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1954 ANNUAL REPORT

SASKATCHEWAN GOVERNMENT TELEPHONES

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ANNUAL REPORT

**OF
SASKATCHEWAN
GOVERNMENT TELEPHONES**

**2350 ALBERT STREET
REGINA, SASKATCHEWAN**



FOR THE YEAR ENDED DECEMBER 31,

1954

BOARD

Hon. A. G. KUZIAK, Chairman

Hon. C. C. WILLIAMS

Hon. J. A. DARLING

D. H. F. BLACK, Esq., Regina

C. BROUGHTON, Esq., Froude

J. W. W. GRAHAM, Esq., Weyburn

A. E. BLAKENEY, Esq., Secretary
of the Board

MANAGEMENT

General Manager - S. R. MUIRHEAD

Superintendent of Public and Employee
Relations - T. D. LEACH

Chief Engineer - C. W. SPARROW

General Plant Superintendent -
S. B. MEDHURST

General Traffic Superintendent -
T. J. PRIEST

General Commercial Superintendent -
G. W. R. CLARKE

Chief Accountant - F. BAXENDALE



Minister of Telephones

REGINA, Saskatchewan,
March 14, 1955.

To His Honour,
The Honourable William John Patterson,
Lieutenant Governor of the Province of Saskatchewan.
Sir:

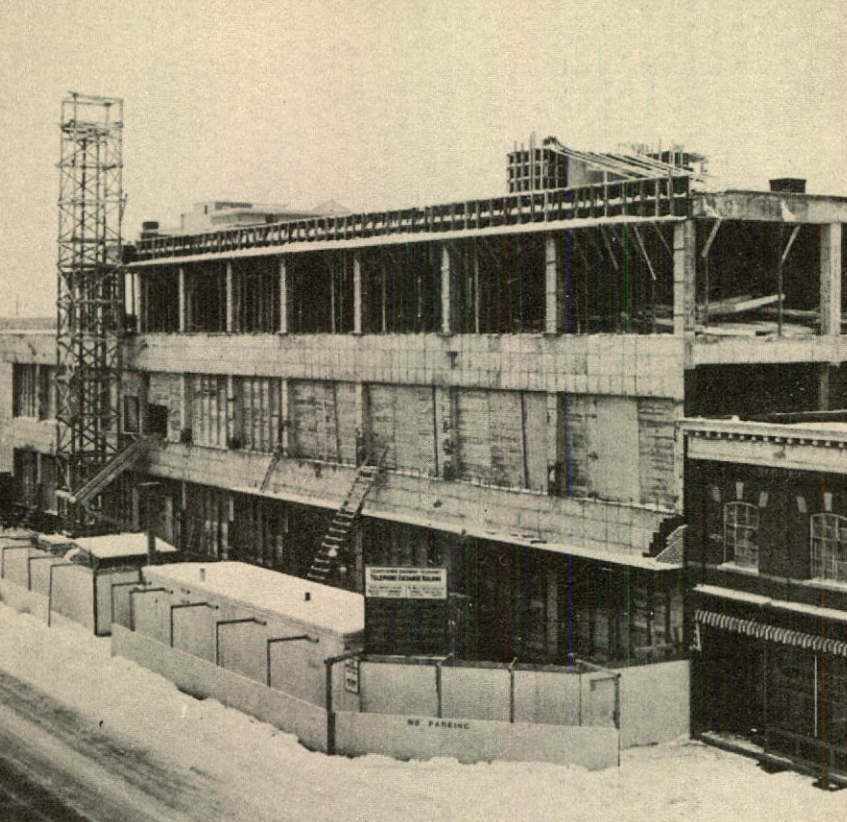
I have the honour to submit herewith the annual report of Saskatchewan Government Telephones for the year ending December 31, 1954, including the financial statement therefor, duly certified by the Provincial Auditor of Utilities and in the form approved by the Treasury Board, all in accordance with The Saskatchewan Government Telephones Act.

I have the honour to be, Sir,

Your obedient servant,

A. G. Kuziak,
Minister of Telephones,
and
Chairman,
Saskatchewan Government Telephones.

Saskatchewan Golden Jubilee Year



STILL BUILDING TO MEET TELEPHONE NEEDS

Saskatchewan Government Telephones' efforts to keep abreast of the public's continuing high demand for new telephone service and to improve existing service lead to the largest construction outlay to date.

Construction of new telephone exchanges at Kindersley, which was converted to automatic in 1954; Estevan, converted in early 1955; Rosetown and Humboldt, both in preparation for automatic operation in 1955, and major extensions in building and equipment to city exchanges at Regina, Saskatoon, Moose Jaw, Prince Albert, Yorkton, Weyburn and Swift Current, and to town exchanges in Melfort and Moosomin, contributed to the program. Installation of additional long distance circuits played no small part.

