 shows no evidence of receding. Under prevailing conditions, we are fortunately able to dispose of practically all the power we can produce as firm power and this situation has contributed largely to the improved earnings in 1950. The greater part of the output of the Trenché development

The Shawinigan Water and Power Company

will soon be utilized as firm power and the remainder as secondary power. The full 325,000 horsepower capacity will be in operation by the middle of 1951 and this should result in a further improvement in earnings, despite the probability of a further increase in costs.

Although the Trenché development is just being completed, the unusual growth in power demand is already making it necessary that serious consideration be given to the question of additional power capacity. This may present a difficult problem in financing, as in order to obtain the large sums of money needed to bring new developments into production, together with the incidental facilities to carry their output to customers, it is essential that prospective investors be assured an adequate and safe return on their money.

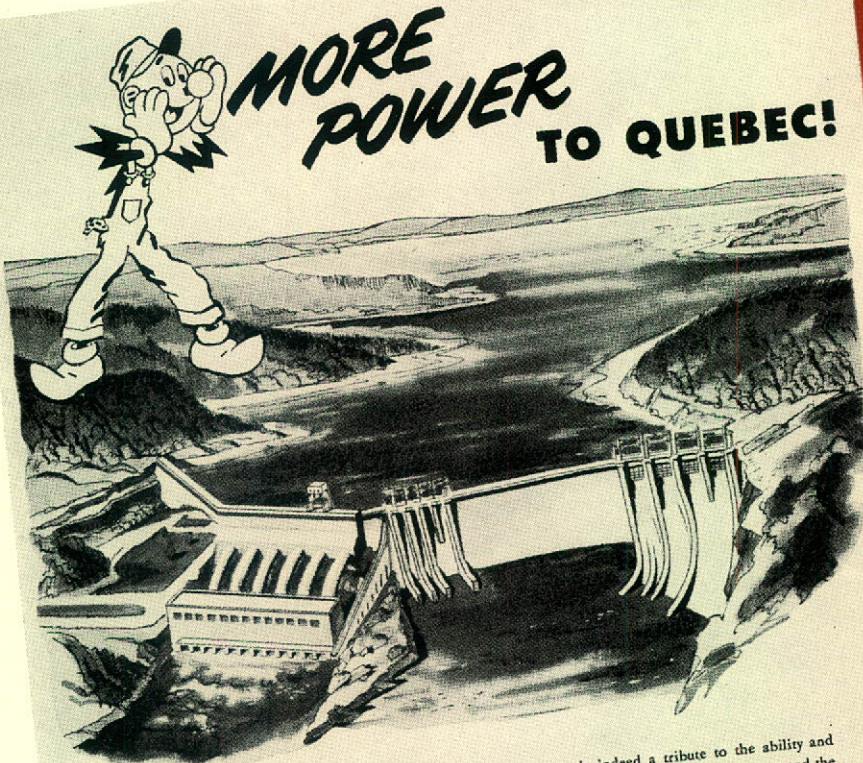
Since the end of the war our costs have risen steadily because of inflationary conditions, so that present earnings from power operations do not provide a sufficient return on our investment in plant and equipment. We are doing our best to improve that return, but the only solution of the problem lies in the rates charged for electrical services.

Our Company, like other electrical utility companies, must expand its facilities as required to supply its customers—present, and prospective. If the money necessary for this purpose is to be obtained, rate schedules must provide a margin over cost sufficient to attract such new capital.

The following pages of this Report contain a brief illustrated description of the construction of the new Trenché development, which we feel will be of interest to shareholders.

On behalf of the Board of Directors,


President.



Thursday, December 14th, marks the official placing into service of the first 65,000 horsepower unit of The Shawinigan Water and Power Company's Trenché Development. By next summer 325,000 horsepower of electrical energy will be available from this great new power plant. Thus Shawinigan continues to assure the Province of an adequate supply of vital hydro-electric power well in advance of requirements.

Designed and now being completed by The Shawinigan Engineering Company, this latest and largest generating station on the St. Maurice River begins operations with its first unit a full seven months ahead of schedule. That this was

possible is indeed a tribute to the ability and know-how of the company's engineers and the cooperation of the suppliers.

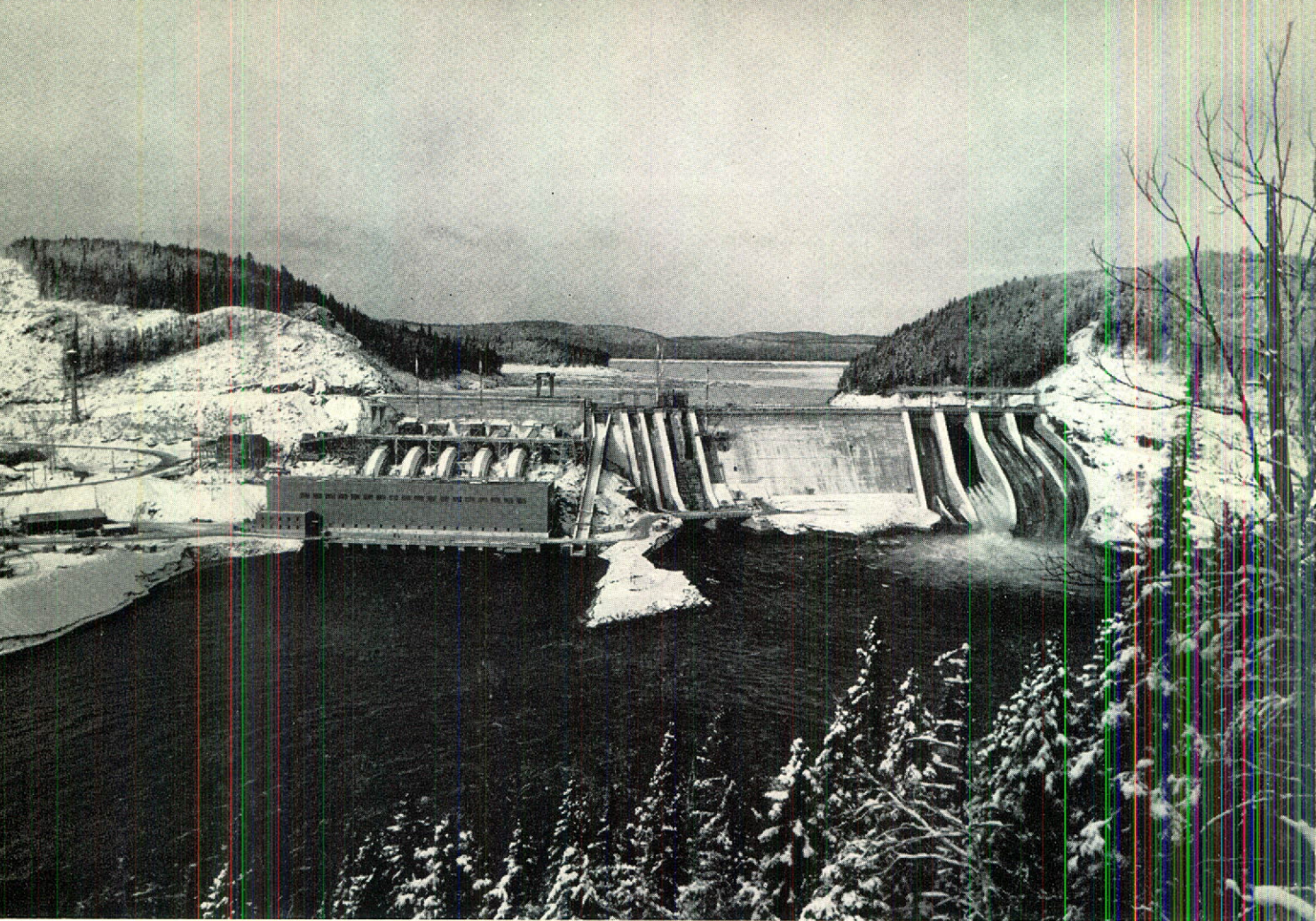
Thus, more power comes to Quebec—power generated and distributed by Shawinigan to contribute to the economic and industrial growth of the Province and its people.



