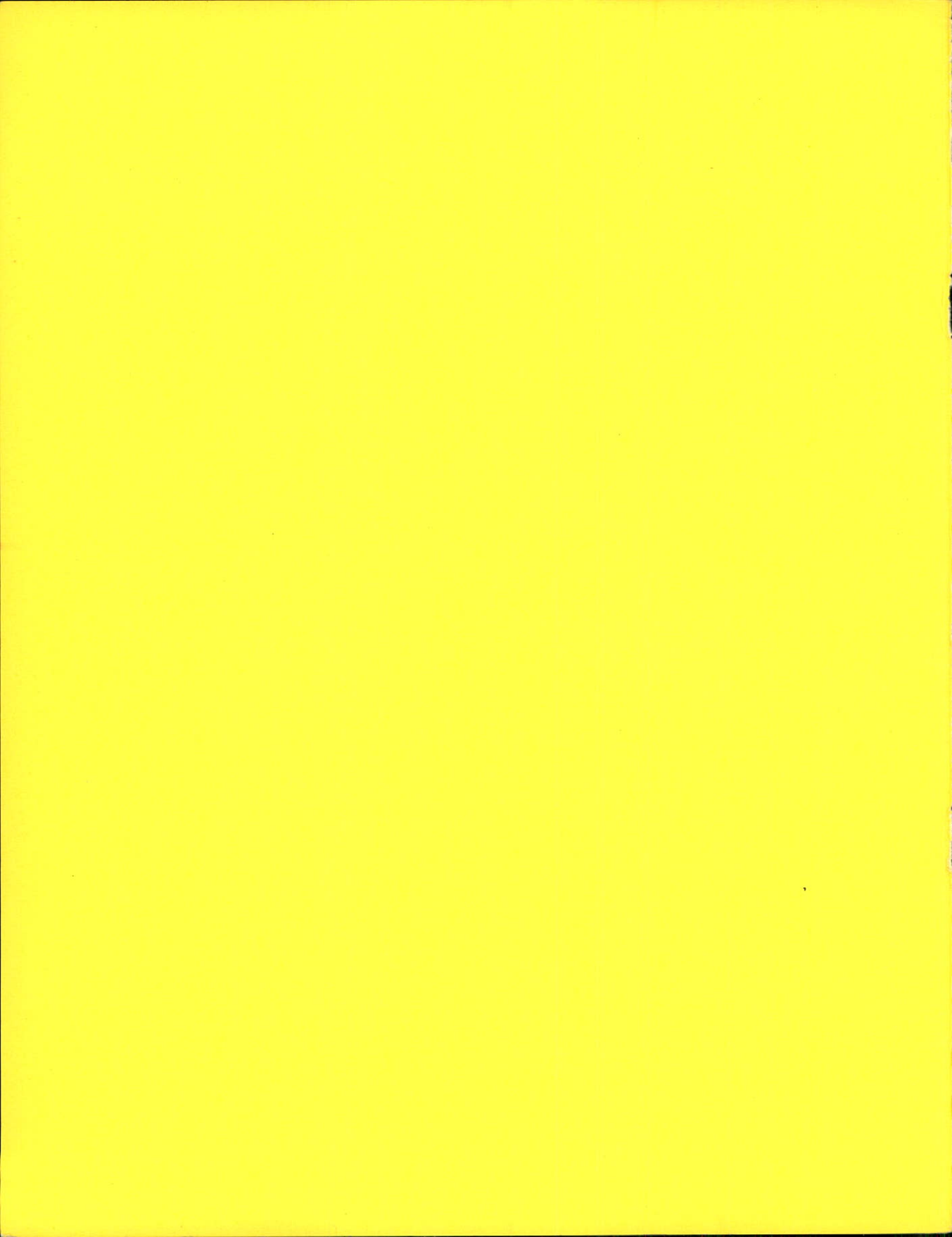
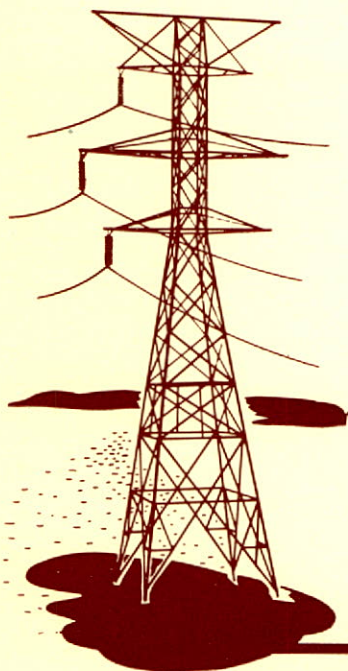


