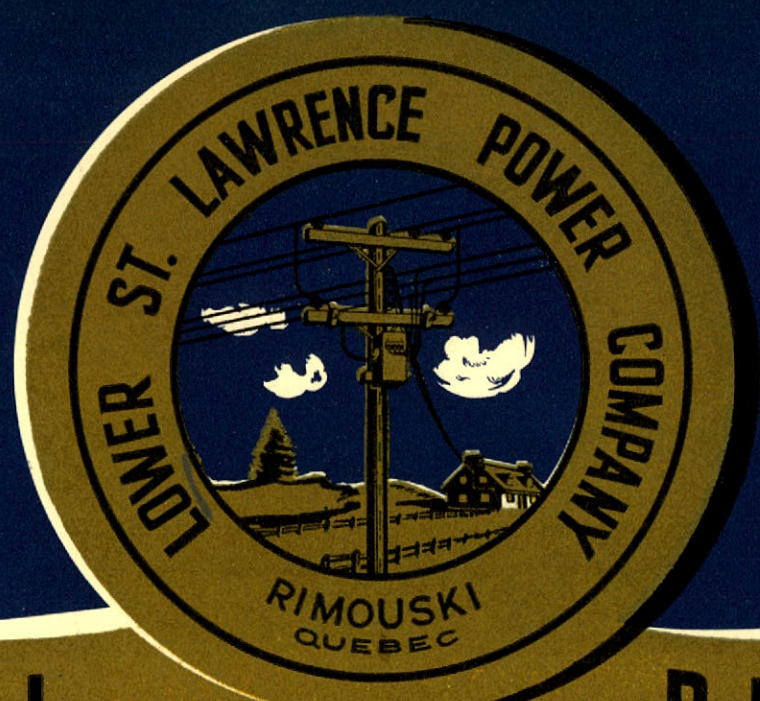


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ANNUAL

REPORT 1951

PRINTED IN
CANADA
MAY 25 1951
MILLS COMPANY

LOWER ST. LAWRENCE POWER COMPANY, RIMOUSKI, QUE.

Directors and Officers

DIRECTORS

Honourable JULES A. BRILLANT, M.L.C., C.B.E.
PAUL ÉMILE GAGNON, Q.C. THOMAS A. BERNIER, C.E.
NORMAN GENDREAU HENRI LABRIE
JACQUES BRILLANT CAROL BRILLANT

OFFICERS

Honourable JULES A. BRILLANT, M.L.C., C.B.E. President
THOMAS A. BERNIER, C.E. Vice-President and Chief Engineer
NORMAN GENDREAU Vice-President and Treasurer
PAUL-ÉMILE GAGNON, Q.C. Secretary
JACQUES BRILLANT Special Assistant to the President

TRANSFER AGENTS FOR PREFERRED STOCK

ADMINISTRATION AND TRUST COMPANY

BANKERS

NATIONAL CANADIAN BANK

TRUSTEES

ADMINISTRATION AND TRUST COMPANY

The Year in Brief

Gross revenue from power sales were 12.5% higher than in 1950.

Higher cost of wages, materials, services, and extraordinary maintenance to dams and power plants, caused an increase of 27.3% in operating expenses.

Net profit after all charges and taxes, available for dividends, amounted to \$175,834, a decrease of 11.8% from last year.

Dividends totalling \$69,800 were paid to the holders of preferred and common stock of the Company.

Total kilowatt-hours sold amounted to 43,096,791, an increase of 14.7% over 1950.

Customers served at the end of 1951 totalled 21,630, an increase during the year of 2,365.

Total capital expenditures for the year amounted to \$549,054.

The capacity of the Diesel Power Plant at Rimouski was increased to 6,400 h.p. Total generating capacity now is 22,000 h.p.

Construction was started during the year on the Mistigouguèche storage dam.

Distribution lines totalling 25 miles were built.

25,000 additional 5% Preferred Shares were sold during the year.

Taxes paid were equal to 20.9% of the gross revenue or \$14 per meter in service.

Review of Operations

The results of operations for the year were as follows. The comparative statement of Profit and Loss appears on page 4.

