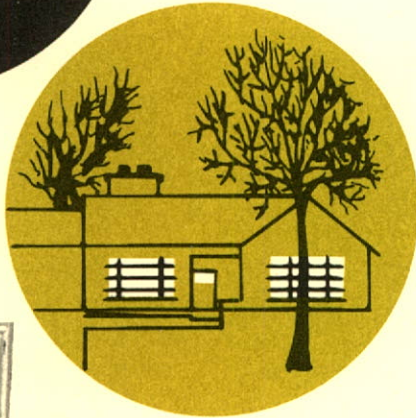


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1961

ANNUAL REPORT

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LOWER ST. LAWRENCE POWER COMPANY

THE YEAR IN BRIEF

	1961	1960	Increase or Decrease*
Gross Revenues.....	\$4,159,785	\$3,712,431	12.0 %
Operating Expenses.....	\$2,664,573	\$2,403,958	10.8 %
Interest and Other Deductions.....	\$ 225,064	\$ 227,729	1.2 %*
Income Taxes.....	\$ 642,905	\$ 518,095	24.1 %
Net Profit.....	\$ 627,243	\$ 562,649	11.5 %
Earned per Preferred Share.....	\$ 5.87	\$ 5.18	.69 cents
Earned per Common Share.....	\$ 2.65	\$ 2.32	.33 cents
Dividends paid per Common Share...	\$ 1.10	\$ 1.00	.10 cents
Capital Expenditures.....	\$ 707,431	\$ 619,381	\$88,050
Kilowatt-hour Sales.....	164,431,000	139,579,000	17.8 %
Peak Load (kilowatts).....	45,200	40,125	12.6 %
Customers served December 31.....	34,407	33,280	1,127
Payroll and Employee Benefits.....	\$1,527,019	\$1,322,567	15.4 %

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NOTE:

Ce rapport a été imprimé en français et en anglais. Si vous préférez recevoir un exemplaire français, il nous fera plaisir de vous l'expédier. Veuillez adresser votre demande comme suit:

LA COMPAGNIE DE POUVOIR
DU BAS ST-LAURENT,

Case postale 470, Rimouski, P.Q.

1001
1001

THE PRESIDENT'S LETTER



The Company continued to grow in 1961, showing a satisfactory gain in sales of power to our general business customers and an exceptional increase in sales to other public utilities for resale.

Net earnings were higher, but showed the effect of inflation in items of cost. Labour, materials and purchased power, all essential in providing good service, were higher, as were taxes.

The semi-annual dividend on the Common Stock was increased from 50 cents to 60 cents in the last six months of 1961, making \$1.10 per share for 1961 as against \$1.00 for the previous year.

Every effort was made to hold down operating expenses and capital outlays at a minimum. Extensions and improvements to the transmission and distribution systems accounted for the greater part of the year's construction expenditures. Construction expenditures for the 1962 fiscal year are budgeted at \$750,000.

The major objective of the Company's sales promotion programme is to increase the use of electrical appliances and equipment in homes, on farms and in commercial establishments. To date, the results of this programme have been encouraging. We plan to intensify our sales effort in the future and it is logical to expect that in the years ahead sales of electricity will continue to increase.

It is a pleasure to acknowledge the contribution of the employees in making 1961 a successful year, and to offer sincere thanks for the fine spirit of cooperation which prevailed throughout the organization.

A review of operations in greater detail, the financial statements for the year 1961, statistical tabulations, and other pertinent information are incorporated in the following pages of this report.

A handwritten signature in black ink, appearing to read "J. Billant".

SOURCES OF 1961 REVENUE

DOLLARS

2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000



% OF TOTAL REVENUE

39.9
21.4
11.3
11.9
9.9
2.9
2.7

Electric Residential
Electric Commercial
Electric Farm
Electric Other Utilities
Electric Industrial & Municipal
Retail Stores
Miscellaneous

DISPOSITION OF 1961 REVENUE

DOLLARS

1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000

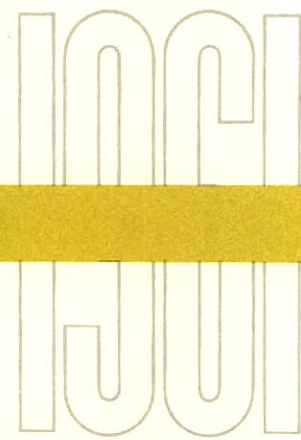


% OF TOTAL REVENUE

24.7
17.8
15.3
13.5
8.2
7.6
7.5
5.4

Employment Costs, etc.*
Taxation
Power Purchases
Depreciation
Other Operating Expenses
Dividends
Retained Earnings
Interest

*Salaries, Wages and Employee Benefits.



ANNUAL REPORT

of the Board of Directors

TO THE SHAREHOLDERS:

The Company had a reasonably satisfactory business year in 1961 due largely to two factors which seem to have become inherent in the electric utility industry. These are a steady increase in the number of customers and the continued growth of per capita consumption of electrical energy by residential, commercial and farm customers.

RESULTS OF OPERATIONS

The net profit for the year was \$627,243, or \$2.65 per share as compared with \$562,649, or \$2.32 per share in 1960. Preferred and Common Stock dividends aggregated \$316,372, equivalent to about 50.4 per cent of the year's net profit.