*Annual
1949
Report*

LOWER ST. LAWRENCE POWER COMPANY



**LOWER ST. LAWRENCE
POWER COMPANY**



Highlights of the Year

	<u>1948</u>	<u>1949</u>
Sales of Power	\$905,949.	\$1,027,847
Kilowatt Hours sold	29,759,093	33,708,278
Net Capital Expenditures	\$683,403	\$388,526.
New Meters Installed	1,592	1,853
Total towns and villages served	77	79
Distribution line constructed—Miles	103.2	40.44
Total taxes paid	\$157,957.	\$185,042.
Total wages and salaries paid	\$400,731.	\$386,282.
Total number of employees	247	218
Cost of employee benefits, including Pension Plan, Group Life and Sickness Benefit Plan	\$19,708.	\$22,430.
NET PROFIT	\$161,716.	\$178,491.
Interest on Bonds was earned, before depreciation	4.2 times	4.3 times
Interest on Bonds was earned, after depreciation	3.1 times	3.1 times
NET PROFIT PER PREFERRED SHARE	\$20.21	\$22.31
NET PROFIT PER COMMON SHARE	\$5.68	\$6.25

The President

REPORTS

TO THE SHAREHOLDERS OF

The year 1949 has been a successful one for your Company. For the first time in our history sales of power exceeded the million dollar mark, reaching the figure of \$1,027,847. The number of meters in service at the year end amounted to 18,179 as compared to 16,326 at December 31st, 1948.

The achievements of 1949, together with the very satisfactory results of the past decade, stem from the economic development of the whole area served by the Company and from the extensive program of plant expansion which was undertaken in the post-war period. The following pages of the Annual Report will show graphically the progress made.

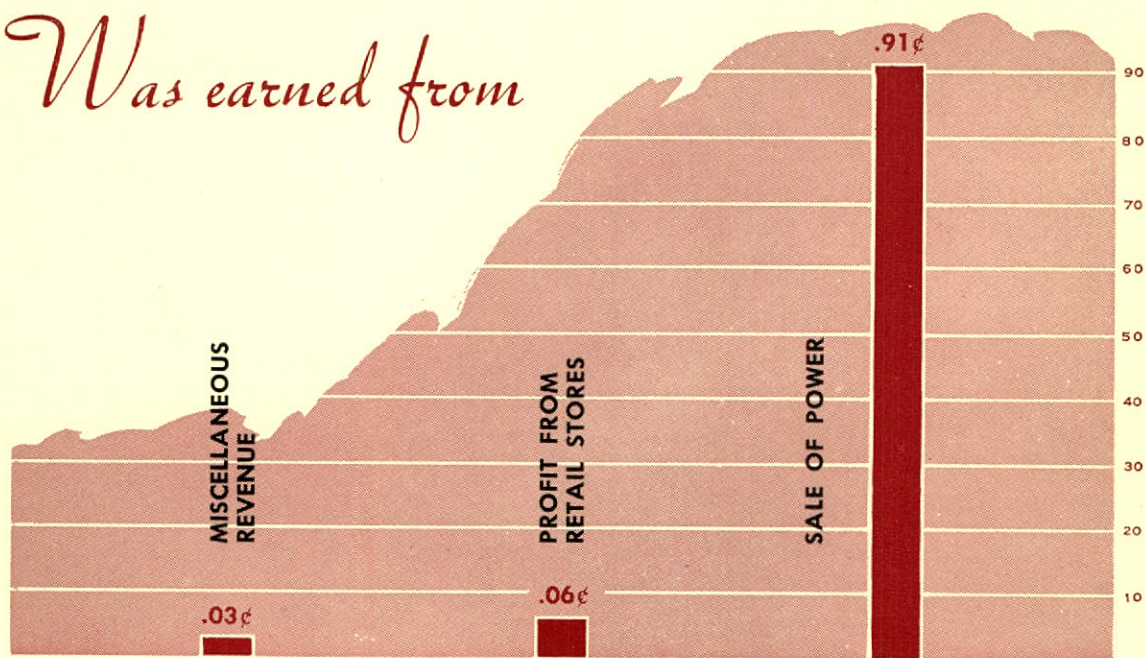
To carry out this program, which has enabled your company to enlarge the territory served, and increase the number of industrial, commercial and residential customers, has required large capital expenditures. In the period 1940-49 an amount of \$4,200,652. was spent for additions to electric plant, the money for these disbursements coming from the issue of \$3,480,000 of bonds, of which \$1,000,000 of series "D" were issued in 1949, together with the profits retained in the business.