associated and subsidiary companies

On December 14, 1950, at a small ceremony held in the generator room, the Trenché development was officially declared open by the Honourable Maurice Duplessis, K.C., Prime Minister of the Province of Quebec.

The announcement reproduced above was published simultaneously in the newspapers of the Province, which also carried brief accounts of the proceedings.



The Trenché development in December, 1950. The huge lake created above the dam can be seen in the background. One generator was in operation when this photograph was taken.

The Trenché Development



In the hydro-electric industry our product, electric power, is an intangible—a very real force which is itself invisible, without substance—a service rather than a commodity.

But it's different with the sources of that power. Man can and does build, control, and make to function the great structures which straddle our rivers, and force wild waters through turbines to turn generators



Preparing to blast a rocky obstruction during the building of the 7-mile road to the dam site.



A monster bulldozer at work on a difficult section of the road. Many such huge machines and a fleet of trucks were needed for the job.

and make electricity. But this requires the investment of money, 'know-how' and toil. One such investment by our Company is represented in Trenché, the largest individual generating station and the newest of the fifteen power developments of the Shawinigan system. Even two years ago, its site, 130 miles up the St. Maurice from Trois Rivières, was just an unchecked shallow rapid; now the mighty dam rises 230 feet from the riverbed, and stretches nearly a third of a mile between high rocky hills to close the valley's portal.

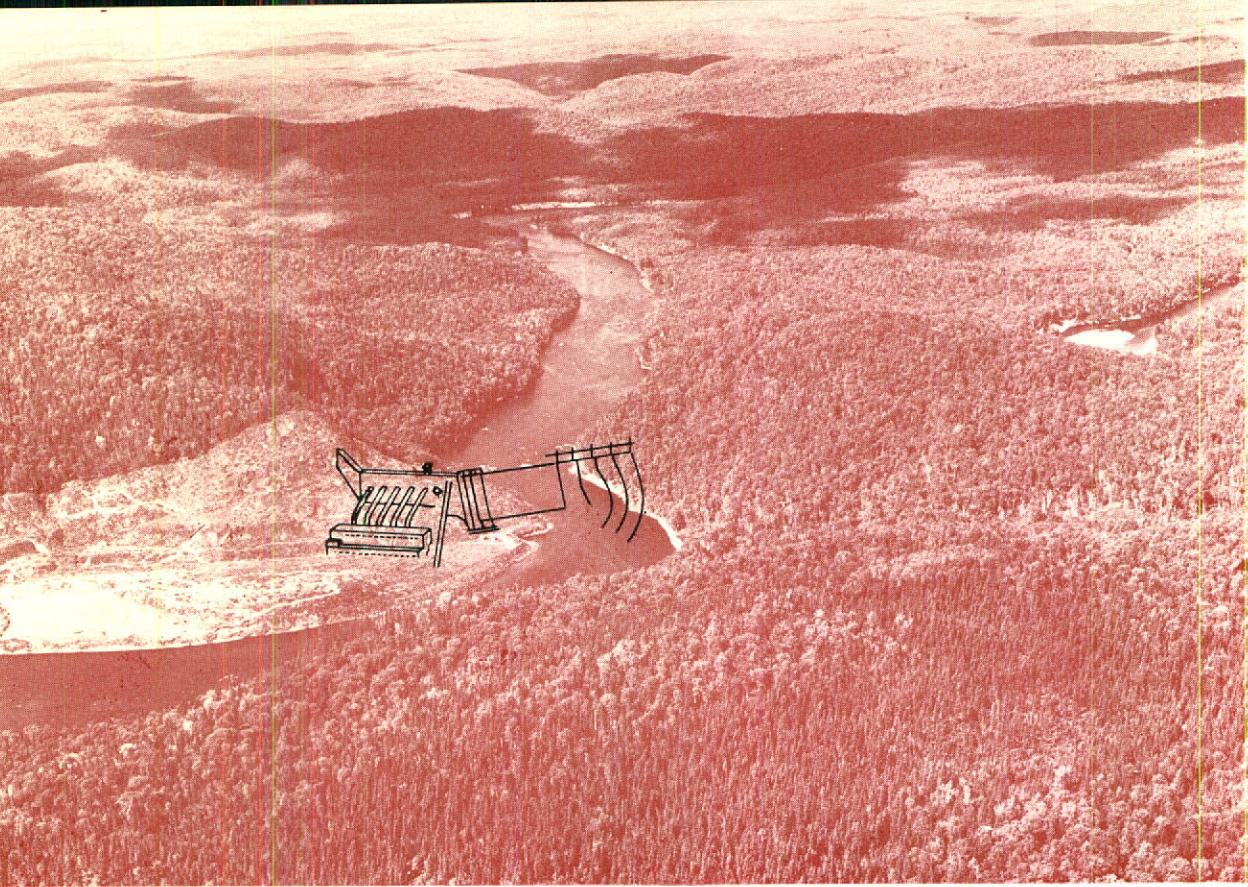
Blocking the river's natural flow, the dam has raised the water level 160 feet. And upstream, where only five months ago the angry white water raced untamed for six miles down both the St. Maurice and the Trenché rivers, there is today a deep, smooth-flowing lake.