	1951	1950
Sales of power	\$1,276,651	\$1,134,774
Other revenue	146,618	107,545
TOTAL	\$1,423,269	\$1,242,319
Total operating expenses	860,433	709,444
Taxes	207,938	152,872
Earnings (available for interest charges)	\$ 354,898	\$ 380,003
Interest	179,064	180,594
NET PROFIT	\$ 175,834	\$ 199,409
NET EARNINGS:		
per dollar of revenue	12.35%	16.05%
per preferred share*	\$3.52	\$3.99
per common share*	\$1.57	\$1.87
BOND INTEREST EARNED:		
times before depreciation	4.7	4.4
times after depreciation	3.4	3.3
EMPLOYEES:		
total salaries and wages paid	\$ 484,550	\$ 409,464
number as at December 31	252	242
cost of employee benefits	\$ 26,059	\$ 23,172
TOTAL TAXES—federal, provincial and municipal	\$ 296,767	\$ 225,967

*Based on Capitalization in effect December 31st, 1951.

The President's Report

TO THE SHAREHOLDERS

The year 1951 was one of continued growth in power output, gross revenue, number of customers and plant facilities.

The outstanding features of the company's operations are summarized on page one and a map showing the transmission and distribution system appears on page nine.

In 1951 power sales, profits on merchandise sales and number of customers were all higher than in 1950.

REVENUES AND EXPENSES:

The total income amounted to \$1,423,269, an increase of \$180,950, or 14.5% over 1950. Sales of electricity accounted for 89.7% of revenues.

Operating and maintenance expenses, in the amount of \$609,494, show an increase of \$135,633 over 1950. Federal, provincial and municipal taxes, totalling \$296,767 are \$70,800 higher than they were in 1950. For many years, taxes have been a major item of our operating costs, and in 1951 absorbed approximately 21 cents out of each dollar of gross revenue.

The increase in operating costs and taxes reduced the net profit from \$199,409 in 1950 to \$175,834 in 1951, a decrease of \$23,575.

Regular dividends were paid on the 5% preferred shares and a dividend of 6% was paid on the common stock.

Since the end of the war, our operating expenses have increased steadily, whereas revenue per kilowatt-hour has constantly decreased. If the funds required to finance the plant expansion necessary to supply our customers are to be obtained, the electrical rates must leave a sufficient margin between income and expenses to ensure a satisfactory return on the capital invested in the company.

THE YEAR'S OPERATIONS:

Sales of electricity in 1951 totalled 43,096,791 kilowatt-hours, as compared with 37,568,965 kilowatt-hours in 1950, an increase of 14.7%. The peak load on the system in 1951 reached 19,000 h.p. which was 15.6% higher than that of 1950.

The generating plants and the transmission system were operated at highest efficiency, and as a result 97.5% of the company's electricity requirements were produced in its hydroelectric power plants, with only 2.5% being produced in the diesel plant.

At the end of the year, the company was serving 21,630 customers, a gain of 2,365 over 1950, and it serves at the present time 81 towns and villages. Furthermore, it supplies power indirectly to some 6,000 customers through sale to municipally-owned electric systems and to co-operatives, which serve 17 rural communities.

CONSTRUCTION AND EXPANSION:

The company has continued its policy of rural electrification in the area served, and 25 miles of distribution lines were added during the year.

During the past year, the company has installed two diesel generator sets with a capacity of 1,600 h.p. each. This installation will add to the reliability of its service and take care of the increased demand for power.

Capital expenditures in 1951 amounted to \$549,054 of which \$206,849 was spent on the plant additions referred to above, \$272,205 on additions and improvements to our distribution facilities and \$70,000 on preliminary work on a new storage dam on the Mistigouguèche River.

The rate of increase in power consumption is greater in the company's territory than in the Province as a whole. This favourable relationship will continue as a result of the developments now being undertaken on the North Shore, at Sept Iles and at Havre St. Pierre, and those planned in the Gaspé Peninsula by companies such as Noranda, Federal Zinc and Consolidated Candego.

The company, in cooperation with the Quebec Streams Commission and the Quebec Hydro Electric Commission, has contemplated, for several years, the development of new power sites in order to meet the demand for electric power in the territory served, and to assure to new industries all the power they may need. To this effect preliminary investigations have been made on the Metis River and on the Rimouski River. Studies are also being made as to the feasibility of transmitting power, generated on the North Shore of the St. Lawrence River, to the South Shore by means of submarine cables. We are pleased to record the fact that the Quebec Hydro Electric Commission is presently going ahead with a plan to install four high voltage submarine cables, of 69 KV, between a point near Manicouagan on the North Shore and Metis Beach on the South Shore of the St. Lawrence River. 75,000 h.p. will be brought over this transmission system and part of this energy will be used to supplement the power generated in the company's hydroelectric plants.