REVENUES

The gross revenues for the year amounted to \$4,159,785, an increase over 1960 of \$447,354, or 12 per cent, the sources of which were as follows:

	<u>1961</u>	<u>Increase compared with 1960</u>	
		<u>Amount</u>	<u>Per Cent</u>
Sales of power.....	\$3,924,297	416,543	11.9
Net profit from retail stores.....	122,277	14,068	13.0
Miscellaneous.....	113,211	16,743	17.3
TOTAL	\$4,159,785	447,354	12.0

In 1961, sales of power increased \$416,543, or 11.9 per cent, to a total of \$3,924,297. The tabulation on the following page, which compares electric revenues from various classes of customers in 1961 and in 1960, indicates the diversity of the Company's business.

DISTRIBUTION OF SALES OF ELECTRICITY

Class of Service	REVENUES			KILOWATT-HOURS		
	1961	Per Cent of Total	% Increase over 1960	1961 (in 1000)	Per Cent of Total	% Increase over 1960
Residential	\$1,622,061	41.3	10.3	62,017	37.8	14.3
Farm	469,935	11.9	6.1	12,170	7.4	13.4
Commercial	890,324	22.7	11.9	29,089	17.7	13.4
Industrial	315,296	8.0	6.7	14,361	8.7	18.6
Municipal	96,667	2.5	21.1	4,867	2.9	36.3
Town of Campbellton	227,157	5.8	22.5	19,246	11.7	25.7
Other utilities	267,301	6.9	21.1	22,681	13.8	26.5
Miscellaneous	35,556	0.9	28.9	—	—	—
TOTAL	\$3,924,297	100.0	11.9	164,431	100.0	17.8

EXPENSES

Total operating expenses at \$2,664,573 show an increase of \$260,615, or 10.8 per cent, over 1960.

Wages, salaries and employee benefits increased 13.1 per cent in 1961 to a total of \$1,026,016.

Purchases of electricity from other utilities increased as a result of the greater power requirements of our customers.

Increases in provision for depreciation and in property taxes resulted from extensions to property in service.

Taxes on both property and income continue to account for about 17 cents of each dollar of revenue. Taxes aggregated \$742,192, and provision for taxes on income increased because of increased taxable income and to an increase in the provincial profits tax rate.

OPERATIONS

Mention was made in the 1960 Annual Report that water conditions in the area were below average at the end of that year. However in 1961 precipitation over the Metis River watershed was good and the Company was able to generate in its own plants a higher percentage of total power output during the year. Notwithstanding this, the overall increase in output was such that power purchases this year exceeded those of last year. The total output of electricity in 1961 amounted to 183,724,000 kilowatt-hours, 15.8 per cent over the previous year.

The electricity needed to meet the 1961 demands of our general business customers rose to 122,504,000 kilowatt-hours, an increase of 15.6 per cent, while sales of electricity to other utilities for resale amounted to 41,927,000 kilowatt-hours and were 26.2 per cent above the prior year. Thus the total amount of electricity sold was 164,431,000 kilowatt-hours, which represents an increase of 17.8 per cent.

Not only has there been a sustained increase in the number of customers served by the Company but there has also been a rise of 7.3 per cent in the average consumption by domestic customers which amounted to 2,872 kilowatt-hours in 1961. A substantial proportion of this increase in consumption of electricity enjoys the lowest stepdown rate in the authorized tariffs. In consequence, the average revenue from domestic consumers has decreased from 4.14 cents per kilowatt-hour in 1952 to 2.64 cents per kilowatt-hour in 1961. 1,127 new customers were connected in 1961 bringing the total served by the Company to 34,407 at the year-end.

SALES PROMOTION

The sales promotion program is directed to increasing the use of appliances in the home and on the farm. It is supported by radio, television and newspaper advertising. The Company actively supports the electrical industry's nation-wide "Live Better Electrically", "Housepower" and "Medallion Home" programs. These have been very successful in the upgrading of electric wiring in both new and older homes to keep up with the ever growing number of appliances in use. Our departmental staff assisted many commercial customers and further efforts were made to promote better street lighting.

Our farm service group continued its promotional activities in rural areas. Included in this work were: sponsoring of cooking schools, displays and demonstrations at regional fairs, assisting farm customers to modernize their farm operations, and meeting with agricultural groups to acquaint them with modern electrical farm equipment and methods.

As a part of its load-building program the Company merchandises electrical appliances through eight of its own stores. Sales of appliances and electrical contracting amounted to \$1,113,076, which was 18.7 per cent more than in 1960.

AVERAGE RESIDENTIAL PRICE OF ELECTRICITY

As shown by the chart on this page, the cost of living, as measured by the Consumer Price Index, has continued to increase, reaching an all-time high level in 1961; expense items involved in producing electricity have likewise increased considerably over the past fifteen years. Yet the average price per kilowatt-hour paid by the residential customer showed a decrease of 49.3 per cent since 1949, a welcome contrast with other living costs.

CONSTRUCTION

The net additions to property account for the year 1961 amounted to \$707,431.

A considerable amount of our 1961 capital expenditures was accounted for by new transformers, meters and short extensions of lines to serve the growing load on our system. The new 5,000 kva. Ste-Odile substation was put in service and the distribution system serving Ste-Odile and Notre-Dame du Sacré-Cœur,