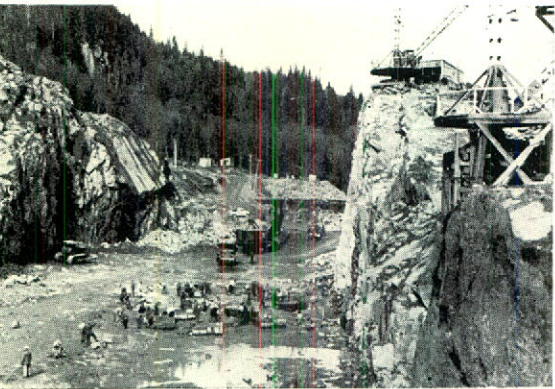
Building one of the many steel-reinforced culverts on the Trenché road. Culverts had to be specially strong to carry the vast quantities of material and extremely heavy equipment.



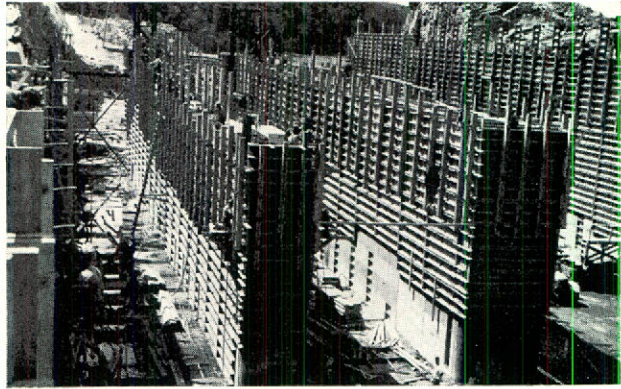
Trenché townsite in the winter of 1948. As many as 2,000 men and women lived here at one time during construction of the plant.



Aerial view of the Trench site before construction was started. The timber has been cleared and the position of the finished development is indicated in black.

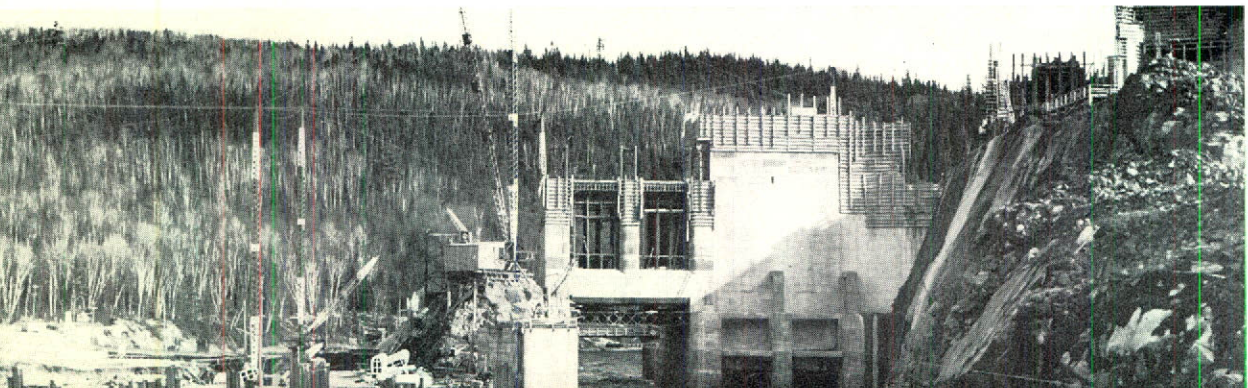


Excavation for the by-pass channel completed—cleaning up in preparation for pouring concrete.



Progress in the by-pass channel. The river was diverted through three openings, one 50 feet and two 21 feet wide, while the main dam was being built.

Upstream view of the three openings of the by-pass channel. Part of the cofferdam blocking the old riverbed can be seen at the left.

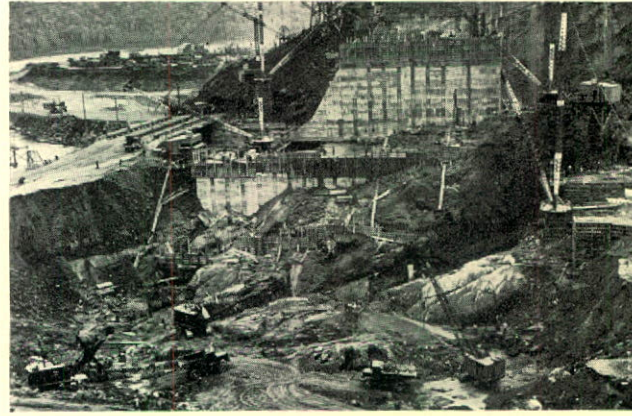




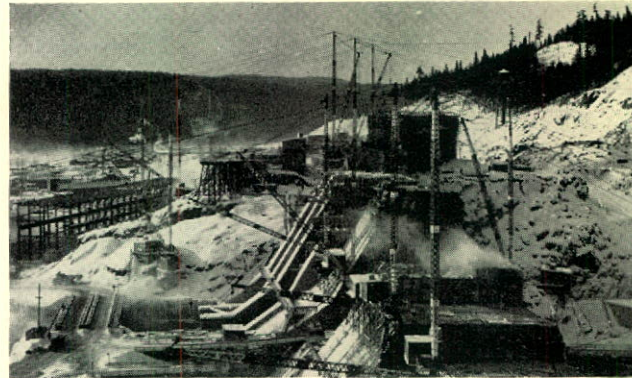
Location of the by-pass.

Last November, more than seven months ahead of schedule, The Shawinigan Engineering Company Limited, which designed and built the development, had the first generator ready for operation. In December came the second. Then the third. And by early summer, all five of the 65,000 horsepower units at Trenché will be producing electric energy for Quebec's ever-expanding industries.