FINANCING:

During the year, the company issued an additional 25,000 shares of preferred stock. The proceeds of this issue will be used to finance a part of our construction programme for 1952.

Submitted on behalf of the Board,



President

LOWER ST. LAWRENCE POWER COMPANY, RIMOUSKI, QUE.

Simplified Income Statement

The simplified statement of income and expenses on this page shows the sources of our revenues, how the receipts were spent, and the percentage increases or decreases as compared with 1950.

	<u>1951</u>	<u>%</u>	<u>1950</u>	<u>%</u>	<u>% Increase or Decrease</u>
REVENUES:					
Sales of power	\$1,276,651	89.7	\$1,134,774	91.4	12.50
Net profit from our retail stores	96,183	6.8	63,887	5.1	50.55
Other sources	50,435	3.5	43,658	3.5	15.52
TOTAL	<u>\$1,423,269</u>	<u>100.0%</u>	<u>\$1,242,319</u>	<u>100.0%</u>	14.57
EXPENSES:					
Materials and services bought from others	\$ 218,022	15.3	\$ 123,640	9.9	76.34
*Wages and salaries	329,360	23.1	300,157	24.2	9.73
Taxes and fees paid directly to Federal, Provincial and Municipal Governments	296,767	20.9	225,967	18.2	31.33
Interest to bondholders and financing expenses	179,064	12.6	180,594	14.6	(0.85)
Provision for depreciation	198,163	13.9	189,380	15.2	4.64
Pension fund and other employee benefits	26,059	1.8	23,172	1.9	12.46
TOTAL	<u>\$1,247,435</u>	<u>87.6</u>	<u>\$1,042,910</u>	<u>84.0</u>	
NET PROFIT	<u>\$ 175,834</u>	<u>.....</u>	<u>\$ 199,409</u>	<u>.....</u>	(11.82)
Dividends paid on the preferred stock	50,000	3.5	80,000	6.4	
Dividends paid on the common stock	19,800	1.4	—	—	
EARNINGS RETAINED FOR USE IN THE BUSINESS	<u>\$ 106,034</u>	<u>7.5</u>	<u>\$ 119,409</u>	<u>9.6</u>	(11.20)
		<u>100.0%</u>		<u>100.0%</u>	

*Not including wages and salaries charged to capital account.

LOWER ST. LAWRENCE POWER COMPANY, RIMOUSKI, QUE.

COMPARATIVE STATEMENT OF

Profit and Loss

FOR THE YEARS ENDED 31st DECEMBER 1951 and 1950

	<u>1951</u>	<u>1950</u>
Gross revenue from sale of power	\$1,276,651	\$1,134,774
Profit from retail stores and electrical contracting	96,183	63,887
Miscellaneous revenue	50,435	43,658
	<u>\$1,423,269</u>	<u>\$1,242,319</u>
Operating expense	593,231	458,403
Taxes	52,776	46,203
Miscellaneous interest	860	733
Contribution to employees' pension fund	15,403	14,725
	<u>\$ 662,270</u>	<u>\$ 520,064</u>
Operating profit	\$760,999	\$722,255
Bond interest	163,518	166,690
Amortization of financing expense	15,546	13,904
Provision for depreciation	198,163	189,380
Provision for income taxes	207,938	152,872
	<u>\$585,165</u>	<u>\$522,846</u>
Net profit for the year	<u>\$175,834</u>	<u>\$199,409</u>

LOWER ST. LAWRENCE
POWER COMPANY
RIMOUSKI, QUE.