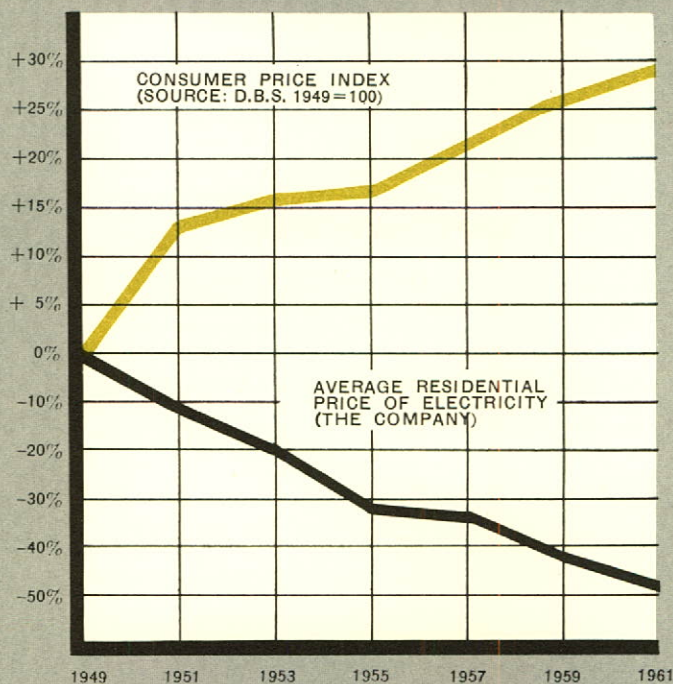
west of Rimouski, was converted to 25,000 volts. In addition, we improved the distribution systems in eight municipalities to meet the growing demand by increasing the capacity of line transformers and installing larger conductors on primary and secondary circuits. Other improvements include the installation of a mercury vapour lighting system in the town of Rimouski.

FINANCING

No public financing was undertaken in 1961, nor is it contemplated in 1962. Funds required to finance the 1961 construction program were provided from internal sources, and we estimate that requirements for 1962 will likewise be provided from internal sources and from temporary bank loans.

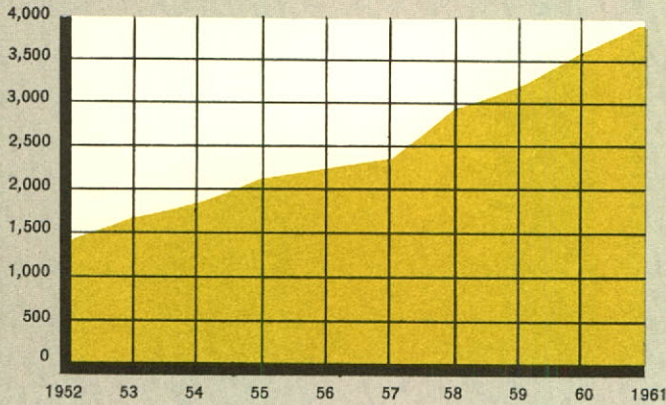
AVERAGE RESIDENTIAL PRICE OF ELECTRICITY COMPARED WITH CONSUMER PRICE INDEX

PER CENT CHANGE FROM 1949



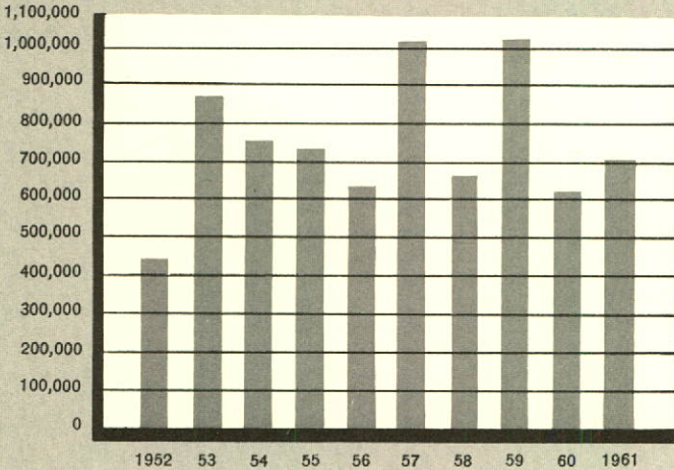
Thousands of Dollars

SALES OF POWER



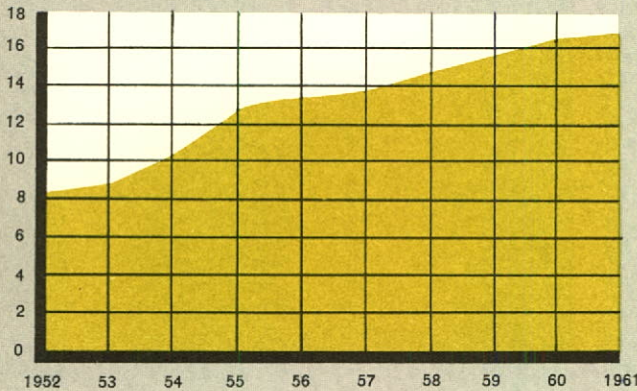
Dollars

ANNUAL CAPITAL EXPENDITURES FOR NEW CONSTRUCTION



Millions of Dollars

GROSS INVESTMENT IN PROPERTY



EMPLOYEES

The skill, loyalty and cooperation with which the employees performed their duties again constituted a major contribution to the satisfactory results of the year 1961. Wage and salary payments amounted to \$1,369,819, of which \$868,816 was expended for operation and maintenance. Our total payroll increased \$161,703, exceeding the previous year by 13.3 per cent. In addition to wages, substantial benefits are available to our employees in the form of a pension plan, a group life insurance plan and well-rounded health and hospitalization plans. The cost to the Company of all employee benefits amounted to \$157,200 and was equivalent to 11.5 per cent of total payroll.

In the course of the year, several measures were adopted to better the welfare of our employees. A medical service was organized at head office with the services of a visiting medical practitioner and a full time nurse. In addition, as a result of new developments in the insurance field, we have improved our health insurance plan and integrated it with the new Province of Quebec hospitalization plan, and Company personnel is now fully protected against major medical and hospital costs. A revision of the Company's group life insurance has resulted in additional protection for all employees.