On completion, about \$34 million will have been invested in the great Trenché development — or \$44 million, including the necessary new transmission lines and terminal facilities. At times, more than 2,000 men and women have been employed simultaneously; completed, the project will represent the investment of over 10 million man-hours of work. More than \$11 million will have been paid in



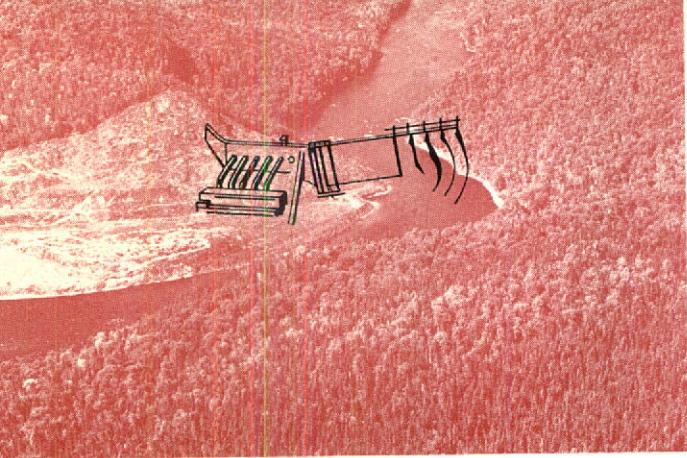
Clearing the riverbed for construction of the main dam. The river has been diverted through the by-pass; the Bailey bridge spanning it can be seen at the left.



The main dam rises foot by foot from the dry river bed. In the background are the by-pass and gatehouse sections and the steel framework of the powerhouse.



Upstream view of the dam shortly after the final closure. The entire river flow is passing over the sluice section in the foreground.



Location of main dam, gatehouse and powerhouse.



wages to the people on the job, and another \$9 million to workers in many Quebec industries supplying the materials for the project.

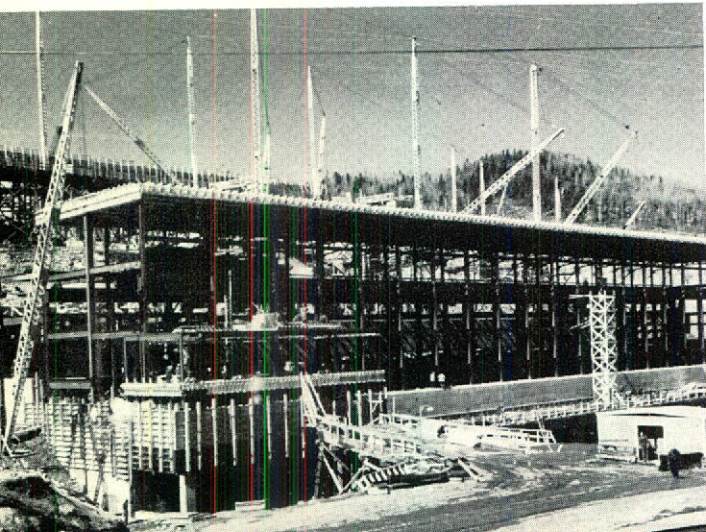
These materials amounted to some 6,600 carloads—or 100 long freight trains. They included, for instance, 2,700 carloads of cement, to be mixed with the rock excavated at the site, and with sand from a pit located nearby, to produce 550,000 cubic yards of concrete for the job — enough for a highway from Montreal to Quebec.

Also in these freight cars were 7,700 tons of structural steel and the giant turbines and generators themselves. The derricks and cranes

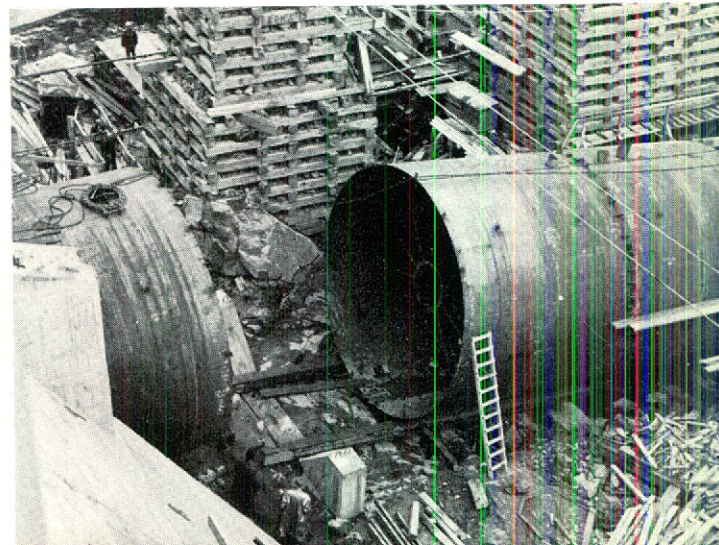


Excavation for the powerhouse at the foot of the rocky hill over which penstocks will pass.

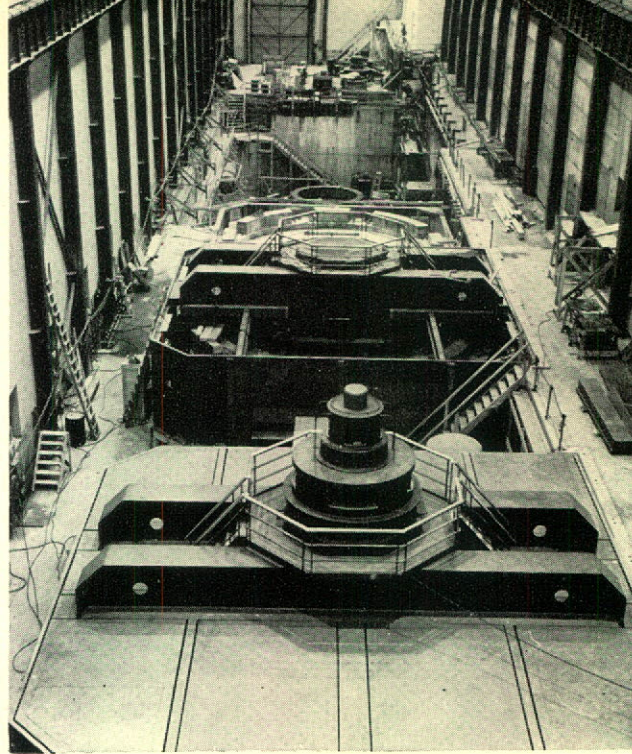
Progress at the powerhouse—steel work completed and ready for the roof to be built and brick work to be started.