ASSETS

FIXED ASSETS:

Land, water power sites, generating plants, buildings, transmission and distribution systems, motor vehicles, etc. — at cost

CURRENT ASSETS:

Cash

Accounts receivable, less reserve for doubtful accounts

Refundable portion of excess profits tax

Investments — at cost
(approximate market value \$76,950)

Inventory of merchandise and stores, based on inventory records verified by physical count during the year and valued at cost—

Merchandise for sale

Maintenance and construction stores

Prepaid expenses

TOTAL CURRENT ASSETS

SINKING FUND FOR FIRST MORTGAGE BONDS:

Cash on deposit with trustee

MISCELLANEOUS INVESTMENTS (at cost) AND ADVANCES

FINANCING EXPENSE LESS AMOUNTS WRITTEN OFF

Note:

The company is guarantor of \$70,000 3% first mortgage bonds due 1952 to 1958 issued by The Mitis Company, Limited.

Approved on behalf of the Board:

J. A. BRILLANT }
N. GENDREAU } Directors.

LOWER ST. LAWRENCE POWER COMPANY

STATEMENT OF

Surplus

FOR THE YEAR ENDED 31st DECEMBER 1951

BALANCE—31st DECEMBER 1950		\$ 968,373
DIVIDENDS:		
on preferred shares	\$50,000	
on common shares	19,800	69,800
		<u> </u>
		\$ 898,573
Net Profit for the year		<u>175,834</u>
BALANCE—31st DECEMBER 1951		<u><u>\$1,074,407</u></u>

Auditors'

Report

We have examined the balance sheet of Lower St. Lawrence Power Company as at 31st December 1951 and the statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of profit and loss and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 31st December 1951 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

McDONALD, CURRIE & CO.,

Chartered Accountants

MONTREAL, 26th February 1952.

Comparative Balance Sheet

AS AT 31st DECEMBER 1951 and 1950

LOWER ST. LAWRENCE
POWER COMPANY
RIMOUSKI, QUE.

LIABILITIES

<u>1951</u>	<u>1950</u>		<u>1951</u>	<u>1950</u>
		FUNDED DEBT:		
		First mortgage bonds	\$3,586,500	\$3,638,000
\$7,630,173	\$7,098,989	General mortgage bonds	775,000	810,000
		(for details of funded debt see attached statement)		
		CAPITAL STOCK AND SURPLUS:	\$4,361,500	\$4,448,000
\$555,233	458,067	Capital stock —		
131,024	124,890	Authorized —		
	3,601	75,000 5% cumulative sinking fund redeemable preferred shares of \$20 each	\$1,500,000	
80,116		80,000 common shares without nominal or par value	—	
		Issued and fully paid —		
96,372	89,433	50,000 preferred shares (25,000 of which shares were issued and paid during the year)	1,000,000	500,000
48,281	42,455	80,000 common shares	330,000	330,000
15,163	16,819		1,330,000	830,000
\$ 926,189	\$ 735,265	Surplus — as per attached statement	1,074,407	968,373
			\$2,404,407	\$1,798,373
		RESERVE FOR DEPRECIATION	1,633,056	1,453,835
2,312	3,154			
		CONTRIBUTIONS FOR EXTENSIONS	49,116	48,044
34,633	29,524			
		CURRENT LIABILITIES:		
		(exclusive of \$65,000 funded debt maturing serially)		
155,362	145,034	Dividend payable on preferred shares	12,500	
		Accounts payable and accrued expenses	115,881	112,781
		Accrued bond interest	45,885	46,578
		Income taxes	126,324	104,355
		TOTAL CURRENT LIABILITIES	\$ 300,590	\$ 263,714
\$8,748,669	\$8,011,966		\$8,748,669	\$8,011,966