We have also perfected the employees' retirement savings program. In November 1961 the pension plan which has been in existence since 1946 was replaced by a superannuation plan which provides all employees with an increased pension in proportion to their salaries.

FINANCIAL STATEMENTS

The Balance Sheet, Statement of Earnings and the Statement of Retained Earnings are attached. The statements have been examined by the shareholders' auditors, whose report is attached.

On behalf of the Board of Directors,

President.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the comparative balance sheet of Lower St. Lawrence Power Company as at December 31, 1961 and 1960, the statement of earnings for the ten years ended December 31, 1961 and the statement of retained earnings 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 comparative balance sheet and statements of earnings and retained earnings, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit, in accordance with generally accepted accounting principles consistently applied, a true and correct view of the state of the affairs of the company as at December 31, 1961 and 1960, and the results of its operations for the ten years ended December 31, 1961, according to the best of our information and the explanations given to us and as shown by the books of the company.

Wm Donald Burke Esq.

RIMOUSKI, February 1, 1962.

CHARTERED ACCOUNTANTS

Assets

COMPARATIVE

	DECEMBER 31	
	1961	1960
FIXED ASSETS		
Land, water power sites, generating plants, buildings, transmission and distribution systems, motor vehicles, etc. — at cost	\$16,912,385	\$16,248,877
CURRENT ASSETS		
Cash	230,859	238,397
Accounts receivable, less provision for doubtful accounts ..	751,353	620,059
Inventories — at the lower of cost or market —		
Merchandise for sale	236,909	207,862
Materials and supplies	132,139	135,746
Prepaid expenses	7,557	11,526
TOTAL CURRENT ASSETS	1,358,817	1,213,590
OTHER ASSETS		
Customers' deposits	84,209	78,623
Cash on deposit with trustee for sinking funds	1,150	1,317
Miscellaneous investments and advances	54,616	65,109
TOTAL OTHER ASSETS	139,975	145,049
FINANCING EXPENSES LESS AMOUNTS WRITTEN OFF ..	150,367	165,253
 <i>APPROVED ON BEHALF OF THE BOARD</i>		
J.-A. BRILLANT	}	DIRECTORS
N. GENDREAU		
	\$18,561,544	\$17,772,769

BALANCE SHEET

Liabilities

DECEMBER 31
1961 1960

FUNDED DEBT

First mortgage bonds (note 1) **\$ 4,917,000 \$ 5,027,500**

BALANCE OF PURCHASE PRICE OF FIXED ASSETS

secured by hypothec, payable in semi-annual instalments,
the last due in 1992, without interest..... **1,787,203 1,844,510**

SHAREHOLDERS' EQUITY

Capital stock —

Authorized —

175,000 cumulative redeemable preferred shares
of \$20 each **3,500,000**

300,000 common shares without nominal or par
value **—**

Issued and fully paid —

106,799 4½ % cumulative sinking fund redeem-
able preferred shares of the 1955 series
(1,725 shares were redeemed and cancel-
led during the year) **2,135,980 2,170,480**