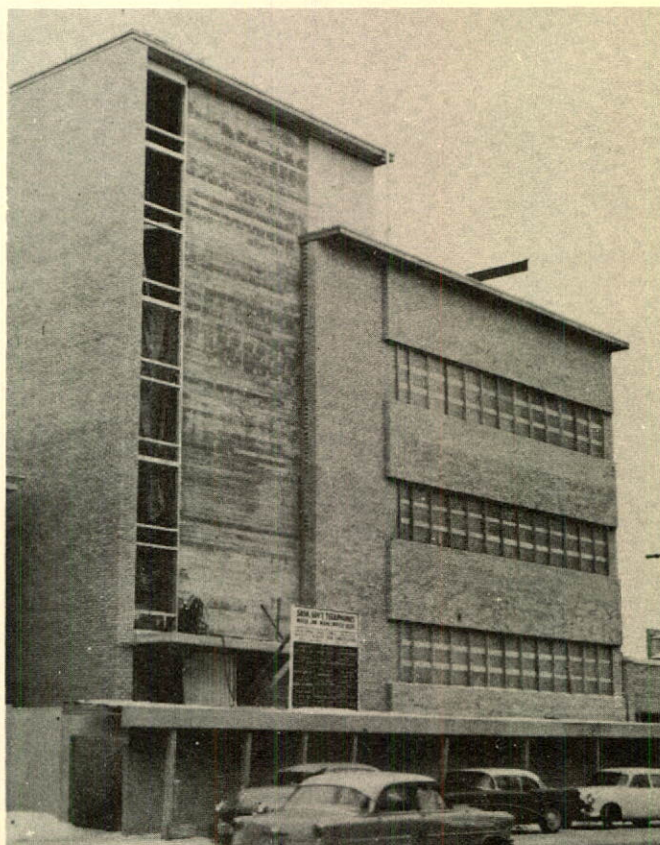
These projects were designed by careful study to meet the future demands of the public for local and long distance service, to push toward the clearing up of our "waiting list" and raise still further the standards of our service.

Work is advancing ahead of schedule on the new Saskatoon main exchange building. Designed to accommodate the city and division offices, as well as Saskatoon main exchange equipment, the building is expected to be complete in 1956.

EXPANSION 1954

The imposing extension to the Moose Jaw exchange gives a new look to Fairford Street. Installation of equipment is scheduled to commence in 1955 on completion of the building.

Kindersley's new exchange was completed in 1954. On November 23rd the new automatic equipment was cut over to give Kindersley and the surrounding area modern dial telephone service.



1954

ANNUAL REPORT

SASKATCHEWAN GOVERNMENT TELEPHONES

This report of Saskatchewan Government Telephones for the year 1954 is the 8th report as a Crown Corporation and covers the activities of the System in its 46th year.

SERVICE IMPROVEMENT:

The most outstanding feature of operations in 1954 was the improvement in service that was achieved. The quality of long distance service was substantially improved. The chief reason for this is the cumulative effect of a series of big construction programs; we have made large additions to our facilities for handling long distance calls in recent years. The changed methods of operating long distance calls introduced on February 1, 1954 were also helpful. The introduction of station-to-station calls, and substantial success in our efforts to persuade people to call by number, enabled us to speed up the handling of long distance calls. In addition the growth in long distance business, which we expected in 1954, did not materialize. This was due to the poor crop. Actually long distance calls, originating in Saskatchewan declined 2.13% in 1954. This was offset by the fact that calls flowing through the province increased 13.8% and the volume of calls coming into the province continued to grow.

Local service was improved too. We brought our waiting list down from 3,175 to 2,535 giving a reduction of about 20%. Those waiting represent about 2.2% of the number of telephones in service.

In addition Kindersley was converted to dial operation in November 1954.

LOCAL TELEPHONES:

There was substantial growth in 1954 in spite of the poor crop. We increased our telephones in service by 9,340. This is second only to the growth achieved in 1953 when we added 10,860 telephones. Lack of building space to house central office equipment was the biggest factor in preventing us from installing more telephones in 1954. Large building projects are now underway in Regina, Saskatoon and Moose Jaw and smaller ones in other places in the province. The work at Regina is almost completed and good progress has been made at Saskatoon and Moose Jaw. The new building space now being created will help greatly in reducing our waiting list in 1955. On December 31, 1954 the number of local telephones in service was 114,325.

LONG DISTANCE:

The number of long distance calls originating in Saskatchewan in 1954 was 7,333,636. This is 159,065 less than the number for 1953. This decrease was caused by the crop failure. On major circuit groups, such as Regina - Saskatoon, the traffic continued to climb. It was on circuits serving smaller points, which are closer to the farmer, where the traffic fell off.

A large program for augmenting long distance facilities was completed in 1954. We added about 10,500 circuit miles to our network of long distance lines. This quantity would have been greater if it had not been for lack of building space which held up the completion of certain carrier facilities. The figure for 1953 was 11,500 circuit miles.

On February 1, 1954 we introduced classified toll service, on a three-minute basis, for intra-provincial business and for calls to Alberta. Such service was already in existence for calls to other places. Before the change intra-provincial calls and calls to Alberta were on a two-minute person-to-person basis. The addition of station-to-station calls helped in speeding up long distance business.

BUILDINGS:

During 1954 we did more work on buildings than in any other year in our history and a brief review of this work might be of interest. We completed new buildings, or substantial enlargements to existing buildings, at the following places: Estevan, Kindersley, Melfort, Melville, North Battleford, Prince Albert, Regina (North), Saskatoon (Warehouse) and Yorkton.

In addition work is under way at the following places: Humboldt, Moose Jaw, Regina (Main), Rosetown, Saskatoon (Main and Nutana) and Swift Current. The work on Regina's New Main Office, which started in the fall of 1952, is now practically completed.