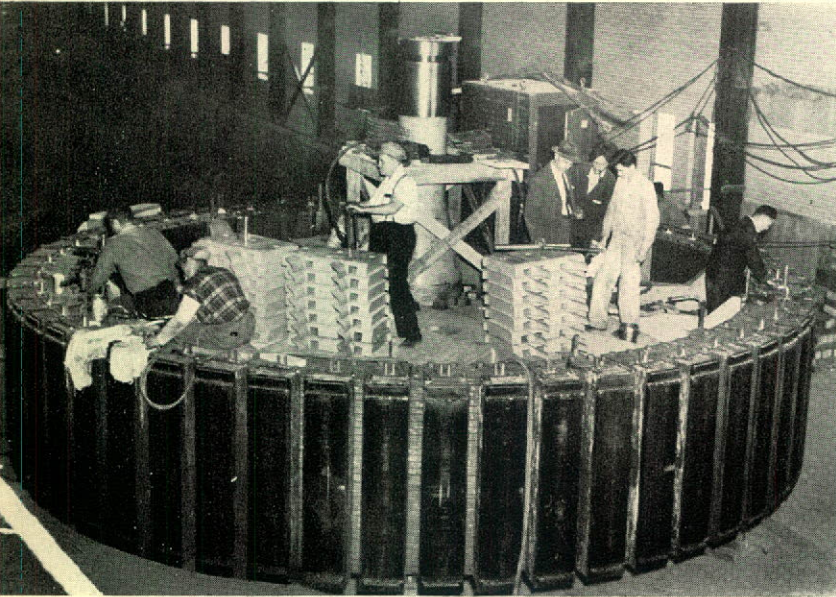
Part of one of the huge steel penstocks, 22 feet in diameter, which will carry the water to the turbines.



which eased them gently to their appointed places and the tremendous trailer-trucks which carried them, dozens of other mastadons of the road and a whole fleet of light trucks had been cargo. Still earlier,

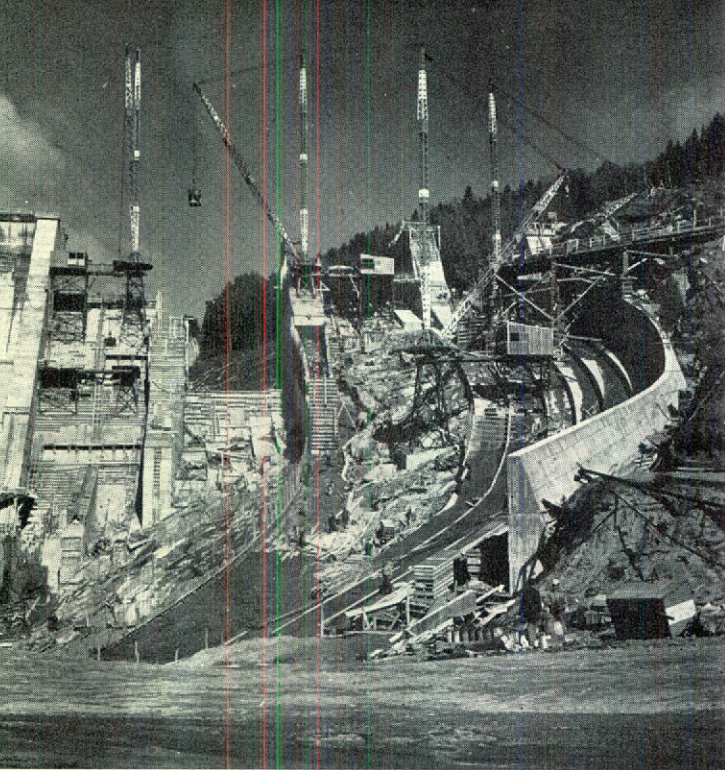


The generator room at the Trenché development with the first 65,000 hp unit completed and in operation.



Assembling the rotor of one of the huge generators. When completed, it will weigh 215 tons and will be spun around at more than two revolutions a second.





Construction of the sluice section on the east bank. To protect the main structure, the smooth concrete apron was built on graduated levels on the mountain side, so as to carry away the surplus river flow during flood periods with a minimum of turbulence.

there were the machines which during 1948 hewed through the rocky forest the seven new miles of highway — before even workmen could reach the site of the power development. The gigantic crusher-plant, the mixers, the shops — all had to be hauled in.

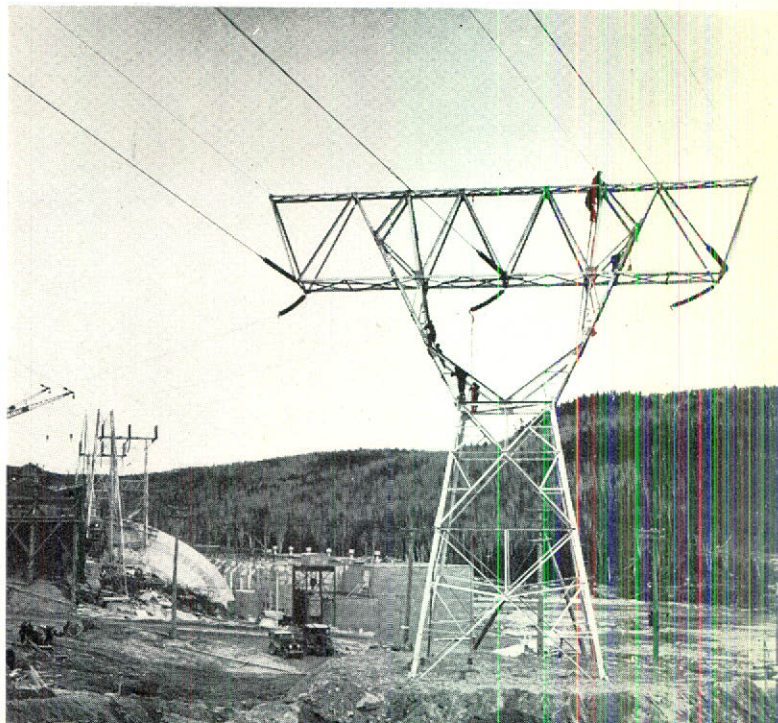
Then, apart from all the equipment and all the materials, there were the requirements of the brigade of men and women on the job;

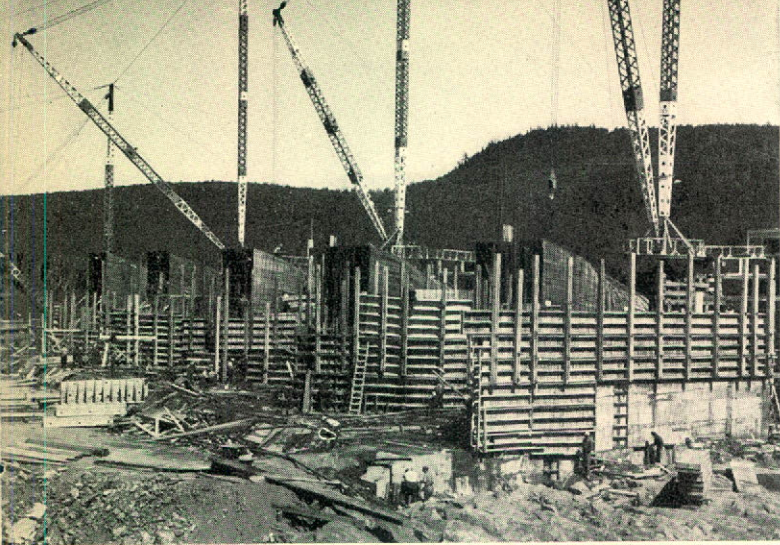


buildings to house them; tools for them to use; food to nourish them — nearly 5,000,000 meals to be served.