200,000 common shares **1,000,000 1,000,000**

3,135,980 3,170,480

Retained earnings **2,190,180 1,879,308**

Reserve available for future income taxes (note 2) **337,842 311,459**

TOTAL SHAREHOLDERS' EQUITY 5,664,002 5,361,247

ACCUMULATED DEPRECIATION 4,937,831 4,475,060

CONTRIBUTIONS FOR EXTENSIONS 375,164 341,728

CURRENT LIABILITIES

Accounts payable and accrued expenses **418,012 300,411**

Accrued bond interest **43,684 44,833**

Income taxes — current year **334,439 298,857**

TOTAL CURRENT LIABILITIES 796,135 644,101

CUSTOMERS' DEPOSITS 84,209 78,623

\$18,561,544 \$17,772,769

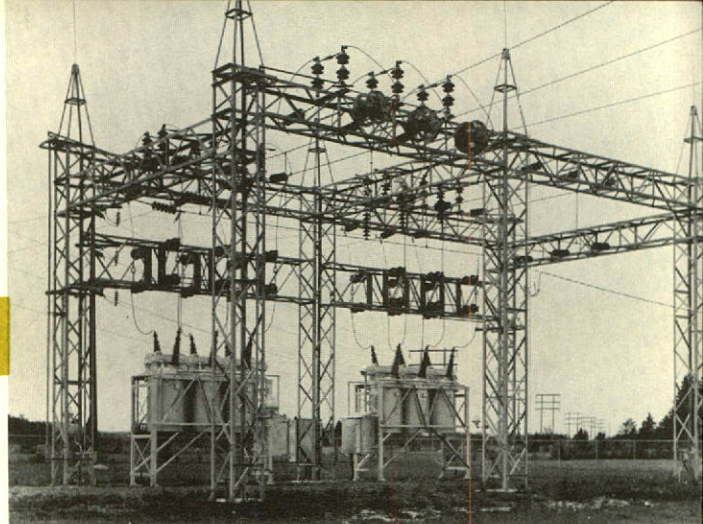
LOWER ST. LAWRENCE

COMPARATIVE STATEMENT OF EARNINGS

	1961	1960	1959
REVENUE			
Gross revenue from sale of power.....	\$3,924,297	3,507,754	3,184,452
Profit from retail stores and electrical contracting.....	122,277	108,209	144,585
Miscellaneous revenue.....	113,211	96,468	80,062
TOTAL REVENUE.....	4,159,785	3,712,431	3,409,099
EXPENSES			
Operating.....	1,185,931	1,067,970	967,198
Maintenance.....	167,688	138,513	121,331
Purchased power.....	637,293	551,903	426,406
Taxes, other than income taxes.....	111,678	109,333	101,705
Provision for depreciation.....	561,983	536,239	504,514
TOTAL EXPENSES.....	2,664,573	2,403,958	2,121,154
OPERATING PROFIT.....	1,495,212	1,308,473	1,287,945
FINANCIAL EXPENSE			
Bond interest.....	210,178	206,884	159,883
Interest on bank loan.....	—	5,959	29,011
Amortization of financing expense.....	14,886	14,886	12,586
TOTAL FINANCIAL EXPENSE.....	225,064	227,729	201,480
NET EARNINGS BEFORE INCOME TAXES.....	1,270,148	1,080,744	1,086,465
INCOME TAXES			
Provision for current year.....	616,522	488,556	475,240
Provision available for future years (note 2).....	26,383	29,539	33,390
TOTAL INCOME TAXES.....	642,905	518,095	508,630
NET EARNINGS FOR THE YEAR.....	\$ 627,243	562,649	577,835

POWER COMPANY

FOR THE TEN YEARS ENDED DECEMBER 31, 1961



1958	1957	1956	1955	1954	1953	1952
2,993,205	2,613,356	2,311,128	2,000,473	1,762,470	1,615,218	1,457,246
127,666	135,595	147,601	130,763	86,630	86,383	85,641
42,195	62,053	76,168	59,258	55,868	38,919	44,800
3,163,066	2,811,004	2,534,897	2,190,494	1,904,968	1,740,520	1,587,687
902,548	787,732	781,130	802,392	661,256	664,329	583,538
138,638	149,200	157,365	112,265	109,462	139,694	97,236
410,171	430,037	322,345	39,964	7,173	10,297	—
92,034	93,008	84,029	71,216	66,704	58,338	57,806
467,188	424,927	396,102	373,683	280,496	247,027	222,083
2,010,579	1,884,904	1,740,971	1,399,520	1,125,091	1,119,685	960,663
1,152,487	926,100	793,926	790,974	779,877	620,835	627,024
163,688	167,192	170,195	197,871	204,246	159,340	160,187
24,250	10,509	—	—	—	—	—
12,586	12,586	12,587	17,369	16,538	14,740	15,546
200,524	190,287	182,782	215,240	220,784	174,080	175,733
951,963	735,813	611,144	575,734	559,093	446,755	451,291
408,579	284,490	223,774	202,128	205,672	207,965	226,631
35,965	49,587	53,414	62,557	52,251	—	—
444,544	334,077	277,188	264,685	257,923	207,965	226,631
507,419	401,736	333,956	311,049	301,170	238,790	224,660

STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1961

CASH WAS RECEIVED FROM:

Net earnings from operations	\$ 627,243
Depreciation and other charges to operations not requiring an outlay of cash.	603,252
Reduction of miscellaneous investments, advances and sinking fund deposits	10,660
Reduction of working capital	7,560
	<hr/>
	\$1,248,715
	<hr/> <hr/>

THIS CASH WAS USED TO:

Pay cost of new construction	\$ 707,431
Redeem first mortgage bonds	110,500
Redeem preferred shares	34,500
Pay instalments on purchase price of fixed assets	79,912
Pay dividends to shareholders	316,372
	<hr/>
	\$1,248,715
	<hr/> <hr/>

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1961

BALANCE — DECEMBER 31, 1960		\$1,879,309
Dividends —		
4½% preferred shares — 90 cents per share	96,372	
Common shares — \$1.10 per share	220,000	316,372
		1,562,937
Net earnings for the year		627,243
BALANCE — DECEMBER 31, 1961		\$2,190,180

**NOTES
TO
FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 1961

NOTE 1.

Details of funded debt as at December 31, 1961 and 1960:

First mortgage bonds —

	Issued	OUTSTANDING	
		1961	1960
Series "A" 3½% serial bonds due 1946 to 1953	\$ 240,000	—	—
Series "B" 3¾% sinking fund bonds due 1965	1,610,000	\$1,270,500	\$1,314,500
Series "C" 3¼% sinking fund bonds due 1965	1,000,000	807,500	829,000
Series "D" 3¾% sinking fund bonds due 1965	1,000,000	830,000	852,000
Series "E" 4½% sinking fund bonds due 1973, principal and interest payable in U.S. funds	1,150,000	1,009,000	1,032,000
Series "F" 5⅞% sinking fund bonds due 1984, principal and interest payable in U.S. funds	1,000,000	1,000,000	1,000,000
	\$6,000,000	\$4,917,000	\$5,027,500

Under the provisions of the Trust Deed securing the First Mortgage Bonds, additional First Mortgage Bonds may be issued from time to time in unlimited amounts provided compliance is made with certain restrictive conditions of the Trust Deed.

NOTE 2.

Accumulated depreciation claimed for income tax purposes for the years 1954 to 1961 inclusive exceeds by \$867,546 the amounts recorded in the accounts. The resultant tax reductions of \$337,842 have been charged against the income of those years and are carried forward as "Reserve available for future income taxes".

NOTE 3.

To assist its employees in the acquisition of dwellings, the Company has guaranteed loans on employees' dwellings in the amount of \$69,500.

NOTE 4.

Sinking fund payments due in 1962 on first mortgage bonds and preferred shares amount to \$91,645 and \$23,000 respectively and instalment payments due in 1962 on balance of purchase price of fixed assets amount to \$74,125.