RURAL TELEPHONES:

There was growth amongst the rural telephone companies. Complete information is not available at this time as rural lines are not owned by Saskatchewan Government Telephones. However, rural stations connected to the System's exchanges increased by 1,363 during 1954 and totalled 50,079 at the end of the year. There are certain rural and independent companies that do not connect to System exchanges and they would serve approximately 11,500 subscribers. Thus there would be a total of about 61,500 subscribers in the province served by rural and independent companies.

REVENUES AND EXPENDITURES:

Total operating revenue for 1954 was \$11,448,175.68 as against \$9,643,740.40 for 1953. Profit for 1954, after interest, was \$2,192,226.65 compared with \$1,846,513.70 for 1953.

A great deal of work was done and this required the expenditure of a large sum of money. During 1954 the amount spent on capital projects was \$8,931,583.63 and the amount for renewals and reconstruction was \$1,417,561.80. The corresponding figures for 1953 were \$6,391,943.19 and \$934,712.59 respectively. This, of course, is over and above the cost of maintenance and operation.

PLANS FOR 1955:

A large program is planned for 1955. Expenditure for installing local telephones will be about the same as in 1954. Expenditure on long distance circuits and on buildings will be less. However, we will reap the benefits of large expenditures made in 1954 on work which is nearing completion. During 1955 our waiting list for telephones will be reduced substantially and the quality of long distance service materially improved.

STAFF:

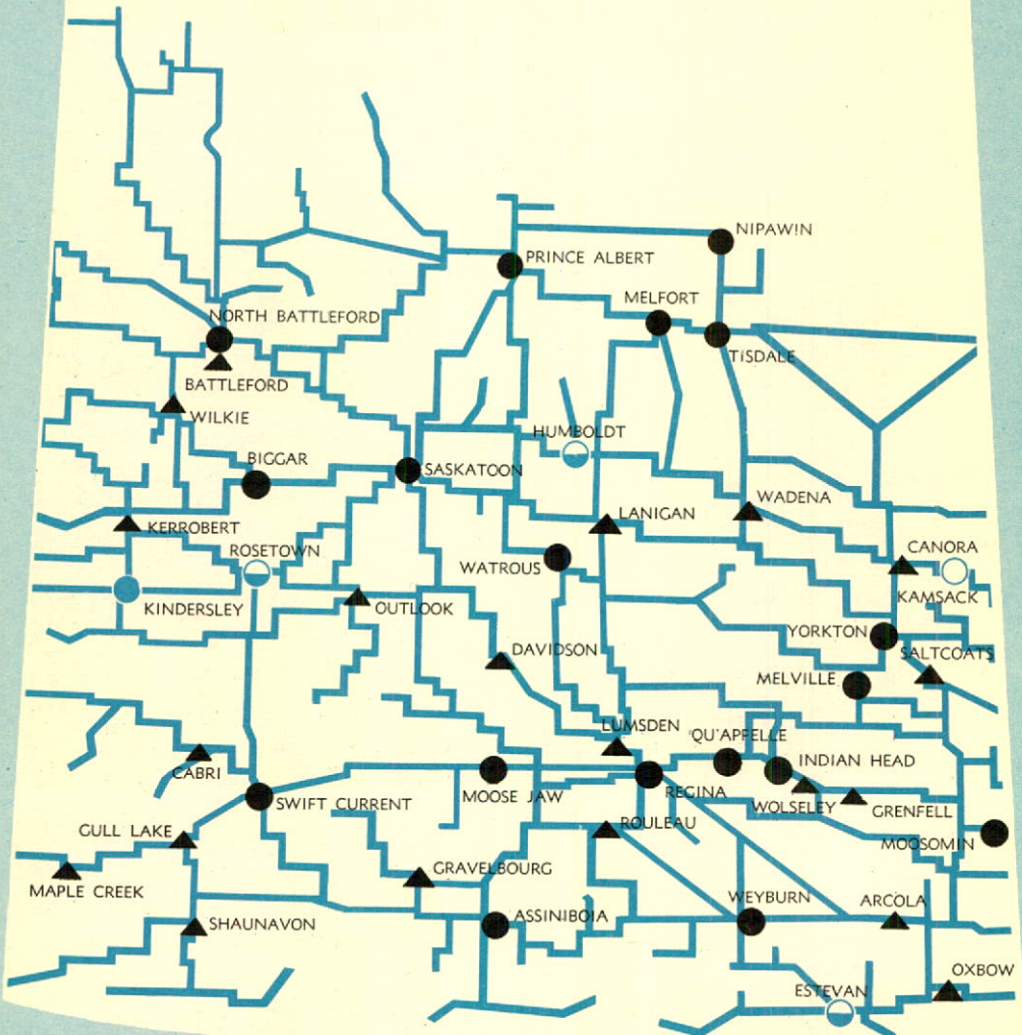
The accomplishments outlined above could only have been achieved through the efforts of a competent, well trained staff. The program has been big and the effort to complete it has been correspondingly strenuous. Growth has been very rapid and under these circumstances it is impossible to bring working conditions up to the standard we would like at all places. Overload and crowding are still unavoidable at certain places. Improvements are being made and will continue to be made. In spite of these difficulties a tremendous amount of work has been accomplished, in recent years, and it is a pleasure to record our thanks to the staff of Saskatchewan Government Telephones for their skill, energy and devotion to duty.