The increase in costs of material, wages and taxes are reflected in the net profit figure of \$178,491. for 1949 as compared to \$161,716 in 1948, despite the fact that total revenues increased from \$1,003,707 in 1948 to \$1,127,975 in 1949.

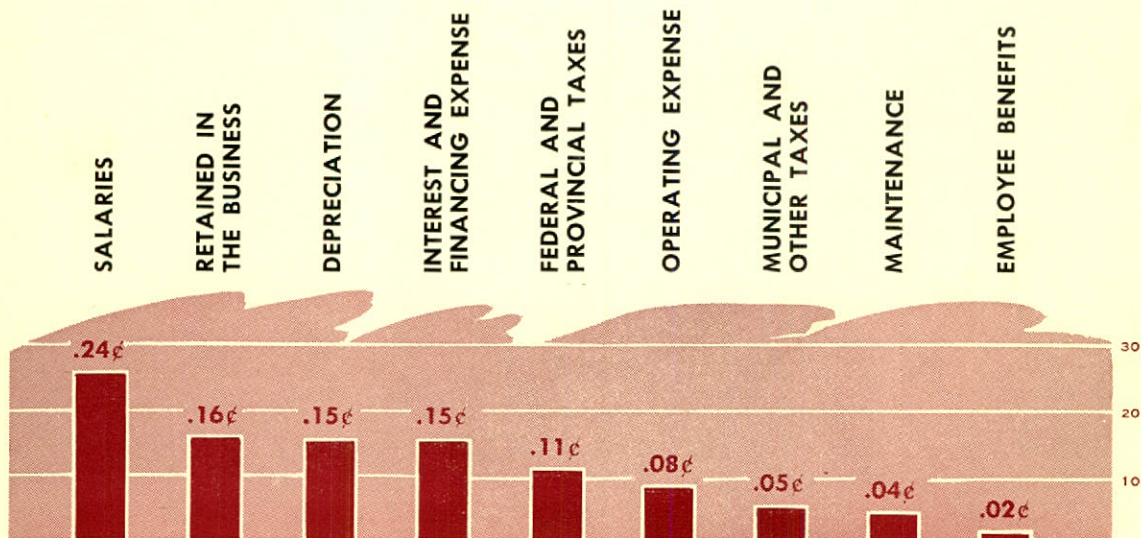
Your company is in a sound financial position with fixed assets at an all time high of \$6,659,988. which represents an increase of 170% in the past ten years. Current liabilities of \$186,230. are covered 4.5 times by current assets of \$837,600.

THE INCOME DOLLAR

Was earned from



Was spent for



Statement of Profit & Loss

AS AT DECEMBER 31ST, 1949 and 1948

	<u>1949</u>	<u>1948</u>	<u>Increase or Decrease</u>
Gross revenue from sale of power	\$1,027,847	\$ 905,950	+121,897
Profit from retail stores and electrical contracting	62,909	70,150	- 7,241
Miscellaneous revenue	37,219	27,607	+ 9,612
	<hr/>	<hr/>	<hr/>
	\$1,127,975	\$1,003,707	+124,268
Operating expense	432,670	\$ 377,423	+ 55,247
Taxes	40,016	33,957	+ 6,059
Miscellaneous interest	9,951	5,145	+ 4,806
Contribution to employees' pension fund	14,504	13,593	+ 911
	<hr/>	<hr/>	<hr/>
	\$ 497,141	\$ 430,118	+ 67,023
OPERATING PROFIT	<hr/>	<hr/>	<hr/>
	\$ 630,834	\$ 573,589	+ 57,245
Bond interest	147,402	135,232	+ 12,170
Amortization of financing expense	12,801	11,697	+ 1,104
Provision for depreciation	167,616	158,856	+ 8,760
Provision for income taxes	124,524	106,088	+ 18,436
	<hr/>	<hr/>	<hr/>
	452,343	411,873	+ 40,470
NET PROFIT FOR THE YEAR	<hr/>	<hr/>	<hr/>
	\$ 178,491	\$ 161,716	+ 16,775