TEN YEAR FINANCIAL STATISTICS

	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952
BALANCE SHEET										
ASSETS										
Fixed assets.....	\$16,912,385	\$16,248,877	\$15,617,358	\$14,560,866	\$13,909,365	\$12,880,984	\$12,321,818	\$10,034,420	\$ 8,984,235	\$ 8,061,009
Cash.....	230,859	238,397	198,309	210,408	133,123	336,082	690,974	474,800	837,826	511,582
Current assets.....	1,127,958	975,193	1,842,308	972,902	939,677	906,280	700,761	539,247	543,872	398,402
Other.....	290,342	310,302	293,108	237,365	264,528	263,925	271,514	227,302	200,853	180,985
Total.....	\$18,561,544	\$17,772,769	\$17,951,083	\$15,981,541	\$15,246,693	\$14,387,271	\$13,985,067	\$11,275,769	\$10,566,786	\$ 9,151,978
LIABILITIES										
Funded debt.....	\$ 4,917,000	\$ 5,027,500	\$ 5,135,000	\$ 4,232,000	\$ 4,323,000	\$ 4,420,000	\$ 4,490,000	\$ 5,252,500	\$ 5,339,500	\$ 4,273,500
Other long term debt.....	1,787,203	1,844,510	1,879,486	1,921,886	1,948,590	2,000,768	2,070,176	314,958	—	—
Accumulated depreciation.....	5,312,995	4,816,788	4,305,800	3,831,341	3,409,326	3,013,716	2,690,198	2,374,905	2,106,465	1,898,239
Current liabilities.....	880,344	722,724	1,543,998	1,183,376	971,046	517,504	395,353	422,698	453,969	445,492
Capital stock and surplus.....	5,664,002	5,361,247	5,086,799	4,812,938	4,594,731	4,435,283	4,339,340	2,910,708	2,666,852	2,534,747
Total.....	\$18,561,544	\$17,772,769	\$17,951,083	\$15,981,541	\$15,246,693	\$14,387,271	\$13,985,067	\$11,275,769	\$10,566,786	\$ 9,151,978
INCOME RATIOS										
Preferred shares outstanding.....	106,799	108,524	109,504	111,384	112,579	113,790	115,000	47,503	48,460	49,360
Earned per preferred share (*).....	\$ 5.87	\$ 5.18	\$ 5.28	\$ 4.56	\$ 3.56	\$ 2.93	\$ 2.70	\$ 6.34	\$ 4.92	\$ 4.55
Common shares outstanding.....	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	80,000	80,000
Earned per common share (*).....	\$ 2.65	\$ 2.32	\$ 2.39	\$ 2.03	\$ 1.49	\$ 1.15	\$ 1.26	\$ 1.26	\$ 2.37	\$ 2.18
TIMES BOND INTEREST EARNED										
Before depreciation.....	9.7 times	8.8 times	10.9 times	9.6 times	7.9 times	6.9 times	5.8 times	5.2 times	5.4 times	5.3 times
After depreciation.....	7.0 times	6.2 times	7.8 times	6.8 times	5.4 times	4.5 times	3.9 times	3.8 times	3.9 times	3.9 times
CAPITALIZATION										
Funded debt.....	\$ 4,917,000	\$ 5,027,500	\$ 5,135,000	\$ 4,232,000	\$ 4,323,000	\$ 4,420,000	\$ 4,490,000	\$ 5,252,500	\$ 5,339,500	\$ 4,273,500
% of total.....	46.5	48.4	50.2	46.8	48.5	49.9	50.9	64.4	66.6	62.7
Preferred stock.....	2,135,980	2,170,480	2,190,080	2,227,680	2,251,580	2,275,800	2,300,000	950,060	969,200	987,200
% of total.....	20.2	20.9	21.4	24.6	25.2	25.7	26.0	11.6	12.1	14.5
Common stock and surplus.....	3,528,022	3,190,767	2,896,719	2,585,258	2,343,151	2,159,483	2,039,340	1,960,648	1,697,652	1,547,547
% of total.....	33.3	30.7	28.4	28.6	26.3	24.4	23.1	24.0	21.2	22.7
Total capitalization.....	\$10,581,002	\$10,388,747	\$10,221,799	\$ 9,044,938	\$ 8,917,731	\$ 8,855,283	\$ 8,829,340	\$ 8,163,208	\$ 8,006,352	\$ 6,808,247
PLANT INVESTMENT										
Fixed assets.....	\$16,912,385	\$16,248,877	\$15,617,358	\$14,560,866	\$13,909,365	\$12,880,984	\$12,321,818	\$10,034,420	\$ 8,984,235	\$ 8,061,009
Accumulated depreciation.....	5,312,995	4,816,788	4,305,800	3,831,341	3,409,326	3,013,716	2,690,198	2,374,905	2,106,465	1,898,239
% of fixed assets.....	31.4	29.6	27.6	26.3	24.5	23.3	21.8	23.6	23.4	23.5
Plant investment per dollar of revenue	\$ 4.30	\$ 4.63	\$ 4.90	\$ 4.86	\$ 5.32	\$ 5.57	\$ 6.15	\$ 5.69	\$ 5.56	\$ 5.53

* Calculations have been based upon the number of shares outstanding as at December 31 of each year.