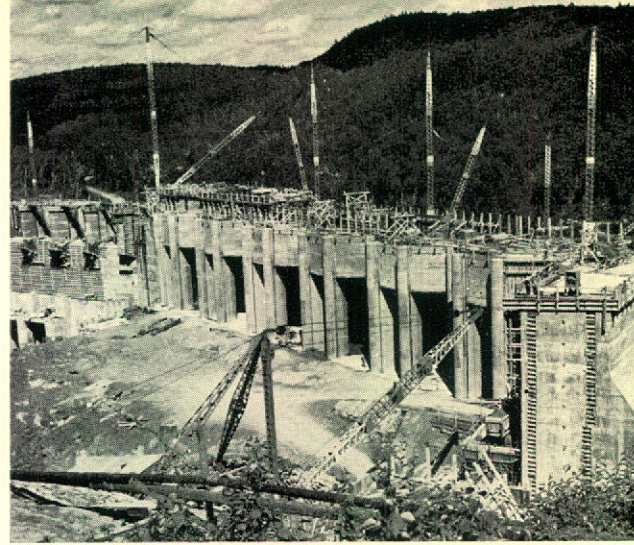
Those are things you can see. The result of the combination of them is Trenché itself — real, substantial, permanent, magnificent in its mass and symmetry. And already it is producing electric energy which, although abstract, is yielding concrete benefits not only to the Company but to all Quebec life.

Finishing touches—men at work on a tower carrying the 220,000-volt transmission line which takes the power 130 miles to the Terminal Station at Trois Rivières.

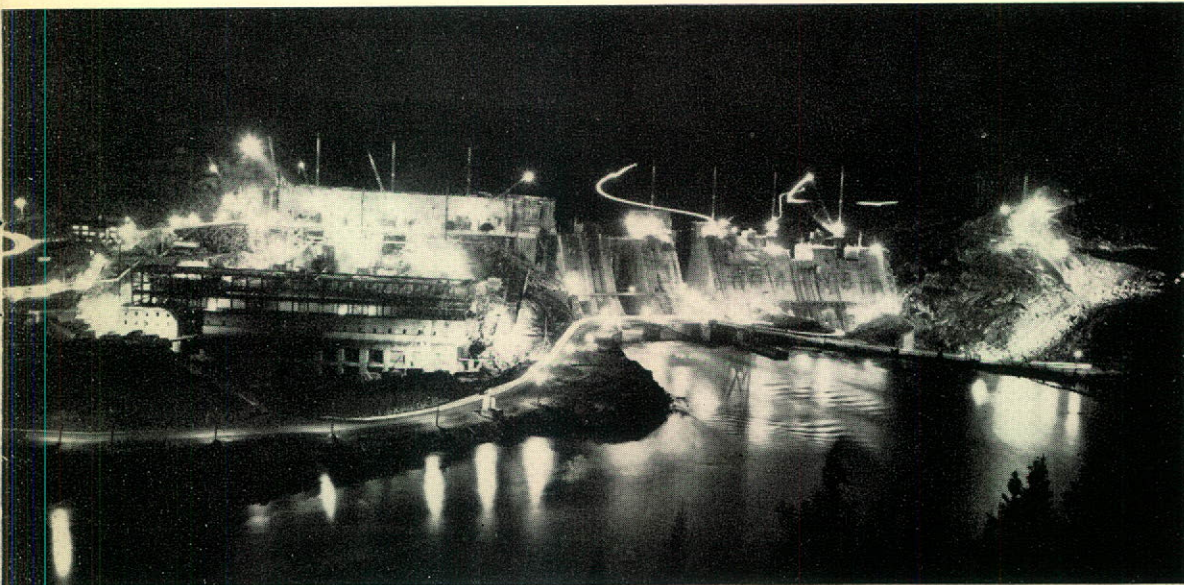




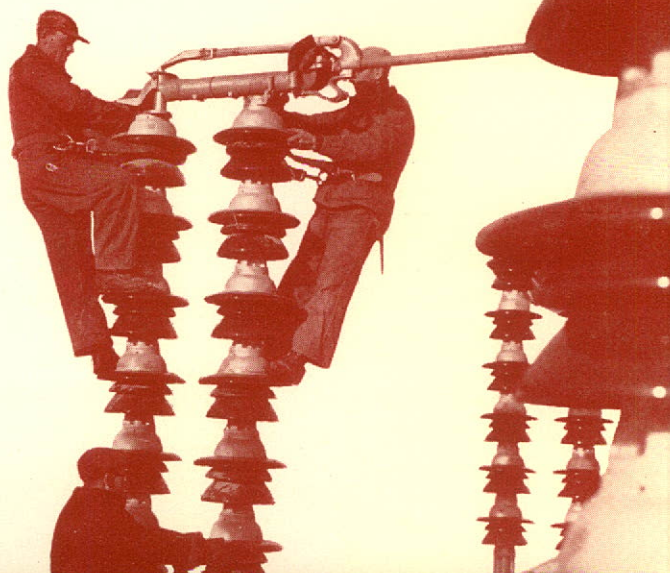
Form work for five of the six openings in the gatehouse section.



The gatehouse section—six huge triple portals, 36 feet high and 15 feet wide, through which the water will pass to plunge through the penstocks down to the turbines below the powerhouse.



Work went on day and night. A view of the plant taken at night in the spring of 1950. The main features are easily distinguishable in the glare of the electric lights.