PROGRESS

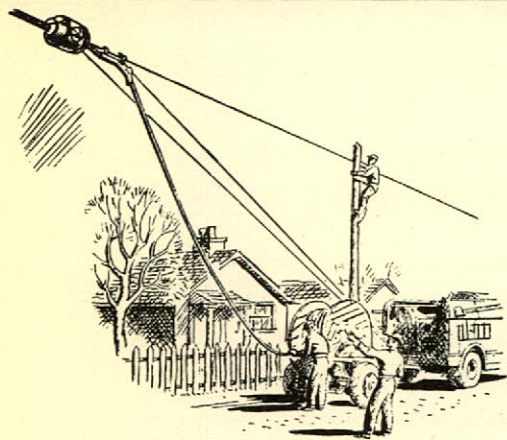
S.G.T. STAFF EXCHANGES

LEGEND

- AUTOMATIC - Prior to 1954
- AUTOMATIC - Installed in 1954
- AUTOMATIC - To be Installed in 1955
- AUTOMATIC - To be Installed in 1956
- ▲ MANUAL -
- Long Distance Lines

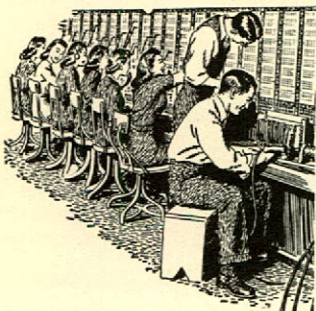


IN 1954



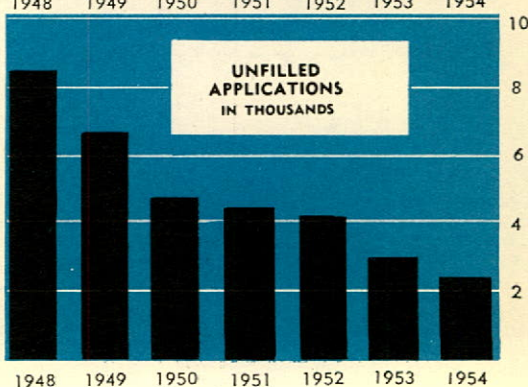
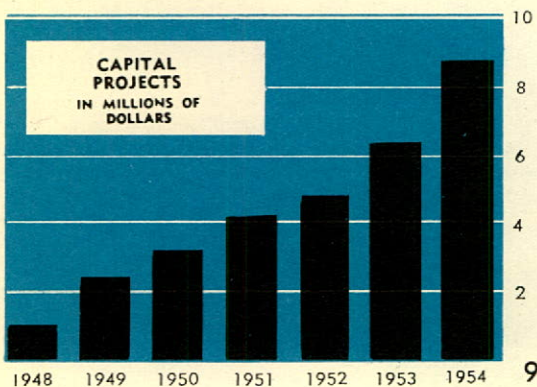
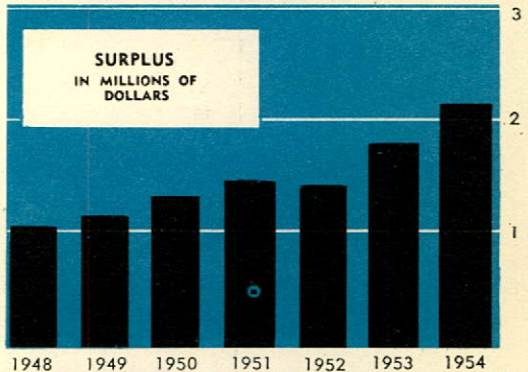
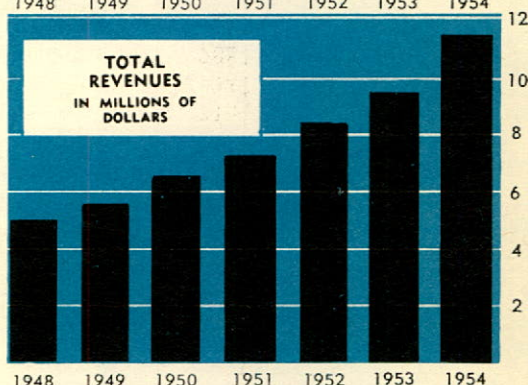
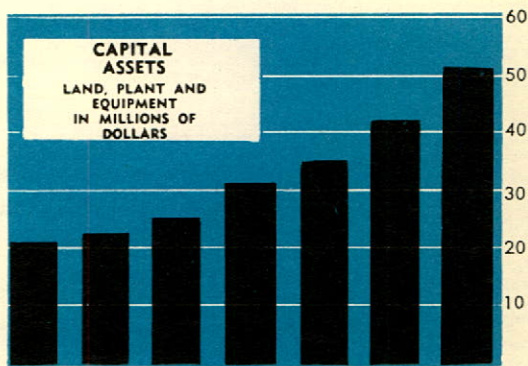
During 1954, over 10,500 circuit miles were added to S.G.T.'s toll lines to bring increased service to our long distance customers.

2,000 lines were added to the Saskatoon Main exchange; 1,200 at Prince Albert; 600 at North Battleford; 400 at Weyburn; and 200 at Moosomin, to provide local service for waiting applicants.



In addition to the conversion to dial operation at Kindersley, a new 12 position switchboard was installed in Yorkton and the boards at St. Walburg and Stockholm were replaced to improve the service at these points.

A 4 position switchboard was added to Moose Jaw's exchange and extra positions were installed in the exchanges at Battleford, Craik, Cutknife, Gull Lake, Hodgeville, Kerrobert, Luseland, North Battleford, Rosthern, Shaunavon, Southey, Star City and Watson, to keep pace with the demand in these centres.