STATEMENT OF SURPLUS

FOR THE YEAR ENDED 31st DECEMBER 1949

BALANCE—31st DECEMBER 1948	\$749,162
Amount written off investments	36,000
	<hr/>
Net profit for the year	\$713,162
	178,491
	<hr/>
BALANCE—31st DECEMBER 1949	\$891,653

**LOWER ST. LAWRENCE
POWER COMPANY**

Comparative Balance

ASSETS		<u>1949</u>	<u>1948</u>
FIXED ASSETS:			
Land, water power sites, generating plants, buildings, transmission and distribution systems, motor vehicles, etc.—at cost		\$6,659,988	\$6,271,462
CURRENT ASSETS:			
Cash	\$128,765		
Cash on deposit with The Sun Trust Limited	502,492		
Accounts receivable, less reserve for doubtful accounts	86,238		
Inventory of merchandise and stores, based on inventory records verified by physical count during the year and valued at cost—			
Merchandise for sale	72,332		
Maintenance and construction stores	26,553		
Prepaid expenses	21,220		
TOTAL CURRENT ASSETS		837,600	356,478
SINKING FUND FOR FIRST MORTGAGE BONDS:			
Cash on deposit with trustee		1,130	878
INVESTMENTS AND ADVANCES:			
Investment in and advances to La Compagnie de Distribution Electrique de Temiscouata Limitee, an affiliated company	31,989		
Investment in Quebec Telephone Corporation— at cost, less amount written off—			
3,305 class "A" shares			
19,681 class "B" shares	74,625		
Miscellaneous—at cost	20,335		
Refundable portion of excess profits tax	3,601		
TOTAL INVESTMENTS AND ADVANCES		130,550	160,444
FINANCING EXPENSES LESS AMOUNTS WRITTEN OFF			
		151,968	130,187
		<u>\$7,781,236</u>	<u>\$6,919,449</u>

Approved on behalf of the Board:

T. A. BERNIER }
N. GENDREAU } Directors

**LOWER ST. LAWRENCE
POWER COMPANY**

Sheet AS AT DECEMBER 31ST, 1949 and 1948

LIABILITIES

FUNDED DEBT:		<u>1949</u>	<u>1948</u>
First mortgage bonds	\$3,686,000		
General mortgage bonds (For details of funded debt see attached statement)	845,000	\$4,531,000	\$3,610,500
CAPITAL STOCK:			
Authorized, issued and fully paid—			
8,000 6% non-cumulative redeemable preferred shares of \$100 each	\$ 800,000		
20,000 common shares without nominal or par value	30,000	830,000	830,000
RESERVE FOR DEPRECIATION		1,302,608	1,153,440
CONTRIBUTIONS FOR EXTENSIONS		39,745	35,347
CURRENT LIABILITIES:			
(exclusive of \$65,000 funded debt maturing serially)			
Accounts payable and accrued expenses	\$ 56,474		
Accrued bond interest	47,264		
Income taxes	82,492		
TOTAL CURRENT LIABILITIES		186,230	541,000
SURPLUS —as per attached statement		891,653	749,162
Note: The company is guarantor of \$90,000 3% first mortgage bonds due 1950 to 1958 issued by The Mitis Company Limited.		<u>\$7,781,236</u>	<u>\$6,919,449</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of Lower St. Lawrence Power Company for the year ended 31st December 1949 and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above balance sheet and the accompanying 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 31 st December 1949 and of the results of the 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, 6th February 1950.