The Shawinigan Water

Comparative Balance Sheet as at

	ASSETS		1950	1949
<u>Fixed Assets:</u>				
Power Developments.....	\$78,117,219			\$70,616,839
Properties.....	27,577,379			28,176,422
Machinery.....	36,909,829			33,715,435
Transmission Lines and Distribution System.....	89,398,361			79,478,276
Total Fixed Assets (at cost of construction or acquisition).....		\$232,002,788		211,986,972
<u>Mattawin River and Other Storage Dams (at cost).....</u>	4,073,658			
Less: Amortization to Date.....	1,087,348	2,986,310		3,055,386
<u>Securities of Subsidiary and Other Companies (at cost, less net adjustments).....</u>		15,150,090		15,077,934
<u>Deposit with Quebec Government.....</u>		250,000		250,000
<small>(\$250,000 Province of Quebec Bonds, deposited with the Quebec Government as provided in the emphyteutic lease dated June 22, 1928.)</small>				
<u>Refundable Portion of Dominion of Canada Excess Profits Tax.....</u>		294,035		421,307
<u>Stores and Moveable Plant (at cost).....</u>		2,856,622		3,178,348
<u>Current Assets:</u>				
Cash in Banks and on Hand.....	2,532,159			2,941,500
Call Loans.....	4,420,000			510,000
Temporary Investments (at cost, less reserve).....	15,728,617			12,344,569
<small>(Government Bonds and other investments, market value \$15,731,235.)</small>				
Accounts and Bills Receivable.....	3,686,218			3,398,195
Prepaid Charges.....	817,274			764,928
Total Current Assets.....		27,184,268		19,959,192
<u>Unamortized Bond Premium, Discount and Expense.....</u>		3,497,326		5,417,110
Total Assets.....		<u>\$284,221,439</u>		<u>\$259,346,249</u>

AUDITORS' REPORT

We have audited the books and accounts of The Shawinigan Water and Power Company for the year ended December 31, 1950. 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, 1950, and the results 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.

Montreal, January 29, 1951.

and Power Company

December 31, 1950 and 1949

	LIABILITIES		1950	1949
<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
Series "B" 4½%, 100,000 Shares of \$50 par value		5,000,000		—
<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			\$92,562,997	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		17,330,000
Series "J" 3½% maturing February 1, 1970	9,164,000			
Less: Redeemed under Sinking Fund Provisions . .	121,500	9,042,500		9,042,500
Series "L" 3% maturing March 1, 1961	12,828,000			
Less: Redeemed under Sinking Fund Provisions . .	472,000	12,356,000		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 . .	1,765,000	8,235,000		8,971,000
Series "O" 3¾% maturing April 1, 1972	13,806,500			
Less: Redeemed under Sinking Fund Provisions . .	225,000	13,581,500		13,626,000
Series "P" 3½% maturing October 1, 1973	25,000,000			
Less: Redeemed under Sinking Fund Provisions . .	1,254,000	23,746,000		23,746,000
Series "Q" 3% maturing March 1, 1975		15,000,000		—
Total Funded Debt			124,291,000	110,543,500
<small>(Principal and Interest payable in Canadian Funds with the exception of Series "M" and "Q" payable in United States Funds.)</small>				
<u>Deferred Liability</u>			2,067,950	735,950
<small>(Advances received on account of cost of transmission line under construction, repayable in instalments in subsequent years.)</small>				
<u>Current Liabilities:</u>				
Accounts Payable (including Provision for Income and Profits Taxes)	4,492,907			3,478,099
Accrued Bond Interest, and Dividends Payable		2,141,171		1,929,427
Total Current Liabilities			6,634,078	5,407,526
<u>Reserves:</u>				
Contingent and Insurance Reserves	1,160,032			1,160,032
Depreciation and Renewal Reserve	48,289,507			45,926,630
Total Reserves			49,449,539	47,086,662
<u>Surplus:</u>				
Earned Surplus	8,921,840			7,588,307
Deferred Surplus	294,035			421,307
<small>(Refundable Portion of Dominion of Canada Excess Profits Tax.)</small>				
Total Surplus			9,215,875	8,009,614
Total Liabilities			<u>\$284,221,439</u>	<u>\$259,346,249</u>

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, J. A. ECCLES }
P. F. SISE } *Directors.*

The Shawinigan Water and Power Company

COMPARATIVE STATEMENT OF PROFIT AND LOSS ACCOUNT

For the years ended December 31, 1950 and 1949

	1950	1949
Revenue from Power Sales.....	\$29,270,366	\$25,880,023
Other Revenue, including Income from Temporary Investments and Rentals.....	1,513,450	1,281,158
Dividends from Subsidiary and Other Companies.....	1,955,946	1,383,844
Total Revenue.....	32,739,762	28,545,025
Deduct:		
Operating Expenses.....	3,227,140	3,124,126
Power Purchased.....	5,014,990	4,511,777
Maintenance and Repairs.....	2,103,526	2,157,985
Taxes, other than Income and Profits Taxes.....	1,875,765	1,810,941
General Expenses.....	3,553,552	3,219,506
Water Storage Rentals.....	672,219	654,623
Total Operating Expenses.....	16,447,192	15,478,958
Net Profit before Bond Interest, Depreciation and Income and Profits Taxes.....	16,292,570	13,066,067
Deduct:		
Interest paid and accrued on Bonds (including U.S. Exchange \$81,561).....	4,016,269	3,694,938
Net Profit before Depreciation and Income and Profits Taxes.....	12,276,301	9,371,129
Deduct:		
Provision for—Depreciation.....	4,300,000	3,600,000
Income and Profits Taxes.....	2,668,000	1,848,000
Total Depreciation and Income and Profits Taxes.....	6,968,000	5,448,000
Net Profit transferred to Earned Surplus Account.....	\$5,308,301	\$3,923,129

COMPARATIVE STATEMENT OF EARNED SURPLUS ACCOUNT

For the years ended December 31, 1950 and 1949

	1950	1949
Surplus carried forward from previous year.....	\$7,588,307	\$6,780,064
Refunded Portion of Excess Profits Tax.....	127,271	669,685
Preferred Stock Premium, less Expenses.....	49,257	—
Profit on Securities Sold.....	297,804	—
Net Profit transferred from Profit and Loss Account.....	5,308,301	3,923,129
	13,370,940	11,372,878
Deduct:		
Amortization of Bond Premium, Discount and Expense.....	230,768	298,301
One tenth of additional cost for past service, Employees' Retirement Income Plan (fifth annual payment).....	72,370	72,370
Dividends on Preferred Shares.....	987,500	800,000
Dividends on Common Shares.....	3,158,462	2,613,900
	4,449,100	3,784,571
Earned Surplus as per Balance Sheet.....	\$8,921,840	\$7,588,307

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

Chartered Accountants.