TEN YEAR OPERATING STATISTICS

	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952
SALES OF POWER:										
Residential	\$1,622,061	\$1,470,869	\$1,345,641	\$1,222,444	\$1,073,424	\$ 927,231	\$ 797,637	\$ 693,456	\$ 626,687	\$ 559,271
Farm	469,935	442,800	418,598	384,270	344,492	299,473	268,125	238,864	207,306	168,230
Commercial	890,324	794,949	730,834	697,646	622,069	552,963	463,187	410,054	377,558	339,794
Industrial	315,296	295,412	285,502	275,400	268,542	264,442	254,848	236,690	246,640	222,185
Municipal	96,667	79,771	67,526	67,416	60,371	52,710	48,334	45,657	42,442	41,319
Town of Campbellton	227,157	185,362	174,623	202,010	142,740	133,866	105,126	85,328	68,773	87,884
Other utilities	267,301	211,025	137,520	124,409	85,096	68,115	54,391	49,848	45,812	38,563
Miscellaneous	35,556	27,566	24,208	19,610	16,622	12,328	8,825	2,573	—	—
TOTAL	\$3,924,297	\$3,507,754	\$3,184,452	\$2,993,205	\$2,613,356	\$2,311,128	\$2,000,473	\$1,762,470	\$1,615,218	\$1,457,246
KILOWATT-HOUR SALES (1000 omitted):										
Residential	62,017	54,273	48,053	41,863	35,930	29,666	23,538	18,789	15,897	13,494
Farm	12,170	10,760	9,769	8,523	7,175	5,859	5,018	4,273	3,575	2,865
Commercial	29,089	25,637	23,379	21,894	19,333	16,804	13,714	11,657	10,503	9,551
Industrial	14,361	12,107	11,578	11,329	11,472	10,809	9,125	8,676	8,853	8,364
Municipal	4,867	3,569	3,130	2,858	2,591	2,314	2,009	1,770	1,871	1,945
Town of Campbellton	19,246	15,300	13,975	15,880	14,274	13,387	10,559	10,039	8,091	10,339
Other utilities	22,681	17,933	11,130	9,169	6,311	4,877	4,087	3,629	3,228	2,723
TOTAL	164,431	139,579	121,014	111,516	97,086	83,716	68,050	58,833	52,018	49,281
NUMBER OF CUSTOMERS (December 31):										
Residential	21,519	20,464	19,590	19,033	18,400	17,872	16,904	16,033	15,334	14,669
Farm	8,173	8,335	8,469	8,548	8,467	8,515	8,084	7,658	7,304	6,617
Commercial	4,271	4,043	3,869	3,798	3,655	3,600	3,376	3,161	2,926	2,764
Industrial	321	327	324	321	316	307	307	295	278	297
Municipal	108	106	103	100	98	96	88	85	81	72
Other utilities	5	5	5	5	5	5	3	4	4	4
TOTAL	34,407	33,280	32,360	31,805	30,941	30,395	28,762	27,236	25,927	24,423
Miles of line (December 31)	2,400	2,378	2,339	2,276	2,236	2,173	2,193	1,323	1,151	1,134
Towns and villages served	122	122	122	122	121	120	118	118	110	108
Kilowatt-hours generated and purchased (in 1000)	183,724	158,689	139,288	129,028	115,174	99,541	84,125	73,209	65,445	61,479
Annual average kilowatt-hours — Residential use	2,872	2,676	2,451	2,197	1,945	1,682	1,415	1,184	1,042	941
Annual average revenue per residential customer	\$ 75.89	\$ 72.12	\$ 68.28	\$ 63.83	\$ 57.90	\$ 52.58	\$ 47.96	\$ 43.73	\$ 41.10	\$ 39.01
Annual peak load (kilowatts)	45,200	40,125	36,950	33,000	29,400	23,600	20,300	16,251	15,525	15,925
Capacity of generating stations (name plate rating, kw., December 31) ..	14,850	14,850	14,850	14,850	14,850	14,850	14,850	14,850	14,850	14,850
Purchase capacity available (kilowatts)	35,850	18,650	18,650	18,650	18,650	18,650	18,650	—	—	—



LOWER ST. LAWRENCE POWER COMPANY



BOARD OF DIRECTORS

HONORABLE JULES-A. BRILLANT, M.L.C., C.B.E.

THOMAS-A. BERNIER, C.E.

PAUL-ÉMILE GAGNON, Q.C.

JACQUES BRILLANT

NORMAN GENDREAU

J.-RICHARD DUBÉ

HENRI LABRIE

AUBERT BRILLANT

CAROL BRILLANT

OFFICERS

Honorable Jules-A. Brillant, M.L.C., C.B.E.

President and Chairman of the Board

Thomas-A. Bernier, C.E.

Vice-President and General Manager

Norman Gendreau

Vice-President and Treasurer

Jacques Brillant

Vice-President

Paul-Émile Gagnon, Q.C.

Secretary

J.-Richard Dubé

Chief Accountant

TRANSFER AGENT AND REGISTRAR

Preferred and common stocks:

ADMINISTRATION AND TRUST COMPANY

10 St. James Street West, Montreal

The Company's Common Stock is listed on Montreal Stock Exchange

TRUSTEE

First Mortgage Bonds:

ADMINISTRATION AND TRUST COMPANY

10 St. James Street West, Montreal

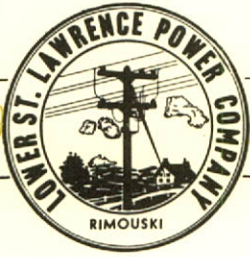
BANKERS

NATIONAL CANADIAN BANK

PROVINCIAL BANK OF CANADA

TO THE SHAREHOLDERS:

Your Directors appreciate the interest shown by shareholders who are present at the Annual General Meetings and participate in the discussions of the Company's affairs. This year the meeting will be held on Tuesday, April 24th, at 2:30 p.m., at the Company's head office, 6 St-Jean Street, Rimouski, P.Q., and all shareholders who find it possible to attend are urged to do so.