BALANCE SHEET

SASKATCHEWAN

ASSETS**CAPITAL ASSETS**

Land		\$ 522,136.08
Plant, Buildings, Office Furniture and Equipment:		
Buildings	\$ 1,815,472.49	
Plant	38,173,492.54	
Construction in Progress	7,867,967.37	
Office Furniture and Fixtures	167,332.45	
Mechanical Office Equipment	108,463.63	48,132,728.48
General Equipment:		
Tools	\$ 387,124.52	
Vehicles	429,923.59	817,048.11
Material and Supplies	\$ 2,095,523.98	
Less: Reserve for Obsolescence and Depreciation	100,000.00	1,995,523.98
Sinking Fund—Government of Saskatchewan		1,405,146.32
		<u>\$52,872,582.97</u>

CURRENT ASSETS

Cash on Hand and in Bank	\$ 996,696.61	
Working Advances—Employees	19,263.51	
Customers' and Miscellaneous		
Accounts Receivable	\$1,030,643.10	
Less: Reserve for Bad and Doubtful Accounts	32,803.13	997,839.97
Unexpired Services and Deferred Charges—Insurance, Directories and other Charges	221,515.47	2,235,315.56
		<u>\$55,107,898.53</u>

AUDITOR'S REPORT

Pursuant to the provisions of the Saskatchewan Government Telephones Act, an audit of the accounts and records of the Saskatchewan Government Telephones has been made under my direction for the fiscal year ended December 31, 1954. All the information and explanations required by me have been obtained.

Sinking Fund Investments have been verified by examination. Securities held for Rural Telephone Companies in connection with investment of Special Levy Funds have been verified by examination and are shown in a separate statement.

Provision has been made for depreciation of plant, buildings, office furniture and equipment in accordance with rates set by the Corporation and approved by the Lieutenant Governor in Council. Full provision has been made for interest on capital advances.

Materials and Supplies are shown at book value, priced at cost. Inventories were taken during the year by senior employees and have been certified correct by them. Test

LIABILITIES

CAPITAL LIABILITIES AND RESERVES

Government of Saskatchewan—Investment		\$28,231,951.88
Reserves for Depreciation:		
Plant, Buildings, Office Furniture and Fixtures	\$11,145,544.58	
Mechanical Office Equipment	50,591.65	
Tools	73,414.03	
Vehicles	229,126.49	
	<u>\$11,498,676.75</u>	
Sinking Fund Reserve	1,405,146.32	12,903,823.07
		<u>\$41,135,774.95</u>

CURRENT LIABILITIES

Government of Saskatchewan—Interest		
Accrued on Advances	\$ 208,990.36	
Sundry Accounts Payable	60,688.31	
Service Billed in Advance	208,107.59	
Accrued Liabilities not due—Provision for Exchange on Bonds Payable in New York	140,500.00	618,286.26

CONTINGENT RESERVE

Reserve for Fire Losses	10,000.00
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SURPLUS

Appropriated for Capital Expenditures:		
Balance at December 31, 1953	\$10,786,701.90	
Add: Appropriation for 1954 (Exhibit B)	2,557,135.42	13,343,837.32
		<u>\$55,107,898.53</u>

checks were made at that time of the physical inventories, prices and extensions of materials and supplies on hand. The year end value has been certified as correct by a responsible official.

I report that, in my opinion, the above Balance Sheet and attached Statement of Revenue and Expenses are properly drawn up so as to show a true and correct view of the state of the financial affairs of the Saskatchewan Government Telephones as at December 31, 1954 and the results of its operations for the year ended on that date, according to the best of my information, the explanations given to me and as shown by the books of account.

Regina, Saskatchewan,
February 22, 1955.

C. H. SMITH, F.C.A.,
Provincial Auditor of Utilities.

STATEMENT OF REVENUE AND EXPENSES

SASKATCHEWAN

FOR THE YEAR ENDED DECEMBER 31, 1954

REVENUE		
Local Service	\$4,644,335.22	
Rural Companies Connecting Fees	329,202.30	
Toll Service	6,377,653.97	
Miscellaneous	96,984.19	
TOTAL OPERATING REVENUE		\$11,448,175.68
EXPENSES		
Commercial	\$1,165,072.18	
Traffic	3,201,229.38	
Maintenance	1,266,262.49	
Station Removals and Changes	108,603.02	
General	584,415.10	
Engineering	12,987.34	
Fire and Bond Insurance	24,559.73	
Contributions to Employees' Superannuation Fund	168,000.00	
Rural Organization and Inspection	91,921.53	
Provision for Uncollectable Accounts	14,310.23	
TOTAL OPERATING EXPENSES		<u>6,637,361.00</u>
Net Operating Revenue before providing for interest and exchange on Government Advances and Plant Depreciation		4,810,814.68
DEDUCT		
Provision for Depreciation	\$ 920,485.69	
Sinking Fund Charges and Interest and Accruals	651,044.79	
TOTAL PROVISION FOR DEPRECIATION ON BUILDINGS, PLANT AND OFFICE EQUIPMENT FOR THE YEAR		<u>1,571,530.48</u>
NET OPERATING REVENUE		\$ 3,239,284.20
ADD		
Interest and Discounts	\$ 22,115.74	
Sinking Fund Interest and Accruals	61,716.44	
		<u>83,832.18</u>
		\$ 3,323,116.38
DEDUCT		
Interest and Exchange on Government Advances		<u>1,130,889.73</u>
NET REVENUE FOR THE YEAR		\$ 2,192,226.65
ADD		
Surplus Addition—Gain on redemption of Sterling Stock		<u>364,908.77</u>
SURPLUS Appropriated for Capital Expenditure (Exhibit A)		<u><u>\$ 2,557,135.42</u></u>