**LOWER ST. LAWRENCE
POWER COMPANY**

Funded Debt

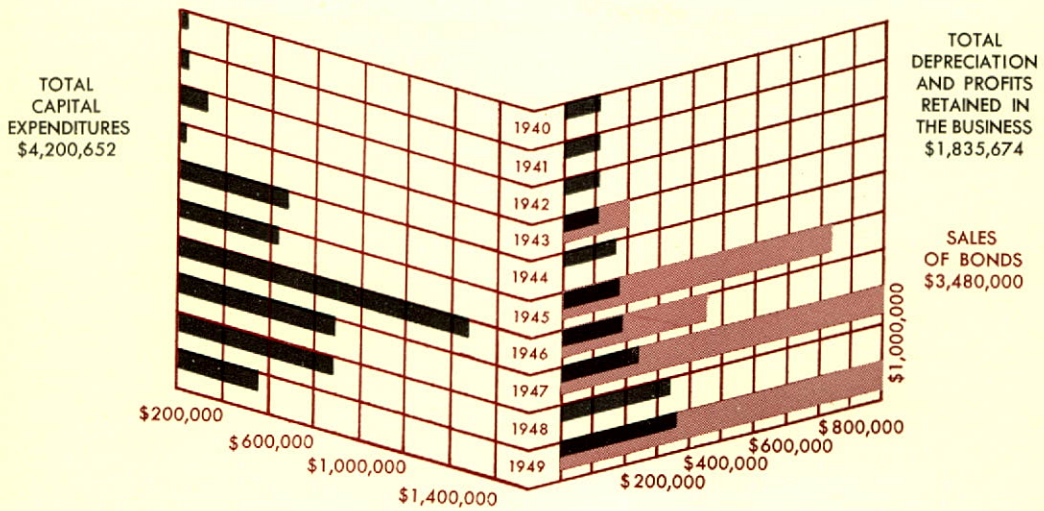
DETAILS OF FUNDED DEBT AS AT DECEMBER 31st, 1949 and 1948

	<u>Issued</u>	<u>1949 Outstanding</u>	<u>1948 Outstanding</u>
FIRST MORTGAGE BONDS:			
Authorized amount	\$5,000,000		
Series "A" 3½% serial bonds due 1946 to 1953	\$ 240,000	\$ 120,000	\$ 150,000
Series "B" 3¾% sinking fund bonds due 1965	1,610,000	1,576,500	1,585,500
Series "C" 3¼% sinking fund bonds due 1965	1,000,000	989,500	995,000
Series "D" 3¾% sinking fund bonds due 1965	1,000,000	1,000,000	—
	<u>\$3,850,000</u>	<u>\$3,686,000</u>	<u>\$ 2,730,500</u>

GENERAL MORTGAGE BONDS:

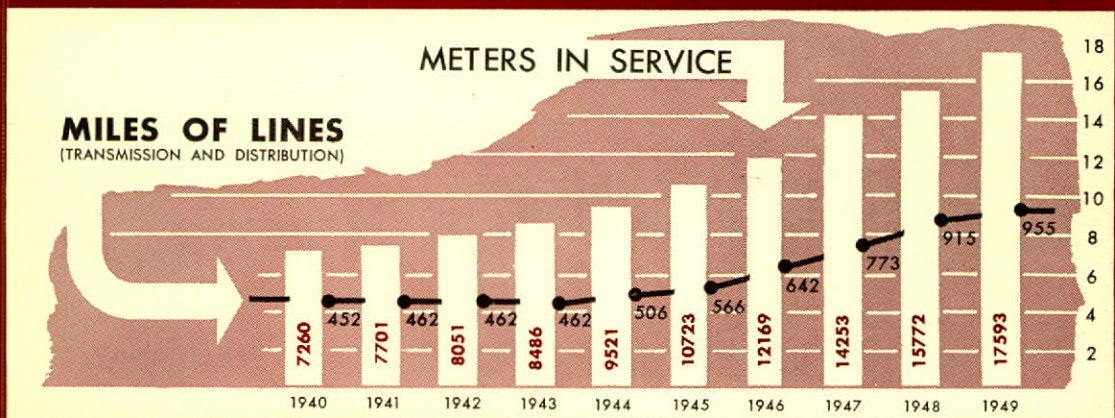
Authorized amount	\$950,000		
Series "A" 4% bonds due 1947 to 1952	\$210,000	\$105,000	\$140,000
Series "A" 4½% bonds due 1953 to 1960	290,000	290,000	290,000
Series "B" 4% bonds due 1961	450,000	450,000	450,000
	<u>\$950,000</u>	<u>\$845,000</u>	<u>\$880,000</u>