Montreal, January 29, 1951.

The Shawinigan Water and Power Company

Comparative Statement of Profit and Loss Account For the Years ended December 31, 1941-1950

	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950
Revenue from Power Sales	\$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	\$29,270,366
Other Revenue, including Income from Temporary Investments and Rentals	405,057	298,633	282,142	330,690	245,289	399,135	748,990	1,031,709	1,281,158	1,513,450
Dividends from Subsidiary and Other Companies	547,949	588,397	960,681	860,735	934,955	1,178,294	1,303,181	1,467,803	1,383,844	1,955,946
Total Revenue	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	32,739,762
Deduct:										
Operating Expenses	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	3,227,140
Power Purchased	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	5,014,990
Maintenance and Repairs	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	2,103,526
Taxes, other than Income and Profits Taxes	1,093,939	921,936	836,384	865,450	913,599	1,245,363	1,353,410	1,611,706	1,810,941	1,875,765
General Expenses	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	3,553,552
Water Storage Rentals	481,407	530,921	548,726	549,508	575,005	616,200	668,169	627,759	654,623	672,219
Total Operating Expenses	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	16,447,192
Net Profit before Bond Interest, Depreciation and Income and Profits Taxes	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	16,292,570
Deduct:										
Interest paid and accrued on Bonds (including U.S. Exchange)	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	4,016,269
Net Profit before Depreciation and Income and Profits Taxes	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	12,276,301
Deduct:										
Provision for—										
Depreciation	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	4,300,000
Income and Profits Taxes	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	2,668,000
Total Depreciation and Income and Profits Taxes	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	6,968,000
Net Profit	\$ 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	\$ 5,308,301

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

Earnings and Dividends:

Preferred Shares, \$50 Par Value:

Earnings per Share							\$9.87	\$10.62	\$9.80	\$10.61
Dividends per Share:										
Series "A", 4% (400,000 shares)							1.00*	2.00	2.00	2.00
Series "B", 4½% (100,000 shares)										1.87½‡
Common Shares, No Par Value:										
Earnings per Share	\$1.06	\$1.16	\$1.08	\$1.06	\$1.05	\$1.46	\$1.62	\$1.58	\$1.43	\$1.98
Dividends per Share	.90	.90	.90	.90	.92	1.05	1.20	1.20	1.20	1.45

*For six months only.

‡For ten months only.

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

R. J. BEAUMONT, *Chairman of the Board*
 J. A. FULLER, *President and Chairman of Executive Committee*
 J. B. CHALLIES, *Senior Vice-President*
 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, *Vice-President and Treasurer*

C. W. HEMMING, *Assistant Treasurer and Comptroller* J. L. T. MARTIN, *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

Registrars

National Trust Company Limited <i>Montreal, Que. Toronto, Ont.</i>	Bankers Trust Company <i>New York City, U.S.A.</i>
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Transfer Agents

The Royal Trust Company <i>Montreal, Que. Toronto, Ont.</i>	Bank of Montreal Trust Company <i>New York City, U.S.A.</i>
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Bankers

The Royal Bank of Canada	National Canadian Bank
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Auditors

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

THE SHAWINIGAN ENGINEERING COMPANY LIMITED

Officers

J. A. McCrory, *Chairman of the Board*

R. E. HEARTZ, *President*

E. V. LEIPOLDT, *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

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*

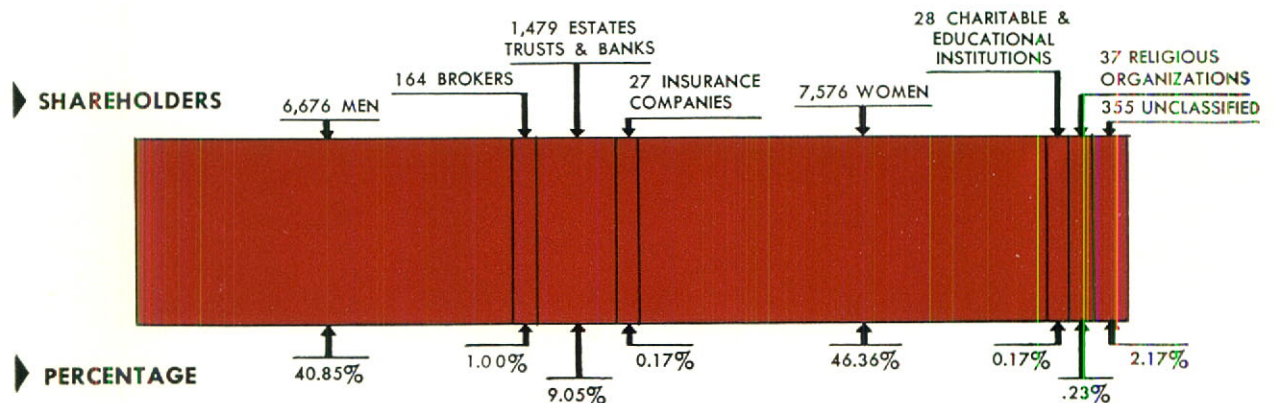
SHAWINIGAN PRODUCTS CORPORATION, NEW YORK CITY, N.Y.

L. F. LOUTREL, *President*

Who owns Shawinigan

Location	Shareholders	Percentage	Shares	Percentage
Newfoundland	42	.26 %	2,533	.11 %
Prince Edward Island	66	.40 %	3,846	.18 %
Nova Scotia	522	3.20 %	38,274	1.76 %
New Brunswick	252	1.54 %	15,700	.72 %
Quebec	9,552	58.45 %	1,225,721	56.27 %
Ontario	2,655	16.25 %	255,861	11.75 %
Manitoba	243	1.49 %	23,878	1.10 %
Saskatchewan	92	.56 %	4,609	.21 %
Alberta	159	.97 %	15,586	.71 %
British Columbia	474	2.90 %	38,125	1.75 %
United Kingdom	866	5.30 %	311,364	14.30 %
U.S.A.	813	4.98 %	207,342	9.52 %
Elsewhere	606	3.70 %	35,411	1.62 %
	<u>16,342</u>	<u>100.00 %</u>	<u>2,178,250</u>	<u>100.00 %</u>

An Analysis of 16,342 Shawinigan Shareholders Holding 2,178,250 Common Shares



..... and where?