SCHEDULE OF CAPITAL ASSETS

AS AT DECEMBER 31, 1954

	December 31, 1953	Increase for year ended December 31, 1954	December 31, 1954
CAPITAL ASSETS			
Land	\$ 434,534.03	\$ 82,237.90	\$ 516,771.93
Right of Way	5,192.65	171.50	5,364.15
Buildings	1,374,226.40	441,246.09	1,815,472.49
Exchange Plant	22,844,687.01	3,003,441.21	25,848,128.22
Toll Plant	11,132,772.02	1,192,592.30	12,325,364.32
Work in Progress	3,642,078.17	4,225,889.20	7,867,967.37
Office Furniture and Fixtures	141,910.52	25,421.93	167,332.45
Mechanical Office Equipment	94,815.03	13,648.60	108,463.63
Tools	329,214.11	57,910.41	387,124.52
Vehicles	377,642.40	52,281.19	429,923.59
Stock on Hand (Gross)	2,258,780.68	-163,256.70	2,095,523.98
Sinking Fund	<u>1,151,618.33</u>	<u>253,527.99</u>	<u>1,405,146.32</u>
TOTAL CAPITAL ASSETS	<u>\$43,787,471.35</u>	<u>\$9,185,111.62</u>	<u>\$52,972,582.97</u>
SOURCE OF FUNDS			
Net Capital Advances from Treasury Department	\$22,569,063.19	\$5,662,888.69	\$28,231,951.88
Moneys Repaid to Treasury Department out of Depreciation Reserve Funds	6,928,586.72		6,928,586.72
Advances Repaid to Treasury Department out of Sinking Fund	1,820,466.14	762,425.57	2,582,891.71
Moneys Expended on Plant out of Surplus and Depreciation Reserve Funds	11,317,736.97	2,506,269.37	13,824,006.34
Moneys Invested in Sinking Fund out of Revenue	1,151,618.33	253,527.99	1,405,146.32
FUNDS PROVIDED FOR CAPITAL ASSETS	<u>\$43,787,471.35</u>	<u>\$9,185,111.62</u>	<u>\$52,972,582.97</u>

NOTE: Stock on Hand of Materials and Supplies is shown as a gross figure before deducting the Reserve for Obsolescence and Depreciation.

Statistics 1910-1954



SASKATCHEWAN

A DEPARTMENT OF GOVERNMENT
(YEAR END - APRIL 30th)

Number of Telephones

System Owned	3,412**	15,677	30,570	32,852	39,768
Rural Company Owned (Connecting to System)	2,298	9,196	42,627	41,389	39,303
TOTAL	5,710	24,873	73,197	74,241	79,071
Percent Dial (System)	0%	48%	54%	57%	63%

Number of System Offices

Exchanges	20**	104	283	304	313
Toll Stations	100**	213	155	153	177
TOTAL	120**	317	438	457	490

Long Distance Messages*

Origin in Saskatchewan	281,851***	1,179,169	2,597,404	3,082,086	3,000,025
Increase over previous Fiscal year		31.6%	17.2%	15.7%	- 13.9%

Finance

Capital Assets—(Land, Plant and Equipment)		\$ 5,457,832	\$10,446,562	\$11,325,903	\$15,191,874
Total Revenue*		\$ 779,650	\$ 1,964,494	\$ 2,341,829	\$ 2,826,227
Total Expense*		\$ 779,650	\$ 1,964,494	\$ 2,341,829	\$ 2,713,919
Surplus*					\$ 112,308