How Capital Expenditures are Financed

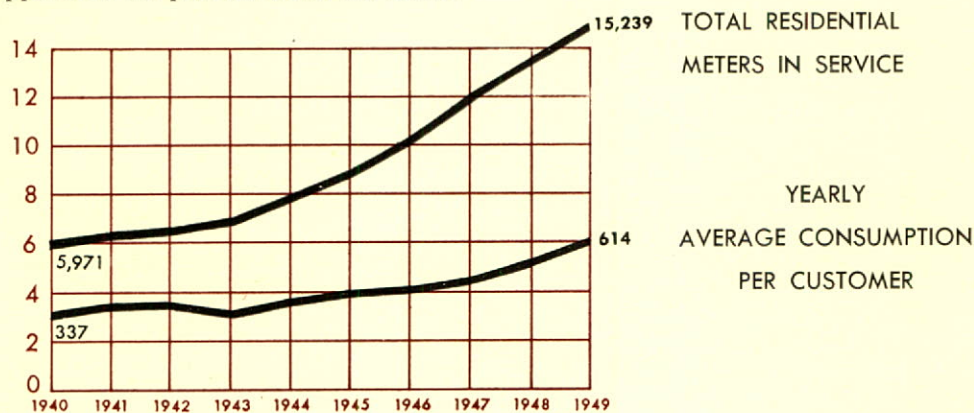


The modernisation and enlargement programme of the company has required extensive use of company funds secured through depreciation and retained profits together with the sale of company bonds to the public. Post-war construction alone has required the use of \$3,480,000 of bondholders' money and a considerable amount from the company's own resources.

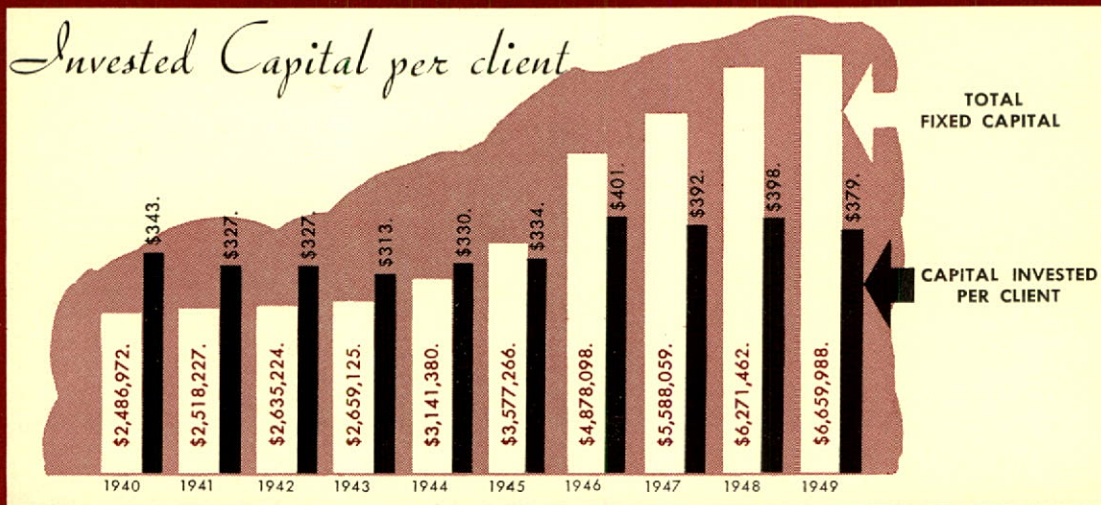
Our policy has been to extend our services to all the agricultural areas of the territory served by the Company. Restricted by lack of materials during the War, the programme was accelerated during 1944-49 and the increase in customers as shown by the number of meters in service has been very gratifying.



The Company's sales of electricity have continued to increase due not only to the greater number of customers but also to an ever increasing consumption rate per client as new electrical appliances are purchased for the home.