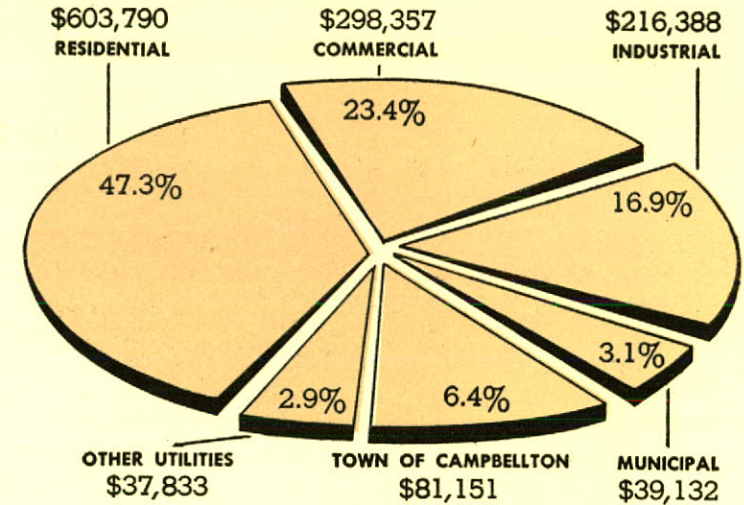
Funded Debt

DETAILS OF FUNDED DEBT, 31st DECEMBER 1951 and 1950

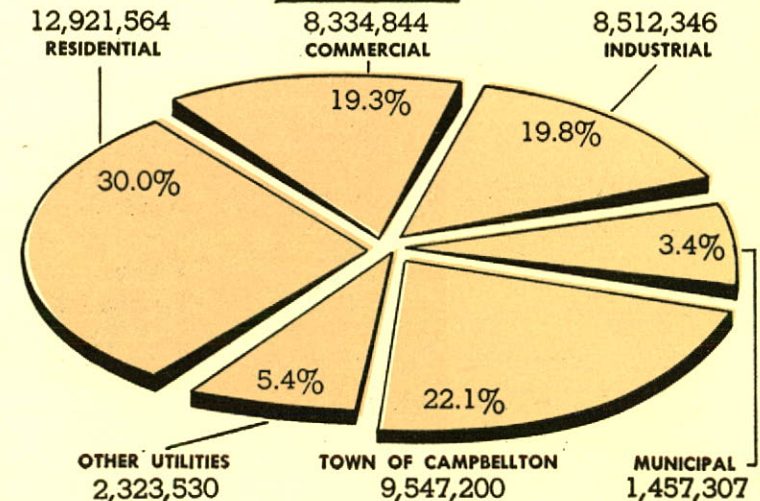
	Issued	Outstanding	
		1951	1950
FIRST MORTGAGE BONDS:			
Authorized amount	<u>\$5,000,000</u>		
Series "A" 3½% serial bonds due 1946 to 1953	\$ 240,000	\$ 60,000	\$ 90,000
Series "B" 3¾% sinking fund bonds due 1965	1,610,000	1,558,000	1,567,500
Series "C" 3¼% sinking fund bonds due 1965	1,000,000	978,500	985,500
Series "D" 3¾% sinking fund bonds due 1965	1,000,000	990,000	995,000
	<u>\$3,850,000</u>	<u>\$3,586,500</u>	<u>\$3,638,000</u>
GENERAL MORTGAGE BONDS:			
Authorized amount	<u>\$950,000</u>		
Series "A" 4% bonds due 1947 to 1952	\$210,000	\$ 35,000	\$ 70,000
Series "A" 4½% bonds due 1953 to 1960	290,000	290,000	290,000
Series "B" 4% bonds due 1961	450,000	450,000	450,000
	<u>\$950,000</u>	<u>\$775,000</u>	<u>\$810,000</u>

Analysis of Power Sales

SALES OF ENERGY SERVICES



KILOWATT-HOURS SOLD SERVICES



SOURCES

and Application of Funds

LOWER ST. LAWRENCE POWER COMPANY, RIMOUSKI, QUE.

The following Statement indicates the sources of funds which became available to us during the years 1951 and 1950 and their allocation.

	<u>1951</u>	<u>1950</u>
WORKING CAPITAL — 1st JANUARY	\$ 471,551	\$ 651,370
Source of funds —		
Net profit for the year	175,834	199,409
Depreciation and amortization	213,709	203,284
Proceeds from sale of preferred shares	500,000	—
Proceeds from sale of investments	—	72,800
	<u>\$1,361,094</u>	<u>\$1,126,863</u>

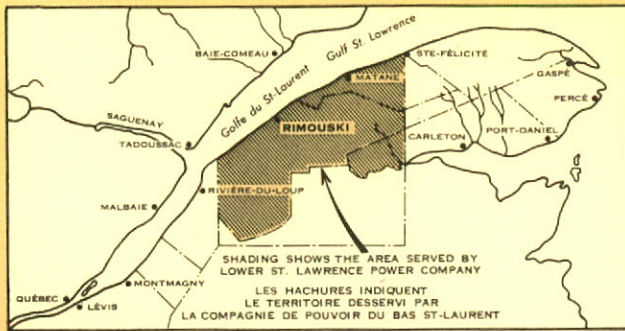
Application of funds —		
Capital expenditures	\$ 549,054	\$ 468,855
Bonds redeemed and sinking fund deposits	85,658	85,024
Purchase of investments	5,109	14,463
Financing expenses	25,874	6,970
Dividends —		
on preferred shares	50,000	—
on common shares	19,800	—
on old preferred shares	—	80,000
	<u>\$ 735,495</u>	<u>\$ 655,312</u>