Employees

Men	
Women	
TOTAL	

Total Payroll*

* For the year

** As at February 28th, 1910, by purchase

GOVERNMENT TELEPHONES

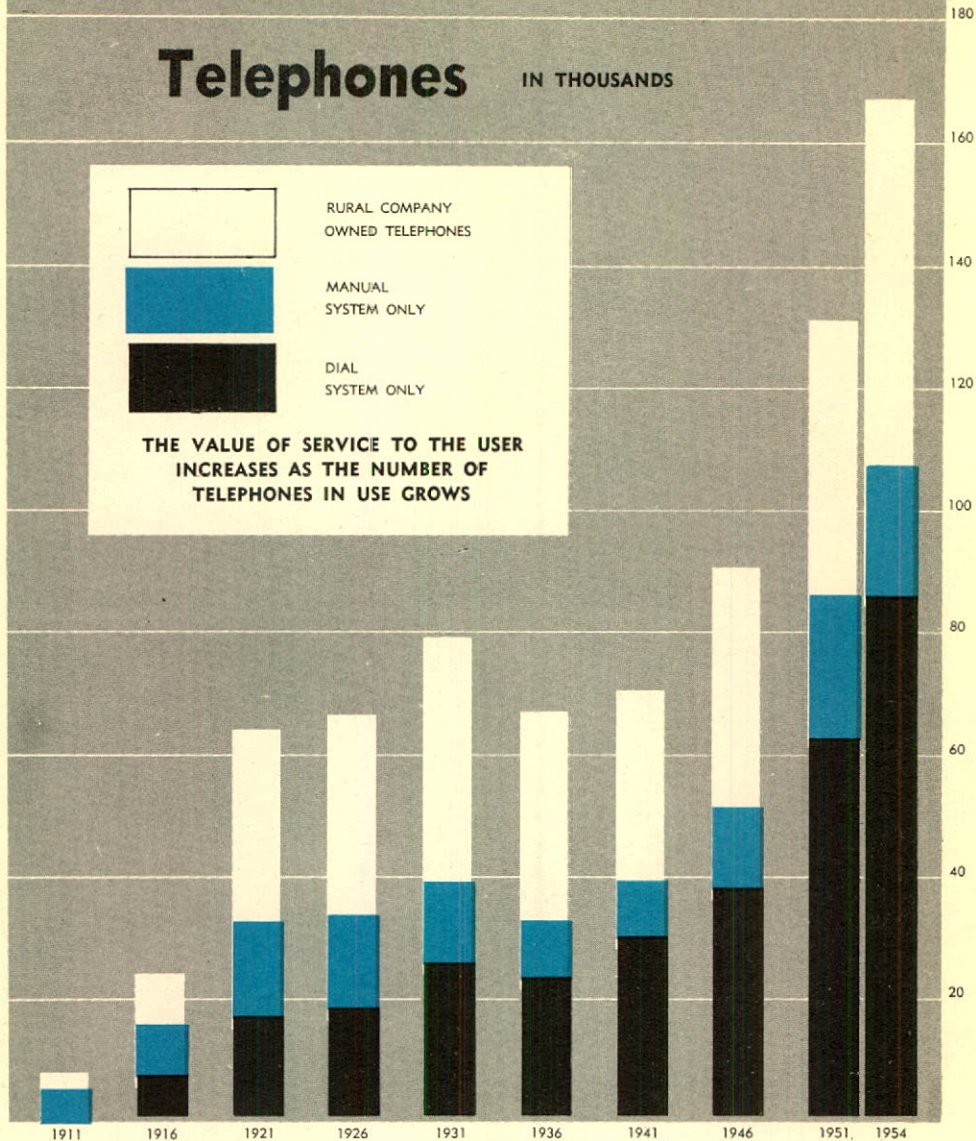
A CROWN CORPORATION
(YEAR END - DECEMBER 31 ST)

1936	1941	1946	1950	1951	1952	1953	1954
32,811 31,371 64,182 71%	39,276 33,555 72,831 74%	52,346 39,278 91,624 72%	78,047 44,967 123,014 71%	85,455 46,039 131,494 73%	94,125 47,391 141,516 74%	104,985 48,716 153,701 75%	114,325 50,079 164,404 75.4%
314 202 516	316 237 553	330 230 560	352 209 561	352 199 551	354 194 548	355 185 540	357 176 533
1,934,361 -10.0%	2,433,287 5.3%	4,122,878 13.1%	5,690,104 9.9%	6,226,042 9.4%	6,925,316 11.2%	7,492,701 8.2%	7,333,636 -2.1%
\$15,414,978 \$ 2,032,483 \$ 2,049,832 \$ -17,349	\$15,829,784 \$ 2,640,096 \$ 2,472,235 \$ 167,861	\$17,414,225 \$ 4,109,297 \$ 3,208,075 \$ 901,222	\$26,995,801 \$ 6,660,686 \$ 5,199,130 \$ 1,461,556	\$31,226,388 \$ 7,395,313 \$ 5,830,899 \$ 1,564,414	\$36,143,910 \$ 8,375,104 \$ 6,877,985 \$ 1,497,119	\$42,535,853 9,697,057 7,850,543 1,846,514	\$51,467,437 \$11,532,008 \$ 9,339,781 \$ 2,192,227
		367 637 1004	562 852 1414	539 997 1536	577 1033 1610	606 1154 1760	671 1119 1790
		\$ 1,496,626	\$ 3,044,029	\$ 3,482,310	\$ 4,162,803	\$4,684,404	\$ 5,263,76