A Statement of Policy

OUR AIM IS . . .

to provide our customers with efficient and courteous electric service at a fair cost.

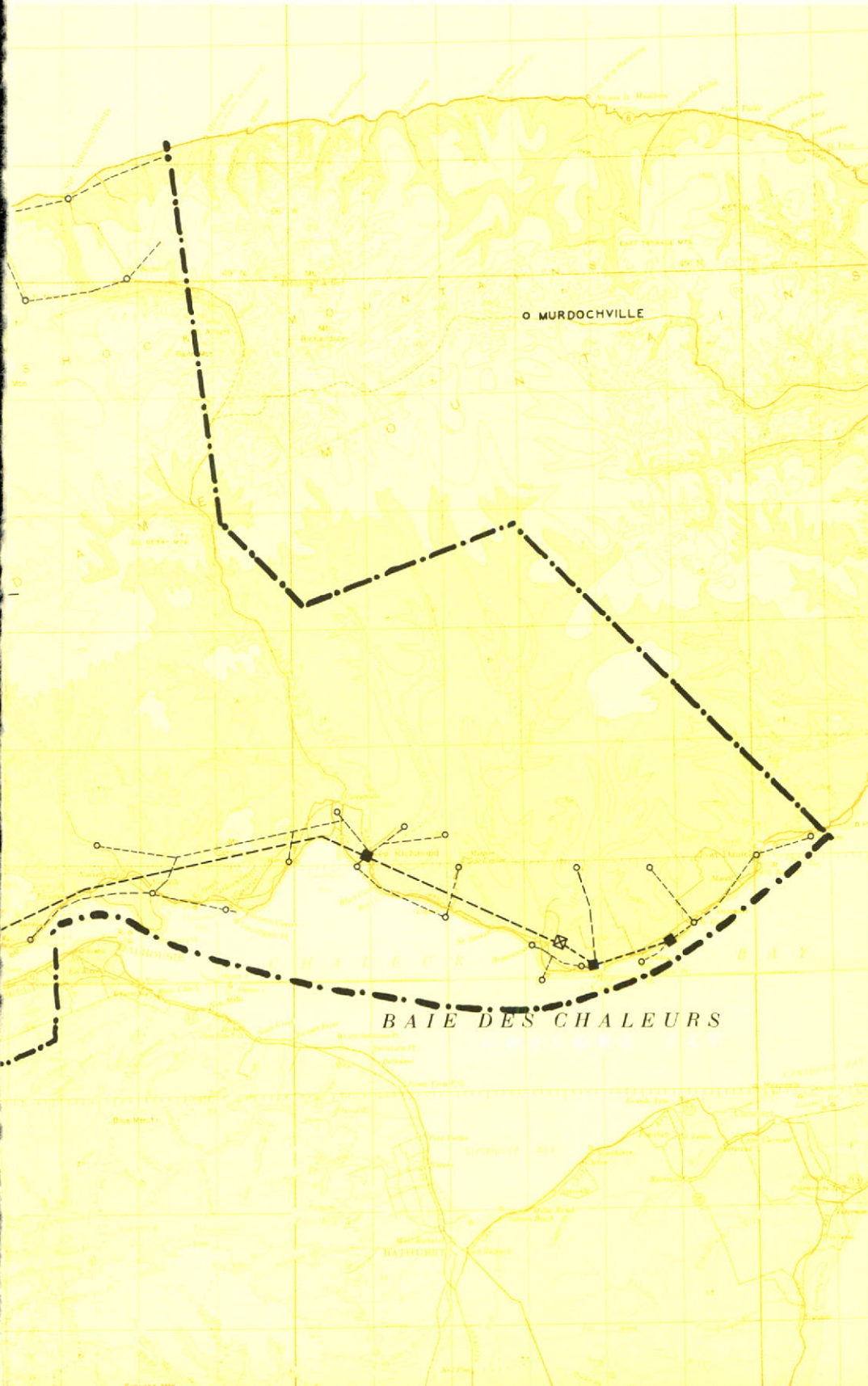
to pay our employees fair wages and benefits.

to pay our investors a reasonable return on the capital they have invested.














to fulfill our civic responsibility in the communities we serve.

TRANSMISSION AND DISTRIBUTION SYSTEM

The dotted line marks the boundary of the Company's service area which comprises seven counties on the South Shore of the St. Lawrence River having a population in excess of 205,000. Electric service is supplied to 104 communities and surrounding rural areas and the Company sells electric power to 2 cooperatives and 2 municipally-owned systems which serve a total of 18 communities. The Company's system comprises 318 miles of transmission lines and over 2,082 miles of distribution lines.



LEGEND

-  161 kv. Lines
-  69 kv. Lines
-  Distribution Lines
-  Other Utilities
-  Communities Served
-  Storage Reservoirs
-  Hydro-Electric Generating Stations
-  Diesel Generating Station
-  Principal Substations
-  Distribution Substations
-  Wholesale Power Delivery Points
-  Purchased Power Hydro-Québec
-  Territory Served Boundary

MAP OF TERRITORY SERVED AND OF

Québec

Rimouski

BAIE COMEAU

FLEUVE ST-LAURENT

CABLES SOUS-MARINS 69 KV.
69 KV. SUBMARINE CABLES.

MATANE

LES BOULES

PRICE

RIMOUSKI

Métis

Mistigouguèche

TROIS-PISTOLES

NEW BRUNSWICK.

NOUVEAU-BRUNSWICK