WORKING CAPITAL — 31st DECEMBER	<u>\$ 625,599</u>	<u>\$ 471,551</u>

STATISTICAL REVIEW 1951 - 1942

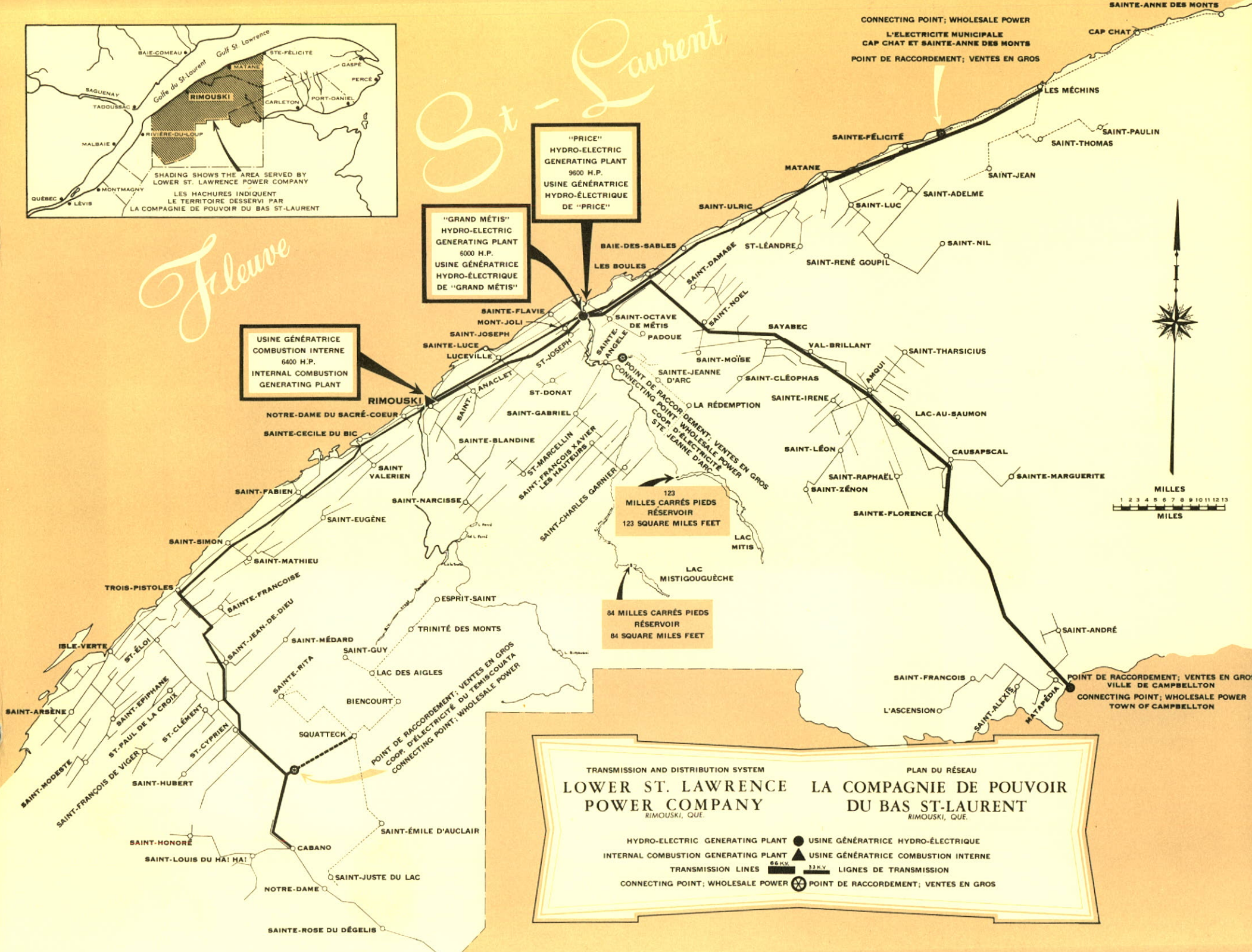
	<u>1951</u>	<u>1950</u>	<u>1949</u>	<u>1948</u>	<u>1947</u>	<u>1946</u>	<u>1945</u>	<u>1944</u>	<u>1943</u>	<u>1942</u>
FINANCIAL POSITION										
Total Assets	\$8,748,669	\$8,011,966	\$7,781,236	\$6,919,449	\$6,381,471	\$5,346,655	\$4,542,481	\$2,888,832	\$2,647,066	\$2,486,339
Total Liabilities	6,344,262	6,213,593	6,059,583	5,340,287	4,964,026	4,032,633	3,396,087	1,795,997	1,607,919	1,470,745
Total Capital Invested	2,404,407	1,798,373	1,721,653	1,579,162	1,417,445	1,314,022	1,146,394	1,092,835	1,039,147	1,015,594
OPERATING RESULTS										
Gross Revenue	\$1,423,269	\$1,242,319	\$1,127,975	\$1,003,707	\$ 836,784	\$ 725,163	\$ 607,155	\$ 524,928	\$ 448,272	\$ 414,854
Total Operating Expense	662,270	520,064	497,141	430,118	386,492	359,075	257,213	222,029	247,944	208,083
Operating Profit	760,999	722,255	630,834	573,589	450,292	366,088	349,942	302,899	200,328	206,771
Interest and Financing Expense	179,064	180,594	160,203	146,929	147,076	101,853	97,419	77,052	76,594	69,003
Depreciation	198,163	189,380	167,616	158,856	121,910	94,769	86,136	75,279	70,148	81,076
Income Taxes	207,938	152,872	124,524	106,088	77,883	76,014	81,158	60,892	23,260	27,180
NET PROFIT	\$ 175,834	\$ 199,409	\$ 178,491	\$ 161,716	\$ 103,423	\$ 93,452	\$ 85,229	\$ 89,676	\$ 30,326	\$ 29,512