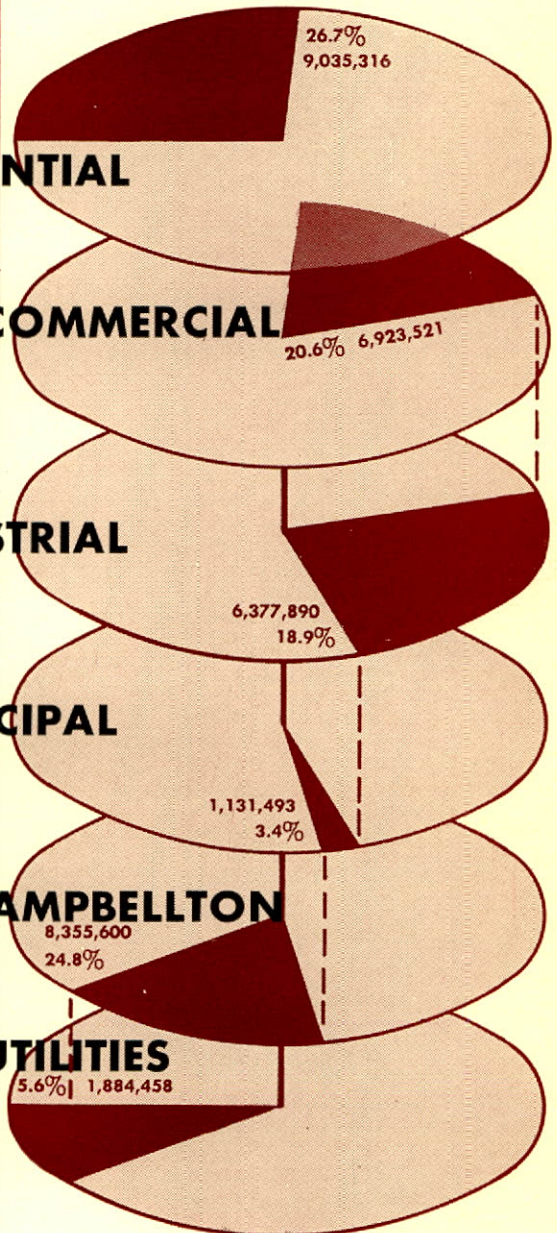
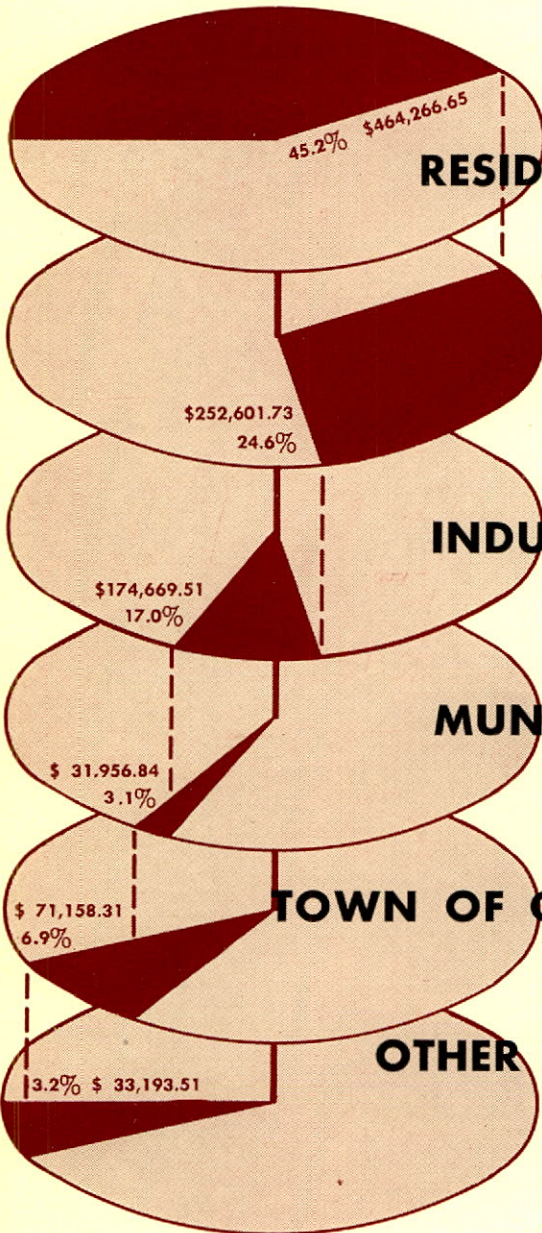
Fixed assets at the end of 1949 are at an all time high due to our large construction programme. The increased amount of capital required to furnish a customer with service, which is due to the high cost of materials and labour, is graphically shown below.



SALE OF ENERGY

KILOWATT-HOURS SOLD

SERVICES



T O T A L

T O T A L

\$1,027,846.55

33,708,278

1 0 0 %

1 0 0 %

DIRECTORS

and *Officers*

LOWER ST. LAWRENCE POWER COMPANY, RIMOUSKI

DIRECTORS

Hon. J. A. BRILLANT, L.C., C.B.E.

P. E. GAGNON

T. A. BERNIER

Miss A. DUBE

J. DUCHESNEAU

N. GENDREAU

J. H. LABRIE

OFFICERS

Hon. J. A. BRILLANT, L.C., C.B.E.

President

T. A. BERNIER, C.E. Vice-President and Chief Engineer,

NORMAN GENDREAU Vice-President and Treasurer

P. E. GAGNON, K.C.

Secretary

BANKERS

NATIONAL CANADIAN BANK

TRUSTEES

THE SUN TRUST LIMITED