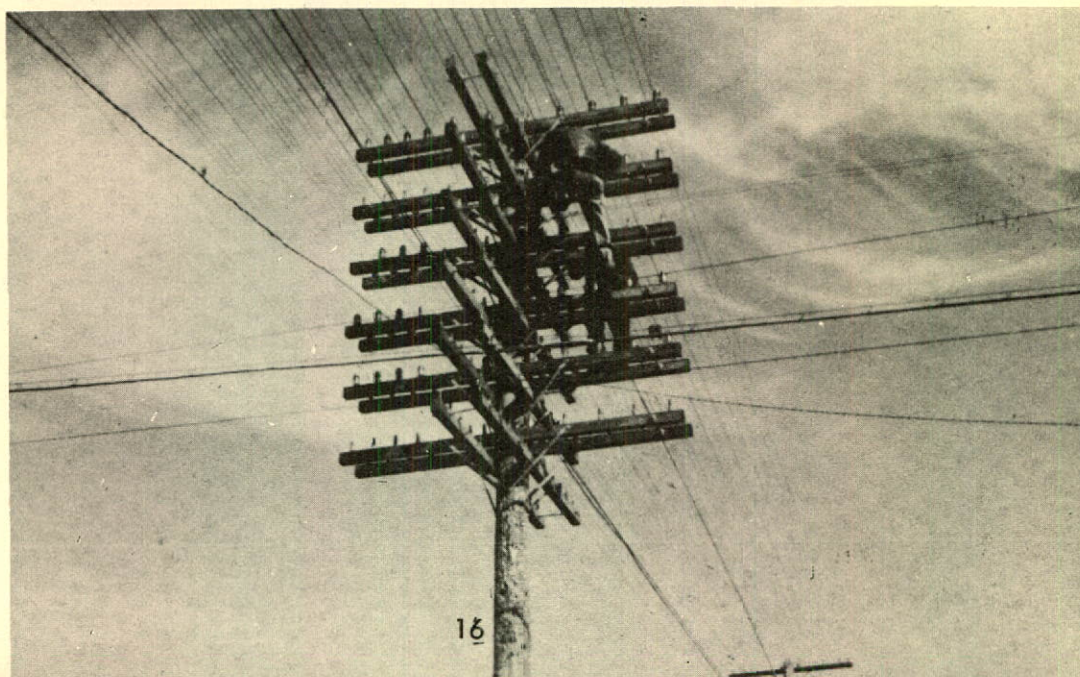
*** For year ending February 28, 1911

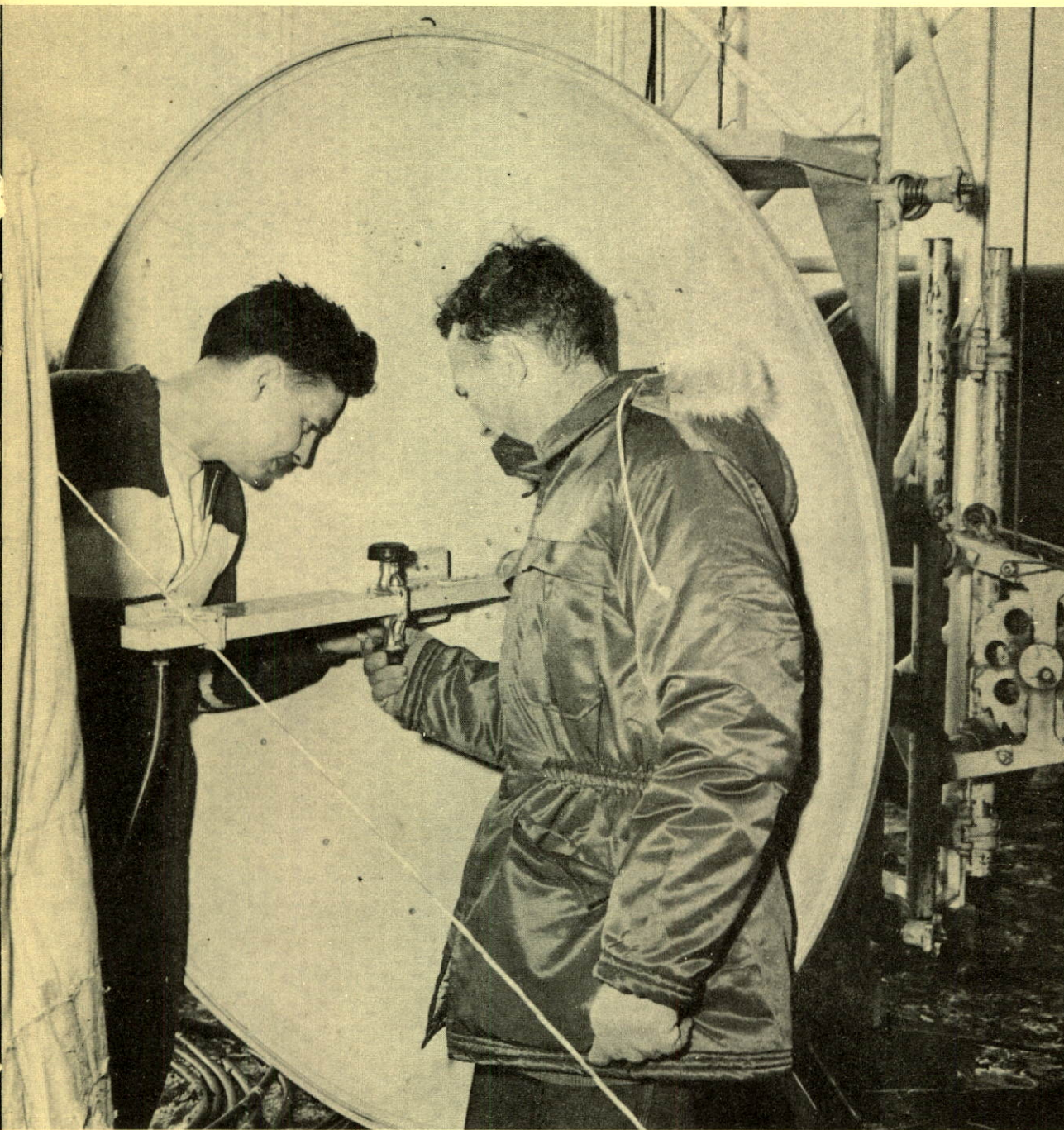
Telephones

IN THOUSANDS



TOTAL TELEPHONES CONNECTING TO S.G.T. EXCHANGES





New telephone projects, such as microwave, are studied and planned by our Engineering Department to achieve the integrated communications system that provides the best service at lowest cost.



EST. 1908