STATISTICAL FACTS										
Earned per Preferred Share*	\$3.52	\$3.99	\$3.56	\$3.23	\$2.07	\$1.87	\$1.70	\$1.79	\$0.61	\$0.59
Earned per Common Share *	\$1.57	\$1.87	\$1.60	\$1.40	\$0.67	\$0.54	\$0.44	\$0.50	—	—
Times Interest Earned:										
Before depreciation	4.7 times	4.4 times	4.3 times	4.2 times	3.3 times	3.9 times	3.8 times	3.9 times	2.8 times	3.2 times
After depreciation	3.4 times	3.3 times	3.1 times	3.1 times	2.4 times	2.9 times	2.9 times	3.0 times	1.9 times	2.0 times
Meters in Service	21,630	19,265	18,179	16,327	14,734	12,578	11,075	9,829	8,774	8,327
Miles of Line	1,109	1,083	955	915	773	642	566	506	462	462
Towns and Villages served	98	81	79	77	73	70	58	53	50	50
Kilowatt-hours sold (000)	43,097	37,569	33,708	29,759	23,728	21,938	20,121	18,586	15,422	11,325

*For comparative purposes calculations in all years are based on capitalization as at 31st December, 1951.



Fluve

St-Laurent



TRANSMISSION AND DISTRIBUTION SYSTEM
 LOWER ST. LAWRENCE POWER COMPANY
 RIMOUSKI, QUE.

PLAN DU RÉSEAU
 LA COMPAGNIE DE POUVOIR DU BAS ST-LAURENT
 RIMOUSKI, QUE.

HYDRO-ELECTRIC GENERATING PLANT ● USINE GÉNÉRATRICE HYDRO-ÉLECTRIQUE
 INTERNAL COMBUSTION GENERATING PLANT ▲ USINE GÉNÉRATRICE COMBUSTION INTERNE
 TRANSMISSION LINES [thick line] 66 K.V. [thin line] 33 K.V. LIGNES DE TRANSMISSION
 CONNECTING POINT; WHOLESALE POWER [star symbol] POINT DE RACCORDEMENT; VENTES EN GROS

